

Liquid Domains Market Overview 4th Quarter 2017

INTRO

With \$9M in disclosed sales, \$18M in Escrow.com sales volume and over 5,000 domain transactions, Q4 was one of the strongest quarters of 2017.



DISCLAIMER

This report is not intended to be interpreted as investment, legal or tax advice of any type. No entity or person associated with the production of this report currently holds or has the intention to hold themselves out to be a registered investment advisor or attorney. The readers of this report are responsible for performing appropriate due diligence in considerations with any action they may take as a result of this report. To the maximum extent permitted by law, the Authors, the publisher and their respective affiliates disclaim any and all liability in the event any information, commentary, analysis, opinions, advice and/or recommendations in the report prove to be inaccurate, incomplete or unreliable, or result in any investment or other losses.

The reports’ commentary, analysis, opinions, advice and recommendations represent the personal and subjective views of the Author, and are subject to change at any time without notice. This publication is not a solicitation or an offer to buy or sell any securities, domains or any other type of investment or commodity interest. References to specific domain names, extensions or any other parties is for illustrative purposes only and are not intended to be nor should be interpreted as, recommendations to buy or sell domain names.

The Author or entities participating in the creation of this report may be affiliated with some of the registries or parties listed in this report.

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.

Certain names, products or services that may be mentioned in this report may be the trademarks of their respective owners. All rights are reserved.

Any information requests should be directed to g@ggrg.com .
Please put Quarterly Industry Report in the header of the email.

Index, ETF and all security return data was initially computed by Morningstar, Inc. and is shown in this report for display purposes only. This data is not, nor is meant to be used as, actionable investment advice; nor a direct comparison between any exchange or market traded security, or individual stock, or index and any category of domain names. We cannot guarantee the accuracy of any such data, as it is maintained by a third party and may be subject to errors, or unavailability. Morningstar, Inc. did not participate in the creation of this report and reserves all intellectual property rights in regard to its own materials or data.

GLOSSARY OF TERMS

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

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 name 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

DEVELOPMENT INDEX AND OWNERSHIP DATA

Following the trend in our past reports, China continues to be the largest net gainer of liquid domains, adding over 10,000 domains (1.64%) in Q4. China now owns 31.17% of all liquid domains, with Chinese registrants controlling over 50% of the 5Ns (a 5% increase from last quarter), 45% of the 4Ns and 42% of the 2Ns. The United States is a distant second at 17.51%, after losing 10% of the 2Ls and 8.28% of 3L domains in Q4. This loss could be explained by a rather large 9% increase in private registrations for 2L domains. Privacy also went up almost 5% on 5N .com domains, helping to reach a total of over 139,000 (21.67%) liquid domains under privacy. The rest of the world and Europe are stable at the 4th and 5th place, respectively with 7.64% and 7.13%. European owners represent approximately 10% of registrants in the most developed categories (2Ls, 2Cs and 3Ls), which suggests that liquid domains are perceived as brands rather than investments in the EU.

Most liquid domain categories showed increases in development, especially in the most valuable categories of 2Ls, 3Ls and 2Cs, increasing on average by 2%. The notable exception was a 1.68% decrease in 4Ls, the largest liquid domain category, which caused the overall development index to decrease by 1%, despite all other categories presenting positive data. The three most developed categories were once again the 2L .com (37.87%), the 2C .com (30.58%) and the 3L .com (28.98%). 5Ns remain the least developed category at 11.54%, followed by the 3Cs (13.69%) and 4Ls (14.57%) respectively.

SALES DATA

In Q4, the disclosed transactions for liquid domains, as reported by ShortNames.com, nearly doubled from 5.4M to \$9M. The total liquid domain turnover went up from 0.56% to 0.85% (3,449 to 5,256), confirming that there might be a negative seasonality factor in the 3rd quarter for liquid domain sales. At the same time, Escrow.com sales volume went down 25% from \$24M to \$18M. According to Escrow.com, the most traded category in Q4 was 3C .com domains (\$6.4M), followed by 4Ls at \$4.6M and 3N .com domains at \$3.97M, boosted by the record 3N portfolio sale by Rick Schwartz.

The floor prices of the most traded domains registered in Q4 another descent, this time though only by a single digit (-9.6% for 4Ls, -9.03% for 3Cs and -4.51% for 3Ls). 5Ns were the most notable exception, with a staggering 29% increase. This temporary increase in price could be explained by a returned Chinese interest in these domains, as Chinese ownership of 5Ns went up 5%.

Finally, for the first time, we are going to report the 5th percentile values (and not the just the variation) of the most traded categories, to raise awareness of liquidation values for the most actively traded liquid domain name groups.

