

# Metaverse Monthly Report - August 2022

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## Highlights

- Crypto market cap falls back below \$1 trillion as the screws tighten on DeFi
- The NFT market lifts its head above water, following a dreadful few months
- Virtual land sales suffer through August with Metaverse land caps tumbling &
- In our Special Monthly Topic, Jeran Miller explores Virtual Real Estate as a Proof of Concept for the 'real' world



## Industry Market Overview

- Cryptocurrency market cap sinks again below \$1 trillion, as the Fed tightens and pressure increases on DeFi

July's turnaround continued in the first half of August, until a mass sell-off across all markets on the 19th sent BTC plummeting 11% and ETH 9% in 24 hours, with other tokens following suit. A speech from Fed chair Powell on the 26th promising "pain to households and businesses" sent the market tumbling again, with \$1.25 trillion wiped off the US stock market in a day.



Cryptocurrency Market Capitalization - Aug 2022: [coinmarketcap.com](https://coinmarketcap.com)

Bitcoin ended the month down 14% at \$20,065, while ETH fell 8% to \$1,551, with Polygon's MATIC down 11%, Solana 24% and UniSwap 27%. Crypto's total market cap ended August down 9.7%, to sink once again below \$1 trillion.

All this came amid a clampdown on DeFi. Tornado Cash was sanctioned by the US after accused of helping hackers launder over \$7 billion, the ECB called for more regulations while the Fed published new guidelines including direct payments from crypto firms. Exchanges seem to be towing the line, with a string of dapps including Uniswap banning user wallets and FTX freezing accounts. Censorship was a major talking point in Ethereum's August 18 Core Devs meeting.

Conjecture heats up ahead of Ethereum's move from Proof of Work (PoW) to Proof of Stake (PoS). On the up-side, USDT, USDC, OpenSea and Yuga Labs all

backed 'The Merge'. Still, PoW and a possible fork are hot topics, while cloud storage provider Hetzner (which hosts 15% of Ethereum nodes) announced that mining and staking were against its terms of service.

The barrage of insolvencies alongside pressure from the state have sent hodlers scurrying from exchanges. Coinbase had a tumultuous month, now facing a lawsuit for improperly securing accounts on top of the S.E.C. investigation we reported last month. A Q2 loss of \$1.1bn was the icing on the cake for the exchange, as it announced a shift in revenue model from trading fees to subscriptions. In contrast, FTX revenue soared 1,000% in 2021.

In other news, Nomad Bridge was hacked for \$200 million, Binance recovered \$450m from its Curve hack and the Taliban initiated its own crackdown on crypto. Meanwhile, Paypal added crypto functions to its mobile app.



## The NFT Market

- NFTs continue to suffer the bear market with global market cap down 77% from May

The NFT global market cap restored just 12.3% of its value in August to \$726 million, as it lingers in sub-\$1 trillion territory for a 3rd month, down 77% from May. Total transactions dipped 2.3% to 5.5 million, with the new trend of more sellers than buyers running into a second month. The average price was up 13% to \$132.33, still 73.7% below where it was in May. Meanwhile, OpenSea's volume fell 7.2%, down 86% from May.



NFT Global Sales Volume Index - August 2022: [cryptoslam.io](https://cryptoslam.io)

It was a good month for Ethereum Layer 2 Immutable X, its volume pumping 450% to sit in 4th spot behind Ethereum (-7.3%), Polygon (+3,325%) and Solana (+4.3%). The average price of an NFT on Immutable X also skyrocketed 437% to \$54, a figure not seen since October. Meanwhile, Polygon's explosion in volume came courtesy of a single deposit to UniSwap's new LINK/WBTC trading pair. In contrast to the market, buyers on Polygon are nearly back to where they were in May, not only in numbers but in terms of its buyer-to-seller ratio (1:1.02). Ethereum and BSC stood out by maintaining ratios of more buyers than sellers.

	NFT global	Ethereum	BSC	Solana	Polygon	ImmutableX	Avalanche
July	\$647,234,414	\$535,698,216	\$18,826,233	\$56,119,690	\$2,999,003	\$5,222,857	\$1,915,150
August	\$726,781,615	\$496,650,175	\$13,109,163	\$58,583,215	\$100,037,913	\$28,727,903	\$875,540
+/-%	+12.29%	-7.29%	-30.37%	+4.39%	+3,325%	+450%	-54.28%

NFT Sales Volume by Blockchain - Aug 2022: [cryptoslam.io](https://cryptoslam.io)

There is no real evidence yet that investors are willing to re-enter the NFT market following its mass liquidation in June. The market is still dominated by four blue-chip projects, all owned by Yuga Labs - CryptoPunks, BAYC, MAYC and Otherdeed.

Scams of not just cryptocurrencies, but NFTs were in the news too, with a report claiming over \$100 million of NFTs were stolen in the past year. With the pro-regulation stance of many governments building, a new EU law may soon require all NFT collections to be authorized prior to listing.

In other news, Nike reported \$185 million in NFT revenue, Meta began rolling out NFTs to 100 countries, while Coinbase partnered with the world's most powerful firm BlackRock. Meanwhile, Andreessen Horowitz's a16z led \$50 and \$56 million investment rounds respectively for Gary Vee's VeeFriends and avatar platform Ready Player Me.



