



The Future of Profitability in Property Management

Why Agencies Must Diversify Their Revenue Streams



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Introduction

For decades, residential property management has operated on a relatively stable financial model: collect management fees, control operational costs, and grow the rent roll. But as we look ahead, that model is under pressure from all sides. Technology is changing rapidly, customer expectations are evolving, and margin compression is no longer a hypothetical - it's a looming reality.

At Kolmeo, we believe the next few years will bring the biggest economic and operational shifts property management has ever seen. Agencies that want to protect their margins, retain their competitive edge, and continue to grow must act now to build new revenue streams beyond the traditional management fee.



The Pressure on Margins is Building

Several converging forces are set to squeeze the profitability of property management businesses:

◆ The Cost to Serve is Falling:

Technology, particularly artificial intelligence, is beginning to reduce the cost of delivering property management services. Automation will soon take over many low-value, repetitive tasks - think arrears chasing, lease renewals, compliance reminders, and even maintenance triage.

◆ Outsourcing is on the Rise:

More agencies are embracing outsourced models for lower-value property management functions. While this improves scalability and efficiency, it also makes the actual delivery of property management services seem simpler, more standardised - and therefore cheaper.

◆ Owners Will Push for Lower Fees:

As these efficiencies become more visible, landlords are likely to question the value of current management fees. They will expect lower costs or shift to competitors who offer "leaner" models with reduced fees. In a market where property management is perceived as increasingly commoditised, price becomes the battleground.

◆ New Entrants Will Disrupt the Market:

With barriers to entry falling, the next wave of property management businesses will be faster, leaner, and growth-hungry. Backed by capital and armed with aggressive acquisition strategies, these new players won't play by the old rules. Traditional agencies will face rising competition.

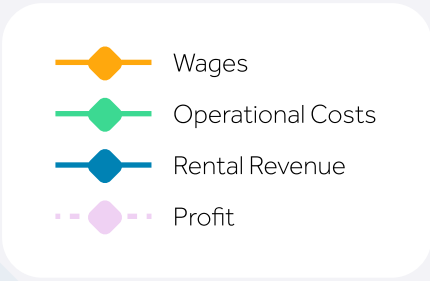
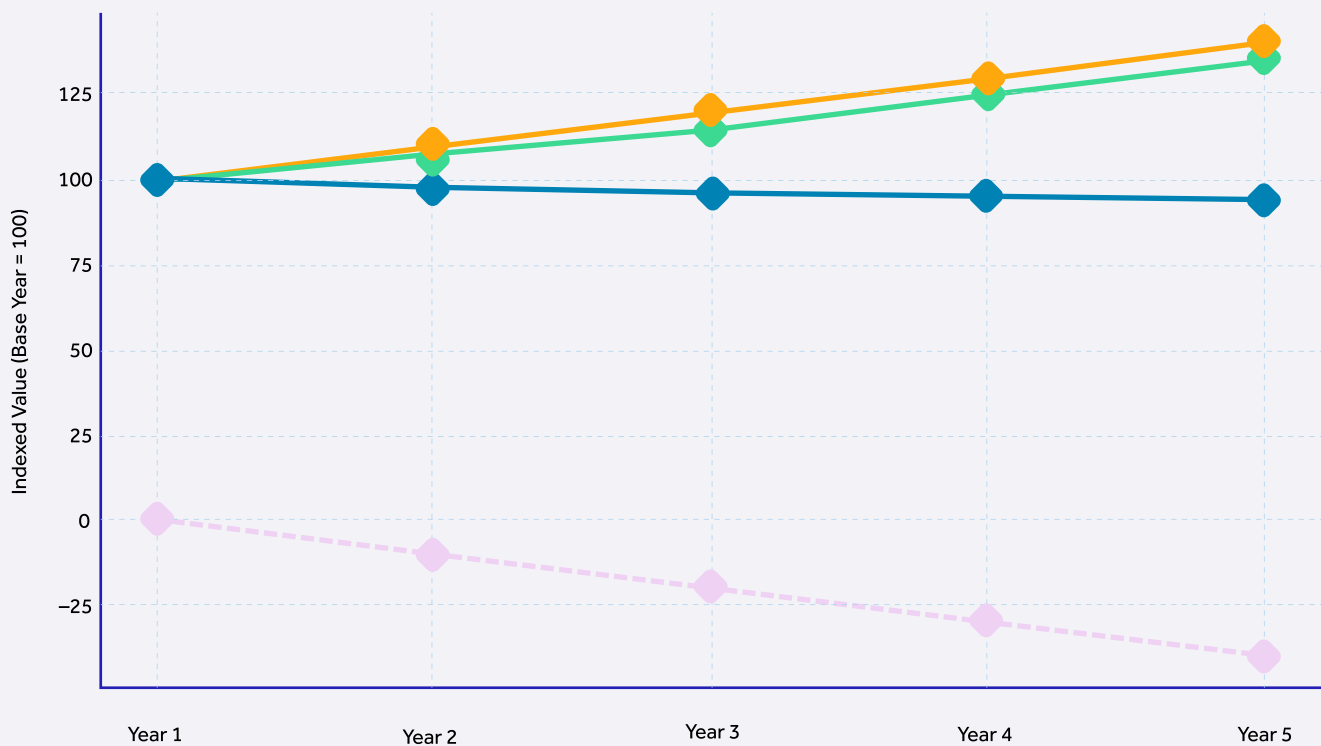
◆ Revenue Stagnation Meets Rising Costs:

