Blockchain is Coming to Real Estate - Get Ready

By Ian Cameron, CIO
OSCRE International

If you haven't heard of Blockchain yet, it's likely you will soon. It could drastically change the real estate industry if it takes off as proponents believe. "It's a new technology, a way of doing business, and transformational if it plays out." - as heard during a Blockchain panel discussion I joined at Realcomm earlier this month.

OSCRE is looking into the long-term potential for Blockchain, given our stake in information flows across the industry. To get the general picture, you can think about this all the way up the ladder from the individual transaction, to portfolios, to whole new businesses and industry practices. It's a potential breakthrough in technology that could restructure the way information is exchanged and business is conducted in real estate.

So what is it? Blockchain is (1) a technology and a business practice built on peer-to-peer transactions plus (2) a packet of information (a block) with the ability to create an historical and permanent ledger of transaction details. International banks, investment firms, technology companies and others are spending significant capital and resources to evaluate the benefits and potential impact of Blockchain. Key features of Blockchain include:

- Conducting transactions without an intermediary or a clearinghouse
- A "distributed ledger" with a history of a transaction, property, asset, or title
- A digital ID with security build around it
- The ability to transfer funds in new ways, including with digital currency (think Bitcoin)
- Public or private with security and encryption concerns yet to be worked out

How could it apply to real estate? Early assessments of applications in real estate include:

- Lease transactions going directly from lessor to lessee
- Land acquisitions and dispositions including title and parcel details
- Histories available during acquisition, due diligence and portfolio exchanges
- Maintenance on building systems that show maintenance records

Disintermediation, fraud prevention, increased use of digital currency, and smart contracts are some of the top impacts of Blockchain. Transparency is a significant benefit along with faster transactions and lower costs. Security and fraud concerns are still to be resolved, as in Brazil recently, where "...hackers siphoned off $50 million from the Ethereum blockchain, an online ledger behind smart contracts and cryptocurrency," according to CRE-Tech Daily late last week.
Where would data exchange standards fit? Data quality is one of the major benefits of a blockchain which is of great interest to OSCRE. Data exchange standards will play a significant role in creating consistency, trust, and a common ground for Blockchain transactions. The international scope of Blockchain makes international data exchange standards even more important because of the diversity of assets and the geographies involved. OSCRE Standards are already tailor made for this kind of use and could accelerate the setup and growth of Blockchain activity.

What's next? Blockchain is still a new technology and Integration will be a major challenge where systems might need to be replaced. The real estate industry has faced new technologies before and it takes a commitment to change practices. However, many are getting ready.

- Consulting companies are already setting up Blockchain practices and advising clients to do their own due diligence and to get ready for transitions
- Some firms have already stepped into Blockchain around a specific focus, such as subleasing, and are already seeing results
- Others are doing the research and exploring proof-of-concept projects to help decide how Blockchain might benefit their organization
- Emerging uses for specific types of real estate transactions, such as leases and land transfers, will be very influential.

It will take time for Blockchain to build momentum in the real estate industry. Wider use and adoption will depend on the ability to scale up to the institutional and portfolio level with international scope. We'll be talking more about Blockchain in the near future.

Focus on What's Next

By Lisa Stanley, CEO
OSCRE International

The last several weeks have included a focus on European and North American activities, including the press release IREDEC Launches Collaboration announcing OSCRE’s collaboration with 4 Europe-based Standards organizations under a new initiative, the International Real Estate Data Exchange Council (IREDEC). This collaboration will focus on standards addressing the investment sector, including the first project on valuation. The goal is to reach agreement on a core data model that will be implemented in standards within IREDEC’s current membership and beyond. We encourage other organizations to join OSCRE in this initiative and to expand implementation globally. This is a history-making collaboration focused on the increasing need for an approach that addresses cross border information exchange on a large scale. For more information, please contact us at iredec@oscre.org.

The vote last week to support the United Kingdom’s exit from the European Union has caused significant disruption in global markets in the short term and an uncertain market response for the longer term. While the details of the pending divorce have yet to be worked out, meetings this week of the EU’s leadership indicate a chilly response to Prime Minister Cameron's interest in letting the next prime minister negotiate the UK’s exit and the expectation for favorable trade
conditions. What will this mean for real estate markets both in the UK and elsewhere? Let us know your thoughts.

The Realcomm Conference held in San Jose, California last week honed in on innovation with case studies and discussion in several sessions on the importance of real estate standards, data analytics and performance reporting among the topics covered. The consistent theme was communication, collaboration and innovation, with OSCRE Standards an integral part of the discussion in several sessions.

Curriculum development for the OSCRE Academy Data Governance Certificate program continues, and we'll keep you posted on the launch date.

**We need your participation.** If you are interested in participating in a proof of concept project for the first IREDEC project on valuation, please email us at info@oscre.org and mention your interest in this important project.

While summer has arrived, the pace hasn't slowed here at OSCRE. We'll keep you informed on our latest projects and stay focused on what's next in innovation for the industry.

**Member Spotlight**

**Planon Partners with OSCRE**

Planon is pleased to partner with OSCRE as an advocate for the implementation of real estate data standards. Our proactive engagement in worldwide research programs and educational networks enables us to create innovative software solutions and technologies that are based on continuously changing market demands and requirements. By sharing our experience and know-how with OSCRE and with our customers, Planon can further improve the business contribution and value of any IWMS implementation.

"The importance of data in business continues to grow exponentially, and in real estate that data is driving both investment and occupancy decisions in ways that were inconceivable just a few years ago," said Dave Karpook, Planon Strategic Business Consultant and OSCRE Vice Chairman. "OSCRE is at the forefront of making sure that all of this data can be utilized effectively to build business rationale, increase profitability and spark innovation. I'm very happy to be a part of this organization and this mission."

A breakthrough in the use of OSCRE Standards is now being achieved following its adoption by many large real estate organizations, investment managers and some IWMS vendors. Its use in the recent CRE2020 reports published by CoreNet Global has contributed to its uptake as the de-facto standard.
Planon is the leading global provider of software supporting organizations that aim to optimize workplaces, services and assets. Planon delivers innovative software, proven best practices and professional services that increase workplace productivity and cost efficiency. Planon's software has been completely designed in-house and is fully integrated to deliver reliable management information. Planon has implemented its comprehensive solutions for over 2,000 clients, supported by more than 600 dedicated team members in offices around the world.

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