

Determination

Re PropertyIQ New Zealand Limited and Terralink International Limited [2013] NZCC 22

The Commission:	Dr Mark Berry Sue Begg Elisabeth Welson
Summary of application:	PropertyIQ Limited seeks clearance to acquire Terralink International Limited's business and assets.
Determination:	The Commission gives clearance for PropertyIQ New Zealand Limited to acquire the business and assets of Terralink International Limited.
Date of determination:	29 November 2013

Confidential material in this report has been removed. Its location in the document is denoted by [].

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The proposal

1. On 16 July 2013 PropertyIQ Limited (PropertyIQ) applied for clearance¹ to acquire Terralink International Limited's (Terralink) business and assets. By agreement with PropertyIQ, a decision on the application was required by 29 November 2013.

Our framework

2. Our approach to analysing the competition effects of the proposed acquisition is based on the principles set out in our Mergers and Acquisitions Guidelines.²

The substantial lessening of competition test

3. As required by the Commerce Act 1986, we assess mergers using the substantial lessening of competition test.
4. We determine whether a merger is likely to substantially lessen competition in a market by comparing the likely state of competition if the merger proceeds (the scenario with the merger, often referred to as the factual), with the likely state of competition if the merger does not proceed (the scenario without the merger, often referred to as the counterfactual).³
5. A lessening of competition is generally the same as an increase in market power. Market power is the ability to raise price above the price that would exist in a competitive market (the 'competitive price'),⁴ or reduce non-price factors such as quality or service below competitive levels.
6. Determining the scope of the relevant market or markets can be an important tool in determining whether a substantial lessening of competition is likely.
7. We define markets in the way that we consider best isolates the key competition issues that arise from the merger. In many cases this may not require us to precisely define the boundaries of a market. A relevant market is ultimately determined, in the words of the Act, as a matter of fact and commercial common sense.⁵

When a lessening of competition is substantial

8. Only a lessening of competition that is substantial is prohibited. A lessening of competition will be substantial if it is real, of substance, or more than nominal.⁶ Some courts have used the word 'material' to describe a lessening of competition that is substantial.⁷
9. Consequently, there is no bright line that separates a lessening of competition that is substantial from one that is not. What is substantial is a matter of judgement and

¹ Under s 66 of the Commerce Act 1986.

² Commerce Commission, *Mergers and Acquisitions Guidelines*, July 2013.

³ *Commerce Commission v Woolworths Limited* (2008) 12 TCLR 194 (CA) at [63].

⁴ Or below competitive levels in a merger between buyers.

⁵ Section 3(1A). See also *Brambles v Commerce Commission* (2003) 10 TCLR 868 at [81].

⁶ *Woolworths & Ors v Commerce Commission* (2008) 8 NZBLC 102,128 (HC) at [127].

⁷ *Woolworths & Ors v Commerce Commission* (HC) above n 6 at [129].

depends on the facts of each case. Ultimately, we assess whether competition will be substantially lessened by asking whether consumers in the relevant market(s) are likely to be adversely affected in a material way.

When a substantial lessening of competition is likely

10. A substantial lessening of competition is ‘likely’ if there is a real and substantial risk, or a real chance, that it will occur. This requires that a substantial lessening of competition is more than a possibility, but does not mean that the effect needs to be more likely than not to occur.⁸

The clearance test

11. We must clear a merger if we are satisfied that the merger would not be likely to substantially lessen competition in any market.⁹ If we are not satisfied – including if we are left in doubt – we must decline to clear the merger.¹⁰

Parties

Parties to the transaction

PropertyIQ – the acquirer

12. PropertyIQ is a New Zealand-based property information and services company. PropertyIQ offers a range of products, including property reports to consumers and real estate professionals, as well as customised data and analytics services to corporate customers and government agencies. PropertyIQ also wholesales data sets to other companies, such as Terralink and (previously) Headway. PropertyIQ is owned 40% by Quotable Value Limited and 60% by Corelogic Limited.
13. The products supplied by PropertyIQ combine and manipulate information from a range of datasets to present customers with information and analysis on an individual property or groups of properties.
14. PropertyIQ has access to around [] property datasets, which include (among other things) a range of information on property characteristics, valuation, demographics, imaging and maps. Some of these datasets have been collected by PropertyIQ while others are purchased or acquired free from third parties such as local authorities.
15. PropertyIQ takes these datasets, “cleans” the data, and either inputs the data into its off-the-shelf analytics products or overlays the data with a client’s dataset to address a specific requirement. The off-the-shelf products tend to be at the less complex end of the product continuum, aimed at one-off home buyers/sellers and property

⁸ Ibid at [111].

⁹ s 66(1) of the Commerce Act 1986.

¹⁰ In *Commerce Commission v Woolworths Limited* (CA), above n 3 at [98], the Court held that “the existence of a ‘doubt’ corresponds to a failure to exclude a real chance of a substantial lessening of competition”. However, the Court also indicated at [97] that we should make factual assessments using the balance of probabilities.

professionals,¹¹ while the latter, bespoke products, tend to be more complex and are aimed at sophisticated clients such as banks, insurance companies and government departments.

Terralink – the target

16. Terralink is a privately owned New Zealand-based property information and services company. Like PropertyIQ, Terralink provides a range of property information products and services.
17. However, Terralink is different from PropertyIQ in that it specialises in the provision of geospatial data. Geospatial data provides the user with information about the actual location and physical properties of a property or other location.
18. Terralink provides a range of products and services from low complexity, off-the-shelf products to bespoke services tailored to the needs of corporate and government customers.
 - 18.1 In terms of low to mid-range complexity products, it provides competing offerings to PropertyIQ, such as property information products aimed at consumers and property professionals. Terralink purchases council data (including District Valuation Roll (DVR) and sales data, discussed below) from PropertyIQ for \$[] in order to supply these products.
 - 18.2 The more complex products and services offered by Terralink do not tend to compete with those of PropertyIQ. This is because Terralink’s offerings at that end of the product continuum tend to rely on its geospatial capabilities, and this is not a space in which PropertyIQ currently operates.

Data suppliers

19. Suppliers of property information services utilise a wide range of datasets, some of which they collect themselves, and others that are purchased or acquired free of charge from third parties

Quotable Value Ltd (QV)

20. QV was formed in July 1998 through the corporatisation of Valuation New Zealand and was originally established as a Crown-owned company. QV became a state-owned enterprise on 25 January 2005. QV’s core business is to value properties in New Zealand, and to then store, manage, process and provide property-related information in New Zealand.
21. QV has contracts with around 95% of councils across New Zealand to act as their valuation service provider.¹²

¹¹ “Property professionals” is a term used to cover real estate agents, valuers, property developers, and other professionals that use property information as a key business input.

