OFFICE
'26 Market Insights

Greater Lansing Area, Michigan | H1 2026

Office Market Remains Stable as Downtown Continues to Evolve

Market at a Glance

Arrows indicate change from previous period.

Vacancy Rate	Completions	Absorption
18.3%	0 SF	-5,798 SF

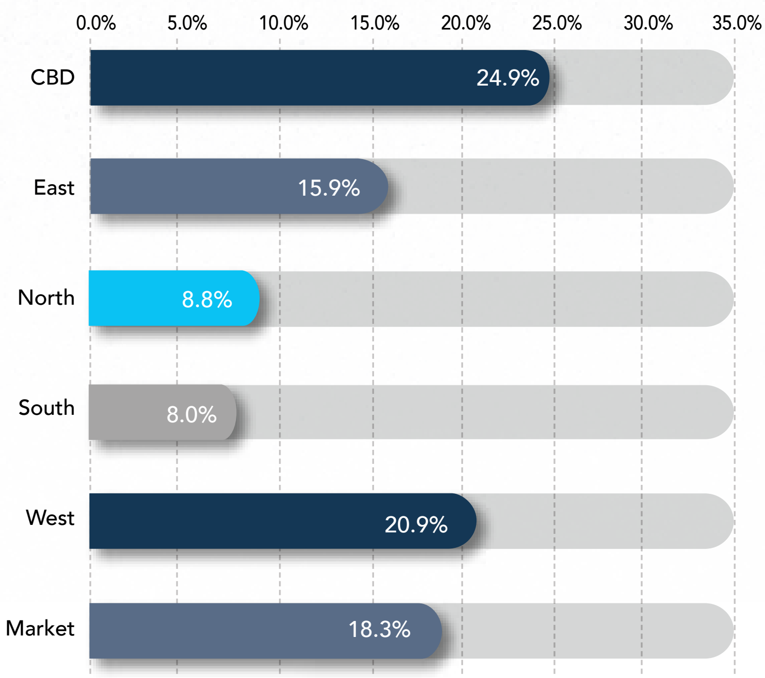


Figure 1: Market Vacancy

Source: Martin Commercial Properties, Inc.

Martin

MARKET NEWS

- The Greater Lansing office market was stable but subdued during the first half of 2026 as it continued adjusting to hybrid work patterns, reduced large-user demand, and the State of Michigan's ongoing transition from leased space into state-owned facilities.
- The average office vacancy rate for leased space of 5,000 SF or more declined slightly from 18.4% in H2 2025 to 18.3% in H1 2026. Although the improvement was modest, vacancy has held relatively steady despite continued market headwinds.
- Market performance is highly segmented. Well-located suburban office properties continue to outperform older and less competitive buildings. Although the South Submarket reports the market's lowest vacancy rate, tenant demand is strongest for modern, highly functional office space in the East Submarket and select suburban office corridors.
- CBD vacancy declined from 25.3% to 24.9% but is still the highest among the region's major office submarkets. While leasing activity has been limited and additional vacancies have been announced, significant investment continues to reshape downtown. The $316 million **New Vision Lansing** initiative and other mixed-use developments are expected to add hundreds of residential units, structured parking, retail space, and adaptive reuse opportunities, strengthening downtown's long-term vitality.
- Suburban office properties continue to benefit from convenient access, free parking, and proximity to residential growth, making them the preferred choice for many users.
- Leasing activity was modest and driven primarily by smaller transactions and renewals rather than relocations or expansions. Activity included the **Michigan Lottery's** 10,000 SF lease at **Prudden Technology Center**, **Memorial Healthcare's** 9,200 SF renewal at **The Woodlands**, and **KWST's** 5,575 SF lease in **Woodlands Office Park.**
- Net absorption totaled negative 5,798 SF (-0.8%) during H1 2026. However, the decline reflects a limited number of tenant move-outs rather than widespread weakening in market demand.
- Tenants continue to prioritize efficient floorplans, updated common areas, modern building systems, and convenient locations, while landlords have become increasingly flexible by offering tenant improvement allowances, customized concessions, and early renewal incentives in return for longer lease terms.
- Looking ahead, we expect office market conditions to stay stable but highly segmented. Well-located suburban properties and modern office environments should continue to outperform, while older and functionally challenged buildings, particularly within the CBD, face ongoing lea sing and investment challenges.

