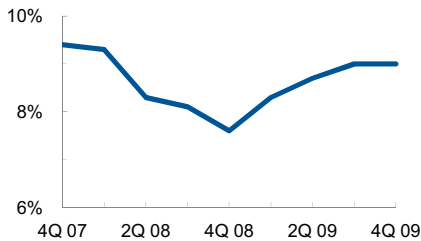


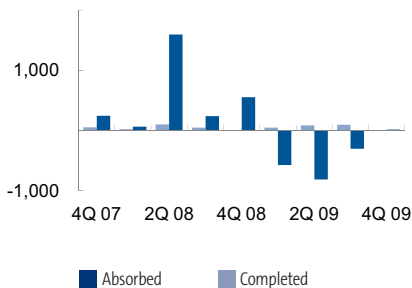
Vacancy Rate

Quarterly



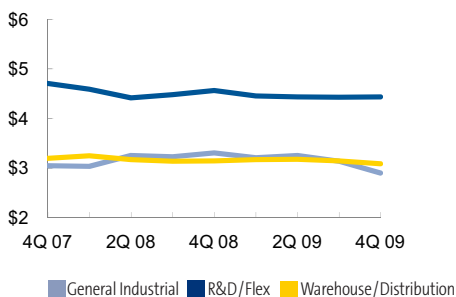
Completions vs. Absorption

Quarterly (in Thousands of SF)



Asking Rental Rates

Quarterly (\$/SF/Yr. Triple Net)



Road to Recovery Ahead?

As one more indication of the slow but real economic recovery, the Grand Rapids industrial market showed a slight decrease in vacancy during the fourth quarter of 2009, as there was 16,000 square feet of net absorption. The overall vacancy rate held steady at 9.0 percent at year-end, which, if we are near the bottom of the market, indicates that the greater Grand Rapids industrial market weathered the economic crisis relatively well. However, there was nearly 1.8 million square feet of negative absorption in 2009 and Grubb & Ellis|Paramount Commerce expects additional negative absorption in 2010, although not as significantly as in 2009.

Leasing activity slowed while sale activity increased during the fourth quarter of 2009. There were seven reported leases and eight reported sales during the fourth quarter compared to 21 reported leases and four reported sales during the third quarter. Overall, there were 80 reported leases and 21 reported sales in 2009 compared to 100 reported leases and 47 reported sales in 2008. Although the number of leases did not fall as significantly as the number of sales, the average deal size and value for both fell dramatically in 2009. In 2009, the average size lease was approximately 8,000 square feet while in 2008, the average size lease was 17,000 square feet. The average sale price was nearly \$400,000 in 2009 compared to \$866,000 in 2008. Grubb & Ellis|Paramount Commerce expects deal velocity to increase in 2010 but values will continue to decrease throughout the year and into 2011.

In summary, while the Grand Rapids industrial vacancy rate increased in 2009, it still remained below the national average of over 10%. Vacancy rates will continue to increase in 2010 but at a much slower pace when compared to 2009. New speculative construction will remain nonexistent, effective rental rates will decrease and sales values will reach historic lows. Grubb & Ellis|Paramount Commerce does not expect this to change until enough users and buyers in the market begin to feel that they may be missing the bottom of the market. The West Michigan industrial market remained resilient in 2009 and we are hopeful that at this time next year, we can look back and say that 2010 was the year that the recovery began.

