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# Research Notes: Analyzing Racial Price Differentials in the Boston Housing Market

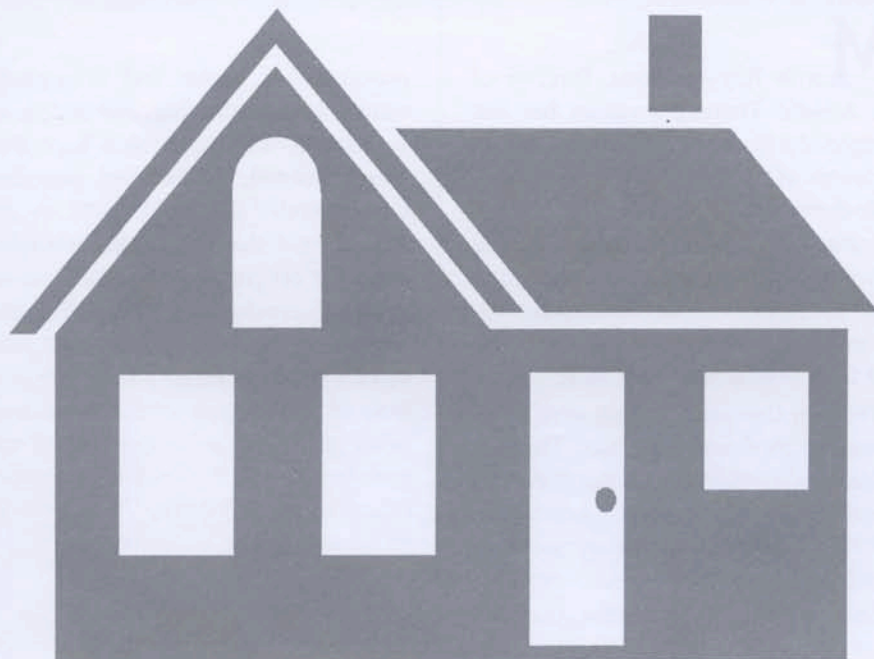
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# *Analyzing Racial Price Differentials in the Boston Housing Market*



**A**lthough racial discrimination has existed in housing markets in the United States, its effects have been extremely difficult to measure. Fair housing audits found direct evidence of racial discrimination in the Boston housing market in both 1981 and 1984. They noted that housing agents gave blacks less information than whites regarding the availability of housing units. But while audits offer clear and undeniable evidence of discrimination, attempts to measure its effect on housing prices have produced mixed and contradictory results. Anthony Cicerone, Chair of the Economics Department, has developed a new approach which incorporates previous research and extends those models by using new, better data to measure and analyze any racial housing price differentials which may have existed in the Boston housing market in 1974, 1977, 1981 and 1985. Cicerone's study also considers the supply and demand for housing and analyzes how racial price differentials have changed over time, given changes in supply and demand. Preliminary results indicate that Blacks receive a discount for housing prices relative to whites, which has increased in magnitude from 1974-1985. This discount reflects the high degree of racial segregation in the Boston housing market, where Blacks are restricted to certain neighborhoods containing inferior and less expensive housing, and also reflects other market factors such as demographic changes, income and housing supply.