

# HUD PD&R Housing Market Profiles

## Warren-Troy-Farmington Hills, Michigan



### Quick Facts About Warren-Troy-Farmington Hills

- Current sales market conditions: slightly tight
- Current rental market conditions: balanced
- The Warren-Troy-Farmington Hills, MI metropolitan division (hereafter, the Warren metropolitan division) is relatively large, encompassing nearly 3,575 square miles. It ranges from primarily rural and agricultural Lapeer County to highly populous Oakland County, which has the twelfth-highest per capita income, nationwide, among counties with more than one million residents (Advantage Oakland). Together with the Detroit metropolitan division, the Warren metropolitan division includes the busiest land-border crossing in North America between Detroit and Windsor, Ontario.



Warren, Michigan

By Gabe Labovitz | As of August 1, 2021

### Overview

The Warren metropolitan division is located in southeastern Michigan and includes Lapeer, Livingston, Macomb, Oakland, and St. Clair counties. Along with the Detroit-Dearborn-Livonia Michigan metropolitan division (Wayne County; hereafter the Detroit metropolitan division), they form the Detroit-Warren-Dearborn Michigan metropolitan statistical area. The Warren metropolitan division constitutes nearly 26 percent of the population of the state of Michigan and nearly 29 percent of total nonfarm payroll jobs in the state of Michigan. Although the largest employment sector in the Warren metropolitan division is the professional and business services sector, the education and health services and the manufacturing sectors are crucial components of the economy of the area and include the three largest private employers: Beaumont Health, Stellantis N.V. (formerly known as Fiat-Chrysler Automobiles US, LLC, or Chrysler), and the General Motors Company. Since the Great Recession and its impacts on the economy of the Warren metropolitan division, jobs grew for more than 9 consecutive years, starting in 2010, until the COVID-19 pandemic and efforts to slow the spread of the virus led to a short, but severe, economic contraction. More recently, jobs have grown stronger as the economy reopened following the introduction of vaccines

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and the easing of social distancing requirements. Because of this recent economic growth and the 9 years of growth prior to the pandemic, the home sales market and the rental market in the Warren housing market area (HMA) have both tightened compared with a year earlier and tightened considerably since 2010 when both sales and rental market conditions were soft.

- As of August 1, 2021, the estimated population of the Warren metropolitan division is 2.56 million, relatively unchanged since 2017 (Census Bureau population estimates as of July 1).
- After recovering from the impacts of the Great Recession, population growth in the Warren metropolitan division had been relatively strong; from 2011 to 2014, the population

grew by 17,100 or 0.7 percent annually. From 2014 to 2017, population growth slowed, averaging increases of 8,250 or 0.3 percent annually.

- International net-migration is a key component of population change in the Warren metropolitan division. When levels are relatively high, it offsets domestic net out-migration and contributes to population growth. Starting in 2016, international migration into the United States and the Warren metropolitan division began to decline. From 2019 to 2020, prohibitions on international travel because of COVID-19 led to continued declines in international migration, and COVID-19 also impacted net natural change, causing increasing deaths to accompany an already declining number of births.

## Economic Conditions

The economy of the Warren metropolitan division is recovering from significant job losses during the spring of 2020 from interventions to slow the spread of COVID-19. The nonfarm payroll total of 1.19 million during the 3 months ending July 2021 is 11.2 percent above the total during the same period a year earlier. By comparison, during the 3 months ending July 2021, jobs rose 9.5 percent for the state of Michigan and 6.7 percent nationally. During March and April 2020, jobs declined by 327,000 in the Warren metropolitan division or 26.2 percent. In the state of Michigan, jobs fell 22.8 percent, and nationally, the rate of job loss was 13.1 percent (not seasonally adjusted). From May 2020

through July 2021, 269,700 jobs have been recovered in the Warren metropolitan division, or 82.5 percent of the jobs lost. For the state of Michigan and the nation, the recovery was 79.3 and 82.7 percent, respectively. Before the COVID-19 pandemic, jobs had been growing strongly in the Warren metropolitan division. From 2011 through 2014, nonfarm payrolls increased by an average of 32,600, or 3.0 percent annually, declining to average annual growth of 24,900 jobs, or 2.1 percent, from 2014 through 2017. From 2011 through 2017, jobs grew faster in the Warren metropolitan division than in the state of Michigan or the nation. Because population growth in the HMA ended during 2017, job

