From experimentation to implementation

AI can help with speed, but people build what lasts

by Elise Mackanych

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> **— Tony Breault**
> **Ascentris**

Artificial intelligence (AI) has moved beyond experimentation in real estate investment, and the question is no longer whether AI will reshape investment management but how firms are putting it into practice. AI is reshaping internal investment research, operations, portfolio management and decision making, as well as transforming how managers organize information, analyze data and build on institutional knowledge.

Rather than replacing professionals, AI is automating repetitive work and allowing investment teams to devote more time to analysis, strategy and decision making. AI is raising the baseline for efficiency. Increasingly, competitive advantage lies in how teams integrate it into their workflows, govern its outputs and, above all, combine it with the foundation of real estate investing: human relationships.

“AI may generate narratives, summarize signals or support scenario analysis, but the underlying investment conclusions are still refined by research, portfolio management, transactions, asset management and investment committee judgment,” says Indraneel Karlekar, head of global research and strategy at Clarion Partners. “AI is not a separate technology initiative; it is becoming embedded within the firm’s research infrastructure and portfolio decision framework.”

The professionals refining these investment conclusions are the same ones creating the tools themselves. Successful firms are involving their analysts, managers and professionals in building artificial intelligence capabilities tailored to their own investment processes.

According to Adam Gower, founder of GowerCrowd, “The firms making the most measurable progress share a common characteristic: They have stopped treating AI as a technology project and started treating it as a business capability. That means the people who understand the deals — the asset managers, the analysts, the investor relations professionals — are the ones building and refining the tools, not waiting for an IT department to deliver something.”

As AI tools become widely available, investment managers believe competitive advantage will increasingly come from the proprietary information layered into those tools, rather than the models themselves. Institutional knowledge, historical deal performance and organization-specific workflows allow organizations with access to the same technologies to produce vastly different investment insights.

Where AI creates value

Much of AI’s value lies in transforming the vast amounts of data into actionable insights that connect research signals to capital allocation, notes Karlekar. AI is helping investors generate long-term return forecasts, improve market screening and optimize portfolios while reducing hours of manual research.

“What AI does is take administrative tasks off our plates and create efficiency in operations, so we have more time to focus on the human and relationship side of the business,” says Brennen Degner, co-founder and CEO of Platte Canyon Capital.

According to research from First American Data & Analytics and DealGround, 66 percent of commercial real estate professionals use AI weekly or daily, with 75.9 percent of senior roles (vice president and above) using the technology weekly or daily, and most usage concentrated in lower-risk tasks.

Market analysis and research, investment sourcing and screening, investor reporting, lease abstraction, building operations, and portfolio analysis are among the most common uses of the tool, according to Masha Rzoski, vice president of marketing at Alliance Global Advisors. Rzoski notes that AI has been useful in sharpening capabilities, accuracy and speed. "AI helps us analyze information more efficiently, identify trends, accumulate and synthesize data (both public and proprietary), accelerate research, and streamline internal workflows. This allows our small team to spend more time on high-value strategic activities for our clients," she says.

Despite widespread adoption, firms remain reluctant to delegate investment decisions to AI. According to First American and DealGround's research, only 5 percent of commercial real estate companies trust AI for decision making. This lack of trust stems largely from confusion and output skepticism.

The biggest risks are rarely technical. They stem from how people use the technology, which is why education and clear governance frameworks are so critical to successful adoption.
Peter McLaughlin
Affinius Capital

"The goal is not to do less work; it is to do better work," states Jill Brosig, chief innovation officer, Harrison Street Asset Management.

Challenges with AI implementation

Investment managers agree that artificial intelligence cannot replace personal judgment and that human oversight remains essential. While AI can accelerate analysis, its output is only as reliable as the data behind it. Successful implementation depends on strong governance, credible data and clear policies.

"The biggest risks are rarely technical. They stem from how people use the technology, which is why education and clear governance frameworks are so critical to successful adoption," says Peter McLaughlin, COO at Affinius Capital.

For many organizations, however, the greatest challenge is not the technology itself but adapting the organization to use it effectively.

"Change management is the single biggest challenge," says Brosig. "You can have the best technology in the world, but if your people do not trust it or do not see themselves in it, adoption stalls. Getting people involved early is critical to success."

Training is often overlooked during early stages of AI implementation. Firms say adoption is far more consistent when employees understand how the tools work as well as what their limitations are. Establishing common standards, improving data literacy and involving employees help build employee confidence and avoid misuse.

"The goal is not for AI to make the call; it is to make sure the number in front of the person making it is right, checked by a verification loop rather than left for the most expensive person in the workflow to catch later," says Arunabh Dastidar, co-founder and CEO of Leni. "Trust still comes from a person standing behind a decision; our job is to make sure they are standing on solid ground."

Preserving the human element

Real estate has always been built on trust, reputation and long-standing relationships. Concerns surrounding job security and the future of human relationships continue to grow. The reality, however, is more nuanced. AI cannot replicate the relationships, judgment and credibility at the foundation of real estate investing. While technology can automate many repetitive, data-intensive tasks traditionally handled by junior analysts, it cannot replace the judgment, negotiation and credibility that lie at the foundation of successful real estate investing. AI is reshaping entry-level roles by shifting the emphasis away from data gathering and toward higher-value analysis. There is still a place for junior analysts, and the timeline of learning has compressed, not disappeared.

"Career development will evolve toward deeper research judgment, portfolio thinking and data fluency," says Karlekar. "Junior professionals will still need to understand real estate fundamentals, but they will increasingly need to interpret model outputs, connect market signals to portfolio strategy and communicate investment implications clearly."

Beyond the need to review AI-generated output, human relationships remain irreplaceable throughout the real estate investment process, from capital formation to community engagement.

"The human element is one of the most elegant and interesting aspects of investing in the private equity real estate asset class," says Tony Breault, managing director at Ascentris. "Unlike the market for stocks and bonds, the reputations of buyers and sellers are important factors in all parts of the real estate process, including property market transactions, capital formation and asset management engagement with the local community of leasing and operations professionals."

The future of AI in real estate

As artificial intelligence becomes a permanent fixture in real estate investment, the industry's focus has shifted from adoption to execution. The technology is proving its value by accelerating research, surfacing patterns and helping investment teams make more informed decisions. Firms consistently emphasize that AI's greatest strength lies in enhancing, not replacing, human expertise.

As AI becomes widely accessible, competitive advantage will depend less on access to the technology itself and more on how organizations train their AI models and build upon their proprietary knowledge.

"Real estate transactions often take years to cultivate and are built on trust, reputation and the kind of judgment that comes from decades of experience in alternative asset classes," says Brosig. "No model can replicate the relationship-building aspect necessary in this business."

With AI becoming another standard technology across the investment industry, the most successful organizations will pair AI's efficiency with experienced professionals who can interpret its outputs, exercise sound judgment and continue building trusted relationships. ❖

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