

### The Nokta Domains Guide to Domain Name Leasing - With Merve Engin

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Everybody is talking about domain name leasing. I just returned from the TRAFFIC Conference in Florida, and Adam Dicker told me during his interview on stage that he is leasing one of his domains for 17 hundred dollars per month. And although I have pitched leases to prospective buyers who thought my purchase price was too high, I have never had any luck in closing any. You probably feel the same way. Today we are going to find out why, as well as how to close leases more successfully, how to price them, and much more. Stay tuned.

I have three short sponsor messages before we get into today's show.

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Here's your program.

Michael Cyger: Hey everyone. My name is Michael Cyger, and I'm the Publisher of DomainSherpa.com - the website where you come to learn how to become a successful domain name investor and entrepreneur directly from the experts.

Domain name leasing makes a ton of sense. In the real world, most people cannot afford to buy a retail storefront or a building for their new business venture, so they sign a multi-year lease. They lock in the location, lock in the pricing, and get first right of refusal on subsequent lease terms. But up until just a few years ago, few investors spoke about domain name leasing. One company has been posting regular updates about the domain names they are leasing, so I have invited them to come on the show and share how they have been so successful in this area.

Joining us today from Turkey is Merve Engin, Manager of the Leasing Operations at NoktaDomains.com.

Merve, welcome back to the show.

Merve Engin: Hi Michael. It is my pleasure to be here. Thanks for having me.

Michael: It is great to have you back. And I love to have past Sherpas back on the show to talk about other successes they have had. It has been about a year and a half since you last joined me. I went back and looked at the archives. It was October 11, 2011 that you and Arif Şengören closed the highest domain name sale in Turkish history. That was Ucak Bileti, which means flight ticket in Turkish, and it sold for a quarter of a million US dollars. Is that still the highest domain name sale in Turkish history, or has your team sold another domain name for more since then?

Merve: Yes, this is the highest sale in Turkish (Unclear 2:32.1), and we have not sold more than this amount.

Michael: All right, so it is still a standing record. When you break it, I want you to come back on and talk about that as well.

Merve: Yes, sure. It would be our pleasure.

Michael: Excellent. And so, for anybody that did not hear about how that whole transaction transpired, that was a great interview that we did that is still just as valid today as it was a year and a half ago, so it will be linked down below this interview, because Merve is one of the tags of that one and this interview. So, you can go and watch that one after this show. When I last had you on the show, in October 2011, you said that you had approximately 810 thousand domain names in the Nokta Domains portfolio. How many domain names does Nokta have in the portfolio today?

Merve: We have 70 thousand domain names in our portfolio.

Michael: 700 thousand.

Merve: Yeah.

Michael: Have you sold 110 thousand domain names since a year and a half ago till today, or how have you changed from 810 thousand to 700 thousand?

Merve: Seventy. It is seventy.

Michael: Seventy thousand.

Merve: Yeah, seventy thousand.

Michael: Did I mistype? You did not have 810 thousand before. You probably had 81 thousand a year ago.

Merve: Yes, it was a (Unclear 3:53.5).

Michael: Okay, you probably had 81 thousand and today you have 70 thousand. Okay, I am sorry for that. And so, have you sold 11 thousand?

Have you dropped 11 thousand? Because I know that your company acquires domain names on a regular basis as well.

Merve: We sold half of it and we also deleted some of them, so this is how it works.

Michael: Great, so you are managing some of them out of the portfolio that are not performing and you are selling a lot of them.

Merve: Yes.

Michael: And I know your company does sell a lot. So, today, of the 70 thousand domain names that you currently have in the Nokta Domains portfolio, how many do you have under lease?

Merve: Well, it has been around two years since we have launched our leasing program, but it really works very well, and we have around 500 domain names under lease.

Michael: Wow. Okay, 500 domain names. Great. And what is the average monthly lease payment due? If you looked at all the domains and just averaged them, what is the average number would you say?

Merve: It is 250 dollars.

