Bangkok 2024 | NEXT GEN
PropTech and Marketplaces
March 13 - 14

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European Internet Ventures

emerging vs. established markets: the power of AI to change the game

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

eiv
European Internet Ventures

some of our transactions

real estate

Bureaux Locaux
idealista
ImmoScout24
imobiliare.ro
dubizzle group
ShweProperty.com

automotive

Spot A Wheel
AutoScout24
AutoScout24
La Centrale
CapCar — Vendez bien. Achetez serein.
Buscacarros
machinio.com

jobs

Joblift
cornerjob
pracuj.pl
rozee.pk
AfricaJobs Network

horizontals

Adevinta
BCG Baltic Classifieds Group
allegro
pigu.lt
carousell
4SALE

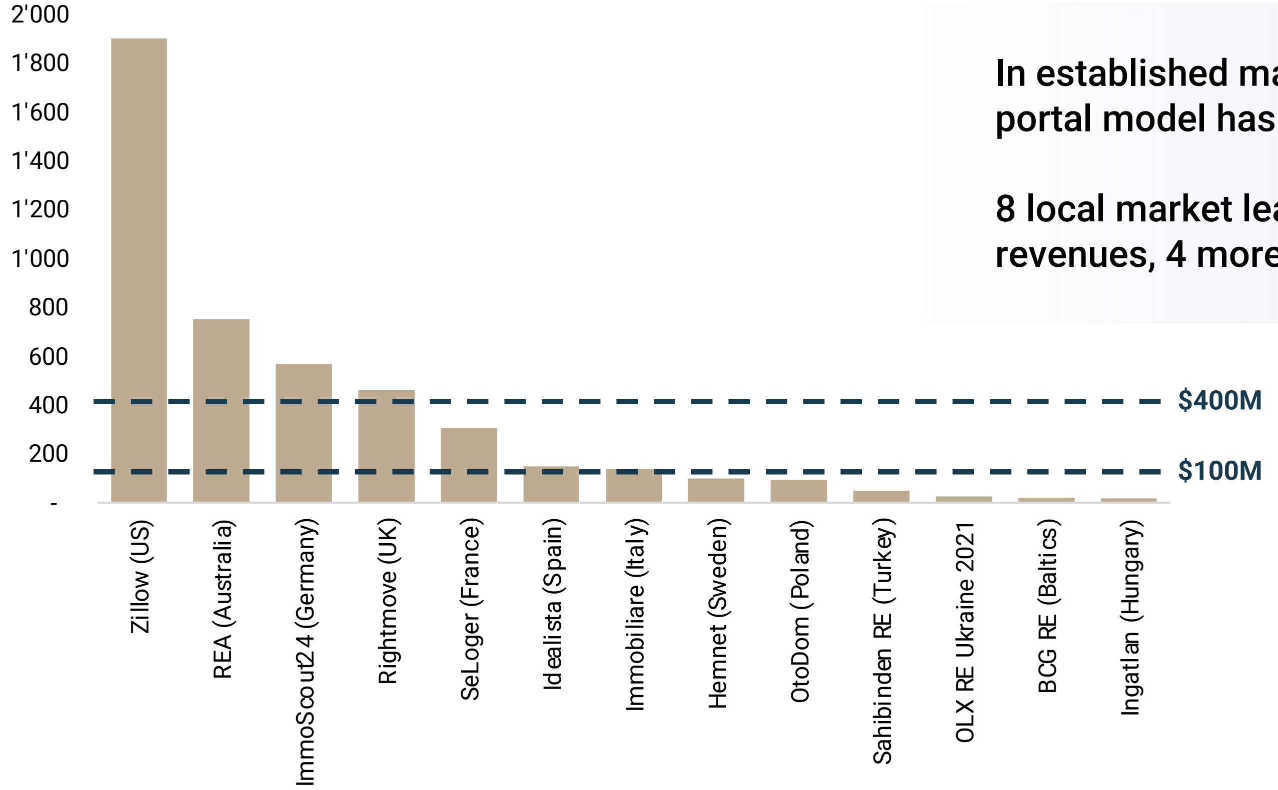
note: includes selective capital raising, M&A and due diligence mandates

contents

1 classifieds in emerging markets.

most #1 property portals in established markets generate sizeable revenues

EST. 2023 REVENUE PER #1 PROPERTY PORTAL ($M)



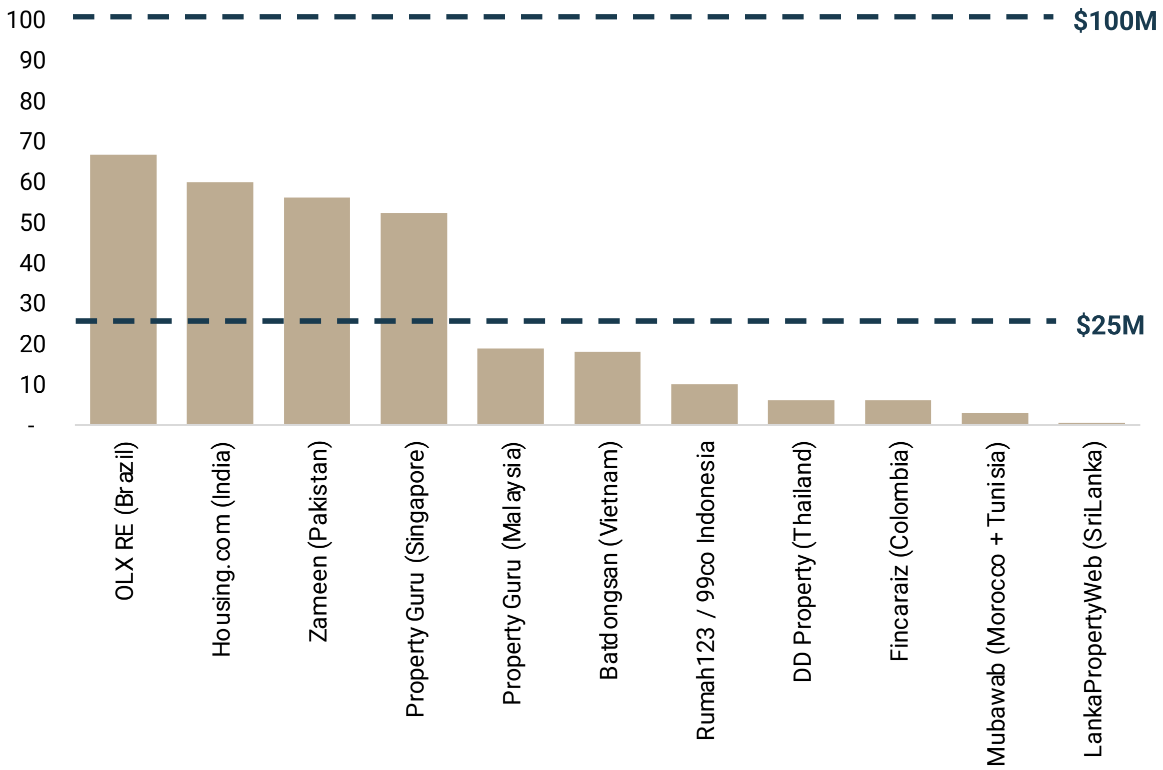
In established markets, the subscriptions-based, real estate portal model has produced many sizeable businesses

8 local market leaders each generate over $100M per year in revenues, 4 more than $400M and one (Zillow) almost $2B

source: company websites, regulatory filings, EIV estimates

in contrast, top real estate portals in much of Asia and other EM are yet to cross the $100M line

EST. 2023 REVENUE PER #1 PROPERTY PORTAL ($M)



Only 4 #1 portals currently generate >$25M in annual revenues

OLX revenues in Brazil reflect the benefits of market consolidation between the top horizontal and the top 2 verticals (Viva Real, ZAP Imoveis)

