

M&A DEAL OF THE WEEK

Etsy sells second-hand
fashion app Depop to
eBay for \$1.2bn



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Executive Summary

Summary

On 18th February 2026, eBay Inc. signed a deal to buy the London-based secondhand fashion marketplace, Depop, from Etsy for \$1.2 billion in an all-cash transaction. After the deal is closed, the second-hand marketplace will continue to operate under the eBay umbrella of marketplace brands, whilst retaining its individual identity. The acquisition is set to enhance eBay's position in the growing recommerce and second-hand fashion market whilst expanding its footprint among the Gen Z community, which comprises the majority of Depop's user base. The deal will enable Depop to leverage eBay's global scale to accelerate its growth, while also allowing the company to capitalise on the growing demand for second-hand fashion.

- eBay Inc. is a digital marketplace headquartered in the United States. Founded in California in 1995, it has grown to operate globally. The company operates in over 190 markets worldwide. eBay facilitates trade through various online auctions. The company generated revenue of \$2.8 billion in Q3 2025, with 134 million active customers worldwide. The company facilitates \$75 billion in gross merchandise volume annually.
- Launched in 2011, Depop is a second-hand fashion resale marketplace based in London, United Kingdom. The site allows users to sell secondhand clothing, follow influencers, and communicate with each other. The company reported a revenue of £101.6 million in the 2024 financial year and possesses over 56 million users worldwide, 90% of whom are aged 34 or younger.
- The global second-hand apparel market is expected to grow significantly, increasing from approximately \$177 billion in 2022 to \$350 billion by 2028, representing a compound annual growth rate (CAGR) of around 12%. This strong growth reflects increasing consumer demand for sustainable and affordable fashion, which has supported the rise of digital resale platforms such as Depop.
- The acquisition values Depop at approximately 9x revenue, highlighting the strong growth expectations for online resale platforms and the value of Depop's Gen-Z user base.
- Depop will proceed as a part of the portfolio of marketplace platforms owned by eBay once the deal is concluded, leveraging the company's global marketplace infrastructure and experience.

Key Figures:

eBay (EBAY)

Deal Value: \$1.2bn
Enterprise Value: \$45.8bn
EV/EBITDA: 15.47x
P/E Ratio: 21.76x
Market Cap: \$41.53bn
CEO: Jamie Lannone
Employees: 12,000

Depop (Private)

Premium: N/A (Private)
Enterprise Value: \$1.2bn
EV/EBITDA: 18.82x
P/E Ratio: 40.74x
Market Cap: \$5.43bn
CEO: Peter Semple
Employees: 400

Company Information

eBay

eBay is a worldwide digital marketplace that allows people and entities to exchange goods and services through online auctions and transactions. The headquarters is located in San Jose, California, United States. Their operations span more than 190 international markets, selling a variety of items, including electronics, clothing, and other secondary goods. eBay generates a revenue stream from advertising initiatives, listing fee percentages, and payment processing fees.

- eBay is one of the largest digital marketplace entities, with \$2.8 billion in revenue in the third quarter of the 2025 fiscal year, reflecting constant engagement between sellers and buyers on its platform.
- In 2025, eBay reported an estimated 134 million active customers globally. Reflecting their corporate focus on buyers and sellers exchanging goods and services through online transactions. Due to eBay's broad customer base, it offers a range of listings that can exceed 2-2.4 billion at any given time.
- Digital e-commerce accommodates an estimated 18 million sellers internationally. Global merchandise volume is estimated to reach \$75 billion yearly. This demonstrates eBay's ability to quickly turn over high volumes of inventory whilst generating a large stream of income from this operation.
- Globally, eBay employs 12,000 staff in its operations sector. This has a major influence on eBay's revenue, with 48% generated from international markets, underscoring how eBay's global presence enables it to reach diverse demographics through buying and selling products.

Depop – Etsy, Inc.

Depop is an online fashion selling marketplace that enables the direct sale of secondhand clothing. Its headquarters is in London, United Kingdom, with offices in New York and Milan. Depop focuses on incorporating direct wholesaling and social aspects, such as following favourite influencers and messaging, as a form of communication. The main demographic is the younger generation, and its usage has increased due to green practices and trend adoption.