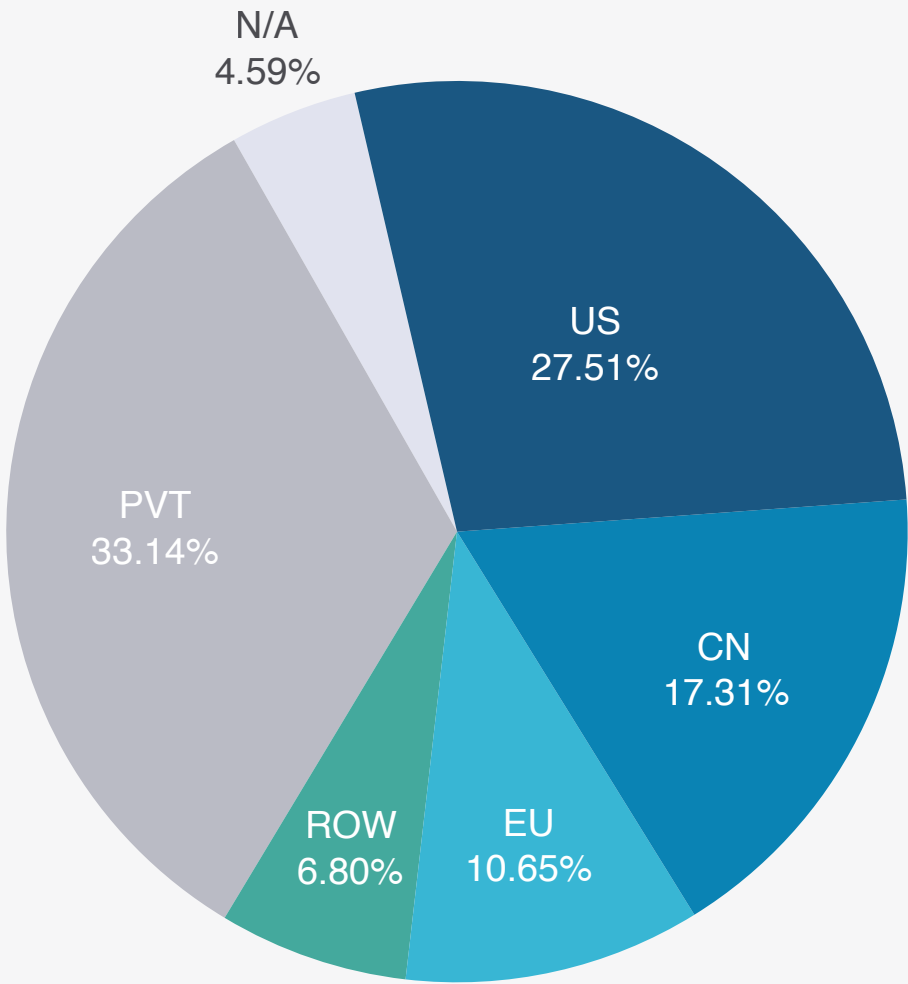
FORECAST

Q1 is typically a slow quarter, with fewer transactions due to a decrease in activity around the Chinese New Year. It is possible that the fall in the crypto currency prices could generate additional liquidity from the investors who are looking to hedge themselves from high volatility. The performance of the equity markets could also influence the liquidity flowing into domain names. While the market is still uncertain, the overall negative trend is likely to continue even if a few large transactions in the most valuable categories might keep the overall sales volume high.

2L .com

LEGEND

- US - United States
- CN - China
- EU - European Union
- ROW - Rest of world
- PVT - Private Registrations
- N/A



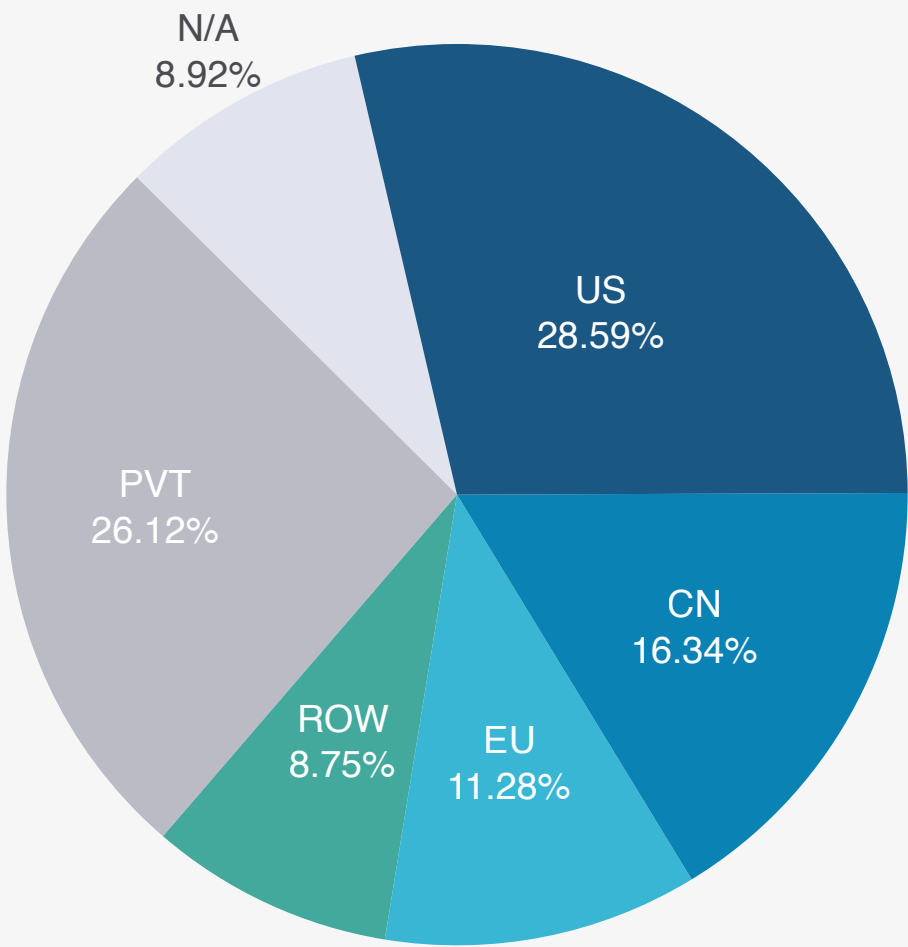
DATA

Total#	676
Development %	37.87%
EstiBot Market Cap	\$2,217,160,000.00
Turnover	0.00%
Public sales volume	\$0.00
Escrow.com sales volume	n/a
5th Percentile	n/a
QoQ 5th percentile	n/a

3L .com

LEGEND

- US - United States
- CN - China
- EU - European Union
- ROW - Rest of world
- PVT - Private Registrations
- N/A



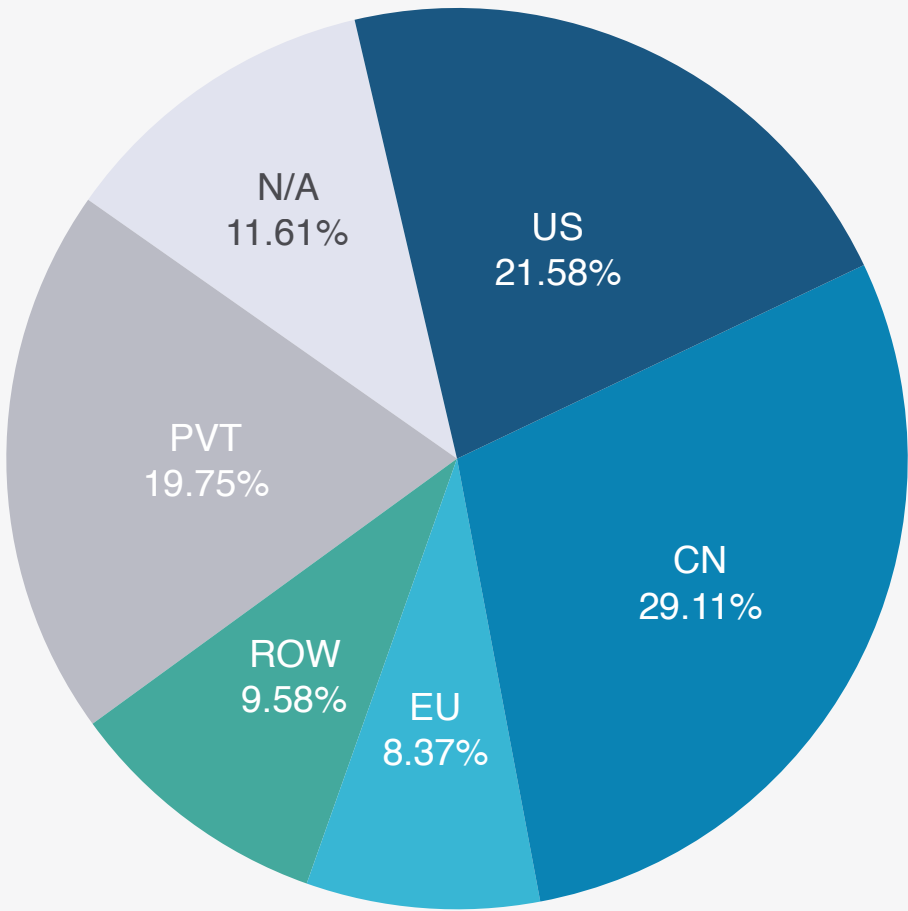
DATA

Total#	17,576
Development %	28.98%
EstiBot Market Cap	\$2,276,103,500.00
Turnover	0.27%
Public sales volume	\$3,602,321.00
Escrow.com sales volume	\$2,243,750.01
5th Percentile	\$14,133.00
QoQ 5th percentile	-4.51%

