

Greater Lansing Area, Michigan / H2 2022

Greater Lansing's Retail Market Shows Resiliency with Declining Vacancy

Market at a Glance:

Arrows indicate change from previous period.



Vacancy Rate
16.1%

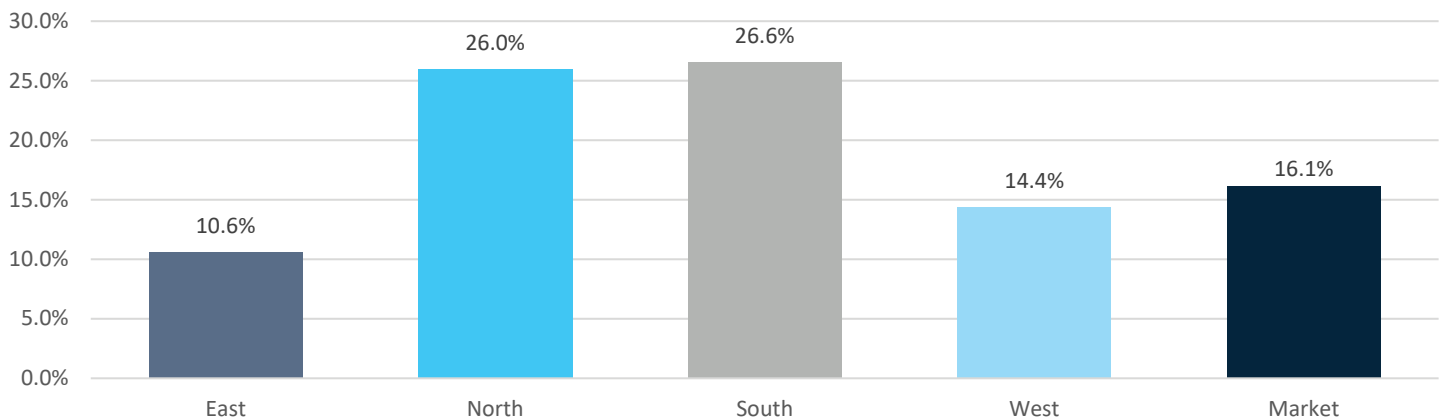


Completions
8,012 SF



Absorption
168,405 SF

Figure 1: Market Vacancy



Source: Martin Commercial Properties, Inc.

Market News

- Vacancy fell from 17.8% in H1 2022 to 16.1% in H2 2022, while absorption remained steady.
- New national chain and mom-and-pop eateries were in abundance this period. A sampling includes **Crumbl Cookies** at **Marketplace at Delta Township** (West Submarket) and **Joe's on Jolly**, who located near Jolly & I-96 (East Submarket)
- Dick's Sporting Goods Warehouse Sale** leased the 54,000 SF fmr. **Hobby Lobby** space while **Bed Bath & Beyond** is slated to close its doors on 21,500 SF in **Delta Center** on W. Saginaw Hwy. (West Submarket).
- Harbor Freight** and **B2 Outlet** opened new 10,000 SF stores on on South Cedar St (South Submarket)
- Lansing Mall** (West Submarket) continues to shed vacancies; recent leases include **Daily Dealz**, **The Venue** and **Zap Zone**.
- A new 8,000 SF strip center opened on E. Saginaw St. near Meijer and Costco in Bath Twp. (East Submarket), while another 8,000 SF strip is under construction on W. Saginaw (West Submarket).
- Trader Joe's** is under construction on Grand River Avenue in Okemos (East Submarket).
- Activity is bustling along Lake Lansing Road. The corridor is slated to welcome a new 22,000 SF **Dave & Busters**; 2,225 SF **Panda Express**; and 4,500 SF **McAllisters** (all west of US-127 near **Eastwood Towne Center** - North Submarket); while **Wellnow Urgent Care** and **Chipotle** are under construction just east of US-127 (East Submarket).
- Haslett Village**, a new mixed-use project at the corner of Haslett and Marsh Roads (East Submarket) will soon be under construction.
- Olive Garden** and **Consumers Credit Union** will soon open their doors near I-96 in **Delta Crossings** (West Submarket).
- Retail investment activity remains strong in the West and South Submarkets. A few of the more prominent building sales included the W. Saginaw **Best Buy** (\$4.6 Million) and **Applebee's** (\$1.7 Million); and the Cedar Street **Tropical Smoothie/Joost Vapor/T-Mobile** (\$1.4 Million).

