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Dear Interested Party

www.accc.gov.au

Request for submissions: REA Group Ltd's proposed acquisition of Dynamic Methods Pty Ltd

The Australian Competition and Consumer Commission (**ACCC**) is seeking your views on the proposed acquisition of Dynamic Methods Pty Ltd (**Dynamic Methods**) by realestate.com.au Pty Ltd, a wholly owned subsidiary of REA Group Ltd (**REA Group**) (the **proposed acquisition**).

REA Group provides digital property listing services for residential and commercial real estate, including the websites and apps known as realestate.com.au, realcommercial.com.au and flatmates.com.au.

REA Group also supplies mortgage broking services (Mortgage Choice), property data, research and valuation services (PropTrack and property.com.au) and vendor paid advertising and home preparation finance services (Campaign Agent). It also has a minority investment in Realtair Pty Ltd, a digital real estate service for the management of property transactions.

Dynamic Methods provides a service to facilitate the digital use of common real estate forms, which can be used on a standalone basis or via integration with other digital real estate services. Examples of forms include residential tenancy agreements, leasing agency agreements, sale agreements, agency authorities, and commercial and retail leases.

Further details on the merger parties are provided at **Attachment A**.

The ACCC's investigation is focused on the impact on competition. In particular, we are seeking your views on:

- whether the proposed acquisition will impact prices, services or features for digital real property data, listings or other digital real estate services.
- the ability of REA Group and Dynamic Methods to foreclose or otherwise frustrate the ability of other businesses to compete.
- the impact on other competitors if REA Group accessed and used the metadata and data contained in Dynamic Methods/real estate institutes forms.

- how the proposed acquisition is likely to affect future competition for the supply of digital real estate forms and associated products and/or services.
- the impact of REA Group extending its “ecosystem” of digital property listing and associated products and/or services.

Further issues you may wish to address are set out in **Attachment B**.

This matter is public and you can forward this letter to anybody who may be interested.

The legal test which the ACCC applies in considering the proposed acquisition is in section 50 of the *Competition and Consumer Act 2010*. Section 50 prohibits acquisitions that are likely to have the effect of substantially lessening competition in any market.

Please note the ACCC has not yet formed a view as to the nature and extent of any competition concerns with respect to the proposed acquisition.

Please provide your response by 4pm on 11 December 2023. Responses can be emailed to mergers@acc.gov.au with the title: *Submission re: REA Group/Dynamic Methods - attention Fiona Taranto / Louisa Wilson*. If you require more time to respond, please let us know.

If you would like to arrange a time to discuss the matter with ACCC officers, or have any questions about this letter, please contact Fiona Taranto on 03 9290 1445 or Louisa Wilson on 03 9290 1474.

Updates regarding the ACCC’s investigation will be available on the ACCC’s Public Mergers Register at ([ACCC mergers register](#)).

Confidentiality of submissions

The ACCC treats sensitive information it receives during a merger review as confidential, and will not publish your submission. We will not disclose submissions to third parties (except our advisors/consultants) unless compelled by law (for example, under freedom of information legislation or during court proceedings) or in accordance with s155AAA of the Competition and Consumer Act 2010. Where the ACCC is required to disclose confidential information, we will notify you in advance where possible so that you have an opportunity to be heard. Therefore please clearly indicate if any information you provide is confidential.

Our [Informal Merger Review Process Guidelines](#) contain more information on confidentiality.

Yours sincerely



Daniel McCracken-Hewson
General Manager
Merger Investigations

Attachment A – Overview of merger parties

REA Group

REA Group provides digital property listing services for residential and commercial real estate, including the websites and apps known as realestate.com.au, realcommercial.com.au and flatmates.com.au.

In addition to these platforms, REA Group:

- owns Mortgage Choice Pty Ltd, an online mortgage broking franchise for home and business loans and has a minority investment in Simpology Pty Ltd, a mortgage applications and e-lodgement service provider for broking and lending industries.
- owns PropTrack Pty Ltd, a provider of property data and valuation services and property.com.au, an online property research and data provider.
- owns Campaign Agent Pty Ltd, a provider of vendor paid advertising and home preparation finance services.
- has a minority investment in Realtair Pty Ltd, a digital real estate service for the management of property transactions, including with an e-signing functionality.
- has a minority investment in Managed Platforms Pty Ltd, an online property management system for the collection of rent and payment of management related fees.

REA Group also has a portal, *Ignite*, for agents using the realestate.com.au listing platform.

REA Group does not currently supply electronic forms.

Dynamic Methods

Dynamic Methods provides a service to facilitate the digital use of common real estate forms. In all states and territories except Victoria, Dynamic Methods supplies services to real estate institutes to enable the real estate institutes to supply their own electronic forms to real estate agents. In Victoria, Dynamic Methods supplies its own forms directly to real estate agents.

Dynamic Methods' platform can be integrated into digital real estate services and data platforms but does not currently integrate with any digital property listing platform.

Examples of forms provided include residential tenancy agreements, leasing agency agreements, agent authorities, sale agreements, and commercial and retail leases.

Dynamic Methods' platform integrates with DocuSign, Securexchange (in QLD and VIC only), Dye & Durham (in SA only), Searchlight (in SA only), Infotrack (in QLD only) and Equifax. It does not currently integrate with any REA platform or product.

