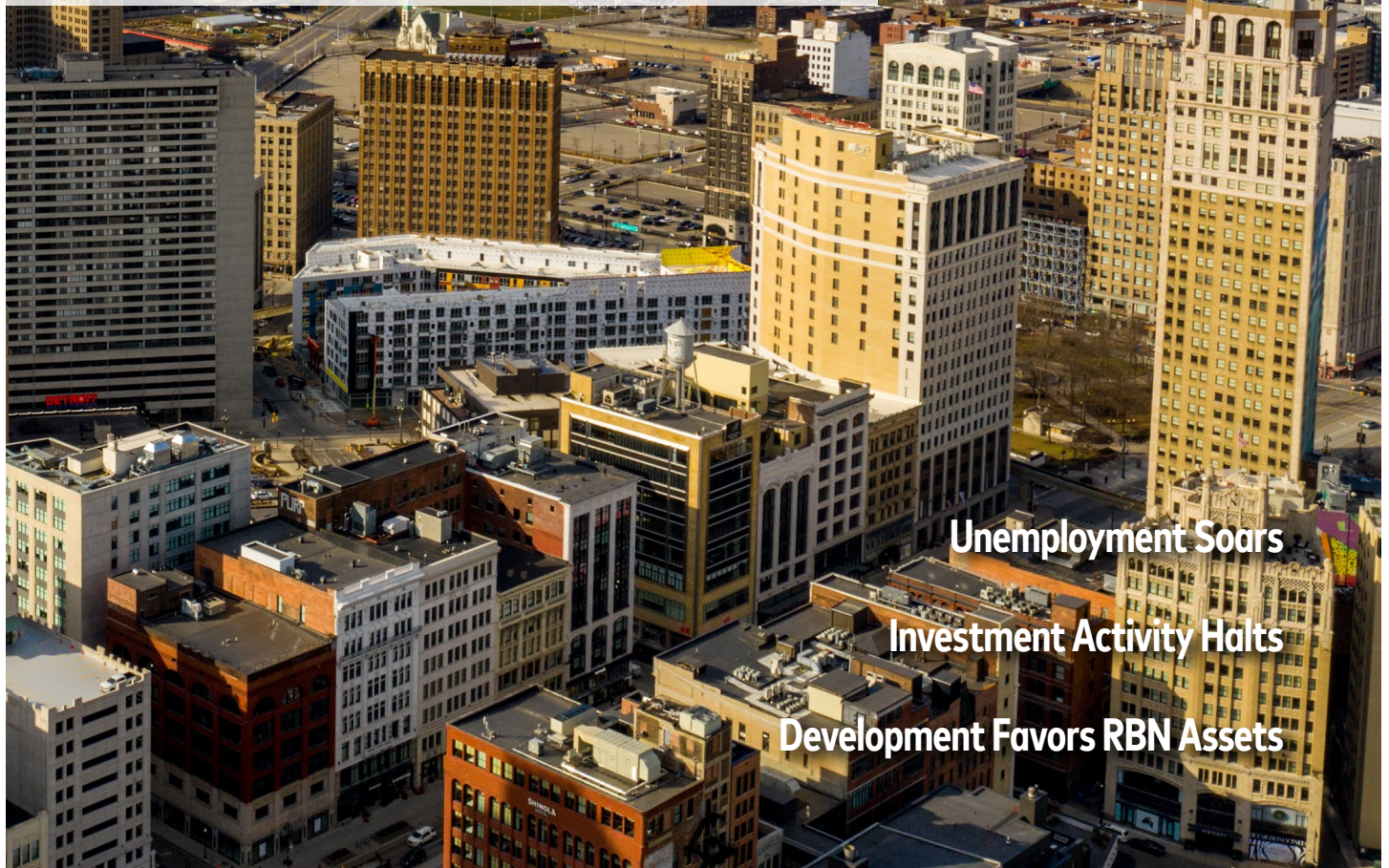




MULTIFAMILY REPORT

Detroit's Long Road Ahead

Summer 2020



Unemployment Soars

Investment Activity Halts

Development Favors RBN Assets

DETROIT MULTIFAMILY



Investors Pull Back As Job Losses Mount

Detroit's multifamily market faced its share of challenges in the first half of 2020, and the road is steep. Rent expansion remained positive at 0.2% on a trailing three-month basis through June. Lifestyle rates, typically more volatile during a downturn, were up 0.3% as a result of limited supply. Renter-by-Necessity figures increased by 0.1%. As nearly all of Detroit's 4,895 units under construction fell into this category, we expect rent improvements to further soften as projects deliver.

Michigan entered a state of emergency in early March following the state's first confirmed cases of COVID-19, effectively bringing Detroit's economy to a halt. Unemployment jumped from 5.4% in March to 26.4% in May. Leisure and hospitality was the hardest-hit area, but all sectors saw significant losses through May. The recovery will be slow: Although Michigan moved closer to reopening in June, concerns over a second wave of cases led the governor to hit the brakes on easing further restrictions.

Transaction volume reached \$153 million in the first half of 2020. All of the metro's transactions during this period involved Renter-by-Necessity properties—with value-add potential—in Detroit's suburbs. However, uncertainty stemming from the pandemic gave investors pause: No major transactions closed after the start of April.

Market Analysis | Summer 2020

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Recent Detroit Transactions

Independence Green



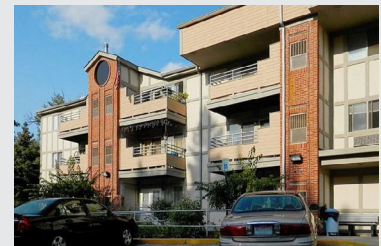
City: Farmington Hills, Mich.
Buyer: JRK Property Holdings
Purchase Price: \$100 MM
Price per Unit: \$101,427

Atrium



City: Southfield, Mich.
Buyer: Contour Development
Group
Purchase Price: \$4 MM
Price per Unit: \$37,500

Riverside Senior



City: Utica, Mich.
Buyer: Shamrock Acquisitions
Purchase Price: \$3 MM
Price per Unit: \$51,389

Dearborn View



City: Inkster, Mich.
Buyer: The Goldstone Group
Purchase Price: \$26 MM
Price per Unit: \$55,315