



Greater Villages Market Scan

Prepared for Villages Community Development Corporation by HR&A Advisors



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1. EXECUTIVE SUMMARY

The Study Area

The larger Study Area is defined as Mack Avenue to the north, Mt. Elliott to the west, the Detroit River to the south, and St. Jean to the east. The Study Area can be broken up into seven neighborhoods: Islandview, East Village, North Village, Indian Village, West Village, Gold Coast, and Joseph Berry. Given rapid changes and divergent outcomes in each neighborhood, this study identified socioeconomic changes in specific neighborhoods.

Socioeconomic Context

Overall, the Study Area lost 7% of its population between 2012 and 2017, in line with population loss seen in Detroit overall. However, the study area **gained households** by 2%. This suggests that while larger families are leaving the Study Area, smaller households are moving in. New households on average earn between \$50,000 - \$100,000 and are majority-White. Most of these households moved into West Village and Indian Village, both of which gained more than 20% in overall households. In the same time period, Black households decreased by 2,400.

Residential Market Context

Sale prices and rents have increased considerably for newly renovated and new units. For-sale prices per foot have increased from \$26 per square foot in 2012 to more than \$90 in 2018. Rents have increased on average from \$0.79 per square foot to \$1.10 per square foot in the same time period. Nevertheless, vacancy remains high—and even increased slightly between 2012 and 2017, from 29% to 31%. While new development and single-family renovations are concentrated in parts of Islandview, West Village and Indian Village, large parts of East Village remain vacant.

Retail Market Context

The retail market continues to show signs of increased activity—particularly in West Village along Kercheval and Agnes Avenues, with small independent retailers and local chains establishing outposts. However, large parts of Mack Avenue remain vacant, and rents have remained stagnant since 2010 at about \$15 per square foot. The total inventory continues to decrease as more commercial buildings are demolished.

2. STUDY AREA OVERVIEW

2.1. INTRODUCTION

This Study was prepared on behalf of the Villages Community Development Corporation to support creation of a neighborhood revitalization and real estate development strategy. HR&A conducted a demographic, residential and retail market overview of the Greater Villages Study Area (as defined in Figure 1) to understand existing market conditions, challenges, and opportunities. In addition, HR&A developed key takeaways to inform the framing of a future development strategy.

2.2. STUDY AREA AND METHODOLOGY

This Study was conducted at two scales—the broader Greater Villages/Islandview Study Area, and the following seven sub-neighborhoods within the broader area:

- Islandview
- North Village
- West Village
- Indian Village
- East Village
- Gold Coast
- Joseph Berry Subdivision

Figure 1: Study Area Boundaries



The larger Study Area is defined as Mack Avenue to the north, Mt. Elliott to the west, the Detroit River to the south, and St. Jean to the east.

The sub-neighborhood definitions are designated by the City of Detroit—we have used their shapefiles as boundaries for this study. Given the rapid changes in each neighborhood over the last five years and drastic differences in outcomes by block, it was important to study changes by sub-neighborhood to tailor future development strategies.

We used ACS 2017 5-year and 2012 5-year surveys for socioeconomic and demographic data. To pull residential and retail rents and prices, we used a combination of CoStar and Redfin, as well as developer outreach for pipeline data and confirmation on prices. We derived capturable retail squarefootage from Streetsense’s 2018 retail study for neighborhoods across the City of Detroit.

The larger Study Area is consistent with previous studies, including both the City of Detroit’s Islandview/Greater Villages 2017 Neighborhood Redevelopment Plan and Detroit Economic Growth Corporation’s Neighborhood Retail Opportunity Study.

2.3. DEMOGRAPHIC CHARACTERISTICS

Population

As of 2017, the larger Study Area is home to 16,600 residents, or about 2.5% of the total population of the city. The population overall is lower than 2012 figures by 7%, decreasing slightly faster than Detroit overall (at 6%). The largest losses were in East Village, North Village and Islandview, and Joseph Berry. While these neighborhoods have lost population, the adjacent West Village and Indian Village have increased in population by 22%, as the two fastest growing neighborhoods in the Study Area.

Figure 2: Study Area Population

Neighborhood	2012	2017	Change (#)	Change (%)
North Village	2,265	1,997	-268	-12%
West Village	1,019	1,245	226	22%
Islandview	3,834	3,400	-434	-11%
Indian Village	1,335	1,631	296	22%
East Village	5,490	4,742	-748	-14%
Gold Coast	2,629	2,808	179	7%
Joseph Berry Sub	1,230	812	-418	-34%
Total Study Area	17,802	16,635	-1,167	-7%
City of Detroit	721,459	679,865	-41,594	-6%

Source: 5-year American Communities Survey (ACS 2012,2017)

While the Study Area has lost net population, it gained approximately 190 households since 2012. This is driven again by strong growth in Indian Village, West Village, and Gold Coast. However, the data also suggests that neighborhoods that are losing population are losing households at a much slower rate (and even gaining households in the case of Islandview). The average household size is decreasing—leading to a loss in population overall, but the number of households overall has increased slightly since 2012.

