



Smart Living: Elevating the Resident Experience

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Introduction

The multifamily market is at a key moment of change. High interest rates and historically low housing stock mean that more of the US population resides in multifamily properties, and new apartment construction is at historic highs. At the same time, reduced consumer spending due to inflation and economic uncertainty puts downward pressure on rents.

In this environment, property managers seek to compete against tech-forward new builds and boost rent by modernizing their properties, giving residents a premium experience that responds to new demands for remote work at home, resident convenience, and safe and secure access to the property and units.

Connectivity – to the property, around the property, and in-unit – is the foundation of an elevated resident experience. Property-wide and bulk internet are enablers for smart apartment and smart MDU (multi-dwelling unit) solutions, allowing properties to better manage and deploy devices. Bulk internet also offers a new revenue-generating strategy for properties.

- Property owners and managers seek to decrease vacancies and turnover costs by increasing resident satisfaction and tenure.
- 83% of MDU residents who have access to property-provided smart home devices are satisfied or highly satisfied with their apartment or condo, versus 66% of those without property-provided devices.
- A robust property network, managed Wi-Fi, and a smart living experience are the foundations of a premium resident experience.

This white paper highlights new ways to serve the resident with enhanced experiences across all property classes. It investigates how builders, property owners, property management firms, and HOA and condo management firms are investing in new broadband and Wi-Fi networks and smart device deployments to offer their residents a premium experience. The research uncovers key consumer segments and expectations for smart home experiences and amenities requiring always-on broadband.

MDU Residents and the Value of Technology

Population growth, urbanization, and increasing demand for affordable housing are driving growth in multifamily living. Currently, about one third of US internet households, or more than 35 million households, live in MDUs, with the vast majority in apartments and condos. There are more than 700,000 multifamily properties in the United States, and more than 26 million apartment units alone.

This growing group of households expect connected living. Now more than ever, consumer lifestyles are dependent on reliable connectivity and high-speed access to live, work, learn, shop, and connect to healthcare, entertainment, banking, and more. These demands are driving increased internet needs for all households, including consumers living in MDUs.

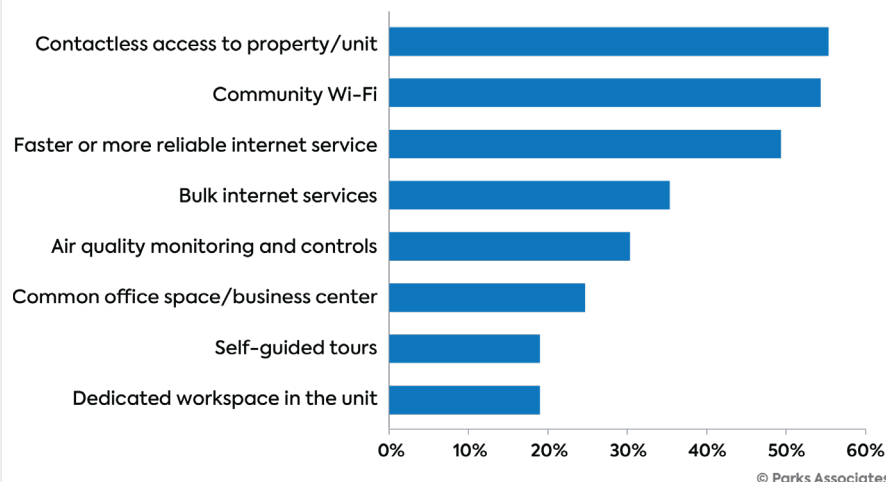
New Demands for Connected Living

During the pandemic, properties faced many pressures, including the need to support more remote and virtual interactions with residents as well as overcome widespread staffing shortages. Post-pandemic, residents expect these remote interactions and conveniences, while staffing shortages continue to be a great challenge.

With the rise of remote work, and growing deployments of smart devices, properties have increasingly turned to internet and Wi-Fi as amenities for residents. A robust property network is a prerequisite for building a smart property. Providing a strong, reliable network allows for seamless integration between smart apartment and smart community solutions and smart devices, including the apps that allow residents to control them.

Connected Amenities in Increased Demand Due to COVID-19

Connected Amenities in Increased Demand Due to COVID-19



MDU residents continue to work at home: 36% of apartment renters and 59% of condo owners report working at home.

Resident Apps and Portals Enable New Experiences

Resident portals and apps are increasingly commonplace for multifamily properties. Originally designed for rental payments and basic messaging, these resident portals increasingly support new features such as submitting and tracking service requests, hosting community activities and events, and controlling apartment amenities.

