

Renter Priorities in the New Normal: Connectivity is King





COVID-19 has changed life in many ways, and one of the biggest is how consumers define “home sweet home.”

Many people are working from home or helping kids who are learning from home for the first time. And nearly everyone is doing more cooking, streaming and video chatting from home. Connectivity is quickly moving from a nice-to-have to a necessary-to-have for many of your residents. Here's a look at what that shift means when it comes to your rental properties.

Many people are ...



working
from home



attending
school online



video chatting
loved ones

The impact of working and learning from home

According to Gallup¹, 62% of employed Americans say they have worked from home during the pandemic, and indications are that working from home will remain the norm for many people even after offices start reopening. Many companies that sent workers home to protect them have discovered that this option provides business and employee benefits, and they're planning to continue it for an extended period or even indefinitely.

Workers like this trend, too, since it offers benefits such as no commute time and more flexibility with schedules. But, as they enjoy the benefits of working from home, employees have to compensate for the challenges and increased distractions of their new workspaces. Noise, limited space and tech support, and inadequate lighting, for example, can all be points of frustration. As these newly identified challenges have come into play, they've begun shifting the way renters think about their homes.

Our research shows a major shift in how renters view community spaces at properties. Use of shared-space amenities, like apartment gyms and business centers, is

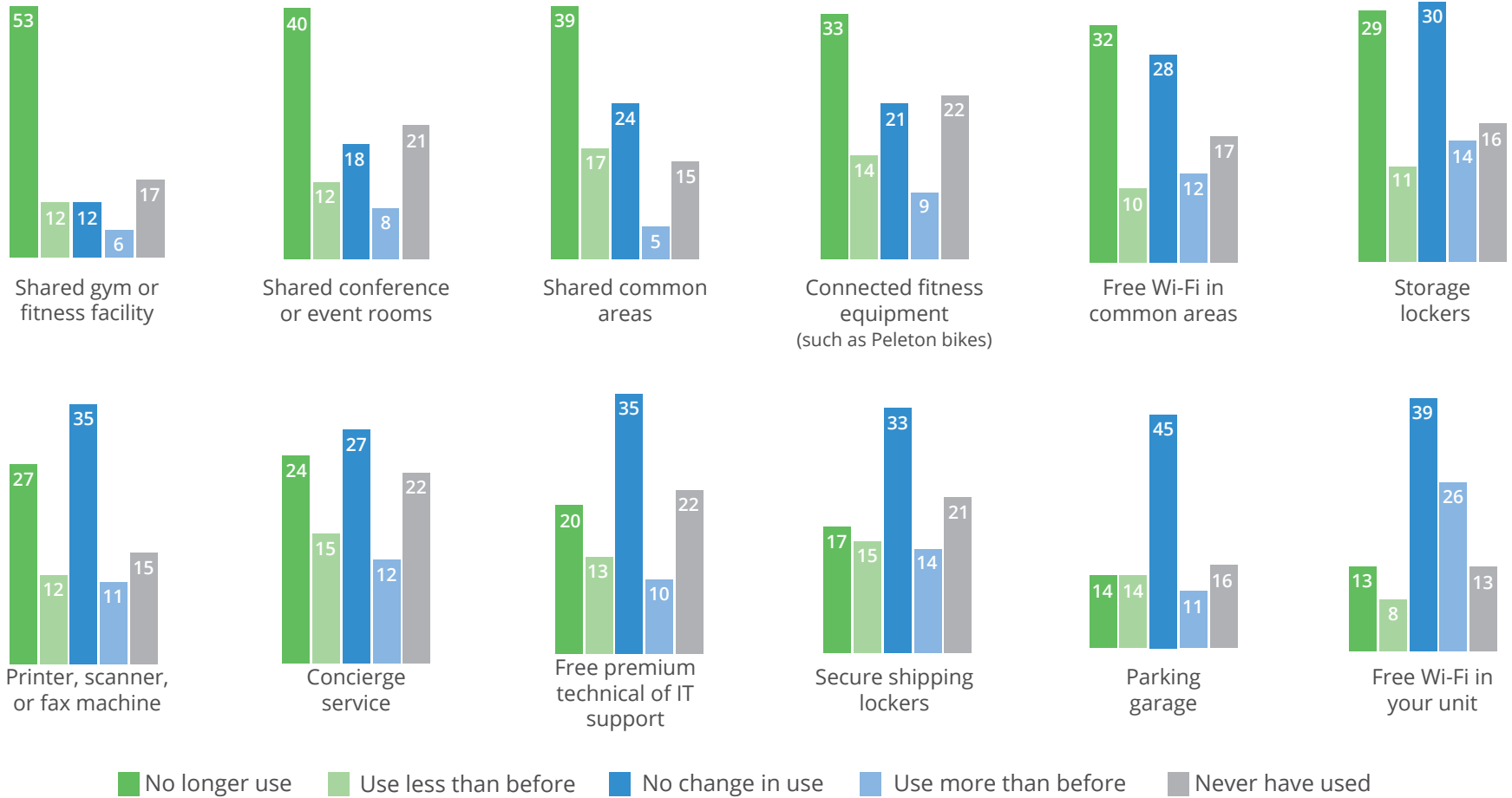
¹GALLUP PANEL, 2020

Over a quarter of U.S. renters (26%) say they use free Wi-Fi in their unit more than they did before COVID-19, and another 12% say they use free Wi-Fi in the common areas more often.

in sharp decline, with 53% of U.S. renters saying they no longer use a shared fitness facility and 40% reporting they no longer use shared conference or event rooms. In contrast, amenities that enable connectivity from inside the unit and allow residents to separate themselves from shared spaces are increasing in use. Over a quarter of U.S. renters (26%) say they use free Wi-Fi in their unit more than they did before COVID-19, and another 12% say they use free Wi-Fi in the common areas more often. Storage lockers and parking garages are used 14% and 11% more, respectively.

Some Amenities Are Now More Amenable Than Others

Among U.S. renters whose current rental includes each amenity, the share that has vs. has not changed their average use of the amenity as a consequence of the COVID-19 pandemic (percentages)