Figure 3: Study Area Households

Neighborhood	2012	2017	Change (#)	Change (%)
North Village	734	590	-144	-20%
West Village	499	542	43	9%
Islandview	1,678	1,819	141	8%
Indian Village	539	665	126	23%
East Village	1,889	1,765	-124	-7%
Gold Coast	1,937	2,092	155	8%
Joseph Berry Sub	533	525	-8	-2%
Total Study Area	7,809	7,998	189	2%

Source: 5-year American Communities Survey (ACS 2012,2017)

Race/Ethnicity

Black residents comprise 78% of the Study Area's population but have seen a decline of 15% since 2012. Since then, the number of White residents has increased by 81%—from 1,630 residents in 2012 to 2,950 in 2017. White residents have increased in every neighborhood except for North Village (which has seen a net decrease of both White and Black residents). Conversely, Black residents fell in every neighborhood except Indian Village—where there was a 5% increase.

Figure 4: Race and Hispanic Origin

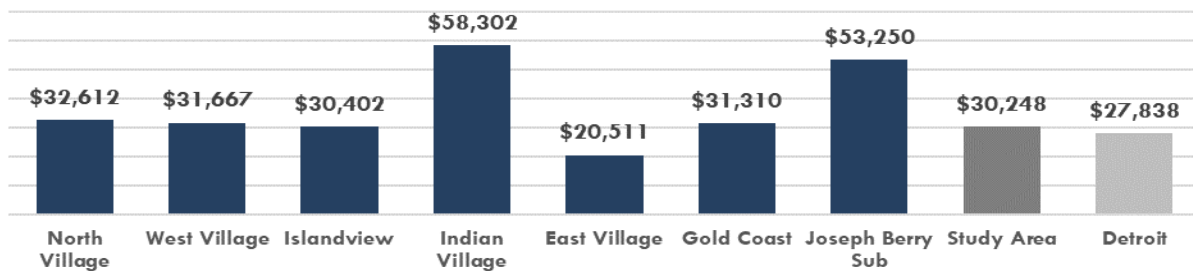
Study Area	2012 % of Total	2017 % of Total	Change (#)	Change (%)
White Alone	9%	18%	1,321	81%
Black Alone	86%	78%	-2,382	-15%
Hispanic Alone	2%	2%	-42	-13%
Other	3%	2%	-64	-13%

Source: 5-year American Communities Survey (ACS 2012,2017)

Income

Median household incomes in the Study Area are slightly higher than the City overall. Households in Indian Village and Joseph Berry are the highest earners in the Study Area, with median incomes over \$53,000, \$23,000 more than the Study Area overall. East Village has the lowest median incomes, at \$20,500, or \$7,000 less than the City overall.

Figure 5: Median Annual Household Income (2017)



Source: 5-year American Communities Survey (ACS 2012,2017)

Households earning between \$50,000 - \$100,000 increased the most between 2012 – 2017, with a net increase of 255 households. As seen in Figure 7, this increase was comprised of both Black and White households.

Households earning less than \$20,000 increased as well, with almost 180 new households. However, when considering the racial distribution of that increase, the net increase can be attributed to White and households of Other races, as Black households earning less than \$20,000 have decreased.¹ In sum, the neighborhoods lost lower-middle-income households earning between \$20 - \$50,000 (losing almost 400 Black households and gaining 250 White households) and high-income households earning more than \$100k (losing 211 Black households and gaining 278 White households). This mirrors trends observed in the city, but the loss in households between \$20,000 - \$50,000 appear to be more exacerbated in the Study Area.

¹ Disaggregating the data shows that there was an increase of 390 Black households earning less than \$10,000, but a decrease in households earning between \$10,000 to \$19,000 of almost 550 households. Note that these figures also capture households moving between income bands, not just those leaving and entering.

Figure 6: Change in Households by Income (2012 - 2017)

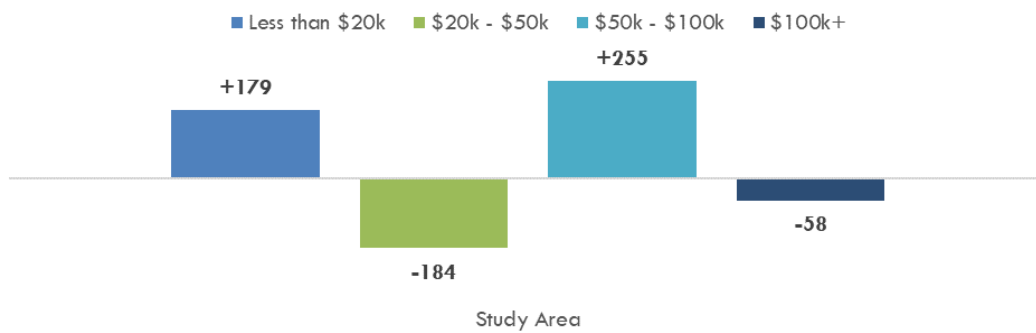


Figure 7: Change in Households by Income and Race (2012 - 2017)

