



BLOCKCHAIN IN REAL ESTATE SECTOR

A Quick Summary

REAL ESTATE

People consider the house/apartment they purchase as a place to live and an investment that will ideally increase in value. There are multiple ways to invest in real estate. The types of real estate investment include, but not limited to:

- Purchase of a house as a rental property
- Real estate exchange-traded fund (ETF) – Collection of stocks or bonds in a single fund mainly targeting real estate developments
- Real estate mutual funds
- Real estate investment trust (REIT) investment – REITs own and operate real estate; investors also invest in the real estate owned by the company by investing in the company

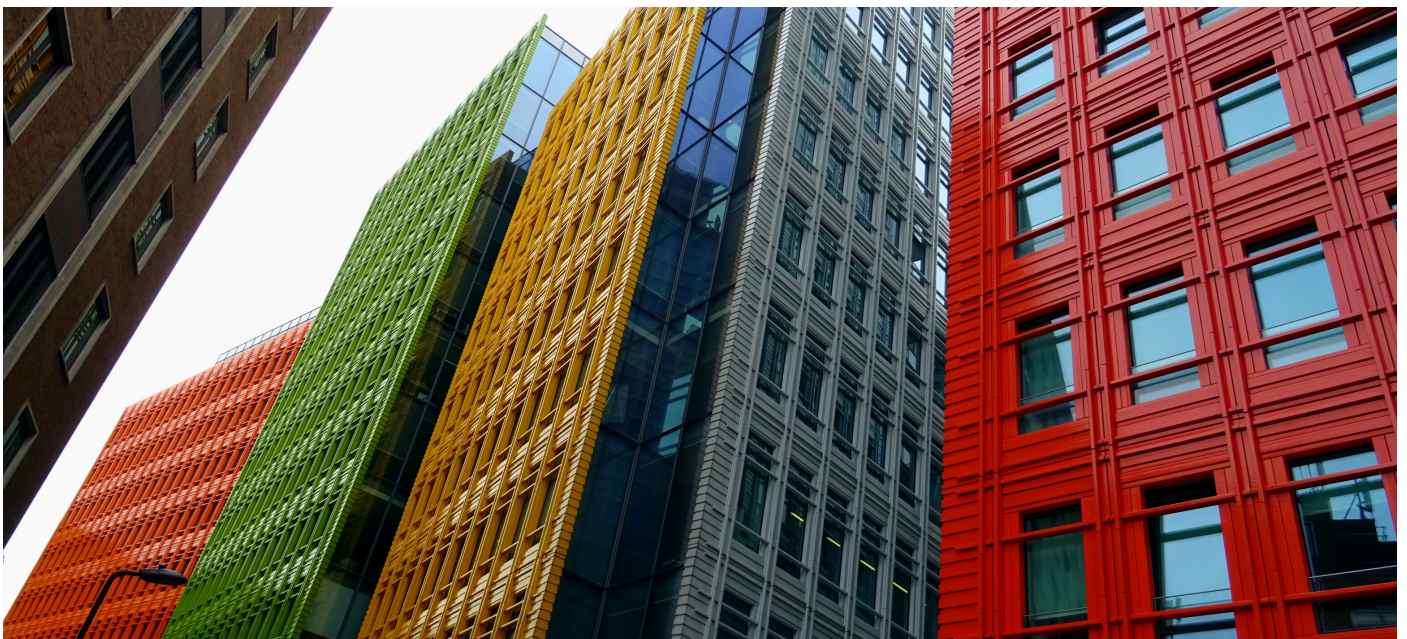
Buying whole real estate objects require possession of quite substantial capital sums equal to the cost of the target real estate (starting from \$20,000 - 30,000 and higher), and unfortunately there is lack of option to purchase real estate objects in portions. For the other real-estate investment types (eg. ETFs), the consumers lack knowledge or are not exposed to sufficient information to make informed decisions. The opaque nature of the construction process introduces risk factor in investors' portfolio and financial losses due to unforeseen delays can bring a project to halt which again means further risk.



Forbes noted three areas that Distributed Ledger Technology has the ability to improve regarding the real estate market: MLS property data, title records, and transactions. Blockchain technology enables people to securely and efficiently share data and money. It makes data transparent, information accessible by relevant parties and rids middlemen whilst reducing the risk of fraud and theft. The process of buying and selling becomes much easier for all the parties involved.

On the construction side, Blockchain technology supports the following data-storage and data-access obligations:

- Availability of legal documents on construction project status
- Availability of construction documents
- Availability of construction documents
- Access to real estate purchase/sale
- Access to equity construction
- Low threshold for investment



In addition to property sales, Property Management is an area that can benefit from immutable data held in Distributed Ledgers. All the records with regards to a property or a community can be kept in Blockchain for transparency and multiple-party access. Here are some of the areas that Blockchain Technology can support Property Management:

- Make marketing decisions
- Understand financial statements and profit/loss
- Respond to tenant requests, process rent, schedule maintenance
- Manage landscaping, electrical, plumbing, etc.
- Maintain records and comply with government filing requirements

In addition to purchasing, selling and management of properties, the short/long-terms rental property listing platforms can also benefit from Blockchain solutions and transform their business model into Peer-to-Peer Rentals in which :

- Funds can be released upon fulfillment of smart contract terms,
- The tenant information can be accessed by relevant and authorised people
- Reviews are only accepted after digitally signed by the reviewer and the historical payment is validated automatically (which leads to higher trust to the system)
- Independent arbiters incentivised to resolve conflicts
- Self-regulating P2P system reducing the number of customer service staff





Subsectors

Property Tokenisation, Peer-to-Peer Rentals, Property Management, Property Construction

Stakeholders

Asset owners, Financial Institutions, Law Firms, Property Listing Party, Estate Agents, Property Management Companies, Tenants

Asset Type

The type of tokens in this sector are generally utility tokens with exceptions. Depending on the coin, there are different services provided. Examples to these services include, but not limited to, Creation of Assets, Trading of Assets, Creation of support tickets, Listing a property for sale, Listing a property for rent, Registering a rental agreement, Registering a purchase agreement, Reviewing a Property, Resolving a Conflict, Accessing records of a property.

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