4L .com

LEGEND

- US - United States
- CN - China
- EU - European Union
- ROW - Rest of world
- PVT - Private Registrations
- N/A

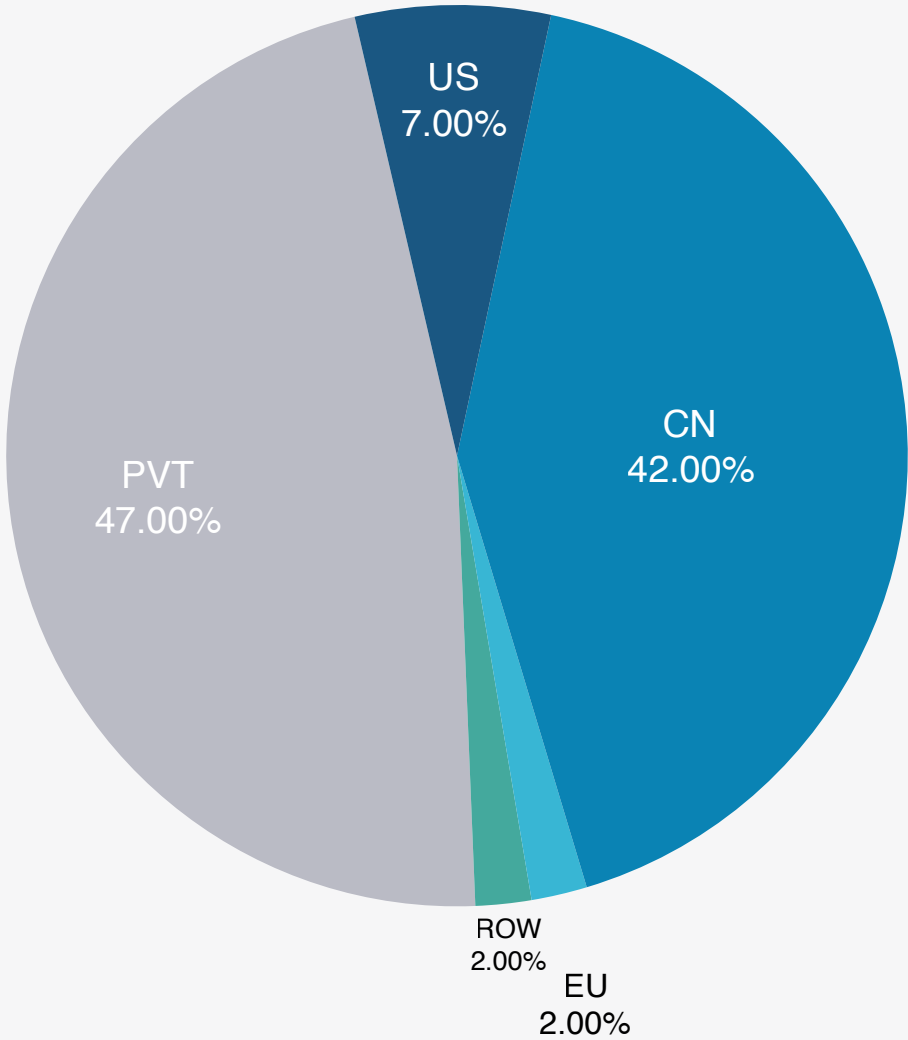


DATA

Total#	456,976
Development %	14.57%
EstiBot Market Cap	\$2,074,893,081.65
Turnover	0.94%
Public sales volume	\$2,628,524.00
Escrow.com sales volume	\$4,646,889.68
5th Percentile	\$160.00
QoQ 5th percentile	-9.60%

LEGEND

- US - United States
- CN - China
- EU - European Union
- ROW - Rest of world
- PVT - Private Registrations
- N/A



