



GREAA

Detroit

MARKET
INSIGHT
REPORT



SPRING

2023

Employment / Unemployment

Economic conditions for the Detroit metro area made positive strides and gained momentum in 2022 as pandemic-related woes and restrictions eased. Mid-year job gains were 152,400 in June and the year-over-year job growth rate of 8.6% outpaced the national rate of 5.8%. The latter half of 2022 brought significant job gains in the manufacturing and leisure and hospitality sectors, industries that were highly impacted by the pandemic.

Detroit and the surrounding region constitute a major center of commerce and global trade, most notably as home to America's "Big Three" automobile companies – General Motors,

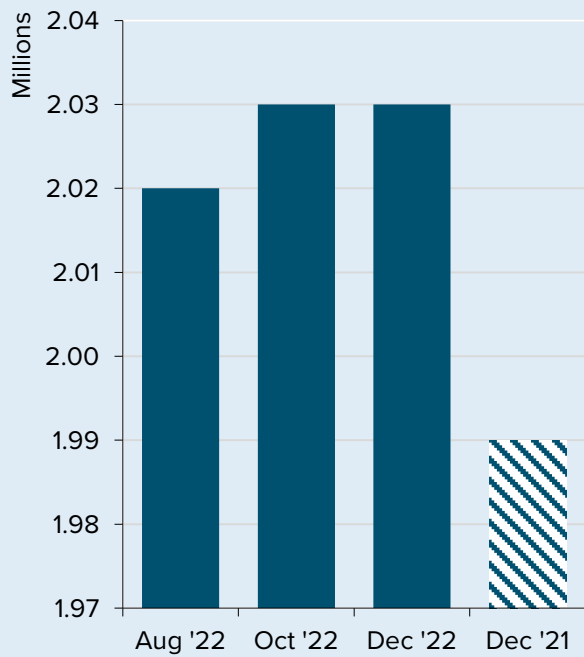
Ford, and Fiat Chrysler. Ford's Mobility Innovation District development site, dubbed the Corktown Campus, is located west of downtown Detroit and is anticipated to create 5,000 jobs. Also, Fiat Chrysler Automobiles' new Detroit Assembly Complex, in addition to the Jefferson North Assembly plant, will create close to 5,000 new jobs.

The logo for GREAA (Greater Regional Economic Analysis Agency) is displayed in white, bold, sans-serif capital letters on a blue background. The letters 'G', 'R', 'E', and 'A' are larger and more prominent, while the second 'A' is smaller and positioned to the right of the first 'A'. A small triangle is located at the bottom right of the second 'A'.

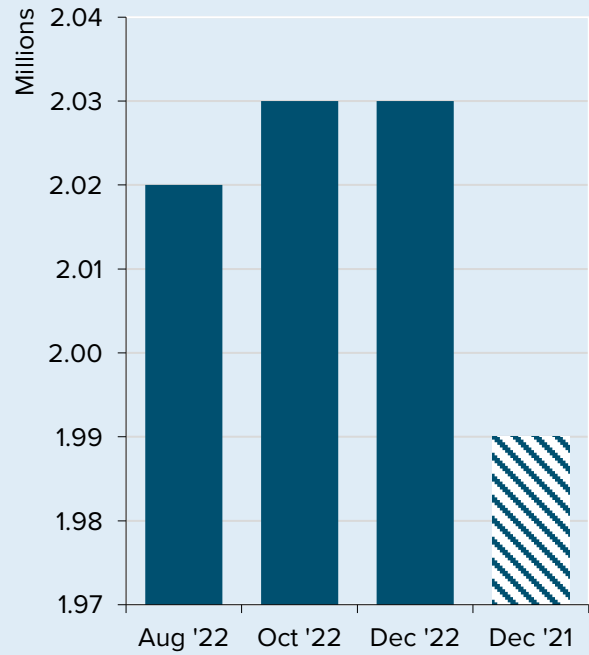
Detroit-Warren-Dearborn, MI, is made up of two metropolitan divisions—separately identifiable employment centers within the greater metropolitan area. The Warren-Troy-Farmington Hills, MI, division comprises over 60% of the metropolitan area's total payroll, and the Detroit-Dearborn-Livonia, MI division accounts for approximately 35-40% percent of the area's employment.

