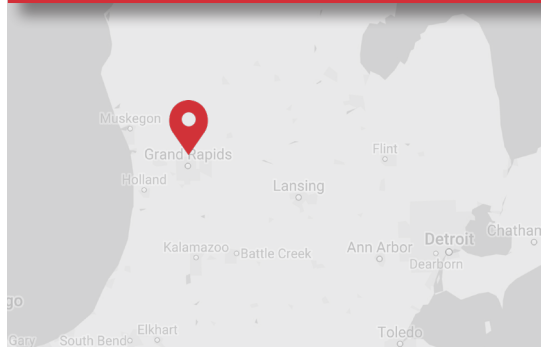


Q4'
2020

West Michigan
Office
Market Report

GRAND RAPIDS The Market



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



1,080,710

Total Population



130+

International Companies



\$61,947

Average Household Income



36.7

Median Age

Grand Rapids-Wyoming, MI Metropolitan
Statistical Data.

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

Office Market Trends

2020 has come to an end and the big question is how did the office market weather the COVID-19 storm? It might surprise you to hear that the answer is: surprisingly well. Vacancy rates remained low and lease rates remained strong. While many people thought that the vacancy rates would likely spike and lease rates would drop given the ongoing uncertainties linked to the COVID-19 pandemic, this wasn't the case. The vacancy rate at the end of Q4 remained unchanged from the previous quarter at 5.3%. Likewise, there was very little movement in average lease rates over the previous quarter.

The majority of the leasing activity in the 4th Quarter took place in the suburbs. Some of this activity was attributed to smaller companies relocating from their downtown office spaces to reduce lease expenses and eliminate parking costs. The leasing activity in the downtown CBD remained slow in the 4th Quarter and has remained slow since the COVID-19 outbreak began back in March of 2020. One Q4 highlight in the downtown office leasing arena was Lockton Insurance signing a lease for 6,000 sq ft at 38 Commerce.

There continues to be strong demand from owner-occupants to purchase good quality office buildings that are vacant and/or partially leased. Sale prices have remained strong in these cases. A few notable sales that took place in Q4 were the sale of a 7,000 sq ft office building located at 3368 E. Beltline Ct NE for \$110.71/sq ft; the sale of a 6,854 sq ft office building located at 580 Cascade West Parkway SE for \$126.93/sq ft; and the sale of a 5,147 sq ft office building located at 1403 60th St SE for \$164.17/sq ft. These three buildings were all purchased by owner occupants. The demand for quality office buildings is expected to remain strong in 2021!

If you are looking to lease office space, purchase an office building, or sell an office building, the NAI Wisinski office brokerage team is here to assist. Here's to a great 2021!



Jason Makowski
Partner/Office Specialist

Q4' 2020 Office Transactions



**1657 Gezon Parkway SW
Ste C, Wyoming**

Tenant: JVL Associates, LLC
2,367 SF



**38 Commerce Ave. SW
Suite 400, Grand Rapids**

Tenant: Lockton Insurance
6,000 SF



**2155 East Paris SE
Suite 210, Grand Rapids**

Tenant: Lovell Hand &
Orthopedic Center
10,300 SF



**5088 Corporate Exchange,
Grand Rapids**

14,490 SF



**3368 Beltline Ct. NE,
Grand Rapids**

7,000 SF



**701 3 Mile Rd. NW,
Walker**

6,400 SF

Market Activity

- › Grand Rapids-based Lake Michigan Credit Union recently opened a new full-service branch at 8630 E. Main Ave. in Zeeland, MI. The location is 3,800-square-foot and offers a walk-in lobby as well as a drive-thru and 24-hour drive-up ATM. The new branch employs six staff members and can serve needs including: banking by appointment, notary public, mortgage, commercial lending, insurance, and wealth management.
- › Spectrum has recently opened Spectrum Health Medical Group Orthopedics – Rockford at the Spectrum Health Integrated Care Campus in Rockford, MI. Located at 8501 Meadow Creek Drive, the new clinic is now open and accepting appointments. They are able to treat a variety of needs including: work and sports-related injuries, arthritis pain, hand and wrist injuries, sprains, fractures, and more. They also offer outpatient rehabilitation.

Q4' 2020

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.

SUBMARKET	TOTAL RBA	VACANT AVAILABLE SF	VACANCY RATE	TOTAL AVERAGE RATE (\$/SF/YR)	TOTAL NET ABSORPTION (SF)	TOTAL UNDER CONSTRUCTION (SF)
Downtown						
Class A	1,714,710	72,154	4.2%	\$23.23	-994	455,000
Class B & C	7,415,529	366,767	4.9%	\$16.42	-21,623	0
Total	9,130,239	438,921	4.8%	\$17.70	-22,617	455,000
Northeast						
Class A	331,585	41,960	12.7%	\$23.01	-18,226	0
Class B & C	3,394,818	125,096	3.7%	\$15.36	9,235	0
Total	3,726,403	167,056	4.5%	\$16.04	-8,991	0
Northwest						
Class B & C	2,787,079	107,477	3.9%	\$15.66	-1,103	0
Southeast						
Class A	1,287,542	144,135	11.2%	\$15.88	-16,190	0
Class B & C	10,646,102	579,978	5.4%	\$14.10	105,749	32,232
Total	11,933,644	724,113	6.1%	\$14.29	89,559	32,232
Southwest						
Class B & C	4,000,504	225,928	5.6%	\$14.61	-36,732	0
Overall Total	31,577,869	1,663,495	5.3%	\$15.64	20,116	487,232

