

DOWNTOWN DETROIT RESIDENTIAL OCCUPANCY REPORT FOR NOVEMBER/DECEMBER 2013

Executive Summary

This is the fourth undertaking of an ongoing survey of the most current residential rental and occupancy rates in the Central Business District (CBD). The study was initiated by D:hive in collaboration with the Downtown Detroit Partnership (DDP).

Highlights:

- The occupancy rate for rental properties in the CBD in November/December of 2013 was 97.8%, down 1.6% from six months ago.
- There are approximately 2,689 rental units.
- There are currently 5 buildings under construction with at least 288 counted units (number not included in the total number of rental units).
- 17 of 25 properties surveyed participated in the study.
- Over half (51%) of the participating properties provided information about the mix of units:
 - 26.82% Studios
 - 51.53 % 1 Bedroom
 - 15.31% 2 Bedroom
 - 1.53 % 3 Bedroom
 - 4.81% Loft
- Rental prices range from \$460 to \$5,000 per month.
- Three properties are subsidized “Senior Living”, accounting for 313 units.

D:hive updates this information twice per year, so check back for updated information in May 2014. For more information about this data, please contact Jeff Aronoff (jeff@dhivedetroit.org) or Naomi Beasley (naomi@dhivedetroit.org).

Introduction

The Live Downtown program is a five-year initiative that provides cash incentives to employees of participating companies who choose to live in Downtown Detroit. To maximize the impact of such programs, DDP seeks to obtain quantitative understanding of residential market trends in Downtown Detroit (CBD) by establishing a template for comparing these trends/growth over time.

DDP's partnership with D:hive aims to attract and retain talent in Detroit, notably through facilitating connections for prospective residents to housing opportunities. D:hive's Welcome Center for Detroit is a storefront staffed with persons familiar with the realities and challenges of Downtown Detroit's current residential market. The results of this study will inform D:hive's efforts to strategically connect prospective residents with available units.

The study compiles an index of all apartment buildings and lofts in the CBD with rental properties, and their corresponding rates of occupancy and cost of rent. Despite the substantial challenges of communicating with property management, the results, though incomplete, provide a valuable snapshot of the current rental market, as well significant considerations for future evaluation.

Methodology

The area surveyed was Detroit's Central Business District (CBD or Downtown Detroit). The geographic boundaries included I-75 to the north, I-375 to the east, the Detroit River to the south and 6th Street to the west.

The first step in this research was to compile a comprehensive list of all buildings offering residential units for rent within these geographic boundaries. The compiled properties totaled 25, not including those that are undergoing renovations or smaller properties with fewer units that prove difficult to locate.

Property managers, landlords, or other building affiliates were contacted through phone calls, on-site visits, e-mail correspondence, or a combination of contact methods. The researcher requested the following information:

- Total units
- Types of units (studio, one, two, or three bedrooms) and respective quantity
- Current number of available units
- Average rent and square-foot ranges for the different types of units (OBR, 1BR, 2BR, 3BR and/or Lofts)
- Contact information and web-address for future surveying

Collecting data for the survey presented several challenges. Some property managers were cooperative and respectful, readily providing the requested information. Others were either

not responsive or very hesitant to share information despite the mentioning of the Live Downtown Incentive and/or D:hive. Persistence was necessary in most cases with a need for multiple phone calls and office visits. Despite such efforts, many calls went unanswered and unreturned, or the right person never seemed to be in the office at the time of a call/visit. Sharing D:hive LIVE's services and social media presence proved to be the most effective way to obtain information.

Results

Properties in the CBD with rental units totaled 25; of the total, 17 were successfully surveyed.

Additional results (detailed further in the appendix) include the following:

- There are a total of 2,689 rental units in the 17 responsive properties.
- Out of the 17 properties, 11 provided information regarding the quantity and type of units totaling 1,372. Of these 11, the quantities are as follows:
 - Studio: 368
 - 1 Bedroom: 707
 - 2 Bedroom: 100
 - 3 Bedroom: 21
 - Loft (number of bedrooms unspecified): 66
- Price ranges: \$460 up to \$5,000 (see spreadsheet for details)
- Of the 17 recorded properties, 3 are listed as subsidized "Senior Living" for those 55yrs or older.
- There are currently 5 buildings under construction with at least 288 counted units scheduled to be open over the course of the next year (see spreadsheet for details).

Among the 17 surveyed properties, there is a combined total of 60 units currently available, representing approximately 2.2% of the total. The surveyed properties are at a current rate of **97.8% occupancy** (down 1.6% from six months ago).

Recommendations

The information for this survey was gathered over several months time, yet still presents inaccuracies and missing data (resulted by the sometimes vague, unsure numbers shared by management and unresponsive properties).

The lack of cooperation from property management has been a problem of the past, however it seems to be more of an issue now than before. There is a clear need for more incentivized reasoning that will make sharing information appealing to them. Moving forward, a strategic outline should be considered to help streamline the data collection process (including but not limited to a timeline and suggested engagement tactics).

Regardless the process, the outcome helps to inform both the DDP and D:hive of the CBD market as they work to improve their services connecting potential residents with sufficient housing resources.