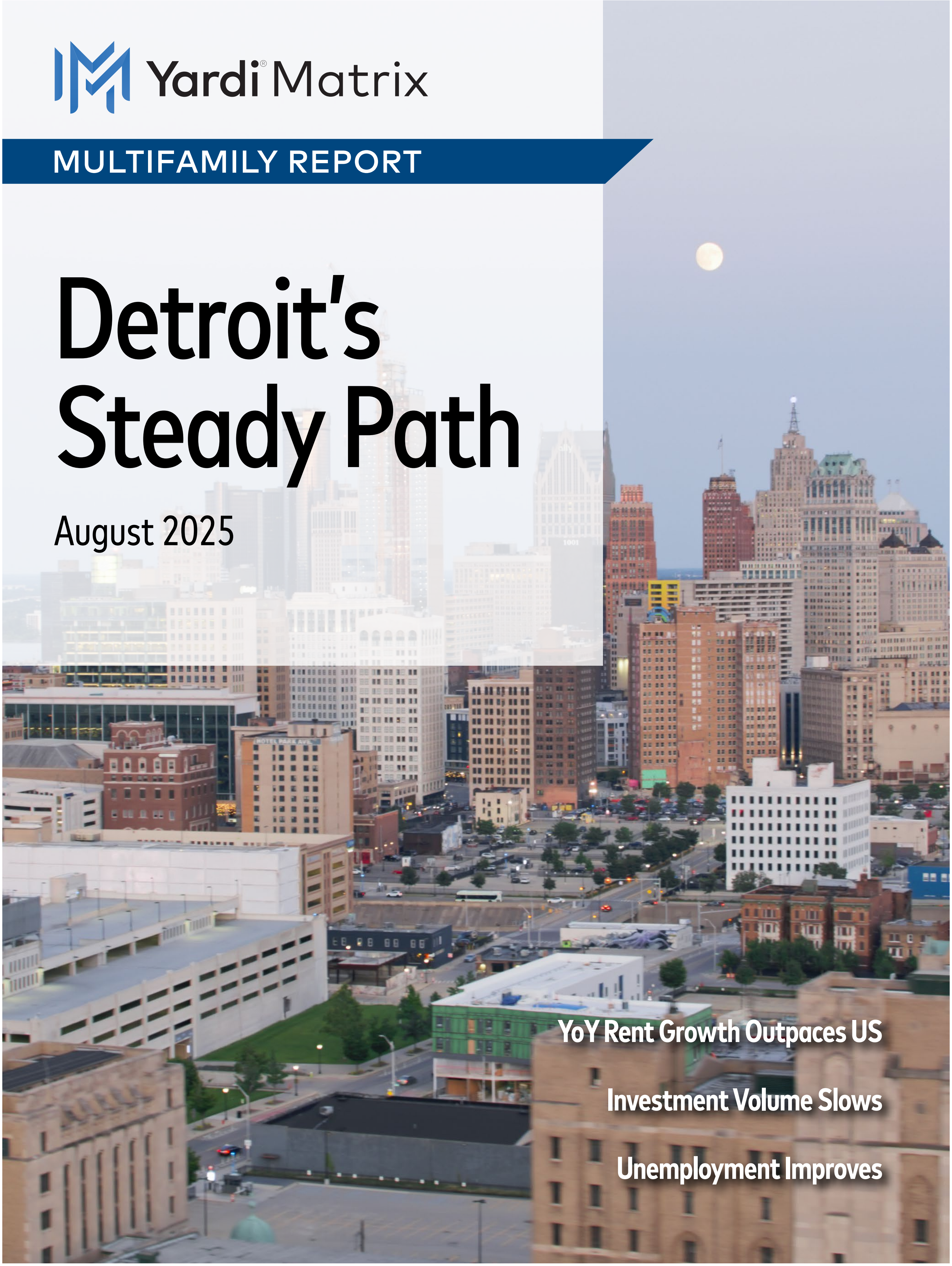
Yardi Matrix

MULTIFAMILY REPORT

Detroit's Steady Path

August 2025



YoY Rent Growth Outpaces US

Investment Volume Slows

Unemployment Improves

DETROIT MULTIFAMILY

Yardi Matrix

Rent Growth Remains Strong

As of June, average advertised asking rents inched up 0.2% on a trailing three-month basis at the national level. However, Detroit recorded a 0.4% increase. Year-over-year, the gap was even wider, with the U.S. average up 0.9%, while the metro's advertised asking rents climbed 2.9%. Overall occupancy in stabilized assets was 94.8% as of May, 20 basis points above the national average.

Detroit unemployment was 4.5% as of June, according to preliminary data from the Bureau of Labor Statistics. The figure was 40 basis points higher than the U.S. average. The metro's total employment expanded 0.5% as of April, adding 12,600 net jobs. The $6.4 billion Gordie Howe International Bridge between Windsor in Canada and Detroit reached