THE GROWTH OF HOUSING WEALTH IN DETROIT AND ITS NEIGHBORHOODS: 2014-2022

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Table of Contents

Executive Summary

This report analyzes changes in Detroit's housing values from 2014 to 2022, the nine-year period following the city's bankruptcy, to better understand and quantify how much growth there has been in property values across the city and how equitably distributed this growth has been across different neighborhoods and racial/ethnic populations. We estimate that the net value of owner-occupied homes increased from $4.2 billion in 2014 to $8.1 billion in 2022, a $3.9 billion/94 percent increase in housing wealth over these nine years. We also estimate that the net housing value of Black homeowners grew from $3.4 billion in 2014 to $6.2 billion in 2022, a $2.8 billion/80 percent increase in housing wealth. Home values grew the most from 2014 to 2022 in neighborhoods with the lowest property values and highest poverty rates in 2014. Neighborhoods with high concentrations of Hispanic/Latino populations, especially those in Southwest Detroit, experienced some of the largest increases in home values over the nine-year time period. The growth in home values was geographically dispersed in neighborhoods throughout the city rather than being concentrated in neighborhoods in the downtown and midtown areas.

Introduction

On July 18, 2013, the City of Detroit filed for Chapter 9 bankruptcy. It was the largest municipal bankruptcy filing in U.S. history. The bankruptcy occurred on the heels of the collapse of Detroit's housing market, which began with the onset of the mortgage crisis in 2006 and continued through 2013.[1] Detroit was also experiencing a surge in the number of vacant and abandoned properties. In 2013, the city had approximately 78,000 vacant and abandoned structures, which accounted for roughly 20 percent of its housing stock.

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[1] The number of mortgage sales in Detroit fell precipitously between 2006 and 2013 as part of a vicious cycle in which potential buyers could not get a mortgage because lenders could not determine the market value of a move-in-ready house due to the absence of comparable sales because the Detroit housing market was being flooded by the sale of heavily discounted distressed properties. During this time, housing values plummeted, as the median sale price of a single-family home fell by 82.2 percent between 2006 and 2008. For more details, see Mueller, Chris and Paul Fontaine. 2021. *Good Deeds: An Analysis of the Rehabbed & Ready Program*. University of Michigan. https://www.rocketcompanies.com/wp-content/uploads/2021/04/Good-Deeds-An-Analysis-of-the-Rehabbed-Ready-Program.pdf.

Since the bankruptcy, many programs have been launched to help boost property values and address neighborhood inequality, including the demolition of vacant and abandoned properties, the renovation of homes owned by the Detroit Land Bank Authority (DLBA), and efforts to beautify and stimulate business development in many of Detroit's neighborhoods. The housing market also started to recover, as home sales prices began to increase and the number of vacant and abandoned properties declined.[2] Since 2014, over 25,000 blighted and abandoned buildings and houses have been demolished, and more than 17,000 properties acquired by the DLBA have been sold.[3] Moreover, the City of Detroit has approved 10 consecutive annual budgets without a deficit since 2014, resulting in significant improvements in its bond rating.[4] At the same time, concerns remain about the disparity between Detroit's flourishing downtown and its neighborhoods, and many Detroit residents view inequality as a large and persistent problem.[5]

This report analyzes changes in Detroit's housing values from 2014 to 2022, the nine-year period following bankruptcy, to better understand and quantify how much growth there has been in property values across the city and how equitably distributed this growth has been across different neighborhoods and racial/ethnic populations. Our analysis proceeds as follows. First, we estimate how much wealth was generated from home value appreciation throughout the city, in Detroit from 2014 to 2022, accounting for the aggregate value of homes in each year based on sales and netting out the value of homes that were lost to property tax foreclosures. Second, we generate race-specific

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[2] For more details on the recovery of Detroit's housing market, see Mueller, Chris and Paul Fontaine. 2021. *Good Deeds: An Analysis of the Rehabbed & Ready Program*. University of Michigan. https://www.rocketcompanies.com/wp-content/uploads/2021/04/Good-Deeds-An-Analysis-of-the-Rehabbed-Ready-Program.pdf.

[3] Mayor Mike Duggan's presentation to the Society of Municipal Analysts, April 11, 2024. https://www.cityofdetroitbonds.com/detroit-mi-investor-relations-mi/i1383.

[4] Afana, Dana. 2024. "Detroit credit rating upgraded 2 notches, reaches investment grade for 1st time since 2009." *Detroit Free Press*. March 25, 2024. https://www.freep.com/story/news/local/michigan/detroit/2024/03/25/detroit-investment-grade-credit-rating-bankruptcy/73090234007/.

[5] According to a survey from the Detroit Metro Area Communities Study (DMACS) conducted in November-December, 2023, 58 percent of Detroiters believe that the difference in incomes between rich people and poor people in Detroit is "somewhat larger" or "much larger" today than it was 20 years ago, while 48 percent believe that differences in income in the city of Detroit are too large. On a more positive note, 46 percent of Detroiters report that there is "a great deal" or "a moderate amount" of opportunity for the average person to get ahead economically in Detroit, compared to 43 percent who believe that there is "a little" opportunity or "none at all." More information on the DMACS survey is available here: https://detroitsurvey.umich.edu/wp-content/uploads/2024/02/W18-Toplines-1.pdf.

estimates of housing value to examine how housing wealth has changed over time for Black, White, and Hispanic/Latino homeowners. Third, we analyze how different types of neighborhoods in Detroit experienced change over time in home sale values. We classify neighborhoods based on their 2014 home sale values, poverty rates, and racial/ethnic composition and examine which types of neighborhoods experienced the most growth in home values from 2014 to 2022. Finally, we present maps showing which parts of the city experienced the most growth in home values over this time period.

The Growth of Housing-Related Wealth in Detroit

In the first part of our analysis, we derive a measure of net housing wealth by estimating the aggregate value of homes sold across the city in each year and subtracting the value of homes lost to tax foreclosures in the same year. Our data on home sales come from the City of Detroit Office of the Assessor and the Wayne County Register of Deeds and include only transactions in which a warranty deed was filed.[6] To ensure that our analysis would not be distorted by extreme home sale values, we excluded transactions with very high and low values from our analysis.[7] We also adjusted sale values for inflation, expressing them in 2023 dollars.

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[6] The City of Detroit Office of the Assessor (Assessor) provided data on warranty deeds and Property Transfer Affidavit (PTA) filings for the years 2016 through 2022. A PTA must be filed whenever real estate is transferred from one owner to another so that the City knows who owns the property and where to send the tax bill, and so that the Assessor can ensure the property is assessed properly. In our analysis, we only used cases in which the deed or PTA form indicated that a warranty deed had been issued. The City of Detroit also purchased data from the Wayne County Register of Deeds on warranty deed sales from 2014 and 2015, since records for these years were not available from the Assessor. A warranty deed is a document issued by the grantor (i.e., seller) indicating that they have the authority to transfer the property's ownership rights to the property to the buyer. By restricting our analysis to warranty deeds of sale, we omit other transactions such as quitclaim deeds, sheriff's deeds, and land contracts. We decided to focus on warranty deeds to ensure that the home values we are measuring reflect the arms-length transactions and do not include transactions that distort a home's market value, such as property sales to family members or repossessions by banks at the start of the foreclosure process. For a very informative description of deed types and a comparison of data from the City of Detroit Office of the Assessor and the Wayne County Register of Deeds, see Nash, Kendall. 2023. *Home Sales in Detroit*. Detroit Future City: Center for Equity, Engagement, and Research. https://detroitfuturecity.com/data_reports/home-sales-in-detroit/. We only analyzed data on warranty deeds sales for individual units, such as single family homes and individual condominiums.We did not analyze sales of multi-unit properties.

[7] We followed a two-step procedure to exclude outliers. First, we dropped from our data cases of homes that sold for less than $500 on the grounds that many of these transactions did not reflect the true market value of the home. We then dropped cases of homes that were below the 10th percentile or above

For each year, we estimated the net value of owner-occupied homes across the city using the method:

1. We calculated the median home sale value for each census tract in a given year.
2. We multiplied the median home sale value by the number of owner-occupied homes in each census tract to obtain the aggregate value of owner-occupied homes and summed across all census tracts to obtain the aggregate value of homes for the entire city.
3. We estimated the aggregate value of owner-occupied homes that were lost to tax foreclosure in each census tract and summed across all census tracts to obtain the aggregate value of tax-foreclosed owner-occupied homes for the entire city.
4. We calculated the difference between the aggregate value of owner-occupied homes (from step 2) and the aggregate value of tax-foreclosed owner-occupied homes (from step 3) to derive the net value of owner occupied homes throughout the city in a given year.

Table 1 presents summary statistics on the components that we used to estimate the net value of homes in Detroit. The median home sale in Detroit climbed from $36,680 in 2014 to $68,640 in 2022, a 124 percent increase. Despite a decline over time in the number of homeowners, as measured by the number principal residence exemptions (PREs),[8] the aggregate value of owner-occupied homes (calculated by multiplying each tract's median home value by its number of PREs) increased from $4.3 billion in 2014 to $8.1 billion in 2022.

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the 90th percentile of home sale values in each year. Thus, we analyzed 80 percent of the warranty deed sales for any given year (after excluding homes that sold for less than $500).

[8] We estimated the number of owner-occupied homes in each census tract using the number of principal residence exemptions (PREs), as recorded by the Wayne County Register of Deeds and the City of Detroit Office of the Assessor. To qualify for a PRE, a homeowner must own and occupy their principal residence on May 1 each year and file their Michigan individual tax return (see https://www.michigan.gov/taxes/property/principal and https://www.waynecounty.com/elected/treasurer/tax-exempt-program.aspx).

