The Impact of Forced Displacement on Housing and Urban Settlement in Host Communities
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PART I

The Impact of Forced Displacement on Housing and Urban Settlement in Host Communities

By Semih Tumen, TED University and IZA

ABSTRACT

Findings in the literature suggest that the sudden and often massive nature of refugee inflows, combined with the fact that housing supply is mostly unresponsive in the short-term, has the potential to affect housing prices and generate substantial changes in housing preferences, neighborhood quality/amenities, mobility patterns of hosts, and attitudes toward refugees in receiving areas. The interaction between the location preferences of refugees and the actions taken by hosts in response to refugee inflows may lead to residential segregation, urban poverty, high economic inequality, and unsustainable cities in the long-term. Policy lessons suggest options like transforming camps (that may have become socioeconomically attractive locations) into sustainable settlements, utilizing voucher programs, and incentivizing government-financed housing solutions for refugees.

Introduction

The recent surge in the number of forcibly displaced individuals across the world and their unequal distribution across hosting regions raises concerns about the availability and affordability of accommodation for them. Immediately following the initial displacement, forcibly displaced populations need safe and healthy living spaces in

* Professor of Economics, TED University, Ankara.

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the hosting regions. This is particularly important for vulnerable populations—such as children, women, the elderly, minorities, and individuals with disabilities. In certain contexts, these humanitarian needs are met in refugee camps. Often, and where possible, refugees seek residential housing (that is rentals) mostly in urban settings: displaced populations are part of a trend of increasing urbanization, with refugees and internally displaced people (IDPs) moving into urban areas to avoid camp settings that may lack opportunities, such as employment and access to services (Park, 2016). Their location and housing choices, in combination with the preferences and actions of hosts, significantly affect housing markets.

Based on 2018 figures, more than 60 percent of the world’s refugee population is urban based (UNHCR, 2018); but there is vast heterogeneity across hosting countries. For example, less than five percent of refugees reside in temporary accommodation centers in Türkiye, while in Kenya, Ethiopia, and Bangladesh the majority of refugees is in camps. A general observation is that the proportion of urban-based refugees tends to be higher in higher-income host countries.

This Digest aims to briefly review the literature on the impact of forced displacement on housing market outcomes in hosting regions and also to discuss several aspects of housing services and solutions provided to refugees in light of the existing evidence.

**Forced displacement and housing outcomes in urban settings**

The link between migration and housing markets is a fundamental one. On the one hand, migration is a population shock, which can directly affect house values and rents both in the short-term and the long-term. The direction and magnitude of these effects are ambiguous as migration simultaneously affects housing demand and supply as well as housing amenities and quality. The main consensus in the academic literature is that increased migration leads to higher house prices and rents through the demand channel (for example Saiz, 2007). Nonetheless, there are some studies suggesting that migration may also induce downward pressure on housing prices due to host flight from migrant receiving areas (Accetturo et al, 2014; Sa, 2015; Mussa et al, 2017) or as low-cost migrant labor is absorbed in the construction sector (Depetris-Chauvin and
Santos, 2018). On the other hand, migration decisions may be affected by housing market conditions, or other local factors such as attitudes toward immigrants and ethnic enclaves (Edin et al, 2003).

There is a rapidly expanding literature focusing specifically on the impact of forced displacement on housing markets in hosting regions. Although forced migration and economic migration are two different concepts, the main forces through which migration may affect housing market outcomes are similar for both phenomena: demand and supply of housing, neighborhood characteristics, the impact of migrants on neighborhood amenities, and the response of incumbent residents to migrant inflows (such as the change in their attitudes and mobility patterns). The distinguishing feature of forced migration is that, often, refugees enter host countries in very large numbers over short periods of time, which leaves little time for the housing supply to adjust in the short term. This suggests that studies of this literature may likely find positive price effects in the short term (see, e.g., Alix-Garcia et al, 2012). In one of the earliest studies, Saiz (2003) argues that housing rents increased (mostly for lower-quality units) in Miami following the Mariel Boatlift, despite the resident outflow observed following the Cuban refugee influx (Filer, 1992).¹

There are an increasing number of papers focusing on the impact of Syrian refugees on housing market outcomes in hosting countries. Tumen (2016) argues that housing rents in Türkiye increased following the large Syrian influx. But, unlike Saiz (2003), rents increased mainly for high quality accommodation. This is because refugees tend to seek more affordable housing and live closer to other refugees which increased concentration of low-skilled refugees in areas with lower-quality units. In turn, this amplified the perceived disamenity of living in those areas and induced residents to move out of neighborhoods where refugees were concentrated, towards areas with higher-quality and relatively more expensive housing units. Overall, there is no effect on rental prices for lower-quality accommodation, while the increased demand for higher-quality accommodation led to increased rental prices for those units.

Segregation and ghetto formation are observed in provinces with high refugee concentration. Alhawarin et al (2021) document that the arrival of Syrian refugees led

¹ The term Mariel Boatlift denotes the displacement of around 120,000 Cubans who reached Miami between April and October 1981, after leaving Cuba from the Mariel Harbor.
to an increase in housing rents for lower-quality accommodation in Jordan, which was likely caused by the limited mobility response of Jordanian hosts—due to a lower perception of disamenity from living closer to refugees because of their shared culture and language. Longer-term estimates suggest a higher tendency for Jordanians to move out of refugee-hosting areas due to congestion in labor markets and education services (Elmallakh and Wahba, 2021). Rozo and Sviatschi (2021) document a sharp increase in housing rents across Jordan following the Syrian refugee influx due to unresponsive housing supply.