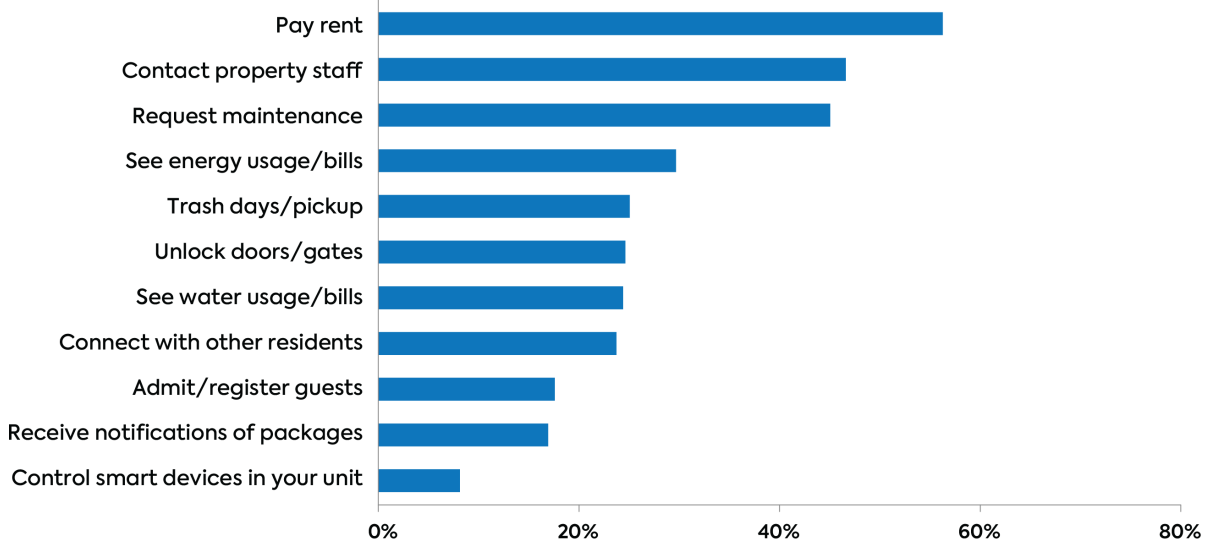
Resident web portals are more commonly used for payments, maintenance requests, and contacting staff. Resident mobile apps are more likely than web portals to offer premium features such as access control and smart device control. While it is not yet commonplace for property apps or web portals to support resident control of smart devices, these features are quickly becoming hallmarks of high-end properties and properties with an elevated resident experience.

41% of apartment renters and 66% of condo owners report using a resident mobile app or web portal today.

Renters paying higher-than-average rent for their area and condo owners who live in high and mid-rise buildings, often with high HOA fees, are the most likely to report using a mobile app for their resident needs and experiences. Apps may include lifestyles features like remote access control, the ability to hire services such as dog-walking or dry cleaning, and reserving amenities such as guest suites. As building owners and property managers work to differentiate the experience for residents, advanced integrations with existing property management software will grow.

Tasks Performed Using Resident Mobile App

MDU Residents who use a Resident Mobile App



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Smart Apartments Impact Resident Satisfaction

MDU residents are interested in a variety of connected living use cases and benefits, but security and safety top the list. Like consumers in single family homes, MDU residents want to be able to monitor activity outside of their home and to communicate with people who come to their doors, even when they are not home. Additionally, 46% of residents say it would be “highly valuable” to receive notifications of a safety issue, such as smoke or carbon monoxide detection, or an alert if a stove is left on. These automated safety features also benefit property owners/operators who may simultaneously be alerted to the danger so that they can take action and control the risk of property damage or resident injury.

Notably, more than a third of MDU residents also rate smart energy controls as highly valuable. With rising energy costs and high inflation, features that help residents save money are attractive.

Those who already have access to these emerging connected features report a highly positive experience. Nearly 80% of those with property-provided smart home devices and services are satisfied with these services, and 71% of those with a resident mobile app or portal are satisfied with it.

These devices also impact the residents’ satisfaction with their property – 83% of MDU residents who have access to property-provided smart home devices are satisfied or highly satisfied with their apartment or condo, versus 66% of those without property-provided devices. Property owners and managers investing in connected experiences seek to decrease vacancies and turnover costs by increasing resident satisfaction and tenure.