Table 1. Summary Statistics on the Components of Estimated Net Housing Value in Detroit, 2014-2022

Year	Median Home Sale	Number of Principal Residence Exemptions (PREs)	Estimated Aggregate Value of Owner-Occupied Homes	Number of Property Tax Foreclosures to Owner-Occupied Homes[a]	Aggregate Value of Tax-Foreclosed Owner-Occupied Homes	Estimated Net Value of Owner-Occupied Homes
2014	$36,680	125,756	$4,332,193,361	4,984	($170,652,710)	$4,161,540,651
2015	$37,700	123,264	$4,382,566,990	5,744	($179,883,625)	$4,202,683,365
2016	$35,559	116,828	$4,008,618,054	1,559	($45,629,779)	$3,962,988,275
2017	$38,750	113,610	$4,504,495,691	1,545	($50,234,824)	$4,454,260,867
2018	$46,238	106,184	$5,199,560,028	691	($27,342,683)	$5,172,217,346
2019	$50,400	105,504	$5,536,327,178	661	($28,337,148)	$5,507,990,029
2020	$57,548	99,092	$6,130,314,019	-	-	$6,130,314,019
2021	$63,147	100,941	$6,920,419,771	94	($5,185,450)	$6,915,234,322
2022	$68,640	103,304	$8,093,522,364	421	($27,421,212)	$8,066,101,152

[a]This count includes the number of tax-foreclosed residential properties with a PRE at the time of foreclosure, which indicates that they were owner-occupied.

Table 1 also shows trends in the number of tax foreclosures to owner-occupied homes and the aggregate value of homes lost to tax foreclosures.[9] It is important to note that the data reported in Table 1 include only properties that were owner-occupied before they were lost to tax foreclosure, since our focus in this report is on estimating the value of owner-occupied homes. Detroit experienced a steep drop in the number of tax foreclosures to owner-occupied homes during this period, dropping from 4,984 in 2014 to 421 in 2022.[10] We estimated the aggregate value of homes lost to property tax foreclosure by multiplying the number of tax-foreclosed owner-occupied homes in each

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[9] The City of Detroit acquired data from Regrid (http://regrid.com) on tax foreclosures for 2014 to 2019, which Regrid obtained from the Wayne County Treasurer's Office. We obtained data on tax foreclosures from 2021 and 2022 from the Detroit Land Bank Authority (DLBA). We were not able to obtain data on tax foreclosures during 2020, but since a moratorium on tax foreclosures was in place for most of the year, we assume that this omission would have minimal impact on our estimate of the net aggregate value of owner-occupied homes. In this analysis, we estimated the value of tax-foreclosed homes with a principal residence exemption (PRE), meaning that they were owner-occupied homes. Thus, our analysis focuses on owner-occupied homes and does not consider wealth that some Detroiters may accumulate from homes that are not their primary place of residence.

[10] The number of these tax foreclosures declined from 2014 to 2019. At the onset of the pandemic, in March 2020, the Wayne County Treasurer's Office announced a halt on all property tax foreclosures (see "Statement by Wayne County Treasurer Eric Sabree regarding COVID-19 closure," https://www.waynecounty.com/elected/treasurer/statement-by-wayne-county-treasurer-eric-sabree.aspx). They later modified the moratorium so that it applied only to occupied properties, and eventually only to owner-occupied residential properties. (Rahman, Nushrat. "Wayne County Treasurer halts owner-occupied foreclosures this year." *Detroit Free Press*. April 28, 2003. https://www.freep.com/story/news/local/michigan/wayne/2023/04/28/wayne-country-treasurer-stops-owner-occupied-foreclosures-this-year/70164808007/)

census tract by the median home sale value in the tract and then summing across all neighborhoods.[11] The aggregate value of owner-occupied homes lost to tax foreclosure declined from $170.6 million in 2014 to $27.4 million in 2022.

The last column in Table 1 shows the net value of owner-occupied homes in Detroit – our measure of housing wealth – which we estimated by calculating the difference between the aggregate value of owner-occupied homes and the aggregate value of owner-occupied homes lost to property tax foreclosure. **The net value of owner-occupied homes increased from $4.2 billion in 2014 to $8.1 billion in 2022, a $3.9 billion/94 percent increase in housing wealth over these nine years.** We believe this estimate of the growth in housing wealth to be conservative because our methodology (a) assumes that the value of each home lost to tax foreclosure is equivalent to the median value of homes that sold in the same census tract during the same year and (b) drops cases with extreme home sale values, which, had we included them, would have boosted the net gain in housing wealth from $3.9 billion to $5.1 billion over the nine-year time period.

Race-specific Estimates of the Growth in Housing Wealth

To better understand how the growth in housing values was experienced by people of different racial/ethnic groups in Detroit, we generated race-specific estimates for Blacks, Whites, and Hispanics. Using the four-step procedure described above, we obtained race-specific estimates of the aggregate home values (step 2) and the aggregate value of homes lost to tax foreclosure (step 3) and used them to calculate the net value of owner-occupied for each racial/ethnic group (step 4).[12] The race-specific

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[11] Our methodology assumes that the value of homes lost to tax foreclosure in a neighborhood is equivalent to the value of homes sold by owners. We believe this is a conservative assumption, since in many cases, the value of tax foreclosed homes may be lower than the median sale value in a neighborhood.

[12] Our data on home sales do not identify the race of the home seller, so to estimate the net value of homes owned by Blacks, Whites, and Hispanics, we assumed that the racial composition of homeowners who sold homes in a given census tract matched the racial composition of homeowners in the population of the tract. We obtained tract-level measures of the proportion of owner-occupied homes owned by Blacks, Whites, and Hispanics from the American Community Survey. We then multiplied these proportions by the number of principal residence exemptions (PREs) in each census tract to estimate the number of homeowners in each racial/ethnic group. The ACS data on race-specific counts of owner-occupied homes came from the ACS 5-year data, where the last year in the ACS 5-year period

estimates of net housing value are plotted in Figure 1. (The data used to generate Figure 1 are shown in Table A-1 in the appendix.) Black homeowners had the largest share of net housing wealth in the city, representing 82 percent of all housing wealth generated in 2014 and 77 percent in 2022. **The net housing value of Black homeowners grew from $3.4 billion in 2014 to $6.2 billion in 2022, a $2.8 billion/80 percent increase in net housing wealth.**[13] White homeowners had the second largest share of net housing wealth, accounting for 11 percent of net wealth in 2014 and 13 percent in 2022, and their net housing wealth also increased substantially over time, increasing by $582.2 million from 2014 to 2022 (a 127 percent increase). Although Hispanics had a smaller share of net housing wealth – 4 percent in 2014 and 6 percent in 2022 – their net housing wealth grew the most over time in relative terms, climbing from $165.0 million in 2014 to $463.0 million in 2022, a 181 percent increase.

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corresponds to the year being estimated in our time series. For example, we used the 2010-2014 ACS data to estimate the components of 2014 housing wealth and we used the 2018-2022 ACS data to estimate the components of 2022 housing wealth. Our measure of Black owner-occupied homes captures homeowners who identified as Black alone (no other race), regardless of whether they identified their ethnicity as Hispanic (only 0.5 percent of all African Americans in Detroit also identified as Hispanic/Latino). Our measure of White owner-occupied homes captures homeowners who identified as White alone (no other race) and who did not identify as Hispanic (17.5 percent of whites in Detroit, also identified as Hispanic/Latino).

[13] If we had not dropped extreme values from the data set, we would have observed a $3.4 billion increase in net housing values for Blacks.

**Figure 1. Estimated Net Value of Owner-Occupied Homes
by Race/Ethnicity of Homeowners in Detroit, 2014-2022**

■ Non-Hispanic Black Homeowners ■ Non-Hispanic White Homeowners ■ Hispanic Homeowners
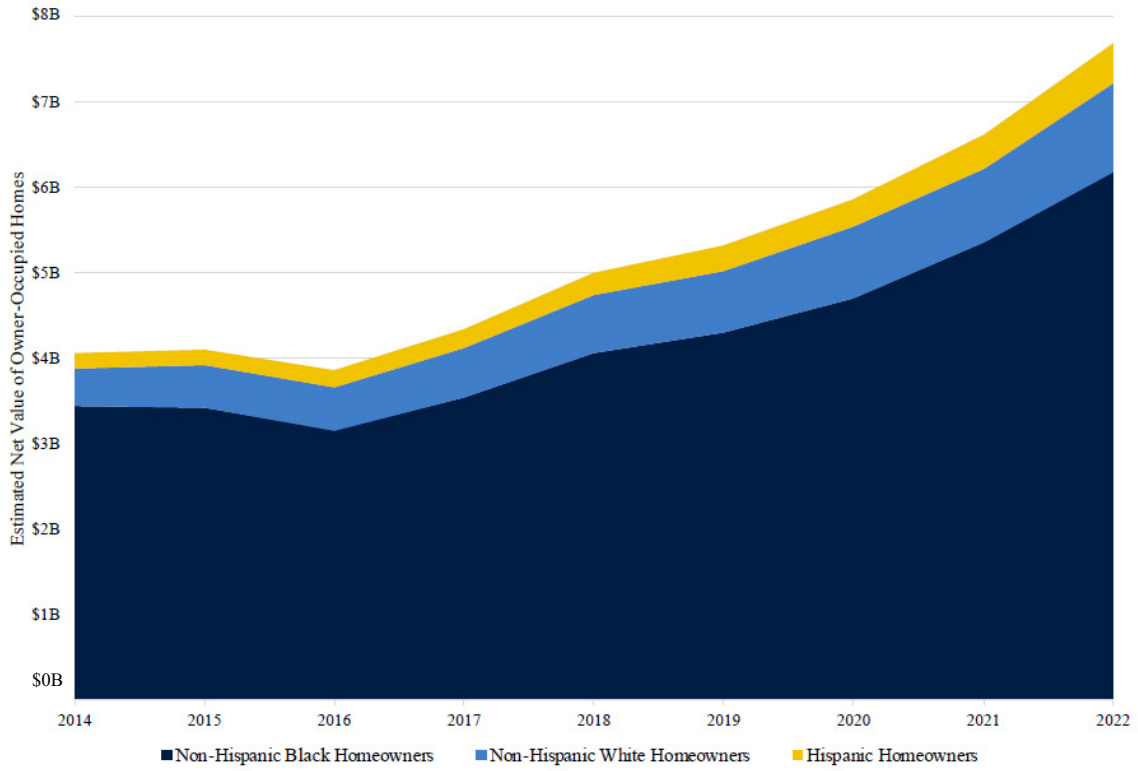
Analyzing Neighborhood Changes in Median Home Sale Values[14]

Next, we consider how home sale values changed over time across neighborhoods in Detroit, using the boundaries defined by Detroit's Master Plan of Policies.[15] First, we analyzed whether the growth in home values in Detroit was primarily a story of wealthy neighborhoods getting wealthier by asking whether home values grew more rapidly from 2014 to 2022 in neighborhoods that already had higher property values and lower poverty rates in 2014. In fact, we found the opposite to be the case.

