SMARTRENT®

Smart for everyone.™

NEW FOUND INCOME

The smart home impact on savings.

INTRODUCTION

Stagnant rent growth across the real estate industry has property managers finally shifting their attention away from revenue generation and focusing on operational efficiencies. Fortunately, that doesn't necessarily mean trimming the budget. **More operators are turning to smart home technologies, which can reduce operational expenses and enhance property performance while increasing both resident and associate retention.**

Today's renters are willing to pay for the conveniences afforded through smart home solutions, pointing to the technology's potential to drive revenue. But the real value of smart home technology is its ability to streamline processes to establish more efficient teams and communities. Smart home solutions like thermostats, humidity sensors, lighting and leak sensors – particularly when connected through community-wide WiFi and centralized hubs – optimize utility usage in individual homes, properties and entire portfolios, curbing utility spending and boosting NOI. Hardware such as smart locks support self-guided touring and maintenance workflow platforms to save on labor costs, expedite response times and expand community access to prospects. Through strategic implementations, owners and operators are creating highly effective and connected communities that not only decrease operational expenses but increase lease conversion and renewal rates.

ACCESS CONTROL

Access control solutions impact nearly every aspect of operations, from maintenance to touring, empowering remote access management and eliminating the need for an in-person response to deliver responsive service. Property managers have several options when it comes to access control technology. But not every product fits every community, every purpose or every renter demographic.

Operators need to consider the function, sophistication and flexibility required for optimal access control to meet renter demands and drive operational efficiency.

SELF-GUIDED TOURS

Tours were traditionally considered a core responsibility of leasing teams, but the self-guided touring technology widely adopted in recent years quelled the notion that only people could lead tours. Operators quickly learned that their teams could accomplish more when they weren't spending the majority of their time guiding in-person tours.

Today, many prospective residents prefer the pressure-free nature of self-guided touring, and the freedom to tour at their own pace outside of leasing office hours. Smart access controls made it possible to accommodate renter preferences and schedules without compromising building integrity. Now entrenched in operations, self-guided touring platforms leverage smart access, smart home and mapping technologies to increase leasing traffic and bolster lease conversion rates.
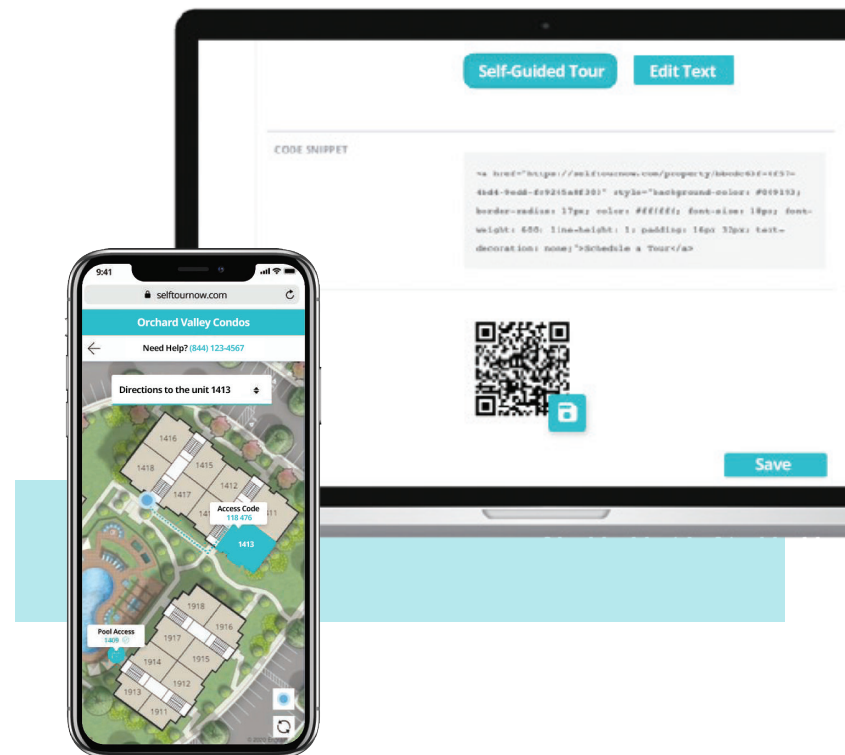
- **Smart access control** systems allow operators to issue temporary access credentials, allowing prospects to self-tour and seamlessly navigate the community.

- **Operators** can preset tour parameters, limiting tour access to select entrances, elevators, designated vacant homes and amenity spaces to mitigate risk.