¹² Approximate percentage provided by LINZ – interview, 23 August 2013.

22. QV owns 40% of PropertyIQ.¹³ QV also licenses the QV brand to PropertyIQ which is used in PropertyIQ's QV.co.nz website. This website provides property and valuation reports, recent sales details, and certificates of title.

Land Information New Zealand (LINZ)

23. LINZ is a government department that has responsibility for land titles, surveying systems, topographical information, and hydrographic information, among other things.
24. Certificates of title and other land records can be ordered through LINZ's website. In addition, LINZ provides over 40 land and sea datasets free of charge.

Local Authorities

25. There are 78 local authorities across New Zealand, comprising 11 regional councils and 67 territorial authorities.¹⁴ We refer to these collectively as councils. Councils have a statutory obligation to maintain a database of information regarding each rating unit within the relevant district. This dataset is called the DVR. Councils also collect a record of all property sales in their respective territories.¹⁵ Councils tend to engage a valuation service provider to collect and hold this data. As noted, around 95% of councils engage QV as their valuation service provider.

Competitors and other parties

The Real Estate Institute of New Zealand (REINZ)

26. REINZ is a national organisation that represents approximately 12,500 real estate professionals. Its members include residential agents, residential property managers, rural, commercial and industrial agents, and business broker licensees. Prior to November 2009, REINZ membership was compulsory for all real estate agents. Membership is now voluntary but REINZ estimates that around 95% of active agents are members.
27. Among other services, each month REINZ provides its members with residential and rural sales data. This data includes any sale and purchase in which a REINZ member has been involved, that has become unconditional in that month (even if it has not settled). REINZ collates the aggregate data from individual data provided by its members. REINZ data is only available to members (ie, it is not made publicly available in any detail). REINZ also provides some raw data to Headway and Data Insight (discussed below).
28. A small number of valuers also subscribe to REINZ and have access to certain of REINZ's services (such as its sales data); however, they are not full members of REINZ.

¹³ When the merger application was received, QV owned 50% of the shares in PropertyIQ, with the remaining 50% held by RP Data New Zealand Ltd. On 1 September 2013, QV sold 10% of its shareholding to RP Data New Zealand Ltd, therefore decreasing QV's shareholding to 40%.

¹⁴ Territorial authorities include unitary authorities, city and district councils.

¹⁵ Throughout this report, unless otherwise specified, we refer to these two datasets as 'council data'.

Headway Systems Ltd (Headway)

29. Headway supplies software, sales data and hosting services to property professionals. Headway was formed by valuers to provide services to valuers. It is currently 50% owned by the New Zealand Institute of Valuers (NZIV) and 50% by P.T. Investments Limited.¹⁶
30. Headway's point of difference is that the software it uses resides on its clients' hard drives, and data is added at regular intervals. This means that its users have the ability to customise the data to suit their needs.
31. [].

Custom Software Limited (Custom Software)

32. Custom Software is a New Zealand company established in 1996, providing mapping and property information products nationwide. Its core product is QuickMap, which is used primarily by surveyors. QuickMap is designed as a one-stop shop for a range of property information, including maps, title, owner, sales, and imagery. PropertyIQ estimates that Custom Software provides property information services for around []% of surveyors nationwide.

Data Insight Limited (Data Insight)

33. Data Insight is a data services business that provides bespoke services for its clients. Its clients tend to be larger corporate customers such as banks and insurers.
34. Data Insight was incorporated in April 2012 and its directors are Carmen Vicelich and her husband. Ms Vicelich has extensive experience in property information services, [].

Customers

35. As discussed in the Market Definition section below, the Commission considers that there are three broad customer groups which use the property information products and services provided by the merging parties: corporate and public entities, property professionals, and consumers and SMEs.

Corporate and public entities

36. This category of customers includes insurance companies, telecommunications companies, banks, government departments, and public agencies. These customers use the merging parties' products and services to enhance and support their businesses.

¹⁶ PT Investments is owned by a group of independent valuers.

37. Unlike other customers, corporate and public entities require property information solutions that are customised to their particular needs. For instance, the New Zealand emergency services require precise address information to be able to identify properties where their services are needed. On the other hand, insurance companies use heat maps to visually portray historical risks in an area (eg tsunami, earthquake, and flooding risks).

Property professionals

38. Property professionals, including real estate agents, valuers, surveyors and property managers, are a diverse group that use property information products and services. The group is characterised by its reliance on property information in order to conduct its day-to-day business.
39. Some property professionals rely on property information to fulfil their statutory obligations. For instance, real estate agents are required under rule 10.2 of the Real Estate Agents Act (Professional Conduct and Client Care) Rules 2012 to produce a comparative market appraisal¹⁷ (CMA) for each property appraisal using current property information. Similarly, valuers have obligations under their legislative framework¹⁸ to provide accurate valuations, including comparative sales figures, based on current property information.

Consumers and SMEs

40. Consumers and SMEs tend to use property information on an ad hoc basis. The needs of this group of consumers are diverse, ranging from casual web browsers to those wanting specific information on their (or others') properties. Due to the sporadic use of property information by this consumer group, it is difficult to accurately identify all purposes for which the property information is used.

Market Definition

Our approach to market definition

41. Market definition is a tool that provides a framework to help identify and assess the close competitive constraints the merged firm would likely face. Determining the relevant market requires us to judge whether, for example, two products are sufficiently close substitutes as a matter of fact and commercial common sense to fall within the same market.
42. To help us establish whether customers would switch sufficient purchases to alternative products, we use the hypothetical monopolist test as a conceptual tool. This test asks whether a hypothetical sole supplier of a set of products would profitably increase prices for at least one of the merging firms' products by at least a

¹⁷ A comparative market appraisal is a report prepared by a real estate agent for a vendor outlining estimated sale price based on similar properties.

¹⁸ The regulatory framework for valuers is made up of the Rating Valuations Act 1998, Rating Valuations Regulations 1998, and the Rating Valuations Rules 2008.

small, but significant, amount.¹⁹ This small, but significant, amount is often referred to as a SSNIP – a small, but significant, non-transitory increase in price.

