The Impact of Institutional Ownership on Tenants and Housing Quality: Evidence from the Great Depression*

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I. Introduction

In the years since the 2007–2008 crisis, there has been an increase in the institutional ownership of residential real estate, and of single-family housing in particular. This trend has attracted a lot of attention from both policymakers and academics, who have studied the impact on local prices, rents, property maintenance, socio-economic diversity, and safety. Section II of this proposal reviews the existing body of work, which has yielded mixed conclusions, particularly regarding certain non-price aspects of housing markets and neighborhood quality. One key challenge that this literature has faced is the endogeneity of institutional investors' asset selection choices. Furthermore, this work can typically not disentangle the effects of a change in owner type (private to institutional) from those of a change in property usage (owner-occupied to rental), making it difficult to assess the impact of institutional ownership on pre-existing tenants. Finally, due to the nature of the empirical setting, prior research primarily focuses on relatively short-term effects.

In our project, we will re-evaluate the impact of institutional investors on tenants and housing

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quality, using an "out-of-sample" test on data from a previous episode of fast-increasing institutional ownership. Namely, in the Great Depression, real estate owners defaulted *en masse* on their mortgages, leading to a wave of foreclosure auctions in the mid 1930s at which the original lender typically bought in the underlying property. Section III of this proposal describes the setting in more detail, but Figure 1 shows the proportion of transactions with an institutional buyer and with an institutional seller for the Manhattan transactions data that we will be relying on in this study. The market share of institutional buyers reaches 60% in the mid-1930s. Crucially, these financial institutions (typically savings banks) held on to the property for many years; institutional selling only started to tick up in the late 1930s.

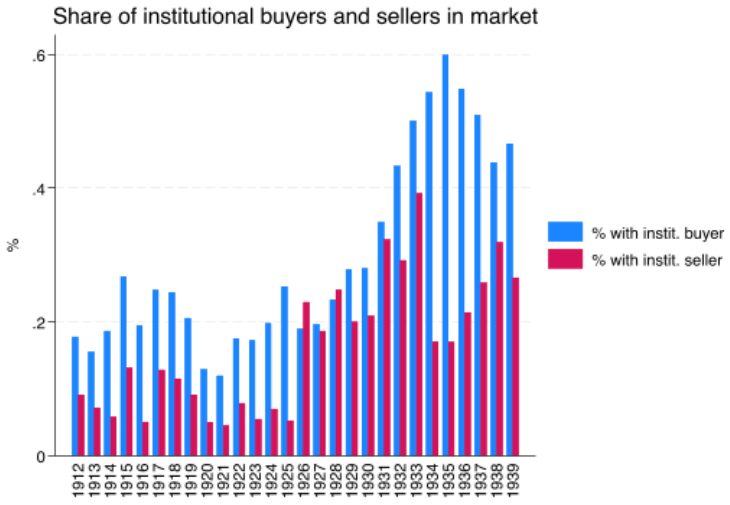


Figure 1. Importance of institutions as buyers and sellers in Manhattan property market, 1912–1939.

This historical episode provides a number of advantages in measuring the impact of institutional ownership. For example, while much of the recent literature focuses on what happens when owner-occupied single-family housing gets turned into a rental property, nearly all of the Manhattan buildings in our data *were* already used as a rental investment. Instead, they just changed hands—and typically went from being owned by a private investor to being owned by an institutional owner. This means that we can more cleanly isolate the impact of owner identity, and also that we can measure the impact on existing tenants. Furthermore, we can trace the effects on tenants and housing quality over a longer time frame than is possible in the more recent work.

It might also be helpful for us that institutional investors' acquisitions were mainly driven by their borrowers' financial situation rather than their own assessment of the economic conditions of neighborhoods. Of course, which properties got foreclosed might still be related to neighborhood conditions, and we cannot claim that institutional investors' portfolios were built up randomly. But arguably the selection problem is less severe than in the more recent setting. Also, in terms of identification, first, we can compare each property to a neighboring property that should be subject to similar local conditions, and, second, it is plausible that property-level foreclosure propensities can be instrumented credibly using borrower-level (rather than lender-level) information.

Section IV of this proposal describes the data that we will use in this study. In sum, we rely on an ambitious data collection effort that we undertook for ongoing work on racial differences in rent burdens and long-run housing decay (Nicholas and Spaenjers 2025, included as an appendix to this proposal). We merge geo-coded digitized transactions data from the *Real Estate Record and Builders' Guide* (henceforth RERBG) from 1912 to 1939 with data from 1930 and 1940 federal Censuses, which provide household rent data and individual-level demographic characteristics. We can also match the merged transactions-census data to images of nearly all properties in both 1940 and 1980, and to additional property-level information on renovations.

The merged database allows us to analyze the impact of institutional ownership on a range of outcomes at both the tenant level (e.g., rents, probability of moving out) and building level (e.g., composition of tenant base, property maintenance), as detailed in Section V.

We are hopeful that our paper will simultaneously increase our understanding of the history of U.S. housing markets, and contribute to a better measurement of the impact of institutional ownership on households and the quality of the housing stock.

II. Related literature

A number of recent papers have studied the impact of institutional ownership in the single-family housing market. The main challenge faced by this literature is to find a source of plausibly exogenous variation in ownership by institutions, and one way to categorize papers is based on

their identification strategy:

- Austin (2022) and Gurun et al. (2022) exploit mergers of institutional investors to generate quasi-exogenous variation in ownership concentration. Austin (2022) finds a positive effect on both prices and rents. The paper puts forward that this is because higher ownership concentration leads to bigger investments in home improvements, as concentrated owners internalize more of the communal benefits of their investments. However, also housing quality in the neighborhood goes up, as local households' borrowing constraints are relaxed as home prices go up, leading to more home improvements. Neighborhoods with a greater concentration of institutional ownership exhibit greater racial and socio-economic diversity—potentially because higher rents lead to higher supply of rental units, attracting minorities. Counterbalancing these positive effects is the observation that institutional investors more efficiently appeal tax assessments. Gurun et al. (2022) use a similar methodological approach to study the effects of institutional ownership on single-family properties' rents. They argue that ex ante the effect is not obvious: more economies of scale could lead to lower rents, but higher market power could imply higher rents. The authors find an increase in rent, but also an improvement of neighborhood safety. The reasoning, like before, is that a higher market share will lead institutional investors to internalize more of the benefits of investment in public goods.
- The empirical strategy of Lambie-Hanson, Li, and Slonkosky (2019) and Ganduri, Xiao, and Xiao (2023) relies on programs that facilitated institutional acquisitions of properties. The latter paper exploits a quasi-natural experiment wherein investors purchased prepackaged distressed home portfolios from government-sponsored enterprises (the FHFA REO-to-rental pilot program). The authors find that institutional investors in single-family rentals stabilized prices in distressed neighborhoods during the Great Recession. Lambie-Hanson, Li, and Slonkosky (2019) use variation in institutional investors' access to foreclosed properties (the First Look program). They show that the increasing presence of institutions in the single-family housing market led to higher local prices and rents, and lower homeownership rates,

over the years following the Great Recession.

- A recent paper by Gorback, Qian, and Zhu (2024) use an instrument based on a "suitability index" predicting entry of long-term rental companies, and finds that a higher share of institutional ownership leads to higher prices and higher rents.
- Billings and Soliman (2023) use a spatial diff-in-diff estimator and find that institutional conversions of single-family homes into permanent rentals have a negative effect on neighboring property values, at least in Black neighborhoods. The decreases in homeownership rates and declines in property values are associated with increases in crime and decreases in property maintenance and political participation in the neighborhood.

As a substantial part of the institutional buying in our empirical setting was driven by foreclosure activity, our paper will also relate to the much more limited existing literature on the impact of foreclosures on tenants. Raymond et al. (2018) find in a sample of single-family rentals that post-foreclosure homes are much more likely to have an eviction. Moreover, corporate owners (and especially large institutional investors) file more eviction notices than small landlords. Diamond, Guren, and Tan (2020) find that foreclosures come with very substantial costs for homeowners and landlords, but that there are few negative effects for renters if a landlord forecloses (even if this triggers a move of the tenant).

III. Empirical setting: Banks as real estate investors in 1930s Manhattan

In the Great Depression of the 1930s, a wave of mortgage defaults and foreclosures swept the country. There was state-level variation in relevant legislation and practice (including on moratoria), but in New York foreclosed properties were typically sold during a judicial auction (or "sheriff's sale"). In Manhattan, these foreclosure sales at some point were responsible for more than 60% of all real estate transactions, as illustrated in Figure 2, which is based on the data sources detailed in the next section. Figure 3 illustrates the geographical spread of foreclosure activity over the period 1930–1932.

When a foreclosed property would come up at auction, it would typically be "bought in" by the

Figure 2. Percent of transactions that were foreclosures by year

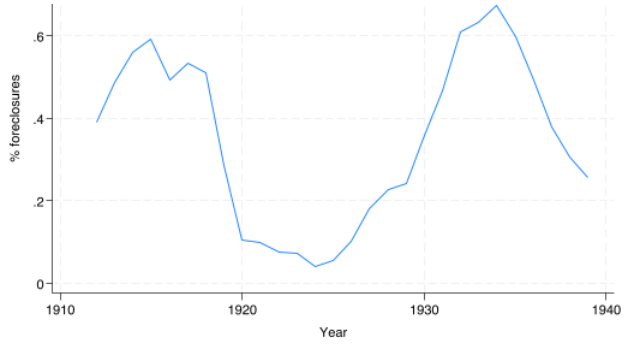
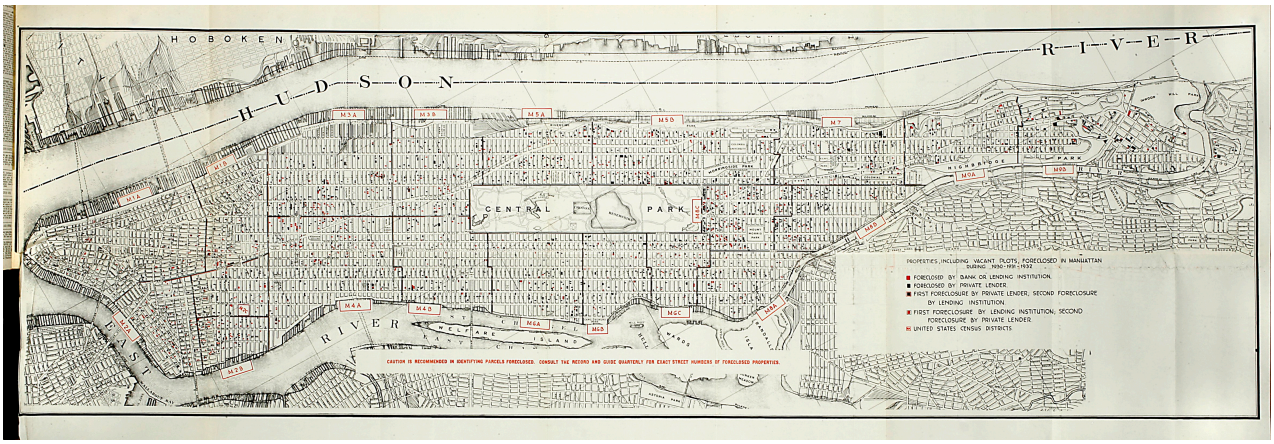


Figure 3. Map of foreclosures in Manhattan, 1930–1932



plaintiff, i.e., the original lender, who was acting to protect their mortgage liens. The result was that institutions became responsible for an important part of transaction volume in the market, as was illustrated in Figure 1. Often the price at which the lender acquired the property was substantially below its market value or the outstanding loan amount. Figure 4 illustrates this using histograms of the ratio of transaction prices to assessed values for foreclosures and other transactions, again using the data presented in the next section.

It was well known at the time that there was very little competitive bidding at foreclosure auctions, leading to extremely low prices. Poteat (1938) writes about "the many judicial sales held throughout the country during the first few years of the depression at which the single bidder was the mortgagee, to whom the auctioneer, after a futile effort to whip up a bidding enthusiasm among the few other mortgagees present, knocked down a property worth thousands of dollars on a bid of a mere $100." One explanation for the lack of competing bids is that the original lender

Figure 4. Overlayed histograms of transaction prices to assessed values



could credit their winning bid against the money that they were owed, while other bidders would have to come up with cash (Washburn 1980). (The obviously low price levels at foreclosure auctions seemed to have led to restrictions on the use of deficiency judgments for the difference between the outstanding loan amount and the proceeds of the sale (Solomon 2016).) Skilton (1946) reports a "reappearance of the competitive bidder at sheriff's sales, after an absence of more than a decade" in the mid-1940s.

Banks did not immediately re-sell these properties in the open market. Instead, they typically held them for years—until the real estate market started to recover in the late 1930 and early 1940s. Skilton (1943) writes: "[For lending institutions,] recourse to foreclosure resulted only in the replacement of one non-liquid asset by another, for it would have been sacrificial to sell the real estate in the existing state of the market. In practically every case, the mortgagee bid in the property at the foreclosure, and held it for a rise in price, in the meantime expending additional money in repair and rehabilitation, and deriving little income from rent". A 1937 article in the New York Times reported that savings banks had established "departments having practical real estate managers".

Based on our data, we estimate that there were still about 6,000 Manhattan properties that had gone through a foreclosure auction in institutional hands by the start of 1940. By that time, the institutional owner had held the property for about 9 years on average. Even in 1944, a decision by the Kings County Supreme Court stated: "There is still to be liquidated... a considerable amount of

real estate held by savings banks [and] insurance companies" (Skilton 1946).

These developments were discussed in real time in the popular press. Figure 5 shows some examples from the archives of the New York Times. Panel (a) includes one of the many articles documenting institutional buying at foreclosure auctions. Panel (b) shows an article from 1940 about a report arguing that banks should sell the real estate they accumulated through foreclosures, and panel (c) shows an article from 1944 on savings banks reselling their real estate.

Figure 5. New York Times articles on institutional owners in the NYC real estate market



BANKS TAKE OVER DEFAULTED REALTY

Savings Institutions Are Among Plaintiffs Bidding In 17 Parcels at Auction.

Savings banks were among the plaintiffs who bought in Manhattan and Bronx real estate at foreclosure auctions yesterday. Seventeen properties were taken over in this manner as follows:

By EDWIN J. McDONALD.

E. 77th St., 12, 25x102.2; five-story dwelling; Mutual Life Insurance Co. against Surrey Realty Co.; due, $96,567; costs, $488; taxes, $10; to plaintiff for $25,000.

Convent Av., 315, 20x100; four-story dwelling; Emigrant Industrial Savings Bank against Harry T. Kirwin and another; due, $13,200; costs, $476; taxes, $464; to plaintiff for $1,000.

W. 90th St., 26, 20x100.8; four-story dwelling; City Bank Farmers Trust Co. against James J. Bacolas; due, $22,210; costs, $478; taxes, $946; to plaintiff for $20,000.

Norfolk St., 171, 25x100; five-story tenement and store; Dry Dock Savings Institution against Rachel L. Pasinsky; due, $26,451; costs, $620; taxes, $2,891; to plaintiff for $25,000.

Dereimer Av., 4,349, 19.2x90; due, $5,201; taxes, $340; to Jefferson Title and Mortgage Co., plaintiff, for $4,000.

By HENRY BRADY.

W. 111th St., 237-239, 50x100.11; six-story apartment; Agnes Carpenter against Globe Improvement Corp.; due, $60,120; costs, $613; taxes, $2,887; to plaintiff for $40,000.

W. 109th St., 55-57, 47.8x72.11; six-story apartment; Mary U. Hoffman against Frank Mezger and others; due, $35,237; costs, $563; taxes, $3,988, to plaintiff for $5,000.

E. 104th St., 70, 16x100.11; three-story flat and store; James F. Egan, administrator, against Marmin Realty and Construction Co.; due, $8,149; costs, $470; taxes, $850, to plaintiff for $5,000.

Grand Concourse, 1,236, 77.2x104.10; five-story flat; due, $30,720; taxes, $2,977; prior mortgage, $75,000; to Cramer-Meyer-Dreyer Co., plaintiff, for $76,000.

(a) September 30, 1933



Savings Banks Urged to Push Realty Sales And to Practice Conservatism in New Loans

By LEE E. COOPER

The problems faced by savings banks and other institutions in disposing of real property they have accumulated through foreclosures are cited by William R. White, State Superintendent of Banks, in his annual report presented to the State Legislature a few days ago.

The Banking Department points out that it is continuing to impress upon the institutions the necessity for disposing of their properties as rapidly as possible, particularly in the case of realty which is proving to be unprofitable and unproductive.

The banks would do well to take their loss and charge off the difference between the book value and the sales price, rather than to let these unprofitable holdings continue to be a drain of earnings, the report points out.

Although the book value of real estate held by savings banks in this State undoubtedly will be shown to have been lower at the close of 1939 than at the beginning of that year, this change appears to have resulted largely from charge-offs rather than from the effort to keep sales higher than new acquisitions under defaulted mortgages, Mr. White explains.

During the first ten months of 1939 the savings banks sold 5,324 parcels, having an aggregate book value of $55,643,000, for an aggregate price of $55,895,000. Mortgage foreclosures during the same period were lower in number, but involved a larger principal sum than the amount realized from sales. The ten-month foreclosure list covered 3,730 loans, totaling $61,455,000.

"Sales prices were somewhat lower in 1939 than in the previous year, although in each year they were at least equal to the aggregate book values of the properties sold," the report states.

The complete real estate inventory of the savings banks as of Oct. 31, 1939, showed 24,210 parcels having a book value of $326,000,000. The book value represents about 80 per cent of the mortgage principal foreclosed, a reduction in the ratio of book value to mortgage principal of about 10 per cent having been effected in 1939. The superintendent suggests that in many cases "further adjustments in book value of assets" is desirable.

The need for disposal of unproductive properties is illustrated in the study of savings banks' income from real estate during 1938, the latest year for which final figures are available. Rents for that year were shown to have aggregated $40,440,000, while expenses of the owned realty from which this income was derived, including "non-recurring and capital expenses," amounted to $45,776,000.

During the past year the savings institutions have been investing about three times as heavily in FHA insured mortgages as in 1938, and at the end of October, 1939, they had made more than $43,000,000 in such loans.

The desirability of insisting on regular amortization of principal is stressed in the report, which notes that "the success of many savings banks in obtaining principal reduction of loans upon almost every type of property suggests that renewed consideration be given to a modification of the mortgage moratorium."

"Without abandoning all protective features of the moratorium," the department says, "a modification could be effected which would require periodic payments covering both interest and amortization charges."

A warning emphasizing the necessity for conservatism in the granting of mortgages also is sounded.

"Owing to the keen competition for new loans, there has been a tendency to make concessions to borrowers which are not always consistent with sound lending practice," it is explained. "In some cases liberal appraisals are being made as a means of attracting borrowers, while not infrequently the terms of amortization are inadequate either because they require only nominal reductions of principal or postpone for an unreasonable period the commencement of such payments. These practices already are resulting in a tendency to overbuild in some areas where the estimate of rentals may prove to be considerably higher than can actually be realized.

"As savings banks now are allowed to lend up to two-thirds of the appraised value of residential realty, which is 10 per cent more than was permitted prior to 1938, the importance of substantial amortization in the early years of the loan is evident."

(b) January 9, 1940



REALTY SALES LED BY SAVINGS BANKS

Most Properties Traded In Are on East Side of the Midtown District

Apartment houses and store and loft buildings passed to new control in deals reported yesterday. Several of the properties were disposed of by savings banks.

An investor bought from the Bank for Savings the five-story store and apartment building at 907 Madison Avenue for cash over a mortgage of $37,500 in a deal negotiated by Donald Macdonald, Inc. The assessed valuation is $73,000.

The same bank sold the two-story taxpayer and four-story dwelling at 631-35 Third Avenue, southeast corner of Forty-first Street, to Joseph Levine through David Lind and Henry B. Root, brokers. The parcel is assessed at $113,000 and was sold for cash over a purchase money mortgage of $68,000 for ten years.

The Manhattan Savings Bank sold to the 210 East Twenty-third Street Corporation the five-story loft building at that address through Herbert L. Williams, Inc. The bank also sold to S. M. Kenigsberg, Inc., the four-story loft building at 133 West Twenty-second Street. The assessed valuations are $28,500 and $17,000, respectively.

In a cash deal the five-story dwelling at 49 East Seventy-fourth Street was sold by Douglas L. Elliman & Co. to a client of Davis, Polk, Wardwell, Gardiner & Reed.

After an ownership of a few months the five-story remodeled apartment house and three-story extension at 50 East Sixty-sixth Street was sold by Irving Honigsberg to an investor for cash over a mortgage of $40,000 for ten years at 3 and 3½ per cent. It has eleven apartments and is assessed at $53,000. Siegfried Lehmann Levi was the broker.

An investing client of Mark Rafalsky & Co. bought the five-story building at 169 West 102d Street, assessed at $19,000.

The McWalters estate sold the three - story dwelling at 559 West 152d Street, near Broadway, through Frederick Zittell & Sons, who leased it for the new owner.

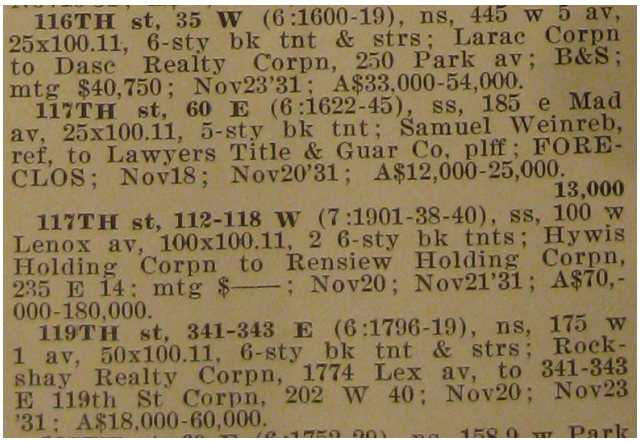
The Home Owners Loan Corporation sold the one-family house at 542 West 140th Street to Owen McCormick through D. Houlihan & Sons and Forter & Co.

(c) January 14, 1944

IV. Data

For our analysis, we will rely on the data collection and matching process described in the recent working paper attached to this proposal (Nicholas and Spaenjers 2025). To summarize, for the purposes of this project, the main data elements are the following ones. First, we extract data on real estate transactions from volumes of the *Real Estate Record and Builders' Guide* (henceforth RERBG) from 1912 to 1939. We observe comprehensive information on the transaction value of properties along with property-level characteristics such as square footage, number of stories, and building style (e.g., dwelling or tenement). Crucially for this project, we also observe whether the transaction was sold because of a foreclosure, the name of the buyer, and whether the buyer was the plaintiff in the foreclosure proceedings. To illustrate, Figure 6 shows a number of entries in the raw data. The second property here, located at 60 E 117th St, had an assessed value of $25,000 for land and building, but sold in 1931 to the plaintiff ("plff") for $13,000 at a foreclosure auction ("FORECLOS").

Figure 6. Real Estate Record and Builders' Guide



116TH st, 35 W (6:1600-19), ns, 445 w 5 av, 25x100.11, 6-sty bk tnt & strs; Larac Corpn to Dasc Realty Corpn, 250 Park av; B&S; mtg $40,750; Nov23'31; A$33,000-54,000.

117TH st, 60 E (6:1622-45), ss, 185 e Mad av, 25x100.11, 5-sty bk tnt; Samuel Weinreb, ref, to Lawyers Title & Guar Co, plff; FORECLOS; Nov18; Nov20'31; A$12,000-25,000.
13,000

117TH st, 112-118 W (7:1901-38-40), ss, 100 w Lenox av, 100x100.11, 2 6-sty bk tnts; Hywis Holding Corpn to Rensiew Holding Corpn, 235 E 14; mtg $——; Nov20; Nov21'31; A$70,-000-180,000.

119TH st, 341-343 E (6:1796-19), ns, 175 w 1 av, 50x100.11, 6-sty bk tnt & strs; Rockshay Realty Corpn, 1774 Lex av, to 341-343 E 119th St Corpn, 202 W 40; Nov20; Nov23 '31; A$18,000-60,000.

We can identify institutional acquisitions based on the name of the buyer in the RERBG. For example, to create Figure 1, we classified all buyers with names that contain one of the following text strings as institutions: "bank", "savgs ins", "savings ins", "saving ins", "loan ass", "mortgage", "mtg", "guaranty co", "guarantee co", "life ins", "ins co", "ins c'o", "insurance", "life assur", "trust co", "realty co", "real estate co", "holding co", "investing co", "estates", "properties", and "corpn". Some institutions are focused on lending, while others are concerned with real estate investing (and

thus mainly bought outside of foreclosure auctions), and we can exploit the associated heterogeneity.

Second, we can use the 1930 and 1940 federal Censuses, which provide household rent data and individual-level demographic characteristics, including race, for Manhattan's population. The Census includes residential addresses, so we can match properties, and households, to our geocoded transaction data.

Finally, we link our property transactions and Census data to (i) images of all buildings in Manhattan taken around 1940 and 1980 for tax purposes, and (ii) the 2024 Primary Land Use Tax Lot Output (PLUTO) dataset from the NYC Department of City Planning, which contains data on the timing of significant alterations for each property.

