

Black Homebuyer Demand

An analysis of Black homebuyer mortgage applications in
Metro Detroit from 2012 to 2021

BLACK HOMEBUYER DEMAND

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Introduction

The last 10 years have been a dynamic decade for the city of Detroit. In the fallout from the real estate crash and the Great Recession, demand for housing in the city declined drastically as people left the city for the surrounding region or lost their homes to foreclosure, causing the number of homeowners in the city to decline by 25% between 2000 and 2010 and the number of Black homeowners to decline by 22%. But over the past decade, the demand for homeownership in Detroit has increased across the city, albeit slowly, as did the number of homeowners in the city, with Detroit returning to a majority homeowner city in 2021.



Even with the increases, demand for mortgages in Detroit makes up a small portion of the demand for mortgages from Black homebuyers regionwide. In the region, only 1 in 5 mortgage applications by a Black homebuyer is made within Detroit. This is a clear indication that there is still much work to be done to increase homeownership demand in Detroit and create quality neighborhoods that will retain and attract middle-class households, and Black middle-class households, in particular. Growing Detroit's Black middle class is key to growing a more economically equitable, thriving, and resilient city.

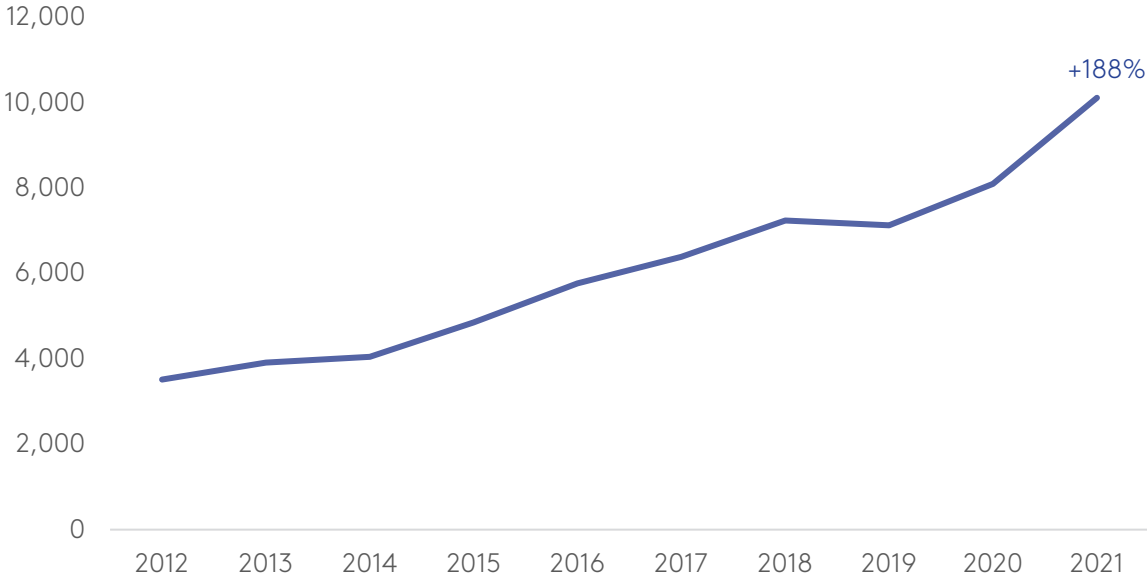
Looking at homebuyer demand, particularly among Black homebuyers applying for mortgages, provides insights into locational preferences, identifies opportunities to continue to build on strengths in the market over the past several years, and can inform targeted investments intended to build strong middle-class neighborhoods in the city of Detroit that strengthen demand among Black homebuyers.

Black homebuyer demand

Over the past decade, there has been a strong rebound across the Metro Detroit region in the demand for homes from Black potential homebuyers, with an increase of 188% in mortgage applications from 2012 to 2021, increasing from less than 4,000 to more than 10,000.¹

