5 findings from multifamily leaders who have **leveled up** their properties' on-site technology

Multifamily housing is booming across the country.

The nationwide shortage of affordable single-family housing combined with high borrowing rates and the increasing mobility of workers have led to outsized demand for rental housing that began before the pandemic. Since 2019, most major U.S. markets have experienced rent growth upward of 20%.[1]

Developers and builders took notice and quickly increased multifamily housing starts in city centers and suburbs across the nation. The result: A surge of multifamily housing is entering the market starting this year.[2]

Though enough demand exists to keep the average multifamily property occupancy rate near 94%,[3] the new inventory coming online is expected to spur greater competition for prospective residents. For renters, this means a profusion of freshly constructed housing communities are vying for their attention with incentives and amenities.

What does this segment of the population want—and often expect—from their multifamily community? One answer is better—and smarter—technology.[4]

The internet is pervasive in all of our lives. Connectivity has long been considered the fifth utility, as essential as electricity, water/sewer, gas and telephone communications. Today's renters are seeking new or remodeled residences equipped with future-forward amenities, including high-speed internet, intelligent building systems and smart devices.

Multifamily executives have caught on to this demand, and they are already responding in full force with technology investments and upgrades to retain and attract residents. That's according to a recent survey from Cox Communities and Multifamily Dive's studioID of 150+ multifamily owners, builders and developers who collectively oversee mostly Class A and Class B properties across the country.

Have multifamily leaders' technology wagers helped position their properties competitively in the marketplace? Do they see noticeable payback from their investments?

Read on for five key findings about the impact of adopting smart technologies in today's multifamily communities.

1

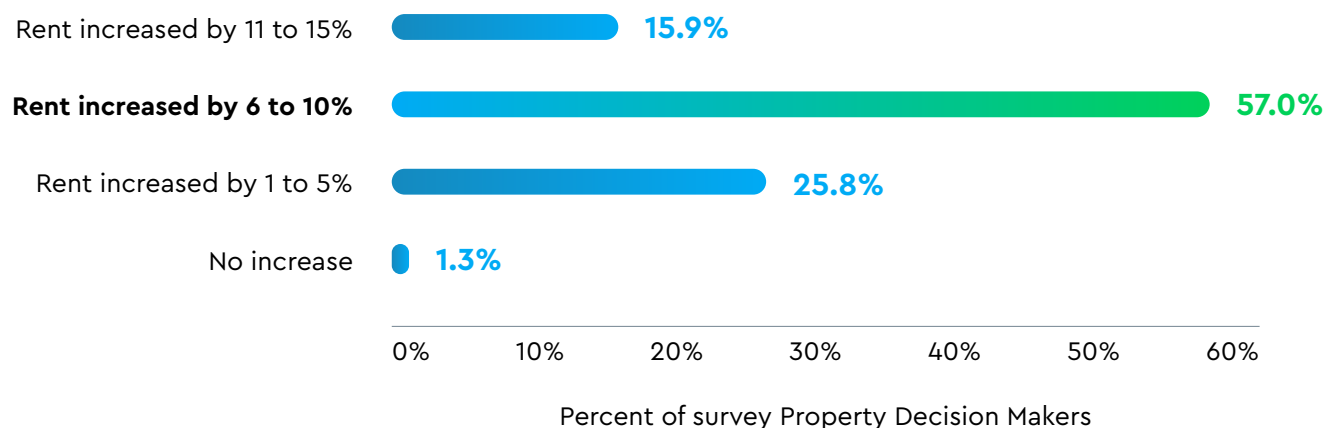## **High-tech** multifamily properties can charge higher rents.

Residents today expect amenities that help personalize their units, add convenience to their lives and improve the efficiency of their utility usage. Purchasing, implementing and maintaining these amenities and services cost money, of course. Training on-site staff and residents to use these technologies as well as paying for software licensing and subscription fees also adds to the expense for multifamily owners. All of these overhead costs are critical to the effective use and upkeep of these technology investments.

Here's the good news: These costs can be passed on to residents in part or in full. According to our survey, nearly all (99%) Property Decision Makers who have deployed smart technologies in their communities have instituted rent adjustments ranging from 1% to 15%. In fact, 73% of Property Decision Makers have increased rent by 6% or more.

> **Takeaway**
> Multifamily owners can offer the high-tech amenities that current and prospective residents have come to expect without shouldering the full burden of the cost.