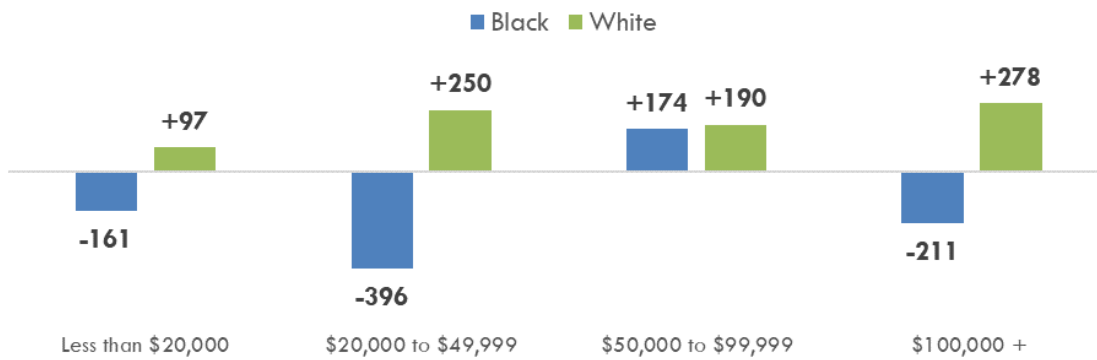
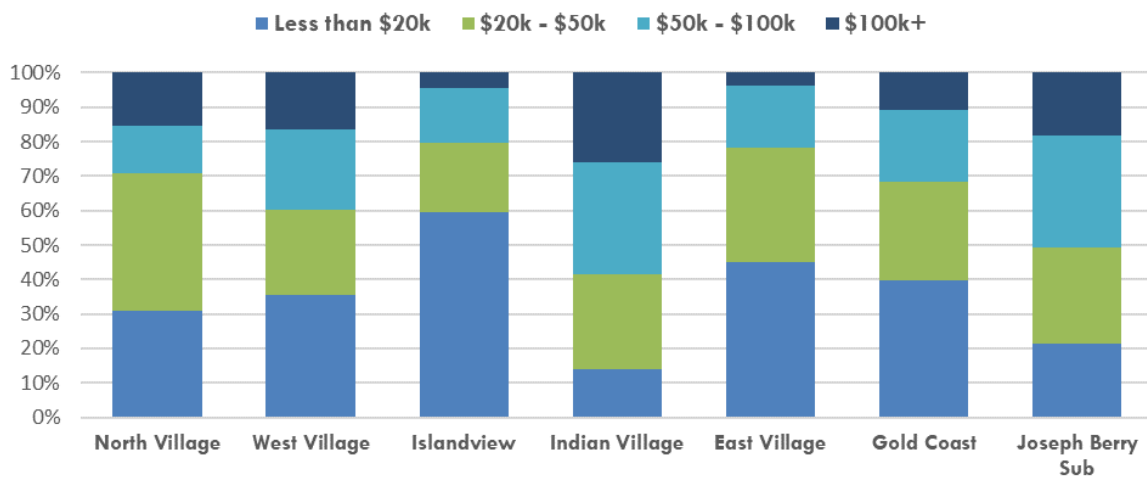


Figure 8: Household Incomes (2017)

