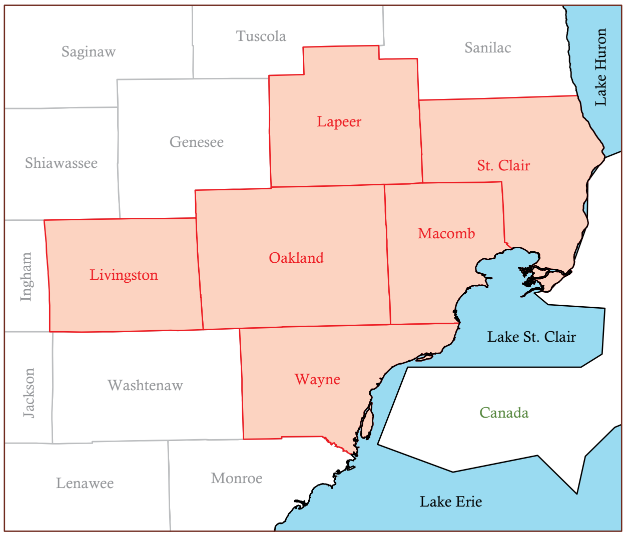
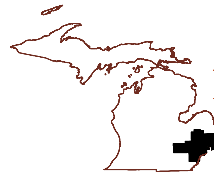
COMPREHENSIVE HOUSING MARKET ANALYSIS

Detroit-Warren-Livonia, Michigan

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of July 1, 2014





Housing Market Area

The Detroit-Warren-Livonia Housing Market Area (hereafter, Detroit HMA), with an estimated population of 4.3 million, includes six counties in Michigan and is coterminous with the Detroit-Warren-Livonia, MI Metropolitan Statistical Area. For purposes of this report, the HMA is divided into three submarkets: the Wayne County submarket, including the city of Detroit; the Northwestern submarket, including Livingston and Oakland Counties; and the Northeastern submarket, including Lapeer, Macomb, and St. Clair Counties.

Summary

Economy

After significant declines during the 2000s, the economy of the Detroit HMA has expanded since May 2010. During the 12 months ending June 2014, nonfarm payrolls increased by 11,600, or 0.6 percent, fewer than the 39,500 nonfarm payrolls added during the previous 12-month period, representing 2.2 percent growth. During the next 3 years, nonfarm payrolls are expected to increase an average of 1.0 percent annually. Tables DP-1 through DP-4 at the end of this report provide economic and population data for the HMA and each submarket.

Sales Market

The sales housing market in the HMA is slightly soft, with an estimated vacancy rate of 2.0 percent, down from 2.6 percent in 2010. During the 12 months ending June 2014, new and existing home sales increased 4 percent, to 85,650, and home sales prices averaged $162,600, a 13-percent increase from the previous year. During the next 3 years, demand is expected for 20,825 new sales units (Table 1). The 2,025 homes currently under construction and a portion of the estimated 120,500 other vacant units in the HMA will satisfy some of the demand.

Rental Market

The rental housing market in the HMA is soft, with an estimated vacancy rate of 8.4 percent, down from 12.9 percent in 2010. The apartment market in the HMA is tight, with a vacancy rate of 3.9 percent in the second quarter of 2014 (MPF Research). During the next 3 years, demand is expected for 4,625 new market-rate rental units; the 1,240 units currently under construction will satisfy a portion of that demand (Table 1).

Market Details

Table 1. Housing Demand in the Detroit HMA* During the Forecast Period

	Detroit HMA*		Wayne County Submarket		Northwestern Submarket		Northeastern Submarket	
	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units
Total demand	20,825	4,625	0	0	13,900	2,925	6,925	1,700
Under construction	2,025	1,240	380	580	1,025	510	620	150

*Detroit-Warren-Livonia HMA.

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of July 1, 2014. A portion of the estimated 120,500 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is July 1, 2014, to July 1, 2017.

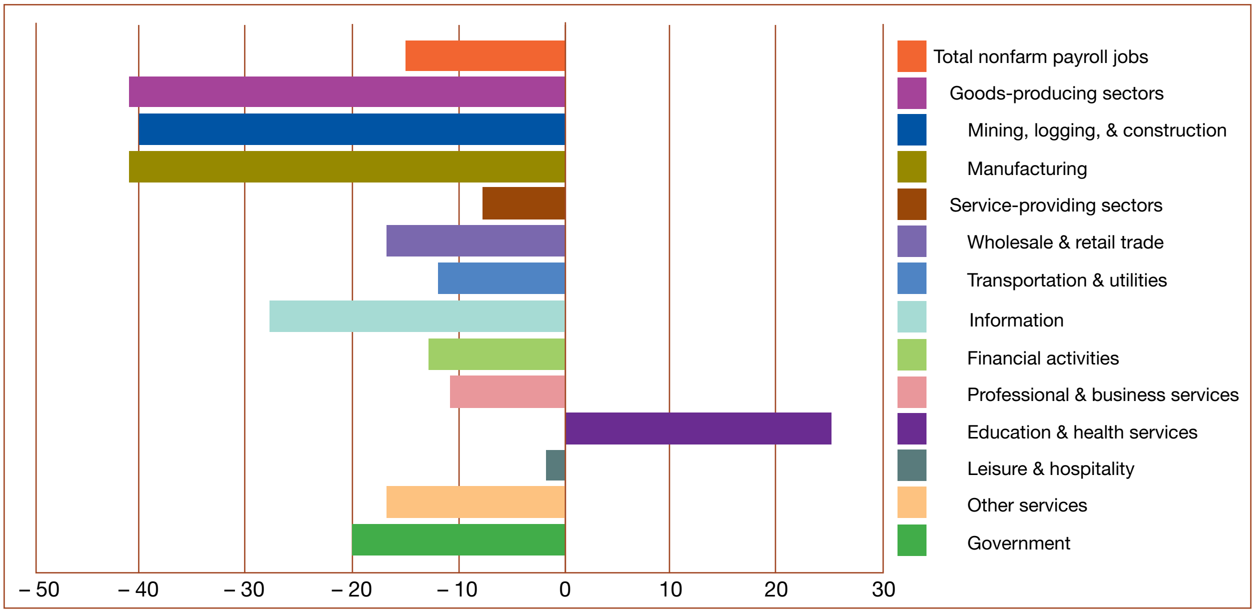
Source: Estimates by analyst

Economic Conditions

The economic decline in the Detroit HMA during the previous decade was significant. Nonfarm payrolls, which averaged 2.20 million during 2000, declined each year from 2000 through 2010 by an average of 46,700 jobs, or 2.4 percent, annually to 1.74 million during 2010. During that decade, all nonfarm payroll sectors contracted, except the education and health services sector, which increased by an average of 4,700 jobs, or 1.8 percent, annually; 72 percent of this growth was in the health care and social assistance industry. Midtown Detroit is home to many major research and teaching hospitals, including the Detroit Medical Center, the Karmanos Cancer Institute (affiliated with Wayne State University), and the Wayne State University hospitals. The Henry Ford Health System is approximately 3 miles north of these facilities. Major suburban healthcare systems include Trinity Health, Beaumont Health System, and Saint John Providence Health System. From 2000 to July 1, 2014, the education and health services sector was the only nonfarm payroll sector to have a net increase in jobs (Figure 1).

The economy in the HMA has undergone significant change since 2000. The manufacturing sector, heavily dependent on transportation equipment manufacturing, was the second largest nonfarm payroll sector in the HMA, at 18 percent of nonfarm payrolls, during 2000. From 2000 through 2010, the manufacturing sector declined by 20,500 jobs, or 7.1 percent, annually and fell to become the fifth largest sector in 2010, representing 11 percent of nonfarm payrolls in the HMA. More than 50 percent of manufacturing sector job losses during the decade were in the motor vehicle manufacturing and the motor vehicle parts manufacturing industries. The decline in manufacturing sector jobs accounted for 44 percent of the total nonfarm payroll losses in the HMA from 2000 through 2010. Other sectors with significant declines during the decade included the professional and business services, wholesale and retail trade, and government sectors, which had annual declines of 9,900, 7,400, and 2,400 jobs, or 2.8, 2.4, and 1.1 percent, respectively. The unemployment rate peaked in the HMA at 15.0 percent

Figure 1. Sector Growth in the Detroit HMA,* Percentage Change, 2000 to Current



*Detroit-Warren-Livonia HMA.

Note: Current is based on 12-month averages through June 2014.

Source: U.S. Bureau of Labor Statistics

during 2009, immediately before the national unemployment rate peaked at 9.6 percent during 2010. The economic weakness led to significant population declines for the HMA during the decade.

