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FERGUSON PARTNERS UNVEILS SURVEY FINDINGS HIGHLIGHTING ARTIFICIAL INTELLGENCE PRACTICES IN REAL ESTATE

Inaugural study explores AI adoption and usage among real estate investment firms; Survey reveals early experimentation with AI tools across the industry

January 7, 2025: Ferguson Partners (Ferguson), the leading talent management and strategic advisory firm for the global real assets industries, announced the results of its first Artificial Intelligence (AI) Pulse Survey, a national study seeking to understand the adoption, application, and evolution of AI practices within the real estate sector.

This survey, the first in an expected ongoing series, uncovers relevant trends and information regarding Al usage in commercial real estate. Thirty-three real estate investment firms representing both private and public organizations and varying in size, investment strategy, and location, participated in the survey, which shows a growing trend toward Al exploration.

"The major takeaway from this survey is real estate professionals need to consider embracing AI to stay ahead of the curve," said Justin Pellino, Director, Ferguson Partners. "We expect AI use cases and ROI to continue to bubble up organically as commercial real estate firms test various tools. While data integrity and privacy are rightfully a concern, the most successful organizations are going to be those that draw boundaries early and encourage their teams to experiment with this technology."

Major findings of the Ferguson AI pulse survey include:

84% of the respondents are actively experimenting with or implementing AI:

- Nearly a third (30%) have already begun to implement AI in select business practices.
- o Roughly a quarter of participants (24%) reported experimenting with AI for personal productivity with Microsoft Copilot listed as the most common AI tool of choice.

Outside of personal productivity, participants are exploring AI in the following areas:

- CRM database analysis
- Tenant work orders
- Financial and accounting processes
- Leasing analysis
- Customer service/improved chat bots
- Rent and asset valuation predictive analytics
- Lease administration

- 87% of the respondents allow their employees to use AI tools, though the majority enforce restrictions around usage:
 - 48% of firms allowing AI usage enforce restrictions, particularly concerning data privacy and the use of public AI models like ChatGPT.
 - o 12% of the participants prohibit AI tools entirely in day-to-day operation.
- 100% of participants indicated increased efficiency and productivity are the top motivation for incorporating AI into their organizations. Secondary motivations include:
 - Cost reduction (67%)
 - Improved decision-making (61%)
 - Enhanced risk management (48%)
 - Better customer service (39%)
- Document abstraction is believed to be the business area with the greatest potential for AI impact (64%).
 - Research, analytics and forecasting (52%) and communications and marketing (45%)
 represent the other likely uses for AI in the real estate industry.
- When asked to list the primary challenges in AI adoption, the lack of understanding of AI
 applications (67%) along with difficulty in demonstrating clear use cases or ROI (58%) were the
 most common responses from survey participants. Other reasons cited include:
 - Data quality and availability issues (58%)
 - Concerns over information security (52%)
 - Lack of skilled talent (48%)

Additional details on the Ferguson AI pulse survey findings are available upon request.

About Ferguson Partners

Founded in 1989, Ferguson Partners has built a reputation as the premier firm dedicated to serving the talent management and strategic advisory needs of the real assets industries. With offices in Charlotte, Chicago, Hong Kong, London, Los Angeles, New York, San Francisco, Singapore, Sydney, Tokyo, and Toronto, Ferguson Partners is unique in combining global reach with a boutique touch and highly specialized approach across four main business lines. For more information please visit <u>fergusonpartners.com</u>.