



**ADVANTAGE**  
COMMERCIAL REAL ESTATE



**NEWSLETTER**

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To see our first NEWSLETTER with more information on our "Why", a market update and a new video, scan the QR code.





# NEWSLETTER

AT ADVANTAGE COMMERCIAL REAL ESTATE, WE HAVE THE UNIQUE ABILITY TO PUT THE ABSOLUTE BEST AND MOST EXPERIENCED TEAM TOGETHER FOR WHATEVER OUR CLIENTS MAY NEED.

Since starting Advantage Commercial Real Estate, we have been looking forward to sharing our story with you. We hope to provide insight into the company and all that transpired to bring us to this moment. Our goal through this newsletter is to keep you informed on each commercial real estate sector and provide detailed market insights that will help you and your business make informed decisions. Thank you for trusting us to be the experts and taking the time to understand our "Why".

# WHY ADVANTAGE

Some of our core values are to be open, honest, and candid in everything we do. Since launching our company in January, the community has celebrated with us and we are grateful for the overwhelming support we have received. However, with any new endeavor, we understand there may be questions. It is important that we address those, as we want the community to understand all that we have done, all that we are doing, and all that is to come.

The new venture we embarked on has been a dream for each Advantage advisor that we were able to bring to fruition, together. We had a desire to get back to our roots, by building organic business relationships, driven by exceptional results. As our team of commercial real estate experts plan and dream for what Advantage will be, we have made intentional decisions to **structure the company around our clients, the true trail blazers**, who are actively seeking growth throughout Michigan and beyond. By uniquely designing our firm to empower clients, we can build better relationships and establish long-term solutions, generating success for their business, and our community.

By having local control, our industrial, office, retail, investment, land, and multifamily specialists can be more strategic in the solutions they provide to the variety of clients they work with. **Our advisors are owners**, which means we can directly grow with West Michigan businesses and completely tailor our services to meet the unique needs of each client. All of us at Advantage Commercial Real Estate understand that to better serve the community, we must be able to make quick, calculated, and local decisions.

Our team of experienced advisors have a desire to see West Michigan continue growing. Our passion for commercial real estate and determination to help our clients achieve success stems from the constant market transformation around us. We are inspired by the pool of talented individuals that make our city great, the brand-new developments transforming the landscape of our community, and the diversity of businesses that choose to plant roots in West Michigan.





“We started Advantage Commercial Real Estate to be locally owned and operated. This strategic positioning allows us to serve our clients in the best way possible.”

JOHN KUIPER SIOR, CCIM  
Principal | CEO | Broker

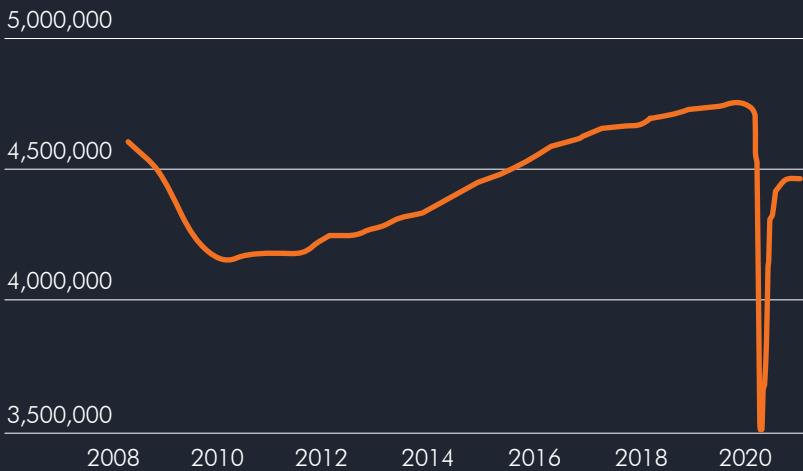
# MARKET UPDATE

**56%** of workers working remotely at least part of the time (Feb 2021)

**44%** of current at-home workers would prefer to stay at home once restrictions are lifted

Source: Gallup Poll

## STATE OF MICHIGAN EMPLOYMENT



Source: Bureau of Labor Statistics (BLS)

## WEIGHTED AVERAGE ASKING RATES

INDUSTRIAL	<b>\$4.96</b> PSF, NNN
OFFICE   CBD	<b>\$18.94</b> PSF, MODIFIED GROSS
OFFICE   SUBURBAN	<b>\$14.14</b> PSF, MODIFIED GROSS
RETAIL	<b>\$13.28</b> PSF, NNN

Source: Commercial Alliance of Realtors (CAR)

