

AAM

2025 Multifamily Rental Market Outlook

Presented by Kevin Dillon

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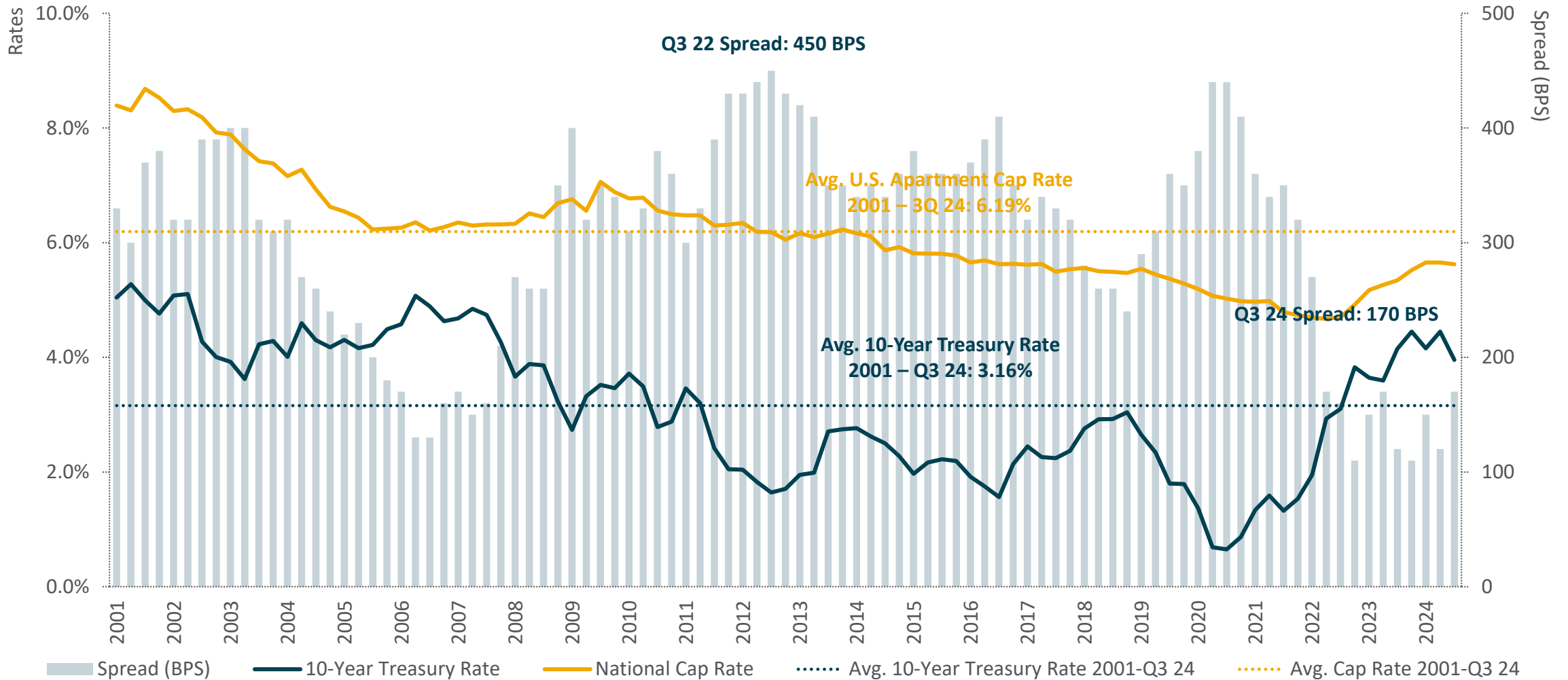
BERKADIA[®]

A man in a dark suit is walking away from the camera on a staircase. The scene is overlaid with a blue color filter. The man is carrying a bag and is talking on a mobile phone. The staircase has a metal railing. The background shows a concrete pillar and some architectural lines.

