

# 2023 NFT Market Analysis

## An Insider Look

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NFTGo Research is the go-to platform for accessible NFT data and insights. Powered by the leading NFT data intelligence provider NFTGo, we're here to benefit everyone involved in trading and utilizing NFTs. Our platform provides a one-stop solution for NFT APIs, giving you access to all the information you need to make informed decisions about NFTs.

# Key Takeaways

- ◆ NFT trading volume in Q1 2023 increased sharply but then declined. This was due to Blur's incentives and airdrop. The number of NFT holders dropped to its lowest point in the last 12 months on April 19, with just 11,187 traders.
- ◆ OpenSea had dominated the NFT royalty market, but Blur surpassed it in mid-February and remained on par with it in March. Blur's optional royalty and zero gas fee approaches targeted price-sensitive users, making it the new leader in the royalty market share. The number of wash trades on Blur is gradually decreasing, indicating that real traders are settling down.
- ◆ Affected by the bear market at the end of 2022, the profitability of the blue-chip decreased significantly in Q1, but some projects still performed well. BAYC has the strongest profitability in the seller's market, and Azuki's whales have increased by 100%, which is the most resilient blue chip this year. The whales' trading continues to impact profit fluctuations, while an enormous gap exists between the rich and poor holders of projects.
- ◆ There are various methods for generating income through NFTs, including buying high-quality NFTs at a low price and holding them for the long term, bulk-minting NFTs from niche projects and selling them at a higher price, and identifying profitable NFT categories for high-frequency trading. Profitable NFT traders can be divided into three categories.
- ◆ The trading volume and number of Bitcoin Ordinals market in the past four months have been on the rise, but its trading volume only accounts for 0.02% of the ETH market. Due to the slow transaction speed of Ordinals NFT, high cost, and limited application range, Ethereum NFT still occupies an advantage in the application range and speed.
- ◆ NFTFi lending market revived in the Q1, with loans amounting to about \$25 million from January to March. ParaSpace accounted for the largest market share of the lending market, while NFTFi led in the number of NFT lending users.

# Chapter 1 Market Overview

## Roller Coaster in the NFT Market

NFT trading volume in the first quarter of 2023 saw a sharp increase followed by a decrease. Blur's incentives and airdrop, along with the war on royalties with OpenSea, which will be covered later in the report, drove up trading volume of NFTs, which peaked at 74,550 ETH on February 22nd and declined gradually after March.

Fluctuations in NFT Market Capitalization and Trading Volume Throughout 2023 YTD

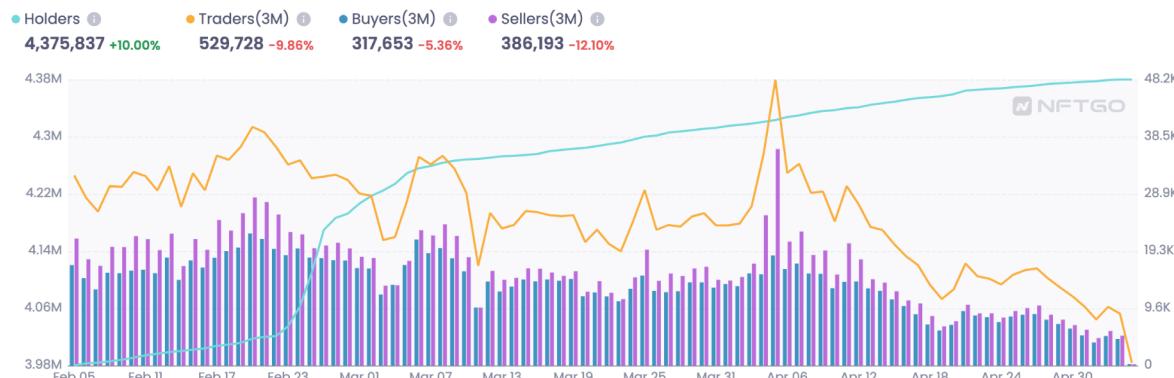


Source: NFTGo

According to NFTGo, the number of NFT holders dropped to its lowest point in the last 12 months on April 19, with just 11,187 traders. However, the overall number of holders increased by about 12.62%, reaching around 4.3 million by April. It is worth noting that holders experienced a sharp spike in early and late February, which might be attributed to rising popularity of zero-fee of Blur and Yuga Labs ecosystems.

## An Analysis of the Trend of NFT Holders and Traders in 2023 YTD

 CoinMarketCap  NFTGO

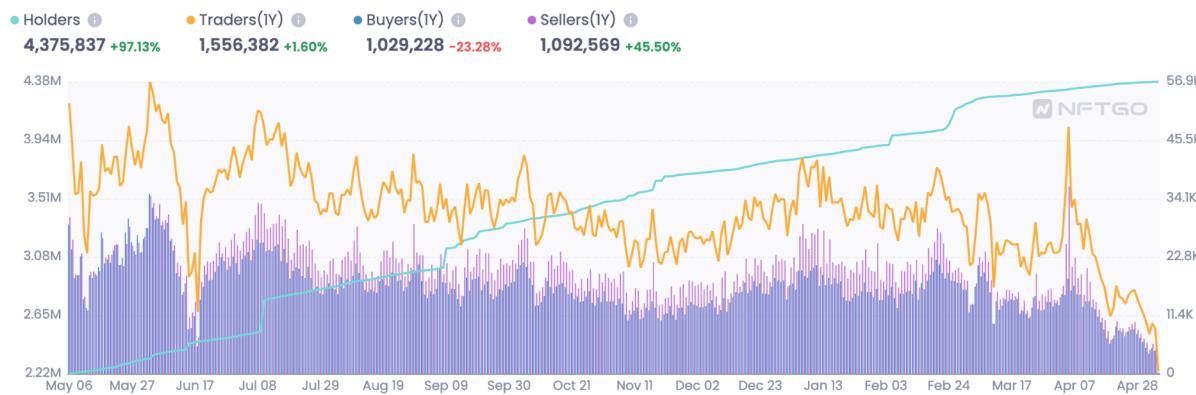


Source: NFTGo

It is noteworthy that the recent decline in NFT transactions has accompanied a year-long trend of fewer buyers than sellers, indicating changing market behavior.

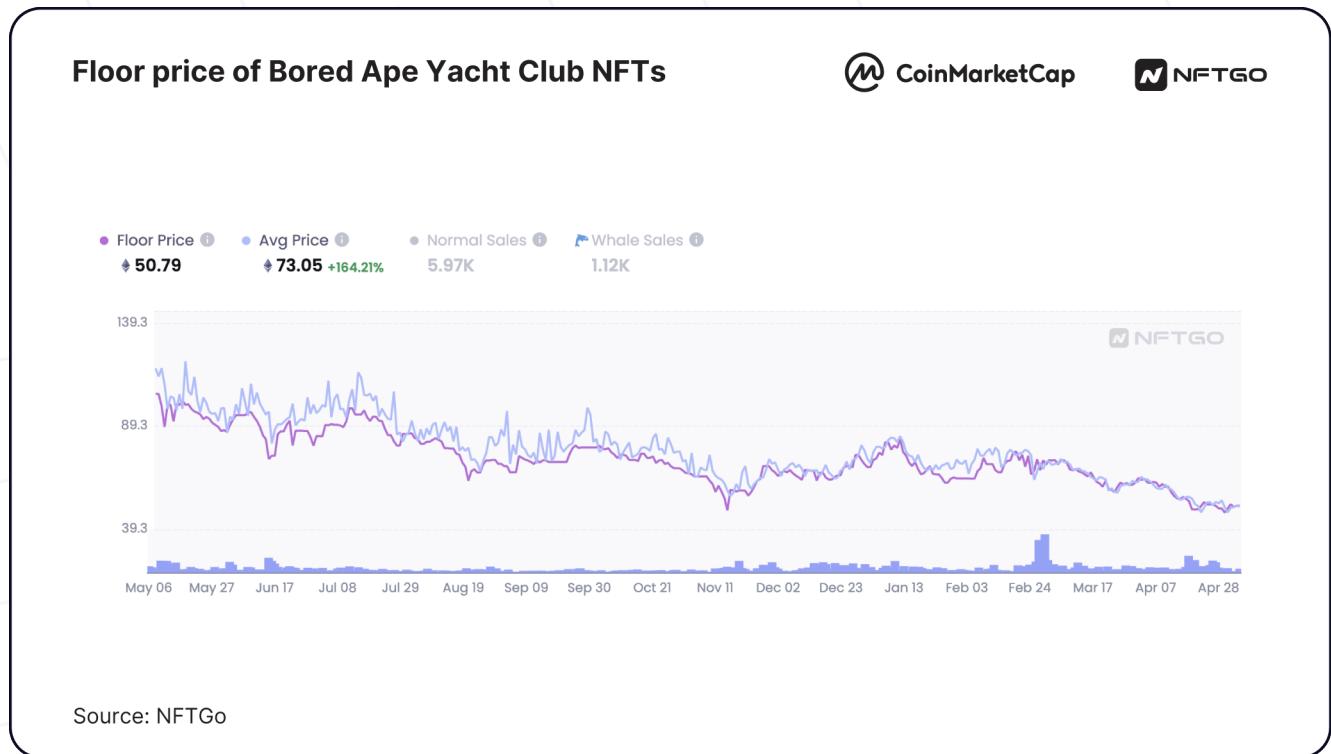
## Tracking the Trend of NFT Holders and Traders from 2022 to 2023

 CoinMarketCap  NFTGO



Source: NFTGo

Many blue chip NFT projects experienced a decline in floor price over time, with Bored Ape Yacht Club's floor price dropping by two-thirds from its peak of 153.7 ETH in April 2022 to below 50 ETH.



However, what we are witnessing in the NFT market is not a decline but the early stage of its second major cycle, that is lagging behind the overall crypto market. The average correlation coefficient between Ethereum (ETH) and the NFT markets is 0.76. It shows that the NFT market is not as volatile as the traditional cryptocurrency market. In most cases, the NFT market does not react immediately to much volatility. For example, when the price of ETH fell, many blue chip NFTs witnessed relatively small declines in their dollar-denominated prices.

The chart below, for example, shows that even if the market cap of ETH falls, the NFT market cap does not follow immediately and is more stable; the variance of the NFT market cap index is  $1.35E+09$ , which is much smaller than the variance of the ETH market cap index of  $2.99E+10$ .

## Comparison Between The Market Caps of NFTs and ETH

 CoinMarketCap

 NFTGO



Source: CoinMarketCap, NFTGo

Over the past two years, the NFT market cap and the number of NFT holders has increased by 10-fold. Despite this remarkable growth, the NFT market is still relatively small, accounting for approximately one-tenth of the total ETH market cap. Nonetheless, the continued expansion of the NFT market suggests a significant potential for future growth and adoption.

From the end of 2021 to the beginning of 2022, the NFT market was dubbed as the historical "NFT Bull Market." However, since the second half of 2022, the market has largely been in a cooling-off phase. Given the community-driven nature of the NFT market, new concepts and trending topics will be essential to drive the next wave of growth.

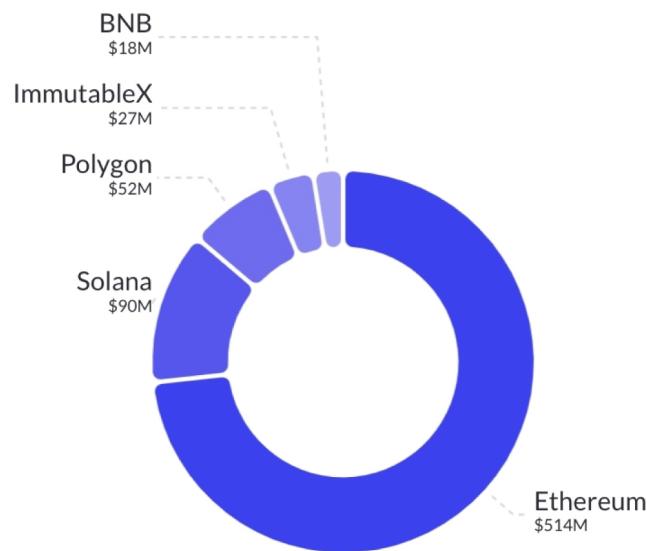
## Ethereum Dominates NFT Transactions

Ethereum remains the biggest Layer-1 for the NFT market in 2023 so far, followed by Solana, Polygon and BNB Chain. In April 2023 alone, Ethereum's NFT trading volume was \$514M, accounting for approximately 70% of the overall market's trading volume, followed by Solana with a trading volume of \$90M (12%), Polygon (7%), and other platforms at less than 5%.

## Proportion of NFT Market Share by Blockchain in April 2023

CoinMarketCap

NFTGO



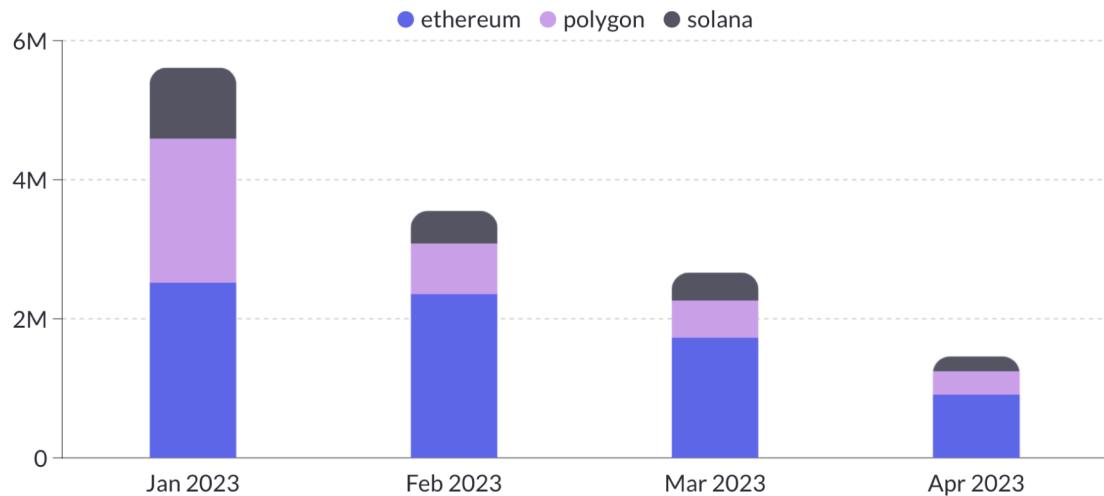
Source: CryptoSlam

Ethereum remains the leader in the number of NFT transactions, accounting for more than 50% of total transactions in 2023 YTD, with a monthly transaction volume ranging from 1 to 2 million. Solana has had a weak performance in early 2023 due to the mishaps in 2022, including irregular transactions on the network and the impact from FTX's bankruptcy, together with the fierce competition from Ethereum, Polygon, and other new L1s such as Aptos. As a result, Solana's trading dynamics are slowly decreasing.

