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G&E|PC Sees Modest Improvements for West Michigan in 2009
Annual Commercial Real Estate Forecast Sees Greatest Potential in the Investment Market

Grand Rapids, Michigan (January 16, 2009) – Despite continued challenges in the state and national economy, the commercial real estate market in West Michigan should see slight improvements in 2009, according to an industry forecast released today by Grubb & Ellis|Paramount Commerce.

The largest commercial real estate firm in West Michigan noted that the market for investment properties may provide the most opportunities in the next 12 months for buyers – particularly those with local roots – who have cash to spend. G&E|PC released its 2009 West Michigan Commercial Real Estate Forecast, a 24-page booklet with proprietary, detailed analysis of the office, industrial, retail and investment markets, during a breakfast meeting this morning for more than 600 business, government and community leaders.

The annual breakfast, now in its seventh year, provides a comprehensive review of the 2008 performance of each commercial real estate sector in Grand Rapids, Kalamazoo, Holland, Grand Haven and Muskegon, as well as a forecast of market conditions for 2009.

“While our advisors see a number of question marks hanging over the coming year, West Michigan will likely perform better than other markets in the state and region,” said Duke Suwyn, president and CEO of G&E|PC. “Although we see challenges facing retail, office and industrial properties in 2009, our fundamentals remain sound. This positions our community to grow when the economy turns the corner.

“We are pleased to be able to share our proprietary market Forecast, which is the only locally developed research of its kind in West Michigan, with area business leaders.”

Highlights of the report, which is available in its entirety to the media, include:

Office: Despite issues in the capital markets, on Wall Street and with state tax laws, the market for office space should see slight improvements in 2009. Office Advisor Chip Bowling,

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said that tenants and buyers can use soft economic conditions to their advantage to purchase office properties at very attractive prices. The local office market is beginning to be impacted by foreclosures and “shadow space,” where new space becomes available even though no new office buildings are coming online.

Industrial: After an excellent year in 2008, the industrial market is expected to slow down, according to Steve Marcusse, vice president and industrial advisor. He noted the economic uncertainty in combination with tight credit will keep leasing activity balanced in the coming months. The diversity of West Michigan’s manufacturing basis will likely keep us more insulated from turmoil than other communities in the Upper Midwest, although problems with the Big 3 and the global economic slowdown might diminish the demand for warehouse and manufacturing space. He predicted that a year-end vacancy rate of approximately 7.5 percent will leave the industrial market in good position for growth in 2010.

Retail: Softness in the national retail market was reflected locally in 2008, according to Dave Denton, vice president and retail advisor. Uncertainty over the automotive and economic bailouts may slow new construction and cause higher vacancy rates. But tenants should be able to gain greater flexibility and better rates in their negotiations with landlords. While we have experienced retail and restaurant closings, Denton noted that West Michigan has not been affected by big-box retailer closings yet. Although construction on the lifestyle center on the East Beltline and Three Mile has been pushed to 2010, Denton said that the region will see new retail on 28th Street.

Investment: Although buyers remain cautious, they will find opportunities to purchase under-performing assets at attractive prices, according to Chad Barton, vice president and investment advisor. While the past several years saw an influx of out-of-state buyers snapping up good deals locally, he predicts that more local investors will become active this year. Tight credit will prompt investors and sellers to be more creative in their financing packages, which could include assumption of debt, land contracts and seller financing.

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About Grubb & Ellis|Paramount Commerce:

Grubb & Ellis|Paramount Commerce is the largest commercial real estate firm in West Michigan, with offices in Grand Rapids, Kalamazoo and Holland. Leading market knowledge and technological resources support individual teams of specialists representing Industrial, Office, Retail and Investment/Land markets, Corporate Account and Property Management services to provide a full range of strategic, customized client solutions. For more information, visit www.gepc.com.

About Grubb & Ellis

Grubb & Ellis Company (NYSE: GBE) is one of the largest and most respected commercial real estate services and investment companies. With more than 130 owned and affiliate offices worldwide, Grubb & Ellis offers property owners, corporate occupants and investors comprehensive integrated real estate solutions, including transaction, management, consulting and investment advisory services supported by proprietary market research and extensive local market expertise.

Grubb & Ellis and its subsidiaries are leading sponsors of real estate investment programs that provide individuals and institutions the opportunity to invest in a broad range of real estate investment vehicles, including tax-deferred 1031 tenant-in-common (TIC) exchanges; public non-traded real estate investment trusts (REITs) and real estate investment funds. As of September 30, 2008, more than \$3.8 billion in investor equity has been raised for these investment programs. The company and its subsidiaries currently manage a growing portfolio of more than 225 million square feet of real estate. In 2007, Grubb & Ellis was selected from among 15,000 vendors as Microsoft Corporation's Vendor of the Year. For more information regarding Grubb & Ellis Company, please visit www.grubb-ellis.com.

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