

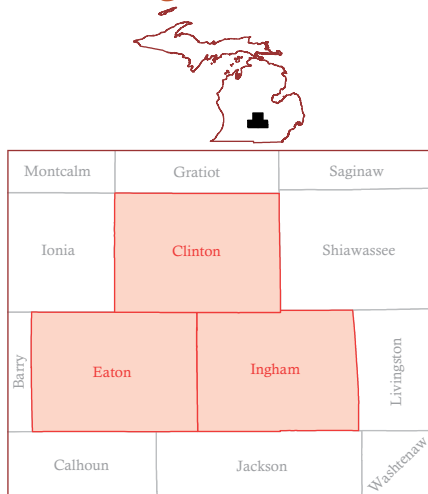


# Lansing-East Lansing, Michigan

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of January 1, 2017



## Housing Market Area



The Lansing-East Lansing Housing Market Area (HMA), coterminous with the Lansing-East-Lansing, MI Metropolitan Statistical Area, comprises Clinton, Eaton, and Ingham Counties in south-central Michigan and includes the principal cities of Lansing and East Lansing in Ingham County. The city of Lansing is the state capital of Michigan, and Michigan State University (MSU) is in the city of East Lansing. The State of Michigan and MSU are the two largest employers in the HMA and contribute to a stable economic base. Multiple museums, the state capitol, and the Class A Lansing Lugnuts baseball team helped attract 4.8 million visitors to the region, which generated an economic impact of over \$600 million, during 2015 (Greater Lansing Convention and Visitors Bureau).

## Summary

### Economy

The economy of the Lansing-East Lansing HMA has improved each year since 2010, and nonfarm payrolls are at their highest annual average since 2004. During the 12 months ending December 2016, nonfarm payrolls expanded by 4,400, or 2.0 percent, compared with an increase of 3,400 jobs, or 1.5 percent, a year earlier. During the 3-year forecast period, nonfarm payroll increases are expected to slow slightly, with average annual growth of 3,400 jobs, or 1.5 percent.

### Sales Market

Sales housing market conditions in the HMA were balanced as of January 1, 2017 compared with soft conditions in April 2010. The current sales vacancy rate is estimated at 1.6 percent, down from 2.5 percent in 2010. Demand for 2,775 new homes is expected during the next 3 years (Table 1). The 150 homes currently under construction and a portion of the estimated 6,175 other vacant housing units that may

reenter the sales market will satisfy some of the demand during the forecast period.

### Rental Market

Rental housing market conditions currently are balanced in the HMA. As of January 1, 2017, the rental vacancy rate was an estimated 6.0 percent, down from 9.0 percent in April 2010. During the forecast period, demand is estimated for 1,250 new market-rate rental units (Table 1). The 390 units currently under construction will meet a portion of the demand.

**Table 1.** Housing Demand in the Lansing-East Lansing HMA During the Forecast Period

	Lansing-East Lansing HMA	
	Sales Units	Rental Units
Total demand	2,775	1,250
Under construction	150	390

*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, 2017. A portion of the estimated 6,175 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is January 1, 2017, to January 1, 2020.*

*Source: Estimates by analyst*

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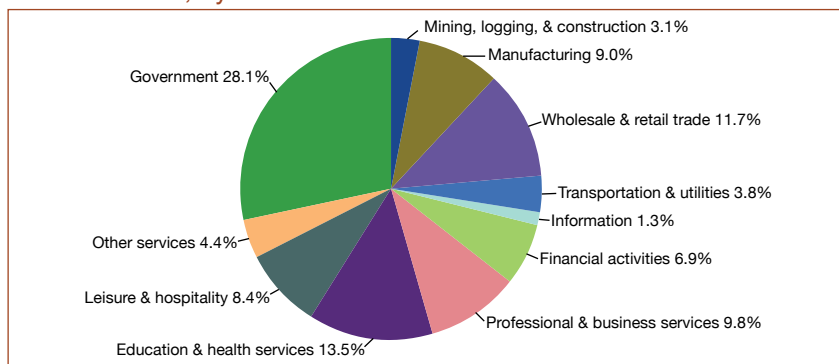
The city of Lansing is the state capital of Michigan, and the government sector is the largest employment sector in the Lansing-East Lansing HMA, with more than twice the number of jobs than the second largest sector, education and health services (Figure 1). Since emerging from the recent recession during 2010, however, government payrolls have recorded no net job change, despite annual increases since 2013. The economic recovery has been led by the manufacturing sector, which has expanded by an average annual increase of 800 jobs, or 4.6 percent, since 2010. The resurgence in manufacturing payrolls is largely attributed to transportation equipment manufacturing, which in 2015 was more than three times as concentrated in the HMA, at 5.1 percent, as in the nation (Quarterly Census of Employment and Wages). The professional and business services and the transportation and utilities sectors have also increased since 2010, adding 500 and 400 jobs annually, growth rates of 2.2 and 5.1 percent, respectively.

From 2001 through 2010, the economy of the Lansing-East Lansing HMA recorded nonfarm payroll increases in only 3 of 10 years and, by 2010, was more than 9 percent below its 2000

level. By contrast, nonfarm payrolls for the nation in 2010 were approximately 1.3 percent below the 2000 level and rose during 5 of 10 years. In the state of Michigan, nonfarm payrolls during 2010 were more than 17 percent below the 2000 level, having declined each year of the decade. During the 10-year period from 2001 through 2010, approximately 55 percent of all nonfarm payroll jobs lost in the HMA were from the manufacturing sector.