## NFT Transactions: Ethereum, Polygon, and Solana in 2023

CoinMarketCap

NFTGO

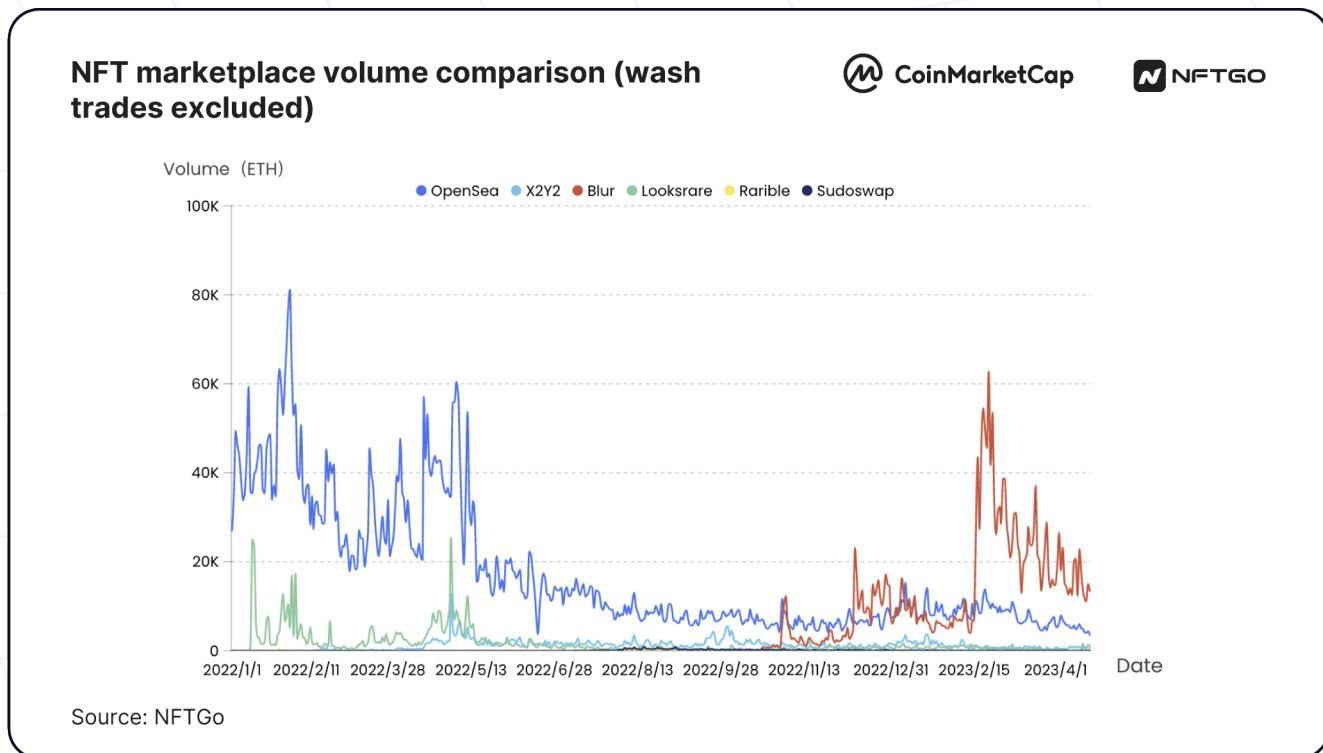


Source: Dune Analytics

# The State of NFT Marketplaces and Wash Trading

## Blur becomes the market's new darling

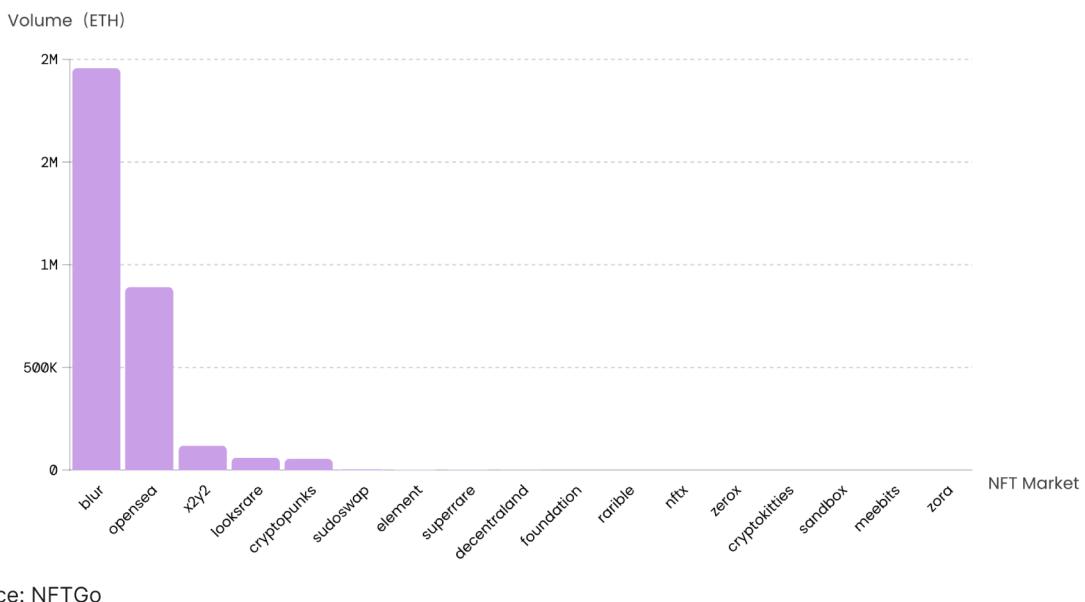
OpenSea was the number one platform in terms of trading volume up until December 2022. However, soon after Blur's launch, its volume surged and surpassed that of OpenSea.



The chart presented above illustrates the significant increase in Blur's trading volume after its airdrop on February 15. Cumulative trading volume data from January to April of this year shows that Blur has outperformed OpenSea by 120%. Despite this, the number of independent traders on OpenSea is about three times higher than that of Blur, which has approximately 590,000 traders. This suggests that the majority of traders on Blur are professionals who trade with high frequency and average amount per trade. In terms of the number of addresses, OpenSea has only grown by 12%.

In addition, NFTGo provides GoTrading solutions that can help you build your own NFT marketplace aggregator swiftly and easily.

## 2023 marketplace ranking by trading volume

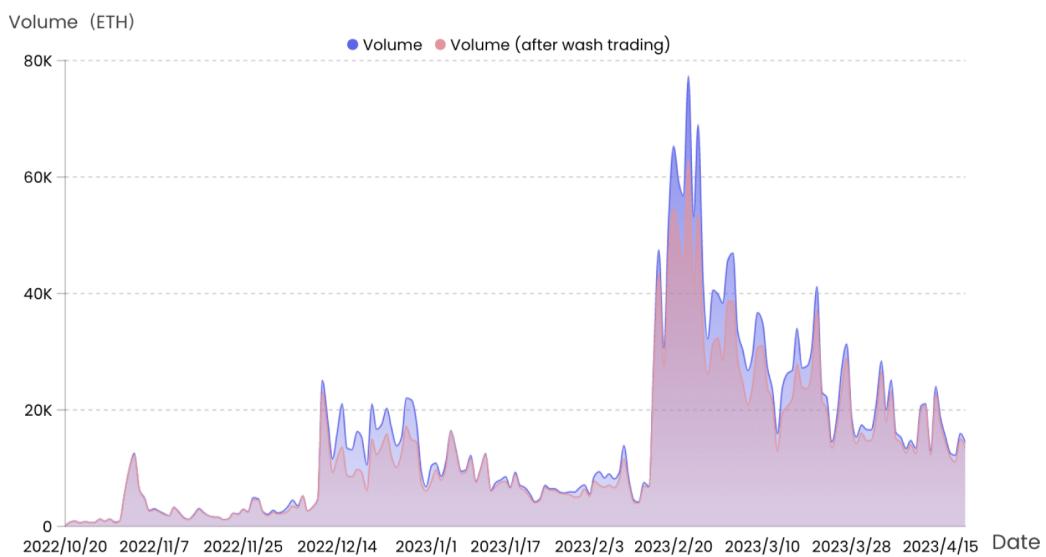


Source: NFTGo

## Unexpected wash trades

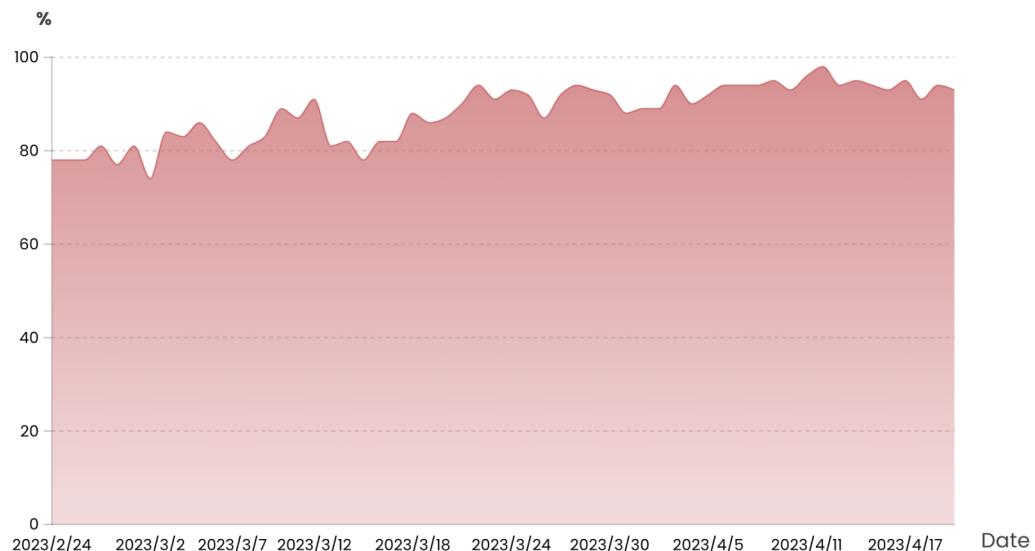
This phenomenon is not merely reflected on the short-lived boom in users attracted by the "airdrop incentive", but over time, the number of transactions identified as wash trades on Blur is gradually decreasing, which means real traders are settling down. For instance, after the release of the airdrop, the percentage of real trades on Blur increased from an average of 86% in March to an average of 93% in April. The following chart illustrates the comparison between the original trading volume and the statistics after wash trades are cleaned.

## Blur's trading volume comparison (original vs. cleaned)



Source: NFTGo

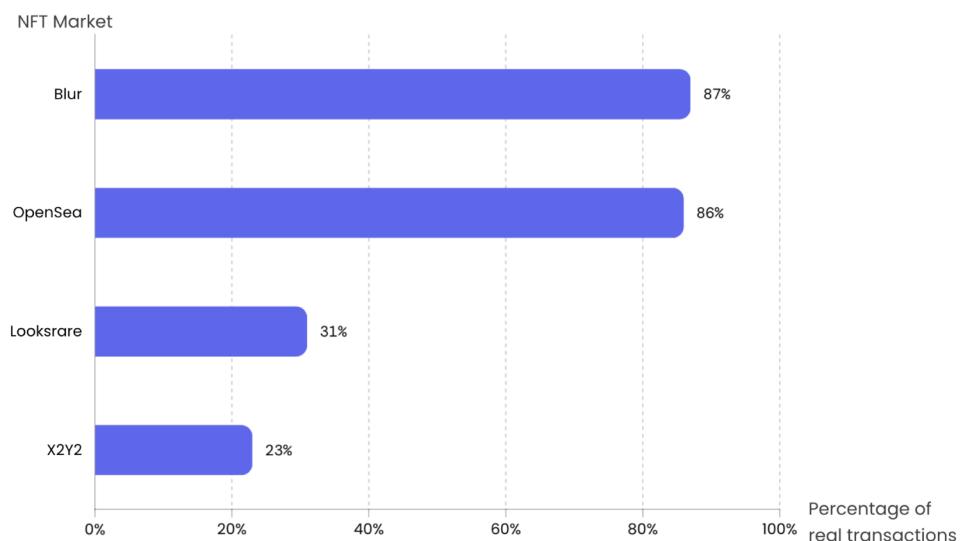
## Percentage of real trades on Blur



Source: NFTGo

From January to April this year, the percentage of real transactions on Blur and OpenSea is nearly tied and surpassed other marketplaces by a wide margin. These two marketplaces combined have dominated the current market in terms of data and social popularity.

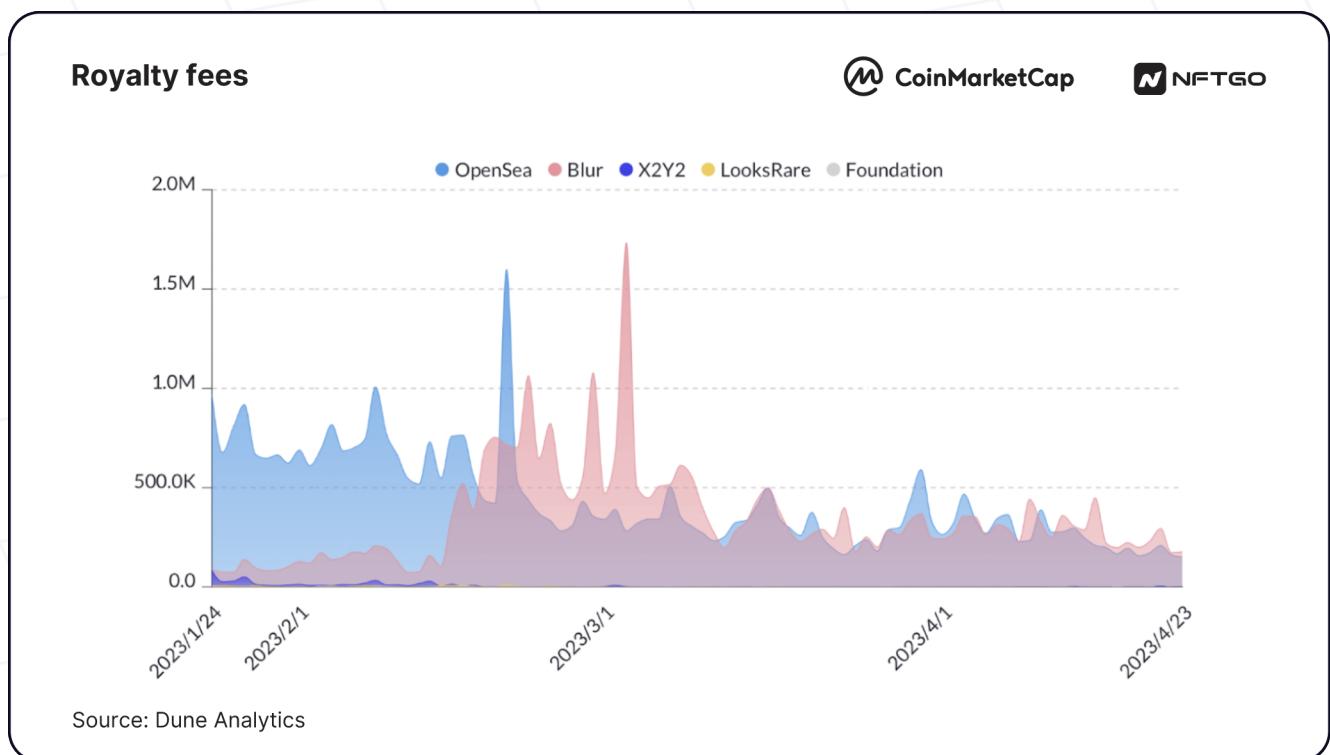
## 2023 marketplace ranking by percentages of real trades



Source: NFTGo

## Blur overtakes OpenSea in royalty market share

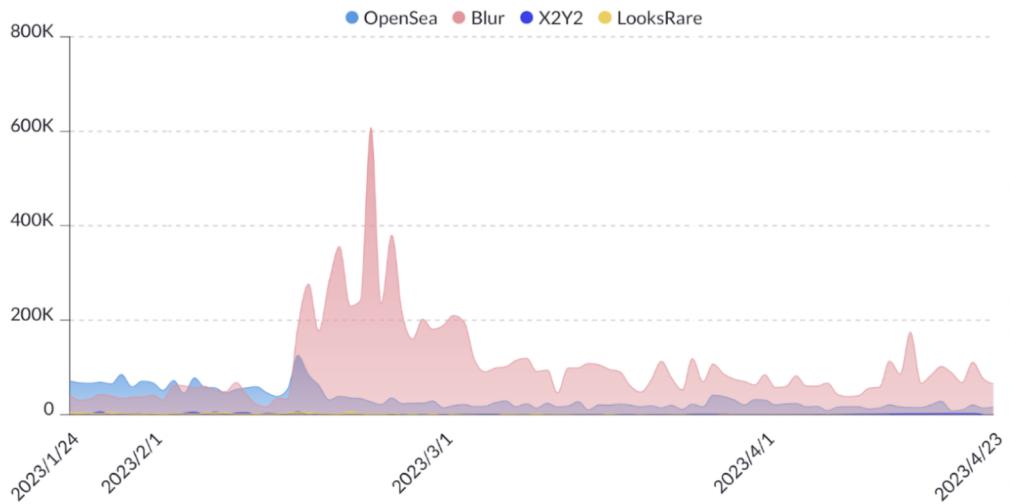
In terms of royalties, according to researcher Hildobby, it shows that OpenSea has long dominated the list. However, the tables have turned since mid-February when Blur's royalty revenue surpassed OpenSea's and stayed on par with it. In March, Blur and OpenSea remained the major takers of the lion's share of royalties, but Blur hit its royalty peak of \$1.7M on March 3 as well. On the other hand, OpenSea's royalty revenue fell to a low of \$300K at the end of February after peaking at \$1.5M on February 20. The discrepancy shows that Blur is now the new leader in the royalty market share. The main reason for Blur's win was its launch of optional royalty and zero gas fee approaches, which were targeted to the most price-sensitive users in the market.



## Blue chip royalty volume surges as OpenSea and Blur engage in royalty war

Since the royalty war between OpenSea and Blur started in mid-February, the royalty volume of blue chips including BAYC, MAYC, Otherdeed, Azuki, and CloneX on Blur has grown rapidly. Many traders bid on blue chips with the purpose of gaining points so that they can get more Blur airdrops and tokens.

