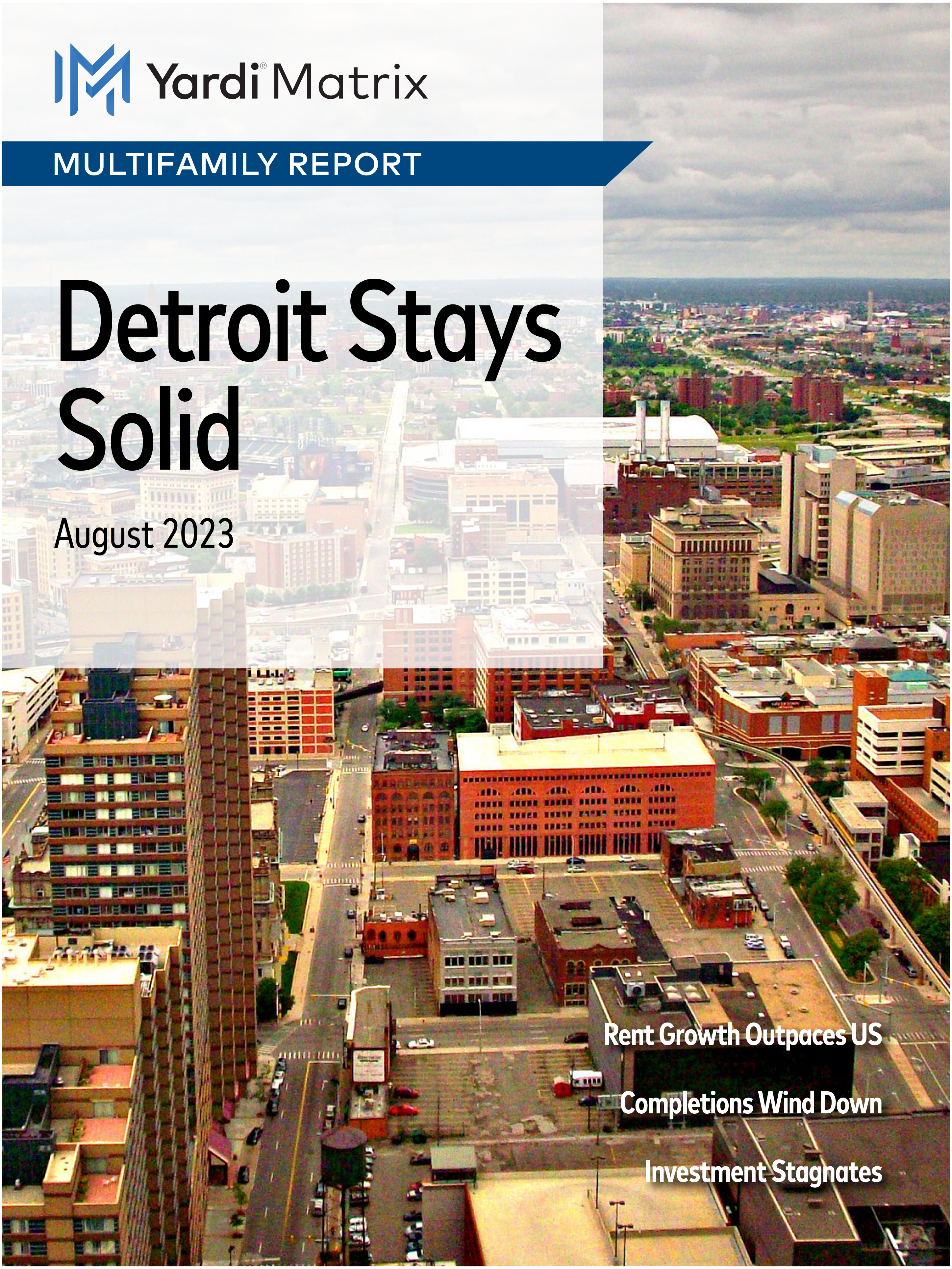
Yardi Matrix

MULTIFAMILY REPORT

Detroit Stays Solid

August 2023



Rent Growth Outpaces US

Completions Wind Down

Investment Stagnates

DETROIT MULTIFAMILY

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Development Steadies Following Outsize Growth

In the context of a projected mild recession and high interest rates, Detroit's multifamily performance was a mixed bag during the first half of the year. After some stagnation during the first quarter, rent development recovered to 0.5% on a trailing three-month basis through June, to an average of $1,248. Growth was 10 basis points above the national rate. Economic uncertainty contributed to less movement and an 80-basis-point year-over-year drop in the nationwide occupancy rate in stabilized assets, to 95.0% as of June. In Detroit, the rate dropped 150 basis points, to 94.8%.

The metro's unemployment rate reached 3.6% as of May, according to preliminary data from the Bureau of Labor Statistics. In the 12-month period ending in April, Detroit added 13,900 jobs—a 1.3% expansion of the labor pool and 160 basis points behind the national rate. Education and health services led growth, with 10,600 jobs added, or a 3.5% expansion. Despite experiencing a slower rate of growth than what was recorded last year, Detroit's employment growth is expected to improve between 2023 and 2027, a study from the University of Michigan shows.

Development activity slowed down in the metro, as completions totaled 894 units during the first half of the year, down 33.6% year-over-year. A total of 3,885 units were under construction and an additional 27,000 units in the planning and permitting stages.

Recent Detroit Transactions

Oak Park Manor

City: Oak Park
Buyer: Pepper Pike Capital Partners
Purchase Price: $47 MM
Price per Unit: $159,132

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Contacts

Jeff Adler
Vice President & General Manager of Yardi Matrix
Jeff.Adler@Yardi.com
(303) 615-3676

Ron Brock, Jr.
Industry Principal, Matrix
JR.Brock@Yardi.com
(480) 663-1149 x2404

Doug Ressler
Media Contact
Doug.Ressler@Yardi.com
(480) 695-3365

Author
Tudor Scolca-Seușan
Associate Editor

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