

Greater Lansing Area, Michigan / H2 2019

# Retail Market Continues Upward Trajectory at Year-End

### Market at a Glance:

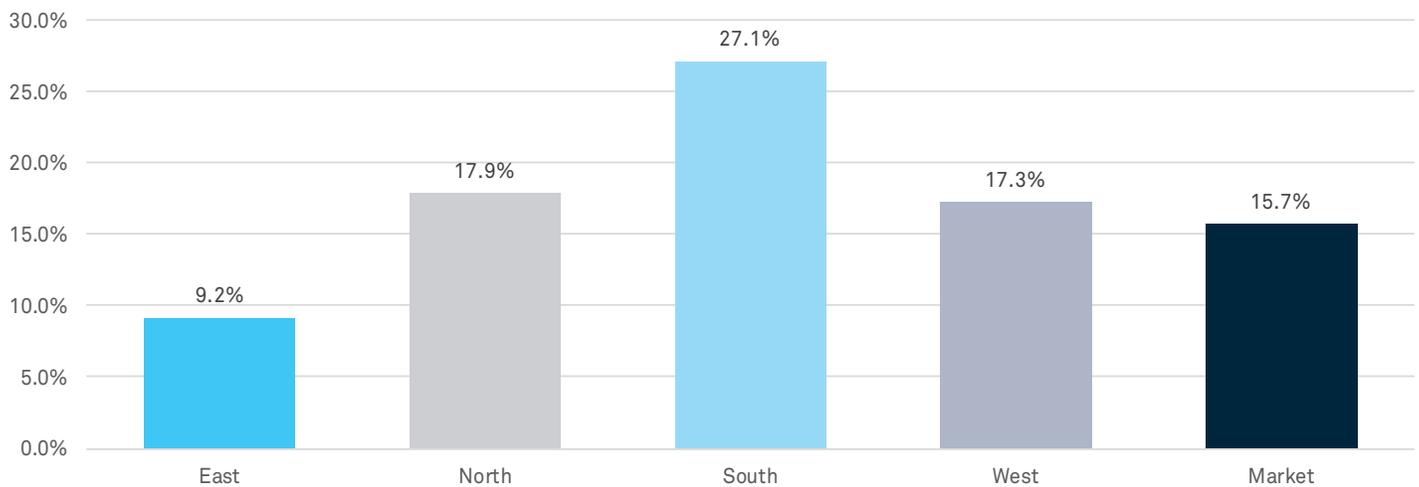
Arrows indicate change from previous period.

 **Vacancy Rate**  
15.7%

 **Completions**  
27,032 SF

 **Absorption**  
81,633 SF

Figure 1: Market Vacancy



Source: Martin Commercial Properties, Inc.

### Market News

- **Sears** announces early 2020 closure of its **Frondor** store.
- **Chipotle** and **Aspen Dental** to open in new retail center in Okemos.
- While **Lansing Mall** struggles, **Meridian Mall** continues attract new tenants, welcoming **Ballzy Balls**, **Black Barn & Co.**, **Americana Smokehouse**, **City Man** and **Hawkins Photography** this period.
- **Fiesta Charra** purchases former **LaSenorita** building on Lake Lansing Road @ US-127.
- **Eastwood Towne Center** welcomes **BJs Restaurant & Brewhouse** while **Cantina Eastwood** opens at the **Heights at Eastwood**.
- **Big Lots** opens 2nd area store, on W. Grand River in Okemos.
- **Buddy's Pizza** to open first area location on W. Saginaw Hwy.
- Proposed sale of former **Big K** building on S. Cedar to **U-Haul**.

### Market Composition

Just under 9.5 million SF of leasable retail space was surveyed throughout the Greater Lansing Area. The largest submarket is the East Submarket, home to **Michigan State University** and the **Meridian Mall**, with 42% of the market. The smallest submarket is the North Submarket, home to **Eastwood Towne Center**, with 8% of the market.

