

Apartment Association of Michigan

2026 Multifamily Rental Market Outlook

Presented by Kevin Dillon

Senior Managing Director, Berkadia



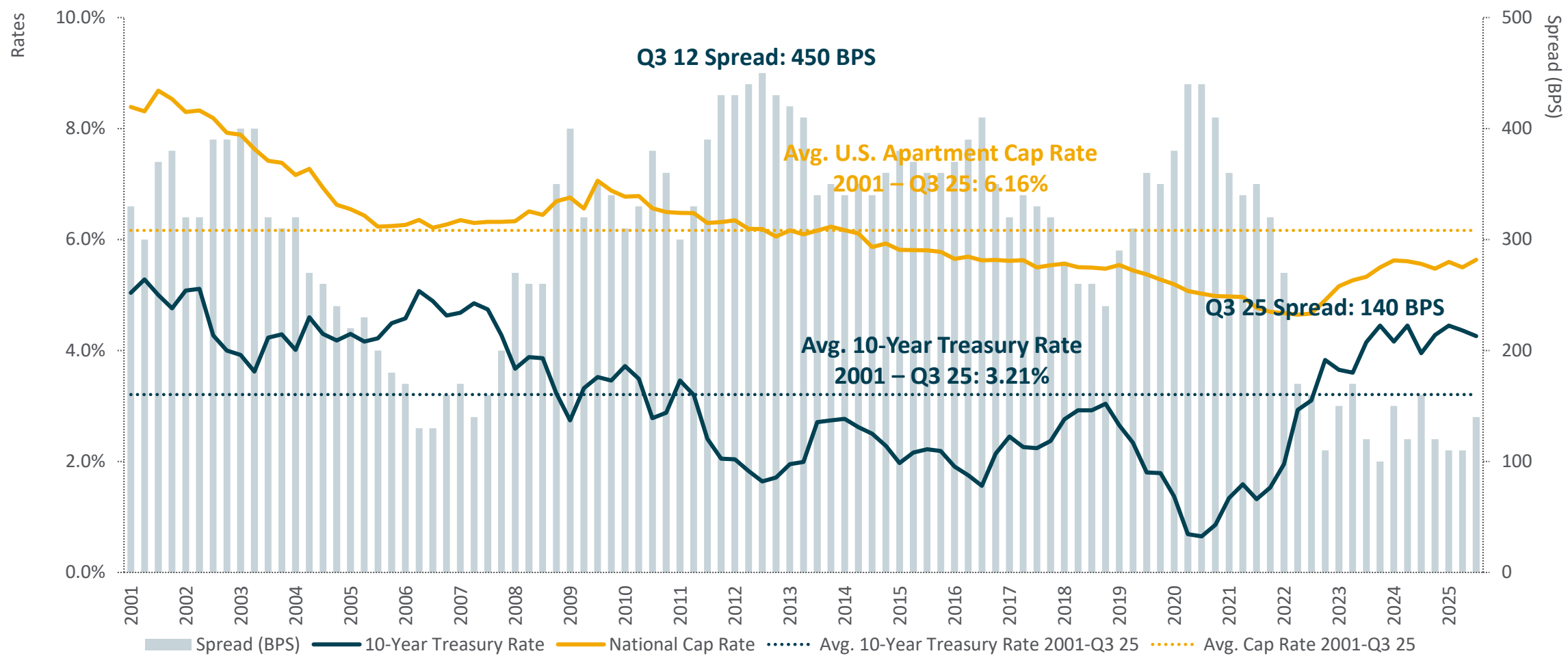
BERKADIA[®]

The background image is a photograph of a man in a dark suit and white shirt, seen from behind, walking down a modern staircase. The staircase has a metal railing and concrete steps. The entire image is tinted with a deep blue color. An orange rectangular frame is overlaid on the left side of the image, partially enclosing the text.

Investment Indicators

Investment Indicators | U.S. 10-Year Treasury vs. Multifamily Cap Rate

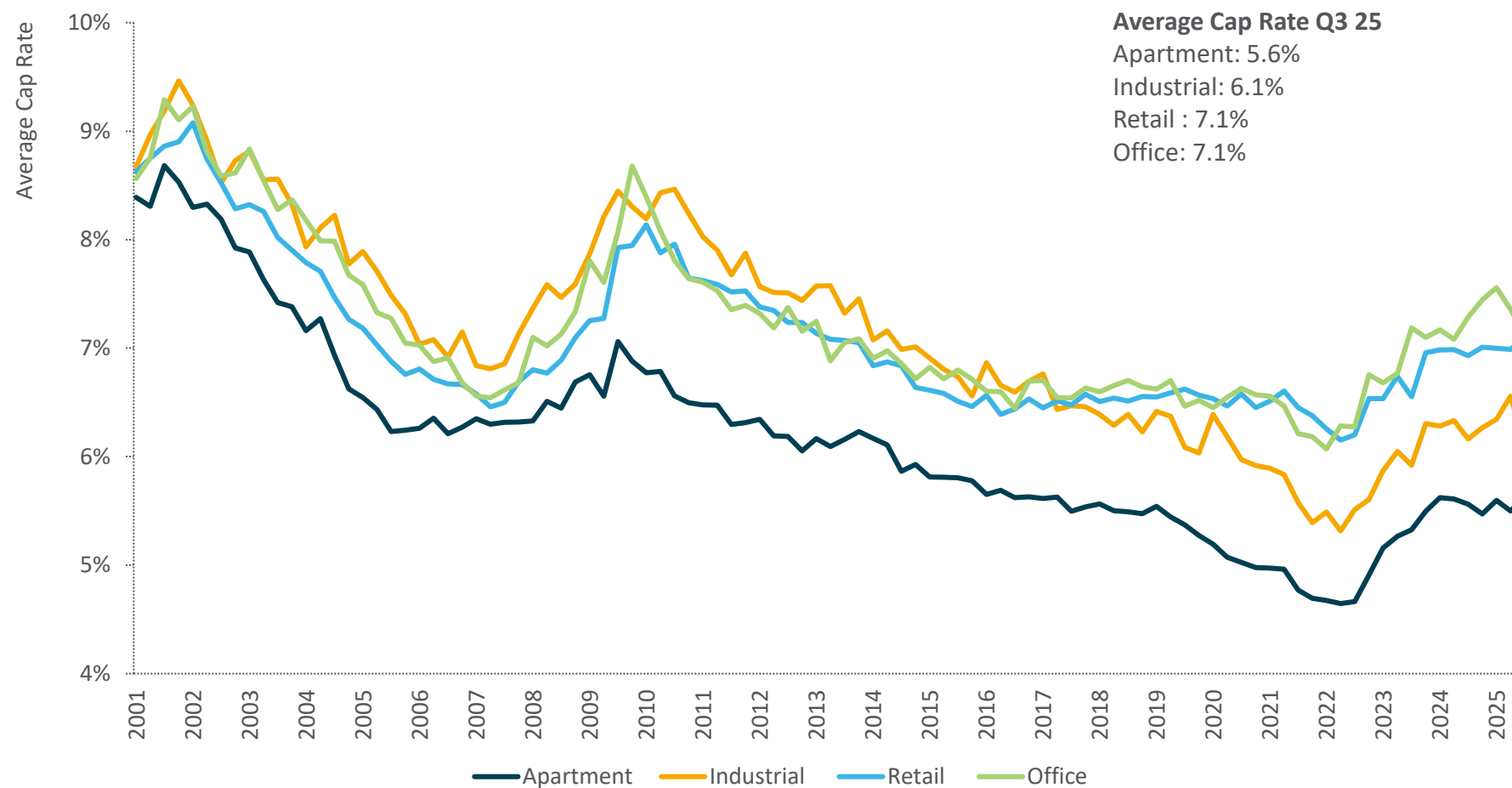
Quarterly Breakdown



Sources: Real Capital Analytics; St. Louis FRED

Among the four major property types, the apartment and industrial sectors accounted for approximately 65% of deal activity year-to-date as of Q3 25.