As Figures 2 and 3 show, the largest growth in median home sale values from 2014 to 2022 occurred in neighborhoods that had the lowest property values and the highest poverty rates in 2014. Figure 2 shows the percentage change in home values for neighborhoods based on how high their property values were in 2014. (A complete list of neighborhoods in each of these three categories of 2014 property values can be found in Table A-2 in the appendix.) In neighborhoods that had the lowest median home sale values in 2014 (1st tertile), home values increased by an average of 299 percent, more than double the growth rate of neighborhoods with the highest median home sale values in 2014. In 2014, the median home sale value of neighborhoods in the 1st tertile ranged from $7,533 to $26,200, but by 2022, the range was $28,080 to $114,920.[16]

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[14] In our analysis below of neighborhood median home sales data, we did not drop cases of extreme home sale values as we did in the analysis reported in sections 2 and 3 above. We included cases of home sale values that were below the 10th and above the 90th percentile because in some cases, all of the home sales in a given neighborhood fell outside of this range in a given year.

[15] Detroit's Master Plan of Policies (https://detroitmi.gov/document/master-plan-policies), last updated in 2009, defined 54 neighborhoods. One of these neighborhoods, Upper East Central, an industrial area immediately south and west of Hamtramck, was dropped from the analysis because the MLS did not record any home sales in this area from 2014 to 2022. Although the names and boundaries of the Master Plan neighborhoods may not be as familiar to Detroiters as the 205 neighborhoods defined by the Detroit Department of Neighborhoods (https://detroitmi.gov/webapp/interactive-district-map), we use the Master Plan neighborhoods because they are larger areas that produce more stable estimates of median home sale values. The average population size of Master Plan neighborhoods is roughly 12,000 people, compared to an average of roughly 2,300 people in the Department of Neighborhoods' neighborhoods. In the appendix to this report, we present maps that display data on home value for Master Plan neighborhoods but show the neighborhood names and boundaries of the geographic areas defined by the Department of Neighborhoods.

[16] All home sale values are expressed in 2023 dollars.

Figure 2. 2014-2022 Percent Change in Neighborhood Median Home Values by 2014 Neighborhood Median Home Sale Values
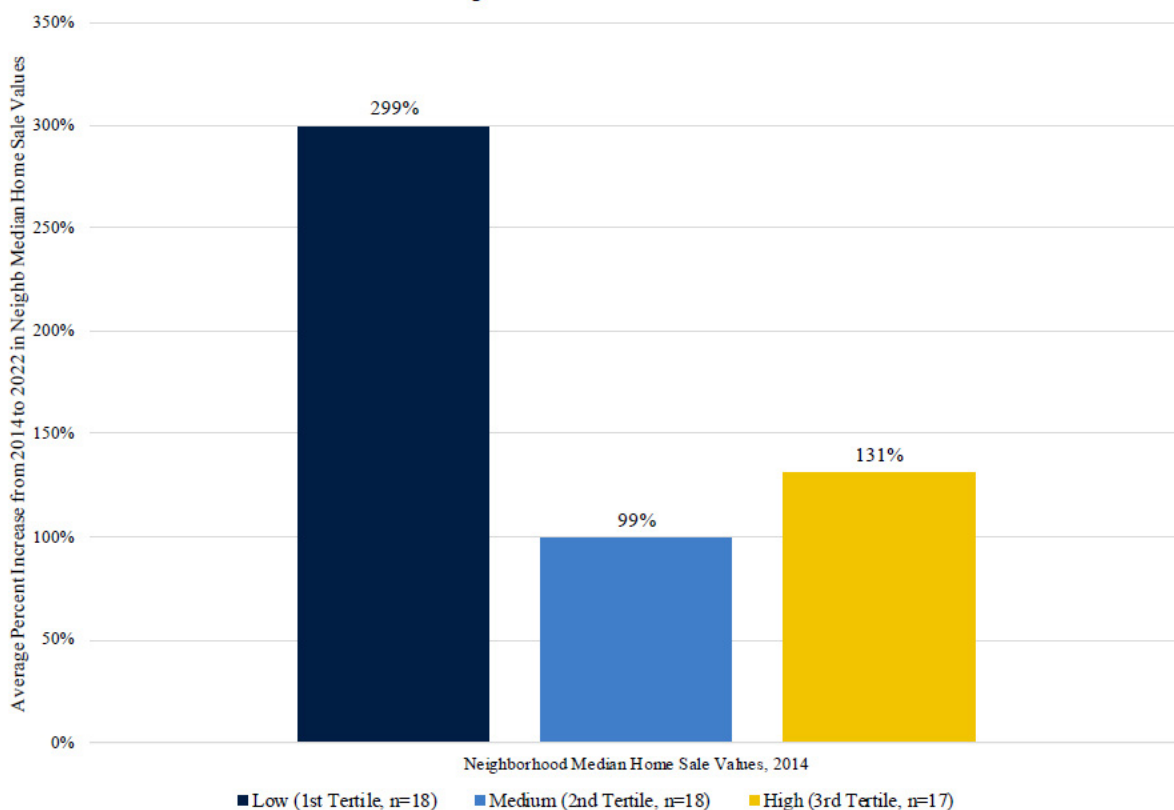
Figure 3 shows comparisons of changes in median home sale values based on the poverty rates of neighborhoods in 2014. In neighborhoods with the highest poverty rates in 2014 (3rd tertile), home values increased by an average of 277 percent, more than double the growth rate of neighborhoods with the lowest poverty rates, compared to 117 percent growth in neighborhoods with the lowest poverty rates in 2014 (1st tertile). (A complete list of neighborhoods in each of the three categories of 2014 poverty rates can be found in Table A-3 in the appendix.)

Figure 3. 2014-2022 Percent Change in Neighborhood Median Home Values by 2014 Neighborhood Poverty Rate
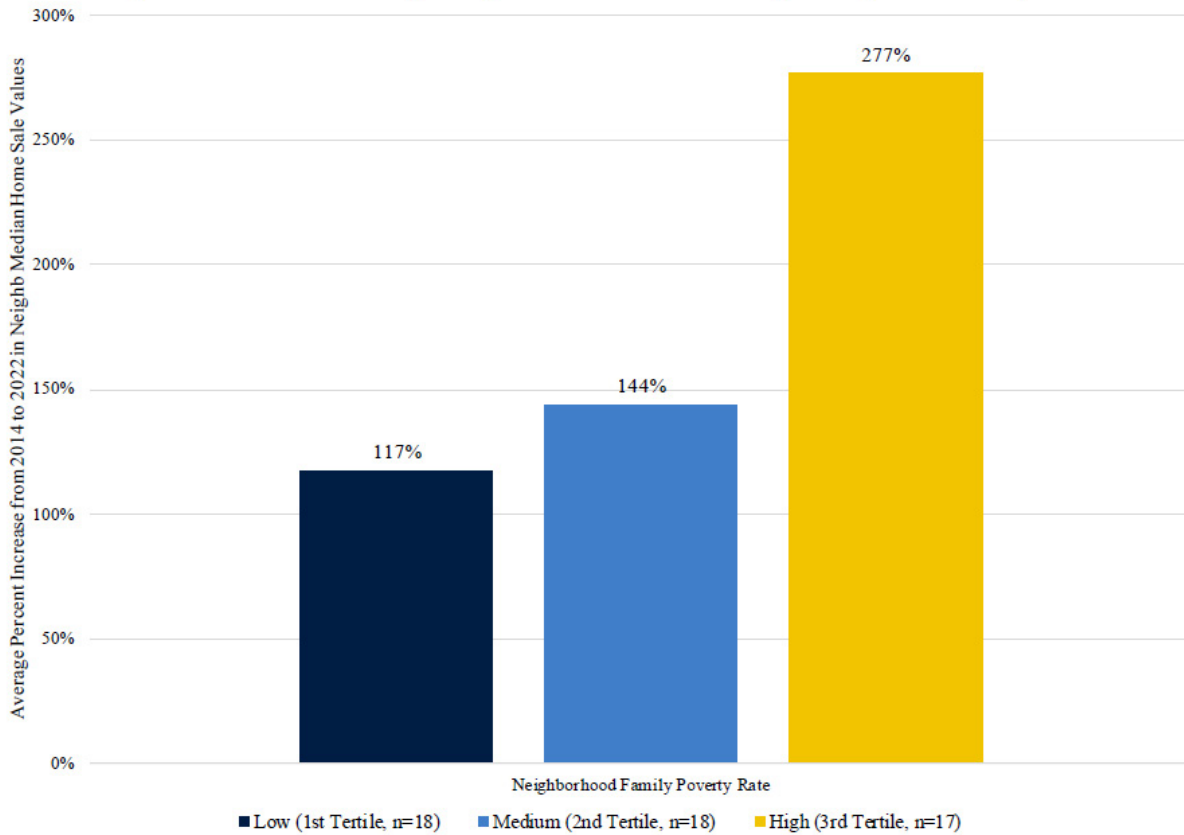
Next, we analyzed whether the growth in home sale values was associated with neighborhood racial/ethnic composition in 2014. We divided neighborhoods into the following categories: (1) predominantly Black neighborhoods (n=42), which were at least 70 percent Black in 2014; (2) neighborhoods with substantial shares of Hispanics (n=5), which were at least 45 percent Hispanic in 2014 and also less than 30 percent White and less than 70 percent Black; (3) neighborhoods with substantial shares of Whites (n=3), which were at least 30 percent White in 2014 and also under 45 percent Hispanic and under 70 percent Black; and (4) neighborhoods with other mixtures of Blacks, Hispanics, and Whites (n=3). (A complete list of neighborhoods in each of these four categories of 2014 racial/ethnic composition can be found in Table A-4 in the appendix.) Figure 3 shows how median home sale values changed across each of these categories of neighborhood racial/ethnic composition. Although these differences were not statistically significant (due to the small sample sizes in some categories), it is notable that home values grew by 364 percent in neighborhoods that were at least 45 percent Hispanic in 2014, while neighborhoods in the other categories experienced roughly equivalent rates of growth in housing value of around 150 percent.