a construction milestone ahead of its anticipated completion in the fall. Structural work is nearing completion on the bridge, which will be the first new U.S.-Canada border crossing in decades. Construction on another infrastructure project, the $300 million I-375 Reconnecting Communities Project, is expected to kick off in the fall.

Year-to-date through June, developers added 1,200 units to Detroit's stock. The metro's pipeline included some 3,100 units under construction, as well as 28,000 units in the planning and permitting stages. Investment volume dropped, as only $41 million traded in the first half of 2025, a substantial decline from the $145 million recorded during the same period of 2024.

Recent Detroit Transactions

Downes Manor

City: Highland Park, Mich.
Buyer: MHT Housing
Purchase Price: $14 MM
Price per Unit: $139,000

Market Analysis | August 2025

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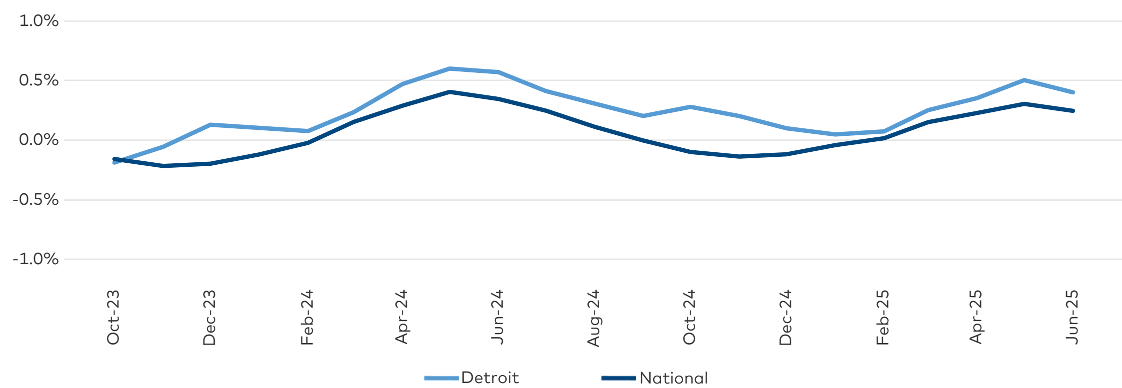
RENT TRENDS

