

# Industrial Market Trends West Michigan

Grubb & Ellis|Paramount Research  
Second Quarter 2005



## Continuing Progress

*"The Industrial market in West Michigan is extremely resilient. Some of our largest manufacturers have taken hits but the health of our Industrial Real Estate market remains well, due to the diverse group of entrepreneurial businesses found in our local market place."*

*Ty E. Hallock, CCIM  
Industrial Services Group  
Leader*

**West Michigan Industrial Market Trends**  
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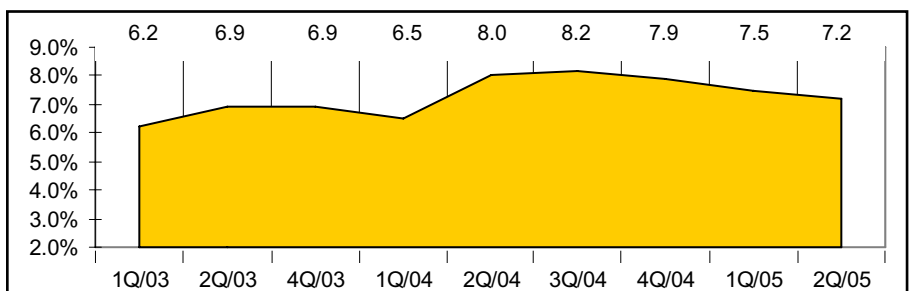
*Independently Owned and Operated*

### Executive Summary

The industrial market continues to reveal improvement with an increasing rate of activity that is anticipated to last through the remaining half of the year. West Michigan's strength and stability is reflective of a diverse manufacturing background, where the entrepreneurial spirit of business continues to flourish. Positive net absorption has occurred mainly among smaller to mid-sized, owner-occupied buildings from 10,000 to 50,000 square feet. The warehouse/distribution market, currently posting a 16.6 percent vacancy rate, had a positive absorption, nearly 450,000 square feet; yet, it remains the most notably challenged, in general.

In the coming months, the local market will continue to be influenced by the closing of several large manufacturing plants. Examples of this include the recent closing of the 915,000 square foot Bosch Facility in Kentwood, as well as 5,000,000 square feet in multiple Steelcase facilities. The Bosch building is being split into separate facilities: 450,000 square feet and 350,000 square feet. A local manufacturer, X-Rite, is expected to acquire the north 350,000 square feet while the south 450,000 square feet is over 50 percent pre-leased. Furthermore, it is anticipated that the 5 million square feet Steelcase will vacate, will undergo extensive reconfiguration in order to be successfully reutilized within the market. This upcoming change will negatively influence our overall vacancy; however, its severity and long-term impact has yet to be determined.

Speculative development will continue to be minimal until larger facilities stop returning to the competitive inventory and vacancy levels in the warehouse/distribution market fall below 10 percent. Thus, leasing concessions will be expected to dwindle toward the end of the year due to anticipated economic improvement and an up-tick in leasing activity.



**Industrial Vacancy Rate\***

\* All Product Types in Grand Rapids Metro Submarkets

## Industrial Market Snapshot West Michigan Second Quarter 2005

By Submarket (All Product Types)	Total SF	Vacant SF	Vacant %	Net Absorption		Under Construction	Asking Rent	
				Current	Year-to-date		WH/Dist.	R&D Flex
Downtown	13,077,368	409,294	3.1%	(12,088)	187,158	-	\$3.51	-
Northeast	6,067,113	172,757	2.8%	118,710	88,611	-	-	\$6.33
Northwest	15,815,165	1,174,629	7.4%	390,363	498,087	65,500	\$3.07	-
Southeast	48,670,459	4,181,957	8.6%	421,525	1,179,181	248,119	\$3.52	\$4.87
Southwest	29,165,366	2,174,474	7.5%	261,599	(165,278)	-	\$2.96	\$4.14
<b>Total</b>	<b>112,795,471</b>	<b>8,113,111</b>	<b>7.2%</b>	<b>1,180,109</b>	<b>1,787,759</b>	<b>313,619</b>	<b>\$3.22</b>	<b>\$4.68</b>
							<b>Asking Rent</b>	
<b>By Product Type</b>							<b>By Product Type</b>	
General Industrial	88,363,414	4,204,442	4.8%	1,295,753	1,158,063	293,619	\$3.84	
Incubator	428,598	2,400	0.6%	50,590	51,058	-	\$4.91	
R&D/Flex	4,218,566	623,183	14.8%	244,423	142,043	-	\$4.68	
WH/Dist.	19,784,893	3,283,086	16.6%	(410,657)	436,595	20,000	\$3.22	
<b>Totals</b>	<b>112,795,471</b>	<b>8,113,111</b>	<b>7.2%</b>	<b>1,180,109</b>	<b>1,787,759</b>	<b>313,619</b>	<b>\$3.65</b>	

## Industrial Market Terms and Definitions

**Inventory:** *Industrial Inventory* includes all multi-tenant, single tenant and owner-occupied buildings with size thresholds from 7,500 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.

