



WHITE PAPER

Modernizing Multifamily Housing: Retrofitting Access Control

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Kwikset



Modernizing Multifamily Spaces: Retrofitting Access Control

The multifamily housing market is facing a slowdown in new construction due to high financing costs and changing economic pressures, driving owners and operators to reimagine how to optimize their existing portfolios. One of the key areas they are examining is property technology, also known as “proptech,” and in particular, modern access control solutions. For many owners and operators access control is the first area they examine when considering proptech and smart building investments.

This white paper explores how owners and operators are responding to shifting conditions by retrofitting solutions, particularly access control, into their existing properties. It provides insights into how retrofitting is being used to justify rents, increase asset value, improve operational efficiencies, reduce cost, and improve resident satisfaction. It examines how new access control solutions are being used to lower total cost of ownership compared with mechanical systems and how companies are deploying these technologies into even unconnected properties.

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Overcoming the Multifamily Slowdown

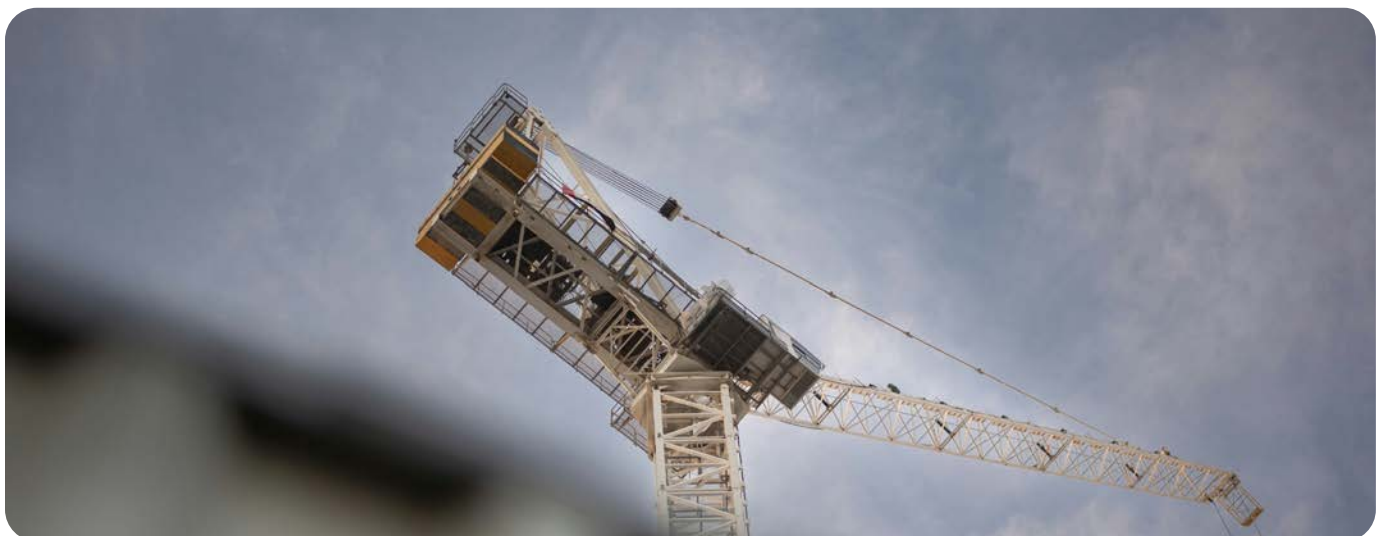
New multifamily construction is at a ten-year low. This slowdown is widely expected to last until 2027, given current market conditions – high financing costs, a worker shortage, tariffs enacted by the Trump administration increasing the cost of materials, among other barriers. At the same time, the market is increasingly competitive – a historic amount of new inventory hit the market in 2024, with more on the way in 2025 – some 1.5M new residential units across both years.

With the slowdown in construction – and new competitors coming online – owners and operators are looking to new areas to create enhanced value and justify rents. This includes optimizing their existing assets.

Defining Smart Building

Smart building solutions manage and optimize building operations, typically through Internet of Things (IoT) devices, sensors, and software.

Solutions collect and analyze data, automate control, and enable new use cases and functions.

