

# The Real Estate Portal Strategy Handbook

MD

2021



## Introducing The Real Estate Portal Strategy Handbook

Real estate portals occupy a commanding position in their markets. Often the first stop for consumers in the home buying and selling journey, portals are playing a leading – and expanding – role in the rapidly evolving world of real estate.

This report is packed with original ideas and evidence-based insights into the growth strategies of the top real estate portals around the world.

Mike DelPrete  
November 2021



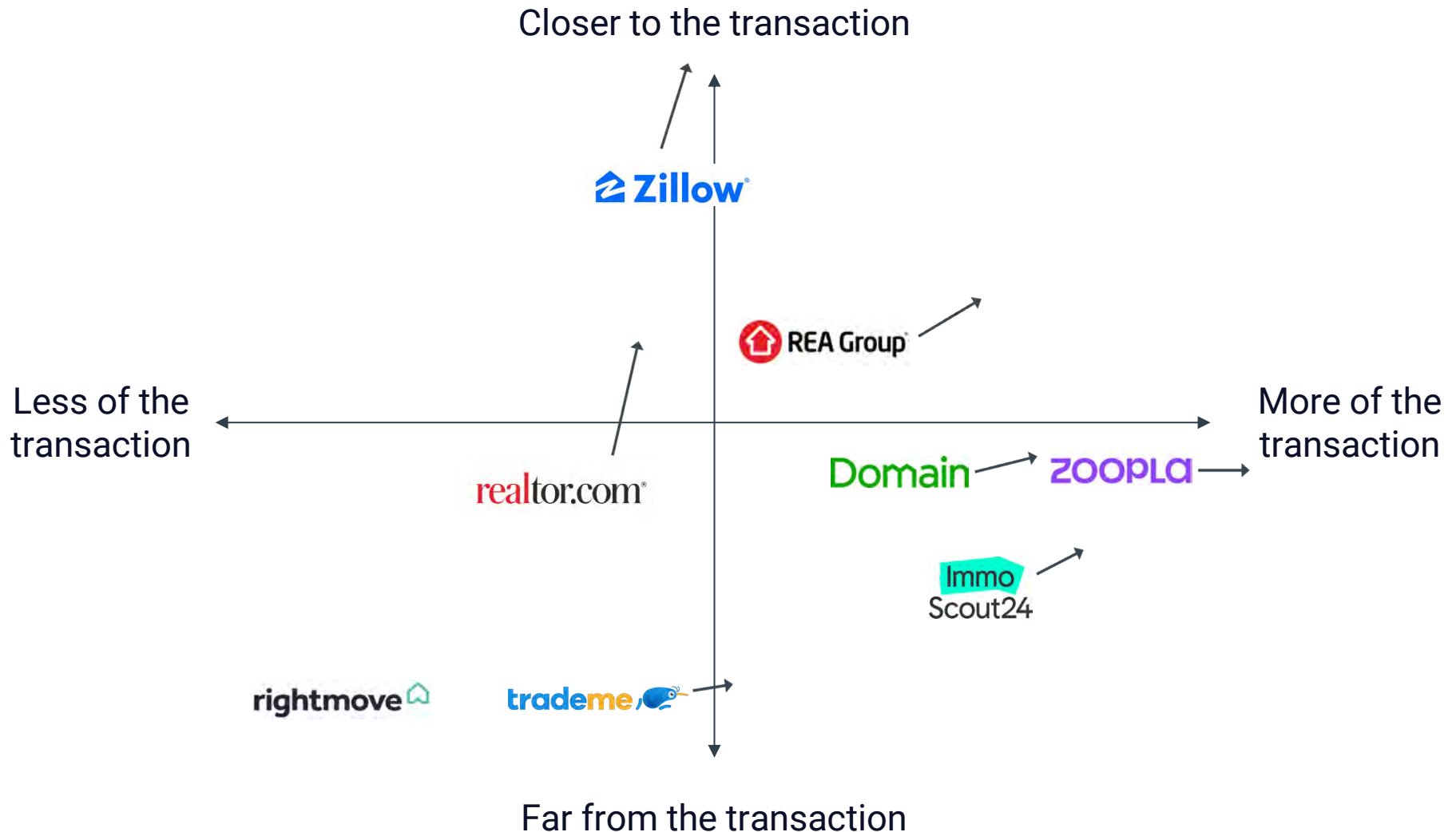
# Table of Contents



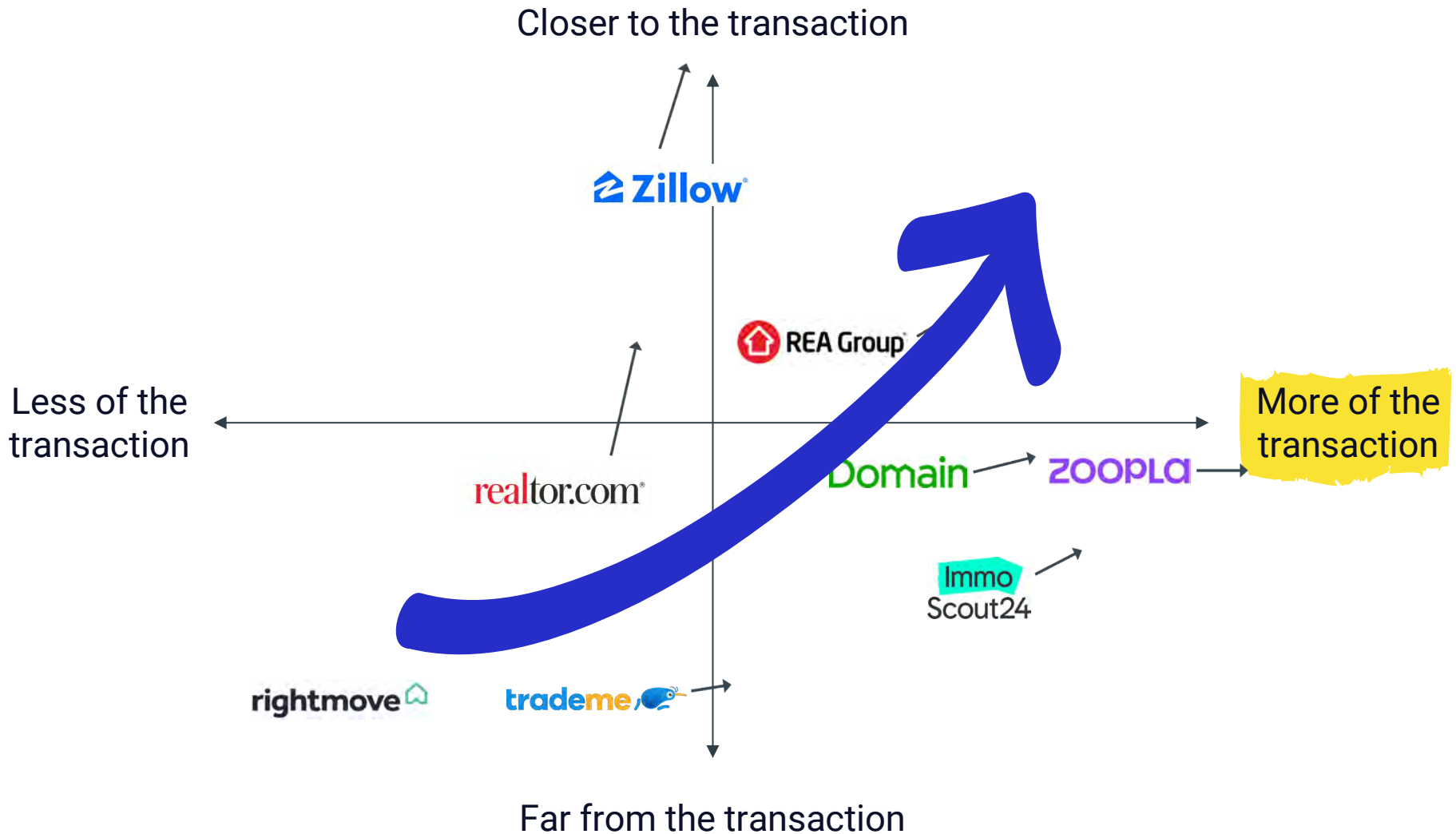
1. Strategic Framework
2. Growth Engines
3. Next Gen Lead Gen
4. Mortgage Expansion
5. Acquisitions and Divestments
6. Millions More Buyers
7. Portals & Covid-19
8. Portal Mergers
9. A Strategic Roadmap