- Depop reported £101.6 million in revenue during fiscal year 2024, driven by fees on items and payment processing, indicating a strong, consistent market presence in the fashion industry.
- Depop has over 56 million active users worldwide, with 90% of its consumer base under 34 years old. This makes their platform mostly used by younger audiences compared to older ones.
- Depop reported \$1 billion in gross merchandise sales in 2025, making a bold statement about trends in demand for secondhand fashion and its ability to turn over high volumes of inventory as a growing online marketplace.
- Depop has over 68 million products for sale, with 600,000 new listings added daily. With over 3 million sellers and over 7 million buyers, it shows the wide selection available to consumers.
- With Depop's medium-sized, established international presence, the platform generates 20 million monthly visits, a crucial factor in keeping engagement active online.

Deal Rationale and Risk

Rationale - Strategic expansion into the global fashion market

On February 18th, eBay announced the acquisition of Depop, the fashion reselling platform, from Etsy for approximately \$1.2 Billion USD, with the deal expected to close towards the middle of 2026. This deal is a direct, strategic move by eBay to solidify its market presence in the up-and-coming secondhand clothing sector, helping it reach younger audiences. Depop developed a user base, primarily comprised of Gen-Z consumers under Etsy, with approximately 7 million active buyers and over 3 million active sellers, with 90% of users under the age of 34.

Leveraging Depop's Users and marketplace growth

Depop operates as an e-commerce platform, where users act as both buyers and sellers. This type of transaction has seen strong growth in recent years due to rising consumer demand for affordable clothing alternatives amid the high street's increasing prices. Prior to the acquisition, Depop generated \$1 Billion USD in gross merchandise sales, highlighting its presence in the online reselling fashion market. In addition, eBay's large-scale global infrastructure can further expand Depop, as the platform reported gross merchandise volume of approximately \$21.24 billion USD, demonstrating its capacity to facilitate growth. This global reach can improve Depop's efficiency in expanding and operating in new, untapped markets.

Appealing to a new Target Audience

This acquisition is a competitive advantage, as it gives access to a new, younger demographic. Depop's consumer base is 90% under 34, establishing it as a Gen Z-based resale platform. eBay will benefit by interacting with a highly active audience and growing its presence in the secondhand fashion market.

Risk

Tarnished Brand Image

eBay's acquisition of Depop poses a potential crisis of destroying the brand image. Depop has established itself as a rapidly growing second-hand fashion retailer, with over 56 million consumers using its platform worldwide in more than 150 international regions. If eBay aligns Depop too closely with its own model, it risks eroding Depop's unique selling point and originality, which could lead to a decline in website traffic. This can pose a threat, as users may leave the website and go to competitors such as Vinted or Shein.

Operational Integration and Concurrent Initiatives

This integration may face challenges if both platforms operate independently. eBay and Depop differ in their structures, technologies, and consumer engagement, which can cause complications for both entities. Additionally, if this issue is not addressed, it could create accessibility barriers that disrupt service, reduce online consumer interactions, and negatively impact overall platform performance.

Competition and Market Dynamics

Competition in the secondhand fashion market is increasing globally. The sector's value is expected to reach \$350 billion globally by 2028, influenced by greener practices and evolving consumer and market trends. Furthermore, this increase has attracted the attention of dominant players in the sector, such as Vinted, Poshmark, and Threadup, who are launching initiatives to secure and strengthen their market position. Vinted has stated that it has over 80 million active consumers in its European region and has seen rapid inbound growth in its wholesale logistics. Due to the high demand for competition pricing, advertising expenditure, and demographic appeal, costs would become expensive for Depop under eBay's lead, harming revenue and profit margins from the acquisition.

Industry Analysis

Industry Trends

The global secondhand and resale apparel market is currently valued at an estimated \$288 billion USD in 2026, and is projected to grow to \$367 billion USD by 2029. This sector has been rapidly expanding with significant growth over the past decade, driven by digitalisation and the increasing popularity of e-commerce. In March 2025, Depop was downloaded approximately 919,000 times globally, with consistent growth. This demonstrates that consumers, particularly Gen Z and Millennials, are increasingly adopting resale platforms to buy and sell pre-owned clothing, and resale platforms can enable peer-to-peer transactions through mobile applications. Resale platforms such as Depop help extend product lifecycles and reduce waste, reflecting that consumers also prioritise affordability, sustainability, and individuality.