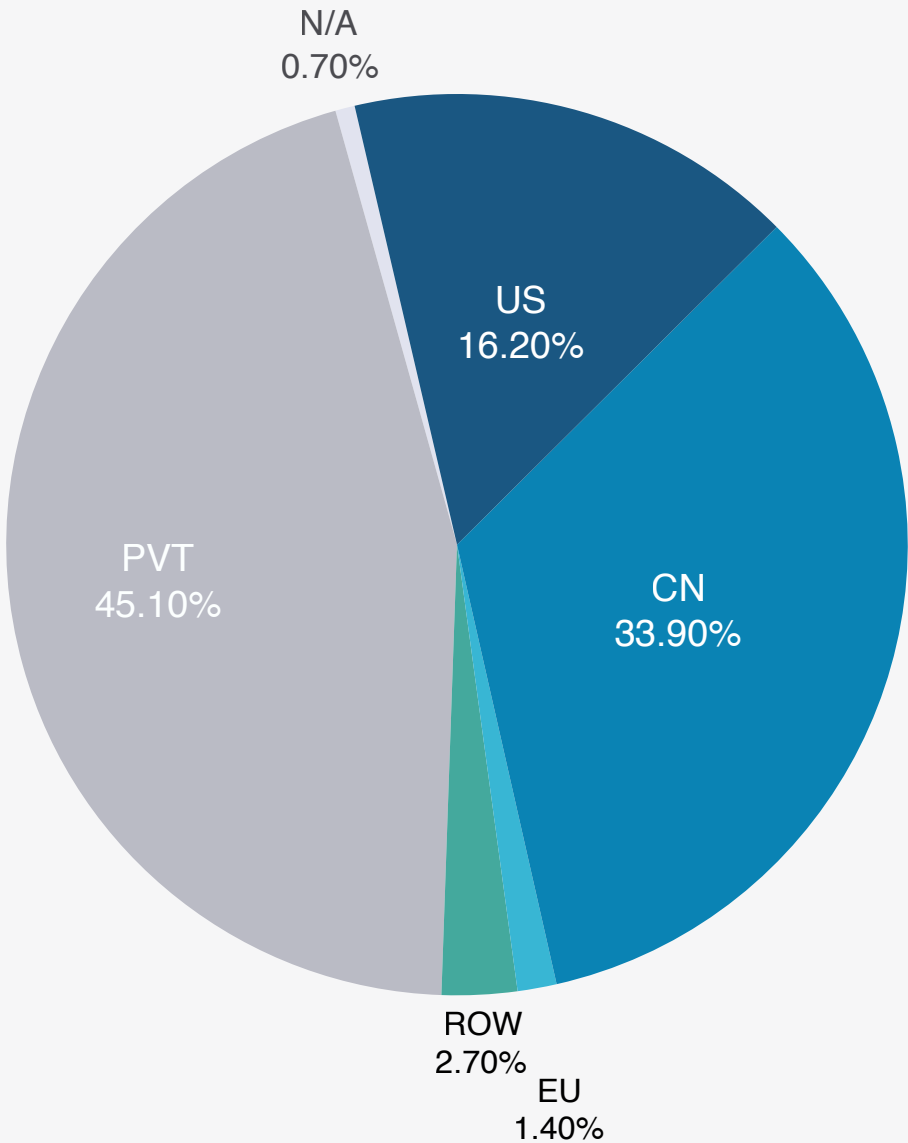
DATA

Total#	100
Development %	20.00%
EstiBot Market Cap	\$159,460,000.00
Turnover	0.00%
Public sales volume	0.00%
Escrow.com sales volume	n/a
5th Percentile	n/a
QoQ 5th percentile	n/a

3N .com

LEGEND

- US - United States
- CN - China
- EU - European Union
- ROW - Rest of world
- PVT - Private Registrations
- N/A



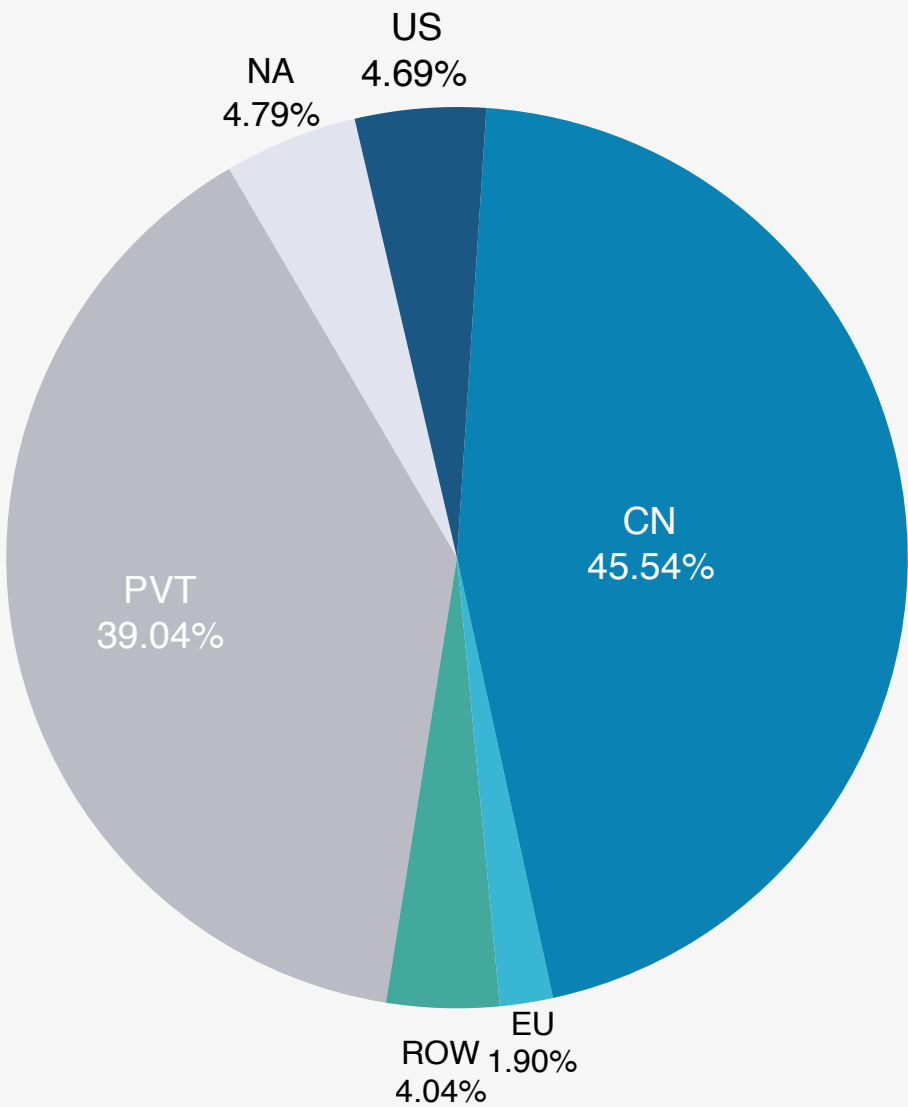
DATA

Total#	1,000
Development %	14.60%
EstiBot Market Cap	\$348,974,000.00
Turnover	0.10%
Public sales volume	\$323,000.00
Escrow.com sales volume	\$3,974,200.00
5th Percentile	n/a
QoQ 5th percentile	n/a

4N .com

LEGEND

- US - United States
- CN - China
- EU - European Union
- ROW - Rest of world
- PVT - Private Registrations
- N/A