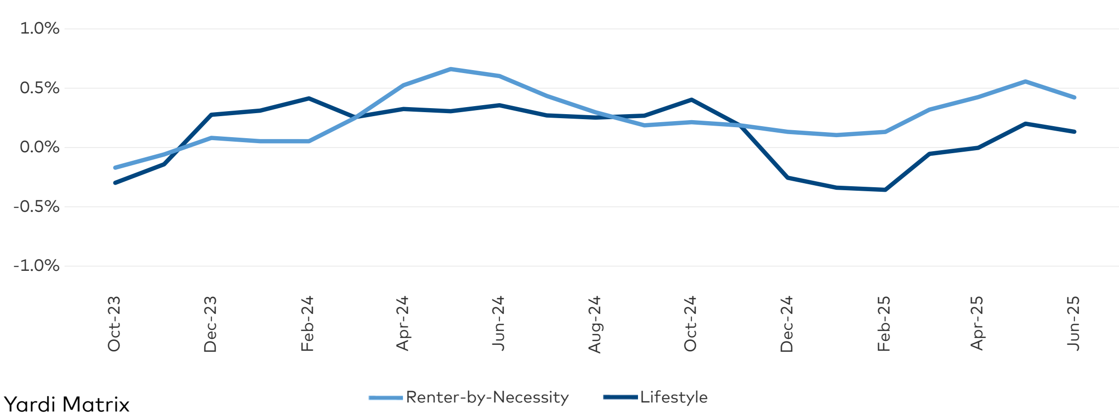
- The average advertised asking rent in Detroit was up 0.4% on a trailing three-month (T3) basis through June, reaching $1,331. Meanwhile, the national average climbed 0.2%, to $1,749. On an annual basis, the metro saw a 2.9% boost, while the national average rose 0.9%. Among the top 30 metros tracked by Yardi Matrix, Detroit was behind only Chicago (3.6%), Columbus (3.3%), Kansas City (3.2%) and New York City (3.1%) for year-over-year rent growth.
- Working-class Renter-by-Necessity average advertised asking rents mirrored the metro and were up 0.4% on a T3 basis, climbing to $1,264. The Lifestyle figure inched up 0.1%, to $1,966. Year-over-year, RBN asking rents rose 3.3%. The Lifestyle average increased 0.3% during the same time frame.
- Detroit's occupancy rate in stabilized assets slid 20 basis points year-over-year, at 94.8% as of May, above the 94.6% U.S. average. RBN occupancy was 94.9% in Detroit, with the Lifestyle rate at 93.7%.
- Among the 45 submarkets tracked by Yardi Matrix, average advertised asking rents contracted in only two. Detroit–South led gains, with advertised rates climbing 12.2%, to $1,468. St. Clair Shores/Grosse Pointe (9.8% to $1,407) and Livonia/Redford (6.9% to $1,375) followed.
- Detroit SFR asking rents were up 2.6% year-over-year, to $2,227, well above the 0.7% national average. The metro's SFR occupancy rate of 95.4% also outperformed the 94.9% U.S. figure.

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

- Detroit's unemployment rate was 4.5% as of June, according to preliminary Bureau of Labor Statistics data. The figure marked a 10-basis-point monthly improvement but remained above the 4.1% national average. However, it still fared relatively well compared to Michigan's 5.3% average.
- Detroit added 12,600 net jobs during the 12 months ending in April. Employment growth clocked in at 0.5% as of April, 30 basis points below the national average. Education and health services led gains, with 8,700 jobs added, offsetting much of the 10,200 positions lost across four other sectors combined.
- After five years, the two tower cranes that helped build the $6.4 billion Gordie Howe International Bridge were removed. They were instrumental in completing the 722-foot bridge towers and installing key components. This construction milestone marked the project's shift from structural work to final touches, putting it on track for completion this fall. Also this fall, the I-375 Reconnecting Communities Project is set to begin. The project will convert the freeway into a boulevard and reunite neighborhoods that were divided during its original construction in the 1960s. The $300 million project is expected to wrap up in 2029.

Detroit Employment Share by Sector

		Current Employment	
Code	Employment Sector	(000)	% Share
65	Education and Health Services	337.2	16.4%
90	Government	200.8	9.8%
80	Other Services	79.8	3.9%
15	Mining, Logging and Construction	87.1	4.2%
40	Trade, Transportation and Utilities	381.7	18.5%
55	Financial Activities	128.1	6.2%
50	Information	29.2	1.4%
70	Leisure and Hospitality	186.6	9.1%
30	Manufacturing	248.8	12.1%
60	Professional and Business Services	379.9	18.4%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

Metro Detroit recorded a 0.2% population decline in 2022, losing 7,228 residents. In contrast, the national growth rate was 0.4%.

