

2011 Annual Domain Market Study

With Q4 2011 Review

Looking at the performance of the domain market in 2011 provides an invaluable glimpse into the ways in which end users' behavior is changing. Although the year saw fewer domain sales and lower sales revenue than 2010, the median prices of almost all domain extensions increased, with the most notable growth among TLDs that are seen as a viable alternative to the ever popular .com. In total, there were 39,951 domains sold across Sedo's Domain Marketplace in 2011, with the majority of sales in the first half of the year. The total sales volume was \$84,431,965, although 80% of sales revenue consisted of confidential sales. When taking into account that the world's highest-value domain sale—sex.com at \$13 million—took place in 2010, the market has stayed relatively stable in 2011. The 2011 Market Study also features a new graph, charting the frequency with which certain lengths of domain names are sold on our marketplace, and also touches on the increase in median prices for alternative TLDs such as .biz, and the growth of newcomers .co and .me.

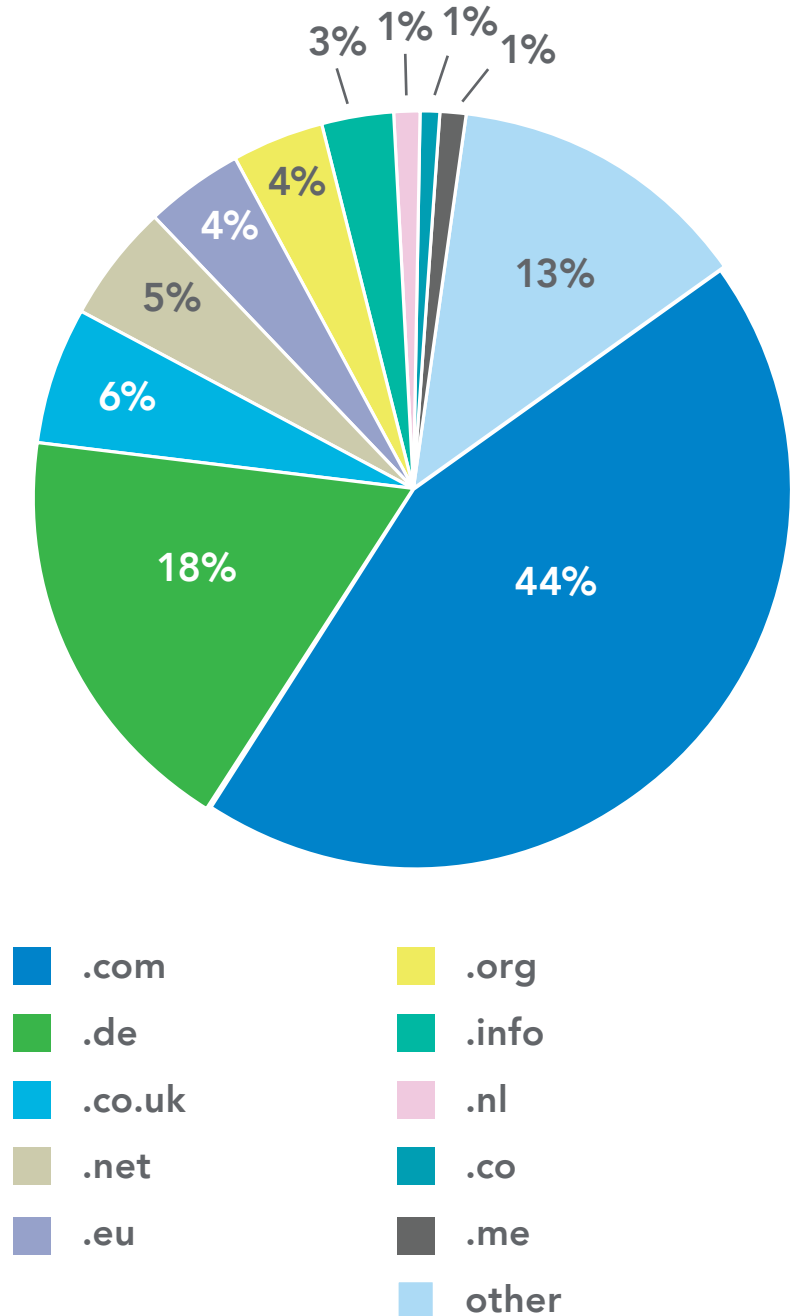
Highlights include:

- ▶▶ **The domain market performance in 2011:** An overview of average & median prices, and how domains paralleled the NASDAQ
- ▶▶ **New statistics:** The most popular length for domains sold at Sedo, and the most popular price points
- ▶▶ **How end user behavior is changing:** Buy Now sales increase, and SedoMLS sales show higher median prices
- ▶▶ **The growth of alternatives to .com:** The .co and .me extensions enter our top 10 most frequently sold TLDs

1. Division of generic Top Level Domain (gTLD) and country code Top Level Domain (ccTLD) sales for 2011

At 44%, .com domains were the most frequently traded in 2011, with .de names a strong second at 18%. 2011 saw 150 different TLDs being traded on the marketplace, and for the first time, previous top ten candidates such as .fr and .es dropped down the list to be replaced by .co and .me.

Top 10 TLDs Sold in 2011

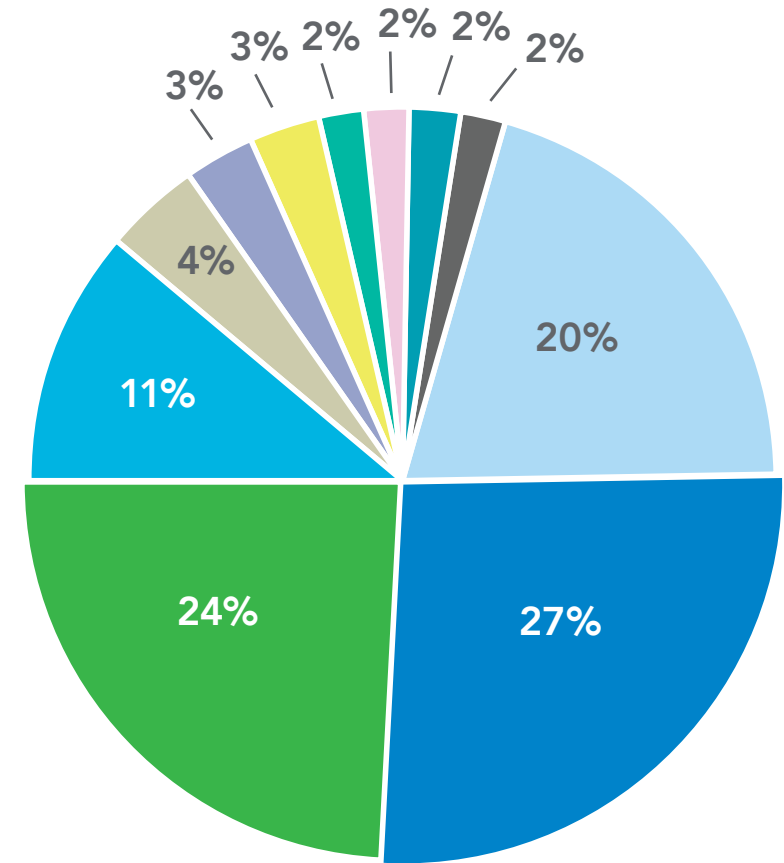


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2. Domain Buyers and Internationality

Sedo's large brokerage team, which offers support for more than 20 languages, continues to help connect international sellers and buyers. Our partnerships with numerous registrars and registry providers mean that domain sellers can reach more than 160 countries worldwide through listing at Sedo. The chart to the right shows the most frequent countries of origin for domain name buyers.

Domain Buyers: Top 10 Countries of Origin



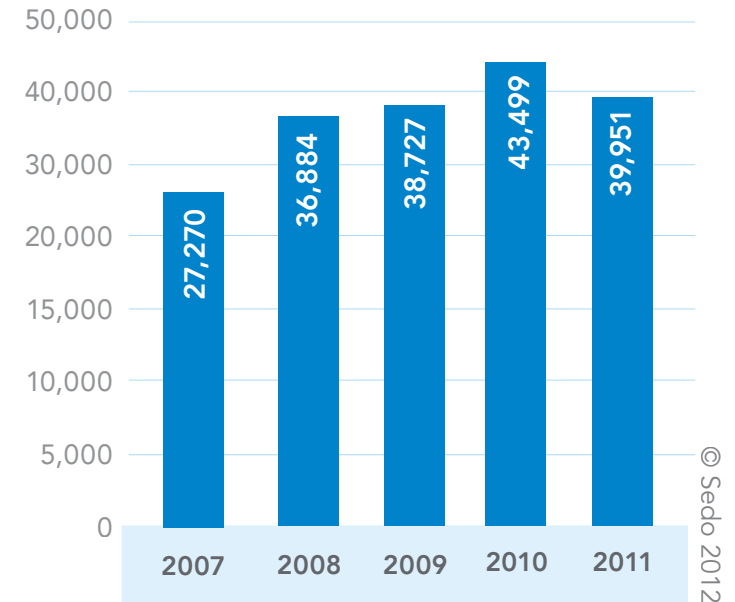
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- Germany
- United States
- United Kingdom
- Netherlands
- France
- Canada
- Spain
- Switzerland
- Austria
- Italy
- other