## Blue chips paid royalty volume

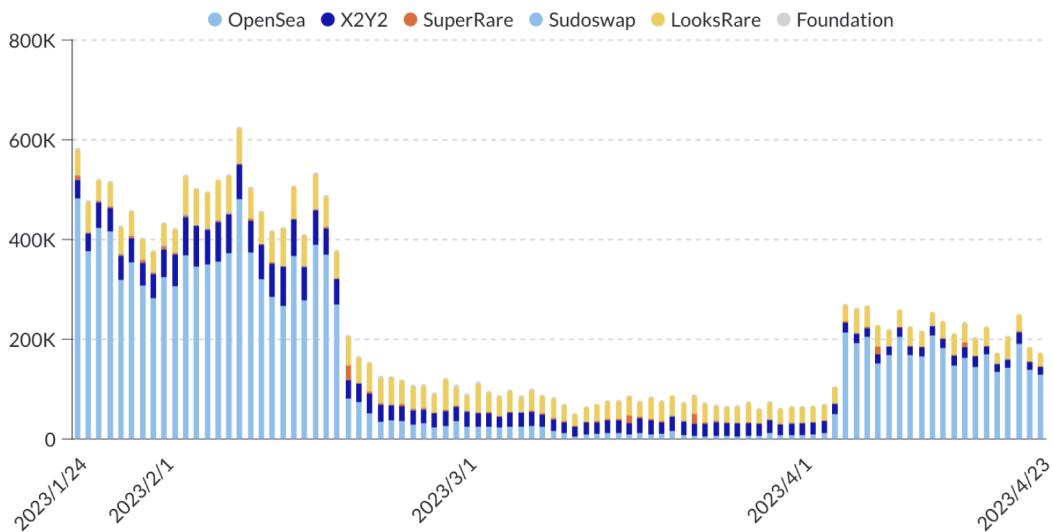


Source: Dune Analytics

## NFT marketplaces compete through lower fees

Since mid-February, the overall total marketplace fee among mainstream NFT marketplaces has dropped sharply. In response to the competition from Blur's low fees and to attract more users for its own market position, OpenSea also announced a limited period of zero marketplace fee and optional royalty. The total volume of OpenSea transactions dropped from a peak of over \$600K in January to a low of about \$50K in March.

## 2023 NFT marketplace fees



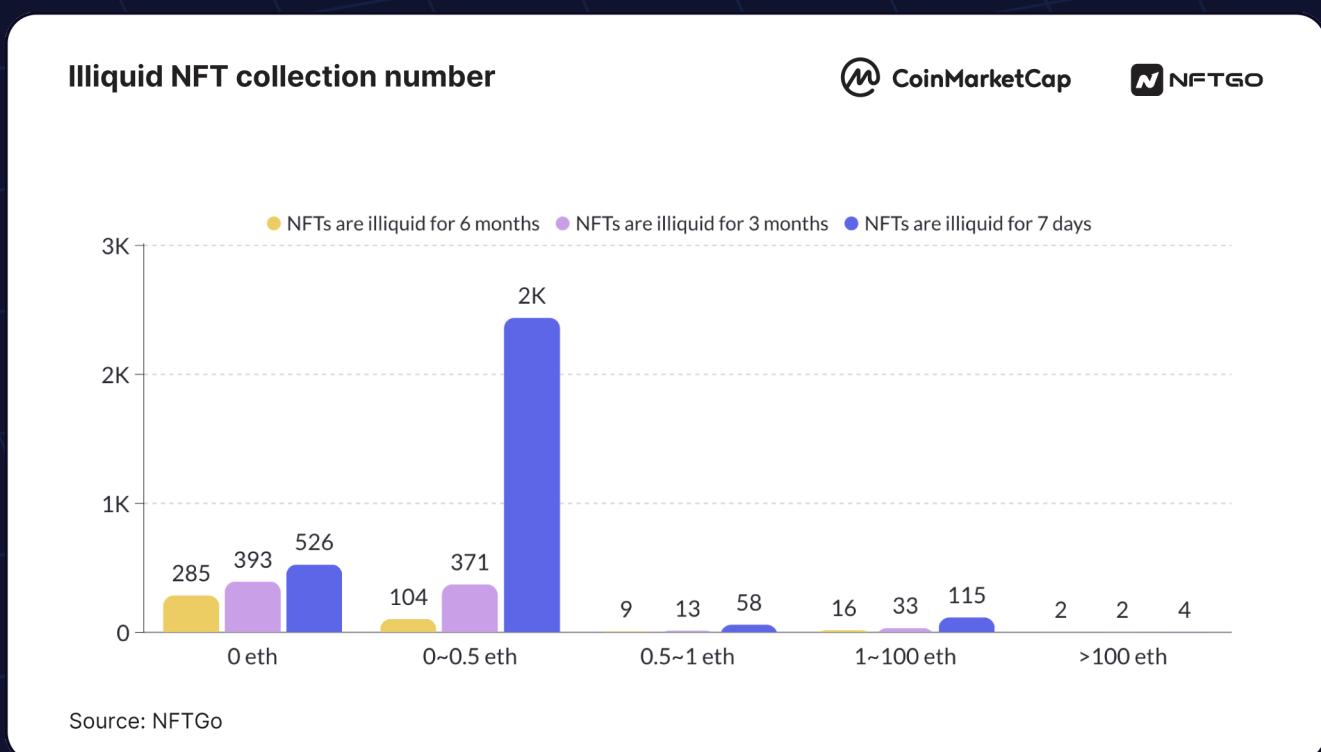
Source: Dune Analytics

# Chapter 2 Micro Trends & Liquidity

## Micro Trends in NFT Projects

### NFT Floor Price vs Illiquidity Analysis

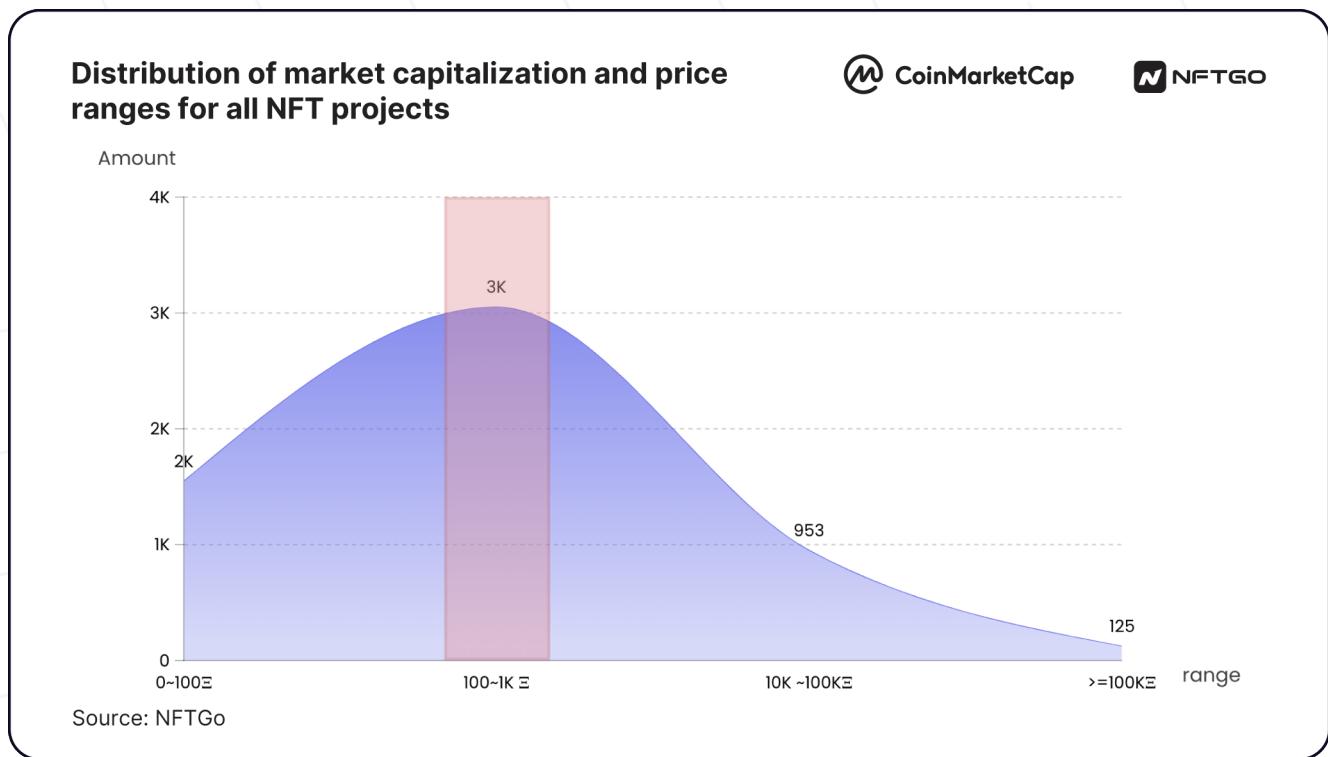
In the past 6 months, almost 70% of the illiquid NFT projects had a floor price of zero. In the past 3 months, 50% of the illiquid NFT projects had a floor price between 0 and 0.5ETH. This shows that the market has low demand on the lower quality collections.



The floor prices of around 69% of the illiquid NFTs dropped to 0 ETH within a period of 6 months, compared to 48% within 3 months and 18% within 7 days. This indicates that more than half of the illiquid NFTs are likely to experience a prolonged state of no demand and have a floor price of 0 ETH in the long run.

<sup>1</sup> Illiquid NFTs are NFT collections that have not had any trading activity during a set period of time.

## Majority of the projects are within the 100-1000 ETH market cap range



Based on data from NFTGo, over 50% of the NFT projects have a market cap between 100 to 1000 ETH (\$0.2M to \$2.1M as of April 2023). Following this, the next category is the 0 to 100 ETH range, which has a total of 1550 projects. In addition, 125 projects hold a market cap of 100K ETH and above.

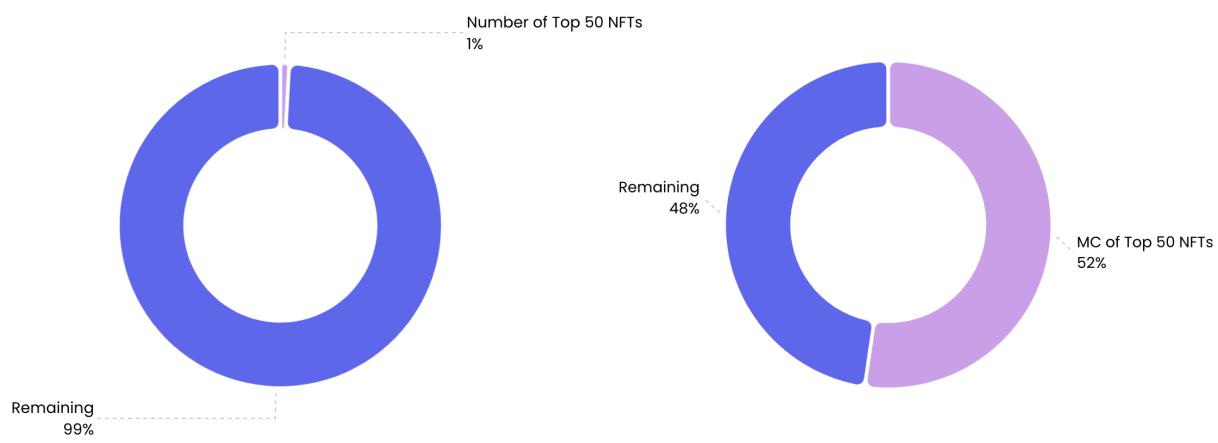
## Top 1% of NFT projects take up over 50% of the total market cap

Analyzing from project distribution, the top 50 projects account for less than 1% of the total number of projects in the market, yet their market cap occupies about 52% of the total. This data tells us that the proportion of NFT projects and market distribution far exceeds the 80/20 rule, which can also be reflected through the distributions of whales and normal investors.

## Project and market cap proportions

CoinMarketCap

NFTGO

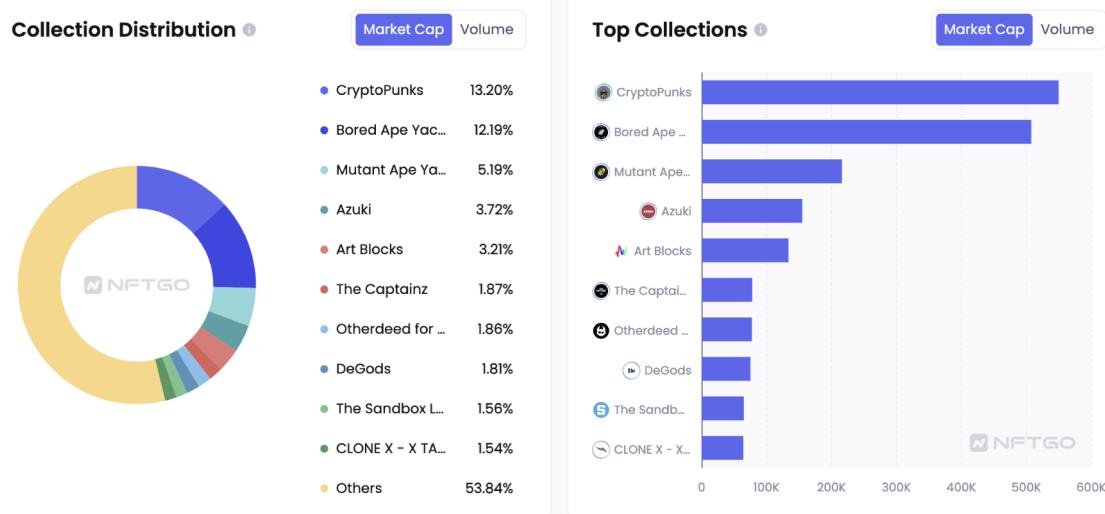


Source: NFTGo

## Top 10 projects and their respective market caps

CoinMarketCap

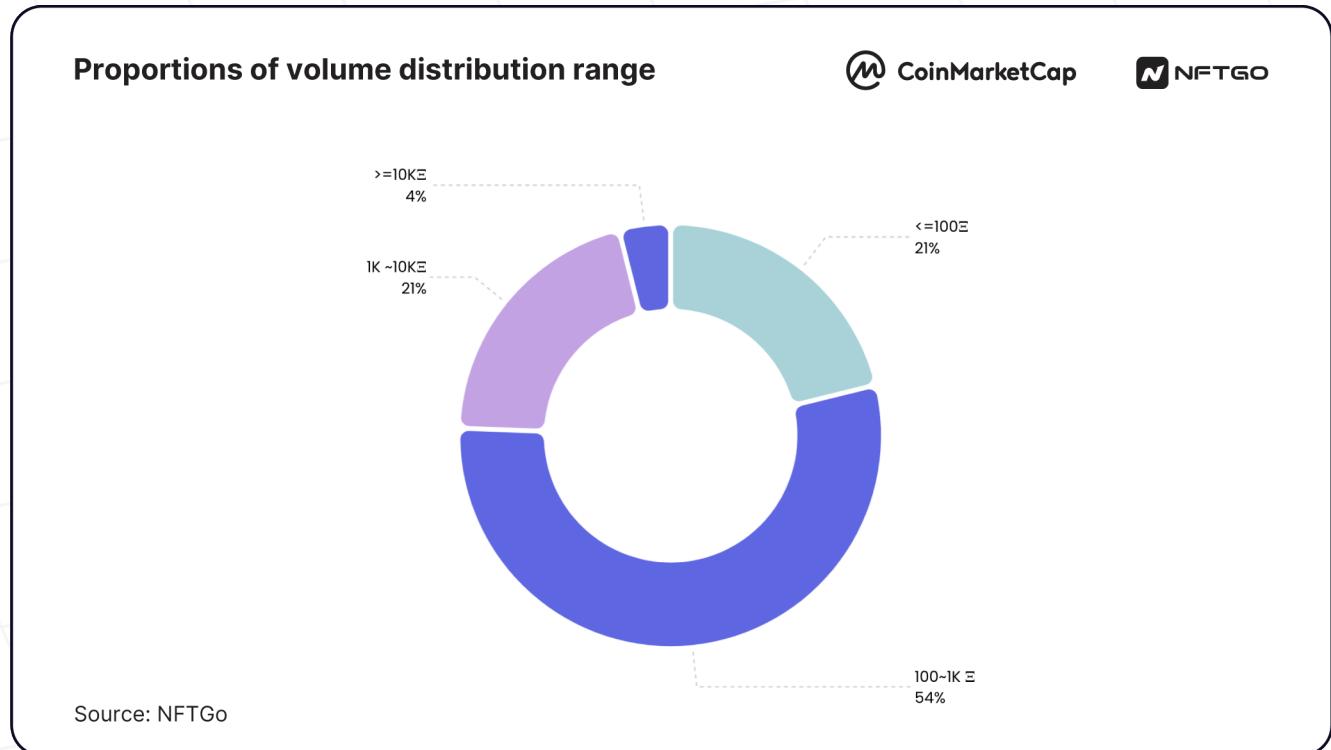
NFTGO



Source: NFTGo

## Most NFT projects' inflection point is at the 1k eth trading volume

The density distribution analysis of NFT projects' volume ranges reveals that the 100 to 1K ETH range has the highest density. On the other hand, projects with a price range larger than 1K ETH exhibit a lower density distribution. This implies that when a project's trading volume reaches 1K ETH, it is likely to be ahead of other projects in terms of robustness and occupy a certain market share. Therefore, trading volume can serve as a key indicator to gauge the strength of a project.

