

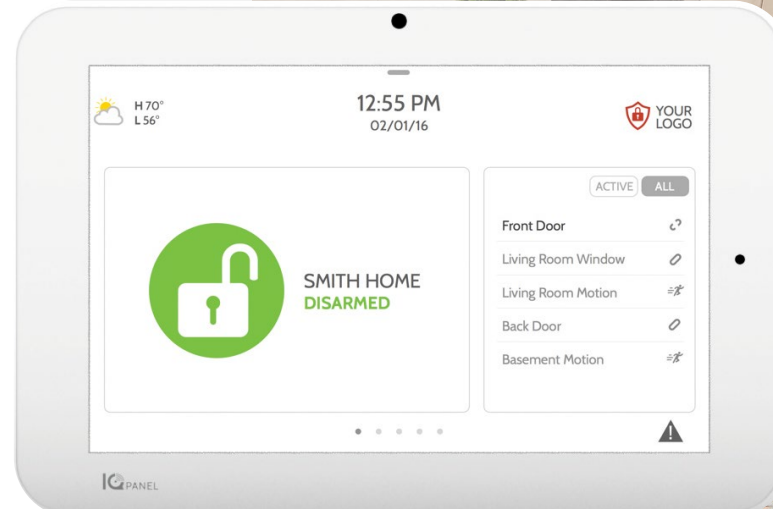
POINTCENTRAL

How Smart Property Technology Is Reinventing Residential Property Management

For years, residential rental properties have been left out of the property automation technology conversation. While individual homeowners might spend time decking out their houses in everything from smart doorbells to connected light bulbs, rental owners have generally not understood why they need to bring smart property technology into the rental apartments and single-family homes they own.

However, times are changing for the residential rental world. Through a combination of IoT hardware and property automation platforms, property managers and owners are starting to understand how smart property technology increases the net operating income (NOI) of their properties by serving the residents, making property managers more efficient, and protecting the owner's asset more effectively.

Smart technology makes it possible for property managers to implement more modern conveniences, such as keyless access, contactless package delivery, connected intercoms, smart thermostats, and even self showings for prospective residents. These features are major draws for modern residents — especially when it comes to younger generations who have grown up in a more connected world. However, smart technology offers more than just modern comfort. It also provides an easier way for property managers and residents to navigate a world changed by COVID-19.



Using smart property tech to improve operational efficiencies and safety

For many people, rental houses have become more than just living spaces — they've become offices, schools, gyms, and package delivery warehouses. They're a refuge from the outside world as it exists today — and not one that should be intruded on by anyone unless absolutely necessary (and that includes landlords and maintenance staff members).

Smart tech makes those kinds of safety requirements possible. With the right IoT technology in place, property managers can keep track of a variety of issues remotely. This includes unapproved entries, package deliveries, and even water damage and HVAC problems.

Routine checks and tasks like property showings (which once had to be accomplished in person) can now be automated, and staff need only to enter units when there's a problem that can't be solved electronically. This automation is more efficient and requires less face-to-face time with residents, keeping everyone safer.

The bottom line is this: Now, more than ever, people want smart technology in their lives, and property managers and owners have every reason to deliver it. Luckily, this doesn't require a prohibitively expensive overhaul of existing properties or a complete redesign for new constructions. Implementing smart technologies and connected access systems is cost-effective and relatively straightforward, so every rental owner can get started connecting their properties today.

In this whitepaper, we'll dig deeper into the full array of benefits smart property technologies offer, what an owner should consider when trying to implement a smart property system, and how these technologies ultimately pay for themselves.



How Smart Property Tech in Rental Housing Helps All Parties

We provided an overview of why smart technology is valuable for property managers and residents, but let's break it down further. The value that's created through this tech can be separated into three separate buckets, which we'll define here.

Bucket #1: Residential amenities

According to a [survey from NMHC/Kingsley](#), apartment residents were willing to pay an extra \$30 a month for smart amenities. There are some indications that the number is higher in wealthier areas. However, with installation in over 100,000 rental properties, we've seen \$20 to \$30 as the average — if, for nothing else, because a smart thermostat alone can generate more savings than this.

Over time, some of today's features will lose value, but new features and services will rise to drive what's in demand at that time. At the big-picture level, we think it's important to realize that long-term residents and short-term guests vote for what they want with their wallets and see the value in smart properties.

