

# Q2' 2020

## West Michigan Retail Market Report



# GRAND RAPIDS The Market



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



**1,073,608**

Total Population



**130+**

International Companies



**\$61,548**

Average Household Income



**36.8**

Median Age

Grand Rapids-Wyoming, MI Metropolitan Statistical Data.

Source: U.S. Census Bureau,  
The Right Place

## Retail Market Trends

2020 started solid, continuing the strong deal velocity that we experienced in 2019. But who could have foreseen a world-wide pandemic? New words like COVID-19, coronavirus, and social distancing have entered our vocabulary. Through it all, certain sectors of the retail market have continued well, while others have seen a more substantial pullback due to mandatory business closures or reductions in capacity.

Retailers like Wal-Mart, Meijer, Target and big box home good stores and hardware stores have done very well, as have stores like Trader Joe's and most grocery stores. Restaurants and hotels have not fared as well, with most travel being ground to a halt and most bars and restaurants operating at a reduced capacity or with just take-out or curbside pickup only.

With more and more hardgoods retailers now open again, demand has been brisk. Locally, new leases have been signed with Happy's Pizza, B2 Outlets, RepcoLite Paint, and both Arbor Financial Credit Union and Lake Michigan Credit Union continue their expansion. C-stores with gas are also active in the market completing several new transactions. Wolverine Tacos just opened their first store at 44th and Burlingame. Several existing fast casual restaurant brands continue their in-fill of sites in the West Michigan area.

Another bright spot is the sale of campers/RV's, boats, outdoor recreational equipment and auto/truck sales. Most of our clients in these broad categories are reporting very strong sales, lack of inventory and some are even on track for record years.

Certainly, market forces and on-line retail will continue to change the face of retail. Those companies who can adapt their products and shopping experience to meet the changing demands of today's consumer will make it through these challenging times. With the strong housing market, relatively low unemployment and an entrepreneurial community, West Michigan will effectively navigate these unprecedented times.



- Rod Alderink  
Partner, Retail Specialist

Cover Feature: Retail Space For Lease - Knapp North Development | 2365 East Beltline Ave. NE, Grand Rapids

# Q2' 2020 Retail Transactions



**2121 Celebration Dr.,  
Ste 600, Grand Rapids**  
Tenant: Forest Hills Martial Arts  
1,500 SF



**6266 West River Dr. NE,  
Belmont**  
7.09 ACRES



**4735 Lake Michigan Dr.  
NW, Ste A, Grand Rapids**  
Tenant: Oros America's LLC  
1,752 SF



**12857 Red Arrow Hwy,  
Sawyer**  
4,630 SF



**5286 Plainfield Ave. NE,  
Grand Rapids**  
1,500 SF



**5510 & 5520 68th St. SE,  
Caledonia**  
1.65 ACRES

## Market Activity

› The Tutoring Center, a new tutoring facility available for grades K-12 in West Michigan, opened June 1 at 5751 Byron Center Ave., Suite S in Wyoming, MI. The company has roughly 110 franchises in the U.S., six in Michigan, and now one in West Michigan. The center currently has 12 students and six staff comprised of certified teachers, recent college graduates, and a high school intern. The Tutoring Center offers a variety of subjects and is open from 2:30 to 7:30 p.m. year-round.

› RC Caylan, a Grand Rapids-based fashion designer, is opening his first retail location this summer at 1876 Breton Road SE. The 1,062-square-foot space will feature a retail area, as well as a production space for premade and custom designs. His designs have been worn at red carpet events as well as on the runways during New York Fashion Week.

# Q2' 2020

# 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)
<b>Lakeshore</b>					
Community	1,754,564	162,121	9.2%	\$8.37	-19,322
Neighborhood	1,754,564	162,121	9.2%	\$8.37	-19,322
Strip	1,538,142	70,488	4.6%	\$10.33	12,242
Total	5,047,270	394,730	7.8%	\$8.97	-26,402
<b>Northeast</b>					
Community	455,388	121,895	26.8%	\$4.14	-7,650
Neighborhood	983,554	89,682	9.1%	\$9.79	-17,516
Strip	677,134	60,638	9.0%	\$10.85	-6,467
Total	2,116,076	272,215	12.9%	\$8.91	-31,633
<b>Northwest</b>					
Community	471,422	9,175	1.9%	\$13.56	0
Neighborhood	404,406	4,200	1.0%	\$10.98	0
Strip	599,792	76,343	12.7%	\$13.99	-13,800
Total	1,475,620	89,718	6.0%	\$13.03	-13,800
<b>Southeast</b>					
Community	510,084	0	0%	\$10.75	0
Neighborhood	2,519,475	144,473	5.7%	\$13.12	4,957
Strip	1,744,260	88,090	5.1%	\$12.09	-7,809
Total	4,773,819	232,563	4.9%	\$12.49	-2,852
<b>Southwest</b>					
Community	1,656,740	202,701	12.2%	\$5.41	0
Neighborhood	722,706	23,367	3.2%	\$11.40	0
Strip	1,065,368	69,835	6.6%	\$13.90	10,964
Total	3,444,814	295,903	8.6%	\$9.29	10,964
<b>Total Overall</b>					
Total Overall	16,857,599	1,285,129	7.6%	\$10.38	-63,723

