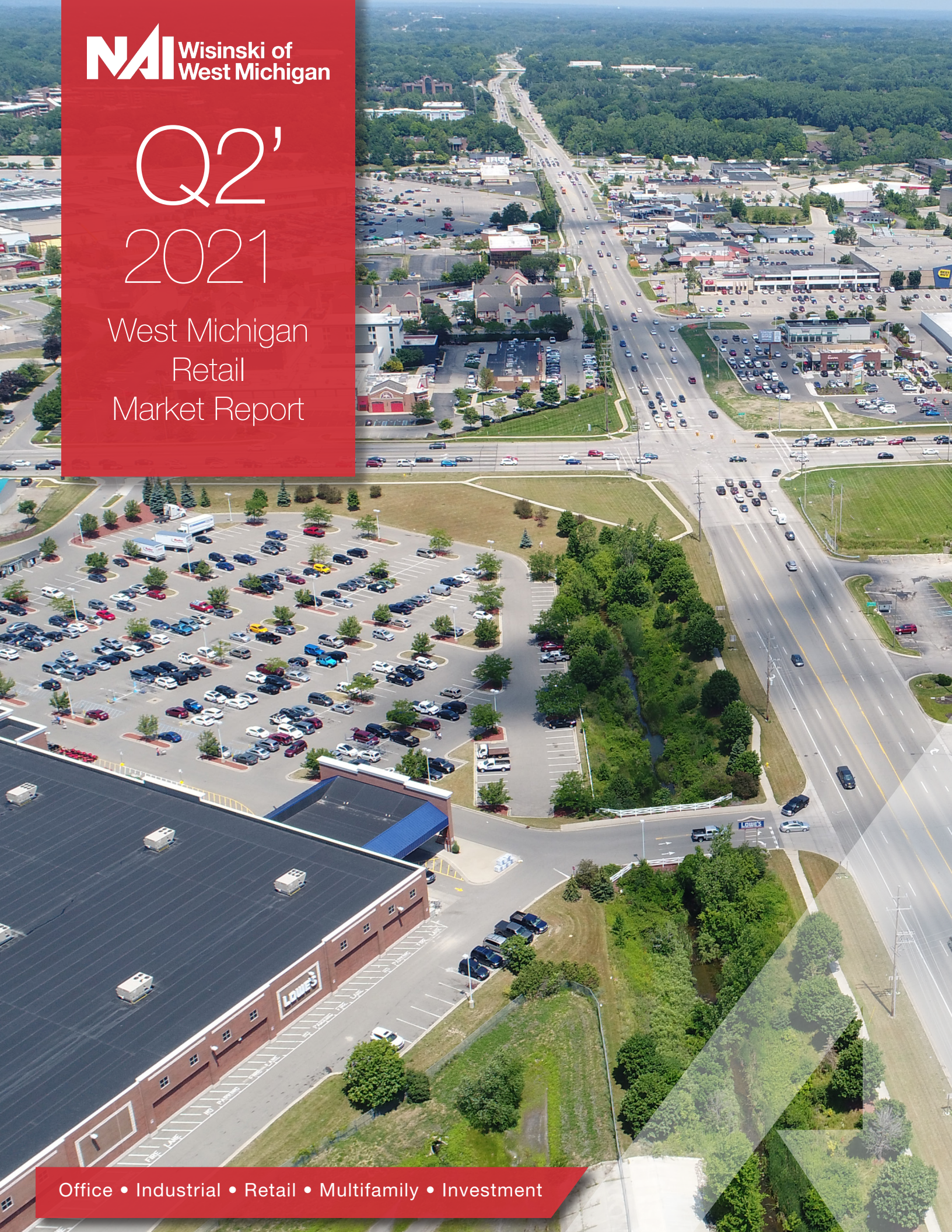
NAI Wisinski of West Michigan

Q2' 2021

West Michigan Retail Market Report



Office • Industrial • Retail • Multifamily • Investment

GRAND RAPIDS
The Market

Grand Rapids is the state's second-largest city, located between Chicago and Detroit in western Michigan.

