

Consider the Slavs: Overt Discrimination and Racial Disparities in the Rental Housing

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Abstract :

Does discrimination lead to disparities in economic outcomes between racial groups? Usually, discrimination is covert, which makes it difficult to study this question. In this paper I concentrate on a unique market of Moscow rental housing, where landlords discriminate overtly: on average, 20 per cent of ads from a major rental website include racial preferences. I document that discrimination generates a racial differential in rents: comparing apartments in the same building with identical observable characteristics, non-discriminatory landlords ask for a 4% higher price.

I also run a correspondence experiment to explore the relationship between overt and subtle forms of discrimination. I find that both forms coexist in the market. Their relative prevalence is constant, keeping the same proportion across neighbourhoods.

The average effect is consistent with random search model of discrimination. However, heterogeneity analysis contradicts some predictions of the model. I show how adding neighbourhood sorting to the model can explain spatial heterogeneity of racial rent differential.