



The AI Reality Gap

3 Illusions Costing Real Estate Attorneys



Table of Contents

<u>Promise vs. Practice</u>	3-4
<u>The AI Spectrum for Real Estate Attorneys:</u> <u>Understanding AI Solutions</u>	5
<u>Illusion 1:</u> <u>All Legal AI is Created Equal</u>	6-7
<u>Illusion 2:</u> <u>Document Review Equals Document Understanding</u>	8-9
<u>Illusion 3:</u> <u>Technology Alone Drives Transformation</u>	10-11
<u>Designed for Due Diligence:</u>	12
– Embedded Expertise, Accurate Analysis	13
– Breaking Document Silos	14
– Integrated Intelligence	15
<u>Making the Right Choice:</u> 8 questions to ask your AI Vendor	16
<u>The Final Word</u>	17



Promise vs. Practice

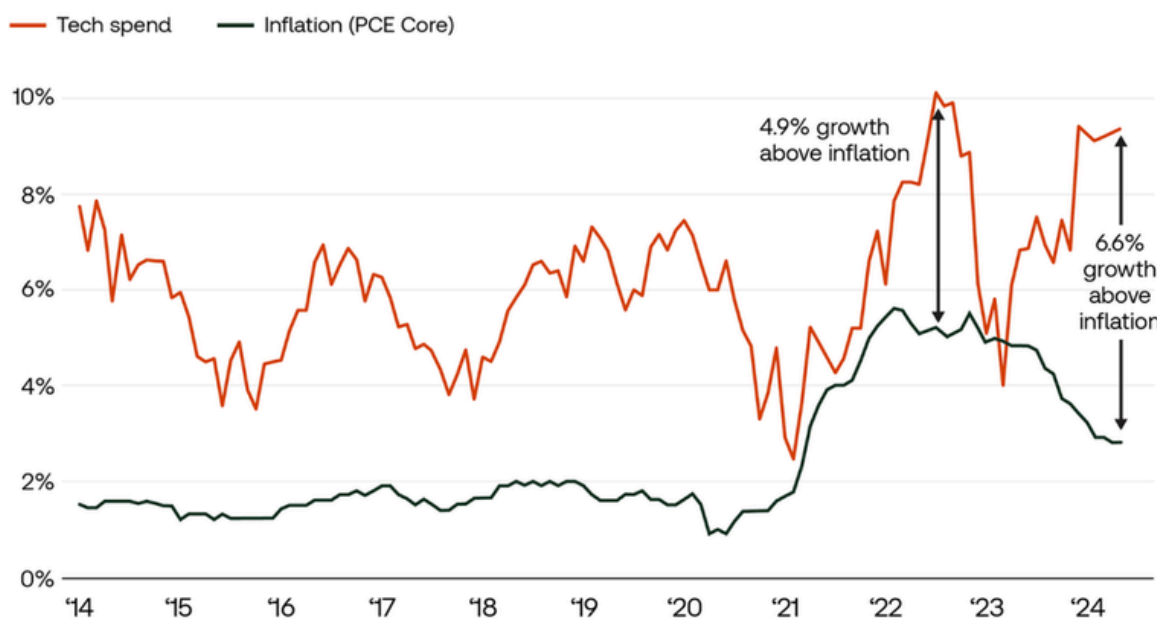
Real estate dominates globally as the world's largest asset class (\$379 trillion), yet its legal processes remain surprisingly outdated, with documents manually reviewed line by line and data scattered across fragmented systems.

At the same time, commercial real estate attorneys face increasing transaction volumes and resourcing challenges alongside client demands for faster, more transparent due diligence.

In response, AI solutions tailored for the legal industry have flooded the market, promising to automate workflows and accelerate deal cycles. However, most deliver subpar output when confronted with real estate's unique challenges: agreements that span centuries rather than decades, complex hierarchies and relationships between documents, and intricate surveys, plans, and maps.

