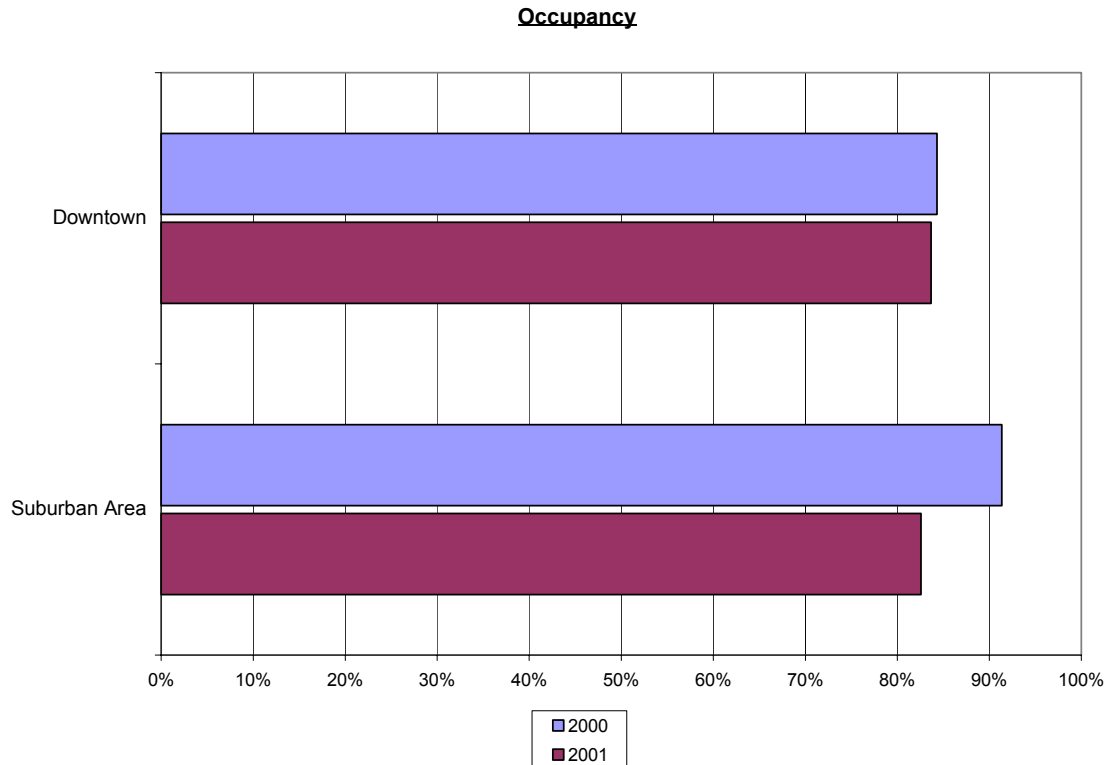


EXECUTIVE REPORT SUMMARY

The information in this report is based upon a voluntary survey of office buildings greater than 5,000 SF in the downtown central business district as well as 13 submarkets. We would like to thank everyone who has contributed information that has made the following survey possible. In an effort to provide more accurate results, BOMA has taken additional steps to verify the survey data. Because of these changes, some building areas have been altered and some have been deleted. Therefore the results of the year 2000 survey (i.e. total building area, etc.) will vary from the 2000 data reported in the 2001 survey. If you have found an error or an omission and would like to see it corrected in the year 2002 survey, please contact us at www.bomagr.org or www.genzinkappraisal.com.

A summary of the occupancy changes in the downtown and suburban office markets are as follows:



DOWNTOWN

Occupancy/Vacancy

- The vacancy increased from 863,972 SF (15.7%) in 2000 to 911,647 SF (16.3%) in 2001

New Construction

- Of the survey participants, there were two renovation projects in 2001. 200 Ionia Avenue was converted to loft office (72,000 SF) for Western Michigan University. The Boardwalk Building was converted to loft office (93,836 SF) and apartments.
- Though not considered in the survey, new construction and renovation has occurred with the Kent County Courthouse and the previous City Centre (Grand Rapids Police Department and the State of Michigan).

Outlook

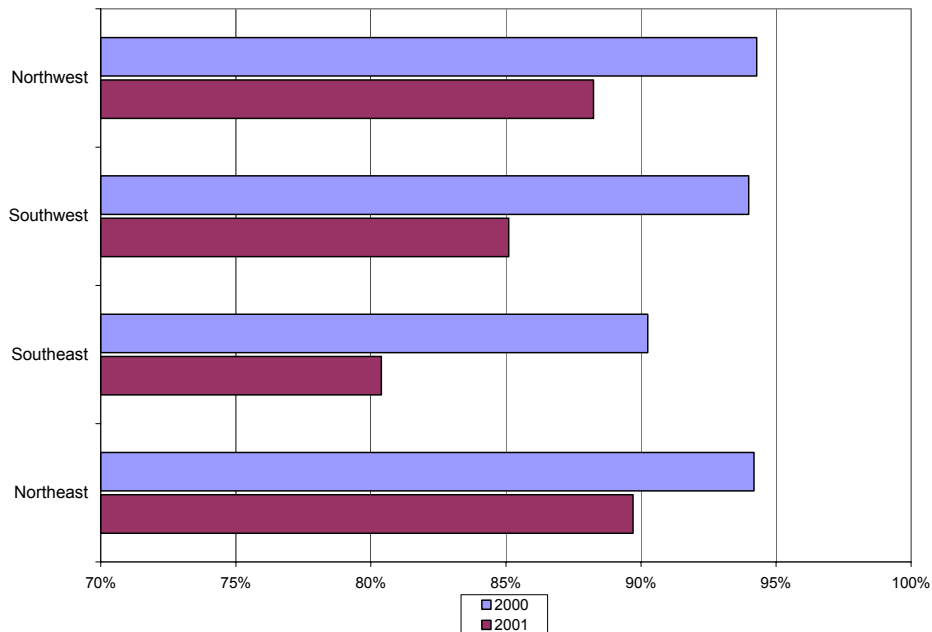
- The continual investment of both private and public funding throughout the CBD further supports the downtown office market. Coupled with the preservation and reuse of old buildings, the general public is being offered more choices to live, work and recreate throughout the downtown area.
- Approximately 100,000 SF of class A office space is available for sublease, which will likely have a greater effect on the vacancy rate in 2002.