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

### 2Q20 vs. 2Q19



NET ABSORPTION



VACANCY RATE



CONSTRUCTION



ASKING RATES

### 2Q20 vs. 1Q20



NET ABSORPTION



VACANCY RATE



CONSTRUCTION

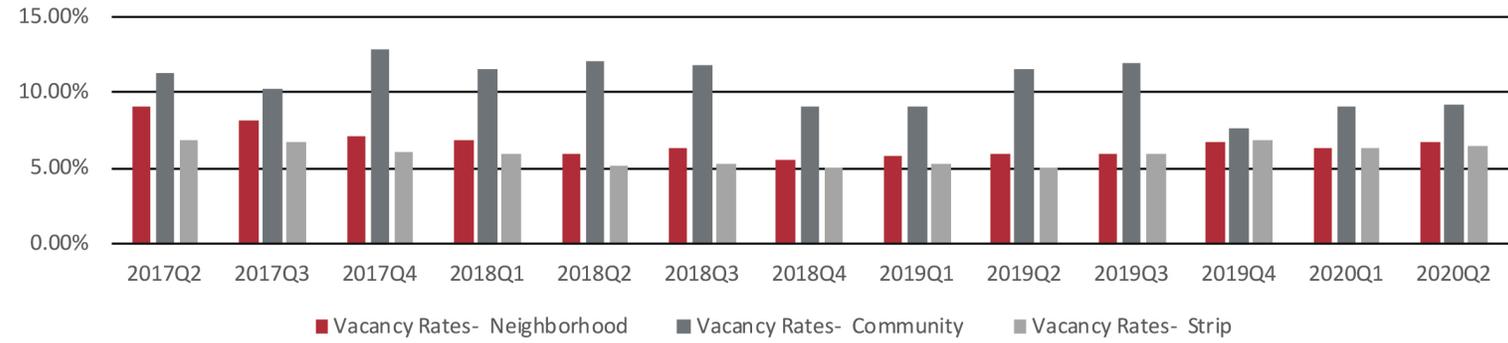


ASKING RATES

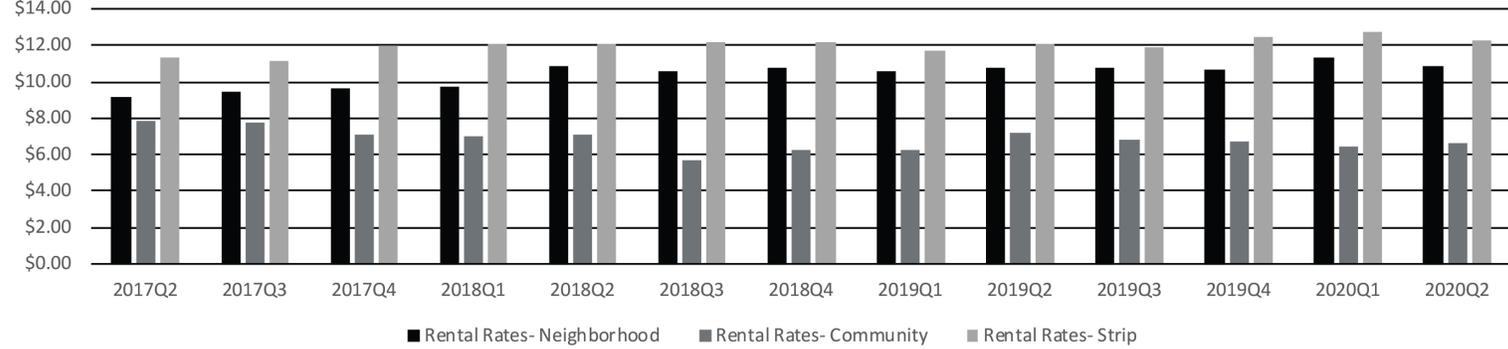
\*Disclaimer: Historical data figures are subject to change based upon the timing of when CoStar receives market information. NAIWWM uses the numbers available at the time each quarterly report is published.

