



MIDWEST LENDERS *Association*

2026 Midwest Lenders Conference

EMAD / Midwest Markets

Monday, September 28, 2026

Moderator: Brian Blue, Director, Gershman Investment Corp.

Panelists:

- Mary Ann Barnett, MAI, Senior Managing Director, BBG Real Estate Services
- Ron DeVries, MAI, Senior Managing Director, Integra Realty Resources
- Marissa Dolin, Senior Economist, HUD

Housing Market Trends

Marissa Dolin
Senior Economist
Economic and Market Analysis Division
(EMAD)



What is the Economic and Market Analysis Division (EMAD)?

- EMAD offices nationwide
- *“assess the demand for additional rental housing in specific housing market areas to assist in the consideration of applications for new construction and substantial rehabilitation project mortgage insurance”*
- Assess demand for additional units based on
 - Current and forecast population, household, and economic trends
 - Pipeline of units under construction
 - Current rental market conditions



EMAD Publications

- Quarterly Regional Updates
- Comprehensive Market Analysis (CHMA)
- Housing Market Profiles (HMP)
- Market at a Glance (MAAG)

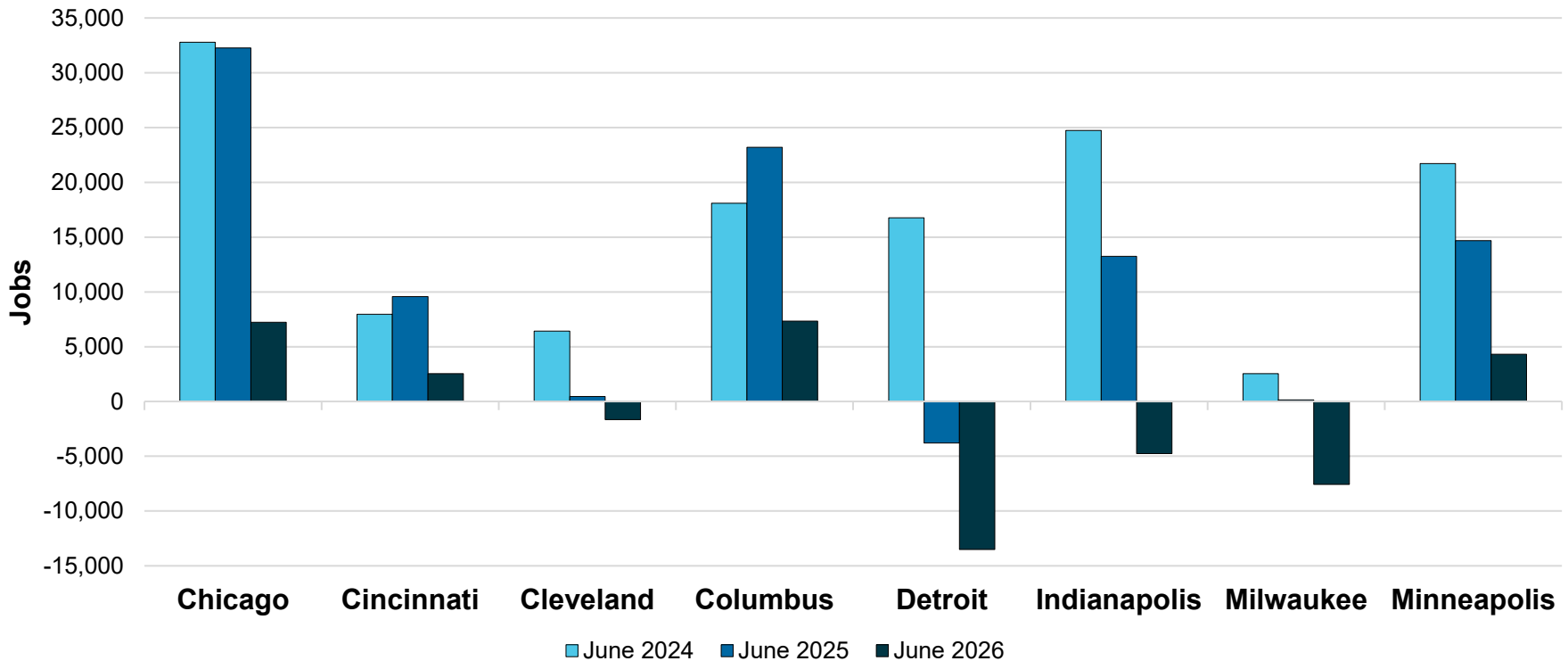
<https://www.huduser.gov/portal/ushmc/home.html>

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Current Economic Trends

Job Growth as of the 12 months ending June 2024 vs. June 2025 vs. June 2026

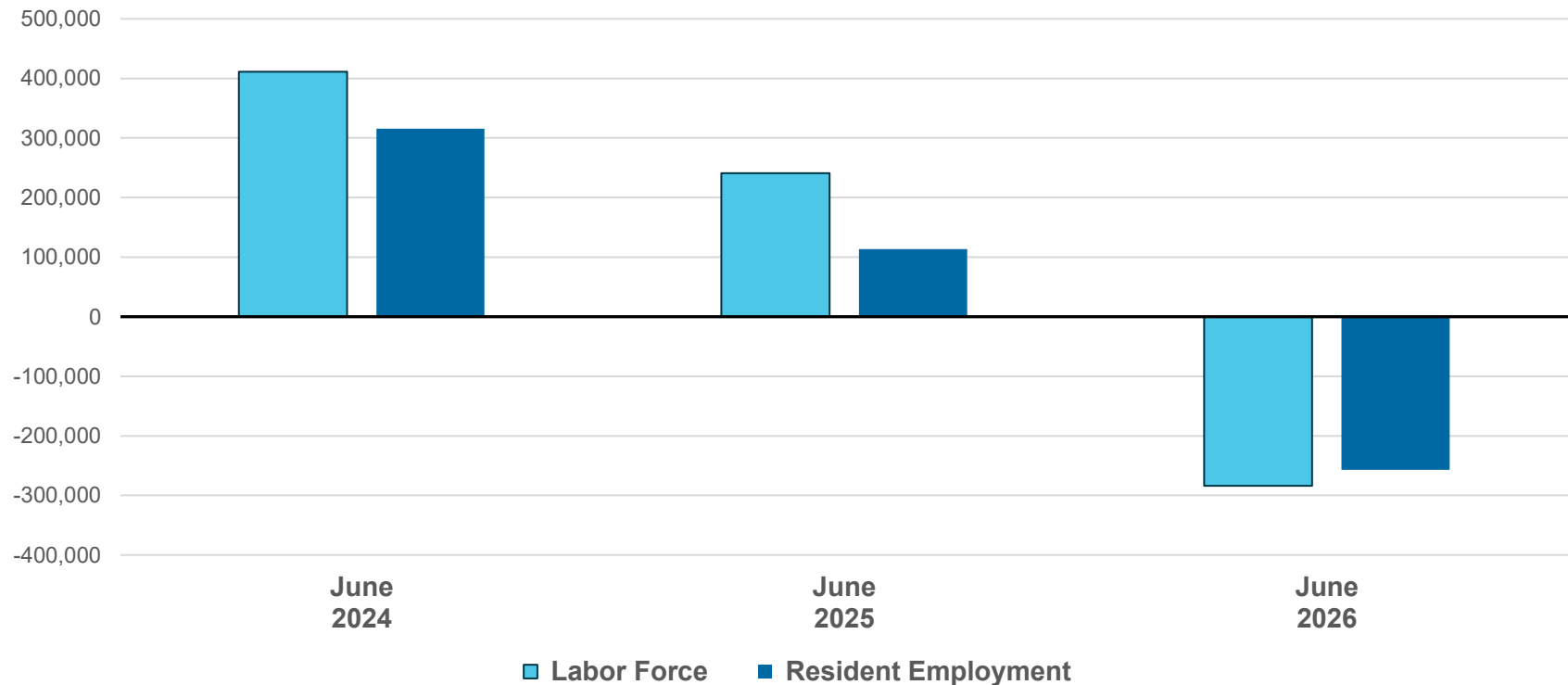


Source: BLS nonfarm payrolls as of June 2026



PD&R

Change in the Labor Force and Resident Employment for the Great Lakes Region as of the 12 months ending June 2024 vs. June 2025 vs. June 2026

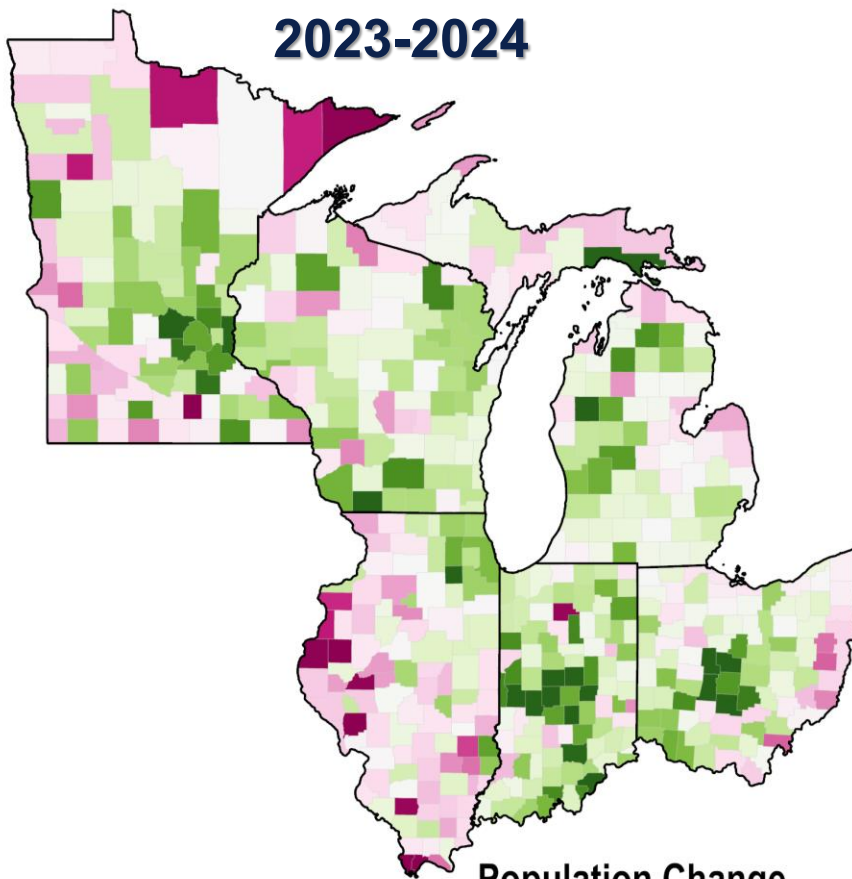


Source: BLS Local Area Unemployment Statistics (LAUS) as of June 2026, HUD Great Lakes Region

