



COMPREHENSIVE HOUSING MARKET ANALYSIS

# Lansing-East Lansing, Michigan

**U.S. Department of Housing and Urban Development,**  
Office of Policy Development and Research

As of January 1, 2022



PD&R

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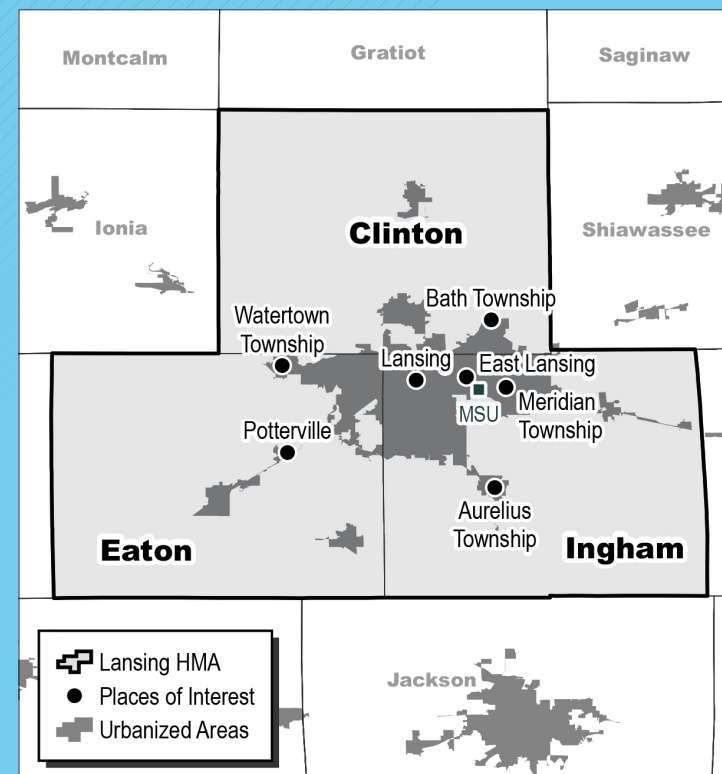
# Executive Summary

## Housing Market Area Description

The Lansing-East Lansing Housing Market Area (hereafter Lansing HMA) is coterminous with the Lansing-East Lansing Michigan Metropolitan Statistical Area (MSA), and it includes Clinton, Eaton, and Ingham counties in south-central Michigan. The cities of Lansing and East Lansing are primarily contained within Ingham County. The HMA is highly reliant on government sector jobs, including in Lansing, which is the state capital of Michigan. Michigan State University (MSU) is located in the city of East Lansing and is the second-largest employer in the HMA.

The current population of the HMA is estimated at 476,600.

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 it had an estimated economic impact of approximately \$5.1 billion on the state of Michigan during 2020 (mispartanimpact.msu.edu). As a public, land-grant university, MSU includes operations and outreach staff in each of Michigan's 83 counties, and university employees are counted in the government sector. In the three-county Lansing HMA, MSU is the second-largest employer, with an economic impact of approximately \$3.4 billion overall, including more than \$157 million in direct expenditures associated with Lansing-area businesses during FY21. The Facility for Rare Isotope Beams (FRIB), a U.S. Department of Energy-funded research facility, began construction on the campus of MSU during 2014. Upon completion, which is expected in 2022, the facility will create hundreds of directly and indirectly funded jobs. More than one-quarter of graduate students in nuclear physics, nationwide, will study part-time or full-time at MSU, which has the highest rated graduate program for nuclear physics in the nation.



## Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R's [Market-at-a-Glance tool](#).

Additional data for the HMA can be found in this report's [supplemental tables](#).

For information on HUD-supported activity in this area, see the [Community Assessment Reporting Tool](#).



## Market Qualifiers

### Economy



**Stable:** Although nonfarm payrolls rose 1.6 percent during 2021, they fell nearly 9 percent during 2020 and remain 7.5 percent below the average during 2019, prior to the impact of COVID-19.

Economic conditions in the Lansing HMA are stable; nonfarm payrolls remain below pre-COVID-19 levels. During 2021, nonfarm payrolls in the HMA increased by 3,400 jobs, following a decline of 21,100 jobs during 2020. The decline in jobs in 2020 was the largest decline in the history of the HMA and almost twice the number of jobs lost during the height of the Great Recession in 2009. By contrast, from 2010 through 2019, nonfarm payroll jobs in the Lansing HMA grew an average of 2,400, or 1.0 percent, annually. During the 3-year forecast period, jobs are expected to grow at an average annual pace of 1.7 percent.

### Sales Market



**Slightly Tight:** The inventory of active home listings was 1.1 months during December 2021, down from 1.4 months a year earlier (Redfin, a national real estate brokerage).

The sales housing market has an estimated 1.5-percent vacancy rate, down from 2.5 percent in 2010. During 2021, new and existing home sales rose nearly 12 percent compared with a year earlier, but the average home sales price rose less than 2 percent (CoreLogic, Inc.). Distressed sales, as a percentage of all existing home sales, are at the lowest level since before the Great Recession. During the next 3 years, demand is estimated for 1,525 new homes, and the 150 homes currently under construction will meet part of this demand during the first year of the forecast period.

### Rental Market



**Balanced:** The overall rental vacancy rate is estimated at 6.5 percent, down from 9.0 percent during 2010, when conditions were soft.

The apartment market in the Lansing HMA is slightly tight as of January 1, 2022, compared with the late 2000s and early 2010s, when apartment market conditions were slightly soft. Renter households have increased more than four times faster than owner households since 2010. The average apartment rent in the Lansing HMA rose more than 9 percent during the fourth quarter of 2021, lower than the national average increase of 14 percent. During the forecast period, demand is expected for 1,400 new rental units. The 750 units currently under construction will meet a portion of that demand.

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### 3-Year Housing Demand Forecast

Lansing HMA	Sales Units		Rental Units	
	Total Demand	1,525	Total Demand	1,400
	Under Construction	150	Under Construction	750

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of January 1, 2022. The forecast period is January 1, 2022, to January 1, 2025.

Source: Estimates by the analyst



## Economic Conditions

### Largest Sector: Government

During 2021, more than 28 percent of all nonfarm payroll jobs in the Lansing HMA were in the government sector. By contrast, in the state of Michigan and nationally, the corresponding rates were 14 and 15 percent, respectively.

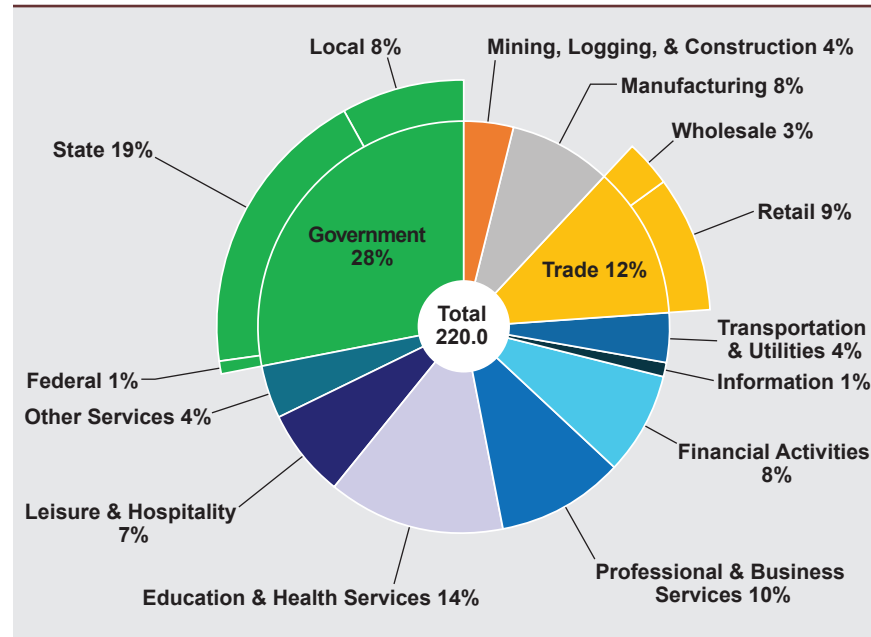
### Primary Local Economic Factors

Due to the presence of the state capital of Michigan and MSU, government sector jobs are crucial to the economy in the Lansing HMA (Figure 1). The three largest employers are the State of Michigan, MSU, and Sparrow Health System, a public healthcare provider (Table 1). These three employers provide a relatively stable base of jobs for the HMA. The HMA also benefits from manufacturing, primarily automobile and related production. General Motors Company is the fourth largest employer in the Lansing HMA. Lansing was the home of the Oldsmobile automobile company, acquired in 1908 by General Motors Company, which maintained the Oldsmobile marque until it was discontinued in 2004. From 2011 through 2019, before policies to contain COVID-19 resulted in job losses during 2020, jobs in the goods-producing sectors grew more than twice as fast as jobs in the service-providing sectors in the HMA (Figure 2). Gains in the financial activities sector averaged 400 jobs, or 2.7 percent, annually during that period, with significant growth in the insurance industry, including Auto-Owners Insurance Group, Jackson National Life Insurance Company, and Delta Dental Plans Association.

### Current Conditions—Nonfarm Payrolls

Nonfarm payrolls in the Lansing HMA totaled 220,000 during 2021, a growth of 3,400 jobs, or 1.6 percent, from 2020 (Table 2). Job growth in the HMA, which had been relatively strong following the Great Recession, started slowing during 2019 when only 500 jobs were added, an increase of 0.2 percent.