## The Metaverse Market

- Metaverse real estate endures a tough August, as blue-chip projects suffer big declines in land caps and token prices slump

Things did not bode well for the virtual worlds economies in August, with the aggregate land cap of all 7 metaverse projects listed on OneLand (The Sandbox, Decentraland, Voxels, Somnium Space, WorldwideWebb, NFT Worlds and Otherside) declining 15.85% to 888,309 ETH, or \$1.378 billion. It represents a marked downturn from July's decline of 9.9%, and an inversion of the global NFT market monthly result. Besides, it marks the first time the total land cap of the 7 projects has sunk below 1 million ETH since Otherside first entered the fray on May 1.

	Market Cap (ETH)	Volume (ETH)	Sales		Avg. Price (ETH)	
<b>The Sandbox</b>	192,532 <span style="color: red;">-18.65%</span>	1,058 <span style="color: red;">-40.66%</span>	658	<span style="color: red;">-15.86%</span>	1.61	<span style="color: red;">-29.39%</span>
<b>Decentraland</b>	183,175 <span style="color: red;">-8.28%</span>	218 <span style="color: red;">-16.48%</span>	103	<span style="color: green;">+0.00%</span>	2.11	<span style="color: red;">-16.93%</span>
<b>Voxels</b>	16,645 <span style="color: red;">-2.54%</span>	79 <span style="color: green;">+9.72%</span>	111	<span style="color: green;">+35.37%</span>	0.71	<span style="color: red;">-19.32%</span>
<b>Somnium Space</b>	13,055 <span style="color: red;">-4.09%</span>	38 <span style="color: red;">-44.12%</span>	22	<span style="color: red;">-33.33%</span>	1.74	<span style="color: red;">-15.12%</span>
<b>Worldwide Webb</b>	12,986 <span style="color: red;">-1.36%</span>	214 <span style="color: green;">+20.90%</span>	313	<span style="color: green;">+9.44%</span>	0.68	<span style="color: green;">+9.68%</span>
<b>NFTWorlds</b>	34,184 <span style="color: red;">-19.83%</span>	301 <span style="color: red;">-78.22%</span>	346	<span style="color: red;">-64.22%</span>	0.87	<span style="color: red;">-39.02%</span>
<b>Otherside</b>	435,733 <span style="color: red;">-18.22%</span>	7,334 <span style="color: red;">-45.14%</span>	2,064	<span style="color: red;">-20.49%</span>	3.55	<span style="color: red;">-31.07%</span>

The bulk of the downturn, far worse in percentage terms than the crypto August performance, obviously results from blue-chip projects Otherside (-18.2%), The Sandbox (-18.6%) and Decentraland (-8.3%), none of which had good months. However, all 7 projects suffered declines in land caps, while only Voxels and WorldwideWebb saw increases in trading activity.

The price of ETH falling 8.15%, in contrast to July's 54% boom, may have contributed somewhat to the result. In line with the downtrend, the Metaverse Index tumbled 26% to end the month at \$34.

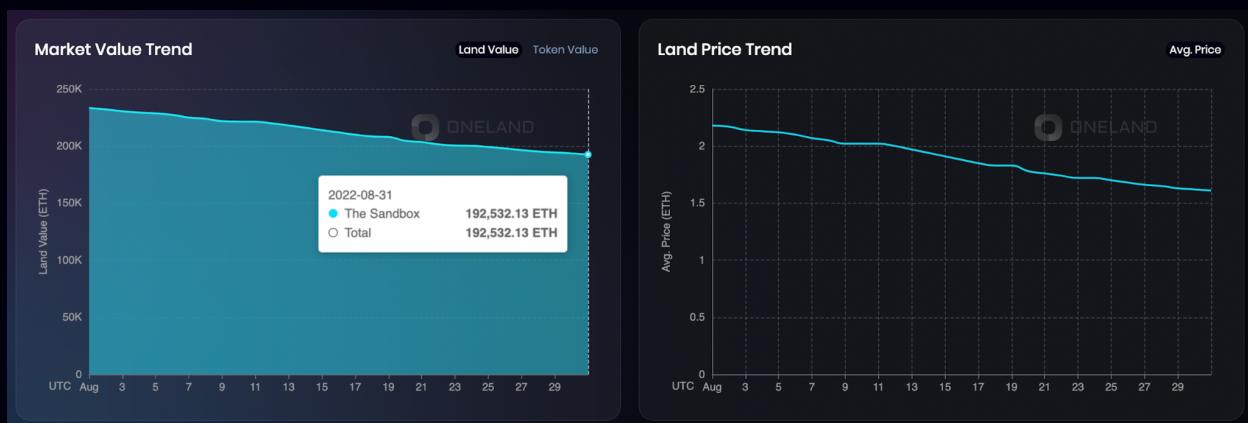


## Metaverse Projects

### The Sandbox

	Market Cap (ETH)	Volume (ETH)	Sales	Avg. Price (ETH)
<b>The Sandbox</b>	192,532 -18.65%	1,058 -40.66%	658 -15.86%	1.61 -29.39%

Trading volume for LANDs in [The Sandbox](#) continued to dive in August, down 40.6% on the back of a 30% drop in July. The average price of a parcel toppled (-29.4%) to end the month at a lowly 1.61 ETH, putting downward pressure on land cap which fell 18.6% to below 200,000 ETH for the first time since November. True - that was during a meteoric rise for [The Sandbox](#), when the price of \$ETH was triple what it is now, yet it only makes the comparison more telling.