- **Smart access** credentials, as well as smart thermostats and lighting, can be pre-programmed to create an optimal climate and ambiance for the start of each tour. By creating the best presentation of the home and community, operators can boost lead conversion.

- **Access controls** also enable operators to track a prospect's movement through the community, enhancing remote oversight.

- **Self-guided touring** platforms integrated with smart access controls enable prospects to tour on their own schedules without being accompanied by a leasing professional. This means tours aren't limited to office hours and staff availability. In fact, 22% of self-guided tours on the SmartRent platform take place on Sundays, when leasing offices are traditionally closed for tours.

- **Prospects can still choose** to tour on their own during office hours, which frees up on-site associates to focus on other leasing and customer service tasks.

A survey of 1,004 U.S. renters conducted in September 2024 by Morning Consult revealed crucial self-guided touring trends:

- **58% of renters** tour three or more properties before making a decision.

- While self-guided touring appeals to all age demographics, **70% of Millennial and Gen Z renters** express interest in self-touring options.

- **Renters in the Midwest** region (76%) are the most interested in self-guided touring, though even the least interested region, the Northeast, still reported 66% interest.

- Around one-third (33%) of renters ranked the ability to tour a rental **"at my own pace"** among their top three touring priorities.

A report by Parks Associates, **"Smart Properties: the Value of IoT for MDUs Q2 2024,"** digs deeper into multifamily's transition to smart technology. The report covers findings in a survey of 300 MDU (multi-dwelling unit) property managers, with portfolios averaging 2,700 units, who are overwhelmingly leveraging electronic or smart access controls. The survey showed 91% of multifamily owner/operators that manage luxury apartments utilize electronic access controls, while 45% of those without luxury homes deploy the technology.
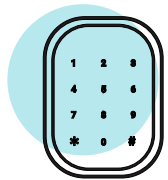
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Resident demand is largely driving the migration to technologies like smart locks, with 62% of survey respondents citing resident and staff expectations as their reasons for deploying electronic access control systems. Research from Morning Consult supports this as well, revealing 51% of renters want smart locks on their next home, with 57% placing importance on the security features they provide.

Time savings is another primary factor in the migration to smart lock technology. Historically, multifamily on-site teams spent a disproportionate amount of time on key management. Lockouts or lost keys required a team member to physically unlock doors, while key replacements added costs and administrative strain. Minimizing key replacement costs was listed by 45% of Parks Associates survey respondents as a reason for implementing electronic access controls.

MAINTENANCE

Maintenance and inspection teams need access to every inch of multifamily communities. In the past, that meant keeping track of physical keys or access fobs for each entry, home, elevator, amenity, office and storage space. But modern access control technology is allowing maintenance associates to move effortlessly throughout their communities.

Fully integrated with most property management systems (PMS), these systems simplify access credential management for operators, providing them with easy oversight. Property managers can issue temporary access to apartments so maintenance teams can complete work while residents are away. Like self-guided tours, access permissions can be tied to mobile workflow platforms to grant access to certain homes or areas of the community at designated windows throughout the day. The result is more efficient and productive maintenance crews, and more satisfied residents.

- Using any mobile device, managers can manually add and remove access credentials when maintenance technicians arrive and complete their work, so a resident or member of the management team doesn't need to meet them in person to let them in.

- Bluetooth-based access control systems mean maintenance techs don't need to carry a bundle of keys or backtrack to the maintenance office between jobs to acquire keys throughout the day.

- Property managers can monitor access logs to see when a technician arrived to start a job and left upon completion. Management teams can also request notifications when a door is inadvertently left open.

- During inspections, preventive maintenance or home renovation efforts, property teams can grant access to a block of homes at a time to accommodate the anticipated scope of the workload each day.

UTILITY MANAGEMENT

To streamline energy consumption, operators are deploying smart home solutions that allow them to tailor utility usage in their communities to reduce operating expenses and customize the resident experience. Energy efficiencies are attractive to discerning, environmentally conscious residents. Companies that emphasize energy conservation distinguish themselves in the minds of both prospective renters and investors who demand responsible energy consumption.

That competitive advantage proves invaluable in tight markets where NOI comes down to the details.
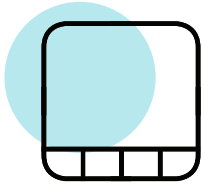
SMART THERMOSTATS, HUMIDITY DETECTORS AND HUBS

Residents and operators love features that help to save them money, and smart thermostats can certainly streamline utility spending. With the ability to set climate control schedules and adjust temperatures remotely, residents can reduce energy consumption while they're away from their homes and always return to their preferred conditions. Operators can experience similar savings by automating climate control adjustments during vacancies and apartment turns to reduce energy consumption. Those same controls can also be used to optimize climate settings during prospect tours.

