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Generative AI 101

The best ways to use AI for customer engagement, content creation, and more

While multifamily has traditionally been hesitant to adopt new, unfamiliar technologies, that has not been the case with AI. Not just a buzz word since the rise of ChatGPT in late 2022, it's quickly becoming a staple just like mobile, digital advertising, or centralization[1].

Surprisingly, AI isn't an entirely new concept in the industry. It's been used in the form of chatbots on leasing websites for years. What's different now is the type of AI that's emerging. Chatbots use natural language processing to read questions and serve up pre-existing answers based on what the customer asked. Generative AI tools, like ChatGPT, create net-new content based on a machine learning algorithm that was trained on a large language model.

While the capabilities of AI seem limitless, there are four key areas where McKinsey and Company, a leading consulting firm, suggests multifamily businesses focus on first. They call them the four Cs, customer engagement, creation, concision, and coding solutions[2].

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In McKinsey's work with AI, they have "seen real estate companies gain 10 percent or more in net operating income through more efficient operating models, stronger customer experience, tenant retention, new revenue streams, and smarter asset selection."

10% or more in net operating income through more efficient operating models

All of the four C's might not be ready to use in all environments right now, but we'll give you a little context on what McKinsey means.

- Customer engagement: Conversational, AI powered chatbots
- Creation: Generative AI creating net-new content
- Concision: Using generative AI to tighten/improve something you've written
- Coding solutions: Using AI to generate new code

For the most part, we will be focusing our discussion in this guide mostly on the first two of the Four C's, while lightly touching on the third. At this point, using AI to aid in coding solutions is not something that most multifamily businesses would make use of.

Getting started with generative AI

We're still at the beginning stage of AI, but the benefits to be gained from AI far outweigh any negatives you might experience[3]. The biggest potential downsides to utilizing generative AI are the potential biases that can be introduced when the algorithm isn't trained on a proper data set. That's why we recommend utilizing a tool that has been trained and grounded on a multifamily-specific data set.

3 How multifamily pros can use generative AI wisely

Next, the key to successfully leverage these capabilities is training your team on how to submit a prompt that delivers the optimal output from the AI. When crafting a prompt be sure to use precise language and have a defined goal or outcome in mind with the piece of content being created. When you ask a vague question, you'll likely get a vague response in return so be as specific as possible to help your chosen AI program stay focused[4]. An example of a specific blog post might be something like, "Write a 400-word blog post about the top 5 date night activities to do in Salt Lake City in the summertime."

In a few words, tell me what you would like to say:

me Write a 400-word blog post about the top 5 date night activities to do in Salt Lake City in the summertime.
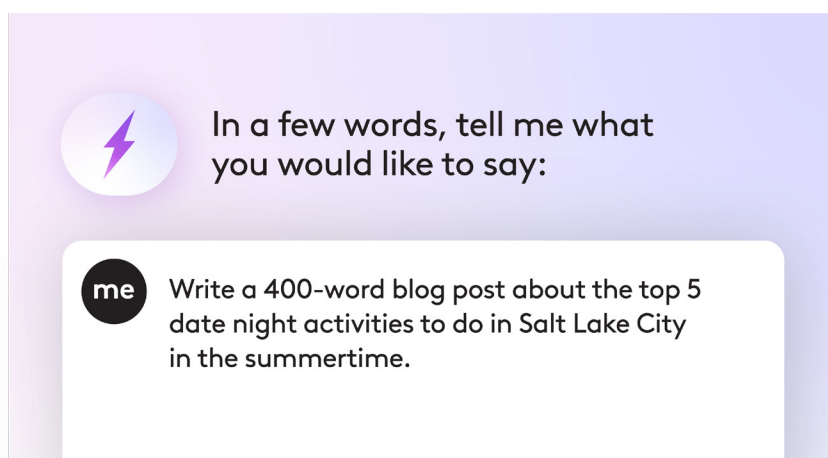
Something else to consider is providing the algorithm as much context as possible. Doing so will help provide you with the most relevant answers. If you have a good idea of what you want the output to look like, it would make sense to provide that in your prompt as well[5].

AI isn't a "set it and forget it" tool. You need to review all content created, especially if it's for public consumption. We're at the beginning stages of AI and at times there may be issues with accuracy, so check all the sources and then make sure all the grammar is correct and it is in keeping with your brand and doesn't use language that violates fair housing or is potentially offensive[6].

As you build out your future tech stack, do so with generative AI and other forms of AI in mind, so it can be easily plugged in and scale with you as your business grows. These include predictive analytics and business intelligence tools to help improve data analysis and decision making, predictive mainte-nance to help you know when you should service or replace major appliances, and preventing fraud during the application process.

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4 Best Practices in Prompt Engineering
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6 Generative AI can change real estate, but the industry must change to reap the benefits

AI shouldn't replace employees

If you're just looking to replace employees with AI, you might want to re-think your AI strategy. It's not going to replace them, but rather augment their performance and provide them with more time to focus on initiatives that are important to the business.

For example, if your site teams struggled in the past with resident messaging content creation, using generative AI to craft messages will save them a lot of time and reduce stress at work, while also delivering messages that are concise and on brand.

Additionally, you shouldn't be looking to use AI to take over repetitive tasks. You should use it as an opportunity to rethink the whole process. AI is just one piece of the puzzle. Take a look at every step of the process and identify areas where you can be more efficient or can take advantage of advances in technology to make things easier[7]. When you use AI to its fullest potential, it should be a transformative experience that allows you to put your site teams in the best position to succeed.

Generative AI use cases

Currently, there are a number of generative AI use cases that can be applied to the multifamily industry. Below we highlight the low hanging fruit that most businesses should be able to take advantage of.

7 The Penny Drops: Generative AI in Multifamily

Social media: AI can be used to write abstracts or one-liners for social posts based on press releases or other content you've produced[8].

Review response: Make sure that every review you receive, whether positive or negative, receives a quality, detailed response[9].

Chatbots: Generative AI chatbots act as the first point of contact for prospects and guide them through the leasing process and in some cases can identify when human intervention is needed to respond to more complex leasing questions [10].

Create virtual reality tours: Generative AI has the ability to create virtual reality tours of units and show what they would look like with different finishes, furniture, or appliances. This also opens up the opportunity for ancillary revenue by partnering with home goods stores for purchase from within the tour [11].

Run market analysis: Have generative AI run a market analysis to target potential acquisitions or markets to consider expanding into [12]. For example, instead of having to conduct macroanalysis to identify which markets will be the best fit for you and then doing time consuming, granular work of identifying potential properties that are or could be available in those markets, you can just type a prompt into the generative AI tool and ask a question like, "Which markets in Texas have the highest probability for growth in the multifamily industry and what are the top 10 properties in those markets that are currently available?"

How Entrata is building AI across its entire product set

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.

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8 5 ways AI is transforming the apartment industry
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Generative AI: Whether you need to draft emails to residents or prospects or create content that can be used in social media, drip campaigns, and the message center 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 by 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.

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.

How Entrata can help

Whether you decide to centralize your leasing process or stick to traditional methods, Entrata is built to meet you where you're at. We'll help you configure your implementation to best meet your needs. To learn more about how Entrata can help your business revolutionize its property management operations, **request a demo today.**

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