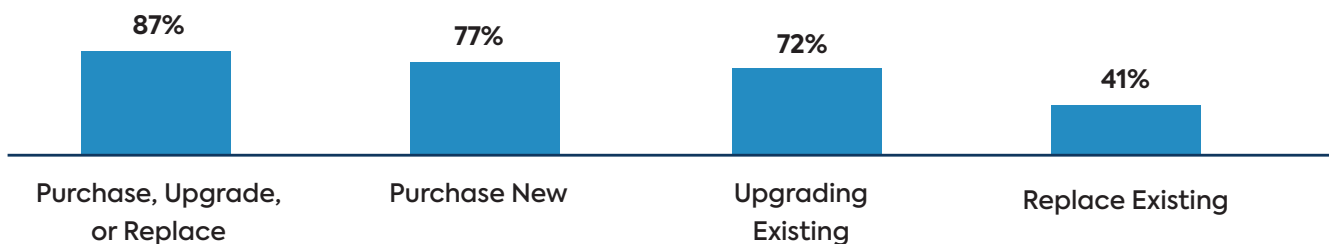




New Trends in Retrofitting PropTech

Retrofitting is gaining momentum in multifamily housing. While many companies deploying proptech and smart building solutions into multifamily properties report that new construction is the bulk of their projects, demand for retrofitting is soaring – especially for solutions that can be deployed in place without requiring additional renovations.

Plans on Purchasing, Upgrading, or Replacing Smart Building Solutions Within the Next Year



In fact, in Parks Associates' 2024 study of multifamily owners and operators, nearly 90% reported plans on deploying, upgrading, or replacing tested smart building solutions in the next 12 months on at least one of the properties they owned or operated. Nearly three quarters report plans to upgrade an existing solution in a current property.

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The reasons for this trend are multifactor:



The value of proptech and smart building solutions in improving operating efficiencies, reducing costs, and attracting and retaining residents is becoming increasingly well-understood among investors.



Existing properties are seeking to compete with the historic amounts of new inventory hitting the market.



Owners and operators are seeking to justify rent increases by improving the value proposition for residents.



New construction is slowing and investors are seeking other avenues for generating returns on their investments.

Retrofitting proptech improves property longevity and asset value, allowing for improved cash flow. Owners and operators have reported seeing numerous benefits from their investments into proptech and smart building solutions.

Average Reported Impact of Smart Building Deployments

 **20%** **INCREASE**
OPERATING EFFICIENCY

 **18%** **REDUCE**
OPERATING COSTS

 **16%** **LOWER** PROPERTY
INSURANCE COSTS

 **19%** **REDUCE**
ENERGY COSTS

 **18%** **REDUCE**
WATER COSTS

 **21%** **REDUCE** SAFETY/
SECURITY INCIDENTS

 **15%** **INCREASE**
RENTS

Participants in Parks Associates' 2024 reported their smart building deployments had an impact varying between 15-20% on average for tested metrics.

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Property Technology and Smart Building Benefits

Property technology offers many different benefits in multifamily housing, ranging from providing valued amenities to tenants, to increasing operating efficiencies, reducing costs, and enabling new use cases.



Smart Building Benefits

IMPROVE RENTS

- Meet the expectations of residents and prospective residents
- Provide valued amenities and features and an elevated lifestyle
- Offer safe, secure, and convenient living

INCREASE EFFICIENCIES

- Automate time-consuming menial tasks such as buzzing in visitors or guests, or setting the thermostats in vacant units during a freeze
- Reduce need for maintenance worker to pull keys to enter residential units or other parts of the property

REDUCE COSTS

- Identify and mitigate water leaks before they cause catastrophic damage
- Reduce the risk of kitchen fires through automatic shut-offs
- Control energy consumption in common areas and empty units

IMPROVE SAFETY AND SECURITY

- Reduce & prevent unauthorized persons from entering the property
- Keep records & audit trails of who accessed secure areas & when
- Identify loiterers & potential thieves in sensitive areas of the property



Retrofitting in Access Control: Key Considerations

For many owners and operators looking at making proptech and smart building investments, access control is the first area they examine – and for good reason, as modern access control solutions are a win/win/win for residents, on-site staff, and owners and operators.

Proptech solutions enhance safety & convenience, while also improving worker efficiencies and supporting new use cases.

Access control solutions may be composed of one or multiple parts – a gate and intercom system in the case of gated communities, an intercom or buzzer on a base building, access restricted elevators, restricted amenity rooms, and smart door locks on residential units. Oftentimes, access control solutions are integrated with other solutions such as self-guided touring solutions, maintenance management platforms, and delivery services such as Amazon Key, or even smart concierge platforms.