[The Sandbox: Market Value Trend & Land Price Trend \(ETH\) - Sep 2021 - Aug 2022](#)

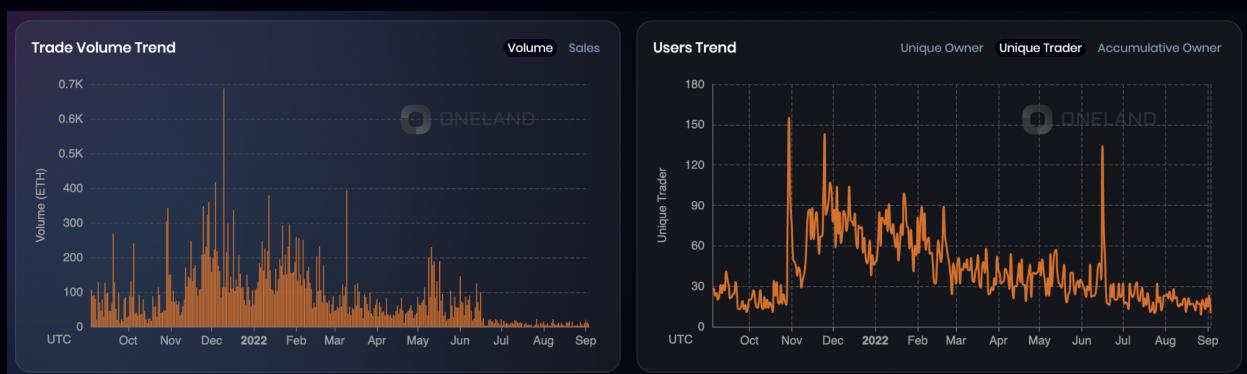
Aug 24 saw the launch of Alpha Season 3, the longest, biggest and most accessible of all Alpha Seasons to date. As described in [last week's wrap-up](#), it will be very interesting to see the impact it has on the LANDs trade, given this Season lasts a full 10 weeks and comes deep in a bear market. While there was no pickup in sales in its first week, the last few days of August saw some of the highest price sales in [The Sandbox](#) in a month, including one LAND for 19.98 ETH. Unique holders have also been on the up since Season launch, which may signify a turnaround from its June-to-mid-August decline.



## Decentraland

	Market Cap (ETH)	Volume (ETH)	Sales	Avg. Price (ETH)
Decentraland	183,175 -8.28%	218 -16.48%	103 +0.00%	2.11 -16.93%

There was no hiatus in sight in August from [Decentraland](#)'s bear market slide. Its land cap continues to suffer, falling another 8.3% to 183,175 ETH, below half of what it was at its last peak in June. Another monthly fall in volume (-16.5%) on the heels of July's 80% plummet does no look healthy for [Decentraland](#)'s economy. Though the sales count remained on par with July, both months failed to record a single day of volume over 22 ETH; in comparison, this was a daily constant in June, which had a top trading day of 145 ETH.



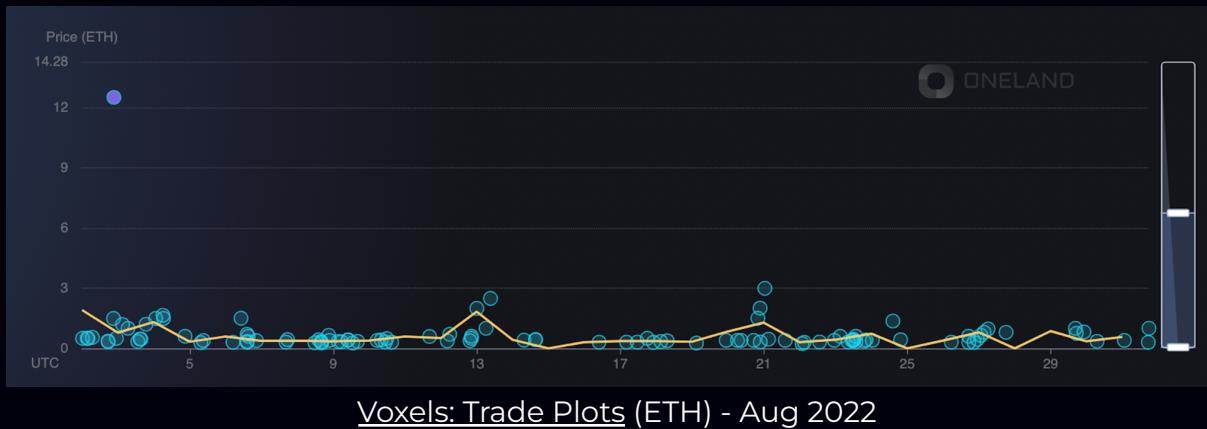
[Decentraland: Trade Volume \(ETH\) & Unique Traders - Sep 2021 - Aug 2022](#)

While July recorded top sales of 50, 44, 33, 25, 19 and 12 ETH, August's top sale was a mere 11.39 ETH (for an Estate). Besides, it came as a 2-month rally in MANA's price collapsed in the second half of August to end the month 24.5% lower than it began it. Numbers of unique land holders continue to rise, MoM and WoW. Yet it is becoming more difficult to ascertain if this represents steadfast belief from the community, cheap parcel prices, or a growing number of liquidations by the more cash-strapped. Events such as the third edition of [Decentraland](#)'s Art Week are currently not driving any big increases in foot traffic nor a resurgence in property sales.

