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Subject:	Boom, Bust, or Rebalancing? What the Housing Data Actually Show About Ann Arbor
Date:	Monday, June 15, 2026 12:29:47 PM
Attachments:	Ann Arbor"s Housing Market in Transition - 06-15-26.pdf

Mayor Taylor, City Administrator Dohoney, Council and City Leaders:
(please share this with the Planning Commission)

I'm sharing the attached housing-market assessment in the spirit of constructive, fact-based discussion.

A previous analysis I shared on Facebook (Ann Arbor Housing for All) and NextDoor, on using revenue bonds and public land for affordable housing, was generally received as a good-faith attempt to evaluate an important proposal on its merits. Some people then asked for a similar review of the market-rate development assumptions behind the Council approved Comprehensive Land Use Plan, as an alternate assessment. That is why I developed this assessment.

My intent is not to make a campaign argument for or against any mayoral or Council candidate. I also tried to keep this separate from campaign messaging on either side. Housing has become one of the central issues in this election, but I think the community benefits when we can occasionally step back from the rhetoric and look at what the available market data appears to show.

Summary of Findings

The strongest conclusion is that Ann Arbor appears to be experiencing a housing-market rebalancing, not a simple boom or bust.

The rental market has adjusted most visibly. New multifamily supply appears to have increased tenant choice, reduced landlord pricing power, increased concessions, and contributed to rent declines, especially in older Class B and Class C apartments.

The for-sale market is also becoming more balanced, but more gradually. Realtor.com data show higher inventory, softer listing prices, and longer marketing times, while Zillow and Redfin still show historically high home values and relatively strong sale-price measures. That suggests buyers have gained some negotiating power, but ownership housing remains expensive and supply-constrained.

The demand side still matters.

Ann Arbor continues to benefit from the University of Michigan, Michigan Medicine, research activity, high educational attainment, and quality-of-place advantages. At the same time, demand growth has moderated due to slower employment growth, higher interest rates, expanded university housing capacity, and broader economic uncertainty.

To me, the main takeaway is that both supply and demand matter.

Additional housing supply can help moderate costs, but it does not eliminate the need for affordable housing, public land strategies, community land trusts, workforce housing, infrastructure planning, and pathways to homeownership.

I continue to view the Comprehensive Plan as an important framework for the next phase of Ann Arbor's housing discussion. Reasonable people can disagree about pace, scale, design, neighborhood impacts, infrastructure, and implementation details. But the data suggest we should be discussing those tradeoffs from a shared factual baseline.

My hope is that this report contributes to that kind of discussion: practical, transparent, and focused on how Ann Arbor can remain a place where people can build a life.

All good,

Brian Chambers
3rd Ward Resident

Ann Arbor's Housing Market in Transition:
Supply, Demand, Affordability, and the Emerging Rebalancing of Housing Costs

June 15, 2026

Figure 1. An aerial view of Ann Arbor, Michigan, highlighting the transition from the tree-lined residential neighborhoods into the downtown area and the University of Michigan campus

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Executive Summary

Ann Arbor's housing market is currently experiencing a notable divergence between its for-sale housing market and its rental housing market.

The strongest available evidence suggests that underlying demand for housing remains strong, although demand growth has moderated compared with the post-pandemic period. The University of Michigan continues to attract record numbers of applicants, Michigan Medicine remains a major employment engine, and Washtenaw County continues to add jobs. Home prices remain near historic highs and occupancy rates across professionally managed apartment properties remain healthy.

At the same time, the city has experienced one of its largest multifamily construction cycles in decades. The resulting increase in housing supply has begun to moderate rental costs, increase tenant choice, and reduce landlords' pricing power.

The evidence does not suggest a weakening of Ann Arbor's long-term attractiveness. Instead, it suggests that housing supply growth has temporarily outpaced housing demand growth in portions of the rental market while demand remains sufficiently strong to support home values and occupancy levels.

For residents, policymakers, developers, and housing advocates alike, the current market demonstrates two realities simultaneously:

- Demand for living in Ann Arbor remains strong.
- Additional housing supply can help moderate housing cost pressures.

Neither supply nor demand alone explains current market conditions. The interaction of both provides the clearest explanation for what is occurring.