In many markets, rent increases are plateauing, but agency expenses are not. Wage inflation, rising insurance premiums, growing tech subscriptions, and overhead costs continue to climb. The result: management fees are stagnating or declining while operational costs keep rising - pushing margin growth into negative territory.

The Economics of the Industry Are Changing

The property management industry is facing rising operational and wage costs while rental revenues plateau or decline. The result is downward pressure on profit margins, and without diversification, many agencies will see profitability continue to erode over the coming years.

5 Year Trend: Rising Costs vs. Declining Revenue and Profit



Revenue Diversification Options: What Agencies Can Do Now

To counteract shrinking margins, smart agencies are turning to revenue diversification. The right mix of additional revenue streams can help offset operational costs, increase profitability, and improve service delivery - without relying on increasing management fees.



Below are the most common (and emerging) avenues for diversification, with pros and cons of each:

01

Tenant Concierge Services (Tenant Move In Offers)

Many agencies already partner with services such as Connect Now, MyConnect, or MyPorter to offer utility connections and moving-related services to new tenants. These services typically operate on a referral basis, paying the agency a commission for each successful connection.



Pros:

- ◆ Familiar model with low operational change required
- ◆ Creates a smoother experience for tenants
- ◆ Passive revenue opportunity with no upfront cost

Cons:

- ◆ Relies on property managers to "sell" the service
- ◆ Limited to move-in only
- ◆ Often low uptake
- ◆ Unpredictable revenue

02

Marketplace Revenue Models

A more modern evolution of concierge services is the embedded marketplace model - where tenants and landlords can access services directly through their property management platform, without PMs needing to "sell" anything.

Pros:

- ◆ Scalable and automated
- ◆ Removes PMs from the sales process
- ◆ High lifetime value potential
- ◆ Integrated billing
- ◆ Minimal overhead

Cons:

- ◆ Requires software integration
- ◆ Partner quality matters
- ◆ May need some initial change management

03

Premium Landlord Packages

Agencies can develop tiered management offerings with premium packages that include enhanced reporting, inspections, maintenance priority, and rent guarantee coverage.

Pros:

- ◆ Increases revenue per property
- ◆ Appeals to premium landlords
- ◆ Can be used in onboarding or renewals

Cons:

- ◆ Harder to scale
- ◆ Risk of service-level confusion
- ◆ Needs clear internal processes



Kolmeo Plus: The Future of Scalable Revenue

Kolmeo is at the forefront of helping agencies generate passive, scalable revenue by embedding service offerings directly into the property management experience through Kolmeo Plus.

Unlike traditional concierge services that rely on property managers to promote third-party utilities at move-in, Kolmeo Plus is a fully integrated services marketplace accessible by tenants and landlords at any stage of the rental lifecycle - from move-in to move-out and everything in between.



Kolmeo Plus generates revenue for agencies without requiring manual sales activity, without burdening property managers, and without additional systems or overhead.

Agencies earn a share of the commission every time a tenant or landlord uses a service - automatically tracked, transparent, and built into the Kolmeo platform.

Zero Cost. All Upside.

