Apartment purchased with Ethereum raises hopes, questions

The first-ever property purchase to occur through Propy — an international real estate startup founded around the digital currency Ethereum — took place earlier this week, according to various outlets. But it has received mixed reactions reactions from one important camp: the currency's enthusiasts on Reddit.

Michael Arrington — a member of Propy's advisory board perhaps best known as the founder of TechCrunch — took to the user-created r/Ethereum section on Reddit (also known as a "subreddit") to answer questions about his recent Ukrainian property purchase, an apartment in Kiev he bought for $65,000 USD, which he said was the first real estate title transaction using the cryptocurrency Ether.

Arrington further noted on Reddit that it was the "first time that I know of that a real asset other than cryptocurrencies themselves have been transferred on a blockchain." (A blockchain is essentially a distributed ledger system shared among multiple computers, and is the technology that underpins Bitcoin, Ethereum, and most other cryptocurrencies that have emerged in recent years.)

Arrington began the discussion by posting a link on the subreddit to a recent article in *The Wall Street Journal* describing his purchase.

While initial respondents from the Reddit community (also known as "redditors") were supportive, others quickly raised questions about the legal specifics of Arrington's deal, and asked what actual role the blockchain played. Arrington's answers seem to reveal an equal mix of PR combined with the early days of an innovative, totally new and separate transaction system.

An exchange between skeptical reddit user u/spinstercat and Arrington outlined how the transaction was different from the usual exchange of fiat money for international property purchases. In this case, "the Ukrainian government approved the transaction and the title change was registered on the blockchain, as was the smart contract," wrote Arrington. That's especially noteworthy given the fact that Ukraine's central bank recently announced that they would not recognize cryptocurrencies as legal forms of payment.

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The redditor wasn't necessarily convinced. "They recognised your particular transaction because you have both explicitly agreed that the other part of barter [has] taken place, and they've included [the] transaction hash as an extra [piece of] evidence," spinstercat wrote back. "Title change wasn't de jure recorded on the blockchain, it was recorded in [the] Ukrainian state registry with the help of Juscutum, your Ukrainian lawyers." (A claim supported by Ukrainian-language media.)

Other representatives from Propy chimed in on Reddit to say that this process was still in beta and "the first milestone of a groundbreaking project, the very first step toward future P2P [payer-to-payer] deals transition."

But the one of the biggest challenges facing Propy was outlined by user u/RedEyeFright who explained they worked for a traditional land registry in the US. They laid out that while states like Alaska, Connecticut, Hawaii and Vermont have statewide property record direction, many others are county-based. Meaning Propy would need to negotiate with around 3,000 different parties if they want their platform to be widely used in the United States.

“They are going to have to have a lot of international success to build up a revenue stream to support heavy lobbying if they want to prosper in the US,” RedEyeFight concluded.

Early days for Propy, and perhaps some initial success. But the company still has lots of ground to cover before buying property with Ether is truly a viable alternative.

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