

Strategic Advantages of Smart home technology for the Multifamily Industry

Innovation through technology has been fast-tracked within the apartment industry since the pandemic.

As the industry (and country) emerges from the pandemic-driven culture, apartment operators' eyes are being opened to just how much progress has been made.

One area experiencing new and improving developments is smart home technology. Now considered a "must have" rather than just a "nice-to-have," its affordability and ease of use have brought significant upgrades for residents' lifestyles and onsite teams' day-to-day operations.

Huge network installation costs are a thing of the past. Investment in smart home technology infrastructure has become much more palatable. It no longer requires the costly, dedicated Wi-Fi connectivity or high-voltage equipment to operate. Yes, you heard that correctly. New smart home technology can be deployed from an apartment home's thermostat. It's that simple.

By not having to add these dedicated networks that cost between \$800 and \$1,000 per door—that's roughly a \$200,000 investment savings on Day 1. After all, most long-range CapEx budgets didn't have those kinds of dollars, anyway.

Smart home technology providers, too, have begun offering far more affordable and easy-to-manage payment plans. For those who are a bit cautious about diving in, leasing the necessary technology instead of purchasing it in full is available. Call it Amenity as a Service (AaaS).

Fear not, app fatigue. It applies only to those who use failed apps. By choosing a company whose system works flawlessly, you avoid those who make broken promises about performance, particularly those whose systems are still being developed on the fly.

Smart home technology Benefits All Those Involved

For the residents, giving them the ability to operate and control their homes' access, lighting, and temperature has become a standard, expected amenity. It's a no-brainer for this increasingly younger group of renters who live their lives through the connected convenience of technology.

For the management team, the ability to save money by monitoring critical systems and to be alerted about costly incidents such as water leaks through their smart home dashboards has been a financial boon and a valuable asset protector. These dashboards also allow onsite and maintenance teams to control settings in vacant homes, which contributes to more savings.

- ✔ **Smart home technology is more than just measuring ROI. The new business model of newer smart home technology systems is one that immediately generates revenue on the first day of operation. Operators don't have to wait to drive ancillary income dollars to their bottom line.**
- ✔ **Machine learning combined with predictive analytics are being used through smart home technology to extend equipment life, save energy, and reduce HVAC capital expenditures. This is a great value that management companies can then proudly tout to their owners.**
- ✔ **Leak monitoring is an often-overlooked feature of multifamily smart home systems. The technology alerts maintenance teams about leaks well in advance of disasters and can also notify them of excessive humidity. This gives the residents and maintenance teams peace of mind while protecting them both from costly incidents and inconvenience.**
- ✔ **Residents appreciate the convenience of voice-activated commands with their smart home technology.**
- ✔ **Self-guided tours are taking the leasing industry by storm. This technology allows owners and managers to engage their prospects in the way they want to be engaged and on their time. For the busy renter cohort, offering control and convenience for touring is what many renters look for.**
- ✔ **Secure platforms are more important than ever. Having SOC 2 certification is a necessity for smart home technology platforms. SOC 2 Type 2 certification holds the most significant degree of excellence in operational processes and controls. It is applicable for service providers who collect, process, transmit, store, and maintain their clients' data.**



A Closer Look at Multifamily Smart home technology

It seems that more and more owners and managers are exploring smart technology solutions for multifamily properties. With new products and case study research popping up everywhere, it is apparent that the multifamily housing industry is taking a large leap into smart home and smart building technology.

With the vast array of options available and increasing competition among service partners, it is now more important than ever to be aware of the options and impact of smart home systems.



1. The Ecosystem of Smart Home Decisions

Our lives are impacted every day by a myriad of technologies, yet there is one powerfully connected item we all rely on: Our smart phones. Smart phones deliver instant connectivity, on-demand services, endless applications, and so much more than we are even aware. This connectivity has now expanded to an entire ecosystem of smart devices—from audio and video to home automation and control. The possibilities for connectivity and simplifying everyday tasks through smart devices seems limitless.

