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Filling in the gaps

By **Bendix Anderson**

Apartments properties are buried in packages—and more keep coming.

Property managers still look for a reasonable solution that doesn't cost too much. Short of hiring a human staff person to receive packages and watch them 24 hours a day, every system they try has gaps that can let important packages be lost—or at least not be found quickly enough for anxious residents.

Owners and managers continue to experiment with a patchwork of secure spaces, technology and—when they can afford the time and the cost—people to manage the flood of deliveries.

The flood has not stopped

The pileup of packages is likely to keep growing. "More consumers continue to purchase everyday goods—food, clothing, etc.— through delivery," says Josh Kogel, vice president for The Praedium Group, with offices in New York City and Boca

Raton, Fla. "We used to see the uptick in package deliveries around the holidays, but now the same volume is sustained throughout the year."

The number of parcels rose in 2021 even though some customers returned to shopping in physical stores as vaccines against the coronavirus became available.

Companies and individuals sent 21.5 billion parcels in 2021, according to the Pitney Bowes Parcel Shipping Index. That's a record high, up from 20.3 billion in 2020. The average U.S. household had 166 parcels shipped to them in 2021. The number of parcels shipped will keep growing by 5 percent to 10 percent a year, reaching 25 to 40 billion by 2027, according to a forecast by Pitney Bowes.

"E-commerce still represents a small percentage of all retail sales," says Rick Haughey, vice president of industry technology initiatives for the National Multifamily Housing Council (NMHC), based in Washington, D.C. "The potential for package volume growth is still huge, especially as retailers continue to remove the friction from the sales process and make it easier."

Apartment experts agree. "With people continuing to work from home, the volume of home deliveries will increase," says Jay Minchilli, senior vice president of operations for Veris Residential, based in Jersey City, N.J. "This will result in additional space requirements for package storage and an increased demand for a separate package attendant or automated solutions."

Property managers are also having to handle different types of packages—from cold groceries to oversized sofas.

"Since the onset of Covid-19, grocery delivery services have become more mainstream, creating a need not just for package lockers, but for refrigerated package lockers," says Praedium's Kogel.

Potential renters are more and more likely to ask how packages are handled at apartment properties they are interested in.
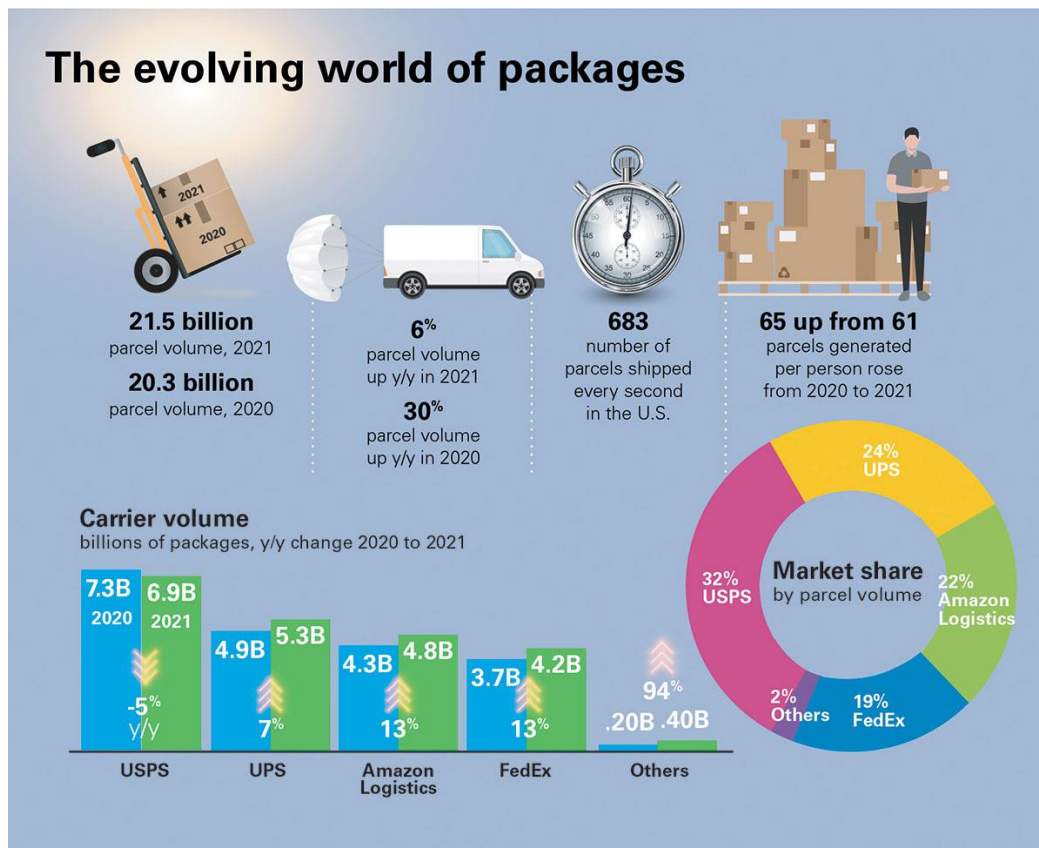
"Dedicated package rooms now rank in interest alongside fitness centers, co-working spaces and outdoor space," says Marc Kotler, senior vice president of the new development group at FirstService.

