



# Coming Back from the Brink

## Capital Flows and Neighborhoods Patterns in Commercial, Industrial, and Multifamily Investment in Detroit

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**Though the economic decline of Detroit has been well chronicled in national media, the city's resurgence is bringing new stories into play. Population loss has slowed. The city has begun to gain jobs. Home prices are starting to climb out of the cellar. The city has exited bankruptcy.**

The Detroit homeownership market has received considerable attention, including the challenges of high vacancy rates, vandalism, blight, homes appraising for below the cost of rehabbing them, a shortage of licensed and bonded contractors, the highest property taxes of any major city, an anemic mortgage-lending market, and, of late, an increase in contract for deed sales (Bai et al. 2016; Lincoln Institute of Land Policy and Minnesota Center for Fiscal Excellence 2015).<sup>1</sup> Though these stories are deeply important, they do not address the landscape of other properties in Detroit—commercial, industrial, multifamily, and institutional. Despite considerable weaknesses in these markets, as with the broader city, they are witnessing some growth.

Signs of stabilization and renewal are evident in the city. Quicken Loans has located 12,000 additional jobs in downtown Detroit, and Blue Cross has added 3,400. Office vacancy rates stood at 15 percent as of 2016, the lowest level seen in 20 years.<sup>2</sup> Midtown Detroit saw 18 new housing developments with 750 units either begin construction or sign deals in 2015, more than double 2014 levels.<sup>3</sup>

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## BOX 1

### The Urban Institute's Collaboration with JPMorgan Chase

The Urban Institute is collaborating with JPMorgan Chase over five years to inform and assess JPMorgan Chase's philanthropic investments in key initiatives. The goals of the collaboration include using data and evidence to inform JPMorgan Chase's philanthropic investments, assessing whether its programs are achieving desired outcomes, and informing the larger fields of policy, philanthropy, and practice. One of these programs is its \$100 million, five-year commitment to support and accelerate Detroit's economic recovery. This brief is part of a larger project identifying general trends in commercial investment in Detroit. We are paying close attention to the neighborhoods and districts where investments are made and the players, both community development financial institutions and other commercial lenders, that are making them.

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There have been several significant developments that have bolstered confidence in core neighborhoods of the city. There is ongoing construction of the QLINE streetcar along Woodward Avenue. There is a flurry of development in Midtown Detroit, including the TechTown business accelerator, the Roxbury Group's development of an \$82.5 million multifamily and boutique hotel, George Stewart's mixed-use development of the \$44 million Woodward Garden Block, and Wayne State University's development of 181 apartments and condos on the northern edge of Midtown.<sup>4</sup> Downtown has also received attention, including McCormack Baron Salazar's new development of a \$55 million mixed-use project a block from the Detroit River and Adient's acquisition and renovation of the Marquette Building in Downtown Detroit.<sup>5</sup> These are just a few examples of projects under way in the city. There appears to be improved access to credit for commercial real estate financing in Detroit and a "sense among developers and lenders that most redevelopment projects are financially feasible, whereas just a few years ago questions were rampant about whether enough demand existed."<sup>6</sup>

Despite these green shoots, there is ample reason for concern, especially when looking outside of Downtown and Midtown. This brief is meant to supply a better understanding of investment flows in the Motor City. We explore the following key questions:

- What is the local context in Detroit in terms of jobs, population levels, and owner-occupied single-family homes?
- What do sales and construction or rehabilitation (i.e., building permit) data indicate about investment in Detroit over time? What is the pricing for these deals, and how has this changed?
- How much debt financing is flowing to Detroit for the development of commercial, industrial, and multifamily properties?
- How concentrated or diffuse is investment in Detroit across the city's neighborhoods?

In brief, we find that sales volumes of commercial, industrial, multifamily, and institutional properties starkly declined through the Great Recession but are reemerging. Prices per square foot declined precipitously and remain low, but the number of sales is approaching prerecession levels. Investments in construction and rehab of these types of properties are nearly 10 times the dollar volume of sales, as developers seek to add value to the market. Moreover, permit volumes have risen appreciably in recent years. Another lens into these types of properties is not how owners use capital (for purchase, construction, or rehab), but how they access it. As might be expected, loans for these properties had a significant drop during the crisis, but of late have shown considerable growth. Commercial, industrial, multifamily, and institutional sales, construction and rehab, and lending are spread throughout Motor City, but projects in the Central Business District and Woodward Corridor are larger. As a result, those areas have seen the highest levels of these investments.

In a companion brief (Theodos et al. 2017), we take an in-depth look at the role of mission-oriented investments, including investments by and through community development financial institutions (CDFIs), in facilitating commercial real estate development.

## Detroit in Context

That Detroit faces continued economic challenges is well known. From 2000 through 2015, the city lost 28 percent of its population. Nearly 30 percent of housing units were vacant in 2015. In that year, unemployment stood at 17 percent for working-age adults, and another 37 percent of working-age adults were out of the labor force. (These figures are well above the national numbers, where just 5 percent of working-age adults were unemployed and 23 percent were out of the labor force).<sup>7</sup> By 2015, the poverty rate in Detroit stood at 40 percent, a significant increase from 26 percent in 2000 and two and a half times the overall US poverty rate of 15 percent. The number of jobs located in the city was something of a bright spot, remaining stable from 2003 to 2014. (However, according to one estimate, roughly three-quarters of jobs located in Detroit, Hamtrick, and Highland Park are held by people who commute in from surrounding suburbs [Coxen et al. 2016].)

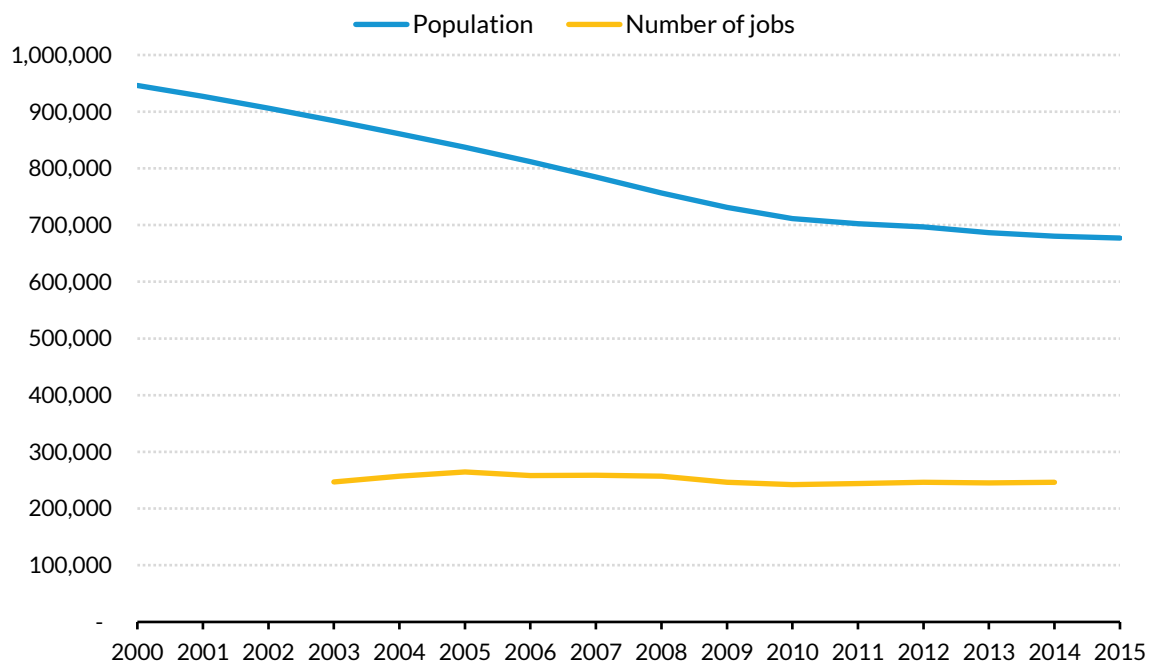
The following are key elements of context in Detroit to keep in mind when considering the investment patterns in commercial, industrial, and multifamily properties:

- Population levels declined 28 percent from 2000 through 2015, but they have been declining at a lower rate in recent years (figure 1).
- The city exhibited consistent and severe population loss across most neighborhoods, though there were a few areas that saw little loss or even gained residents (figure 2).
- Detroit's population from 2011 through 2015 (which we refer to as 2013 for shorthand) was spread throughout the city, but it was concentrated in the residential neighborhoods away from the city center (figure 3).