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**The reopening of the economy in the Warren metropolitan division contributed to significant job growth in all sectors during the second quarter of 2021.**

	3 Months Ending		Year-Over-Year Change	
	July 2020 (Thousands)	July 2021 (Thousands)	Absolute (Thousands)	Percent
<b>Total Nonfarm Payrolls</b>	1,073.8	1,193.7	119.9	11.2
Goods-Producing Sectors	186.1	205.3	19.2	10.3
Mining, Logging, & Construction	52.5	59.5	7.0	13.3
Manufacturing	133.6	145.8	12.2	9.1
Service-Providing Sectors	887.6	988.4	100.8	11.4
Wholesale & Retail Trade	169.8	186.1	16.3	9.6
Transportation & Utilities	28.8	33.5	4.7	16.3
Information	18.0	18.5	0.5	2.8
Financial Activities	78.6	81.5	2.9	3.7
Professional & Business Services	227.6	256.6	29.0	12.7
Education & Health Services	159.4	173.1	13.7	8.6
Leisure & Hospitality	77.9	103.8	25.9	33.2
Other Services	35.6	41.7	6.1	17.1
Government	91.9	93.7	1.8	2.0
<b>Unemployment Rate</b>	16.5%	3.8%		

Note: Numbers may not add to totals due to rounding.

Source: U.S. Bureau of Labor Statistics



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growth in the Warren metropolitan division slowed sharply, averaging gains of 10,200 or 0.8 percent annually. Job growth in all sectors except the transportation and utilities and the government sectors slowed.

During the 3 months ending July 2021 —

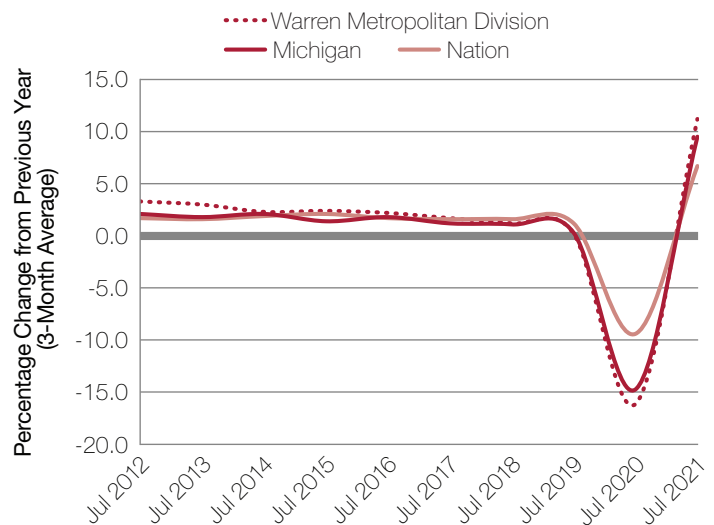
- All nonfarm jobs sectors increased in the Warren metropolitan division, led by the professional and business services sector, which added 29,000 jobs, or growth of 12.7 percent. The current job total in the professional and business services sector is 256,600, representing a strong recovery of lost jobs; during the 3 months ending February 2020, before the impacts of COVID-19, the sector included 260,900 jobs, and during the 3 months ending July 2019 the sector included 266,500 jobs.
- The jobs sector that recovered the fastest was the leisure and hospitality sector, which added 25,900 jobs, or a gain of 33.2 percent. The current payroll level in the sector is only 82 percent of the level from the 3 months ending July 2019. The job sector in the Warren metropolitan division that was most impacted was the leisure and hospitality sector, which fell by 63,800 jobs, or more than 56 percent during March and April 2020 (not seasonally adjusted).
- The transportation and utilities sector, which is nearly 90 percent comprised of the transportation and warehousing industry, rose by 4,700 jobs, or more than 16 percent. This industry has been crucial to the economic recovery in the Warren metropolitan division since emerging from the Great Recession during 2010. From 2011 to the current date, jobs in the transportation and warehousing industry rose nearly 6 percent annually, compared with job growth of 0.2 percent annually for the wholesale and retail trade sector, reflecting a shift in consumer preference to online and contact-free shopping. This shift has likely increased because of impacts from the COVID-19 pandemic. Since 2019, jobs in the transportation and warehousing industry rose an average of 2.6 percent annually at the same time that jobs in the wholesale and retail trade sector fell 4.7 percent annually.
- The unemployment rate in the Warren metropolitan division averaged 3.8 percent, down from 16.5 percent during the same period a year earlier. By contrast, the current rates for Michigan and the nation were 5.2 and 5.8 percent, down from 14.9 and 11.6 percent, respectively.