U.S. CRE – Cap Rates



*Based on independent reports of properties and portfolios \$2.5 million and greater.
Source: Real Capital Analytics

A man in a dark suit and white shirt is walking down a modern, curved staircase. He is seen from behind, carrying a dark bag over his shoulder. The entire image has a strong blue color cast. On the left side, there is a large, textured concrete pillar. The staircase has a metal railing and a curved concrete wall.

Multifamily Market Capital Trends

U.S. Multifamily Buyer Composition*

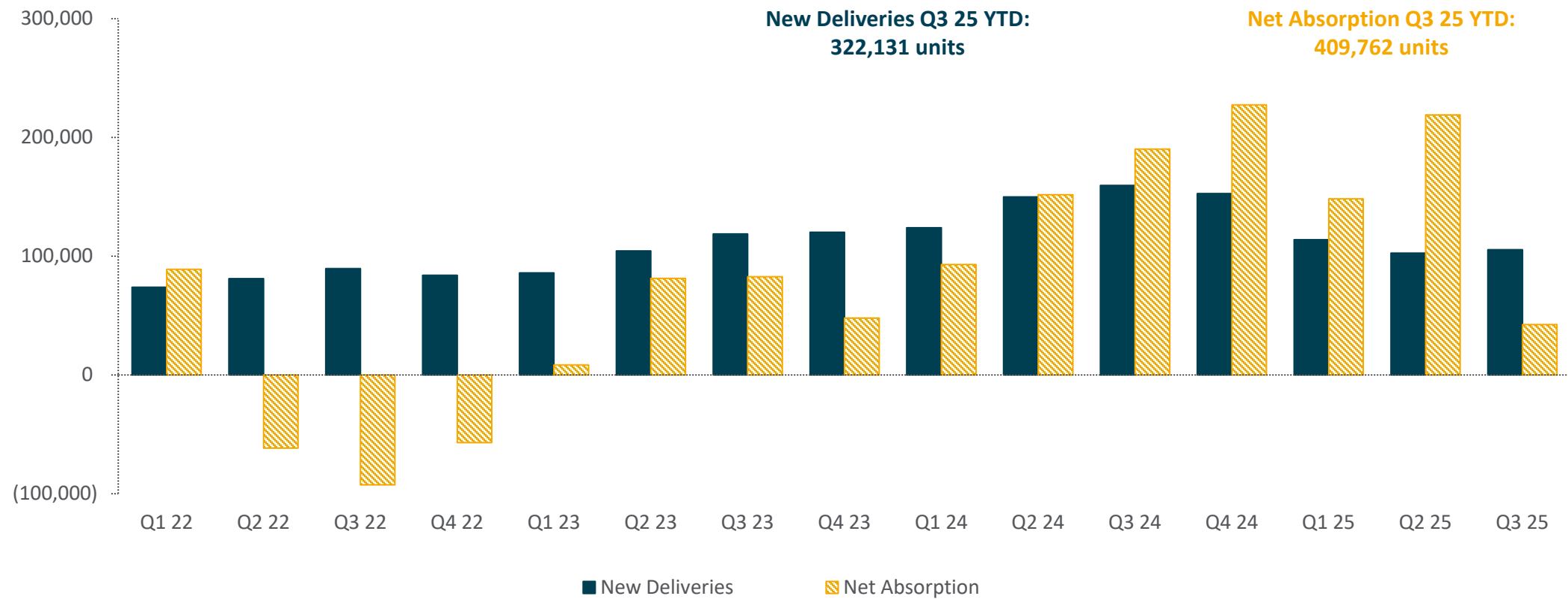
- Private investors were the most active through Q3 25, making up over 70% of capital behind nationwide apartment acquisitions.
- Institutional buyers consistently make up the second-largest investor group.
- Cross-border share of acquisitions decreased by 230 basis points year over year.

	Cross-Border	Institutional	REITs	Private	User/Other
Total	\$1.6b	\$13.3b	\$1.9b	\$44.1b	1.4b
Market Share	2.6%	21.4%	3.1%	70.8%	2.2%
Y-o-Y Change in Market Share	(230) BPS	(300) BPS	60 BPS	440 BPS	40 BPS

*Based on independent reports of properties and portfolios \$2.5 million and greater.
Excludes unknown capital sources.
Source: Real Capital Analytics

U.S. Multifamily Market | Supply & Demand

Deliveries peaked in the third quarter of 2024 with 159,500 new units and have declined each quarter since. Net absorption has outpaced new supply five out of the last six quarters.



U.S. Market National Trends

Deliveries

In 2025, a total of 415,538 new units are scheduled for delivery across the United States, down 29% from one year prior.

Absorption

Net absorption is forecast to outpace new supply for the second consecutive year in 2025, with a projected 436,769 net move-ins.

Occupancy

The average occupancy rate jumped by 100 basis points annually to 95.4% in Q3 25, as leasing activity ramped up in the last four quarters with nearly 637,100 net units absorbed, up 32% from the prior year's total.

Effective Rent

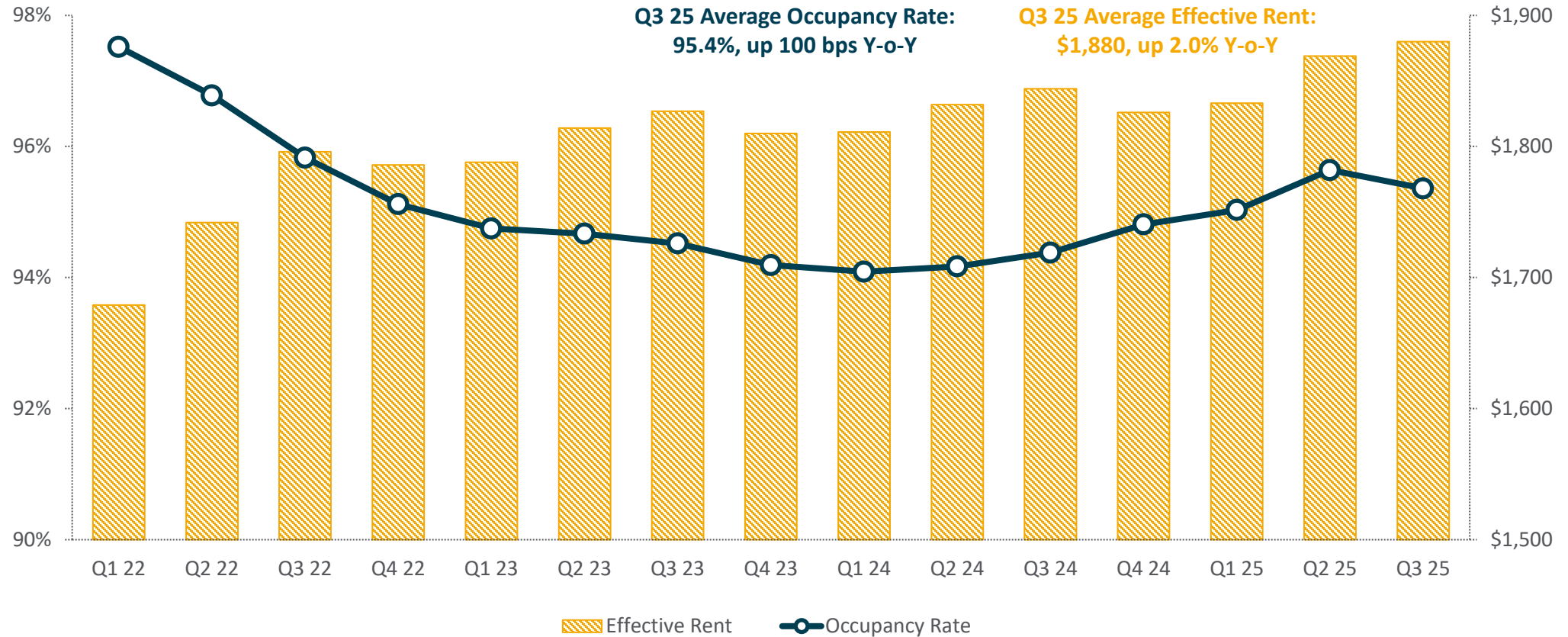
The average effective rent increased by 2.0% year over year to \$1,880 per month in Q3 25. Annual rent growth is projected to average 2.7% from 2025 to 2029.