43. In general, the smallest set of products in which the SSNIP can be profitably sustained is defined as the relevant product market.
44. However, in this case, it is difficult to draw bright lines between the products on the continuum and divide them into discrete markets. This is because the merging parties supply property information products with a range of characteristics from complex to relatively simple. Those products are also of a nature that they can be combined in a number of different ways.
45. What seems to matter more in assessing competitive constraint is the comparability of each firm's underlying dataset – and ability to access a comparable underlying dataset. It is from those underlying datasets that each rival firm can then construct competing products.
46. Nevertheless, given that the parties target specific products at particular customer types, we have identified the following markets to assist in our analysis:
 - 46.1 the national supply of property information products to corporate and government customers;
 - 46.2 the regional supply of property information products to property professionals; and
 - 46.3 the regional supply of property information products to consumers and SMEs.

The applicant's view of the relevant markets

47. PropertyIQ submitted that the relevant markets affected by this transaction are the national markets for:
 - 47.1 consumer property reports;
 - 47.2 property professionals information services;
 - 47.3 corporate property information services; and
 - 47.4 geospatial data services.

Our view of the relevant markets

Product market

48. As already described briefly, the merging parties supply a broad range of property information products and services produced from a rich property information dataset. This dataset is created from data aggregated from different sources such as councils, LINZ and GNS, and includes:

¹⁹ The test assumes that all other prices are held at current levels.

- 48.1 property value such as latest sales price and council valuation;
 - 48.2 ownership such as the title and sales history;
 - 48.3 property characteristics such as property size, building/floor size and resource consents; and
 - 48.4 building characteristics such as the number of bedrooms, number of bathrooms and recent renovations.
49. Suppliers target different customer groups through different platforms. PropertyIQ and Terralink each have several websites targeted at property buyers and sellers, property professionals, and various corporate users, including banks. The complexity of the product tends to increase with the sophistication of the customer. Banks, for example, purchase both standard valuation reports and customised data analytics services.
50. The following PropertyIQ websites offer property reports relying mainly on council data, and are augmented by other information such as mapping:
- 50.1 QV.co.nz offers free basic property information as well as property packages such as the e-valuer²⁰ and comprehensive property packs that can be purchased. These incorporate increasingly in-comprehensive bundles of property data. This site is aimed at consumers;
 - 50.2 RPNZ.co.nz (RPNZ) is a subscription service for property professionals which gives the customers access to data covering all properties in the country, including the DVR and sales data as well as ancillary information such as mapping and sunshine hours, in order for these customers to generate CMAs or valuations;
 - 50.3 Cityscope.co.nz offers a similar service to RPNZ.co.nz that is tailored to property professionals that specialise in commercial property; and
 - 50.4 PropertyIQ.co.nz offers property reports to corporate customers which includes the panel valuation service for banks.²¹
51. The following Terralink websites offer property reports relying mainly on council data, and are augmented by other information such as mapping:
- 51.1 zoodle.co.nz (Zoodle) offers free basic, local, home valuer and comprehensive property reports incorporating increasingly in-depth bundles of property data

²⁰ E-Valuer is an automated valuation model which uses a range of data and mathematical algorithms to generate an estimate of a property's value.

²¹ This service nominates a valuer from the panel to a request for a valuation received from the bank. This allows the banks to be certain of the independence of this advice. This service is tiered. That is, based on confidence and value brackets specified by the banks the request will either trigger an e-valuer calculation; a desk-top valuation from the valuer, or a full valuation from the valuer.

respectively. Specific reports on previous sales and title details, for example, can be purchased separately. This site is aimed at consumers;

- 51.2 property-guru.co.nz (Property Guru) is a subscription service for property professionals. Property Guru gives its customers access to data covering all properties in the country, including the DVR and sales data as well as ancillary information such as mapping and sunshine hours, in order for these customers to generate CMAs or valuations;
 - 51.3 terranet.co.nz (Terranet) offers property reports to corporate customers;²² and
 - 51.4 Terrabank offers a suite of customised data analytics tables and outputs to the finance sector.
52. We have considered whether or not other valuation services (for example carried out by a registered valuer) may be substitutable for the electronic valuation services provided by the merging parties. We consider that the specialised and individual service offered by a registered valuer, coupled with its much higher cost, is likely to exclude such services from the relevant market.
53. As there is a range of products along a continuum from less complex to complex, with a variety of product characteristics along the way, it is difficult to draw bright lines between products.
54. Nor is it easy to draw boundaries based on price differences. This is because the price difference between these products is not easily comparable as some are subscription based while others are charged per report and specific reports may differ. Pricing of reports to commercial customers is lower than the pricing to consumers. However, the charges for these products are similar across the merging firms.
55. Nevertheless, different customer classes may require different competitive alternatives to fulfil their needs, or ways of exercising competitive constraint on the merged firm.
56. As a result, to assist our analysis, we have classified into the following product markets:
- 56.1 property information products for corporate and public customers;
 - 56.2 property information products to property professionals; and
 - 56.3 the regional supply of property information products to consumers and SMEs.

²² These property reports can include e-valuer products but not valuation services provided by valuers.

Geographic market

57. Property information products are supplied on a nationwide basis. That is, a licence to access property information products on Property Guru or RPNZ gives access to data across the whole country rather than limited to a particular region.
58. Although customers can access property information for the whole country, not all customers want a national product. In particular, commercial and government customers typically require products for the whole country whereas property professionals and individuals are typically interested in more localised property information. For example:
 - 58.1 banks require e-valuer products to cover the entire country because access to the product is purchased centrally for all bank branches, with each branch then using the product (and the underlying property data) to make assessments across the country; and
 - 58.2 a real estate agent might sell properties in a particular area. This agent would then only be interested in products for this area. Indeed, property professionals we spoke to indicated that they typically choose between PropertyIQ and Terralink at an office level rather than at the head-office level, so that the individual offices of large real estate companies may each source their property information needs from different suppliers.
59. We consider that the local specificity required by some customers precludes the ability for geographic supply side substitution. A provider which supplies the Hawke's Bay area with Hawke's Bay specific data would be unable to switch to supplying to real estate customers in Wellington as the Hawke's Bay data would be irrelevant for their needs.
60. We, therefore, assess the competitive effects of this merger on the:
 - 60.1 national supply of property information products to corporate and government customers;
 - 60.2 regional supply of property information products to property professionals; and
 - 60.3 regional supply of property information products to consumers and SMEs.

With and without scenarios

With the acquisition

61. With the acquisition, PropertyIQ would acquire Terralink's business and assets comprising land and property data and related information services, as well as geospatial data and related information services.

Without the acquisition

62. We consider that without the acquisition, Terralink would likely remain as an independent provider of geospatial data, property information services and solutions, and would continue to have PropertyIQ data reseller rights.