The manufacturing sector, specifically automobile production including the transportation equipment manufacturing, motor vehicle manufacturing, and motor vehicle parts manufacturing industries, are crucial components of the economy in the Warren metropolitan division. During the three months ending July 2021, these three manufacturing industries accounted for

8.7 percent of all nonfarm payrolls in the Warren metropolitan division, 7.7 percent of all nonfarm payrolls in Michigan, but only 1.6 percent of all nonfarm payrolls nationally. This concentration of automobile-based manufacturing jobs in the Warren metropolitan division contributed to the strong recovery of jobs in the division from 2011 through 2017. From a recent low of 7.68 million domestically produced motor vehicle sales during 2009, sales rose an average of 10.2 percent annually, to a recent high level of 14.13 million sales during 2015, the highest level of sales since 2001 (U.S. Department of Transportation). Motor vehicle sales remained high until 2020, when the brief recession caused by impacts from the COVID-19 pandemic led to job losses. Currently, demand for new motor vehicles in the United States and globally is very high, but producers are struggling to meet demand. The global shortage of semiconductor chips became significant during the third quarter of 2020 and shows no signs of abating,

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**During the 3 months ending July 2021, nonfarm payrolls grew at a faster rate in the Warren metropolitan division than in the state of Michigan or nationally.**



Source: U.S. Bureau of Labor Statistics

## Largest Employers in the Warren Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Beaumont Health	Education & Health Services	18,261
Fiat-Chrysler Automobiles US, LLC	Manufacturing	12,848
General Motors Company	Manufacturing	8,476

Note: Excludes local school districts.

Source: Oakland County, 2018 and 2019



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and other crucial production materials are also subject to short and long-term outages. Nevertheless, Stellantis N.V. announced a \$1.5-billion investment in its Warren Truck Assembly Plant in Macomb County, which is expected to result in 1,500 new jobs

by 2023. In Hazel Park, in Oakland County, Avancez Assembly, a supplier of automobile parts to General Motors Company, intends to fill 240 new jobs by early-2023 because of an investment of approximately \$50 million in its operations.

## Sales Market Conditions

The sales housing market in the Warren metropolitan division is slightly tight compared with balanced conditions a year earlier. The estimated sales housing vacancy rate is 0.9 percent. Sales housing conditions were soft in the years immediately following the Great Recession, shifting to balanced conditions in 2013. Improving economic conditions led to population growth that stopped during 2017 when job gains slowed. Following an initial decline in sales coinciding with the onset of the COVID-19 pandemic, sales have since increased because many households that did not lose jobs or income had an increase in telework that contributed to the need for different living arrangements. Approximately 1.2 months of supply of homes were for sale in the Warren metropolitan division during June 2021, down from 2.4 months of supply a year earlier and 7.7 months of supply during June 2010 (CoreLogic, Inc.). From June 2020 to June 2021, the available for-sale inventory fell more than 44 percent. Similar trends occurred nationally, 1.4 months of supply during June 2021 and 2.5 months of supply during June 2020. Total home sales (including single-family homes, townhomes, and condominiums) have risen in the metropolitan division since the fall of 2020, constrained primarily by a lack of available inventory. Average home sales prices have also risen since 2010.