Depetris-Chauvin and Santos (2018) focus on the case of internally displaced people (IDPs) in Colombia and show that IDP inflows led to an excess of housing demand in Colombia. Heterogeneity analysis suggests that the overall increase in rental prices was mainly due to increases in the rental price of lower-quality units. However, they also find that IDP movements triggered residential housing construction, which suggests that an increased housing supply might reduce excess demand in the long term. Forero-Vargas and Iturra (2022) also document a significant increase in housing rents in Colombia in response to the influx of Venezuelan refugees.

Several papers looked at how housing markets reacted to refugee arrivals in European countries. Hennig (2021) argues that refugee inflows degraded the quality of neighborhood amenities in the hosting neighborhoods in Germany, which led to a decline in housing rents. Similar results are also documented for the UK and Netherlands (Lastrapes and Lebesmuehlbacher, 2020; Daams et al, 2019). Initial estimates for the case of Ukrainian refugees in Poland suggest an increase in rental prices of lower-quality units, due to a housing demand shock caused by sudden inflows of large number of refugees (Trojanek and Gluszak, 2022). A similar effect was not observed in the case of housing prices, which rose only slightly during the same period.

Overall, the main consensus in this literature is that refugee inflows significantly increase demand for affordable housing in hosting regions, which leads to an increase in housing rents. If the increased demand causes a reduction in perceived neighborhood quality and amenities and generates outflow of hosts, then the increase in housing rents is more limited—and rental prices can fall in some cases. Resident
outflows can lead to increases in housing prices in the regions where hosts choose to move.

**Forced displacement and settlement in humanitarian settings**

Refugee camps are generally designed as short-term facilities, but refugee crises are rarely short-term crises. Camps are usually established and run by governments of hosting countries in collaboration with international organizations. Over time, refugees exhibit increased demand for socioeconomic integration and humanitarian aid may not be sustained to the same extent especially when camps are situated in rather marginalized areas with few economic opportunities. These factors generate either an eventual movement out of camps toward urban areas or a natural transformation of the camps into more established settlements—such as Kakuma or Zaatari camps (De Montclos and Kagwanja, 2000; IFC, 2018; Dalal, 2022).

There is a relatively limited set of papers of socioeconomic literature focusing on the role of refugee camps in the provision of shelter and housing services. Alix-Garcia et al (2018) focus on the Kakuma refugee camps in Kenya and argue that refugee camps generate significant economic activity in the surrounding areas, which suggests that camps can provide housing and shelter solutions without necessarily causing adverse effects in local markets. Dampha et al (2022) find that the establishment of Rohingya refugee camps in the Cox Bazar’s area in Bangladesh expanded economic activity in the regions surrounding the camps, which led to a rapid expansion of settlement in the region.²

The evidence from the academic research also sheds light on other aspects of the different housing and shelter solutions that refugees adopt, and how this can affect hosting costs. This is the case, for example, of studies looking at the consumption patterns of forcibly displaced people in relation to their housing situation; or research that examines the effect of housing on health, and, in turn, the costs related to health interventions for refugees. For example, O’Reilly (2015) documents that displaced households (in this specific case, returnees) are more likely to forgo consumption for

² In an article focusing on a related topic, Naseh et al (2018) study the case of repatriation of Afghan refugees from Iran and find that access to publicly provided shelter can even serve as a pull factor to trigger the return of refugees.
asset re-accumulation, which suggests they may be willing to participate in government-supported housing construction projects.

The existing evidence suggests that some camps could be transformed into sustainable settlements. Other solutions, such as housing vouchers that would help manage refugee settlement in a more efficient way or government-financed construction programs, may help to facilitate the integration of refugees in host communities, thereby promoting the likelihood of inclusion in the socioeconomic fabric of the host countries. These policy options are discussed in more detail in the final section of this Digest.

Implications for poverty, inequality, and sustainable development

The housing decisions of refugees affect their welfare in a number of ways. Rozo and Sviatschi (2021) find that, as refugees move out of camps toward urban areas in search for a new life for themselves and their families, they substantially increase their housing expenditure. But to compensate for this increase, they tend to reduce their consumption of necessities (such as food and health care) and key services (such as education). These trade-offs are more pronounced for less educated refugees as they are more likely to be employed in informal jobs, earn less, and therefore are pushed into lower-quality dwellings or neighborhoods. Based on these dynamics, severe tensions may form between incumbent hosts and refugees.

The interaction between the location preferences of refugees and hosts also has important implications for long-term socioeconomic outcomes. Two salient features of refugees’ location choice patterns need to be well-understood to analyze these implications. First, refugees have a strong preference for affordable housing, which implies that they tend to reside in neighborhoods with lower-quality housing. Second, refugees may prefer to live within their own communities to benefit from network effects (Yassine et al, 2021). As a result, they quickly get bunched into neighborhoods with lower-quality amenities. Incumbent residents tend to move out of these neighborhoods, which typically drains them of human capital and other economic resources. In the long term, the neighborhoods where refugees choose to reside may transform into neighborhoods with perceived disamenities (Balkan et al, 2018).
Residential segregation likely feeds urban poverty and economic inequality in the long term, with refugee communities being among the ones most severely affected by major shocks, as in the case of COVID-19 (Miguel et al, 2022).

Conventional wisdom, based on research from development economics, suggests that policy responses should aim to prevent worsening inequality in the first place, instead of trying to mitigate it after it emerges. Since the occurrence and intensity of forced migration is largely unpredictable from the viewpoint of hosting countries, implementing pre-distributional policies may not always be possible. That said, Rozo and Sviatschi (2021) argue that governments should act quickly following massive refugee inflows and significantly increase housing supply in a planned way to minimize the long-term consequences discussed above.

Summary and further research

Studies focusing on the direct cost of providing housing services or managing shelter are less prominent in quantitative literature. This section aims to highlight the evidence gaps and provide guidance for future research and policy on sustainable refugee settlement.

