It's coming: Artificial intelligence disruption of commercial real estate - by Nat Kunes

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Like so many industries it came for over the past few years, the fourth industrial revolution is now heading straight for real estate, making huge waves that are only going to get bigger. Some of these advancements, particularly in artificial intelligence (AI), are going to have significant impact on the management of commercial real estate properties.

One of the biggest benefits to advancements in AI and other technologies is having the ability to streamline so many of the property management processes, processes that are all critical to the management of a commercial building, especially ones that house a significant number of tenants.

Managing these types of properties has never been an easy feat, but technology is reshaping what property management looks like, ultimately giving time back to property management companies to focus on revenue, continue to grow their business and provide more positive tenant experiences.

AI in Commercial Property Management
When it comes to commercial real estate, just like residential, there is constant change. Businesses are moving in and out of new spaces all the time, and when spaces sit vacant for too long, that can be an incredible revenue loss to a property management business or the company that owns that property. Commercial spaces tend to take up significant portions of square footage within buildings, so even a single vacancy in a larger building, will likely hurt revenue more than a single residential vacancy in a large apartment building or complex.

Given this, the marketing and leasing process is critical to success. AI, in the form of digital leasing agents help to move forward that process faster and more efficiently by literally fielding text and phone call inquiries from prospective tenants, answering their questions about the unit and then scheduling showings for them. This is a huge time-saver for property managers, many of whom are so inundated with showing requests they cannot even keep up with all the inbound inquiries. Furthermore, the initial stages of the leasing process are so "top of funnel" that leaving

responsibilities like scheduling up to AI lets real estate professionals spend more time with "bottom of funnel" prospects who are very serious about leasing available space. Digital leasing agents are increasingly becoming more human-augmented, too, so they are much more engaging than what we've come to know as a "chatbot". No inbound request goes unanswered, and prospects don't have to deal with the added frustration of sometimes never hearing back on their inquiry.

Another way that AI is moving into the commercial real estate space is in the form of maintenance. Maintenance is a critical responsibility of property management. There are so many scenarios in which maintenance problems, like a burst pipe, malfunctioning HVAC system or broken elevator can literally shut down a tenant's business. Artificial intelligence is slowly being incorporated into the maintenance process, serving as both an initiator of maintenance work orders and the core point of communications between property management and tenant. It works so that a tenant can literally text a number and, through AI, their maintenance request will be acknowledged, the work order will be placed with maintenance staff and the communications about the progress of the work order will be texted to the tenant in real time. This gives tenants peace of mind in knowing that their problem is being taken care of and gives property management teams an opportunity to focus on fixing the problem instead of juggling the communications around the problem, where they're constantly giving tenants assurance that the problem will get fixed or providing updates along the way.

The Longer-Term Significance of AI
Those are two more recent examples of good AI at work in commercial real estate, but there are and continue to be rapid innovations in the space and iterations upon AI features that already exist. Real estate is a people business, and tech, effectively, lets it be more human-oriented. Property management can spend less time with administrative tasks and more time interacting with prospects and tenants in ways that truly matter. Additionally, especially in the hotter metro areas, there are some excellent opportunities to expand commercial real estate portfolios, but to grow effectively, it's critical that property management rely on tech to help expedite some of processes that have potential to become barriers to growth if they move to slowly, like the leasing process.

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