Black homebuyer mortgage demand increased

Black home purchase loan applications,
Metro Detroit, 2012-2021

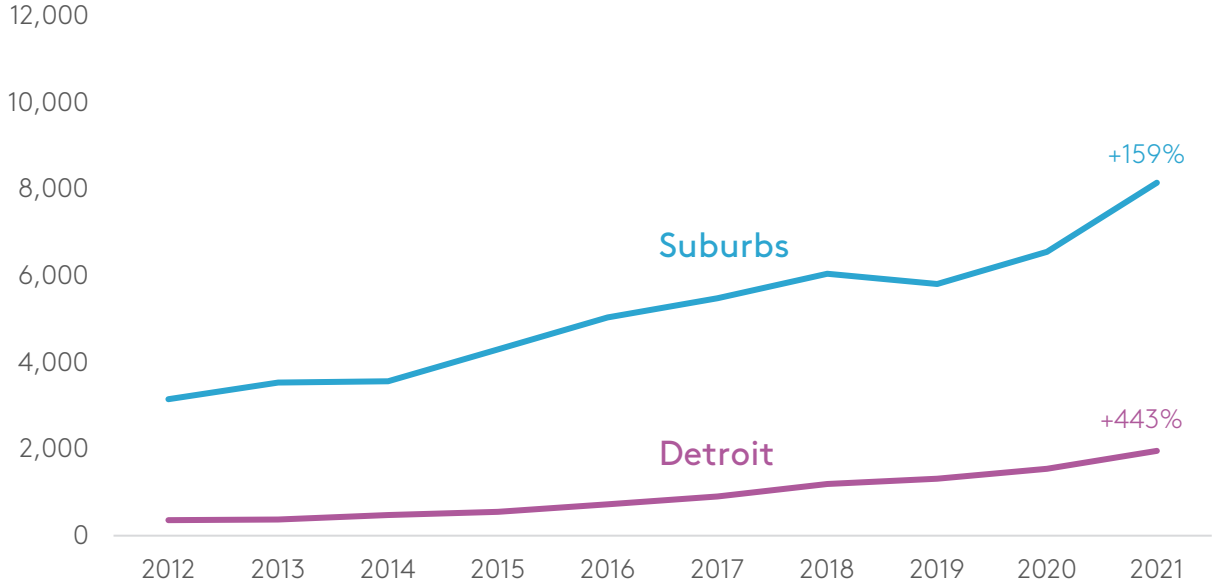


Source: Detroit Future City analysis of Home Mortgage Disclosure Act data retrieved from LendingPatterns.com

¹ It is important to note that this report examines *applications* and not whether the home was ultimately purchased. To learn more about where purchases are occurring, see Detroit Future City's report "[Buying In: Opportunities for Increasing Homeownership in Detroit Through Mortgage Lending.](#)"

This increase can be seen both in Detroit (+443%, or 1,600 applications) and the surrounding suburbs (+159%, or 5,001 applications). Although Detroit makes up a smaller portion of Black homebuyer demand over the past decade, the share of Black homebuyer mortgage applications in the suburbs declined from 89% in 2012 to 80% in 2021. The increase in applications in Detroit is in part reflective of recent investments in neighborhoods and homebuyer initiatives following the City of Detroit’s 2013 bankruptcy.