Renters are also willing to pay to live at a property with a superior solution for packages.

"These solutions are becoming a necessity in buildings instead of a 'nice to have' amenity," says Calynne Oyolokor, vice president of multifamily rental management

for FirstService Residential, based in New York City. "Buildings that do not provide a package room or secure delivery options are renting at 1 percent to 3 percent lower rents than buildings that provide this amenity."

Property managers also have to worry when packages are lost or stolen. "Renters are punishing buildings through bad reviews and reimbursement requests," says Minchilli.

The evolving world of packages

21.5 billion
parcel volume, 2021

20.3 billion
parcel volume, 2020

6%
parcel volume up y/y in 2021

30%
parcel volume up y/y in 2020

683
number of parcels shipped every second in the U.S.

65 up from 61
parcels generated per person rose from 2020 to 2021

Carrier volume
billions of packages, y/y change 2020 to 2021

USPS: 7.3B 2020, 6.9B 2021, -5% y/y
UPS: 4.9B, 5.3B, 7%
Amazon Logistics: 4.3B, 4.8B, 13%
FedEx: 3.7B, 4.2B, 13%
Others: .20B, .40B, 94%

Market share by parcel volume
32% USPS
24% UPS
22% Amazon Logistics
19% FedEx
2% Others

Smart lockers, fewer problems

In the last few years, many apartment properties invested in systems of package lockers specially designed to receive packages and hold them securely.

"Package lockers are the most common solution—though developers are deploying a variety of options depending upon the specific situation in the community," says NMHC's Haughey.

If the system works well, it does not require any extra attention from human staff. Usually these systems are linked to the property management systems. Electronic locks allow delivery people onto the property when they present either a keyfob or enter the correct code. When a delivery person puts a package into one of these

lockers, the resident is notified with a text or an email that also includes the code necessary to open the locker.

Property owners usually create these package areas in a central, highly-trafficked part of the community as close as possible to the community's leasing office. The package area should be convenient for both delivery people and residents, along with the building staff who check up on the property's package lockers over the course of the day.

"The delivery people want one centralized place to deliver the packages," says Louis DeVos, vice president of property management at Woodmont Properties, a regional developer of residential and commercial real estate based in Fairfield, N.J.

To make room for a package storage area at an existing apartment property, owners like Woodmont often take space from other uses.

"In some communities we took down a couple of revenue-producing garages," says DeVos. The freestanding, one-car garages were about 10 ft. by 20 ft. in size—just large enough to accommodate a package system to serve a community of about 200 low-rise apartments, according to DeVos.

Locker systems are beginning to show their limitations, however. A growing number of packages still are not properly checked into the system and safely placed into a locker. For example, more residents are receiving oversized packages for delivery that don't fit into lockers, including mattresses, furniture and even tires, says Haughey.

"Inevitably, some packages don't fit into the package lockers and get left on the floor," says Brian Gretkowski, founder and president of Sparrow Asset Management, based in Bloomfield, N.J.

Also, as more packages are delivered, some systems have been overwhelmed. "They are not always feasible for larger buildings—there simply won't be enough lockers."

Managers like Woodmont Properties have added overflow rooms that can hold both extra and extra large packages when their systems of package lockers get overwhelmed. The packages placed into an overflow room are at least secure behind a locked door that residents can access but building visitors cannot. These packages are not checked into any system. Residents eagerly waiting for important packages have to look for them. If they can't find the packages immediately, they generally ask for help from any building staff they can find.

Woodmont's on-site staff has been spending more and more time managing packages as these systems become overwhelmed. "They're not spending one hour per day—it's more like three or four staff hours per day per property," says DeVos. "We were back to managing packages in the same way we were before we had any systems."

