



METRO DETROIT

MULTIFAMILY REPORT

2026 OUTLOOK & 2025 REVIEW

FRIEDMAN HQ

34975 W. Twelve Mile Rd.

Farmington Hills, MI 48331

888.848.1671

friedmanrealestate.com



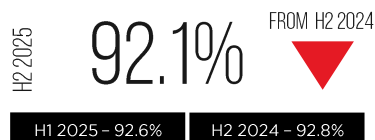
MARKET AT A GLANCE (H2 2025)



Market Size (Units)



Effective Rent Per Unit



Overall Occupancy



Half-Year Net Absorption



Half Year Sales Volume



Units Under Construction

Note: ▲ or ▼ or ■ indicates change compared to H2 2024

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

MARKET OVERVIEW (H2 2025)

In 2025, the Metro Detroit multifamily market remained in a stable but, somewhat retractive state, supported by high home prices, tempered positive net absorption, and moderate increases in rent growth and sales volume. Most positive net absorption and construction/development activity is concentrated in just four submarkets (Ann Arbor, Southfield, Macomb, and Downtown Detroit). Other ongoing trends include a continued decline in occupancy (92.1%) from the 2021 peak, and new communities (deliveries between 2023 and 2025) struggling to stabilize occupancy (23.9% vacancy), indicating decreasing high-end demand from new renters.

SUPPLY AND DEMAND: Occupancy decreased slightly in 2025 to 92.1% from 92.8% in 2024 as the overall market continues to show gradual decline from peak levels in 2021 (96.0%). Net absorption slowed, totalling just ±1,800 units in 2025, well below the ±3,500 units absorbed during 2024, and unable to keep pace with the 2,700 units delivered in 2025. The ±2,700 delivered units also represents a ±34% YOY decrease in units delivered from 2024's total of ±4,100 units.

±4,900 units of the ±6,000 units currently under construction are expected to deliver in 2026, almost twice the total units delivered in 2025 (±2,700). ±4,900 units delivered in 2026 would represent an all time high in deliveries above the pre-covid levels of approximately 3,000 units annually and would likely further drive down occupancy should deliveries continue to exceed net absorption.

