Planning and Partnerships in Smart Apartment Deployments

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TOPICS WE ARE DISCUSSING TODAY

Growth in smart apartment deployments

Benefits of technology for consumers and property managers

Common pain points, including integration, network structures, and vendor relationships, and unique needs within the MDU space

Best practices for evaluating technology and vendors/partners

Scaling Up

Smart MDUs Growing in Popularity – With A Lot of Room to Run

Large Market Size

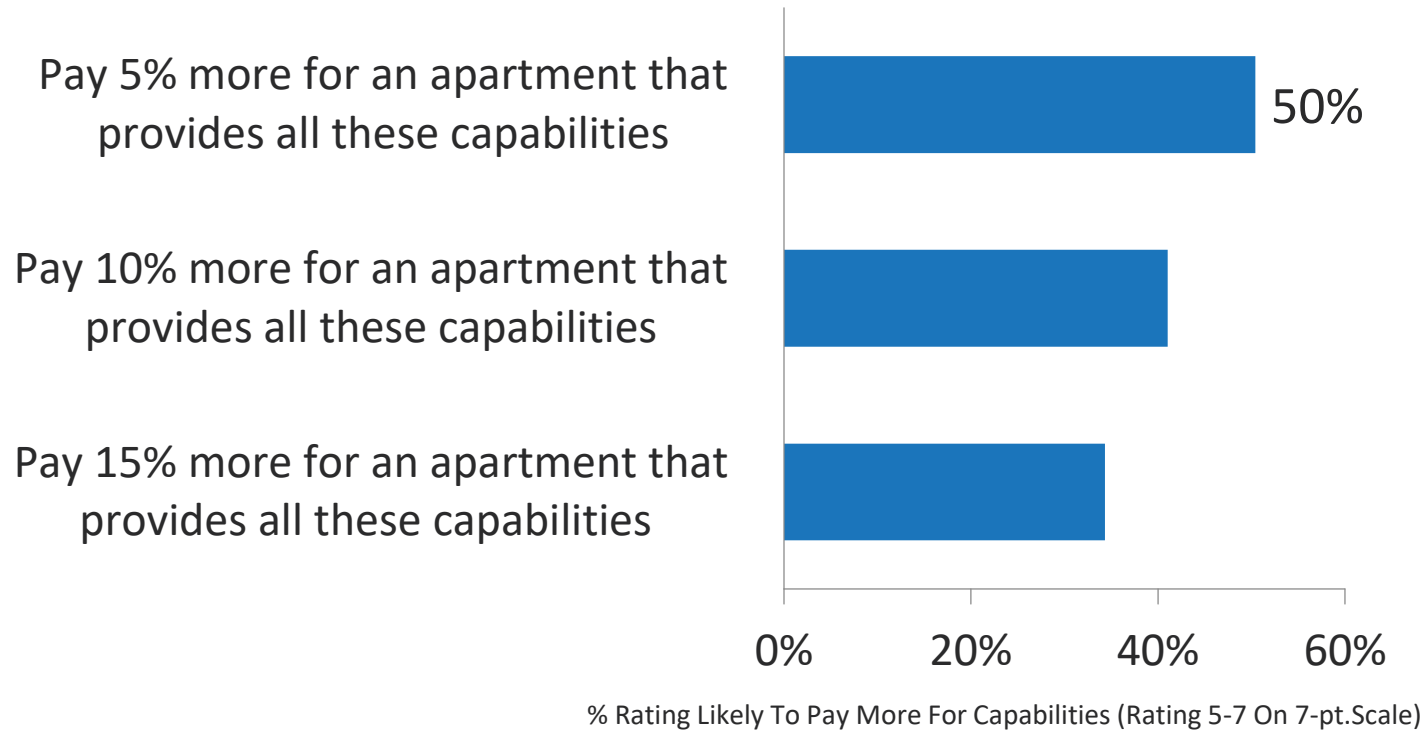|	
120M Occupied Housing Units	31M Apartment Units

7.5M Condo/ Townhome Units

High Unmet Demand

- 65% of prospective tenants report that pre-installed smart devices are an amenity they look for

- Only 10% of current apartment tenants report having pre-installed devices in their unit

- 34% of MDU property managers report offering smart apartment devices in at least one property

Over Half of Overall Renters Willing to Pay for Services

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Likelihood of Paying for Smart Apartment Capabilities