Based on the discussion presented in this Digest, three main avenues emerge for further research and associated policy interventions. First, a natural agglomeration of economic activity endogenously happens around some refugee camps, while the ones in more remote locations fail to turn into economically sustainable settlements. In those circumstances where a transition out of camps is not possible, UNHCR recommends to “build linkages between the camp and host communities and anchor the camp within the local economy, infrastructure and national social protection and service delivery systems, in order to transform them into sustainable settlements” (UNHCR, 2009). Research on the endogenous formation of settlements around some camps can provide guidance for policy makers to invest further in infrastructure, housing, social programs, and other public services in these areas. It also provides guidance for urban and land-use strategies such as regularization policies, sites and services schemes, and construction programs (World Bank, 2017).

Second, there is no direct quantitative evidence assessing the feasibility of policy options such as government-financed voucher programs to direct refugees in a
planned way toward certain areas. However, there are findings from related studies that may shed light on the potential implications of such policies. For example, Kling et al. (2007) investigate the overall impact of the “Moving to Opportunity (MTO)” program. This is a randomly assigned voucher program that helps to move disadvantaged individuals out of segregated neighborhoods with a view to improving their long-term outcomes. They document some positive effects for certain adult outcomes, but they conclude that voucher programs do not appear to be effective in improving poverty outcomes in the long-term. The main reasons are that (i) it may not be easy to keep relocated families in the hosting neighborhoods in the long term and (ii) potential negative spill-over effects may even harm incumbent residents’ outcomes/welfare. Although this result is somewhat discouraging, effective voucher programs can be designed, building on lessons from past experiences. This is another potentially productive area for future research on its own.

Finally, following the recommendation presented by Rozo and Sviatschi (2021), research could investigate the ways in which governments can initiate large-scale housing construction programs to relieve the strain caused by refugee inflows. It is possible to think about two approaches. The first may target a more general acceleration of construction activity—maybe with higher subsidies for more affordable housing. Although this approach may increase housing supply and somewhat mitigate the stress caused by increased housing demand, it does not directly address the primary concern caused by the conflicting location decisions of hosts and refugees, and the long-term consequences (that is, segregation, inequality, urban poverty) of those conflicting choices. The second approach is to build affordable housing for refugees in locations chosen by governments. However, it should be noted that those locations may not be preferred by refugees if they are disconnected from major markets and, thus, do not offer economic opportunities and sustainable livelihoods. This approach could also inhibit refugees’ socioeconomic inclusion and, therefore, may be inconsistent with the general refugee receiving policy.

Overall, findings from the literature suggest that sound and thoughtful policies are needed to address the problems leading to, and caused by, the accommodation needs of forcibly displaced individuals. Addressing those problems in the most effective way possible would jointly improve the long-term outcomes of both natives and refugees.
The policy options presented above have their own pros and cons, and the correct policy mix should be chosen to optimize the costs and benefits for the society.
This paper examines the short-run impact of immigration on housing rental markets in the Miami metropolitan area following the Mariel boatlift. During the Mariel boatlift between May and September 1980, around 125,000 Cuban immigrants arrived in southern Florida. Approximately half of them settled in the Miami metropolitan area. In 1980, this led to a four percent increase in Miami’s total population and a nine percent increase in population of renters. Mariel boatlift immigrants were relatively unskilled; had lower educational attainment and lower fluency in English than members of the host community.

The analysis is based on rental data from the 1974–1983 Annual Housing Survey and data on the characteristics of residents from the 1980 and 1990 population censuses. The author examines changes in rental prices in Miami by comparing three groups: (1) other metropolitan areas in Florida; (2) other U.S. cities with similar previous rental

* The JDC Quarterly Digest provides summaries of published research to encourage the exchange of ideas on topics related to forced displacement. The findings, interpretations and conclusions expressed in the literature included in this review are entirely those of their authors and do not necessarily represent the views of the Joint Data Center, UNHCR, the World Bank, the Executive Directors of the World Bank or the governments they represent. For convenience, the Digest contains links to websites operated by third parties. The Joint Data Center and its affiliate organizations do not represent or endorse these sites or the content, services and products they may offer, and do not guarantee the accuracy or reliability of any information, data, opinions, advice or statements provided on these sites.
price growth; and (3) all other metropolitan areas covered in the national Annual Housing Survey.

Main results:

- **The level of immigration in U.S. metropolitan areas in 1990 is positively correlated with increases in rents for dwellings of moderate quality between 1990 and 1992.** This result holds when controlling for changes in income, population, and expectations of future growth. To control for the endogeneity of this result (immigration being correlated with amenities in the Miami area, which might drive rental prices up), the author looked at rental prices vis-à-vis a migration shock: the Mariel boatlift.

- **There was a sharp increase in rental prices in Miami following the Mariel boatlift.** Between 1979 and 1981, rents in the Miami area increased by eight to eleven percent compared to rents in comparison metropolitan areas. By 1983, this difference had fallen slightly to about seven percent.

- **There was an even greater impact on housing units rented by poor residents.** Units that were occupied by poor ‘Hispanic’ renters in 1979 may have experienced higher rent hikes, whereas units in the highest quartile in the 1979 Miami rent distribution were not affected by the rent spike.

- **Increases in rental prices led to modest reductions in real wages in the very short run, concentrated among low-income households.** Overall, real wages declined by 1.4 percent due to increased rental prices, but there was a larger impact for low-income households. For households in the lower quartile of the renters’ income distribution, the decline in real wages was 3.8 percent, whereas for households in the upper quartile of the renters’ income distribution the wage impact range was one percent.

