

# MDU Residents Crave Fiber – If They Know About It

**BROADBAND COMMUNITIES'** exclusive, detailed survey, conducted by RVA LLC, shows that MDU residents who use fiber to the home find its advantages compelling. However, only a third of broadband-connected MDU residents are aware of FTTH.

By Steven S. Ross / *Broadband Communities*

**R**esidents of multifamily dwellings crave fiber once they experience it, said market researcher Michael Render of RVA LLC in a presentation at the **BROADBAND COMMUNITIES** Summit. However, only 37 percent of residents Render surveyed in March 2013 in an exclusive study commissioned by **BROADBAND COMMUNITIES** were familiar with the terms “FTTH” or “fiber to the home.” Almost all respondents knew such terms as “cable modem” and “DSL.” Even the relatively new term “gigabit network” is almost as well known as “FTTH.” (Though most gigabit networks are FTTH, not all are.)

Desire for fiber was striking among those in the know. FTTH subscribers, by margins typically around two to one over wireless, DSL and cable modem, professed themselves “very satisfied” with FTTH with regard to download and upload speed, customer service, service uptime and speed consistency. For video quality, the margins were almost as high, with FTTH gaining the edge in every category: video on demand, number of standard and high-definition channels and HD picture quality.

## ADVANTAGES FOR MDU OWNERS AND MANAGERS

Satisfaction with FTTH translates directly into attitudes that affect property values. For instance, 71 percent of residents in an FTTH

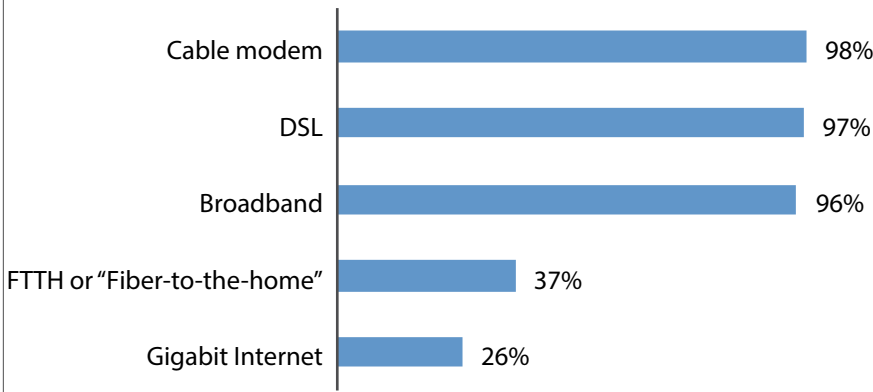
building were likely to be satisfied with their homes overall, compared with 65 percent of users of other types of broadband.

As a result, only 13 percent of FTTH users said they were “very likely” to move from their current dwellings in the next few months. In contrast, 18 percent of users of other broadband technologies said they were likely to move.

High bandwidth is important to all rental segments, and its importance increases as the rent rises except at the very highest rents. Almost half the families paying between \$200 and \$500 a month in rent said they want “higher-than-average” bandwidth. This rose to 74 percent of those paying \$1,501 to \$2,000 monthly rent. Only those paying \$3,000 and above were less concerned with bandwidth than their poorer neighbors. Even so, 44 percent in this group (typically older or too busy to watch TV) said they want more bandwidth.

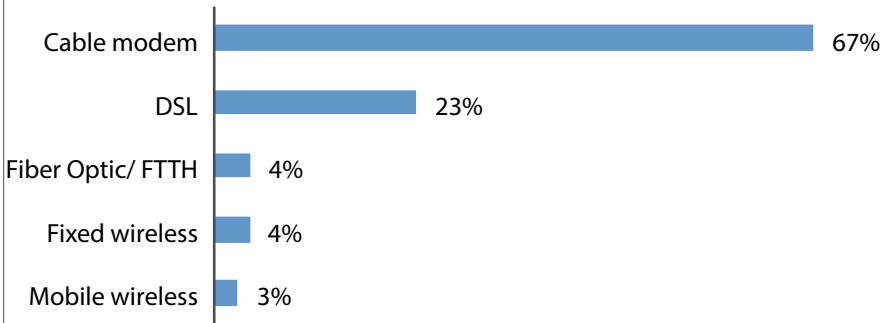
Renters perceived an added value of more than 15 percent for FTTH, translating into \$152 a month extra they would be willing to pay for a \$1,000 apartment. Owners saw an increase of \$4,487 on average for a \$200,000 apartment, which translates into a value increase of only about 2 percent. Render hypothesized that FTTH might add more to rental value than to sales value because renters sign short-term leases and thus think about short time horizons – that is, what a building offers currently. Owners

