entrata®

AI and the Multifamily Industry

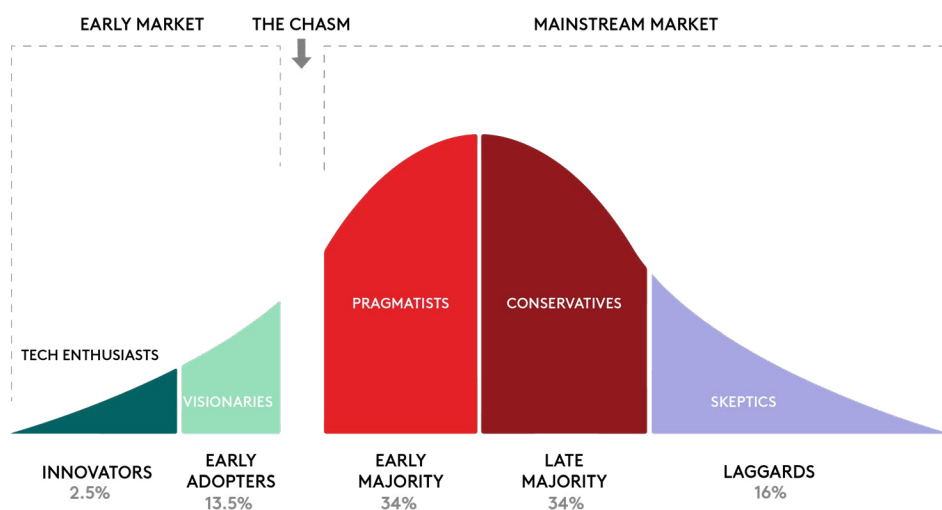**A how-to guide for incorporating AI into your business**

As an industry, multifamily organizations are constantly on the lookout for new ways to save time, be more efficient, and make better use of their staffing models. Recently, a lot of focus is being directed at AI tools that when utilized correctly, can create operating efficiencies.

You'd have to be living under a rock to have not been aware of the ascendance of AI tools like ChatGPT, Bard, and DALL-E and the rise of companies like Jasper, copy.ai, and OpenAI in 2023. This sea change is only going to become more prevalent in the coming years. Entrata recently spoke to a number of our customers about what trends they thought would have the most impact in the industry in the coming year, and almost every person cited AI and how it could drive efficiencies, improve marketing, and streamline interactions with residents and prospects alike.

Presently, we're at the innovator/early adopter stage of the technology adoption curve for AI, and it might seem a little scary and/or you don't see exactly how it will fit in or work for your organization, and that's normal. Just take a step back and remember what people thought about the internet in the mid-to-late 90s. At that point, most people couldn't fathom the connected world we live in now where almost everything we do is reliant on the internet. Sure, there were some hiccups along the way (pets.com anyone?), but ultimately the innovations that came from the internet simplified the way businesses operated and allowed for a better experience for the business operator and their customers.

That's how we're going to remember AI in the not so distant future. Our grand-children are going to marvel at the fact that their parents didn't have ChatGPT to give them a head start on researching a term paper just like our kids are in awe about what life was like before Google.

With that being said, we understand why you might be hesitant to fully embrace AI before all the use cases have been vetted out. That's why we're going to walk you through the basics of generative AI, how it works in a multifamily environment, best practices for using AI, and finally how Entrata can help you make AI a working reality at your properties.