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- **Smart thermostats** minimize utility spending by enabling residents and property managers to set climate control schedules and make adjustments remotely through smart devices.

- When **homes, amenities and common areas can be programmed for ideal conditions** when occupied and dialed in for energy efficiency when vacant, the utility cost savings can be significant. According to Energy Star, occupants can save an average of 8% on heating and cooling. This makes it particularly beneficial for vacant units as it can automatically adjust temperatures when no one is present.

- Some smart thermostats also incorporate **humidity sensors to identify potentially damaging condensation**, which can also lead to mold issues. Humidity sensors issue alerts at the first sign of a problem, mitigating property damage and repair expenses.

- Smart thermostats can also come equipped with **smart hubs, which link all smart home devices to form a single dashboard** for complete home oversight and control.

- **Smart hubs create conveniences for residents** and on-site teams by absorbing many of the manual tasks required of maintenance and leasing teams.

- **Hub technology** integrated with PMS software can initiate default climate control settings when a home is marked vacant, saving service teams a step during home turns.

SMART LIGHTING

Smart lighting helps reduce energy use and supports green property initiatives. It's about customization, selectable ambiance and giving residents greater control over their living spaces.

Renters appreciate the sophistication and automation afforded by smart lighting technology, and it factors into their housing decisions. At the property level, smart lighting can have a more tangible financial impact.

Operators can set eco-friendly schedules to reduce consumption, dramatically decrease utility costs, and improve resident safety throughout the community at all hours.

- **Smart lighting** can further conserve electricity, turning off lighting in certain rooms when not typically in use and tailoring to residents' schedules.

- **Residents can control smart lighting remotely**, enabling them to check and adjust lights from a smart device if they forget to turn them off before leaving. They can also turn on lights prior to guests or vendors' arrival.

- In-home smart lighting can also be **configured based on available natural light, time of day or season**.

- At the property level, **operators can create custom lighting schedules** and configurations for amenity spaces, common areas and vacant units, reducing energy waste and lowering operating expenses.

- **Outdoor lighting can also be programmed** to ensure walking paths, entries and parking areas are well-lit after dark.

- Settings can be applied to a property, region or across an entire portfolio's vacant units to ensure they are optimized when being toured and **programmed for energy efficiency when empty**.

CENTRALIZED DASHBOARDS

Establishing **one dashboard to remotely manage the smart home technology** for the entire community gives operators the ability to drive enhanced property performance and create a truly connected community. The improved efficiency in both the renter and associate experience increases resident and employee satisfaction, leading to improved renewal rates and reduced associate turnover. At the property level, these outcomes considerably impact both the bottom line and overall asset value.

- **Single dashboard sign-in** ensures that smart home solutions deliver the greatest possible impact. If residents or associates are required to navigate multiple platforms, smart device usage decreases substantially.

- **Connecting devices to form an IoT enhances** the contributions and efficiency of each individual solution, creating a symbiotic tech ecosystem.

- **Under a single dashboard**, the collective impact of smart home technology deployments could significantly reduce monthly utility costs per home.

COMMUNITY WIFI

The foundation of a connected community is a **consistent, strong and reliable WiFi connection**. Smart home solutions depend on a constant WiFi signal. Without it, property technology has the potential to cause as many problems as it solves. Operators can't afford to rely on the individual WiFi plans of residents or bulk internet providers to support in-home smart home technologies or communitywide systems.

Wall-to-wall connectivity is essential, making community WiFi a must-have amenity.

COMMUNITY WIFI *cont.*

- Unlike retail or bulk WiFi, where dead zones remain throughout the community, **community WiFi coordinates access point frequencies** to minimize overlap and signal interference.

- **Community WiFi establishes a consistent, reliable network** that provides blanket connectivity across the entire property. Residents and associates can move throughout their homes and communities without losing connection or connection strength.

- **Each resident is provided with their own secure network.** Because each network (a single SSID) is provisioned to an individual user, residents enjoy much higher levels of security protection.

- A 2023 report, **"Community WiFi: A Tactical Guide for the Multifamily Market,"** revealed that only 1% of renters have the ability to roam their apartment community without Wi-Fi disruption, while 79% would be interested in seamless, community-wide connectivity.

