



Executive
Perspectives

AI-First Companies Win the Future

Real Estate

April 2026

Introduction

We meet often with CEOs to discuss AI—a topic that is both captivating *and* rapidly changing. After working with over 2,000 clients for more than two years, we are sharing our most recent insights in a new series designed to help CEOs navigate AI. With most sectors going through major shifts, the focus in 2026 is on how to leverage predictive, generative, and agentic AI to **fully transform organizations and create new sources of competitive advantage.**

In this edition, we discuss the future of real estate and the role AI can play in turbocharging growth. We address key questions on the minds of executives:

- Why is now the right time to act? What is the opportunity at stake?
- What are the AI deployments that actually unlock value?
- How do I get started, and how do I get this right?

This document is a guide for real estate executives to cut through the hype around AI and understand what creates value now and in the future.

**In this BCG
Executive Perspective,
we articulate the
impact and value
of the future of real
estate with AI**

Executive summary | Transform into an AI-first real estate company

WHY

now is the right time to act

Real estate is structurally **exposed to inefficiency**, and **AI capabilities are now mature** enough to address it at scale.

The window to act and become an AI leader is now:

- **66%** of projects experience **schedule overruns** and **39%** face **cost overruns**, driven by fragmentation and rework
- **AI can unlock significant value** with an uplift in revenues, a reduction in total costs, an improvement in portfolio returns, a reduction in volatility and downside exposure, and an uplift in execution speed and accuracy
- **Real estate lags** the global average on **AI maturity by about 15%**
- **AI real estate investment** is forecast at **0.8% below the 2026 cross-industry average**, with the gap expected to widen

WHAT

an AI-first organization looks like

AI can unlock **significant value across three real estate business models**:

- **Development company (DevCo)**: 400–700 bps margin uplift from AI applications, including construction site assistants and procurement optimization; AI-first DevCos compress project timelines by about 30% and accelerate capital deployment cycles
- **Investment management (IM)**: 300–400 bps IRR uplift across the investment life cycle is enabled by AI applications, including AI-driven valuation forecasters and automated LP commitment cycles; AI-first IM can reduce the E2E investor commitment cycle by roughly 33%
- **Facility and property management (FM/PM)**: 200–300 bps EBIT uplift is driven by AI applications, including invoice automation and AI technician dispatch solutions for predictive maintenance; AI-first FM/PM experience about a 50% reduction in ticket management time

HOW

to start the journey to transform into an AI-first organization

Real estate companies can become AI-first by adopting proven steps in a structured transformation journey:

- **AI ambition**: set multiyear targets tied to asset value creation (e.g., portfolio returns and operating performance)
- **CEO as chief AI officer**: own, prioritize, and lead the AI transformation journey
- **Business outcome focus**: prioritize two or three high-impact bets at a time, and avoid scattered pilots across assets
- **People and talent**: embed AI across the workforce through upskilling, targeted hiring, and redesigned workflows
- **Operating model**: establish governance with an AI delivery office to track AI value across assets and business lines
- **Technology and data**: establish a single BIM-centric data model across core real estate systems



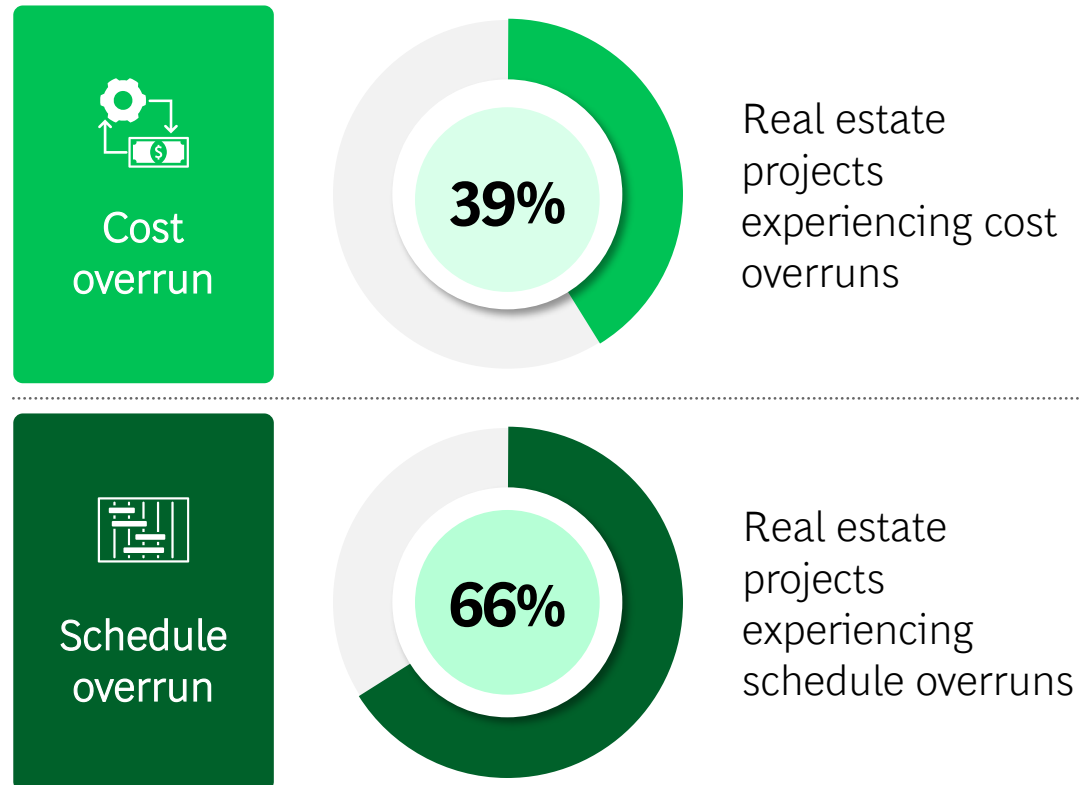
Chapter 01

WHY

now is the right time to act



Real estate is structurally exposed to cost overruns and delays, creating clear potential for AI-driven performance gains

Real estate projects face significant cost and schedule overruns



Source: BCG analysis.

Drivers of cost and schedule overruns

-  **Interdependencies across stakeholders and tasks** cause single delays that ripple into broader overruns
-  **Limited standardization** in project delivery increases variability and execution risk
-  **Supply chain volatility** drives material cost inflation and lead-time unpredictability
-  **Misaligned incentives across the real estate life cycle** drive inefficiencies and overruns

Significant value can be achieved from AI adoption in real estate

Illustrative, selection of areas



Revenue and sales optimization



Uplift in revenues

AI-powered pricing, demand forecasting, and lead analytics accelerate sales velocity and lift realized revenues



Cost optimization and operational efficiency



Reduction in total costs

AI-driven forecasting and deviation detection proactively manage changes, budgets, and timelines



Capital deployment optimization



Improvement in portfolio returns

AI-driven underwriting and portfolio intelligence improve asset selection, timing decisions, and capital rotation strategies



Portfolio risk reduction and resilience



Reduction in downside exposure

AI detects early signals of market shifts, tenant distress, and asset underperformance before the financial impact materializes



