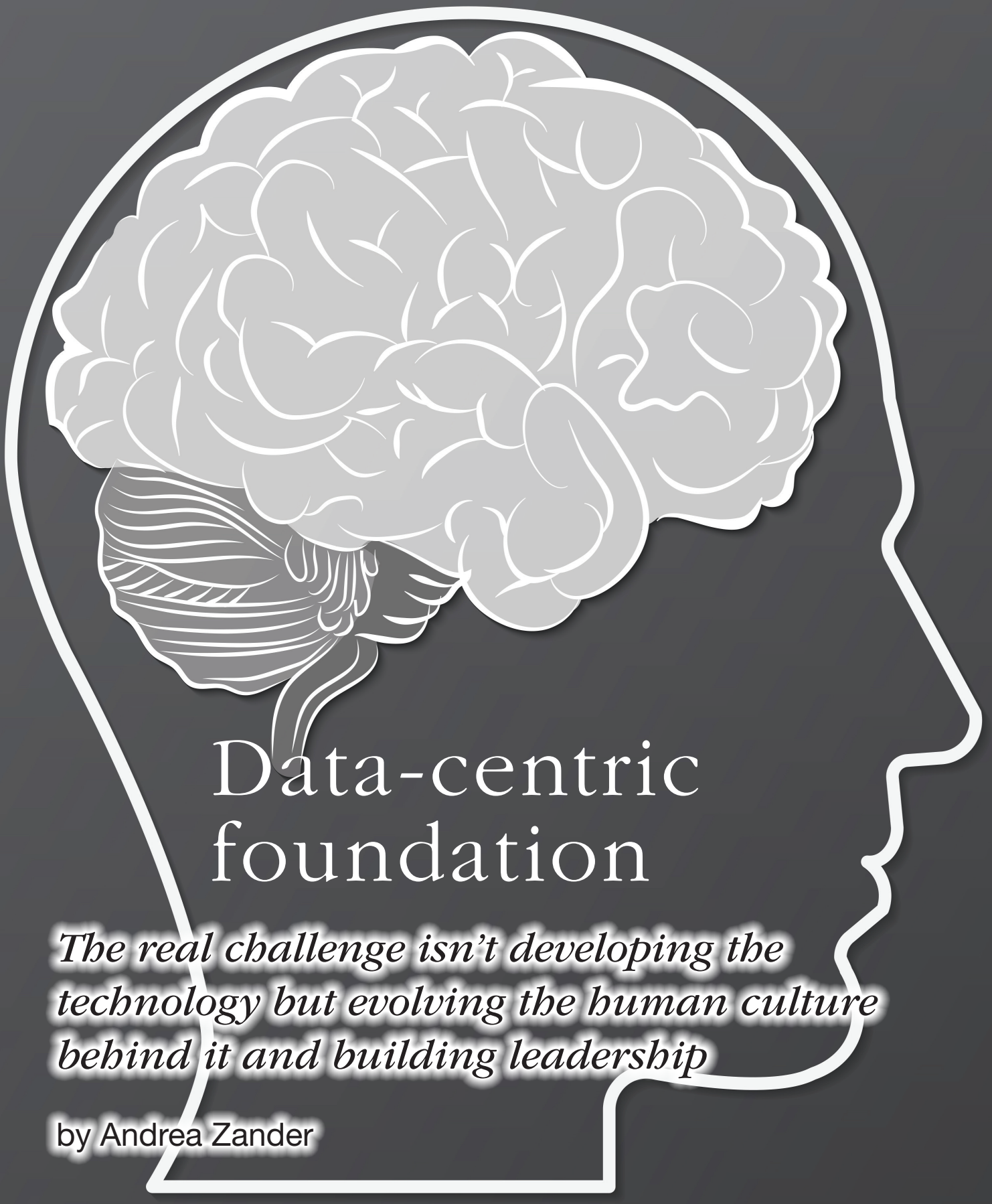
