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DOMAIN MARKET STUDY

1ST QUARTER 2012

The first quarter of 2012 was, overall, a strong one for Sedo's Domain Marketplace. 10,133 transactions closed, with a total sales value of over $19 million, making Q1 2012 Sedo's strongest quarter since Q2 2011. This quarter's Market Study contains new graphs and charts, detailing the mean, median, and mode prices for domains during Q1 2012, which sheds light on the most common prices for domains sold on our marketplace and offers more insight into Buy Now sales. All sales figures are in US dollars (USD) unless otherwise noted.

This quarter showed the highest number of Buy Now sales ever, making this the most popular sales method for domain owners listing names at Sedo. Buy Now sales occur most frequently via the SedoMLS Promotion Network, the world's largest domain distribution network for domains with a set price. After setting a Buy Now price on a domain at Sedo, buyers can search for and purchase that name directly at their registrar. In recent years, this initiative has attracted more new buyers—often end users searching for a premium name— than any other initiative in the domain name market.

Find more information on SedoMLS at: www.sedo.com/sedomls

HIGHLIGHTS INCLUDE:

- Buy Now accounted for more sales in Q1 2012 than any other listing type for the first time
- Which TLDs had the highest mean, median, and mode prices in Q1 2012
- IDNX updates for Q1 2012, showing record-high prices in the domain market

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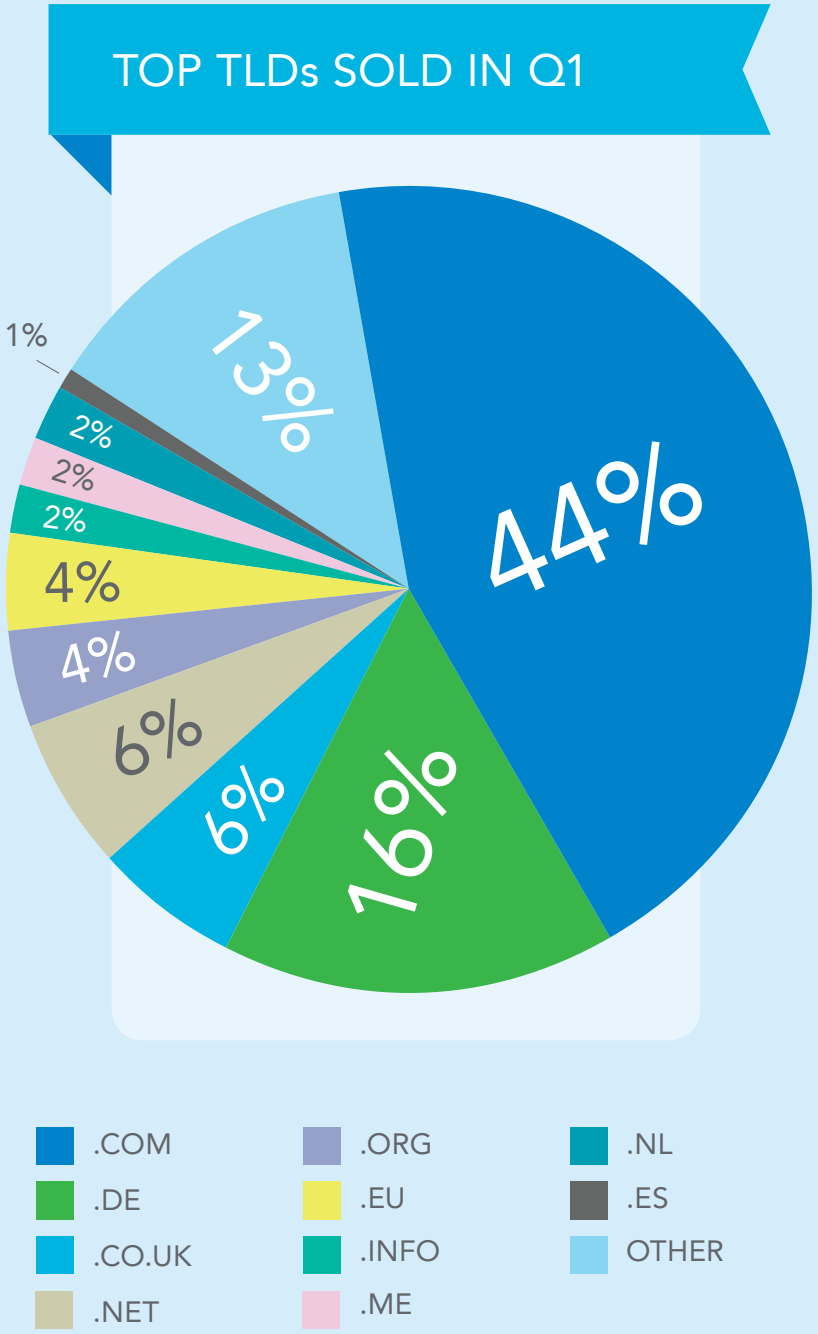
1. TOP TLDs SOLD IN Q1 2012

Accounting for 44% of sales, .com remained the most frequently sold TLD on Sedo's Domain Marketplace during Q1 2012, while .de was second at 16%. This closely parallels the results for 2011 as a whole. In comparison to Q1 2011, this is a slight decrease for both, indicating that buyers have recently been investing in less common TLDs like .co and .me. The .net and .co.uk extensions were the next most frequently sold TLDs.

