

Yardi® Matrix

Steady Detroit

Multifamily Report Fall 2018

Rent Growth Falls Below National Rate

Development Activity Slows Following 2017 Surge

Investors Target Suburban Communities

DETROIT MULTIFAMILY

Yardi® Matrix

Market Analysis

Fall 2018

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Motor City Keeps Its Composure

Detroit is following national trends for rent growth and occupancy, as rates remained fairly stable against 2017's surge of new stock. Investment activity has waned, but the focus continues to be on suburban Class B and C assets, with acquisition yields going up to double digits. With no deliveries in the first nine months, Detroit is bound to have a busier couple of quarters due to the 4,800 apartments underway as of September.

The metro added 28,000 jobs in the 12 months ending in July, more than half of which were in the leisure and hospitality (11,200) and construction (4,000) sectors. Both grew more than 5.0% year-over-year, the fastest expansion across employment sectors. Detroit continues to attract auto suppliers and manufacturers, boosting demand for office and industrial space. General Motors is relocating the Cadillac headquarters to the metro's suburbs and German auto supplier Kostal Kontakt Systems is planning a \$58 million expansion in Rochester Hills.

For the first time in the past couple of years, Detroit's rent growth rate fell below the U.S. average, as the metro absorbed the 2017 supply surge. However, demand is expected to remain healthy during the ongoing resurrection of the city's core, keeping rent growth roughly on par with the U.S. figure for the foreseeable future.

Recent Detroit Transactions

Fairlane Town Center



City: Dearborn, Mich.
Buyer: Forum Real Estate Group
Purchase Price: \$41 MM
Price per Unit: \$206,400

Northville Woods



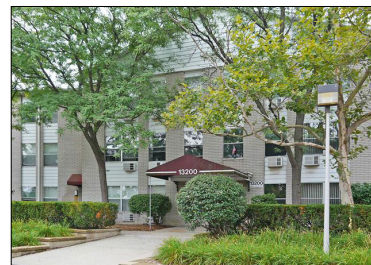
City: Northville, Mich.
Buyer: M Group
Purchase Price: \$38 MM
Price per Unit: \$138,978

Village Green of Waterford



City: Waterford, Mich.
Buyer: RESSCO
Purchase Price: \$31 MM
Price per Unit: \$77,695

Village on the Park



City: Southgate, Mich.
Buyer: RESSCO
Purchase Price: \$24 MM
Price per Unit: \$65,642