2018 Global Real Estate Portal Report

03  A global snapshot

14  Growth and competition

26  Driving premium revenues

39  Ancillary revenue streams

54  Closer to the transaction vs. more of the transaction

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82  Competing strategies in the U.K.: Rightmove and Zoopla

99  Portal homepage analysis

115 Seven years of M&A activity
This report looks at the top real estate portals from around the world.

The work is evidence-based, so naturally focuses on portals where data is available (typically public companies).

Looking at the best in the world gives a clear window into best practices, emerging trends, growth strategies, and common insights and challenges.

This is my world: I’m the former head of strategy at a top portal, and have spent the past three years focused on the strategies of real estate portals.

– Mike DelPrete, June 2018
Real estate portals are big businesses around the world, in terms of revenue and profit (EBITDA).
There are clear global leaders in terms of overall revenue and profitability.

Source: Annual reports, investor briefings, and company data. Move’s EBITDA is unknown.
Yearly revenue growth varies significantly, with impressive upside even in mature markets.

Year on Year Revenue Growth

- Zillow Group: 27.0%
- PropertyGuru: 25.0%
- REA Group: 21.0%
- Domain: 20.2%
- iPonyProperty: 18.0%
- Move: 15.0%
- Immoweb: 11.0%
- Rightmove: 11.0%
- Trade Me Property: 10.2%
- SeLoger: 9.4%
- Zoopla Property Services: 9.0%
- Immowelt: 7.3%
- Immobilien Scout24: 2.7%

Source: Annual reports, investor briefings, and company data.
Dominant, well-run portals can be incredibly profitable in mature markets.

**EBITDA Profit Margins**

- Rightmove
- Immobilien Scout24
- Trade Me Property
- Immoweb
- REA Group
- SeLoger
- Zoopla Property Services
- Domain
- Immowelt
- Hemnet
- iProperty
- Zillow Group
- PropertyGuru

Source: Annual reports, investor briefings, company data, and author’s estimates.
Organizational efficiency, as measured by revenue per employee, varies across the globe.

Revenue per Employee

- Rightmove
- Zoopla Property Services
- REA Group
- Immoweb
- Immobilien Scout24
- Move
- SeLoger
- Hemnet
- Zillow Group
- Trade Me Property
- Domain
- Immowelt
- PropertyGuru

Source: Annual reports, investor briefings, company data, and author’s estimates.
Revenue per employee growth is varied, with some slowing while others accelerate.

Source: Annual reports, investor briefings, and company data.
Rightmove’s cost control involved a significant slowdown in headcount growth.

Source: Rightmove annual reports.
Revenue per capita for the major global portals varies based on market maturity and structure.

![Revenue per Capita Chart]

Source: Annual reports, investor briefings, and company data.
Revenue per capita is much higher in some markets due to structural differences.

In Australia and New Zealand, home sellers pay their own marketing expenses, resulting in much higher average revenues per listing.

Source: Annual reports, investor briefings, and company data.
Revenue per capita in emerging and developing markets is well below more mature markets.

Source: Annual reports, investor briefings, and company data. Ingatlan and Otodom figures are FY17.
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Generally, market-leading portals have between 1.5x – 3x the traffic of the runner-up portal.

Source: annual reports, company data, and investor presentations.
Stronger competitive positions roughly correlate with revenue growth (due to pricing power).

Source: annual reports, company data, and investor presentations.
Globally, runner-up portals collect about 40% of the revenue of the leading portals in each market. Zoopla, in the U.K., is the outlier due to its intense diversification in property services.
But runner-up portals aren’t catching up to the leaders; the revenue disparity remains constant.

<table>
<thead>
<tr>
<th>Residential Revenue Comparison: #2 Portal as a % of #1 Portal</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Domain as a % of REA</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Realtor.com as a % of Zillow*</td>
</tr>
</tbody>
</table>

*Total revenue (realtor.com does not break down revenue sources). Financial year is offset 6 months from Australia.

Source: annual reports and investor presentations.
Growth across three of Europe’s leading portals is predictable and steady.

Source: annual reports, company data, and investor presentations. IS24 restated revenue numbers starting in 2016.
And when Zillow is thrown into the mix, it's clear what a growth monster it is!

Revenue Growth Across Europe

Source: annual reports, company data, and investor presentations. IS24 restated revenue numbers starting in 2016.
ARPA growth is consistent between portals, driven from price rises and premium offerings.

