Office Market Report
West Michigan | Q2 2016
Momentum Builds Heading Into 3rd Quarter

The Office Market continues to remain strong in West Michigan. The vacancy rates in each submarket; Downtown, Northeast, Northwest, Southeast, and Southwest, experienced a decrease in the 2nd quarter. The overall total vacancy rate is the lowest the market has seen in years at 8.5%.

The suburban markets are experiencing increased activity. When comparing the suburban office market to downtown, parking, rental rate, and availability of space are three primary factors that have led companies to choose suburban locations. But as suburban vacancies decrease, landlords are in a much better position to control the lease terms and be more selective of the tenants that occupy their buildings. The demand for office space in the 2nd quarter has been seen primarily in the Northeast and Southeast corridors.

Although the suburban markets seem to be thriving, there is still plenty of positive momentum downtown. Miller Johnson recently moved from the Calder Plaza building to the newly built Arena Place. This 200,000 square-foot mixed use building is located at 55 Ottawa and includes office and retail space as well as apartments. Downtown continues to see a healthy supply of new construction and existing buildings under renovation. The growth in the downtown office market has been complimented by the healthy growth in downtown retail and multi-family properties.

* 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.
4328 Kalamazoo Ave.
3,797 SF
Sale Price: $160,000

SOLD

35 Oakes - 6th Floor
6,300 SF
Tenant: Modustri

SOLD

4635 Breton Ct. SE
6,426 SF
Sale Price: $458,000

SOLD

1535 Monroe Ave. NW
5,260 SF
Tenant: Brixton Way Events

LEASED

25 Division
3,419 SF
Sale Price: $299,000

LEASED

5975 Crossroads Commerce
13,386 SF
Tenant: West Michigan Community Bank

LEASED
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.

### Q2 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>1,561,816</td>
<td>53,078</td>
<td>3.4%</td>
<td>$21.87</td>
<td>87,148</td>
<td>-</td>
</tr>
<tr>
<td>Class B &amp; C</td>
<td>7,766,722</td>
<td>741,747</td>
<td>9.6%</td>
<td>$15.56</td>
<td>36,504</td>
<td>162,800</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>9,328,538</td>
<td>794,825</td>
<td>8.5%</td>
<td>$18.72</td>
<td>123,652</td>
<td>162,800</td>
</tr>
<tr>
<td><strong>Northeast</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Class A</td>
<td>294,197</td>
<td>6,830</td>
<td>2.3%</td>
<td>$17.39</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Class B &amp; C</td>
<td>3,144,938</td>
<td>163,881</td>
<td>5.2%</td>
<td>$13.04</td>
<td>15,621</td>
<td>20,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,439,135</td>
<td>170,711</td>
<td>5.0%</td>
<td>$15.22</td>
<td>15,621</td>
<td>20,000</td>
</tr>
<tr>
<td><strong>Northwest</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Class B &amp; C</td>
<td>2,545,094</td>
<td>157,549</td>
<td>6.2%</td>
<td>$11.45</td>
<td>3,925</td>
<td>-</td>
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<tr>
<td><strong>Southeast</strong></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Class A</td>
<td>1,065,736</td>
<td>65,804</td>
<td>6.2%</td>
<td>$15.50</td>
<td>8,849</td>
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<tr>
<td>Class B &amp; C</td>
<td>9,794,249</td>
<td>1,018,685</td>
<td>10.4%</td>
<td>$11.10</td>
<td>80,438</td>
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<tr>
<td><strong>Total</strong></td>
<td>10,859,985</td>
<td>1,084,489</td>
<td>10.0%</td>
<td>$13.30</td>
<td>89,287</td>
<td>-</td>
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<tr>
<td><strong>Southwest</strong></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Class B &amp; C</td>
<td>2,876,534</td>
<td>256,771</td>
<td>8.9%</td>
<td>$10.63</td>
<td>15,402</td>
<td>-</td>
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<tr>
<td><strong>Overall Total</strong></td>
<td>29,049,286</td>
<td>2,464,345</td>
<td>8.5%</td>
<td>$13.86</td>
<td>247,887</td>
<td>182,800</td>
</tr>
</tbody>
</table>

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

**2Q15 vs. 2Q16**

- **NET ABSORPTION**
- **VACANCY RATE**
- **CONSTRUCTION**
- **ASKING RATES**

**1Q16 vs. 2Q16**

- **NET ABSORPTION**
- **VACANCY RATE**
- **CONSTRUCTION**
- **ASKING RATES**
Office Total Market Report

Absorption & Delivery

Vacancy Rate

Triple Net Rental Rate

New Construction
Methodology | Definitions | Submarket Map

**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.

**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.
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 their 630 plus years of combined experience (20 years average), 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.

Meet Our Team


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