

# Liquid Domains Market Overview

## 1st Quarter 2017





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# ABOUT THE DATA

Some of the information provided in this report, such as the category breakdown, trademark analysis and valuation data was derived using proprietary systems built by Intelium Corp. or its affiliates.

The domain sales data was provided by ShortNames.com. It was also generated using automated means and through the use of proprietary technology. The data is verified on the best available bases and may be subject to inconsistencies or errors that are corrected at the sole discretion of ShortNames.com.

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# GLOSSARY OF TERMS

**Chinese Premium** - any domain that does not contain the letters A,E,I,O,U,V.

**Concentration Index** - A calculation that evaluates the registrant density of a particular category. A Concentration Index value of 0 implies that each domain is owned by a separate and unique registration. A concentration index of 1 implies that all of the domains in a particular category are owned by a single registrant.

**Development Index** - Percentage of the domain category that has been developed into website.

**Development/Developed** - a classification of a particular domain that was developed into a website. Intelium uses proprietary methodology to determine whether a domain name is developed.

**EstiBot** - EstiBot.com is a domain analytics platform that focuses on domain valuations and providing its users with tools to buy or sell their inventory.

**EstiBot Valuation** - a statistical, fair market valuation of a domain name. As a rule, strong trademarks are assigned a fair market valuation of \$0, as the domain name does not have value without corresponding IP rights. These types of domains cannot be effectively resold in the markets as a stand alone asset and their valuations stem strictly from the attached trademark, or IP value.

**EstiBot Valuation Market Cap** - Sum of all EstiBot Valuations for a particular domain na category.

**Liquid Domains** - Specific types of domain categories that are actively traded on the major marketplaces. These include LL/LLL/LLLL dot coms; NN/NNN/NNNN/NNNNN dot coms; as well as the NL/LN dot com domains.

**5th Percentile** - the 5th percentile is the value at two standard deviations below the mean sales price. It is a representation of a reasonable category price floor in any given time period. For example, consider a scenario of only 100 reported sales where the highest sale is \$100,000 and the lowest is \$1,000. If each reported sale is sequenced in \$1,000 increments (i.e. \$1,000, \$2,000, \$3,000 and so on), then the 5th percentile will be the 5th lowest sale at \$5,000.

**Registrar** - an entity that manages the reservation, transfers, and upkeep of registrant data

**Registrant** - an individual or entity that registered a particular domain name.

**Registry** - An entity that manages the database of all domain names and related registrant information relating to a specific TLD. The registry takes on the technical functions of ensuring that the domains in their respective TLD resolve. As an example, VeriSign is the Registry of the .com TLD.

**TLD** - top level domain. This is extension part of a domain name. The most popular TLD by registrations is the .com.

**Turnover** - The percentage of the domain name category that is bought or sold in markets in a particular period of time.for domain names.

**Western Premium** - any domain that does not contain the letters J,K,Q,U,V,W,X,Y,Z.

# Executive Summary

## COUNTRY OWNERSHIP AND DEVELOPMENT INDEX

For the third consecutive quarter, China was the largest net gainer of liquid domains names by adding almost 7,000 domains, nearly 1.2% of the entire liquid market. In contrast, Europe and US stayed stable, with the rest of the world (RW) suffering the largest reduction of 10,000 domains, or 1.7% of the entire market.

China keeps leading the numeric domain categories (2N, 3N, 4N and 5N), while US leads only in the 2L and 3L space with over 50% of the domain registrations. Overall, this confirms the well observed trend of China slowly accumulating most liquid domains. If this trend were to continue at the same rate, by 2020 China is expected to own over 50% of the entire liquid market.

It is interesting to note that the number of developed domains increased by over 1%, effectively showing an inversion of the trend from the past quarters when the development index decreased. This could signal: a) end users have become more active in the aftermarket, or b) investors are seeing less incentives in purchasing domain names from end users.

## SALES DATA

For the first time, we are excited to release the total sales volume recorded by Escrow.com, the world leading domain escrow provider with over \$3B in processed transactions. This data provides additional insight in the higher value categories like 2L, 3L and CC .com domains. 2N and 3N data was withheld for confidentiality reasons.