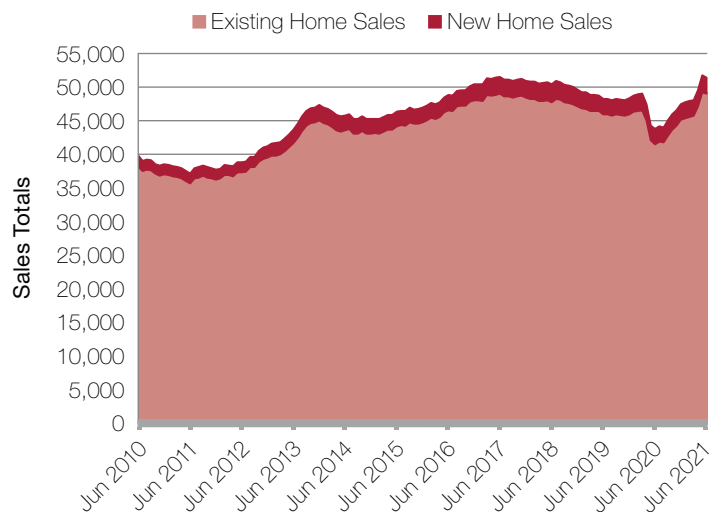
The percentage of home loans in the Warren metropolitan division that were seriously delinquent (90 or more days delinquent or in foreclosure) or transitioned into real estate owned (REO) status was 1.9 percent during June 2021, down from 2.7 percent a year earlier during the early stages of the COVID-19 pandemic (CoreLogic, Inc.). The current rate is below 2.0 percent in Michigan and 3.1 percent nationally. The rate peaked recently in the metropolitan division at 3.2 percent during July and August 2020 and is down significantly from levels during 2010 when the impacts from the Great Recession were still affecting the economy in the Warren metropolitan division. Recent counts of seriously delinquent mortgages are primarily a function of home loans 90 or more days delinquent, which soared from 2,850 during March 2020 to 11,800 during September 2020, before beginning to decline. Foreclosures did not increase proportionally, at least in part, because the \$2.2 trillion Coronavirus Aid, Relief, and Economic Security Act allowed mortgage forbearance by many borrowers. Rapidly improving economic conditions in the HMA contributed to most of these home loans staying out of foreclosure.

During the 12 months ending June 2021 —

- Existing home sales totaled 49,000, an increase of 7,500 or 18 percent, from a year earlier (Zonda). Existing home sales had been below this level, averaging 47,200 sales annually from 2017 through 2019. By contrast, existing home sales were significantly lower, averaging 37,900 annually during 2011 and 2012, before rising to 45,100 sales during 2013.
- New home sales totaled 2,450, an increase of 190 home sales or nearly 9 percent, compared with the previous 12-month period. New home sales fell precipitously following the Great Recession and its impacts on the economy of the Warren metropolitan division and have been generally stable, averaging 2,350 sales annually from 2013 through 2018.
- The average sales price for existing homes was \$266,100, nearly 13 percent above the average sales price a year earlier and a recent high figure for the area. Contributing to the record-high average sales price is the lack of available inventory and the decline in real estate owned (REO) sales, which are at the lowest level since before the Great

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**New home sales in the Warren metropolitan division have been relatively low since 2010; existing home sales slowed during early 2020 but have since recovered.**



Note: Sales data are for single-family homes, townhomes, and condominiums.  
Source: Zonda