Michael: 250, okay. So, a lot of them are higher. A lot of them are lower. Some of them are probably in the 30, 40, 50, and 100-dollar range to bring the average to 250.

Merve: Yes, that is true. The minimum amount is ten dollars per month and the maximum is 15 thousand dollars. This is for CreditScores.com, and it has not changed. It really depends on the quality of the domain name.

Michael: Yeah. Great. In an email to me, you gave me some information about how the revenue from leases now compares to the revenue of your monetization of domain names. Are you comfortable in sharing how they compare?

Merve: They are nearly the same. In the following year, I think will reach up to each other, so they will be nearly the same next year.

Michael: That is fantastic. So, I went to NoktaDomains.com and I, of course, want to look through your premium domains and I found some great domains. And then I typed one into the browser to see how you are monetizing them, and it looks like you are using DomainNameSales.com and InternetTraffic.com - Frank Schilling's platform - to park the domains, show advertising, and then you have the banner at the top that says, "If you want to buy this domain or lease this domain," and both of those words are linked and take people directly to the page on your website. I park my domains on the platform, so I can see that you have 70 thousand domains parked there. You are generating revenue and now your revenue is about equal from leasing and you expect it to increase, so that is fantastic after two years.

Merve: Yes.

Michael: So I want to understand how you have created so many leasing relationships during this interview. So, often times, when people are talking about sales or leases, there are inbound opportunities and there are outbound marketing opportunities as well. Do you rely more on inbound leads that you convert from a sale into a lease or do you make a lot of outbound inquiries and ask people if they are interested in leasing a domain name?

Merve: We do both inbound and outbound marketing. At the beginning of our leasing program, we generally did inbound leasing, but currently we are doing more outbound marketing.

Michael: Okay. So, when an inquiry comes in, is it usually a domain purchase request that you then convert into a lease, or are the inquiries coming in as leasing inquiries?

Merve: Yes, in general, for example, when first we launched our leasing program, most of our customers sent their offer for the acquisition, but then they could not afford that amount, so they wanted to lease the domain name.

But now, as the program is known by most of the customers - by everyone -, our customers sent their offer via leasing.

Michael: So, that begs the question: who are your customers? Who is doing the leasing? Are they domain investors or are they end users who are starting up a company? Are they end users who currently have a company running that want a better website address? How do they shake out roughly?

Merve: In general, they are the small business companies. They are the entrepreneurs who would like to launch their project, and some of them already have their project and they would like to improve it with a better name, so that is why they send their offer.

Michael: So, do you feel the same way that I do when I get an inquiry on one of the very few domains that I own that people do not understand the value of a domain name, so it takes a lot of time for your staff to educate them on the value of it and why the lease amount that you are suggesting is fair and equitable?

Merve: Yes, we spend lots of time making our customers understanding the value of the domain names and yes, we work on that.

Michael: What kinds of arguments? I say arguments not like you are arguing with them, but what kinds of facts do you share with your customer to convince them that something they have never considered before would be a wise investment for them?

Merve: In general, we show the search volume, the number of TLDs, etc., but leasing in itself is very valuable to the customers. Just showing the sale price and comparing it to the leasing price really convinces our customers to continue with leasing.

Michael: Yeah, okay, great point. So, I just returned from the TRAFFIC Conference and I have got a lot of different ideas in my mind. One of the ideas that we had discussed with Rick Schwartz on stage was that great domain names are getting type-in traffic, so they are valuable because people are just organically expecting something to be there, especially on keyword

domains. And so, they will type it in, expecting to have a product or a service available when they get to one of the domain names. Do you use that argument and do you share type-in traffic that you see through the domain with the potential acquirer or lessor?

Merve: Yes. Actually, we used to use that argument, but nowadays no one believes in type-in traffic. They generally say that. I mean the traffic of the websites are higher than the type-in traffic, so the customer generally do not believe in the type-in traffic. So, that is why we do not want to continue with this argument.

Michael: Interesting, so you do not even bring up the type-in traffic and they do not know about it. I know, before I started in the industry, I did not think anybody actually typed in domain names, but they do.