The Escrow.com data (\$16M in reported transactions in Q1) should largely be viewed as a complement to the sales reported by ShortNames.com (\$8M this quarter) and not as a wider substitute. This is because many disclosed transactions in the lower value categories (3L, 4L, 5N) take place through auction platforms or marketplaces that do not necessarily use Escrow.com. The 4L sales reported by escrow.com (\$4.69M in Q1) should be interpreted instead as a combination of unreported portfolio sales plus high level transactions of premium 4L domains. Overall the disclosed sales volume increased by a significant 47% in Q1. This can be explained by: 1) the sale of 01.com for \$1,820,000; 2) a 13% increase (+\$390,000) in the 4L .com sales volume; and 3) a notable 10 fold increase in the sales volume for CC .com domains, which we highlighted last quarter to be the most undervalued category among the liquid domains.

We measured \$492,000 in public CC .com sales in Q1, compared to \$44,000 in public sales Q4, and a staggering \$2.4M in transactions recorded by Escrow.com in Q1. Total number of transactions across categories actually decreased by 23.5%, from 5,455 to 4,173. The floor prices stayed stable, but we did evidence a further single digit decrease in the value of 4L and 5N .com domains, namely the most traded categories, losing on average 8% each.

## FORECAST

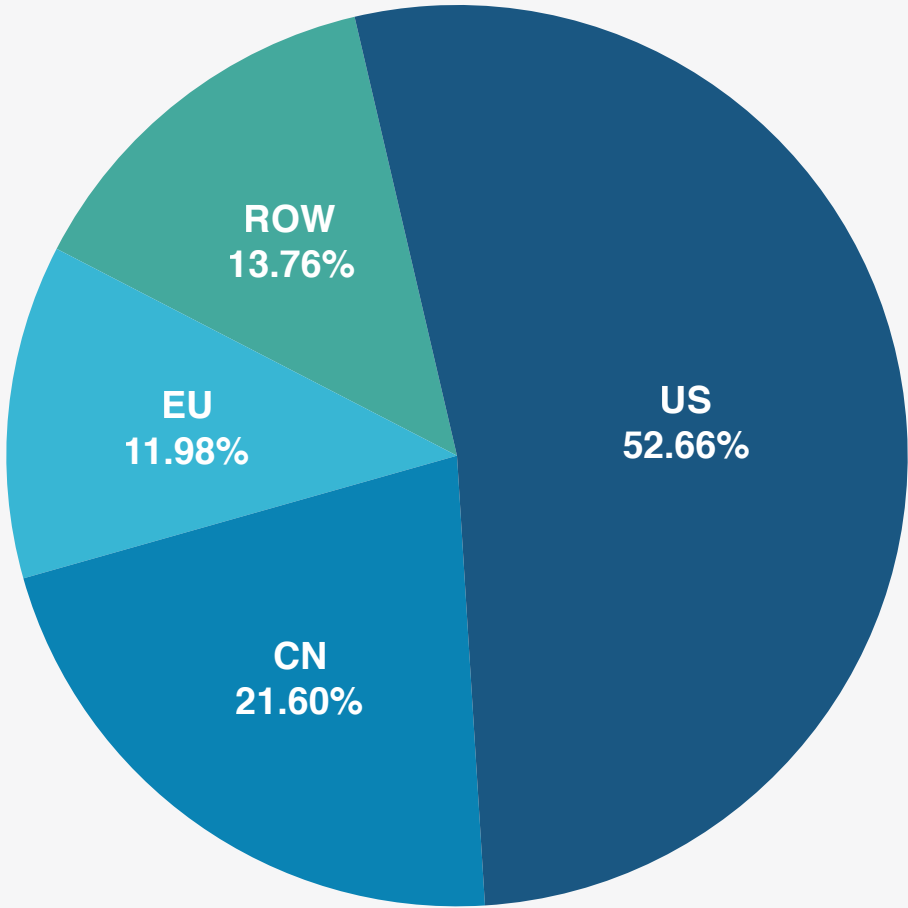
The trend inversion in the development index might suggests that the price of liquid domain might be starting to become attractive again for end users. It is interesting to note that we are not seeing large losses on the floor prices. As predicted in our prior reports, however, we are seeing a decrease in values for the more expensive "Chinese Premium" domains. Especially the 3L .com domains which lost almost 50% from their peak and are now trading at values closer to the "Western Premium" 3L domains.