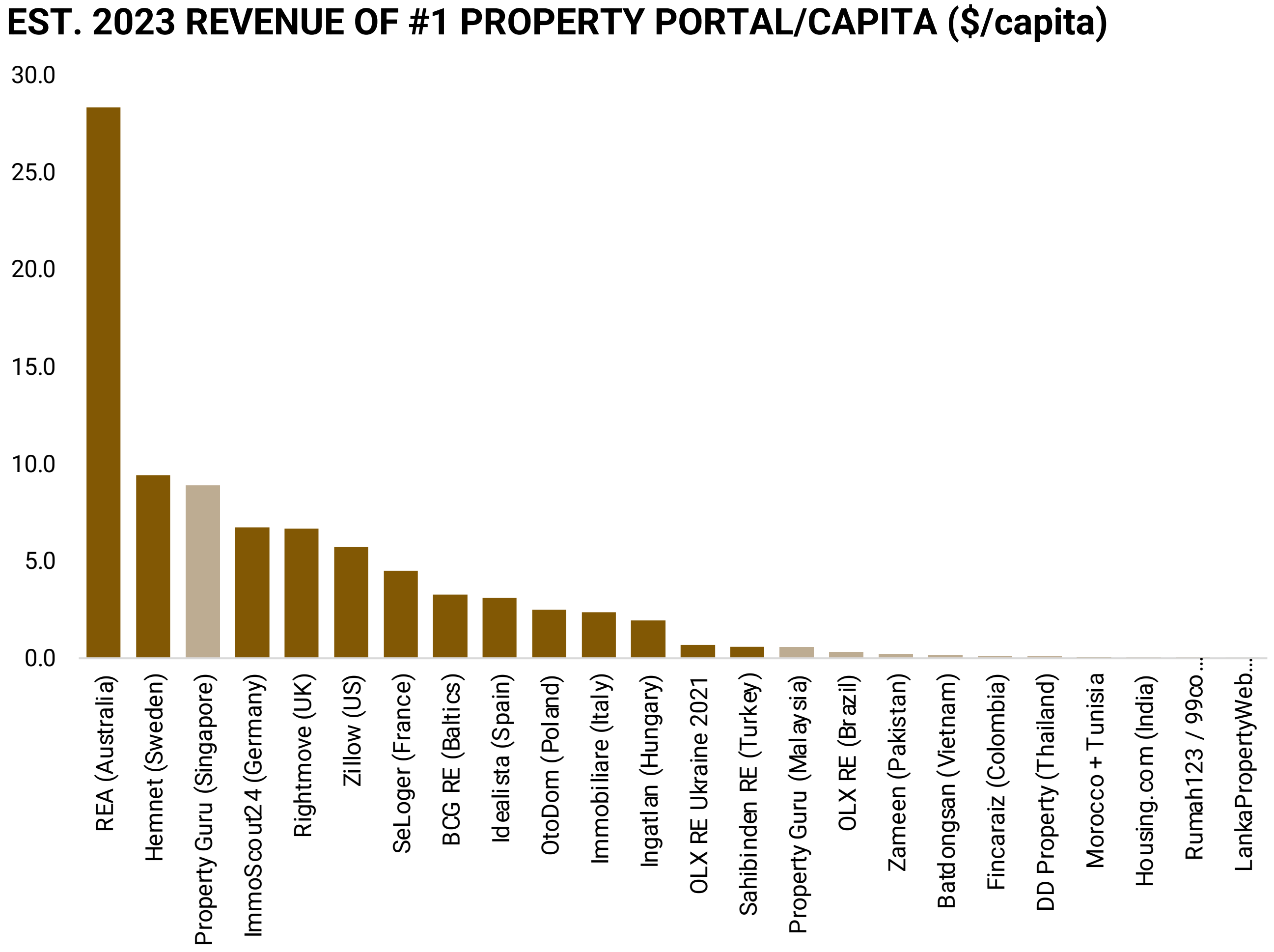
In Pakistan, Zameen has pioneered the commission-sharing model with developers

In India the overall market size is conducive to producing large portals, although competition has held back monetization

Singapore benefits from the economic strength of the region and high property prices

source: company websites, regulatory filings, EIV estimates note: SG included as “EM” despite GDP/cap being higher than most Western markets; analysis excludes China

adjusting for population further accentuates differences in revenue generation



Adjusting for population tends to accentuate the relatively higher current levels of revenue generation of the established markets players, who on average are generating $3-$7 in annual revenues per capita

Singapore stands out as an affluent market, ahead of the #1 players in UK and Germany in terms of $/capita

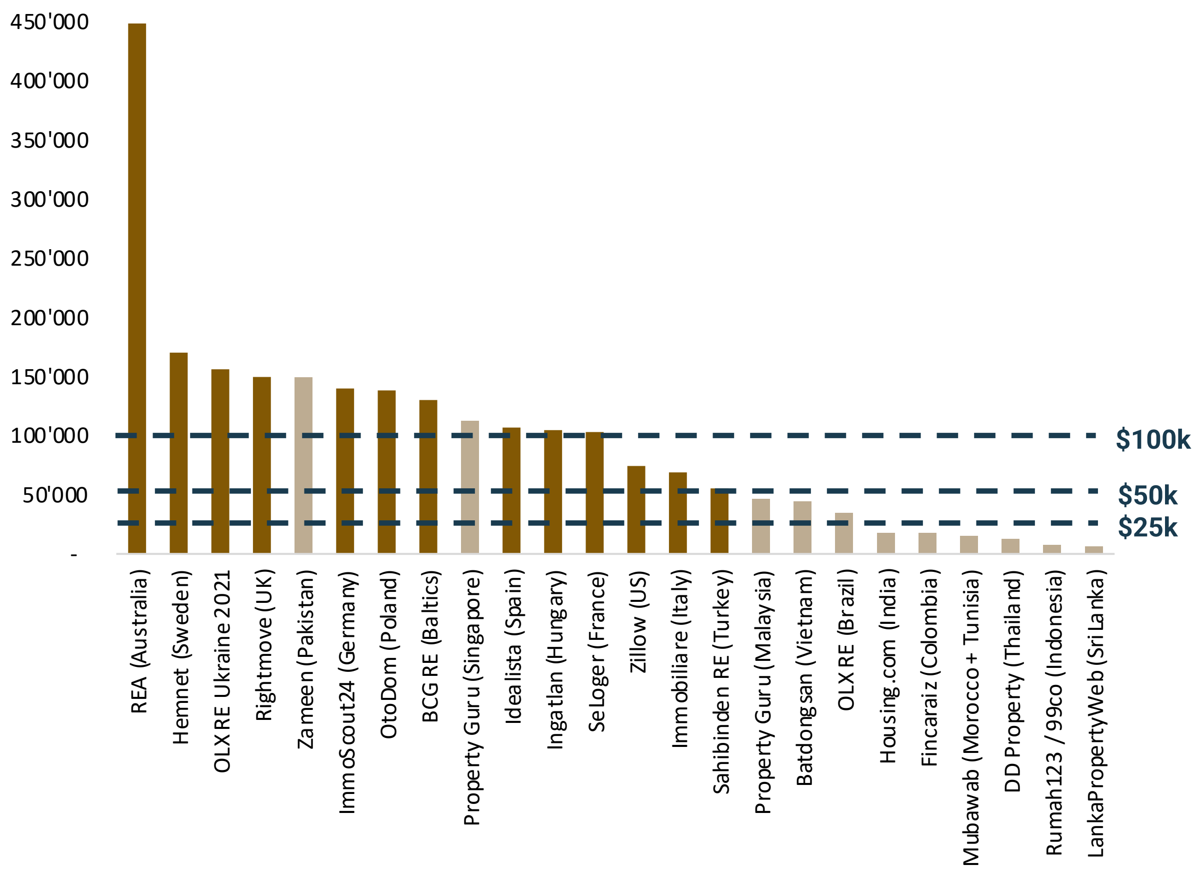
Ceteris paribus, the leading property portal in more populous countries, by connecting more buyers with more sellers, should have the potential to generate higher revenues than small country portals in established markets

In reality the shape of the wealth pyramid / Gini index, combined with lower quality existing housing stock, means there are far fewer homes per million inhabitants getting sold via intermediaries each year

note: chart shows est. revenue of the #1 property portal divided by the population of the country so for example REA generates $28 for each of the 26M Australians

adjusting for GDP raises the ranking of several EM players

EST. REVENUE 2023 PER #1 PROPERTY PORTAL PER $1B IN GDP ($)



Dividing each portal's revenues by nominal GDP, helps identify which are capturing the most value relative to the size of the economy in which they operate

Zameen stands out by this measure, with pre-war Ukraine also showing relatively strong monetization

