Office Market Report
West Michigan | Q4 - Year End 2016

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*Also serving the Kalamazoo & Southwest Michigan areas from our Kalamazoo office*
As in 2015, much of the office activity occurred in the CBD in 2016. Businesses continue to desire a downtown address and are willing to pay a premium in rental rate and parking. For those who want to be near the amenities of downtown, but are looking for lower costs, the perimeter business districts continue to be nice options. With downtown office demand still high, new projects are being built or planned. The largest new project completed in 2016 was Arena Place, which added 120,000 SF of space to the downtown office market. New projects in various stages of development or planning, including the Warner Norcross building and 234 Monroe, will potentially have big impacts on the CBD office market. The suburbs also saw new construction activity in 2016 of both single tenant and multi-tenant office properties. One of the larger projects was Heritage Pointe in the SE corridor, which expanded by adding 3 new buildings in 2016.

In addition to new projects, several large office buildings changed hands in 2016. In downtown, 99 Monroe, 25 Ottawa and the Fifth Third buildings were sold. In the suburbs, the former Foremost building in Centennial Park was sold. Many other smaller office buildings changed hands in 2016, as sellers were looking to capitalize on increased values and strong demand from an active investor pool.

Medical office leasing has become more active in 2016 after being down in 2015. Many independent medical practices throughout the area have relocated and/or expanded.

All indications are that 2017 will see similar activity in the Grand Rapids office market. Downtown office leasing will continue to be in demand, however the lack of available parking may limit the amount of leasing that takes place. New construction will continue to take place to meet office demand downtown and in the suburbs. Office users and investors will continue to look at buildings to purchase in 2017, especially with interest rates expected to rise over the next 12-24 months.

* The information contained herein has been given to us by sources we deem reliable. We have no reason to doubt its accuracy, however, we do not make any guarantees. All information should be verified before relying thereon.
SOLD

5251 Clyde Park Ave. SW
10,404 SF
2.13 Acres

SOLD

5969 S. Harvey St.
12,000 SF
2.16 Acres

SOLD

168 Louis Campau
3,960 SF

LEASED

3949 Sparks Dr. SE
2,143 SF
Sarver Chiropractic PC

LEASED

1000 East Paris
3,548 SF
Donald P Condit, MD

LEASED

171 Monroe Ave. NW
2,956 SF
The Private Bank & Trust Co.
West Michigan
Office Submarket Statistics

Methodology: The office market report includes office buildings within each of the defined submarkets. Excluded are government buildings and institutional properties.

### Q4 Snapshot

<table>
<thead>
<tr>
<th>Submarket</th>
<th>Total RBA</th>
<th>Vacant Available SF</th>
<th>Vacancy Rate</th>
<th>Total Average Rate ($/SF/Yr)</th>
<th>Total Net Absorption (SF)</th>
<th>Total Under Construction SF</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Downtown</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Class A</td>
<td>1,496,576</td>
<td>127,746</td>
<td>8.5%</td>
<td>$21.31</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Class B &amp; C</td>
<td>7,657,172</td>
<td>508,802</td>
<td>6.6%</td>
<td>$16.41</td>
<td>-5,484</td>
<td>162,800</td>
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<tr>
<td>Total</td>
<td>9,153,748</td>
<td>636,548</td>
<td>7.0%</td>
<td>$17.21</td>
<td>-5,484</td>
<td>162,800</td>
</tr>
<tr>
<td><strong>Northeast</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Class A</td>
<td>373,679</td>
<td>6,830</td>
<td>1.8%</td>
<td>$17.39</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Class B &amp; C</td>
<td>3,166,641</td>
<td>187,594</td>
<td>5.9%</td>
<td>$13.40</td>
<td>-30,478</td>
<td>30,000</td>
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<tr>
<td>Total</td>
<td>3,540,320</td>
<td>194,424</td>
<td>5.5%</td>
<td>$13.82</td>
<td>-30,478</td>
<td>30,000</td>
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<td><strong>Northwest</strong></td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>Class B &amp; C</td>
<td>2,475,620</td>
<td>176,044</td>
<td>7.1%</td>
<td>$11.47</td>
<td>-23,117</td>
<td>0</td>
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<td><strong>Southeast</strong></td>
<td></td>
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<tr>
<td>Class A</td>
<td>1,091,208</td>
<td>34,422</td>
<td>3.2%</td>
<td>$15.60</td>
<td>6,629</td>
<td>0</td>
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<tr>
<td>Class B &amp; C</td>
<td>9,707,547</td>
<td>914,669</td>
<td>9.4%</td>
<td>$11.23</td>
<td>1,701</td>
<td>19,816</td>
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<tr>
<td>Total</td>
<td>10,798,755</td>
<td>949,091</td>
<td>8.8%</td>
<td>$11.67</td>
<td>8,330</td>
<td>19,816</td>
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<tr>
<td><strong>Southwest</strong></td>
<td></td>
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<td></td>
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<tr>
<td>Class B &amp; C</td>
<td>2,905,642</td>
<td>300,688</td>
<td>10.3%</td>
<td>$9.74</td>
<td>-30,032</td>
<td>35,000</td>
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<tr>
<td><strong>Overall Total</strong></td>
<td>28,874,085</td>
<td>2,256,795</td>
<td>7.8%</td>
<td>$13.48</td>
<td>-80,781</td>
<td>247,616</td>
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</tbody>
</table>

### Office Space Statistical Changes Year-over-Year and Quarter-over-Quarter

**4Q15 vs. 4Q16**

- **NET ABSORPTION**: Down
- **VACANCY RATE**: Down
- **CONSTRUCTION**: Up
- **ASKING RATES**: Up

**3Q16 vs. 4Q16**

- **NET ABSORPTION**: Down
- **VACANCY RATE**: Up
- **CONSTRUCTION**: Up
- **ASKING RATES**: Up

*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.*
Office Annual Total Market Report

Absorption and Delivery

Vacancy Rates

Total Rental Rate

New Construction
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.
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 Multi-Family specialities throughout West Michigan.

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

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