EARLY MARKET | THE CHASM | MAINSTREAM MARKET

PRAGMATISTS | CONSERVATIVES

TECH ENTHUSIASTS

VISIONARIES

SKEPTICS

INNOVATORS
2.5%

EARLY
ADOPTERS
13.5%

EARLY
MAJORITY
34%

LATE
MAJORITY
34%

LAGGARDS
16%

Different types of AI

When it comes to AI capabilities, the industry has defined three different types of artificial intelligence, Artificial Narrow Intelligence (i.e. Weak AI), General AI (i.e. Strong AI), and Super AI. Currently, General AI and Super AI are theo-retical and are not currently in practice, so we will focus on the functionality that is available in "Weak AI" tools.[1]

While it might be referred to as "weak," that's a bit of a misnomer as the time savings and efficiencies that can be achieved using these tools are immense. According to IBM, "[Weak AI] can be trained to perform a single or narrow task, often far faster and better than the human mind can."[2]

Inside of Weak AI, there are two distinctive functionality types, Reactive Machine AI and Limited Memory AI. Reactive Machine AI has no long term-memory,

1 Understanding the different types of artificial intelligence
2 Understanding the different types of artificial intelligence

so the action they perform is based on the data that is currently available to them. As a result, the capabilities of Reactive Machine AI are very narrow. On the flip side, Limited Memory AI has access to previous data and can improve and get better over time.[3]

Lak Lakshmanan, Operating Executive, Data Science for Silver Lake described the evolution of AI like this, "You now have this evolution of going from something that is super simple and very straightforward, very rule-based to learning from data, to learning from unstructured real world information to actually explaining the decision." [4]

For the purpose of this ebook we'll focus primarily on Limited Memory AI, which powers generative AI tools like ChatGPT as well as chatbots.

Efficient content creation with generative AI

Generative AI is a type of artificial intelligence that can be used to produce new content, images, audio, and synthetic data. It differs from predictive AI, which is used to identify patterns to improve data driven decisions, and conversational AI, which is used in virtual assistants and chatbots to respond to customer inquiries in a human-like way, in that it produces net new content based on parameters set by the user.

Generative AI isn't something that is new (it's been around in some form for years now[5]), but as neural networks and natural language processing advanced, it became much easier to use. To put it simply, neural networks, large language models (LLMs), and natural language processing help you "talk" to the program like a human and it "thinks" and processes information like a human, and this is why it's able to create content that is more accessible than previous versions of generative AI. This advancement is key because if the content created doesn't read like a human wrote it, then it won't be an effective way to communicate with residents and prospects.
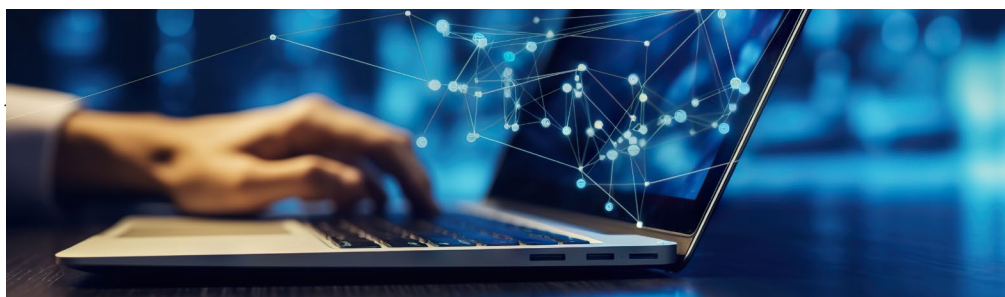
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They don't have eyes but they have cameras that give them sight, they don't have ears or mouths but they have smart speakers that can "hear" and answer our questions. Taste is a little harder, but there are some AI programs that can look at something like the chemical composition of wine and tell what region the grapes were grown in.[6]

Where AI is vastly superior to humans is it is constantly taking in new information and learning and getting better, according to Lakshmanan. When companies know how to leverage those learnings to reduce friction and improve the customer experience, they'll win/gain an advantage over the competition.[7]

The potential benefits of AI

The potential of AI to replace repetitive tasks is significant. Jobs that require low cognitive input and are highly repetitive, such as manual data entry or copy editing, may be taken over by AI. Imagine a property manager who has to manage multiple ILS listings daily; AI can automate the process of listing creation, saving them hours each week. This shift can free up considerable human resources, allowing real estate professionals to devote their time to tasks that demand strategic planning and creativity and improve the customer experience.