- Employment in Detroit has grown by 2.5% over the past 12 months as of November 2022, and the hourly wage rose by 8.2% to \$33.41 during the same period.
- Total nonfarm employment for the Detroit-Warren-Dearborn, MI, metropolitan area increased by 40,900 jobs over the year, a 2.1% increase.
 - The leisure and hospitality sector had the highest year-over-year growth rate increase at 3.3%.
 - Education and health care had the largest job gain among the metropolitan area's private-industry supersectors of 8,700 positions, a 2.9% increase YoY.
 - Trade, transportation, and utilities gained 8,200

Total Employment



Unemployment



Metro Area Employment (Thousands)	December 2022	% Change Dec. 2021
Total Non-farm	2029.0	2.1%
Mining, Logging, and Construction	79.7	2.6%
Manufacturing	257.5	2.8%
Trade, Transportation, and Utilities	395.6	2.1%
Information	28.2	2.5%
Financial Activities	130.9	2.1%
Professional and Business Services	395.8	0.2%
Education and Health Services	306.6	2.9%
Leisure and Hospitality	174.6	3.3%
Other Services	71.3	1.9%
Government	188.8	2.3%

Sources: U.S. BLS, Current Employment Statistics

Detroit Rental Market

Detroit had record-setting renter demand in recent years along with an impressive surge in rent growth and a tightened reign on vacancy rates. From mid-2020 through the first half of 2022, annual rent growth escalated on par with demand for more space for working-at-home positions, particularly in submarkets farther from the city and amenity-rich 4 & 5 Star developments. The second half of 2022 reflected a return of demand in the urban core as renters started to make their way back to the workplace, yet demand in urban submarkets still lingered behind suburbia. Overall rent growth leveled and started to contract toward the end of the year as inflation rose and economic uncertainties loomed. There has also been a steady influx of new units entering the market over the past nine months which has started to pressurize vacancy levels of various submarkets across the metro area.