OFFICE '26
Market Insights

Greater Lansing Area, Michigan | H1 2026

SUBMARKET	SF	MARKET SHARE (%)	VACANT (SF)	VACANCY RATE (%)	COMPLETIONS (SF)	ABSORPTION (SF)	RENTAL
CBD	2,275,612	29.7%	566,564	24.9%	0	16,670 SF	$14-32
East	3,469,504	45.3%	550,901	15.9%	0	6,133 SF	$14-26
North	154,211	2.0%	13,606	8.8%	0	-2,395 SF	$13-15
South	786,110	10.2%	63,252	8.0%	0	10,830 SF	$8-23
West	981,907	12.8%	205,233	20.9%	0	-37,036 SF	$11-20
Market	7,667,344	100%	1,399,556	18.3%	0	-5,798 SF	$8-32

Figure 2: Market Statistics | **H1 2026**

Source: Martin Commercial Properties, Inc.

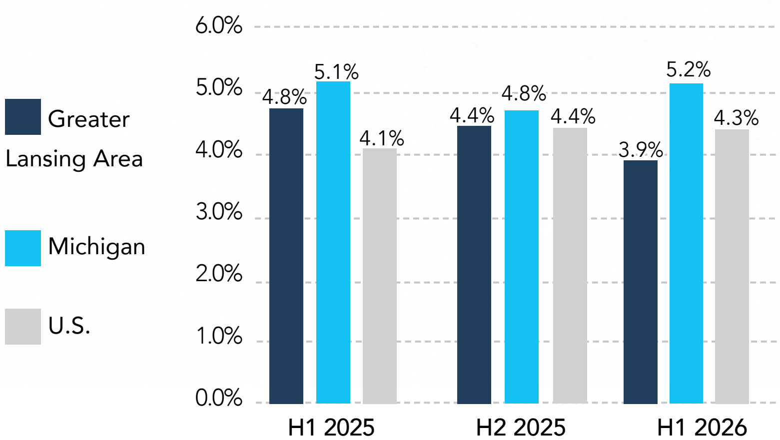


Figure 3: Unemployment Statistics

Source: Bureau of Labor Statistics

MARKET COMPOSITION AND GROWTH

The Greater Lansing office market contains approximately 8.0 million square feet of leased office space within buildings 5,000 square feet and larger. The market is divided into five submarkets: **CBD**, **East**, **North**, **South**, and **West**. While the survey inventory has declined in recent years due to owner-user acquisitions, adaptive reuse projects, and the removal of functionally obsolete properties, the overall composition of the market remained largely unchanged during the first half of 2026.

The **CBD** and **East Submarkets** continue to dominate the market, collectively accounting for nearly three-quarters of the leased office inventory surveyed. The **East Submarket** remains the region's largest concentration of private-sector office space with approximately 3.5 million square feet, while the **CBD** serves as the governmental, legal, and institutional center of the region. The **North Submarket** remains the smallest segment of the market, containing approximately 154,000 square feet of leased office inventory.

Suburban office properties continue to benefit from convenient highway access, free parking, and proximity to residential growth areas, helping support occupancy levels relative to many downtown locations. At the same time, the **CBD** is undergoing a gradual transition as residential and mixed-use development becomes an increasingly important component of downtown investment activity. Projects such as the $316 million **New Vision Lansing** initiative are expected to introduce hundreds of new residential units, retail space, structured parking, and adaptive reuse opportunities throughout downtown. While the long-term impact on office demand remains uncertain, these investments are expected to play an important role in shaping the future character and vitality of the sector.

