



# Investment Opportunities of The Real Estate Market

## Market challenges

Up to now to get the ownership right on real estate, one has to buy an entire facility. High transaction costs and a limited choice of real estate investment opportunities has led to a market with significantly lowered turnover.

The size of the global real estate market has reached \$217 trillion, and the residential property makes up about 75% of the total value. While annual real estate trading volume totals around \$16 trillion with estimated trade transaction costs of ~\$100 billion, there is a growing trend to tokenization, which may allow seizing the opportunity of unlocking the value of real estate assets.

Various attempts are being made to make real estate market more manageable and more liquid; nonetheless, almost every individual, institution, or agency involved in the market has one way or another faced the problems of non-transparent transaction costs, asymmetric information, property rights opaqueness, variability in taxes, and a host of other issues. Also, high transaction costs and inefficiency in transactions make redistribution of this market sub-optimal.

One peculiarity that makes real estate essentially different from other major asset classes is low liquidity. Real estate markets are not as organized and efficient due to incredibly slow payments and ineffective price discovery mechanisms. All this results in a situation where substantial capital gets trapped in illiquid investments which hinge on geographic areas; hence the domestic investment opportunities in the overall market are particularly poor.

Today, real estate is generally traded by indivisible pieces, which are defined—trivially—by the construction plan. If an investor wants to buy a real estate in a particular district, inside a particular building—due to particular investment reasons—he is obliged to buy an entire facility. This retains the overall market: minor investors are unable to enter it, while the diversification of risks is almost unattainable.

The core of the problem is a lack of international standards and comprehensively available platforms for the digital record and transfer of real estate rights. There is essentially no single tool which would allow a property investor to research the market and invest in real estate, at that, do this securely online.

## TokenD – an innovative software solution for the Real Estate Market

TokenD aims to solve the problems related to international real estate transactions by means of creating an asset transfer platform for the global real estate industry. A TokenD-based platform



will keep the record of real estate transactions thus reflecting an official registry—unnecessary delays and impediments inherent to legacy property rights registrations systems could be eliminated. Our solution seeks to enhance the security of transactions while reducing the inefficiencies by linking buyers, sellers, investors, and registries around the world. This is made possible due to an innovative application of the tokenization platform.

TokenD aims to help real estate investors by eliminating intermediaries, improving transparency and liquidity, and lowering barriers to entry. TokenD allows transferring previously illiquid assets and exchanging them on a secondary market thus reducing the friction between real estate buyers and sellers.

By using the tokenization platform for clearing and settlement processes, TokenD reduces counterparty risk exposure from multiple days to few minutes. The platform also facilitates the creation of divisible real estate property, which can be owned by anyone regardless of his or her financial capabilities—tokens issued in the digital registry can represent units of an entire building. Such an approach can literally modify the market because real estate players will be able to invest in shares that represent, for example, square meters of a particular facility. The platform seeks to connect investors with property owners by converting properties into digital shares, increasing the investment-worthiness and tradability of the facility which is tokenized.

With TokenD it is possible to create a globally accessible and auditable secure real estate registry with a number of value-added benefits compared to traditional platforms. This is set to shape the landscape worldwide—in how real estate investments are perceived, performed, and accessed. A TokenD-based platforms will offer investors exposure to global real estate markets without the necessity of acquiring an entire or micro share property, by shifting the management and compliance obligations to the platform management.

## **Key benefits of TokenD platform**

### **Values that TokenD platform brings to business:**

- Creation of divisible real estate property;
- Efficient secondary markets;
- Fractional ownership functionality;
- Increased transparency for investors;
- Reduced fees and costs;
- Reduced counterparty risk.



### Values that TokenD platform brings to IT operations:

- Immutable storage of verification data;
- Real-time synchronization;
- Seamless creation of a digital registry;
- Secure transfer of ownership to another person;
- Full control over your system;
- Process payments in digital currencies.

### Summary

TokenD is a state-of-the-art white label blockchain platform that consolidates the experience gained by Distributed Lab in building the production-ready distributed ledger solutions. It is designed for enterprises that are willing to take advantage of the blockchain technology without the need of maintaining the expensive team of blockchain experts and within the shortest time to market. Besides the flexible DLT functionality, TokenD includes production-ready web and mobile wallets, admin panel, and integrations with external systems. With intuitive REST API, SDKs documentations and reference implementations the required customization efforts are reduced to minimum, which makes it even more valuable in an emerging but rapidly growing industry.

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