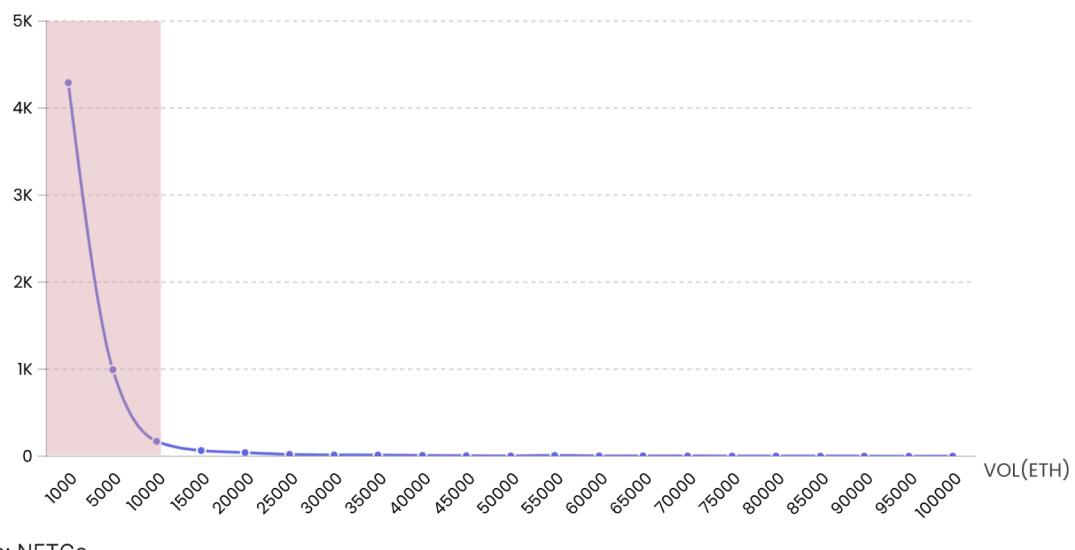


Such thresholds also apply to the 10K ETH point. The chart below shows the number of projects in each trade volume range: once the 7-day trade volume of a project reaches 10K ETH, it enters a somewhat "elite" club where there's only a very small number of projects at the top of the NFT market.

## Project volume distribution



Amount



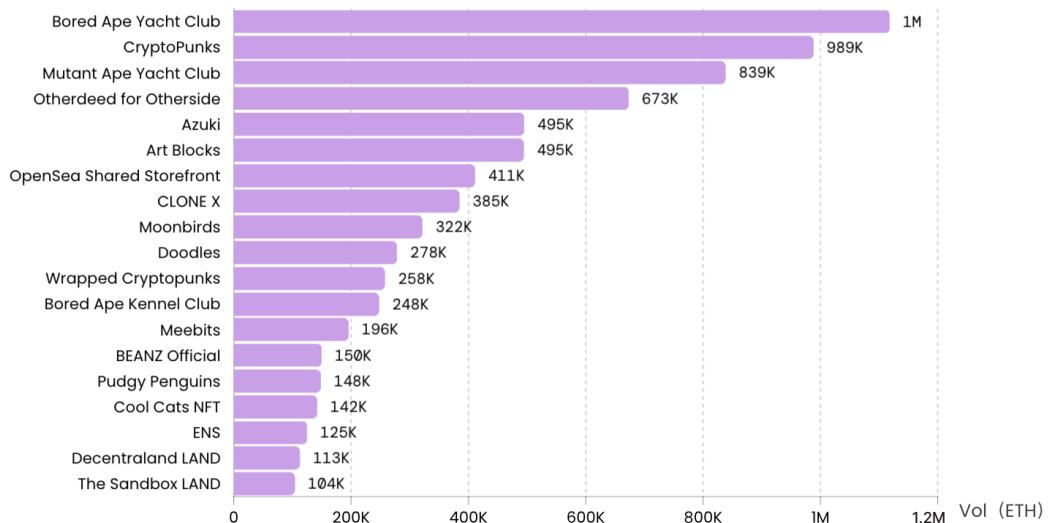
Source: NFTGo

There are 19 NFT projects with a trading volume greater than 100K ETH in the top range, which are also the main projects that drive NFT market activity on a daily basis, as listed below.

## Projects with a volume of >100K ETH from all time



NFT

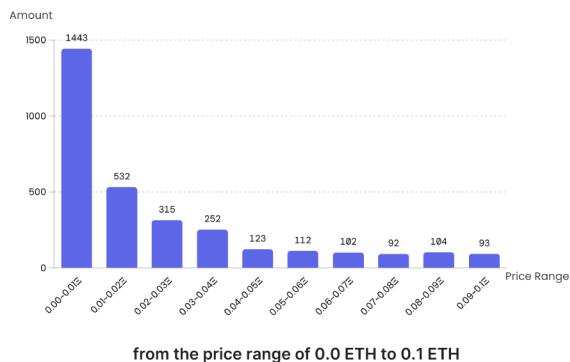


Source: NFTGo

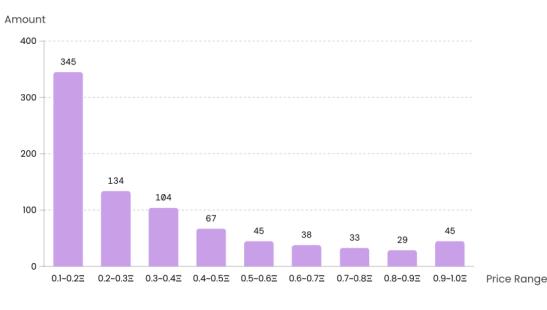
## The distribution of NFT prices by range shows a long-tail pattern

We divided NFT prices into 4 ranges according to density, and found that they each demonstrated the "long tail effect" as shown below in the following charts.

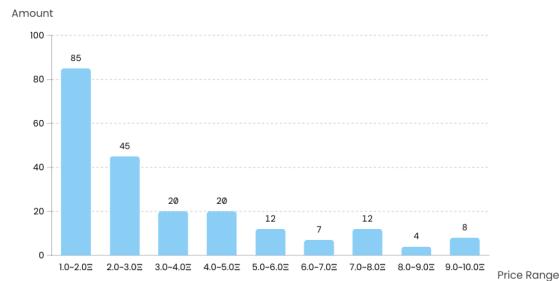
NFT projects distributions from various price ranges



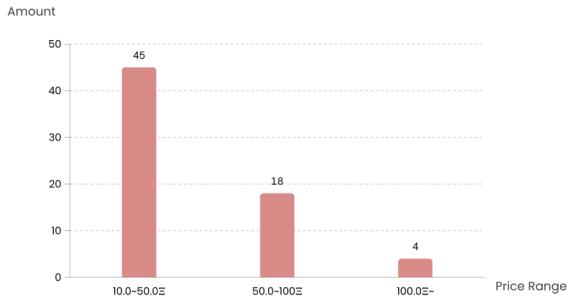
from the price range of 0.0 ETH to 0.1 ETH



from the price range of 0.1 ETH to 1.0 ETH



from the price range of 1.0 ETH to 10.0 ETH



from the price range of 10.0 ETH to 100.0 ETH

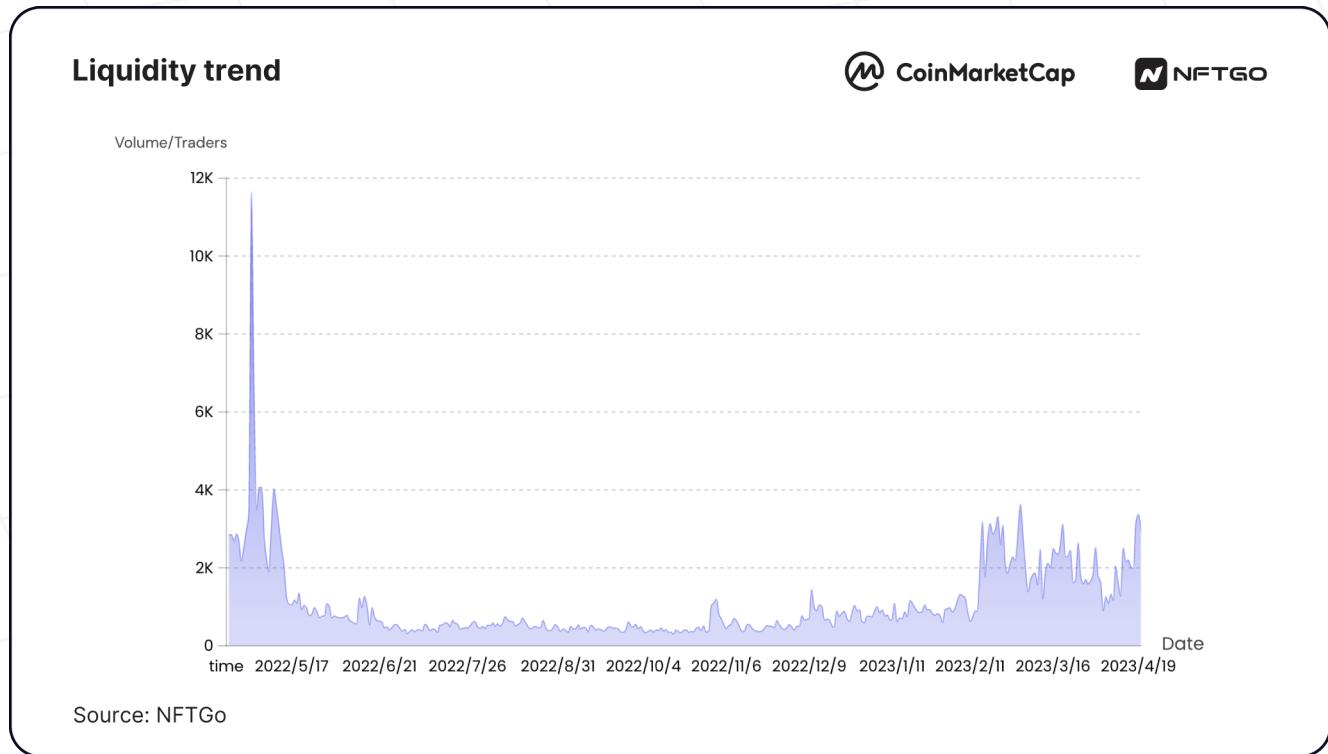
Source: NFTGo

The concentration of NFT projects at the beginning of each price range can be attributed to two main factors. Firstly, most projects have an initial mint price within the 0 to 0.15 ETH range, which creates a correlation between the data and the price range. Furthermore, since many NFT projects lack physical assets, they tend to mirror the pricing from other projects, resulting in a similar data set among different projects. Secondly, resistance values exist in each price range, such as 0.1 ETH, 1 ETH, and 10 ETH, among other round number prices. Some NFTs even face resistance when their prices reach these values, which can cause them to hover at the edge of the price range or plummet rapidly to the next resistance value.

# Analysis of NFT Liquidity and Characteristics

## How market activity affects buy and sell efficiency

NFT liquidity is the ability to buy and sell an NFT efficiently at a reasonable price. In the absence of liquidity, some NFTs must be discounted in order to sell quickly. NFT liquidity is closely related to how hot the market is. We calculated the trends of trading volumes and traders' activities and employed them as an expression of liquidity trends. Therefore, we can conclude that the market saw its best overall liquidity in January to April of 2022, then it began to decline significantly in May, and was finally bottomed out in September. It wasn't until the first half of 2023 that liquidity started to recover.

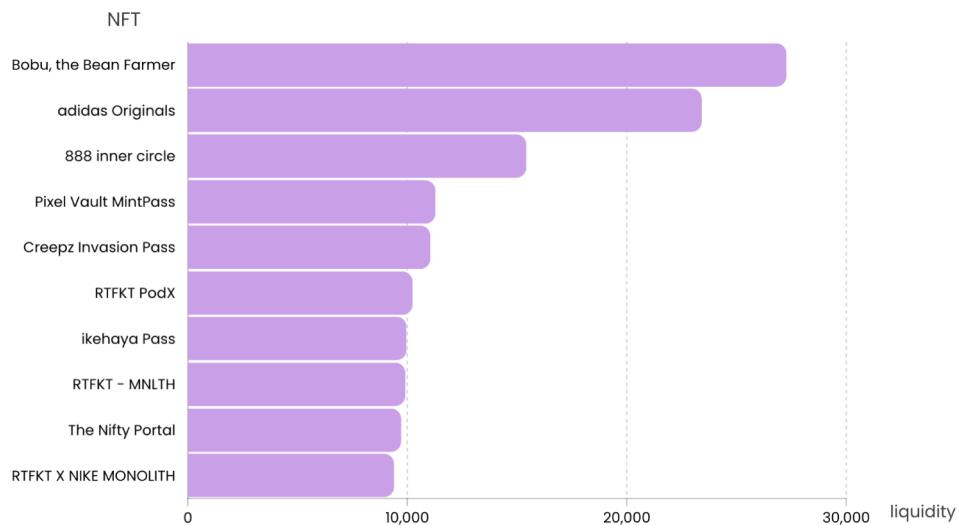


## Liquidity comparison across different projects

Another important factor to consider is the liquidity of NFT projects, which can vary significantly. Typically, the top-ranked NFT projects maintain a certain level of liquidity and exhibit less volatility, while the liquidity of lower-ranked projects tends to gradually decrease after issuance and become highly susceptible to market fluctuations.

The following are the top 10 NFT projects in terms of liquidity. Most of them are fractionalized NFTs and Pass NFTs. In addition, we found that NFTs without traits tend to have better liquidity.

## Comparison chart of projects with a higher degree of liquidity



Source: NFTGo

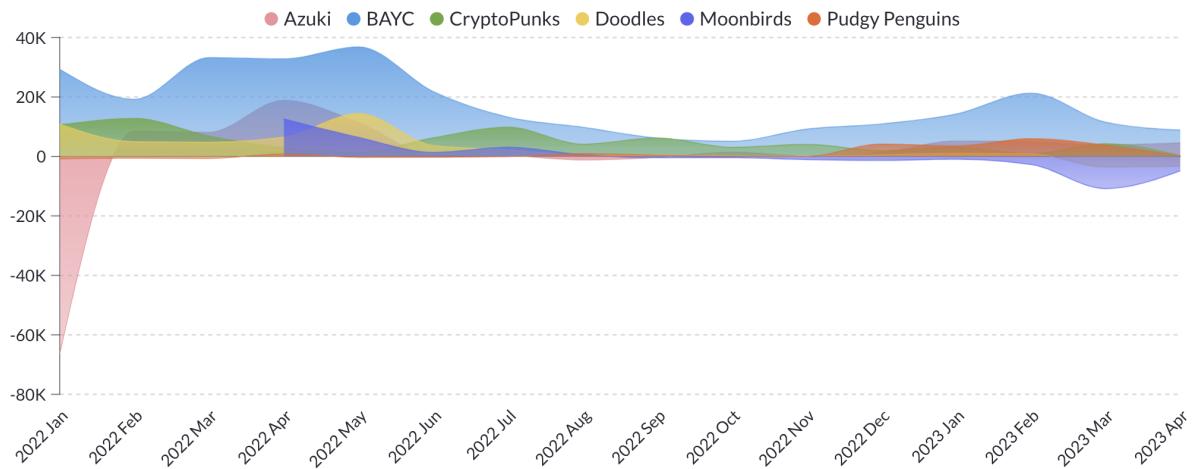
# Chapter 3 Major Projects & Events

## Trend Analysis of NFT Projects

### Are blue chip NFTs reshuffling?

Since the beginning of 2022 until April 25, 2023, major blue chip projects have maintained some profitability for almost a year and a half. Unfortunately, by the end of 2022, each project suffered the impact of the NFT bear market and thus saw declines in monthly profitability. Among all the blue chip NFTs, Bored Ape Yacht Club had the strongest profitability in the sellers' market. On the other hand, Azuki experienced a loss of about 60K ETH a month in early 2022 and has been hovering around the break-even point for a year. It wasn't until early 2023 that flippers started to make a monthly profit of about 5K ETH.

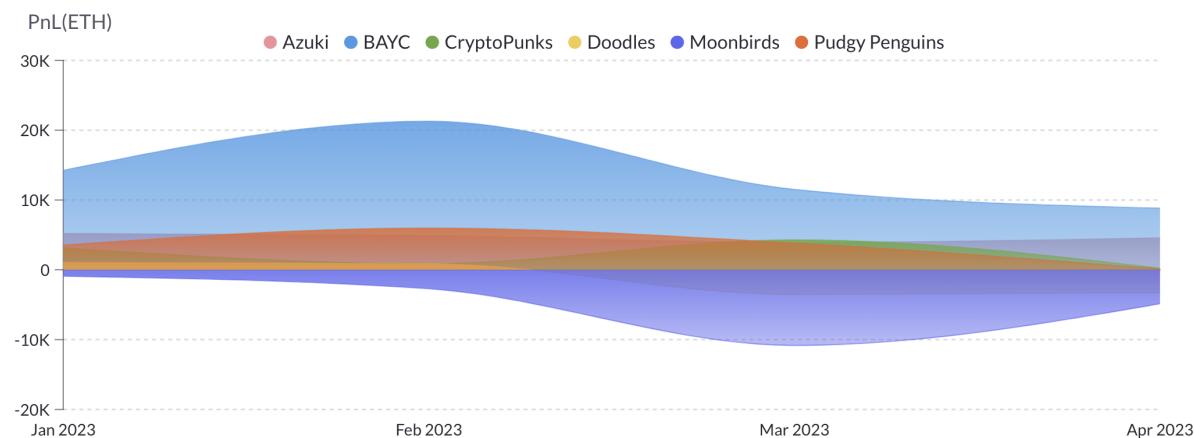
Tracking profit and loss of blue chip NFT flips in 2022-2023



Source: NFTGo

In the first quarter of 2023, most flippers of NFT projects have been profitable, with February being the peak month. However, there are a few exceptions. Azuki has been maintaining a low and stable revenue status, while Moonbirds' profitability plummeted just after its release last year and even started losing money at the beginning of this year. In March, both BAYC and Moonbirds' profitability experienced a significant decline of about 30% to 50% compared to the previous month.