From 2001 through 2006, nonfarm payrolls in the HMA contracted by an average of 1,700 jobs annually, or 0.7 percent, despite slight increases in 2002 and 2006; manufacturing jobs contributed nearly 71 percent of the overall job loss. During 2004, the General Motors Company ended the Oldsmobile brand; founded in the city of Lansing in 1897, Oldsmobile was the oldest American automobile brand. During 2005 and 2006, three different General Motors plants in the Lansing-East Lansing HMA closed. From 2001 through 2006, several service-providing sectors expanded, including the education and health services sector, which added 800 jobs annually, or 2.9 percent, and the financial activities sector, which gained 300 jobs annually, or 2.2 percent. From 2007 through 2008, job losses in the HMA slowed, averaging annual declines of 1,000, or 0.4 percent. The worst year of the Great Recession was 2009, when nonfarm payrolls fell by 4.3 percent nationally, 7.0 percent in the state of Michigan and 5.1 percent in the HMA. Manufacturing payrolls were down 25 percent, or 5,000 jobs. The education and health services sector in the HMA grew during 2009 by 500 jobs, or 1.7 percent, and state government added 1,100 jobs offsetting 900 jobs lost in local governments. Local

**Figure 1. Current Nonfarm Payroll Jobs in the Lansing-East Lansing HMA, by Sector**



Note: Based on 12-month averages through December 2016.

Source: U.S. Bureau of Labor Statistics

governments are dependent on property taxes, which fell because of declining home sales prices. The economy in the Lansing-East Lansing HMA began to expand during 2010, while economic conditions in the nation and the state of Michigan continued to decline that year. During 2010, manufacturing employment in the HMA rose by 2,100 jobs, an increase of 14 percent, and remaining payroll sectors combined fell by 500 jobs. By contrast, manufacturing payrolls during 2010 fell 3 percent nationally and increased 2 percent in the state of Michigan.

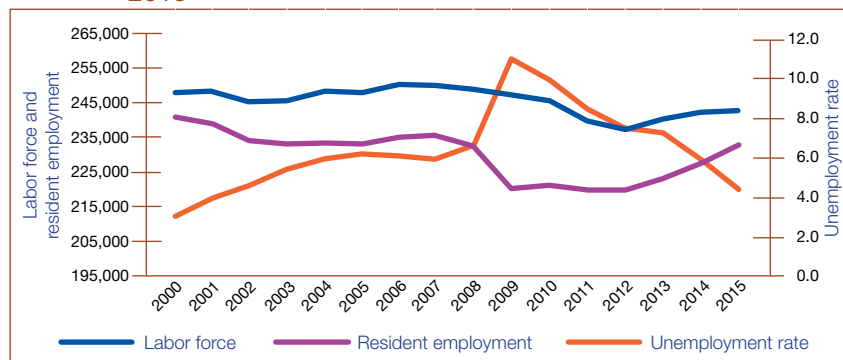
**Table 2.** 12-Month Average Nonfarm Payroll Jobs in the Lansing-East Lansing HMA, by Sector

	12 Months Ending		Absolute Change	Percent Change
	December 2015	December 2016		
Total nonfarm payroll jobs	225,300	229,700	4,400	2.0
Goods-producing sectors	26,500	27,700	1,200	4.5
Mining, logging, & construction	6,800	7,100	300	4.4
Manufacturing	19,600	20,600	1,000	5.1
Service-providing sectors	198,900	202,000	3,100	1.6
Wholesale & retail trade	26,600	26,800	200	0.8
Transportation & utilities	8,400	8,800	400	4.8
Information	3,000	3,000	0	0.0
Financial activities	15,500	15,800	300	1.9
Professional & business services	22,100	22,400	300	1.4
Education & health services	30,600	31,000	400	1.3
Leisure & hospitality	19,100	19,300	200	1.0
Other services	10,100	10,100	0	0.0
Government	63,500	64,600	1,100	1.7

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through December 2015 and December 2016.

Source: U.S. Bureau of Labor Statistics

**Figure 2.** Trends in Labor Force, Resident Employment, and Unemployment Rate in the Lansing-East Lansing HMA, 2000 Through 2015



Source: U.S. Bureau of Labor Statistics

During 2016, nonfarm payrolls in the HMA increased by 4,400 jobs, or 2.0 percent, from a year earlier to 229,700 jobs, the highest annual average since 2004 (Table 2). During the past year, the government sector recorded the largest increase, expanding 1,100 jobs, or 1.7 percent, because of 800 jobs added in the state government subsector, 200 in the local government subsector, and 100 in the federal government subsector. Despite recent gains, government sector payrolls are at the 2009 level because of an average decline of 1,000 jobs, or 1.5 percent, annually from 2010 through 2012.

