

WHITE PAPER

Flooding the Market: Scaling up Smart Water Management

PARKS ASSOCIATES | 40 YEAR ANNIVERSARY

IN PARTNERSHIP WITH: Johnson Controls



Flooding the Market: Scaling up Smart Water Management

Water damage is one of the costliest and most common sources of insurance claims, averaging nearly $10,000 per incident. For insurers, this translates to billions in payouts each year, while property owners face expensive repairs, disruptions, and higher premiums.

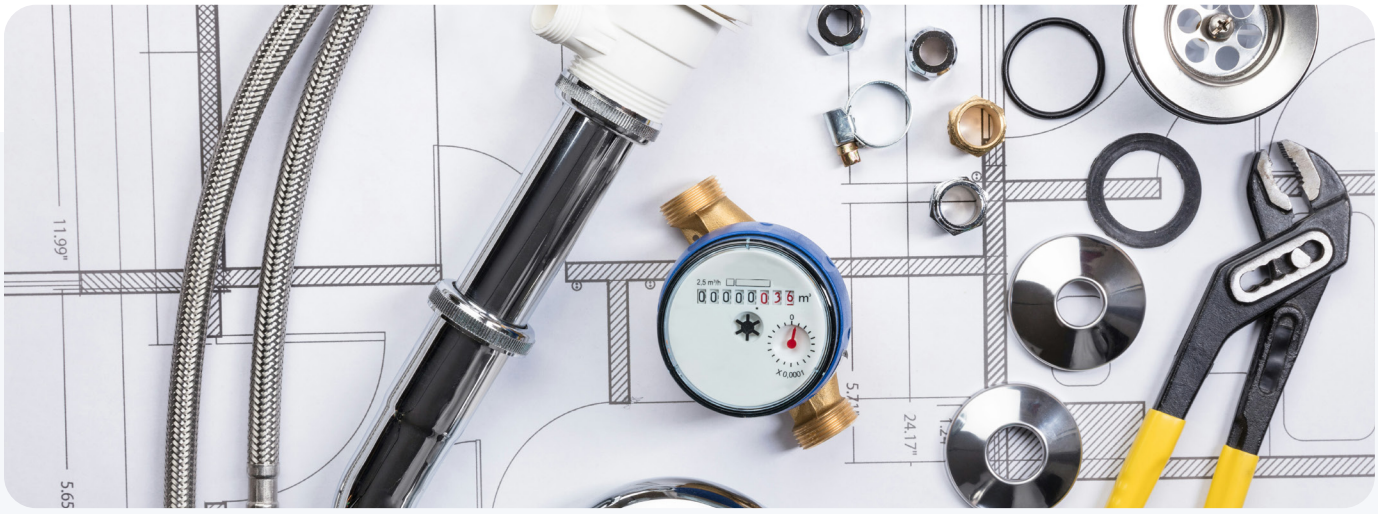
Smart water management solutions —including leak detectors, humidity sensors, and automated shut-off valves — offer a proven way to prevent losses before they occur.

This whitepaper explores how insurers, property managers, and consumers can work together to reduce water-related risks through proactive adoption of smart water devices. Security dealers are a critical distribution and installation channel, enabling insurers to scale prevention strategies while dealers expand their service portfolios. Drawing on Parks Associates' research, this whitepaper highlights the role of incentives, discounts, and shared investment models in accelerating adoption.

Johnson Controls PARKS ASSOCIATES

TABLE OF CONTENTS

4	Flooding the Market: Scaling up Smart Water Management
6	The Impact of Smart Water Management
10	Overcoming Adoption Barriers
15	Aligning Incentives Across Stakeholders
17	Smart Water: Early Adoption to Standard Protection
19	About Johnson Controls