**Industrial Product Types:** Industrial buildings are categorized as *warehouse-distribution*, *general industrial*, *R&D/flex* and *incubator* based on their physical characteristics including percent office build-out, clear height, typical bay depth, typical suite size, type of loading and typical uses.

**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*. Industrial rents are expressed as *triple net* where all costs including, but not limited to, real estate taxes, insurance and common area maintenance are borne by the tenant on a pro rata basis.

## Major Transactions

Grubb & Ellis|Paramount is pleased to announce that they represented the following companies in industrial transactions during the second quarter of 2005:

<p><b>Comerica Bank</b> Sale 90,000 SF Chuck King, SIOR John Kuiper, SIOR, CCIM Steve Marcusse, CCIM</p>
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<p><b>Leesco Enterprises</b> Sale 104,000 SF Ty Hallock, CCIM Chip Hurley, CCIM</p>
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<p><b>Viatec Portfolio</b> Sale 3 Buildings/3 Cities 146,498 SF Derek Hunderman John Kuiper, SIOR, CCIM</p>
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<p><b>Molding Tech.</b> Lease 14,400 SF Duke Suwyn, SIOR, CCIM John Kuiper, SIOR, CCIM Ty Hallock, CCIM Chip Hurley, CCIM</p>
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## Featured Properties

Downtown

### Rowe International, Inc. - 540 Crofton St. SE



- 23,930 Total SF
- Sale Price: \$3,000,000
- \$29,166 NNN monthly income through May 2008
- John Kuiper, SIOR, CCIM
- Ty Hallock, CCIM
- Steve Marcusse, CCIM

Downtown

### Grand Rapids - 347 National



- 3,536 Total SF
- Sale Price: \$135,000
- Lease Price: \$4.00/SF
- Derek Hunderman

Northwest

### Walker - 2689 Walkent Dr., NW



- 56,253 Total SF
- 8,500 SF - 12,800 SF
- Lease Price: \$4.25/SF
- Duke Suwyn, SIOR, CCIM
- Chip Hurley, CCIM

Northwest

### Walker - 4315 3 Mile Rd, NW



- 31,625 Total SF
- 8.5 Acres
- Sale Price: \$1,895,000
- Ty Hallock, CCIM
- Steve Marcusse, CCIM

Northwest

### Walker - 2535 Waldorf Ct., NW



- 124,700 Total SF
- 20,000 SF - 124,700 SF
- Sale Price: \$3,741,000
- Lease Price: \$2.50 - \$3.10/SF
- John Kuiper, SIOR, CCIM
- Ty Hallock, CCIM

Northwest

### Grand Rapids - 1642 Broadway Ave. NW



- 41,500 Total SF
- 15,000 Available SF
- Lease Price: \$4.00/SF
- John Kuiper, SIOR, CCIM

Northwest

### Walker - 2935 Walkent Ct., NW



- 64,961 Total SF
- 37,667 Available SF
- Lease Price: \$3.20/SF
- John Kuiper, SIOR, CCIM
- Ty Hallock, CCIM

Southeast

### Grand Rapids - 618 32nd St. SE



- 33,600 Total SF
- Sale Price: \$1,495,000
- Dave Konyndyk

Southeast

### Former Steelcase Site Maintenance - 870 40th St. SE



- 7,702 Total SF
- Sale Price: \$629,000
- Duke Suwyn, SIOR, CCIM
- Dave Konyndyk

Southeast

### Grand Rapids - 4530 44th St. SE



- 7,040 Total SF
- Investment Sale
- Sale Price: \$1,100,000
- Chip Hurley, CCIM

Southeast

### Bosch Building - 44th St. SE



- 915,000 Total SF
- 80,000 SF - 915,000 SF
- Lease Price: \$3.25 - \$4.75/SF
- John Kuiper, SIOR, CCIM
- Duke Suwyn, SIOR, CCIM
- Derek Hunderman

Southeast

### Kentwood - 4560 Danvers Dr. SE



- 54,000 Total SF
- 2.7 Acres
- Sale Price: \$1,674,000
- Lease Price: \$3.25/SF
- John Kuiper, SIOR, CCIM
- Duke Suwyn, SIOR, CCIM

Southeast

### Caledonia/Gaines Township - 5031 68th St. SE



- 19,500 Total SF
- 9,300 SF - 19,500 SF
- Lease Price: \$4.25 - \$4.50/SF
- Derek Hunderman
- Chuck King, SIOR

Southeast

### Kentwood - 4396 Airwest Dr. SE



- 27,000 Total SF
- 5,400 Available SF
- Lease Price: \$4.75/SF
- Derek Hunderman