In contrast, Zillow's monetization is low relative to the size of US GDP

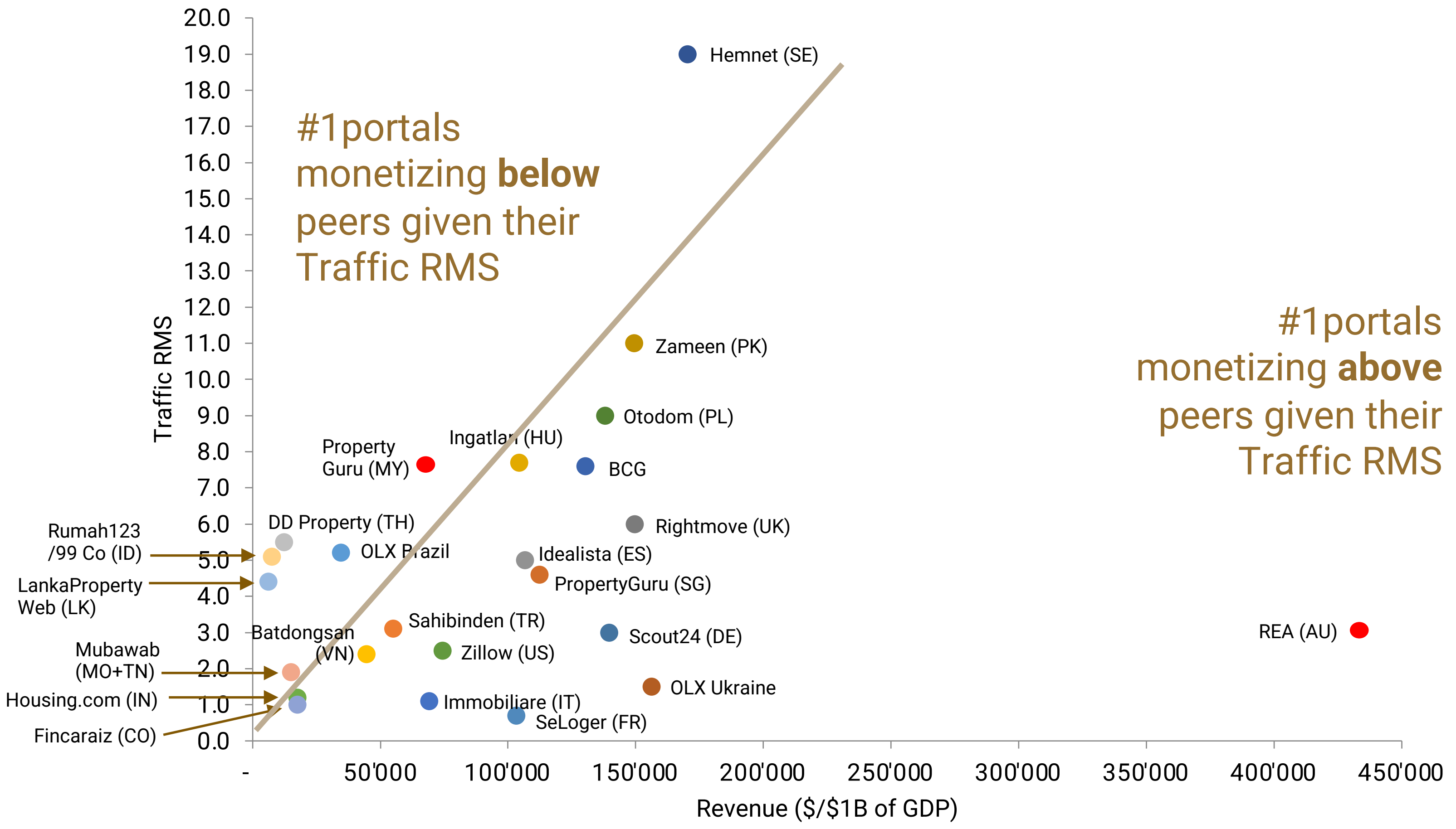
Three EM players performing well on this measure are PropertyGuru in Singapore, Malaysia, and Vietnam (Batdongsan), and OLX Brazil

Thailand and India stand out as substantial economies not having yet produced a #1 property portal capturing GDP adjusted-revenues on a par with their international peers

source: World Bank 2022 nominal GDP data (not PPP adjusted), company websites, regulatory filings, EIV estimates; note: chart to be understood as e.g. Rightmove generates $150k for every $1B in UK nominal GDP

traffic relative market share over the #2 is a key driver of monetization (1/2)

TRAFFIC RMS VS. EST. REVENUE 2023 OF #1 PROPERTY PORTAL PER $1B IN GDP



Traffic RMS correlates positively with monetization, with 3x often sufficient to give the #1 pricing power

Portals to the right of the line are generating higher levels of revenue (GDP-adjusted) given their traffic relative market share vs. #2 than those to the left of the line

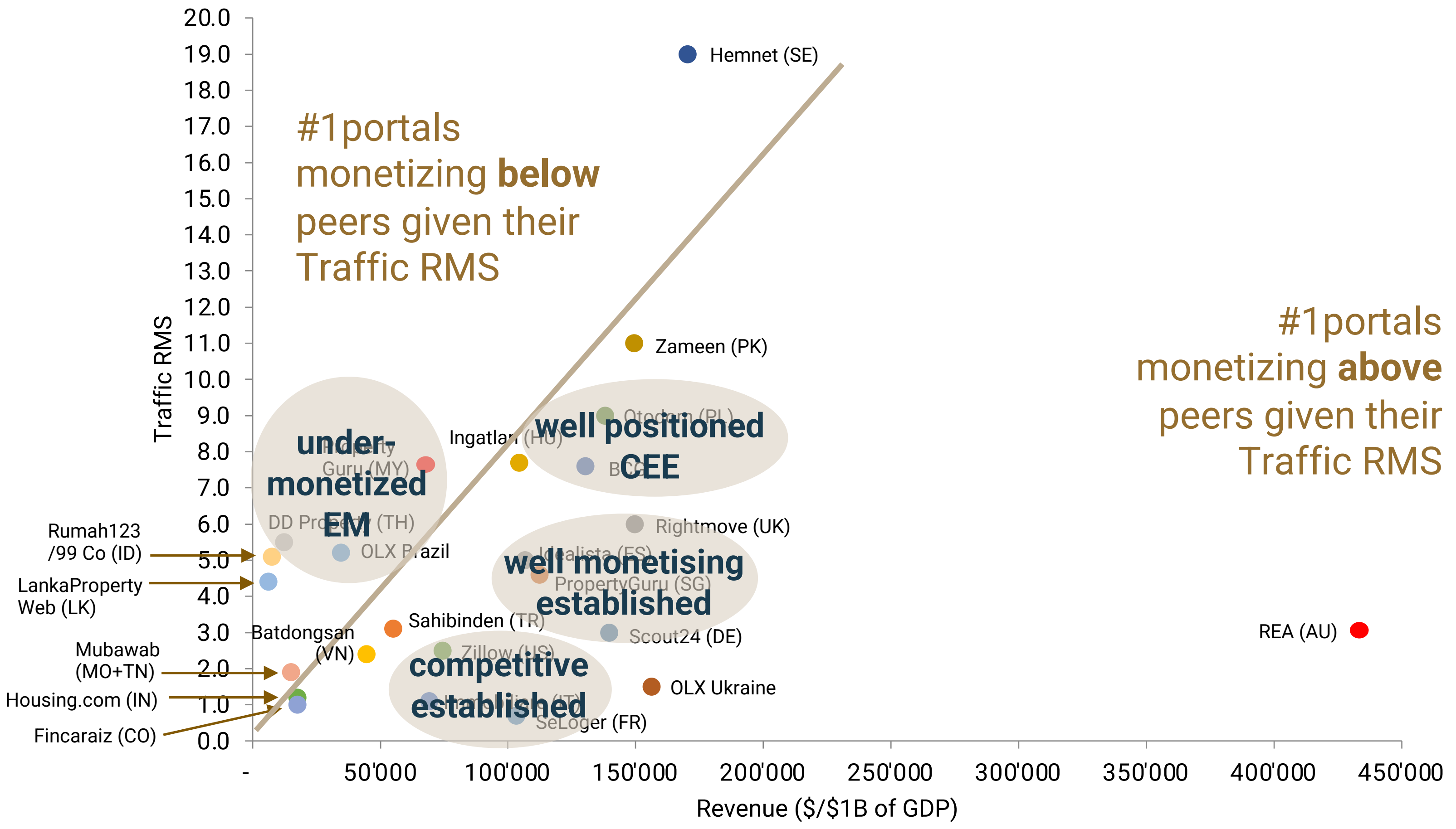
REA (Australia) is again off the charts, with a traffic RMS of 3.3x and Revenue per $1B of GDP of $448k (2.6x Hemnet)

Country-specific factors in many cases are making monetization tougher in the markets to the left of the line

source: traffic RMS based on Similarweb data (excludes app traffic), company websites, World Bank (GDP), EIV Estimates note: Traffic RMS is Similarweb visits #1/#2

traffic relative market share over the #2 is a key driver of monetization (2/2)

TRAFFIC RMS VS. EST. REVENUE 2023 OF #1 PROPERTY PORTAL PER $1B IN GDP



Most of the portals reviewed cluster into the following groups:

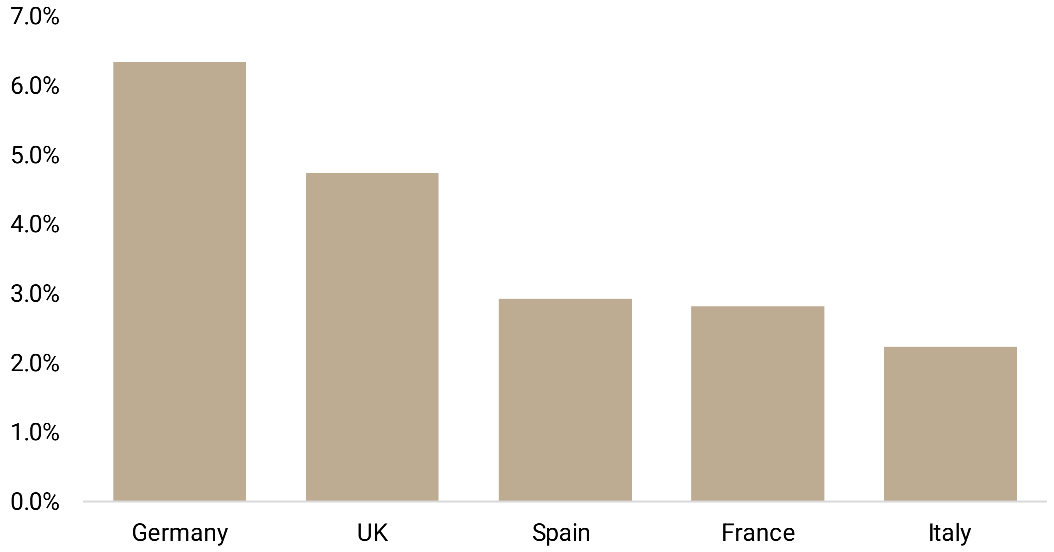
- **Well monetizing established markets** players generating revenues commensurate with the size of the economy in which they operate (inc. SG)
- **Well-positioned players in Central and Eastern Europe** who were fast to establish clear leadership in traffic
- **Competitive established markets players** who operate in attractive economies but have to deal with a strong #2
- **Under-monetized emerging markets players** yet to extract revenues commensurate with their market share and size of the economy they operate in

Neither, Hemnet, REA nor Zameen generates the bulk of their revenues directly from agents: REA and Hemnet get the owner to pay for the listing while Zameen generates sales commissions from developers

source: Traffic RMS based on similarweb data (excludes app traffic), company websites, World Bank (GDP), EIV estimates note: Traffic RMS is Similarweb visits #1/#2

in established markets, there is considerable scope to capture more of the agent commission pool

#1 PROPERTY PORTAL REVENUES AS % AGENT COMMISSION POOL



In established markets, agency sales commissions on existing home stock is the largest revenues pool to tap into

Rentals markets can also drive substantial revenue streams to the top portal, in countries where a high percentage of rentals are intermediated (e.g. UK rentals = ca. 40% of total pool)

Scout24 stands out in generating $80M in revenues from property buyer and tenant seeker subscriptions

The two most highly monetizing property portals – REA (Australia) and Hemnet (Sweden) are not directly tapping into agent sales commission, as the property owner (not the agency) pays the portals to post and promote their listing; Hemnet $590 in Q3 2023

source: company websites, EIV estimates; note: portal non-agency revenues including those from consumers and 3rd parties included; commission pool includes sales and rentals

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key differences established vs. emerging markets

	ESTABLISHED MARKETS	EMERGING MARKETS
existing home stock sold / year	1.5% (DE) – 4.0% (UK)	<1%
middle class expansion key driver	no	yes
ASP of homes sold	\$200k-\$300k	\$25k-\$100k
agency market structure	formal, professional	less formal, more fragmented
% transactions with agency/developer	75%-95%	Existing <25% New >90%
% agency transactions exclusive	20% (IT)-85% (UK)	>50% for new, <25% for existing
commissions	1.5% (UK) – 6% (US)	1%-2% (IN), 3%-5% (TH, ID)
% total sales commission pool in new dev.	5%-10%	60%-80%

source: EIV analysis note: *ASP refers to overall market average selling price not just for homes listed on portals

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emerging markets portal monetization models

	SUBSCRIPTIONS	COMMISSION-SHARING 2NDRY	NEW DEVELOPMENT FOCUS
	Batdongsan.com.vn by PropertyGuru, DDproperty, HOUSING.COM	Juwai IQI, 贝壳, FazWaz, QuintoAndar, loft	ShweProperty.com, zameen.com
MONETIZATION MODEL	Tiered agency subscriptions Developers monetized via advertising Ancillary revenues from mortgages and data products	2 Models : **Hybrid** with some costs to list, plus a success fee **Pure commission** with no cost to list Developers are present as subscribers and/or as commission payers	2 Models : **Hybrid** with existing properties also listed on subscription / commission basis **Pure commission** with employed team of inhouse agents who sell new properties to end buyers for a commission often on an exclusive basis
MONETIZATION EFFECTIVENESS	**$2.5** per listing in Q3 2023 in Vietnam vs. ASP $100k-$200k **$160** per home sold in Malaysia ASP $100k-200k	25%-50% of commission to portal = **$750-$1500** Per sale (ASP $100k) No in-house sales team	10% of unit sale price to portal = **$10k** per $100k unit In-house sales team costs

source: EIV analysis

why not just become the country's largest digital brokerage?

2022 FULL YEAR UNIT ECONOMICS IN $

	eXp Realty	Compass	Redfin	Purple Bricks
# Transactions	511'859	211'538	80'203	40'141
Share of # Transactions	n/a	2.1%	0.80%	3.6%
Unit Economics (USD)				
ASP	365'828	1'087'275	576'599	354'217
Revenue	**8'983**	**28'449**	**9'814**	**1'889**
Commission Costs	8'266	23'334	7'581	837
Gross Profit	**717**	**5'115**	**2'232**	**1'052**
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)
Opex	**(706)**	**(7'260)**	**(3'641)**	**(1'528)**
EBITDA	**11**	**(2'145)**	**(1'409)**	**(476)**
EBITDA Margin	0.1%	-7.5%	-14.4%	-25.2%

only exp was profitable in 2022, generated just **$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, Purplebricks still lost $476 per sale; the company was subsequently sold for £1 to a rival in Q1 2023

source: company accounts, EIV analysis note: data refers to Jan-Dec 2022 except for Purple Bricks, which is 12M to March 2023; GBP converted to USD at 1.20

key takeaways for emerging markets

Many of the market fundamentals which helped produce Rightmove and Scout24 are missing in Emerging Markets:

#agencies who can pay subs x **achievable ARPA** = **low**

Portals aiming to build >$100M revenue businesses will need to engage deeper into the home sale process, either by commission sharing with agents and/or selling developer projects with an in-house sales team

The RMS analysis confirms that **network effects** of having the most property demand and supply on one website, are likely to be as strong in emerging as in established markets

Experiences in US and UK suggest that portals tempted to shortcut to a **pure brokerage** model without having built a leading real estate portal, will find it challenging to deliver scalable, profitable businesses

2 disruption in perspective.

classifieds verticals have faced many potential disruptors

previous sources of potential disruption for car /real estate classifieds

2010 — 2015 — 2018

WEB-BASED HORIZONTALS (Gumtree, OLX, leboncoin)

why a threat?
- scale of traffic
- cross-sell users from high frequency categories

why it hurt less than feared?
- less engaged users
- poorer listings quality
- tech + data challenges to match services depth

APP-BASED HORIZONTALS (wallapop, OfferUp, Shpock)

why a threat?
- app users more engaged
- app format able to provide superior user experience

why it hurt less than feared?
- greatest uptake from younger, less affluent demographic
- RWD narrowed tech gap
- dealers slow to adopt

GLOBAL VERTICALS (CarGurus, carmudi, FCG) / **GLOBAL VERTICALS** (Lamudi)

why a threat?
- well-funded
- promised to combine centralized tech + marketing tech with local market presence
- it worked for Air BnB

why it hurt less than feared?
- traction limited to a few markets
- resilience of incumbents and complexity of localization underestimated

SEARCH ENGINES (Google)

why a threat?
- Google to keep search + discovery on its own site, dis-intermediating classifieds

why it hurt less than feared?
- Google set up to index others' content, not curate and moderate its own

SOCIAL NETWORKS (facebook)

why a threat?
- >2B users on Facebook to transact on platform
- social graph to add trust + safety to marketplace

why it hurt less than feared?
- poor content moderation, limited search + filtering
- lack of features important to dealers

source: EIV analysis note: dates reflect when challenge peaked, not the launch date

classifieds verticals have faced many potential disruptors

previous sources of potential disruption for car /real estate classifieds

2018 | 2020

	iDEALERS	iBUYERS	BLOCKCHAIN	METAVERSE
	CARVANA, CAZOO	Offerpad, Opendoor	VINCHAIN, escrow commons, Rentberry	Decentraland, TWINNER, DigiShares
why a threat?	• offered a superior online experience • could scale + become buyer's first online destination	• offered a superior online experience • could scale + become buyer's first online destination	• powerful tech solution for recording ownership and for transferring it via smart contracts • tokenization of real estate and car ownership changes how transactions are done	• metaverse real estate market surpassed >$1B in 2022 • virtual world property purchases could divert substantial value esp. amongst Gen Z
why it hurt less than feared?	• larger traditional dealers fast to match value • challenging unit economics + tough funding environment proposition	• challenging unit economics + tough funding environment • macro headwinds 2022+	• players underestimated the **gravitational pull** of large incumbents • more likely to succeed as 3rd party tech /service providers	• real world assets likely to account for most segment value for many decades • metaverse solutions incl. digital car twinning, virtual test drives + immersive viewing likely to become **enablers** to existing ecosystems

source: EIV analysis note: dates reflect when challenge peaked, not the launch date

why have classifieds verticals proven so resilient?

