

# YOUR HOUSE ON THE BLOCK



by Elena Solovyov

"In the future, one of the milestones by which you measure your financial success will be not just how many zeroes you can add to your net worth, but whether you can structure your affairs in a way that enables you to realize full individual autonomy and independence."

James Dale Davidson, The Sovereign Individual: Mastering the Transition to the Information Age

There's always pushback when it comes to adopting new technology the closer it gets to becoming the new standard. This century, each decade seems to innovate more rapidly than the decade before it; technology compounds on itself at astounding speeds. Just a few decades ago, many thought the idea of buying books online was absolutely ludicrous. But Jeff Bezos and his new startup Amazon begged to differ.

It is especially difficult to understand the changes in the ways we transact and interact as they're happening. The latest in this push/pull of technology developments is blockchain, smart contracts, crypto and NFTs. It's the new world that Propy, a Silicon Valley startup is bringing to the real estate industry. CEO and founder Natalia Karayaneva sees this new wave of innovation as the next logical step in the way we buy and sell houses, similar to the

way Steve Jobs saw a shift in how music is purchased, or how the aforementioned Jeff Bezos saw an opportunity in how . . . well, *everything* is purchased.

"The reason a real estate property was the perfect candidate for an NFT," writes Karayaneva in a recent Forbes article. "Was that it already behaves like a digital asset in many ways. NFTing one provides numerous benefits, such as instantaneous settlement, and a simplified overall transaction process—exactly what young people who grew up with smart phones desire. Real estate transactions are long, tedious and archaic. Propy has already shown it was possible to change."

And like those other visionaries, Karayaneva and Propy proudly have a lot of firsts under their belt: they're the first to record a real estate transaction on the blockchain. They're the first to build a legal framework that allows them to NFT physical properties. They're also the first to NFT a property internationally. And the first US residential NFT in Florida with hundreds more in the works.

That's a lot of firsts. The number of flags Propy has staked into this new digital landscape would be impressive in any industry, but it's especially impressive in the breakneck new frontiers of crypto. Of course, to truly appreciate what all this means, it's imperative to understand just what's going on with cryptofinance.

There's a lot of complex terminology—blockchain, NFT, proof of work—that gets tossed around when discussing cryptocurrency. But surprisingly (and perhaps counterintuitively) the end goal of these crypto systems is simplicity, security and transparency. The aim here is to empower individuals and give investors more agency.

While cryptocurrencies and blockchains can feel overwhelming, understanding their basic components is thankfully simple. Hardcore enthusiasts might bristle at the oversimplification, but the blockchain is effectively a ledger. It's a decentralized database by design, one that relies on computers and servers all over the world to track transactions. This peer-to-peer hosting means the ledger is hypothetically more secure than say digital bank records: virtual thieves and hackers can't steal records that are being hosted

across thousands (or even millions) of individual nodes. Effectively, it's a reliable, singular source of truth.

Non-Fungible Tokens (or NFTs) are pieces of data that are stored on these blockchains. They're designed to prove digital ownership of items; if you own an NFT, that proof of ownership lives on the aforementioned indisputable ledger.

## THIS IS A BRAVE NEW WORLD

Up until now, the most common use for NFTs was as a representation of digital art. Some of these NFTs have made headlines after selling for millions. Celebrities have appeared on talk shows to flaunt their own NFT investments, or even announce their own series of NFTs. More recently, NFTs have popped up as a way to create a digital economy in video games: virtual worlds where pieces of land, outfits, weapons, and vehicles can be freely traded. It's a logical destination for anyone who sees events like last year's bizarre Gamestop stock price bubble as the gamification of investments.

This is a brave new world, and one that any crypto diehard will swear is the



all-caps NEXT BIG THING. The driving force behind this industry is still new, but it's already establishing itself as more than just a flash in the pan. The application and use cases are still being explored, but crypto and the blockchain are here to stay, in some capacity. At the time of writing, the Biden administration is exploring regulatory structures to impose on the market. Those regulations will inevitably push crypto further into the mainstream. While some investors are diving in with both feet, others are standing, toes curled over the edge of the pool wondering, "Is this it? Is this all there is to the blockchain?"