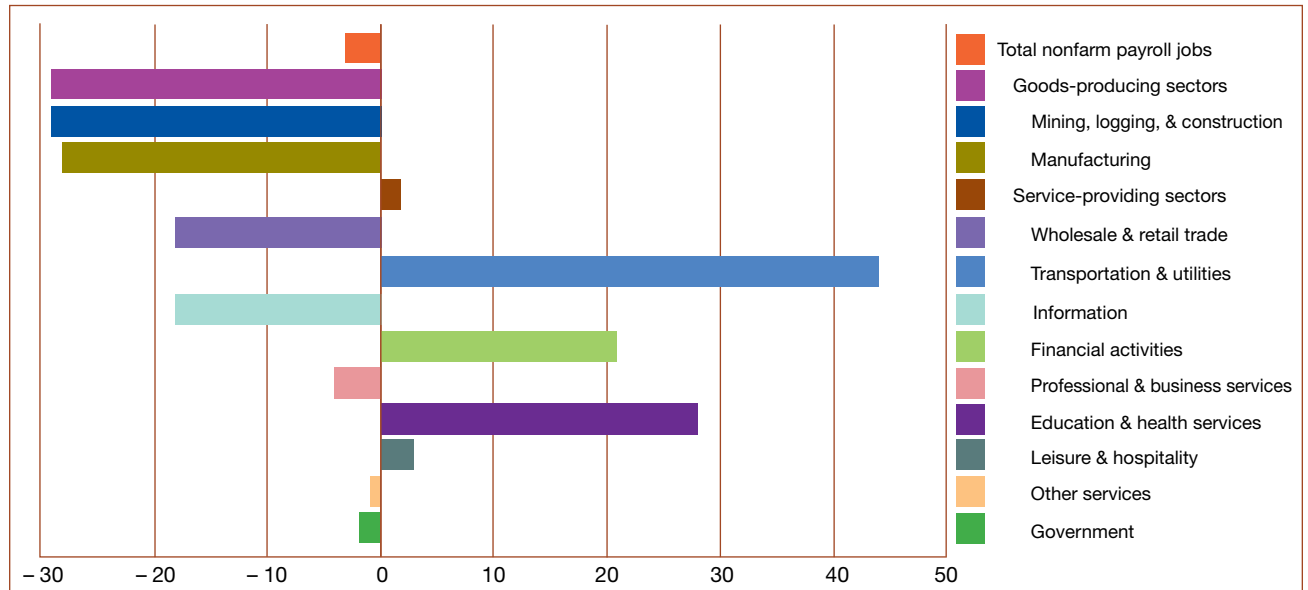
The next largest payroll growth sector, and the fastest-growing sector during 2016, was the manufacturing sector, which expanded by 1,000 jobs, or 5.1 percent. At least four significant expansions in manufacturing sector payrolls since 2012 have added over 650 jobs, all producing automobile components. Since 2010, General Motors has invested more than \$1.3 billion in its five facilities in the HMA. The second fastest-growing sector, transportation and utilities, expanded by 400 jobs, or 4.8 percent, and has averaged 400 jobs added annually since 2010, or 5.1-percent growth. Activity in this sector includes shipping and logistics companies supporting manufacturing in the HMA, and also Two Men and A Truck, founded in 1985 in the city of Lansing. Two Men and A Truck expanded its headquarters in Delhi Charter Township south of the city of Lansing in late 2014, adding 50 employees to date and an expected 50 more through 2017. Because of the improved economy during 2016, the unemployment rate fell to 3.8 percent, down from 4.3 percent during 2015 and the lowest average rate since 2000. Figure 2

shows labor force, resident employment and unemployment rate trends from 2000 through 2015.

The education and health services sector added the most jobs from 2000 through 2010 and has been the second fastest-growing sector in the HMA since 2000 (Figure 3). Sparrow Health System is the third largest employer in the HMA; although its employees are counted in the government sector, its growth is representative of employment gains in the education and health services sector. Sparrow Health System is in the process of a \$100 million expansion. The Herbert-Herman Cancer

Center, part of the Sparrow Health System and expected to open in the summer of 2017 with a development cost of \$64 million, will support approximately 90 positions. Also scheduled for completion in 2017, the Sparrow Health Center Lansing will include over 100 staff and a \$20 million development cost. Sparrow Health System's main campus is east of the state capitol building and midway to the city of East Lansing. One-half mile from the Sparrow Health System main campus, the Lansing Lugnuts play Class A minor league baseball in Cooley Law School Stadium. During 2014 and 2015, it underwent a \$24.5

**Figure 3. Sector Growth in the Lansing-East Lansing HMA, Percentage Change, 2000 to Current**



Note: Current is based on 12-month averages through December 2016.

Source: U.S. Bureau of Labor Statistics

**Table 3. Major Employers in the Lansing-East Lansing HMA**

Name of Employer	Nonfarm Payroll Sector	Number of Employees
State of Michigan	Government	14,400
Michigan State University	Government	12,500
Sparrow Health System	Government	7,000
General Motors Company	Manufacturing	5,800
Auto-Owners Insurance	Professional & business services	3,700
Lansing Community College	Government	3,150
McLaren Health Care	Education & health services	3,000
Peckham, Inc.	Education & health services	2,500
Meijer, Inc.	Wholesale & retail trade	3,500
Ingham Community Health Department	Government	1,400

Note: Excludes local school districts.

Source: Lansing Economic Area Partnership, 2016

million renovation, including an \$11 million apartment property designed into the stadium. Continued development is occurring in this area and moving east toward the city of East Lansing and MSU.