Current Market Conditions

Comparative Market Summary

Sector	Recent Change	Market Condition
For-Sale Housing	Listing Prices -5%; Median Sold Prices -8.5%; Inventory +30.5%; Home Value Indices +3.1%	Transitioning from an extreme seller's market toward a more balanced market
Class A Rentals	-1.2%	Stable but concession-heavy
Class B Rentals	-5.2%	Moderate correction
Class C Rentals	-9.7%	Significant correction
Overall Rental Market	-6.1%	Supply-driven adjustment

The table illustrates the central feature of Ann Arbor's current housing market: ownership housing and rental housing are responding differently to the same economic environment.

Market-Wide Demand Drivers

Several structural factors continue to support housing demand across all market segments:

- University of Michigan enrollment and record application growth.
- Michigan Medicine employment growth.
- Research, technology, engineering, and professional-services employment.
- Strong household incomes relative to most Michigan communities.
- Continued regional population attraction.
- High quality-of-life amenities.
- Historically strong public-school reputation, despite current enrollment and budget challenges.
- Access to major employment centers throughout Southeast Michigan.

These demand drivers have remained largely intact throughout the recent rental correction.

At the same time, several macroeconomic factors have moderated demand growth:

- Slower employment growth than experienced during the previous decade.
- Elevated mortgage rates.
- Expanded University housing capacity.
- Slower international student enrollment growth resulting from federal visa processing challenges.
- National economic uncertainty affecting household mobility decisions.

The result has been slower growth in housing demand rather than a decline in housing demand.

For-Sale Housing Market

Current Performance

Ann Arbor home prices remain elevated by both state and national standards. As of May 2026:

- Realtor.com's April 2026 Ann Arbor market dashboard reports year-over-year changes:
  - Median Listing Price: $549,450 (-5.02%)
  - Median Sold Price: $485,000 (-8.49%)
  - Price Per Square Foot: $278 (+2.21%)
  - Active Listings: 646 (+24%)
  - Median Market Days: 30 days (+30%)
- Redfin reported a median sale price of approximately $485,000, representing a 5.3% increase year-over-year.
- Zillow estimated the typical Ann Arbor home value at approximately $536,000, a 3.1% increase year-over-year.

These indicators suggest that inventory expanded substantially during 2026 while buyer competition moderated compared with the unusually constrained conditions that characterized the post-pandemic housing market. Because median sale prices are influenced by the mix of homes sold, Realtor.com's reported decline in median sold prices can occur simultaneously with stable or rising home-value indices reported by Zillow and Redfin.

Inventory has improved compared with the severe shortages experienced between 2021 and 2023, but remains below levels typically associated with a fully balanced ownership market.

Supply Conditions

Figure 2. Pauline Blvd Home - Listed for $480K

Figure 3. North Burns Park – Central Ann Arbor Median Listings = $684K

Figure 4. Bristol Ridge Condo - Listed at $475K

The primary supply constraint continues to be the limited availability of ownership-oriented housing, particularly detached single-family homes and entry-level ownership opportunities.

Several factors continue to constrain supply:

- Limited new ownership housing production.
- Low turnover from existing homeowners.
- Mortgage-rate lock-in effects.
- Limited availability of buildable land within established neighborhoods.
- Continued preference for detached housing among many households.

At the same time, Realtor.com data indicate that active inventory increased materially during 2026, providing buyers with more choices than were available during the peak seller's market years.

Realtor.com data, as republished through the Federal Reserve Bank of St. Louis (FRED), indicate that median listing prices during much of 2026 were running approximately 8% to 10% below year-earlier levels. This suggests that sellers increasingly adjusted pricing expectations as inventory expanded and buyers became more selective.

Demand Conditions

Demand remains supported by:

- University faculty and staff.
- Michigan Medicine employees.
- Technology and research workers.
- High-income households relocating here.
- Existing homeowners with significant equity.
- Cash buyers and move-up buyers.

These demand drivers continue to support transaction activity despite elevated mortgage rates.

Market Outcomes

Several ownership-market indicators appear contradictory at first glance: The apparent differences among Realtor.com, Zillow, and Redfin are largely attributable to methodology. Realtor.com's median listing and sale prices are sensitive to changes in the mix of homes entering and leaving the market. Zillow's Home Value Index and Redfin's pricing measures attempt to estimate underlying market appreciation.