## Voxels

	Market Cap (ETH)	Volume (ETH)	Sales	Avg. Price (ETH)
Voxels	16,645 -2.54%	79 +9.72%	111 +35.37%	0.71 -19.32%

A top sale of 12.5 ETH on Aug 2 was just enough to see a 9.7% rise in trading volume for Voxels, but nothing else too positive. Sales were up for the month, but the average price fell 30% for a second month in a row, sending its market cap south another 2.54% to just 16,645 ETH, a number it last saw in November.

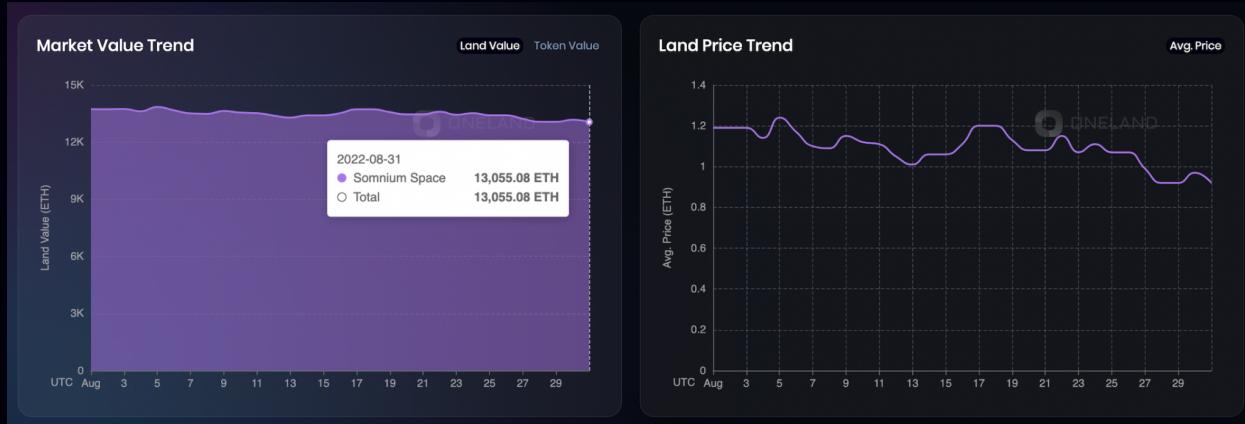


July's decision to lay off staff and focus on its core product - putting a pause on promotions, partnerships and new land mints - did bear some fruit in August with the team releasing a series of tech updates. Still, neither a decision to reduce its land cap, nor the Burn Party they held to showcase it, will be seeing Voxels lift its head very far above the waterline just yet. Gifting a bunch of \$FOLK to around 12,000 wallets cannot hurt though. In the meantime, the number of unique landholders keep rising, up another 2% for the month.

## Somnium Space

	Market Cap (ETH)	Volume (ETH)	Sales	Avg. Price (ETH)
<b>Somnium Space</b>	13,055 <span style="color: red;">-4.09%</span>	38 <span style="color: red;">-44.12%</span>	22 <span style="color: red;">-33.33%</span>	1.74 <span style="color: red;">-15.12%</span>

Somnium Space experienced a comedown in August on the back of a very eventful July. Perhaps founder Artur Sychov's launch of his new Web3 social media platform Authencity on Aug 19 took some of his and others' attention away from his metaverse (something he was compelled to deny on Twitter), as land sales dropped off following the announcement. Overall, it was not a great month for the metaverse, as trading volume sunk 89% from 68 to just 38 ETH. With a 33% drop in sales count, and a 15% retreat in average price, Somnium's land cap finished the month down 4.1%.



Sommium Space: Market Value Trend & Land Price Trend (ETH) - Aug 2022

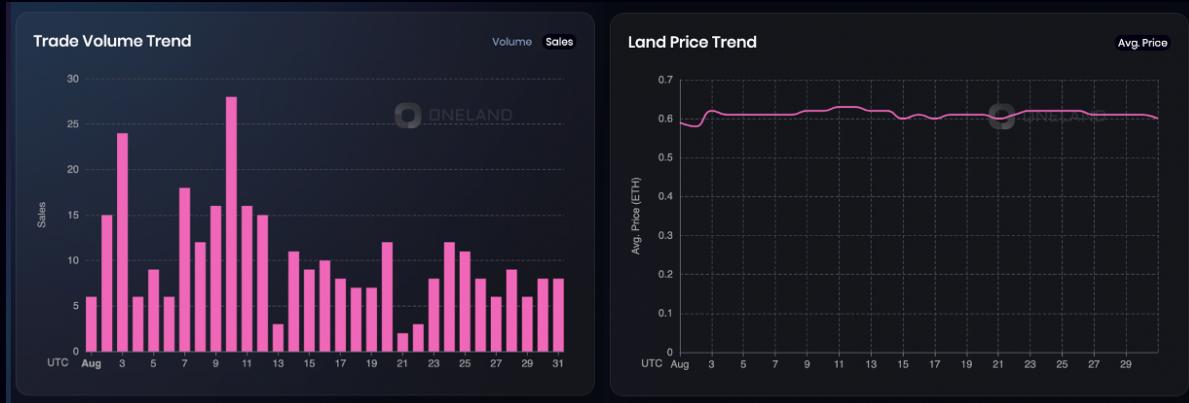
Sommium's economy has suffered the bear market on the back of its native token CUBE crashing 93% from its ATH of \$24.93 in February to where it sits today below \$2. A 40% price bump in the first week of August was short-lived, as the price came down through the rest of the month (+9.1%). In terms of ETH, Somnium's land cap came crashing down in March-April and has remained in the 13,000-14,000 ETH zone ever since.