Merve: Yes, me too. Yes, it is interesting.

Michael: Yeah. Okay, so walk me through a typical outbound marketing situation. Who do you target and how do you target them?

Merve: Yes, as our customers are generally small companies and entrepreneurs, we generally target our outbound marketing to them. For example, it might be a forum about entrepreneurs, a startup forum, or a startup conference. We send our promotions to those conferences and they display our company's name, and they offer our promotions to the conference attendees. So, this is how we share our marketing program.

Michael: Great idea. So, are they more on the entrepreneur side for, say, brick and mortar entrepreneurs or are they more on the technology entrepreneurs? In America, we have VentureBeat, and TechCrunch, and Mashable, which are media websites that cover the startup scene. And they all have conferences, or they do media partnerships with the conferences. Are those the kinds of conferences that you are contacting to try and do some sort of promotion through, or do you somehow reach into the more brick and mortar, franchise organizations for regular brick and mortar companies?

Merve: Yes, in order to reach out to more people, the (Unclear 13:43.5) blocks are more suitable, but sometimes you have to find the end user. For example, you can send your leasing offer to someone who has a similar domain name to ours. For example, if someone has Credit.com, we can offer CreditScores.com to him. So, this is how we generally use our marketing.

Michael: I am sorry, so you do or you do not offer CreditScores to somebody that has Credit.com?

Merve: Yes, we do offer it.

Michael: You do. And why would they find it useful? If they have a better domain name, are they looking at it as a defensive play, or are you typically targeting worse domain names, like CreditScoresOnline.com and you will offer them CreditScores.com?

Merve: Yes, that is true. For example, if they have a three-word domain name like OnlineCreditReport.com, we can offer CreditReport.com in order to improve their domain name, but sometimes the companies would like to eliminate their competitors, so they acquire all of the domain names that are similar to theirs. So that is why we can offer CreditScores.com to the owner of Credit.com.

Michael: Right, I understand. So you are doing outbound emails on similar domain names to allow people to upgrade their business, but you target business owners - companies that actually have websites up and running. And then you are also targeting the conferences, like startup conferences. If I attend a startup conference or an entrepreneur conference, how might your promotion be presented to me?

Merve: Well, sometimes we sponsor the conferences. So, this is general method that we use, so this is how we separate our promotion.

Michael: Got it. So you do the sponsorships and you do outbound emails. Do you have a team that will actually call up people and try and have a conversation with them, or do you usually start off the conversation with email?

Merve: Yes, we do email and sometimes we have a marketing team as well. They are the responsible person from the conference, so that is how we build our relationship.

Michael: Got you, so you will actually have people at the conference as well.

Merve: Yes. Yes, that is true.

Michael: Excellent. What percentage of your inquiries actually turn into leases? Is it a large number or a very small number?

Merve: Are you asking the lease inquiries only?

Michael: Good question. Yeah, let's start with leasing inquiries only.

Merve: Okay, because it really changes. For example, it is 90% for the leasing inquiries. If we receive a lease inquiry, it will turn into a lease in general.

Michael: 90%.

Merve: Yes.

Michael: So, nine out of ten people that contact you to say 'how much is the lease' or 'I like this lease, but I want to negotiate the terms' will turn into a lease.

Merve: This is true for the website inquiries. For example, if they come via email, the ratio depends.

Michael: Yeah, okay, and what about inquiries that come in to buy the domain that you try and convert into a lease? Is it a much smaller percentage?

Merve: Yes, it is much smaller. It is around 30% currently.

Michael: 30%, wow, that is still pretty good. Man, boy, people are just wondering, like: "How do you do that 30%?" Are you leasing more or less names per month than you are selling?

Merve: Yes, currently we are leasing less domain names than sales.

Michael: Okay, so sales is still the biggest revenue stream for Nokta Domains.

Merve: Yes, that is true.

Michael: What do you expect in the future? Do you think that the percentage will stay consistent; that your leases will still be strong, but sales will always be stronger?