Pay 5% more for an apartment that provides all these capabilities — **50%**

Pay 10% more for an apartment that provides all these capabilities

Pay 15% more for an apartment that provides all these capabilities

% Rating Likely To Pay More For Capabilities (Rating 5-7 On 7-pt.Scale)
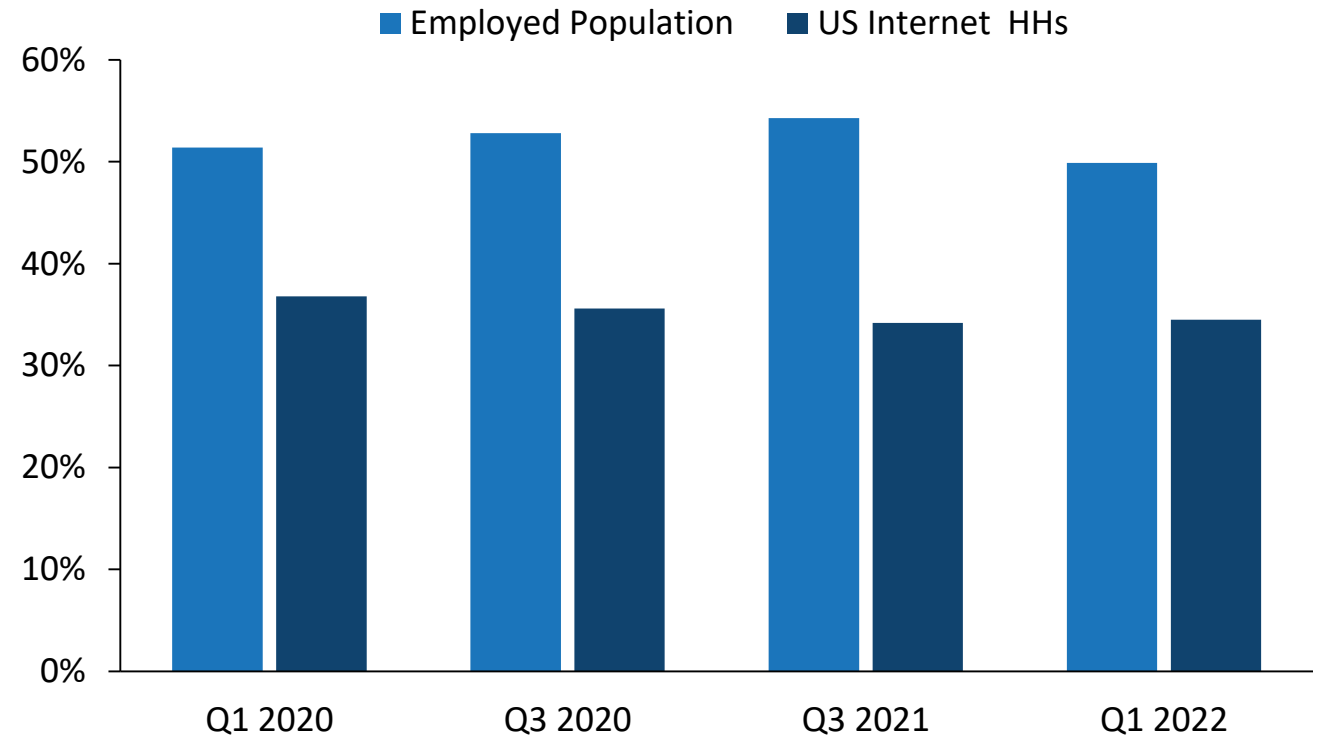
Defining Smart Capabilities

A resident app to access property services with the ability to:

- Control access to my unit remotely (for visitors, maintenance personnel, package delivery personnel, and service providers) with smart door locks and video doorbells

- Monitor activity outside my door and inside my unit with smart cameras

- Keep energy costs low using smart thermostats and smart lights.