Figure 4. 2014-2022 Percent Change in Neighborhood Median Home Values by 2014 Neighborhood Racial/Ethnic Composition
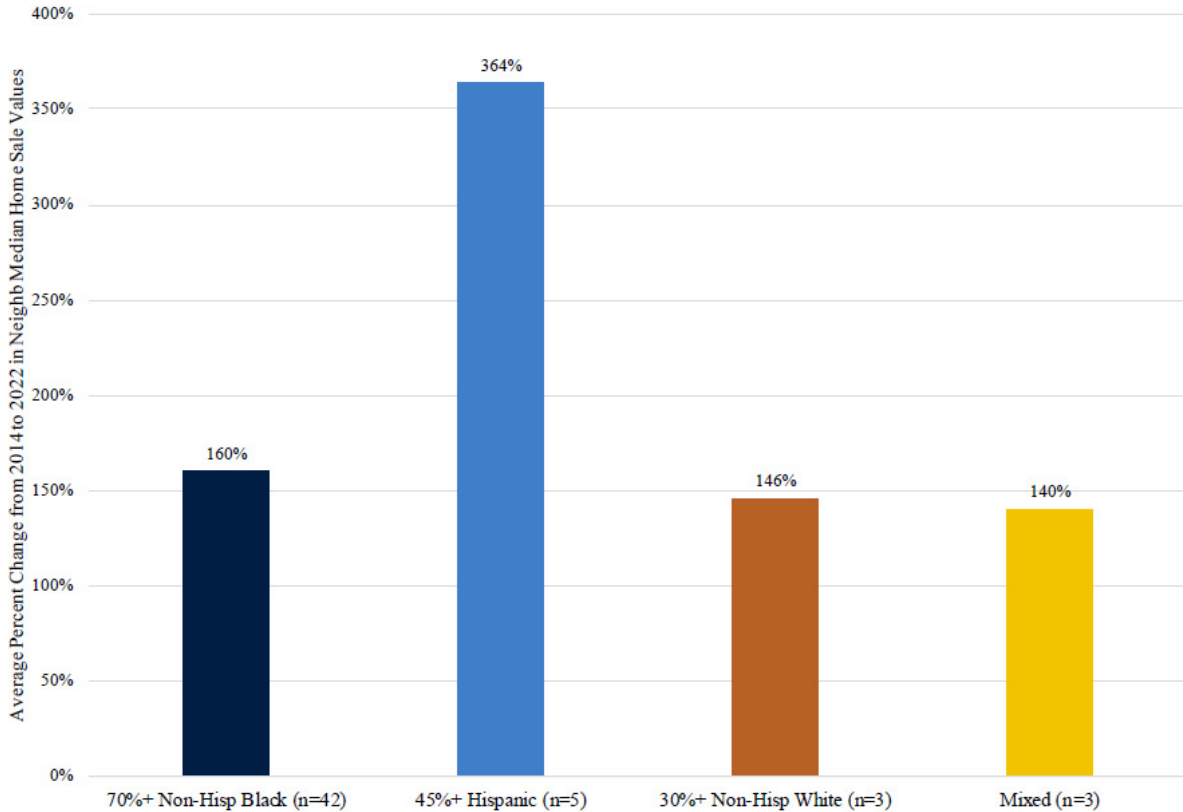
Mapping Neighborhood Changes in Home Values

Another key question about the growth in neighborhood housing values from 2014 to 2022 is how geographically concentrated the growth was in certain parts of the city, such as the downtown and midtown areas. The maps in Figures 4-6 show how housing values changed from 2014 to 2022 in each of the Master Plan neighborhoods.[17] Figure 4 maps changes in median home sale value; Figure 5 shows neighborhood changes in the net value of homes, our measure of housing wealth; and Figure 6 shows neighborhood changes in the net value of homes owned by Blacks. The maps show that although neighborhoods that experienced the most growth in home values (those shaded in the dark shades of blue) are concentrated in southwest and the south-central parts of the

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[17] Figures A-1, A-2, and A-3 in the appendix show these same maps with neighborhood boundaries that are defined by the Department of Neighborhoods. The data on these maps are still calculated on Master Plan Neighborhoods, but the boundaries shown are those of the Department of Neighborhoods.

city, there are also many neighborhoods scattered throughout the city that experienced large increases in home values (e.g., those filled with lighter and darker shades of blue). For example, on Figure 4, neighborhoods shaded in blue experienced at least a 100 percent increase in median home sale value, meaning that homes at least doubled in value between 2014 and 2022.

Figure 5. Percent Change from 2014 to 2022 in Neighborhood Median Home Sale Value
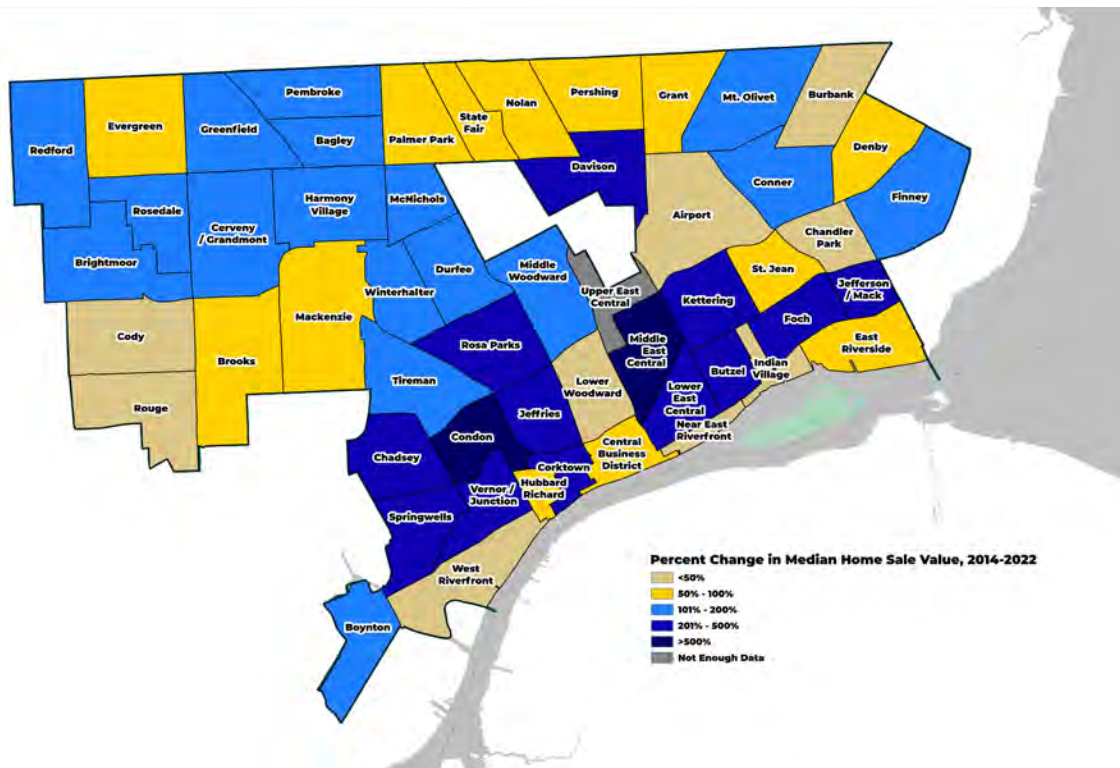
Here are some examples of neighborhoods that experienced the most growth in median home sale value and net home value:[18]

● Middle East Central, a predominantly Black neighborhood where the median home sale value grew from $8,908 in 2014 to $104,000 in 2022, a 1,067 percent increase;

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[18] For a similar account of Detroit neighborhoods experiencing growth in property values, see Manes, Nick. 2024. "These Detroit Neighborhoods' Property Values Are Climbing Quickly." Crain's Detroit Business. February 1, 2024: neighborhoods,and%20Boynton%20in%20Southwest%20Detroit. https://www.crainsdetroit.com/real-estate/these-detroit-neighborhoods-property-values-are-rising-fast

- Condon, a mixed Black and Latino neighborhood where the median home sale value grew from $7,533 in 2014 to $71,760 in 2022, an 853 percent increase;
- Jefferson/Mack, a predominantly Black neighborhood where the median home sale value grew from $11,987 in 2014 to $67,600 in 2022, a 464 percent increase;
- Davison, which contains a mixture of different racial/ethnic groups (including a large Bangla community), where the median home sale value grew from $23,580 in 2014 to $104,000 in 2022, a 341 percent increase;
- Springwells, a predominantly Latino neighborhood, where the median home sale value grew from $19,650 in 2014 to $80,600 in 2022, an 310 percent increase;
- Kettering, a predominantly Black neighborhood, where the median home sale value grew from $10,808 in 2014 to $42,120 in 2022, a 290 percent increase;
- Foch, a predominantly Black neighborhood, where the median home sale value grew from $17,030 in 2014 to $66,040 in 2022, a 288 percent increase;
- Chadsey, a majority Latino neighborhood, where the median home sale value grew from $22,270 in 2014 to $78,000 in 2022, a 250 percent increase; and
- Rosa Parks, a predominantly Black neighborhood, where the median home sale value grew from $22,925 in 2014 to $78,000 in 2022, a 240 percent increase.

