



METRO DETROIT MULTIFAMILY REPORT

2025 OUTLOOK & 2024 REVIEW

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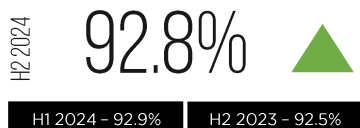
MARKET AT A GLANCE (H2 2024)



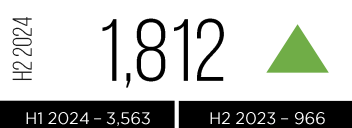
Market Size (Units)



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 2023

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

MARKET OVERVIEW (H2 2024)

In 2024, the Metro Detroit multifamily market return strengthened with increased occupancy, sales volume, and a return to historic year-over-year (YOY) rent growth. The market posted record high net absorption to meet record deliveries. Despite this, recently delivered communities are struggling to stabilize occupancy and Class A rents are effectively flat, which will likely stabilize as the construction pipeline retreats from records levels.

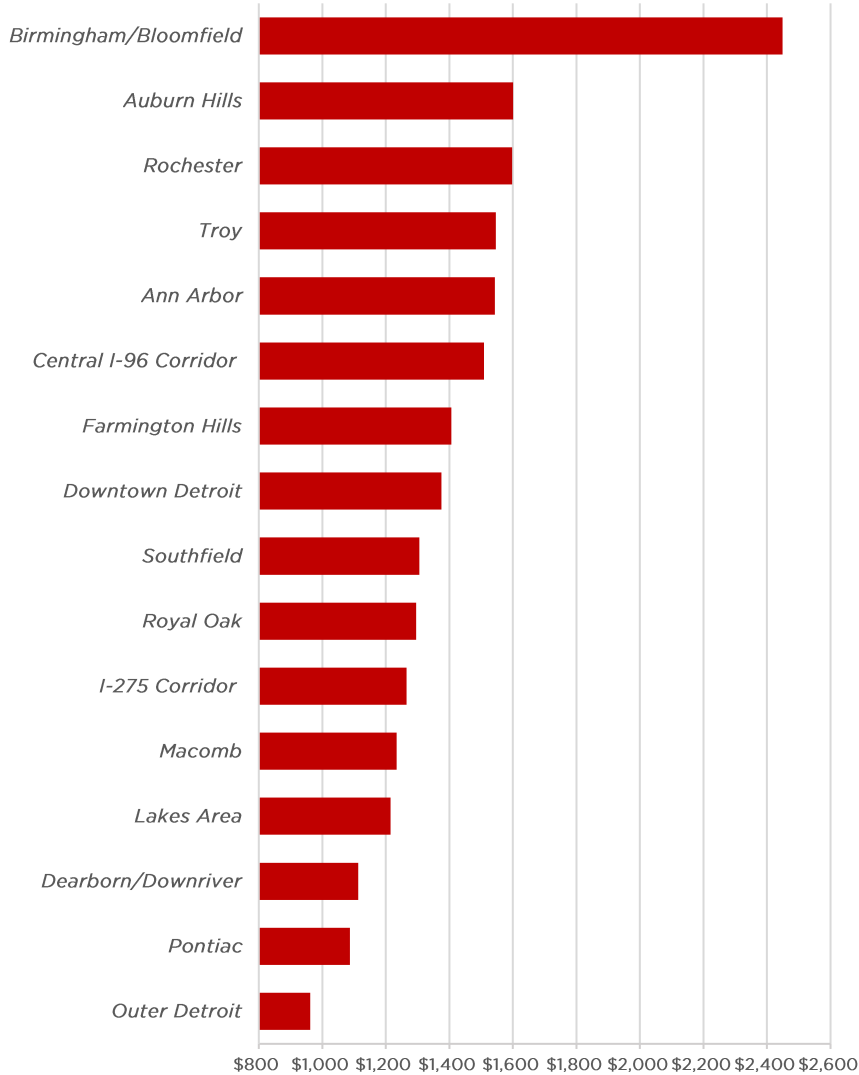
SUPPLY AND DEMAND: Occupancy increased to 92.8% from 92.5% in 2023 (lowest level since 2010) as record net absorption (5,375 units) outpaced record deliveries (4,057 units). Of note, Class B inventory (105K units) is 92.5% occupied and accounted for a disproportionate 59.7% of total net absorption (3,209 units) compared to Class A inventory (12K units), which accounted for only 14.9% of total net absorption (803 units). Additionally, 2023/2024 deliveries (7,690 units) have struggled to stabilize occupancy with 2024 net absorption of 2,167 units with a resulting occupancy of 60.3%. The varied demand fundamentals for Class B inventory vs. Class A/recent deliveries indicates an emerging consumer preference for lower cost options (see rent growth section).

