

Detroit Keeps Up

December 2025

YoY Rent Growth Outpaces Most Key Metros

Construction Starts Increase

Investment Volume Dips

DETROIT MULTIFAMILY



Rents Hold Steady As US Average Dips

Detroit's average advertised asking rent was flat on a trailing three-month basis through October, at \$1,332. Meanwhile, the national average slid 20 basis points, to \$1,743. The gap was wider year-over-year, as the metro recorded a 1.9% uptick compared to just a 0.5% increase at the national level. Among the top 30 metros tracked by Yardi Matrix, Detroit posted one of the strongest year-over-year rent growth rates, ranking eighth among other top submarkets.

Employment growth in the metro was 0.6% year-over-year through August, just 20 basis points below the U.S. average. Detroit's unemployment rate stood at 4.3% in August, according to preliminary Bureau of Labor Statistics data. Over the 12-month period ending in August, the metro gained 7,300 net jobs, with financial activities leading growth, up 3,600 positions. OpenAI, Oracle and Related Digital have selected a 250-acre site in Saline Township, Mich., just outside Ann Arbor, for a data center campus. The joint venture expects to start construction on the \$7 billion project in early 2026.

More than 1,500 units were delivered in the first 10 months of the year. Developers had 3,701 units under construction and an additional 27,000 in the planning and permitting stages. Investment amounted to \$224 million year-to-date through October, slightly below the \$245 million recorded in the same period last year.

Market Analysis | December 2025

Contacts

Jeff Adler

Vice President & General
Manager of Yardi Matrix
Jeff.Adler@Yardi.com
(303) 615-3676

Ron Brock, Jr.

Industry Principal, Matrix
JR.Brock@Yardi.com
(480) 663-1149 x14006

Doug Ressler

Media Contact
Doug.Ressler@Yardi.com
(480) 695-3365

Author

Agota Felhazi

Senior Associate Editor

Recent Detroit Transactions

Village Club of Farmington Hills



City: Farmington Hills, Mich.
Buyer: T2 Capital Management
Purchase Price: \$36 MM
Price per Unit: \$150,000

The Alcove Troy

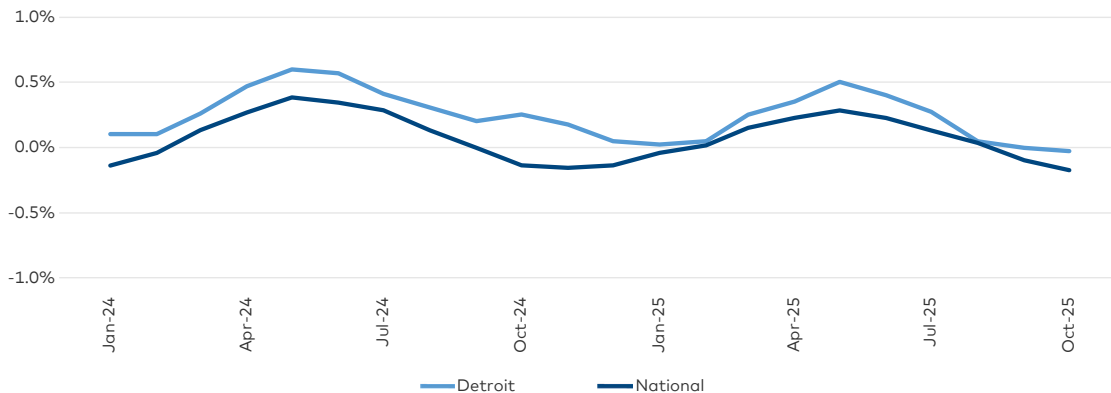


City: Troy, Mich.
Buyer: Jacobson Brothers
Purchase Price: \$16 MM
Price per Unit: \$103,873

