

# INDUSTRIAL

## '24 Market Insights



# Martin

Greater Lansing Area, Michigan | H1 2024

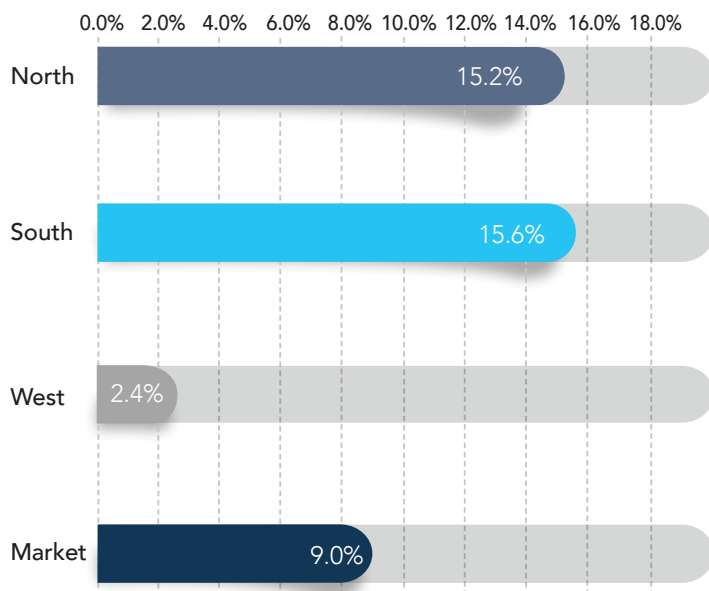
## Market Stable; New Amazon Fulfillment Center Prompts Increased Absorption

### Market at a Glance

Arrows indicate change from previous period.



Figure 1: Market Vacancy ≥20,000 SF Leased Space



Source: Martin Commercial Properties, Inc.

### MARKET NEWS

- ▶ In the Greater Lansing Area, the average vacancy rate for leased industrial buildings of 20,000 SF or more decreased from 10.0% in H2 2023 to 9.0% in H1 2024. This reversal breaks the trend of escalating inventory observed since H2 2022.
- ▶ Industrial market fundamentals remain robust, ensuring that investors and occupiers view the Greater Lansing Area as a low-risk option for the long term.
- ▶ **General Motors** secured a \$500 Million federal grant to bolster the production of hybrid and electric vehicles at its Lansing Grand River plant (South Submarket) and we expect this to positively impact Tier 1 and 2 suppliers in the market.
- ▶ **Amazon's** 1.1 Million SF fulfillment center on W. Mt. Hope Hwy. (West Submarket) was completed, resulting in exceptional absorption rates exceeding 18% in the sector.
- ▶ **Ultium Cells'** 2.8 Million SF battery plant under construction on Davis Hwy. (West Submarket) is scheduled to begin production later this year.
- ▶ **Neogen** is expanding on East Shiawassee (Central Urban Area) with a \$200+ Million project that will increase its manufacturing space by ±200,000 SF.
- ▶ **Gestamp** has committed \$400 Million to renovate and expand its manufacturing facility in Mason (South Submarket).
- ▶ **Norm Fasteners** is constructing a new building adjacent to **Greater Lansing Food Bank** off I-69 in Bath Twp. (North Submarket). The \$77 million project is expected to be complete in fall 2025.
- ▶ **Consumers Energy** is in the process of relocating from a 60-year-old service center on Willow St. (North Submarket) to a 77-acre site on N. Canal in Windsor Twp. (West Submarket). Construction is underway.

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**Figure 2:** Market Statistics | H1 2024  
≥20,000 SF Leased Space

SUBMARKET	MARKET RENTABLE AREA (SF)	MARKET SHARE (%)	VACANT (SF)	VACANCY RATE (%)	COMPLETIONS (SF)	NET ABSORPTION (SF)	ASKING LEASE RATE (\$/SF/YR)
North	3,067,189	24.9	465,069	15.2	0	1,403	5.00-7.00
South	3,164,854	25.7	493,161	15.6	0	24,363	6.50-8.00
West	6,074,884	49.4	148,065	2.4	1,085,633	1,125,633	6.00-9.00
Market	12,306,927	100.0	1,106,295	9.0	1,085,633	1,151,399	5.00-9.00

Source: Martin Commercial Properties, Inc.