Multifamily properties are increasing rent when adding smart tech

Rent increased by 11 to 15%   **15.9%**

Rent increased by 6 to 10%   **57.0%**

Rent increased by 1 to 5%   **25.8%**

No increase   **1.3%**

0%   10%   20%   30%   40%   50%   60%

Percent of survey Property Decision Makers

2 Across the board, adopting **smart technologies** has boosted multifamily communities in many ways.

Upgrading and expanding a multifamily community's offering of digital amenities has generated overwhelmingly positive results across many metrics, according to our survey. One multifamily owner noted that smart technologies have increased "the appraised value of the property, [thereby] attracting potential tenants and potentially commanding higher rental rates."
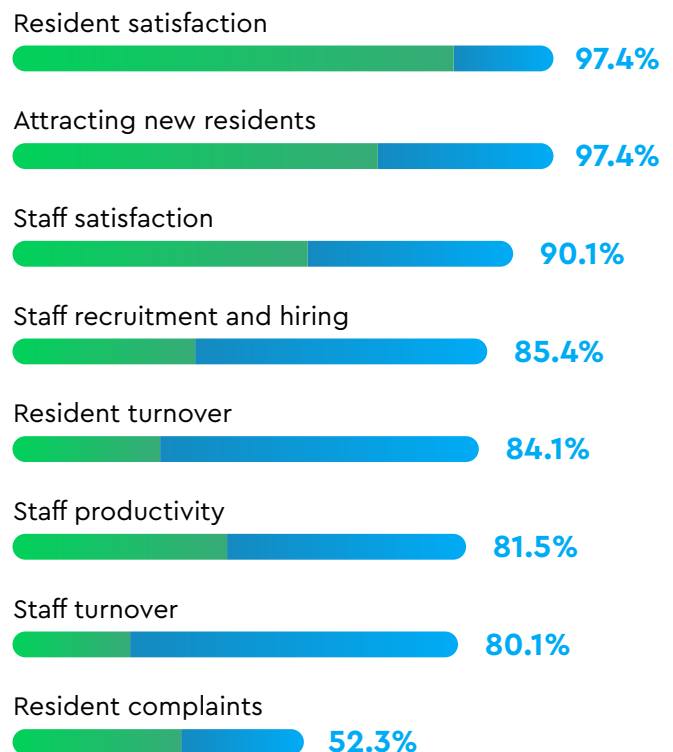
Overall, the two benefits multifamily Property Decision Makers have most commonly seen relate to retaining and recruiting residents: An impressive 97% of Property Decision Makers said adding new technologies has both improved resident satisfaction and helped attract new residents. This can mean wonders for their bottom line, given that marketing and advertising budgets can take up between 3% and 7% of their revenue.[5]

The next two biggest benefits relate to multifamily communities' on-site staff. Adopting smart technologies has boosted staff satisfaction and recruitment, according to 90% and 85% of Property Decision Makers, respectively. By implementing tools and features such as resident–staff communications apps, property management software, and secured package delivery areas and smart lockers, on-site staff have more time to focus on fielding resident requests, processing work orders, and managing and maintaining the properties.

Takeaway
Adopting smart technologies and devices eases the biggest pain points of multifamily owners: attracting and retaining residents and on-site staff.

Tech additions improve resident and staff satisfaction, recruitment and retention

Resident satisfaction
97.4%

Attracting new residents
97.4%

Staff satisfaction
90.1%

Staff recruitment and hiring
85.4%

Resident turnover
84.1%

Staff productivity
81.5%

Staff turnover
80.1%

Resident complaints
52.3%

0%   20%   40%   60%   80%   100%

Percent of survey Property Decision Makers

● Very positive impact   ● Somewhat positive impact

3 **Technology investments** bring value—and cost savings—to multifamily communities.

"You have to spend money to make money" is an adage that holds true in the adoption of smart devices and technologies, according to our survey findings. A sizable majority of survey Property Decision Makers report that their upfront investment has been well worth the value their property received in return for each and every technology and device queried by the survey—16 affirmations in all.

The top five items rated as being an "excellent value" are:

- Security/surveillance cameras in common areas (according to 66% of technology adoptees)
- Water leak detectors (62%)
- Smart locks/keyless entry (61%)
- Window and door sensors (60%)
- Smart thermostats (54%)