Figure 1. Share of Nonfarm Payroll Jobs in the Lansing HMA, by Sector



Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through December 2021.  
Source: U.S. Bureau of Labor Statistics

Table 1. Major Employers in the Lansing HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
State of Michigan	Government	15,729
Michigan State University	Government	10,253
Sparrow Health System	Government	7,600
General Motors Company	Manufacturing	4,549
Lansing Community College	Government	3,144
McLaren Health Care	Education & Health Services	3,000
Auto-Owners Insurance Group	Financial Activities	2,578
Peckham, Inc.	Education & Health Services	2,510
Jackson National Life Insurance Company	Financial Activities	2,500
Dart Container Corporation	Manufacturing	2,000

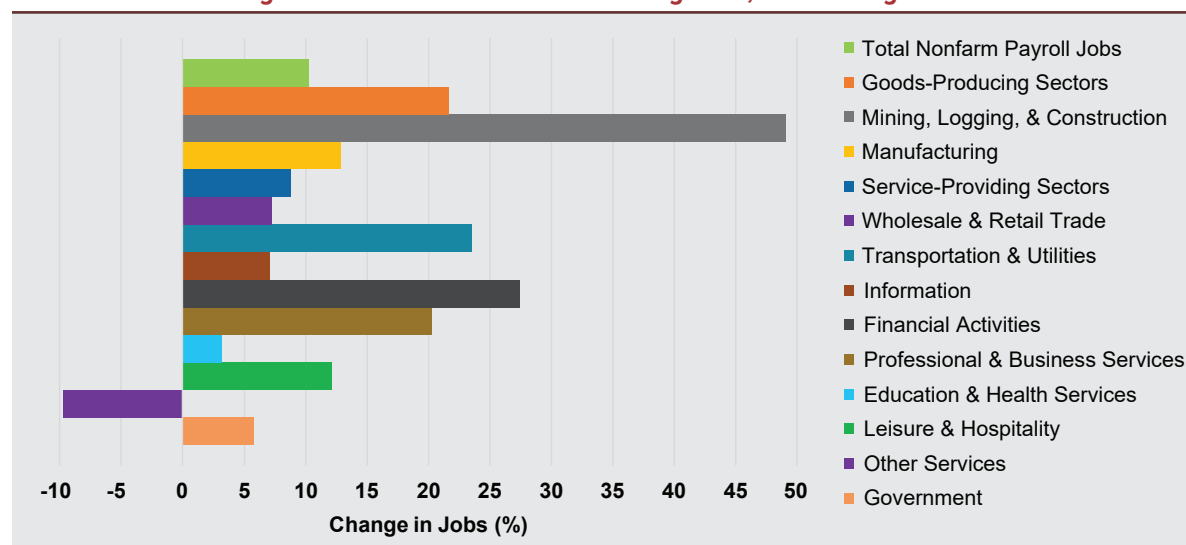
Note: Excludes local school districts.  
Source: Lansing Economic Area Partnership

After March 2020, when the COVID-19 virus was declared a pandemic by the World Health Organization, steps taken by local and state governments to limit interpersonal contact curtailed economic activity, and jobs fell dramatically in the HMA. During 2020, nonfarm payrolls declined by 21,100, or 8.9 percent, the largest annual contraction in the HMA ever recorded, and nearly twice the number of jobs lost during 2009, the worst year of the Great Recession (Figure 3).

As of December 2021, monthly nonfarm payrolls in the HMA are 5.1 percent below their level in February 2020, before the impacts of the COVID-19 pandemic. By contrast, payrolls for the state of Michigan and the nation were 3.2 and 0.4 percent below levels from February 2020, respectively (monthly, not seasonally adjusted). For context, nonfarm payrolls in the HMA fell by 800 jobs in March 2020 and 45,600 jobs during April 2020, a total decline of more than 19 percent from February 2020, before modestly increasing during the rest of 2020.

During 2021, job growth was led by the mining, logging, and construction sector, which added 1,000 jobs, or 12.5 percent. While residential construction fell modestly during 2021, nonresidential construction, as measured by the combined value of projects begun that year, rose sharply to \$145 million, compared with a combined value of \$65 million in projects begun during 2020 (Dodge Data & Analytics LLC). The

**Figure 2. Sector Growth in the Lansing HMA, 2011 through 2019**



Note: The current date is January 1, 2022.  
Source: U.S. Bureau of Labor Statistics

**Table 2. 12-Month Average Nonfarm Payroll Jobs (1,000s) in the Lansing HMA, by Sector**

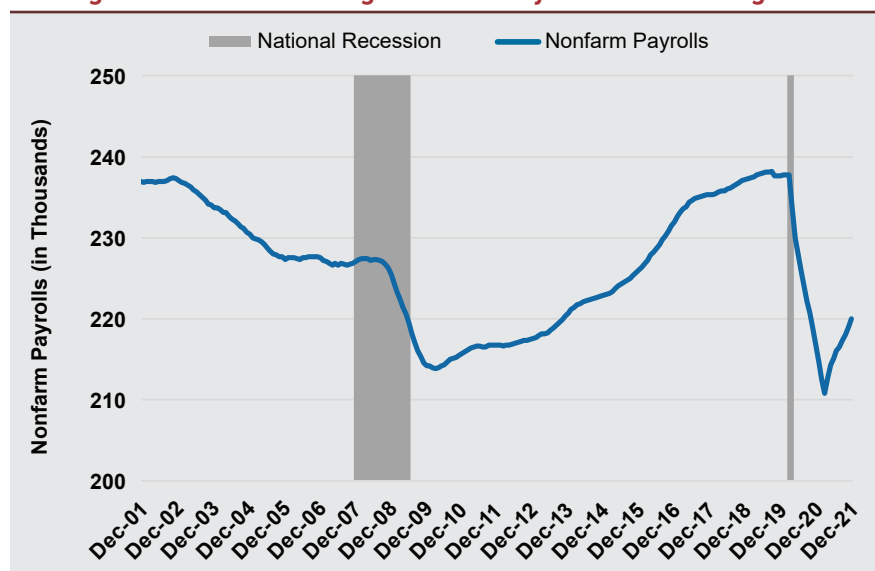
	12 Months Ending December 2020	12 Months Ending December 2021	Absolute Change	Percentage Change
<b>Total Nonfarm Payroll Jobs</b>	<b>216.6</b>	<b>220.0</b>	<b>3.4</b>	<b>1.6</b>
<b>Goods-Producing Sectors</b>	<b>25.8</b>	<b>27.3</b>	<b>1.5</b>	<b>5.8</b>
Mining, Logging, & Construction	8.0	9.0	1.0	12.5
Manufacturing	17.8	18.3	0.5	2.8
<b>Service-Providing Sectors</b>	<b>190.8</b>	<b>192.7</b>	<b>1.9</b>	<b>1.0</b>
Wholesale & Retail Trade	25.5	26.1	0.6	2.4
Transportation & Utilities	8.0	8.6	0.6	7.5
Information	3.1	3.2	0.1	3.2
Financial Activities	17.3	17.4	0.1	0.6
Professional & Business Services	21.9	21.3	-0.6	-2.7
Education & Health Services	30.7	30.5	-0.2	-0.7
Leisure & Hospitality	13.8	14.6	0.8	5.8
Other Services	8.8	9.0	0.2	2.3
Government	61.7	62.0	0.3	0.5

Notes: Based on 12-month averages through December 2020 and December 2021. Numbers may not add to totals due to rounding. Data are in thousands.  
Source: U.S. Bureau of Labor Statistics

value of nonresidential projects begun during 2021 was the highest total in the HMA since 2015. The number of construction jobs in the HMA is expected to continue to expand at a strong rate during the 3-year forecast period. A new General Motors Company electric battery plant, scheduled to begin in the summer of 2022, is expected to create more than 1,000 construction jobs during the next 3 years.

The leisure and hospitality sector also contributed significantly to job growth in the HMA during 2021, increasing by 800 jobs, or 5.8 percent, to 14,600 jobs. Despite gains during the past year, the sector remains 4,800 jobs, or 25 percent, below the number of jobs during 2019. Statewide, an estimated 3,000 restaurants closed as a result of the COVID-19 pandemic and the limitations imposed to slow its spread; currently, a shortage of workers is continuing to slow the recovery of jobs in this sector (Michigan Restaurant & Lodging Association).

**Figure 3. 12-Month Average Nonfarm Payrolls in the Lansing HMA**



Note: 12-month moving average.

