

# 2005 ANNUAL OFFICE OCCUPANCY REPORT OF GREATER GRAND RAPIDS



***Published by***  
*The Building Owners and Managers Association  
of West Michigan*

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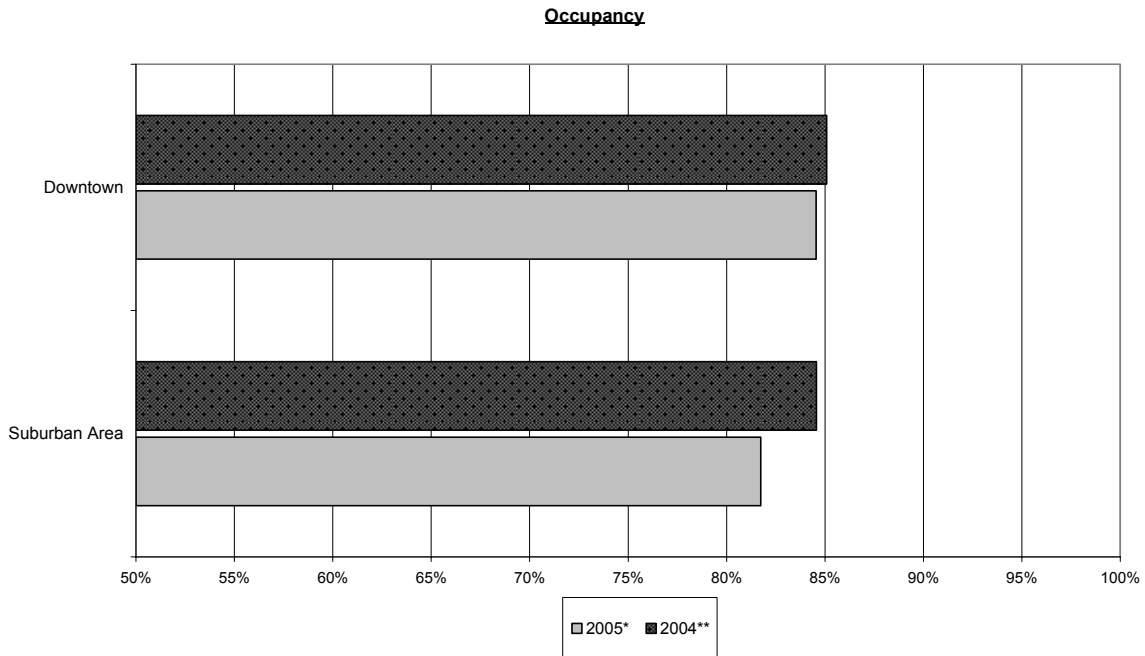
***Prepared under contract by***  
*Genzink Appraisal Company*

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## 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 2005 survey (i.e. total building area, etc.) will vary from the data reported in the 2004 survey. If you have found an error or an omission and would like to see it corrected in next year's survey, please contact us at [www.bomawm.org](http://www.bomawm.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:



\* As of September 30, 2004

\*\* As of September 30, 2003

## **DOWNTOWN**

### ***Occupancy/Vacancy***

- There is 5,847,653 SF within the downtown market. The occupancy decreased slightly from 85.08% in 2004 to 84.55% in 2005

### ***New Construction/Renovation***

- One new office building was constructed in 2004 – 70 Ionia Avenue. Also, two older buildings were converted to office use: 86 Monroe Center, NW (Blue Cross/Blue Shield) and 801 Broadway Avenue, NW (American Seating).

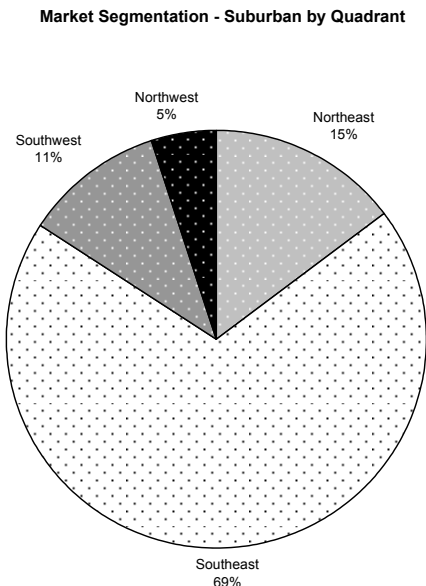
### ***Outlook***

- Tenants will continue to have an advantage in lease negotiations in the first part of 2005, but rent concessions will begin to decrease and rental rates will hold steady without significant increase.
- The overall occupancy should continue to increase in buildings that offer good functional space, while those that have inferior design or poor condition will continue to experience higher vacancy.