The most dynamic retail corridors in the market include Grand River Ave. from **MSU** to the **Meridian Mall** (East Submarket); W. Saginaw Hwy. from Waverly to Broadbent (West Submarket); Lake Lansing Rd. from Coolidge to Wood St. and Old US-27 in Dewitt near the I-69 interchange (north submarket); and Cedar St. from Jolly Rd. to Willoughby Rd. (South Submarket).

# Retail Market Index Brief / H2 2019

## Greater Lansing Area, Michigan

Figure 2: Market Statistics | H2 2019

SUBMARKET	MARKET RENTABLE AREA (SF)	MARKET SHARE (%)	VACANT (SF)	VACANCY RATE (%)	COMPLETIONS (SF)	ASKING LEASE RATES (\$/SF/YR)
EAST	3,935,581	41.6	360,694	9.2	22,903	10-45.00
NORTH	778,041	8.2	139,271	17.9	4,129	8-40.00
SOUTH	1,712,200	18.0	464,811	27.1	0	7-18.00
WEST	3,045,608	32.2	525,837	17.3	0	9-35.00
MARKET	9,471,430	100	1,490,613	15.7	27,032	7-45.00

Source: Martin Commercial Properties, Inc.

### Greater Lansing Area



you may find beneficial. Also, the U.S. Small Business Association (SBA) has published an outline of resources, products, loan programs and guidance measures meant to assist business owners. Also, the MEDC announced Michigan Small Business Relief Program will provide up to \$20 million in support for small businesses negatively impacted by COVID-19. Details and resources can be found at [Michiganbusiness.org/covid19](http://Michiganbusiness.org/covid19). Smaller grant programs have also been funded by LEAP and LEDC for Lansing area small businesses.

This situation is unprecedented in modern times, and it is difficult to fully assess what the Greater Lansing retail market will look like in the months ahead. Much will depend on how long the economy is stalled and the time it will take for businesses to get back to a reasonable normal. Some retailers, particularly grocery chains, are certainly thriving during this pandemic while for others, uncertainty looms over first-half 2020 and beyond.

Now the question becomes: What will the new normal be? What is the impact on brick and mortar retail, that had been finding inventive ways to evolve to combine experience-driven users and retailers and to those retailers that were working to create a successful mix of bricks and mortar locations and online shopping platforms? What is the long-term impact to the many small businesses that have shuttered and to mall and shopping center owners? Most likely, there will be both negative and positive aspects to the “new normal” for landlords and tenants, and we will continue to provide industry and market insight to keep you informed.

### The Impact of COVID-19

It is important to note that while we are publishing this H2 2019 market report in early 2020, the new COVID-19 pandemic is creating a swirl of uncertainty in markets around the world, with the retail sector expected to experience a lingering impact.

The necessity of social distancing and Government-mandated stay-at-home orders leading to closures of many retailers, restaurants and service providers will undoubtedly create economic burden for landlords and tenants alike.

Many local, state and federal programs have been launched to provide financial assistance to businesses impacted by this pandemic. The Small Business Development Center (SBDC) has published a Question & Answer transcript outlining various programs and numerous resources

## Market Growth and Movement

The state of the Greater Lansing Area retail market is one of stark contrast and contradictions. On the one hand, retailers continue to grapple with bankruptcies and closings, with store closures announced by **Sears**, **Dressbarn**, **Pier One Imports**, **Catherine's** and **Dollar General** impacting the market, while on the other hand, new restaurant openings including **Panera**, **Chipotle**, **Fiesta Charra**, **Blume**, **BJ's Restaurant & Brewhouse**, **Buddy's Pizza**, **Anna's House**, **Cantina Eastwood**, **Smoke N Pig** and more continue to pour into the market, and while new neighborhood retail centers (6300 S. Cedar; 4129 Lake Lansing; and 3470 Okemos Road) are opening at or near 100% occupancy.

From a space usage perspective, there is a continuing and undeniable shift towards smaller, more dynamic and flexible formats.

