



MULTIFAMILY REPORT

Detroit Stays Solid

August 2023



DETROIT MULTIFAMILY



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.

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Recent Detroit Transactions

Oak Park Manor



City: Oak Park

Buyer: Pepper Pike Capital Partners

Purchase Price: \$47 MM

Price per Unit: \$159,132