

ABSTRACT

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Send Them Back? The Real Estate Consequences of Repatriations (Job Market Paper *with Gustavo Cortes*)

We study the consequences of the 1930's Mexican repatriation to housing and real estate activity in the US. Housing is a crucial channel through which migration affects the local economy and wealth distribution. However, most of what we know about the migration effects on housing comes from studies that focus on the inflows of immigrants. This paper is the first to quantify the impact of out-migration on housing empirically. Making this distinction when studying housing markets is indispensable. Because housing is durable, and housing investment is naturally irreversible, asymmetric effects on prices may arise. This paper studies one of the largest ethnically motivated migration shocks in US history to study the impact of an out-migration shock on local housing, the United States' Mexican repatriation of the 1930s. To leverage the rich micro-level data from the Census, we develop a novel automated matching technique to link addresses across the 1930 and 1940 Censuses. To isolate the effect of the Mexican repatriation, we employ an instrumental variable approach that combines the historical presence of Mexican immigrants in the US with a measure of the cost of repatriating workers (the proximity to the US-Mexico border based on the US road infrastructure). We find that the value of houses inhabited by Mexicans in 1930 devalued by an average of 8.2 percentage points between 1930 and 1940 for every percentage point drop in a city's Mexican population. Rents on houses occupied by Mexicans in 1930 also fell by more than 2 percentage points for every percentage point of Mexican outflow. We find that the repatriation also mattered for the evolution of city-level housing market outcomes. The repatriation decreased the growth rates of coincident indicators (median house value or rents) and incidental indicators (number and value of building permits) of the city-level housing markets. Our findings show that repatriations have significant impacts on house prices of more exposed neighborhoods and that these effects also matter to city-level housing growth.

KEYWORDS: Real Estate, Housing, Immigration, Great Depression

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