



IREM® From the Front Lines Podcast

irem.org/learning/from-the-front-lines

Episode 5.10

5/21/24 Release

Practical Uses of AI in Property Management

Todd:

Welcome to another edition of From the Front Lines, where we discuss both the day-to-day, and one-of-a-kind issues facing real estate managers. In this episode, Stacy Holden with IREM industry partner AppFolio discusses practical uses of AI and property management. Welcome to the podcast, Stacy.

Stacy:

Hi there. Thank you so much for having me.

Todd:

Can you first introduce yourself and AppFolio?

Stacy:

Absolutely. So hello everybody. My name is Stacy Holden and I'm the Industry Principal at AppFolio. I've been in the real estate and property management industry a little over 25 years. Now as far as AppFolio is concerned, AppFolio is the technology powering the future of real estate. Our product AppFolio Property Manager is an innovative platform on the market today and we deliver property management services to all sizes of companies, large and small. Some of our most recent innovations which we'll talk about the hot topic today is around AI.

Todd:

Where are we overall with AI and property management? What does this technology mean to the industry?

Stacy:

Well, I would say when it comes to property management, the industry specifically, we're in the early stages, but not necessarily. And what I mean by that is that there are several different types of artificial intelligence, machine learning. For example, AppFolio has been using AI for the last six years throughout its product. In a recent survey that we did with over 5000 property management professionals, we found that almost half of those respondents are either using or planning to use some type of AI, which is amazing news. And then asking an additional follow up question, what are they using AI in today? Communication was number one. Number two was data entry and then optimizing leasing was number three. So people in our industry are definitely using it today, but there also needs to be a lot of education around it. For example, one of the things that a lot of people are using artificial intelligence for, especially when it comes to communication, is marketing descriptions. Now, if you're doing a marketing description of a residential property, even a commercial property, there are sometimes local laws, Fair Housing, different regulations that you have to take under consideration when putting that description together. Publicly available large language models like Chat GPT don't have those guardrails. So looking to technology vendors such as AppFolio that provide those

guardrails allow you to use artificial intelligence in its best way and it's that evolution that we need to see in the property management industry.

Todd:

What are some of the other practical uses of AI in property management?

Stacy:

Great question, and that's where I'll give a machine learning an example, and it's around data entry. So for example, you have the abilities in AppFolio to upload an invoice into what we call a smart bill entry. Machine learning reads that invoice and then auto populates that into the system, taking away the time that's spent on the keyboard. There are also different levels of AI that help make your tenants', residents', and even employees' lives better. Here's an example. You get a work order that says the elevator isn't working. Well, what isn't working about the elevator? Or my sink is leaking. What isn't working about your sink? What room is it in? Is it a leak that you can stop? Can you turn off the water? Contextual questions that by the time it gets to the maintenance tech, they have the ability to answer that request much more efficiently than they would before. Another example would be around communication. Let's go back to that elevator example and say it's going to be out for the afternoon for maintenance. So instead of having to go into a system and do a bulk e-mail, you can simply ask the AI platform: "I'd like you to draft a text message to everyone that says Elevator B will be out of service between 8:00 and 5:00 next Wednesday". Much more powerful than having to type all that information.

Todd:

How do our listeners take advantage of AI and get the most value from it? Where should they direct their resources?

Stacy:

I would say taking advantage of AI has a lot to do with just being fearless with your experimentation of it. What I mean by that is test out different types of AI functionality. For example, communication tools like Grammarly is a great place to start. If you are a leader in your business and you really just don't have time to figure out how all this works, we recommend that you actually nominate someone in your company to be in charge of all things AI and bring it to your weekly or monthly meetings.

Todd:

What about those smaller management companies out there, or managers with owners resistant to new technologies? How do they take advantage of AI?

Stacy:

Well, what's interesting, for example, with AppFolio today, just under 90% of our customers actually use a form of AI technology already. So a lot of people are already using it today and they just don't know it. So again, I would go back to the experimentation, try a couple of things, especially around communication. Those seem to be the easiest ones to adopt. And also ask your technology partners how are they adopting AI within the technologies that you're already using today?

Todd:

Where is AI for property management headed?

Stacy:

This is a passion project of AppFolio. We have a generative AI platform called Realm-X. It's

layered with AI tools and that's our foundation for the evolution of AI in the property management industry. Let me explain that in a little bit more detail. We have 3 pillars to our strategy: Ask, Tell, and Teach. Ask is asking Realm-X a question. For example, how many work orders have not had any touch or updates within the last five days? This is something like you would ask Siri today and Siri would give you an answer. "What is the weather like?" "Is it going to rain in the next 4 hours?" That's the Ask part. Tell is Realm-X actually completing tasks. So let's go back to that elevator example. I would be telling Realm-X to do a text to all tenants about an elevator being down for a period of time. Realm-X would do a draft, I could make adjustments, and then it sends it out to all the tenants and documents the communication properly. Now let's go back to the other example I was giving is work orders, let's say on a weekly basis. I want AppFolio to tell me all of the work orders that have not had any updates in the last five days. And then I want you to take those work orders and I want you to text the vendors assigned to those work orders, asking them for an update. And I want you to do that every Monday. We've gone from asking the question, telling it to send a text message to vendors to update and then teaching the system that I want to have that happen every Monday. So think about your standard operating procedures and how it moves from one role in your organization to the other. Imagine having something like Realm-X and AI platform being able to do that for you. That's where I think property management not only is heading, but what we're working on today.

Todd:

Thanks for joining us, Stacy. And thanks so much for AppFolio's partnership.

Stacy:

Thank you for having me.

Todd:

Visit irem.org for more knowledge to take on real estate management's most dynamic challenges. That's [www dot I R E M dot ORG](http://www.IREM.ORG).