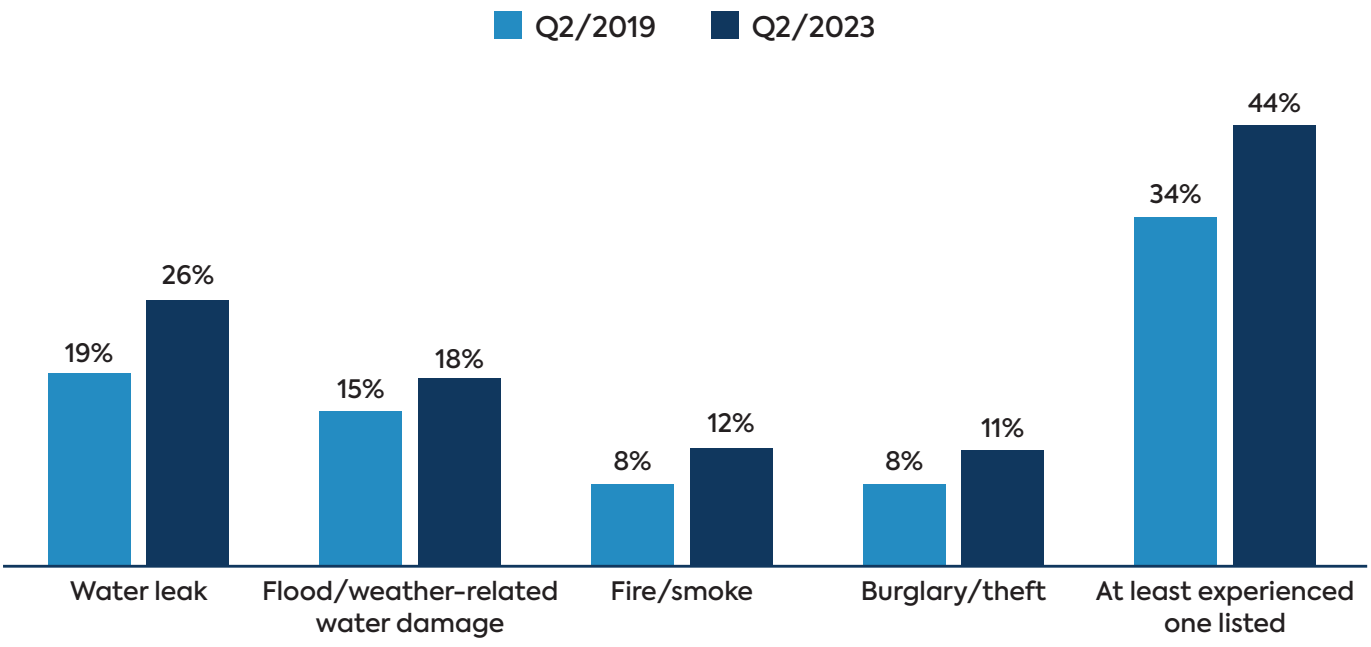
Johnson Controls PARKS ASSOCIATES



Flooding the Market: Scaling up Smart Water Management

A combination of weather events, high adoption of property and renters' insurance, US migration patterns, and growing costs of labor and material are pushing insurance losses and costs through the roof. Between 2017–2023, P&C insurance carriers saw home insurance losses increase 45%.[1] Parks Associates data confirms this increase, with 44% of US internet households reporting that they experienced property damage or loss as of 2023, up from 34% in 2019.

Home Damage Experiences



© Parks Associates

Water-related damage is among the most common reasons for claims, with major impacts for insurers, homeowners, renters, property owners, and small businesses.

Insurers

In 2023, water damage and freezing accounted for 22.6% of all losses incurred, second after wind and hail.[2] The average water damage/freezing claim from 2019–2023 is $15,400, second to fire and lightning and triple the average claim for theft.[3]

Homeowners & Renters

Roughly 90 million US internet households have a homeowners or renters insurance policy. Twenty-six percent of US internet households report experiencing water leak damage, and 46% of these households filed an insurance claim as a result. Renters are also vulnerable; they are exposed to leaks from other units damaging their own unit or property or causing mold issues that could impact their health.

Property Owners

Multifamily property insurance costs increased 74% in a five-year period, from $39 per unit in 2019 to $68 in 2024. However, due to local competitive factors, property owners cannot always raise rents to offset these rising costs. A study by the Board of Governors of the Federal Reserve found that property owners bore the brunt of insurance increases, as they were not able to recover the full impact of the insurance costs through rent increases.[4]

Small Businesses

Water-damage losses, insurance prices, and water consumption concerns also impact small businesses. In 2023, Parks Associates' survey found that 62% of SMBs were concerned about insurance costs — a top three concern along with inflation and overall cost of materials for their business.

Given the widespread impact of water-related losses, the industry is turning to collaborative approaches that deliver greater protection and efficiency — namely the growing alignment between insurers and smart home and smart building providers. These partnerships are more than just a collaboration; they are a strategic move that aligns with both industries' goals and business strategies. Extending peace of mind with smart home security and safety solutions taps into the same sense of peace of mind provided by Property and Casualty insurance. Both aim to promote a feeling of being safe or protected.



The Impact of Smart Water Management

Early detection of a water leak can help reduce insurance payouts, property owner liability, and resident disruption. Over the past decade, smart water detector and shut-off technologies have changed the landscape of water losses, making it possible to turn the cost curve on water damage. These same solutions can also help consumers and building owners save money by making critical data available to change consumption habits.

Smart Water Value Propositions

Smart products and systems enable immediate detection and quicker resolution. A variety of products tackle issues depending on the use case.

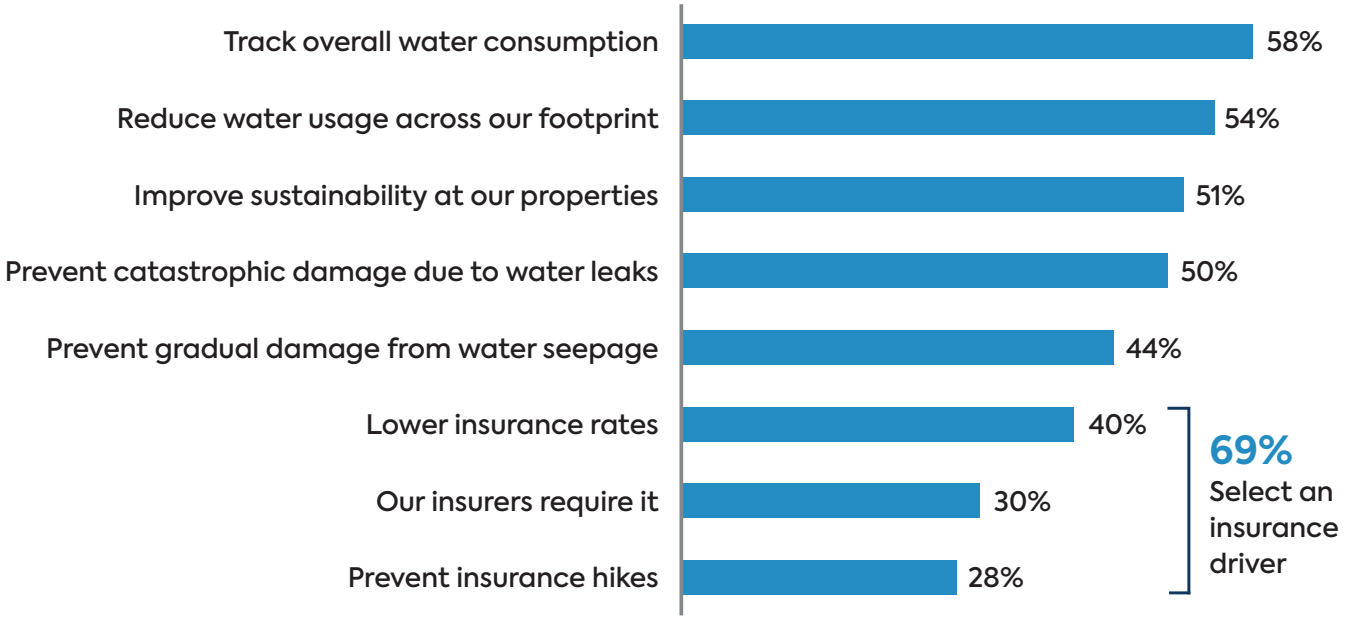
- **Leak and humidity detectors:** detect water at the source and alert property owners or managers.
- **Frozen pipe detection:** identifies temperature conditions that could lead to pipe bursts, enabling proactive intervention.
- **Flow meters:** monitor water usage in real time, giving visibility into irregular consumption patterns, including both leaks that could damage property as well as leaks and device malfunctions that waste water (e.g., a running toilet or open sprinkler valve).
- **Automated shut-off valves:** respond to detected issues by turning off water at critical moments, preventing small leaks from escalating into costly disasters.

