

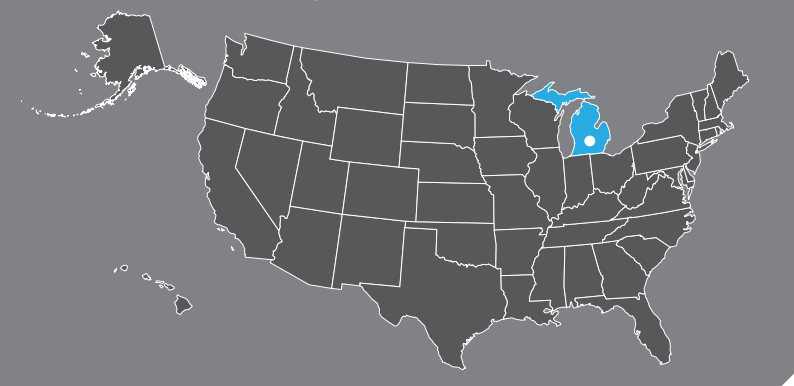
# HUD PD&R Housing Market Profiles

## Lansing-East Lansing, Michigan



### Quick Facts About Lansing-East Lansing

- Current sales market conditions: slightly tight
- Current apartment market conditions: tight
- Michigan State University (MSU), which was founded in 1855 as the Agricultural College of the State of Michigan, has a current enrollment of approximately 49,200 students and an estimated economic impact of approximately \$5.8 billion on the state of Michigan ([mispartanimpact.msu.edu](http://mispartanimpact.msu.edu)). As a public, land-grant university, MSU includes operations and outreach staff in each of the 83 counties of Michigan, and university employees are counted in the government sector. In the three-county Lansing-East Lansing metropolitan statistical area, MSU is the second-largest employer, and the economic impact of MSU is nearly \$3.35 billion overall, including more than \$157 million in direct expenditures with Lansing-area businesses during FY 2021.



Lansing, Michigan

By Gabe Labovitz | As of January 1, 2022

### Overview

The Lansing-East Lansing, MI Metropolitan Statistical Area (hereafter, the Lansing metropolitan area) includes Clinton, Eaton, and Ingham Counties in south-central Michigan. The city of Lansing, in Ingham County, is the state capital of Michigan, and the government sector is the largest employment sector in the metropolitan area. Michigan State University and other institutions of higher education, including Lansing Community College and Thomas Cooley Law School, contribute to the educational attainment among area residents. Among the population age 25 and older in 2018, an estimated 34.3 percent of people in the metropolitan area had attained a bachelor's degree or higher level of education, compared with 32.6 percent for the nation. Despite a relatively educated populace, the median household income in the metropolitan area was only 96 percent of the national median (2018 American Community Survey, 1-year data). The sales housing market in the Lansing metropolitan area is slightly tight. Despite net out-migration, the supply of homes for sale is historically low, and average home sales prices are at historically high levels largely because of higher resale home prices. The apartment market in the metropolitan area is currently tight and has been since the fourth quarter of 2018, despite relatively high levels of new apartment construction in the area. The

continued on page 2



continued from page 1

impact of the COVID-19 pandemic, which led to significant job losses during March 2020, exacerbated the trend in decreased international net in-migration.

- The population of the metropolitan area is currently estimated at 476,600, reflecting an average increase of 350, or 0.1 percent, annually since 2017. From 2010 to 2017, the population rose faster, increasing by 1,575, or 0.3 percent, annually (U.S. Census Bureau).
- A key contributor to the decline in population growth since 2017 was a decrease in international net in-migration,

which reached a recent peak of 2,400 during 2015–16 but declined each successive year to only 690 during 2019–20 (U.S. Census Bureau).

- International migrants to the Lansing metropolitan area are drawn to MSU to study, teach, or conduct research. International students, by count and as a percentage of the MSU student body, peaked during 2014 (7,650) and 2015 (14.0 percent), respectively, and by 2021, both values had fallen to their lowest levels in recent history.