The author argues that **immigrants tend to demand lower-quality rental housing and are willing to outbid residents for these kinds of dwellings**, leading to increases in rental prices for lower quality rental housing. A low-skilled immigration shock, however, is unlikely to affect demand or rental prices for housing units of higher quality rental housing in the short term. Increases in rental prices have **modest adverse effects on the real wage of unskilled workers**, which may partly explain
the out-migration of low-skilled native workers in the short to medium run. The author also argues that, in the absence of further immigration, the long-run evolution of rents and housing prices depends on whether immigrants are perceived as a negative amenity.

**The economic impact of Syrian refugees on host countries: Quasi-experimental evidence from Turkey**
Semih Tumen

This article examines how inflows of Syrian refugees affected labor market outcomes, consumer prices, and housing rents in Turkey. At the time the paper was written, Turkey was hosting 2.2 million Syrian refugees.

The author compares the pre- and post-immigration outcomes in the “treatment region” (the five subregions with high immigrant concentration) with those in the control region (four subregions where there has been hardly any immigration or none at all). The pre-immigration period is 2010–2011, and the post-immigration period is 2012–2013. The analysis is based on several data sources published by the Turkish Statistical Institute (TurkStat), including: (1) the Labor Force Survey covering social and demographic characteristics and labor market outcomes; (2) an item-level dataset of consumer prices; and (3) the Income and Living Conditions Survey detailing housing rents.

Main results:

- **Syrian refugee inflows led to a small decline in employment of native workers, concentrated in the informal sector.** Overall, the employment to population ratio declined by 1.8 percentage points in the treatment region compared to the control region. The decline was larger in the informal sector (2.3 percentage points) than in the formal sector (0.5 percentage points).

- **More than half of those who lost their jobs exited the labor force.** The unemployment to population ratio increased by 0.8 percentage points, while the labor force participation declined by 1 percentage point. In other words, around 43 percent
of those who lost their jobs stayed unemployed, while the remaining 57 percent left the labor force. Men tended to stay unemployed, while females tended to leave the labor force.

- **Wage earnings of native workers were not affected by refugee inflows.** Wages in both the formal and informal sectors were unchanged.
- **Overall, consumer prices declined by 2.5 percent due to refugee inflows, concentrated in informal labor-intensive sectors.** The decline in prices in the informal labor-intensive sectors was around four percent, while the impact of refugee inflows on prices was almost zero in formal labor-intensive sectors.
- **Rental prices increased, especially for high-quality housing.** Refugee inflows generated a 5.5 percent increase in housing rents. Rental prices for lower-quality housing increased by 1.7 percent.

The authors draw three main conclusions: (1) the large size of the informal sector in Turkey coupled with the lack of work permit arrangements for refugees magnified the negative effect of Syrian refugee inflows on natives' labor market outcomes; (2) the increase in the supply of informal immigrant workers generated labor cost advantages in informal labor-intensive sectors, which led to a reduction in the prices of goods and services produced by these sectors; and (3) Syrian refugees mostly sought low-cost rental housing which pushed natives living in low-cost neighborhoods toward higher-quality residential areas, thereby increasing rental prices for high-quality housing.

**Migration shocks and housing: Short-run impact of the Syrian refugee crisis in Jordan**

*Ibrahim Alhawarin, Ragui Assaad, and Ahmed Elsayed*

*Journal of Housing Economics, Volume 53 (2021), Article 101761*


This paper evaluates the impact of inflows of Syrian refugees into Jordan on housing conditions and rental incomes for Jordanian nationals. At the end of

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*This is a revised version of a summary which was previously featured in a the Joint Data Center Literature Review.*
2019, when this paper was written, Jordan hosted 660,000 registered Syrian refugees, 80 percent of whom lived outside official refugee camps.

The authors exploit the regional variation in inflows of Syrian refugees within Jordan to evaluate the change in housing outcomes in areas with relatively higher flows of refugees compared to areas with relatively lower flows of refugees. The analysis is based on three main sources of data: (1) numbers of Syrian refugees by locality from the 2004 and 2015 population censuses; (b) housing and living conditions from the 2010 and 2016 waves of the Jordan Labor Market Panel Survey; and (3) housing conditions and rent from the 2006 and 2013 rounds of the Jordan Household Expenditure and Income Survey.

To measure housing quality, the authors construct a housing quality index (HQI), considering: type of floor type, type of water facility, type of heating, type of sewage, and garbage disposal method.

Main findings:

• **The Syrian refugee influx had a negative impact on housing quality.** A one standard deviation increase in the change of the share of Syrian households at the locality level decreased the housing quality index (HQI) by 0.2 standard deviations. There was, however, no significant effect on dwelling area by refugees, per person or on the probability of home ownership.

• **The refugee influx led to increases in rental prices.** A one standard deviation increase in the change of the share of Syrian households at the district level, raised real rents by 13 percent.

• **These effects were more pronounced among poorer and lower-educated households, who were more likely to be in competition with refugees for housing.** The low educated (and to a lesser extent the poor) were also affected negatively by the influx of refugees; the number of rooms per household member declined.

• **The refugee influx induced locals to move across localities.** The probability that individuals changed their locality during or after 2011 (the beginning of the Syrian civil war) increased more significantly in localities that received above-median inflows.
of refugees. Residential mobility from these localities increased by about 1.7 percentage point relative to localities that received below-median inflows of refugees.

The analysis suggests that poorer Jordanians are in direct competition with refugees over access to affordable housing. The authors argue that this effect could be mitigated through more inclusive housing finance or greater incentives to increase the supply of affordable rental housing.