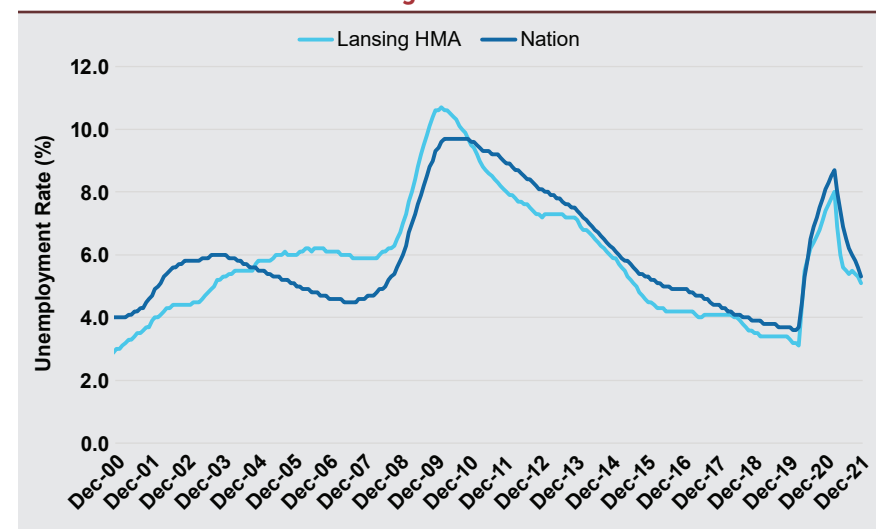
Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

Other sectors that grew in the HMA during 2021 include the wholesale and retail trade and the transportation and utilities sectors, which rose by 600 jobs each, or 2.4 and 7.5 percent, respectively, because of increased shopping for goods, whether in physical stores or online for delivery. By contrast, the professional and business services and the education and health services sectors both declined during 2021, falling by 600 and 200 jobs, or 2.7 and 0.7 percent, respectively.

## Current Conditions—Unemployment

The unemployment rate averaged 5.1 percent during 2021, down from 7.4 percent during 2020. The unemployment rate in the HMA was slightly above the rate for the state of Michigan, which was 5.0 percent, and below the national rate of 5.3 percent. The unemployment rate in the HMA has been below the national rate for much of the period since 2010, including since June 2020 (Figure 4). Despite the improved unemployment rate during the

**Figure 4. 12-Month Average Unemployment Rate in the Lansing HMA and the Nation**



Note: Based on the 12-month moving average.

Source: U.S. Bureau of Labor Statistics



past year, the labor force in the HMA fell by an average of 6,400 from 2020 through 2021, or 2.6 percent, annually; by contrast, nationally, the decline in the labor force was only 0.7 percent, because a larger share of workers nationally returned to the labor force. The sharp decline in the labor force

in the Lansing HMA has been due in part to a relatively rapid increase in the population over age 65. Impacts from the COVID-19 pandemic, including lost jobs, the need to care for family members, and elevated deaths, all contributed as well.

## Economic Periods of Significance

### 2001 Through 2009—A Period of Overall Decline

From 2001 through 2009, nonfarm payrolls declined by an average of 2,600, or 1.1 percent, annually, and grew in only 2 of the 9 years. By contrast, jobs in the state of Michigan fell faster, averaging declines of 2.1 percent annually; nationally, payrolls rose and then fell averaging a 0.1 percent annual decline over the period. Declining automobile sales negatively impacted manufacturing jobs during this time, which also influenced tax revenues and government jobs. Manufacturing jobs in the HMA fell by 1,500 annually, or 7.0 percent, on average, and constituted 58 percent of the job loss during this period. Nearly 77 percent of all job losses during this period were among goods-producing sectors, including the mining, logging, and construction sector. Among service-providing sectors, the education and health services sector increased an average of 700 jobs, or 2.6 percent, annually, and the other services sector added 100 jobs, a growth averaging 1.2 percent. Two other sectors, the transportation and utilities and the financial activities sectors, were unchanged during this time, with the remaining service-providing sectors losing jobs. During 2009, nonfarm payroll losses were significant, falling by 11,300 jobs, or 5 percent, as a result of the Great Recession.

### 2010 Through 2016—A Lagging Recovery

From 2010 through 2016, nonfarm payrolls began increasing after the significant losses of 2009. Job growth in the HMA averaged 2,500 jobs, or 1.1 percent, annually. In the state of Michigan and nationally, jobs grew at faster rates, averaging 1.6 and 1.4 percent annually, respectively. In the HMA, the goods-producing sectors contributed 36 percent of the growth, and the largest gains were in the manufacturing sector, which increased by an average of 800 jobs, or 4.5 percent, annually. Automobile sales grew during

this time, contributing to job gains at automobile plants in the HMA. Several investments by General Motors Company added approximately 650 jobs to the existing employment base. In the service-providing sectors, growth was broad, and all sectors except the other services sector increased. The state government sector grew by 400 jobs, or 1.0 percent, annually, because tax revenues increased during the recovery from the Great Recession. Growth in the professional and business services, the transportation and utilities, and the financial activities sectors totaled 500, 400, and 300 jobs, or rates of 2.3, 5.0, and 2.3 percent annually, respectively.

### 2017 Through 2019—Job Growth Slows

From 2017 through 2019, job growth in the HMA and the state of Michigan slowed. Nationally, job growth rose slightly compared with the previous period. In the HMA, jobs increased by 1,900, or 0.8 percent, annually, whereas the corresponding rates for the state of Michigan and the nation averaged 0.9 and 1.5 percent, respectively. In the HMA, job growth in the goods-producing sectors stopped. An average of 400 jobs added each year in the mining, logging, and construction sector was directly offset by an average annual decline of 400 jobs in the manufacturing sector, including 1,600 jobs eliminated at two General Motors Company plants during 2017. In the service-providing sectors, the state of Michigan continued to add jobs, and state government jobs increased by 900, or 1.9 percent, annually. Jobs in the financial activities and the professional and business services sectors increased by 500 and 600 jobs, or 2.9 and 2.6 percent annually, respectively. In the financial activities sector, AF Group, Farm Bureau® Insurance of Michigan, and Michigan Millers Insurance, all headquartered in the HMA along with other insurance companies previously mentioned, accounted for an estimated 10,000 total jobs (Insurance Alliance of Michigan).

### Commuting Patterns

Many jobs in the HMA are held by persons who reside outside of the area. Slightly more than two-thirds of Lansing HMA residents work in the HMA, with 32 percent of HMA residents commuting outside the HMA for jobs. By contrast, more than 43 percent of jobs in the HMA are held by workers living outside of the HMA (Table 3; 2019 U.S. Census On the Map). Given the age of the Census data and the workplace disruptions caused by the COVID-19 pandemic, the patterns have likely changed since the survey, and many workers continue to telework. Nevertheless, jobs at the state of Michigan

Table 3. Jobs by Place of Worker Residence in the Lansing HMA

	Lansing HMA (%)	Outside the Lansing HMA (%)
Where Lansing HMA Workers Live	57	43
Where Lansing HMA Residents Work	68	32

Source: U.S. Census Bureau (2019 On the Map data)

which were being performed remotely during the pandemic began to transition back to in-person work during July 2021, and instruction at MSU is expected to return to in-person in January 2022.

### Forecast

During the forecast period, nonfarm payrolls in the HMA are expected to increase 1.7 percent annually with recovery from the downturn caused by the COVID-19 pandemic, including the continued easing of the measures to contain it. Expected changes to the local jobs base include a large investment by General Motors Company, estimated at \$2.5 billion, to develop a new facility to produce electric battery cells. This investment is expected to directly create 1,700 jobs and indirectly support as many as 3,400 additional jobs by 2024 (Anderson Economic Group). An additional \$510 million dollars will be invested in two other HMA-area General Motors Company plants during the next 3 years. The first Amazon.com, Inc. warehouse in the HMA is also under construction. The facility is scheduled to open during the spring of 2022 and will create approximately 500 jobs when complete.



# Population and Households

Current Population: 476,600

Because job growth in the Lansing HMA was generally lower than nationally, the population in the Lansing HMA has grown slowly since 2000, with net out-migration occurring during most years.

## Population Trends

Population changes in the HMA have generally followed economic trends, typically with a lag of approximately a year after significant economic changes. Relative stability in government sector jobs softens some out-migration trends, but during periods when jobs are growing much faster nationally than in the HMA, net out-migration increases. The HMA has traditionally benefitted from international in-migration associated with MSU. That trend has generally slowed since the mid-2010s, however, resulting in the slowest rate of population growth in the HMA since the previous decade.

The population of the HMA is currently estimated at 476,600 (Table 4), with growth averaging 350 or 0.1 percent, annually since 2017 (Census Bureau population estimates as of July 1; Figure 5). The fastest recent rate of population growth in the HMA occurred from 2000 to 2004, when the population grew by an average of 3,300, or 0.7 percent, annually. Net in-migration averaged

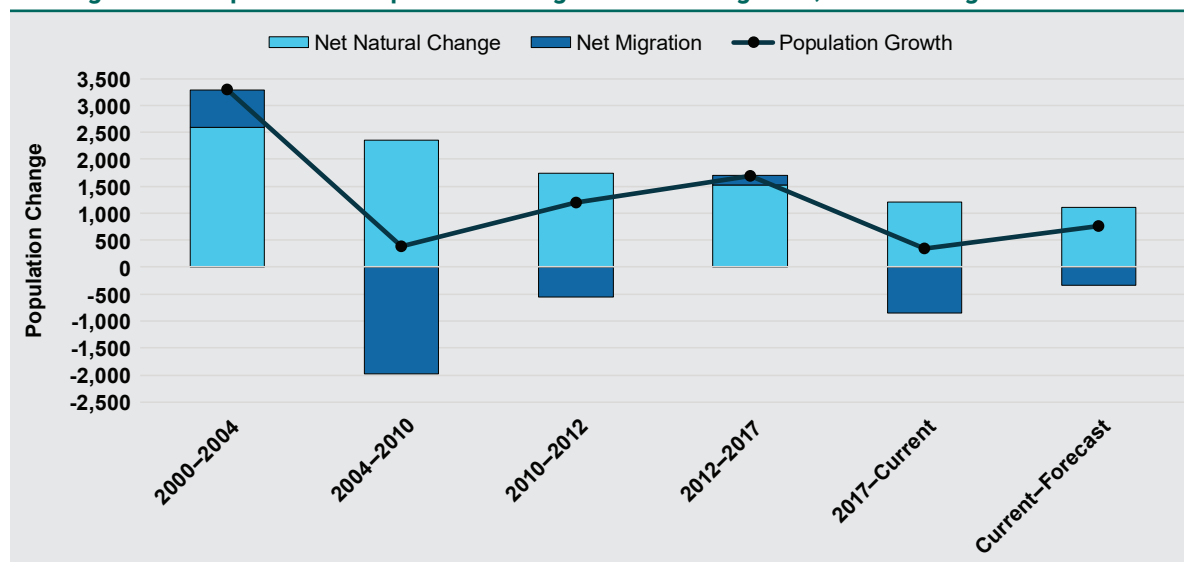
Table 4. Lansing HMA Population and Household Quick Facts

Population Quick Facts	2010	Current	Forecast
	Population	464,036	476,600
	Average Annual Change	1,625	1,075
	Percentage Change	0.4	0.2
Household Quick Facts	2010	Current	Forecast
	Households	183,422	193,600
	Average Annual Change	1,100	870
	Percentage Change	0.6	0.5

Notes: Average annual changes and percentage changes are based on averages from 2000 to 2010, 2010 to current, and current to forecast. The forecast period is from the current date (January 1, 2022) to January 1, 2025.

Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by the analyst

Figure 5. Components of Population Change in the Lansing HMA, 2000 Through the Forecast



Notes: Data displayed are average annual totals. The forecast period is from the current date (January 1, 2022) to January 1, 2025.

Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

700 annually during this time, accounting for 21 percent of population growth. Although the economy in the HMA lost jobs during the period, there was no job growth nationally, providing less incentive to potential HMA residents looking for jobs in other locations. From 2004 to 2010, jobs in the HMA generally declined each year, averaging declines of 1.5 percent annually, while the national economy experienced job growth

followed by job losses during the Great Recession and an overall rate of decline averaging 0.1 percent annually during this timeframe. This stark difference in job count trajectories led to strong out-migration from the HMA, and the population rose by an average of only 380, or 0.1 percent, annually, because net out-migration averaged 1,970 annually compared with an average net natural increase of 2,350 during the period.

The economy of the HMA began improving during 2010, which contributed to slowed net out-migration and a modest increase in the rate of population growth. From 2010 to 2012, net out-migration fell to an average of 550 annually and net natural change declined to an average of 1,750 annually. As a result, population growth in the HMA increased to an average of 0.3 percent, or 1,200, annually. Job growth in the HMA accelerated from 2013 to 2017, and although job growth in the HMA lagged behind the national rate, the previous trend of net out-migration reversed. From 2012 to 2017, net in-migration and net natural change averaged 175 and 1,525, annually, respectively. The population of the HMA rose at the fastest rate since the period of 2000 to 2004, increasing by an average of 1,700 people, or 0.4 percent, annually. Since 2017, population growth in the HMA has slowed to an average of 350, or 0.1 percent, annually, because of net out-migration, which has averaged 850 annually, as well as net natural change declining to an average of 1,200 annually.

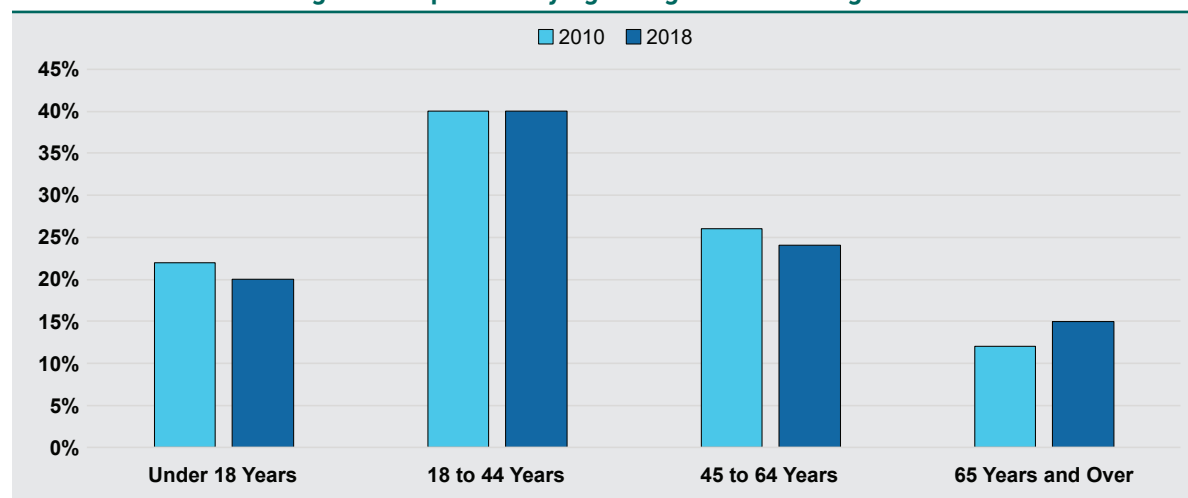
## Migration Trends

Domestic migration trends in the Lansing HMA have generally been outbound, with more people moving out of the HMA than moving in since 2000. During periods when net-migration has been positive, it was because international net in-migration had offset domestic net out-migration. International in-migration into the United States began to fall after 2016 because of tightening immigration procedures. International in-migration fell even more precipitously during 2020 because of the COVID-19 pandemic and its impacts on economic conditions and international travel restrictions. As a result, net international in-migration to the HMA, which was relatively steady from 2011 to 2016, averaging 2,350 annually, fell by an average of nearly 27 percent during each of the next 4 years, to only 690 during 2020. Similarly, international students at MSU comprised 13 percent of the student body during 2016 and only 8 percent of the student body during 2020 (Michigan State University, Office for International Students and Scholars). International in-migration is expected to increase modestly during the forecast period because of loosening immigration policies.

## Age Cohort Trends

Net natural change has declined nearly every year in the HMA since 2000, due in large part to an increasing share of older residents. The only age cohort to increase in the HMA from 2010 to 2018 was the cohort aged 65 and older (Figure 6). This increase has contributed to lower levels of net natural change because an aging population leads to more deaths. Resident deaths have generally trended upwards since 2001,

Figure 6. Population by Age Range in the Lansing HMA



Source: 2018 American Community Survey, 1-year data

including increases each year since 2015 (Michigan Department of Public Health, Vital Statistics). During 2020, resident deaths in the HMA rose 15 percent, the fastest increase in recent history, which was largely due to COVID-19.

## Geographic Trends

Within the HMA, population growth from 2010 to 2020 was fastest in Clinton County, which grew an average of 0.5 percent each year, whereas Eaton and Ingham counties each grew an average of 0.1 percent annually. Clinton County includes small parts of the cities of Lansing and East Lansing. The fastest growing communities in Clinton County are Bath and Watertown townships, where the population grew 1.4 percent annually in each location. These two Clinton County townships are adjacent to the cities of Lansing and East Lansing, offer ample room for new suburban development, and provide easy access to employment and cultural resources in Lansing and East Lansing. In Eaton County, the population of Potterville increased 1.6 percent annually; in Ingham County, growth was led by Aurelius and Meridian townships, which increased 2.1 and 1.0 percent annually, respectively. Notably, population in the cities of Lansing and East Lansing, both primarily located in Ingham County, declined 0.2 and 0.3 percent annually, respectively.

## Household Trends

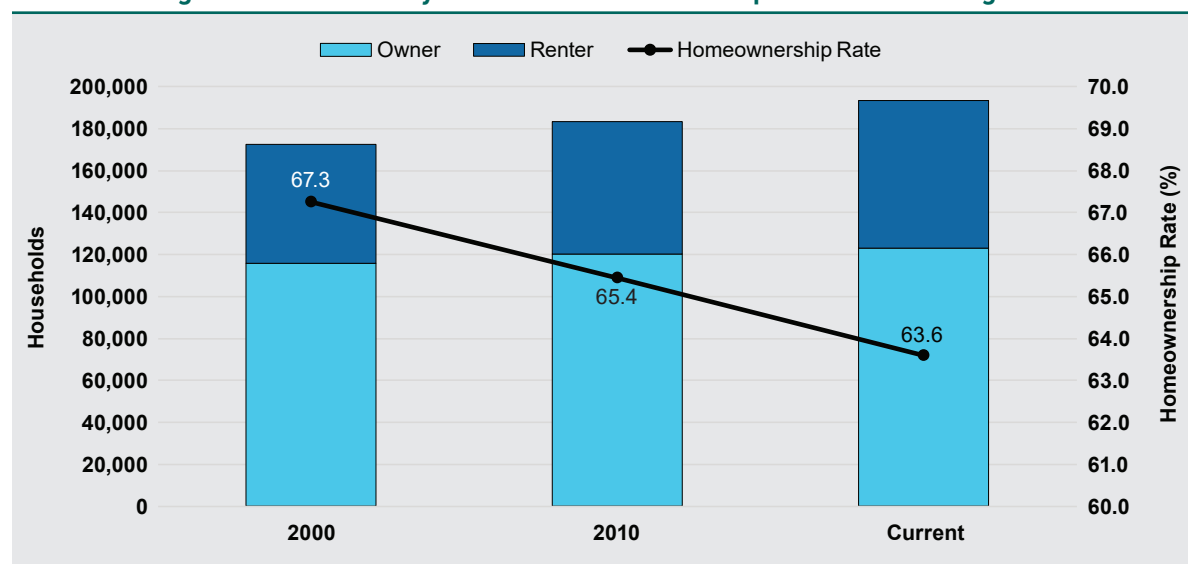
Households have grown faster than the population in the HMA since 2010 because the

economic recovery since 2010 led to increased household formation. An increase in population among resident age 65 and older also typically leads to smaller, and more numerous, households. As of January 1, 2022, the number of households in the HMA is estimated at 193,600, an average increase of 870 households, or 0.5 percent, annually since 2010, compared with population growth averaging 0.2 percent (Figure 7). Both the number of households and the population grew at slightly faster rates during the previous decade, a period when household growth averaged 1,100, or 0.6 percent, annually, and population growth averaged 0.4 percent annually. Renter households increased an average of 0.9 percent annually since 2010, compared with owner household growth averaging 0.2 percent annually.