Regional Rent Growth

The highest rent growth is taking place in markets with modest levels of supply, or a relative balance between supply and demand, mostly in the Midwest and Northeast regions of the United States.

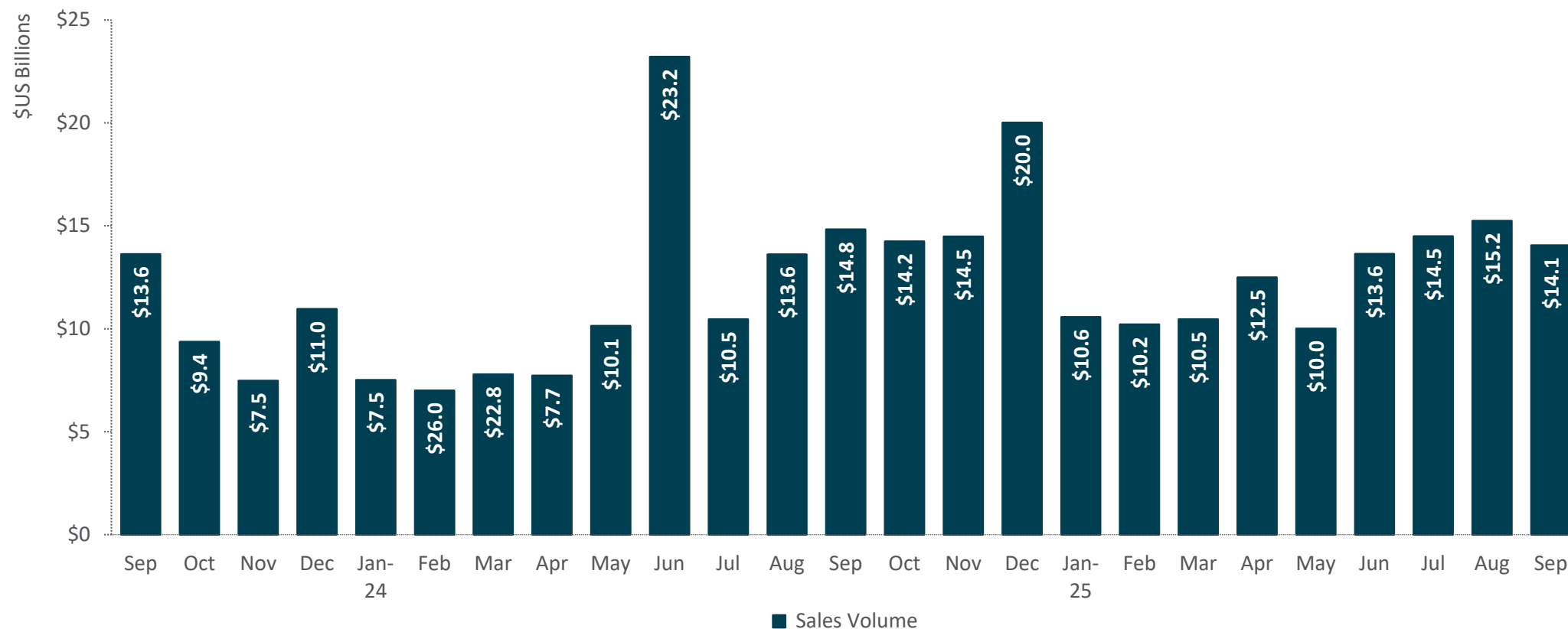
U.S. Multifamily Market | Rent & Occupancy

Supply-side pressure has weighed down occupancy rates. As a result, more operators are offering concessions, leading to slower rent growth.



U.S. Multifamily Transaction Volume*

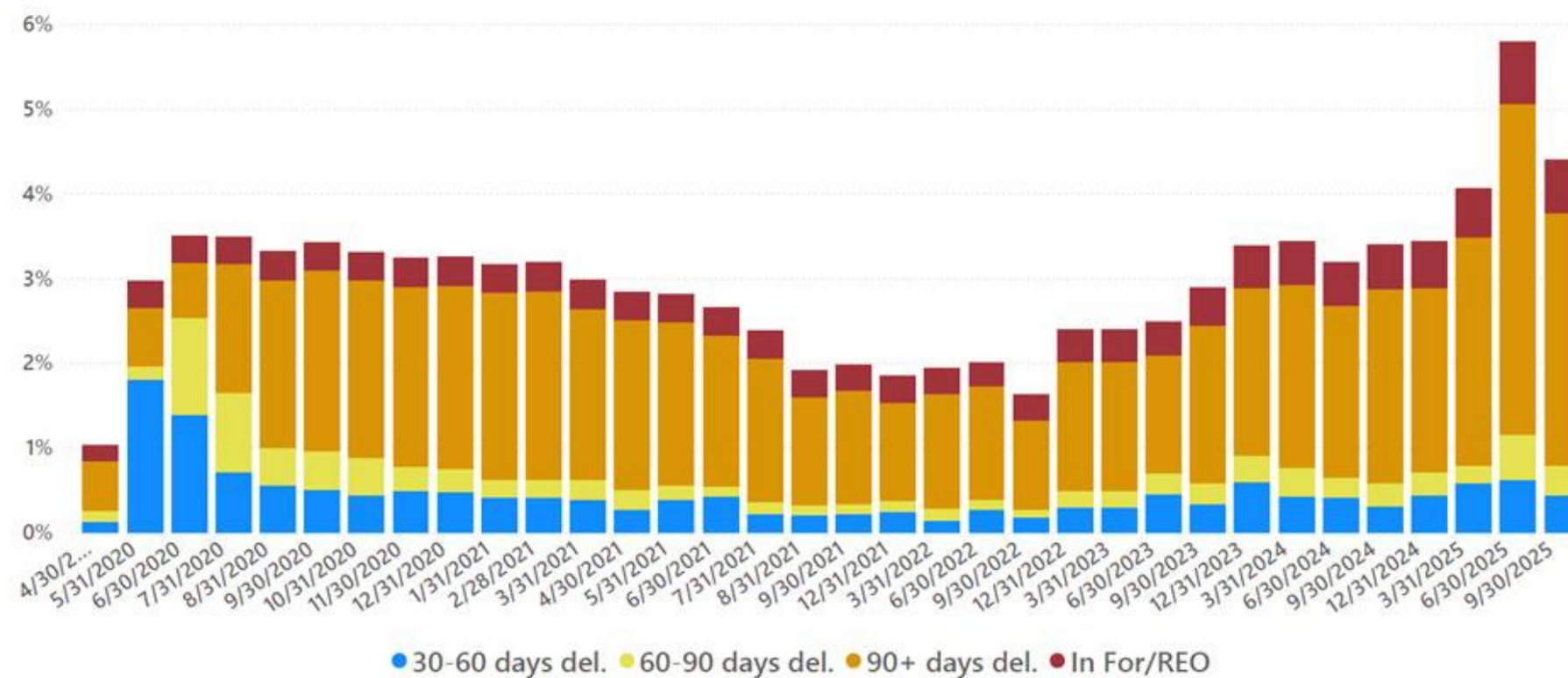
Nearly \$111.2 billion worth of multifamily properties changed hands in the first nine months of 2025, an 8.7% increase from one year prior



