



# Real Estate Tokenization

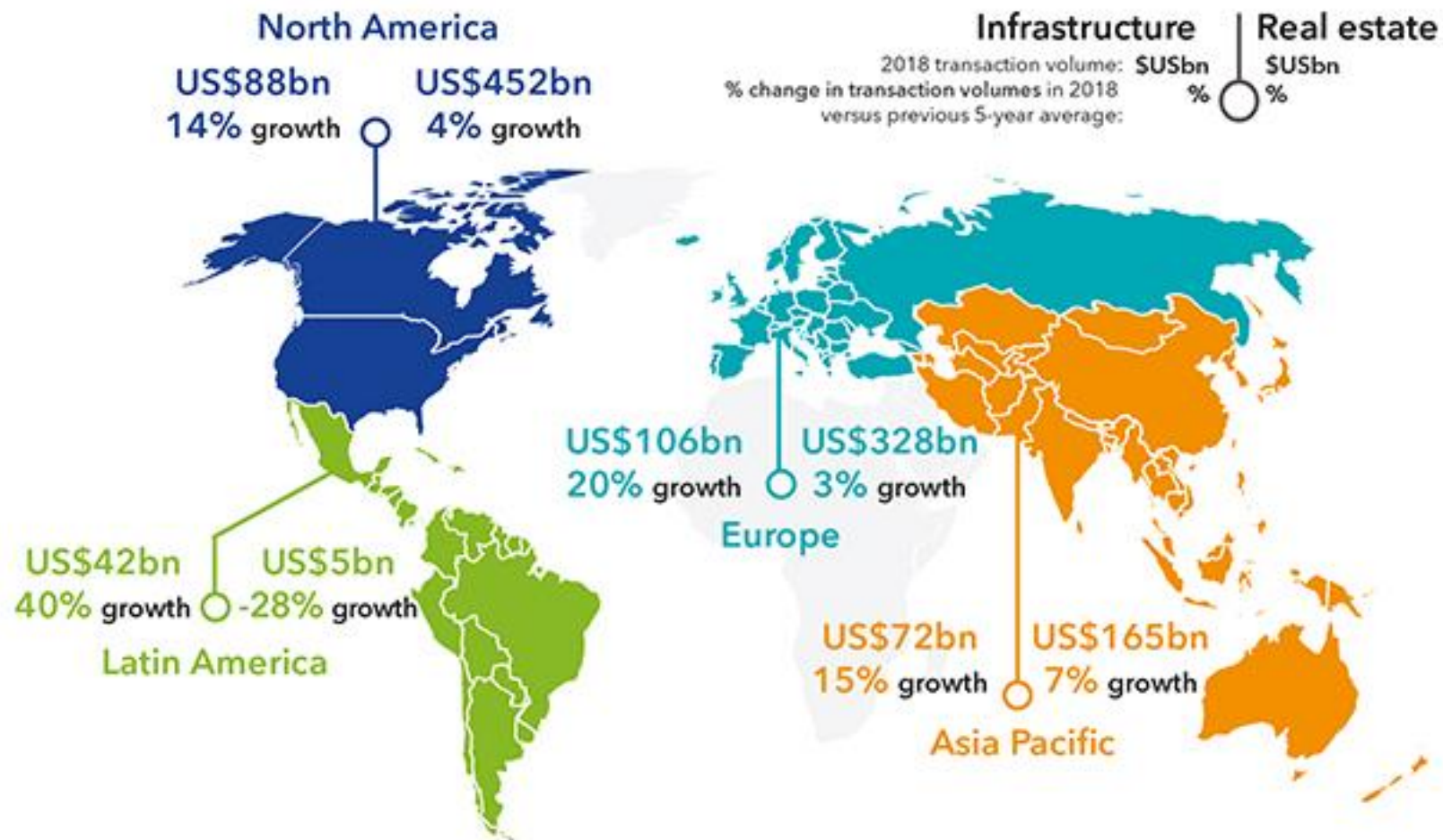
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Black Forest Tech Investment Symposium

September 2019

# Real estate is “the biggest market there is”

## Transaction volumes 2018



# Investors are underweight home equity

Tectonic debt vs. equity disbalance in the highest returning asset class

## Highest returns

Home equity returns outperform stocks

- Global unlevered return and risk (US, W. Europe, Japan, Australia)

	Compounded return since 1950
Stocks	10%
Bonds	7%
Home Equity	12%

## Illiquid

High transaction fees reinforce owner preference to stay put in their homes

- 1 in 10 mortgages were refinanced or paid off in 2017.
- High transaction fees of 6% for sales and 1% for refinancing deter owners

## Overweight debt

Real estate investors (primarily banks) have focused on debt products for homeowners

- \$4T in home loans are 25% of commercial bank assets in the US
- Home equity investors are individuals that own, manage, and rent property

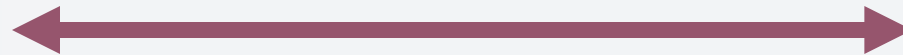
# Those with homes have highly leveraged real estate investments

- Homes represent 80% of household wealth for the median homeowner.
- New homeowners have 5x mortgage to equity leverage.
- Most people would lose nearly all their wealth with a 20% home price decline.



