

# NFT auction prices signal a blockchain bubble

## Article

NFT mania is starting to look a lot like a virtual assets bubble. From the **memes**, to **architectural renderings**, to metaverse **land grabs**, non-fungible tokens tied to a wide range of digital assets are garnering wildly speculative auction prices and manufacturing a sense of scarcity and value.

**What the NFT?:** NFTs function as deeds or exclusive rights to ownership over digital assets. Value is created in the scarcity of the digital token. So while anyone might be able to download the image or GIF associated with a given NFT, the value is created in the record of

the transaction, tracing provenance between issuer and buyer. Since we **first wrote** about NFTs at the beginning of March, the **explainers have proliferated** (unfortunately).

**The mania:** Who needs **tulips** when there are digital assets to detach from intrinsic value?

- **Jack Dorsey's** first tweet **sold** for exactly \$2,915,835.47 this weekend.
- **Christie's** auction for **Beeple's** composite collage **garnered** \$69.3 million.
- **Musicians** like **Kings of Leon** and **3lau** are dropping tokenized releases.
- **Brands** from **Charmin** to **Taco Bell** are getting in on collectibles.
- **Quartz** tried saving journalism by **selling** an article for \$1,800.

**Blockchain hype:** NFT's trace provenance and chains of ownership of tokens on the blockchain, or the distributed ledger architecture. Despite becoming increasingly strategic to enterprises over the last three years, a 2020 **Deloitte survey** of blockchain-knowledgeable global executives found that **54% think blockchain is overhyped**, up from **39%** two years prior. The speculative NFT prices may be riding on that **bitcoin/blockchain hype cycle**.

**NFT, WFT?:** The words "just setting up my twttr" still live freely available **for all** to see. The new owner of Jack Dorsey's inaugural tweet essentially bought an autographed file that links to the **metadata** of the tweet itself. If that doesn't melt your brain, well, you probably have too much money lying around—in which case, **John Cleese has an NFT bridge he'd like to sell you**.

**Attitudes Toward Blockchain Technology According to Executives Worldwide, 2018-2020**

% of respondents

**Blockchain technology is broadly scalable and will eventually achieve mainstream adoption**



**Our suppliers, customers, and/or competitors are discussing or working on blockchain solutions to current challenges in the value chain that serves my organization**



**Our executive team believes there is a compelling business case for the use of blockchain technology within my organization or project**



**My organization or project will lose a competitive advantage if we don't adopt blockchain technology**



**Blockchain is overhyped**



■ 2018                      ■ 2019                      ■ 2020

Note: strongly or somewhat agree

Source: Deloitte, "2020 Global Blockchain Survey," June 16, 2020

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