

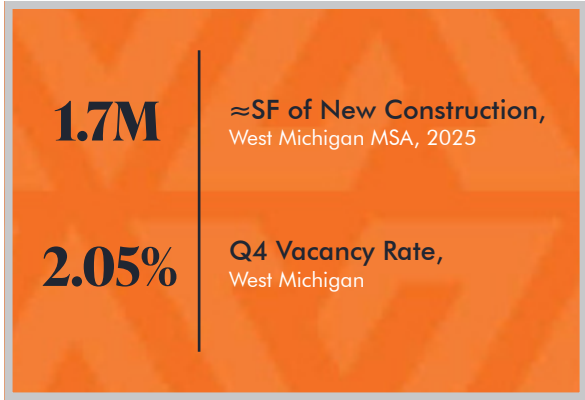


MARKET TRENDS REPORT

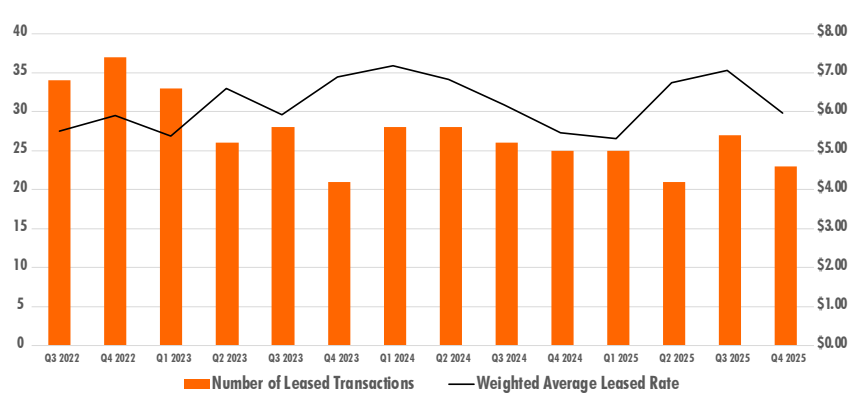
2025 FOURTH QUARTER



Industrial Market Highlights



KENT COUNTY LEASED TRANSACTIONS VS. LEASED RATES



Source: CARWM and Advantage Commercial Real Estate Research Department

Industrial
WEST MICHIGAN MARKET OVERVIEW

The West Michigan industrial market softened modestly during the final quarter of the year. Total availability increased by approximately 3.5 million square feet, bringing the total space on the market to roughly 10.5 million square feet, or about 4.20% of total inventory. Vacancy rose as well, moving from 1.81% to approximately 2.05%. These shifts reflect a slowdown in completed transactions and net absorption compared to earlier quarters, along with an uptick in space being returned to the market. Despite the softer metrics, underlying demand remained at a healthy level throughout the quarter. Both tenant and buyer activity increased compared to recent quarters, particularly from groups who remained inactive following the implementation of tariffs and ensuing volatility. Ongoing uncertainty continues to delay execution, resulting in fewer closed deals as users wait for greater clarity on rates, tariffs, and economic health.

POWER CONSTRAINTS

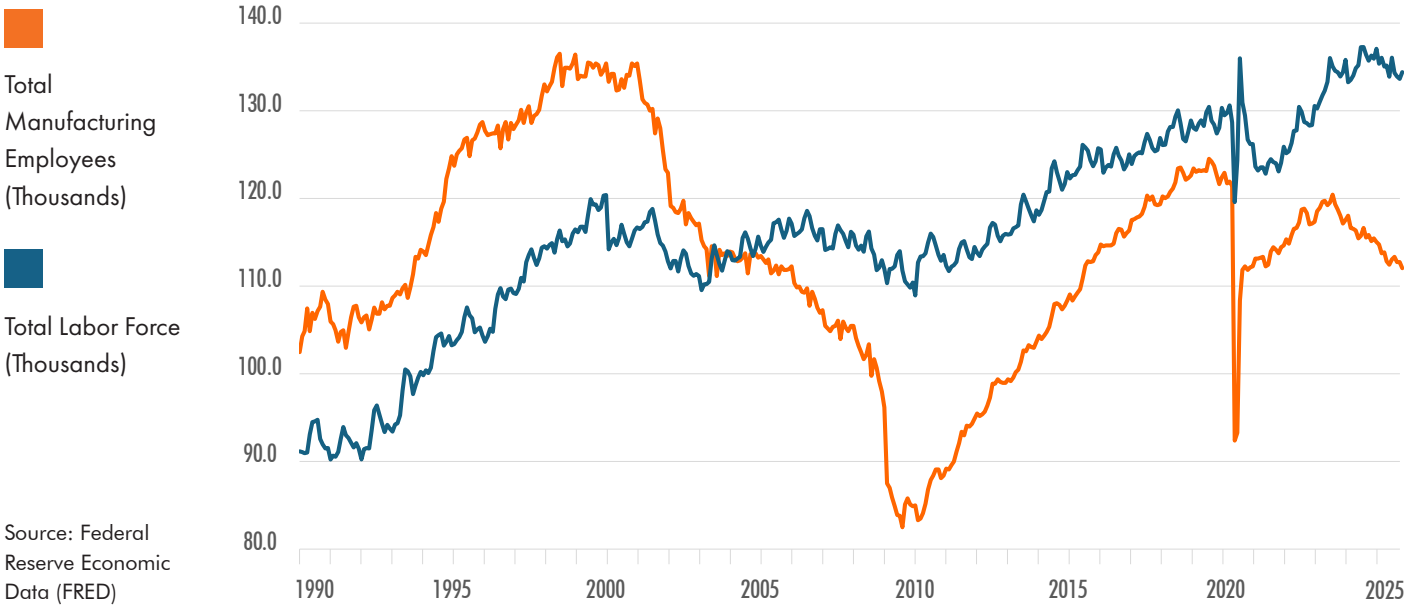
Looking ahead, power availability will play an increasingly critical role in the success of industrial expansions across the region. Rising power requirements, driven largely by data centers, advanced manufacturing, and large-scale developments, will put power at the forefront of real estate decisions. Market sentiment remains

