



## next gen property marketplaces: opportunities and threats

# european internet ventures.

## who I am

**Malcolm Myers**

>15 years of marketplaces

former head of m&a at Naspers

former m&a advisor to Scout24

CEO of eiv

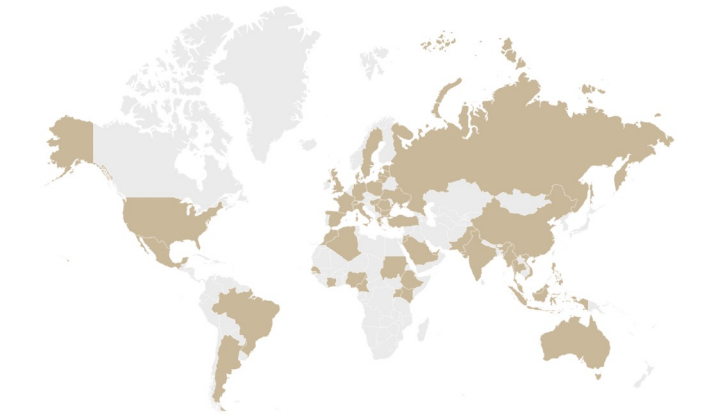
## what we do

advisory firm dedicated to  
online classifieds + marketplaces

m&a

capital raising

## where we work



# some of our transactions

## real estate



## automotive



## jobs



## horizontals



# contents

1. evolution to date.

2. disruption in perspective.

3. possible impacts of AI.



1 evolution to date.

in some industries, the past 25 years  
have witnessed incredible innovation

## MOBILE PHONE

1998  
Nokia 5110



screen resolution  
internet speed  
app capabilities  
video  
price  
distribution

5 lines (monochrome)  
no internet access  
ringtones vis sms  
n/a  
\$600  
physical store

2023  
iPhone 15 Pro



3.6 million pixels, full colour  
5G 100-1,000 Mbs  
1.6 million apps  
4k video capture + playback  
\$999-\$1499  
store or online

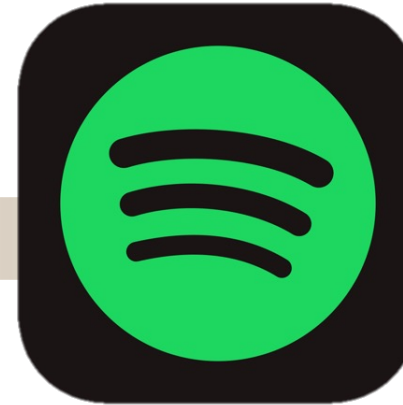
in some industries, the past 25 years  
have witnessed incredible innovation

## RECORDED MUSIC

1998



2023



**unit of purchase**  
**tracks available in store**  
**price of a music collection**  
**distribution**

a CD containing ca. 15 tracks  
5k-10k CDs  
\$3,000 for 200 CDs  
high street stores

unlimited streaming of any title on platform  
>80 million  
free (ad-funded) / premium \$15.49 per month  
online

in some industries, the past 25 years  
have witnessed incredible innovation

## TRAVEL

1998



**service sold**

**choice of holidays**

**information available**

**time to search and book**

**transaction occurs**

hotel + flight bundled

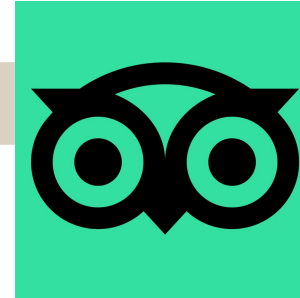
1000's

brochures, agent's opinion, word of mouth

hours/days

high street store

Booking.com



2023

personalized stays

28 million listings on Booking.com

1 billion reviews on TripAdvisor

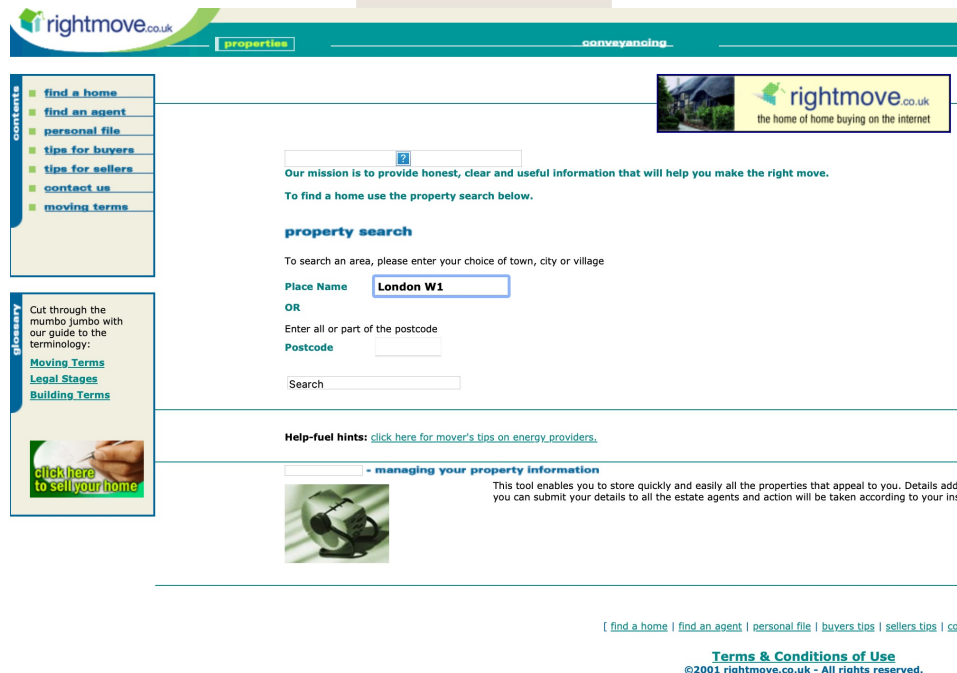
minutes

online

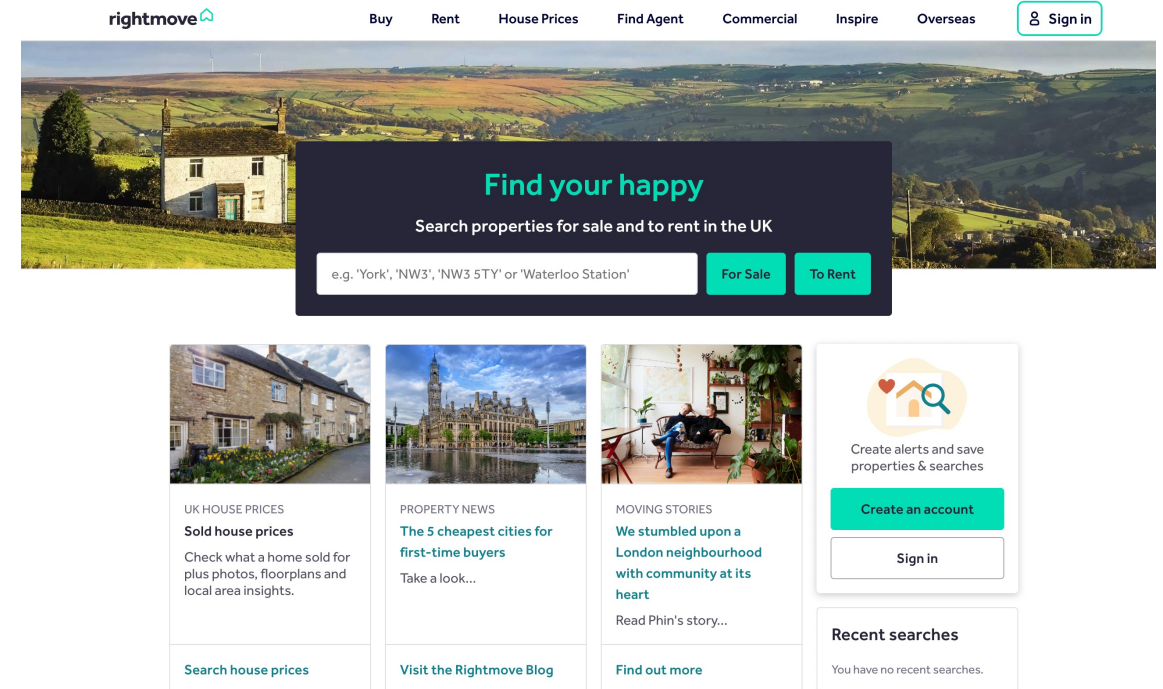
# in comparison, real estate classifieds seem to have changed rather less