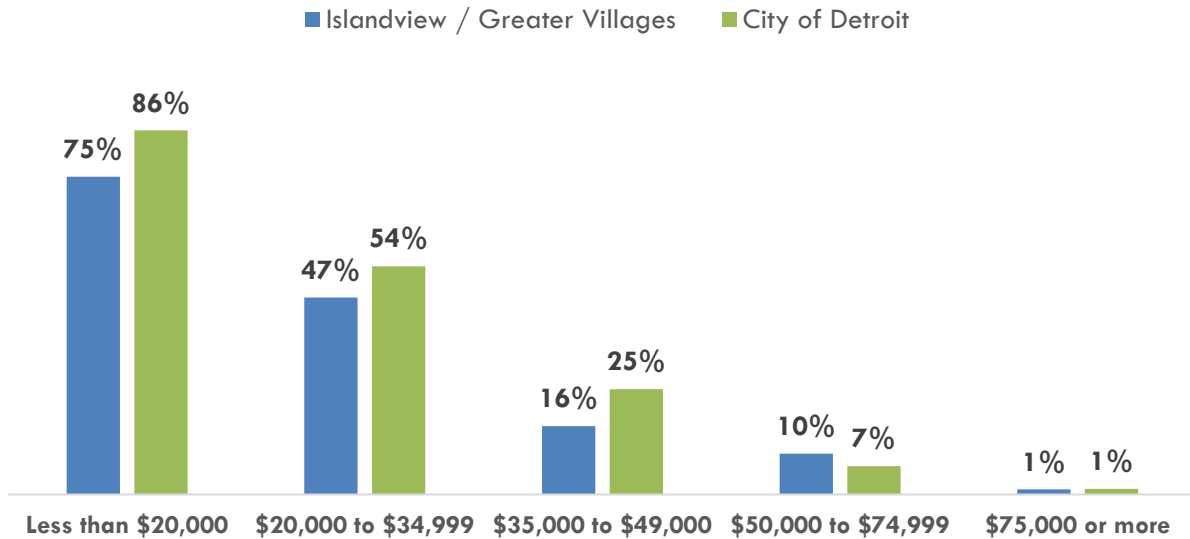


Source: 5-year American Communities Survey (ACS 2012,2017)

Housing Cost Burden

On average, households at each income group are less cost-burdened than their counterparts citywide. A household is defined as *housing cost burdened* if they pay more than 30% of their annual gross income for housing costs—including rent, mortgage payments, and utilities. For a household earning \$20,000 to not be cost-burdened, they must pay less than \$500 per month for housing costs. While cost burden remains high for low-income households across the study area (75% for households earning less than \$20,000 and 47% for those earning less than \$35,000), overall cost burden remains low—especially when compared to the city. These figures have remained largely consistent between 2012 to 2017.

Figure 9: Percentage of Households Paying Greater than 30% of Income for Housing (2017)



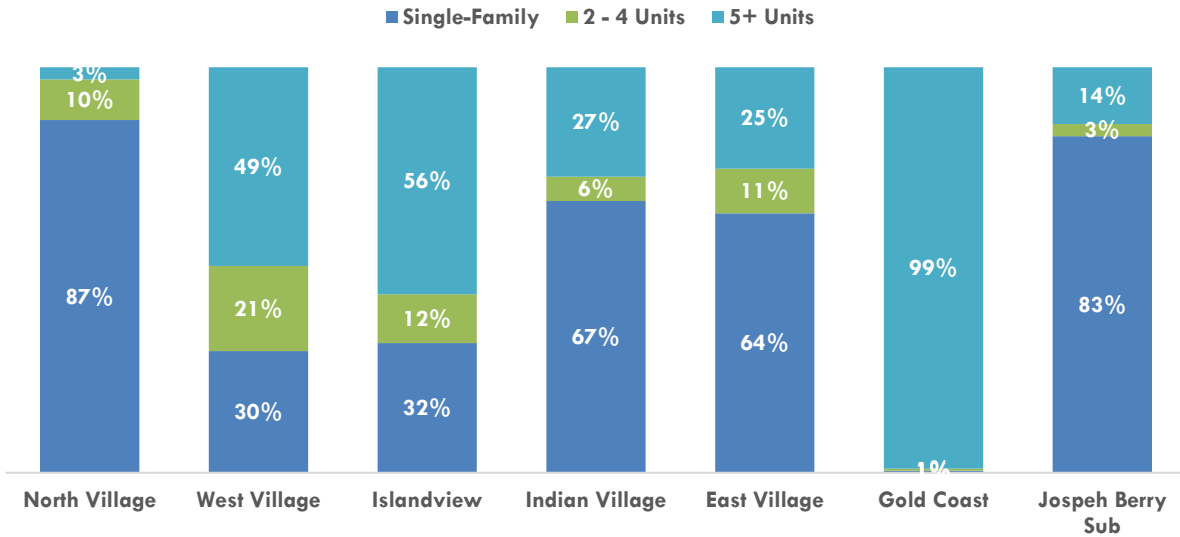
3. MARKET SURVEY

3.1. RESIDENTIAL

Overview

The study area is home to a diverse range of housing types, with a mix of single- and multi-family product at various price points and states of repair. Multifamily housing is concentrated in historic multi-unit structures along the East Jefferson Avenue corridor (Gold Coast and Joseph Berry) and within denser neighborhoods of West Village and Islandview. The Study Area has a much larger proportion of multifamily structures than Detroit as a whole—39% of units are in multifamily structures compared to 19% citywide.

Figure 10: Housing Units by Typology (2017)



Source: 5-year American Communities Survey (ACS 2012,2017)

Vacancy remains a persistent challenge in the Study Area. Vacancy increased slightly between 2012 and 2017, to 31% of units overall. Certain blocks in East Village and Islandview have more than 40% vacant structures. As of December 2018, 57% of residential-zoned land in Islandview (more than 1,600 parcels) are vacant with no residential structure. The Detroit Land Bank Authority (DLBA) owns 35% of this land. In comparison, only 24% of residential-zoned land in the West Village has no structure (90 parcels), and less than 1% of this land is owned by the DLBA.