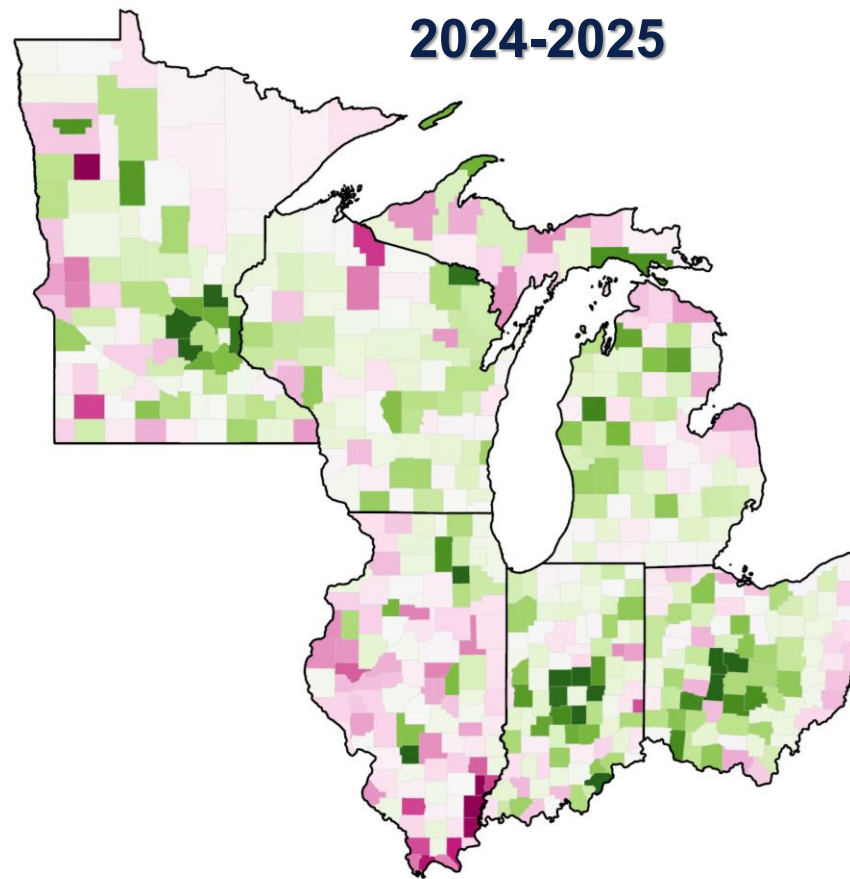


Population Growth by County

2023-2024



2024-2025



Population Change



-1.5% or Below

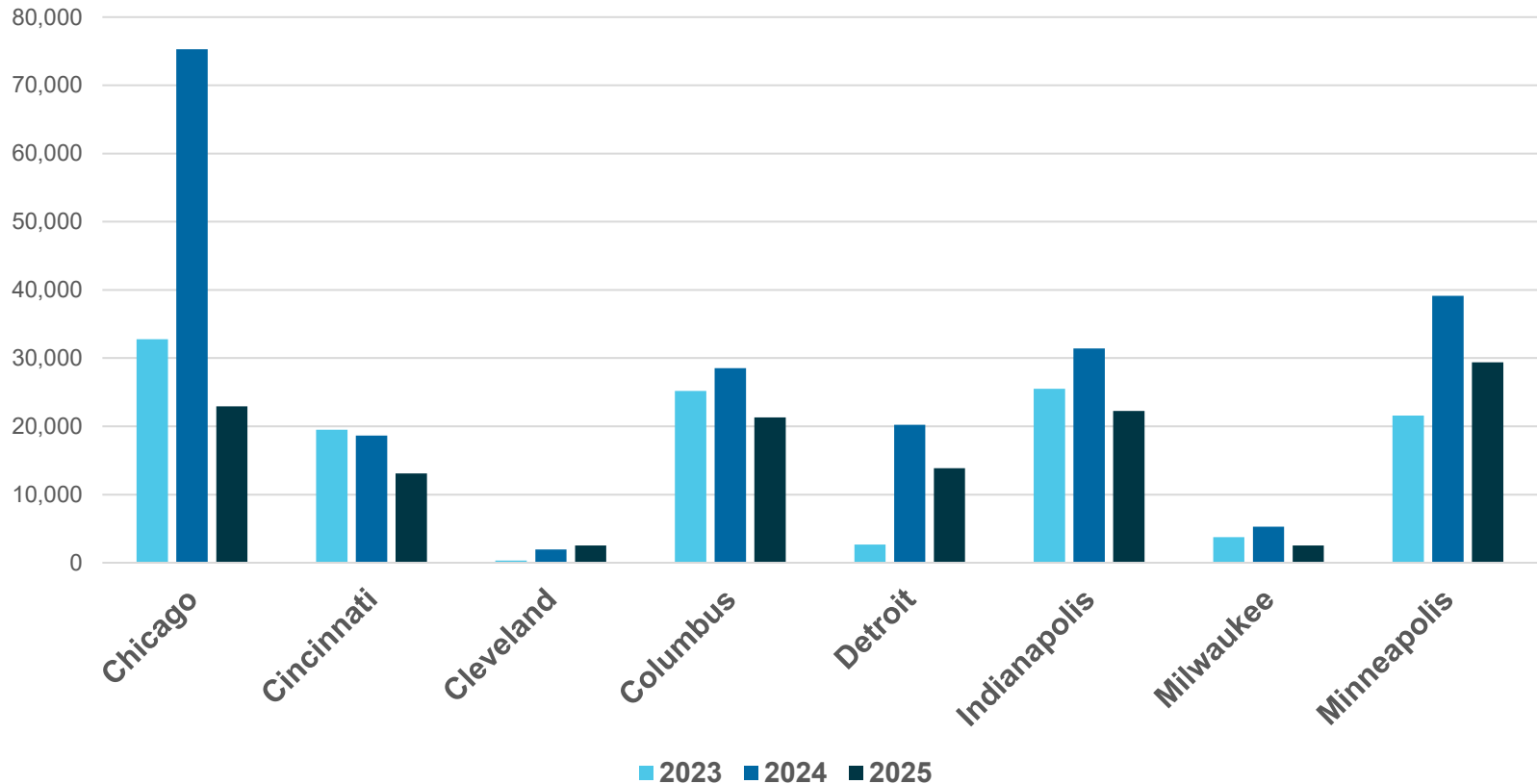
+1.5% or Above

Source: U.S. Census Bureau,
Population Estimates as of July 1,
2025



PD&R

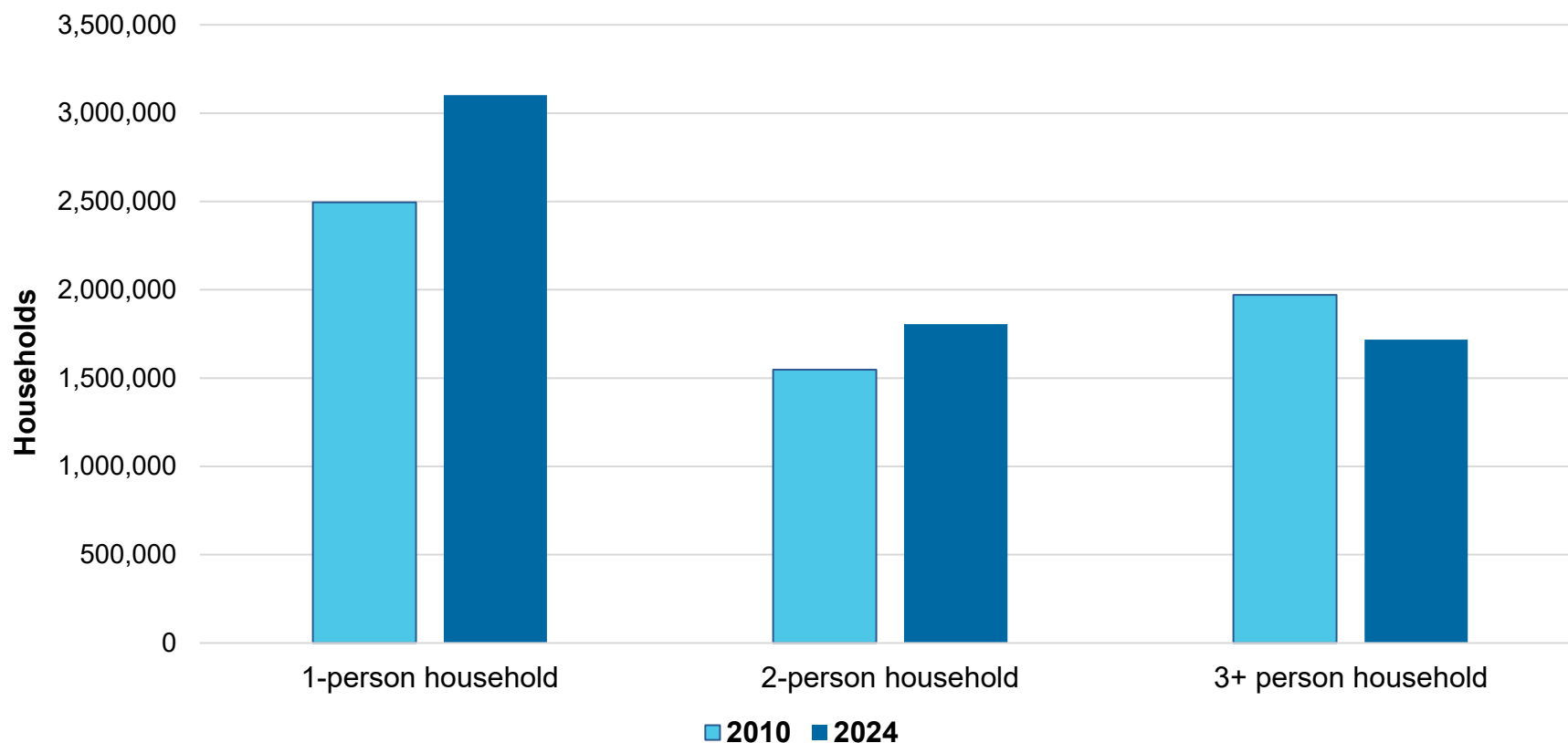
Population Change by MSA



Source: U.S. Census Bureau,
Population Estimates as of July 1, 2025



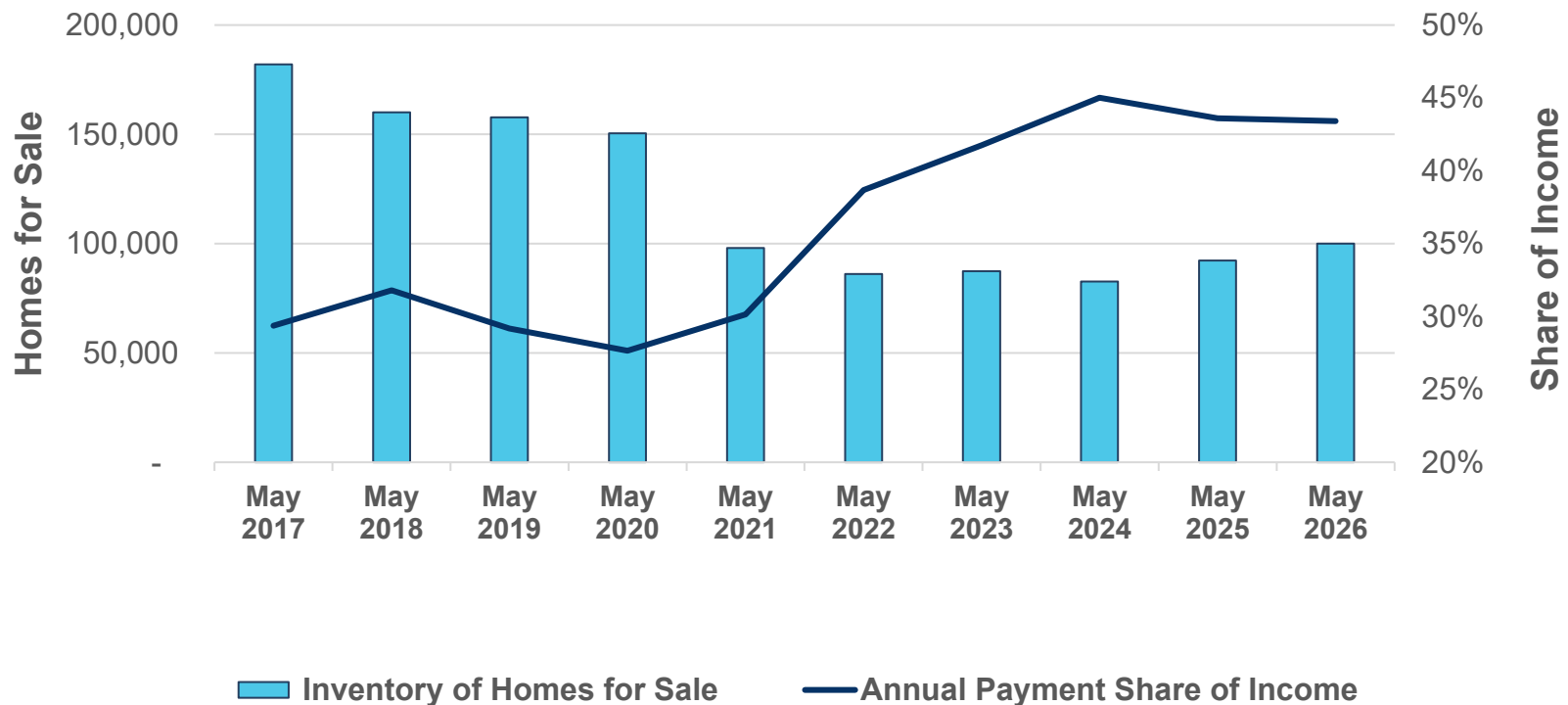
Household count by household size



Source: American Community Survey 2010 and 2024, 1-year data, HUD Great Lakes Region