## Economic Conditions

The economy in the Lansing metropolitan area continued to recover from the brief but steep job losses in early 2020 as a result of actions taken to slow the spread of the COVID-19 virus. During the fourth quarter of 2021, nonfarm payroll jobs rose by 10,700, or 4.9 percent, compared with the number of jobs a year earlier. Despite this growth, nonfarm payrolls were 4.9 percent below the total from the fourth quarter of 2019, before the pandemic impacted the local area economy. By contrast, nationally, nonfarm payroll jobs during the fourth quarter of 2021 were 1.9 percent below the average during the fourth quarter of 2019. All nonfarm payroll jobs sectors except the professional and business services, the education and health services, and the information sectors increased during the fourth quarter of 2021 in the Lansing metropolitan area. The government sector, the largest jobs sector in the area, had the largest job gain, increasing by 5,500 jobs, or 9 percent.

State government jobs, which include jobs at MSU, increased by 5,800 jobs during the fourth quarter of 2021, offsetting a modest decline in jobs at local governments. The state of Michigan instituted a hiring freeze during March 2020 as a cost-saving measure and rescinded the freeze in December 2020. As of December 2021, there were more than 500 job openings in the Michigan state government, which undercounts the number of jobs the state is trying to fill because some postings are for multiple positions.

During the fourth quarter of 2021 —

- Although total nonfarm payroll jobs were nearly 5 percent below the average during the fourth quarter of 2019, the two goods-producing sectors were both above their 2019 fourth-quarter levels, and they have combined for growth of nearly 7 percent, or 1,800 jobs, since then. By contrast, the

continued on page 3

### Jobs rose in all but three nonfarm payroll sectors in the Lansing metropolitan area during the fourth quarter of 2021.

	3 Months Ending		Year-Over-Year Change	
	December 2020 (Thousands)	December 2021 (Thousands)	Absolute (Thousands)	Percent
<b>Total Nonfarm Payrolls</b>	217.7	228.4	10.7	4.9
Goods-Producing Sectors	27.0	28.3	1.3	4.8
Mining, Logging, & Construction	8.5	9.5	1.0	11.8
Manufacturing	18.5	18.8	0.3	1.6
Service-Providing Sectors	190.7	200.2	9.5	5.0
Wholesale & Retail Trade	26.2	26.6	0.4	1.5
Transportation & Utilities	8.2	9.0	0.8	9.8
Information	3.2	3.2	0.0	0.0
Financial Activities	17.2	17.6	0.4	2.3
Professional & Business Services	22.5	22.0	-0.5	-2.2
Education & Health Services	30.8	30.6	-0.2	-0.6
Leisure & Hospitality	12.6	15.4	2.8	22.2
Other Services	8.8	9.1	0.3	3.4
Government	61.1	66.6	5.5	9.0
<b>Unemployment Rate</b>	5.4%	4.1%		

Note: Numbers may not add to totals due to rounding.

Source: U.S. Bureau of Labor Statistics



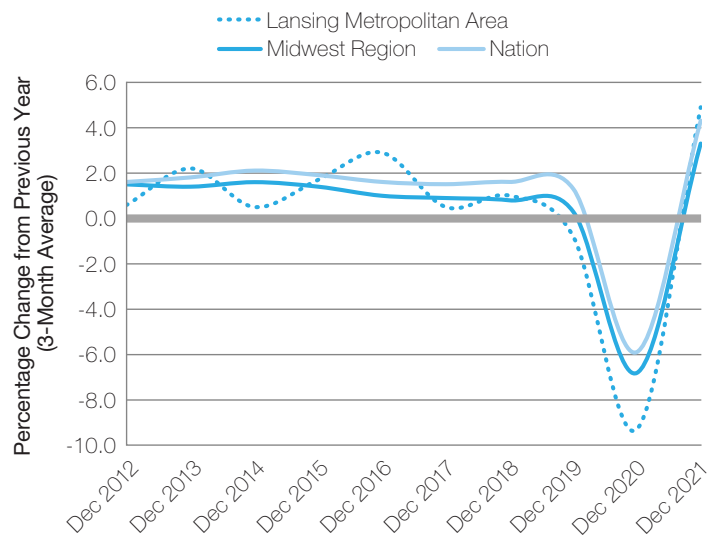
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service-providing sectors, as a whole, were more than 6 percent below their 2019 fourth-quarter levels.

