



# MARKET TRENDS REPORT

2025 FIRST QUARTER





# VANTAGE POINT

## DOWNTOWN GRAND RAPIDS: GROWTH & OPPORTUNITY

Downtown Grand Rapids has experienced a slowdown since the pandemic, with activity declining and development efforts stalling or disappearing altogether. However, the new wave of projects is set to re-energize Downtown Grand Rapids and the surrounding area. The Acrisure Amphitheater with a mixed-use residential tower, Amway Soccer Stadium, former Charley's Crab site, and Restore the Rapids initiative all represent well over \$1 billion in investment. These projects are expected to generate growth, drawing renewed interest in these areas from businesses, developers, and investors, signaling a shift in momentum, positioning Grand Rapids for long-term growth and making it a more attractive destination for both commercial and residential activity.

A key driver of long-term revitalization is renewing focus on downtown's appeal as a business hub. While demand for office space has remained steady, many companies have hesitated to relocate due to outdated buildings and infrastructure. However, as downtown becomes a more dynamic environment with new entertainment venues and public attractions, developers have a stronger incentive to

modernize aging office spaces. Employers are increasingly considering employees' preferences, recognizing that many young professionals want to work in vibrant areas close to where they live and spend their free time. This shift in workplace expectations could lead to a surge in investment in modern office spaces, further strengthening downtown's office growth.

While the direct benefits of these developments on the industrial market may be limited, the broader economic impact will likely create new opportunities. As downtown grows, developers may seek to repurpose industrial properties on the outskirts into mixed-use or residential spaces, following a trend already visible in areas like Godfrey Avenue and 470 Market. These transformations highlight a broader shift in Grand Rapids, where underutilized industrial assets are converted into thriving corridors that contribute to the city's expanding urban core.

The retail sector's response to these developments remains uncertain, at least in the short term. However, once the





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With new entertainment venues on the horizon, downtown Grand Rapids can once again become a sought-after location for businesses.

Developers who are willing to modernize existing spaces stand to benefit as companies look to establish a presence both in the CBD and West Side.

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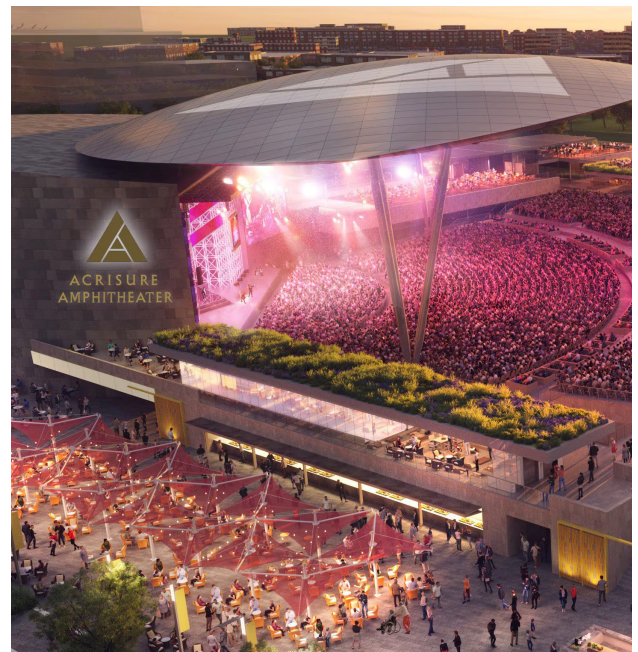
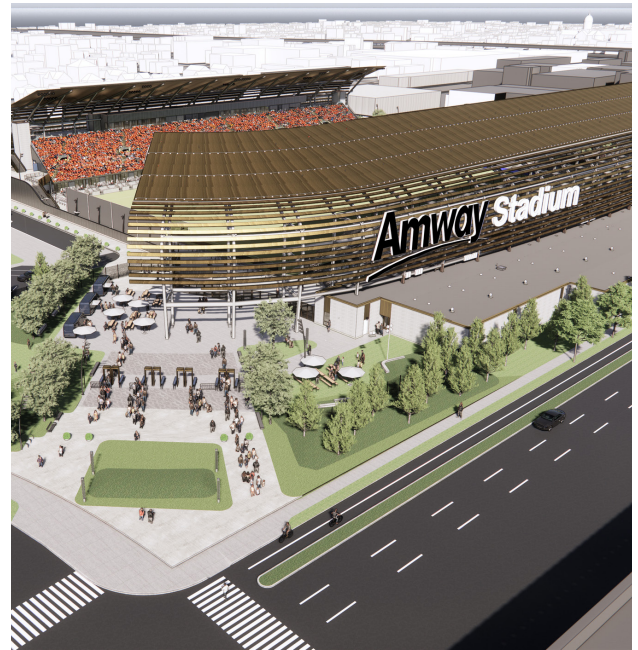
Gary Albrecht, Advantage Commercial Real Estate

amphitheater and soccer stadium are operational, downtown will experience an increase in foot traffic, benefiting restaurants, bars, and entertainment-oriented retail. New developments could further enhance the retail experience. While national retailers may be slow to invest immediately, locally owned businesses and independent operators could capitalize on the new energy downtown, particularly in growing areas like Bridge Street and the northwest side.

One of the most visible impacts of these large-scale projects will be in the investment and land sectors. After years of economic uncertainty that led many developers and investors to hesitate, confidence in downtown projects is returning. The demand for housing remains a pressing issue, and with Grand Rapids' growing population, the need for additional residential units continues to rise. Older buildings may be repurposed into modern housing, and developers will need to explore innovative approaches to meet the increasing demand. Previously overlooked properties may finally see long-awaited transformations, reshaping the city's skyline and contributing to a more vibrant downtown core.