Technology spending growth vs. inflation

Rolling 12-month Y/Y change



Source: Thomson Reuters 2024



Investing in the wrong tool carries significant risks: inaccurate outputs that create liability, delayed transactions that frustrate clients and, ultimately, damaged reputation and trust.

As AI fundamentally shifts how legal work is done, real estate practice requires more than generic technology. Real estate attorneys must choose a partner with solutions designed specifically for commercial real estate law that will continuously deliver the most advanced innovations and provide services indispensable to clients.

This report exposes three misconceptions, or illusions, about AI that lead real estate attorneys to invest in solutions that ultimately undermine, rather than enhance, their practice.

We reveal why purpose-built, real estate-specific AI is not just preferable but essential for firms seeking a genuine competitive edge in an increasingly technology-driven legal landscape.



The AI Spectrum for Real Estate Attorneys

Understanding AI Solutions

Before we dive in, let's clarify the main types of AI solutions available on the market:

Generalist AI – Versatile but Shallow

Large language models (LLMs), such as ChatGPT, that are trained on broad internet data and general knowledge. These models generate responses based on probability and pattern recognition but lack the precision, context awareness, and legal reasoning required for real-world legal work.

Industry-Level Legal AI – Tailored but Broad

A subset of domain-specific AI, these solutions are trained on legal materials and frameworks. However, they cater to a diverse range of practice areas without the depth required for specialized fields like real estate law.

Real Estate-Specific AI – Specialized Intelligence

Highly specialized, domain-specific AI developed exclusively for real estate law. These technologies embed deep practice-area expertise and are engineered to understand complex and intricate real estate documentation, interconnected agreements, precedents, and visualization requirements.



Illusion 01:

All Legal AI is Created Equal

A pervasive misconception clouds the AI conversation within firms: the assumption that any domain-specific legal AI can effectively streamline real estate due diligence.

This fundamental misconception overlooks the vast differences between industry-level legal AI and real estate-specific AI solutions.

Industry-level legal AI, also referred to as broad-application or general legal AI, is built on LLMs trained primarily on internet text and a range of legal documents from various practice areas such as court rulings, statutes, regulations, contracts, and legal textbooks.

They're impressive in breadth but lack the specialized knowledge required for complex real estate transactions. The AI that impressively handled litigation research or corporate contract review for your peers suddenly falters when reviewing title and survey, leases or joint venture agreements.

General AI lacks the fine-tuning needed to recognize defined terms and key concepts that would be obvious to seasoned real estate attorneys.

KEY TAKEAWAY

Law firms that choose broad-application legal AI for real estate work end up creating more problems than they solve.



What appears to be a minor technical limitation can quickly escalate to a material business risk.

Law firms that choose broad-application legal AI for real estate work end up creating more problems than they solve.

Attorneys end up spending billable hours verifying title exceptions and lease provisions that general legal AI consistently misinterprets—turning promised efficiencies into costly quality control exercises that clients ultimately won't pay for.

Even when these tools correctly identify individual terms and provisions, they face a more significant challenge: **understanding how these elements connect and influence each other across multiple documents.**



Illusion 02:

Document Review Equals Document Understanding

Document review—locating key information—is not the same as true document understanding: comprehending context, relationships, and associated implications. A distinction real estate attorneys know all too well.



“Industry-level legal AI treats title and survey review as a series of isolated document analyses. But real estate attorneys must look across title commitments, exception documents, and surveys together to understand and visualize how these interact and impact their client interests.”



Lauren Hirt, Legal Engineer at Orbital



While general legal AI tools can locate and extract basic information, they don't understand the rich contextual ecosystems that make real estate documents unique. Each document's significance emerges through its relationship to others.

Title commitments must be cross-checked against vesting deeds, and survey findings interpreted alongside zoning reports. General-purpose AI processes each document in isolation, creating material blind spots that experienced real estate attorneys wouldn't miss.

These limitations become particularly problematic in real estate's specialized workflows.