Southeast

### Kentwood - 4855 Broadmoor Ave. SE



- 151,994 Total SF
- 50,000 SF - 151,994 SF
- Lease Price: \$2.50/SF
- John Kuiper, SIOR, CCIM
- Duke Suwyn, SIOR, CCIM

Southeast

### Wyoming - 3413 - 3415 Eastern Ave. SE



- 121,417 Total SF
- Sale Price: \$2,990,000
- John Kuiper, SIOR, CCIM
- Steve Marcusse, CCIM
- Duke Suwyn, SIOR, CCIM

## Featured Properties

Southeast

### Kentwood - 5001 Falcon View Ave. SE



- 14,500 Total SF
- Investment Sale
- Sale Price: \$915,000
- John Kuiper, SIOR, CCIM
- Steve Marcusse, CCIM

Southeast

### Kentwood - 5001 Kendrick St. SE



- 61,500 Total SF
- Sale Price: \$2,091,000
- John Kuiper, SIOR, CCIM
- Duke Suwyn, SIOR, CCIM

Southeast

### Wyoming - 3523 - 3529 Lousma Dr. SE



- 44,000 Total SF
- 10,000 SF - 44,000 SF
- Three separate buildings
- Sale Price: \$1,584,000
- Lease Price: \$3.95 - \$4.50/SF
- Derek Hunderman

Southeast

### Grand Rapids - 1500 Union St. SE



- 139,476 Total SF
- Sale Price: \$925,000
- John Kuiper, SIOR, CCIM

Southeast

### Kentwood - 5050 Kendrick St. SE



- 413,500 Total SF
- Lease Price: \$2.95 - \$3.30/SF
- John Kuiper, SIOR, CCIM
- Duke Suwyn, SIOR, CCIM

Southeast

### Cascade - 3232 Kraft Ave. SE



- 216,000 Total SF
- Sale Price: \$6,000,000
- Duke Suwyn, SIOR, CCIM
- John Kuiper, SIOR, CCIM

Southeast

### Kentwood - 3701 -3741 Patterson Ave. SE



- 736,300 Total SF
- Up to 151,400 SF
- Lease Price: \$2.95/SF
- John Kuiper, SIOR, CCIM
- Duke Suwyn, SIOR, CCIM

Southeast

### Wyoming - 3504 - 3594 Roger B. Chaffe Mem. Dr. SE



- 159,600 Total SF
- 2,000 SF - 12,000 SF
- Sale Price: \$5,900,000
- Lease Price: \$3.75 - \$4.50/SF
- Chip Hurley, CCIM
- Derek Hunderman

Southwest

### Grand Rapids - 345 32nd St. SW



- 100,000 Total SF
- 10,000 SF - 100,000 SF
- Sale Also Possible
- Lease Price: \$2.25 - \$2.95/SF
- John Kuiper, SIOR, CCIM
- Ty Hallock, CCIM

Southwest

### Grandville - 2950 Prairie St. SW



- 214,000 Total SF
- Sale Price: \$2,300,000
- Lease Price: \$3.00 - \$3.50/SF
- John Kuiper, SIOR, CCIM
- Ty Hallock, CCIM
- Steve Marcusse, CCIM

Southwest

### Grandville - 3050 44th St. SW



- 43,333 Total SF
- Lease Price: \$3.25/SF
- John Kuiper, SIOR, CCIM
- Duke Suwyn, SIOR, CCIM

Southwest

### Wyoming - 4621 - 4625 Clyde Park Ave. SW



- 36,000 Total SF
- 6,000 SF - 12,000 SF
- Lease Price: \$3.95/SF
- Chip Hurley, CCIM

Southwest

### Wyoming - 1525 Gezon Parkway, SW



- 61,084 Total SF
- 16,167 Available SF
- Lease Price: \$4.15/SF
- Duke Suwyn, SIOR, CCIM
- Steve Marcusse, CCIM

Southwest

### Wyoming - 5805 Weller Ct., SW



- 43,200 Total SF
- 4,800 SF - 33,600 SF
- Lease Price: \$4.50/SF
- Duke Suwyn, SIOR, CCIM
- Chip Hurley, CCIM

Southwest

### Grandville - 3545 Viaduct



- 26,416 Total SF
- 2,500 SF - 8,640 SF
- Sale Price: \$790,000
- Lease Price: \$3.75/SF
- Derek Hunderman
- Chip Hurley, CCIM

Southwest

### Wyoming - 2700 Remico St. SW




- 10,000 Total SF
- 5.69 Acres/27 Dock Doors
- Sale Price: \$1,195,000
- Lease Price: \$350/Dock Door/Mo.
- Chip Hurley, CCIM

