

Industrial Market Trends West Michigan

Grubb & Ellis|Paramount Research
Fourth Quarter 2005



One Step At A Time . . .

Executive Summary

As 2005 came to a close, the West Michigan industrial market began to experience the effects of rising interest rates and the downsizing of Steelcase, a worldwide office furniture producer. The overall vacancy rate rose 90 basis points leveling off at 8.0 percent. This is largely attributed to 665,890 square feet of the Steelcase Computer Furniture Plant becoming vacant and available in December. Despite the circumstances, the West Michigan industrial market ended the year with 949,732 square feet of positive absorption. This number demonstrates that the cornerstone of the Grand Rapids market, a diverse manufacturing base, continues to flourish despite the effects of globalization and the downsizing of major market players.

"Sometimes you feel like a nut...sometimes you don't! The West Michigan Industrial market continues to show many mixed signals, with many different forces affecting real estate, pending on size, need, financing and budget!"

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

Although the industrial market remains in a recovery phase, a substantial amount of new development and re-development is taking place as a result of local companies experiencing internal growth. Some examples include: Action Packaging expanding by 100,000 square feet, First Companies by 40,000 square feet, and X-Rite's and Entela's combined 440,000 square foot re-development. This amount of development will help to sustain positive absorption and reduce vacancy rate as overall inventory levels rise.

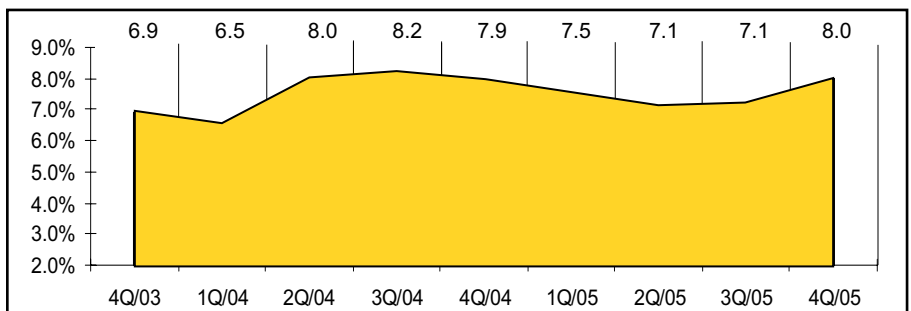
In the coming months as interest rates rise, construction materials become more expensive, and land increases in value, many existing tenants will be looking to renegotiate their lease contracts rather than acquiring property. Grand Rapids has an abundant amount of existing inventory with infrastructure already in place, giving companies a variety of alternatives to reduce their occupancy expense. Although rental rates are not expected to have dramatic increases, the amount of leasing concessions being offered will be less as inventory tightens.

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Industrial Vacancy Rate*

* All Product Types in Grand Rapids Metro Submarkets

Industrial Market Snapshot West Michigan Fourth 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	503,061	3.8%	(39,500)	93,391	-	\$3.47	\$4.25
Northeast	5,877,113	184,219	3.1%	(4,460)	77,149	-	-	\$6.30
Northwest	15,786,165	1,327,293	8.4%	79,573	345,423	12,000	\$2.97	-
Southeast	48,670,459	4,643,355	9.5%	(985,905)	717,783	248,119	\$3.34	\$4.98
Southwest	29,172,544	2,293,188	7.9%	(28,831)	(284,014)	-	\$2.90	\$4.10
Total	112,583,649	8,951,116	8.0%	(977,123)	949,732	260,119	\$3.12	\$4.72
By Product Type								
(All Submarkets)							Asking Rent	
							By Product Type	
General Industrial	88,144,414	4,573,887	5.2%	(590,786)	788,618	240,119	\$3.68	
Incubator	428,598	16,600	3.9%	-	36,858	-	\$5.93	
R&D/Flex	4,225,744	701,199	16.6%	(71,245)	64,005	-	\$4.72	
WH/Dist.	19,784,893	3,659,430	18.5%	(315,092)	60,251	20,000	\$3.12	
Total	112,583,649	8,951,116	8.0%	(977,123)	949,732	260,119	\$3.54	

Major Transactions

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

SVN Equities Sale 1,684,126 SF John Kuiper, SIOR, CCIM Duke Suwyn, SIOR, CCIM	JL French Sale 214,000 SF John Kuiper, SIOR, CCIM Ty Hallock, CCIM Steve Marcusse, CCIM	Dayton Freight Lease 10,413 SF Chip Hurley, CCIM	Comprenew Purchase 41,600 SF Derek Hunderman
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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.