- The education and health services and the professional and business services sectors, which are the second and fourth largest sectors in the area respectively, both declined. The education and health services sector fell by 200 jobs, or 0.6 percent, and the professional and business services sector fell by 500 jobs, or 2.2 percent. Sparrow Health System, the third largest employer in the area, had more than 380 jobs posted on its career website during December 2021, which suggests a possible slowing of the decline in jobs in the education and health services sector.
- General Motors Company recently announced the development of a new electric battery plant in Delta Township, outside of Lansing in Eaton County, with an investment of \$2.6 billion that is expected to generate 1,700 jobs by 2024. The manufacturing sector, which is heavily dependent on automobiles and automobile parts manufacturing, is the fifth largest jobs sector in the metropolitan area.
- The unemployment rate in the metropolitan area averaged 4.1 percent, down from 5.4 percent a year earlier but above the 2.7 percent rate averaged during the fourth quarter of 2019. By contrast, nationally, the unemployment rate averaged 4.0 percent during the fourth quarter of 2021, down from 6.5 percent a year earlier and above the 2019 fourth quarter average of 3.3 percent.

The fastest growing sector in the metropolitan area during the fourth quarter of 2021 was the leisure and hospitality sector. Efforts to contain the COVID-19 virus during the spring and summer of 2020 were primarily focused on minimizing interpersonal interactions, leading to temporary closures of many businesses and impacting jobs in the leisure and hospitality sector, including jobs at entertainment venues, hotels, and restaurants. During the fourth quarter of 2021, leisure and hospitality jobs totaled 15,400 jobs, representing an increase of 2,800 jobs and a growth of 22.2 percent from the total a year earlier; by contrast, nationally, leisure and hospitality jobs rose more than 14 percent. Despite the relatively strong local recovery during the past year, leisure and hospitality jobs in the Lansing metropolitan area were only 81.5 percent of the jobs total during the fourth quarter of 2019,

### Nonfarm payroll jobs rose faster in the Lansing metropolitan area than nationally during the fourth quarter of 2021, following a steeper decline a year earlier.



Source: U.S. Bureau of Labor Statistics

### Largest Employers in the Lansing Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
State of Michigan	Government	15,750
Michigan State University	Government	10,250
Sparrow Health System	Education & Health Services	7,600

Notes: Excludes local school districts. Data are as of August 2019.  
Source: Lansing Economic Area Partnership

whereas nationally, 89.4 percent of such jobs were recovered. Contributing to the discrepancy in the recovery of leisure and hospitality jobs, in the Lansing metropolitan area, the decline from the fourth quarter of 2019 to 2020 was more than 33 percent, and nationally the decline was only 22 percent. In the state of Michigan, an estimated 3,000 restaurants have permanently closed since the spring of 2020, and staffing shortages are contributing to the slow recovery in the sector (Michigan Restaurant and Lodging Association).

## Sales Market Conditions

Sales housing market conditions in the Lansing metropolitan area are currently slightly tight, compared with 2010 when conditions were soft. The inventory of homes for sale in the area has been limited since approximately 2014, contributing to growth in home sales prices. The COVID-19 pandemic, and efforts to contain the spread of the virus, led to a brief but

sharp decline in home sales during the summer of 2020, likely because home sellers were reluctant to allow potential buyers into their homes, and buyers, for their part, also were concerned with visiting homes, but sales have rebounded following that downturn. More recently, during the past 3 months, existing home sales have slowed again, likely because of historically low

continued on page 4



continued from page 3

levels of inventory for sale. During November 2021, there was a 1.5-month supply of homes for sale, down from a 2.0-month supply during November 2020. During November 2019, before the pandemic impacted the Lansing metropolitan area and the nation, the inventory of homes for sale was 3.5 months (Redfin, A National Real Estate Brokerage). The last time there was a 6-month supply of homes for sale, which is generally considered representative of balanced market conditions, was during the fall of 2014. Average home sales prices for existing homes were at historically high levels in the area, and for new home sales, average prices were lower than the averages from 2017 through 2020 but higher than historical averages.