generally positive regarding West Michigan’s ability to support increased demand, especially in comparison to competing markets. To date, the region has avoided major disruptions, and suppliers remain confident in their ability to deliver. That said, power access remains a concern significant enough that users and developers should be proactive. Industrial properties and developments sites with access to heavy power infrastructure will continue to command a premium as demand intensifies.

JOB LOSS

While West Michigan’s industrial fundamentals have been consistently strong, manufacturing employment has seen a meaningful decline. According to Federal Reserve Economic Data, manufacturing jobs in the Grand Rapids-Wyoming-Kentwood MSA have fallen roughly 7% from their most recent peak in mid-2023 through late-2025. This trend mirrors broader declines across Michigan and the Midwest. The losses appear to be driven by increased adoption of automation, process efficiency, and consolidation rather than a significant drop in manufacturing output. Industrial production levels remain comparatively healthy, with many vacant manufacturing spaces being back-filled by distribution and warehousing users.

MANUFACTURING EMPLOYEES VS. TOTAL LABOR FORCE IN THE GRAND RAPIDS MSA



Source: Federal Reserve Economic Data (FRED)

Overall, the increases in availability and vacancy observed this quarter remain within the range of healthy market fluctuations, leaving the region well positioned heading into 2026. Activity in the first half of the year is expected to mirror late-2025 conditions, with the poten-

tial for stronger momentum in the second half as uncertainty eases. While economic conditions will continue to shift, West Michigan’s fundamentals will keep it as a preferred location for both national and regional industrial users.

Industrial Statistics By Submarket

5,000 SF and larger, (as of December, 31 2025)	Current Total Inventory	Quarterly Total Net Absorption	YTD Total Net Absorption	Total Vacancy	Total Availability	Weighted Avg Asking Rent
Northeast	17,514,643 SF	(120,254) SF	(241,160) SF	2.66%	5.01%	\$6.83
Northwest	33,884,475 SF	(8,384) SF	208,446 SF	1.14%	4.30%	\$6.51
Southeast	68,870,540 SF	(86,887) SF	776,981 SF	1.21%	3.07%	\$6.71
Southwest	51,047,374 SF	(427,615) SF	(1,001,252) SF	3.52%	5.66%	\$6.45
Grand Rapids Total	171,317,032 SF	(643,140) SF	(256,985) SF	2.03%	4.28%	\$6.59
Muskegon/Norton Shore	20,918,582 SF	(176,686) SF	(179,986) SF	2.70%	5.73%	\$5.53
Grand Haven	12,813,899 SF	8,060 SF	(133,925) SF	1.62%	2.11%	\$5.16
Holland/Zeland	46,077,294 SF	58,129 SF	478,537 SF	1.94%	3.58%	\$6.62
Lakeshore Total	79,809,775 SF	(110,497) SF	164,626 SF	2.09%	3.91%	\$6.20
West Michigan Total	251,126,807 SF	(753,637) SF	(92,359) SF	2.05%	4.16%	\$6.48