# Strategic Framework

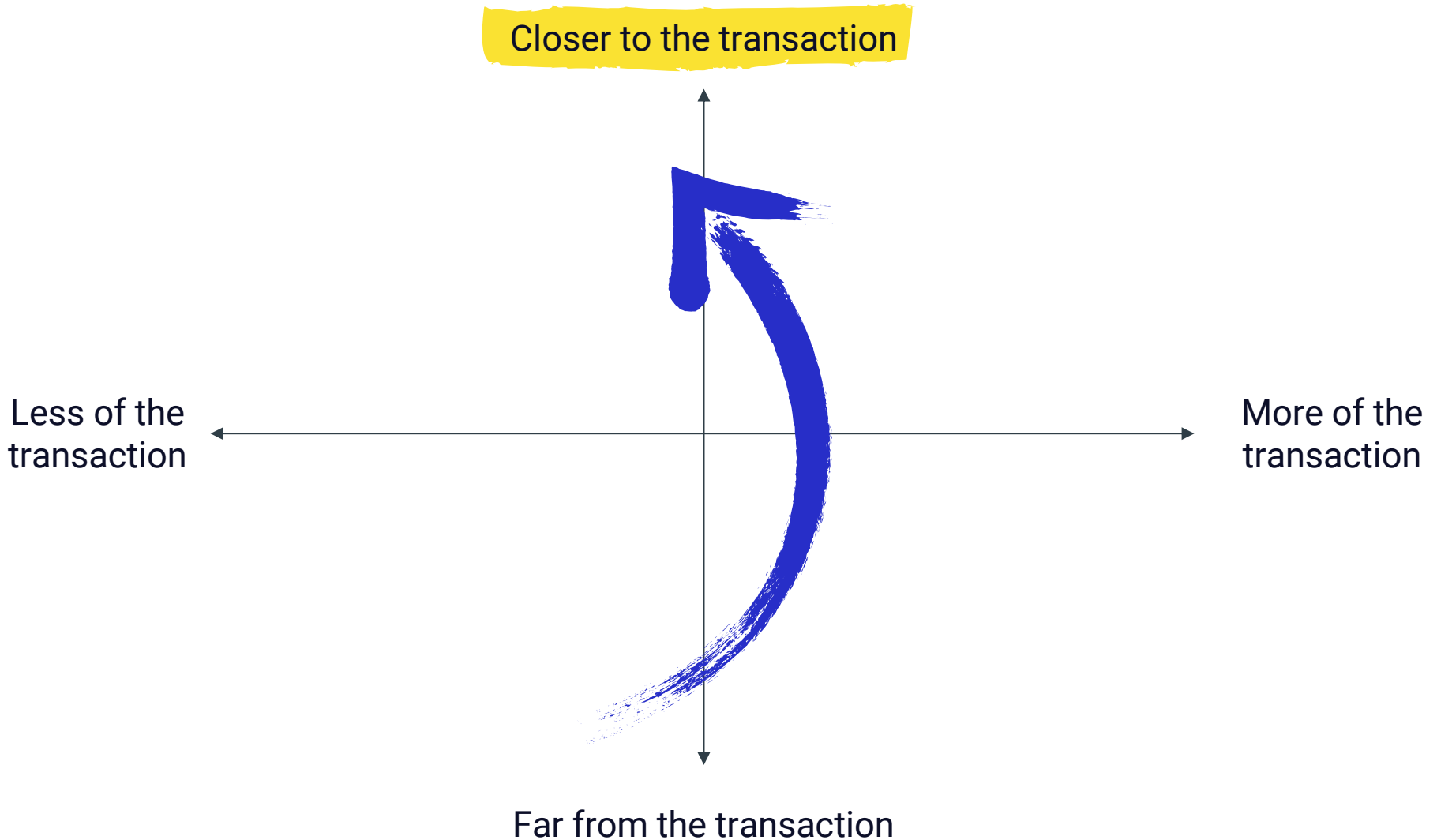
In 2018, this framework showed portals moving closer to and getting involved in more of the transaction.



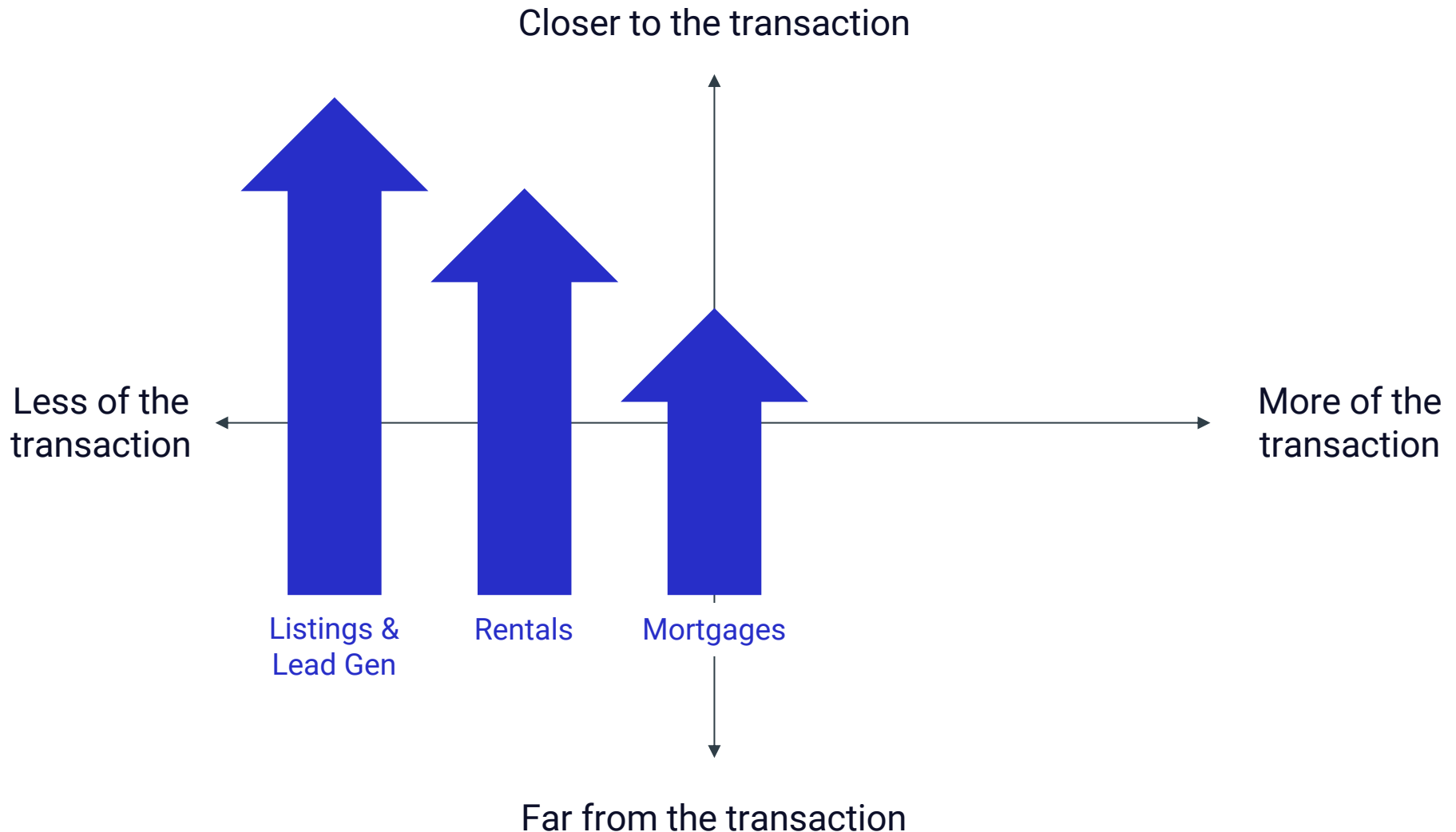
There was clear movement to tap into new revenue streams as an area of growth.



However, in 2021, it's clear that the majority of revenue growth is coming from portals refocusing on the core.

