



Blockchain: Enabling the Democratisation of Real Estate Property Listings

By Claudine Cassar

We have all been there. Working our way through multiple property listing services, checking out property after property listed online by different estate agents. Sometimes we find a property we like, leading us to call the estate agent, only to discover that the property was already snapped up and is no longer on the market. Other times, we come across the same property listed with different agents with a different price, creating anxiety as to whether our agent is getting us the best deal possible and whether we are paying over the odds for the property we eventually end up leasing or purchasing.

Clearly, the current online property search systems are inefficient. Property information is fragmented across different databases and often out of date. Descriptions are not always accurate and might be incomplete, with information that would be useful for the lessor/buyer omitted because the agent entering the listing has different priorities. The process of searching is time consuming and clients can never be sure that they have access to all the properties currently available that match their criteria.

This is a status quo that is ripe for disruption.

Blockchain is a technology based on a distributed database that can store information regarding any type of asset, including property. The database is stored on a peer-to-peer (P2P) network of nodes that would ensure that information in relation to each property is constantly up to date and that prospective clients would have easy and transparent access to information such as property ownership, age, location and address, as well as comparable prices for similar properties in the area. Having access to such information would eliminate the inefficiencies currently plaguing the property search process, empowering users to make faster, better informed decisions.

All this might sound hypothetical and light years away for Malta. After all, we have always done property sales the "traditional" way, using a network of "sensara", brokers and estate agents. It is a system that may be inefficient but which works, so why reinvent the wheel?

The answer to that question is that the wheel has already been reinvented, whether our local industry has recognised the fact or not, and disruption is already underway.

One of the first players to launch a blockchain service offering targeting the real estate sector is REX (Real Estate Exchange Inc.), a decentralised multiple listing service and real estate transaction application based on Ethereum (an open-source, distributed, public blockchain computing platform that includes smart contract functionality).

REX's mission is to disrupt and revolutionise the whole property lifecycle, starting from valuing and listing a property and leading all the way to the final contract signature. Their initial goal is to create a decentralised global database of properties that is easily and cheaply accessible to anyone who is looking for a property. Once this is achieved and their listing service becomes ubiquitous, they aim to make available sale and lease "smart contracts" that would be executed on the blockchain, eliminating the input of expensive intermediaries such as notaries. The third and final phase of the project is to make available REX tokens which will be used to transact on the REX exchange.

Obviously there is still a long way to go until real estate exchanges totally transform the world of real estate as we know it. The technologies being used to power these exchanges are still maturing and there will be considerable shifts over the coming months and years. At the same time, legal and regulatory changes will be required in order to make all of this possible. Smart contracts based on the blockchain need to be recognised legally and become enforceable. Banking regulations need to change to include cryptocurrency transactions and lending. Governments will need to get involved to protect consumers.

There is much to be done, but the wheels are already in motion. Governments are taking note and laws are changing. Banks are themselves investing in blockchain-based technologies in order to stay in the game. The writing is on the wall and local real estate players ignore it at their peril.

For more information, please visit <http://www.deloitte.com/mt/blockchain>

About the author

Claudine Cassar is the leader of Deloitte Digital Malta. Deloitte has invested heavily worldwide in the development of blockchain resources and is well established as a thought leader on blockchain, cryptocurrencies and Bitcoin, charting how they will constitute a cultural paradigm shift, allowing us to move from today's sharing economy to a definitive "trust democratisation" for the common good.

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