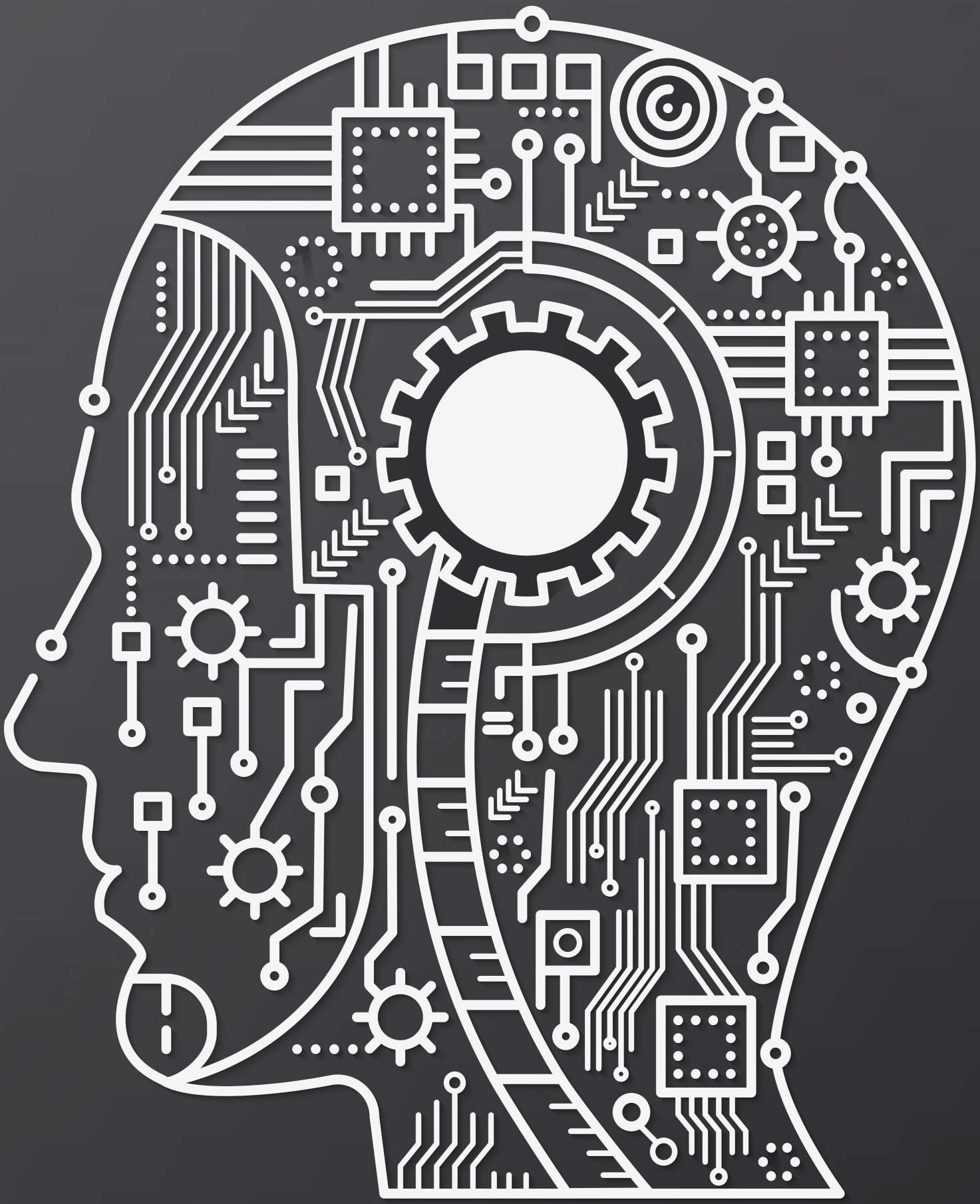


