

**Q: What do PropTech, FinTech and Smart Real Estate have in common?**

**A: They all present challenges to traditional views and practices relating to real estate – and they are all, already, with us.**



### PropTech

If you are familiar with Rightmove, Zoopla or OnTheMarket (as any self-respecting house-hunter will be), then you are familiar, to an extent, with PropTech. If you are familiar with online payment systems, crowdfunding and debt platforms, then you are also familiar with FinTech which, in part, provides the basis for advances in PropTech. The collision of FinTech and PropTech is termed Real Estate FinTech and is one of the hottest areas of new activity and investment.

Smart Real Estate is all about technology-based platforms which facilitate the operation and management of real estate assets, whether they be a single building, a shopping centre or more. Services can range from simple energy and data provision to controlling building services.

This is obviously a very simplistic analysis of a much wider subject but we are now seeing advances in technology which are bringing with them the third phase of development: PropTech 3.0 – a concept fully explored in “PropTech 3.0: the future of real estate”<sup>1</sup>. This phase expects (eventually) to see blockchain-based technology bringing real estate into the world of digital asset management, minimising the number of parties involved by centralising the information that each party holds and facilitating online land transactions.

One of the key questions is whether or not online trading of real property is a genuine possibility or is it simply too important to risk removing a professional overseer, given that property as a tangible asset class is hard to beat? When we spend our lives buying an asset, do we really want to risk losing it online, giving it the same measure of importance as a computer game that we might sell for a few pounds on eBay?

### Blockchain

No discussion around PropTech is truly complete without at least a nod in blockchain’s direction – the decentralised technology upon which Bitcoin is built. This user-to-user technology represents a form of “mass collaboration” which is being hailed as the “next huge wave in technology”<sup>2</sup>, presenting opportunities for real estate which current systems do not due to its apparent infallibility.

Possibilities for land title registration systems based on blockchain are being considered, with some jurisdictions experimenting with a blockchain application for property titles<sup>3</sup>. Our own land registry is expecting to test the concept in the “near future”<sup>4</sup>. However, these trials are not attracting high profile updates and progress is unclear. With a technology which is, by all accounts, changing rapidly, it could be some time before real advances are made and 2017 remains a year of development rather than delivery.

<sup>1</sup> [PropTech 3.0: the future of real estate](#) – SAID Business School, University of Oxford.

<sup>2</sup> Melanie Swan, author, *Blockchain: Blueprint for a New Economy* (2015).

<sup>3</sup> Republic of Georgia, Sweden.

<sup>4</sup> Legal Futures 23 May 2017:

[Legal Futures: Land Registry trial blockchain backed digital property transfer.](#)

## Can it deliver?

The technology is potentially very exciting if it can deliver what it promises:

**“A blockchain-based approach to registering property titles could increase the efficiency of transaction processing and reduce, if not entirely prevent, property fraud”<sup>5</sup>.**

What does not yet appear to have been addressed, however, is what happens if it is not as foolproof as it claims to be? We saw recently, in *Dreamvar v Mishcon de Reya*<sup>6</sup>, that even where there was no blame or fault on the buyer’s solicitor’s part, the court was still minded to find them responsible where a fraud was perpetrated. So, whilst some commentators are quick to condemn real estate industry practices as being “plagued by inefficient processes and unnecessary transactional costs defended by self-interested professionals and institutions”<sup>7</sup>, one cannot help but feel a degree of sympathy for a profession which views with a measure of circumspection a technology which promises so much but is neither effectively regulated nor addresses issues of liability if it all goes horribly wrong. A technology which, incidentally, has its own vested interests standing behind it.

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## The future is now

Technology driven solutions are the current rage and there is no doubt that PropTech services providing time-saving property management and listings solutions and artificial intelligence solutions which take the “grunt” out of “work” are likely to become hugely successful. If one of those providers can take the platform a stage further, offering genuine efficiencies, flexibility, security and protection around land transactions in context of which people are happy to trust a system rather than an adviser, then they could be on to a winner.



<sup>5</sup> Deloitte: [Blockchain applications in the public sector](#)

<sup>6</sup> *Dreamvar (UK) Ltd v Mishcon de Reya (a firm) and another* [2016] All ER (D) 143 (Dec)

<sup>7</sup> PropTech 3.0: The Future of Real Estate, SAID Business School, University of Oxford