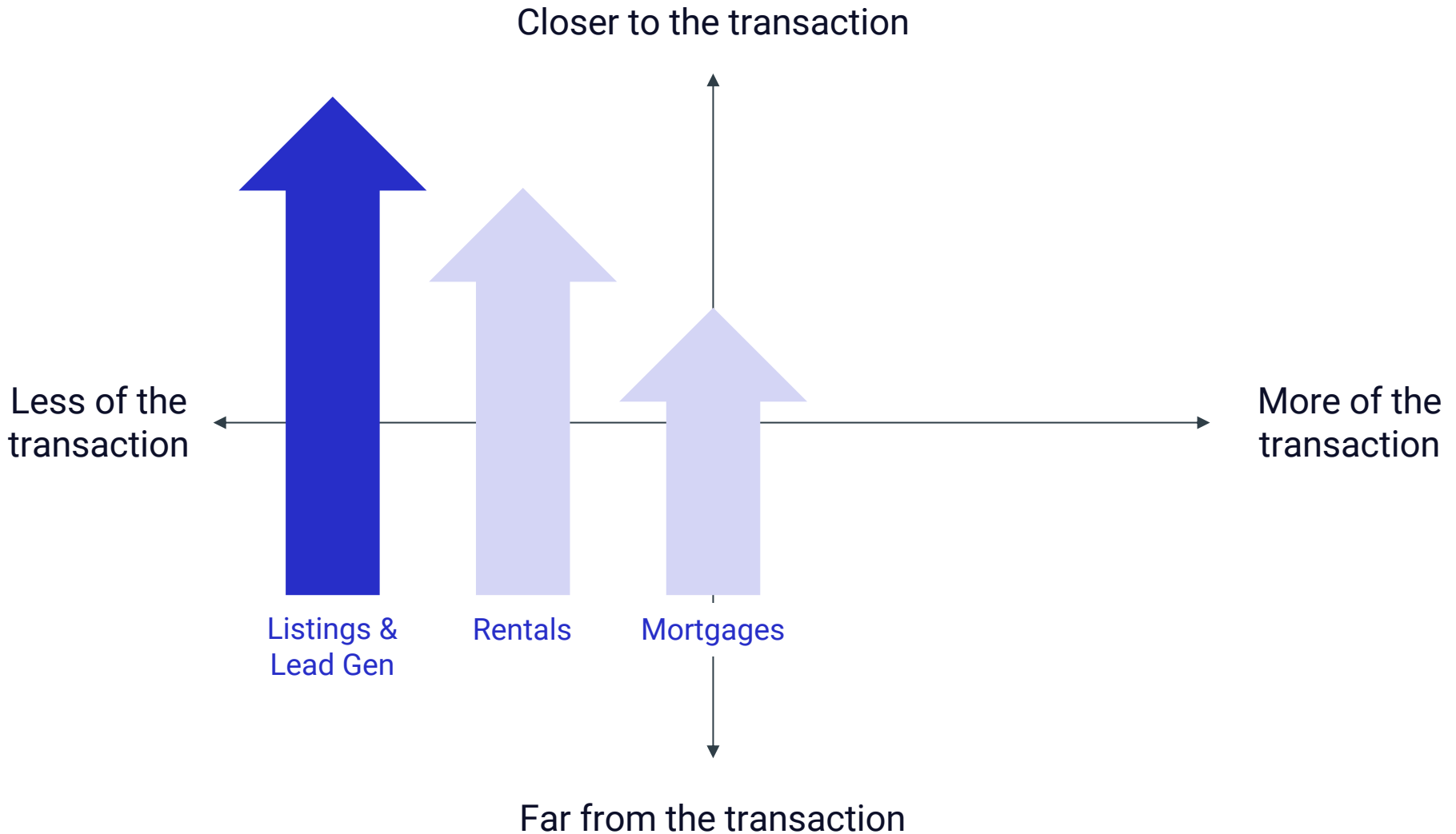


Specifically, the overwhelming majority of revenue growth has come from three distinct areas.