Homes for Sale vs. Annual Payment Share of Income



Source: Homes for Sale-Cotality, Share of Income-Federal Reserve Bank of Atlanta, National data



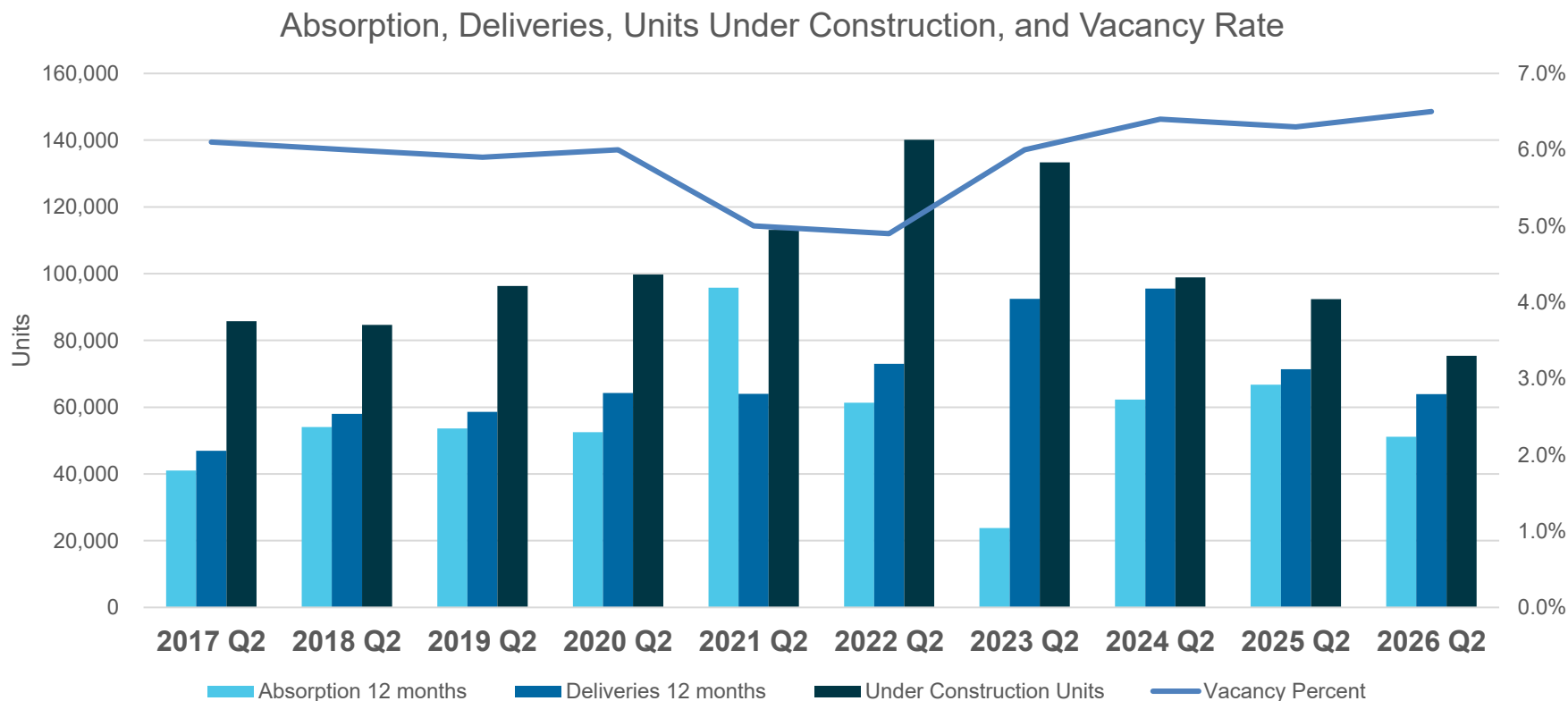
Regional Rental Market Trends

HUD Great Lakes Region

- **Vacancy rates coming down from a peak, but still above average**
- **Average or below average rent growth**
- **Absorption moderating**
- **Deliveries still relatively high**
- **Units under construction are down from extremely high levels**
- **Permitting (SOCDS) is rising**
- **Significant variation by MSA**



Region-wide completions, absorption, and apartment vacancy rates



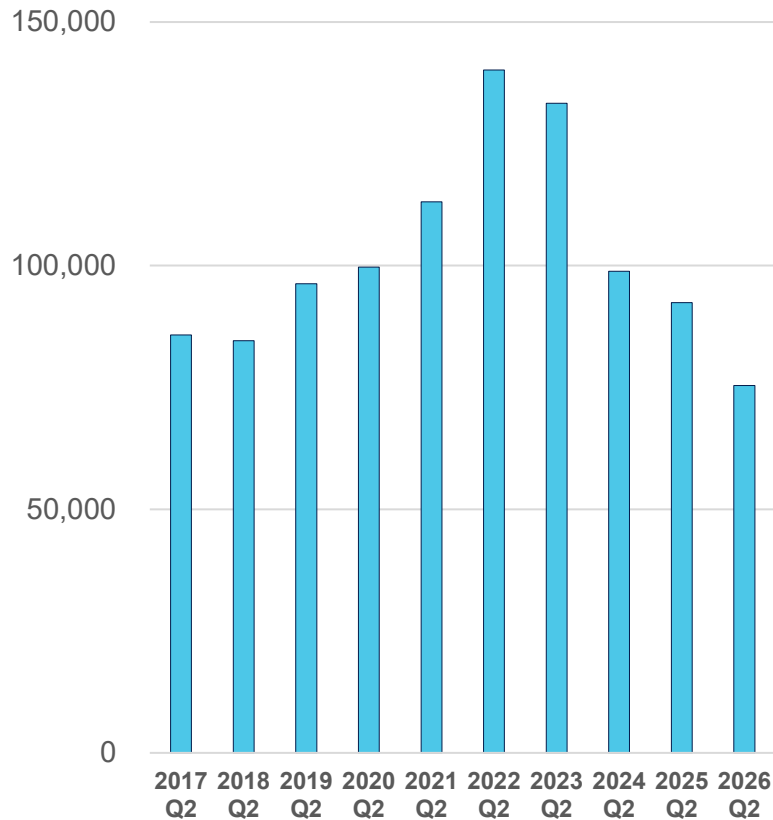
Source: CoStar Group, data as of 12 months ending June, Great Lakes Region



