

Suites

October 2015

Published by the Northeast Ohio Apartment Association

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Fiber Optics & “Gigabit Internet” Meet Multifamily Housing

What is gigabit internet and is it different from fiber to the premises (FTTP)? Is everything becoming wireless? What type of broadband services do prospective residents expect and how do I inform them about what is available on the property? How connected are my residents to the Internet-of-Things (IoT)? These are questions that most multifamily owners face as telecommunications providers build fiber optic networks with fiber lines physically extending closer to end users, including your residents.

Residents Demand Fast Internet

Traditionally fiber optic cables terminated far from living units. Today, providers are extending fiber directly into individual living units for both existing and new construction multifamily apartment homes. For owners and residents, this means faster internet speeds with room for future growth.

In 2014, the average subscribed internet speed in the U.S. was 21 Mbps. By comparison, a 1 gigabit internet connection is 1,000 megabits per second (Mbps) or 50 times faster! A 2014 survey from RVA Market Research & Consulting, LLC shows that fast internet has become the most desired amenity for multifamily residents, surpassing features like in-home washers/dryers.

As an owner, manager or developer, faster speeds can result in a higher value of your asset. Broadband Communities, a leading telecommunications publication, recently sponsored a survey of multiple dwelling unit (MDU) properties with fiber installed to each living unit, also known as fiber to the home (FTTH). This research documented that multifamily properties with FTTH yield higher net operating income (NOI) of as much as 21%. **Now is an ideal time to review the services, providers and technologies available** for each of your properties or to consult with a professional firm who will analyze your portfolio to

determine if outside expertise is needed. Even if you have new properties or existing contracts, technology evolves quickly and there may be an opportunity to upgrade some of your properties in this competitive marketplace.

Fiber Installation: New Construction & Existing Properties

Virtually all internet service providers have fiber optic lines in their networks, however, key players are proactively installing fiber all the way to users' living units in specific markets. This includes AT&T's GigaPowerSM, Cox Communications' GigablastSM and Google Fiber. AT&T has announced that the Cleveland metro area is being explored as a GigaPowerSM market where they may overbuild multifamily properties with fiber to the unit.

At this time, Time Warner Cable[®], Charter Communications and WOW!SM do not install fiber to individual living units. These three providers, along with most traditional cable companies, are deploying a standard called DOCSIS[®] 3.1 to deliver ever faster internet speeds and services over their existing hybrid fiber coaxial networks. Comcast Communications[®] leads this group of cable companies with plans to deliver 1 gigabit internet services to their entire network and 2 gigabit FTTH in some markets.

When planning ahead, including FTTH is now easier and less expensive to install in new construction properties than in the past. Costs and complexity of installing fiber have decreased significantly, making fiber competitive with traditional Cat5 and Coaxial Cable installations. To avoid change orders and missed opportunities, planning is required far in advance of ground breaking to assure that developer and service provider(s) are in agreement with the infrastructure to be installed.

For existing communities, vendors may propose to “overbuild” a property by bringing new fiber optic lines to each living unit rather than the traditional pedestal or intermediate distribution frame (IDF) closet. This creates challenges for properties within a provider’s footprint where they offer FTTH. Property owners need to insist that the installations of these latest and most advanced technologies are aesthetically acceptable and meet the needs of residents’ digital lifestyle.

A fiber overbuild plan on multifamily communities is unique to each property’s age, existing wiring and construction type. While some properties have available chase-ways or conduit to conceal new wires, most do not. When a fiber overbuild proposal is presented for your property, you will need to carefully review how the provider intends to install fiber and in which locations. Providers typically install the fiber to all units up front. They “light up” the fiber at a later date by installing an optical network terminal (ONT) when a resident in each unit orders new or upgraded services. Consideration needs to be given to many details such as the need for power where the ONT is installed.

Wireless

Wireless plays an important role in the lives of your residents and your property operations. As the telecommunications industry works to maximize use of the wireless spectrum, there is a need to remember a key component of wireless technologies – behind all that wireless internet is a great deal of wires. Wireless signals ultimately connect to land-based points where information begins to travel on wired networks. This includes Wi-Fi and cellular data services. Telecommunications vendors continue to develop technologies to deliver cable TV wirelessly to a home; before distributing this video wirelessly within the home, the signal arrives in the home via a wired connection to the internet. This is where FTTP provides capacity now and in the future.

Marketing Broadband to Prospective Residents

Marketing faster internet speeds to prospective residents presents challenges as they tour your multifamily community. Residents may not need or understand fiber or gigabit internet speeds yet they are increasingly requesting these services. For example, owners in Google Fiber markets often had residents asking if the property had Google Fiber just as the product was launched. These owners were competing against properties with differing and newer technologies. Whether those technologies were “better” or “needed” may be up for debate. What is not

debatable is that you need to be competitive and your on-site staff needs to know which telecommunications services are available for your residents. To start, document the services on each property then diligently pursue service upgrades. Always keep your on-site staff informed so they can communicate this to prospective residents. On-site marketing programs for these vendor services should be simple and easy for your staff to recommend to new residents.

Tomorrow Today

In today’s world, a multifamily owner should not accept that a service provider is doing them a favor by simply serving their property. The property owner’s capital creates a market that is far more lucrative for a service provider than single-family homes. Maximizing the value of your communities while assuring satisfied residents requires that your properties stay competitive with the telecommunications services available today and in the future. 🏠

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Choice is a professional services firm specializing in telecommunications contract analysis, negotiations and implementation. Choice exclusively represents owners, managers and developers.

About Choice:

Since 1999, Choice has been discovering new revenue and service channels by representing over 320,000 units throughout the United States. With an average of 25 years of professional experience, our team is seasoned in analyzing, negotiating and managing the most advantageous vendor contracts for your portfolio nationwide.

If you would like to discuss FTTH, property upgrades or other multifamily telecommunications needs, Shari may be reached at: shari@choicprop.com | 614-568-7303 | www.choicprop.com