More than eight of 10 Property Decision Makers selected no fewer than 12 technologies and smart devices as providing an "excellent" or "good" boost to their communities.
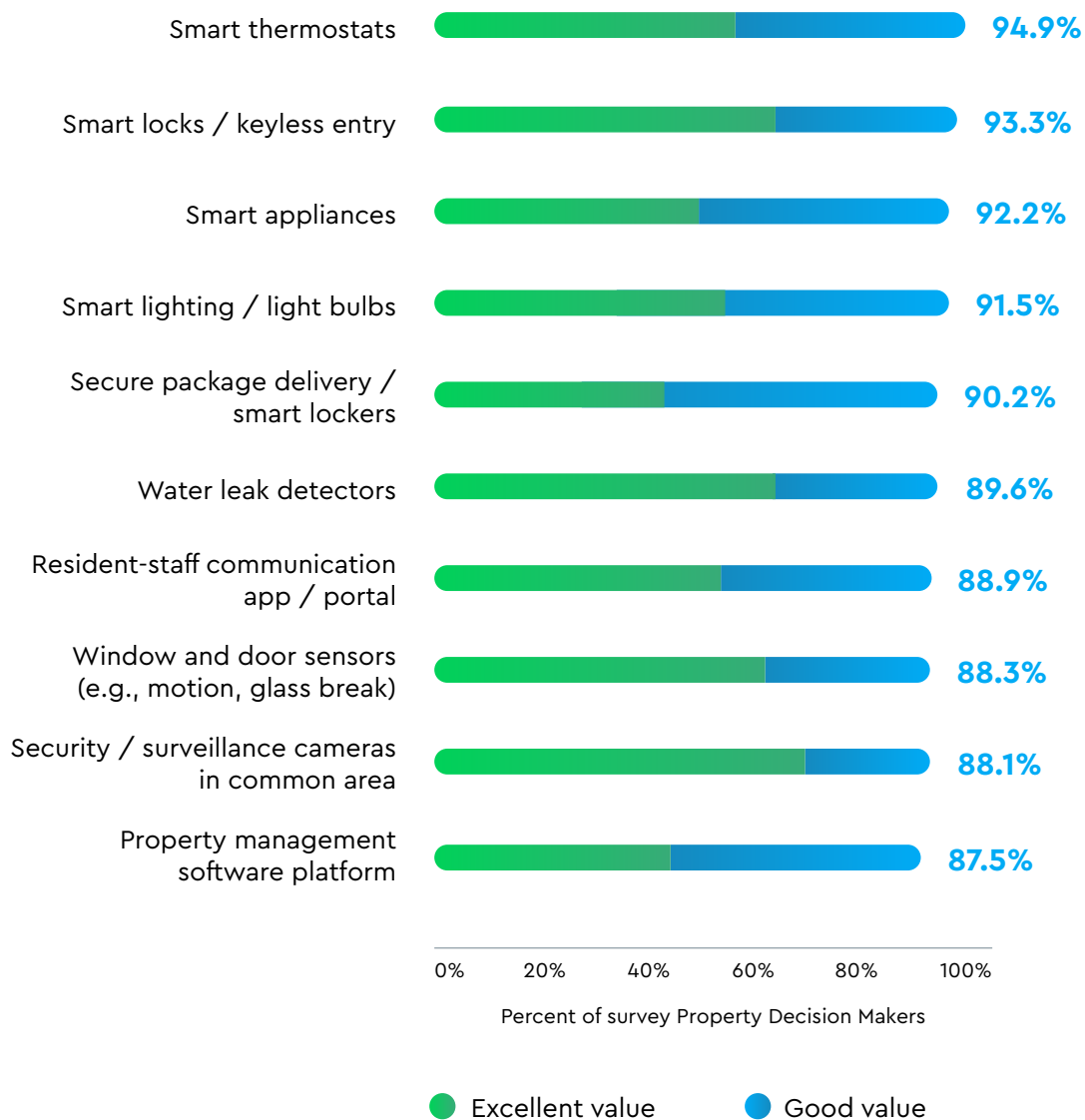
Stop the Leaks!

Water leak detection devices can reduce water bills by 10% by preventing or alerting residents or property managers of anomalous water usage.[6] One study found installing flood and toilet sensors in a 106-unit property resulted in a 32% savings in water consumption and a more than $11,000 reduction in annual water bills.[7] In another study, water shutoff devices led to a 96% reduction in paid insurance claims related to plumbing leaks.[8]

Takeaway
Investing in smart technology and devices delivers clear value and a positive return to multifamily communities.

Top 10 technologies and smart devices rated as an "excellent" or "good" value for the investment

Technology	Value
Smart thermostats	94.9%
Smart locks / keyless entry	93.3%
Smart appliances	92.2%
Smart lighting / light bulbs	91.5%
Secure package delivery / smart lockers	90.2%
Water leak detectors	89.6%
Resident-staff communication app / portal	88.9%
Window and door sensors (e.g., motion, glass break)	88.3%
Security / surveillance cameras in common area	88.1%
Property management software platform	87.5%

0%   20%   40%   60%   80%   100%

Percent of survey Property Decision Makers

● Excellent value   ● Good value

4

The journey to **digital transformation** and smart properties has a few bumps.

Implementing or learning a new technology is never without its hiccups. However, survey Property Decision Makers seemed generally unfazed by issues that might have arisen due to integrating smart technologies and digital updates to their communities. Moreover, Property Decision Makers report relatively few problems from making these demonstrably worthwhile upgrades to their communities.