Starting in May 2010, the economy of the Detroit HMA began to improve, although the rate of nonfarm payroll growth recently slowed. Since 2010, nonfarm payrolls have increased by 36,200 jobs, or 2.0 percent, annually, with the professional and business services and the manufacturing sectors posting strong annual growth of 15,600 and 13,100 jobs, or 4.8 and 6.5 percent, respectively. More recently, during the 12 months ending June 2014, total nonfarm payrolls increased by 11,600 jobs, or 0.6 percent, to 1.86 million jobs (Table 2). This rate of growth was lower than during the previous 12 months, when 39,500 jobs were added, a 2.2-percent growth rate. Nonfarm payroll increases during the past year were led by the manufacturing and the professional and business services sectors, which increased by 7,700 and 7,000 jobs, or 3.4 and 2.0 percent, respectively. The three largest employers in the HMA are the "Big Three" domestic automakers: the Ford Motor Company, Chrysler Group LLC, and General Motors Company (Table 3). Through June 2014, automakers were on pace to post full-year sales of

Table 2. 12-Month Average Nonfarm Payroll Jobs in the Detroit HMA,* by Sector

	12 Months Ending		Absolute Change	Percent Change
	June 2013	June 2014		
Total nonfarm payroll jobs	1,851,600	1,863,200	11,600	0.6
Goods-producing sectors	281,200	289,600	8,400	3.0
Mining, logging, & construction	56,900	57,500	600	1.1
Manufacturing	224,400	232,100	7,700	3.4
Service-providing sectors	1,570,400	1,573,600	3,200	0.2
Wholesale & retail trade	285,700	288,000	2,300	0.8
Transportation & utilities	60,300	61,900	1,600	2.7
Information	26,800	27,100	300	1.1
Financial activities	101,300	100,000	– 1,300	– 1.3
Professional & business services	353,600	360,600	7,000	2.0
Education & health services	297,200	297,200	0	0.0
Leisure & hospitality	178,400	175,900	– 2,500	– 1.4
Other services	77,100	77,200	100	0.1
Government	190,000	185,800	– 4,200	– 2.2

*Detroit-Warren-Livonia HMA.

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through June 2013 and June 2014.

Source: U.S. Bureau of Labor Statistics

16.2 million vehicles, the most since 2006 (*Automotive News*). Among investments and expansions, in December 2013, General Motors announced a $493 million investment in the Romulus Powertrain Operations plant, in Wayne County, which is expected to create or retain 650 jobs at that location. Chrysler added jobs in the HMA during the past few years, including 1,100 new jobs at its Jefferson North Assembly Plant, in the city of Detroit, in November 2012. Another Chrysler initiative was an increase of approximately 300 positions at the Trenton North Engine Plant in Wayne County, as a result of an $11.5 million investment in August 2013. Ford added 1,300 jobs at its Flat Rock Assembly Plant in Wayne County in the summer of 2013 to help produce the Ford Fusion. Ford announced plans to create more than 5,000 new jobs in the United States during 2014, including 3,300 new salaried positions, many of which are expected to be in southeast Michigan, which includes Ford headquarters in the city of Dearborn in Wayne County. Aisin World Corporation of America announced the opening of its new North American headquarters in Northville Township in Wayne County, in July 2014, with 250 current employees and plans to add 80 more, including 50 during the next 12 months. Aisin World Corporation is the world's fifth largest automotive supplier, and this development enables Aisin to consolidate its employees in proximity to significant automotive production capacity. As a result of increased economic activity in the HMA, the average unemployment rate declined from 10.0 percent during the 12 months ending June 2013 to 8.8 percent during the most recent 12 months. Figure 2 presents trends in the labor force, resident employment, and the unemployment rate from 2000 through 2013.

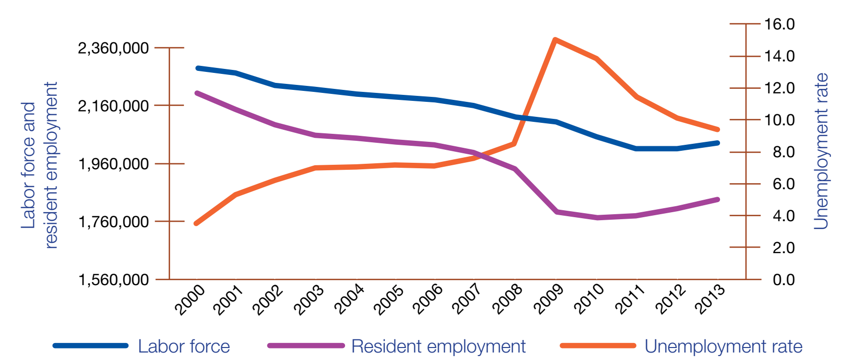
The largest employment sector in the HMA is the professional and business services sector (Figure 3), which was

Table 3. Major Employers in the Detroit HMA*

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Ford Motor Company	Manufacturing	44,000
Chrysler Group, LLC	Manufacturing	29,000
General Motors Company	Manufacturing	26,850
Henry Ford Health System	Education & health services	17,850
Trinity Health	Education & health services	14,050
Detroit Medical Center	Education & health services	13,450
Beaumont Health System	Education & health services	13,150
St. John Providence Health System	Education & health services	12,000
State of Michigan	Government	9,700
U.S. Postal Service	Government	9,675

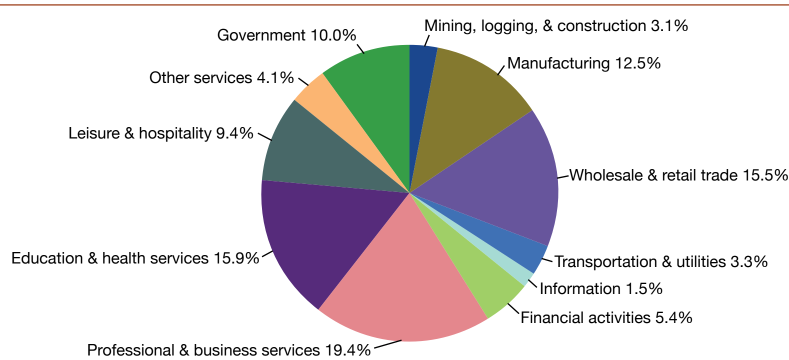
**Detroit-Warren-Livonia HMA.*
Note: Excludes local school districts.
Source: Crain's Detroit Business

Figure 2. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Detroit HMA,* 2000 Through 2013



**Detroit-Warren-Livonia HMA.*
Source: U.S. Bureau of Labor Statistics

Figure 3. Current Nonfarm Payroll Jobs in the Detroit HMA,* by Sector



**Detroit-Warren-Livonia HMA.*
Note: Based on 12-month averages through June 2014.
Source: U.S. Bureau of Labor Statistics

the second fastest growing employment sector during the 12 months ending June 2014, increasing by 7,000 jobs, or 2.0 percent. An increase of 9,400 employees, or 5.4 percent, in the professional, scientific, and technical services industry more than offset a significant decline of 4,900 jobs in the employment services industry, equal to a 6.8-percent job loss. An effort is under way to remake the HMA, particularly the city of Detroit, into a business entrepreneurship center focusing on technology jobs. Detroit Venture Partners, which provides startup financing to early-stage technology companies, reported involvement in 16 separate tech startups operating in the city of Detroit. Techtown, a business incubator associated with Wayne State University, reported involvement in 19 new companies directly created, 90 companies assisted, 237 jobs retained, and 55 jobs created.

The government sector in the Detroit HMA declined by 4,200 jobs, or 2.2 percent, during the 12 months ending June 2014. The local government subsector accounted for most of the contraction; it declined by 2,700 jobs, or 64 percent of the total government sector job loss. Government sector payrolls have declined since 2003, by an average of 5,000, or 2.4 percent, annually with the local government subsector accounting for 92 percent of the total government sector payroll loss during this period. Despite overall improving economic conditions, state and local governments continue to eliminate jobs. State government subsector job losses were modest from 2005 through 2010, averaging 80, or 0.3 percent, annually. Since 2010, state government subsector job losses increased to 600, or 2.4 percent, annually. From 2005 through 2010, local government subsector payrolls declined by an average of 5,250, or 3.1 percent, annually and, although the number of jobs lost has moderated slightly since 2010, to 5,000 annually, the rate of decline has accelerated to 3.4 percent. The local government subsector, with significant reliance on property taxes, struggled during the early stages of the Great Recession as property values declined. Since many housing markets began stabilizing, the negative economic impact on local governments has gradually abated. The leisure and hospitality sector also declined during the past 12 months, by 2,500 jobs, or 1.4 percent, and the job loss was shared by the arts, entertainment, and recreation and the accommodation and food services industries. Within the accommodation and food services industry, the full-service restaurant industry group increased by 800 jobs, or 1.3 percent, which was more than offset by declines elsewhere in the industry.

