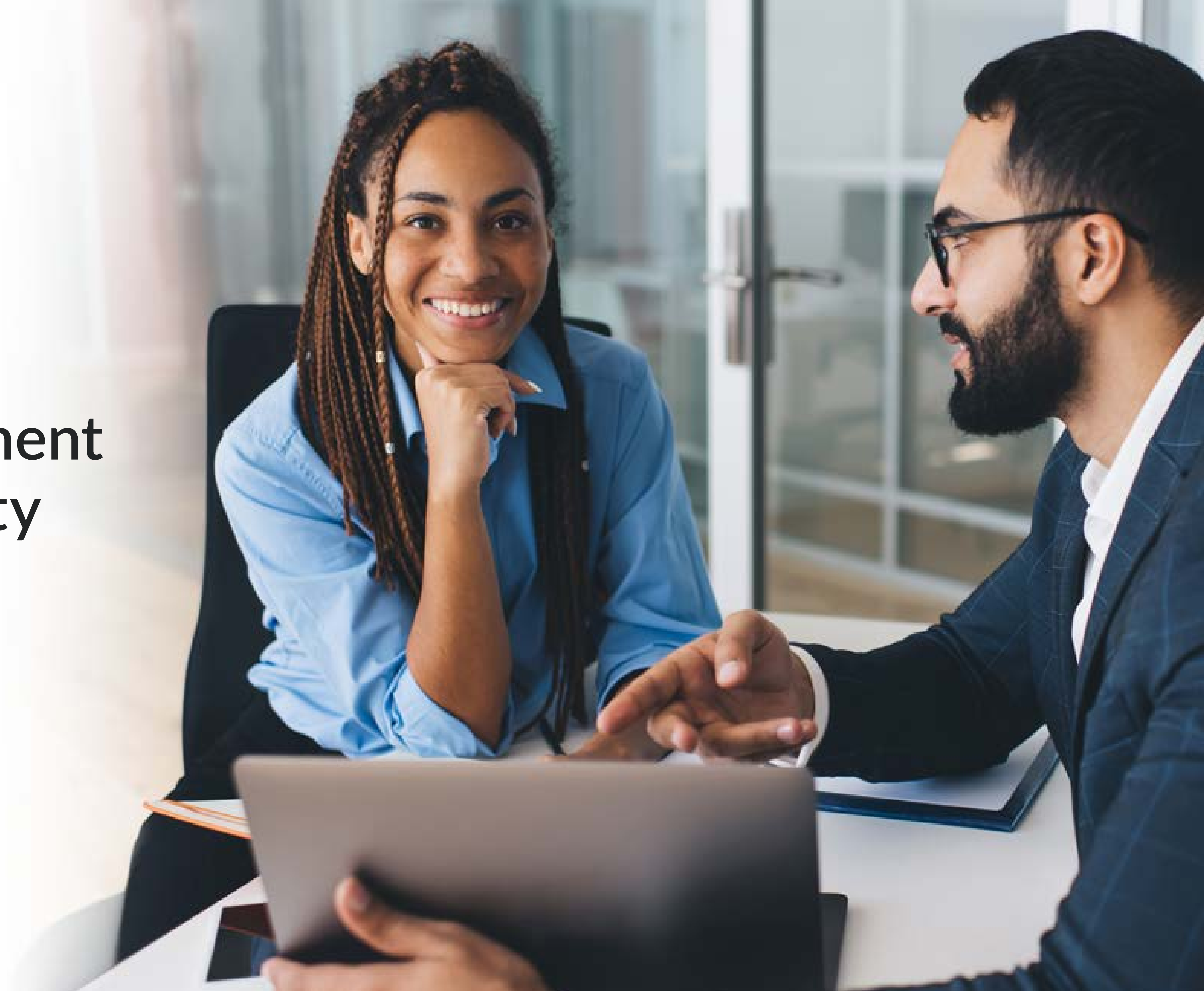
REALPAGE

5 Ways
Utility Management and Sustainability Can Boost NOI



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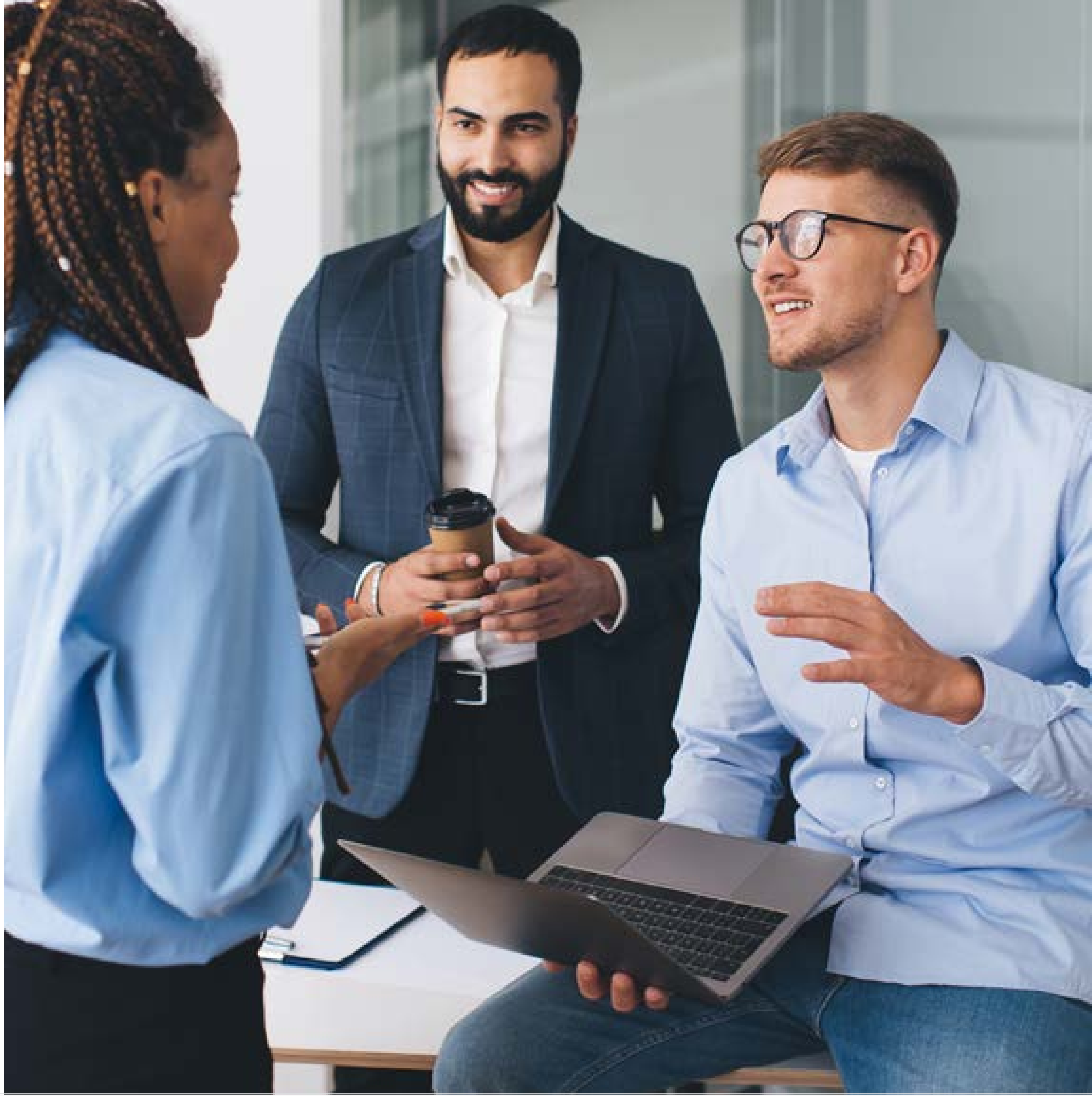


Introduction

The days of skyrocketing rents are fading into memory. While year-over-year asking rent growth for new leases peaked at 15.1% a few years ago, more recent data paints a different picture. According to the February 2025 Apartment List National Rent Report, the national rent index has seen six straight months of decline, with year-over-year growth now negative at -0.5%. This sustained downward trend indicates a significant shift in the rental market.[1]

