2004 ANNUAL OFFICE OCCUPANCY REPORT OF GREATER GRAND RAPIDS

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The Building Owners and Managers Association of Greater Grand Rapids, Michigan

Greater Grand Rapids BOMA Officers
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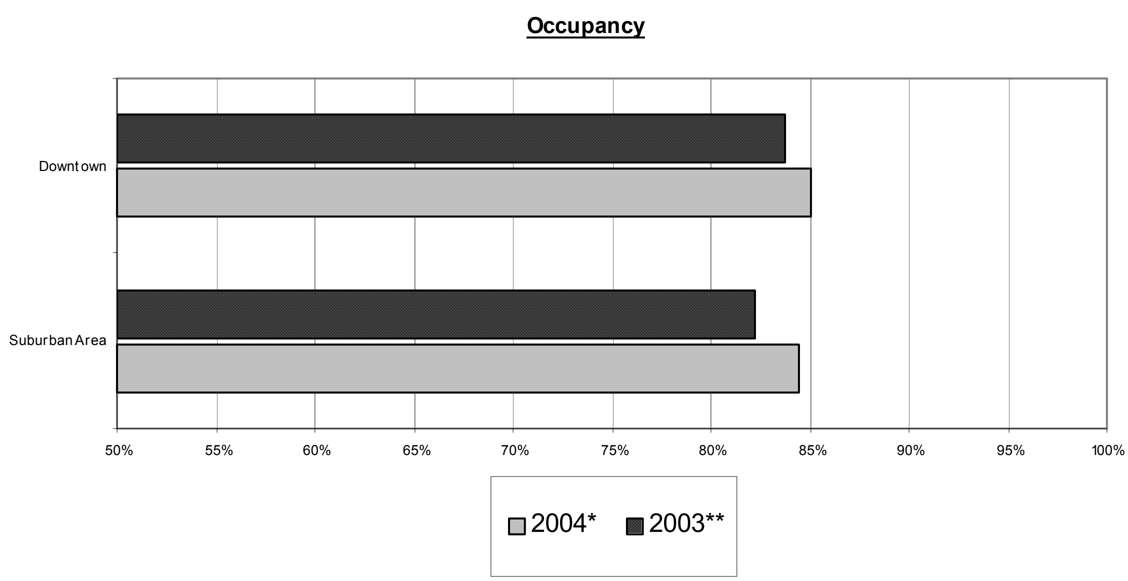
Prepared under contract by
Genzink Appraisal Company

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 to make 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 2004 survey (i.e. total building area, etc.) will vary from the data reported in the 2003 survey. If you have found an error or an omission and would like to see it corrected next year's 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:



* Based upon September 30, 2003
** Based upon December 31, 2002

DOWNTOWN

- There is 5,631,296 SF within the downtown market. The occupancy increased slightly from 83.75% in 2003 to 85.08% in 2004

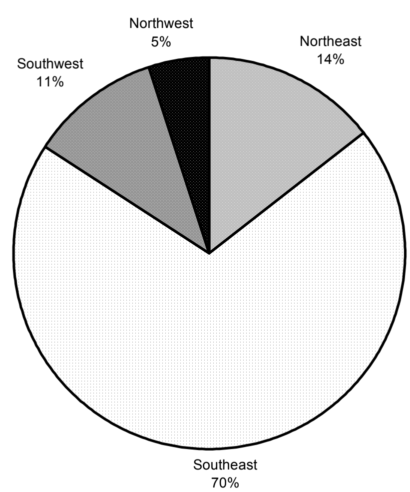
- There has been no new construction.

- There has been a decrease in overall vacancy, because of the lack of new construction and an increase in the number of older office buildings being converted to mixed-use (office, retail, residential) properties. However, tenants continue to have an advantage in lease negotiations.

