



MULTIFAMILY REPORT

Detroit Looks Ahead

March 2023

Investment, Deliveries Mark New Highs

Rent Gains on Par With US

Construction Starts Lag



DETROIT MULTIFAMILY



Slight Dips Across Rents, Occupancy

Detroit fundamentals are in recovery mode, as lingering inflation and recessionary fears build, but the city is poised to withstand a national economic slowdown. Pent-up demand for automobiles has helped revitalize the metro's local economy. Rent movement was on par with the U.S. rate, down 0.3% on a trailing three-month basis through January, to \$1,222, well below the \$1,701 U.S. figure. Occupancy remained above the 95% mark, despite a 1.0% dip in the 12 months ending in December.

Unemployment stood at 3.2% in December 2022, outperforming pre-pandemic levels and reflecting a relatively quick recovery. This placed Detroit below the 4.3% state and 3.5% U.S. averages. Employment expanded by 3.8%, or 50,700 jobs, in the 12 months ending in November, just 10 basis points below the national average. Since late 2021, the metro's rate has been on par with the U.S. figure. Trade, transportation and utilities—Detroit's second-largest sector—led gains, adding 14,400 positions. The ongoing recovery of the leisure and hospitality sector moved it into second place, with 9,700 jobs.

Just 68 units came online in January, and another 3,453 were underway. This followed the best year in deliveries, with solid volume despite a drop in construction starts. Investment also registered a record year in 2022, at \$900 million, for an average price per unit that ticked down 2.4%, to \$132,782.

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Recent Detroit Transactions

The Addison at Southfield



City: Southfield, Mich.
Buyer: DRA Advisors
Purchase Price: \$66 MM
Price per Unit: \$167,551

Park on Canal



City: Clinton Township, Mich.
Buyer: The Battery Group
Purchase Price: \$54 MM
Price per Unit: \$128,571

Woodward North



City: Royal Oak, Mich.
Buyer: TBG Funding
Purchase Price: \$39 MM
Price per Unit: \$189,744

The Harrison



City: Royal Oak, Mich.
Buyer: VennPoint Real Estate
Purchase Price: \$25 MM
Price per Unit: \$336,267