

What's Happening in ... Grand Rapids?



Situated 25 miles east of Lake Michigan, the city of Grand Rapids is known for beautiful natural scenery, a thriving craft beer scene and a historical association with the furniture industry that led to the nickname “Furniture City” being adopted as far back as 1876. The riverside city was also the childhood home of former US president Gerald R. Ford.

Another historical claim to fame is the presence of two buildings designed by architect Frank Lloyd Wright, one of which, the Meyer May House, is preserved as a museum and example of Wright’s vision of a perfect “Prairie house.”

Around 200,000 people live, work and play in the city as of 2022, and around 1 million more inhabit the greater Grand Rapids metro area. So how has this city fared over the last couple of years?

Manufacturing and Industrial Trends

Nowadays, Grand Rapids is still a hub for office furniture production, serving as the headquarters for companies like Steelcase, Inc. and the American Seating Company. In recent years other industries such as medical manufacturing and automotive parts manufacturers have added to the diversity of products coming out of the city.

What all of that means for the industrial and logistics side of the real estate market is that there’s been a steady increase in demand in Grand Rapids. In their Q2 2022 report, the local office at NAI Wisinski of West Michigan indicated that “demand for investment properties is extremely high” while vacancy rates sat at 2.2% at the time.

The trend has continued into Q3, according to an expert panel interviewed by the Grand Rapids Business Journal, who stated: “Industrial trends have exhibited momentum as manufacturing, e-commerce and logistics continue to drive the local economy.”

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Surprises in Office

In the same article, local NAI partner and Office Real Estate specialist, Jason Makowski reported that “there’s a lack of inventory from a sale perspective in the office arena, as crazy as that may or may not sound. There aren’t a lot of office buildings on the market for sale.”

This continues the trend seen in Q2, where a combination of low construction and high sales volumes in previous years have contributed to ongoing demand for office space. Worth noting is that while “downtown office leasing remains competitive, [it has been] slower paced than in the suburbs.”

Retail Woes but Residential Resilience

Meanwhile supply chain issues and a lack of workers continue to impact retail in the area. NAI Wisinski of West Michigan also reports that as the cost of living goes up, “the higher prices at stores, restaurants and at the gas pump have contributed to three straight months of a decline in the Consumer Confidence Index.” They note that, despite these challenges, many retailers and restaurants in the area are going ahead with expansion plans.

Recent data on the residential rentals front paint a rosier picture, with the Grand Rapids Business Journal reporting a vacancy rate of just 1.3% (compared to the 5.7% national average).

The journal adds that: “The only other city to rank lower than Grand Rapids for 2022 was Sacramento, California, with a vacancy rate of 0.9%.”

Rapid Recovery in Grand Rapids

Overall, these figures certainly support the local sentiment that Grand Rapids is poised to “fare well whatever the future holds”, especially given the city’s historically strong performance against larger cities like Detroit during the Great Recession.