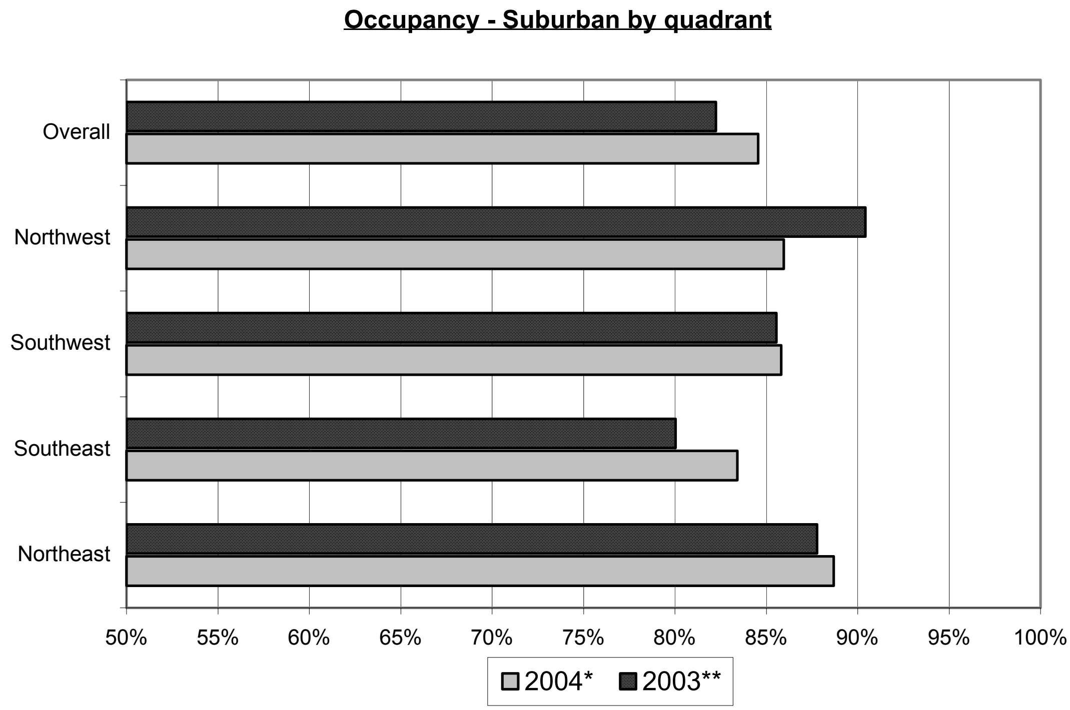
SUBURBAN

- There is 8,342,069 SF within the suburban market. The following chart provides a percentage breakdown by quadrant.

Market Segmentation - Suburban by Quadrant



- The occupancy increased slightly from 82.25% in 2003 to 83.61% in 2004. The following chart provides a percentage breakdown by quadrant.



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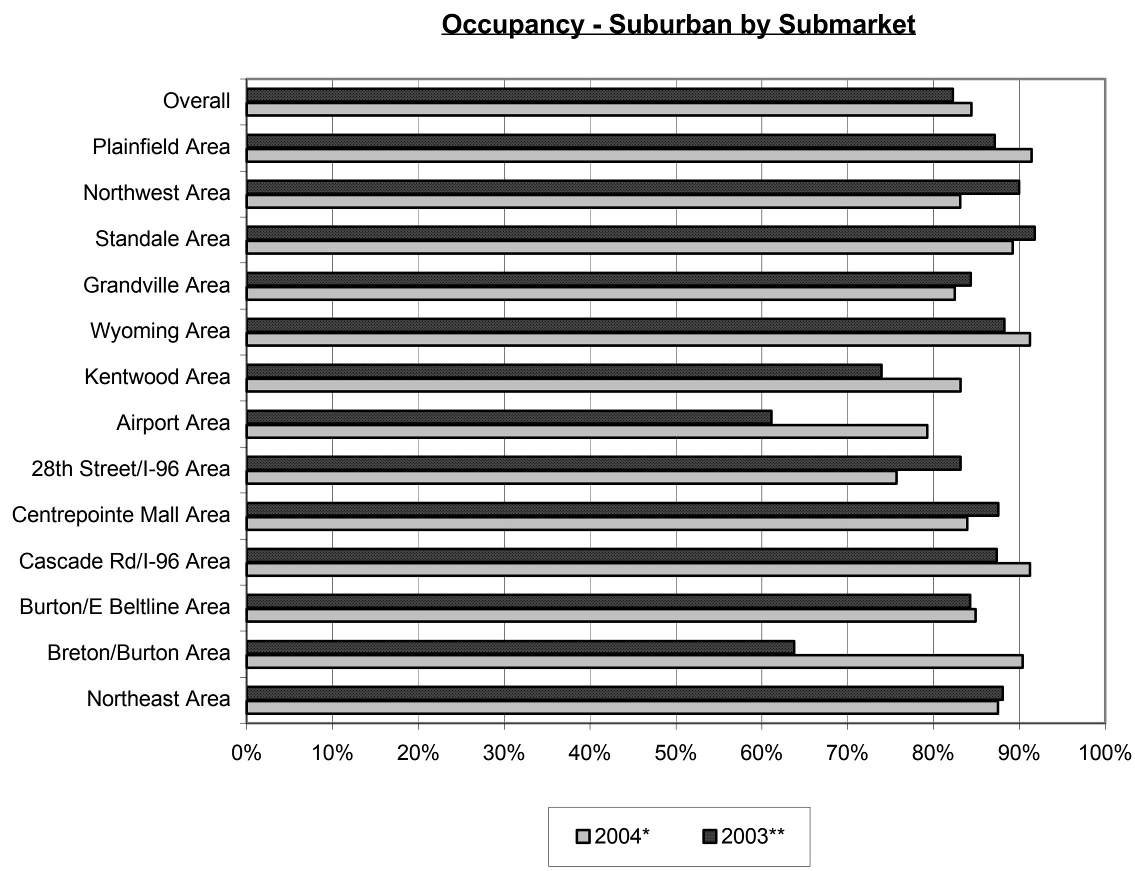
- Vacancy decreased from 1,470,531 SF (17.75%) in 2003 to 1,356,534 SF (16.26%) in 2004.
- The submarkets that had an increase in vacancy were Area 1 – Northeast, Area 5 – Center Pointe Mall, Area 6 – 28th Street /I-96, Area 10 – Grandville, Area 11 – Standale and Area 12 – Northwest. The vacancy in these submarkets has increased 194,052 SF.
- The largest vacancy occurred in Area 6 – 28th Street/ I-96 with an increase of 117,371 SF. The largest contributors were 5555 Glenwood Hills, commonly known as the Earth Tech building (64,000 SF) and 6000 28th Street (30,175 SF).
- The submarkets that had an occupancy increase were Area 2 – Breton/Burton, Area 3 – Burton/East Beltline, Area 4 – Cascade Road/I-96, Area 7 – Airport, Area 8 – Kentwood, Area 9 –Wyoming and Area 13 – Plainfield. These areas had a positive net absorption of 308,049 SF. Within these submarkets those buildings indicating absorption greater than 10,000 SF include 2335 Burton Street (12,000 SF), 4027 Lake Drive (33,179 SF), 4450 Cascade Road (13,430 SF), 4690 Fulton Street (10,000 SF), 2449 Camelot Court (11,600

