

L25: Digital Art and Collectibles

Module C: NFTs & Digital Assets

Blockchain & Cryptocurrency Course

December 2025

By the end of this lesson, you will be able to:

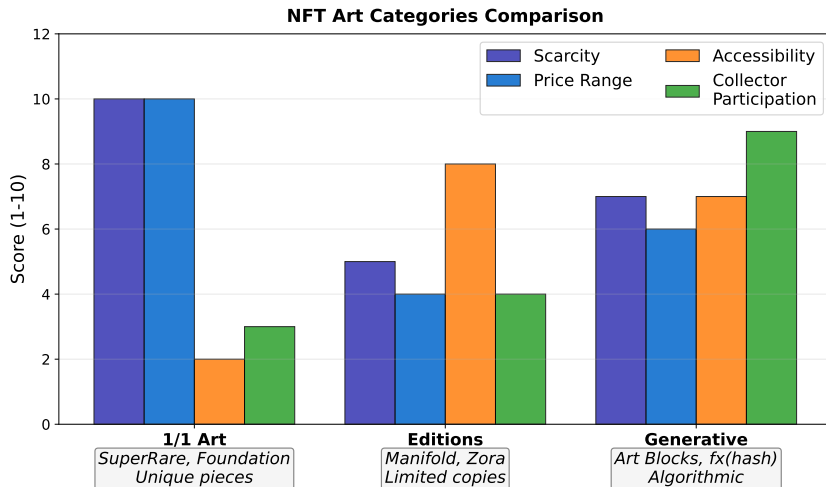
- Distinguish between 1/1 art, editions, and generative art NFTs
- Understand generative art platforms and on-chain algorithms (Art Blocks)
- Analyze PFP collections and their cultural significance (BAYC, CryptoPunks)
- Apply valuation frameworks to digital art NFTs
- Evaluate the impact of high-profile sales (Beeple \$69M)

Three Primary Categories:

- ① **1/1 Digital Art** – Unique, single-edition artwork (SuperRare, Foundation)
- ② **Editions** – Multiple identical copies (Manifold, Zora)
- ③ **Generative Art** – Algorithm-created unique outputs (Art Blocks)

Key Differences:

- Scarcity: 1/1 highest, editions moderate, generative varies
- Price: 1/1 premium, editions accessible, generative mid-range
- Collector participation: Generative highest (mint reveals)



1/1 art commands highest prices; generative art offers collector participation

Characteristics:

- Single NFT per artwork (no duplicates)
- Artist-signed and authenticated on-chain
- Direct artist-to-collector relationship

Leading 1/1 Platforms:

- **SuperRare:** Curated marketplace, invitation-only artists
- **Foundation:** Auction-based, community-curated
- **Nifty Gateway:** Drops from celebrity artists (Beeple, Pak)

Valuation Factors:

- Artist reputation and exhibition history
- Aesthetic quality and cultural relevance
- Provenance (ownership history)

Case Study: Beeple's "Everydays" (\$69M)

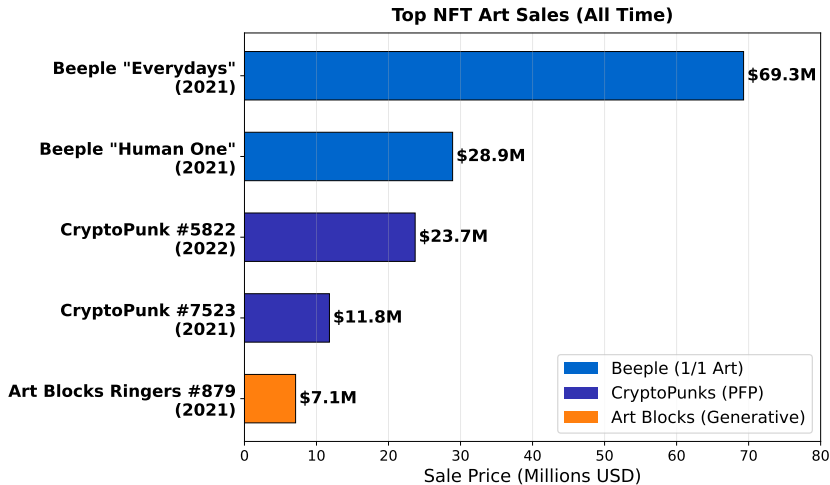
Event: March 2021, Christie's auction

Artwork Details:

- Title: "Everydays: The First 5000 Days"
- Artist: Beeple (Mike Winkelmann)
- Format: Collage of 5,000 daily digital artworks (2007-2021)
- Sale price: \$69.3 million (42,329 ETH at time)

Significance:

- Third-highest price for living artist (after Koons, Hockney)
- Legitimized NFTs in traditional art world
- Catalyzed NFT bull market (2021 peak)



Beeple's \$69M sale remains the highest NFT art price; CryptoPunks dominate PFP sales

Definition: Artwork generated by algorithmic code with controlled randomness

How It Works:

