Tokenizing Commercial Real Estate

How RedSwan CRE Marketplace is using Polymath technology to create the largest online marketplace of digital asset-backed CRE securities

Tokenizing institutional-grade commercial real estate

RedSwan.io is a proptech company creating the largest online marketplace of digital asset-backed securities from quality commercial real estate projects.

Based in Houston, Texas, RedSwan CRE Marketplace ("RedSwan") was founded by Ed Nwokedi, an 18-year veteran in commercial real estate, specializing in multi-family apartments. RedSwan's expertise in Real Estate and their Registered Investment Advisor status makes them a great fit for Polymath's tokenization solution.

According to Ed at RedSwan, commercial real estate (CRE) owners want cash. They want cash to buy more real estate, pay down debt, improve their properties, and more.

REDSWAN QUICK FACTS

$2.2 billion
Value of assets tokenized by RedSwan

1 hour
Time required to tokenize 12 properties

$10k to $10m
Typical investment allocation for RedSwan

POLYMATH

Limited liquidity for CRE owners

Typically, CRE owners generate cash using one of two methods.

These methods limit the market for CRE deals to banks issuing mortgages, "a guy who knows a guy who knows a guy" with more than $50 million to invest, and large real estate funds. Investors with $10,000 — $10 million to put to work are completely shut out from this market, which negatively impacts the market overall and forces these smaller investors to focus on riskier lower class-level projects. Fewer buyers, fewer sellers, and less liquidity means less deal flow.

RedSwan sources, analyzes, prices, and sells commercial real estate, while also offering asset owners and accredited investors the added benefit of liquidity through the company's trading venue.

RedSwan earns revenue through fees involved in initial offerings (evaluating properties and finding buyers) and from managing digital assets under management for investors.

METHOD 01

Borrowing against their real estate. They go to a bank, the bank tells them the interest rate on a loan and the loan-To-value ratio, then lends them money if the terms are agreeable.

The Downside
After several years, the CRE owner may still have an outstanding loan.

METHOD 02

Selling a piece of their CRE portfolio, either by liquidating the entire asset(s), or fractions of these asset(s). This gets cash into their hands immediately, without taking on debt.

The Downside
These deals take a long time to close, are generally only sold to one buyer who may offer unfavorable valuation and terms, and the buyer now has similar problems regarding liquidity, valuation, and terms.

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We searched the globe and selected Polymath as our tokenization platform because their team is very knowledgeable and know what they're doing.

From our first blockchain conference, they were extremely helpful in breaking down the process in a simple way, without the technical jargon you often hear from blockchain professionals.

We remain with Polymath because their innovation continues to grow with our needs.

ED NWOKEDI
CEO & FOUNDER
REDSWAN CRE MARKETPLACE

Low-cost solution

With tokenization, RedSwan's costs are reduced while profit margins and returns for building owners and investors can be significantly improved.

With tokenization, RedSwan's costs are reduced, while profit margins and returns for building owners and investors can be significantly improved. Tokenization provides a very low-cost solution for creating and managing financial securities, which enables cost-effective fractionalization of commercial real estate for primary offerings and secondary trading.

In the process of (1) facilitating the initial offering, (2) custody of securities, (3) back office administrative work, and (4) secondary trading and clearing and settling, there are many expenses that in the legacy world would be cost-prohibitive for RedSwan's business model.

HOW DID REDSWAN ENGAGE WITH POLYMATH?

Self-service platform

RedSwan uses the Polymath Token Studio, the self-serve platform that makes it easy to create and manage security tokens.

RedSwan enjoys the flexibility of the platform, which does not require any commitments with Polymath or ongoing fees. They access functionality like token symbol reservation and token creation on a pay-per-use basis.

The largest tokenization

Potentially the largest tokenization by a single entity to date, RedSwan has tokenized $2.2 billion in commercial real estate.

This represents top-tier properties including mid-rise and high-rise apartments in California, New York, and Texas. Through tokenization, RedSwan can finally open up these Class A properties, typically reserved for large real estate funds with more than $100 million to deploy.

The smoothest experience

The Polymath Token Studio has a very easy-to-use interface, even for a non-technical user.

RedSwan created tokens for 12 properties in roughly one hour; the smoothest experience they could find for creating security tokens. Built-in programmable smart contracts enable RedSwan and their partners to quickly and easily manage who can hold tokens and how they can be traded.

> It's awesome that **I can spend my time on business development,** knowing Polymath is focused on building next-level technology that is relevant for our success.

— *Ed Nwokedi, CEO & Founder, RedSwan CRE Marketplace*
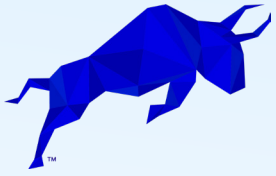
Learn more about
the technology powering RedSwan

Polymath makes it easy to create and manage digital securities on the blockchain.

VISIT OUR WEBSITE

POLYMATH