

DETROIT, MICHIGAN

ECONOMIC REBOUND EXPECTED TO SUPPORT NEAR-TERM APARTMENT FUNDAMENTALS

The Detroit-Warren metro area's apartment market performed admirably amid a 25.5% dive in employment from January to May 2020 and the subsequent 17.7% rebound in payrolls by December. In this environment, apartment operators managed to lift average monthly effective rent 0.9% year over year to \$1,024 in the fourth quarter. The elevated number of deliveries in 2020 dominated leasing activity, however, resulting in a 30-basis-point annual reduction in occupancy to a still-healthy 96.4% by year-end. The mass exodus of renters from some inner cities across the U.S. was not present in Detroit's urban core. Occupancy in the Downtown/Midtown/Rivertown submarket dipped only 20 basis points since the beginning of 2020. In 2021, inner-core apartment communities will face competition, however, from the addition of more than 950 new apartments nearby, over 900 new units delivered in the desirable, lower-rent Troy/Rochester Hills submarket, and from the perennial alternatives of single-family renting and homeownership in the suburbs. Meanwhile, continued economic recovery is anticipated in the metro area. Over the near term and beyond, Ford Motor Company plans to hire thousands of new employees at its expanded Dearborn campus and its Innovation Campus in Corktown. At Fiat Chrysler Automobiles, more than 6,300 new jobs will be created among its Detroit Mack Facility and its Warren Truck Assembly Plant. These and other economic developments are expected to lift metrowide apartment demand, and by extension, occupancy to 96.5% by December 2021. Average monthly effective rent is projected to reach \$1,060, a 3.5% annual increase.



2021 MARKET AT A GLANCE



OCCUPANCY RATE

96.5%
Up 10 bps YOY



EFFECTIVE RENT

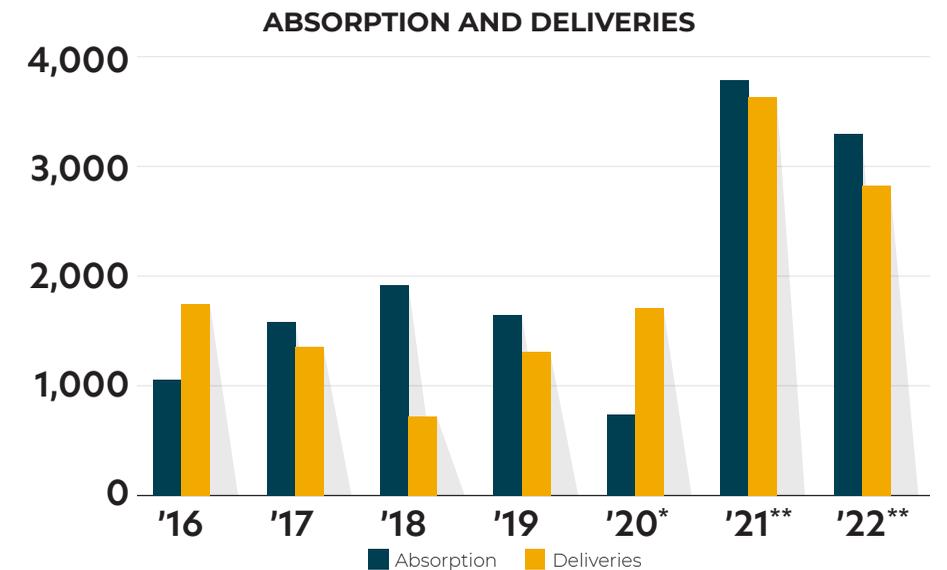
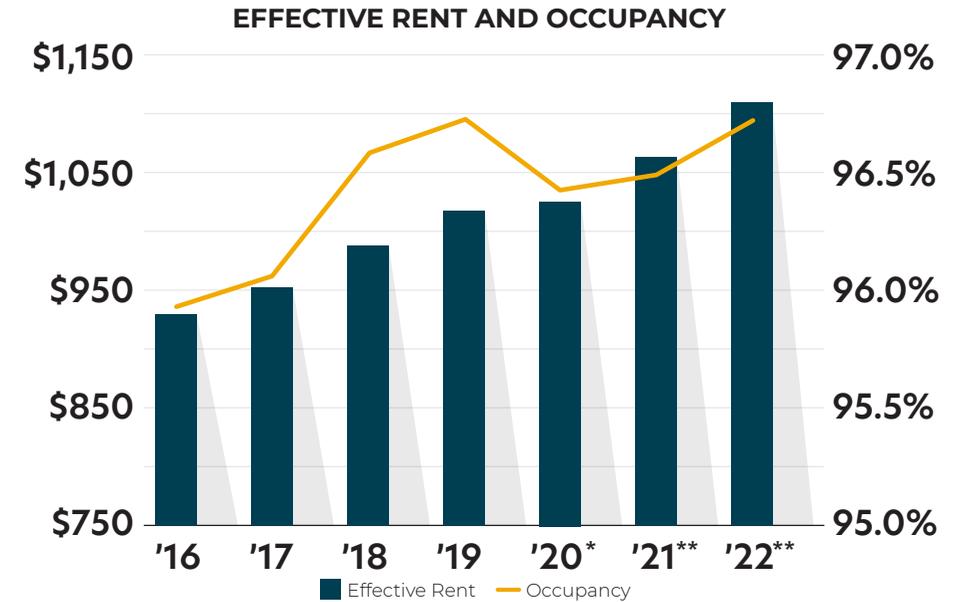
\$1,060
Up 3.5% YOY