“Industry-level legal AI treats title and survey review as a series of isolated document analyses,” explains Lauren Hirt, Legal Engineer at Orbital. ‘But real estate attorneys must look across title commitments, exception documents, and surveys together to understand and visualize how these interact and impact their client interests. Just looking at these pieces in isolation creates more work, not less, as you look to generate title objections and identify red flags to clients.

What is a legal engineer?

A professional with legal practice experience who applies technical skills to develop and maintain AI solutions. In deep-domain AI designed for real estate, they ensure products accurately reflect attorney workflows and correctly interpret documents.

Beyond Text

Due diligence work also combines physical boundaries, historical context, and external data sources—areas where industry-level legal AI tools consistently fall short.

When verifying property boundaries within a title review, industry-level legal AI struggles to interpret a metes and bounds legal description and compare it to a survey. Attorneys can spend up to five hours manually drawing out a description on complex transactions—billable time wasted on a tedious task that could be automated with the right technology.

Real estate's rich history presents another challenge.

Property transactions frequently involve century-old documents with handwritten notes from generations past that carry binding legal weight today. General legal AI with standard optical character recognition (OCR) capabilities typically miss these because they're optimized for modern text. They fail to detect faint margin notes and can't distinguish between substantive modifications and routine notations.

The promise of AI efficiency also falls apart when attorneys need to reference property records and zoning information. Broader industry-level tools aren't trained on these sources so force attorneys back into manual cross-referencing that negates any efficiencies gained, creating the very last-minute scrambles that investing in AI was supposed to eliminate.




Illusion 03:

Technology Alone Drives Transformation

The promise of 'set and forget' automation represents perhaps the most seductive misconception in real estate AI adoption: that technology by itself can revolutionize practices overnight.

Many generic legal AI solutions market themselves as complete replacements for human judgment, promising fully automated workflows that minimize attorney involvement.

This is a dangerous oversimplification that misunderstands the nature of commercial real estate law, where context and strategic thinking remain irreplaceable.



“Firms that approach AI as a replacement rather than an enhancement quickly discover its limitations. While the technology provides useful information, it lacks the judgment to determine what actually matters.”

Lauren Hirt, Legal Engineer at Orbital



Behind these promises lies what industry observers call 'AI-washing': industry-level LLMs with broad legal functionality wrapped in real estate-specific marketing that overstates their capabilities.

This inflated portrayal creates a troubling paradox for real estate attorneys: tools meant to eliminate busywork simply shift it from manual administrative tasks to the time-consuming verification of unreliable outputs.



“Firms that approach AI as a replacement rather than an enhancement quickly discover its limitations,” explains Ms Hirt. “Critical context is missed, defined terms are overlooked, and provisions where meanings turn on a single word are misinterpreted. While the technology provides useful information, it lacks the judgment to determine what actually matters.”

Effective AI implementation in real estate should enhance human expertise, not replace it. It requires a clear division of labor: automation handling repetitive data extraction while attorneys focus on the high-value analysis clients actually pay for.

Much like using Google instead of an encyclopedia, this partnership model amplifies rather than replaces human capabilities.

The true transformation in real estate practice will come not from adopting AI to follow industry trends but from thoughtfully integrating it into existing processes. Firms that recognize this distinction will avoid the disappointment of over-promised technology and instead leverage AI to gain a genuine competitive advantage.



Designed for Due Diligence

Many practices are grappling with the same question: When is investing in specialized real estate AI beneficial? Will a firmwide general legal AI tool drive the productivity gains we're seeking and enhance our client service?



"Accuracy is what sets real estate-specific AI apart. Attorneys gain a trusted second set of eyes to support their work—helping them mitigate risk while delivering better client service."

Lauren Hirt, Legal Engineer at Orbital



While more general legal AI tools are tailored for legal work, their broad focus across all practice areas creates limitations for attorneys navigating complex legal frameworks. Just as you wouldn't expect an immigration attorney to handle complex real estate transactions, a general legal AI—even though it's designed for lawyers—lacks the specialized expertise to meet real estate's unique complexities.

Real estate attorneys require AI assistants that think like them—technology that navigates the nuances of property documentation to review, report on, and visualize complex due diligence materials.

