Market Value

In 2021, the non-fungible token (NFT) market exploded. By the end of the year, there were 2.7 million unique active NFT wallets a proxy for users with trading volume reaching $11.7 billion, up tenfold from the previous quarter.Last year, there wasn't a month that went by without news of a non-fungible token selling for thousands, if not millions, of dollars amounts comparable to fine art. As demand in NFTs skyrocketed, the average price of one climbed from roughly $150 to $4,000.NFT prices have dropped by more than 50% in just one month this year.Despite the price swings, interest in NFTs has remained strong. OpenSea, the largest NFT marketplace, sold 2.4 million NFTs in January.More than a million more copies were sold than in December. In January, NFT sales by value set new highs, with over $4.8 billion sold on OpenSea. NFTs are being auctioned by major art auction houses including Christie's and Sotheby's. And NFTs are at the heart of the metaverse's developing initiatives, allowing people to own virtual assets including as homes, offices, art, clothing, and more.This NFT market guide was created by The Ascent, a Motley Fool service, to help people better understand the NFT business. It includes historical data on NFT prices, sales, volume, and the most expensive NFTs sold.

According to DappRadar, which analyzes over 30 blockchains, the value of NFTs moved in 2021 was $24.9 billion. The second part of the year saw a surge in trading. In the first and second quarters of 2021, NFT trading volume was $1.2 billion and $1.3 billion, respectively. The third quarter's trading volume jumped to $10.7 billion, and the fourth quarter's to $11.6 billion.

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Before we look at how the NFT market has altered, it's crucial to know where the buying and selling is taking place. The Ethereum blockchain and the Ethereum coin are used in the majority of NFT transactions. NFT transactions are now being supported by other blockchains as well. Marketplaces have sprung up to make buying for NFTs easier. NFTs can be listed on markets by creators and owners, and prospective purchasers can bid on advertised NFTs. According to statistics from DappRadar, the largest marketplace by overall transaction value is OpenSea, which has enabled $14.68 billion in NFT sales. With 1.6 million traders since its beginning in 2018, Axie Infinity, a video game in which players gather and combat monsters called "Axies" (which are NFTs), has the most traders. The Axie Infinity Marketplace has handled over $4 billion in NFT transactions. The CryptoPunks NFT collection, which contains some of the most costly NFTs ever sold, is housed on the CryptoPunks marketplace. The marketplace has witnessed over $2 billion in NFT sales and has the highest average NFT pricing among major NFT marketplaces.

Reference:

<https://www.fool.com/the-ascent/research/nft-market/>

Risk

Cyber attacks are one of the most evident dangers that buyers and sellers of NFTs face. Hackers may attempt to take an NFT owner's key and hold their assets for ransom or erase them completely.Aside from cyber-attacks, collectors should be aware that an NFT is just a record of ownership, similar to a property deed. It isn't the physical object, which is frequently kept at a different URL. The site owner might erase a collector's asset if the collector doesn't control the website where the work whose NFT they acquired is stored."You may have an NFT that links to nothing or a 404 if you don't have a solid backup of the digital item or total faith in the hosting site," Reid added.Reid has direct experience with the dangers that come with owning an NFT. She bought one of 10,000 NFTs released by modern artist Damien Hirst as part of his "The Currency" project last year. Each NFT represents a real thing in "The Currency." A one-of-a-kind hand-painted dot-covered piece on paper in this case. Hirst offered each painting/NFT pair for $2,000, with the caveat that buyers would have to choose between keeping the physical painting and keeping the digital token after a year. The genuine artworks will be destroyed in a ceremony if they chose the token.Tons of carbon emissions are caused by the blockchain technology used to track NFT sales. According to Wired, the initial sale of six NFTs by French artist Joanie Lemercier utilized 8.7 megawatt-hours of energy, the same amount used by his whole studio over a two-year period.