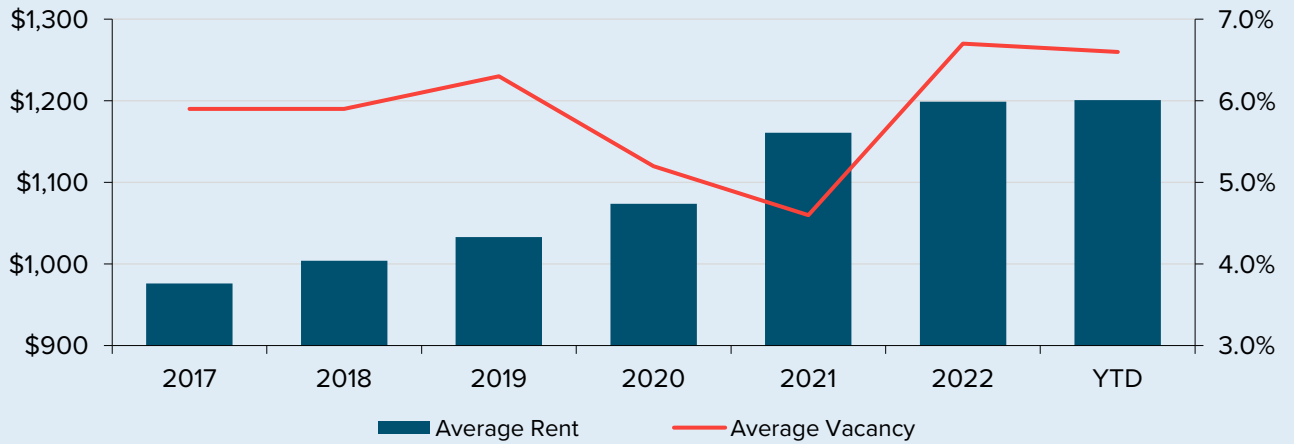
2.9%

Asking Rent Growth Y-o-Y

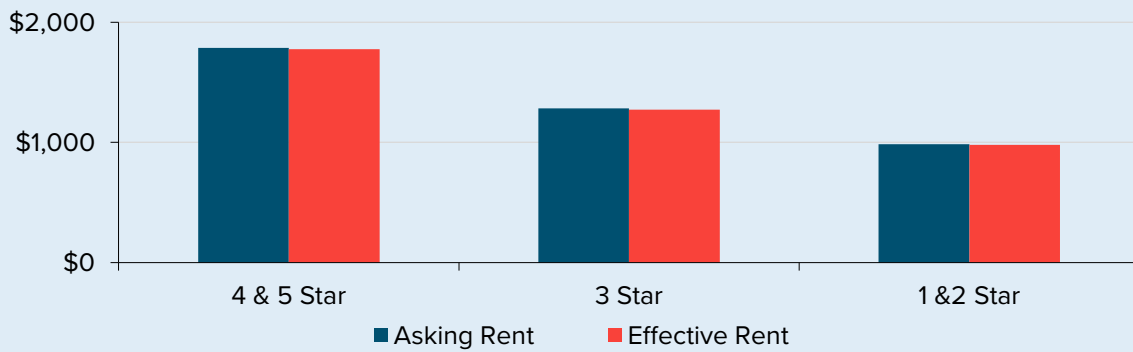
Year	Market Rent per SF	Vacancy Rate
YTD	\$1.30	6.6%
2022	\$1.30	6.7%
2021	\$1.25	4.6%
2020	\$1.16	5.2%
2019	\$1.11	6.3%
2018	\$1.08	5.9%
2017	\$1.05	5.9%

**Includes Properties in Lease-Up*

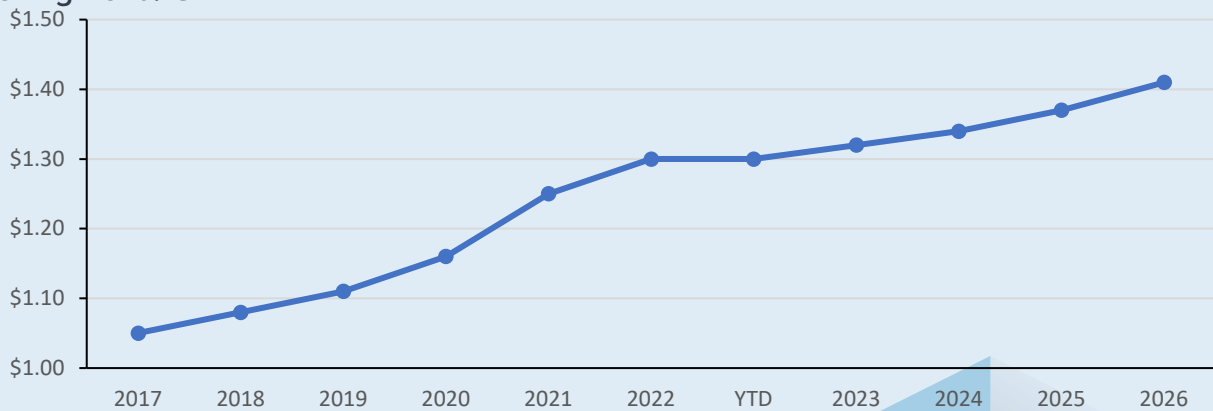
Average Rent / Vacancy



Asking Rent Comparison



Asking Rent / SF



Source: CoStar

Multifamily Construction

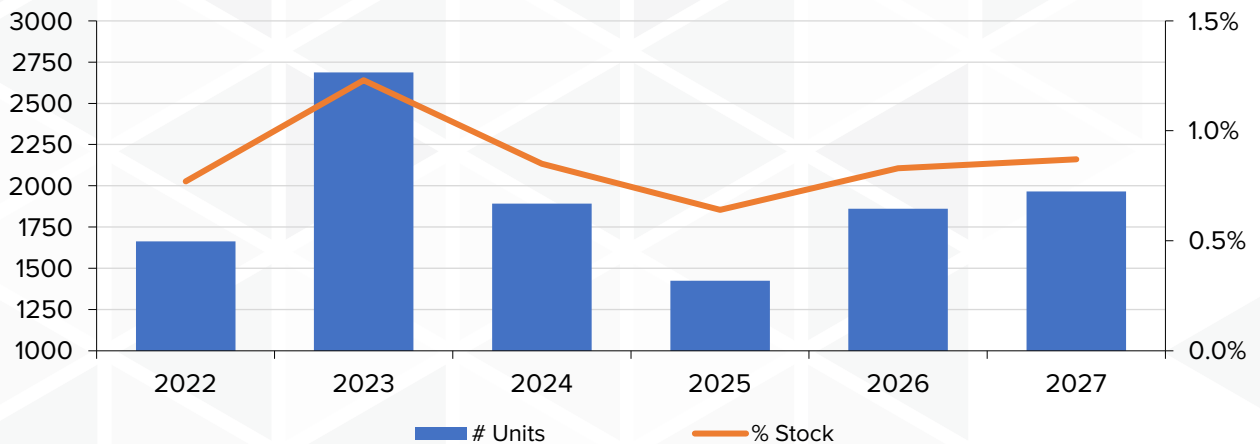
- Multifamily inventory in Detroit has expanded by roughly 4.8% over the past five years.
- Approximately 1,850 new units have entered the market, primarily in the submarket areas of Midtown Detroit, NW Oakland County, and Macomb County.
- Of the 226,365 market units, 5,201 are currently under construction and absorption units amount to 191.
- 137 of the absorbed units were in the 1 & 2 Star property category.
- Annual trends show a decrease of 2,854 absorption units over the past 12 months. The historical average of absorbed units is 932, and the forecasted average is 601. Absorption peaked at 5,972 units in 2021 Q1.