Merve: No, I think the number of leases will be higher than sales in the future, because the leasing has grown incredibly since we launched it, so expect, within five years, the number of leases will be higher than sales.

Michael: Wow, okay. So, also, in five years, there is going to be 800 more top-level domains out there. You will have .APP, .SHOP, .CAR - you name it, it is going to be out there. I also know that Nokta Domains has a very heavy .COM portfolio.

Merve: Yes, 70%.

Michael: How do you anticipate the leases will change in the future when the new gTLDs are available and people have an option to take a fantastic domain name for maybe five or ten thousand dollars per month lease or they can just go buy an alternate extension for less?

Merve: Well, we really do not know anything about new gTLDs. For example, the sale prices, the registration fees, etc. So, that can be a future risk about new gTLDs because everything can be possible about them. So, as far as I know, we can lease them as well, so I think our leasing program will not be affected by the new gTLDs.

Michael: What about the pricing of your .COMs right now? Do you have any thoughts around whether leasing prices will go down when there is more domain names in the market for people to choose from or is it too early to tell?

Merve: I think it is too early to tell.

Michael: Okay. Do you have an acquisition team that focuses on domain names to add to your portfolio and do you know if they are looking at all these new top-level domains?

Merve: Yes, we have an acquisition portfolio as well, and we are concentrating on acquiring some of them. But there is no certain plan, so we might acquire some of them.

Michael: Yeah, okay. So, let's walk through the high-level process steps so that people get an idea why you are getting a 30% conversion on inbound email leads from domains to leasing and a 90% on lease inquiries to closed sale. So, if we start at just the beginning, somebody is aware. Let's say the first step is somebody becomes aware of Nokta Domains. Maybe they attended a conference. Maybe you emailed them. And they come to your website and they look at a domain name, and it has a price tag of a thousand dollars a month, which I am sure a lot of people would say that is a high lease amount. They may pay a thousand dollars per month for their retail storefront and they do not really equate to retail storefront where people can walk in to an online storefront where they have a great domain name. Location, location, location is what people say. So, you email them and they click through to your website. They look at the lease offer. Maybe they read about the Nokta Domains background and feel more comfortable that it is a real business. How do they contact you when they are on that webpage? Is there a form there that they say I am interested in this?

Merve: Yes. Well, we list all of our domain names available for lease, so they can see the prices for all of our domain names. The process is very similar to sales. They can click on 'Lease Now' buttons so that they can proceed to the leasing process. This is how they can proceed on our website.

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Michael: Okay. So, on a 100% of the domains that you are willing to lease, you have a lease price set. Is that correct?

Merve: Yes, that is right.

Michael: Okay. And so, they are looking at the price and they click to contact, and it shows up as an email or as some sort of customer relationship management entry in your database somehow, and your customer service team then acts on it?

Merve: In order to send their offer, they need to log into their NoktaDomains.com account. So, once they log into their account, they can send their offer for leasing. And then we will see their offer on our side and we will accept their offer.

Michael: Okay. And if a domain is priced at a thousand dollars and I sign into my account, can I make an offer of six hundred dollars per month instead, or do I just send in the inquiry and then I need to have a conversation with somebody?

Merve: Yes. As we also have an option price for the leases, the option price is the amount that you can purchase your lease name during the lease period. So, we set that amount in our leasing agreement so that our customers can buy the lease name during the lease agreement; so we generally negotiate for this price once our customer has sent their inquiry for the leasing.

Michael: Okay. So, the monthly lease amount is fixed, but the purchase price during the lease may be negotiable.

Merve: Yes, that is true.

Michael: Okay. So then they send in their inquiry to your team. How do you respond back? Is it via email that negotiations happen or does somebody on your team actually pick up the phone and have a conversation with them?

Merve: We use our website for that as well, but sometimes our customers would like to have a phone conversation, so we can have a phone conversation to explain all of the processes. So, all of them can be suitable.