Smart technology being applied to apartment living continues its evolution. While there is little risk to downloading a smart application to make life easier, how does that translate to larger scale property applications and Internet of Things (IoT) devices? When applying smart homes as part of a multifamily property amenity, decisions must be made by owners and managers regarding which application and smart devices best suits their needs and how the package impacts strategic business objectives and their expectations for return on investment (ROI). Property owners, managers, and residents appreciate on-demand services and

options to make mundane tasks simple, or even automatic. However, it frequently feels that the decision tree to get the best result is complicated.

The multifamily space has been filled with providers boasting of technology superiority. These claims are often loaded with complicated jargon and the promises to add value to properties through the implementation of technology, specifically focused on the apartment homes themselves. In most scenarios, having many options to select from would be great, but for a lot of property owners and managers, the variety of smart home features and amenities seems to have created hesitation. These questions about the technology and the speed in which it is upgraded, the up-front investment, and concerns about potentially complicated implementation has forced multifamily experts to become smarter about technology. In the end, it really should be simple.

Smart home products can provide an extensive array of service value when paired properly with the best devices and fully functional application software. Through on-demand connectivity, these

systems can perform simple tasks, such as unlocking a door or adjusting a thermostat or lighting. But choosing the right smart home technology package means picking one that can accommodate much more than simple conveniences. In addition to the customization and automation desired by residents, the choice of technology will reflect your focus on understanding the needs and lifestyles of residents.

Beyond the “wow” factor, smart home technology should take into account how a “smart home” can be beneficial to the resident and to owners and managers as well. Elements such as monitoring unit temperatures for energy consumption or eliminating concerns and costs involving key management are commonplace for many smart home technology options. Truly advanced providers go beyond smart plugs or light switches to provide leak detection, humidity monitoring, and other options for managing key systems of operation. All these features working together is what makes the most compelling case for property owners and managers.

What's in the box?

While many providers will seek to differentiate themselves based on their technology package, most offer the same primary ingredients. Here are the main elements of a smart home package:

IoT (Internet of Things)

A system of devices with unique identifiers and the ability to collect and transfer information over a network without physical human interaction. The Hub and IoT Devices are part of the IoT's ecosystem.

Smart Hub

The hub is the access point that controls the apartment's IoT Devices. It serves as the conduit that connects all of the devices in the apartment to the resident and property team via cellular, WiFi network, or a desktop application.

Most smart home packages include these IoT Devices



Smart Thermostat This controls the apartment's temperature. Personal preferences for on-demand changes or more efficient operation can be added.



Smart Locks Access to the apartment can be unlocked through commands on your smart phone or with a personalized passcode. This eliminates the hassles of lost keys or being locked out. Residents can also issue entrance codes for visitors such as dog walkers or in-home cleaning.



Voice Control Enjoy the option of commanding your in-unit IoT Devices by talking to Alexa or Google Home, which can be integrated into your smart home system.



Smart Switches A smart phone or preferred voice assistant can brighten or dim the room's lighting. Once settled in for a movie or to work from home, no one wants to have to get up to adjust the lights.



Outlets This turns on the coffee maker or other favorite plug-ins upon request—without having to get up, or even be at home.



Leak Detection Protect belongings with real-time leak detections and alerts delivered to a smart phone. Leaks are pinpointed and can be addressed immediately to avoid damages.

2. What Owners, Managers and Renters Actually Want

What draws people to smart home technology?

Implementing smart technology solutions in a multifamily community typically begins with setting simple objectives for the property:

- ✔ **Maintain a competitive edge by providing attractive, personalized features to resident prospects as well as the existing community population. This, in turn, drives future leasing and increases retention levels.**
- ✔ **Increase the bottom line through the implementation of smart property features that create additional revenue via resident rent increases or fees.**
- ✔ **Create simple, contactless leasing experiences for those who prefer to tour on their own or who just want to spend some time alone in the space they will soon call home.**
- ✔ **Create operational efficiencies that result in an enhanced resident experience while increasing operational savings.**
- ✔ **Improve asset protection through IoT Devices that provide monitoring and alerts as well as usage and diagnostic analytics for key systems.**

There are thousands of questions that can arise during the evaluation of any smart home package. Ultimately, the apartment operator's focus should be on what residents want and how it can be achieved by implementing a well thought out smart home technology package that benefits all—from the resident to the property manager to the owner.