## RIGHTMOVE

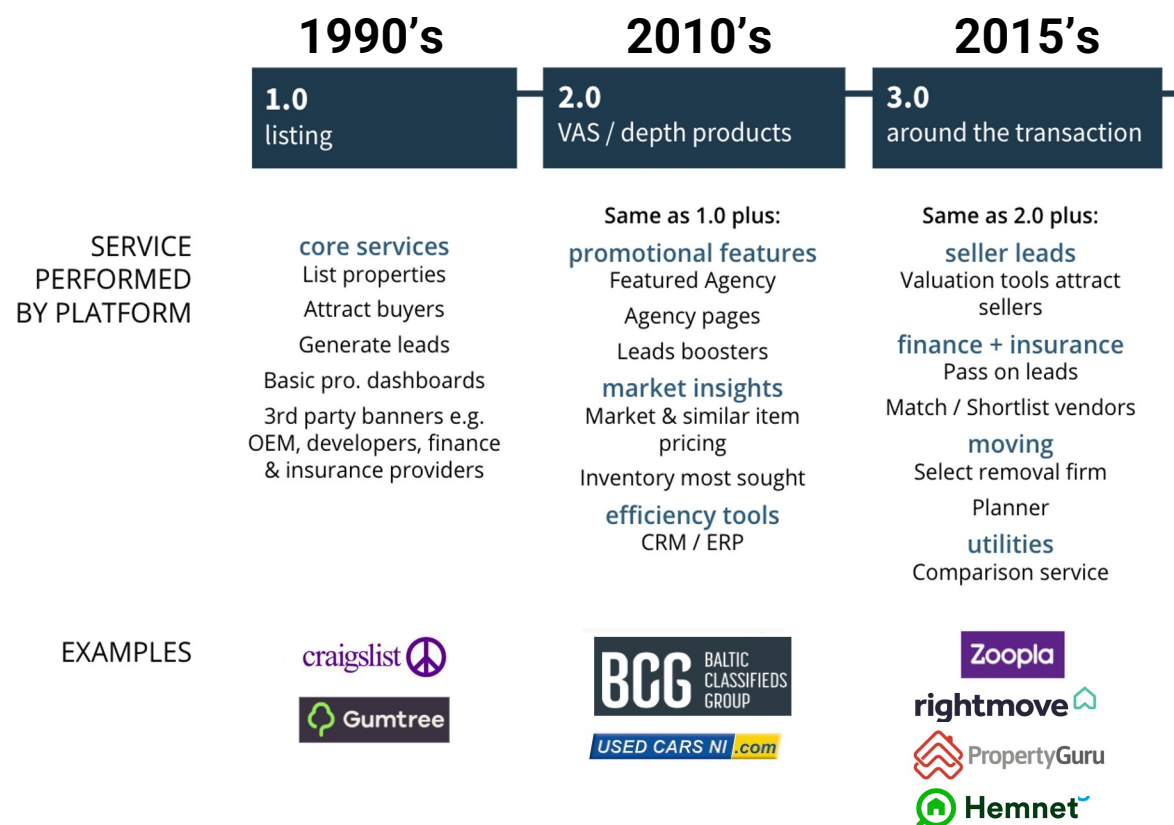
2000



2023



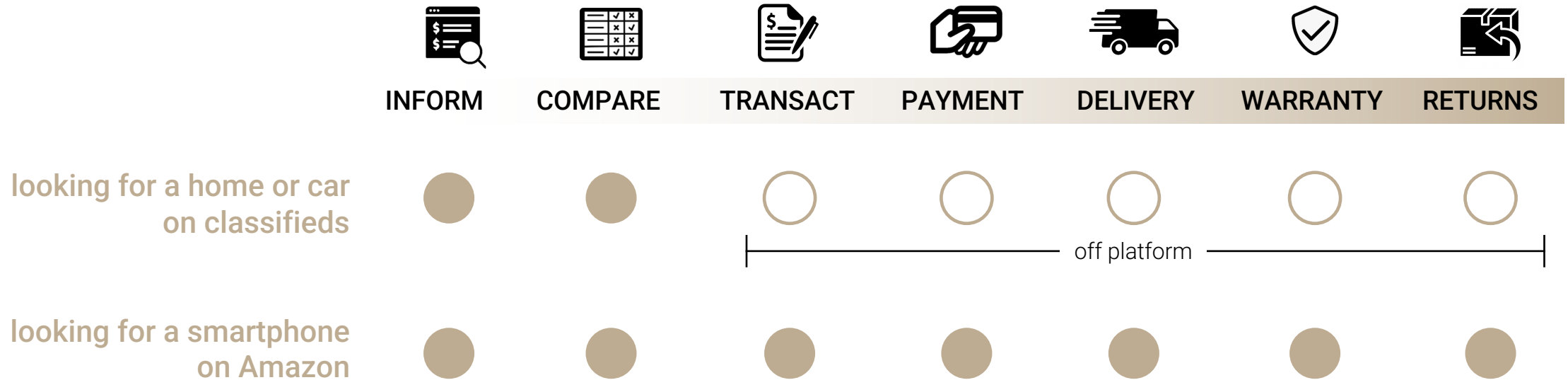
for about 2 decades, focus in high GDP markets  
was to provide professionals with  
branding + premium visibility for their listings


















most classifieds started at 1.0

until the pandemic, the majority  
were focused on 3.0 - building  
ancillary services

# traditional classifieds lives off an outdated consumer experience



around 2015 saw the emergence of tech-enabled,  
fully transactional marketplaces,  
promising a far superior experience for sellers and buyers

| consumer wants when selling a home                            | <br> <br>iBuyer | <br><br>classifieds + agent |
|---------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| avoid time and cost of RENOVATING + STAGING                   |                                                                                                                                                                                       |                                                                                                                |
| minimize the number of VIEWINGS                               |                                                                                                                                                                                       |                                                                                                                |
| OBTAIN the highest sale price                                 |                                                                                                                                                                                       |                                                                                                                |
| SPEED from offer acceptance to closing                        |                                                                                                                                                                                       |                                                                                                                |
| TITLE TRANSFER taken care of by trusted 3 <sup>rd</sup> party |                                                                                                                                                                                       |                                                                                                                |

iBuyers provide sellers a superior experience than realtors on all aspects - except net sale price  
average discount to market was ca. 3% until 2021/2, and has expanded since



# while the consumer experience was undoubtedly better, unit economics were dramatically worse

## Opendoor

### 2022 FULL YEAR UNIT ECONOMICS IN \$

|                                 |                 |
|---------------------------------|-----------------|
| <b>Revenue</b>                  | <b>398'132</b>  |
| Gross Profit                    | 17'023          |
| Gross Margin                    | 4.3%            |
| Sales, Marketing & Operations   | (25'674)        |
| G&A                             | (8'830)         |
| Tech & Dev                      | (4'313)         |
| Impairment & Restructuring      | (1'965)         |
| Financing                       | (10'464)        |
| <b>Profit (Loss) Before Tax</b> | <b>(34'223)</b> |
| <b>PBT Margin</b>               | <b>-8.6%</b>    |

based on 39k units sold in 2022

In H1 2023 PBT per sale improved from -\$34.2k to -\$23.4k, largely due to gross margin expansion

Profitability still looks far off and is likely to require:

- significantly higher buy-sell spread, to get gross margins to 8%-10%
- far more efficiency in Sales and Marketing
- operating leverage from selling ca. 100k units per year
- shorter holding periods (without sacrificing resale price)
- a fall in mid/long term interest rates
- opening up of platform to 3<sup>rd</sup> party listings on commission share, to further leverage marketing spend and fixed costs

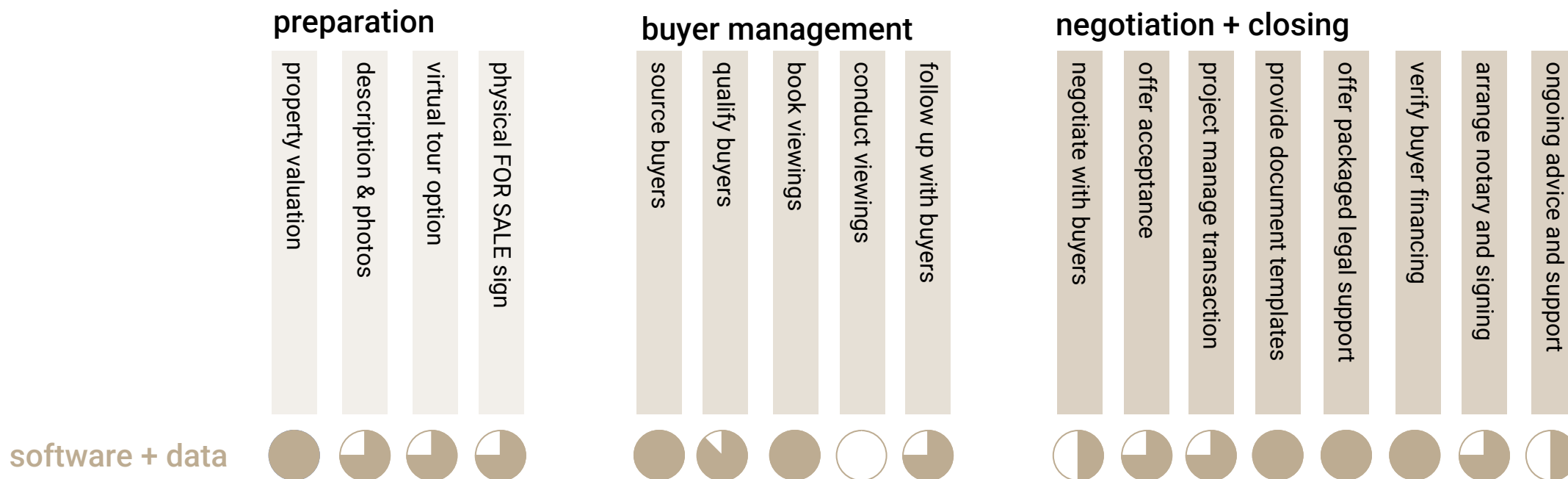
most real estate portals rely heavily on subscription revenues from long tail real estate agents,



| UNIT SALES / YEAR | > 40 | 21-40 | 11-20 | ≤ 10 | 65% of revenues from real estate agencies generating fewer than 20 sales per year |
|-------------------|------|-------|-------|------|-----------------------------------------------------------------------------------|
| SHARE OF REVENUE  | 17%  | 18%   | 32%   | 33%  |                                                                                   |

dependence upon the long tail of small / mid sized intermediaries looks highly risky

and much of what real estate agents do today can be done better, faster and cheaper with software + data







traditional real estate agents can excel at conducting viewings, negotiating with buyers, and in providing ongoing advice to sellers

TEBs, who can match on these 3 services, while industrializing with software and data the rest, can offer superior service at far more attractive unit economics