Several major economic development initiatives were announced or are under way in the HMA. The M-1 Rail streetcar system will break ground in the city of Detroit in July 2014 to begin construction of its first route, 3.3 miles between Larned Street downtown and West Grand Boulevard in the New Center/North End neighborhood. The streetcar, which will serve 20 stops when operational in 2016, is projected to cost $137 million, not including $35 to $45 million in federal and state expenditures for Woodward Avenue reconstruction projects. The economic impact of the project is estimated to be at least $500 million, including approximately 750 construction jobs, an estimated 10,000 new housing units, and more than 5 million square feet in new office and commercial space within 0.25 mile of the rail line during the next 10 years (http://m-1rail.com). Work will begin in the fall of 2014 on the "Arena District," anchored by a new arena for the National Hockey League's Detroit Red Wings. The $650 million effort will include up to 2,000 new residential units, commercial properties, and upgraded infrastructure in downtown Detroit. The development, which is expected to be complete in 2017, will be integrated with the M-1 Rail. The $1.8 billion estimated economic impact of the district includes 8,300 construction and related jobs and 1,100 permanent jobs. In May 2014, JPMorgan Chase & Company announced a $100 million investment in the city of Detroit, including $40 million in seed capital to Invest Detroit and Capital Impact Partners to be used for commercial and industrial business investing and for multifamily residential lending, including for mixed-use real estate investments and grocery stores. The remaining funding includes investments in blighted property removal, lending for home purchases in the city, workforce readiness initiatives, and other economic development. This funding is primarily administered by local nonprofit entities. JPMorgan has invested $20 million to date of its $100 million commitment to the city. On June 30, 2014, Meijer, Inc., a full-service grocery supercenter, broke ground on its second Detroit location, on the city's west side. With an estimated development cost of $20 million, the store is expected to create approximately 500 jobs. In February 2014, President Obama announced a Department of Defense-supported initiative for a new "manufacturing institute" to be headquartered in the Corktown neighborhood in the city of Detroit. The initiative includes approximately $70 million in federal funding and requires an additional $70 million in matching local funds. The institute, which will focus on research and development of lightweight and modern metals manufacturing, includes 60 participating groups involved in aluminum, titanium, and high-strength steel manufacturing, along with local universities and laboratories. The city of Royal Oak in Oakland County is working with developers on a $60 million downtown project that includes a hotel, offices, apartments, and retail space.

The city of Detroit became the largest American city to declare bankruptcy when it filed in July 2013 with outstanding debt estimated at $18 billion. Negotiations with creditors are ongoing. This case may be resolved during late 2014 or early 2015; city pension holders, a significant stakeholder in the case, already voted to accept reduced benefits. The overall effect on the HMA and future economic and population growth remain unclear.

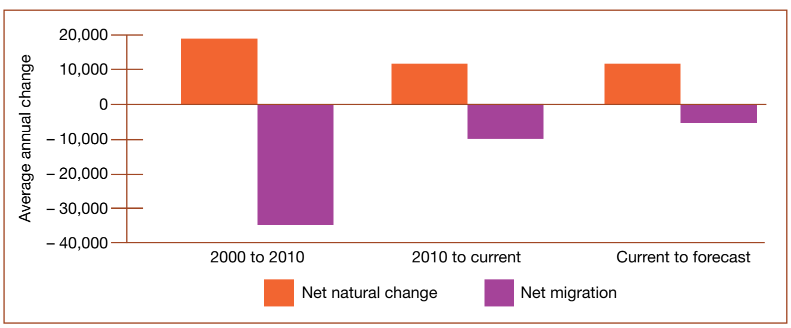
During the 3-year forecast period, nonfarm payrolls in the HMA are expected to increase moderately, at 1.0 percent annually, to 1.92 million jobs, with job growth accelerating during each of the 3 years. Job gains are expected to be broad based, with continued employment increases in the professional and business services, manufacturing, and wholesale and retail trade sectors.

Population and Households

The population in the Detroit HMA, which had been declining since 2001, began to increase in 2011 as a result of improving economic conditions. Net migration, which has been negative in the HMA each year since 2000, remains negative, but the rate of net out-migration has declined since its peak in 2007. The estimated population in the HMA is currently 4.3 million, up by an average of 880 annually since April 2010. Population declined by an average of 15,650, or 0.4 percent, annually from April 2000 to April 2010. As a result of poor economic conditions in the HMA throughout the decade from 2000 to 2010, net out-migration averaged 34,500 people annually, more than offsetting net natural increase (resident births minus resident deaths), which averaged 18,850 people annually. Although the rate of net natural increase has declined modestly each year since 2000, net migration has been the driving force behind the population change in the HMA. Net out-migration averaged 21,600 annually from 2000 to 2003, increased to 31,150 during 2004 and 2005, and increased again to 46,450 annually from 2005 to 2009. Net out-migration declined to 34,600 people in 2010 and averaged 10,050 annually from April 1, 2010, to July 1, 2014 (Figure 4). The estimate of annual net out-migration since 2010 is less than the estimated annual increase in net natural change, resulting in the first positive population change for the HMA since before 2000. During the 3-year forecast period, population growth is expected to increase to 5,675 people, or 0.1 percent, annually as a result of slowly increasing net natural change and slower net out-migration, which is expected to continue, but at a lower rate (Figure 5).

Dynamics in the Wayne County submarket, which includes the city of Detroit, greatly affect population change in the Detroit HMA. The population of the submarket is currently estimated at 1.76 million, representing a decline of 13,800, or 0.8 percent, annually since 2010. This rate of decline is less than the average annual population loss of 24,050 people, or 1.2 percent, from 2000 to 2010, a result primarily of improved economic conditions in the HMA leading to slowing net out-migration. The population of the Wayne County submarket accounted for 46 percent of the total HMA population in 2000, declined to 42 percent in 2010, and is estimated at 41 percent as of July 1, 2014. Population change

Figure 4. Components of Population Change in the Detroit HMA,* 2000 to Forecast

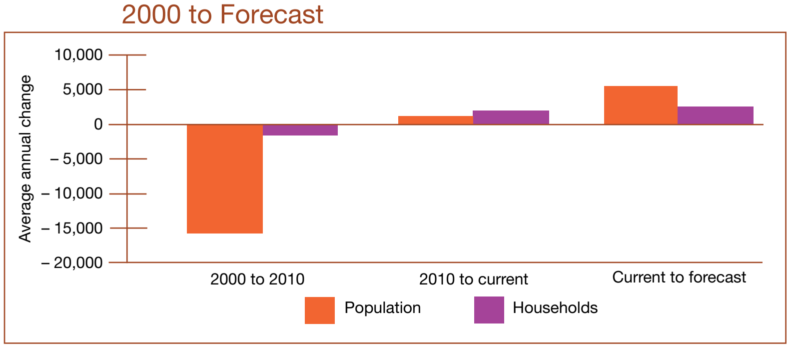


*Detroit-Warren-Livonia HMA.

Notes: The current date is July 1, 2014. The forecast date is July 1, 2017.

Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analyst

Figure 5. Population and Household Growth in the Detroit HMA,* 2000 to Forecast



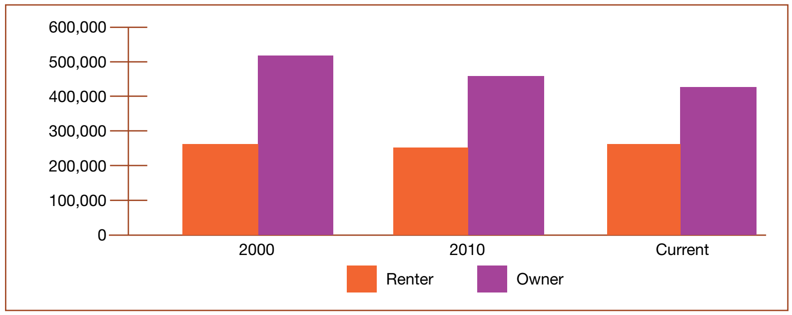
*Detroit-Warren-Livonia HMA.

Notes: The current date is July 1, 2014. The forecast date is July 1, 2017.

Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analyst in the Northwestern and Northeastern submarkets are not closely correlated with changes in the Wayne County submarket. Migration between and among the submarkets occurs, but net out-migration from the Wayne County submarket often is not to the other submarkets but out of the HMA, as people leave looking for improved employment opportunities. The population of the Northwestern submarket is currently estimated at 1.43 million, an increase of 10,500, or 0.8 percent, annually, more than population growth of 3,225, or 0.2 percent, annually from 2000 to 2010. Net migration, which was negative most of the decade, averaged 3,400 people annually out of the Northwestern submarket from 2000 to 2010. Net migration is estimated to have turned positive during 2010 and has averaged 6,575 people into the submarket annually since April 1, 2010. The population of the Northeastern submarket is currently estimated at 1.11 million, an increase of 4,150, or 0.4 percent, annually since April 1, 2010. The rate of population growth is lower than from 2000 to 2010, when growth averaged 5,200 people, or 0.5 percent, annually. Unlike the other two submarkets, the Northeastern submarket averaged net in-migration during the 2000-to-2010 period of 1,725 people annually. This positive average annual figure, however, masks the effect of the intensifying economic softness in the latter part of the decade. Net migration was positive, averaging 4,600 people in annually, between 2000 and 2006; turned negative, averaging 2,600 people out annually from 2006 to 2011; then became positive again after 2011. During the forecast period, the population is expected to decrease by 13,000, or 0.7 percent, annually in the Wayne County submarket. By contrast, population is forecast to increase by 12,000 and 6,675, or 0.8 and 0.6 percent, annually in the Northwestern and Northeastern submarkets, respectively.

The number of households in the HMA is currently estimated to be 1.69 million, representing an average increase of 2,025, or 0.1 percent, annually since 2010. This growth is a reversal of the trend in the HMA from 2000 to 2010, when households declined by 1,475, or 0.1 percent, annually as people left the HMA. In the Wayne County submarket, the number of households declined by 6,575, or 0.9 percent, annually from 2000 to 2010 compared with a rate of 4,000 households, or 0.6 percent, leaving annually since 2010. In the Northwestern submarket, households increased by 2,450, or 0.5 percent, annually from 2000 to 2010 and by 3,875, or 0.7 percent, since 2010. In the Northeastern submarket, households increased by 2,625, or 0.6 percent, during the decade from 2000 to 2010 and have declined by 2,050, or 0.5 percent, since 2010. As a result of tighter lending standards and foreclosures, the homeownership rate has declined in each submarket, to 61.5, 71.7, and 74.8 percent in the Wayne County, Northwestern, and Northeastern submarkets, respectively. Figures 6, 7, and 8 show the number of households by tenure in each submarket. By the end of the forecast period, the number of households in the HMA is expected to reach 1.7 million, growing by 2,425, or 0.1 percent, annually.

Figure 6. Number of Households by Tenure in the Wayne County Submarket, 2000 to Current

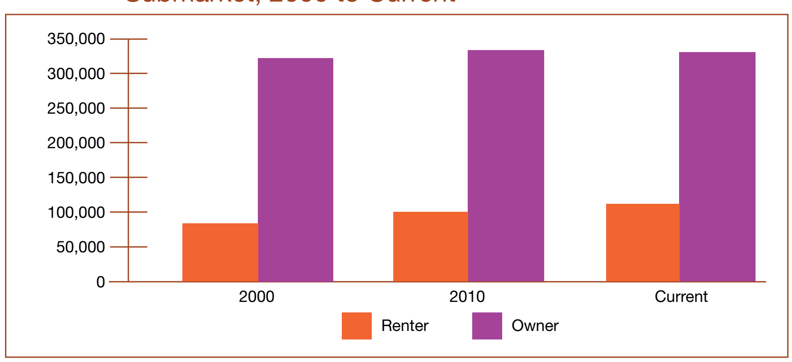


Note: The current date is July 1, 2014.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Figure 7. Number of Households by Tenure in the Northwestern Submarket, 2000 to Current

Note: The current date is July 1, 2014.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Figure 8. Number of Households by Tenure in the Northeastern Submarket, 2000 to Current



Note: The current date is July 1, 2014.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Housing Market Trends

Sales Market—Wayne County Submarket

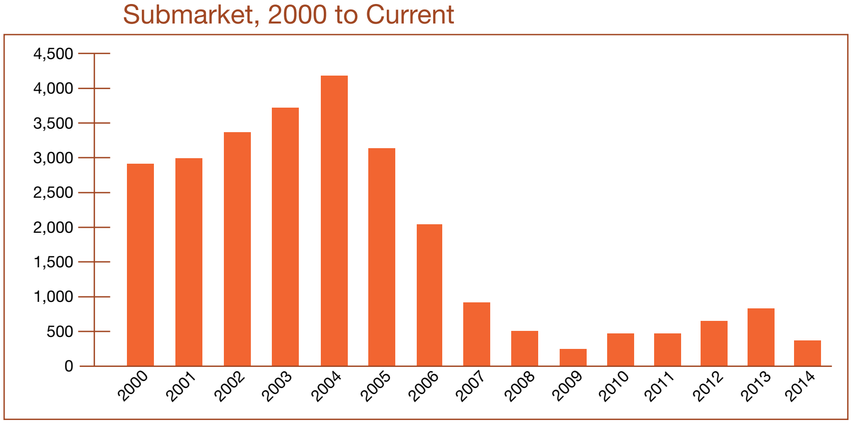
Sales housing market conditions in the Wayne County submarket are very soft, with an estimated vacancy rate of 3.5 percent, up from the 2.9-percent rate in April 2010. During the 12 months ending June 2014, sales of existing homes (including single-family homes, townhomes, and condominiums) in the submarket totaled 41,150, up 7 percent from the previous 12-month period (Metrostudy, A Hanley Wood Company). Existing home sales totaled 34,150 during 2005, declined to an average of 29,350 annually during 2006 and 2007, and increased again to an average of 36,650 annually from 2008 through 2012. A significant amount of this sales activity was by investors purchasing these homes as rental properties. For the 12 months ending June 2014, an estimated 84 percent of all closings in the submarket were by absentee purchasers and assumed to be for investment or use other than as a primary dwelling, up from 77 percent a year earlier. The current rate exceeds the previous high rate of 82 percent reported during 2010.

The average sales price of an existing home in the submarket increased 12 percent, to $122,400, during the 12 months ending June 2014 compared with the average sales price during the previous 12-month period. The current average annual sales price for existing homes is the highest since 2007. The average sales price for an existing home was $135,700 during 2005, then decreased precipitously to averages of $128,600 during 2006 and 2007, $109,900 during 2008, and $95,200 annually from 2009 through 2011. The highest annual average unemployment rate, 15.0 percent, occurred in 2009, coinciding with the lowest average sales price. A contributing factor to the declining average sales price for existing homes in the submarket was the increase in distressed sales (REO and short sales) as a percentage of existing home sales, which grew rapidly and remained elevated despite improving economic conditions. Sales of distressed properties increased from 15 percent of all existing home sales during 2005 to 25 percent during 2006 and to 48 percent during 2007. As the economy in the HMA continued to weaken from 2008 through 2010, the percentage of all existing home sales that were distressed properties rose again, to 77 percent from 2008 through 2011. Although the economy began to improve in 2010, the unemployment rate for the HMA remains elevated, and current homeowners facing financial distress continue to struggle with their home mortgages. The percentage of home sales that were distressed sales declined modestly, to 71 percent, in 2012 but has remained elevated, at 64 percent, since 2013. The average sales price of a distressed property in the submarket was $67,350 during the 12 months ending June 2014 compared with an average sales price of $150,100 for a nondistressed existing home sale. As of June 2014, 6.6 percent of all active home loans in the submarket were 90 or more days delinquent, were in foreclosure, or transitioned into REO status, down from 9.0 percent in June 2013 (Black Knight Financial Services, Inc.).

New home sales in the Wayne County submarket are low and have been subdued for many years, although average new home sales prices are increasing. During the 12 months ending June 2014, new home sales totaled 440, up

1 percent from the previous 12-month period. After 4,450 new homes sold in 2005, sales declined steadily, to 2,975 in 2006, 1,625 in 2007, and 1,000 during 2008. As the recession deepened in the HMA, new home sales continued to decline, registering sales of 790 homes in 2009 and averaging 450 sales annually from 2010 through 2012. Average new home sales prices, by contrast, were not as significantly affected during the recession in the submarket and have recovered well. The average sales price was $218,800 during 2005, declined to an average of $202,800 from 2006 through 2008, fell sharply to $145,700 in 2009, and recovered to average $182,900 during 2010 and 2011. Since 2011, the average new home sales price has increased strongly, averaging $238,900 during 2012. During the 12 months ending June 2014, the average new home sales price was $272,700, 8 percent higher than the price of $251,500 during the previous 12-month period. The increasing sales prices for new homes are because of the decline in new construction and comparatively few new properties built "on spec," without preapproved purchasers (local real estate sources).