Figure 11: Vacancy by Neighborhood (2012 - 2017)

Neighborhood	2012	2017	Change (%)
North Village	26%	37%	11%
West Village	24%	30%	6%
Islandview	28%	30%	2%
Indian Village	27%	24%	-4%
East Village	40%	42%	2%
Gold Coast	20%	25%	5%
Joseph Berry Sub	23%	11%	-12%
Total Study Area	29%	31%	2%

Housing tenure has stayed relatively consistent since 2012 overall—32% of occupied units are owner occupied and 68% are renter occupied. Neighborhoods that are gaining households overall (Islandview and Indian Village) are increasing their share of renters. 54% of Indian Village residents were homeowners in 2012 compared to 45% in 2017.

Figure 12: Owner Occupied by Neighborhood (2012 - 2017)

Neighborhood	2012	2017	Change (%)
North Village	33%	35%	2%
West Village	14%	16%	2%
Islandview	22%	16%	-5%
Indian Village	54%	45%	-9%
East Village	24%	21%	-2%
Gold Coast	17%	21%	4%
Joseph Berry Sub	10%	12%	2%
Total Study Area	33%	32%	-1%

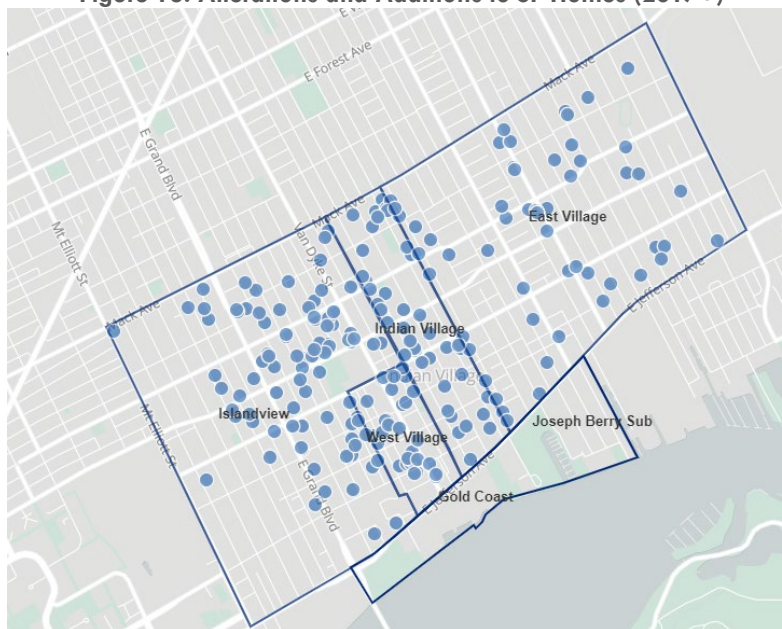
Source: 5-year American Communities Survey (ACS 2012,2017)

Single Family Market

Single family structures represent approximately 64% of the total housing stock in the Study Area, though 85% of buildings. Units are in various states of repair—from abandoned structures in East Village to well-maintained blocks in Indian Village. Approximately 60% of the occupied single-family units are renter-occupied, with an average of \$1,300 for a 3-bedroom home in Islandview and North Village, based on engagement with local brokers and available data.

Since 2017, there has been significant interest in altering and rehabilitating single-family units, especially in Indian Village and Islandview. There have been 200 significant alterations and additions to single-family units, with 100 in North Village / Islandview and another 40 in Indian Village

Figure 13: Alterations and Additions to SF Homes (2017+)