Highly Valuable Benefits of Using Smart Home Devices

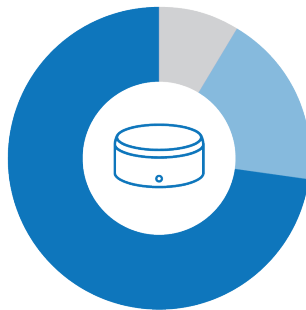
MDU Residents % Rating “Highly Valuable”

Receive safety notifications (e.g., smoke/CO detection, stove left on)	46%
Monitor activity outside my door	42%
Communicate with people at my door, even when not home	38%
Monitor activity inside my home	37%
Remotely control lights, thermostats, appliances to save energy	37%
Automate energy savings	36%
Control access to my unit remotely	34%
Indoor air quality or water quality notifications	32%
Request info, control devices using my voice	31%

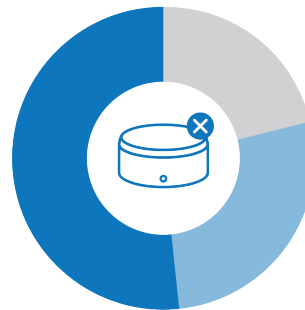
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Impact of Smart Devices on Resident Satisfaction

■ Highly Satisfied ■ Satisfied ■ Not Satisfied



Among MDU residents **using** property-provided smart home devices



Among MDU residents **with no** property-provided smart home devices

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Getting Connectivity Right

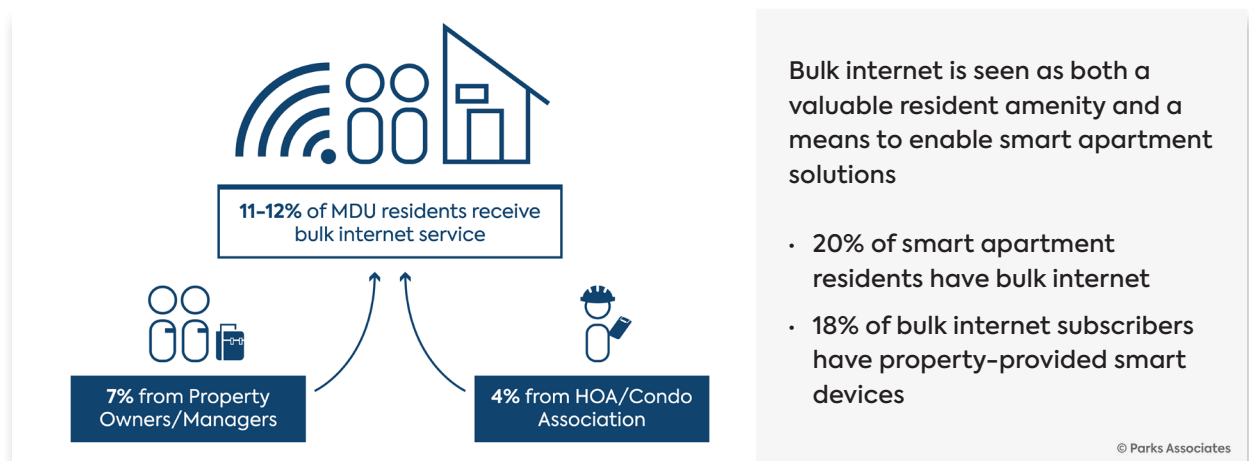
Internet as an Amenity

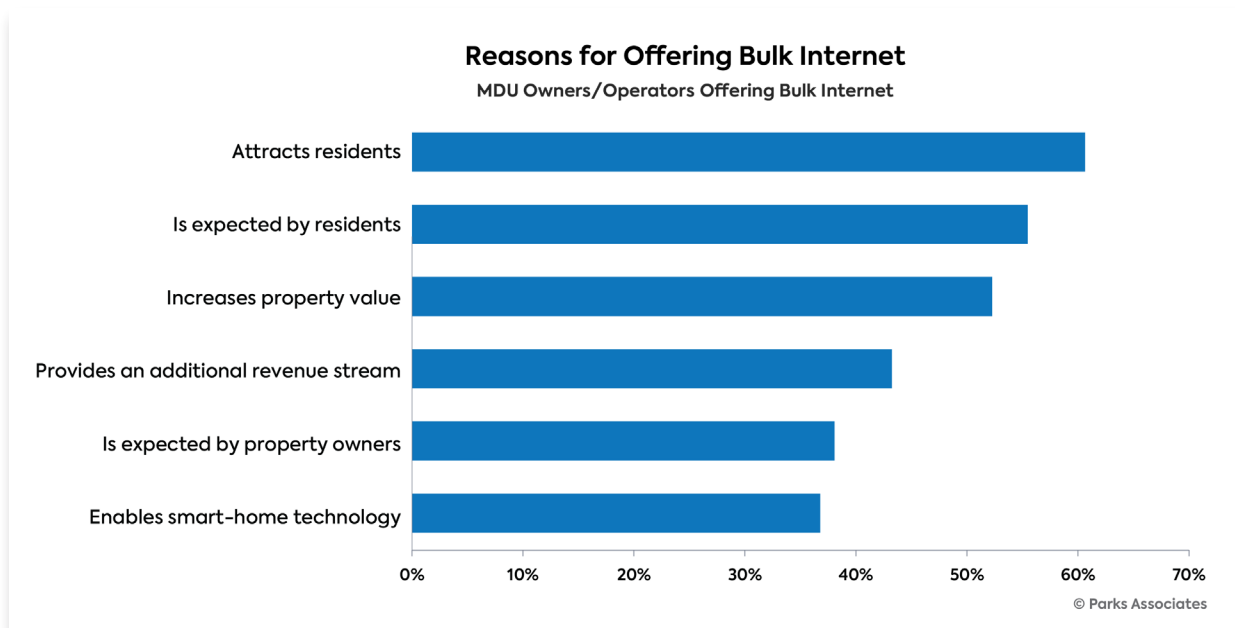
With over one-third of apartment renters and over half of condo owners working remotely, high-quality internet is vital for attracting and retaining this valuable market segment. The bulk broadband market in MDUs is driven by the attraction of managed Wi-Fi solutions and a growing demand for applications and services driven by smart devices. Bulk internet is an arrangement where residents pay the property management company for internet access in their units. The property management company, in turn, negotiates and pays service fees directly to the Internet Service Provider.

The vast majority (77%) of property managers and owners not offering bulk internet services plan to add this in the next 12 months. The demand from residents will drive rental properties to adopt bulk internet services to remain competitive.

61% of respondents who offer bulk internet services on their largest properties do so to attract new residents.

Bulk internet also enables residents to have internet access immediately upon move-in. Seventy-one percent of MDU residents say that having Wi-Fi/Internet ready to go immediately after moving in is important to them. Further, 59% say it's important to reach Gigabit speeds.





New Connected Experiences: Community Wi-Fi as a Service