Only 2,553 units of the 4,127 units under construction are expected to deliver in 2025, which is more comparable to the pre-covid historic deliveries and should allow the market to stabilize occupancy. Additionally, as single-family residential home prices remain near all-time highs, 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 where an additional combined 1,091 units are under construction.

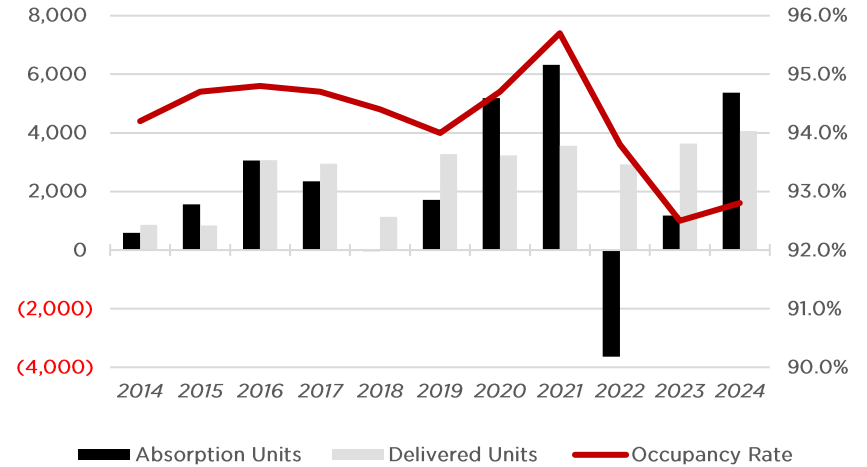
RENT GROWTH: Effective monthly rents increased 3.0% YOY to \$1,301 (2023: \$1,263), and closely resembles the pre-covid five-year average of 3.3%. Despite this, record 2024 deliveries increased competition for renters willing to pay premium rents as demonstrated by the Class A inventory YOY rent growth of only 0.4% to \$2,173 (2023: \$2,167).

SALES AND INTEREST RATES: Total 2024 sales volume (\$523MM) increased 58.0% YOY from \$331MM, but remains well below the record high of \$1.4B. 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 (10.0% vs. 11.8% in 2023) indicates there has been a degree of price capitulation since interest rates increased.

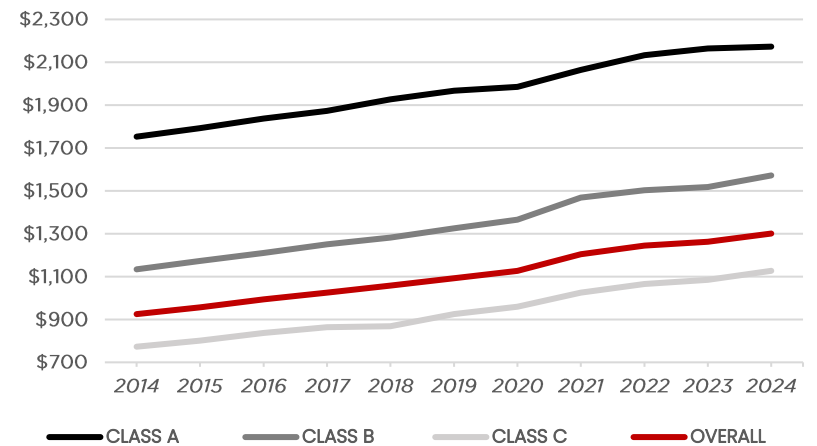
AVERAGE EFFECTIVE RENT BY SUBMARKET



OCCUPANCY AND ABSORPTION



AVERAGE EFFECTIVE RENT BY CLASS



TOP SALE TRANSACTIONS (BASED ON SALES PRICE)

PROPERTY NAME	CITY	SUBMARKET	UNITS	SALE PRICE	PRICE/UNIT
The Crossroads	Southfield	Southfield	588	\$83,000,000	\$141,156
American Presidential Estates & Capital Hills	Van Buren Township	Dearborn/Downriver	300	\$42,350,000	\$141,167
Turtle Cove Apartments	Westland	I-275 Corridor	192	\$27,000,000	\$140,625
Hines Park Apartments	Westland	I-275 Corridor	264	\$21,800,000	\$82,576
Danish Village	Rochester Hills	Rochester	149	\$20,350,000	\$136,577
South Glen Apartments	Brownstown	Dearborn/Downriver	159	\$16,950,000	\$106,604
Huntington House	Riverview	Dearborn/Downriver	129	\$10,500,000	\$81,783

Note: Bold indicates a Friedman transaction.