FORECAST

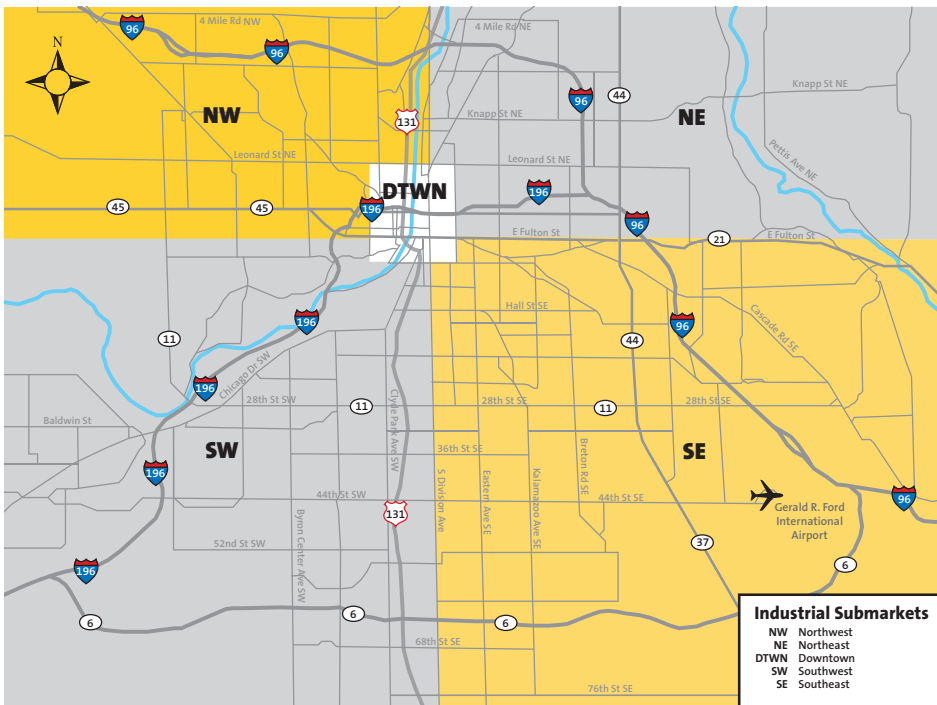
- The overall vacancy rate will increase to 10.0 percent in 2010, which would be a significant decrease in the rate at which it increased in 2009.
- Leasing and sale activity will increase while effective rents and values continue to decrease.
- The industrial market is at or near the bottom, and as a result, there will be a limited window of great opportunity for buyers wanting to make a long-term investment.

Industrial Trends Report—Fourth Quarter 2009

Grand Rapids, MI

By Submarket	Total SF	Vacant SF	Total Vacancy %	NET ABSORPTION		Under Construction SF	ASKING RENT	
				Current	Year To Date		WH/Dist	R&D/Flex
Downtown	12,736,808	445,936	3.5%	(48,000)	(76,126)	-	\$2.41	-
Northeast	5,701,720	327,540	5.7%	-	(49,264)	-	-	\$4.66
Northwest	16,242,927	2,102,252	12.9%	18,800	(854,620)	-	\$3.04	-
Southeast	49,549,812	4,998,687	10.1%	23,881	(623,636)	-	\$3.23	\$4.36
Southwest	29,876,642	2,365,808	7.9%	21,665	(147,543)	-	\$3.10	\$4.44
Totals	114,107,909	10,240,223	9.0%	16,346	(1,751,189)	-	\$3.09	\$4.44

By Property Type	Total SF	Vacant SF	Total Vacancy %	Current	Year To Date	Under Construction SF	Asking Rent
General Industrial	87,966,715	6,436,098	7.3%	60,045	(532,265)	-	\$2.90
Incubator	375,828	15,357	4.1%	6,643	5,643	-	\$7.25
R&D/Flex	3,888,110	455,902	11.7%	(2,342)	(46,676)	-	\$4.44
Warehouse/Distribution	21,877,256	3,332,866	15.2%	(48,000)	(1,177,891)	-	\$3.09
Totals	114,107,909	10,240,223	9.0%	(16,346)	(1,751,189)	-	\$3.09



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INDUSTRIAL TERMS AND DEFINITIONS

Inventory: Industrial Inventory includes all multi-tenant, single tenant and owner-occupied buildings at least 7,500 square feet.

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 and includes direct and sublease vacant. 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 in most parts of the country and dollars per square foot per month in

areas of California and selected other markets. 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. The asking rent for each building in the market is weighted by the amount of available space in the building.

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