



# Tokenizing **REAL ESTATE**

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ON THE BLOCKCHAIN

By: Jackson Blau

# Why Tokenization?

**20 WAYS TO INVEST IN REAL ESTATE WITH LITTLE OR NO MONEY**

~~1-HOUSE-FLIPPING~~  
~~2-BUY-REHAB-RENT-REFINANCE-REPEAT~~  
~~3-LIVE-IN-FLIP~~  
~~4-HOUSE-HACKING~~  
~~5-AIRBNB~~



~~6-MASTER-LEASE~~  
~~7-DUPLEX-WITH-FHA-LOAN~~  
~~8-CASH-OUT-REFINANCE~~  
~~9-HOME-EQUITY-LINE-OF-CREDIT-(HELOC)~~  
~~10-SELLER-FINANCING~~



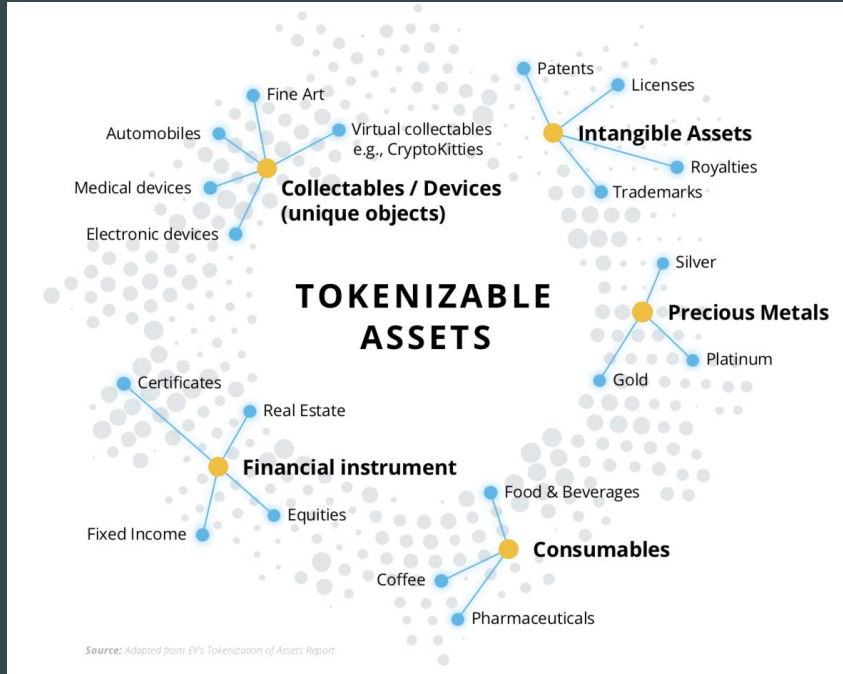
~~11-LEASE-OPTION~~  
~~12-EQUITY-PARTNERSHIP~~  
~~13-WHOLESALE~~  
~~14-BIRD-DOGGING~~  
15 REAL ESTATE INVESTMENT TRUSTS







16 CROWDFUNDED REAL ESTATE  
~~17-FARMLAND-INVESTING~~  
18 REAL ESTATE AGENT  
~~19-BUY-LAND~~  
20 BUY REAL ESTATE BOOKS



# Tokenization Will Become The Pinnacle Investment Vehicle



-  **Faster clearing/settlement times**
-  **Automation via smart contracts**
-  **Accessibility and liquidity**
-  **Governance and regulation**