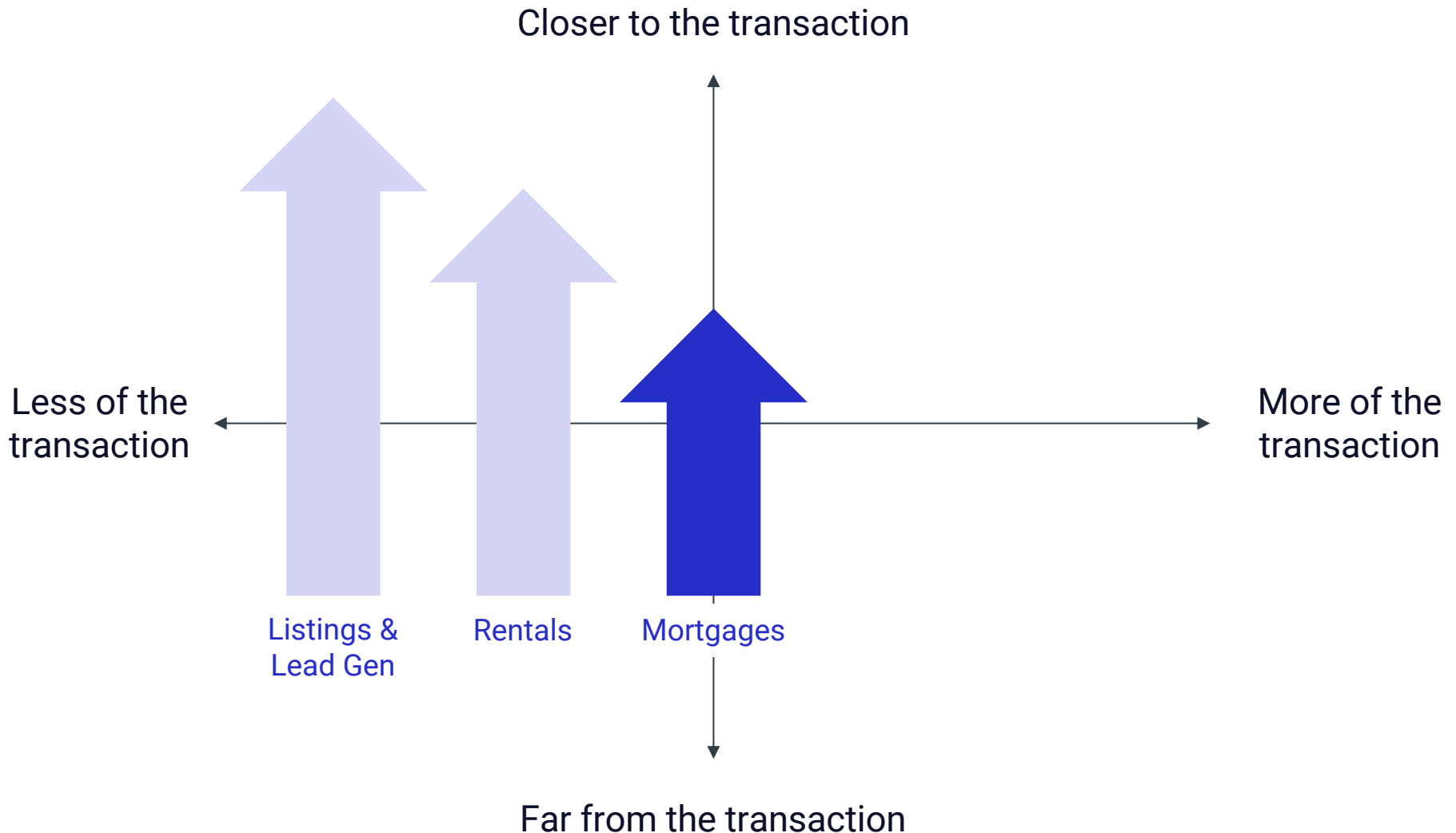




# Listings and lead gen is, by far, the biggest driver of growth...



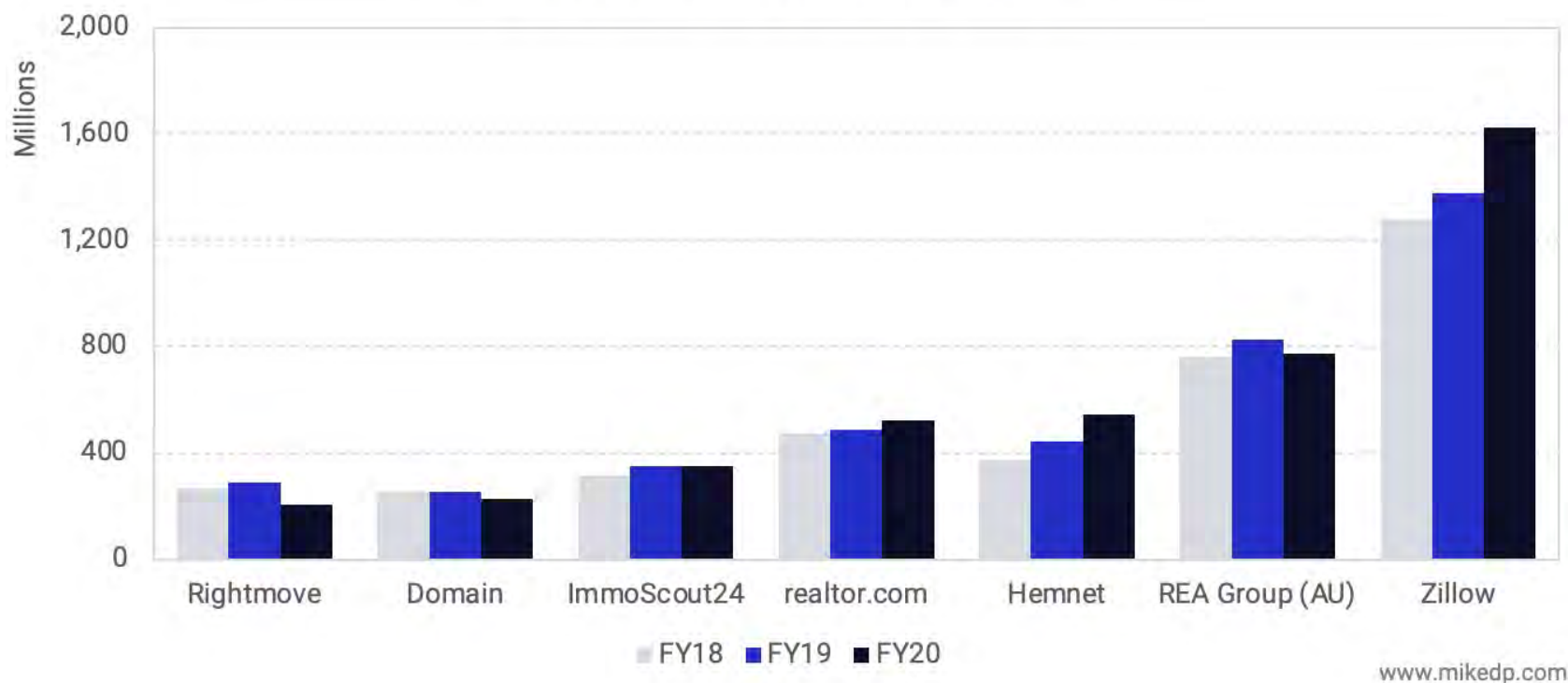
...while revenue growth and profit remains elusive in mortgages; a potential red herring for portals.



# Growth Engines

# The top global portals all faced revenue challenges during 2020 – some more than others.

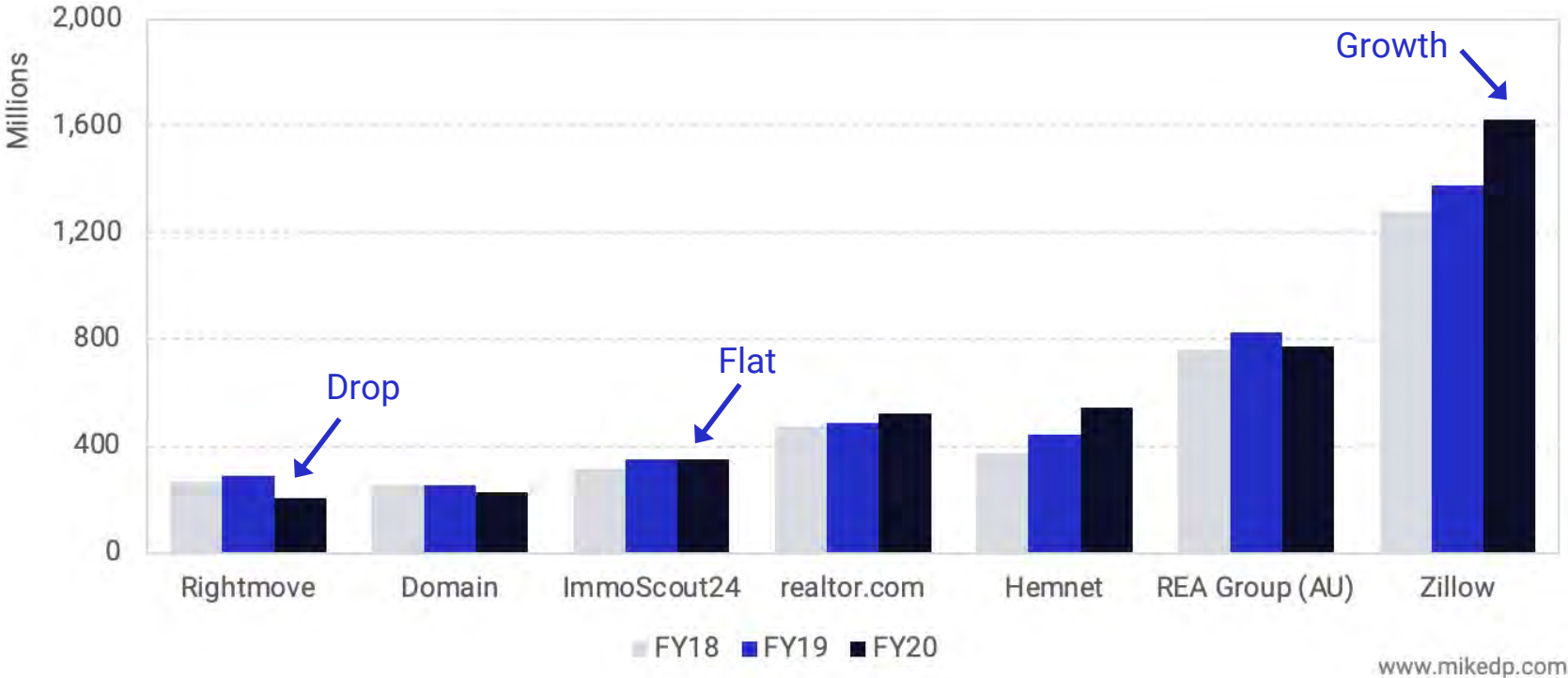
## Portal Revenue Growth



Note: Benchmarked to local currency. REA Group is Australian revenue only. Zillow revenue excludes iBuying (Zillow Homes).

Some portals saw significant revenue drops, others stayed flat, and a few managed to grow.