Developed with input from practicing real estate attorneys, AI built specifically for real estate embeds sector expertise not only in its knowledge base but also in how it's engineered to handle the due diligence processes and mirror the existing workflows depending on document type.

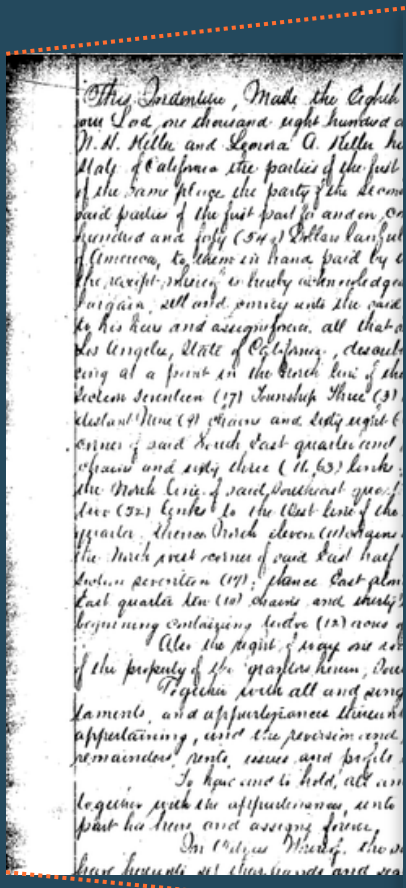
As Hirt notes, "Accuracy is what sets real estate-specific AI apart. By focusing on real estate's particular challenges, it allows for a high degree of precision that general tools can't match. Attorneys gain a trusted second set of eyes to support their work—helping them mitigate risk while delivering better client service."



Embedded Expertise, Accurate Analysis

Take the historical document issue mentioned previously; specialized AI for real estate uses OCR technology combined with contextual analysis to extract information from poorly scanned documents with handwritten annotations.

Using context-aware processing that interprets markups based on their location within legal documents and industry training data that recognizes common property notations and abbreviations, domain-specific AI developed for real estate extracts this data accurately, processes it for use in client reports and flags aspects that require attention.



This Indenture, Made the Eighth day of October in the year of our Lord one thousand eight hundred and eighty-six, Between D. N. Heller and Lemna Q. Heller his wife of the County of Los Angeles, State of California, the parties of the first part, and Benjamin S. Comoder of the same place, the party of the second part, Witnesseth, that the said parties of the first part for and in consideration of the sum of Five Hundred and Forty (540) Dollars lawful money of the United States of America, to them in hand paid by the said party of the second part, the receipt whereof is hereby acknowledged, do by these presents grant, bargain, sell and convey unto the said party of the second part, and to his heirs and assigns forever, all that real property in the County of Los Angeles, State of California, described as follows, to wit:

"Commencing at a point in the South line of the Northeast quarter of Section Seventeen (17), Township Three (3) South, Range Thirteen (13) West, San Bernardino Meridian (S.B.M.), distant Nine (9) chains and sixty-eight (68) links Westerly from the Southeast corner of said Northeast quarter and running thence South eleven (11) chains and sixty-three (63) links; thence West parallel with the South line of said Northeast quarter ten (10) chains and thirty-two (32) links to the West line of the East half of said Southeast quarter; thence North eleven (11) chains and sixty-three (63) links to the South line of said Northeast quarter; thence East along said South line of said Northeast quarter ten (10) chains and thirty-two (32) links to the place of beginning, containing twelve (12) acres of land."

Also the right of way and a right along the West line of the property of the grantors herein South to the County road.

Together with all and singular the tenements, hereditaments, and appurtenances thereunto belonging, or in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues, and profits thereof.

To have and to hold, all and singular the said premises, together with the appurtenances, unto the said party of the second part, his heirs and assigns forever.



Breaking Document Silos

Real estate-specific AI is also uniquely equipped to handle the interconnected provisions of real estate documents.