### East Submarket

Mixed-use development continues to dominate the East sector. Mixed-use projects coming online during H2 2019 included **The Hub** (occupied by **Georgio's Pizza** and **7-11** along East Grand River Avenue) and **Trowbridge Crossings** (currently vacant on Trowbridge Road), bringing 12,220 SF and 10,683 SF of new retail space, respectively, to the market.



**Park District**  
*Mixed-Use Project Under Construction*  
*100 W. Grand River, Across from MSU*

Additionally, several high-profile mixed-use projects are under construction. The 55 acre **Red Cedar** redevelopment project located on Michigan Avenue @ US-127, across from **Frondor Shopping Center**, which will include 45,000 + square feet of retail and restaurant space, as well as two hotels, 1,100 student housing units, 150 market-rate apartments and an assisted living facility, broke ground in October. **Park District**, at the NW corner of Abbot and Grand River is also underway, and will feature an 11-story apartment building, a hotel and approximately 13,360 SF of retail. A third mixed-use project, the \$110 Million **Village of Okemos**, is planned for the intersection of Okemos and Hamilton Roads, and will deliver residential units with over 66,000 SF of retail, including a new **Douglas J.**

On-going construction activity in the submarket includes the renovation of 3470 Okemos Road to accommodate a 3,900 SF **Big Boy** and a 1,500 SF **Tropical Smoothie Cafe** and approximately 10,000 SF at 2085 West Grand River to welcome a drive-through **Chipotle** and **Aspen Dental**.

New restaurant activity continues to invigorate the sector, some of which includes:

- **Panera Bread** -2080 Grand River, Okemos and 6300 S Cedar, Lansing;
- **Snap Pizza & Salad** - **City Center**, East Lansing;
- **Anna's House** - West Grand River;
- **Overdrive** – **Lansing Mall**, Lansing;
- **Buddy's Pizza** – 5924 W. Saginaw Hwy., Lansing;
- **Chipotle** – **Delta Center** – Lansing;
- **Georgio's Pizza** - **The Hub**, East Lansing;
- **Black Barn & Co. Americana Smokehouse** - Meridian Mall, Okemos;
- **Chipotle** - 2085 W. Grand River, Okemos;
- **Starbucks** - 2624 Lake Lansing Road, Lansing;
- **Pizza Hut** - 2624 Lake Lansing Road, Okemos;

*Continued on page 4.*

## Retail Market Index Brief / H2 2019

# Greater Lansing Area, Michigan

"Market Growth and Movement" - Continued from page 3.

- **Fiesta Charra** - Lake Lansing near US-127, Lansing;
- **102 Pho & Banh Mi Vietnamese Soup & Sandwiches** - 4760 Marsh Road, Okemos;
- **Bread Bites and Mediterranean Cuisine & Bakery** - Central Park Place, Okemos; and
- **Big Boy and Tropical Smoothie Cafe** - 3470 Okemos Rd, Okemos.

### North Submarket

Most activity in the north submarket was centered around **Eastwood Towne Center**. **BJ Restaurant & Brewhouse** broke ground on the site of the former **Max and Erma's**. **Starbucks** opened a new drive-thru end-cap location at 2624 Lake Lansing Road, **Fiesta Charra** purchased the former **LaSenorita** building and **Cantina Eastwood** opened in 4,500 SF at the **Heights of Eastwood**.

### South Submarket

Historically, the South Submarket has been a weak sector for retailers with vacancies surging and rental rates falling. This is all changing.

With the opening of **Stock+Field** on Edgewood Boulevard (site of the former **Sam's Club**) earlier in the year, the spotlight has shone on **Edgewood Town Center** and the South Cedar Street corridor near I-96, making it a new hotspot for retailers.

In H2 2019, **Five Below** opened a new 8,500 SF store in **Edgewood Towne Center**; **Shaheen** broke ground on a new **Cadillac** dealership on American Road; **Panera** opened in the new 8,697 SF retail center at the corner of South Cedar and Edgewood, soon to be joined by **Xfinity** and **ATI Physical Therapy**. **U-Haul** entered into an agreement to purchase the 120,600 SF (former **Big K**) center to the north on Cedar Street.

