

Immigrant Enclave Formation: Evidence from Canadian Cities

Pierre-Loup Beauregard*

University of British Columbia

Pablo Valenzuela-Casasempere†

University of British Columbia

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Abstract

Immigrant enclaves are common in developed countries, yet the factors influencing their formation remain unclear. We track immigrants' and native-born Canadians' year-to-year movement and residential location. We propose a novel approach to estimating neighborhood valuation for each group based on a revealed preference argument. By analyzing how each group responds to neighborhood composition, we simulate how various scenarios, such as immigration levels and types of immigrants, would influence neighborhood demographics over time. This allows us to measure the relative importance of immigration policies in shaping the formation and persistence of immigrant enclaves. The neighborhood valuations and the spatial frictions are micro-founded from a quantitative spatial model with forward-looking agents.

JEL codes: R21, R23, R32

Keywords: Immigrant enclaves, Neighborhood sorting, Revealed preference, Quantitative spatial models, Urban economics, Canada

*Vancouver School of Economics, UBC, Email: pierre-loup.beauregard@gmail.com

†Vancouver School of Economics, UBC, Email: pvalenzuelac1993@gmail.com