When examining a lease amendment, it automatically connects it to the original agreement and ancillary agreements, recognizing which documents modify others to generate accurate lease reports.

KEY TAKEAWAY

What makes real estate-specific AI valuable is its ability to see the complete picture across multiple agreements—identifying conflicts and presenting a coherent summary. This contextual intelligence mirrors how experienced attorneys think, moving beyond basic text extraction to valuable insight.

For example, you may have a lease for office space that is subsequently amended when the tenant desires to take on additional space. Real estate-specific AI would account for unique terms such as increased rent on only the new space, extending the term for all of the spaces and the addition of a right of first refusal.

In real estate law, the full story never exists in a single document. What makes real estate-specific AI valuable is its ability to see the complete picture across multiple agreements—identifying conflicts and presenting a coherent summary.

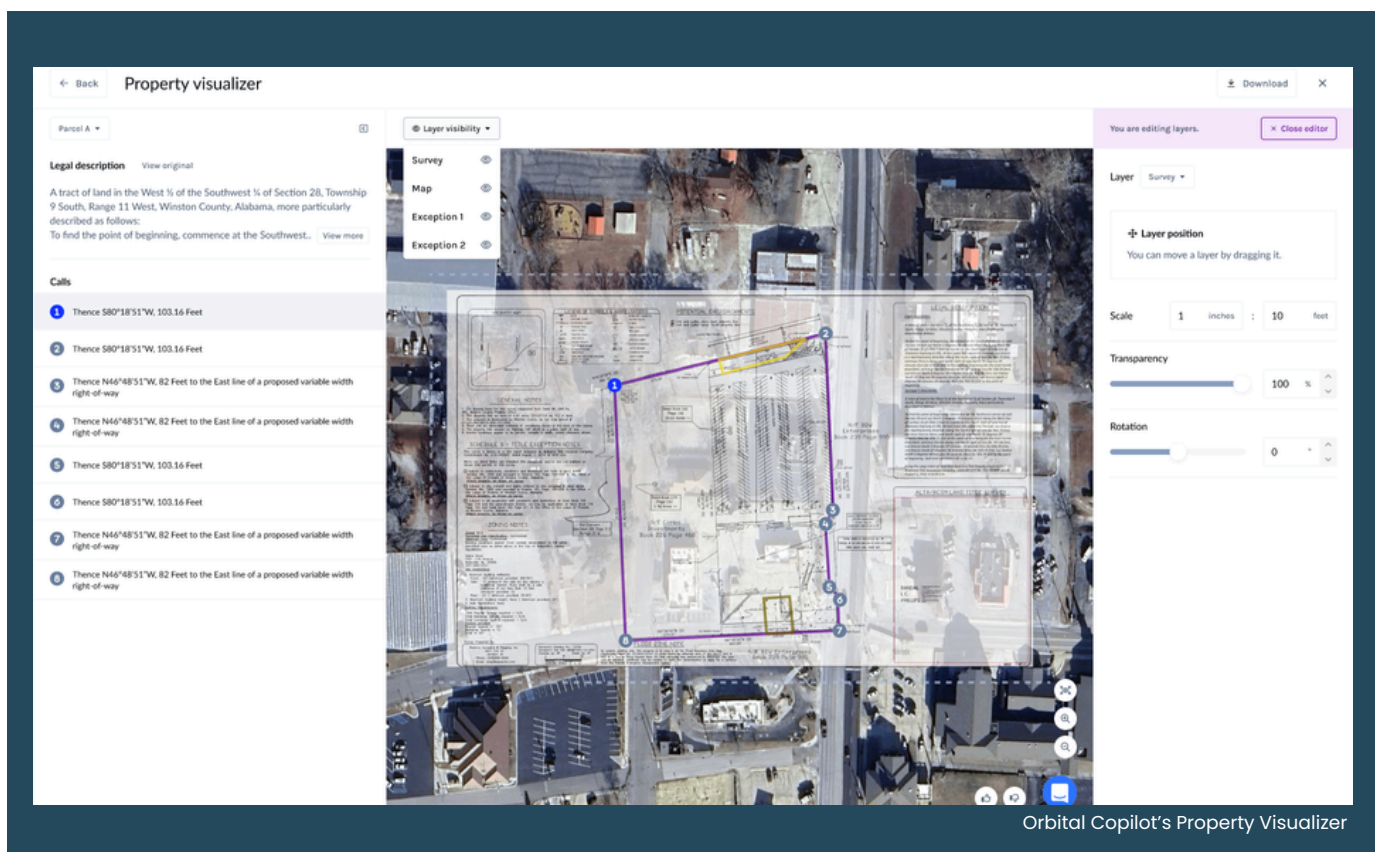
This contextual intelligence mirrors how experienced attorneys think, moving beyond basic text extraction to valuable insight.