Competition analysis

Introduction

63. To determine whether or not the proposed acquisition is likely to result in a substantial lessening of competition in the markets identified above, for each market we have assessed:
- 63.1 whether there are other competitors which are sufficiently close on the continuum of property information services to provide a meaningful constraint on the merged entity post acquisition;
 - 63.2 whether any customers are able to exercise countervailing power to limit any exercise of market power by the merged entity; and
 - 63.3 whether there are any potential competitors that would be able to either move up or down the continuum to provide this constraint and/or enter the market de novo.

The supply of property information products to corporate and government customers

Summary of the Commission's view

64. We consider that the proposed acquisition is not likely to result in a substantial lessening of competition for the supply of property information products to corporate and government customers.
- 64.1 PropertyIQ and Terralink do not appear to be close competitors for the majority of services procured by large corporate and government customers. PropertyIQ and Terralink each have a level of speciality in servicing large corporate clients, with each bringing a different skill set. PropertyIQ brings its expertise in analytics, property attributes and valuation data sets, whereas Terralink brings its geospatial expertise, land data sets and geospatial consultancy and solutions.
 - 64.2 Where competition between the two is closer, namely the provision of automated valuation model²³ (AVM) services, alternative competitors exist that will continue to constrain the merged entity.
 - 64.3 For products offered solely by the merged entity (such as property information reports), corporate and government customers are likely to have

²³ An AVM is a service which provides real estate property valuations using mathematical modeling combined with a database. AVMs tend to provide an estimate of a property's value by analysing the values of properties with similar characteristics. Some AVMs take into account previous surveyor valuations, historical house price movements, and user inputs.

sufficient countervailing power so as to deter the merged entity from imposing any sustained price increase above competitive levels or reducing the quality of their services/products.

Competition between PropertyIQ and Terralink

65. Both PropertyIQ and Terralink provide corporate and government customers with a range of data and information services. These services can be as simple as outsourcing access to publicly available information (such as certificates of title), through to data matching and bespoke analytical services.
66. PropertyIQ focuses on providing services and products that draw on its expertise in property and valuation data such as risk evaluation and management for banking and insurance customers, customer identification, and valuation on individual properties or a wider portfolio. A key focus of PropertyIQ's efforts in the corporate sector is on its banking clients. [].
67. On the other hand, Terralink provides products and services where imagery, mapping and address data are important. Where PropertyIQ focuses on the attributes of a particular property, Terralink focuses on a property's relative location, assets, and features. Key customers of Terralink include [] utilise Terralink's products and services to track and plan existing and new asset locations, and New Zealand's emergency services,²⁴ which utilise Terralink for its incident response, address and imagery information.
68. We have spoken with a range of government and corporate customers. These groups have stated that they do not consider that PropertyIQ and Terralink are in competition as they each specialise in the provision of different services.
- 68.1 [] stated that the services offered by Terralink for banking customers are limited and are useful for specific areas only (such as fraud detection). [] did not raise any concerns regarding the proposed acquisition.
- 68.2 New Zealand Police (which manages the emergency services contract on behalf of all participating agencies) stated that PropertyIQ is not able to offer the data needed to suit the emergency services' requirements and that Terralink, NZ Post and Critchlow²⁵ are the key suppliers of these services. The key data required by emergency services is road information and address information. New Zealand Police stated that []. New Zealand Police expressed no concerns with the proposed acquisition.

²⁴ Including Police, St John Ambulance, Fire Service, and Defence forces.

²⁵ Critchlow is a New Zealand-based geospatial services company, offering GIS data, software, and professional services.

68.3 [] purchase services from Terralink, do not consider PropertyIQ to be an alternative for their needs.

69. We consider that for the majority of property information services that corporate and government customers purchase PropertyIQ and Terralink do not appear to be close competitors. As such, competition is unlikely to be substantially lessened in this market as a result of the proposed acquisition. We are satisfied that customers are likely to continue to have substantially the same options with the acquisition as without.
70. However, the Commission considers that PropertyIQ and Terralink are close competitors for the provision of AVM services to corporate customers – particularly banks²⁶ – and we turn to that now.

Existing competition in relation to AVMs

71. An AVM is a service which provides real estate property valuations using mathematical modeling combined with a database. AVMs provide an estimate of a property's value by analysing the values of properties with similar characteristics.
72. PropertyIQ and Terralink each provide competing AVM products. These AVM services constitute approximately [] of the banks' purchases from the merging parties.
73. All AVMs have the same purpose: to estimate a property's value using algorithms. However, the more comprehensive the data that feeds into the AVM algorithm, the more accurate the product.
74. Currently, there are two other providers of AVM services in addition to the merging parties, Custom Software, and Data Insight. []].
75. [] and has commenced promoting this product to banks and other corporate customers.

76. []

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].

²⁶ For example, [] stated that, in its view, the services and products provided by Terralink and PropertyIQ overlap only in the provision of AVM products.

²⁷ []

77. We consider that while the merging parties are strong in the provision of AVM services, Data Insight's AVM product is a competitive alternative to the merging parties' products and is likely to provide increasing competitive constraint with the merger.

Potential competition to supply AVM services

78. []. PropertyIQ has told the Commission that it costs approximately \$[] to develop an AVM formula. [].
79. The key barrier to entry into providing an AVM product is obtaining access to the input data (such as valuation and property characteristics). As outlined in the sections on property professionals and consumer products below, we consider that potential competitors are able to access the required data.

Countervailing power

80. Banks have told us that they purchase a broad range of property information products from both parties, and that there is strong competition for the supply of most of these products. As such, the banks do not believe that the merged entity would risk increasing prices on the AVM product. This is because, [], the AVM only makes up around [] of a bank's property information purchases, and therefore staging a price increase on the AVM might damage relations with banking clients for the sale of other products.
81. We consider that the banks have sufficient countervailing power to limit a price increase for AVM products by the merged entity by punishing a price increase in other markets where the merged entity faces stronger competition (such as bespoke analytical and geospatial services).

Conclusion on the supply of property information products to corporate and government customers

82. We consider that both with and without the merger, PropertyIQ and Terralink would continue to provide minimal competitive constraint on each other for the majority of the property information products and services purchased by corporate and government customers. We consider that the merging parties are not close competitors such that the removal of Terralink as an independent competitor would be likely to result in a substantial lessening of competition.
83. For those products where the merging parties are close competitors, we consider that the merged entity would face strong competitive constraint from existing providers of AVM products and the ability of large corporate customers to exert countervailing power.