Is a refugee crisis a housing crisis? Only if housing supply is unresponsive*

Sandra Rozo and Micaela Sviatschi
Journal of Development Economics, Volume 148 (2021), Article 102563
https://doi.org/10.1016/j.jdeveco.2020.102563

This paper examines the impact of Syrian refugee inflows on housing expenditures and incomes in Jordan. The 2015 Jordanian Housing and Population Census identifies 1.3 million Syrian refugees in the country, of whom approximately 650,000 were registered as refugees. According to the 2015 census, 80 percent of Syrian refugees were living outside official refugee camps, in urban areas. On average, Syrian refugees are poorer, less educated, and more likely to work in the informal sector compared to Jordanian nationals and non-Jordanian residents.

Jordan was experiencing a housing shortage before the Syrian refugee crisis. The Syrian refugee influx immediately increased demand for housing by 86,000 units annually, on top of the pre-existing local demand of 32,000 units annually. Formal construction supply did not begin to increase until 2016.

Exploiting the fact that Syrian refugees in Jordan concentrate in regions closer to the three largest refugee camps, the authors compare Jordanian nationals living in areas closer and farther away from the three main refugee camps, before and after the onset of the Syrian civil war in 2011.

* This is a revised version of a summary which was previously featured in a the Joint Data Center Literature Review.
The analysis draws on multiple data sources including: (1) individual consumer expenditure and income by type from the Household Expenditure and Income Surveys; (2) individual-level panel data from the Jordan Labor Market Panel Survey; (3) children’s health development outcomes from the Demographic and Health Survey; (4) data on satellite night light density from the National Oceanic and Atmospheric Administration; (5) data on the location of refugee camps from UNHCR; and (6) data on Syrian settlements in Jordan before the civil war from the 2004 Housing and Population Census.

Main findings:

• **Syrian refugee flows increased housing rental prices in Jordan.** Housing rental prices increased closer to refugee camps after the onset of the Syrian civil war in 2011.

• **Overall, Jordanians living closer to the refugee camps increased their housing expenditures.** While overall, total consumption expenditure remained unchanged, Jordanians living closer to the refugee camps compensated for higher housing (and transport) costs by decreasing their spending on food, communication services, education, and health.

• **Some segments of the population living near the refugee camps were adversely affected, including people with lower educational attainment, younger people, and people working in the informal sector.** Total consumption expenditure fell for individuals with less than a high school education, with sharp reductions in their spending on non-food items, food, communication, and health. Higher expenditures on housing were accompanied by worse dwelling quality for individuals aged 26 to 40 and those working in the informal sector. The analysis also suggests that refugee exposure can have negative effects of on self-employment (across all education levels) consistent with the idea that refugees may be displacing workers in the informal sector.

• **Jordanians located closer to refugee camps have higher property and rental income.** The positive effect of refugee inflows on rental and property income are largely concentrated among individuals with higher education levels, who presumably correspond to property owners.
• There isn’t any evidence that changes in the pattern of consumption expenditure (away from non-durables and health care) has consequences for health or education, or children’s development outcomes.

The authors conclude that increases in housing expenditure was mainly driven by the spike in housing prices due to the sudden and increased demand for housing and the unresponsive supply of new housing. The authors recommend **responding quickly to large sudden inflows of refugees by rapidly increasing the housing supply.** In the absence of increased housing supply, both local populations and refugees may experience welfare losses due to increasing housing prices and reduced consumption, which may also contribute to increased tensions between refugees and host communities. The authors advocate for further research to examine the effectiveness of different approaches to increase the supply of quality housing for refugees, and the effect on prices of cash-for-rent grants to refugees and low-income Jordanians.

**Unexpected guests: The impact of internal displacement inflows on rental prices in Colombian host cities**

*Emilio Depetris-Chauvin and Rafael J. Santos
https://doi.org/10.1016/j.jdeveco.2018.05.006

The article examines the impact of IDP inflows on rental prices in Colombian cities. Even before the peak of the internal displacement crisis in the early 2000s, Colombia already had large housing deficits in urban areas.

IDPs may affect the housing market in several ways: (a) IDPs tend to be poor and increase demand and rental prices for low-income housing; (b) IDPs provide cheap labor, which is partially absorbed by the construction sector, putting downward pressure on rental prices; (c) competition in the labor market may depress wages for both IDP and non-IDP workers, generating income effects in the housing market; (d) IDP inflows may be associated with deteriorating living conditions, due to congestion or perceived/real increases in crime, putting downward pressure on rental prices; (e) heterogenous effects are likely to emerge due to segmentation of the housing market.

* This is a revised version of a summary which was previously featured in the Joint Data Center Literature Review.
along income levels; and (f) local government may pursue policies to deter low-income households moving into their jurisdictions, exacerbating demand in places where IDPs are concentrated.

The analysis is based on administrative panel data on quarterly IDP flows across Colombian municipalities together with rental prices by income level for the 13 principal IDP-hosting cities in the period 1999–2014.

Main findings:

- **IDP inflows led to increased rental prices for low-income housing and decreased rental prices for high-income housing.** In the period 2004–2014, low-income rental prices increased by 14 percent, and high-income rental prices decreased by 37 percent. There was no overall effect of IDP flows on average rental prices.

- **Excess demand for low-income housing puts upward pressure on rental prices, but this is not followed by an increase in the supply of low-income housing.** IDP inflows create excess demand for low-income houses, pushing up rental prices for these properties. And, while the total number of construction licenses does not vary with IDP inflows, construction licenses for low-income housing units are crowded-out by construction licenses for high-income housing units.

- **The arrival of IDPs reduced real wages in the construction sector, suggesting IDPs fuel the construction sector in more affluent areas, consequently lowering high-income rental prices.**

- **Inflows of IDPs increase homicide rates in host cities, putting downward pressure on housing prices.** A 10 percent increase in IDP inflows increased the homicide rate by 6.4 percent with respect to its mean. Higher homicide rates depress rental prices, however in poorer areas, the spike in housing demand outweighed the impact of crime.

