



WHITE PAPER

Growing Multifamily Value Through Smart Energy Savings

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Growing Multifamily Value Through Smart Energy Savings

As expenses rise, multifamily owners and operators are seeking solutions that deliver measurable cost savings across their portfolios. They are prioritizing operational savings to combat rising costs, high interest rates, rental affordability pressures, intensified market competition, investor demands, regulatory compliance, technological efficiencies and economic uncertainty. Smart energy and water solutions – including smart thermostats, lighting and electrical outlets, as well as humidity sensors, hubs and leak detectors — save owners and operators hundreds of thousands to millions of dollars annually by reducing energy consumption, improving disaster mitigation and lowering labor costs.

This white paper explores the evolving role of smart energy solutions in multifamily housing, including identifying how companies are utilizing smart energy technology to achieve significant cost savings and improve their operations. It examines the evolution of property technologies from consumer-grade products to enterprise-level, integrated solutions, incorporating asset tracking and real-time dashboards to monitor energy consumption across a building or portfolio. It highlights strategies that properties have taken to make these smart tech deployments possible – including in retrofit environments.

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Importance of Energy Saving Initiatives

More than a million new residential units hit the U.S. multifamily housing market in 2024 and 2025, depressing rents at a time when rising inflation and negative population growth threaten to raise expenses and lower occupancy rates. Owners and operators are exploring new ways to improve their fiscal performance and appeal to price-sensitive residents. As part of a technology amenity package, smart energy solutions present substantial opportunities for owners and operators to streamline operations and improve net operating income (NOI).

Saving Together

By implementing simple changes, multifamily properties can significantly reduce energy consumption, saving money and improving the value to residents.



Energy Cost Savings

Electricity and gas costs comprise a significant portion of multi-dwelling unit (MDU) utility spending, and rising costs – especially in the summer and winter months when air conditioning or heating are active – are a point of frustration to residents. Research from Parks Associates reveals that multifamily residents paid an average of \$123 monthly for electricity in 2024, representing a 32% increase compared to 2020. More than half (58%) of U.S. multifamily residents report the cost of energy is too high, a figure that increases to 67% among Californian MDU residents and 65% among Texan MDU residents.

Strategic energy management can lead to substantial cost savings for residents, owners and operators. According to the American Council for an Energy Efficient Economy (ACEEE), multifamily properties stand to save an estimated \$3.4B in total utility costs (or 15%-30% annually) by adopting smarter energy strategies. Energy Star, a public-private partnership administered by the U.S. Environmental Protection Agency, offers benchmarking for multifamily properties and provides recommendations on ways for properties to save on energy costs.

The following areas constitute “low-hanging fruit” where properties can reduce energy usage and save on energy expenses:



REDUCE LIGHTING EXPENSES

Retire incandescent bulbs and switch to lower-cost LED bulbs where possible. Look for opportunities to switch to occupancy or motion sensor lighting for low-traffic areas, timers or daylight sensors for exterior and parking lot lighting.



INSPECT WINDOWS, SEALS AND INSULATION

Seal gaps and cracks in and around doors and windows, installing solar film or switching to more energy efficient windows where possible. Inspect insulation and assess opportunities to install window shades and exterior awnings to further reduce energy transfer.



UPDATE THERMOSTATS

Traditional thermostats require frequent manual adjustments for seasonal and local conditions. Switching to smart thermostats enables residents and operators to optimize energy savings in homes, common areas and amenities. Smart thermostats integrate with property management systems and can be managed from anywhere via smart devices, improving oversight and reducing labor requirements. Operators can also create default settings to reduce energy consumption during home turns which trigger when the home is marked as vacant in the PMS.



CHECK HVAC

Ensure proper HVAC system maintenance. Check ductwork for gaps. Evaluate performance of air conditioners, heaters and boilers. Assess opportunities to install hot water reheat coils, heat pumps and variable refrigerant systems.



SWITCH TO ENERGY EFFICIENT EQUIPMENT AND APPLIANCES

Turn devices off when not in use. Check for Energy Star ratings to evaluate energy usage.



