

Yardi® Matrix

MULTIFAMILY REPORT

Detroit Pushes Through

Winter 2020



Occupancy Stays High

Employment Gains at Standstill

Rent Growth Outperforms US Average

DETROIT MULTIFAMILY

Yardi® Matrix

Slow, Steady Gains Keep Market On Track

Detroit's rental market remained stable in 2019, underlined by consistent rent growth and an expanding millennial population. In 2019, rent growth was 90 basis points above the 3.0% national rate. Gains in the Renter-by-Necessity segment weighed heavily, surpassing the 3.5% mark for most of the year.

Job growth stagnated in the 12 months ending in November, with significant losses in manufacturing (-6,200 jobs) offset by gains in leisure and hospitality (3,700 jobs), construction (1,400 jobs) and government (1,000 jobs). Due to the metro's growing tourism prospects and attracted by more accessible financing options for hotel projects, several developers are switching from residential plans to hospitality projects in downtown Detroit. Ford Motor Co. is converting the Michigan Central Train Station into a \$350 million mixed-use project, now set to include a hotel. Continuing its post-bankruptcy revitalization, downtown Detroit has a handful of large projects underway. Bedrock is building Monroe Blocks, a 1.4 million-square-foot destination, while also leading the \$313 million adaptive reuse of the historic Book Tower.

Although multifamily transaction velocity slowed down in 2019, national investors are increasingly bullish on the Motor City's potential, according to the latest Detroit Reinvestment Index, an annual report released by the Kresge Foundation.

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Recent Detroit Transactions

Oaks at Hampton



City: Rochester Hills, Mich.
Buyer: The Solomon Org.
Purchase Price: \$88 MM
Price per Unit: \$162,500

Hillside Forest



City: Farmington Hills, Mich.
Buyer: Highgate Capital Group
Purchase Price: \$36 MM
Price per Unit: \$141,471

Bloomfield Square



City: Auburn Hills, Mich.
Buyer: Tithe Properties & Management
Purchase Price: \$23 MM
Price per Unit: \$88,542

Plymouth Heritage



City: Plymouth, Mich.
Buyer: Berger Realty Group
Purchase Price: \$20 MM
Price per Unit: \$116,279