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

4Q20 vs. 4Q19

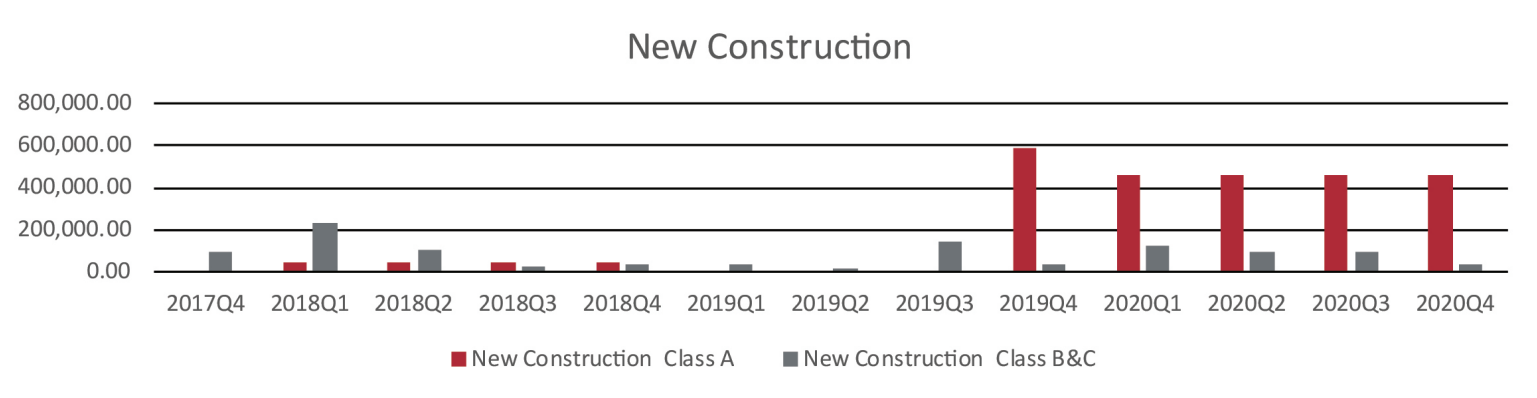
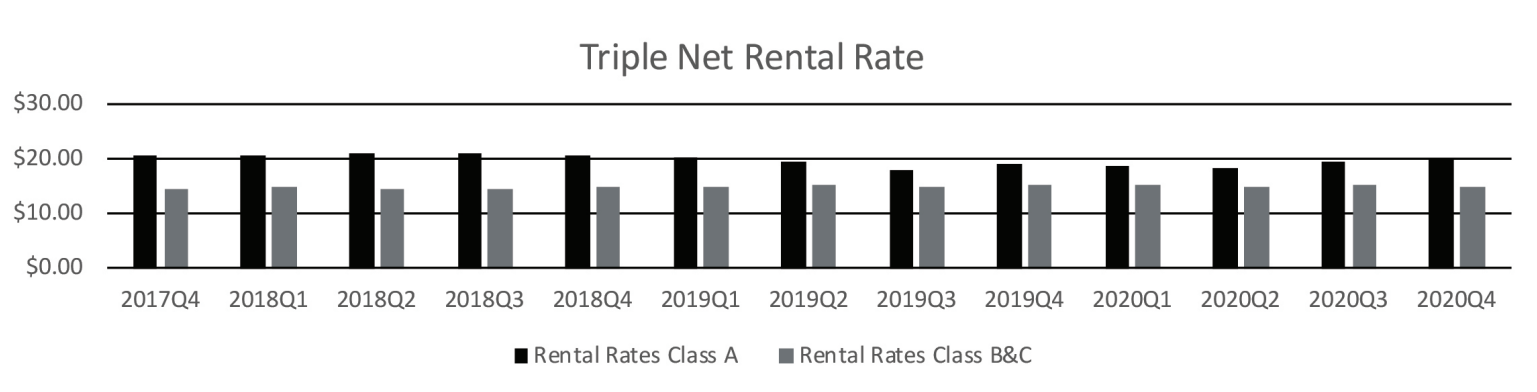
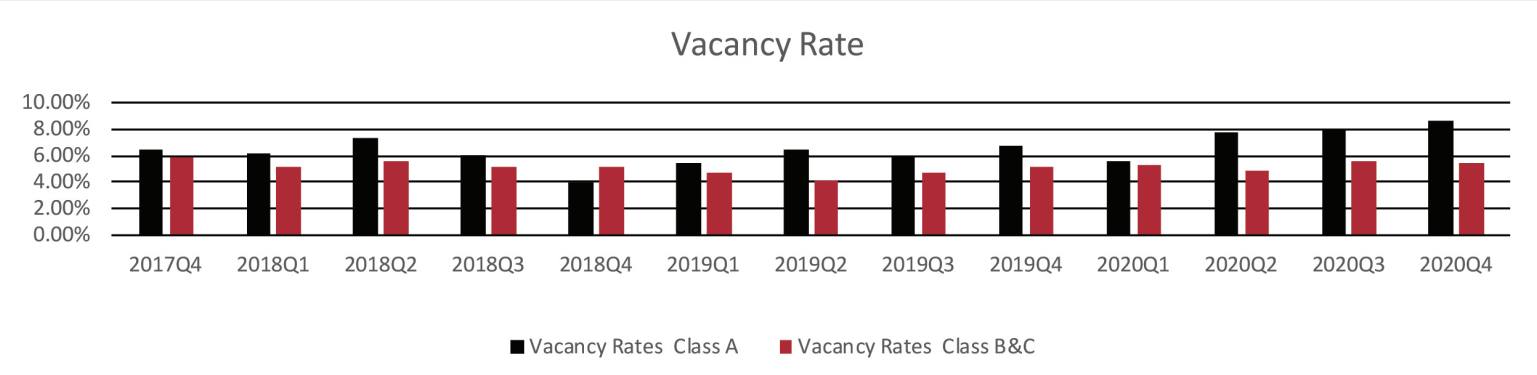