## Forecast

During the 3-year forecast period, both the population and the number of households in the HMA are expected to increase an average of 770 and 530 a year, or 0.2 and 0.3 percent, respectively, to 478,800 people and 195,200 households. Net international migration is expected to increase slightly because impacts from COVID-19 on international migration should lessen, and the decline in net natural change is expected to slow.

**Figure 7. Households by Tenure and Homeownership Rate in the Lansing HMA**



Note: The current date is January 1, 2022.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by the analyst

# Home Sales Market

## Market Conditions: Slightly Tight

Total home sales are currently constrained by a lack of for-sale inventory in the HMA, which has led to modest upward pressure on average home sales prices. Homes are generally affordable in the HMA compared with the rest of the nation.

## Current Conditions

The sales housing market in the Lansing HMA is currently slightly tight, with an estimated sales vacancy rate of 1.5 percent, down from 2.5 percent in April 2010, when conditions were soft (Table 5). Approximately 8,700 new and existing homes were sold during 2021, nearly 12 percent more than a year earlier, when impacts from the COVID-19 pandemic slowed sales activity in the HMA (CoreLogic, Inc., with adjustments by the analyst). The average home sales price during 2021 was \$184,900, nearly 2 percent higher than the average price during 2020. New home sales in the HMA, despite a recent increase, remain historically low, accounting for less than 3 percent of total home sales during 2021. By contrast, nationally, new home sales accounted for about 11 percent of total home sales. Existing home sales also increased during the last year because resale sales rose; the other component of existing home sales, distressed sales, declined sharply.

Table 5. Home Sales Quick Facts in the Lansing HMA

	Lansing HMA	Nation
<b>Vacancy Rate</b>	1.5%	NA
<b>Months of Inventory</b>	0.6	1.1
<b>Total Home Sales</b>	8,700	6,887,000
1-Year Change	12%	7%
<b>New Home Sales Price</b>	\$215,500	\$458,700
1-Year Change	-16%	17%
<b>Existing Home Sales Price</b>	\$185,400	\$368,500
1-Year Change	1%	11%
<b>Mortgage Delinquency Rate</b>	1.6%	2.0%

NA = data not available.

Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending December 2021; and months of inventory and mortgage delinquency data are as of December 2021. The current date is January 1, 2022.

Sources: Vacancy rate—estimates by the analyst; months of inventory—CoreLogic, Inc.; HMA home sales and prices—CoreLogic, Inc.; national home sales and prices—National Association of REALTORS® and U.S. Census Bureau/HUD

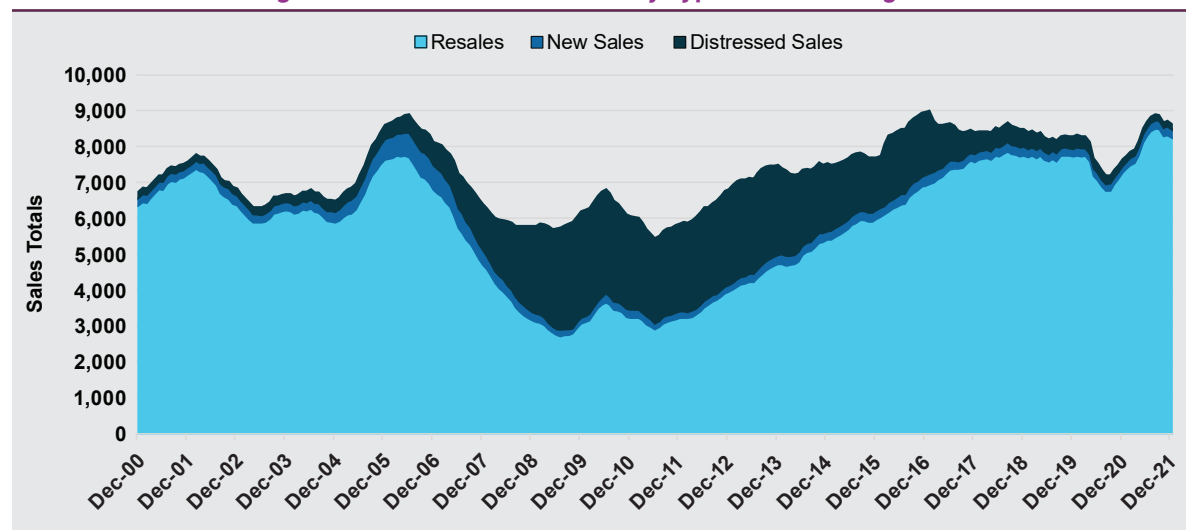
## Existing Home Sales

Existing home sales include resale home sales and distressed home sales. From 2001 through 2006, including a period of strong population growth from 2000 to 2004, resale home sales increased slowly, rising 1 percent annually, reaching 6,775 sales during 2006. From 2007 through 2011, including the Great Recession and its effects on economic and demographic trends of the HMA, resales fell (Figure 8), declining 14 percent annually, on average, to 3,225 resale home sales during 2011; this decline included the recent low level of sales, 3,050, during 2009. During the period of improved economic conditions in the HMA from 2012 through 2016, resale home sales rose rapidly, by 740 sales, or 17 percent, annually, to 6,925 sales during 2016. From 2017 through 2019, when economic and population growth in the HMA slowed, growth in resales moderated to an average of 4 percent, or 270 sales annually. The early stages of the COVID-19 pandemic, which resulted in significant job losses in the HMA, also contributed to health and safety concerns among potential buyers and sellers regarding home showings. As a result, resale home sales declined 7 percent during 2020. During 2021, resale home sales totaled 8,250, more than 13 percent above the 7,275 sales during 2020.

Distressed sales in the HMA generally trend in the opposite direction from resale home sales. When economic conditions are stronger, resales predominate; when economic conditions soften, real estate

owned (REO) or short sales generally rise as a share of existing home sales. Distressed sales in the HMA were relatively low from 2000 through 2006, averaging 310 annually, or approximately 5 percent of all existing home sales during that time. Distressed home sales started to rise sharply during 2007, increasing 64 percent annually, on average, from 2007 through 2009, a period when both new and resale sales fell. During the period, distressed sales reached a recent annual high of 2,975 during 2009, nearly one-half of all existing home sales during the year. During 2010 and 2011, distressed sales were lower than the high level during 2009, averaging 2,550 each year. From 2012 through 2016, during a period of relatively strong economic growth in the HMA, distressed home sales fell approximately 6 percent annually before falling even faster, with average declines of 42 percent annually from 2017 through 2019. The decline from 2017 through 2019 was primarily because most households subject to financial stress had already defaulted or sold their homes in previous years. Since 2019, the number of distressed home sales has continued to decline. Despite the economic disruption during 2020, the level of distressed home sales fell in part because of government programs delaying foreclosure filings. Additionally, owner households, which typically have higher incomes than renter households, may have been more likely to maintain their incomes via telework during the pandemic and were less affected by the economic disruption.

**Figure 8. 12-Month Sales Totals by Type in the Lansing HMA**



Distressed Sales = short sales and real estate owned sales.

Source: CoreLogic, Inc., with adjustments by the analyst

## New Home Sales

New home sales, which are generally priced higher than existing home sales, have been a small component of the overall home sales market in the HMA since 2006. From 2001 through 2006, new home sales rose 22 percent annually, on average, to 680 sales during 2006, when new home sales constituted nearly 9 percent of all home sales. From 2007 through 2011, new home sales fell sharply, with declines averaging 23 percent annually to a low of 180 sales during 2011, and they had fallen to only 3 percent of all home sales. From 2011 through 2019, new home sales fluctuated modestly, but on net, new home sales did not change. During 2021, new home sales increased more than 26 percent, or by approximately 50 new home sales. The surge in homebuying was due, in part, to some households seeking new living arrangements in reaction to the COVID-19 pandemic and its impacts on work and school.