## Familiarity With Broadband Terms



FTTH still suffers from lack of consumer recognition.

## Primary Residential Broadband Type in Random Sample



Among MDU broadband users at large, cable modem and DSL were the most frequently used technologies.

expect to stay in their apartments longer and pay more up front. They might assume that FTTH will become available at some point in the future, so they would discount the value somewhat relative to renters.

Respondents were consistent in their desire for more bandwidth, no matter how big or expensive the type of MDU. Their desires were about the same whether they lived in high-rises or garden apartments, buildings with more than 250 dwelling units or those under 50.

### COMPARISONS WITH OTHER AMENITIES

Render found in earlier surveys that MDU residents tend to be heavy

broadband users; they spend a high percentage of their free time at home online. Both large-screen and wireless devices fed by wireline are very important to online use at home, regardless of residents' ages.

How does broadband stack up against other amenities? Once

location and the basics (heat and air conditioning) are out of the way, there are five key amenities: floor plan, laundry facilities, appliances, broadband and parking. They all ranked about the same – mentioned by 78 to 82 percent of the respondents. In contrast, outdoor recreational activities, pools and gyms were mentioned by only a third of the respondents.

### TELLING THE STORY

Among broadband users in the entire random sample, cable modem and DSL were the technologies most often used – 67 percent got their broadband from cable TV providers and 23 percent used DSL (including FTTN, or fiber to the node). Only 4 percent subscribed to FTTH. If cable and DSL users tend to be unaware of FTTH, how can an MDU owner or manager or a condominium homeowner association use a building's FTTH network to attract prospective residents?

In the sample, only one of six residents who moved in the past four years received written broadband information from building management before moving in. Another 25 percent got an oral description of broadband services within the building. Though 16 percent did not recall receiving information, 42 percent said they absolutely had not.

One reason prospective tenants and owners may not ask about broadband is that they often take broadband availability as a given. Awareness has been growing, however. Among those who moved into their current homes in the last four years, a third said they specifically asked about broadband within the building. Among those who moved into their current apartment

Fiber-to-the-home customers tend to be very satisfied with their Internet and TV services and with their homes overall. They are willing to pay more rent and less likely to move out.

between five and eight years ago, fewer than a quarter had asked. Among longer-term residents, only 6 or 7 percent had asked.

Given that time is short in meetings with prospective tenants and there is so much to discuss, what should MDU owners and managers (and their broadband providers) focus on? Connection speed is clearly at the top of the list. Higher-than-average speed was mentioned by 67 percent of the sample. This is followed by desire for a choice of broadband providers and by desire for many standard TV channels (both mentioned by 62 percent of respondents). A strong HD channel lineup was mentioned by just 55 percent, and choice of video providers was mentioned specifically by 52 percent.