SUBMARKET	# BLDGS	INVENTORY (UNITS)	H2 2024 NET ABS. (UNITS)	UNITS UNDER CONST	TOTAL VAC. (%)	OVERALL OCC. (%)	AVG. EFFECTIVE RENT PER UNIT				H2 2024 TOTAL SALES VOLUME	AVG. PRICE PER UNIT
							Overall	Class A	Class B	Class C		
Ann Arbor	655	43,649	640	667	6.80%	93.20%	\$1,543	\$2,856	\$1,832	\$1,274	\$19,800,000	\$188,104
Auburn Hills	32	6,011	22	0	5.20%	94.80%	\$1,601	\$2,564	\$1,704	\$1,235	\$0	-
Birmingham/Bloomfield	50	5,124	127	152	8.40%	91.60%	\$2,449	\$3,921	\$2,700	\$1,921	\$6,000,000	\$142,857
Central I-96 Corridor	121	20,549	169	401	5.20%	94.80%	\$1,509	\$2,168	\$1,958	\$1,028	\$0	-
Dearborn/Downriver	445	44,830	(22)	424	5.00%	95.00%	\$1,113	\$1,263	\$1,327	\$1,027	\$62,700,000	\$78,146
Downtown Detroit	296	17,162	194	565	13.20%	86.80%	\$1,375	\$2,049	\$1,453	\$1,064	\$4,000,000	\$46,324
Farmington Hills	71	12,298	(59)	234	5.70%	94.30%	\$1,406	\$1,538	\$1,348	\$963	\$8,400,000	\$37,168
I-275 Corridor	277	31,360	(130)	449	5.70%	94.30%	\$1,265	\$2,557	\$1,667	\$1,126	\$49,600,000	\$107,284
Lakes Area	81	8,595	(41)	0	7.00%	93.00%	\$1,215	\$1,546	\$1,299	\$1,164	\$1,100,000	\$183,333
Macomb	547	62,971	390	135	6.50%	93.50%	\$1,234	\$1,636	\$1,493	\$1,098	\$11,400,000	\$47,427
Outer Detroit	971	49,377	335	769	10.70%	89.30%	\$962	\$1,947	\$959	\$908	\$11,400,000	\$43,473
Pontiac	99	7,649	7	124	4.20%	95.80%	\$1,087	\$3,339	\$1,298	\$930	\$9,400,000	\$162,069
Rochester	43	8,070	57	0	7.30%	92.70%	\$1,598	\$1,948	\$1,462	\$1,335	\$20,400,000	\$136,577
Royal Oak	387	16,714	124	122	6.20%	93.80%	\$1,295	\$2,402	\$1,707	\$1,099	\$7,200,000	\$133,333
Southfield	79	15,102	(113)	85	9.50%	90.50%	\$1,306	-	\$1,313	\$1,301	\$83,000,000	\$141,156
Troy	47	8,287	112	0	7.00%	93.00%	\$1,546	\$1,992	\$1,788	\$1,406	\$0	\$128,429
TOTAL	4,201	357,748	1,812	4,127	7.20%	92.80%	\$1,301	\$2,173	\$1,572	\$1,127	\$294,400,000	\$103,092

TOP MULTIFAMILY PROPERTIES DELIVERED (H2 2024)

PROPERTY NAME	CITY	SUBMARKET	UNITS	DELIVERED	PROPERTY TYPE	AVG. ASKING RENT (PER UNIT)
Woodview Commons	Ann Arbor	Ann Arbor	456	Q4 2024	Garden	\$2,240
Apex at West Bloomfield	West Bloomfield	Bloomfield/Birmingham	212	Q3 2024	Mid-Rise	\$2,864
Piquette Flats	Detroit	Downtown Detroit	161	Q4 2024	Mid-Rise	\$1,453
Lockwood of Ann Arbor	Ann Arbor	Ann Arbor	154	Q3 2024	Low-Rise	\$3,479
The Residences at Huron	Ypsilanti	Ann Arbor	152	Q4 2024	Low-Rise	\$1,382
The Trio	Rochester Hills	Rochester	119	Q3 2024	Low-Rise	\$2,074

