

AI POWERED NEGOTIATION IN REAL ESTATE

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WHERE THE FUTURE IS BUILT

WHY NEGOTIATION IS KEY IN REAL ESTATE

Negotiation connects analysis to action and strategy to implementation across the entire real estate lifecycle.

IT RUNS THROUGH EVERYTHING



- **Every asset** in the built environment **is the result of negotiation** and human agreement
- A single project can involve **dozens of interconnected negotiations** with different parties and documents
- Acquisitions, dispositions, letting, financing, joint ventures, development, asset management, etc.

EVERY SITUATION IS DIFFERENT



- **No two negotiations are alike.** Counterparties, market conditions, process design and information asymmetry change every time
- **Leverage shifts** with market cycles
- **Complexity is significant:** more stakeholders, cross border activities and evolving regulation raise the bar for professional negotiation

RELATIONSHIPS AND REPUTATION



- Real estate is often a **repeat interaction** market
- People tend to remember how they were treated
- **Reputation and credibility influence access to opportunities**
- How you negotiate today can shape the transactions and relationships available to you tomorrow

NEGOTIATION IS A LEARNABLE SKILL



- **Structured approaches** tend to **outperform** intuition alone across preparation, framing, execution and review
- Stress and complexity can trigger reactive behaviour. A **framework helps maintain clarity and discipline**
- **Even small improvements** in negotiation ability **can have a significant impact**

Negotiation is not a single event. It is the infrastructure through which value flows across the real estate system.

AI HELPS TO NEGOTIATE BETTER

Not just faster preparation. A better understanding of the negotiation, the counterparty and the options available to both sides.

1

BEFORE

Preparation and Strategy



- **Analyse the counterparty:** financial filings, sector trends, organisational archetypes, market pressures, and likely constraints
- **Model your BATNA** and reservation value across multiple market scenarios
- Identify how capital, occupier and development cycles affect leverage for both sides
- **Generate creative options** by drawing on patterns across transaction types
- **Build evidence based arguments** anchored in comparables and benchmarks
- **Challenge** own assumptions & blind spots

2

DURING

Execution and Communication



- **Frame proposals** in language that speaks to the counterparty's interests
- **Anticipate the strongest arguments** the other side is likely to make
- **Track multi issue complexity** when negotiations span many variables
- Provide an **objective second opinion** when stress or emotions narrow thinking
- **Draft responses/ counter proposals** under time pressure

3

AFTER

Review and Learning

- **Structured debrief:** what worked, what was missed
- Analyse negotiation journal and surface **recurring patterns** and blind spots
- Create **compounding learning** effect where each negotiation improves the next

AI does not replace the negotiator. It gives you a sharper, more complete and better informed starting point.

THREE KEY CONCEPTS THAT SHAPE EVERY NEGOTIATION

These three building blocks help determine whether agreement is possible and where your limits sit.

BATNA

1

Best Alternative to Negotiated Agreement

- Your **best realistic option** if the current negotiation fails
- It is the **benchmark** against which every offer should be measured
- A **strong BATNA** gives you the confidence to pursue other alternatives
- A **weak** one may mean you need this agreement more than you realise

RESERVATION VALUE

2

Your Walk Away Point

- The precise **point at which you are indifferent** between accepting the offer and pursuing your BATNA
- It translates your alternative into a concrete threshold. Anything below this point is worse than walking away

ZOPA

3

Zone of Possible Agreement

- The **overlap** between your reservation value and the counterparty's
- When a ZOPA exists, agreement is possible
- Identifying the ZOPA early helps focus effort where agreement can be reached

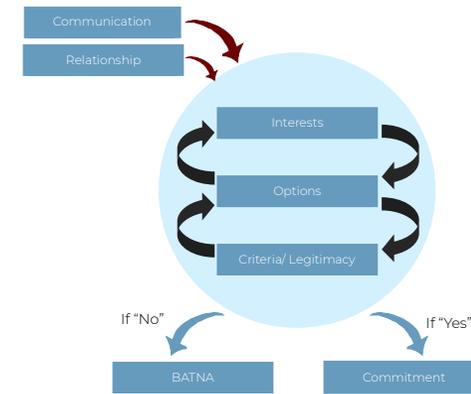


HOW AI HELPS

AI can **model your BATNA** across multiple scenarios, calculate reservation values under different market conditions and estimate the counterparty's likely BATNA from (public) data, financial filings and market signals and of course your own knowledge

THE SEVEN ELEMENTS FRAMEWORK OF NEGOTIATION

The framework provides a structured way to prepare for, diagnose and manage negotiations. Helps to move beyond positional bargaining towards creating and claiming value more effectively.



THE BRIDGE



RELATIONSHIP

Trust, rapport and emotional dynamics between parties

AI helps anticipate how actions may affect the long-term relationship

COMMUNICATION

How information flows, process design and mutual understanding

AI can identify communication gaps and help frame messages effectively

THE CIRCLE OF VALUE



INTERESTS

Underlying needs, concerns and priorities behind positions

AI surfaces hidden interests from e.g. documents, filings and market data

OPTIONS

Creative proposals that address one or more interests

AI generates options a single negotiator might not consider alone

LEGITIMACY

Benchmarks, comparables and objective criteria

AI analyses market evidence and stress tests fairness arguments

THE DECISION



ALTERNATIVES

Backup plans if the negotiation fails (BATNA)

AI models alternatives under multiple market scenarios

COMMITMENT

Agreement design that works in practice

AI can check commitments for implementation risks and gaps

The Seven Elements are the operating system. AI is what helps it run at speed and scale.