Great Lakes Region Pipeline

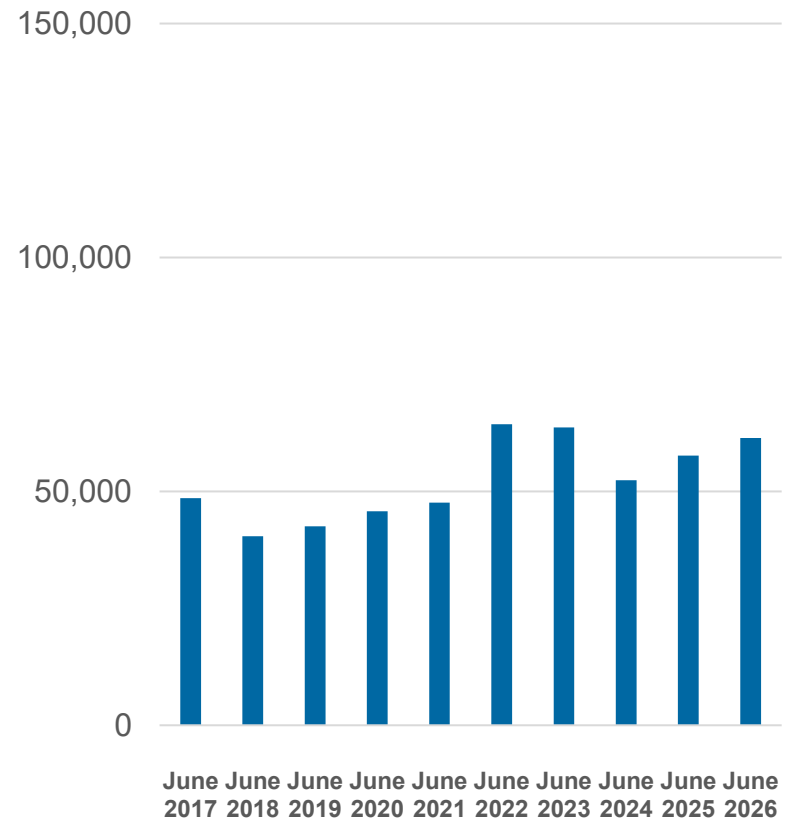
12 months ending June 2017-June 2026

Units Under Construction



Source: CoStar Group

Building Permits



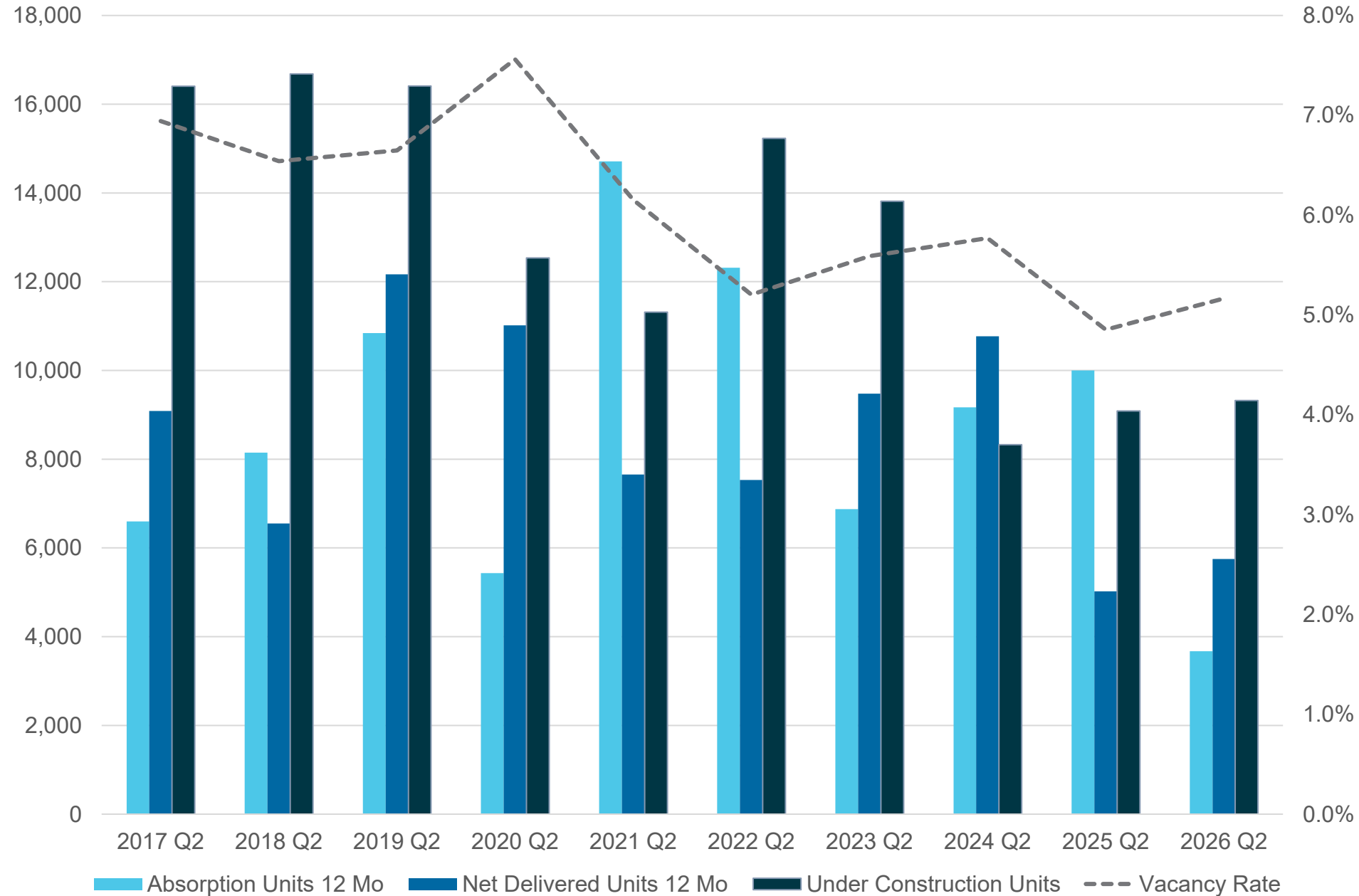
Source: SOCDS



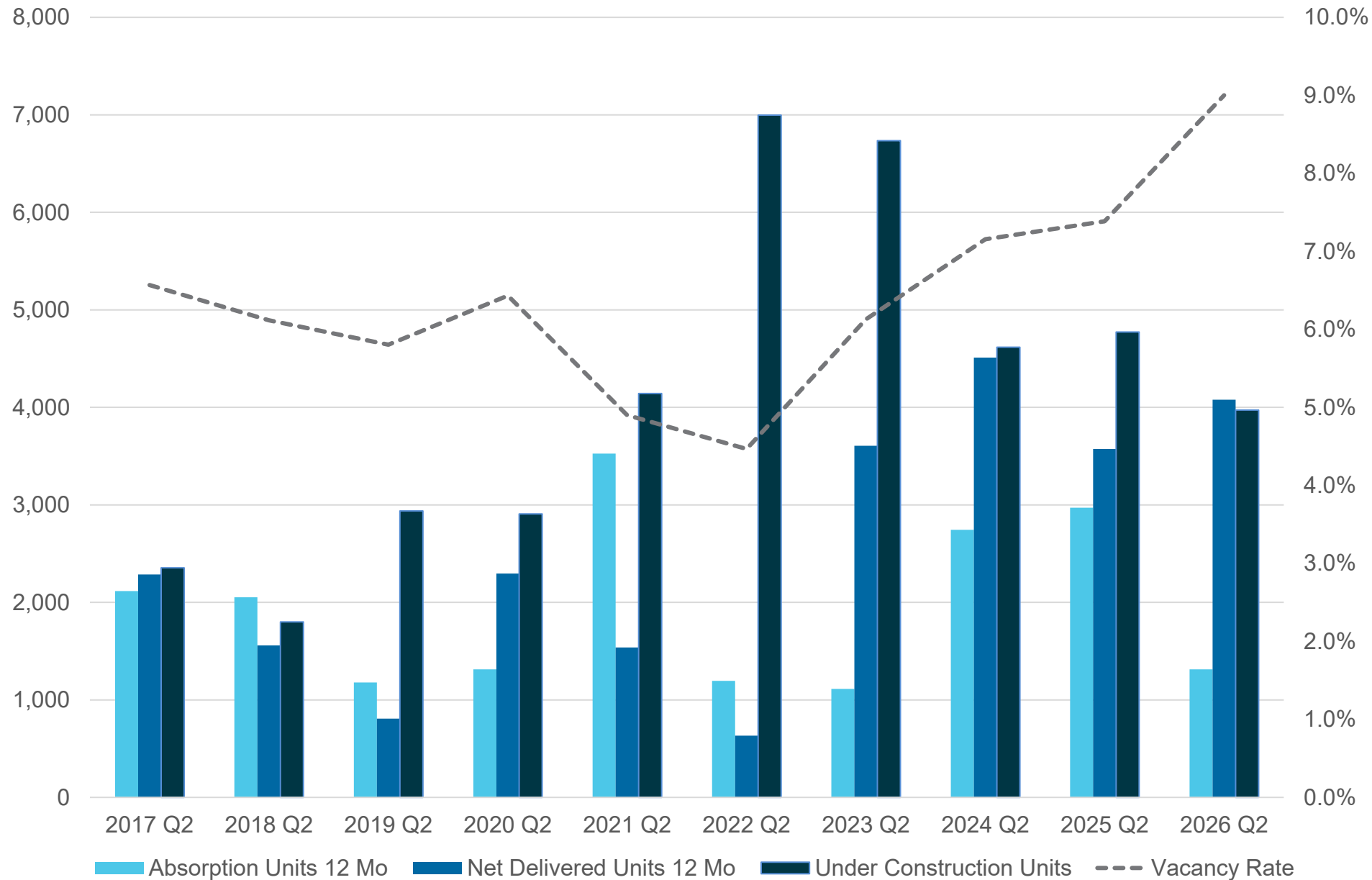
Market Conditions in Large Region 5 MSAs