Investment Indicators

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

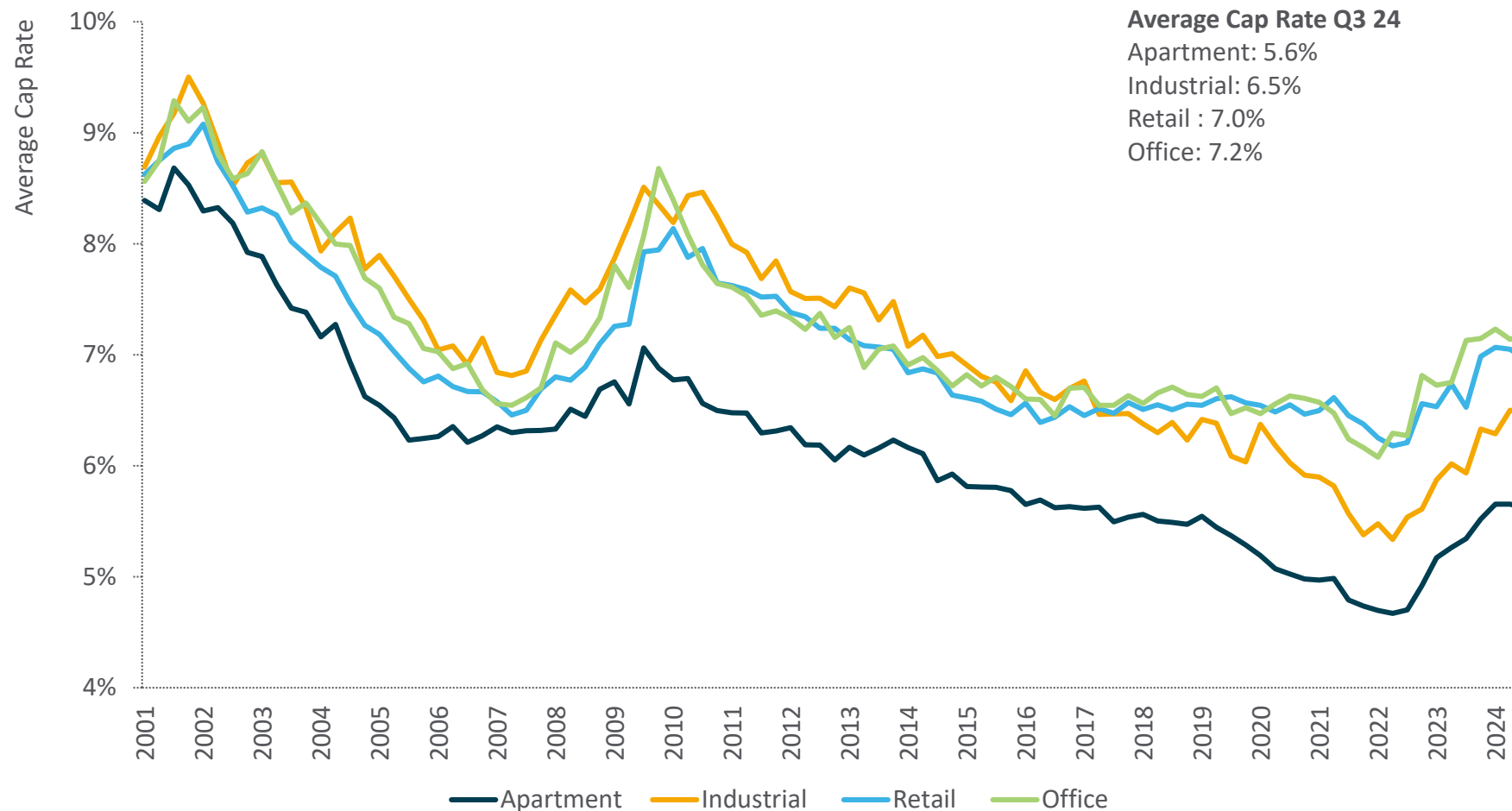
Quarterly Breakdown



Sources: Real Capital Analytics; St. Louis FRED

U.S. CRE – Cap Rates

Among the four major property types, the apartment and industrial sectors accounted for approximately 67% of deal activity year-to-date as of Q3 24.



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



Multifamily
Market Capital
Trends

- Private investors were the most active through Q3 24, making up over 56% of capital behind nationwide apartment acquisitions.
- Institutional buyers consistently make up the second-largest investor group.
- Cross-border share of acquisitions decreased by 60 basis points year over year.

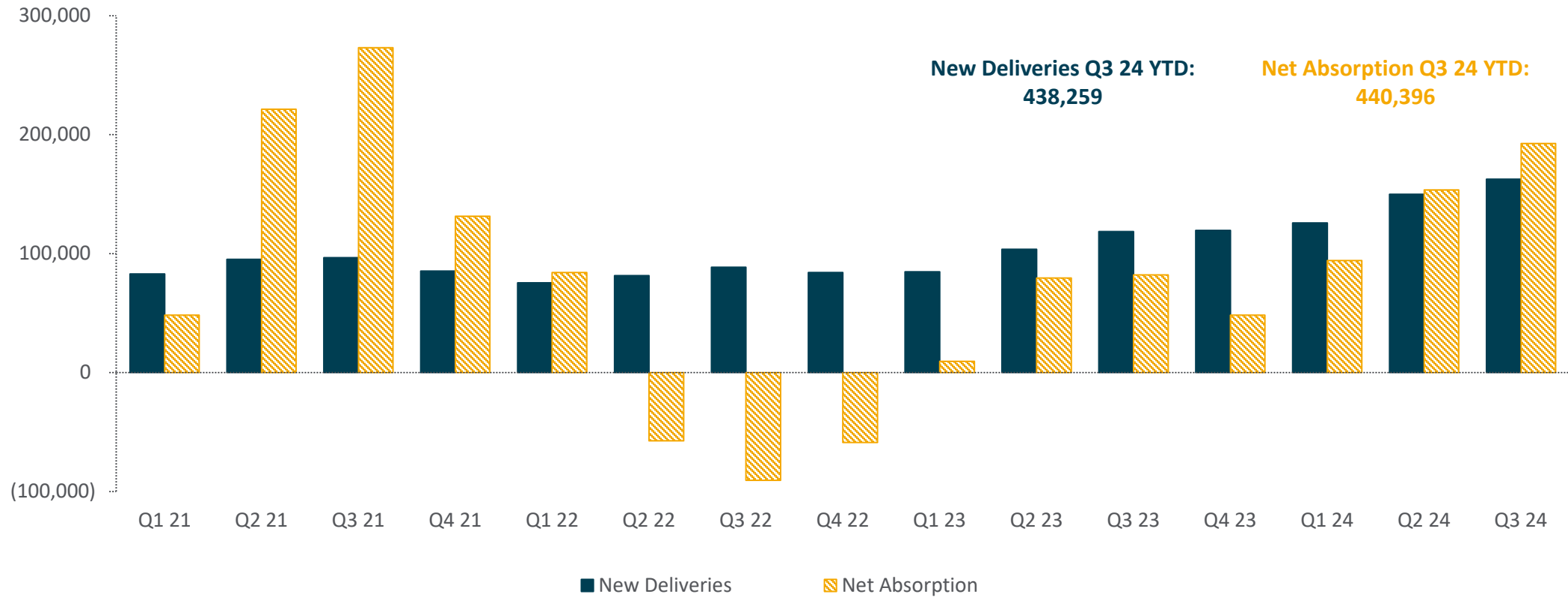
U.S. Multifamily Buyer Composition*

	Cross-Border	Institutional	REITs	Private	User/Other
Total	\$5.2b	\$30.8b	\$3.3b	\$53.1b	\$1.9b
Market Share	5.5%	32.6%	3.5%	56.3%	2.0%
Y-o-Y Change in Market Share	(60) BPS	780 BPS	170 BPS	(860) BPS	(30) 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

More than 438,250 new units were delivered in the first three quarters of 2024, a 43% annual increase. Likewise, net absorption totaled roughly 440,400 units so far in 2024, up from 171,080 units one year prior.



U.S. Market National Trends

Multifamily Deliveries

In 2024, a total of 599,247 new units are scheduled for delivery across the United States, marking the highest number of units completed on record.

Multifamily Absorptions

Net absorption totaled 440,396 units through Q3 24. Despite the slowdown in rent growth, demand remained healthy due to factors, such as household formation, a strong job market, and rebounding immigration.

Occupancy Rate

National occupancy stood at 94.4% in Q3 24, down 10 bps annually but up 20 bps from the previous quarter. Several markets experienced annual increases in occupancy rates, like Detroit, Phoenix, and Seattle, while others registered year-over-year declines, including Austin, DFW, and Atlanta.

