

# ARIZE

## The Ultimate Guide To Smart Apartment Technology

*For Property Managers*





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## Introduction

### Leveraging Technology To Upgrade Your Multifamily Community

Remember Blockbuster Video? Founded in 1985, the mega-successful video rental chain quickly came to dominate its industry. By the late 1990s, the company boasted 65 million registered customers and 9,000+ locations across the U.S.

Despite its tremendous initial success, Blockbuster failed to keep pace with its changing business environment. Specifically, its competitors began to leverage technology to curate large movie libraries online, which is a more convenient experience for consumers than physically renting movies. *For the first time, these companies could compete with (and outperform) Blockbuster which would eventually go bankrupt and shutter its operations.*

Netflix, on the other hand, capitalized on the technological cues that Blockbuster missed. In particular, Netflix amassed a large collection of movies and television shows -- all accessible to watch in seconds via online streaming.



# What Does This Mean For The Multifamily Industry



Now, renters expect to interact with their apartments using their mobile devices. Just like Netflix, property owners can get ahead of the curve now by investing in smart technology (devices, apps, etc.). In doing so, they will attract more residents and earn greater competitive advantages in the marketplace.

This guide will walk you through everything you need to know about smart technology, including the benefits you will experience once your community adopts these devices.

## Key Benefits of Smart Technology



**Protect Community Assets**



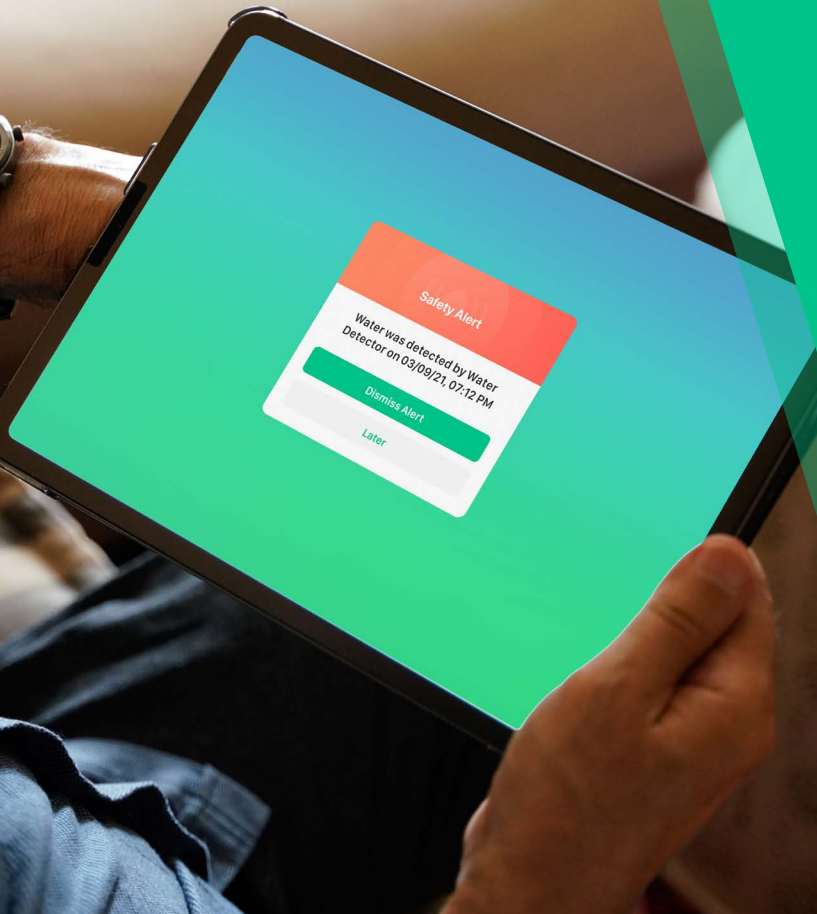
**Retain More Residents**



**Increase NOI/ROI**



# What Is Smart Apartment Technology?



Just like no one runs into stores to return movies anymore, property managers no longer have to run from apartment to apartment to inspect their safety devices.

That's because smart apartment technology streamlines property management. For instance, property managers receive automated alerts when a device detects security threats, plumbing leaks, or smoke. By identifying potential property hazards early, they can more effectively service their multifamily residents and maximize their ROI.