1,081,642
Total Population

130+
International Companies

$64,257
Median Household Income

37
Median Age

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

Retail Market Trends

With all COVID restrictions lifted in Michigan late in the second quarter, the retail sector of the market is gaining momentum. However, that momentum is being hindered by a lack of employees. Help wanted signs have become fixtures outside of many businesses up and down the retail corridors throughout West Michigan. Retail businesses, in many cases, are offering more than minimum wage and signing bonuses to attract much needed help. Some restaurants are still doing take-out only or have very limited hours because they don't have the staff to accommodate consumer demand.

The good news is that leasing activity in our market is up. The demand for smaller shop space has picked up considerably over the past month. West Michigan is also seeing national retailers enter our market for the first time. Whole Foods is under construction on 28th St SE across from Woodland Mall. Ross Dress for Less is currently looking at sites in Grand Rapids for the first time. Other retailers, such as Tropical Smoothie Café and B2 Outlet Stores, are looking to expand within our market.

The 45,000 SF former Toys R US on Alpine recently sold and is being considered by several retailers. Other big box space in our market has been sold, and in some cases is being repurposed. For instance, the Shops at West Shore in Holland is welcoming Grand Rapids Community College into the 50,000 SF former JC Penney's space.

Quality, Class A space in the most prominent retail corridors is difficult to find. The spaces that are available are still commanding pre-COVID lease rates. We expect the momentum in the West Michigan retail sector to continue to build through the remainder of the year, but will be dependent somewhat on the ability of business owners to fill open positions.

Bob Lotzar
SVP, Retail Specialist

Q2' 2021 Retail Transactions

3130 Alpine Ave. NW,
Walker
45,763 SF

2500 Burton St. SE,
Grand Rapids
5,786 SF

2704 & 2706 Portage Rd.,
Kalamazoo
4,998 SF

6091 Constitution Blvd.,
Portage
Investment Sale
6,360 SF

954-956 Cherry St. SE,
Grand Rapids
5,426 SF

518 Ada Dr. SE,
Ada
SF TBA

Market Activity

› Grove, the farm-to-table fine dining restaurant by Essence Restaurant Group will be re-opening this fall. Located at 919 Cherry St. SE, Grove was closed due to COVID-19. During the closure it was converted into a temporary chicken takeout place and later a private dining space. When it re-opens, Grove will have a refreshed interior and a new menu with 13 to 15 daily seasonal offerings.

› Grand Rapids-based boutique coffee shop, Sparrows Coffee, is opening a new location at Kingma's Market in the Creston/Cheshire Village neighborhood (2225 Plainfield Ave. NE). The new shop is roughly 600 SF and offers a spacious outdoor patio. Sparrows is opened from 7am-4pm daily. Sparrows will also be partnering with local vendors such as Rise Bakery, Lively Up Lombucha, and Atucún Chocolate.