Key Benefits of Access Control Solutions

- Enhance community safety and security by restricting access to authorized persons
- Remove the need for on-site staff to buzz in delivery drivers
- Reduce incidents of residents locking themselves out of their units
- Minimize key and fob replacement costs
- Provide maintenance staff and contractors access to residential units or restricted areas, cutting down on the need to pull keys
- Create a log of contractors and other workers entering and leaving the property or residential units
- Allow residents to remotely grant access to the property or their units for services such as delivery drivers, cleaners, dog walkers, etc.
- Provide self-guided tours to prospective residents
- Support centralized leasing efforts

Access control is a desired resident amenity. Safety and security are of great interest to residents and prospective residents, with multifamily residents in a recent Parks Associates study rating the importance of security systems in their next home and community at the same level of importance as they rated a fitness center or gigabit internet speeds¹.

Next-gen solutions that support mobile credentialing, allow smartphones – or even smartwatches – to serve as a key to residential units or to the property, providing great convenience to residents. Guest access and guest management solutions also make it easier for residents to admit their visitors onto the property, compared to having to traditional callboxes or having to collect visitors in person.

RETROFITTING IN ACCESS CONTROL

What to Consider

The multifamily housing stock is decades old, and many units are located in properties that were not originally designed for broadband internet or cable TV, much less Internet of Things or smart building solutions. This means that infrastructure is a key concern for those retrofitting in new solutions.

According to data from the 2023 American Community Survey, only 4% of renter-occupied units are in a property five years or younger, and over 40% of units located in properties over 65 years old.*

Cloud and Wi-Fi vs. Local Networking

Smart building solutions, including access control, require some type of network to operate. Many key decision makers have identified Wi-Fi as their network of choice for enabling IoT deployments – Wi-Fi is a common standard, widely supported by IoT devices, with no vendor lock-in, that supports a wide number of potential devices and use cases.



*The average renter-occupied apartment is located in a property built 45-65 years ago.

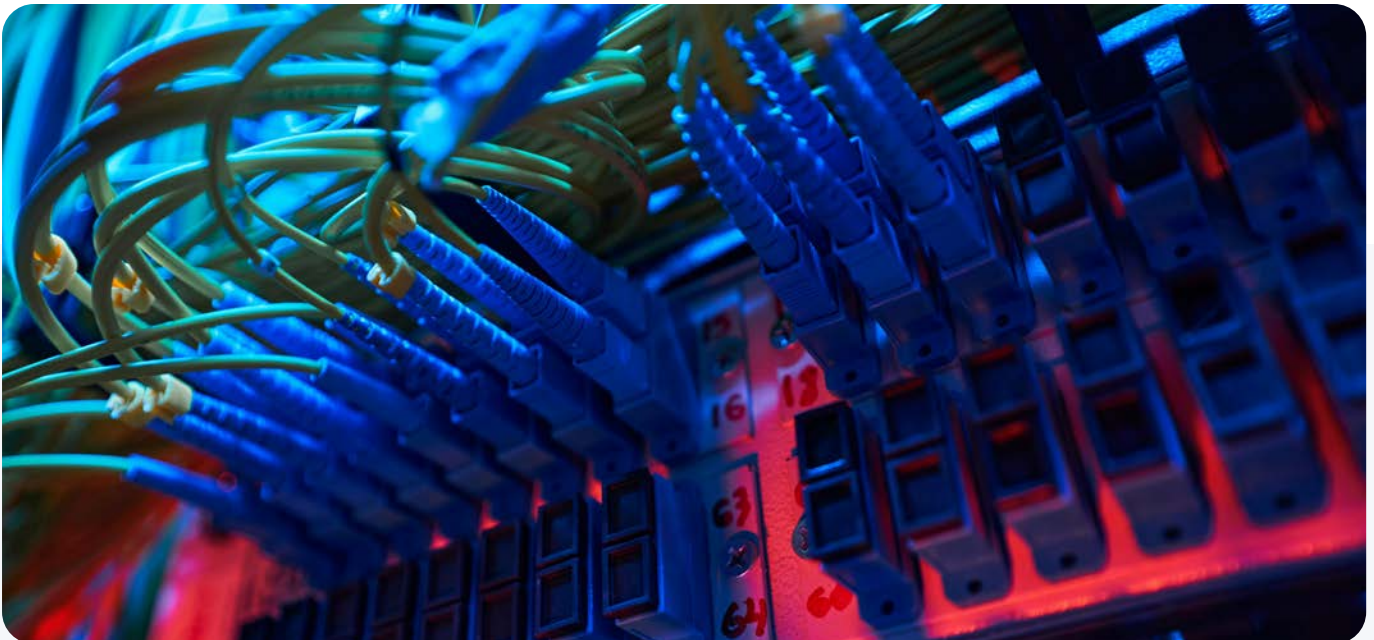
However, adding in Wi-Fi networks throughout the property also commonly means retrofitting in internet cabling – either fiber or Ethernet cables, nowadays commonly CAT 6 or higher – which can be an expensive and time-consuming proposition, depending on the type of building and how it was constructed. It is also disruptive to residents and takes both time and resources to manage.