SF), 2505 East Paris Avenue (10,578 SF), 3033 Orchard Vista Drive (16,464 SF), 4420 44th Street (105,000 SF), 5247-5253 36th Street (90,000 SF), 1900 44th Street (22,730 SF), 2120 43rd Street (20,048 SF), 507 36th Street (12,400 SF), 550 36th Street (10,233 SF) and 2920 – 2944 Fuller (11,480 SF).

- Area 6 – 28th Street/I-96 had the lowest occupancy rate (75.70%). Conversely the area with the highest occupancy rate was Area 13 – Plainfield (91.42%).
- Only Area 2 – Breton/Burton, Area 4 – Cascade/I-96, Area 9 – Wyoming and Area 13 – Plainfield had an occupancy rate above 90%. The following chart provides a breakdown by submarket.



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- Five buildings were added to the suburban market in 2003. Those buildings include 3225 Evergreen Drive (31,389 SF), 5274 Plainfield Avenue (8,000 SF), 4880 Cascade Road (6,982 SF), 4175 Parkway Place (11,140 SF) and 4466 Heritage Court (7,200 SF).

- 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 continue to decrease in those buildings that offer good functional space, due to the lack of new construction in 2003 and the limited prospective construction in 2004. 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.

Area Summary

	No. of Buildings	Building Area			Vacancy			Occupancy		
	2003	2003	2004	SF Change	2003	2004	SF Change	2003	2004	% Change
Downtown	81	5,507,385	5,631,296	123,911	894,912	840,031	(54,881)	83.75%	85.08%	1.33%
Northeast Area	38	792,210	839,832	47,622	94,559	104,832	10,273	88.06%	87.52%	-0.54%
Breton/Burton Area	13	107,175	109,875	2,700	38,821	10,579	(28,242)	63.78%	90.37%	26.59%
Burton/E Beltline Area	12	402,493	401,937	(556)	63,353	60,737	(2,616)	84.26%	84.89%	0.63%
Cascade Rd/I-96 Area	68	1,689,126	1,695,166	6,040	213,137	148,672	(64,465)	87.38%	91.23%	3.85%
Centrepointe Mall Area	25	600,648	600,648	0	74,788	96,421	21,633	87.55%	83.95%	-3.60%
28th Street/I-96 Area	38	1,424,310	1,424,841	531	240,099	346,250	106,151	83.14%	75.70%	-7.44%
Airport Area	11	906,972	909,522	2,550	352,638	188,365	(164,273)	61.12%	79.29%	18.17%
Kentwood Area	44	675,419	673,946	(1,473)	175,993	113,578	(62,415)	73.94%	83.15%	9.21%
Wyoming Area	22	282,003	282,045	42	33,131	24,724	(8,407)	88.25%	91.23%	2.98%
Grandville Area	39	624,970	617,296	(7,674)	97,884	102,863	4,979	84.34%	82.49%	-1.85%
Standale Area	12	106,282	106,282	0	8,712	11,431	2,719	91.80%	89.24%	-2.56%
Northwest Area	25	320,050	320,050	0	32,116	48,413	16,297	89.97%	83.12%	-6.85%
Plainfield Area	28	352,629	360,629	8,000	45,300	30,935	(14,365)	87.15%	91.42%	4.27%
	456	**13,791,672**	**13,973,365**	**181,693**	**2,365,443**	**2,127,831**	**(237,612)**	**82.85%**	**84.69%**	**1.85%**

Note: 2003 totals are as of 12/31/02 and 2004 totals are as of 9/30/03