## **SUBURBAN**

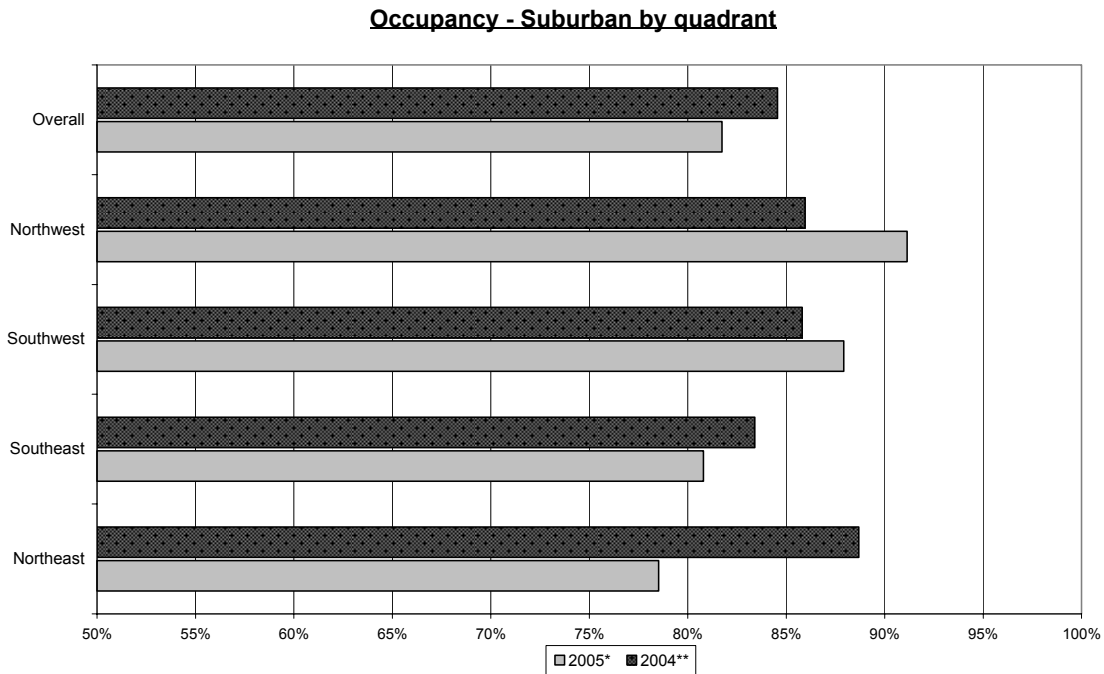
### ***Market Segmentation***

- There is 8,468,619 SF within the suburban market. The following chart provides a percentage breakdown by quadrant.