The software and cloud connectivity of smart water management solutions bring an often-unseen problem to the forefront by making water activity visible, measurable, and actionable. Trending data creates a baseline of what is normal for any particular property, so anomaly detection is possible and meaningful. Understanding what typical water behavior looks like can help systems to flag deviations that may signal leaks, malfunctioning appliances, or inefficient usage. With connected dashboards and alerts, issues that once went unnoticed can now be addressed almost instantly, improving operational confidence and reducing risk.

Johnson Controls PARKS ASSOCIATES

Insights also double as consumption guidance, helping home and property owners better manage their overall water consumption. MDUs planning to deploy smart water technologies cite a variety of benefits driving their use, including tracking overall water consumption, improving sustainability, preventing catastrophic damage due to water leaks and potentially lowering insurance rates. These benefits reinforce the value of adopting smart water solutions as part of long-term property management strategies.

Reasons for Deploying among MDU Owners/Operators Planning to Deploy Smart Water Meters/Water Leak Detectors



© Parks Associates

Integration with Security Systems and Property IoT Platforms

Water leak detectors and shut-off valves have traditionally been deployed as standalone devices. However, the industry is increasingly shifting toward integrated platforms delivered through professional security and property IoT systems. Offering water alongside intrusion and life safety within a single platform offers a more reliable, always-on approach to property protection. It also enables faster, more coordinated responses than disconnected point solutions.

Integrated platforms also support unified monitoring and automation that connect detection with immediate action across water systems. By coordinating detection and the appropriate response within a single platform, these systems reduce the time and cost associated with human follow-up and help prevent minor issues from escalating.

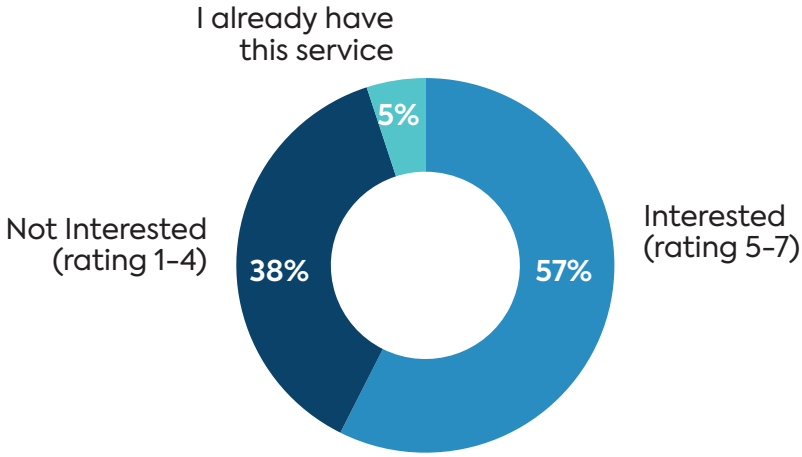
Beyond individual device actions, integrated platforms also enable cross-device intelligence across intrusion, life safety, and water. Bringing these systems together gives property owners and managers a clearer view of what is happening and informs better decisions around prevention and response.

Professional security providers are critical to how integrated platforms are deployed and maintained across residential and multifamily properties. Parks Associates data finds 11% of smart water leak/humidity detector owners report purchasing their product from a security dealer. Security dealers report that on average, 11% of their residential security system sales include smart water products today, up from 3% in 2020.

Water management is also a potential expansion solution for security providers who are in search of next-generation services to differentiate their offerings from an increasingly competitive smart security marketplace.

57% of security system owners are interested in adding water sensor monitoring to their security service.

Interest in Water Sensor Monitoring as Service Add-on among Security System Owners



© Parks Associates

In the multifamily space, leading property IoT platforms offer water leak detection in their portfolios, including SmartRent, ADT Multifamily, Della, DOOR, and PointCentral. These systems minimize downtime and maintenance expenses, protecting both property value and resident satisfaction. Early property adopters are leveraging verified leak data to negotiate more favorable insurance terms. By documenting every leak use case, property managers/ building owners gain a better picture of their actual risk. Equipped with data, they can show responsible asset management and request pricing that more accurately reflects their performance, instead of paying rates based on generalized assumptions across the multifamily sector.

Real-world Insurer Partnerships

Insurers see the value in technology to mitigate risk, partnering with a variety of technology vendors for product discounts or discounts on premiums:

USAA has partnered with **Roost**, a security provider, not only for its protection against burglary but also for its Water Security360 freeze and leak detection kit. USAA members can get an insurance premium discount for using the Roost system, along with a discount on Roost devices. Data sharing requirements do apply for eligibility.