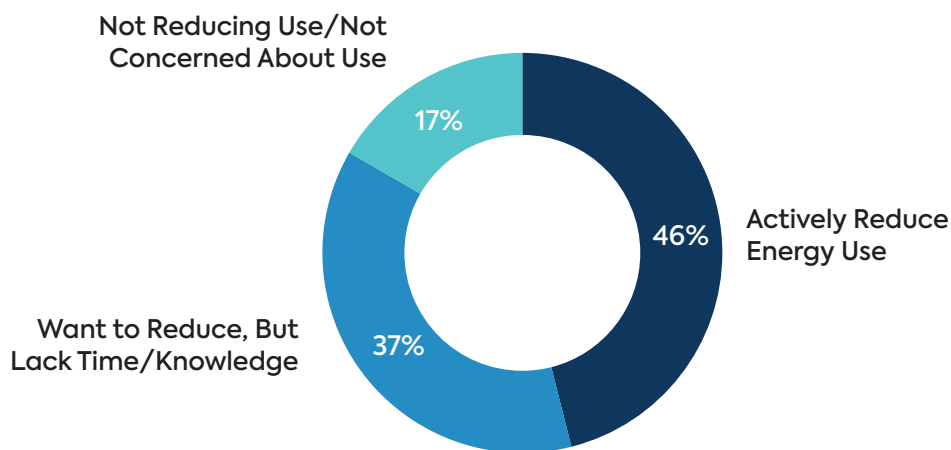
REDUCE WATER EXPENSES

Replace older fixtures and appliances with low-flow faucets, showerheads and toilets. Implement leak detection technology that generates digital alerts at the first sign of a leak, empowering property teams to respond quickly and mitigate large scale water damage. Explore opportunities to install water submeters for improved monitoring and billing accuracy, and consider irrigation systems equipped with moisture sensors or timers.

Marketing Energy Technology as Amenities

According to consumer survey data, 83% of multifamily residents either actively work to reduce their energy consumption at home or would like to reduce energy consumption but don't have the time or knowledge to do so¹. This presents a marketable opportunity at multifamily communities. Just as many renters prefer a community with a state-of-the-art fitness center, others will gravitate toward communities that emphasize energy efficiency and environmental sustainability. Highlighting the benefits of smart home technology in marketing collateral and prospect tours attracts energy-conscious renters. Celebrating the impact of energy-efficient property technology, both in terms of carbon footprint and expense reductions, bolsters resident retention.

Energy Attitudes Among Multifamily Residents



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Importance of Energy Saving Initiatives

There are key generational differences in how consumers and residents approach the topic of energy savings. While consumers of all ages are equally interested in reducing energy usage, older consumers are more likely to take steps to control their energy use and cut down on bills.

Parks Associates research of 8,000 U.S. internet households found that older consumers are:

- More aware overall of their energy usage.
- Tend to be more proactive in researching ways to control energy use.
- Are more likely to participate in demand response programs.



Younger consumers are equally interested in reducing their energy use, but are less likely to have an active plan in place

Younger consumers are much more likely to report that they don't know how to reduce their energy consumption – indicating an unmet demand for solutions that detail energy consumption and reduce their overall energy use.



Smart home deployments and efforts to reduce energy consumption also resonate with investors, who value efficient, streamlined operations. While outdated energy practices may be viewed as a liability, a strategic management through smart home solutions functions as a desirable and NOI-generating amenity.

Providing residents with analytics to monitor their water and energy usage, mobile energy apps for real-time consumption tracking, notifications and insights empowers conservation. Tools and solutions that help residents monitor and reduce their utility spending provide residents with a welcome sense of control over their living spaces and improve overall leasing and retention efforts.

Regulatory Compliance and ESGs

In early 2025, federal deregulation and broad budget cuts impacted energy and climate initiatives. Withdrawing the U.S. from the Paris Agreement, removing \$20B in funding for clean energy and transportation, eliminating the Environmental Protection Agency's (EPA) Energy Star Program, and implementing various deregulatory actions changed the energy landscape.

With decreased federal environmental incentives and regulation, the role of state and local regulators is set to grow. California's Climate Package and the New York Climate Leadership and Community Protection Act offer the framework for new models of energy accountability and reporting. New Jersey, Illinois, and Colorado are following suit, introducing new ESG regulations requiring reporting for large organizations. In addition, ESG fund investment – driven by investors' ethical and climate concerns – will continue to move green initiatives forwards in the absence of large-scale regulatory action.