The authors conclude that **IDP inflows increase low-income rental prices but decrease high-income rental prices**, which they attribute to two mechanisms: (1) IDPs fueling the construction sector in rich areas (lowering rental prices) as well as exerting a sizeable demand shock in low-income areas; and (2) the excess demand for housing in low-income areas is not followed by an increased supply of rental units.
Neighborhood quality and opposition to immigration: Evidence from German refugee shelters

Jakob Hennig
Journal of Development Economics, Volume 150 (2021), Article 102604
https://doi.org/10.1016/j.jdeveco.2020.102604

This paper examines whether refugee immigration during 2014-2016 affected the quality of neighborhood amenities and support for anti-immigration political parties in Berlin, Germany. From 2014 to 2016, refugees made more than 70 thousand initial applications for asylum in Berlin, equivalent to around 2 percent of Berlin’s population of 3.6 million.

The author examines the impact of temporary refugee shelters on rental prices, neighborhood ratings, and support for anti-immigration parties in the immediate vicinity (within 100m) of the shelters, that is, buildings and amenities within the same block or across the street. The analysis is based on: (a) location and opening/closing dates of refugee shelters from the Berlin Office for Refugee Affairs; (b) listed prices for new rentals from the website immobilienscout24.de; (c) ratings for neighborhood amenities from the website Foursquare; and (d) voting data at the level of electoral precincts.

Main findings:
• After a refugee shelter is established, rental prices decline three to four percent within 100m of the shelter, relative to locations without a refugee shelter. There is also some evidence of an increasing number of listings when a shelter opens, indicating that previous residents may be leaving these areas.
• Ratings for a venue are twelve percentage points less likely to be positive after refugee shelters have opened within 100m of the venue.
• Overall, there is no significant effect on the voter share of anti-immigration parties in precincts which include residents living within 100m of a newly established refugee shelter, but there appear to be heterogenous effects. Areas with high-quality housing and areas with more senior citizens experienced an increase in votes for right-wing parties. In contrast, younger voters, and voters in areas with a more ethnically diverse population became less likely to support anti-immigrant parties after a shelter opened nearby.
Since refugee shelters are temporary, the author concludes that the decline in perceived neighborhood quality in the immediate vicinity of a refugee shelter probably stems from the disutility of living next to the shelter, rather than from long-term concerns about the local labor market or school quality. The author concludes that while there is a local effect of refugee shelters on neighborhood quality, this cannot explain the aggregate increase in support for anti-immigration parties in Berlin after the refugee crisis.

Asylum seekers and house prices: Evidence from the United Kingdom

William D. Lastrapes and Thomas Lebesmuehlbacher
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This paper estimates the effect of the presence of asylum seekers on local housing prices in England and Wales. UK legislation requires that government provides housing accommodation support to asylum seekers who are waiting for a response to their claim, subject to a destitution test.

The analysis draws on housing prices in the UK Land Registry together with detailed information from the UK Home Office on asylum seeker flows and their accommodation across the UK from 2004 through 2015 for all 347 local geographic districts across England and Wales. In 2015, 26 local authorities accommodated 75 percent of all asylum seekers, while over two-thirds of local authorities did not house any asylum seekers.

Main findings:
• The number of asylum seekers given housing accommodation had negative effects on housing prices in England and Wales for regions that participated in the UK’s housing dispersal program. House prices in districts that did not participate in the UK’s dispersal scheme were unaffected by an increase in asylum seekers in neighboring districts.
• Prices declined more in neighborhoods with lower-priced, lower-quality housing units, indicating outmigration of residents in these locations. Prices for
flats, terraced units and semi-detached homes declined more than prices for detached homes, suggesting outward movements of residents in areas that received asylum-seekers, which did not occur in better off areas.

• **Negative house price effects are larger in areas that supported Brexit.**

Overall, the results suggest that **inflows of asylum seekers have distributional effects on housing prices**—lowering the prices of more affordable housing relative to housing in better off areas. This suggests that neighborhoods hosting asylum seekers, which tended to have more low-cost housing, had an outmigration of residents that put downward pressure on house prices. Additionally, the negative effects were stronger in local authorities that voted in favor of Brexit. The authors conclude that negative attitudes toward foreigners, as reflected in Brexit voting at the local level, is likely to have played some role in the negative housing price effects of asylum seekers.

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**The effect of asylum seeker reception centers on nearby house prices: Evidence from The Netherlands**

*Michiel N Daams, Paola Proietti, and Paolo Veneri*

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This paper **estimates the effect on local house prices of opening asylum seekers’ reception centers (ASRCs) in the Netherlands**, and whether there are differential effects across urban and rural areas. Asylum seekers are housed in ASRCs until a decision on their asylum claim is made.

The authors compare housing prices in the same areas before and after the opening of ASRCs, assuming price trends for houses near ASRCs and houses farther away would have remained similar if ASRCs had not been opened. The analysis is based on house sale prices from 2009 to 2017, together with the locations and opening dates of nearby ASRCs.

Main results:
• Overall, sale prices of homes in the vicinity of a ASRC were similar to home sale prices before the opening of the ASRC. However, this average effect masks heterogenous price effects by location (urban versus rural) and type of property.

• The opening of ASRCs negatively affected the prices of nearby homes in low residential density areas. On average, the opening of ASRCs in non-urban areas had a negative impact on the prices of single-family homes that are 500-1,000 meters away from an ARSC. These sold at prices five percent lower after an ASRC’s opening in their vicinity, compared to the prices of houses in areas that didn’t have an ASRC. No effect was found for houses in non-urban areas that were within 500 meters from large ASRCs—possibly because there is little transaction data, or because ASRCs are in zones that are characterized by non-residential land use. Additionally, no effect is found for urban areas or for apartments in rural areas.

