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## Detroit apartment buildings fill; renters' age falls: Incentives, biz moves drive surge

By [Daniel Duqqan](#)

The combination of growth in downtown businesses and incentives for people to move to Detroit has many city apartment buildings at or near full occupancy.

From lower Woodward Avenue up to the New Center area, apartment owners cite a boost in the past few months. And in some cases, the buildings have waiting lists.

The **Studio One** apartments and the rental units in the **Park Shelton** in Midtown are full, as are the **Lofts of Merchants Row** and the **Lofts at Woodward** in the central business district. Similarly, the residences in the **Fort Shelby Tower Apartments** are nearly full.

The Midtown neighborhood is now 94 percent occupied, according to a study at the end of March by **Midtown Detroit Inc.** covering the 4,500 apartment units in 92 buildings.

But the apartment boom isn't limited to Midtown.

"If we had more units right now, we'd fill them," said Michael Martorelli, sales and leasing manager with the Southfield-based **Berger Realty Group**, developer of the Park Shelton in Detroit.

Sixty of the 226 units in the building have been used as rentals recently. Fourteen of the remaining units were recently designated as



JOHN SOBCHAK

Michael Martorelli, sales and leasing manager with Park Shelton developer Berger Realty Group, says young professionals and students are moving in.

### Occupancy rates

The numbers for selected Detroit apartments:

- **Millender Center Apartments**

**Address:** 555 Brush St.

**Units:** 339

**Occupancy:** Full, with a waiting list

**Rental rate:** \$1,000 to \$2,600

- **Park Shelton**

**Address:** 15 East Kirby St.

**Units:** 226 (74 of which are rentals)

**Occupancy:** Fully leased

**Rental rate:** \$800 to \$1,300

- **Harbortown Apartments**

**Address:** 250 E. Harbortown Dr.

**Units:** 172

**Occupancy:** Full

**Rental rate:** \$850 to \$1,600

rentals and are being built out, Martorelli said.

"And those units are now leased, sight unseen," he said.

Young professionals are taking much of the space, Martorelli said, along with students.

In the Campus Martius area, the Lofts of Merchants Row are virtually full on a regular basis, said Terry Schwartz, principal with Bingham Farms-based **Dover Realty Advisors**, asset manager for the 157-unit building.

Schwartz said the latest tenants are young and making more money than past tenants.

Based on the background checks of residents, Schwartz said, the average age of a tenant at the building in 2005, 2006 and 2007 was 41 with an average income of \$70,000.

By 2009, the average age dropped to 33 and the average income was \$52,000.

"In the last six months, the age hasn't changed but the income has," he said. "We're now seeing an average income back at \$70,000 again."

Schwartz said roughly 15 percent of the tenants work at Detroit-based **Quicken Loans Inc.**, and employees from the Detroit office of **GalaxE.Solutions Inc.** are also leasing space.

Employees from **Blue Cross Blue Shield of Michigan**, who are being moved to Detroit from Southfield, are now starting to look for apartments.

Demand for the 56 units in the Fort Shelby Tower Apartments has increased and it is now at 95 percent occupancy after being at near 90 percent a year ago, said Scott Allen, president of the Bingham Farms-based **Fourmidable Group Inc.**, which handles leasing and management for the residential portion of the building.

Detroit took a hit with the end of the film incentives, taking away the stream of filmmakers coming to the city to work on movies.

"So, we've replaced a lot of the short-term people with long-term people who are working downtown," Allen said.

Citywide, a 16.6 percent vacancy rate for 2009 has dropped to 14.1 percent at the end of the first quarter in 2011, according to the Washington, D.C.-based research company **Reis Inc.**, which does not track specific submarkets of the city.

Midtown and downtown are the hot spots, property managers say.

The Studio One apartments at 4501 Woodward Ave. in Midtown were at 85 percent occupancy two years ago and now have 30 people on a waiting list, said Marcel Burgler, principal with Grand Rapids-based **Prime Development Co.**, which developed the building.

Helping Studio One, as well as other Midtown apartments, is that it is in the area included in the Live Midtown program, covering the New Center, Midtown, Virginia Park and Woodbridge

**Kent:** \$850 to \$1,600

• **Lofts of Merchants Row**  
**Address:** 1247 Woodward Ave.  
**Units:** 157  
**Occupancy:** 97 percent  
**Rental rate:** \$815 to \$2,500

• **Studio One**  
**Address:** 4501 Woodward Ave.  
**Units:** 155  
**Occupancy:** Full, with a waiting list  
**Rental rate:** \$795 to \$1,295

• **Lofts at Woodward Center**  
**Address:** 1448 Woodward Ave.  
**Units:** 61  
**Occupancy:** Full  
**Rental rate:** \$660 to \$1,400

• **Fort Shelby Tower Apartments**  
**Address:** 527 W. Lafayette Blvd.  
**Units:** 56  
**Occupancy:** 95 percent  
**Rental rate:** \$1,629 to \$3,500

neighborhoods.

Through the incentives, employees of **The Detroit Medical Center**, **Henry Ford Health System** and **Wayne State University** are given \$3,500 over two years to rent in Detroit.

Along with the three employers, the program is also funded by the **Michigan State Housing Development Authority** and the **Hudson-Webber Foundation**. First-time homebuyers are offered up to \$25,000.

"That incentive program is what put us over the finish line," Burgler said.

But even with the success in raising occupancies, Allen and others said it's not time to start increasing rental rates yet. Concessions, such as free rent, gym memberships and other giveaways are coming to an end, Allen said, but rental rates have yet to increase.



Mosey

The Midtown study showed the highest occupancy level seen since the start of the study 10 years ago, said Sue Mosey, president of **Midtown Detroit Inc.**

Typically, with increases in occupancy come new development as well. But even with the growing demand, few new apartment buildings will be available in 2011.

"We're desperate to get these new developments under construction," Mosey said. "There are a few here and there, but overall, we need more product."

Mosey points to more than 200 units that could be under construction this year, largest among the projects being the Auburn, a 58-unit apartment project at Cass and Canfield streets, and Forest Arms, 75 units planned at Second and Forest streets.

Among the problems facing developers is the fact that it takes two to three years for a project to move from idea to completion, and the recession killed everything in the pipeline, said James Van Dyke, vice president of development for the Detroit-based **Roxbury Group**.

The Roxbury Group is developing the Auburn building in Midtown and the 108 units of apartments in the mixed-use hotel and apartment development for the David Whitney Building in Detroit.

"All the projects on the table in 2006 and 2007 went away," he said. "Everyone had to start over again in 2008, and it takes a long time to put these deals together."

The Lofts at Woodward Center, with 61 units at 1448 Woodward Ave., has been fully occupied for three years, said David Farbman, a principal with the Southfield-based **Farbman Group**, which developed the building.

He said that as lending markets are starting to loosen up, more activity is expected with the condo units the firm has in Detroit.

"The rental market has been scorching hot," Farbman said. "And I think we'll see a hot condo market with financing, since there is so much pent-up demand."

For now, Martorelli is giving people the advice to start looking early if they plan to find a rental in Detroit.

"It's going to take a while," he said. "But look, this is a great problem to have."

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