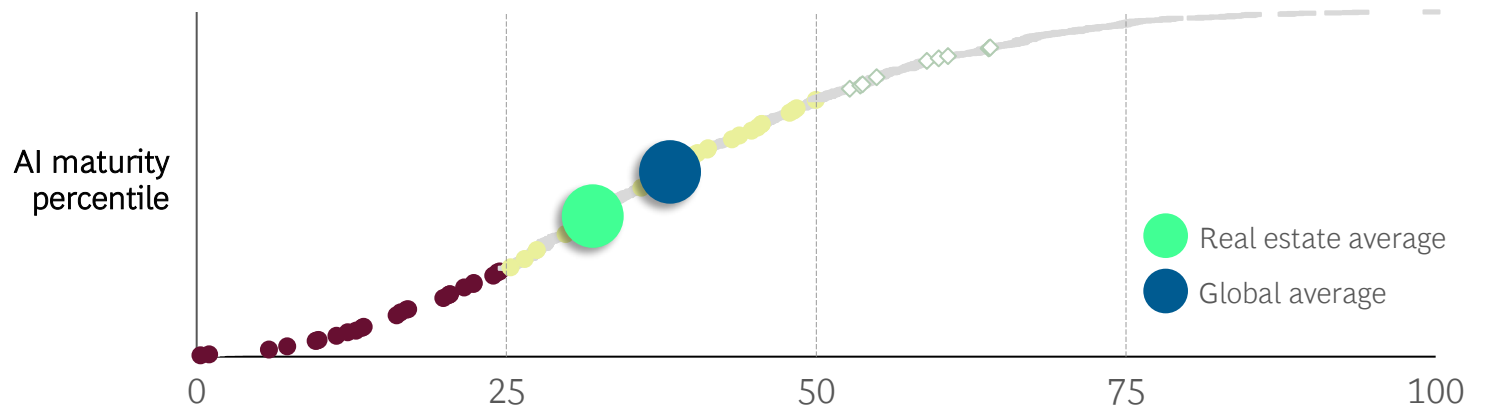
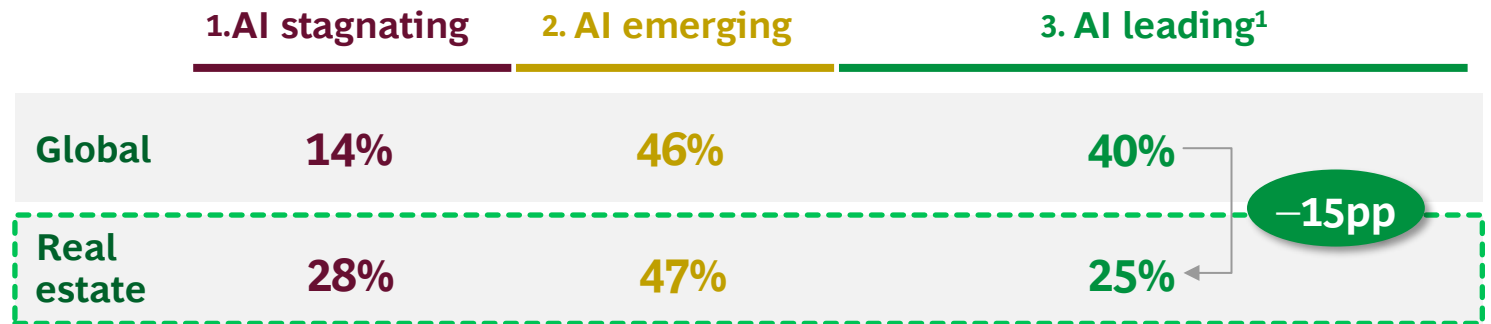
Data and workflow optimization



Uplift in execution speed and accuracy

AI organizes local, unstructured data and helps optimize fragmented workflows to improve decisions and execution across assets

The majority of real estate companies lag on AI maturity, with only about 25% achieving real impact



Taking **minimal or no AI action**, lack foundational capabilities journey to AI yet to be activated

Developed foundational capabilities but are **struggling to scale and generate value**

Developed an **AI strategy and advanced capabilities** and scaling them effectively while starting to generate value

Possess **cutting-edge AI capabilities** across functions while consistently generating substantial value

Structural barriers hindering AI maturity



Conservative, risk-averse culture reduces willingness to experiment with AI



Inconsistent adoption across the value chain and fragmented data prevent E2E AI integration



Physical, asset-heavy operations limit standardization and hinder AI scale



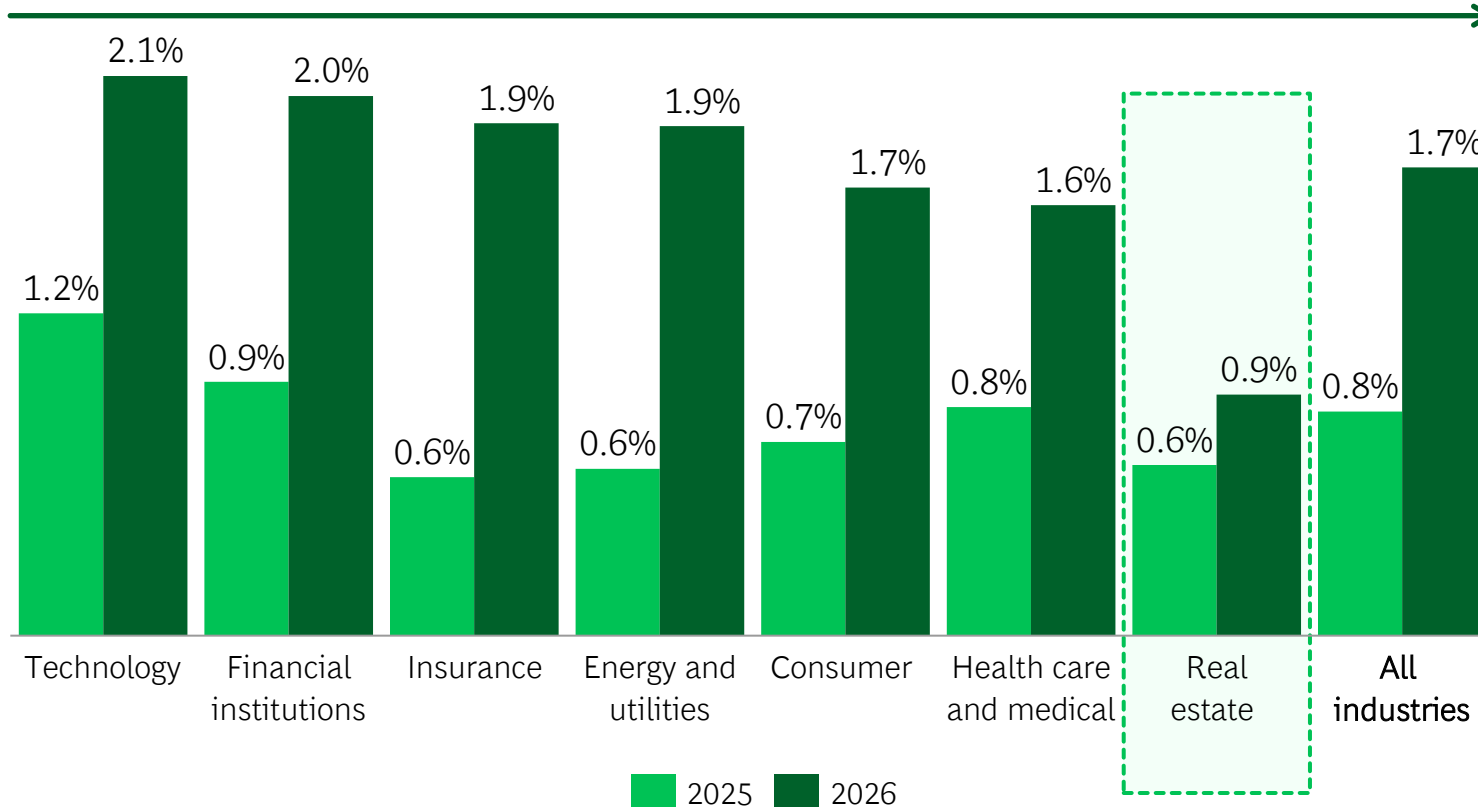
Historic strong returns reduces urgency to modernize operating models and adopt AI

1. AI leading includes AI future-built and AI-scaling companies.

Source: BCG Build for the Future 2025 Global Study (n = 1,250; n = 36 for construction, cities, and infrastructure development).

Limited AI investment in real estate is expected to widen the adoption and maturity gap

Investment in AI as a share of annual revenue



Comparison to industry average

2025 real estate AI investment share of annual revenue

-0.2%
compared with the industry average

2026 real estate AI investment share of annual revenue

-0.8%
compared with the industry average

Sources: BCG AI Radar 2026 Survey (n = 2,208, excluding "I don't know" and blank responses; n = 36 for real estate), "How much do you expect your organization to invest in AI in 2026?"; BCG analysis.

