Class A Retail Trending in the West Michigan Market

Significant transactions continue to impact the West Michigan retail marketplace. The Lakes Mall and the Lakeshore Marketplace, both in Muskegon, were sold to REIT’s this past quarter. Goodwill opened a new 18,000 SF store in Grandville on Ivanrest SW, New Holland Brewing ventured into the Grand Rapids market with the opening of The Knickerbocker on Bridge St NW, and Chick-Fil-A is under construction at both M-6/Kalamazoo Ave and 54th/US 131. K-Mart recently announced that they will close their two Grand Rapids stores before year end, which will create opportunities for new tenants or redevelopment.

Grand Rapids will see strong hotel development in the Grandville, Northwest, Downtown and Southeast areas over the next 12-24 months as several vacant land sites have been recently sold. A new Homewood Suites opened in Downtown Grand Rapids and a new Hilton hotel will be coming to the Holland area, just south of Riley St.

The Class A retail market remains very strong, as characterized by limited inventory and increasing rental rates. A proposed new retail center, Knapp’s North, to be located at 2365 East Beltline (featured on the cover of this Report) is available for lease with construction to begin soon. Regional and National retailers continue to favor the Class A properties, creating more demand in these corridors. Vacancy continues in Class B product throughout the area, although we have seen some back filling with retailers and service oriented office users.

“With extremely low unemployment and a robust business environment, West Michigan will continue to be attractive for retailers, restaurants, and hotels entering our market, and we’ll continue to see local businesses seek additional site locations.”

-Rod Alderink, Principal | NAI Member

Downtown Retail Opportunity

* 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.

2995 28th Street SE
$835,000 - Final Sale Price
$90.76 - Price Per Square Foot
SOLD

2923 Breton Rd. SE
2,155 SF
Breton Wigs
LEASED

555 28th Street SE
$700,000 - Final Sale Price
$21.85 - Price Per Square Foot
SOLD

2149 84th St. SW, Suite 101
9,000 SF
Family Fitness Center of Byron
LEASED

2750 Birchcrest Dr. SE
$630,000 - Final Sale Price
$22.50 - Price Per Square Foot
SOLD

228-232 Washington Square
7,568 SF
Lansing Beer Exchange
LEASED
## West Michigan Retail Submarket Statistics

### 2016 Q3 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>56,943</td>
<td>3.9%</td>
<td>$8.47</td>
<td>7,841</td>
</tr>
<tr>
<td>Neighborhood</td>
<td>1,476,132</td>
<td>56,943</td>
<td>3.9%</td>
<td>$8.47</td>
<td>7,841</td>
</tr>
<tr>
<td>Strip</td>
<td>1,022,191</td>
<td>74,413</td>
<td>7.3%</td>
<td>$11.94</td>
<td>-257</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,974,455</td>
<td>188,299</td>
<td>4.7%</td>
<td>$9.36</td>
<td>15,425</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>141,856</td>
<td>31.8%</td>
<td>$4.72</td>
<td>-</td>
</tr>
<tr>
<td>Neighborhood</td>
<td>1,123,278</td>
<td>68,010</td>
<td>6.1%</td>
<td>$11.93</td>
<td>-1,756</td>
</tr>
<tr>
<td>Strip</td>
<td>680,388</td>
<td>43,135</td>
<td>6.3%</td>
<td>$9.33</td>
<td>12,416</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,249,239</td>
<td>253,001</td>
<td>11.2%</td>
<td>$9.72</td>
<td>10,660</td>
</tr>
<tr>
<td><strong>Northwest</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community</td>
<td>959,799</td>
<td>33,437</td>
<td>3.5%</td>
<td>$15.95</td>
<td>-2,450</td>
</tr>
<tr>
<td>Neighborhood</td>
<td>726,480</td>
<td>65,638</td>
<td>9.0%</td>
<td>$9.05</td>
<td>1,250</td>
</tr>
<tr>
<td>Strip</td>
<td>555,660</td>
<td>46,765</td>
<td>8.4%</td>
<td>$10.28</td>
<td>-8,692</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,241,939</td>
<td>145,840</td>
<td>6.5%</td>
<td>$12.31</td>
<td>-9,892</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>$20.40</td>
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</tr>
<tr>
<td>Neighborhood</td>
<td>2,521,133</td>
<td>363,434</td>
<td>14.4%</td>
<td>$10.36</td>
<td>1,812</td>
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<tr>
<td>Strip</td>
<td>1,698,747</td>
<td>117,181</td>
<td>6.9%</td>
<td>$11.61</td>
<td>12,001</td>
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<tr>
<td><strong>Total</strong></td>
<td>4,959,895</td>
<td>485,415</td>
<td>9.8%</td>
<td>$12.29</td>
<td>13,813</td>
</tr>
<tr>
<td><strong>Southwest</strong></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community</td>
<td>1,651,066</td>
<td>73,584</td>
<td>7.6%</td>
<td>$11.01</td>
<td>-5,657</td>
</tr>
<tr>
<td>Neighborhood</td>
<td>966,819</td>
<td>126,491</td>
<td>13.1%</td>
<td>$9.34</td>
<td>-18,174</td>
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<tr>
<td>Strip</td>
<td>947,445</td>
<td>71,634</td>
<td>7.6%</td>
<td>$11.01</td>
<td>-5,657</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,565,330</td>
<td>271,709</td>
<td>9.5%</td>
<td>$10.45</td>
<td>-29,488</td>
</tr>
<tr>
<td><strong>Overall Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>16,990,858</td>
<td>1,344,264</td>
<td>7.9%</td>
<td>$10.90</td>
<td>518</td>
</tr>
</tbody>
</table>

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

#### 3Q15 vs. 3Q16

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

#### 2Q16 vs. 3Q16

- **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.*
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.)
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 590 plus years of combined experience (22 years average), 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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