Source: Company data.
But vendor-funded advertising and a demand model put REA Group in a league of its own.

Source: Company data, Morgans research.
Major portals still generate most of their revenue from real estate agents.

Other revenue sources include direct listings, display ads, new construction, data sales, and ancillary revenue streams.

Source: annual reports, investor presentations, company data and author’s estimates.
The major portals, such as Rightmove, aren’t diversifying their revenue streams.

This number hasn’t changed in years; no revenue diversification.

Source: annual reports and investor presentations.
Many agents in the U.S. are worried Zillow will disrupt them, but it’s clearly not diversifying.

It is exceedingly unlikely that Zillow would put 70 percent of its revenue at risk.

Source: annual reports and investor presentations.
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Driving premium revenues

Premium, or depth, products are when customers pay more for increased exposure. They typically compete against each other for enhanced placement of listings and agent branding.

Premium revenues occur above and beyond subscription revenues for listings, and are the main driver of revenue growth in mature markets.
Premium products include bigger photos, better placement, and prominent agent branding.
Portals in mature markets have reached market saturation; there are very few new customers.

Revenue growth is coming from ARPA (average revenue per advertiser) increases, aka, extracting more revenue from each customer.
Rightmove’s strategy is very much focused on growing agency revenues through new products.

Our strategy

Core Membership

- Clear market leading portal
  - 73% share of time spent on the top 4 property portals is on Rightmove
  - We generate 6x as many sales & lets for our Agency customers as our nearest competitor
- “All you can eat” listings, per branch, within an agent’s local market

Additional Products

- Enable agents to differentiate themselves and gain more business
- Helps Rightmove meet the differing marketing needs of agents
- Helps Rightmove tailor its offer to different geographic markets

Rightmove’s efforts are focused on additional premium products.
In Australia, REA Group and Domain are growing exceptionally fast. And at a similar rate.

### Residential Revenue Growth: REA vs. Domain

<table>
<thead>
<tr>
<th></th>
<th>H1 F18</th>
<th>H1 F17</th>
<th>Growth</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>REA</td>
<td>$324,200,000</td>
<td>$271,900,000</td>
<td>19.2%</td>
<td>$52,300,000</td>
</tr>
<tr>
<td>Domain</td>
<td>$86,100,000</td>
<td>$72,200,000</td>
<td>19.3%</td>
<td>$13,900,000</td>
</tr>
</tbody>
</table>
Almost all of the residential listings revenue growth is coming from depth products.

### Residential Depth Revenue Growth: REA vs. Domain

<table>
<thead>
<tr>
<th></th>
<th>Total Growth</th>
<th>Depth Growth</th>
<th>% from Depth</th>
</tr>
</thead>
<tbody>
<tr>
<td>REA</td>
<td>$52,300,000</td>
<td>$51,600,000</td>
<td>98%</td>
</tr>
<tr>
<td>Domain</td>
<td>$13,900,000</td>
<td>$13,560,000</td>
<td>97%</td>
</tr>
</tbody>
</table>

98 percent of REA’s and 97 percent of Domain’s residential listings revenue growth came from depth products.
All of REA Group’s revenue growth is coming from premium and depth products.

Source: Company data.

REA Group's Australian Revenue

Source: Company data.

www.mikedp.com
REA has mastered the art of the upsell, pushing customers to more expensive premium products.

Source: Company data.
Premium listings, depth products, & value-added services are all fancy ways of saying “big photos.”

Source: REA Group, Domain, Trade Me.
The product development priorities of the top real estate portals are deceptively simple.

Small pictures → Big pictures
It’s no surprise. The biggest value a portal can give customers is “bigger” exposure.
So if you’re looking to add the biggest value to your customers, don’t overthink it...
Ancillary revenue streams

Lead generation is one of the largest ancillary revenue streams for real estate portals.

This is especially the case with world leaders in mature markets.
• Providing more value to customers
• Making investments or acquiring businesses
• Getting involved in more of the transaction
• “One-stop shop” mentality
Activity across the value stream is varied by portal, with some common trends.