- Receive notifications about safety or health issues

- Have voice assistant support using smart speakers

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Remote workers a valuable demographic to target

- **Remote work** trend continues

- Employees **resistant to full-time** office return - and with widespread labor shortages, workplaces cannot force the issue

- **Work/life balance in flux**: 57% of remote workers are full-time remote, 43% hybrid

Remote Work Among US Internet Households

Legend: ■ Employed Population   ■ US Internet HHs

	Q1 2020	Q3 2020	Q3 2021	Q1 2022
Employed Population	~51%	~53%	~54%	~50%
US Internet HHs	~37%	~36%	~34%	~35%

Internet, along with smart devices, an important differentiator

Top Features

➢ Individual Internet Services Available
➢ TV Services
➢ Designated Office Space
➢ Smart Home Devices

57% of US MDU property managers and owners have bulk internet services in at least one of their properties

69% of property managers who offer Wi-Fi services on property, do so to attract new residents

89% of those who do not offer services, plan to do so in the next 12 months

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MDU residents see many benefits from property-provided devices

Top Value Propositions
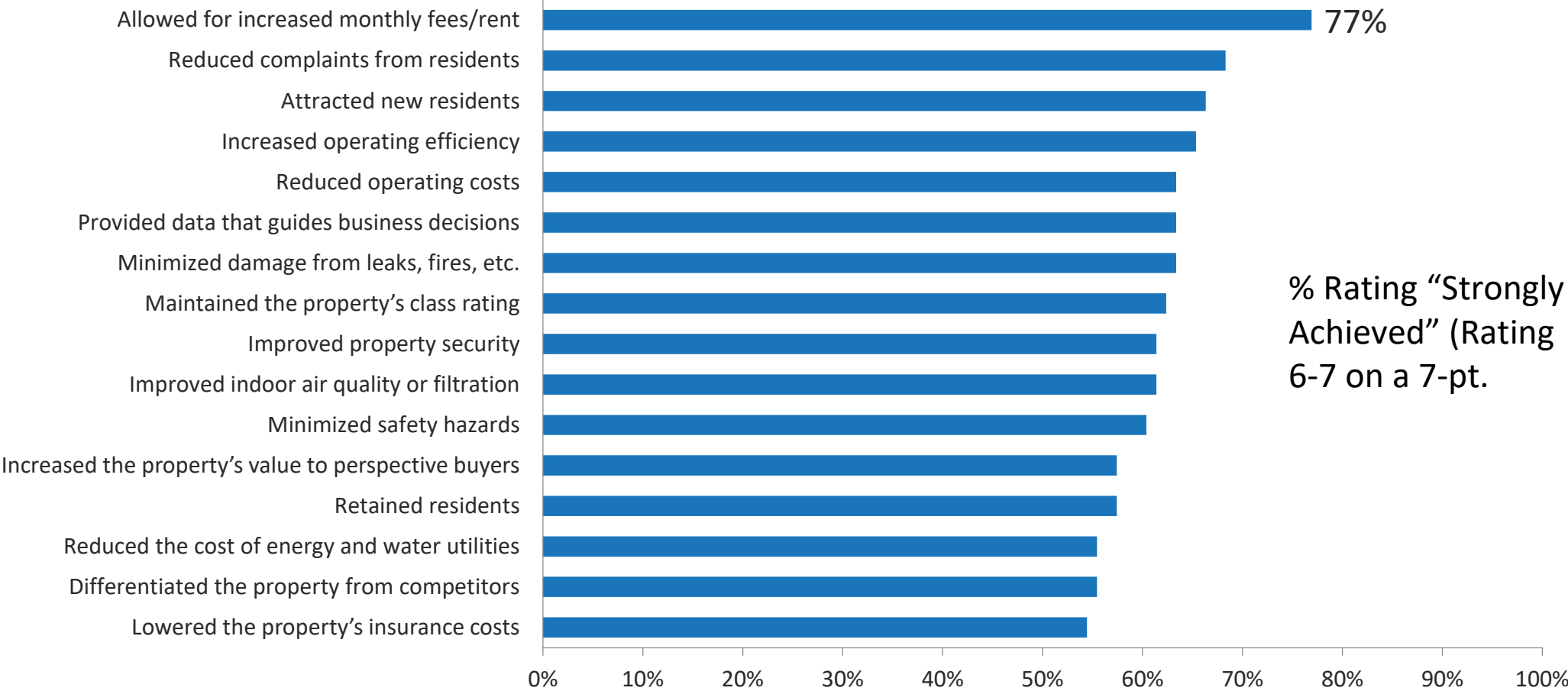
- Safety and Security

- Energy Management

Among property managers using smart home devices:

- Smart camera monitoring and smart parking rentals are the most common safety and security use cases

- Monitoring energy consumption of products is the most common energy use case

MDUs see a multitude of benefits

Business Impacts of Installing Smart Devices in MDUs

% Rating "Strongly Achieved" (Rating 6-7 on a 7-pt.

