



MULTIFAMILY REPORT

Detroit's Drift

Fall 2020

Rents Post Significant Gains Across Submarkets

Employment Market Expected to Gain 1,200 Jobs

Downtown Detroit Leads Development

DETROIT MULTIFAMILY



Rents Rebound Favorably

Despite the vulnerability displayed in recent decades, Detroit's multifamily market has not succumbed to the current downturn. Rents in the metro rose a substantial 0.7% on a trailing three-month basis through October to \$1,050, with Lifestyle rents posting a remarkable rebound after six consecutive months of negative performance that ended in March.

Employment took a serious hit, declining 14.9% in the 12 months ending in September, trailing the -9.3% national average. The unemployment rate slid to 12.8% in August from the 26.5% all-time high registered in May, with the preliminary September figure clocking in at 12.5%. As expected, because of the state's automotive industry concentration, manufacturing was among the worst-hit sectors, contracting by 9.8% in the 12 months ending in September. Even though Detroit has lost a large chunk of its workforce since the onset of the pandemic, the metro is better positioned to weather the immediate fallout of the current crisis than it was in past downturns.

Developers delivered only 547 units through October and had another 5,732 under construction. Meanwhile, \$194 million in multifamily assets traded during the first 10 months of the year, with one transaction recorded in April accounting for nearly half of that.

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Contacts

Jeff Adler

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

Jack Kern

Director of Research
and Publications
Jack.Kern@Yardi.com
(800) 866-1124 x2444

Ron Brock, Jr.

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

Author

Anca Gagiuc

Senior Associate Editor

Recent Detroit Transactions

Independence Green



City: Farmington Hills, Mich.
Buyer: JRK Property Holdings
Purchase Price: \$100 MM
Price per Unit: \$101,427

Garfield Park



City: Fraser, Mich.
Buyer: Princeton Enterprises
Purchase Price: \$5 MM
Price per Unit: \$48,485

Atrium



City: Southfield, Mich.
Buyer: Contour Cos.
Purchase Price: \$4 MM
Price per Unit: \$37,500

Ryan Court



City: Detroit
Buyer: Century Partners
Purchase Price: \$1 MM
Price per Unit: \$5,440