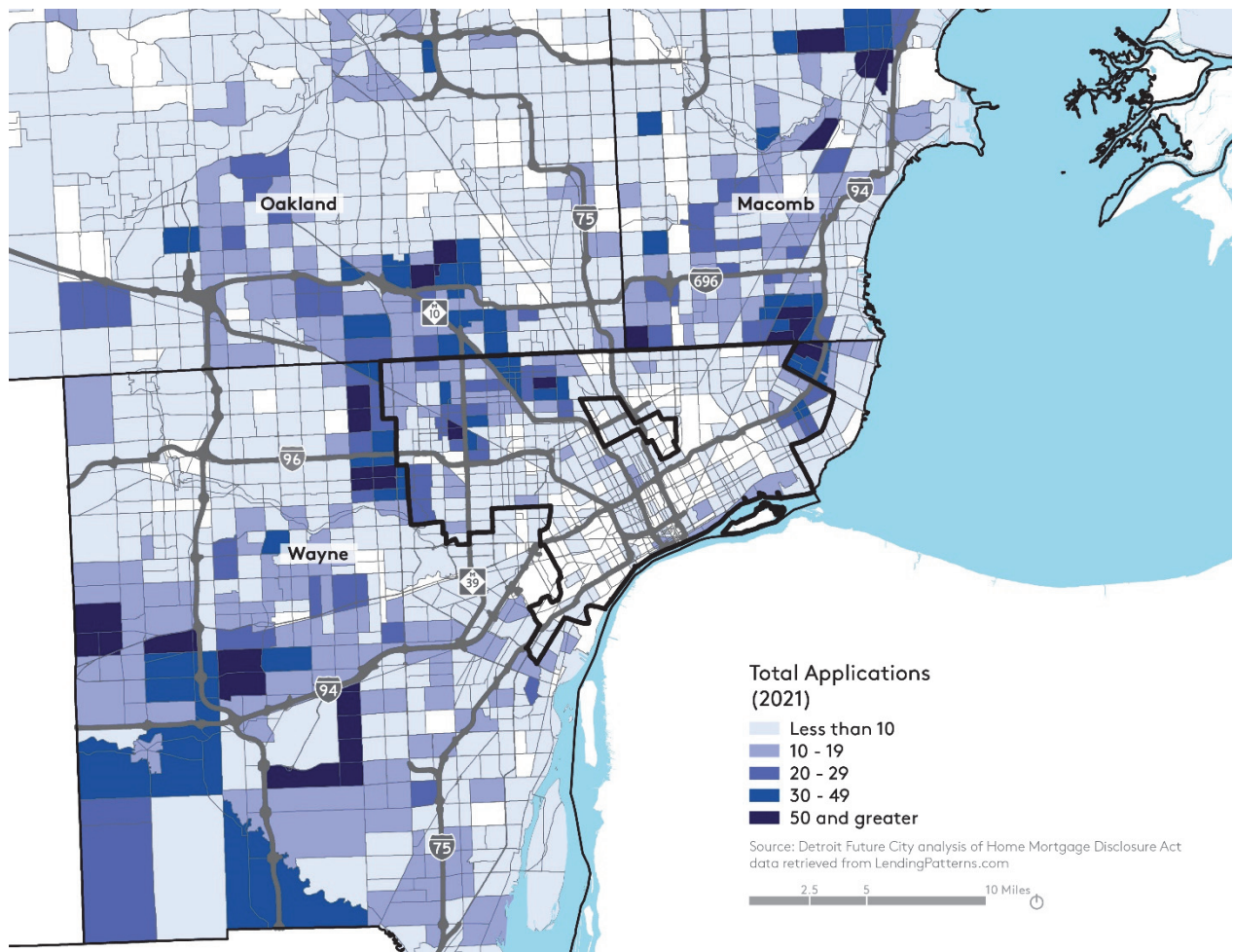
There has been substantial growth in demand from within Detroit
Black home purchase loan applications by location
2012 to 2021



