

Artificial Intelligence for Property Managers: Opportunities and Concerns

Artificial Intelligence (AI) presents numerous opportunities for property managers by improving efficiency, accuracy, and tenant satisfaction. Real estate technology has evolved over the past decades, and AI represents another advancement that can significantly impact your business. By allowing staff to focus more on building relationships and providing value-added services to tenants, AI can enhance the work of property managers in several ways:

- **Predictive Analytics:** AI can analyze historical data and market trends to help property managers make informed decisions about property maintenance, pricing, and tenant retention.
- **Generative AI:** This technology can automate the creation of marketing content, tenant communications, and even virtual property tours.
- **Maintenance Management:** AI can predict when maintenance issues are likely to occur, allowing property managers to address problems before they become major issues, reducing costs and improving tenant satisfaction.
- **Tenant Screening:** AI can streamline the tenant screening process by analyzing applications, credit scores, rental histories, and other relevant data to identify the best candidates.

By leveraging these AI capabilities, property managers can enhance their productivity, provide better service to tenants, and ultimately drive business growth. Before diving headfirst into AI, consider the following guidance to manage its use in your agency.

Vision and Intended Use

We recommend that your agency establish a vision for the use of AI by asking the following questions:

- How can we use AI?
- How should we use AI?
- What can AI do well? What can't AI do well?
- Can AI improve efficiency in our business through the automation of certain (repetitive) tasks?
- Can AI augment property management technologies currently used in our company?
- Can AI promote innovation in our business?
- How can we use AI in a purposeful, thoughtful, and quality manner?



Professional Practice, Policy, and Procedures

After crafting an AI vision for your agency, establish a policy on its development and use. Identify an executive leader for your company's AI initiative and a team of staff members to facilitate its development and provide "bottom-up" input and advice. Proceed thoughtfully and cautiously based on research and knowledge-gathering applicable to your business.

Establish Written AI Practice Standards

Elements of an AI policy manual include the following:

- Definition of intended use and allowable use of AI
- Explanation of the process of oversight and review that will occur as usage evolves
- Determination of specific and appropriate application of AI in conjunction with other technologies used in professional practice

Apply thorough research and vetting techniques in the use of AI, including confirming the validity, integrity, and accuracy of source data and control of your agency's output.

Do Not Compromise Professional Responsibility

When using AI, it is critical to maintain human, professional responsibility for oversight. Be cautious about over-reliance on technology and automated processes without applying foundational property management experience and expertise. Ensure that you or other expert personnel at your agency review AI output for consistency with professional knowledge and expertise, rather than relying blindly on AI technology. Provide training about this advanced technology and create an environment of ongoing and continuous learning and education. Establish a process and communication system within your organization to share ideas, thoughts, and experiences to promote better quality and efficiencies.

Understand Legal, Regulatory, Compliance, and Ethical Requirements

When contemplating the use of AI and creating your policy manual, recognize legal, regulatory, compliance, ethical, and other requirements governing professional practice and supervisory duties. Predictive analytics, for instance, can pose privacy, security, and bias issues, while generative AI can present both quality and copyright challenges. Maintenance management AI can result in false positives or negatives and is only as good as the continuous data input. Of particular concern is the risk of algorithmic bias in tenant screening, not to mention privacy issues related to sensitive personal information and compliance with fair housing laws and other regulations. Over-reliance on AI and automated processes can reduce human oversight and expertise, potentially leading to errors and a lack of critical thinking in decision-making. Maintaining a balance between AI and human judgment is essential. Consider these questions:

- Do you understand the source, ownership/copyright, and usage restrictions of material and data that may be identified, used, and relied upon in an AI search?
- Do you have the right to use data and information derived from an AI search?
- Will potentially inaccurate AI-produced content expose you to liability?
- Should you disclose the use of AI to your tenants?

Understand and adhere to professional and contractual obligations for data privacy and security in the use of electronic data, systems, and tools.

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Conclusion

Embracing AI opportunities allows property managers to enhance efficiency, boost tenant satisfaction, and drive business growth. It is essential for property management companies and their leaders to comprehend both the benefits and risks associated with AI, establish a clear strategy and vision for its use, and meticulously plan and manage its implementation. By recognizing and addressing potential risks, property management agencies can harness the advantages of AI while mitigating any downsides. Implementing robust governance frameworks, ensuring transparency, and prioritizing ethical considerations are crucial steps in effectively managing AI deployment.



Additional Resources

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Property Manager Insider: How AI is Revolutionizing Property Management: Opportunities and Challenges

<https://propertymanagerinsider.com/how-ai-is-revolutionizing-property-management-opportunities-and-challenges/>

Gemstone Management: Leveraging AI in Property Management: The Future is Now

<https://www.gemstonemgt.com/post/ai-in-property-management>

Forbes: The Pros And Cons Of Artificial Intelligence In Property Management

<https://www.forbes.com/councils/forbesbusinesscouncil/2024/05/23/the-pros-and-cons-of-artificial-intelligence-in-property-management/>

Appfolio: The State of AI in Property Management Report: Explore the Paradigm Shift in Property Management

<https://www.appfolio.com/blog/ai-report/>

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