<table>
<thead>
<tr>
<th>Service</th>
<th>Zoopla</th>
<th>rightmove</th>
<th>Zillow</th>
<th>REA Group</th>
<th>trademe</th>
<th>IMMOLIEN</th>
<th>SCOUT24</th>
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<tbody>
<tr>
<td>Home inspiration</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
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<tr>
<td>Home services and repairs</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
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<tr>
<td>Valuation and data</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
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<tr>
<td>Agent profiles</td>
<td>⬤</td>
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<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
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<tr>
<td>Mortgages</td>
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<td>Insurance</td>
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<td>Conveyancing</td>
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<td>Moving</td>
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<td>Utilities</td>
<td>⬤</td>
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</table>
Runner-up portals have diversified their revenue streams more aggressively, out of necessity.

<table>
<thead>
<tr>
<th>Revenue Diversification</th>
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<table>
<thead>
<tr>
<th></th>
<th>Listing Revenues % of Total</th>
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</thead>
<tbody>
<tr>
<td>REA</td>
<td>84%</td>
</tr>
<tr>
<td>Domain</td>
<td>47%</td>
</tr>
<tr>
<td>Rightmove</td>
<td>76%</td>
</tr>
<tr>
<td>Zoopla</td>
<td>25%</td>
</tr>
</tbody>
</table>

#2 in Australia  
#2 in U.K.
Generally, adjacent revenue streams carry much lower profit margins than classified listings.

### Revenue Diversification and Profitability

<table>
<thead>
<tr>
<th></th>
<th>Listing Revenues % of Total</th>
<th>EBITDA Margins</th>
</tr>
</thead>
<tbody>
<tr>
<td>REA</td>
<td>84%</td>
<td>66%</td>
</tr>
<tr>
<td>Domain</td>
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<td>Rightmove</td>
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<td>76%</td>
</tr>
<tr>
<td>Zoopla</td>
<td>25%</td>
<td>39%</td>
</tr>
</tbody>
</table>
Adjacent services are still nascent, even at the global leaders.

### Revenue Adjacencies: IS24, REA, and Domain

<table>
<thead>
<tr>
<th>Service</th>
<th>Revenue</th>
<th>Revenue as % of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>IS24 (Finance)</td>
<td>€14.7 million</td>
<td>5.9%</td>
</tr>
<tr>
<td>REA (Financial Services)</td>
<td>€18.1 million</td>
<td>3.8%</td>
</tr>
<tr>
<td>Domain (Transactions)</td>
<td>€15.0 million</td>
<td>7%</td>
</tr>
</tbody>
</table>

Domain (Transactions) consists of utility comparison and switching, Domain Loan Finder, and Domain Insure. IS24 is for FY17, while REA and Domain are FY18 (6 month offset).
And in many cases are expensive to start-up, especially organically.

### Revenue Adjacencies: REA vs Domain (FY 2018)

<table>
<thead>
<tr>
<th></th>
<th>Revenue</th>
<th>EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>REA (Financial Services)</td>
<td>$29.3 million</td>
<td>$10.8 million</td>
</tr>
<tr>
<td>Domain (Transactions)</td>
<td>$24.4 million</td>
<td>($2.7 million)</td>
</tr>
</tbody>
</table>

Domain (Transactions) consists of utility comparison and switching, Domain Loan Finder, and Domain Insure. All figures AUD.
Zillow has consistently grown its mortgage lead generation revenues, but growth is slowing.

![Zillow's Mortgage Revenue Growth Chart](www.mikedp.com)

Source: annual reports, company data, and investor presentations.
The lead gen business is still very much a volume game, with low average revenue per lead (ARPL).

Zillow is focused on delivering higher-quality mortgage leads.

This results in less leads each year, but each one is more valuable.

However, several dollars per lead is still a small fraction of the total value of a mortgage customer.

Source: annual reports and investor presentations.
Zoopla's comparison business continues to grow, but the average value per lead is flat.

Source: Company data, investor presentations.
Both businesses are improving the average revenue per lead, but it’s still a volume game.

Source: Company data, investor presentations.
REA Group acquired a majority stake in mortgage broking business Smartline in June 2017.

- REA group acquired an 80% stake in Smartline for $67 million AUD.
- Around 300 employees.
- After one year, it is a meaningful revenue contributor and materially profitable.

Source: Company data, investor presentations.
Zillow followed suit by acquiring Mortgage Lenders of America in August 2018.

• Originated around 4,000 loans last year.
• Average revenue per customer of $9k-$12k.
• Offers advantage for Zillow Offers program.
• Around 300 employees.