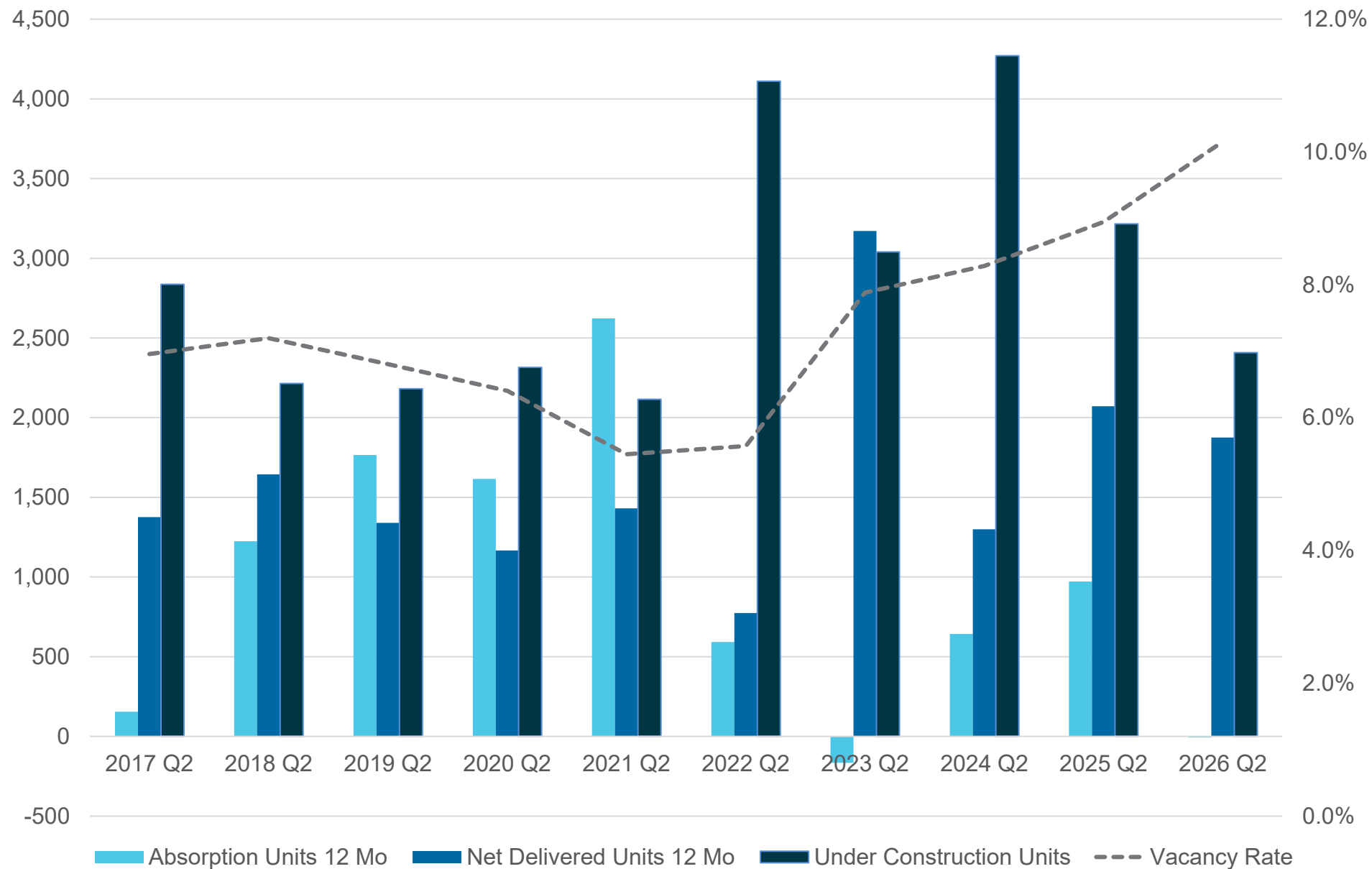
Chicago MSA



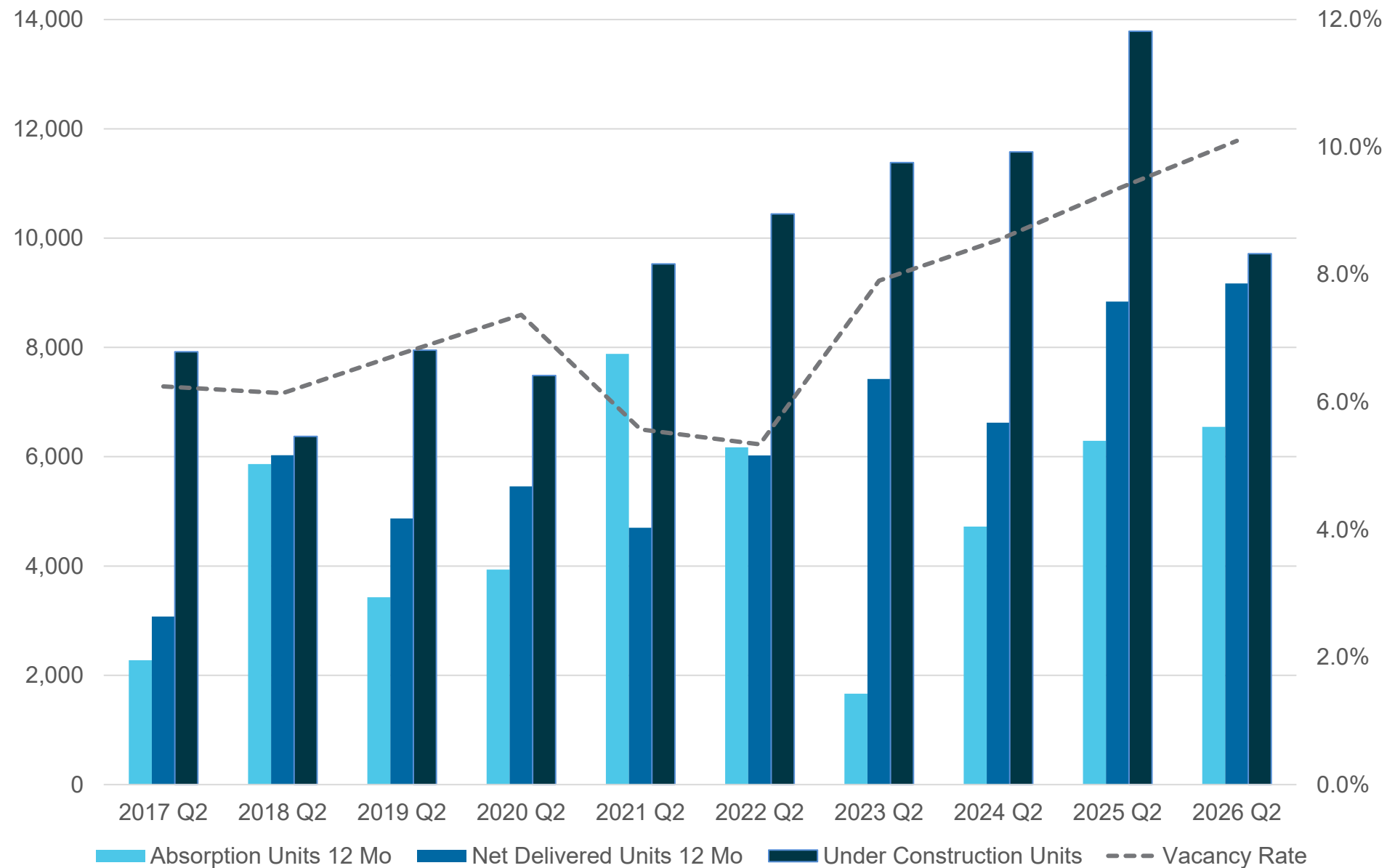
Cincinnati MSA



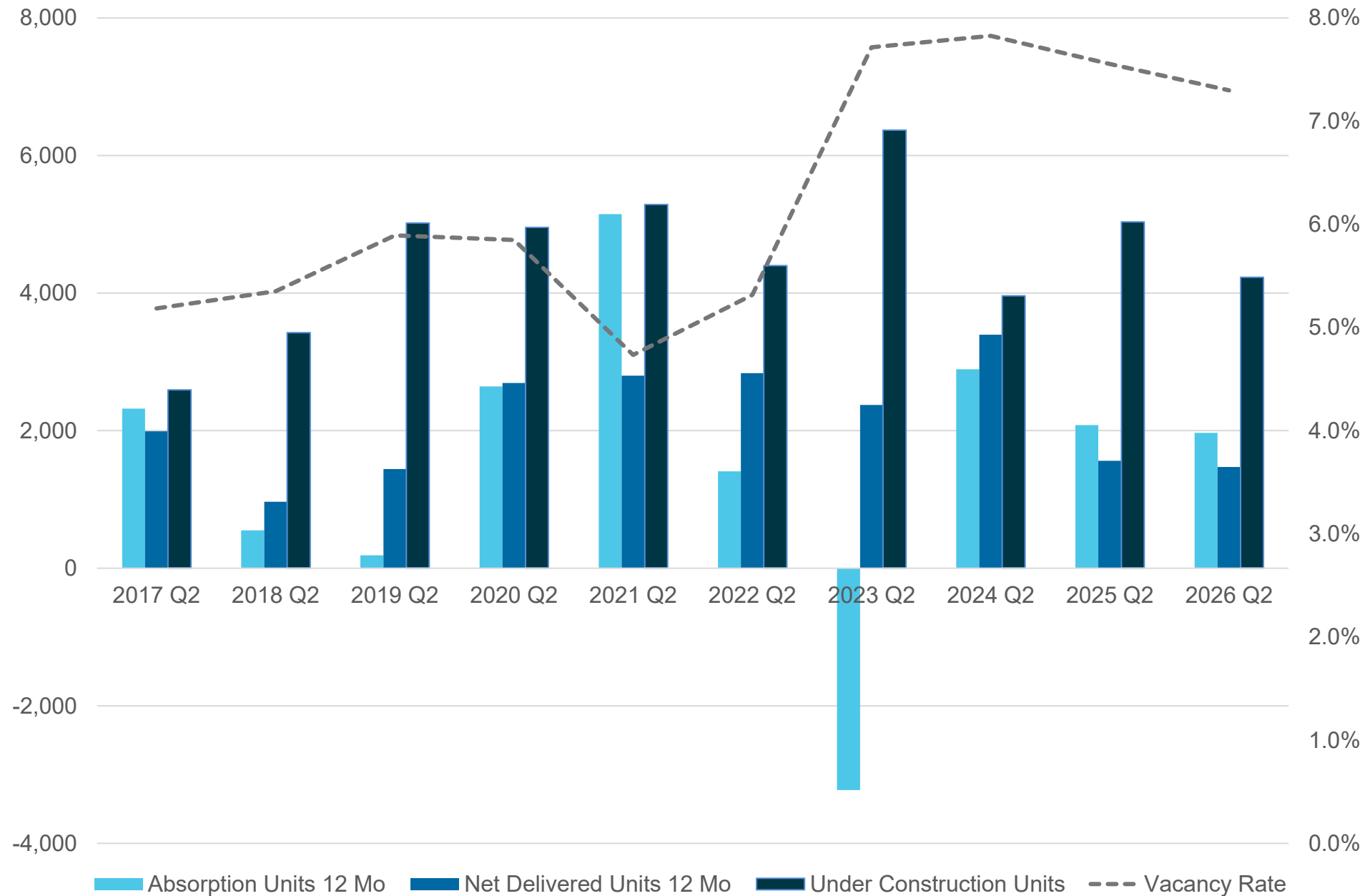
Cleveland MSA



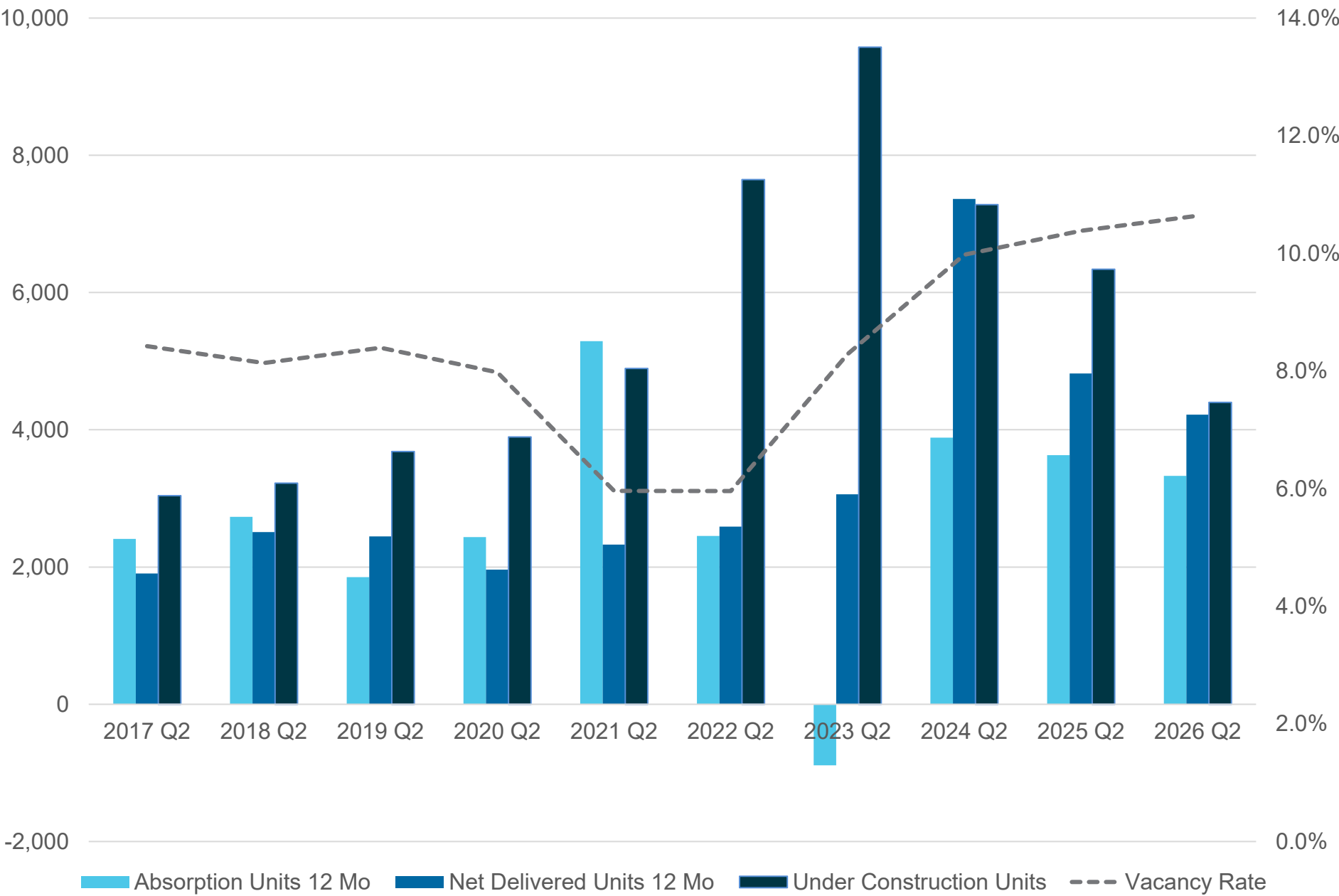
Columbus MSA



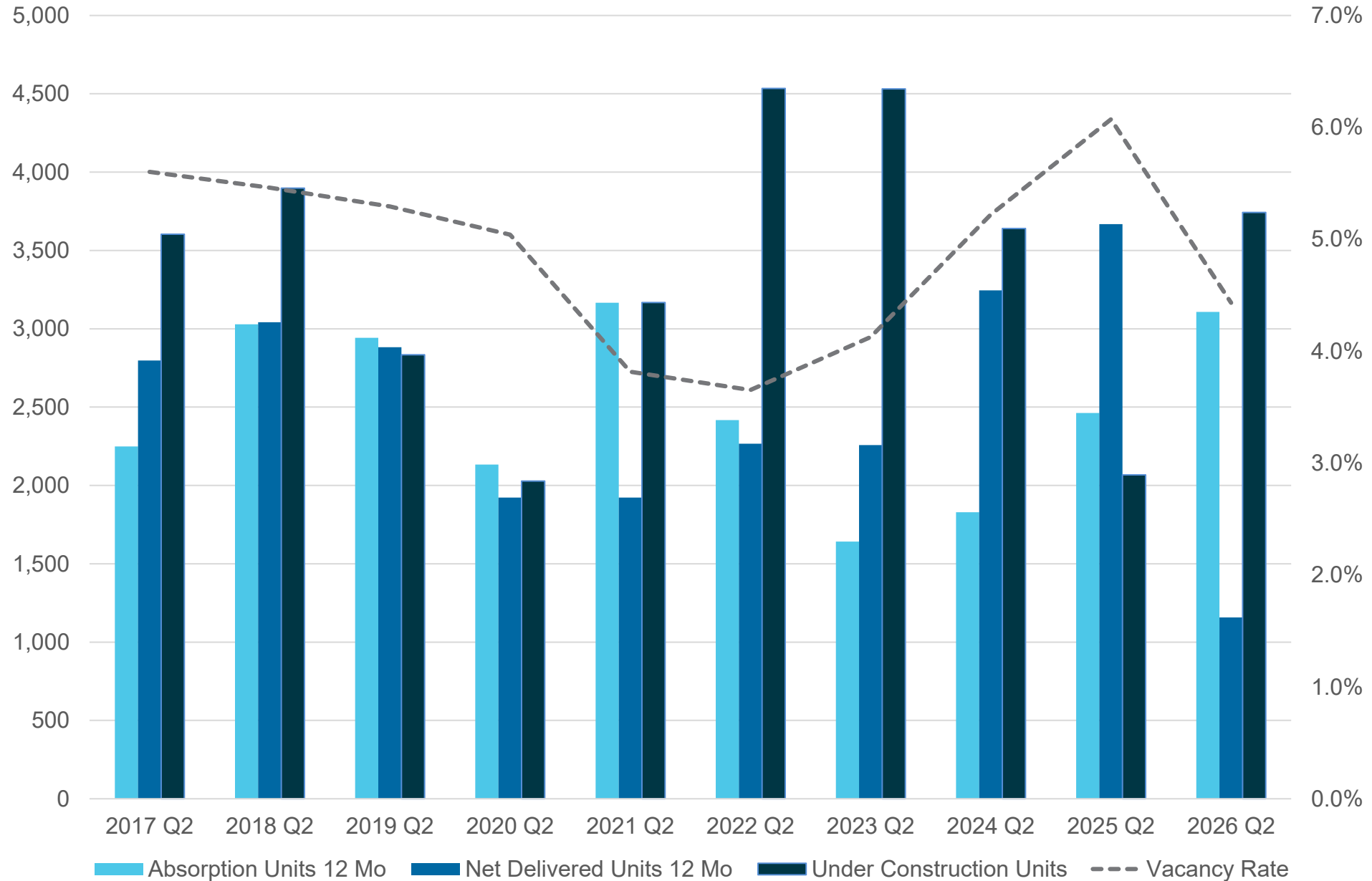
Detroit MSA



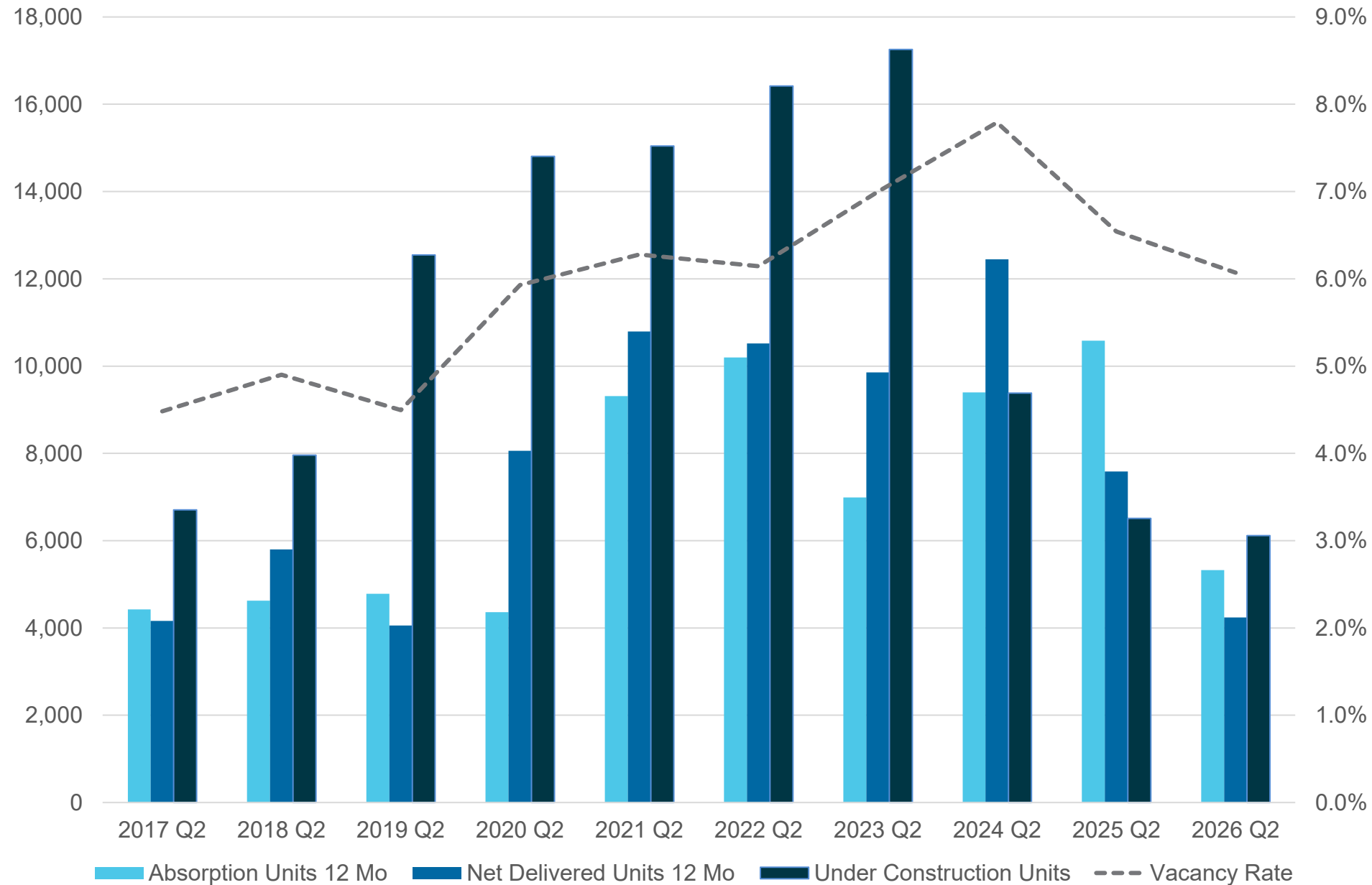
Indianapolis MSA



Milwaukee MSA