No speculative office construction was completed during the first half of 2026, and none is anticipated in the near term. Elevated construction costs, higher interest rates, and the availability of existing office space continue to limit speculative development. While build-to-suit opportunities may emerge for users with specialized requirements, new office development is expected to remain limited for the foreseeable future.

VACANCIES

Vacancy within Greater Lansing's leased office inventory (buildings 5,000 SF and larger) averaged 18.3% in H1 2026, essentially unchanged from 18.4% in H2 2025. The stability reflects a market that has largely adjusted to hybrid work patterns and changing space utilization trends, though leasing activity remains measured and highly dependent on building quality, location, and functionality.

The market continues to exhibit significant variation among submarkets. The **South Submarket** maintained the market's lowest vacancy rate at 8.0%, unchanged from H2 2025, while the **North Submarket** followed at 8.8%, up modestly from 7.3%. While these submarkets report the lowest vacancy levels, tenant interest generally remains strongest within professional office parks and established suburban office corridors in the **East and West Submarkets**, where building quality, accessibility, and parking options tend to be most competitive. The **East Submarket**, the region's largest concentration of private-sector office inventory, remained stable at 15.9%, compared to 16.0% in H2 2025.

The **West Submarket** posted a vacancy rate of 20.9%, unchanged from the previous period, while vacancy within the **Central Business District** improved modestly from 25.3% to 24.9%. Despite the improvement, the **CBD** remains the market's most challenged office concentration, continuing to feel the effects of reduced state leasing activity, hybrid work arrangements, and limited large-user demand. Several future move-outs have already been announced, suggesting leasing conditions downtown will likely remain challenging in the near term.

Overall, suburban office vacancy averaged 15.4% compared with 24.9% within the **CBD**. The disparity highlights an ongoing preference for suburban office locations offering convenient highway access, free parking, and proximity to residential population centers. At the same time, substantial residential and mixed-use investment activity continues to reshape downtown Lansing, creating opportunities for long-term revitalization even as traditional office demand remains constrained.

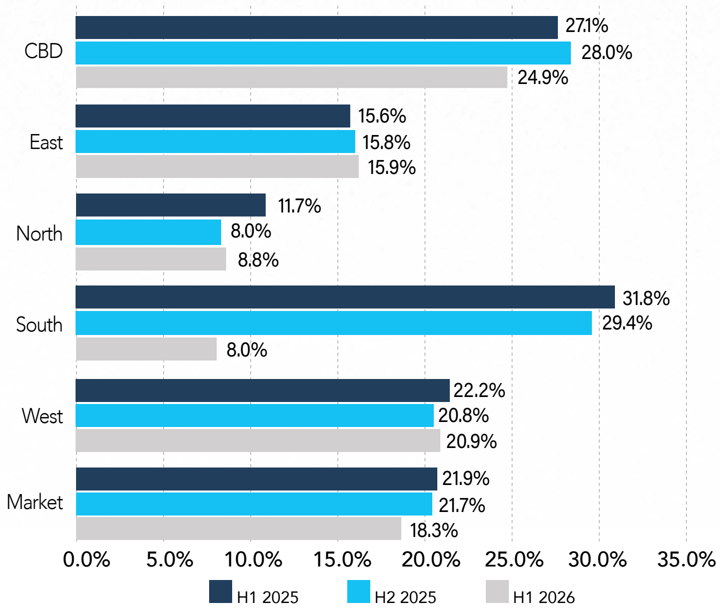


Figure 4: History of Market Vacancies

Source: Martin Commercial Properties, Inc.

ABSORPTION

Absorption reflects the net change in occupied office space between periods. During H1 2026, net absorption totaled negative 5,798 SF (-0.8%), an improvement from negative 90,693 SF recorded in H2 2025. While absorption remained negative overall, leasing activity continued at a modest pace and market conditions were generally stable. The period was characterized by few large occupancy changes, with much of the market's activity driven by smaller leases, renewals, and tenant relocations.