Attachment B – List of questions

Overview of interest in proposed acquisition

1. Provide a brief description of your business or organisation.
2. Outline the reasons for your interest in the proposed acquisition, including any commercial relationship/s with REA Group and/or Dynamic Methods.

Competition for the supply of real estate related forms

The ACCC understands that digital forms are more widely used in the real estate industry than paper forms. As such, the questions below relate to digital forms. However, if you consider that physical forms are a substitute for digital forms, provide this view and your reasons for this view.

3. What is your relationship with Dynamic Methods, e.g. customer (such as a digital platform or agent that uses or integrates with Dynamic Methods), rival, supplier?
4. Which forms providers do agents prefer to source their forms from and why? When answering you may wish to comment on the following:
 - a. format
 - b. price
 - c. range
 - d. functionality (e.g. e-signing)
 - e. ability to use data collected in the forms
 - f. integrations with other software
 - g. being endorsed or maintained by real estate institutes, and/or
 - h. any preference for forms bundled with related products/services.
5. Describe whether and why any specific products or services Dynamic Methods/real estate institutes offer are 'must haves' for your or any other business.
6. If you are a competing forms provider, provide details of:
 - a. data (including metadata) that you collect/can collect from forms, and
 - b. if/how the data is used, including whether it is provided to third parties.
 - c. whether the forms are supplied via a digital platform you own, and any competitive dis/advantages to owning the platform the forms are supplied on, and/or
 - d. whether you own or distribute the forms, and any competitive dis/advantages associated with distributing versus owning forms. If you distribute forms, describe the terms on which the forms are supplied to you.
7. Which businesses compete closely with Dynamic Methods in the supply or distribution of real estate forms, and what products or services do they supply? If the real estate institutes or Dynamic Methods increased subscription fees, how easily would real estate institute/Dynamic Methods subscribers be able to switch to one of these competitors?
8. What are the barriers to entry and/or expansion to supply forms to real estate agents. In answering this question, you may wish to comment on:
 - a. costs involved in establishing a service, in particular any sunk costs

- b. access to sufficient customer base
- c. integrations with digital real estate services (such as customer relationship management platforms), and/or
- d. licensing arrangements with real estate institutes.

Competition in the supply of digital property listing, property data, and other digital real estate services

- 9. What is your relationship with REA Group, e.g. customer, rival, supplier?
- 10. Who are REA Group's closest competitors in the supply of each of digital property listing and property data, and other digital real estate services.
- 11. Describe whether and why any of REA's products and/services are 'must haves' for your or any other business.
- 12. Comment on whether an agent is more likely to use a digital property listing, property data or other digital real estate services if it is integrated with Dynamic Methods' or real estate institutes' products and/or services.
- 13. If you are a competing supplier of digital property listing, property data, or other digital real estate services, explain the value of Dynamic Methods'/real estate institutes' forms data and metadata (including in combination with other sources) to your business and any adjacent services you provide (e.g. in-app advertising, mortgage broking, financial services). In your answer, provide details of:
 - a. how you use/would use the data, and how the data may improve your own data-driven services
 - b. whether the data can be collected from other sources, and if not, any unique characteristics of the data from Dynamic Methods'/real estate institutes', and/or
 - c. any other avenues to monetise Dynamic Methods'/real estate institutes' data.

Impact of the proposed acquisition

- 14. Provide your views on whether the proposed acquisition could affect the incentives of:
 - a. REA Group or current or future rival form providers to compete in the supply of real estate forms by entering and/or developing their own products and services
 - b. REA Group or rival digital property listing, property data or other digital real estate services to compete in the supply of these services by entering or expanding developing their own products and software, and/or
 - c. real estate institutes to partner with, endorse or integrate with digital real estate forms providers, digital property listings, property data, or other digital real estate services.
- 15. Provide your views on whether, post-acquisition, REA Group would have the ability and/or incentive to:
 - a. limit or deny access to forms and/or integrations with other digital real estate services or digital property listing and data platforms, or otherwise degrade the interoperability of real estate institute forms with others' services.
 - b. bundle or tie services together (including bundling REA products and services with real estate institute/Dynamic Methods forms and vice versa).

- c. establish preferential integration or engage in technical tying with REA Group's own products or services, for example through pre-installation or integration
 - d. raise any barriers for entities other than REA Group to integrate with Dynamic Methods or access Dynamic Methods' services and support
 - e. increase prices or subscription fees, for example for its products or services, and/or
 - f. increase non-monetary prices for example by increasing and/or expanding data collection and combination from users of REA Group's platforms, for example, users of apps and users of forms (agents, vendors, property managers, tenants, rental providers).
16. How are customers, competitors, or suppliers likely to respond if a combined REA Group-Dynamic Methods engaged in any of the behaviour listed in Question 15.
17. Describe any factors that are likely to limit REA Group's ability and/or incentives to engage in any of the behaviour outlined in Question 15 above, such as:
- a. real estate institutes controlling integration with Dynamic Methods and digital property listing, data and digital real estate services, for example exercising their contractual rights relating to form distribution by Dynamic Methods.
 - b. current and future contractual relationships with real estate institutes (such as non-exclusive licensing arrangements for the forms), and/or
 - c. alternatives to Dynamic Methods and REA Group's products and services.

Additional information

18. Provide any additional information or comments relevant to the ACCC's consideration of the proposed acquisition.