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Crypto Real Estate Sales Are Officially Here, But Will They Last?

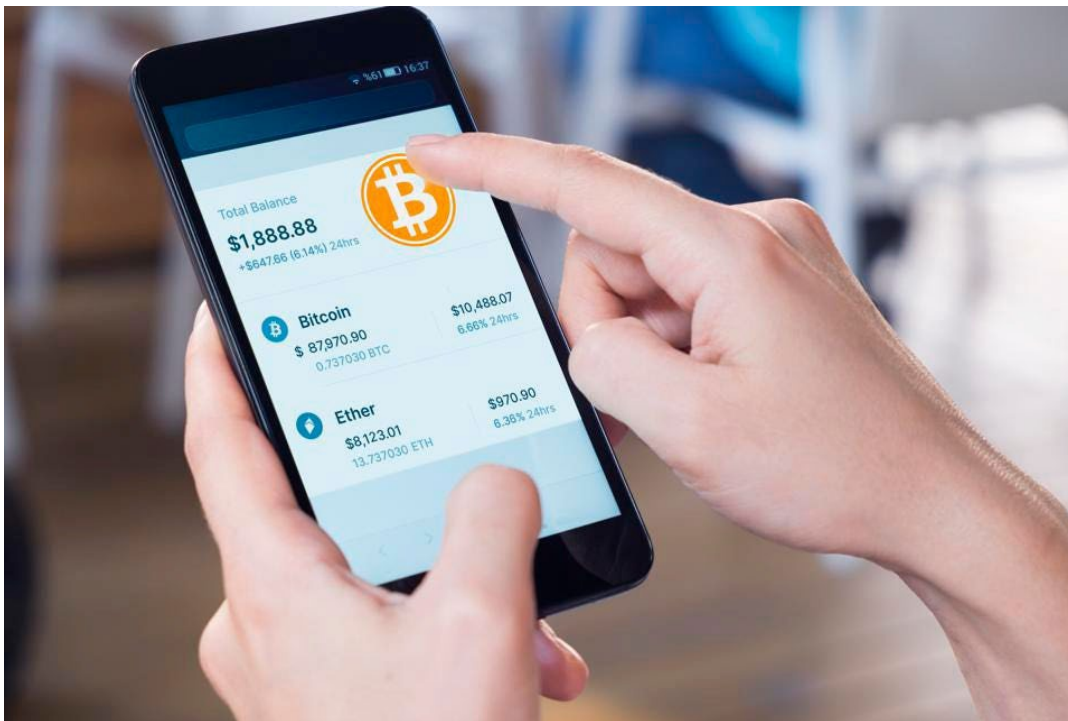
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With the arrival of Bitcoin in 2009 and subsequent blockchain currencies, conversations about crypto real estate immediately followed, albeit in hushed murmurs.

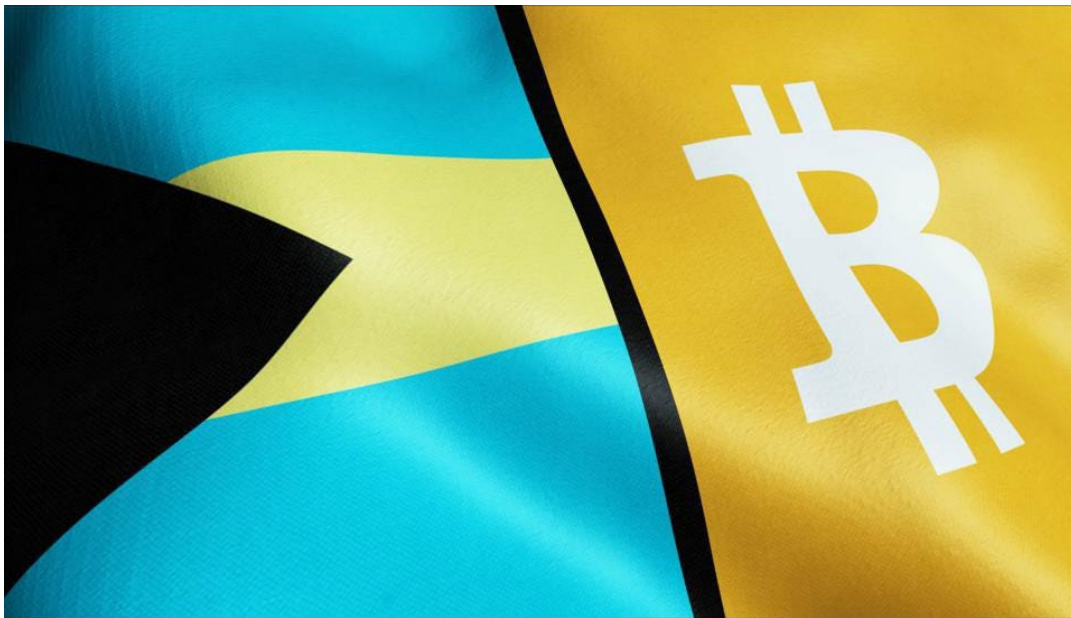
Fast forward to today and stories of seven-figure crypto real estate transactions have the industry abuzz. As with any burgeoning technology—especially one promising revolutionary change—there are believers and skeptics.



