



MULTIFAMILY REPORT

Detroit: Revving The Engine

Summer 2021

Rent Growth Picks Up Steam, Trails Nation

Employment Growth Turns Positive

Development Most Active in Downtown

DETROIT MULTIFAMILY



Limited Deliveries Keep Demand in Check

Detroit's multifamily fundamentals continued to improve despite economic crosswinds. Rents rose 0.8% on a trailing three-month basis through June to \$1,103, behind the national average, which went up an impressive 1.4%, to \$1,482. The occupancy rate in stabilized properties increased by 80 basis points in the 12 months ending in May, to 96.6%.

The unemployment rate clocked in at 6.0% in May, 20 basis points above the national figure. Employment growth marked a 0.3% uptick (318,500 jobs) in the 12 months ending in May, following 13 months of negative performance. Nearly two-thirds of regained jobs were added in just three sectors—leisure and hospitality (64,800 jobs, +67.2%), manufacturing (64,800 jobs, +41.0%) and professional and business services (61,200 jobs, +19.1%). Manufacturing is especially poised for continued growth, sustained by expansions from several automobile companies including Ford, Lordstown Motors Corp. and Fiat Chrysler.

Developers had 6,054 units under construction as of June, following the delivery of only 455 units in the first half of 2021. Meanwhile, transaction activity remained tepid, with the volume totaling just \$116 million in the first two quarters. Yet, the per-unit price rose by a substantial 63.3%, to \$114,647.

Market Analysis | Summer 2021

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Recent Detroit Transactions

The Haven at Grosse Pointe



City: Harper Woods, Mich.
Buyer: DRA Advisors
Purchase Price: \$29 MM
Price per Unit: \$71,814

Peterboro Place



City: Detroit
Buyer: Winfire Capital
Purchase Price: \$4 MM
Price per Unit: \$50,000