Michael: Yeah. And you are located in Turkey. Do you have staff that works throughout all 24 hours in order to be able to handle customers in the United States or Western Europe, or what have you?

Merve: Well, as we receive the offers via email or through our website, sometimes we cannot reach them at the exact time they send their offer, but we get back to them within 24 hours.

Michael: Okay, great. And then the negotiation goes back and forth and you come to an agreement. When it is time to execute the legal agreement, is that done completely online through your website as well with electronic signatures or is there paperwork that actually needs to be printed and signed and faxed?

Merve: When we first launched our leasing program, we required our customers to sign the agreement manually, so they had to print the agreement, but now everything can be done online. So, the process is very user-friendly currently.

Michael: Excellent. So, how are your lease agreements structured? Let's talk about the major areas of negotiation. What are the areas that people can negotiate on or specify in the lease agreement?

Merve: This is only the option price.

Michael: Just the option price. What about the term of the lease? Is it always one year, or three years, or something like that?

Merve: Oh, okay. It really depends on our customer, but there is a range for that. For example, the minimum lease term is six months and the maximum lease term is six years. So, our customers can choose any of the terms between these periods.

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Michael: Okay. And if I choose a term at six months or six years, clearly you are getting revenue for a longer period of time. Does that affect the purchase price? Will the purchase price be lower if I opt for a six-year term, for example?

Merve: No, the option price is fixed. It increases as well at two percent each year.

Michael: Oh, okay. So, they can choose as long as they want, but you have the right to raise [the price] by two percent per year.

Merve: Yes.

Michael: Okay, excellent. Escrow services always talk about holding the domain, and so using an escrow service like Escrow.com, they will hold the domain so that the lessor know that a third party is in control of it and that, if you get an offer for the domain name in six month, you cannot just sell it, even though it may break the contract. Do you use somebody to hold the domain or do you hold the domains in your own escrow system?

Merve: Yes, we hold our domains in our own escrow system. Our customers just inform us of their name servers, so we change the name servers, but we have all of the control on the domain name.

Michael: Got you. So, you change the DNS, you point it where they want; if they want a third-level domain, you will add that record, and then they of course have full access to the email accounts. Is that correct?

Merve: Yes, that is correct, but we cannot change the WhoIS information. We can make it private, but we cannot change it.

Michael: Okay, understand. How do you normally structure the regular payments? Do you always take credit cards or do some people wire funds to you? How does the payment system work?

Merve: Well, there are three options. The first one is PayPal. We also have credit card and wire transfer, but around 90% of our customers prefer PayPal

because PayPal offers a subscription service, so they do not have to track the payment each month. PayPal allows them to make the payment automatically.

Michael: Yeah. What happens is a lessor runs into a low cash flow period? Maybe their business is cyclical, so they do really well on the holidays and really poorly in the middle of the summer. How do you handle the situation when somebody cannot make a full payment per month?

Merve: Well, we have encountered such situations. Some of our customers informed us that they will not be able to make the payment this month; and if the reason is suitable for us, we say that you can make the payment after two months or three months. But there is a term in our agreement that, if someone cannot make the payment within 200 days, we have the right to terminate the agreement, but we have never used that term.

Michael: You have not utilized that clause to terminate a lease agreement.

Merve: Yeah.

Michael: You want to try and work with the lessor as much as possible.

Merve: Yes.

Michael: Excellent. And what happens if the site just blows up? It takes off. It is doing really well. Will the price of the domain name be affected? Like can you increase the price of it or is it always locked into that contract, so whatever they negotiate to start with is what they can buy it for?

Merve: Yes, it is locked. We cannot increase.

Michael: I know a lot of lessors are probably concerned about that. They are concerned either way. One, the lease is a smaller payment per month that guarantees them a better storefront to be more successful. And if they fail, then their liability is limited, but if things go really well, they do not want somebody to hold that over their head and say: "Well, now I am going to charge you more because the domain is worth more." So let's talk about that

first situation, because if the website does well, they make a lot of money; they have the option to buy the domain name. We have discussed that and that is negotiated before the contract is signed. But if the business fails? What if they gave it a go, they had a six-year lease locked in, but after a year they just cannot make any money? Do they have the right to walk away from the lease?