phenomenon	examples
having all or most supply and demand in one place creates powerful and enduring **network effects**, benefitting both agents and buyers	AutoTrader and Rightmove claim 70% and 80% of all in market visits respectively
large volumes of unique and frequently-updated listings content drives **SEO** traffic	#1 classifieds verticals invariably capture more top SEO positions
professional sellers get more well-converting **leads** from the leading classifieds platform than anywhere else	while markets vary, a clear #1 classifieds vertical is likely to be generating **>50%** of all leads for most professional clients
professional sellers wanting to gain share can **build their brands**, gaining more visibility for their listings and this more leads	Rightmove attributes only 40% of recent ARPA increases to price; the balance comes from package upgrades and new insight and visibility products
resolute focus on managing dealer **loyalty** and expanding **workflow** integration	ImmobilienScout24 purchased real estate agent software FlowFacts in 2014
have usually held back from initiating innovations likely to directly challenge their clients' business	in France, both SeLoger (real estate) and LaCentrale (auto) refrained from offering a C2C product until generalist Leboncoin made the practise acceptable

source: EIV analysis

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traditional classifieds lives off an outdated consumer experience

	INFORM	COMPARE	TRANSACT	PAYMENT	DELIVERY	WARRANTY	RETURNS
looking for a home or car on classifieds	●	●	○	○	○	○	○
			off platform				
looking for a smartphone on Amazon	●	●	●	●	●	●	●

source: EIV analysis

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

source: oxfordreference.com

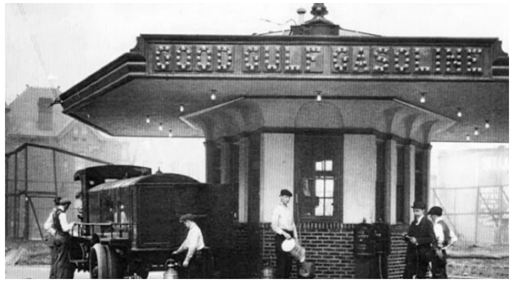
4 phases of technological disruption

1	2	3	4
Incremental improvements to existing practices	Major improvements to existing practises	Emerging new businesses	Societal Changes

EXAMPLE: THE MOTOR CAR

1865 Red Flag Act (repealed 1896)

First two lane motorway opened 1924 between Milan and Varese



First service station opened by Standard Oil in Seattle in 1907

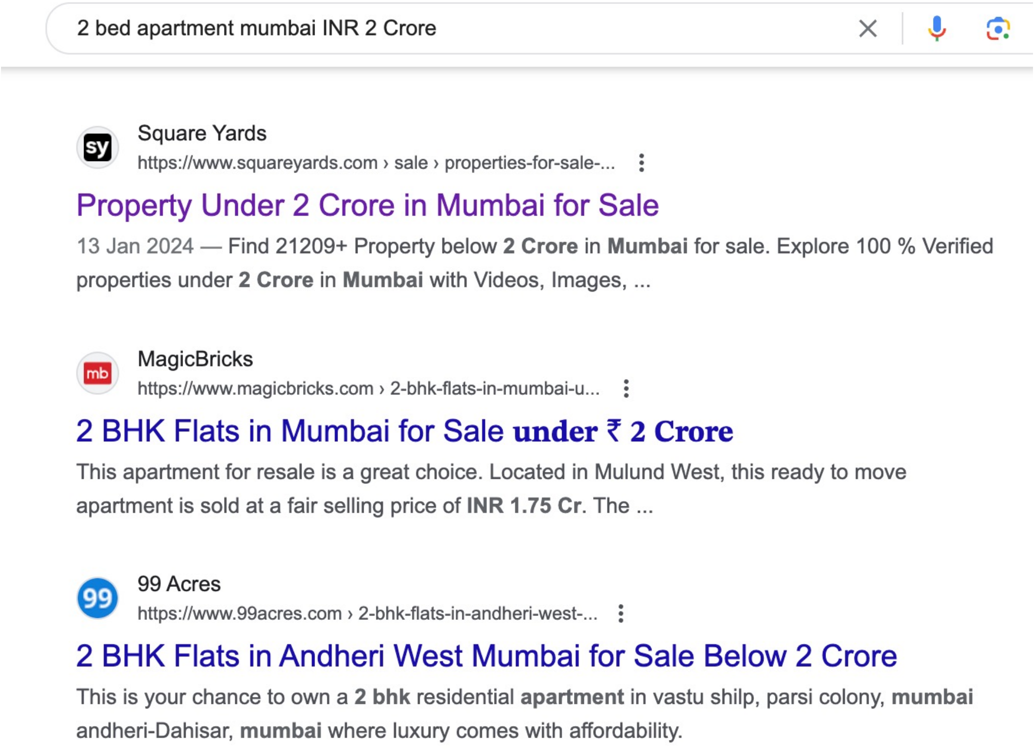
Cities developed for cars (L.A.) from 1940’s

A.I. IN PROPERTY SALES

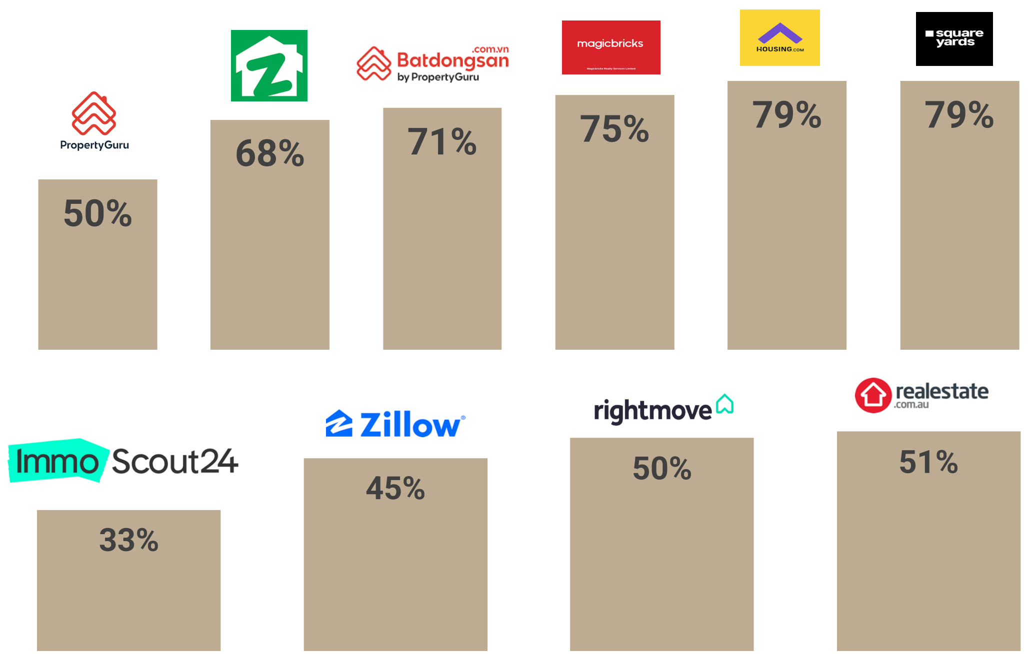
we are here.

source: EIV analysis

organic search is a major source of traffic to classifieds verticals



organic visits share of total web visits



source: Similarweb March 2024 note: “organic” excludes direct visits

more property web searches will start away from the google search bar

Bing co-pilot and other web-connected LLMs offer a chat interface for search where multiple critera can be requested

The results look professional but…

You

show me all available 2 bedroom new apartments in South Mumbai for INR 2.5 Crore to 3.0 Crore

Copilot

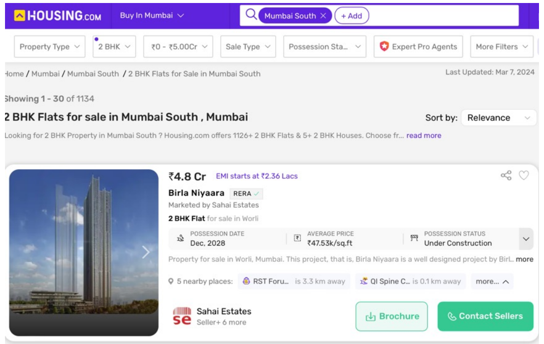
Here are some 2 BHK apartments available in South Mumbai within your budget:

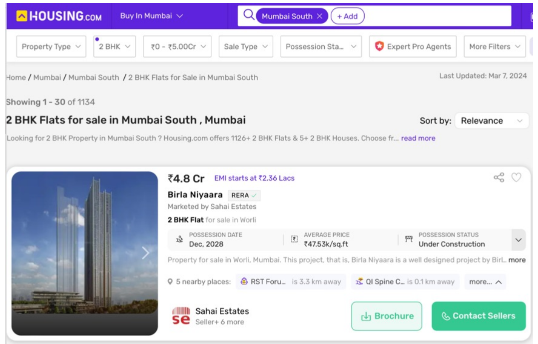
1. **Birla Niyaara** in Worli, Mumbai 1: A 2 BHK apartment with a carpet area of 850 sq.ft. The price is INR 4.8 Cr 1.
2. **Piramal Mahalaxmi** in Lower Parel, Mumbai 1: A 2 BHK apartment with a carpet area of 745 sq.ft. The price ranges from INR 4.4 Cr to INR 6.4 Cr 1.
3. **Spenta Medius** in Matunga West, Mumbai 2: A 2 BHK apartment with a carpet area of 609.02 sq.ft. The price ranges from INR 2.71 Cr to INR 3.33 Cr 2.
4. **Runwal Nirvana** in Parel, Mumbai 2: A 2 BHK apartment with a carpet area of 707.94 sq.ft. The price ranges from INR 3.22 Cr to INR 3.5 Cr 2.
5. **Vraj Tiara** in Worli, Mumbai 2: A 2 BHK apartment with a carpet area of 682.11 sq.ft. The price ranges from INR 4.5 Cr to INR 5.91 Cr 2.

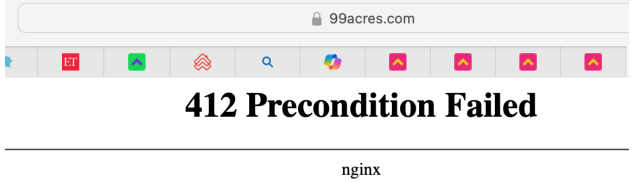
Please note that prices and availability are subject to change. I recommend contacting the property owners or a real estate agent for the most accurate and up-to-date information 3.

Learn more 1 housing.com 2 99acres.com 3 bing.com 4 bing.com 5 bing.com 6 bing.com +3 more

4 of 4







currently very glitchy e.g. none of the copilot suggestions fits the stated budget

only 1 of the 5 links worked (2 led to the same weblink)

basis for selection of 5 properties and their ranking unclear

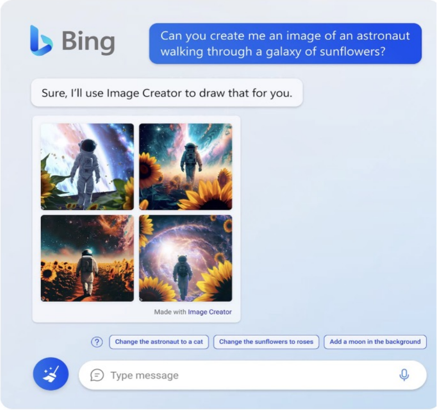
unlike say chosing a venue for dinner, when searching for a home to buy the seeker want's a comprehensive understanding of what's available

Looks inferior to what could be done on classifieds

source: Bing co-pilot accessed March 2024

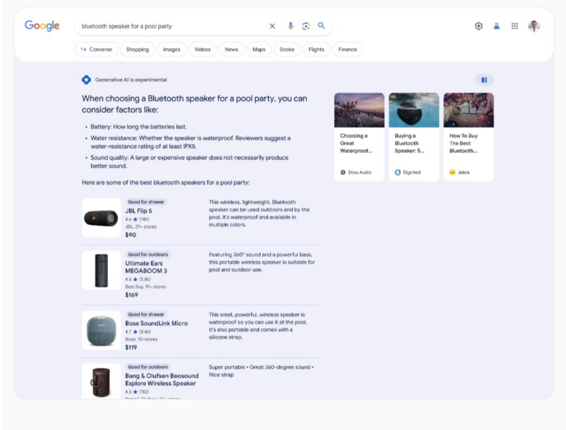
AI will change the search experience

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

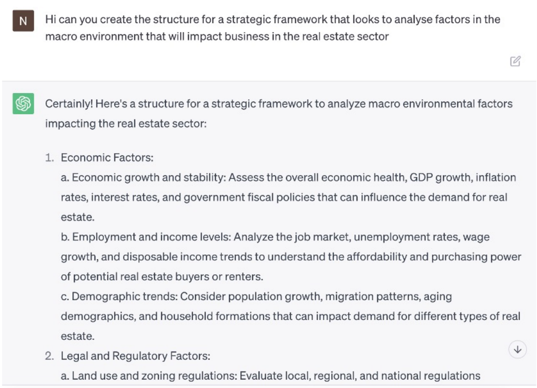
RESPONSIVE



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

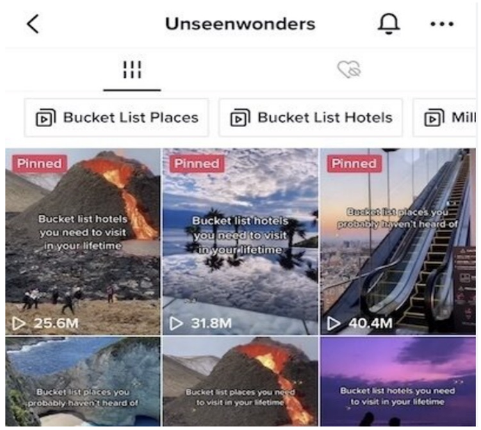
EASY-TO-CONSUME



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

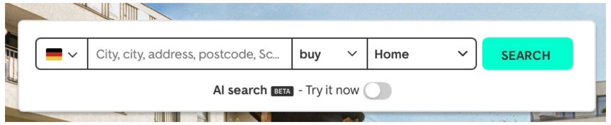
the risk: more time spent on Google (and Bing) and potentially fewer click-throughs to classifieds

source: Business Insider 2022, Verge 2023, Medium 2023, Microsoft 2023

classifieds players are already implementing AI to enhance the search experience

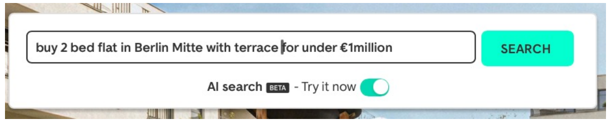
ImmoScout24

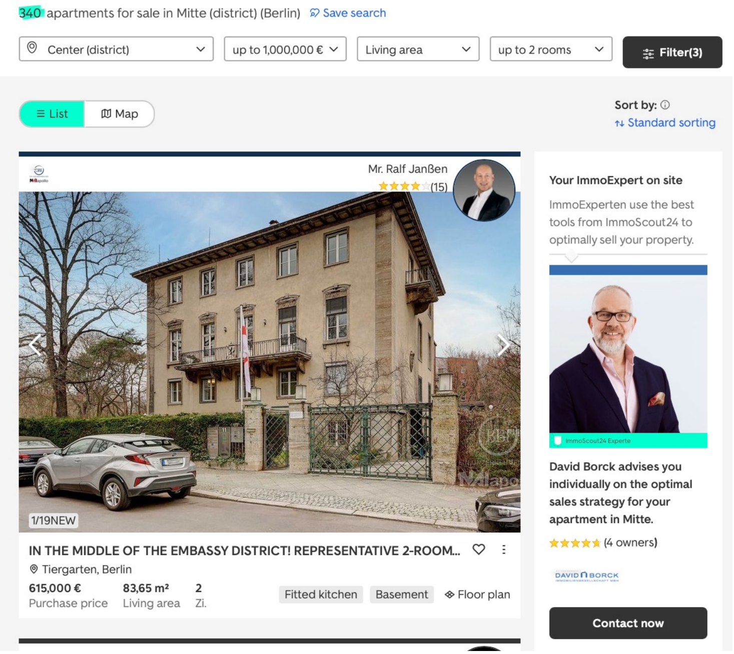
from filters…



to free text

in Beta



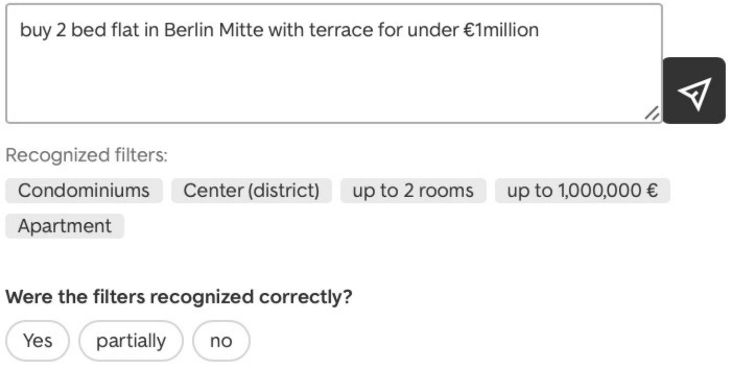


classifieds websites have the richest data, and thus, with the right AI tools + internal development efforts, could become best-placed to satisfy the next generation of home buyers and tenants