V. Empirical strategy

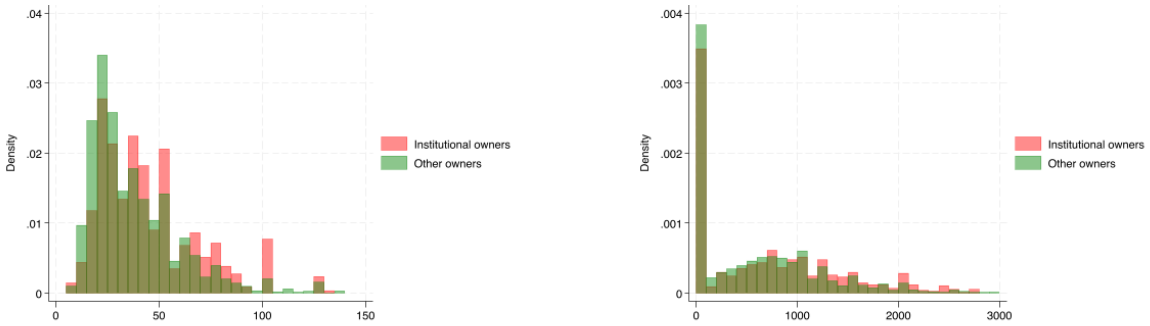
The merged database allows us to analyze the impact of institutional ownership on a range of outcomes at different levels. At the tenant level, we can analyze the impact on rent paid and probability of moving out. At the building level, we can analyze the impact on rent levels for new tenants and socio-economic characteristics of incoming households. We can observe the relevant variables in Census years 1930 and 1940; in that sense it is fortunate for us as econometricians that most of the institutional buying took place in the mid-1930s. Over the longer-run we can also study the impact of institutional ownership on property maintenance (using the renovations data from PLUTO) and visual decay (by applying visual machine learning techniques to the 1940 and 1980 images that we have for each property), building on what we do in Nicholas and Spaenjers (2025).

The baseline identification strategy will be relying on a spatial (or "ring") difference-in-differences design with (tenants in) neighboring properties in the control group. To mitigate concerns that what we are really picking up is the impact of foreclosures, we can also restrict the analysis to ownership changes after foreclosures, comparing the effects of private-to-institutional ownership changes to those of other ownership transitions.

Finally, as an "out-of-sample" robustness check of our findings on New York, we can also study data from Boston. In yet-unreported work, we have digitized annual publications by the *Boston*

Real Estate Exchange showing ownership and assessed values for properties in central Boston in 1930 and 1940, and linked them to Census data. To illustrate the research possibilities allowed by this additional dataset, Figure 7 shows histograms of rents and tenant income for institutional and non-institutional owners. While we cannot conclude that institutions are more selective landlords or push up rents, these descriptive figures do suggest that institutional residential real estate owners make different asset selection and/or property management decisions.

Figure 7. Overlayed histograms of rents and tenant income based on 1940 Census and ownership records for Boston



(a) Contractual rents

(b) Tenant income

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Race, Rental Yields, and Housing Decay in Manhattan*

Tom Nicholas† Christophe Spaenjers‡

February 2025

Abstract

We develop a new dataset on real estate transactions in Manhattan (1912–1939), linked to federal Census records (1930 and 1940) and property images used for tax assessment purposes (around 1940 and 1980). We analyze investor returns and incentives to maintain properties as key drivers of racial housing inequality over the long run. We show that, on average, capital returns were low and rental yields were high in the pre-WWII period. Properties housing Black residents transacted at lower values than those housing White tenants while generating disproportionately high rents, consistent with high demand by Black households in a segregated housing market. The high profits realized by landlords lowered the economic incentives to maintain properties with Black tenants—a pattern we identify through renovation data and by comparing property images over time using visual machine learning methods. Property owners neglected Black neighborhoods, perpetuating disinvestment and inequality.

Keywords: housing markets; rental yields; urban decay; race; Manhattan

JEL classifications: R31, J15, N92

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1 Introduction

Neighborhoods are central to the composition of great American cities, shaping both housing markets and patterns of racial segregation (Glaeser, 2011; Logan and Parman, 2025). Understanding the mechanisms behind the development of neighborhoods is central to research on race and real estate (e.g., Cutler, Glaeser and Vigdor, 1999; Logan and Parman, 2017; Akbar et al., 2022) and to the design of place-based policies aimed at transforming residential areas. Figure 1 illustrates a crucial aspect of changes in property values in Manhattan—one of the most economically and culturally significant urban centers in the United States—over approximately a century. We show histograms of assessed values for properties transacted between 1912 and 1939 and assessed values from 2022 for two Manhattan neighborhoods from sources detailed in Section 2. The gap in assessed values between a historically overwhelmingly Black neighborhood—Central Harlem-Morningside Heights—and a more affluent, predominantly White neighborhood—the Upper East Side—has widened substantively over time.

In this paper, we show that the growing disparity illustrated in Figure 1 coincides with visual evidence of exterior property decay over time, and delays in alterations that enhance market value, for properties rented out to Black households in 1940. We also document that segregation in pre-WWII Manhattan led to spatial heterogeneity in rental yields, with landlords earning higher returns on properties occupied by Black households. While prior work has studied racial differences in the cost of housing and households' access to homeownership, our focus shifts to real estate investors' realized returns—and their incentives to maintain or neglect properties—in a setting where demand for housing by Black households was high but options were limited.

The Great Migration (1915-1970)—the mass relocation of Black Americans from the South—led to an influx of Black residents into concentrated areas in Northern cities, with "White Flight" intensifying residential segregation (Boustan, 2010). Most Black migrants arriving in Manhattan in the decades before WWII could realistically only hope to rent in areas with elevated existing concentrations of Black households. In 1930, more than 80% of the Black population in Manhattan resided in the Central Harlem-Morningside Heights neighborhood, creating focal demand.[1] According to the 1940 Census, this neighborhood had the highest proportion of individuals who had migrated from states not bordering New York. Migration rates from states associated with the Great Migration were nearly 11 times higher in Harlem compared to the affluent

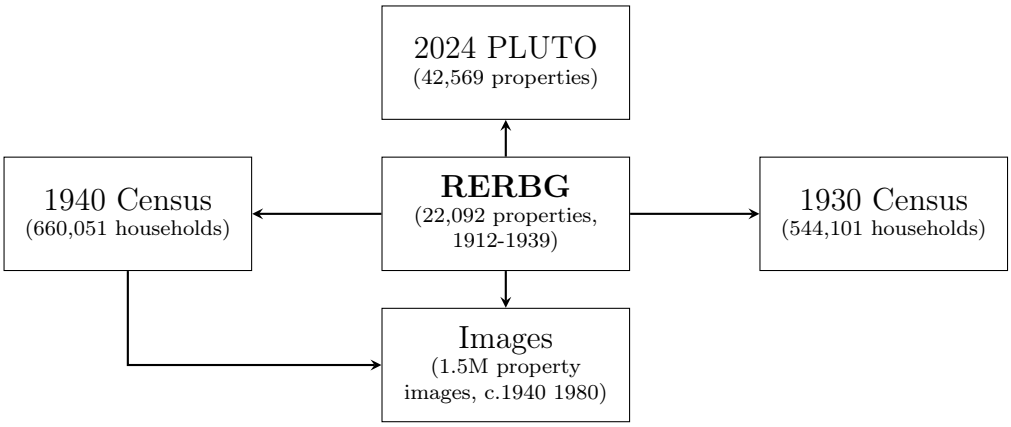
[1]The statistics in this paragraph are the authors' own calculations based on the 1930 and 1940 Census records described in detail in Section 2.

Upper East Side. Moreover, turnover was high; the same Census data show that Harlem had the lowest proportion of residents living in the same house five years earlier. Black households in cities also had fewer opportunities for home ownership compared to suburban or rural areas (Collins and Margo, 2001). The upshot was that downward pressure on rents in Black neighborhoods was limited. As noted in a history of Harlem by Tritter (1998), "the massive migration of Blacks to New York supplied landlords with unprecedented demand for their buildings." A first goal of our paper is to test the hypothesis that property investors realized higher net returns—even accounting for differences in turnover rates—when their tenants were Black households.

We then study how the returns to landlords, interacted with persistent segregation-driven demand, affected long-run changes in housing quality. At the start of the twentieth century, when Harlem began transitioning to a Black neighborhood, it offered high-quality housing, and the promise of a thriving Black community—not a "ghetto" (McGruder, 2015). After 1920, the neighborhood started suffering from overcrowding. Moreover, historical accounts argue that landlords—even while charging high rents—were "increasingly unwilling to maintain their properties, and allowed them to deteriorate" with "crucially needed maintenance and up-keep declined" (Rosenbaum and Friedman, 2006). Many landlords did not live in the area, and "were no longer interested in the quality of the neighborhood or even the appearance of their own buildings. Their only concern was profit" (Tritter, 1998). Owners of properties in Black neighborhoods faced a clientele of tenants with no alternative but to stay and pay rent despite deteriorating conditions, leaving owners with little incentive for maintenance. Our second aim is to test empirically whether properties with Black residents were systematically less likely to be renovated—and more likely to exhibit decay—than those rented to White households in the decades after WWII.

Our analysis is based on a major data collection exercise with four main components shown schematically below. First, we applied OCR to the digitized corpus of real estate transactions from volumes of the *Real Estate Record and Builders' Guide* (henceforth RERBG) from 1912 to 1939. We observe comprehensive information on the transaction value of properties along with property-level characteristics such as square footage, number of stories, and building style (e.g., dwelling or tenement). Our final dataset includes 23,690 transactions for 22,092 properties. Second, we access a dataset of over 720,000 images of properties in New York City taken around 1940 by the Works Progress Administration and NYC Tax Department property tax assessment authority. These images, captured as frontal views and accompanied by descriptive property cards, were used to assess property values during a period of significant debate over

taxation and redistribution (Esperdy, 2004). As one assessor at the time noted, "the photograph tells me more about the building than most of the words [on the property cards]," underscoring the unique insights offered by these visual records. Manhattan properties were photographed again for tax purposes by the Department of Finance in the 1980s (around 800,000 images), allowing us to examine changes in property features and quality over time. Third, we use the 1930 and 1940 federal Censuses, which provide household rent data and individual-level demographic characteristics, including race, for Manhattan's population. The Census includes residential addresses, so we can match properties, and therefore households, to our geocoded transaction and image data. We aggregate reported rents paid at the property level to estimate the owner's gross rental income. Finally, we link our property transactions, images, and Census data to the 2024 Primary Land Use Tax Lot Output (PLUTO) dataset from the NYC Department of City Planning. This dataset provides additional information on properties, including current assessed values, original construction years, and the timing of significant alterations.



Outline of Linked Datasets

We first model time-series and cross-sectional variation in property market values. We estimate a traditional hedonic model on the RERBG data for 1912 to 1939 to understand property price determinants in pre-WWII Manhattan. We then construct real estate price indexes to investigate capital returns to Manhattan property investors over the same time period using a random forest tree-based model that allows for non-linearities and interaction effects when predicting prices. Our primary finding is that capital returns to housing were low, consistent with estimates in Jordà et al. (2019) (henceforth JKKST). Whereas JKKST estimate an annualized gross capital return of

0.41% for this period, we find a similar return of 0.39%. Moreover, our index closely tracks the JKKST index over time. We also estimate indexes by neighborhood and building type. We do not find that tenements (low-income housing) or neighborhoods with large populations of Black residents had below-average price changes over our sample period. This is important because, while under-maintenance of rental properties can be a rational response to deteriorating market conditions (Smith, 1979; Travis, 2019), it is not clear that owners of properties housing Black households suffered capital losses or experienced decreasing demand over our time period.[2]

Next, we study whether our property images contain meaningful information about market values. This is key to our analysis for two reasons. First, if image features are predictive of property prices, then we can value *all* properties in the Census, and not just those properties for which we have information on characteristics from the RERBG data. Second, if images contain useful information about properties' market values, then having multiple images of the same properties (taken at different points in time) can help us proxy for changes in valuations. We follow the approach in Glaeser, Kincaid and Naik (2018), and use the pre-trained ResNet CNN architecture developed by He et al. (2016) to extract high-level image feature vectors for each property in 1940. We then condense these features into 100 principal components. When we run a linear regression of market prices (for properties transacting between 1912 and 1939) on these principal components, we get an adjusted R-squared of 19.3%. While this compares to 28% for a traditional hedonic model, it is remarkable that we can explain an economically relevant share of the variation in prices even without variables describing property characteristics or location.

Building on these results, we then predict market values of properties at the start of Census years 1930 and 1940, because it is for those years that we will estimate rental income returns ("yields"). We use two types of valuations. A first valuation algorithm is based on a random forest similar to the one we used for constructing our price indexes, and generates the relevant valuations for both Census years for those properties in the RERBG ("random forest-based valuations"). Our second valuation algorithm is also based on a random forest, but now applied to the principal components from the 1940 images, and generates valuations for all properties in the year-1940 Census for which we have images ("image-based valuations").

[2]Neighborhoods like Harlem transitioned from majority White to majority Black relatively early in the twentieth century, and it is thus possible that property values declined substantially around the start of our time frame (Lee, 2022). This would also be consistent with our finding that the higher rental yields for properties rented out to Black households mainly stems from lower relative property values rather than higher rents.

We then estimate rental yields and examine their variation. To calculate net rental income (the numerator of rental yields), we adjust the aggregated household rent at the property level, computed earlier using the 1930 and 1940 federal Censuses, for estimates of maintenance costs, insurance premiums, and property taxes. We use the random forest-based valuations and image-based valuations just described as our estimate of property values (the denominator of rental yields) for 1929 and 1939 so the denominator reflects the cost basis of the property before the rental income is realized. We find that on average rental yields were high, consistent with Jordà et al. (2019), who present aggregate data on U.S. real estate returns, and Lyons et al. (2024), who document elevated gross rental yields across multiple U.S. cities during the twentieth century.

Next, we find that Black households lived in properties that generated rental yields for their owners that were substantially higher after controlling for tenant demographic characteristics. The difference in (property-level) rental yield between Black and White household heads is about 1.5 percentage points in our baseline specifications relying on random forest-based valuations for 1940. Our main finding is robust to using the equivalent valuations for 1930 or using image-based valuations. Decomposing the rental yield results shows that properties housing Black residents were valued systematically lower; in some specifications, Black households are also estimated to pay relatively higher rents than White households. While additional analysis indicates that rents were proportional to differences in aggregate household income across races, we find that Black households had more wage earners per household.

In the last part of the paper, we explore the potential long-term housing inequality implications of high demand by Black households combined with persistent segregation by tracking the properties in our dataset over time. We show that properties housing Black residents in 1940 experienced an almost five-year delay in structural alterations that could have enhanced their market value. This delay persists even after controlling for redlining districts, suggesting that any systemic disinvestment associated with redlining does not fully explain the pattern.

To assess long-term changes in property values, we predict 1980 property values by applying the coefficients from a regression of 1940 property values on the principal components of the 1940 image vectors to the 1980 principal components, assuming that the pricing of exterior property attributes does not change too much over time. Properties housing Black residents in 1940 rank significantly lower in value by 1980. We also use our image vectors to analyze property decay over time. We find lower cosine similarity between the 1940 and 1980 principal components of the feature vectors for properties with Black residents in 1940, indicating greater changes in visual characteristics, which

we interpret as structural decline for these properties. We also demonstrate that properties housing Black vs. White residents in 1940 can be classified with similar accuracy using images from 1980 as those from 1940. Finally, we find a correlation between 1940 rental yields for properties rented to Black residents and structural decline by 1980, providing suggestive evidence that initial conditions in Manhattan's segregated housing market indeed contributed to property decay later in the twentieth century.

Overall, our findings of stark racial disparities in property maintenance and visual patterns tied to structural decline highlight how landlords' behavior perpetuated disparities in property conditions and neighborhood segregation. These patterns suggest that differential incentives for property upkeep contributed to the long-term deterioration of Black neighborhoods, reinforcing economic and racial divides well beyond 1940.

1.1 Related literature

We make four main contributions to the literature. First, a large body of work has studied the rise of segregation in northern cities around the start of twentieth century, and its underlying drivers (e.g., Cutler, Glaeser and Vigdor, 1999; Boustan, 2010; Logan and Parman, 2017; Akbar et al., 2022). Our paper focuses on how segregation shaped investment outcomes and decision-making for property investors, and how these in turn had long-term effects on neighborhoods. A number of papers have recently studied related issues. In particular, Akbar et al. (2022) study how the expansion of segregation led to the destruction of Black wealth as rents in newly Black neighborhoods soared and Black households also overpaid for homes.[3] Lee (2022) describes how urban planning policies amplified segregation dynamics, and led to substantial property value decreases in neighborhoods that "flipped" to African American majorities. Our perspective differs in that we focus on (multi-family) rental properties' owners' investment returns and incentives, and their implications for urban dynamics.

Second, a number of recent papers have collected historical data to estimate the long-term returns to real estate (e.g., Jordà et al., 2019; Chambers, Spaenjers and Steiner, 2021; Eichholtz et al., 2021; Lyons et al., 2024; Schmelzing, 2025). However, it can be challenging to estimate rental yields because price and rent data are often not available for the same properties; also, contractual rents do not always reflect realized income (Chambers, Spaenjers and Steiner, 2021). By linking transaction prices to tenants'

[3]Such work, like ours, also relates to a fast-growing body of work that studies racial differences in the cost of housing and in both access to and the returns to homeownership in more recent time periods (e.g., Bayer et al., 2017; Kermani and Wong, 2021; Box-Couillard and Christensen, 2024; Diamond and Diamond, 2024; Gupta, Hansman and Mabille, 2024).

reported rent aggregated to the property level, we provide new estimates of realized rental yields in pre-WWII Manhattan, one of the largest real estate markets in the United States. We also study heterogeneity in yields as a function of neighborhood and tenant characteristics. As such, we relate to recent papers arguing that total returns to real estate investments are higher in lower-value market segments (Demers and Eisfeldt, 2022; Damen, Korevaar and Van Nieuwerburgh, 2025) and that renting to poor households is potentially more risky but also more profitable (Desmond and Wilmers, 2019).

Third, our work speaks to drivers of long-run urban decay, on which less research exists than on the growth and gentrification of cities. Most existing work has studied urban decline through the lens of urban "flight" and population dynamics more generally (e.g., Cullen and Levitt, 1999; Glaeser and Gyourko, 2005; Boustan, 2010), although some sociological accounts focus on the role of discriminatory practices and racial segregation (e.g., references in Travis (2019)). We document how patterns of segregation and the resulting high demand in Black neighborhoods may have decreased landlords' incentives to maintain their properties. Smith, Rosen and Fallis (1988) argue that "when examining the owner/landlord's investment decision, the central issue is to determine the conditions under which a building will be allowed to deteriorate". If the price of housing services is artificially high in Black neighborhoods because of lack of other options for tenants there, then the "optimal maintenance path" may be lowered—even if landlords did not (necessarily) decide on conscious, exploitative "milking" strategies *ex ante*.[4] Our contribution is to provide new evidence of systematic underinvestment in properties rented out to Black households in the first half of the twentieth century, and also to show that the disinvestment was not driven by lower profitability of those properties.

Fourth, and finally, our paper contributes to the rapidly expanding field of deep learning (Dell, 2025). Image-based machine learning has become a tool to understand price formation in real estate (Glaeser, Kincaid and Naik, 2018; Lindenthal and Johnson, 2021) and art markets (Aubry et al., 2023), and we contribute to this strand of the literature through our use of historical data. Recent literature has also used computer vision techniques to examine the evolution of cultural and societal norms (Adukia et al., 2023; Voth and Yanagizawa-Drott, 2024). By comparing images of buildings taken at different points in time, we illustrate how images can be used to analyze urban development and deterioration.[5] By linking property images to Census data, we shed

[4]Segregation may interact with investment structures in explaining maintenance investments. Using contemporary building inspection data for the city of Rochester, New York, Rose and Harris (2022) document lower maintenance in properties where absentee owners outsourced management to professional companies, especially in Black neighborhoods. Travis (2019) shows evidence of lower investment under LLC ownership, which is more common in poor and Black neighborhoods.

[5]While Glaeser, Kincaid and Naik (2018) find that aesthetic appeal (captured by visual data) plays

light on how visual data can enhance our understanding of neighborhood evolution, property investment decisions, and long-term socioeconomic change, and also open up new avenues for studying housing market choices and outcomes at the household level.

2 The Data

2.1 The Real Estate Record and Builders' Guide

Manhattan is the focus of our study because of its importance as a real estate market with 1.9 million residents in 1940, its significance as a metropolitan area segregated by race in the decades before WWII, and the availability of robust transaction data from the RERBG. The RERBG includes transactions where confidential information on the actual sale price could be obtained (Grebler, 1955). Market-based transactions represent the prices buyers are willing to pay for specific features, locations, and amenities at any point in time, thereby also providing a basis for estimating the implicit value of property characteristics in hedonic models.

Given our focus on the pre-WWII period, we used digitized collections of the RERBG from Columbia University's digital archives for 1912–1922 and extended the dataset to 1939 through our own efforts. We extracted 1,833 pages of transactions from the Columbia archives and digitized an additional 3,864 pages ourselves. We begin in 1912 because, from that year, the layout of the RERBG is more conducive to OCR—see the differences between Panel A and Panel B of Figure 2. Nicholas and Scherbina (2013) manually entered 30 transactions per month from the same data source. Modern digitization methods allow us to capture a much larger number of transactions (Panel C).

We ensure that the transactions included in our analysis are actual market sales, as described in the RERBG, excluding those that are non-monetary or between related individuals. From the digitized pages we extract all the relevant information on property transactions including the transaction value, the assessed value, whether the transaction was a foreclosure, the square footage of the lot, the type of property, the construction material, whether it had a store front, and the number of stories. In Panel B of Figure 2 we see that 1026 Park Avenue, in the Upper East side, is a 20×70 lot with a five-story tenement built from stone that had an assessed value of $31,000-35,000 (land or land plus building) and transacted for $45,000 in August 1920. We know this property transacted

a more significant role in property price determination in wealthier neighborhoods, we will demonstrate how these features can also highlight structural decay in poorer neighborhoods. This underscores the context-dependent importance of visual data in understanding and predicting property values.

at market price, in contrast to 294-96 Bowery in the Lower East Side, which is designated as a "O C & 100" transaction, which the RERBG codifies as "other consideration & 100." 1026 Park Avenue transacted again in March 1936 and again in February 1937, though the vast majority of properties (87%) in our dataset transact only once (Panel D).

We estimate the total gross square footage of a property by the convention used in the PLUTO database of multiplying the lot area by the number of stories. This method is an approximation, since properties can have setbacks, open spaces, or partial coverage.[6] For the 1026 Park Avenue property, the lot dimensions are square, making the calculation of total gross square footage straightforward. For properties with irregularly shaped lots, we approximate the area by squaring off the average of the lot dimensions.

Our dataset contains 23,690 market-based transactions. Figure 3 shows the location of these properties using the modern ArcGIS locator file for geocoding. Despite potential complications from historical address changes, this method has been proven to yield accurate results (Barr and Tassier, 2016; Gray and Bowman, 2021).

Descriptive statistics on our data are shown in Table 1. The largest share of transactions occurs in the Union Square-Lower East Side neighborhood (15.1%), home to large immigrant communities, followed by Central Harlem-Morningside Heights (14.8%) a major center for Black residents during the early twentieth century. Lower Manhattan, which was already heavily commercial by this time, contains the smallest share of transactions (4.3%), consistent with the fact that commercial properties tend to have longer leases and transact less frequently than residential properties, as they are more often owned by institutional investors with longer investment horizons.

The most common property type is tenements (47.5%), followed by 'other' dwellings or commercial buildings (22.9%), dwellings (20.6%), and lofts (8.9%). Most properties were constructed with brick (63.1%), while stone and other materials accounted for 13.1% and 23.8%, respectively. 38.9% of properties included a store, which is consistent with Grebler (1955) who shows about 44% of apartment properties contained a store. Building height varied, with 30.7% of properties having six or more stories, indicating the inclusion of particularly large properties in the dataset. Lot sizes averaged 18.73 thousand square feet, while total square footage (lot and building) averaged 81.96 thousand square feet. The average property transaction value is $40,301 (about $700,000 today). Foreclosure transactions account for 34.9% of our data as identified by the text string "FORECLOS" in the RERBG listings; given the prevalence of foreclosures, we will include them in the

[6] "New law" residential buildings in New York City constructed after the enactment of the 1901 New York Tenement House Act were required to have courtyards in order to allow for ventilation and natural light in every unit. "Old law" buildings often did not have courtyards and thus occupied a larger fraction of the lot.

construction of our indexes while using an indicator variable to account for their specific value.[7] Each property when it transacted was an average of 0.26 miles to the closest subway (subsection 2.4).

2.2 Property Images

We accessed images from a remarkable initiative started during the Great Depression. Photographs of Manhattan properties were taken as part of a large-scale effort initiated by the New York City Department of Taxes and supported by the Works Progress Administration (WPA). Known as the Real Property Tax Card Record System, the project aimed to modernize property assessments by documenting all parcels of real estate with detailed tax cards that included photographs, diagrams, and building data (Esperdy, 2004). This was intended to facilitate equitable taxation and administrative efficiency. The project provided employment for about 900 clerical workers and photographers during a period of high unemployment, making it both a practical and relief-driven initiative.