Of the dozen issues queried by our survey, none were reported as occurring frequently—i.e., more than expected due to normal use—by a majority of Property Decision Makers. The three most common irks that occur are:

- Equipment malfunction
  (reported by 50% of Property Decision Makers)

- Installation issues (46%)

- Troubleshooting requests from residents (38%)

The explosion of new technologies and capabilities within the past few decades means several products have come and gone with a short shelf life. But smart devices have been available on the commercial market for more than a decade now. With many manufacturers releasing updates through software and firmware, multifamily leaders can rest easier knowing that the technologies they purchase will be supported for the long haul.

> **Takeaway**
> Adopting technology might come with a few technical issues, but the overall process is relatively smooth.

5 Multifamily executives are leaving **no technology off the table** for their communities.

In this competitive marketplace, savvy multifamily leaders are sparing no effort to ensure their communities meet the needs and expectations of current and prospective residents. To understand the status quo of technology adoption rates in multifamily communities, we asked if Property Decision Makers have deployed 16 different types of smart devices and technologies in common/public areas and/or residential units.

In every instance, Property Decision Makers overwhelmingly had either already adopted the technology in some or all of their communities, are in the process of adopting it or were interested in adopting it. Technology holdouts, beware: The question is no longer about whether to offer a digital amenity, but rather how fast you can implement it on your property.

In fact, at least two out of three Property Decision Makers have already adopted six of the 16 products and services in some or all of their communities. These technologies, from most to least widespread, are:

- Smart lighting/light bulbs (adopted by 93% of Property Decision Makers)
- Managed Wi-Fi in common areas (91%)
- Smart doorbell cameras (83%)
- Water leak detectors (76%)
- Smart appliances (68%)
- Security/surveillance cameras in common areas (67%)

This list changes slightly when we add in the Property Decision Makers who are in the process of adopting the smart technologies with those who have already incorporated them. Six items have won buy-in from at least nine out of 10 Property Decision Makers.

- Smart appliances (100%)
- Managed Wi-Fi in common areas (99%)
- Smart doorbell cameras (98%)
- Water leak detectors (98%)
- Smart locks/keyless entry (94%)
- Security/surveillance cameras in common areas (91%)

Lightbulb moment

Not only is smart lighting the most widespread advanced technology adopted across multifamily communities, but it is also the technology that 58% of survey Property Decision Makers said they would install again on a newly acquired multifamily property. Smart lighting today uses LED light sources, which consumes 90% less electricity than the increasingly obsolete incandescent bulb, providing significant long-term gain through lower utility costs.[9] The operating life of LEDs is also three to five times that of compact fluorescent lamps and 30 times longer than an incandescent bulb, leading to big savings in property maintenance costs as well.[10]

Takeaway
As quickly as smart technologies and devices become mainstream, multifamily executives are deploying them on their properties.

Where should multifamily operators consider growing their smart tech services and amenities?

Multifamily owners are eyeing internet-enabled support to improve the tenant experience, reduce staff workloads and increase operational efficiency.

Smart appliances	**100%**
Managed Wi-Fi / Common area Wi-Fi	**99.3%**
Smart doorbell camera	**98.6%**
Smart lighting / light bulbs	**98%**
Water leak detectors	**94.1%**
Smart locks / keyless entry	**91.0%**
Security / surveillance cameras in common area	**89.4%**
Smart thermostats	**87.5%**
Secure package delivery / smart lockers	**84.1%**
Property management software platform	**83.5%**
Air quality sensors (e.g., carbon monoxide sensors)	**82.2%**
Resident staff communications app / portal	**80.1%**
Window and door sensors (e.g., motion, glass break)	**79.5%**
In-unit security alarm system	**72.2%**
Property access control (e.g., automated gate entry)	**70.8%**
Virtual property and unit tours	**63.6%**

0%   20%   40%   60%   80%   100%

Percent of survey Property Decision Makers

● Adopted   ● Adoption in progress

Closing **the deal**

Our survey findings are clear: Adopting smart technologies is a win–win for multifamily property owners, staff and residents. Owners can charge higher rents to offset their investment, garnering higher-paying residents while increasing the value of their properties. Residents get the modern amenities, conveniences and information they have come to expect in today's digitized world while on-site staff are able to work more efficiently. As a result, turnover in both groups goes down. While multifamily owners and operators might encounter a few technical issues in their adoption journey, they continue to research and invest in smart technologies and devices wholeheartedly.

Multifamily leaders have embraced technology as a seamless way to add value to their real estate portfolio. Where do your communities lie on their digital transformation journey?

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