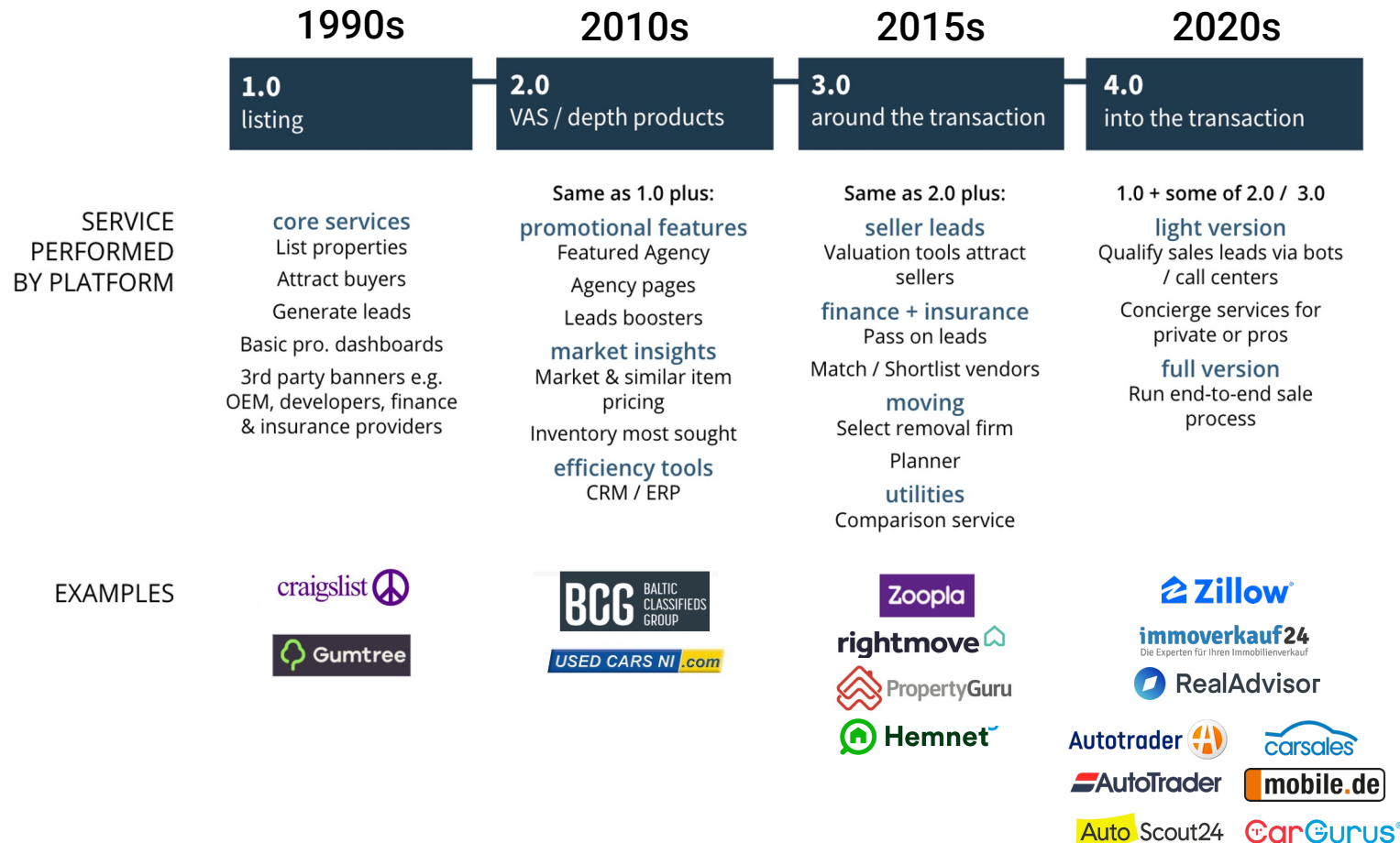
# while unit economics for TEB's vary substantially, they are not delivering yet

## 2022 FULL YEAR UNIT ECONOMICS IN \$

|                             |  |  |  |  |
|-----------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| # Transactions              | 511'859                                                                           | 211'538                                                                           | 80'203                                                                             | 40'141                                                                              |
| Share of # Transactions     | n/a                                                                               | 2.1%                                                                              | 0.80%                                                                              | 3.6%                                                                                |
| <b>Unit Economics (USD)</b> |                                                                                   |                                                                                   |                                                                                    |                                                                                     |
| ASP                         | 365'828                                                                           | 1'087'275                                                                         | 576'599                                                                            | 354'217                                                                             |
| <b>Revenue</b>              | <b>8'983</b>                                                                      | <b>28'449</b>                                                                     | <b>9'814</b>                                                                       | <b>1'889</b>                                                                        |
| Commission Costs            | 8'266                                                                             | 23'334                                                                            | 7'581                                                                              | 837                                                                                 |
| <b>Gross Profit</b>         | <b>717</b>                                                                        | <b>5'115</b>                                                                      | <b>2'232</b>                                                                       | <b>1'052</b>                                                                        |
| Gross Margin                | 8.0%                                                                              | 18.0%                                                                             | 22.7%                                                                              | 55.7%                                                                               |
| Sales & Marketing           | (30)                                                                              | (2'718)                                                                           | (1'230)                                                                            | (756)                                                                               |
| G&A incl Tech               | (676)                                                                             | (4'542)                                                                           | (2'411)                                                                            | (771)                                                                               |
| <b>Opex</b>                 | <b>(706)</b>                                                                      | <b>(7'260)</b>                                                                    | <b>(3'641)</b>                                                                     | <b>(1'528)</b>                                                                      |
| <b>EBITDA</b>               | <b>11</b>                                                                         | <b>(2'145)</b>                                                                    | <b>(1'409)</b>                                                                     | <b>(476)</b>                                                                        |
| EBITDA Margin               | 0.1%                                                                              | -7.5%                                                                             | -14.4%                                                                             | -25.2%                                                                              |

- only **exp** was profitable in 2022, but only generated **\$11 per transaction**; they have the lowest cost structure amongst peers at \$700 per transaction, but their high commission sharing structure severely limits EBITDA potential
- Compass** stands out in terms of the average property value and net revenue per transaction, but their 18% gross margin is insufficient to generate positive EBITDA even at a \$1.1M ASP, given their **\$7.3k opex** cost per sale
- Redfin's** higher gross margins reflect their largely inhouse sales team; although half the level of Compass, Redfin's \$3.7k in S&M and G&A are holding them back from profitability even once we have removed Redfin Now (iBuyer)
- the highly competitive UK market limits **Purplebricks'** revenue per transaction, so that even with a 1/3 of the opex per sale of Redfin, Purple Brick still lost \$476 per sale; the company was subsequently sold for £1 to a rival in Q1 2023

# today, many car + some real estate classifieds are beginning to engage at the core of the transaction



# transactional models adopted by real estate classifieds

## C2B

instant cash offer from platform



direct cash offers to sellers  
from vetted dealers

n/a

## B2C

Tech-Enabled Brokerage



transactional challenger models from non-classifieds players

## C2B

instant cash offer from platform



direct offers from selected  
dealers

classifieds players sell vendor leads  
to preferred agents;



Zillow refers sellers, wanting a fast  
cash sale, to Opendoor

transactional models adopted by classifieds players

## B2C

commission sharing



e-commerce overlay to digitally  
enable dealer stock  
transaction digitization services from  
classifieds emerging in rentals space



in house TEB





# european portals have shown the most reluctance to embrace commission-sharing models

## REAL ESTATE PORTALS COMMISSION-SHARING WITH AGENTS



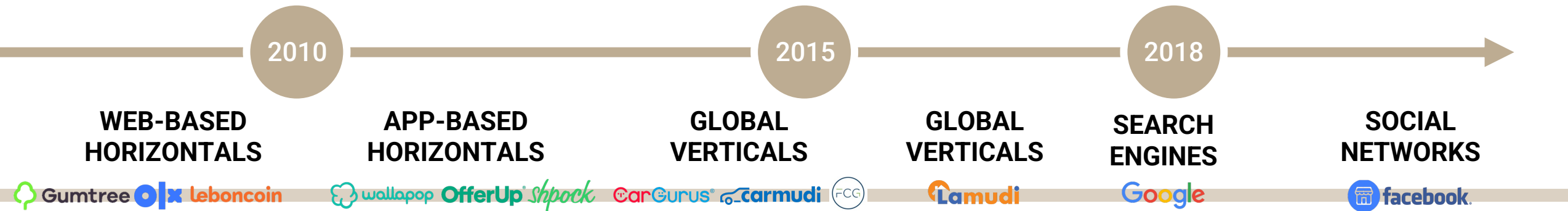
- In **Europe**, the mainstream real estate portals do not offer commission sharing
- Seller-focused platforms RealAdvisor (Switzerland), and Immoverkauf24 (owned by ImmobilienScout24) do; AVIV's Meilleurs Agents is predominantly subscriptions-focused
- In contrast, in the **US** and **China** major portals do share commissions with agents
- In many **emerging markets**, agents are unable /unwilling to pay subscriptions and commission sharing is increasingly common; many leading portals also have their own commissioned sales teams, selling new developments

2 disruption in perspective.



