



METRO DETROIT

2024 MID-YEAR

MULTIFAMILY REPORT

FRIEDMAN HQ

34975 W. Twelve Mile Rd.

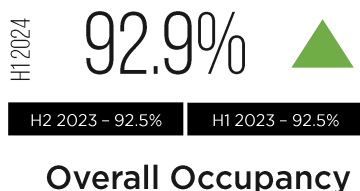
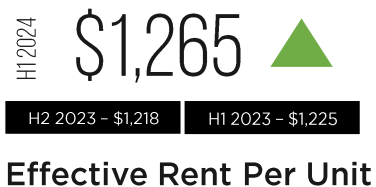
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MARKET AT A GLANCE (H1 2024)



Note: ▲ or ▼ or ■ indicates change compared to H2 2023

Note: H1 = Q1 & Q2 ; H2 = Q3 & Q4

MARKET OVERVIEW (H1 2024)

In the first half of 2024, the Metro Detroit multifamily market strengthened with increased occupancy and sustained rent growth as the development pipeline began to stabilize off all-time high levels.

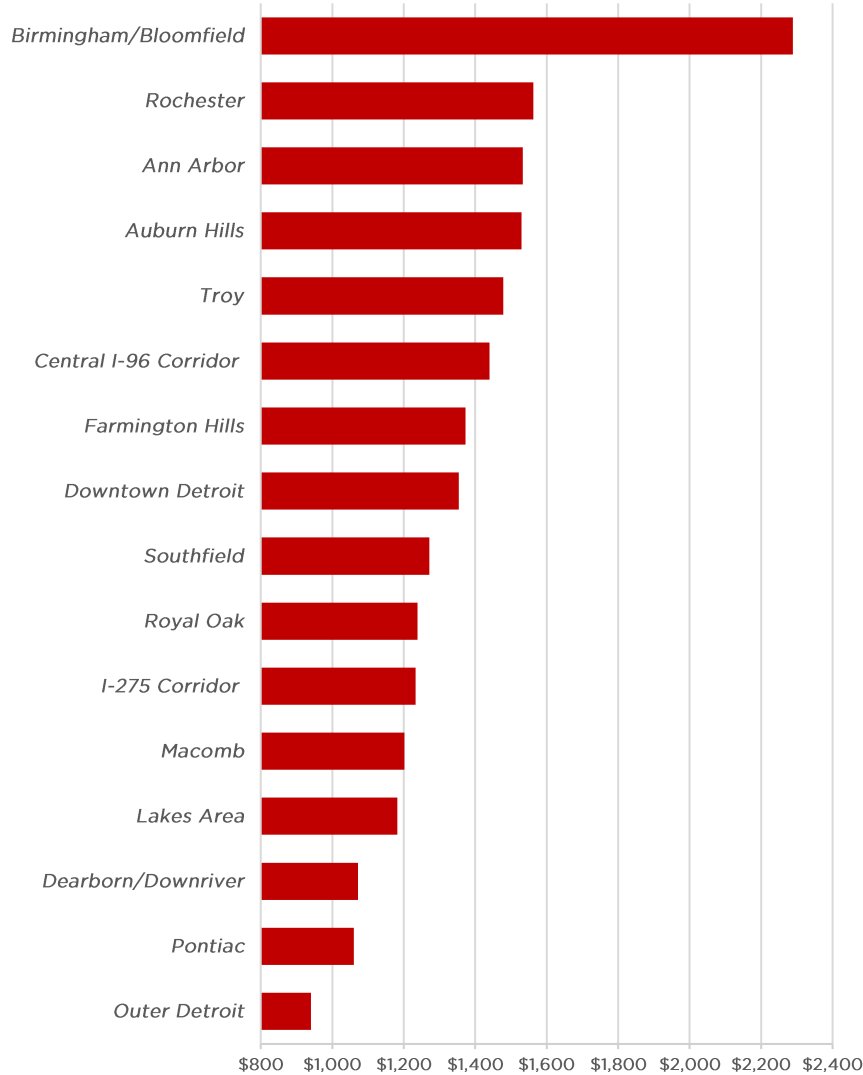
SUPPLY AND DEMAND: Occupancy increased year-over-year (YOY) to 92.9% (92.5% in H1 2023) driven by net absorption (3.6K units) significantly exceeding new deliveries (2.2K units). Notably, the Downtown Detroit submarket is stabilizing with 545 units of positive net absorption to meet the one 496-unit property (The Residences at Watertown Square) delivered, and YOY effective rent growth of 4.2%.

