

Yardi® Matrix

Detroit: Far from Singing the Blues

Multifamily Report Spring 2017

Rent Growth Tops Average

New Supply Hits Core Locales

Soaring Home Prices Drive Affordable Housing

DETROIT MULTIFAMILY

Yardi® Matrix

Market Analysis

Spring 2017

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Motown's Expansion Hits High Notes

Despite numerous headwinds, Detroit is gamely bouncing back, thanks to concerted efforts by public and private sources to bring commerce and households back to the city. Small businesses are receiving financial support from several public-private funds, including the \$100 million New Economy Initiative.

The automotive industry has regained its footing. Flex-N-Gate broke ground on a \$100 million manufacturing facility that is expected to create 700 jobs, while Troy-based Delphi Automotive joined BMW, Intel and Mobileye in the development of advanced autonomous driving systems. Detroit is also strengthening its tech industry, with business accelerators for graduates and financial support for technology startups, through the \$4.2 million First Capital Fund.

Demand drivers are mixed. Young professionals are attracted to Detroit's job opportunities in high-earning sectors, and the transformation of core areas into modern live-work environments continues to drive growth. Even so, population levels in the city remain relatively flat. After years of little new supply, development is beginning to pick up: More than 4,000 units are under construction. Rents increased 4.2% year-over-year as of April, exceeding twice the national growth rate. We expect strong demand to continue, and with minimal new deliveries, rents should increase by 4.1% in 2017.

Recent Detroit Transactions

Riverfront Towers



City: Detroit
Buyer: Image Capital
Purchase Price: \$80 MM
Price per Unit: \$143,502

Chimney Hill



City: West Bloomfield, Mich.
Buyer: The Solomon Organization
Purchase Price: \$52 MM
Price per Unit: \$158,841

The Heights



City: Madison Heights, Mich.
Buyer: Monarch Investment
Purchase Price: \$28 MM
Price per Unit: \$123,733

Bloomfield Square



City: Auburn Hills, Mich.
Buyer: Yechiel Lopiansky
Purchase Price: \$17 MM
Price per Unit: \$66,406

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