## Tracking profit and loss of blue chip NFT flips in 2023



Source: NFTGo

Comparing the change in blue chip data between April 24 and January 1, we can see that most of the blue chips have experienced a significant drop in both market cap and price. Moonbirds' was among the projects that suffered the most as its floor price fell by 65% and market cap plummeted 16% from \$331M to \$277M. It is worth noting that Azuki managed to defy the bearish trend in terms of floor price and market cap.

## Blue chip NFT data change in 2023



| NFTGO                | Floor Price  | ΔFloor Price | ΔMarket Cap |
|----------------------|--------------|--------------|-------------|
| Bored Ape Yacht Club | ◆ 72.97→52.1 | -29%         | -0.1%       |
| CryptoPunks          | ◆ 103→49.99  | -51%         | 6%          |
| Azuki                | ◆ 12→15.88   | 32%          | 16%         |
| Moonbirds            | ◆ 7.2→2.54   | -65%         | -16%        |
| Doodles              | ◆ 6.4→2.3    | -64%         | -14%        |
| CLONE X              | ◆ 5.59→2.73  | -51%         | -10%        |

Source: NFTGo

Furthermore, the change of holders reflect an intuitive change in the trend of blue chip NFTs. The original holders of these blue chips have sold their assets by different degrees, making the total number of holders decrease. However, the number of whales have increased and now NFTs are more concentrated in the hands of owners of big capital.

### The holders and whales of Blue chip NFT in 2023



| NFTGO                | ΔHolders | ΔWhales | ΔBlue Chip Holders |
|----------------------|----------|---------|--------------------|
| Bored Ape Yacht Club | -9%      | 18%     | -9%                |
| CryptoPunks          | 1%       | 22%     | -4%                |
| Azuki                | -6%      | 100%    | -8%                |
| Moonbirds            | -1%      | 41%     | -6%                |
| Doodles              | 0%       | 24%     | -3%                |
| CLONE X              | -1%      | 24%     | -6%                |

Source: NFTGo

What is shocking is that Azuki's whales grew by 100%. As we can see from the list of Azuki's top 10 holders, 5 of them have purchase records from January to April. Thus, we can probably say that Azuki is the most resilient blue chip NFT project by far this year.

### Azuki's top 10 whale holders



| #  | Address         | NFTs         | Estimated Value | Avg Cost | PnL       | Unrealized Profit |
|----|-----------------|--------------|-----------------|----------|-----------|-------------------|
| 01 | BendDAO's Az... | 382<br>3.82% | ♦ 5.95K         | ♦ 10.25  | ♦ 2.03K   | ♦ 2.03K           |
| 02 | Rewkang_...     | 290<br>2.90% | ♦ 4.52K         | ♦ 14.02  | ♦ 449.16  | ♦ 449.16          |
| 03 | 0x294693        | 229<br>2.29% | ♦ 3.57K         | ♦ 15.51  | ♦ -1.66   | ♦ 13.88           |
| 04 | 0x8e0788        | 117<br>1.17% | ♦ 1.82K         | ♦ 13.49  | ♦ 430.77  | ♦ 243.76          |
| 05 | Dingaling       | 113<br>1.13% | ♦ 1.78K         | ♦ 21.17  | ♦ -632.53 | ♦ -632.53         |
| 06 | 0x2aE6B0        | 112<br>1.12% | ♦ 1.74K         | ♦ 0.058  | ♦ 1.74K   | ♦ 1.74K           |
| 07 | lastknight....  | 101<br>1.01% | ♦ 1.57K         | ♦ 13.79  | ♦ 179.81  | ♦ 179.81          |
| 08 | vault.luggis... | 91<br>0.91%  | ♦ 1.42K         | ♦ 12.03  | ♦ 322.3   | ♦ 322.3           |

Source: NFTGo

These data all point to us that blue chip NFTs in the market have undergone a significant turnover from January to April, which can be seen from:

- The market rally in 2023 so far prompted some blue chip holders to sell and realize their gains.
- The distribution of blue chip holders are now more concentrated than before, and the proportion of whale holders is also growing.
- Blue chip prices generally fell by up to 50%, whereas Azuki bucked the trend.

## New NFTs lack a sustainable demand

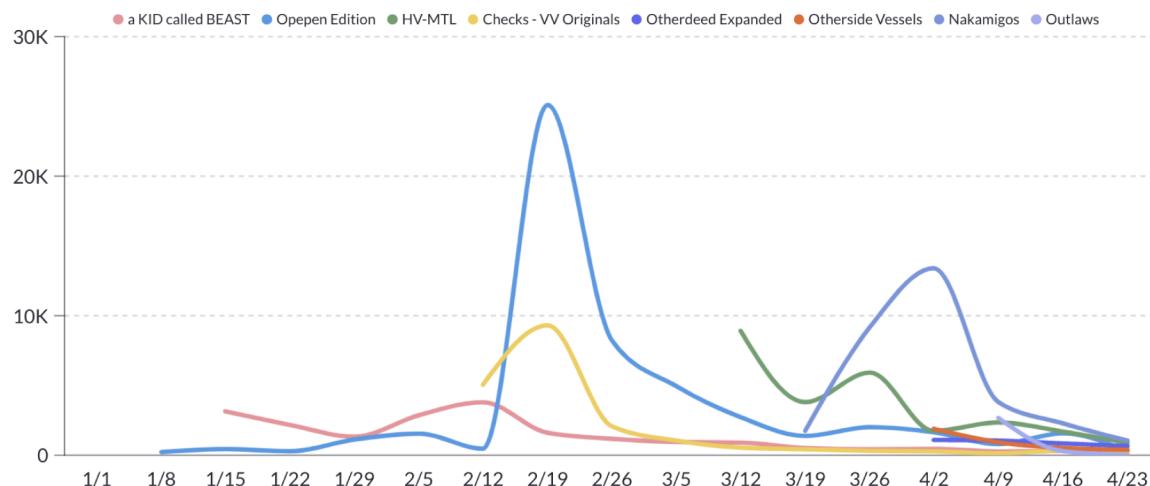
The following table shows NFTs with excellent performances from January to April, among which HV-MTL, Otherdeed Expanded, and Otherside Vessels are all NFTs of Yuga Labs' derivative series. Their prices are becoming stable and less volatile. Besides, DeGods is more stable at present since its move to Ethereum.

| New NFT projects data in 2023   |      |             |              |            |         |                 |                     |  CoinMarketCap |  NFTGO |
|---|------|-------------|--------------|------------|---------|-----------------|---------------------|---|---|
| NFTGO   |      | Floor Price | Total Volume | Market Cap | Holders | Whale Potential | Blue Chip Potential |   |   |
|  a KID called BEAST    | 0.51 | 20.03k      | 9.67k        | 3768       | 0.2%    | 6.0%            |                     |   |   |
|  Opepen Edition        | 0.30 | 52.64k      | 7.5k         | 4762       | 0.2%    | 14.1%           |                     |   |   |
|  HV-MTL                | 1.38 | 24.57k      | 44.33k       | 10051      | 0.7%    | 50.2%           |                     |   |   |
|  Checks - VV Originals | 0.38 | 19.58k      | 4.61k        | 1868       | 0.3%    | 21.2%           |                     |   |   |
|  Otherdeed Expanded    | 0.85 | 3.18k       | 33.98k       | 12319      | 0.6%    | 41.7%           |                     |   |   |
|  Otherside Vessels     | 0.28 | 3.39k       | 11.71k       | 12159      | 0.5%    | 40.6%           |                     |   |   |
|  Nakamigos             | 0.30 | 31.26k      | 10.18k       | 5833       | 0.1%    | 12.8%           |                     |   |   |
|  Outlaws               | 0.02 | 2.97k       | 932.75       | 2822       | 0.1%    | 8.9%            |                     |   |   |

Source: NFTGo

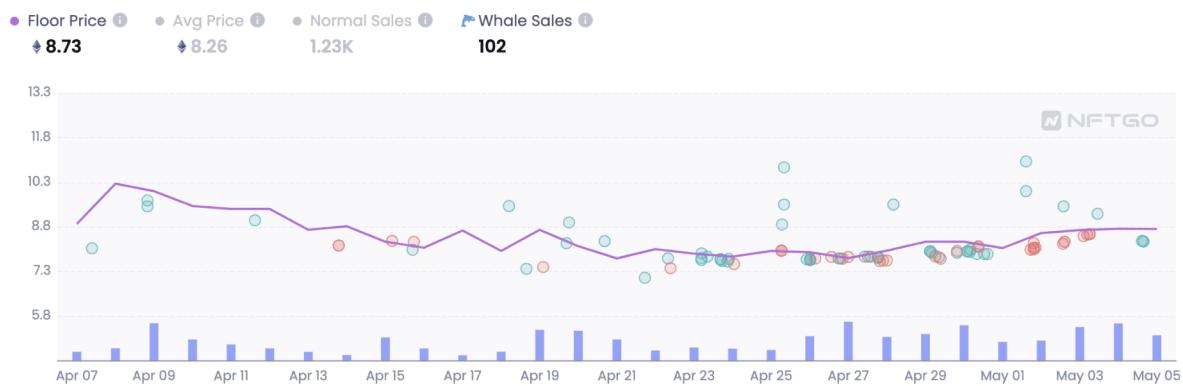
The rest of the NFT projects have yet to break through the general trend despite having good data performance at the beginning. For example, Checks - VV, which had 21.2% of blue chip holders and performed well in the early stage, experienced a significant drop in volume by 97%. HV-MTL did not have enough trading volume, Opepen Edition tumbled after its trading volume reached a weekly peak of \$25K, and Nakamigos also collapsed soon after its boom in early April.

## New NFT projects weekly volume in 2023



DeGods, which was one of the top Solana collections by volume, migrated from Solana to Ethereum and saw its floor price surge 130% in just 8 days. For the last 30 days, DeGods steadily hovered within the range of 8 to 10 ETH, before starting to drop slightly to around 7.5 ETH in the last week of April. During this period, there are still more than 94% holders who are still holding and have never let go of this NFT.

## Floor price trend of DeGods



Source: NFTGo

# List of the most expensive NFTs of 2023

## List of the most expensive NFTs of 2023



| #  | NFT | Collection                 | Owner | Last Price | Last Deal    |
|----|-----|----------------------------|-------|------------|--------------|
| 01 |     | Sewer Pass #21915          |       | ฿ 1K       | Feb 28, 2023 |
| 02 |     | CryptoPunk #5066           |       | ฿ 857      | Feb 07, 2023 |
| 03 |     | Bored Ape Yacht Club #7090 |       | ฿ 800      | Feb 08, 2023 |
| 04 |     | Urbit ID #236              |       | ฿ 450      | Mar 06, 2023 |
| 05 |     | Bored Ape Yacht Club #5116 |       | ฿ 440      | Mar 07, 2023 |
| 06 |     | Fidenza #157               |       | ฿ 390      | Feb 19, 2023 |
| 07 |     | Fidenza #971               |       | ฿ 380      | Mar 12, 2023 |
| 08 |     | Fidenza #395               |       | ฿ 350      | Mar 06, 2023 |
| 09 |     | Azuki #3628                |       | ฿ 329.69   | Apr 13, 2023 |
| 10 |     | Bored Ape Yacht Club #2062 |       | ฿ 318      | Mar 26, 2023 |
| 11 |     | CryptoPunk #9092           |       | ฿ 314      | Feb 02, 2023 |
| 12 |     | Bored Ape Yacht Club #8483 |       | ฿ 310      | Feb 01, 2023 |
| 13 |     | Bored Ape Yacht Club #4281 |       | ฿ 305      | Jan 28, 2023 |
| 14 |     | CryptoPunk #2311           |       | ฿ 303      | Feb 03, 2023 |
| 15 |     | Bored Ape Yacht Club #5230 |       | ฿ 300      | Apr 21, 2023 |
| 16 |     | CryptoPunk #2886           |       | ฿ 295      | Feb 10, 2023 |
| 17 |     | CryptoPunk #9611           |       | ฿ 288      | Feb 02, 2023 |
| 18 |     | CryptoPunk #1484           |       | ฿ 286      | Feb 21, 2023 |
| 19 |     | CLUTCHES                   |       | ฿ 250      | Feb 19, 2023 |
| 20 |     | Azuki #5172                |       | ฿ 245      | Apr 12, 2023 |

Source: NFTGo

# Major Events of 2023 So Far

## Ample room for improvement for BTC Ordinals

Bitcoin Ordinals are Bitcoin's version of NFTs, which are inscribed into the Bitcoin blockchain on a satoshi, the lowest denomination of a BTC. However, this comes with a slower transaction speed, higher cost, and limited applications. In contrast, ETH NFTs, built on Ethereum's blockchain, support smart contracts, have a faster speed, lower cost, and a broader range of applications. While creating NFTs on Bitcoin is more complex than on Ethereum, it's possible with Layer 2 protocols like Lightning Network and RSK.

The auction of TwelveFold Bitcoin NFTs by Yuga Labs on March 6 took Bitcoin NFTs to a new high. The collection has a total of 300 NFTs and were sold at a lowest bid of 2.25 BTC and a highest bid of 7.11 BTC. The current floor price of Bored Ape NFTs, the hottest blue chip project on the market, is 61.59 ETH, worth 3.95 BTC.



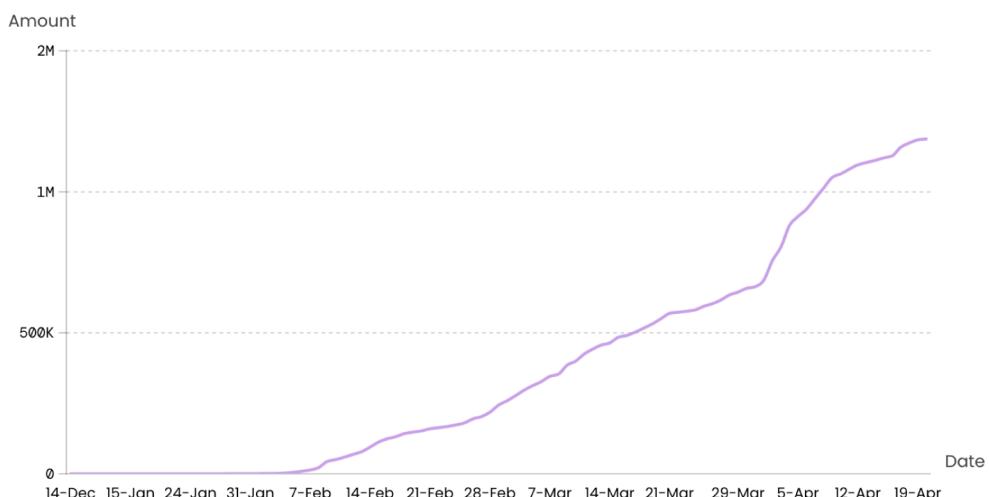
| #  | User Address             | Bid (BTC)  |
|----|--------------------------|------------|
| 1  | bc1p7x04th....5vqq7chmdu | 7.1159     |
| 2  | bc1pnepxp7....lknswzzu38 | 7          |
| 3  | bc1p8m4x76....yaxqnm4fea | 4.12347594 |
| 4  | bc1pq9mccj....xl2q5srnxp | 3.92481304 |
| 5  | bc1p5f45dc....m27qg87nkz | 3.8699     |
| 6  | bc1ph7qh5d....yjgsn07hw  | 3.83614    |
| 7  | bc1p7t7duz....lxqqsxzssa | 3.61391338 |
| 8  | bc1ptmq4df....4tqswfrmw2 | 3.5321     |
| 9  | bc1pssua4g....k7wsy5psxh | 3.53       |
| 10 | bc1pstqkp0....43pq3ees5n | 3.5        |
| 11 | bc1pzd7vh....7dwqueejc   | 3.49       |
| 12 | bc1pr98xtz....ktmqdnq636 | 3.33799267 |
| 13 | bc1p8nzwux....uraquanqge | 3.32121    |
| 14 | bc1p5uqmlr....4ntsl5klsh | 3.28       |
| 15 | bc1puszhqh....hxvspfdlj  | 3.17       |
| 15 | bc1p2s5a68....2wlqs07pcs | 3.17       |
| 17 | bc1p3mzgtd....p3ds87e0gl | 3.0997892  |
| 18 | bc1p05axk9....9vqqe0ssrs | 3.074      |
| 19 | bc1prdklfp....5fdqstxl3g | 3.05714304 |
| 20 | bc1ptusvhe....mhgq0uj7wd | 3.03       |

Currently, the BTC Ordinals marketplace is seeing a rising trend in trading volume and quantity. The total number of minted NFTs reached 1.19M within four months and so did the trading volume of \$20M.