While the market is still uncertain, we did not note any significant market movement towards the level of transactions and prices of 2015.

LL.com

LEGEND

- US - United States
- CN - China
- EU - European Union
- ROW - Rest of world



DATA

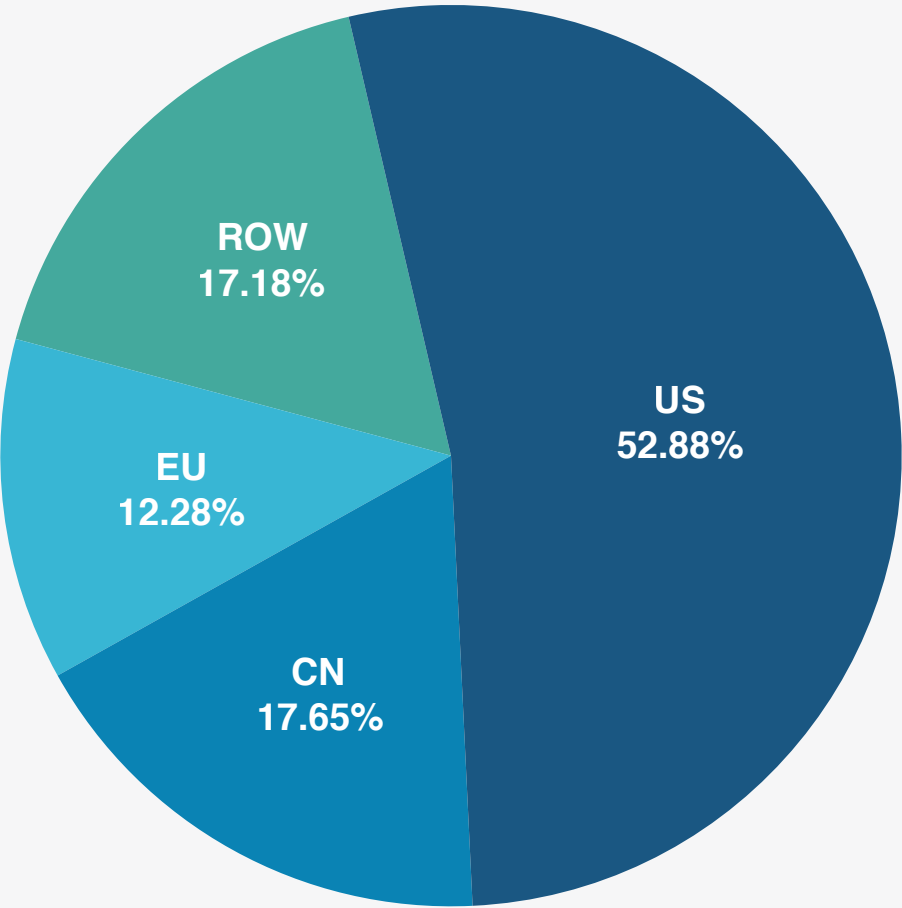
Total #	676
Development %	37.72%
EstiBot Market Cap	\$2,642,430,000.00
Concentration Index	0.19
Turnover	0.00%
Public sales volume	\$0.00
Escrow.com sales volume	\$3,140,167.00
QoQ 5th percentile	n/a
Country with largest ownership	UNITED STATES