- The number of jobs located in Detroit has been more resilient than population levels. After declining by roughly 18,200 (7 percent) from its peak of approximately 264,500 in 2005 to a low of about 242,200 in 2010, the city has since added 4,100 net jobs (2 percent) (figure 1).
- From 2003 to 2014, most of the job growth was concentrated along the Detroit River and in the Central Business District and Lower Woodward Corridor (figure 4). Detroit's jobs are highly concentrated in the Central Business District and Lower Woodward Corridor (figure 5).
- Looking at the price per square foot of single-family homes in Detroit, prices appear to have increased, up \$2.39 from their low point. Values in 2015 stood at just 8 percent of their peak in 2005 (figure 6). (All dollar amounts in the brief are adjusted for inflation to 2015 dollars.)
- Sales of single-family homes in Detroit is down as well, from their peak of 13,500 in 2006 to roughly half that by 2015 (figure 7).
- Values for single-family housing range quite a bit across the city (figure 8), with appreciably higher values in the neighborhoods surrounding the Central Business District.

FIGURE 1

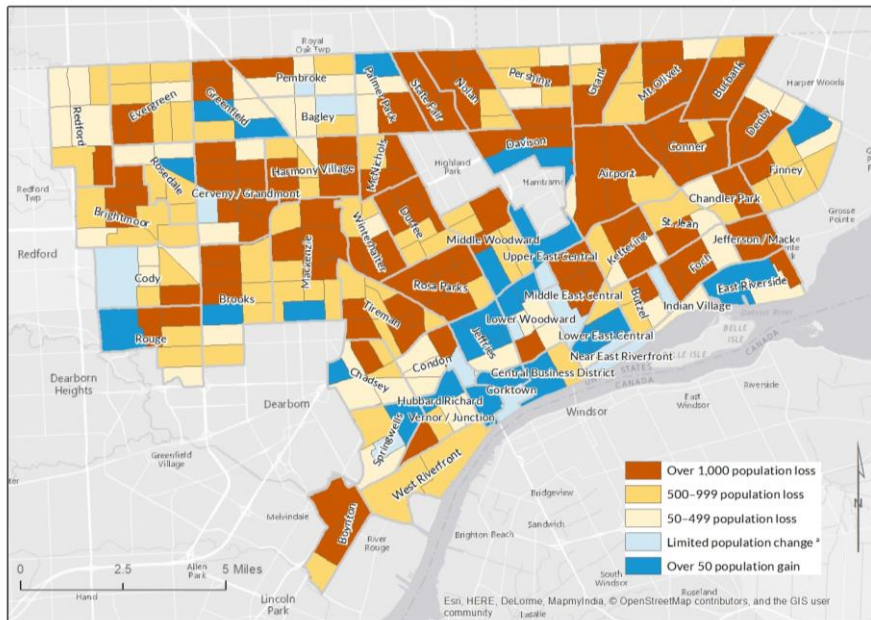
#### Citywide Change in Detroit Population and Number of Jobs, 2000–15



**Sources:** US Census Bureau, Population Division; US Census Bureau, Longitudinal-Employer Household Dynamics (LEHD).

**Note:** As of the drafting of this brief, population data available 2000 through 2015, jobs data available 2003 through 2014.

**FIGURE 2**  
**Change in Detroit Population, 2000 to 2013**

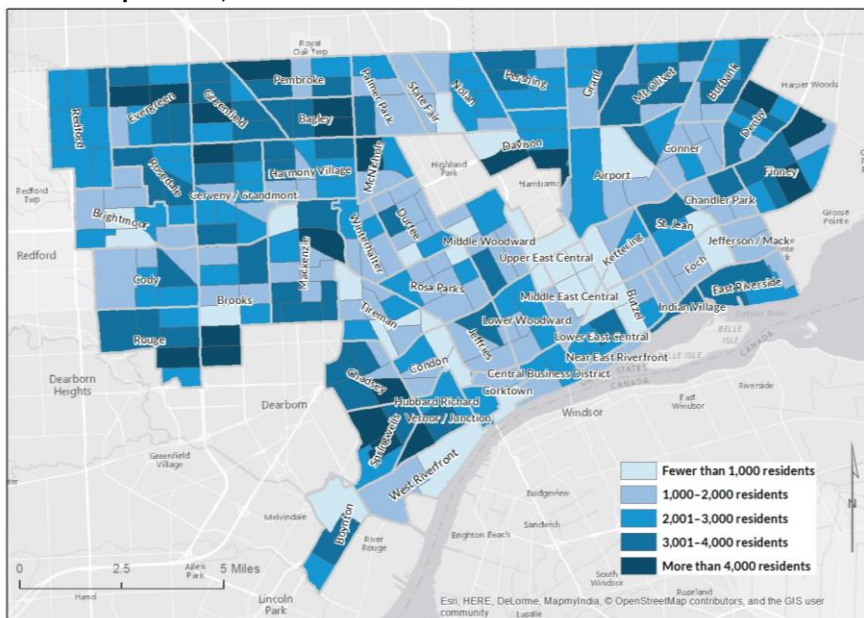


**Sources:** US Census Bureau, 2000 Decennial Census; US Census Bureau, American Community Survey (ACS) (2011–15 tract-level average).

**Notes:** 2013 refers to 2011–15 (five-year estimates).

<sup>a</sup> Population changed by fewer than 50 residents.

