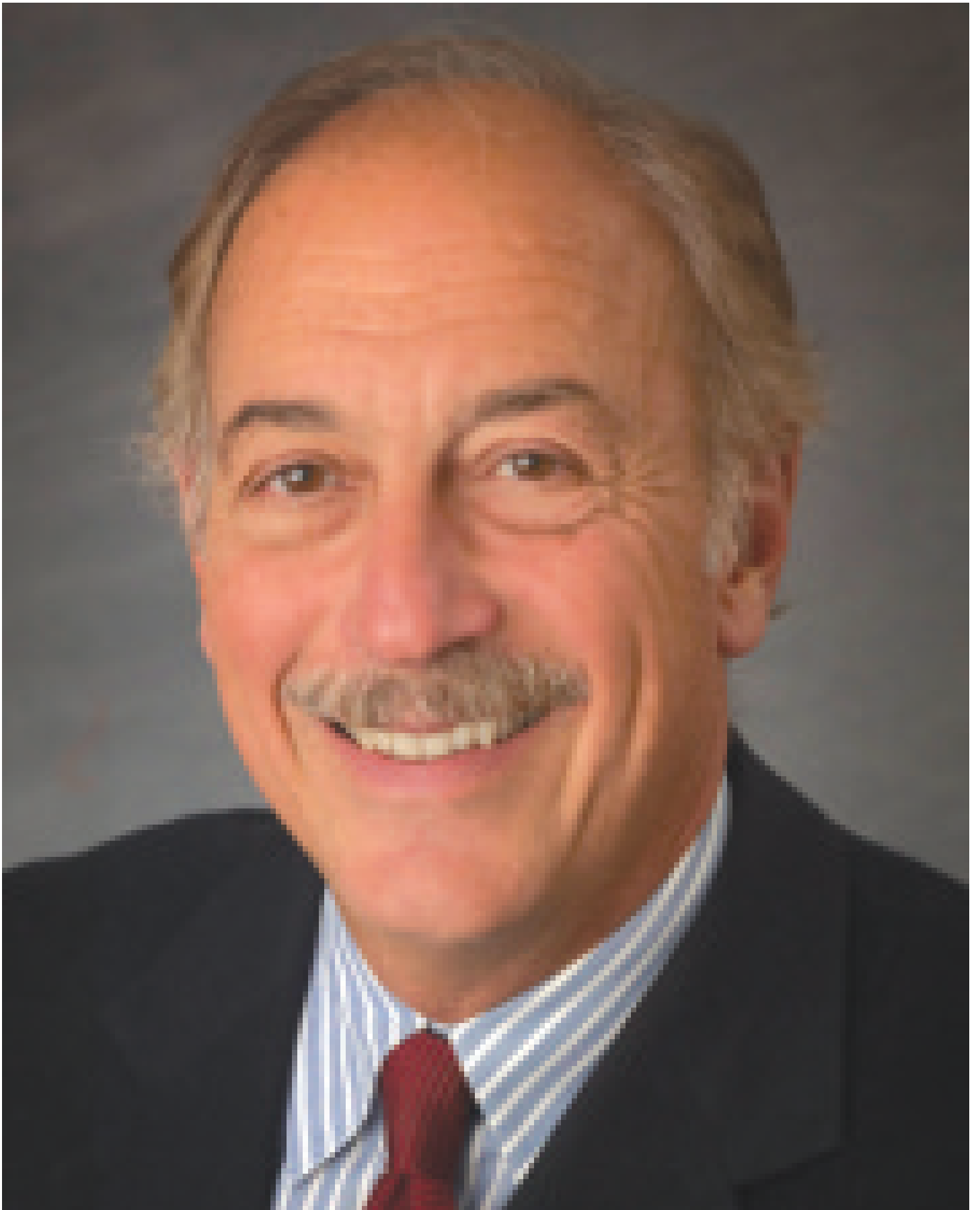




# nerej

## **Artificial intelligence: Friend or foe? - by Daniel Calano**

April 14, 2023 - Appraisal & Consulting



Daniel Calano

The world is abuzz with chatter about artificial intelligence (AI), and how it will help or hurt society, economy, ethics, culture, our very being. Although it seems relatively new, most people are unaware of the history of the activity. There are many first-tier companies already creating AI platforms, and many final tiers utilizing the benefits. Where and what are the big impacts, and how will it change real estate?

Addressing the first question, AI will likely affect all industries. This includes those closely related to real estate such as design, engineering, construction and finance. The benefits are generally characterized as increase in productivity, efficiencies, reduction of human error, better and faster outcomes. Most people think of it as just automation or robots, but it is much, much more than that. Yes, it was adopted by manufacturing lines first, but now it is making its way into everything, and according to some, the changes are being made faster and more significantly than anything before, including the Industrial Revolution.

The world is trying to make sense of it. Huge amounts of funding from venture funds, institutions, investors, government are all piling in orders to gain first mover advantage. As an example, recently Goldman Sachs produced a study analyzing AI benefits and rewards. The article starts with a quote: "The raison d'être of this study is building a better world – wealthier, healthier, more opportunity, more resilience, more fun." The study continues touting labor costs savings, new job creation, increased labor productivity, much like earlier technologies did, such as the personal computer and Internet.

What about real estate? According to recent articles there are at least 20 early stage companies focusing on AI. Their platforms range from matching customers with properties, capturing and following up on leads, analyzing properties to facilitating communication between property maintenance, renters and owners. According to Core Logic, an early entry from California, its One Home platform uses AI to help agents match prospective buyers with the right homes. The familiar Zillow, "reads" digital photos, measures square footage, uses neighborhood data, all to create property value estimates. Skyline from New York helps commercial real estate investors by blending human expertise with both available and AI generated data, that helps investor decisions on when to buy and sell properties. The list goes on, and is just starting.

But AI is not one simple category. It has been broken down and classified many times. Most agree with categories called Weak AI, which facilitates simple tasks, to Strong AI, understanding and learning intellectual tasks, to Super AI, potentially surpassing human intelligence and performance. This last category has become most worrisome, as followers realize the downsides: they emphasize potential unemployment through automation, lack of creativity, emotionlessness, loss of human ethics, and other social problems.

As noted above, we are in the early stages, but the movement is accelerating with potential for both benefits and detriments. At this very moment, Congress is reviewing legislation that would slow AI down until some of the negative results can be better understood. Additionally, very smart people,

already in disruptive technologies, are speaking aloud about problems, recognizing that caution could down their own business. Regardless, the work will go on, and the early influences in real estate are already showing significant changes. Do not underestimate how helpful some parts will be, but also how disruption will clearly change the processes we now know. Stay tuned, and be prepared so you are on the benefiting end.

Daniel Calano, CRE, is managing partner and principal of Prospectus, LLC, Cambridge, Mass.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540