State-driven policies can offer greater adaptability and localized effectiveness but the sheer number of states risks creating regulatory inconsistency and operational complexity, particularly for owners and operators with properties in multiple regions. The easiest way for multifamily operators to get involved with energy initiatives in any state is by adopting universally beneficial practices such as energy benchmarking, building automation systems and resident-focused efficiency programs that align with most state-level objectives.





Smart Technology for Energy Savings

Investments in smart technologies allow companies to better manage and control energy use, as well as simplify and automate data gathering and reporting. Technologies such as smart thermostats, smart boiler controls, smart lighting, smart plugs and switches and a variety of other products offer intelligent automation that can further cut energy consumption and reduce the burden of manual energy savings measures on property staff. Investments into water leak detection offer similar benefits, reducing costs and mitigating the risk of catastrophic events. As platforms mature, AI will increasingly play a role in making predictive adjustments and surfacing insights that go beyond rule-based automation.

To fully capture the benefits of these point devices, multifamily properties need enterprise-level systems capable of controlling them remotely and automatically. Integration is paramount between point solutions – for example, between smart thermostats and smart boilers – and across platforms, resulting in a unified interface and an easily accessible, comprehensive view of energy usage across the property. There are many smart devices that can optimize energy usage and lower electricity costs. Other significant areas of cost savings include avoidance of disasters such as burst pipes in winter, lower labor costs via no longer needing to manually set controls, and lower maintenance costs via preventative maintenance warnings.

Among residents, certain technologies such as smart thermostats are desired amenities, offering both convenience and savings opportunities. As consumers — especially those transitioning from student housing — enter the rental market, they increasingly expect a baseline level of technology, including smart energy features, as part of a modern apartment experience.

SMART THERMOSTATS

For residents, smart thermostats allow them to automate and control temperature settings from anywhere through the convenience of a smart device. Residents can reduce climate control usage when away from their unit, even when they forget to do so before leaving their home, and still return to comfortable temperatures. This saves electricity compared to leaving the thermostat temperature static throughout the day.

For properties, in-unit smart thermostats that are part of an enterprise-level system or solution can be automated or remotely controlled and monitored. During resident turnover, properties can reduce energy usage without needing to send maintenance or another staff member to manually control the thermostat. This also applies to inclement weather conditions such as hard freezes, which risk bursting pipes and causing flooding. In common areas, smart thermostats act as pure cost containment, greatly reducing energy consumption.

For both residents and properties, integration with electrical utility providers' demand response programs may offer considerable savings in markets with high average electricity costs, such as California.

SMART LIGHTING CONTROLS

Lighting is a key driver of high costs in a property. Switching a bulb to an LED may reduce the bulb's energy consumption by 75% compared to incandescent. Smart lighting, through its automation potential and smart device oversight, can further save on energy costs while also eliminating the need for manual controls.

SMART HVAC AND BOILER CONTROLS

Smart HVAC and boilers similarly reduce energy usage by shutting systems off when the unit is unoccupied, or as otherwise specified by integrated systems such as smart thermostats or leak sensors. Select systems incorporate preventative maintenance functionality, allowing properties to more effectively schedule unit maintenance and avoid outages for residents.