Zillow goes from $3.60 per mortgage lead to ~$9k per mortgage customer.
The leaders in the field offer deep integrations across their sites, critical to their success.
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In their efforts to diversify revenue streams, real estate portals are moving closer to the transaction and doing more of the transaction.
The strategy is multi-dimensional. Real estate portals are operating along two axes.

- Closer to the transaction
- Far from the transaction
- More of the transaction
- Less of the transaction

Far from the transaction
Portals began focused on property advertising, but many are expanding across the entire transaction.
The classic classifieds model stays far from the transaction, only **connecting** buyers and sellers.

**Closer to the transaction**

- Redfin
- Purple Bricks
- Opendoor

Part of the transaction. Intimately involved with buyers and sellers, or actually buying and selling inventory.

**Far from the transaction**

- Rightmove
- Trademe

A true marketplace: connecting buyers and sellers.
As portals move closer to the transaction, they move closer to consumers, displacing agents.
Marketplace businesses are high-margin and scale inexpensively. Expansion is less scalable.

![Diagram]

- **High Margin, Highly Scalable**
  - Closer to the transaction
  - More of the transaction

- **Low Margin, Less Scalable**
  - Far from the transaction
  - Less of the transaction
The global leaders have positioned themselves across the map with a variety of strategies.

The diagram illustrates the positioning of different real estate companies along two axes: closer to the transaction vs. far from the transaction, and less of the transaction vs. more of the transaction. The companies included in the diagram are Zillow, REA Group, Domain, Zoopla, realtor.com, rightmove, trade.me, and Scout24.
Each portal’s product strategy and M&A activity show the direction it is moving.
Recent big moves by Zillow, realtor.com, and IS24 show clear strategic intent.

- **Zillow Offers**: acquire mortgage broker
- **realtor.com**: acquire Opcity for $210 million
- **IS24**: acquire Finanzcheck for $330 million
There is a clear trend towards the upper right, typically via the bottom right quadrant.
Portals are moving towards much larger revenue pools, expanding their total addressable market.

Note: Bubbles not to scale; each market is different.
You can see the move in Zillow’s strategy; it’s moving towards those big revenue pools.

Source: Zillow Group investor presentation.
Realtor.com’s Opcity acquisition and Zillow’s concierge service move closer to the transaction.
Portals are evolving from media companies (ad platforms) to tech companies (tech platforms).
Some portals are offering an “operating system” for agents, providing tools to run their business.

![Diagram showing closer and far from the transaction with companies like Zillow and Zoopla marked.]
The traditional classifieds model is a search engine for property. But that’s changing.
Portals are evolving from providing search results to providing actual services to users.

Closer to the transaction

Service Engine

Search Engine

Less of the transaction

Far from the transaction

More of the transaction
There is an evolution occurring, from search engine to service engine.
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After several years of heavy investment (and losses), expenses are in-line with revenues.

Source: annual reports, company data, and investor presentations.
Expenses continue to track with revenues, highlighting brief periods of profitability.

Source: annual reports, company data, and investor presentations.
Zillow’s revenue growth continues to be driven by its premier agent program, and rentals (other).
The premier agent program pits agent against agent, delivering leads to the highest bidder.

Demand in marketplace drives pricing with auction model

Example:
- Premier Agent increases monthly advertising spend with Zillow Group
- Premier Agent moves up in ranking by share of voice in a zip code
- Share of voice for other Premier Agents advertising in that zip code is decreased
- Estimated monthly leads delivered to Premier Agent grows
- Cost per lead increases for all Premier Agents advertising in zip code
- ROI over time decreases slightly for all Premier Agents advertising in zip code
With growth in its largest source of revenue slowing, Zillow must explore new opportunities.

Source: annual reports, company data, and investor presentations.
Zillow’s mortgage lead generation business is growing at the expense of display advertising.

There is a strategic shift away from display ads to more integrated solutions. These new products are more useful for consumers, deliver higher-quality leads to customers, and operate on a pay-per-lead model.

Source: annual reports and investor presentations.

Mortgages product = deeper integration.
Both U.S. portals are growing revenues, but Zillow is growing faster (and from a larger base).

Source: annual reports, company data, and investor presentations.
Zillow maintains a strong traffic lead over realtor.com, and it’s not changing.
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Competing strategies in the U.K.: Rightmove and Zoopla

More than any other real estate portals in the world, Rightmove and Zoopla have adopted divergent strategies in the U.K.