While rent growth is cooling, operating costs remain a significant concern for property owners. Utility expenses, a substantial portion of operating budgets, continue to be a pressure point. The EIA projects an average 2% increase in U.S. residential electricity prices for 2025 compared to 2024. However, this national average masks potentially larger increases in specific regions. The Southwest and California, in particular, are bracing for potentially much larger increases, possibly reaching 30-35%, according to the EIA. Furthermore, the projected 7% increase in wholesale power prices suggests that even areas with smaller average residential increases may still experience upward pressure on utility bills.[2]

With these factors converging – declining revenue growth, continued labor market complexities, and rising utility costs – property owners and managers are under immense pressure to maintain and bolster Net Operating Income (NOI). Finding new avenues for cost savings is more critical than ever. Utility management presents a significant opportunity. Often rife with inefficiencies and hidden potential, this area offers substantial opportunities to uncover savings and positively impact NOI. This eBook will discuss five simple ways you can boost NOI through utility management and sustainability by:

1. Integrating Utility Management With Your Property Management Platform
2. Partnering With Utility Advisors to Uncover Hidden Yield
3. Securing Resident Billing Recovery With Proactive Compliance
4. Turning Utility Expense Into Sustainable Value
5. Leveraging Data Insights to Support Sustainable Living

Consolidating resident billing for properties and utilities reduces operating cost. It also improves collections by up to 3% per property.[4]

Integrating Utility Management With Your Property Management Platform

Maximize your billing platform

A lack of integration between a property management platform and a reliable utility management and sustainability tool can negatively affect your bottom line. Between missed revenue, late fees and needed efficiency improvements, properties can lose between $30-$60 per unit per year[3], which could translate to over $300,000 annually for a 10,000-unit property owner.

However, fully integrating a flexible and customizable utility management suite can increase your speed of service, help residents better manage utility charges and improve collections through one convenient bill — thereby, reducing risk and maximizing recovery.

Make sure your utility management and sustainability programs include:

- Resident Utility Billing
- Utility Expense Management
- Energy & Water Management
- Compliance Benchmarking
- ESG Analytics & Reporting
- Submeters

Partnering With Utility Advisors to Uncover Hidden Yield

Add expertise to your team

There's no set-it-and-forget-it approach to multifamily utility management. Ideally, every property would have someone on staff who is solely dedicated to uncovering hidden yield through improved utilities management.

Enter the utility advisor.

Given that utilities are typically the third-largest operating expense, partnering with a utility advisor — someone to advise you and guide you through a variety of different utility-based challenges — can make an enormous difference. Experienced advisors can help identify trends and make timely recommendations, based on an operator's specific needs.

For example, one operator, with the help of an advisor, discovered an opportunity to increase NOI by more than $100,000[5] simply by rolling out a new fee structure that ensured residents were accurately paying for garbage collection.

Partnering with the right utility management advisor can also help simplify and streamline billing and put proper lease disclosures in place, leaving you free to focus on keeping your residents happy.

In 2022, RealPage utility advisors helped clients increase recovery by $38 per unit/yr on average.[6]

80-90% of properties are out of compliance with regulations and/or have defective lease language, creating significant legal risk that needs to be mitigated.[7]

Securing Resident Billing Recovery With Proactive Compliance

Minimize property exposure and expense

Staying on top of lease and regulatory issues is mission critical if you want to mitigate risk exposure — particularly in terms of utility management and billing. And attempting to do this on your own is a real roll of the dice.

Sure, there are seemingly simple options, such as flat-fee billing, but charging too much or too little to residents is a gamble that a property manager should never take.

"The danger with flat-fee charges is you're charging a fixed amount for utilities, and whenever you establish that amount to charge, you are always either over or under," says Jeffrey Peterson, RealPage® Vice President, Legal Counsel. "You are either operating your business with more risk or losing money."

The risk is that, while a set property fee may be attractive to residents who are watching every penny, if they determine the money is not all being used to pay for their utilities, it could send them in search of a property with a more favorable utility recovery program.