Rent Trends

Average U.S. Multifamily Asking Rent

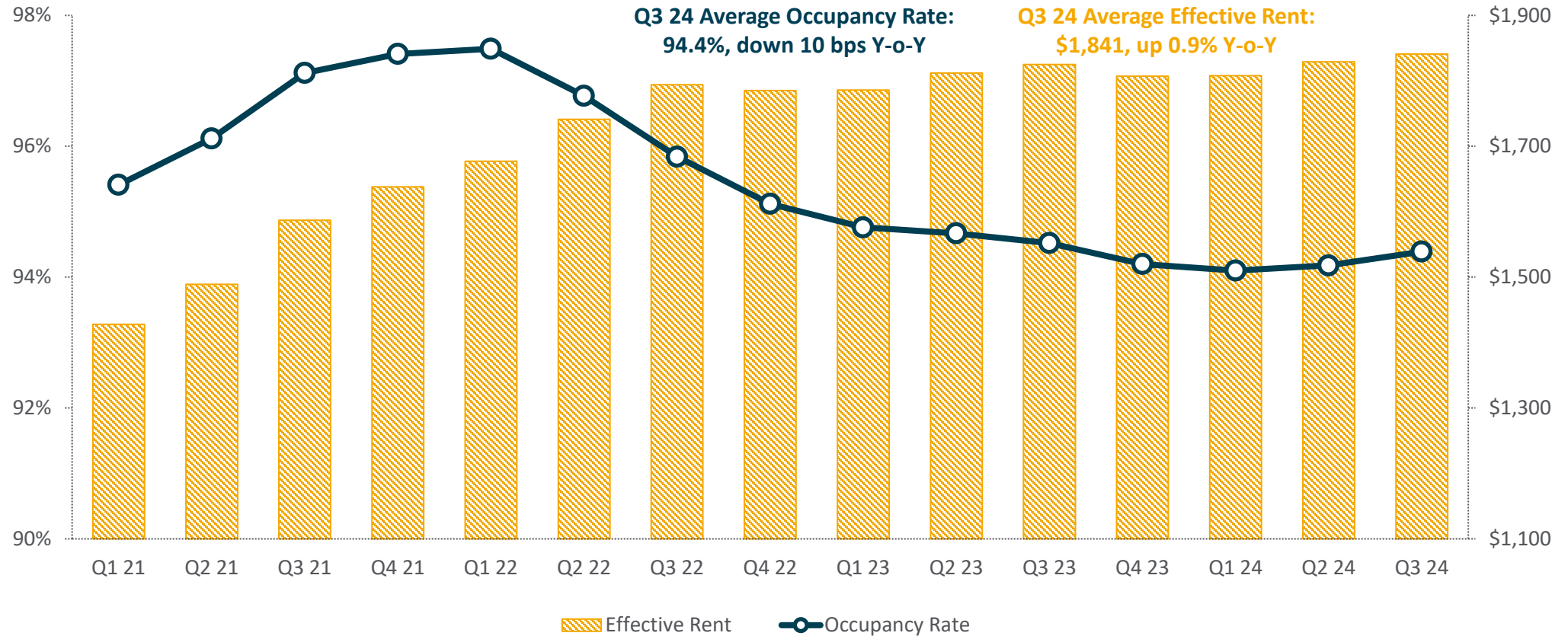
The average effective rent increased by 0.9% year over year to \$1,841 per month in Q3 24. Monthly rent is projected to reach \$1,857 in Q4 24, equating to a 2.8% annual increase, slightly below historical levels.

Regional Rent Growth

Rent growth remained highest in the Northeast and Midwest, with Madison, WI leading at 7.7% year-over-year. However, some markets experienced rent contractions of 3.0% or more, with Austin rents recording the largest decline due to recent deliveries.

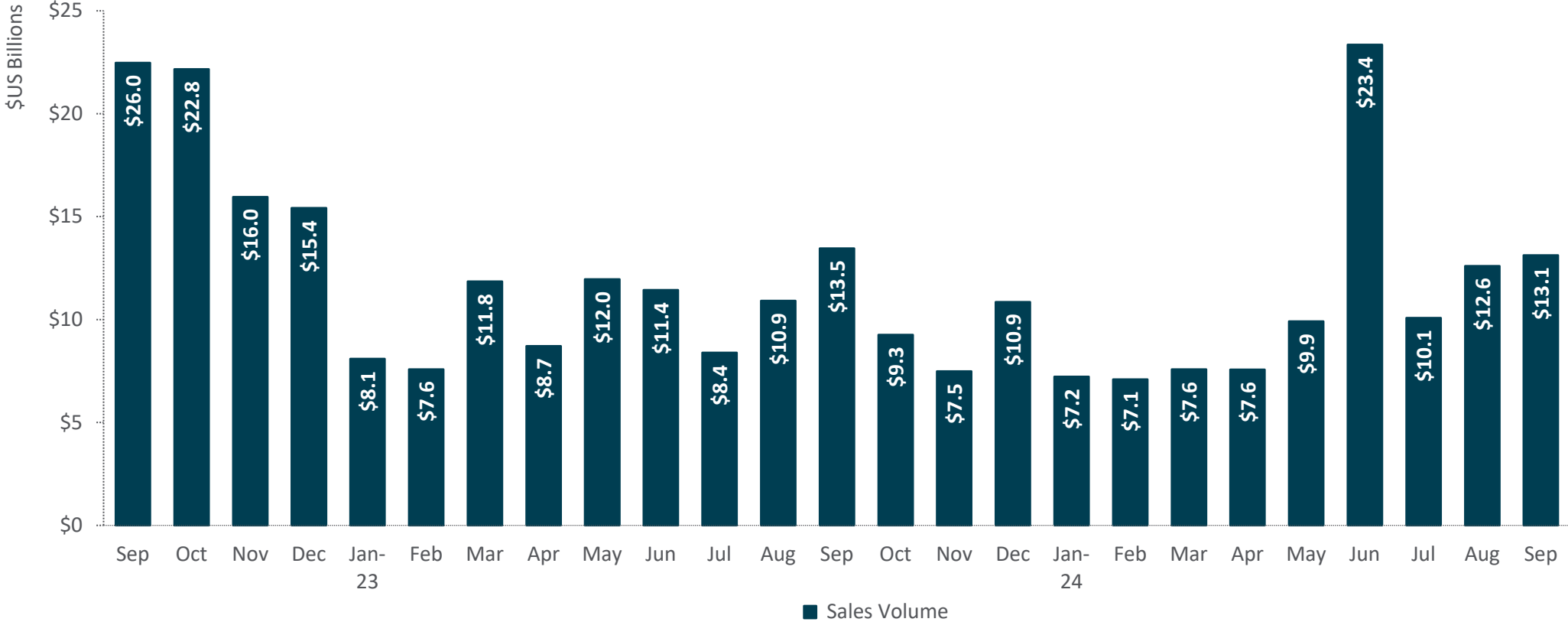
U.S. Multifamily Market | Rent & Occupancy

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 \$98.6 billion worth of multifamily properties changed hands in the first nine months of 2024, a 6.7% increase from one year prior.