The resulting collection of 720,000 images captures almost every building across the five boroughs from 1939 to 1941. (The five boroughs contained approximately 815,000 parcels of real estate in 1938.) The photographs are particularly useful for understanding the architectural and urban landscape of the time, as they provide detailed, visual records of building types, materials, and uses. While the angle of the photos was sometimes dictated by the building's size and the street's width, necessitating oblique perspectives in certain cases, the images offer insights into the diversity of urban structures with reasonably standard framing perspectives. Designed to assist tax assessors with valuations, they are by construction a visual reflection of underlying property value. Beyond the buildings themselves, the photographs also capture subtle elements of urban life—such as lampposts, signage, vehicles, and street level activities—that can serve as proxies for location attributes and amenities, which are often difficult to quantify through property characteristic variables alone. Fortuitously, the Department of Finance undertook a project to retake the tax photographs during the 1980s—a further 800,000 images. Thus we have visual features of properties we can compare from both snapshots in time. A limitation of the images is of course that we do not observe interior conditions.

[7] Panel A of Appendix Figure A1 shows that the share peaks around the time of the First World War and during the foreclosure crisis associated with the Great Depression (also see Ghent (2011)). Panel B shows an upward trend in foreclosure property values during the Great Depression. We know savings banks purchased properties at foreclosure auctions, primarily in cases where they acted as the plaintiff. In essence, these banks were acquiring properties to protect their mortgage liens. The RERBG also published maps that detail their frequency and location (see Appendix Figure A2).

Figure 4 provides examples of the images in our dataset. 415 West 118th Street in the Morningside Heights neighborhood of Manhattan, which transacted for $110,000 in August 1914 in the RERBG, is shown in 1940 and 1980 alongside a current image showing its ownership by Columbia University.[8] The 1980 images are of lower quality because the original 35mm photos were converted into a digital format by the Department of Finance and stored on Laser Video Discs, an early optical storage technology. The next set of 1940 images in Figure 4 shows a property with a store front, as well as images of properties with cars or a person walking by. Each 1940 image includes a placard with an identifier code for the building and lot number, which is included in the filename of the images, which we can use to match with the RERBG and Census data. Some photos, as shown in the bottom panel of Figure 4, contain defects, or in the case of the 1980 collection, a substitute card was placed where an actual photo was missing. These defects can largely be identified and cleaned through their corresponding feature vectors (subsection 3.3).

2.3 Census Data and Redlining

We use federal Census data as our source of rent information. In the 1930 and 1940 Censuses, households indicated whether their home was owned or rented. Renters provided the amount of their monthly rent, while homeowners were asked to estimate the potential sale price of their property.[9] The majority of the properties in our dataset were rentals since Manhattan has historically been a rental-dominated market.

What information do the rents convey? Rent control became widespread during the Second World War. Fetter (2016) estimates that approximately four-fifths of the rental housing stock in 1940 was located in areas subjected to federal rent control measures between 1941 and 1946. Before this, rent control laws existed primarily on an *ad hoc* basis and, in Manhattan, relied heavily on judicial discretion. Günnewig-Mönert and Lyons (2023) document how judges were empowered to decide whether rent increases were "reasonable" based on a law introduced in 1920, which was subsequently abolished during the late 1920s. Although agitation for rent control continued throughout our period, we assume for the 1930 and 1940 data we have from the Census that rents approximately reflect market prices.

To illustrate the data we obtain and our approach to matching price with rent data,

[8]For simplicity, we will refer to the 1939–1941 images as "1940" images and the 1980s images as "1980" ones henceforth.

[9]Beyond Census data, comprehensive rent information is available from newspaper listings, as highlighted by the major efforts of Lyons et al. (2024) to collect these data for a multitude of U.S. cities during the twentieth century.

consider our example of 415 West 118th Street in the RERBG shown in Figure 4. In 1940 this property was rented by 20 households containing a total of 60 individuals. 54 of the individuals were White and six were Black all of whom belonged to the same household. Household rents ranged between $45 and $70 per month. Three households did not report rent, including the Black household, but we do not find that missing rental data is systematically a function of race.[10] We impute missing rents based on the average rent of the reporting households for each property. We then aggregate at the property level, with annual rents for 415 West 118th Street totaling $12,732.

The richness of the Census data means we will be able to estimate rental yields at the property level conditional on a range of tenant demographic characteristics. The 1940 Census contains data on wages and education which is particularly useful as we are interested in housing affordability, economic conditions, and social inequality. Louise Kilburn, a White 37-year old waitress with a high school education who earned $1,000 during the prior year, lived at 415 West 118th Street with her 11-year old child and 75-year old aunt. Richard Wildman, a naturalized Black resident with a high school education from the West Indies lived there with his spouse, Hazel, and four daughters. Wildman appears to have been the superintendent of this, or another, apartment building based on the occupation string in the Census and his stated earnings are $1,200. We will focus much of our analysis on the 1940 Census because it provides richer demographic variables. In contrast, the 1930 Census offers more limited data, with literacy serving only as a basic indicator of educational attainment. Wages are not observed at all.

Based on the Census data we can see how segregated Manhattan was. Figure 5 shows that the Black population overwhelmingly resided in the Central Harlem-Morningside Heights neighborhood, especially relative to the more dispersed distribution of the White population and other racial groups. We also incorporate spatial data from Home Owners' Loan Corporation (HOLC) maps (1935–1940) from *Mapping Inequality: Redlining in New Deal America* to classify neighborhoods by redlining designations. In 1940, 92% of the Black population of Manhattan resided in a redlined area which were designated as "hazardous" according to perceived investment risks, compared to 55% of Whites.[11]

When geocoding the RERBG and Census addresses, we use the same ArcGIS location

[10] We estimate a linear probability model with an indicator for missing rents as the dependent variable and race indicators as independent variables. The coefficient on Black households heads is -0.012 (s.e. 0.007) and on Other is -0.008 (s.e. 0.010) with White household heads as the baseline.

[11] See Appendix Figure A3 for more details. Appendix Figure A4 plots each geocoded Census observation in the data. Shaded areas in the 1940 map are Grade D areas or "redlining" areas on HOLC maps created during the late 1930s and early 1940s.

file and then match all pairwise combinations of properties based on their calculated distances. Census address strings are often messy, with numbers frequently spelled out as text (e.g., 'One Hundred Eighteenth Street' instead of '118th Street'). Since many Manhattan addresses include numerical components, we first clean the addresses using text algorithms. Given the high density of properties in Manhattan, we apply a strict matching threshold, requiring a distance of zero meters between properties. Descriptive statistics for the matched RERBG-Census data are shown in Appendix Tables A1 and A2 for 1930 and 1940, respectively.

Our final regression datasets include only the large majority of residential properties that were fully rented, as we cannot accurately impute the rental value of owned units in mixed-use properties where systematic differences could exist between rented and owned units. For example, rented units may be smaller, less renovated, or located on less desirable floors, while owner-occupied units might receive more investment in maintenance and upgrades.[12]

2.4 Subways

In cities like NYC, the subway has historically driven urban expansion.[13] We plot the locations of subways which diffused across Manhattan during the early twentieth century. The inaugural line was built by the Interborough Rapid Transit Company and stretched from City Hall in Lower Manhattan to 145th Street and Broadway in Harlem. We use spatial coordinates for NYC subway stations provided by the Metropolitan Transportation Authority. We supplement this with our own data collected on the opening of each station, from the Broadway–Seventh Avenue Line's opening in 1904 to the opening of the East Broadway station on the Sixth Avenue Line in 1936. For each transaction year

[12]Panels A and C of Appendix Figure A5 shows the vast majority of properties were fully rented in Manhattan in both 1930 and 1940 due to the city's vertical development. The prevalence of multi-unit buildings and tenements, especially in the late nineteenth and early twentieth centuries, catered to renters rather than individual homeowners. Panels B and D present estimated marginal effects of race on property type based on a multinomial logit model. These marginal effects represent the change in the probability of each property type associated with the household head being Black versus non-Black, controlling for property, individual, and spatial characteristics (latitude and longitude). The results indicate that Black households were significantly more likely to reside in rental properties, equally likely as non-Black households to reside in owner-occupied properties, and less likely to live in buildings with mixed ownership and rental households. Taken together, the figures underscore the predominance of rental housing in Manhattan and racial disparities in access to property types.

[13]The poor tend to live in cities because transportation costs are lower (Glaeser, Kahn and Rappaport, 2008), while property values tend to increase generally with proximity to rail systems due to gentrification (Kahn, 2007) and lower commuting times (Gupta, Van Nieuwerburgh and Kontokosta, 2022). In New York City, Lee (2022) observes a significant increase in segregation through residential sorting by income following the construction of transit infrastructure.

(between 1912 and 1939) and Census year (1930 and 1940), we estimate the minimum distance from a property to the network of subways operating in that year. In 1912, 41 subways were in operation, increasing to 130 by 1939.

2.5 PLUTO Database

As a final step in our data collection, we link all our data to the most recent version of the PLUTO (Primary Land Use Tax Lot Output) dataset, using both geocoding or matching by the building block and lot identifiers. PLUTO contains detailed information about every tax lot in New York City, including Manhattan, and is widely used for urban planning and research. An advantage of this dataset is that it contains information on the approximate year that properties were built and the year in which any alterations were made that would enhance market value. Year built is a proxy for unobserved quality, including construction standards, architectural styles as well as ageing and depreciation. Given the inclusion of data on alterations, we can trace out the renovation history of properties in our dataset by race. The PLUTO database also contains contemporary assessed values.

3 Capital Returns and Property Valuation Models

Because properties trade infrequently, their values are typically unobserved. Market transaction prices offer the most reliable basis for valuation (needed to estimate rental yields) and the estimation of capital gains over time, but we need to account for the heterogeneous nature of real estate. In this section, we will first present a simple hedonic model that sheds light on the drivers of cross-sectional price variation in our dataset of RERBG transactions (subsection 3.1). This analysis will serve as a stepping board for our construction of price indexes (subsection 3.2), and be a useful benchmark when studying the power of property image features in explaining transaction prices (subsection 3.3). In the final part of this section, we will generate out-of-sample property valuations for Census years (subsection 3.4), which combined with data on rents will allow us to develop estimates of rental yields in the next section.

3.1 A Simple Hedonic Model

Let $V_{i,t}$ denote the observed market price of property i sold at time t, and let $v_{i,t}$ represent its natural logarithm. Assume that each transaction includes M measurable characteristics that fully describe the property (as outlined in Table 1) and remain constant over

some period of time: $\mathbf{z}_i = [z_{i,1}, z_{i,2}, \ldots, z_{i,M}]$.

Using all these characteristics, along with quarter-by-year dummies, we can estimate a standard hedonic regression using our RERBG observations:

$$v_{i,t} = \delta_{q,t} D_{q,t} + \sum_{m=1}^{M} z_{i,m} \gamma_m + \epsilon_{i,t}, \quad (1)$$

where $D_{q,t}$ is a dummy variable for quarter q of year t, and $\delta_{q,t}$ represents the corresponding coefficient for the quarter-by-year effect. These dummies explicitly control for temporal variation in property values at a quarterly level, ensuring that the coefficients on the characteristics reflect within-period differences (rather than picking up broader market trends correlated with changes in the distribution of characteristics over time). This model enables us to estimate the market value of any property at a given time based on its specific attributes and the fitted coefficients.

Table 2 reports the γ_m coefficients corresponding to the property characteristics, neighborhood fixed effects, and location characteristics in $z_{i,m}$. In column 1 we report the coefficients for our full time period 1912-1939 and then we report estimates of subperiod effects for the 1910s, 1920s, and 1930s in columns 2, 3, and 4. The coefficient on the log of square footage is positive and significant though less than unity across all periods suggesting diminishing marginal returns to property size in larger buildings where much of the additional square footage may be allocated to less desirable spaces, such as hallways, storage, or elevator shafts. The coefficients on stories capture the positive aggregate value of taller buildings (the baseline of six stories or over).

Deviations from a standard rectangular shape influence property values. A one-unit increase in the number of dimensions is associated with a 6.1% increase in property value. Irregular lots could be beneficial for commercial or mixed-use developments, for example, driving up prices relative to standard lots. In the full 1912-1939 period having a store is associated with a 14% higher property value ($e^{0.131} - 1 = 0.139$). The effect is largest in the 1930s where properties with a store command a 20.1% higher price compared to those without additional features.

Building type significantly affects property values. Compared to tenements (perhaps due to their association with poor living conditions, lack of amenities, and historical use as affordable housing), dwellings, lofts, and other building types command substantial transaction premiums, with 'other' building types showing the largest positive effects. Construction material also plays a role; compared to brick (the base category), stone construction adds a small premium, while properties made from other materials are valued less.

Neighborhood fixed effects reveal substantial variation. Affluent neighborhoods like Gramercy Park–Murray Hill and the Upper East Side consistently exhibit significant premiums compared to Union Square–Lower East Side, with the largest premiums observed in the 1930s. Predominantly Black neighborhoods, specifically Central Harlem–Morningside Heights and East Harlem, generally show lower property values, though the disparity does not seem to dramatically change over time. Distance to the nearest subway station negatively impacts property values across all periods, emphasizing the importance of transit accessibility. A 10% increase in the distance to the nearest subway station is associated with a 1.5% to 1.7% decrease in property value across periods.

Finally, the coefficient for foreclosure is negative and significant across all periods, with foreclosed properties being sold at an average discount of about 20.3% from 1912 to 1939 compared to non-foreclosed properties. The discount is largest in the 1920s where foreclosed properties sold for approximately 43.2% less than comparable non-foreclosed properties. Given the preponderance of foreclosures in our data, we include these properties in our estimation of capital returns but account for the lower associated transaction values.

3.2 Aggregate, Property Type, and Neighborhood Returns

We now move to constructing price indexes, comparing them to estimated aggregate capital returns to housing from Jordà et al. (2019), while exploring heterogeneity by property type and neighborhood.

We modify the simple hedonic model introduced in the previous subsection in a number of ways. First, to ensure interpretability and robustness over longer time periods, we replace quarter-by-year effects with year dummies. This allows us to estimate indexes that reflect the relative change in property values across years, measuring the annual capital return on a normalized initial investment of $1. Second, we account for some of the weaknesses of standard hedonic models as a way to estimate price indexes in two different ways. One drawback of a hedonic model estimated on pooled data (i.e., data for the full sample period or pooled over a decade) is that characteristics' shadow prices are constrained to be constant over relatively long periods of time. In reality, the relative attractiveness and thus pricing of, for example, certain neighborhoods may show faster variation. We therefore switch to using an adjacent-period method, which pools transactions from overlapping two-year time frames to estimate property values relative to adjacent periods. This approach allows for changes in the pricing of characteristics while retaining the ability to estimate annual price changes. In this adjacent-period method,

we generate an index by applying the chain rule, linking cumulative relative estimated changes in property values across the overlapping two-year periods. Another weakness of standard hedonic regression models is that they impose a (log-)linear and additive structure, while in reality non-linearities and interaction terms might be important for pricing of real assets (Aubry et al., 2023; Koijen, Shah and Van Nieuwerburgh, 2025). We therefore incorporate a random forest approach to capture such complex relationships between features such as location, building type, and square footage—and improve predictive accuracy of the valuation model.

Random forest predictions are aggregated across 100 decision trees to produce the final index, mitigating the risk of overfitting inherent in individual decision trees (Breiman, 2001). Each tree is trained on a random subset of the data and features, with a random subset of predictors considered at each split to reduce correlation between trees. This diversification ensures that individual trees capture different patterns in the data, improving stability and predictive accuracy. The final index is obtained by averaging the predictions across all trees, capturing broad trends in the value of real estate while controlling for property characteristics and spatial patterns.

Figure 6 presents our key findings on capital returns, highlighting the close correspondence between our estimates and the nation-wide capital return series from Jordà et al. (2019).[14] They estimate an annualized gross capital return of 0.41% between 1912 and 1939, whereas we estimate a return of 0.34% using the adjacent-period index or 0.39% using our random forest approach. This correspondence is striking because of the differences in methodologies, granularity, and geographic focus of the data. Our results for Manhattan are highly consistent with their findings, implying that the capital return at the national level also holds true in a major localized urban market.

Figure 7 explores capital returns further by property type and neighborhood, based on our random forest estimates, revealing some heterogeneity in the real estate market. Different building types appear to cater to distinct buyer or investor groups, leading to variations in price growth. Yet, property investors owning tenements or properties in the neighborhoods with substantial populations of Black households—Central Harlem-Morningside Heights, East Harlem, Washington Heights-Inwood—did not seem to have experienced below-average capital gains over this period.[15]

[14]The U.S. house price index in Jordà et al. (2019) is taken from Knoll, Schularick and Steger (2017), who themselves rely on multi-city single-family house price indexes from Grebler, Blank and Winnick (1956) and Fishback and Kollmann (2014) for the relevant period.

[15]Appendix Figures A6 and A7 show estimated adjacent-period and random forest indexes by property type and neighborhood, respectively.

3.3 Feature Vectors from Property Images

We now turn to our database of property images as a novel resource for valuation. We do this for two reasons. First, if the images contain sufficient meaningful information about properties' market values, we can put a valuation on *all* properties for which we have rent information in the Census and not just those properties for which we observe a transaction in the RERBG—allowing us to estimate rental yields on a more exhaustive set of properties. This broader scope mitigates selection bias, as transacted properties may systematically differ from those that did not transact (e.g., by having different rent levels). Second, if images correlate with prices, then changes in image features between 1940 and 1980 can tell us something about disparities in long-term price dynamics.

We analyze what the tax assessor saw to extract a quantitative signal about property value from the images. To do this, we employ a modern convolutional neural network (CNN) architecture to represent the images with pixel-based feature vectors. We follow the approach in Glaeser, Kincaid and Naik (2018) and use the pre-trained ResNet model to extract high-level features and patterns present in the image. The 1940 and 1980 images are preprocessed and fed into ResNet to obtain feature vectors as markers of the visual characteristics and structural attributes of the properties. To account for multiple properties potentially appearing in a single image due to the photographer's positioning and perspective, we apply a mask to prioritize the central region. The resulting feature vectors are then reduced to 100 principal components, capturing over 80% of the variance of the 1940 and 1980 vectors. Importantly, ResNet is not trained to value properties; rather it is used to extract visual features that our models then link to property value. Hence, we avoid look-ahead bias in our empirical analysis. Although historical buildings are not in its training set, ResNet still captures universal characteristics such as edges, textures, and shapes, making it robust for feature extraction.

Machine learning models like ResNet are often considered a "black box" because, while they effectively extract features from images, the exact nature of these features and their relationship to specific outputs (like property value in our case) can be difficult to interpret meaningfully (Dell, 2025). We therefore provide visual evidence to illustrate what these feature vectors represent. Figure 8 visualizes the five "nearest neighbors" to each randomly selected 1940 image in the first column using the euclidean distance between the principal components of the feature vectors. Illustratively, proximate properties in vector space also exhibit strong visual similarity.

Moreover, the principal components of the image feature vectors are strongly correlated with property transaction values, as can be illustrated by computing the adjusted R-squared for linear regression models where we use different sets of variables to predict

the log of transaction values. If we run a hedonic model with fixed property and location characteristics, a foreclosure dummy, and year × quarter fixed effects, we get an adjusted R-squared of 27.9%.[16] A model regressing log transaction prices against fixed attributes extracted from historical images using ResNet (i.e., the 100 principal components described above) achieves a lower but still remarkable adjusted R-squared of 19.3%.[17] This compares favorably to the 11.7% reported by Glaeser, Kincaid and Naik (2018) using Google Street View images and modern transaction data from Boston. The fact that our visual features explain more of the variation in sale prices is intuitive as historical images were designed to aid assessors in property valuation whereas images from Google Street View serve broader purposes and are not tailored for evaluating structural or market-related property features.

3.4 Predicting Property Values for Census Years

So far, this section has explored the correlation of property characteristics with transaction prices (subsection 3.1), estimated price indexes that control for variation in property characteristics (subsection 3.2), and established that images can help predict prices even without information on property characteristics (subsection 3.3).

In Section 4 of this paper, we will present federal Census data on rents in 1930 and 1940. To estimate the rental income return realized by landlords, we will need to link property-level aggregate rental income to estimates of properties' market values at the start of those Census years. To conclude this section on property pricing, we demonstrate how we can use transaction data from 1912 to 1939 and image data from 1940 to value either those properties in the RERBG (when using information on property characteristics) or all properties in the Census (when using images) in both 1929 and 1939.

Since our transaction data includes a temporal component, we train a prediction model and validate it out-of-sample to ensure the model can generalize across different points in time. We start by assessing in general the out-of-sample performance of both a hedonic and a random forest model, with the data split into 80% training and 20%

[16] This number is slightly different from the one reported in Table 2 because here we use the subset of data for which we also have images.

[17] Note that we do not include a foreclosure or neighborhood dummies here. Appendix Figure A8 shows a binscatter plot showing a strong correlation between predicted and realized property values between 1912 and 1939, estimated using only the 100 principal components from the 1940 visual features. Combining hedonic characteristics and visual features in a linear regression model explains 30.7% of the variation in log transaction prices, demonstrating the complementarity of hedonic and visual characteristics, while a placebo test replacing meaningful features with random variables achieves only 3.8% with time period fixed effects and 0% without.

testing sets. As predictors we use property characteristics as well as the ratio of assessed-to-market value, year of the transaction, latitude and longitude of the property, and a foreclosure indicator. We find that the random forest model consistently outperforms an OLS hedonic model, demonstrating better predictive accuracy with lower average deviations from actual property values, reduced prediction errors, and improved percentage error metrics.[18] These results suggest that while both models effectively capture key predictors, the random forest model provides more precise and robust predictions, likely due to its ability to account for complex, non-linear relationships.

When then estimating random forests that predict the property values ("random forest-based valuations") to link to the Census years 1930 and 1940 rental data, we make two key adjustments to our approach. First, we restrict the training model to use data from only the prior five years, ensuring the training specification reflects more recent market conditions. Second, we exclude foreclosures from the training model, focusing solely on market prices, as these are the values we predict for the cross-section of properties in the RERBG. We then value foreclosed properties using the prediction model as if they transacted at market prices. To minimize missing data, we also drop the assessed-to-market value variable. We apply the same approach to images, using principal components from the 1940 images, along with latitude and longitude, to predict market values ("image-based valuations") for the full cross-section of properties in the 1940 Census.[19]

4 Rental Yields and Race

In this section, we first present our main rental yield estimates (subsection 4.1), which are derived from our property valuations and Census rent data. We then introduce our primary regression specification for examining variation in rental yields (subsection 4.2) and discuss the results using 1940 Census data (subsection 4.3). Next, we conduct robustness checks: substituting 1930 Census data for 1940 (subsection 4.4) and using image-based valuations (subsection 4.5). Finally, we analyze racial variation in rent burdens (subsection 4.6).

[18] Appendix Table A3 presents key metrics used to evaluate accuracy and predictive performance on the test set. Appendix Figure A9 further illustrates the stronger predictive performance and better fit of the random forest model to actual property values.

[19] Appendix Figures A10 and A11 illustrate strong in-sample correlations between actual and predicted values for properties transacted in 1929 and 1939, supporting the robustness of our approach.

4.1 Rental Yield Estimates

The (unlevered) total return on a property investment consists of two components: the capital return and the income return. The *capital return* component is captured by our property price indexes, as described in subsection 3.2. The *income return* component (which we will refer to as "yield") reflects the realized rental income relative to the property's market value at the start of the period. We can now estimate rental yields because we aggregated rents over the households living in any property in subsection 2.3, and estimated in subsection 3.4 property values for years preceding Censuses in which rents are observed. Note that, in our data, vacancies are implicitly accounted for, as vacant apartments would not have been enumerated in the Census, and the method we use to aggregate rents at the property level accounts for this. Our yield estimates therefore reflect *effective*—not potential or contractual—rental income.

Beyond estimating gross rental yields, we can also estimate *net* rental yields. We first need to subtract maintenance costs and insurance costs from gross rental income to calculate operating profit.[20] Taxes, calculated as a percentage of the assessed value of the property, are then subtracted to arrive at after-tax profit, which we treat as equivalent to net cashflow. This provides a net measure of income generated from each property after accounting for observable expenses and taxes. (To isolate the intrinsic performance of the property as an asset, we abstract from financing decisions, including mortgage and transactions costs.) We measure each of these components using our 1930 and 1940 datasets. In both years, we set maintenance costs at 25% of annual rental income, based on estimates from the *Report of the State Board of Housing of New York*. To estimate assessed values, we use the ratio of assessed value to legal basis (market value), which is 90% in 1930 and 92% in 1940, as reported in the *National Municipal Review*.[21] Insurance costs are estimated at 0.57% of assessed value in 1930 and 0.53% of assessed value in 1940, using data from the *Weekly Underwriter*. Finally, we set the tax rate at \$27.20 per \$1,000 of assessed value in 1930 and \$29.60 per \$1,000 in 1940, also based on data from the *National Municipal Review*.

We present mean and median gross and net rental yield estimates for 1930 and 1940 in Figure 9, using as our denominator the random forest-based and image-based prop-

[20] We assume that depreciation is accounted for within maintenance costs. An alternative approach would be to model depreciation as an annualized capital expenditure rate based on the property's market value; however, this is problematic for our time period. Grebler (1955) highlights that capital expenditures were often irregular, with deferred maintenance common during periods of financial distress.