Merve: Yes, we can terminate the agreement, but there is a limit on that. Within four month, starting from the begin date of the agreement, we cannot terminate it. So, after four months, they can terminate the agreement at any time they would like to.

Michael: Okay, that makes sense. And so, what if the lessor wants to sell the domain name? Maybe they put up a domain name after four months. They get an inquiry from somebody else, saying: "Your business is great, but I would like that domain name and I would like to buy it." Does that lessor then have the right to purchase the domain name from you and then sell it to this third party?

Merve: Yes, it is possible. In order to sell the leased name, they just have to buy the domain name from us, so they can make anything with the domain name.

Michael: Great. Any other interesting or notable areas of the lease that might interest our audience that we have not discussed?

Merve: Yes. We have not talked about credit options. For example, our customers earn credit towards the option price from the lease payments that they have paid. The ratio is 15% for the first two years, and for the other years the ratio is 10%. We deduct 15% off the lease payment that they have paid from the option price.

Michael: Wow. Okay, so you are giving them a credit for everything that they are paying in towards the purchase price.

Merve: Yes.

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Michael: That makes sense. So I went on your site this morning and I saw the domain AutoAuctions.com listed in your premium domain category. And if I go to the domain, I can see it has got a purchase page and lease page from the Domain Name Sales platform that leads to your website. The sale page actually says, "Make an Offer." There is no sale price listed, but the lease page lists 12,500 dollars per month as the lease amount.

Merve: Yes.

Michael: So, you do not provide statistics on the type-in traffic that might be interested. We have discussed that. Right? So, they are looking at the search volume, which is 8200 exact match search per month. You tell them about the cost-per-click, which is \$1.32. You talk about the potential benefits of building a website and using that keyword for search engine optimization I am sure.

Merve: Yes.

Michael: And that is usually good enough to convince them that leasing it for \$12,500 per month is going to be a benefit to them.

Merve: Well, this is important. We really want our customers to know the value of the domain name. So, I do not think anyone will lease a domain name by seeing the type-in traffic, because the marketing, the SEO, everything will create more value for the domain name that they lease, so that is we do not declare the type-in traffic.

Michael: Yeah, okay. On your website, how do you classify the domain name into the premium category or into the budget category? Is that by the value of the domain name that your team assesses to it?

Merve: Yes, we have a valuation tool - the appraisal tool. We worked on that for two years, and that is how we determine whether a domain name is premium or not.

Michael: And is there some sort of rough estimate, like if it is over a hundred thousand dollars in purchase price it is a premium domain, but if it is under it goes into another category?

Merve: Yes, it might be. For the premium domains, the prices are higher of course.

Michael: So, if I have a domain name and I assess a price of a hundred thousand dollars - let's just use a rough number -, how do you price your leases if your domain name is priced at a hundred thousand dollars for purchase?

Merve: Well, if it is a premium domain name, we have a lifetime of ten years or twenty years. It really depends on the quality. So, in (Unclear 36:39.7) also, the leasing fees are determined from the lifetime of the apartments, etc., so we use the (Unclear 36:52.7) real estate model to determine our prices in leasing.

Michael: So, I guess I do not understand that, Merve, because usually you may buy an apartment complex or a commercial property and you may have bought it thirty years ago, so it was much less than what you would buy it for today. And usually lease prices are set by the market. If everybody else is charging two thousand dollars a month for a 600sq-foot storefront on the downtown, then that sort of rises with the market value. So, are you setting your lease prices based on what other leases are going for or are you setting your lease prices based on the sale value of the domain name?

Merve: Yes, our prices are based on the sale value, but in order to calculate the lease value, we have a lifetime for domain names. For example, within ten years, we can sell a premium domain name, but if it is a low-quality domain name, we can sell it within twenty years. The lifetime is higher. We also heard that in real estate there are some lifetimes for the apartments, but as the competition is higher in real estate, generally they can determine the prices by considering the prices of other apartments in that area.