What this trend means for PMCs:

In a pre-pandemic survey of PMCs by Assurant, 60% said maintaining property and amenities was one of their top five concerns, and 15% said it was their number one concern. Now, as you reevaluate your approach post-pandemic, prioritizing amenities that enable connectivity and privacy can help you attract more renters long term. As you consider which of your property amenities to update next, it may make sense to redirect funds earmarked for things like gym updates into amenities like in-unit Wi-Fi. This trend also calls for changing how property managers present to prospective renters about their future homes.

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Paint the picture of working at home by annotating office space on floorplans—instead of marking a room as a spare bedroom, for instance—and highlighting features such as natural light and soundproofing.



The digital experience.

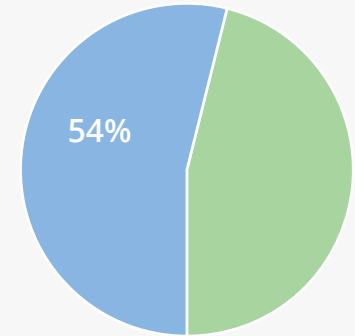
Consumers were already embracing more digital experiences and connected technologies before the pandemic, and COVID-19 appears to have accelerated that shift. Simply put, people want to conduct more of their lives in the touch-free digital realm rather than in-person.

Almost half of U.S. renters who are likely to rent again said they will rely more on online tools to find their next home, and more than 40% say they would consider signing a lease based solely on a digital tour and information. The majority of renters, 77%, would consider everything from virtual walkthroughs and interviews to contracting with a property without seeing a unit in person.

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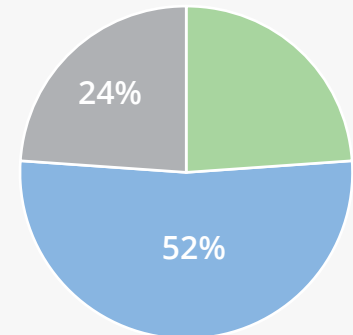
Use of Online Tools

Among U.S. renters who are likely to rent again in the future, the share that will rely more on online tools in their search due to COVID-19



Foregoing in-person visits

Among U.S. renters who are likely to rent again in the future, the share that is willing to sign a lease based solely on a digital tour and info



■ yes ■ maybe ■ no



What this trend means for PMCs:

The most obvious response to this trend is for PMCs to improve the home-search experience for consumers with reliable and engaging online tools, such as virtual 360-degree tours, video chatting with a leasing consultant, the ability to sign a lease online and a website that's populated with lots of photos of the rental community. The less obvious response, perhaps, is a shift toward communication channels that were once considered more personal than professional. Conducting video tours over FaceTime or video chatting with prospective residents to ask about their rental preferences can now be a preferred method of communication.