Kolmeo Plus is a no-cost add-on to the core Kolmeo platform. There are no fees, no setup costs, and no commitments required from the agency to activate it. Agencies simply switch it on and start earning. There is only upside - it's literally revenue for doing nothing.

Revenue Model: How Kolmeo Plus Works

Service providers pay Kolmeo an agreed fee for each referral or successful transaction

Kolmeo shares 50% of this revenue with the agency

All reporting, revenue tracking and payment sharing is automated within the platform

Traditional Concierge Services vs Kolmeo Plus

Feature	Traditional Concierge Services	Kolmeo Plus
Service Access Point	At tenant move-in only	Throughout the entire rental lifecycle
Promoted By	Property manager (manual promotion)	In-app prompts and automation
PM Workload	High – requires explanation and follow-up	None – fully automated
Services for Tenants	Utility connections	Utilities, cleaning, removals, loans
Services for Landlords	Not included	Insurance, tax depreciation, valuations, lending
Revenue Tracking	External to core platform	Built-in and real-time
Scalability	Limited – depends on leasing volume	High – available to all clients at all times

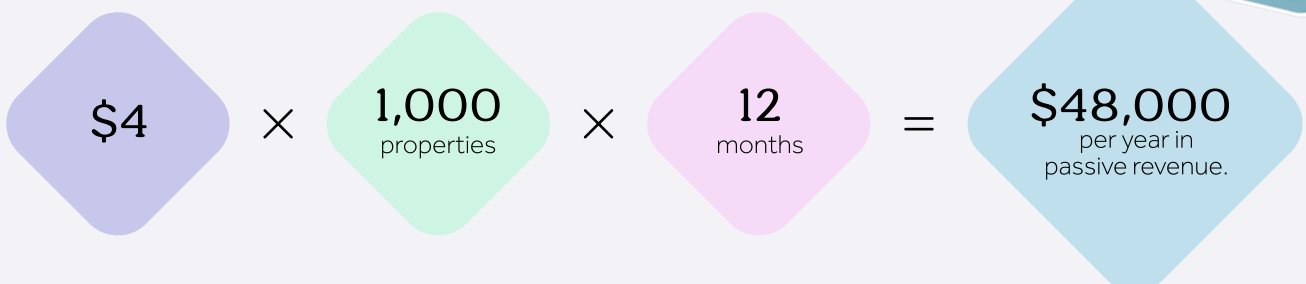
Revenue Potential

Modelling shows that an agency with 1,000 properties on Kolmeo with Kolmeo Plus enabled can generate up to \$8 per property, per month in revenue.

At a 50/50 split, that's:



Annual Revenue Calculation (Agency Share):



Conclusion: A New Era of Profitability Starts Now

The economics of property management are changing - fast. With AI and automation lowering the cost to serve, outsourcing reshaping how work gets done, and market pressures driving down management fees, the traditional fee-based revenue model is no longer enough.

To remain profitable and competitive, agencies must evolve. Diversifying revenue isn't just a growth tactic - it's a survival strategy.

Kolmeo offers a future-proof solution. Through Kolmeo Plus, agencies can unlock new, recurring revenue streams without adding headcount, changing their processes, or increasing their workload. Unlike traditional models, Kolmeo Plus is embedded directly into your technology platform, available at no cost, and delivers value across the entire rental lifecycle - for tenants and landlords alike.

In an environment where costs are rising and margins are tightening, Kolmeo Plus represents an entirely new category of income: effortless, scalable, and 100% upside.

Next Steps: See What's Possible

Want to see how Kolmeo Plus can work for your agency?

👉 Book a personalised demo and discover how much revenue your agency could generate - with no extra work and no additional cost.

✉️ Visit [kolmeo.com](https://www.kolmeo.com) or [contact our team](#) directly to get started.





Kolmeo empowers driven property leaders with a scalable, secure, and future-ready platform designed to unlock growth, reduce risk, and maximise profitability.

Built specifically for residential property professionals, Kolmeo's highly configurable solution enables property managers to seamlessly manage their entire rental portfolios: from lease agreements and maintenance to payments and beyond.

With Kolmeo Plus, agencies unlock a fully managed digital marketplace that generates new revenue streams automatically by connecting tenants and owners with high-demand services including utilities, removals, insurance, and lending - all with zero additional workload for your team.

Born in Australia and engineered for the long term, Kolmeo is redefining property management for high-performing agencies, owners, and tenants who expect more.

kolmeo.com

