

Adaptive Spaces

# Rewards & risks of the metaverse: Considerations for real estate investors & occupiers

REPORT

---

CBRE RESEARCH  
JULY 2022



# Rewards



## General business:

- To create new places and focuses, strengthening the connections between clients and virtual spaces
- To showcase products and services in a new environment, and to new potential occupiers
- To build brand and reputation for innovation purposes
- To develop and de-risk new concepts for eventual translation into a physical real estate proposition

## Investor

## Occupier

- A new platform to selling products and services
- Access new customers and by default create a new form of footfall
- An opportunity to convert a virtual client to a client in the physical world
- To build brand and reputation, while pushing brand innovation and advertising in new directions



## Commercial:

- To discover, test offering and develop a new income stream, such as marketing or selling of virtually exclusive products and services
- Develop new opportunities to provide, financial services and products. i.e. mortgages, insurance, valuation services, etc. to support a client's virtual real estate portfolio
- Increase total wealth over time by acquiring, maintaining and trading virtual real estate investments that have potential to grow in value
- Cash in quickly, cash out quickly on high liquid asset classes
- Excellent virtual client care service encourages repeat business

- Products can be exclusive to the metaverse customers and not sold in the physical real estate
- Drives innovation and impact through immersive experiences that can be commercialised
- Excellent virtual client care service encourages repeat business
- Provision of products and services that are centred on people, their needs, aspirations, desires, and visions, encourages participation and purpose





## To connect and build community:

- New forms of connecting and building relations with global clients
- A new method for building community and monetising the enthusiasm of true fans
- Success will be driven by occupier engagement if a need for investor services can be established

- Immerse unengaged online customers in an alternative experience
- Serves as a thriving education, learning and socialising environment
- Enables global participation and collaboration by creating an accessible metaverse
- Addresses inclusion and diversity credentials by creating a new sense of belonging

## Risks

	Investor	Occupier
 <p><b>Commercial:</b></p>	<ul style="list-style-type: none"> <li>– Scammers are prevalent and therefore imperative to be safe, and comfortable using crypto platforms and wallets</li> <li>– Lack of financial and human investment to developing and maintaining your presence, will limit success</li> <li>– Virtual land may not be a popular destination in the future</li> <li>– Financial return on investment is currently unknown</li> <li>– Investment may be risky. Price of property will depend on supply and demand. Therefore, a need to understand investment performance against underlying cryptocurrency (e.g. Ethereum) rather than against fiat currencies (Dollars or Pounds etc.)</li> </ul>	<ul style="list-style-type: none"> <li>– Scammers are prevalent and therefore imperative to be safe, and comfortable using crypto platforms and wallets</li> <li>– Lack of financial and human investment to developing and maintaining your presence, will limit success</li> <li>– Limited marketing budget and strategy will be detrimental to success</li> <li>– Not being in the right cluster, on the right metaverse platform, may be commercially damaging. Locational analysis and understanding competition are important</li> </ul>
 <p><b>Non-commercial:</b></p>	<ul style="list-style-type: none"> <li>– Metaverse-specific regulation and protection are still largely absent for all stakeholders</li> <li>– Lack of knowledge, training and governance will limit your engagement and success</li> <li>– Unknown employee engagement could be reputationally damaging</li> <li>– Impact of ESG is currently unknown in the metaverse. Depending on the supported network, there may be notable climate impacts from mining</li> </ul>	<ul style="list-style-type: none"> <li>– Metaverse-specific regulation and protection are still largely absent for all stakeholders</li> <li>– Lack of knowledge, training and governance will limit your engagement and success</li> <li>– Unknown employee engagement could be reputationally damaging</li> <li>– Impact of ESG is currently unknown in the metaverse. Depending on the supported network, there may be notable climate impacts from mining</li> </ul>

This is some insight into what potential rewards and risks are presented to investors and occupiers, when seeking to invest in the metaverse. Consumers should be aware of the risks and fully consider whether investing in metaverse based investments is appropriate for them. They should check and carefully perform due diligence on the assets and businesses involved.

# Contacts

---

## **Jennet Siebrits**

Head of UK Research

[jennet.siebrits@cbre.com](mailto:jennet.siebrits@cbre.com)

## **Davinder Jhamat**

UK Thought Leadership Director

[davinder.jhamat@cbre.com](mailto:davinder.jhamat@cbre.com)

## **Mike Gedye**

Head of Tech, Media and Telecoms

[mike.gedye@cbre.com](mailto:mike.gedye@cbre.com)

## **Harri John**

Head of Digital Advisory

[harri.john@cbre.com](mailto:harri.john@cbre.com)

## **Alex Turner**

Consultant, Strategic Advisory, Digital

[alex.turner@cbre.com](mailto:alex.turner@cbre.com)

## **Michelle Buckman**

Executive Director, EMEA Financial &

Professional Services Sector Lead

[michelle.buckman@cbre.com](mailto:michelle.buckman@cbre.com)

© Copyright 2022. All rights reserved. This report has been prepared in good faith, based on CBRE's current anecdotal and evidence based views of the commercial real estate market. Although CBRE believes its views reflect market conditions on the date of this presentation, they are subject to significant uncertainties and contingencies, many of which are beyond CBRE's control. In addition, many of CBRE's views are opinion and/or projections based on CBRE's subjective analyses of current market circumstances. Other firms may have different opinions, projections and analyses, and actual market conditions in the future may cause CBRE's current views to later be incorrect. CBRE has no obligation to update its views herein if its opinions, projections, analyses or market circumstances later change.

Nothing in this report should be construed as an indicator of the future performance of CBRE's securities or of the performance of any other company's securities. You should not purchase or sell securities—of CBRE or any other company—based on the views herein. CBRE disclaims all liability for securities purchased or sold based on information herein, and by viewing this report, you waive all claims against CBRE as well as against CBRE's affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.