Cryptocurrency is available with the touch of a screen. GETTY

What cannot be debated, however, is whether or not anyone with a vested interest in the real estate market should be keeping a close eye on the happenings of crypto real estate. As Scottish author George MacDonald once said, "The best preparation for the future is the present well seen to."

While crypto real estate sales are gaining traction in Manhattan and Miami, other global and luxury markets are testing the waters. In the Bahamas, what was once mere crypto curiosity is now quietly changing the landscape of how property purchases are completed, says founder and CEO of [MAISON Bahamas](#), [Ryan Knowles](#). "When deals started popping up in places like Florida and New York, a lot of interest started building up here. Now you have a couple of different companies facilitating crypto transactions in our market and some developers are accepting crypto for purchases of residences."



Agents share that an adaptation of new financial frameworks has created a new buyer pool, particularly in the Bahamian market. GETTY

Though there are more hurdles to overcome, Knowles believes that real estate transactions will be easier than ever once digital currency becomes an established means of payment. "It used to be that people would only take cash, then that changed to credit cards and then to Apple Pay, and all of these different evolutions of payment made for an easier transaction. Now with crypto, it could [potentially] get to the point where you can buy a house with the click of a button like you're ordering a coffee."

In the meantime, Knowles says that the immediate impact of crypto on the market can be seen in the whole new pool of buyers that has been introduced into the Bahamian market thanks to adapting financial frameworks. "These buyers who have accumulated their

wealth through cryptocurrency are not just entering the market but becoming big players, and there's been an incredible amount of growth," the luxury home specialist observes.



A row of multimillion-dollar homes line the beachfront near the exclusive Ocean Club Golf Course. Luxury real estate prices in The Bahamas and other resort areas have increased dramatically over the last two years. MAISON

BAHAMAS

In Los Angeles, Paul Salazar of Beverly Hills-based Hilton & Hyland is seeing a similar wave of new money being brought into the market. "Crypto made a lot of people rich, and this has added a whole extra layer of wealthy buyers who are looking to cash out their earnings and buy a mansion."

Like the Bahamas, Los Angeles is in the preliminary stages of structuring for crypto real estate, but no property has yet to be traded entirely using digital currency. Salazar believes this hesitation to accept crypto as a form of payment stems largely from sellers' fears of the currency's volatility. While the benefits—speed, ease and security—may result in a growing number of sales completed with digital currency in the future, reluctance will continue until crypto stabilizes.



Homes such as this restored Midcentury Modern in Beverly Hills may not be trading for cryptocurrency, but buyers who made money in that sphere are propelling real estate purchases. HILTON & HYLAND

As a top producer in Los Angeles' ultra-luxury market, Salazar has seen first-hand how recent drops in cryptocurrency values have impacted sales. "Over the past months, we've seen crypto drop substantially, and that's resulted in a lot of escrow cancellations. If you're looking to buy a home and your crypto drops 20% in value the day before closing, you're going to lose out on the house, and sellers in this market know that. At the end of the day, people still want cash."

Entrepreneur, investor and author [Mike Shapiro](#) believes there is great value in taking real estate digital but considers the lack of stability in crypto investments as too great a risk to overlook. "Blockchain technology may very well be the future of real estate, for obvious reasons—it's efficient. But there will be no value in these cryptocurrencies, like Bitcoin, until they're backed by something," Shapiro says. "Until then, it has no value in real estate. There's no stability in it."



Shapiro, who previously grew the HOM Sotheby's brand from \$200 million to about \$2.1 billion in sales volume, recently launched the luxury-home brokerage EQTY in California's Orange County (pictured) and Coachella Valley, as well as Seattle. EQTY

Though crypto volatility has sent ripples across the investment landscape, the fluctuations are not expected to impact real estate, where housing inventory shortages continue to drive a seller's market. If anything, Shapiro believes that betting on real estate for the long term, especially in high-demand markets, will continue to be a stable investment.

"Real estate very much acts like equities; it acts like stock. If you're invested in good teams, good branding or, in the case of real estate, a good product, that's money in the bank. Areas like Beverly Hills or East Manhattan or Aspen are like Apple stock; they're not going to hurt as bad in down times."

EQTY, Hilton & Hyland and MAISON Bahamas are exclusive members of Forbes Global Properties, a consumer marketplace and membership network of elite brokerages selling the world's most luxurious homes.