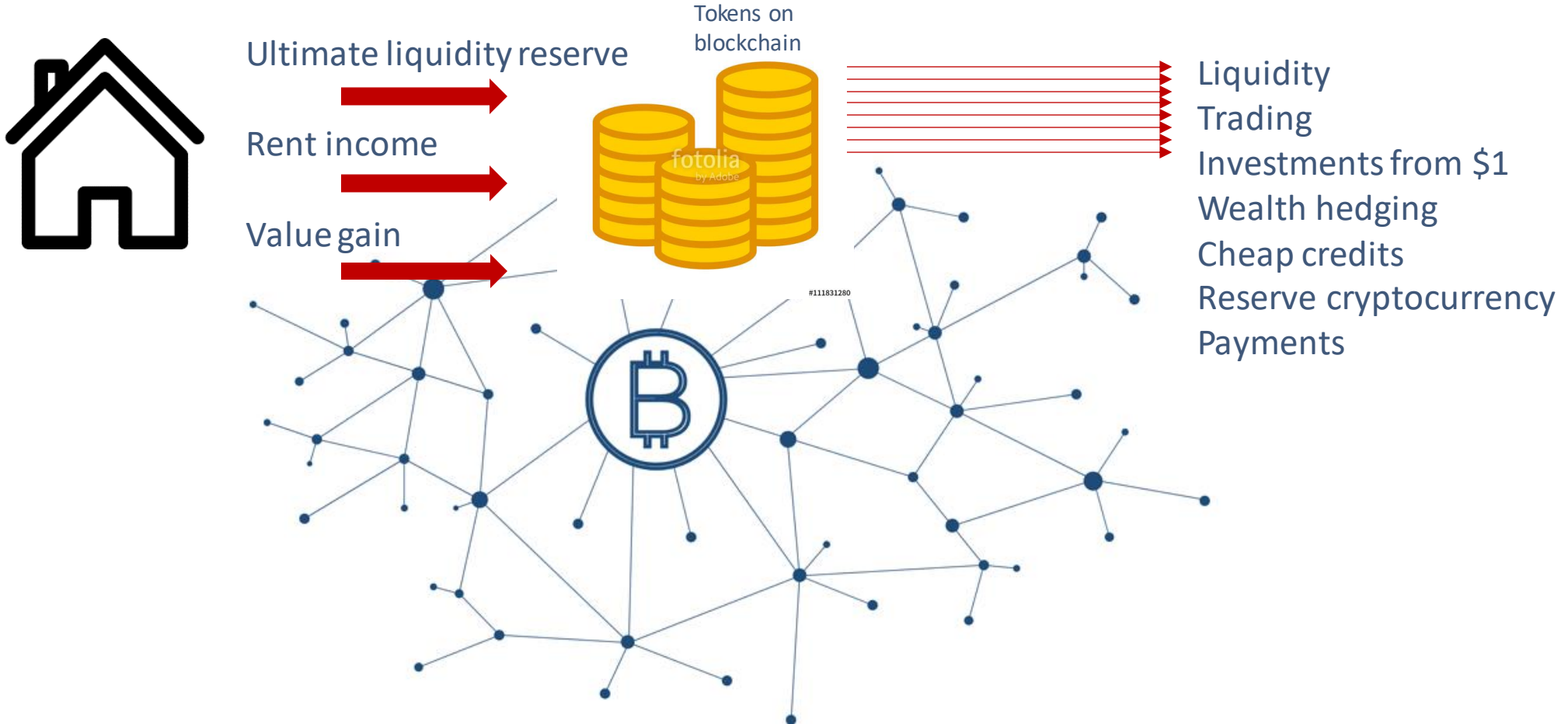
# Break down the binary nature of homeownership

Rent;  
own nothing



Huge mortgage;  
own 100%

# Tokenizing real estate



# Benefits

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## Homeowners

- Reduce mortgage debt and save on interest
- Control the amount you invest in real estate and reduce your risk
- Earn real estate investment returns without selling your primary residence by swapping your home equity for a pool of homes anywhere

## Investor

- Diversify into real estate investments with the ease of stock trading
- Buy and sell anytime
- Higher yield, lower risk, and inflation hedged relative to stocks
- Plus, all the conveniences of a cryptocurrency