# classifieds verticals have faced many potential disruptors

## previous sources of potential disruption for car /real estate classifieds



### why a threat?

- scale of traffic
- cross-sell users from high frequency categories
- app users more engaged
- app format able to provide superior user experience
- well-funded
- promised to combine centralized tech + marketing tech with local market presence
  - it worked for Air BnB
- Google to keep search + discovery on its own site, dis-intermediating classifieds
- >2B users on Facebook to transact on platform
- social graph to add trust + safety to marketplace

### why it hurt less than feared?

- less engaged users
- poorer listings quality
- tech + data challenges to match services depth
- greatest uptake from younger, less affluent demographic
- RWD narrowed tech gap
- dealers slow to adopt
- traction limited to a few markets
- resilience of incumbents and complexity of localization underestimated
- Google set up to index others' content, not curate and moderate its own
- poor content moderation, limited search + filtering
- lack of features important to dealers

# classifieds verticals have faced many potential disruptors

## previous sources of potential disruption for car /real estate classifieds



### why a threat?

- |                                                                                                                                                           |                                                                                                                                                           |                                                                                                                                                                                                                                           |                                                                                                                                                                                                           |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• offered a superior online experience</li> <li>• could scale + become buyer's first online destination</li> </ul> | <ul style="list-style-type: none"> <li>• offered a superior online experience</li> <li>• could scale + become buyer's first online destination</li> </ul> | <ul style="list-style-type: none"> <li>• powerful tech solution for recording ownership and for transferring it via smart contracts</li> <li>• tokenization of real estate and car ownership changes how transactions are done</li> </ul> | <ul style="list-style-type: none"> <li>• metaverse real estate market surpassed &gt;\$1B in 2022</li> <li>• virtual world property purchases could divert substantial value esp. amongst Gen Z</li> </ul> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

### why it hurt less than feared?

- |                                                                                                                                                                                  |                                                                                                                                             |                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                            |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• larger traditional dealers fast to match value</li> <li>• challenging unit economics + tough funding environment proposition</li> </ul> | <ul style="list-style-type: none"> <li>• challenging unit economics + tough funding environment</li> <li>• macro headwinds 2022+</li> </ul> | <ul style="list-style-type: none"> <li>• players underestimated the <b>gravitational pull</b> of large incumbents</li> <li>• more likely to succeed as 3rd party tech /service providers</li> </ul> | <ul style="list-style-type: none"> <li>• real world assets likely to account for most segment value for many decades</li> <li>• metaverse solutions incl. digital car twinning, virtual test drives + immersive viewing likely to become <b>enablers</b> to existing ecosystems</li> </ul> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

# why have classifieds verticals proven so resilient?

## phenomenon

having all or most supply and demand in one place creates powerful and enduring **network effects**, benefitting both agents and buyers

large volumes of unique and frequently-updated listings content drives **SEO** traffic

professional sellers get more well-converting **leads** from the leading classifieds platform than anywhere else

professional sellers wanting to gain share can **build their brands**, gaining more visibility for their listings and this more leads

resolute focus on managing dealer **loyalty** and expanding **workflow** integration

have usually held back from initiating innovations likely to directly challenge their clients' business

## examples

AutoTrader and Rightmove claim 70% and 80% of all in market visits respectively

#1 classifieds verticals invariably capture more top SEO positions

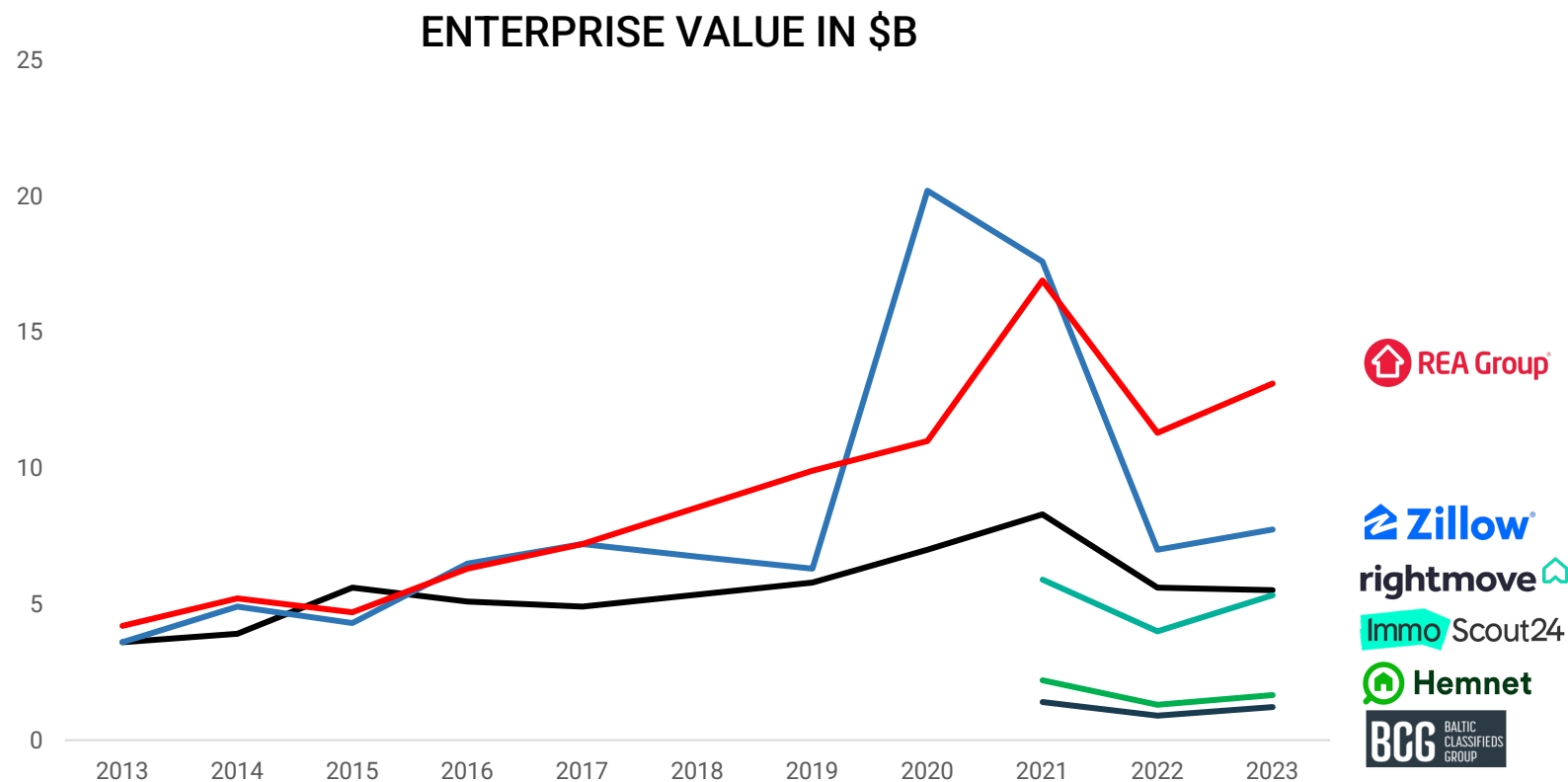
while markets vary, a clear #1 classifieds vertical is likely to be generating **>50%** of all leads for most professional clients

70% of AutoTrader UK's £400/month ARPA increase 2018-2020 was from visibility-enhancing product enhancements

ImmobilienScout24 purchased real estate agent software FlowFacts in 2014

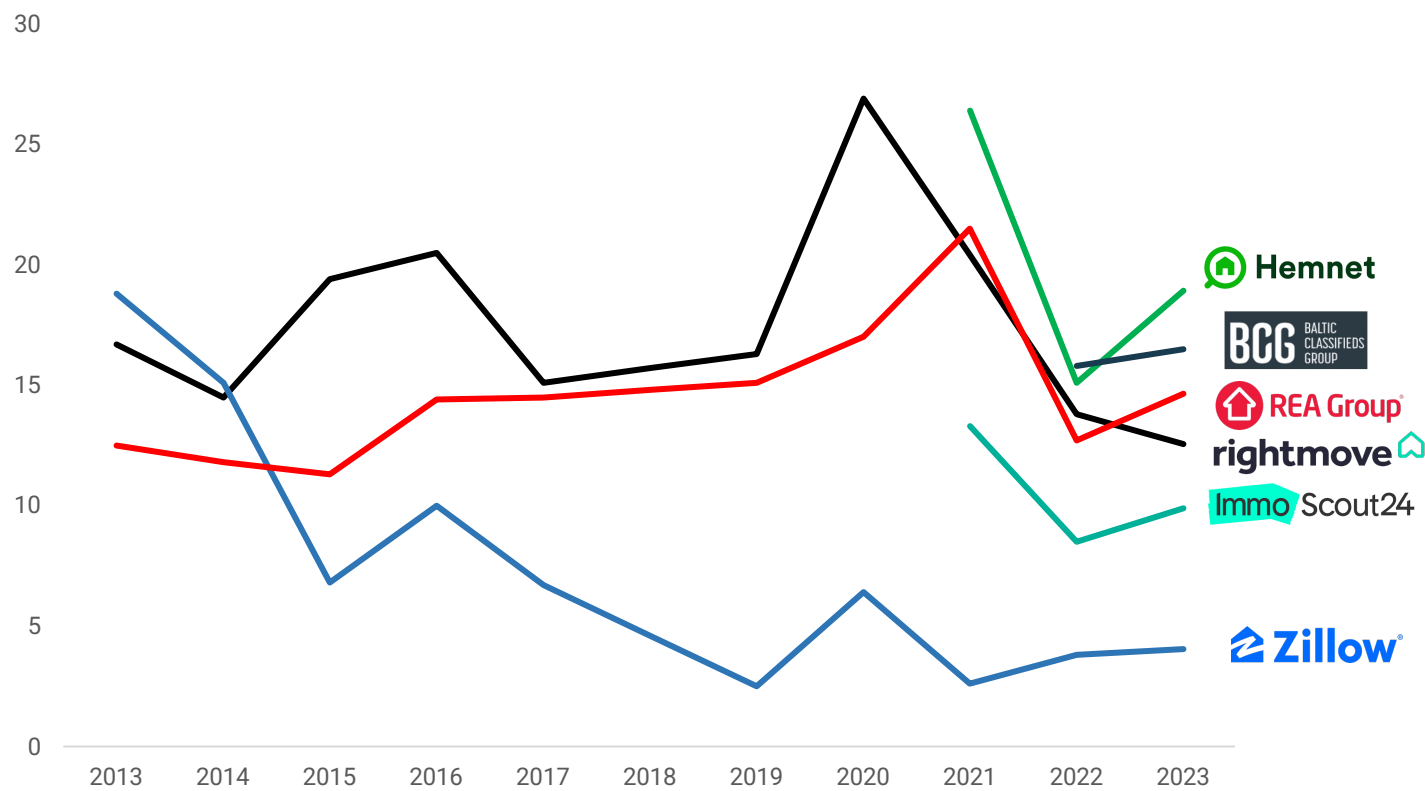
in France, both SeLoger (real estate) and LaCentrale (auto) refrained from offering a C2C product until generalist Leboncoin made the practise acceptable; commission sharing with agents in Europe started in earnest only during the pandemic

classifieds players who have kept focused on the advertising model have been rewarded