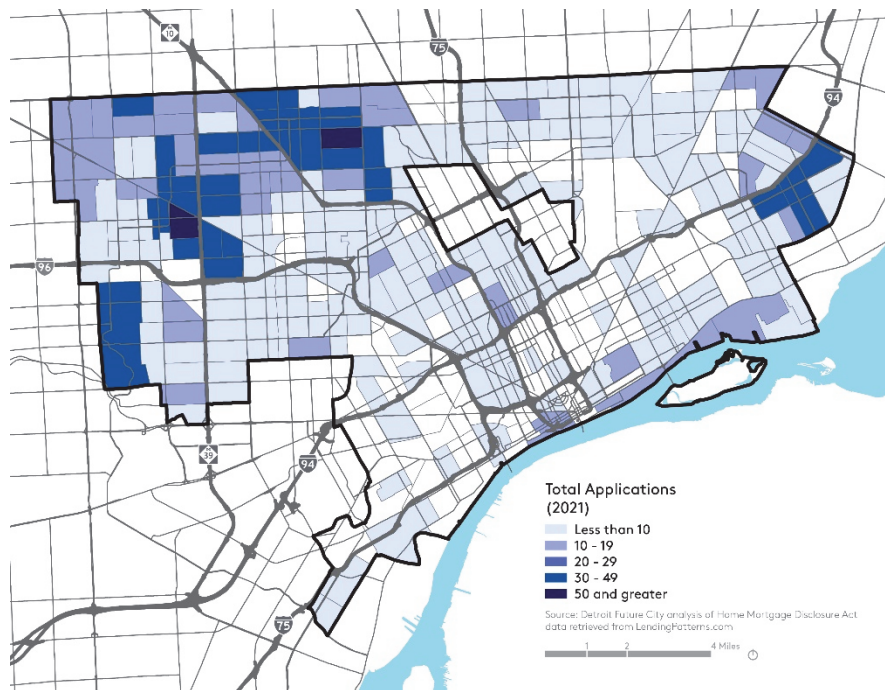
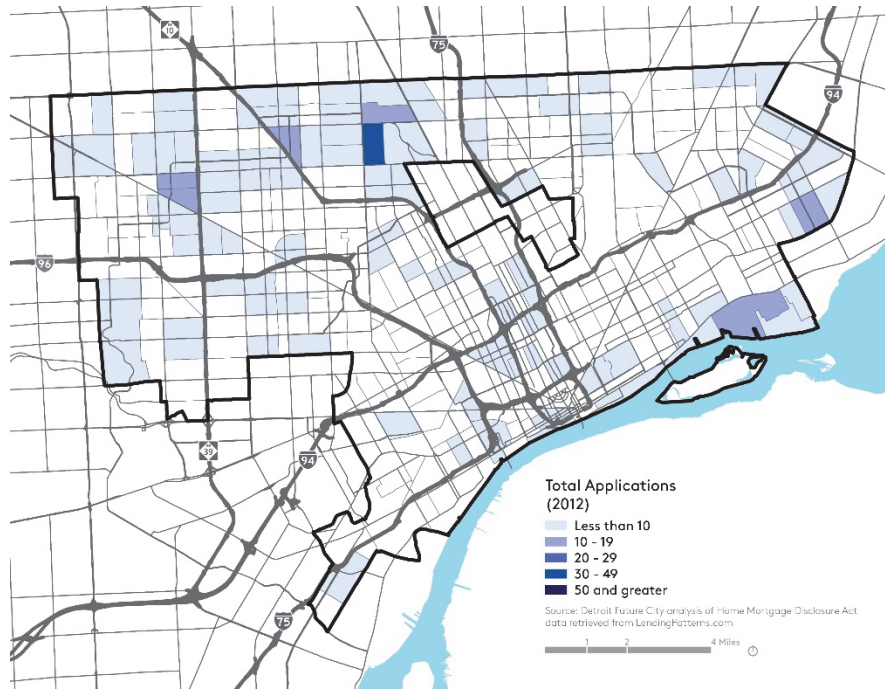
Source: Detroit Future City analysis of Home Mortgage Disclosure Act data retrieved from LendingPatterns.com

