

PACKAGES PARCELS PROBLEMS PROFITS

Multifamily housing providers are finding themselves positioned at the center of two colliding trends: an increase in apartment living and a surge in online shopping. The result for landlords is a rising tide of packages with no good place to go. The biggest landlords in the U.S. are being crushed under a mountain of packages, leading one large apartment operator to stop accepting deliveries and others to experiment with ways to minimize the clutter. Mail and package delivery are an important resident amenity, but also a growing challenge for property managers as online shopping expands.

The current statistics on packages received at apartment complexes has resulted in turning management offices of apartment buildings into de facto receiving centers as landlords grapple with recording packages, tracking tenants down to pick them up and finding places to store the parcels.

NMHC has studied the impact of package delivery in the apartment industry by conducting surveys that polled apartment managers and residents. According to recent NMHC/Kingsley Associates research, a typical apartment community can receive as many as 100 packages a week and double or triple that during the holidays. The majority of management offices accept packages for residents, and 72 percent of residents want a package storage/holding area.

Managing deliveries is a real issue facing the industry. There is inherent risk and valuable time associated with sorting, storing and notifying residents of package deliveries at the community level. Property Owners/Managers Senior Executives are clearly taking note of the escalating staff hours and attendant costs spent managing the process, particularly during holidays.

“Residents rank a package delivery holding area as the second most popular community amenity behind fitness centers, so there’s a huge incentive for apartment community managers to wrangle the growing volume of deliveries,” according to Rick Haughey, NMHC Vice President of Industry Technology Initiatives. What was once a free perk for residents that didn’t require much space is now a backroom tsunami for properties that accept hundreds of packages a month and try to balance space, time and money to meet what has become an expectation of residents.

Technology is providing a strong helping hand in managing the package explosion. Many communities are looking to digital solutions, like package lockers, text messages and email alerts, to maintain package handling. According to the NMHC survey, nearly a quarter of apartment communities have invested in software specifically to track packages and notify residents. Additionally, one in ten apartment communities have turned to package lockers in an effort to manage package volumes more efficiently. A big question still remaining is whether digital upgrades could play as a source for ancillary income. Ancillary services and amenities can be a win-win as they have potential to drive substantial bottom-line value for property owners and increase convenience and efficiency for residents. As previously noted, according to resident surveys, the importance of package storage has become the second most important

amenity after fitness centers in an apartment community and if the statistics for online shopping are correct, the importance of this amenity for residents will only continue to rise.

Because property management staff can clock about five hours per week just managing package deliveries, one thing is clear: apartment communities must take action to address the explosive growth in online shopping to more effectively manage their time and resources while providing a better experience for their residents.

When it comes to evaluating current and future package management solutions it is important to remember that: 1) You are not required to accept packages for residents 2) On-site personnel need to be aware of their potential liability if something happens to a package while in their care. Once on-site personnel agree to accept the delivery, management becomes the custodian of the package and must be responsible for its care and protection. Even communities that inform renters that they must sign a lease addendum or a Release of Liability Form, saying that the resident agrees not to hold the landlord responsible if something happens to a package, may not be bulletproof from liability. A recent court decision held a landlord responsible for a delivery even though they had a written agreement between management and the resident. The bottom line is, if you accept packages for your residents, you cannot rely on your lease or release agreement to claim you are not responsible for lost or damaged packages. No matter what the written agreement is, you must take care of any package you accept.

Moving forward, we can expect to see more use of technology and automation that will not only manage the volume but will also eliminate onsite personnel from accepting packages while giving the residents flexibility. One solution that is currently been employed by some companies is the use of an automated package storage system that removes staff from the delivery process. Delivery companies drop the packages in lockers provided onsite, and residents retrieve them at their convenience without the property's involvement. This type of system is designed to alleviate staff pressure and solve space issues removing onsite personnel from the process. Locker-type storage systems can offer a solution that helps property managers and residents find harmony in handling the onsite logistics of package delivery.

The future is NOW and apartment communities must recognize that the dilemma of package deliveries is only going to continue growing and that they have to act to address the issue head-on and determine the best solution for their properties to deal with this problem. Providing space, time and manpower to handle deliveries is costing big money. Failing to deal with the "package delivery problem" will not make it go away. Whether you decide to discontinue accepting packages for residents; continue to accommodate package delivery for residents as a courtesy service; charge a fee for the service; amend or change your current policies; or initiate free technological solutions or for a fee; apartment communities need to acknowledge that, in this situation, doing nothing is no longer an option because the problem will only continue to grow.