



# DETROIT, RENTALS SUSTAINED BY THE ECONOMIC REBOUND.

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Berkadia<sup>®</sup>, a company of Berkshire Hathaway di Warren Buffet Group, publishes its mid-year reports on the U.S. rental market at a national level and with focus on the key U.S. locations.

Today, we consider the data on Detroit, a symbolic city for the story full of falls and redemptions, defined as a Phoenix in the Midwest.

Detroit's diverse economy continued to rebound from the pandemic-driven downturn. In the coming years, transformative changes and opportunities will emerge in the region's automobile manufacturing industry. Also for these reasons, the manufacturing sector showed a significant growth. In fact, as of June 2022, there were 21,6000 new hires or reinstatements within a year. In the foreseeable future, the region's manufacturing sector will be boosted further by the automotive transition to electric vehicle production.

Ford Motor Company recently announced a \$2 billion investment to revamp local facilities to electric vehicle manufacturing, resulting in the creation of 3,2000 new jobs. General Motors Company plans to invest \$7 billion to enable the company to improve the production by 600,000 electric pickups annually. Overall, over 2 million residents are employed in the Detroit metropolitan area as of June 2022, up 4.9% from one year earlier. June 2022 employment revealed a healthy recovery in the white-collar job segments: mid-year employment in the information sector reached 91.7% of the pre-pandemic peak in January 2020, and complete employment recovery was achieved in the financial activities sector.

Employment growth is expected to continue in the Detroit metropolitan area this year. Moody's forecasts 20,000 net new jobs filled by year end and a further increase of 1.0% from mid-2022.

The recovering economy has enabled healthy growth in the rental market. Since mid-2021 average rents increased by 9.7% in the second quarter of 2022. This increase has not substantially affected the percentage of occupied units, currently at 97.2%.

One of the main growing trends is the appeal of larger housing units, spurred by the increased demand for home office space that began during the pandemic. In fact, the metro's occupancy rate among three-bedroom apartments was about 200 basis points lower than the rate among one- and two-bedroom units prior to the pandemic. By the second quarter of 2022, the occupancy rate in three-bedroom properties jumped to about 100 basis points higher than one- and two-bedroom units.