## Featured Properties

**Lakeshore**

**Grand Rapids - 3720 Buchanan Ave. SW**



- 33,000 Total SF
- 7,800 SF - 33,000 SF
- Lease Price: \$4.50/SF
- **Derek Hunderman**
- **Duke Suwyn, SIOR, CCIM**

**Lakeshore**

**Grand Haven - 335 N. Griffin St.**



- 145,420 Total SF
- Sale Price: \$1,889,000
- **Ty Hallock, CCIM**
- **Chuck King, SIOR**

**Lakeshore**

**Spring Lake - 16880 148th Ave.**



- 95,517 Total SF
- Sale Price: \$1,500,000
- **Ty Hallock, CCIM**
- **Chuck King, SIOR**

**Lakeshore**


**Muskegon - 580 Sherman Blvd.**



- 18,915 Total SF
- Sale Price: \$649,000
- Lease Price: \$4.50/SF
- **Ty Hallock, CCIM**
- **Chip Hurley, CCIM**

**Lakeshore**

**Grand Haven - 1433 Fulton St.**



- 201,000 Total SF
- 15,000 SF - 70,000 SF
- Lease Price: \$2.50 - \$2.75/SF
- **Ty Hallock, CCIM**
- **Steve Marcusse, CCIM**

**Outside Metro Area**


**Kalkaska - 520 Dresden**



- 103,750 Total SF
- Sale Price: \$1,295,000
- Lease Price: \$2.50/SF
- **Chip Hurley, CCIM**

**Outside Metro Area**

**Lowell - 1016 Monroe St. N.**



- 440,000 Total SF
- 20,000 SF - 59,000 SF
- Sale Price: \$7,700,000
- Lease Price: \$2.75/SF
- **Dave Konyndyk**
- **Duke Suwyn, SIOR, CCIM**

**Kalamazoo**

**Mead Building - 4141 Manchester**



- 387,888 Total SF
- 387,888 Available SF
- Lease Price: \$2.95/SF
- **Bob Deal**

\* Asking rental rates are reported in Full Service/Gross terms. Some of the data in this report has been gathered from third party sources and has not been independently verified by Grubb & Ellis|Paramount. Grubb & Ellis|Paramount makes no warranties or representations as to the completeness or accuracy thereof.

## Land for Sale

Size Location	City Price	Contact	Comments
8.33 Acres 1158 - 1164 133rd Ave.	Wayland \$60,000 - \$75,000/ac	Derek Hunderman Chip Hurley, CCIM	Parcels as small as 4 acres available. Possible rail, all utilities.
145 Acres 4343 142nd St.	Dorr \$75,000 - \$85,000/ac	Derek Hunderman Chip Hurley, CCIM	2.5 to 50 acres, fully PA198 improved at interchange of US-131.
11.50 Acres 4260 - 4300 Broadmoor Ave.	Kentwood \$86,522/ac	Duke Suwyn, SIOR, CCIM	Great location with frontage on 44th Street and Broadmoor Avenue, West of the Gerald R. Ford International Airport. Perfect development site for industrial, warehouse, office or storage facility.
31.44 Acres 3890 East Paris Ave.	Kentwood \$2,358,000	John Kuiper, SIOR, CCIM Duke Suwyn, SIOR, CCIM	Great vacant lot close to Gerald R. Ford International Airport with easy access to I-96 and M-6/South Beltline. These are fully buildable lots with community detention ponds.
7.86 Acres 151 Hall St. SW	Grand Rapids \$3,817/ac	Dennis Gebben Chuck King, SIOR	Excess rail property.
210 Acres 13945 Hastings Rd.	Hastings \$6,360/ac	Dennis Gebben Duke Suwyn, SIOR, CCIM	Prime development property with river running through it - residential.

## Grubb & Ellis|Paramount Industrial Group

As market leaders, we serve the specific needs of industrial owners and users.

Grubb & Ellis|Paramount and Grubb & Ellis|Focus have 12 industrial specialists in West Michigan and work with over 475 industrial specialists throughout the United States. Our professionals take the time to completely understand your goals and craft strategies to minimize risks and maximize efficiency.

For tenants and buyers, in addition to analyzing the financial implications of your transaction, we perform physical due diligence focusing on location, docking requirements, electrical capacity, rail access, sprinklers, zoning, ceiling heights and a host of other variables.

For landlords and owners, we can advise you on a marketing strategy that will generate maximum leasing interest and enhance the value of your asset. Owners of industrial real estate can count on our industrial specialists to assist in maximizing the return on your real estate investment.

Our team has an extensive knowledge base of the West Michigan region with experience in all types of industrial real estate. The commitment we foster in maintaining long-term relationships produce real estate decisions that benefit you, our client.

### Kalamazoo

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**Ranked #1 Commercial Real Estate Agency  
by Business Direct Weekly (BDW), July 2004**

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