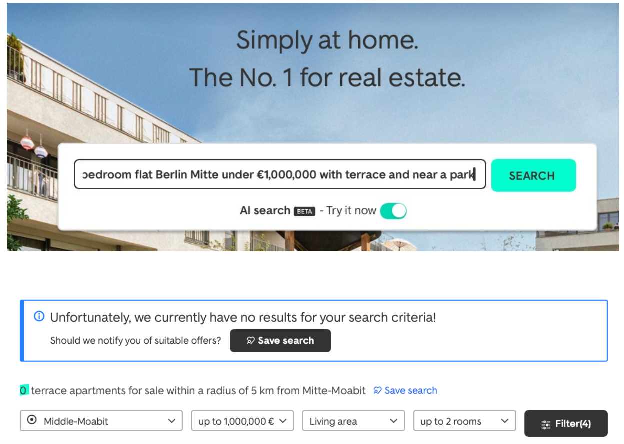
source: immobilienscout24.de accessed 10.3.2024

more complex searches need time to master

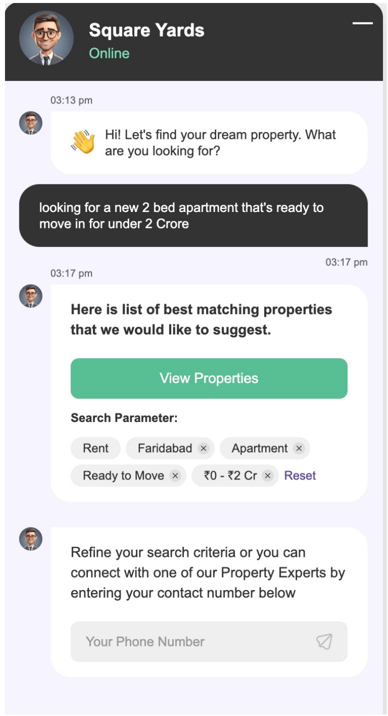
1. terrace requirement not picked up



2. «near a park» not recognized



3. new 2 bed apartment ready to move in for < INR 2 Crore



search for 2 bedroom new development for under INR 2 Crore ($240k) understood as a rental request (!)

source: square yards, immobilienscout24.de accessed 10.3.2024

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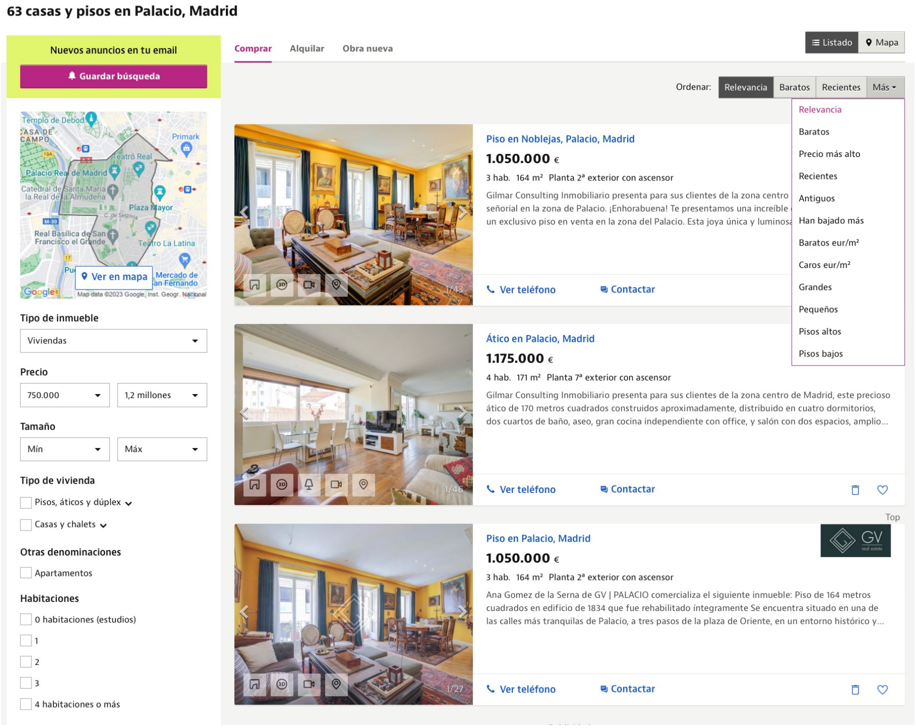
AI will also transform the discovery process

the classifieds experience today

Apartment €0.75M-€1.2M, 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

source: idealista.com, Oct. 2023

early AI-enhancements replace filter-based discovery with a more conversational interface

Condo SGD 0.8M – 1.0M Singapore

There are 604 Properties For Sale, between S$ 800 K and S$ 1 M, 2 Bedrooms, you can use our elegant property search tool to find the right HDB, condominium, apartment, executive

... show more

Properties by bedroom show

Properties by ownership show

Properties by bathroom show

Properties by floor level show

Properties by floor size show

Properties by prices show

Popular locations show

Near transportation show

Properties by furnishing show

Properties by HDB Estate show

Properties by price per sqft. show

Properties by year constructed show

Popular locations hide

- Hougang / Punggol / Sengkang
- Dairy Farm / Bukit Panjang / Choa Chu Kang
- Bedok / Upper East Coast
- Ang Mo Kio / Bishan / Thomson
- Seletar / Yio Chu Kang
- Tanglin / Holland / Bukit Timah
- East Coast / Marine Parade
- Pasir Ris / Tampines
- Boon Lay / Jurong / Tuas
- Sembawang / Yishun
- Buona Vista / West Coast / Clementi New Town
- Admiralty / Woodlands
- Mandai / Upper Thomson
- Eunos / Geylang / Paya Lebar
- Newton / Novena
- Clementi Park / Upper Bukit Timah
- Balestier / Toa Payoh
- Alexandra / Commonwealth
- Changi Airport / Changi Village
- Macpherson / Potong Pasir
- Orchard / River Valley
- Farrer Park / Serangoon Rd
- Harbourfront / Telok Blangah
- Beach Road / Bugis / Rochor
- Boat Quay / Raffles Place / Marina
- Chinatown / Tanjong Pagar
- City Hall / Clarke Quay
- Lim Chu Kang / Tengah

There are 3,033 condominiums For Sale, In Tanglin / Holland / Bukit Timah, you can use our elegant property search tool to find the right New Condominiums and other resale properties

... show more

Popular locations show

Near transportation show

Properties by ownership show

Properties by bedroom show

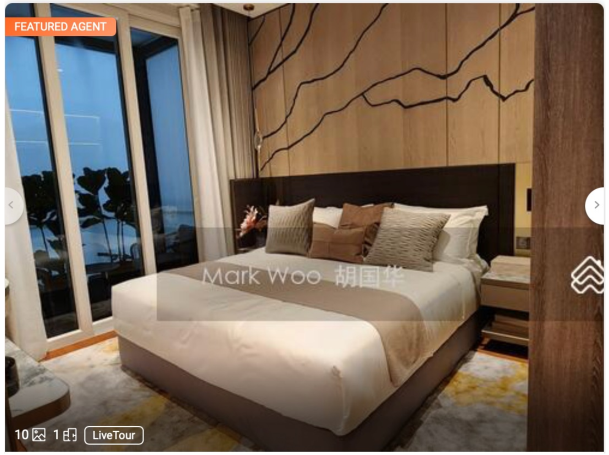
Properties by prices show

Properties by floor size show

Properties by floor level show

Latitude
31 Jalan Mutiara
S$ 4,950,000
3 · 3 · 1690 sqft · S$ 2,928.99 psf
10 mins (850 m) to TE15 Great World MRT
Condominium | Freehold | Built: 2011
8h