Community Wi-Fi refers to shared wireless internet access provided to residents within a multifamily property. This service can be provided by property owners or third-party service providers and has become increasingly popular. Community Wi-Fi provides a cost-effective way for residents to access the internet without having to pay for individual subscriptions, and it can also offer higher connection speeds and reliability than cellular data plans.

In 2021, 88% of MDU property managers and owners reported offering a Wi-Fi network accessible by residents in their units, in common areas, or in both locations.

However, there have been mixed experiences with community Wi-Fi. While some residents appreciate the convenience and affordability of the service, others have reported issues with slow speeds, inconsistent connectivity, and security concerns. Community Wi-Fi networks can be vulnerable to hacking and cyberattacks, which can compromise the personal information of residents. As a result, it is important for property owners and service providers to ensure that their community Wi-Fi networks are secure and reliable, and to address any issues that arise in a timely and effective manner. If security, reliability, and issue resolution are prioritized, community Wi-Fi has the potential to offer significant benefits to multifamily properties and their residents.

Managed Wi-Fi Value Proposition

For Residents



Optimized in-home wireless coverage

Cross-device parental controls

Easier remote technical support

Peace of mind/futureproofing

Move-in ready internet access

For Properties



Improve resident internet usage experience

Outsource resident technical support

Offer new amenities like Wi-Fi Available at move, property roaming

Create new revenue streams, raise satisfaction, reduce turnover

Maintain network quality, protect smart automation & operations

A good example of a multifamily company using community Wi-Fi is AMLI Residential. AMLI is a national apartment management company that owns and manages luxury apartment communities in various cities across the United States. AMLI provides high-speed internet access to its residents through a managed Wi-Fi network, which is installed throughout its properties. The Wi-Fi network is managed by a third-party service provider and offers 24/7 technical support to residents. With this service, AMLI aims to provide a reliable and convenient internet experience to its residents, as well as to attract and retain tenants by offering a valuable amenity.



