

Real estate predictions 2017

What changes lie ahead?



Blockchain 2.0

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Blockchain 2017: Done talking, start building

Blockchain is a digital, distributed transaction ledger with identical copies maintained on each of the network's members' computers. All parties can review previous entries and record new ones. Transactions are grouped in blocks, recorded one after the other in a chain of blocks (the 'blockchain'). The links between blocks and their content are protected by cryptography, so previous transactions cannot be destroyed or forged. This means that the ledger and the transaction network are trusted without a central authority – a 'middleman'.

February 16, 2017



A year ago we launched the blockchain prediction for 2016 'Blockchain: the next game changer in Real Estate', in which we highlighted the great potential of blockchain for the real estate market. Now one year later we believe in this potential even more.

In 2016 blockchain got a lot of attention in the real estate sector. We identify four phases of blockchain maturity:



I have heard
of blockchain



I want to use
of blockchain



I understand
blockchain



I apply
blockchain

2016 was the year the real estate market 'heard of blockchain'.



2016



2017



Interfirm collaboration

Many companies want to get familiar with blockchain and everyone who has heard about blockchain wants to know more about it. In 2016 several companies took the initiative to explore blockchain. In 2017 many more companies will take steps to accelerate their understanding. We expect that the ideation stage will continue and several proof of concepts will appear in 2017.

A proof of concept is a demonstration in principle with the aim of verifying that some concept is feasible. To make these proof of concepts a success, forming partnerships is essential. Organizations and networks are opening up, are sharing more and more data and giving more attention to the quality of data. Open innovation in collaboration with several parties is a key factor if you want to explore the potential of blockchain for the real estate sector. This requires a paradigm shift in the way businesses operate. We see the enthusiastic participation of the Netherlands in the International Blockchain & Real Estate Association (IBREA) as a good example of the willingness of parties to collaborate with each other. This is a very promising development and is bringing blockchain technology and real estate expertise to the same table.

In 2017 the learning process of blockchain will be in the spotlights. Some believe that blockchain is a solution to every problem. That is not the case. If, when and under which conditions blockchain can be a success is something that has to be explored. Knowledge sharing is an essential part of the exploration.

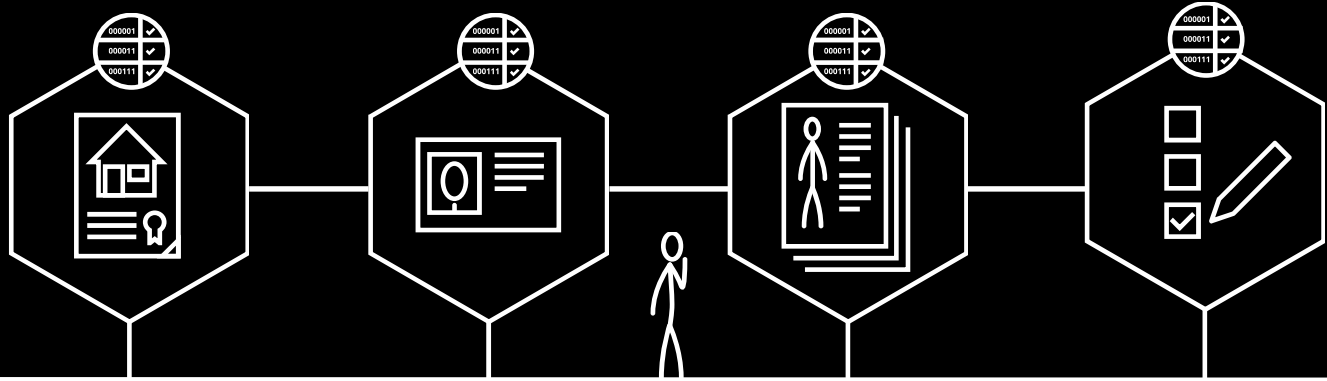
Start-ups have developed the first real estate applications. But not only start-ups, also the established companies are engaged in Blockchain. Deloitte is building a proof of concept for real estate for lease contracts. This is a first step towards a more efficient and transparent management of real estate.

Although the potential of the blockchain is fully embraced, there are preconditions to make the technology more widely applicable. One of these preconditions is good quality of data.

Standardization as precondition

One way to improve the quality of data is to standardize. We believe that interoperability between different protocols can be the power of blockchain but to achieve this common industry standards and protocols will be essential. Companies first need access to standardized data to realizing the full benefits of the blockchain in terms of efficiency, reliability and cost savings.

In the property taxonomy there is a lot of development taking place with regard to standardization. We expect a standard for the property taxonomy will be developed. This standard will be the essential boost for the success of blockchain in real estate.





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