



## Retail Slows

The Grand Rapids retail market slowed during the first quarter of 2009. Overall vacancy rates increased from 8.7 percent year-end 2008 to 11.8 percent in the first quarter of 2009. As a result, there were over 450,000 square feet of negative absorption, which can be attributable to the economic crisis that is affecting the entire nation.

The 28th Street Southwest corridor had the most dramatic vacancy rate increase during the first quarter of 2009. The vacancy rate increased from 12.8 percent year-end 2008 to 22.4 percent. There was over 170,000 square feet of negative absorption due primarily to the closing of the former Studio 28 site (100,000 square feet) and Classic Chevrolet (53,500 square feet). The 28th Street Southeast corridor, the area's other historically strong corridor, also experienced an increase in the vacancy from 9.0 percent year-end 2008 to 10.6 percent during the first quarter of 2009. Approximately half of this increase was attributable to the closing of Circuit City and Linens N' Things. The Alpine Avenue and Rivertown Parkway corridors also had increases in vacancies due in large part to the closings of the same two medium box retailers that closed on the 28th Street SE corridor.

Even though the start of 2009 was and continues to be challenging, the Grand Rapids retail market is well positioned for the future recovery. In comparison to other markets around the country, Grand Rapids has grown at a slow and steady pace and was not over built. Grubb & Ellis|Paramount Commerce anticipates that the retail market will begin to recover near year-end, which will be fueled by consumer spending.

*"Retail landlords are coping with a new paradigm of increased vacancy and lower rental rates. An increase in consumer confidence and spending is needed to kick start retail tenant activity."*

*Dave Denton, CCIM  
Vice President  
Retail Advisor*



### West Michigan Retail Market Trends

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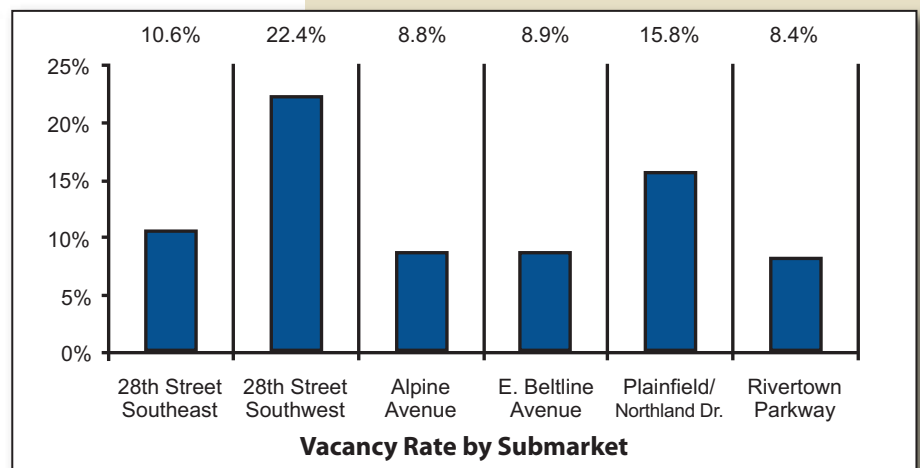
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## Retail Market Snapshot - West Michigan First Quarter 2009

By Submarket (All Property Types)	Total (1)	Vacant (2)		Net Absorption		Under Const. (3)	Asking Rent (4)	
	SF	SF	Vacant %	Current Qtr	Year To Date	SF	Neighborhood	Power
28th Street Southeast	6,976,216	740,993	10.6%	(112,885)	(112,885)	10,000	\$7.44	\$17.50
28th Street Southwest	1,783,805	400,324	22.4%	(172,400)	(172,400)	-	-	-
Alpine Ave	2,630,262	232,095	8.8%	(80,815)	(80,815)	-	-	\$15.00
E. Beltline	613,527	54,695	8.9%	14,447	14,447	-	\$12.43	-
Plainfield/Northland Dr	2,095,744	331,494	15.8%	(49,727)	(49,727)	-	\$8.97	-
Rivertown Parkway	3,012,135	253,302	8.4%	(108,646)	(108,646)	4,277	\$14.53	\$14.73
<b>Suburban Total</b>	<b>17,111,689</b>	<b>2,012,903</b>	<b>11.8%</b>	<b>(510,026)</b>	<b>(510,026)</b>	<b>14,277</b>	<b>\$10.11</b>	<b>\$15.34</b>
<b>Totals</b>	<b>17,111,689</b>	<b>2,012,903</b>	<b>11.8%</b>	<b>(510,026)</b>	<b>(510,026)</b>	<b>14,277</b>	<b>\$10.11</b>	<b>\$15.34</b>

By Property Type (All Submarkets)	Asking Rent							
Community	851,199	237,825	27.9%	6,145	6,145	-	\$11.80	
Free-standing	6,735,353	530,138	7.9%	(214,932)	(214,932)	10,000	\$10.63	
Neighborhood	763,965	263,398	34.5%	(34,989)	(34,989)	4,277	\$10.11	
Outlet	79,200	11,349	14.3%	-	-	-	\$12.75	
Power	2,438,832	313,437	12.9%	(135,127)	(135,127)	-	\$15.34	
Regional	1,081,801	162,614	15.0%	(46,723)	(46,723)	-	\$8.50	
Showroom	575,081	73,567	12.8%	(53,567)	(53,567)	-	\$12.45	
Specialty/Theme	418,400	18,154	4.3%	-	-	-	-	
Strip	1,790,869	345,670	19.3%	(34,902)	(34,902)	-	\$10.97	
Super-regional	2,328,000	50,000	2.1%	-	-	-	-	
Urban Retail	48,989	6,751	13.8%	4,069	4,069	-	\$17.50	
<b>Totals</b>	<b>17,111,689</b>	<b>2,012,903</b>	<b>11.8%</b>	<b>(510,026)</b>	<b>(510,026)</b>	<b>14,277</b>	<b>\$11.19</b>	

\* Grubb & Ellis statistics are audited annually and may result in revisions to previously reported quarterly and final year-end figures.

### Retail Market Terms & Definitions

**Inventory:** Retail inventory includes all multi-tenant, single tenant and owner occupied buildings with a minimum size threshold of 5,000 square feet.

**Construction Type:** Speculative ("spec") construction is designed to attract tenants likely to be in the market when the project is leasing. Build-to-suit construction is designed for a specific tenant.

**Vacancy and Availability:** The vacancy rate is the amount of physically vacant space divided by the inventory. The availability rate is the amount of space available for lease divided by the inventory.

**Net Absorption:** The net change in physically occupied space over a period of time.

**Asking Rent:** The dollar amount asked by landlords for available space expressed in dollars per square foot per year. We report all retail rents as triple net where all costs of operation are paid by the tenant.

**Average Weighted Asking Rent:** An average market rent where the asking rent for each building in the market is weighted by the amount of available space in the building.

### Major Transactions

Grubb & Ellis|Paramount Commerce is pleased to announce that they were involved in the following retail transactions during the 1st quarter of 2009:

#### 2518 Alpine Avenue NW

Sale - Seller Rep  
7,892 SF  
Mike Murray, CCIM  
Joel Kamstra

#### AutoZone, Inc.

Sale - Buyer Rep  
3,800 SF  
Mike Murray, CCIM

#### 6275 28th Street SE

Lease - Landlord Rep  
1,532 SF  
Dave Denton, CCIM  
Joel Kamstra