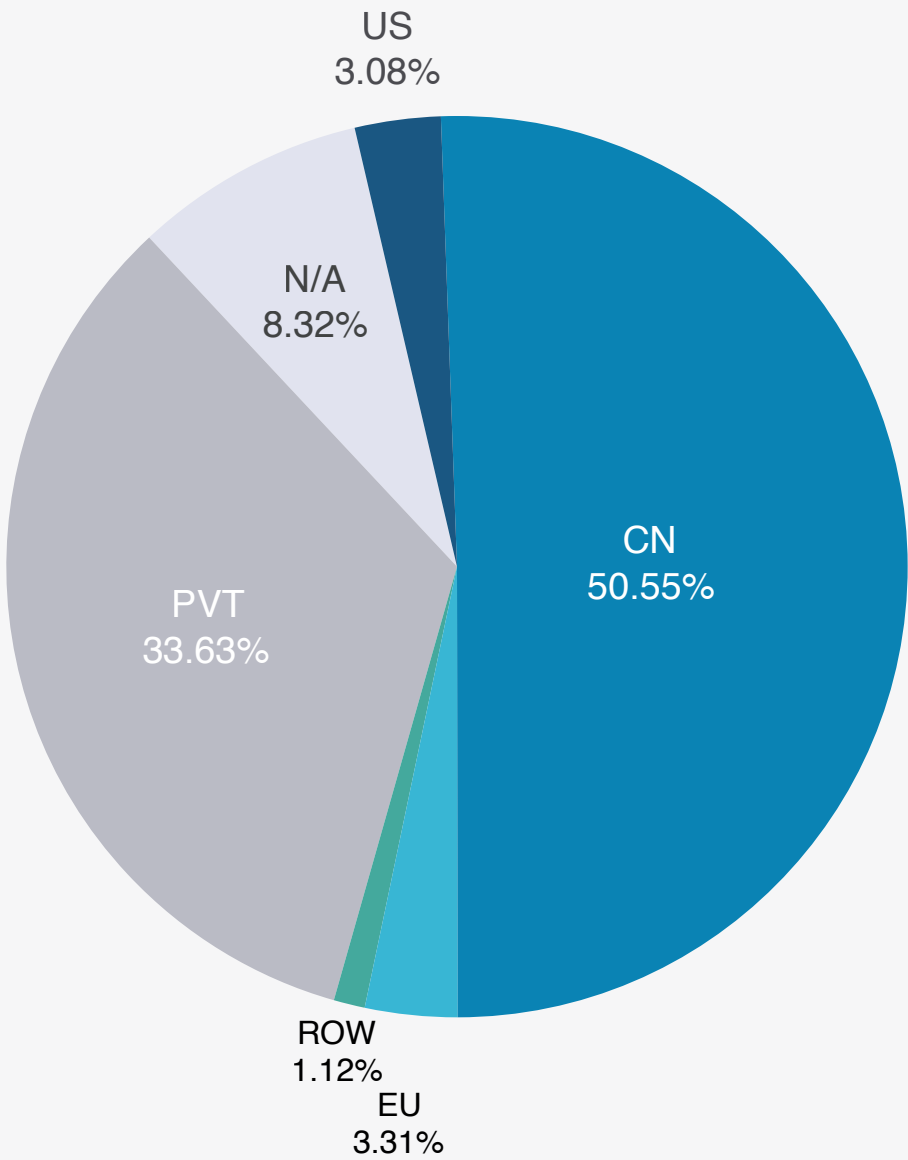
DATA

Total#	10,000
Development %	15.50%
EstiBot Market Cap	\$441,799,500.00
Turnover	0.16%
Public sales volume	\$384,929.00
Escrow.com sales volume	\$919,645.00
5th Percentile	n/a
QoQ 5th percentile	n/a

5N .com

LEGEND

- US - United States
- CN - China
- EU - European Union
- ROW - Rest of world
- PVT - Private Registrations
- N/A



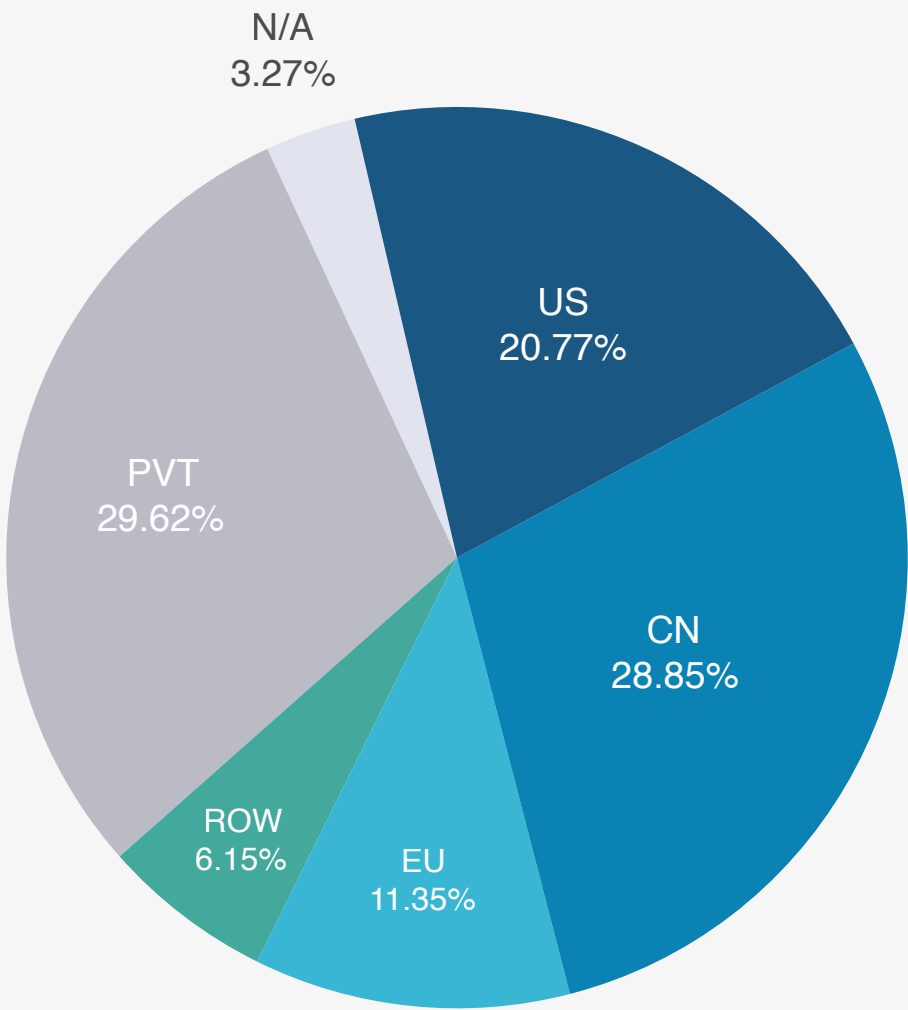
DATA

Total#	100,000
Development %	11.54%
EstiBot Market Cap	\$134,457,374.40
Turnover	0.73%
Public sales volume	\$1,315,002.00
Escrow.com sales volume	\$131,328.00
5th Percentile	\$378.00
QoQ 5th percentile	29.01%

2C .com

LEGEND

- US - United States
- CN - China
- EU - European Union
- ROW - Rest of world
- PVT - Private Registrations
- N/A