**FIGURE 3**  
**Detroit Population, 2013**

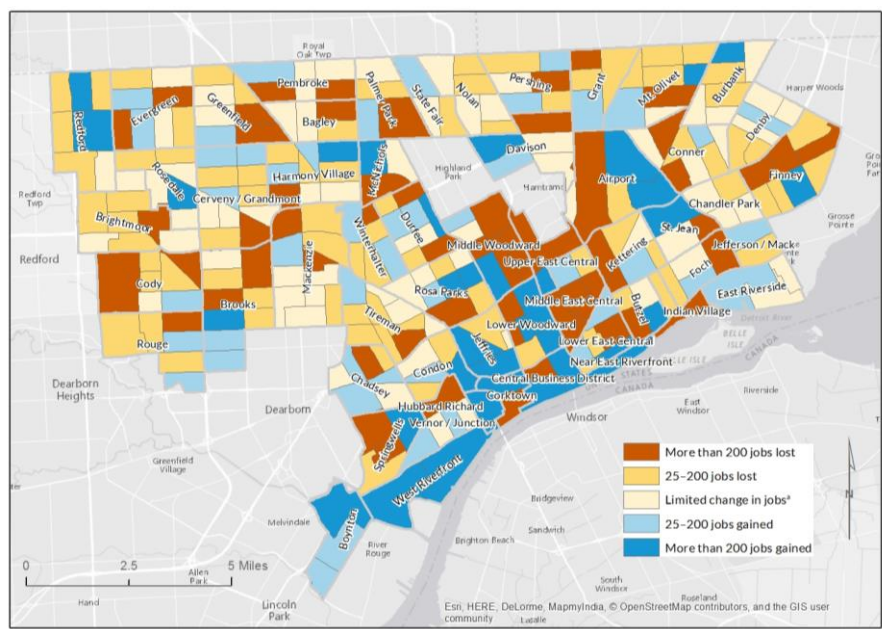


**Source:** US Census Bureau, ACS (2011–15 tract-level average).

**Note:** 2013 refers to 2011–15 (five-year estimates).

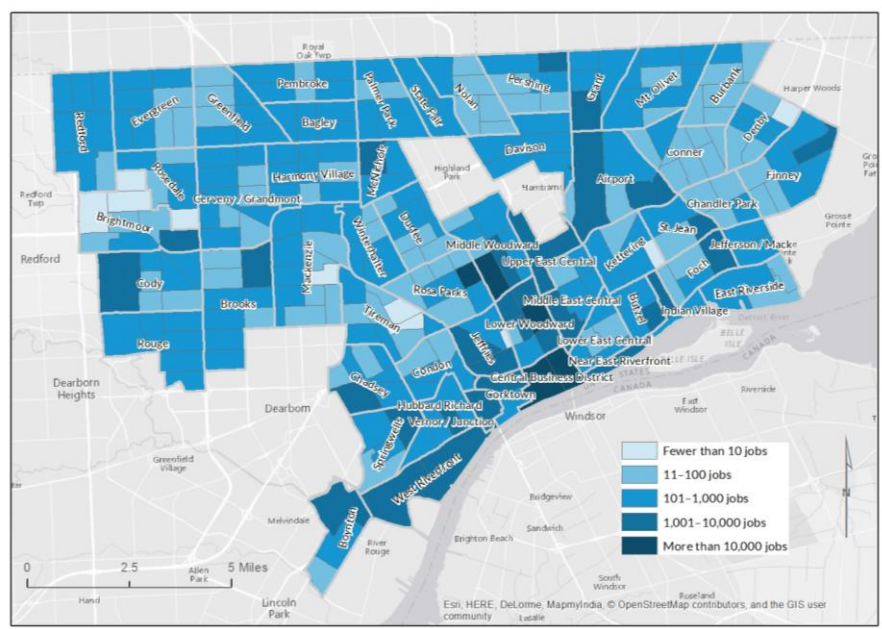


**FIGURE 4**  
**Change in Detroit Number of Jobs, 2003–14**



Source: US Census Bureau, LEHD.  
<sup>a</sup> Employment changed by fewer than 25 jobs

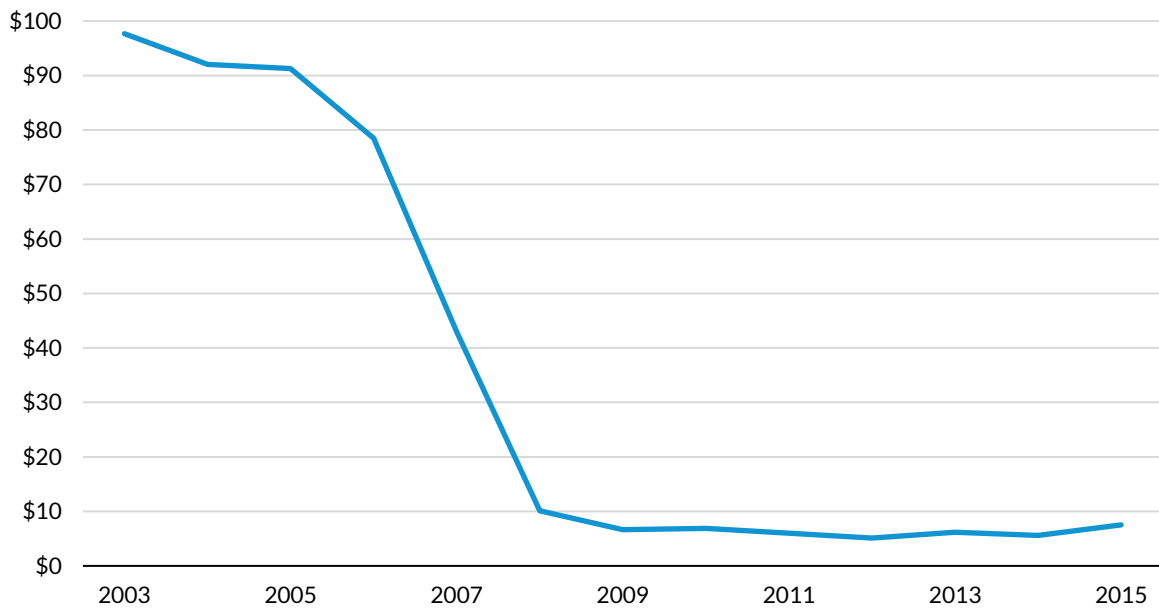
**FIGURE 5**  
**Detroit Number of Jobs, 2014**



Source: US Census Bureau, LEHD.

FIGURE 6

Median Price per Square Foot of Single-Family Homes in Detroit, 2003–15

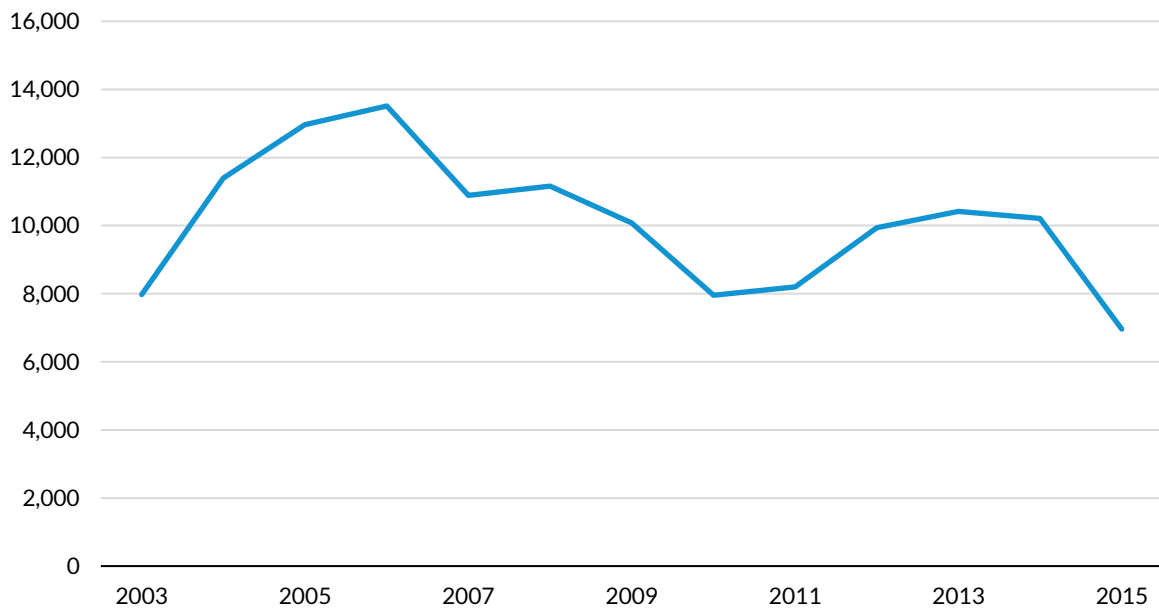


Sources: CoreLogic, Real Capital Analytics, and City of Detroit's Office of the Assessor.

Notes: Prices are adjusted for inflation (2015 dollars).

FIGURE 7

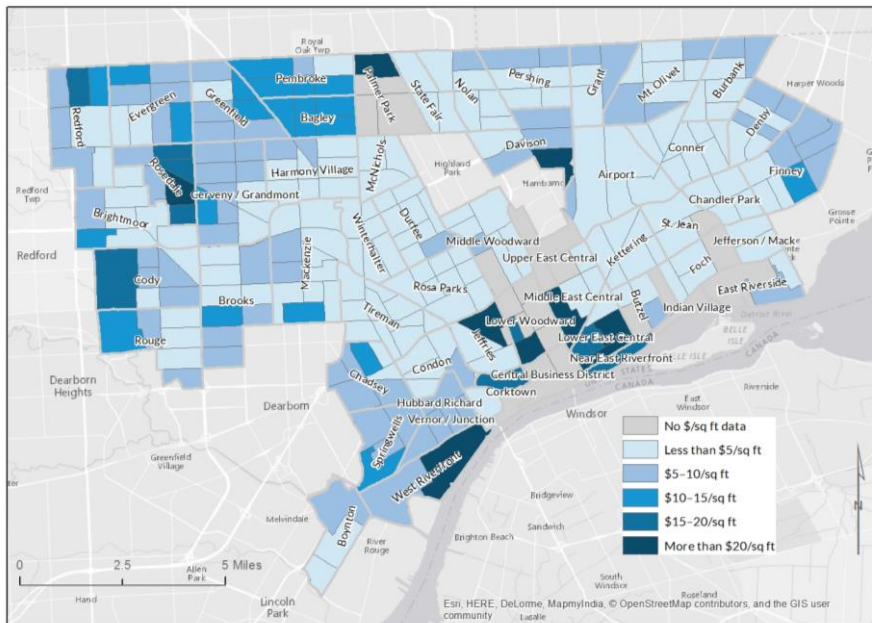
Number of Single-Family Home Sales in Detroit, 2003–15



Sources: CoreLogic and Real Capital Analytics.

