



Amassing Properties in a Virtual World

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Eric Outcalt, who grew up near the Triborough Bridge, recently bought it for \$2 — virtually, that is.

Mr. Outcalt, a car salesman living on Long Island, is part of a growing community of virtual property owners on Web sites that let users explore and interact with others through spaces that exist solely on the Internet. Some users pay less than \$50 for virtual land and houses that they enjoy as entertainment, while others are spending tens of thousands of dollars on real estate investments that translate into real world profit.

Mr. Outcalt uses Weblo, a Web site with the mantra "Making the world virtually yours." Users on the Web site can buy landmarks, towns, cities, states, or countries modeled after reality, making themselves mayor, governor, or king. Each piece of property has its own page, where owners post pictures and information.

Mr. Outcalt has bought 19 New York City properties, including City Hall, Gracie Mansion, the GM building, and the Museum of Modern Art. He paid about \$2 for each, but expects to flip the properties in the coming months for profit. Weblo users also make \$2 for every 1,000 hits they get on their page, according to the company, which launched in December and has 34,470 members.

A Manhattan resident, Randi Appelbaum, 31, who works in public relations, said she bought the virtual Macy's for \$3 as an investment. She lists Macy's sales on the page to draw visitors to the Web site. Richard Kirkendall purchased New York State on Weblo for about \$20,000, making him the governor. He receives part of the start-up fee paid by New York residents who join Weblo.

"You're going to hear almost an explosion of this," a real-world real estate agent in Connecticut, Michael Jameson, said. "There's nothing else like it."

Mr. Jameson, 42, has spent more than \$10,000 acquiring 800 properties on Weblo. Aside from the fees he receives from new users and re-selling the virtual properties, he makes money by advertising local businesses and drumming up interest for houses on sale in his cities. Mr. Jameson said he is currently negotiating with a presidential candidate who wants to buy Washington, D.C., for \$99,000. He said he expects to earn up to \$1 million on his Weblo investments in the next year.

Investors are flocking in even greater numbers to Web sites like Second Life and There.com, where users can move around in 3-dimensional virtual space and interact with each other in real-time. Each user on the Web sites creates an "avatar," which is their virtual appearance that other users in the world can see.

Already companies are advertising, bands are performing shows, and clothing designers are selling original new outfits for avatars on the Web site. The former governor of Virginia, Mark Warner, last year held a virtual press conference there. Mr. Warner said in a statement at the time, "Social technologies can be great tools for political change, and virtual worlds like Second Life might be the next tool for engaging people in the real world democratic process."

Recently, real-life real estate agents have started taking Second Life seriously. Coldwell Banker opened an in-world real estate agency, where agents sell virtual houses styled after real Victorian, southwestern, and contemporary properties for real money.

"We wanted to get involved in this sort of thing because it's a way of how we talk to the consuming public," the chief executive of Coldwell Banker Hunt Kennedy, David Michonski, said. "And in this case it's a consuming public that's a younger generation that's much more technologically savvy."

Second Life, which started in 1999 and has more than 7 million members, also allows users to buy and sell fantasy properties, or become land barons and rent to others for the world's currency, Linden Dollars, which can be exchanged for real money.

Some have made a killing. Chinese citizen Ailin Graef made more than \$1 million and hired employees to work at her Second Life company, according to published reports.

Queens resident Peter Lokke quit his supermarket job six months ago to pursue Second Life full time, he said. Over the last year and a half, Mr. Lokke spent \$20,000 buying 14 private islands and a region and a half on the Second Life main land. Mr. Lokke declined to say how much money he has made at his 80-hour a week Second Life business, but he said he "makes a fairly good living at it."

"By being an island owner in Second life you are more than just a land seller," Mr. Lokke said. "You are a service provider. You are providing a space for people to use for the enjoyment of their own Second Lives."

For some virtual landowners, it's the fantasy and not the profit motive that drives them to acquire new property in the virtual world. Queens resident Tanya Prochet, 33, said she struggles to pay her rent and can't afford to buy a home in the city, but on There.com, she owns three well-decorated houses, including one by the beach, paying only what she might spend on lunch each day.

Ms. Prochet, who is the shipping manager for a stuffed animal company in Brooklyn, said she plans to be the first African-American, female neighborhood owner in that virtual world. In There.com, that will cost her \$100 or \$200 a month, depending on how much virtual land she buys.

But she doesn't expect to see any of that money come back to her.

On There.com, which launched in 2003 and has a million members, users can buy "Therebucks" with real money as well as sell property or rent lots to other users, but it's solely for entertainment. Therebucks cannot be translated back into dollars. All There.com profits are used to buy more "in-world" property or items.

"We're not a bank," the owner of the company and a co-founder of Ebay, Michael Wilson, said. "Our focus is on people coming in the world and having fun and expressing themselves. There are other ways to profitably spend your time."

Allowing users to make real money on Internet world investments would attract the Internal Revenue Service, Mr. Wilson said. Presently, it's up to the users to report their virtual property income to the government.

Liel Leibovitch, who studied Second Life for his doctoral thesis at Columbia University, said buying virtual property is just like buying a brand name purse: It's about status and emotional attachment.

"Paying thousands of dollars for beachfront property in Second Life isn't as irrational as it may seem," Mr. Leibovitch said. "While such an acquisition falls far short of buying an actual beachfront property in the corporeal world, it gives the buyer, on a smaller scale, the same sensation of pride and accomplishment."