# ...underpinned by healthy revenue multiples

## TTM REVENUE MULTIPLES

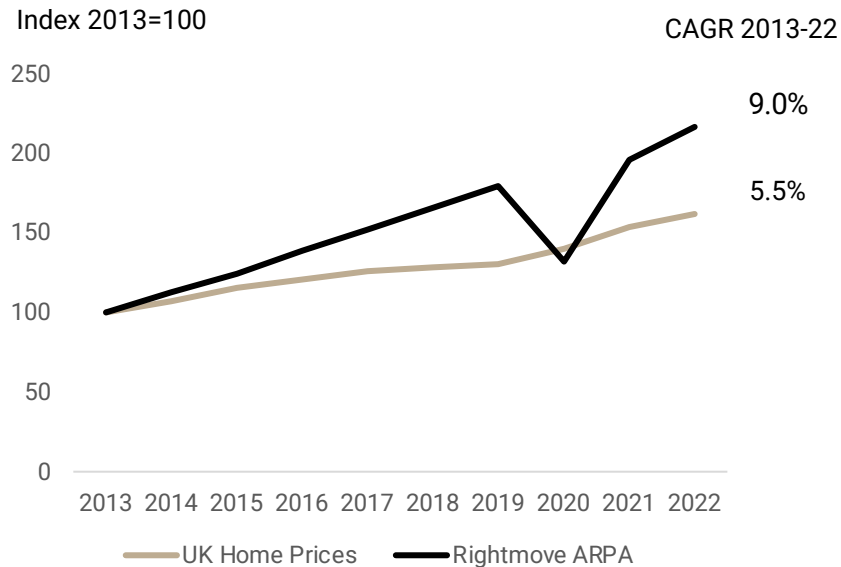


revenue multiples, while well below their 2020/21 peak, are up in 2023 (except for rightmove)

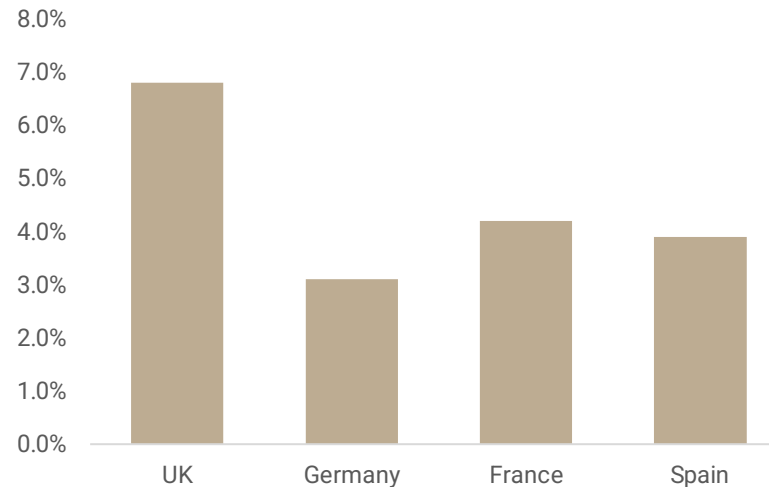
subscriptions-centric businesses are now being valued around 10x-19x TTM revenues, with Zillow's more transaction-centric business in the mid-single digits

and while agent monetization has been increasing, there is further scope to raise the share of agent gross profit spent on classifieds

RIGHTMOVE ARPA vs UK HOME PRICES



EST. SHARE OF AGENT GROSS PROFIT SPENT ON TOP 3 PORTALS 2022



During the last 10 years, Rightmove has succeeded in raising ARPA 63% faster than UK average home prices  
 UK portals have the highest share of agent gross profit due to a) the success of Rightmove in raising ARPA and  
 b) agent commissions at ca. 1.5% are amongst the lowest in Europe  
 There is probably further scope to raise ARPA faster than house prices, especially in continental Europe, **so long as classifieds remain the main supplier of leads to agents**

### 3 possible impacts of AI.

“We tend to **overestimate** the effect of a  
technology in the **short run**  
and **underestimate** the effect in the **long run**”

Ray Amara, American Futurologist (1925-2007), October 2006




# organic search is a major source of traffic to classifieds verticals

Google

buy 3 bed apartment Marylebone


[All](#)
[Images](#)
[Maps](#)
[News](#)
[Books](#)
[More](#)
[Tools](#)

About 5'450'000 results (0.53 seconds)


**Rightmove**  
<https://www.rightmove.co.uk> › property-for-sale › 3-b...


**3 Bedroom Flats For Sale in Marylebone, Central London**

Flats & Houses For Sale in **Marylebone** - Find properties with Rightmove - the UK's largest selection of properties.


**Zoopla**  
<https://www.zoopla.co.uk> › ... › London › Marylebone


**3 Bedroom flats for sale in Marylebone**

Find 3 **bedroom flats** for sale in **Marylebone** with Zoopla. Browse the UK's largest property portal and find **apartments for sale** from the leading estate ...


**OnTheMarket**  
<https://www.onthemarket.com> › 3-bed-flats-apartments

**3 Bed Flats For Sale In Marylebone**

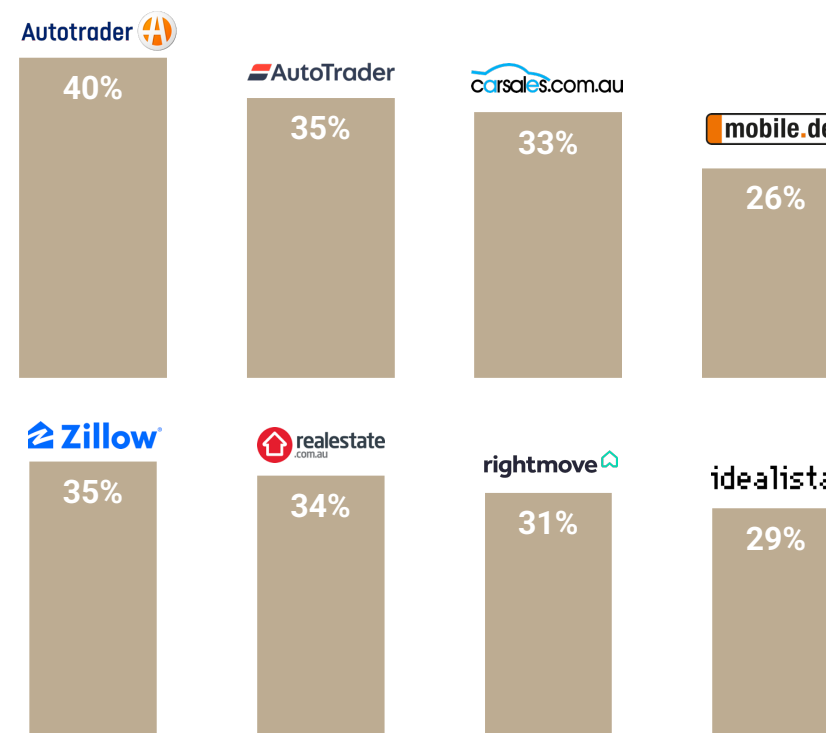
Find the latest 3 **bed flats** / **apartments** available for sale in **Marylebone** with the UK's most user-friendly property portal. Search properties to **buy** from ...


**Foxtons**  
<https://www.foxtons.co.uk> › properties-for-sale › 3-be...

**Properties for sale in Marylebone, W1 with 3 bedrooms**

Properties for sale in **Marylebone**, W1 with 3 **bedrooms** through Foxtons Real Estate Agents. Large selection of properties **for sale**.  
 ★★★★★ Rating: 4.5 · 8,756 reviews

## share of organic visits



# Bing has already implemented real estate-specific search, and is likely to become an important source of top of funnel leads

Microsoft Bing | Real Estate

6,592 homes for sale

Price 3+ Beds / Baths House type (+1)

Sort by: Newest

buy 3 bed flat in Marylebone for under £2M

**£1,500,000**  
5 bed, 3 bath  
5, Whitfield Street, London, W1T 5EG

**£1,395,000**  
3 bed, 3 bath, 1,194 sqft  
Sutherland Avenue, Maida Vale, London, London, W9 2QS

**\*NEW**  
**£1,600,000**  
3 bed, 2 bath, 775 sqft  
Great Peter Street, London, SW1P 2BN

**\*NEW**  
**£1,800,000**  
6 bed, 6 bath  
Swinton Street, London, WC1X 9NT

**£1,950,000**  
George Street, London, W1U 3QP

Bedroom 4 bed Toilet 4 bath Area 1,539 sqft Year Built -

**About this Property**  
A stylishly refurbished four-bedroom apartment in the heart of Marylebone on the first and second floor of a purpose-built block. The apartment benefits from a stunning living area with an abundance of natural light, a modern open plan kitchen area with a range of integrated appliances. There are four bedrooms, two of which benefit from En-Suite bathrooms, with the addition of a separate guest bathroom and WC. The apartment has wooden flooring throughout...

