



Interview



Víctor Naudi Zamora

Andorran architect
(Naudi Arquitectura)

«Without regulation, tokenization of real estate market would have a dangerous effect causing an increase in market prices»



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The real estate market is changing rapidly, and with the advent of blockchain technology, new possibilities for investors are coming. One of the latest trends in this industry is real estate tokenization, which converts physical assets into

digital tokens. But does it make them more accessible and easier to buy or sell? Is it possible to introduce these innovations in Andorra? How can it influence the real estate crisis? We ask Andorran architect Víctor Naudi Zamora, who manages his own

bureau today, Naudi Arquitectura.

– Some experts say tokenization is a good option to democratize investments in any assets, including real estate investments. What is real estate tokenization?

– I understand this as a desire to convert real estate's value into assets deposited on a very wide exchange market, which could be invested in to create new assets without going through the bank system and then return the investment with some

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►► Right: Real estate in Saint Sebastian
Left: Real estate in Bilbao.

profit.

–Theoretically, thanks to tokenization, several people can jointly invest in a unique asset according to their abilities. Do you believe in tokenization?

–I am rather sceptical about the new digital concepts that are appearing, such as virtual currencies like bitcoins and similar, and now tokens.

They move away from Cartesian concepts managed directly by people and not by algorithms that escape any control of legality. So the purpose sought in creating non-conventional value exchange elements ends up being distorted and becomes merely speculative.

On the one hand, the real estate field, apart from its social function of contributing to the right of access to housing, has become a refuge for solid values in the face of more unstable stock market movements and can generate profits from its speculative side. It is a tangible and credible investment fund.



«The virtual currencies move away from Cartesian concepts managed directly by people and not by algorithms that escape any control of legality»

On the other hand, tokens can be considered the antithesis of the portfolio of real estate values since they generate a portfolio based on creating unique virtual elements. They establish a parallel market that is equally speculative but not very tangible and fragile.

–How can tokenization influence the real estate global crisis?

–If it's articulated in a proper and well-regulated way, it could be a new source of financing through indirect digital assets (in the form of digital shares) without the rigidity of a bank loan and closer to a cooperative system.

In this case, it could take pressure off the market by avoiding price inflation. Still, it would obviously need an important regulation, currently non-existent. Otherwise, the effect would be contrary and perverse since new speculation funds would be generated.

–Is it possible to regulate real estate prices via tokenization?

In this case, and without specific regulation, I think it would have a dangerous effect causing an increase in market prices since, as has already been said, these types of assets become elements of speculation of both currency and digital assets.

At the same time, after a certain period, the bubble ends up being deflated with the consequent risk of breaking the system.

– To what extent is it possible to introduce these innovations in



«I would clearly not invest in real estate investment tokenization»

Andorra? Are there examples of success in Europe?

I don't know if there are examples in Europe. Still, in the case of Andorra, it would be possible because these types of assets managed through digital platforms end up being managed internationally without finally knowing where the parent company is located.

In any case, "tokens" are being created to generate abstract and unique virtual management values. In the case of the real estate sector, which deals with goods with tangible values, the system should be limited to a source of financing for the support of securities in companies or cooperatives since real estate is inevitably subject to notarial fees and taxes. At the same time, whoever buys a real estate asset wants a legal certainty that currently does not exist in the supposed «tokenization.»

– Would you invest in real estate investment tokenization?

I would clearly not invest for all the reasons mentioned above. ≡