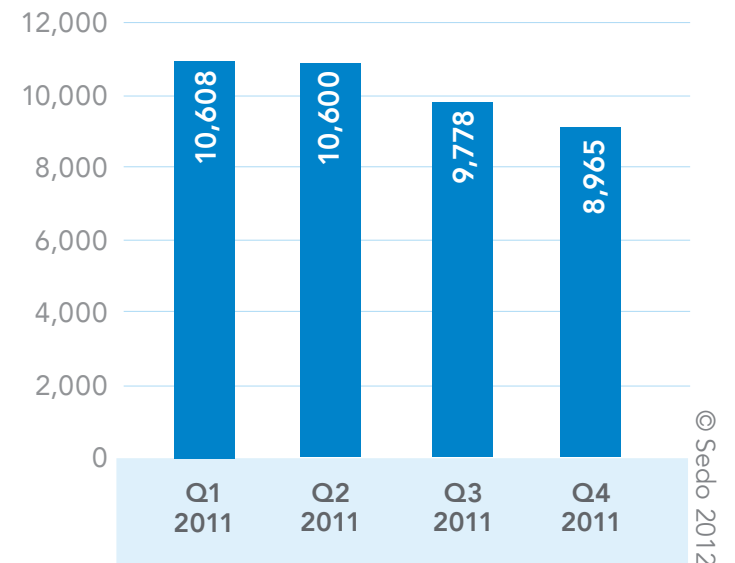
3. Sales Volume

The chart to the right shows the number of domains sold from 2007 to 2011. Despite a spike in sales in 2010, the figures have remained steady over the past several years. It remains to be seen how the potential influx of new gTLDs and domain names will affect the total number of sales in 2012 and 2013.

Sales Volume from 2007 to 2011



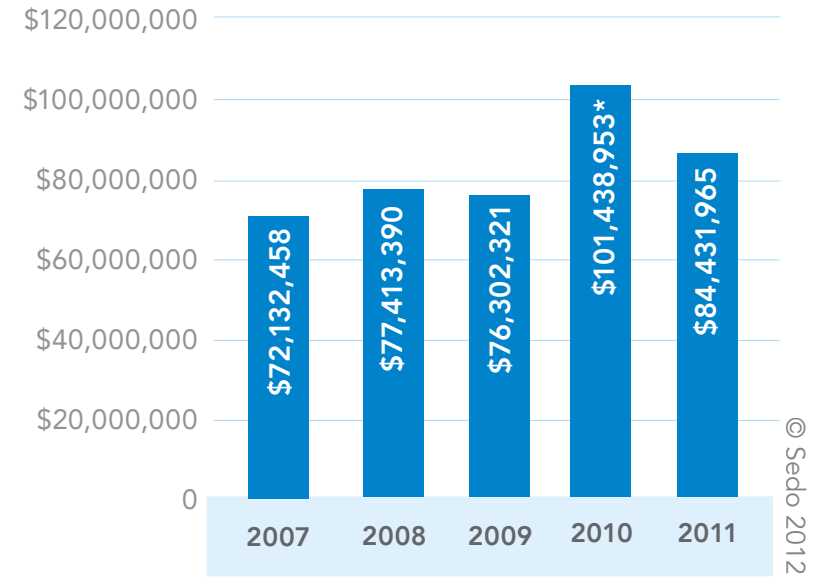
Sales Volume per Quarter



4. Sales Value

The charts to the right show the sales values for the years 2007 to 2011, as well as quarter over quarter for 2011. Sales volume in 2010 reached a high point, at \$101,438,953, likely due to the record-breaking sale of sex.com. Despite Q4 2011 showing the lowest number of domains actually sold on the marketplace, higher average prices meant that the sales value remained stable.