Designing Smart Experiences: Property Types and Resident Segments

With the trend towards urbanization and the increasing demand for affordable housing, the number of consumers living in multifamily properties is expected to continue growing in the coming years. The millions of Gen-Z, digital-native consumers now aging into the multifamily market are driving both demand and preferences, as are the millions of boomers on the other side of the age spectrum who are interested in downsizing and community living in their retirement years.

These consumers have unique needs and preferences when it comes to amenities, services, and technology, and property owners and managers are constantly seeking new ways to provide them with the best possible living experience. The most appealing smart home use cases differ by property type and resident segment. Vendors offering solutions in this market must develop comprehensive solutions that can meet the needs of different target segments within this market.

Condo Owners are Smart Device Enthusiasts, Renters Prioritize Internet

Smart apartment and smart condo residents typically fit a specific consumer profile. These consumers are oftentimes remote workers, and many are parents or otherwise living with other people. They are generally younger than other households and have higher annual incomes.



Smart Apartment Residents

- 63% are remote workers
- 39% are parents of children <18
- 22% subscribe to 24/7 security monitoring
- 52% of heads of HH are between 18-34



Smart Condo Owners

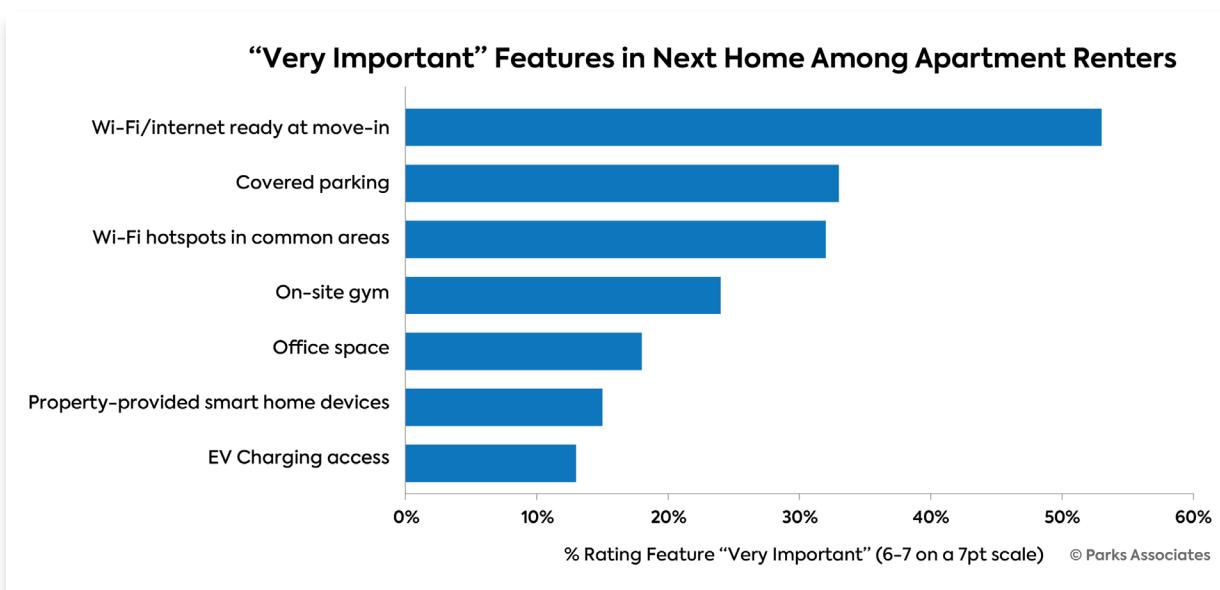
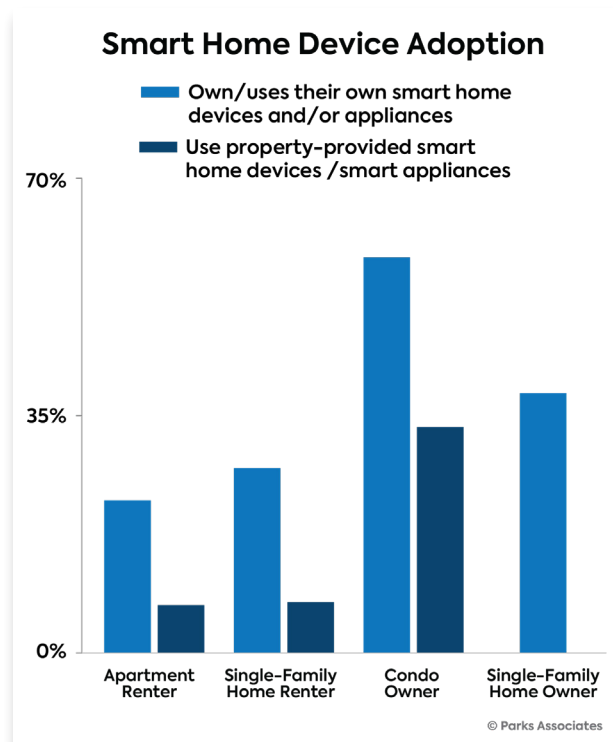
- 82% are remote workers
- 91% are parents of children <18
- 50% subscribe to 24/7 security monitoring
- 41% of heads of HHs are between 35-44