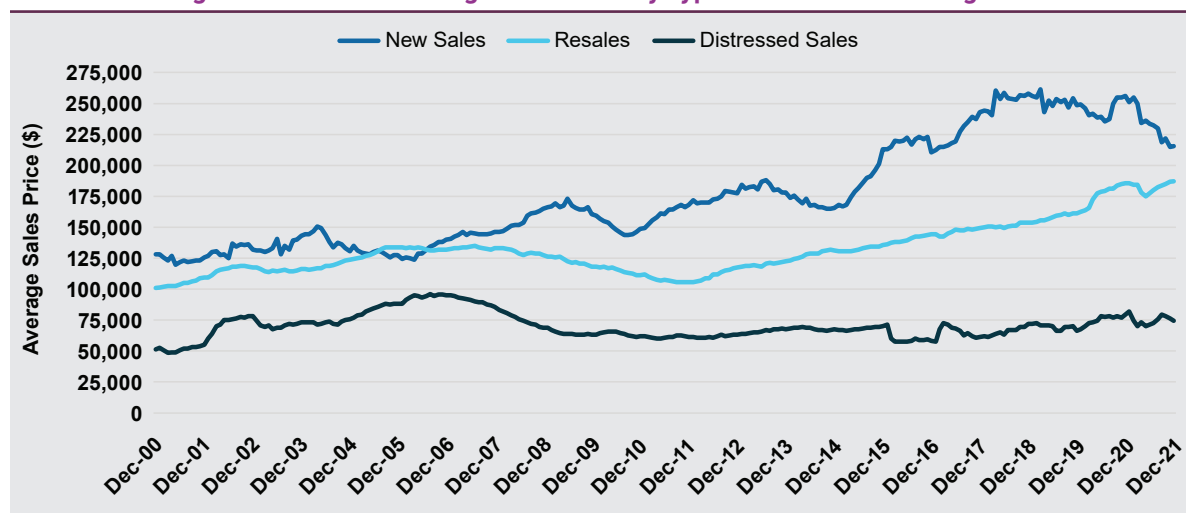
## Home Sale Prices

During 2021, the average price of a resale home was \$187,400 in the HMA, slightly higher than the average price a year earlier (Figure 9). During 2020, the average resale home price rose more than 15 percent to \$185,800, the highest annual increase in recent history. The COVID-19 pandemic caused

a shift to remote learning for students and remote working for many jobs, leading to demand for different, often larger, homes. Resale home prices have increased steadily since 2011, following economic and demographic trends in the HMA. From 2001 through 2006, resale home prices rose 5 percent, on average, or by \$5,200 annually; from 2007 through 2011, they fell by almost the same amount. From 2012 through 2019, resale home sales prices rose steadily, with gains averaging 5 percent annually to \$161,200 during 2019. The other component of existing home sales is distressed sales. Prices for distressed home sales in the HMA have been reasonably steady until recent years; they briefly reached \$95,100 during 2006 but have mostly been between \$60,000 and \$80,000 since 2000. During 2021, the average distressed home sale price was \$74,650, or 6 percent lower than the average price during 2020 of \$79,400, which was an increase of nearly 20 percent from the average of \$66,250 during 2019.

The average new home sales price in the HMA during 2021 was \$215,500, a decline of nearly 16 percent from a year ago. By contrast, during 2020, the average new home sales price was \$255,800, an increase of 3 percent from 2019. For comparison, nationally, the average new home sales price rose 17 percent during 2021 to \$458,700. Limited new home sales in the HMA makes the average sales price relatively volatile. From 2001 through 2008, the average new home sales price rose 3 percent annually, on average,

**Figure 9. 12-Month Average Sales Price by Type of Sale in the Lansing HMA**



Distressed Sales = short sales and real estate owned sales.  
Source: CoreLogic, Inc., with adjustments by the analyst

and from 2009 through 2014, there was no net change in average new home sales prices. From 2015 through 2019, average new home sales prices rose an average of 8 percent annually.

## Sales Permit Activity

The current level of home construction activity, as measured by the number of single-family homes, townhomes, and condominiums permitted (see [building permits](#)), is significantly below the levels during most of the previous decade. From 2000 through 2005, the number of homes permitted averaged 1,825 annually (Figure 10). From 2006 through 2007, economic conditions and demographic trends weakened in the HMA, and the number of home permitting fell, declining 40 percent annually, on average, to 630 homes permitted during 2007. During 2008 and 2009, new home permitting declined to record low levels, averaging only 260 homes permitted annually. Although home construction in the HMA has increased since 2009, it remains low. From 2010 through 2019, the number of new homes permitted averaged 480 annually. During 2021, an estimated 480 new homes were permitted in the HMA, down from an estimated 540 homes permitted during 2020 (preliminary data and estimates by the analyst). An estimated 60 condominium units were permitted during 2020; however, condominium development has not been a significant source of new home construction in the HMA since 2007.

## New Construction by Geography

New housing construction has generally followed population growth in the Lansing HMA. Relatively little new sales housing construction has occurred within the cities of Lansing and East Lansing, partly because of a lack of available land, but also because demand for new housing is less likely in these cities. Much of the new sales housing construction is located in suburban townships adjacent or nearly adjacent to the cities of Lansing and East Lansing.

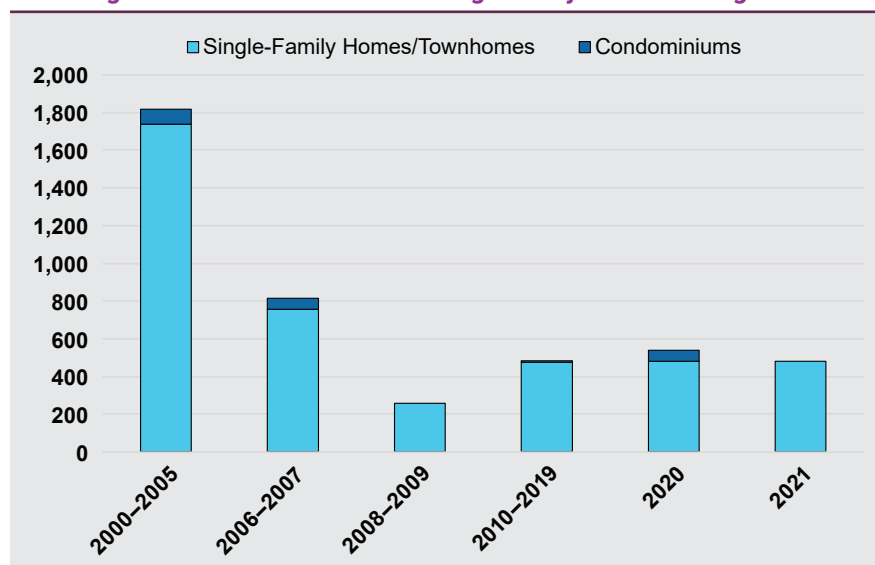
In Okemos, an unincorporated community adjacent to East Lansing in Meridian Township in Ingham County, the College Fields subdivision includes 34 new single-family homes, townhomes, and detached condominium units, with existing new homes starting at \$400,000 to \$439,000, and a selection of customizable home plans for custom building; 28 of the 34 homes have been

sold. In Lansing and East Lansing, the Capital Area Housing Partnership builds new homes and renovates existing homes for income-eligible households, and it currently lists a new construction home in Lansing, in Ingham County, with three-bedrooms and one and one-half bathrooms, for \$137,500.

## Housing Affordability: Sales

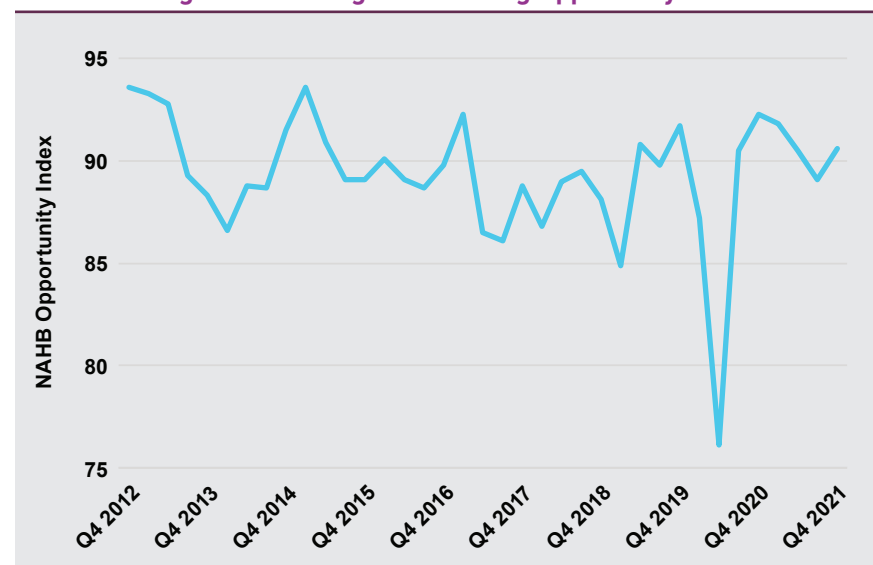
The National Association of Home Builders (NAHB)/Wells Fargo Housing Opportunity Index (HOI) for the HMA, which calculates the share of homes sold that would have been affordable to a family earning the local median income, was 90.6 during the fourth quarter of 2021, indicating more than 9 out of 10 homes sold in the HMA during that quarter sold for a price that a household earning the median income could afford (Figure 11). This calculation ranked the Lansing HMA second out of 237 metropolitan areas throughout the country in affordability, trailing only the Cumberland, Maryland-West Virginia MSA. The

**Figure 10. Annual Sales Permitting Activity in the Lansing HMA**



Sources: U.S. Census Bureau, Building Permits Survey; 2000–2020 final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

**Figure 11. Lansing HMA Housing Opportunity Index**



NAHB = National Association of Home Builders. Q4 = fourth quarter.  
Sources: NAHB; Wells Fargo

HOI for the Lansing HMA has exceeded 85 in all but two quarters since the fourth quarter of 2012. The HOI for the HMA dipped slightly, to 84.9, during the first quarter of 2019, and it briefly fell to 76.1 during the second quarter of 2020, when the median home sales price rose sharply. The figure has, however, exceeded 89.0 since the third quarter of 2020.

