Greater Downtown Residential Market Study

The Downtown Detroit Partnership, in collaboration with Invest Detroit and Zimmerman/Volk Associates, Inc., has released the third installment of the Greater Downtown Residential Market Study. This study provides an in-depth update on the potential for new market-rate and affordable housing units within Greater Downtown Detroit, City of Detroit, Wayne County.

The neighborhoods included in the study are within the Greater Downtown Detroit study area:

Downtown, Corktown
Rivertown, Lafayette Park, Eastern Market,
Midtown, Woodbridge, TechTown, and New Center.

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THE FINDINGS

MARKET-RATE DEMAND

1,230-1,500
ANNUAL DEMAND
for new market-rate rental and for-sale multi-family units

6,150-7,500
FIVE-YEAR DEMAND
for new market-rate rental and for-sale multi-family units

35%
DEMAND IN DOWNTOWN
2,150-2,635 units over the next five years

AFFORDABLE* HOUSING DEMAND

414-512
ANNUAL DEMAND
for affordable rental and for-sale multi-family units

2,070-2,500
FIVE-YEAR DEMAND
for affordable rental and for-sale multi-family units

35%
DEMAND IN DOWNTOWN
725-875 units over the next five years

OVER THE NEXT FIVE YEARS

Combined demand for new market-rate and affordable units will total about 10,000 units.

Nearly 7,400 new units have been proposed and are in the pipeline throughout the Greater Downtown area; 2,600 units are forecasted to be built per year and could be absorbed in under three years.

Based on the current pipeline, approximately 74 percent of the proposed new units are likely to be market-rate and 26 percent are likely to be affordable or income-restricted.

*Affordable: accessible to incomes between 30 and 80 percent of area median income
20 new rental projects have been developed in Greater Downtown since 2014

8 in the Downtown Core
The Town Residences, Briggs Houze, The Ashley, Capitol Park Lofts, Detroit Savings Bank, Griswold Capitol Park, the Malcomson Building, and the Farwell Building

8 in Midtown
Kirby Center Lofts, The Brentwood, Finn Apartments, The Scott at Brush Park, Rainer Court, Forest Arms, The Strathmore and The Williamson House

1 in Lafayette Park
DuCharme Place

2 on the Riverfront
Orleans Landing and Waters Edge

1 in New Center
Regis Houze

DEMAND
Construction for new rental units has lagged behind the forecasted sales.

PROJECTED TO GROW IN THE NEXT THREE YEARS:
• 930 units could be added in both Downtown and Midtown
• 792 units could be added in other neighborhoods

ACTUAL
In 2017, the following was developed:
• 760 units in the Downtown core
• 530 units in Midtown
• 460 units in other neighborhoods

RESULTING IN APPROXIMATELY 750 TO 1,000 FEWER RENTAL UNITS THAN THE FORECASTED DEMAND

76% MARKET RATE
24% AFFORDABLE HOUSING

Of all units developed since 2014, approximately 76% are market-rate and 24% are affordable or income-restricted units.

IN GREATER DOWNTOWN DETROIT, PERCENTAGE OF HOUSEHOLDS WHO PREFER MARKET-RATE, MULTI-FAMILY RENTAL HOUSING CONTINUES TO GROW:

FOR RENT – PRICE AND SIZE RANGE (MULTI-FAMILY)
Newly-Created Housing (Adaptive Re-Use and New Construction)

<table>
<thead>
<tr>
<th>HOUSING TYPE</th>
<th>RENT/PRICE</th>
<th>SIZE RANGE</th>
<th>PRICE PER SQ. FT.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Microlofts</td>
<td>$750–$1,050/mo</td>
<td>300–450 sf</td>
<td>$2.33–$2.50</td>
</tr>
<tr>
<td>Open Lofts*</td>
<td>$850–$1,600/mo</td>
<td>500–1,000 sf</td>
<td>$1.60–$1.70</td>
</tr>
<tr>
<td>Apartments (Soft loft†)</td>
<td>$1,150–$2,200/mo</td>
<td>550–1,350 sf</td>
<td>$1.63–$2.09</td>
</tr>
<tr>
<td>Luxury Apartments</td>
<td>$1,950–$4,000/mo</td>
<td>750–1,800 sf</td>
<td>$2.22–$2.60</td>
</tr>
</tbody>
</table>

FOR SALE – PRICE AND SIZE RANGE (MULTI-FAMILY)
Newly-Created Housing (Adaptive Re-Use and New Construction)

<table>
<thead>
<tr>
<th>HOUSING TYPE</th>
<th>PRICE</th>
<th>SIZE RANGE</th>
<th>PRICE PER SQ. FT.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open Lofts*</td>
<td>$165,000–$250,000</td>
<td>750–1,350 sf</td>
<td>$185–$220</td>
</tr>
<tr>
<td>Apartments (Soft loft†)</td>
<td>$225,000–$325,000</td>
<td>900–1,450 sf</td>
<td>$224–$250</td>
</tr>
<tr>
<td>Luxury Condominiums</td>
<td>$385,000–$650,000</td>
<td>1,200–2,100 sf</td>
<td>$310–$321</td>
</tr>
</tbody>
</table>

AVERAGES FOR RENT AND SALE PROPERTIES DOWNTOWN

<table>
<thead>
<tr>
<th>HOUSING TYPE</th>
<th>BASE PRICES</th>
<th>UNIT SIZE</th>
<th>PRICE PER SQ. FT.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multi-family for-rent</td>
<td>$1,703/mo</td>
<td>862 sf</td>
<td>$1.98</td>
</tr>
<tr>
<td>Multi-family for-sale</td>
<td>$338,263</td>
<td>1,273 sf</td>
<td>$266</td>
</tr>
</tbody>
</table>

* Unit interiors of industrial lofts typically have high ceilings and commercial windows and are either minimally finished, limited to architectural elements such as columns and fin walls, or unfinished, with no interior partitions except those for bathrooms.
† Unit interiors of “soft lofts” may or may not have high ceilings and are fully finished, with the interiors partitioned into separate rooms.