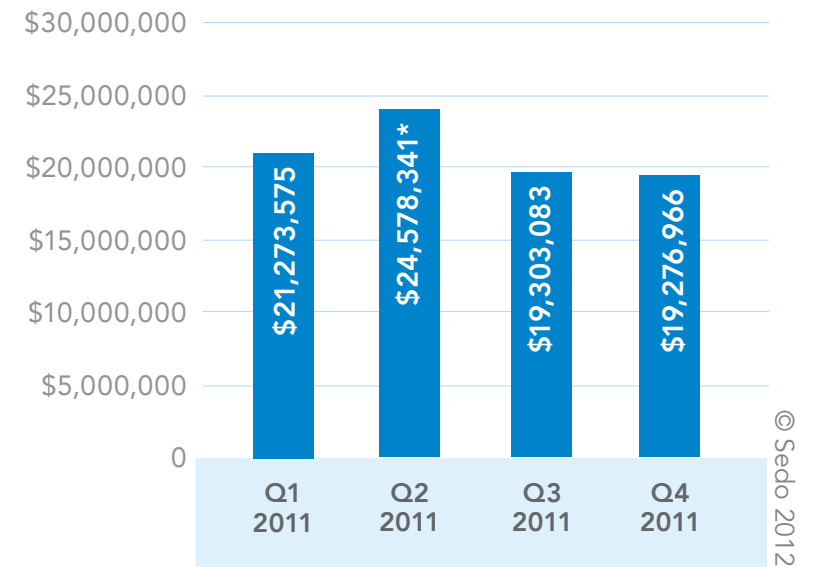
Sales Value from 2007 to 2011



*sex.com sold in this year.

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Sales Value in 2011 per Quarter



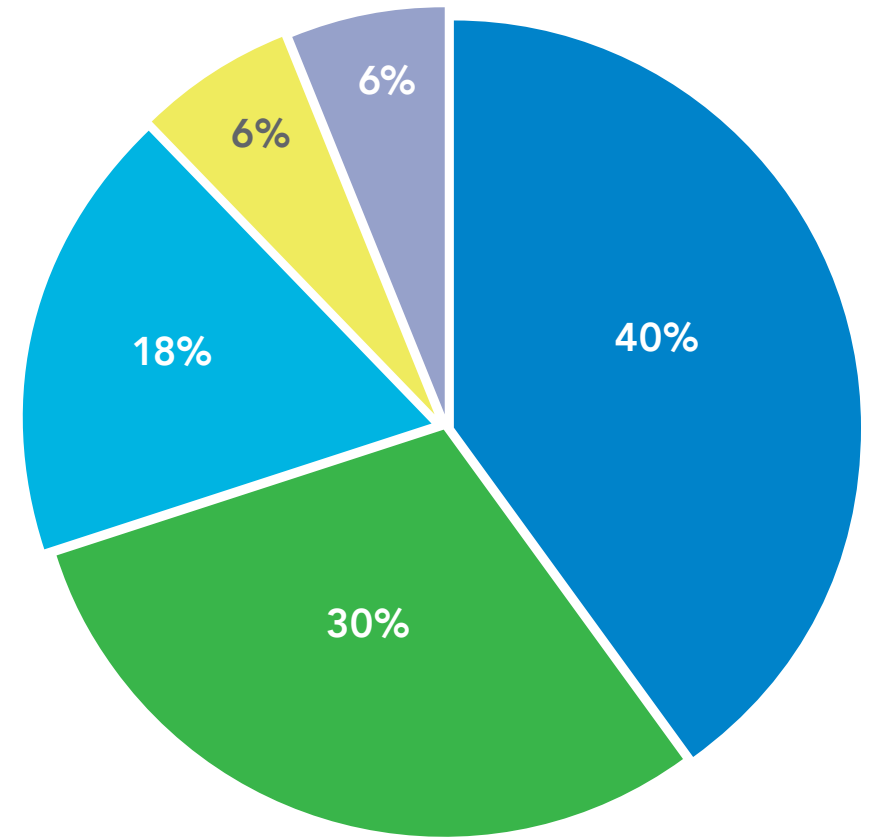
*gambling.com sold in this quarter.

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Sales Channels in 2011

5. Division of Sales Type

Sedo's Domain Marketplace offers the most options for any domain seller or buyer. The most common sales types are marketplace negotiations (Offer-Counteroffer) and Buy Now sales, followed by auctions and then brokered domain sales. The strong increase in Buy Now sales can be traced to the growth of the SedoMLS Promotion Network, with Buy Now accounting for 30% of all sales in 2011 as compared to 25% of all sales in 2010. During Q4 2011, the actual percentage of sales at Buy Now prices was closer to 40%, indicating that Buy Now may edge out the competition during 2012 and become the most popular sales method.