Forecast

During the next 3 years, demand is expected for 1,525 new homes in the HMA (Table 6). The 150 homes currently under construction will meet a small portion of that demand during the first year of the forecast period. Population growth is expected to be mostly stable during the next 3 years, and demand for sales housing will be relatively consistent during the 3-year period.

Table 6. Demand for New Sales Units in the Lansing HMA During the Forecast Period

Sales Units	
Demand	1,525 Units
Under Construction	150 Units

Note: The forecast period is from January 1, 2022, to January 1, 2025.  
Source: Estimates by the analyst



# Rental Market

## Market Conditions: Balanced

The apartment market is slightly tight, with a current vacancy rate of 2.2 percent.

## Current Conditions and Recent Trends

Overall rental market conditions are currently balanced in the Lansing HMA. The rental vacancy rate for all rental units (including apartments, single-family homes, townhomes, and mobile homes for rent) is estimated at 6.5 percent, down from 9.0 percent during 2010 when the market was soft (Table 7). Rental market conditions had been soft during much of the previous decade from 2000 to 2010, culminating in the Great Recession during 2008 and 2009. The overall rental market has generally improved since 2010, when the economy in the HMA began recovering from steep job losses that occurred during 2009.

## Apartment Market Conditions

The apartment market in the HMA is currently slightly tight. The vacancy rate as of the fourth quarter of 2021 was only 2.2 percent, down from 3.3 percent a year earlier (RealPage, Inc.). Average asking rent levels, and recent rent increases, have generally trailed national levels. During the fourth quarter of 2021, the average apartment asking rent was \$1,019, more than 9 percent above the average rent a year earlier,

**Table 7. Rental and Apartment Market Quick Facts in the Lansing HMA**

Rental Market Quick Facts		2010 (%)	Current (%)
	Rental Vacancy Rate	9.0	6.5
		2010 (%)	2018 (%)
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	36.0	33.0
	Multifamily (2–4 Units)	10.0	11.0
	Multifamily (5+ Units)	53.0	52.0
	Other (Including Mobile Homes)	1.0	4.0

Notes: The current date is January 1, 2022. Percentages may not add to 100 due to rounding.

Sources: 2010 vacancy rate—2010 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2010 and 2018 American Community Survey, 1-year data; apartment data—Moody's Analytics REIS

but well below the national average rent of \$1,633, which increased more than 14 percent from a year earlier. Since 2010, average apartment asking rents in the HMA rose an average of 3 percent annually. Nationally, the average annual increase was more than 4 percent. The impact of the early stages of COVID-19 on the market was relatively unclear because the vacancy rate during the fourth quarter of 2020, 3.3 percent, was unchanged from the rate a year earlier.

Like the overall rental market, apartment market conditions during the previous decade were softer than they are currently. From 2005 to 2010, the apartment vacancy rate was comparatively high, and the asking rent fell during 2 of the 5 years; overall, the asking rent declined 0.3 percent annually. By contrast, nationally from 2005 to 2010, the average asking rent rose in each year except 2009. From the fourth quarter of 2005 through the fourth quarter of 2010, the average asking rent for the nation rose an average of 1.3 percent annually. Economic conditions in the Lansing HMA were much softer than nationally during the period, and population growth in the HMA averaged only 0.1 percent, well below the 0.6-percent annual increase from 2000 to 2005. Since 2010, however, the apartment market in the HMA has tightened, with apartment vacancy rates generally declining sharply, with average asking rents rising (Figure 12).

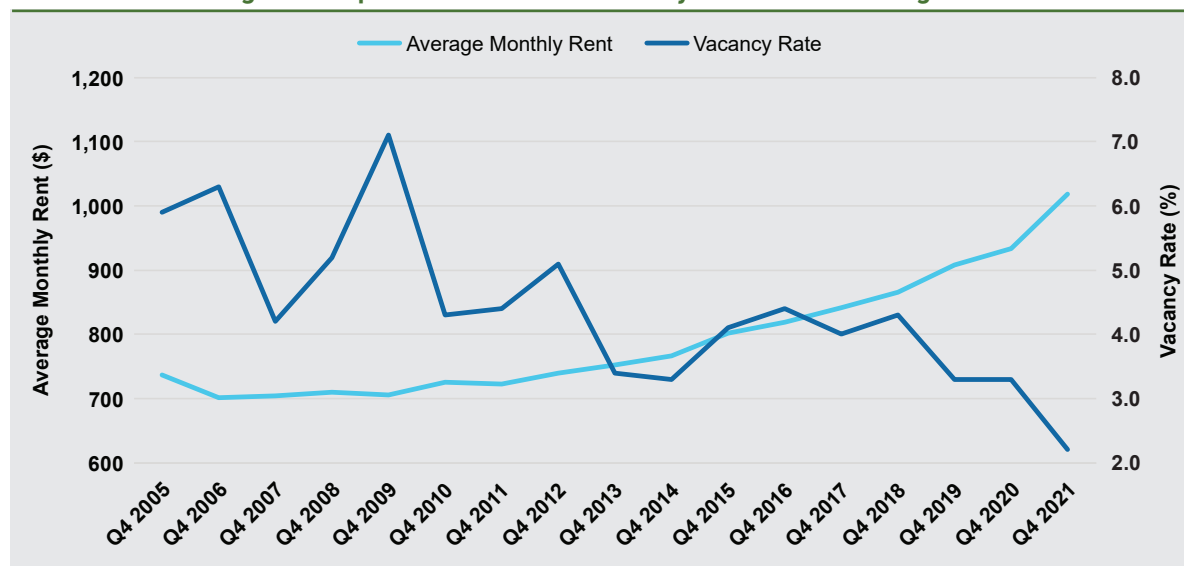
RealPage, Inc. includes three market areas in the Lansing HMA, generally corresponding to the city of Lansing, the city of East Lansing, and most of the rest of the HMA geography (the Outer Lansing market area). The highest rents among the three market areas during the fourth quarter of 2021 were in the Outer Lansing and the East Lansing market areas, where the rents were \$1,101 and \$1,085, after increasing 9 and 10 percent, respectively, from the fourth quarter of 2020. The lowest average asking rents were in

the Lansing market area, where the average rent during the fourth quarter of 2021 was \$955, an increase of 9 percent from a year earlier. Since the recovery from effects of the Great Recession in the HMA began during 2010, average asking rents rose, on average, 3 percent each in the Lansing and East Lansing market areas and 6 percent in the Outer Lansing market area since 2011. The vacancy rates in each market area are currently low, averaging 1.8 percent each in the East Lansing and the Outer Lansing market areas, down from 3.1 and 2.6 percent, respectively; in the Lansing market area, the vacancy rate was 2.7 percent, down from 3.4 percent.

## Student Housing

Students occupy an estimated 15 percent of rental units in the HMA, predominately near the MSU campus in East Lansing, but also in the east side of Lansing and suburban townships adjacent to East Lansing. Most student rental households are MSU students; Lansing Community College, with an enrollment of approximately 23,000, is primarily a commuter school, and enrollment at the Western Michigan University Thomas M. Cooley Law School is approximately 1,300. During the fall of 2021, MSU reinitiated a requirement that all first- and second-year students live on campus, a requirement that had been waived during the 1980s, when only first-year students were required to live on campus. University research indicated that students who lived on campus for the first 2 years of their college career had 2.5-percent

**Figure 12. Apartment Rents and Vacancy Rates in the Lansing HMA**



Q4 = fourth quarter.  
Source: RealPage, Inc.

higher rates of graduation than students who only lived on campus during their freshman year. Since 2010, a number of new apartment properties that target students have been built in Lansing and in townships surrounding the city of East Lansing. The campus at MSU was closed during the fall of 2020 and the spring of 2021, but it was open for some in-person learning during the fall semester of 2021 until after the winter break. While the Omicron surge led to many courses being taught remotely, MSU is scheduled to resume in-person teaching in mid-January 2022. During December 2021, student-oriented apartments in the HMA were approximately 93 percent occupied (RealPage, Inc.); it is likely that some students left the HMA because the Omicron variant of the COVID-19 virus limited in-person teaching.

