

Fiber, Multifamily Housing And the Economy

All new multifamily buildings should include fiber. It adds value and ensures residents the fast, reliable broadband they demand.

By Heather Burnett Gold / *Fiber Broadband Association*

From young people just starting out to retirees looking to downsize, multifamily homes are an increasingly popular option in the United States. Much of the recent growth in popularity appears to be the result of an increase in demand for multifamily units following the collapse of the housing market and the recession that followed. According to the Department of Housing and Urban Development, approximately 32.6 million residences, or 24.6 percent of U.S. housing today, are in multifamily dwellings. These homes are in apartment buildings, condominiums, townhouses and mixed-use developments.

The latest data from the Federal Reserve Bank of St. Louis illustrates this growth. According to its analysis, multifamily unit construction has accelerated to a level that has not been seen since the mid-2000s. Better yet, the rate at which projects are completed closely tracks the rate at which they are started, indicating strong demand and a healthy market. Since 2012, private fixed investment in commercial structures has increased by more than 13 percent per year on average.

The growth in multifamily housing over the past few years has been a boon for the U.S. economy. First, these construction activities are a significant source of job creation. Second, real property prices have exceeded their prerecession peak, increasing at a faster rate than other real estate sectors, including office and retail property prices. Last, filling these properties with residents brings much-needed tax base increases to local areas.

FIBER IS A DIFFERENTIATOR

As a result of the significant growth in multifamily construction, developers are looking for ways to differentiate their residences. One emerging trend is to create “fiberhoods” in multifamily developments, providing high-speed, fiber-fed broadband to every unit. According to research by RVA LLC for the Fiber Broadband Association, fast, reliable broadband is now rated the single most important amenity for residents moving into multifamily buildings. Broadband is more important to residents than a pool, 24-hour security monitoring, covered parking, gym access or even cable TV. In fact, nearly 50 percent of new buildings constructed in 2016 included a fiber connection for each living unit. And the federal

government has given this movement an important nod by requiring the installation of broadband infrastructure in certain Housing and Urban Development–financed multifamily rental housing projects, beginning in January 2017.

Along with its research on amenities, the Fiber Broadband Association found that fiber is part of the virtuous cycle of economic development driven by multifamily housing. Specifically, surveys of MDU residents in the United States and Canada showed that fiber broadband increases rental and property values in multifamily units by 8 percent and 2.8 percent respectively. Higher rental and sales values mean better bottom lines for MDU owners and operators. Further, fiber can add an estimated 11 percent to net income for MDU owners and operators per average apartment unit.

We at the Fiber Broadband Association believe that 100 percent of new buildings should include fiber. Fiber is the best way to connect Americans to fast, reliable and reasonably priced internet access. Deploying fiber is cost-effective, labor-effective and less intrusive than deploying other technologies. And the fiber industry has developed fiber cabling that can be bent, tied into knots and even stapled with no significant reduction in performance. That makes fiber cable easier to install in ways that keep it, as the saying goes, “out of sight, out of mind.”

In our commitment to accelerating fiber broadband deployment, we’ve been looking for ways to help owners and developers get their buildings “fiber ready.” We recently released a white paper with specific guidance for optimal fiber deployment in residential buildings, making sure to outline and walk through each step of the deployment process, from building preparation and pathway development to installation methods.

Our nation’s communities, businesses and economy are fiber-ready, so our residential buildings need to be fiber-ready as well. A fiber future for multifamily housing is a fiber future for residents, for neighborhoods and for all of us. ❖

Heather Burnett Gold is president and CEO of the Fiber Broadband Association, a nonprofit association whose mission is to accelerate deployment of all-fiber access networks. You can contact her at hbgold@fiberbroadband.org.