## WorldwideWebb

	Market Cap (ETH)	Volume (ETH)	Sales	Avg. Price (ETH)
<b>Worldwide Webb</b>	12,986 <span style="color: red;">-1.36%</span>	214 <span style="color: green;">+20.90%</span>	313 <span style="color: green;">+9.44%</span>	0.68 <span style="color: green;">+9.68%</span>

Our intimation that the team were hard at work in July seems to have been right, as in August WorldwideWebb released a string of updates including a new tool they say will increase the “1 million+” NFTs already integrated in the project. In the past month, NFTs from Meetbits, Moonbirds, Staycool, Dead Fellaz, The Doge Pound, Dippies and Picaroons, and POAPs, were all added to the 2D virtual world. WorldwideWebb also announced partnerships with Immutable X and GameStop.

The good news obviously impacted trading activity, as sales numbers and volumes rebounded from July, particularly in the first half of the month. The highlight, of course, was a big 25 ETH sale that changed the mood on Aug 3, given the last sale nearing this magnitude was one for 17.97 ETH back in May. Nothing came close after this, with premium sales a very rare event of late for all projects, save perhaps Otherside. WorldwideWebb’s land cap still suffered a small 1.36% downturn, while land holders continued to gradually decline, down another 0.55% for the month.



WorldwideWebb: Trade Volume & Land Price Trend (ETH) - Aug 2022

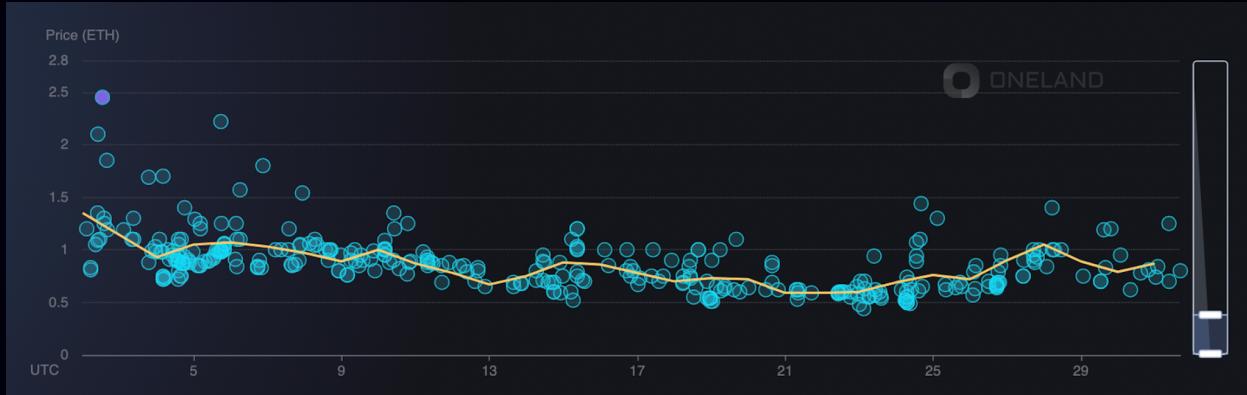
## NFT Worlds

	Market Cap (ETH)	Volume (ETH)	Sales	Avg. Price (ETH)				
<b>NFTWorlds</b>	34,184	-19.83%	301	-78.22%	346	-64.22%	0.87	-39.02%

No economic recovery is yet in sight for [NFT Worlds](#) since Minecraft's ban on NFTs, though signs are at least emerging that the team have been hard at work after promising a new platform and releasing a new tokenomics paper at the end of July. The last week of August saw the team launch a new dev channel in its Discord and fill it with a bunch of updates, while also informing the public they would maintain Minecraft content to ensure a seamless transition to the new game.

Overall, all metrics appeared in red for [NFT Worlds](#) in August, with trading volume (-78%) and sales (-64%) dropping significantly once the major sell-off calmed down and the average price crashed well below 1 ETH. [NFT Worlds](#)' land cap dropped by 19.8% in August to 34,184 ETH - a 57% decline from May and 29% decline from July 20 when Minecraft banned NFTs.





## Otherside

	Market Cap (ETH)	Volume (ETH)	Sales	Avg. Price (ETH)
Otherside	435,733 <span style="color:red">-18.22%</span>	7,334 <span style="color:red">-45.14%</span>	2,064 <span style="color:red">-20.49%</span>	3.55 <span style="color:red">-31.07%</span>

Otherside's total land cap sunk 18.2% this month to round out the month at 435,733 ETH, dropping below half a million ETH for its first time. Following a 22% increase in its average ETH price in July (a month in which ETH rose 54%) things corrected this month, as trading activity had a significant drop. Top sales of prized Otherdeeds have been dropping off of late, with August seeing just 3 sales above 50 ETH, down from 5 in July and over 10 in June.