Flume partnered with **HSB**, a specialty and re-insurance provider, such that HSB will refer Flume's flow-based water leak detection solution to HSB's insurance clients.

Liberty Mutual offers policy holder's discounts and installation support for **Moen's** Flo smart water leak detection and shut-off solutions.

Nationwide offers a 15% discount on **Phyn's** smart water leak detection productions.

These examples show that insurers are beginning to tie real financial incentives to proactive leak detection. They also suggest that the industry is headed towards smart water technologies becoming a standard part of the risk-management strategy.





Overcoming Adoption Barriers

Scaling Smart Water Solutions

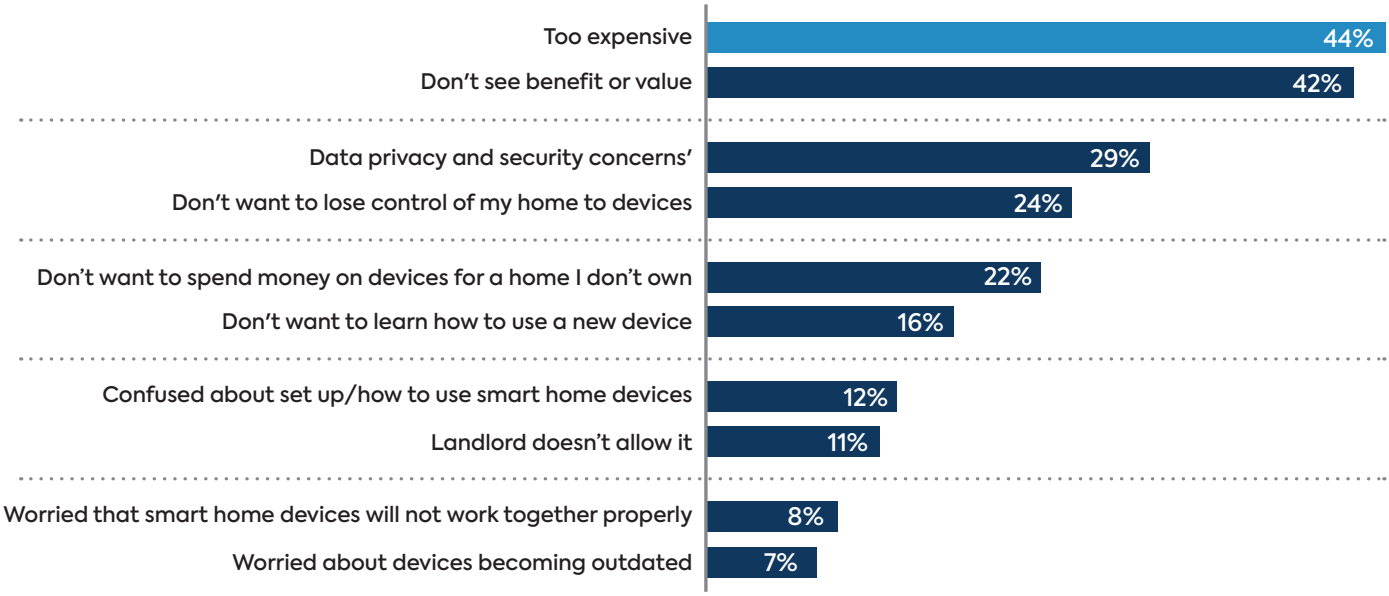
Smart water leak adoption and shut-off valve adoption remain low, comparative to other smart home/smart property technologies.

5% of single-family homeowners own a smart water leak/humidity detector and 4% have a smart water flow meter/shut-off valve.

Adoption is slightly higher among condo owners, with 7% owning smart water leak detectors and 6% owning smart water shut-off solutions – helping protect themselves and other units from damage.

To achieve maximum impact on losses, smart water solutions need to reach beyond early adopters and attract a broader customer base. That means overcoming the largest barriers to adoption for smart home devices: affordability, followed by lack of value, and then data privacy/security concerns.

Reasons for not Purchasing a Smart Home Device



© Parks Associates

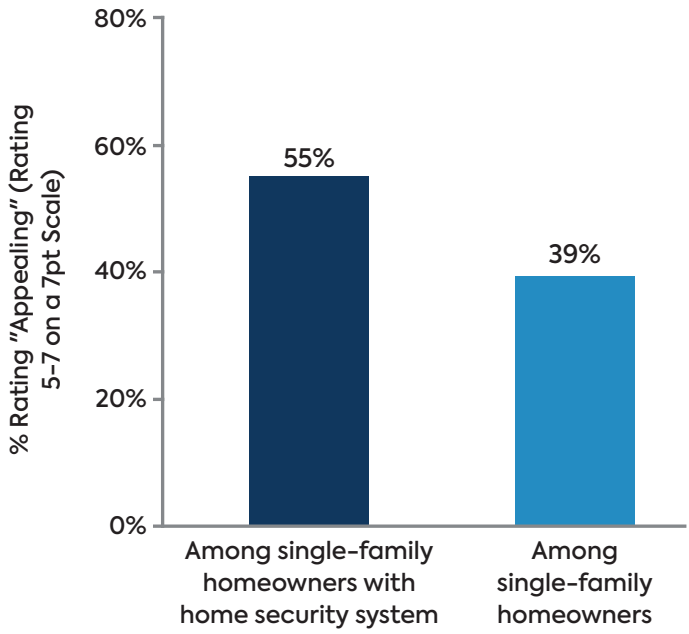
Johnson Controls

PARKS ASSOCIATES

Partnering with insurance companies can make solutions more affordable directly, such as through Nationwide's discount on Phyn devices. Insurers can also offer policyholders access to a more feature-rich water management service to improve the value proposition and widen appeal. For instance, nearly 40% of single-family homeowners find water monitoring services appealing. This rises to 55% of single-family homeowners who own a security system.