2,687 New Units

2023 Expected Completions
1,891 New Units Will Follow in 2024

Completions / Net Absorption



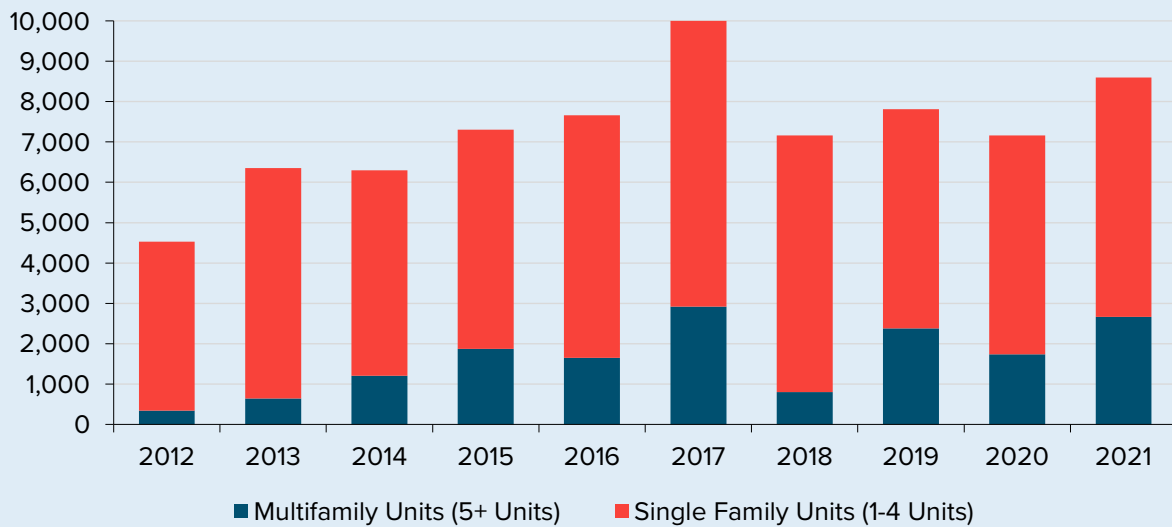
Source Real Capital Analytics

Permits

- The median sale price for Metro Detroit was \$246,000, an increase of 4.7% from 2021.
- Sellers received 100.3% of the listing price.
- There were 53,783 closed sales, a decrease of 13.1% from 2021.
- Months supply of inventory was 1.8.

For the Year 2022

Total Residential Building Permits



Source: Real Capital Analytics



5,937

Single Family Permits

+5,062 in 2022

16,194

Multifamily Permits (5+ Units)