Figure 6. Percent Change from 2014 to 2022 in Neighborhood Net Value of Owner-Occupied Homes
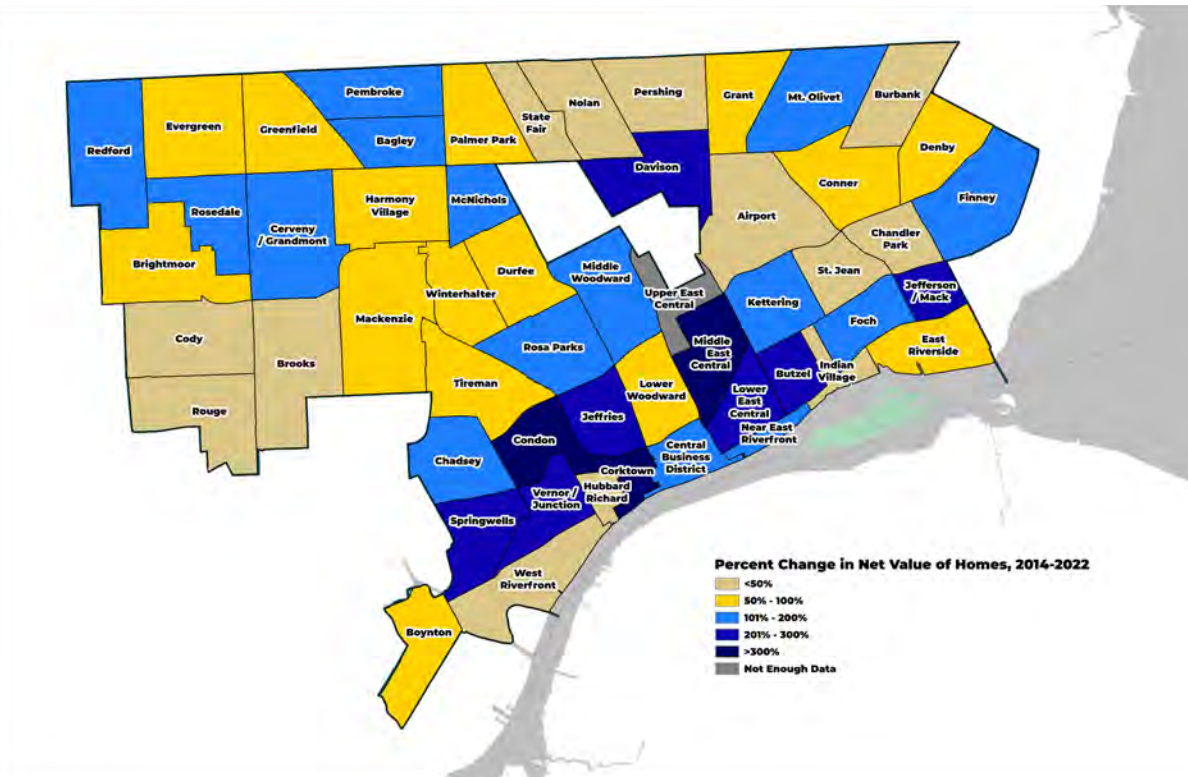
Figure 7. Percent Change from 2014 to 2022 in Neighborhood Net Value of
Black Owner-Occupied Homes
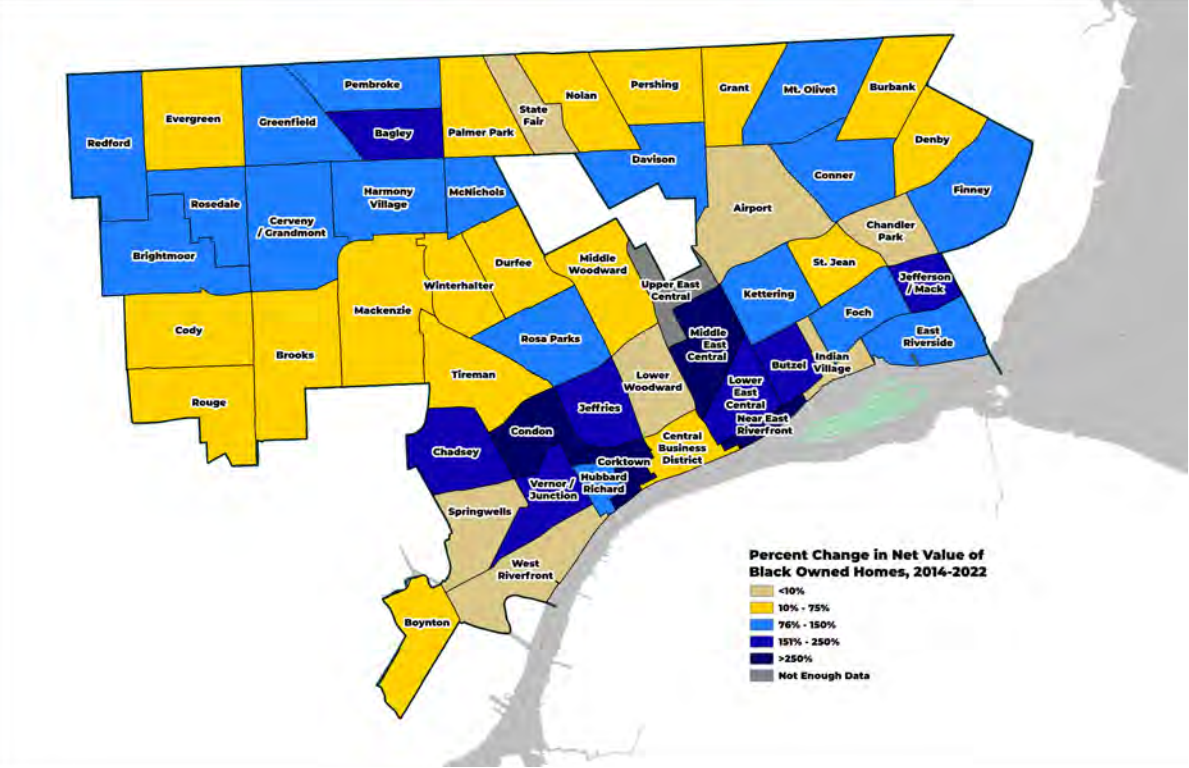
Discussion

It is important to acknowledge our assumptions and some limitations of our data and
method for estimating housing wealth. We estimate the aggregate value of all homes in
the city each year by multiplying the median home sale value in a given census tract by
the number of principal residence exemptions (PREs) in the tract, which we use to
measure the number of owner-occupied homes. This assumes that a tract's median
sale value is an accurate reflection of the average market value of all homes in the
tract, including those that were not sold that year. Also, PRE status likely
underestimates the number of owner-occupied homes because of "tangled titles,"
which refer to situations in which a property title does not accurately reflect the present
homeowner's claim to the home – i.e., when a person owns all or part of a house but
their name is not on the deed.[19] If we are undercounting owner-occupied homes, then
we are likely understating the aggregate wealth that is generated through rising home

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[19] One way a tangled title may arise is when the person whose name is on the deed passes away and some
of their relatives continue living in the home without putting their name on the deed.

values.[20] Another limitation of this method is that some census tracts have small samples of home sales in a given year, so our estimates of median home values in tracts with fewer home sales may be more unstable from year to year. Similarly, our analysis of change over time in home value across Master Plan neighborhoods is limited by small sample sizes in some neighborhoods (although the average Master Plan neighborhood is over five times as large, in terms of population size, than the average census tract).

We estimate the aggregate value of homes lost to tax foreclosure each year by multiplying the median home sale value in a given census tract by the number of tax-foreclosed homes with a PRE in the tract. Thus, we are assuming that a census tract's median sale value is an accurate reflection of the average market value of homes in the tract that are lost to tax foreclosure. If tax foreclosed homes are worth less on average than other homes in a census tract, we may be overestimating the loss of wealth due to foreclosure, all else being equal.

For our analysis of race-specific trends in housing wealth, we estimate the aggregate value of owner-occupied homes and the value of homes lost to tax foreclosure separately for Blacks, Whites, and Hispanics. Because we do not have data on the race/ethnicity of home sellers, we estimate the number of homeowners from each racial/ethnic group in a given census tract by multiplying the number of PREs (obtained from the Wayne County Register of Deeds and the City of Detroit Office of the Assessor) in the tract by the proportion of homeowners in that tract from each racial/ethnic group (obtained from the American Community Survey).[21] We cannot, however, calculate the median home sale value separately for each group because we do not have underlying

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[20] According to a recent report from Detroit Future City, there are at least 5,525 residential heirs' properties in Detroit (i.e., a family-owned property inherited through generations or passed on to recipients without formal legal proceedings to prove ownership) that collectively are worth more than $268 million according to City of Detroit Tax Assessor's data from 2023. See Waugh, Vinita and Juan Sandoval. 2024. *Keeping Your Family Home: Addressing the Challenges of Inherited Properties in Detroit*. Detroit Future City, Center for Equity, Engagement, and Research. https://detroitfuturecity.com/data_reports/keeping-your-family-home/.