Improve the home-search experience with digital tools like virtual 360-degree tours, video chat options, electronic lease signing and a highly visual website.

Supply and demand for smart amenities

As people spend more time at home, smart home amenities are quickly becoming even more attractive to many renters. A comprehensive survey on connected products in the multifamily housing industry shows that offering smart home products as amenities drives interest in a future rental for 44% of prospective renters—that's almost half of prospects. And yet, smart home penetration in the rental market is only about 10% right now, indicating a major opportunity for PMCs.

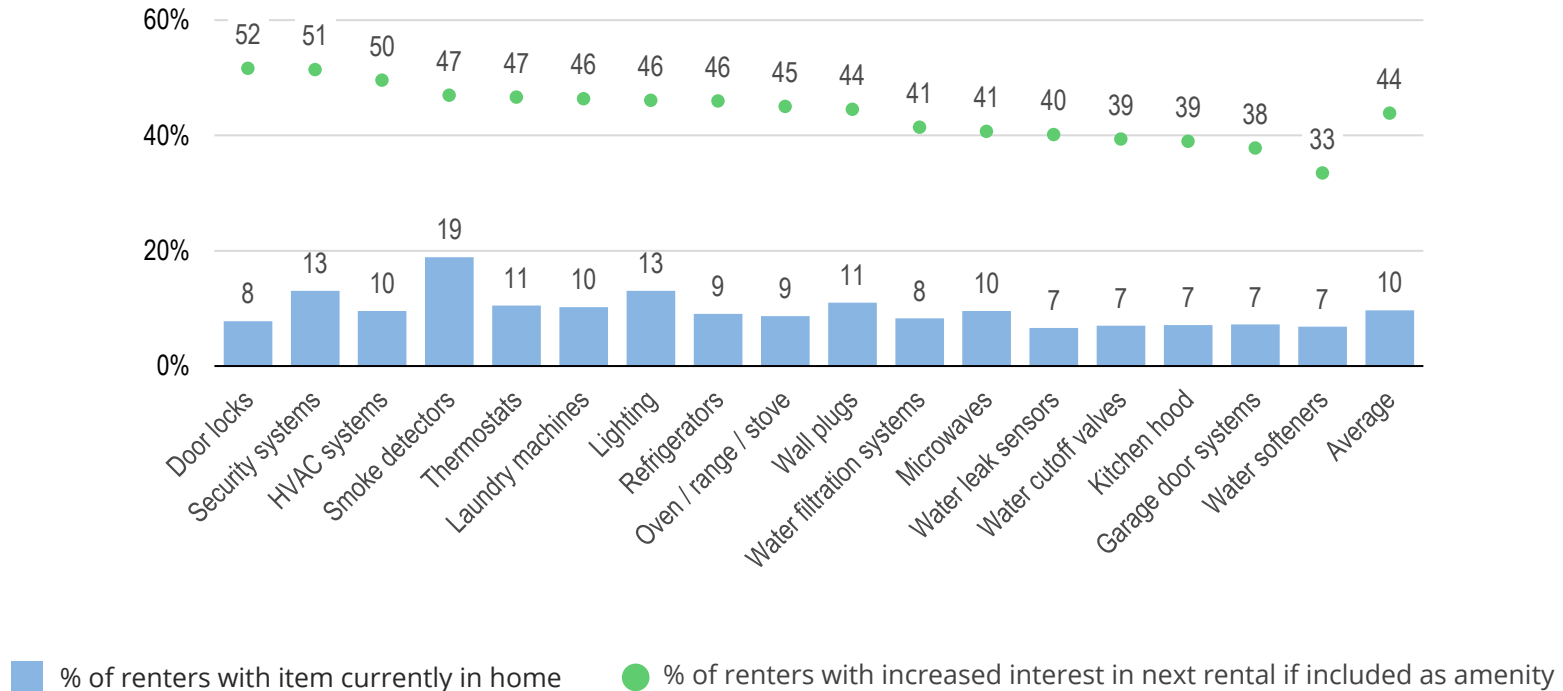
According to the same survey, [The Connected Decade 2020](#), this opportunity is magnified by a gap between what renters want from their units and what's offered to them. The demand for smart home products at rental properties far outweighs the current supply. For example, 52% of people would be more interested in renting a unit that had smart door locks, but only 8% of renters are currently in a unit where that feature's included.