Figure 9. Single-Family Homes Permitted in the Wayne County Submarket, 2000 to Current



Notes: Includes townhomes. Current includes data through June 2014.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Despite improving economic conditions in the HMA, home builders remain cautious of new single-family construction in the Wayne County submarket. Single-family homebuilding activity, as measured by the number of single-family homes permitted, remained relatively unchanged during the 12 months ending June 2014, with 790 homes permitted compared with the 800 single-family homes permitted during the previous 12-month period (preliminary data). As the economy declined from 2005 through 2010, home builders began to rein in new single-family home construction, which peaked at 4,200 homes in 2004 and declined to 3,150 during 2005 and 2,050 during 2006. New home construction remained low from 2007 through 2011, averaging 530 homes permitted annually and ranging from a high of 920 in 2007 to a low of 260 in 2009. New single-family home construction began to increase in 2012, when 670 homes were permitted. Figure 9 shows the number of single-family homes permitted in the submarket since 2000. Despite generally negative demographic and home sales market trends, a limited number of new homes are being developed and sold in the submarket. Fox Creek of Brownstown South, in Brownstown Township, includes 108 homesites with single-family homes starting at $164,900, by MJC Companies. In Northville, Steeplechase of Northville, by Toll Brothers, includes 274 homesites in three phases, with custom single-family homes from $571,995. In the city of Detroit, new single-family home construction was minimal.

During the next 3 years, no measurable demand is expected for new sales housing because net out-migration and the current soft market conditions overall are expected to continue in the submarket (Table 1). An estimated 15,300 homes are currently vacant and available for sale in the submarket, and 380 homes are currently under construction. In addition, a portion of the 78,000 other vacant housing units in the submarket may return to the market.

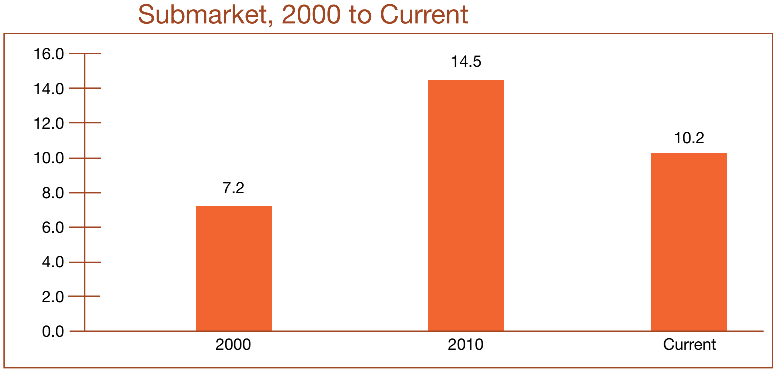
Rental Market—Wayne County Submarket

Rental housing market conditions in the Wayne County submarket are currently soft, with an estimated 10.2-percent vacancy rate, down from the 14.5-percent rate in April 2010. Figure 10 shows rental vacancy rates in the submarket for 2000, 2010, and the current date. Although new multifamily production declined starting in 2005, high levels of vacant available rental units remain. Renter households have increased since 2008, primarily because of stricter home mortgage underwriting standards for potential buyers and because of former homeowners shifting to renting as a result of home foreclosures. This shift in tenure from owner to renter has facilitated the decline in the renter vacancy rate since 2010.

Vacancy rates in the apartment market, in general, are lower than corresponding rates in the overall rental market, which also includes rented single-family homes, condominiums, mobile homes, and other units. During 2013, approximately 50 percent of all rental units in the submarket were in single-family homes. The apartment market is balanced in the Wayne County submarket, and the vacancy rate in the submarket was approximately 5.2 percent during the second quarter of 2014, down from 5.4 percent a year earlier (MPF Research). Vacancy rates ranged from a low of 3.9 percent in the MPF Research-defined Westland/Canton/Livonia market area to 8.8 percent in the Detroit City market area. Apartment market rents increased from a year ago in the submarket, led by the Dearborn/Dearborn Heights area, where average monthly rents rose 3 percent, to $950. Gains of 2 percent in average monthly rents occurred in the Detroit City, Southern Wayne County, and Westland/Canton/Livonia market areas, to $700, $700, and $790, respectively, and in the Downtown/Midtown market area the average monthly rent was unchanged at $910.

Because of recent improvement in nonfarm payrolls, developers are cautiously developing new rental product in the Wayne County submarket. During the 12 months ending June 2014, approximately 640 multifamily units were permitted in the submarket, up from 490 during the previous 12-month period (preliminary data). Because of the significant population loss in the submarket, multifamily permitting, which averaged approximately 1,350 units annually from 2000 through 2005, declined to an average of 350

Figure 10. Rental Vacancy Rates in the Wayne County Submarket, 2000 to Current

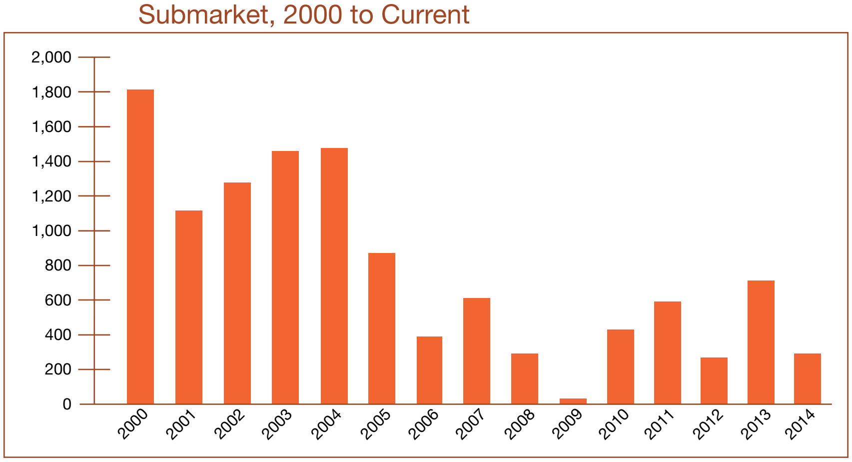


Note: The current date is July 1, 2014.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst units annually from 2006 through 2010 (Figure 11). Since 2010, multifamily permitting has recovered somewhat, averaging 430 units annually during 2011 and 2012. Approximately 580 units are currently under construction in the submarket, including approximately 400 units in the city of Detroit. Among properties under construction is the David Whitney Building, an $82 million rehabilitation effort of a historic skyscraper in downtown Detroit. The property, which will include 108 one- and two-bedroom apartments and a boutique hotel on the lower floors, is expected to be complete in late 2014. The 124-unit David Broderick Tower, also in downtown Detroit, opened in late 2012 and was fully leased within a week of opening. In suburban Grosse Pointe, The Rivers Grosse Pointe, a newly developed continuing-care retirement community for seniors, began leasing 77 independent living units in May 2014; additional phases providing various levels of care for 206 individuals and households are scheduled for completion in the fall of 2014. From 2000 through 2006, approximately 41 percent of all multifamily units permitted were intended for owner occupancy. Since 2007, that ratio has declined to only 9 percent of all multifamily units permitted.

During the 3-year forecast period, given the expected continued decline in the number of households, no demand is expected for additional rental units (Table 1). An estimated 30,000 vacant rental units are available in the submarket. As the leasing experience at David Broderick Tower shows, specific properties in the Wayne County submarket could be developed and successfully absorbed, but they likely would increase vacancies in the overall rental market and prolong the current soft market conditions.

Figure 11. Multifamily Units Permitted in the Wayne County Submarket, 2000 to Current



Notes: Excludes townhomes. Current includes data through June 2014.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Sales Market—Northwestern Submarket

Sales housing market conditions in the Northwestern submarket are slightly tight, with an estimated vacancy rate of 1.0 percent, down from the 2.4-percent rate in April 2010. During the 12 months ending June 2014, sales of existing homes totaled 24,400, an increase of 4 percent from the previous 12-month period. Existing home sales totaled 24,600 during 2005 before declining significantly to an average of 16,800 annually from 2006 through 2008. Existing home sales increased to an average of 20,650 annually from 2009 through 2012, supported by population growth in the submarket beginning in 2010 (Metrostudy, A Hanley Wood Company).