"Automation is the goal," said Lakshmanan. "You're saying that here is ... a very manual process and we're going to speed it up perhaps by doing things in a more routine way. And one of the ways in which you can do things more routinely is through AI. You might say, 'Okay, we're going to basically improve this thing.' When there are multiple ways that you can make something much more routine and predictable." [8]

For example, using AI can help improve your listings. AI can scour data sources for lists of competing multifamily properties with similar rents, amenities, and locations as your communities. Essentially, a market survey for the area can be generated, helping you to compile a comparison set of communities in a fraction of the time if one of your staff had completed this task.

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7 Resident expert series: How to leverage AI to reduce friction and improve resident experience
8 Resident Experts series: Demystifying Artificial Intelligence

Moreover, AI tools have the potential to automate the asset management process, including property valuation and investment analysis, predicting property values based on various factors such as location, size, and local market trends, which can provide a more accurate and faster valuation process. This will aid property management companies in identifying properties that are not only ideal to acquire, but also when to dispose of assets based on specific market trends that are identified.

The role of AI in communication and marketing strategies is increasingly prominent. LLMs have proven their capability to generate diverse types of content, ranging from website descriptions that attract more leads and emails to property descriptions and social media posts. For instance, a property management company can leverage AI to draft engaging property descriptions that highlight key features, draft emails to potential clients, or generate creative captions for social media posts. This can significantly enhance the efficiency, consistency, and reach of a firm's communication strategy.

Beyond that, AI's capacity for data analysis can be a game-changer for identifying market patterns and risks. A property management company could use AI to analyze historical market data and predict future trends, thereby informing their investment strategy and mitigating potential risks. Future advancements in AI could even extend to rendering designs within minutes and predicting emissions levels and material procurement information, leading to environmentally-conscious and cost-effective building designs.

This is not to say AI is ready to take over all routine or repetitive tasks just yet. When using generative AI to create content, it's important to review the copy that is created just in case there are inherent biases in the LLM you are utilizing. Additionally, you'll want to check the sourcing and accuracy of the content. We're still in the wild west days of AI, so it's better to be safe than sorry to prevent the possibility of embarrassing the business.[9]

Moving to an AI model that creates consistency and efficiency in repetitive day-to-day tasks lends itself to a centralized model that is more easily managed by a single centralized services director as opposed to multiple on-site property managers.

With AI in the mix, the primary focus would be on building and leading a team of remote customer service representatives that deliver a much higher level of service and performance than on site teams can deliver because they're not burdened by being pulled reactively in many different directions

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to ensure residents' needs are being met. This team can focus strictly on completing the task at hand, and doing it much more efficiently because flows are triggered automatically based on behavior.

The key when implementing any new program like this is making sure you have baseline measurements and metrics that you can track against. This baseline allows you to see the ROI, time, and cost savings as they occur in real time. If your standards aren't being met initially by AI, it's not time to give up, it's time to reconfigure. Don't be discouraged. The technology is new and it may take time to fine tune, but at the end of the day it will be worth it in the efficiencies you will gain.

