Looking Ahead At the Retail Market in Seventeen

Leasing activity in 2016 was similar to 2015, but sales of existing buildings were up 14.7%. The “A” sites within the area’s most popular corridors continue to have pent up demand with little vacancy. This, coupled with new development and infill along the M-6 corridor, may lead to increased demolition of older retail inventory to make way for new generation space. A recent example of this is the Sears store at Woodland Mall, which was just purchased by the mall and will be redeveloped with some exciting new retailers coming to the market.

One of the more unique trends of West Michigan retail has been the continued resurgence of both food and beverage and hard good retailers outside of the traditional retail corridors. While this has been occurring for some time along Wealthy St. and Michigan St., the Alger Heights, Creston Heights and Bridge St neighborhoods have seen nice activity over the past year. Bridge St. will see continued resurgence in the coming year with the new Meijer store coming to that corridor in 2017. Other retailers may push to test urban locations in the coming year.

The hotel industry continues its rapid expansion throughout West Michigan with new hotel sites coming to Grandville, West River Dr. and 131, 28th and E Paris, and off Broadmoor SE near the new Switch Data Center.

We anticipate 2017 will continue to be a strong year for West Michigan retail with new projects coming online and new retailers entering the market. The prime retail corridors will continue to garner most of the attention in this market, which will keep vacancy rates low in those corridors and put upward pressure on lease rates. But with limited availability at “Main and Main”, look for more growth along M-6 and within the emerging neighborhood districts.
SOLD
12610 Felch St.
7,100 SF

LEASED
29 8th St. W.
2,745 SF
Cherry Republic

SOLD
4696 Lake Michigan Dr. NW
14,469 SF

LEASED
1141 Randall St. W
1,300 SF
PHP Wireless

SOLD
Sattler Square Shopping Center
95,000 SF

LEASED
52 Monroe Center NW
3,535 SF
Ali’s Bridal
# West Michigan Retail Submarket Statistics

## 2016 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>1,476,132</td>
<td>51,553</td>
<td>3.5%</td>
<td>$8.38</td>
<td>8,910</td>
</tr>
<tr>
<td>Neighborhood</td>
<td>1,476,132</td>
<td>51,553</td>
<td>3.5%</td>
<td>$8.38</td>
<td>8,910</td>
</tr>
<tr>
<td>Strip</td>
<td>1,024,876</td>
<td>64,350</td>
<td>6.3%</td>
<td>$11.31</td>
<td>9,033</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,977,140</td>
<td>167,456</td>
<td>4.2%</td>
<td>$9.14</td>
<td>26,853</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>112,920</td>
<td>25.3%</td>
<td>$4.89</td>
<td>28,936</td>
</tr>
<tr>
<td>Neighborhood</td>
<td>1,124,622</td>
<td>60,024</td>
<td>5.3%</td>
<td>$10.78</td>
<td>17,995</td>
</tr>
<tr>
<td>Strip</td>
<td>682,033</td>
<td>50,872</td>
<td>7.5%</td>
<td>$9.89</td>
<td>-2,537</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,252,228</td>
<td>223,816</td>
<td>9.9%</td>
<td>$9.35</td>
<td>44,394</td>
</tr>
<tr>
<td><strong>Northwest</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community</td>
<td>465,640</td>
<td>30,939</td>
<td>6.6%</td>
<td>$15.95</td>
<td>0</td>
</tr>
<tr>
<td>Neighborhood</td>
<td>726,480</td>
<td>111,097</td>
<td>15.3%</td>
<td>$7.21</td>
<td>-45,459</td>
</tr>
<tr>
<td>Strip</td>
<td>555,660</td>
<td>47,188</td>
<td>8.5%</td>
<td>$11.33</td>
<td>-423</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,747,760</td>
<td>189,224</td>
<td>10.8%</td>
<td>$10.85</td>
<td>-45,882</td>
</tr>
<tr>
<td><strong>Southeast</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community</td>
<td>740,015</td>
<td>4,800</td>
<td>0.6%</td>
<td>$10.75</td>
<td>0</td>
</tr>
<tr>
<td>Neighborhood</td>
<td>445,573</td>
<td>112,920</td>
<td>25.3%</td>
<td>$10.34</td>
<td>28,936</td>
</tr>
<tr>
<td>Strip</td>
<td>1,701,747</td>
<td>102,830</td>
<td>6.0%</td>
<td>$11.54</td>
<td>9,601</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,887,335</td>
<td>220,550</td>
<td>7.6%</td>
<td>$11.15</td>
<td>38,537</td>
</tr>
<tr>
<td><strong>Southwest</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community</td>
<td>1,651,066</td>
<td>228,027</td>
<td>13.8%</td>
<td>$10.56</td>
<td>0</td>
</tr>
<tr>
<td>Neighborhood</td>
<td>966,819</td>
<td>71,962</td>
<td>7.4%</td>
<td>$8.91</td>
<td>7,419</td>
</tr>
<tr>
<td>Strip</td>
<td>945,897</td>
<td>62,881</td>
<td>6.6%</td>
<td>$11.70</td>
<td>-9,247</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,563,782</td>
<td>362,870</td>
<td>10.2%</td>
<td>$10.41</td>
<td>-1,828</td>
</tr>
<tr>
<td><strong>Overall Total</strong></td>
<td>14,428,265</td>
<td>1,163,916</td>
<td>8.1%</td>
<td>$10.10</td>
<td>62,074</td>
</tr>
</tbody>
</table>

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

### 4Q15 vs. 4Q16

- **Net Absorption**: Down
- **Vacancy Rate**: Down
- **Construction**: Flat
- **Asking Rates**: Flat

### 3Q16 vs. 4Q16

- **Net Absorption**: Down
- **Vacancy Rate**: Up
- **Construction**: Down
- **Asking Rates**: Flat

*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.*
**Methodology:** The retail market report includes community, neighborhood, and strip retail buildings within each of the defined submarkets. For definition of product type, please see below.

- **Community Center**
  A shopping center development that has a total square footage between 10,000 - 350,000 SF. Generally will have 2-3 large anchored tenants, but not department store anchors. Community Center typically offers a wider range of apparel and other soft goods than the Neighborhood Center. Among the more common anchors are supermarkets and super drugstores.

- **Strip Center**
  A strip center is an attached row of stores or service outlets managed as a coherent retail entity, with on-site parking usually located in front of the stores. Open canopies may connect the storefronts, but a strip center does not have enclosed walkways linking the stores.

- **Neighborhood Center**
  Provides for the sale of convenience goods (food, drugs, etc) and personal services (laundry, dry cleaning, etc.)

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**Definitions:**

- **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 retail, a triple net rate is requested.

- **RBA**
  The total square footage of a building that can be occupied by, or assigned to a tenant for the purpose of determining a tenant’s rental obligation.

- **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.

- **SF/PSF**
  Square foot/per square foot, used as a unit of measurement.
In the spring of 2011, two successful and reputable companies, The Wisinski Group and NAI West Michigan merged. The merger represents collaboration, rich traditions, innovative technologies, unique cultures and diversity of skills and specialties which ultimately benefit our clients. We’re going back to our fundamentals, strengthening our core, and becoming stronger in the services we provide our clients. Our focus is simple, building client relationships for life by offering market appropriate advice and then executing. Our success is a direct result of its unwavering commitment to providing the best possible service to each and every client. Our Brokers, with an average of over 20 years experience, possess the knowledge and expertise to manage the most complex transactions in industrial, office, retail, and multifamily specialities throughout West Michigan.

Through our affiliation with NAI Global, we can also assist you with your needs throughout the US & globally from right here in West Michigan.

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