

Market Distortions When Agents Are Better Informed: The Value of Information in Real Estate Transactions

Steven D. Levitt, Chad Syverson

> Author and Article Information

The Review of Economics and Statistics (2008) 90 (4): 599–611.

<https://doi.org/10.1162/rest.90.4.599> Article history 

Cite Permissions Share  Views 

Abstract

Agents are often better informed than the clients who hire them and may exploit this informational advantage. Real estate agents have an incentive to convince clients to sell their houses too cheaply and too quickly. We test these predictions by comparing home sales in which real estate agents are hired to when an agent sells his own home. Consistent with the theory, we find homes owned by real estate agents sell for 3.7% more than other houses and stay on the market 9.5 days longer, controlling for observables. Greater information asymmetry leads to larger distortions.

This content is only available as a PDF.

Copyright by the President and Fellows of Harvard College and the Massachusetts Institute of Technology

You do not currently have access to this content.

Sign in

Don't already have an account? [Register](#)

Client Account

Email address / Username

Password

Sign in to view this content

Sign In

[Reset password](#)

Sign in via your Institution

Sign in via your Institution

[Buy This Article](#)

Email Alerts

Article Activity Alert

Latest Issue Alert



[View Metrics](#)

Latest

Most Read

Most Cited

Tracking Weekly State-Level Economic Conditions

Role Models in Movies: The Impact of Queen of Katwe on Students' Educational Attainment

Curriculum Reforms and Infant Health

Exports and Wage Premiums: Evidence from Mexican Employer-Employee Data

Cited By

Web of Science (246)

Google Scholar

Crossref (365)

Related Articles

Have U.S. Financial Institutions' Real Estate Investments Exhibited "Trend-Chasing" Behavior?

The Review of Economics and Statistics (May,1997)

Now You See It, Now You Don't: Why Do Real Estate Agents Withhold Available Houses from Black Customers?

The Review of Economics and Statistics (November,2003)

The Financial Misadventures of Charles Bulfinch

The New England Quarterly (September,2010)

Estate Taxes, Life Insurance, and Small Business

The Review of Economics and Statistics (February,2001)

Related Book Chapters

The Corporate Estate

Pastoral Capitalism: A History of Suburban Corporate Landscapes

Corporate Estates

Making A Middle Landscape

Semper's Literary Estate

Gottfried Semper: In Search of Architecture

Contracts and the Transaction Cost Framework

The Nature of the Farm: Contracts, Risk, and Organization in Agriculture

The Review of Economics and Statistics

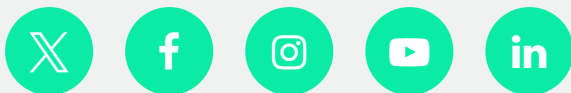
Online ISSN: 1530-9142 Print ISSN: 0034-6535

[Skip to Main Content](#)



MIT Press Direct

A product of The MIT Press



MIT Press Direct

About MIT Press Direct

Books

Journals

CogNet

Information

Accessibility

For Authors

For Customers

For Librarians

Direct to Open

Open Access

Media Inquiries

Rights and Permissions

For Advertisers

MIT Press

About the MIT Press

The MIT Press Reader

MIT Press Blog

Seasonal Catalogs

MIT Press Home

Give to the MIT Press

Contact Us

FAQ

Direct Service Desk

