

Grubb & Ellis|Paramount Kalamazoo Office Group

While our office in downtown Kalamazoo is new to Southwest Michigan, our expertise in this market is not. Collectively, our staff of professionals offers more than four decades of *local* experience spanning everything from global transactions to regional site expansions. In fact, all of our Advisors and staff members are long-time area residents, devoted to the community's growth and strength both on the job and outside of the office.


Our team includes former corporate and executive - level real estate professionals, seasoned brokers and retail entrepreneurs. We take pride in understanding the needs of our clients, whether they are first-time buyers of commercial property, corporate real estate executives or owners of a multi-national or regional business.

The Grubb & Ellis|Paramount team brings extensive experience in all facets of commercial real estate, from Industrial and Retail properties to Office, Land and Investment transactions.

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Ranked #1 Commercial Real Estate Agency by West Michigan Business Review, July 2004, July 2005



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LOCAL PRESENCE GLOBAL REACH

Office Market Trends Southwest Michigan

Grubb & Ellis|Paramount Research
 First Quarter 2006



Vacancies Rise Slightly

Executive Summary

Kalamazoo's office market is seeing much of the same, as 2006 kicks off. Vacancies have increased and absorption has been limited. Although the area has taken note of some new construction, another former Pfizer building has come into the market bringing with it a substantial vacancy.

Overall, the market's general vacancy rate has risen slightly. The hardest hit segment of the market is Portage, with the addition of Building 298 in the competitive office inventory. This 363,639-square-foot, class "A" building has increased the vacancy rate in Portage by 11 percentage points. Creative reuse of this space could help the suburban market rebound.

The tenant shell game continues in downtown Kalamazoo, with existing tenants trading office suites. With the termination of the Lot 9 deal, landlords are hopeful that the Central Business District (CBD) -- the only segment of the market without substantial new construction -- will begin to fill its existing vacancies. The renovation of the United Electric building is nearly complete, which improves the downtown landscape but adds about 12,000 square feet of vacancy to the CBD office market.

There has been some new construction over the last quarter which has been well received in the market. The Drake Road corridor, between West Main and KL Avenue, has seen a surge in build-to-suit construction, and the second Trade Center building along I-94 is already on its way to completion. While this new construction doesn't help the established vacancy in the area, it does assure future tenants that Kalamazoo is still a market in transition.

"Optimism remains the key to decreasing office vacancies for the remainder of 2006."

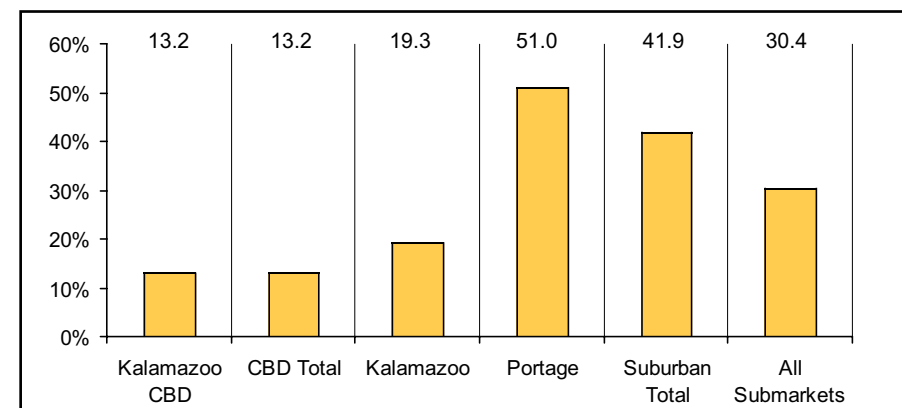
Anne Summerfield, CCIM

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Vacancy Rate by Sub-Market*

* All Classes of Space

Office Market Snapshot Southwest Michigan First Quarter 2006

By Submarket (All Classes)	Total SF	Vacant SF	Vacant %	Net Absorption		Under Construction	Asking Rent	
				Current	Year-to-date		Class A	Class B
Downtown	1,725,661	227,015	13.2%	(13,571)	(13,571)	-	\$16.69	\$14.96
Kalamazoo	738,648	142,561	19.3%	(20,810)	(20,810)	-	\$14.56	\$14.31
Portage**	1,855,310	945,467	51.0%	24,882	24,882	-	\$18.13	\$13.75
Suburban	2,593,958	1,088,028	41.9%	4,072	4,072	-	\$17.17	\$13.95
CBD	1,725,661	227,015	13.2%	(13,571)	(13,571)	-	\$16.69	\$14.96
Totals	4,319,619	1,315,043	30.4%	(9,499)	(9,499)	-	\$17.04	\$14.40

