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Stock Market Investing Tips, Techniques, and Resources



Value vs Growth in NFT Investing

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A new investment niche that has been steadily gaining traction is non-fungible tokens or NFTs. We recently posed the question, [is an NFT a good investment](#)? These blockchain creations range from video clips to artistic images, or things as weird as William Shatner's dental x-rays. This is an interesting and potentially profitable investment niche but how do you approach these investments? Is this like investing in fine art? Is there any way to assess [intrinsic value](#) of these investments? Does the concept of value vs growth in NFT investing make any sense?

How Can You Purchase an NFT?

A non-fungible token can be digital art that is created by an artist but when it is turned into an NFT is it minted. When an NFT is created it is available for purchase with a cryptocurrency. Most commonly this cryptocurrency is Ethereum. You will need to purchase a newly minted NFT on a crypto exchange like Coinbase Global. You will transfer your cryptocurrency to a crypto wallet and then connect to a marketplace for NFTs. There you can browse like on any online store. OpenSea, Rarible, Foundation, and Binance all have NFT marketplaces. For music NFTs The Musician Marketplace is a good option and NBA Top Shot is licensed by the NBA to offer NBA highlights. Once you are the owner of an NFT you will generally sell via cryptocurrency but that is not necessary.

What Determines NFT Price?

The creator of an NFT will ask for a given price for their minted creation. As in any market, supply and demand take hold and an NFT that is priced too high will not sell and one that is priced very low will sell in a hurry. These are unique creations whose existence is entirely as coded entities in the blockchain. So, how do you place a value on them. If you purchase an exquisitely beautiful digital image, you own the original, but it can be copied exactly, pixel by pixel. This is much like owning an original piece of fine art like a Rembrandt or Picasso. If you want to invest in NFTs to make money how do you assess value vs growth in NFT investing?

Rarity of an NFT

Digital art that is one-of-a-kind by a well-known artist, associated with a well-known person, or related to a luxury brand will generally command a higher price than similar items that are essentially "mass produced" by lesser-known artists. As with fine art, if the bit of digital art fits into a story that makes it more valuable. Was the artist working to describe the horrors of the

war in Ukraine? On the other hand, this sort of story will fade with time as memory of war always does. But, in the short term such a story will make the digital item more valuable.

Usefulness of an NFT

Although NFTs are intangible they can have use in an intangible world such as an online game. The game Decentral Land allows for land ownership via NFTs. As the game grows in popularity the value of one's "land" in the game becomes more valuable to those who are interested. This approach mixes both value and growth in its approach to investing in NFTs. And like with stocks in companies, the investor needs to pay attention to stats on how many people are playing the game.

NFTs With Links to Tangible Things

If an NFT is related to an object in the real world like a photo of a famous person at an important time or an image of a ticket to a famous concert, it has some non-digital basis for value. A more important factor is when an NFT provides satisfaction to its owner like a beautiful image or has a useful purpose as with a "deed" to land in an online game. That usefulness or satisfaction will likely transfer to the next owner and contribute to its value. Think of this like investing in a value stock versus a growth stock.

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