INDUSTRIAL

‘25 Market Insights

Greater Lansing Area, Michigan | H2 2025

Lease Renewals Drive Market Activity Amid Limited Space Options

MARKET NEWS

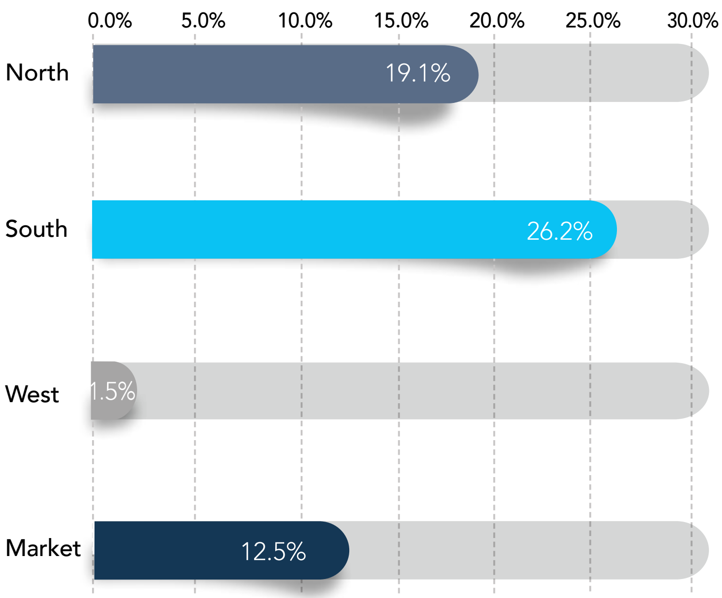
- Market fundamentals are **strong**, supported by **historically high** rental rates.
- **Industrial vacancy** in the Greater Lansing Area rose from 10.3% in H1 2025 to **12.5% in H2 2025** as several older, previously vacant buildings were brought back onto the leasing market.
- The **West Submarket** is the region’s largest and most vibrant industrial sector and continues to enjoy historically low vacancy rates, recording the **market’s lowest** at 1.5% in H2 2025.
- A **limited supply** of modern facilities capable of supporting large-scale industrial operations and the **lack of new inventory** has **slowed transaction velocity**.
- During H2 2025, **leasing activity** was largely **dominated by renewals** rather than new move-ins. Key transactions included **Woodbridge Ventures**’ 251,100 SF lease on Pierson Highway and **GrainProteinTech Climate Control**’s 112,400 SF lease on Ena Drive, both in the West Submarket.
- In a market where tenants have **limited relocation options** and newer facilities are full or near full, landlords have more leverage to **push renewal rents**, trim tenant **improvement packages** or both.
- A new 40,000 SF warehouse on Ena Drive in the West Submarket is under construction, with **Bay Insulation** (new to the market) leasing 25,000 SF and the remaining 15,000 SF available for lease. We expect additional build-to-suit opportunities to arise as demand for **modern industrial facilities** grows.
- Companies continue to move from a single coast-to-coast hub model to a **more regionalized approach**, opting for **smaller facilities** closer to end customers to shorten lead times and reduce disruption risk.
- Users increasingly require **more electricity** to support automation and technology.
- Rising demand for **cloud computing, AI, and 5G** positions the Greater Lansing Area—backed by tax incentives, strategic highway-accessible land, and an established industrial base—as an **attractive location** for future **data center investment**.
- **Last-mile delivery** may soon get more competitive as **USPS**, who already partners with major carriers **Amazon** and **UPS** for last-mile deliveries, is expected to open its network to a wider variety of shippers to include smaller retailers and logistics firms.
- Construction continues on **Ultium Cells’** new $2.6 billion battery plant (West Submarket) and **Neogen's** $208 million research and manufacturing facility (East Submarket).
- **Sales activity** for both owner-user and investment properties **slowed** in the latter half of 2025. **Notable transactions** included the 29,000 SF warehouse at 2380 East Grand River in the East Submarket, purchased by an owner-occupant for $1.4 million, and the 10,254 SF warehouse at 3350 Pinetree Drive in the South Submarket, acquired by an investor for $920,000.

Market at a Glance

Arrows indicate change from previous period.