Absorption activity remained limited throughout the market. The **CBD** recorded positive absorption of 16,670 SF (0.7%) during the period, while the **South and East Submarkets** posted gains of 10,830 SF (1.4%) and 6,133 SF (0.2%), respectively. The **North Submarket** recorded a slight decline of 2,395 SF (-1.6%), while the **West Submarket** posted negative absorption of 37,036 SF (-3.8%). Overall, the results reflect a market experiencing relatively few large occupancy changes, with most activity occurring through smaller transactions, renewals, and routine tenant movement rather than major expansions or relocations.

Leasing activity remained modest during the period and was characterized by smaller transactions and renewals rather than major relocations or expansions. Notable activity included the **Michigan Lottery's** 10,000 SF lease at **Prudden Technology Center**, **Memorial Healthcare's** 9,200 SF renewal in **The Woodlands**, **KWST's** 5,575 SF lease in the **Woodlands Office Park**.

While office utilization patterns continue to evolve, the Greater Lansing office market appears to be stabilizing following several years of significant disruption. Leasing activity remains selective, speculative office construction is absent, and tenant preferences continue to favor highly functional office environments. We expect absorption to remain uneven across submarkets, with building quality, location, parking availability, and workplace flexibility continuing to influence tenant decision-making.

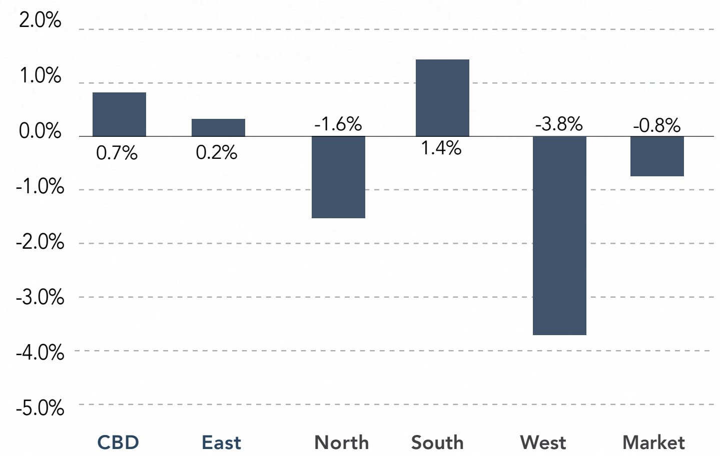


Figure 5: H1 2026 Absorption

OFFICE '26

Market Insights

Greater Lansing Area, Michigan | H1 2026

Property Spotlight

2900 West Road East Lansing, MI
7,100 - 8,615 SF Available

More Than a Commercial Real Estate Firm. Your Local Market Authority.

For nearly 65 years, Martin Commercial Properties has helped clients make informed commercial real estate decisions through local expertise, trusted relationships, and integrated brokerage, property management, construction, investment, and corporate services.

Greater Lansing's trusted source for market intelligence since 1988. Our semiannual *Market Insights* reports deliver objective analysis of vacancy, rental rates, major transactions, development activity, and emerging trends across Greater Lansing's office, retail, and industrial markets.

Brokerage Services

Property Management

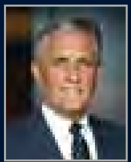
Construction Services

Investment Services

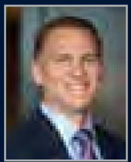
Corporate Services

View Our Properties

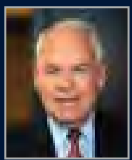
Reliability you can trust. Results you can depend on.



Eric F. Rosekrans, CCIM, CPM
Executive Vice President
eric.rosekrans@
martincommercial.com



Thomas Jamieson, SIOR
Senior Vice President | Office Advisor
thomas.jamieson@
martincommercial.com



Van W. Martin, SIOR, CCIM, CRE
President | Chief Executive Officer
van.martin@
martincommercial.com