However, over the decade ending in 2022, the metro area gained approximately 71,000 residents.

Detroit vs. National Population

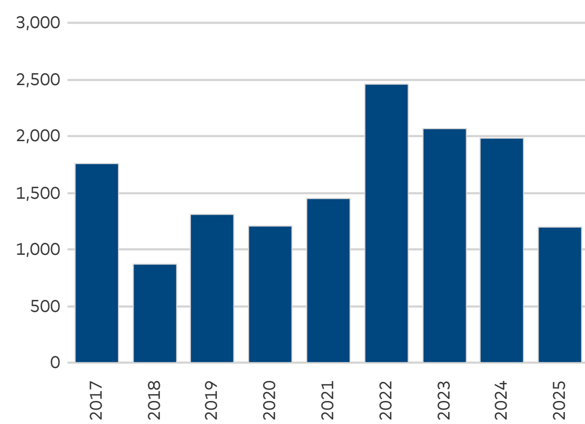
	2019	2020	2021	2022
National	324,697,795	326,569,308	329,725,481	331,097,593
Detroit Metro	4,317,848	4,317,384	4,382,832	4,375,604

Source: U.S. Census

SUPPLY

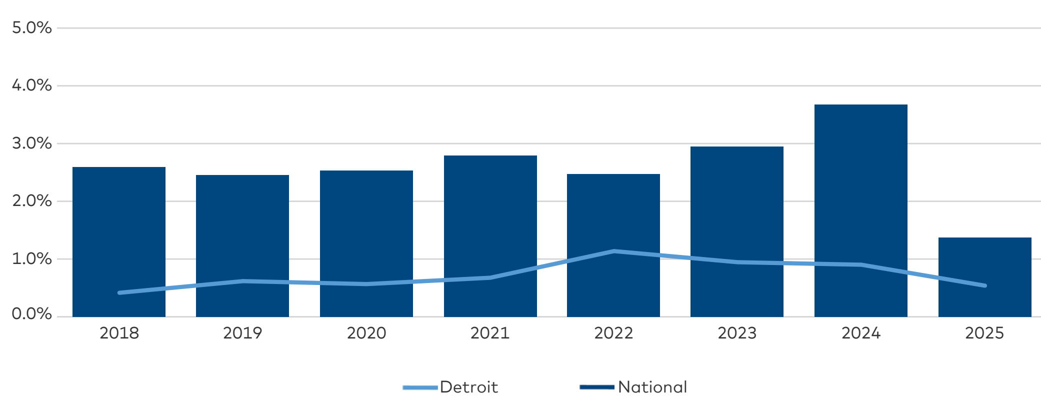
- Developers added 1,197 units to the metro's stock in the first half of 2025. Completions accounted for 0.5% of existing inventory, merely a third of the 1.4% national rate. Developers completed 1,834 units on average, yearly, during the past five years. Detroit remains a slow market for development. Even at its 2022 peak, when it gained almost 2,500 units, or 1.1% of existing inventory, the market fell significantly below the 2.5% U.S. figure.
- The metro had 3,103 units underway as of June, with the pipeline also including 28,000 units in the planning and permitting stages. Lifestyle projects represent almost half of the units under construction, with fully affordable developments at a remarkable 32% and RBN accounting for 24%.
- During the first half of 2025, developers broke ground on 444 units across the metro. In the first half of 2024, work started on just 186 units. On average, developers broke ground on roughly 600 units a year between 2020 and 2024.
- Of the 45 submarkets tracked by Yardi Matrix, 17 had projects with 50 or more units underway. Detroit–Midtown led with 367 units under construction, followed by Sterling Heights (325 units) and Detroit–Downtown (308 units).
- The development at 7850 E. Jefferson Ave. is one of the largest fully affordable projects taking shape in Detroit. Ginosko Development Co. teamed up with Raymond James Affordable Housing Investments to build the 150-unit community in the Detroit–East submarket. The Michigan State Housing Development Authority and The Detroit Housing and Revitalization Department provided a total of $17 million.