By Class (All Submarkets)	Total SF	Vacant SF	Vacant %	Current	Year-to-date	Under Construction	Available for Sublease	
							CBD	Suburban
Class A	1,525,469	594,720	39.0%	13,315	13,315	-	-	-
Class B	2,291,476	624,354	27.2%	(11,308)	(11,308)	-	-	-
Class C	497,106	95,969	19.3%	(11,506)	(11,506)	-	-	-
Medical	5,568	-	-	-	-	-	-	-
Totals	4,319,619	1,315,043	30.4%	(9,499)	(9,499)	-	-	-

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

** 1901 Romence (Quads Complex) and 7000 Portage (Building 298) account for 81.4% of this market's vacancy.

Office Market Terms and Definitions

Inventory: Office inventory includes all multi-tenant and single tenant buildings with a minimum size threshold of 5,000 square feet. Owner-occupied, government, and medical (occupied by owner) buildings are not included.

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.

Office Building Classifications: Grubb & Ellis adheres to BOMA guidelines. Class A properties are the most prestigious buildings competing for premier office users with rents above the average for the area . . . Class B properties compete for a wide range of users with rents in the average range for the area . . . Class C buildings compete for tenants requiring functional space at rents below the average area.

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 office rents as full service/gross where all costs of operation are paid by the landlord up to a base year or expense stop.

Average Weighted Asking Rent: An average market rent where the asking rent for each building in the market is weighted by the building size.

Major Transactions

Grubb & Ellis|Paramount is pleased to announce that they represented the following companies in office transactions during the 1st quarter of 2006:

<p>Sale 4775 Campus Dr, Kalamazoo - BTR Park 24,000 SF Office <i>Bob Deal</i></p>	<p>Lease 214 E Michigan Ave, Kalamazoo CBD 3,100 SF Office <i>Anne Summerfield, CCIM</i></p>	<p>Lease Walnut Woods Office Park, Kalamazoo 2,150 SF Office <i>Anne Summerfield, CCIM</i></p>
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Featured Properties

Downtown Comerica Building - 151 S. Rose



- 112,000 Total SF
- 10,650 Available SF
- Lease Price: \$15.50/SF
- Anne Summerfield, CCIM
- Dave Kuepfer

Downtown Michigan Building - 162 E. Michigan Ave.



- 40,000 Total SF
- 24,600 Available SF
- Lease Price: \$9.68 - \$10.50/SF
- Anne Summerfield, CCIM
- Dave Kuepfer

Downtown Kalamazoo - 179 Portage Ave.



- 30,000 Total SF
- 5,000 Available SF
- Lease Price: \$9.00/SF
- Anne Summerfield, CCIM

Kalamazoo - 906 E. Cork St.



- 2,200 Total SF
- 2,200 Available SF
- Lease Price: \$7.50/SF
- Anne Summerfield, CCIM

Battle Creek - 1346 W. Columbia



- 21,000 Total SF
- 21,000 Available SF
- Lease Price: \$12.00/SF
- Jane Fette

Paw Paw Kalamazoo - 312-324 N. Rose



- 8,220 Total SF
- 8,220 Available SF
- Lease Price: \$12.50/SF
- Sale Price: \$625,000
- Anne Summerfield, CCIM

Paw Paw Kalamazoo - 205 Stockbridge



- 1,400 Total SF
- 1,400 Available SF
- Sale Price: \$70,000
- Dave Kuepfer

Downtown Peregrine Towers - 336 S. Kalamazoo Mall



- 30,000 Total SF
- 10,000 Available SF
- Lease Price: \$14.95/SF
- Anne Summerfield, CCIM

Downtown Crosstown Plaza - 555 W. Crosstown



- 51,646 Total SF
- 10,808 Available SF
- Lease Price: \$12.00/SF
- Anne Summerfield, CCIM
- Jane Fette

Kalamazoo Commerce Pointe - 77 E. Michigan



- 26,300 Total SF
- 2,394 Available SF
- Lease Price: \$10.00/SF
- Bob Deal
- Brandon Reinkensmeyer

Kalamazoo Portage - 8080 & 8120 Moorsbridge



- 20,649 Total SF
- 20,649 Available SF
- Sale Price: \$2,875,000
- Anne Summerfield, CCIM

Paw Paw Paw Paw - 919 E. Michigan



- 5,803 Total SF
- 5,803 Available SF
- Sale Price: \$349,900
- Dave Kuepfer

Paw Paw Battle Creek - 395 South Shore



- 15,000 Total SF
- 931 Available SF
- Sale Price \$105,000
- Jane Fette

