



**Real Estate and Urban Economics Seminar**  
**Racial Disparities in Housing Returns**

Tuesday, November 1, 2022

**1:15 p.m. - 2:30 p.m.**

UCLA Anderson School of Management  
Room D-310, Cornell Hall  
or via **Zoom Meeting**

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## Abstract

We document the existence of a racial gap in realized housing returns that is an order of magnitude larger than disparities arising from housing costs alone, and is driven by differences in distressed home sales (i.e. foreclosures and short sales). Black and Hispanic homeowners are both more likely to experience a distressed sale and to live in neighborhoods where distressed sales erase more house value. Importantly, absent financial distress, houses owned by minorities do not appreciate at slower rates than houses owned by non-minorities. Racial differences in income stability and liquid wealth explain a large share of the differences in distress. We use quasi-experimental variation in loan modifications to show that policies that restructure mortgages for distressed minorities can increase housing returns and reduce the racial wealth gap.

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***Presented by the UCLA Ziman Center for Real Estate's  
Rosalinde and Arthur Gilbert Program in Real Estate, Finance and Urban Economics***



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