Public parking and transportation will also play a crucial role in maximizing the potential of these developments. More street and ramp parking, improved connectivity, including better pedestrian access, bike lanes, and enhanced public transit, will be essential in ensuring that the influx of visitors and residents can easily navigate the city. These considerations will be critical in making downtown more accessible and appealing to a broader audience.

Ultimately, the question is no longer whether downtown Grand Rapids will grow, but rather how quickly and effectively it will evolve. The major developments set to open in 2026 and 2027 will redefine the city's landscape, making it a more attractive destination for businesses, residents, and visitors. And while challenges remain, the momentum is undeniable. As investments continue and the city adapts to its changing economic landscape, Grand Rapids is positioned to enter a new era of growth that will shape its future for years to come.



### Grand Rapids Projects

Opposite page: Photo from Downtown Grand Rapids Inc.

### Acrisure Amphitheater

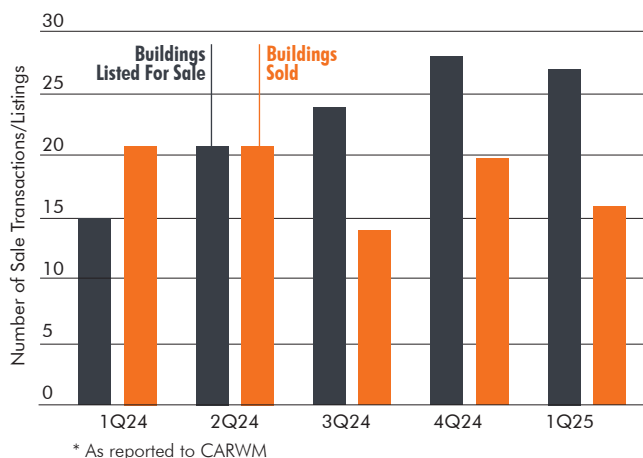
Photo from Progressive Companies

### Amway Stadium

Photo from Progressive Companies

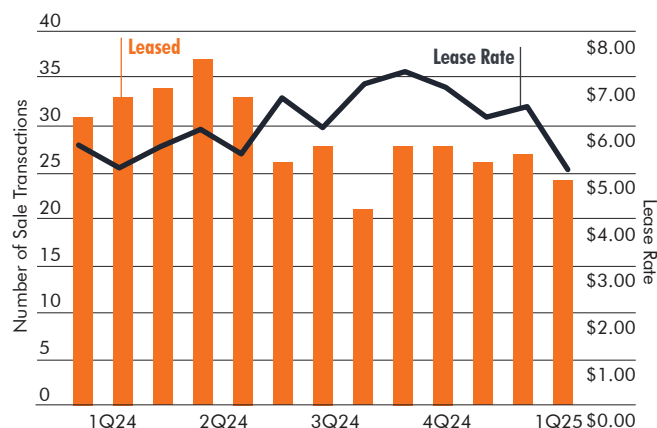
## Industrial Listings and Sales

Source: Commercial Alliance of Realtors  
West Michigan (CARWM)



## Kent County Lease Transactions vs. Lease Rates

Source: Commercial Alliance of Realtors  
West Michigan (CARWM)



# INDUSTRIAL MARKET



**Q1 Weighted Avg  
Asking Rate/SF**

**Vacancy Rate  
West Michigan**

The West Michigan industrial market remained stable at the start of 2025, with a slight shift favoring tenants and buyers as available supply increased. Following the election, many businesses that had paused major decisions moved forward with confidence in the first two months of the new year. Buildings that had been vacant in key industrial corridors such as the airport area began drawing interest from users, with many of these properties now under contract. Areas like Hudsonville, Jenison, and Grandville experienced increased interest due to population growth and favorable development conditions; however, securing land for industrial users of all sizes remains challenging. Sites with appropriate zoning, suitable topography, and adequate utility access continue to be limited. While users are considering build-to-suit options, many are waiting for optimal timing, an ideal site, or suitable existing buildings to come to market before proceeding. Optimism tempered at the end of the quarter amid growing uncertainty in the global economic landscape and a fragile interest rate environment.

### Impacts of Tariffs

As we move into the second quarter, industrial users, especially in the upper Midwest, are navigating the uncertainties alongside the opportunities that the tariffs are creating for Michigan's manufacturing base. Many industrial users are reevaluating their supply chains and customer bases in preparation for potential disruptions, in some cases causing real estate decisions to be either put on hold or accelerated. While the intended goal of tariffs is to bolster domestic production, the immediate effect is likely rising costs for