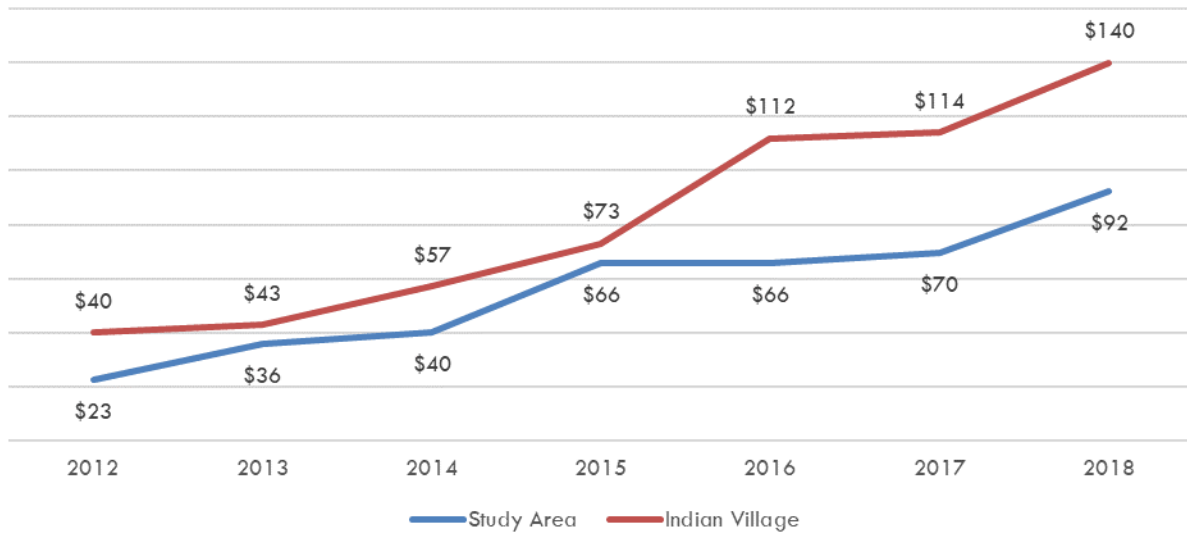


Much of this renewed interest has coincided with an increase in the average per-square-foot sale price of study area homes, which has grown from \$26 in 2012 to \$90+ in 2018 per square foot district-wide, and from \$101 to \$140 per square foot in Indian Village.

Figure 14: Recently Sold Single-Family Homes in Detroit

<p>2250 Seminole St April 2019 3,129 SF (4BR, 3.5 BA) \$470,000</p> 	<p>1722 Parker Street March 2019 5,600 SF (5BR, 4.5 BA) \$465,000</p> 	<p>8129 St. Paul St May 2019 2,160 SF (4BR, 2 BA) \$207,000</p> 
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Figure 15: Average Sale Price by SF (2012 - 2018)



Source: Redfin, CoStar

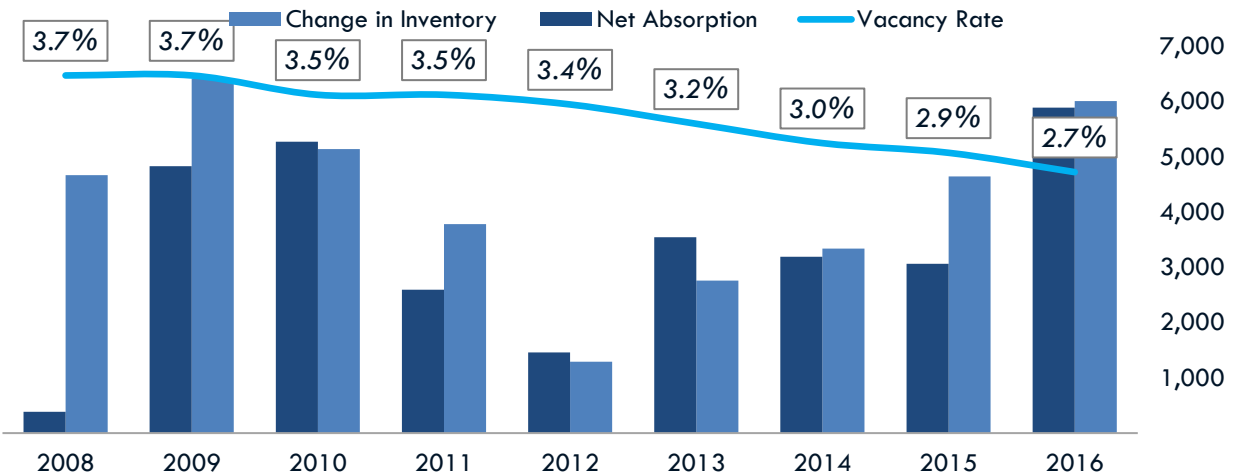
Multifamily Market

From a peak of 11% vacancy² in 2009, vacancy has steadily decreased in recent years to about 5% in 2017. Following the national recession, net absorption³ has been positive since 2010, but steadily declining along with vacancy. This suggests a growing preference for multifamily housing and potential unmet demand.

² The vacancy rate is the percentage of all available units in a market that are vacant or unoccupied at a particular time.

³ Net absorption is the total amount of space that tenants have moved into less the total amount of space that tenants physically have moved out of.