3L.com

LEGEND

- US - United States
- CN - China
- EU - European Union
- ROW - Rest of world



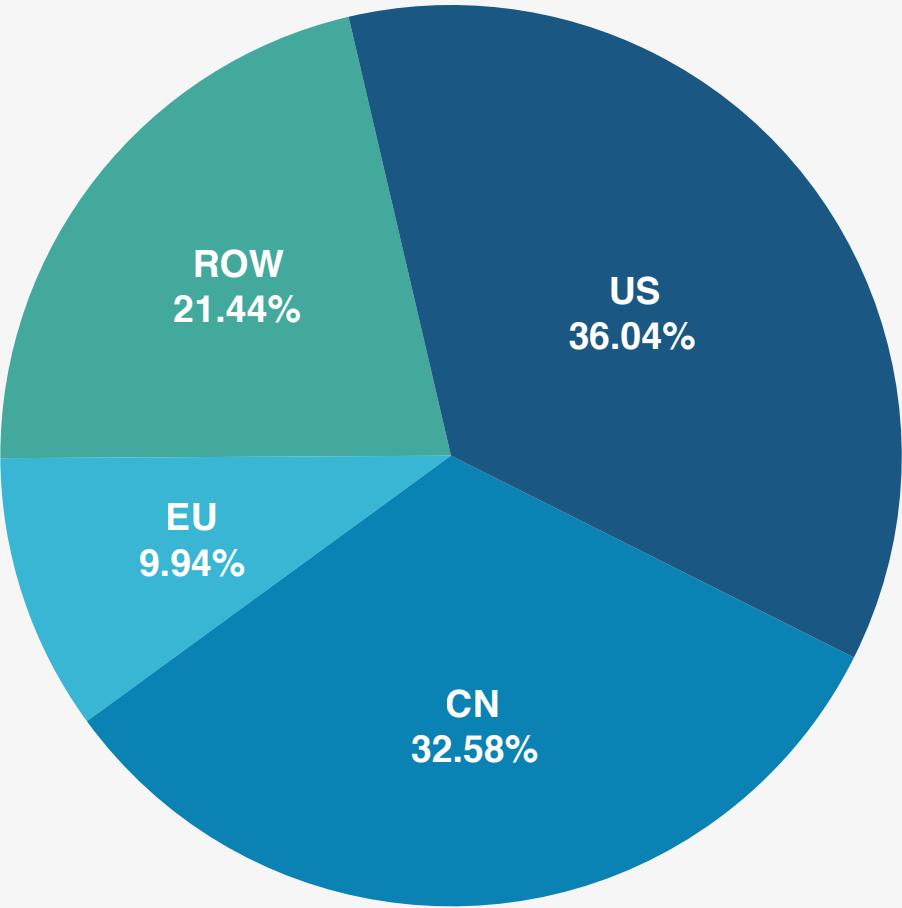
DATA

Total #	17,576
Development %	28.44%
EstiBot Market Cap	\$2,060,464,900.00
Concentration Index	0.39
Turnover	0.24%
Public sales volume	\$1,330,358.00
Escrow.com sales volume	\$5,354,869.00
QoQ 5th percentile	3.31%
Country with largest ownership	UNITED STATES