Note: Bold Indicates a Friedman Communities Management Assignment



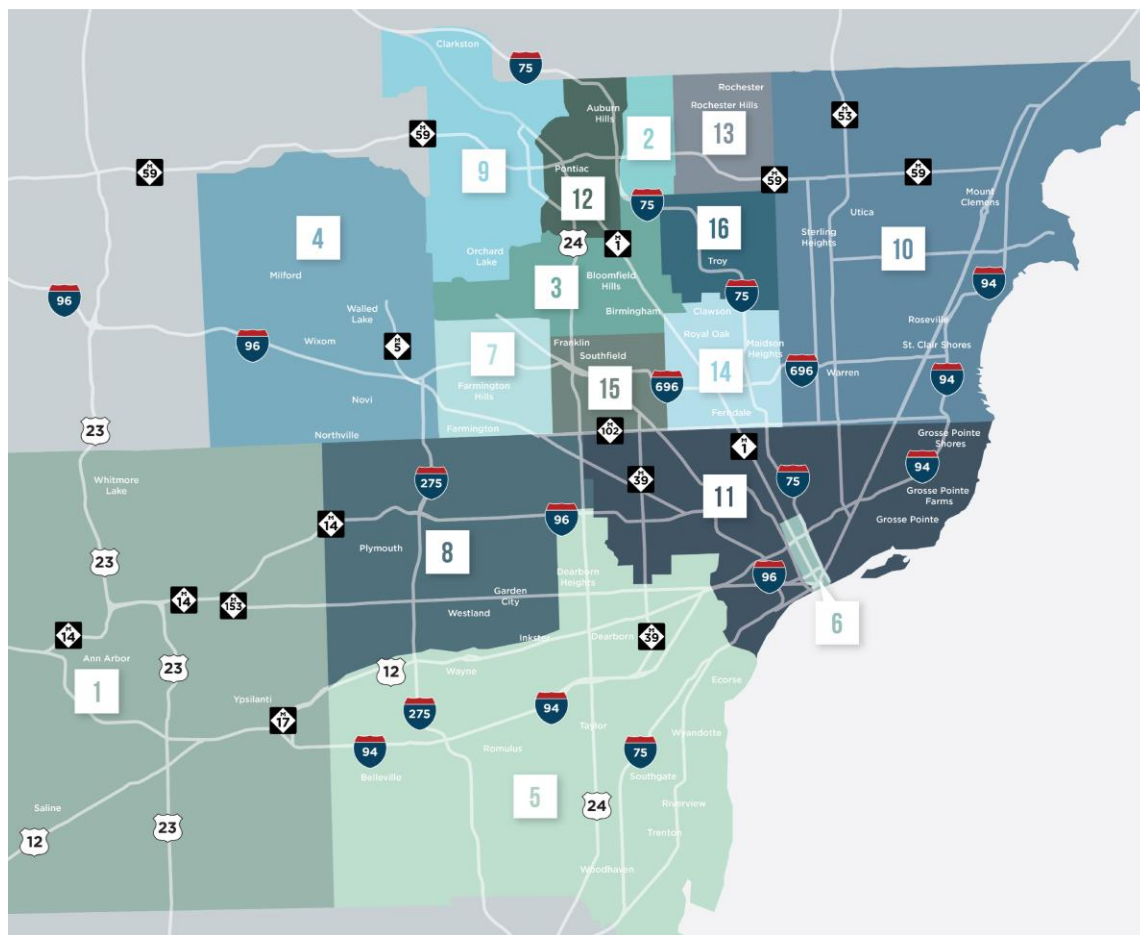
TOP MULTIFAMILY PROPERTIES UNDER CONSTRUCTION (H2 2024)

PROPERTY NAME	CITY	SUBMARKET	UNITS	DELIVERY	PROPERTY TYPE	RENT TYPE
The Downs	Northville	Southern I-275 Corridor	443	Q3 2026	Mixed-Use	Market
Willowcrest	Ypsilanti	Ann Arbor	300	Q2 2025	Low-Rise	Market
Haverhill on Clark	Ypsilanti	Ann Arbor	295	Q1 2025	Mid-Rise	Market/Affordable
Springs at Five & Main	Commerce Township	Central I-96 Corridor	284	Q2 2025	Low-Rise	Market
SouthTown	Ann Arbor	Ann Arbor	216	Q4 2025	Mid-Rise	Market/Affordable
Preserve on Ash	Detroit	Downtown Detroit	160	Q3 2024	Mid-Rise	Market/Affordable

Note: Bold indicates a Friedman Communities Management Assignment



MULTI-FAMILY 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 multi-family 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 2025 Outlook & 2024 Review Multi-Family 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.