Shifting market dynamics create an urgent window for real estate companies to adopt AI



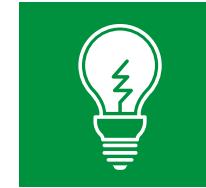
Operating margin pressure

Input volatility and financing pressure are **compressing margins** and shortening decision windows, increasing the value of faster capital deployment and higher productivity



Structural labor shortage

An aging workforce and **low trade entry** are making **projects harder to staff**, accelerating the need for automation and tighter execution



Rising market expectations

Rising expectations for speed, transparency, digitization, and sustainability are making manual real estate operating models less competitive



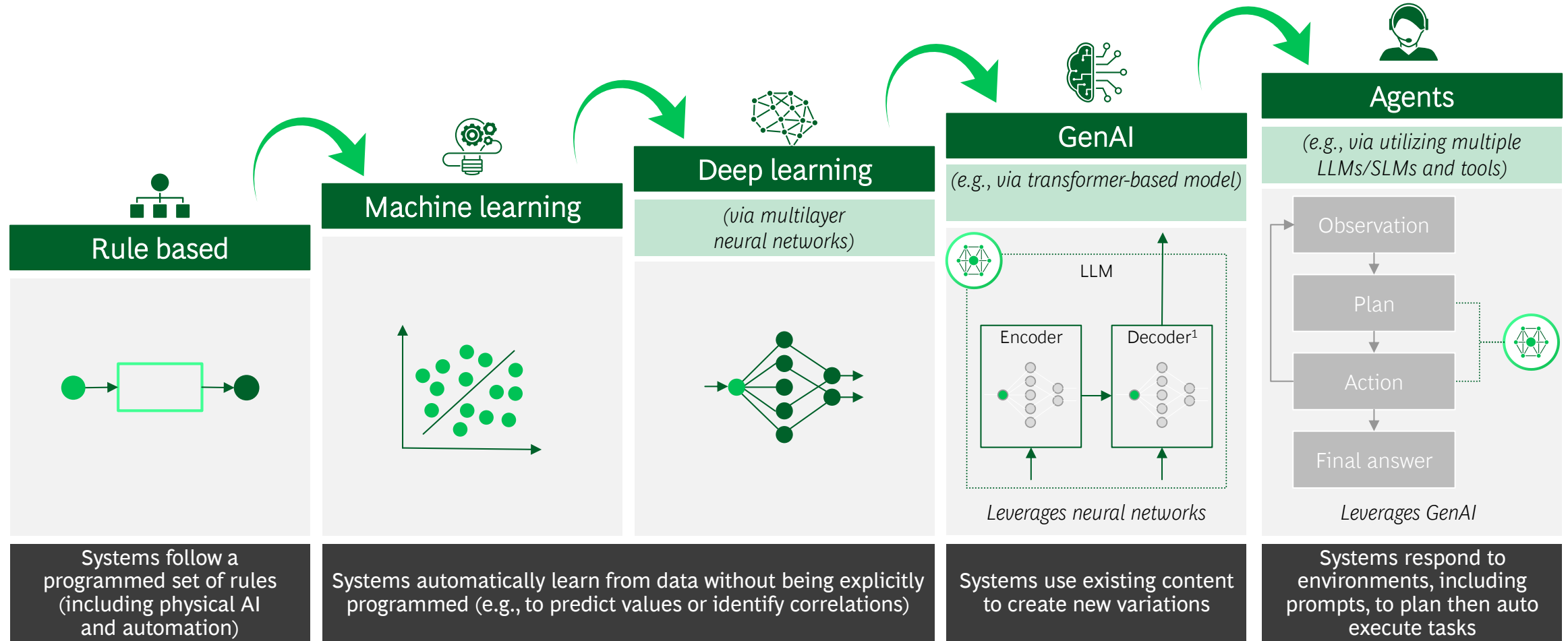
Delayed AI adoption compounds cost disadvantage and erodes competitiveness as laggards face declining win rates and lower scale efficiency



Chapter 02

WHAT an AI-first organization looks like

AI is evolving rapidly, with agents emerging as an inflection point for productivity and measurable business impact



— Deterministic behavior —

— Probabilistic behavior —

Note: GenAI = generative AI; LLM = large language model; SLM = small language model.

1. Example GenAI model; note that some GenAI models are encoder or decoder only.

Source: BCG analysis.

AI can unlock significant value across all real estate business models; 3 models prioritized for focus

Non-exhaustive



Development company (DevCo)



Real estate developers focused on acquiring, planning, construction, operating, and selling and leasing mixed-use properties



Investment management (IM)



Investment managers allocating capital into real estate, underwriting acquisitions, managing portfolio performance, and executing divestments



Facility and property management (FM/PM)



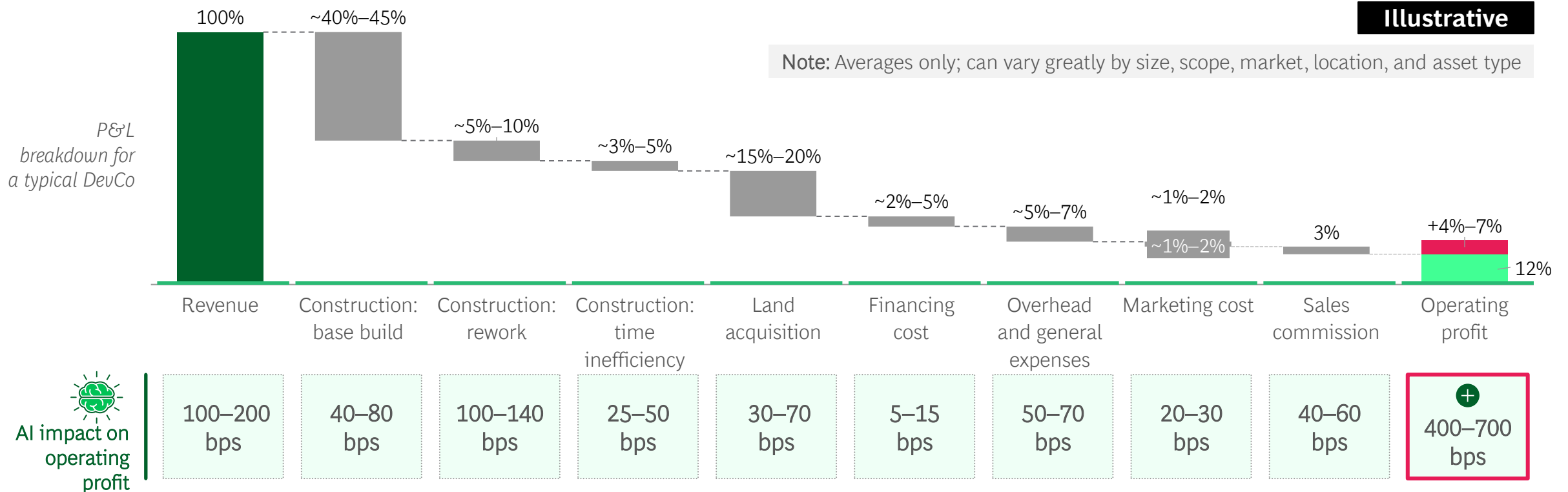
Providers managing day-to-day building operations, maintenance, administrative property services, and tenant support across real estate assets

Note: AI-generated image.

DevCo | AI can enable 400–700 bps margin uplift through revenue growth and cost reduction

Illustrative

Note: Averages only; can vary greatly by size, scope, market, location, and asset type



AI impact on operating profit

Drivers of impact

- Dynamic pricing
- Performance benchmarking
- RFP response assistant
- Procurement optimization
- Generative design optimization and simulation
- ★ **Construction site assistant**
- Quality inspections scoring
- Delay prediction
- Resource sequencing optimization
- Site sourcing
- AI-assisted permitting
- Sales velocity forecasting
- Schedule compression modeling
- Budget variance detection
- Regulatory compliance analysis
- Lead scoring and conversion
- Channel ROI optimization
- Commission optimization
- AI sales agents

Note: Rework costs are related to fixing errors, redesign, material waste, and change orders. Time inefficiency costs are related to idle labor, sequencing inefficiencies, and site delays. AI impact ranges are grounded in BCG experience. RFP = request for proposal. Source: Expert interviews; BCG analysis.