SLOWING CONSTRUCTION PIPELINE: Due to increased interest rates/development costs and recent deliveries, units under construction (4.5K units) decreased 45.8% YOY from all-time high levels (8.3K in H1 2023). For reference, the current pipeline is the smallest since H1 2018, but remains consistent with the pre-covid five-year average of 4.5K units. Over 50% of the units under construction are located in the Ann Arbor (1.4K units) or Downtown Detroit (850 units) submarkets. As single-family residential home prices remain near all-time high levels, consumers that may otherwise buy, will likely continue renting. This will keep many millennials as renters for longer, while Gen Z enters the market and should help demand fundamentals for the recently delivered/under construction multifamily inventory, especially in the Downtown Detroit and Ann Arbor submarkets.

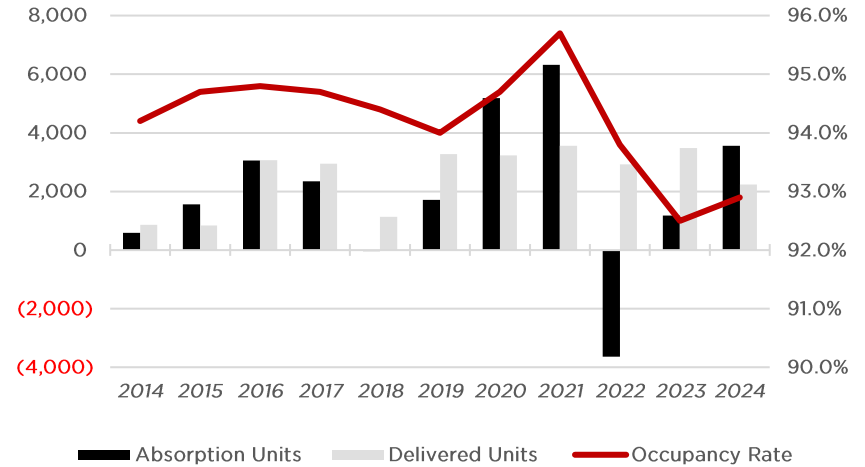
SALES AND INTEREST RATES: Total sales volume (\$228MM) increased 115% YOY (\$128MM in H1 2023), but remains well below the all-time high level reached in H2 2021 (\$1.69B). This is largely due to the impact a sustained high interest rate environment has on values and financing as investors are forced into a negative leverage (cap rate < loan interest rate) situation. Despite this, the YOY increase to sales volume and decreased bid-ask spread (15.60% vs. 25.00% in H1 2023) indicates there has been a degree of price capitulation since interest rates increased.

RENT GROWTH: Effective rent growth (3.3% YOY) has reverted to the pre-covid five-year average after the record levels achieved in H2 2021 (7.1%). Driven by Class A deliveries, the Downtown Detroit submarket recorded the highest effective rent growth of 4.2%.

