

Greater Lansing Area, Michigan / H2 2021

Retail Leasing Gains Momentum; Development Pipeline Aiding Recovery

Market at a Glance:

Arrows indicate change from previous period.



Vacancy Rate
17.5%

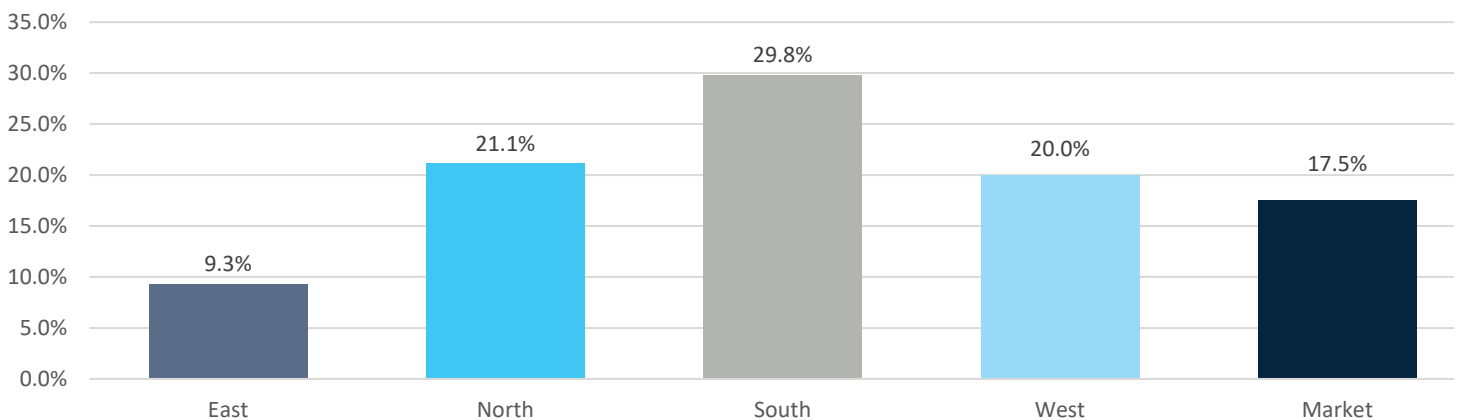


Completions
149,908 SF



Absorption
213,882 SF

Figure 1: Market Vacancy



Source: Martin Commercial Properties, Inc.

Market News

- Vacancy rose from 16.9% in H1 2021 to 17.5% in H2 2021; while absorption improved from 78,140 SF in H1 2021 to 213,882 SF in H2 2021.
- Retailers continue to experience issues with the global supply chain and labor shortages.
- To compete for tenants, landlords are giving incentives including free rent and tenant improvement allowances in exchange for long-term leases.
- A host of new restaurants debuted, including **Sidecar Slider Bar**, **Lefty's Cheesesteaks**, **Aloha Cookin'**, **Capo's Cheese Steak**, **That's What Cheese Said**, **Clean Juice**, **Meet Sweet**, **PappaRoti**, **Gravity Smokehouse**, and **Crepe Nation**; and more are on the way, including **Feng Cha Tea**, **Pablos Mexican Restaurant**, **Detroit Wing Company** and others.
- Over 135,000 SF of new space opened at **Delta Crossings** (West Submarket), fully occupied by **TJ Maxx**, **Sierra Trading Post**, **Hobby Lobby** and **Bob's Discount Furniture**. In 2022, **BJ's Wholesale**, **Texas Roadhouse** and **Olive Garden** will join them.
- First National Bank** leased 17,950 SF in the **Heights of Eastwood** on Showtime Dr. (North Submarket).
- The Old Bag of Nails Pub** will soon join **Feng Cha Tea**, **Hooked** and **Orthopaedic Rehab Specialists** in the new **Red Cedar Mixed-Use Development** on Michigan Ave. (East Submarket).
- High Caliber** expanded by 25,000 SF and **Gymkind** opened in **Meridian Mall** (East Submarket), while **BootBarn** leased 12,600 SF west of I-96 on W. Saginaw Hwy. (West Submarket).
- Trader Joe's** is planning a store on E. Grand River (East Submarket) and **Starbucks Community Store** will open in the renovated former **Clara's** building on E. Michigan (Central Urban Area).
- Stock + Field** vacated its 135,498 SF building on Edgewood (South Submarket).
- Coolidge Court Shopping Center** across from **Meijer** (East Submarket) will be redeveloped in 2022.
- The largest investment sales included the W. Saginaw **Walgreens** (\$6.2 Million - West Submarket); the **Jimmy Johns & Sleep Number** strip center on E. Grand River (\$3.25 Million - East Submarket); **Walgreens** on E. Saginaw (\$3.1 Million - East Submarket); and the W. Saginaw **Verizon** building (\$2.5 Million - West Submarket).

