

March 12 2014

Listings fight could cost Trade Me 32% of its property traffic

Trade Me faces significant risks if its recent price rises for property listings result in a further shift of advertisements to its main competitor web site.

New research covering 2,471 adults nationwide finds that if the real estate industry-owned service www.realestate.co.nz achieves more listings than Trade Me, Trade Me could lose up to 32% of its property traffic.

Trade Me by February 28 had reportedly lost listings from 18 real estate companies after lifting its charges to them from a base fee of \$250 per month plus \$124 per listing with a cap of no more than \$999 per month, to an uncapped fee of \$159 per listing. Trade Me says the companies which have withdrawn listings are a small part of its business base and some agencies have enjoyed price reductions overall.

Some larger agencies say this will cost them millions more each year.

Some are diverting their listings to the www.realestate.co.nz property site, which is owned by the Real Estate Institute of New Zealand and five real estate companies. Property listings on www.realestate.co.nz can be free to property sellers who use real estate agents. Some agents pass on costs for advertisements placed on www.realestate.co.nz.

A new study by Horizon Research between February 28 and March 3 finds that if www.realestate.co.nz achieves more listings than Trade Me, Trade Me could lose up to 32% of its property traffic. 50% of New Zealanders 18+ are likely to continue to look at Trade Me Property, with just 11.7% preferring to view Trade Me Property alone, and another 38.6% preferring to view both Trade Me and www.realestate.co.nz. Some 31.8% would prefer to view www.realestate.co.nz alone if it had more listings than Trade Me.

36% of respondents felt Trade Me is being greedy. The actions of Trade Me over the fee increase are unlikely to stop New Zealanders looking for property on Trade Me and 34% feel that it is still good value. However, there are indications that 29% of New Zealanders would go to www.realestate.co.nz rather than Trade Me if www.realestate.co.nz has more listings.

Horizon Research's Manager, Grant McInman, says the pricing move and any loss of listings volume leadership could therefore cost Trade Me significant audience and possibly advertising revenue share. This was likely to bolster real estate agencies' demands for a better Trade Me pricing deal or fuel the switch of listings to www.realestate.co.nz and other sites.

Detailed questions and results are:



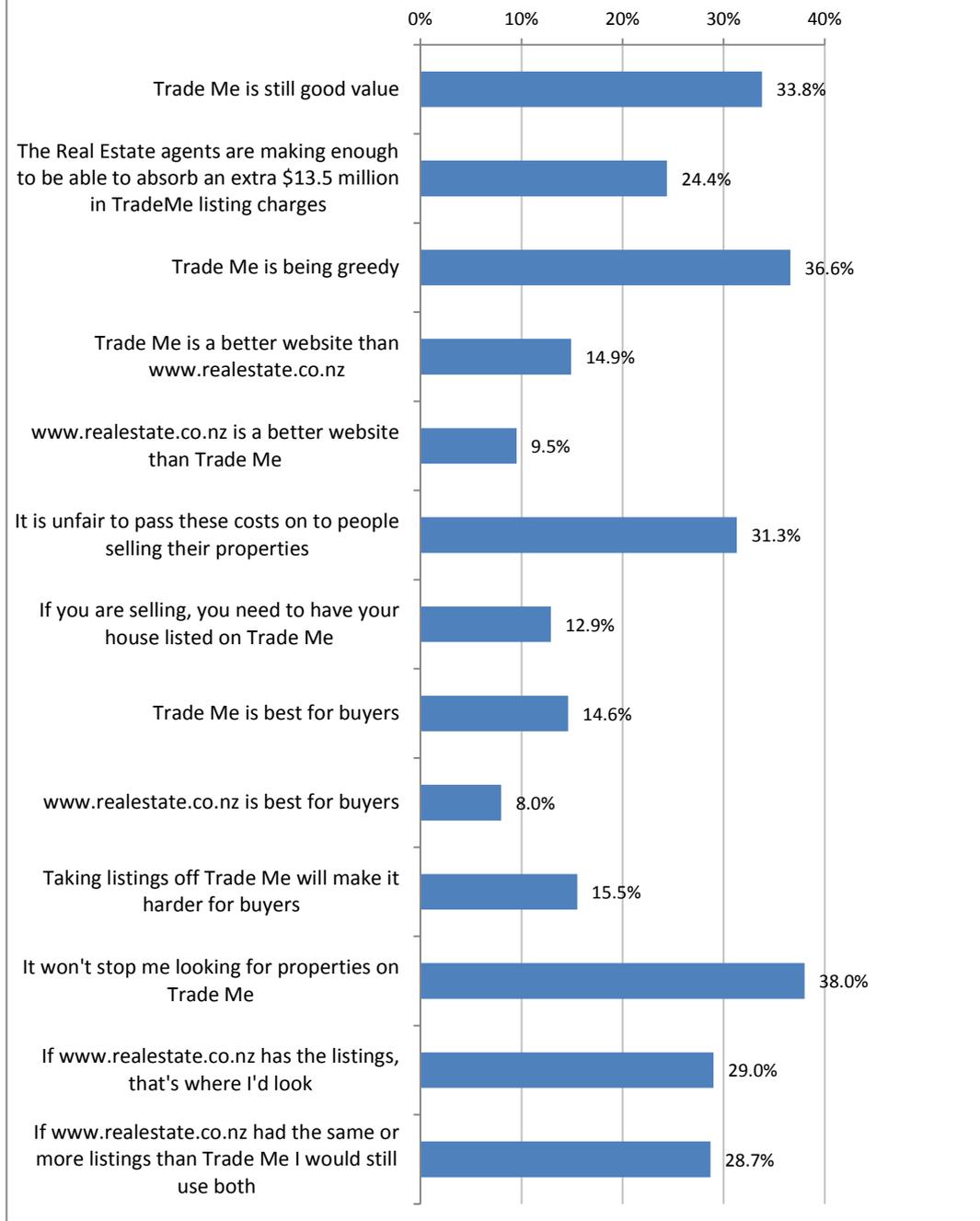
Overall views on the Trade Me fee increase

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The real estate industry is unlikely to find support for passing on the increased Trade Me fees to sellers. Note that:

- A third of respondents (representing New Zealanders 18+) feel that it is unfair to pass the increased costs on to people selling their properties; and
- Nearly a quarter of respondents (representing New Zealanders 18+) think that real estate agents are making enough money to be able to absorb the increased Trade Me fees and not pass them on to sellers.

Which of the following statements best reflects your views about this?



Survey results are weighted to represent the adult population and at a 95% confidence level have a maximum margin of error of +/- 2%. The Trade Me questions were self-commissioned by Horizon as part of its public interest research programme.

FOOTNOTE: Trade Me has objected to explanatory material used in the information given to respondents before answering these questions. A copy of the points Trade Me makes and Horizon's response and decision to publish results of the survey are available from Horizon. The

survey is part of Horizon's public interest research programme and was not commissioned by www.realestate.co.nz or a third party.

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