Michael: Right, that makes sense. So, one of the attendees at the TRAFFIC Conference said that they price their domain names at ten percent per year of

the value of the domain name. So, if the value of the domain name was a hundred thousand dollars, the lease per year would be ten thousand dollars, and then they would break that up into twelve monthly payments. Do you use a formula like that to price your lease payments?

Merve: Yes, our formulation is like we divide sale price by ten years, and then we divide that number by twelve months.

Michael: Oh, okay, I understand what you are saying now with the ten years and the twenty years. So, the ten years is a premium domain name that you think you can sell within ten years.

Merve: Yes, definitely.

Michael: Can you describe for me the domain names that get a twenty-year lifetime?

Merve: For example, some of the domain names are not premium. They cannot be sold easily, so we can say they can be sold within twenty years. Their lifetime is higher.

Michael: Okay, great. So, your formula is actually identical to what the other person. I cannot remember who was that said it. It might have been Mike Berkens or Rick Schwartz that have a lease formula the same way. So, for your premium domain names that you expect to sell within ten years, you take ten percent of the price and you divide that by twelve and that is the monthly fee, but with yours, you lock them in for four months. They cannot cancel a contract until the end of four months of payments, and then, every month for the first two years, you give them a 15% credit towards the purchase price you have agreed to. So, that seems like a great deal. So, I recently notice that you sold PCCleaners.com for \$13,500. Would that be a domain name that you would expect to sell within a ten-year term period?

Merve: Yes, I think it is can be more than ten years, but within ten years or thirteen, etc. So, its price might be seventy dollars per month.

Michael: Got it, okay. Great. Well, that is a great methodology, and that clarifies it in my mind. And hearing another domain name investor talking about it as well as yours with the success that you have had definitely makes sense. We talked about who the leases are typically done with. They are either tech entrepreneurs. If you had to classify the type of companies that are leasing the domain names, are they more on the technology side or are they are more on the retail - they have a real business, brick and mortar presence?

Merve: Well, they are from the technology side in general. For example, some of them are SEO companies or web design companies. They can lease the domain name, but most of them are the end users; the people who would like to launch their projects.

Michael: And maybe you do not do research into this, but of the companies that are leasing the domain names, are they doing it because they are building a cash flow positive business or were they funded? Did they have some sort of funding event and they are able to use some of that money for leasing or purchasing the domain name?

Merve: I think they generally find funding after their launch their websites by using the domain name, because the investors are generally concerned whether the website works well. They make the investment, considering the website, so at first, they do not have funding, I guess, from the investors, but some of our customers, for example, already have a company, but they would like to improve their businesses or they would like to start a new business model; so that is why they lease the domain names.

Michael: Yeah, that makes sense. Well, this has been a fantastic tutorial on leasing, Merve. Where do you see Nokta going in the future? Do you see things internally with respect to domain names that the rest of the industry is not focused on right now?

Merve: Well, leasing can be the answer, I guess, because there are not many companies that offer a leasing service, so leasing is very important for us.

Michael: Great. Well, we need to educate more of the end users on the leasing options, so I appreciate you coming on the show and talking about

how you do it. It is through transparency like this where we talk about the methodologies so that entrepreneurs and tech startups can figure out what is fair and equitable as it compares directly to a lease in real estate using a very similar methodology that we can all become more familiar and get more leases done. If you have additional questions about leasing, please post them in the comments sections below this video and I will ask Merve to come back and answer as many as she can.

Merve Engin, Manager of Leasing Operations at Nokta Domains. Thank you for returning to the Domain Sherpa Show, sharing your knowledge about the domain name leasing, and thanks for being a repeat Domain Sherpa.

Merve: That is my pleasure. Thank you, Michael.

Michael: Thank you all for watching. We'll see you next time.

**Watch the full video at:**

<http://www.domainsherpa.com/merve-engine-domainleasing-interview/>