

How AI is set to transform the auction industry

The rise of artificial intelligence (AI) and big data have brought a wave of innovation, revolutionising industries globally. Among these are the property sector which has been quick to embrace the challenges and opportunities presented.



Norman Raad, CEO of Broll Auctions and Sales. Source: Supplied

AI has redefined how auctions are conducted and has transformed various aspects of the business. From empowering decision-making through predictive analytics to offering immersive virtual tours for authentic experiences, and equipping risk assessment tools to mitigate uncertainties, AI has propelled the industry forward.

“AI is not just a tool, it is reshaping the future of auctions,” says Norman Raad, CEO of Broll Auctions and Sales. “Embracing AI will allow us to deliver superior services to our clients, streamline operations and stay ahead of the game in a rapidly evolving market which has many players.”

AI can help predict market trends and identify new investment opportunities, as well as forecast future rent and sale prices, reducing risk, he says.

Helping make informed decisions

Machine learning algorithms can analyse property records and market trends to identify potential risks associated with a property. “AI-driven risk assessment tools will help clients make well-informed decisions,” says Raad.

Property management has also been streamlined through AI’s smart algorithms, which track aspects including maintenance, rental income and occupancy rates, helping to efficiently manage large portfolios and optimise returns.

Raad says the use of AI algorithms in commercial property management could be beneficial for both auctioneers and investors. “We predict that intelligent property management systems will use AI-powered property management platforms to automate tasks such as rent collection, lease administration, and maintenance tracking.”

AI-driven analytics will also play a critical role in optimising portfolio performance by monitoring occupancy rates, rental income and property maintenance. “These tools will take a large leap forward in efficiently managing large commercial property portfolios and maximising returns for clients,” says Raad.

Internationally, one used-vehicle online auction company spent \$19m on an AI solutions company which allows users with a smartphone to scan a vehicle exterior and get a damage report within a minute. The art world, long plagued by forgeries, can benefit from AI algorithms which analyse brush strokes and other stylistic elements, helping to ensure that auction houses sell works which are genuine, thus protecting their reputations.



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Predicting the future

One of the most important ways in which AI is influencing the auction industry is through the use of predictive analytics. Through AI algorithms and historical data, auctioneers can predict demand, value and outcome of a sale with increasing accuracy. Raad says that AI-powered predictive analytics would enable the company to set realistic expectations for clients, leading to increased buyer confidence.

“Commercial real estate auctions require rigorous due diligence processes to examine property risks, legality, and financial feasibility. AI-powered risk assessment technologies can assist in speeding up this process by evaluating property records, doing background checks, and detecting any possible legal or financial issues linked with a property. This can save time for both auctioneers and potential clients, allowing them to make more informed judgments.”



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Virtual reality brings the world closer

Prior to the pandemic, potential buyers had to physically attend auctions or view properties in person. AI has introduced virtual tours, which, through the use of 3D imaging and AI-powered virtual reality, can help prospective buyers explore properties from the comfort of their own home or office, saving both time and resources.

“It’s not just the visual integration of AI that will be of benefit to real estate browsers, its learning patterns will quickly refine the users’ search and create an outcome of matching potential buyer and property faster. This has opened up a world of possibilities for local and international buyers who can inspect properties in detail and understand the asset before deciding whether to bid,” says Raad.

With continued advancements in AI, the auction industry is poised for even greater innovation in the coming years, however, Raad believes that it will never completely replace human interaction.

“Our clients want to deal with real estate professionals with the benefit of years of experience in the marketplace. Buying and selling property often involves emotions and certainly negotiations, and you cannot replace this with a machine. There will always be an intersection between man and machine, most certainly in the property industry,” concludes Raad.

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