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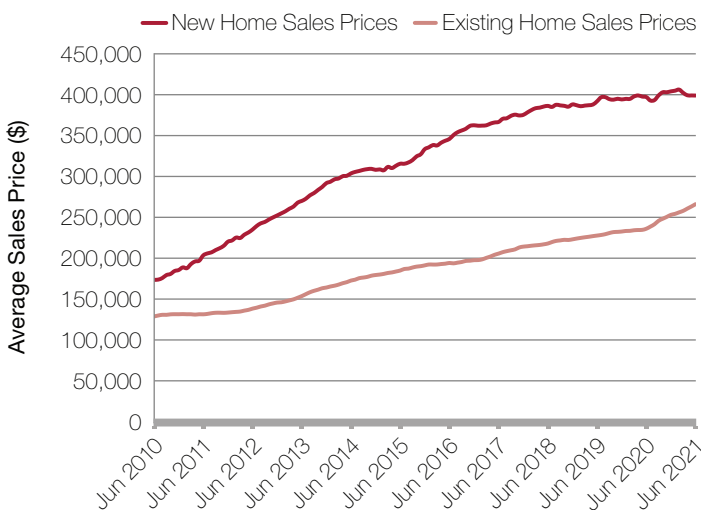
Recession and which sell for approximately 34 percent below the average regular resale home sales price. The last time existing home sales prices rose as rapidly was during 2014.

- The average new home sales price was \$399,500, less than 1 percent above the average sales price a year earlier and down slightly from prices in late 2020 and early 2021. Despite this low level of appreciation from a year earlier, new home sales prices have risen steadily since the Great Recession, with increases averaging nearly 14 percent, on average annually, from 2011 through 2014, and averaging 5 percent, on average annually, from 2015 through 2019.
- In this largely suburban market, condominium sales average approximately 23 percent of all home sales. Average condominium home sales prices are typically similar to single-family home sales prices, generally between 95 and 105 percent of the average sales price for a single-family home, depending on size and location.

New home sales construction activity, as measured by the number of single-family homes, townhomes, and condominiums permitted (hereafter, homes), slowed each year through 2020 since a recent peak during 2017. However, in response to current increasing levels of new and existing home sales and steady or increasing sales prices, construction levels have risen during the past 12 months.

- During the 12 months ending June 2021, approximately 5,100 new homes were permitted, an increase of 1,050

**Average sales prices for new and existing home sales in the Warren metropolitan division have risen steadily since 2010.**



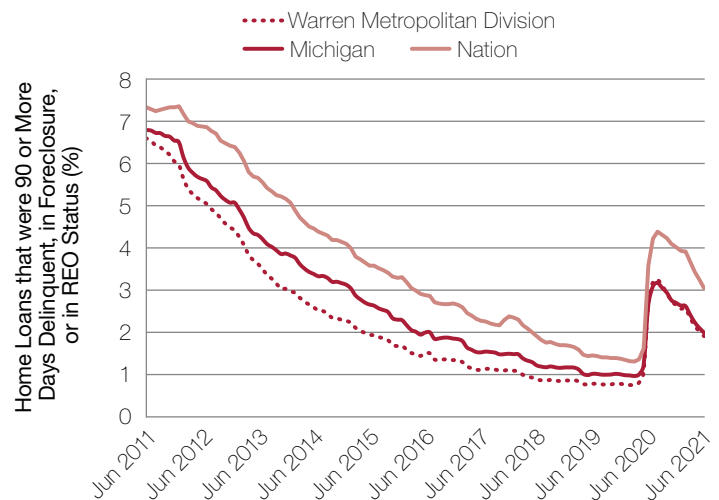
Note: Prices are for single-family homes, townhomes, and condominiums.  
Source: Zonda

homes, or 26 percent from a year ago (preliminary data). Since a recent high of 5,675 homes were permitted during 2017, construction activity slowed an average of 12 percent annually to 4,350 homes permitted during 2019.