Offline solutions allow companies to avoid these expenses and headaches but require a regular schedule of battery checks and replacements as well as firmware updates. Residents need to be manually removed from locks during the turnover process.

For properties looking to new proptech and smart building deployments, these are the tradeoffs that must be considered.

Owners and operators have sought to offset this cost – and generate new revenues – by offering bulk internet and property Wi-Fi to their residents, services that are well-received by residents.

However, the US broadband market is growing increasingly competitive itself – fixed cellular providers, mobile networks such as T-Mobile and Verizon, sparked off a pricing war among internet service providers, with conventional ISPs pivoting to offer highly valued service bundles including mobile service & streaming video. This is a concern to multifamily owners and operators, who cite the need to compete with internet service providers based on both quality and price.



Avoiding Fragmentation

Multifamily owners and operators, as well as onsite staff, are increasingly overwhelmed by the sheer volume of proptech solutions they have. An MDU company has **21 different vendors on average**, each of which will commonly have their own separate login information and may require a separate onboarding/offboarding and credentialing process for residents.

This excess of vendors can oftentimes lead to an overabundance of apps – creating confusion among residents and on-site staff both, which then results in fewer people using these solutions than would otherwise be the case. Fragmentation may also prevent operations teams from being able to access valuable data and insights that can help guide decision-making.

Properties must select solutions that avoid these fragmentation headaches – either those that are vertically integrated, and/or those that seamlessly integrate with other components of access control solutions. Integration with the property management system is a must-have, but owners and operators should also look for single sign-on and a user experience that is – if not unified – then at least similar regardless of whether staff or a resident is using it. This makes it easier for staff to understand the resident experience and explain it to residents when they have questions.



Conclusions: Staying Ahead in a Changing Market

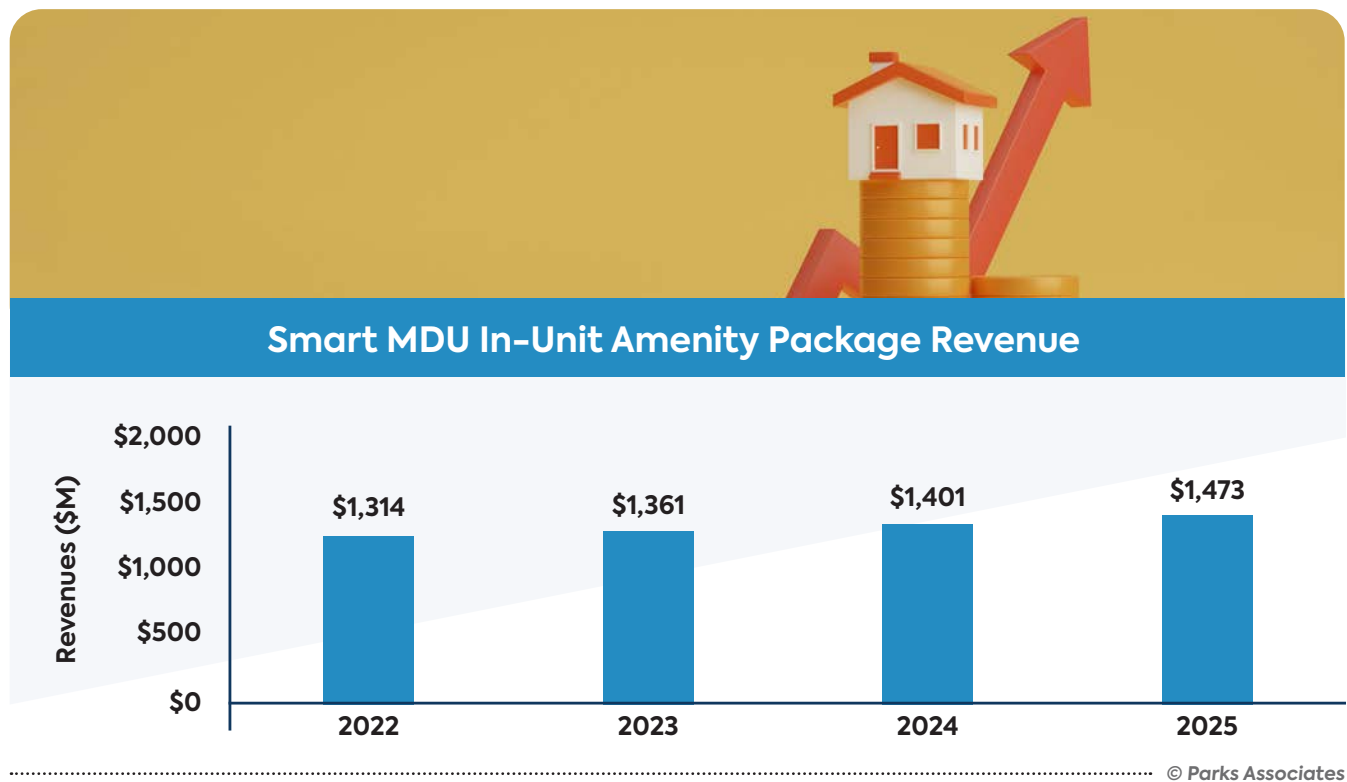
The market for multifamily housing is changing. With historic amounts of new inventory coming online, competition for renters is set to grow – setting the stage for sluggish rent increases and risking lower returns. To counteract this, key decision makers are examining proptech as a way to enhance property values – by increasing efficiencies, lowering expenses, and providing a valued amenity that residents and prospective residents are willing to pay a little extra for.