Q2' 2021 WEST MICHIGAN RETAIL SUBMARKET STATISTICS

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

SUBMARKET	TOTAL RBA	VACANT AVAILABLE SF	VACANCY RATE	TOTAL AVERAGE RATE ($/SF/YR)	TOTAL NET ABSORPTION (SF)
Lakeshore					
Community	1,913,775	167,242	8.7%	$8.32	5,208
Neighborhood	1,913,775	167,242	8.7%	$8.32	5,208
Strip	1,546,640	85,825	5.5%	$13.00	-1,301
Total	**5,374,190**	**420,309**	**7.8%**	**$9.67**	**9,115**
Northeast					
Community	456,497	110,245	24.2%	$4.40	4,000
Neighborhood	1,059,183	102,255	9.7%	$9.15	7,295
Strip	650,933	47,240	7.3%	$11.89	18,503
Total	**2,166,613**	**259,740**	**12.0%**	**$8.97**	**29,798**
Northwest					
Community	479,497	4,575	1.0%	$21.00	0
Neighborhood	349,406	7,816	2.2%	$8.24	-4,164
Strip	600,114	38,127	6.4%	$12.11	-4,378
Total	**1,429,017**	**50,518**	**3.5%**	**$14.15**	**-8,542**
Southeast					
Community	510,243	11,388	2.2%	$10.75	-4,788
Neighborhood	2,494,673	158,749	6.4%	$13.02	35,767
Strip	1,745,231	129,136	7.4%	$11.48	-26,784
Total	**4,750,147**	**299,273**	**6.3%**	**$12.21**	**4,195**
Southwest					
Community	1,634,205	108,385	6.6%	$5.44	-16,429
Neighborhood	722,706	63,093	8.7%	$9.79	-47,199
Strip	1,063,403	63,650	6.0%	$13.88	-394
Total	**3,420,314**	**235,128**	**6.9%**	**$8.98**	**-64,022**
Total Overall	17,140,281	1,264,968	7.4%	$10.52	-29,456