Benefits of Smart home technology

- ✔ **Asset preservation and extension**
- ✔ **Effortless communication**
- ✔ **Increased property value**
- ✔ **Simple management**
- ✔ **Increased operational efficiency**
- ✔ **Connected living + Integration with other Smart Devices**
- ✔ **Incremental revenue stream and Increased NOI**
- ✔ **Improved lifestyle + Competitive edge**
- ✔ **Higher resident retention rates**
- ✔ **Contactless tours**



Smart home technology from the Resident's Perspective

With more technology choices than ever and the growing expectations of renters for smart home features, multifamily owners are learning that making smart technology available can be a deciding factor for prospects who are choosing to lease an apartment. Smart home technology is no longer a “nice-to-have” feature, it is rapidly becoming a “must-have” for residents who are searching for their next home.

Apartment seekers are enticed by a convenient and enjoyable space that provides customization that matches their lifestyle and gives them a high level of individual control. Smart home features like smart locks simplify apartment access for residents and their guests. No need to hassle with keys. Access is granted with a swipe on their smart phone or guests can enter with a temporary access code. Additionally, they can make changes to their apartment environment through real-time adjustments to the temperature, access control, and lighting.

One newly added smart feature, sensors can be placed in apartments so that renters and onsite staff are notified when and where leaks occur. This is something maintenance teams also appreciate. With the portability of home automation through Alexa, Google Home and Apple Home kit, smart home technology can be taken to an even more personal level when residents add their own voice assistants and other compatible devices to their ecosystems.

What Makes Smart Technology Valuable to Owners and Property Managers

Smart home technology is a new level of a community amenity that includes a personal touch.

Resident satisfaction remains a top priority for multifamily owners and operators, but there is a notable value-add that comes from implementing smart home technology. It should be considered as a measure that increases

property value. As a result of the pandemic, a large shift in property operations has occurred, making many realize that renters need options for access and control more than ever.

Owners require sustainable opportunities to drive value, manage resources, and nurture their investments while providing safe homes for their residents that include the best features and amenities. Managers look for solutions that help them focus on their residents without adding additional steps or complications. While they both appreciate the value technology can bring, they need a solution that is simple to use and includes a strong support team. They also seek technology that simplifies or adds efficiency to their onsite teams.

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Smart home technology offers great features for owners and property managers that are easy to quantify:

Leasing and Retention

Younger residents dependent on their smartphones desire smart home technology—and so do older generations. MFE reports that, according to Parks Associates, 14% of baby boomers—at least those living in multifamily units—own some sort of smart home device. Adoption of these devices is up 18 percentage points over the past five years among adults 65 to 74, and 9 points or more for those 75 or older.

According to a survey of multifamily builders conducted by Parks Associates, smart thermostats are the No. 5 most popular multifamily feature these days and the top-ranking smart home feature on the list.

Among multifamily builders, at least six different smart technologies rank as “highly popular features” these days, including smart thermostats, smart door locks, smart smoke detectors, and more. These features influence prospect decisions when compared with apartments that do not offer them. With the simple connectivity and customization of a smart apartment,

the decision to rent is made more easily and the decision to stay can be made even easier. High retention rates greatly reduce turnover costs and overall operating expenses.

Property Tours, Simplified

The recent pandemic forced properties to change how they handle leasing. On-demand, keyless access, and self-guided tours have become a necessity. Leasing teams can invite prospects to tour at their own pace, even after hours. This way, prospective residents can spend the time they need viewing the apartments without pressure. Leasing professionals, in turn, can operate more efficiently overall by devoting the extra time on other leasing and property-related tasks.

Increased Revenue

Smart home technology enhances and personalizes the resident experience. This adds up to an increase in top line rents and the ability to charge technology fees. Smart communities are generally favored by renters among the competitive set, and as a result, achieve above-average rental income.

