

Yardi® Matrix

Detroit Pushes Forward

Multifamily Report Summer 2019

Investment Sales Wind Down

Rent Growth Outpaces US Average

Deliveries Expected to Peak This Year

DETROIT MULTIFAMILY

Yardi® Matrix

Market Analysis

Summer 2019

Contacts

Paul Fiorilla

Associate Director of Research
Paul.Fiorilla@Yardi.com
(800) 866-1124 x5764

Jack Kern

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

Author

Alexandra Pacurar

Senior Editor

Job Growth Fuels Upscale Demand

Detroit's expanding economy and growing Millennial population are pushing up housing demand, particularly in core submarkets, leading to a spike in rent growth—at 3.6% year-over-year through July. Gains in the Lifestyle segment weighed in heavily, recovering from negative values in the summer of 2018, to figures above the 4.0% threshold by mid-year 2019.

Detroit added 11,000 jobs in the 12 months ending in June. Gains were led by the leisure and hospitality sector (6,100 jobs), mainly due to an increasing number of visitors, as well as new hotel projects coming online, while a shortage of guestrooms still lingers. The metro lost 1,600 manufacturing jobs, but the sector is expected to get a significant boost in the coming years, with upcoming investments from Dakkota Integrated Systems and Fiat Chrysler Automobiles. The new facilities, worth a combined \$2.6 billion, are set to generate more than 5,600 positions.

Multifamily investment activity slowed down in early 2019, but the pace is expected to pick up, as almost all of Detroit's core submarkets are within designated opportunity zones, attracting investors seeking well-located properties that offer value-add potential. Considering a projected cycle peak for deliveries in 2019—2,392 units—rent growth is expected to slightly moderate, reaching 2.2% for the year.

Recent Detroit Transactions

Hoover Square



City: Warren, Mich.
Buyer: GSH Group
Purchase Price: \$22 MM
Price per Unit: \$63,743

Riverview Crossings



City: Riverview, Mich.
Buyer: RESSCO
Purchase Price: \$19 MM
Price per Unit: \$62,844

Kings Gate



City: Sterling Heights, Mich.
Buyer: Burton Carol Management
Purchase Price: \$9 MM
Price per Unit: \$72,351

Concorde Club



City: Romulus, Mich.
Buyer: AndMark
Purchase Price: \$7 MM
Price per Unit: \$42,731