



SBT FINTECH MONTHLY NEWSLETTER

Editor's Note

BY DR. ABENA PRIMO

Dear Reader,

This week Dr. Derrick Bonyuet, a professor within the School of Business and Technology, will inform you about the exciting concept of the metaverse.

This is a hot topic in Tech right now with many people exploring topics like what type of infrastructure is needed to support it, how it will integrate with web3, how likely it is to be adopted by the masses.

As you read the article, you should think about this too.

Happy reading!

Dr. Abena Primo
Associate Professor of Computer Science at
Huston-Tillotson University

SBT

Newsletter Highlights

WHAT IS THE METAVERSE REAL ESTATE?

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SBT BLOCKCHAIN EVENT
MARCH 29TH @ 4:30PM

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What is the Metaverse Real Estate?

BY DERRICK BONYUET, PHD, CFA, CFP, CPA

Recently there has been a lot of noise surrounding the metaverse, especially after Facebook announced it changed its name to Meta. Metaverse can be seen as the next evolution of the Internet where users will enjoy a different new level of experience as they will meet people virtually and interact and conduct business in this environment. As such, virtual real estate is being developed and transacted with prices going up by 400% to 500% in the last few months.



OVERVIEW

Metaverse is considered the next iteration of social media. The same way many people access social media these days, the metaverse will take these interactions to the next level by incorporating not only shopping but also events, concerts, and conferences. People will be accessing these 360-degree immersive virtual worlds through VR headsets and goggles. This emerging virtual market is projected to grow into a fully functioning economy that will generate revenues of between \$1trn to \$30trn

(<https://www.economist.com/business/2022/01/01/virtual-property-prices-are-going-through-the-roof>).

To capitalize on this future trend, investment firms are investing millions in digital land across different metaverse platforms, such as Decentraland and The Sandbox.

The metaverse will include elements such as virtual reality, streaming video, mobile gaming, avatars and artificial intelligence to offer users an all-inclusive digital experience.

In this digital economy, money will be represented by cryptocurrencies and the metaverse will be supported by the blockchain, which is a digitally distributed public ledger that functions without the need of any intermediaries. Transactions may include art, music or even real estate, which will be reflected in the form of non-fungible tokens, or NFTs.





Metaverse Real Estate CONTINUED

These NFTs are blockchain-based representations of real-world items and serve as proof of ownership (<https://www.nytimes.com/2021/11/30/business/metaverse-real-estate.html>).

INVESTMENT PROFILE

For many people, the digital world will become the future without any doubt. Even if this view does not become a reality, we can expect our lives and most transactions to move into a virtual environment. Similar to the real world, investing in metaverse real estate is about location though it takes a different meaning. The typical concept of visibility and foot traffic are not that relevant and instead, “clusters of content” become critical so we can encourage people to congregate, interact and buy products and services (<https://www.bisnow.com/national/news/top-talent/metaverse-real-estate-nft-cryptocurrency-decentraland-111250>). Still, having a good neighbor may help as someone paid \$450K to be next to Snoop



Dogg’s virtual mansion where the rapper hosted a party. Other celebrities such as Justin Bieber, Ariana Grande and DJ Marshmello have performed as their own avatars in the metaverse and Paris Hilton hosted a New Year’s Eve Party on her own virtual island (<https://www.cnn.com/2022/01/12/investors-are-paying-millions-for-virtual-land-in-the-metaverse.html>).

Traditional physical boundaries may be non-existent due to the virtual nature of this environment. As a result, new investors may find a more level playing field as ingenuity and design may become more relevant

that location and budget (<https://www.bisnow.com/national/news/top-talent/metaverse-real-estate-nft-cryptocurrency-decentraland-111250>).

While investment in the metaverse may be more insulated from the pandemic-induced volatility, it is extremely risky and speculative. There is not currently a true measure of how many users are active in this virtual world and moderation tools





Metaverse Real Estate CONTINUED

(e.g., profanity filters) need to be improved (<https://www.wired.com/story/metaverse-land-rush-illusion/>).

Metaverse is also blockchain-based so crypto volatility may infuse further pain into any investments in this area. As a result, advisors recommend to invest only capital that you are prepared to lose (<https://www.cnbc.com/2022/01/12/investors-are-paying-millions-for-virtual-land-in-the-metaverse.html>).

As mentioned before, there are different Metaverse platforms, such as Decentraland, Somnium Space, and the Sandbox. You need to select which platform you want to invest and then, create a digital wallet and buy the type of digital currency accepted in that platform. You can buy the land via an online marketplace (<https://www.bisnow.com/national/news/top-talent/metaverse-real-estate-nft-cryptocurrency-decentraland-111250>). Once you got the land, development is next.

After all, you will need to create office buildings, luxury villas, entertainment complexes and even malls so you can keep people visiting and enjoying your facility in three dimensions without leaving their homes (<https://www.forbes.com/sites/great-speculations/2021/12/20/the-metaverse-is-a-1-trillion-revenue-opportunity-heres-how-to-invest/?sh=224b6c534df9>).

CONCLUSIONS

It is hard to predict what the future holds but I believe most people would agree social media is here to stay and the metaverse could well be the next evolution. Reward could be huge but the risk is high. In addition, user experience must be improved. Some investors attempt to manage the risk by diversifying across different metaverse platforms. If anything, keep the investment to an amount you can lose and will not impact your financial situation.

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