Rightmove is narrowly focused and Zoopla is broadly diversified. But both are succeeding in different ways.
Zoopla’s strategy is geared towards diversification and creating a “huge cross-sell opportunity.”
While Rightmove is solely focused on being the best marketplace to advertise property.

Rightmove is the UK’s largest property portal

Our aim is to create a more transparent and efficient property marketplace and to make home moving easier in the UK.
Rightmove has delivered consistent revenue growth, but Zoopla has made impressive gains.

Source: annual reports, company data, and investor presentations.
Rightmove is growing revenue through high-margin portal advertising products.

Source: Company data.
While Zoopla’s growth is coming from adjacent revenue streams with lower profit margins. 

Source: Company data.
Rightmove’s overall growth is slowing; it can’t grow at historical levels through price rises alone.

Source: Rightmove annual reports.
Rightmove’s average revenue per advertiser (ARPA) growth is also slowing.

Source: Rightmove annual reports.
Zoopla’s property portal revenue is effectively flat. The core portal business is barely growing.
Partially a result of inventory levels never fully recovering since OnTheMarket’s entry in 2015.

Zoopla’s Inventory Levels

Source: Zoopla.co.uk inventory tracking
Used with permission from Exane BNP Paribas Research
Zoopla diversified by spending approximately £480 million on acquisitions since 2015.

<table>
<thead>
<tr>
<th>Company</th>
<th>Purchase Price</th>
<th>Acquisition Date</th>
<th>Products &amp; Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>uSwitch</td>
<td>£160 million</td>
<td>April 2015</td>
<td>Comparison services</td>
</tr>
<tr>
<td>Property Software Group</td>
<td>£75 million</td>
<td>April 2016</td>
<td>Estate agency back office systems</td>
</tr>
<tr>
<td>Technicweb</td>
<td>£7 million (estimated)</td>
<td>November 2016</td>
<td>Designing websites for the property sector</td>
</tr>
<tr>
<td>Hometrack</td>
<td>£120 million</td>
<td>January 2017</td>
<td>Data provider to lenders, investors and home buyers</td>
</tr>
<tr>
<td>Expert Agent</td>
<td>£7 million (estimated)</td>
<td>March 2017</td>
<td>Estate and letting agency software provider</td>
</tr>
<tr>
<td>Ravensworth</td>
<td>unknown</td>
<td>September 2017</td>
<td>Print marketing</td>
</tr>
<tr>
<td>Money.co.uk</td>
<td>£80 million</td>
<td>September 2017</td>
<td>Financial products comparison</td>
</tr>
<tr>
<td>Calcasia</td>
<td>£30 million</td>
<td>November 2017</td>
<td>Property market data (Netherlands)</td>
</tr>
</tbody>
</table>
Zoopla’s eight acquisitions generated around 75% of total group revenues in 2017. These eight acquisitions generated around £185 million in annualized revenue in 2017, compared to their aggregated purchase price of around £480 million. Annualized estimates based on HY17 results.

Zoopla’s strategy, born of necessity, is paying dividends.
Zoopla has integrated its acquisitions well, but the synergy value is unclear.

- The key question in Zoopla’s diversification strategy is: How much are the businesses benefiting from cross-sell synergies?
- In other words, are the acquired businesses growing faster than they would have as stand-alone businesses?
- Two measures to look at are revenue growth and lead generation growth post-acquisition.
The comparison business saw a revenue uptick immediately after acquisition, before slowing.

Zoopla acquired its comparison business in 2015, and its 2015 results include 4 months of revenue.

Source: ZPG financial results and investor presentations.
New lead generation has slowed significantly, showing little sign of a direct traffic benefit.

Note: this is a like-for-like new lead comparison, and doesn’t include pro-forma leads from mid-year acquisitions.
In the case of Zoopla, the verdict is still out on the synergy value.

• While I’m sure there is synergy between the businesses, it’s not what I would call a runaway cross-sell success.

• There is modest growth, but it’s not clear if the source is organic or inorganic.

• I would treat any cross-sell synergy as an added bonus, not a given. The core business case should stand on its own merits!
2018 Global Real Estate Portal Report

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Portal homepage analysis

A portal’s homepage is a reflection of its strategy. Reviewing the designs of each gives us insight into what each portal deems important.

Using the Change-o-Meter, we’ll look at how each portal has changed over the last year.

Change-o-Meter

Medium
Rightmove’s homepage, like its strategy, is simple and focused, with not much changing.

- Surprisingly little has changed
- New “Inspire” section in the nav bar
Zoopla stays focused on property search with some minor changes on its site.