4L.com

LEGEND

- US - United States
- CN - China
- EU - European Union
- ROW - Rest of world



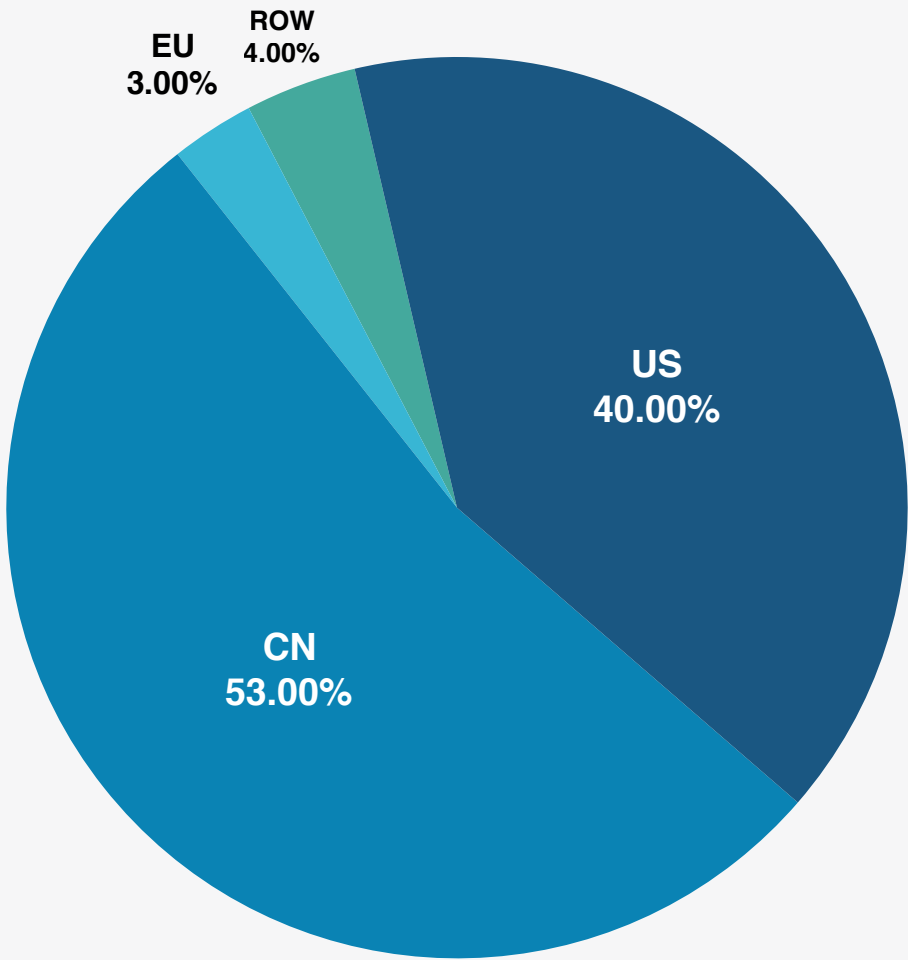
DATA

Total #	456,976
Development %	15.29%
EstiBot Market Cap	\$2,324,849,479.52
Concentration Index	0.60
Turnover	0.72%
Public sales volume	\$3,248,239.00
Escrow.com sales volume	\$4,568,972.00
QoQ 5th percentile	-8.73%
Country with largest ownership	UNITED STATES

NN.com

LEGEND

- US - United States
- CN - China
- EU - European Union
- ROW - Rest of world



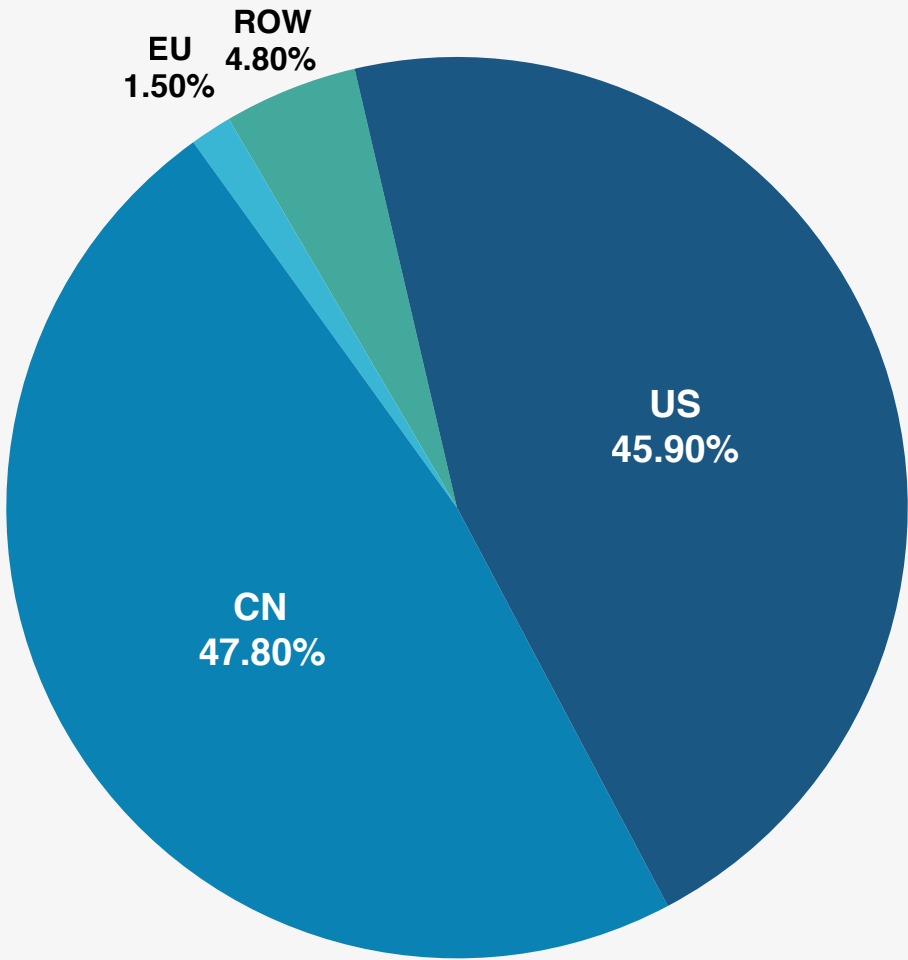
DATA

Total #	100
Development %	27.00%
EstiBot Market Cap	\$159,240,000.00
Concentration Index	0.09
Turnover	1.00%
Public sales volume	\$1,820,000.00
Escrow.com sales volume	data withheld
QoQ 5th percentile	n/a
Country with largest ownership	CHINA