By combining real-time alerts, usage insights, and remote-control features with easy access to professional plumbing support, this solution enhances convenience while reducing costs and mitigating risks for homeowners. **Leak detection and water shut-off form the core of a smart water service offering.**

Water Monitoring Service Appeal



© Parks Associates

Water Monitoring Service:

- Water quality monitoring with alerts to potential issues
- Whole-home water filtration
- Leak detection around pipes and water heater to avoid damage to the home
- Water/humidity detection in basement, crawl space, or other areas to detect mold growth
- Leak detection for pipes, toilets, sprinkler systems to save on water costs
- Ability to shut off water remotely if a leak is detected
- Detailed water usage insights
- Chat with a plumber online/through an app
- Schedule a plumber for service to your home online/through an app



Johnson Controls PARKS ASSOCIATES

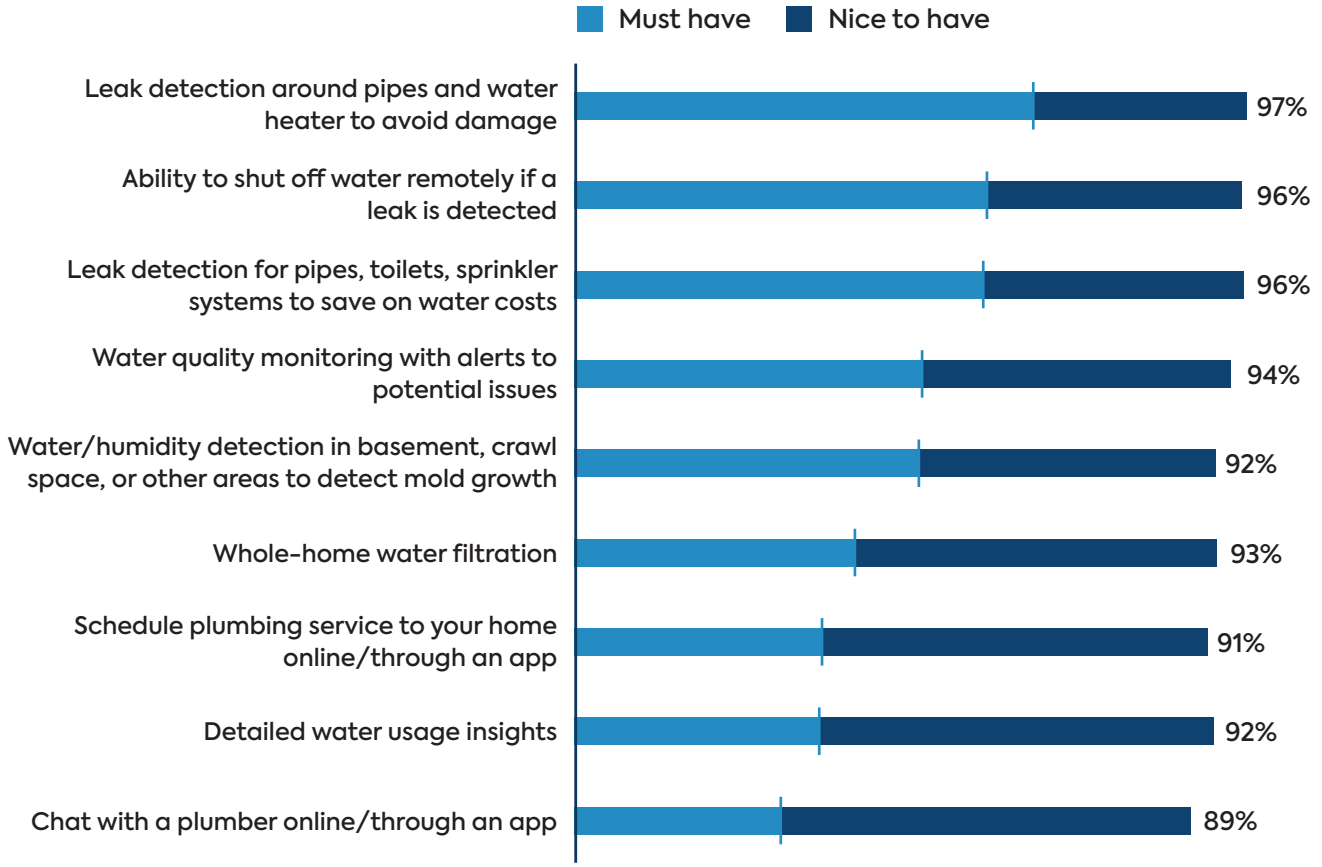
Smart water management can scale quickly in multifamily, due to the ROI for property managers and ability to reach hundreds of units in one deployment. In the multifamily sector, water leak detection is becoming more common.

- **57% of MDU owner/operators** report having smart water leak detection for at least one property in their portfolio
- **29% report using leak detectors** at their largest property.

Smart water management across large unit portfolios helps operators spread upfront costs while benefiting from more consistent monitoring, earlier leak detection, and fewer large-loss events. This can accelerate ROI, simplify day-to-day work for onsite teams, and reduce resident disruption from leaks and repairs.

As a result, leak detection is increasingly shifting from a "nice-to-have" to a spec-in requirement for new builds, while still offering it as a reasonable add-on for older buildings.