## Amount of minted Ordinals NFTs

CoinMarketCap

NFTGO



Source: Dune Analytics

However, its transaction volume only accounts for 0.02% of the ETH market, leaving a huge gap caused primarily by Ethereum's stronger capability to process smart contracts and to provide a better transaction speed. On top of that, ETH NFTs have a more diverse application scenario, such as gaming, art, and real estate. These factors contribute to making ETH NFTs the mainstream of the current non-fungible token market.

## OpenSea Pro emerges as rebranded Gem.xyz, introduces new "Gem-esis" NFTs

Gem V2 rebranded to OpenSea Pro and users who have used Gem.xyz before March 31, 2023 will receive an airdrop of "Gemesis" NFTs. Users can claim the NFTs for free before May 4. The floor price of Gemesis generally remains between 0.03 ETH and 0.05 ETH.

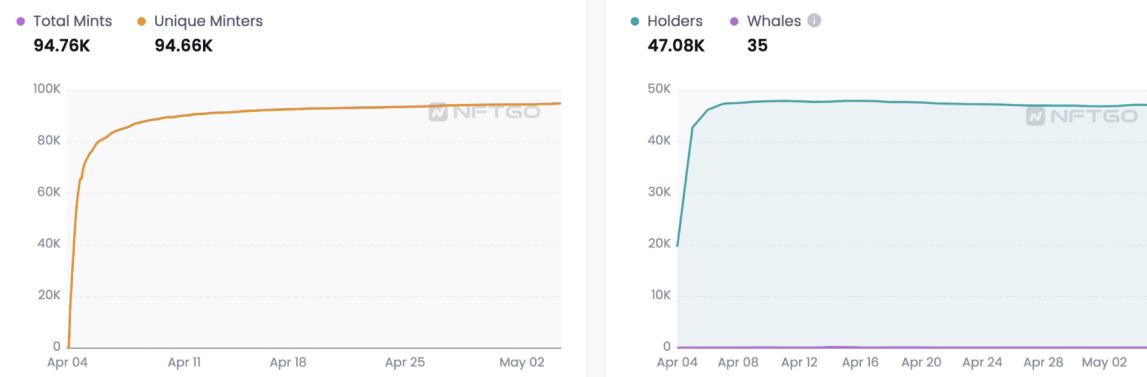
## Price&Sales of Gemesis



Source: NFTGo

According to data provided by Mint Trends, the Gemesis NFT experienced rapid growth in trading volume within the first two days of issuance, but showed a significant polarization in holding time and purchase amount. Approximately 50% of the players have held onto their assets since purchase, with relatively higher asset value. The other 50% of assets were resold within 24 hours of purchase.

## Mint & Holder trends of Gemesis



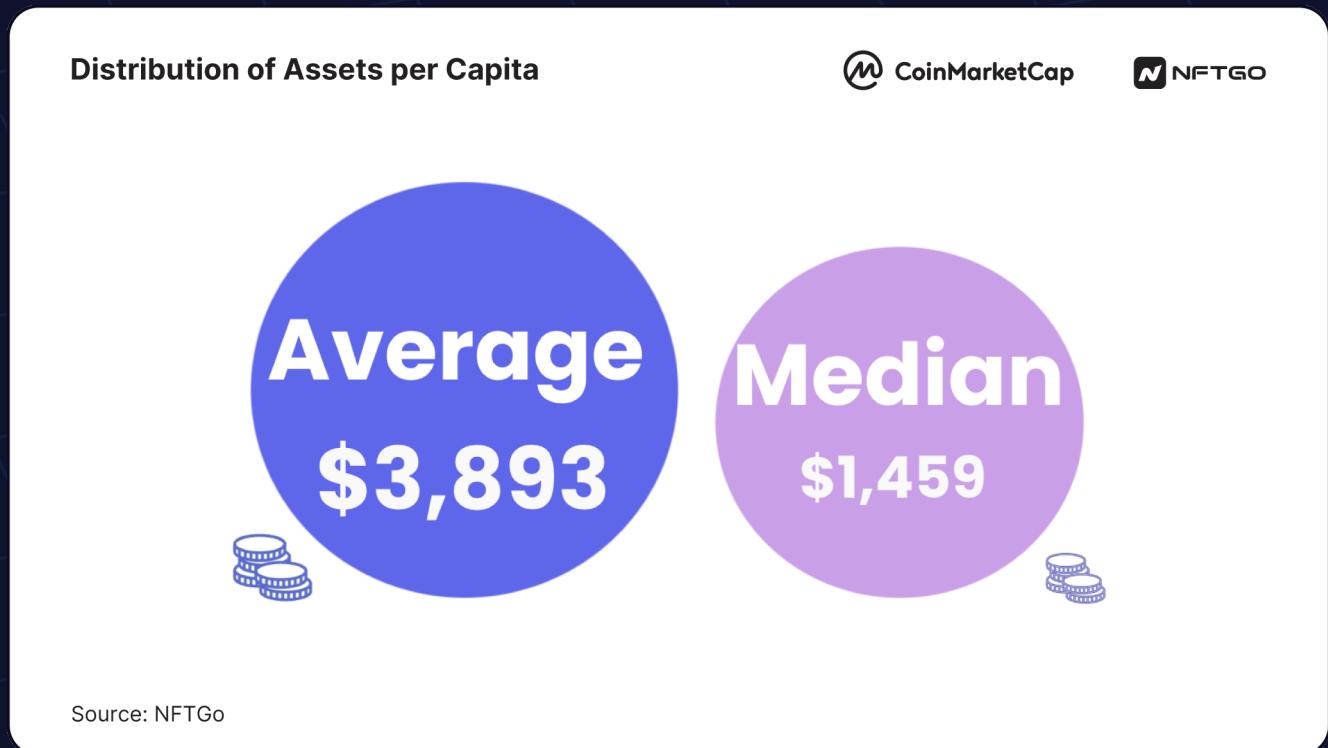
Source: NFTGo

Judging from the Holder Trends, Whales and Blue-chip holders account for less than 7% of total Gemesis NFT traders, with a total NFT ownership of less than 12%. The large proportion of assets held by ordinary holders is also a reason for the relatively stable floor price of Gemesis NFT.

# Chapter 4 Trader & Whale Analysis

## Distribution of Assets per Capita

After eliminating invalid projects, we calculated the assets per capita of a single project, showing that the average asset per capita is \$3,893 and the median is \$1,459. The fact that the average is 63% higher than the median means that the assets of the "rich" are extremely high in the overall assets per capita, thus increasing the gap between rich and poor holders of different projects.

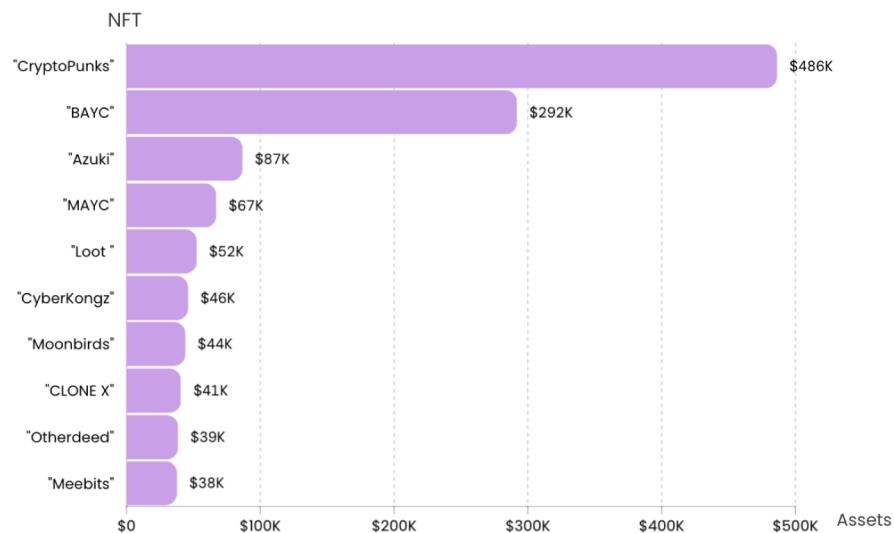


Further calculation of the ranking of assets held per capita reveals a stratified distribution of the top positions, such as CryptoPunks that ranks first with \$486K in assets per capita, Bored Ape Yacht Club that places second with \$292K in assets per capita, and Azuki coming third with about \$87K in assets per capita.

## Ranking according to investors' assets per capita in top projects

CoinMarketCap

NFTGO



Source: NFTGo

The stratification of assets per capita also allows NFT players to form groups of different spending power, allowing developers of NFT project and infrastructure to design and market their products according to different user needs.

## Single-asset distribution of users

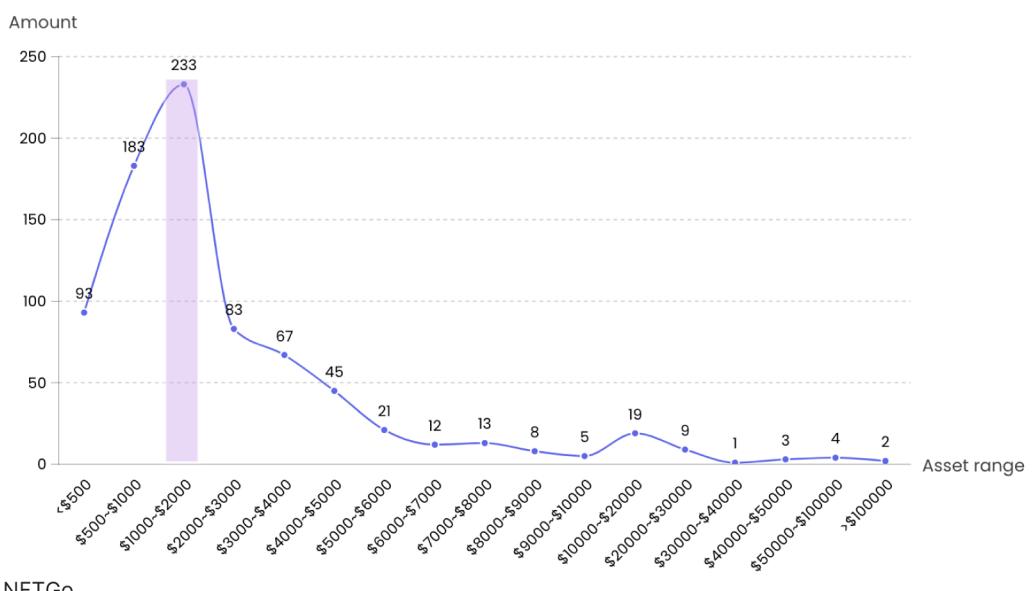
The average asset per capita among the 748 eligible NFT projects reveals that projects under \$2K are the most common, with 52% of the total number of projects falling within this range. This suggests that NFT projects primarily attract users with smaller budgets, with 233 projects catering to this core user group.

The second peak in assets per capita is seen at the \$20K point, which corresponds to projects such as Meebits, Cool Cats, and Otherdeed. The average asset value held by the core users of these projects is around \$20K, which is a significant feature that sets these projects apart from others in the market.

## Number of projects for each range of single asset per capita

CoinMarketCap

NFTGO

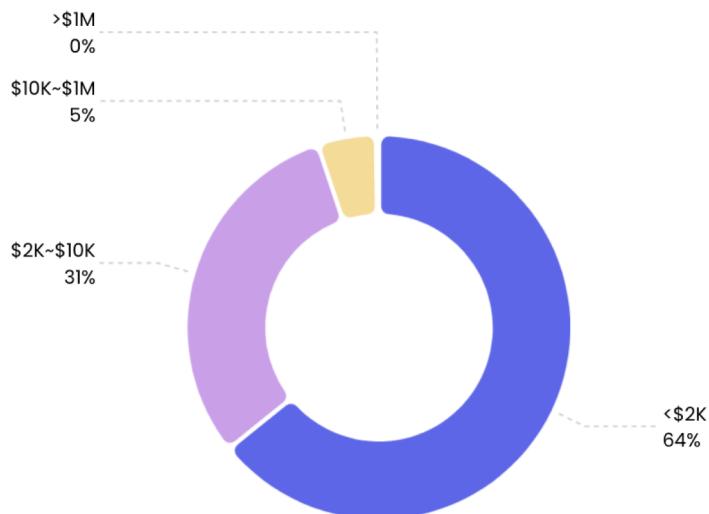


Source: NFTGo

## Proportions of single asset per capita

CoinMarketCap

NFTGO

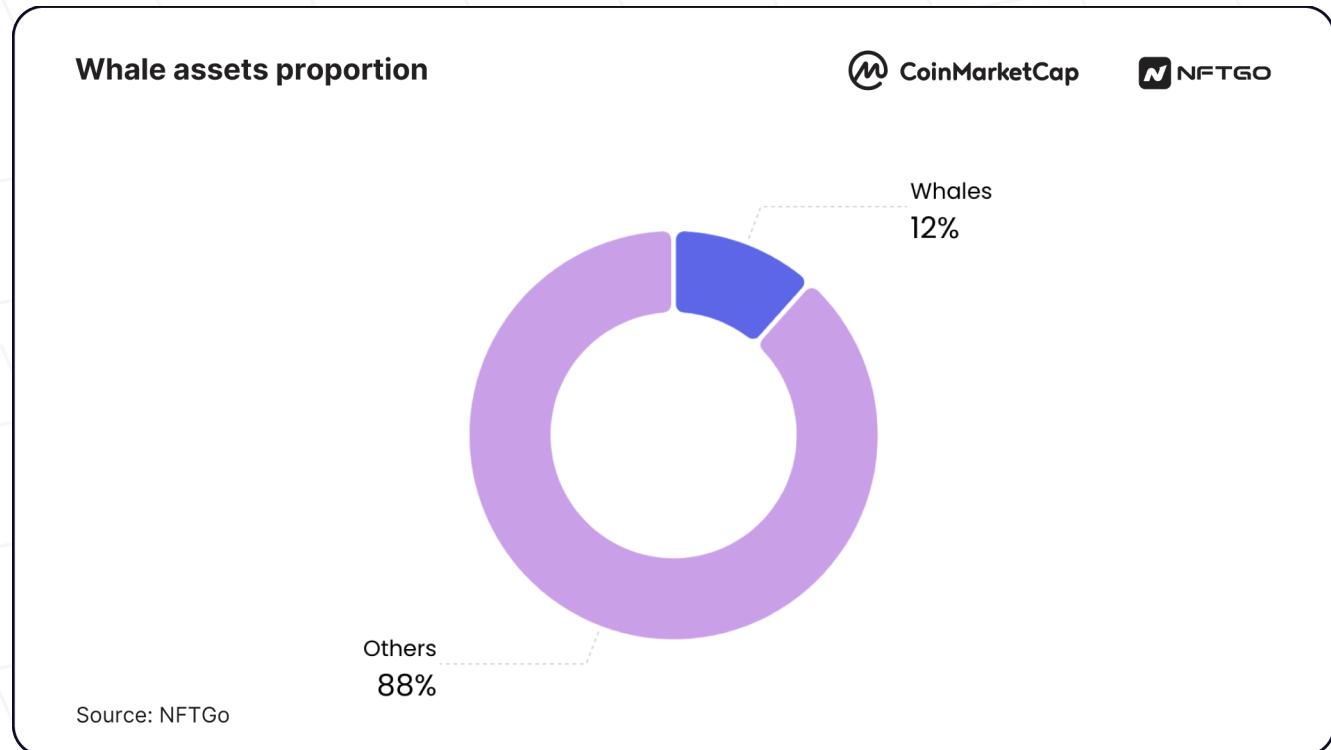


Source: NFTGo

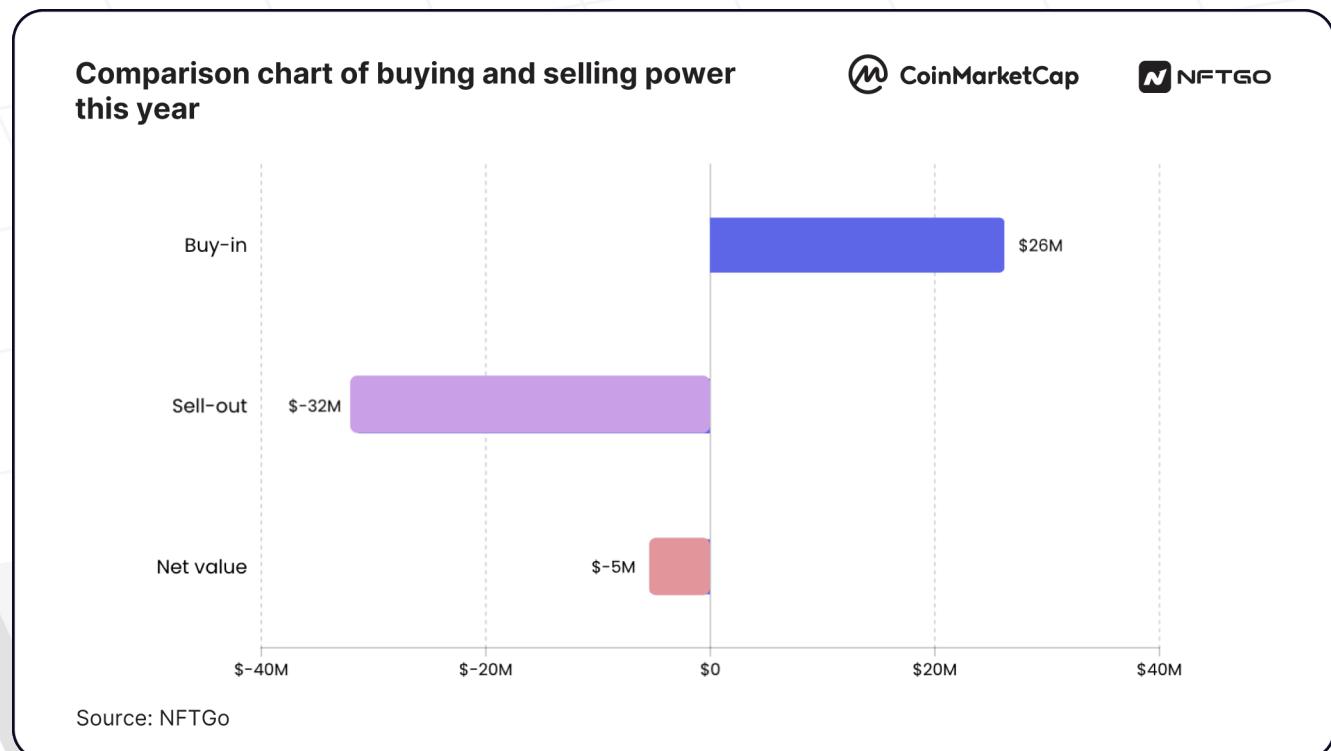
# Asset Analysis of NFT Whales

## Whale assets proportion

Just as the blue chip projects mentioned above capture the biggest portion of the market share, whales' capital is also one of the biggest factors that dominates NFT market movements. As of now, 485 whales hold 1.11M ETH worth of NFT assets, accounting for 11.71% of the total market cap.