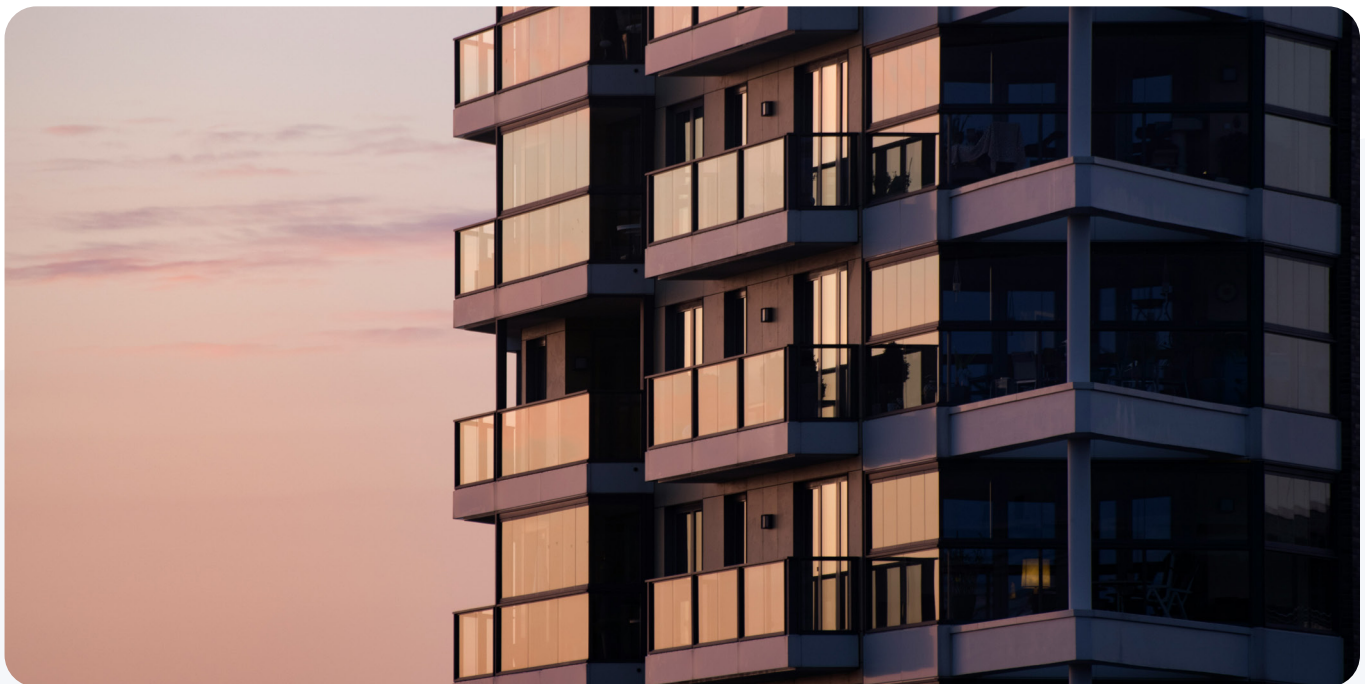


Energy Monitoring Solutions: Enabling Real-Time Analytics

“Behind the meter” energy monitoring solutions allow properties to understand their energy consumption in real-time. Energy monitoring solutions comprise a broad swatch of devices and software solutions, including building management systems and energy management systems that integrate with the smart energy devices discussed above. Energy monitoring devices range from smart meters, to meter-attached-sensors, to smart outlets and more.

More advanced solutions provide remote on/off functionality and cross a broad category of devices including solar panels, EV chargers, generators and/or battery backup solutions. These solutions provide opportunities to extend efficiency automation and energy optimization beyond smart devices. By removing the single meter reading, operators gain greater access and understanding to all energy usage data.

As multifamily energy systems grow in complexity, the integration of artificial intelligence (AI) represents the next step in enabling proactive, intelligent management. AI can enhance energy monitoring solutions by identifying patterns in usage, forecasting demand and autonomously recommending or initiating adjustments to optimize consumption. When layered into a unified platform, AI acts as a sophisticated orchestrator across devices and systems, improving performance, increasing automation and simplifying decisions for operators.





Smart Energy ROI

Parks Associates' surveys of MDU owners and operators have found that expectations for smart energy solutions are high – and results have delivered. Data from Parks Associates' 2021 study *Smart Home and MDUs: The Property Manager View* found that properties expected smart devices to reduce the cost of energy and water utilities by 9%-12% on average. In the 2024 follow-up study, Parks Associates found that MDU owners and operators reported a real reduction in energy and water costs of 18%-19%. Smart energy and smart water solutions have offered higher returns than previously anticipated.

Adoption of smart thermostats is growing. Over half of MDU owning/operating companies report that they have begun deploying smart thermostats across their portfolios. While lack of suitable connectivity in residential units and in public areas of the property have held back full deployments, this is a factor that is beginning to change. Increasing bulk internet rollouts, properties moving to “instant activation” for retail internet services, and widening availability of community-wide Wi-Fi promise to widen adoption.

Integration has the potential to deliver additional operational efficiencies. As of 2024, however, only half of multifamily owners and operators with a smart building platform or aggregator reported having smart thermostats fully integrated into their systems. This suggests that some properties may not yet be realizing the full range of automation benefits, such as remote temperature resets during resident turnover. Looking ahead, further integration – including the application of AI – may support more advanced capabilities like pattern recognition, automated adjustments, and customized energy management strategies.