*Based on independent reports of properties and portfolios \$2.5 million and greater.
Source: Real Capital Analytics

U.S. Commercial Real Estate Delinquency Rates

Delinquent Loans, Share of Total Unpaid Principal Balance
(April 2020 – September 2025)

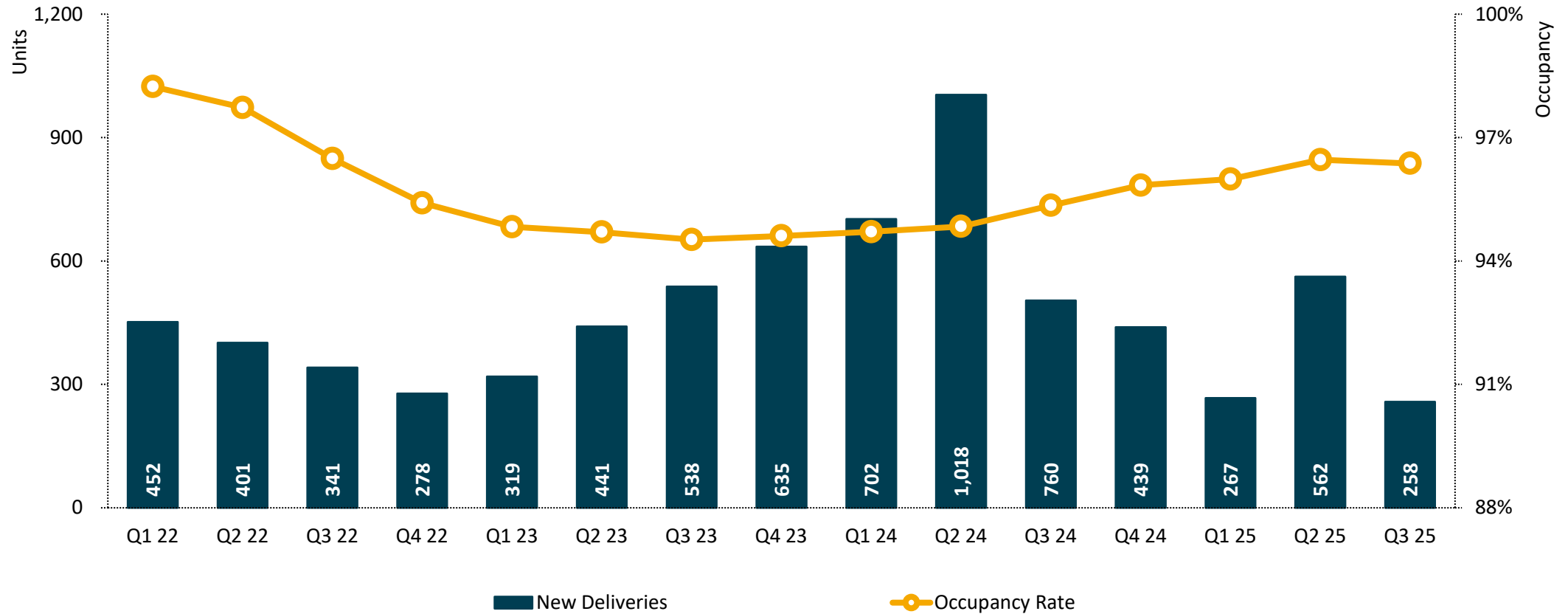


A person in a dark suit is walking down a modern, curved staircase. The scene is tinted with a deep blue color. The person is seen from behind, carrying a bag. The staircase has a metal railing and a concrete wall. The overall atmosphere is professional and urban.

Metro Detroit Multifamily Market Trends

Detroit Multifamily Market | Completions & Occupancy

A slowdown in completions combined with strong demand has led to a rebound in occupancies.



Detroit Multifamily Market | Construction Pipeline

Property Name	City	Development Status	Submarket	Anticipated Completion Date	# Units
Springs at Five & Main	Commerce Township	Under Construction/Lease-Up	Novi/Livingston County	2/1/2026	284
Residences at River Trail	Auburn Hills	Under Construction	Pontiac/Waterford/Auburn Hills	12/1/2026	95
The Avant at Five Points	Auburn Hills	Under Construction	Pontiac/Waterford/Auburn Hills	3/1/2027	61
The Webster	Auburn Hills	Under Construction	Pontiac/Waterford/Auburn Hills	7/1/2026	88
Birmingham Tower	Birmingham	Under Construction	Troy/Rochester Hills	3/1/2026	22
Redwood Marketplace	Canton	Under Construction	Westland/Canton/Livonia	3/1/2027	235
Springs at Canton	Canton	Under Construction	Westland/Canton/Livonia	10/1/2026	280
Fisher 21 Lofts	Detroit	Under Construction	Detroit City	8/1/2027	433
1133 Griswold Street	Detroit	Under Construction	Downtown/Midtown/Rivertown	12/1/2026	25
Henry Street	Detroit	Under Construction	Downtown/Midtown/Rivertown	8/1/2026	170
Residences at 150 Bagley	Detroit	Under Construction	Downtown/Midtown/Rivertown	11/1/2026	148
The Belle	Detroit	Under Construction	Downtown/Midtown/Rivertown	4/1/2026	42
The Reckmeyer Residences	Detroit	Under Construction	Downtown/Midtown/Rivertown	6/1/2026	80
The Downs	Northville	Under Construction	Westland/Canton/Livonia	1/1/2027	443
The Delaware	Royal Oak	Under Construction	Royal Oak/Oak Park	8/1/2026	36
Northland City Center I	Southfield	Under Construction	Southfield	3/1/2026	1,546
The Bank Tower	Southgate	Under Construction	South Wayne County	2/1/2026	216
Lindsey Center	Troy	Under Construction	Troy/Rochester Hills	12/1/2026	144
1728 Michigan Avenue	Detroit	Planned	Detroit City	8/1/2027	60
725 Amsterdam Street	Detroit	Planned	Detroit City	10/1/2027	154
Midtown West I	Detroit	Planned	Downtown/Midtown/Rivertown	9/1/2027	175
505 South Lafayette Avenue	Royal Oak	Planned	Royal Oak/Oak Park	4/1/2027	54
Bianchi Flats	Royal Oak	Planned	Royal Oak/Oak Park	7/1/2027	24
Pre-Planned	Metro Detroit	Pre-Planned	Metrowide	TBD	5,820

