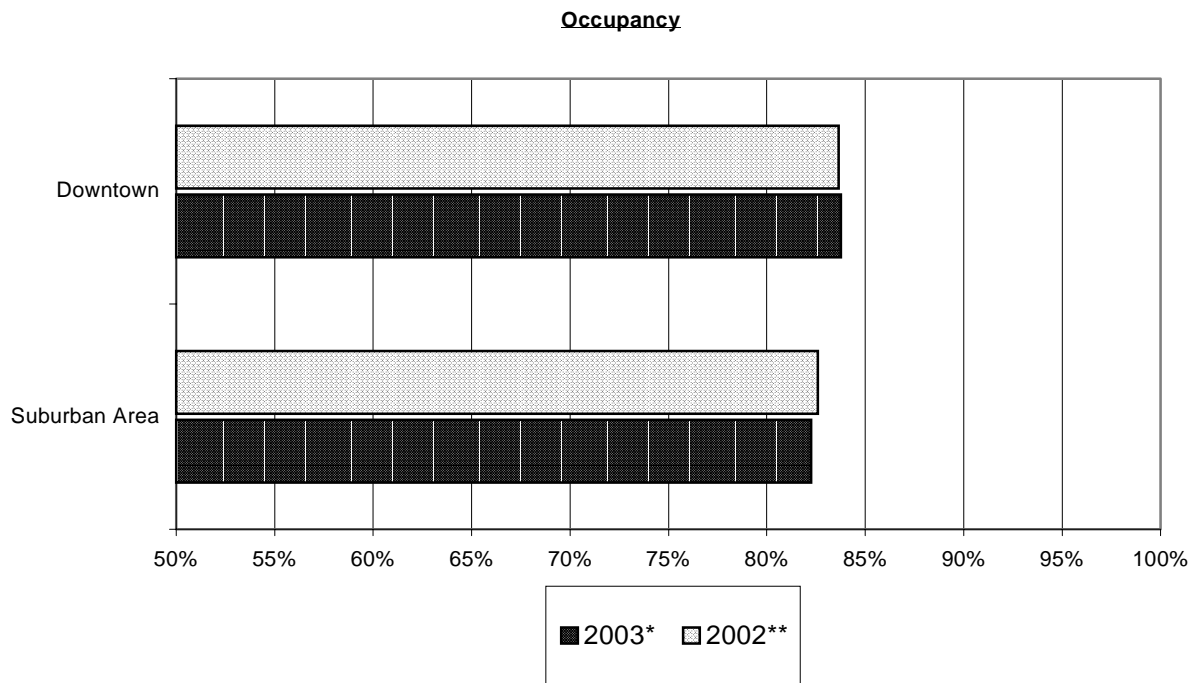


## EXECUTIVE REPORT SUMMARY

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 2003 survey (i.e. total building area, etc.) will vary from the data reported in the 2002 survey. If you have found an error or an omission and would like to see it corrected in the year 2003 survey, please contact us at [www.bomagr.org](http://www.bomagr.org) or [www.genzinkappraisal.com](http://www.genzinkappraisal.com).

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



\* Based upon December 31, 2002

\*\* Based upon December 31, 2001

## **DOWNTOWN**

### *Occupancy/Vacancy*

- The occupancy increased slightly from 83.65% in 2002 to 83.75% in 2003

### *New Construction*

- Of the survey participants, there were four renovation projects in 2002 that include the Goodspeed Building (26,000 SF), McKay Tower (146,000 SF), 800 Monroe Avenue (50,000 SF) and 801 Monroe Avenue (5,000 SF, part of the Landmark Loft project).
- There has been no new construction, however the American Seating Complex located at 901 Broadway Avenue is under renovation and will be completed in 2003. Approximately 43,680 SF of office space will be available.

### *Outlook*

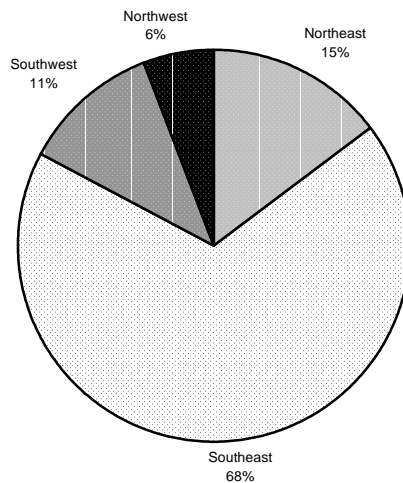
- The downtown office market continues to have higher than normal vacancy rates and tenants continue to have an advantage in lease negotiations.

## **SUBURBAN**

### *Market Segmentation*

- There is 8,301,287 SF within the suburban market. The following chart provides a percentage breakdown by quadrant.

