

SELLER COMPETITION AND PLATFORM COEXISTENCE: EVIDENCE FROM
REAL ESTATE PLATFORMS

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SETUP & INSIGHTS

- ▶ Research Question: Why do homogeneous online platform coexist despite positive cross-group effects.
- ▶ Theory laid out in Karle et al. (2020) suggests coexisting platform can relax local seller competition.
- ▶ Authors empirically examine theory using German real estate platform data using IV.
- ▶ Main insights:
 1. Sellers prefer to list their real estate on platforms with few competing offers.
 2. Listed real estate prices decrease with more competing offers on a platform.
- ▶ Insights might explain why no platform tipping occurs when sellers compete locally.

COMMENTS

- ▶ Axel Springer owns platform #2 by market share, Immowelt with 23% and #4, Immonet with 15%. Findings might explain why firm runs two competing platforms.
- ▶ #1 by market share, Immoscout24, is only active in online real estate market, while all relevant competitors are also active in various other online markets - lack of market tipping towards #1 might simply be a result of continued supply/demand steering of competing conglomerates.
- ▶ Why is the share of sellers offering their house on multiple platforms so low (5%)? Costs of offering on multiple platforms seem negligible relative to potential gains in sold price. Are buyers typically active on multiple platforms?

COMMENTS

- ▶ Listed price is used to define local markets and as a dependent variable. In real estate market, the real transaction price can significantly vary from the listed price. This limitation should be more discussed, defining local market by price might be problematic.
- ▶ When buying older, unrenovated houses, buyers typically plan to modernize right after purchase. As modernization is costly and unobserved by the data, separating markets by price might again be problematic here.
- ▶ Older, unrenovated houses might be in a different market than newer houses, as not all buyers are willing to renovate. If available in the data, market segmentation by energy pass could be tried. The German energy pass is mandatory for sellers and energy efficiency should be correlated with unobserved building quality.