Vacancy Rate	Completions	Absorption
12.5%	0 SF	-58,470 SF

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



Source: Martin Commercial Properties, Inc.

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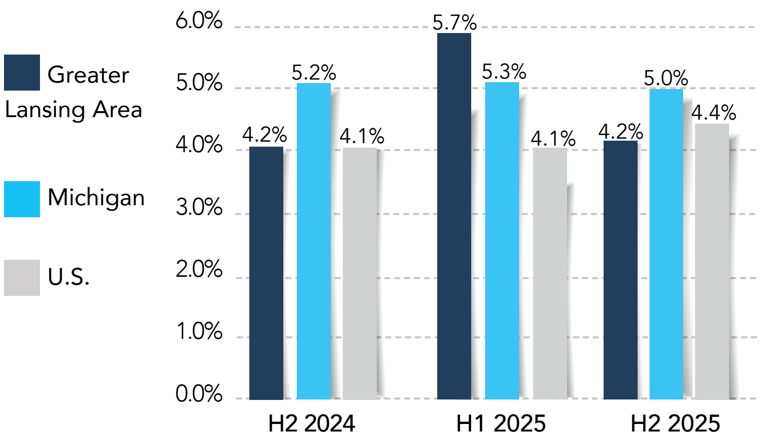
Figure 2: Market Statistics | **H2 2025**
≥20,000 SF Leased Space

SUBMARKET	MARKET RENTABLE AREA (SF)	MARKET SHARE (%)	VACANT (SF)	VACANCY RATE (%)	COMPLETIONS (SF)	NET ABSORPTION (SF)	ASKING LEASE RATE ($/SF/YR)
North	3,370,050	26.9	643,550	19.1	0	26,200	4.50-9.00
South	3,173,491	25.3	831,851	26.2	0	-87,528	4.00-10.00
West	5,991,604	47.8	91,555	1.5	0	2,858	7.50-10.00
Market	12,535,145	100.0	1,566,956	12.5	0	-58,470	4.00-10.00

Source: Martin Commercial Properties, Inc.

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



Source: Bureau of Labor Statistics

MARKET COMPOSITION AND GROWTH

Greater Lansing's industrial market is anchored by the West, South, and North Submarkets, which together account for more than 12 million square feet of leased industrial space in facilities of at least 20,000 square feet. Owner-occupied properties comprise the majority of the region's industrial inventory.

The West Submarket is the largest and most active segment, serving as a hub for major users such as **General Motors**, **Meijer**, **Amazon**, and **The Shyft Group**. Significant development is underway, including a 2.8 million square foot **Ultium Cells** battery manufacturing facility, a 110-megawatt energy plant for the **Lansing Board of Water & Light**, a new **Consumers Energy** service center, and a 40,000 square foot multi-tenant warehouse on Ena Drive.

The South Submarket represents the least competitive portion of the industrial market, characterized by a concentration of smaller, aging, and functionally obsolete buildings. Notable occupants include **General Motors**, **Michigan Forge**, **Dart Container**, and **Gestamp**.

The North Submarket features a diverse mix of industrial users, including **Peckham**, **Dakkota Integrated Systems**, **ITC Michigan**, and **LOC Performance Products**.

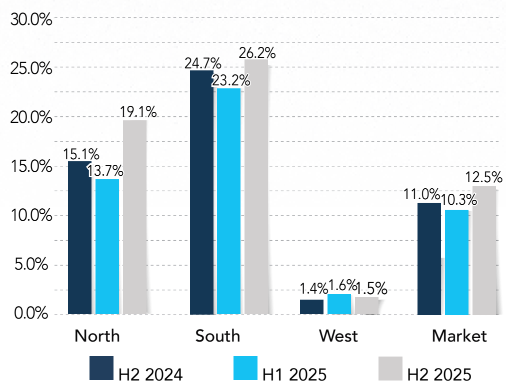
VACANCIES

Vacancy in the Greater Lansing industrial market rose by 220 basis points, increasing from 10.3% in H1 2025 to 12.5% in H2 2025. This increase was driven by the addition of three listings, all comprising older facilities with varying degrees of functional obsolescence. These include the 265,000 SF, long-vacant former **Federal-Mogul** manufacturing facility in St. Johns (North Submarket); the vacancy of 103,084 SF at the **John Bean** warehouse on South Cedar Street (South Submarket) following the departure of a cannabis operation; and 78,000 SF of warehouse space at 2100 South Washington (South Submarket). Despite the rise in vacancy, **market fundamentals remain solid**, with rental rates for newer industrial space at **historic highs** and a limited supply of modern buildings capable of accommodating large operations.