★ Deep dive follows

Deep dive | AI construction site assistant can boost productivity and track the progress of onsite staff

Deployed solution

AI-powered construction site assistant using computer vision to detect site risks in real time, automate progress tracking, and surface actionable **insights** for site managers and field workers

Key features

Site managers



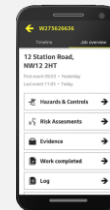
AI risk detection from site images



Automated smart notifications



AI-driven productivity benchmarking



AI-generated compliance and activity tracking

Field workers



AI delay prediction and guidance



AI-powered progress tracking



AI-assisted task documentation and handover



AI insights from historical project data

Results and impact

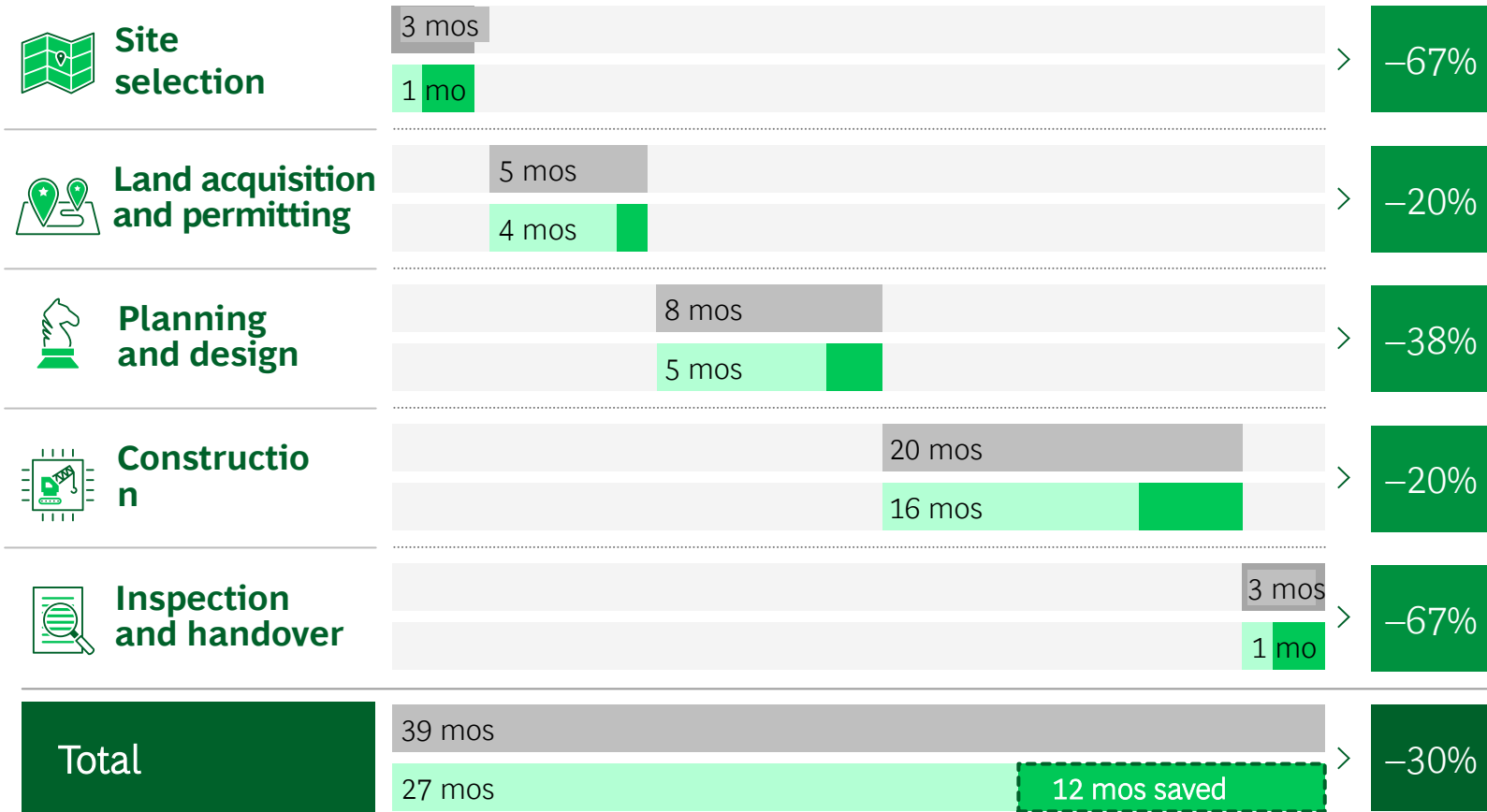
6x ROI achieved with AI tool across deployed projects

12% Boost in productivity recorded in the first 6 months of deployment

48% Reduction in injuries and incidents over a 12-month period

DevCo | ~30% compression of project timelines by embedding AI across the development lifecycle

Average project timeline by development phase



Note: mo(s) = month(s).
Source: BCG analysis.

Traditional DevCo
 AI-first DevCo
 Time saved

Illustrative

Value impact for DevCos



Higher return on equity through accelerated capital deployment cycles



Greater delivery capacity from existing teams

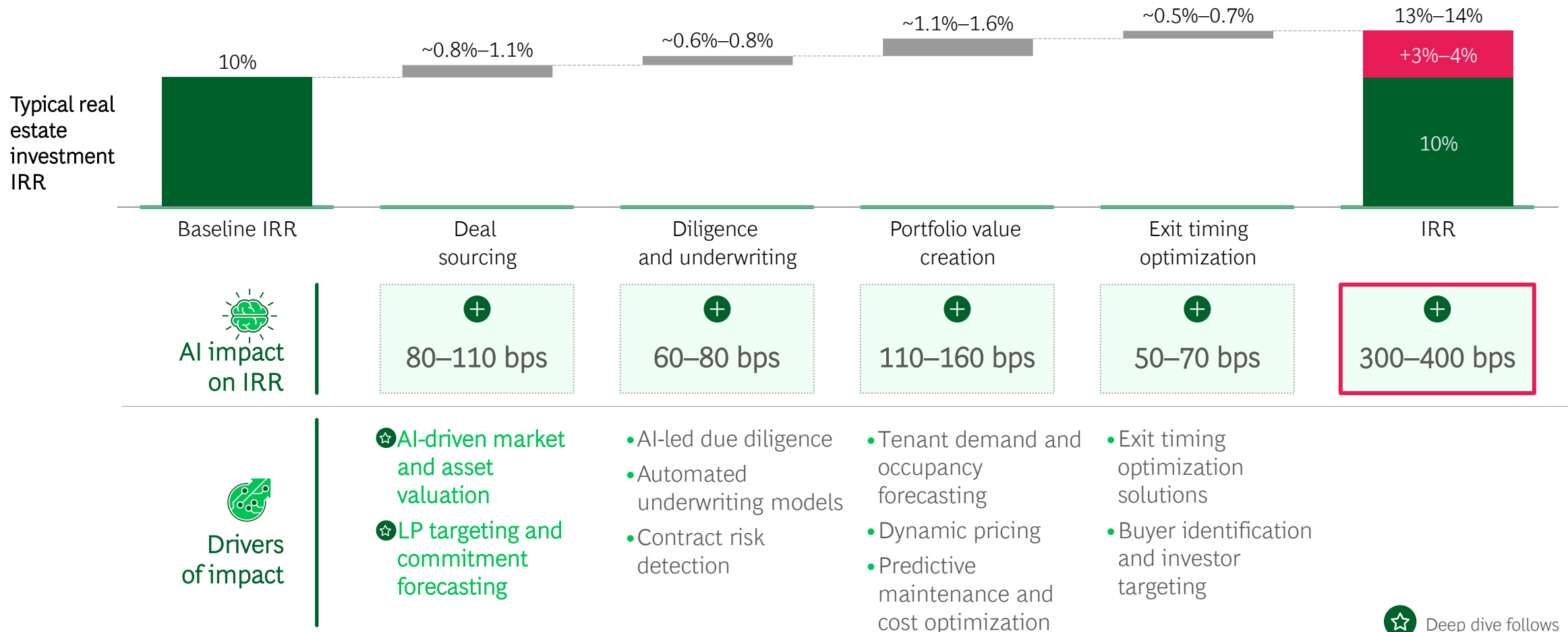


Lower market exposure through reduced demand and inflation volatility

IM | AI leaders can improve their IRR across the real estate investment life cycle by 300–400 bps