**Smart apartment technology also eliminates unnecessary maintenance expenses**, which we'll touch on a little later.



# What Is Smart Property Automation?

Smart apartments use Internet-connected devices to automate nearly every aspect of home life. This includes everything from appliances and utilities to temperature and lighting controls. These amenities increase resident satisfaction, which subsequently leads to higher resident retention.

*Modern smart technology doesn't just provide greater convenience for residents -- it also automates many tedious staff operations.* Because of this, owners need to hire less manpower per property, reducing their payroll and increasing their profits.

## The 3 C's Of Smart Apartment Technology



**Connectivity**



**Convenience**



**Cost Savings**

How does smart property automation work? Property managers usually have access to a single online dashboard where they can manage all of their community's safety alerts and devices. Residents, on the other hand, enjoy an app-based home-monitoring system through which they can perform security tasks like locking their front doors while they are away from their apartments. ***With this seamless functionality on hand, owners and operators can lower operational expenses, stay in tune with resident issues, and manage properties from a computer or tablet.***



# What Is Inside A Smart Apartment?

Smart apartments can be equipped with any of the following smart monitoring devices:



Smoke Detector Alerts



Smart Lighting Control



Water Leak Detectors



Motion Sensors



Thermostat Automation



Entry Sensors For Windows



Keyless Entry And Smart Locks

In addition to the added safety and convenience these devices provide, smart apartments **earn owners and operators higher net operating income**. To understand how this works, let's first explore how smart technology functions in the apartment setting.

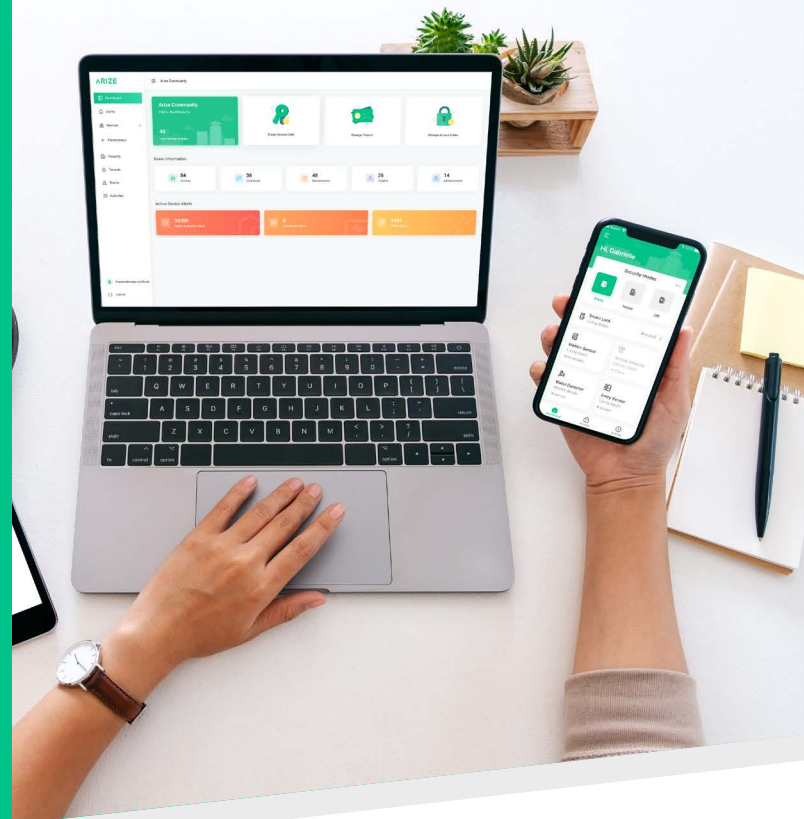




## How Does Smart Apartment Technology Work?

Property managers can manage their smart apartment technology via a single software platform. The platform communicates with a hub that relays information to each device (and vice versa) in real time.

*This allows property managers to view safety alerts and check the status of each apartment's smart devices from one dashboard.* This means they can monitor their properties without having to be on-site in person.



## 6 Ways Smart Technology Generates NOI

Operating expenses cut into 50% of an owner's/operator's overall budget. When these expenditures get out of hand, net operating income (NOI) suffers. **To offset this, here are six ways smart apartment technology generates net operating income.**





# 1. Reduced “Money-pit” Expenses

We define “money-pit” expenses as any (avoidable) costs that drain an owner’s/operator’s financial resources. Money-pit expenses can affect even the most successful owners’ NOI, sometimes even putting them in the red.