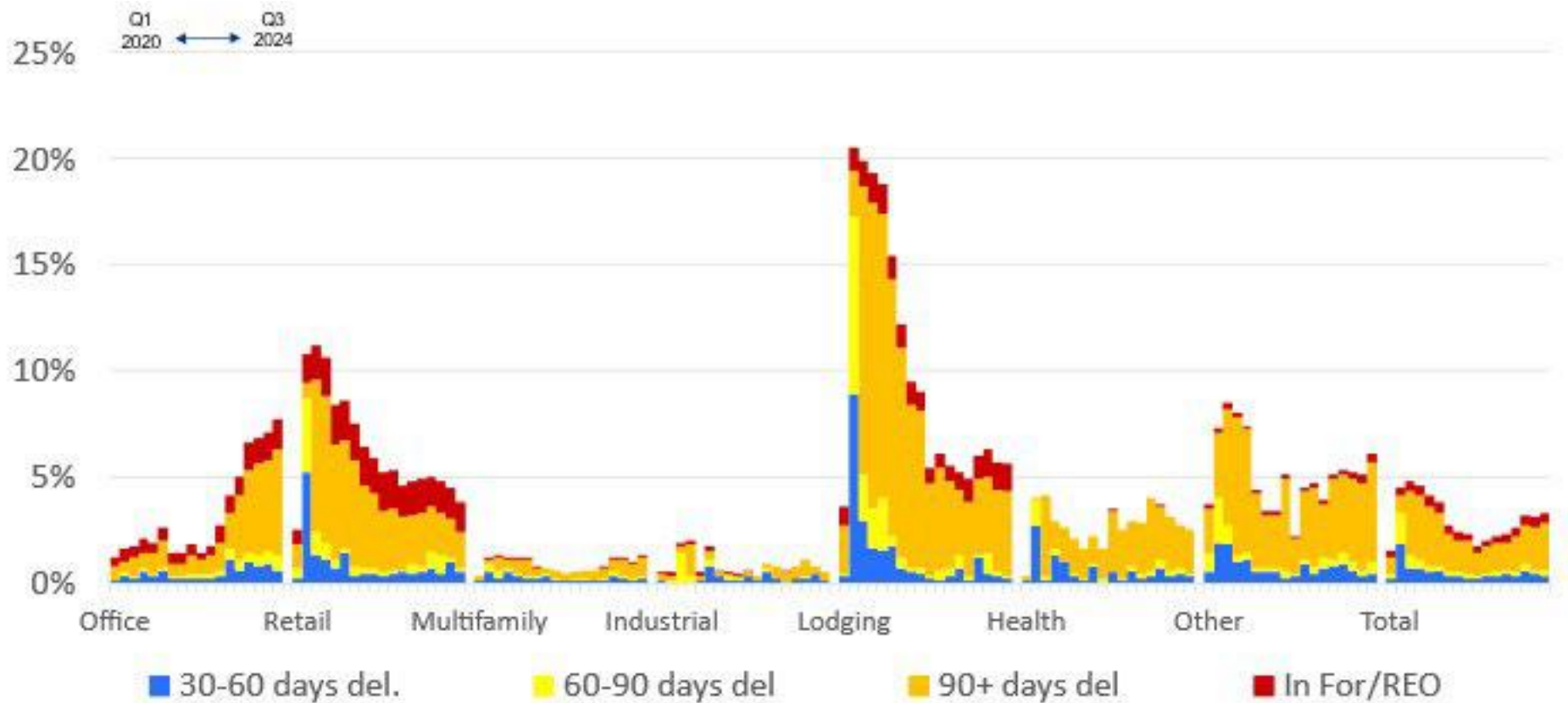


*Based on independent reports of properties and portfolios \$2.5 million and greater.
Source: Real Capital Analytics

U.S. Commercial Real Estate Delinquency Rates

End-of-Quarter Delinquency Status by Property Type

Share of Total Unpaid Principal Balance (April 2020 – September 2024)

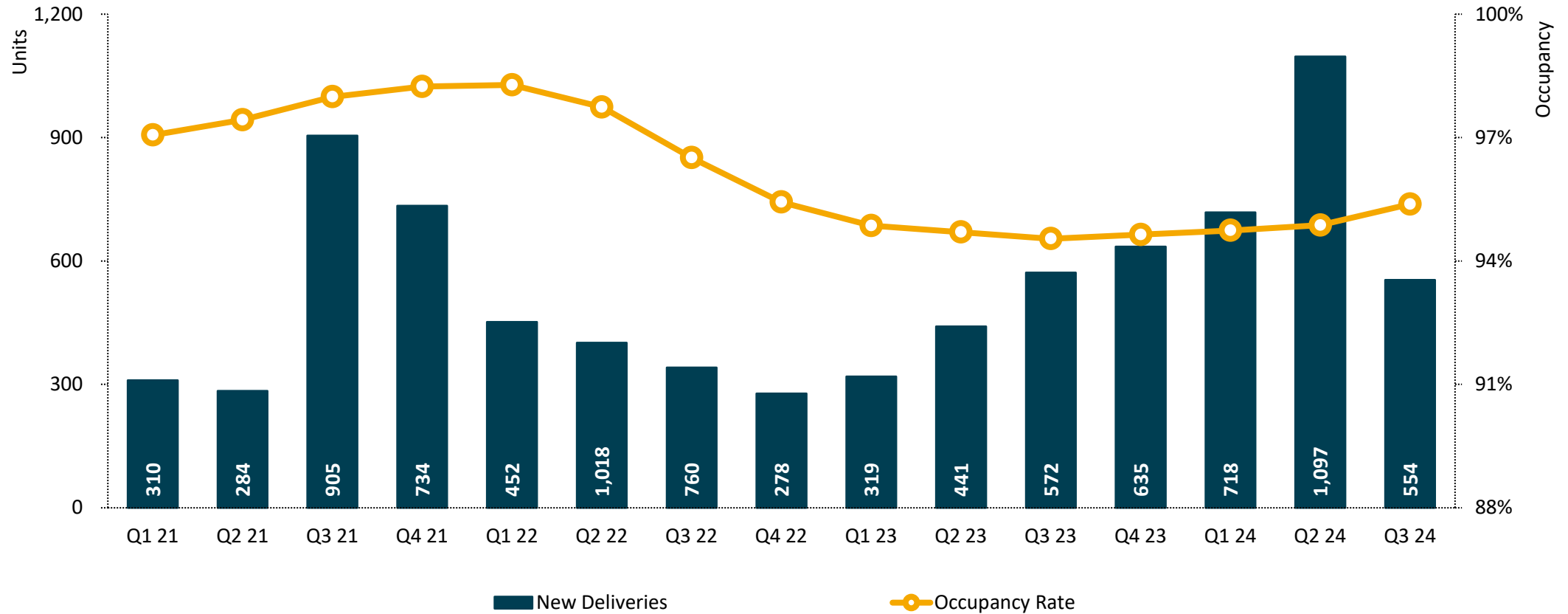




Metro Detroit
Multifamily
Market Trends

Detroit Multifamily Market | Completions & Occupancy

Multifamily developers added 2,369 new units to the market's inventory during first three quarters of 2024, a 78% increase from the same period last year.



