

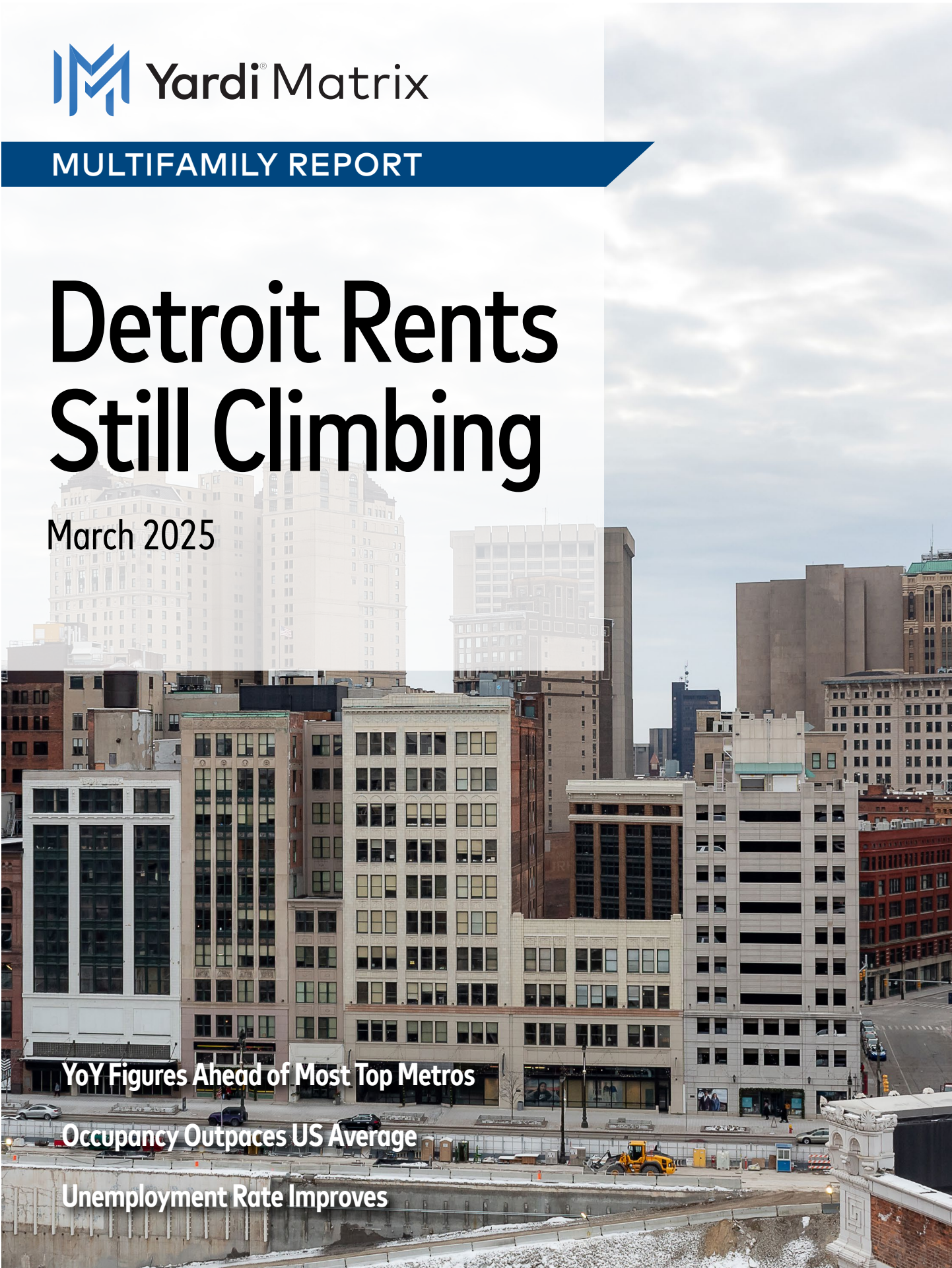
Detroit Rents Still Climbing

March 2025

YoY Figures Ahead of Most Top Metros

Occupancy Outpaces US Average

Unemployment Rate Improves



DETROIT MULTIFAMILY



Rents In the Metro On a Steady Incline

At the start of the year, rent growth was negative at the national level. However, average advertised asking rents in Detroit saw a 0.2% increase on a trailing three-month basis as of January. Annually, the metro's average expanded 4.1%, surpassed only by New York City and New Jersey, among Yardi Matrix's top 30 metros. Detroit's overall occupancy rate in stabilized assets was 95.0% as of December. The figure was 40 basis points above the U.S. average.