One change in the top ten TLDs was the reappearance of .es, which had dropped out of the list to be replaced by .co in 2011. This resurgence in popularity during Q1 2012 is likely due to an improved transfer process for .es domains, resulting in more companies buying .es names to expand their products and services in Spain.



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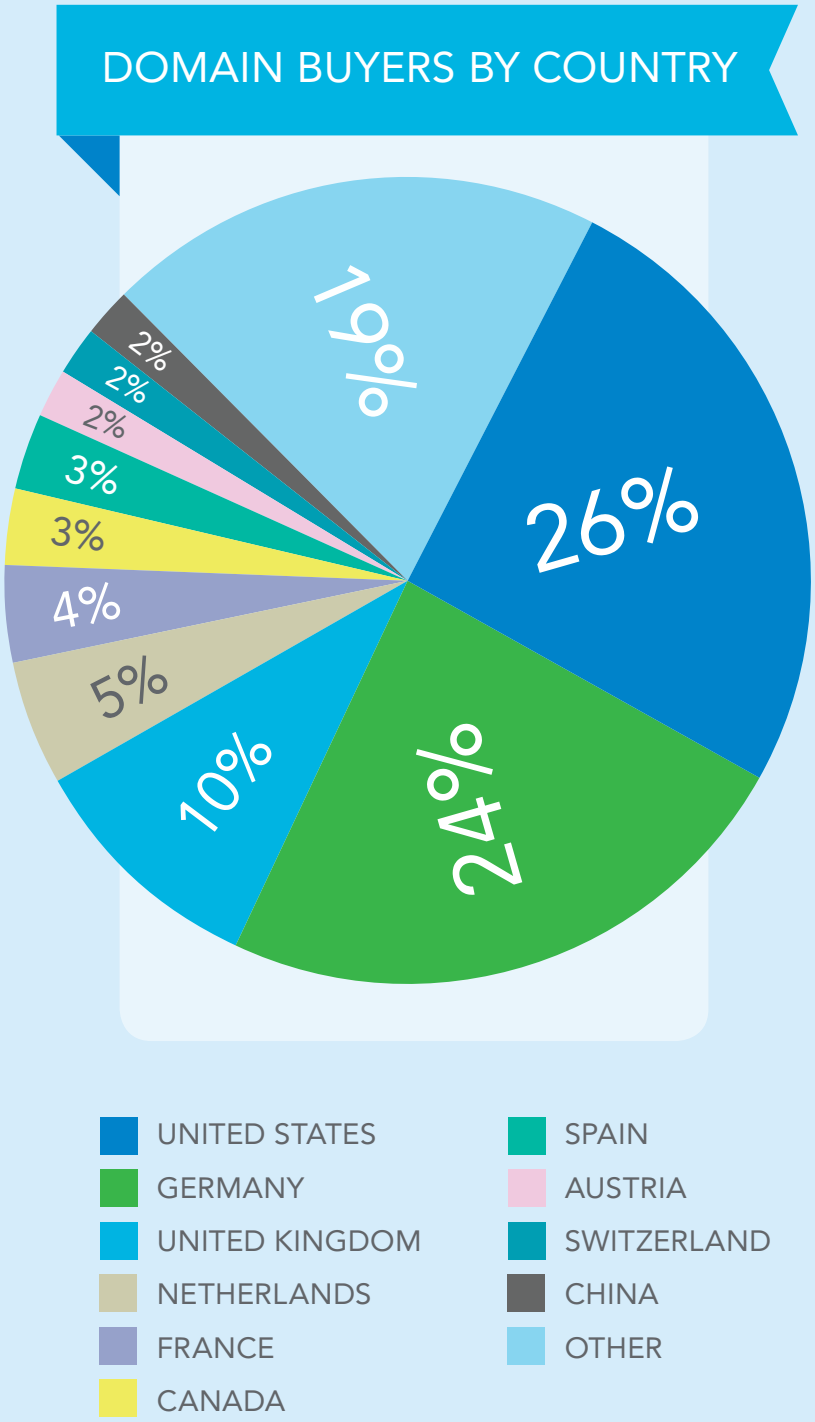
2. DOMAIN BUYERS AND INTERNATIONALITY

Sedo's international sales team consists of nearly 30 brokers who speak more than 20 languages, making Sedo an international industry leader. The most notable change in the top countries of buyer origin during Q1 2012 was the increase in buyers from China. This is most likely related to the growth of the SedoMLS domain distribution network, which reaches more buyers globally than ever before. In conjunction with our international sales team, the network helps sellers reach more potential buyers in over 160 countries.