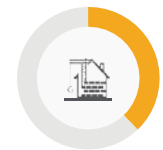
Construction Pipeline

PROPERTY NAME	CITY	DEVELOPMENT STATUS	SUBMARKET	ANTICIPATED COMPLETION DATE	# UNITS
Redwood Chesterfield	Chesterfield	Under Construction/Lease-Up	Clinton Township/St. Clair County	12/01/2024	129
The Apex West Bloomfield	West Bloomfield Township	Under Construction/Lease-Up	Farmington Hills/West Bloomfield	12/01/2024	212
Encore at Lake Forest Trail	Brighton	Under Construction/Lease-Up	Novi/Livingston County	02/01/2025	26
Redwood Hartland	Hartland	Under Construction/Lease-Up	Novi/Livingston County	12/01/2024	148
The Kensley	Howell	Under Construction/Lease-Up	Novi/Livingston County	03/01/2025	136
The Hazelton	Royal Oak	Under Construction/Lease-Up	Royal Oak/Oak Park	12/01/2024	69
Legacy Rochester Hills	Rochester Hills	Under Construction/Lease-Up	Troy/Rochester Hills	02/01/2025	359
Fisher 21 Lofts	Detroit	Under Construction	Detroit City	12/01/2027	433
Red Arrow Lofts	Detroit	Under Construction	Detroit City	08/01/2025	28
3740 2nd Avenue	Detroit	Under Construction	Downtown/Midtown/Rivertown	09/01/2025	57
Henry Street	Detroit	Under Construction	Downtown/Midtown/Rivertown	08/01/2026	170
The Residences at 290 Edmund	Detroit	Under Construction	Downtown/Midtown/Rivertown	06/01/2025	36
Noble on the Lake East	Brighton	Under Construction	Novi/Livingston County	04/01/2025	217
Sakura Novi	Novi	Under Construction	Novi/Livingston County	03/01/2026	132
Springs at Five & Main	Commerce Township	Under Construction	Novi/Livingston County	01/01/2026	284
Vista at Brighton	Brighton	Under Construction	Novi/Livingston County	06/01/2025	199
Northland City Center I	Southfield	Under Construction	Southfield	03/01/2025	1,546
The Bank Tower	Southgate	Under Construction	South Wayne County	04/01/2025	216
Birmingham Pointe	Birmingham	Under Construction	Troy/Rochester Hills	04/01/2025	157
Birmingham Tower	Birmingham	Under Construction	Troy/Rochester Hills	06/01/2025	22
The Granary	Rochester	Under Construction	Troy/Rochester Hills	10/01/2025	30
Springs at Willow Creek	Canton	Under Construction	Westland/Canton/Livonia	06/01/2026	280
The Downs	Northville	Under Construction	Westland/Canton/Livonia	10/01/2026	443
Village at Northville	Northville	Under Construction	Westland/Canton/Livonia	04/01/2026	283
Former Querfeld Funeral Home	Dearborn	Planned	Dearborn/Dearborn Heights	08/01/2026	88
725 Amsterdam Street	Detroit	Planned	Detroit City	05/01/2027	154
2205 Cass Avenue	Detroit	Planned	Downtown/Midtown/Rivertown	01/01/2027	261
Temple Hotel & Residences	Detroit	Planned	Downtown/Midtown/Rivertown	07/01/2026	64
Pre-Planned	Metro Detroit	Pre-Planned	Clinton Township/St. Clair County	TBD	6,324