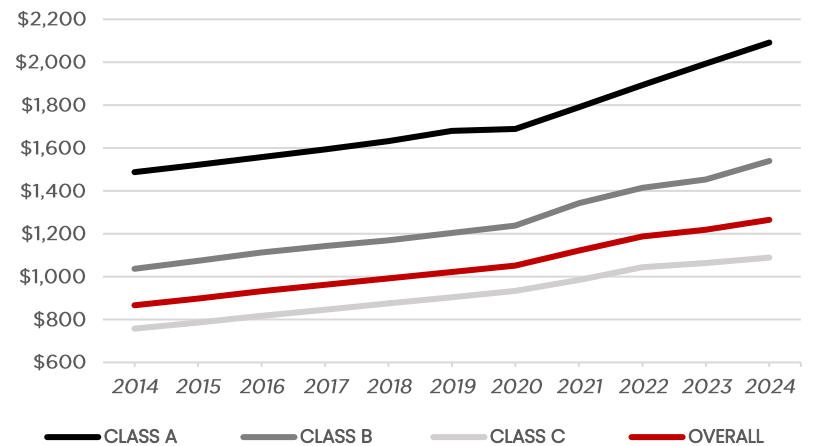
AVERAGE EFFECTIVE RENT BY SUBMARKET



OCCUPANCY AND ABSORPTION



AVERAGE EFFECTIVE RENT BY CLASS



TOP SALE TRANSACTIONS (BASED ON SALES PRICE)

PROPERTY NAME	CITY	SUBMARKET	UNITS	SALE PRICE	PRICE/UNIT
Geddes Hill & Carriage House Apartments	Ann Arbor	Ann Arbor	83	\$31,600,000	\$380,723
Glengarry Park Apartments	Waterford	Lakes Area	300	\$31,350,000	\$104,500
The Kensington at Beverly Hills	Southfield	Southfield	208	\$25,195,022	\$121,130
Country Squire Apartments	Clinton Township	Macomb	208	\$18,482,072	\$88,856
Ava Sterling Apartments	Sterling Heights	Macomb	199	\$18,100,000	\$90,955
Riverside Townhomes	Gibraltar	Dearborn/Downriver	136	\$17,125,000	\$125,919
Golfview Apartments	Sterling Heights	Macomb	100	\$14,500,000	\$145,000
Weatherlane Apartments	Clinton Township	Macomb	118	\$11,167,928	\$94,643
406 Packard Street	Ann Arbor	Ann Arbor	15	\$5,350,000	\$356,667

Note: Bold indicates a Friedman transaction.



SUBMARKET	# BLDGS	INVENTORY (UNITS)	NET ABS. (UNITS)	UNITS UNDER CONST	TOTAL VAC. (%)	OVERALL OCC. (%)	AVG. EFFECTIVE RENT PER UNIT				TOTAL SALES VOLUME	AVG. PRICE PER UNIT
							Overall	Class A	Class B	Class C		
Ann Arbor	650	42,960	299	1,443	6.30%	93.70%	\$1,533	\$2,955	\$1,859	\$1,243	\$65,766,800	\$322,386
Auburn Hills	31	5,989	84	61	4.70%	95.30%	\$1,530	\$2,484	\$1,638	\$1,161	\$0	-
Birmingham/Bloomfield	47	4,528	4	393	7.00%	93.00%	\$2,289	\$2,688	\$2,432	\$1,837	\$3,300,000	\$412,500
Central I-96 Corridor	121	20,600	170	142	5.70%	94.30%	\$1,440	\$2,081	\$1,908	\$974	\$660,000	\$110,000
Dearborn/Downriver	444	44,911	371	0	5.10%	94.90%	\$1,072	-	\$1,302	\$993	\$21,874,500	\$40,963
Downtown Detroit	295	17,104	545	850	11.20%	88.80%	\$1,354	\$1,944	\$1,481	\$1,042	\$0	-
Farmington Hills	72	12,386	3	202	4.50%	95.50%	\$1,373	\$1,479	\$1,329	\$931	\$1,725,000	\$45,395
I-275 Corridor	277	31,358	91	443	5.20%	94.80%	\$1,233	\$2,409	\$1,680	\$1,079	\$550,000	\$91,667
Lakes Area	79	8,532	100	0	5.60%	94.40%	\$1,182	\$1,556	\$1,273	\$1,129	\$31,350,000	\$104,500
Macomb	544	62,664	539	135	6.90%	93.10%	\$1,202	\$1,604	\$1,457	\$1,073	\$63,899,999	\$96,737
Outer Detroit	952	48,943	689	430	11.70%	88.30%	\$940	\$1,952	\$955	\$878	\$7,589,750	\$30,118
Pontiac	99	7,649	30	119	4.30%	95.70%	\$1,060	\$3,347	\$1,281	\$892	\$0	-
Rochester	43	7,959	218	119	6.30%	93.70%	\$1,563	\$1,956	\$1,436	\$1,266	\$0	-
Royal Oak	385	16,953	128	137	7.70%	92.30%	\$1,239	\$2,306	\$1,585	\$1,057	\$6,585,000	\$119,727
Southfield	79	15,077	244	0	7.10%	92.90%	\$1,272	-	\$1,275	\$1,270	\$25,195,022	\$121,130
Troy	47	8,287	48	0	8.60%	91.40%	\$1,479	\$1,995	\$1,725	\$1,334	\$0	-
TOTAL	4,165	355,900	3,563	4,474	7.10%	92.90%	\$1,265	\$2,092	\$1,540	\$1,089	\$228,496,071	\$100,591