+2,661 in 2022



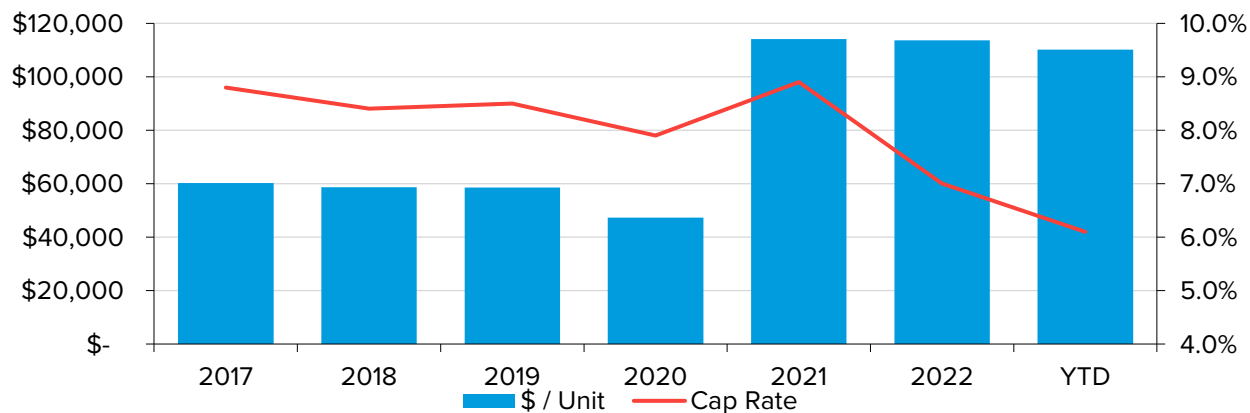
\$215K

Median Single Family Price

+4.7% YoY

Multifamily Sales

Average Sales PPU / Cap Rate



Source: Real Capital Analytics



\$86,300

Avg. Sold Price / Unit

+8.8% YoY



7.0%

Avg. Cap Rate

-190 bps YoY





\$1.6B

Sales Volume

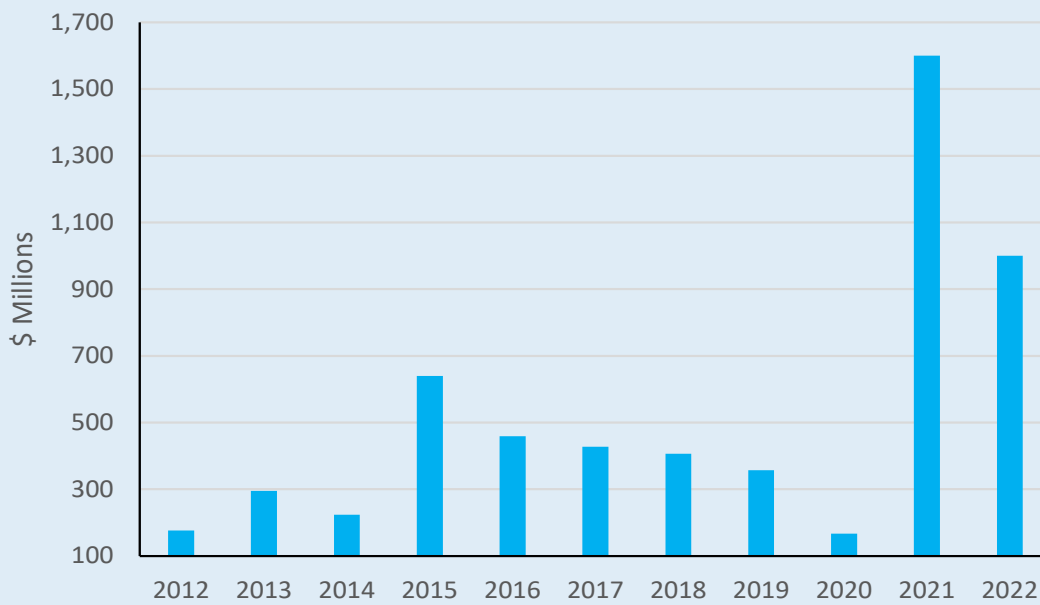


\$113,666

Avg Price per Unit

-0.5% YoY

Apartment Sales Transactions



Source: Real Capital Analytics, Based on Sales of \$2.5 Million and Greater

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CARY BELOVICZ

Founding Partner
O | 248.800.0149
cary.belovicz@grea.com

NICK KIRBY

Director
O | 248.800.0152
nick.kirby@grea.com

COLIN SOLTIS

Associate
O | 248.800.0150
colin.soltis@grea.com

DANIEL CORDTZ

Associate
O | 248.800.0156
daniel.cordtz@grea.com

LUKE TILLOTSON

Associate
C | 419.500.9494
john.topping@grea.com



7035 Orchard Lake Road, Suite 150
West Bloomfield, MI 48322
www.GREA.com

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