

## Grubb & Ellis|Paramount Grand Rapids Retail Group

From lifestyle centers to co-branded restaurants, West Michigan's Retail market is one of the most vibrant, growing segments of today's commercial real estate. At Grubb & Ellis|Paramount (G&E|P), our team of Retail Advisors offers unparalleled experience working with both national and local retailers, teaming local insight and market knowledge with the national strength and resources of Grubb & Ellis.

The pace and strength of today's retail market demands precise, strategic direction - the kind of counsel you can expect from G&E|P's Retail Advisors. Our team of experts specializes exclusively in the retail market. This concentrated, consistent focus allows us to go beneath the surface, offering extraordinary depth to the issues and complexities of our clients' diverse retail needs.

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# Retail Market Trends West Michigan

Grubb & Ellis|Paramount Research  
Third Quarter 2005



## Retail Still Cookin'

### Executive Summary

The retail market is undoubtedly the strongest sector of commercial real estate in West Michigan. Total vacancy peaked at nearly 6.5 percent, which was a slight increase from the previous period. This was primarily a result of the 150,000 square foot Rogers Department Store closing in Wyoming. As we move into full force of the expansion and development phase of the economic cycle, new retail space continues to be developed. From the 500,000 square foot Waterfall Shoppes opening in the 28th Street SE sub-market to the continuous expansion of Rivertown Parkway, there has been a tremendous amount of new development that has fostered opportunities for both large and small retailers. Costco and Staples are two large national chains that recently joined in pursuit of the expanding West Michigan retail market. Both companies retained new locations at Waterfall Shoppes and Rivertown, respectively. Some new restaurants to the area include; Red Robin and On The Border at Rivertown Parkway, Boston's Gourmet Pizza at Knapps corner and Pizzeria Uno at Kalamazoo Avenue and M-6. Expanding restaurants include Logans, Panera, Applebees, and Steak N Shake.

Our market research reflects that the strongest growth retail corridor will be continued expansion around the M-6 highway. Along the Kalamazoo Avenue interchange, available retail space has become limited. Many large retailers such as Meijers, Target, Staples and the new Celebration Theatre are conquering the area. Further down the highway near the East Beltline there is substantial speculative development. Thus, adding new supply in late 2005 and early 2006 into the market. The largest challenge facing retailers in these areas is finding land that is zoned accordingly. Currently, several M-6 submarkets have demand that exceeds supply, which is a trend expected to continue into the future.

As population grows and demand for retail increases, the likelihood of a lifestyle center entering the market is becoming more realistic. This would be a new concept for the shoppers of West Michigan as well as an opportunity for high-end retailers and restaurants. We expect to see a lifestyle center enter the market in the next 12 to 18 months.

*"The continued growth of the retail market in Western Michigan is evidence of our diverse economy, young median age and higher than average income levels. We continue to see a wide range of activity across the board."*

*Mike Murray, CCIM*

**West Michigan Retail Market Trends** is a newsletter published quarterly by Grubb & Ellis|Paramount. To obtain additional copies or other Grubb & Ellis|Paramount publications, please contact:

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## Retail Market Snapshot West Michigan Third Quarter 2005