# Tokenization Industry Overview

## Primary Issuance Platform



## Exchanges (Secondary Markets)



## Custodians



## Infrastructure



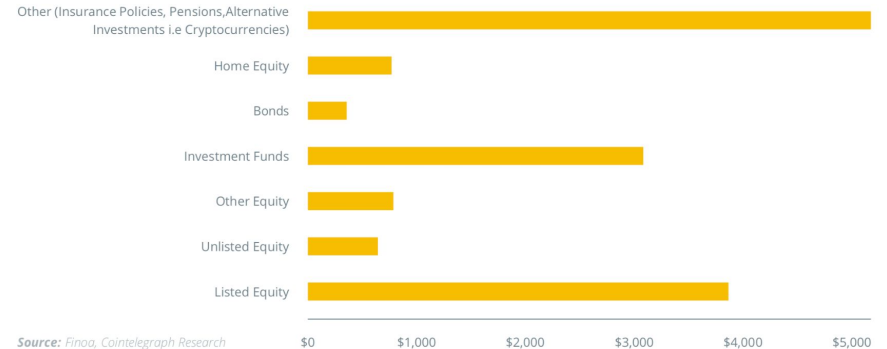
## Distributors



## Issuers



## Finoa Estimate of Global Tokenized Security Market by 2025, \$ billions



Source: Finoa, Cointelegraph Research

# Tokenization Industry Overview Continued

Figure 6  
Total Number of STOs by Industry, 2017 - 2020

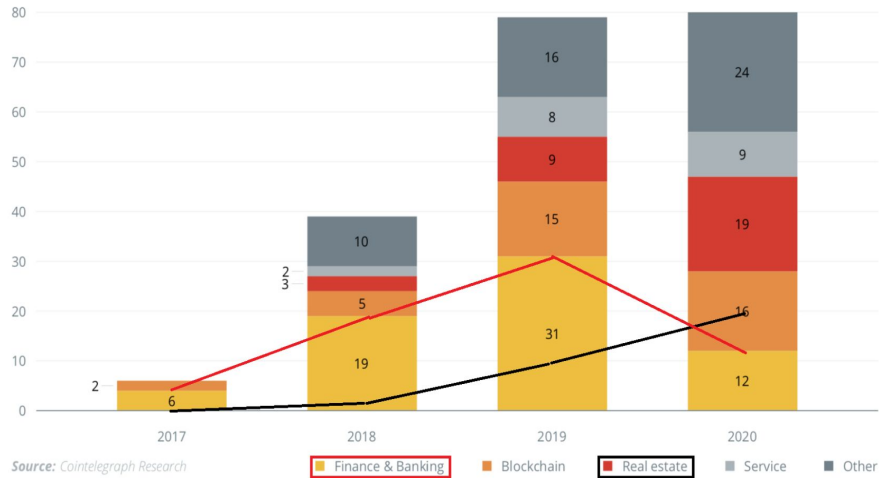
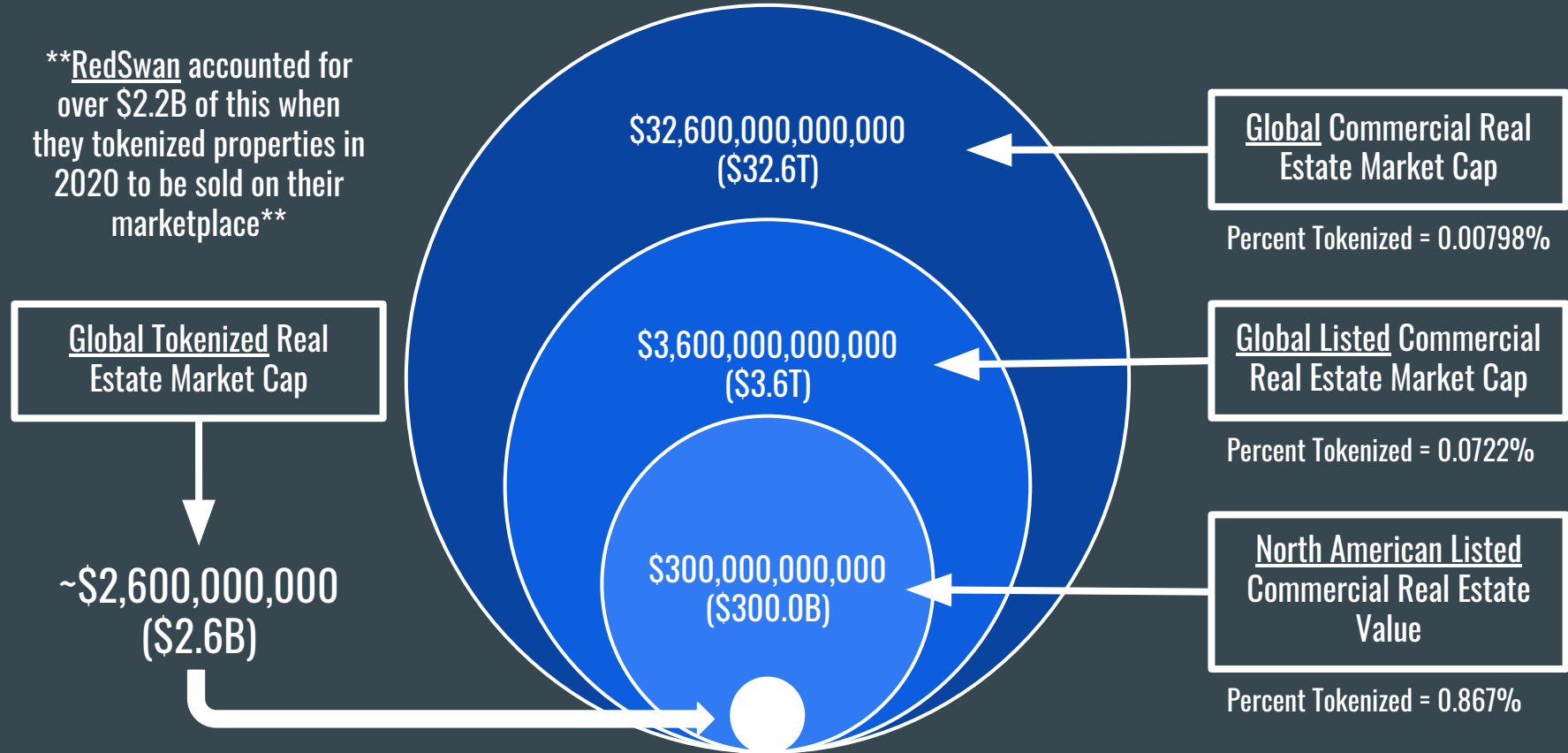