This shouldn't come as much of a surprise. Residents like the time that's saved with smart amenities, specifically when it comes to access controls. The ability to let someone into a unit — perhaps to walk a dog, drop off a package, install cable, or perform routine maintenance — when residents aren't there can make a major difference for people already pressed for time.

Smart tech also offers the promise of savings in utility costs. Connected thermostats come equipped with energy-saving features, cutting down utility costs by [20% or more](#) and, as a bonus, giving residents a sense of living in a more environmentally friendly property. Even setting these practical advantages aside, the NHMC/Kingsley survey cited another primary reason people wanted smart tech in their homes: the "cool factor." High-tech living spaces are simply more desirable.



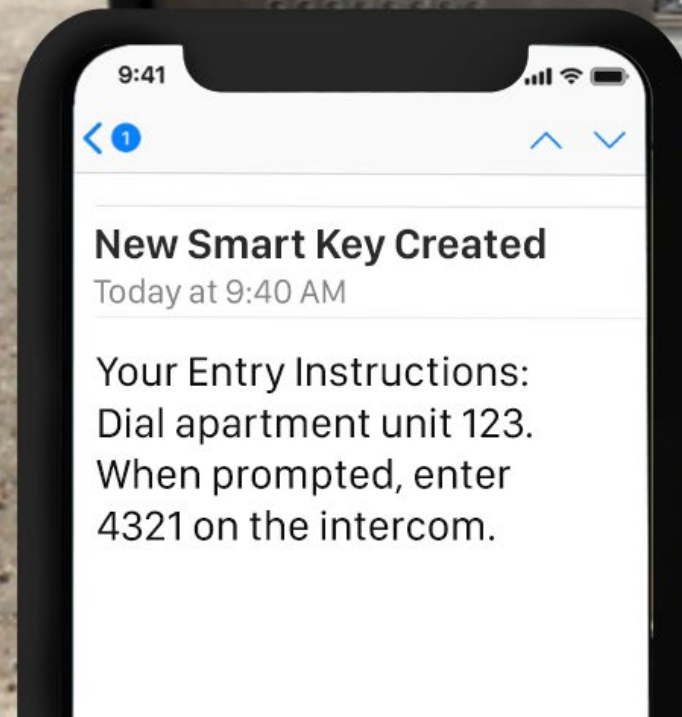
Bucket #2: Operational efficiencies

Smart property technologies offer noticeable savings when it comes to both energy and labor. For example, smart thermostats provide property managers with the ability to manage utility consumption in vacant units and shared areas. Currently, a lot of money and energy is wasted heating and cooling vacant units; smart thermostats can cut that number by 20% or more by preventing local changes when a unit is unoccupied. This alone makes it worth it for many rental property managers and owners.

But the operational efficiencies go beyond energy savings. They also save time. Many routine tasks can be performed remotely, such as creating temporary access codes when individual work orders are created, making it possible for property staff to focus on more pressing tasks instead of spending their day doing routine checks and managing access in person. Plus, with smart locks, maintenance technicians don't have to spend a good chunk of their days going back and forth to get physical keys to gain access to different areas. In fact, it takes an average of 20 minutes per work order to check keys in and out.

Furthermore, operational efficiencies extend to more than maintenance. They also apply to tours of vacant units. Smart locks, connected access control, and connected intercoms create a seamless curb-to-couch experience, where it's possible for property owners to facilitate [self showings](#). Prospective residents can enter a unit with a temporary digital key and take their time touring the property. Because the smart keys used for curb-to-couch access are six-digit codes, there's no inconvenient app to download. Plus, the code is secure (there are [over 1 million different combinations](#)) and tied to each specific tour.

Not only is this safer given the social distancing, but tours can also work around a visitor's schedule, rather than the leasing agent's. These self-showings free up agents' time, too, making it possible for them to focus on other tasks and even be deployed to multiple properties. These tours also tend to be shorter than their guided counterparts, often taking 30 minutes or less, which means that more people can tour a property in a given day.



Bucket #3: Asset protection

In addition to the active role that smart tech plays in properties, it also works in preventive capacities. For instance, leak sensors, water valves, and smart thermostats with HVAC analytics can detect problems before they become disasters. Anyone who's worked in the rental business knows how costly something as simple as an overflowing toilet or bathtub can be. Worse, any delay in stopping the water flow can mean a significant uptick in the cost and time it takes to repair.