Ultimately, incorrect billing may be the biggest risk involved and set your property up for possible legal action. But whether your property is submetered or allocates utility expense through RUBs, RealPage can help ensure you stay compliant.

To reduce risk, you need an experienced legal team that understands you, your owners and your residents, and can provide you with a concise and consolidated risk profile.

Having a complete understanding of one's risk profile, and clear expectations of what it will take to maintain resident utility billing compliance, is the best way to make decisions for a specific situation.

Turning Utility Expense Into Sustainable Value

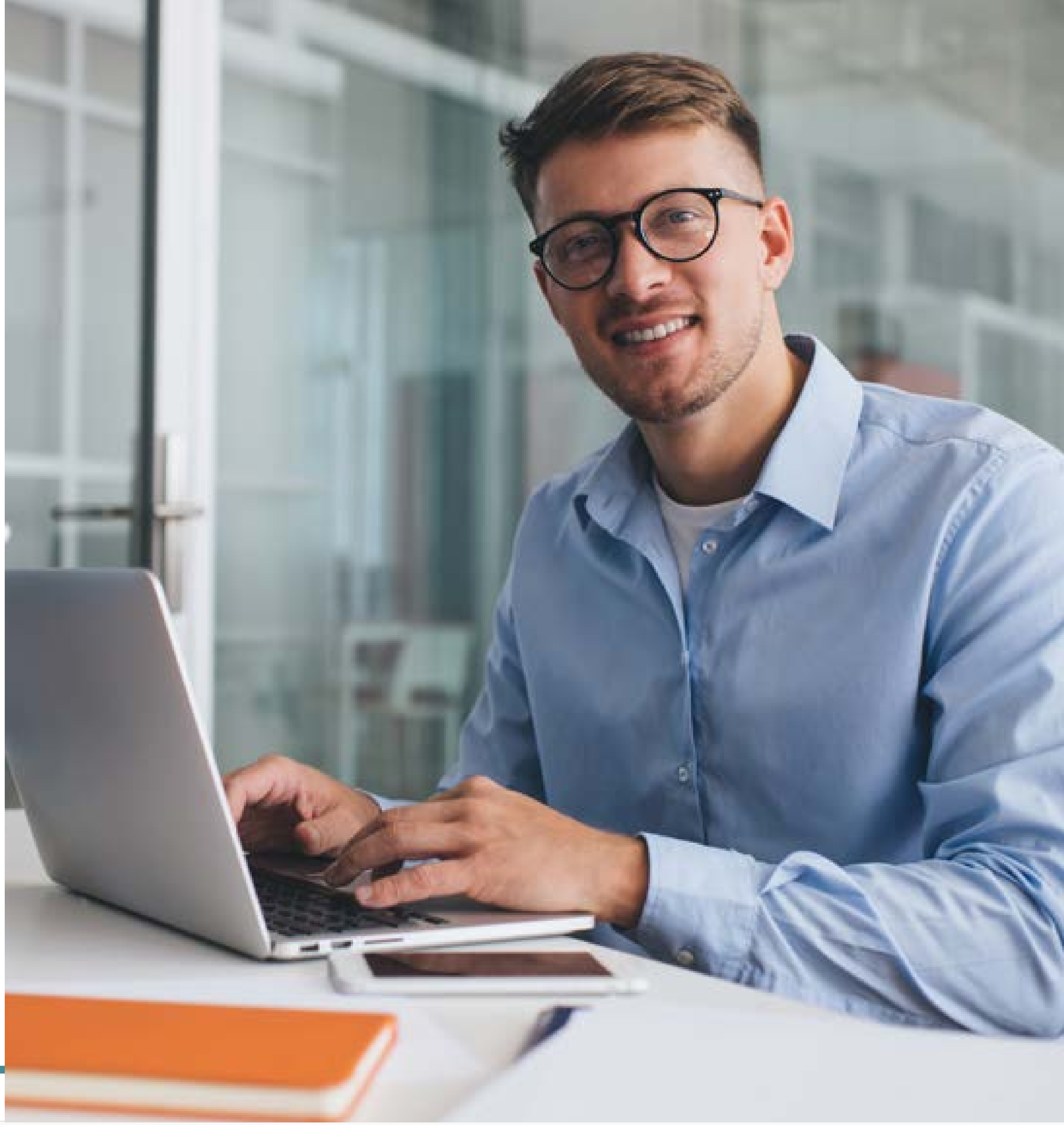
Save through sustainability

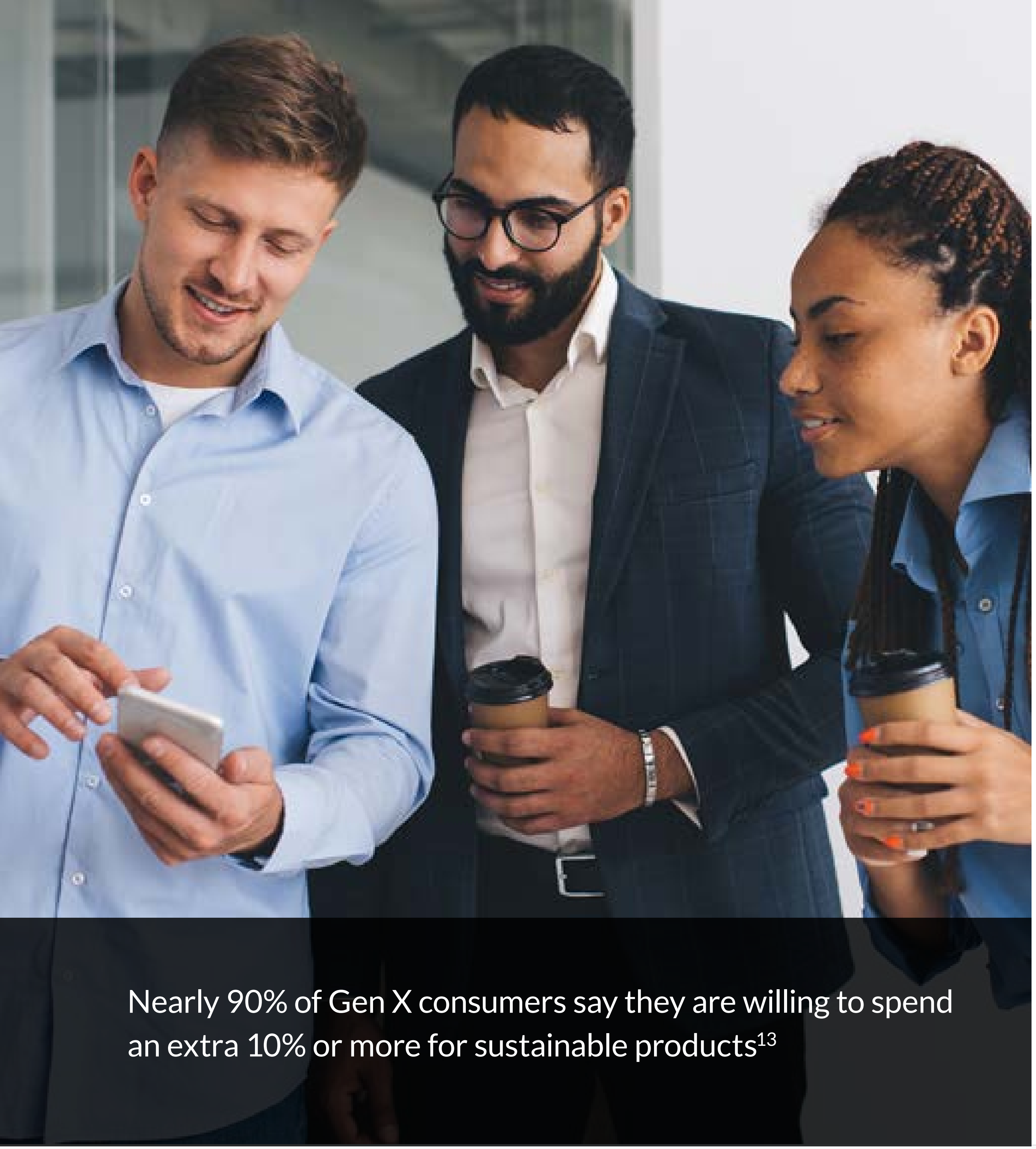
Keeping up with utility expenses, making sure they are billed appropriately and getting them paid on time, are difficult enough. But what happens when the utility expenses themselves are either incorrect or affected by utility waste or leaks?

