

Yardi® Matrix

# Detroit's Resurgence

Multifamily Report Winter 2019

Deliveries Set for Cycle Peak

Rent Growth Trails US Average

Investors Target Value-Add Assets

# DETROIT MULTIFAMILY

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## Market Analysis

Winter 2019

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## Urban Boom Boosts Demand

Multifamily demand is steady in Detroit, bolstered by household formation and job gains, while occupancy remains above the national average.

Large-scale developments are transforming the city's urban core, attracting businesses and residents alike and increasing construction employment gains to 4,600 jobs in the 12 months ending in November. Monroe Blocks, an \$830 million mixed-use destination built by Bedrock LLC, is slated to bring 1.4 million square feet of office, residential, retail and public space to downtown, further boosting the area's revitalization. The company is also developing Michigan's tallest building at the site of the former J.L. Hudson store. Meanwhile, Ford is redeveloping Michigan Central Station in the Corktown neighborhood, the centerpiece of its 1.2 million-square-foot tech campus, which will focus on autonomous and electric vehicles, while housing 2,500 company employees and 2,500 workers from partners and suppliers.

Drawn by the market's low entry costs and attractive yields, multifamily investors primarily targeted Class B and C assets with a value-add component. Following the completion of only 306 units last year, deliveries are bound to hit a cycle high in 2019, with 2,730 units expected to come online. Demand is anticipated to keep up, bolstering a steady rent growth of 2.7% for the year.

## Recent Detroit Transactions

Hoover Square



City: Warren, Mich.  
 Buyer: GSH Group  
 Purchase Price: \$21.8 MM  
 Price per Unit: \$63,743

Carlton



City: Detroit  
 Buyer: Andover/M Group  
 Purchase Price: \$11.6 MM  
 Price per Unit: \$80,208

Kings Gate



City: Sterling Heights, Mich.  
 Buyer: Burton Carol Management  
 Purchase Price: \$9.3 MM  
 Price per Unit: \$72,351

Rivercrest of Clinton Township



City: Clinton Township, Mich.  
 Buyer: Princeton Enterprises  
 Purchase Price: \$3.4 MM  
 Price per Unit: \$50,000