Where Black homebuyers are trying to buy

Though growth in mortgage applications from Black households has been a general trend across the region, there have been some suburban cities that have seen substantial growth, both in communities directly adjacent to the city, such as Warren and Eastpointe, and those further away, such as Romulus and Clinton Township. All of which saw greater than 200% growth from 2012 to 2021 in home purchase loan applications from potential Black homebuyers.



Within the City of Detroit, there has also been a return of demand for mortgages. This has been led by neighborhoods on the city's northwest side, such as Bagley and Rosedale Park, and neighborhoods between the two. Several neighborhoods on the eastside of Detroit, such as East English Village, have also seen an increase in Black homebuyer demand.



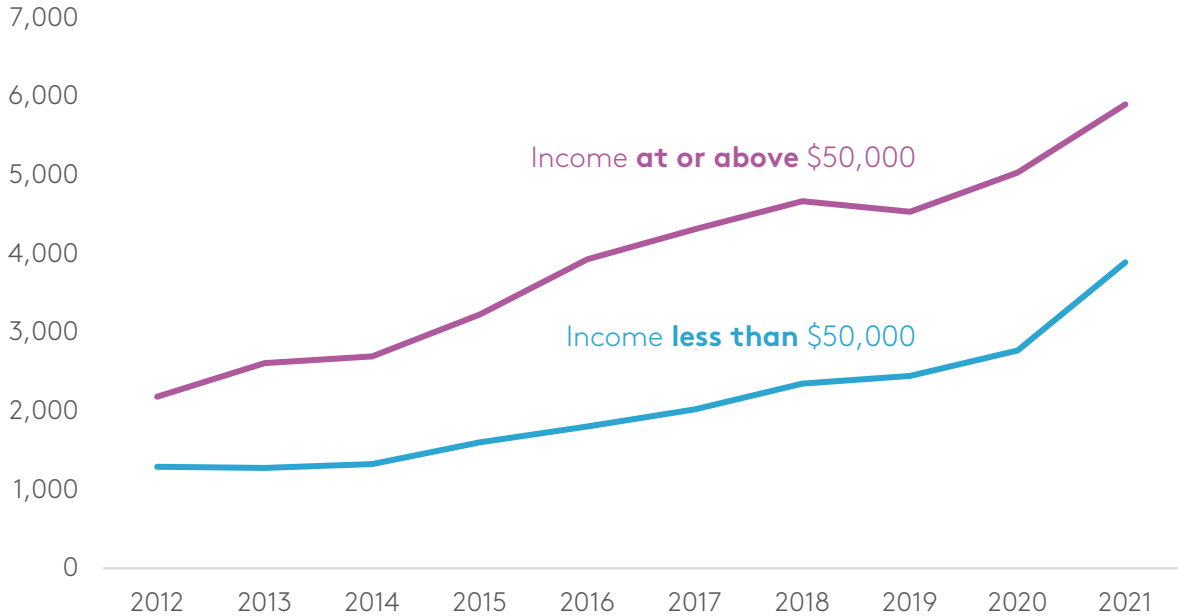
Black middle-class homebuyer demand

Though the Black middle class has been leaving the city and moving to the suburbs for decades, it is important to understand these patterns and how demand has changed over the past 10 years, so that Detroit can continue to make investments in attracting and retaining this group of homebuyers.

Over the past 10 years, there has been a steady increase in demand for mortgages in Metro Detroit, both for Black applicants with incomes less than \$50,000 a year and for middle- and upper-class applicants with incomes of \$50,000 and above. In particular, there was a substantial jump of 41% in applications for those making less than \$50,000 since the onset of the pandemic.

Demand has increased across income groups

Black home purchase loan applications by income
Metro Detroit, 2012 to 2021

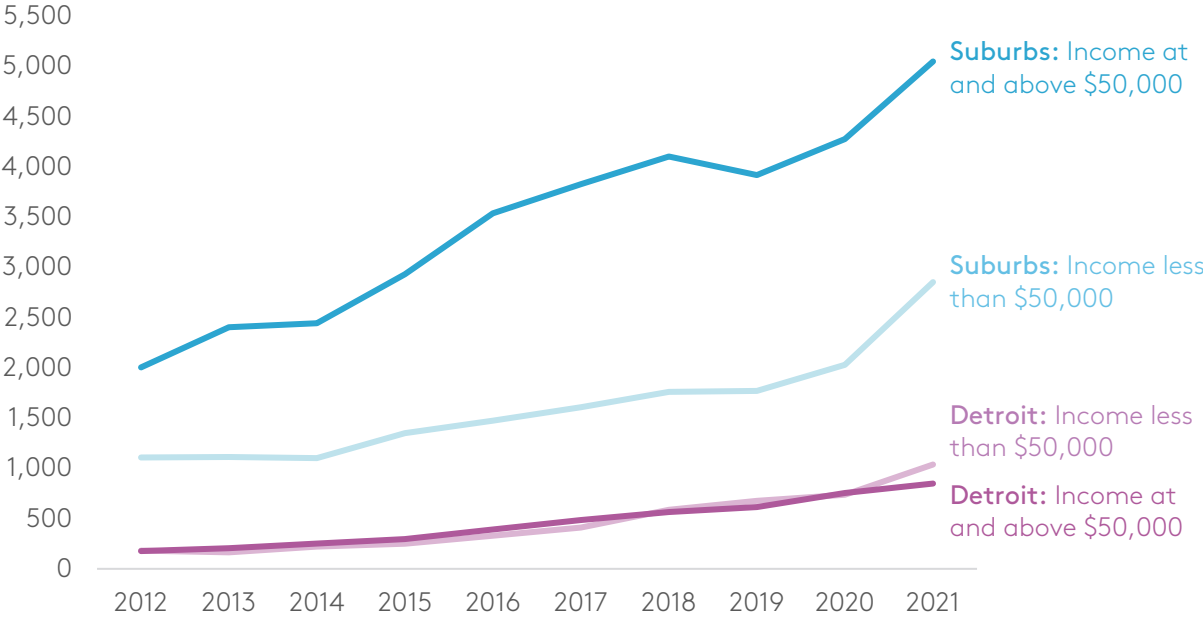


Source: Detroit Future City analysis of Home Mortgage Disclosure Act data retrieved from LendingPatterns.com

Home purchase loan applications from Black borrowers in Detroit lag behind the suburbs for both applicants with incomes below \$50,000 a year and middle- and upper-income applicants. However, there has been a substantial increase in demand in the city across both income groups. Detroit saw a 382% increase in applications from middle- and upper-class Black homebuyers from 2012 to 2021, and a 477% increase from Black homebuyers making less than \$50,000.

In Detroit, mortgage applications from Black homebuyers lag behind the suburbs but demand is growing.