Total Lease-Up, Under Construction, Planned, and Pre-Planned: 10,635

Pipeline at a Glance



Lease Up
284 Units



Under Construction
4,064 Units



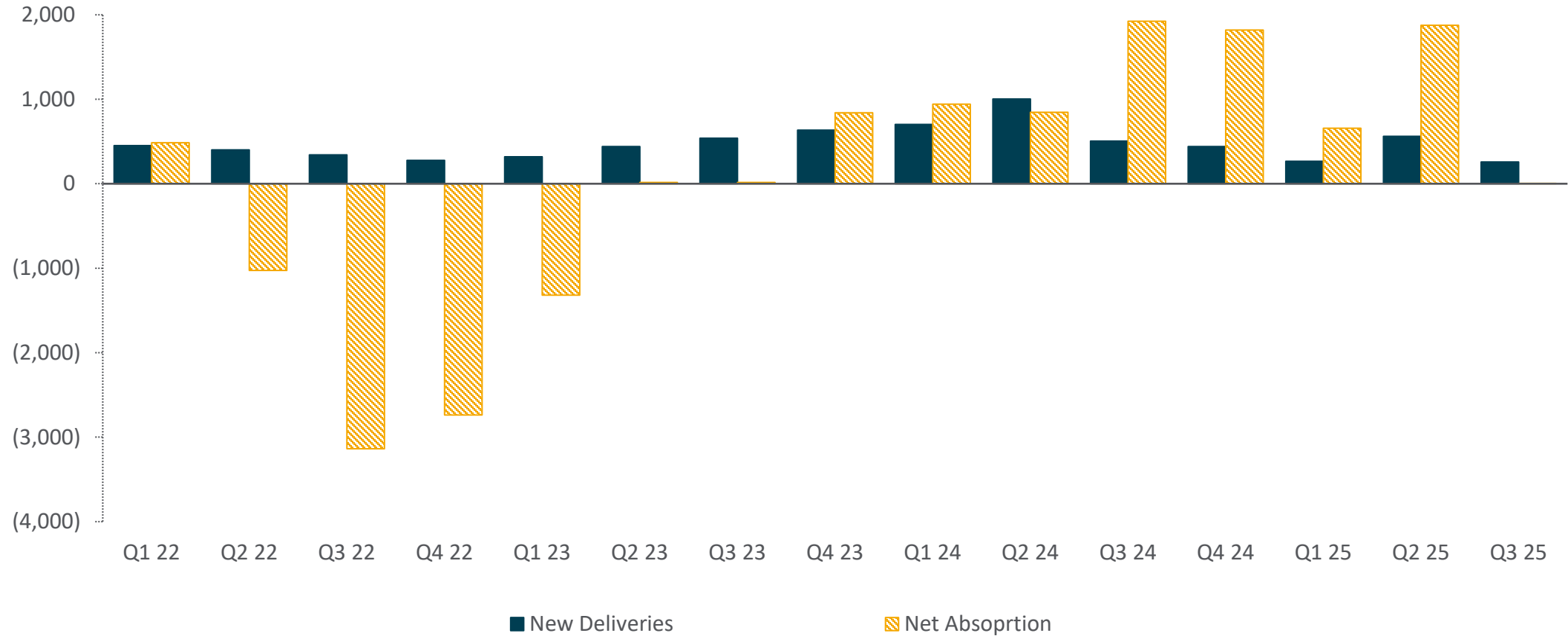
Planned
467 Units



Prospective
5,820 Units

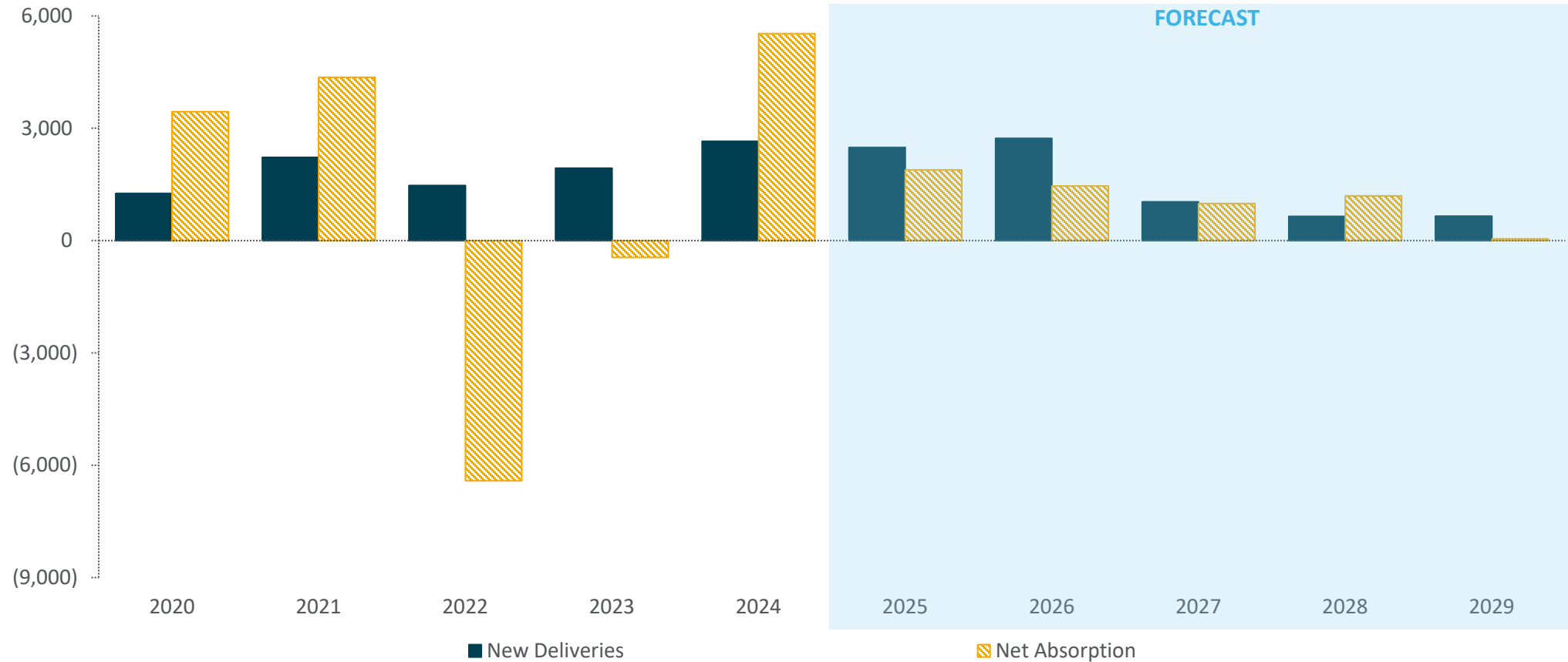
Detroit Multifamily Market | Supply & Demand

The Detroit metro apartment market recorded 2,537 net move-ins during the first three quarters of 2025, outpacing new supply by 133% over the same time period.



Detroit Multifamily Market | Projected Supply & Demand

From 2025 to 2029, annual supply is projected to average around 1,500 units with average annual net absorption hovering around 1,100 units per year.



Detroit Metro – Submarket Performance & Forecast

The average effective rent in the Detroit metro apartment market is forecast to increase by 2.0% annually to \$1,365 per month in the fourth quarter of 2025.