While this chart compares the gap between smart home products offered in rental units compared to renter demand for those products, the chart on the next page compares more common amenities offered to corresponding demand for those amenities. What's clear from the comparison of these two charts is that smart home products are a major gap across rental properties.

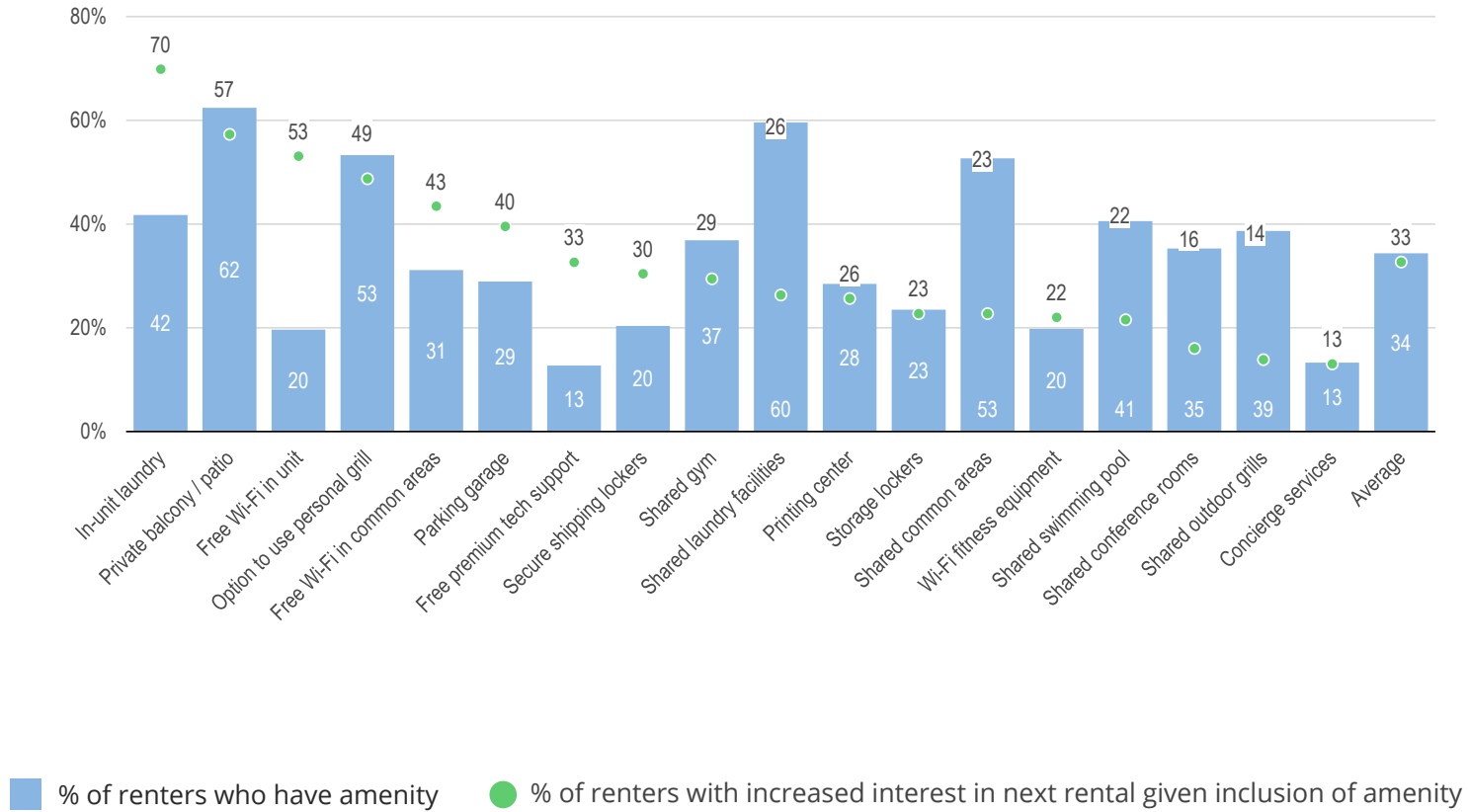
Smart Home Product Use vs. Future Impact on Consideration