MSU enrolled 50,350 students during the fall 2016 semester, taught by 5,550 faculty and academic staff and assisted by 6,975 support staff, and is the second largest employer in the HMA (Table 3). Including Michigan's

Cooperative Extension Service, MSU has staff in every county of the state and had an estimated statewide economic impact of \$5.3 billion during 2014, the most recent data available (MSU data). MSU has the nation's best graduate program in nuclear science (*U.S. News and World Report*, 2014 rankings). In 2008, the U.S. Department of Energy awarded a grant to MSU to develop the Facility for Rare Isotope Beams. This facility, with completion expected in 2022 at a cost of approximately \$730 million, is expected to include a permanent staff of 300 scientists, engineers, and support personnel and to attract up to 1,000 visiting staff annually and has spurred related development in the HMA.

Because of these expansions, nonfarm payrolls are expected to increase by an

average of 3,400 jobs, or 1.5 percent, annually during the next 3 years. Manufacturing payrolls are unlikely to maintain their current rate of growth because of a forecast decline in domestic automobile sales, following record sales in 2015 and 2016. General Motors announced it is halting third-shift production at its Grand River Assembly Plant in January 2017, which will affect approximately 800 jobs. As investments in healthcare infrastructure reach completion, hiring in the education and health services sector is likely to increase modestly. The financial activities sector is also expected to expand. The Jackson National Life Insurance Company, which is headquartered in the HMA, has added approximately 500 employees since 2013 and expects to add 300 more during the forecast period.

## Population and Households

As of January 1, 2017, the population of the Lansing-East Lansing HMA is estimated at 475,100, an average annual increase of 1,650, or 0.3 percent, from 464,036 in April 2010. This follows average growth of 1,625 people, or 0.4 percent, each year from 2000 to 2010. As of July 1, 2015, the city of Lansing had a population of 114,485, accounting for 24.3 percent of the HMA's population, down from 24.6 percent in April 2010 and 26.6 percent in April 2000 (U.S. Census Bureau population estimates as of July 1). Similar to the city of Lansing, the population of Ingham County declined relative to that of the HMA from 2000 to 2010 but has stabilized since, accounting

for 60.6 percent of the HMA population as of July 1, 2015, up from 60.5 percent as of April 1, 2010. This demographic shift is because the population in the city of Lansing has fallen less rapidly since 2010 than during the previous decade, and certain townships within Ingham County—including Aurelius, Meridian, and White Oak—have grown at higher rates since 2010.

Net-migration is a crucial factor in population change in the HMA and generally shifts in response to economic conditions. Figure 4 shows the components of population change in the HMA from 2000 through the forecast date. From 2000 to 2004, the population of

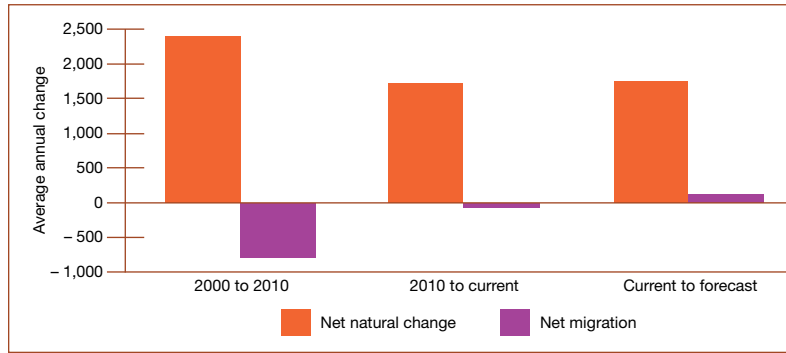
the HMA rose by an average of 3,300, or 0.7 percent, annually. During this time, net in-migration averaged 700 per year, contributing 21 percent of the population gain, with the balance from net natural change (resident births minus resident deaths). From 2004 to 2007, population growth slowed significantly, averaging 0.1 percent, or 690 people, annually. This period encompassed the loss of the Oldsmobile nameplate and the closure of three General Motors production facilities, and net out-migration averaged 1,650 people annually, reversing the previous trend. From 2007 to 2009, population fell because annual net out-migration increased to 2,500 people, more than the 2,175-person annual net natural change, resulting in population loss of 330, or 0.1 percent, annually. The

2007-to-2009 period encompassed the onset of the Great Recession. When nonfarm payrolls expanded in the HMA during 2010, net out-migration slowed to an average of 650 people annually, and the population in the HMA rose by 1,250, or 0.3 percent, annually from 2009 to 2012. Since 2012, net-migration reversed, averaging net in-migration of 180 people annually, and population growth expanded to 0.4 percent, or 1,825 people, annually primarily because of stronger economic conditions in the HMA. See Table DP-1 at the end of this report for additional data on demographic and economic trends in the HMA.

During the 3-year forecast period, the population of the HMA is expected to increase by an average of 0.4 percent, or 1,825, annually, similar to growth recorded since 2012. Net in-migration is expected to average approximately 100 people annually, slightly below the rate recorded since 2012 as economic performance is expected to slow modestly.