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Greater Lansing Area, Michigan

Figure 2: Market Statistics | H2 2022
≥5,000 SF Leased Space

SUBMARKET	MARKET RENTABLE AREA (SF)	MARKET SHARE (%)	VACANT (SF)	VACANCY RATE (%)	ABSORPTION (SF)	ASKING LEASE RATES (\$/SF/YR)
EAST	3,742,639	39.8	397,611	10.6	45,790	17-45.00
NORTH	784,754	8.3	204,143	26.0	8,309	10-27.00
SOUTH	1,702,802	18.1	452,149	26.6	34,235	7-16.00
WEST	3,181,149	33.8	459,024	14.4	80,071	9-30.00
MARKET	9,411,565	100.0	1,512,927	16.1	168,405	7-35.00

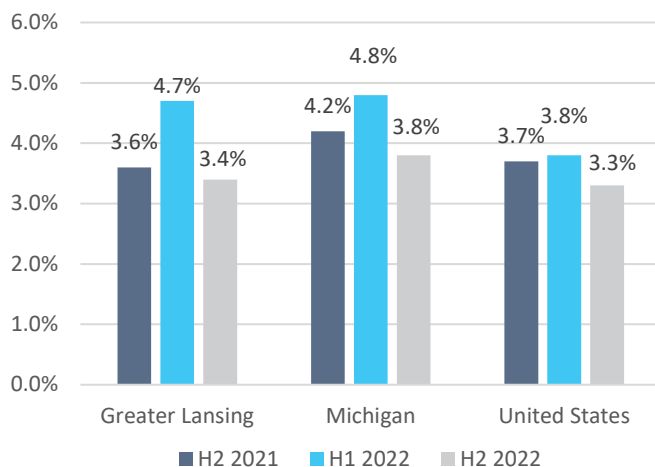
Source: Martin Commercial Properties, Inc.

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 has 9.4 million SF of leasable retail space in buildings comprising a minimum of 5,000 SF. The largest concentrations of the space are found in the East Submarket (3.7 million SF), home to **MSU** and the **Meridian Mall**, and the West Submarket (3.2 million SF), home to **Delta Crossings** and the **Lansing Mall**; while the smallest sector is the North Submarket (784,754 SF), home to **Eastwood Towne Center**.

The most dynamic retail corridors in the area include Grand River Ave. from **MSU** to the **Meridian Mall** (East Submarket); West Saginaw Hwy. from Waverly Rd. 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).

Although construction of new buildings over 5,000 SF was limited to an 8,000 SF strip center on E. Saginaw in Bath Twp. (East Submarket), major developments are underway. In the East Submarket, projects under construction include **Trader Joe's** on Grand River Ave.; **The Village of Okemos**, a mixed-use project development at Hamilton and Okemos Roads in Okemos; and the redevelopment of the former **Spartan Hall of Fame Cafe** site on Lake Lansing Road in East Lansing for a **Wellnow Urgent Care** and **Chipotle**. In the North Submarket, we are tracking a 22,000 SF **Dave & Busters**; and in the West Submarket, a 8,300 SF strip center is underway on W. Saginaw Hwy., just west of Waverly Rd.

Even more projects will be launched shortly, including **Haslett Village**, a mixed-use project at the corner of Haslett and Marsh Roads in Haslett (East Submarket); and **RoeCo**, a mixed-use project on the site of the former Sears building near **Frantor Shopping Center** (East Submarket).

Retail Market Insights / H2 2022

Greater Lansing Area, Michigan

Vacancies

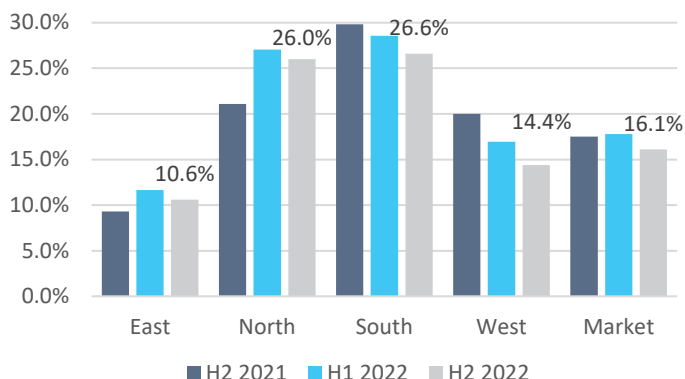
Market vacancies in H2 2022 averaged 16.1%, down from 17.8% in H1 2022 and down from 18.6% one year ago.

