

# Real Estate Tokenization: A Beginner's Guide



If you look around, you'll see countless untapped assets. Part of the reason for this is the indivisibility of most assets that makes it hard to sell them off quickly or even sell at all. Even then, the traditional way to sell these assets is through layer upon layer of intermediaries that bloat up the process. There's also the thorny issue of lengthy and expensive regulation and compliance procedures.

A blockchain is a technology that constitutes an unalterable, transparent, and decentralized ledger technology. With these groundbreaking qualities, blockchain can allow real estate owners to surmount the aforementioned challenges.

In this article, we'll look more closely at how that's possible. But first, we'll acquaint ourselves with asset tokenization in general.

## What is Asset Tokenization?

Asset tokenization is the process of converting a real-life asset's rights into tradable digital tokens on the blockchain. Asset tokenization not only digitizes real-life assets, but it also fractionalizes their value so that investors can purchase a portion of these assets.

But why tokenize an asset? First off, tokenizing assets opens up opportunities for investors (thanks to fractionalization) from anywhere around the globe to invest in an asset. Secondly, tokenizing an asset removes the need for intermediaries in the trading process, saving

massively on costs. Not only that, it increases the chance for it to be exchanged for cash quicker, as opposed to attempting to sell it as a whole.

## **What is Real Estate Tokenization?**

Of all types of asset tokenization, real estate tokenization is the most prevalent. This kind of tokenization involves property owners turning the rights of a real estate property into digital tokens investors can purchase in the form of fractionalized assets.

## **Benefits of Real Estate Tokenization**

Tokenizing real estate has some real advantages. Here are some of them:

### **#1. Liquidity**

While real estate is traditionally a lucrative market, it's also illiquid, meaning it's not easy to convert into cash conveniently. If you have an emergency, it's often near-impossible to quickly sell it for cash. But with real estate tokenization, you can put it out there in the fractionalized form to get people buying it. Essentially, you put your property up for sale - but this time in a digitized form, and in a global market.

### **#2. Market Accessibility**

Traditionally, the real estate industry has been dominated by a few powerful investors and industry moguls. With tokenization, a real estate asset has more investment opportunities from hundreds, even thousands of market players.

### **#3. Cross-border Transactions**

Today, attempting to purchase a property from overseas is an extremely daunting task. From the challenges of transferring money across borders, to prohibitive laws and high exchange rates, there are several factors that could dissuade investors from investing in real estate across international borders. But with blockchain-enabled tokenization, investing in property has no restrictions based on geography, region, or economy.

## **How to Invest in Tokenized Real Estate**

Investing in tokenized real estate doesn't have to be complicated. These are the steps to getting started:

#1. Set up a cryptocurrency wallet - this will hold the digital tokens

#2. Sign up for a real estate tokenization platform. There are several reputable real estate tokenization platforms, including [Atlant](#), [Cocoricos](#), [Liquefy](#), [RealT](#), and [Uprets](#).

#3. Browse through the platform to identify the tokenized property that suits your preference, investment goals, and risk appetite

#4. Proceed to buy the listed tokens at the amount you can afford

#5. Store tokens in your wallet

## Final Thoughts

Real estate tokenization takes advantage of blockchain tech to afford property owners better liquidity and a broader market base, enabling them to get paid much faster. At the other end of the spectrum, regular investors can now access a market traditionally reserved for the well-oiled few.