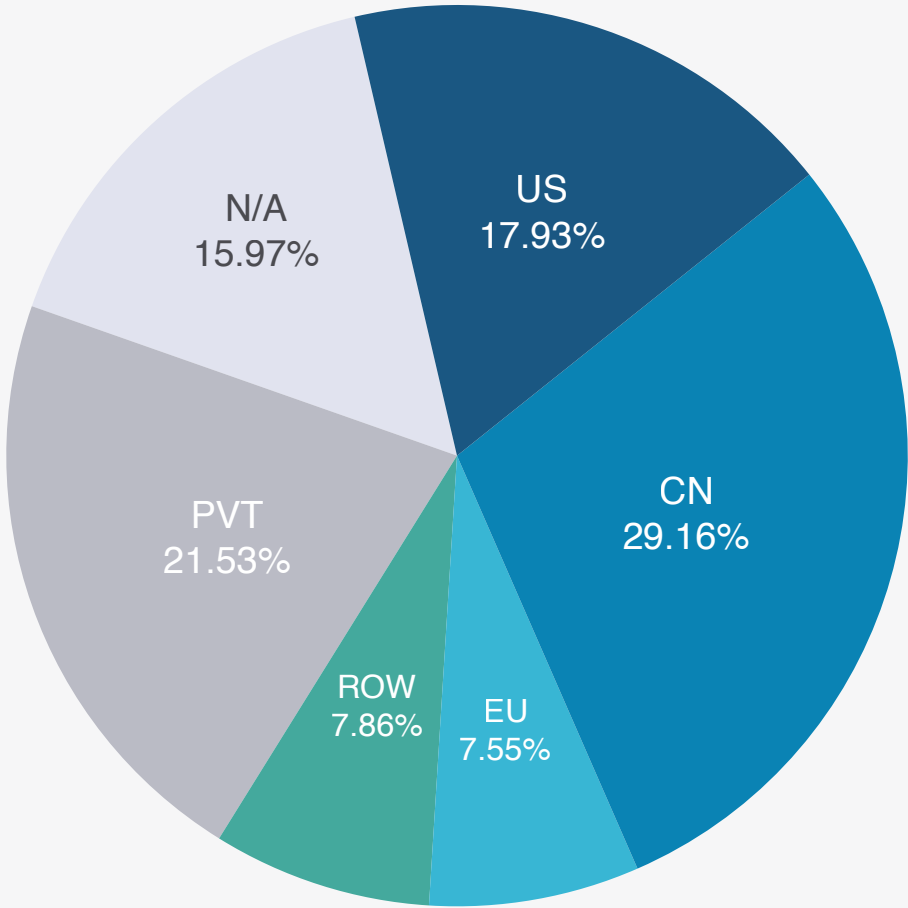
DATA

Total#	520
Development %	30.58%
EstiBot Market Cap	\$42,108,500.00
Turnover	0.77%
Public sales volume	\$490,711
Escrow.com sales volume	n/a
5th Percentile	n/a
QoQ 5th percentile	n/a

3C .com

LEGEND

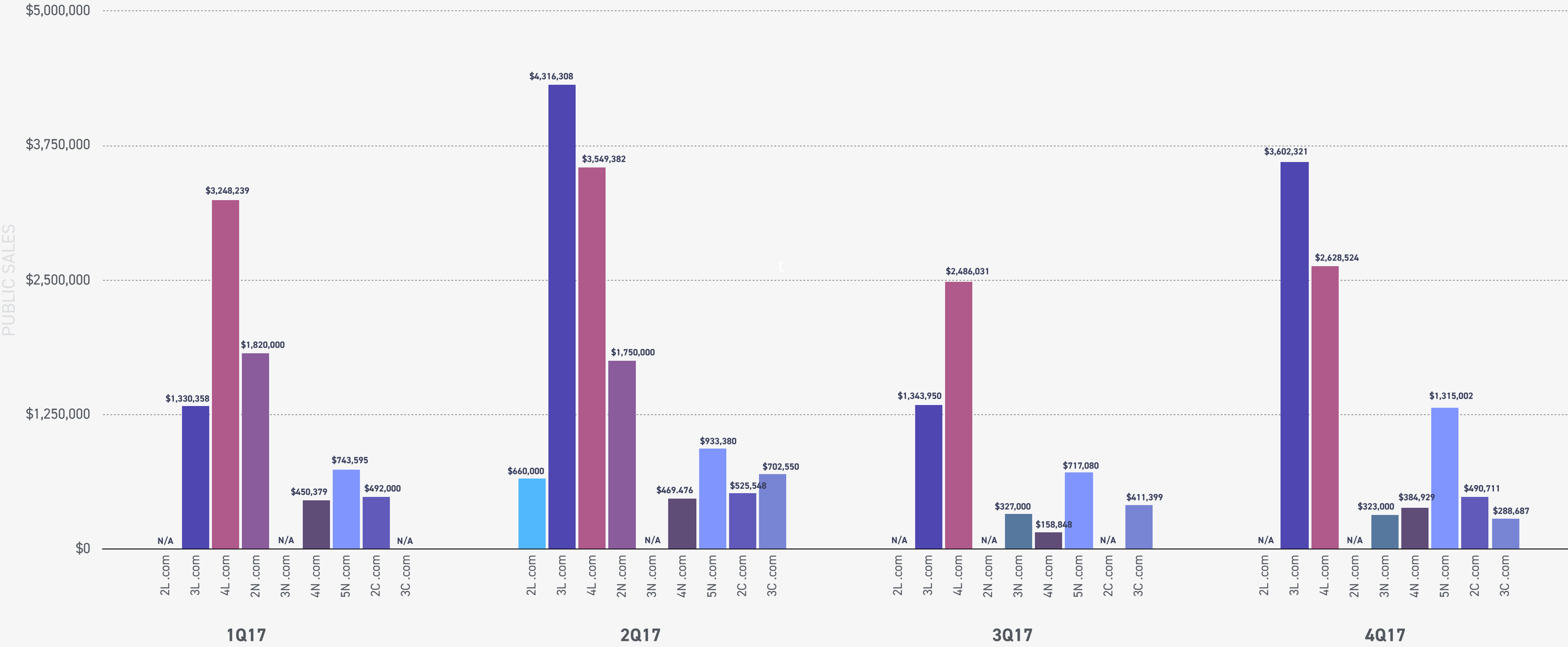
- US - United States
- CN - China
- EU - European Union
- ROW - Rest of world
- PVT - Private Registrations
- N/A