Important Element of a Water Monitoring Service



© Parks Associates

Johnson Controls PARKS ASSOCIATES

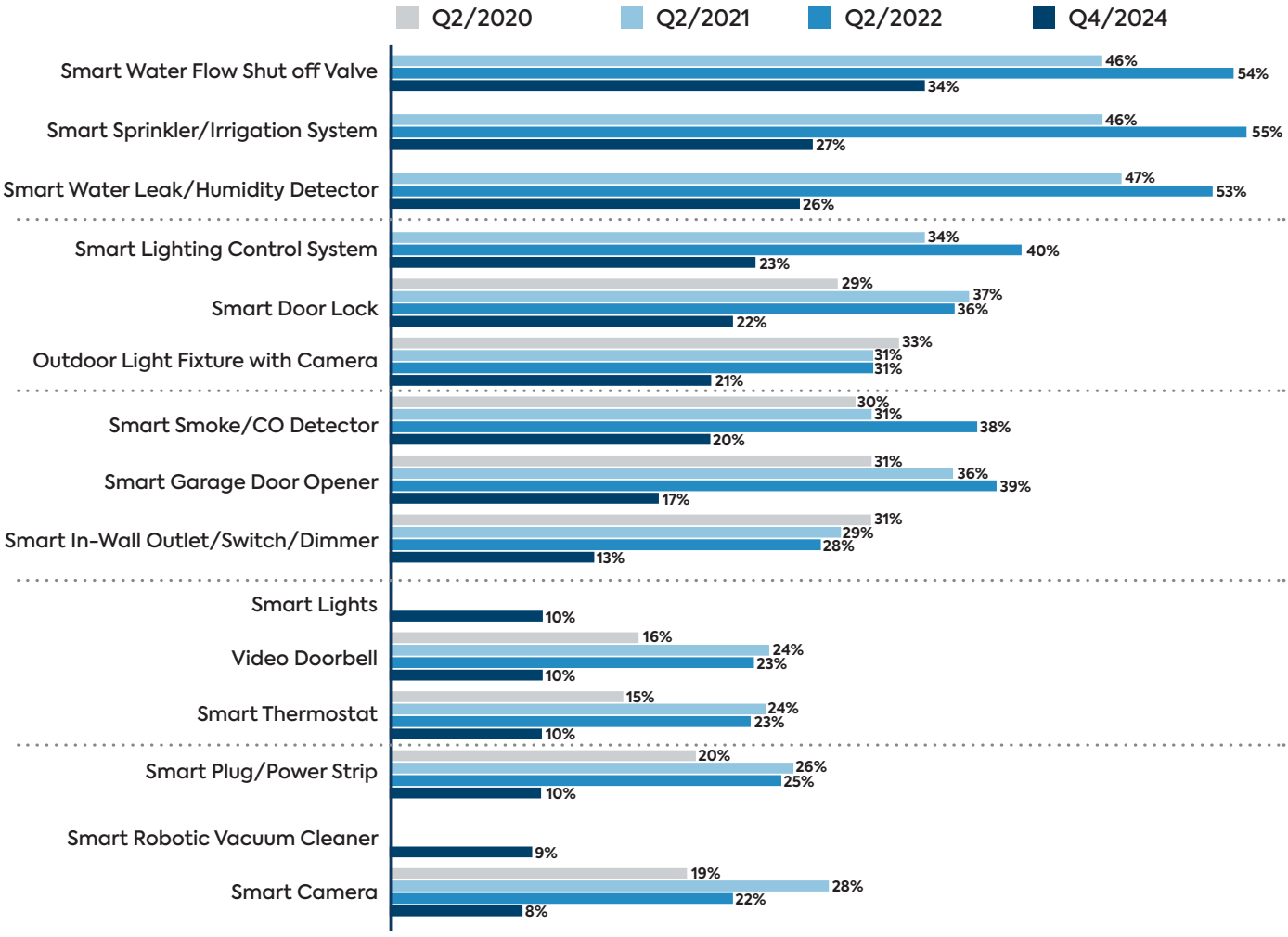
Broadening Reach with Security Dealers & Integrators

Proper set-up is critical to ensure leak detection and shut off perform as intended when an issue occurs. While leak detection solutions are accessible for consumers to buy and install themselves, professional installation ensures proper setup and detection. This places these products among the top smart home devices to be professionally installed, along with garage door openers and smart sprinkler systems. Those who try to set up their smart water products themselves find it challenging.

Thirty-four percent of smart water shut-off valve owners who installed the product themselves rated the process "very difficult", making it the #1 product type consumers have difficulty self-installing. Water leak detectors come in #3.

Fifty percent of smart water shut-off valve owners and 47% of leak detectors had their devices professionally installed.

Difficulty of Initial Setup among US Internet Households Self-Installing their Smart Home Devices



© Parks Associates

Johnson Controls

PARKS ASSOCIATES



Professional installation also plays an important role in long-term system reliability. Correct sensor placement, verified shutoff performance, and consistent platform connectivity all affect whether a system functions as intended during a leak event. Proper installation and integration of systems are more likely to lead to greater consistency over time. This can result in improved time efficiency, lower costs, and better insurance outcomes.

Dealers are trusted local experts and can bundle smart water protection with security and monitoring services. Dealers can also expand into commercial and multifamily deployments. These markets provide significant growth opportunities, as they offer large unit volumes and clear ROI for property stakeholders. Integrators who move into these segments can leverage their technical expertise and established service infrastructure to meet rising demand for leak detection and water management solutions.

Despite growing interest in smart water technologies, awareness gaps persist. Only a small percentage currently purchase smart devices through insurers, demonstrating the need for strong channel partnerships.