Other buyer origins closely follow patterns seen throughout 2011; however, more buyers in Q1 2012 originated from the US than any other country—a change from 2011 as a whole, when Germany topped the list.



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3. SALES VOLUME

The graphics to the right show Q1 2012 sales volume quarter over quarter, and month over month. On the heels of two weaker quarters, sales volume increased in Q1 2012, indicating a strong start to the new year. In total, there were 10,133 transactions.

Month over month, there was also an increase in domain transactions due to multiple new registrar partners, including the world's largest registrar, Go Daddy. With more partners joining our domain distribution network, more domains from the aftermarket are offered to end users searching for the best names for their businesses or portfolios. IDNX, the domain name price index, indicated record high domain prices in March of this year (see more IDNX results in chapter 14). With higher sales figures, 2012 may become the strongest year in some time for the domain market.

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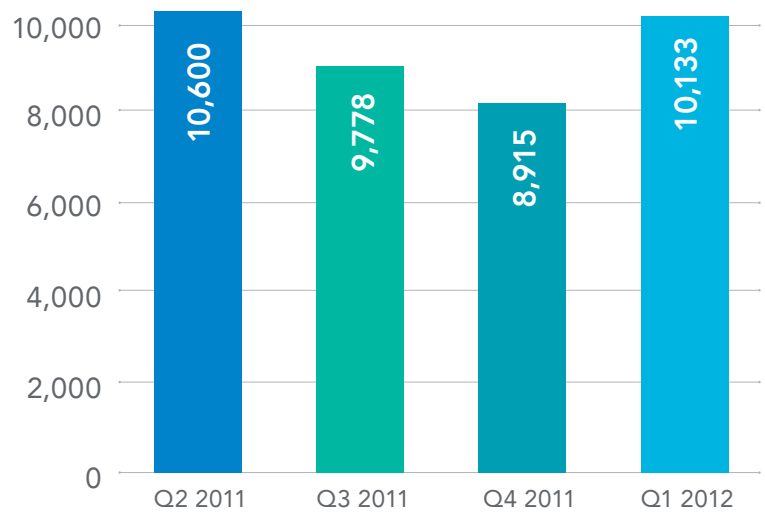
SALES VOLUME PER QUARTER



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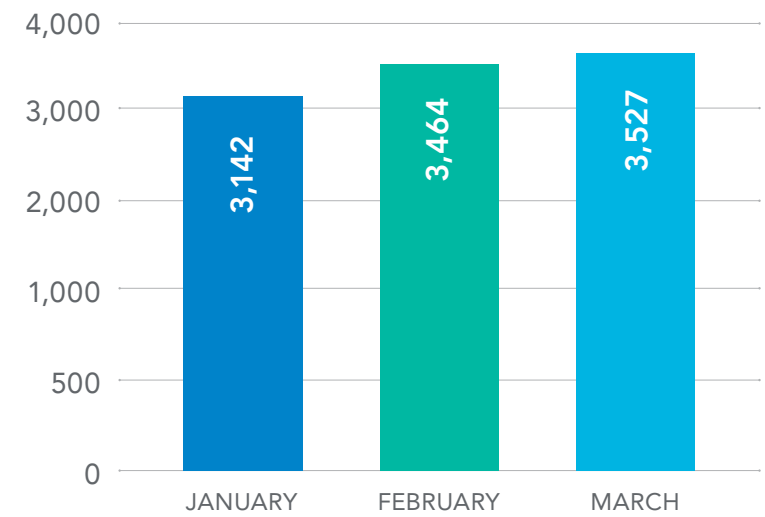
SALES VOLUME PER MONTH, Q1 2012



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4. SALES VALUE

Sales value also increased during Q1, as shown in the graphs to the right. Q1 2012 had the highest sales value since Q2 2011, with a total of $19,641,153. Interestingly, in a month by month comparison, February (in spite of being the shortest month of the year) boasts the highest figure of the quarter due to a number of high-value transactions.

The increase in sales value also indicates an upswing in the domain economy, with buyers more willing to spend to acquire a premium domain for their portfolio or business.

