

MARKET REPORT

# 2026 West Michigan Commercial Real Estate Market Report

Cap rates, transaction volume, buyer demand, and outlook for income-producing retail & restaurant properties

**6.2%**

AVG RETAIL CAP RATE

**\$84M**

YTD TRANSACTION VOLUME

**94%**

AVG OCCUPANCY RATE

**18 days**

AVG DAYS TO LOI

## Market Conditions

West Michigan's commercial real estate market enters 2026 in a position of measured strength. Interest rate stabilization has restored buyer confidence, driving increased transaction velocity in Q1 and Q2. Retail and restaurant properties with NNN lease structures are commanding premium pricing as investors seek yield certainty.

### Key Trend

Necessity retail (grocery-anchored, QSR, medical) continues to outperform discretionary categories. Cap rate compression is evident in assets with 5+ year WALT.

## Cap Rate Trends by Property Type

- **Single-Tenant NNN (national credit):** 5.25–5.75%
- **Multi-Tenant Strip / Neighborhood Center:** 6.0–7.0%
- **Restaurant / QSR (NNN):** 5.5–6.25%
- **Hotel / Hospitality:** 7.5–9.0%
- **Mixed-Use Retail:** 6.5–7.5%

## Interest Rate Environment

The Fed's pause on rate increases has materially improved buyer underwriting confidence. 10-year Treasury stabilization near 4.2% has allowed pricing to reset. Spreads over treasuries for commercial real estate remain historically consistent at 175–225 bps for well-leased retail.

## Buyer Demand Analysis

Qualified buyer activity is the strongest we have observed since 2019. The buyer pool for West Michigan commercial assets includes private investors, family offices, and regional private equity groups actively deploying capital.

- **1031 Exchange Buyers:** Highest demand segment — compressed timelines, premium pricing
- **Private Investors:** Cash-heavy buyers targeting \$1M–\$5M assets
- **Institutional:** Selective; minimum \$8M asset size

## Grand Rapids Market Spotlight

Grand Rapids continues to attract regional investment capital driven by population growth, a diversified economic base, and limited quality asset inventory. Downtown and near-suburban retail corridors (28th Street, Alpine Ave, East Beltline) saw 11 transactions in the trailing 12 months.

### Seller Takeaway

Properties priced to a 6.25–6.75% cap rate on in-place NOI are achieving offers within 30 days. Overpriced listings are sitting 90+ days without activity.

## 2026 Outlook

We expect continued moderate transaction volume through Q3–Q4 2026, with pricing stability in NNN and grocery-anchored assets. Properties with near-term lease rollover will face discount pressure. Sellers with strong-credit, long-term tenants are in the optimal position to transact.

**Bottom Line:** 2026 is a seller's market for quality assets. Buyers are active, capital is available, and qualified investors are ready to move.