In Holt, ground was broken on the 14,000 SF mixed-use **Esker Square** project at 2030 North Cedar, while an additional 6,000 SF is being built adjacent to **Dollar Tree** on Kipp Road in Mason.



*FiveBelow's New Edgewood Towne Center Location*

### West Submarket

While no new retail strip center construction occurred in the West Submarket during H2 2019, **Garden Inn Hilton** and **Blume Restaurant** opened their doors on Canal and **Overdrive** opened in the **Lansing Mall**.

Significant leasing activity occurred in **Elmwood Plaza**, where **Pancho's Taqueria**, **Evolution Games**, **Harmony Restoration Services**, **Tri Fitness**, **Spartan Spin** and **Smoke N Pig** joined the 35,000SF **Lansing City Arena**. **H2O Hydroponics** acquired 5002 W. Saginaw, where it will relocate to the 14,000 SF former **MC Sports** space. Finally, a 2,460 SF drive-thru Chipotle is under construction at Delta Center and **Clock Mobility** leased 6,500 SF at 603 North Waverly Road.

A number of store closures occurred in the sector, including **Catherine's** and **Dollar General** vacating over 10,600 SF at 4359 West Saginaw; and **Dressbarn** vacating 6,500 SF at **The Marketplace at Delta Township**.

Finally, the 43,124 SF former **Babies R Us** building on West Saginaw was sold to **Volunteers of America**, and reclassified as owner-user space.

# Retail Market Index Brief / H2 2019

## Greater Lansing Area, Michigan

### Retail Dispositions

Commercial sales activity was brisk during H2 2019, with notable transactions including:

- The former **Valvoline Instant Oil** building @ 1054 East Grand River, which sold for \$1.2 Million to OMA Grand River I, LLC for a medical marijuana dispensary;
- The former **LaSenorita** restaurant building @ 2706 Lake Lansing Road was sold for \$1,150,000 to Fiesta Charra;
- The former **Courtesy Ford** @ 1830 West Grand River sold for \$3.93 Million to **Merrill Ford**;
- The **Sherwin Williams** building at 1824 Lake Lansing Road sold for \$1.592 Million to investor Kona AVDEV;
- The former **Babies R Us** building @ 5900 West Saginaw Highway sold for \$1.5 Million to Volunteers of America Michigan, Inc.;
- **Brookside Plaza** @707 Brookside Drive sold for \$1.76 Million to investor Brookside West, LLC;
- The **MC Center** @ 5002 West Saginaw Hwy. sold for \$1.2 Million to 5002 W Saginaw Hwy LLC (H2O Hydroponics); and
- The **Chick-Fil-A** building @ 5617 West Saginaw sold for \$2.09 Million to investor Spartan Pastabilities.

### Vacancies

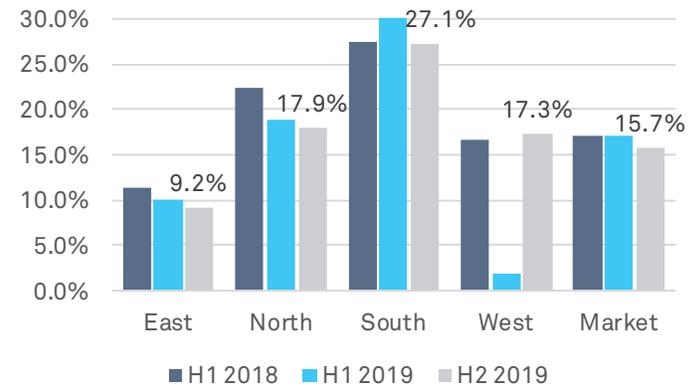
The average vacancy rate for Greater Lansing retail space is 15.7%, down from 17.0% in H1 2019. Excluding the Lansing and Meridian Malls, the vacancy averages 15.0%.

