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FROM GOOD DATA TO BETTER DECISIONS: HOW TO PREPARE FOR AN AI-ENABLED FUTURE

Senior figures from across the flexible workspace sector joined Yardi, a global leader in real estate software and technology, and *BE News* to discuss the threats and opportunities posed by AI

INDUSTRY GUESTS:

Shannon Burke, chief executive, Managed

Ed Cowell, chief executive, Landmark Space

Justin Harley, senior regional director, UK and Ireland, Yardi

David Kaiser, co-founder, Oneder

Catherine Le Druillenec, managing director, Knotel

Alan Pepper, chief executive, Orega

Jonny Rosenblatt, chief executive and co-founder, Spacemade

Alex Young, managing director, Projects

Liz Hamson, editor-in-chief, *BE News* (chair)

Despite AI's increasing entrenchment into the flex sector, there are still some lingering concerns about the technology.

"AI is moving extremely quickly. It's here; it's real," cautioned Justin Harley, Yardi's senior regional director, UK and Ireland, speaking at a roundtable event on the use of AI in the flex sector, which was sponsored by the real estate software and technology firm.

Harley introduced the discussion by highlighting research from Yardi's report produced in conjunction with the Association of Real Estate Funds (AREF), titled 'The changing role of data and technology in real estate investment'. The report reveals that 45% of executives still see AI as the biggest disruptor over the next five years – a figure he called "surprising".

According to Harley, chief executives and managing directors are not talking enough about what gets in the way of using AI. He also said the consistent theme surrounding the technology was data, and owning that data. "It's about data strategy and where

Catherine Le Druillenec

Justin Harley

your data is, because your AI can only be as good as your data," he added. "The world recognises that."

This was one of a number of key talking points discussed by leading industry figures at the roundtable event, titled 'From good data to better decisions: how to prepare for an AI-enabled future'.

QUESTION: Do you struggle with knowing what to trust when it comes to people pitching you an AI product?

LE DRUILLENEC: My concern is we have lots of these platforms and lots of different types of technology. You might have signed up to some of these platforms years ago and they might have done something for you, but their capabilities have evolved and changed, and I'm sometimes suspicious that the customer service of that business is saying "well we now do all these 50 other things you're paying for – you just don't know they exist".

If you don't know they exist, how do you know to utilise them? So, we're reviewing our tech stack to see what we've got. Does it do what we need it to do? Can it do more? Can we get better value from it? This is why many companies are looking at tech consultancies to get the best value.

> ***The challenge is making your system architectures talk to one another***
>
> *Justin Harley*

HARLEY: You hit the nail on the head, which is why I focus on data and not AI. If I drew your system architectures, you're all doing pretty much the same things: finance, procurement, lease management, sales. ⊳

The challenge is making them all talk to one another, but it'll never happen. It's impossible. Having API [application programming interface] after API, you're just creating a monster.

ROSENBLATT: [Last summer] we became focused on 'what do we need?' rather than 'here are lots of shiny tools that we can play with and lots of great toys that are fun and can make a difference'. You have to determine what is important and then work out what tools you might need.

COWELL: People need to stop getting over-excited about AI because we're all doing the same things. It comes back to the simple basics of business, which is 'what is your strategy; what are the things that are important to you and your business?' and just home in on those things.

QUESTION: To what extent are people in the flex sector currently using good data?

YOUNG: One tool we use has a data health function. We were over the moon because we were doing a better job than many other people, and that made me proud of my team, because it's pulling in the tools we're talking about; pulling in information from our different platforms.

However, the team still goes in and checks what's flagged as a data health issue


Alex Young


Ed Cowell

daily and sorts it, because otherwise the functionality of that platform falls.

QUESTION: Do you have any concerns that AI makes people lazy?

LE DRUILLENEC:. If you're writing a huge report on your business or the market, you can throw that into [AI assistant] Claude, where it will give you a summary in 10 seconds and it's perfect – it's something that would have taken you hours to do.

If you're going to produce something and present it, it is a great way to put it together. But the reality is that if you'd done that yourself, you would understand it. With the Claude version, you can read the points but you don't have the understanding. You need to provide the additional context around it for people in the room to truly grasp what you're trying to tell them.

BURKE: There's an issue within law firms at the moment where they're not recruiting juniors, because a lot of the entry-level responsibilities are being alleviated by AI.

> ***People need to stop getting over-excited about AI because we're all doing the same things***
>
> *Ed Cowell*

David Kaiser

If you take the example of a lease, you can run it through [AI chatbot] ChatGPT and get the main points out of it. Previously, a junior member of the team would have done that, but now they're not getting that entry-level learning block that enables them to move up through the ranks.

