AI in real estate

No longer a nice-to-have but a must-have

Artificial Intelligence (AI) adoption in real estate has shifted from being a fancy innovation to becoming standard practice. Across the industry, all market participants—developers, landlords, portfolio managers and occupiers—are grappling with enormous amounts of data. AI has become a must-have tool for solving these information challenges.

As we navigate market uncertainties in 2025, real estate investors are asking tough questions: Will AI be the game-changer that separates industry leaders from the pack or is it just another overhyped technology? And crucially, how to justify the investment in today's challenging economic climate.

What research shows

To get answers, JLL surveyed over 500 senior decision-makers across 15 markets, including private, public and institutional investors. What we found reveals how the industry is experimenting with AI, what's holding them back and what capabilities they'll need to stay competitive.

Despite real estate's well-known resistance to new technology, 88% of investors are already testing AI solutions, with companies typically running five different AI projects at once.

The focus has shifted dramatically. Instead of just using AI to cut costs, real estate investors are now prioritising revenue growth. Five of the top six AI priorities are now about competitive advantage and business growth rather than operational savings.

The preparation problem

Here's the catch. While 87% of companies are boosting their tech budgets for AI, more than 60% aren't ready for large-scale implementation beyond small pilots. This is creating a widening gap between the market leaders and everyone else.

The practical benefits are clear. AI helps investors monitor how their properties are performing and analyse multiple performance factors in minutes rather than hours or days. This means making real-time decisions based on hundreds of different variables.

Corporate occupiers are even more bullish about AI. A striking 92% of C-suite executives believe AI will fundamentally change how their workforce operates over the next five years. For their property portfolios, senior leaders are planning hybrid approaches where AI and technology support human experts.
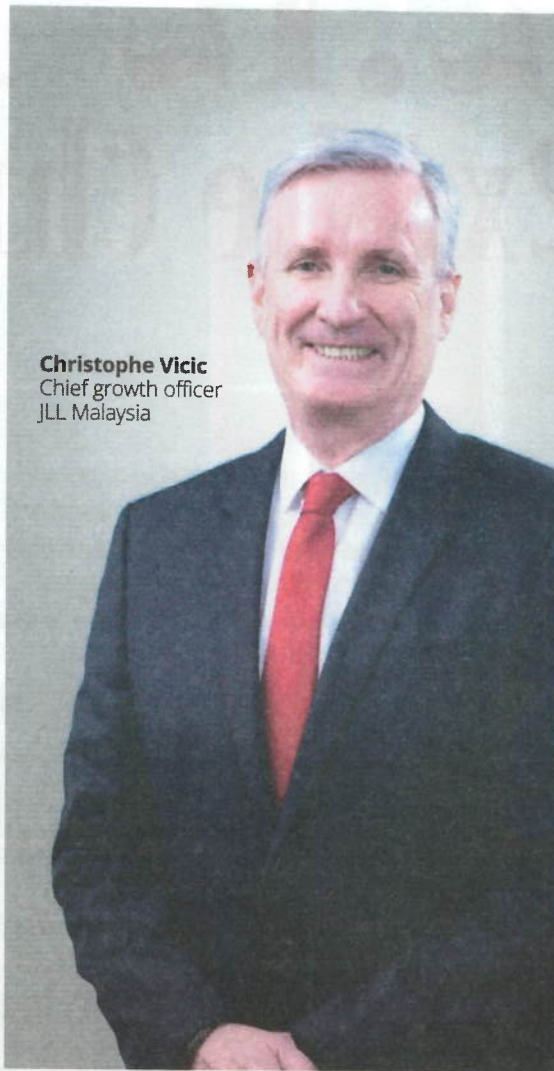
The drivers are clear: budget pressures and stretched resources. Corporate real estate teams often operate with limited staff while facing demands to create high-quality work environments without breaking the bank.

The numbers tell the story.

JLL's 2025 survey of major global corporations revealed that AI pilots jumped from just 5% to 92% of companies in three years. But we're still in the testing phase—most organisations are figuring out what works before going big on CAPEX.