RENT TRENDS

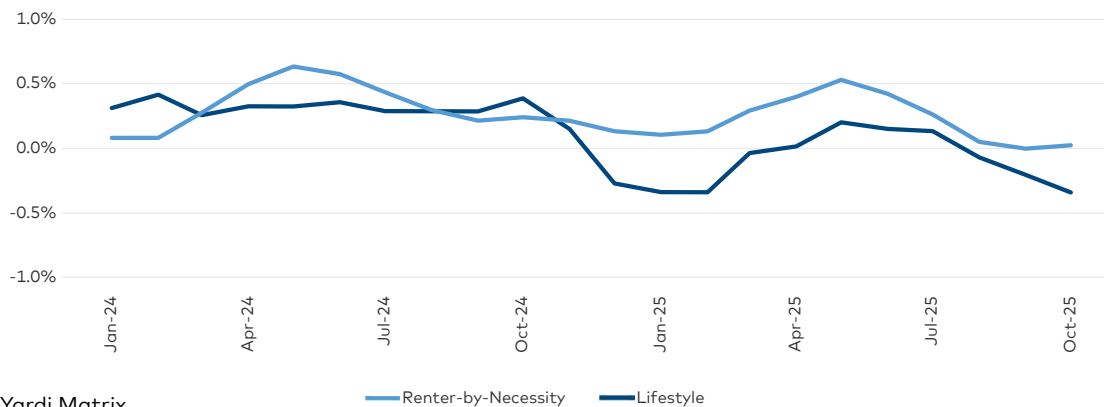
- ▶ The average advertised asking rent in Detroit was unchanged, on a trailing three-month (T3) basis through October, at \$1,332. The U.S. rate shrunk 0.2%, to \$1,743. Rents in the metro still had good momentum, up 1.9% year-over-year and far surpassing the 0.5% national figure. Among the major metros tracked by Yardi Matrix, Detroit ranked eighth for year-over-year growth, behind New York City (4.7%), Chicago (3.9%), San Francisco (3.4%), the Twin Cities (2.9%), Kansas City (2.4%), Philadelphia (2.2%) and Columbus (2.0%).
- ▶ Advertised asking rents for the working-class Renter-by-Necessity segment were also flat on a T3 basis, at \$1,267. The Lifestyle figure ticked down 0.3%, to \$1,950. Year-over-year, RBN averages rose 2.4%, whereas Lifestyle figures declined 1.6%.
- ▶ Detroit's average occupancy rate for stabilized assets ticked down 10 basis points year-over-year, to 94.9% in September. Detroit's figure remained above the 94.7% U.S. rate. RBN occupancy stood at 95.0% and Lifestyle at 94.3%.
- ▶ Among the 45 submarkets tracked by Yardi Matrix, Madison Heights led advertised asking rent growth, up 10.4% year-over-year through October, to \$1,250. St. Clair Shores/Grosse Pointe (up 7.6% to \$1,418) and Dearborn Heights/Inkster (up 5.9% to \$1,165) rounded out the top three.
- ▶ Advertised asking rents for Detroit's SFR sector were up 0.6% year-over-year through October, to \$2,243. The U.S. average saw no change. The metro's occupancy rate stood at 95.1% in October, on par with the 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 4.3% as of August, according to preliminary BLS data. The figure marked a notable 140-basis-point improvement month-over-month and was on par with the national average. Michigan's average contracted 10 basis points, settling at 5.2%.
- ▶ Employment growth in the metro stood at 0.6% year-over-year through August, lagging the nation by 20 basis points. This was an improvement for Detroit compared to 2024's second half.
- ▶ Detroit gained 7,300 net jobs in the 12 months ending in August. Financial activities led gains with 3,600 jobs added, closely followed by the leisure and hospitality sector with 3,500 jobs. At

the other end of the spectrum, the professional and business services and manufacturing sectors lost a combined 10,000 jobs.

- ▶ OpenAI, Oracle and Related Digital have settled on Saline Township, Mich., for a 1.4-gigawatt Stargate data center. The 250-acre project will include three 550,000-square-foot buildings. Related expects to start construction in early 2026. The campus is expected to achieve LEED certification. Elsewhere in Michigan, a proposed \$1 billion data center on more than 1,000 acres of farmland met opposition. Howell Township officials imposed a six-month moratorium on new data center applications after the planning commission recommended rejecting rezoning.