• The effect on house prices increases with the hosting capacity of the ASRC. For ASRCs with a capacity to host 500 or more asylum seekers, the opening of ASRCs in non-urban areas causes single-family house prices to fall by approximately nine percent.

The authors conclude that, on average, the opening of ASRCs may not have a considerable effect on the prices of nearby houses, suggesting that ASRCs are not necessarily perceived as a source of disamenity. Opening of ASRCs reduces the prices of nearby houses only for housing in less densely populated areas and for ASRCs of high hosting capacity, and there are no effects on house prices in urban areas. The author suggests several reasons why this may be the case: in low-density areas, the reception of newcomers might overcrowd local public services; the diversity or presence of ‘others’ might be more noticeable in low-density areas; cities tend to have a higher presence of migrants and residents that have more positive attitudes to migrants; and agglomeration effects in cities might obscure possible negative amenities created by the presence of asylum seekers.
This paper estimates the impact of the Ukrainian refugee crisis, beginning with Russia’s invasion of Ukraine in February 2022, on rental and housing prices in the Polish cities of Warsaw and Krakow. Poland hosts the majority of refugees fleeing the war in Ukraine, most of whom have settled in the major cities. As of April 1, 2022, the population of Warsaw and Krakow increased by 15 percent and 23 percent, respectively.

In the absence of recent housing transaction data, the authors make use of listed offer prices and rents from the advertising portal (gratka.pl), gathered monthly from January 2018 to April 2022.

Main findings:
• **Rents increased significantly since the beginning of the Russian invasion in both Warsaw and Krakow.** In March and April of 2022, rents increased by around 16.5 percent in Krakow and 14 percent in Warsaw.
• However, **similar effects were not observed in the case of housing prices.** Housing prices rose by much less (by about 4 percent in Krakow and 1 percent in Warsaw).
• An analysis of causal impacts indicates a significant effect of the Ukrainian refugee crisis on the level of rent in both cities and housing prices in Krakow. However, the results for housing prices are not significant in the case of Warsaw.
• The rise in the rental market is unlikely to be due to random fluctuations.

The authors conclude that **the rapid growth of the urban population in a short period led to a housing demand shock, that combined with limited supply caused an unprecedented rent increase.**
More than 740,000 Rohingya refugees from Myanmar fled to Bangladesh in late 2017 and were accommodated in large refugee camps in Cox’s Bazar district. This paper evaluates whether the Rohingya refugee camps in Bangladesh have caused changes in forest cover in the surrounding areas and investigates the specific causes of environmental impacts. The authors distinguish between: (1) direct impact of either clearing land for the expansion of the camps or harvesting of forest products by refugees for shelter and cooking fuel; and (2) indirect impact of the camps on local economic activity, infrastructure and services, which in turn might attract Bangladeshi people to settle in the vicinity of the camps.

For the econometric analysis, the authors randomly selected 10,000 locations across Cox’s Bazar, and compared locations within five kilometers of the camps (the ‘treatment’ group) with locations 10 to 15 kilometers from the camps. The authors control for a variety of fixed effects such as soil fertility, whether the locations are protected environmental areas, steepness of the terrain, and seasonal variations in vegetation cover.

The analysis draws on several data sources, including: (1) satellite imagery from the US Geological Survey, to classify locations according to land use and to assess levels of vegetation cover; (2) Protected Planet’s database of protected areas to classify locations as protected or unprotected areas; (3) annual population data from Worldpop; (4) nighttime lights data produced by the National Oceanic and Atmospheric Administration, which are used as a proxy for economic activity; and (5) Google Maps for the locations of main roads. Descriptive data suggest that forest area has declined since 2010 in the study region, and that forest cover loss has accelerated since 2017 compared to earlier years.

Main findings from the empirical analysis:

- **There has been a decline in forest cover and an expansion of settlement areas within 5 kilometers of the refugee camps.** Following the opening of the
camps, locations within 5 kilometers of camp boundaries were 7.6 percentage points more likely to become deforested and 13 percentage points more likely to be classified as a settlement, compared to areas further away.

- **Two thirds of forest losses occurred between 1 to 5 kilometers of the camps, driven by settlement expansion, and forest losses are concentrated outside protected areas.** Within 1 kilometer of the camp, forest cover has declined—most likely due to the activities of camp residents—but settlement areas have not expanded in these locations. However, between 1 to 5 kilometers of camp boundaries, forest cover has declined, and settlement areas have expanded, suggesting that forest losses were driven by the expansion of settlement areas, most likely due to the in-migration of Bangladeshi citizens. Excluding locations within one kilometer of a camp boundary, locations between one to five kilometers of the camp boundaries were 4.5 percentage points more likely to become deforested and 11 percentage points more likely to be classified as a settlement, compared to areas further away.

The authors argue that **the causes of deforestation following the opening of the camps go beyond the direct impact of refugees**. The camp and its residents appear to have contributed directly to forest losses within one kilometer of the camp. However, within one to five kilometers of the camp, where forests are being cleared for settlements, it is likely that Bangladeshi citizens moved towards the camps in search of economic opportunities and/or improved services due to the presence of the camps.

