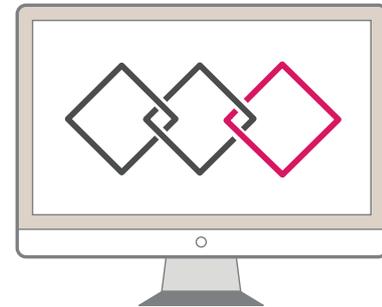


How will Blockchain disrupt the Real Estate sector?

Hailed as the biggest digital innovation since the internet, Blockchain is the virtual infrastructure that is changing the way we work.

Real Estate companies are starting to look at how the technology has the potential to optimise their processes and facilitate Real Estate transactions.



Blockchain will disrupt your industry.

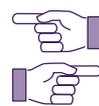
Understand blockchain in 6 minutes by watching our animation www.dwf.law/blockchain

Have you thought about the legal implications of Blockchain?



Jurisdiction

- Which legal framework will apply?
- What forum should be used to resolve disputes?
- How do you govern entities that exist purely in cyberspace (known as “decentralised anonymous organisations” or “DAOs”)?



Liability

- How is ownership/control determined?
- Where does the liability lie when something goes wrong?
- How can businesses limit their exposure?



Smart Contracts

- How do you create a blockchain based contract (a “Smart Contract”)?
- When will Smart Contracts be enforceable?
- Can code determine issues of fairness?
- How should disputes be resolved?
- How do you govern decisions made by an AI?



Regulation

- How will regulatory authorities choose to approach blockchain?
- How will blockchain interact with existing regulatory regimes such as those relating to consumers or finance?
- How will tax laws apply to transactions in a blockchain system?



Terms and Conditions

- What terms do you need to include to cover the particularities of blockchain such as payments in cryptocurrency?



Data Protection

- Who are the controllers and who are the processors?
- How can privacy be protected on an open system?
- How can you obtain all the necessary consents?

How we can help

DWF’s market leading real estate and blockchain experts have come together to explore how Blockchain is disrupting the industry. We understand this complex technology and its legal ramifications and our Real Estate sector experts are here to guide you through what the changes may mean for your business.

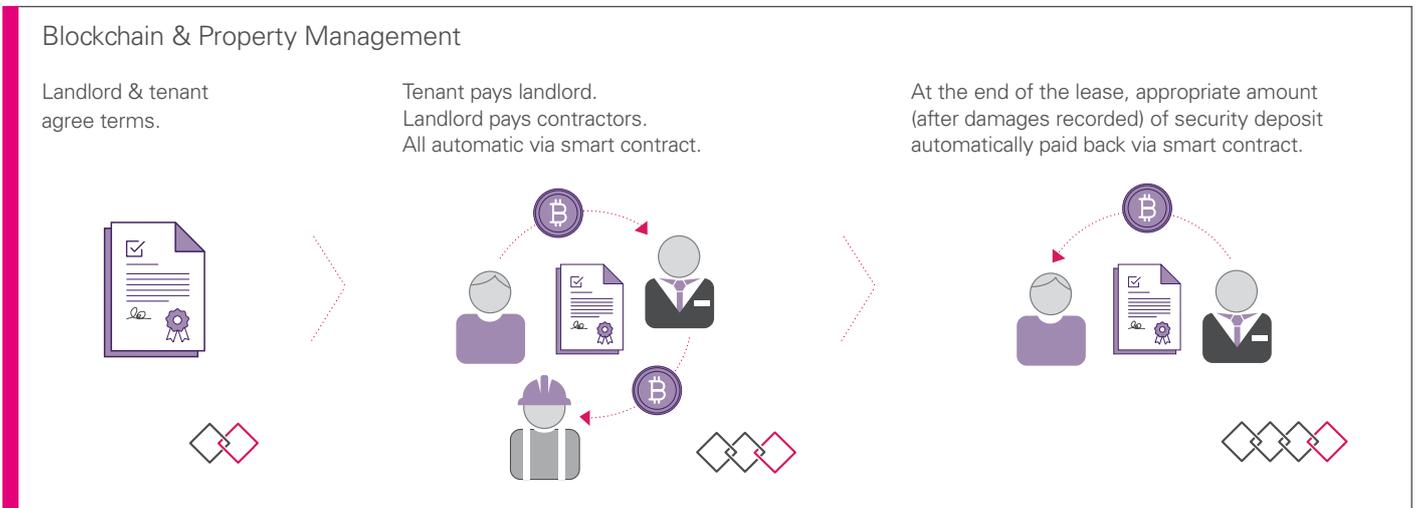


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How is Blockchain affecting Real Estate?



Blockchain allows transactional information to be stored, traced and traded securely and privately between multiple users. Beyond Bitcoin and Cryptocurrencies, there are a number of opportunities for the Real Estate industry.



Sale and purchase transactions

The listing market

The property listing market is dominated by centralised, sometimes monopolistic listing platforms which are often subscription-based, charging high fees and subject to human error. These intermediaries have cut off the direct connection between the asset owner and customer.

A blockchain-based listing gives the connection and valuable information about users back to the asset owners and allows users to view information such as the properties location and history, ownership information and the title information.

Using blockchain for the property search process will reduce transaction costs and be more secure and efficient.

Conducting due diligence

Currently the due diligence process in a real estate transaction is predominantly offline and highly labour intensive, with documents surrounding proof of identity for the history of property ownership, tenants and modifications. A blockchain solution for digital identities and title registers enables a streamlined and secure due diligence by buyers of the properties they are purchasing and for lenders too, eliminating elements of human error and fraud. This would also open up opportunities in countries with no mandatory land register and/or field book as sensitive information secured on the blockchain contributes to the credibility of (digital) information.

Sales execution

Self-executing (smart) contracts can help to facilitate, automate and make secure the exchange of elements of value such as payments or titles.

Property and cash flow management

Smart contracts (sitting on the blockchain) can be used to create smart tenancy agreements. This enables details of the contract such as rent value, payment terms and information around the state of the property to be agreed and signed digitally between landlord and tenant. Following this, the payment of the lease and eventual return of a security deposit and payments to external agreed contractors can all be initiated automatically via the smart contract once agreed criteria are met. Once again meaning a more efficient, auditable and legally enforceable process.

Title management

Blockchain could be used to create or support a land registry where all components of the process are held together in a secure and transparent way. This would enable users to track the history of ownership and other information necessary for various purposes for example, title transfer, land register registrations, etc.

Smart contracts can manage and track payments to and from the owner of the property. The process would be made faster, safer and less costly and if the history of land ownership is securely stored on the blockchain, title insurance may also become unnecessary.

The future

We have just scratched the surface of how Blockchain could disrupt the Real Estate sector, we haven't even begun to talk about how cryptocurrencies and tokenisation may disrupt Real Estate finance for example.

Blockchain will undoubtedly change the way we purchase, lease and manage property portfolios. It will make the transfer of valuable information and assets more secure and efficient and will make Real Estate investment more accessible. The decentralization of processes will strengthen the market role of individual consumers and asset owners.