The percentage of home loans that were seriously delinquent (90 or more days delinquent) or had transitioned into real estate owned (REO) status was 1.6 percent during November 2021, down from 2.9 percent during November 2020, when economic impacts from the COVID-19 pandemic and efforts to slow the spread of the virus were more likely to be impacting local homeowners. The current rate of seriously delinquent mortgages in the Lansing metropolitan area is slightly above the rate for the state of Michigan, which was 1.4 percent, but below the national rate of 2.1 percent. Despite the brief but sharp upturn in the rate of seriously delinquent mortgages that occurred in late 2020 in the metropolitan area, as well as in the state of Michigan and nationally, the rate has been declining following the Great Recession of 2009.

During the 12 months ending November 2021 —

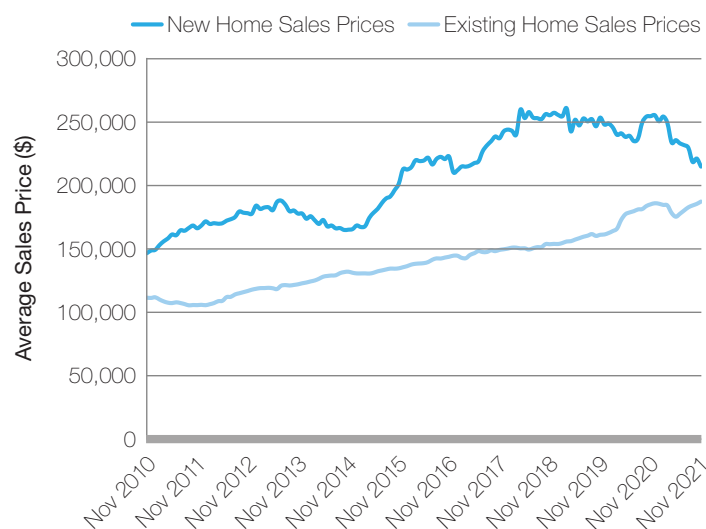
- Existing home sales totaled 8,275, nearly 17 percent higher than sales a year earlier, when the 7,075 homes sold

represented a decline of nearly 9 percent (CoreLogic, Inc., with adjustments by the analyst). The 12 months ending November 2020 included the first 8 months impacted by the COVID-19 pandemic, which had a sharp downward impact on home sales. By comparison, existing home sales rose an average of nearly 3 percent annually from 2013 through 2018.

- The average existing home sales price was \$187,100, or approximately 1 percent above the average existing sales price a year earlier; by contrast, during the 12 months ending November 2020, the average existing home sales price of \$184,900 was nearly 15 percent higher than the previous year. Existing home sales prices rose steadily throughout most of the 2010s, with prices rising an average of 5 percent annually from 2013 through 2018.
- Approximately 240 new homes were sold, more than 27 percent above the level a year earlier. The shift to remote working for many workers and remote learning for many school students increased demand for new living arrangements for many households in the area. New home sales have not been above 300 annually in the Lansing metropolitan area since 2008, before the Great Recession.
- The average new home sales price in the Lansing metropolitan area was \$215,100, a sharp decline of nearly 16 percent from a year ago. New home sales prices have fallen from recent historic highs; new home sales prices averaged \$249,700 during 2017, 2018, and 2019, the highest levels in recent history.

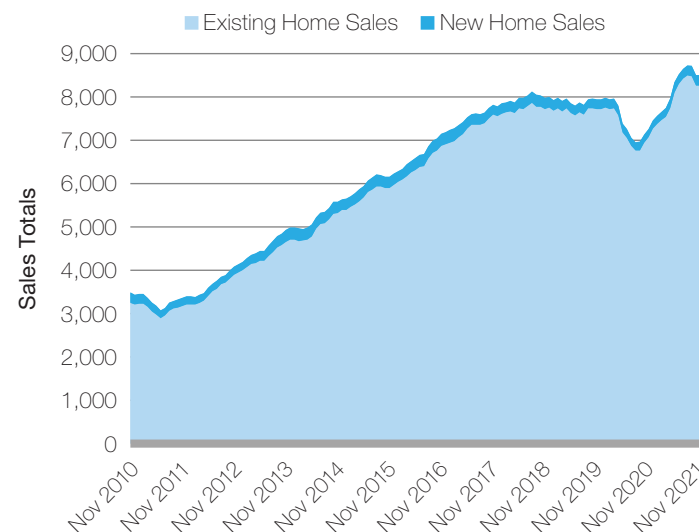
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**New and existing home sales prices in the Lansing metropolitan area have fallen modestly from recent peak levels.**