Minneapolis MSA

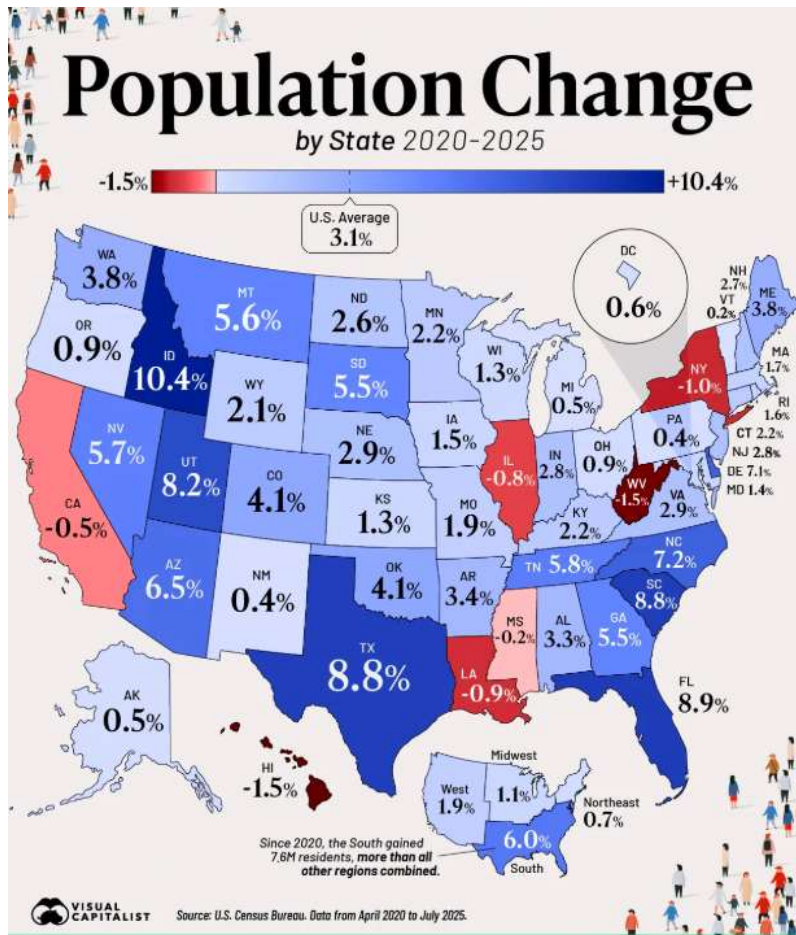


Thank You

EMAD Publications:
HUDuser.gov

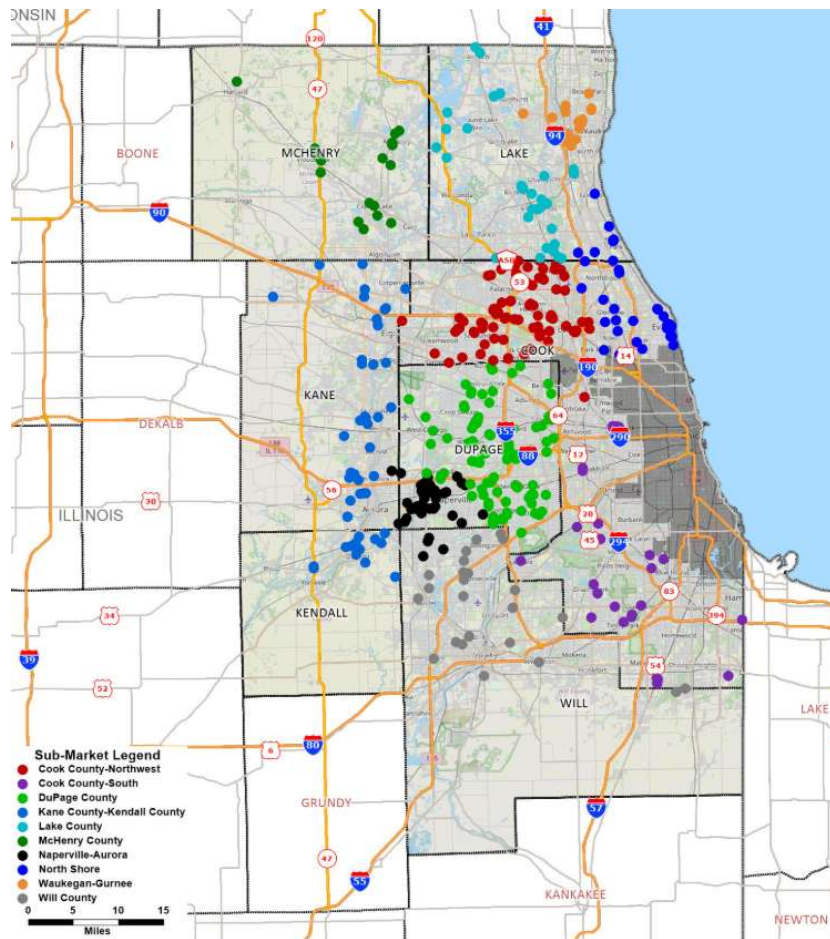


Population Trends – 2020-2025



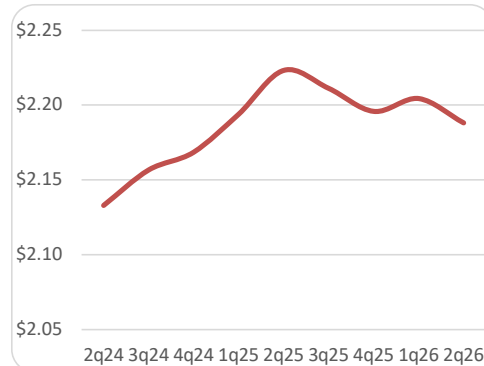
Investors watch this data

Interesting but micro markets matter

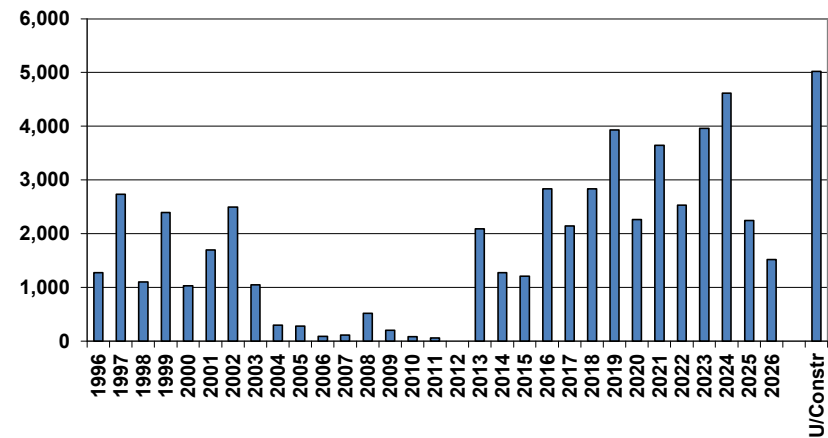
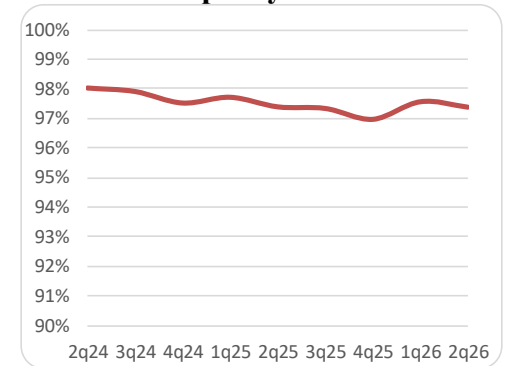