[21] RERBG sometimes has information on assessed values but not for every transacted property. We will also want to estimate yields for properties that did not transact.

erty valuations generated in subsection 3.4.[22] The random forest-based valuations imply a mean (median) net yield of 6.3% (4.2%) in 1930 and 12.1% (10.8%) in 1940, while the image-based valuations imply a mean (median) of 10.3% (8.4%) in 1940. Our estimated returns in 1940 are higher than those in 1930, largely due to the comparatively lower property prices in 1940, which contributed to higher rental yields. The results indicate that total real estate returns were primarily driven by the rental yield component, consistent with findings by Jordà et al. (2019), who report a national net rental yield of 5.3% in 1930 and 6.3% in 1940, and Lyons et al. (2024), who document gross rental yields of 13.6% in New York City between 1930 and 1945.[23]

4.2 Regression Specification

We can now examine variation in rental yields based on the race of individuals residing in these properties, as identified in federal Census data. Figure 10 shows that, on average, unconditional net rental yields were higher for properties housing Black residents compared to those housing White residents in 1930 and 1940. We can test more formally for differences in yields by estimating a regression model.

Our main regression equation, estimated in the next subsection using 1940 Census data on properties that were fully rented, takes the following form, where i indexes properties and h indexes households:

$$\frac{\text{Net Rent}_i}{\text{Property Value}_i} = \rho_r \text{Race}_{h,r} + \eta_q \text{Wage Quartile}_{h,q} + \tau_e \text{Education}_{h,e} + \kappa \, \text{Subway Distance}_i + \sum_{j=1}^{J} z_{h,j}\zeta_j + \sum_{k=1}^{K} x_{i,k}\lambda_k + \epsilon_i, \quad (2)$$

We examine variation in inverse hyperbolic sine (IHS) transformed rental yields for property i, which can take on negative values, as a function of both household-level

[22] To minimize the impact of data errors on our means, we trim the returns at the 5th and 95th percentiles, as shown in Appendix Figure A12 for our random forest-based valuations. Grebler (1955) reports a range of net investment yields (including the capital component) from -4% to 23% for properties between 1930 and 1950, while our trimmed range for 1940 (excluding the capital component) spans from -1.5% to 49.5%, reflecting a longer tail of returns in our dataset.

[23] Grebler (1955) reports that net income on properties accounted for approximately 35% to 37% of gross income in New York City between 1935 and 1945. Our findings are broadly consistent with this range, with net rental yields representing about 33% of gross income in 1930 and somewhat higher in 1940, where net rental yields were approximately 49% of gross income. In the total return series presented by Lyons et al. (2024), New York City ranks third from the bottom in capital returns among 29 cities between 1930 and 1945, but seventh from the top in the ranking of gross rental returns. This underscores the critical role of rents as a primary driver of real estate income in this location.

and property-level characteristics. Household-level variables are measured using the attributes of the household head and include indicators for race (Black, other, with White as the baseline). We also include income quartiles and education levels (with a baseline of 0 to 2 years of schooling) for which information was included in the 1940 Census. Additional household-level controls (ζ) include individual characteristics from the Census (age, sex, and employment status).

Property-level variables include the IHS-transformed distance to the nearest subway and a set of additional controls (λ), such as property square footage and type. Because property values are predicted using the same characteristics for the cross-section of RERBG properties, we introduce these variables as controls only in our final specifications. We exclude neighborhood fixed effects from our baseline specifications because racial segregation shown in Figure 5 limits identification. Standard errors are clustered at the property level to account for the hierarchical structure of the specification and potential within-property correlations such as shared characteristics among households.

4.3 Main Results Based on 1940 Census Data

Panel A of Table 3 presents the results of estimating Eq. (2) on the 1940 Census data. Column 1 shows a baseline racial disparity in net rental yields, with Black household heads living in properties that generate a yield for their owner that is about 1.5% (i.e., 1.5 percentage points) higher compared to White household heads.[24] Adding individual controls from the Census reduces this disparity slightly to 1.3% (column 2). Wage and education controls are not strongly correlated with yields, with the estimated racial disparity stabilizing around 1.4% (columns 3–5). Similarly, adding distance to the nearest subway does not change the yield estimate. While proximity to subways may increase property values through improved accessibility, it may also raise rents proportionally, leaving the rental yield unaffected (column 6).

In the final column of Panel A of Table 3, we incorporate property attributes to account for factors beyond household-level characteristics that may explain differences in rental yields. The coefficient for Black household heads is no longer statistically significant. Note that property characteristics are used to predict property values in the random forest model, which serves as the denominator of rental yields. If these same characteristics also directly influence net rental yields (the dependent variable), this creates a mechanical link between the predictor and the outcome possibly absorbing part of the variation previously attributed to race. Furthermore, race may be more

[24] Importantly, our results are not driven by our adjustments for maintenance, expenses, and taxes. As shown in Appendix Table A4, *gross* rental yields are also similarly higher for Black households.

strongly correlated with certain property characteristics—such as tenement housing, for example—potentially attenuating the effect of race in this specification, especially if adding these controls also reduces identifying variation.

In Panels B and C of Table 3, we use the same specifications on the numerator and denominator of net rental yields to disentangle the factors influencing rents and property values. The net rent specifications in Panel B reflect the rents landlords collect at the property level, revealing patterns that help explain rental yield disparities. We find that properties occupied by Black households generate net rents that are statistically indistinguishable from properties occupied by White households. The regression coefficients shown in Panel C indicate a consistently negative and statistically significant relationship between race and property values across specifications. Black household heads are associated with much lower property values compared to White household heads. This persistent gap in the market value of the household's residence remains significant even as individual controls, as well as education and wages, and property characteristics are added sequentially in columns 3 to 7. In column 7, which includes the full set of controls, we estimate that properties occupied by Black household heads were valued 8.5% lower than those occupied by White household heads.

Overall, we find that a hypothetical real estate investor would earn higher net rental yields from Black households, primarily driven by consistently lower property values. In particular, Black household heads paid about the same rents as White household heads with similar characteristics, but lived in properties of lower value.

For completeness, the coefficients on the wage quartile and education dummies for the specifications in column 5 are shown graphically in Figure 11. Panel A shows the low correlation with net yields. Panel B shows a strong gradient in wages and education for net rents. Properties occupied by household heads in the upper quartile of the wage distribution are associated with 23% higher net rents than those in the bottom quartile, while those occupied by household heads with 15 or more years of education are associated with nearly double the net rents of properties occupied by household heads with only 0–2 years of education. Higher-wage and more educated households are likely to access higher-quality housing, more desirable neighborhoods, and better amenities, which command higher rents. Panel C shows the highest earners and most highly educated individuals resided in the most highly valued properties, suggesting a strong link between socioeconomic status and housing quality.

4.4 Robustness: 1930 Census Data

The main analysis presented in the previous subsection relied on property-level rental income derived from the 1940 Census. As a robustness check, we can repeat our estimations for those properties that we can also match to the Census in 1930, when rental yields were substantially lower on average than in 1940 (Figure 9). In the 1930 Census, we do not observe wages and we can only capture education through an indicator for literacy. The results presented in Table 4 show a significant racial disparity in net rental yields, net rents, and property values. In Panel A, Black household heads are associated with 2.3% to 2.8% higher net rental yields for their landlords, with the coefficient decreasing as additional controls are added, yet remaining significant and of a larger magnitude than the estimates in Table 3. In Panel B, Black household heads are associated with significantly higher net rents, even as controls for literacy, subway distance, and property characteristics are introduced. This pattern is consistent with strong housing demand in 1930, driven by factors such as the Harlem Renaissance (that drew in Black intellectuals, artists, and professionals), the Great Migration, and limited housing supply (Tritter, 1998). Notably, the coefficient on literacy (not shown) in column 3 of Panel B indicates that rents for literate households are approximately double those for non-literate households, consistent with the education gradient observed earlier. Meanwhile, Panel C reveals that properties occupied by Black households in 1930 had lower market values, just like in 1940. The consistent disparities we find highlight systemic differences in property valuation and rent-setting practices.

4.5 Robustness: Image-Based Property Values

We can also replicate and extend our 1940 analysis using the image-based property valuations described in subsection 3.4 as the denominator in our rental yield estimation. This approach significantly increases our sample size—nearly fivefold—by incorporating all properties matched to the Census, not just those that transacted. A limitation is that we cannot control for property characteristics beyond what is captured in the images. However, due to the larger sample size, we can estimate rental yields with greater precision and examine finer geographic and demographic patterns that were previously infeasible with the transaction-based estimates in Table 3.

Table 5 shows the results. In column 1 of Panel A, we estimate a racial disparity in net rental yields for Black households of about 2.4%, somewhat higher than the 1.5% reported in Table 3 and this estimate remains stable in columns 2 to 6 with added controls. This increase may reflect the inclusion of non-transacted properties, which

adds variation or captures selection effects.

We introduce three new specifications. In column 7 of Panel A, we add neighborhood fixed effects (which we did not do before because of smaller sample sizes) and the racial disparity remains positive and statistically significant, though smaller in magnitude than in earlier specifications. In column 8, where we exclude Central Harlem-Morningside Heights—the area with the highest concentration of Black residents—we find that net rental yields for Black households remain about 1.9% higher. In column 9, which includes neighborhood fixed effects while also excluding Central Harlem-Morningside Heights, the coefficient is less precisely estimated, suggesting that much of the racial difference in rental yields may be driven by neighborhood-level factors, including segregation, rather than property characteristics alone.

In Panel B the larger sample shows slightly greater racial disparities in net rents than in Table 3, but it may be driven by improved statistical power rather than a substantive change in the relationship. For example, the coefficient on Black household heads in column 6 is 0.081 compared to 0.067 in the equivalent model in Table 3. When we include neighborhood fixed effects (column 7), the estimate increases, reflecting higher net rents for Black households relative to non-Black households within the same neighborhood. The estimate remains statistically significant, albeit at a reduced level, even after excluding properties in Central Harlem-Morningside Heights (column 8). However, in column 9, the racial difference in net rents is no longer statistically significant, and the point estimate is smaller, suggesting that market dynamics in Central Harlem-Morningside Heights play a crucial role in driving the observed disparities.

In the property value specifications in Panel C, the point estimates are very similar to before, suggesting Black households resided in properties with 20.4% lower property values in column 6 compared to 16.4% lower in Table 3. In column 7, adding neighborhood fixed effects reduces the racial gap in property values, indicating that most of the difference is driven by where Black households live rather than the value of their homes within a given neighborhood. In column 8, we find some evidence that racial disparities in cross-sectional property values persist outside of Central Harlem-Morningside Heights. In column 9, where both neighborhood fixed effects are included and Central Harlem-Morningside Heights is excluded, the racial gap disappears, implying that neighborhood sorting, rather than within-neighborhood differences, primarily explains the observed racial disparity in property values. Crucially, while property values (Panel C) likely reflect long-term market conditions, rents (Panel B) may be more influenced by short-term dynamics, such as tenant turnover, demand fluctuations, and rent-setting practices, which could differ between these groups. As a result, we find that a hypo-

thetical investor would earn higher returns from Black tenants, who pay higher rents relative to property values compared to their White counterparts (Panel A).

4.6 Variation in Rent Burdens Across Racial Groups

As a final step in our analysis of rents, we examine rent-to-wage ratios as a measure of affordability. These ratios help disentangle the drivers of rental yield disparities by comparing rent burdens across racial and income groups. Figure 12 presents binscatter plots of the relationships between rent-to-wage ratios, rents, property values, and household wages by race in 1940, controlling for property characteristics and proximity to subways. Panel A shows that rent-to-wage ratios are similar across Black and non-Black households at all income levels, suggesting that rents are proportionally aligned with wages across racial groups. Panel B highlights that household rents increase with wages, with no substantial divergence between Black and non-Black households. Panel C highlights a stark disparity in property values, showing that properties occupied by Black households are consistently valued lower than those occupied by non-Black households, even when income levels are comparable. Finally, Panel D compares the rank of rent-to-wage ratios with the rank of wages, showing broadly similar distributions across races.[25]

The previous analysis shows that rent-to-wage ratios are largely consistent across racial groups by income levels. However, as shown in Figure 13, Black households had more wage earners per household, on average, suggesting that landlords may have priced rents based on total household income rather than individual earnings, effectively capturing more of the household's pooled resources. This is consistent with historical evidence indicating that Black neighborhoods in Manhattan became increasingly overcrowded due to severe housing constraints and segregation (Tritter, 1998).

As a result, the higher rental yields observed in Black-occupied properties likely reflected not only lower property values but also how landlords set rents in response to both household income dynamics and rising population density within a racially constrained housing market. Both mechanisms would have led to underinvestment, as landlords had

[25] Appendix Table A5 presents regression results modeling the rank in the [0,100] rent-to-wage distribution shown in Panel D as a function of the [0,100] household wage rank, race, and their interaction, while sequentially adding controls for individual, property, and location characteristics. This approach builds on prior research that utilizes rank differences to estimate income disparities across racial groups as well as racial segregation in housing markets (Bayer and Charles, 2018; Chetty et al., 2020; Higgins, 2023). Across the specifications we find that higher-wage households spend a smaller proportion of their income on rent (Household Wage Rank), consistent with expectations about affordability. Any observed racial disparity in rent-to-wage rankings is largely explained by the controls (Black=1). The interaction term (Black=1 × Household Wage Rank) indicates that for Black households, the decline in rent-to-wage rank with increasing wages is actually slightly steeper than for non-Black households, with a marginal improvement of 0.063 points per 1-unit increase in wage rank.

little incentive to improve properties in neighborhoods where values remained artificially low and tenant demand remained stable despite poor housing conditions.

5 Long-term Property Decay

This section focuses on how the undervaluation of Black-occupied properties and racial disparities in yields may have contributed to property decay. The rental yield reflects the interplay between income generation and asset valuation. When rents can be generated from properties with lower values, owners may lack sufficient incentives to maintain and renovate their properties when necessary.

We first study how the timing of property alterations by landlords varied as a function of tenant race (subsection 5.1). We then study visual evidence of decay based on our 1940 and 1980 images (subsection 5.2). We also examine to what extent property images in both 1940 and 1980 are predictive of resident race in 1940 (subsection 5.3). Finally, we provide evidence of the enduring effects of pre-WWI market conditions on property decay (subsection 5.4).

5.1 Variation in Alterations

We study whether properties that housed Black tenants in 1940 were less likely to be maintained by their owners in the decades after. We have information on the renovation/alteration history and construction year of properties in our dataset from PLUTO (subsection 2.5). To focus on properties unaffected by urban renewal projects, we limit our dataset to those constructed in 1940 or earlier. Panel A of Figure 14 shows that properties that entirely housed Black residents in 1940 had a higher unconditional probability of being altered in ways that would have improved the assessed value of the structure after 1940. However, Panels B and C show the timing of these changes was crucial with Black properties experiencing a delay relative to properties where less than 100% of the residents were Black.

Table 6 examines the timing of these property alterations by racial composition further using both OLS and Cox proportional hazards models. The OLS results in column 1 indicate that properties occupied entirely by Black residents were altered 4.6 years later compared to properties with less than 100% Black residents, controlling for the original year of construction as well as property characteristics, latitude and longitude, and a full set of dummy variables for redlining districts. Column 2 examines the share of Black residents, showing that the delay in alterations increases proportionally with

the proportion of Black residents, with properties having a higher share experiencing longer delays. In the Cox specifications, properties entirely occupied by Black residents have a hazard ratio of 0.749, meaning they are 25.1% less likely to be altered at any given time compared to properties not entirely occupied by Black residents (column 3). This effect is also proportional to the share of Black residents (column 4). Controlling for redlining is crucial in these specifications as it indicates that the observed delays in property alterations are not being confounded by the historical disinvestment associated with redlined areas. This finding aligns with evidence that the financial effects of HOLC maps were likely more limited (Fishback et al., 2024).

5.2 Visual Evidence of Decay

We have property images not just for 1940, but also for 1980 (subsection 2.2). We use them to test for a higher degree of (exterior) decay for properties with Black residents in 1940 in two different ways.

First, we predict 1980 property values based on the 1980 images as follows. We take the coefficients from a regression of 1940 property values on the principal components of the image vectors (subsection 3.3), and apply them to the corresponding 1980 principal components extracted from the feature vectors of properties photographed around 1980. (There is of course an assumption here that the value of these features remains relatively fixed over time.) We can then look at the distribution of changes in estimated property value ranks between 1940 and 1980, both for properties with 100% Black residents in 1940 and other ones. The results are shown in Panel D of Figure 14. We find that properties occupied by entirely Black residents in 1940 rank lower on average in the property value distribution in 1980. A Mann-Whitney U test rejects the null hypothesis, indicating significantly different distributions.

Second, we can compute cosine similarity scores between the principal components of the ResNet-extracted feature vectors for each property's 1940 and 1980 images. Our working assumption is that a lower cosine similarity is likely to be a sign of property decay. Figure 15 provides two visual examples of properties with low cosine similarities between the 1940 and 1980 images. These examples, taken from properties in Central Harlem reveal visible signs of degradation over time, such as broken or boarded-up windows and structural deterioration.[26] Cosine similarity can thus be used as an indicator of property changes over time. Table 7 shows that properties with 100% Black residents have significantly lower cosine similarity scores, revealing greater changes in visual

[26]More generally, Appendix Figure A13 highlights the ten properties most similar in 1940 and 1980, while Appendix Figure A14 showcases the ten least similar.

characteristics, with the effect scaling proportionally with the share of Black residents. These findings underscore the disparities in how properties occupied by Black residents evolved visually between 1940 and 1980.

5.3 Using Property Images to Predict Resident Race

As a final exercise, we test whether visual images alone from 1940 and 1980 can predict which properties in 1940 entirely housed Black residents. The top panel of Figure 16 presents a matrix comparing actual Black property status with predicted Black property status from a logit regression using only the 1940 image feature vector principal components. The bottom panel incorporates both image feature vectors and geographic coordinates (latitude and longitude). Properties with a predicted probability ≥ 0.5 are classified as Black. Using only the images, we correctly predict 36.7% of Black properties, while adding geographic coordinates improves the prediction accuracy to 53.3%. F1 scores, which balance precision and recall as a single measure of predictive performance, equal 0.48 and 0.60, respectively.[27]

Similarly, we use 1980 images to predict which properties were housed by Black residents in 1940 in Figure 17. We correctly predict 35% of Black properties with just the images, whereas including geographic coordinates increases the prediction accuracy to 58.4%, with F1 scores of 0.46 and 0.64, respectively. In other words, we can predict whether a property in 1940 had Black residents about as well using the 1980 images as we can using the 1940 images, suggesting that there is something in the 1980 images that helps understand properties' histories.

5.4 Connecting Rental Yields to Property Decay

If market conditions in 1940 shaped long-term property conditions, the effects should be visible in patterns of property decay by 1980. To test this, we estimate a regression predicting property decay (measured by cosine similarity between 1940 and 1980 images) as a function of 1940 rental yields, interacting rental yields with an indicator for 100% Black properties, while controlling for year built and redlining status. If investor disinvestment played a role, we would expect that higher rental yields in 1940 are associated with greater property decay by 1980, particularly in 100% Black properties.

Panel A of Figure 18 shows predicted values of property decay at different rental yield levels, indicating that the long-term effects of rental yields on property decay do vary by

[27] Precision measures the proportion of correctly identified positives among all positive predictions, while recall measures the proportion of actual positives that were correctly identified.

racial composition. In 100% Black properties in 1940, higher rental yields are associated with greater property decay by 1980, whereas for other properties, the relationship is much weaker. Panel B repeats the analysis but replaces the 100% Black property indicator with an indicator for above- or below-median household wages in 1940. Unlike the racial composition results, the relationship between rental yields and property decay does not vary by income level, implying that race, rather than income differences, played a key role in shaping long-term property decline. These results suggest that landlords of 100% Black properties were more likely to extract high rental returns without reinvesting in maintenance, accelerating long-term deterioration.

Overall, we find that the delayed alterations and greater visual decay of Black-occupied properties in 1940 in Manhattan can be systematically measured using images and complementary data, with suggestive evidence linking this decay to rental yields in 1940. These patterns reflect racial disparities in property maintenance and investment, likely driven by landlord incentives and investor expectations of continued segregation, with significant long-term implications for neighborhood stability and economic inequality. Our results help explain the widening gap in assessed property values across neighborhoods over time, as shown in Figure 1.

6 Conclusion

Real estate markets have long played a pivotal role in shaping economic opportunity and social outcomes, functioning both as a driver of wealth creation and a mechanism for reinforcing inequality. Manhattan's real estate market during the pre- and post-WWII eras offers an important window into the forces that shaped urban housing markets and entrenched racial segregation. While most prior research has focused on the costs borne by households, our approach shifts the perspective to examine landlord and investor returns and their influence on the undervaluation and maintenance of Black-occupied properties during the twentieth century.

By leveraging a rich dataset of property transactions, federal Census records, and property images, we provide evidence of racial disparities in property values and rental yields earned by landlords. We also find racial disparities in property maintenance over time. Moreover, using modern machine learning methods to estimate image-based property assessments, we find that properties in Black neighborhoods experienced greater visual degradation in the second half of the twentieth century. These findings highlight how segregation perpetuated inequality in urban housing markets, with landlord incentives and behavior playing a central role.

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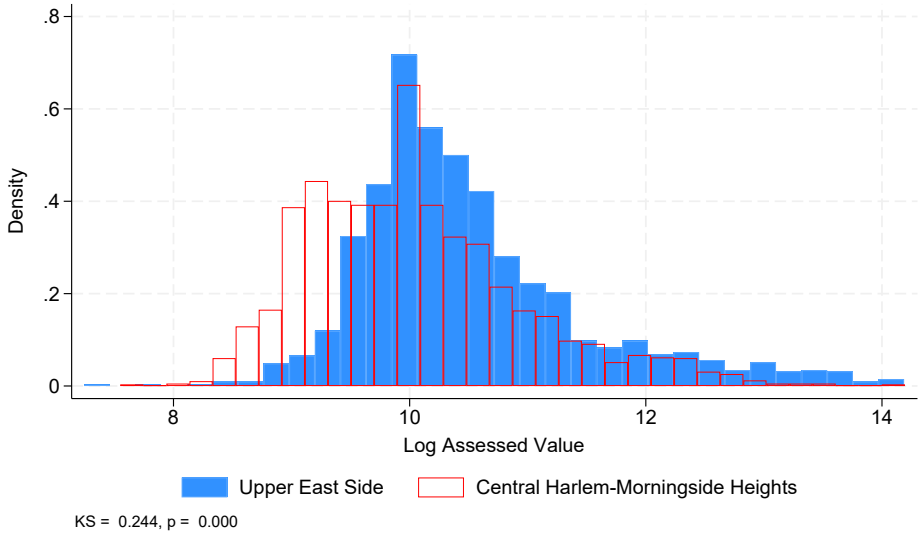
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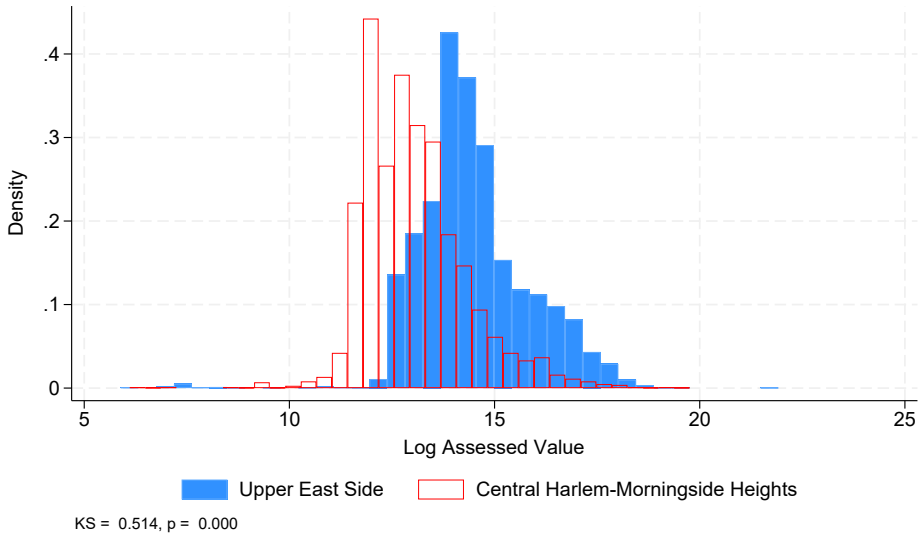
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FIGURE 1: CHANGING DISTRIBUTION OF ASSESSED VALUES



A: RERBG, 1912-1939



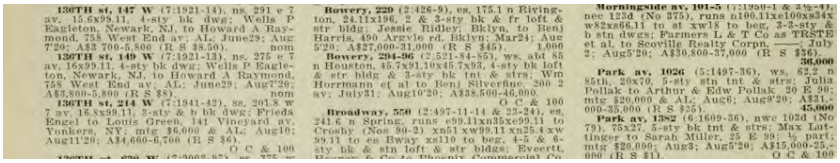
B: PLUTO, 2022

Notes: These figures show histograms of assessed values for properties from the *Real Estate Record and Builders' Guide* transacted between 1912 and 1939 and assessed values as of 2022 from the PLUTO (Primary Land Use Tax Lot Output) data. The Kolmogorov-Smirnov (KS) test compares two distributions under the null that they are identical. The KS statistic represents the maximum difference between the cumulative distribution functions. For a KS of 0.244 (top panel), the maximum difference is 24.4%, while for a KS of 0.514 (bottom panel), the maximum difference is 51.4%.

