

Yardi® Matrix

Detroit's Deceleration

Multifamily Report Summer 2018

Transaction Activity Slows

First Five Months: No Deliveries

Rent Growth Moderates

DETROIT MULTIFAMILY

Market Analysis

Summer 2018

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 Writer

Record Supply Takes Its Toll

Detroit is moving forward with its transformation into a modern hub for mobility businesses and tech startups, despite a general slowdown in the process. Transaction volume decreased, as investors continue to look for Class B and C properties commanding higher returns. The high number of units completed in 2017 dampened demand. However, although rent growth moderated, it managed to stay above the national average.

The metro's largest employment sector—professional and business services—continued to add jobs (3,100), even though the largest gains were in leisure and hospitality (8,400). Some of the metro's largest employers announced further expansions: Ford started work at its new Corktown campus, which is slated to house 2,500 employees; after months of speculation, the company confirmed it had purchased the iconic 500,000-square-foot Michigan Central Station to serve this very purpose.

Downtown Detroit remains the most dynamic area for development. Historic structures such as the Albert Kahn Building—formerly an office property—and Park Avenue Building will be converted to residential use, which is expected to add roughly 300 apartments to the market. With no new supply to start the year and relatively steady demand, rent growth should remain fairly strong, finishing 2018 at around 3.0%.

Recent Detroit Transactions

Fairlane Town Center



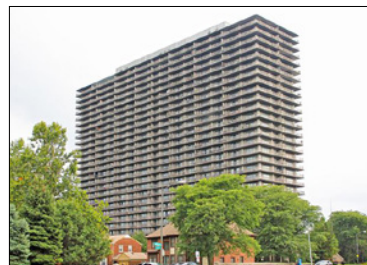
City: Dearborn, Mich.
Buyer: Forum Real Estate Group
Purchase Price: \$41 MM
Price per Unit: \$206,400

Sutton Place Apartments



City: Southfield, Mich.
Buyer: GoldOller Real Estate
Purchase Price: \$59 MM
Price per Unit: \$113,809

The Jeffersonian



City: Detroit
Buyer: Barbat Holdings
Purchase Price: \$54 MM
Price per Unit: \$131,548

The Retreat at Farmington Hills



City: Farmington Hills, Mich.
Buyer: APM Management
Purchase Price: \$51 MM
Price per Unit: \$119,497