Data-centric foundation

The real challenge isn't developing the technology but evolving the human culture behind it and building leadership

by Andrea Zander



As an information-rich domain, the real estate sector is well suited for the adoption of generative artificial intelligence (GenAI) technology. However, unlocking this potential requires cultural and operational readiness.

"We're in a moment of quiet acceleration. Most real estate investment firms aren't 'ready' in the Silicon Valley sense of the word, but they are moving," says Mike Cordingley, managing director, Ferguson Partners, which found that 88 percent of participants in its *Fourth Quarter AI and Automation Pulse Survey* (*Q4 2025 AI Pulse* survey) expect to increase their investment in AI and automation over the next 12–24 months.

GenAI holds significant potential for transforming business operations, but its impact varies across organizations. Chris Liedtke, managing director, chief data scientist, at BGO, adds, "The extent to which GenAI can be leveraged is dependent on the firm's technical maturity and willingness to invest in technology."

"The technology is powerful. What's missing, in many cases, is operational readiness. That's the real differentiator."

Anne Hollander
The Strategic Edge

Steve Reents, managing partner, deputy head U.S. and CIO, at BGO, says, "Technical maturity is the most important factor to really gain the benefits of AI solutions. If your firm already has technology-powered systems in place, you are likely ready for AI adoption."

Reents continues, "GenAI technologies have the potential to take us further than ever before — but realizing those gains depends on up-front investment and a strong, data-centric foundation. A firm's readiness often hinges on how seriously it prioritizes data."

Brandon Rembe, chief solutions officer, Juniper Square, agrees. "It's clear that adoption is not a question of 'whether' but 'to what degree' and 'how quickly.' Firms that embrace this technology will gain a significant competitive edge."

Real AI adoption requires alignment with processes and people. Firms must focus on investing in data infrastructure, establishing clear governance standards, training teams and modernizing workflows so AI can be integrated into operations. Real impact requires "alignment on data stewardship, clarity on risk and compliance, and a shift from AI curiosity to AI capability," says Anne Hollander, founder of The Strategic Edge.

"The technology is powerful. What's missing, in many cases, is operational readiness. That's the real differentiator," adds Hollander.

Cordingley adds, "Readiness isn't just about dollars; it's about leadership mindset, data hygiene, governance and the ability to integrate new tools into legacy workflows. Culturally, we're still in the early days, but strategically, the gears are turning."

Culture

The biggest obstacles to adoption in the real estate sector are cultural rather than technological. "From where we sit at Ferguson Partners — at the intersection of strategy, leadership and operations — the biggest roadblocks right now appear to be more cultural than technological," says Cordingley.

Data from Ferguson Partners' *Q4 2025 AI Pulse* survey supports that the lack of understanding of how AI can be applied (67 percent) was one of the most frequently cited challenges. This foundational gap, combined with "the real estate industry's traditional reliance on relationship-driven judgment, you start to see the friction," Cordingley adds.

One major source of resistance stems from the deep trust professionals place in legacy systems they've built themselves. Frank Spadafora, real estate industry principal at Intapp DealCloud, adds, "Some professionals have executed underwriting or asset management the same way for 30 years. They trust Excel because they built the model themselves. Replacing that with AI, even if it's more efficient, is a major shift — and the process takes up time, especially in fast-paced environments."

Looking through a human capital lens, Cordingley notes that firms are still developing the internal fluency needed to use AI effectively. "Most firms don't have the internal AI fluency yet, though they are starting to build it through internal programs and external partnerships," he says. "The tech may be here, but if your team doesn't know how to frame the right questions or audit the answers, adoption stalls."

That's where leadership comes in. It's up to leaders to set boundaries, encourage responsible use and foster a culture that values human insight alongside technology.

Hollander expands, "As AI tools get better, there's a temptation to defer too much to them — undermining critical thinking, reducing institutional memory and creating long-term brain drain. That's not a technology problem. That's leadership."

Reents underscores the importance of cultural alignment at the top. "If data-centricity and AI adoption are seen as optional or experimental, they will never reach their full potential. However, when leadership champions these initiatives, it sends a clear message that this is how we're going to be doing business moving forward. These are all very intentional actions to signal culturally that this is not an experimental project; it is a new framework for how we want to operate as a firm," says Reents.

While interest in AI is clearly growing, Spadafora emphasizes that widespread adoption will require something more profound than mere curiosity. "The appetite is growing, but adoption will depend on building trust in both the data and the tools," he says.

And change is happening. Spadafora continues, "Principals who've delivered strong returns for decades often ask, 'Why change?' But that's shifting. They're seeing competitors announce AI initiatives. They're using ChatGPT themselves. And they're realizing how much time their teams spend doing things manually."

Trust

Inconsistent and unstructured data remain another key barrier between AI's promise and real performance.

