

Digital dividends: How tokenized real estate could revolutionize asset management

The global market for commercial real estate tokenization is expected to expand dramatically by 2035. Here's how a few players are making waves.

Disruptive technologies, such as asset tokenization, could transform real estate over the next few years. Built on blockchain technology, tokenization converts physical or financial assets into bite-sized, digital representations that can be securely traded or owned in fractional portions on a digital platform. Tokenized real estate could not only pave the way for new markets and products, but also give real estate organizations an opportunity to overcome challenges related to operational inefficiency, high administrative costs charged to investors, and limited retail participation.¹

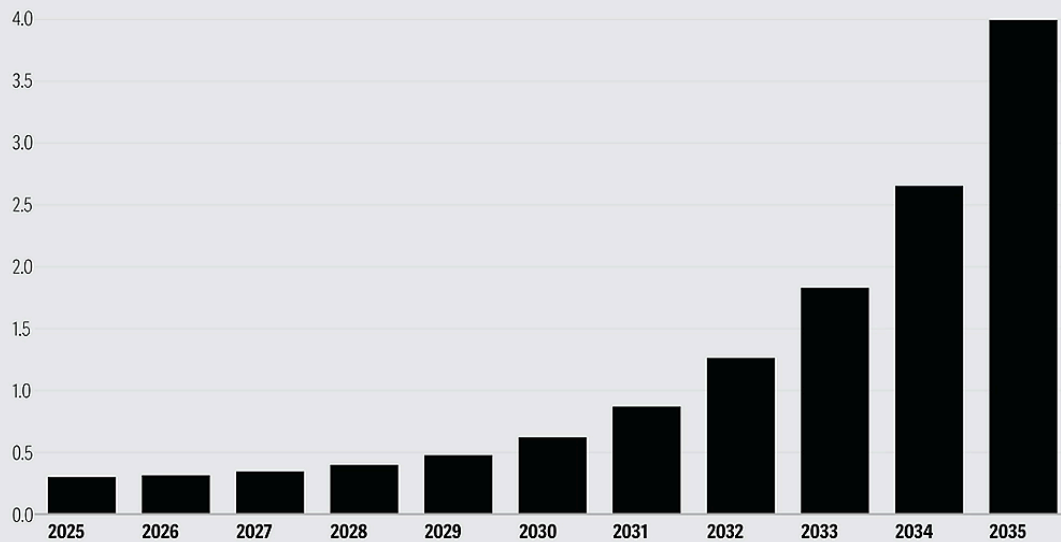
Over the last eight years, since the first tokenized real estate deals were completed, tokenization has helped open potential new avenues for real estate investment through fractional ownership.² This technology could help build trillions of dollars of economic activity for the real estate sector over the next decade, in part, by allowing it to expand its investor base and product offerings. The Deloitte Center for Financial Services predicts that US\$4 trillion of real estate will be tokenized by 2035, increasing from less than US\$0.3 trillion in 2024, with a CAGR of 27% (figure 1) (see “[About this prediction](#)”).



Figure 1

Global tokenized real estate value is expected to hit US\$4 trillion by 2035

US\$ trillion



Source: Deloitte Center for Financial Services analysis of global real estate market size forecasts.

Deloitte Insights | deloitte.com/insights

We'll explore three underlying components of the global forecasted tokenized real estate ecosystem: tokenized private real estate funds, tokenized ownership of loans and securitizations, and tokenized ownership of undeveloped land or under-construction projects. Among these, we anticipate tokenized ownership of loans and securitizations will represent the highest share of tokenized real estate, while private funds represent the great potential opportunity (figure 2). Here's our breakdown:

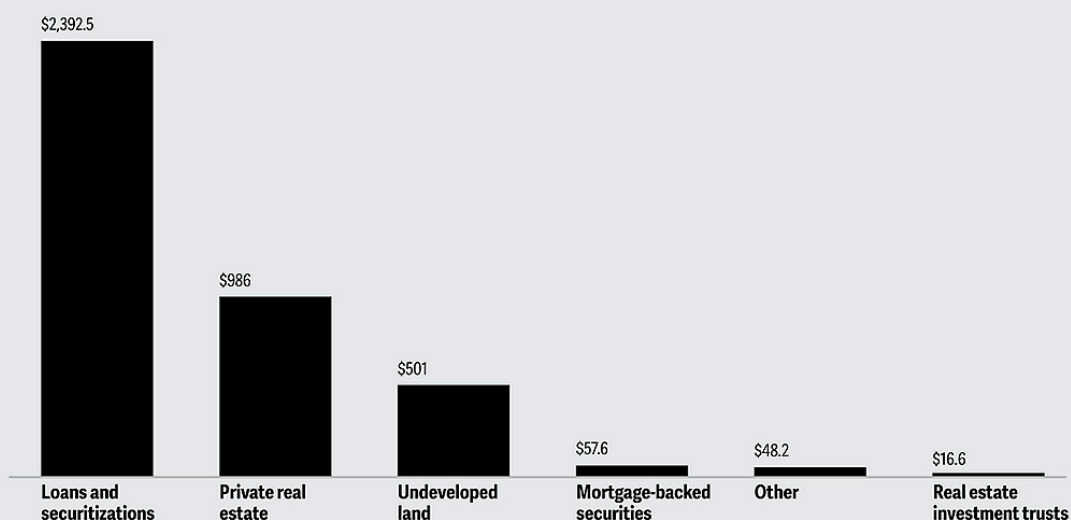
- Tokenized private real estate funds are expected to grow to US\$1 trillion by 2035, with a total market penetration rate of 8.5%.
- The tokenized ownership of loans and securitizations could grow to US\$2.39 trillion by 2035, with a total market penetration rate of 0.55%.
- The tokenized ownership of undeveloped land and under-construction projects is expected to reach US\$50 billion by 2035, with a total market penetration rate of 0.80%.



Figure 2

Securitizations and private real estate make up a large portion of future tokenization opportunities

Anticipated value by 2035 (US\$ billion)



Source: Deloitte Center for Financial Services analysis.

Deloitte
insights | deloitte.com/insights

Private real estate may not be the same again

Real estate funds may be a suitable use case for tokenizing real estate assets. Single and interconnected blockchain-based platforms can offer convenient and swift ways to handle the issuance of tokenized limited partners' (LPs) equity interest, asset servicing, and secondary market trading, all which can create a more efficient fund by reducing the role of intermediaries.

There are two main ways in which existing real estate funds can be tokenized. First, tokenizing an “off-chain” fund or using a decentralized lending protocol, where an originator pools loans and sells them to a special-purpose vehicle, which then issues debt tokens backed by these loans. This allows investors to hold these tokens or use them as collateral in secondary markets. Second, new funds can be issued “on-chain” based on agreements between borrowers and lenders, called real estate trust deeds, with covenants that allow the property to be held in a neutral, third-party trust until the debt is satisfied. For instance, in 2025, Kin Capital plans to launch a US\$100 million real estate debt fund on Chintai, a layer-1 blockchain with a minimum investment requirement of US\$50,000 for qualified institutional investors globally; it represents one of the first-performing real estate trust deeds.³

Real estate asset tokenization can allow institutional investors to create custom portfolios with tokens that match their investment thesis.

Real estate asset tokenization can allow institutional investors to create custom portfolios with tokens that match their investment thesis. And while traditional financial instruments lacked hyper-personalization, tokenization can make it possible. For instance, an issuer might want to tailor product offerings based on sustainability ratings of underlying assets or customize for investors seeking investments in properties near airports.⁴

Investors should understand what happens when a fund is in default. Can the lender take control of the actual asset and not just its digital version that operates on blockchain? Early movers in the space should test the waters for future adoption and lay the groundwork for such scenarios. If done right, embedding



coded rules in digital tokens and linking them to real-world assets could allow financial tools to enable automatic compliance, capital calls, and distributions, all which could facilitate a far more effective end-to-end solution in fund management and resolution.