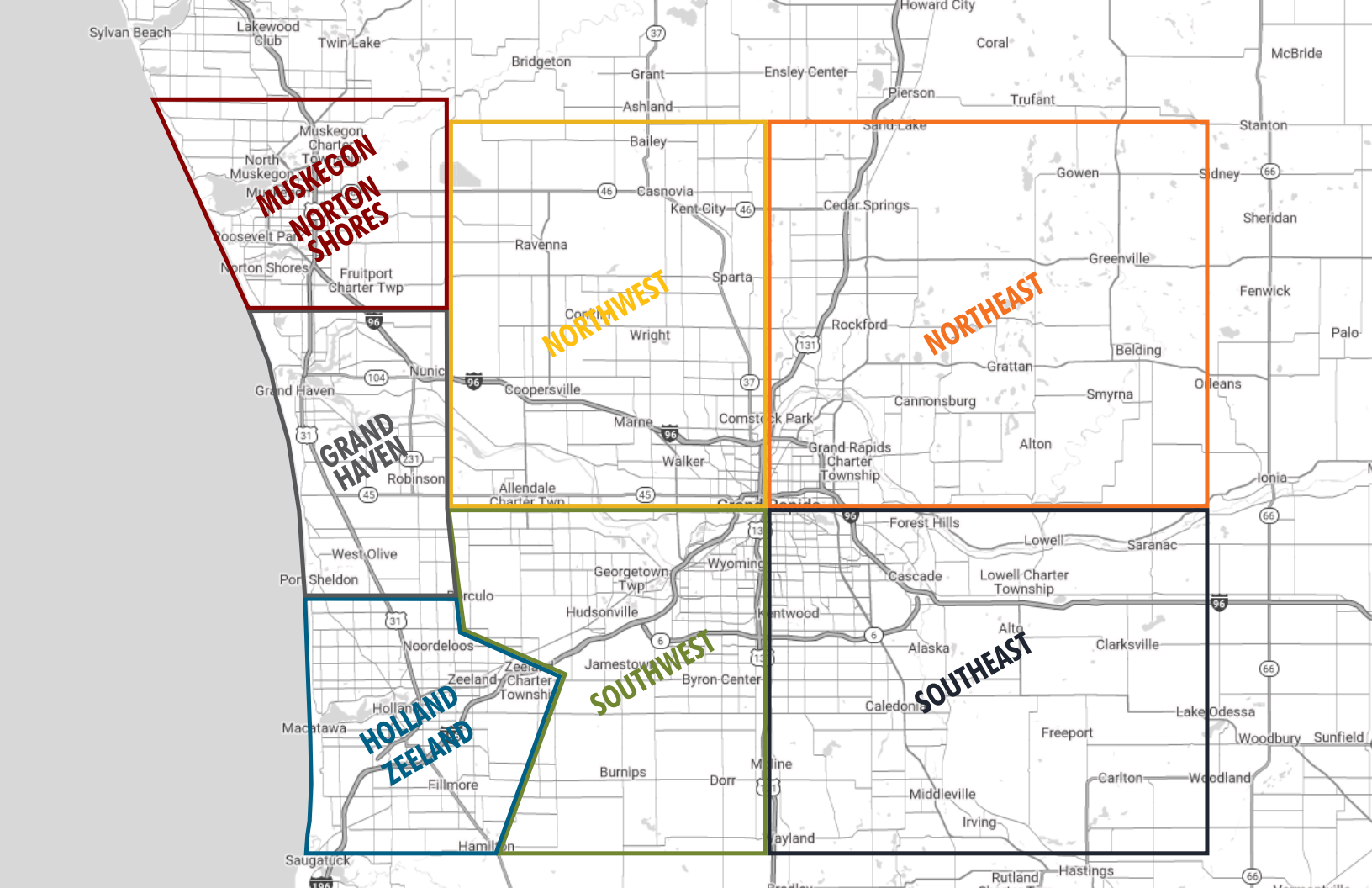
materials like steel and aluminum, costs that ripple through manufacturing and industrial development. These foreseen cost increases will put pressure on manufacturers and will make the construction of additional industrial buildings more challenging. Despite these headwinds, businesses are settling into the reality that costs aren't coming down in the foreseeable future unless demand dwindles significantly, or interest rates see a meaningful decrease. These higher costs are often reflected in the asking rates and sale prices for industrial spaces, however we expect them to remain stable for the time being as the market absorbs the impact of these tariffs.

### Small-Bay Supply Shift

There was a spike in small industrial buildings and space for sale or lease this quarter, reflecting a larger nationwide trend. Many small industrial buildings are owned by local businesses and investors who are now capitalizing on the recent appreciation, while also avoiding the risks associated with the current economic uncertainty. With higher interest rates becoming normalized, some small businesses are opting to sell rather than absorb the rising costs associated with owning and financing their buildings. We expect this trend to continue in the near to mid future as loans mature that were originated 5-10 years ago in a much lower interest rate environment.

Industrial fundamentals remain strong in West Michigan, driven by low vacancies, stable rent growth and limited speculative construction deliveries in coming quarters.





## INDUSTRIAL STATS BY SUBMARKET

5,000 SF and above

	Inventory	Quarterly total net absorption	YTD total net absorption	Total Vacancy	Total Availability	Weighted Avg Asking rent
Northeast	17,120,128	(128,923)	116,822	2.57%	2.57%	\$5.09/SF
Northwest	32,592,068	(101,528)	332,829	2.30%	2.72%	\$5.26/SF
Southeast	67,958,662	288,227	691,280	2.14%	2.79%	\$6.35/SF
Southwest	49,248,746	(198,835)	121,588	1.77%	2.21%	\$6.05/SF
<b>Grand Rapids Total</b>	<b>166,919,604</b>	<b>(141,059)</b>	<b>1,262,519</b>	<b>2.11%</b>	<b>2.58%</b>	<b>\$5.92/SF</b>
Muskegon/ Norton Shore	20,510,833	(894)	(38,371)	1.44%	1.44%	\$4.35/SF
Grand Haven	12,549,612	(49,372)	55,413	2.36%	2.21%	\$4.30/SF
Holland/Zeeland	43,612,381	(106,205)	100,262	3.34%	3.92%	\$6.50/SF
<b>Lakeshore Total</b>	<b>76,672,826</b>	<b>(156,471)</b>	<b>117,304</b>	<b>2.67%</b>	<b>2.98%</b>	<b>\$5.56/SF</b>
<b>West Michigan Total</b>	<b>243,592,430</b>	<b>(297,530)</b>	<b>1,379,823</b>	<b>2.28%</b>	<b>2.71%</b>	<b>\$5.81/SF</b>