## MARKET COMPOSITION AND GROWTH

Greater Lansing's industrial landscape is dominated by its active West, South and North Submarkets, collectively comprising over 12.3 million SF of leased industrial space in buildings larger than 20,000 SF. The majority of Greater Lansing's industrial space is owner-occupied.

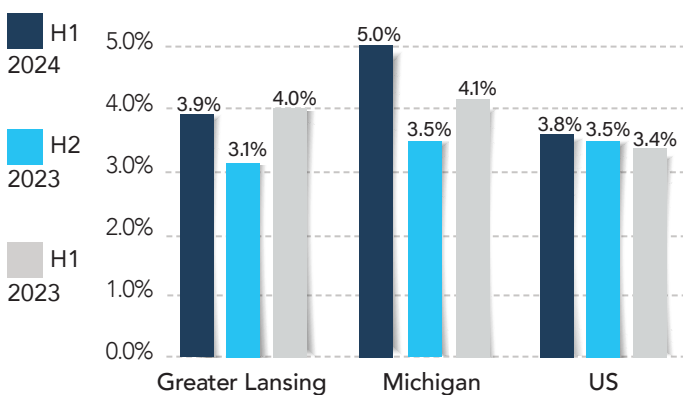
The West Submarket is the largest and most dynamic, hosting key facilities such as **General Motors'** 3.6 million SF **Delta Assembly Plant** and a 2.3 million SF warehouse. Additionally, it houses over 3 million SF of warehouse and distribution space for **Meijer**, as well as ±3 million SF dedicated to manufacturing and distribution for **Shyft Group**. Recent developments include **Amazon's** new 1.1 million SF fulfillment center, alongside ongoing projects like the 2.8 million SF **Ultium Cells** battery plant (a joint venture between **General Motors** and **LG Energy Solutions**), a new 110-megawatt energy plant for the **Lansing Board of Water & Light**, and **Consumers Energy's** new service center at 7000 N. Canal Rd.

The South Submarket, though the second largest, is considered the weakest industrial sector. Key players here include **General Motors**, **Michigan Forge**, **Dart Container**, and **Gestamp**, currently undergoing a \$400 million renovation and expansion in Mason.

The North Submarket, the smallest in size, hosts occupants such as **Peckham**, **Dakkota Integrated Systems**, **ITC Michigan**, and **LOC Performance Products**.

No speculative construction is planned in the market; however, abundant industrial land options make build-to-suit projects a viable option, distinguishing Greater Lansing from other parts of the state.

**Figure 3:** Unemployment Statistics  
History of Unemployment / Local, State, U.S.



Source: Bureau of Labor Statistics

## VACANCIES

In the first half of 2024, vacancies for leased space in industrial buildings of 20,000 SF or more in the Greater Lansing Area averaged 9.0%, down from 10.0% recorded in H2 2023. This improvement was primarily driven by the introduction and absorption of **Amazon's** new 1.1 million SF fulfillment center, as market-wide the majority of leasing activity this period took the form of small renewals.

Tenant demand was strongest in the West Submarket, and it stands as the Greater Lansing Area's most robust and highly sought-after industrial sector. While the **State of Michigan** recently vacated 135,000 SF in the submarket, **Amazon's** 1.1 Million SF lease reduced vacancies to just 2.4%. Significant lease renewals included **Joseph Ryerson & Son** for 130,000 SF and **Morse Moving & Storage** for 20,000 SF.