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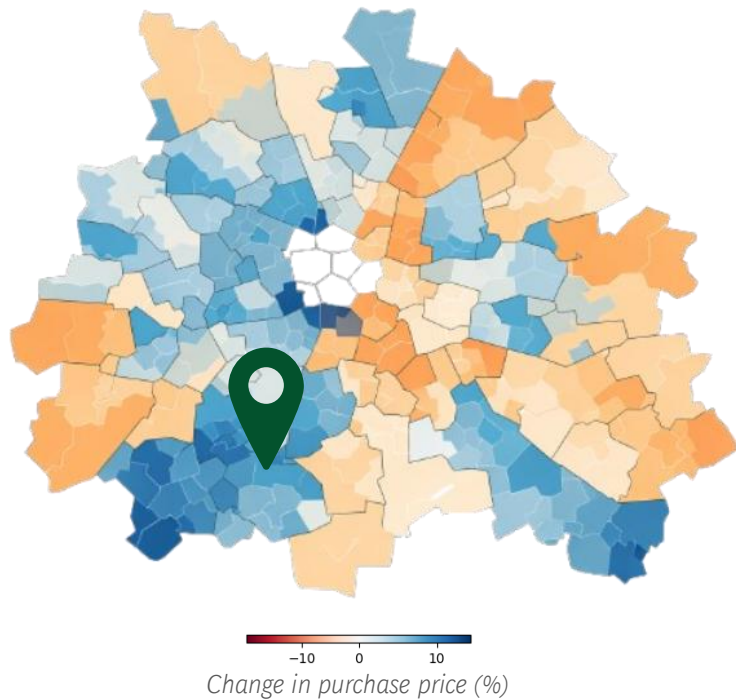
Note: Averages only; can vary greatly by size, scope, market, location, and asset type



Note: AI impact ranges are grounded in BCG experience.

Deep dive | AI valuation forecaster can optimize investment and divestment decisions

AI property valuation dashboard



Key forecast metrics

Difference in an area's average price vs. a city's average price

↑ 4.0%

Increase in the value of the top five locations

↑ 57.7%

Increase in a city's average price

↑ 44.5%

Deployed solution

Objectives

AI combines **internal proprietary** and **external market data** to generate **high-quality forecasts in seconds**, enabling teams to:



Forecast **property value growth by micromarket** to inform underwriting assumptions



Benchmark and rank locations to **prioritize capital allocation and buy, hold, and sell decisions**

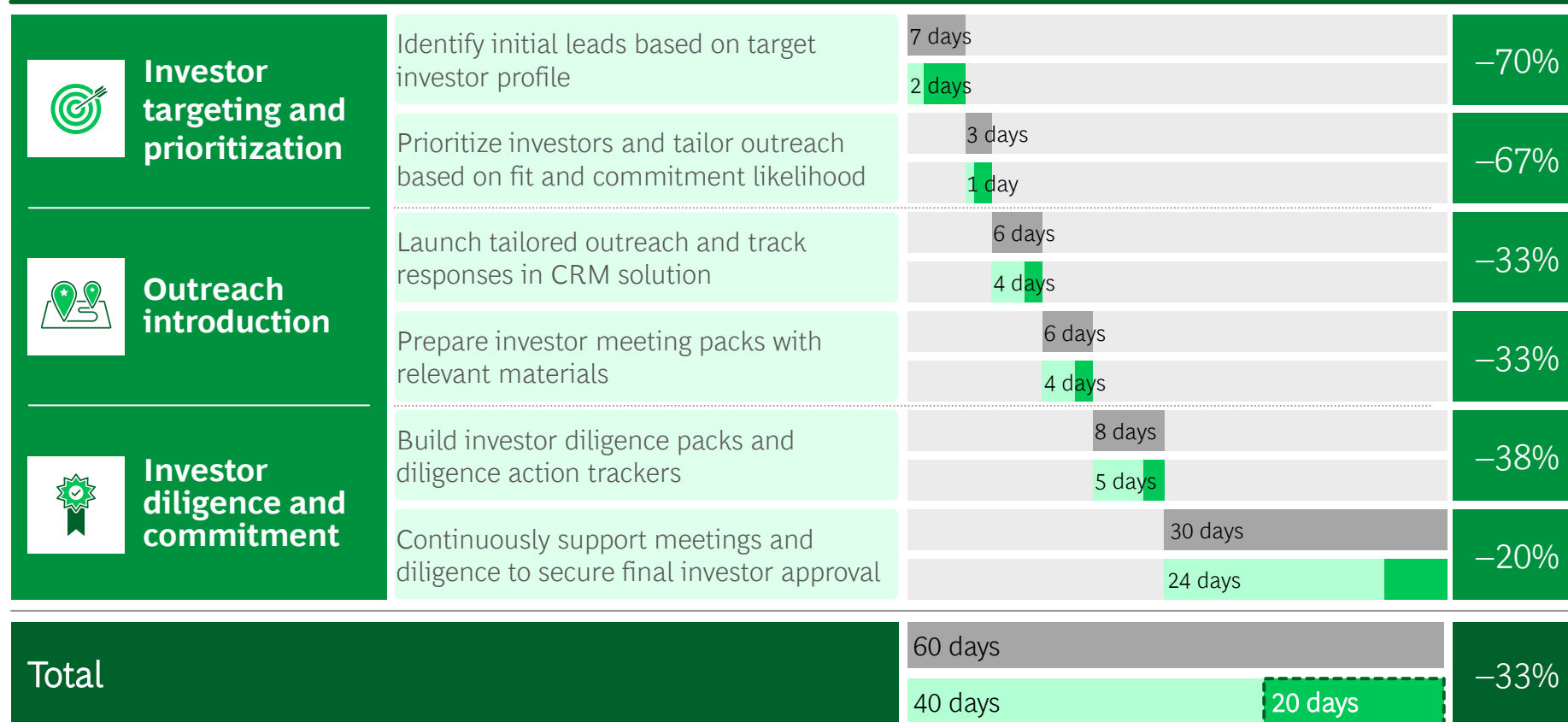


Identify **“hidden champion” locations** that are not currently in demand

Deep dive | AI-leading IMs embed agents in their core workflows; ~33% reduction in E2E investor commitment cycle

Illustrative

Average timeline for E2E investor commitment cycle



33%

Decrease in E2E investor commitment cycle time¹

Traditional workflow | AI-integrated workflow² | Time saved

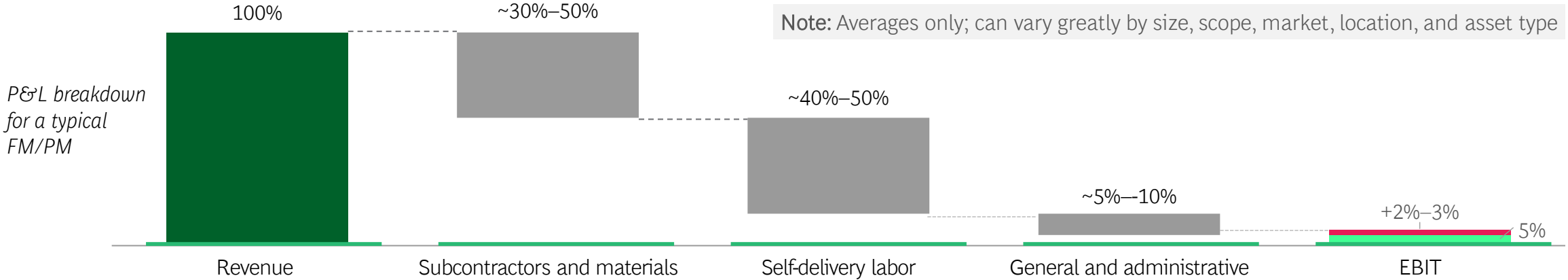
Note: CRM = customer relationship management.