While employment growth was well below the national average, Detroit saw a net gain of 12,100 jobs during the 12 months ending in November. The metro's November unemployment rate stood at 5.1%, according to Bureau of Labor Statistics data. The figure was 90 basis points above the national average. Despite challenges, plans to revitalize the metro are proceeding. Bedrock and General Motors unveiled a \$1.6 billion plan to redevelop Renaissance Center. The project will involve the demolition of two office high-rises and the conversion and upgrade of three other towers, among other improvements. Bedrock also plans to establish a 200,000-square-foot hub in downtown Detroit, centered around a life science innovation building.

Detroit developers had approximately 4,400 units under construction as of January. The pipeline also included some 27,000 units in the planning and permitting stages.

Market Analysis | March 2025

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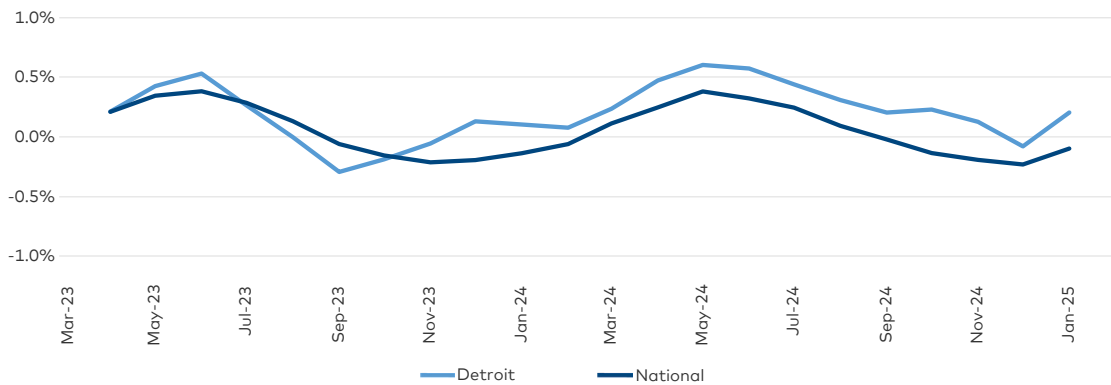
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RENT TRENDS

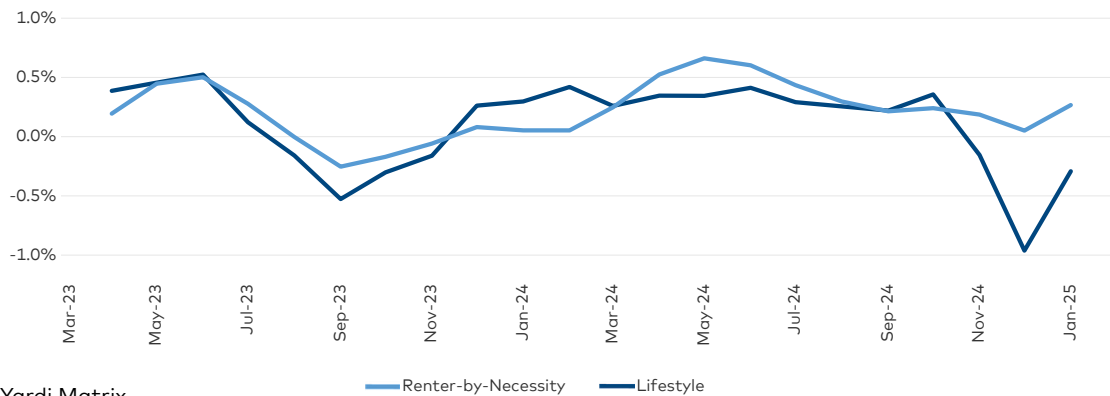
- ▶ Average advertised asking rents in Detroit were up 0.2% on a trailing three-month (T3) basis as of January, reaching \$1,309. Meanwhile, the national average dropped 0.1%, to \$1,746. On an annual basis, the metro recorded a 4.1% increase, surpassing the national average of 0.8%. Among the top 30 metros tracked by Yardi Matrix, Detroit was outpaced only by New York City (5.4%) and New Jersey (4.2%) in year-over-year rent growth.
- ▶ Lifestyle advertised asking rents fell 0.3% on a T3 basis, to \$1,940. Renter-by-Necessity averages climbed 0.3%, to \$1,246. On an annual basis, Lifestyle averages recorded a 2.1% increase. RBN averages climbed 4.5%, surpassed only by NYC (6.3%) and Kansas City (4.7%).
- ▶ As of December, Detroit's occupancy rate increased 40 basis points, to 95.0%. The figure was above the U.S. average of 94.6%. Lifestyle occupancy was 93.6%, with RBN figures at 95.2%.
- ▶ Advertised asking rents were down only in the Detroit-South and Shelby Township submarkets. South Lyon/Milford led rent growth with advertised asking rents climbing 14.2%, to \$1,612, followed by Belleville (up 9.5% to \$1,312) and Clarkston/Orion (up 7.7% to \$1,413). At \$1,804, Bloomfield Hills/Birmingham was the most expensive submarket.
- ▶ SFR asking rents were up 4.0% year-over-year, second only to Kansas City's 5.4% uptick. Although the occupancy rate fell 90-basis-point year-over-year, it settled at a respectable 95.8%.