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MDUs pain points: designing, installing, and operating solutions

Various Pain Points

|		
Complexity & Scalability	Staff & Resident Training	Device Integration
Long-Term Technical Support	Networking Infrastructure	Justifying Costs

Need to Meet Market Trends

- Rise in bulk internet offerings, MDUs see Wi-Fi as an amenity

- Growth in connected communities w/ advanced apps & lifestyle benefits

- Demand for safety/security solutions, smart energy

Top Reported Barriers to Smart Device Adoption Largely Logistical

## Property Managers' Attitudes Towards Smart MDU Devices

% Rating "Highly Agree" (Rating 6-7 on a 7-pt. Scale)

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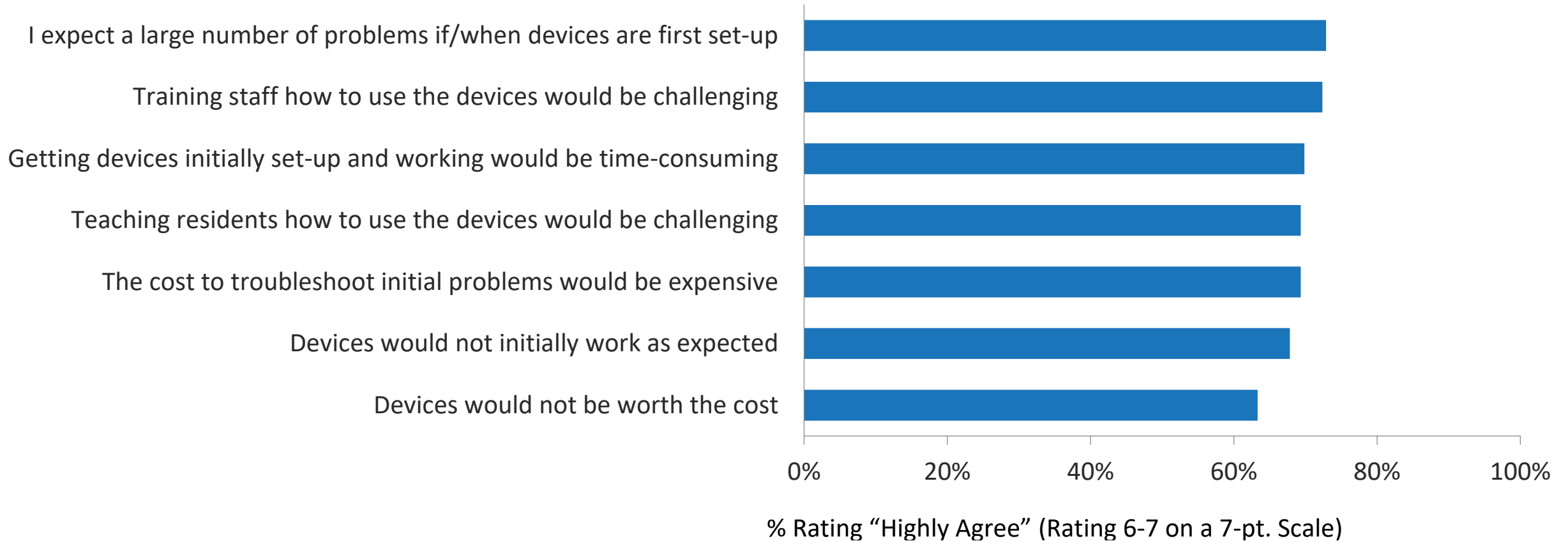
MDUs Looking to Deploy Must Firmly Grasp Logistics & Needs

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Checklist for IoT Deployments

- Cost
- Timeline
- Product Offering
- Capabilities
- IoT Integration Needs
- Coordination of Software & Hardware Ecosystems
- Support Services