Rethinking securitized loans and home equity

Securitized products may not be considered a likely candidate for tokenization, given their association with products that contributed to the 2008 global financial crisis and regulatory oversight. However, blockchain asset-backed securities are attracting a notable pool of investors. Since 2021, Redwood Trust has leveraged LiquidFi's blockchain technology for its CoreVest securitizations to report loan-level payment activity on a daily basis.⁵

Some investors may find additional value from tokenized, near real-time data reporting, liquidity in exchanges, greater traceability, and performance reporting compared to conventional mortgage-backed securities (MBS). They can also benefit from cost savings in tasks such as origination, aggregation, and securitization. LiquidFi claims to have loan-level reduced reporting time for MBS from 55 days to 30 minutes on the Stellar blockchain,⁶ while Figure Technologies, Inc. estimates cost savings of about US\$850 per US\$100,000 mortgage.⁷ Figure Technologies reached home equity line of credit (HELOC) originations of more than US\$13 billion and announced its first publicly rated, blockchain-based HELOC ABS securitization in 2023.⁸

Undeveloped land spurs dynamic financing solutions for ground-up projects

While fractional ownership of existing buildings has been a common theme in tokenization, in this new tide of large-scale developments, there appears to be a renewed interest in infrastructure projects and under-construction residential and data centers. This could enable bit ownership of capital-intensive development projects with potentially attractive upside returns. In 2024, T-RIZE Group signed a US\$300 million deal to tokenize Project Champfleury, a 960-unit residential development in Canada.⁹ Another India-based investor recently unveiled a US\$1 billion fund that integrates tokenized equity and debt for global data center property investments.¹⁰

Real estate financing needs can vary significantly across the project life cycle, depending on requirements for energy efficiency upgrades, technology improvements, and other property enhancements. Tokenization can allow for capital generation across the capital stack including debt, equity, and hybrid funding on a single platform. For instance, New Silver managed bridge loan financing for residential real estate in the United States; it leveraged Centrifuge's securitization protocol to bundle loans into pools, and MakerDAO provided liquidity.¹¹

A differentiator for more recent adoption of tokenization can be the growth of tokenized marketplaces and exchanges that provide real-time visibility into asset performance. These include options such as World Property Exchange, Redswan, ABC Tokens, RETokens, Uniswap Exchange, Securitize, and Tokenise, which have launched or are preparing to launch their marketplaces.¹²

Tokenization can allow for capital generation across the capital stack including debt, equity, and hybrid funding on a single platform.



Balancing risk management and innovation to help achieve interoperability across protocols

As blockchain technology advances and more real-world assets are tokenized, there is expected to be a coexistence of ledgers on different blockchains, each with their own unique characteristics. For instance, some ledgers may be good for debt issuance; others may be better for distributions or as an exchange platform. Others may have lower transaction fees, which could make them more accessible for retail investors. To establish a cohesive tokenized ecosystem, these chains should be interconnected. This could enable tokens to be exchanged from one ledger to another and end-to-end workflows, from issuance to trading, to be achieved seamlessly while maintaining investors' privacy and confidentiality and meeting regulatory compliance.

The DeFi ecosystem continues to grow with the adoption of layer-2 solutions, cross-chain protocols, and real-world asset integration. Layer-2 solutions refer to infrastructure built on top of an existing layer-1 blockchain that can execute transactions off-chain with improved speed of transaction at lower costs with more affordable participation in blockchain networks.¹³ The regulatory void around crypto assets and uncertainty around their treatment as financial instruments or securities historically posed a challenge to mass adoption, but this may no longer be the case. In the United States and elsewhere, regulatory frameworks are being established to govern the issuance and operation of digital assets, stablecoins, permissionless blockchains, and distributed ledger technologies.¹⁴ These developments suggest a shift toward a more permissive regulatory environment for financial institutions to engage with digital assets in the near future.¹⁵

What to consider before entering the market

Overall, real estate asset managers and investors should assess how they might engage and what their risk appetite is for digital assets in their portfolios. When considering tokenizing their assets or investing in tokenized assets, companies should consider the following:

1. Choosing a blockchain for the use case can be a critical infrastructure decision for managers. Not all blockchains are created equal—some offer high speed and security but may cost more, and those that are inexpensive may not be scalable or secure enough. Real estate firms should assess regulatory compliance, confidentiality and data integrity, and asset and distribution services before selecting a particular blockchain.
2. The custody of tokenized assets is quite unique when compared to custody of other forms of assets. While self-custody is an option, most enterprises prefer to use trusted third parties. Some fintechs and banks offer digital asset custody services. This market is relatively new and requires a significant amount of technical blockchain engineering experience to do well. Seek specialist advice on how to choose a custody option.
3. The taxation and accounting of digital asset tokens can have unexpected differences to how their nontokenized equivalents are handled. So, in these areas, too, it is advisable to obtain specialist input.
4. In current market scenarios, investors should have direct equity ownership, partial ownership, or invest in commingled funds. Tokenization could add elements of additional liquidity or flexibility.
5. While tokenization could offer potential data security benefits, replacing sensitive data with nonsensitive tokens is not an all-encompassing solution to cybersecurity. Organizations planning to engage in tokenization efforts should shore up potential vulnerabilities against data breaches, such as storing tokenization servers in separate, secure locations.



About this prediction

Our prediction is based on a meta-analysis of several total global real estate market size forecasts over the next decade for key subsegments of the industry. We then applied potential for tokenization penetration rates to each subsegment based on Deloitte’s Center for Financial Services assumptions of potential impact by subsector within commercial real estate.

This article contains general information and predictions only and Deloitte is not, by means of this article, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This article is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor.

Deloitte shall not be responsible for any loss sustained by any person who relies on this article.

Continue the conversation

Meet the industry leaders



John D'Angelo
Real estate solutions leader



Jeffrey J. Smith
Deloitte & Touche LLP



Tim Coy
Research manager | Deloitte Center for Financial Services | Deloitte Services LP



Parul Bhargava
Research Specialist | Center for Financial Services



Sally Ann Flood
US real estate sector lead | Partner

BY

John D'Angelo
United States

Jeffrey J. Smith
United States

Tim Coy
United States

Parul Bhargava
United States



ENDNOTES

1. Alicia McElhaney, “**Allocators are still waiting for fee breaks,**” *Institutional investor*, October 23, 2023.
2. Rick Carroll, “**In \$18 million deal, nearly one-fifth of St. Regis Aspen sells through digital tokens,**” *Aspen Times*, October 9, 2018.
3. **The Tokenizer**, “**Chintai partners with Kin Capital to launch \$100 million real estate debt fund on blockchain,**” October 11, 2024.
4. Takenori Miyamoto, “**BNY Mellon eyes digital asset custody services for Asia,**” *Nikkei Asia*, January 17, 2023.
5. CoreVest, “**CoreVest completes \$313 million single-family rental securitization,**” press release, June 29, 2022.
6. Peter Gaffney, “**Tokenization and real-world assets take center stage,**” *Fintech News*, September 30, 2024.
7. **Ledger Insights**, “**Brian Brooks compares blockchain for mortgages to CDs versus cassette tape,**” November 10, 2023.
8. Figure Technologies Inc., “**Figure announces close of first rated HELOC securitization led by Jefferies, Goldman Sachs, and J.P. Morgan,**” press release, April 25, 2023.
9. **The Tokenizer**, “**T-RIZE Group secured a \$300M tokenization deal,**” December 18, 2024.
10. **Mishal Ali**, “**Aurum taps XRPL for tokenizing \$1B in equity and debt,**” *Tron Weekly*, October 23, 2024.
11. **New Silver**, “**New Silver completes the largest loan securitization using DeFi,**” November 2, 2021.
12. Graeme Moore, “**What are real world assets and how DeFi boosts commercial real estate,**” *Forbes*, October 5, 2023.
13. Rebecca Idan, “**Layer 2 solutions explained: Scaling blockchain without compromising security,**” *TechBullion*, December 17, 2024.
14. The White House, “**Strengthening American leadership in digital financial technology,**” January 23, 2025.
15. Deloitte, “**President Trump issues executive order to advance digital assets,**” 2025.

ACKNOWLEDGMENTS

The authors wish to acknowledge **Sally Ann Flood** and **Samia Hazuria** for their insights and contributions.

Cover image by: **Jim Slatton**.