Based on this year's data, whales purchased \$26.2M assets and sold \$31.6M assets from January to April of this year. This trend demonstrates an "exit" mode of the whale community.



## Whales' top 10 preferred NFTs and their average buy prices in 2023



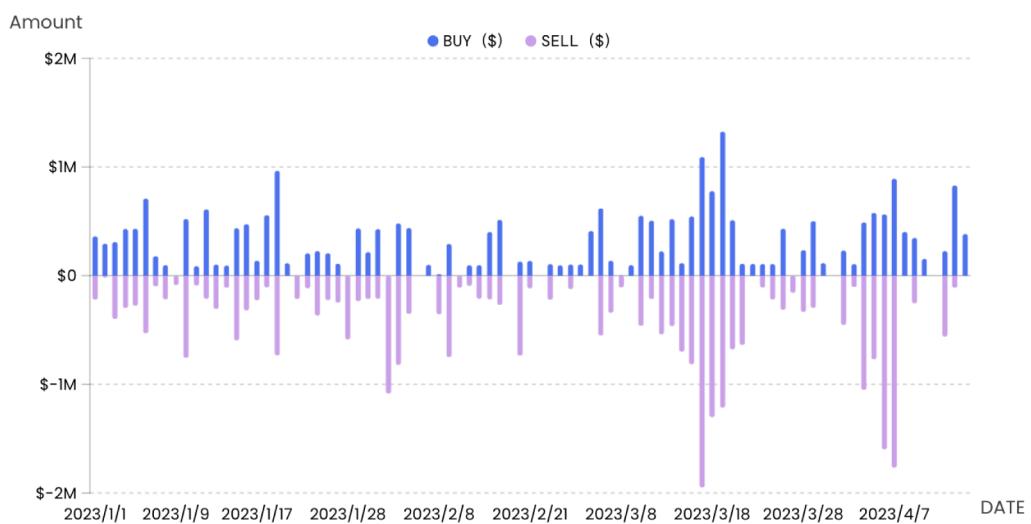
| NFT                   | Average Buy Price (ETH) |
|-----------------------|-------------------------|
| CryptoPunks           | 76.72                   |
| Autoglyphs            | 185.41                  |
| The Potatoz           | 3.05                    |
| Kubz                  | 0.83                    |
| Doodles               | 7.06                    |
| Mutant Ape Yacht Club | 16.65                   |
| VV Rare               | 9.80                    |
| Dooplicator           | 1.06                    |
| Bored ape Kennel Club | 9.00                    |

Source: NFTGo

## Analysis of whales' trends and behaviors

Although selling was the theme of this year, buy transactions were still observed in March and April. On March 13, turnover rates were slightly higher as whales traded 7 CryptoPunks NFTs at an average price of 67.05 ETH (about \$1M). In April, whales bought fewer NFTs and only purchased top blue chip NFTs such as CryptoPunks.

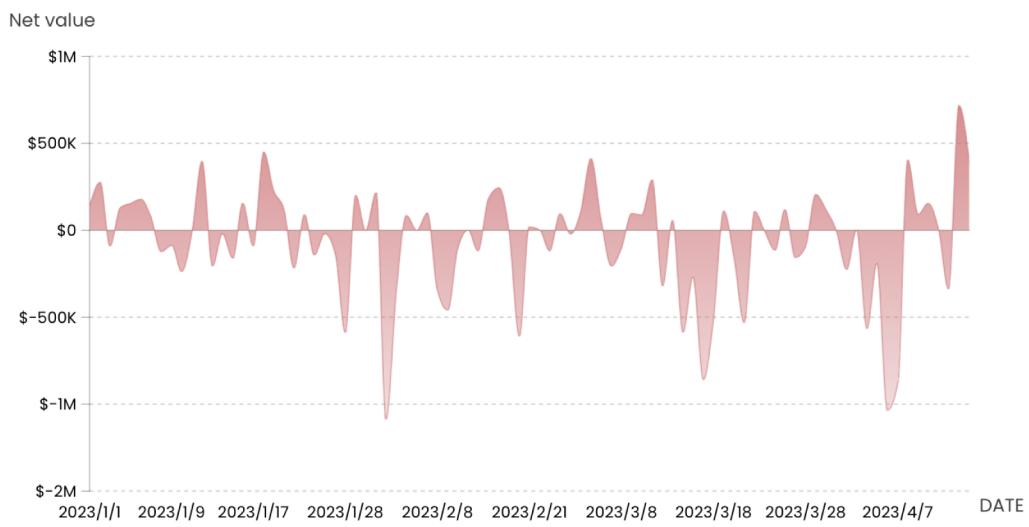
### Comparison of whales' buy and sell capital



Source: NFTGo

The chart below shows the trend of net inflow and outflow. As you can see, whales have yet to make any large transactions this year. All existing transactions are considered small-scale.

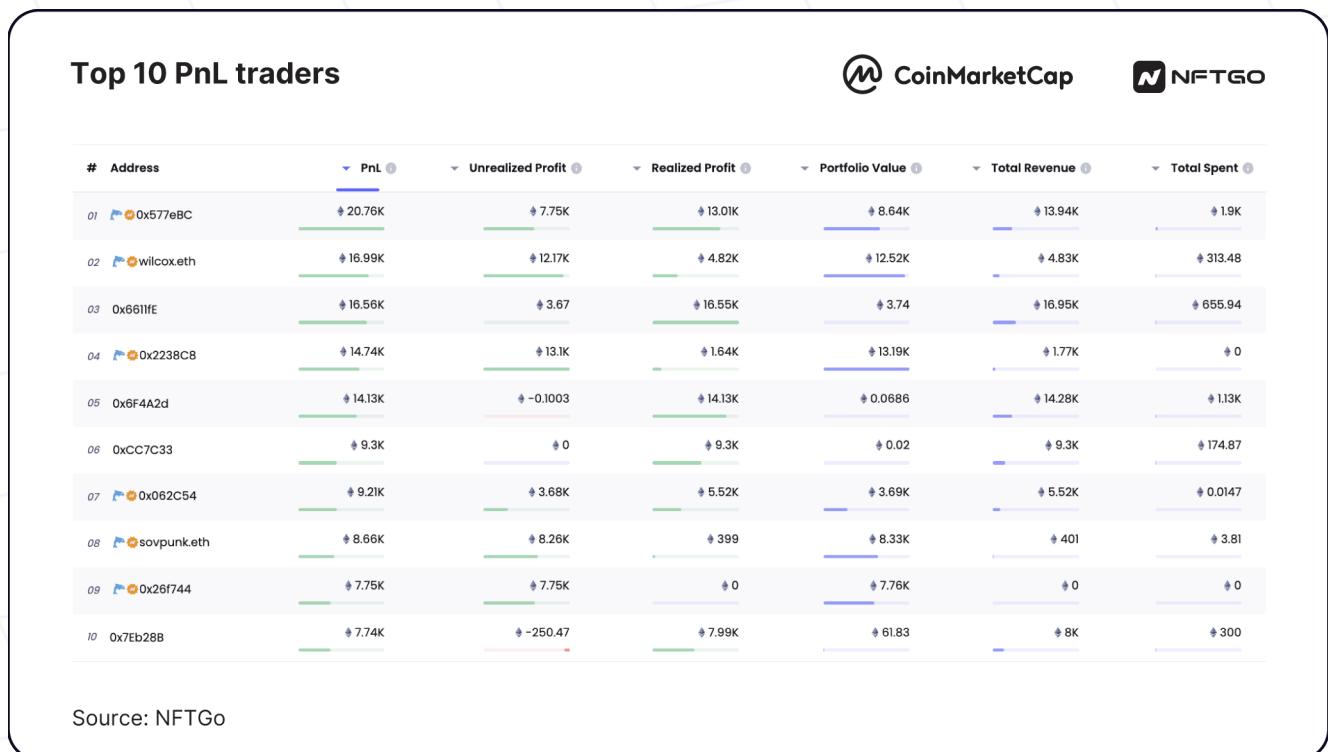
### Comparison of net whale capital



Source: NFTGo

# Most Profitable NFT Traders and How They Achieved It

Profiles of profit-making NFT users: value holders, flippers, and high-frequency traders



By analyzing the profit ranking, the characteristics of the profit makers are mainly divided into:

- **Value holders** - A successful NFT investment strategy involves purchasing high-quality assets at low prices and holding them for the long term. One user, for example, acquired 145 CryptoPunks and 171 Meebits through consistent buying, resulting in profitable returns during market upturns.

## Value holders



| Collection                  | NFTs | Estimated Value | Unrealized Profit | Realized Profit | Avg Cost | Floor Price      | Sales(24H)    |
|-----------------------------|------|-----------------|-------------------|-----------------|----------|------------------|---------------|
| CryptoPunks                 | 145  | 7.98K           | 7.94K             | 12.78K          | 0.2696   | 55<br>+0.02%     | 5<br>+400.00% |
| Meebits                     | 171  | 408.69          | 408.69            | 0               | 0        | 2.39<br>+3.91%   | 107<br>+5.94% |
| Art Blocks                  | 399  | 72.22           | -53.72            | 2.11            | 0.3156   | 0.0385<br>-0.77% | 59<br>+13.46% |
| Mirage Gallery Curated      | 804  | 39.4            | -145.33           | 0               | 0.2298   | 0.049<br>0.00%   | 0<br>-100.00% |
| Damien Hirst - The Currency | 12   | 25.8            | -21.6             | 36.17           | 3.95     | 2.15<br>0.00%    | 0<br>-100.00% |
| DeepBlack                   | 12   | 16.68           | 7.17              | 0               | 0.7924   | 1.39<br>+20.86%  | 4<br>0.00%    |
| OpenSea Shared Storefront   | 172  | 15.48           | -17.5             | -0.0048         | 0.1917   | 0.0001<br>0.00%  | 28<br>0.00%   |
| SALT V4                     | 5    | 15.45           | -4.93             | 0               | 4.08     | 3.09<br>0.00%    | 0<br>--       |
| XCOPY                       | 3    | 14.4            | 2.3               | 0               | 4.03     | 4.69<br>+70.55%  | 3<br>+50.00%  |
| Emblem Vault [Ethereum]     | 21   | 11.55           | -138.34           | 0.01            | 7.14     | 0.0065<br>0.00%  | 43<br>-59.81% |

Source: NFTGo

- **Flippers** - Another strategy is to bulk-mint NFTs from niche projects and sell them at a higher price point. For example, the user below minted a large number of NFTs and sold them at a profit.

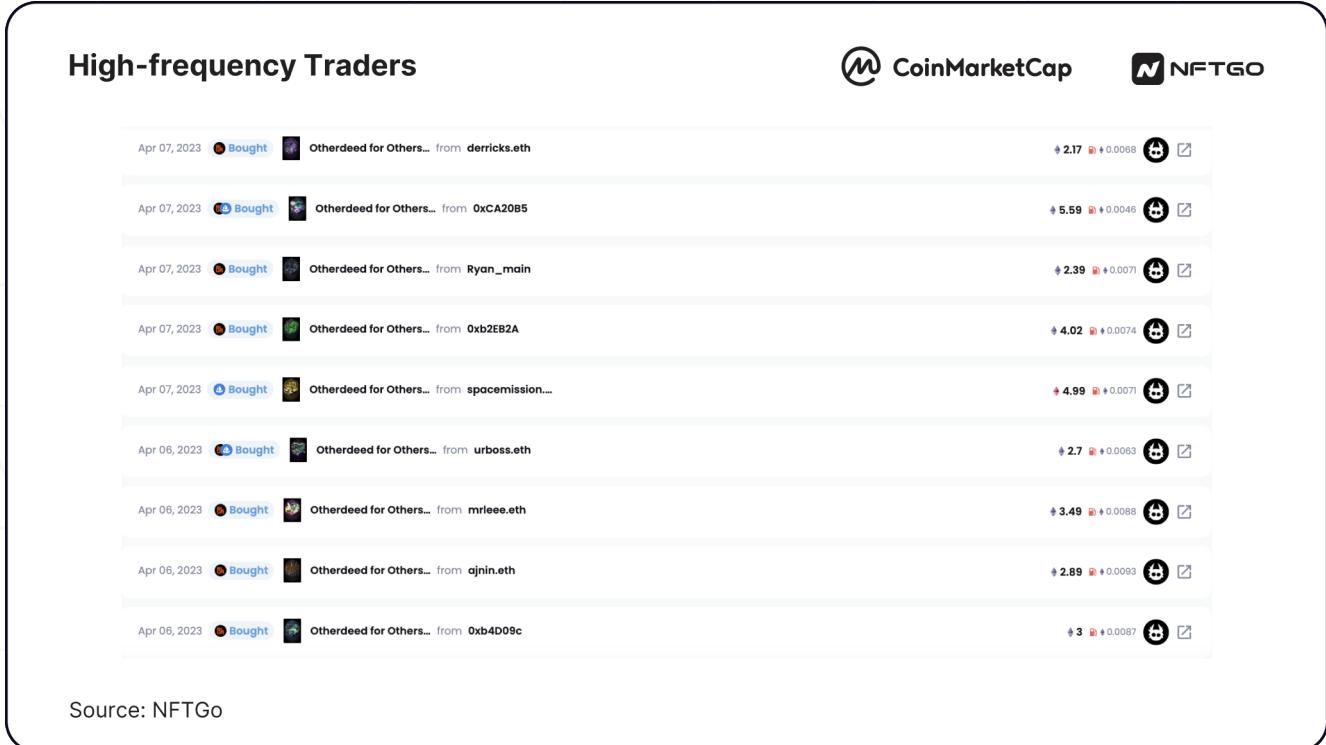
## Flippers



|              |        |  |                               |                  |  |  |
|--------------|--------|--|-------------------------------|------------------|--|--|
| Dec 23, 2021 | Sold   |  | Q+K #225 to appleboy007.e...  | 0.79<br>+0.0188  |  |  |
| Dec 23, 2021 | Sold   |  | Q+K #1877 to wyldstallyns.eth | 0.79<br>+0.0178  |  |  |
| Dec 23, 2021 | Sold   |  | Q+K #1072 to 0x8fE86a         | 0.79<br>+0.0186  |  |  |
| Dec 23, 2021 | Sold   |  | Q+K #2291 to mrtax.eth        | 0.85<br>+0.0148  |  |  |
| Dec 23, 2021 | Sold   |  | Q+K #196 to 0x4FB3BC          | 0.88<br>+0.0148  |  |  |
| Dec 23, 2021 | Sold   |  | Q+K #1106 to 0xE42bCC         | 0.88<br>+0.0181  |  |  |
| Dec 23, 2021 | Sold   |  | Q+K #128 to 0xE42bCC          | 0.88<br>+0.015   |  |  |
| Dec 23, 2021 | Minted |  | Q+K #225 from ZeroAddress     | 0.423<br>+0.1163 |  |  |
| Dec 23, 2021 | Minted |  | Q+K #940 from ZeroAddress     | 0.423<br>+0.1163 |  |  |

Source: NFTGo

- **High-frequency Traders** - The third profitable strategy is to identify a profitable NFT category and trade frequently. For example, the user in the chart below was able to generate profits through high-frequency trading of Otherdeed NFTs.