Top 3 Factors for Smart MDU Vendor Selection
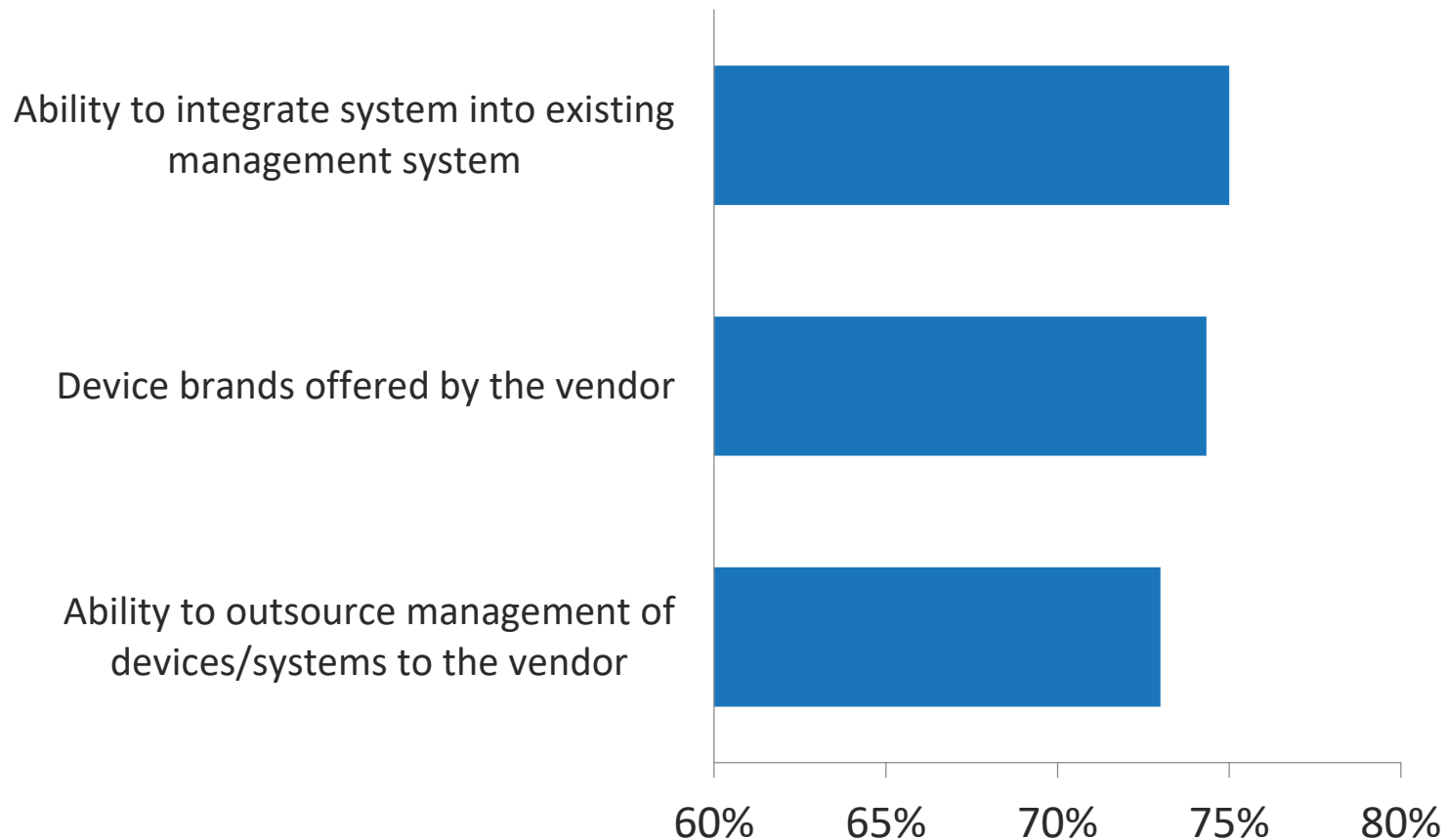
% Rating "Very Important" (Rating 6-7 on a 7-pt. Scale)

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Why Property Automation?