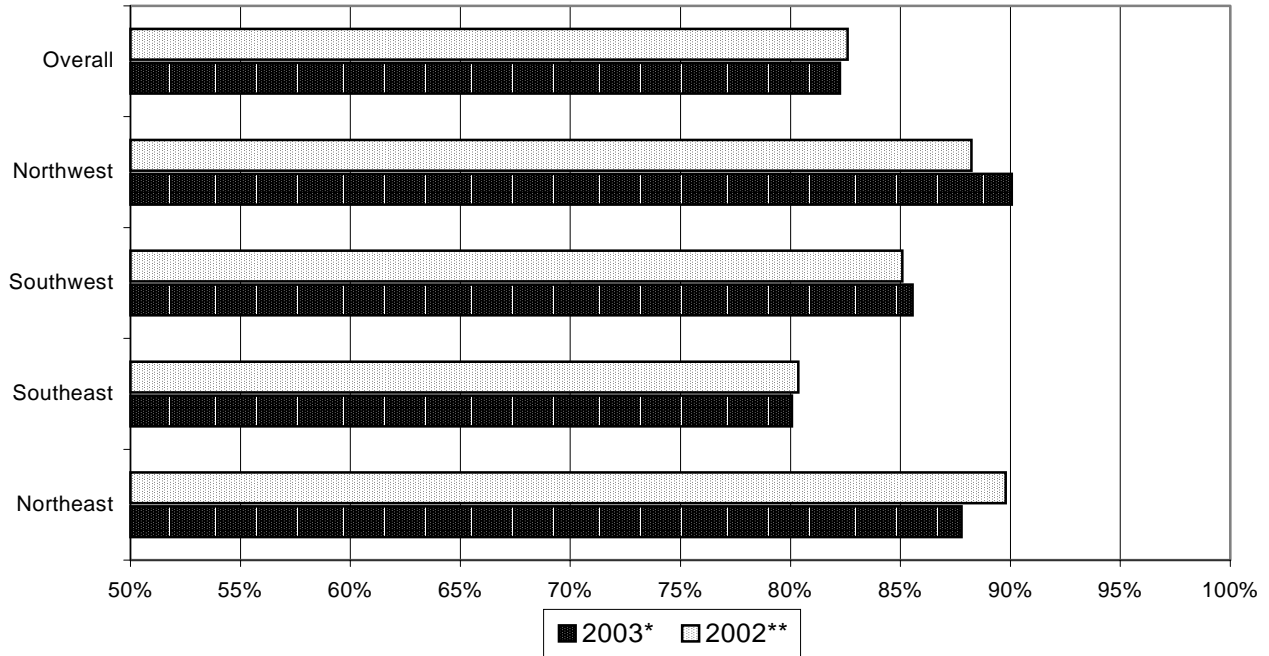
**Market Segmentation - Suburban by Quadrant**



**Occupancy/Vacancy**

- The occupancy decreased slightly from 82.59% in 2002 to 82.25% in 2003. The following chart provides a percentage breakdown by quadrant.