Integrated Intelligence

While connecting related documents provides crucial context, real estate-specific AI's value extends to its training on property data and ability to process property records, title data, zoning regulations, and geospatial information from documents the user provides.

Take the traditional error-prone metes and bounds process: attorneys draw property boundaries with a pen, paper and a protractor, then manually compare their sketches to survey documents.



Specialized AI for real estate law is optimized to plot these legal descriptions, overlay them on surveys and satellite imagery, and immediately identify potential discrepancies. It transforms a skill that 'takes time to master' into a streamlined digital process.

This intelligence dramatically reduces time spent gathering information—up to 70% compared with traditional methods—when generating lease abstracts, reviewing loan documents or conducting a title review.



Making the Right Choice:

8 Questions to Ask Your AI Vendor

Choosing the right AI partner is critical and will have lasting implications for your practice.

Ask these eight questions to cut through marketing claims and determine whether an AI vendor truly understands your unique challenges as a real estate attorney—and has the capabilities to address them.

1. Was the AI built exclusively for real estate law, or is it a general legal AI tool adapted for real estate use? Was it trained using real estate legal data and concepts?
2. How many real estate attorneys contributed to its development and ongoing training?
3. Can you demonstrate how the system visualizes property boundaries and interprets documents?
4. How does it identify and manage relationships between connected documents in a transaction (for example, a title commitment, survey findings, and exception documents)?
5. What level of transparency does it provide when producing real estate reports?
6. What quality control mechanisms are in place to ensure reliable outputs?
7. Which firms and institutions actively use and endorse this product?
8. How is the product evolving to keep pace with advancements in AI and real estate law?



The Final Word

The firms that make strategic investments in the right AI today will define the landscape of real estate law for the next decade.

With the real estate legal industry processing trillions in transactions annually, precision matters more than speed. Only technology purpose-built for this work can achieve that precision—enabling firms to manage higher volumes while enhancing quality and minimizing risk.

KEY TAKEAWAY

Precision matters more than speed in real estate law. Firms that invest in purpose-built AI can handle higher volumes while enhancing quality and minimizing risk.

Although the difference between industry-level legal AI tools and real estate-specific AI platforms may seem technical, for real estate practices, it's the difference between marginal improvements and meaningful change.

Attorneys balancing tedious manual due diligence workflows, inconsistent review quality, and pressure to keep pace with competitors adopting AI will feel the impact of this choice most through client deliverables, practice efficiency, and firm profitability.

The most effective real estate AI platforms combine sophisticated technology with human expertise, using legal engineers who understand both real estate law and technology to maintain quality control and evolve future capabilities. As AI continues to reshape legal services, the adoption of purpose-built technology will shift what began as an operational decision into a defining competitive advantage.





Orbital Copilot is the only AI assistant purpose-built for commercial real estate legal teams. Backed by a team of legal engineers with deep real estate practice expertise, it speeds up complex due diligence tasks—like title & survey reviews, plotting legal descriptions, lease abstracts, and more—by up to 70% while ensuring attorney-level precision.

Trusted by leading firms, including Goodwin, BCLP, and Bilzin Sumberg, Orbital Copilot helps legal teams automate busywork, freeing up time to focus on high-impact legal work, deliver exceptional client service, and win more business.



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