| By Submarket<br>(All Classes) | Total SF          | Vacant SF        | Vacant %    | Net Absorption   |                | Under Construction | Asking Rent    |                |
|-------------------------------|-------------------|------------------|-------------|------------------|----------------|--------------------|----------------|----------------|
|                               |                   |                  |             | Current          | Year-to-date   |                    | Class A        | Class B        |
| 28th Southeast                | 6,180,541         | 310,538          | 5.0%        | (4,878)          | 210,047        | 500,000            | \$18.00        | \$17.5         |
| 28th Southwest                | 1,725,177         | 275,541          | 16.0%       | (75,468)         | 162,868        | -                  | -              | -              |
| Alpine Avenue                 | 2,638,984         | 89,172           | 3.4%        | 15,986           | 192,275        | -                  | \$15.73        | \$15.00        |
| E. Beltline                   | 483,767           | 12,730           | 2.6%        | 358              | 9,842          | 108,000            | \$8.97         | -              |
| Plainfield/Northland Dr.      | 1,766,114         | 287,805          | 16.3%       | 7,819            | (45,990)       | -                  | \$15.00        | \$9.00         |
| Rivertown Parkway             | 3,080,818         | 55,908           | 1.8%        | (54,716)         | (56,416)       | 20,388             | \$10.29        | \$15.19        |
| <b>Suburban Total</b>         | <b>15,875,401</b> | <b>1,031,694</b> | <b>6.5%</b> | <b>(110,899)</b> | <b>472,626</b> | <b>628,388</b>     | <b>\$10.29</b> | <b>\$13.42</b> |
| <b>Totals</b>                 | <b>15,875,401</b> | <b>1,031,694</b> | <b>6.5%</b> | <b>(110,899)</b> | <b>472,626</b> | <b>628,388</b>     | <b>\$10.29</b> | <b>\$13.42</b> |
| By Class<br>(All Submarkets)  |                   | Wtd Asking Rent  |             |                  |                |                    |                |                |
| Community                     | 738,531           | 101,653          | 13.8%       | 112,512          | 242,894        | -                  | \$14.81        |                |
| Free-standing                 | 6,791,334         | 405,238          | 6.0%        | (192,747)        | 710,657        | 28,388             | \$11.08        |                |
| Neighborhood                  | 531,311           | 141,552          | 26.6%       | (41,429)         | (79,058)       | -                  | \$10.29        |                |
| Outlet                        | 68,000            | -                | -           | 1,230            | 2,230          | -                  | -              |                |
| Power                         | 1,651,534         | 28,891           | 1.7%        | 124,936          | (86,642)       | 500,000            | \$13.42        |                |
| Regional                      | 1,081,801         | 39,071           | 3.6%        | (4,819)          | (1,602)        | -                  | \$19.00        |                |
| Showroom                      | 561,214           | 20,700           | 3.7%        | 17,500           | 102,563        | -                  | \$11.00        |                |
| Specialty/Theme               | 418,400           | 18,667           | 4.5%        | 2,461            | (20,555)       | 100,000            | \$18.00        |                |
| Strip                         | 1,705,276         | 183,402          | 10.8%       | (38,023)         | (133,341)      | -                  | \$12.19        |                |
| Super-regional                | 2,328,000         | 92,520           | 4.0%        | (92,520)         | (264,520)      | -                  | -              |                |
| <b>Totals</b>                 | <b>15,875,401</b> | <b>1,031,694</b> | <b>6.5%</b> | <b>(110,899)</b> | <b>472,626</b> | <b>628,388</b>     | <b>\$11.75</b> |                |

## Retail Market Terms and Definitions

**Inventory:** Retail inventory includes all multi-tenant, single tenant and owner occupied buildings with a minimum size threshold of 5,000 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.

**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 retail rents as triple net where all costs of operation are paid by the tenant.

**Average Weighted Asking Rent:** An average market rent where the asking rent for each building in the market is weighted by the amount of available space in the building.

## Major Transactions

Grubb & Ellis|Paramount is pleased to announce that they represented the following companies in office transactions during the 1st quarter of 2005:

|  |   |  |
|--|---|--|
| <b>Seller Rep</b><br>Target<br>4100 28th St. SE<br>105,154 SF Retail<br><i>Matt Williams, CCIM</i> | <b>Site Selection</b><br>Movie Gallery<br>11 Locations throughout<br>Michigan<br><i>Dave Denton, CCIM</i> | <b>Buyer Rep</b><br>Pizzeria Uno<br>420 E. Beltline<br>1.5 Acres<br><i>Mike Murray, CCIM</i> |
|--|---|--|

## Featured Properties

### E. Beltline Celebration Village - 2199 E. Beltline Ave. NE



- 117,000 Total SF
- 5,151 Available SF
- Lease Price: \$18.00/SF
- **Mike Murray, CCIM**
- **Matt Williams, CCIM**

