

Detroit Multifamily Market

3, 4, and 5-Star Properties | Excluding SFR
Q1 2023 – Q2 2026 QTD Analysis

 RUST BELT REVIVAL - ZERO SUPPLY PRESSURE

The Story in Brief

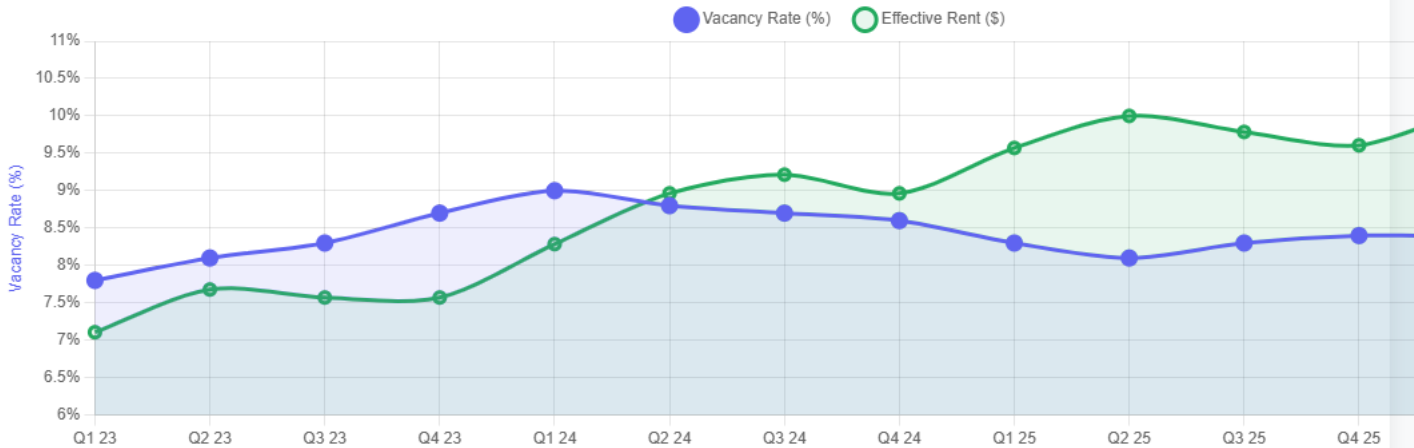
Detroit offers something no Sun Belt market can match: zero units under construction. While Sun Belt metros wrestled with massive supply pipelines and rent corrections, Detroit's construction activity has collapsed entirely—from 6,500+ units in early 2023 to literally zero today. For investors seeking markets with absolute supply protection, Detroit stands alone.

The fundamentals tell a story of quiet, steady performance. Vacancy rose just 70 basis points over three years—from 7.8% to 8.5%—a fraction of the disruption seen in growth markets. Effective rents grew 6.0%, from \$1,411 to \$1,496, with year-over-year growth remaining positive throughout the cycle. No correction. No drama. Just consistent, positive momentum.

Detroit's renaissance is real. The automotive industry's EV transformation, growing tech presence, healthcare expansion, and manufacturing reshoring have created diversified demand drivers. The metro's affordability advantage—rents averaging \$1,496 versus \$2,000+ in coastal markets—positions Detroit for continued migration gains. With zero supply pressure through 2027 and beyond, Detroit offers a uniquely protected growth opportunity.