Retail Market Insights / H2 2021

Greater Lansing Area, Michigan

Figure 2: Market Statistics | H2 2021

| SUBMARKET | MARKET RENTABLE AREA (SF) | MARKET SHARE (%) | VACANT (SF) | VACANCY RATE (%) | ABSORPTION (SF) | ASKING LEASE RATES (\$/SF/YR) |
|-----------|---------------------------|------------------|-------------|------------------|-----------------|-------------------------------|
| EAST | 3,840,431 | 40.7 | 357,521 | 9.3 | 115,161 | 12-35.00 |
| NORTH | 812,493 | 8.6 | 171,401 | 21.1 | 33,872 | 8-32.00 |
| SOUTH | 1,691,661 | 17.9 | 503,915 | 29.8 | -29,290 | 7-16.00 |
| WEST | 3,082,975 | 32.7 | 616,802 | 20.0 | 94,139 | 9-25.00 |
| MARKET | 9,427,560 | 100.0 | 1,649,639 | 17.5 | 213,882 | 7-35.00 |

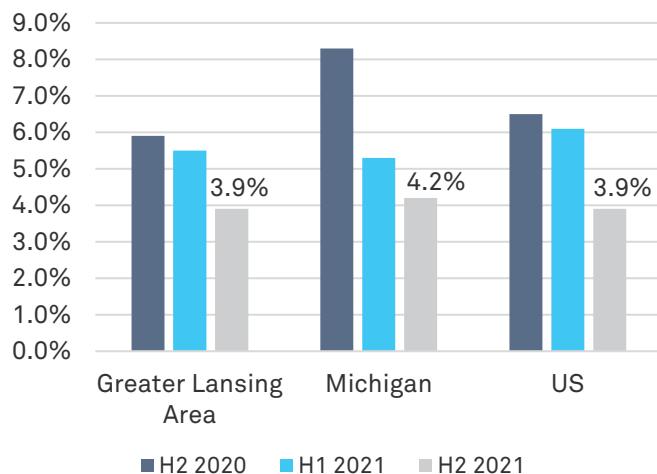
Source: Martin Commercial Properties, Inc.

Greater Lansing Area



Figure 3: Unemployment Statistics

History of Unemployment / Local, State, U.S.



Source: Bureau of Labor Statistics

Market Composition & Growth

The Greater Lansing Area comprises over 9.4 million SF of leasable retail space, up from 9.1 million SF in H1 2021, largely due to 135,000+ SF of new retail space in **Delta Crossings**, the mixed-use development adjacent to I-96, (West Submarket); the vacated 124,550 SF former **Stock + Field** building (previously owner-occupied) on Edgewood Blvd. near I-96 (South Submarket); and the opening of the **Red Cedar Mixed-Use Development** adjacent to **Michigan State University** near US-127 (East Submarket).

The largest concentrations of retail space are found in the East Submarket (3.8 million SF), home to **MSU** and the **Meridian Mall**, and the West Submarket (3.1 million SF), home to **Delta Crossings** and the **Lansing Mall**; while the smallest sector is the North Submarket (812,493 SF), home to **Eastwood Towne Center**.

