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# 5 Ways Real Estate Tokenization is Revolutionizing Commercial Property Investment



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The real estate sector has always maintained high minimum entrance cost, complicated dealings, and nondyadic nature of the business. Nonetheless, the rise of blockchain technology and real estate tokenization is likely to change this age-old norm in no small way, particularly in the area of investing in commercial properties.

Tokenization proposes a whole new way of looking at investment that is designed to remove these obstacles so that the barriers that have always been present in commercial real estate are able to be reduced, and made more liquid and efficient, thus reshaping the industry. In this article, we'll discuss five aspects of real estate tokenization services that change the way we invest in commercial properties.

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## 1. Giving more people access to commercial real estate

In the past, only institutional investors and wealthy people were able to invest in commercial real estate. This is where fractional property ownership becomes possible thanks to the tokenization of real estate, which breaks the property up into many smaller digital pieces. These tokens stand for a part of the property making it possible for people to invest with lesser amounts of money, at times, as low as \$100.

This concept of fractional ownership paves way for the common investors who would have otherwise missed out on the earnings from bold and elegant county investments that were only possible to the very rich. It is through the thinned out access that zoning of high rise commercial buildings is enhancing the number of beneficiaries of the returns in terms of rents and appreciation in property values.

## 2. Better access to funding for investors

For many decades, and even more so in the previous decade, liquidity has been one of the most defining investment issues causing challenges for investment in commercial real estate. One could acquire or dispose of property on the stock market without much strain; this is however not true for commercial buildings due to the long selling periods, complex processes, expenses involved, and unable to sell the whole building individually. Tokenization alters the current reality as it allows for the buying and selling of property tokens in exchanges that are supported by blockchain technology.

What this entails is that an individual can easily purchase or sell their fractional interest in a commercial property via an online platform. Such liquidity is unprecedented in the history of the real estate market. Integrated liquidity is not only advantageous to the investors as they are able to achieve the required flexibility but also encourages more people to participate in the activities of the market thus enhancing the investment environment.

### **3. Transactions became easier and costs went down**

The conventional way to transact in commercial property is tedious and entails a lot of third parties such as brokers, solicitors and escrow agents, all of whom charge their commissions. Tokenization utilizes the blockchain technology in smart contracts to eliminate these processes and intermediaries. Simply put, Smart contracts are contracts programmed into the code to execute the transactions once certain conditions are set out and met.

That is to say, it cuts down costs related to middlemen, curtails manual errors and enhances the speed of the transaction. Hence, buyers and sellers enjoy reduced costs, expedited settlements and the whole investment process is streamlined.

### **4. Better security and more transparency**

In the process of tokenization, organizations inevitably rely on technology with the highest level of security and accountability known as blockchain. Thus, each and every process associated with the asset is recorded and stored within the block, be it an ownership transfer or even a distribution of rental payments, and retrieved by each participant. This degree of transparency in business proceedings aided by blockchain technology reduces fraudulent tendencies and promotes confidence among investors as they can always ascertain the legitimacy of the property, its owners, and any operation carried out on it.

In addition, the use of cryptographic encryption and consensus mechanisms as part of the security features of blockchain will also enhance the safety of the ownership records of real properties making them tampering resistant and inaccessible to hostile agents unlike the conventional paper-based real estate records.

### **5. Chances to invest around the world**

The tokenization of real estate eliminates geography, meaning anyone, anywhere, can engage in commercial property investment in any market. Historically, investing in the foreign markets would often be mired in a host of issues, mainly regulatory, looking for available investment vehicles and dealing with the management of investments from another country.

Tokenization, by on the other hand, makes it possible to invest across single markets cheaply and easily by turning the ownership into the tokenized form which in turn allows buying digital property with the use of cryptocurrency or digital fiat. This extended reach in investment attraction increases the number of potential investors as well as easing the process of property investment for the property owners who already have managed to persuade quite a number of potential investors. By allowing international investors to purchase shares, it helps mitigate risks associated with the investment and also maximizes returns.

## Conclusion

The investment landscape of commercial real estate is changing for the better thanks to real estate tokenization, which has a more friendly, effective and straightforward way of doing business. Through the use of technology known as 'tokenization', the commercial real estate sector is undergoing a positive transformation in terms of access and liquidity, efficiency of operations, clearness and reach.

In future as tokenization will be adapted by many investors and property owners, this will most likely become a key element in the reinvention of real estate investment.

It doesn't matter if you are an experienced investor or a naive one, looking at the tokenized real estate might just be the entry point for you to take part in the new wave of investing in properties.

Interested in learning more about how you can invest in tokenized commercial real estate? Stay updated with the latest insights and opportunities in the world of blockchain and property investment by [Real estate tokenization development](#).

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