For corporates, AI solutions are seen across the following areas:
1. Real estate data-related workflows (the most popular application). This includes lease administration systems that track information on all active leases and provide alerts at key decision points, property valuations and appraisals, market transaction records and automated reporting processes. Lease abstraction, once a manual process, can now be streamlined using computer vision, improving efficiency while significantly reducing the risk of human error.
2. Portfolio optimisation (the second most popular application). This may include real-time portfolio performance tracking across geographies and risk profiles, automated portfolio rebalancing recommendations, scenario modelling and stress testing and strategic asset allocation analysis. In fact, the entire Asset Management function, from cost optimisation, rental benchmarking, to investment/divestment decisions, can be performed more efficiently with AI as a co-pilot.
3. Facility operations, encompassing predictive maintenance (equipment failure prediction and prevention, maintenance scheduling optimisation, asset lifecycle management) and automation of building management systems (HVAC optimisation for energy efficiency and comfort, automated lighting control based on occupancy and daylight, elevator traffic optimisation and predictive maintenance). With Building Information Modelling (BIM) integrated with IoT sensors, a digital twin of a building can be created, enabling property managers to simulate different scenarios across the asset lifecycle and test possible responses in advance.
4. Location strategy and site selection analytics. And various other applications depending on corporate needs.

The reality check

Despite all the excitement, many companies are taking a scattered approach to AI, which is widening the gap between tech-savvy organisations and those falling behind.

We're also seeing explosive growth in proptech companies developing AI solutions. But our research suggests the industry might be heading towards a reality check phase.

There's a disconnect between boardroom enthusiasm and what's actually happening on the ground. Nearly 70% of business leaders say they have an AI strategy for their corporate real estate function but only 33% of senior managers in the field agree.

Malaysia's AI journey

In Malaysia, AI adoption in real estate is still getting started. Not many players are using advanced AI solutions yet, partly because there are not many products designed for our local market.

Many solutions developed in mature markets like the US and Western Europe don't work well in less transparent markets like Southeast Asia. It might take a year or two to adapt these solutions locally but this could actually benefit Malaysia by allowing it to learn from proven solutions tested elsewhere. Cost continues to be a significant hurdle, as these AI platforms are developed overseas and priced beyond the reach of many Malaysian companies, particularly SMEs.

Another issue faced in Malaysia is the shortage of local talent who can quickly develop or adapt AI solutions for broader implementation. This is a global challenge, as requirements from key business groups are growing exponentially while the talent pool capable of deploying solutions throughout companies and ensuring all employees adapt their working methods varies significantly depending on the organisation.

"The talent gap is one of our biggest challenges in scaling AI across our operations," said JLL Malaysia managing director Jamie Tan. "We need individuals who can bridge the gap between technical capabilities and real estate expertise. That's why we've developed our own comprehensive AI ecosystem, including JLL GPT for property technology solutions, Falcon for advanced analytics and specialised lease administration tools that automate contract management and critical date tracking. The key is ensuring our people don't just implement AI tools but truly understand how to transform their daily workflows to unlock the technology's full potential."

He also believed that JLL's proprietary property management platform, Corrigo, which will be AI-enabled in 2026, will significantly enhance facility management efficiency.

Local innovation taking shape

We're seeing growth in Malaysian proptech companies offering AI and big data services:
• **Property Intelligence Platforms:** These platforms analyse real estate data from sites like iProperty and PropertyGuru, tracking various metrics, including user engagement, to generate market insights. They also integrate demographic data with property-level transaction information to produce dynamic visualisations that support strategic decision-making.
• **Smart Mapping Systems:** Geographic Information Systems that track people's movements, crucial for planning retail centres, offices and transport infrastructure.
• **Design and Development:** AI is speeding up architectural design and technical drawings. It can generate initial 3D concepts that human designers then refine, saving significant time on repetitive work.
• **Construction Technology:** Some companies are using Building Information Modelling (BIM) systems that create detailed 3D models with comprehensive building data. However, adoption is limited because you need substantial project volume to make it cost-effective.

JLL Malaysia chief growth officer Christophe Vicic believes that AI in real estate has a strong future. This is supported by the survey results: Organisations buffeted by the same economic headwinds but with successful technology programmes report greater confidence in navigating market volatility and risks. 93% of investors say that high-quality tech-enabled properties deliver stronger performance and returns, which is in line with occupier sentiment: 94% are willing to pay a premium for tech-enabled space that provides better energy efficiency and tenant experience. To accelerate AI adoption, C-suite leadership must actively encourage its acceptance among middle management.

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