

## Grubb & Ellis|Paramount Commerce Grand Rapids Retail Group

From lifestyle centers to co-branded restaurants, West Michigan's Retail market is one of the most vibrant, growing segments of today's commercial real estate. At Grubb & Ellis|Paramount Commerce (G&E|PC), our team of Retail Advisors offers unparalleled experience working with both national and local retailers, teaming local insight and market knowledge with the national strength and resources of Grubb & Ellis.

The pace and strength of today's retail market demands precise, strategic direction - the kind of counsel you can expect from G&E|PC's Retail Advisors. Our team of experts specializes exclusively in the retail market. This concentrated, consistent focus allows us to go beneath the surface, offering extraordinary depth to the issues and complexities of our clients' diverse retail needs.

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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 West Michigan

Grubb & Ellis|Paramount Commerce Research  
Third Quarter 2006



## A Healthy Lifestyle

### Executive Summary

As we near the end of 2006, the retail market continues its stronghold on commercial real estate in West Michigan. Year-to-date there is nearly 620,000 square feet of absorption signifying that demand is extraordinarily healthy. The numbers also show that total vacancy peaked at 7.5 percent. Although vacancy has increased by nearly one percent, as compared to the third quarter in 2005, we have seen a slight decrease from second quarter numbers. The declining vacancy rates indicate continued growth of the retail market in Western Michigan, predominantly around the M-6 highway. Also, the lack of new product on mature retail corridors, like Alpine Avenue and 28th Street SE, has forced tenants to take second generation space.

A 170 acre project, dubbed Metro Health Village at M-6 and Byron Center Avenue, gives West Michigan its first lifestyle center. When complete it will add 200,000 square feet of retail including high-end retailers and an abundant amount of space for upscale restaurants. Also incorporated in the project is 200,000 square feet of medical and professional office that will contain health care and medical fitness centers. East Beltline is also maintaining their growth with the announcement of 20,000 square feet of upscale retail just North of Celebration Cinema. This project will also encompass two restaurant pads; and another lifestyle center is currently proposed across the street.

With interest rates climbing throughout the past year, landlords have become conservative in asking rents; however, some relief is in sight as the hikes have recently stalled. In addition, there is speculation that the Federal Reserve will withhold any increases through at least the end of the year. If this depiction holds true, then we can expect to see even more activity through the end of the year. Again, the likely destinations for growth will continue to be along the M-6 highway and the East Beltline sub-market.

*"Our strong retail market is partly due to experienced and savvy developers building projects for retailers that are committed to projects. The limited amount of speculative development has kept our vacancy rate low."*

*Mike Murray, CCIM*

**West Michigan Retail 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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## Retail Market Snapshot West 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
28th Southeast	6,816,333	420,559	6.2%	477,695	600,802	-	\$18.00	\$15.00
28th Southwest	1,788,348	293,520	16.4%	-	(8,600)	-	-	-
Alpine Avenue	2,638,984	127,823	4.8%	(1,700)	10,161	40,000	-	\$15.00
E. Beltline	506,767	26,044	5.1%	-	(812)	100,000	\$16.61	-
Plainfield/Northland Dr.	2,068,264	276,767	13.4%	566	17,345	-	\$8.97	\$9.00
Rivertown Parkway	2,924,468	117,614	4.0%	(2,480)	503	-	\$16.75	\$12.84
<b>Suburban Total</b>	<b>16,743,164</b>	<b>1,262,327</b>	<b>7.5%</b>	<b>474,081</b>	<b>619,489</b>	<b>140,000</b>	<b>\$12.82</b>	<b>\$13.48</b>
<b>Totals</b>	<b>16,743,164</b>	<b>1,262,327</b>	<b>7.5%</b>	<b>474,081</b>	<b>619,489</b>	<b>140,000</b>	<b>\$12.82</b>	<b>\$13.48</b>

By Class (All Submarkets)	Total SF	Vacant SF	Vacant %	Net Absorption		Under Construction	Asking Rent	
				Current	Year-to-date		Neighborhood	Power
Community	747,711	102,893	13.8%	-	-	-	\$14.79	-
Free-standing	6,813,476	509,085	7.5%	8,400	(13,216)	-	\$10.81	-
Neighborhood	634,311	226,096	35.6%	-	(7,412)	-	\$12.82	-
Outlet	79,200	-	-	-	-	-	-	-
Power	2,287,184	37,500	1.6%	477,850	492,433	-	\$13.48	-
Regional	1,081,801	39,071	3.6%	-	-	-	\$19.00	-
Showroom	558,514	20,000	3.6%	-	-	-	\$11.50	-
Specialty/Theme	418,400	18,154	4.3%	-	1,600	100,000	\$18.00	-
Strip	1,794,567	216,958	12.1%	(12,169)	146,084	40,000	\$10.76	-
Super-regional	2,328,000	92,520	4.0%	-	-	-	-	-
<b>Totals</b>	<b>16,743,164</b>	<b>1,262,327</b>	<b>7.5%</b>	<b>474,081</b>	<b>619,489</b>	<b>140,000</b>	<b>\$11.77</b>	