## Housing Affordability: Renter

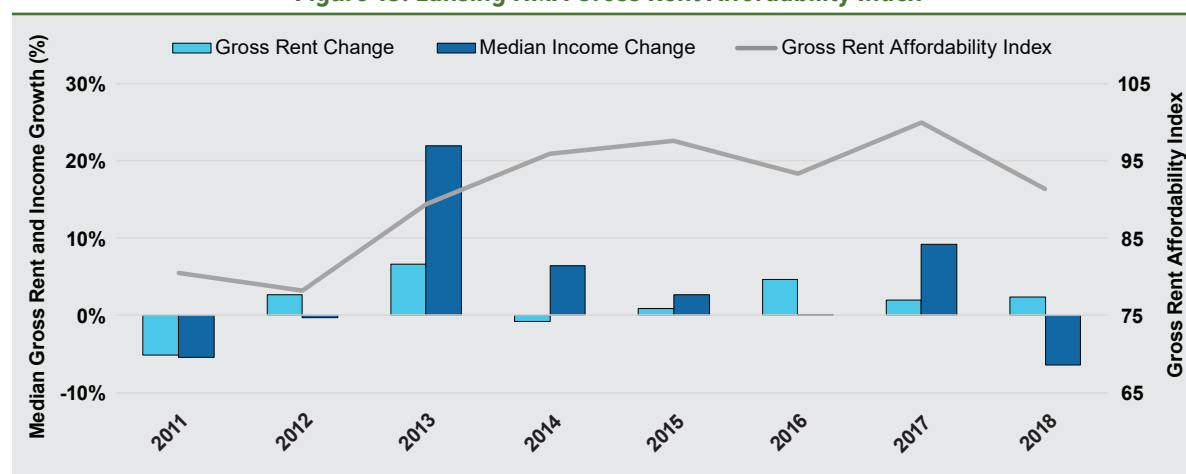
Although renter housing is relatively affordable in the Lansing HMA when compared to other areas, many households do not earn sufficient incomes to afford median rents. The HUD Gross Rent Affordability Index is a measure of median renter household income relative to the qualifying income for the median-priced rental unit. When the index is above 100, it indicates an area where the median renter income is more than enough to afford the median rent. From 2011 to 2018, this index has not been above 100. Although rent

increases have been relatively modest during most years since 2010, the median renter household income has not risen fast enough to afford the rising rents (Figure 13). Average rent increases remained modest from 2018 to 2020, but rents rose strongly during 2021, and it is likely that this index has declined since 2018. During the 2014 to 2018 period, approximately 20 percent of all renter households in the HMA experienced moderate to high cost burden (see [cost burdened](#)), spending between 31 and 50 percent of their incomes for housing costs, slightly below the national average (Table 8). Among very low-income households in the HMA, those households earning less than 50 percent of the area median family income, more than 27 percent spent between 31 and 50 percent of their household incomes on housing costs, and nearly 53 percent were severely cost burdened, spending more than 50 percent of their household income on housing costs. In both cases, the percentage of cost-burdened households is estimated to be above the national average.

## Rental Permit Activity

Rental construction activity, as measured by the number of rental units permitted, increased substantially during 2018 and 2019. This period corresponded with moderating economic gains and slowed population growth in the HMA. Vacancy rates in both the overall rental and apartment markets in the HMA, however, were relatively low, causing developers to increase apartment production significantly. Despite the

**Figure 13. Lansing HMA Gross Rent Affordability Index**



Notes: Rental affordability is for the larger Lansing-East Lansing metropolitan statistical area (MSA). The Gross Rent Affordability Index differs from the HUD Rental Affordability Index published on the U.S. Housing Market Conditions website in that it is based on combined rent and utilities expenditure. Source: American Community Survey, 1-year data

**Table 8. Percentage of Cost Burdened Renter Households by Income, 2018**

	Moderate to High Cost Burden: 31–50 Percent of Income Toward Housing Costs		Severe Cost Burden: 51 Percent or More of Income Toward Housing Costs	
	Lansing HMA	Nation	Lansing HMA	Nation
Renter Households with Income <50% HAMFI	27.4	24.7	52.7	51.2
Total Renter Households	20.3	21.8	24.5	22.6

HAMFI = HUD-adjusted area median family income.

Source: Consolidated Planning/CHAS Data, 2018 American Community Survey 5-year estimates. (huduser.gov)

increase in rental construction, the apartment vacancy rate did not increase during 2020, and it decreased in 2021, suggesting that most of the units permitted during 2018 and 2019 were quickly absorbed.

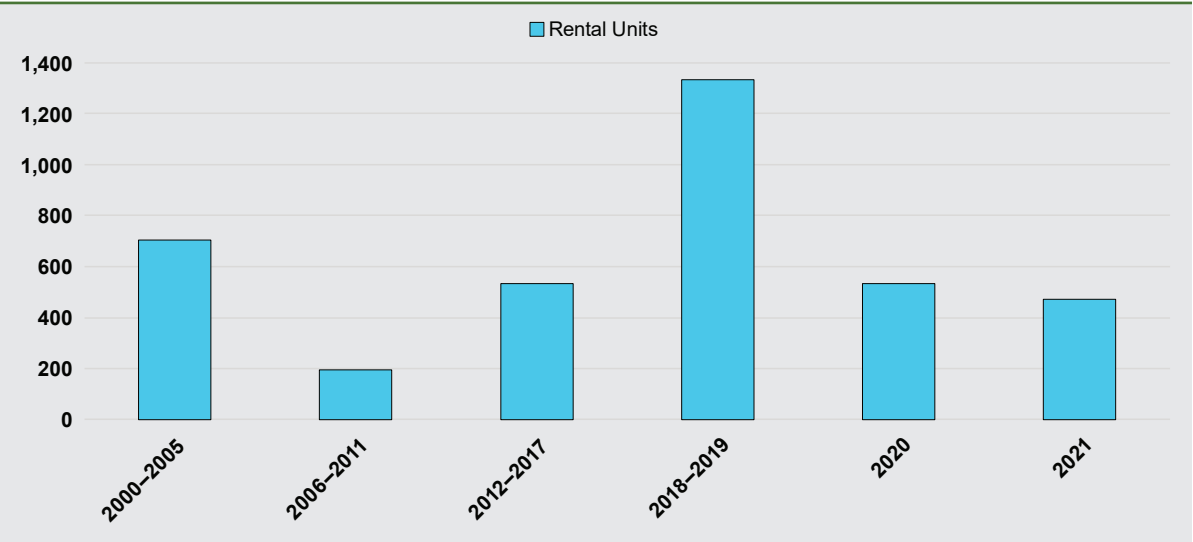
From 2000 through 2005, including the period when population growth in the HMA was at its recent peak, an average of approximately 700 rental units were permitted annually (Figure 14). From 2006 through 2011, leading up to the Great Recession and the beginning of the recovery in the HMA, rental permitting fell sharply, averaging 190 units permitted annually, including a recent low of 80 units permitted during 2009. The economy in the Lansing HMA began to recover during 2010, and renter household

growth was strong following the Great Recession. The number of rental units permitted averaged 530 annually from 2012 through 2017 before soaring during 2018 and 2019 to average 1,325 units permitted annually. In contrast to recent new home sales permitting, which has largely been concentrated outside of the cities of Lansing and East Lansing, new renter units are predominately located in the cities of Lansing and East Lansing. Since 2019, approximately 53 percent of multifamily units permitted were in the city of Lansing, and 20 percent were permitted in East Lansing. This comparison is nearly the opposite of permitting trends from 2015 through 2018, when 26 percent of multifamily units permitted were in Lansing, and 52 percent of multifamily units permitted were in East Lansing. Many of the rental units permitted in the city of Lansing since 2019 have been located in the east side of the city, relatively close to East Lansing.

### Rental Construction

In Lansing, adjacent to East Lansing, University Edge Student Living apartments opened in the fall of 2021, and it includes 235 units with multiple bedroom combinations for student occupancy; rents start 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. Newman Lofts, which targets market-rate households with residents aged 55 and over, opened in downtown East Lansing

Figure 14. Annual Rental Permitting Activity in the Lansing HMA



Note: Includes apartments and units intended for rental occupancy.  
Sources: U.S. Census Bureau, Building Permits Survey; 2000–2020 final data and estimates by the analyst; 2021—preliminary data and estimates by the analyst

during 2019, and it includes 91 one- and two-bedroom units, some with dens, with monthly rents starting at \$1,455 and \$2,200. In the city of Lansing, Walter French Junior High School, a former middle school, 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.

### Forecast

During the next 3 years, demand is expected for 1,400 new rental units. The 750 units currently under construction will satisfy approximately one-half of the demand during the first and second years (Table 9). Demand is expected to be stable throughout the forecast period.

Table 9. Demand for New Rental Units in the Lansing HMA During the Forecast Period

Rental Units	
Demand	1,400 Units
Under Construction	750 Units

Note: The forecast period is January 1, 2022, to January 1, 2025.  
Source: Estimates by the analyst



# Terminology Definitions and Notes

## A. Definitions

<b>Building Permits</b>	Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.
<b>Cost Burdened</b>	Spending more than 30 percent of household income on housing costs. Moderate to high-cost burden refers to households spending 31 to 50 percent of income on housing costs. Severe cost burden refers to households spending 51 percent or more of income on housing costs.
<b>Demand</b>	The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.
<b>Distressed Sales</b>	Short sales and real estate owned (REO) sales.
<b>Existing Home Sales</b>	Include resale sales, short sales, and REO sales.
<b>Forecast Period</b>	1/1/2022–1/1/2025—Estimates by the analyst.
<b>Home Sales/ Home Sales Prices</b>	Includes single-family, townhome, and condominium sales.

<b>Net Natural Increase</b>	<b>Resident births minus resident deaths.</b>
<b>Rental Market/ Rental Vacancy Rate</b>	<b>Includes apartments and other rental units such as single-family, multifamily, and mobile homes.</b>
<b>Resales</b>	<b>These are home closings that have no ties to either new home closings (builders) or foreclosures. They are homes that were previously constructed and sold to an unaffiliated third party.</b>

## B. Notes on Geography

<b>1.</b>	<b>The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.</b>
<b>2.</b>	<b>Urbanized areas are defined using the U.S. Census Bureau's 2010 Census Urban and Rural Classification and the Urban Area Criteria.</b>
<b>3.</b>	<b>The census tracts referenced in this report are from the 2010 Census.</b>

## C. Additional Notes

<b>1.</b>	<b>The NAHB Housing Opportunity Index represents the share of homes sold in the HMA that would have been affordable to a family earning the local median income, based on standard mortgage underwriting criteria.</b>
<b>2.</b>	<b>This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.</b>
<b>3.</b>	<b>The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.</b>



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