- 1 Artist writes generative algorithm (JavaScript, p5.js)
- 2 Algorithm uses random seed (from transaction hash)
- 3 Each NFT mint produces unique output from same code

Appeal:

- Each piece is unique (seed-based randomness)
- Collector participates in creation (mint reveals outcome)
- On-chain code storage (true permanence)
- Lower price than 1/1s (algorithmic scalability)

Founded: 2020 by Erick Calderon (Snowfro)

How Art Blocks Works:

- 1 Artist submits generative algorithm (JavaScript)
- 2 Collector mints NFT (pays ETH + gas)
- 3 Transaction hash seeds random number generator
- 4 Algorithm runs, generates unique output

Project Tiers:

- **Curated:** Highly selective, premium (Fidenza, Ringers)
- **Playground:** Emerging artists, experimental
- **Factory:** Open submissions, lower curation bar

Fidenza by Tyler Hobbs (2021):

- 999 unique outputs, flow field algorithm
- Mint: 0.17 ETH, Floor peak: 140 ETH (\$500k+)

Ringers by Dmitri Cherniak (2021):

- 1,000 outputs, wrapped strings around pegs
- Mint: 0 ETH (free + gas), Floor peak: 25 ETH

Chromie Squiggle (2020):

- Art Blocks' first project (Snowfro)
- 10,000 outputs, "genesis" Art Blocks NFT

Rarity: Certain outputs extremely rare (algorithmic traits)

PFP: Profile Picture NFTs, avatar-style collectibles

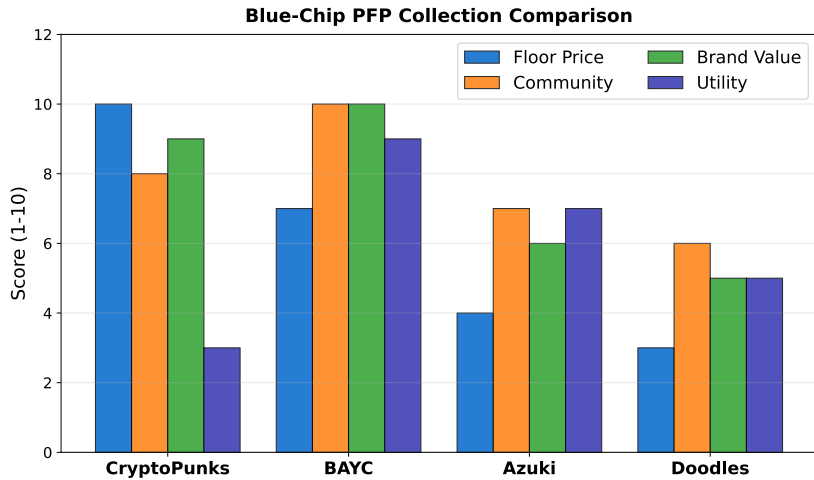
Characteristics:

- 10,000-item collections (standard size)
- Trait-based variation (hat, eyes, background)
- Social signaling (Twitter/Discord avatars)
- Community membership and status

Leading PFP Collections:

- **CryptoPunks (2017):** 10,000 pixel art characters
- **Bored Ape Yacht Club (2021):** 10,000 apes, Yuga Labs
- **Azuki (2022):** 10,000 anime-style characters

Value Drivers: Brand recognition, community, utility, celebrities



Floor prices (2024): CryptoPunks ~50 ETH, BAYC ~25 ETH, Azuki ~3 ETH, Doodles ~2 ETH

BAYC leads in utility and community; CryptoPunks maintain highest floor prices

CryptoPunks: The OG NFT Collection

Created: June 2017 by Larva Labs

Technical Details:

- 10,000 unique 24x24 pixel art characters
- Originally free to claim (gas only)
- Pre-dates ERC-721 standard (custom contract)

Rarity Breakdown:

- 6,039 Male — 3,840 Female — 88 Zombie
- 24 Ape — 9 Alien (rarest, ~10,000 ETH peak)

Cultural Impact: Inspired entire PFP category, held by Jay-Z, Snoop Dogg

Created: April 2021 by Yuga Labs

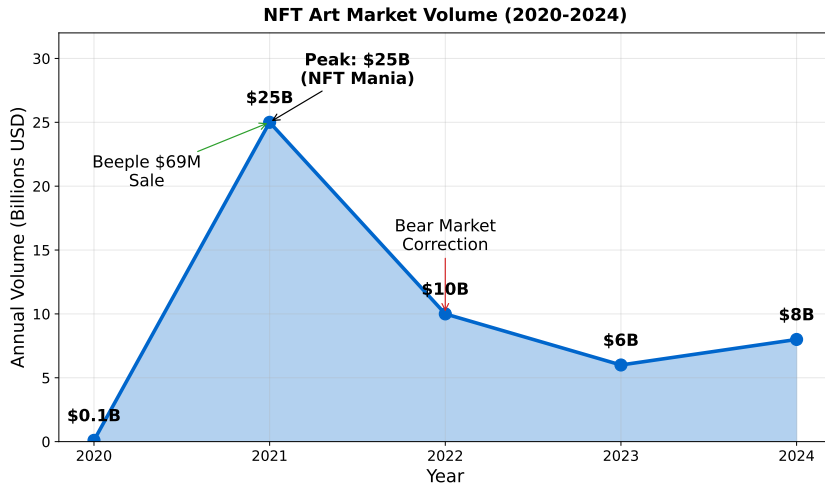
Key Innovations:

- **IP rights:** Holders own commercial rights to their ape
- **Community events:** Exclusive parties, metaverse experiences
- **Airdrops:** Free Mutant Apes, ApeCoin tokens

Valuation Milestones:

- Mint price: 0.08 ETH (April 2021)
- Floor peak: 153 ETH (\$500k+, April 2022)
- Current floor (2024): 20-30 ETH range

Celebrity Holders: Eminem, Stephen Curry, Paris Hilton



2021 peak driven by Beeple sale and mainstream adoption; market stabilizing post-correction

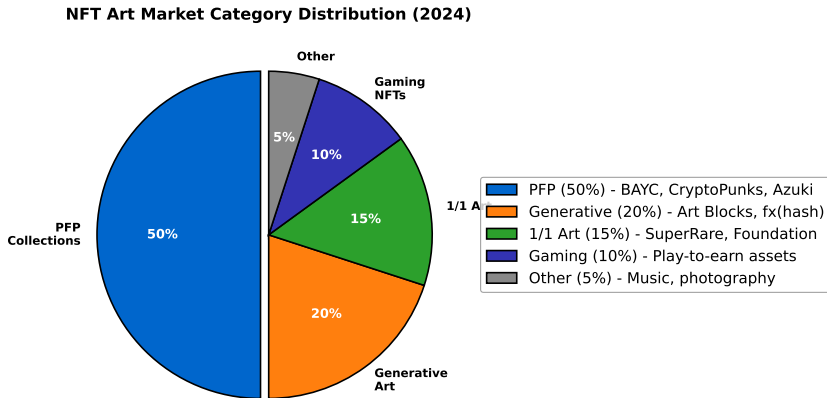
Argument: NFTs represent digital social capital and identity

Mechanisms:

- **Signaling:** PFP shows wealth, taste, community affiliation
- **Access:** Token-gated Discord channels, events, alpha groups
- **Status:** Owning rare/expensive NFTs confers prestige
- **Network effects:** Value increases with community size

Comparison to Luxury Goods:

- Rolex watch: \$10k+ for timekeeping (social signal)
- Bored Ape: \$100k+ for pixel art (social signal)
- Both: Functional value || social signaling value



PFP collections dominate volume; generative art growing among collectors

Key Criteria:

- ① **Artist reputation:** Exhibition history, awards, following
- ② **Scarcity:** 1/1 vs. edition size
- ③ **Provenance:** Ownership history (celebrity collectors)
- ④ **Cultural significance:** Historical impact, media coverage
- ⑤ **Technical quality:** Metadata storage (IPFS)
- ⑥ **Market comparables:** Similar artist sales

Example Valuation:

- Established artist, 1/1 artwork, IPFS storage
- Recent comparable: 5 ETH → Range: 4-6 ETH

Blue-Chip: Established collections with sustained demand and liquidity

Criteria:

- 2+ years of trading history
- Consistent floor price support (bear market resilience)
- Strong community and holder base
- Cultural significance and brand recognition

Current Blue-Chips (2024):

- CryptoPunks (50+ ETH floor)
- Bored Ape Yacht Club (20-30 ETH floor)
- Autoglyphs (on-chain generative, 100+ ETH floor)
- Art Blocks Curated projects (Fidenza, Ringers)

Key Takeaways

- 1 NFT art includes 1/1 unique pieces, limited editions, and generative algorithmic art
- 2 Generative platforms (Art Blocks) create unique outputs from code using randomness
- 3 PFP collections (BAYC, CryptoPunks) derive value from community and social capital
- 4 Beeple's \$69M sale catalyzed mainstream NFT adoption but raised speculation concerns
- 5 Valuation combines traditional art criteria with on-chain metrics and community factors
- 6 Blue-chip NFTs show resilience through market cycles due to cultural significance

- ❶ Is digital art fundamentally different from physical art in terms of value and ownership?
- ❷ What distinguishes a blue-chip NFT collection from a speculative project?
- ❸ How should generative art be valued compared to artist-created 1/1 pieces?
- ❹ Will PFP collections retain value long-term, or are they a temporary trend?
- ❺ Should NFT marketplaces curate art quality, or remain open platforms?

L26: Gaming NFTs and Metaverse

We will explore:

- Play-to-earn gaming model and tokenomics
- Case study: Axie Infinity rise and collapse
- Virtual land NFTs (Decentraland, The Sandbox)
- Interoperability and cross-game asset portability
- Sustainability challenges of blockchain gaming

Preparation: Explore Decentraland or The Sandbox metaverse platforms