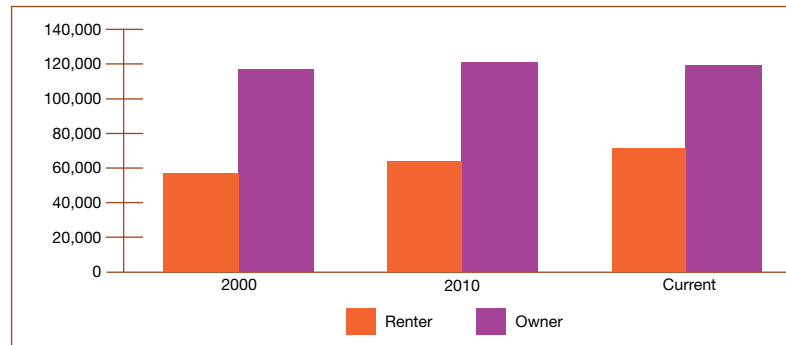
Similar to population growth, the number of households in the HMA has increased at a slower rate since 2010 than during the previous decade, and the homeownership rate has declined. Since 2010, the number of households has increased by 970, or 0.5 percent, annually to an estimated 190,000. During the previous decade, households grew at an annual average of 1,100, or 0.6 percent. The homeownership rate in the HMA declined from 65.4 percent in 2010 to a current estimate of 62.8 percent. Figure 5 illustrates the number of households by tenure for 2000, 2010, and the current date. While the sales housing market is recovering, the effects from the Great Recession, including more

**Figure 4. Components of Population Change in the Lansing-East Lansing HMA, 2000 to Forecast**

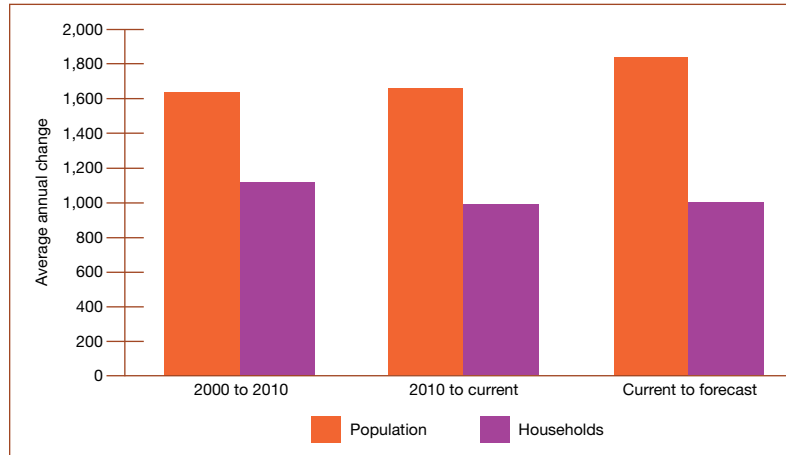


Notes: The current date is January 1, 2017. The forecast date is January 1, 2020.  
Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

**Figure 5. Number of Households by Tenure in the Lansing-East Lansing HMA, 2000 to Current**



Note: The current date is January 1, 2017.  
Sources: 2000 and 2010–2000 Census and 2010 Census; current—estimates by analyst

**Figure 6.** Population and Household Growth in the Lansing-East Lansing HMA, 2000 to Forecast

Notes: The current date is January 1, 2017. The forecast date is January 1, 2020.  
Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

stringent downpayment requirements and the need for larger downpayments, make home purchases more difficult. In addition, increased levels of home foreclosures, now abating, shifted households from owner to renter tenure in the HMA. During the forecast period, the number of households in the HMA is expected to increase by 1,000, or 0.5 percent, annually to approximately 193,000 households by January 1, 2020 (Figure 6).

## Housing Market Trends

### Sales Market

The sales housing market in the Lansing-East Lansing HMA is currently balanced with a 1.6-percent vacancy rate, down from 2.5 percent in 2010. The current inventory of unsold homes in the HMA increased to 3.8 months of supply in November 2016 from 3.6 months of supply a year earlier but below the 3.9 months of supply available as of April 1, 2010 (CoreLogic, Inc., with adjustments by the analyst).

New and existing home sales in the HMA increased during the past year, continuing a trend that began in 2012 because of strengthened economic and demographic trends. During the 12 months ending November 2016, the number of new and existing homes sold in the HMA rose more than 8 percent, to 8,175, the highest 12-month total since November 2006. From 2001 through 2005, new and

existing home sales rose 3 percent annually to 8,525 in 2005. Home sales then fell to 5,725 during 2008, declining an average of 12 percent annually. This period of decline occurred after General Motors ended the Oldsmobile automobile brand and coincided with manufacturing plant closings that occurred during 2005 and 2006. Home sales in the HMA remained low for the next 3 years, averaging 6,000 annually during 2009, 2010, and 2011. From 2012, home sales in the HMA increased an average annual 9 percent to 7,450 homes in 2015.

During the 12 months ending November 2016, new home sales totaled 260, or 3 percent, more than the sales during the previous 12 months. After reaching a peak of 690 new homes sold during 2006, new home sales fell, averaging 38-percent declines annually to 170 during 2009, the low point

## Housing Market Trends

### Sales Market *Continued*

of the Great Recession nationally and in the HMA. New home sales have remained low since 2009, averaging 230 sales annually from 2009 through 2014. New home sales prices have recovered from losses during the late 2000s, however. The current average sales price of \$221,800 is 10 percent higher than the average during the previous 12 months and 35 percent higher than the prerecession high of \$164,600 during 2008. New home sales prices are increasing at a faster rate than new home sales, because recent construction has been concentrated in the higher-priced communities of Delhi and Meridian Charter Townships. These two communities comprised 31 percent of single-family homes permitted from 2012 through the current date, 21 percent from 2009 through 2012, and 20 percent from 2000 through 2009.