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Benefits of IOT in MDU's- Property Owner

- Operational Efficiencies

  (8-10% improvement)

- Increase Rent ($50-75 per unit)*

- Asset Preservation

- Attract & Retain Residents

- Energy Rebates

*Parks and Associates: 2021 Property Manager View Market Insight Report

Benefits of IOT in MDU's- Property Staff

- Saves Time & Resources
- Control of Vacant Units
- Faster Lease Ups
- Solves Labor Shortages
- Proactive vs. Reactive Maintenance
- Utility Savings

Benefits of IOT in MDU's- Property Residents

- Convenience

- Amazon Alexa Integration

- Energy efficiency

- Guest access codes

- Tech-enabled lifestyle

- Comfort and control over their unit

- Peace of Mind

Comfort ● Control ● Security ● Peace of Mind

Customer Survey

Executive Summary

Smart devices can help a property stand out & positively impact the resident experience

KEY TAKEAWAYS

1 Smart Home devices show potential to **improve resident perceptions** of an apartment community, and even have some **influence on apartment selection.**

2 Residents are generally **satisfied with the pre-installed devices** and **use them regularly**, appreciating the convenience offered. Some **want more devices** to be included (add new or more pre-installed, i.e., more smart lighting).

3 Some residents do note potential **room for improvement with the app**, particularly when controlling their smart devices.

Bottom Line: When offered, properties should prominently highlight pre-installed smart devices. Also, consider including more devices or making add-ons available to enhance the value proposition, and explore if opportunities exist to boost resident app responsiveness

Smart Home features do have a positive influence on the rental decision for many and improve perceptions of the Apartment – leading to higher perceived value, and likelihood they will stay

INFLUENCES APARTMENT CHOICE

51% say it was very or extremely influential.[3]

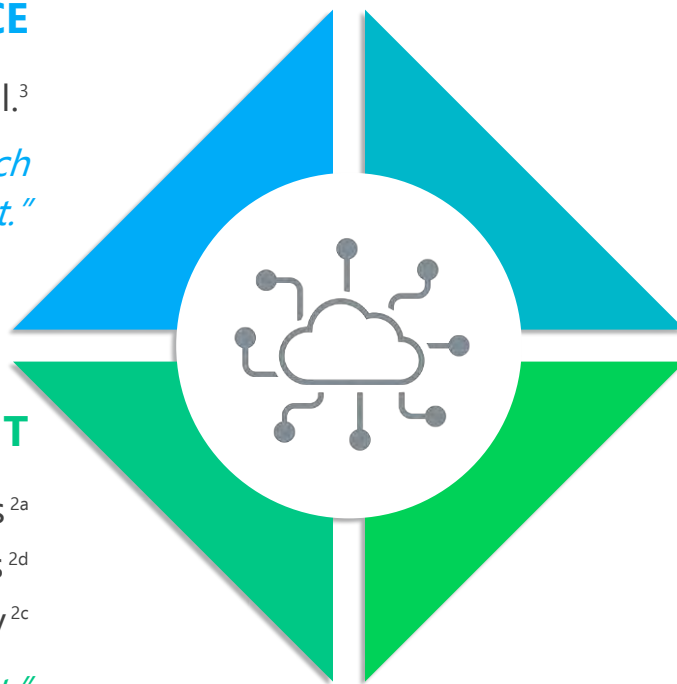*"Only this apartment has it, others do not, which is why this one stands out."*

IMPROVES APARTMENT VALUE

68% of residents agree somewhat or completely they get more value.[2b]

Residents think the IoT service is, on average, worth ~$25/month.[5]

IMPROVES OPINION OF APARTMENT

81% agree it has higher quality amenities [2a]

73% agree it offers innovative amenities [2d]

81% agree it offers the latest technology [2c]

"It is a great add on to each apartment."

IMPROVES LIKELIHOOD TO STAY

51% of residents are a little or much more likely to stay because of smart devices.[4]

"I appreciate the innovation and thought that was put into this community."

NOTE: Most hear about the included devices through the leasing agent[1]

1. Q4. How did you first hear about each of the available amenities at this apartment?
2. Q9. Next, please tell us how much you agree or disagree with the following statements about your apartment: Because my apartment offers smart home devices, I think that... (a) They have a higher quality of amenities and services, (b) I get more value for the money I spend on rent, (c) They offer the latest technology in apartments, (d) They are very innovative with amenities and services offered to residents.
3. Q5. And how, if at all, did these amenities influence your decision to rent this apartment?
4. Q7. How much, if at all, does having these smart home devices impact how likely you are to continue to stay at this apartment?
5. Q17. If you had to put a price tag on the value that you receive from using these smart home devices (including the MyAPT app), how much do you think it would be worth per month?

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Thank You

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