Taken together, these data suggest that Ann Arbor's ownership market remains expensive and desirable, while becoming increasingly balanced as inventory expands and buyers gain more negotiating leverage. The evidence suggests that sellers have become more price-sensitive while buyers continue paying historically high prices for homes that meet market demand.

Market Interpretation

Unlike the rental market, ownership housing has not yet experienced sufficient supply growth to materially alter long-term pricing dynamics.

However, Realtor.com inventory and listing-price data suggest that the market is becoming more balanced than it was during the highly competitive conditions of 2021 through 2024.

The strongest evidence supports the conclusion that Ann Arbor's ownership market is transitioning from an extreme seller's market toward a more balanced market. Inventory growth approaching 40%, modestly longer marketing times, lower listing prices, and slightly lower median sold prices all indicate improving conditions for buyers. At the same time, home values remain historically high, homes continue to sell relatively quickly, and price-per-square-foot metrics remain stable.

These indicators suggest that Ann Arbor's long-term demand drivers remain intact even as market conditions become less favorable to sellers than they were during the 2021-2024 period.

Rather than indicating a downturn, the data are more consistent with a gradual normalization of market conditions.

Rental Housing Market

Figure 5. The George

Figure 7. South Main Street

Figure 6. East University

Current Performance

RealPage reported that Ann Arbor experienced one of its largest rental market corrections in approximately fifteen years.

As of October 2025:

- Effective asking rents declined 6.1% year-over-year.
- Occupancy remained approximately 96.1%.
- Concessions reached their highest levels in more than a decade.

Importantly, occupancy remained healthy even while rents declined. This suggests that the market adjustment occurred primarily through pricing and incentives rather than through large-scale vacancy increases.

Class A Apartments

Figure 10. S. University

Figure 9. Main Street & William

Figure 8. E. William St. and Liberty

Market Results

- Rent change: -1.2%
- Occupancy decline: approximately 1.9 percentage points (for example, from about 98.0% occupancy to 96.1%)

Supply Conditions

Class A housing experienced the largest concentration of new deliveries.

New downtown towers and student-oriented developments significantly expanded available inventory. As multiple projects competed simultaneously for tenants, landlords increasingly relied on concessions and leasing incentives.

Demand Conditions

Demand remained supported by:

- Students.
- Faculty and researchers.
- Healthcare professionals.
- Technology workers.
- Higher-income renters.

Occupancy levels remained historically healthy despite rent declines.

Market Interpretation

The evidence indicates that demand remained strong but supply growth exceeded demand growth. The result was slower rent growth, increased concessions, and improved renter choice rather than a significant reduction in occupancy.

Class B Apartments

Figure 11. S. University & S. Forest

Market Results

- Rent change: -5.2%
- Occupancy increased approximately 0.3 percentage points

Supply Conditions

Class B properties faced competitive pressure from newly constructed Class A inventory.

As new projects offered incentives and concessions, owners of older properties increasingly competed on price.

Demand Conditions

Class B housing continued serving:

- Graduate students.
- University employees.
- Healthcare workers.
- Early-career professionals.
- Moderate-income households.

Occupancy increased even as rents declined.

Market Interpretation

The combination of increasing occupancy and declining rents suggests that Class B remained highly attractive to renters while increased competition restrained landlords' ability to raise rents.

Among all rental categories, Class B appears to have offered a particularly favorable combination of affordability, occupancy stability, and renter choice during the current market adjustment.

Class C Apartments

Market Results

- Rent change: -9.7%
- Occupancy decline approximately 0.8 percentage points

Supply Conditions

Class C properties experienced competition from both newly constructed housing and Class B properties.

As renters gained additional choices, competitive pressure increased throughout the lower-cost segment.

Demand Conditions

Several measurable demand influences affected this segment:

- Slower employment growth.
- Additional University housing capacity.
- Regional housing alternatives in neighboring communities.
- Moderation in international student demand growth.
- Increased rental options throughout the market.

Market Interpretation

Class C properties experienced the largest adjustment because demand growth appears to have lagged supply growth by a greater margin than in other rental segments.

Even after the correction, these properties continue to provide an important source of naturally occurring affordable housing within the community.

The Role of Federal Visa Policies and International Students

Federal immigration and visa processing disruptions affected universities nationally during 2025 and 2026. The Institute of International Education documented slower growth and declines in new international student enrollment at many institutions.