Featured Properties

Downtown

Rowe International, Inc. - 540 Crofton St. SE



- 239,300 Total SF
- 239,300 Available SF
- Sale Price: \$3,000,000
- John Kuiper, SIOR, CCIM
- Ty Hallock, CCIM
- Steve Marcusse, CCIM

Northeast

Comstock Park - 3706 Mill Creek NE



- 13,441 Total SF
- 13,441 Available SF
- Sale Price: \$419,000
- Ty Hallock, CCIM
- Steve Marcusse, CCIM

Northeast

Comstock Park - 5055 West River Dr. NE



- 45,000 Total SF
- 45,000 Available SF
- Lease Price: \$2.50/SF
- Derek Hunderman
- Chuck King, SIOR

Northwest

Walker - 2535 Waldorf Ct., NW



- 124,700 Total SF
- 36,500 SF - 124,700 SF
- Lease Price: \$2.50 - \$3.10/SF
- John Kuiper, SIOR, CCIM
- Ty Hallock, 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

Wyoming - 550 36th St. SE



- 10,233 Total SF
- 8,100 Available SF
- Sale Price: \$495,000
- Lease Price: \$5.50/SF
- Dave Konyndyk
- Chip Hurley, CCIM

Southeast

Grand Rapids - 4999 36th St. SE



- 172,500 Total SF
- 19,950 - 31,250 Available SF
- Lease Price: \$3.10/SF
- Duke Suwyn, SIOR, CCIM
- John Kuiper, SIOR, CCIM

Southeast

Kentwood - 4440 44th St. SE



- 200,000 Total SF
- 35,100 - 200,000 Available SF
- Lease Price: \$3.10/SF
- Duke Suwyn, SIOR, CCIM
- John Kuiper, SIOR, CCIM

Southeast

Byron Center - 511 76th St. SE



- 202,500 Total SF
- 20,000 - 62,500 Available SF
- Lease Price: \$2.95 - \$3.30/SF
- Duke Suwyn, SIOR, CCIM
- John Kuiper, SIOR, CCIM

Southeast

Kentwood - 4700 Broadmoor Ave. SE



- 499,056 Total SF
- 77,200 - 197,000 Available SF
- Lease Price: \$3.20/SF
- Duke Suwyn, SIOR, CCIM
- John Kuiper, SIOR, CCIM
- Derek Hunderman

Southeast

Kentwood - 5353 Broadmoor Ave. SE



- 665,890 Total SF
- 106,910 - 665,890 Available SF
- Lease Price: \$3.25/SF
- Duke Suwyn, SIOR, CCIM
- John Kuiper, SIOR, CCIM
- Derek Hunderman

Southeast

Kentwood - 4647 50th St. SE



- 9,200 Total SF
- 9,200 Available SF
- Sub-Lease Price: \$12.39/SF
- John Kuiper, SIOR, CCIM
- Steve Marcusse, CCIM

Southeast

Grand Rapids - 5738 Eagle Dr. SE



- 100,680 Total SF
- 82,135 Available SF
- Lease Price: \$3.10/SF
- Duke Suwyn, SIOR, CCIM
- John Kuiper, SIOR, CCIM

Southeast

G&T Industries - 3413 - 3415 Eastern Ave. SE



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

Southeast

Kentwood - 5001 Falcon View Ave. SE



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

Southeast

Venture - 5050 Kendrick St. SE



- 413,500 Total SF
- 86,750 - 413,500 Available SF
- Lease Price: \$2.95 - \$3.30/SF
- Duke Suwyn, SIOR, CCIM
- John Kuiper, SIOR, CCIM

Featured Properties

Southeast

Grand Rapids - 5090 Kendrick Ct. SE



- 31,940 Total SF
- 10,500 - 31,940 Available SF
- Lease Price: \$3.60/SF
- Duke Suwyn, SIOR, CCIM
- John Kuiper, SIOR, CCIM

Southeast

Grand Rapids - 3232 Kraft Ave. SE



- 216,000 Total SF
- 17,500 Available SF
- Lease Price: \$3.30/SF
- Duke Suwyn, SIOR, CCIM
- John Kuiper, SIOR, CCIM

Southeast

Grand Rapids - 3300 Kraft Ave. SE



- 200,000 Total SF
- 35,000 - 200,000 Available SF
- Lease Price: \$3.10 - \$3.30/SF
- Duke Suwyn, SIOR, CCIM
- John Kuiper, SIOR, CCIM

Southeast

Grand Rapids - 3550 Patterson Ave. SE



- 145,000 Total SF
- 40,000 - 145,000 Available SF
- Lease Price: \$3.10 - \$3.55/SF
- Duke Suwyn, SIOR, CCIM
- John Kuiper, SIOR, CCIM

Southeast

Elston Richards - 3701 -3741 Patterson Ave. SE



- 736,300 Total SF
- 102,600 - 151,400 Available SF
- Lease Price: \$2.95/SF
- Duke Suwyn, SIOR, CCIM
- John Kuiper, SIOR, CCIM

Southeast

GR Corp. Ctr. - 3504 - 3594 Roger B. Chaffe Mem. Dr.