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6. Domain Sales per Price Category

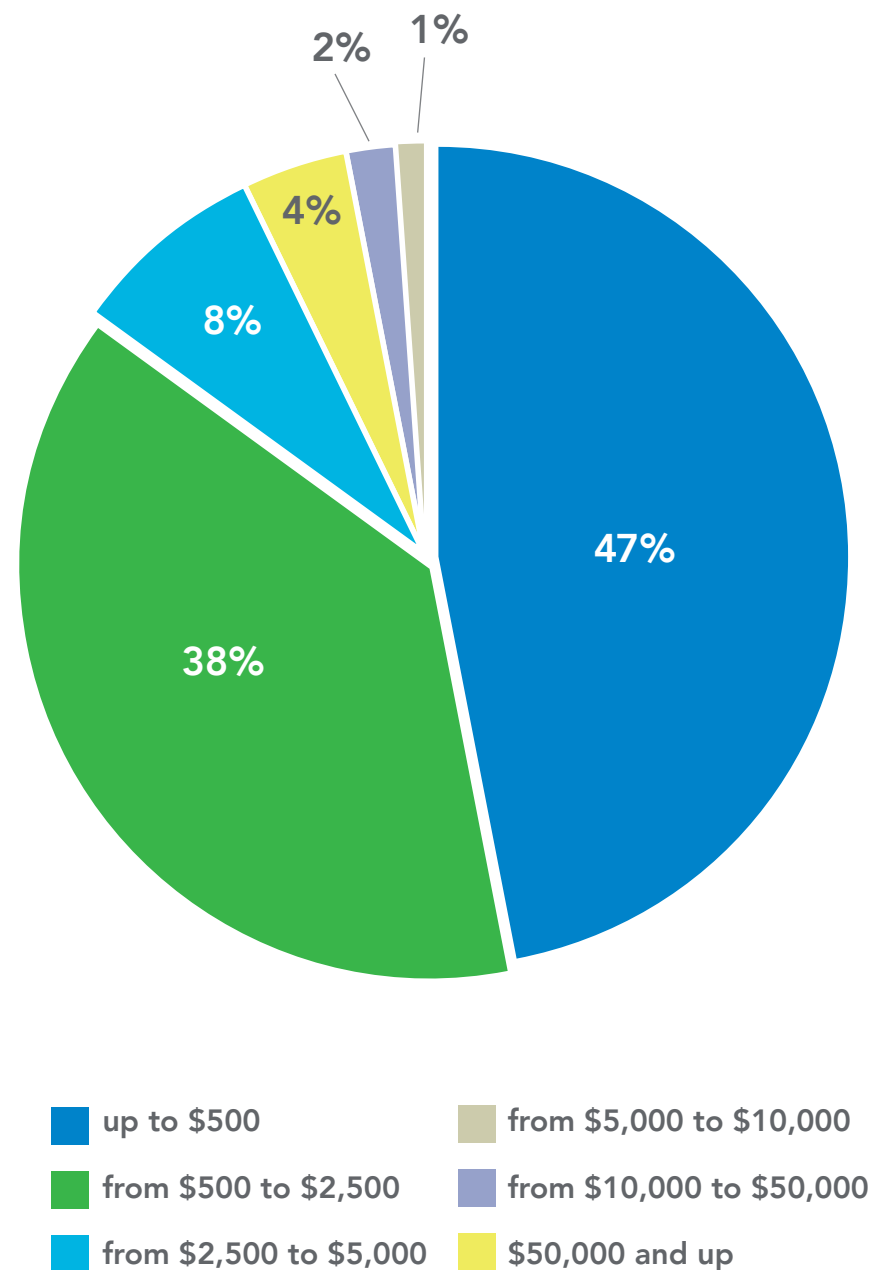
The chart to the right is a good indicator of the preferred price points for both end users and domain investors. A massive 47% of traded domain names during 2011 were sold at prices at or under \$500. Domains in this category typically consist of at least two keywords, though the keyword language does not always match the associated TLD. A majority of names in this price category are listed at Buy Now prices, which increases the chance of selling a domain name. This also accounts for why many sellers are choosing to use Buy Now prices for their domain portfolio.

Domains between \$500 and \$2,500 (38%) are frequently shorter, and often with more exotic TLDs, such as nex.tv (€2,500). With just 8% of the market, domains sold at prices between \$2,500 and \$5,000 are often more premium or generic and are frequently .com or other top-selling TLDs. As a more significant investment, it is unsurprising that this price range appeals to small-to-medium businesses and individual investors.