DATA

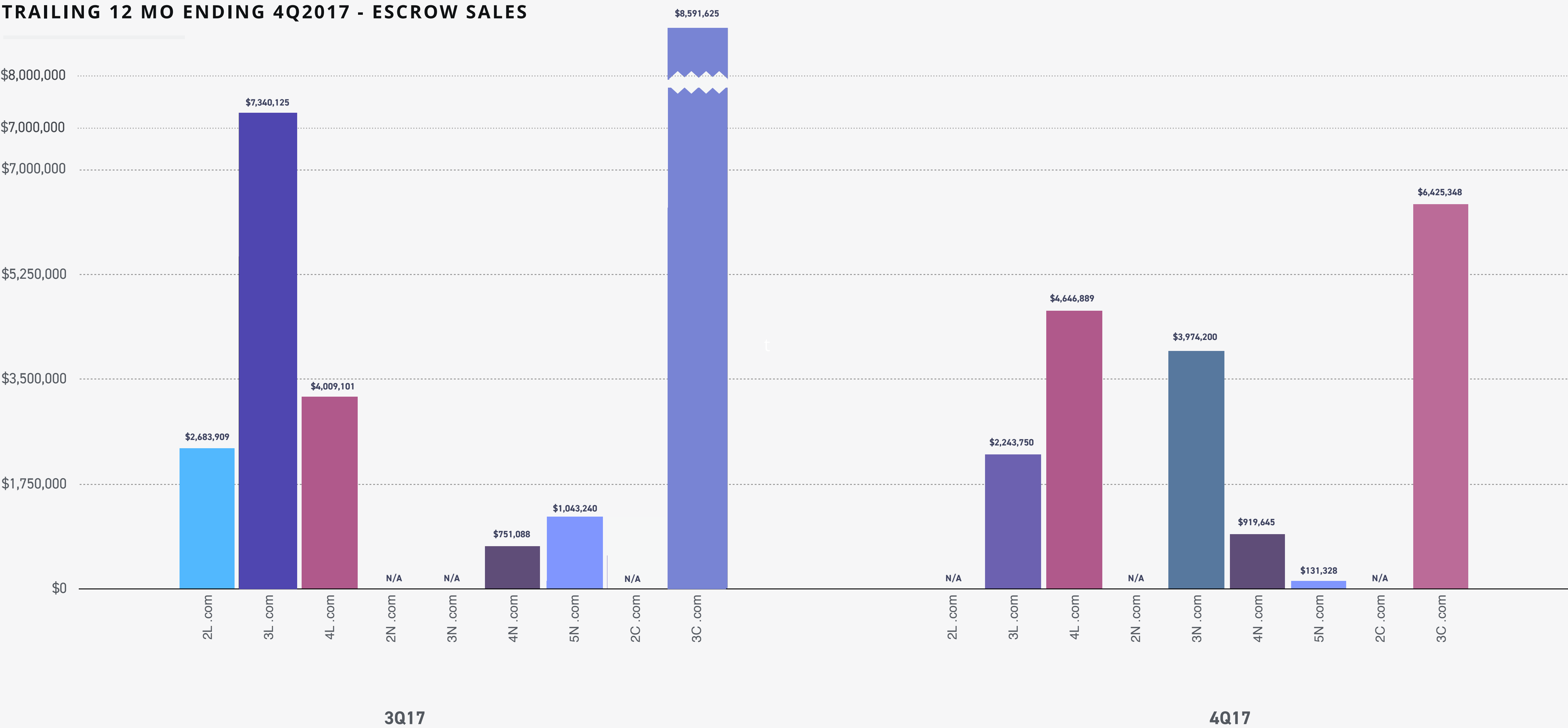
Total#	28,080
Development %	13.69%
EstiBot Market Cap	\$56,211,850.00
Turnover	0.64%
Public sales volume	\$288,687.00
Escrow.com sales volume	\$6,425,348.7
5th Percentile	\$252.00
QoQ 5th percentile	-9.03%