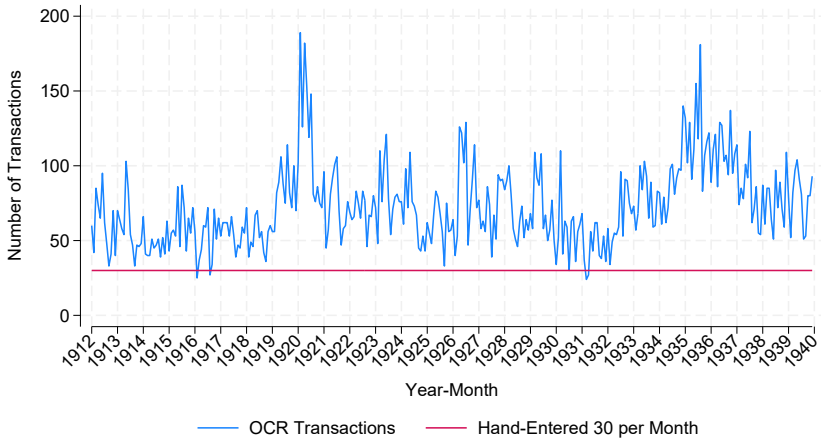
FIGURE 2: REAL ESTATE RECORD AND BUILDERS' GUIDE TRANSACTIONS



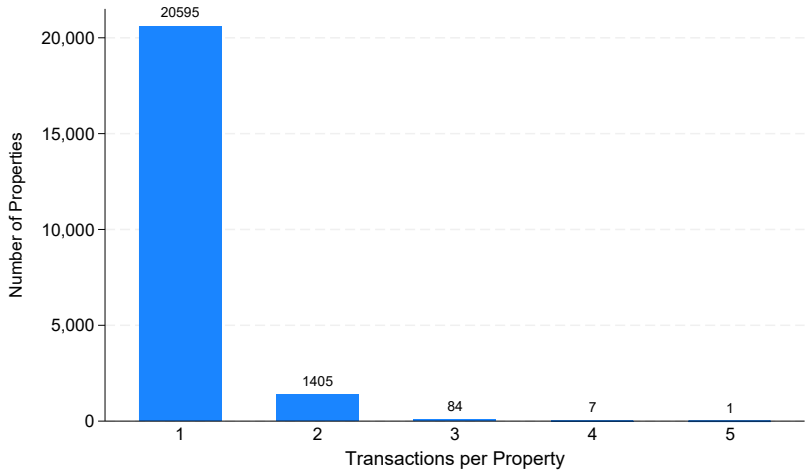
A: LAYOUT (PRE-1912)



B: LAYOUT (1912 ONWARDS)



C: NUMBER OF OCR TRANSACTIONS BY YEAR-MONTH



D: TRANSACTION FREQUENCY, 1912-1939

Notes: Transactions data from 1912 to 1939 from the *Real Estate Record and Builders' Guide*.

FIGURE 3: TRANSACTIONS DATA, 1912-1939



Notes: This map shows transactions data from 1912 to 1939 from the *Real Estate Record and Builders' Guide*. Red circles are the location of subway stations that were operational by 1939. Subway coordinates are provided by the Metropolitan Transportation Authority.

FIGURE 4: PROPERTY IMAGES



415 W 118TH STREET, 1940, 1980 AND 2025

The 1940 images were developed for real property tax assessment by the Works Progress Administration in collaboration with the New York City Tax Department between 1939 and 1941 to aid property assessments. A second exercise was conducted by the Department of Finance between 1982 and 1987. 415 West 118th Street is in the Morningside Heights neighborhood of Manhattan and is currently owned by Columbia University and serves as residential housing for students.

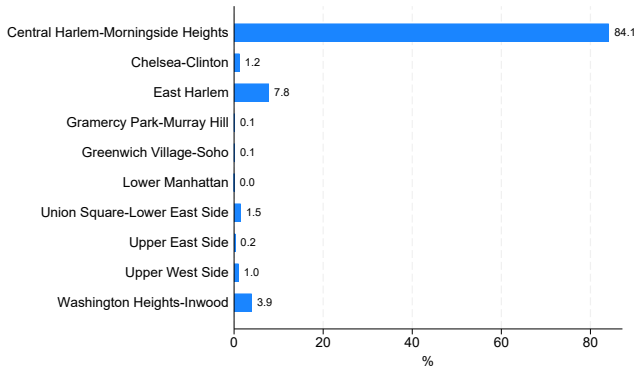


Multiple building types are included, from left to right: 239 East 60th St. (Upper East Side); 432 Lafayette St. (Noho); 366 West 46th St. (Hell's Kitchen); 313 West 88th St. (Upper West Sode).

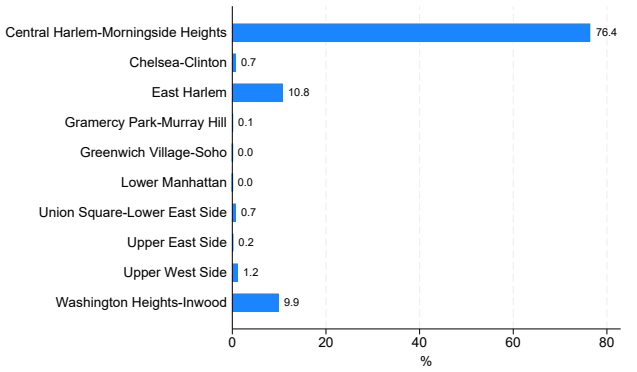


We clean the images where they contain defects (1940 images), or when a substitute card was used instead of a real image (1980 images).

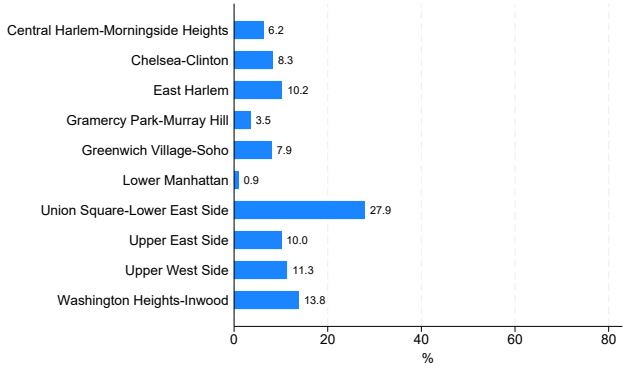
Figure 5: Location of Population by Race, 1930 and 1940



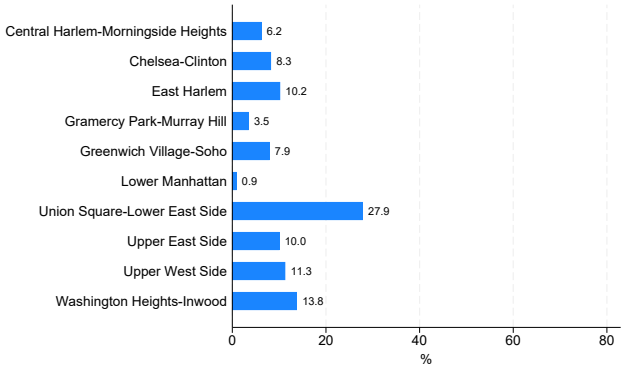
A: Black 1930



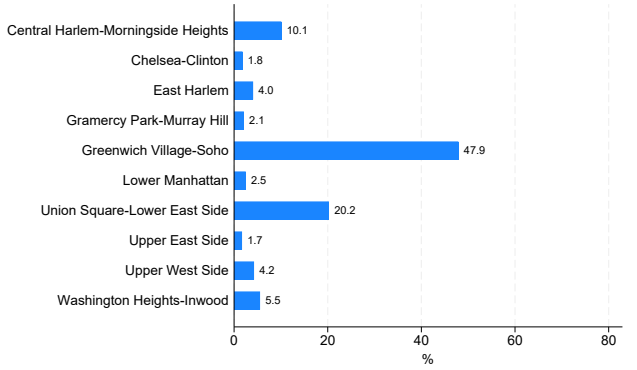
B: Black 1940



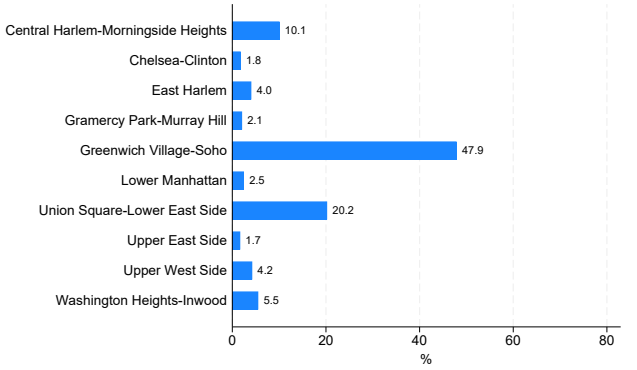
C: White 1930



D: White 1940



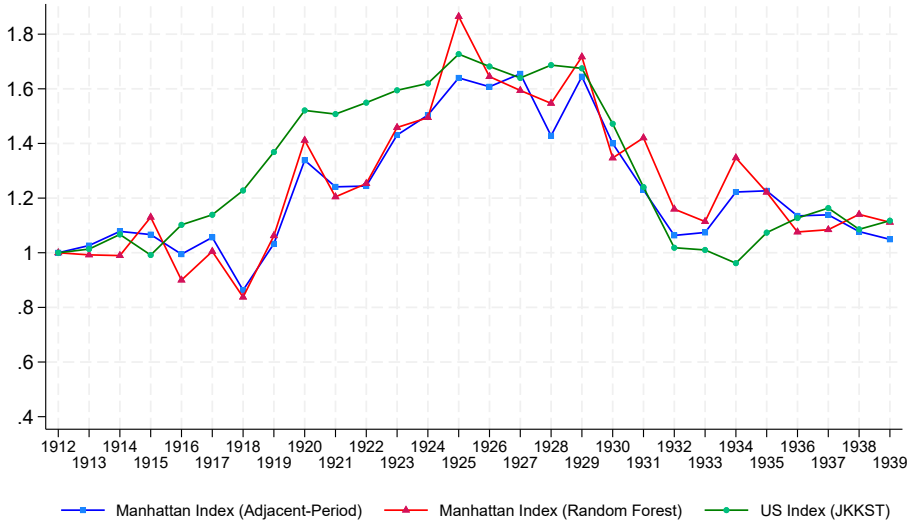
E: Other 1930



F: Other 1940

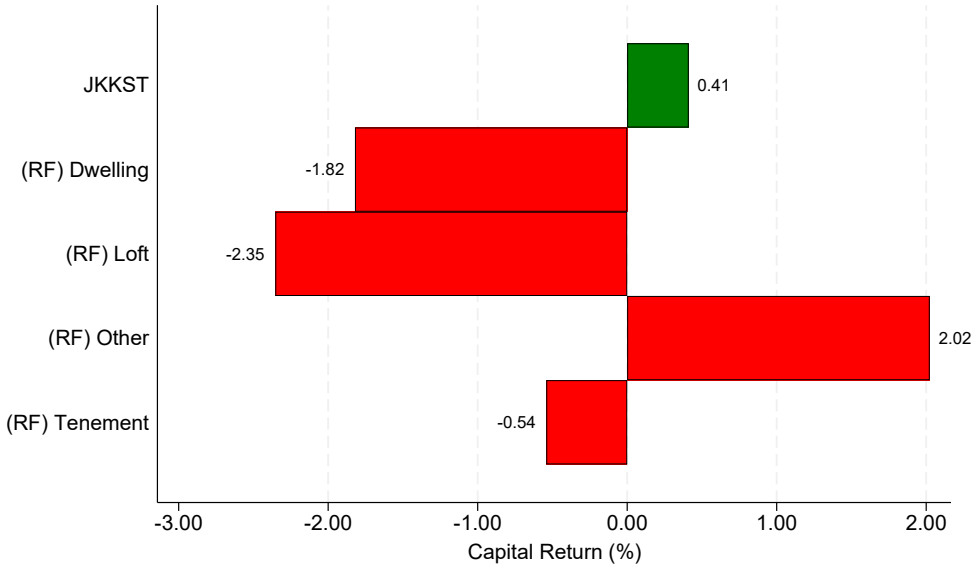
Notes: These figures show the distribution of the population of Manhattan by race based on the 1930 and 1940 Censuses.

FIGURE 6: BENCHMARKING MANHATTAN INDEXES AGAINST U.S. TRENDS

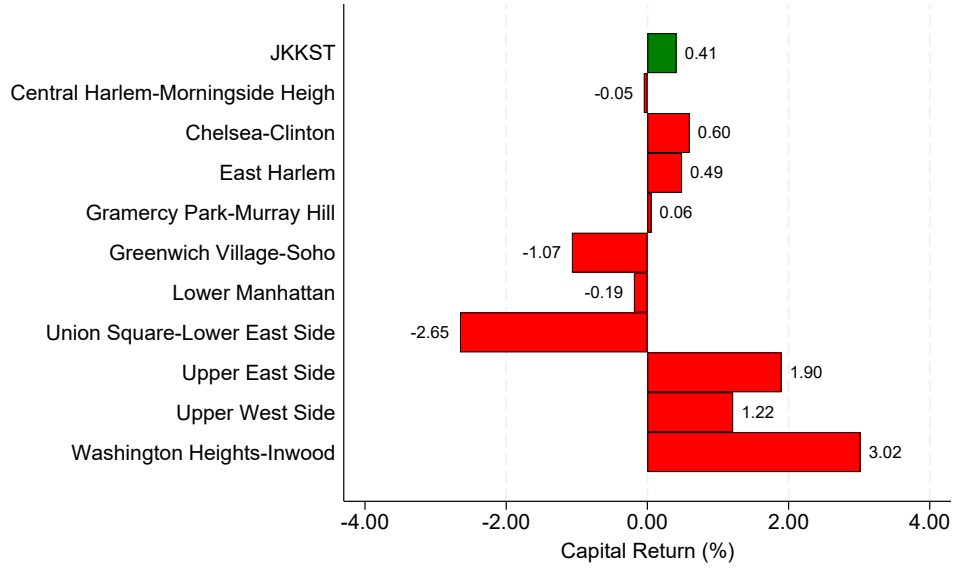


Notes: This figure shows indexes constructed from property transactions between 1912 and 1939 from the *Real Estate Record and Builders' Guide*. The adjacent period model relies on adjacent time periods (e.g., 1912-1913, 1913-1914). The random forest model includes 100 decision trees. The indexes are normalized to $1 at the start of the period. The JKKST series is constructed using the housing capital return series for the USA in Jordà et al. (2019).

FIGURE 7: CAPITAL RETURNS BY PROPERTY TYPE AND NEIGHBORHOOD



A: PROPERTY TYPE



B: NEIGHBORHOOD

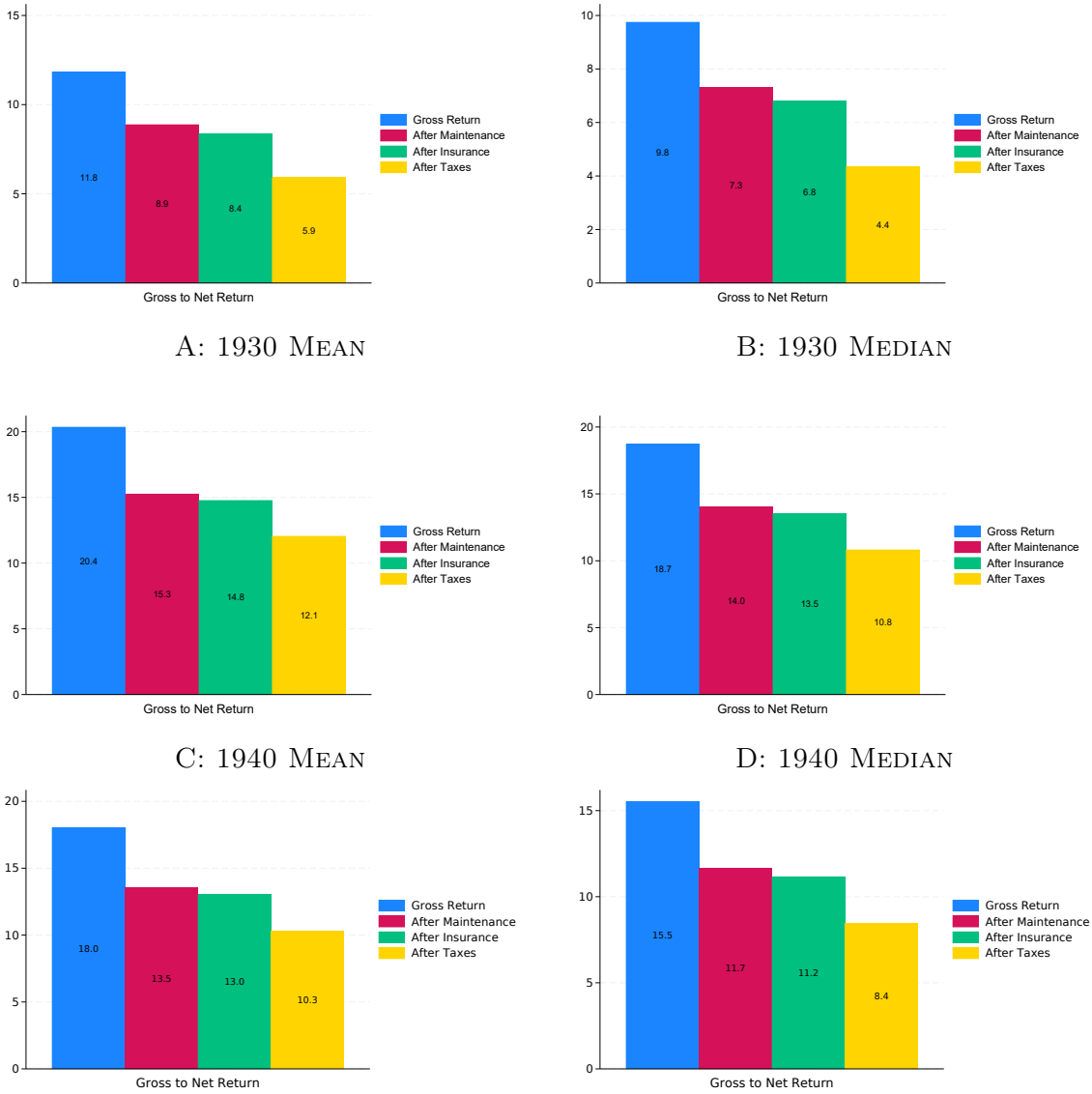
Notes: These figures show capital returns constructed from Random Forest indexes of property transactions between 1912 and 1939. The JKKST series is constructed using the housing capital return series for the USA in Jordà et al. (2019).

Figure 8: Nearest Neighbors using Feature Vectors, 1940



Notes: This figure shows the "nearest neighbors" for 10 randomly selected images developed for real property tax assessment by the Works Progress Administration in collaboration with the New York City Tax Department. Specifically, we calculate the pairwise Euclidean distance between the feature vector of each reference image and those of all other images to identify the five closest matches.

FIGURE 9: ESTIMATING GROSS AND NET RETURNS, 1930 AND 1940



A: 1930 MEAN

B: 1930 MEDIAN

C: 1940 MEAN

D: 1940 MEDIAN

E: 1940 (IMAGES) MEAN

F: 1940 (IMAGES) MEDIAN

Notes: These figures show gross and net returns for properties. All properties are 100% rented. We use the following assumptions:

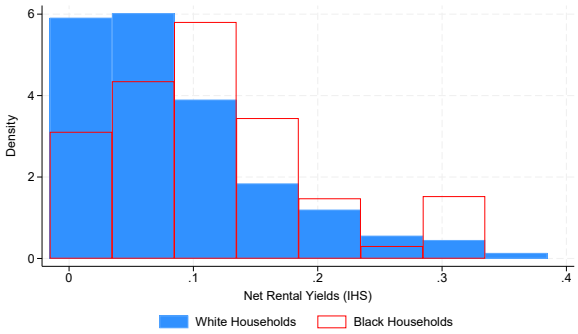
Vacancy Rate: This is already accounted for in our estimates, as vacant apartments within properties would not be enumerated.

Maintenance Rate: In both years, the maintenance cost is assumed to be 25% of annual rental income based on the *Report of the State Board of Housing of New York*. That report shows in newly built lower income properties the maintenance cost was around 24.4% to 24.8%. Grebler (1955) puts maintenance costs as high as 45%.

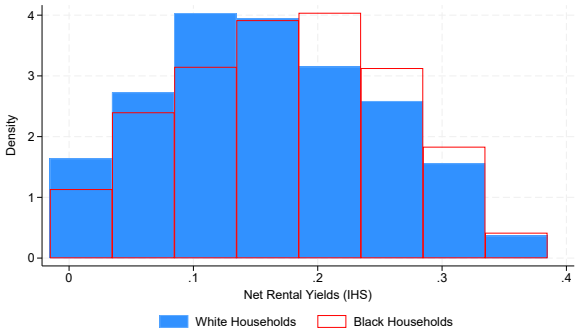
Insurance Cost: Assumed to be 0.57% of assessed value in 1930 and 0.53% of assessed value in 1940, according to the *Weekly Underwriter*.

Tax Rate: Assumed to be $27.20 per $1,000 of assessed value in 1930 and $29.60 per $1,000 of assessed value in 1940, based on the *National Municipal Review*.

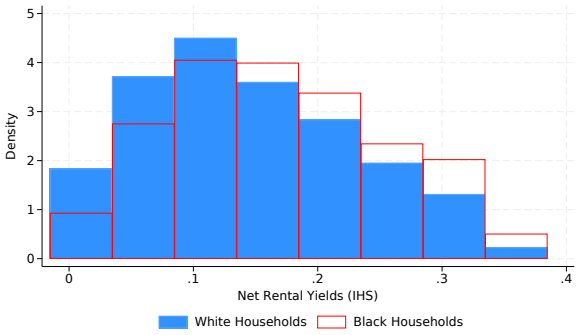
Figure 10: Distribution of Net Rental Yields by Race



A: 1930



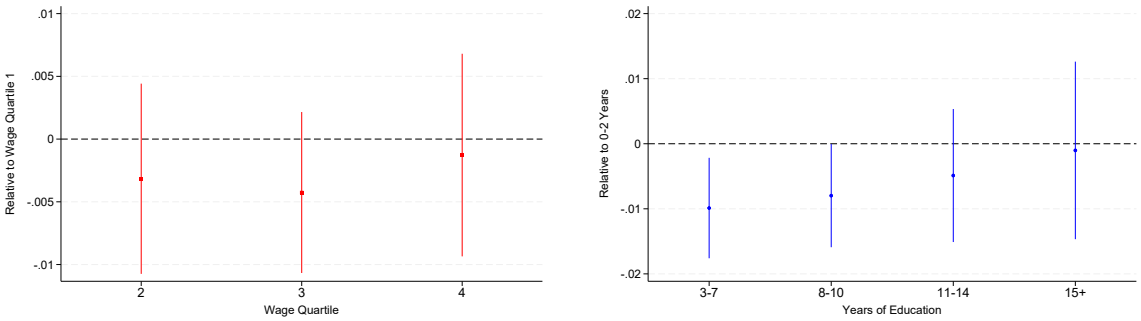
B: 1940



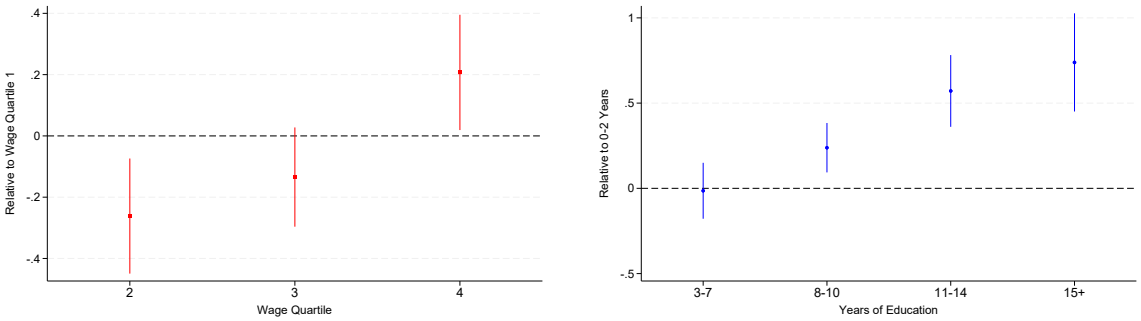
C: 1940 (Images)

Notes: These figures show the distribution of net rental yields by the racial composition of properties for our 1930 transactions data matched to the Census (Panel A) for our 1940 transactions data matched to the Census (Panel B) and for our 1940 images data matched to the Census (Panel C).

