

4:00 p.m. BU 207

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The BH&J Buy vs. Rent Index uses publicly available housing data to develop models that measure the pressure on the demand for homeownership in 23 major metropolitan areas around the country. Specifically, the index runs a financial “horserace” between owning a property, incurring the financial benefits and costs of ownership in order to estimate wealth accumulation through equity buildup versus renting the same property and investing monies that would otherwise be invested in ownership in a portfolio of stocks and bonds with the same risk profile as the specific housing market being analyzed.

When wealth accumulation through ownership is greater than wealth accumulation through renting and reinvesting, housing markets should expect to experience upward pressure on the demand for homeownership resulting in property price increases, on average. The opposite is true when wealth accumulation is greater through renting and reinvesting.