## 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:

<b>Seller Rep</b> 5 Retail Centers Throughout Western Michigan <i>Dave Denton, CCIM</i>	<b>Seller Rep</b> Burger King & Taco Bell Multiple Locations Throughout Michigan <i>Mike Murray, CCIM</i>	<b>Seller &amp; Buyer Rep</b> Advanced Auto Parts 7,000 SF Retail Grand Haven <i>Earl Clements</i>
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## Featured Properties

### Grand Rapids - 3767 28th St. SE



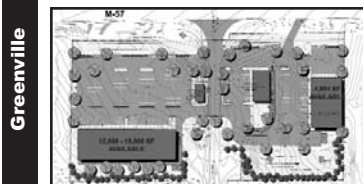
- 2,283 - 9,600 Available SF
- Sale Price: \$1,700,000
- Lease Price: \$19.00 - \$24.00/SF
- **Bill Bussey, CCIM**
- **Chad Clemens**

### Alpine Marketplace - 4255 Alpine Ave. NW



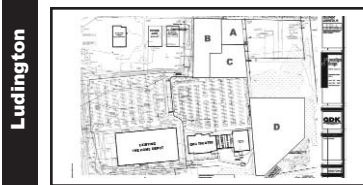
- 24,210 Total SF
- 24,210 Available SF
- Sale Price: \$3,150,000
- NOI: \$267,750
- **Dave Denton, CCIM**
- **Colin Kraay, CCIM**

### Youngman Center - Greenville



- Bldg. 1: 12,000 - 15,000 Avail. SF
- Bldg. 2: 4,854 Avail. SF
- Lease Price: \$13.50/SF
- **Mike Murray, CCIM**

### Ludington Market Place - 3841 W US-10



- Outlots for sale
- 31,100 Total SF
- 31,100 Available SF
- Lease Price: \$12.00 - \$14.00/SF
- **Bill Bussey, CCIM**
- **Chad Clemens**
- **Deborah Shurlow**

### Otsego - 1307 M-89



- 6,900 Total SF
- 1,560 Available SF
- Lease Price: \$25.00/SF
- **Jodi Milks, CCIM**

### Bayberry Market - 5751-5795 Byron Center Ave. SW



- 1,400 - 7,500 Available SF
- Lease Price: \$16.50/SF
- **Dave Denton, CCIM**
- **Paul Spica**

### Grand Landing - 1 Adam St.



- 220,210 Total SF
- 5,000 - 70,550 Available SF
- Three site condos: \$950,000
- Lease Price: \$15.48/SF
- Lease Price/Month: \$9,886
- **Ray Kisor, SIOR**
- **Steve Wilson**

### Retail Strip Center - 3330 Stadium Dr.



- Outlots Available
- 1,000 - 20,000 Available SF
- Lease Price: \$13.50 - \$22.00/SF
- **Jodi Milks, CCIM**

### Retail Strip Center - 5532 W US-10



- 87,311 Total SF
- 1,200 - 5,940 Available SF
- Lease Price: \$12.00/SF
- **Matt Williams, CCIM**
- **Mike Murray, CCIM**

### Batts Plaza - 59 W Washington Ave.



- 9,945 Available SF
- Lease Price: \$12.00/SF
- **Case Reimus**
- **Jason DeWitt**

\* Asking rental rates are reported in Triple Net terms

## Land for Sale

Size Location	City Price	Contact	Comments
1.0 - 15.6 Acres Physicians Health Park 6181 Wilson Ave. SW	Grandville \$620,000 - \$624,000/ac	Dave Denton, CCIM Scott Morgan, JD, SIOR	Exciting new development opportunity at the M-6/South Beltline & Wilson Ave. interchange in Byron Township. Five outlots available adjacent to new Spectrum Health med. bldg. & Urgent Care Center in Physicians Park. Located just South of Rivertown Crossings Mall.
1.8 - 2.6 Acres M-6 and Kalamazoo Ave. Two lots available	Kentwood \$694,444 - \$477,099/ac	Matt Williams, CCIM Mike Murray, CCIM	Two great retail sites on busy M-6 and Kalamazoo Ave interchange. Join the new Celebration Cinema, Pizza Uno, Steak & Shake, and Bob Evans.
2.1 - 2.2 Acres 8540 Broadmoor Ave.	Caledonia \$600,000 - \$650,000	Matt Williams, CCIM Bill Bowling, SIOR	Up to 4.3 acres available just south of the new United Bank branch at the southeast corner of M-37/Broadmoor and 84th St. Property will benefit from access on M-37 and Cherry Valley Ave. High traffic volume and great visibility.
.77 Acres 1314 M-89	Otsego \$299,000	Mike Murray, CCIM Jodi Milks, CCIM	Up to 5,000 SF available for lease in this proposed retail center. Property located in front of Walmart Supercenter and next to Taco Bell. This retail parcel is ideal for a retail user, small retail center, or fast food restaurant.