Any larger business may also choose to develop their domain name portfolio with top, premium, keyword-rich domains, however at a higher price point. From \$10,000 and up—just 6% of the market—these purchases are often by big brands or companies looking to expand online.

In general, Sedo's highest sales in 2011 were for domains that offered the most generic, or most brand-specific keywords in combination with the highest-value TLDs. For example, the sale of republic.com for \$200,000, or dudu.com for \$1 million.

Domain Sales per Price Category

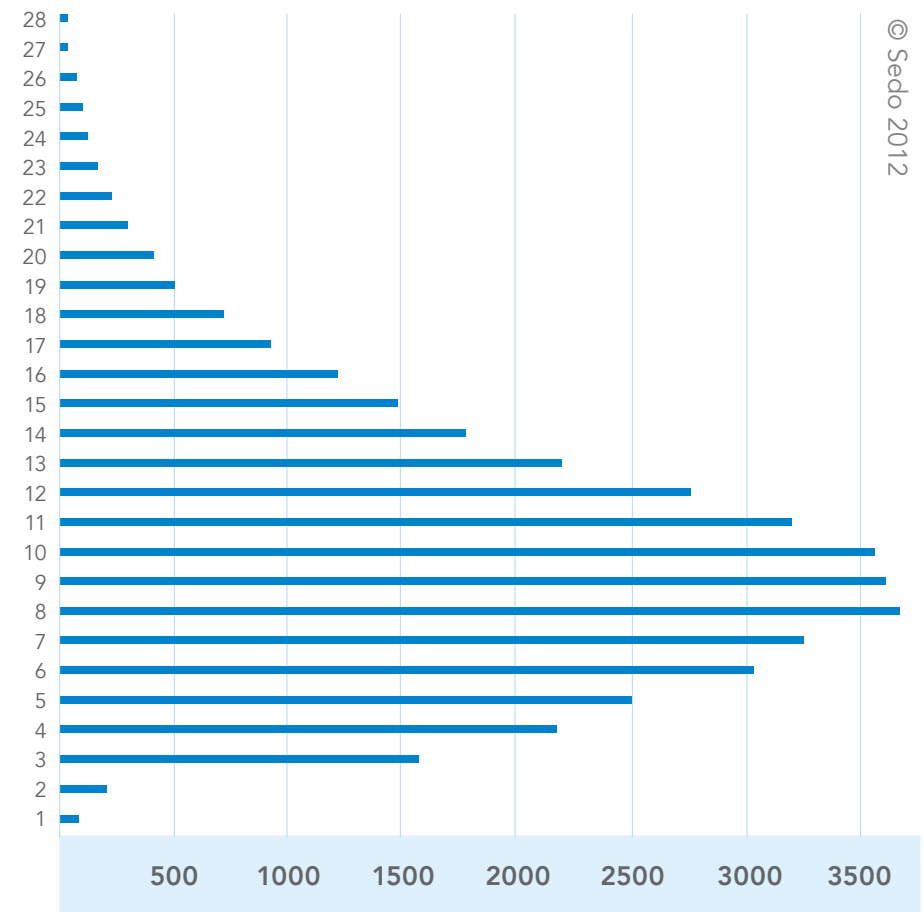


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7. Domain Length

The number of characters in a domain name always plays a role in its value. In general, the shorter the domain name, the more likely it is to be memorable and the more frequently web users will type it into their browser's URL or search bar. This new chart supports this theory, showing how frequently domain names of differing lengths were sold on Sedo's marketplace. The longest domain name sold was 42 characters. However, this chart shows sales frequency from 1 to 28 characters only, as any domains with more characters than this were a rarity. The chart indicates that the most popular length for any name traded on Sedo's marketplace is 8 characters. The highest value sale in 2011, *gambling.com*, was one domain that fell into this category.

Sales Volume per Domain Length



8. Comparison of Average Sales Prices

a) Average Sales Prices of gTLDs

After a record-breaking sale in 2010, the average sales prices for .com names remained stable, actually showing an increase over 2009 and 2010, after taking into account sex.com's sales price of \$13 million. There were surprises among other gTLDs, however: a notable drop in sales prices for .org domains was balanced by an increase over the 2010 average prices for .biz and .info.

b) Average Sales Prices for ccTLDs

Among ccTLDs, there has been less to report between 2010 and 2011. A reasonably small increase for .eu was balanced by a decrease in average price for .fr and .co.uk domains. For .de and .at, there was little change. Nevertheless, among ccTLDs in 2011, .fr retained the highest average prices, suggesting that French domain buyers—whether investors or end users—show a strong preference for the .fr extension.