CASE · TRANSACTION NEGOTIATION

DUE DILIGENCE AS NEGOTIATION AMMUNITION

How AI transforms due diligence reports into structured negotiation leverage.



THE SITUATION

You are acquiring a mixed-use asset. The data room contains hundreds of documents. Your own advisors have produced independent DD reports. Findings are scattered across sources. The SPA negotiation starts in days.

LEGITIMACY

Map DD Against SPA

1

AI analyses both the seller's data room and your own advisors' DD reports. It maps risk findings against the warranty schedule, flags gaps in protection, and highlights inconsistencies between seller reports and your independent assessments.

OPTIONS

Quantify the Gaps

2

AI calculates the financial exposure for each finding: facade remediation, environmental provisions, lease shortfalls. It prioritises by materiality so you focus negotiation effort on what matters, not everything at once.

ALTERNATIVES

Build the Argument

3

AI identifies which warranty gaps to prioritise, what retention or escrow to propose, and which findings strengthen your position. It prepares the case the counterparty will find hardest to dismiss, grounded in their own data room evidence.

COMMITMENT

Sharpen Your Underwriting

4

As a valuable side effect, the systematic reconciliation of DD findings against your underwriting stress tests your own business plan. Capex provisions, rental assumptions, and void periods get calibrated against actual evidence.

AI turns due diligence from a compliance exercise into structured negotiation leverage, and sharpens your own underwriting in the process.

CASE · DEBT FINANCING

DEBT REFINANCING NEGOTIATION

How AI helps you compare and negotiate the full lending package.



THE SITUATION

A loan matures in 8 months. You have term sheets from four lenders. Each offers different combinations of margin, fees, covenants (and calculation basis), prepayment flexibility, and cash sweep provisions. Comparing them on a like for like basis is complex and time consuming. The wrong choice can constrain your asset management strategy for years.

LEGITIMACY Standardise Terms

1

AI helps to normalise all four term sheets into a comparable format
Economic review incl. total cost of debt (e.g. arrangement fees, exit fees, hedging costs, and agency fees, etc)
AI identifies where headline margins may be misleading.

OPTIONS Stress Test Covenants

2

AI models each lender's covenant package against the business plan (scenarios regarding LTV and ICR covenants, etc)
It identifies which package gives the most headroom under stress

ALTERNATIVES Assess Flexibility

3

AI evaluates prepayment penalties, cash sweep triggers, consent requirements e.g. for CapEx and letting, and change of control provisions.
It scores each term sheet on how much it constrains your ability to manage the asset and execute the business plan

COMMITMENT Build Arguments

4

AI identifies the three to four terms with the most negotiation room across all term sheets
Help to draft specific counter proposals for each lender and recommends where to focus based on the lender's likely appetite and competitive position

AI compresses weeks of financial modelling into days and helps you negotiate the full package, not just the margin.

CROSS CULTURE NEGOTIATION

Negotiators tend to overestimate national culture and underestimate individual differences. Three things actually matter.

INTENTIONS

1

Win-win or win-lose? This matters more than culture itself

Cultural differences can be used as a smokescreen for adversarial behaviour. Translate intentions early using the principle of clarity.

AI: AI builds individual counterparty profiles from career history, affiliations and deal patterns to look past national stereotypes.

RITUALS

2

Do not adapt or impose. Negotiate a third approach.

Adapting cedes power. Forcing adaptation is a win-lose move. Negotiate relationship and process rituals explicitly upfront.

AI: AI maps each party's communication and decision-making norms to identify imbalances and propose a neutral shared process.

PREFERENCES

3

Divergent priorities are the raw material for creating value.

Cross-cultural deals often have more differences to trade on, not fewer.

AI: AI surfaces likely preference differences from sector norms, organisational type and cultural prototypes to generate value creating trade proposals.

THREE RULES

Negotiate with the person, not the culture

Translate intentions early using the principle of clarity

Explore cultural differences as a source of value, not friction

Use prototypes as a starting point, not a fixed assumption. Then observe, learn, and adjust to the individual in front of you.

TAKING AI POWERED NEGOTIATION FURTHER

The professional negotiator runs the negotiation.
AI is a powerful tool. Some considerations:

NEVER STOP LEARNING

AI evolves fast. Formal education and practice matter. Industry-specific training is best. Invest in building and updating AI skills across the team.



USE THE SEVEN ELEMENTS

Walk through each element as a checklist. It keeps the analysis structured and comprehensive. The framework is foundation.



CONTEXT AND BRIEFING

Brief AI: Share background, context and objectives to obtain better output.



VERIFY WHAT MATTERS

AI can deliver wrong results or hallucinate. **Cross-check factual claims**, market data and comparables before relying on them. AI accelerates analysis but does not replace **oversight**.



THE DECISION IS OURS

AI can model scenarios and rank options. But the commitment to agree, walk away, or take a risk **belongs to the professional negotiator**.



RELATIONSHIPS AND TRUST

AI cannot build **relationships or trust**. How we behave matters. The decision to agree, walk away, or take a risk is always ours.



DATA PROTECTION

Choose the **right tools**. Anonymise transaction details where required. Be deliberate about what data goes in. Confidentiality matters.



PRACTISE FIRST

Run a past transaction through AI. Learn the strengths and limitations before going live.



AI brings the breadth. Professionals bring the judgement and the human connection.
Get that combination right and the results speak for themselves.

TRY THIS OUT...

01 Take a transaction you are currently working on.

02 Spend 30 minutes briefing AI using the Seven Elements.

03 Then ask: “What am I missing, and what are the three strongest arguments the other side is likely to make?”

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