## NOTABLE TRANSACTIONS

1269 E Mt Garfield Rd, Norton Shores	Lease	49,250 SF	3/31/21	Industrial
3236 Wilson Ave NW, Unit B, Walker	Sublease	74,300 SF	1/12/21	Industrial
3583 28th St SE, Grand Rapids	Lease	1,800 SF	1/15/21	Retail
470 & 475 Market Ave SW, Grand Rapids	Sale	220,000 SF	12/23/20	Redevelopment
4329 Eastern Ave SE, Kentwood	Sale	37,140 SF	2/23/21	Industrial
330 E Beltline Ave NE, Grand Rapids	Sale	7.65 Acres	2/1/21	Land

Much like the recent blockage of the Suez Canal, **the COVID-19 pandemic disrupted the smooth employment momentum built since 2010.** Many companies had to recalibrate business practices, with employees either working remotely, being laid off, or let go all together. However, as government assistance continues to help sustain the economy, employment numbers aren't necessarily reflecting this. After hitting a peak of 23.6% in April of 2020, unemployment in the area has dropped steadily down to 5.2% in February 2021, according to the Bureau of Labor Statistics; yet this does not paint the whole picture. In January, approximately 130,000 fewer people were classified as unemployed in Michigan than in December, yet only roughly 10,000 people gained employment. This is because many people have stopped looking for a job and are no longer counted as unemployed. Although the labor force participation rate has rebounded since last April, it is still 1.6% lower than it was just two years ago. Much of this can be attributed to assistance given to those unemployed, allowing them to maintain a prolonged hiatus, as well as continued fear of contracting the virus at work.

#### INDUSTRIAL

The pandemic has even further accelerated an already flourishing e-commerce industry, with nearly 35% of industrial leasing activity in 2020 being directly related to it. The need for quick and efficient distribution of goods has resulted in robust demand for warehousing space. Additionally, supply chain safeguards such as re-shoring of manufacturing and the desire to build and store safety stock of product has kept industrial vacancy rates at historic lows. **In West Michigan, vacancy rates are currently hovering around 3%.** Nationally, square footage demand for big box warehouse (200,000+ sf) grew by 24.75% in 2020. Due to these growth factors, workers are in high demand; yet employment growth continues a muted gradual recovery. Because of this, automation implementation has been accelerated as companies utilize relatively cheap and easy access to funds for capital expenditures (CapEx). In fact, according to Melius Research, a survey of industrial firms predicted on average a 20% increase in CapEx in 2021. We are generally seeing physical expansion in the way of renovations and additions; however, new construction will likely begin to rebound this year as well. Steel prices are at their highest levels in over a decade, yet experts say this is often a harbinger of an economic recovery to come.

#### EMPLOYMENT GROWTH BEING OBSTRUCTED



Jobs lost and fear of going to work, and federal assistance given as relief, has created an obstruction in employment growth seen over the past decade.

#### OFFICE

As employees choose to either continue working from home, or not work at all, we are seeing hesitation to sign long term leases or to expand, specifically in the office market. In West Michigan, the number of office leases signed dropped 24% year-over-year, according to the Commercial Alliance of Realtors. Total market activity across all property types declined by 11%. As some workers eventually start returning to their offices, we **expect to see employee density per square foot decrease**, and a slight reversal of the collaborative work environment trend that has characterized the office space market over the past five years.

#### RETAIL

Retailers, specifically food concepts, continue to face the reality of adjusting to the delivery and take-out model relative to dine-in, however we have seen many weather the storm better than expected. One trend we have seen is landlords offering more free rent as an incentive, instead of tenant improvement allowance, in order to preserve cash. **Activity in the West Michigan retail market has stayed consistent**, with actually a 1.9% uptick in leases signed, and we have seen few permanent closures. As adjustments are solidified, we expect the retail market in West Michigan to maintain a steady course.

# OUR TEAM





We have the best, brightest, and most experienced commercial real estate advisors in West Michigan that specialize in industrial, office, retail, investment, land, and multifamily sectors. Our in-house marketing and research professionals provide a wide range of services to fit the unique needs of our clients. Through our depth of expertise and skillset, we are able to serve local and national clients, pouring creativity and strategy into any situation. Our advisors deliver 100% client-centric commercial real estate services through collaborating with each other, to ensure the best possible outcome. We look forward to the opportunity to work with you and your business.

Pictured from left to right: Tim Van Noord, Cheryl Lindgren, Mike Murray, Michael Visser, Lane Wells, Natalie Burns, John Kuiper, David Rapp, Mark Ansara, Gary Albrecht, Steve Marcusse, Trent Wieringa, Callie Simon, and Duke Suwyn. Not pictured, Paula Nichols and Jeff Hainer.







# THANK YOU

We are grateful for the outpouring of support from our clients, area businesses, and the variety of vendors we get the privilege of working with. Our advisors and staff cherish the relationships we have established within the community. We want to thank you for your business and the trust you have placed in us as we help you navigate your real estate goals.

Our team at Advantage Commercial Real Estate is ready and willing to provide our unique expertise, regardless of your situation. With our wide range of specialties and skillsets, we will customize our services in any way necessary to help your business succeed.

*#OurTeam-YourAdvantage*



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