The regional supply of property information products to property professionals

Introduction

84. We consider that the proposed acquisition is not likely to result in a substantial lessening of competition for the regional supply of property information products to property professionals.
85. While the acquisition would remove the competition between PropertyIQ and Terralink, we are satisfied that the likely entry [] will provide meaningful competitive constraint on the merged entity.

PropertyIQ's products

86. PropertyIQ's property professionals products are RPNZ (for real estate agents) and iAdvise (for valuers). These two products are virtually identical, with the only distinction being differing presentation.
87. Both products provide a one stop shop for property professionals, which enable users to search a comprehensive property database, including comparable sales information, property boundaries, aerial photos, valuation, titles, ownership information, and details of currently listed properties. The user can then consolidate this data in a report that forms the basis of a property professional's CMA or valuation.²⁸
88. RPNZ provides more real estate agent specific functionality, providing agents with the ability to manage their day to day operations by tracking listings and marketing campaigns, generating leads and producing a range of reports and documents.
89. In 2012, PropertyIQ had [] customers across these two products, with [] purchasing RPNZ and the remainder purchasing iAdvise.²⁹

Terralink's products

90. Terralink also provides a 'one stop shop' for property professionals through its Property Guru product. Like RPNZ and iAdvise, Property Guru enables property professionals to view a wide range of property information and order a number of different reports and documents.
91. Where Property Guru differs from the RPNZ and iAdvise products is in its level of customisation. Property Guru is available in two main forms, Professional and Signature. The Professional product provides imagery, ownership and title information, listing history, mapping, and prospecting tools. The Signature product provides the same features as the Professional product, but also has additional

²⁸ Other platforms, such as PropertyIQ's QV.co.nz and both Terralink's Zoodle and Terranet platforms, also sell property reports that include relevant property information and can be used by property professionals. These platforms are aimed at individual home buyers and sellers rather than property professionals.

²⁹ Note: this does not reflect the true number of users as licences may be sold on both an individual and group basis.

modules which enables customers to prepare personalised documents (such as CMAs).

92. Property Guru has approximately [] customers across both products.

Property professionals' property information needs

93. We have spoken with users of both Property Guru and RPNZ. They have stated that Property Guru and RPNZ are more or less interchangeable, with both products having nominal advantages over the other. For example, the mapping and imagery capabilities of Property Guru are seen as superior, reflecting Terralink's expertise in this area.
94. Property professionals using the Property Guru and RPNZ products have emphasised that they do so in order to access key datasets, being council-held DVR and sales data. This information, coupled with the functionality of the Property Guru and RPNZ platforms, allows property professionals to quickly and easily create accurate comparisons between similar properties. This feature is particularly important for real estate agents and valuers, as both professions have statutory obligations to base their assessments on robust information.
95. The DVR data held by councils contains the following information:
- 95.1 certificate of title reference, where applicable;
 - 95.2 name of owner(s);
 - 95.3 name of ratepayer(s);
 - 95.4 situation address of the rating unit, where applicable;
 - 95.5 valuation reference number;
 - 95.6 legal description, where applicable;
 - 95.7 land area, where applicable;
 - 95.8 effective date of valuation;
 - 95.9 rateable value or values. Where the value of improvements is the rateable value, capital value and land value must also be displayed; and
 - 95.10 where capital value or annual value is maintained, nature of improvements, i.e., a description of the type of improvements on a property, eg, dwelling, garage, other buildings, and other improvements.
96. Sales data is also held by councils, and consists of any confirmed sales that have occurred in a region. This includes private sales and sales that may be otherwise than at arm's length (i.e., sales that settle at a price short of the open market value).

97. Councils are required to make this data available to the public under the Local Government Official Information and Meetings Act 1987. However, they also have a right to commercialise the data, and therefore can charge for bulk requests.

Competition between PropertyIQ and Terralink

98. As described below, the information we have received demonstrates that PropertyIQ's RPNZ and iAdvise products compete vigorously with Terralink's Property Guru products and are each other's closest competitors. We expect this would continue without the acquisition.
99. As described previously, the functionality of the products is very similar and it also appears that pricing is very similar.
100. Further, real estate agents and valuers we spoke to stated that they consider that the PropertyIQ and Terralink products are their only existing options for comprehensive property information and reporting.
101. [].
102. [] stated that all of its offices use either Property Guru or RPNZ (sometimes both) and that it considers these products to be an essential part of its business.
103. Due to its strength [] also uses the REINZ data feed, although it noted that REINZ data lacks private and commercial sales.
104. [] stated that it would be concerned if, as a result of the proposed acquisition, only one provider had a monopoly over access to the council-held DVR and sales data, which is required for its agents to create CMAs.
105. [] stated that PropertyIQ and Terralink currently compete aggressively for business from real estate agents. [] stated that he is currently able to use the presence of Terralink to negotiate pricing with PropertyIQ (and vice versa). [] is concerned that if his choice is removed, he will lose this ability.
106. [] offices use a combination of Property Guru and RPNZ, and that the choice between the two products is dictated by the preferences of the agents rather than any difference between the two products.
107. [] noted that access to the DVR and sales data is essential as the REINZ sales data is not a comprehensive substitute. [] would not want to rely solely

on REINZ data. Further, he said that if the merged entity sought to impose high prices or unreasonable terms on [].

108. While PropertyIQ and Terralink appear to be each other's closest competitors, we have assessed whether there are any other parties that are close enough competitors to Property IQ and Terralink to provide a competitive constraint on the merged entity, either by providing a similar product to the merging parties, or providing an individual aspect of that product which could be combined with others to replicate the RPNZ/iAdvise and Property Guru products.

Existing full service competitors

109. Headway is primarily a provider of software and data solutions to valuers through its Valbiz software package. Valbiz enables a valuer to manage all aspects of their business through a single software tool and provides database management and customer relationship management functionality.
110. Valbiz provides a comprehensive system for compiling, analysing and presenting property information. The Valbiz product is a desktop based product enabling users to interrogate and mix data, produce reports, and manage their day to day business.
111. Headway (in conjunction with Custom Software) also provides a product called QuickMap SalesView. QuickMap SalesView enables customers to integrate the data and software provided by Headway with the GIS and mapping capability of Custom Software. QuickMap SalesView users are able to view a wide range of information about a property including ownership and title details, mapping, imagery, sales history and areas of interest (for example school zones). The QuickMap SalesView product allows users to order legal documents, obtain an estimated sale price/valuation, and prepare CMAs and other reports. Property professionals can also create CMAs and analyse property information in a similar way to Property Guru and RPNZ.
112. In the absence of the PropertyIQ data supply, Headway is currently sourcing property and sales data from two main sources: through direct arrangements with individual councils, as well as through a data feed from REINZ.
113. Headway currently has arrangements to obtain DVR and sales data covering approximately [] of the property sales in New Zealand, with the balance of sales data being obtained from REINZ.
114. In 2012 Headway achieved sales of \$[]. Reflecting its industry ownership structure and historical area of focus, approximately []% of its customers are valuers with the balance being real estate agents and other property professionals.
115. Valuer customers we spoke to indicated that they view Valbiz as a feasible alternative to the products supplied by PropertyIQ and Terralink, at least in terms of functionality. However, evidence provided by Headway has shown that [

].