Average Sales Price per gTLD in \$

	2009	2010	2011
.com	1,829	3,185	2,775
.net	1,367	1,599	1,602
.org	1,338	2,217	1,289
.biz	1,373	879	1,285
.info	624	795	990

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Average Sales Price per ccTLD in \$

	2009	2010	2011
.de	1,383	1,514	1,530
.at	1,010	1,000	1,177
.fr	4,267	6,768	2,386
.es	1,666	1,425	2,366
.co.uk	2,489	2,008	1,273
.eu	934	706	1,169

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9. Comparison of Median Sales Prices

Median sales prices help assess the true value of a TLD on the domain market, as they exclude particularly high- or low-value sales that could otherwise impact the mean average for any particular extension. The overview of median prices to the right is the best way for domain sellers to gauge how to price domains, or what to expect in terms of average prices. Median prices for domains sold through the SedoMLS Promotion Network are higher than those sold on the Sedo.com website, proving that end users are willing to pay more for a domain that they find via a familiar source such as their registrar.

a) Median Sales Prices for gTLDs

The .com extension has shown amazingly steady growth over the past three years, and remains the highest value gTLD at \$650. But the increase in median prices of .info domains is also clearly visible: from \$263 in 2009 to \$480 in 2011. The typical second and third place gTLDs, .org and .net, have also decreased in favor of some less common gTLDs such as .biz and .info.

b) Median Sales Prices for ccTLDs

Unsurprisingly, .fr domains have the highest median sales price as well as the highest average price in 2011, at \$1,075. The .es extension has also seen considerable growth, reaching a median value of \$832. Overall, the growth in median prices for ccTLDs and for alternative gTLDs such as .biz proves that both domain investors and end users may be looking for alternative extensions for their portfolios or businesses.

Median Sales Price per gTLD in \$

	2009	2010	2011
.com	500	550	650
.net	516	590	555
.org	461	591	510
.biz	351	407	424
.info	263	416	480

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Median Sales Price per ccTLD in \$

	2009	2010	2011
.de	405	439	412
.at	455	513	645
.fr	1,320	806	1,075
.es	517	652	832
.co.uk	882	580	624
.eu	387	203	375

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10. Newer Extensions: .co and .me

Two newer extensions, .co and .me, joined our top ten most frequently sold TLDs during 2011. The early performance of any TLD, as well as its performance on the secondary market, often acts as an indicator of how well they will establish themselves in the following years. The average and median prices for both of these TLDs suggest a strong future. Both .co and .me benefit from their value to advertisers, marketers, and individuals looking for a strong, brandable alternative to .com names for their online presence. Key examples of their recent use have been Twitter's t.co, and Google's plus.me.

Average and Median Sales Prices in \$

	Average Price	Median Price
.co	1,769	310
.me	1,319	326

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11. Top 10 Public Sales

To the right is a list that shows the top 10 public sales over Sedo's Domain Marketplace in 2011. Over 80% of Sedo's sales revenue during the year is private, and is not included on this list. Sales prices are in the currency that the sale took place in.

12. Sales by Category

In order to help domain buyers and end users search for the right domain name, all domains are categorized and all sales are tracked by category. Out of a total of over 200 main categories, the list to the right shows the most frequently traded over the marketplace in 2011.

Business was the top 2011 category, with domain sales such as selfemployed.com and 3dprinting.com. The second category, Shopping, included sales such as niceprice.com and happyshop.com. In third place, Computers included sales like datastore.com and networkdefender.com.

Sedo's Top 10 Public Sales

Domain	Sale Price
gambling.com	\$2,500,000
dudu.com	\$1,000,000
aktien.de	€500,000
3d.com	\$500,000
gamesforgirls.com	\$500,000
datacenter.com	\$352,500
poetry.com	\$335,000
action.com	\$270,000
consolidation.com	\$220,000

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Top 10 Categories in 2011

1. Business
2. Shopping
3. Computers
4. Recreation
5. Arts
6. Society
7. Health
8. Science
9. Sports
10. Games

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13. IDNX – The Domain Name Price Index

