Retail Market Trends

The Retail Market was very strong in 2018. In comparing Q4 2018 to Q4 2017, the overall vacancy rate in the Retail Market dropped by just over 2%, going from 7.5% to 5.4%. The Southwest and Northwest submarkets each experienced a decline in vacancy while the Northeast and Southeast submarkets remained flat, and the Lakeshore submarket experienced a slight decrease in vacancy. Interest from retailers also remains strong in the Grand Rapids metro markets such as Wealthy Street, Michigan Street, Bridge Street, and other neighborhoods. There continues to be a shortage in available retail buildings for purchase in all the submarkets. Retail investment sales continued at a brisk pace with several key retail centers and properties changing hands. Kent County has a record number of hotel rooms under construction and some new construction in the NE East Beltline corridor. Lease rates remain very competitive in the prime retail corridors but non-anchored, neighborhood strip centers continue to wrestle with rates and attracting tenants from a shrinking tenant pool. The West Michigan Retail Market is expected to remain active in 2019.

2018 was highlighted by several large lease and sale transactions that took place. The Downtown submarket was very active with the opening of a new 16,000 SF Gordon Foods grocery store called their G store—a new urban format in the Diamond Place development along Michigan Street. Meijer also opened their new urban concept called The Bridge Street Market. Other notable transactions included the sale of the Ashley Furniture building along 28th St SE along with a new Marshalls on 28th St SE and a new Meijer in Hudsonville. Ollie’s Bargain Outlet opened their first area store on 28th St SW in Rogers Plaza.

2019 will continue to be an exciting year for the Retail Market. All eyes will continue to be on the remodeling and expansion happening at Woodland Mall where new tenant’s will open for business. Bob’s Discount Furniture will open in mid-February as will City BBQ. Cooper’s Hawk Winery & Restaurant will open later in the year along 28th St SE. The fast casual dining segment continues to grow and relocations and new sites for fast food will continue. With the positive buzz and economic strength of West Michigan, we will continue to see new restaurants and retailers desiring to come to our area.

- Rod Alderink, Retail Specialist

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**GRAND RAPIDS**

**The Market**

- **1,066,195**
  - Total Population

- **130+**
  - International Companies

- **$56,156**
  - Median Household Income

- **36.6**
  - Median Age

- **3.3%**
  - Unemployment Rate

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Grand Rapids-Wyoming, MI Metropolitan Statistical Data.
Source: U.S. Census Bureau, The Right Place
Market Activity

- A family plans to open a modern European tavern at 724 Wealthy St. which formerly housed Georgina’s Restaurant. The restaurant will be called Zivio and will serve eastern European, central European and Mediterranean influenced dishes. The family also currently owns and operates Bosna Express in Wyoming at 128 28th St. SW and has worked in the restaurant and hospitality industry for many years.

- City Barbeque, a national barbeque chain, is planning their first Michigan location at 3050 28th St. SE. The barbeque joint will smoke all meats on site and serve a variety of items, including: barbeque, salads, homemade sides, and desserts. City Barbeque was founded in 1999 and currently operates 41 company-owned locations in 12 different markets.

- The new headquarters for Ferris Coffee & Nut is in full operation located at 839 Seward Ave. NW. The 165,000 SF building is double the size of its former headquarters at 227 Winter Ave. NW. The new space is used for offices, warehouse, distribution, manufacturing as well as a new retail space and coffee bar. The coffee shop located at the 227 Winter Ave. location will continue to remain open.
# West Michigan