Source: CARWM and Advantage Commercial Real Estate Research Department

Industrial Featured Deals



1218 E Pontaluna Rd, Muskegon
Leased | 43,750 SF



4890 Kendrick St SE, Grand Rapids
Leased | 39,750 SF



2751 Elmridge Dr NW, Grand Rapids
Leased | 15,434 SF



3100 Ken O Sha Ct, Wyoming
Sold | 15,120 SF | 1.03 Acres



14130 172nd Ave, Grand Haven
Sold | 111,308 SF | 9.10 Acres



4525 50th St SE, Grand Rapids
Sold | 21,728 | 5.1 Acres

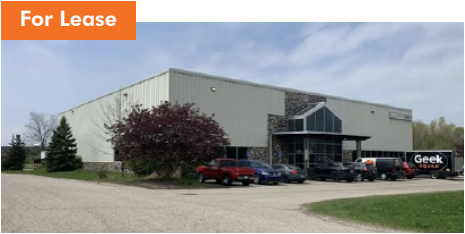
Industrial Featured Listings



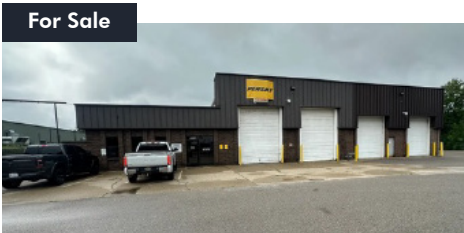
7141 Rapids Dr SE, Caledonia
Up to 300,375 SF | \$6.95/SF NNN



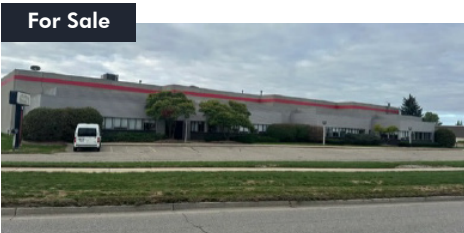
1120 36th St SE, Wyoming
26,111 SF | \$6.95/SF NNN



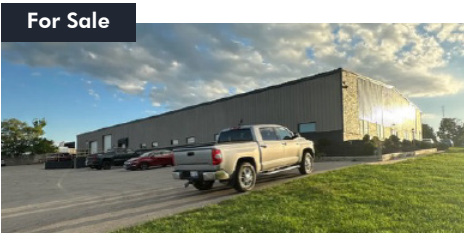
3851 Model Ct SE, Kentwood
Up to 25,817 SF | \$7.75/SF NNN



5260 36th St SE, Grand Rapids
10,976 SF | 2.14 Acres | \$2.3 M



2196 Port Sheldon St, Jenison
19,777 SF | 1.52 Acres | \$1.99 M



3239 3 Mile Rd NW, Grand Rapids
14,400 SF | 1.10 Acres | \$1.93 M

Office

WEST MICHIGAN MARKET OVERVIEW

This year’s narrative was heavily influenced by news of artificial intelligence (“AI”) and how it will change employment and real estate dynamics both nationally and locally. The start of the quarter saw major employer Acrisure announce roughly 400 layoffs, with 200 of those being in West Michigan. Citing advancements in automation within their accounting divisions, the firm’s reduction in headcount has led many to wonder if this signals a wave of white-collar layoffs that will hit the office market particularly hard. Despite this notable headline, the broader market has remained insulated to larger scale AI-caused changes and has experienced a steady post-Labor Day surge as businesses moved to finalize deals before year-end.

LEASING DYNAMICS

This quarter saw the completion of 44 on-market sales and leases, primarily driven by companies searching for space in the 1,000–4,000 SF range. This segment showed a newfound urgency to secure space, with many deals closing in weeks; a sharp contrast to the multi-month negotiations that are typically seen. Market activity from larger occupiers (8,000+ SF) has also begun to increase overall, as they search for quality space with a wide variety of uses, signaling continued market-wide positive momentum that hasn’t been felt in recent years. While this momentum has been primarily evident in suburban sub-markets, the downtown market has continued to see an increase in overall inquiries and touring activity, a trend expected to continue in 2026 as more com-

panies evaluate the downtown area as a competitive option when assessing the local market.