The **West Submarket** posted the **lowest vacancy** rate at 1.5%, down slightly from 1.6% in H1 2025. The **North Submarket** followed at 19.1% (up from 13.7% in H1 2025), a figure heavily influenced by two large St. Johns vacancies: the 265,000 SF **Federal-Mogul** facility and the 332,750 SF **Sav-A-Lot** warehouse, which has been vacant for two years. The South Submarket recorded the highest vacancy rate at 26.2% (up from 23.2% in H1 2025). While the **South Submarket** benefits from **convenient access to I-96**, its elevated vacancy is largely attributable to an older inventory base with limited functional efficiency compared to newer industrial product.

Continued space constraints have spurred **new development** this period. A 40,000 SF warehouse is under construction on Ena Drive in the West Submarket. The building will be partially occupied by **Bay Insulation**, with approximately 15,000 SF remaining available for lease.

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



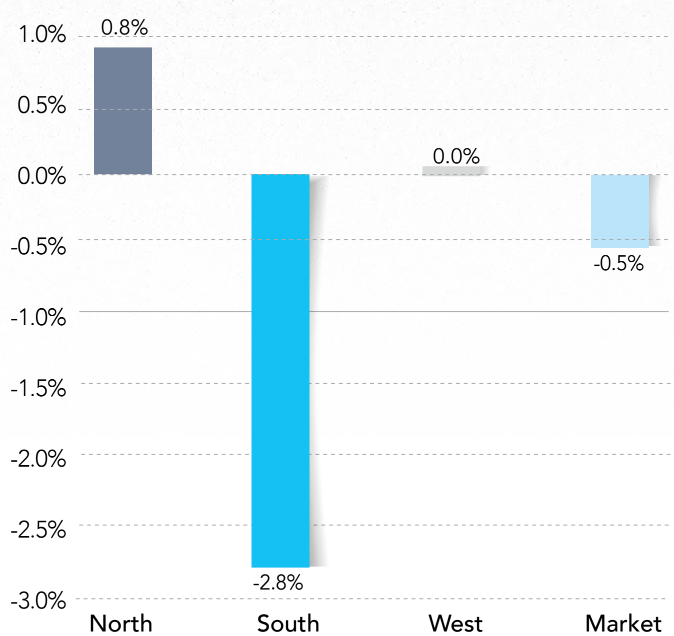
ABSORPTION

Absorption refers to the net change in physically occupied space from one period to the next.

In H2 2025, net absorption totaled **negative 58,740 SF** (-0.5%), bringing year-end absorption to a modest 45,788 SF (0.4%). These figures underscore the limited availability of suitable space in the Greater Lansing market, where tenants often have few viable relocation options. As a result, leasing activity during the period was largely characterized by renewals rather than new occupancy.

The most notable new leasing activity included **Bay Insulation**'s commitment to over 25,000 SF in a build-to-suit facility on Ena Drive in the West Submarket, as well as **1st Choice Delivery**'s lease of 25,000 SF on Filley Street in the North Submarket. The remainder of major transactions were renewals, highlighting tenant preference for maintaining existing locations. These included **Woodbridge Ventures**' 251,100 SF renewal on Pierson Highway, **GrainProteinTech Climate Control**'s 112,000 SF lease extension on Ena Drive, **Peckham**'s 30,000 SF renewal on Sanders Road—all within the West Submarket—and **The Markerboard People**'s 27,000 SF lease extension on Spikes Street in the North Submarket.

Figure 5: H2 2025 Absorption - Percent Change Leased Buildings Comprising **≥20,000 SF**



Source: Martin Commercial Properties, Inc.

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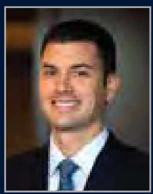

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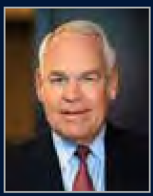

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