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Smart condo owners are high tech adopters, with high degrees of educational achievement, a propensity for remote work, and greatly over-index in their adoption of 24/7 professional security monitoring—adopting at 2x the rate of single-family homeowners. Fifty-eight percent report owning and using smart home devices of their own—far above average, and even above single-family homeowners. A third already report using smart home devices provided by the property as well. Simply put, condo owners expect their properties to be connected and invest their own money into acquiring the smart solutions for their connected lifestyle.

Smart apartment households are newer to connected living but are ahead of property owners in smart device use. Twenty-two percent own and use at least one smart home device or appliance, with just 7% reporting that they use a property-provided smart home device. However, compared with standard amenities, apartment renters are as likely, or even more likely, to rate connected features such as advanced internet options as “very important.”

Communities and companies looking to appeal to these groups will benefit from portfolios including smart devices and internet services.





Summing It Up: Providing a Premium Experience

Connectivity and smart home tech are driving a transformation of multifamily housing. Multifamily properties are embracing transformative technologies and connected use cases in order to better meet the needs of residents and to improve their internal operations. Changing lifestyles have increased internet needs among consumers.

Property managers and owners perceive strong business benefit from installing smart home devices throughout their properties. These benefits include increased resident satisfaction, increased rental revenues, improvements in operating efficiencies, and an increased ability to attract and retain residents.

Those who do not currently use devices tend to expect lower rental increases. Additionally, 87% of property managers expect to achieve ROI on smart home investments in two to three years.

Smart home builders also perceive MDUs as a potentially lucrative channel for new business.

A strong, reliable property network is now considered essential when building a smart property. Smart home builders must start there in order to appeal to both property managers/owners and residents, who are widely embracing and expecting smart apartment and smart community solutions. Building the infrastructure and networking at construction allows users to add or change the solutions and applications that rely on connectivity as resident needs and expectations change.

To gain competitive advantage, players in the multifamily space continue efforts to discern which smart home use cases and value propositions are most highly valued. They must also understand how the need for dedicated networks impact apartment dweller retention and attract the most valuable market segments.

Offering bulk broadband, managed Wi-Fi, and IoT solutions are imperative to deliver a premium resident experience. Properties that are able to meet advanced connectivity needs with top smart solutions and services will reap the greatest return on investment.

Ninety-five percent of property managers perceive smart home devices can increase rental fees by between 5% and 30%.

About Parks Associates



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Parks Associates, a woman-founded and certified business, is an internationally recognized market research and consulting company specializing in emerging consumer technology products and services. Founded in 1986, Parks Associates creates research capital for companies ranging from Fortune 500 to small start-ups through market reports, primary studies, consumer research, custom research, workshops, executive conferences, and annual service subscriptions.

The company's expertise includes new media, digital entertainment and gaming, home networks, internet and television services, digital health, mobile applications and services, consumer apps, advanced advertising, consumer electronics, energy management, and home control systems and security.

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Cox Communities is the division of Cox that delivers solutions, value, and trust for MDU owners, managers and developers, SFU developers, and the residents and owners within their communities. The Cox Communities team acts as their client's trusted advisor by supporting them in reaching their business goals of optimizing rents, occupancy, and making their properties future ready.

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Jennifer manages the research department and Parks Associates' process for producing high-quality, relevant, and meaningful research. Jennifer also leads and advises on syndicated and custom research projects across all connected consumer verticals and guides questionnaire development for Parks Associates' extensive consumer analytics survey program. Jennifer is a certified focus group moderator, with training from the Burke Institute.

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ATTRIBUTION

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RESEARCH & ANALYSIS

for Emerging Consumer Technologies

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Smart Home Devices and Platforms



Digital Media and Platforms



Home Networks



Digital Health



Support Services



Entertainment & Video Services



Consumer Electronics



Energy Management



Home Control Systems



Home Security