

Property Owners Can Be Internet Providers

A new model for multifamily broadband is gaining traction: Owners are investing in fiber connectivity and offering high-quality bulk internet service to residents.

By Jim Sauter / *NovaONE Networks*

The millennial rental boom is changing tenant expectations for internet connectivity. Millennials are propelling a major rental market increase. Though many are saddled with student loan debt and make every attempt to live economically after college, they were raised in the internet age and can't imagine life without high-speed broadband.

Property owners are building apartment communities for millennials with attractive amenities such as communitywide Wi-Fi and indoor and outdoor electrical charging stations. Streaming movie and cable services, video conferencing, working online and shopping online are staples of millennial living. Apartment communities that cater to this population should be fiber internet capable. Being able to say a building is “fiber connected” is a valuable marketing tool that can make an apartment building stand out.

In fact, being able to market properties as gigabit capable is becoming increasingly necessary as internet is considered a must-have, just like electricity. For millennials, social media

and streaming video and movie services have replaced the traditional weekly sitcom. These amenities are the basis of entertainment and require a fast, reliable connection.

Many apartment owners and property management companies see these millennial necessities as a challenge (for older buildings) and as an opportunity. In either case, they are increasingly likely to take matters into their own hands rather than wait for telephone or cable companies to deliver the services their residents demand. Owners invest in bringing fiber to the building and then include high-speed internet with the rent. Some provide gigabit service for all residents, and others offer a lower basic level of service and make upgrades available for purchase.

Of course, most property owners have no desire to become experts in network installation or get into the tech support business. They can outsource these tasks – and still remain in control of the service delivered to residents – by working with companies that provide complete, turnkey solutions and even retrofit buildings with modern wiring and/or Wi-Fi options if needed.

As an example, NovaONE Networks brings in fiber internet – typically gigabit – connections and then walks owners through the process of delivering internet service to tenants. In most cases, landlords include internet service in the rent, but many offer upgrade options that cost considerably less than comparable service from phone or cable companies.

Being fiber connected is a valuable marketing tool that can make an apartment building stand out.

608 Real Estate offers 100 Mbps symmetrical internet access as an amenity to residents of 3twenty Apartments in Madison, Wisconsin.



Photo Credit: M5 Creative

Property owners that offer internet don't necessarily have to offer voice and video services. Providing these amenities is complex and time-consuming and involves complex billing systems and support structures. In addition, millennials are much more interested in high-speed internet than in traditional phone and cable TV. The great majority of residents are satisfied with a simple connectivity package. If tenants need services above and beyond the package, it's important that they have the option to call the phone or cable company for service. (In 3twenty Apartments, the building shown here, both phone and cable company services are available to residents.) "Keep it simple" is NovaONE's philosophy, and "simple" high-speed internet is what millennials demand.

BENEFITS TO PROPERTY OWNERS

There are a lot of options for fiber connectivity, including many options property owners aren't even aware of. A turnkey solutions provider with expertise in the fiber leasing market can secure better pricing and terms

for connectivity and help property owners through the process of becoming an internet service provider. This allows a landlord to pass some or all savings on to residents and provide internet service that is better and cheaper than the alternatives. This increases the marketability and revenue intake of their buildings.

There are some caveats. Illegal, unethical or inappropriate internet usage by residents can be an issue. Owners should address the liabilities involved with internet access before they start the process.

Another problem is that older buildings may have poor infrastructure that makes it challenging to deliver low-cost, high-quality service. However, with wireless and innovative hardware now available, fast, high-quality internet can usually be delivered over existing wiring.



Fiber optic termination enclosure, main distribution frame and patch panel in 3twenty Apartments.

A solutions provider can educate landlords about the pros and cons for tenants and property owners. For example, NovaONE developed a dynamic model rooted in partnerships with national fiber providers and integrators. This model can help property owners make the best choices about internet connectivity for their properties.

Property owners should consider a number of possible scenarios. Some owners just want to market their buildings as “fiber connected” to attract tenants; they don’t want to get into the details of setting up service or internal infrastructure. Other owners want to provide a full-scale ISP service for tenants.

BENEFITS TO RESIDENTS

When internet service is bundled into the rent, cost-conscious tenants can factor it in as a necessity and include it in their budgets. Ease of access for residents is another huge benefit of bulk

broadband service. Instead of waiting for a phone or cable technician to show up at move-in, residents can have their internet turned on when they are handed the keys.

Fiber-based internet speeds are typically synchronous – upload and download speeds are the same. This is becoming more and more important with gaming and cloud-based services. Residents who work from home also appreciate fast upload speeds.

Though some phone and cable companies offer bulk services – even gigabit bulk services – they typically want to be sole providers and monopolize the building. This drives out competition, limiting tenants’ options. Millennials appreciate having options available to them.

Though millennials are the most obvious market for this model of internet service, it is applicable to other segments of multifamily housing. It’s possible to get fiber into just about

any building at a reasonable price. In properties (or property portfolios) that cater to many different generations, owners can sometimes take advantage of differing generational demand patterns to increase their bandwidth oversubscription ratios. For example, millennials use the internet at different times from, say, residents of a senior apartment building.

In summary, property owners can provide competitive internet service in their buildings while still focusing on what they do best and what interests them – leasing their space and maximizing value for themselves and their tenants. ❖

Jim Sauter founded NovaONE Networks in 2010 to provide experienced, unbiased telecom consulting and independent agent services that help businesses manage telecommunications services and reduce expenses. Learn more at <http://novaonenetworks.com>.



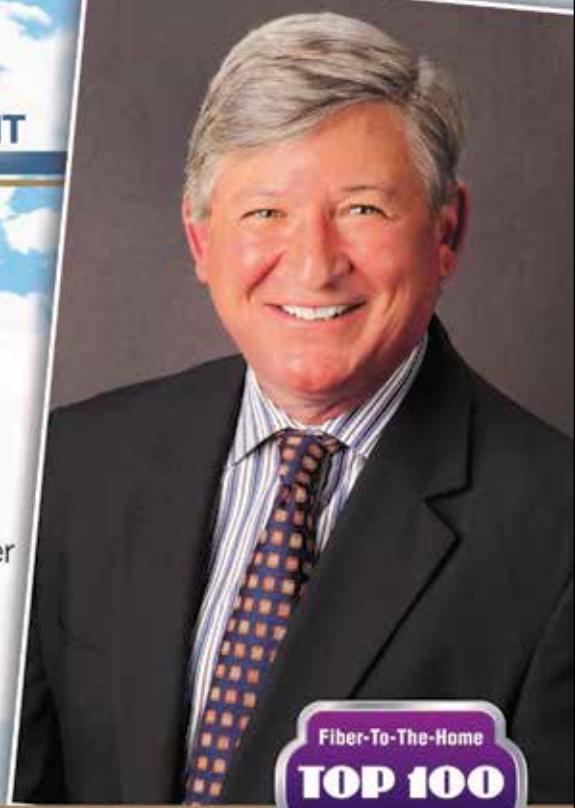
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