[21] Our data on PRE status come from the City of Detroit Office of the Assessor. Our data on warranty deed home sale values come from the Wayne County Register of Deeds (ROD) for 2014 and 2015 and the City of Detroit Office of the Assessor (Assessor) for 2016-2022. Prior research has shown that the ROD data contains more records than the Assessor data for most types of home transactions (Nash, Kendall. 2023. *Home Sales in Detroit*. Detroit Future City: Center for Equity, Engagement, and Research. https://detroitfuturecity.com/data_reports/home-sales-in-detroit/). This research notes that the ROD records every notice of a property transfer, while the Assessor works to validate transaction data it receives to make sure that it is using only valid sales to assess property value.

data on the race/ethnicity of the home seller, so we assume that the median home sale value in a given census tract is the same for Blacks, Whites, and Hispanics. This assumption could lead us to overvalue the housing wealth of some groups and undervalue that of others if there are large racial/ethnic disparities in the value of home sales *within a given census tract*. For example, if Black-owned homes sell for less than White-owned homes in a given census tract due to racial discrimination in the housing market, we could be overstating Black housing wealth in those tracts.[22] But, since most Black homeowners live in census tracts where the large majority of homes are being sold by Black homeowners and over 77 percent of Detroit's population is Black (according to the 2022 American Community Survey), the median home sale value in most census tracts where Black homeowners live will be largely determined by the value of homes sold by Blacks, making it a fairly accurate indicator of the value of Black-owned properties.

Conclusion

Since emerging from bankruptcy in 2014, Detroit has experienced an economic upturn and increasing home sale values. Our goal in this report is to estimate the wealth generated from home value appreciation in Detroit since the bankruptcy and understand how the growth in housing wealth has been experienced by different neighborhoods and members of different racial/ethnic groups.

Using data on warranty deed sales between 2014 and 2022, we presented annual estimates of the aggregate value of owner-occupied homes and the aggregate value of homes lost to tax foreclosure in Detroit. We then calculated the net value of owner-occupied homes – our measure of housing wealth – as the difference between these two quantities. The estimated net value of owner-occupied homes increased from $4.2 billion in 2014 to $8.1 billion in 2022, which amounts to a $3.9 billion (94 percent) increase in housing wealth citywide.

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[22] There is evidence of racial disparities in home values nationally (Rothwell, Jonathan and Andre M. Perry. "How Racial Bias in Appraisals Affects the Devaluation of Homes in Majority-Black Neighborhoods. The Brookings Institution. https://www.brookings.edu/articles/devaluation-of-assets-in-black-neighborhoods/) and in Metro Detroit (Robinson, Samuel. 2024. "Homes Owned by Black People Valued Less in Detroit." *Axios Detroit*. February 20, 2024. https://www.axios.com/local/detroit/2024/02/20/homes-owned-black-people-valued-less-hud). Most existing research on racial disparities in home values focuses on differences between communities that are majority Black and majority White. It is less clear from prior research how large racial disparities in home value are in cities like Detroit, where most neighborhoods are majority Black.

We found that each of Detroit's three major racial/ethnic groups experienced large gains (in absolute and relative terms) in housing wealth over the nine-year time period. We estimated that the net value of owner-occupied homes increased by $2.8 billion (80 percent) among Black homeowners, $582.2 million (127 percent) among White homeowners, and $298.1 million (181 percent) among Hispanic/Latino homeowners.

We also analyzed neighborhood changes in median home sale values and the net value of owner-occupied homes. We found that the median home sale values grew the most from 2014 to 2022 in neighborhoods with the lowest property values, the highest poverty rates, and the largest shares of Hispanic/Latino populations in 2014. Median home sale values grew by 299 percent in neighborhoods that had the lowest median home sale values in 2014, 277 percent in neighborhoods with the highest poverty rates in 2014, and 219 percent among neighborhoods that were at least 45 percent Hispanic in 2014. The maps we presented show that the growth in home values was also geographically dispersed in neighborhoods throughout the city.

The findings in this report illustrate how far Detroit's housing market has come since 2014 in recovering from the devastating effects of the Great Recession. Whereas many homeowners lost their homes or left the city when Detroit's housing market began to collapse, most of those who remained have seen their home values appreciate, providing an opportunity for them to rebuild their equity. This growth in housing wealth reflects positively on the efforts of multiple stakeholders to improve Detroit's housing market and strengthen its neighborhoods since the bankruptcy, including initiatives to remove blight and rehabilitate distressed properties. At the same time, many challenges remain, and more work needs to be done to boost homeownership demand and make neighborhoods more attractive locations for potential homebuyers.[23] Also, with the rise in property values come concerns about housing affordability, especially for Detroiters who are not homeowners and are facing high rental values, and the displacement of residents who can no longer afford to maintain their homes, especially those who own older properties. Nonetheless, the relatively equitable growth in housing wealth in Detroit since the bankruptcy provides hope for the city's future.

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[23] Lynch, Edward, Vinita Wagh, and Ashley Williams Clark. 2023. *Black Homebuyer Demand*. Detroit Future City, Center for Equity, Engagement, and Research. https://detroitfuturecity.com/data_reports/black-homebuyer-demand/.

Appendix

Figure A-1. Percent Change from 2014-2022 in Median Home Sale Value Using Neighborhood Boundaries from Detroit Department of Neighborhoods
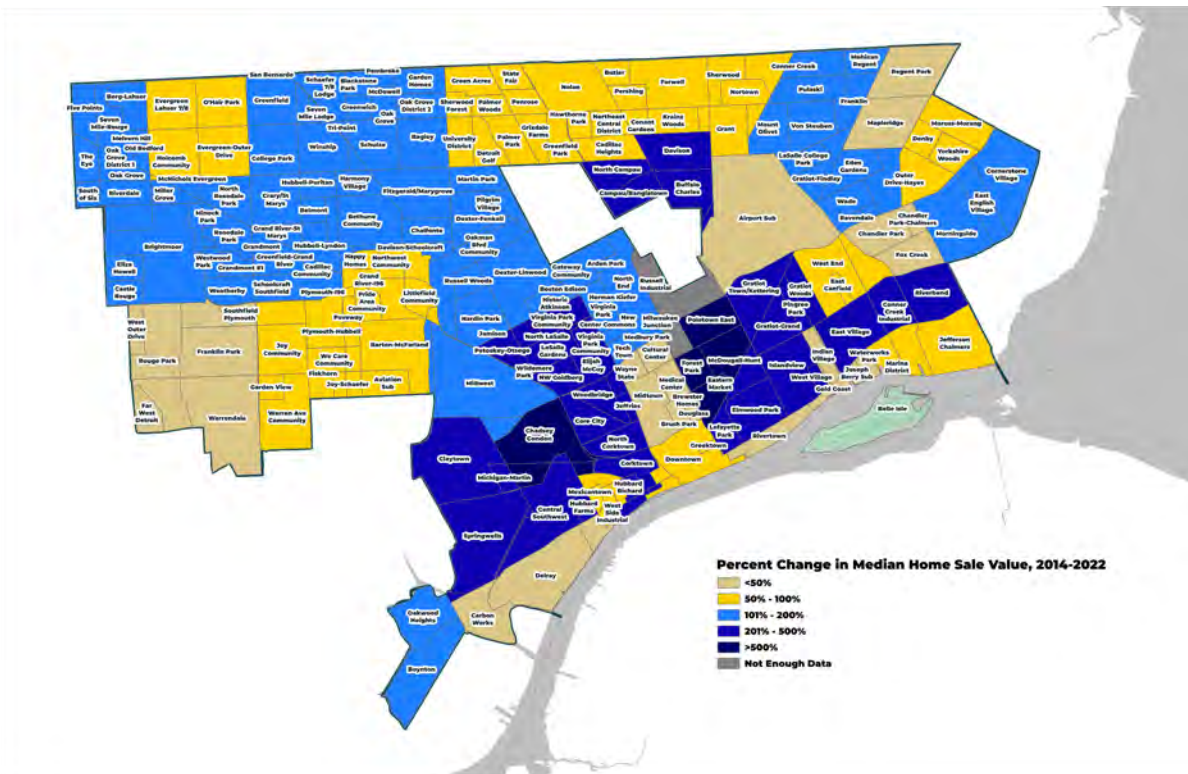
Figure A-2. Percent Change from 2014 to 2022 in Neighborhood Net Value of Owner-Occupied Homes Using Neighborhood Boundaries from Detroit Department of Neighborhoods
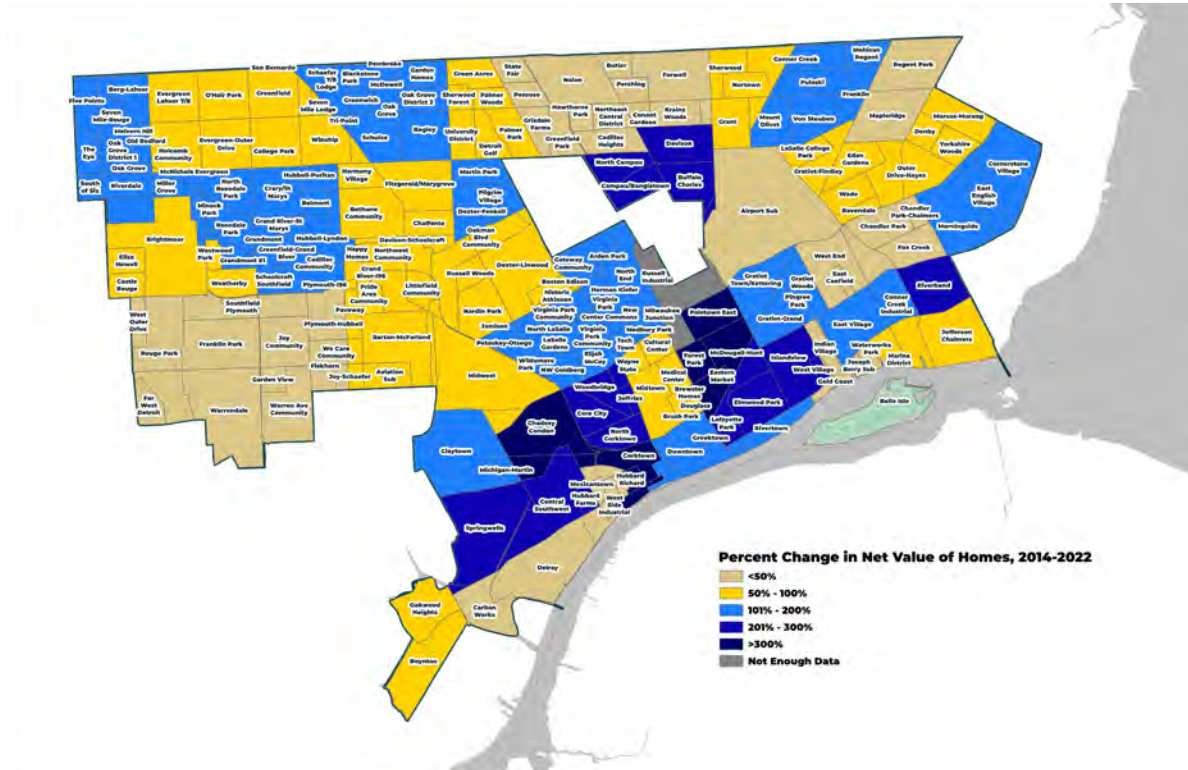
Figure A-3. Percent Change from 2014 to 2022 in Neighborhood Net Value of Black Owner-Occupied Homes Using Neighborhood Boundaries from Detroit Department of Neighborhoods
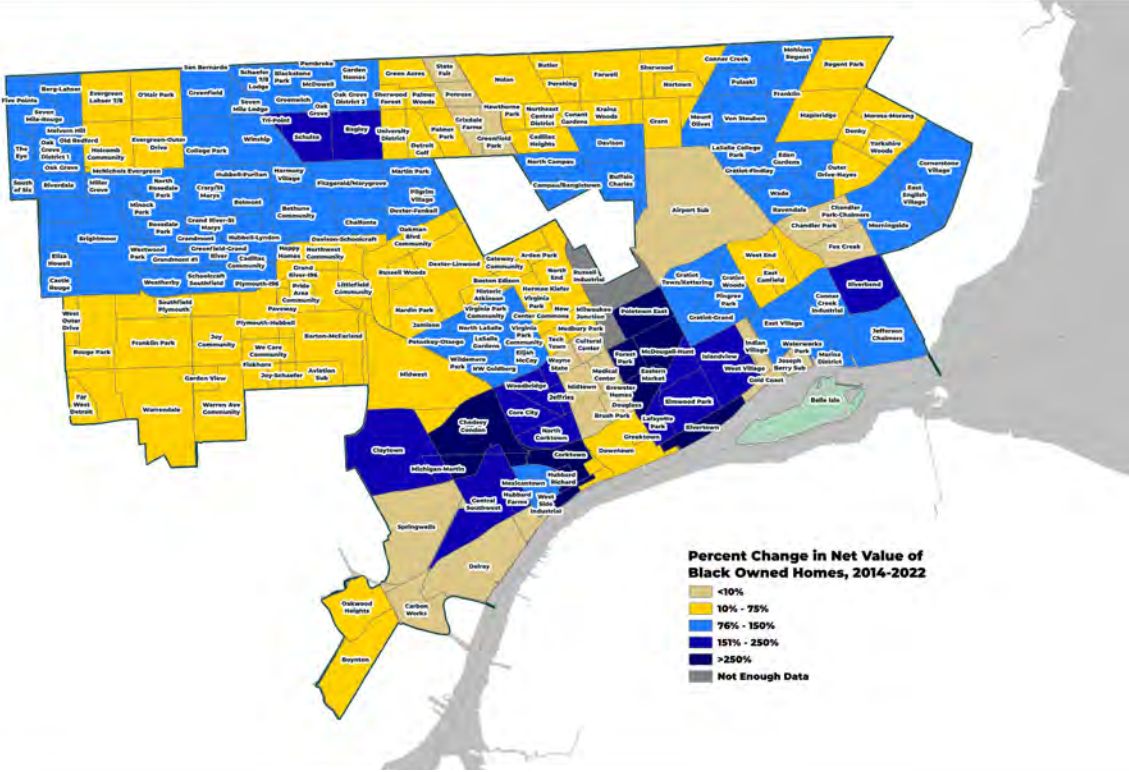
Table A-1. Estimated Net Value of Owner-Occupied Homes by Race/Ethnicity of Homeowner and Year