TOP MULTIFAMILY PROPERTIES DELIVERED (H1 2024)

PROPERTY NAME	CITY	SUBMARKET	UNITS	DELIVERED	PROPERTY TYPE	AVG. ASKING RENT (PER UNIT)
The Residences at Water Square	Detroit	Downtown Detroit	496	Q1 2024	Hi-Rise	\$2,234
Avant Apartments	Ann Arbor	Ann Arbor	253	Q2 2024	Garden	\$2,779
Legends at the Grove	Ann Arbor	Ann Arbor	250	Q1 2024	Garden	\$2,328
Chestnut Hills	Whitmore Lake	Ann Arbor	208	Q1 2024	Garden	\$2,347
Forum Flats	Troy	Troy	200	Q2 2024	Low-Rise	\$2,076
Huron Vista	Ann Arbor	Ann Arbor	156	Q2 2024	Garden	\$1,604



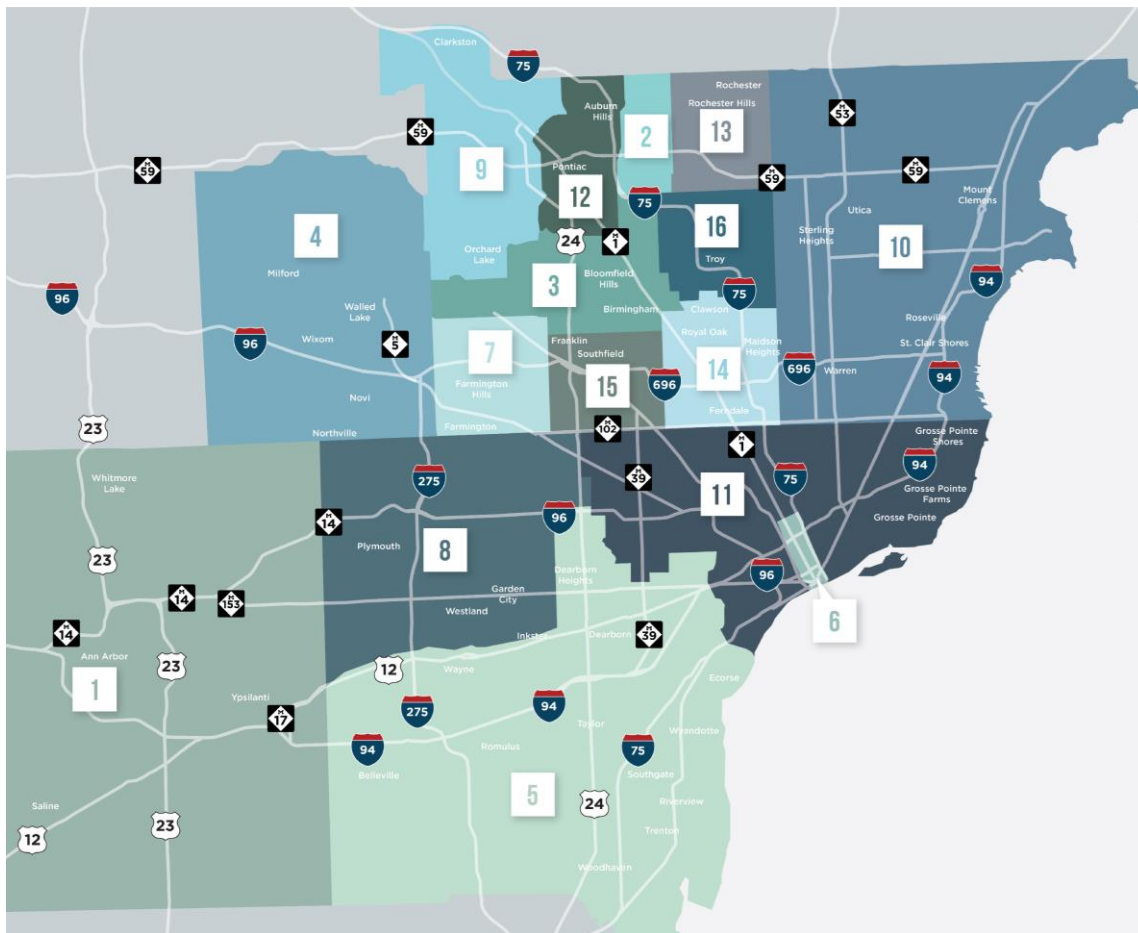
TOP MULTIFAMILY PROPERTIES UNDER CONSTRUCTION (H1 2024)

PROPERTY NAME	CITY	SUBMARKET	UNITS	DELIVERY	PROPERTY TYPE	RENT TYPE
Woodview Commons	Ann Arbor	Ann Arbor	551	Q3 2024- Q3 2025	Mixed-Use	Market
The Downs	Northville	Southern I-275 Corridor	443	Q3 2026	Mixed-Use	Market
Haverhill on Clark	Ypsilanti	Ann Arbor	295	Q1 2025	Mid-Rise	Market/ Affordable
Apex at West Bloomfield	West Bloomfield	Bloomfield/ Birmingham	212	Q3 2024	Mid-Rise	Market/ Affordable
Stonefield	Farmington Hills	Farmington Hills	202	Q4 2024	Mid-Rise	Market