## Strategies and mindsets of profitable bottom-fishing NFT traders

- For individual NFTs, buy in batches (3 batches) according to the range, and buy only when the price is within your valuation range.
- Buy according to the rate of decline rather than time, the greater the decline the more to buy.
- Try to bottom-fish by making price offers. You might get a good catch sometimes.
- For major blue chip projects, buy according to rarity. For new blue chips, buy a combination of diversified NFTs.
- Instead of limiting yourself to OpenSea, try out other platforms as well, such as Blur, X2Y2, and LooksRare.

# Chapter 5 NFTFi & Valuation

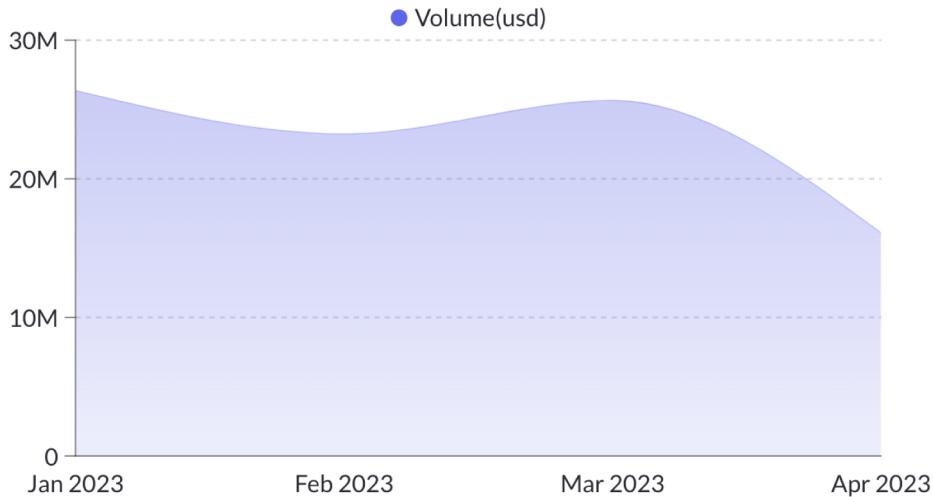
## Development of NFTFi

The NFT market faces two major challenges - limited valuation methods leading to reduced value discovery and liquidity, and limited practicality hindering integration with the mainstream crypto market. However, these challenges have created opportunities for NFT Financing (NFTFi).

### NFTFi project comparison

In 2023, the NFTFi lending market is expected to revive, with around \$25M in NFT lending from January to March.

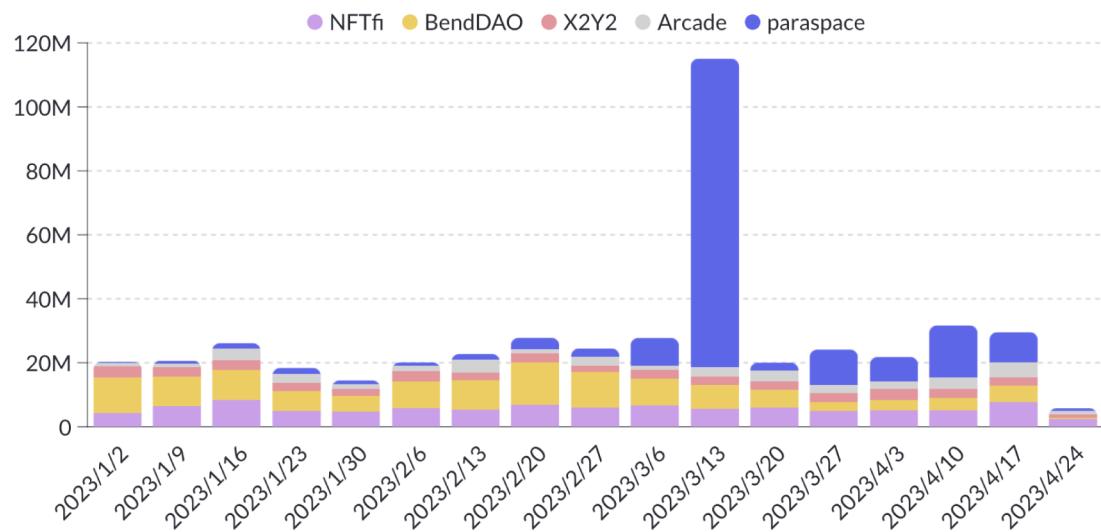
NFTfi loan volume by months



Source: Dune Analytics

ParaSpace is the platform with the largest market share in the total lending market this quarter, with a cumulative market share of \$134M in Q1. This is mainly due to the attention received by ParaSpace's V3 LP NFT collateralized lending protocol in early March, with over 1,000 MAYC pledged at its peak. Following ParaSpace are BendDAO and NFTfi, with market shares of \$107M and \$76M, respectively. The three major lending platforms account for approximately 65% of the market share.

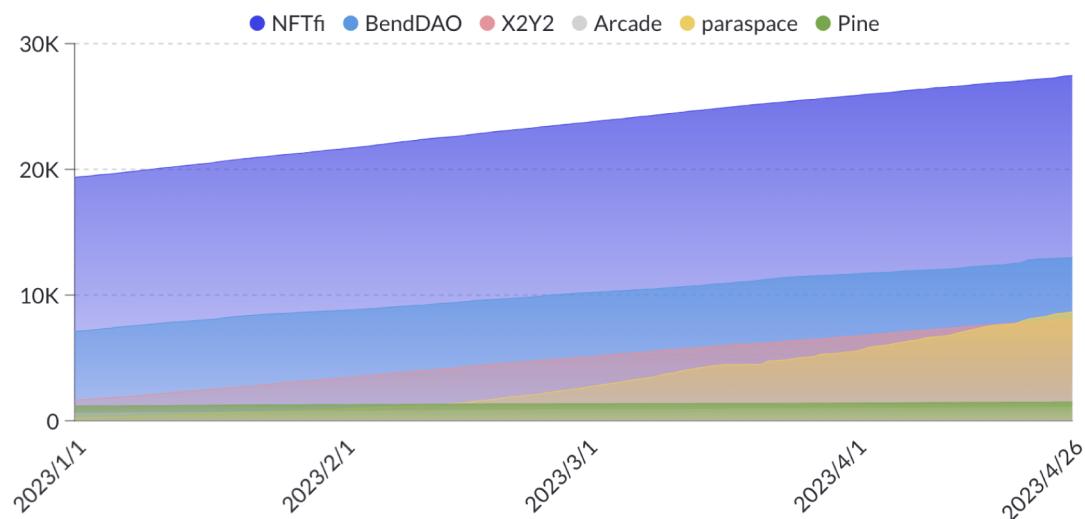
## NFT loan market share by platforms by weeks



Source: Dune Analytics

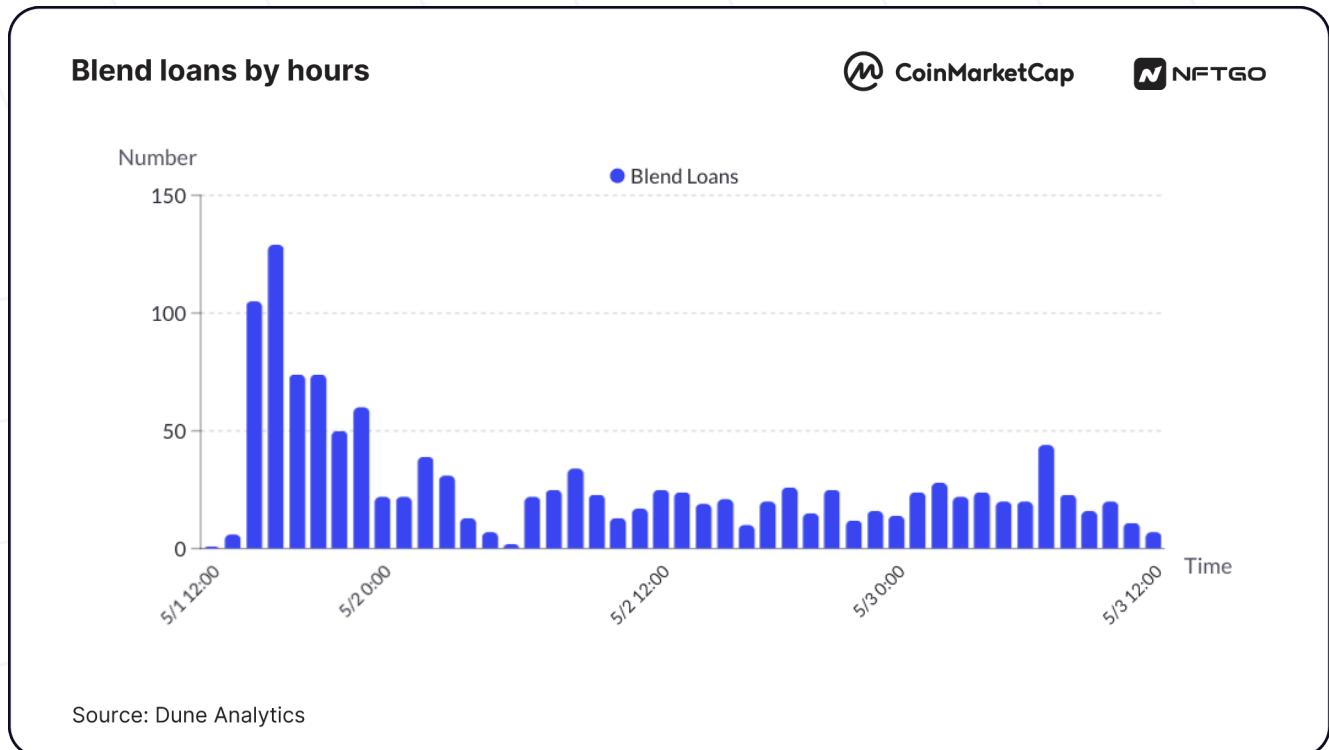
In 2023 YTD, NFTfi remained the leader in the number of NFT lending users, surpassing BendDAO. The total number of users across seven lending platforms increased by 45%. ParaSpace doubled its total user count, while X2Y2 increased by 80%, and BendDAO and Arcade grew by 45%. The remaining platforms also saw an increase of around 20%, indicating a continued trend of rapid growth in the NFT lending industry.

## NFT lending aggregated users



Source: Dune Analytics

As of May 3, Blur's NFT peer-to-peer perpetual lending agreement, Blend, has emerged as the top NFT lending protocol on the Ethereum blockchain in terms of both users and number, with over 10,000 ETH lent. Blend offers NFT holders access to liquidity and fixed amount loans with an interest rate that grows until the debt is repaid, rather than having a predetermined maturity date.



The active loan trading volume accounts for about 50% among a total of 911 loans, and the total number of active loan ETH is 6,047. Blend's edge in liquidity is evident from the shifts in its hourly loans over the previous three days, with about 500 transactions taking place each day.

## A Framework for Valuing NFTs

NFT valuation is generally divided into several methods, including weighted average price, machine learning algorithm pricing, industry evaluation pricing, manual bidding, and game theory pricing, each of which has its own advantages and disadvantages. Firstly, TWAP and other predictions, quantitative models, are heavily influenced by data (market trading volume, NFT quantity in collections, etc.), and can be influenced by market fluctuations, difficult to respond to unexpected events, and vulnerable to manipulation (e.g. wash trading).

Financial instruments and peer review are also one of the methods. On the one hand, market balance can be achieved through game mechanisms, while on the other hand, price adjustments can be made based on market performance. However, using this method to value NFTs on a large scale is difficult, and is more suitable for pricing specific NFTs. Trait-based machine learning relies on traits that have a significant impact on NFT prices and cannot predict collections that lack traits.

However, the application of machine learning algorithms is effective in collections with significant trait impact. Currently, NFTGo provides a beta version of NFT pricing that covers most mainstream NFTs and reaches more than 90% accuracy. You can obtain the API key by filling out this [form](#).

# List of NFTFi projects

## List of NFTFi projects



### NFTPerp

A perpetual contract trading protocol that tracks the floor price of NFT series, built on Arbitrum. NFTPerp announced the completion of a \$1.7 million seed round of financing on November 25th last year. Currently, it combines vAMM trading mechanism with a leverage of up to 5 times. All smart contracts of NFTPerp have been audited by PeckShield and will be open-sourced.



### paprMEME

A NFT lending protocol supported by Uniswap V3, which received a \$3 million investment from Coinbase Ventures and was officially launched on February 11th this year.



### Botto

A platform that combines generative AI, art NFTs, and DAO governance. It combines art creation with revenue earning, with art auction income going to Botto token holders. With the hot topic of AI, it has recently attracted strong attention in the NFT field.



### Midaswap

Midaswap is an NFT automated market maker protocol based on Liquidity Book, deployed on Ethereum, Polygon, Arbitrum, Optimism, and Celo. Its aim is to aggregate different pricing strategies of various LPS in the same liquidity pool by combining customizable liquidity positions, Multihop Swap and other means to achieve sufficient aggregation of FT asset liquidity. This year, the protocol received investments from institutions such as Polygon Venture and Foresight, with an initial valuation of \$20 million.



### Pine Protocol

Pine Protocol is a lending protocol that supports multi-chain NFTs to facilitate asset-backed financing. It allows users to use their assets (on-chain NFTs) as collateral to borrow cryptocurrency in real-time from the lender. Currently, the platform supports OpenSea and LooksRare, and users can obtain encrypted loans for 30 popular NFT collections.



### Insrt.finance

Insrt Labs, the core contributor to the NFT revenue strategy protocol Insrt Finance, has raised \$2.2 million in a pre-seed round. The funding was led by Hashkey Capital and Infinite Capital, with participation from Sky9 Capital and Hamzah Khan, the DeFi lead at Polygon. The funds were raised through a Simple.



### FloorDAO

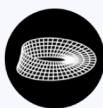
FloorDAO is a decentralized NFT market-making protocol that provides deep, sticky liquidity for all NFT collections in FloorDAO's library. FloorDAO uses OlympusDAO's bond and rebase mechanism to accumulate productive NFT liquidity, which is then deployed in strategies such as NFTX vaults to generate revenue. Currently, Floor v2 is being proposed.

## List of NFTFi projects



### ParaSpace

ParaSpace is a decentralized lending protocol that allows users to borrow and lend both FT and NFT, and enables users to utilize unused capital to fund further investments and earn profits. ParaSpace is one of the most active NFT lending platforms, besides BendDAO, and has introduced its own innovative mechanisms.



### BendDAO

BendDAO is currently the largest NFT lending platform, where users can borrow ETH by collateralizing their blue-chip NFTs, or earn profit by collateralizing NFTs. In addition, BendDAO also offers Ape staking to maximize returns on Yuga Labs collection, and during the staking period, users can still sell their NFTs and use the borrowed ETH on the platform without losing their earnings.



### Sudoswap

Sudoswap is an AMM protocol for NFTs, similar to Uni, that supports ERC 721 NFTs, ETH, and other ERC20 tokens. This means that users can buy and sell from the liquidity pool instead of directly trading, and Sudoswap's user-centric mechanism design will give it an advantage in NFT combined with DeFi in the future.



### NFEX

NFEX is an NFT derivatives trading platform that offers leveraged trading and long/short NFT functionalities. NFEX provides various trading strategies for NFT traders, and had a seed round of funding led by ABCDE Capital for \$3 million.



### hadeswap

Hadeswap is an NFT AMM protocol that enhances NFT liquidity and trading experience by enabling users to trade and swap NFTs through liquidity pools. Hadeswap's zero platform fees and user-based token governance are its advantages for future mechanisms.



### EZswap

EZswap is a multi-chain community-based NFT trading platform that recently raised \$1 million in seed funding and launched its PASS NFT in the first half of the year.



### JPEG'd

JPEG'd, as one of the earliest NFT lending protocols, has attractive products behind it. With the NFT boom driven by Blur, many expect an increase in the total number of NFTs, which may drive the growth of NFT lending. As one of the top NFT lending protocols, JPEG aims to improve the liquidity of pUSD and pETH through low borrowing rates and its large CRV. In addition, there are some exciting products in development that can continue to drive TVL growth.



### LinoSwap

LinoSwap is an NFT AMM trading platform that is compatible with NFT rarity features. LinoSwap not only implements automatic market-making function for NFTs but also incorporates its innovative NFT rarity valuation algorithm. On November 22 last year, LinoSwap launched an airdrop for its early users and SudoSwap users, and it is currently a product with good mechanism innovation and marketing.

## Disclaimer

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