

# Congress of the United States

## Washington, DC 20515

August 12, 2021

The Honorable Lina Khan  
Chair  
Federal Trade Commission  
600 Pennsylvania Ave., NW  
Washington, DC 20580

Dear Chair Khan:

We write to encourage the Commission to closely examine competition issues in residential real estate, a major component of our economy that is driven by the largest purchase in the lives of most homeowners. Historically the residential real estate industry has been extremely diffuse, with millions of small businesses and independent contractors facilitating the buying and selling of homes in every city and town across the country. While the consumer experience might benefit from certain technological innovations in the real estate industry, antitrust enforcers should be vigilant to ensure that a competitive environment is maintained and the online real estate industry does not become overly consolidated in the hands of a dominant platform to the detriment of competition and consumers.

One platform that may raise competition issues is Zillow, which had over 200 million monthly active online users in the fourth quarter of 2020.<sup>1</sup> One of its investors described the company as “own[ing] the top of the real estate funnel.”<sup>2</sup> Most of Zillow’s growth in terms of sheer size and lines of business has been through acquisition, both vertical and horizontal, the vast majority of which have not received scrutiny from the antitrust enforcement agencies.

For example, Zillow’s acquisition of back-end companies in the real estate industry such as Dotloop, which is a transaction management and signature platform, and Bridge Interactive, which provides MLS back-office listing software, as well as regional acquisitions like StreetEasy.com and nakedapartments.com did not receive regulatory review. Only the acquisition of Trulia was reviewed and was approved in early 2015 without conditions. Since that time, Zillow has made additional acquisitions and expanded to operate as broker, directly competing with the brokers and agents who rely on these tools for their businesses.

Zillow announced earlier this year it will be continuing this mode of expansion through a \$500 million acquisition of ShowingTime, a scheduling platform that enabled over 50 million showings in 2020. This acquisition may further entrench Zillow’s consumer information advantage to the detriment of homebuyers and their competitors. Zillow already has a potential unfair advantage over unrepresented sellers in its iBuying business, which purchases homes directly from consumers and seeks to resell those homes at a profit. Homeowners may be unduly influenced by Zillow’s Zestimate, the single largest source of residential property valuation for consumers, when

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<sup>1</sup> <https://investors.zillowgroup.com/investors/overview/default.aspx>

<sup>2</sup> <https://loupventures.com/zillow-is-just-getting-started/>

considering an offer. *The effect of Zillow's acquisitions appears to be that it can effectively tell the homeowner what their home is worth, buy the home from the homeowner for that amount, and then turn around and immediately sell the home for a higher price.*

Congress is working to address the intractable competition problems with dominant tech platforms across so much of the internet. Even if Zillow is able to demonstrate that its planned purchase of ShowingTime could provide benefits to consumers and real estate agents and brokers, the antitrust regulators should carefully review any potential anticompetitive impact.

Thank you for your attention to this matter.

Sincerely,



Ken Buck  
Member of Congress



Mike Lee  
Member of Congress