Existing home sales in the HMA totaled 7,925 during the 12 months ending November 2016, nearly 9 percent more than the 7,300 sales recorded during the previous 12 months. The average sales price for an existing home was \$131,200, or 8 percent, above the average sales price a year earlier. Existing home sales in the HMA peaked during 2005, when 7,975 home sales were recorded, and fell an average of nearly 12 percent annually to the recent low level of 5,400 during 2008. In contrast to new home sales prices, which are higher than prerecession levels, existing home sales prices have recovered only to prerecession values. From the prerecession peak value of \$129,900 during 2005, existing home sales prices reached a recent low of \$86,250 during 2011, an average decline of nearly 7 percent annually. Existing home sales prices increased an average of 9 percent annually during

the next 4 years to \$123,200 during 2015. Existing home sales prices are constrained by distressed home sales (real estate owned [REO] and short sales), which remain elevated in the HMA.

Distressed home sales began significantly impacting the HMA during 2007; prior to 2007, such sales accounted for fewer than 9 percent of all existing home sales. By 2009, the year nonfarm payrolls registered their largest decline, nearly one-half of all existing home sales were distressed. Since 2009, the ratio has fallen, and during the 12 months ending November 2016, 21.2 percent of all existing home sales were distressed, slightly higher than the 20.4 percent rate a year earlier. The impact of distressed sales on existing sales prices is also slowing but still significant. The current average sales price for an existing home, \$131,200, is approximately 12 percent lower than the average nondistressed resale price of \$147,300, because the average distressed sales price was \$59,200. By contrast, during 2009, the impact was larger; the average existing home sales price was \$90,300, about 31 percent below the nondistressed average sales price of \$118,700. Seriously delinquent loans (those 90 or more days delinquent or in foreclosure) and REO properties comprised 2.2 percent of mortgage loans in the HMA, down from 2.7 percent in November 2015, and the peak rate of 7.6 percent in January 2010. By contrast, the rate of seriously delinquent loans and REO properties in the state of Michigan and nationally was 1.9 and 2.6 percent, respectively, during November 2016, both down from values of 2.3 and 3.3 percent a year earlier.

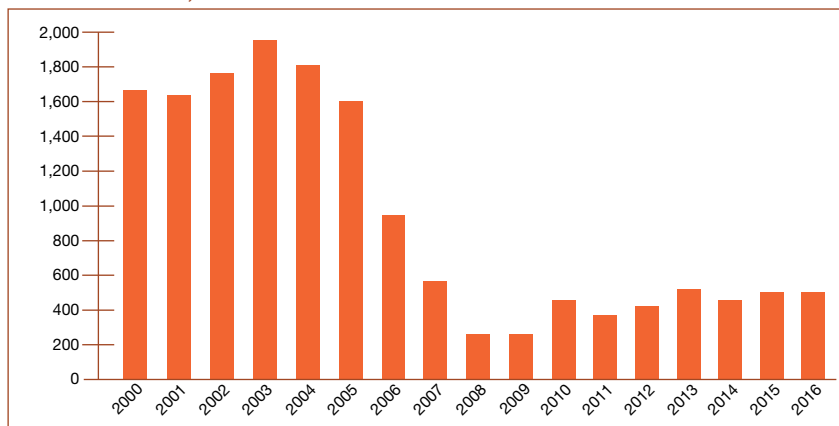


New single-family development in the HMA is predominately located adjacent to employment centers in the cities of Lansing and East Lansing in adjoining townships, including Delta and Meridian Charter, in communities like Haslett, Okemos, and Waverly. Comparatively lower levels of single-family homebuilding since 2007, with increased population and households, have enabled the sales market to return to balanced conditions. From 2000 through 2005, single-family home permitting averaged 1,750, before falling to an average of 760 during

2006 and 2007 and again to only 260 homes permitted annually during 2008 and 2009 (Figure 7). As the economy recovered and demographic trends have improved, home builders remained cautious, and permitting was generally stable, averaging 410 units annually from 2009 through 2014. During 2016, approximately 500 homes were permitted (preliminary data and analyst estimate), unchanged from the number permitted during 2015. A new neighborhood, Georgetown, in Okemos, Ingham County, is being developed with single-family homes from the high \$200,000s and includes 2 homes currently for sale, 12 available lots, and 41 occupied sites in its first phase.

During the next 3 years, as the home sales market continues to recover from the recent recession, demand is expected to increase modestly each year, totaling 2,775 new single-family homes, townhomes, and condominium units (Table 1). The 150 homes currently under construction will meet a portion of the forecast demand. In addition, some of the estimated 6,175 other vacant units may reenter the market and satisfy part of the forecast demand. Approximately 65 percent of the demand is expected to be for homes priced between \$125,000 and \$299,999. Table 4 presents detailed information on estimated demand for new market-rate sales housing, by price range, in the Lansing-East Lansing HMA during the 3-year forecast period.

**Figure 7.** Single-Family Homes Permitted in the Lansing-East Lansing HMA, 2000 to Current



Notes: Includes townhomes. Current includes data through December 2016.  
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

**Table 4.** Estimated Demand for New Market-Rate Sales Housing in the Lansing-East Lansing HMA During the Forecast Period

Price Range (\$)		Units of Demand	Percent of Total
From	To		
125,000	199,999	700	25.0
200,000	299,999	1,125	40.0
300,000	499,999	560	20.0
500,000	and higher	420	15.0

Notes: The 150 homes currently under construction and a portion of the estimated 6,175 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is January 1, 2017, to January 1, 2020.