SUBMARKET AT A GLANCE



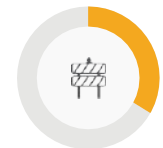
Lease Up
1,079 Units



Under Construction
4,533 Units



Planned
567 Units

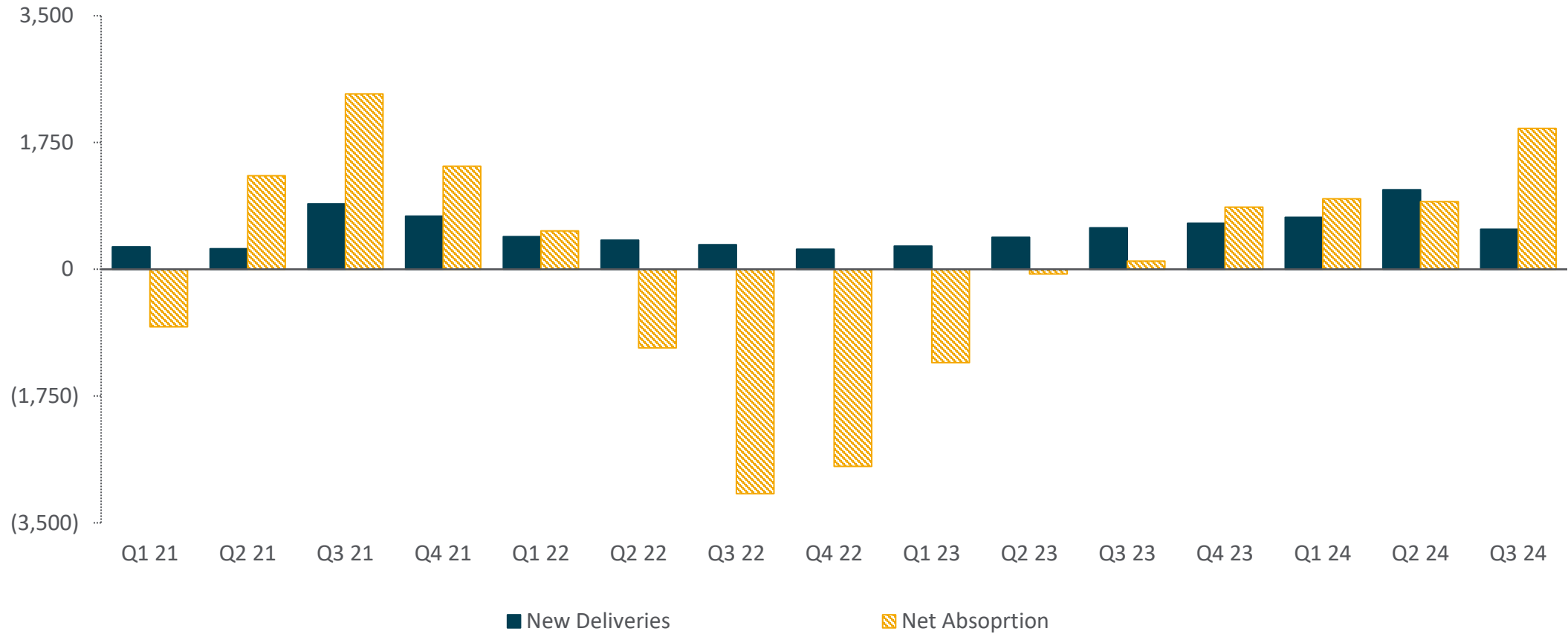


Prospective
6,324 Units

TOTAL LEASE-UP, UNDER CONSTRUCTION, PLANNED, AND PROSPECTIVE 11,424

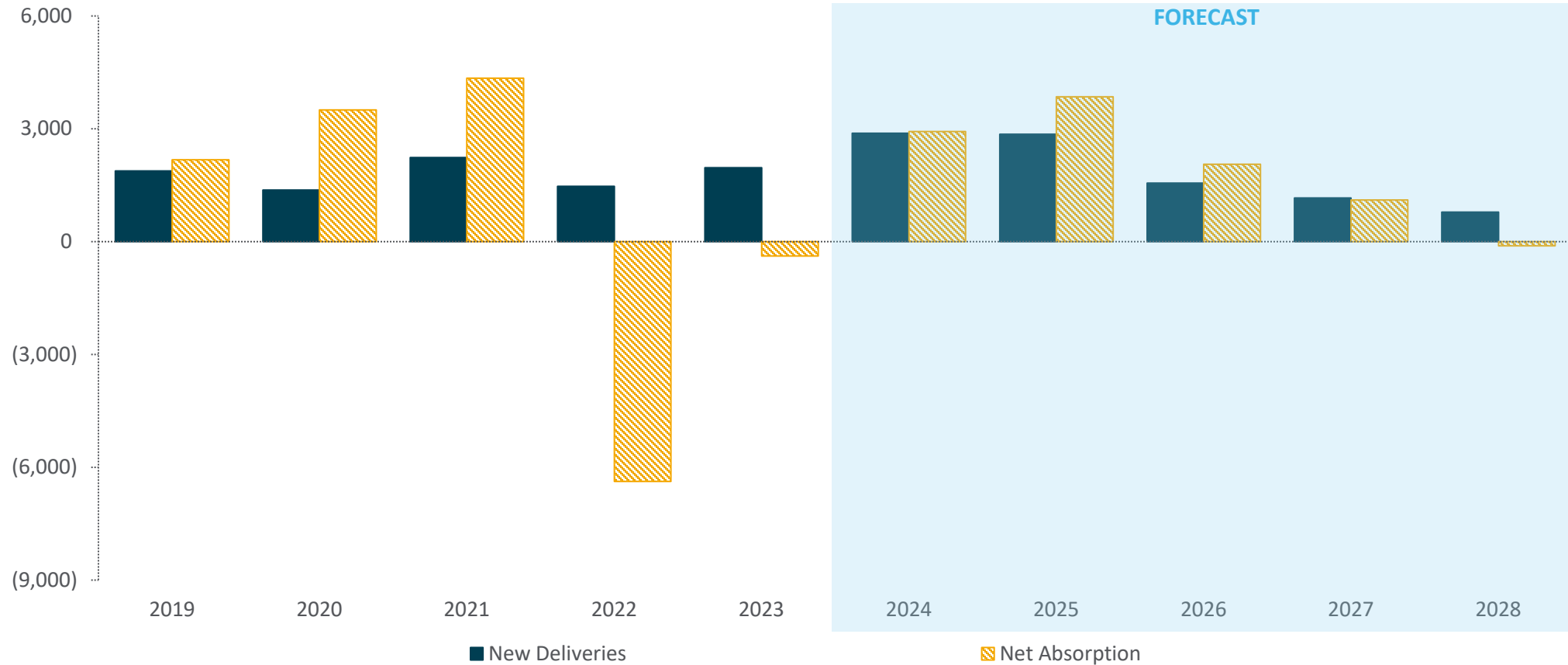
Detroit Multifamily Market | Supply & Demand

The Detroit metro apartment market recorded 1,946 net move-ins during the third quarter of 2024, the highest quarterly net absorption since Q3 21.



Detroit Multifamily Market | Projected Supply & Demand

Net absorption is projected to reach nearly 6,800 units between 2024 and 2025 as record levels of new inventory hits the market.



Detroit Metro – Submarket Performance

The average effective rent in Metro Detroit increased by 2.5% annually to \$1,327 per month in Q3 24, outpacing the national growth rate by 160 basis points.

Rank	Submarket	Q3 24 Effective Rent	Y-o-Y Change	Q3 24 Occupancy Rate	Y-o-Y Change (BPS)
1	South Wayne County	\$1,148	4.7%	95.1%	0
2	Clinton Township/St. Clair County	\$1,225	4.2%	96.1%	170
3	Warren/Roseville	\$1,053	4.1%	95.8%	60
4	Novi/Livingston County	\$1,480	4.0%	97.0%	50
5	Royal Oak/Oak Park	\$1,329	3.7%	94.9%	50
6	Southfield	\$1,294	3.6%	94.2%	190
7	Sterling Heights/Shelby Township	\$1,312	3.3%	95.8%	110
8	Pontiac/Waterford/Auburn Hills	\$1,305	2.4%	95.6%	30
9	Troy/Rochester Hills	\$1,560	2.2%	95.3%	90
10	Farmington Hills/West Bloomfield	\$1,512	1.9%	96.0%	70
11	Dearborn/Dearborn Heights	\$1,402	1.4%	95.3%	180
12	Westland/Canton/Livonia	\$1,247	1.3%	95.3%	70
13	Downtown/Midtown/Rivertown	\$1,518	-0.5%	93.8%	110
14	Detroit City	\$1,167	-1.3%	89.7%	170
Detroit Market Average		\$1,327	2.5%	95.4%	80

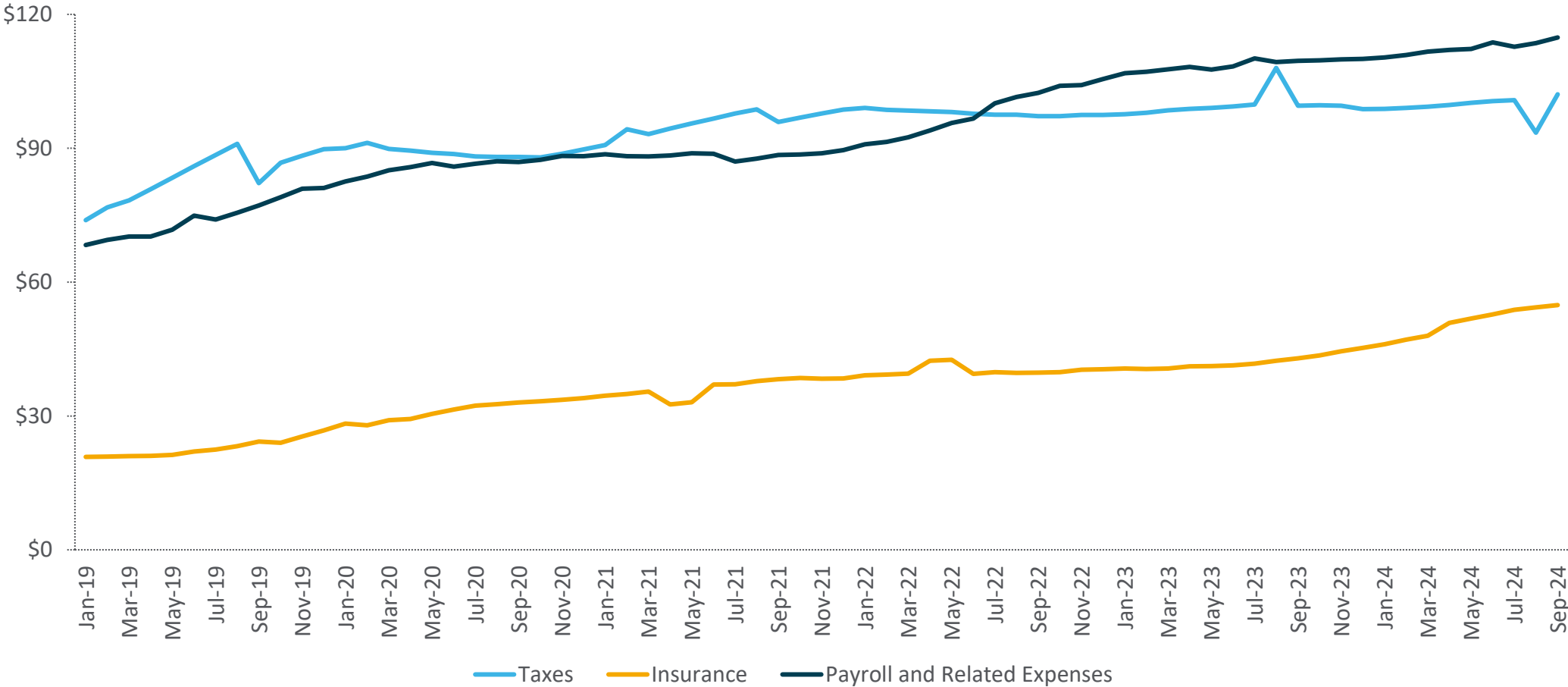
Detroit Metro – Construction Activity by Submarket