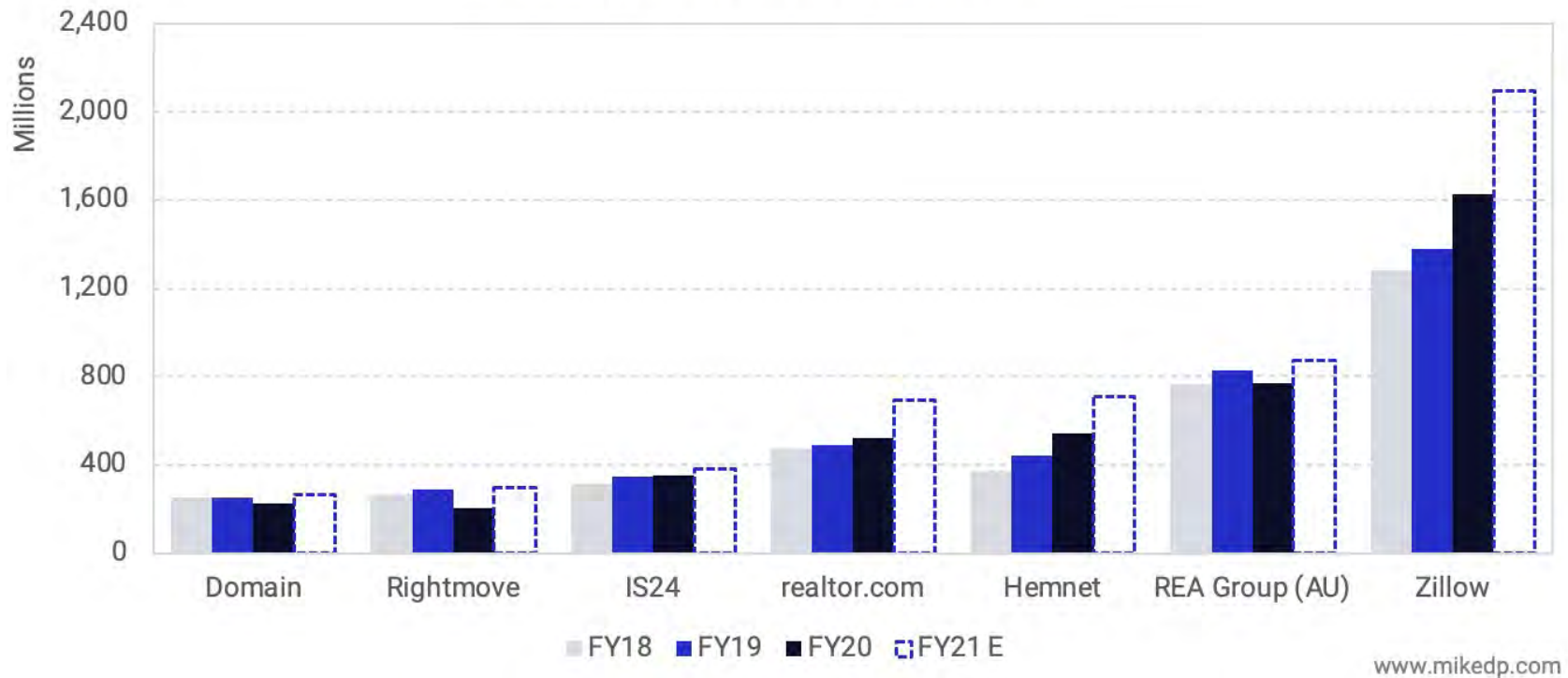
### Portal Revenue Growth



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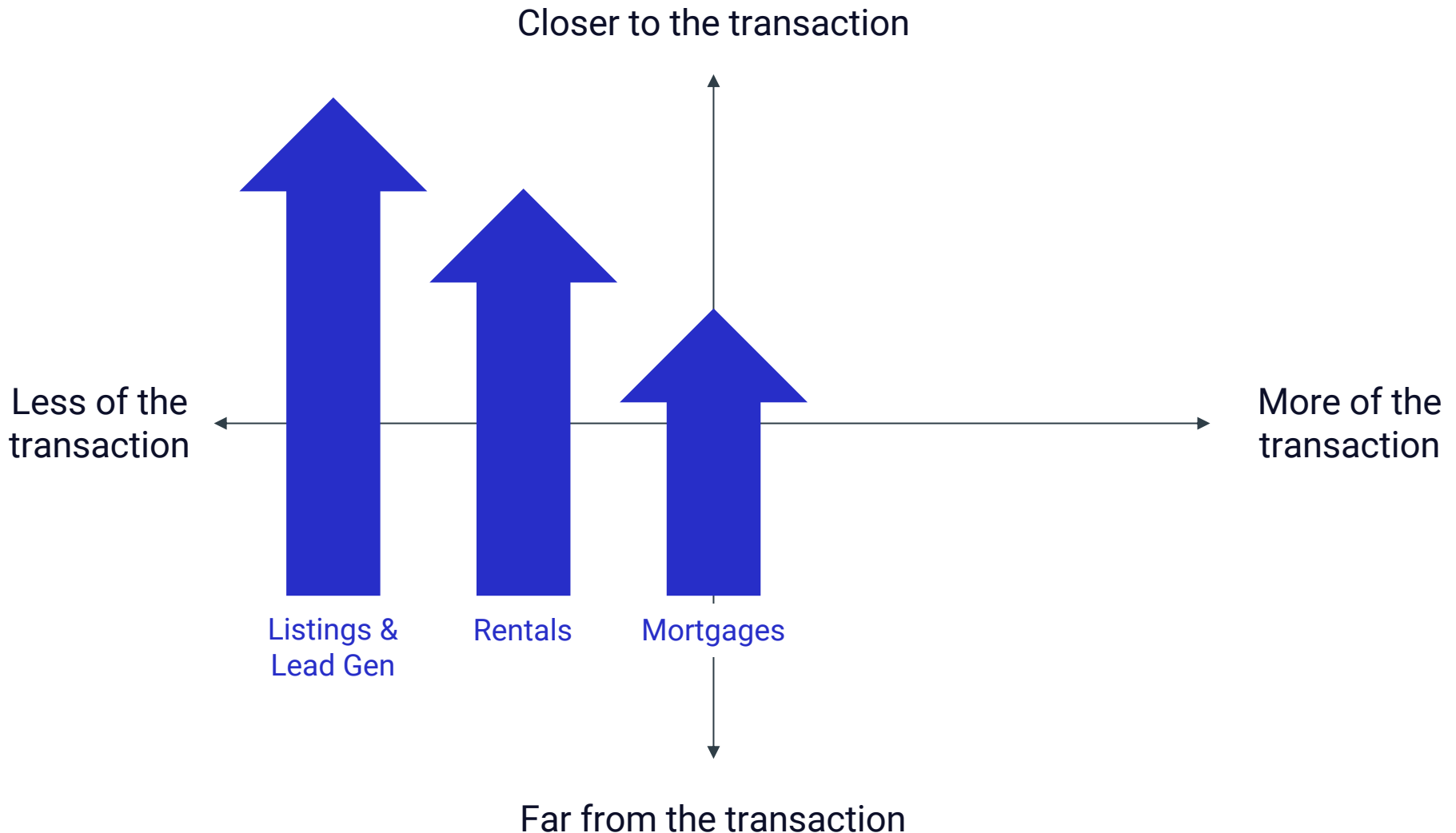
# Current performance and projections show all portals returning to growth in 2021.

## Portal Revenue Growth

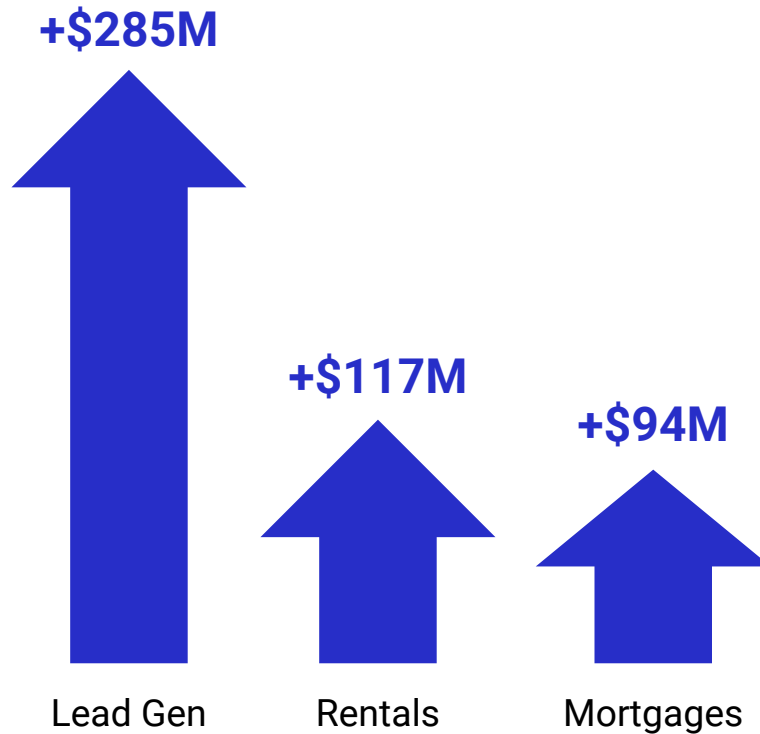


Note: Benchmarked to local currency. REA Group is Australian revenue only. Zillow revenue excludes iBuying (Zillow Homes).

Historically, the majority of portal revenue growth has been concentrated in three key areas.



Over the past three years, Zillow has grown its revenues 51 percent, or \$548M (excluding iBuying).

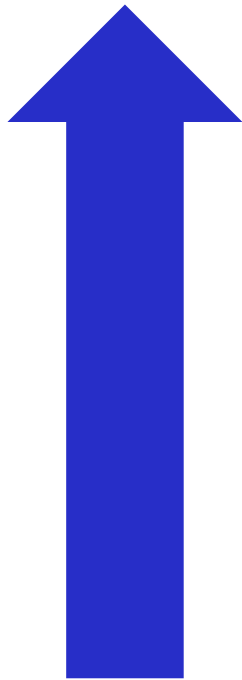


Over 90 percent of Zillow's revenue growth has come from agent lead gen (premier agent), followed by rentals and mortgages.



During the same time, REA Group grew its Australian revenues 14 percent, or \$107M.

