



IREM® From the Front Lines Podcast

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How Teams Benefit from AI

Erin:

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 from IREM Industry Partner AppFolio talks about the impact of AI on teams. Welcome to the podcast, Stacey.

Stacy:

Hey there, Erin and thanks so much for having me on the podcast. I am so excited to chat with you about AI and what we can expect from it in the future, especially as it relates to the most important resource at our companies, which is our people.

Erin:

First, where are we with AI adoption in the property management industry?

Stacy:

Well, when I was on the podcast last spring, I mentioned that our industry was in the early stages of adopting generative AI. But we are farther along than we realized when it comes to other forms of AI like machine learning. Since then, I would say and what the data shows is that the industry is quickly moving from the experimental phase into practical applications across all forms of AI. Let me give you an example. We just ran the numbers on AppFolio users and in 2024, 95.5% of all of our customer base used one of our AI solutions. Now, with that being said, if you asked all of those users, "are you currently using AI technology today?" Would they all say yes? No, probably not. And actually, I think that's perfectly fine. Our industry doesn't need AI for the sake of the AI, the focus should be on the outcomes and the value users get from a solution. And what property managers are finding value using AI for is improving efficiency and controlling costs. And Erin, what is especially exciting is that we're seeing more and more quantifiable results when it comes to the use of artificial intelligence. For example, we partnered on a research report called The State of AI last year, and some of the results people attributed to the use of artificial intelligence was truly impressive. Our respondents reported the use of AI contributed to 15% increase in employee retention rates, up to a 10% decrease in call volume, shaving 7 days off their lead to move-in time. And individuals saving up to 10 hours per week completing their to do lists. Now, a skeptic could argue that these are anecdotes and wonder if it's replicable at their business, or they can repeat it. And that's totally fair. So for those listeners, I want to give you a little bit of hard data. Take, for example, AppFolio's generative AI communication tool, Realm-X messages. We made that available to all customers at the end of October 2024, just under three months ago. Now from our actual product level data, we can see exactly how many times and how long it takes a user to accept a suggestion and send a message. We can then compare that against messages where the user elects to draft their own responses. Looking at over half a million messages sent across our entire user

base, we can calculate that over 2300 hours in the last three months were saved from that solution alone. That's not based on interviews or subjective data. That is actual user experience. As more of those stories are told, we can only expect that to fuel even more interest and adoption to AI tools. Really exciting.

Erin:

One of the biggest advantages of AI is efficiency in operations, but people often equate that with reduced staffing and smaller team sizes. Is that the best way to look at a is impact on teams or should we think more in terms of AI changing team organization and productivity?

Stacy:

I would say for our specific industry, it is definitely the latter. Simply put, in property management there is often more work on our collective to do list than we have the people and the time to do it all. So we really should embrace artificial intelligence as a force multiplier, not a staff reducer. By automating repetitive tasks like data entry scheduling and routine maintenance follow-ups, AI truly frees up valuable staff hours, as we were just talking about with messages. It doesn't mean smaller team sizes. Instead, it enables teams to use their time and skills more strategically. Think of AI as a way to expand existing team capabilities, and not replacing them. And that's not just my opinion. In another research initiative we completed recently, a leader in our industry put it beautifully when we interviewed them. They said they love AI and believe it can help, but they still need the same number of people on their team because they're in a customer service industry. Their message has always been that its people that can make us. And with so much of the busy work offloaded to AI, our people on our teams can now focus on the stuff that they were actually hired to do in the first place. I don't think too many people were hired because of their quick e-mail responses. It's the higher value responsibility, such as nurturing resident relationships, offering personalized services, building stronger communities. These are the tasks that demand genuine human interaction and can't be replicated by AI. Now there's an author out there by the name of Daniel Pink, and he was actually one of our keynote speakers at AppFolio's future industry conference last fall. I think his framework around employee motivation is incredibly timely as we incorporate AI into our workplaces. So Daniel suggests that what really motivates us at work is a combination of mastery, the urge to get better skilled autonomy, having a degree of control over exactly achieving your goals and how you do that, purpose, the desire to do something that has meaning, and it's important. The promise of AI is there can be more mastery, more autonomy, and more purpose in the rules that our industry creates. Yes, that definitely means that some of the roles will change as these rope tasks are removed and we may shift on how we organize our teams and do things every day. But we should really celebrate that because what that'll mean is higher job satisfaction, and less turnover within our industry. It's a really great time.

Erin:

We often hear the terms centralization and specialization when talking about AI's impact on property management operations. Can you explain those terms and their relationship to AI and property management teams?

Stacy:

Absolutely, Erin. First of all, let's acknowledge that that word centralization is a term that can conjure mixed emotions. For some, it's a path towards the pinnacle of operational efficiency. For others, it may be viewed as reshuffling exercises that are driven by corporate. But for the purposes of what we're going to talk about today, let's just think about it like a math equation.

Centralization equals specialization plus automation, and where AI fits in as a supercharger for automation. And by the way, centralization is an absolutely necessary part of what we were just talking about, creating jobs that have a space for mastery, autonomy, and purpose. Instead of asking our property managers to be everything to everyone, like they need to be the accounting wizard, the positively chipper leasing agent, the handy maintenance tech, and more, all in the same day. Specialization gives people the focus necessary to master the rules that play to their strengths, why we hired them. Automation affords people the time and space so that they have autonomy over their work days and then our property management industry itself provides plenty of purpose. I mean, after all, we're dealing with people's homes. And there are so many powerful things that we can do for that. So that's what centralization really means, and how AI enables it.