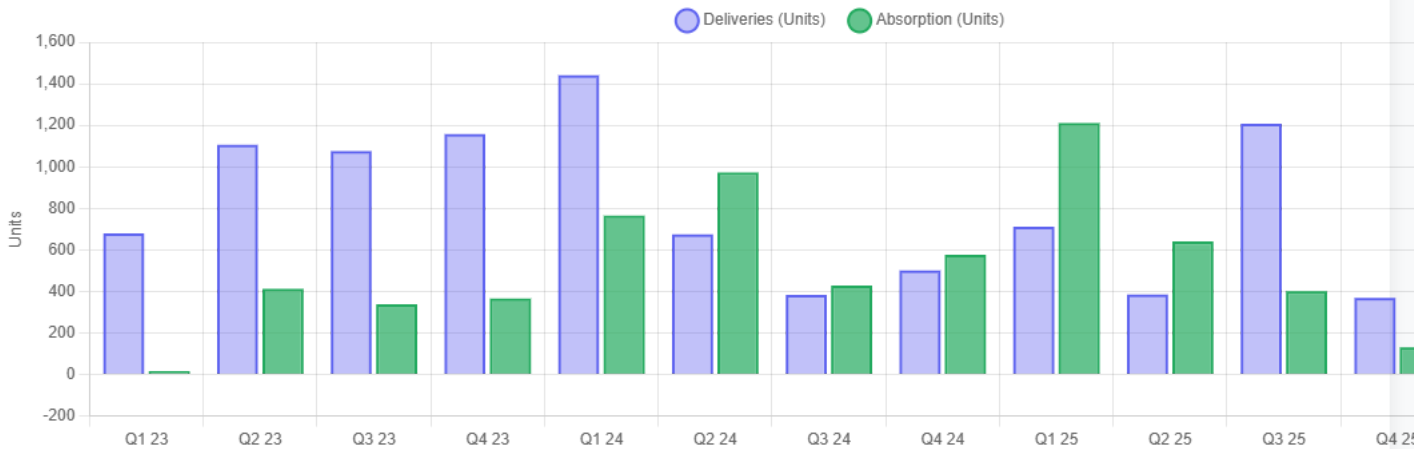
CURRENT VACANCY	EFFECTIVE RENT	RENT GROWTH (YOY)	UNDER CONSTRUCTION
8.5%	\$1,496	+1.1%	0
+70 bps (minimal)	+6.0% over 3 years	Never went negative	6.5K → 0 units (-100%)

Vacancy Rate vs. Effective Rent (2023-2026)



Key Insight: Detroit's rent line shows steady, consistent upward movement throughout the cycle—no dips, no corrections. Vacancy absorbed modest supply additions without disrupting the growth trajectory, demonstrating stable underlying demand.

Supply vs. Demand: Deliveries and Absorption (2023-2026)



Key Insight: Deliveries have collapsed to near-zero while absorption remains positive. This supply-demand imbalance sets up tightening conditions—Detroit's fundamentals should strengthen further as the minimal remaining pipeline delivers and nothing replaces it.

Key Metrics Comparison

Metric	Q1 2023 (Start)	Q1 2024 (Mid-Cycle)	Q2 2026 QTD (Current)
Vacancy Rate	7.8%	9.0%	8.5%
Effective Rent	\$1,411	\$1,444	\$1,496
Rent Growth (YoY)	+1.6%	+2.4%	+1.1%
Quarterly Absorption	17 units	764 units	-29 units
Under Construction	6,542 units	3,235 units	0 units

Investment Implications

 Absolute Supply Protection

Zero units under construction means zero future supply pressure. Detroit offers something no Sun Belt market can match: complete insulation from the supply risk that crushed rents elsewhere. This protection extends through 2027 and likely beyond.

 Affordability Advantage

At \$1,496 average effective rent, Detroit offers significant affordability versus coastal and Sun Belt markets. This positions the metro for continued migration gains as remote work enables location flexibility and cost-conscious relocations.

 Economic Diversification

Detroit's economy has evolved beyond automotive. EV transformation, tech growth, healthcare expansion, and manufacturing reshoring have created diversified demand drivers —reducing single-industry risk while maintaining the metro's industrial strength.

 Tightening Trajectory

With positive absorption, zero new supply, and rents still 20-30% below replacement cost, Detroit's fundamentals should tighten. Vacancy compression and rent acceleration are likely as the supply drought extends.

Multifamily Acquisition Advisors LLC

Data: CoStar | Analysis Period: Q1 2023 – Q2 2026 QTD | Prepared: April 2026