Regardless, these prices plus Otherside's 2,064 sales (-20.5%) and 7,334 ETH of volume (-45.1%) not only dwarfed all other projects, but were enough to see all-time sales of Otherdeeds hit \$1.035 billion and, in doing so, bypass NBA Top Shot to record the 6th largest NFT sales volume of all time. Achieving such a result in a short

4-month history during a crypto winter not only showcases the capital and might of Yuga Labs, but the pulling power of the Metaverse itself.

## Other Project News:

- Open-world MMORPG Outlanders launched its players marketplace, and announced they are ready to launch the game's final version, but are waiting to select the optimal time to issue its native \$LAND token.
- P2E game Axie Infinity launched Phase 3 of its Season 0 with new economic updates and features.
- Metaverse Everdome announced a partnership with BSC News to deliver crypto news and updates straight from the Future of Finance district of Everdome.
- Upland's first European city, Porto, launched on Aug 22, with approximately 35.000 properties.
- 21-floor skyscraper metaverse Bloktopia listed 11 new land plots in the 400–500k \$BLOK range (approx \$130–170) in its marketplace.
- Social metaverse Stageverse conducted its Land Reveal on Aug 30.
- X.LA Foundation member Aleksey Savchenko revealed particulars of the X.LA Metaverse, promising an immersive experience he called “not a product” but “a paradigm shift”.



## Special Monthly Topic

*In this week's Special Monthly Topic, we feature an article from VRE author Jeran Miller. Jeran is a realtor in the physical world and an aficionado of real estate in virtual worlds. His article tackles the topic of VRE as Proof of Concept for a simpler and fairer form of real estate in the physical world. We hope you enjoy!*

### **It Works in the Metaverse... Virtual Real Estate as "Proof of Concept"**

By Jeran Miller

The line that separates “a virtual world” from “a simulation” is difficult to draw. After all, each shared virtual world is, intentionally or not, a sort of experiment. It poses the question of what happens when things are set up a certain way, people are brought in, and someone, somewhere, presses play. As exotic as they may seem on our first exposure, everything that exists within them is a kind of import of what we already know. Practically all of our schemata — all of our notions as to what things are and how they should work— originate in our experience of the physical world.

And while only one such physical world exists, our capacity to create new, virtual realities is without limit. Thousands, perhaps millions, of computer-generated worlds are sprouting from our one physical reality. Each one constitutes a sort of petri dish — a tiny, self-contained ecosystem that can give rise to brand new and interesting forms. As we participate more in these virtual environments, we will inevitably develop unique solutions to the problems that exist there. The best of these may also one day travel upstream and become a part of the “real” world as well.

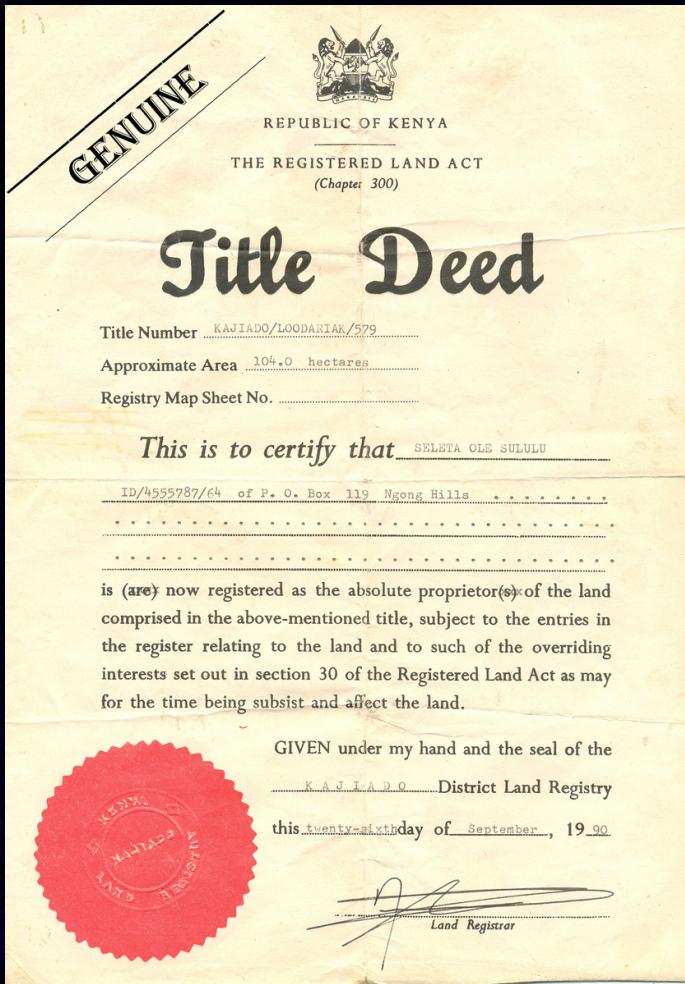
Virtual worlds, then, have the potential to become a sort of “proof of concept space” in which we can test hypotheses and determine what works and what doesn’t. I’m by no means the only one to recognize this possibility, but I see it most clearly in my own profession, which is real estate. Should virtual real estate continue its growth in popularity, I believe the virtual market may one day prove the worthiness of new and innovative models that we can also use in the “real world.” And, not for trivial purposes. These new ways of doing things have the capacity to revolutionize the traditional real estate industry.