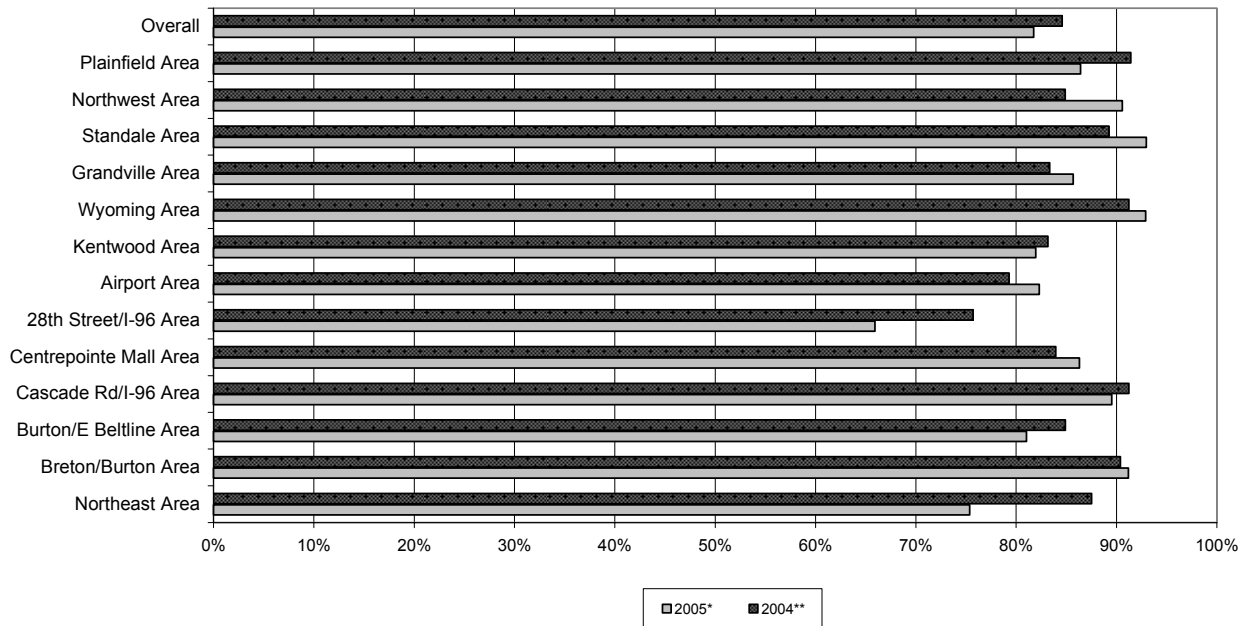
**Occupancy/Vacancy**

- The occupancy decreased slightly from 84.56% in 2004 to 81.74% in 2005. The following chart provides a percentage breakdown by quadrant.



- Vacancy increased from 1,287,800 SF (15.44%) in 2004 to 1,546,356 SF (18.26%) in 2005.
- The submarkets that had an increase in vacancy were Area 1 – Northeast, Area 3 – Burton/E. Beltline, Area 4 – Cascade/I-96, Area 6 – 28<sup>th</sup>/I-96, Area 8 – Kentwood and Area 13 – Plainfield. The vacancy in these submarkets has increased 339,987 SF.
- The largest vacancy occurred in Area 6 – 28<sup>th</sup> Street/I-96 with an increase of 150,682 SF. The largest contributors were 2600 – 2680 Horizon Drive (47,645 SF) and 5540 Glenwood Hills Parkway, previously occupied by Blue Cross, Blue Shield of Michigan (44,426 SF).
- The submarkets that had an occupancy increase were Area 2 – Breton/Burton, Area 5 – Centrepointe Mall, Area 7 – Airport, Area 9 – Wyoming, Area 10 – Grandville, Area 11 – Standale and Area 12 – Northwest. These areas had a positive net absorption of 81,431 SF.
- Area 6 – 28<sup>th</sup> Street/I-96 had the lowest occupancy rate (65.91%). Conversely the area with the highest occupancy rate was Area 11 – Standale (92.7%).
- Only Area 2 – Breton/Burton, Area 9 – Wyoming, Area 11 – Standale and Area 12 – Northwest had an occupancy rate above 90%. The following chart provides a breakdown by submarket.

### **Occupancy - Suburban by Submarket**



#### ***New Construction***

- Seven buildings were added to the suburban market in 2004 totaling 144,633 SF: 3152 Peregrine Drive, NE (Peregrine Pointe), 3300 Eagle Run Drive, NE, 4070 Lake Drive, SE (Park East Professional Building), 4940 Cascade Road, SE (Hilltop), 3400 Innovation Court, SE (Cascade Engineering), 4072 Chicago Drive, SW and 4285 Parkway Place Drive, SW.

#### ***Outlook***

- Tenants will continue to have an advantage in lease negotiations in 2005, as there is ample space in the suburbs.
- Suburban office buildings with good efficient space will begin to see an increase in occupancy in the second half of 2005, while older, more obsolete properties will continue to suffer from high vacancy.
- Lower asking rates may make suburban locations attractive to large-scale tenants.

The survey was completed through the efforts of Genzink Appraisal Company and the BOMA of West Michigan 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 West Michigan or Genzink Appraisal Company.***

## Definition of Survey Terms

**Building Name and Building Address:** This identifies the name of the building, if the building has a name or "traditional name" in the community, and accurate address of the building.

**Level:** Number of rentable floors in the building, including the mezzanine and subfloors that are rentable.

**Total Building Area:** The total area of a building is the area quoted by the building owner, manager and/or leasing agent. Ideally, the total area of a building is calculated by measuring to the inside finished surface of the dominant portion of the permanent outer building walls of each floor; excluding any major vertical penetrations of the floor. No deductions are made for columns and projections necessary to the building.