Rank	Submarket	2025* Effective Rent	Y-o-Y Change	2025* Occupancy Rate	Y-o-Y Change (BPS)
1	South Wayne County	\$1,208	3.3%	96.0%	30
2	Clinton Township/St. Clair County	\$1,257	3.3%	96.1%	(90)
3	Sterling Heights/Shelby Township	\$1,354	2.8%	96.1%	(20)
4	Westland/Canton/Livonia	\$1,282	2.8%	96.0%	70
5	Warren/Roseville	\$1,061	2.6%	96.2%	(20)
6	Royal Oak/Oak Park	\$1,403	2.5%	96.1%	20
7	Southfield	\$1,338	2.4%	94.2%	(60)
8	Troy/Rochester Hills	\$1,608	2.2%	95.4%	(50)
9	Detroit City	\$1,254	2.2%	93.2%	490
10	Pontiac/Waterford/Auburn Hills	\$1,330	2.2%	96.4%	30
11	Dearborn/Dearborn Heights	\$1,413	2.1%	94.1%	(210)
12	Novi/Livingston County	\$1,508	1.7%	96.4%	(120)
13	Farmington Hills/West Bloomfield	\$1,542	0.8%	95.7%	(100)
14	Downtown/Midtown/Rivertown	\$1,580	0.6%	93.9%	50
Detroit Market Average		\$1,365	2.0%	95.7%	(10)

*Projection as of Q3 25
Source: RealPage

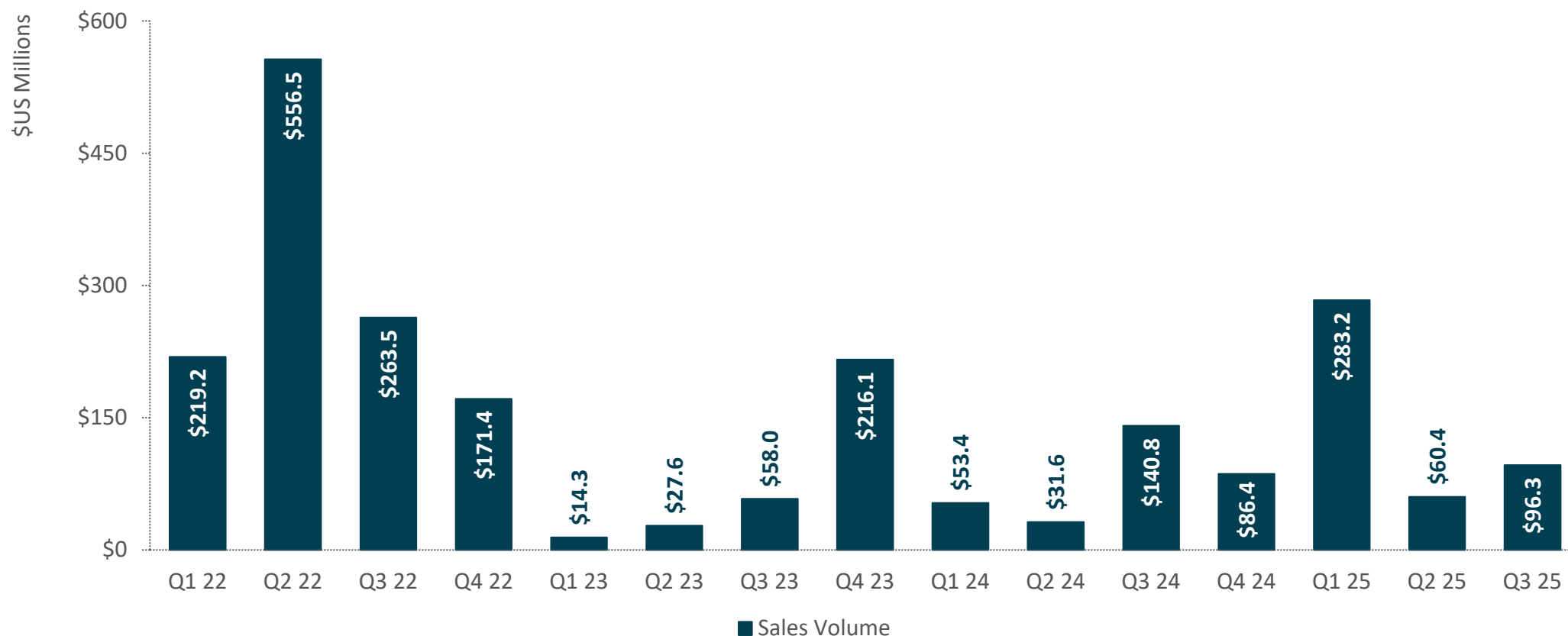
Detroit Metro – Construction Activity by Submarket

Multifamily developers are targeting urban submarkets that offer easy access to major employers and entertainment hubs.

Rank	Submarket	Under Construction / Lease-Up	Under Construction	Planned	Pre-Planned	Total
1	Downtown/Midtown/Rivertown	0	465	175	1,967	2,607
2	Southfield	0	1,546	0	831	2,377
3	Westland/Canton/Livonia	0	958	0	283	1,241
4	Detroit City	0	433	214	540	1,187
5	Novi/Livingston County	284	0	0	898	1,182
6	Troy/Rochester Hills	0	166	0	388	554
7	Pontiac/Waterford/Auburn Hills	0	244	0	287	531
8	Royal Oak/Oak Park	0	36	78	265	379
9	Farmington Hills/West Bloomfield	0	0	0	273	273
10	South Wayne County	0	216	0	0	216
11	Dearborn/Dearborn Heights	0	0	0	88	88
12	Warren/Roseville	0	0	0	0	0
13	Clinton Township/St. Clair County	0	0	0	0	0
14	Sterling Heights/Shelby Township	0	0	0	0	0
Detroit Market Total		284	4,064	467	5,820	10,635

Metro Detroit Multifamily Transaction Volume*

Multifamily sales volume reached \$439.8 million through the third quarter of 2025, nearly double the transaction volume from the same period one year prior.



*Based on independent reports of properties and portfolios \$2.5 million and greater.
Source: Real Capital Analytics

Metro Detroit | Top Multifamily Transactions**

2024

Property	City	# Units	Sale Price (\$m)
The Crossroads at Southfield Apartments	Southfield	588	\$83.0
Georgetown Park	Fenton	480	\$47.2
Turtle Cove	Westland	192	\$27.0
Kensington At Beverly Hills	Southfield	208	\$25.2
Golfview	Sterling Heights	100	\$14.5