- Highlighting free valuation reports
- Personalized user options up top
Realestate.com.au rolls out a new homepage ad unit and highlights its new mortgage product.

- New home page featured property ad
- Home loans highlighted
- Slightly expanded search criteria

Change-o-Meter: Medium
Domain ditches the super simple search box in favor of more options.

- Expanded search options
- Less nav bar options

Change-o-Meter

Medium
Zillow doesn’t change much, despite a number of new business endeavors. Rentals highlighted.

- New “list rental” call to action
- Removed “home design” from nav bar

Change-o-Meter

Low
Trulia gets a major design makeover, with search highlighted, but neighborhoods still important.

- Completely new user experience, highlighting search
- Neighborhoods still prominent
Realtor.com basically stays the same.

- Replaced “Local” with “My Home” in nav
ImmobilienScout24 simplifies its navigation and adds an ad unit.

- Extremely simplified navigation
- A big new homes ad front and center
SeLoger introduces a few small changes, but otherwise stays the same.

- New highlights to book a vacation home and place an ad
- User customization for recommendations and favorites
Trade Me Property cleans up its look with less banner ads and a prominent search.

- Less ads! Two general banner ads replaced by one large property related banner
- New layout highlights search
- Removed “find an agent”
Schibsted’s leboncoin, a horizontal with a strong real estate section, changes nothing.

- No changes
Another leading horizontal, the Russian portal Avito, changes nothing.

- No changes
Avito’s real estate vertical, Domofond, introduces a few small navigation changes.

- Small navigation changes

Change-o-Meter

Low
A review of the changes on the major portal homepages reveals several common trends.

- **Overall**: Portals are optimizing the user experience, not revolutionizing it.
- **Less is more**: Optimization is about removing and simplifying the experience.
- **Customer value**: Some portals are integrating new business initiatives – but only if it benefits consumers.
- The horizontals aren’t changing at all (so it’s no surprise the verticals provide a better experience).
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Seven years of M&A activity

This M&A analysis covers investments and acquisitions made by seven of the top global portals between 2012 and 2018.

Over the past 12 months, there has been over $670 million in M&A activity from the major real estate portals in four major deals.
The big acquisitions are in familiar categories: data and finance...

<table>
<thead>
<tr>
<th>Category</th>
<th>Zoopla</th>
<th>rightmove</th>
<th>Zillow</th>
<th>REA Group</th>
<th>trade me</th>
<th>IMMOLUMINEN</th>
<th>scout24</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home inspiration</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Home services and repairs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Valuation and data</td>
<td>$38.9 million</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mortgages</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$330 million</td>
</tr>
<tr>
<td>Insurance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conveyancing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moving</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
...which is reflective of portals moving towards bigger revenue pools.

Note: Bubbles not to scale; each market is different.
2018 is shaping up to be a big year in overall M&A activity for the major real estate portals.

Source: Company data, investor reports.
For the scope of this analysis, I’ve defined the following categories...

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic</td>
<td>Building domestic market share.</td>
</tr>
<tr>
<td>International</td>
<td>Expansion beyond the home country.</td>
</tr>
<tr>
<td>Ancillary</td>
<td>New revenue streams related to property advertising (ex: utility switching, mortgages, rental applications).</td>
</tr>
<tr>
<td>Data</td>
<td>Data collection, management, and presentation tools, and monetization thereof.</td>
</tr>
<tr>
<td>Agents</td>
<td>Tools and products for real estate agents (that they pay for).</td>
</tr>
<tr>
<td>Consumer</td>
<td>Products and technologies designed to directly improve the consumer experience on the real estate portal (ex: improved search, virtual home decorating).</td>
</tr>
</tbody>
</table>
Total number of investments and acquisitions between 2012-2018.

<table>
<thead>
<tr>
<th>Company</th>
<th>Domestic</th>
<th>International</th>
<th>Ancillary</th>
<th>Data</th>
<th>Agents</th>
<th>Consumer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zillow</td>
<td>4</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>REA Group</td>
<td></td>
<td>3</td>
<td>3</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zoopla</td>
<td></td>
<td>2</td>
<td>2</td>
<td></td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Rightmove</td>
<td></td>
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<td>1</td>
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<tr>
<td>Move</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Immobilien Scout24</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td></td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Domain</td>
<td></td>
<td></td>
<td>3</td>
<td>1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Total deal flow (where known) from investments and acquisitions between 2012-2018.