FIGURE 8

## Median Price per Square Foot of Single-Family Homes in Detroit, 2014–15



Sources: CoreLogic, Real Capital Analytics, and City of Detroit Assessor's Office.

## Sales

Commercial, industrial, multifamily, and institutional properties and land sales followed the boom and bust story of the lead up to and aftermath from the Great Recession. But in the past few years, sales have experienced a return to growth (figure 9).<sup>8</sup>

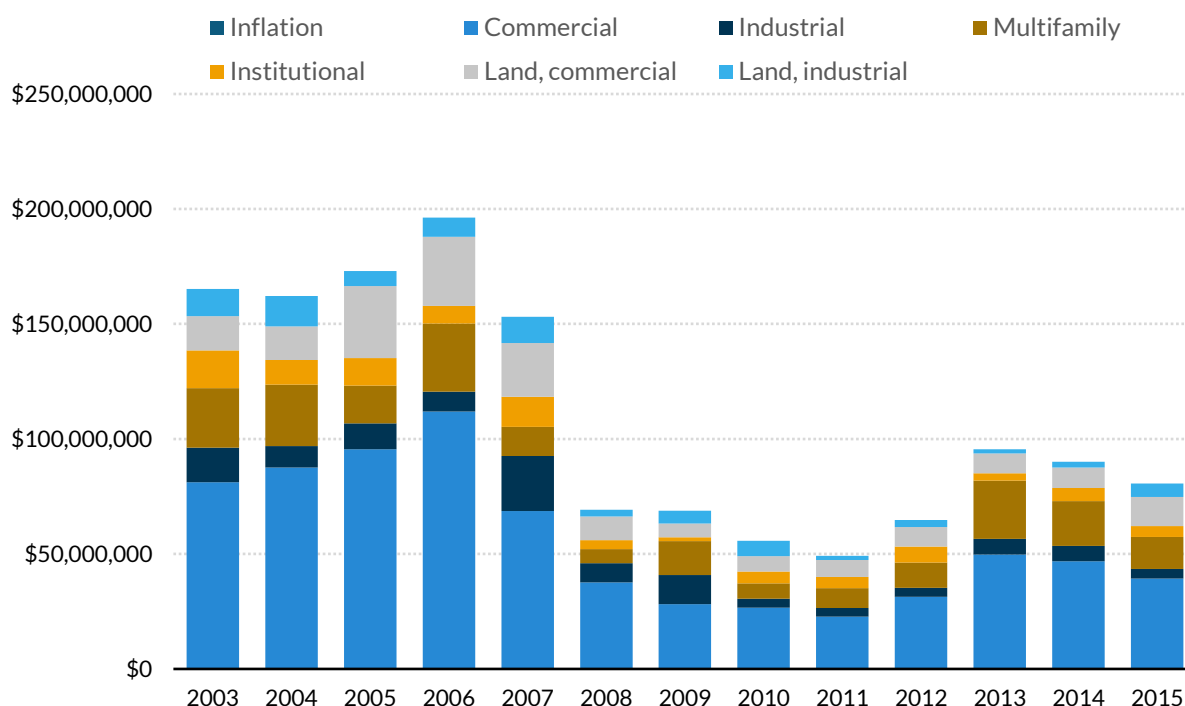
- Collectively, sales of these properties and land crested at \$196 million in 2006, dropping to \$49 million in 2011, 25 percent of the high point. By 2015, sales volume had increased again to \$81 million, or 41 percent of the 2006 level.
- Commercial properties (e.g., offices, retail, lodging, warehouses) represent the largest share of sales among these asset classes in each year studied. As reflected in the overall trend, sales of commercial properties reached their peak in 2006 (\$112 million), fell to \$23 million in 2011, and rebounded to \$39 million in 2015.
- Multifamily (and mixed-use) sales followed the same overall pattern, peaking at \$30 million in 2006, dropping to \$6 million in 2008, and returning to \$14 million in 2015.<sup>9</sup>
- Industrial activity is smaller, ranging from \$24 million in 2007 to \$4 million in 2010–12 and 2015.



- Also, smaller, institutional sales activity ranged from \$16 million in 2003 to \$2 million in 2009, rising to \$5 million by 2015.
- Given Detroit's high share of vacant land, it is not surprising that sales of land, whether zoned for commercial or industrial purposes, represent a significant share of total sales volume. Land sales were worth \$38 million in 2005 and 2006, falling to \$9 million in 2011, and rising again to \$19 million in 2015.

FIGURE 9

### Aggregate Sales Volume by Property Class in Detroit, 2003–15



Sources: CoreLogic, City of Detroit's Office of the Assessor, Motor City Mapping, and Real Capital Analytics.

Notes: Prices are adjusted for inflation (2015 dollars).

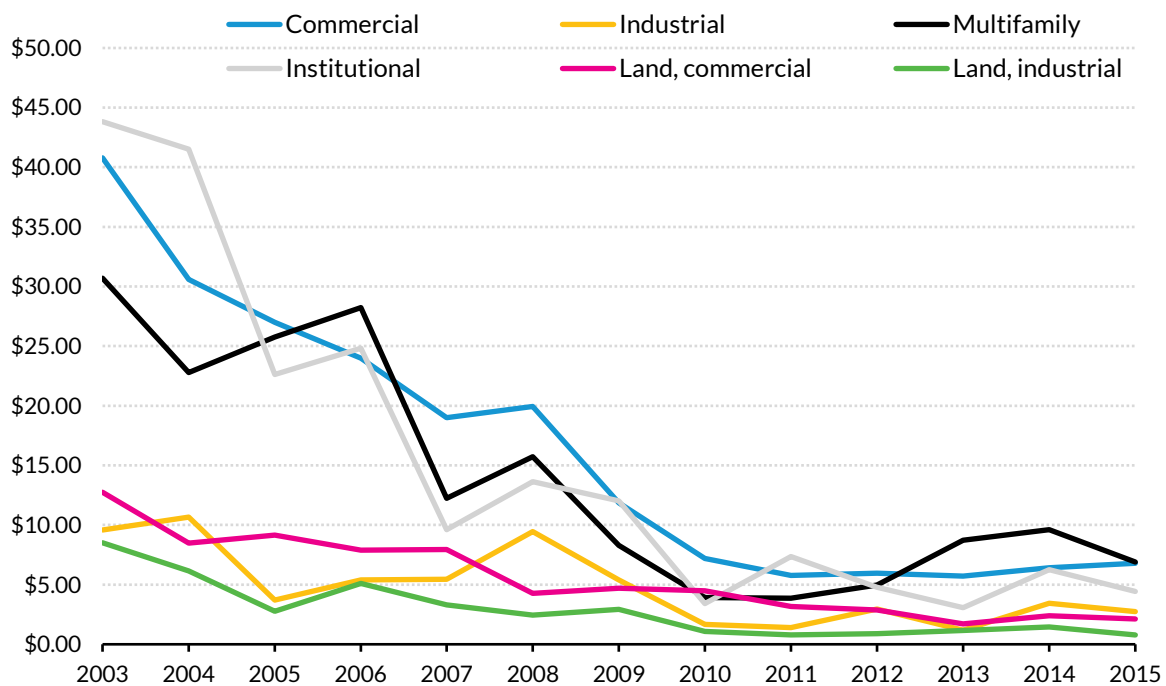
Sales volumes are determined both by the number of sales and their pricing. Pricing tells the story of precipitous declines after 2003. However, values have recently begun to recover (figure 10).