Water costs are a growing concern for property owners. With US water and sewer bills having increased by 24% in the past five years and continuing to rise, water waste presents a significant financial drain.[8] Instances of leaks and/or faulty equipment can add up to a huge expense overage. In one California community, overwatering, leaky irrigation and a faulty fountain led to huge spikes in monthly water usage. Once discovered, correcting the issues led to savings of more than $28,000.[9]

To gain better control of utility expenses, you need a utility management solution that provides advance reporting and benchmarking to improve operational efficiency. RealPage can supply data-driven insights that identify problems, alert you to adverse situations and provide solutions that lead to savings while achieving your sustainability goals.

According to available data, an estimated $96 billion worth of electricity is stolen globally each year due to theft, fraud, billing errors and other issues impacting utilities worldwide.[10]





Leveraging Data Insights to Support Sustainable Living

Achieve sustainability through innovation

Resident interest in sustainable living is on the rise. AMLI Residential's 2024 Sustainability Living Index reveals that nearly half of their residents considered green features when choosing a rental, with almost 80% believing sustainability contributes to better health. Priorities included air filtration (92.6%), energy-efficient features for cost savings (87.3%), and robust waste diversion programs (83%).[11] Similarly, Greystar's resident surveys show that over half of respondents consider sustainability important or extremely important.[12]

Developing such initiatives requires a comprehensive approach that maximizes utility efficiency in order to meet sustainability goals. It begins with getting a firm handle on water, electric and gas consumption. With that information in hand, it's easier to negotiate rates moving forward and benchmark utility consumption. But just having your data isn't enough. You also need a utility management platform with an extensive database to benchmark against and a commitment to innovation that continually looks for ways to improve operations and sustainability.

Five Sustainability Solutions That Yield Maximum Value:

- Compliance Benchmarking
- Energy Procurement
- ESG Analytics & Reporting
- Energy and Water Conservation
- Rate and Tax Assurance

Conclusion

Delivering Savings and Sustainability With RealPage's Utility Management & Sustainability Solutions

Here are the five ways RealPage's Utility Management could boost your NOI:

RealPage's Utility Management Suite is completely integrated with our end-to-end Property Management Solution that streamlines day-to-day operations. Completing your RealPage solution with the Utility Management product and services can help significantly reduce operating expenses and late fees, putting you on the road to profitable sustainability.

Not using RealPage? Not a problem. RealPage Utility Management integrates seamlessly with most popular PMS systems.

Partnering with RealPage utility advisors can help implement solutions that simplify and improve property performance and value across portfolios.

RealPage's utility management solutions are proven to boost NOI. In the past year, our team has identified potential recovery uplifts of up to $290+ per unit. A recent pilot program with a large institutional client demonstrated a 40% increase in their recovery rate, resulting in a full portfolio commitment to RealPage. On average, we uncover opportunities or risks at over 77% of newly onboarded properties, driving a $12 per unit/month ($144/unit/year) revenue increase. For a 10,000-unit portfolio, this translates to $1.4 million in additional annual revenue.[14] Our comprehensive solutions offer a straightforward path to preserving and maximizing NOI.

The RealPage Utility Management Risk & Compliance team provides you with a concise and consolidated risk profile and recommended solutions with best practices for you to review and implement. They follow a rigorous process designed to build a custom-tailored utility program that helps you achieve long-term success.

RealPage's Utility Management and Sustainability Suites help create efficiencies and value in your monthly expenses and compliance requirements. We help develop strategies to improve your NOI through better utility management and use innovative tools to help you reach your sustainability goals and turn your utility expense into value.

Utility advisors at RealPage Utility Management can create money-saving, green programs that address all aspects or your utility and expense and ensure that your organization is well-run and substantially more valuable in the marketplace.

Sources

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