

Benefits and limitations of using AI in the commercial property sector

Artificial intelligence (AI) is seen as the ultimate disruptor, with companies eager to use it to automate tasks and boost efficiency. John Jack, CEO of Galetti Corporate Real Estate, believes that the use of AI in the local commercial property sector has many positive and far-reaching implications when used strategically.



John Jack, CEO of Galetti Corporate Real Estate

“The use of technology in our industry has accelerated, and now with the advent of easy-to-use AI tools, we have the ability to improve efficiencies, reduce costs, and make better-informed decisions,” says Jack.

“This doesn’t mean that AI is better than a human workforce, and business leaders should keep in mind that these tools are most effective when utilised by a skilled professional. Don’t view AI as a threat to job security, but rather as a way to ‘work smarter’ and provide tenants, landlords and property managers with a better experience.”

Jack adds that while many AI-powered tools have come onto the market in the last six months, ChatGPT is by far the most popular, boasting one million users within a week of its public launch. The currently free-to-use service was launched by OpenAI at the end of 2022 and is widely considered the most powerful and user-friendly language-processing AI model to date.

“In the commercial property context, the primary benefit of ChatGPT is as a tool to analyse data and communicate more efficiently with clients through fast and accurate responses,” explains Jack.

“However, as AI capabilities are constantly and rapidly evolving, we believe that this technology will transform even the most advanced tasks associated with real estate transacting in the near future.”

Benefits of AI in the commercial property sector

He explains that AI-powered systems can be used to analyse large amounts of data on property prices, rental rates, and market trends to help predict future real estate values.

“This empowers us to make informed decisions and allows clients to better manage and optimise their commercial real estate portfolio, which is good news for the industry at large.”

Other potential uses include:

Leasing: “One of the key areas of a commercial real estate business is centred around leasing management. Here, AI can assist by answering FAQs, scheduling tours, and applying for tenant leases. Accurate and human-sounding chatbots provide prospective tenants with quick, easily accessible information to speed up the leasing process,” says Jack.

Property management: “To improve property management efficiencies, AI tools can be used to automate routine tasks such as responding to tenant enquiries, document generation, making payments and scheduling maintenance.”

Automating energy management: “AI can be integrated into a property’s automation systems for seamless control of lighting and temperature control through standard language demands, allowing for reduced costs and a lowered carbon

footprint.”



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Limitations of AI

While a firm believer that AI-powered tools have the potential to keep the commercial real estate sector on the forefront of innovation, Jack emphasises that this technology is not without its limitations.

“AI systems are excellent at performing specific, repetitive tasks, but they lack the crucial human understanding required to identify the purpose of these tasks or the larger context they fall into,” he says.

“This can lead to it making mistakes when the data is incomplete - something a human would pick up on and work around, which is why human perspective is always needed.”

Ultimately, Jack believes that an AI-smart workforce of skilled and forward-thinking real estate professionals armed with AI-powered tools is the combination needed to move the industry forward.

“Companies that embrace rather than fear these tools will come out on top,” he concludes.

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