116. Real estate agents we have spoken with have not considered Headway as a feasible alternative for their needs as compared to the Property Guru and RPNZ products. [] stated that Headway is viewed as a potential supplier. However, he considered that its offering was not as comprehensive as those provided by the merging parties as the REINZ data is not a good alternative to council data.
117. Headway stated that its product was designed primarily for its valuer clients and as such we consider that it is not tailored towards the needs of real estate agents in the same way as PropertyIQ's and Terralink's products. Headway's Valbiz and QuickMap SalesView products do allow agents to utilise similar functionality to the Property Guru and RPNZ products but do not allow agents to view property listings and other information of interest in the same way that the merging parties' products allow.

Other suppliers of property information

118. As discussed, property professionals use property information in a number of ways such as the preparation of CMAs and valuation reports, lead generation, maps, previous listing information, research and legal document search.
119. Each of these needs can (to a greater or lesser extent) be satisfied individually through the use of publicly available information (such as information from councils and LINZ) and the customer's own knowledge and experience.
120. In addition, there are a number of parties that provide individual services:
- 120.1 Headway – provides valuation management software;
 - 120.2 REINZ – provides its members with sales listings and property information data;
 - 120.3 Property Suite –provides real estate management software encompassing administration, trust accounting, document ordering, customer management and CMA generation (from the agent's own data or purchased data);
 - 120.4 Watchmystreet – provides free property information and valuation data for Wellington city; and
 - 120.5 Whatson – collects and resells consent information and other construction data.
121. PropertyIQ has submitted that different data components could be sourced and combined by a property professional to replicate the one stop shop offering currently provided by Property Guru and RPNZ/iAdvise. Table 1 outlines PropertyIQ's submission:

Table 1: Alternative data sources, as submitted by PropertyIQ

Component	Source	Charged for?
Ownership information and title searching	LINZ	Ownership information is free, although there is a cost for document ordering
Listing history and descriptions	REINZ listing feed	Yes, as part of REINZ subscription
Mapping and imagery	REINZ listing feed & Google maps	Yes
Customer management and document preparation	Property Suite	Yes
Property attributes	REINZ listing feed	Yes, as part of REINZ subscription
Previous sales	REINZ sales feed (although this is not as comprehensive and lacks some key components)	Yes, as part of REINZ subscription
Rating valuation	Councils	No ³⁰

122. While Table 1 shows that, in theory, a property professional could largely replicate the products supplied by the Property Guru and RPNZ/iAdvise products, a customer could combine different sources of data for example the REINZ listings information with council information on specific properties. However, we do not consider that this would be a viable alternative for customers. This is due to the practical implications of sourcing the information from a number of different suppliers. For example:

122.1 in order to obtain full access to the data held by local councils, a customer would in many cases need to physically view the council records; and

122.2 instead of searching for information on comparable properties (ie, properties with the same number of bedrooms and property size) the customer would

³⁰ Our investigation suggests that council data is freely provided for ad hoc data requests. However, if parties wish to source this data in any significant quantity, the councils have the right to charge for this under s 7 of the Local Government Official Information and Meetings Act 1987. This has been confirmed by the Ombudsman. From this ruling, it appears that the threshold for charging for council data is approximately 100 individual records.

need to know which comparative property addresses to request from the council.

123. We do not consider that this process is likely to be a realistic alternative to the services currently offered by PropertyIQ and Terralink. The key value for property professionals in utilising a single product is in the convenience and breadth of services it provides. A property professional is less likely to expend the time and effort (and in some cases cost) of sourcing information this way as it would make the services they provide less timely (and therefore less attractive to the customer) and therefore not an effective commercial substitute.

Conclusion on existing competition

124. Property IQ's RPNZ and iAdvise products and Terralink's Property Guru product are currently each other's closest competitor. We expect this would remain the case in the future absent the acquisition.
125. Headway provides a measure of competitive constraint on the merging parties' sales to valuers, as Headway's products are tailored to meet valuers' needs and valuers have an interest in continuing to utilise Headway's products due to their ownership stake (albeit indirect). However, Headway's products do not provide meaningful competition for other property professionals with different needs, especially real estate agents.
126. Further, while individual sources of property information do provide an alternative for parties wishing to obtain specific information, they do not provide a close enough alternative (either individually or taken together) to the products supplied by PropertyIQ and Terralink.

Potential competition – property professionals market

127. In order for market entry to be a sufficient constraint, entry of new participants in response to a price increase or other display of market power must be likely in commercial terms; sufficient in extent to constrain the merged entity; and timely – feasible within two years from the point at which market power is first exercised.

128. [].

129. [].

130. []

130.1

130.2

130.3

130.4

131.

[redacted]. As discussed, property professionals (especially valuers and real estate agents) consider access to a full set of DVR and sales data as essential to fulfilling their statutory obligations.

132. We consider that a new entrant would be able to effectively compete with the merged entity in an individual region if it obtained the data for that region. However, if a new entrant did not have access to specific region data then the proposed acquisition could still result in a substantial lessening of competition in that region. In order for this not to occur, a new entrant must either enter at a national level, or be likely to, by obtaining incremental access to the nationwide dataset from councils on a region by region basis.
133. [redacted] concern regarding an incomplete DVR dataset arose from PropertyIQ's exclusive arrangements with the [redacted]. However, PropertyIQ has confirmed that these exclusivity provisions have been removed from these arrangements.
134. Given this change in behaviour, we consider that [redacted] is free to enter into commercial negotiations with the [redacted] on mutually agreed terms.
135. We also note that, in addition to the [redacted], other councils have been unwilling to supply their DVR and sales data to parties other than PropertyIQ, despite no specific exclusivity arrangements. There are a number of reasons why this may be the case; for instance, councils may lack the resources to manage the on-sale of their data to a number of parties, and therefore prefer parties to approach PropertyIQ for the data instead.
136. We consider [redacted] are likely to be successful in securing supply contracts with the councils given the increasing willingness of councils to deal with multiple parties, QV's communications with the councils indicating its willingness to facilitate supply of the council data to third parties (in addition to PropertyIQ), and the removal of exclusivity clauses restricting access to the [redacted] data.