Black home purchase loan applications by income and location 2012 to 2021

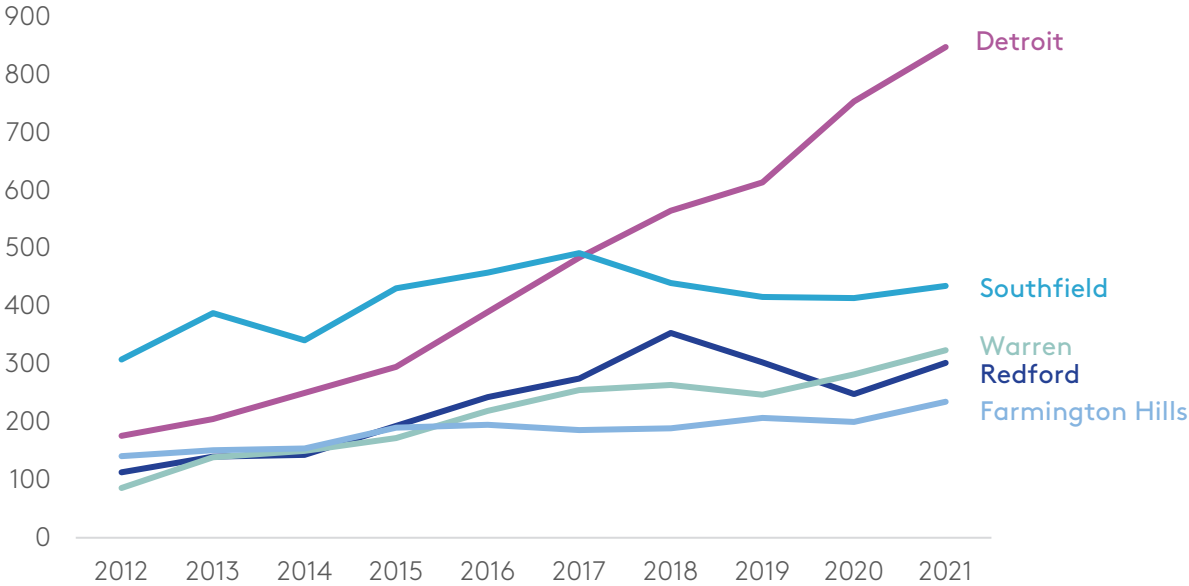


Source: Detroit Future City analysis of Home Mortgage Disclosure Act data retrieved from LendingPatterns.com

Despite the suburbs collectively attracting more middle- and upper-middle class potential Black homebuyers, at the city level, Detroit is an increasingly attractive place to purchase a house. Over the past 10 years, demand for mortgages from middle-class Black homebuyers slowly returned to the city. In the first part of the decade, Southfield was the leading destination in the region for potential Black homebuyers with an income greater than \$50,000. This was until 2017, when Detroit returned to being the primary location for potential Black middle-class homebuyers, when compared to any individual city across the region. Since then, Detroit has continued its steady increase in demand for mortgages and, though still low relative to the city’s population, has seen a growing demand for mortgages in an increasing number of neighborhoods.

Detroit now leads the region in demand for mortgages from Black middle-class potential homebuyers

Top 5 home purchase loan application locations for Black homebuyers with an income greater than \$50,000, 2012 to 2021



Source: Detroit Future City analysis of Home Mortgage Disclosure Act data retrieved from LendingPatterns.com

Key takeaways

Over the past decade, the demand for mortgages from potential Black homebuyers increased, both in Detroit and across the region. Though there has been a substantial increase in demand within Detroit, it remains a relatively small share of the region’s overall demand from Black potential homebuyers. Even though there has been a substantial increase in demand for homeownership in Detroit, this demand remains modest, especially relative to the size of the city. There is continued work needed to create desirable housing options for residents at all stages of life and price points.

There is an opportunity to build on the current trends in demand and continue to strengthen the city’s neighborhoods and make them more attractive locations for potential homebuyers. There are clearly neighborhoods within the city that have seen an increase in demand, such as East English Village, Grandmont-Rosedale and Bagley. More can be done to make targeted investments that grow and build off the existing demand in these neighborhoods, as well as build from that demand to increase purchases in adjacent neighborhoods. These investments could include implementing strategies that support comprehensive community development efforts, improving housing stock, increasing neighborhood amenities, and marketing neighborhoods to future homeowners.



Creating strong middle-class neighborhoods that can both retain existing residents and attract new ones is critical for putting Detroit on the path to returning to its status as a middle-class city.

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