Abstract: This paper studies an intermediated market operated by middlemen with high inventory holdings. I present a directed search model in which middlemen are less likely to experience a stockout because they have the advantage of inventory capacity, relative to other sellers. The model explains why popular items are sold at a larger premium by large-scaled in- termediaries. I also examine the implication of the configuration of middlemen's market in terms of the size and the number of middlemen for the matching efficiency and the economic welfare both with and without free entry.