Detroit Completions (as of June 2025)



Source: Yardi Matrix

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

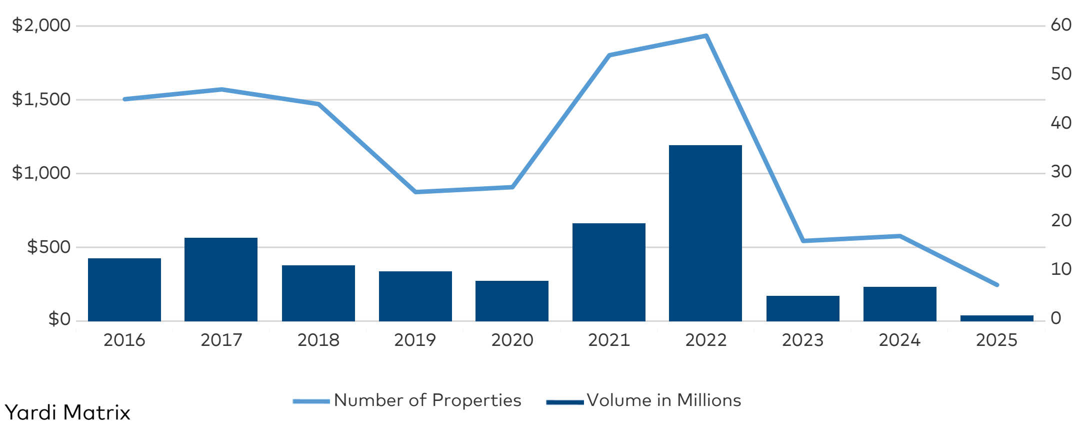


Source: Yardi Matrix

TRANSCTIONS

- In the first half of the year, multifamily investment totaled $41 million, a sharp drop from the $145 million that traded in 2024 through June. Last year's total volume reached $235 million but fell short of the $400 million decade average. We excluded the $1.2 billion total for 2022 from the average because it was a significant outlier.
- All sales that closed in the first half of 2025 involved RBN assets, with the per-unit average at $105,813. That was less than half the national average of $212,317, but an improvement compared to Detroit's $92,283 average for the decade ending in 2024.
- Recent Detroit transactions include the acquisition of the 100-unit Downes Manor. MHT Housing and The Richman Group paid $13.9 million for the fully affordable property. Highland Park Housing Commission sold the midrise, which was completed in 1974. The transaction involved a seller carry-back loan and two portfolio loans funded by the Michigan State Housing Development Authority.

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



Source: Yardi Matrix

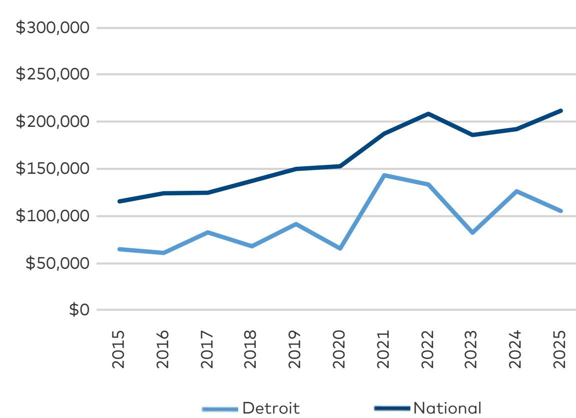
Top Submarkets for Transaction Volume[1]

Submarket	Volume ($MM)
Westland	49
Rochester Hills	20
Woodhaven/Brownstown	17
Highland Park	14
Chesterfield/New Baltimore	10
Southgate/Riverview	10
Taylor	6