Source: Estimates by analyst

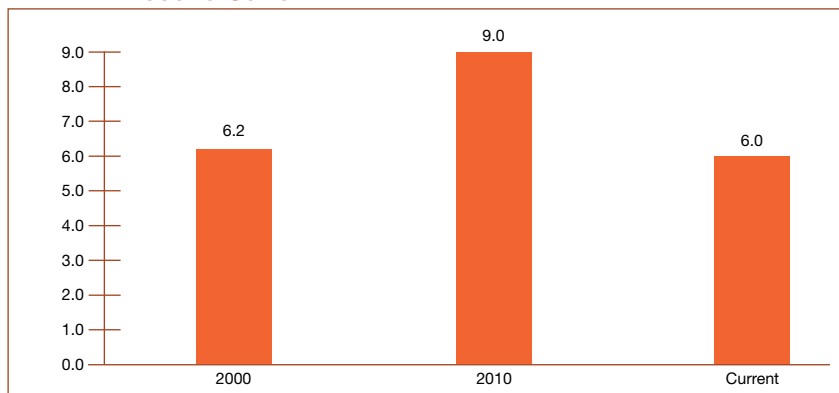
## Rental Market

Rental housing market conditions in the Lansing-East Lansing HMA are balanced because of improved economic conditions leading to household growth, particularly of rental households, since 2010. The current overall rental vacancy rate is estimated at 6.0 percent, down from 9.0 percent in April 2010 (Figure 8). Because of the positive economic trends and increased household growth, approximately 1,700 existing vacant and constructed rental units have been absorbed since 2010. Rental households currently account for approximately 37.2 percent of all households in the HMA, up from 34.6 percent during April 2010. As of July 2015, an estimated 25 percent of renter households lived in single-family homes, 52 percent

were in structures containing 5 to 49 units, and 9 percent were in apartment properties with 50 or more units per structure (2015 American Community Survey, 1-year data). Like the overall rental market, the apartment market also tightened, with a vacancy rate of 3.6 percent during the fourth quarter of 2016, down from 3.8 percent during the fourth quarter of 2015, and a rate of 5.3 percent during the first quarter of 2010 (Axiometrics, Inc.). Average asking apartment rents in the HMA were \$869 during the fourth quarter of 2016, an increase of 5 percent from \$826 during the fourth quarter of 2015. Despite multifamily development that has generally increased since 2011, the apartment vacancy rate was above 5 percent only during the third quarter of 2011, when it reached 5.4 percent, before dropping below 5 percent again.

During the 12 months ending December 2016, an estimated 520 multifamily units were permitted in the HMA, a decline of 6 percent from 560 units permitted during the previous 12-month period (preliminary data). As the economic recovery in the HMA began in 2010, approximately 230 multifamily units were permitted, up from only 2 units that were permitted during 2009. During 2011, multifamily permitting declined again to 42 units before increasing to 190 units in 2012. During 2013 and 2014, multifamily permitting rose to 475 and 300 units, respectively, before reaching the current level (Figure 9). Since 2009, almost every multifamily unit permitted in the HMA has been intended for rental occupancy; condominium development has been minimal during this time. In addition, approximately 80 percent of multifamily units permitted since

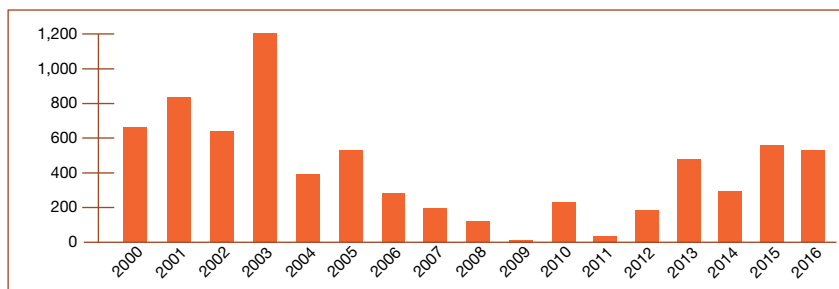
**Figure 8.** Rental Vacancy Rates in the Lansing-East Lansing HMA, 2000 to Current



Note: The current date is January 1, 2017.

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

**Figure 9.** Multifamily Units Permitted in the Lansing-East Lansing HMA, 2000 to Current



Notes: Excludes townhomes. Current includes data through December 2016.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

2009 have been in Ingham County, with the remaining 20 percent of multifamily units permitted in Clinton and Eaton Counties. The number of multifamily units permitted in the HMA averaged 710 from 1999 through 2002, climbed to 1,200 during 2003, and declined to an average of 400 annually from 2004 through 2006. The number of multifamily units permitted then continued to decline, totaling 200 during 2007 and 120 during 2008. This period of lower multifamily permitting, starting in 2004 and lasting through 2009, generally conforms to economic and population trends in the HMA. During the previous decade, approximately 15 percent of multifamily units permitted were condominiums intended for owner occupancy. Also during the previous decade, multifamily permitting was more dispersed throughout the HMA, with 46 percent of units permitted in Ingham County, 41 percent in Clinton County, and 13 percent in Eaton County. The shift of multifamily permitting to Ingham County supports changed demographics, because population growth in Ingham County from 2010 to 2015 averaged 0.4 percent annually, up from 0.1 percent annual growth during the previous decade (Census Bureau decennial census counts and population estimates as of July 1). In Clinton and Eaton Counties, by contrast, annual rates of population growth slowed to 0.5 and 0.2 percent, respectively, from 1.5 and 0.4 percent annual growth rates recorded during the previous decade.