Figure 7  
Amount Raised by Industry, 2017 - 2020



# Commercial Real Estate Industry Overview

\*\*RedSwan accounted for over \$2.2B of this when they tokenized properties in 2020 to be sold on their marketplace\*\*



Global Commercial Real Estate Market Cap

Percent Tokenized = 0.00798%

Global Listed Commercial Real Estate Market Cap

Percent Tokenized = 0.0722%

North American Listed Commercial Real Estate Value

Percent Tokenized = 0.867%

Global Tokenized Real Estate Market Cap

~\$2,600,000,000 (\$2.6B)

# Commercial Real Estate Buying Process

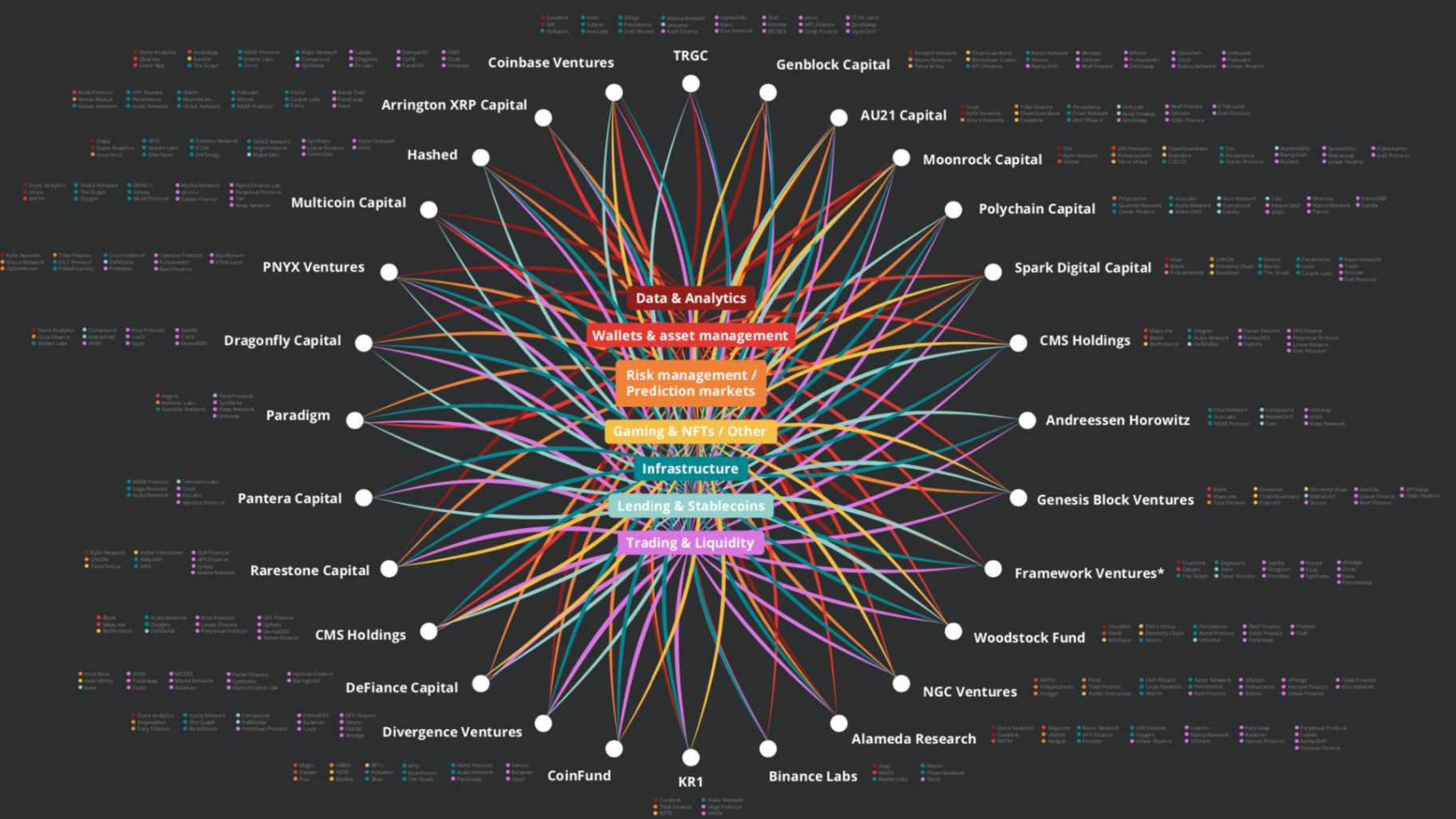
Real estate transaction breakdown given current **FRAGMENTED AND CENTRALIZED** ecosystem:

Existing Real Estate Ecosystem					
Function	Proprietary software or closed system?	Siloed Data?	Need 3rd party?	Technology	3rd Party Needed To Complete Function
Payment or currency	Yes	Yes	Yes	Wire transfer or check	Bank
Escrow	Yes	Yes	Yes	Wire transfer, Web	Bank, escrow (And title) company
Property Search	Yes	Yes	Yes	Paper, PDFs, Web	LoopNet, Zillow, NAR
Title Search	Yes	Yes	Yes	Paper, PDFs, Web	Title Companies & government
Public Record of Title	Yes	Yes	Yes	Paper, PDFs, Web	Government
Conveyance	Yes	Yes	Yes	Paper, PDFs, Web	Escrow & title company or attorney
Contracts	Yes	Yes	Yes	Microsoft Word, DocuSign	Attorney
Due diligence	Yes	Yes	Yes	Microsoft Excel, PDFs, & Web	Broker, 3rd party vendors
Property Identification	Yes	Yes	Yes	Meets and bounds, addresses	Cadasatre or tax assessors
Crowdfunding	Yes	Yes	Yes	Database, Web, wire transfer	Banks & crowdfunding company
Mortgage tracking	Yes	Yes	Yes	Database, Web	MERS

Real estate transaction breakdown with tokenization and IoT integration in a **UNIFIED AND DECENTRALIZED** ecosystem:

Blockchain + Distributed File Storage Real Estate Ecosystem					
Function	Proprietary software or closed system?	Siloed Data?	Need 3rd party?	Technology	3rd Party Needed To Complete Function
Payment or currency	No	No	No	Cryptocurrency	None
Escrow	No	No	No	Cryptocurrency MultiSig & IPFS	Varies
Property Search	No	No	No	Web, blockchain token, & IPFS	None
Title Search	No	No	Optional	Web, blockchain token, & IPFS	Varies
Public Record of Title	No	No	Partially	Web, blockchain token, & IPFS	Varies
Conveyance	No	No	No	Web, blockchain, & IPFS	Varies
(Limited smart) Contracts	Varies	Varies	Varies	Word, DocuSign, & Blockchain	Varies
Due diligence	No	No	No	Web, blockchain, & IPFS	None
Property Identification	No	No	No	Web, blockchain, & IPFS	None
Crowdfunding	No	No	Optional	Cryptocurrency & smart contract	None
Mortgage tracking	No	No	No	Web, blockchain token, & IPFS	None

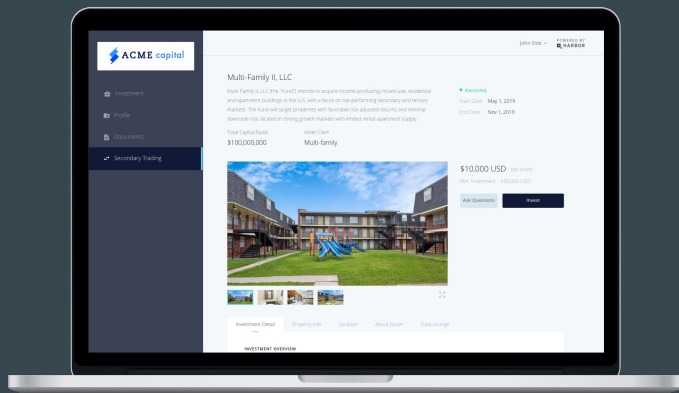




Source: Cointelegraph Research

# Specific Notable VC Investments

Company: Harbor



Total Funding: \$38,000,000 (\$38M)

Notable VC's: Andreessen Horowitz,  
Blockchain Capital, Founders Fund, Pantera  
Capital, SV Angels

Company: Securitize



Total Funding: \$87,500,000 (\$87.5M)

Notable VC's: Blockchain Capital, Coinbase  
Ventures, Global Brain Corporation, Morgan  
Stanley Tactical Value, SPiCE VC

# Investment Thesis

RealT

882-884 Pingree St, Detroit, MI 48202

RENOVATION: BALCONY - EXTERIOR PAINT & STAIRS

TOTAL INVESTMENT: \$86,666.00

**SOLD OUT**

Property Highlights		Financials	
Expected Yield	11.91%	Gross Rent / year	\$13,200.00
Hard Start Date	2020-09-01	Gross Rent / month	\$1,100.00
Rent per Token	\$6.07 / year	Monthly Costs	-\$740.00
Token Price	\$10.00	Net Rent / month	\$860.00
Total Tokens	1,100	Net Rent / year	\$10,320.00
Property Type	Duplex	Total Investment	\$86,666.00
Construction Year	2020	Expected Yield	11.91%
Neighborhood	Philly 116		
Square Feet	1,500		
Lot Size	3,500		
Total Units	2 Units		
Bedrooms	2		
Bathrooms	2		
Section 528	Yes		

**\*\*Example of current listing for buyers\*\***



Sell Side

- ✓ Reduced costs
- ✓ Faster clearing and settlement
- ✓ Fewer intermediaries between issuers and investors via automation
- ✓ Increased total investor pool



Buy Side

- ✗ Understanding of tokenization
- ✗ Necessary investment information
- ✗ Clarity in regulation
- ✗ IoT sensors to track real time property data



# Inveniam Capital Partners - Northville, MI

**Mission:** Inveniam's vision is to help companies and investors prepare for digital asset transformation by offering products and solutions that gather data of data-rich, low volume private market assets with integrity that is immutable and with provenance.

**Founder:** Patrick O'Meara

**Funding:** \$1,100,000 (\$1.1M) in 2017

**Points of Interest:**

- Emphasize on delivering usable buy-side information within commercial real estate tokenization market and other markets..
- Inveniam has acquired 40 blockchain patents and with its existing patent portfolio (becomes the 8th largest US-based blockchain patent holder, ahead of Microsoft)
- Less aggressive in approach to tokenization adoption as a means to not disrupt well-established industries. They want to work with existing companies instead of replacing them as many blockchain tech companies set out to do.



# Work Cited

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# Speaking Notes

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