## INDUSTRIAL FEATURED PROPERTIES



### 5725 52nd St SE, Grand Rapids

For Lease | Up to 110,000 SF | \$6.95/SF | NNN



### 5145 Beltway Dr SE, Caledonia

For Sublease | 69,360 SF | \$8.25/SF | NNN



### 5500 Broadmoor Ave SE, Kentwood

For Lease | Up to 40,000 SF | \$8.95/SF | NNN



### 4748 East Paris Ave SE, Grand Rapids

For Sale | 14,880 SF | 2.92 Acres | \$2,250,000

## INDUSTRIAL NOTABLE TRANSACTIONS



### 746 & 760 36th St SE, Wyoming

Sold | 20,000 SF | 0.87 Acres



### 2973 Dormax St SW, Grandville

Sold | 44,640 SF | 4.63 Acres



### 2240 29th St SE, Grand Rapids

Sold | 26,160 SF | 2.91 Acres



### 1120 36th St SE, Grand Rapids

Leased | 82,200 SF | NNN



# OFFICE MARKET

## Misunderstanding Downtown Demand

The perception that the downtown Grand Rapids' office market is declining is misleading. While high vacancy rates in the CBD are a reality, they aren't due to businesses abandoning downtown, they are a result of outdated, unappealing spaces and buildings. Office users are focused on quality, looking for space that is attractive to their employees and impresses their clients. The spaces in demand include modern aesthetics, an open layout, natural light, and amenities. Many of the office buildings in downtown Grand Rapids no longer meet these expectations.

Companies are eager to be a part of downtown, especially with the Acrisure Amphitheater and Amway Soccer Stadium expected to open in 2026 and 2027. Office users, however, are unwilling to pay premium rents for spaces that haven't been updated. This should be a wake-up call for landlords. The ones securing deals are being flexible, offering healthy tenant improvement packages and in some circumstances free rent to off-set existing lease obligations. Although this is an advantage for a tenant, a handful of incentives won't fix long-term issues in the CBD. Downtown Grand Rapids needs visionary developers who are ready to transform these tired office towers into something dynamic, making them into desirable workplaces. Many of the buildings facing office vacancy have outdated lobbies, poor natural light, a lack of open concept workspace, creating an environment no one wants to work in. Downtown Grand Rapids Inc., recently reported a 9% increase of employees and a 44% increase of residents in the downtown area since February 2024. The companies that continue to bring more people back to the office, are searching for quality space and high end finishes to help soften potential push back.

## Office Growth Outside Downtown

The northwest side of Grand Rapids continues to attract interest due to its proximity to downtown and convenient highway access. Office buildings in this area offer ample free on-site parking and open-concept spaces that can be customized to fit a business's needs.

Suburban office space is also in high demand, especially among companies looking to buy rather than lease. Locations near Cascade Road and East Paris Avenue are particularly popular with very few options available. This limited inventory is forcing some businesses to stay in their current space, and while new construction is an option, high costs make buying and renovating more appealing. As demand continues to grow, creative solutions will be essential to navigate the lack of inventory of quality office space.

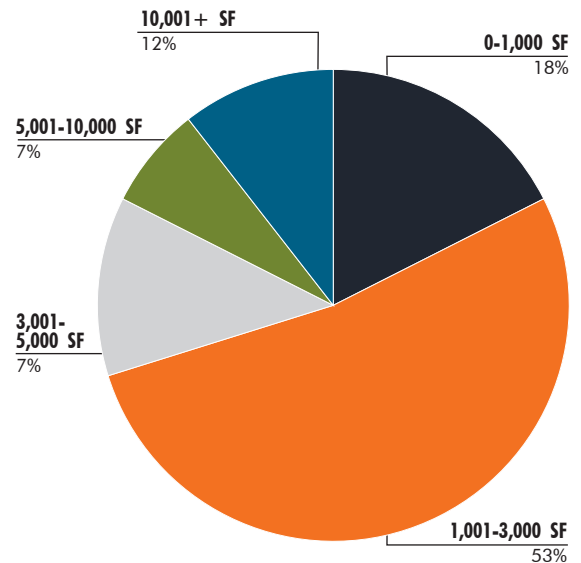
Grand Rapids' office market is at a turning point. To stay competitive, landlords must rethink and invest in their spaces, creating dynamic, high-quality environments that meet evolving tenant and employee expectations. Without this shift, our local market risks falling behind other Midwest regions.



Weighted Average  
Lease Rates/SF  
Modified Gross

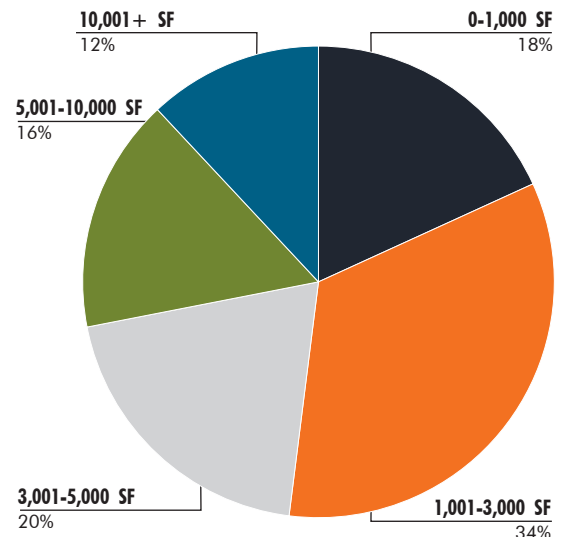
## Kent County Office Transactions by Size