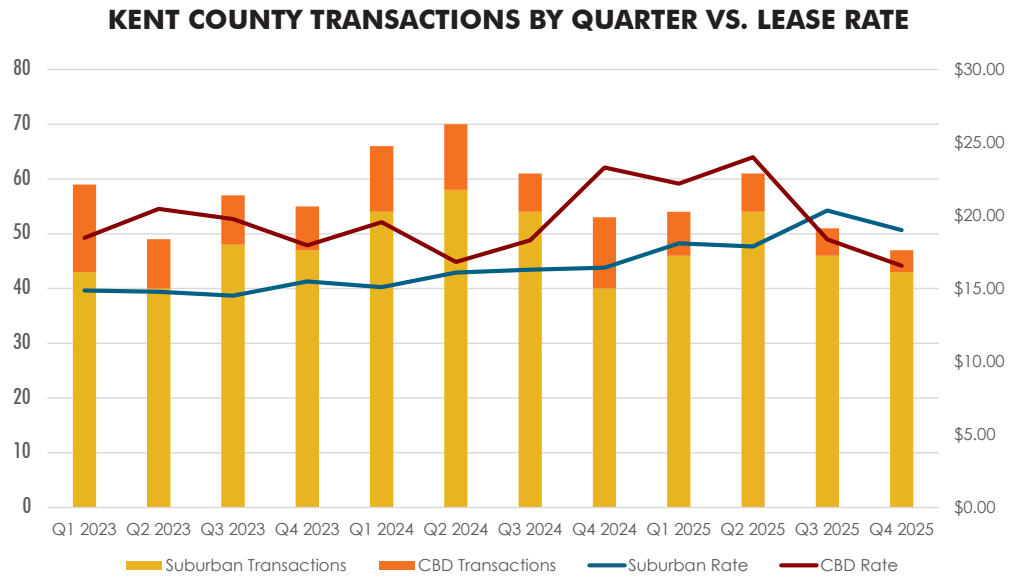
A key differentiator this quarter was landlord strategy. Multiple outdated sites have successfully attracted tenants by aggressively reinvesting in their properties. These landlords utilized proactive Tenant Improvement (“TI”) packages to “get the deal done,” whereas older space continues to sit stagnant as landlords have previously seen limited incentive to reinvest in aging amenities and infrastructure. Throughout the leasing process, tenants have also shown a strong preference for spaces where existing furnishings and modern finishes allow them to easily visualize operating their business and working day-to-day within the space.

SALES AND QUALITY CONSTRAINTS

The current sales market is particularly strong for smaller assets at favorable price points. Throughout 2025, properties in the sub-\$500k range were quickly absorbed by users. However, a significant gap remains as the market has little inventory for the 2,000–5,000 SF user looking to buy under \$600k. While there is a high volume of inquiries for 10,000–20,000 SF sites, many buyers are struggling to make the numbers work due to current capital costs.

The overarching theme for Q4 and 2025 overall has been a flight to quality space, with user strategies reflecting a healthy balance between consolidation and expansion. While some groups have down-

sized their office needs to fit internal demand, many others are prepared to expand their physical footprint if the right quality office space is available. Tenants continue to favor modernized assets with better amenities over older, under-invested spaces, reinforcing that in today’s environment, quality-constrained supply remains the primary hurdle for the West Michigan office market.



Source: CARWM and Advantage Commercial Real Estate Research Department

KENT COUNTY LEASED TRANSACTIONS BY SIZE



Source: CARWM and Advantage Commercial Real Estate Research Department

Office Statistics By Submarket

	Central Business District		Suburban	
Current Total Inventory Number of Buildings	141		1,791	
Current Total Inventory Square Feet	7,682,166 SF		28,038,686 SF	
Weighted Average Asking Lease Rate (Modified Gross)	\$22.60/SF		\$20.64/SF	
Weighted Average Listing Sale Price	\$146.83/SF		\$126.16/SF	
Available Square Feet For Lease	887,575 SF		1,981,979 SF	
Available Square Feet For Sale	136,173 SF		1,341,725 SF	
Available Square Feet For Sublease	38,255 SF		170,111 SF	
Available Class A Space	659,735 SF		603,798 SF	
	Transactions	SF	Transactions	SF
Q4 2025 Transactions Leased Space	3	1,887	31	66,511
Q4 2025 Transactions Sold Properties	1	1,007	12	52,239

Source: CARWM and Advantage Commercial Real Estate Research Department

Office Featured Deals



2060 East Paris Ave SE
Leased | 35,356 SF



4595 Broadmoor Ave SE
Sold | 100,218 SF



4115 Ayrshire Dr SW
Sold | 10,178 SF



1575 Arboretum Dr SE
Leased | 10,533 SF

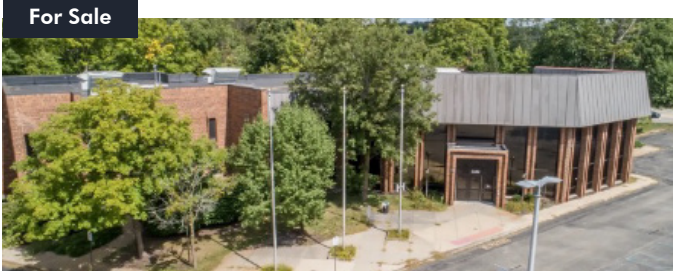
Office Featured Listings



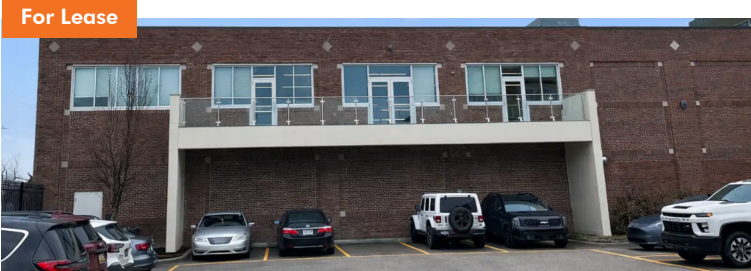
4450 Cascade Rd SE
For Sale or Lease | 13,600 SF



