

CAN I BUY/SELL MY HOUSE WITH BITCOIN?

The Reserve Bank of Australia last week announced that blockchain, the technology behind cryptocurrencies such as bitcoin, has “potential for widespread use in the financial sector and many other parts of the economy” triggering speculation that this could include buying and selling houses.

Real estate has been, until now, steeped in tradition, tied to paper-and-pen technology and archaic rules, and it would be fair to say that it has been slow to change.

However, that’s all in the past, so to speak, as the sector embraces digital technology for a range of functions that are bringing the profession closer to faster, frictionless transactions.

Recent innovations include electronic conveyancing through PEXA and completing sales contracts with digital signatures on online contracts.

So, are we on the verge of going truly techno, with the buying and selling of property using bitcoin?

Well, a Brisbane agent recently said they were preparing to become bitcoin-friendly, a process likely to take more than a year, and a Sydney agency dabbled with the idea a few years ago.

However, the ATO and the NSW Office of Fair Trading reportedly had some issues with it and that Sydney agency abandoned those plans, according to a trade media report.

To the best of our knowledge there has been no bitcoin transactions in residential real estate in Australia, yet. A tech entrepreneur in the UK put his house on the market recently (October 2017) for AUD\$2.1million, requiring payment in bitcoin. At the time of writing the property had not yet sold, although it was claimed there was interest.

ANZ and Westpac announced they had partnered with IBM to use blockchain, instead of paper, for bank guarantees on commercial property lease deal earlier this year.

So, is it possible that the first sale or first rental payment is just around the corner?

Sure, anything’s possible. But it’s unlikely that the first residential property purchase in bitcoin is going to happen soon.

The ATO and Fair Trading have expressed concerns about bitcoin transactions for residential property. So, for the moment, this is an area where consumer demand for faster, smoother transactions is colliding with regulatory framework. At this stage only time will tell how this shakes out.

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