2025 YTD*

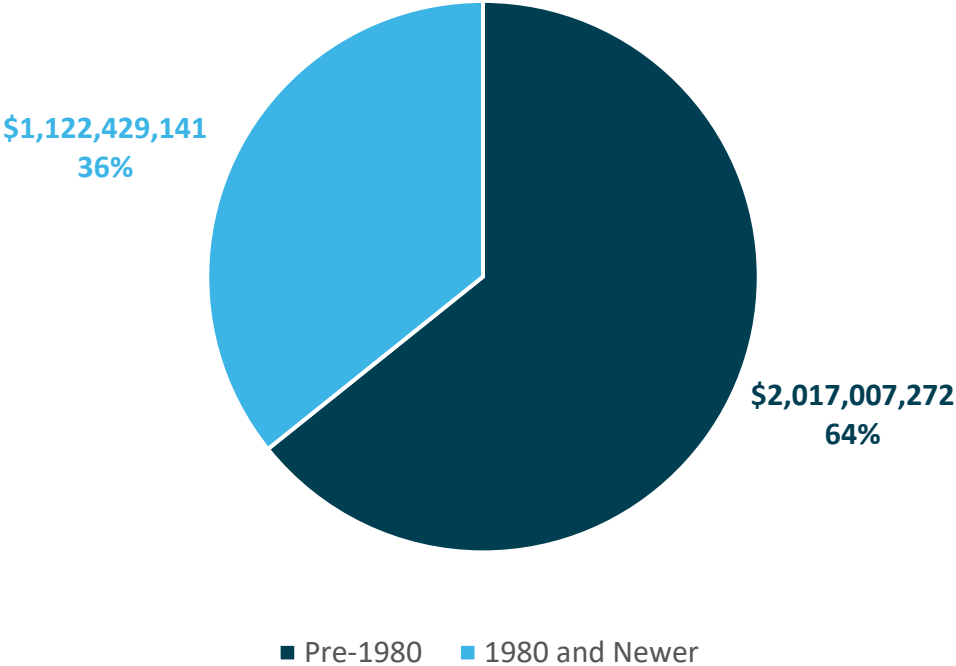
Property	City	# Units	Sale Price (\$m)
The Waverly on the Lake	Belleville	1,145	\$83.8
The Haven at Grosse Pointe	Harper Woods	408	\$50.0
Bainbridge Park	Canton	192	\$29.1
Plymouth Heritage	Plymouth	172	\$23.6
Brookstone Place Apartments	Port Huron	192	\$18.0

*As 11/13/2025

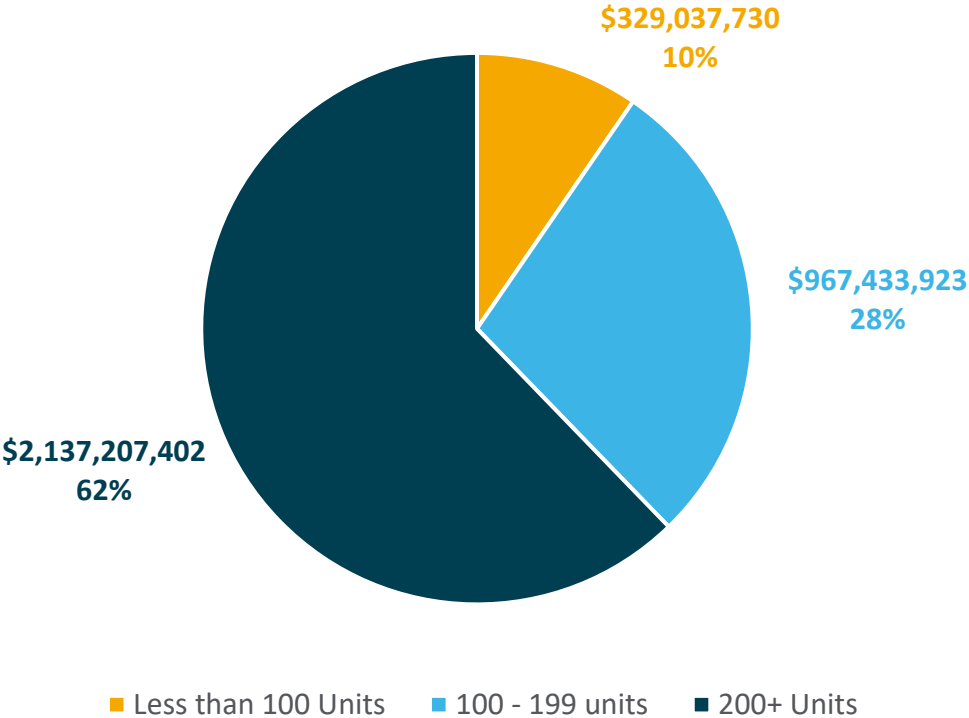
**Based on independent reports of properties and portfolios \$2.5 million and greater.
Excludes age-restricted, student housing, and subsidized properties as well as forward sales.
Source: Real Capital Analytics

Metro Detroit Multifamily Transaction Volume Breakdown**

Volume by Year Built | Last Five Years*



Volume by Property Size | Last Five Years*

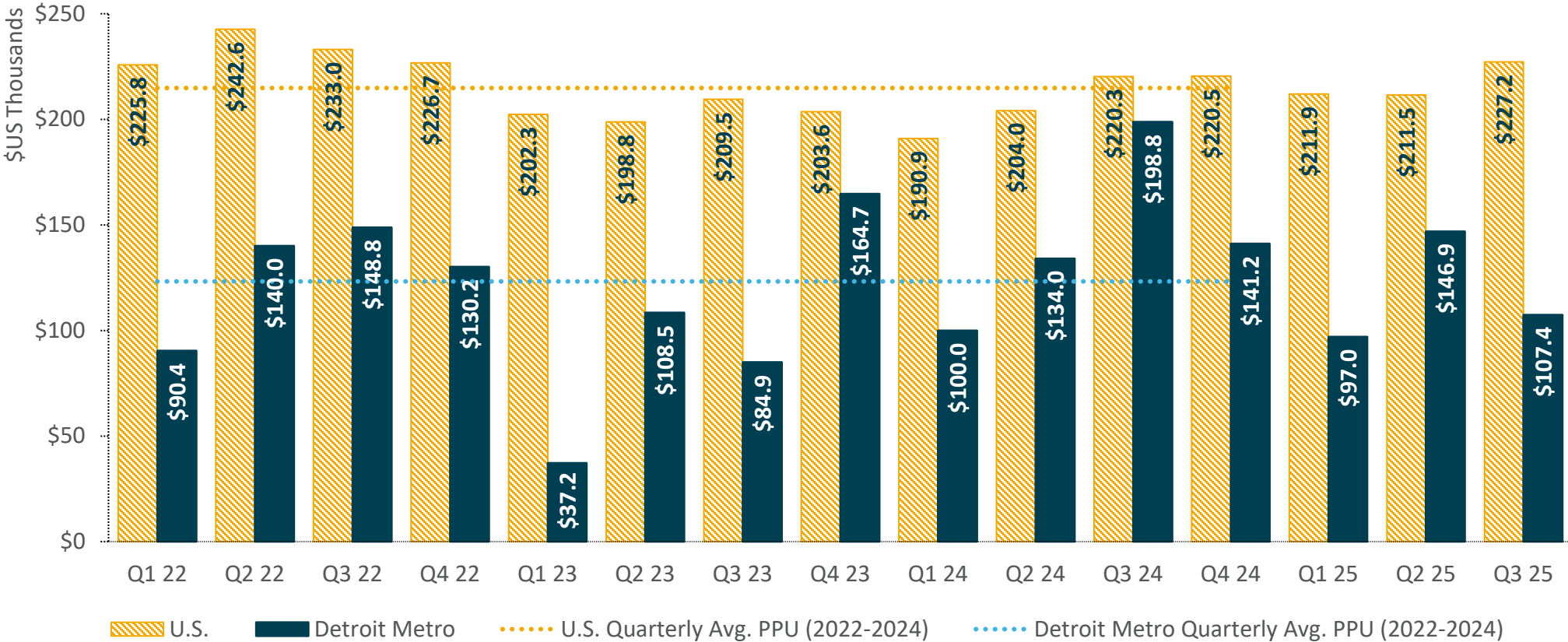


*As of Q3 25

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Source: Real Capital Analytics