3N.com

LEGEND

- US - United States
- CN - China
- EU - European Union
- ROW - Rest of world



DATA

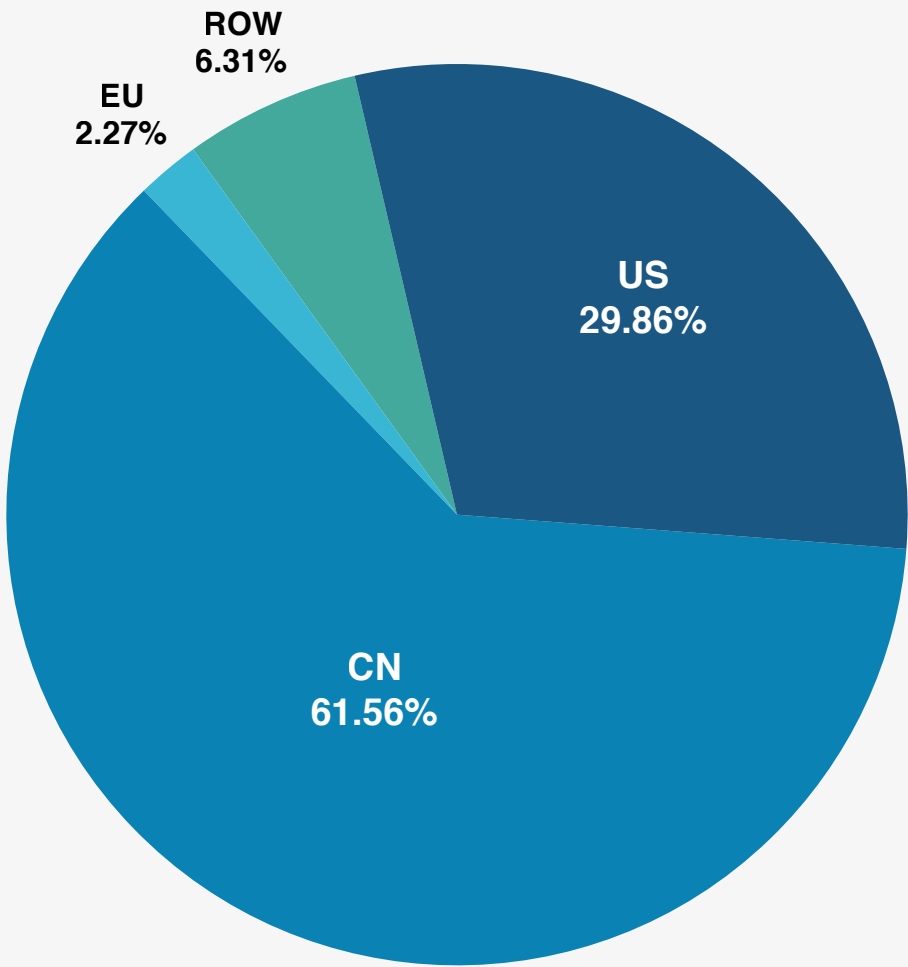
Total #	1,000
Development %	16.00%
EstiBot Market Cap	\$466,624,400.00
Concentration Index	0.33
Turnover	0.00%
Public sales volume	\$0.00
Escrow.com sales volume	data withheld
QoQ 5th percentile	n/a
Country with largest ownership	CHINA



