



Paul Murphy (r), MD  
of Propex, with  
Shopproperty's Angela  
Alsemgeest and Propex  
founder Colin Barber

**All in the family**

## Expansion Online property platform Propex has swallowed its main competitor, UKPiP, and plans a revamp next year. By Adam Tinworth

Paul Marples is in a good mood. The deal that's been brewing all summer – Propex's acquisition of the online investment listings site UKPiP – is done and Propex's managing director can focus on other tasks.

One of these is recruiting a web designer, and an example of work from one applicant is still on the large plasma screen in the online property specialist investment platform and listings firm's meeting room. Marples reclines on one chair, draping his arms over two others, and speculates on why he keeps having to recruit staff.

This distraction belies the significance of the deal he has just done. It marks the end of an era that began five years ago, when a plethora of websites were set up as part of the property industry's new-found enthusiasm for all things internet. Now, Propex owns most of them, with UKPiP – a direct competitor of Propex's PrimePitch marketing listings service – the latest to fall into his clutches.

"We'd flirted with each other for years," says Marples. "This year, they were keener and we were as keen as we'd ever been." Propex has been "notionally" profitable for only the past two years, but is hoping to make a decent profit from turnover of £1.8m to £2m this year.

### A shares-only takeover deal

So, in the shares-only deal, the 12 shareholders – all niche investment agencies – behind UKPiP have become shareholders in Propex. UKPiP will survive in its current form for a few months, before ceasing to exist when it is merged into the relaunched Propex early next year. So, what did Marples get for his deal?

"To be honest, it's about consolidation," he says. Essentially, Marples has eliminated a major direct competitor from the marketplace. The combined site will have 25,000 users and will have shifted 2,000 investment properties.

Even with the merger, Marples admits that Propex is still small fry alongside bigger online property sites such as the CoStar-owned information provider Focus and EGPropertylink, owned by the same company that publishes *Estates Gazette*. Indeed, he acknowledges that Propex will probably need a further injection of cash to fulfil its potential, which might come from being bought by one of the two bigger sites, or from a different source, such as long-term business partner Experian.

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One thing he has gained is UKPiP's sole employee and advertising salesman, Russell Archer, boosting Propex's staff numbers to 15.

This is significant because the business model of the listing side of the company has shifted. "In some ways, it's come back to the original dot.com idea," says Marples. Where once they hoped to make money by getting a cut of the agent's fees (PrimePitch used to charge one quarter of 1%), now the listings business is a commodity one, with the real money being made from advertising.

In effect, it is similar to Google, which makes nothing from searches, but plenty from the adverts that appear alongside them.

So now the firm has two main investment sites: Propex, a members-only, closed exchange for investment marketing, founded by Colin Barber in 2000, which has no real competitors, and the merged PrimePitch/UKPiP investment listings business, which competes with EG Propertylink's 37,000 properties of which 800 are investments. UKPiP and PrimePitch list about 200 properties currently, and 350 pa.

"This merger is important because consolidation of service providers means that there are fewer decisions to get in the way of listing. 'Should we use one of the portals?' becomes 'Should we market online?'" says

### Propex's shareholder base

Propex is now an amalgamation of six pre-existing businesses, most of which were products of established property players. The latest acquisition creates a company that has 40 corporate shareholders involved in the property investment market.

They are: **E-PI shareholders** – mainly niche investment agents, including Colliers CRE; **PrimePitch** – Churston Heard and CBGA; **Propex** – institutions including PruPIM, Scottish Widows, Aberdeen (now Arlington), Morley, L&G, Hermes, property companies including British Land, MEPC, Land Securities, Hammerson, agencies – Strutt & Parker, Savills, Atisreal; **Shopproperty** – Churston Heard; **PrimePA** – Gooch Cunliffe Whale; **UKPiP** – mainly niche investment agents.

Andrew Waller of property IT experts Remit Consulting. "The merger should focus investment in the creation of new services and encourage innovation. For example, Propex Professional concentrates on one small part of the deal. Many other aspects of a transaction can be automated to improve efficiency.

"Most other industries have automated large parts of their dealing processes, but the large property industry still lags behind."

Certainly, Marples perceives attitudes to internet-based marketing and exchanges changing, at long last. While the industry remains sceptical about them, individuals, particularly younger players, are more enthusiastic. "The problem is getting them to retain that enthusiasm once they're out of the door and a new deal comes in," he says.

### Finding the bigger market

"I still believe that it's better for a property to be marketed widely than just to a circle of three contacts," says Marples. "I'll probably go to my grave saying that."

Marples is a former agent, one who admits to sometimes missing his old job. "I think it's a grass-is-always-greener thing," he says. "I do miss the money, though. Transactional businesses always mean more money. That's just a fact of life.

Where next for Propex? In 2006, the Propex site will get a radical overhaul, bringing all the investment-led business under one banner. People coming to the Propex site will have the choice of going into its two different parts: the members-only, password-protected investment trading exchange site, or the public access investment listings site.

After that, continental Europe is on the agenda. "We're aware of the problems, so we're looking at doing it with a partner," he says.

Putting nostalgia to one side, he outlines his initial expansion plans. The first stage involves the Nordic countries, because of their similarities to the UK market, and France, because of its size.

After that? Marples suggests that replicating the Shopproperty part of the business – a specialist retail property listing and marketing site run by Angela Alsemgeest – in the office and industrial sector might be a possibility.

"Are there any industrial listing sites still out there?" muses Marples. Perhaps Propex's acquisitive phase is not yet over.