**+\$118M**



Core Listings

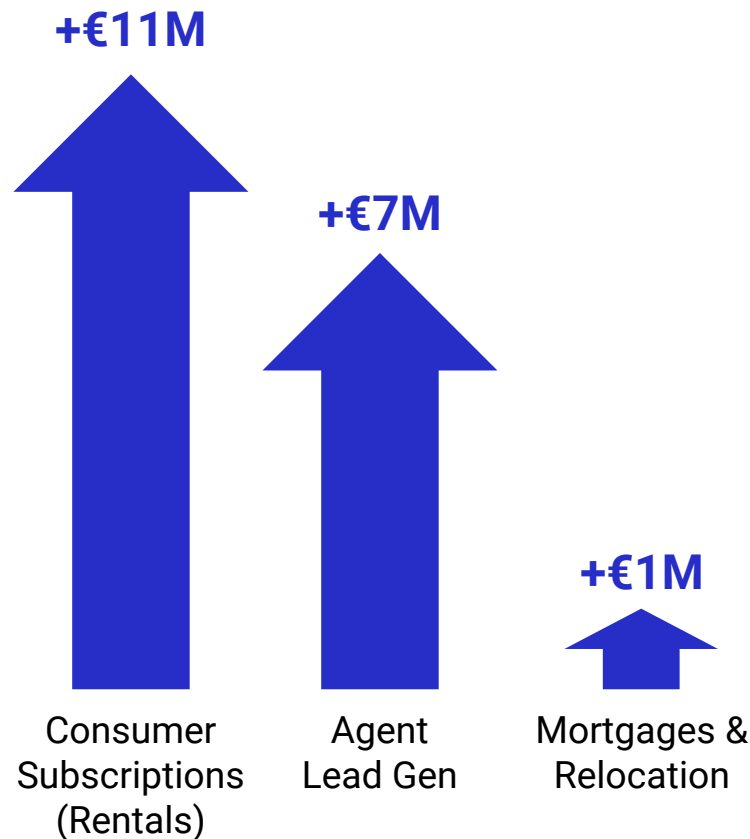
All growth was in the core listings business. Revenue in several other business lines (including mortgage), dropped.

Domain's core digital business grew 4 percent, or \$11M, since 2018, driven by its listing depth products.



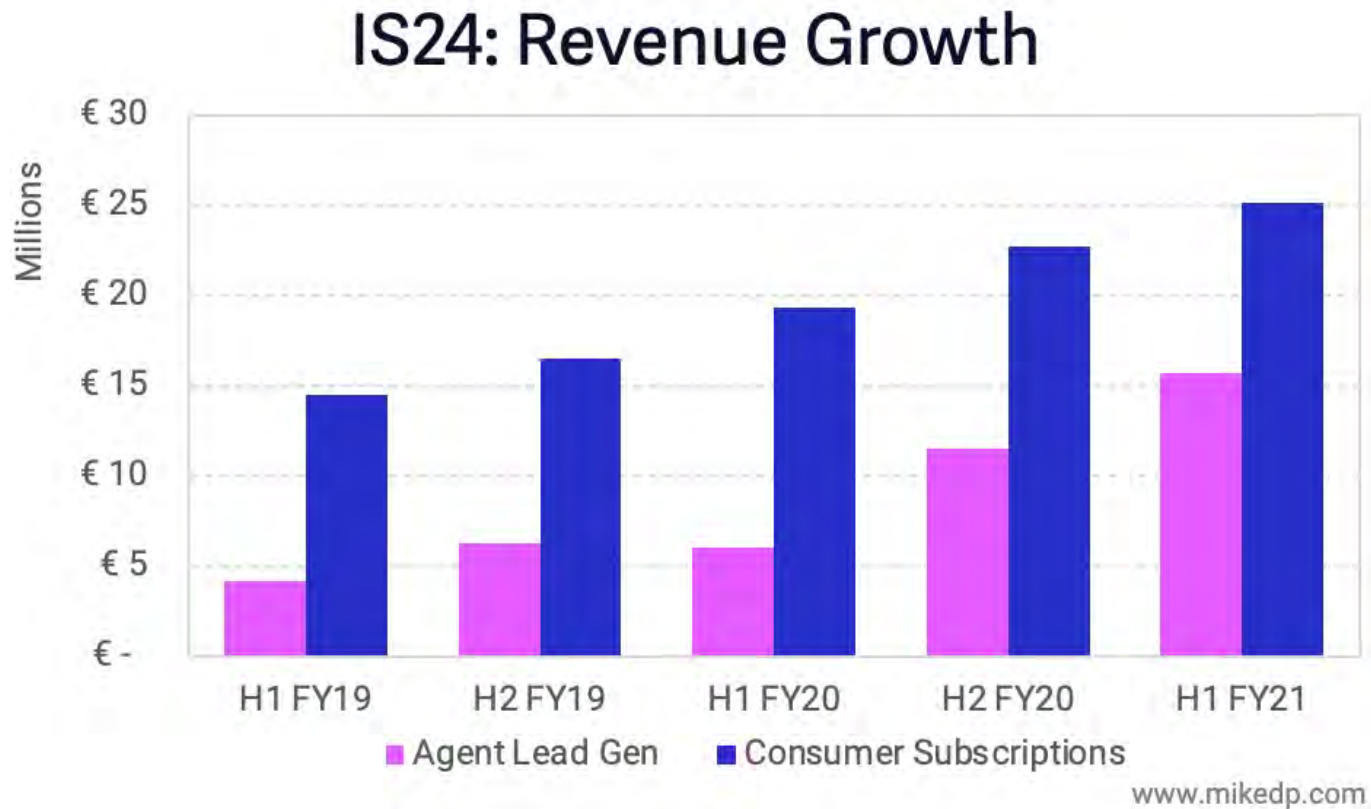
Residential listings revenue grew by \$23M, while its other core digital business lines declined by \$12M.

Since 2019, over 90 percent of ImmoScout24's revenue growth has come from new products.

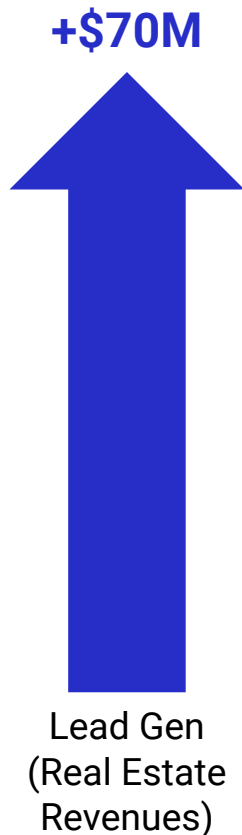


Consumer subscriptions (primarily in rentals) and agent lead gen are the most promising products.

IS24's agent lead gen is growing the fastest, while consumer subscriptions account for more revenue.



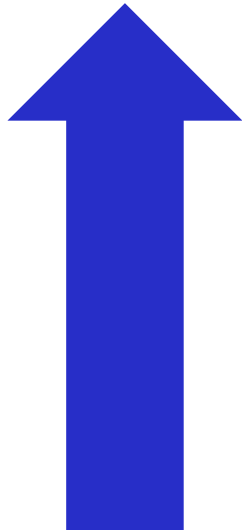
Between 2018 and 2021, realtor.com grew its revenues 55 percent, or \$66M.



All growth was in core “real estate revenues,” which includes all lead gen programs. “Other” revenue declined during the period.

Since 2018, Hemnet in Sweden has grown its revenues 46 percent, or SEK 171M.