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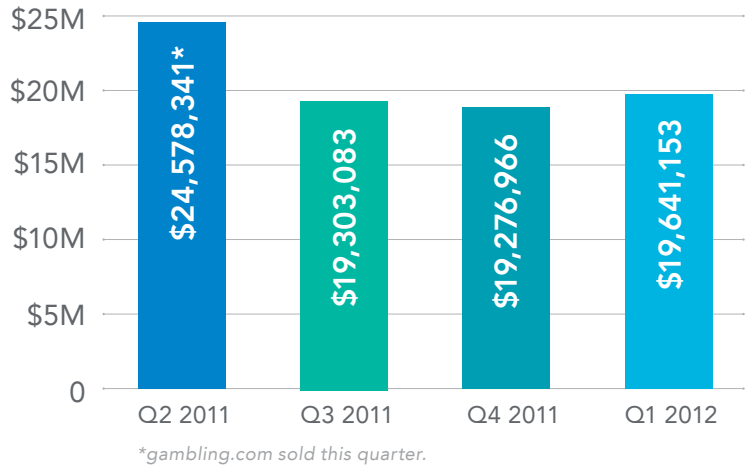
SALES VALUE PER QUARTER



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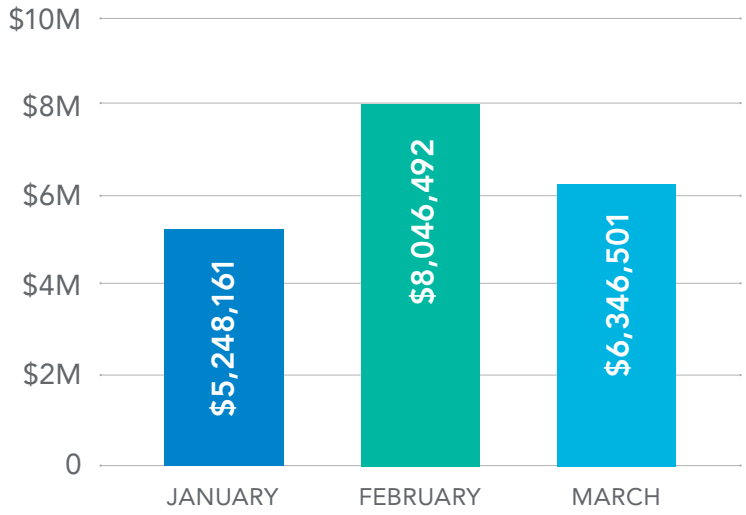
SALES VALUE PER MONTH, Q1 2012



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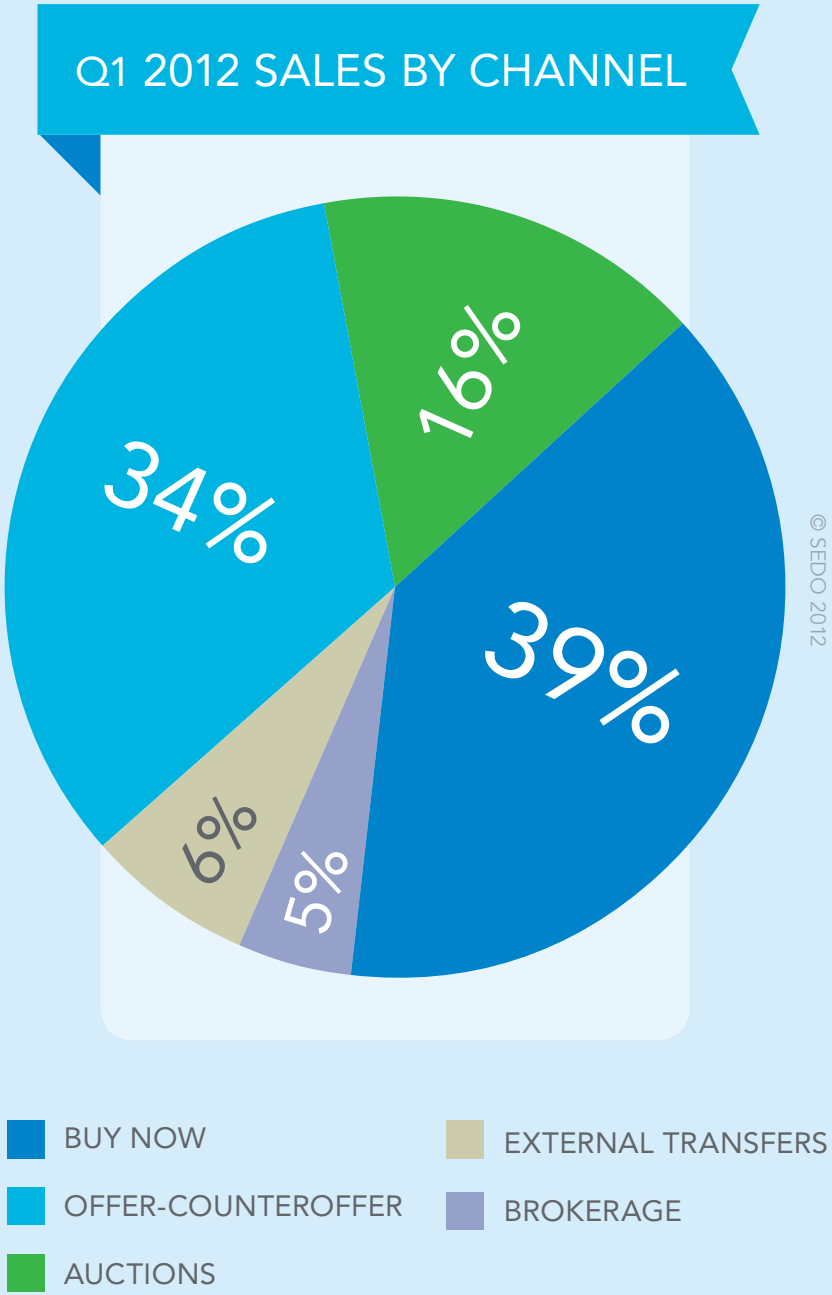
5. MOST POPULAR SALES CHANNELS

