VOLUME V

Artificial Intelligence for Rentals: Friend or Foe?

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(Sam Kulla and Sarah McCormick contributed research to this post.)

In today's digital world, much of what is experienced online is based on algorithms, data science and in-depth analytics. Artificial intelligence (AI)—a form of data science that solves a problem using advanced computer programs, software and other apps—has gained popularity among many industries. For all of its conveniences, there are some downsides.

According to **TIME magazine**, one study estimates that about 400K jobs were lost to automation in U.S. factories from 1990 to 2007. Then the pandemic came along and forced workers to involuntarily stay home to avoid COVID-19 infections. Forty million jobs were lost at the peak of the pandemic, and some never came back. A guesstimated 42% of those jobs may be gone forever—with technology doing the work that human beings once did.

So it makes sense that some Realtors are wary of allowing AI technology to assist in their day-to-day work. If software programs can use chatbots to respond to pre-screening questions and match prospective tenants with available rentals, what is the Realtor there for? Will Realtors be out of a job soon? It turns out it's not as simple as that.

Pros of Using AI Software To Screen Tenants

Lack of communication is one of the top complaints from clients of Realtors (whether they're owners, buyers or prospective renters). When tenants are down to the wire, their leases are up and they need to find a place fast, the last thing they want to deal with is an inattentive Realtor.

However, Realtors can only be so many places at once. A considerable amount of time is spent with clients, traveling to walk-throughs, answering questions from the property owners, investigating new and available housing, going to open houses, trying to keep bills paid, and clutching onto a personal life while doing so.

Keeping track of each client's lease renewal, lease expiring, whether they need pet-friendly homes, how many residents are living there, if the home should be smoke-free or not, the monthly rental budget, who handles housing expenses and home warranties, the preferred neighborhood, and a slew of other screening questions can become tedious—fast.

That's where AI can become the most valuable player in a Realtor's day.

"Today, there's probably 150-plus leasing questions that [AI] can answer," Brock MacLean, the Chief Revenue Officer of the Arizona-based AI platform LeaseHawk, said in the podcast "**Beyond Rent: Exploring Property Management**."

"There's a series of probably 20 that are more highly engaged, things like pricing availability and qualifications," he continued. "It can take a prospect from initial questions to pricing availability to floor plan reviews to links to all sorts of other relevant information."

The customer relationship management (CRM) automation helps to streamline the rental process and improve productivity. It will pre-fill forms and store data for the purpose of tracking earnings and leads. With required queries to get past the vetting process, Realtors can cut down on the amount of applications that have missed information from the applicant. AI isn't too busy to wait for an answer.

For Realtors who want to stay abreast of the neighborhood scene but cannot be in all places at once, AI software can also keep them informed of property rates, crime rates, school closings and other hyper-local activity. This way, if/ when clients ask, Realtors sound more knowledgeable, too.

From answers to pre-programmed filtering questions, the booking options of the automated software can then book walk-throughs and tag the Realtor in. Saved minutes from monotonous tasks can then be used for the real work of networking, showing homes and closing deals.

Additionally, AI works when the Realtors are asleep. It can be used to manage to filter and sort paperwork, better organize tax information as deals are done, and help keep the day-to-day appointments organized.

Cons of Using AI Software To Screen Tenants

Harvard Business Review reports that "human conversation remains the primary way people make complex purchases or emotional decisions." In a survey completed by Invoca, 33% of smartphone owners used their devices to make calls to businesses, friends and family more than five times per day.

Only 20% used their phones for emailing and social media, although 49% use their phones to send five or more text messages. So why are these messaging platforms chosen? Convenience.

Humans generally speak at 125-175 words per minute. They can also listen at a rate of up to 450 words per minute. The quicker that a human can get an answer, the better.

Sometimes that means reading a frequently asked question (FAQ) on a website. Sometimes that means working with a chatbot. Sometimes that means responding to a text.

But for more involved questions, (impatiently) waiting for a chatbot to paste pre-programmed answers or having the time for a remote worker to type (an average typist types 38-40 words per minute on a computer keyboard) the response can feel too long.

While chatbots can respond to very precise questions (ex. Are pets allowed? How many bedrooms are there? How many closets are there?), the more involved the question is, the more vulnerable the software can become. And, **according to Forbes**, 86% of consumers prefer human interaction versus chatbots. That's when clients are desperately wanting to talk to a human being on the other end of the phone or meet in person.

While Realtors investing in AI software can make their jobs "easier," if the client on the other end grows increasingly frustrated trying to speak with a human being, it could also lose the Realtor a prospective client—whether it's the landlord or the tenant.

Is It Worth It For Realtors?

Technology is the roommate that won't leave. If Realtors can figure out the best ways to "live" with AI to make it work to their advantage, it'll be that much easier to assist in their jobs. Leads are key for a Realtor's bottom line.

"In fact, 78% believe having more data on prospects would help them convert more leads," said **Tanguy Le Louarn**, Chief Growth Officer for the rental real estate platform Zumper, in the "Beyond Rent: Exploring Property Management" podcast. "By using cutting-edge AI and machine learning to provide predictive insights and data, we'll not only provide higher-quality leads; we'll also enable a faster leasing process."

If used correctly and efficiently, AI could arguably decrease Realtor burnout and create happier human teams. Once the application is completed, real people come together again to shake hands, pass keys and move on to their next adventure.

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