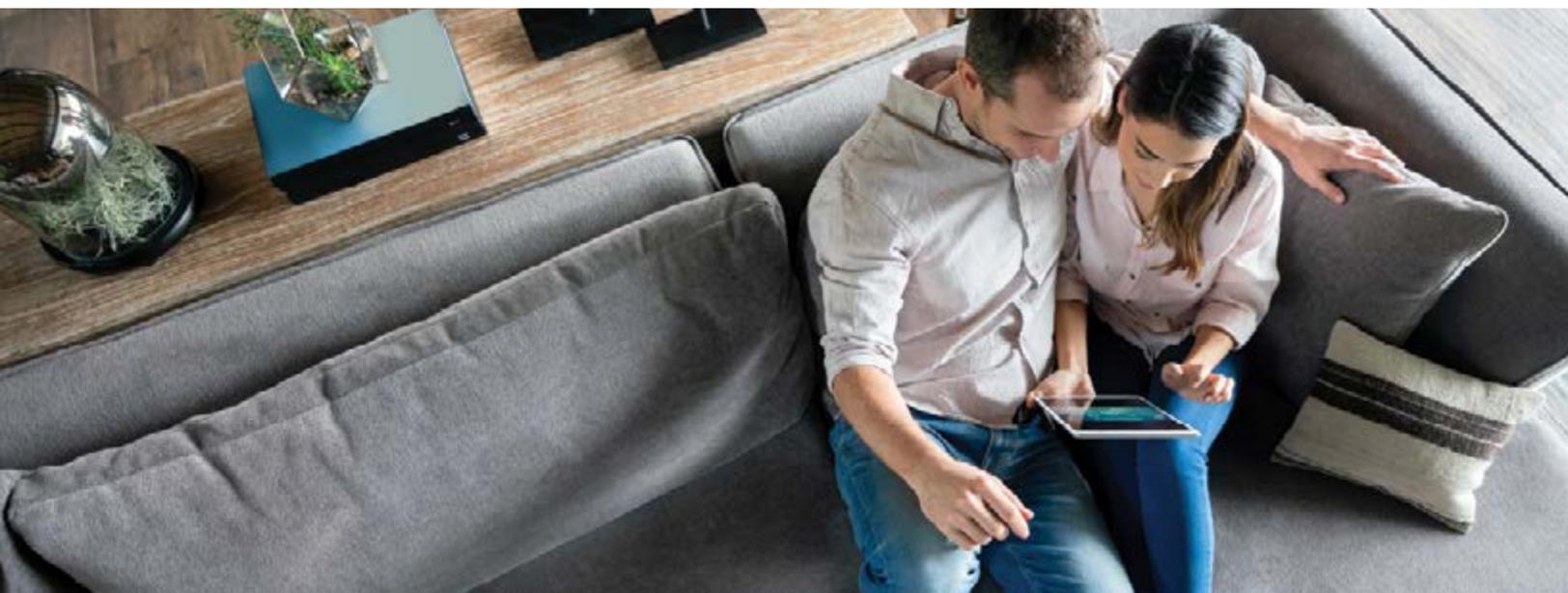
Operating and Damage Expense Reduction

Smart technology can save money and drive the bottom line in multiple areas.

The maintenance team is constantly connected to the analytics—from leak detection to issues with HVAC or even a device battery swap. This puts them in-the-know and able to provide proactive and preventative maintenance versus spending time on remediating major incidents. Additionally, key tracking and management is now handled by applications that assign door codes in real time, eliminating the need to log out keys, change locks or cut keys for lockouts. There's more than just maintenance savings, the whole operations team can access sensor data and general analytics to make sure that vacant units are operating efficiently.

Property Management Software Integration

Many smart home providers and their customers understand that property management software is the key to everything onsite—from leasing, collections and financial reporting to maintenance requests and property communication. Smart home technology packages must be integrated with a community's property management software so that it is activated when residents move in and deactivated when they move out. This automation removes one more task for the onsite team during resident turns.