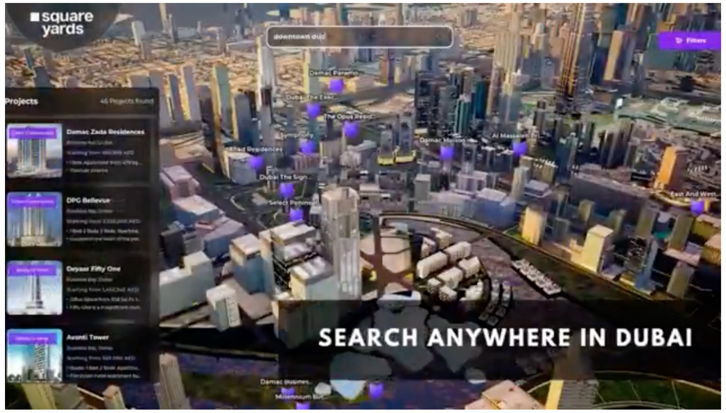
Listed by Sherry Ong 0
"Rarely Available 3 Bedroom for Sale at Latitude"
Contact Agent



source: propertyguru.com.sg March 9th 2024

future of discovery

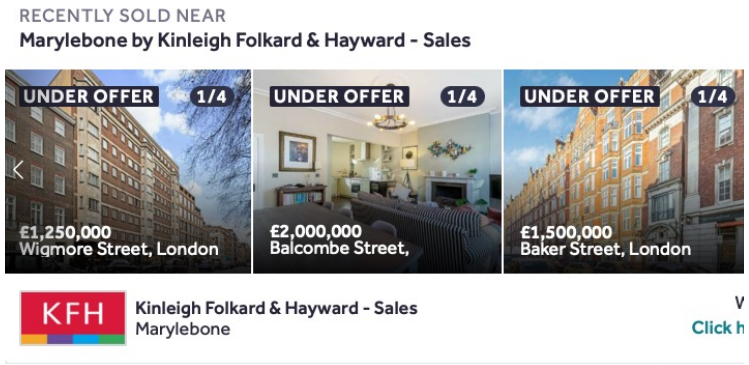
IMMERSIVE



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

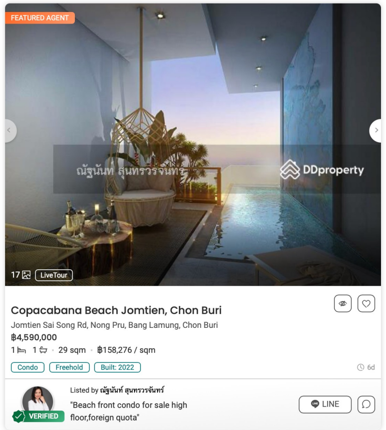


leverage natural-language processing to make predictive assessment, **match + refine** queries to pinpoint the desired object

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

source: McKinsey 2022, Medium 2020, HBR 2020

AI will require classifieds players to fundamentally rethink monetization

PropertyGuru

Standard	Advance	Premier	Business
12 months $	12 months $$	12 months $$$	12 months $$$$
5 concurrent listings	30 concurrent listings	70 concurrent listings	120 concurrent listings
550 ad credits	3,100 ad credits	10,500 ad credits	38,000 ad credits
Data - basic functionality (1)	Data - limited functionality (2)	Data - full functionality (3)	Data - full functionality (3)
Basic Premium Features	Additional Premium Features	Additional Premium Features	Additional Premium Features
Most basic	Best for starters	Best for full-time Agents	Suits highly active Agents

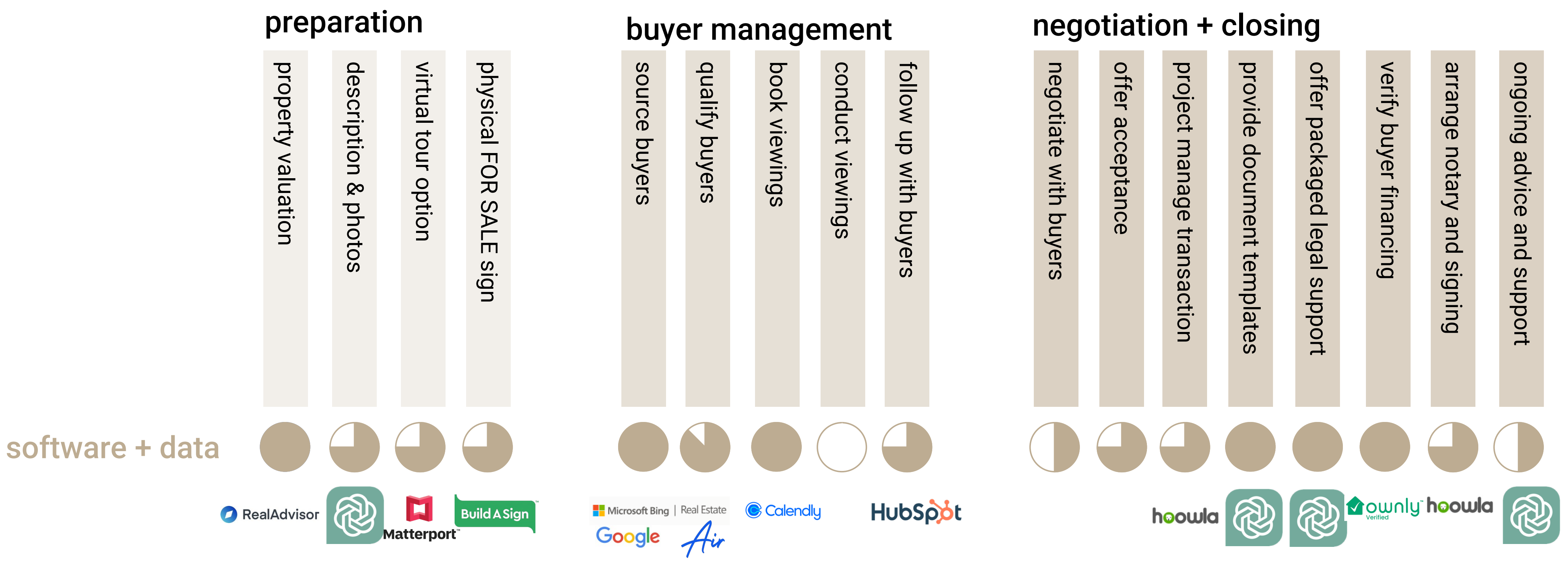
Zillow PREMIER AGENT

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%

- 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

AI / other tech tools will empower the best-resourced agencies 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

source: EIV analysis note: examples are illustrative, and by being listed here should not be interpreted as being endorsed by EIV

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

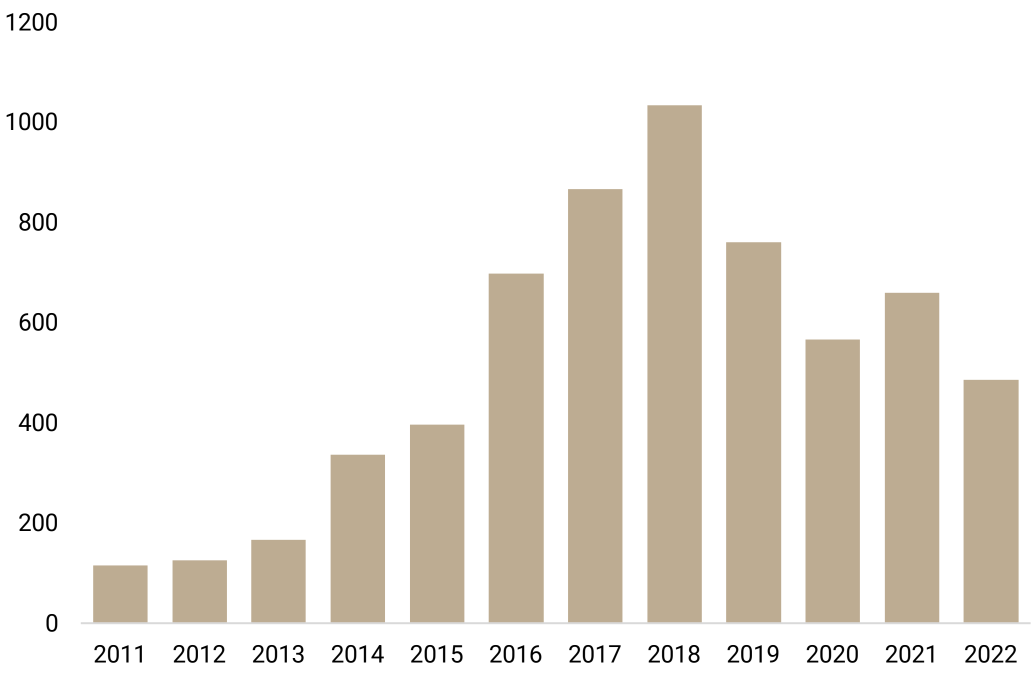
who will be fastest to use them?
will it be the number 1 classifieds player, the number 2, or will we see the emergence of a new breed of AI-powered intelligent marketplaces?

source: https://medium.com/@luke.skertich/camila-lukes-ultimate-guide-to-ai-plugins-94ee6bd6206e

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



source: David Haber 2010, AIM Group estimates note: 2017 data is estimated as the mid point between 2016 and 2018

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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