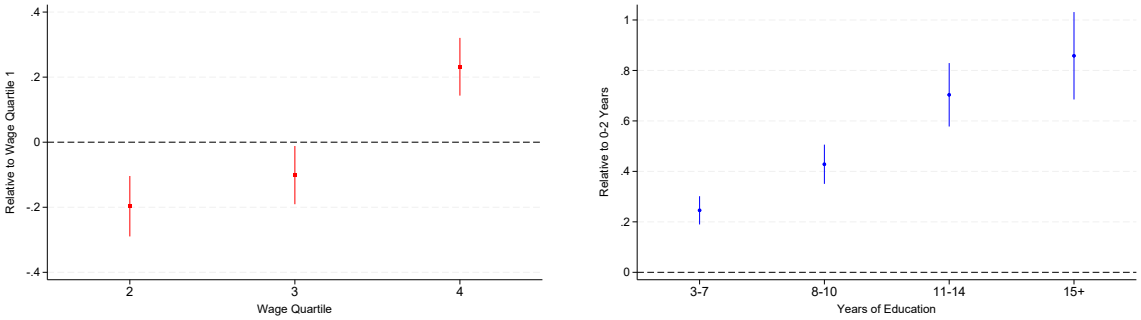
Figure 11: Wage and Education Estimates



A: Net Rental Yields



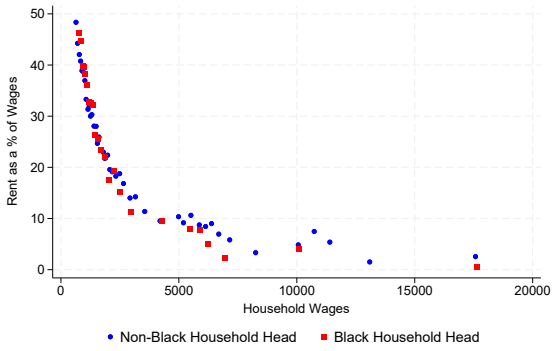
B: Net Rents



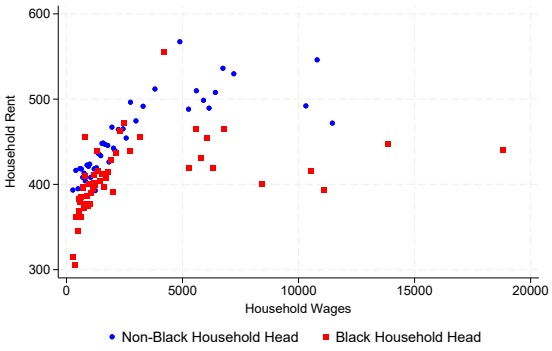
C: Property Value

Notes: These figures show estimates of coefficients on wage quartiles and indicators for years of education from Table 3.

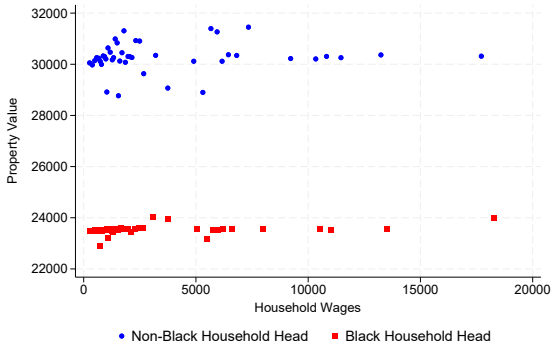
FIGURE 12: RENT-TO-WAGES, RENT, PROPERTY VALUES BY RACE, 1940



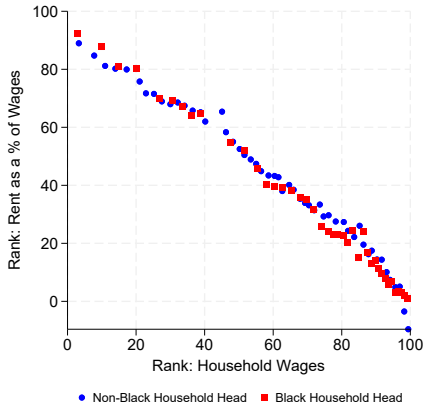
A: RENT-TO-WAGES



B: HOUSEHOLD RENT



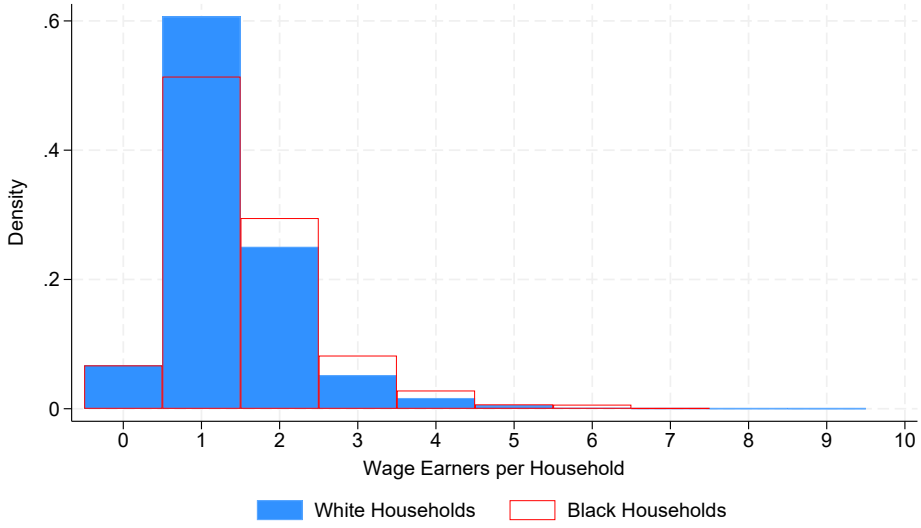
C: PROPERTY VALUE



D: RANK OF RENT-TO-WAGES

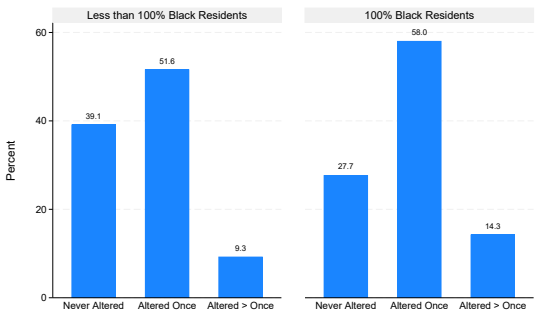
Notes: These figures show binscatter plots absorbing property characteristics and the distance of the property to the nearest subway. The ranking in the rent-to-wage distribution against the ranking in the wage distribution, absorbs additionally individual characteristics (age, gender, employment status, and years of education). The rent-to-wage ratio is trimmed at the 5th and 95th percentiles.

FIGURE 13: THE NUMBER OF WAGE EARNERS PER HOUSEHOLD

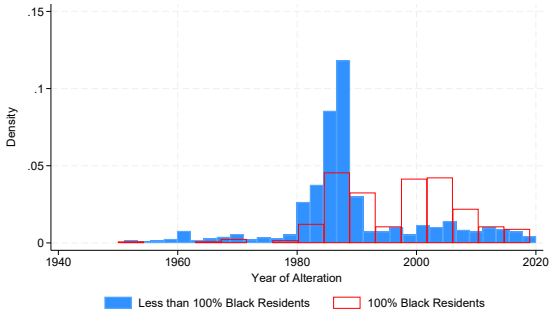


Notes: This figure shows the distribution of the number of wage earners by household based on the race of the household head.

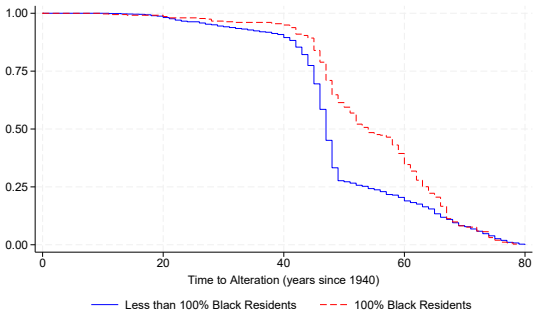
Figure 14: Property History by Race



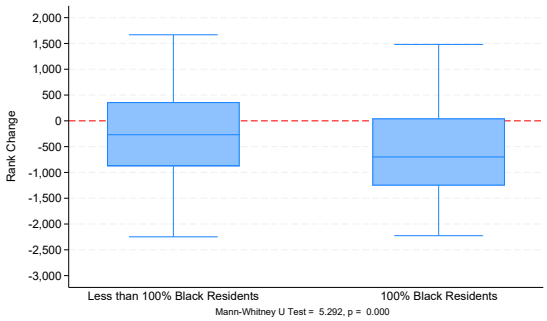
A: Alteration Status



B: Time to Alteration



C: Time to Alteration (Kaplan-Meier)



D: Rank Change in Value

Notes: These figures show the timing of alterations to the structure of properties that change its value based on links to the PLUTO (Primary Land Use Tax Lot Output) data. Panel D shows a boxplot of the distribution of the change in property value ranks between 1940 and 1980. We predict 1980 property values by applying the coefficients from a regression of 1940 property values on the principal components of the image vectors to the 1980 principal components. The Mann Whitney U test is under the null that the two groups have the same distribution.

Figure 15: Property Decay Between 1940 and 1980



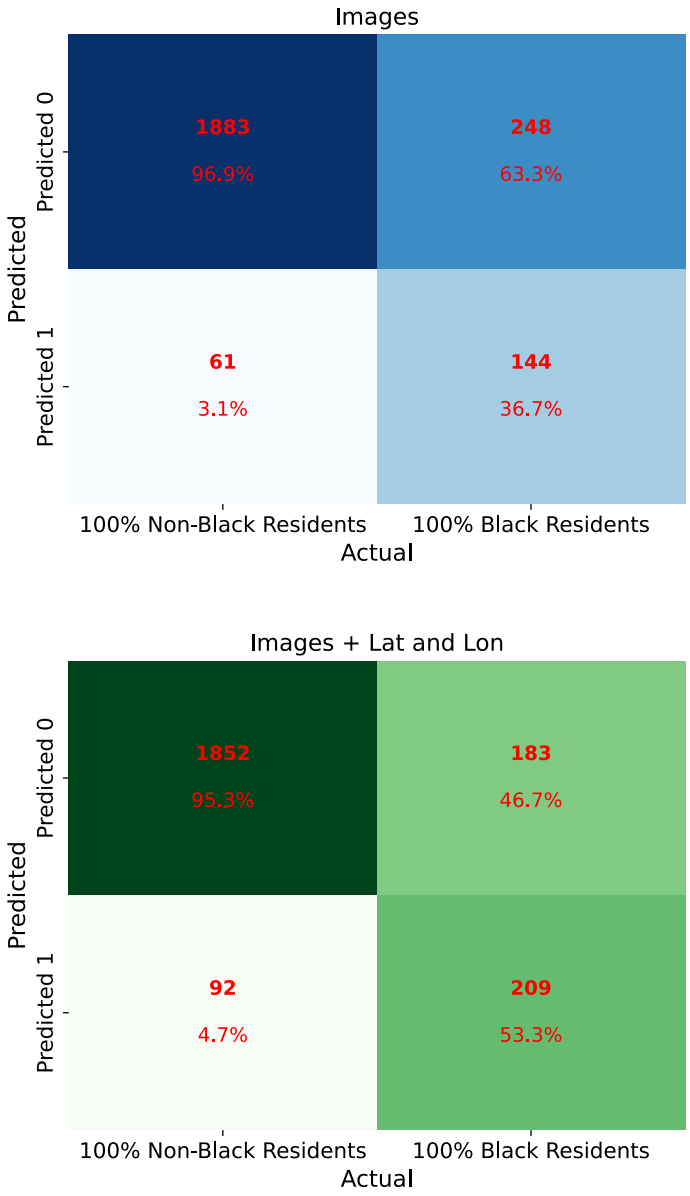
162 West 122 Street, Central Harlem



210 West 112th Street, Central Harlem

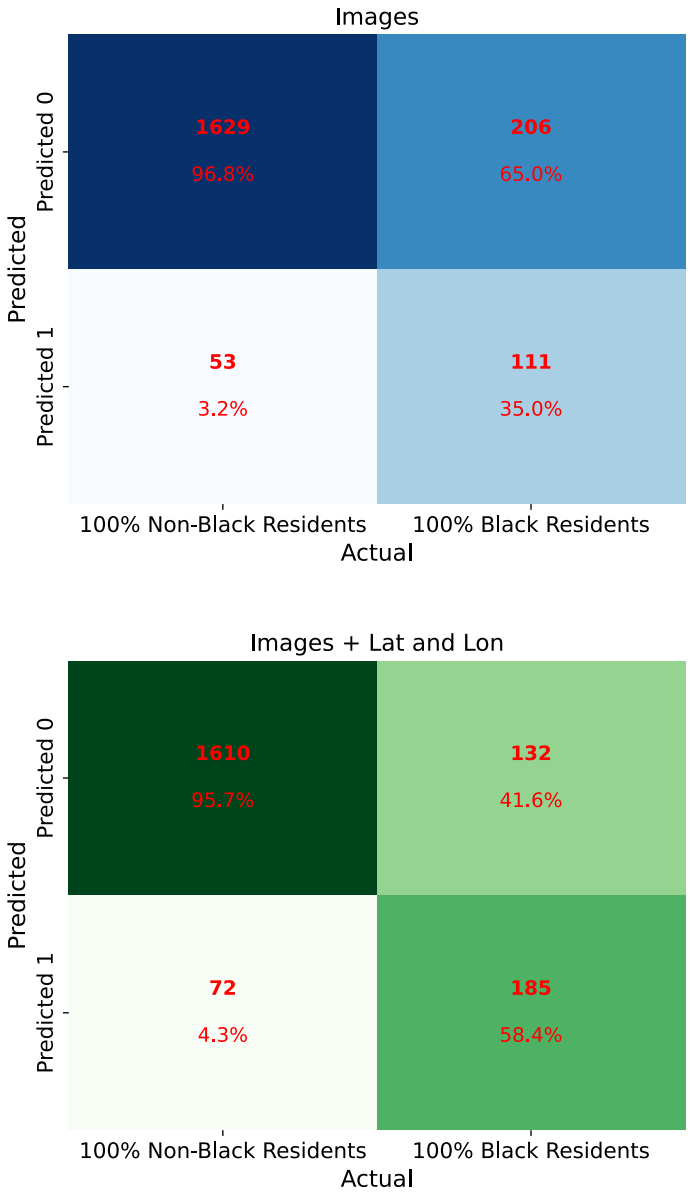
Notes: This properties housed Black residents in 1940 and show low similarity scores, based on cosine similarity between feature vectors extracted from ResNet for each property's 1940 image and its corresponding 1980 image.

FIGURE 16: PREDICTING 1940 PROPERTIES BY RACE USING 1940 IMAGES



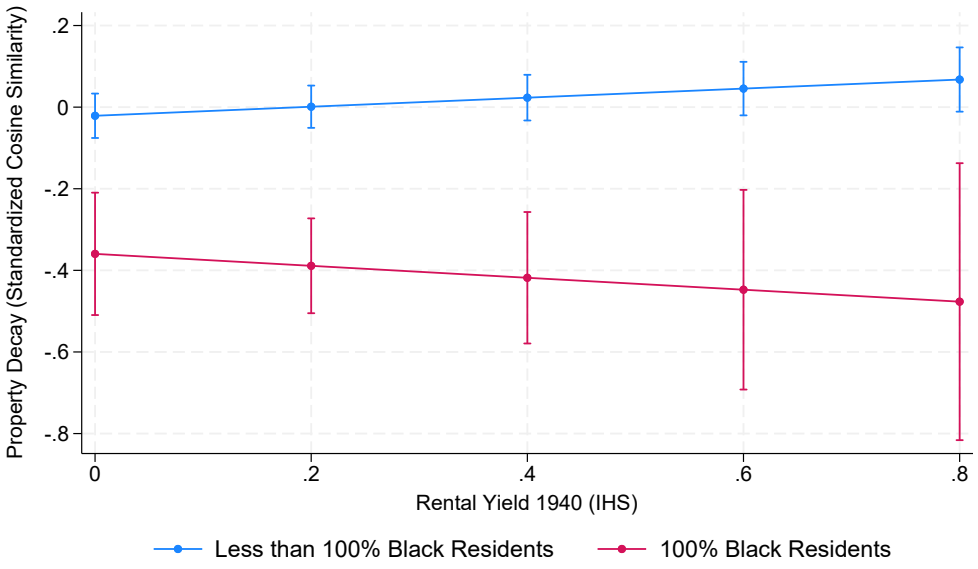
Notes: These figures show a matrix comparing actual Black property status with predicted Black property status from a logit regression. The top figure uses 1940 image feature vectors alone, while the bottom figure includes both image feature vectors and geographic coordinates (latitude and longitude). Properties with a predicted probability ≥ 0.5 are classified as Black. In the top figure, 36.7% of Black properties are predicted successfully. In the bottom figure, 53.3% are predicted successfully.

FIGURE 17: PREDICTING 1940 PROPERTIES BY RACE USING 1980 IMAGES

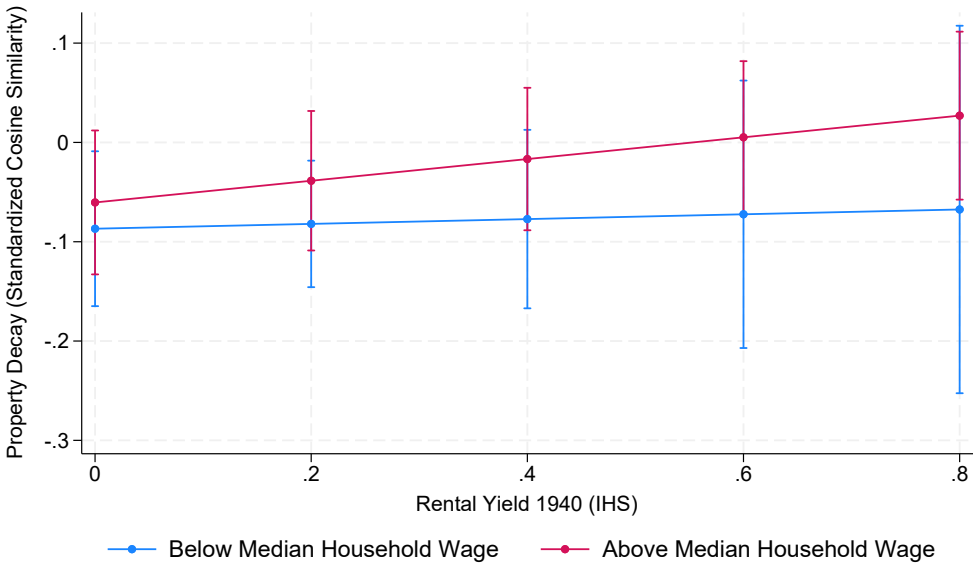


Notes: These figures show a matrix comparing actual Black property status with predicted Black property status from a logit regression. The top figure uses 1980 image feature vectors alone, while the bottom figure includes both image feature vectors and geographic coordinates (latitude and longitude). Properties with a predicted probability ≥ 0.5 are classified as Black. In the top figure, 35% of Black properties are predicted successfully. In the bottom figure, 58.4% are predicted successfully.

FIGURE 18: THE LONG-TERM EFFECTS OF RENTAL YIELDS ON PROPERTY DECAY



A: RENTAL YIELDS

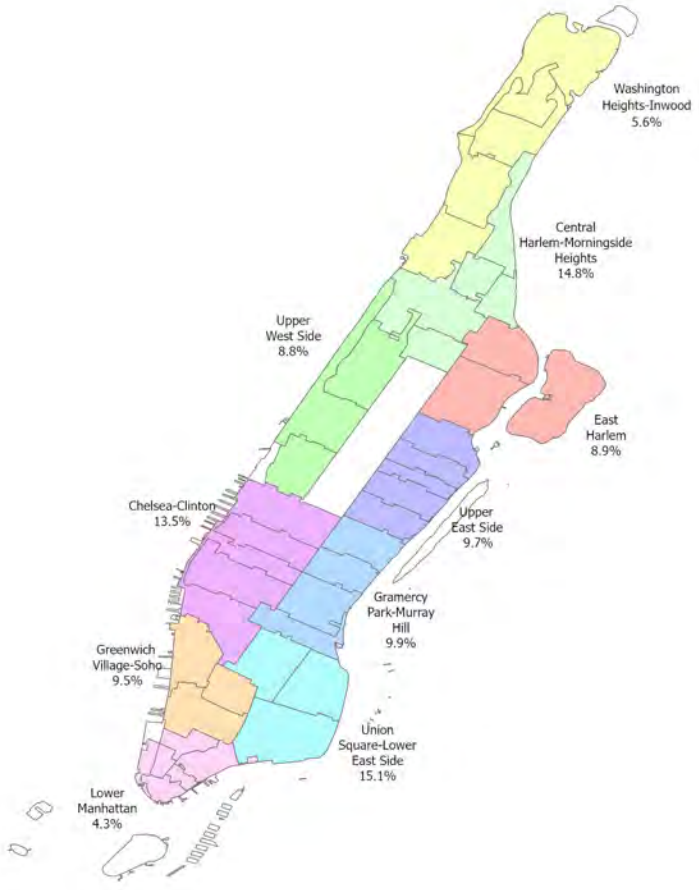


B: WAGES

Notes: This figure presents predictive margins from a regression estimating the relationship between 1940 rental yields and property decay by 1980, measured using cosine similarity between property images (1940 to 1980). Panel A shows the interaction between rental yields and an indicator for 100% Black properties, while Panel B shows the interaction between rental yields and an indicator for above- or below-median household wages in 1940.

Table 1: Transactions Data Descriptive Statistics

	Mean	SD	N
Foreclosure	0.349	0.477	23690
Type: Dwelling	0.206	0.405	23690
Type: Loft	0.089	0.285	23690
Type: Other	0.229	0.420	23690
Type: Tenement	0.475	0.499	23690
Construction: Brick	0.631	0.483	23690
Construction: Stone	0.131	0.337	23690
Construction: Other	0.238	0.426	23690
Feature: None	0.611	0.488	23690
Feature: Store	0.389	0.488	23690
1 Story	0.010	0.098	23690
2 Story	0.027	0.161	23690
3 Story	0.161	0.368	23690
4 Story	0.197	0.398	23690
5 Story	0.298	0.458	23690
6 Stories and Over	0.307	0.461	23690
Square Footage (Lot, in thousands)	18.728	897.790	21825
Square Footage (Lot and Building, in thousands)	81.958	2715.151	19771
Lot Shape	2.458	1.089	21878
Property Transaction Value	40300.970	80769.752	23690
Distance to Nearest Subway (miles)	0.264	0.196	23690



Notes: This table and map show descriptive statistics on properties transacted in the *Real Estate Record and Builders' Guide* between 1912 and 1939 and the share of these transactions by neighborhood.

Table 2: Hedonic Regressions - Main Periods

	(1) 1912-1939	(2) 1910s	(3) 1920s	(4) 1930s
Log Square Footage	0.338***	0.314***	0.282***	0.438***
	(0.019)	(0.037)	(0.028)	(0.030)
Lot Shape	0.061***	0.028	0.056***	0.074***
	(0.009)	(0.020)	(0.013)	(0.013)
Foreclosure=1	-0.227***	-0.152***	-0.565***	-0.146***
	(0.017)	(0.028)	(0.035)	(0.027)
Building Type (base=Tenement)				
Dwelling	0.263***	0.289***	0.203***	0.304***
	(0.023)	(0.041)	(0.035)	(0.042)
Loft	0.369***	0.451***	0.373***	0.293***
	(0.031)	(0.061)	(0.049)	(0.050)
Other	0.680***	0.641***	0.661***	0.663***
	(0.032)	(0.064)	(0.055)	(0.052)
Construction Material (base=Brick)				
Other	-0.376***	-0.284***	-0.369***	-0.379***
	(0.055)	(0.082)	(0.086)	(0.141)
Stone	0.143***	0.143***	0.189***	0.098***
	(0.017)	(0.031)	(0.028)	(0.030)
Additional Features (base=None)				
Store	0.131***	0.078**	0.094***	0.183***
	(0.018)	(0.034)	(0.030)	(0.031)
Number of Stories (base=Six and Over)				
1	-0.121	-0.619***	-0.154	0.217
	(0.095)	(0.169)	(0.161)	(0.150)
2	-0.357***	-0.614***	-0.473***	-0.013
	(0.058)	(0.110)	(0.090)	(0.098)
3	-0.559***	-0.795***	-0.658***	-0.244***
	(0.039)	(0.075)	(0.060)	(0.066)
4	-0.313***	-0.467***	-0.380***	-0.129**
	(0.033)	(0.063)	(0.053)	(0.053)
5	-0.230***	-0.364***	-0.253***	-0.100**
	(0.027)	(0.051)	(0.045)	(0.044)
Neighborhood (base=Union Sq.-Lwr. E. Side)				
Central Harlem-Morningside Heights	-0.096***	-0.176***	-0.105**	-0.058
	(0.026)	(0.046)	(0.042)	(0.046)
Chelsea-Clinton	0.362***	0.236***	0.325***	0.429***
	(0.028)	(0.052)	(0.043)	(0.052)
East Harlem	-0.070***	-0.094**	-0.194***	0.012
	(0.026)	(0.047)	(0.044)	(0.047)
Gramercy Park-Murray Hill	0.423***	0.234***	0.352***	0.573***
	(0.031)	(0.062)	(0.048)	(0.055)
Greenwich Village-Soho	0.018	0.012	-0.032	0.060
	(0.030)	(0.057)	(0.047)	(0.053)
Lower Manhattan	0.242***	0.178*	0.108	0.490***
	(0.050)	(0.091)	(0.077)	(0.092)
Upper East Side	0.364***	0.177***	0.294***	0.484***
	(0.030)	(0.058)	(0.046)	(0.055)
Upper West Side	0.277***	0.098	0.272***	0.350***
	(0.033)	(0.063)	(0.050)	(0.056)
Washington Heights-Inwood	0.035	-0.106	-0.013	0.110
	(0.040)	(0.070)	(0.065)	(0.067)
Location				
Log Miles to Nearest Subway	-0.152***	-0.136***	-0.169***	-0.149***
	(0.012)	(0.021)	(0.020)	(0.020)
Mean Dep Var.	9.887	9.745	10.171	9.700
R-sq (adj.)	0.288	0.273	0.259	0.277
Observations	19771	4891	7361	7519
Year × Quarter FE	Yes	Yes	Yes	Yes

Notes: This table reports coefficients from regressions where the dependent variable is the log of the property transaction value. Robust standard errors in parentheses. *p<0.1, **p<0.05, ***p<0.01.