> **As of 2023, just 4% of water leak detectors and 6% of water shut-off valve buyers acquired their devices from insurance providers.**

Consumers are generally aware that insurance providers offer discounts for other products, particularly security systems. Twenty-three percent of security system owners report that an insurance discount was a trigger for security system purchase.

Strengthening partnerships between insurers, dealers, and manufacturers could accelerate scaling of smart water tech adoption by improving affordability and elevating awareness among high-risk homeowners.



Aligning Incentives Across Stakeholders

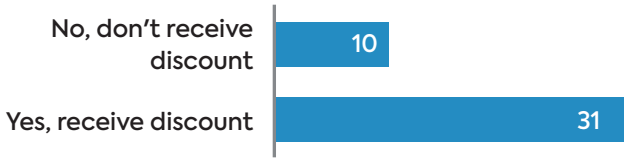
Scaling smart water solutions means aligning the benefits and incentives for all stakeholders.

- **Consumers** are motivated through premium discounts and deductible reductions. A discount on insurance premiums is consumers' top preferred incentive for acquiring smart home devices from their insurer.
- **Property managers/owners** seek to protect assets, avoid downtime, and reduce tenant turnover. By preventing leaks, minimizing unit disruption, and ensuring safer living environments, smart water solutions directly support operational efficiencies and long-term asset preservation.
- **Insurers** benefit through risk mitigation and improved Net Promoter Scores (NPS) when discounts are offered. Smart home devices increase NPS and differentiate providers. Those receiving a discount from their insurance provider today for a security system or smart home product give their insurer an NPS of 31, compared with an NPS of 10 for those not receiving a discount. Up to a third of policy holders also report they would switch home insurance providers to acquire smart home tech, a new opportunity for smart protection bundles to drive policyholder acquisition.

Smart Home Devices: Driving Consumer Sentiment Towards Insurers

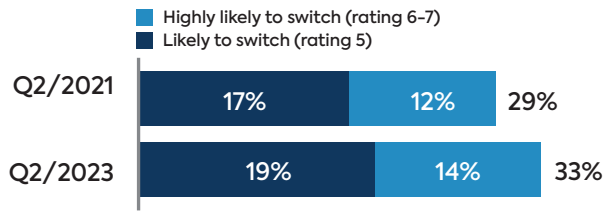
Insurers' Net Promoter Score by Discount Received for Smart Home/Security Solutions

Among US internet households with homeowner/renter insurance security system or smart home device



Likelihood of Switching Home Insurer to Acquire Smart Home Tech

Among US internet households with homeowner/renter insurance



© Parks Associates

Johnson Controls

PARKS ASSOCIATES

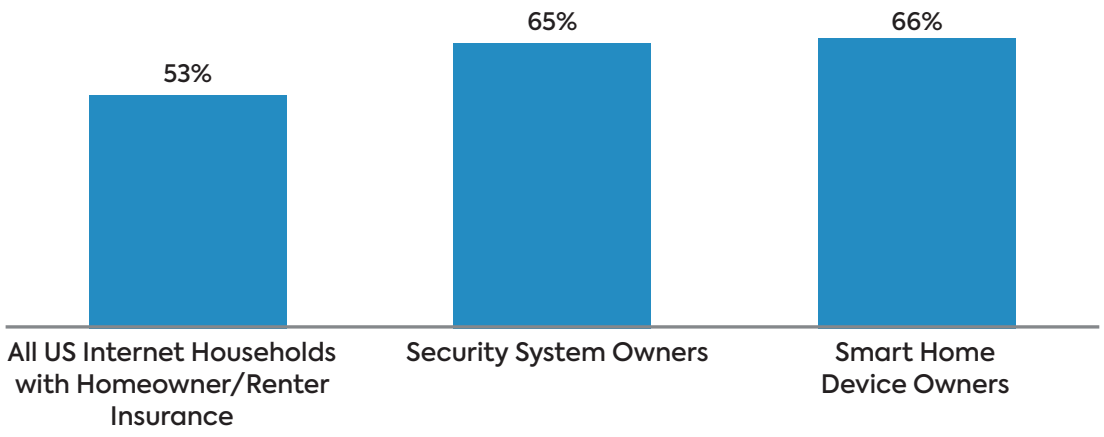
Shared investment models can accelerate adoption by distributing costs and benefits across stakeholders. For instance, insurers can subsidize devices, while owners pay for installation and dealers ensure devices are set up properly while profiting from ongoing sales and services. Another strategy is building "prevention first" insurance products, with bundles of smart water products, smart smoke/fire products, and intrusion detection to create a risk-prevention home. Bundling these offerings creates a comprehensive risk-prevention home and encourages customers to adopt multiple connected safety devices at once.

Co-branded programs and joint marketing further support scaling efforts. Households that already own a smart home device are primed and ready for products from their insurer. They see the value of managing their home remotely and receiving alerts about potential issues. Joint marketing programs with security dealers and smart home device providers can reach policyholders through a different channel with a potentially more compelling message.

Parks Associates research finds 43% of smart home device owners say they would switch insurance providers to acquire subsidized smart home devices, compared with 24% of households with no smart home devices.

Finally, data-sharing agreements can enable better risk modeling and more customized insurance products. Two-thirds of consumers in US Internet households believe that home security providers and insurers protect their personal data, making them more trusted than electricity providers, mobile providers, or internet providers. As a result, 53% of US internet households, and 65% of security system owners, are willing to share data from their smart home devices with their insurer. This willingness opens the door to enhanced risk analysis, more accurate discounts, and ongoing performance-based incentives.