	Estimated Net Value of Owner-Occupied Homes			
Year	All Homeowners	Black Homeowners	White Homeowners	Hispanic Homeowners
2014	$4,161,540,651	$3,428,246,560	$457,828,916	$164,979,810
2015	$4,202,683,365	$3,418,666,620	$487,958,869	$186,222,717
2016	$3,962,988,275	$3,148,489,606	$507,369,227	$192,752,405
2017	$4,454,260,867	$3,535,510,148	$577,261,292	$219,519,888
2018	$5,172,217,346	$4,051,327,225	$684,323,915	$264,781,705
2019	$5,507,990,029	$4,301,792,378	$712,631,089	$310,139,734
2020	$6,130,314,019	$4,687,074,419	$840,679,831	$325,996,601
2021	$6,915,234,322	$5,347,824,576	$874,690,648	$394,091,732
2022	$8,066,101,152	$6,178,622,715	$1,040,043,831	$463,039,489

Table A-2: Typology of 2014 Median Home Sale Values of Master Plan
Neighborhoods

| | Median Home Sale Value | | |
Neighborhood Category/Name	2014	2022	%Pct Chg 2014-2022
Tertile 1			
Airport	$19,650	$28,080	42.9%
Boynton	$24,890	$54,600	119.4%
Brightmoor	$25,077	$53,040	111.5%
Chadsey	$22,270	$78,000	250.2%
Condon	$7,533	$71,760	852.7%
Conner	$20,633	$46,800	126.8%
Davison	$23,580	$104,000	341.1%
Foch	$17,030	$66,040	287.8%
Jefferson / Mack	$11,987	$67,600	464.0%
Kettering	$10,808	$42,120	289.7%
Middle East Central	$8,908	$104,000	1067.5%
Mt. Olivet	$21,451	$53,560	149.7%
Redford	$26,200	$72,800	177.9%
Rosa Parks	$22,925	$78,000	240.2%
Springwells	$19,650	$80,600	310.2%
St. Jean	$18,679	$34,320	83.7%
Tireman	$17,243	$40,560	135.2%
Vernor / Junction	$26,200	$114,920	338.6%
Tertile 2			
Brooks	$30,130	$49,920	65.7%
Burbank	$35,370	$50,960	44.1%
Butzel	$35,829	$171,600	378.9%
Cerveny / Grandmont	$31,702	$78,000	146.0%
Chandler Park	$36,680	$39,520	7.7%
Cody	$36,680	$54,080	47.4%
Denby	$27,510	$52,000	89.0%
Evergreen	$37,990	$64,480	69.7%
Grant	$28,165	$49,816	76.9%
Greenfield	$35,370	$72,800	105.8%
Harmony Village	$31,113	$67,600	117.3%
Mackenzie	$28,951	$55,120	90.4%
McNichols	$26,855	$78,000	190.4%
Nolan	$29,475	$52,000	76.4%
Pershing	$28,820	$47,840	66.0%
Rouge	$36,680	$52,000	41.8%
West Riverfront	$36,025	$49,868	38.4%
Winterhalter	$33,405	$78,000	133.5%
Tertile 3			
Bagley	$45,850	$135,200	194.9%
Central Business District	$347,150	$691,548	99.2%
Corktown	$153,925	$614,380	299.1%
Durfee	$39,169	$83,200	112.4%
East Riverside	$71,395	$142,502	99.6%
Finney	$44,540	$96,980	117.7%
Hubbard Richard	$112,005	$187,200	67.1%
Indian Village	$406,100	$358,800	-11.6%
Jeffries	$82,530	$353,600	328.5%
Lower East Central	$47,160	$175,760	272.7%
Lower Woodward	$279,685	$380,380	36.0%
Middle Woodward	$104,800	$244,400	133.2%
Near East Riverfront	$165,715	$244,400	47.5%
Palmer Park	$170,300	$318,240	86.9%
Pembroke	$39,300	$98,800	151.4%
Rosedale	$56,330	$133,432	136.9%
State Fair	$41,920	$65,000	55.1%

