Retail Market Trends West Michigan

Grubb & Ellis|Paramount Commerce Research

First Quarter 2008

Grubb & Ellis | Paramount Commerce
Property Solutions Worldwide

Strong Beginning

Executive Summary

The Grand Rapids retail market started 2008 where 2007 ended; finishing strong. Overall vacancy rates decreased from 8.0 percent year-end 2007 to 7.4 percent during the first quarter of 2008. There was nearly 150,000 square feet of positive absorption, which was mainly attributed to the sale of Rogers Department Store that will become the new home of Klingman's Furniture store.

Our largest retail corridor, 28th Street Southeast, continues to have one of the lowest vacancy rates in West Michigan at 6.0 percent. Moving into 2008, this corridor alone is expected to have three new projects break ground this spring. Rivertown Parkway remained the most desirable submarket in West Michigan and had the lowest vacancy rate of 4.9 percent. Texas Roadhouse steakhouse opened on Rivertown Parkway in March, giving the area its second restaurant in less than one year. With the addition of Klingman's Furniture store to the 28th Street Southwest corridor, we are anticipating a renewed interest from national and local retailers looking at this as a location to expand.

Even though the Cabela's project is on hold for a year in Walker, the two proposed lifestyle centers on East Beltline Ave. are expected to break ground for a 2009 opening. In addition, the newer projects are taking longer to fill with tenants but this is mainly attributed to leases taking longer to be signed. As a result, landlords with vacancy in older centers are offering increased incentives such as build-out allowances and free rent to entice tenants to fill vacancy. Overall, there is still interest from national retailers and we can expect to see increased activity for the remainder of 2008.

"With the increase in national retailers taking a look at West Michigan during the first quarter, it appears that West Michigan's separation from the Detroit market is apparent and noticed by others."

Mike Murray, CCIM
Vice President

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Retail Market Snapshot West Michigan First Quarter 2008

By Submarket (All Property Types)	Total (1) SF	Vacant (2) SF	Vacant %	Net Absorption Current Qtr	Net Absorption Year To Date	Under Const. (3) SF	Asking Rent (4) Neighborhood	Asking Rent (4) Power
28th Street Southeast	6,862,039	410,318	6.0%	2,862	2,862	9,612	$23.15	$17.50
28th Street Southwest	1,803,178	221,436	12.3%	150,350	150,350	-	-	-
Alpine Ave	2,631,790	138,204	5.3%	(12,336)	(12,336)	12,500	-	$15.00
E. Beltline	540,238	40,188	7.4%	990	990	-	$11.90	-
Plainfield/Northland Dr	2,095,744	290,776	13.9%	2,360	2,360	-	$8.97	-
Rivertown Parkway	2,956,103	145,369	4.9%	4,400	4,400	4,277	$15.36	$13.86
Suburban Total	**16,889,092**	**1,246,291**	**7.4%**	**148,626**	**148,626**	**26,389**	**$11.94**	**$16.66**
Totals	**16,889,092**	**1,246,291**	**7.4%**	**148,626**	**148,626**	**26,389**	**$11.94**	**$16.66**

By Property Type (All Submarkets)	Total SF	Vacant SF	Vacant %	Net Absorption Current Qtr	Net Absorption Year To Date	Under Const. SF	Asking Rent
Community	820,155	226,514	27.6%	(845)	(845)	-	$12.92
Free-standing	6,847,848	351,368	5.1%	142,374	142,374	9,612	$11.07
Neighborhood	658,811	230,362	35.0%	(1,483)	(1,483)	4,277	$11.94
Outlet	79,200	4,500	5.7%	-	-	-	-
Power	2,287,184	46,960	2.1%	-	-	-	$16.66
Regional	1,081,801	12,000	1.1%	-	-	-	$19.00
Showroom	558,514	20,000	3.6%	-	-	-	$12.45
Specialty/Theme	418,400	18,154	4.3%	-	-	-	-
Strip	1,809,179	243,913	13.5%	8,580	8,580	12,500	$10.92
Super-regional	2,328,000	92,520	4.0%	-	-	-	-
Totals	**16,889,092**	**1,246,291**	**7.4%**	**148,626**	**148,626**	**26,389**	**$11.85**

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

Retail Market Terms and 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 represented the following companies in retail transactions during the 1st quarter of 2008:

Landlord Rep
Harbor Freight Tools USA, Inc.
Lease
12,000 SF
Jodi Milks, CCIM
Dave Denton, CCIM

Landlord & Tenant Rep
Taco Bell
Sale
1.64 Acres
Mike Murray, CCIM
Dave Denton, CCIM

Landlord & Tenant Rep
Play 'N Trade
Multiple Leases
Kurt Suidinski
Steve Millman

Landlord Rep
Qdoba
Lease
2,400 SF
Grand Rapids, MI
Earl Clements
Steve Millman

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