## Common Money-Pit Expenses



Water Leaks & Water Damage



Needless Staffing Expenses



Smart technology reduces money-pit expenses by catching water leaks before they cause damage. With smart water leak sensors, **property staff will know the moment a leak occurs**, so they can send maintenance support to solve the issue, minimize resident dissatisfaction, and protect their assets.

In addition to stemming the costs of money-pit expenses, disasters -- like the ones described in the next few sections -- also impact property revenue.



## 2. Disaster Mitigation: Apartment Flooding

*Did you know that most renters insurance policies do not cover water damage as it applies to liability coverage?*

This can leave property operators stuck with the tab for extensive disaster-related costs.

*Smart leak detectors catch water leaks as soon as they occur, preventing costly damages like apartment flooding.*



### Potential Water Damage Expenses



**Waste And Water Removal (\$8,000+)**



**Mold Remediation (\$3,500+)**



**Reconstruction (\$70/hr+)**



### 3. Disaster Mitigation: Fire

*An estimated 109,700 multifamily residential building fires occur within the U.S. annually, resulting in an estimated \$1.4 billion in property loss.* However, by notifying property managers with real-time smoke alerts, smart smoke detectors help eliminate the risk of fires and significant property damage.

That's not all. Smart smoke listeners upgrade any smoke detector into an around-the-clock smart home solution. These listeners detect smoke alerts from ionization/ photoelectric smoke detectors, then relay real-time notifications to staff and residents via an app. Together, these devices provide peace of mind to owners, operators, and residents alike.



## 4. Disaster Mitigation: Burglaries And Break-Ins

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Residents are particularly vulnerable to break-ins and burglaries during the summer and holiday seasons. **Since it is impossible for property management staff to be everywhere at once, property facilities are at-risk of being vandalized**, while residents could have their belongings stolen. That means owners/operators will be liable to replace anything lost due to breaches in security.

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*In the United States, 2.5 million burglaries occur annually*

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Smart apartment technology mitigates these risks by tightening property surveillance. Smart entry sensors allow residents to remotely monitor their apartments, while operators check for suspicious activity by installing these devices in common areas.

In the short term, residents and staff will have the tools to counteract security threats before loss or injury occurs. Long term, residents will trust their management team more and feel at ease while living in their community. When that happens, **owners will experience higher resident retention and acquisition while increasing their property's cap rate and cash-on-cash returns.**

A photograph of a modern interior space featuring a wooden shelf with various decorative items: a vase of eucalyptus, a framed butterfly, a white smart device, candles, and a potted plant. A large green diagonal graphic is overlaid on the bottom left.

## 5. Willingness To Pay Higher Rent

Many renters will break lease if their rent goes up...unless their property upgrades the resident experience offered to them. When they feel more secure and accommodated in their communities, property owners can more easily increase rent without much pushback. What's the easiest way to upgrade a community? Investing in smart technology, something residents actually desire. ***In fact, 57% of residents would pay \$20+/month more to access smart technology.*** Better yet, increasing rent won't adversely affect resident turnover or acquisition rates, which gives owners an edge when market volatility forces everyone to raise rent.



## 6. Higher Resident Retention

Smart technology levels up the lifestyle residents enjoy in their communities. This leads to increased resident satisfaction, which in turn increases resident retention and net operating income.

***In fact, research shows that each retained resident is worth an additional \$900 per year -- and that's before accounting for the rent they're paying.***

How exactly does resident retention increase net operating income? Let's dive into an example to see how it all adds up.

Say a property's rental price is \$1,500 a month and the average resident "lifetime" is 20 months. ***That means each lease nets a lifetime value of \$30,000.***

Given that rental apartments are vacant for an average of 1.5 months, property owners stand ***to save an average of \$2,250 per retained resident.*** What if they stayed for an additional 6 months? That would generate an additional ***\$9,000 per resident.***

It's more cost-effective to retain residents while slightly increasing rent than to lose residents and pay excess turnover costs. Plus, residents will take pride in living in their community, tell their friends, and help fill even more vacancies.

