

**YARDI**<sup>®</sup> Matrix

# Detroit: Approaching the Fast Lane?

Multifamily Winter Report 2017

**High Earners Drive Demand**

**Reinvigorating Residential Neighborhoods**

**Investment Cools But Prices Rise**



# DETROIT MULTIFAMILY

YARDI® Matrix

## Market Analysis

Winter 2017

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## Motor City Facelift Speeds Growth

Detroit is steadily overcoming its resonant collapse and continuing its recovery from the Great Recession. With the automotive industry regaining its footing and with manufacturing and infrastructure improvements on the rise, the city is trying to move forward, despite a laundry list of headwinds.

Detroit's revival relies partly on local government efforts to bring new life into the city's blighted areas and increase community involvement in residential neighborhoods. One strategy involves hiring professional design services aimed at revitalizing several local communities, starting with utilities and transportation infrastructure. The city continues to add a significant number of jobs in the manufacturing sector, with auto giants Fiat-Chrysler and Ford Motor Co. announcing nearly \$2 billion in investments to expand their units in Michigan. Detroit is also becoming an attractive place for young professionals, who have been enticed by modern work environments such as WeWork, one of several companies to recently lease office space in the central business district (CBD).

The Motor City continues to upgrade its aging housing stock with options fit for Millennials and Baby Boomers, with nearly 10,000 units in various stages of development. Although we expect demand to remain healthy, the amount of new supply will decelerate rent growth, reducing it from 4.4% in 2016 to 3.4% in 2017.

## Recent Detroit Transactions

Riverfront Towers



City: Detroit  
Buyer: Image Capital  
Purchase Price: \$80 MM  
Price per Unit: \$143,502

Fairlane East



City: Dearborn, Mich.  
Buyer: Monarch Investment  
Purchase Price: \$33 MM  
Price per Unit: \$136,612

The Heights



City: Madison Heights, Mich.  
Buyer: Monarch Investment  
Purchase Price: \$28 MM  
Price per Unit: \$123,733

Bloomfield Square



City: Auburn Hills, Mich.  
Buyer: Yechiel Lopiansky  
Purchase Price: \$17 MM  
Price per Unit: \$66,406

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