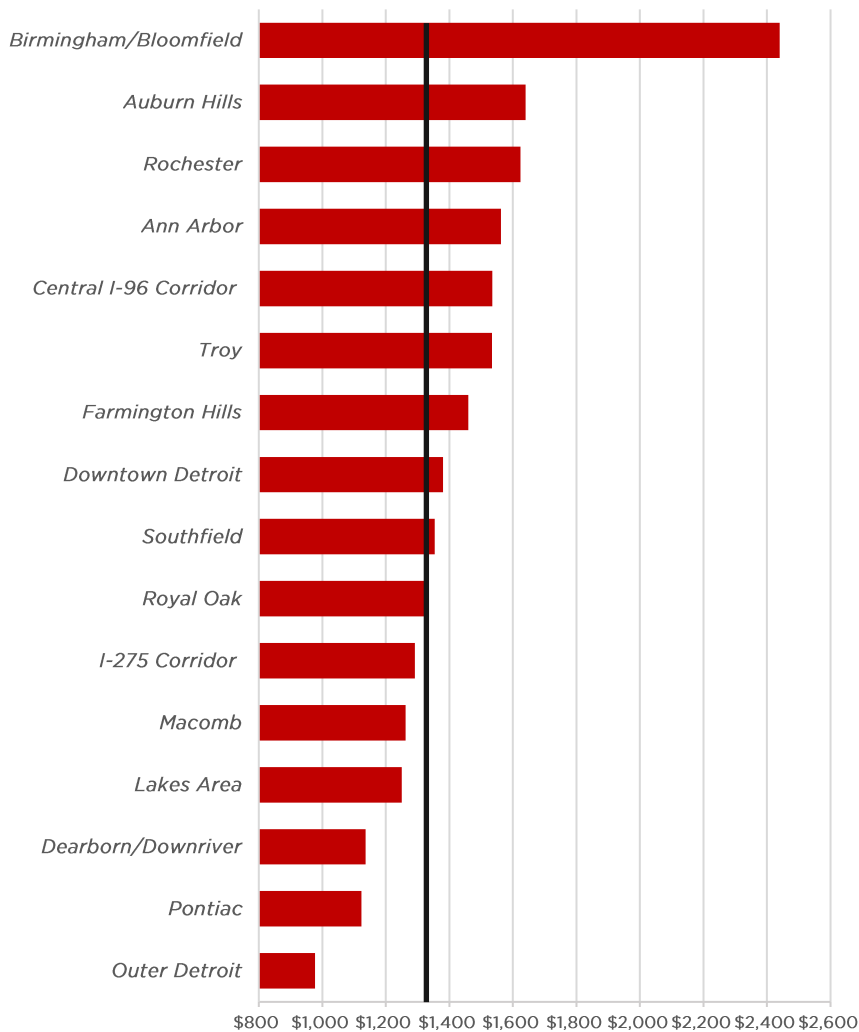
CONSTRUCTION & MARKET CONCENTRATION: Units under construction (6K units) increased from 2024 (4.1K) and now appears to be stabilizing at pre-covid levels after reaching an all-time high of 8.3K in H1 2023. Nearly 60% of the units under construction are located in the Ann Arbor, Downtown Detroit, and Southfield submarkets, indicating that the current market requires strong demand drivers like major employment hubs, newer amenities, universities, or experiential retail. The largest two properties delivered in H2 2025 in the Commerce Township (Springs at Five & Main | 284 units) and Ann Arbor (Legends at the Grove | 250 units) submarkets are indicative of this trend.

As single-family residential home prices remain near all-time high levels, consumers that may otherwise buy, will likely continue renting. Per the National Association of Realtors, the median home price rose from around \$300K before 2021 to \$435K in June 2025, driven by limited housing supply, pandemic-driven demand shifts, and inflated construction costs. Higher median home prices, coupled with higher interest rates, are keeping millennials as renters for longer all while Gen Z is still entering the market, helping support demand for recently delivered and existing multifamily inventory, especially in the Downtown Detroit and Ann Arbor submarkets which attract younger demographics.

RENT GROWTH: Overall effective monthly rents increased 1.9% YOY to \$1,327 from H2 2024 (\$1,301), falling short of the the pre-COVID five-year average growth rate of 3.3% or the 3.0% YOY increase seen from 2023 to 2024. Rent growth was impacted in part by 4 of the 16 submarkets experiencing less than a 1.25% YOY increase, or even negative rent growth. The markets with the lowest rent growth were Ann Arbor (1.23%), Downtown Detroit (0.36%), Birmingham/Bloomfield (-0.37%), and Troy (-0.78%). These submarkets are considered premium markets, indicating that high rent properties struggled to achieve significant rent growth 2025.