One notable change this quarter happened in the division of sales. For the first time ever, Buy Now listings accounted for more sales during Q1 than offer-counteroffer listings. This speaks to the strength of the Buy Now pricing option, which enables owners to sell domain names instantly to end users around the world.

A huge 39% of all sales were from Buy Now listings, with offer-counteroffer at 34%. Historically, this is the largest gap between these two sales options that Sedo's Domain Marketplace has seen. Far behind in third place were auctions, accounting for 16% of all sales, external transactions at 6%, and brokerage at 5%.



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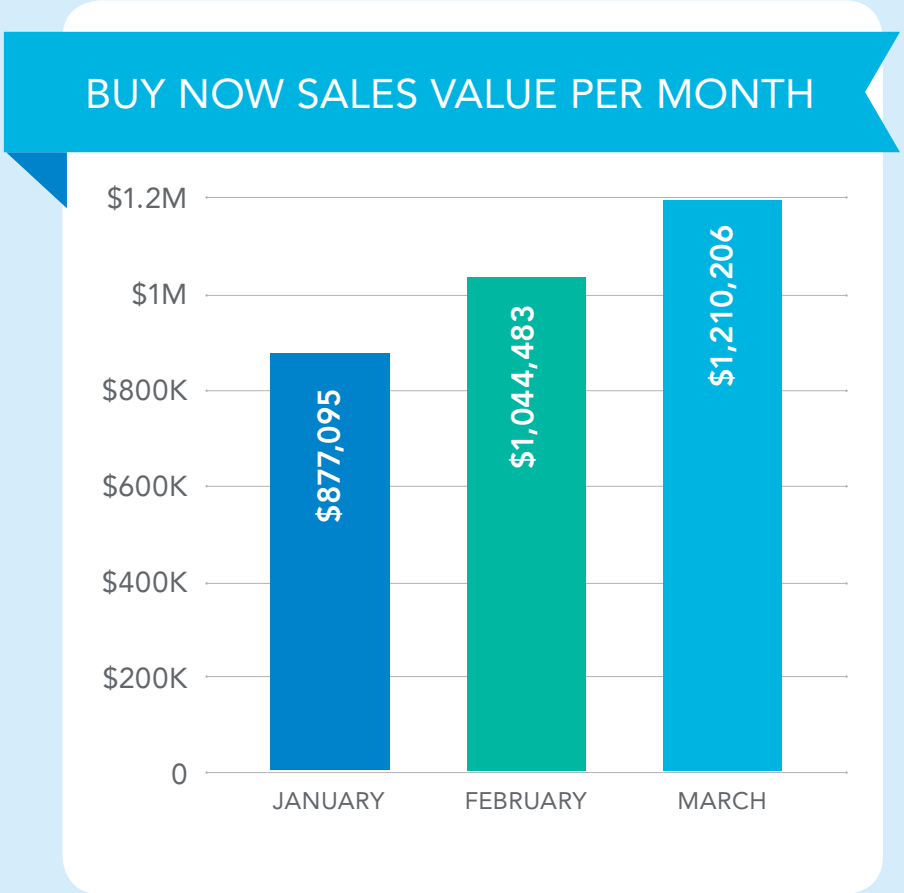
6. BUY NOW OVERVIEW

Buy Now sales value grew dramatically over the course of Q1. From January to March, there was an increase of more than $300,000 in sales of Buy Now names, with March alone seeing more than $1,200,000 sales value for this method of selling names at Sedo.

This growth shows the success of domain pricing and the power of SedoMLS. Sedo expects to see continued growth in the popularity of this sales method during 2012.



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7. DOMAIN SALES BY PRICE RANGE

This chart shows the preferred price ranges for domain buyers. When compared to 2011 as a whole, domain sales per price range remained steady. There was, however, a slight increase (from 38% in 2011 to 40% in Q1 2012) in the number of domains sold between $500 and $2,500, indicating a healthy market in the first quarter.

Once again, 85% of names sold for $2,500 or less, showing that affordable end user sales play a large role in the domain market. Traditionally, the higher the value of a domain sale, the more brandable or generic the name is. Shorter domains also tend to sell at higher prices (see section 8, below).