Note: Average sales prices are for single-family homes, townhomes, and condominiums.  
Source: CoreLogic, Inc., with adjustments by the analyst

**Home sales in the Lansing metropolitan area had been relatively steady before declining during early stages of the COVID-19 pandemic.**



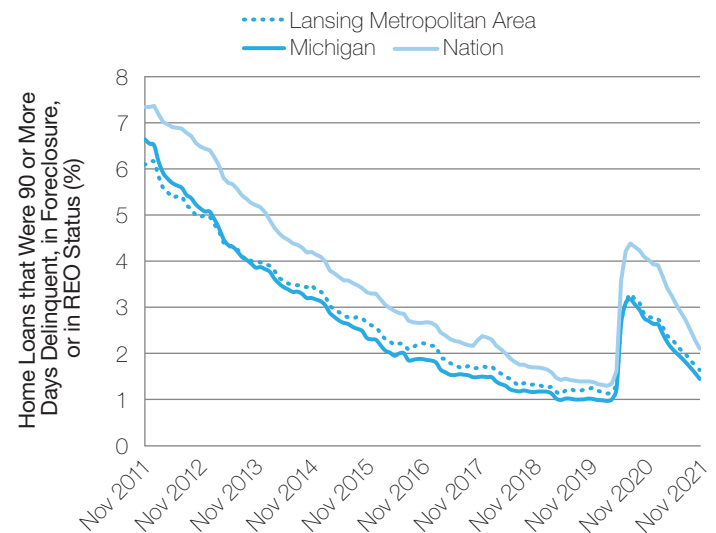
Note: Sales figures are for single-family homes, townhomes, and condominiums.  
Source: CoreLogic, Inc., with adjustments by the analyst

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Despite increased new home sales and relatively high sales prices, new homes construction, as measured by the number of sales units permitted, has remained relatively steady since 2012. Supply-chain disruptions, increased costs of labor and supplies, and continued uncertainty brought on by the COVID-19 pandemic have likely impacted new home builder confidence.

- During 2021, an estimated 500 new sales housing units were permitted, nearly 5 percent higher than during 2020. Approximately 560 homes were permitted during 2019, which is the highest permitting level in recent years and likely a response to record-high new sales housing price levels during 2017, 2018, and 2019.
- An average of 480 homes were permitted annually from 2012 through 2018. Despite steady economic recovery from the Great Recession that ended during 2009 and mixed but generally positive demographic trends, renter households grew much faster than owner households in the Lansing metropolitan area, likely reflecting lingering effects of the Great Recession, which negatively impacted the sales housing market more significantly than the rental market.
- Permitting of for-sale units has largely been located outside of the cities of Lansing and East Lansing, reflecting demand for larger living spaces and outdoor yard space, which is easier to attain in suburban or rural locations. The built-up nature of Lansing and East Lansing makes assembly of large land parcels suitable for neighborhood development difficult.
- The percentage of sales units permitted in Lansing, relative to the permitting in the metropolitan area, was 10 percent during 2012, but it has since fallen to an average of 6 percent annually from 2012 through 2020. In East Lansing, the percentage of sales housing permitted relative to the metropolitan area has not been above 2 percent in any year since 2012.
- By contrast to trends in the cities of Lansing and East Lansing, sales housing permitting in six suburban townships, all adjacent to the cities of Lansing and East Lansing, accounted for an average of 54 percent of all for-sale units permitted in the metropolitan area from 2012 through 2020. Delhi Charter Township, adjacent to Lansing to the south, and Meridian Township, adjacent to East Lansing to the east, accounted for more than 27 percent of sales housing permits in the metropolitan area from 2012 through 2020.
- In the unincorporated community of Haslett, in Ingham County, the Copper Creek development includes 50 home sites in its first phase, with new custom and speculative homes (spec homes) available. Of these home sites, 25 are currently sold, with some occupied and some under construction, 21 lots are available, and 4 spec homes are listed, each with four bedrooms and two and one-half