1. E2E cycle time includes LP internal reviews, additional information loops, and legal documentation processes. 2. Includes time required for human inputs and exception approvals.

Sources: Expert interviews; BCG analysis.

FM/PM | AI can help uplift EBIT in the low margin FM/PM sector by 200–300 bps

Illustrative



AI impact on EBIT

50–100 bps ¹	(-) ²	110–130 bps	40–70 bps	+ 200–300 bps
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Drivers of impact

- Cross-sell and upsell copilot
- RFP response assistant for bid support
- Pricing optimizer
- Subcontractor contract analyzer and optimizer
- Claim scout
- Predictive parts planner to optimize inventory
- ★ **Automated ticket management**
- AI-driven predictive maintenance
- Technician assistant³
- Lease administration copilot
- HR and finance AI assistant
- ★ **Invoicing automator**
- Digital twin tool to support planning

1. Revenue impact is not assumed to directly translate into margin expansion in FM/PM, as under the current cost-plus business model, costs increase proportionally with revenue. 2. AI-driven savings are offset by increased costs as revenue grows in a cost-plus model. 3. Including documentation assistant, workflow guidance, and technical Q&A. Note: AI impact ranges are grounded in BCG experience. Source: Expert interviews; BCG analysis.

★ Deep dive follows

Deep dive | AI can automate and accelerate invoice processing and improve vendor compliance in FM/PM

Deployed solution



Key challenges

- ! **Slow incoming and outgoing invoice turnaround** and compliance risk due to manual data entry and approvals across vendors
- ! **High rework and peak-volume bottlenecks**, leading to delayed payments and vendor friction

AI solution

- ✓ Extracts and **validates invoice data** and matches it to work orders, service lines, and contract rates
- ✓ **Flags exceptions** for review with reason and recommends next steps
- ✓ Applies business rules for approvals (i.e., policy checks and vendor rules) and **routes invoices automatically**
- ✓ **Integrates** with existing **FM/PM and ERP systems**

Results and impact

85% Reduction in **manual invoice processing time**

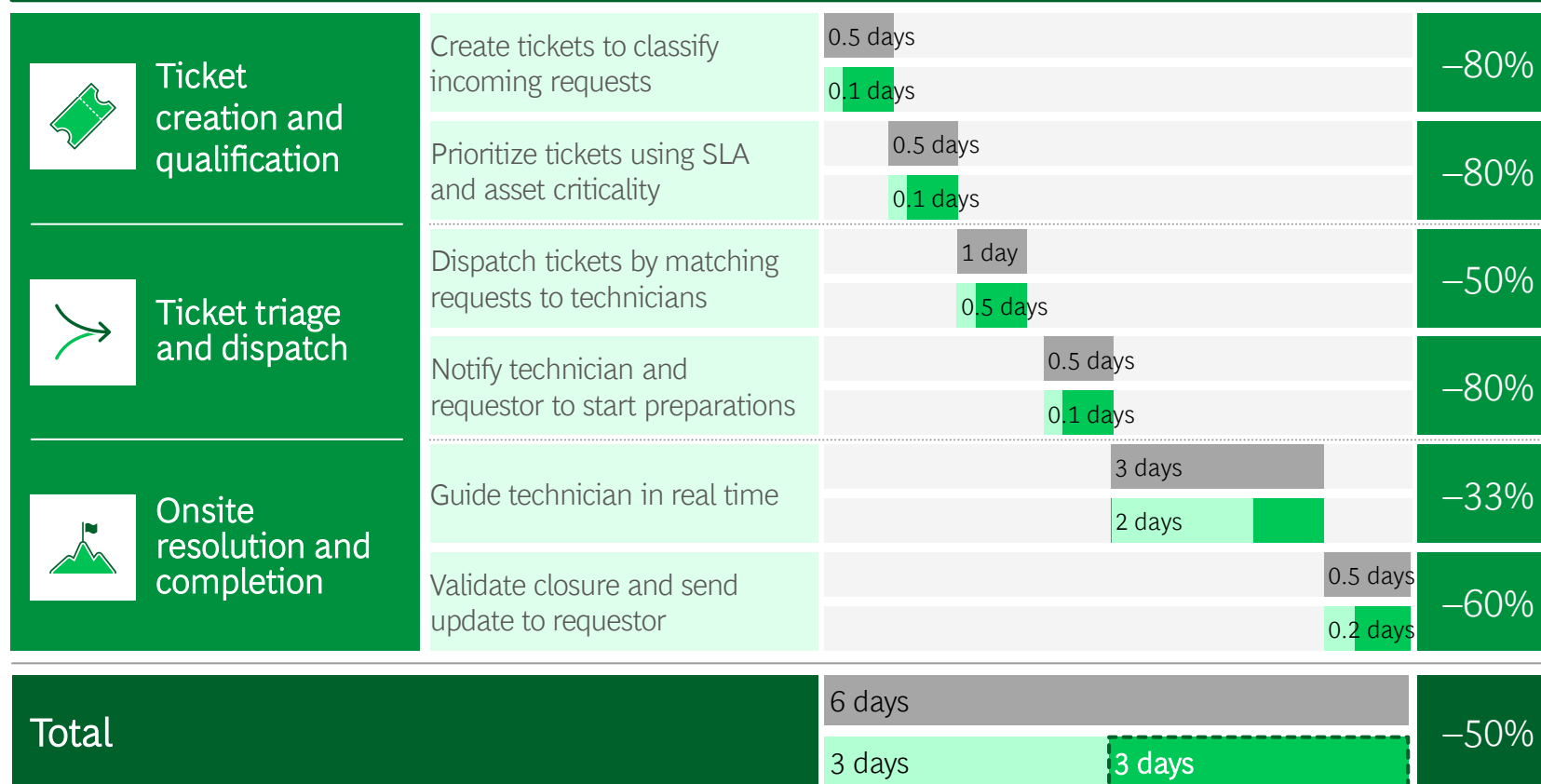
99% Accuracy in **data extraction and validation**

3x **Faster processing** during peak periods

 **Scalability** and vendor compliance

Deep dive | AI-leading FM/PM embed agents in their core workflows; 50% reduction in ticket management time

Average timeline for ticket management process



Traditional workflow
 AI-integrated workflow¹
 Time saved

1. Includes time required for human inputs and exception approvals. Note: SLA = service level agreement. Sources: Expert interviews; BCG analysis.

Illustrative

Impact



20%
Productivity increase of field workers



25%
Overtime reduction of field workers



Chapter 03

HOW

to start the journey to transform into
an AI-first organization

Several hurdles faced by real estate companies seeking to become AI-first organizations



Limited transformation urgency

Strong historical performance reduces the **need to position AI** as a core driver of **value creation**



1 Set a clear AI ambition linked to ROI and value creation



Lack of enterprise mandate

Rooted in historically IT-led ownership, AI **lacks the enterprise mandate to cross business units** and drive organization-wide change



2 Ensure CEO ownership of AI adoption across the organization



Unproven AI value at scale

Lack of clear linkage between AI initiatives and **asset- or portfolio-level value** limits conviction to scale AI adoption



3 Prioritize a small number of **high-impact AI bets**



Entrenched ways of working

Operational **dependence on site-based teams and entrenched workflows** limits adoption of AI-enabled ways of working



4 Launch upskilling programs to enable AI adoption



Asset-centric operating model

Decentralized, asset-led teams with siloed P&Ls and limited coordination across the value chain hinder enterprise-wide AI scaling



5 Establish an AI delivery office to enable enterprise-wide scaling



Fragmented data ecosystem

Disconnected property, financial, and market **data across systems** (e.g., ERP, CRM, GIS, and spreadsheets) limits enterprise-wide AI deployment