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	263	325	2,193	2,781
2	Novi/Livingston County	310	832	0	1,217	2,359
3	Southfield	0	1,546	0	254	1,800
4	Detroit City	0	461	154	698	1,313
5	Westland/Canton/Livonia	0	1,006	0	283	1,289
6	Troy/Rochester Hills	359	209	0	512	1,080
7	Warren/Roseville	0	0	0	500	500
8	Farmington Hills/West Bloomfield	212	0	0	243	455
9	Royal Oak/Oak Park	69	0	0	260	329
10	South Wayne County	0	216	0	0	216
11	Clinton Township/St. Clair County	129	0	0	37	166
12	Pontiac/Waterford/Auburn Hills	0	0	0	95	95
13	Dearborn/Dearborn Heights	0	0	88	0	88
14	Sterling Heights/Shelby Township	0	0	0	32	32
Detroit Market Total		1,079	4,533	567	6,324	12,503

Detroit Metro | Monthly Expenses Per Unit

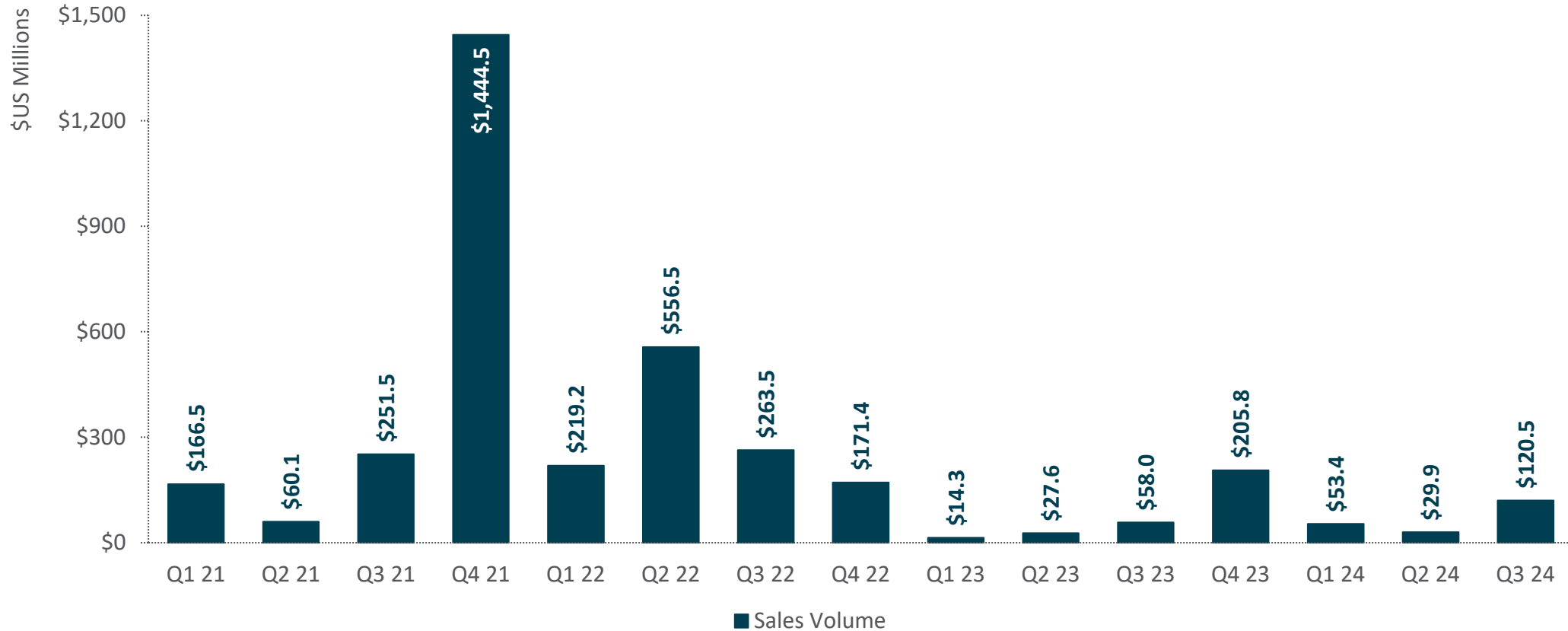
Trailing 12-Month Average



Source: RealPage

Metro Detroit Multifamily Transaction Volume*

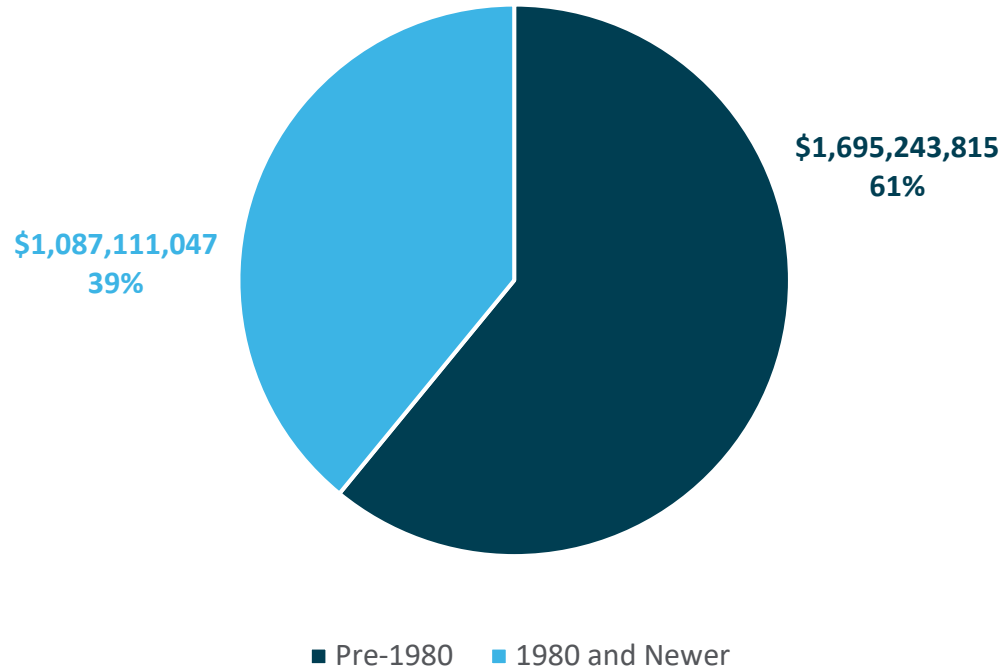
Multifamily sales volume reached \$203.8 million through the third quarter of 2024, more than double the transaction volume from the same period one year prior.