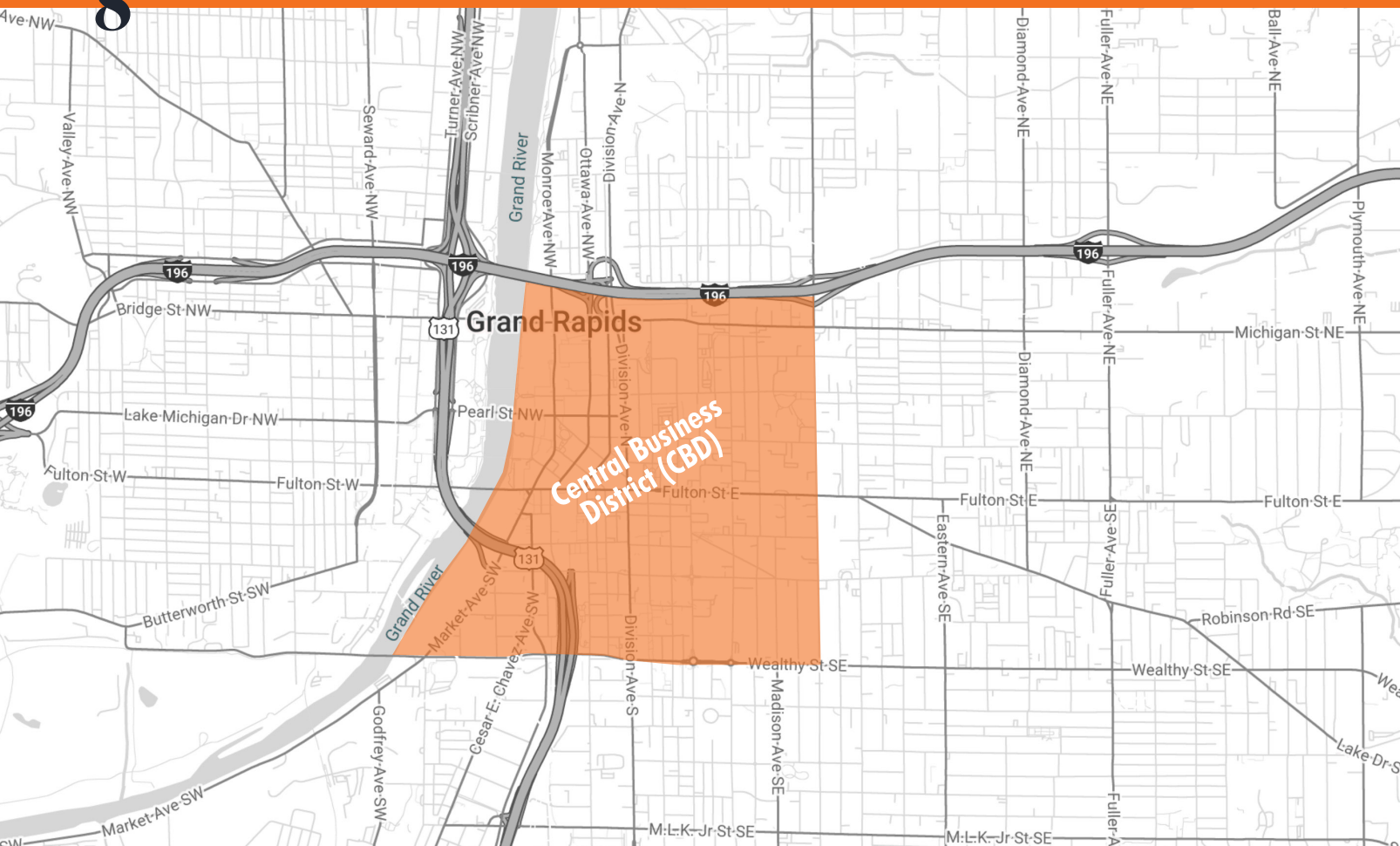
Source: Commercial Alliance of Realtors  
West Michigan (CARWM)



## Kent County Office Listings by Size

Source: Commercial Alliance of Realtors  
West Michigan (CARWM)





## OFFICE STATS BY SUBMARKET

	Central Business District (CBD)	Suburban
Total Inventory (Buildings)	141	1,791
Total Inventory (SF)	7,682,166 SF	28,038,686 SF
Current Weighted Average Asking Lease Rate (Mod Gross)	\$22.18/SF	\$18.09/SF
Weighted Average Listing Sale Price	\$144.25/SF	\$145.20/SF
Available SF for Lease	556,719 SF	1,878,941 SF
Available SF For Sale	332,842 SF	635,829 SF
Available SF for Sublease	44,659 SF	245,561 SF
Available Class A Space	1,065,171 SF	709,803 SF

**Q1 2025 LEASED TRANSACTIONS**

8 Transactions | 42,721 SF

36 Transactions | 82,874 SF

**Q1 2025 SOLD TRANSACTIONS**

0 Transactions | 0 SF

10 Transactions | 90,994 SF



## OFFICE FEATURED PROPERTIES



### **4595 Broadmoor Ave SE, Kentwood**

For Lease | Multiple Suites | Up to 10,121 SF | NNN



### **721 3 Mile Rd NW, Grand Rapids**

For Lease | 2,681 SF | NNN



### **5303 28th Street Court SE, Grand Rapids**

For Lease | 16,128 SF & 9,761 SF | | \$25.95/SF | Gross



### **4450 Cascade Rd SE, Grand Rapids**

For Sale | 13,600 SF Building | \$2,595,000

## OFFICE NOTABLE TRANSACTIONS



### **1575 Arboretum Dr SE, Grand Rapids**

Sold | 29,450 SF | 0.68 Acres



### **120 Ottawa Ave NW, Grand Rapids**

Leased | 5,789 SF | Modified Gross



### **4595 Broadmoor Ave SE, Kentwood**

Leased | 4,615 SF | NNN



### **3333 Deposit Drive NE, Grand Rapids**

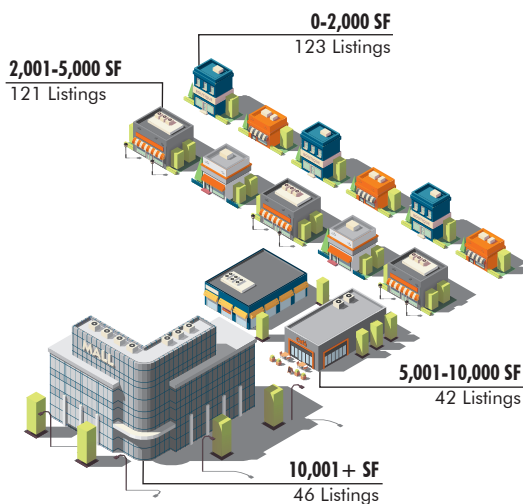
Leases | Multiple Suites | 2,044 SF & 3,092 SF