- Prices for commercial real estate per square foot declined 86 percent from 2003 to 2011 (from \$40.79 to \$5.78), but as of 2015, they were up 18 percent from that trough (to \$6.80). In 2015, commercial prices stood at 17 percent of their 2003 peak value, up from 2011 when they stood at 14 percent of their peak value.

- Industrial real estate values declined 88 percent from 2003 to 2013 (from \$9.59 per square foot to \$1.18). By 2015, values had risen to \$2.73. In 2015, industrial prices were at 28 percent of their 2003 peak value, up from 2013 when they were 12 percent of their peak.
- Prices for multifamily properties were highest in 2003 at \$30.70 per square foot, before falling to \$3.86 in 2011, a drop of 87 percent. Since that trough, prices have grown 79 percent to \$6.90 per square foot in 2015. In 2015, multifamily prices stood at 22 percent of their high point in 2003, up from 2011, when they were 13 percent of their peak.
- Prices for institutional properties were highest in 2003 at \$43.82 per square foot, before falling to \$3.07 in 2013, a drop of 93 percent. Prices have grown 31 percent since then to \$4.43 in 2015. The 2015 institutional property prices are still only 10 percent of their peak.
- As expected, prices for commercial and industrial land are well below prices for properties with built structures in each year. Land sales exhibit the same general trends of declining then stabilizing prices.

FIGURE 10

#### Median Sales Price per Square Foot by Property Class in Detroit, 2003–15



Sources: CoreLogic, City of Detroit's Office of the Assessor, Motor City Mapping, and Real Capital Analytics.

Notes: Prices are adjusted for inflation (2015 dollars). Over this time, the number of commercial sales for which we were able to determine price per square foot ranged from 272 to 547, industrial sales ranged from 29 to 72; multifamily sales (including mixed-use properties) ranged from 45 to 118, institutional sales ranged from 14 to 52, commercial-land sales ranged from 104 to 354, and industrial-land sales ranged from 38 to 113.

Though prices are still well off their high points, the number of sales is returning to and surpassing prerecession levels. For example, with 624 sales in 2014 and 630 in 2015, commercial real estate sales activity in Detroit has bounced back to its previous highs of 2005 and 2006. Industrial activity has remained fairly consistent year over year, with 85 sales in 2014 and 64 in 2015. The number of multifamily property sales is greater than before the recession, ranging from 110 to 125 in recent years, well above the 2008 low of 51. Similarly, institutional sales are now more frequent than before the recession (69 sales in 2015, up from a low of 23 in 2009). Sales of land have also bounced back, with 1,371 sales in 2015, up from 773 in 2010.

Smaller deals make up the preponderance of commercial and industrial real estate sales in Detroit, even by dollar volume.

- Commercial property sales of under \$500,000 made up 64 percent of total deal flow by dollar volume, and 96 percent of the number of properties sold, from 2003 to 2015. Sales of under \$1 million made up 81 percent of deal flow by dollar volume, and 99 percent of properties over the same years.<sup>10</sup>
- Industrial property sales of under \$500,000 made up 55 percent of total deal flow by dollar volume, and 95 percent of properties from 2003 to 2015. Industrial property sales of under \$1 million made up 74 percent of deal flow by dollar volume, and 98 percent of the number of properties sold over the same years.
- Multifamily property sales of under \$500,000 made up 52 percent of total deal flow by dollar volume, and 93 percent of the number of sales, from 2003 to 2015. Multifamily property sales of under \$1 million made up 68 percent of deal flow by dollar volume, and 97 percent of the number of sales over the same years.
- Institutional property sales of under \$500,000 made up 50 percent of total deal flow by dollar volume, and 93 percent of the number of sales from 2003 to 2015. Institutional sales of under \$1 million made up 72 percent of deal flow by dollar volume and 98 percent of the number of sales over the same years.
- Land sales of under \$500,000 made up 86 percent of total deal flow by dollar volume and all but a few dozen sales (100 percent of sales when rounded to the nearest integer) from 2003 to 2015. Land sales of under \$1 million made up 91 percent of deal flow by dollar volume, over the same years.

## Construction or Rehabilitation Activity

Looking at sales prices gives the impression that Detroit's recovery has been relatively modest. The picture emerging from construction and rehabilitation is more robust; and construction and rehab volume dwarfs that of sales. In 2015, construction and rehab levels were nearly 10 times those of sales.

This dynamic is consistent with a recovering market, in which developers are picking up underinvested properties and repositioning them.

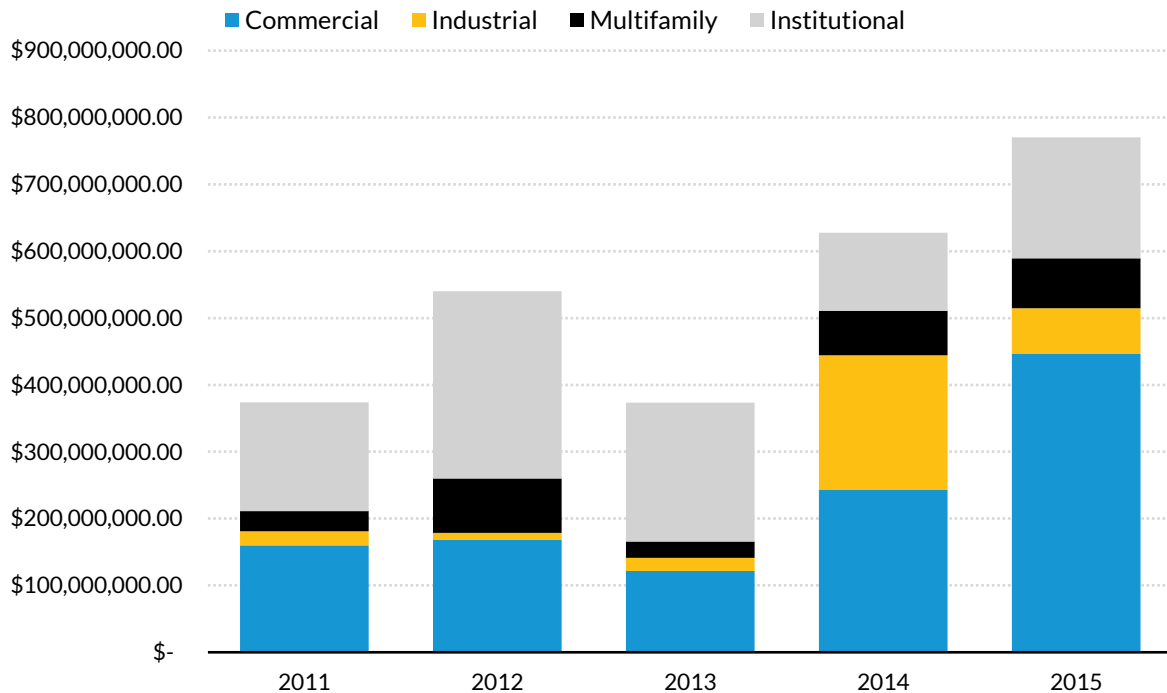
To build or rehab a property in Detroit, an individual or firm is required to apply for a building permit with the Buildings, Safety Engineering and Environmental Department (BSEED). Therefore, building permit data demonstrate the value of physical upgrading investments new buyers and incumbent owners made in Detroit properties.

Consistent permit data are not available before 2011, but starting with that year the data confirm that construction and rehabilitation activity has grown substantially (figure 11).