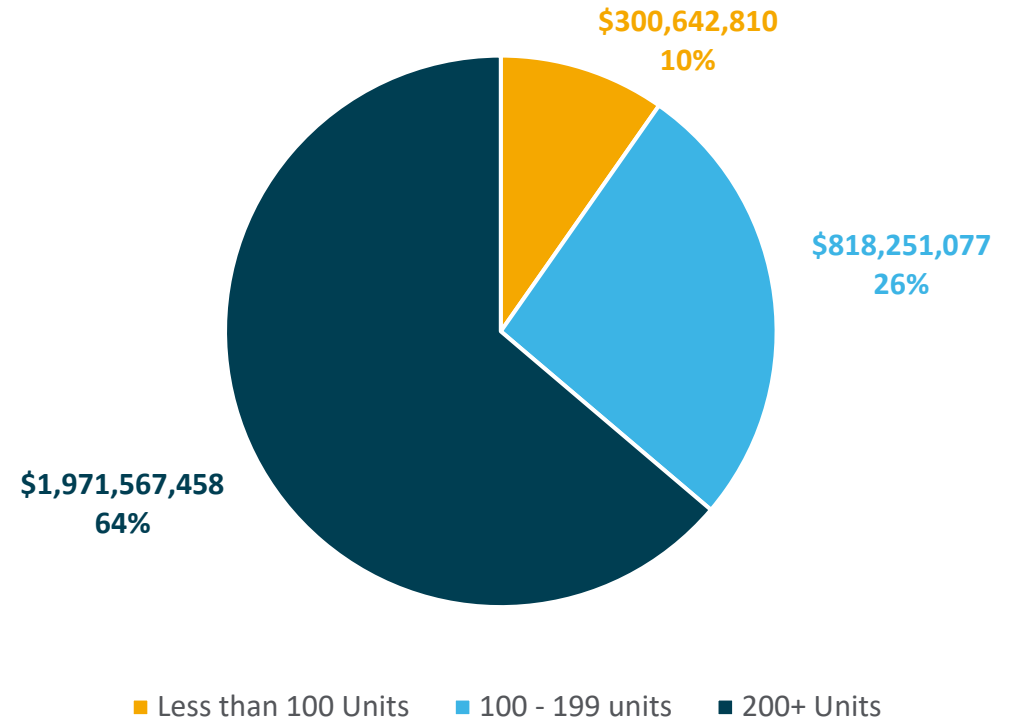
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Source: Real Capital Analytics

Metro Detroit Multifamily Transaction Volume Breakdown*

Volume by Year Built (Last Five Years)



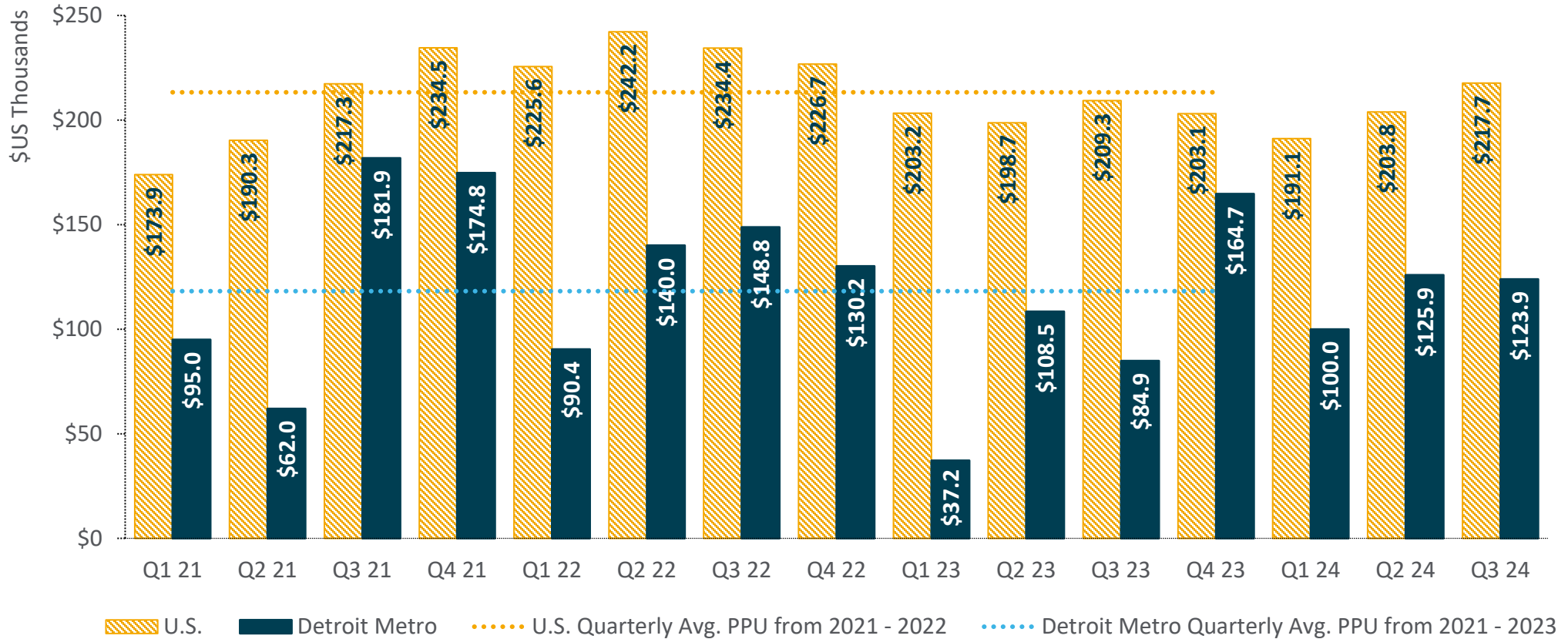
Volume by Property Size (Last Five Years)



*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

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

The average price per unit in Metro Detroit was \$123,939 in the third quarter of 2024, a 46% increase from one year prior.



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