



Virtual Real Estate in the Metaverse

Description

Mark Zuckerberg might claim the Metaverse is the future — but in the eyes of others, the future has already begun. Science fiction author Neal Stephenson coined the term “Metaverse” back in his 1994 novel, *Snow Crash*. Within the pages, the main character, Hiro Protagonist, navigates through the virtual world.

Since 2003, millions have also worked, played and socialized in the Metaverse within the online Second Life world. While the game, with a heyday in the first decade of the 2000s and featuring some blocky graphics is a far cry from the modern Metaverse vision laid out by companies like Meta and Microsoft, the idea of a virtual metaverse where people interact is not a new idea.

Currently, Decentraland is arguably the most well-known modern-day metaverse, incentivizing a global network of users to buy and sell digital real estate, explore, interact and play games. The Decentraland Foundation came into existence in 2015 and the project’s initial coin offering (ICO) in 2017 netted about \$26 million at the time. While Decentraland is expansive and features plenty to do, the platform has drawn many eyes to the lucrative, and ever-growing digital real estate industry.

Metaverse Monetization in Real Estate

It’s becoming increasingly clear that commercial real estate in the metaverse is going to play a huge part in the global real estate industry in the years to come. In fall 2021, Tokens.com inked a letter of intent to buy a 50% stake in a digital real estate portfolio owned by Metaverse Group, which then plans to market the offerings as the first REIT for digital real estate. The Metaverse Group believes that a public listing could come in 2022 or 2023.

The popularity of buying and selling digital property means companies like the Metaverse Group work, for the most part, on the same type of tasks related to buying, selling and marketing as a traditional real estate company. As prices rise and buyers seem frenzied over virtual land — some express skepticism that investing in digital real estate will prove to be prudent down the road.

Yet despite the high prices, interest in metaverse real estate continues to grow, especially as the coronavirus pandemic has driven more people online and made them more apt to virtually socialize. Those interested in metaverse real estate also have competition, namely celebrities who have not been shy about touting their digital real estate activity.



In late September, The Sandbox announced a partnership with legendary rapper Snoop Dogg to set up his mansion and NFT collection in the metaverse. In the next month, Paris Hilton struck a partnership with Decentraland and Genies to serve as one of the main artists of the first Metaverse Festival that took place in late October.

The Pivot to Real Estate

The attention and interest given to the Metaverse have not escaped other companies besides Meta, formerly Facebook, and Microsoft, who are also eager to jump in on the action.

Like traditional real estate which often maintains value even during tough economic times, metaverse properties continue to boom despite ebbs and flows with Bitcoin (BTC) and other cryptocurrencies.

The popularity of NFTs coupled with increased interest in online environments contrasts with the limited amount of land in virtual worlds within the metaverse — keeping prices high. For example, Decentraland has only 90,000 land pockets.

Investment firms are even dipping their toes into the Metaverse and continue to learn more about how they can get involved. High prices, popularity and the ease of buying and selling virtual land (in contrast to traditional real estate) mean the Metaverse will be more than a buzzword. Like the domain name scramble during the early ages of the internet, savvy investors and buyers who snap up properties in prime locations will look very smart as more and more people jump into the metaverse.

As the Metaverse continues to grow and expand — so will digital real estate. Savvy buyers and investors would be smart to stay ahead of the curve and assume the metaverse real estate boom is here to stay.

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