"Without standardized data structures and definitions, AI outputs become inconsistent and unreliable. Industry-wide alignment would allow for higher-quality data; better benchmarking; and more confident, scalable decision making," says Kaitlyn Mullin, vice president of portfolio management at Avanath Capital Management. "Everyone has their own metrics and definitions, which makes comparisons between closed systems messy. AI depends on structure. Until we build shared standards, we'll continue seeing limited results."

In an industry where handwritten notes and scanned documents are still prevalent, the lack of digitization and consistency poses a significant obstacle to the effective deployment of AI. "Much of the data we rely on today is still gathered manually — handwritten, then typed in later, often with inconsistencies," Mullin continues. "AI tools that can pull insights from physical inputs like photos or sensor data will revolutionize how we assess and manage risk. Some sectors, like insurance, are already using AI to model climate threats. Real estate can, and should, follow."

Yet even the most advanced AI systems are only as good as the data fed into them. "AI is not a silver bullet — it's a tool whose value depends entirely on the strength of the data and processes upon which it's built. Industry collaboration on data standards is essential if we want to unlock AI's full potential," says Scott Gordy, vice president, applications, at Avanath Capital Management. "If we don't standardize our data first, AI could actually compound risks rather than reduce them. For those of us leaning into AI, the message is clear: Get the fundamentals right. That's how we move from promise to performance."

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Kaitlyn Mullin
Avanath Capital Management

In sectors like affordable housing, where decisions directly affect residents' lives, trust in machine-generated outputs remains low, especially in a relationship-driven business. "AI can't manage collections or analyze resident ledgers unless the data is pristine. If it's not accurate, the reputational and operational risks are high. We also see concerns about accountability: AI doesn't tolerate errors the way humans might, so getting the inputs right is critical. There's also an understandable fear that AI will replace people. But the truth is, it frees up teams to take on more meaningful, strategic work," says Gordy.

Operational complexity is another barrier. "We work with dozens of housing authorities — each with their own systems, some still requiring that documents be faxed. The lack of consistency creates significant barriers to standardization and AI integration. Still, caution isn't a bad thing. When residents' livelihoods are involved, it's right to move carefully. But the gap between interest and implementation

remains wide, sometimes even without AI in the equation," says Gordy.

Crucially, leadership commitment is seen as the tipping point for widespread adoption. "Leadership buy-in is crucial," said Gordy. "AI is only as good as the data it's built on — and in real estate, that data often needs significant cleaning and structure before it's usable. As an industry still rooted in intuition and relationships, we also need a broader understanding of AI before decision makers will fully trust its output."

Many operators whose businesses are built on customer service — sectors such as property management, where resident satisfaction drives long-term success — are approaching AI adoption with intentional caution, believing technology must earn its place.

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"Culturally, the biggest barrier is trust, both in the technology itself and in its ability to reflect the nuance of human interaction. Responsive service and attentiveness are essential to resident retention, so any automation introduced must clearly demonstrate value without compromising those principles," says Laura Khouri, president and COO of Western National Property Management.

Khouri adds, "It is not just a question of whether these tools work; it's whether they work for our residents, our teams, and provide support without compromising our long-term values."

A tool

As AI becomes foundational to organizational operations, the key long-term challenge is managing human interaction with the technology.

However, many professionals are accustomed to relying on intuition and experience, and AI disrupts that.

"You have these new, more powerful tools that may contradict what your own brain is telling you, and it challenges you to think differently," says Reents. "AI might contradict your intuition about a growth market. The data could show it underperforming, forcing you to make a tough decision between your gut instinct and that data analysis. In many ways, it allows you to think about the art of the possible, or at least consider it, and the team has to be willing to adopt it. That can be the biggest challenge."

Reents gives an example: Southern California's Inland Empire had long been a strong industrial market when BGO identified early signals — through AI-driven data analysis — that rental growth was set to slow or possibly reverse. "About 18 months ago, we exited a nearly $1 billion portfolio from our core fund that was heavily weighted in that market. We still liked the region, but the data told us it was time to exit. Getting out ahead of that — before others saw it — was key," shares Reents, showing AI-enabled analysis can uncover market shifts before they're visible through traditional indicators.