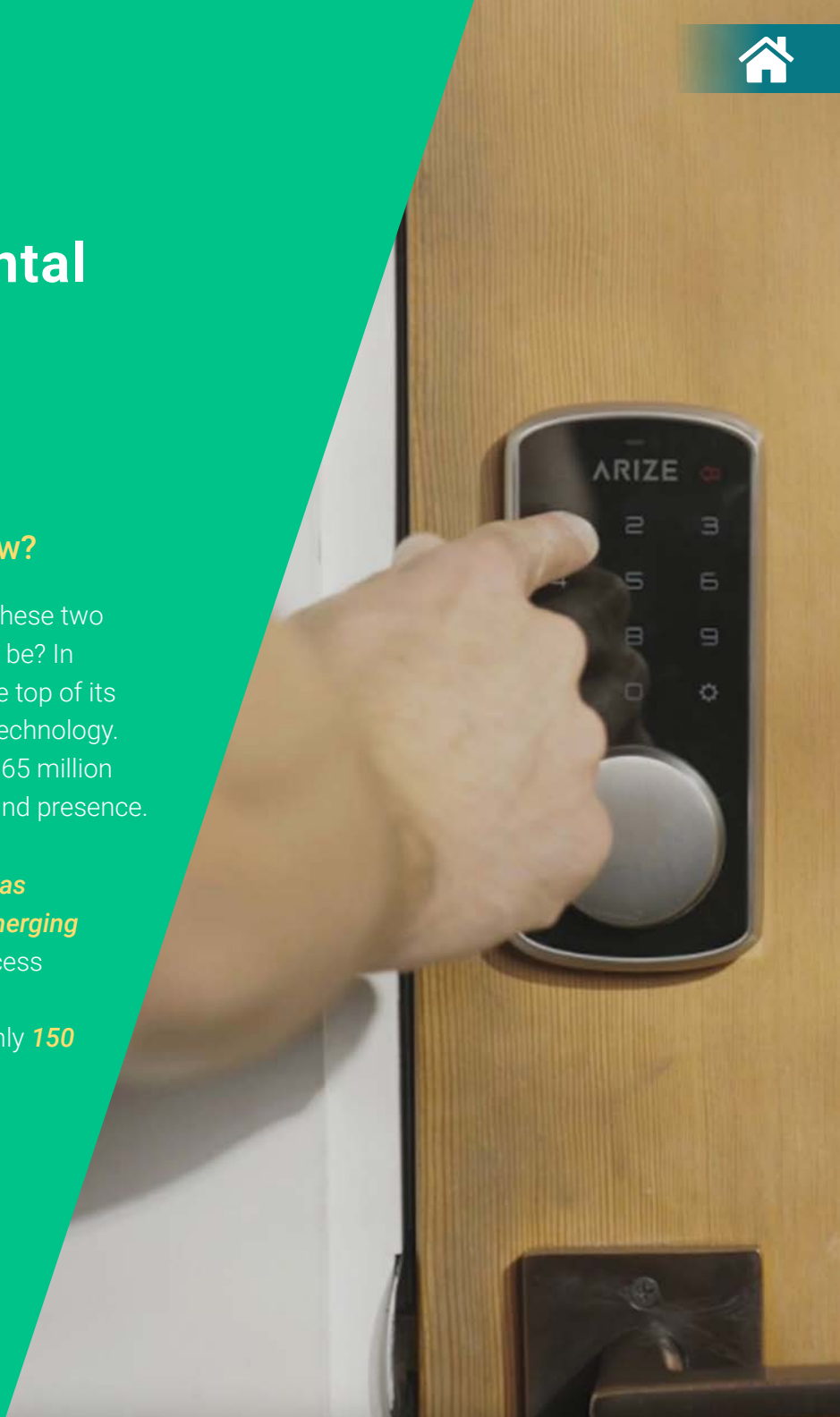


# Maximizing Your Rental Income With Smart Technology

## Why Invest In Smart Technology Now?

Remember Blockbuster and Netflix? Which of these two companies would owners and operators rather be? In the first case, Blockbuster was previously at the top of its game but could not keep pace with emerging technology. They went bankrupt as a result, despite having 65 million registered customers and a strong national brand presence.

*In the case of Netflix, automated technology was adopted early to facilitate the survival of an emerging brand.* As a result, the company surged to success and became one of the most influential media streaming services in the world, accruing roughly **150 million subscribers**.



The lesson is clear: **staying ahead of the curve is the key to thriving in any market.** For most apartment renters, smart technology is no longer just a nice-to-have amenity. Owners and operators that hesitate to invest will have difficulty acquiring new residents and standing out amidst their competitors. However, those that embrace smart apartment technology now will maximize ROI, increase resident retention, reduce overhead expenses, and secure their property's future.