RENT SHARE OF WALLET

20.2%
Up 70 bps YOY

MARKET TRENDS



Data and images pertaining to employment, income, permits, population, rents, single-family housing, and occupancy are year-end figures. Absorption, construction, and apartment sales figures are full-year totals. *Numbers for 2020 are projected values; **2021/2022 figures are forecast projections. Apartment market data criteria and methodologies vary by market.

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EMPLOYMENT TRENDS



2019	YOY CHANGE	2020*	YOY CHANGE	2021**
2,087,900	-10.5%	1,868,900	2.9%	1,922,500

2019	YOY CHANGE	2020	YOY CHANGE	2021
2.1%	650 BPS	8.6%	-50 BPS	8.1%

2019	YOY CHANGE	2020	YOY CHANGE	2021
4,316,000	0.0%	4,315,800	-0.1%	4,313,000

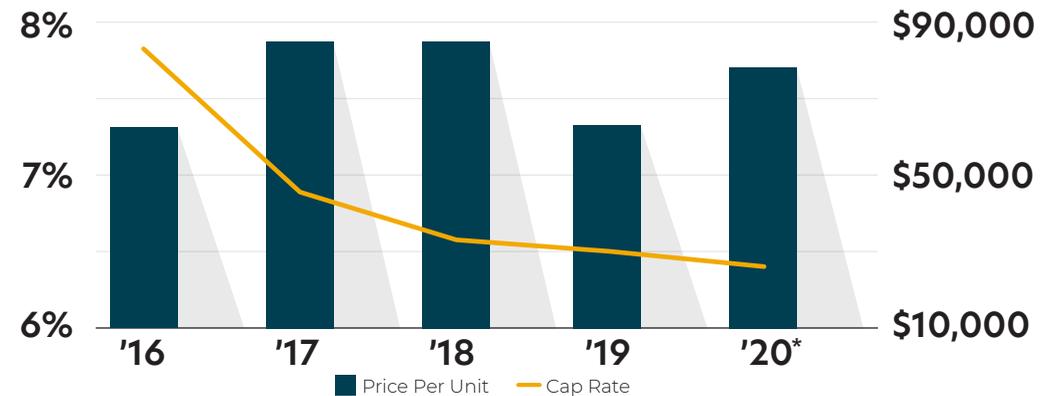
2019	YOY CHANGE	2020	YOY CHANGE	2021
1,739,100	0.4%	1,745,700	0.3%	1,750,100

2019	YOY CHANGE	2020	YOY CHANGE	2021
\$63,569	-0.6%	\$63,173	-0.2%	\$63,017

SALES TRENDS

2019	YOY CHANGE	2020*
\$62,115	24.3%	\$77,184

2019	YOY CHANGE	2020
6.5%	-10 BPS	6.4%



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