Table A-3: Typology of 2014 Poverty Rates of Master Plan Neighborhoods

Neighborhood Category/Name	%Poor Families		Median Home Sale Value		
	2014	2022	2014	2022	%Pct Chg 2014-2022
Tertile 1					
Bagley	23.2%	17.4%	$459	$1,352	194.9%
Boynton	30.3%	14.2%	$249	$546	119.4%
Central Business District	15.9%	8.7%	$3,472	$6,915	99.2%
Cerveny / Grandmont	30.6%	27.0%	$317	$780	146.0%
Corktown	25.4%	17.7%	$1,539	$6,144	299.1%
Evergreen	26.5%	23.7%	$380	$645	69.7%
Finney	30.7%	22.2%	$445	$970	117.7%
Greenfield	29.7%	26.1%	$354	$728	105.8%
Hubbard Richard	28.1%	18.2%	$1,120	$1,872	67.1%
Indian Village	6.6%	16.5%	$4,061	$3,588	-11.6%
Mackenzie	33.2%	29.9%	$290	$551	90.4%
Middle Woodward	31.1%	20.3%	$1,048	$2,444	133.2%
Near East Riverfront	17.3%	2.2%	$1,657	$2,444	47.5%
Nolan	26.2%	25.0%	$295	$520	76.4%
Palmer Park	10.9%	6.9%	$1,703	$3,182	86.9%
Pembroke	24.4%	16.7%	$393	$988	151.4%
Redford	32.8%	24.1%	$262	$728	177.9%
Rosedale	16.6%	9.7%	$563	$1,334	136.9%
Tertile 2					
Brightmoor	33.6%	25.4%	$251	$530	111.5%
Burbank	39.2%	23.5%	$354	$510	44.1%
Cody	36.6%	20.4%	$367	$541	47.4%
Conner	36.3%	26.8%	$206	$468	126.8%
Denby	36.9%	34.9%	$275	$520	89.0%
Durfee	33.8%	23.4%	$392	$832	112.4%
East Riverside	34.3%	20.0%	$714	$1,425	99.6%
Foch	39.0%	28.1%	$170	$660	287.8%
Harmony Village	34.2%	26.9%	$311	$676	117.3%
Lower East Central	35.0%	16.2%	$472	$1,758	272.7%
Lower Woodward	39.6%	29.0%	$2,797	$3,804	36.0%
McNichols	39.0%	34.0%	$269	$780	190.4%
Mt. Olivet	34.8%	28.6%	$215	$536	149.7%
Pershing	37.9%	25.3%	$288	$478	66.0%
Springwells	35.1%	34.4%	$197	$806	310.2%
State Fair	40.4%	32.9%	$419	$650	55.1%
Tireman	40.7%	39.0%	$172	$406	135.2%
Vernor / Junction	36.6%	26.6%	$262	$1,149	338.6%
Tertile 3					
Airport	42.9%	34.9%	$197	$281	42.9%
Brooks	41.7%	39.7%	$301	$499	65.7%
Butzel	41.5%	28.2%	$358	$1,716	378.9%
Chadsey	40.8%	34.7%	$223	$780	250.2%
Chandler Park	53.2%	45.8%	$367	$395	7.7%
Condon	42.2%	27.8%	$75	$718	852.7%
Davison	56.2%	38.9%	$236	$1,040	341.1%
Grant	41.7%	20.8%	$282	$498	76.9%
Jefferson / Mack	47.1%	58.5%	$120	$676	464.0%
Jeffries	51.3%	44.0%	$825	$3,536	328.5%
Kettering	49.0%	31.0%	$108	$421	289.7%
Middle East Central	45.2%	28.4%	$89	$1,040	1067.5%
Rosa Parks	50.8%	31.4%	$229	$780	240.2%
Rouge	41.4%	33.6%	$367	$520	41.8%
St. Jean	46.1%	35.1%	$187	$343	83.7%
West Riverfront	44.9%	67.7%	$360	$499	38.4%
Winterhalter	41.6%	31.2%	$334	$780	133.5%

Table A-4: Typology of 2014 Racial/Ethnic Composition of Master Plan Neighborhoods

Neighborhood Category/Name	%Black		%White		%Hispanic		Median Home Sale Value		%Pct Chg
	2014	2022	2014	2022	2014	2022	2014	2022	2014-2022
70%+ Black in 2014									
Airport	76.1%	61.7%	15.6%	27.0%	0.6%	3.8%	$19,650	$28,080	42.9%
Bagley	96.1%	92.5%	0.6%	4.1%	0.2%	0.4%	$45,850	$135,200	194.9%
Boynton	86.1%	81.9%	3.4%	1.8%	9.8%	10.3%	$24,890	$54,600	119.4%
Brightmoor	77.2%	83.5%	18.8%	11.9%	2.4%	1.1%	$25,077	$53,040	111.5%
Brooks	78.9%	75.2%	15.9%	16.8%	3.5%	4.6%	$30,130	$49,920	65.7%
Burbank	89.3%	94.5%	5.9%	2.9%	0.3%	0.6%	$35,370	$50,960	44.1%
Butzel	84.6%	71.7%	12.3%	19.9%	1.2%	1.3%	$35,829	$171,600	378.9%
Cerveny / Grandmont	96.6%	93.8%	1.2%	2.0%	1.1%	1.0%	$31,702	$78,000	146.0%
Chandler Park	94.3%	96.2%	2.3%	0.8%	2.1%	1.3%	$36,680	$39,520	7.7%
Cody	92.2%	86.9%	5.6%	3.4%	0.4%	2.1%	$36,680	$54,080	47.4%
Conner	95.8%	95.8%	1.6%	2.8%	0.5%	0.8%	$20,633	$46,800	126.8%
Denby	93.1%	94.8%	3.8%	1.8%	0.9%	1.2%	$27,510	$52,000	89.0%
Durfee	93.4%	88.7%	3.4%	5.8%	1.0%	0.8%	$39,169	$83,200	112.4%
East Riverside	87.2%	85.9%	8.8%	10.7%	1.3%	0.7%	$71,395	$142,502	99.6%
Evergreen	94.1%	91.6%	4.0%	2.6%	0.5%	1.0%	$37,990	$64,480	69.7%
Finney	85.3%	83.0%	10.9%	12.3%	1.0%	1.0%	$44,540	$96,980	117.7%
Foch	94.5%	89.8%	3.0%	6.9%	0.6%	0.3%	$17,030	$66,040	287.8%
Grant	92.6%	93.9%	4.0%	4.2%	0.5%	0.6%	$28,165	$49,816	76.9%
Greenfield	97.2%	95.2%	1.5%	1.6%	0.3%	1.6%	$35,370	$72,800	105.8%
Harmony Village	94.8%	95.5%	1.8%	2.1%	1.0%	1.3%	$31,113	$67,600	117.3%
Indian Village	80.5%	65.0%	15.3%	32.1%	1.6%	1.3%	$406,100	$358,800	-11.6%
Jefferson / Mack	93.4%	88.1%	1.5%	3.9%	0.0%	7.0%	$11,987	$67,600	464.0%
Jeffries	73.2%	66.6%	18.6%	24.4%	5.2%	6.2%	$82,530	$353,600	328.5%
Kettering	97.1%	84.6%	1.4%	9.2%	0.2%	0.8%	$10,808	$42,120	289.7%
Lower East Central	89.2%	78.1%	7.9%	15.5%	0.3%	0.6%	$47,160	$175,760	272.7%
Mackenzie	95.4%	91.0%	1.9%	2.3%	0.4%	2.2%	$28,951	$55,120	90.4%
McNichols	85.4%	83.3%	9.8%	8.8%	1.2%	0.9%	$26,855	$78,000	190.4%
Middle East Central	86.8%	85.8%	9.4%	9.9%	0.3%	1.4%	$8,908	$104,000	1067.5%
Middle Woodward	87.2%	67.3%	9.5%	21.6%	0.4%	2.3%	$104,800	$244,400	133.2%
Mt. Olivet	90.6%	94.3%	6.2%	3.1%	0.7%	0.4%	$21,451	$53,560	149.7%
Near East Riverfront	70.3%	52.9%	21.7%	35.4%	1.1%	3.0%	$165,715	$244,400	47.5%
Nolan	92.7%	93.1%	3.4%	1.3%	0.9%	2.1%	$29,475	$52,000	76.4%
Palmer Park	83.6%	78.2%	12.3%	15.4%	1.0%	1.9%	$170,300	$318,240	86.9%
Pembroke	96.4%	89.7%	1.2%	3.5%	0.6%	0.1%	$39,300	$98,800	151.4%
Pershing	95.5%	94.3%	2.6%	2.8%	0.7%	1.1%	$28,820	$47,840	66.0%
Redford	83.6%	83.3%	12.9%	10.1%	1.1%	1.8%	$26,200	$72,800	177.9%
Rosa Parks	93.3%	86.6%	2.3%	8.5%	1.1%	2.2%	$22,925	$78,000	240.2%
Rosedale	89.8%	87.4%	5.8%	6.6%	1.1%	1.3%	$56,330	$133,432	136.9%
St. Jean	97.5%	93.6%	1.3%	4.9%	0.8%	0.7%	$18,679	$34,320	83.7%
State Fair	84.1%	78.8%	11.7%	15.6%	1.3%	3.9%	$41,920	$65,000	55.1%
Tireman	91.6%	82.1%	1.3%	4.0%	5.6%	10.1%	$17,243	$40,560	135.2%
Winterhalter	95.9%	88.7%	1.8%	4.6%	0.5%	1.3%	$33,405	$78,000	133.5%
45%+ Hispanic in 2014									
Chadsey	8.8%	7.1%	28.3%	25.8%	59.9%	63.5%	$22,270	$78,000	250.2%
Condon	42.6%	41.7%	9.9%	7.1%	45.1%	46.5%	$7,533	$71,760	852.7%
Hubbard Richard	21.1%	16.4%	20.3%	30.9%	55.4%	40.6%	$112,005	$187,200	67.1%
Springwells	5.3%	5.2%	25.0%	18.4%	68.0%	75.3%	$19,650	$80,600	310.2%
Vernor / Junction	7.9%	9.8%	16.0%	17.4%	74.8%	70.5%	$26,200	$114,920	338.6%
30%+ White in 2014									
Central Business District	58.5%	45.5%	30.9%	39.0%	3.5%	4.1%	$347,150	$691,548	99.2%
Corktown	31.7%	33.2%	39.8%	42.2%	26.0%	15.3%	$153,925	$614,380	299.1%
West Riverfront	17.9%	9.8%	37.3%	29.6%	39.9%	48.8%	$36,025	$49,868	38.4%
Other Mixtures of Race/Ethnicity in 2014									
Davison	41.6%	30.9%	18.5%	25.6%	0.2%	0.7%	$23,580	$104,000	341.1%
Lower Woodward	59.3%	51.6%	26.6%	31.7%	2.6%	3.2%	$279,685	$380,380	36.0%
Rouge	67.4%	66.4%	22.2%	20.1%	7.5%	9.0%	$36,680	$52,000	41.8%