**\$16.33**  
NNN

Weighted Average  
Lease Rate/SF  
Kent County

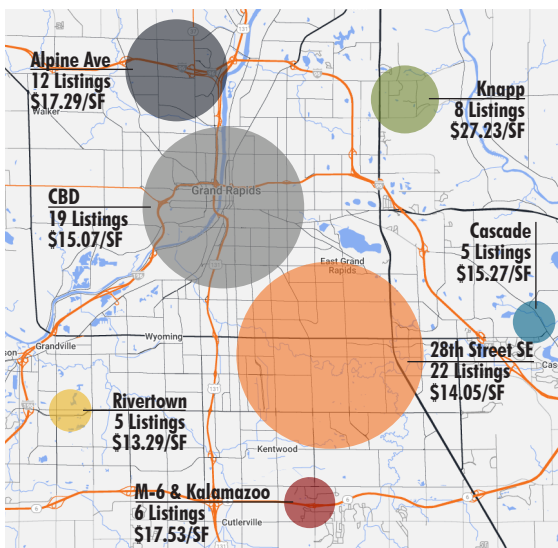
### Kent County Retail Listings by Size

Source: Commercial Alliance of Realtors  
West Michigan (CARWM)



### Retail Listings by Corridor with Weighted Average Lease Rates

Source: Commercial Alliance of Realtors  
West Michigan (CARWM)



# RETAIL MARKET

## Retail Closures and a Changing Landscape

Over the past quarter, national retailers have continued to close locations, with some exiting entirely and others scaling back to cut costs. Big Lots, Joann Fabrics, Party City, Office Max, JCPenney, Walgreens, CVS, and more are among those pulling back. Some closures stem from financial struggles, while others reflect a deeper issue of brands losing sight of consumer demands.

Despite what many assume, e-commerce isn't solely to blame. Online shopping has been a factor for over a decade, but the real issue is that consumer expectations have changed. Many big-box retailers failed to evolve, stretching themselves thin or straying too far from what originally made them successful. As a result, under performing stores are being cut, leaving vacancies in key shopping centers across West Michigan.

These closures are creating new opportunities across the retail market. For the first time in over a decade, big-box spaces between 30,000-50,000 SF are opening up, attracting national retailers that previously couldn't enter the market, due to lack of availability. This influx of space has expanded the tenant pool significantly, leading to increased competition and faster deal-making. Additionally, West Michigan remains a seller's market, and when quality space becomes available, it moves quickly, often regardless of price.

Recently, there has been a wave of local restaurant closures. Longstanding businesses like Rockwell Republic, Fat Boy, Beacon Corner Bar, and Creston Brewing have shut their doors, highlighting the ongoing struggles in the industry. Rising food and labor costs and new wage laws have all played a role. While restaurant turnover is nothing new, the loss of decade-old establishments rather than newer concepts signals growing pressures on operators.

## High Demand, Limited Availability, and Shifting Strategies

For national retailers not interested in waiting, many are shifting their focus to other communities within West Michigan. Hudsonville, Jenison, Allendale, and Standale were once overlooked, but are now drawing interest due to population growth, and ongoing residential development. With new homes being built and consumer bases expanding, retailers are recognizing the long-term potential of these areas.

Quick-service restaurants (QSRs) are continuing to expand throughout the local market, with sales growth reflected in the card transaction counts. With consumers prioritizing convenience, QSR brands are aggressively seeking locations in West Michigan. Many are struggling to find available sites, reinforcing the challenge of securing retail space in a market where demand remains high.

While West Michigan's retail market faces challenges, it also presents unique opportunities. Those who can capitalize on the changing landscape will find success in securing space in the corridors in high demand.



## RETAIL FEATURED PROPERTIES



### Green Orchard Shopping Center

For Lease | Multiple Suites | Up to 40,486 SF | NNN



### 35 Division Ave S, Grand Rapids

For Lease | 2,400 SF | \$17.00/SF | NNN



### 3470 Plainfield Ave NE, Grand Rapids

For Lease | 29,850 SF | NNN



### 1720 E Sherman Blvd, Muskegon

For Lease | 35,761 SF | NNN

## RETAIL NOTABLE TRANSACTIONS



### Holland Town Center

Leased | 3 Suites | 1,091 SF - 5,875 SF



### 3345 28th St SE, Kentwood

Sold | 9,348 SF



### 2121 Celebration Dr NE, Grand Rapids

Leased | 1,500 SF



### 12 S Main St, Rockford

Leased | Hotel Rose | 7,495 SF

# INVESTMENT MARKET

2.4%  
MARCH

C.P.I. Inflation  
Year-over-year

Investor sentiment was cautiously optimistic to start the year, but has decreased slightly as uncertainty in the market continues. Many expected interest rates to drop after the election, but the Federal Reserve has been slow to make cuts. Inflation remains above the 2% target, unemployment is historically low, and bond yields are high, all signs that the Fed is waiting for economic activity to slow before lowering rates. Until then, investors are adjusting to higher borrowing costs. Despite these challenges, well-leased properties with strong tenants continue to attract interest, as they still offer a strong return.

## Industrial Investment Preferences

Industrial properties remain the most popular investment, though transactions have been smaller than in previous quarters. Investors are paying closer attention to buildings with upcoming lease expirations, seeing them as an opportunity to raise rents to market levels. Many now prefer buildings with short term leases, as those allow for quicker rent increases. While long-term leases were once a sign of stability, they are now a drawback in a market where inflation could drive rents even higher.

## Seller's Market

One reason for slower deal activity is the lack of urgency among property owners. Many landlords have loans with low

interest rates that don't expire for another 6 to 24 months, so they see no reason to sell at a discount. Buyers looking to transact in the current market will need to offer competitive prices to persuade owners to sell. The alternative is to wait on the sidelines for the market to shift, but desirable assets may be gone before that time comes.