4Q20 vs. 3Q20

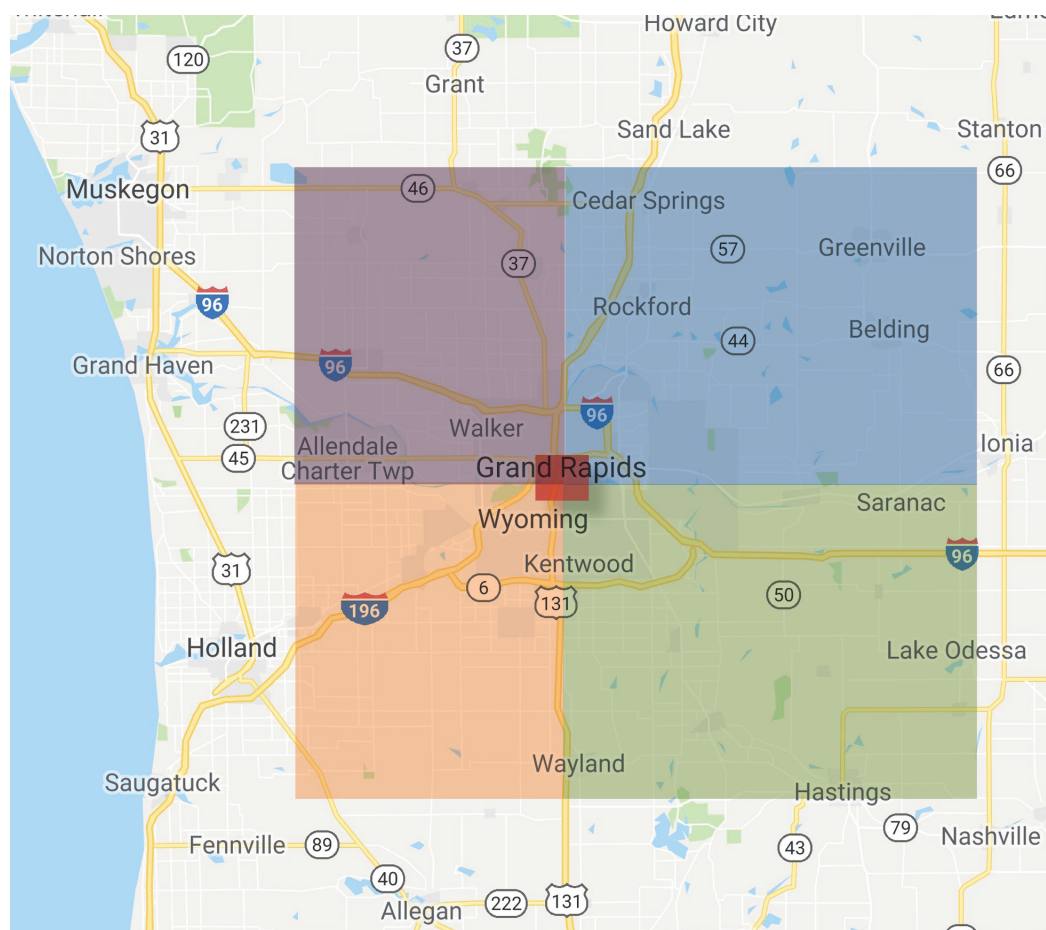


*Disclaimer: Historical data figures are subject to change based upon the timing of when CoStar receives market information. NAIWWM uses the numbers available at the time each quarterly report is published.

Office Overall Market Report



Methodology | Definitions | Submarket Map



Submarket Key

- Northwest
- Northeast
- Downtown
- 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.

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.

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

Office Specialists

REAL ESTATE PROFESSIONALS

52



7 CCIM  DESIGNEEES

8 SIOR  SIOR DESIGNEEES

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