% Willing to Opt-in to Sharing Device Data With Insurer



© Parks Associates

Johnson Controls PARKS ASSOCIATES



Smart Water: Early Adoption to Standard Protection

The opportunity to scale smart water solutions has never been stronger. Rising insurance rates generate demand among homeowners and property owners, rising insurance losses motivate insurers to trial new technologies to change the cost trajectory, and growing home and building connectivity and IoT adoption build a foundation for smart water management adoption.

These sales represent a revenue opportunity of more than $160 million by 2030. Interest in conserving water and protecting home investments, the opportunity to move more units by selling multipack bundles or bundles with other smart home devices, support from insurance providers, and growing interest among security dealers/ integrators all drive a growth outlook for this market.

Parks Associates estimates roughly 2.5 million smart water leak detectors were sold in the US in 2025 and projects this to rise to 3.4 million by 2030.

Aligning incentives across consumers, property managers, and insurers will be essential to accelerating adoption, while strategic channel partnerships and integrated service models can remove cost and awareness barriers. With the right investment, smart water technologies can shift from early-stage adoption to becoming a standard component of modern property protection and long-term asset management. To get there, stakeholders will need to take several strategic steps that remove barriers and accelerate adoption:

Johnson Controls PARKS ASSOCIATES

Align Incentives Across Stakeholders

Create coordinated incentive structures, such as premium discounts for consumers, ROI messaging for property owners, and risk-reduction outcomes for insurers, to ensure every stakeholder sees a clear, personalized benefit from adoption.

Reduce Cost Barriers Through Strategic Subsidies and Bundles

Partner with insurers and service providers to subsidize devices or package smart water solutions with broader prevention-focused offerings. Affordability remains the biggest barrier and shared-investment models can meaningfully expand access.

Promote Professional Installation as the Standard

Early detection and avoidance of water losses can only happen if smart water technologies are properly set up, connected, and functional. Given the complexity of shut-off valves in particular, position professional installation as an easily accessible choice or even as the default. Supporting dealers and integrators strengthens customer experience and ensures systems operate reliably from day one.

Scale Rapidly Through Multifamily and Commercial Deployments

Focus on high-density building portfolios where leak prevention delivers immediate ROI and deployment can occur at scale. Multifamily operators have strong operational and financial incentives to adopt these solutions.

Strengthen Channel Partnerships and Co-Branded Programs

Expand coordination between insurers, security dealers, and smart home platforms to drive awareness and trust. Joint marketing and distribution partnerships reach consumers through familiar channels and increase adoption among households already open to smart solutions.

About Parks Associates

Parks Associates is a global research, consulting, and marketing firm with 40 years of experience delivering proprietary consumer data and industry insights for businesses. The firm produces market research reports, forecasts, surveys, and competitive business intelligence on connected consumer, small business, and commercial technologies and related business solutions. Parks Associates provides custom research, strategic consulting, and forward-looking analysis across connected home, small business, and commercial markets, including security, smart home, broadband, entertainment, energy, multifamily, smart buildings, connected health, and emerging AI-driven technologies.

About Johnson Controls

Johnson Controls is a global diversified technology and multi-industrial leader serving a wide range of customers in more than 150 countries. Our Security Products team focuses on security for homes and businesses and enables smart home connectivity through the use of our secure PowerG technology. We help our customers have a smart space, but more importantly a space that is safe and secure, providing the comfort, convenience and possibilities expected today. For additional information, please visit http://www.johnsoncontrols.com or follow us @ johnsoncontrols on Twitter.

https:// www.johnsoncontrols.com/

About the Authors



Jennifer Kent, Vice President, Research, **Parks Associates**

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.



Tam Williams, Contributing Analyst, **Parks Associates**

Tam is a regular contributor to the firm's white papers, blogs, custom research projects, and other syndicated content, including the Streaming Video Tracker.

Her research interests include smart home and security, streaming media, consumer electronics and entertainment, broadband and mobility, energy management, and hospitality and travel tech.

[1] LexisNexis Risk Solutions 2024 Home Trends Report, https://risk.lexisnexis.com/insights-resources/blog-post/home-insurance-loss-rising

[2] ISO, Verisk Analytics, & The Insurance Information Institute: Homeowners Insurance Losses by Cause, 2019-2023, https://www.iii.org/fact-statistic/facts-statistics-homeowners-and-renters-insurance#Homeowners%20Insurance%20Losses%20By%20Cause,%202019-2023%20(1)

[3] Ibid.

[4] Samual K Hughes, Raven Molloy, "Rising Property Insurance Costs and Pass-Through to Rents for Apartment Buildings," FEDS Notes, September 19, 2025, https://www.federalreserve.gov/econres/notes/feds-notes/rising-property-insurance-costs-and-pass-through-to-rents-for-apartment-buildings-20250919.html

ATTRIBUTION
Authored by Jennifer Kent and Tam Williams. Published by Parks Associates. © Parks Associates, Plano, Texas 75075. All rights reserved. No part of this book may be reproduced, in any form or by any means, without permission in writing from the publisher. Printed in the United States of America.

DISCLAIMER
Parks Associates has made every reasonable effort to ensure that all information in this report is correct. We assume no responsibility for any inadvertent errors.

PARKS ASSOCIATES
International Research Firm

RESEARCH, CONSULTING, & MARKETING SERVICES

for the Connected Home, Multifamily and SMB Markets

With over 35 years of experience, Parks Associates is committed to helping our clients with reliable and insightful consumer and industry research.

- Streaming & Pay TV Services
- Connectivity & WIFI
- Home Networks & Support Services
- Assistive Technologies for Older Adults
- Smart Home Devices
- Home Control & Security Systems Platforms
- Consumer Electronics
- Energy Efficiency & Management
- Wearables and Mobile Devices
- Multifamily Living
- Hospitality
- Software & AI
- Standards & Interoperability

www.parksassociates.com