Multifamily Brokers Meet AI's Promise

The technology is already doing a lot, and there's much more to watch for—plus a few caveats.

The opportunities for artificial intelligence and automation in multifamily brokerage are robust. Modern technology and the modern broker can work hand in hand to streamline workflows, increase productivity, drive client satisfaction and positively impact the bottom line.

"I think what we're seeing is a fairly seismic shift in the adoption of technology within brokerage," said Ross Hodges, global head of emerging technology & AI program lead, Cushman & Wakefield.

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He continued that, in part, the launch of ChatGPT in late 2022 can be tied to the enablement of many brokers integrating AI into their business. With easy access, a wide variety of capabilities and generalist tool sets, the technology allowed for more brokers to get a better judgement as to what AI and generative AI could do for them, unlocking more demand.

Now that individual brokers are seeking use cases for AI, their companies are also finding ways to implement these strategies into core aspects of the business. Cushman & Wakefield has broadly implemented some 200 use cases for different ways their employees can utilize AI tools.

"We're hearing our brokers, we're seeing what they want to do and then we're trying to reach out to them and deliver value in a multitude of different ways," Hodges reported.

As with the rapid expansion of almost any new technology, the response is mixed. In the brokerage profession, the current sentiment ranges from excitement to doom and

gloom, according to Ivan Petrovic, founding partner at Ariel Property Advisors. But he doesn't think the technology will replace jobs. Instead, he sees it as a means for brokers to become more productive.

"I believe that AI will elevate us and really get us to the next level," he said. "If you're focused on it, the amount of opportunities that it can bring is tremendous. We're going to be in a different world in a few years."

"Firms are using the various technologies to enhance market analysis, employ the use of AI in analyzing historical data trends and comps for valuation purposes and reduce leasing and maintenance costs by replacing portions of that management function with AI tools," noted Edward Corbett, executive managing director for multifamily capital markets at Newmark. "This is just the tip of the iceberg."

Where multifamily is using AI now

Multifamily brokers are already finding multiple ways to implement AI and automation into their workflows. While there are some consistencies across the board, each organization does things a bit differently.

"AI offerings should make multifamily brokers significantly more effective via tools like semantic search through CIMs, as well as document processing," advised Sarah Liu, partner, FinTech and Marketplaces at Fifth Wall, said.

Technology can save multifamily brokers a vast amount of time, allowing them to utilize their skills more effectively. One way is by processing massive amounts of data like pricing, demographic information, economic indicators and market trends, Corbett said. "This provides our brokers with deep insights, helping them to identify opportunities and make data-driven decisions," he reported. It can also handle tasks like abstracting leases or filling in financial models.

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For Marcus & Millichap, a partnership with technology company Archer permits brokers to access software that accelerates underwriting, market analysis and deal sourcing. "It leverages AI to better parse property financials such as rent rolls and operating statements," said Peter Standley, Marcus & Millichap's vice president & director of multifamily. "AI is also helpful in consolidating data from several sources to be able to provide real-time performance metrics, such as rents and expenses, for multifamily properties nationwide."

Aside from taking advantage of routine uses, such as drafting emails, content creation, call summaries and social media posts, Ariel leverages AI technology through its proprietary centralized database and unified team approach. A "recommendation tool"

assists brokers in the next action for a specific client based on that client's recent activity.

"Let's say a client sold a property in the market. The system would flag that, put it in a queue for a broker to consider using and then draft an email based on what we have in the database," said Petrovic. "The email isn't meant to be a quick send. It's for brokers to have a base to review and further personalize if necessary."

Ariel is also building out AI-generated listing progress reports. By capturing every step of the selling process, including the notes that team members log when speaking to clients, the system can generate a report comparable to the one that a sales team member might generate.

Another experiment is improving calling list prioritization for the purpose of listing execution as well as looking into third-party solutions to be able to capture call summary notes quickly and consistently.

Cushman & Wakefield's brokers can utilize a ChatGPT-like organizational co-pilot chat within a secure environment. This technology significantly reduces the time those professionals need to produce content, conduct research, review reports, generate document summaries and perform other tasks.

The company's brokers are also using a rollout that can generate emails, PowerPoint slides and other content that is curated and personalized for specific clients. And the company's brokers can use AI to generate an in-depth profile of a client. That information provides insights into the best waysto communicate with that person.

A cause for pause

While there are plenty of reasons to get excited about AI assisting the multifamily brokerage community, are some serious drawbacks to consider. One is ensuring that brokers don't become dependent upon new technologies. Leaning too much on the technology can not only cause a loss of creativity, but also result in acquiring the wrong information. Brokers must continue to think outside the box to ensure that they don't become reliant on technology.

"We have to be very careful about what scenarios you should use AI in," Petrovic warned. "The best-use cases are those that you know what you are talking about, and AI helps you see that thing through in a quicker way."

Another factor to consider is that multifamily broker must sometimes use a more nuanced decision-making strategy that considers the ethical implications of a transaction. Yet AI isn't capable of this level of a task. "AI operates within the parameters of its programming and training data," Corbett said. "It can't navigate the gray areas of decision-making where human ethics, societal norms and legal considerations intersect."

And then there are factors of policy and regulation, which are certain to continue to evolve over the coming months and years. While there are multiple aspects of what this includes, one is the broader legislation that will change regarding what kinds of content can and cannot be delivered using AI and what can and cannot be done using the tool, Hodges told MHN. Another aspect is individual licensing commitments that some of the foundational models are going to have to sign up against.

"We're starting to see traction of that already," Hodges said, noting the example of needing to sign a license in order to use information from say a magazine, musical artist, news outlet, etc., should someone want to use their information as part of a foundational model.

The irreplaceable human element

Brokerage is a relationship business, and so long as AI can't empathize and relate to the human experience, the technology will never replace trust and rapport between broker and client. Trust between a client and a broker takes years to evolve and carries heavy weight. "We're not selling sneakers," Petrovic stated. "We're selling high-net worth assets."

Cushman & Wakefield's Hodges sees the evolution of the broker and brokerage teams as including more of the high-value work that builds relationships, which will ultimately benefit from AI support. "An investor is never going to make a bid on an asset without human representation, at least not in the near to midterm future," he predicted.

"In addition, real estate is a local business at its core, deeply intertwined with the culture, community and nuances of specific neighborhoods," observed Edward Corbett, executive managing director for multifamily capital markets at Newmark. And while AI can provide data analysis, he added, "it lacks the ability to truly understand and integrate into local cultures and customs, which can significantly impact the buying, selling and leasing of properties."

Multifamily's AI outlook

Historically, real estate has been stereotyped as a laggard in implementing modern technologies. But the tide might be turning. In events that Hodges has attended, he's observed that many other industries are at the same stage of AI adoption as real estate. "Sometimes we need to look outside and see that we aren't as far behind as we think we are," he said.

And not only is real estate likely on a par with other industries, it's poised to succeed quickly in implementing these new tools. The more data an organization has, the more accurate machine learning can be. In this sense, multifamily has a leg up. Petrovic

noted that for commercial real estate, there are far fewer data points for an asset at the unit level when compared to the thousands of multifamily properties that change hands more frequently in certain cities.

But as AI gets more sophisticated, fewer data points are needed, giving multifamily an opportunity to be an early adopter. "People are already adopting AI, just on different levels," Petrovic stated. "Depending on whether your information is centralized or not, your opportunities will be more or less abundant."

And within multifamily brokerage, there are numerous ways to benefit, Corbett said: "It is really exciting to think about AI's potential to revolutionize valuations, lead generation, predictive analytics and the automation of document management, traditionally a manual process."

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