4N.com

LEGEND

- US - United States
- CN - China
- EU - European Union
- ROW - Rest of world



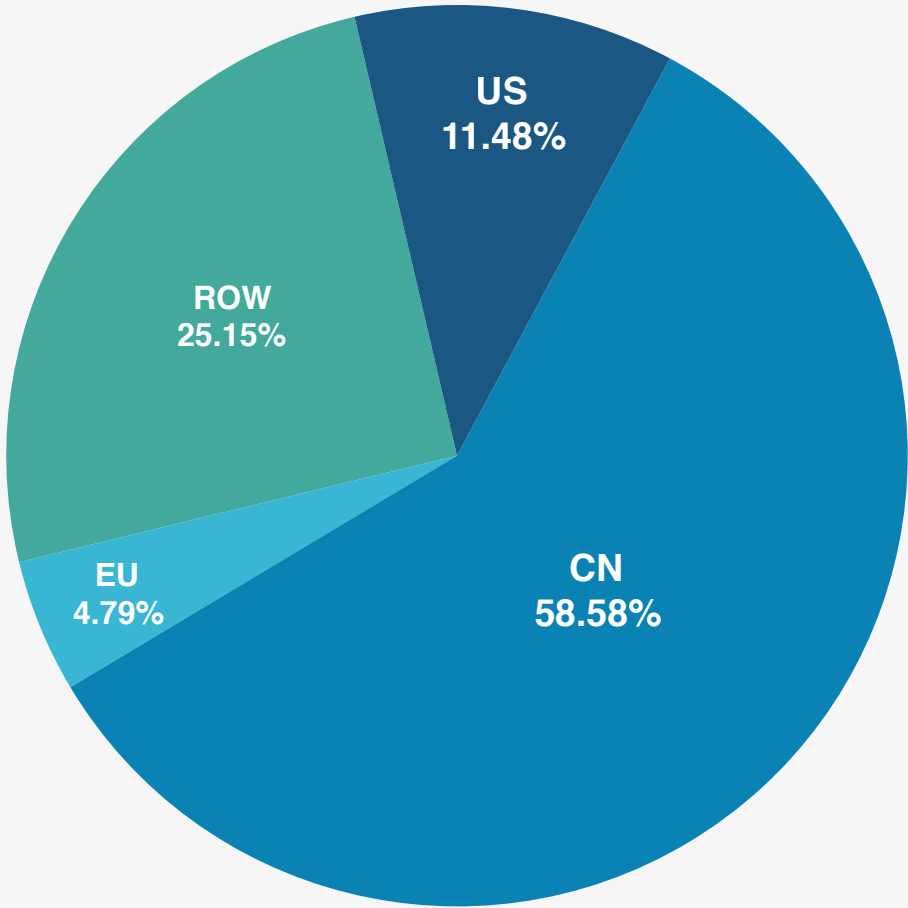
DATA

Total #	10,000
Development %	16.09%
EstiBot Market Cap	\$479,020,000.00
Concentration Index	0.46
Turnover	0.14%
Public sales volume	\$450,379.00
Escrow.com sales volume	\$440,900.00
QoQ 5th percentile	n/a
Country with largest ownership	CHINA