Detroit Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
55	Financial Activities	132.2	6.4%
70	Leisure and Hospitality	201.5	9.7%
90	Government	186.6	9.0%
15	Mining, Logging and Construction	94.7	4.6%
40	Trade, Transportation and Utilities	385.7	18.7%
80	Other Services	79.4	3.8%
65	Education and Health Services	333.1	16.1%
50	Information	29.4	1.4%
30	Manufacturing	249.6	12.1%
60	Professional and Business Services	375.6	18.2%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- ▶ From 2021 to 2022, Detroit's population ticked down 0.2%, shedding 7,228 residents, while the U.S. grew by 0.4%.
- ▶ Over the decade ending in 2022, however, the metro gained about 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

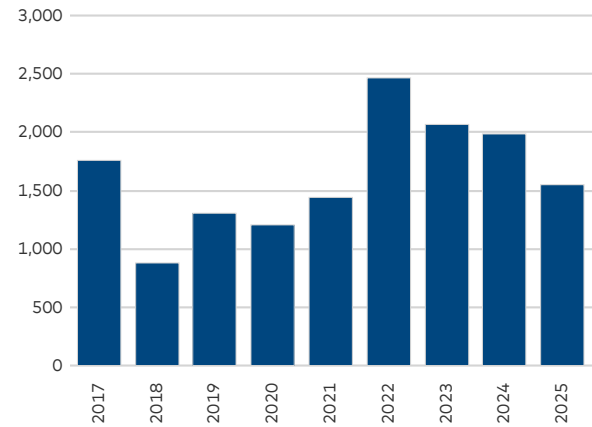
Source: U.S. Census

SUPPLY

- ▶ Developers added 1,553 units to Detroit's multifamily inventory during the first 10 months of 2025. Completions accounted for 0.7% of existing stock, well below the 2.6% national average. Nationwide trends point to a slowdown in deliveries starting next year, but Detroit is expected to add more than 2,000 units in 2026, which would be above its 1,638-unit annual average recorded since 2017.
- ▶ Detroit had 3,701 units under construction as of October, with an additional 27,000 units in the planning and permitting stages. Units in Lifestyle projects comprised more than half of the under-construction pipeline, with the remaining almost equally split between units in fully affordable and RBN developments.
- ▶ A total of 1,617 units across 10 projects broke ground in the first 10 months. Construction has picked up, as during the same period of 2024, work started on just six developments encompassing 693 units.
- ▶ Of the 45 submarkets tracked by Yardi Matrix, 18 had projects underway. Detroit–New Center led with 705 units underway, followed by Sterling Heights (325 units) and Detroit–Midtown (310 units).

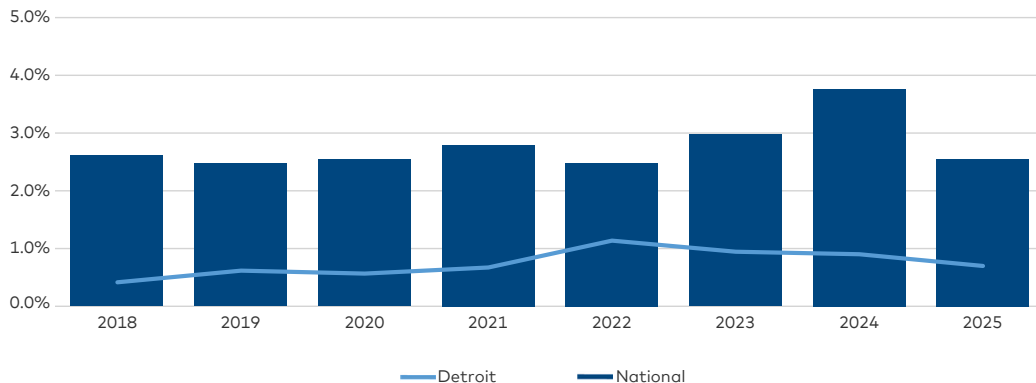
- ▶ The 283-unit project dubbed Clinton Place Redevelopment is taking shape in Mount Clemens, Mich. National Church Residences started construction on the 14-building redevelopment in mid-2023 with the help of a \$10.8 million construction loan funded by U.S. Bank. The fully affordable community will offer select units for seniors aged 62 and older while the garden-style options and townhomes will have no age restriction.