#### **Reimagining Title and Deed**

One of the more promising transformations may come in the matters of title

and deed. These are two legal terms that probably merit explaining before I discuss how they might change. But first, please understand that I practice real estate in Florida, in the United States. Things work somewhat differently in other states and in other countries, but the concepts of ownership and transfer are comprehensible to practically everyone.

So, let's start with "title." Title is an abstract notion — something akin to a set of rights regarding a property.<sup>1</sup> These rights include the possession and the use of it, as well as the right to sell or transfer the property to someone else. Colloquially, though, when people refer to someone as "having title," they usually just mean that he or she owns the home. The second term, "deed," describes the actual legal document that transfers title from one person to another — sort of like a vehicle that title arrives in when someone buys the property.



A deed from Kenya, conveying title to a new owner: [commons.wikimedia.org](https://commons.wikimedia.org).

Crucially, the deed must be delivered to some sort of local authority who then records it, preserves it, and makes it available to the public. Where I work, this authority is the local County Comptroller. When any closing happens, the deed is submitted to the Comptroller, who maintains it in a way that is both accessible to the public and safe from alteration. More perceptive readers may have already recognized that this mirrors the function of a blockchain, which also serves to store information in a public and permanent manner.

② Transaction Hash:	0x24496a772c2804036a4be786373f6466455df2b9771958be05a88367af556770	<a href="#">🔗</a>
② Status:	<span>Success</span>	
② Block:	15446733	30277 Block Confirmations
② Timestamp:	④ 4 days 20 hrs ago (Aug-31-2022 12:51:41 PM +UTC)	⏱ Confirmed within 30 secs
③ Transaction Action:		<ul style="list-style-type: none"> <li>‣ Sale: 1 NFT For 50 Ether On <a href="#">OpenSea</a></li> <li>‣ Transfer of  Otherdeed (OTHR) From <a href="#">0xaa18164d0b6139ccb9227de...</a> To <a href="#">0xccd9ea3066a7f37a79...</a></li> <li>‣ 1 of Token ID [27238]</li> </ul>
② From:	<a href="#">0xccd9ea3066a7f37a7979757856aace865e6cae9b</a>	
② Interacted With (To):	<a href="#">Contract 0x00000000006c3852cbef3e08e8df289169ede581</a> (Seaport 1.1) <span>✓</span> <a href="#">🔗</a> ↳ TRANSFER 1.25 Ether From Seaport ... To → OpenSea: Fe... ↳ TRANSFER 2.5 Ether From Seaport ... To → 0x37ceb4ba093d40234c6fb312... ↳ TRANSFER 46.25 Ether From Seaport ... To → 0xaa18164d0b6139ccb9227de...	
② Tokens Transferred:	↳ From <a href="#">0xaa18164d0b6139ccb9227de...</a> To <a href="#">0xccd9ea3066a7f37a79...</a> For ERC-721 Token ID [27238] 	

An NFT transaction for a piece of virtual real estate recorded on an immutable ledger for eternity (or as long as there is power to run one computer on the network.)

While physical real estate actualizes this process through old-fashioned ink and paper, virtual real estate makes use of NFTs. Were title and deed to *physical* property represented with NFTs as well, there would be several distinct advantages to the current system. The most important of these is that property transfers between people could be accomplished much more simply, perhaps without the need for a title company, an attorney, or a comptroller at all. More importantly, it could also be done nearly instantaneously, and practically for free.

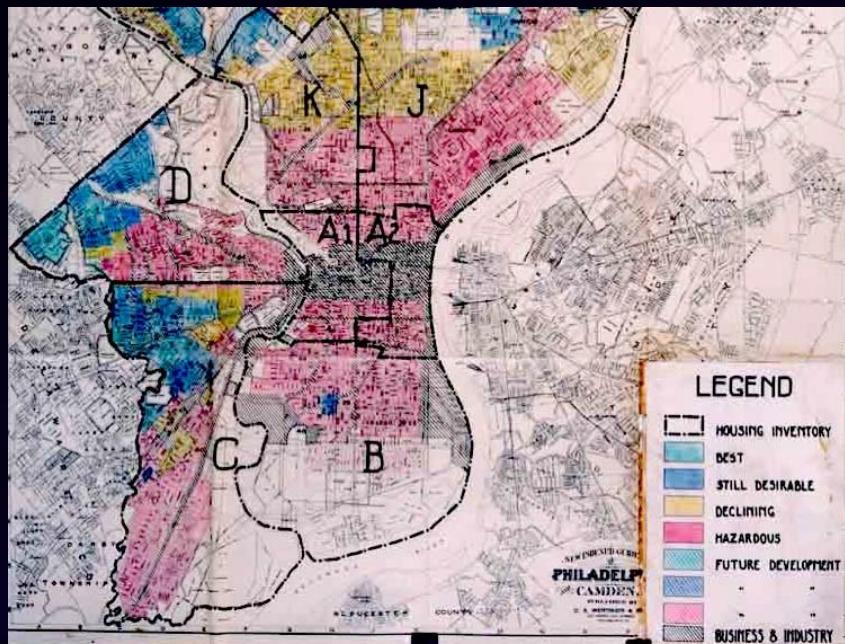
Contrast this to the delays and title-related closing costs of a real-world sale! One can imagine the ease of closing when all that's required is a signature from all parties' wallets. It has the potential to be a far, far simpler process — all without sacrificing the transparency and security of the established

system.