The North sector emerges as the second strongest submarket in the Greater Lansing Area, although its average vacancy rate increased to 15.2% from 13.4% in H2 2023, primarily due to the recent vacancy of the formerly owner-occupied 65,000 SF facility at 3366

Remy Drive. Despite these figures, the sector remains sound. A significant portion of the vacancies, totaling over 300,000 SF, is located in the former Sav-A-Lot warehouse in St. Johns, and limited alternative leasing options are available. Overall, the North Submarket experienced minimal changes this period and no major leases were signed.

The South Submarket posted the highest vacancy in the market. Vacancies are scattered throughout the sector, and averaged 15.6% during H1 2024, a slight decrease from 16.4% charted in H2 2023. The sole notable lease signed during this period was by **Pratt & Whitney Auto Air**, which secured over 26,000 SF in **Midway Industrial Park**.

## ABSORPTION

Absorption refers to the net change in physically occupied space from one period to the next. In H1 2024, the Greater Lansing industrial market absorbed 1,151,399 SF of space within leased industrial buildings of at least 20,000 SF and all submarkets concluded the period with positive absorption. This marks a significant improvement from the negative absorption of 487,960 SF recorded during H2 2023.

Figure 4: History of Market Vacancies - Leased Buildings Comprising ≥20,000 SF

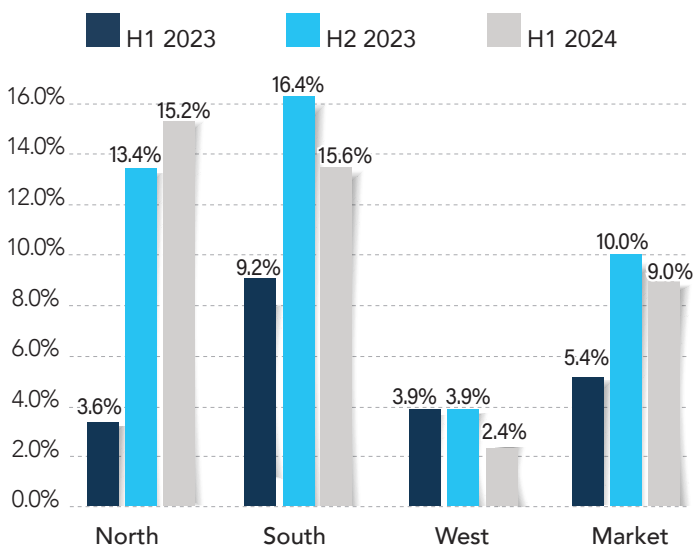
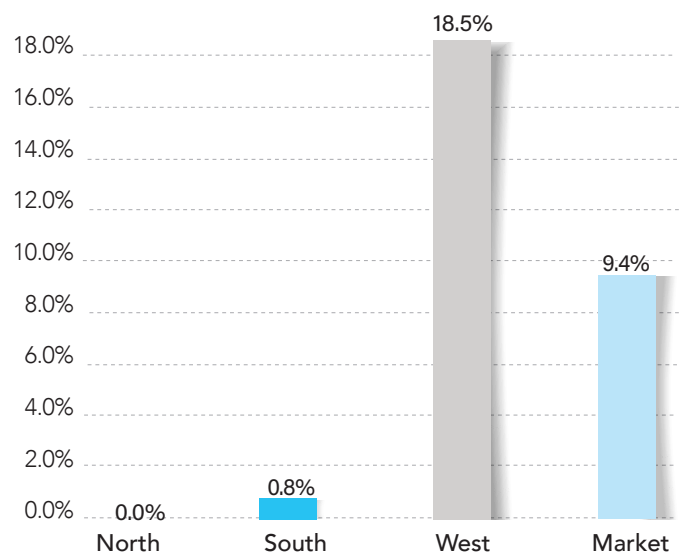


Figure 5: H1 2024 Absorption - Leased Buildings Comprising ≥20,000 SF



Source: Martin Commercial Properties, Inc.

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## '24 Market Insights Greater Lansing Area, Michigan | H1 2024



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