- The total dollar volume of construction and rehabilitation investments more than doubled, from \$374 million in 2011 to \$770 million by 2015.
- Commercial investments demonstrated sizable growth, with construction and rehabilitation levels in 2015 nearly three times higher than in 2011, rising from \$160 million in 2011 to \$446 million in 2015.
- Industrial and multifamily properties represent a smaller share of investments in Detroit at \$68 million and \$75 million in 2015, respectively. Industrial investment levels were more than three times higher than in 2011, and multifamily-investment levels were roughly two and a half times higher than in 2011.
- Institutional investments in construction and rehab are sizable, in some years outpacing similar commercial investments. By 2015 they were slightly above 2011 levels (though institutional construction and rehab investments in 2012 and 2013 were considerably higher than in 2015).
- These trends are evident in a city context where property taxes are fairly neutral with respect to property type (e.g., commercial, industrial, apartment, and owner occupied). As it does with single-family owner-occupied homes, Detroit has the highest rates of commercial and industrial property taxes, and it has the second highest rates for apartment properties of any large city in the nation (Lincoln Institute of Land Policy and Minnesota Center for Fiscal Excellence 2015).

FIGURE 11

### Construction and Rehabilitation Volume by Property Class in Detroit, 2011–15



Sources: Detroit BSEED, Motor City Mapping, and Midtown Detroit, Inc.

Note: Volumes are adjusted for inflation (2015 dollars).

## Citywide Trends in Debt Financing for Commercial, Industrial, and Multifamily Properties

Though property sales and permits for construction and rehabilitation provide evidence about how capital is being *used* in Detroit, it is also important to understand how capital is being *accessed*. This section examines patterns in lending for purchase, construction, and rehabilitation citywide for Detroit for all of these property uses and by asset class.

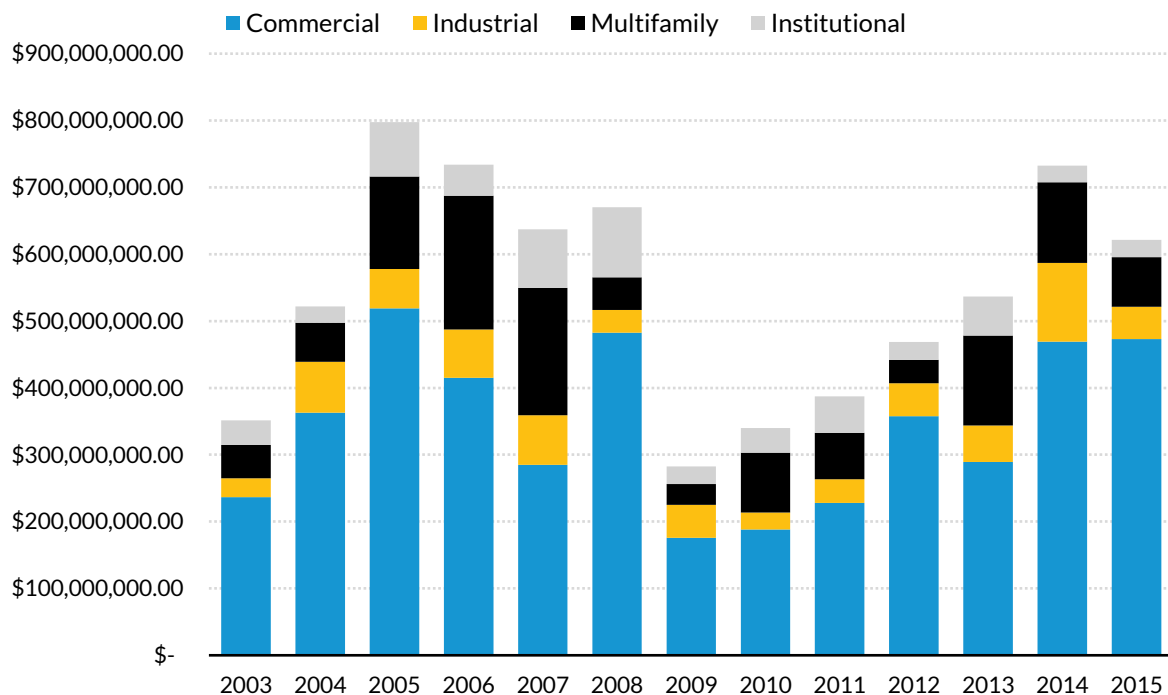
- As with the uses of capital described above, debt financing peaked prerecession (\$798 million in 2005) before falling dramatically during the Great Recession (\$282 million in 2009, or 35 percent of the 2005 peak) (figure 12). Lending levels have rebounded since then, and by 2015 stood at \$622 million, more than twice their 2009 level.<sup>11</sup>
- As the largest asset class of the four, commercial lending volumes drove this trend, cresting at \$519 million in 2005 before dropping to \$176 million in 2009. Since then, commercial lending has recovered substantially, rising to \$473 million in 2015.

- Industrial lending also fell during the recession to \$25 million in loans in 2010. But industrial lending has also bounced back, with 2014 as the biggest year on record (\$118 million), and 2015 in line with historic levels (\$48 million).
- Multifamily lending also declined from its prerecession peak of \$200 million in 2006 to \$31 million in 2009. Volumes have since returned to \$121 million in 2014 and \$74 million in 2015.
- Institutional lending is smaller and more variable year to year, ranging from \$26 million (in 2015) to \$105 million (in 2008).

**FIGURE 12**

### **Lending Volume in Detroit by Property Class, 2003–15**

*For loans under \$100 million*



**Sources:** City of Detroit's Office of the Assessor, Motor City Mapping, CoreLogic, and Real Capital Analytics, and CDFI and other loans data providers (see Data Sources section).

**Notes:** Ten large loans above \$100 million were excluded from this analysis. Two were related to the federal bailout of the auto industry. Volumes are adjusted for inflation (2015 dollars).

Figure 12 above excludes loans of over \$100 million to avoid having very large outliers mask the overall trend of lending activity in Detroit. Our data contain nine loans valued at over \$100 million that were made between 2003 and 2015. Of these, three loans, totaling \$13.64 billion, were made in 2009, relating to the bailout of the auto industry that occurred in that year. Four loans, totaling \$493 million, were made in 2007, by a health care–finance concern. And two loans, totaling \$600 million, were made in 2013 and appear to be related to various health facilities.<sup>12</sup>



## Neighborhood Investment Patterns

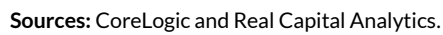
Within Detroit, there are different patterns of investment by neighborhood. Investments were spread across the city as there are a notable number of sales, loans, and permits in neighborhoods throughout the city (figures 13, 15, and 17). As the maps illustrate, these investments are often located along the major traffic corridors of the city.

Loan and project sizes vary considerably across the city, so though many Detroit neighborhoods have seen commercial, industrial, multifamily, or institutional investment, there has been considerable concentration of the total dollar volume of these investments in the Central Business District and the Lower Woodward and Middle Woodward neighborhoods. This is evident when looking at sales, construction and rehabilitation, and loans (figures 14, 16, and 18). It is this combination of growth downtown and more limited investment in outer neighborhoods that can make Detroit appear to be a “tale of two cities.”<sup>13</sup>

Higher dollar volumes in Central Business District and immediately surrounding neighborhoods could have resulted either from a greater number of projects or larger projects. Though the downtown and Woodward areas have more projects than other neighborhoods, the larger size of the projects located there is a more important factor.

Detroit’s commercial investment patterns align with where the greatest number of commercial properties are located as well where the greatest number of jobs are located. When we examine investment amounts by neighborhood, but scale them by the number of jobs in each neighborhood, we find a more even distribution across the city. In other words, investments are flowing to the neighborhoods where the most jobs are located, and jobs are located in and moving to neighborhoods where the most investments are flowing.