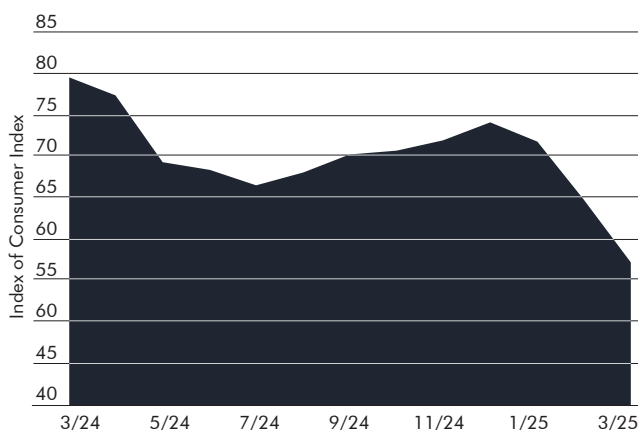
## Other Highlights

- Traditional investment activity took a backseat this quarter to necessity-based deals such as 1031 exchanges.
- Increased activity in single-tenant net lease properties was seen, primarily driven by retail expansion.
- Many assets listed on the market are considered mispriced, as yields are not aligning with market expectations.

The investment market is poised for steady growth in Q2 2025. Despite headwinds, West Michigan remains an attractive market due to its strong employment base, population growth, and robust economy. Investors can expect continued interest in industrial assets, cautious optimism in retail, and sustained pressure on office properties.

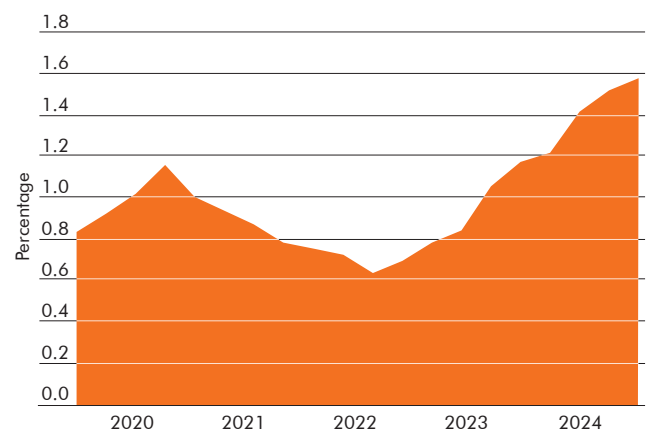
## Consumer Sentiment Index

Source: University of Michigan - Survey Research Center



## Delinquency Rate on Commercial Real Estate Loans

Source: Federal Reserve Economic Data (FRED)





## INVESTMENT FEATURED PROPERTIES



### Sterling Heights Industrial Portfolio

For Sale | 4 Buildings | 204,469 SF | Absolute Net Tenant



### 53 Commerce Ave SW, Grand Rapids

For Sale | 5,000 SF | \$1,300,000 | 8.65% Cap Rate



### 693 E Lakewood Blvd, Holland

For Sale | 8,150 SF | \$800,000 | 5.46% Cap Rate



### 2235 Dewey Avenue, Benton Harbor

For Sale | 43,640 SF | \$2,152,907 | 7.50% Cap Rate

## INVESTMENT NOTABLE TRANSACTIONS



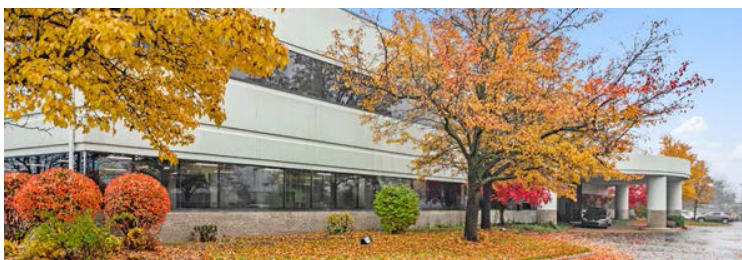
### 4317 Airwest Dr SE, Kentwood

Sold | 23,200 SF | Multi-tenant | 7.62% Cap Rate



### 465 Fuller Avenue NE, Grand Rapids

Sold | 4,500 SF | 3 Tenants | 7.30% Cap Rate



### 4120 Brockton Dr SE, Kentwood

Sold | 188,750 SF | 9.65 Acres | 6.77% Cap Rate



### 2640 Mullins Ct NW, Grand Rapids

Sold | 67,180 SF | 12.68 Acres | 7.20% Cap Rate

# LAND MARKET

**\$139.7**  
THOUSAND

Weighted Average  
Asking Price/Acre  
Kent County

## Opportunities and Challenges

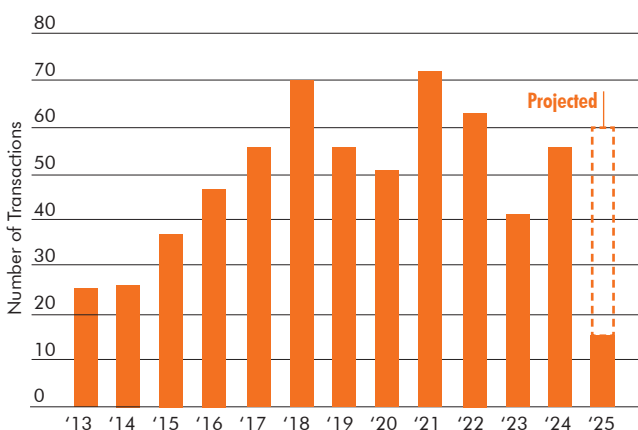
The demand for land in West Michigan continues to grow as developers and investors seek strategic opportunities. While there is limited available land in Grand Rapids, interest has expanded into areas such as Jenison, Allendale, and Hudsonville due to favorable zoning, utility access, and flat topography. Groups looking for land are seeking vacant parcels but also ways they could repurpose existing properties. Auto parts suppliers, pharmaceutical companies, and industrial users are leading the charge in acquiring obsolete sites for redevelopment throughout West Michigan.