Erin:

I'm sure we have some listeners out there whose companies are in the process of implementing AI solutions. What can those listeners do to make the most of AI's potential, and can they turn this into a career development opportunity?

Stacy:

100%, you're absolutely right. AI implementation can be a fantastic career development opportunity, even if not everyone immediately sees it in that way. Here's what I mean: when we think about AI as the latest wave of innovation, similar to the Internet in the 2000s, or mobile applications in the 2010s, before long, it's going to be difficult to imagine working without AI. Now an inevitable shift doesn't mean it just happens on its own. You can't just sit back and wait. If you're someone with that interest and drive, there is a lot you can do to embrace AI and grow from it. So what can that look like for somebody today? Well, first, educate yourself. Consume podcasts, articles, and webinars from reputable resources like IREM. There is a ton of free and high-quality content out there to get you up to speed. Then start playing with AI in your personal life. Use it to plan your next week's meals. Use it to help write a bedtime story for your kid. Or, for example, I used it to plan the best dog vacation from Oregon to California. And where would you stay if you had a pet? Now if your organization's implementing AI volunteer to be part of that working group, this technology is new to everyone and we all know it's hard to find time to do things during the day. So no matter what your role is, you'll be able to bring a valuable perspective to that group and learn along the way. If an initiative like that hasn't been started yet, work with your leaders and teams to identify pilot projects. To experiment, apply AI to improve the quality and/or the speed of your work. What would you want to steer clear of? Don't start using tools on the side without the knowledge of your company to do your job. That is for absolute sure. Now the willingness to learn, experiment and collaborate is what builds your leadership profile. And ultimately, that's a real career booster. Being known as someone who can harness the power of AI and answer those questions for both personal and organizational success is a key to the future for you.

Erin:

What skills do you recommend listeners develop in order to adapt to AI in their management companies and properties?

Stacy:

So this is the really exciting part, because AI can handle more of the routine tactical tasks. People will be free to focus on the bigger picture and more strategic stuff, and that doesn't require developing different skill sets. Generally speaking, I believe we'll see a growing of importance around the softer skills and emotional intelligence. Communication, problem solving, creative

thinking, and teamwork. Those are the skills that will be in demand since you will essentially be able to offload specialized knowledge and task completion to AI, accessing it if and when you need to. That said, I'll also give you two additional, more specific skills that I think will be valuable as we work alongside AI. First, you'll want to get comfortable with the actual prompting AI learning, the best ways to ask it questions to get the answers you're looking for. Think about it like delegating a task to the most high performing but literal minded person. You know, the better you get at writing clear, specific prompts, the more valuable these tools become. If you don't know how to effectively communicate what you need, you're only going to get a fraction of AI's potential. The second is that if you are in a leadership role, your organization change management, that's a big one too. You need to be able to bring your team along on this transition, which like any change, can definitely feel a little unnerving and make them see how an AI tool is really not a replacement, but an enablement.

Erin:

In what ways has the use of AI changed the decision-making process in property management teams? Do you think it's improved decision-making or introduced new challenges?

Stacy:

Well, can I say yes to both? So first I'll start with a challenge. Rather than introduce new ones, I'd say that AI is laying bare challenges we've had for years. What it comes down to is how we organize and maintain the data in our businesses and generate processes every day. This has always been a challenge, but we've been able to overcome it, so to speak, through manual efforts, because data wasn't really accessible in any way. You or your team would cobble together three or four reports in Excel and along the way, you're cleaning up your data so the insights you generate are accurate. In a lot of ways, this leaves a lot to be desired. It's incredibly resource-intensive, and insights quickly become out of date, but they did provide a level of review. Now generative AI makes accessing your data not only incredibly easy, but you can also take action on what you learned immediately. For example, in the course of a few prompts, I can ask AI to compare the renewal performance between properties within my portfolio, uncover a pattern of maintenance issues, take action by creating and in some cases reassigning work orders and notify residents that were proactively resolving an issue for them. That's pretty cool. Well, it is. That would definitely fall into a category of improving decision-making, but it also assumes that the results you're able to now self-serve are accurate. And that's hard to do if you've got fragmented and modularized technology stacked, that means just data all over the place. Which is why we believe the approach we've taken in AppFolio is essential to take full advantage of the power of AI in a predictable way. You need to be able to use centralized data, meaning all the data operations and running reports from one location. The upshot to all of this done right is that AI will enable us to shift from a reactive to a proactive management style equipped with AI-driven insights. Leaders can make faster data-backed decisions. And when admin-heavy tasks are handled by AI tools, teams can respond more swiftly to make changes and internal needs empowering them to scale their businesses without being held back by mundane stuff. It is really an exciting time to be part of our industry and I cannot wait to see where we go from here.

Erin:

Thanks for joining us, Stacy.

Stacy:

Oh, Erin, this was so great. I always love being part of the IREM podcast in the IREM crew. It was a lot of fun, and I can't wait for the next one.

Erin:

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