TRAILING 12 MO ENDING 4Q2017 - PUBLIC SALES

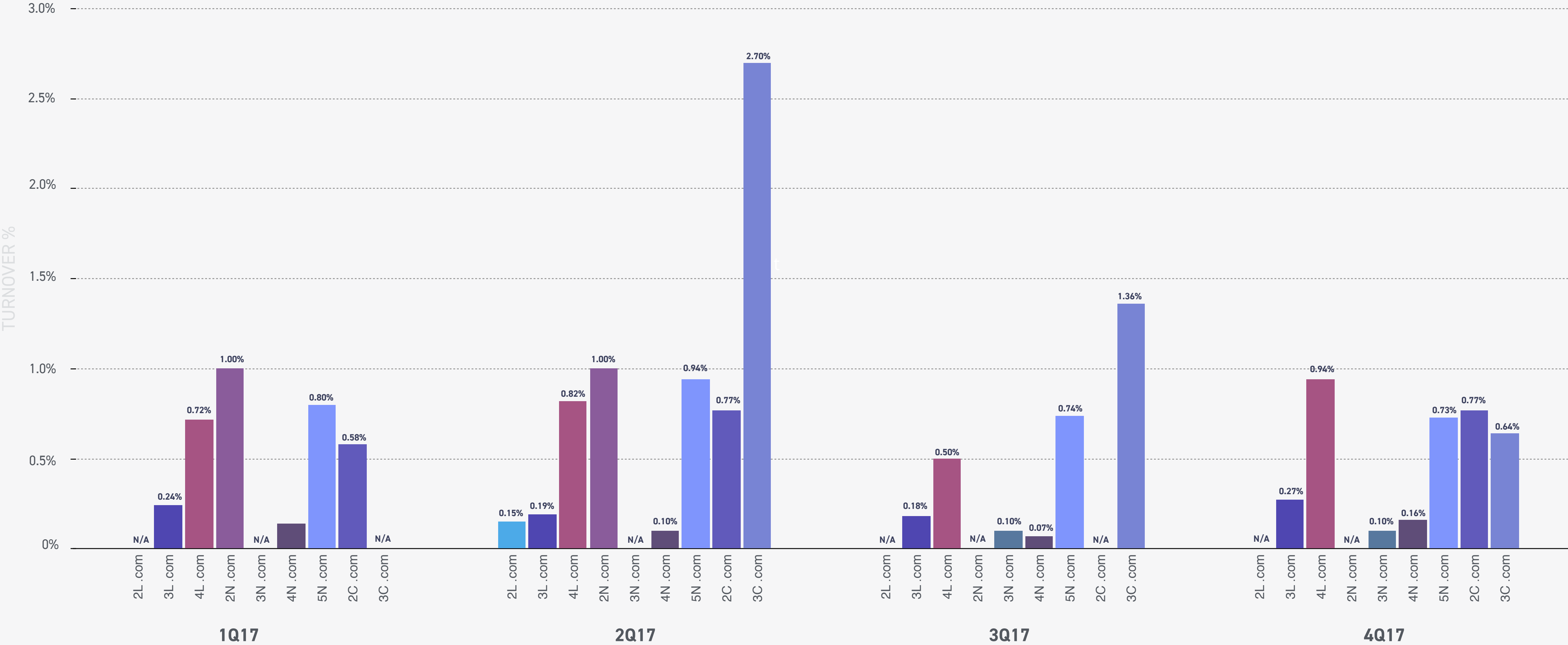


TRAILING 12 MO ENDING 4Q2017 - ESCROW SALES

ESCROW SALES

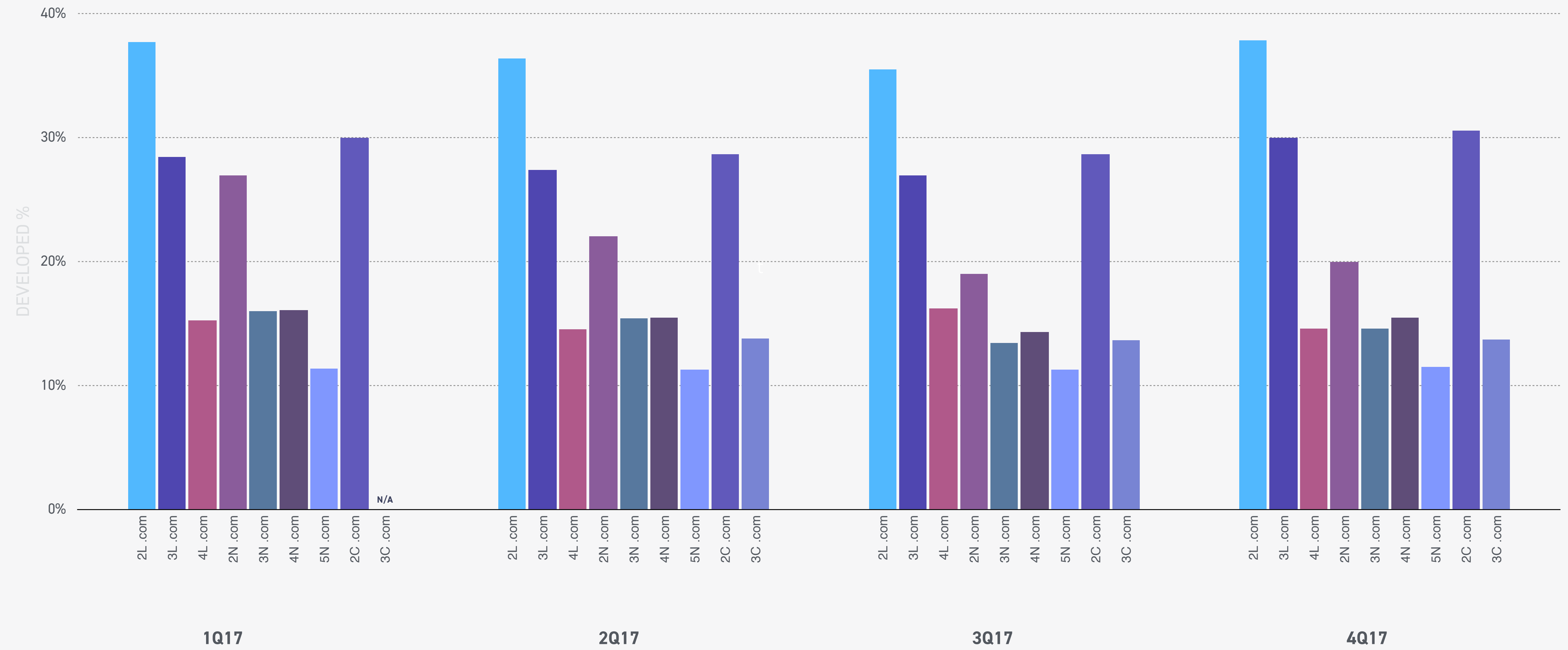


TRAILING 12 MO ENDING 4Q2017 - TURNOVER



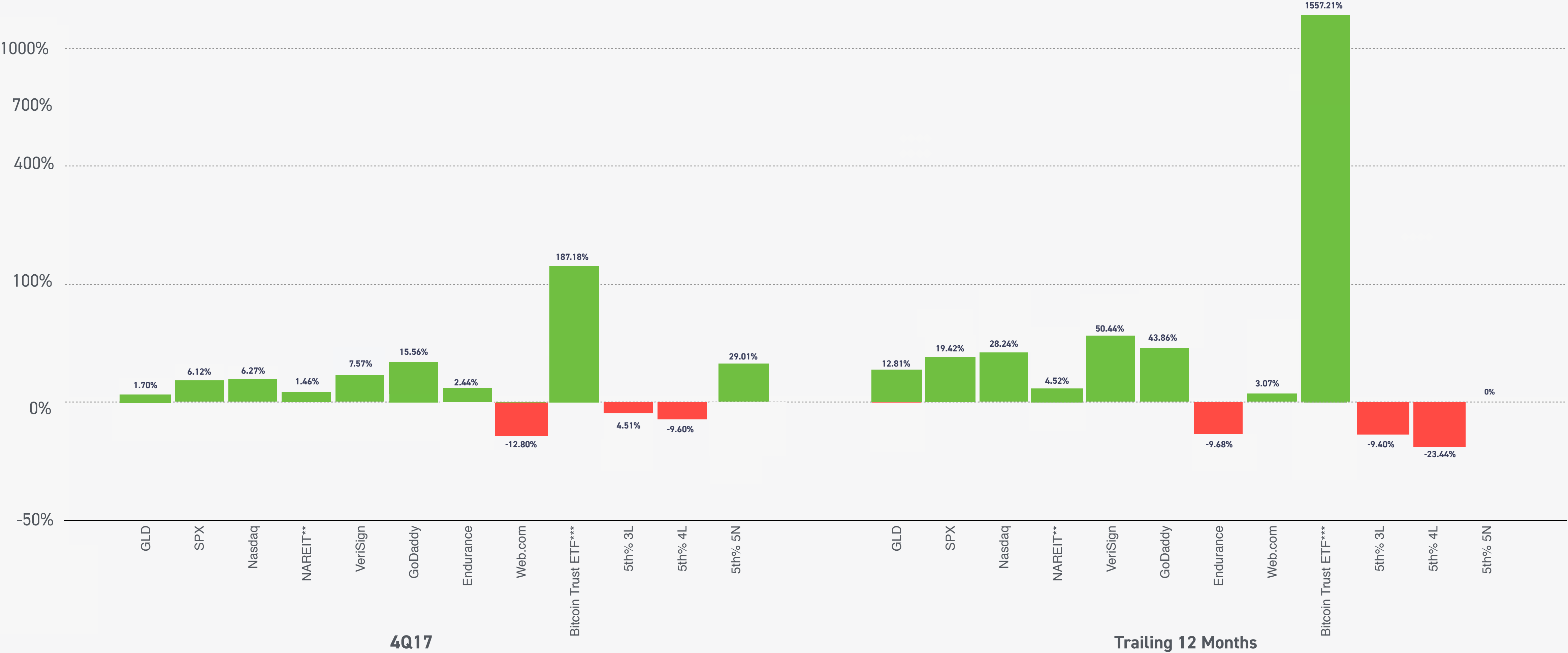
* Turnover based on publicly disclosed sales data

TRAILING 12 MO ENDING 4Q2017 - DEVELOPMENT



GLOBAL ASSET MARKETS ENDING 12/31/2017

*Data from MorningStar
**FTSE NAREIT ALL Equity REITs PR
***GBTC - Bitcoin Investment Trust



Index, ETF and all security return data was initially computed by Morningstar, Inc. and is shown in this report for display purposes only. This data is not, nor is meant to be used as, actionable investment advice; nor a direct comparison between any exchange or market traded security, or individual stock, or index and any category of domain names. We cannot guarantee the accuracy of any such data, as it is maintained by a third party and may be subject to errors, or unavailability. Morningstar, Inc. did not participate in the creation of this report and reserves all intellectual property rights in regard to its own materials or data.



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.