**Do refugee camps help or hurt hosts – The case of Kakuma, Kenya**

*Jennifer Alix-Garcia, Sarah Walker, Anne Bartlett, Harun Onder, and Apurva Sanghi*

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This paper examines the impact of the Kakuma refugee camp in Kenya on the economic welfare of the host population. At the time the paper was written, the Kakuma camp accommodated 180,000 refugees, mainly from South Sudan and Somalia. The Kakuma camp is situated in the arid Turkana region in northwestern Kenya, one of the poorest and most sparsely populated regions of the country, where the main source of livelihood is livestock herding.
The authors draw on several sources of data including: (a) nighttime lights data from the United States Air Force Defense Meteorological Satellite Program, which is used as a proxy for economic activity; (b) registration census data from the Hunger Safety Net Programme (a cash transfer program for poor households in Turkana and other districts), which covers demographic data, livestock holdings, and an estimate of household consumption; (c) household surveys of refugees in Kakuma camp, local Turkana households near and far from the camp, and households from villages around two similar towns that are used as counterfactuals; and (d) agricultural and livestock prices from the Famine Early Warning System (FEWSNET) and Livestock Information Network Knowledge System, respectively.

Main results:

- **Economic activity increases with proximity to Kakuma refugee camp.** A one percent increase in the distance to Kakuma (approximately one kilometer) at the mean level of refugee inflows (around 69,000 refugees) results in a 2.3 percent reduction in the nighttime lights index for villages with a population of 5,000 or more in 1989.

- **Refugee inflows have positive but localized impacts on economic activity and consumption levels.** A ten percent increase in the refugee population is associated with a 0.4 percent increase in the nighttime lights index for villages within ten kilometers of the camp. A ten percent increase in the luminosity index is associated with a 1.5 percent increase in the consumption index for villages with a population of 5,000 or more in 1989. This corresponds to an estimated 5.5 percent increase in consumption for every ten percent increase in the refugee population.

- **Proximity to the refugee camp is associated with more low-skill jobs and wage labor,** particularly for households with secondary education, and this effect dominates the impact of any labor competition from refugees.

- **Per capita consumption near the camp is higher than consumption farther away.** Household consumption within ten kilometers of the camp is 25 percent higher than in areas further away.

- **Agricultural production occurs largely in the vicinity of the camp.** Agriculture in the Turkana region occurs almost exclusively close to the refugee camp, suggesting that the presence of the camp incentivizes agricultural production.
Livestock prices are positively correlated with the high refugee and aid presence. Although numbers of livestock are not higher closer to the camp, larger amounts of livestock sold in the immediate vicinity of the camp suggests that herding households benefit from the presence of the refugee market.

The authors conclude that there are benefits to host communities of living near refugee camps. In the case of Kakuma, host households living near the camp have higher consumption as refugee numbers increase. The analysis suggests two mechanisms driving this result: (1) increases in wage and agricultural employment opportunities; and (2) increases in the prices of livestock induced by refugee demand. However, the results may mask important heterogeneity, and some host households may not fare well. Some households may not be able to access employment opportunities due to their age or level of education, or they may not be able to farm or raise enough livestock, and so are negatively impacted by price increases.

Refugee Camps or Cities? The Socio-economic Dynamics of the Dadaab and Kakuma Camps in Northern Kenya

Marc-Antoine Perouse De Montclos, and Peter Mwangi Kagwanja
https://doi.org/10.1093/jrs/13.2.205

This paper describes the urban characteristics of the two largest refugee camps in Kenya—the Dadaab refugee camp complex and the Kakuma refugee camp—and discusses the determinants of their future growth and durability. Dadaab refugee camp complex, comprising the Hagadera, Dagahaley and Ifo refugee camps, is in the Garissa region and hosts mainly refugees from Somalia. The Kakuma refugee camp is in the Turkana region and hosts mainly refugees from South Sudan. Both host regions have very low population density, a semi-arid environment, and some of the lowest socio-economic indicators in Kenya.

Based on empirical work undertaken in 1998, the authors argue that the Dadaab and Kakuma camps meet the criteria for urban centers based on their demographic, structural, occupational, cultural, and economic characteristics. Specifically:
• In 1998, the Kakuma and Dadaab had refugee populations of 58,000 and 106,000 respectively, with high population density per inhabited land area. The host regions have very low population density and traditionally nomadic pastoralist communities, and consequently there are relatively few local residents living in the vicinity of the camps. In the case of Dadaab, some local pastoralist communities have moved in from surrounding areas to take advantage of water sources and lower food prices in the camps, and to sell cattle and milk.
• Infrastructure has been built in the camps, which have better health and educational facilities than the rest of the host regions. Dadaab town (the original urban settlement that predates the camps) has electricity, piped water, health facilities, and schools.
• The camps are cosmopolitan in the sense that they mix ethnicities and there are changing gender dynamics (for example, co-educational schools).
• The refugee camps are connected to a broader urban network. While refugees are officially confined to camps, many use bus networks to travel to border towns (Wajir and Lokichokio in the north and Liboi in the east on the Somali border) and to Nairobi.
• Refugee camps function as ‘market towns’, with trading networks extending into countries of origin. Refugees sell food aid and products of development projects and purchase items that they need from markets in the camps.
• Refugee entrepreneurs in the camps accumulate capital from family or remittances, the sale of food rations, and loans from NGOs, and also rely on credit from traders.
• The refugee camps are also important as labor markets. While some NGOs provide casual work to refugees and local residents, higher-skilled jobs with good wages tend to be taken by expatriates or by Kenyans who are not from the province.

The authors also identify several factors that affect the viability of refugee camps as cities including: the relationship between camp residents and the local population; government policy towards refugees (including recognition of the camps as urban centers and freedom of movement provided to refugees); access to natural resources such as water and arable land; urban planning for new residents and infrastructure; and investments in the development of the host region. The authors question whether
refugees would remain in the camps if humanitarian aid was withdrawn. They conclude that the continuity of ‘camp-towns’ will depend on the depth and complementarity of social, cultural, and economic linkages with the neighboring areas.
Annex A: Overview of Articles


