Deposit to earn rewards
Sign up and deposit to receive up to 10,055 USDT in bonuses.
Exclusive for new users only.
Get it now

NFT Rental Will Change Your Life — an Airbnb of the Metaverse

Original:
https://www.btcc.com/en-US/academy/research-analysis/nft-rental-will-change-your-life-an-airbnb-of-the-metaverse

The non-fungible token (NFT) rental marketplace is demonstrating a major potential for growth, meriting a close watch as the "Airbnb of the metaverse," according to a recent report by Asian digital asset platform Matrixport.

Observing the current landscape, said the report, NFT financialization is "distinctively divided into the five verticals of fractionalization, rental, pricing, lending and aggregation."

It argues that, in order for liquidity and yields to be generated from NFTs, "these key primitives have to be built for the financial layer to function efficiently and scale."

In principle, according to the study, NFT rental can take the shape of:

- collateral-backed rental in which renters deposit assets as collaterals managed by the protocol;
- wrapped NFT and custody by the marketplace under which renters pay rent and obtain a wrapped NFT, while their lenders lock the tokens into the protocol and secure rent;
- expirable dual-role NFT which allows renters to take the role of users and the NFT expires automatically once the rental period is over.

The report's authors argue that the NFT rental market remains top of mind as a large-scale adoption of blockchain games, guilds, and metaverse is imminent. Rapid development of such virtual experiences is expected to result in large amounts of idle NFTs which will be held by users, guilds, and projects.

“Therefore, it is crucial to have an active rental market available to bring down cost to participate and increase existing users’ engagement through rental income,” according to Matrixport, adding that:

“Our thesis in this vertical is that a collateral-free rental model with a product design to separate ownership and utility of an NFT would prevail in this market.”

At the same time, the authors admit that, as there are no universal minting standards built around NFTs with regards to the separation of ownership and utility, NFT rental protocols in this space would need to closely cooperate with projects to develop reputation and trust around their services.

The report states that projects such as Double Protocol, reNFT, IQ Protocol, and Pine Loans are attempting to develop solutions to this problem using various designs.

It concluded that,

“On top of the separation of ownership and utility of NFTs, we can expect new uses cases such reserving or subletting NFTs (i.e. the Airbnb model in NFTs), installment loans, and buy-now-pay-later options to be developed, which will unlock a new array of applications for games, guilds, metaverses and NFT projects for users to utilize.”