The submarket experiencing the highest percentage of vacancy is the South Submarket (27.1%, down from 30.1% in H1 2019), though it should be noted that this sector is expected to strengthen considerably with the pending sale of the long-vacant 120,000 SF Big K building to U-Haul in 2020.

The sector with the lowest vacancy continues to be the East Submarket (9.2% vacant, down from 10.0% in H1

2019); however, significant mixed-use development is underway in the sector, and upon delivery, the vacancy rate is expected to escalate slightly.

Figure 3: History of Vacancies



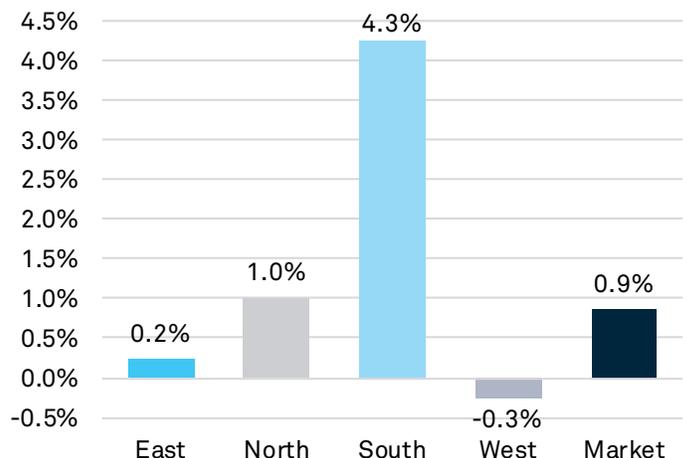
Source: Martin Commercial Properties, Inc.

### Absorption

Absorption is the net change in physically occupied space from one period to the next. Over the past six months, the Greater Lansing retail market absorbed 81,633 SF, up from negative 73,224 SF of absorption during H1 2019.

The South Submarket fared the best in the market, with 4.3% absorption (72,799 SF), while the West Submarket lost ground for the second period, as absorption totaled -0.3% (-7,912 SF), up from -0.8% charted in H1 2019.

Figure 4: Absorption Over Past 6 Months



Source: Martin Commercial Properties, Inc.

## Retail Market Index Brief / H2 2019

# Greater Lansing Area, Michigan



### About Martin Commercial Properties

For nearly 60 years, Martin Commercial Properties has provided commercial real estate services to owners and occupiers and across five core business lines: Brokerage, Property Management, Project Management, Investment and Corporate Services.

Since 1988, Martin has produced comprehensive index briefs for the Greater Lansing Area, detailing local office, retail and industrial statistics, major transactions, industry trends and market forecasts. *Martin Commercial Properties is the source for local market knowledge.* We welcome the opportunity to be of service.

**Trusted Commercial Real Estate Services...Since 1962.**

© 2020 Martin Commercial Properties, Inc. and Martin Commercial Properties West Michigan, LLC. All rights reserved. This information has been obtained by Martin Commercial Properties' Vice President of Research, Jill Langosch, from sources believed reliable but has not been verified for accuracy or completeness. Any reliance on this information is solely at your own risk. Martin Commercial Properties and the Martin logo are service marks of Martin Commercial Properties, Inc. and Martin Commercial Properties West Michigan, LLC.

### Services Summary

- **Brokerage**
- **Property Management**
- **Project Management**
- **Investment**
- **Corporate Services**

### Amy Richter-Perkins

Senior Associate / Retail Advisor

517 319-9248

[amy.richter-perkins@martincommercial.com](mailto:amy.richter-perkins@martincommercial.com)

### Van W. Martin, CCIM, SIOR, CRE

President & CEO

517 319-9241

[van.martin@martincommercial.com](mailto:van.martin@martincommercial.com)

Mid-Michigan Office / 1111 Michigan Avenue, Suite 300, East Lansing, MI 48823 / (517)351-2200