5N.com

LEGEND

- US - United States
- CN - China
- EU - European Union
- ROW - Rest of world



DATA

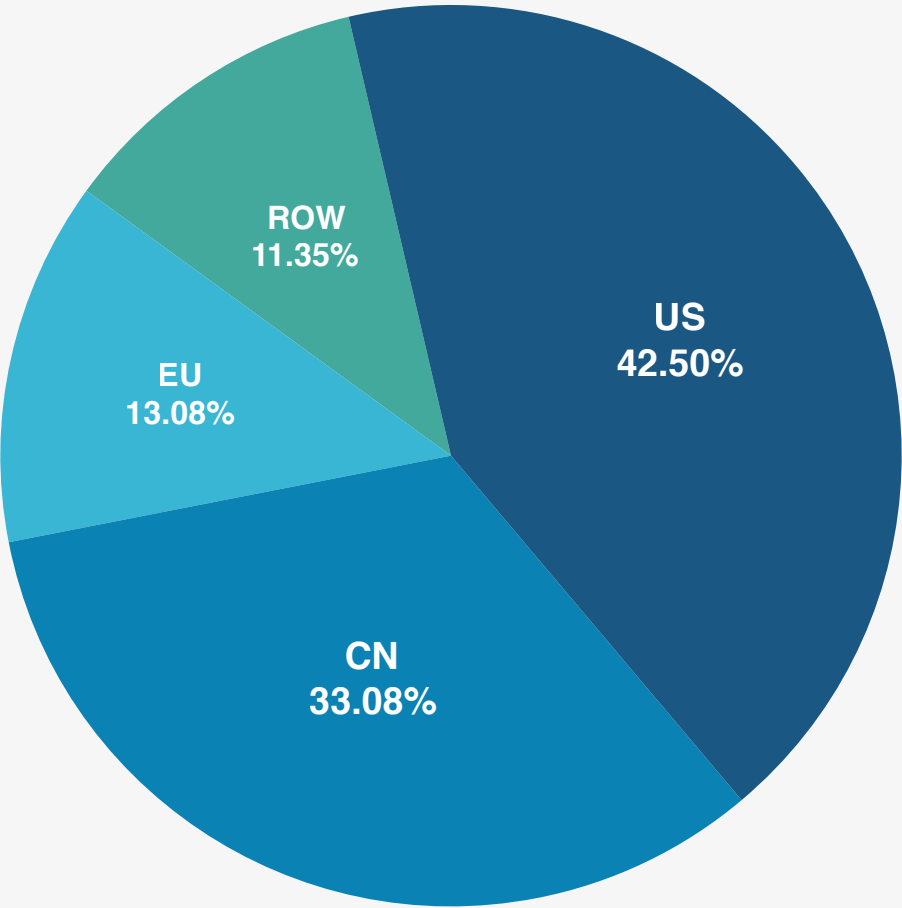
Total #	100,000
Development %	11.37%
EstiBot Market Cap	\$162,185,320.00
Concentration Index	0.52
Turnover	0.80%
Public sales volume	\$743,595.00
Escrow.com sales volume	\$161,788.00
QoQ 5th percentile	-6.90%
Country with largest ownership	CHINA



CC.com

LEGEND

- US - United States
- CN - China
- EU - European Union
- ROW - Rest of world



DATA

Total #	520
Development %	30.00%
EstiBot Market Cap	\$18,580,600.00
Concentration Index	0.15
Turnover	0.58%
Public sales volume	\$492,000.00
Escrow.com sales volume	\$2,413,680.00
QoQ 5th percentile	n/a
Country with largest ownership	UNITED STATES





Intelium is the premier supplier of domain name analytics. We specialize in creating powerful software and service solutions for the domain name industry.

Over the past 10 years, our products have been used by hundreds of thousands of satisfied customers across the world. We have built a reputation for providing the highest quality of software and customer service.

We also specialize in gathering and analyzing raw internet data, and converting that data into useful intelligence. Our data is routinely used by domain investors, public and private sector organizations, as well as government agencies to make key decisions.

Software is not just our business, it is also our passion. We strive to continuously improve the software and services we provide to our customers.



GGRG.com is a Lisbon based Brokerage and Consulting firm which focuses on the 29,872 .com domain names defined as “liquid” (NN, NNN, NNNN, LL, LLL, LN & NL). Founded in 2015 with the vision of making the domain after-market efficient, we provide unbiased advice and market intelligence that allows investors to make informed decisions.

With millions of dollars in privately brokered transactions and clients that range from private investors to billion dollar companies, GGRG.com quickly established itself as a leading firm in the domain space, and received award nominations for Blogger of the Year and Goodwill Ambassador in 2015, and Broker of the Year in 2016.



ShortNames aggregates and tracks short domain name auctions and sales across a multitude of domain marketplaces. We provide tools and powerful search features to help domain investors track and monitor domains and categories of interest.

We have been tracking the domain aftermarket since early 2008, with a focus on short domains. Most sales we track are collected from the closing price of public auctions, as well as some private sales that are reported to us by certain venues. We cannot guarantee that all reported sales were completed successfully, but we do our best to remove any inaccurate data.

The goal of the site is to provide an aggregated overview of the short domain market, and to offer tools to those who invest in it.



Escrow.com is the leading provider of secure online payments and online transaction management for consumers and businesses on the Internet, having safely processed over US\$3 billion in transactions. Founded in 1999,

Escrow.com reduces the risk of fraud in the domains industry by acting as a trusted third party that collects, holds and disburses funds according to buyer and seller instructions.