- Approximately 44 percent of homes permitted during the 12 months ending June 2021 were in Oakland County, and

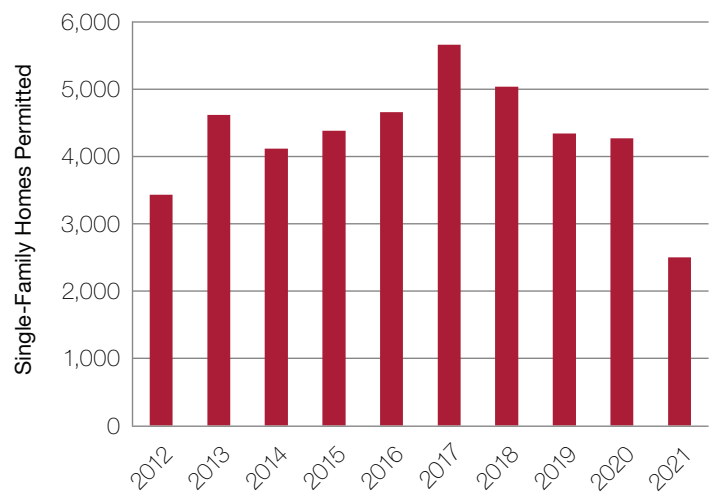
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**Although the proportion of seriously delinquent home loans and REO properties in the Warren metropolitan division rose sharply during mid-2020, it remains below the national rate.**



REO = real estate owned.  
Source: CoreLogic, Inc.

**After reaching a recent peak during 2017, single-family construction in the Warren metropolitan division has slowed each year from 2018 through 2020.**



Note: Includes preliminary data from January 2021 through June 2021.  
Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst

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Macomb County contributed nearly 30 percent. By contrast, homes permitted in Lapeer and St. Clair counties were 4 and 5 percent, respectively, of the total.

- In the city of Novi in Oakland County, a new subdivision called Lakeview has 20 home sites, with two- to four-

bedrooms starting at \$502,990. The Macomb Township in Macomb County has a new subdivision; Enclave at Legacy Estates has 55 home sites offering three- to five-bedrooms that start at \$340,990.

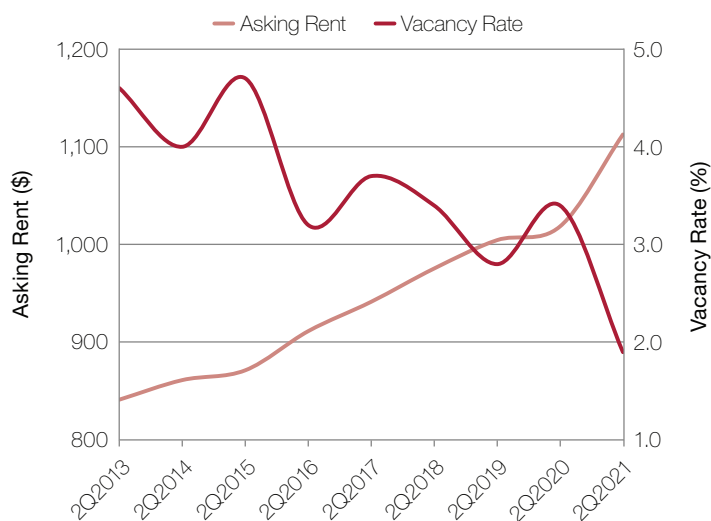
## Rental Market Conditions

Rental market conditions in the Warren metropolitan division are currently balanced and similar to a year earlier but tighter than conditions in 2010. Renter households have grown relatively quickly since 2010, leading to current balanced conditions despite significant new apartment construction. Apartment market conditions in the area are tight compared with slightly tight conditions a year earlier. The average apartment asking rents rose sharply during the past year when the apartment vacancy rate declined.