2350 Oak Industrial Dr NE
For Lease | 2,490 SF



2333 E Beltline Ave SE
For Sale | 38,000 SF



601 5th St
For Lease | 9,687 SF

Retail

WEST MICHIGAN MARKET OVERVIEW

Retail Market Highlights

36 K+

SF Under Construction, Coming to Market in 2026, *Kent County Region*

\$2.03

Average Amount of Increased Rental Rate Q3 to Q4, *Grand Rapids Regional Market*

REGIONAL ACTIVITY AND STRATEGIC GROWTH

Activity levels for Q4 remain strong, particularly in suburban high-traffic corridors. The opening of Raising Cane’s on 28th St. this quarter has served as a significant market catalyst, leading many other Quick Service Restaurant (“QSR”) operators and national retailers to intensify their search for prime lots along main retail corridors. Two new Canes locations at Alpine and Rivertown are also in various stages of development, reinforcing the desirability of those sub-markets.

The growth of the 28th St corridor has continued with the forward momentum continuing on two new to West Michigan QSR franchises, one being Shake Shack, are currently navigating the approval process for outlots in front of Woodland Mall, signaling sustained confidence in the corridor and the Grand Rapids market overall. Notably, the East Beltline is seeing its first ground-up construction in years, marking a shift back toward new development rather than just the redevelopment of existing inventory.

“ While sit-down restaurants continue to struggle with business costs and the sluggish economy, discount retailers remain highly active. ”

Cody Smith, Advantage Commercial Real Estate

INVESTMENT SALES AND LEASING TRENDS

This quarter, large investment activity has also reappeared with the sale of Green Ridge Square on Alpine, highlighting confidence in the sub-market and the continued success of Class A big-box suburban product. The current environment has also divided market leverage clearly by asset class; Class A space remains a landlord’s market due to extremely tight supply, while Class B and Downtown properties increasingly favor tenants as vacancy continues to linger.

SECTOR PERFORMANCE

The national and local retail landscape is currently defined by a sharp contrast in performance between user types:

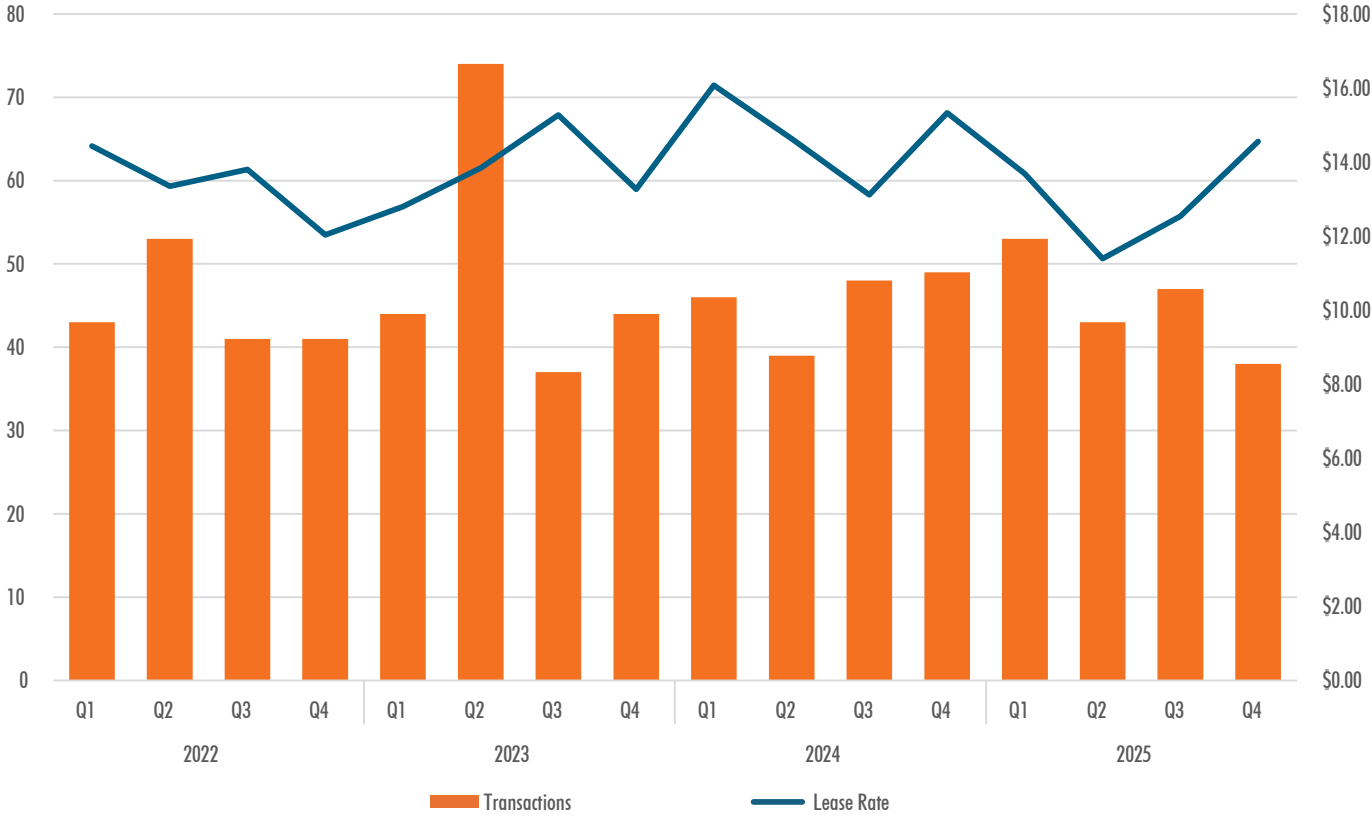
The Winners: Discount retailers like Dollar General (planning 450-600 new stores in 2026), auto parts users, credit unions, and value-oriented food brands remain highly active in searching for space and getting deals over the finish line.

