Working Papers on Regional and Urban Economics - Regional Disparities in Urban Housing Rental Prices in Colombia: An Empirical Assessment

Download Keep in mind
The series *Documentos de trabajo sobre economía regional y urbana* (only in Spanish, Working Papers on Regional and Urban Economics) is a publication of Banco de la República in Cartagena. The opinions contained in this document are the sole responsibility of the authors and do not commit Banco de la República or its Board of Directors.

AUTHORS AND/OR EDITORS Galvis-Aponte, Luis Armando Ortega-Arrieta, Adriana Isabel Rivera-Zárate, Adriana Marcela
Renting has gained undeniable prominence in household tenure structures and household economies: the proportion of families living in rental housing has steadily increased and, in major urban centers, it now exceeds homeownership.

Publication Date: Friday, 19 of September 2025 **Approach**
This study examines rental costs across various Colombian cities to understand their contribution to the cost of living and their recent evolution. A comparative index is constructed to measure price differences between cities, adjusting for housing quality and characteristics so that comparisons are made between equivalent housing units. The estimation relies on microdata from the Gran Encuesta Integrada de Hogares (GEIH, General Integrated Household Survey) and statistical procedures that ensure results consistent with international literature. The analysis covers the period from 2008 to 2024, allowing for the identification of short-term patterns and deeper structural changes in the urban rental market.

Contribution
This study offers a twofold contribution. First, it proposes a measurement strategy that corrects quality differences across cities, providing a fairer comparison of rental prices and reducing common biases in analyses based solely on observed averages. Second, it presents an empirical overview of the evolution of rental prices across the country, highlighting which cities gain or lose relative positions and how stable the price hierarchy remains over time. This approach enables the interpretation of observed changes considering local demand and supply conditions and the macroeconomic context, providing useful evidence for urban and social policy discussions.

Findings
The findings reveal a heterogeneous and evolving landscape in Colombia’s rental markets. There has been a sustained improvement in the supply and quality of rental housing, with greater access to services, better finishes, and an increase in average size. At the aggregate level, the rental burden on income increased until the pandemic, experienced a sharp rise, and then stabilized above pre-pandemic levels, with marked differences across cities. Moreover, renting has gained undeniable prominence in household tenure structures and household economies: the proportion of families living in rental housing has steadily increased and, in major urban centers, now exceeds homeownership.

In 2008, Cartagena and Bogotá ranked among the most expensive cities for renting; by 2024, leadership shifted, with Medellín topping the ranking, surpassing traditionally leading cities. Barranquilla and Santa Marta also rose in the rankings, while several intermediate capitals became relatively more affordable. Although the price hierarchy tends to remain stable over short horizons, the full period reveals significant reordering. Overall, the results show that urban rental markets in Colombia exhibit differentiated dynamics and that leadership in rental costs has undergone notable changes in recent years.

Fuente: https://www.banrep.gov.co/en/publications-research/working-papers-regional-urban-economics/regional-disparities-urban-housing-rental