- The estimated vacancy rate for all rental units (including single-family homes, mobile homes, and apartments) was 6.1 percent as of August 1, 2021, a decrease from 11.2 percent in 2010 when conditions were soft.
- The apartment market, which represents an estimated 63 percent of all rental units, is tight. The vacancy rate in professionally managed apartments was 1.9 percent during the second quarter of 2021, down from 3.4 percent during the second quarter of 2020 (RealPage, Inc.). The apartment vacancy rate has been below 5 percent since 2012.
- The average monthly apartment asking rent was \$1,112 during the second quarter of 2021, a strong increase of more than 9 percent compared with the average asking rent a year earlier. This increased rent coincided with a sharp reduction in the apartment vacancy rate and is partly attributed to the economic recovery from the brief recession from March through April 2020, allowing people to move from roommate- and family-living arrangements.
- Apartment rents in the Warren metropolitan division are generally affordable. The HUD Gross Rent Affordability Index measures median renter household income relative to the qualifying income for the median-priced rental unit. When this index is above 100, it indicates an area where median renter incomes are rising faster than median rents. From 2013 through 2019, this index has been above 100 all but one year. During 2015, the index dipped slightly below 100, reaching 98.6 because of strong rent growth. However, during 2016 and 2017, income growth increased strongly, making median priced rental units more affordable.

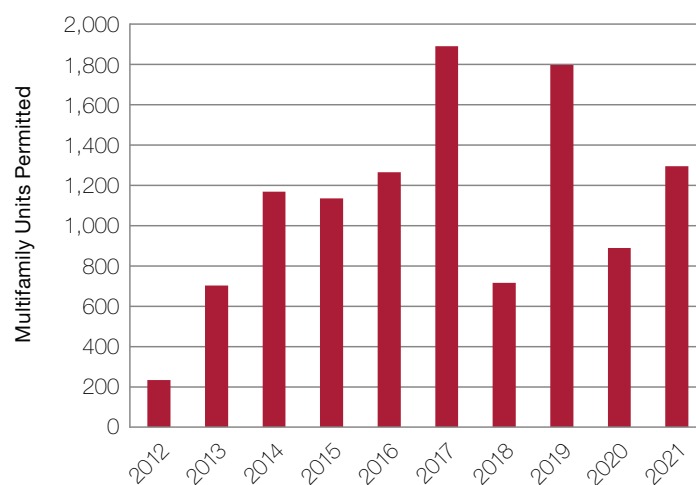
Apartment market conditions have been balanced to tight since 2012, so multifamily building activity, as measured by the

Since the second quarter of 2020, average apartment asking rents in the Warren metropolitan division rose sharply while the apartment vacancy rate fell.



2Q = second quarter. YoY = year-over-year.  
Source: RealPage, Inc.

Despite elevated multifamily housing construction since 2013 in the Warren metropolitan division, the apartment market has remained balanced to slightly tight.



Note: Includes preliminary data from January 2021 through June 2021.  
Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst

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number of units permitted, has generally been high with recent peaks of construction during 2017 and 2019.

- During the 12 months ending June 2021, approximately 1,850 multifamily units were permitted, or 80-percent more than the 1,025 multifamily units permitted a year earlier (preliminary data). This sharp increase is likely because of tightening apartment market conditions since the second quarter of 2020.
- From a recent low level of multifamily permitting during 2012, when only 230 units were permitted, multifamily construction rose rapidly and increased an average of 52 percent annually to a recent high level of 1,900 units permitted during 2017,

which coincided with the last year that job growth in the Warren metropolitan division exceeded the national rate of job growth.

- Multifamily permitting fell sharply during 2018 to 720 units, likely due to slowing economic and population growth in the area. The increased production from 2017 was absorbed with minimal disruptions to the overall apartment market, and permitting rose again during 2019 to 1,800 units.
- The Fountain Circle Apartment Homes, a recently completed property in the Auburn Hills region of Oakland County, includes 258 units and opened in early 2021 with units including one- to three-bedrooms and rents ranging from \$1,549 to \$2,449.