The strongest sector in the market is the East Submarket, where vacancies dipped from 11.7% in H1 2022 to 10.6% in H2 2022. New lease activity in the submarket was brisk, with leasing activity from restaurant users. A sampling of new leases includes **Taco Bell**, **Bobcat Bonnie's**, **Joe's on Jolly**, **Phillips Cider Bar & Market**, **Seahouse Chicken & Fish**, **House of Soles**, **Raising Cane's**, **Detroit Wing Co.**, **Kimchi-Box**, **Noodle Box**, **Haraz Coffee**, **Rally House**, **Top Shelf Liquor** and a liquor store replacing **Quality Dairy** at the corner of Michigan and Hamilton, and more.

The North Submarket is Greater Lansing's smallest retail sector and vacancies fell from 27.0% in H1 2022 to 26.0% in H2 2022. **The Buckle** leased nearly 5,000 SF at **Eastwood Towne Center**, and more leases were penned for build-to-suit development along Lake Lansing Road, including **Dave & Busters** (22,000 SF), **Panda Express** (2,225 SF) and **McAllister's Deli** (a 4,500 SF redevelopment of the former **Krispy Kreme** bldg., which was vacated 13 years ago). **McAllister's** will relocate from a smaller location at **Eastwood Towne Center**.

The South Submarket is the area's weakest sector, with vacancies averaging 26.6%, down from 28.6% in H1 2022. Leasing activity was slow but significant. Examples include

Figure 4: History of Vacancies



Source: Martin Commercial Properties, Inc.

Harbor Freight, **B2 Outlets**, **Maggie Tales Thrift Store**, **Maximum Athletic Performance** and **Slice by Saddleback**.

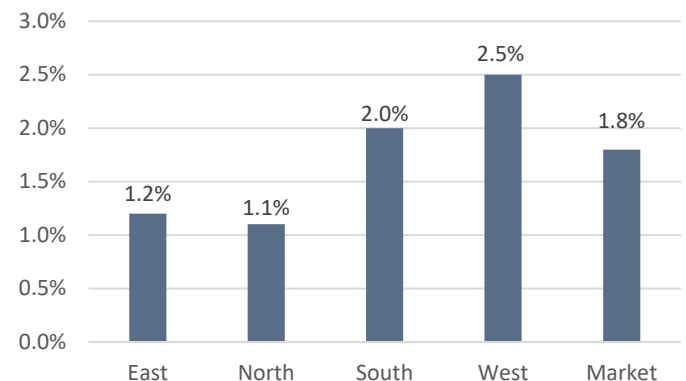
Vacancies in the West Submarket fell to 14.4%, down from 16.9% in H1 2022, largely due to **Dick's Sporting Goods** leasing the 54,000 SF fmr. **Hobby Lobby** space at **Delta Center**; new leases at **Lansing Mall**, including **The Venue** and **Daily Dealz**; and **FitStop** leasing 10,000 SF in **West Saginaw Plaza**.

Absorption

Absorption is the net change in physically occupied space from one period to the next. Over the past six months, all submarkets charted positive absorption and the Greater Lansing retail market absorbed a healthy 168,405 SF (1.8%), bringing 2022 absorption to just over 340,000 SF.

The majority of the absorption was due to **Dick's Sporting Goods**, **Harbor Freight**, **B2 Outlets**, **Maximum Athletic Performance**, **The Venue** and **Daily Dealz**; however, the absorption of a large number of small vacancies throughout the market was substantial.

Figure 5: Absorption During H2 2022



Source: Martin Commercial Properties, Inc.

Greater Lansing Area, Michigan



Hub on Campus
Grand River Avenue, Across from Michigan State University
Up to 5,284 SF for Lease

About Martin Commercial Properties

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

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Services Summary

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

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Carson Patten

Associate | Retail Advisor

517 319-9230

carson.patten@martincommercial.com

Samantha Le

Associate | Retail Advisor

517 319-9279

samantha.le@martincommercial.com

Van W. Martin, CCIM, SIOR, CRE

President & CEO

517 319-9241

van.martin@martincommercial.com

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