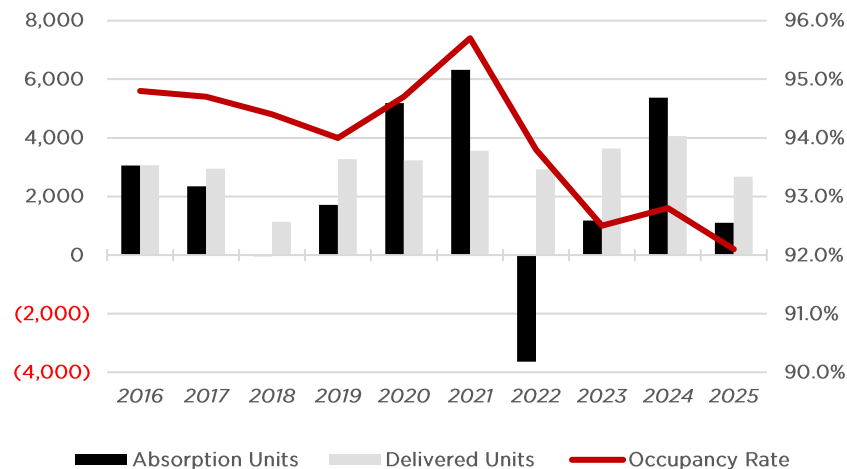
SALES AND INTEREST RATES: Total 2025 sales volume (\$528MM) increased 3.3% YOY (\$512MM in 2024) but remains well below the all-time high level reached in 2021 (\$1.8B). This is largely due to the impact a sustained high interest rate environment has on values, cap rates, and financing as investors are forced into negative leverage (cap rate < loan interest rate) situations. Notably, there was also a 22% YOY decrease in average sale price per unit from 2024 (\$103K) to 2025 (\$78K), indicating the shift towards class B and C properties, as demonstrated by the largest property by units sold in H2 2025, Waterford Square, 406-unit class C community sold for \$62K per unit in the Lakes Area submarket.

AVERAGE EFFECTIVE RENT BY SUBMARKET

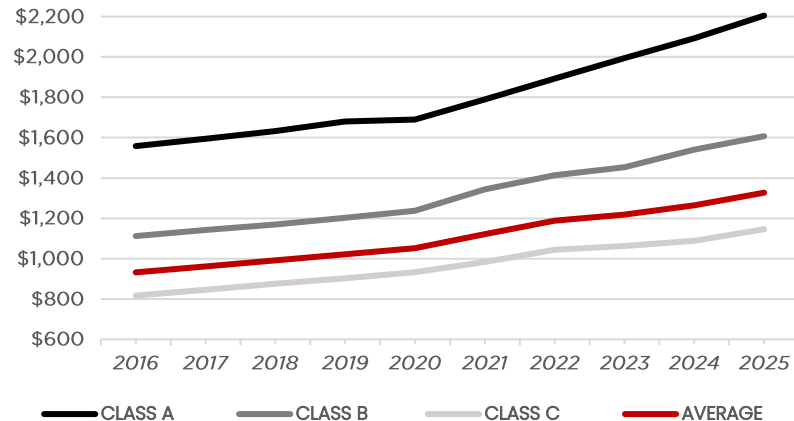


— Average Effective Rent Per Unit (\$1,327)

OCCUPANCY AND ABSORPTION



AVERAGE EFFECTIVE RENT BY CLASS



TOP SALE TRANSACTIONS (BASED ON SALES PRICE) (H2 2025)

PROPERTY NAME	CITY	SUBMARKET	UNITS	SALE PRICE	PRICE/UNIT
ReNew at Franklin Hills	Southfield	Southfield	257	\$32,400,000	\$126,070
Waterford Square	Waterford	Lakes Area	406	\$25,250,000	\$62,192
The Reserve at Warren	Warren	Macomb	216	\$18,600,000	\$86,111
The Alcove Troy	Troy	Troy	152	\$15,500,000	\$101,974
Beach Club Detroit	Detroit	Outer Detroit	179	\$15,100,000	\$84,358
Town & Country Apartments	Wixom	Central I-96 Corridor	120	\$15,000,000	\$125,000
Brickhaven Townhomes	Shelby Township	Macomb	56	\$13,600,000	\$242,857



