

In the Middle to Close the Loop with Homeowners and Connected Appliances

By Bill Zalud, Contributing Writer

There are appliance designers; there are technology providers; there are utilities; there are homeowners. But, beyond the smart meter, there are forces in the middle of these players – home automation dealers, electronic home system contractors, installers, remodelers – who play a crucial role. Home energy management systems, often integrated into other home systems and mobile devices, could be the tipping point.

Members of the Custom Electronic Design & Installation Association (CEDIA), who design and install a diversity of home systems and appliances, see the importance of home energy management on their bottom line. While initially these firms are working with standalone energy management systems, which measure and control HVAC from inside a home, the future is integration with all types of appliances and electrical devices while tying into the smart grid.

CEDIA's 2011 Benchmarking Survey, which evaluates the state of member electronic systems contractor businesses, indicates that they are beginning to see some relief from the economic downturn. Respondents anticipate their number of projects and new opportunities for growth to increase in 2011.

While still the largest category, the “home theater/media rooms” product category dropped significantly as a percentage of gross revenue from 24 percent in 2009 to 17 percent in 2010. Instead, and climbing to second place, is home energy management, with 72 percent of respondents anticipating offering home energy management this year. Respondents reported that “systems integration/control” was the most profitable product category in 2010.

CEDIA is an international trade association of companies that specialize in designing and installing electronic systems for the home.

When it comes to homeowners, there are significant challenges; but, for rental property, the near term future is very optimistic when it comes to smart appliances and home area networks.



Multifamily housing around the country seems to be gaining speed. Growth can impact the future of smart appliances. In one example, Whirlpool Corporation and Greystar Real Estate Partners struck a joint national appliance deal. Image: PR Newswire/Newscom

With millions of owners stuck in homes worth less than they owe on their mortgages, existing home sales remain depressed while new home sales continue near record lows, concludes The State of the Nation's Housing report released recently by the Joint Center for Housing Studies of Harvard University. However, stuck homeowners may be more interested in investing in appliances and systems that allow them to reduce their total cost of ownership and recurring energy bills.

One other bright sign beginning to appear is in the rental market. "Rental housing markets are tightening and may begin to lead a modest recovery in housing construction this year," says Chris Herbert, research director of the Joint Center for Housing Studies.

A bottom line: Appliances designed and sized for rental apartments may be a strong trend. In one example, Whirlpool Corporation and rental giant Greystar Real Estate Partners recently struck a joint national appliance deal.

Whether it is homeowners or rental property, remote access and control via broadband are expanding opportunities for energy management systems and services, with lighting controls, programmable thermostats, and self-monitoring systems each exceeding \$1 billion in U.S. revenues by 2015, Parks Associates forecasts. The international research firm's report Residential Energy Management (REM) 2011: Trends and Opportunities projects 13 percent of U.S. households will have some type of energy management network by 2015.

Such growth will impact and, in some way, be driven by smart appliances, which have intelligence and communications.

"The market for residential energy management solutions is entering a pervasive growth period characterized by the entrance of many more firms with a variety of solutions, growing consumer awareness and significantly increasing sales volumes over the next five years," says Bill Ablondi, director, home systems research, Parks Associates. "Engaging consumers is critical to success in this market. Companies such as ADT, Best Buy, GE, Intel, and Verizon have entered the market from several different entry points; all have the marketing clout to educate consumers about the benefits of REM solutions and drive market growth."

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