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Virtual property for real dollars

Analyst doubts 'experiment' can succeed

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EDMONTON - Meet the new premier of Alberta and B.C. -- Gela Chisholm of St. Albert.

She bought both provinces on weblo.com, the new virtual world that's sort of Monopoly for real money.

So why would a single parent and bookkeeper who freely admits she's technology challenged invest \$10,000 in a scheme where no real property actually changes hands?

"I was looking for something different to invest in and my son Preston came across Weblo when he was on his computer.

"I have to look after myself and my financial adviser told me to diversify, and it sounded intriguing."

Montreal-based Weblo, which launched its virtual world last September, essentially sells web pages representing states, provinces, cities, and buildings in the real world.

You can also "buy" celebrities, airports and corporate domains. Latest celebs available include Princess Diana, with a reserve of \$49.

Owners keep the click-through ad revenue generated by their pages but have to pay a slice of it in "taxes" to the owners of the city and state or province pages where their properties are located.

Chisolm has already recovered some of her original investment by reselling properties. She bought Dallas for \$40 and sold for \$1,000, and also made money reselling Nashville and Berlin.

She still owns B.C., which cost \$3,674, Alberta, \$3,035, Melbourne, Anaheim, Cannes, France, and London, Ont.

Most of her properties were chosen based on how well-known they are, and how many visitors the pages would likely attract. But she picked Melbourne because she has relatives there.

"I can use my computer accounting programs, but after that I'm not much good," Chisholm said.

"So I got (16-year-old) Preston to set it up so I just have to point and click to buy or sell something."

She hasn't taken any cash out yet, and is not sure how much "tax" money she's generated. But she believes she will get a good return on her investment at some point. Latest figures from Weblo show Quebec has generated \$859, Ontario \$822, British Columbia \$332 and Alberta \$112.

However, some media analysts believe it's not a sustainable business model, especially for people buying in later.

Barry Parr, a media analyst with Jupiter Research, said Weblo is "an interesting experiment" as many people turn to virtual worlds for a sense of community eroded by cars, suburban sprawl and TV.

But the challenge is drawing enough users to make virtual properties scarce enough to create supply-and-demand pressures mirror reality.

"You can't value things simply on the ability to sell them to someone else. I don't know what's going to drive the audience. It doesn't feel like a sustainable business."

Others say Weblo could face copyright and trademark infringement challenges.

But Weblo marketing director Kelly Elkins said there is a huge audience for virtual worlds, fuelled by the gaming culture.

"Studies show that 80 per cent of active Internet users will have virtual lives by 2011.

Escaping to another world after a day at work is very attractive. And with Weblo they can look at piece of live property like the CN Tower and say 'I own that.' "

The nostalgia factor also comes into play, Elkins said, with people buying the towns or even the houses they grew up in, or a favourite sports stadium and setting up a fan page.

She said they've signed up 30,000 members since the September launch, and the goal is to generate \$10 million in revenue by the end of the year.

Cost of membership ranges from free to \$269 US, depending on which level you choose. The higher the level the more perks and potential revenue there is.

Weblo's still trailing far behind other, more high tech, virtual worlds such as Second Life and MySpace.com in numbers.

But founder Rocky Mirza likes to point out his investors include Richard Rosenblatt, former chairman of MySpace.com; Matt Hill, founder of eForce Media; and William Woodward, founder and managing director of Anthem Venture Partners.

Elkins said more than 7,300 cities have sold worldwide, and most Canadian cities have virtual mayors. Edmonton is owned by someone in North Bay, Ont.

Ontario re-sold for \$16,900 after the original buyer got it for \$11,550.

Las Vegas, originally bought for \$430, recently resold for \$2,300, Elkins said.

The largest chunk of change came from a lawyer who bought California for \$53,000.

New York sold for \$19,350, Texas sold for \$23,328 and Florida \$18,000.

Premier Chisholm is not in those leagues -- yet.

"It's really fun right now. It's just like a game to me."

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