Worse, some delivery truck drivers simply ignore expensive package systems. "Some delivery people just drop the package, take a photo to show 'proof or delivery,' and go," says Gretkowski.

Building managers attempt to communicate with drivers and delivery services. "Most are willing to help," says Gretkowski. But delivery services like Amazon frequently hire drivers to cover a route just for a day. Building managers who careful communicate with drivers, explaining how a system works and why it matters may have to start again the next day.

The locker v. room question

Woodmont Properties is now trying a new solution for packages at one of its communities —a "smart" package room system called HelloPackage created by Package Solutions, a technology company based in Atlanta.

At these smart package rooms, delivery people scan packages into the system and place them on the shelves. In the HelloPackage system, the shelves are weight sensitive and can sense where the delivery person places a package. Later, blinking lights and other displays show each resident where their package is in the package room. Other package room systems use lasers, like SmartPackageRoom, created by Position Imaging, a tech firm in Portsmouth, N.H.

All of these systems can theoretically operate without help from on-site staff. But they tend to need human intervention to solve problems—for example if a driver doesn't have the code or keyfob to access the property or if a hurried driver does not check in a package that then proves difficult to find.

Properties without prop tech

Millions apartments in the U.S. still exist without package lockers or smart package rooms or even electronic locks. Residents in these properties use metal keys to open mechanical locks to open apartment doors and handle their own package deliveries without help from building managers.

Many of these buildings are relatively small. They don't have space to create a package room or package lockers. They may not even have a secure way to let delivery people in if a resident is not home.

"The delivery people are going to get inside the building however they can and leave the package for the resident to come and find it. Hopefully it will still be there," says DeVos.

In wealthy neighborhoods of cities like Brooklyn, N.Y., or San Francisco, some small properties are quite expensive. Companies like Fetch, created by Fetch Package, Inc., now offer properties like these a service to hold package deliveries off-site and then arrange with individual residents exactly what time the delivery should arrive at the property.

"It is likely that off-site solutions such as Fetch will become the norm at nicer properties, eliminating the need for such in-house facilities entirely," says Frank Small, senior managing director and head of investments for Castle Lanterra, based in Suffern, N.Y.

However, services like Fetch tend to be expensive. There are bound to be a significant number of renters who are not interested.

Luxury apartment communities also still exist where packages are watched over by staff at the property's leasing office—while the office is open. At these properties, human leasing agents give delivery people access to the property and a secure package room. The same leasing agents can control access as residents pick up their packages.

Professional managers agree that a package room in the leasing office is not enough—if it ever was. Too many packages arrive for leasing staff to pay attention to. Packages also now arrive long after leasing offices close—Amazon packages arrive as late as 10 p.m. Residents are also unwilling to wait until morning to receive deliveries that range from prescription drug refills to the ingredients for dinner.

Woodmont has bought and renovated several apartment properties that relied on leasing offices to handle packages. "When the office was closed the residents had no access," says DeVos. "That was not an option at the rent level that we were charging."

A few buildings, however, have 24-hour attendants at the front desk—usually in the lobby of a high-rise building. A doorman or concierge can solve many package problems. But most properties simply cannot afford the cost.

"It's a six-figure investment," says Gretkowski. "They are often paid $25 an hour."

Virtual doormen, room attendants

New technologies allow humans to monitor package deliveries virtually, filling in gaps for a property in its systems for receiving and securing packages.

"Virtual package doorman services are among the latest prop-tech offerings," says FirstService's Oyolokor. "It's essentially a service that provides 24/7 remote surveillance of package rooms and other designated areas."

For example, Monitex Security based in New York City provides a suite of remote security services.

Other technologies, like Latch, created by Latch, Inc., can turn the residents themselves into virtual doormen. The system can allow a delivery person or visitor access to a property's main entrance to place a video call that rings through to an app on the resident's smart phone. The resident can then choose to open the electric locks to allow the delivery person to enter the property. However, some managers worry about giving residents to ability to open these doors from far away. "It can be problematic for control of the property," says Gretkowski.

Other technologies like Carson, created by Carson Living, based in New York City, connect delivery people and other visitors with a human being in a remote location, a "virtual doorman," who can allow delivery people onto the property, into the package room, explain the property's package systems and help solve problems that arise.

"Carson becomes the fallback when the leasing office is closed," says Gretkowski.

While the problem of packages is one that is destined to grow, innovative companies like the ones described here give property owners and operators options for making the problem less of a burden to their property operations.