To succeed, firms must view AI as an augmenting partner rather than a replacement for human expertise. Hollander advocates for defining new cultural norms around AI use: "How do we validate machine-generated output? Where does human judgment come in? How do teams stay sharp in an AI-accelerated workplace? Treating AI as a teammate, and not a crutch, is the mindset shift that will separate the leaders from the laggards."

"AI is not replacing humans; it's empowering them. It acts as an assistant that sits alongside professionals," says Rembe.

Data accuracy

The promise of enhanced analytics powered by AI in real estate is significant. However, using these AI capabilities depends on having accurate and unbiased data.

"Everyone wants AI to help answer, 'Is this a good deal?' But to do that, AI needs structured, accurate data, and that's where real estate falls short. The industry is intentionally opaque. Brokers guard data as their competitive edge. Properties are idiosyncratic, with every asset having unique tenant rollovers, lease terms and capital structures," says Spadafora. "You can't train AI effectively on generalized data if each building is fundamentally different, and you can't scale predictive insights without volume and consistency."

Building on leadership's commitment to technology education and advancement, Spadafora says, when firms have systematically captured their own data, "every deal looked at, every comp, every assumption — are starting to unlock" meaningful predictive insights.

In Ferguson Partners' *Q4 2025 AI Pulse* survey, 58 percent of respondents cited data quality as their top barrier from going further with AI investments. "This is where the human capital conversation meets the technology conversation," says Cordingley. "Without shared standards for things like asset classification, lease abstraction or tenant risk scoring, AI becomes a boutique solution and not something that is scalable across the organization."

Building consensus and driving momentum for widespread data standards requires significant time and coordination across many firms.

Liedtke shares, "I'm skeptical they can truly collaborate to establish those norms in the near term — the technology is moving and evolving too quickly. Developing these industry standards in the longer term is certainly feasible, but firm-level AI and data strategy cannot afford to wait for these standards to form."

Liedtke began his financial services career in public equities, where he witnessed this story unfold as firms transitioned from Excel spreadsheets and PDFs to cloud-based data warehouses and structured data feeds. "The real estate investment sector is currently on the same journey, only lagging behind a decade or more," says Liedtke. "These types of data standards and tech maturity would certainly make the data more AI-ready, but firms must climb their own learning curves, build their own data strategy and demand these standards before data vendors answer the call. While far from perfect, we have seen incremental improvement in terms of data quality and tech maturity over the past five years across our partners and vendors."

Reents adds, "The other layer to this is that data is a competitive asset. If you have access to data, you can make more insightful decisions quickly. That makes firms hesitant to support standards that might level the playing field. Just based on the pure deployment of capital on the investment side, I don't foresee a rush to create industry-wide standards that would let everyone have access to similar data."

Rembe explains that normalized and standardized input data are foundational to the process. "There's a famous proverb: 'The best time to plant a tree was 20 years ago. The second-best time is now,'" says Rembe.

He notes that Juniper Square began building a standard industry data model for private markets more than a decade ago and has spent more than 11 years developing it. Today, this model encompasses data on more than 40,000 funds, more than $1 trillion in active LP capital, and more than 1 million active investment positions.

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According to Rembe, this data infrastructure allows Juniper Square to enhance foundational AI models for private market applications. The firm's agentic AI platform, JunieAI, is powered by more data than their customers currently have in Juniper Square. It can integrate and analyze content from documents, emails, meetings and notes, and even connect to third-party data sources.

"With data from all sources standardized and unified, it's simple for our customers to get the insights they need on command. It also means no more keying data from a PDF into Juniper Square. For example, subscription documents completed outside of Juniper Square can be uploaded and transposed into digital subscriptions and positions. So, there's both the data standardization benefit and the time savings benefit in our approach," says Rembe.

Last words

Real estate's AI journey is about much more than technology — it requires building a strong, data-centric foundation rooted in leadership, cultural change and disciplined data management. Although the sector is still in the early stages of AI adoption, firms that invest strategically in technology, process, people and culture will accelerate it. ❖

Andrea Zander is editor of *Institutional Real Estate Americas*.