Retail and industrial users remain focused on traditional corridors throughout West Michigan, while multifamily developers are increasingly drawn to suburban markets. Office development remains stagnant as renovation of existing buildings proves to be a more financially viable option than new construction.

The housing shortage is one of the most pressing concerns many share in West Michigan. With limited land and municipal restrictions, developers are acquiring large sites, sometimes with existing structures to meet zoning requirements. The rising cost of land further complicates the issue, making townhome and condominium complexes increasingly expensive to build.

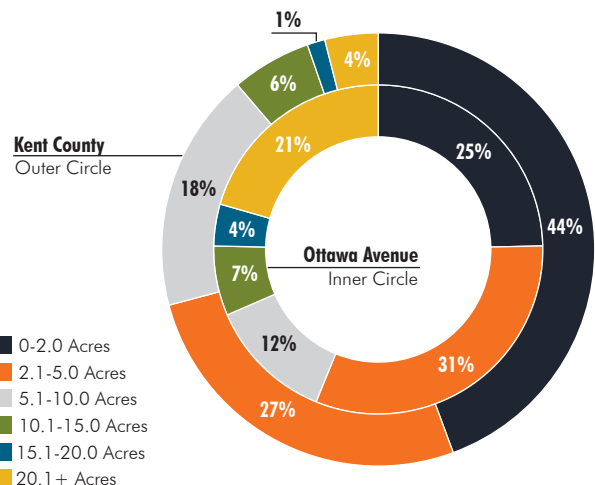
## Land Transactions by Year

Source: Commercial Alliance of Realtors  
West Michigan (CARWM)



## Land Listings by County

Source: Commercial Alliance of Realtors  
West Michigan (CARWM)



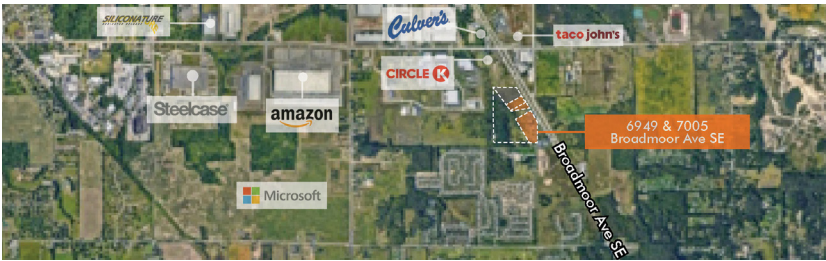
## Growth, Uncertainty, and Investment

Despite all the challenges, West Michigan's land market presents numerous opportunities for growth. The ongoing expansion of Lakeshore markets and the bridging of development gaps between Grand Rapids and surrounding areas signal an evolving landscape. The next 24 months are expected to bring renewed activity downtown, spurred by major projects such as the Acrisure Amphitheater, Amway Soccer Stadium, and the Restore the Rapids initiative, totaling over \$2 billion in investments. These initiatives will likely attract further interest from developers willing to get creative to get the land they need.

As market uncertainty remains, developers are carefully evaluating project feasibility amid interest rates and potential policy changes post-election. While pent-up demand exists, many are waiting for clearer economic signals before making substantial investments. Municipal approvals and regulatory hurdles remain barriers to progress, but the market sentiment is one of optimism. Investors and developers see West Michigan as a long term investment, and their enthusiasm for the region continues to generate activity and momentum. The key to sustaining this growth will be innovative solutions that address land scarcity, housing needs, and redevelopment challenges.



## LAND FEATURED PROPERTIES



### 6949 & 7005 Broadmoor Ave SE, Caledonia

For Sale | Multiple Parcels | Retail



### Range on Alpine

For Sale | Multiple Parcels | Retail



### 5160 60th St SE, Grand Rapids

For Sale | Multiple Parcels | 3.79 Acres



### 6697 Broadmoor Ave SE, Caledonia

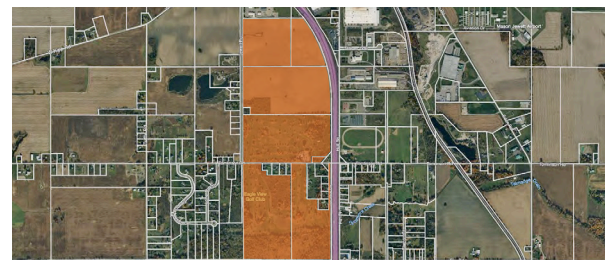
For Sale | 2.18 Acres

## LAND NOTABLE TRANSACTIONS



### 200 E Edgewood Blvd, Lansing

Sold | 3.13 Acres



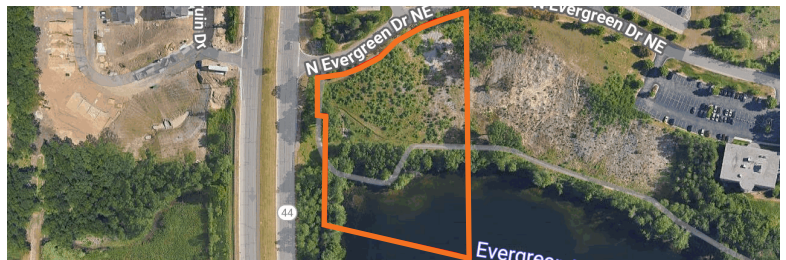
### Mason Land

Sold | 335.06 Acres



### Patterson Ave

Sold | 31.57 Acres



### 3220 N Evergreen Dr NE

Sold | 3.95 Acres





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