KAISER: Stepping out of the real estate world, we have many members that are AI businesses such as Magentic, Tracelight and Jack & Jill, and speaking to them, we see two things happening: firstly, they are hiring fewer people than forecast as a direct result of implementing AI to replace job roles and the struggle to recruit engineering talent; and secondly, their teams are in the office five to seven days a week. They place more importance on the human element of their work while using AI for automation and admin. This demonstrates to us that AI can be a talent enhancer if used properly.

ROSENBLATT: People's initial concern about implementing AI was 'is this going to replace me?' but they realise that thanks to AI their time can be better allocated and they actually have more time to look after warm leads that are worth spending time on, rather than messing about with leads that are never going to go anywhere.

Once people realise this it becomes a very different process and they buy into it. But it takes time to get people on board and that resistance can be the biggest challenge to adoption, whatever system you're rolling out.

QUESTION: What functions are most vulnerable to being disrupted by AI? Is it leasing?

HARLEY: Maybe I'm old-fashioned, but AI can't do the whole leasing process, especially with the types of clients you're dealing with. That's got to be a human trust relationship.

What AI can do is the grunt work and answer the same questions that get asked every single time. So, a system could just say 'yes, we have got availability and the pricing is this'.

PEPPER: It is likely that we will see smaller enquiries increasingly coming directly to us with AI supplanting the property agents because there is more information readily available.

At the same time, I expect smaller-scale conventional leasing will come under more pressure from AI due to the uncertainty of working patterns with organisations seeking shorter-term flex solutions. We are already seeing multiple instances of the same company wanting to take space with us across the country.

BURKE: Some of the biggest leads I've seen in the market in the past six months ⊳

have been AI firms, specifically in London. Companies that are well backed, that instead of going down the most cost-effective route of a conventional leave will now go into a flex solution because they're happy to pay for that flexibility due to its convenience and the abilty it gives them to scale.

QUESTION: Is AI good for the customer experience?

PEPPER: We are looking at what can be done around customer experience because it costs a lot of money to get a customer, so you don't want to lose them. One of the things is: how do we use [AI application Microsoft] Copilot to triage the particularly large and busy email inboxes of centre managers to direct queries like 'my heating's not working right' straight to the facilities management team?

> ***If the sector continues to grow without selling its value to its occupiers, we will get into trouble***
>
> *Alan Pepper*

QUESTION: What is the single biggest opportunity and threat presented by AI to the flex sector? And do you think AI will have a positive transformational impact on the flex sector?

KAISER: The biggest opportunity is the power of our talent. The biggest threat is that we have lots of technology businesses as our members and I believe they will slow down their hiring.

However, there is incredible liquidity for small-scale businesses and we've seen incredible growth of some of our [member] companies.

I'm optimistic about the future outlook because, like the people in this room, we are more proactive and reactive than the traditional real estate market. Whenever a new tool becomes available we adopt it and utilise it quickly.

PEPPER: The opportunity is better, faster decisions. The main threat? I'm going to be slightly controversial and say there has been significant growth in the sector, which has dampened pricing for the last umpteen years. If the sector continues to grow without selling its value to its occupiers, we will get into trouble.

Currently, what happens is we end up in a price war to get occupants, when what we need to be doing is selling the value of the flexibility we offer.

Jonny Rosenblatt

Shannon Burke

YOUNG: The biggest opportunity is more office space demand shifting towards flex but also improved analysis tools. By using these tools we will be able to make better decisions about the opportunities we take and how we fit those sites out. The biggest threat is AI reducing the overall headcount of businesses. However, I'm still cautiously optimistic.

BURKE: The biggest opportunity? As a society, community is going to become increasingly important and we're the leaders in that because the flex market does community well: it's something the conventional office leasing market can't compete with.

I think there are two key threats. Firstly, it's the lack of control over our own data because we're relying on third-party AI firms to do it and none of us really know where that's going or what that looks like in the long term. We're throwing our trust in it and hoping nothing bad happens. Secondly, are landlords utilising that data to create their own landlord-led products, which will be tricky to compete with?

Staying ahead of the curve and working together to protect the market is going to become important.

ROSENBLATT: This is not a zero-sum game. There's an opportunity to invest in AI and to hire better people. And we're people businesses, hospitality businesses – we are not technology businesses that own desks. That is an important, nuanced element.

In terms of the threat, I agree: it's about the control of our data and control of the IP [internet protocol], because frankly we don't know where this stuff is going. We use all these tools, without knowing what happens with it.

COWELL: AI is here and it's going to happen anyway. The threats to the industry are broader and more macro, and they are around information security, data control and data management. I'm positive about it all because we can use it to allow us to be more human and more focused on the occupier. □

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