Detroit vs. National Rent Growth (Trailing 3 Months)



Source: Yardi Matrix

Detroit Rent Growth by Asset Class (Trailing 3 Months)



Source: Yardi Matrix

ECONOMIC SNAPSHOT

- ▶ As of November, Detroit's unemployment rate was 5.1%, according to BLS data. The figure was a 130-basis-point improvement compared to July's peak of 6.4%. However, it was above the 4.2% national average, as well as Michigan's 4.8% rate.
- ▶ Detroit added 12,100 net jobs during the 12-month period ending in November. Employment growth accounted for a 0.4% increase, well below the national average of 1.3%. Mining, logging and construction led job gains with 4,600 jobs added, followed closely by the education and health services sector with 4,400 jobs. Financial activities, information, trade, transportation and utilities, and professional and business services lost a combined 5,700 jobs.
- ▶ Bedrock and GM have proposed a \$1.6 billion plan to redevelop Renaissance Center, pending public funding. The plan could face further regulatory hurdles if the multi-tower complex is designated as a historic district. The plan includes demolishing two office towers, removing the podium and redeveloping three other high-rises to provide a mix of residential and hospitality space. Bedrock also proposed an innovation hub anchored by a 220,000-square-foot life science innovation building. The developer teamed up with BAMF Health, Michigan Innovation Headquarters, Ferris State University and Wayne State University to transform a former jail.

Detroit Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
15	Mining, Logging and Construction	91.7	4.5%
65	Education and Health Services	326.6	15.9%
90	Government	198	9.6%
70	Leisure and Hospitality	181.9	8.8%
80	Other Services	77.8	3.8%
30	Manufacturing	252.1	12.2%
55	Financial Activities	125.2	6.1%
50	Information	29.1	1.4%
40	Trade, Transportation and Utilities	394.1	19.1%
60	Professional and Business Services	381.6	18.5%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- ▶ Metro Detroit lost 7,228 residents between 2021 and 2022. The loss accounted for a 0.2% contraction, while the U.S. population saw a 0.4% increase.
- ▶ Overall, during the decade ending in 2022, the metro gained some 71,000 residents.

Detroit vs. National Population

	2019	2020	2021	2022
National	324,697,795	326,569,308	329,725,481	331,097,593
Detroit Metro	4,317,848	4,317,384	4,382,832	4,375,604