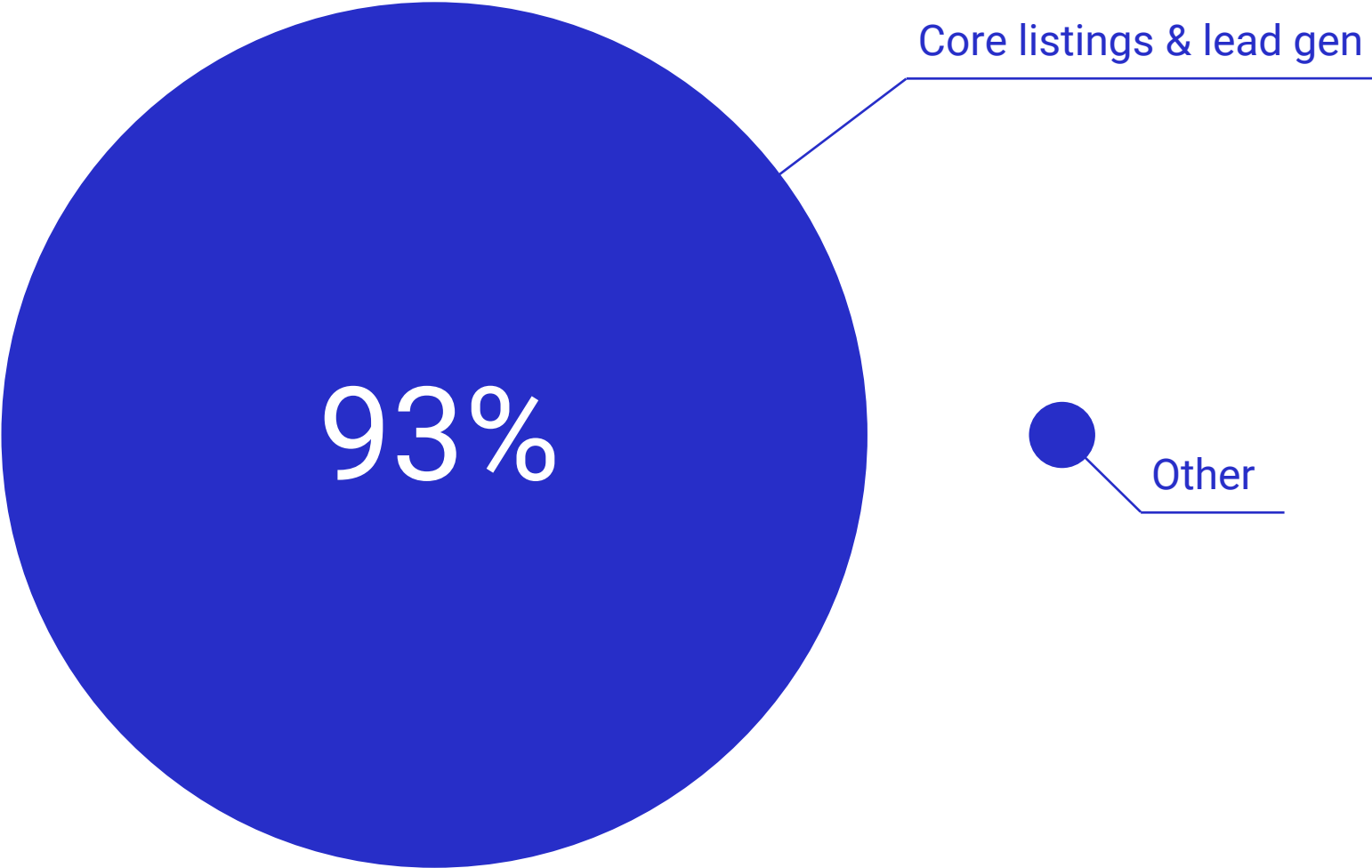
**+ SEK 137M**



Core Listings  
+ Add-ons

Listings and value-added services (listing add-ons) account for 80 percent of that revenue growth.

On average, 93 percent of portal revenue growth has come from core listings and lead gen products.



Note: Core listings includes rentals and new home listings.

Core listing revenue growth continues to come from premium packages (depth products).

Be seen at the **top**  
of the search results

The premiere way to showcase your property with the largest listing at the top of the search results, above all Highlight listings.



# Continued in the full report

Premiere listing		Feature listing	
	Priority in the search results		Priority in the search results
Listing rotates to the top of the search results	15 days	Listing rotates to the top of the search results	×
Image carousel	✓	Image carousel	✓
Property information at the top of the property page for improved search engine results	✓	Property information at the top of the property page for improved search engine results	×
Auction and inspection times	✓	Auction and inspection times	✓



Next Gen Lead Gen

# Next generation lead generation is the shift towards fully qualified leads with a commission share model.

- This is the most significant business model shift for real estate portals since their birth.
- It is accounting for an increasing percentage of portal lead gen revenues, while getting them closer to the transaction.
- The evolution is occurring globally, and targets both buyer and seller leads.
- The key themes include *lead qualification* and a *commission share model* (aka success fee).

Case studies include some of the leading real estate portals around the world.



#1  
U.S.



#2  
U.S.



#1  
France



#1  
Germany

Each has made significant investments into next gen lead gen, including several large acquisitions.



realtor.com®

+



Acquired for  
\$210 million in  
2018.

axel springer

+



Acquired for  
€200 million in  
2019.

Immo  
Scout24

+

immoverkauf24

Acquired for  
€27 million in  
2020.

The U.S. portals focus on monetizing buyer leads, while international portals focus on seller leads.



Buyer Leads

Seller Leads

The U.S. portals focus on monetizing buyer leads, while international portals focus on seller leads.



Buyer Leads

Seller Leads



This is market-specific. In the U.S., buyer agents receive a commission from a real estate transaction, so a buyer lead has real monetary value.

# Buyer leads are generated by users browsing properties and filing out forms to express interest.



## Buyer Leads

The screenshot shows a realtor.com listing for a property in Boulder, CO. The page includes a navigation bar with links for Buy, Sell, Rent, Mortgage, Find Realtors, My Home, and News & Insights. The property address is 5879 Orchard Creek Ln. The listing is presented by Kimberly Kidder, a Broker Associate, Realtor, CNE, and is brokered by RE/MAX of Boulder. A purple circle highlights a form titled "More about this property" which includes fields for Full Name, Email, and Phone. Below these fields are two checkboxes: "I am interested in 5879 Orchard Creek Ln." and "I have served in the U.S. Military." There is also a checkbox for "Get pre-approved by a lender." and a red "Email Agent" button. A disclaimer at the bottom of the form states: "By proceeding, you consent to receive calls and texts at the number you provided, including marketing by autodialer and prerecorded and artificial voice, and email, from realtor.com and others about your inquiry and other home-related matters, but not as a condition of any purchase; this applies regardless of whether you check, or leave unchecked, any box above. More."

In international markets, the primary value lies with seller leads; homeowners thinking about selling.



Seller Leads

Intent to Sell → Lead



# The best way to reach prospective sellers is through property valuations: “What is my home worth?”



Seller Leads



How much is your property worth?

Expect the best.

For free evaluation

Property valuations & homeowner dashboards.

A key element of this model is that leads are qualified before being handed off to a partner agent.



Buyer Leads

Seller Leads



Lead Qualification

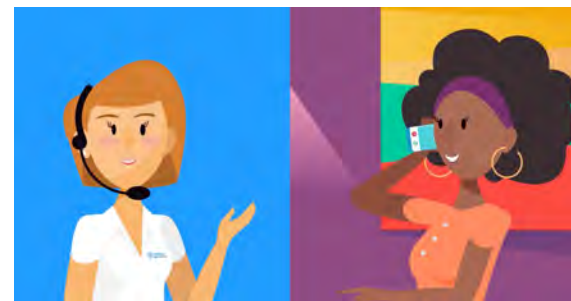
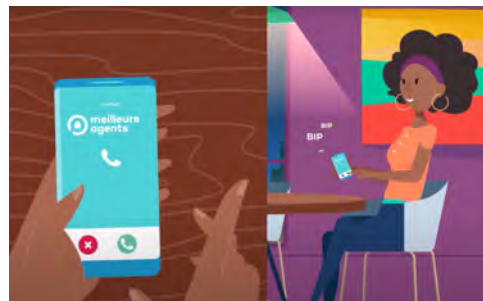
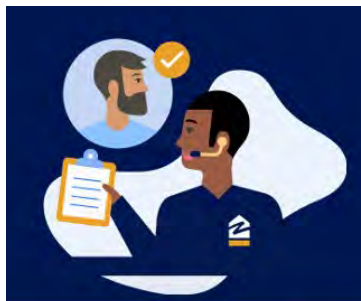
Leads are called directly by the portal, typically within minutes of submitting a form.