Source: Yardi Matrix

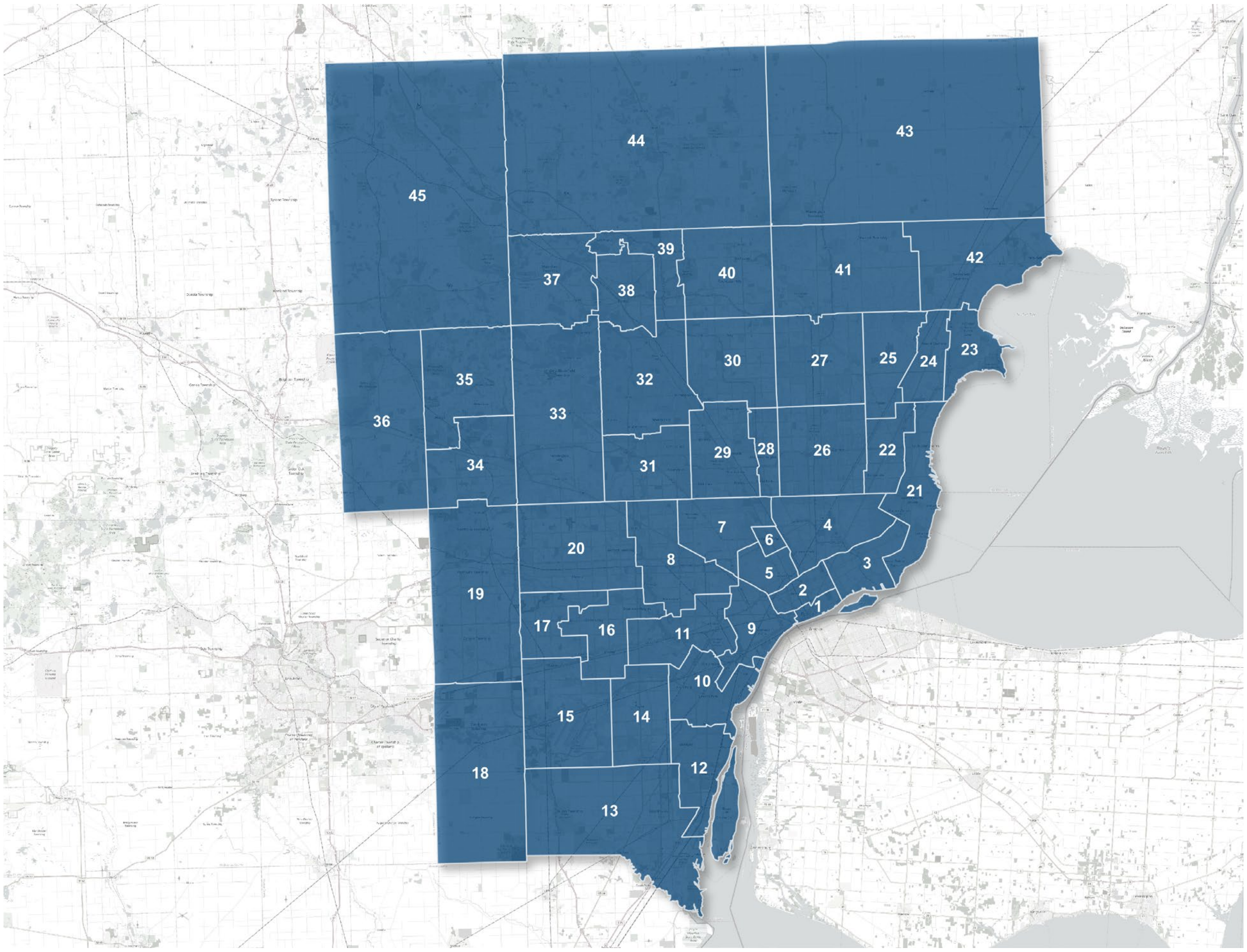
[1] From July 2024 to June 2025

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
29	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.

To learn more about Yardi® Matrix and subscribing, please visit www.yardimatrix.com or call Ron Brock, Jr., at 480-663-1149 x14006.