Quotes from MDU Owners and Operators



“With the technology we implemented – smart thermostats and boiler controls – in one year we produced \$500,000 in savings in utility consumption over 15 properties. This is in New York (and we were paying for resident heating during the winter).”




“With lease-ready apartments, sometimes the leasing agent will turn the temperature down to 68 (degrees) and then leave it. So you burn a huge amount of electricity at that rate – you save energy by turning that off automatically. Also – when you have a hard freeze, and 30 vacant units in a 500-unit property, it takes a long time, all day, to set those to a hot enough temperature and another day to set it back. It saves that (time) as well. We tracked the impact for this for one building – it was 18%-20% for energy costs. Pretty good!”



“Cost savings for us are focused on the vacant period – typically, for us, residents would pay when (the unit) is occupied. But (smart) thermostats are definitely more efficient from a scheduling standpoint, most utilities around the country have peak demand/rates, charge more at certain hours, but you can use smart thermostats to get around this. San Diego rates can vary 3x; this can be a substantial savings to the resident. Our teams sell this during our leasing process... if (residents) compare us against competitors, this makes us stand out.”





Reducing Energy Consumption, Increasing Value

Although the role of smart energy in multifamily is changing, the core value of these solutions remains: reducing energy consumption and increasing energy efficiency creates a ROI for owners and operators. There are immediate steps that multifamily properties can take right now to reduce energy consumption and cut utility costs.

1

Complete Energy Star’s Treasure Map for Multifamily Properties² checklist.

This checklist, meant to be completed by onsite property management and maintenance teams, ensures that properties are tackling the “low hanging fruit” that offers immediate returns.

2

Identify opportunities for energy savings investment. Once immediate opportunities to lower costs are taken, properties should look further – identifying areas where investments into both low and high-tech solutions may return dividends.

3

Choose solutions that are designed for multifamily and not consumer-grade products. Smart energy solutions designed for multifamily can be centrally managed and do not require involvement from maintenance staff to onboard or offboard residents – resulting in considerable labor savings and easing operational burdens. Prioritize solutions that integrate with other smart energy products, such as smart thermostats integrating with smart boilers and/or smart HVAC.

Energy-efficient multifamily communities are better positioned to capture NOI and deliver optimal asset performance. The reduction in utility spending is merely the baseline ROI for energy-saving solutions. Operators also experience an occupancy boost due to improved lease conversion and resident retention. Smart home technologies streamline day-to-day operations and enhance risk mitigation for behind-the-scenes savings and increased investor appeal. While federal energy regulations are fluid, properties equipped with a smart home IoT have a clear picture of their energy consumption, needs and opportunities, and are better positioned to adapt and weather changes.

A calculated, property-specific plan for energy management, through strategic technology implementations, is essential to establish sustainable communities. A well-executed strategy for energy savings drives efficiency and ultimately revenue for multifamily owners and operators, as well as an elevated living experience for residents. As these systems grow in scale and complexity, additional layers of intelligence - through automation, integration and AI - will be essential to maximizing performance, adapting to shifting energy demands and supporting sustainable operations.



About Parks Associates



www.parksassociates.com
info@parksassociates.com
972.490.1113

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.

About the Author

Kristen Hanich, Director of Research, Parks Associates

Kristen Hanich heads Parks Associates' consumer electronics and mobility research, with expertise in other verticals including connected cars, mobile networking, healthcare, wellness, and independent living. She leads a mix of custom and syndicated research projects throughout the year, with a focus on major players and emerging trends. Kristen specializes in bridging the gap between data-driven and narrative approaches to understanding the consumer markets via a mix of qualitative and quantitative research approaches.



About SmartRent

SmartRent is the leading provider of smart home and property operations solutions for the rental housing industry. Offering the only end-to-end, open API platform on the market, the company's hardware and cloud-based SaaS solutions simplify operations, automate workflows, protect assets and drive revenue, enabling owners, site teams and residents to live and work smarter.

SmartRent serves 15 of the top 20 multifamily owners and operators, and its solutions enable millions of users to live and work smarter every day. For more information, please visit www.smartrent.com.



¹ Parks Associates US Internet Households and Their Technologies, Q4 2024 Study

² https://www.energystar.gov/sites/default/files/tools/ES_TreasureHunt_Checklist_Multifamily_1.pdf

ATTRIBUTION

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