

# ABSTRACT

VINICIOS P. SANT'ANNA

*University of Illinois at Urbana-Champaign*

Email: santann2@illinois.edu · Website: [www.vpsantanna.com](http://www.vpsantanna.com)

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

We study how the United States' repatriation of Mexican immigrants from 1930 to 1936 affected housing markets in US cities. 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 investment is naturally irreversible. Once a dwelling unit is built, it is prohibitively expensive to convert it back to investable capital—a characteristic also known as the “putty-clay” nature of real estate investment. Because housing is durable, the effects on prices from out-migration may be asymmetric to in-migration shocks. Our paper exploits one of the largest ethnically-motivated migration shocks in US history to study the impact of an out-migration shock on local housing. Specifically, we study the United States' Mexican repatriation of the 1930s—a negative, large-scale shock to the Mexican workforce in the US—to quantify its effects on real estate outcomes of US cities. 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 from the IPUMS Restricted Complete Count Data. The address-matched sample allows us to track the evolution of prices of each housing unit across the 1930 and 1940 censuses. To isolate the effect of the Mexican repatriation, we employ an instrumental variable (IV) approach. Our instrument combines a measure of exposure to the shock (the share of Mexican workers in 1900) with a measure of the cost of repatriating workers (the travel distance based on the US road infrastructure in 1930). Using the IV approach, we quantify the precise effect of the repatriation on the most affected houses and neighborhoods. We find a massive negative effect on the prices of Mexican-occupied houses. 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. Despite the larger effects on Mexican-occupied houses, we find that the repatriation also mattered for the evolution of city-level housing market outcomes. We show that the repatriation decreased the growth rates of coincident measures (median house value or rents) and incidental measures (number and value of building permits). Our findings show that repatriations have significant impacts on house values and rents of more exposed neighborhoods and that these effects matter to city-level housing both in terms of coincident and leading indicators of housing growth.

KEYWORDS: Real Estate, Housing, Immigration, Great Depression

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