Detroit Completions (as of October 2025)



Source: Yardi Matrix

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

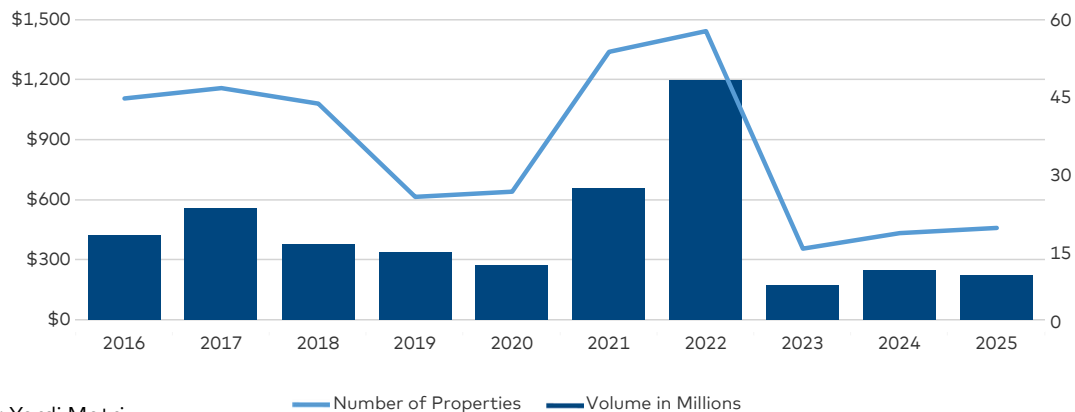


Source: Yardi Matrix

TRANSACTIONS

- ▶ Detroit investments totaled \$224 million year-to-date through October, just a slight decrease from the \$245 million recorded for the same period in 2024. Total volume for 2024 amounted to \$250 million. This brought the yearly average for the decade ending in 2024 to \$481 million, although that number remained inflated by the exceptional \$1.9 billion combined volume of 2021 and 2022. Investors favored value-add plays in 2025, as all but one of the 20 transactions closed involved RBN assets.
- ▶ The average price per unit for this year's sales was \$103,095, down 24.1% from 2024's figure. Detroit's per-unit average rose 57.1% since 2015, while the U.S. rate increased 79.1%.
- ▶ Recent transactions included Jacobson Brothers' \$15.8 million acquisition of The Alcove Troy, a 152-unit community in Troy, Mich. The buyer secured a \$10.3 million Fannie Mae loan with the help of NorthMarq Capital. The 10-building property was initially built as a hotel in 1985 and converted to residential use in 2024.

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



Source: Yardi Matrix

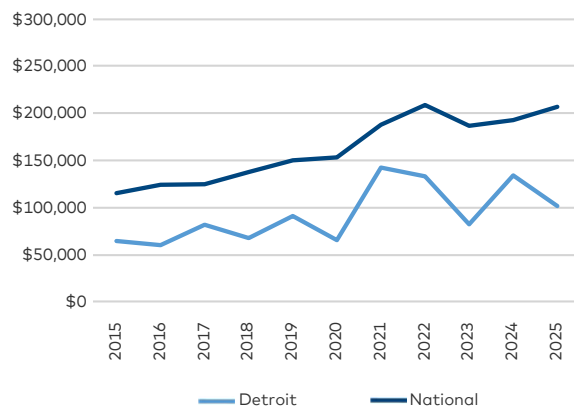
Top Submarkets for Transaction Volume¹

Submarket	Volume (\$MM)
St. Clair Shores/Grosse Pointe	57
Farmington Hills/West Bloomfield	43
Waterford	31
Woodhaven/Brownstown	17
Troy	16
Highland Park	14
Rochester Hills	14