The Strugglers: Nationally, the sit-down restaurant sector is grappling with high labor costs and shifting consumer habits. Locally, this is reflected in both the downtown and suburban corridors having an increasing amount of former restaurants sitting vacant, with limited interest from tenants and buyers on absorbing the space.

THE “DARK HOUR” PERIOD

Towards the end of the quarter, the retail market regularly enters what many call the “dark hour.” Large corporate tenants slow their real estate moves as decision-makers wait for year-end reporting and the next year’s economic outlook to become clearer. While “Cyber Monday” activity saw a notable year-over-year increase, the traditional “Black Friday” retail hype has largely transitioned into a month-long marketing period, having less impact on permanent leasing decisions than in previous cycles.

WEST MICHIGAN CLOSED LEASED TRANSACTIONS VS. LEASED RATE BY QUARTER



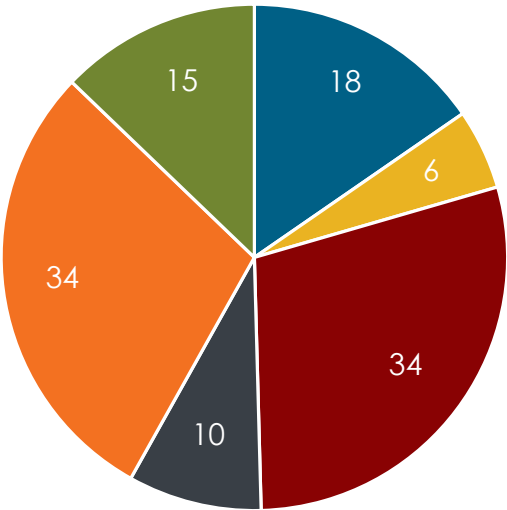
Source: CARWM and Advantage Commercial Real Estate Research Department

Retail Statistics By Submarket

Q4 2025 | GRAND RAPIDS REGION | RETAIL LISTINGS BY CORRIDOR

	Number of Listings	Weighted Average Asking Rental Rates
Alpine Avenue	18	\$13.69/SF
Knapp Corner	10	\$32.61/SF
28th Street	34	\$13.60/SF
Central Business District	34	\$16.51/SF
Rivertown Crossing	15	\$13.89/SF
M-6/Kalamazoo Ave.	6	\$17.37/SF
Grand Rapids Total/Avg.	117	\$16.31/SF