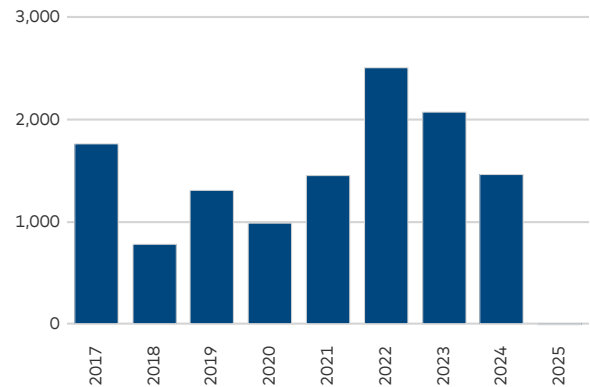
Source: U.S. Census

SUPPLY

- ▶ Developers added 1,462 units to Detroit's multi-family stock in 2024. Completions accounted for 0.7% of the existing inventory, well below the national rate of 3.3%. Lifestyle properties made up nearly two-thirds of recent completions, with RBN properties accounting for approximately 27% and fully affordable assets making up roughly 10%. Yardi Matrix expects the metro to gain 2,400 units by the end of 2025.
- ▶ Detroit had 4,396 units under construction as of January. The pipeline included 27,000 units in the planning and permitting stages. Lifestyle projects under construction made up half of the units underway, RBN accounted for 29% and fully affordable assets made up the remaining share.
- ▶ During the past year, developers started construction on 638 units. This marked a 70.8% decrease compared to 2023, when 2,188 units broke ground. On average, Detroit developers started work on 850 units per year since 2020.
- ▶ Of the 45 submarkets tracked by Yardi Matrix, 17 had communities with 50 or more units under construction. Construction activity was primarily focused on Detroit–Midtown, where 504 units were underway. Rochester Hills and Novi followed with 478 and 464 units, respectively.

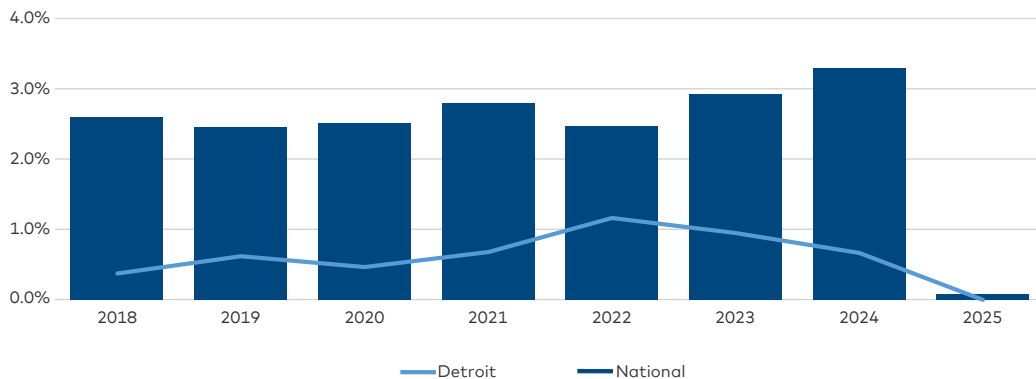
- ▶ Brush Watson, totaling 310 units, was the largest RBN project underway in the metro. Developed by American Community Developers, the partially affordable property will take shape in the Detroit–Midtown submarket. Five different lenders provided a financing package totaling \$96.8 million for the construction. The three-building property will include 163 affordable units and 8,000 square feet of retail space.

Detroit Completions (as of January 2025)



Source: Yardi Matrix

Detroit vs. National Completions as a Percentage of Total Stock (as of January 2025)



Source: Yardi Matrix

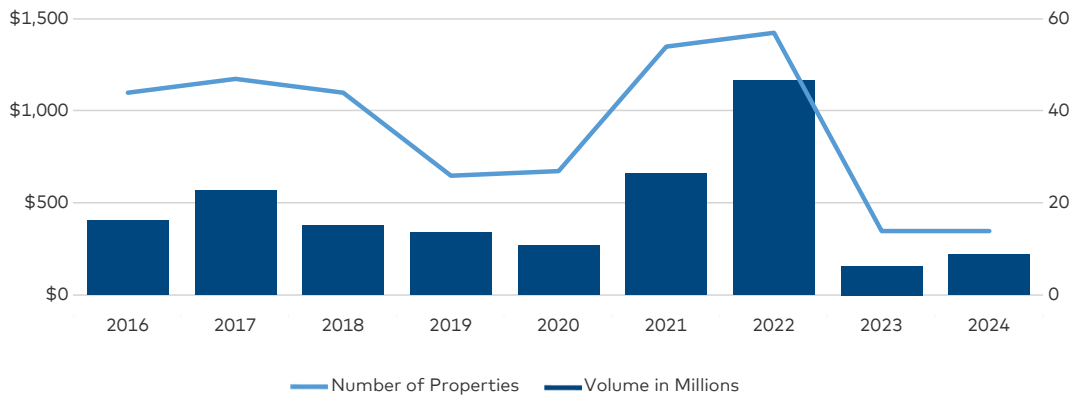
TRANSACTIONS

- ▶ In 2024, the transaction activity totaled \$224 million, 42.4% higher than 2023's total. Volume still has ample room to grow. Excluding the outlier year of 2022, with its \$1.2 billion total sales volume, the 10-year average for the decade ending in 2024 was around the \$400 million mark. As of January, no 50-plus-unit multifamily property had traded in metro Detroit.
- ▶ Nearly all sales closed in the last year involved RBN assets, which pushed per-unit

prices to \$133,441. The figure was well below the \$194,036 national average and Detroit's \$93,415 average for the decade ending in 2024.