Source: Yardi Matrix

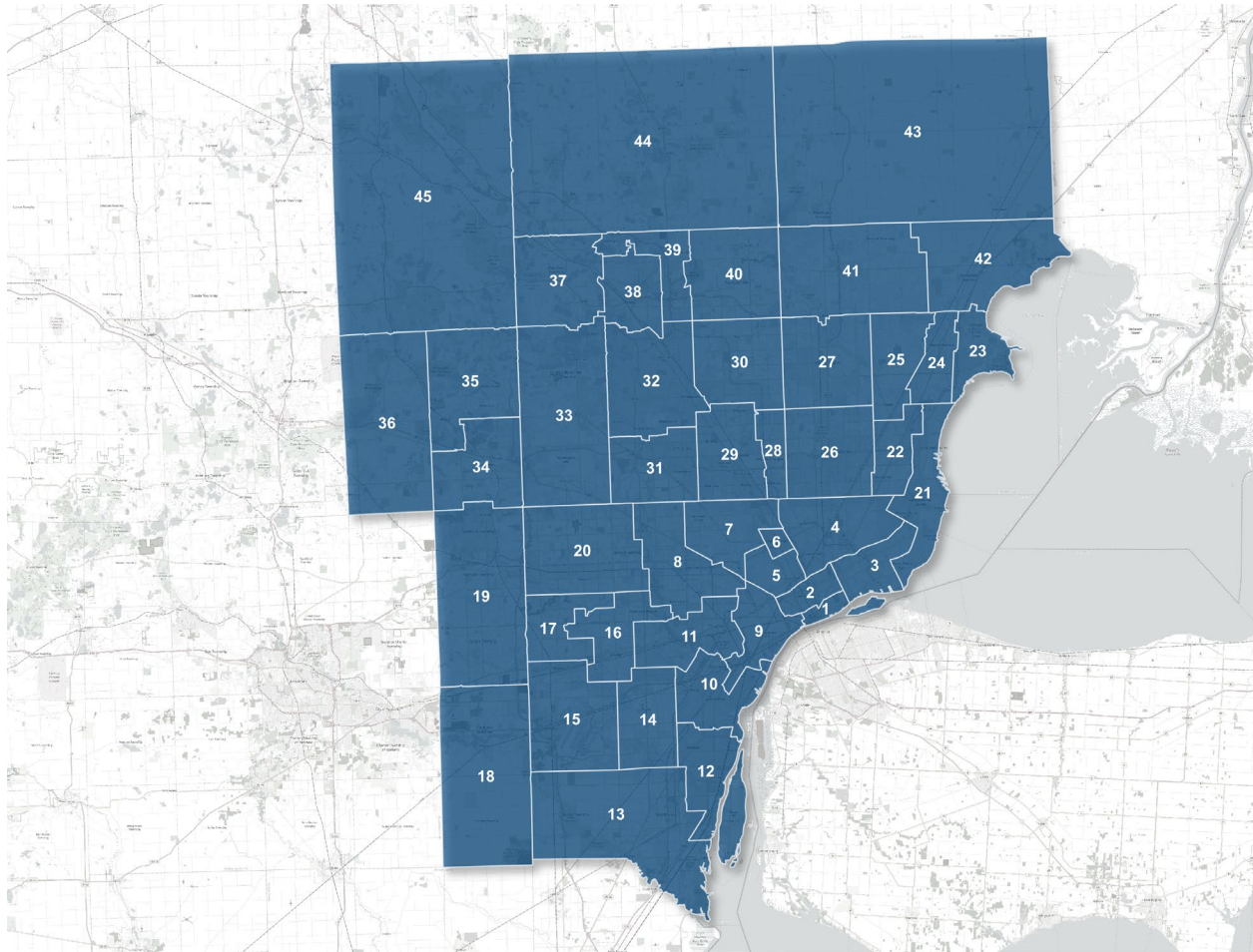
¹ From November 2024 to October 2025

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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