Suburban Chicago

Net Rent PSF - \$2.19



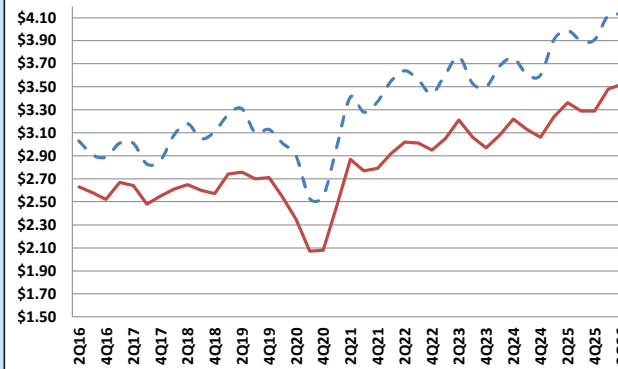
Occupancy - 97.4%



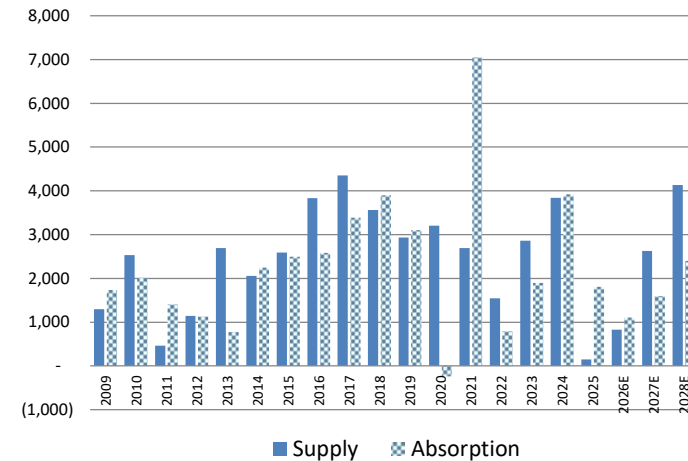
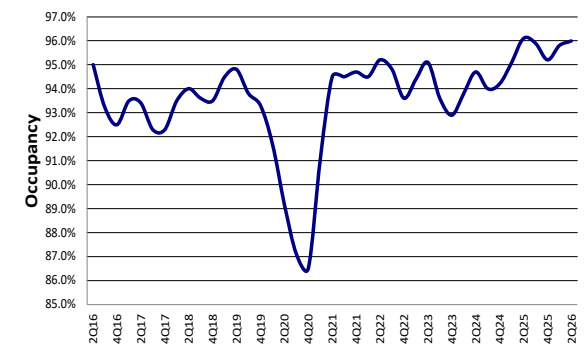
Downtown Chicago



