

# *Pascal Mossay*

Newcastle University

(Joint work with Pierre Picard)

## “Spatial segregation and urban structure”

### **Abstract:**

In this paper, we develop a model of spatial segregation mediated by competitive land prices. Agents of two groups consume city land and benefit from social interactions. Because of cultural or ethnic differences, intra-group interactions are more frequent than inter-group ones. When group sizes differ, population groups sort into distinct neighborhoods. We characterize two- and three-district urban structures. For high population ratios or strong inter-group interactions, only a three-district city exists. In other cases, multiplicity of equilibria arises. Both groups generally rank these equilibria differently. However, when group sizes are similar, all individuals agree on which spatial equilibrium is best.