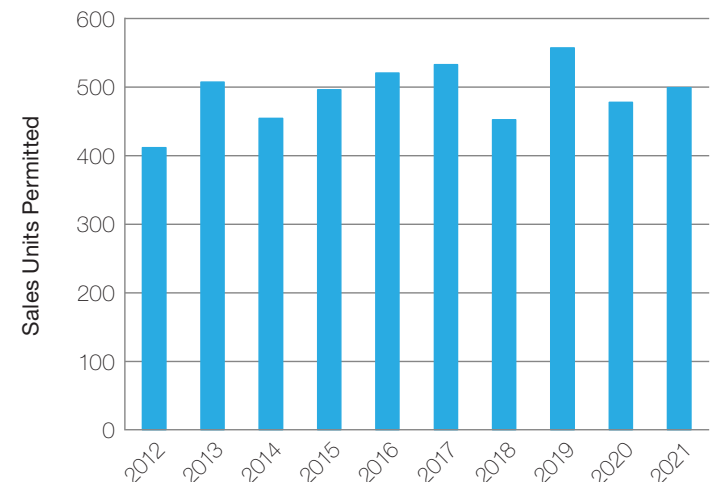
The proportion of seriously delinquent loans and REO properties in the Lansing metropolitan area rose during early 2020, but it has since fallen and remains below the national average.



REO = real estate owned.

Source: CoreLogic, Inc.

Permitting of sales units has been generally stable in the Lansing metropolitan area since 2012.



Sources: U.S. Census Bureau, Building Permits Survey; 2012–2020 final data and estimates by the analyst; 2021—preliminary data and estimates by the analyst

bathrooms. Home plans start in the high \$300,000s, and existing homes for sale are listed from \$481,900. In the cities of Lansing and East Lansing, the Capital Area Housing Partnership builds new homes and renovates existing homes for income-eligible households, and it has listed a new construction home in Lansing with three-bedrooms and one and one-half bathrooms for \$137,500.

## Apartment Market Conditions

Apartment market conditions in the Lansing metropolitan area are currently tight, compared with slightly tight conditions from 2013 through 2018. Since 2010, renter households have grown 0.9 percent annually, on average, compared with growth of 0.2 percent annually, on average, for owner households. Increased household formation and a relative lack of for-sale housing inventory, which has been present in the metropolitan area since 2014, have prevented some households from buying homes and contributed to current tight market conditions in the apartment market.

During the fourth quarter of 2021 —

- The apartment vacancy rate was estimated at 2.2 percent, compared with 3.3 percent a year earlier (RealPage, Inc.). The apartment vacancy rate has not been above 5 percent during any fourth quarter since at least 2013. The average apartment rent was \$1,019, an increase of more than 9 percent compared with the same period a year earlier. By comparison, from the fourth quarter of 2012 through the fourth quarter of 2019, the rent rose 3 percent each year, on average.
- RealPage, Inc. identifies three submarkets in the Lansing metropolitan area; vacancy rates during the fourth quarter of 2021 ranged from 1.8 percent in the East Lansing and the Outer Lansing submarkets to 2.6 percent in the Lansing submarket. A year earlier, those vacancy rates were 2.6 percent, 3.1 percent, and 3.6 percent in the Outer Lansing, the East Lansing, and the Lansing submarkets, respectively.
- Average monthly asking rents were \$955, \$1,085, and \$1,101 in the Lansing, East Lansing, and Outer Lansing

submarkets, representing increases of 9 percent in the Lansing and the Outer Lansing submarkets and a 10 percent increase in the East Lansing submarket. For comparison, nationally, the average apartment rent was \$1,633 during the fourth quarter of 2021, or 14 percent higher than average rents a year earlier.

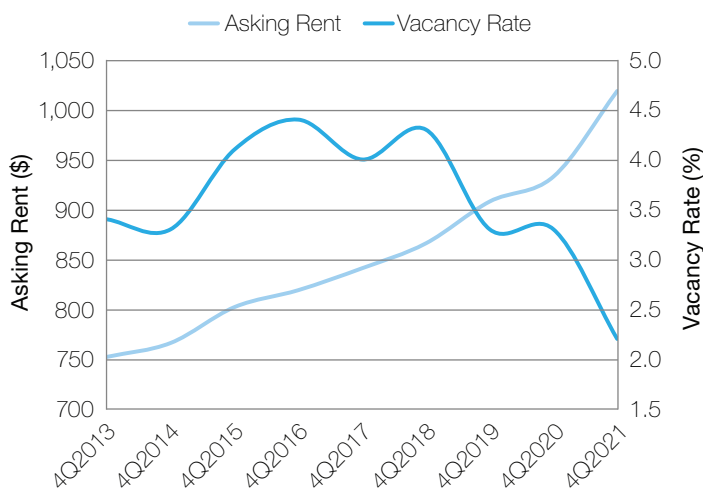
- Students, primarily from MSU, dominate the rental market in the East Lansing submarket. During the past 10 years, seven new apartment properties that target students have opened in the city of East Lansing, bringing nearly 1,800 new units to the area.
- Newman Lofts, which targets market-rate households with residents age 55 and over, opened in downtown East Lansing during 2019 and includes 91 one- and two-bedroom units, some with dens, with monthly rents starting at \$1,455 and \$2,200.