### Northeast Post Drive Retail Center - 1259 Post Dr. NE



- 14,385 Total SF
- 7,885 Available SF
- Sale Price: \$2,650,000
- Lease Price: \$10.00 - \$12.00/SF
- **Dave Denton, CCIM**
- **Steve DeLanoy**

### Southeast Bretwood Centre - 4450 Breton Rd. SE



- 70,819 Total SF
- 4,160 Available SF
- Sale Price: \$6,400,000
- Lease Price: \$10.50/SF
- **Steve DeLanoy**
- **Dave Denton, CCIM**

### Southwest Rogers Department Store - 1001 28th St. SW



- 150,000 Total SF
- 150,000 Available SF
- Sale Price: \$5,750,000
- Lease Price: \$10.00/SF
- **Mike Murray, CCIM**
- **Bill Bussey, CCIM**

### Southwest Village Inn Plaza - 1633 28th St. SW



- 20,000 Total SF
- 3,175 Available SF
- Sale Price: \$3,600,000
- Lease Price: \$14.50/SF
- **Dave Denton, CCIM**
- **Steve DeLanoy**

### Southwest Bayberry Market - 5751 Byron Center Ave. SW



- Outlot for sale
- 41,000 Total SF
- 15,000 Available SF
- Lease Price: \$16.50/SF
- **Dave Denton, CCIM**
- **Steve DeLanoy**

### Southwest Cottonwood Center - 7517 Cottonwood Dr.



- 33,258 Total SF
- 22,520 Available SF
- Lease Price: \$12.00/SF
- **Bill Bussey, CCIM**
- **Chad Clemens**

### Ludington Ludington Market Place - 3841 W US-10



- Outlots for sale
- 31,100 Total SF
- 31,100 Available SF
- Lease Price: \$12.00 - \$14.00/SF
- **Bill Bussey, CCIM**
- **Deborah Shurlow**
- **Chad Clemens**

### Muskegon Roosevelt Park Town Center - 3355 Henry St



- 25,000 Total SF
- 14,000 Available SF
- Lease Price: \$12.00 - \$14.00/SF
- **Bill Bussey, CCIM**
- **Chad Clemens**

### Muskegon Quarter Apple Mall - 1910, 1930 & 1970 Apple Ave.



- 55,470 Total SF
- 55,470 Available SF
- Sale Price: \$5,936,000
- **Case Reimus**
- **Deborah Shurlow**

\* Asking rental rates are reported in Triple Net terms

## Land for Sale

| Size Location   | City Price                              | Contact   | Comments   |
|---|---|---|--|
| 1.0 Acres<br>Bayberry Land<br>5751-5795 Byron Center Ave SW     | Wyoming<br>\$500,000/ac                 | Dave Denton, CCIM<br>Steve DeLanoy                              | 1 acre outlot available in front of the new Bayberry Market. Located directly across from the new Metropolitan Hospital complex and just north of the new M-6 & Byron Center Avenue interchange. |
| 1.8 - 2.6 Acres<br>M-6 and Kalamazoo Ave.<br>Two lots available | Kentwood<br>\$694,444 -<br>\$477,099/ac | Matt Williams, CCIM<br>Mike Murray, CCIM                        | Two great retail sites on busy M-6 and Kalamazoo Ave interchange. Join the new Celebration Cinema, Pizza Uno, Steak & Shake, and Bob Evans.  |
| 6.9 Acres<br>4910 & 4914 60th St.                               | Caledonia<br>\$420,289/acre             | Matt Williams, CCIM<br>Pamela Foster                            | High profile site at M-6 and M-37. Great corner site at lighted intersection, with visibility from 60th Broadmoor  |
| 50.0 Acres<br>5253 Patterson Ave.                               | Kentwood<br>\$150,000/ac                | Matt Williams, CCIM<br>Pamela Foster<br>John Kuiper, SIOR, CCIM | Portion or all of 50 acre site bordered by Broadmoor, Patterson, and 52nd St. Master Planned Light Industrial, but property is ideal for multiple uses along Broadmoor.                          |