Table 3: Returns: Random Forest Predictions, 1940

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Panel A: Net Rental Yields							
Black Household Head	0.015***	0.013**	0.013**	0.014***	0.014***	0.014***	0.007
	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)
Mean Dep Var.	0.16	0.16	0.16	0.16	0.16	0.16	0.16
R-sq (adj.)	0.00	0.01	0.01	0.01	0.01	0.01	0.10
Panel B: Net Rent							
Black Household Head	-0.029	-0.052	-0.010	0.038	0.060	0.067	0.039
	(0.093)	(0.093)	(0.092)	(0.092)	(0.092)	(0.098)	(0.081)
Mean Dep Var.	8.25	8.25	8.25	8.25	8.25	8.25	8.25
R-sq (adj.)	-0.00	0.00	0.00	0.01	0.01	0.01	0.13
Panel C: Property Value							
Black Household Head	-0.196***	-0.206***	-0.167***	-0.150***	-0.129**	-0.164***	-0.085***
	(0.059)	(0.058)	(0.057)	(0.054)	(0.054)	(0.055)	(0.024)
Mean Dep Var.	10.53	10.53	10.53	10.53	10.53	10.53	10.53
R-sq (adj.)	0.01	0.02	0.04	0.10	0.10	0.12	0.77
Observations	12275	12275	12275	12275	12275	12275	12275
Properties	2889	2889	2889	2889	2889	2889	2889
Baseline Individual Controls	No	Yes	Yes	Yes	Yes	Yes	Yes
Wage Controls	No	No	Yes	No	Yes	Yes	Yes
Education Controls	No	No	No	Yes	Yes	Yes	Yes
Distance to Subway	No	No	No	No	No	Yes	Yes
Property Controls	No	No	No	No	No	No	Yes

Notes: This table reports coefficients from regressions where the dependent variable is the inverse hyperbolic sine transformed net rental yield. Standard errors clustered by property in parentheses. *p<0.1, **p<0.05, ***p<0.01.

Table 4: Returns: Random Forest Predictions, 1930

	(1)	(2)	(3)	(4)	(5)
Panel A: Net Rental Yields					
Black Household Head	0.028***	0.027***	0.026***	0.023***	0.023***
	(0.007)	(0.007)	(0.007)	(0.007)	(0.008)
Mean Dep Var.	0.09	0.09	0.09	0.09	0.09
R-sq (adj.)	0.02	0.02	0.02	0.05	0.13
Panel B: Net Rent					
Black Household Head	0.583**	0.641***	0.618***	0.544**	0.508**
	(0.237)	(0.234)	(0.237)	(0.239)	(0.248)
Mean Dep Var.	7.71	7.71	7.71	7.71	7.71
R-sq (adj.)	0.00	0.01	0.01	0.02	0.10
Panel C: Property Value					
Black Household Head	-0.104**	-0.119**	-0.154***	-0.179***	-0.067*
	(0.052)	(0.052)	(0.053)	(0.056)	(0.034)
Mean Dep Var.	11.18	11.18	11.18	11.18	11.18
R-sq (adj.)	0.00	0.01	0.05	0.07	0.74
Observations	4150	4150	4150	4150	4150
Properties	1203	1203	1203	1203	1203
Baseline Individual Controls	No	Yes	Yes	Yes	Yes
Literacy Control	No	No	Yes	Yes	Yes
Distance to Subway	No	No	No	Yes	Yes
Property Controls	No	No	No	No	Yes

Notes: This table reports coefficients from regressions where the dependent variable is the inverse hyperbolic sine transformed net rental yield, net rent, or property value. Standard errors clustered by property in parentheses. *p<0.1, **p<0.05, ***p<0.01.

Table 5: Returns: Random Forest Predictions Using Images, 1940

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Panel A: Net Rental Yields									
Black Household Head	0.024***	0.021***	0.022***	0.022***	0.023***	0.022***	0.010**	0.019***	0.009*
	(0.002)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.004)	(0.005)	(0.005)
Mean Dep Var.	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15
R-sq (adj.)	0.01	0.02	0.02	0.02	0.02	0.02	0.04	0.02	0.04
Panel B: Net Rent									
Black Household Head	0.112***	0.068**	0.074**	0.076**	0.081***	0.081***	0.128**	0.118*	0.082
	(0.029)	(0.030)	(0.030)	(0.030)	(0.030)	(0.031)	(0.062)	(0.067)	(0.071)
Mean Dep Var.	7.89	7.89	7.89	7.89	7.89	7.89	7.89	7.89	7.89
R-sq (adj.)	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.01
Panel C: Property Value									
Black Household Head	-0.212***	-0.215***	-0.211***	-0.205***	-0.203***	-0.204***	-0.035***	-0.078***	0.007
	(0.006)	(0.007)	(0.007)	(0.006)	(0.006)	(0.007)	(0.012)	(0.013)	(0.012)
Mean Dep Var.	10.26	10.26	10.26	10.26	10.26	10.26	10.26	10.28	10.28
R-sq (adj.)	0.10	0.11	0.11	0.12	0.12	0.12	0.22	0.04	0.14
Observations	54547	54547	54547	54547	54547	54547	54547	48049	48049
Properties	14060	14060	14060	14060	14060	14060	14060	12027	12027
Baseline Individual Controls	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Wage Controls	No	No	Yes	No	Yes	Yes	Yes	Yes	Yes
Education Controls	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Distance to Subway	No	No	No	No	No	Yes	Yes	Yes	Yes
Property Controls	No	No	No	No	No	No	No	No	No
Neighborhood FE	No	No	No	No	No	No	Yes	No	Yes
Neighborhood Drop	None	None	None	None	None	None	None	CHMH	CHMH

Notes: This table reports coefficients from regressions where the dependent variable is the inverse hyperbolic sine transformed net rental yield, net rent, or property value. Standard errors clustered by property in parentheses. *p<0.1, **p<0.05, ***p<0.01.

Table 6: The Timing of Property Alteration by Race

	(1)	(2)	(3)	(4)
Year Built PLUTO	-0.119***	-0.116***	1.009***	1.009***
	(0.021)	(0.021)	(0.002)	(0.002)
100% Black Residents	4.610***		0.749***	
	(0.950)		(0.055)	
Share Residents Black		4.958***		0.736***
		(0.995)		(0.059)
Mean Dep Var.	50.64	50.64	50.64	50.64
R-sq (adj.)	0.14	0.14		
Observations (Properties)	1395	1395	1395	1395
Estimation	OLS	OLS	COX	COX

Notes: This table reports OLS coefficients from regressions where the dependent variable is the time, in years, since 1940 when the first recorded alteration occurred for each property and Cox proportional hazards models, where the time to the event of a property alteration is measured in years relative to the baseline year of 1940. All specifications control for property characteristics and spatial characteristics as well as a full set of dummy variables for redlining districts. Robust standard errors in parentheses. *p<0.1, **p<0.05, ***p<0.01.

Table 7: Cosine Similarity Between 1940 and 1980 Property Images

	(1)	(2)
Year Built PLUTO	0.005***	0.005***
	(0.001)	(0.001)
100% Black Residents	-0.381***	
	(0.062)	
Share Residents Black		-0.362***
		(0.060)
Mean Dep Var.	-0.06	-0.06
R-sq (adj.)	0.03	0.03
Observations (Properties)	1963	1963

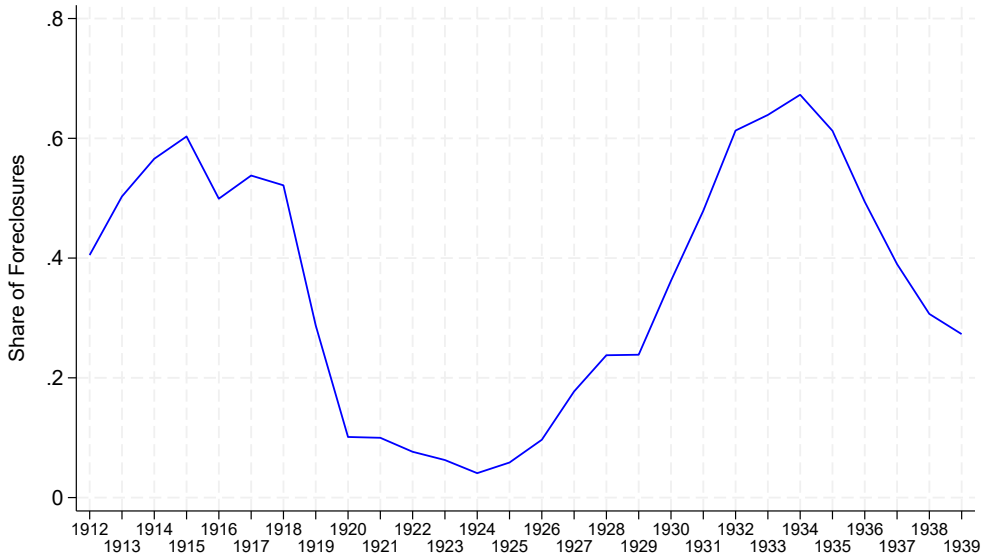
Notes: This table reports OLS coefficients from regressions where the dependent variable is the cosine similarity between feature vectors extracted from ResNet for each property image in 1940 and its corresponding image in 1980. All specifications include a full set of dummy variables for redlining districts. Robust standard errors in parentheses. *p<0.1, **p<0.05, ***p<0.01.

Online Appendix

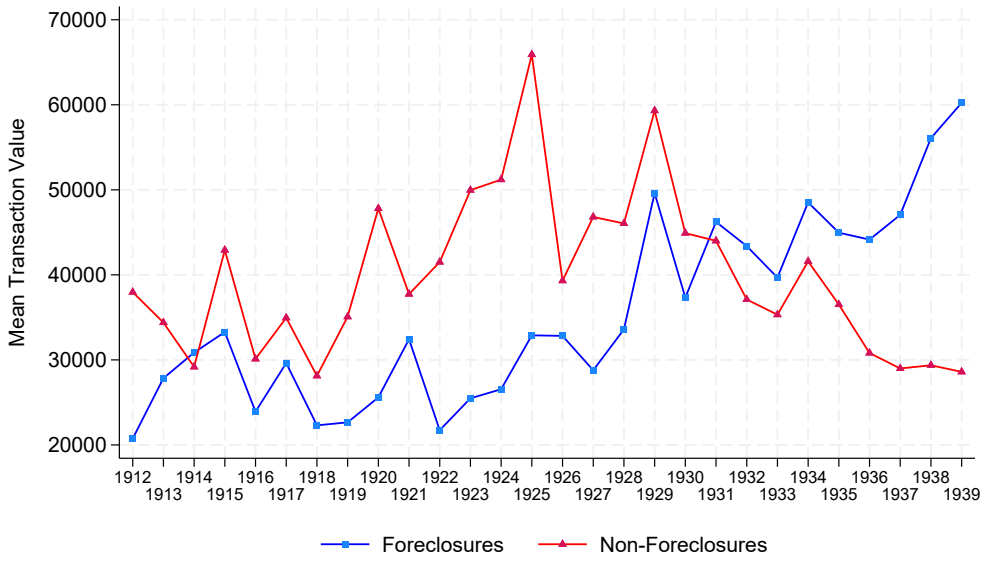
Race, Rental Yields, and Housing Decay in Manhattan

Tom Nicholas Christophe Spaenjers

FIGURE A1: FORECLOSURES, 1912-1939



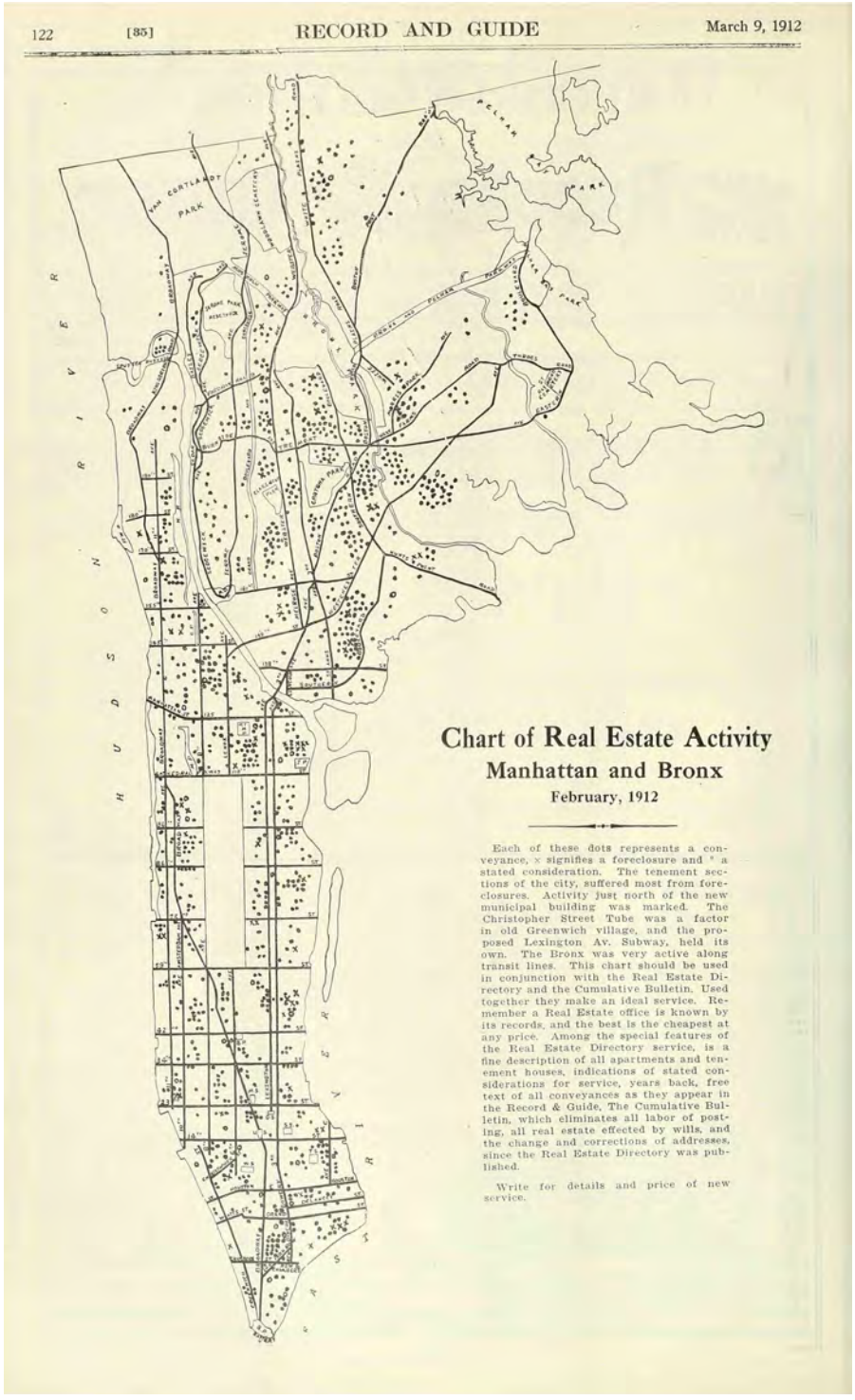
A: SHARE



B: VALUE

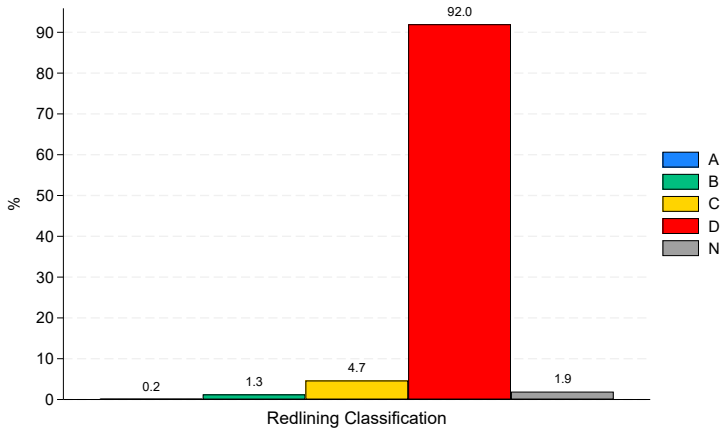
Notes: These figures show the number and average value of foreclosed property transactions between 1912 and 1939 from the *Real Estate Record and Builders' Guide*.

Figure A2: Verifying Foreclosure Counts

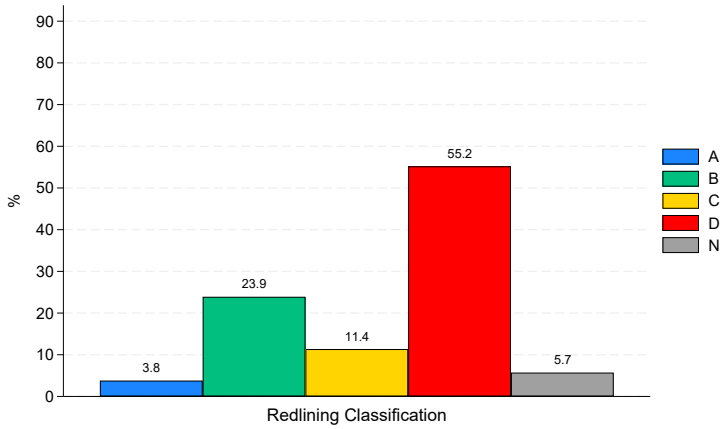


Notes: This figure show the number of foreclosed property transactions in 1912 from the *Real Estate Record and Builders' Guide*.

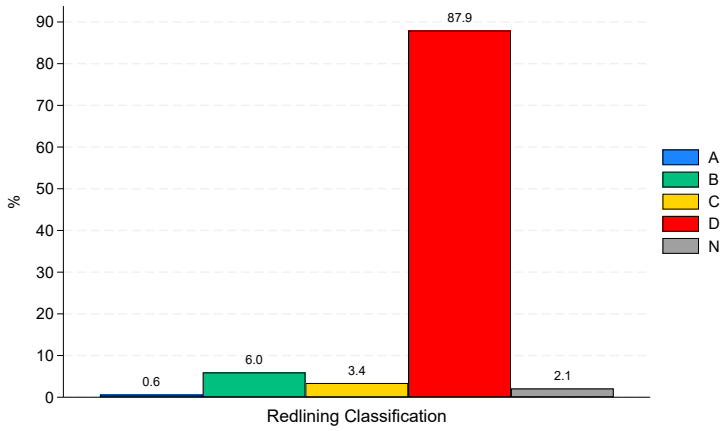
Figure A3: Location of Population by Redlining Area, 1940



A: Black



B: White



B: Other

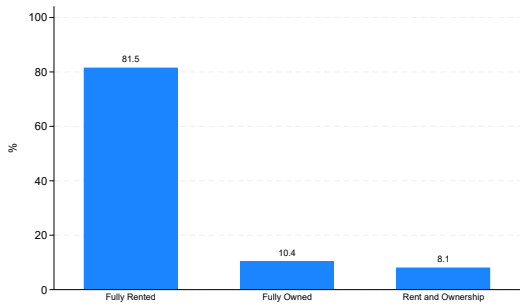
Notes: These figures show the distribution of the population of Manhattan by race based on the categories A (best), B (still desirable), C (declining), and D (hazardous) in redlining maps, originally developed by the Home Owners' Loan Corporation to assess the "risk" associated with mortgage lending in neighborhoods. The category "N" represents unclassified areas.

FIGURE A4: PROPERTIES IN THE CENSUS, 1930 AND 1940

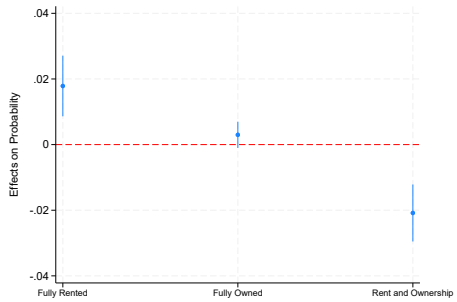


Notes: These maps shows geocoded locations of residential properties from the 1930 Census (top map) and the 1940 Census (bottom map). Shaded areas in the 1940 map are Grade D areas or "redlining" areas on HOLC maps created during the late 1930s and early 1940s.

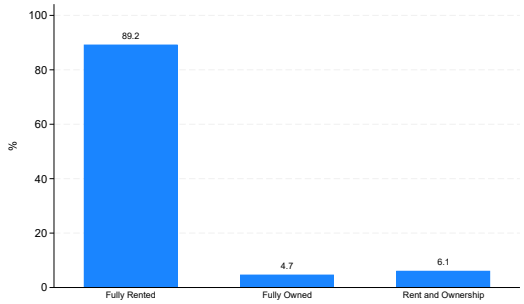
Figure A5: Property Types, 1930 and 1940