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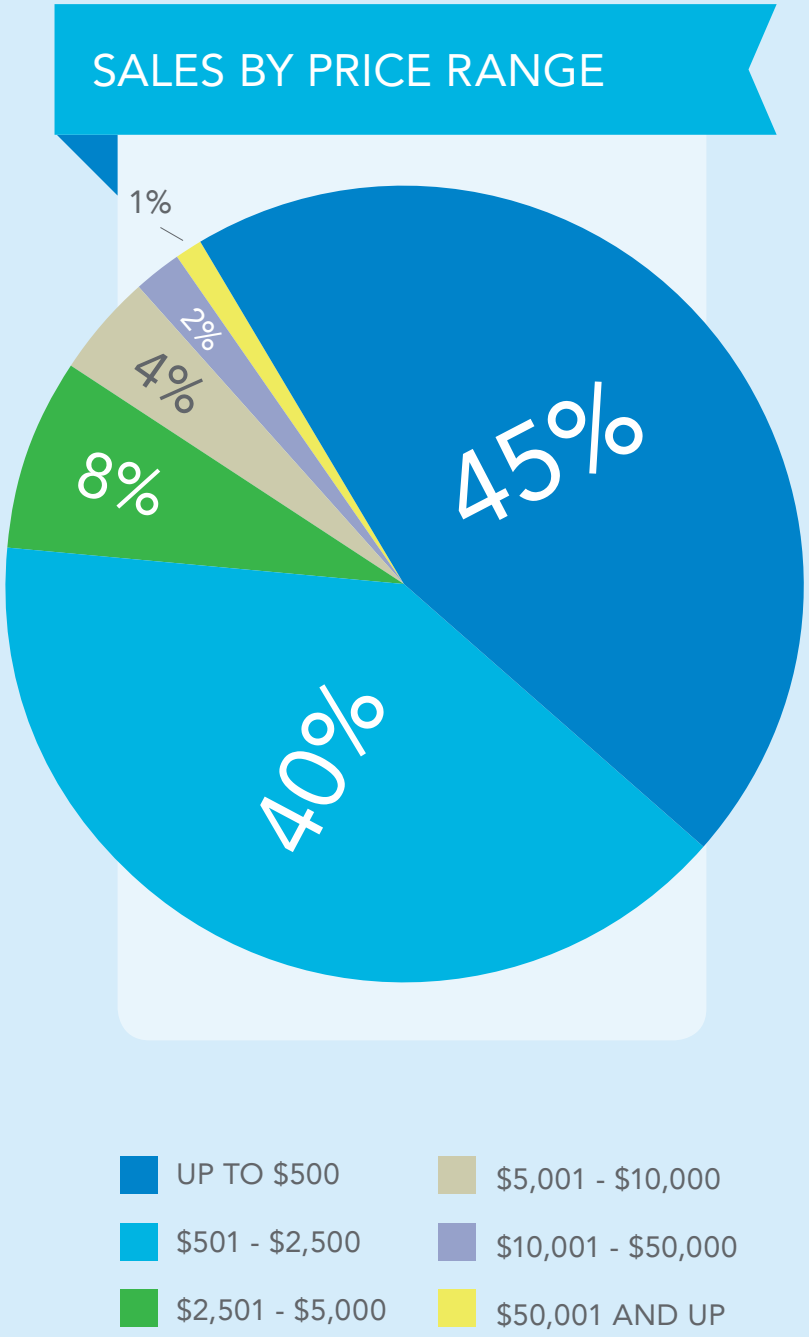