**Occupancy Change:** This illustrates what percentage of the total building area is occupied as of the publishing date, or date of last revision.

**Asking Rates:** The asking rate of a building is the rental rate quoted by the building owner, manager and/or leasing agent.

**Tenant Pays:** This indicates the occupancy expenses that the tenant is expected to pay for in the building. The legend for these occupancy expenses is as follows:

<b>CAM</b>	Common area maintenance typically includes all operating expenses of the building, excluding gas/electric utilities, taxes and janitorial expenses for tenant suites
<b>E</b>	Electric use such as lighting and air conditioning, either separately metered or prorated.
<b>G</b>	Gas use either separately or metered or prorated.
<b>I</b>	Insurance expense of the building.
<b>J</b>	Janitorial expense to clean the tenant's suite.
<b>N</b>	No expenses
<b>NR</b>	No response and/or information was not available.
<b>P</b>	Parking
<b>Ph</b>	Phone
<b>T</b>	Taxes for the building.
<b>TN</b>	"Triple Net" means that the tenant pays a prorated share of all utilities, taxes, insurance and operating expenses of the building.
<b>WS</b>	Water/Sewer

## **Survey Area Boundaries**

Buildings included in this survey are located within the survey areas defined below and outlined on the attached BOMA Office Survey Map.

### **Greater Grand Rapids Central Business District:**

#### **D. Downtown Area -**

Central Business District including the area immediately surrounding the Central Business District.

### **13 Selected Suburban Areas:**

#### **1. Northeast Area -**

East Beltline corridor between Fulton St. and Four Mile Rd.: Michigan St. corridor between Plymouth Ave. and the East Beltline.

#### **2. Breton/Burton Area -**

Intersection of Breton Ave. and Burton Street.

#### **3. Burton/East Beltline Area -**

East Beltline corridor between Lake Drive and Claystone St.: Raybrook Ave. corridor between Burton St. and East Beltline.

#### **4. Cascade Road/I-96 Area -**

East Paris Ave. corridor between Lake Dr. and Burton St.: Cascade West Parkway and Spaulding Avenue: M-21 corridor between Forest Hill Ave. and Spaulding Ave.

#### **5. Eastbrook Mall Area -**

East Paris Ave. corridor between Burton Dr. and 28th Street: Eastbrook Mall between East Beltline and East Paris Avenue.

#### **6. 28th Street/I-96 Area -**

28th Street corridor between Cascade Rd. and Patterson Ave.: Kraft Ave.: corridor between 28th St. and 36th St.

#### **7. Airport Area -**

Broadmoor Ave. between 28th St. and 68th St.: East Paris Ave. between 36th St. and 68th St.: Thornapple River between 48th St. and 68th St.: 36th St. between Broadmoor Ave. and Kraft Ave.: and 68th St. between East Paris Ave. and Thornapple River Drive.

#### **8. Kentwood Area -**

28th St., 36th St., 44th St. and 52nd St. corridors between Division Ave. and Broadmoor: Eastern Ave. Kalamazoo Ave. and Breton Ave. corridors between Alger St. and 60th St.

**9. Wyoming Area -**

28th St., 36th St., 44th St. Byron Center Ave. Burlingame Ave. Clyde Park Ave. corridors within the Wyoming City limits.

**10. Grandville Area -**

28th St., Chicago Dr., Prairie Ave., 44th St., Fairlane Ave., Ave., Canal Ave., Wilson Ave., and Ivanrest Ave. corridors within the Grandville city limits.

**11. Standale Area -**

Lake Michigan Dr. corridor between the Walker Township Line and Covell Ave.

**12. Northwest Area -**

Three Mile Rd. between Walker Ave. and US 131: Alpine Ave. between Ann St. and Four Mile Rd.: Four Mile Rd. between Alpine Ave. and Cordes Ave.

**13. Plainfield Area -**

Plainfield Ave. corridor between Fuller Ave. and Northland Dr. between West River Dr. and Plainfield Ave.: East Beltline between Plainfield Ave. and Four Mile Rd.: Five Mile Rd. between Plainfield Ave. and East Beltline.

# BOMA OFFICE SURVEY MAP