Share of U.S. renters that currently use a "smart" (i.e. Wi-Fi-connected) home product in each category vs. the share that would be "somewhat" or "much more interested" in a future rental if it were included



Current Rental Amenities vs. Impact on Future Considerations

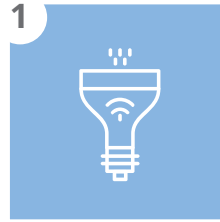
Share of U.S. renters whose current home includes each amenity vs. the share of renters that say each amenity is “essential” or “strongly preferred” for their next home



Given the increased emphasis on working and learning from home, a clear link is emerging between properties that offer connected home amenities and their ability to attract and retain more renters in a post-pandemic world.

With connectivity quickly becoming a necessity, we expect renter demand for connected home products to increase in tandem.

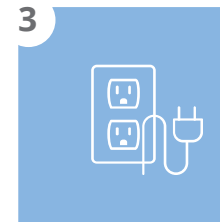
Among U.S. renters who have wirelessly configured a smart home product, these were the top 10 connected products they thought had “significant value.”



1 Lighting



2 Security systems



3 Wall plugs

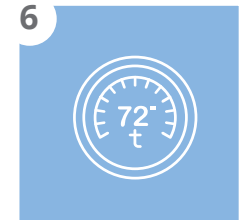


4 Laundry machines



5 HVAC systems

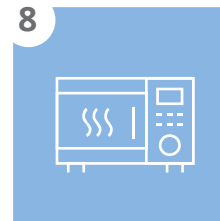
Top 10 Highly Valued Connected Home Products



6 Thermostats



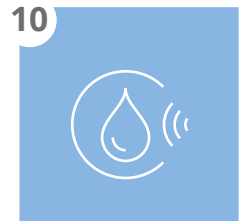
7 Smoke detectors



8 Microwaves



9 Door locks



10 Water filtration systems

What this trend means for PMCs:

Be sure to evaluate the potential NOI impact of smart amenities as you prioritize the integration of new amenities or you update the existing amenities at your properties. With more renters working from home in the future, the value of a technology-driven, smart workspace in the unit is increasing. They could become the major influencing factor when it comes to driving and maintaining occupancy rates.

The value of technology-driven,
smart workspaces in units
is increasing.



Finding opportunity in disruption

Renters have different expectations for their homes today because of COVID-19 and connected technology trends. They're spending more time at home and are more reliant on home amenities to help their lives run smoothly. PMCs can find opportunity for growth in these rapidly changing needs.

In many ways, the pandemic accelerated trends that were already underway, making now the perfect time to step back and re-evaluate what your company offers renters. Making these changes now can return immediate and lasting benefits:

- Reallocate resources** to support in-demand desires. For example, renters see shared community spaces, such as gyms, as less valuable than in the past, but they think in-unit Wi-Fi as an amenity is more valuable.
- Emphasize more **work from home-friendly features** when showcasing units. One tip is to designate a potential home-office space on a floorplan, in both virtual and in-person tours.
- Add more **smart home amenities** in general, such as lighting, appliances and locks. Renters report they aren't being offered enough of these amenities, which presents an opportunity to capture a chunk of underserved market.
- Use **digital tools** such as videos, chat bots and interactive floorplans to make finding an apartment faster and easier, as well as enabling renters to find what they need and make a commitment without in-person interactions.
- Offer flexible lease plans, alternatives to deposits such as surety bonds, adjusted payment plans and other **financial options** that make it easier for renters to secure the home they want in spite of pandemic-driven disruptions.

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