In response to generally tight apartment market conditions, developers have increased the construction of new rental units in the Lansing metropolitan area, as measured by the number of units permitted.

- During 2021, approximately 470 new rental units were permitted in the Lansing metropolitan area, 11 percent fewer than the number of rental units permitted during 2020. By contrast, an average of 1,325 new rental units were permitted during 2018 and 2019; those units were largely absorbed without adversely impacting the apartment market in the HMA.

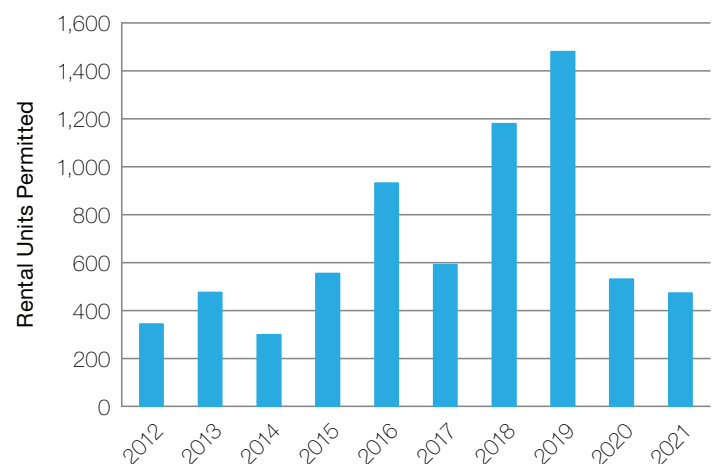
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**The apartment vacancy rate in the Lansing metropolitan area is at the lowest fourth-quarter level in recent history.**



4Q = fourth quarter.  
Source: RealPage, Inc.

**Rental unit permitting in the Lansing metropolitan area has increased sharply during 2018 and 2019 but fell during 2020 and 2021.**



Sources: U.S. Census Bureau, Building Permits Survey; 2012–2020 final data and estimates by the analyst; 2021—preliminary data and estimates by the analyst

continued from page 6

- Despite generally strong economic growth, population growth in the Lansing metropolitan area has been lower since 2017 than earlier in the decade, when rental unit permitting averaged 740 units annually during 2015 and 2016.
- Since 2019, approximately 81 percent of rental units permitted have been in Ingham County and 19 percent in Eaton County, with no rental units permitted in Clinton County. From 2015 through 2018, 73 percent were permitted in Ingham County, 15 percent of rental units were permitted in Eaton County, and 12 percent were permitted in Clinton County.
- Since 2019, approximately 53 percent of rental units permitted were in the city of Lansing, and 20 percent were permitted in East Lansing. This trend is nearly the opposite of permitting trends from 2015 through 2018, when 26 percent of rental units permitted were in Lansing, and 52 percent of rental units permitted were in East Lansing. The location of new apartment development is in contrast to sales unit permitting, which is largely outside of the cities of Lansing and East Lansing.
- In Lansing, adjacent to East Lansing, University Edge Student Living apartments opened in the fall of 2021, and the development includes 235 units with multiple bedroom combinations for student occupancy and rents starting at \$795 per person. This apartment complex is part of a larger, mixed-use development that will include hotels, market-rate non-student housing, and commercial space. In the city of Lansing, the former Walter French Junior High building is being converted to 54 affordable apartments with Low Income Housing Tax Credits provided by the state of Michigan. The development is scheduled for completion in the summer of 2022, and rents are not yet set.