6 Build a unified data platform across property and financial systems

Key behaviors to drive AI impact

Key behaviors for senior leaders to drive AI impact in real estate

- 1 AI ambition**
Set a multiyear AI ambition with clear ROI objectives, targeting measurable impact on returns, asset value, and portfolio performance
- 2 CEO as chief AI officer** **Deep dive follows**
Own AI agenda, build personal AI fluency, and systematically lead AI adoption across investment, development, and operations
- 3 Business outcome focus** **Deep dive follows**
Prioritize two or three high-impact bets at a time, and avoid scattered pilots across assets
- 4 People and talent** **Deep dive follows**
Start an AI upskilling effort from deal teams and asset managers to site staff and property managers
- 5 Operating model** **Deep dive follows**
Establish clear governance with an AI delivery office to track AI value across transactions, asset management, and client-facing functions
- 6 Technology and data** **Deep dive follows**
Define enterprise standards for AI platforms, and establish a unified data platform across property, financial, and market data systems

CEO as Chief AI Officer | An AI-driven corporate transformation is becoming a CEO-led priority, requiring decisive action



AI corporate transformation is moving from a CIO-led to a CEO-led initiative



72%

CEOs who say they are the main decision maker on AI in their organization



90%

CEOs who believe AI agents will enable their organization to report measurable ROI in 2026



7+

Hours per week that CEOs spend building their own AI expertise

Business outcome focus | AI leaders are investing across all three strategic plays to maximize value

Staying competitive



Deploy

AI in the day to day, delivering diffused productivity (10%–15%) and reducing the need for additional hires

How to implement?

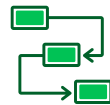
Roll out centrally through the IT department as part of the enterprise standard toolset

? Examples of deploy

- AI underwriting and memo copilot
- Smart office automation



Reinforce and build new advantages



Reshape

Transform E2E processes and functions for radical gains (30%–50% or more) in speed, quality, and cost

How to implement?

Prioritize one or two high-impact functions and redesign E2E workflows around agentic AI

? Examples of reshape

- Geospatial AI-driven property selection optimization
- AI-driven predictive maintenance



Invent

Create new processes with cross-domain outcomes by integrating data and decisions to unlock revenue growth

How to implement?

Identify one strategic growth opportunity and establish a dedicated project team to develop and scale it

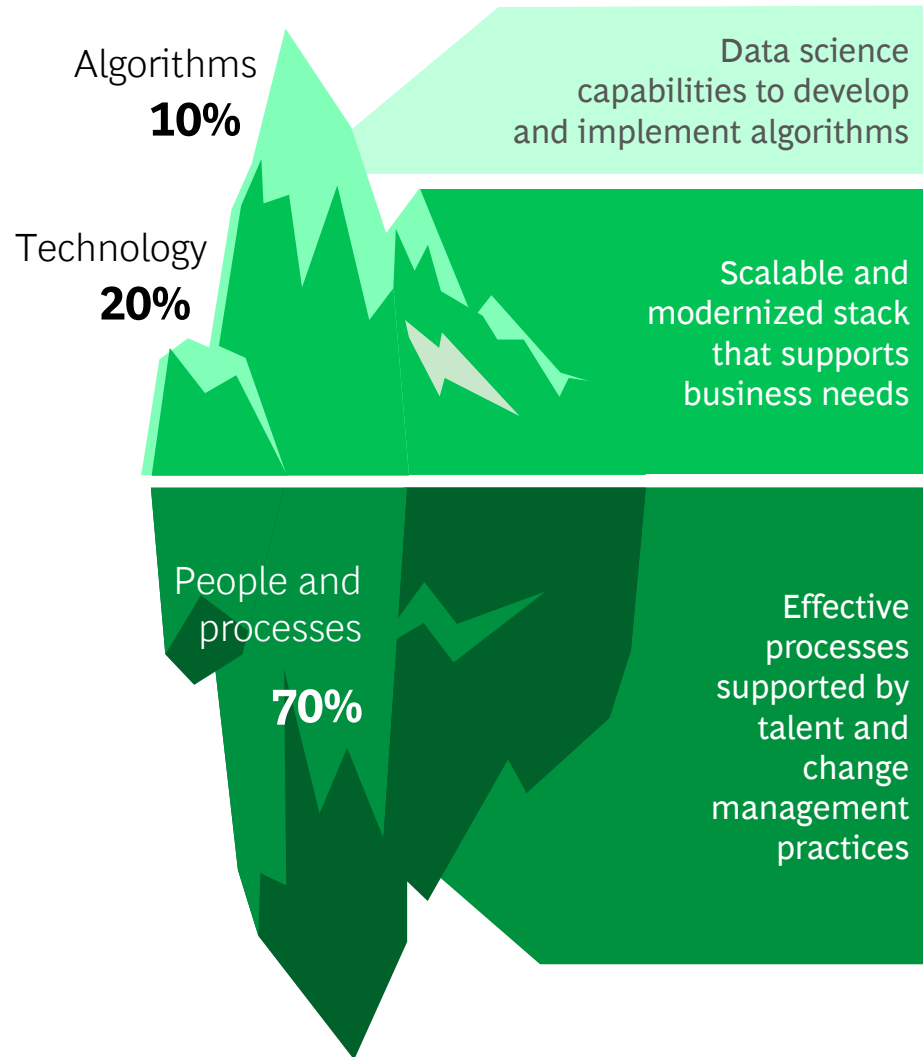
? Examples of invent

- Rental revenue optimization
- AI-driven asset monetization and exit optimization



E2E transformation across all three plays

People and talent | AI leaders scale impact by upskilling talent, reimagining the talent model, and redesigning workflows



Upskilling

- **Launch a role-based AI-upskilling program** across the organization (e.g., development, leasing, and asset management)



Talent model

- **Update role profiles and hiring criteria** to **embed AI** and digital capability **requirements** alongside core real estate expertise



Workflow

- **Redesign workflows to embed AI**, shifting teams from routine tasks to higher-value judgment and decisions

Operating model | Establishing an AI delivery office is critical to drive real estate transformation at scale

Mandate of AI delivery office



Assesses technical feasibility to **shape business cases** and **validates value delivery** across portfolio



Supports AI deployment across operations and commercial functions with business case squads¹



Leads **internal** and **external AI communication**



Defines **partnerships** with AI **tech and data providers** and **property technology vendors**