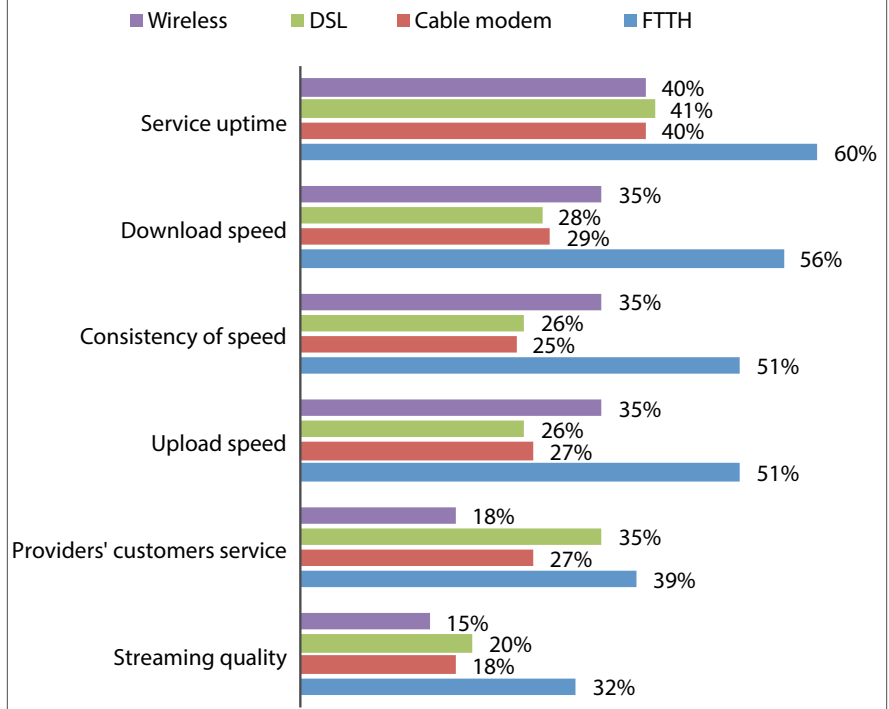
At first blush, a greater interest in broadband speed and choice than in channel lineup and video choice may seem surprising. But as more residents abandon standard cable lineups to get video through their Internet connections, it makes perfect sense. Indeed, only 43 percent of respondents said they had asked about the building provider's video-on-demand service. They roll their own with Netflix or other over-the-top services.

This does not mean building owners and managers should pay less attention to the standard video experience. Indeed, residents and property owners and managers agree that though network speed is supreme, providing various aspects of a great video experience is key to success. Property owners and managers were surveyed about this in spring 2012 (see the May-June 2012 issue of **BROADBAND COMMUNITIES** for details). Their responses line up nicely with the responses of residents in this year's survey.

### UNDERSTANDING BROADBAND USE HABITS

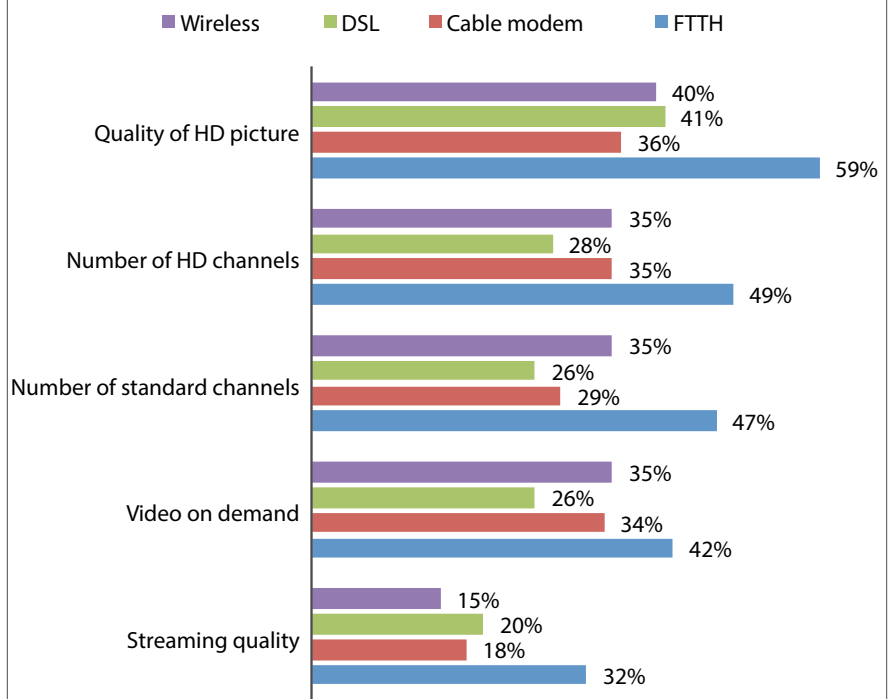
This survey confirms that users now spend far more time online at home (5.1 hours during a typical weekday) than watching traditional cable or over-the-air TV (two hours). The online total includes 1.4 hours a day at home handling work or business chores and

## Residents 'Very Satisfied' With Broadband



FTTH customers are, by a wide margin, more satisfied with their Internet services than users of other broadband technologies.