<table>
<thead>
<tr>
<th>Company</th>
<th>Domestic</th>
<th>International</th>
<th>Ancillary</th>
<th>Data</th>
<th>Agents</th>
<th>Consumer</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zillow</td>
<td>$85M</td>
<td></td>
<td>$17M</td>
<td>$7M</td>
<td>$108M</td>
<td>$10M</td>
<td>$227M</td>
</tr>
<tr>
<td>REA Group</td>
<td></td>
<td>$749M</td>
<td>$32M</td>
<td>$94M</td>
<td></td>
<td></td>
<td>$875M</td>
</tr>
<tr>
<td>Zoopla</td>
<td></td>
<td></td>
<td>$317M</td>
<td>$198M</td>
<td>$118M</td>
<td></td>
<td>$633M</td>
</tr>
<tr>
<td>Rightmove</td>
<td></td>
<td></td>
<td></td>
<td>$3M</td>
<td></td>
<td></td>
<td>$3M</td>
</tr>
<tr>
<td>Move</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$232M</td>
<td></td>
<td>$239M</td>
</tr>
<tr>
<td>Immobilien Scout24</td>
<td>$3M</td>
<td>$66M</td>
<td>$330M</td>
<td></td>
<td>$37M</td>
<td></td>
<td>$435M</td>
</tr>
<tr>
<td>Domain</td>
<td></td>
<td></td>
<td>$12M</td>
<td>$24M</td>
<td></td>
<td></td>
<td>$44M</td>
</tr>
</tbody>
</table>
Zillow’s M&A approach is mixed, focused on building domestic market share and agent tools.

Source: annual reports, company data, and investor presentations.
REA Group has invested massively in international expansion (India, U.S. and Southeast Asia).

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Source: annual reports, company data, and investor presentations.
Zoopla is focused on ancillary and value-added services for estate agents.

Source: annual reports, company data, and investor presentations.
Rightmove made its first acquisition in 2016 in support of its agent-focused strategy.

Source: annual reports, company data, and investor presentations.
Move has invested massively in its agent-first strategy with its Opcity acquisition.

Source: annual reports, company data, and investor presentations.
IS24 made an outsized investment in ancillary services with its acquisition of Finanzcheck.

Source: annual reports, company data, and investor presentations.
Domain has modestly invested in ancillary revenue streams and data acquisition.
With their massive acquisitions, Move and IS24 move up the rankings in overall activity.

Note: Zillow does not include the Trulia merger.
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I’m a strategic advisor in real estate tech and a scholar-in-residence at the University of Colorado Boulder. I’m a former CEO, tech entrepreneur, and head of strategy at a major real estate portal.

I’ve travelled the world talking to and working with leading property portals and real estate tech businesses, gathering first-hand knowledge and insights on industry trends and themes. I advise corporates, work with startups, mentor founders and executives, and work on challenging entrepreneurial projects.

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I’m involved with a number of ventures across the industry, and always happy to chat.

I’m leading the University’s new Real Estate Tech program, one of the world’s first. [www.curealestatetech.com](http://www.curealestatetech.com)

I’m a strategy and new ventures consultant for businesses of all sizes, with a focus on real estate portals and disruptive models in real estate tech. [Learn more.](#)

I advise and invest in a select group of real estate tech start-ups and growth-stage businesses around the world. [Learn more.](#)
This global research takes a deep look into the future of real estate portals. The focus areas include portals’ expansion into adjacent revenue streams, closer to the transaction vs. more of the transaction, a deep dive into Rightmove’s growth dilemma, the implications for investors, and more.

A 190+ slide presentation where I take a global view of emerging models in real estate that are changing the way consumers buy and sell houses. It’s a data-heavy, representative scan of the market that pulls out facts, highlights insights, and draws conclusions.
Adventures in Real Estate Tech is a 110-page collection of my past insights, analysis, and articles from 2016 to today. My work offers a data-rich, evidence-based analysis of real estate tech, with a healthy dosage of strategic insights. I cover the trends that are changing the industry and the major players gaining traction around the world. The scope is global, because we all have a lot to learn no matter where we live. Order a copy today!
A note on data sources

The data sources include company reports, investor presentations, earnings calls (and transcripts), and supporting documentation. All information used is in the public domain. No confidential information has been used in this report. Some data has been estimated from financial statements and other known data points.