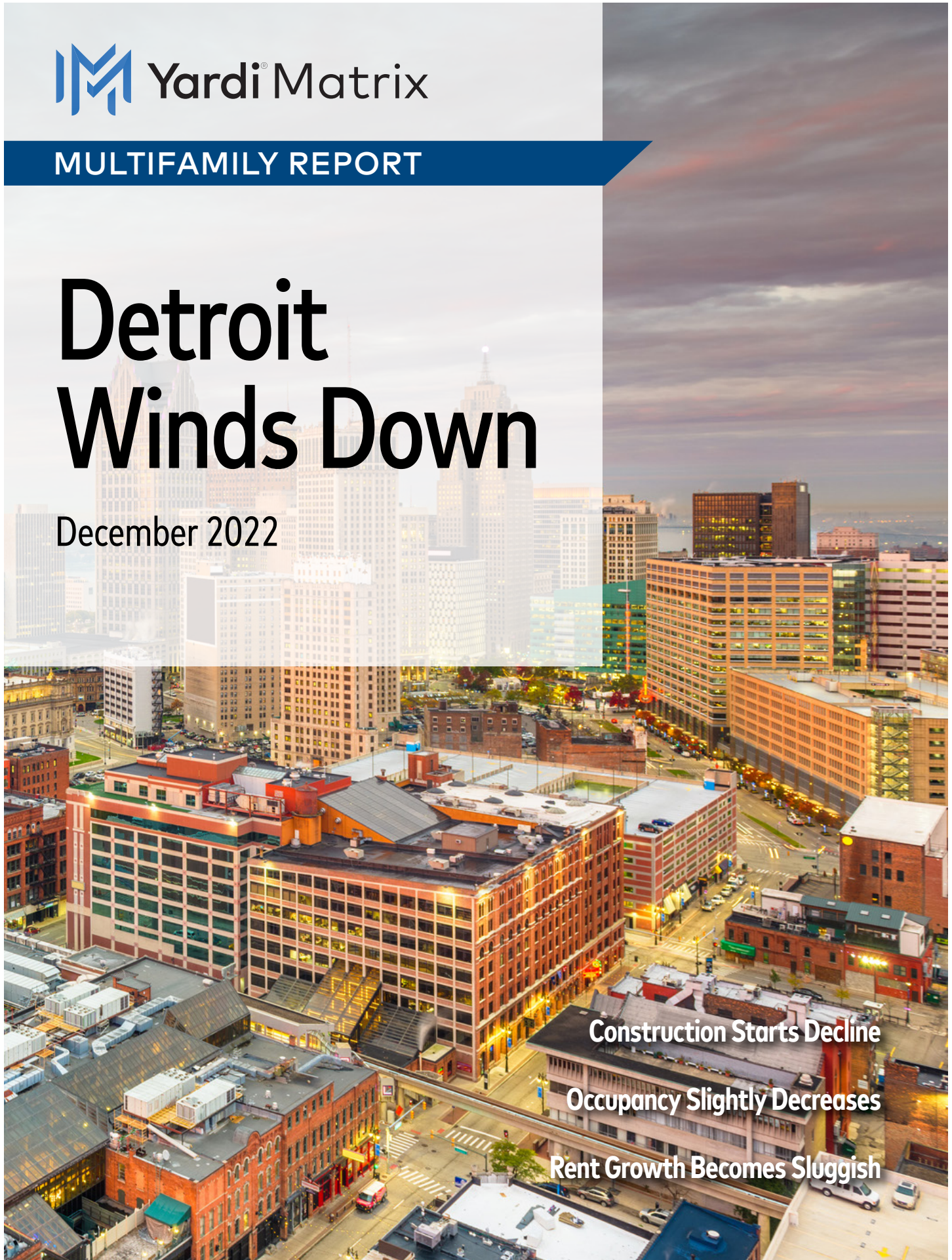




MULTIFAMILY REPORT

Detroit Winds Down

December 2022



Construction Starts Decline

Occupancy Slightly Decreases

Rent Growth Becomes Sluggish

DETROIT MULTIFAMILY



Detroit Market's Mixed Performance

Detroit's multifamily fundamentals slowed down after the third quarter, following a similar pattern observed in most major metros. Rent expansion decreased to 0.3% on a trailing three-month (T3) basis through October, after lagging the U.S. average rate for most of the year, now exceeding it by just 10 basis points. On a year-over-year basis, rents grew 7.3% to \$1,251—below the nation's \$1,727.

The job market was in good shape, as unemployment, at 3.3% as of September, was below both the U.S. average, as well as the state. Over the 12-month period ending in August, Detroit regained 77,700 jobs, a 4.7% expansion and 40 basis points higher than the national average. Besides leisure and hospitality, which led gains with 16,300 jobs added, the metro's largest sectors saw the greatest number of jobs regained—trade, transportation and utilities, and manufacturing both grew by 16,000 positions. New details emerged about Olympia Development and Related Cos.' \$1.5 billion District Detroit project; this development is expected to create 12,000 construction jobs and an additional 6,000 permanent jobs upon completion.

Development activity was on par with the previous year's performance: developers brought 1,572 units online this year. However, new construction starts totaled only 415 units across two properties, signaling a slowdown. Meanwhile, investment activity totaled \$727 million, up 64.5% year-over-year.

Market Analysis | December 2022

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Recent Detroit Transactions

Southfield



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

Troy Place



City: Troy
Buyer: Pepper Pike Capital
Partners
Purchase Price: \$32MM
Price per Unit: \$190,476

The Harrison



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

Lincolnshire



City: Canton
Buyer: Ginosko Development Co.
Purchase Price: \$23 MM
Price per Unit: \$158,868