SUBURBAN

Market Segmentation

The following chart represents the 13 submarkets categorized by geographic location within the Grand Rapids Metropolitan Area.

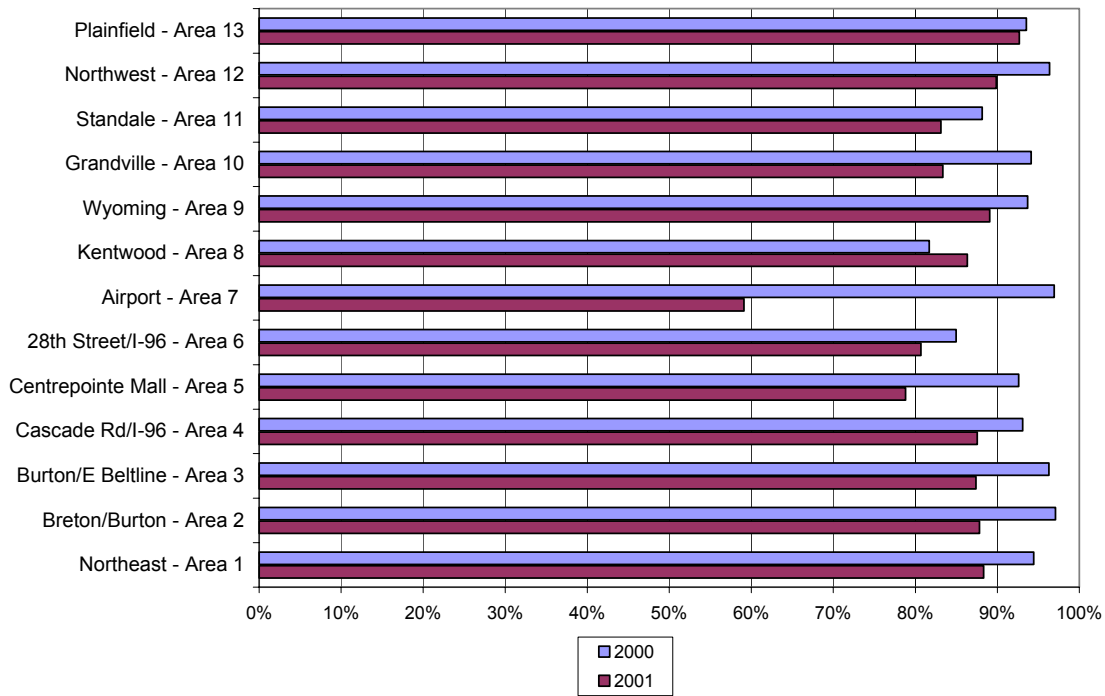
Occupancy - Suburban by quadrant



Occupancy/Vacancy

- Vacancy increased from 710,425 SF (8.64%) in 2000 to 1,461,698 SF (17.4%) in 2001.
- Of the 13 submarkets, all but one area had an increase in vacancy.
- The largest vacancy occurred in Area 7 – Airport Area with an increase from 27,857 SF (2000) to 370,641 SF (2001) or an occupancy decrease from 96.93% to 59.10%. The largest contributors to this increase were 4420 44th Street (159,600 SF previously occupied by Old Kent Bank) and 5247 – 5253 36th Street (135,207 SF previously occupied by Amway).
- The only submarket that indicated an increase in occupancy was Area 8 – Kentwood, which reported a positive net gain of 35,652 SF in year 2001 or an occupancy increase from 81.69% to 86.34%.
- Plainfield - Area 13 is the only submarket with an occupancy rate above 90%.

Occupancy - Suburban by Submarket



New Construction

- Eleven buildings, totaling 228,125 SF were added to the suburban market in 2001, however 5 of these buildings remain 100% vacant. The overall vacancy rate for the new buildings is 53.9% or 123,066 SF.

Outlook

- Tenants will continue to have the advantage with lease negotiations.
- Concessions such as rent reduction, free rent or tenant improvement allowance will continue.

The survey was completed through the efforts of Genzink Appraisal Company and the BOMA Office Occupancy Sub Committee comprised of John Francis, John Mundell and Jeffrey Genzink.

The information contained in this report was obtained from the building owner; property manager, leasing agent or other knowledgeable person, and is presumed to be correct; but is not warranted by the Building Owners and Managers Association of Greater Grand Rapids or Genzink Appraisal Company.