## Commercial, Industrial, Multifamily, and Institutional Property Sales in Detroit, 2003–15



### Commercial, Industrial, Multifamily, and Institutional Sales Volume in Detroit, 2003–15

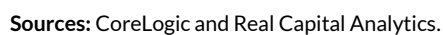
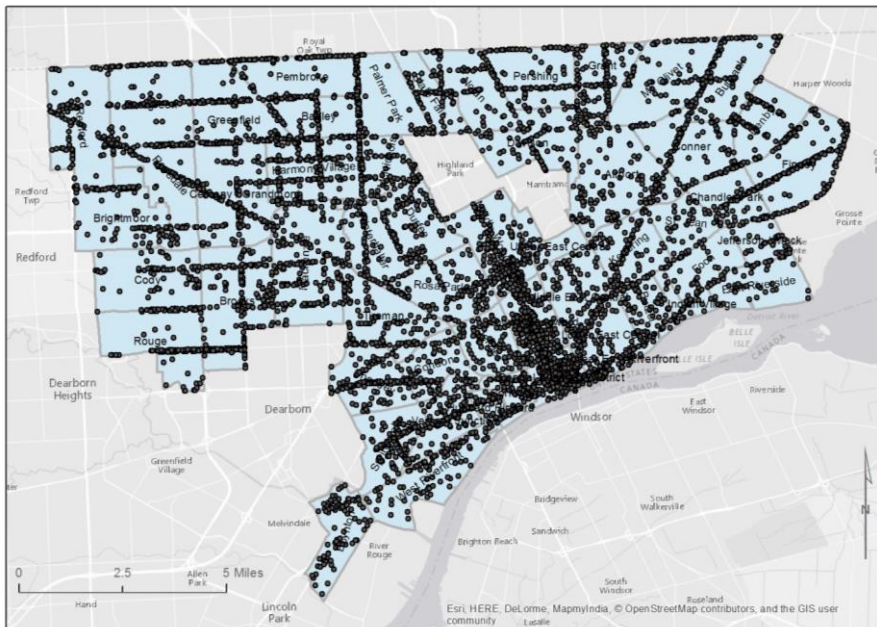


FIGURE 15

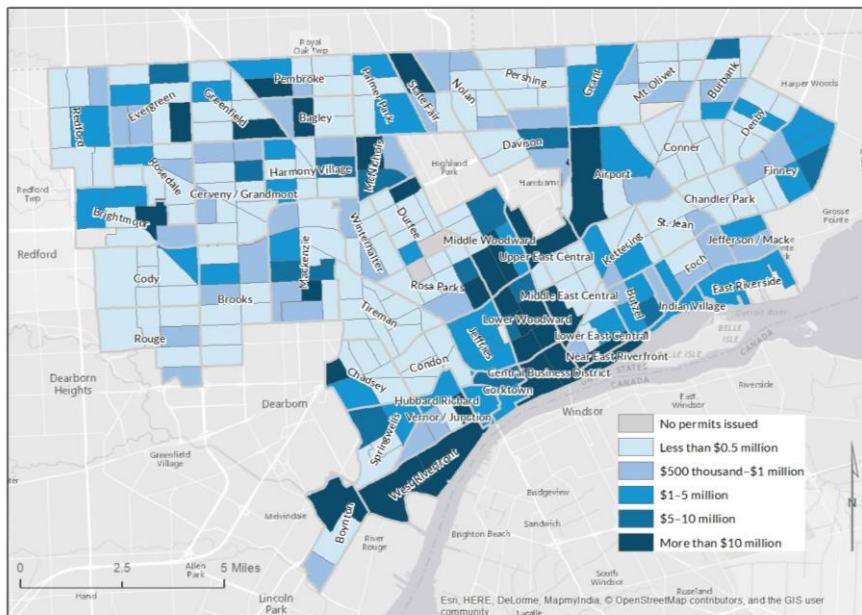
Commercial, Industrial, Multifamily, and Institutional Permits in Detroit, 2003–15



Sources: Detroit BSEED and Midtown Detroit, Inc.

FIGURE 16

Commercial, Industrial, Multifamily, and Institutional Permits Volume in Detroit, 2011–15

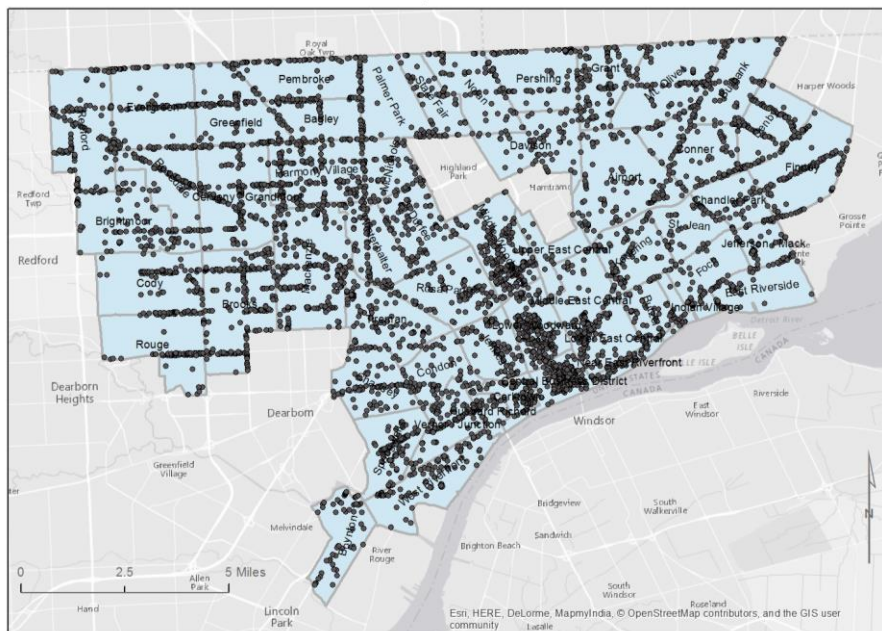


Sources: Detroit BSEED and Midtown Detroit, Inc.



FIGURE 17

### Commercial, Industrial, Multifamily and Institutional Loans in Detroit, 2003–15



Sources: City of Detroit's Office of the Assessor, CoreLogic, and Real Capital Analytics, among various other source of data on loans and investments (see Data Sources section).

FIGURE 18

### Commercial, Industrial, Multifamily, and Institutional Loan Volume in Detroit, 2003–15



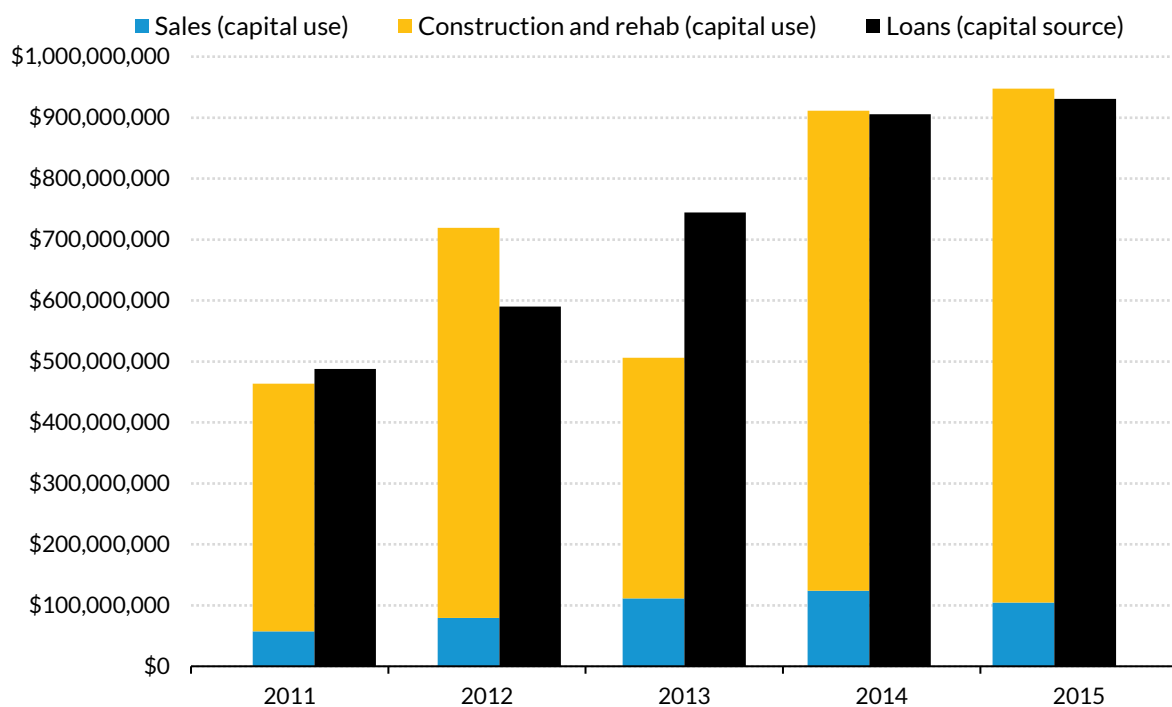
Sources: City of Detroit's Office of the Assessor, CoreLogic, and Real Capital Analytics, among various other source of data on loans and investments (see Data Sources section).

