

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

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## 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