[Read more on onthemarket.com](#)

**Details**  
Interior Features  
Features 1 Reception, Lift, Balcony

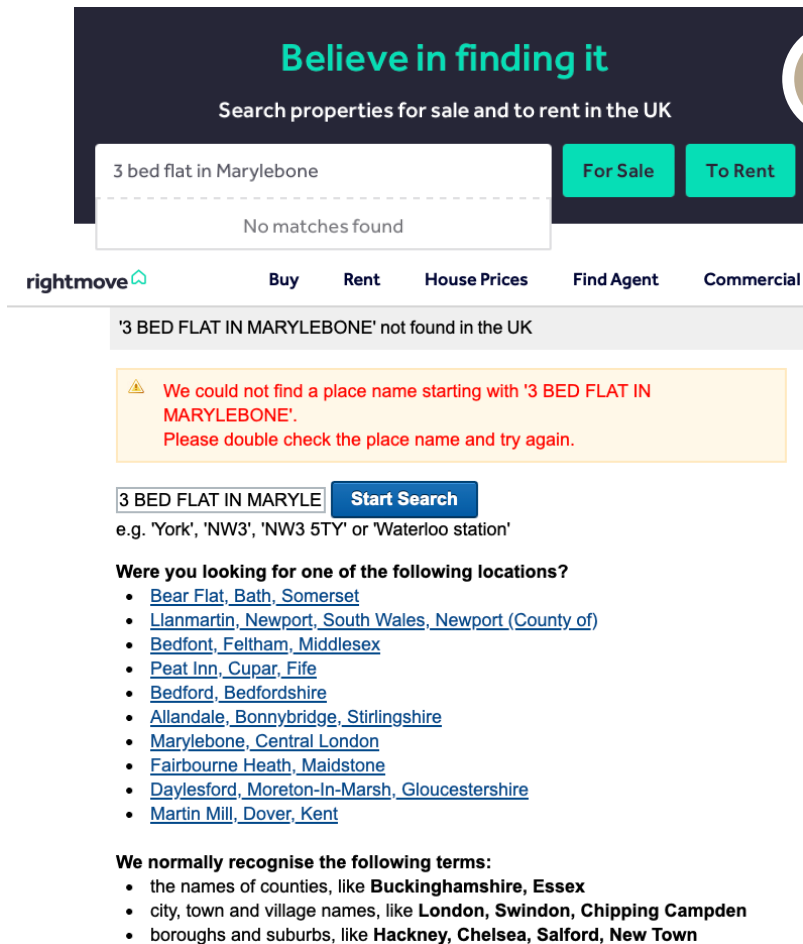
Is this your home?  
Claim this home to track value and nearby sales activity  
[Claim Ownership](#)

View On  
[OnTheMarket](#)  
[Zoopla](#)

- Microsoft Bing – branded Real Estate Results Page
- Relevant search results falling within search query parameters
- Similar properties just outside specified area automatically shown
- Listings details page aggregates the portals on which the listing is published
- Selling agent identity masked (for the moment)
- “Claim Ownership” button aims to capture owner details and build vendor leads

# today's search experience on classifieds is clunky and outdated

## the classifieds experience today



**Believe in finding it**  
Search properties for sale and to rent in the UK

3 bed flat in Marylebone

No matches found

rightmove Buy Rent House Prices Find Agent Commercial

'3 BED FLAT IN MARYLEBONE' not found in the UK

**We could not find a place name starting with '3 BED FLAT IN MARYLEBONE'. Please double check the place name and try again.**

3 BED FLAT IN MARYLE Start Search

e.g. 'York', 'NW3', 'NW3 5TY' or 'Waterloo station'

**Were you looking for one of the following locations?**

- [Bear Flat, Bath, Somerset](#)
- [Llanmartin, Newport, South Wales, Newport \(County of\)](#)
- [Bedfont, Feltham, Middlesex](#)
- [Peat Inn, Cupar, Fife](#)
- [Bedford, Bedfordshire](#)
- [Allandale, Bonnybridge, Stirlingshire](#)
- [Marylebone, Central London](#)
- [Fairbourne Heath, Maidstone](#)
- [Daylesford, Moreton-in-Marsh, Gloucestershire](#)
- [Martin Mill, Dover, Kent](#)

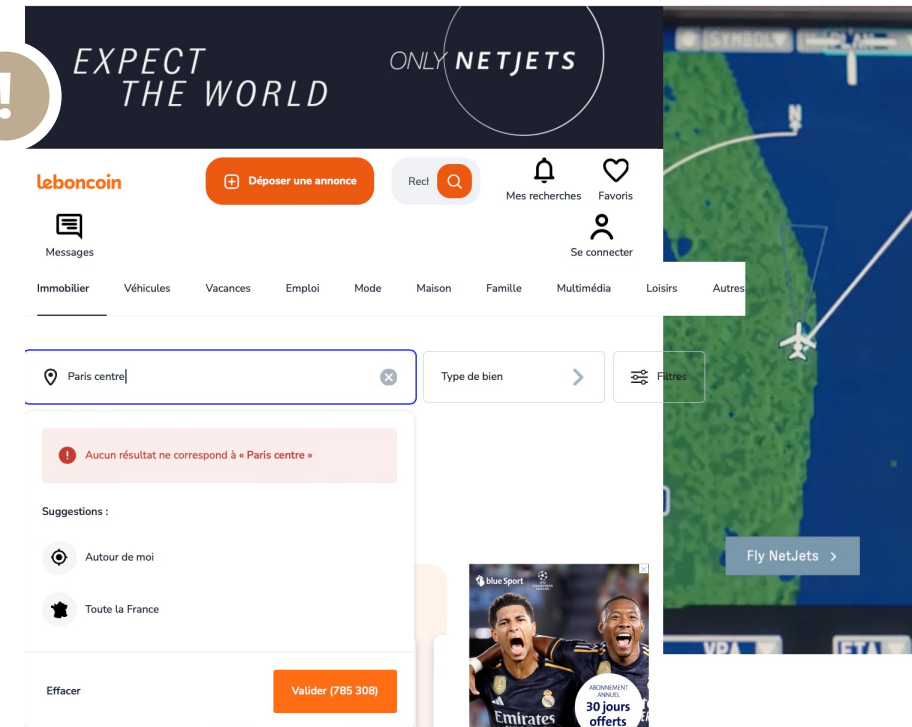
**We normally recognise the following terms:**

- the names of counties, like **Buckinghamshire, Essex**
- city, town and village names, like **London, Swindon, Chipping Campden**
- boroughs and suburbs, like **Hackney, Chelsea, Salford, New Town**



must start with  
town, postcode, or  
arrondissement

- "a three-bedroom flat in (or near) Marylebone" is how home buyers are likely to articulate their wishes
- search requires knowledge of postcodes
- adding a radius often adds unwanted locations to search results
- suggested alternative locations seem wide of the mark, whether "Fairbourne Heath" for Marylebone or "near me / all of France" as alternatives to central Paris
- Cramming the search bar with banner ads (Leboncoin) hardly enhances the experience

**EXPECT THE WORLD ONLY NETJETS**

leboncoin Déposer une annonce

Mes recherches Favoris

Se connecter

Messages

Immobilier Véhicules Vacances Emploi Mode Maison Famille Multimédia Loisirs Autres

Paris centre

Type de bien

Aucun résultat ne correspond à « Paris centre »

Suggestions :

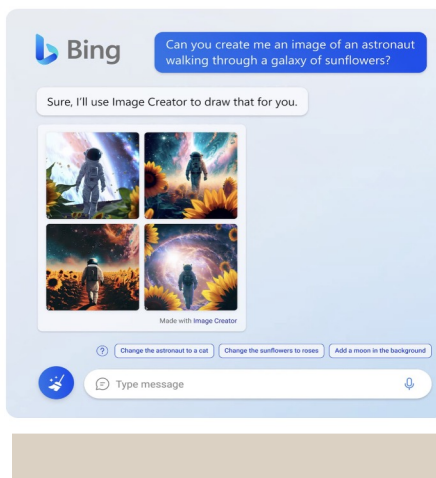
- Autour de moi
- Toute la France

Effacer Valider (785 308)

Fly NetJets

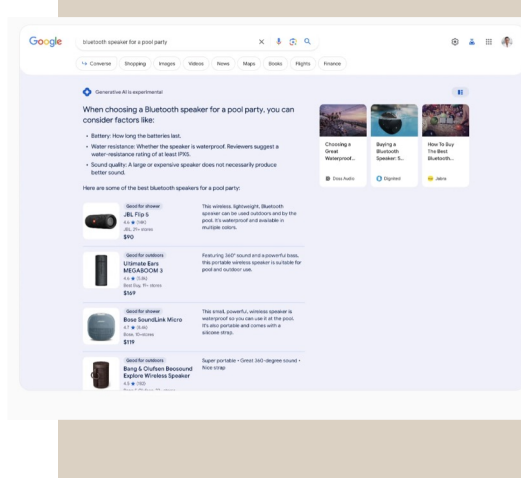
# AI will change the search experience

## CONVERSATIONAL + PERSONAL



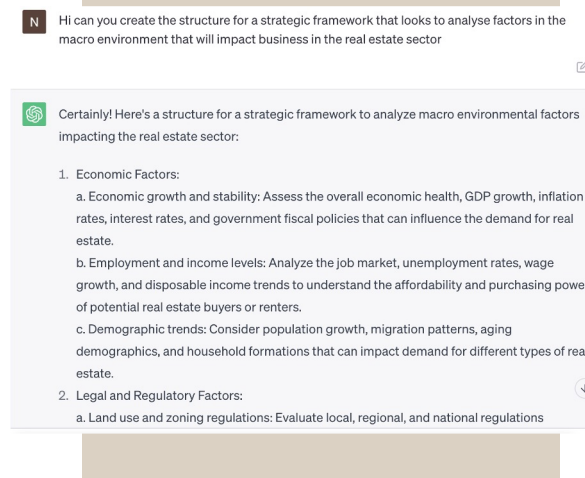
Bing AI is a **conversational bot** that adapts the format of responses like 'write a description' or generating images from text  
Formulate creative recommendations to **subjective** requests + personal questions

## RESPONSIVE



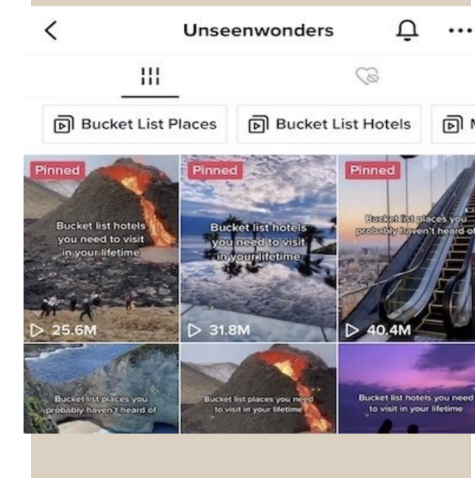
**decipher cues in content to answer and refine** queries in real-time based on **user feedback**  
Google's 'AI snap-shot' generates structured answers + guides to new questions

