

# The vast majority of NFTs are now worthless, new report shows

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Tens of thousands of NFTs that were once deemed the newest rage in tech and dragged in celebrities, artists and even Melania Trump have now been declared virtually worthless. According to a new report by dappGambl that reviewed data from NFT Scan and CoinMarketCap, 69,795 out of 73,257 NFT collections have a market cap of 0 Ether, leaving 95% of those holding NFT collections – or 23 million people – with worthless investments. NFTs, or non-fungible tokens, are a form of crypto asset that is used to certify ownership and authenticity of a digital file including an image, video or text. The report comes nearly two years after the craze for NFTs swept up celebrities and artists alike, with many rushing to purchase NFT collections of the Bored Ape Yacht Club and Matrix avatars. In March 2021, the crypto entrepreneur Sina Estavi made headlines when he paid \$2.9m for an NFT of the first tweet from the former Twitter boss Jack Dorsey. Meanwhile, in December 2021, the former first lady launched an NFT collection named Melania's Vision which included a limited edition digital artwork of her eyes. The drastic downward market shift surrounding such crypto assets “underscores the need for careful due diligence before making any purchases, especially one of high value”, the report said. “This daunting reality should serve as a sobering check on the euphoria that has often surrounded the NFT space. Amid stories of digital art pieces selling for millions and overnight success stories, it is easy to overlook the fact that the market is fraught with pitfalls and potential losses,” it added. The report revealed that 79% of all NFT collections have remained unsold, as there is not enough demand to keep up with the supply in what researchers have described as a “highly speculative and volatile market”. To analyze the current state of top NFT assets, dappGambl researchers looked at the top 8,850 NFT collections according to CoinMarketCap. They found that 18% of these top collections had a floor price of zero, essentially being worthless. Forty-one per cent of the top collections had been priced between \$5 and \$100, which may indicate a lack of perceived value attached to these assets, the report revealed. Moreover, less than 1% of the collections were worth more than \$6,000, a stark shift from the million-dollar deals that dominated a \$22bn market in 2021. The study also analyzed the costly environmental impact surrounding the minting process of NFTs. Researchers identified 195,699 NFT collections with no apparent owners or market share and found that the energy required to mint the NFTs was comparable to 27,789,258 kWh, resulting in an emission of approximately 16,243 metric tons of CO<sub>2</sub>. To put the staggering number into context, the report revealed that 16,243 metric tons of CO<sub>2</sub> is equivalent to the yearly emissions of 2,048 homes. It is also equivalent to the yearly emissions of 3,531 cars or the carbon footprint of 4,061 passengers flying from London to Wellington, New Zealand. In addition, the report revealed that the number of dead NFTs could even be higher. “MacContract on Ethereum has a floor price of \$13,234,204.2, but its all-time sales is only \$18,” the report said, adding: “This stark discrepancy between listed floor prices and actual sales data exposes a

significant issue in the NFT market – inflated valuations that don't reflect genuine buyer interest or real-world transactions. "It becomes clear that a significant portion of the NFT market is characterized by speculative and hopeful pricing strategies that are far removed from the actual trading history of these assets," it said. Despite the volatility of the NFT market, dappGambler researchers said that they believed NFTs still had a place in the future. In order to survive market downturns and have lasting value, NFTs need to be either historically relevant such as first-edition Pokémon cards, true art or provide genuine utility, they said in the report.