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

2Q20 vs. 2Q21

NET ABSORPTION

VACANCY RATE

CONSTRUCTION

ASKING RATES

1Q21 vs. 2Q21

NET ABSORPTION

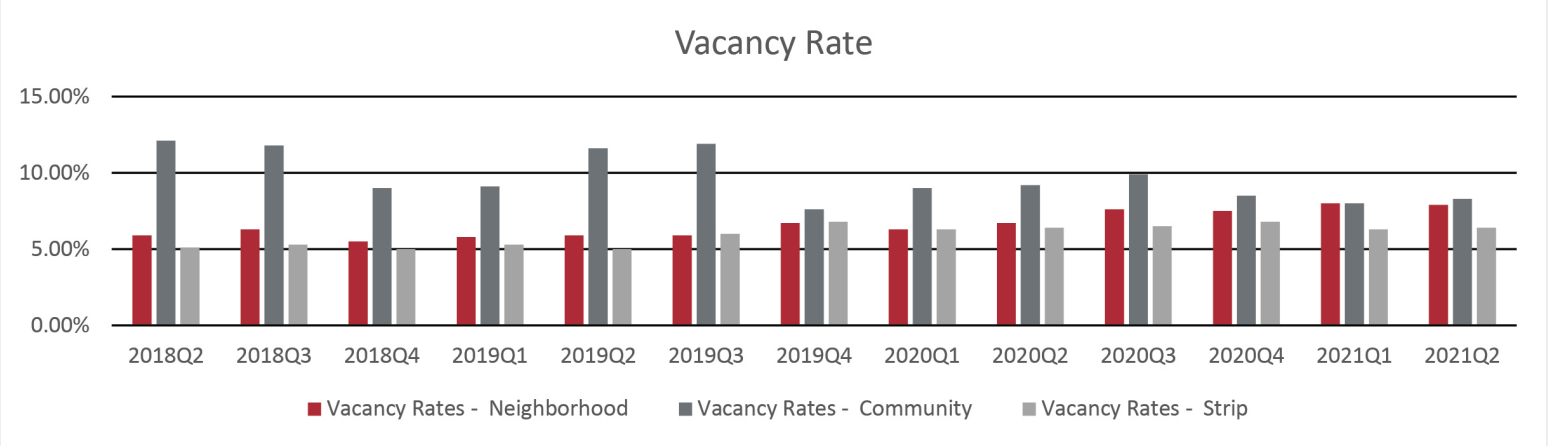
VACANCY RATE

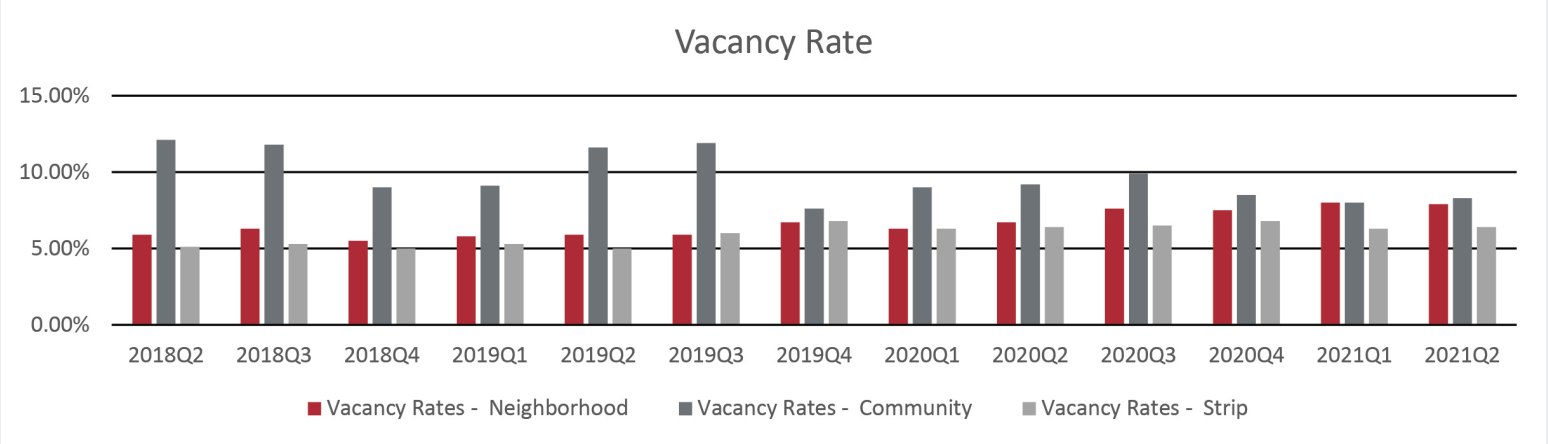
CONSTRUCTION

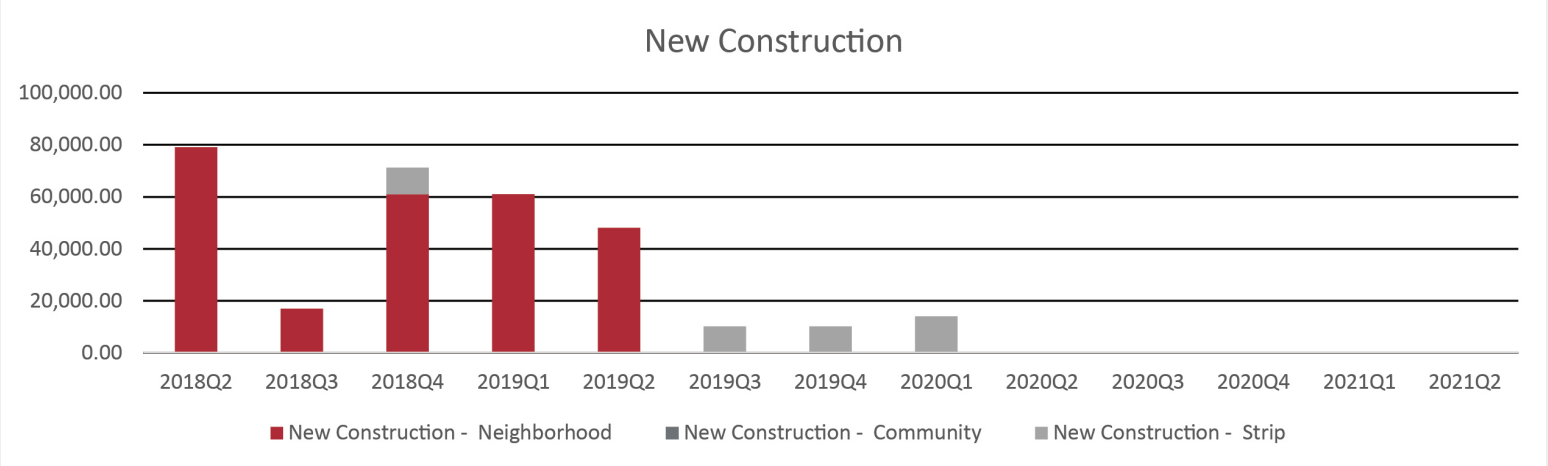
ASKING RATES

*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.