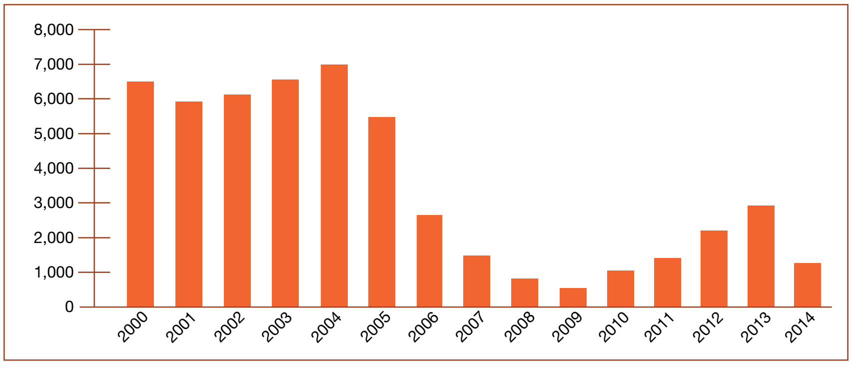
The average sales price of existing homes increased nearly 13 percent, to $204,800, during the 12 months ending June 2014 from the previous 12-month period. Average sales prices for existing homes in the submarket declined an average of 12 percent annually from 2005 to a low of $142,000 during 2009, near the depth of the recession in the HMA, and prices have been increasing since. A contributing factor to the declining average sales prices of existing homes was the prevalence of distressed sales, which peaked at 59 percent of all existing home sales in 2009. The number of distressed sales as a proportion of all existing home sales has declined each year since 2010. Although the rate remains relatively high, at 20 percent of all existing home sales for the 12 months ending June 2014, it is less than one-half the rate from 2008 through 2010. The effect of REO home sales on the average sales price for all existing homes is significant. The average sales price for an REO home during the 12 months ending June 2014 was $132,500, much less than the $220,200 average sales price for a non-REO home during the same period (Metrostudy, A Hanley Wood Company). In June 2014, approximately 2.5 percent of all active home loans in the submarket were 90 or more days delinquent, were in foreclosure, or transitioned into REO status, down from 3.7 percent in June 2013. The submarket distressed-loan rate is also below the June 2014 average of 4.1 percent for the Detroit HMA (Black Knight Financial Services, Inc.).

Sales of new homes in the Northwestern submarket began to increase in 2010, as the economic downturn in the HMA was slowing and as population growth began to accelerate. Although improving, sales of new homes in the submarket remain below the prerecession figures. During the 12 months ending June 2014, new home sales totaled 1,275, or 6 percent more than new home sales during the previous 12-month period. New home sales totaled 6,050 during 2005, the first year of the recession in the HMA. From 2006 through 2009, as employment conditions continued to erode in the HMA, new home sales in the submarket declined by an average of 1,050, or 43 percent, annually, from 3,850 in 2006 to 700 in 2009. New home sales have increased since 2009. The average sales price for a new home in the submarket also recovered, to $336,200, nearly 14 percent higher than the average during the previous 12-month period. The average new home sales price was $260,400 during 2006 but declined to $198,900 during 2009, an average of nearly 9 percent annually. In 2010, the increase in the average sales price was minimal compared with the 2009 figure, but since 2011 prices have increased at a rate averaging nearly 16 percent annually (Metrostudy, A Hanley Wood Company).

In response to improving employment and home sales market conditions in the submarket, single-family homebuilding activity, as measured by the number of single-family homes permitted, increased during the past year. During the 12 months ending June 2014, the number of single-family homes permitted totaled 2,850 (preliminary data), 9 percent more than during the previous 12-month period. By comparison, 6,300 homes were permitted on average each year from 2000 through 2005; permitting declined to 2,675 homes during 2006 and fell again to 1,475 homes in 2007. During the period including the highest unemployment rates in the HMA, from 2008 through 2010, the number of single-family homes permitted averaged 820 annually, including a low of 540 homes permitted during 2009. Figure 12 shows the number of single-family homes permitted in the Northwestern submarket since 2000. From 2000 through 2013, approximately 74 percent of single-family homes permitted in the submarket were in Oakland County. Many new developments are currently under construction in the submarket. In Commerce Township, in Oakland County, MJC Communities is building the first phase of Benstein Crossing, which includes 46 duplex condominium units with prices starting at $234,900. In Green Oak Township, in Livingston County, Lombardo Homes is building 154 three- and four-bedroom single-family homes at Stone Ridge, with prices starting at $220,900. Among multifamily units permitted, approximately 55 percent were for owner occupancy from 2000 through 2006, but only 7 percent of multifamily units permitted since 2007 have been intended for owner occupancy.

During the next 3 years, demand is estimated for 13,900 new homes in the Northwestern submarket (Table 1). The 1,025 new homes currently under construction and a portion of the estimated 22,500 other vacant units that may reenter the market will satisfy some of the forecast demand. Demand is expected to be strongest for homes priced between $200,000 and $300,000. Table 4 illustrates the estimated demand for new sales housing in the submarket by price range.

Figure 12. Single-Family Homes Permitted in the Northwestern Submarket, 2000 to Current



Notes: Includes townhomes. Current includes data through June 2014.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Northwestern Submarket During the Forecast Period

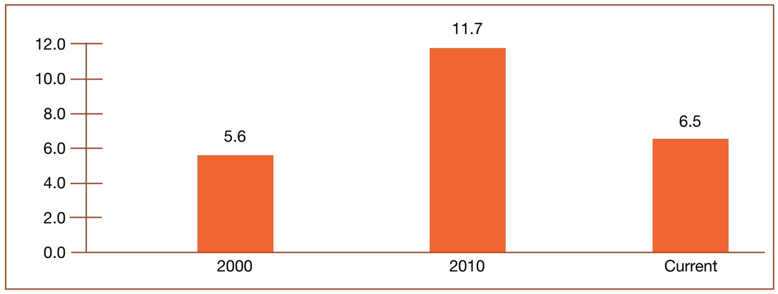
Price Range ($)		Units of Demand	Percent of Total
From	To		
100,000	149,999	1,400	10.0
150,000	199,999	2,075	15.0
200,000	249,999	2,775	20.0
250,000	299,999	2,775	20.0
300,000	399,999	1,400	10.0
400,000	499,999	1,400	10.0
500,000	749,999	1,400	10.0
750,000	and higher	700	5.0

Notes: The 1,025 homes currently under construction and a portion of the estimated 22,500 other vacant units in the submarket will likely satisfy some of the forecast demand. The forecast period is July 1, 2014, to July 1, 2017.
Source: Estimates by analyst

Rental Market—Northwestern Submarket

Rental housing market conditions in the Northwestern submarket are currently balanced, with an estimated vacancy rate of 6.5 percent, down from the 11.7-percent rate in April 2010 (Figure 13). New rental production, despite increasing since 2012, has been generally low since early in the past decade, and an increase in renter households has helped to absorb excess vacant rental units in the submarket. The increasing number of renter households since 2010 is a result of population gain in the submarket and a shift from owner to renter tenure because of more restrictive mortgage lending requirements and increased foreclosures. Single-family homes comprise approximately 33 percent of the overall rental market in the submarket. Vacancy rates in the apartment market are generally lower than

Figure 13. Rental Vacancy Rates in the Northwestern Submarket, 2000 to Current



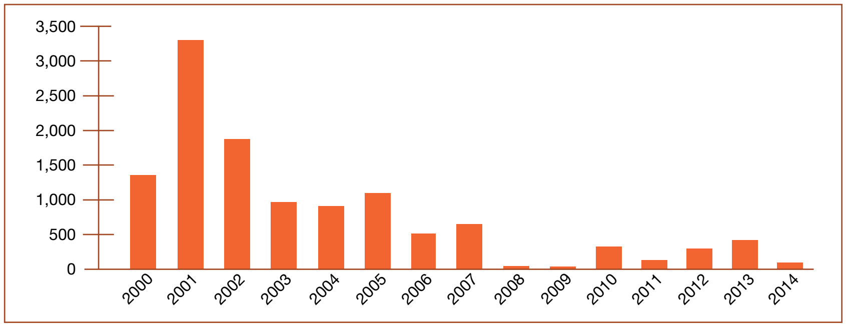
Note: The current date is July 1, 2014.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

corresponding rates in the overall rental market. Apartment market conditions are tight throughout the Northwestern submarket. The apartment vacancy rate in the submarket was approximately 3.4 percent during the second quarter of 2014, up slightly from 3.2 percent a year earlier (MPF Research). Vacancy rates among the six MPF Research-defined market areas in the submarket ranged from 2.9 percent in the Pontiac/Waterford/Auburn Hills area to 4.0 percent in the Farmington Hills/West Bloomfield area. Average monthly apartment market rents were generally higher during the second quarter of 2014 than a year earlier, increasing 1 to 2 percent, to $780, $880, and $1,000 in the Royal Oak/Oak Park, Southfield, and Farmington Hills/West Bloomfield areas, respectively. Greater increases, of 3 percent to $950 and 4 percent to $740 occurred in the Troy/Rochester Hills and Pontiac/Waterford/Auburn Hills areas, respectively. In the Novi/Livingston County area, average monthly apartment rents remained relatively unchanged at $830.