# Retail Overall Market Report

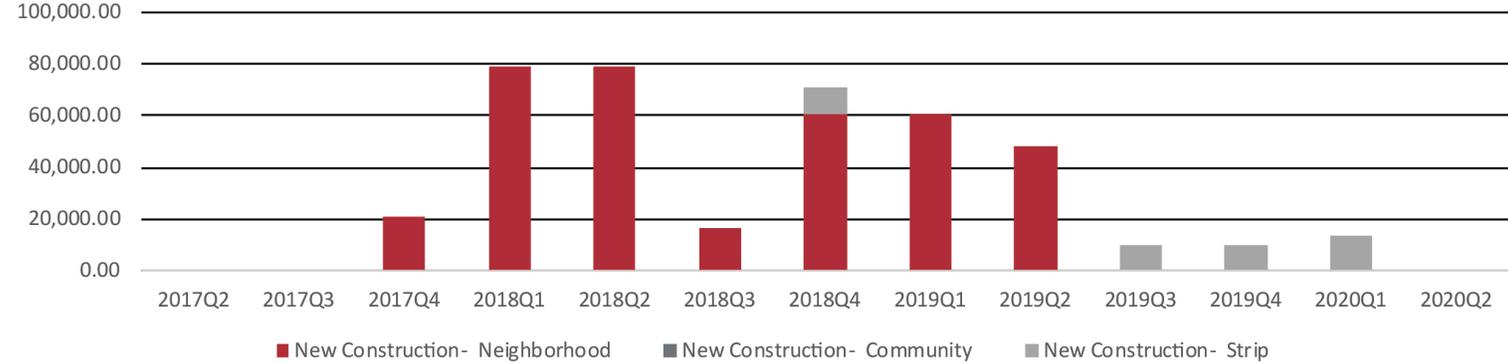
Vacancy Rate



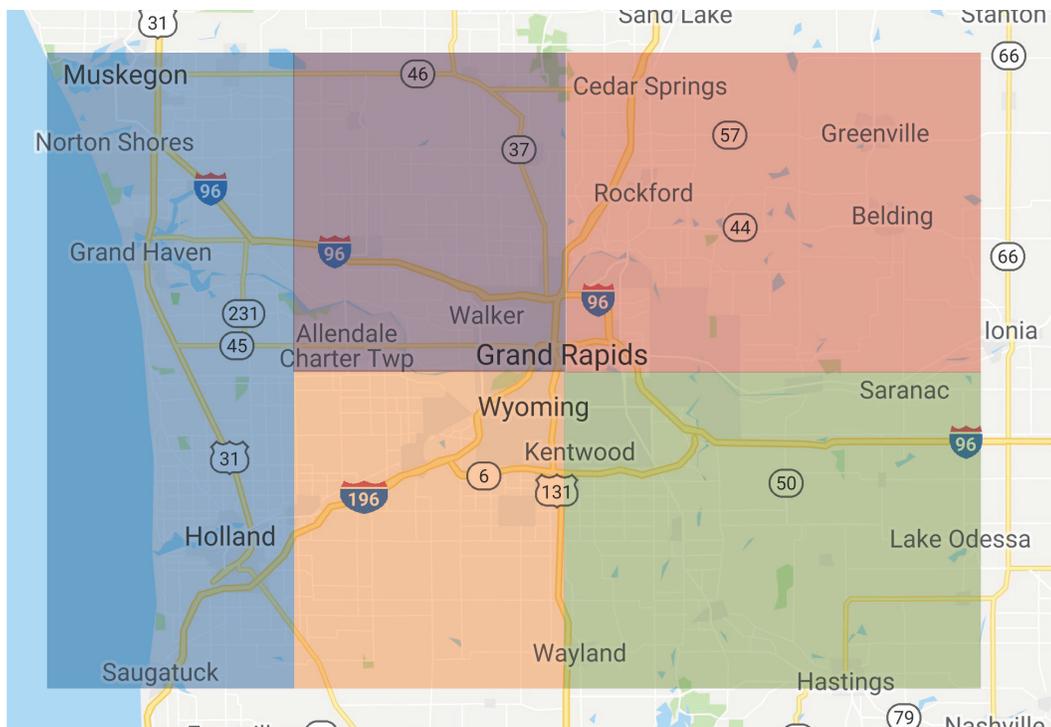
Triple Net Rental Rate



New Construction



# 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.

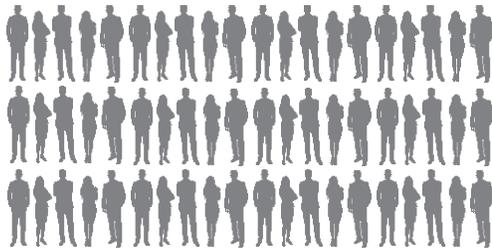
Our focus is simple: building client relationships for life. We do this by utilizing the rich diversity of skills and specialties of our agents and staff, actively listening to our clients, offering market appropriate advice, providing access to the industry's most current and proven technologies, and 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 375 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 SIOR

## DESIGNEES

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