## EASY-TO-CONSUME



streamline search experience by summarizing key information in a short + easily consumable format  
**Chat GPT** reduces search time by drawing relevant content from multiple sources, including **live data sources since 27.9.2023**

## VISUAL



rise of richer visual mediums to base search queries  
**40%+ of 18-24** prefer using TikTok + Instagram feeds for search inspiration (e.g. mood boards) vs Google

the risk: more time spent on Google and Bing and potentially **fewer click-throughs to classifieds**



for continued success, classifieds businesses will need to adapt rapidly

## future AI-Powered search on classifieds

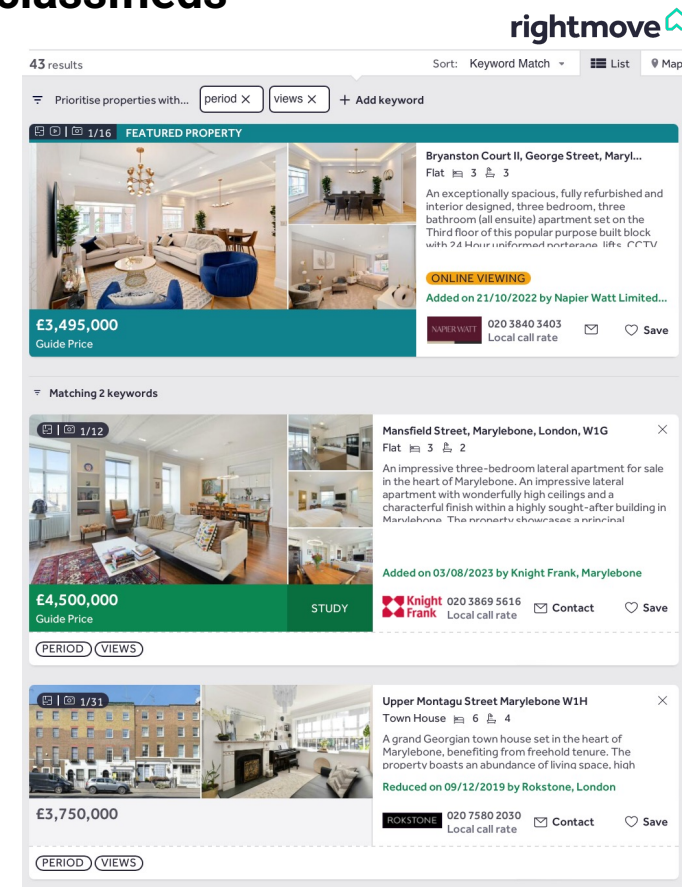
“3 bedroom flat near Chelsea with terrace within walking distance to shops”

“spacious, detached, house with high ceilings in a quiet neighbourhood with south facing garden near schools”

“a house within 5 miles in a similar style to this (upload photo)”



Classifieds websites have the richest data, and thus, with the right AI tools + internal development efforts, could become best-placed to satisfy the next generation of home buyers and tenants



# AI will also transform the discovery process

the classifieds experience today



Apartment €0.75M-€1.2M, Palacio, Madrid

63 casas y pisos en Palacio, Madrid

reviewing search results still feels still like **scrolling** through newspaper columns – especially for users not adept at using filters

**premium** placing trumps best match

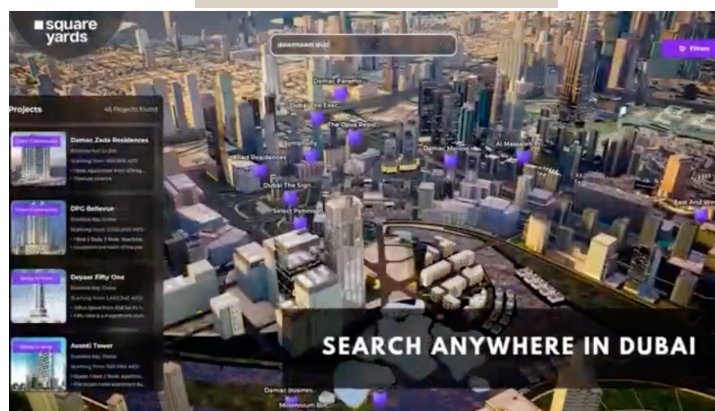
display is not personalized or reactive e.g. does not interact with user to develop greater relevance

When available, recommendations made on only a few variables e.g. price + rooms + location

**monetization** favours a lengthy search process and contacting many agents so clients feel their subscriptions are generating lots of enquiries

# future of discovery

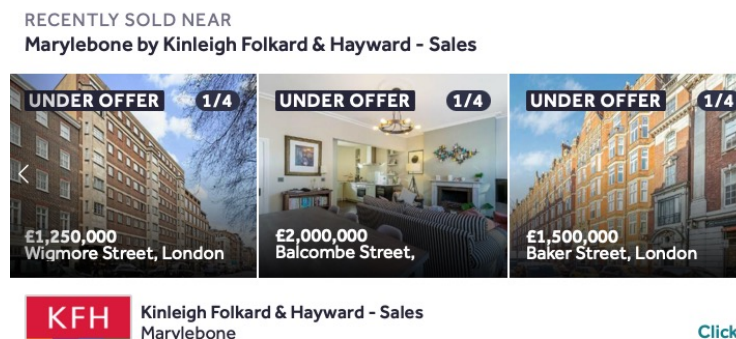
## IMMERSIVE



generative AI is enhancing AR and VR capabilities expanding the possibilities to create immersive environments for property portals

**Square Yards** is offering the opportunity to explore properties through digital twins of whole cities, visualizing actual localities through a 3D environment, + walking into them as avatars that interact as part of a collaborative marketplace too

## GUIDED

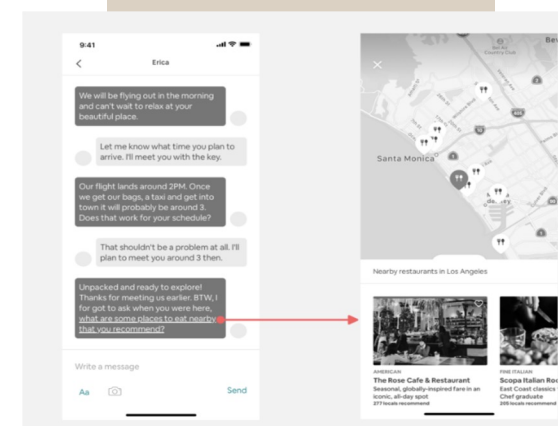


leverage natural-language processing to make predictive assessment, **match + refine** queries to pinpoint the desired object

algorithms optimize aggregate discovery behaviour + site metrics based on similar patterns e.g. detect what the objects you hover over/click on have in common

AI-powered discovery will be able to **outclass the local market knowledge and advice of most agents**

## AUTHENTICATED



integrate Generative AI to verify listing + provide search discovery tools to supplement product descriptions

**real-time verification + information scanning** to authenticate classifieds

Airbnb uses deep learning algorithms to verify features in photos + display most relevant content to guests

# AI will require classifieds players to fundamentally rethink monetization

Immo Scout24

|                                                      | Basis Edition<br>Mehr erfahren > | Image Edition<br>Mehr erfahren > | Akquise Edition<br>Mehr erfahren > |
|------------------------------------------------------|----------------------------------|----------------------------------|------------------------------------|
| Produktbestandteile                                  |                                  |                                  |                                    |
| Vermarktung                                          | Basis Edition                    | Image Edition                    | Akquise Edition                    |
| KontaktPlus ⓘ                                        | ✓                                | ✓                                | ✓                                  |
| NachrichtenManager ⓘ                                 | ✓                                | ✓                                | ✓                                  |
| List-All ⓘ                                           | ✓                                | ✓                                | ✓                                  |
| Top-List-All ⓘ                                       |                                  | ✓                                | ✓                                  |
| Objektdatenbank ⓘ                                    |                                  | ✓                                | ✓                                  |
| 25%/50% Premium-Platzierungen ⓘ                      |                                  | 25%                              | 50%                                |
| <b>NEU</b> ProfiPlus+ Vermarktung<br>Mehr erfahren > |                                  | optional                         | optional                           |
| 100% Premium-Platzierungen ⓘ                         |                                  | ✓                                | ✓                                  |

- The most common monetization growth driver is the number and price of premium and featured slots
- These **by definition** skew the results display process to feature less relevant matches
- As search requests become more intuitive and complex, featured ads will become less relevant
- And the better the portal gets at working out what the seeker wants, the faster he/she will get to the perfect match
- A faster match means less scope to sell premium slots
- A price per match, or even per sale, seems the likely evolution; Zillow has been operating **Flex** its commission share for a sub-set of premier agents since 2021, which replaces the monthly subscription model