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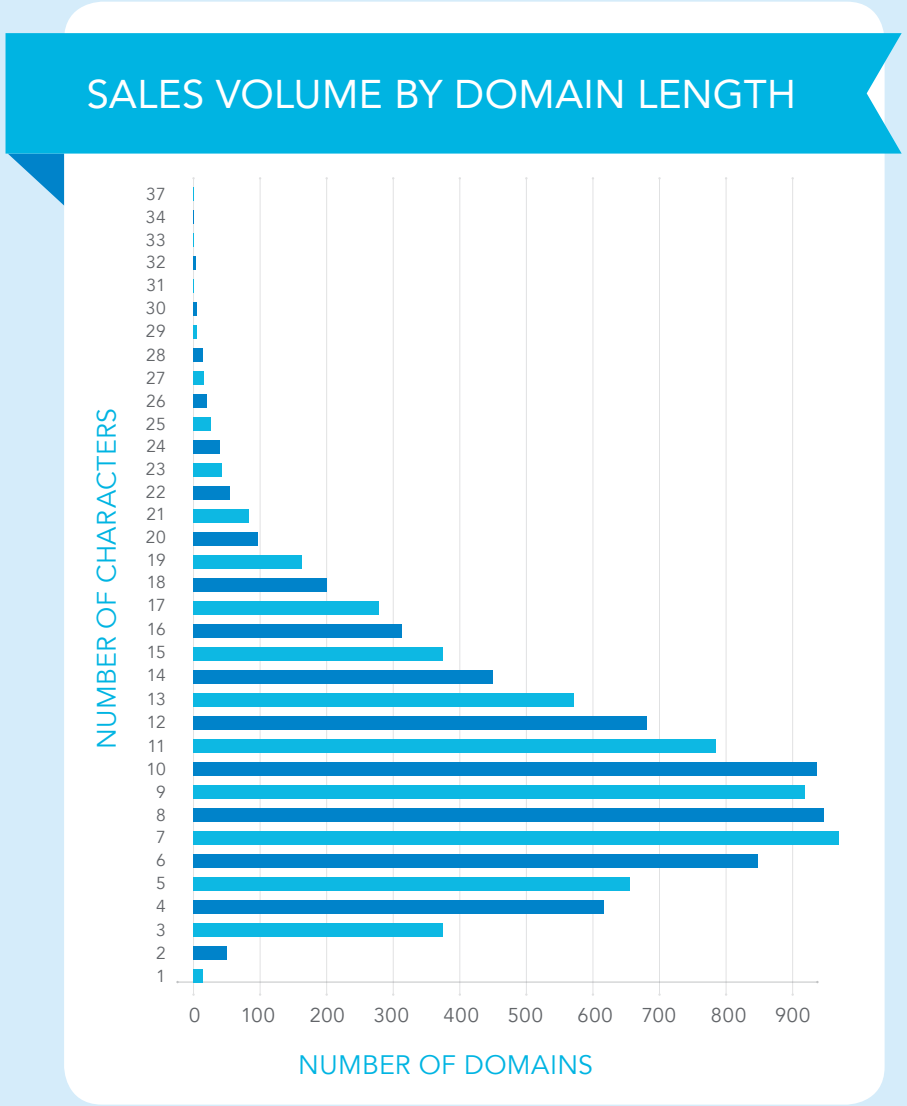
8. DOMAIN LENGTH

In general, the rule has always been: the shorter the domain name, the more valuable it is. As in 2011 as a whole, the most popular domain length for Q1 2012 was between 7 and 10 characters. This quarter, the most frequent length was 7 characters, which is down one character from 2011 overall. This is not surprising in light of the overall higher sales figures this quarter—in general, shorter domains tend to sell at higher prices (e.g. sol.com at €98,000 and icn.com at $60,000). The longest domain sold during Q1 2012 contained 37 characters (private-krankenversicherung-vergleich.de for €5,000).



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9. MEAN, MEDIAN, AND MODE PRICES

Mean, median, and mode sales prices give a good overview of domain values from different perspectives. The mean is the overall average price, while the median factors out especially high- or low-value sales, and the mode shows us the most frequent sales price for the quarter.

The mean (average) sales price for Q1 was $1,938, which shows a strong overall market, since prices can range from less than $100 to over $1 million. The median for Q1 2012 was $600, and the mode was $500. This shows that the largest proportion of sales happen in the $500-$600 range and suggests that buyers tend to prefer a round purchase price. These averages may help domain sellers set Buy Now prices for their names.

The mean (average) Buy Now price in Q1 was just over $800, signaling that buyers are willing to pay more for a domain they need, so long as it has a set price and can be purchased easily and quickly.

AVERAGE SALES PRICES BY MONTH & BY QUARTER

	MEAN	MEDIAN	MODE
JAN.	$1,670.32	$570.00	$280.00
FEB.	$2,322.89	$600.00	$500.00
MAR.	$1,799.40	$622.00	$500.00
Q1 2012	$1,938.34	$600.00	$500.00

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10. COMPARISON OF MEAN SALES PRICES

A) MEAN SALES PRICES BY gTLD

The mean sales price of the top gTLD, .com, was $2,347 during Q1 2012. The extensions .org, .biz and .info have increased in value since last quarter, whereas .net saw a slight decline.

B) MEAN SALES PRICES BY ccTLD

The .de extension showed strong growth, increasing significantly in value to $1,454 this quarter. With the exception of .eu, other ccTLDs saw even greater increases. At $1,870, .fr had the highest average sales price, and the .at extension also saw a significant increase from $867 last quarter to $1,484.

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MEAN SALES PRICE BY gTLD

gTLD	Q2 2011	Q3 2011	Q4 2011	Q1 2012
.COM	$3,114	$2,496	$2,762	$2,347
.NET	$1,611	$1,430	$1,809	$1,619
.ORG	$1,384	$1,189	$1,130	$1,225
.BIZ	$1,275	$1,122	$883	$1,011
.INFO	$1,005	$1,182	$757	$896

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MEAN SALES PRICE BY ccTLD

ccTLD	Q2 2011	Q3 2011	Q4 2011	Q1 2012
.DE	$1,430	$1,715	$930	$1,454
.AT	$1,130	$1,142	$867	$1,484
.FR	$3,473	$2,288	$1,636	$1,870
.ES	$3,540	$2,418	$1,411	$1,582
.CO.UK	$1,824	$1,880	$1,375	$1,743

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11. COMPARISON OF MEDIAN SALES PRICES

In terms of median sales prices, the .com extension has climbed year over year; in Q1 2012, it reached a median value of $653, the highest since early 2011. Overall, other gTLDs remained fairly stable, with small fluctuations in value over the past year.