137. Furthermore, we consider that, absent any exclusivity provisions in contracts between councils and third parties, councils will be incentivised to sell their data to as many entities as possible for the purpose of enhancing revenue.
138. This is reinforced by the fact that central Government has initiated a movement towards freedom of government-held information, including that held by councils. As such, we consider that DVR and sales data is likely to follow this trend and to become increasingly available.
139. We would expect that in the future, where parties and Councils seek to enter into commercial negotiations for the provision of DVR and sales data, that Councils are cognisant of their obligations to provide access in a manner that does not place them at risk of breaching the Commerce Act.

Competitive constraint provided by [] in the property professionals market

140. We assess whether entry by new competitors or expansion by existing competitors is likely to be of a sufficient extent and in a timely fashion to constrain the merged firms and prevent a substantial lessening of competition. We have considered whether or not the [] product would be able to constrain the merged entity.
141. We consider that entry by []]. The Commission therefore considers that entry is both likely to occur, and likely to occur within a reasonable timeframe.
142. We are also satisfied that [] will be able to approach and enter into arrangements with all local authorities nationwide for the supply of data. We are also satisfied that [] have sufficient skills, expertise and industry contacts to launch a comparable product to the merged entity in terms of functionality and fitness for purpose.
143. We consider that with the acquisition, [] in the regional markets for the provision of property information reports to property professionals such that the proposed acquisition is not likely to result in a substantial lessening of competition in those markets.

Conclusion on the supply of property information products to property professionals

144. While we consider that the acquisition would remove the close competition between PropertyIQ and Terralink, we are satisfied that the merged firm would remain constrained [] As a result, we are satisfied that the acquisition will not likely result in a substantial lessening of competition in the market for the supply of property information products to property professionals.

The regional supply of property information products to consumers and SMEs

Existing competition

145. Consumer property information products are sold online directly to customers including property owners and vendors and purchasers of residential homes. These products are either sold directly on the supplier's website or through links to the supplier's website from syndicated partners such as Trade Me.
146. PropertyIQ's offering in this market is the QV.co.nz website and Terralink's is Zoodle. Both of these products have similar functionality to the parties' property professional offerings. However, they lack the additional features such as CMA preparation and administration tools and are presented in a more consumer-friendly format.
147. The products supplied in this market are based around information on a property, although the level of detail and information about that property will differ depending on customer preferences. For example, a customer can visit QV.co.nz or Zoodle, enter a property address, and be presented with a range of information and report options, some free, some able to be purchased. The available information includes free basic property details such as land area and number of bedrooms and images, and purchasable information such as building consent details, sales history, and property valuation.
148. Property IQ estimates its own market share in the consumer property products market at approximately []% with Zoodle making up the remainder. The current sales and market share of the merging parties' consumer/SME products are outlined in Table 2.

Table 2: Shares of the consumer/SME property report market for FY2013 and FY2012

Product	2013 \$m	2013 Share	2012 \$m	2012 Share
QV.co.nz	[]	[]%	[]	[]%
Zoodle	[]	[]%	[]	[]%
Total	[]	100%	[]	100%

149. In its internal documents, []
].
150. Zoodle was established in 2009 as a joint venture between Terralink and realestate.co.nz/REINZ.³¹ []
].

³¹ Realestate.co.nz is 50% owned by REINZ and 50% by the five largest real estate groups: Ray White, Harcourts, Barfoot & Thompson, LJ Hooker, and Bayleys.

151. The prices of the consumer property information reports range from free, to \$3.25-\$4.95 for reports containing a single type of information, and \$9.95-\$75 for reports containing bundles of information. Prices for comparable products (such as the comprehensive property report, offered by both parties at \$75) are similar. The price for the comprehensive report from QV.co.nz was \$79.95 until very recently and overall Zoodle's advertised prices tend to be around 10% higher than QV.co.nz's.
152. The merging parties' most popular consumer reports include some indication of the property value (either through the latest ratings valuation or an estimate of the value through an AVM calculation) and some comparison of similar properties in the area. PropertyIQ's top selling reports to consumers are [] reports. These reports accounted for approximately []% of its consumer revenues in 2010/2011.
153. We consider that while QV.co.nz and Zoodle are close competitors, QV.co.nz is the leading service provider in this market. Between 2012 and 2013, QV.co.nz experienced revenue growth from report sales of []%, while Zoodle's report revenue grew by []%.

Alternative sources of property information

154. In addition to PropertyIQ and Terralink, there are a number of alternative sources of property information that can be accessed by consumers. These options and the cost and means of access to some of them are described in Table 3.

Table 3: Alternative sources of property information for consumers

Source	Information available	Price / access
LINZ	Title information, ownership details, boundaries and mapping.	Free / online
Councils	Rating valuation, property images and boundaries, basic property information, hazard information and building consent details.	Free to view on an individual property, in some cases a physical visit to the council is required and fees payable if more comprehensive or urgent information is required
Google	Aerial and street level images of the property, mapping and suburb information.	Free / online
Real estate agents	CMAs and estimates of property value.	Free but acts as an entry point to a relationship with an agent.

Statistics New Zealand	Demographic information	Free / online
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155. When using these providers, a consumer is effectively bypassing the products of the merging parties and going to the source directly. However, these information providers do not replicate the one stop shop experience provided by QV.co.nz or Zoodle. Nor do the direct sources of information provide an estimate of a property's value (apart from the ratings valuation which is available from councils). The free sources also do not generally allow for consumers to easily compare multiple properties or identify properties with specific characteristics. For example, Zoodle's Home Valuer Sales Report provides details of six recently sold properties similar to the subject property.
156. A consumer could combine a number of the above sources to replicate aspects of the merging parties' products, but this would lack the one stop shop experience and therefore not provide a perfect substitute.
157. Given that much of the information contained on the merging parties' websites is otherwise available for free, consumers appear to be generally paying for the convenience of aggregation, ease of access, as well as, in some cases, the provision of an estimate of a property's value. This estimate is based on an AVM which currently only the merging parties and Data Insight offer to the market.
158. There are a number of other parties that also provide a more consumer-oriented experience and provide free property information in a report-based format. These providers are discussed below.