The short answer is a succinct "no." While the current application of NFTs as art-pop assets is exciting, there's a more practical long-term application. The blockchain can be used to store important documentation, like home titles and deeds.

The only people balking at a statement like that are those not paying attention. Massive corporations like Tesla have long been accepting Bitcoin as a form of payment. Last year, a staggering one out of ten first time homebuyers traded cryptocurrency to get or supplement their down payment. Why not transact in cryptocurrency directly? And to take it a step further,

# REAL ESTATE BEHAVES LIKE A DIGITAL ASSET

why not record these transactions and home ownership proof on the blockchain?

"We have already seen a new generation of home buyers looking for other solutions beyond the status quo," says Karayaneva. "Unaccustomed to the costly and lengthy, drawn-out process of home-buying, with its reliance on outdated methods of transacting business and multiple middlemen, they are demanding a transparent, "one-click" process that is quick, efficient, and reflective of the era they live in. They'd rather not buy a home than get into a hideous process."

From where Propy's standing, it's less of a tech-savvy leap and more of a pragmatic inevitability. This is not just what's easier for homebuyers and sellers, it's also better for everyone involved. Sure, it's great having a system that offers a better way to store and maintain a deed or mortgage—pretty much anything is better than a disorganized kitchen drawer or crammed basement filing cabinet. The convenience is nice, but it's frankly just a byproduct of what blockchain can truly bring to the housing market.

The blockchain acting as a single source of truth brings a new level of transparency and accountability to digital transactions.

It's an incredibly safe and secure way to buy and sell assets like homes and land. Digital transactions previously couldn't offer the nuance and security these types of transactions require. Anyone who has bought or sold a home can attest to the reams of paperwork, signatures, and authorizations required to finalize the purchase.

It also means transactions are faster and more efficient. As crypto adoption becomes more common in the housing market, that mountain of paperwork and morning spent signing forms could effectively be a thing of the past. Buying a new home on web3 will join the ranks of lightning-fast "add to cart" transactions available online.

Of course, that isn't to say Propy believes buying a house will ever be so simple it borders on becoming an impulse purchase. "Even if blockchain technology completely transforms the title, real estate and mortgage industries one day, we're still in the people business," says Karayaneva. "Today's consumers still seek the guidance of skilled professionals when the financial stakes are high. There's no substitute for human experience, empathy or creativity. Technology might change the way we do business, but it can't compete with our ability to communicate, collaborate, build relationships or provide personalized service."

While these changes to the real estate market are nothing short of revolutionary, Propy is just getting started. There's the opportunity to take advantage of the metaverse and virtual reality. Those looking for a home in the near future may find themselves touring dozens of homes in a single afternoon, all without leaving their couch. That's not just through a web browser, seeing pictures. That's donning a virtual reality headset and walking through the home as if they were there. The metaverse itself is also full of virtual properties and land waiting to be developed. Real estate sales in the metaverse hit \$500 million last year, and trends indicate that will continue to grow in 2022. If that sounds at all shocking, it shouldn't. After all, if history is any indicator, this is just the start of a new, wonderful future.

"We live in the time of the computer, but our dreams are still spun on the loom . . . the Information Age will be the age of upward mobility. It will afford far more equal opportunity for the billions of humans in parts of the world that never shared fully in the prosperity of industrial society. The brightest, most successful and ambitious of these will emerge as truly Sovereign Individuals."

James Dale Davidson, The Sovereign Individual: Mastering the Transition to the Information Age

**Blockchain:**  
↑ a digital ledger made up of a series of hundreds or thousands of individual computers and servers. This network verifies every transaction and each member of the network records the transaction individually.

**NFT:**  
↑ a non-fungible token. Fungible assets, like currencies, are regularly interchangeable: the dollar you deposit at your bank isn't the same one you take out at an ATM later. NFTs are specific and individual, each one acts as its own digital fingerprint.

**DeFi:**  
↑ Decentralized Finance. Crypto proponents argue that not having their currency of choice tied to a bank, country, or economy makes it safer and less susceptible to booms and busts.

**Metaverse:**  
↑ a blanket statement for simulated environments that multiple people can participate in at once via VR equipment. Think virtual chat rooms or corporate conferences.