Access control is, for many looking to retrofit, a top area of investigation and investment. Access control has a well understood value proposition for both decision makers and residents, many companies already have similar mechanical systems in place and would benefit from upgrading, and next-gen access control solutions are necessary prerequisites for larger initiatives such as self-guided tours and centralized leasing.

For companies looking at proptech deployments, access control is oftentimes the first step on their journey.

Parks Associates expects that retrofitting will be a major trend all the way until 2027 – and will continue to be highly impactful for many companies even after new construction activity picks up speed. Companies with existing properties will increasingly need to compete not just with new construction, but also with neighbors that have taken the opportunity to retrofit solutions into their own properties.

Parks Associates estimates that in 2025, in-unit tech amenity fees and rental increases will generate \$1.47B in total revenues for both properties and service providers. Deployment of bulk internet and managed Wi-Fi stands to generate an additional \$1.48B. Investments in smart building, done properly, will generate and continue to generate returns for many years to come.



About Parks Associates



www.parksassociates.com
info@parksassociates.com
972.490.1113

Parks Associates, a woman-founded and certified business, is an internationally recognized market research and consulting company specializing in emerging consumer technology products and services. Founded in 1986, Parks Associates creates research capital for companies ranging from Fortune 500 to small start-ups through market reports, primary studies, consumer research, custom research, workshops, executive conferences, and annual service subscriptions.

The company's expertise includes new media, digital entertainment and gaming, home networks, internet and television services, digital health, mobile applications and services, consumer apps, advanced advertising, consumer electronics, energy management, and home control systems and security.

About Kwikset



Kwikset is the leading residential lock manufacturer, making homeowners feel safe since 1946. Kwikset works hard to understand the world you live in, so that we can do everything we can to protect it. The company's unwavering commitment to meeting homeowners' needs has inspired its innovative lock portfolio that includes patented SmartKey Security® deadbolts, keyless entry combination locks, connected home technology, Bluetooth-enabled Aura™, Wi-Fi and Matter enabled Halo™, door hardware with Microban® antimicrobial product protection and a wide variety of styles and finishes.

Our interior and exterior door products provide customers with the quality, technology, durability and style they want while guaranteeing the highest level of security. Headquartered in Orange County, Calif., Kwikset is part of ASSA ABLOY Americas Residential, an ASSA ABLOY Group Company. Kwikset products are sold online and through retailers and distributors throughout the U.S., Canada, Mexico and Australia. Visit us at www.kwikset.com.

About the Author



Kristen Hanich, Director of Research, Parks Associates

Kristen Hanich heads Parks Associates' consumer electronics and mobility research, with expertise in other verticals including connected cars, mobile networking, healthcare, wellness, and independent living. She leads a mix of custom and syndicated research projects throughout the year, with a focus on major players and emerging trends. Kristen specializes in bridging the gap between data-driven and narrative approaches to understanding the consumer markets via a mix of qualitative and quantitative research approaches.

Kristen has dual master's degrees in applied anthropology and public health from the Universities of North Texas in Denton and Fort Worth. She earned her BSc in health at the University of Texas at San Antonio and has a graduate certificate in Geographic Information Systems.

¹Parks Associates Managed Wi-Fi: MDU Resident Demand & Preferences, 2024

ATTRIBUTION

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RESEARCH, CONSULTING, & MARKETING SERVICES

for the Connected Home,
Multifamily and SMB Markets

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Home Control & Security Systems
Platforms



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