Net Rent PSF



Occupancy Trends

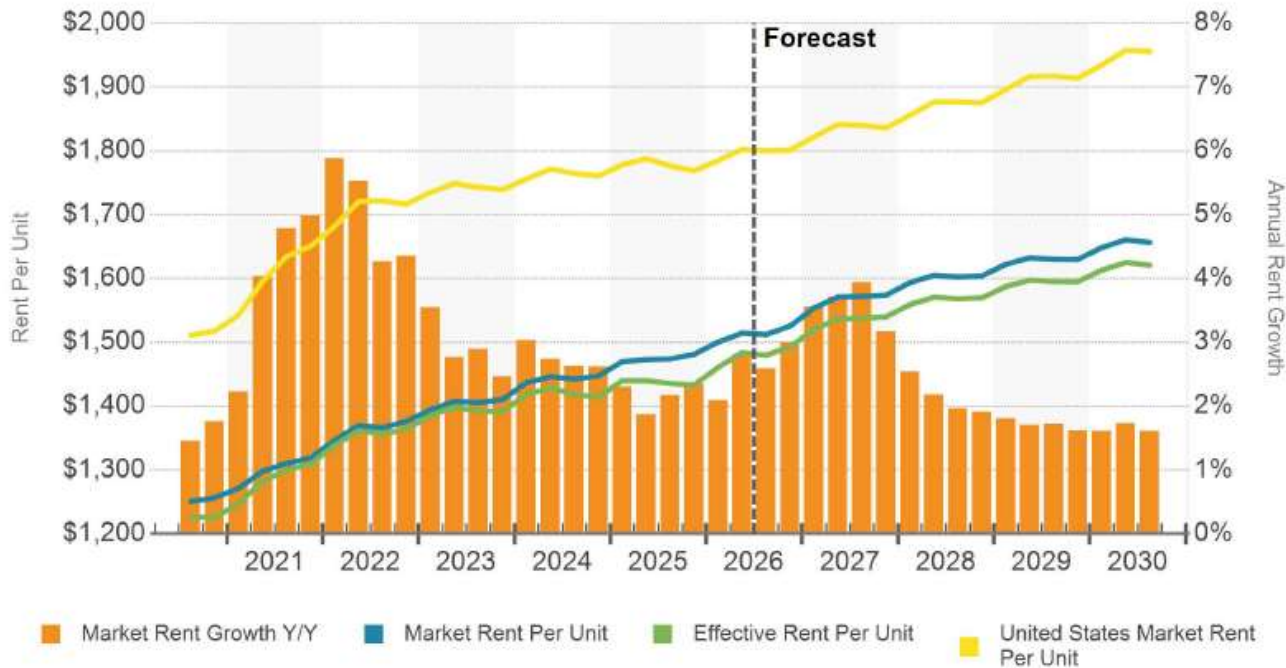


Chicago Multifamily Conversions- 2028

Why? Many have large subsidies

Milwaukee, WI

MARKET RENT PER UNIT & RENT GROWTH



Source: Costar

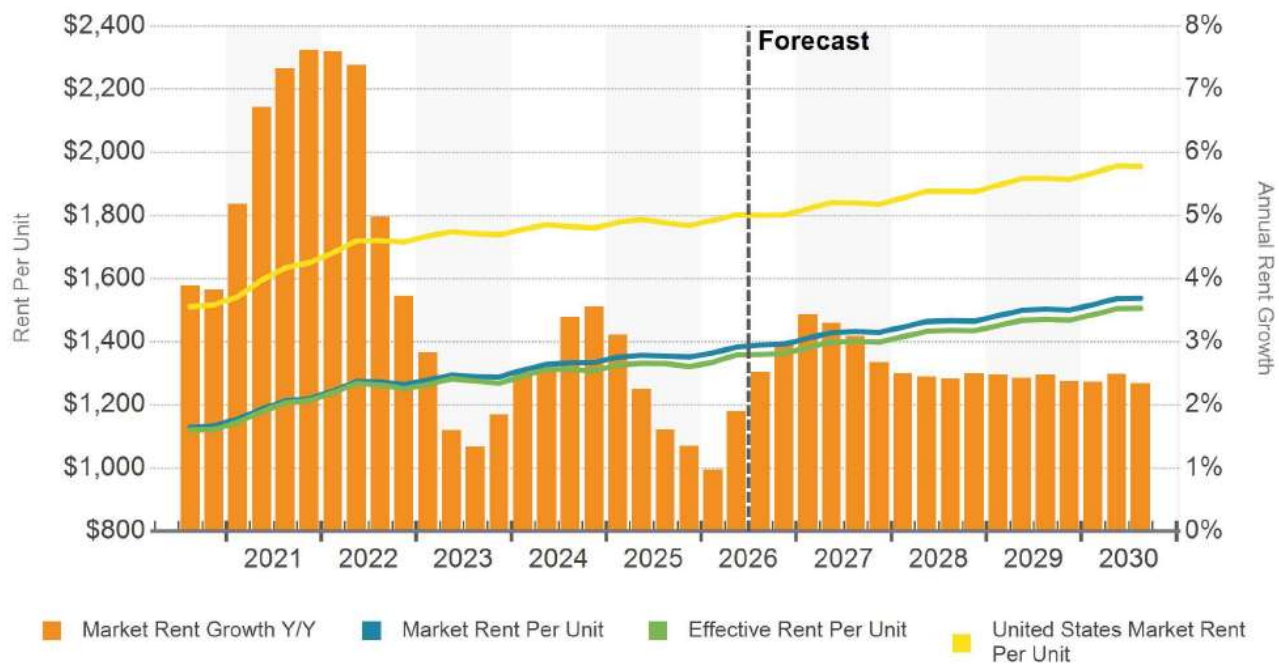
Strong rent growth

More Chicago based developers entering the market

Madison market absorbing supply but strong employment

Detroit, MI

MARKET RENT PER UNIT & RENT GROWTH



Source: Costar

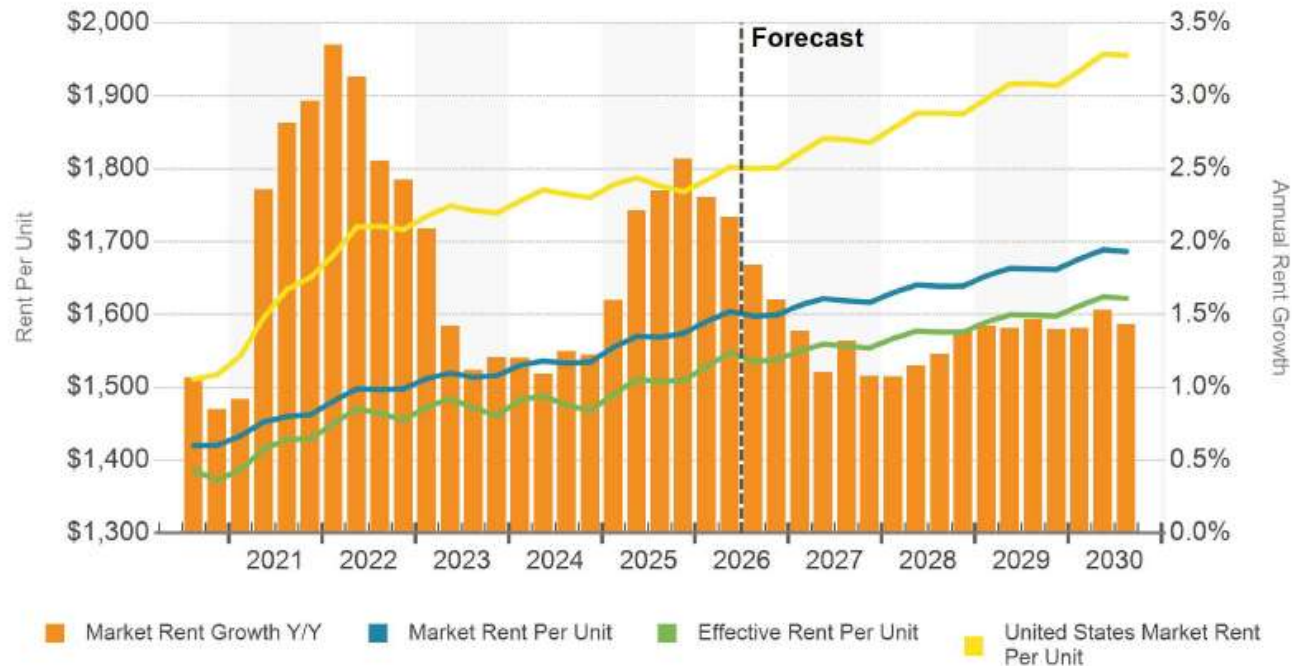
Rents have plateaued

New deals not hitting pro-forma

Grand Rapids
Faring well but a lot in the pipeline

Minneapolis, MN

MARKET RENT PER UNIT & RENT GROWTH



Source: Costar

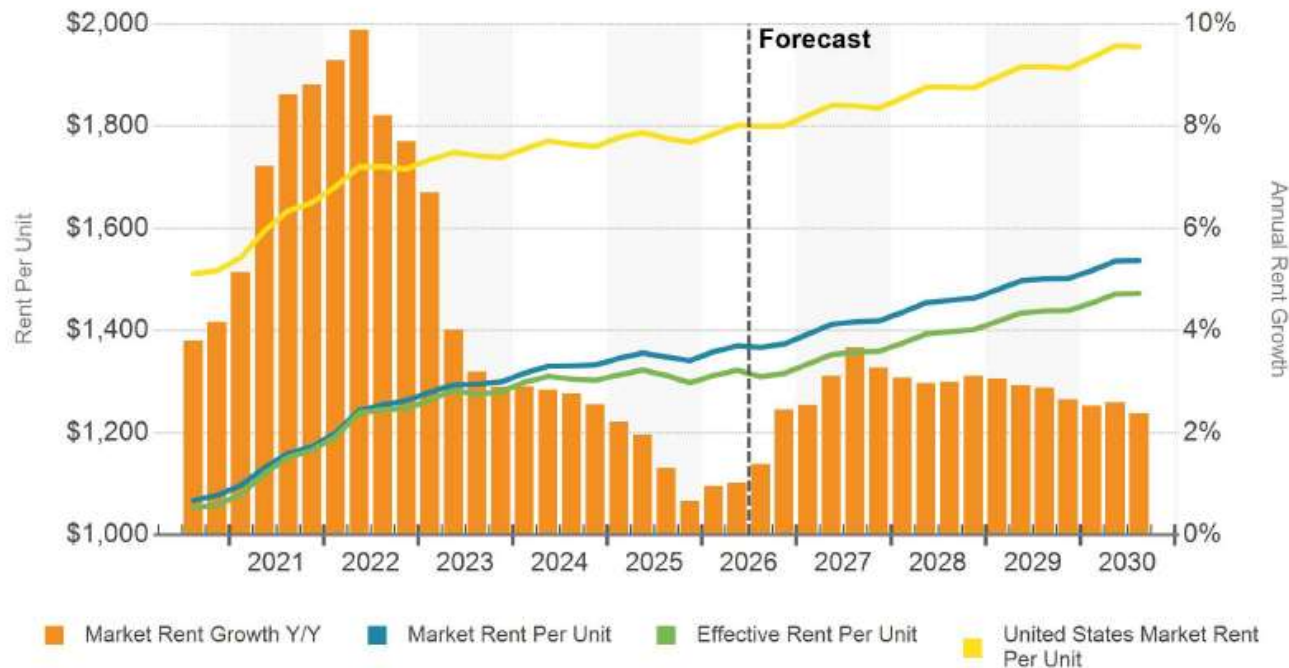
Limited activity
downtown

Suburbs seeing
more demand

St Paul rent
stabilization issues

Indianapolis, IN

MARKET RENT PER UNIT & RENT GROWTH



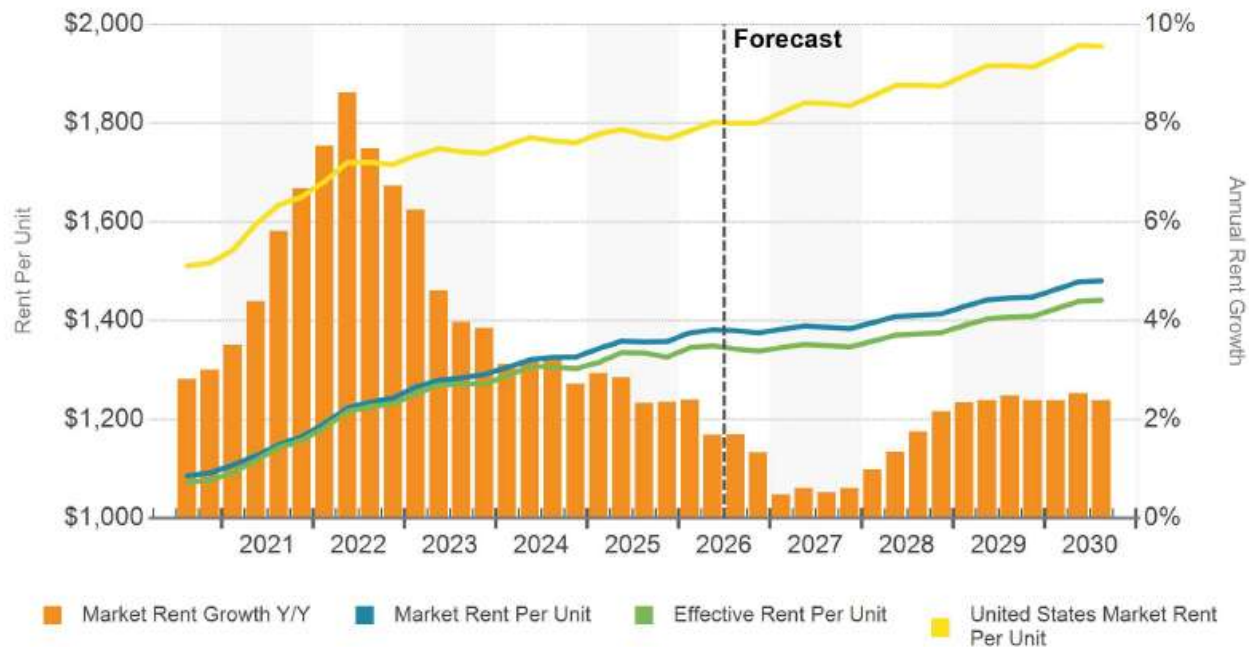
Source: Costar

Slowing rent growth like others

Strong economy but working through supply with elevated vacancy

Cincinnati, OH

MARKET RENT PER UNIT & RENT GROWTH



Working through deliveries with elevated vacancy

Source: Costar

AGENDA

Parts of the picture of how apartment supply and demand actually move

01 Demand Fundamentals

Jobs, household formation, and affordability pressure

02 Secondary Market Opportunity

Major employers and aging product driving borrower interest

03 Defining the Market

Building a real Primary Market Area — not a radius

04 The Supply Pipeline

Which units are truly competitive — and which aren't

05 Product Response

Adaptive reuse and Build-to-Rent meeting new renter profiles

06 Access to Capital

How equity availability shapes what actually gets built

01 • DEMAND FUNDAMENTALS

What's Really Driving New Rental Demand?

JOBS

Employment Growth

New and relocating employers expand the local wage-earning base — the base renter demand is built on.

HH

Household Formation

Population isn't enough on its own — new households (not just new people) are what absorb new units.

\$

Affordability Pressure

Rising for-sale prices and mortgage rates push would-be buyers back into renting, and push renters toward more affordable product.

Takeaway: durable demand needs all three moving in the same direction — a hot job market alone can mask weak underlying absorption.

Why Borrowers Are Looking at Secondary Markets

Two conditions tend to show up together in the deals getting a second look.

1 A Major Employer Anchor

A large employer — new plant, HQ relocation, expansion — creates a concentrated, credible demand story that a market study can underwrite around.

2 Aging Existing Product

Much of the standing stock in these markets was built decades ago. Renters have limited modern alternatives, opening room for new deliveries to lease up without just cannibalizing each other.

Diligence question: is the employer story big enough — and permanent enough — to outlast the lease-up period?

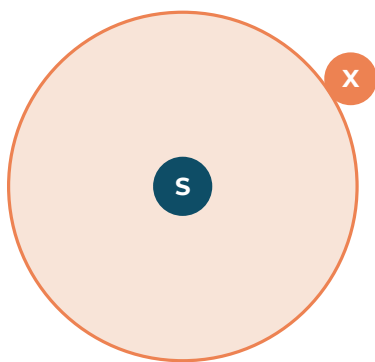
03 • DEFINING THE MARKET

Defining the Primary Market Area

Boundaries, not a compass and a ruler

THE PROBLEM WITH A RADIUS

A directly competitive property just outside the line gets excluded — while a weaker one just inside gets counted.



BUILD THE PMA FROM REAL BOUNDARIES

● Geographic Boundaries

Rivers, highways, rail lines, and other real barriers that shape how people actually move around a market.

● Population Movement

Commuting patterns and migration flows that show where renters are genuinely choosing between properties.

● School District Lines

A meaningful decision factor for renter households, especially for larger units and BTR product.

04 • THE SUPPLY PIPELINE

Building an Accurate Supply Pipeline

Not every unit in the PMA is actually competitive with the subject

1

Appeal

Does the design, age, and amenity package genuinely compete for the same renter's attention — or is it a different tier of product?

2

Pricing

Is the achievable rent close enough to the subject's that a renter would realistically cross-shop the two?

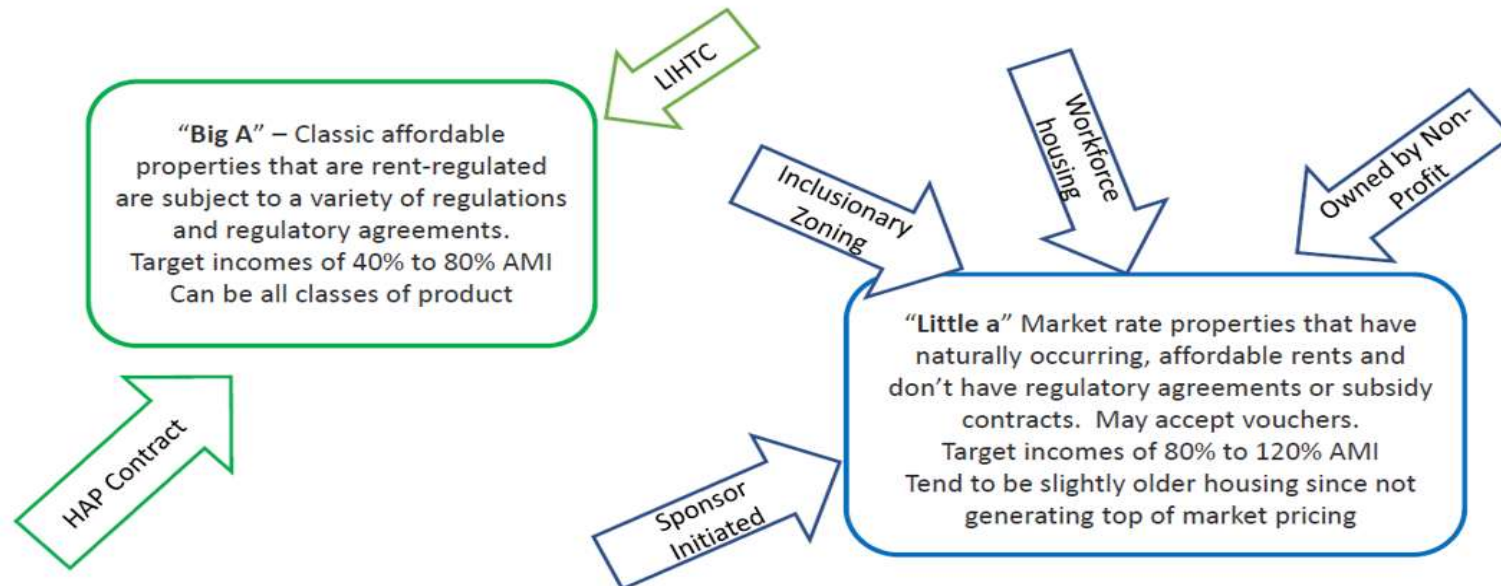
3

Tenant Profile

Does the property attract a similar renter — age, income, household type, lifestyle — or a fundamentally different segment?

A unit that fails any of these three tests should be excluded from — or footnoted separately in — the competitive supply count.

Big A vs little a Affordable



05 • PRODUCT RESPONSE

How Developers Are Responding

Two product strategies showing up across today's pipelines

Adaptive Reuse

Repurposing existing buildings into multifamily

- Converts underused office, hotel, or industrial stock into apartments — often in locations new construction couldn't otherwise reach.
- Typically faster to entitle than ground-up development, but carries its own cost and structural unknowns.
- Adds competitive supply in infill locations without new land absorption.

Build-to-Rent (BTR)

A distinct renter profile

- Attracts renter households who want single-family space and privacy but are priced out of — or not ready for — homeownership.
- Skews toward families and longer average tenancy than traditional garden or mid-rise product.
- Competes as much with the for-sale market as with other rentals, which changes how it should be underwritten.

06 • ACCESS TO CAPITAL

How Access to Equity Shapes the Pipeline

Market fundamentals identify where development makes sense. Capital determines what actually gets built.

Underwriting Discipline Tightens

When equity is scarce, only the strongest demand stories — real employer anchors, real supply gaps — clear the bar to get funded.

Timelines Stretch or Stall

Deals with sound fundamentals can still sit on the shelf, delaying supply the market study says is needed.

Capital Chases Fewer Markets

Equity concentrates in markets and product types perceived as lowest-risk, widening the gap between demand and delivered supply elsewhere.

Pipeline ≠ Permits

A healthy permitted or proposed pipeline can still shrink materially if the projects behind it can't close on equity.

DISCUSSION

Questions for the Audience/Panel

- 1 In the secondary markets you're underwriting today, is the employer story durable enough to survive a slower lease-up?
- 2 How are you adjusting Primary Market Area definitions when a submarket's real boundaries don't match a standard radius?
- 3 What's the biggest source of disagreement between your team and appraisers on what counts as "competitive" supply?
- 4 Are you seeing equity constraints kill otherwise-sound deals — and if so, in which markets or product types?

Questions and Contacts

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Reach out if you have questions.

BBG Real Estate Services