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Some say the wisdom-of-the-crowds dynamic lend the markets more accuracy.

Betting Markets Offer Home-Pricing Gauge

BY VERONICA DAGHER

Prospective home buyers rely on a number of indicators to gauge prices, including how long nearby properties sit on the market and how many homes are for sale in their neighborhood. Now, the rapidly growing betting market is offering another gauge.

Betting platform Polymarket and Parcl, a data provider that tracks daily home prices, are letting users wager on whether home values will rise or fall in certain major U.S. cities. The partnership further extends the universe of bets people can place, including on global elections, the Super Bowl and even how many times Elon Musk will post on social media on certain days.

Polymarket users can now bet on median home values in major metros like Miami and Los Angeles. Those markets settle on Feb. 1 based on Parcl's daily housing price index, and recurring monthly markets will allow users to trade on a continuing basis.

Most Americans can't yet bet on Polymarket, which is rolling out access to a wait list. Other sites like Kalshi and Robinhood are widely accessible. Polymarket has a data partnership with Dow Jones, the publisher of The Wall Street Journal.

Slower-moving indicators, such as recent sale prices, lag behind by months but have widely been considered the most reliable ways to gauge a local housing market. These metrics reflect actual transactions and local demand rather than the sentiment found in prediction markets, advisers and real-estate agents say. *Note*

In contrast, prediction markets are forward-looking. Proponents say the wisdom-of-the-crowds dynamic in these markets can lend them more accuracy than polls and surveys, partly because people are willing to bet real money on an outcome. Betting markets, for example, predicted President Trump's election in 2024, coming far closer to forecasting the election's outcome than most opinion polls.

Parcl said the data on market expectations could help narrow the information gap between institutional investors and home buyers and sellers, and be of use alongside other more conventional metrics. "They are not advice tools, and they are not designed to tell someone when to buy or sell a home," said Trevor Bacon, Parcl's chief executive. "But they do offer a transparent, market-driven signal that reflects how participants are collectively pricing future housing outcomes."

Still, financial advisers warn of the risks, especially with the markets still so new. Bearish odds might pressure sellers into a rushed sale, for instance, potentially leaving money on the table.

Stephen Kates, senior financial analyst at Bankrate, said home prices are already closely tracked by many firms, and questioned the usefulness of the bets for home buyers and sellers.

"This partnership simply allows participants to speculate on existing trends," Kates said.

Real estate is local. A citywide prediction tracker could miss the nuances of a specific street when its homes rise or fall in value.

Markets could end up playing other roles in how people value their homes, including as a form of price insurance. If a family must sell their home in six months but fears a local economic downturn, for instance, they might place a bet on a price drop in their city to recoup some of their potential lost equity.

But unlike the tax-free gains homeowners can reap after selling a primary residence, any profit from these bets is generally taxed as ordinary income. That could eat into any hedged protection.

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Monday, 01/12/2026 Page .B001

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