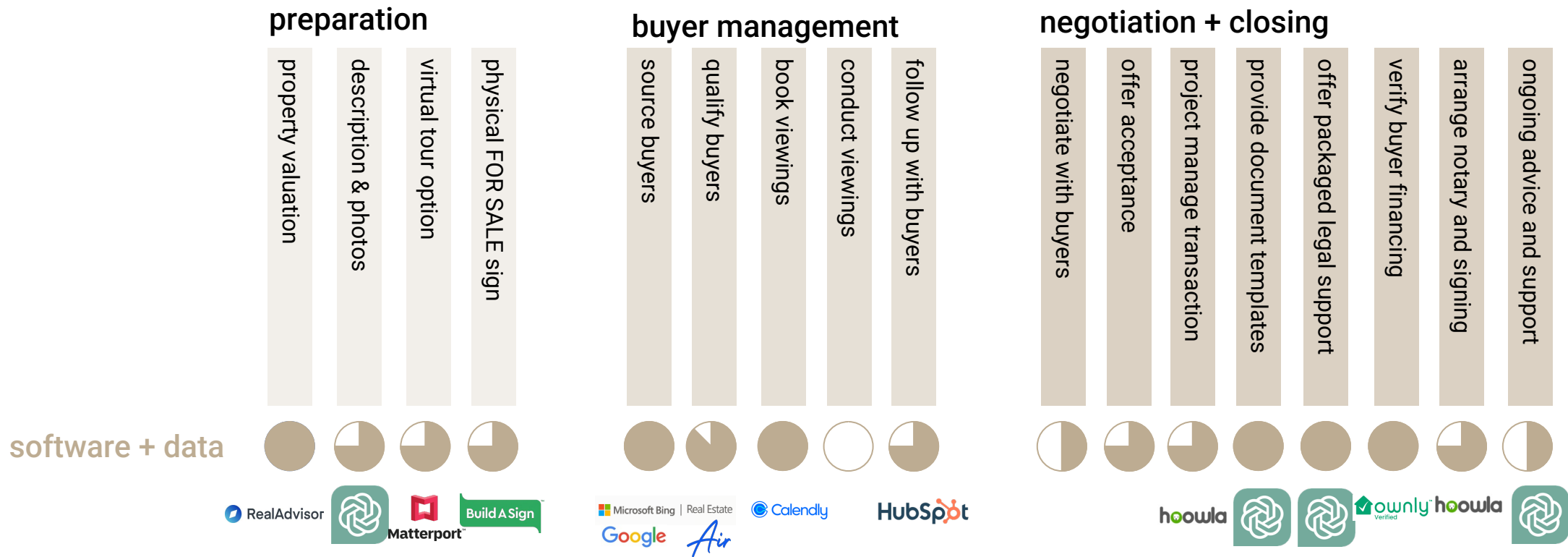
Zillow PREMIER AGENT

Miami/Fort Lauderdale/West Palm Beach

| Transaction Price           | Zillow referral fee (% of the commission) |
|-----------------------------|-------------------------------------------|
| \$300,000.00+               | 35%                                       |
| \$200,000.00 - \$299,999.99 | 30%                                       |
| \$100,000.00 - \$199,999.99 | 25%                                       |
| \$0 - \$99,999.99           | 20%                                       |

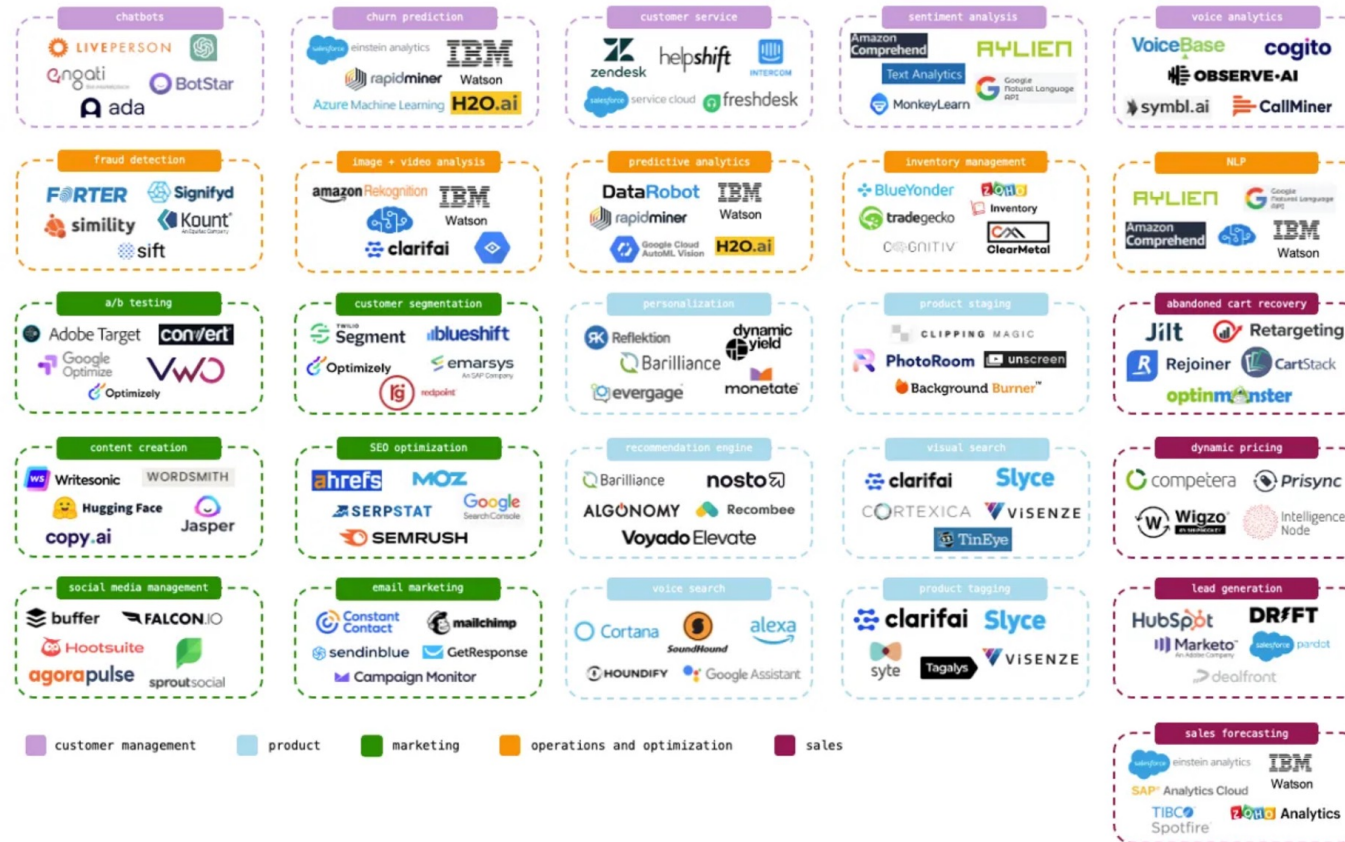


# AI / other tech tools will empower the best-resourced agents to raise service quality at reduced cost



...making them considerably less dependent upon leads from classifieds, while offering an increasingly seamless end-to-end experience for buyers and sellers

# marketplaces can tap into the broad and growing ecosystem of AI-powered applications



Marketplaces too can accelerate the implementation of AI-powered capabilities from 3P applications including

- SEO Optimization
- Image-based search
- Personalized product recommendations
- Fake listings / fraud detection and prevention
- Optimizing AVMs
- Writing more compelling listings with LLMs
- High power chatbots to enable more personal interactions to qualify and enrich leads

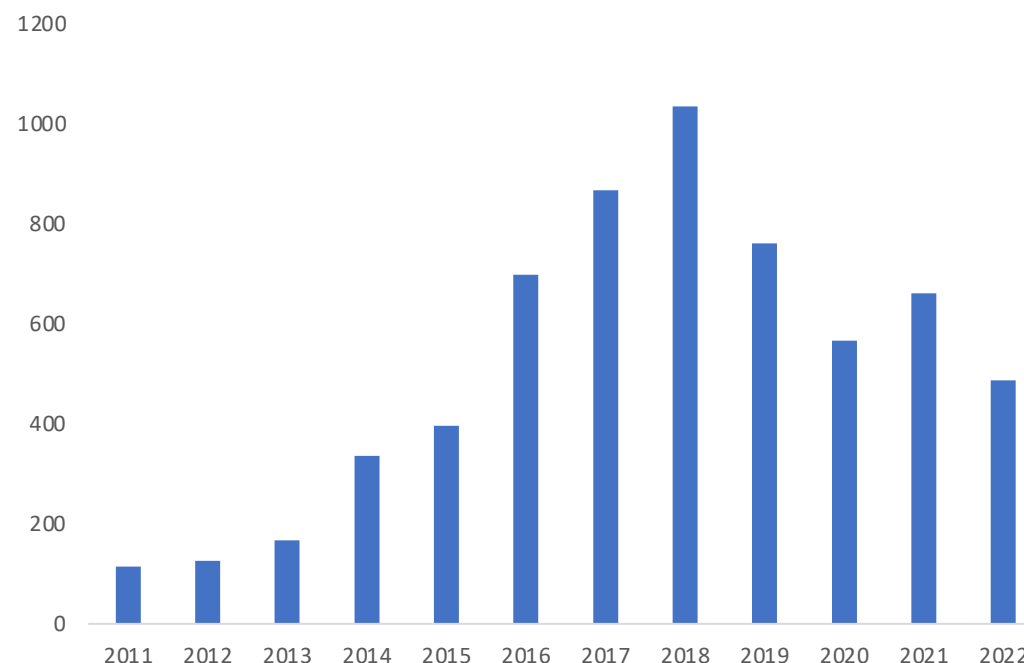
– who will be fastest to use them? Will it be the number 1 classifieds player, the number 2, or will we see the emergence of a new breed of AI-powered intelligent marketplaces?

classifieds leaders, slow to enhance the user experience by building **transactional marketplaces**, are likely to lose out

## VERTICAL MARKETPLACES TARGETING CRAIGSLIST



## CRAIGSLIST EST. REVENUES IN \$M



# conclusion

**while classifieds has remained largely unscathed from previous potential sources of disruption,  
this time it's different**

**AI offers the opportunity for classifieds platforms to become more engaging and more relevant for  
users and professionals alike**

**It also provides the technology to address many of the traditional weaknesses that have prevented  
classifieds from becoming fully-fledged, transactional marketplaces**

**AI will disrupt classifieds players who do not adapt fast enough to become AI-enabled  
marketplaces, while those who do embrace the potential of AI will find scope to expand revenues  
and profitability**



**thank you**

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