Figure 16: A steadily declining vacancy rate and positive net absorption since 2008 suggests a potential unmet demand in the Study Area



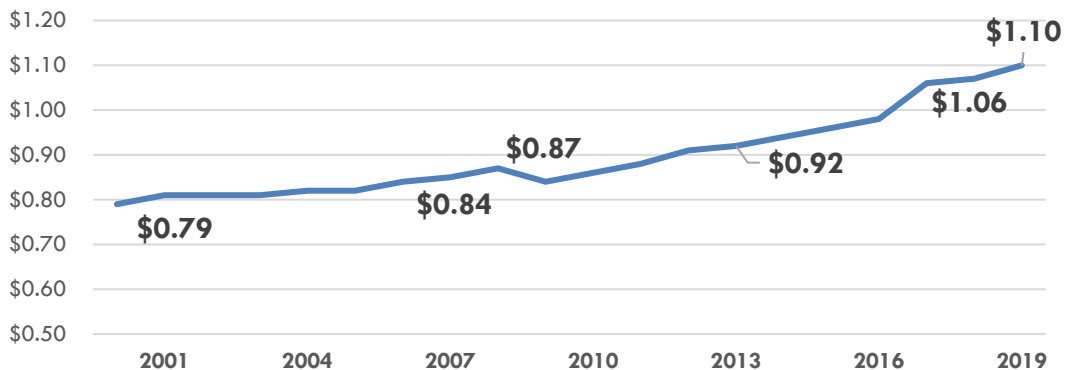
Source: CoStar

Average rents per square foot have risen nearly 30% since 2010 from \$0.86 per SF in 2009 to \$1.10 today. These rent levels are slightly higher than those of Detroit as a whole. Recently constructed and renovated structures such as The Coe at West Village and River Terrace Apartments charge between \$1.52 - \$1.73 per SF. Currently, more than 90% of multifamily units in the Study Area are renter-occupied.

Figure 17: Recent Deliveries

Building Name	Total Units	Rents per SF	Year Built / Renovated	Construction Type
River Terrace Apartments	178	\$1.52 - \$1.63	2019	Renovated 3-Story Brick
The Coe at West Village	12	\$1.67 - \$1.73	2017	Townhomes + 3-Story Wrap Style
Jennings Senior Living	46	\$1.18 - \$1.18	2014	Mixed Income with Senior Living - Renovated concrete on brick

Figure 18: Multifamily Average Rent per SF (2000 - 2019)



Source: Redfin, CoStar, Interviews

Pipeline Deliveries

There are approximately 400 units in the pipeline across 4 multifamily projects—including a row of townhouses (the St. Charles Residences). These units are slated to come online 2020 – 2021—with proposed rents between \$1.65 - \$1.70. The St Charles residences are slated to be the first for-sale multifamily development in the market—with sale prices at approximately between \$402 - \$446 per square foot, more than three times the average sale prices for current homes in Indian Village.

In terms of renovations, the Chalfonte apartments were renovated in 2018 with two-bedroom rents of \$1,350 per month. The Kercheval Town Homes that are slated to be renovated in 2019 with two affordable units and six market-rate units. The market-rate three-bedroom townhomes are projected to rent for about \$1.25/SF in rent (between \$1,600 to \$1,800).

Figure 19: Pipeline Development and Recent Renovations



Building Name	# of Units	Proposed Year	Type
Van Dyke at Kercheval	76	2021	Market / Aff. Apts
St Charles Residences	35	2019	Market Condos
Van Dyke at Jefferson	43	2020	Market / Aff. Apts
Grand Jefferson	250	2020	Market / Aff. Apts
Kercheval / Field Town Homes	8	2019	Apartment Renovation
Chalfonte Apartments	20	2018	Apartment Renovation
TOTAL	1,271		

Source: CoStar, Interviews

3.2. RETAIL

Overview

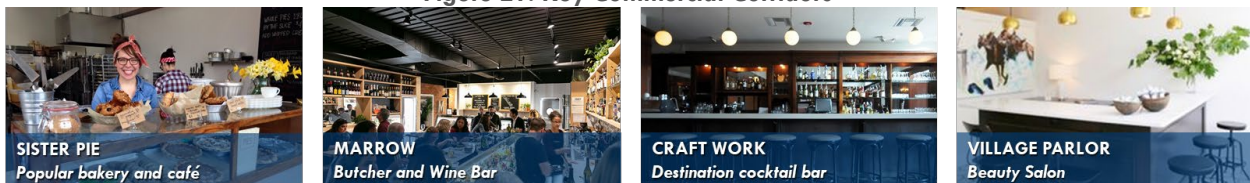
Throughout the study area, most of the retail space (450,000 SF) lies along Mack Ave and East Jefferson Ave. Though Mack Avenue was once a dense commercial corridor, it has been challenged by blight, demolitions, and rising vacancy. East Jefferson Avenue has essential retailers along key nodes, including grocery stores, dry cleaners and pharmacies. These are largely in the form of traditional auto-oriented strip development—with national retailers such as Walgreens and Wendy’s as well as local businesses (take-out food service and convenience stores.)

In the West Villages, Kercheval Street has been transforming into a new neighborhood retail hub—with locally-owned small business that have become citywide destinations, bringing in visitors from outside the neighborhood. This has created walkable nodes at Van Dyke, and Agnes, fueling adjacent residential investment, which is key for future sustainable development in the Villages.