Multifamily use cases for AI

Anyone who has used ChatGPT or Bard knows all you need to do is provide a prompt asking what type of content you want, what tone you want, length, what the topic is, and it spits out what you asked for.
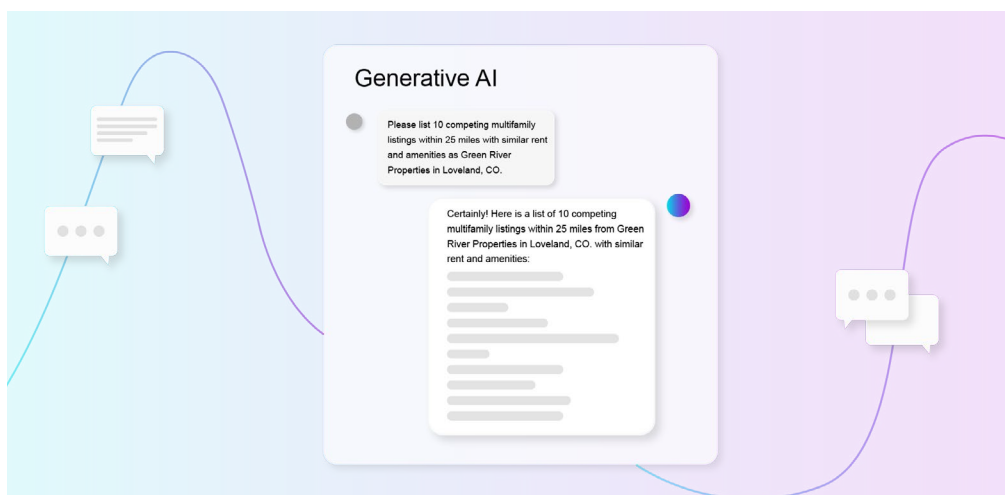
When it comes to specific use cases for AI in the multifamily industry, there are three that really stand out to us at Entrata. First, AI can be used in predictive maintenance. AI algorithms can analyze historical data and sensor inputs to predict when equipment or systems within a property might require maintenance or replacement. This proactive approach helps property managers address issues before they become costly problems, reducing downtime and improving resident satisfaction.

Second, AI-driven analytics also play a crucial role in optimizing property and asset performance. Machine learning algorithms can analyze vast amounts

of data related to resident preferences, market trends, and local demographics to provide valuable investment insights. Property managers can leverage this information to make data-driven decisions, such as adjusting pricing, optimizing marketing strategies, and enhancing the overall resident experience.

Third, resident interactions and communications are other areas where AI is making an impact. Virtual assistants and chatbots, powered by AI, can handle routine queries, schedule maintenance requests, and provide information about property amenities. This not only improves efficiency by automating repetitive tasks but also ensures that residents receive timely and accurate information.

At Entrata, we have already released REDD, our AI powered chatbot, which has processed more than 500,000 total conversations across voice, text, and chat, with a large number of those individuals opting to first interact with REDD as opposed to other contact methods. The vast majority of those are getting resolution without the intervention of an agent.

For anyone that knows anything about how AI works in a business setting, the biggest benefits likely to be achieved are improved efficiencies, especially as they relate to redundant, repeatable tasks. This along with the quality assurance it can provide should make incorporating some sort of AI or auto-mation based on machine learning a top priority for multifamily businesses.

Multifamily use cases for AI

Entrata has had its eyes trained on AI for some time, recognizing early how important it would become. This can be seen in the features that have already been added and some that are planned for future releases, these include:

Entrata REDD
REDD is Entrata's AI chatbot that acts as your leasing team's assistant. It can answer basic leasing questions, confirm pricing and availability, and schedule apartment tours, saving site teams countless hours per year that can be used to focus on delivering a better experience to residents.

Automated review response
Whenever you receive a new review, it will be ingested into Entrata and with the push of a button, you can create a response to that review. Responding to reviews both negative and positive is a good way to show potential residents that you care about the experience you're delivering and are willing to take feedback seriously.

Generative AI
Whether you need to draft emails to residents or prospects or write a blog post about what's going on in your community, all you need to do is provide a prompt for what you're wanting to write, how long you want it to be, the tone, etc. and the content will be created instantly. One of the biggest benefits of this beyond the time savings is it will ensure consistency in voice, no matter who is responsible for entering the prompt. And because this tool is built buy Entrata and not a more broad based tool like ChatGPT, it will talk like a property manager that is familiar with the ins and outs and jargon of the multifamily industry.

To learn more about how Entrata can help you incorporate AI at your properties, request a demo today!

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Entrata powers over 20,000 communities worldwide helping clients achieve and exceed their goals.