- **Renters reported connecting an average of seven or more devices** to their Wi-Fi service and actively using that internet connectivity an average of 60 hours per week.

- **Signal strength is essential.** According to the report data, 48% of renters at market-rate communities would be willing to pay $79.99 for a gigabit Wi-Fi service.

- **Teams can accomplish more** with consistent access to property systems and tech platforms wherever they go. Maintenance crews can spend more time in the field and leasing teams can access resident data from anywhere in the community.

- **Operators can better incorporate and leverage proptech and smart home solutions** when those technologies operate on the solid foundation of community WiFi.

- **Resident satisfaction increases when personal devices and in-home technologies are connected** to a managed Wi-Fi network with the speed and capacity to support a modern living experience.

- When associates, proptech and smart home systems all operate on the same community-wide community WiFi system, **on-site teams minimize operational costs and bolster property performance**.

INSTALLATION

Scale and schedule dictate the cost savings experienced by management companies through smart home implementation. Operators who opt for incremental smart home adoption see incremental savings, whereas those who elect to deploy a full suite of smart home products at once reap the full benefits from Day 1.

Budget, building design and other factors come into play, particularly for retrofit installations, but all operators can develop an install plan to harness the financial advantages of smart home solutions.

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NEW BUILDS

Ideally, smart home implementation takes place during the development and construction phase of multifamily communities. While smart home solutions currently serve as a lifestyle differentiator in many markets, the technology will eventually become standard across the industry.

Development teams can save time, ease installation and reduce expense by equipping new communities with at least the infrastructure for full smart home deployment.

- Developers will never have better accessibility to install wiring, cabling, WiFi and other foundational components than during the construction phase. **This is the time to future-proof properties** and position them for a comprehensive smart home system.

- **Upfront installation of smart home components** is significantly less expensive than retrofitting a completed community with the same technology.

- **Renters seek out new communities specifically for their modern features** and technological sophistication. Smart home solutions allow residents to control and customize their living environment.

RETROFITTING

Properties that weren't initially designed with smart home solutions in mind may be late to the game, but they still have an opportunity to catch up.

Existing communities have tremendous value-added potential through strategic smart home implementation. Advanced WiFi, smart climate controls, smart outlets and lighting, and risk mitigation solutions transform the resident experience, as well as operational costs.

- **Replacing retail or bulk WiFi with modern managed WiFi** is game-changing for residents and on-site teams, and bolsters both resident and associate retention.

- Unlike manually controlled thermostats, **smart climate controls empower residents to adjust their heat and AC settings remotely** for optimal energy savings. AI-powered solutions can also account for weather changes to maintain ideal conditions and efficient energy use in common areas and amenities.

- Smart technologies like leak detectors and humidity sensors generate real-time alerts to maintenance teams, allowing for immediate response, drastically upgrading risk mitigation efforts and **minimizing the opportunity for costly water damage**.
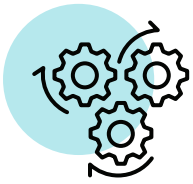
INTEGRATIONS

Smart home technology is typically defined by the hardware installed, but the **software managing the smart home ecosystem is the backbone of smart operations.**

Direct PMS integrations and hardware-agnostic software are essential to experience the gamut of smart home advantages.

- Direct integration with PMS systems establishes **a single dashboard to control all property systems and smart home solutions**, building efficiencies into daily property management functions.

- Software compatibility with multiple hardware lines and products empowers operators to upgrade hardware periodically or deploy various hardware products simultaneously for **a customized or budget-friendly smart home system**.

- **Syncing smart home products through a central hub creates a smart home IoT**, which enhances the benefits of each individual solution, streamlines energy expenses, and optimizes property performance.

THE STRATEGIC VALUE

The true value of proptech and smart home devices is their ability to streamline property operations and make on-site teams more efficient. Efficiency alone reduces operating expenses and drives NOI, but the ancillary benefits of tech solutions can be just as impactful.

When associates are more efficient and effective with the right tools and platforms in place, and when team members are productive in their roles they are happier in their work and less likely to leave. By curbing employee turnover, operators can reduce recruiting, hiring and training costs. On-site teams with continuity effectively manage communities and deliver an exceptional resident experience. Teams empowered with smart home technologies can leverage those solutions to further enhance resident satisfaction through more responsive service. Improved resident satisfaction boosts renewal rates, which further drives NOI.

The efficiencies afforded by smart home solutions provide several avenues for cost savings, and create opportunities for increased revenue generation. Most importantly, they meet current renter demands while positioning communities to thrive in a continually evolving real estate marketplace.

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