Source: CARWM and Advantage Commercial Real Estate Research Department



Retail Featured Deals



2061 M-139
Benton Harbor
Leased | 1,662 SF



2500 Burton St SE, Grand Rapids
Leased | 3,246 SF



43 S Maple St, Grant
Sold | 7,076 SF

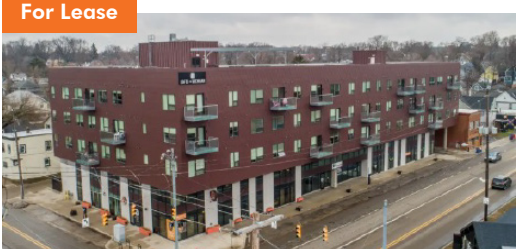
Retail Featured Listings



755 Michigan St
2,885 SF | \$1,595,000



4875 28th St SE
7,096 SF | \$27.95 NNN



740 Michigan St NE
3 Suites | \$24.95 MG

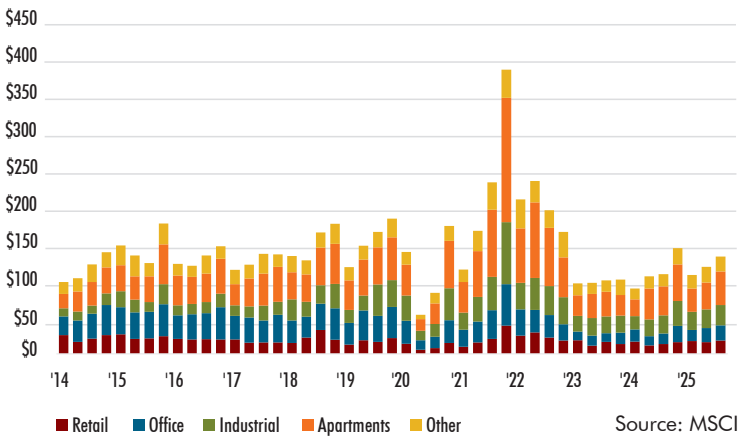


2300 E Beltline Ave NE
Build-to-Suit for Lease | 13,775 SF

Investment

WEST MICHIGAN MARKET OVERVIEW

NATIONAL QUARTERLY TRANSACTION VOLUME (BN)

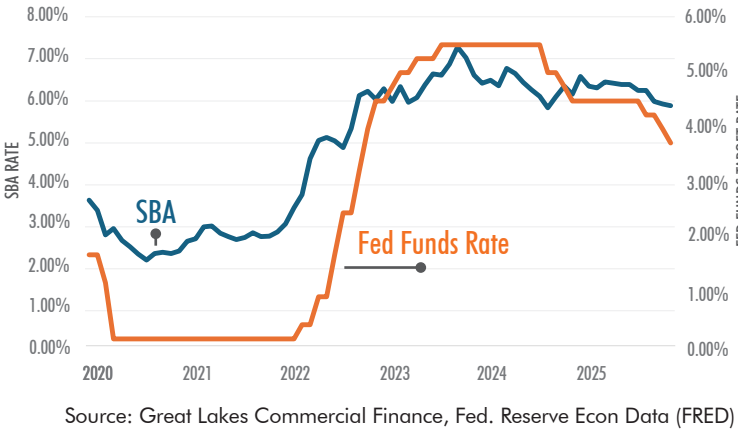


The West Michigan investment market saw a significant increase in activity during the fourth quarter following three Federal Reserve rate cuts in September, October, and December, which lowered the federal funds rate to a target range of 3.50%–3.75%. These adjustments translated into improved borrowing conditions across the commercial real estate market, with rates that had previously been in the mid-to-high 6% range settling into the 5.50% range. While the cuts did not fundamentally alter underwriting assumptions, they provided enough clarity and stability for many buyers and sellers to reengage. As a result, transaction velocity improved during the quarter as groups that had been sidelined earlier in the year began to move forward with acquisitions, dispositions, and refinancings.

RATE NORMALIZATION

The investment market navigated a 2025 marked by uncertainty, reflecting broader macroeconomic conditions and shifting expectations. However, concerns around labor cuts and a potential economic slowdown proved to be overstated, allowing confidence to gradually return. Market participants have largely accepted that interest rates are unlikely to return to sub-5% levels in the near term, instead adjusting to a “new normal” in the current range. This acceptance has helped bridge the gap on pricing expectations and returns. Some owners have taken advantage of improved conditions to pursue refinancing or asset sales, while others have become more aggressive in acquisitions amid concerns that borrowing costs could trend high-

20 YEARS SBA 504 LOAN RATES VS. FED FUNDS TARGET RATE (UPPER LIMIT)



er again. Development financing remains selective, particularly for speculative development, with most new construction activity focused on pre-leased or build-to-suit opportunities where income risk can be minimized.

INVESTOR PREFERENCES

Investor preference was fairly even across property types during the quarter. Office and retail assets saw an increase in interest, but actual activity was slow due to limited inventory of quality opportunities. A modest disconnect persisted in industrial pricing, with buyers generally targeting deals around an 8% cap while sellers continued to expect transactions in the mid 7% cap range, limiting deal flow despite strong demand. Increased interest in office properties was driven by a focus on higher-quality assets in well-established corridors, such as Cascade Road, where strong demographics and stable tenancy support long-term performance. Across all property types, investors remained disciplined, placing a premium on stabilized income, lease structure, and basis, while assets requiring significant repositioning or speculative capital faced greater scrutiny.