- ▶ Highlands Vista Group's \$27 million acquisition of the 192-unit Turtle Cove was one of the notable transactions completed in 2024. Timberland Partners received \$140,625 per unit for the 1992-completed property in the Westland submarket. Walker & Dunlop provided a \$20.5 million loan for the purchase.

Detroit Sales Volume and Number of Properties Sold (as of January 2025)



Source: Yardi Matrix

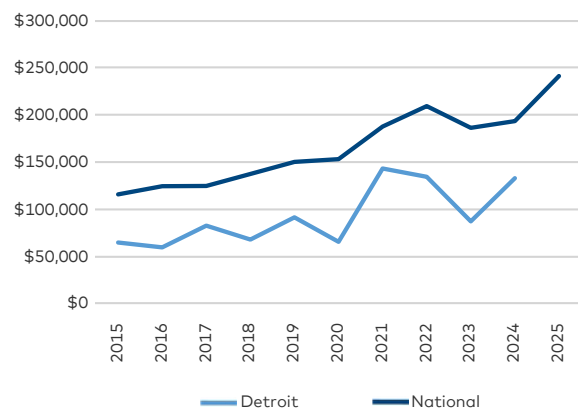
Top Submarkets for Transaction Volume¹

Submarket	Volume (\$MM)
Westland	\$49
Sterling Heights	\$32
Rochester Hills	\$20
Woodhaven/Brownstown	\$17
Southgate/Riverview	\$10

