Operational benefits of AI in property management - by Brian Sutherland

March 12, 2024 - Owners Developers & Managers

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Automation and artificial intelligence solutions are being touted as the future of commercial real estate.

When we look at the impact of AI today, it is undeniably at the proof-of-concept phase. Vendors are now trying to figure out how they can monetize AI and what future budgets may look like. My bet is that enterprise-ready AI in the future will be embedded into our solutions in a similar way across accounting, performance management, fundraising and investor portals. AI will be blended into those solutions, and each will have something specific to justify the cost. I see it propping up the value of our existing products.

How might regulations and data protection affect the growth story?

There is private information that must be considered. Any time we connect a prospect or customer to their personal data, that must be monitored closely to ensure proper data security, which has always been core to our business. It's the same with AI. If a customer opens a chat session or retrieves data, we need to be able to protect against any type of intrusion. From our investor portal, we always monitor the movement of megabytes and if there is anything abnormal, the AI immediately shuts off access. Others are using trend analysis to detect intrusion using AI tools, which highlights the wide range of benefits that AI offers.

What are the main operational benefits of AI?

The first is chatbots. Over the last three years, multifamily has embraced chatbots to help with prospect flow. The technology is valuable, particularly when leasing agents are not available and customers have questions. Chatbots are a natural fit and speed up the process of finding a home. The caveat is that responses have typically been stilted, so the next stage is to improve the quality of these chatbot responses. We aim to make the answers appear less robotic and all with the same polite tone.

There is also a great opportunity to rethink transaction document ingestion. Machine learning can be used to convert an image of text into a machine-readable text format; for example, with invoices from vendors. We are hopeful that ingesting and abstracting documents will be greatly pushed forward by new models of AI.

AI requires large amounts of power to crunch data. How are investors thinking about ESG & sustainability implications?

We have been doing this for many years via machine learning algorithms. This technology can be used by managers to optimize heating, ventilation and air conditioning (HVAC) systems, one of the largest consumption sources of energy in commercial buildings. This can help form a feedback loop to keep improving HVAC systems, and AI can be trained on the best use of a high-power system like HVAC to compare commercial buildings. The benefits of delivering AI far exceed the cost from

an energy and ESG standpoint.

What are the key challenges likely to impact future growth?

When we think about new technology, whether it can make or save money for our clients has to be the first consideration. While blockchain undoubtably had a positive effect on many sectors, it simply did not do that at scale. AI is a completely different story. Possibly the closest comparison in terms of global impact would be the launch of the web in the 1990s. We never dedicated a large portion of the company's resources to building blockchain solutions. However, our spending on AI is unlike any technology change I have seen during my career.

How might data quality and availability impact potential growth?

Access to data makes a huge difference in the effectiveness of AI. Our clients are sitting on a mountain of data. This is particularly true if they have rolled out our property management solutions in addition to investment accounting.

They have data around every asset in the portfolio. That includes every fund and investor. In fact, most of our clients also have extensive data around their operations. With a fully deployed ERP stack, including operations, the benefits of AI in property management are limitless.

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