

For Immediate Release

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**SLOW BUT STEADY: G&E|PC REPORT SHOWS OFFICE MARKET
IMPROVING GRADUALLY IN WEST MICHIGAN**

Grand Rapids, Michigan (Oct. 27, 2008) – Led by the suburbs, the demand for office space in West Michigan is growing slowly but steadily, according to a third-quarter research report on office trends released today by Grubb & Ellis|Paramount Commerce.

G&E|PC, the largest commercial real estate firm in West Michigan, noted overall vacancy rates decreased slightly on a year-over-year basis. The suburban market, where more than 56,000 square feet of office space was leased during the just-completed third quarter, led the improved performance. Most of this came from the relocation of a 45,000 square-foot call center to Wyoming.

It was a slightly different story in downtown Grand Rapids, though, where vacancies increased slightly on a year-over-year basis. G&E|PC attributes this to the minor downsizing of a number of downtown professional services organizations.

Still, G&E|PC's Chris Beckering is optimistic about the prospects for the office market – and bullish on the region's can-do spirit.

“The Grand Rapids office market is like the ‘Little Engine that Could,’ ” said Beckering, an office advisor with the firm. “Despite economic challenges in the state tax regulations and the overall tightening of the credit market, we continue to see slow and steady absorption of space.

“With limited speculation in recent years, and even less currently underway, we should see continually improving fundamentals for the foreseeable future.”

The office market report, the third in a series of proprietary research reports issued quarterly by G&E|PC, said that rental rates should remain steady in the year ahead due to limited new construction and a general expansion of the existing tenant base.

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Q3 Office Trends

The highlight of the Grand Rapids office market in the third quarter was the addition of Priceline.com to West Michigan's employer rolls. The online travel aggregator leased more than 45,000 square feet of space in the former Siemens Dematic building in Wyoming for its new call center – a move that brings 250 new jobs to West Michigan and gives new life to prime office space in the suburbs.

“While the economy remains challenging, both nationally and closer to home, these kinds of wins are important,” Beckering said. “They underscore how attractive our region is as a destination because of our educated workforce, strong work ethic and the availability of quality space – for office, retail, manufacturing, warehousing and other commercial uses.”

Other highlights of the G&E|PC reports included:

- Office rents range from \$14.75—29.30 per square foot for Class A space.
- More than 134,000 square feet of office space is under construction – nearly three-quarters of it in suburbs, most of it along the popular East Paris corridor.
- The Southeastern suburbs showed the strong lease gains during the quarter, attributable mainly to tenants relocating to the revitalized Centennial Park.

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, Grand Haven 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.

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