Source: Yardi Matrix

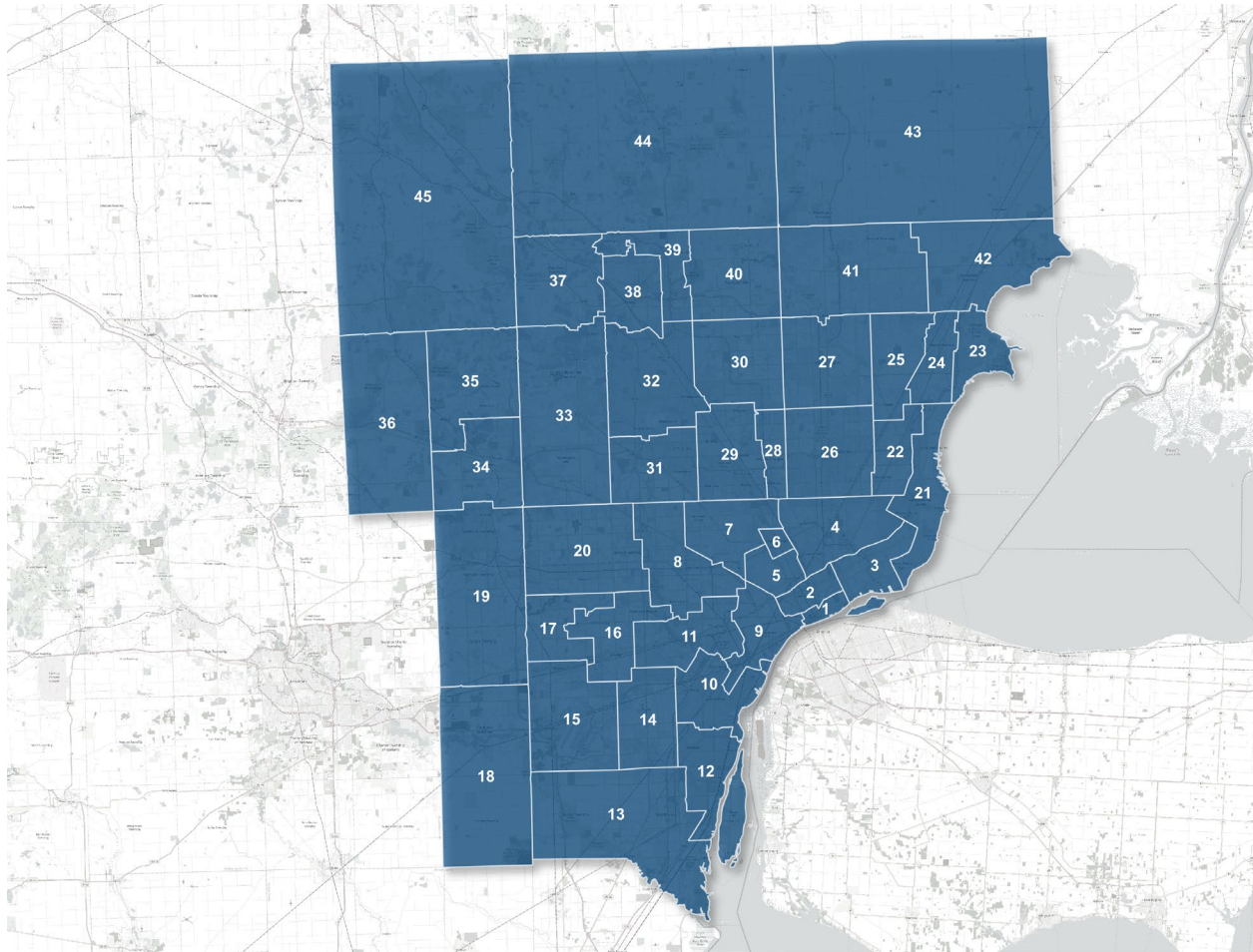
¹ From February 2024 to January 2025

Detroit vs. National Sales Price per Unit



Source: Yardi Matrix

DETROIT SUBMARKETS



Area No.	Submarket
1	Detroit–Downtown
2	Detroit–Midtown
3	Detroit–East
4	Detroit–Northeast
5	Detroit–New Center
6	Highland Park
7	Detroit–North
8	Detroit–West
9	Detroit–South
10	Lincoln Park/Melvindale
11	Dearborn
12	Southgate/Riverview
13	Woodhaven/Brownstown
14	Taylor
15	Wayne/Romulus

Area No.	Submarket
16	Dearborn Heights/Inkster
17	Westland
18	Belleville
19	Canton/Plymouth
20	Livonia/Redford
21	St. Claire Shores/Grosse Pointe
22	Roseville
23	Harrison Township
24	Clinton Township–East
25	Clinton Township–West
26	Warren
27	Sterling Heights
28	Madison Heights
29	Royal Oak/Oak Park
30	Troy

Area No.	Submarket
31	Southfield
32	Bloomfield Hills/Birmingham
33	Farmington Hills/West Bloomfield
34	Novi
35	Wixom/Walled Lake
36	South Lyon/Milford
37	Waterford
38	Pontiac
39	Auburn Hills
40	Rochester Hills
41	Shelby Township
42	Chesterfield/New Baltimore
43	Washington/Richmond
44	Clarkston/Orion
45	Holly/White Lake

DEFINITIONS

Lifestyle households (renters by choice) have wealth sufficient to own but have chosen to rent. Discretionary households, most typically a retired couple or single professional, have chosen the flexibility associated with renting over the obligations of ownership.

Renter-by-Necessity households span a range. In descending order, household types can be:

- *A young-professional*, double-income-no-kids household with substantial income but without wealth needed to acquire a home or condominium;
- *Students*, who also span a range of income capability, extending from affluent to barely getting by;
- *Lower-middle-income ("gray-collar") households*, composed of office workers, policemen, firemen, technical workers, teachers, etc.;
- *Blue-collar households*, which barely meet rent demands each month and likely pay a disproportionate share of their income toward rent;
- *Subsidized households*, which pay a percentage of household income in rent, with the balance of rent paid through a governmental agency subsidy. Subsidized households, while typically low income, extend to middle-income households in some high-cost markets, such as New York City;
- *Military households*, subject to frequency of relocation.

These differences can weigh heavily in determining a property's ability to attract specific renter market segments. The five-star resort serves a very different market than the down-and-outer motel. Apartments are distinguished similarly, but distinctions are often not clearly definitive without investigation. The Yardi® Matrix Context rating eliminates that requirement, designating property market positions as:

Market Position	Improvements Ratings
Discretionary	A+ / A
High Mid-Range	A- / B+
Low Mid-Range	B / B-
Workforce	C+ / C / C- / D

The value in application of the Yardi® Matrix Context rating is that standardized data provides consistency; information is more meaningful because there is less uncertainty. The user can move faster and more efficiently, with more accurate end results.

The Yardi® Matrix Context rating is not intended as a final word concerning a property's status—either improvements or location. Rather, the result provides reasonable consistency for comparing one property with another through reference to a consistently applied standard.

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