

Grubb & Ellis|Paramount Commerce Kalamazoo Retail Group

Collectively, our staff of professionals offers more than four decades of *local* experience spanning everything from global transactions to regional site expansions. In fact, all of our Advisors and staff members are long-time area residents, devoted to the community's growth and strength both on the job and outside of the office.

Our team includes former corporate and executive - level real estate professionals, seasoned brokers and retail entrepreneurs. We take pride in understanding the needs of our clients, whether they are first-time buyers of commercial property, corporate real estate executives or owners of a multi-national or regional business.

The Grubb & Ellis|Paramount Commerce team brings extensive experience in all facets of commercial real estate, from Industrial and Retail properties to Office, Land and Investment transactions.

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Ranked #1 Commercial Real Estate Agency by West Michigan Business Review, 2004, 2005, & 2006. Ranked #1 Top Area Commercial Real Estate Brokers by Grand Rapids Business Journal, 2006

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LOCAL PRESENCE GLOBAL REACH

Retail Market Trends Southwest Michigan

Grubb & Ellis|Paramount Commerce Research

Third Quarter 2006



Going Strong

Executive Summary

The retail market in the Kalamazoo area continues to be active. The three main corridors of activity - Westnedge, Gull Road, and West Main - all have low vacancy rates with a strong mix of national tenants. Westnedge Ave, which is divided by the Kalamazoo-Portage boundary line of Kilgore Road, is currently the only submarket with new retail under construction. Gull Road reports the highest vacancy rate, essentially due to the Kmart vacancy at Gull Pointe Plaza, while the West Main corridor has the least amount of available retail space for lease.

Speculative retail construction remains conservative, with most development being 50% or more preleased prior to construction. Redevelopment of existing parcels and buildings are on the upswing with the most promising opportunities being on the south end of Westnedge Ave, Gull Road and Stadium Drive.

The market has noted a limited amount of new construction, although there are numerous redevelopment and renovation projects on the drawing board.

The demand for retail space continues to be steady, with national retailers both small and large opening multiple locations within the three primary corridors. We expect this trend to continue over the next 12 months.

"Retailers continue to be interested in Kalamazoo for expansion and growth."

Jodi Milks, CCIM

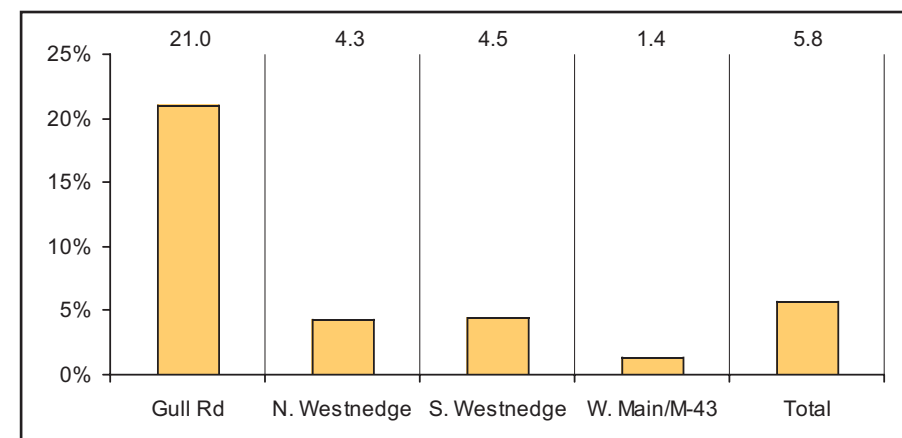
Southwest Michigan Office Market Trends is a newsletter published quarterly by Grubb & Ellis|Paramount Commerce. To obtain additional copies or other Grubb & Ellis|Paramount Commerce publications, please contact:

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Vacancy Rate by Sub-Market

Retail Market Snapshot Southwest Michigan Third Quarter 2006

By Submarket (All Classes)	Total SF	Vacant SF	Vacant %	Net Absorption		Under Construction	Asking Rent	
				Current	Year-to-date		Neighborhood	Power
Gull Rd.	873,440	183,380	21.0%	-	-	-	-	-
N. Westnedge	234,883	10,095	4.3%	-	-	-	-	-
S. Westnedge	4,624,906	208,786	4.5%	-	-	29,640	-	-
W. Main / M-43	1,623,654	23,476	1.4%	-	-	-	-	-
Suburban Total	7,356,883	425,737	5.8%			29,640		
Totals	7,356,883	425,737	5.8%			29,640		
By Class (All Submarkets)	Wtd Asking Rent							
Community	852,786	180,400	21.2%	-	-	-	-	-
Free-standing	2,670,331	49,447	1.9%	-	-	29,640	\$11.52	-
Neighborhood	1,857,459	107,872	5.8%	-	-	-	-	-
Other	27,200	-	-	-	-	-	-	-
Showroom	172,473	-	-	-	-	-	-	-
Specialty/Theme	33,716	-	-	-	-	-	-	-
Strip	852,780	65,932	7.7%	-	-	-	\$11.58	-
Super-regional	890,138	22,086	2.5%	-	-	-	-	-
Totals	7,356,883	425,737	5.8%			29,640	\$11.58	

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 3rd quarter of 2006:

<p>SALE Mahle's Harley-Davidson Battle Creek, MI 25,000 SF Retail Jodi Milks, CCIM</p>	<p>LEASE & SALE 143 Stockbridge Kalamazoo, MI 10,500 SF Retail Jodi Milks, CCIM</p>	<p>SALE 4023 Douglas Kalamazoo, MI 2,500 SF Retail Anne Summerfield, CCIM</p>
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Featured Properties

Kalamazoo – 179 Portage Rd.

Downtown



- 30,000 Total SF
- 5,000 Available SF
- Multiple Suites
- Lease Price: \$9.00/SF
- Anne Summerfield, CCIM

Kalamazoo – 312-324 N. Rose

Downtown



- 8,220 Total SF
- 8,220 Available SF
- Lease Price: \$12.50/SF
- Sale Price: \$625,000
- Anne Summerfield, CCIM

Stadium Shoppes – 3330 Stadium Drive

Kalamazoo



- 30,000 Total SF
- 1,200 - 20,000 Available SF
- Lease Price: \$13.50 - \$16.50/SF
- Jodi Milks, CCIM

Portage – 6295 S. Westnedge Ave.

S. Westnedge



- 37,000+ Total SF
- 18,500 Available SF
- Lease Price: \$10.00/SF
- Jodi Milks, CCIM

Portage – 7520-7642 S. Westnedge Ave.

S. Westnedge



- 59,000 Total SF
- 900 - 12,000 Available SF
- Lease Price: \$10.00/SF
- Jodi Milks, CCIM

Portage – 5747 S. Westnedge Ave.

S. Westnedge



- 11,102 Total SF
- 2,340 Available SF
- Lease Price: \$15.00/SF
- Jodi Milks, CCIM

Papa Murphy's – 589 W. Columbia Ave.

Battle Creek



- 4,224 Total SF
- 1,408 Available SF
- Lease Price: \$15.00/SF
- Jodi Milks, CCIM

Salvation Army – 1277 E. M-89

Otsego



- 46,458 Total SF
- Sale Price: \$1,750,000
- Dave Kuepfer

Retail Strip Center – 24466 Red Arrow Hwy

Mattawan



- 15,764 Total SF
- 1,250 - 2,815 Available SF
- Lease Price: \$11.00 - \$12.50/SF
- Sale Price: \$1,900,000
- Jodi Milks, CCIM

Retail Strip Center – 9975 E. M-89

Richland



- 21,500 Total SF
- 1,000 - 9,000 Available SF
- Lease Price: \$10.00/SF
- Jodi Milks, CCIM

Retail Strip Center – 117 S. Kalamazoo St.

Vicksburg



- 11,149 Total SF
- 4,000 Available SF
- Lease Price: \$8.00/SF
- Jodi Milks, CCIM

Houghton Lake/Big Rapids - Former Carter's Grocery

Michigan



- 40,000+ Total SF
- 40,000+ Available SF Per Location
- Lease Price: \$4.00 - \$7.00/SF
- Jodi Milks, CCIM

Hollywood Video & Movie Gallery

Michigan



- 25 Locations
- 1,000 - 10,000 SF Per Location
- Jodi Milks, CCIM
- Dave Denton, CCIM

Walgreens

West Michigan



- Five locations available
- 12,000 - 13,000 SF Per Location
- Sublease terms available
- Jodi Milks, CCIM