SUBMARKET	# BLDGS	INVENTORY (UNITS)	H2 2025 NET ABS. (UNITS)	UNITS UNDER CONST	TOTAL VAC. (%)	OVERALL OCC. (%)	AVG. EFFECTIVE RENT PER UNIT				H2 2025 TOTAL SALES VOLUME	H2 2025 AVG. PRICE PER UNIT
							Overall	Class A	Class B	Class C		
Ann Arbor	664	44,219	398	1,112	7.7%	92.3%	\$1,562	\$2,898	\$1,818	\$1,320	\$12,749,200	\$163,451
Auburn Hills	33	6,197	37	86	6.0%	94.0%	\$1,640	\$3,268	\$1,698	\$1,362	-	-
Birmingham/Bloomfield	52	4,944	60	-	10.6%	89.4%	\$2,440	\$3,755	\$2,734	\$1,888	-	-
Central I-96 Corridor	123	21,070	(21)	65	7.5%	92.5%	\$1,535	\$2,144	\$2,001	\$1,082	\$19,700,000	\$114,535
Dearborn/Downriver	464	45,664	17	230	5.8%	94.2%	\$1,136	-	\$1,391	\$1,039	\$5,405,000	\$77,214
Downtown Detroit	304	17,604	38	760	12.6%	87.4%	\$1,380	\$1,961	\$1,570	\$1,066	\$899,999	\$150,000
Farmington Hills	74	12,518	0	-	6.7%	93.3%	\$1,460	-	\$1,660	\$1,367	-	-
I-275 Corridor	281	31,684	(128)	638	5.5%	94.5%	\$1,291	\$2,576	\$1,736	\$1,129	\$24,750,000	\$113,014
Lakes Area	82	8,592	(14)	0	6.8%	93.2%	\$1,250	\$1,627	\$1,378	\$1,171	\$29,200,000	\$66,063
Macomb	550	62,246	41	590	7.0%	93.0%	\$1,262	\$1,705	\$1,521	\$1,110	\$40,384,900	\$60,097
Outer Detroit	998	48,992	(119)	662	11.5%	88.5%	\$977	\$1,974	\$988	\$932	\$24,379,999	\$41,962
Pontiac	101	7,781	(6)	0	5.6%	94.4%	\$1,123	\$3,600	\$1,268	\$970	-	-
Rochester	45	8,111	(18)	0	8.4%	91.6%	\$1,624	-	\$1,980	\$1,355	-	-
Royal Oak	386	16,729	(114)	124	8.5%	91.5%	\$1,322	\$2,327	\$1,802	\$1,101	\$13,514,570	\$139,325
Southfield	78	14,936	(48)	1657	9.4%	90.6%	\$1,354	-	\$1,371	\$1,345	\$32,400,000	\$126,070
Troy	48	8,350	(12)	90	8.1%	91.9%	\$1,534	\$1,997	\$1,743	\$1,413	\$15,500,000	\$101,974
TOTAL	4,282	359,602	164	6,014	7.9%	92.1%	\$1,327	\$2,205	\$1,607	\$1,146	\$218,883,668	\$79,710

TOP MULTIFAMILY PROPERTIES DELIVERED (H2 2025)

PROPERTY NAME	CITY	SUBMARKET	UNITS	DELIVERED	PROPERTY TYPE	AVG. ASKING RENT (PER UNIT)
Springs at Five & Main	Commerce Township	Central I-96 Corridor	284	Q3 2025	Low-Rise	\$2,104
Legends at the Grove	Ann Arbor	Ann Arbor	250	Q4 2025	Garden	\$2,215
Tigris Tower	Sterling Heights	Macomb	135	Q3 2025	Mid-Rise	\$1,135
The Willows Senior Apartments	Belleville	Dearborn/Downriver	128	Q4 2025	Garden	\$1,565
The Amsterdam Lofts	Detroit	Downtown Detroit	90	Q3 2025	Low-Rise	\$1,633