## Where Should I Start?

Now that you understand how profitable smart amenities are, what now? Before investing, we suggest you stop and ask yourself these questions:

- **What smart devices are** my residents interested in? (tip: conduct a survey)
- **What specific needs or challenges** does my community face?
- **Which smart tech providers** offer the solutions I'm looking for?
- **Which smart tech providers will take the time to understand my community's specific needs** and pair me with **only** devices that match my use case and earn me ROI?

By asking these questions, **you'll narrow your search down to only the technology that makes sense for your community** and only the providers that offer what you're looking for.





## Selecting Smart Tech

After answering the questions above, you'll probably realize something: ***your community deals with multiple issues that smart tech could solve.*** So, where should you start? Which devices should you trial first as you "dip your toes" into the world of smart tech?

Here are a few common use cases to consider.

### Security

It's clear: above all, residents want to feel safe in their communities. ***63% of millennials say that security concerns would force them to move out of their apartment, and 37% of consumers purchase smart devices to stay safe.***

Smart locks are among the most popular smart tech devices that residents seek. They enhance the resident experience by enabling full apartment access control at the swipe of a finger. Additionally, motion sensors and decibel alarms add extra layers of protection to homes and common areas.



## Safety

Many multifamily communities also deal with extensive maintenance issues. Not only does this frustrate residents, but it also raises expenses for property operators and owners. **In fact, U.S. households pay \$20 billion every year to repair water damage.** Fires are just as threatening to resident safety; in fact, 1 out of every 4 fires occur at a residence or multifamily-style home.

Smart devices such as water leak detectors and fire detectors/listeners mitigate these issues by identifying potential hazards in seconds. These detectors send real-time alerts to residents and staff so they can take immediate action before severe damage occurs. Your residents will complain less about utility issues, which means you'll pay less for maintenance visits and reparations.

## Convenience And Automation

Residents want their apartment to feel like home the moment they walk through the front door. There's no better feeling than returning home after a long day with the temperature already set to the perfect degree. **The stats back this up: 63% of residents want smart thermostats installed in their apartments, since they want to lower their utility bills and keep their apartments cooled/heated.** For property operators, vacant apartments waste energy (and money) when left unattended.

With smart thermostats, you can offer in-home climate control while saving energy and bottom-line expenses. Residents can schedule temperature changes from their phone, so they can walk into an air-conditioned home on a hot day or a warm and cozy apartment when it's cold outside. Meanwhile, when owners install smart thermostats in their vacant apartments, **they limit property-wide energy waste and lower turnover expenses by up to 20%.**



## Why Change Right Now?

When it comes to multifamily housing, renters have endless options to choose from. Whether it's a high-rise apartment, mid-rise apartment, or something more modest, hotspots like Los Angeles and Orange County are home to hundreds of rental communities. This means that properties must stand out to attract and retain residents. Of course, smart apartment technology is one of the most reliable ways to fill your vacant apartments and reduce your turnover rate, but why?

Consider your future resident's first impression. ***With keyless entry, they can tour a model apartment at their own pace, and without any hard-sells. They'll be able to interact with smart devices and grasp how they elevate the resident experience.*** Once you demonstrate how convenient, safe, and secure their lives will be with smart technology, they'll be less inclined to look elsewhere.

This turns prospecting into a seamless, efficient process, which allows your staff to service more potential residents, sign more leases, and increase monthly rental income.



## Why Choose Arize?

When you choose Arize, you gain a strategic partner with a wealth of experience in the **smart technology space**. That means Arize will help you self-select the right smart solutions to meet your community's ever-changing needs. Arize also handles 100% of installation for you and provides responsive device troubleshooting whenever technical issues occur.

A photograph of a modern, multi-story apartment building with a mix of dark grey and light yellow facades. The building features balconies with glass railings and a rooftop garden area with wooden decking, small trees, and a circular planter. The sky is clear and blue.

## How To Upgrade To A Smart Community

With Arize by your side, upgrading your property to a smart community is both straightforward and painless. We advise you for the long-term; this means that if your community's needs change over time or if new devices are released on the market, we'll help you pivot and acquire the technology you need to stay ahead.

*Schedule a demo with us today!*

To learn more, contact us online, through email, or by phone  
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