The University of Michigan, however, remained one of the largest hosts of international students in the United States and continued enrolling more than 8,000 international students. The available evidence supports the conclusion that visa-related disruptions moderated the pace of future demand growth but did not materially reduce Ann Arbor's existing housing demand base.

Relative to the scale of multifamily construction occurring during the same period, the impact of supply growth appears substantially larger than the impact of visa-related enrollment changes.

What the Data Suggest

Several conclusions emerge from the combined supply and demand evidence.

1. Housing Demand Remains Strong

The University of Michigan, Michigan Medicine, research employment, and regional economic activity continue to generate substantial housing demand. Neither home prices nor apartment occupancy rates reflect a weakening of Ann Arbor's long-term attractiveness.

2. Housing Supply Is Influencing Rental Affordability

The rental market provides evidence that increased housing production can moderate rent growth. Additional housing has expanded renter choice and reduced pricing pressure.

3. Ownership Housing Is Becoming More Balanced

Unlike the rental market, ownership housing remains supply constrained. However, increasing inventory, softer listing-price growth, and longer marketing periods indicate a gradual shift away from the extreme seller's market conditions that characterized the early 2020s.

4. Different Housing Segments Respond Differently

Ownership housing, Class A rentals, Class B rentals, and Class C rentals each responded differently based on the balance between supply growth and demand growth within their respective segments.

5. Housing Affordability Is Multifaceted

Housing outcomes are influenced by:

- Supply growth.
- Employment growth.
- Student enrollment.
- Immigration and visa policies.
- Interest rates.
- Household income growth.
- Transportation access.
- Regional housing alternatives.

No single factor explains current market conditions.

Relationship to Long-Term Housing Planning

The current market illustrates both the opportunities and limitations of housing policy.

The recent rental correction suggests that increasing housing supply can influence rental affordability and improve market balance, although the magnitude and timing of those effects vary across housing segments. At the same time, the continued strength of the ownership market demonstrates that Ann Arbor's long-term demand drivers remain powerful.

The evidence therefore supports continued attention to:

- Expanding housing opportunities.
- Preserving existing affordable housing.
- Supporting workforce housing.
- Increasing housing choice.
- Aligning infrastructure, transportation, and land-use planning with anticipated growth.
- Supporting pathways to homeownership across a broader range of income levels

Reasonable people can disagree about the pace, scale, and location of future housing development. The available evidence, however, suggests that both supply and demand will continue shaping housing outcomes in Ann Arbor for many years to come.

A notable finding in the current data is that ownership housing and rental housing are not moving in opposite directions. Rather, both appear to be moving toward greater balance. The rental market has adjusted more visibly through declining rents and increased concessions, while the ownership market has adjusted through increased inventory, softer listing prices, and longer marketing periods. The difference appears to be one of degree rather than direction.

The broader implication is that housing outcomes rarely result from a single policy, project, or economic factor. Ann Arbor's recent experience reflects the combined influence of housing production, university growth, employment trends, interest rates, migration patterns, and broader economic conditions. Understanding how these forces interact is often more useful than attributing market outcomes to any one cause.

Conclusion

Figure 12. Sunrise across Ann Arbor, Michigan Skyline

The strongest evidence suggests that Ann Arbor is experiencing a broad housing-market rebalancing rather than either a housing boom or a housing downturn. The rental market has adjusted most visibly, with rents declining, concessions increasing, and tenant choice expanding. The ownership market has also become more balanced, with inventory rising approximately 39%, listing prices softening, and buyers gaining greater negotiating leverage. At the same time, home values remain historically high, homes continue to sell relatively quickly, and the city's long-term demand drivers remain intact.

One of the largest multifamily construction cycles in recent decades has begun to influence rental pricing, particularly in Class B and Class C housing. For renters, this has created more choices, increased competition among landlords, and moderated rent growth.

For prospective homeowners, affordability challenges remain significant because ownership housing supply continues to lag demand, although increasing inventory and softer listing-price trends suggest movement toward a healthier balance between buyers and sellers.

The broader lesson is that housing outcomes are shaped by the interaction of supply, demand, employment growth, student enrollment, financing conditions, and regional migration patterns. Ann Arbor's recent experience suggests that housing production can improve market balance, while the city's long-term economic strengths continue to generate housing demand that will require thoughtful planning, continued investment, and ongoing attention to affordability.

End Notes

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