Everything Is Coming Up Bulk

Why the multifamily industry has been shifting toward a bulk broadband model.

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Perhaps you have noticed more apartment communities shifting to a bulk business model for broadband service. This happens for many reasons. Consumer preferences and uses of broadband changed wildly in recent years because remote work, streaming entertainment, the internet of things (IoT), and even consumer-owned IoT devices all rely on broadband. As these needs and preferences vary, bulk broadband begins to make more sense for many multifamily owners. Let's examine some reasons why.

EASE OF USE

According to the 2022 NMHC/Grace Hill Renter Preferences Survey, which features input from more than 221,000 renters, more than 80 percent of surveyed renters consider immediate availability of internet service very important or absolutely essential, and more than half want bulk internet that provides seamless connectivity in their apartment communities.

This data shows that consumers want access to always-on, ready-to-go internet service as soon as they move into a property. They don't want to wait for the arrangement of services and installation to get everything set up and functioning. Residents want to connect immediately so they can surf, stream and send.

Many residents don't actually care who their provider is or what technology is deployed. They just want service that is always on and works well. This explains much of the industry's shift toward a bulk broadband model. It is ideal as a leasing tool, showing new prospects that the monthly rent includes broadband services, and that they will have service the day they move in. Moving is the third most stressful life event. Anything that can relieve a new resident's stress during that challenging time creates a positive perception.

MANY PRO-CONSUMER BENEFITS

Bulk broadband has several pro-consumer benefits. Service delivered via bulk is typically faster and more reliable, has a higher service standard, and – importantly – ends up being more cost-effective than internet serving a single household. As the FCC has long recognized, bulk service offers multiple benefits. These include lower rates, elimination of credit checks and deposits, seamless propertywide service, and support for a range of IoT applications. Bulk service can be a cost-effective way of providing high-quality broadband service in senior and low-income housing as well as other environments.

The best way to achieve this in affordable housing settings or cases in which a provider's return on investment would be too low is often by means of a bulk service arrangement or propertywide Wi-Fi offering that guarantees connectivity to all residents.

Indeed, more than a decade ago, the FCC ruled that bulk service offers many benefits to subscribers, especially in senior housing, student housing and low-income residences. One is a lower subscription rate. When the commission last ruled on the issue in 2010, it also noted that bulk billing arrangements promote the deployment of security channels, closed-circuit monitoring, and Wi-Fi broadband access in common areas, among other benefits.

In today's market, bulk billing arrangements allow propertywide, seamless, always-on broadband service, which is convenient for residents and allows the property owner to implement an integrated set of IoT management tools ranging from security features to energy monitoring. Bulk arrangements also allow service providers to dispense with credit checks and security deposits because the owner is committed to paying the cost of delivering service to every resident.

Senior housing and student housing are unique communities heavily reliant on the bulk model. Bulk allows addressing digital equity issues, whether for low-income college students, low-income seniors or seniors who don't have the desire, ability or knowledge to use broadband. It helps remove one barrier to adoption.

OWNER CONSIDERATIONS

Obviously, there are many benefits for residents when utilizing a bulk broadband model. There are also some considerations owners thinking of shifting in this direction will want to ponder.

Multifamily owners should ensure that any contracts they have with providers for a bulk agreement include very strong protections and maintenance provisions. Agreements should incorporate holding providers accountable regarding technology upgrades to ensure that property needs are met. Whether they need to ensure overall connectivity, stability of the IoT backbone, or resident approval, owners must guarantee they are covered down the line for new technology needs. For example, if the current market demands an owner deploy 500 Mbps, but four years later, the new standard is that everyone needs 1 gig or more, owners need to make sure their providers will come back and actually maintain and upgrade that service to the standard of the time.

Streamlining broadband with bulk services and adding a managed Wi-Fi solution allows the connection of cost-saving IoT devices. Especially in vacant units, this can make a big difference in community operational costs. Leak-detection devices and connected, controlled thermostats help properties avoid catastrophic costs attributable to infrastructure issues. Managed Wi-Fi also contributes to the ability to immediately adjust temperatures in multiple vacant apartments in states experiencing challenges with their electricity grids, contributing to overall infrastructure goals both within a state and across a portfolio.

A small universe of people doesn't want building owners to make the decision for them, because they want to be able to choose. Multifamily owners typically try to make the best decisions for all residents and do what is best for the buildings themselves. The market for broadband services in multifamily is generally hyper-competitive.

Though some may argue that bulk arrangements are anti-competitive, that is really not true from a business perspective for the providers. On the front end of a new development or in a redevelopment where owners are trying to bring in providers to deploy bulk, that provider competition to get into the property – to offer the better product, the cheaper product, the faster product –

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is just as intense. It is not uncommon for multifamily owners to talk to five or six different providers about providing a bulk service model, and they often select the company that has a truly stellar product that will serve the residents and the property extremely well.

The issue is no longer about choosing among providers, which many multifamily owners still offer. It's about knowing owners give the best interests of residents top priority, which drives them to choose providers that can deliver the best service to meet their needs. Bulk creates those opportunities for providers that have been wanting to get in the door. Many multifamily companies want to get into bulk or managed Wi-Fi, and now those providers have a seat at the table. Multifamily owners and developers should ensure they cast their nets far and wide so that they get proposals from a good number of companies. Residents who may want service from a particular provider will be drawn to apartment communities that offer the services they desire, so competition is alive and well.

PROVIDER CONSIDERATIONS

Real estate has always been a relationship business, and it is also a reputation business. This is especially true where technology is concerned, due to slow adoption that often happens in the multifamily sector. Many multifamily owners will wait and see what works well for others and get input and recommendations from their peers. It is helpful for providers to understand the multifamily industry and really work to understand all the nuances.

That is accomplished by developing relationships with potential clients at industry events such as NMHC OPTECH and the **BROADBAND COMMUNITIES** Summit and by

developing one-on-one relationships in local markets and nationally so that when companies have a need, they naturally think of you. A single-family home type of product or an approach in which the goal is just to overlay onto multifamily for access to more customers just doesn't work. It is really about understanding a building's construction and the needs of both owners and residents. Each apartment community is different and requires different things. At the end of the day, those who have good products and build good relationships will be successful in the multifamily market.

WHY BULK?

The number of people served well by bulk, the ease of use, and now the support it provides to the IoT smart-home ecosystem is evident. Bulk broadband has become about more than just providing internet access. It is now about an entire ecosystem that can serve multiple needs well. ❖

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