The rental market in the HMA is significantly affected by MSU, which has a current enrollment 50,350 students as of the 2015 academic year, with approximately 15,700 students living in university-provided housing such as

residence halls and campus apartments. The remaining students are in an estimated 10,800 rental units representing about 15 percent of all occupied rental units, predominately in the city of East Lansing. Starting in the mid-2000s, a number of private apartment properties have been built in and around the city of East Lansing, some of which are reserved exclusively for students and others of which target students, prompting the university to upgrade its dormitory stock. Since 2010, two properties for student occupancy have opened in the city of East Lansing with approximately 500 units, and several other apartments have opened in the vicinity that target students. Besides upgrading existing dormitory space, MSU is constructing 1855 Place, an on-campus apartment complex, the first phase of which is scheduled to open fall semester 2017. Units scheduled to open during 2017 include 60 one-bedroom units and 129 two-bedroom units, with rents starting at \$800 for one-bedroom units and \$875 per bedroom for two-bedroom units. On completion, pending market demand, 1855 Place is expected to include 300 units with housing for approximately 1,000 students.

Also under construction, immediately outside of the city of East Lansing in the city of Lansing, are the SkyVue Apartments, which will have 338 apartments in one-, two-, and four-bedroom configurations with rent prices by the bedroom. These apartments will be furnished and are expected to cater to students but are available to the general public. Scheduled for occupancy in the fall of 2017, one-bedroom apartments start at \$1,235, two-bedroom units start at \$870 per bedroom, and four-bedroom apartments start at \$715 per bedroom. In downtown Lansing,

## Housing Market Trends

### Rental Market *Continued*

as part of the renovation of the Cooley Law School Stadium, The Outfield apartments were constructed at the ballpark and opened in the spring of 2016. The 84 units, many of which have views of the ballfield, include studio, one-bedroom, and two-bedroom units with rents starting at \$900, \$965, and \$1,210 respectively. The Outfield apartments were over 50 percent leased when they opened and are currently fully occupied.

During the 3-year forecast period, demand is expected for 1,250 new market-rate rental units. The 390 units currently under construction will meet some of that demand (Table 1). Demand should remain steady during the forecast period. Table 5 shows the estimated demand for new market-rate rental units by rent and number of bedrooms.

**Table 5.** Estimated Demand for New Market-Rate Rental Housing in the Lansing-East Lansing HMA During the Forecast Period

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
700 to 899	20	800 to 999	120	1,000 to 1,199	150	1,200 to 1,399	95
900 or more	20	1,000 to 1,199	160	1,200 to 1,399	200	1,400 to 1,599	130
		1,200 or more	120	1,400 or more	150	1,600 or more	95
<b>Total</b>	<b>40</b>	<b>Total</b>	<b>400</b>	<b>Total</b>	<b>500</b>	<b>Total</b>	<b>310</b>

Notes: Numbers may not add to totals because of rounding. Monthly rent does not include utilities or concessions. The 390 units currently under construction will likely satisfy some of the estimated demand. The forecast period is January 1, 2017, to January 1, 2020.

Source: Estimates by analyst

## Data Profile

**Table DP-1.** Lansing-East Lansing HMA Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total resident employment	241,136	221,184	236,900	-0.9	1.2
Unemployment rate	2.9%	9.8%	3.8%		
Nonfarm payroll jobs	237,100	215,000	229,700	-1.0	1.1
Total population	447,728	464,036	475,100	0.4	0.3
Total households	172,413	183,422	190,000	0.6	0.5
Owner households	115,950	120,047	119,300	0.3	-0.1
Percent owner	67.3%	65.4%	62.8%		
Renter households	56,463	63,375	70,700	1.2	1.6
Percent renter	32.7%	34.6%	37.2%		
Total housing units	181,804	199,026	202,700	0.9	0.3
Owner vacancy rate	1.4%	2.5%	1.6%		
Rental vacancy rate	6.2%	9.0%	6.0%		
Median Family Income	NA	\$67,000	\$65,800	NA	-0.3

NA = data not available.

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through December 2016. Median Family Incomes are for 2009 and 2015. The current date is January 1, 2017.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

## Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census  
 2010: 4/1/2010—U.S. Decennial Census  
 Current date: 1/1/2017—Analyst’s estimates  
 Forecast period: 1/1/2017–1/1/2020—Analyst’s estimates

The metropolitan statistical area definition in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated February 28, 2013.

**Demand:** 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.

**Other Vacant Units:** In the U.S. Department of Housing and Urban Development’s (HUD’s) analysis, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as “other” vacant by the Census Bureau.

**Building Permits:** 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.

For additional data pertaining to the housing market for this HMA, go to [huduser.gov/publications/pdf/CMARtables\\_Lansing\\_EastLansingMI\\_17.pdf](http://huduser.gov/publications/pdf/CMARtables_Lansing_EastLansingMI_17.pdf).

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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.

The factual framework for this analysis follows the guidelines and methods developed by HUD’s Economic and Market Analysis Division. 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.

For additional reports on other market areas, please go to [huduser.gov/portal/ushmc/chma\\_archive.html](http://huduser.gov/portal/ushmc/chma_archive.html).