## Summary

This brief describes trends in investments in commercial, industrial, multifamily, and institutional properties in Detroit over several years. Drawing on data from sales, construction and rehabilitation, and lending, a consistent story emerges. Detroit experienced a large decline in property values, the number of investments, and their dollar volume during the Great Recession. Values, while still low, have stabilized and are slowly regaining ground. And, as shown in figure 19, the dollar volumes of uses of capital (purchase, construction, or rehab), and sources of capital (debt financing) have increased rapidly in recent years. Spatially, neighborhoods throughout the city have received these types of investments, though the larger investments have predominately occurred in the Central Business District and the Lower Woodward and Middle Woodward neighborhoods.

FIGURE 19

**Commercial, Industrial, Multifamily, and Institutional Sales, Construction and Rehab, and Loan Volume in Detroit, 2011–15**



**Sources:** Detroit BSEED, Midtown Detroit, Inc., City of Detroit's Office of the Assessor, Motor City Mapping, CoreLogic, and Real Capital Analytics, and CDFI and other loans data providers (see Data Sources section).

**Notes:** Ten large loans above \$100 million were excluded from this analysis. Two were related to the federal bailout of the auto industry. Volumes are adjusted for inflation (2015 dollars).

# Data Sources

To generate these insights, we relied on a variety of data sources, described below.

**Parcel data.** To identify parcels within the city, we used the 2015 Parcel Map available through the city of Detroit's open-data portal. We obtained information on building and lot square footage through tax assessor records provided by the City of Detroit Assessor's Office. These records were current as of March 2016.

**Land use determination.** Our starting point for determining land use was observations from the Motor City Mapping October 1, 2014, enhanced survey. We used data from the City of Detroit's Office of the Assessor to fill gaps in Motor City Mapping, distinguish single and multifamily residential real estate, and identify whether land was available for residential, commercial, or industrial use. In cases where neither dataset provided information regarding land use, we defined properties according to the land use reported by either CoreLogic® (for CoreLogic® records) or data from Detroit BSEED permits.

**Permits data.** The Detroit BSEED provided data on permits. Results shown in this analysis reflect years in which full-year data are available (2011–15). Permits before May 2010 were held in paper records. Data from those earlier records were not fully consistent with later data, and as such, we did not use them in this analysis. Results exclude permits filed for single-family residential units that contain three or fewer units, based on reported land uses. We supplemented the BSEED data with self-reported data on development by Midtown Detroit, Inc.

**Data on sales and loans.** We obtained deed data used in both the sales and loans analyses from CoreLogic®. We conducted the sales analysis on arm's-length transactions only, and exclusive of mechanic liens, multicounty or multistate mortgages, foreclosures, and nominal deals. The loans analysis was based on a similar subset of records as well as lending activity not tied to a purchase transaction. Both the sales and loans analyses include additional loan records from Real Capital Analytics. Real Capital Analytics captures loans and sales primarily between 2004 and 2015. Most of these records cover loans and sales of \$1 million or more.

As CoreLogic® and Real Capital Analytics missed some loans originated by CDFIs we obtained and incorporated unique observations from several other sources. Those CDFIs that receive funding from the US Department of Treasury's CDFI Fund are required to report all loans originated during such funding period, which is available through the Transaction Level Report database. We also obtained transaction-level data from the Opportunity Finance Network, the primary industry organization for CDFIs, to which member CDFIs may voluntarily report their data. Finally, we received self-reported data for loans closed between 2003 to the present directly from several CDFIs working within the city of Detroit: Capital Impact Partners, Cinnaire, Enterprise Community Loan Fund, IFF, Invest Detroit, and Local Initiatives Support Corporation.

We also recognize the importance of public subsidies to facilitate investment in Detroit. To that end, we incorporated funding on the following public investments and tax credits: low-income housing



tax credit (LIHTC) from 2002 to 2014 (via the LIHTC database, published by the US Department of Housing and Urban Development), state historic tax credits from 2010 to 2015 (provided by the Michigan State Historic Preservation Office), federal historic tax credits from 2002 to present (provided by the National Park Service), Brownfield investments from 2010 to present (provided by the Detroit Economic Growth Corporation), and additional subsidies and investments facilitated by the Michigan Economic Development Corporation for fiscal years 2013, 2014, and 2015.

**Longitudinal-Employer Household Dynamics.** This program contains data on the number of jobs located in each census block, identified from state unemployment insurance program data and data from the federal Office of Personnel Management. The dataset is managed through the US Census Bureau's Center for Economic Studies. For this analysis, we aggregated data to the census-tract level. We used data from 2002 to 2014.

**2000 Decennial Census; American Community Survey (ACS); and Census Population Estimates Program.** We accessed demographic, social, economic, and housing measures from the 2000 Decennial Census, ACS, and Census Population Estimates. We drew 2000 Decennial Census information from the Urban Institute- and Geolytics-developed Neighborhood Change Database to ensure comparable census-tract boundaries over time. We accessed annual ACS data published by the US Census Bureau starting in 2005 and running through 2015 for Detroit citywide estimates. Tract-level data are only released as five-year datasets; we used data from 2011 to 2015. Finally, through the Population Estimates Program, the US Census Bureau evaluates and publishes annual, intercensal population estimates for the United States, including at the city level, which we used for 2001 through 2004.

## Notes

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7. Unemployment and labor force participation statistics for Detroit and United States were taken from the 2015 American Community Survey. Working age is defined as ages 25 to 64.
8. We obtained data on land use from the following sources: Motor City Mapping data from Data-Driven Detroit; property class and property land-use data from the City of Detroit's Office of the Assessor; land-use data from CoreLogic (for its records of property sales and loans); and land use descriptions from Building, Safety Engineering and Environmental Department (BSEED) for a number of permit records. None of these datasets has detailed information on property land use for all properties in the city; moreover, these datasets do not always agree on the general land use of any given parcel. We have identified land use for the purposes of this study by combining land use identifiers from these sources to minimize the limitations of each source.
9. We include mixed-use properties as multifamily properties in all analyses.
10. A "deal" in this analysis means a sale of properties referred to in the same deed document. If investors execute multiple deeds as part of a large project, these would be treated as separate "deals" in this analysis.
11. It appears that lending volumes exceed sales and permit volumes in some years for some asset classes. Lending volumes do not have to equal sales and permit volumes for two main reasons: (1) the lending data include any financing secured by a mortgage deed, meaning that borrowers who take out financing for purposes other than building acquisition, construction, or rehabilitation where that financing is secured by a mortgage on real estate would be counted in the sales data; and (2) a project can be funded by short-term financing that is then taken out with permanent financing (so total financing volume may be greater than the actual project cost). Some portion of this lending may be rate and term refinancing, but we are not able to distinguish this type of financing from the replacement of development-period financing with permanent financing.
12. Our data licensing agreement does not permit us to divulge additional details about individual loans.
13. See, for example, Peter Moskowitz, "The Two Detroits: A City Both Collapsing and Gentrifying at the Same Time," *The Guardian*, February 5, 2015, <https://www.theguardian.com/cities/2015/feb/05/detroit-city-collapsing-gentrifying>.

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