A leak that's gone unnoticed too long or whose repair is delayed by a lack of quick access can lead to the removal of carpets and pads and the replacement of large swaths of drywall, depending on how many units the water reaches. Even with insurance, the cost (in money and time) of these repairs is steep. Water damage is the [second-most common](#) type of property insurance claim, costing an [average of \\$7,000](#).

Smart tech can detect similar issues in HVAC systems and help management better handle issues related to unauthorized access and other security vulnerabilities, such as vandalism and package theft. In 2020 alone, PointCentral detected over [357,000 individual HVAC issues](#), thus catching problems before our clients had angry residents and more expensive repairs. All of this adds up to a compelling reason for going deep when it comes to smart tech integration.

Each one of these areas is reason enough to implement smart technologies. More importantly, however, the different ways smart tech can improve your properties highlights the need for a cohesive, multitiered approach to integration. A system that creates value in each one of these areas, rather than just focusing on amenities alone, can provide value throughout every economic cycle.



What to Include in Smart Property Implementations

While smart tech is an effective way to get more value out of your properties, not every smart solution is created equal. Here are some features you should look for when you choose a partner like PointCentral to help move your properties into the modern age.

Integrations

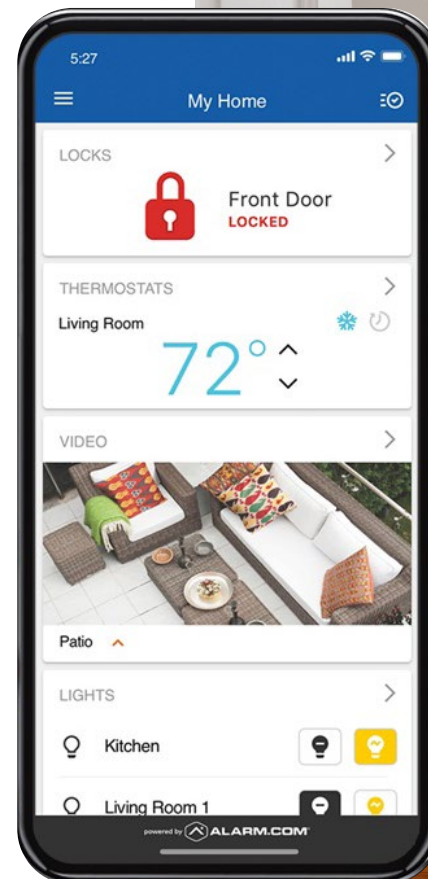
This is an often overlooked yet crucial part of an effective smart property implementation. Look for systems that work with all major property management systems (PMS platforms). Not only does this ensure compatibility if you switch platforms down the road, but also it removes the need for property staff to learn a new system right out of the gate.

Data security

When you're dealing with something as fundamental as property access, you don't want to skimp on security. Look for a partner that is SOC 2 Type II and CCPA compliant, and be cautious of any business that makes its money by selling the property or residents' data. A successful smart property strategy must make the security and privacy of residents a top priority.

Curb-to-couch access

Keyless entry at the resident unit drives only so much value. If your rental property is an apartment complex or a single-family home in a gated community, your property automation system should also have connected access control and a connected intercom. This is a more efficient way to handle access for work orders and package deliveries and, with its full event history, offers a greater level of security for residents.



A managed network-in-a-box

A connected system is only as good as the network it runs on. While some of us are considering how to run high-speed internet to our buildings, supplying bandwidth and managing networks between residents, staff members, and IoT devices are completely separate. Whether you have a managed high-speed network or not, we recommend a cellular-first system for critical smart property devices. For existing buildings, this is a more cost-effective solution than a fully managed Wi-Fi network. In the case of IoT devices in buildings with community Wi-Fi, a cellular network provides redundancy when broadband goes down and helps prevent devices from eating away at resident and staff bandwidth.

A company that will be your partner

There are many vendors out there who will sell you the products you want at a price that seems too good to be true. That's usually because it is. Rather than finding someone who just wants to sell products today, look for a partner that wants to ensure you get long-term value out of your investment. Research how a business handles installation and support, as well as the service providers it works with to get an idea of the type of partner it will be.