## Residents 'Very Satisfied' With Video



Satisfaction with FTTH video services is also well above satisfaction with video provided through other technologies.

an hour communicating with friends via email or social media.

Contrary to popular wisdom in the consumer electronics industry, although 39 percent of respondents owned tablets and 62 percent owned smartphones, they spent all but a small fraction of their time at home on traditional desktop or laptop computers. Almost all owned either a laptop (77 percent) or a desktop (53 percent).

What's more, usage patterns were similar among young and old, although the 40-plus crowd was much less likely to use a phone for email and more likely to use a desktop or laptop than the 18-to-39 age group and was also somewhat more likely to watch TV. MDU owners and managers should, of course, fine-tune their offerings for the age groups they wish to attract, but they should not base their marketing on untested assumptions.

Younger males were more interested in advanced TV experiences – for example, larger screens and 3D – and females were more interested in better home and pet monitoring and (by a slight margin) online shopping. However, the differences among segments were not large and in fact are barely significant.

Ease of use remains a major barrier to residents who wish to use broadband technology. For example, 35 percent of the respondents said they already connected Internet video sources to their televisions, but more than twice as many (75 percent) would connect programming sources (including additional video sources) to their TVs if doing so were easier. The proliferation of special set-top boxes for individual Internet video sources has not helped – and is finally being dialed back.

## PERCEIVED HOME VALUE INCREASE DUE TO FTTH/ADVANCED WIRING

	Increased Value	Percent
<b>Condo valued \$200,000</b>	\$4,487	2%
<b>Apartment monthly rent \$1,000</b>	\$152	15%

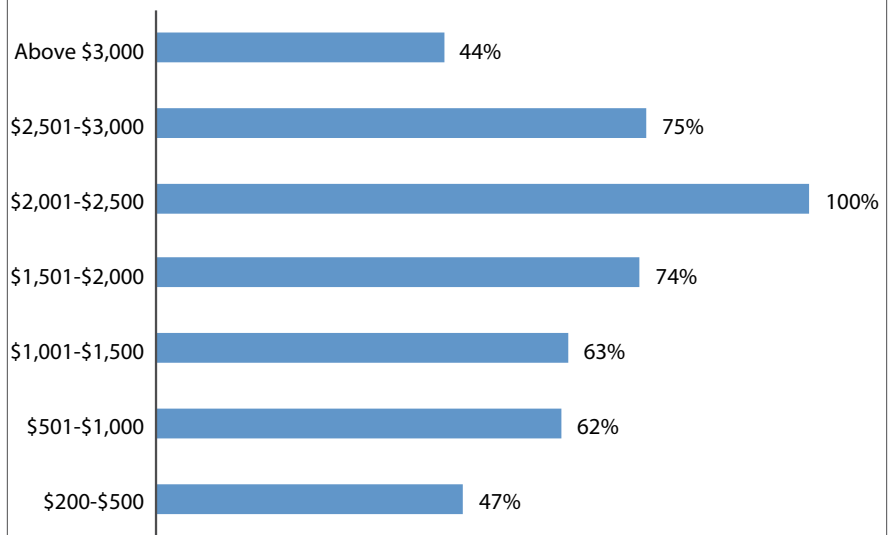
FTTH may add relatively more value to rent than to sales price because renters have shorter time horizons. Owners may assume FTTH will become available at some future time.

## Very Likely to Move in Next Few Months



Residents in an FTTH building are less likely to move away than are users of other broadband technologies.

## Importance of Above-Average Broadband Increases With Rent up to \$2,500



Bandwidth is important to all rental segments, and its importance rises as rent increases except at the very highest levels.