Average Price Per Unit (PPU) | National vs. Metro Detroit*

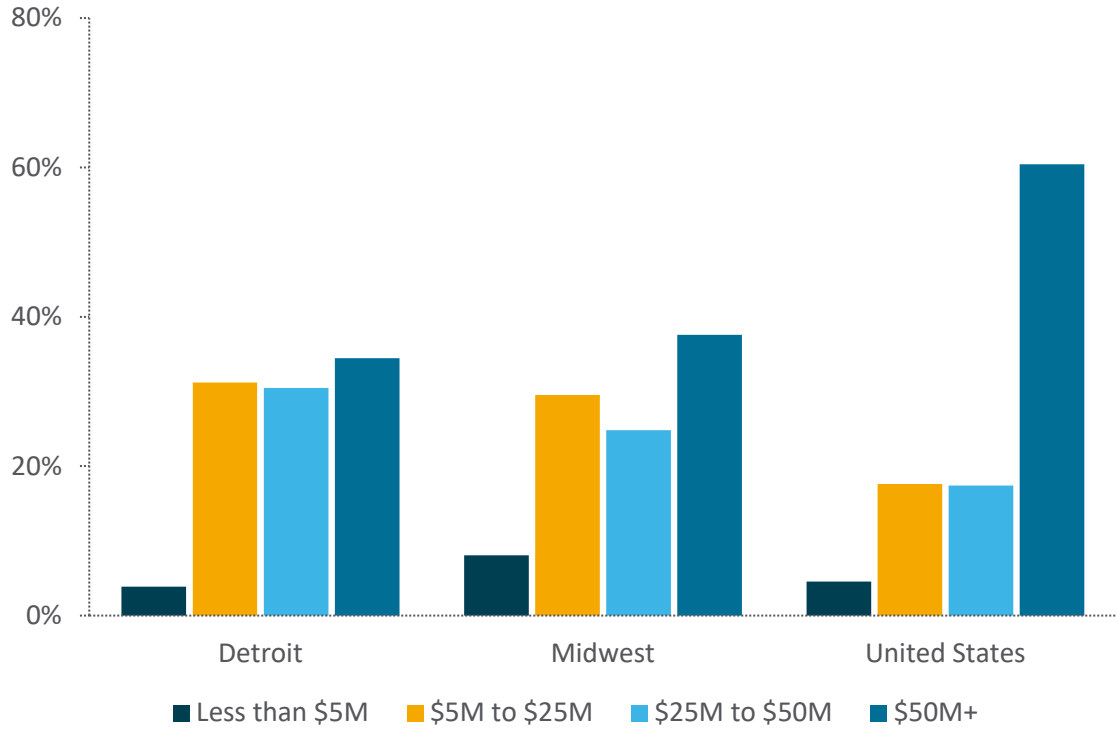
Sales activity is accelerating in Detroit with over 4,200 units trading hands in the first three quarters of 2025, more than double the total number of units sold in 2024.



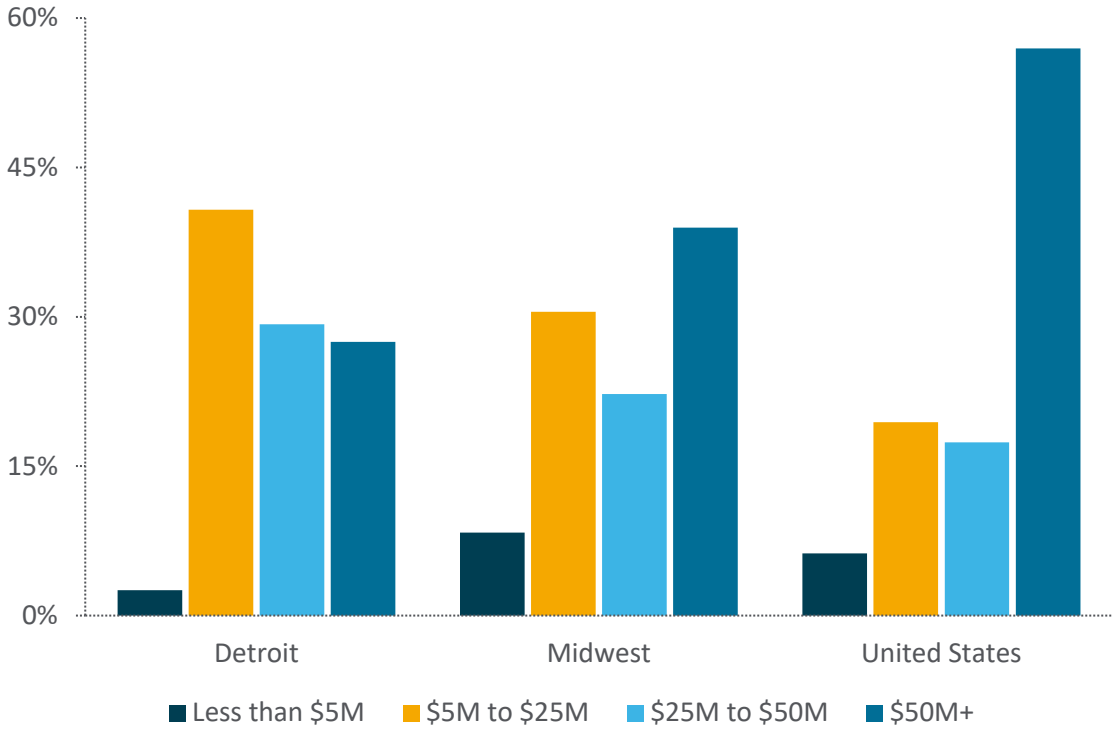
*Based on independent reports of properties and portfolios \$2.5 million and greater.
Source: Real Capital Analytics

Share of Multifamily Sales Volume by Deal Size**

Last Five Years*



2025 YTD*



*As of Q3 25

**Based on independent reports of properties and portfolios \$2.5 million and greater.
Excludes age-restricted, student housing, and subsidized properties as well as forward sales.
Source: Real Capital Analytics

National Headlines

Renters Hold the Advantage as Landlords Struggle to Fill Units

A record wave of new apartment supply, paired with weakening job prospects for young renters, is shifting the rental market firmly in tenants' favor.

- *CRE Daily, October 2025*

America's Job Market Flashes Yet Another Warning Sign About the Economy

The unemployment rate for those aged 20 to 24 years old with a bachelor's degree and higher climbed to 9.3% in August.

- *CNN, September 2025*

Rising Unemployment Could Worsen Young Adults' Housing Challenges

Even before the uptick in unemployment, young adults struggled to form new households, had higher rates of cost burden, and were less likely to receive housing assistance despite having lower incomes.

- *Harvard Joint Center for Housing Studies, November 2025*

New Multifamily Forecast Suggests a Return to Pre-Pandemic Market Dynamics

After nearly half a decade of volatile rent growth, supply-chain disruptions and economic uncertainty, the sector is nearing equilibrium.

- *GlobeSt, October 2025*

Multifamily Market Realigns as Regions Diverge

A pronounced divergence between the Sun Belt and Snow Belt markets defines the sector's landscape.

- *Multi-Housing News, October 2025*

Reflation Backdrop is Positive for Commercial Real Estate

Falling real yields and elevated inflation have created a favorable backdrop for real estate, while fundamentals are expected to accelerate.

- *Funds Europe, November 2025*