## Retail Submarket Statistics

### 2018 Q4 Retail Snapshot

<table>
<thead>
<tr>
<th>Submarket</th>
<th>Total RBA</th>
<th>Vacant Available SF</th>
<th>Vacancy Rate</th>
<th>Total Average NNN Rate ($/SF/Yr)</th>
<th>Total Net Absorption (SF)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Lakeshore</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community</td>
<td>1,529,697</td>
<td>28,382</td>
<td>1.9%</td>
<td>$8.29</td>
<td>626</td>
</tr>
<tr>
<td>Neighborhood</td>
<td>1,529,697</td>
<td>28,382</td>
<td>1.9%</td>
<td>$8.29</td>
<td>626</td>
</tr>
<tr>
<td>Strip</td>
<td>1,027,155</td>
<td>62,512</td>
<td>6.1%</td>
<td>$12.33</td>
<td>94</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4,086,549</td>
<td>119,276</td>
<td>2.9%</td>
<td>$9.31</td>
<td>1,346</td>
</tr>
<tr>
<td><strong>Northeast</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community</td>
<td>445,573</td>
<td>115,515</td>
<td>25.9%</td>
<td>$3.84</td>
<td>0</td>
</tr>
<tr>
<td>Neighborhood</td>
<td>1,114,327</td>
<td>79,684</td>
<td>7.2%</td>
<td>$8.71</td>
<td>28,227</td>
</tr>
<tr>
<td>Strip</td>
<td>684,822</td>
<td>25,356</td>
<td>3.7%</td>
<td>$9.19</td>
<td>-400</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,244,722</td>
<td>220,555</td>
<td>9.8%</td>
<td>$7.89</td>
<td>27,827</td>
</tr>
<tr>
<td><strong>Northwest</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community</td>
<td>473,200</td>
<td>2,200</td>
<td>0.5%</td>
<td>$17.85</td>
<td>3,236</td>
</tr>
<tr>
<td>Neighborhood</td>
<td>839,973</td>
<td>26,538</td>
<td>3.2%</td>
<td>$9.52</td>
<td>20</td>
</tr>
<tr>
<td>Strip</td>
<td>564,967</td>
<td>30,389</td>
<td>5.4%</td>
<td>$12.53</td>
<td>4,908</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,878,140</td>
<td>59,127</td>
<td>3.1%</td>
<td>$12.52</td>
<td>8,164</td>
</tr>
<tr>
<td><strong>Southeast</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community</td>
<td>681,602</td>
<td>5,290</td>
<td>0.8%</td>
<td>$10.75</td>
<td>0</td>
</tr>
<tr>
<td>Neighborhood</td>
<td>2,608,446</td>
<td>200,110</td>
<td>7.7%</td>
<td>$11.07</td>
<td>8,412</td>
</tr>
<tr>
<td>Strip</td>
<td>1,710,884</td>
<td>76,717</td>
<td>4.5%</td>
<td>$12.79</td>
<td>5,615</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>5,000,932</td>
<td>282,117</td>
<td>5.6%</td>
<td>$11.61</td>
<td>14,027</td>
</tr>
<tr>
<td><strong>Southwest</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community</td>
<td>1,734,125</td>
<td>146,269</td>
<td>8.4%</td>
<td>$6.21</td>
<td>108,335</td>
</tr>
<tr>
<td>Neighborhood</td>
<td>902,954</td>
<td>37,433</td>
<td>4.1%</td>
<td>$13.76</td>
<td>1,556</td>
</tr>
<tr>
<td>Strip</td>
<td>1,033,020</td>
<td>42,078</td>
<td>4.1%</td>
<td>$12.65</td>
<td>7,399</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,670,099</td>
<td>225,780</td>
<td>6.1%</td>
<td>$9.88</td>
<td>117,290</td>
</tr>
<tr>
<td><strong>Overall Total</strong></td>
<td>16,880,442</td>
<td>906,855</td>
<td>5.4%</td>
<td>$10.28</td>
<td>168,654</td>
</tr>
</tbody>
</table>

## Retail Statistical Changes Year-over-Year and Quarter-over-Quarter

### 4Q17 vs. 4Q18

### 3Q18 vs. 4Q18

*Disclaimer: Historical data figures are subject to change based upon the timing of when CoStar receives market information. NAIWWM uses the numbers available at the time each quarterly report is published.*
Absorption (Net)
The change in occupied space in a given time period.

Available Square Footage
Net rentable area considered available for lease; excludes sublease space.

Average Asking Rental Rate
Rental rate as quoted from each building’s owner/management company. For office space, a full service rate was requested; for retail, a triple net rate requested; for industrial, a NN basis.

Building Class
Class A Product is office space of steel and concrete construction, built after 1980, quality tenants, excellent amenities & premium rates. Class B product is office space built after 1980, fair to good finishes & wide range of tenants.

RBA
Rentable Building Area - Mainly used for office and industrial.

SF/PSF
Square foot/per square foot, used as a unit of measurement.

Under Construction
Buildings in a state of construction, up until they receive their certificate of occupancy. In order for CoStar to consider a building under construction, the site must have a concrete foundation in place.

Deliveries
Buildings that have their certificate of occupancy and are allowed to be moved into by the tenant/purchaser.

Vacancy Rate
All physically unoccupied lease space, either direct or sublease.
NAI Wisinski of West Michigan was formed in the spring of 2011 when NAI West Michigan merged with The Wisinski Group. This merger brought together two successful, reputable companies to form what is now the largest independently owned commercial real estate firm in West Michigan.

Our focus is simple: building client relationships for life. We do this by utilizing the rich diversity of skills and specialties of our agents and staff, actively listening to our clients, offering market appropriate advice, providing access to the industry’s most current and proven technologies, and delivering the best possible service to each and every client. NAI Wisinski of West Michigan is headquartered in Grand Rapids, MI and maintains a second location in Kalamazoo, MI. Our company provides all facets of commercial real estate services, including brokerage and property management, throughout the entire West Michigan region.

Through our relationship with NAI Global, we have access to over 400 affiliate offices throughout the world. NAI Wisinski of West Michigan: Local Knowledge, Global Reach, Achieve More.

By The Numbers

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CCIM DESIGNEEES 8
SIOR DESIGNEEES 7

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