This industry has a relatively low barrier to entry, and digital platforms can be created at low cost. However, it could be a high barrier to scale due to network effects, brand reputation, and user community engagement. Platforms with high popularity and an active user base are more attractive to buyers and sellers, increasing product availability and strengthening their competitive advantage over smaller competitors.

Competitive Implications

The competitive landscape of the secondhand and resale apparel market has become increasingly crowded as more platforms and digital marketplaces compete for market share. ThredUp, Vinted, and Poshmark are examples with strong, established communities, specialised segments, and a focus on mobile peer-to-peer selling and engagement. Within this industry, the platform also competes indirectly with traditional retailers such as H&M and Zara, underscoring the fashion industry's diverse competitive landscape and its potential for dynamic, rapid growth. The players in the space not only compete on pricing and efficiency but also on brand identity, user experience, and engagement.

In this competitive environment, the acquisition of Depop allows eBay to strengthen its positioning by gaining better access to a socially engaged user base, especially younger communities. Depop allows eBay to differentiate itself from more traditional marketplace models by exposing it to a demographic segment that could have been underrepresented on the platform. By integrating Depop into eBay's broad portfolio of marketplaces, eBay can diversify user demographics while maintaining exposure to this high-growth potential segment and industry.

Financial and Structural Considerations

From a financial perspective, the acquisition can demonstrate eBay's strategic move towards a secondhand resale platform that can diversify its revenue through transaction fees and seller commissions, with high growth potential. The resale apparel industry can potentially benefit from strong margins due to its business model, in which companies operate as intermediaries and promoters rather than holding inventory and bearing the costs and risks of it. This model enables eBay to scale while maintaining relatively low operational costs compared to traditional retailing.

From a structural perspective, the deal offers potential operational synergies between eBay and Depop. Depop's mobile application design and community-oriented model can offer insights for eBay to improve its platform, enhance the user experience and journey, and modernise it. While eBay can leverage its already established infrastructure in the business, such as payments and logistics, to support Depop's expansion and scale. However, one important consideration for this deal is preserving Depop's brand identity and community, as heavy integration can undermine authenticity and alter customer dynamics, which are central to Depop's brand and popularity.

Final Thoughts

On 18 February 2026, eBay announced the proposed acquisition of Depop as part of its strategy to strengthen its presence in the rapidly expanding second-hand fashion market. Depop currently has over 35 million registered users across more than 150 countries, with approximately 90% of its users under the age of 34, giving eBay access to a highly engaged Gen Z consumer base. The deal positions eBay to capitalise on the growth of the global resale apparel market, which is projected to increase from around \$197 billion in 2023 to more than \$350 billion by 2028. By combining Depop's community-driven social marketplace with eBay's global platform infrastructure and operational scale, the acquisition could strengthen eBay's competitiveness within the fast-growing circular fashion economy

Derek Lee

The acquisition of Depop positions eBay to benefit from the high growth of the secondhand and resale apparel market and offers synergies that eBay can leverage to support Depop's expansion. As resale becomes more mainstream, especially among Gen Z consumers, exposure to a platform with a strong community strengthens eBay's long-term position in this sector.

Sammy Abbasi

The acquisition of Depop by eBay is a competitive strategy to expand into the growing secondhand fashion retail industry and attract a new target audience of Gen Z consumers. Depop's high engagement on its platform with its younger customers gives eBay a chance to learn about the target audience that enjoys secondhand fashion and sustainable practices. Furthermore, it would be crucial for eBay to maintain Depop's brand image and engagement. If this is successfully achieved, it will increase eBay's access to a new market and maintain its worldwide growth in the resale sector.

Roban Harjai

eBay's acquisition of Depop gives it a competitive advantage, providing access to a growing secondhand fashion industry and appealing to Gen Z. On the other hand, eBay must continue to uphold Depop's unique selling point: its brand image, to protect its high consumer-engagement website. If eBay successfully achieves this, it will increase its presence in the growing resale market.

Tiahna Lily Chauhan

This acquisition gives eBay an opportunity to strengthen its presence in the rapidly growing second-hand fashion market. Depop's strong appeal among Gen Z consumers and its social commerce features give eBay access to a younger, highly engaged audience. The deal also aligns with the rising demand for sustainable fashion and circular consumption. Moving forward, the challenge will be integrating Depop while preserving the platform's unique culture and user experience.



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