

# **Housing Search Frictions: Evidence from Detailed Search Data and a Field Experiment**

## Abstract

This paper shows that imperfect information about school quality causes low-income families to live in neighborhoods with lower-performing, more segregated schools. We randomized the addition of school quality information onto a nationwide provider of online housing listings for families with housing vouchers. We find that this information causes families to move to areas with higher-performing, more racially disparate schools. To understand the value of this information and its implications for models of neighborhood choice, we develop a dynamic model of households' search and location choices that incorporates subjective beliefs and imperfect information about school quality. We use the model to estimate how much families value school quality and how much they would appear to value it if we ignored information frictions. If we had ignored information frictions, control group families would appear to value school quality half as much, relative to their commute to downtown, as treatment group families. Moreover, we show that control-group households have biased beliefs that underestimate school quality and mispredict it as a function of other neighborhood characteristics.