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## Sellers of Internet addresses surf for — and get — some big payoffs

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By Jon Swartz, USA TODAY

SAN FRANCISCO — Internet domain names are red-hot again.

This year, 15 names used in Internet addresses have resold for at least six figures to companies and individuals hoping to tap into big audiences. On.com got \$635,000. Macau.com fetched \$550,000.

Sex.com went for a record \$12 million in cash and stock to adult-entertainment company Escm in January, according to industry-trade reports and sources with knowledge of the deal, who declined to be named because of the private nature of the sale.

Sales of 5,851 domain names generated \$29 million in 2005, compared with the sale of 3,813 names for \$15 million in 2004, says market researcher Zetetic. And the pace is quickening: In the first three months of this year, 1,949 names have generated \$14.2 million, says *Domain Name Journal* magazine.

"The domain name is 21st century real estate," says Warren Adelman, president of GoDaddy.com, the world's largest domain name registrar, with 12.9 million. "The economy is being increasingly driven by the Internet sector."

As more people — and advertisers — move online, it has created opportunities for an estimated 1,000 to 2,000 domainers, individuals who buy and sell domain names, says Ron Jackson, publisher of *Domain Name Journal*.

Online ad revenue is expected to reach \$13.6 billion in the USA this year, up 14% from 2005, according to Jupiter Media.

Names in demand tend to be short words — especially those that have anything to do with poker, real estate, hotels and "pod," Adelman says. "It's all about iPod and podcasts," he says.

Even frequently misspelled names sell: Mortgage.com went for \$242,400 this month.

The market has rebounded from a "depression" after the dot-com bubble burst in 2000, says Jackson.

Now, a patient speculator can buy a name for \$30,000 and, a few years later, sell it for a windfall, says Brad Hines, president of YumDomains.com, a domain name broker.

Internet Reit, which owns more than 400,000 domain names, is financially backed by Starbucks Chairman Howard Schultz's venture firm, Maveron and Perot Investments.

Publicly traded Marchex spent \$164 million on more than 100,000 domain names, including destination.com and debts.com last year. It works with Yahoo to direct advertisers to specialized websites such as videocamera.com. Separately, Marchex has acquired 74,000 ZIP code domains, such as 90210.com.

New laws have made speculating for domains containing celebrity and company names extremely hard, legal experts say.

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Some high-profile sales are kept quiet out of fear the buyer will be charged more the next time they acquire a name, says Jay Finnan, marketing director at Sedo.com, which appraises and sells domain names. It sold Blue.com on behalf of its owner for \$500,000 to an unidentified party last month.

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