- 159,600 Total SF
- 1,600 - 8,050 Available SF
- Sale Price: \$5,900,000
- Lease Price: \$3.00 - \$5.50/SF
- Chip Hurley, CCIM
- Derek Hunderman

Southeast

Wyoming - 4203 Roger B. Chaffee Mem. Dr. Se



- 75,621 Total SF
- 75,621 Available SF
- Sale Price: \$2,400,000
- Chuck King, SIOR
- Derek Hunderman

Southwest

Wyoming - 500 44th St. SW



- 455,500 Total SF
- 127,200 - 300,000 Available SF
- Lease Price: \$3.10/SF
- Duke Suwyn, SIOR, CCIM
- John Kuiper, SIOR, CCIM

Southwest

Wyoming - 102 - 120 54th St. SW



- 24,000 Total SF
- 3,288 - 3,506 Available SF
- Lease Price: \$4.95/SF
- Duke Suwyn, SIOR, CCIM
- Steve Marcusse, CCIM

Southwest

Grand Rapids - 3720 Buchanan SW



- 67,625 Total SF
- 7,815 - 31,260 Available SF
- Lease Price: \$3.95/SF
- Duke Suwyn, SIOR, CCIM
- Derek Hunderman

Southwest

Byron Center - 7560 - 7670 Caterpillar Dr. SW



- 408,534 Total SF
- 2,840 - 205,000 Available SF
- Lease Price: \$3.10 - \$7.95/SF
- Duke Suwyn, SIOR, CCIM
- John Kuiper, SIOR, CCIM

Southwest

Grand Rapids - 7357 - 7377 Expressway Dr. SW



- 383,950 Total SF
- 9,250 - 140,250 Available SF
- Lease Price: \$3.10/SF
- Duke Suwyn, SIOR, CCIM
- John Kuiper, SIOR, CCIM

Southwest

Grand Rapids - 425 Gordon Industrial Ct. SW



- 173,875 Total SF
- 60,000 Available SF
- Lease Price: \$3.25/SF
- Duke Suwyn, SIOR, CCIM
- John Kuiper, SIOR, CCIM

Southwest

Pixley Richards Inc. - 5760 N. Hawkeye Ct. SW



- 28,320 Total SF
- 28,320 Available SF
- Sub-lease Price: \$3.95/SF
- John Kuiper, SIOR, CCIM
- Steve Marcusse, CCIM

Southwest

Wyoming - 5801 - 5805 Weller Ct., SW



- 86,400 Total SF
- 33,600 Available SF
- Lease Price: \$4.50/SF
- Duke Suwyn, SIOR, CCIM
- Chip Hurley, CCIM

Southwest

Wyoming - 2450 28th St. SW



- 25,203 Total SF
- 25,203 Available SF
- Sale Price: \$1,395,000
- Dave Konyndyk

Featured Properties

Lakeshore Holland - 1451 - 100 & 200 M-40



- 742,500 Total SF
- 30,496 - 315,496 Available SF
- Lease Price: \$3.10/SF
- Duke Suwyn, SIOR, CCIM
- John Kuiper, SIOR, CCIM
- Tom Postma, SIOR

Lakeshore Grand Haven - 335 N. Griffin St.



- 145,372 Total SF
- 145,372 Available SF
- Sale Price: \$1,499,000
- Ty Hallock, CCIM
- Chuck King, SIOR

Lakeshore Spring Lake - 16880 148th Ave.



- 95,718 Total SF
- 95,718 Available SF
- Sale Price: \$1,500,000
- Ty Hallock, CCIM
- Chuck King, SIOR

Lakeshore Muskegon - Pinnacle Metals - 2281 Port City Blvd.



- 84,442 Total SF
- 84,442 Available SF
- Sale Price: 1,950,000
- Lease Price: \$2.50/SF
- Ty Hallock, CCIM

Lakeshore Zeeland - 8141 - 8191 Logistic Dr.



- 310,000 Total SF
- 17,500 - 100,000 Available SF
- Lease Price: \$3.10/SF
- Duke Suwyn, SIOR, CCIM
- John Kuiper, SIOR, CCIM
- Tom Postma, SIOR

Outside Metro Area Grayling - 2120 Industrial Dr.



- 15,600 Total SF
- 15,600 Available SF
- Sale Price: \$395,000
- Chip Hurley, CCIM

Outside Metro Area Kerkstra Precast - 1330 Chicago Dr.



- 24,728 Total SF
- 8,000 - 24,728 Available SF
- Lease Price: \$3.25/SF
- Duke Suwyn, SIOR, CCIM
- Steve Marcusse, CCIM

Outside Metro Area Wayland - 844 & 858 S. Main St.



- 136,304 Total SF
- 136,304 Available SF
- Sale Price: \$2,950,000
- Derek Hunderman
- John Kuiper, SIOR, CCIM

* Asking rental rates are reported in Triple Net 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 \$50,000 - \$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.
10.55 Acres 2510 Chicago Dr. SW	Georgetown \$75,355/ac.	John Kuiper, SIOR, CCIM Duke Suwyn, SIOR, CCIM	Rare parcel of land with great frontage and exposure on Chicago Drive between Hudsonville and Jenison.
28.9 Acres 3890 East Paris Ave. SE	Grand Rapids \$95,000/ac	Duke Suwyn, SIOR, CCIM	Total of five (5) lots ranging from 3.0 - 28.90 acres to be split.
37.06 Acres 1 Electric Ave.	Wayland \$34,709/ac	Derek Hunderman Steve Marcusse, CCIM	Can be purchased as whole or can be split into many different parcels.

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.

Holland

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West Michigan Business Review, 2004 & 2005**

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