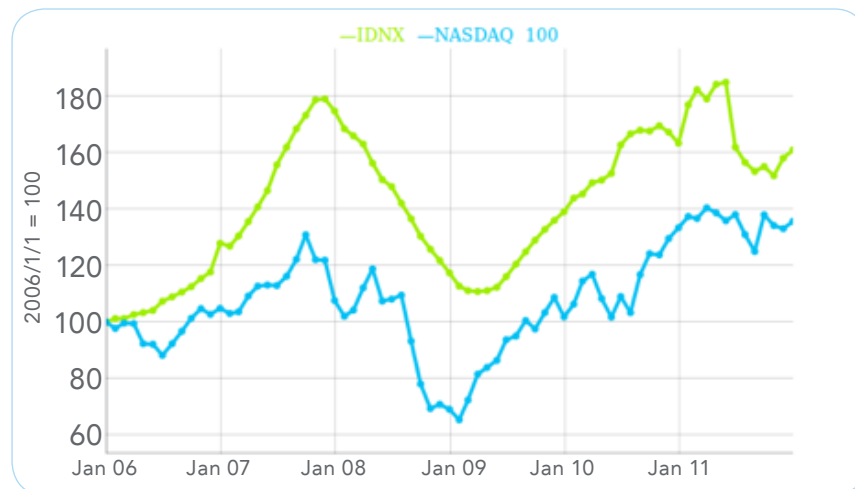
IDNX is the first price index for domain names, taking into account the difference between TLDs across the domain market. IDNX is based on data from more than 200,000 domain sales, and compares domains to other economic indicators.

2011 had it all: strong growth and some depreciations, stagnation, and then steady growth to a stable year end. In general, domains provided returns comparable to IT stocks during the course of the year, though volatility in the domain market was higher than on the stock market overall.

In the first half of the year there was growth of 13%, and domain prices reached their highest point since 2006. This led to inevitable declines later in the year, followed by stability at the end of 2011. The domain market did show a strong correlation with the NASDAQ 100 (IDNX -1.5%; NASDAQ +1.7%.) The .com extension, as expected, remained the strongest TLD with a +15% growth over the year.

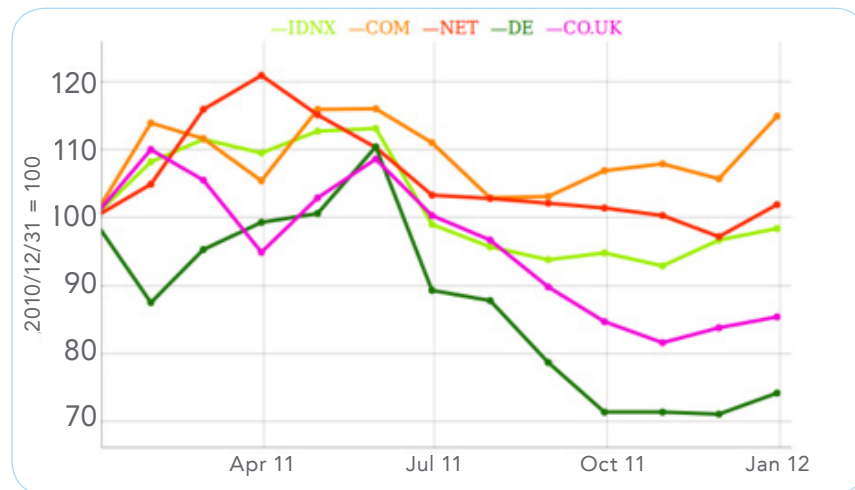
To see interactive charts and get more information, go to sedo.com/idnx

IDNX Year Over Year Comparison to NASDAQ 100



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2011 Top Level Domain Price Comparison



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14. Conclusion

In 2011, Sedo's Domain Marketplace set the groundwork for a trading platform that provides the best and the broadest choice of domain names for buyers, alongside a huge selection of selling tools for domain sellers. Increased median and mean average prices also speak to the strength and continued growth of the domain market.

The growth of the SedoMLS Promotion Network, which includes over 60 registrars such as Go Daddy and Moniker, also places sellers' domains in front of millions of potential new buyers. SedoMLS will play a major role in the market during 2012, and our current figures already show that an end user will pay more for a domain if they purchase it at their preferred registrar. Since these end users will no longer have to negotiate over a course of days to purchase a name, Buy Now pricing will become key to Sedo's goal: make buying a domain name from a seller as easy as registering it for the first time. We look forward to the growth of SedoMLS and to reaching more end users as registrars continue to partner with Sedo.