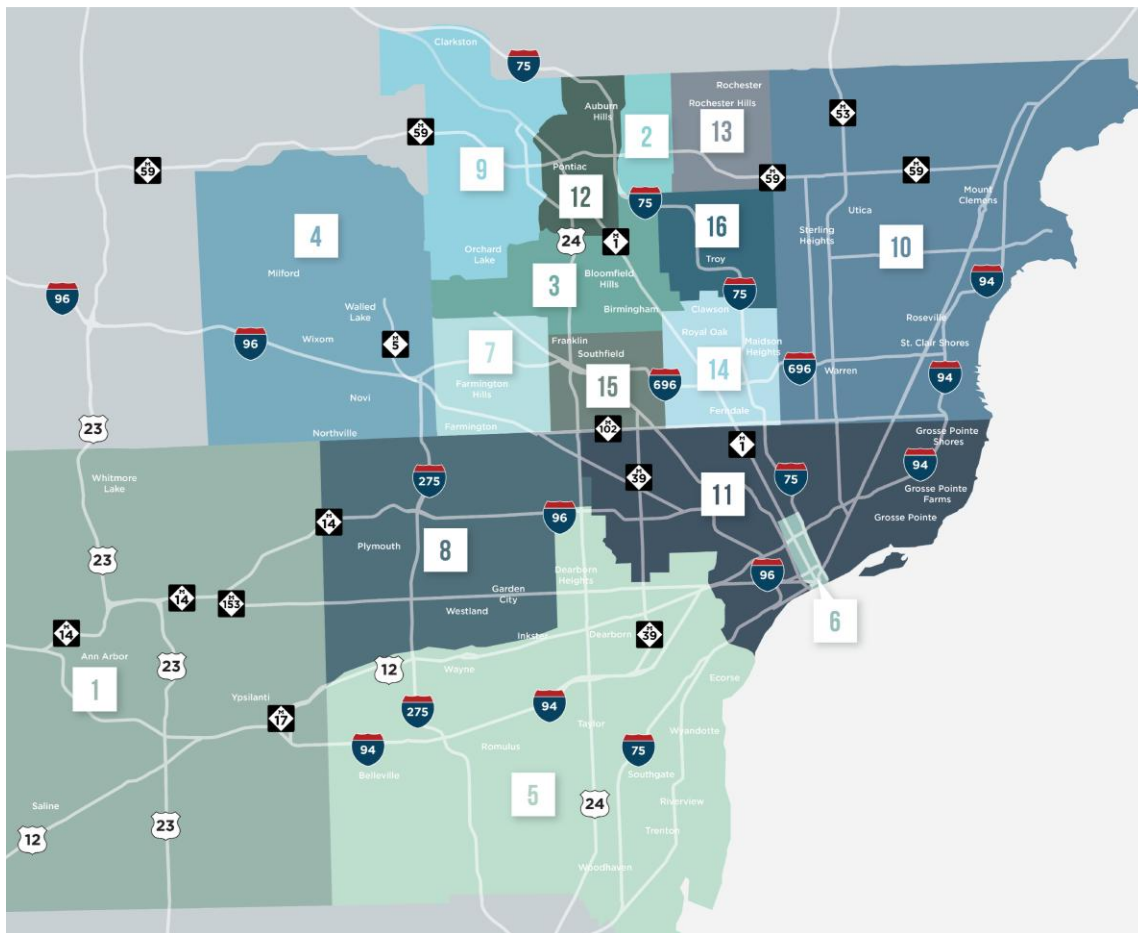


TOP MULTIFAMILY PROPERTIES UNDER CONSTRUCTION (H2 2025)

PROPERTY NAME	CITY	SUBMARKET	UNITS	DELIVERY	PROPERTY TYPE	RENT TYPE
Northland City Center	Southfield	Southfield	1,500	Q2 2026	Mid-Rise	Market
Five Corners	Ann Arbor	Ann Arbor	376	Q2 2028	High-Rise	Affordable
The Harlan	Ann Arbor	Ann Arbor	370	Q2 2026	Mid-Rise	Market
The Downs	Northville	I-275 Corridor	358	Q4 2026	Low-Rise	Market
Springs at Willow Creek	Canton	I-275 Corridor	280	Q1 2026	Townhome	Market



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 2026 Outlook & 2025 Review 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.