

BY JAMES GILLES

AI Empowerment: Elevating Ownership & Risk Cost Efficiency

Artificial Intelligence (AI) is revolutionizing industries globally, and the Commercial Real Estate (CRE) sector in Canada is uniquely positioned to benefit. By adopting AI-driven solutions, CRE companies can achieve significant gains in efficiency, cost management, and risk mitigation, providing a competitive edge in a rapidly evolving market.

Key Benefits of AI for CRE Companies

- 1. Enhanced Operational Efficiency:** AI automates routine tasks such as energy management, maintenance scheduling, and tenant communications. This frees up valuable time for property managers and reduces operational overheads.
- 2. Proactive Risk Management:** AI identifies potential risks before they become costly issues. For example, predictive models analyze environmental and structural data to flag vulnerabilities, enabling pre-emptive measures that reduce exposure to liabilities.
- 3. Better Decision-Making:** C-suite executives gain actionable insights through AI's data analytics,

which consolidate and highlight key trends in market conditions, tenant behavior, and property performance. These insights inform strategic decisions, from investment planning to operational improvements.

Real-World Applications

- 1. Energy Optimization:** AI systems dynamically adjust energy use based on real-time occupancy and weather, leading to lower utility costs and more sustainable operations.
- 2. Tenant Satisfaction:** By analyzing feedback patterns, AI helps CRE companies improve tenant experiences, boosting retention and long-term revenue stability.
- 3. Insurance Strategies:** Risk modeling powered by AI enables tailored insurance coverage that aligns with the specific needs of each property. Traditional underwriting relies on available data of the past to manually predict future outcomes. By utilizing AI, CRE owners can deploy "active underwriting" using both historical and real time data to produce the best risk profile.

Case Study: AI-Driven Energy Optimization at a Commercial Office Building

A prominent commercial office complex in Toronto implemented an AI-powered energy management system to address escalating utility costs and improve sustainability. The system integrated IoT sensors with AI algorithms to monitor real-time energy usage and predict demand patterns based on factors like weather, occupancy rates, and historical data.

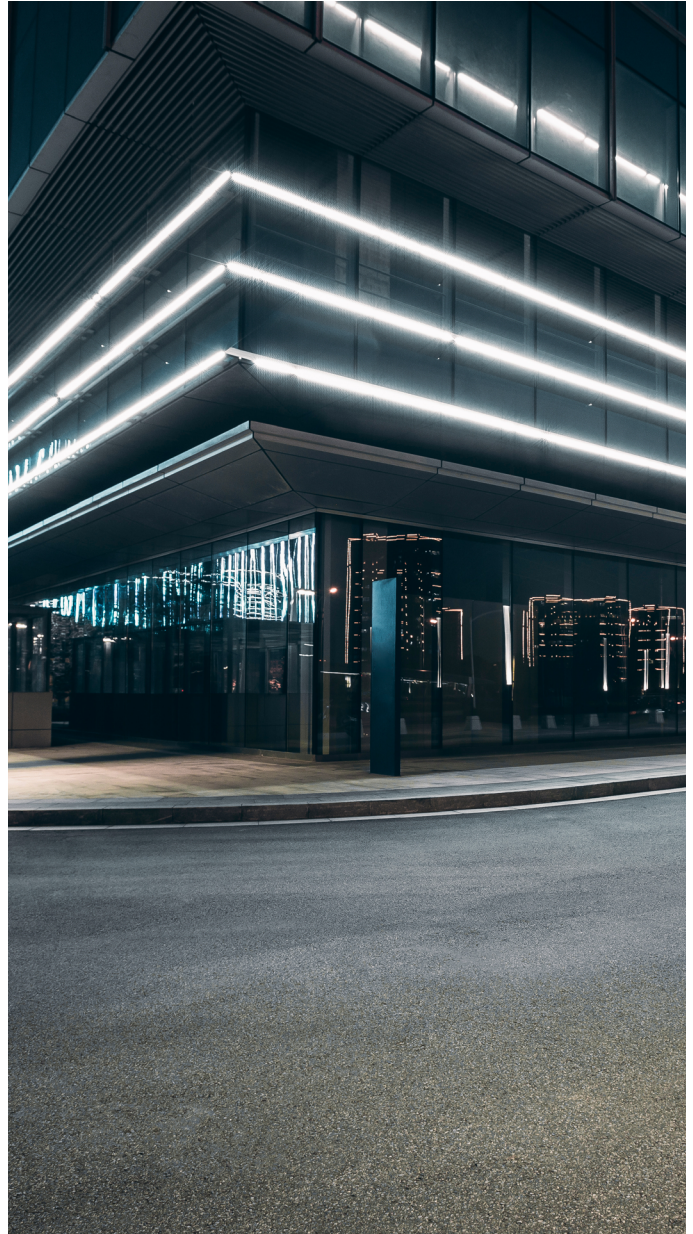
Results:

- A 25% reduction in energy costs within the first year, attributed to optimized HVAC and lighting systems.
- Improved tenant satisfaction due to consistent temperature control and a reduction in energy disruptions.
- The data gathered by the system also informed maintenance schedules, reducing unplanned equipment failures by 30%.

A Strategic Imperative

The CRE market is increasingly competitive, and embracing AI is no longer optional for companies aiming to thrive. By leveraging AI-driven efficiency, CRE companies can lower operational expenses, minimize unexpected costs, deploy “active underwriting” within their risk management program, and create sustainable, high-performing portfolios.

Adopting AI ensures a balanced strategy between Total Cost of Ownership and Total Cost of Risk, positioning CRE companies for long-term success in an ever-changing landscape.



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About Platform

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