3. Current Challenges to Smart home technology

With all of these great features and benefits, it's a wonder why the multifamily industry has been slow to adopt smart home technology. Owners and property managers have a wide variety of smart options to add to their property, but many still express concerns when making their decisions.

Price, ongoing expense and NOI

With the addition of any new feature or service, there must be a cost-benefit analysis to address how the smart home will be paid for. Concerns about installation costs as well as the committed ongoing software expenses can create a stumbling block in the decision-making process. Additionally, many properties have not planned for the initial capital investment for these packages. Surveys have proven that residents will pay more for smart features, and the fees must be calculated to cover the cost and bring the added value that comes in their return on investment.

Infrastructure

When implementing a smart home package, a consistent Wi-Fi connection is required to enable remote accessibility to all devices connected to a central hub. This occurs when the resident sets up internet service; however, without service, on-demand access won't occur, effectively disabling control and features of the smart home package. This situation applies whether the apartment homes are occupied, vacant, or down—internet service is an absolute requirement for the smart home package to work.

Options to solve the Wi-Fi issue include the reliance on the resident setting up service, or the property team can resolve this through the implementation of a fully Wi-Fi connected community package that includes internet service as part of the lease package. This will allow for constant and consistent connectivity

to the smart home and devices regardless of whether the unit is occupied or vacant. If a Wi-Fi connected community is not desired, there will need to be a secondary internet infrastructure installed through a Distributed Antenna System (DAS) or similar system that allows for full connection to all the units within a community when Wi-Fi in the units is not on or the units are vacant. Either option comes with a cost to the owner. Fully connected communities are typically able to cover cost and create revenue streams by charging residents for the service, but such revenue cannot come from vacant units. For connected secondary systems, the infrastructure comes at an even greater expense.

Changing Technology and Fear of Missing Out

Technology is ever-changing. True to form, any features in smart home technology are driven more by the application software than the physical devices. With locks, thermostats, switches and leak sensors, the physical features essentially remain the same, while the user experience can be expanded through the ease and ability of the application that controls the devices. It is important for owners to investigate how the platform will grow with them and make sure that firmware updates are made regularly.

Will the package allow for the connectivity of future devices? Is the package secure and futureproof? How will the platform grow with the operations team and create additional onsite efficiency? These are concerns that need to be resolved prior to the implementation of the system.

Product Reliability

With any product that requires a significant investment, there is high expectation for how well it will work. Property teams experience concerns around the simplicity of the package that is promised and the unforeseen

issues they may experience. How tech savvy will the on-site property team need to be? How reliable is the system they will work with every day?

Service and Support

Many companies offer varied degrees of smart home packages geared toward multifamily rental properties. With the significant up-front expense, it can be difficult for property teams to decide on the right product for them out of concerns for the ongoing service that would be required for the residents and the team. It is crucial to have confidence in the provider's installation and support service level.

Knowledge is Power

When choosing to invest in a new technology system, not fully understanding the technology can create fear and even analysis paralysis. Research and asking the right questions—or any questions—can help put your mind at ease.

The Simple Question to Start Your Smart Home Journey

Unfortunately, there are no simple rules or easy ways to determine the best smart home solution for your community or portfolio. There are any number of variables and features to consider when making this choice. However, the first question you should ask yourself is both a simple one and easy to answer: Will smart home services positively impact my residents and my business?

When you have found the solution provider that is dedicated to making the answer to that question, "Yes," you'll have found your clear choice.



About iApartments

iApartments (Intelligent Apartments) offers a best-in-class, smart home platform providing enterprise-level asset protection, energy management, and access and comfort control features to multifamily properties. From conventional apartments to student housing and senior living, iApartments employs CAT-M1 cellular technology to deliver an easier and more affordable connection to the cloud without a dedicated Wi-Fi or high-voltage network. iApartments has cracked the code to bring a new approach to the “smart community” experience and better serve the needs of owners, managers, and their residents. Founded in 2018, iApartments is currently deploying nationwide driven by its leadership team that includes multifamily, IoT, and smart home industry veterans with 100+ years of combined experience.

Learn more at iApts.com



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