Find out whether the company you're looking to partner with has a sustainable business plan or if it's selling products at rock-bottom prices in the hopes of getting to the next round of funding. You're much more likely to see extended support from a partner that's part of a \$5 billion public company, like PointCentral, than a startup burning through its runway. What's more, PointCentral's channel partners and service providers offer local code knowledge, installation, and support. Our award-winning support team works with these service providers to keep residents and staff happy.

With the right features in place and a partner to help you ensure that those features stay up to date and in working order, you can create a system that residents and employees love. Perhaps most importantly, you'll develop a system ready to pay for itself.



How Smart Properties Pay for Themselves

Even after learning all the benefits smart property tech provides, implementation can be a daunting prospect. With so much uncertainty surrounding the real estate market and the economy, you may be wondering whether it's worth investing in new technology at this moment. However, smart tech not only provides significant ROI in the long run by cutting costs and saving time, but it can also drive immediate NOI growth. Smart property amenities make it possible to add \$20-\$30 to monthly rent, and they can improve retention and fill up vacancies at quicker rates.

If you are considering a smart property solution that runs solely on Wi-Fi, keep in mind that current managed Wi-Fi costs \$15-\$20 per unit before smart property costs. These contracts typically cover long periods of time, and your IoT devices will be using bandwidth that could be better applied to other applications.

The value of operational efficiencies shouldn't be underestimated, either. Keyless work orders can save a significant amount of time and trouble. To calculate the savings, use this formula: 20 minutes multiplied by \$20/hour per work order. You can save money on utilities in vacant units, as well. Smart thermostats, for instance, can save you \$30-\$45 per month.

Asset protection, too, offers clear ROI opportunities. Smart solutions can reduce water damage, control humidity, and stay on top of HVAC problems. The event history feature of smart access control also provides greater security and accountability.



Determining ROI

If you're uncertain about just how much or how quickly your properties will reap the rewards of these upgrades, consider performing an A/B test, where one set of units is equipped with smart property tech while another remains the same. Not only will this allow you to see the value these technologies provide, but it will also give you a better idea of just how much they drive retention and property value.

Compare units that share the same locations and features — ideally on the same property — to get an accurate idea of the difference between the two. Chances are, the units without these upgrades will seem stuck in the past and full of inconveniences you might not have noticed were there. You'll also likely see how quickly people snap up the smart units versus their archaic counterparts.

Don't start by raising prices; instead, measure the value of your smart properties with the amount of time it takes for these vacant units to be filled compared to the others. Once you're satisfied with your tests and want to begin implementing the technology everywhere, you can start to float price increases for these units. You should be satisfied with the response from residents. At an average cap rate of 5%, we've found that smart property technology can add \$7 worth of value for every \$1 invested.



Why Now Is the Time to Deploy Smart Property Technology

Today, smart technology is largely seen as a bonus by residents looking for a cool new place. However, it won't be long before these features go from a nice addition to an expected necessity. The property owners who've already taken advantage of connected technology will be the ones reaping the benefits of this new normal — while everyone else will have to play catch-up.

PointCentral is here to help property owners and managers take that next step by offering a full range of personalized smart property solutions. We're more than just a smart property technology company — we create solutions built to last. Every product we offer is built to Z-Wave standards, a low-power, long-distance solution that is more secure than Wi-Fi and has lower bandwidth costs.

As one part of the larger tech ecosystem of our parent company, [Alarm.com](https://www.alarm.com), we're able to provide property managers and owners everything they'll need — from top to bottom. Our solutions are rock-solid, running on two fully redundant data centers to ensure uninterrupted service. We're even equipped to help managers navigate new state privacy laws.

Best of all, our solutions are remarkably user-friendly. There's no need for a handful of apps and disconnected devices — we offer a completely unified experience. Everything works from one app and can be integrated into one PMS system, thereby reducing friction when granting access and issuing temporary codes.

Our goal is to be a partner in your smart property journey, not just a vendor looking to make a quick buck. Property owners are only just beginning to wake up to the possibilities of smart technology. That means there's no better time than now to upgrade your properties if you want to get ahead of the competition.

To learn more about what PointCentral's smart property technology can do for you, [click here.](#)



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