## Bankless Mortgaging

Much like title and deed, mortgages also represent a fundamental component of modern real estate that we could improve. Experimentation has already started in this regard. Mortgages have been written for metaverse properties for instance.<sup>2</sup> But there have been very few, and it's not even clear the company that once provided them still does. The world of defi is also starting to see mortgages being written for real-world homes. I know of at least two cases in which people have successfully used loans from decentralized providers to buy properties.<sup>3 4</sup> I imagine we'll see this more often in the years to come, perhaps for both physical and virtual real estate.

This is likely a positive development. I mean, I don't think I'm breaking any news by pointing out that the current mortgage system has always been problematic. For instance, race-based lending practices known as "redlining" have caused generational damage worth many billions among African-Americans and other minority groups, and the anonymity of modern decentralized lending could help stop this. When all you have is a wallet address to go off of, it becomes nearly impossible to determine the race, age, gender, sexuality, etc. of a loan applicant. The program simply doesn't care, and the playing field for financing could be made more even.



A map used by the Home Owner's Loan Corporation to designate neighborhoods as "good" or "bad" for lending. Such maps are the source of the term "redlining": [Wikipedia](#)

Mortgages are further complicated by the complexity and the expense of foreclosure. When someone defaults on a real-life mortgage, there is a painfully long procedure to follow before the title to the home is finally delivered into the hands of the lender. Use of a smart contract would automate this, significantly shortening and simplifying the process. Now, there will likely need to be some oversight in place to make sure homeowners are taken care of, but there will *always* be defaults when money is lent, and

any serious attempt at replacing the current system must address this inevitability. The use of smart contracts and tokens could greatly simplify a long, complicated, and very expensive process.

Pausing for a moment, I feel compelled to admit that the talk so far has been somewhat idealistic. In the real world, would you use a decentralized mortgage to buy your next house? I wouldn't.

And I doubt it's only me. There are very few people who would want to test out something experimental when it comes to obtaining shelter. If, however, I could be certain that such a mortgage would cause me no problems, I would much prefer the decentralized option. I'd simply rather pay my interest to a pool of regular investors than I would to some giant, corporate bank. I doubt I'm alone in that, either, but it will take time to build the confidence needed to actually give it a go.

## High Stakes Require High Confidence

The stakes are simply too high to make any sudden and profound changes in the way real estate transactions are handled. It carries enormous systemic risks; not just personal ones. Title, deeds, and mortgages are like blocks that sit near the very base of the housing system. Break one of those blocks, and you could make a giant mess of the whole structure. American real estate represents an *immense* amount of wealth, after all — \$43.4 trillion dollars' worth.<sup>5</sup> Any tinkering with that system needs to be calculated, cautious, and thoroughly tested before moving forward.

Perhaps it's for this reason that, working within the real estate industry, you can't help but notice that the way things are done changes very slowly. In 2022, for instance, fax is *still* an important part of the process for many banks, despite its nearly two-decade-long obsolescence. Other examples exist, too, such as the continued insistence on paper and (specifically blue) ink for signatures on deeds. It's clear that technological change only comes to our industry when the new system has long been proven safe enough.

This is where the Metaverse comes in. Many of us can recall a time in which people were afraid to put their credit cards into a website or exchange important information via email. That fear faded slowly over a span of years as people grew comfortable with the new technology. With regards to the changes I'm writing about here, we're still a long way from the point where people feel confident that they'll work. But, how do we ever get to that point when so few people want to risk experimentation with an asset as valuable as their house? The Metaverse represents a wonderful, lower-stakes venue in which we might demonstrate repeatedly that these models work and are worthy of trust.

I believe that, with time, the efficiency of NFTs and defi protocols can win out over legacy systems. We will see the present, one-way flow of technologies between the physical and the virtual become a two-way exchange, and we will further bind our virtual existence to the familiar world of atoms, bodies, bricks, and mortar.

- 1— [https://en.wikipedia.org/wiki/Title\\_\(property\)](https://en.wikipedia.org/wiki/Title_(property))
- 2— <https://blog.cryptostars.is/the-birth-of-metaverse-mortgages-b92257ccc864>
- 3—  
<https://cointelegraph.com/news/uncollateralized-defi-mortgage-taken-out-on-austin-condo-via-teller>
- 4— <https://thedefiant.io/engineer-becomes-his-own-lender-in-first-defi-mortgage>
- 5—  
<https://www.prnewswire.com/news-releases/us-housing-market-has-doubled-in-value-since-the-great-recession-after-gaining-6-9-trillion-in-2021--301469460.html>

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## Final Conclusions

- NFTs recover marginally, while Virtual Real Estate endures a tough August as land caps, trading volumes and tokens slide
- The Sandbox launches Alpha Season #3 over 10 weeks, while Decentraland sees no exit from the bear market, and Worldwide Webb flexes its muscles
- NFTs and the Metaverse offer a “Proof of Concept” for a more efficient, decentralised and fair form of real estate exchange and ownership in the physical world

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