Developers have cautiously increased new multifamily construction in the Northwestern submarket since 2010 in response to increasing population and demand for renter units and to the tightening apartment market. Even with the increased permitting activity since 2010, multifamily permitting remains low compared with the level early in the previous decade. During the 12 months ending June 2014, approximately 320 new multifamily units were permitted, nearly all of them for occupancy by seniors, and 13 percent fewer than the 360 multifamily units permitted during the 12 months ending June 2013. The number of multifamily units permitted in the submarket averaged 1,600 annually from 2000 through 2005, including 3,300 units permitted during 2001, and declined to average annual levels of 600 units during 2006 and 2007 and 130 units from 2008 through 2011. From 2000 through 2006, multifamily units intended for owner occupancy comprised approximately 55 percent of all multifamily units permitted, a ratio that declined to only 7 percent from 2007 to the current date. No conventional, market-rate, general-occupancy apartment properties are currently under construction in the submarket. All Seasons of Birmingham, a 131-unit property for seniors that began construction in late 2013 in Birmingham, in Oakland County, is scheduled for completion in the spring of 2015. Figure 14 shows the number of multifamily units permitted in the submarket from 2000 through June 2014.

During the 3-year forecast period, demand is expected for 2,925 additional market-rate rental units. The 510 units currently under construction are all for occupancy by seniors and may meet a portion of this demand (Table 1). Table 5 shows estimated demand for new market-rate rental units in the submarket by rent and number of bedrooms.

Figure 14. Multifamily Units Permitted in the Northwestern Submarket, 2000 to Current



Notes: Excludes townhomes. Current includes data through June 2014.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Northwestern Submarket During the Forecast Period

One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand
700 to 899	180	850 to 1,049	230	1,100 to 1,299	180
900 to 1,099	220	1,050 to 1,249	290	1,300 to 1,499	220
1,100 to 1,299	220	1,250 to 1,449	290	1,500 to 1,699	220
1,300 to 1,499	90	1,450 to 1,649	120	1,700 to 1,899	90
1,500 to 1,699	90	1,650 to 1,849	120	1,900 to 2,099	90
1,700 or more	90	1,850 or more	120	2,100 or more	90
Total	880	Total	1,175	Total	880

Notes: Numbers may not add to totals because of rounding. The 510 units currently under construction will likely satisfy some of the estimated demand. The forecast period is July 1, 2014, to July 1, 2017.

Source: Estimates by analyst

Sales Market—Northeastern Submarket

Sales housing market conditions in the Northeastern submarket are balanced, with an estimated vacancy rate of 1.3 percent, down from the 2.3-percent rate in April 2010. Existing home sales in the submarket totaled 18,500 during the 12 months ending June 2014, nearly 4 percent more than during the 12-month period ending June 2013. Although existing home sales slowed in the submarket during the weak employment conditions from 2005 through 2010, the decline was not as pronounced as in the other two submarkets. Existing home sales numbered 17,000 during 2005 and declined to an average of 13,100 annually from 2006 through 2008. Although the recession in the HMA lasted until 2010, home sales increased in the submarket from 2009 through 2012, averaging 16,100 annually (Metrostudy, A Hanley Wood Company).

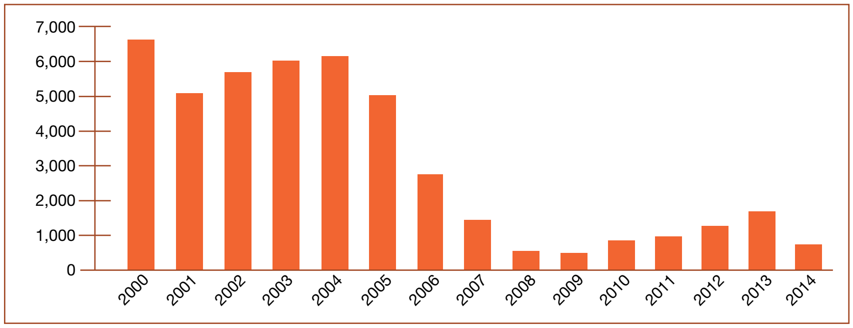
The average sales price of an existing home in the Northeastern submarket was $129,400 during the 12 months ending June 2014, 11 percent higher than the $116,300 average sales price during the 12-month period ending June 2013. Average home sales prices declined 12 percent each year from $167,900 during 2005 to $100,600 during 2009. Although prices began to rise in 2010, they remained comparatively low, averaging $104,500 from 2010 through 2012. Sales of distressed properties, which accounted for approximately 6 percent of all existing home sales during 2005, increased to 61 percent of all existing home sales during 2009. The proportion of REO homes has declined since 2009, but it remains somewhat elevated, at 27 percent of all existing home sales during the 12 months ending June 2014. The average sales price of an existing, nondistressed home during the 12 months ending June 2014 was $141,800 compared with the average distressed home sales price of $91,000 (Metrostudy, A Hanley Wood Company). As of June 2014, 3.5 percent of all active home loans in the submarket were 90 or more days delinquent, were in foreclosure, or transitioned into REO status, down from 5.0 percent in June 2013 (Black Knight Financial Services, Inc.).

Sales of new homes in the Northeastern submarket began to increase in 2012, but new home sales remain significantly below the levels from before the economy contracted. From 3,925 new home sales in 2005, the rate of decline averaged 36 percent annually, to 1,025 new home sales in 2008. From 2008 until the number of new home sales reached its recent low of 600 in 2011, the decline averaged 17 percent annually. During the 12 months ending June 2014, 870 new homes sold, 17 percent more than the 740 new home sales during the previous 12-month period. By contrast with new home sales, the average new home sales price recovered and surpassed average figures from before the recent economic softness. During the 12 months ending June 2014, the average new home sales price was $254,800, or 9 percent higher than the average new home sales price during the previous 12 months. The average new home sales price remained relatively stable, declining an average of 3 percent annually, from $195,100 in 2005 to $179,700 during 2008. After an 18-percent drop, to $147,100, in 2009 new home prices increased 15 percent annually, to $223,900, in 2012.

As a result of improved economic conditions and generally balanced home sales market conditions, single-family homebuilding activity, as measured by the number of single-family homes permitted, increased during the past year. During the 12 months ending June 2014, 1,600 single-family homes were permitted, an increase of 8 percent compared with the 1,475 permitted during the 12 months ending June 2013 (preliminary data). The number of single-family homes permitted averaged 5,750 annually from 2000 through 2005, when the economic decline in the HMA accelerated, then fell to 2,750 during 2006 and to 1,425 in 2007. From 2008 through 2011, the number of single-family homes permitted averaged 710 annually before rising again, to 1,250, during 2012 (Figure 15). From 2000 through 2013, about 77 percent of all single-family homes permitted in the Northeastern submarket were in Macomb County. MJC Communities has begun Partridge Creek Village in Clinton Township, in Macomb County, which will eventually include 360 single-family homes. Three- and four-bedroom homes are currently for sale with prices starting at $284,900. Also in Macomb County, Newmark Homes is building Heritage Village with 100 three- to five-bedroom single-family homes in Macomb Township, with prices starting in the $200,000s.

During the next 3 years, demand is estimated for 6,925 new homes in the Northeastern submarket (Table 1). The 620 new homes currently under construction and a portion of the estimated 20,000 other vacant units that may reenter the market will satisfy some of the forecast demand. Demand is expected to be strongest for units priced between $150,000 and $250,000. Table 6 illustrates the estimated demand for new sales housing in the submarket by price range.

Figure 15. Single-Family Homes Permitted in the Northeastern Submarket, 2000 to Current



Notes: Includes townhomes. Current includes data through June 2014.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 6. Estimated Demand for New Market-Rate Sales Housing in the Northeastern Submarket During the Forecast Period

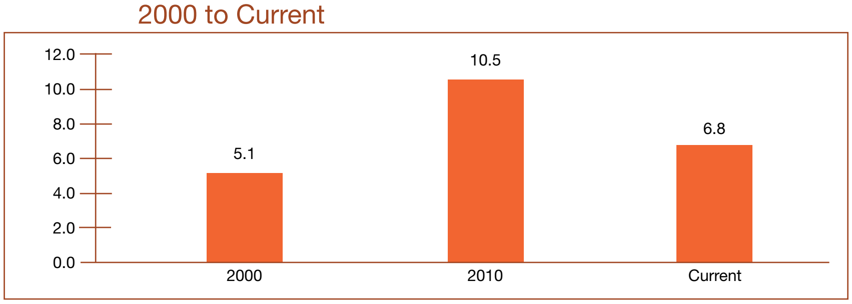
Price Range ($)		Units of Demand	Percent of Total
From	To		
100,000	149,999	1,050	15.0
150,000	199,999	1,375	20.0
200,000	249,999	1,375	20.0
250,000	299,999	1,050	15.0
300,000	399,999	690	10.0
400,000	499,999	690	10.0
500,000	and higher	690	10.0

Notes: The 620 homes currently under construction and a portion of the estimated 20,000 other vacant units in the submarket will likely satisfy some of the forecast demand. The forecast period is July 1, 2014, to July 1, 2017.
Source: Estimates by analyst