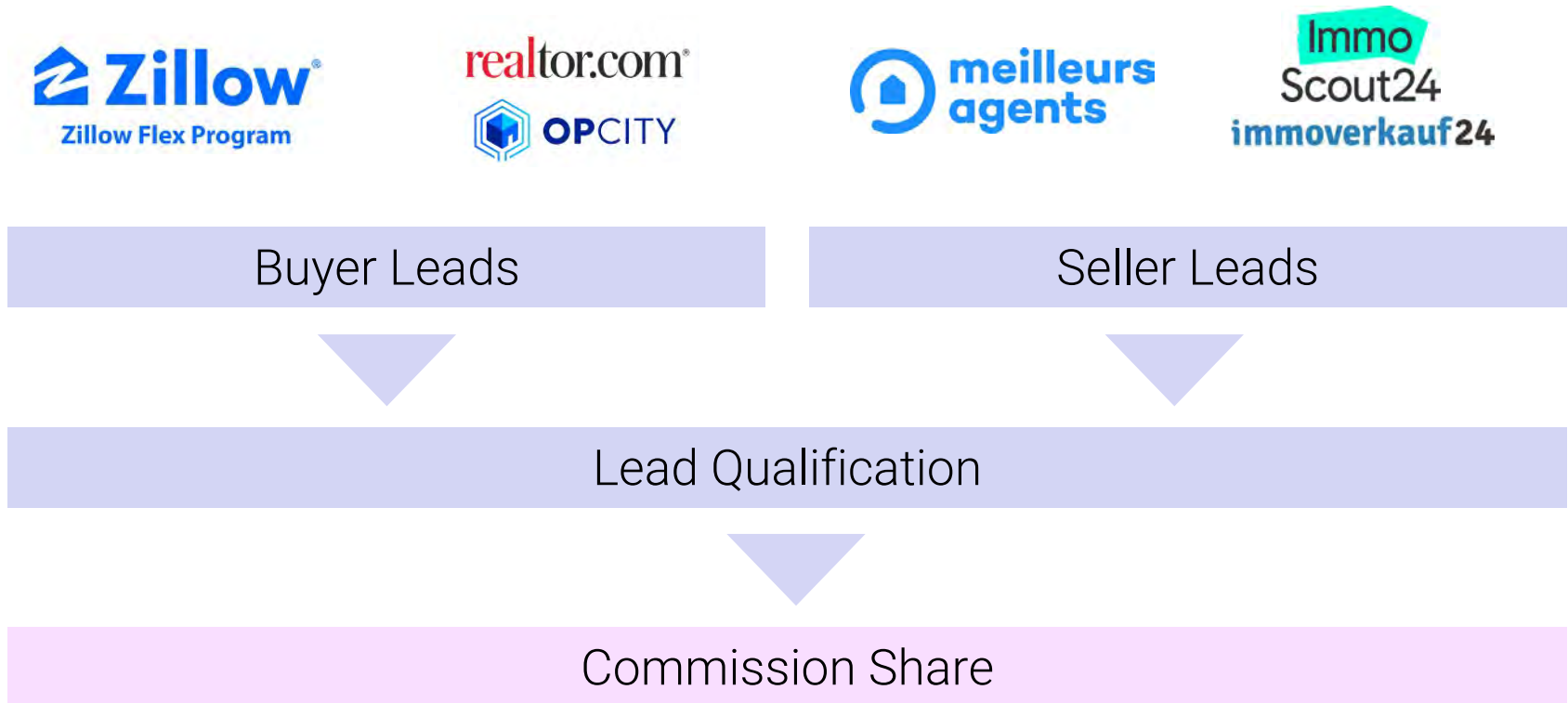
Buyer Leads

Seller Leads

Lead Qualification



The second key element of next gen lead gen is the use of a commission share, or success fee, model.



*If a lead transacts, the agents pays a percentage of their commission back to the portal.*

The commission share varies by market, but is generally around a third of an agent's commission.



Commission Share

35%

35%

25%

40%

A commission share model aligns incentives between the portal and its agent partners.

Flex shifts payment to close

# Continued

You owe nothing until you get paid

Successful sale paid on commission out of escrow

25% for homes priced at or below \$150,000

35% for homes priced above \$150,000

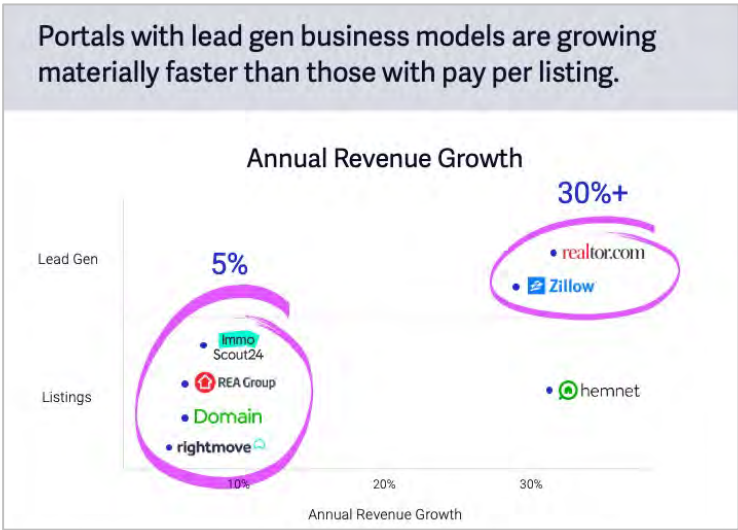
# in the full report

Avoid all upfront costs of lead generation and pay a referral fee only on closed transactions

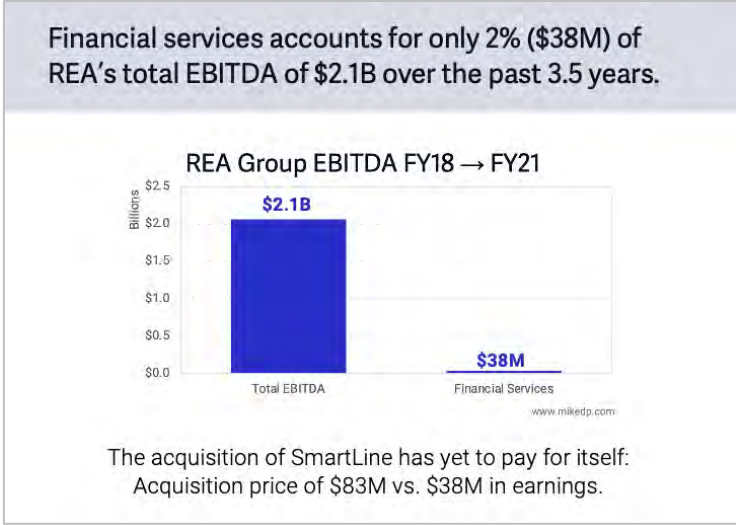
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Portals with lead gen business models are growing materially faster than those with pay per listing.



Financial services accounts for only 2% (\$38M) of REA's total EBITDA of \$2.1B over the past 3.5 years.

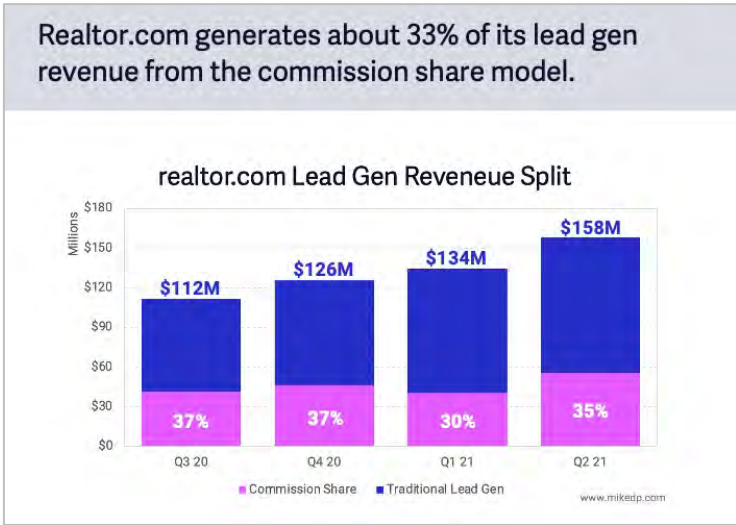


The acquisition of SmartLine has yet to pay for itself: Acquisition price of \$83M vs. \$38M in earnings.

The rankings reveal several strategically significant, "bet the company" acquisitions in key areas...



Realtor.com generates about 33% of its lead gen revenue from the commission share model.



# Purchase the full 190+ slide report!

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Get the full picture – don't miss the following sections:

- Growth Engines
- Next Gen Lead Gen
- Mortgage Expansion
- Acquisitions and Divestments
- Millions More Buyers
- Portals & Covid-19
- Portal Mergers
- A Strategic Roadmap





MIKE DELPRETE

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Mike is a global real estate tech strategist, and a scholar-in-residence at the University of Colorado Boulder. He is internationally recognized as an expert and thought-leader in real estate tech.

His evidence-based analysis is widely read by global leaders, and he is a sought-after strategy and new ventures consultant. His research and insights have featured in the New York Times, Wall Street Journal, Financial Times, and The Economist.



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I split my time between research & writing, teaching, and working with select clients.



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