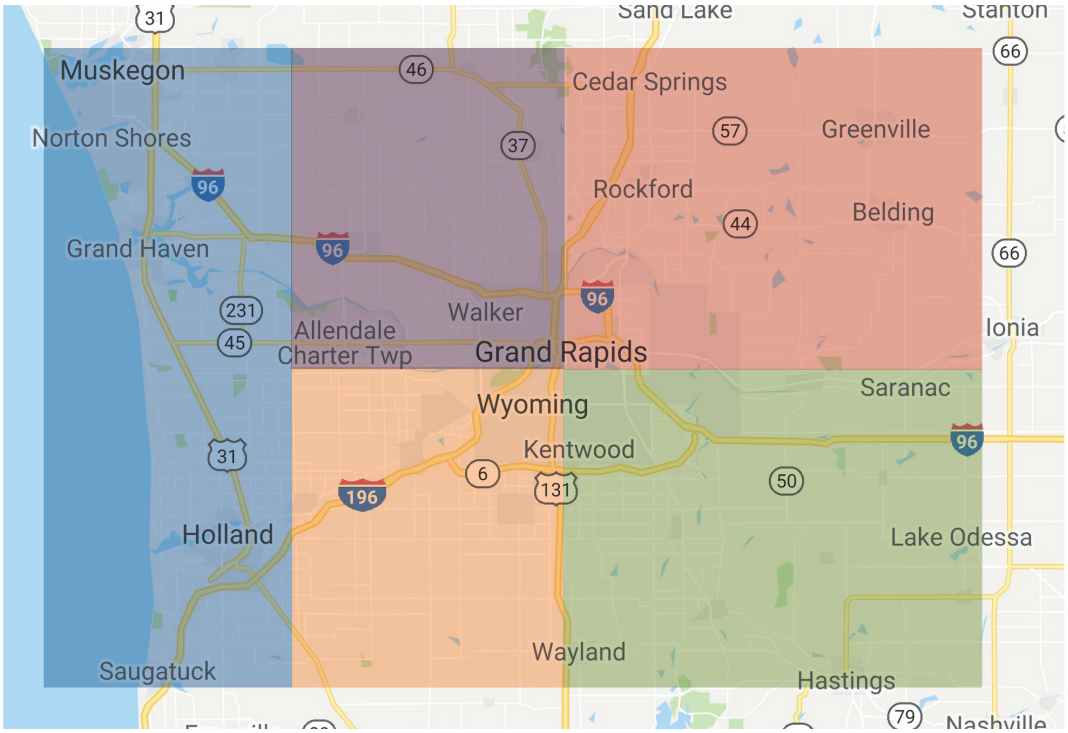
Retail Overall Market Report







Methodology | Definitions | Submarket Map



Submarket Key

- Lakeshore
- Northwest
- Northeast
- Southwest
- Southeast

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.

Community Center

Typically offers a wider range of apparel and other soft goods than neighborhood centers. Among the most common anchors are supermarkets, super drugstores, and discount department stores.

Neighborhood Center

Provides for the sales of convenience goods (food, drugs, etc.) and personal services (laundry, dry cleaning, etc.) for day-to-day living needs of the neighborhood with a supermarket being the principal tenant.

RBA

Rentable Building Area - Mainly used for office and industrial.

SF/PSF

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

Strip Center

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.

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.

*The Lakeshore submarket was expanded to include Muskegon, MI.

Our Team

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 300 affiliate offices throughout the world.
NAI Wisinski of West Michigan: Local Knowledge, Global Reach, Achieve More.

By The Numbers

REAL ESTATE PROFESSIONALS

52

7 CCIM DESIGNEES

8 SIOR DESIGNEES

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Office | Industrial | Retail | Multifamily | Investment | Property Management

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