Rental Market—Northeastern Submarket

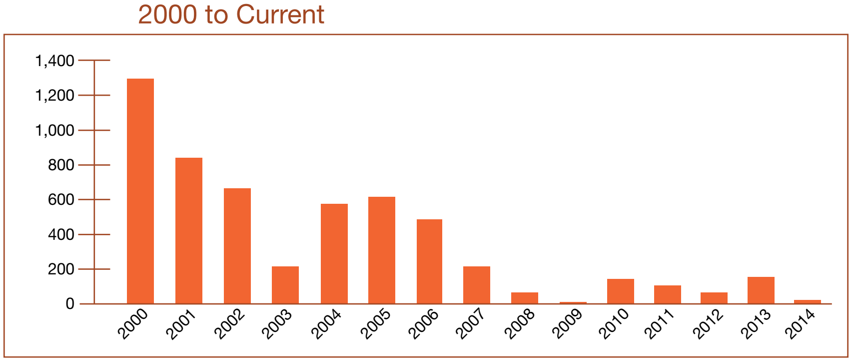
Rental housing market conditions in the Northeastern submarket are currently balanced, with an estimated vacancy rate of 6.8 percent, down from 10.5 percent in April 2010 (Figure 16). As in the Northwestern submarket, comparatively low multifamily construction and an increasing preference for renter housing, because of increased foreclosure activity and stricter mortgage lending requirements, contributed to the strengthening rental market in the submarket. During 2013, approximately 44 percent of the rental housing stock in the submarket was in single-family homes. Apartment vacancy rates, which are typically lower than in the overall rental market, reflect tight conditions and were approximately 3.0 percent during the second quarter of 2014, down from 3.9 percent a year earlier (MPF Research). The apartment vacancy rate during the second quarter of 2014 was 2.1 percent in the MPF Research-defined Sterling Heights/Shelby Township market area, down from 2.7 percent a year earlier. The rate was 3.2 percent in the Warren/Roseville area, down from 4.5 percent a year earlier, and was 3.8 percent in the Clinton Township area, a decline from 4.4 percent during the previous year. Average monthly apartment rents increased in all market areas; rents increased 3 percent in the Warren/Roseville and Sterling/Heights/Shelby Township areas, to $720 and $820, respectively, and 4 percent in the Clinton Township area, to $730.

Figure 16. Rental Vacancy Rates in the Northeastern Submarket, 2000 to Current



Note: The current date is July 1, 2014.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Figure 17. Multifamily Units Permitted in the Northeastern Submarket, 2000 to Current



Notes: Excludes townhomes. Current includes data through June 2014.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Only 30 units, in duplexes and triplexes, were permitted in the Northeastern submarket during the 12 months ending June 2014. During the previous 12-month period, approximately 190 multifamily units were permitted, 180 of which were in two properties for seniors, the balance in duplexes and triplexes. Even with the recent increase in preference for renter tenancy, this submarket currently has the highest homeownership rate in the HMA, estimated at 74.8 percent as of July 1, 2014. After 1,300 multifamily units were permitted during 2000, permitting declined significantly to average 570 annually from 2001 through 2006, then declined further to average 100 units permitted annually from 2007 through 2012. Figure 17 shows the number of multifamily units permitted from 2000 through June 2014 in the submarket. An estimated 150 units are currently under construction in the submarket, primarily for occupancy by seniors. Rose Senior Living-Clinton Township, in Clinton Township, Macomb County, is under construction, with 140 units scheduled to open in the summer of 2014. Rents and occupancy data are not yet available. From 2000 through 2006, approximately 40 percent of multifamily units permitted were intended for owner occupancy. Since 2007, this ratio has declined to only 9 percent of multifamily units permitted.

During the 3-year forecast period, demand is expected for 1,700 additional market-rate rental units. The 150 units under construction will meet a portion of this demand (Table 1). Demand will remain steady throughout the forecast period. Table 7 shows the estimated demand for new market-rate rental units in the submarket by rent and bedroom size.

Table 7. Estimated Demand for New Market-Rate Rental Housing in the Northeastern Submarket During the Forecast Period

One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand
600 to 799	150	800 to 999	200	1,100 to 1,299	150
800 to 999	150	1,000 to 1,199	200	1,300 to 1,499	150
1,000 to 1,199	100	1,200 to 1,399	140	1,500 to 1,699	100
1,200 to 1,399	100	1,400 to 1,599	140	1,700 to 1,899	100
Total	510	Total	680	Total	510

Notes: Numbers may not add to totals because of rounding. The 150 units currently under construction will likely satisfy some of the estimated demand. The forecast period is July 1, 2014, to July 1, 2017.

Source: Estimates by analyst

Data Profiles

Table DP-1. Detroit HMA* Data Profile, 2000 to Current

				Average Annual Change (%)	
	2000	2010	Current	2000 to 2010	2010 to Current
Total resident employment	2,200,338	1,766,251	1,852,000	– 2.2	1.4
Unemployment rate	3.7%	13.9%	8.8%		
Nonfarm payroll jobs	2,203,100	1,736,400	1,863,000	– 2.4	2.0
Total population	4,452,557	4,296,250	4,300,000	– 0.4	0.0
Total households	1,696,943	1,682,111	1,690,700	– 0.1	0.1
Owner households	1,232,190	1,193,402	1,156,000	– 0.3	– 0.7
Percent owner	72.6%	70.9%	68.4%		
Renter households	464,753	488,709	534,700	0.5	2.1
Percent renter	27.4%	29.1%	31.6%		
Total housing units	1,797,185	1,886,537	1,884,000	0.5	0.0
Owner vacancy rate	1.3%	2.6%	2.0%		
Rental vacancy rate	6.4%	12.9%	8.4%		
Median Family Income	$60,500	$71,000	$65,300	1.6	– 2.8

*Detroit-Warren-Livonia HMA.

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through June 2014. Median Family Incomes are for 1999, 2009, and 2012. The current date is July 1, 2014.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Table DP-2. Wayne County Submarket Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	Average Annual Change (%) 2010 to Current
Total population	2,061,162	1,820,584	1,762,000	– 1.2	– 0.8
Total households	768,440	702,749	685,800	– 0.9	– 0.6
Owner households	511,837	454,706	421,900	– 1.2	– 1.7
Percent owner	66.6%	64.7%	61.5%		
Rental households	256,603	248,043	263,900	– 0.3	1.5
Percent renter	33.4%	35.3%	38.5%		
Total housing units	826,145	821,693	809,100	– 0.1	– 0.4
Owner vacancy rate	1.4%	2.9%	3.5%		
Rental vacancy rate	7.2%	14.5%	10.2%		

Notes: Numbers may not add to totals because of rounding. The current date is July 1, 2014.
Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Table DP-3. Northwestern Submarket Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	Average Annual Change (%) 2010 to Current
Total population	1,351,107	1,383,329	1,428,000	0.2	0.8
Total households	526,499	551,078	567,500	0.5	0.7
Owner households	400,882	408,491	407,000	0.2	– 0.1
Percent owner	76.1%	74.1%	71.7%		
Rental households	125,617	142,587	160,500	1.3	2.8
Percent renter	23.9%	25.9%	28.3%		
Total housing units	550,925	600,064	605,300	0.9	0.2
Owner vacancy rate	1.2%	2.4%	1.0%		
Rental vacancy rate	5.6%	11.7%	6.5%		

Notes: Numbers may not add to totals because of rounding. The current date is July 1, 2014.
Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Table DP-4. Northeastern Submarket Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	Average Annual Change (%) 2010 to Current
Total population	1,040,288	1,092,337	1,110,000	0.5	0.4
Total households	402,004	428,284	437,000	0.6	0.5
Owner households	319,471	330,205	326,800	0.3	– 0.2
Percent owner	79.5%	77.1%	74.8%		
Rental households	82,533	98,079	110,200	1.7	2.8
Percent renter	20.5%	22.9%	25.2%		
Total housing units	420,115	464,780	469,300	1.0	0.2
Owner vacancy rate	1.3%	2.3%	1.3%		
Rental vacancy rate	5.1%	10.5%	6.8%		

Notes: Numbers may not add to totals because of rounding. The current date is July 1, 2014.
Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census
2010: 4/1/2010—U.S. Decennial Census
Current date: 7/1/2014—Analyst's estimates
Forecast period: 7/1/2014–7/1/2017—Analyst's estimates

The metropolitan statistical area definition in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated December 1, 2009, and does not reflect changes defined by the OMB Bulletin dated February 28, 2013.

Demand: The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

Other Vacant Units: In the U.S. Department of Housing and Urban Development's (HUD's) analysis, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as "other" vacant by the Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.

For additional data pertaining to the housing market for this HMA, go to http://www.huduser.org/publications/pdf/CMARtables_Detroit-Warren-LivoniaMI_15.pdf.

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This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by HUD's Economic and Market Analysis Division. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

For additional reports on other market areas, please go to www.huduser.org/portal/ushmc/chma_archive.html.