Figure 20: Key Commercial Corridors



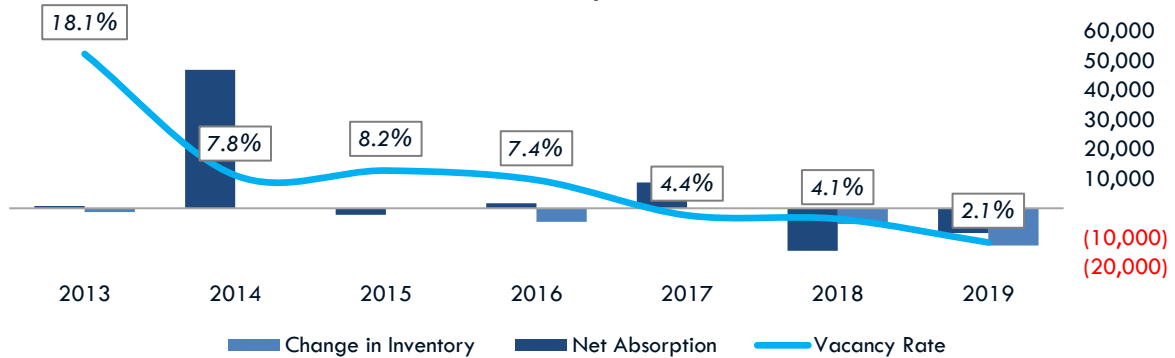
Figure 21: Key Commercial Corridors



Rents and Vacancy

Retail rents in the study area average about \$15/SF per year. Rents have stayed stagnant since 2010, dropping 0.5%. This is driven largely by Mack Avenue, which has the majority of retail square-footage in the area. Rents on Kercheval Ave are between \$20 - \$22/SF (as of mid-2019), reflecting the renewed interest in the non-auto oriented local neighborhood retail. Vacancy overall has also been dropping sharply – from 18% in 2013 to 5% in 2018, largely as a result of a net decrease in inventory through demolitions on Mack Ave and a persistent negative net change in inventory.

Figure 22: While the vacancy rate for retail has continued to fall, negative net absorption suggests that this is due to demolitions, rather than new demand for retail space.

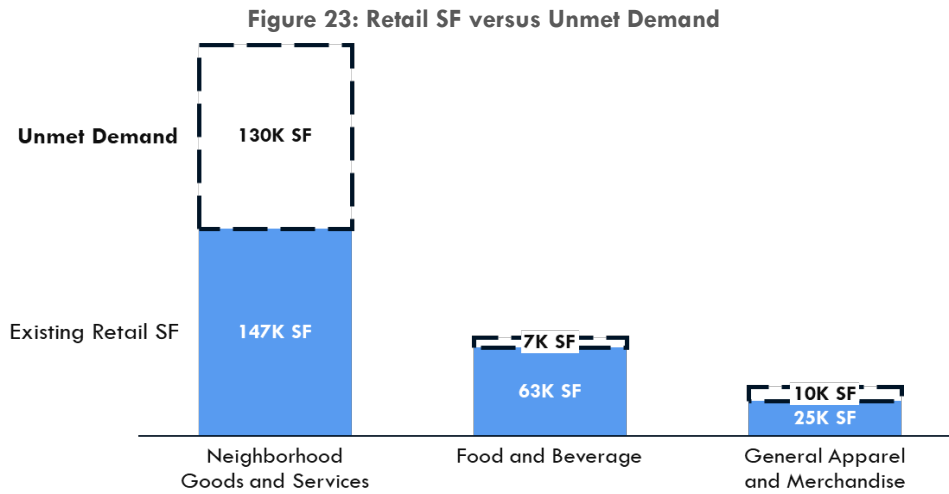


Source: CoStar

Trade Area Analysis

A 2018 retail gap analysis⁴ by Streetsense found that the Study Area is underserved by Neighborhood Goods and Services—including grocery, personal care, and home care, with a demand for approximately 170,000 square feet more of these retailers. This new retail (neighborhood goods and services, food and beverage) should be clustered along existing nodes of activity on Kercheval, Van Dyke and Agnes, to continue supporting the revival of local neighborhood retail that serves both residents and visitors alike.

Currently, most of the general merchandise demand is being served by the wider *tertiary trade-area*, which encompasses a 20-minute drive time and significant large suburban auto-oriented strip-malls. New retail on Jefferson Avenue and Mack Avenue will need to compete with this existing competition by differentiating their offerings by character and quality—not just location.



Source: Streetsense

⁴ A retail gap analysis informs retail programming and tenancing recommendations for a district or retail corridor. It compares the estimated total spending potential for key consumers in an area—typically residents, workers, visitors, and students to the existing retail sales within the defined geography. At its most basic, this comparison highlights where retail may be over and undersupplied.