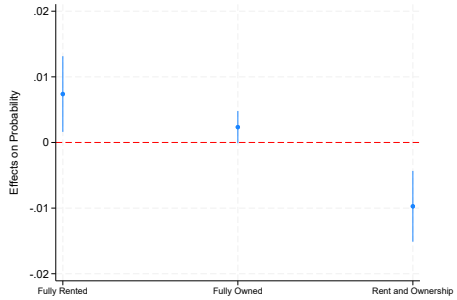
A: 1930 Property Type



B: 1930 Property Type by Race



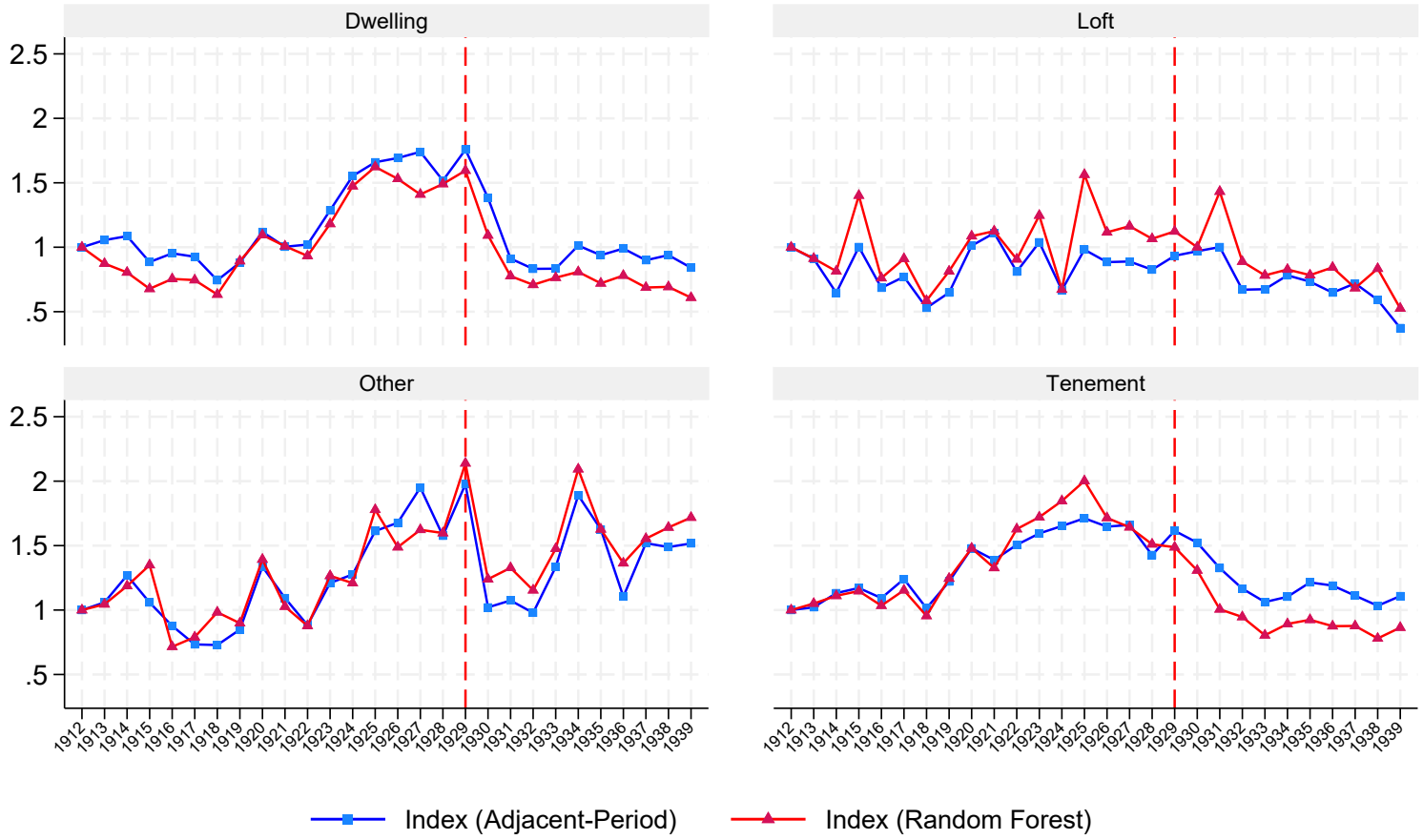
C: 1940 Property Type



D: 1940 Property Type by Race

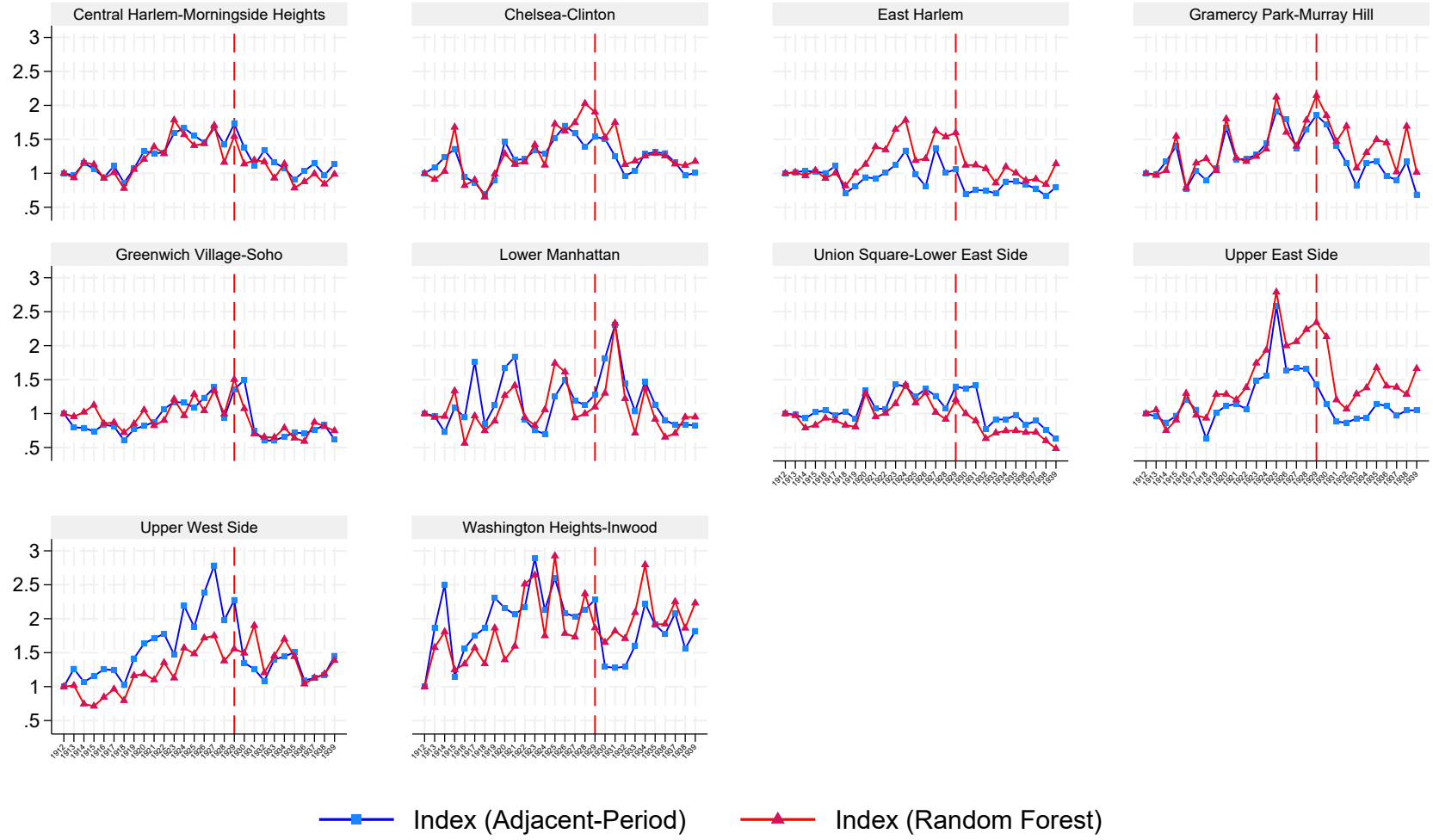
Notes: These figures show the share of properties linked from the *Real Estate Record and Builders' Guide* to the 1930 and 1940 Census that are classified as fully rented, fully owned or a mix of rent and ownership. Marginal effects of race on property type based on a multinomial logit. Marginal effects show the change in the probability of each property type associated with the household head being Black vs. non-Black. Specification controls for property characteristics, individual characteristics, and spatial characteristics.

Figure A6: Indexes by Property Type



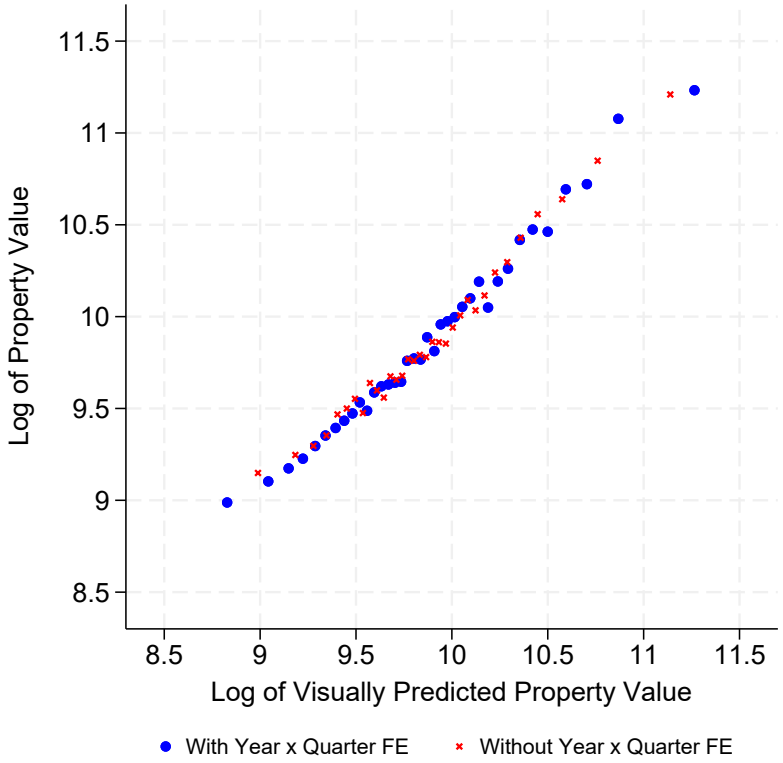
Notes: This figure shows indexes constructed by building type. The adjacent period model relies on adjacent time periods (e.g., 1912-1913, 1913-1914). The random forest model includes 100 decision trees. The indexes are normalized to one at the start of the period.

Figure A7: Indexes by Neighborhood



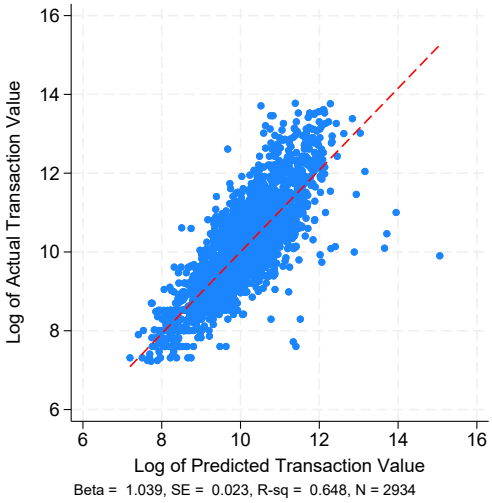
Notes: This figure shows indexes constructed by neighborhood. The adjacent period model relies on adjacent time periods (e.g., 1912-1913, 1913-1914). The random forest model includes 100 decision trees. The indexes are normalized to one at the start of the period.

FIGURE A8: USING VISUAL CHARACTERISTICS TO PREDICT PROPERTY VALUES

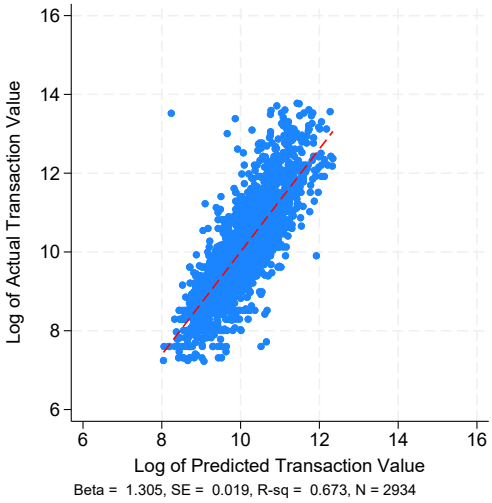


Notes: This figure shows a binscatter plot of predicted and realized property value transactions between 1912 and 1939 estimated using *only* the 100 principal components derived from visual features from 1940 photos of these properties extracted using ResNet. Plots are shown with and without year × quarter fixed effects.

Figure A9: Relation Between Predicted and Actual Property Value



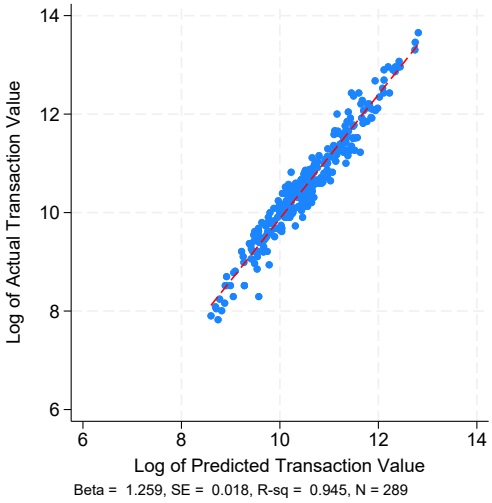
A: OLS



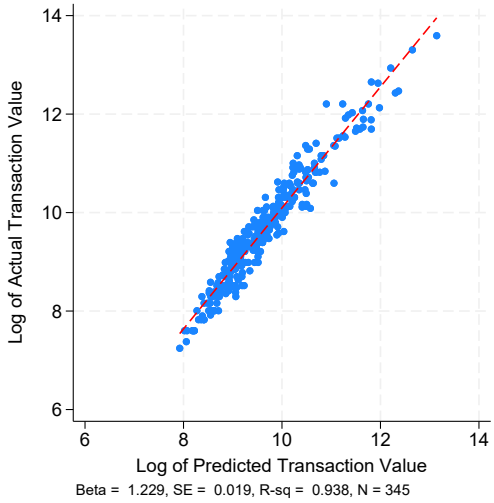
B: Random Forest

Notes: These figures show scatter plots of predicted and realized property value transactions estimated using an 80/20 training-test split for transactions occurring between 1912 and 1939. The model specification is described in the notes to Table A3.

Figure A10: Predicted Property Values in-Sample, 1929 and 1939



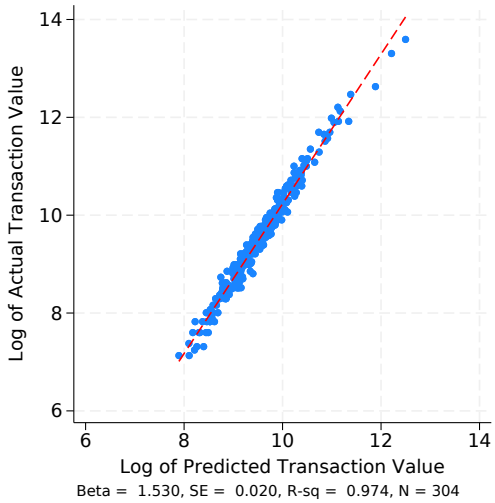
A: 1929 Random Forest



B: 1939 Random Forest

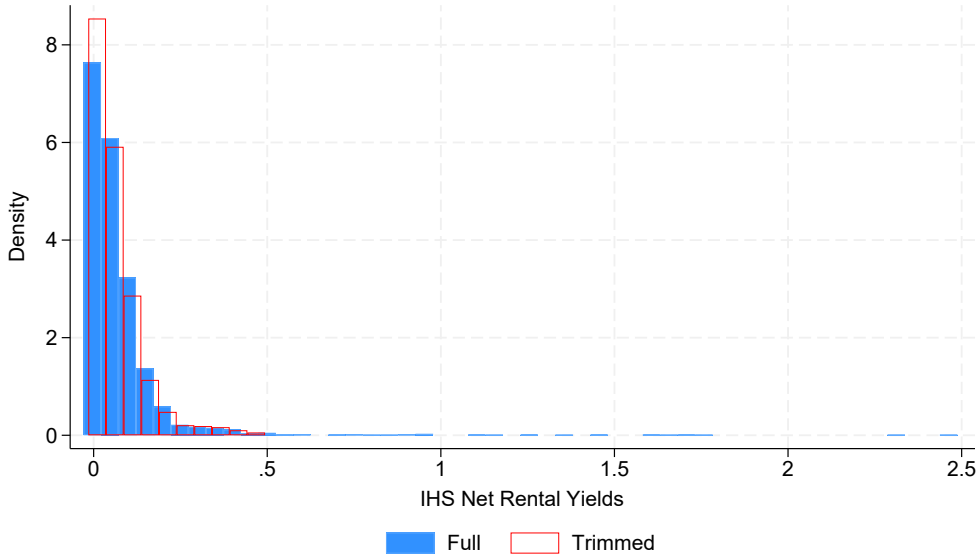
Notes: These figures show scatter plots comparing predicted and actual property transaction values, estimated using transactions that occurred in the five-year window before the target years of 1929 and 1939. Specifically, we use data from 1925–1929 and 1935–1939 to predict transaction values for the full cross-section of properties observed transacting between 1912 and 1939, as if they had occurred in 1929 and 1939, respectively. The predicted values are then plotted against the actual transaction values observed for these target years. We exclude foreclosures from the training model but include properties that experienced a foreclosure between 1912 and 1939 in the predicted set, treating them as if they transacted at market prices.

Figure A11: Predicted Property Values in-Sample Using Images, 1939

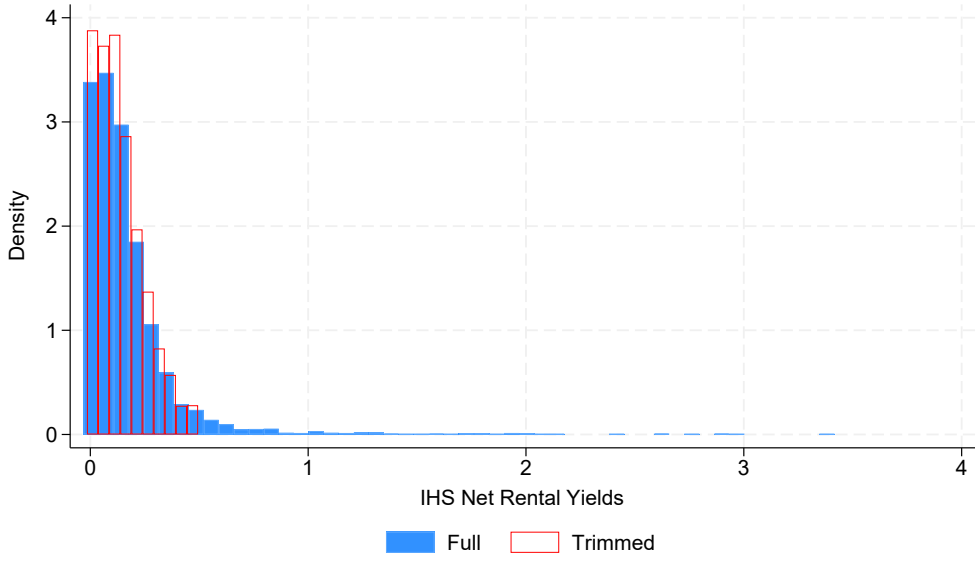


Notes: These figures show scatter plots comparing predicted and actual property transaction values, estimated using transactions that occurred in the five-year window before the target year of 1939. Specifically, we use image vector data from 1935–1939 to predict transaction values for the full cross-section of properties observed transacting between 1912 and 1939, as if they had occurred in 1939. The predicted values are then plotted against the actual transaction values observed for the target year. We exclude foreclosures from the training model but include properties that experienced a foreclosure between 1912 and 1939 in the predicted set, treating them as if they transacted at market prices.

Figure A12: Trimming Net Rental Yields



A: 1930



B: 1940

Notes: These figures show the full distribution of returns compared to the distribution trimmed at the 5th and 95th percentiles.

FIGURE A13: HIGHEST SIMILARITY SCORES: BLACK PROPERTIES 1940 AND 1980



Notes: This figure shows the 10 Black properties with the highest similarity scores, based on cosine similarity between feature vectors extracted from ResNet for each property's 1940 image and its corresponding 1980 image.

Figure A14: Lowest Similarity Scores: Black Properties 1940 and 1980



Notes: This figure shows the 10 Black properties with the lowest similarity scores, based on cosine similarity between feature vectors extracted from ResNet for each property's 1940 image and its corresponding 1980 image.

Table A1: Descriptive Statistics, 1930

	Household Head is White		Household Head is Black		Household Head is Other	
	Mean	SD	Mean	SD	Mean	SD
Panel A: Property-Level						
Type: Dwelling	0.076	0.265	0.057	0.232	0.024	0.154
Type: Loft	0.016	0.127	0.008	0.089	0.000	0.000
Type: Other	0.114	0.317	0.110	0.313	0.024	0.154
Type: Tenement	0.794	0.405	0.825	0.380	0.952	0.215
Construction: Brick	0.833	0.373	0.814	0.390	0.880	0.328
Construction: Stone	0.011	0.105	0.004	0.059	0.000	0.000
Construction: Other	0.156	0.363	0.183	0.387	0.120	0.328
Feature: None	0.458	0.498	0.601	0.490	0.277	0.450
Feature: Store	0.542	0.498	0.399	0.490	0.723	0.450
1 Story	0.006	0.076	0.004	0.066	0.000	0.000
2 Story	0.009	0.093	0.004	0.066	0.000	0.000
3 Story	0.059	0.236	0.047	0.212	0.024	0.154
4 Story	0.137	0.343	0.050	0.217	0.157	0.366
5 Story	0.511	0.500	0.655	0.476	0.663	0.476
6 Stories and Over	0.278	0.448	0.240	0.427	0.157	0.366
Square Footage (Lot, in thousands)	48.348	2296.567	18.622	230.058	3.243	1.878
Square Footage (Lot and Building, in thousands)	111.084	4593.378	94.554	1150.321	16.447	11.595
Lot Dimensions	2.431	0.999	2.209	0.783	2.964	1.005
Property Value (Random Forest)	47623.794	48257.080	43952.632	34396.281	32799.340	23198.284
Property Rent (12 Months)	8312.993	14160.545	8791.059	9578.787	5048.964	5537.125
Distance to Nearest Subway 1929 (miles)	0.282	0.141	0.269	0.114	0.226	0.077
Panel B: Individual-Level						
Age	45.900	13.854	38.734	10.257	41.614	11.380
Male	0.739	0.439	0.667	0.471	0.964	0.188
Female	0.261	0.439	0.333	0.471	0.036	0.188
Employment Status: At Work	0.726	0.446	0.815	0.389	0.843	0.366
Employment Status: Unemployed	0.110	0.313	0.114	0.319	0.096	0.297
Employment Status: Not in Labor Force	0.164	0.370	0.071	0.257	0.060	0.239
Non-Literate	0.135	0.342	0.017	0.129	0.205	0.406
Literate	0.865	0.342	0.983	0.129	0.795	0.406

Table A2: Descriptive statistics, 1940

	Household Head is White		Household Head is Black		Household Head is Other	
	Mean	SD	Mean	SD	Mean	SD
Panel A: Property-Level						
Type: Dwelling	0.130	0.336	0.198	0.399	0.060	0.238
Type: Loft	0.017	0.129	0.006	0.078	0.017	0.130
Type: Other	0.131	0.337	0.085	0.280	0.043	0.203
Type: Tenement	0.723	0.448	0.710	0.454	0.880	0.326
Construction: Brick	0.812	0.390	0.731	0.444	0.863	0.345
Construction: Stone	0.006	0.078	0.008	0.087	0.000	0.000
Construction: Other	0.181	0.385	0.262	0.440	0.137	0.345
Feature: None	0.495	0.500	0.658	0.475	0.171	0.378
Feature: Store	0.505	0.500	0.342	0.475	0.829	0.378
1 Story	0.000	0.022	0.003	0.055	0.000	0.000
2 Story	0.008	0.087	0.007	0.081	0.026	0.159
3 Story	0.073	0.260	0.168	0.374	0.068	0.253
4 Story	0.150	0.357	0.081	0.273	0.154	0.362
5 Story	0.463	0.499	0.510	0.500	0.282	0.452
6 Stories and Over	0.306	0.461	0.232	0.422	0.470	0.501
Square Footage (Lot, in thousands)	36.525	1693.795	10.181	127.870	6.030	14.651
Square Footage (Lot and Building, in thousands)	120.905	3579.693	51.290	638.509	34.292	88.318
Lot Dimensions	2.390	0.994	2.180	0.700	2.701	1.124
Property Value (Random Forest)	30677.781	43547.184	22558.601	28592.921	16830.792	11717.757
Property Rent (12 Months)	7633.721	12699.402	5371.951	5595.080	4544.000	3884.072
Distance to Nearest Subway 1939 (miles)	0.230	0.131	0.179	0.066	0.212	0.108
Panel B: Individual-Level						
Age	47.605	14.352	41.532	11.331	40.906	10.481
Male	0.713	0.452	0.601	0.490	0.966	0.182
Female	0.287	0.452	0.399	0.490	0.034	0.182
Employment Status: At Work	0.614	0.487	0.667	0.471	0.761	0.429
Employment Status: Unemployed	0.106	0.308	0.104	0.305	0.128	0.336
Employment Status: Not in Labor Force	0.280	0.449	0.229	0.420	0.111	0.316
Wage	927.893	1275.276	566.769	731.859	676.453	783.716
Years of Schooling	7.586	4.542	7.406	3.386	4.256	4.981

Table A3: Property Value Prediction: Out-of-Sample Tests

	Model Performance			
	MAE	MedAE	MPE	MedPE
OLS	27158	6478	-31.3	-6.8
Random Forest	24834	5874	-22.9	-3.6

Notes: This table presents model performance metrics for predicting property transaction values, estimated using an 80/20 training-test split for transactions occurring between 1912 and 1939. The model specification predicts the log of property value based on the ratio of value to assessed value, square footage, physical dimensions, indicators for property type, construction type, architectural style, property features, foreclosure classification, latitude and longitude and year. Pricing errors have been unlogged.

Table A4: Gross Returns, 1940

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Black	0.019***	0.017**	0.017**	0.019***	0.019***	0.019***	0.009
	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.006)
Mean Dep Var.	0.26	0.26	0.26	0.26	0.26	0.26	0.26
R-sq (adj.)	0.00	0.01	0.01	0.01	0.01	0.01	0.10
Observations	12275	12275	12275	12275	12275	12275	12275
Properties	2889	2889	2889	2889	2889	2889	2889
Baseline Individual Controls	No	Yes	Yes	Yes	Yes	Yes	Yes
Wage Controls	No	No	Yes	No	Yes	Yes	Yes
Education Controls	No	No	No	Yes	Yes	Yes	Yes
Distance to Subway	No	No	No	No	No	Yes	Yes
Property Controls	No	No	No	No	No	No	Yes

Notes: This table reports coefficients from regressions where the dependent variable is the inverse hyperbolic sine transformed gross rental yield. Standard errors clustered by property in parentheses. *p<0.1, **p<0.05, ***p<0.01.

Table A5: Rank Regressions by Race, 1940

	(1)	(2)	(3)	(4)
Household Wage Rank	-0.784***	-0.796***	-0.813***	-0.813***
	(0.013)	(0.010)	(0.009)	(0.009)
Black=1	4.348***	1.729	1.477	1.897*
	(1.433)	(1.129)	(1.088)	(1.062)
Black=1 × Household Wage Rank	-0.097***	-0.094***	-0.080***	-0.080***
	(0.017)	(0.015)	(0.015)	(0.015)
Mean Dep Var.	41.71	41.71	41.71	41.71
R-sq (adj.)	0.63	0.71	0.73	0.73
Properties	3045	3045	3045	3045
Observations (Households)	10240	10240	10240	10240
Individual Controls	No	Yes	Yes	Yes
Property Controls	No	No	Yes	Yes
Distance to Subway	No	No	No	Yes

Notes: This table reports coefficients from regressions where the dependent variable is the ranking in the rent-to-wage distribution. Standard errors clustered by property in parentheses. *p<0.1, **p<0.05, ***p<0.01.