



Market Challenges in Southeast Michigan

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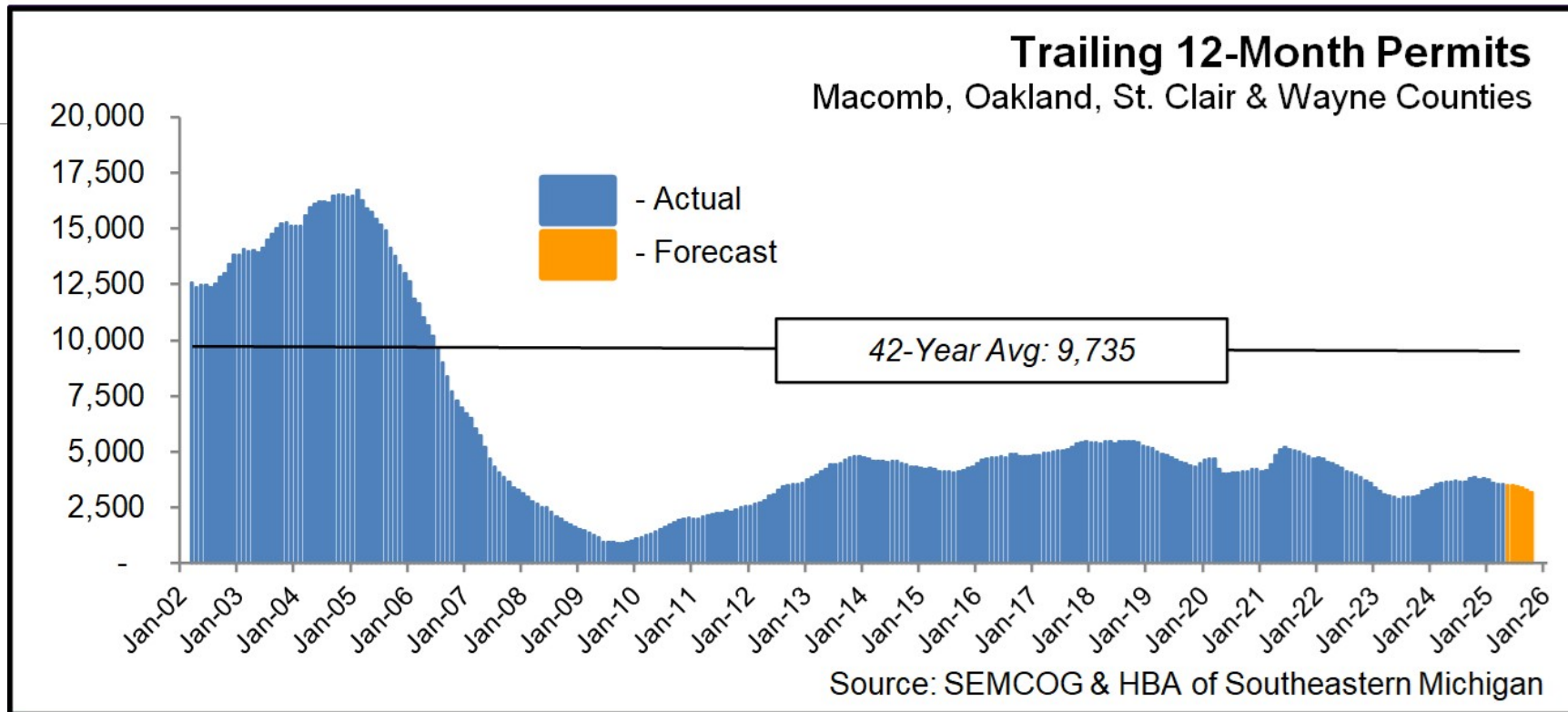
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Established Legacy Since 1945

- Remains one of the longest-standing homebuilders and developers in Southeastern Michigan.
- Over 8,000 homes built across the region
- Specializing in single-family homes, townhomes, apartments, detached condominiums, and midrise condominiums
- Recognized for creating walkable, well-designed infill communities and suburban master-planned communities
- Actively developing in Detroit and several vital communities in the greater metro area including Ann Arbor, Royal Oak, Novi, Commerce Township, Lyon Township, and Troy



SE Michigan Permit Decline



- Annual permits are 25% of pre-recession permits and 40% of the 42-year average
- Market is undersupplied at price points that match current buyer demand
- Permits forecasted to continue to stagnate or decline

Challenges Facing SE Michigan

- An aging population and outmigration of younger residents are shrinking the homebuyer pool
- Material and land costs have increased 30 to 50 percent over the past five years
- Home prices and rising interest rates are outpacing household income, making it harder for first-time buyers to enter the market and nearly impossible to deliver new homes where the majority of the market is in terms of price
- Aging skilled trades workforce, with too few younger workers entering the field, is creating labor shortages and driving up construction timelines and costs
- Project entitlements taking 12 to 24 months or longer, even with smaller municipalities
- State regulatory agencies like EGLE add complexity, time, and cost to site development, especially for parcels with wetlands, woodlands, or drainage concerns
- Financing and timing challenges for attainable homes, a product in high demand

Solutions

- Housing supply to attainable price points needs to be increased
 - Housing affordability needs to be the priority
 - Work with developers to identify what has caused costs to increase and identify and enforce solutions
 - We cannot continue down the path of costly code updates and provide affordable housing...they do not mix
- Zoning and entitlement reform
 - Expand by right development options
 - Support density
 - Quicker entitlement timelines
 - Reduce/eliminate duplicate oversight and review by local/state agencies
 - Eliminate pay for play community benefits as requirement for certain entitlements....housing itself is/should be the community benefit
- Make housing affordability a statewide economic priority by establishing clear, timely, and well-funded incentive programs for residential developers
- Expand skilled trades pipelines by offering tuition waivers, stipends, and other incentives to attract students into construction-related careers.