

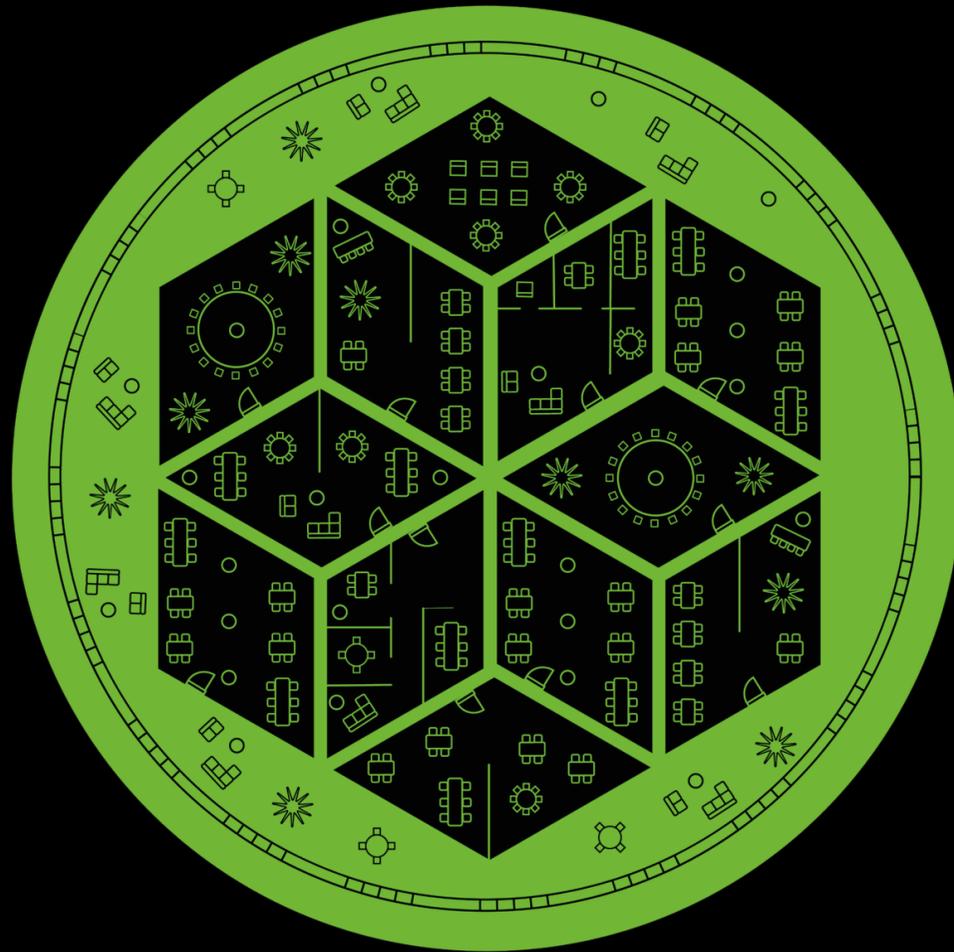


Blockchain in real estate matures: From use cases to practical applications

This year's real estate prediction about blockchain—our fourth—marks a healthy shift in perception of the technology's impact. In our 2016 prediction, we highlighted the great potential of blockchain for the real estate market.¹ In 2017, we predicted a year in which first generation applications would be built—borne out by the number of proofs of concept that were conducted.² In last year's prediction, we called for realistic expectations around blockchain technology, noting that several steps needed to be taken in order to implement a solution, go to production, and integrate it into the daily operations of real estate companies.³

We are now encountering this new realism every day. And that's why this year we'll see a welcoming push toward a more practical blockchain approach. That approach is fueled by the significant work that still needs to be done in the fields of privacy, data ownership, exchange of data based on internationally agreed standards, and improvements in the quality of data for the adoption of blockchain technology in the real estate industry.

¹ 2016: next game changer for real estate?
² 2017: done talking start building
³ 2018: Rome wasn't built in a day



Industry adoption is about to take off

It's clear that blockchain is an ecosystem play. The upcoming year will be all about ecosystem innovation, with the exchange of knowledge between industry leaders, blockchain experts, and stakeholders essential. And while adjustments and improvements of the technology are needed—and must not be underestimated—this is not the most critical factor in blockchain's success in the real estate industry. Rather, it will be the ability to take a wide-lens perspective on your blockchain strategy that goes beyond your own innovation to create alignment among partners who must work together.

Innovators and early adopters of blockchain have already investigated the technique, learned valuable lessons from proofs of concept, and have drawn conclusions about the usability of the technology for the years to come. There are good and bad examples for the real estate industry to learn from as we enter the next phase in the evolution of blockchain for real estate.

Practical applications will take the stage

One outcome of the gained insights and lessons learned is that blockchain will not be an end in and of itself anymore. That is, the industry is moving beyond the hype. For some use cases, the conclusion might even be that blockchain is not necessarily the best solution for the problem they're trying to solve.

More and more there is consensus among early adopters about the steps that need to be taken in the years to come to reap the benefits of blockchain. The myriad use cases about blockchain will also be replaced by practical applications that solve specific challenges. The notion that blockchain is more evolution than revolution will become more mainstream within the industry.

And while big real estate companies and ecosystem players are now showing signs of broad adoption, blockchain is continuing to be researched. Institutes that are part of the established order, such as OSCRE and RICS, have blockchain on their radar and are taking a position about its use for the industry as a whole. One of the main themes to be discussed at the upcoming [2019 World Built Environment Forum Summit](#) in New York is the impact of blockchain in real estate investment and transactions.

⁴ <https://blockchain.ieee.org/standards>

Other movements such as the IEEE Blockchain Initiative are also relevant for the real estate industry.⁴ And new initiatives like FIBREE⁵ with a dedicated focus on blockchain for real estate, is beneficial for the industry.

Changing perceptions about blockchain's application isn't going to be easy and some players will be disappointed about its progress in the years to come. But that disillusionment is a healthy—even welcome—part of any innovation lifecycle. If you don't fail, you don't learn.

Principles to keep in mind

As the next wave of blockchain solutions get underway, industry players should be aware of and apply a few key principles and guidelines.

- Govern the sharing of data across myriad stakeholders
- Verify data once and re-use often—not the other way around
- Obtain data directly from its source regardless of the systems that hold it
- Digitize reliable verification processes of data by certified professionals
- Create one single source of trusted real estate data throughout the entire lifecycle of a building

⁵ <https://fibree.org/>

- Make migration of property data throughout the lifecycle as easy as possible
- Use blockchain technology for the exchange and verification of data
- Focus on the portability of real estate data between applications and user groups with the owner in control of the data and its sharing

These recommendations should be taken into account in the years to come as new solutions are designed and implemented.

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