Likewise, 66 percent said they already connected tablets or other handheld devices such as cellphones and laptops to Wi-Fi, but 87 percent

would connect more devices if doing so were easier or totally automatic. Providers typically reserve some fixed Wi-Fi router addresses for their own use, for example, so adding, say, an iPad to the mix along with existing laptops can freeze the router.

## TALKING UP FTTH

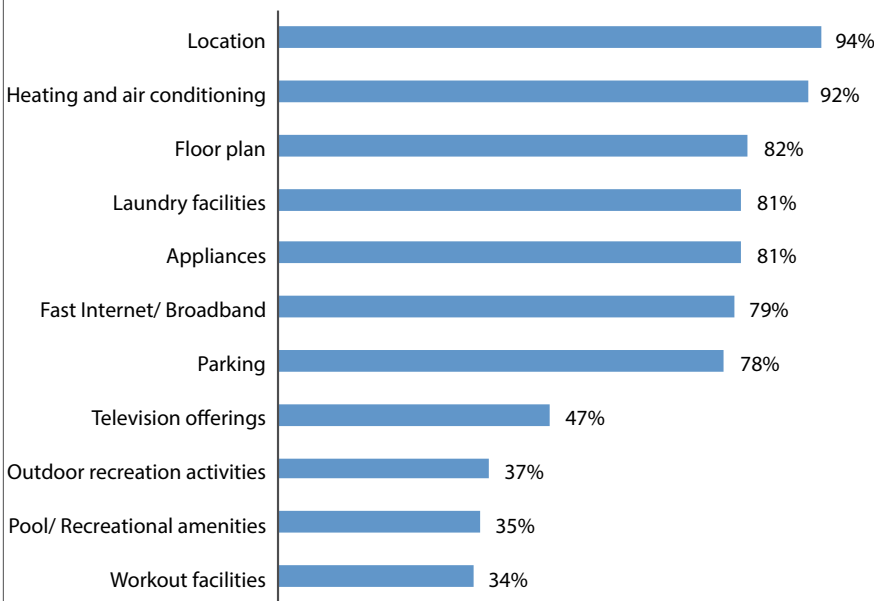
Fiber to the home has so many technical advantages that highlighting them should be easy, but these advantages must be explained in a way that gives residents some understanding of how FTTH improves specific services. In

## Broadband Speed Is Important to Residents of All Types of MDUs



No matter the size or type of MDU community, residents value high broadband speed.

## Importance of Building and Home Amenities Among Residents Considering Moving



Nearly four of five MDU residents considering moving regard broadband as a key amenity.

this survey, for instance, Render asked respondents to test their connection speeds using Speakeasy. On download speed, FTTH averaged 50 percent faster than cable, twice the speed of wireless and more than three times the speed of

DSL. On uploads, the advantage was far more obvious – four to one over cable modem, six to one over DSL and 12 to one over wireless.

Upload speed is already important for such uses as video Skype and

MDU owners should use fiber broadband as a marketing tool for their properties.

uploading images to a cloud server.

Bandwidth caps, almost unheard-of in the FTTH world (except for a few small providers who worry about interconnection fees), are increasingly being noticed among wireless users (15 percent) and even among DSL and cable modem users.

Stability is vital for telehealth and security services and for ease of use generally, and FTTH is far more stable than other broadband technologies. Respondents reported half as many reboots per month for FTTH as for cable, as well as fewer service calls.

Social media (which amplifies word of mouth) may be a more efficient way to explain FTTH than handouts to prospective tenants. For instance, 20 percent of wireless subscribers said they were aware of other MDUs with better broadband service and so did 16 percent of cable subscribers – but only 7 percent of FTTH subscribers did. News about speed and reliability is the most commonly spread, but information about cost or basic bulk video service availability also spreads by word of mouth (12 percent of the sample had bulk service available – that is, basic video included in the rent).

To put it another way, fiber is the light fantastic, and it is being hidden from the MDU market! ❖

Corporate editor Steve Ross can be reached at [steve@bbcmag.com](mailto:steve@bbcmag.com).

Additional charts and tables appear in the digital edition of this article, online at [www.bbcmag.com](http://www.bbcmag.com).