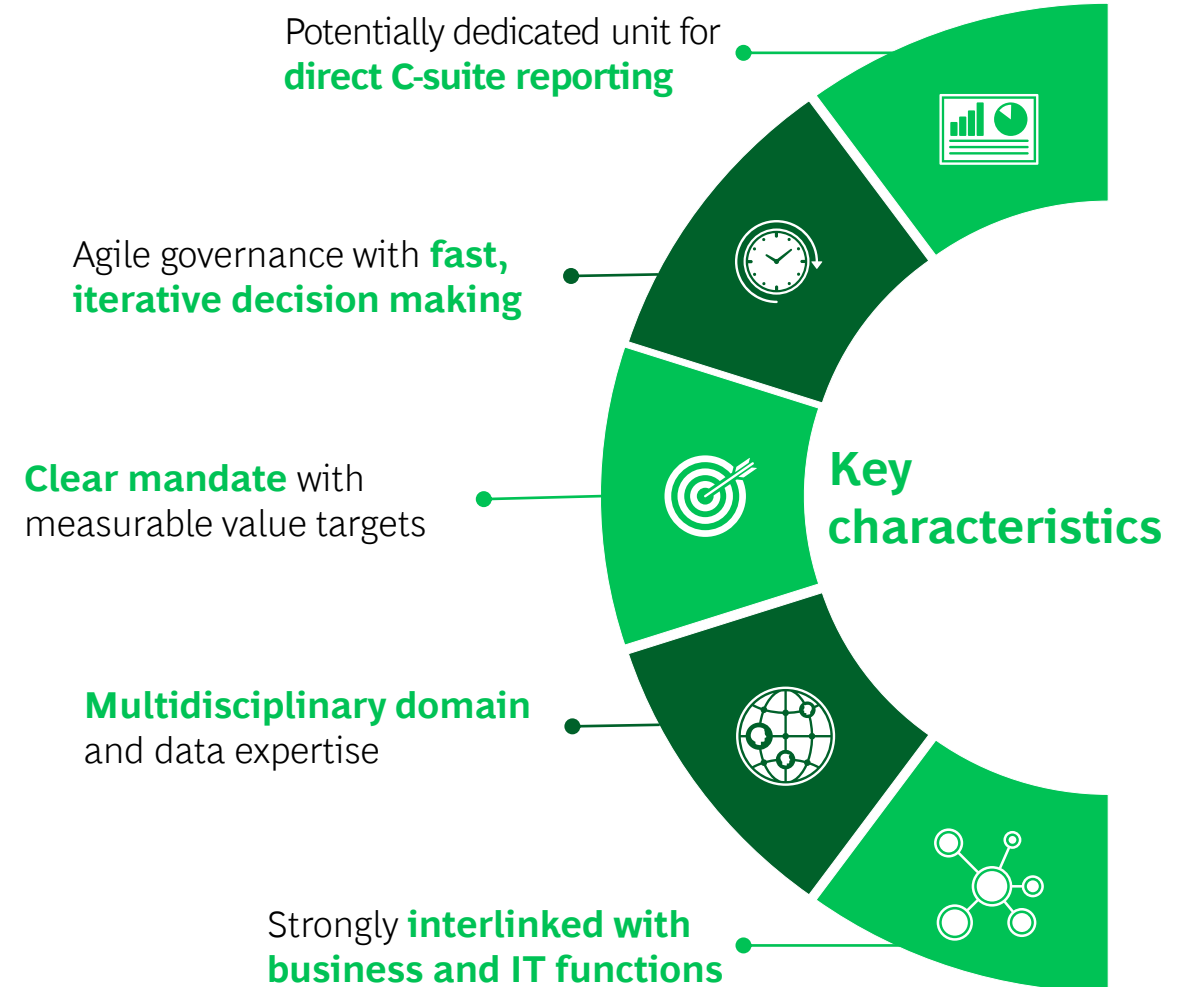


Sets AI standards and responsible AI frameworks (e.g., for data use and tenant privacy)



Drives upskilling from deal teams and asset managers down to site staff and property teams

1. Multidisciplinary teams that combine domain and technical expertise.



Technology and data | Real estate AI leaders are rebuilding their technology stack around five principles

Guiding principles



**AI-native
and agentic**



**E2E
suite**



**BIM-centric,
life cycle based**



**Asset and field
data as input**



**Data traceability
by design**

- AI as the **foundational layer**, not a feature
- **Specialized agents operating continuously**, automate coordination across the life cycle

- **A unified system** across all phases
- Design, cost, schedule, contracts, and operations all share a **single system of truth**

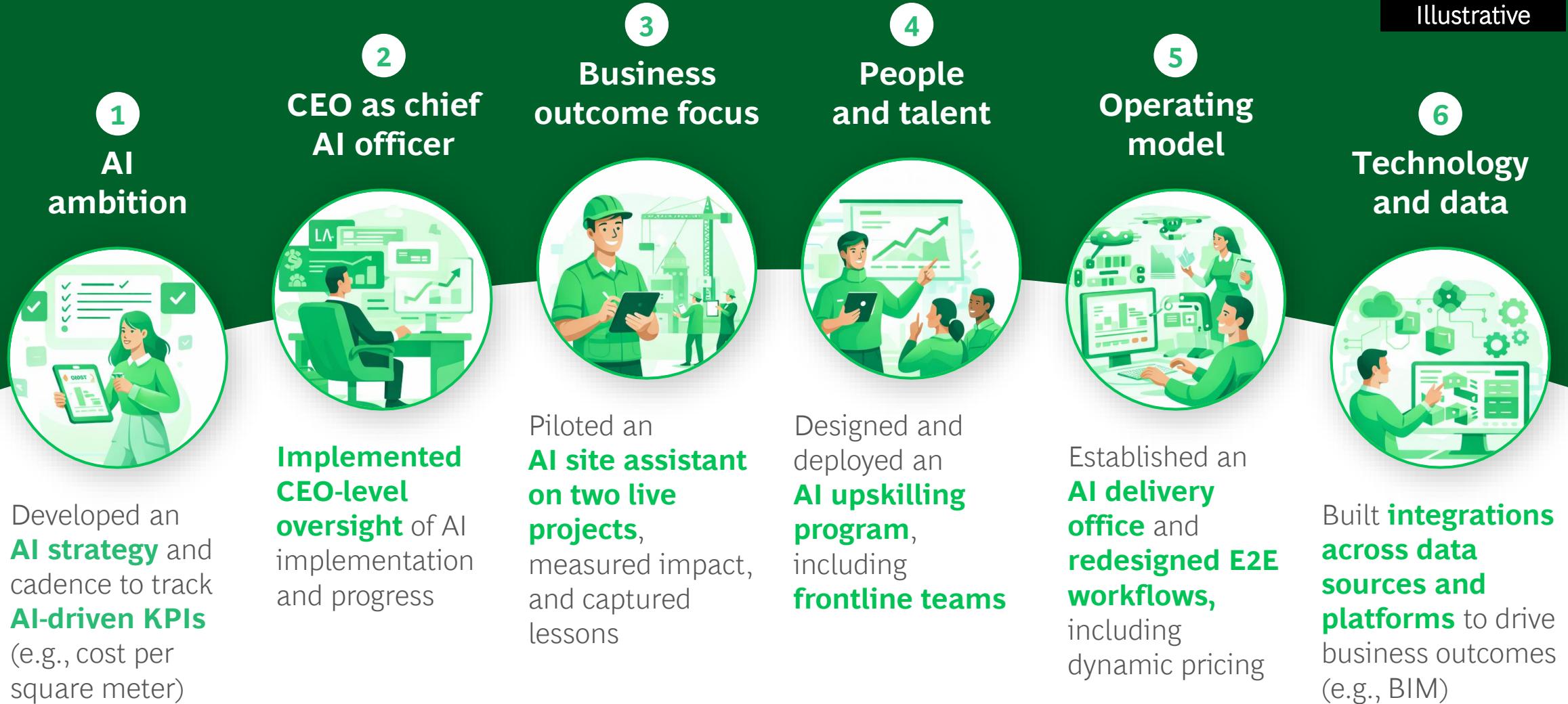
- The **digital twin** is the **central core asset (BIM)**
- **Model evolves continuously** through concept, design, construction, and operations (5D)

- Work site becomes a **real-time execution and feedback layer**
- **Sensors and robotics feed live data**, enabling AI-driven adaptive control

- **Data input** is timestamped, sourced, and **auditable across the value chain**
- **Output is traceable to its source data set**, enabling human oversight

Case study | A leading German DevCo embarked on a comprehensive AI transformation journey

Illustrative



Note: AI-generated images.

BCG experts | Key real estate contacts for AI transformation

Europe, Middle East, and Africa



Suresh Subudhi
MDSP;
Global Leader
TCI



Philippe Cornette de Saint Cyr
MDSP; Global Lead
for Cities,
Infrastructure,
Development, Real
Estate, and Tourism



Olaf Rehse
MDSP;
Global Lead
Real Estate



Wietse Bloemzaad
Managing
Director &
Partner,
BCG X



Benjamin Deschietere
Managing
Director &
Partner



Andreas Braun
Managing
Director &
Partner



Guillaume Lemoine
Managing
Director &
Partner



Christoph Rothballer
Partner &
Associate
Director,
Real Estate

Americas



Vladimir Lukic
MDSP; Global
Leader, Tech
and Digital
Advantage



Santiago Ferrer
Managing
Director &
Senior
Partner



Neetu Vasanta
MDP;
India Leader,
Travel, Cities
and
Infrastructure



Dhruv Lal
Managing
Director &
Partner



Jeff Hill
Managing
Director &
Senior
Partner



Will Bate
Managing
Director &
Partner



Seiko Matsuo
Managing
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Andrew Newsome
Managing
Director &
Partner

Asia-Pacific



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