12. TOP 10 PUBLIC SALES

The list to the right shows the top 10 public sales via Sedo's Domain Marketplace in Q1 2012. Over 80% of Sedo's sales revenue is private, and is not included on this list. Sales prices are in the currency of each transaction.

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MEDIAN SALES PRICE FOR gTLDs

TLD	Q2 2011	Q3 2011	Q4 2011	Q1 2012
.COM	$490	$650	$650	$653
.NET	$416	$550	$515	$500
.ORG	$383	$500	$500	$500
.BIZ	$300	$448	$379	$399
.INFO	$344	$519	$410	$351

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TOP 10 PUBLIC SALES

DOMAIN	SALE PRICE
kboing.com	$150,000
sol.com	€98,000
channel.com	$125,000
end.com	$100,000
online-casinos.de	€65,000
onlinecasinos.de	€65,000
timekiwi.com	€50,000
explain.com	$65,000
icn.com	$60,000
smartstop.com	$59,000

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13. SALES BY CATEGORY

Sedo tracks all domain sales by category, with more than 200 categories in total. The list to the right shows the top categories for Q1 2012, which remained similar to those in 2011, albeit with Computers and Business moving into spots 1 and 2. Examples in the Computers category include vpnservices.com and freewebhosting.net. Business domains include optionstrading.org. The Internet category included names such as blogpower.de.

TOP 10 CATEGORIES

1. Computers
2. Business
3. Internet
4. Shopping
5. Health
6. Travel
7. Recreation
8. Sport
9. Finance Services
10. Society

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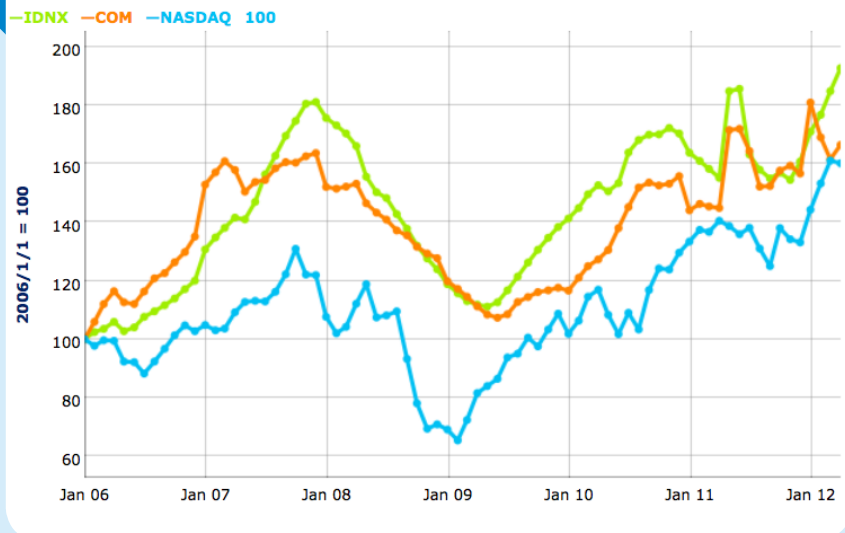
14. IDNX – THE DOMAIN NAME PRICE INDEX

IDNX has shown consistent growth for five months running, and figures for March 2012 have broken previous records. This suggests that the domain market has rebounded from the slump of 2011, and that the remainder of 2012 could reach even greater heights. March showed an increase of +4.2% in domain prices. This growth exceeds the more modest upswing for share prices in the IT and technology sectors. In spite of this, IDNX correlates to other economic indices, proving that domain prices are at an all-time high without being inflated. Alongside higher prices during March, there was also a strong increase in the number of transactions taking place via Sedo's Domain Marketplace.

IDNX is the first standardized pricing index for the domain market; it adds transparency and provides domain investors with a means to track their investments. IDNX is currently available at the Bloomberg and Reuters sites under the symbols IDNX <index> and .IDNX, respectively.

Find out more at Sedo.com/idnx

DOMAIN PRICES COMPARED TO THE NASDAQ 100



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15. CONCLUSION

The first quarter of 2012 was strong for Sedo's Domain Marketplace, showing growth in sales volume, sales value, and domain prices reported by IDNX. With a large number of new registrar partners joining the SedoMLS network, Q1 2012 set the stage for Buy Now prices to become vital to the domain market as a whole. Our focus in 2012 remains bringing buyers and sellers together in order to make domain sales faster and simpler.

The market's strength is evident, with three consecutive months of growth according to IDNX. Record-high values in March indicate that the domain market should remain stable and healthy for the remainder of 2012. Sedo will continue to invest in new pricing and appraisal services over the course of the year, giving domain experts and end users the right tools to successfully assess the value of domains.

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