Piquette Flats	Detroit	Downtown Detroit	161	Q3 2024	Mid-Rise	Affordable

Note: Bold indicates a Friedman Communities Management Assignment



MULTIFAMILY SUBMARKET MAP



- | | | | |
|---|-----------------------|----|---------------|
| 1 | ANN ARBOR | 9 | LAKES AREA |
| 2 | AUBURN HILLS | 10 | MACOMB |
| 3 | BIRMINGHAM/BLOOMFIELD | 11 | OUTER DETROIT |
| 4 | CENTRAL I-96 CORRIDOR | 12 | PONTIAC |
| 5 | DEARBORN/DOWNRIVER | 13 | ROCHESTER |
| 6 | DOWNTOWN DETROIT | 14 | ROYAL OAK |
| 7 | FARMINGTON HILLS | 15 | SOUTHFIELD |
| 8 | I-275 CORRIDOR | 16 | TROY |

Friedman Research separates the Metro Detroit multifamily submarkets in the manner shown to better reflect the way users, tenants, and brokers view our market. We believe this provides a more accurate statistical picture of each submarket which allows our clients to make better informed decisions.

Friedman's 2024 Mid-Year Multifamily Market Report provides our clients with a snapshot of pertinent market data and information to help them make informed commercial real estate decisions. The information contained in this report is gathered from multiple sources believed to be reliable.