watchmystreet.co.nz

159. watchmystreet is an online tool which allows consumers to view a range of information about a property including its current rating valuation, school zones, sunshine hours, properties for sale near the property, attributes (such as number of bedrooms, floor area etc) and details of other properties in the street or area. The value given for each property is limited to the council held rating valuation and has not been compared with other similar properties.
160. watchmystreet is affiliated with 200 Square, an online real estate company which uses watchmystreet as a lead generation tool to develop business for its real estate business. Currently, watchmystreet is only available for properties in Wellington City but it is looking to access data from other regions in order to expand its business.
161. Property IQ [
-].

whatpricemyhouse.co.nz & streetvalue.co.nz

162. On whatpricemyhouse, a consumer can enter the details of the subject property and they will be sent a report detailing comparable properties that have been sold in the area. This report is compiled by a real estate agent and is used as a lead generator for the member agents. On streetvalue, a consumer is able to access a report on a property which outlines council DVR information, school zones, demographic and suburb information and an estimation of the value of the property as a rental investment. These reports are available nationwide.
163. The key differences between these products and QV.co.nz / Zoodle are that they have less comprehensive data, and that they rely on a third party (a real estate agent) to collect and analyse the data before it is fed to the customer.

Homehunter.co.nz

164. Homehunter has been launched by Kiwibank. It enables Kiwibank customers to search for desirable properties for sale based on a number of attributes, and to obtain information such as floor and land area, map location, open home times, and a property description. Homehunter is a mobile-based application and enables customers to view geo-located information (such as sunshine hours or properties for sale near to the customer's location). As its name suggests, this product is aimed at property buyers as opposed to sellers.
165. In addition, customers who get home loan pre-approval are able to view an estimated selling price of the property, the current rating valuation, and comparable sales information. The data for this product is sourced from REINZ (through its sales feed), Headway (for DVR and sales data) and LINZ.

Conclusion on existing competition

166. We consider that PropertyIQ's QV.co.nz and Terralink's Zoodle are currently each other's closest competitors in the market for the supply of property information products and services to consumers and SMEs. However, QV.co.nz appears to be a [] competitor than Zoodle.
167. We also consider that free providers of information such as Homehunter and watchmystreet would continue to provide some degree of constraint to the merging parties. This constraint is weakened somewhat by the limited availability of these products (ie, Homehunter is only available to Kiwibank customers and watchmystreet is currently limited to Wellington). In addition, greater time and effort needs to be invested by the consumer to get similar information to that provided by the QV.co.nz and Zoodle reports due to those products being one stop shops.

Potential entry

168. The likelihood of entry or expansion depends on whether firms can profitably enter the market in light of any entry conditions. The expected profitability of entry and expansion depends on the costs and risks associated with entry and expansion

relative to expected revenues. Conditions of entry and expansion can take a variety of forms, including structural, regulatory and strategic conditions.

169. In terms of structural conditions of entry, we consider that in this matter these can be divided into two main areas:

169.1 infrastructure – the technical requirements and resources needed to offer a competing product; and

169.2 inputs – the data needed to provide a competing product and its availability.

170. A third category of structural conditions relevant to this matter are economies of scale and scope. That category is more thoroughly considered in our below discussion of the likelihood of entry.

Infrastructure

171. PropertyIQ submitted that the technical requirements to enter these markets are not complex. Further, PropertyIQ stated that the skills and expertise required to develop the analytical and functional requirements of a competing product are readily available.

172. PropertyIQ further stated that the cost of developing a competing product is not great, for example the cost to develop an AVM would be in the order of \$[].

173. [] stated that from a technical perspective, developing a competing product is simple and would not require any scarce technical skills or infrastructure. [] further stated that an entrant would not need (or want) to mirror the products and systems being offered by PropertyIQ and Terralink as they are legacy systems and far behind what would be capable of being achieved today.

174. [] considered that to develop a competing product, approximately 12 months would be required to develop, test and launch the product to market, and that the capital cost would be low.

175. We consider that the infrastructure and technical requirements to develop a competing property information product are readily available.

Inputs

176. We consider what data is required to provide a product that competes with the merged entity in both the property professionals and consumer/SME markets.

177. As discussed above in the section on the property professionals market, the Commission considers that with the removal of any exclusivity barriers, competitors can approach individual councils and obtain DVR and sales data from them, with access facilitated through QV. Potential competitors also have the ability to seek data supply from PropertyIQ (as Terralink has done []) and additional sources as identified above.

Likelihood of entry

178. We have considered whether other suppliers would enter into the consumer property information market post-acquisition. PropertyIQ submitted that TradeMe and REINZ are both likely entrants into this market given their existing real estate presence through their listing sites.
179. REINZ, which has access to council data and its own sales data, said its members [].
180. [].
181. The consumer market (Zoodle and QV.co.nz) generates just under \$[] per annum from reports and advertising. A potential entrant would consider the size of the market, the cost of the data and setup costs, and the market share it might win when making the decision to enter.
182. The expected profitability of a consumer product would be higher if the data costs could be spread over a broader range of products; that is, should a firm seek to enter more than one market (such as the property professional and consumer/SME markets). Products such as watchmystreet use this model, where the cost of providing the information is offset by the potential revenues gained from listing fees (by 200 Square in this example).
183. [].
184. We consider that a number of free report and information providers such as Kiwibank's Homehunter, watchmystreet and whatpricemyhouse are emerging. These products offer free information in order to generate leads and business in related markets. The Commission considers that these providers would continue to provide a growing level of competitive constraint on the merged entity and have the ability and incentive to expand in this dynamic market.

Conclusion on regional supply of property information products to consumers and SMEs

185. We consider that with the acquisition, the merged entity would continue to face some competitive constraint from existing suppliers of free property information, such as Homehunter and watchmystreet. In addition, the relatively benign conditions of entry in this market and the ability of competitors to use property information to generate sales in related markets is likely to incentivise competitors to enter and expand.

186. We consider that the proposed acquisition is unlikely to have the effect of substantially lessening competition in the market for the provision of property information products and services to consumers and SMEs.

Determination on notice of clearance

187. The Commission is satisfied that the proposed acquisition will not have, or would not be likely to have, the effect of substantially lessening competition.
188. Pursuant to section 66(3)(a), the Commission gives clearance for PropertyIQ New Zealand Limited, to acquire the business and assets of Terralink International Limited.

Dated this 29th day of November 2013

Dr Mark Berry
Chairman