The most dynamic retail corridors in the market include Grand River Ave. from **MSU** to the **Meridian Mall** (East Submarket); West Saginaw Hwy. from Waverly to Broadbent Rd (West Submarket); Lake Lansing Rd. from Coolidge Rd. to Wood St. (North Submarket); and Cedar St. from Jolly Rd. to Willoughby Rd. (South Submarket).

Speculative construction this period was limited to 25,358 SF in the **Red Cedar Mixed-Use Development** (East Submarket). **BJ's Wholesale**, **Texas Roadhouse** and **Olive Garden** are under construction at **Delta Crossings**. Another development to watch is **The Village of Okemos**, a mixed-use development soon to be underway at Hamilton Rd. and Okemos Rd. (East Submarket).

Retail Market Insights / H2 2021

Greater Lansing Area, Michigan

Vacancies

Market vacancies averaged 17.5%, up from 16.9% charted in H1 2021.

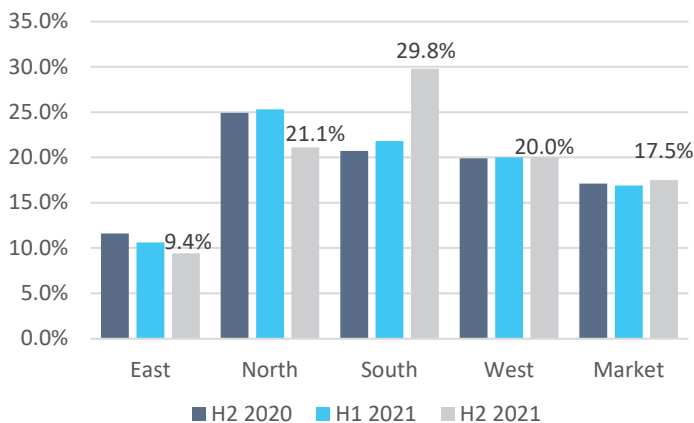
The East Submarket performed well, with vacancies dipping from 10.6% in H1 2021 to 9.3% in H2 2021. The largest lease this period was the 25,000 SF expansion by **High Caliber** in the **Meridian Mall**.

The North Submarket is Greater Lansing's smallest retail sector, and vacancies fell from 25.3% in H1 2021 to 21.1% in H2 2021, largely due to the 17,950 SF lease by **First National Bank** in the **Heights of Eastwood**.

The South Submarket experienced the greatest loss in the market, as **Stock + Field** vacated its 135,318 SF building. Vacancies soared from 21.8% in H1 2021 to 29.8% in H2 2021.

Vacancies remained at 20.0% in the West Submarket. Though several big box retailers opened in **Delta Crossings** this period, **TJ Maxx** and **Hobby Lobby** vacated large blocks of space along West Saginaw Hwy. after relocating to **Delta Crossings**, negatively impacting the submarket.

Figure 4: 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 213,882 SF (2.3%), up from 78,140 SF charted during H1 2021. Over half of the absorption was due to the addition of 124,550 SF of fully occupied space at **Delta Crossings**. The balance was comprised of small-to moderate lease transactions.

All submarkets charted positive absorption except the South Submarket, which experienced negative 29,290 SF absorption.

Figure 5: Absorption During H2 2021



Source: Martin Commercial Properties, Inc.

Retail Market Insights / H2 2021

Greater Lansing Area, Michigan



Coolidge Court Shopping Center
2022 Center Redevelopment @ Lake Lansing & Coolidge Roads, E. Lansing
1,294 - 5,494 SF for Lease - Now with Sunday Hours!

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 market insights 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.

© 2022 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

Carson Patten

Sales Associate
517 319-9230
carson.patten@martincommercial.com

Chris Buck

Senior Managing Director & COO
517 319-9259
chris.buck@martincommercial.com

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