**Occupancy - Suburban by quadrant**

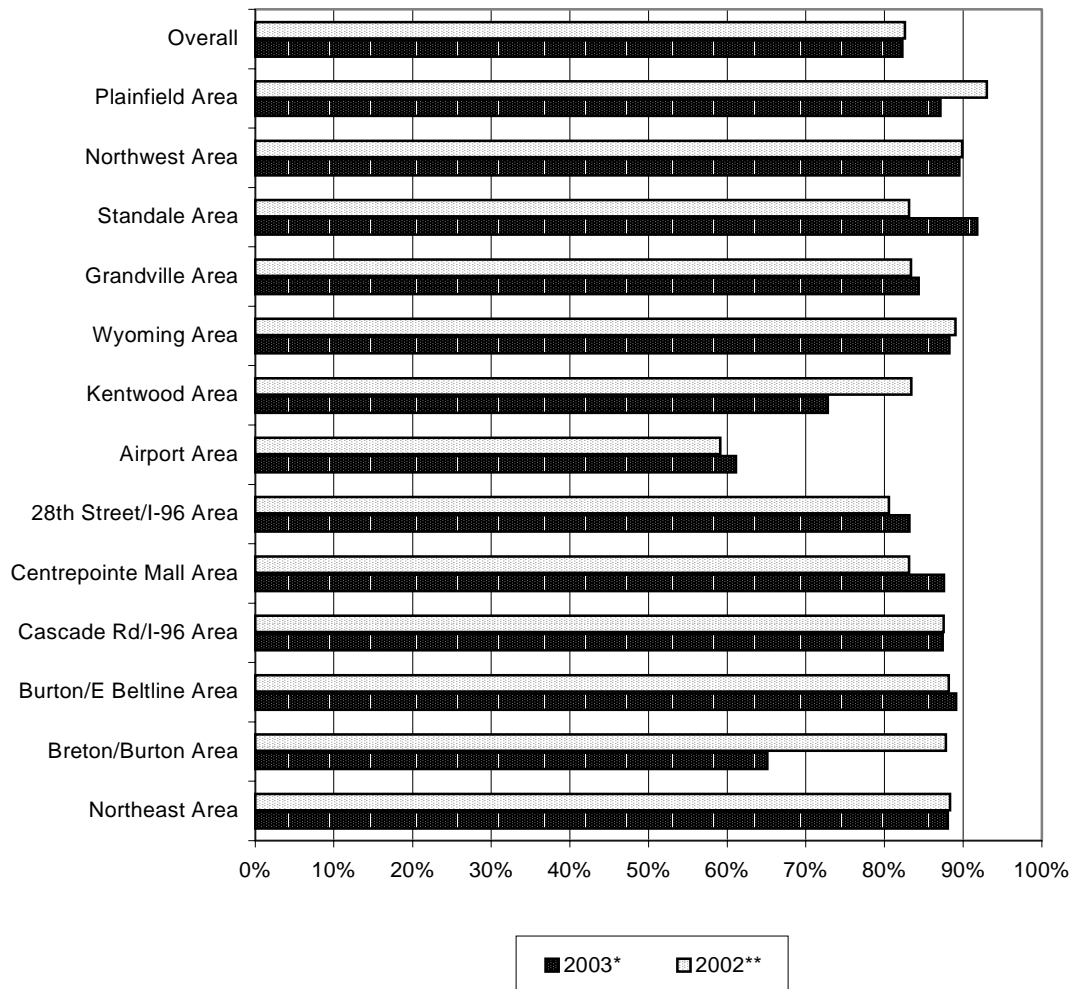


\* Based upon December 31, 2002  
 \*\* Based upon December 31, 2001

- Vacancy increased from 1,419,724 SF (17.41%) in 2002 to 1,473,331 SF (17.75%) in 2003.
- The submarkets that had an increase in vacancy were Area 1 – Northeast, Area 2 – Breton/Burton, Area 4 – Cascade Road/I-96, Area 8-Kentwood, Area 9 – Wyoming, Area 12 – Northwest and Area 13- Plainfield. The vacancy increased 144,140 SF.
- The largest vacancy occurred in Area 8 – Kentwood with an increase of 79,990 SF. The largest contributors were 1900 44<sup>th</sup> Street (65,000 SF) and 2120 43<sup>rd</sup> Street (20,048 SF).
- The submarkets that had an occupancy increase were Area 3 – Burton/East Beltline, Area 5 – Centre Pointe Mall, Area 6 – 28<sup>th</sup> Street/I-96, Area 7 – Airport, Area 10 –Grandville and Area 11 – Standale. These areas had a positive net absorption of 90,533 SF. Within these submarkets those buildings indicating absorption greater than 10,000 SF include 3737 Lake Eastbrook Blvd. (12,000 SF), 3777 Sparks Drive (14,525 SF), 2900 Charlevoix Drive (20,193 SF), 5301 28<sup>th</sup> Street Court (23,800 SF), 2851 Charlevoix Drive (10,266 SF) and 5247-5253 36<sup>th</sup> Street (45,207 SF).

- Area 7 – Airport had the lowest occupancy rate (61.12%). Conversely the area with the highest occupancy rate was Area 9 – Wyoming (88.25%).
- Only Area 11 – Standale had an occupancy rate above 90%. The following chart provides a breakdown by submarket

**Occupancy - Suburban by Submarket**



\* Based upon December 31, 2002

\*\* Based upon December 31, 2001

### ***New Construction***

- Three buildings, totaling 75,627 SF were added to the suburban market in 2002. Those buildings include 1560 Leonard Avenue, NW (7,200 SF), 2311 E. Beltline, SE (21,500 SF) and 4027 Lake Drive, SE (46,927 SF). The overall vacancy rate for the new buildings is 43.9% or 34,479 SF.

### ***Outlook***

- Tenants will continue to have an advantage in lease negotiations.
- Concessions such as rent reduction, free rent or increased tenant improvement allowance will continue.
- The overall vacancy should decrease in those buildings that offer good functional space, due to the lack of new construction in 2002 and the limited prospective construction in 2003. Those buildings that have inferior design or poor condition will continue to suffer from high vacancy.

The survey was completed through the efforts of Genzink Appraisal Company and the BOMA of Greater Grand Rapids Occupancy Survey Committee.

***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.***