Overall, the West Michigan investment market enters 2026 with solid momentum. Improved rate stability, increased deal velocity, and a more realistic alignment of expectations are expected to support higher transaction activity in the year ahead, positioning the market for one of its stronger investment environments in recent years.

Investment Featured Deals



4890 Kendrick St SE, Grand Rapids
80,551 SF | 9.01% Cap Rate



2235 Dewey Ave, Benton Harbor
43,640 SF | 9.01% Cap Rate



5380 Cascade Rd SE, Grand Rapids
10,000 SF | 7.57% Cap Rate

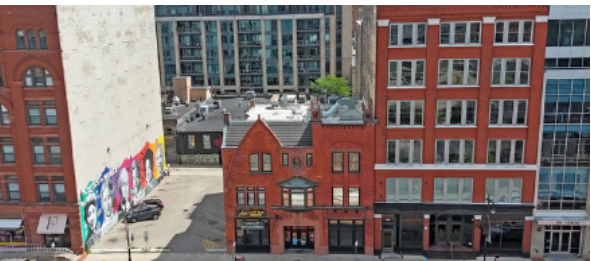


1054 Gezon Pkwy SW, Wyoming
10,000 SF | 9.19% Cap Rate

Investment Featured Listings



5505 52nd St SE, Grand Rapids
70,000 SF | 2 Tenants | \$6,650,000 | 7.00% Cap Rate



58 Ionia Ave SW, Grand Rapids
12,888 SF | \$3,660,000 | 7.5% Cap Rate



2485 Capital Ave SW, Battle Creek
35,858 SF | \$3,230,000 | 8.50% Cap Rate



221 W Webster Ave & 794 Pine St, Muskegon
Muskegon Portfolio | 83,930 SF | \$10,350,000 | 8.78% Cap Rate

Land

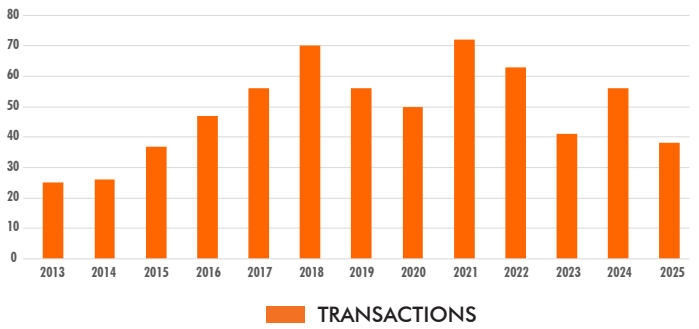
WEST MICHIGAN MARKET OVERVIEW

The West Michigan land market saw modest activity over the course of Q4, with fewer closed transactions than initially forecasted but an increase in the number of properties brought to market. The lower-than-expected number of closed land sales during the quarter resulted in total sales for 2025 finishing roughly 20 transactions below 2024 levels. Despite the slower pace of closings, demand for land remains strong, particularly for industrial, residential, and select retail uses. A combination of high acquisition costs, a limited supply of build-ready sites, and zoning and entitlement challenges has prevented transaction volume from fully reflecting this demand. Land sale activity also tends to slow in the fourth quarter, as developers are generally hesitant to acquire new sites ahead of the holiday and year-end slowdown.

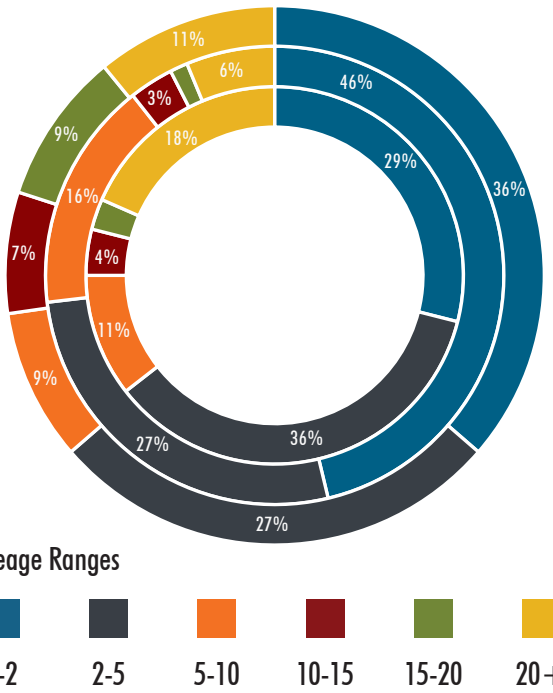
DATA CENTERS

Demand for land suitable for data center development continues to be a notable trend across West Michigan, particularly for large sites with access to power and supporting infrastructure. Most notable is Microsoft’s planned data center in Gaines Township, where the company has acquired approximately 356 acres and is pursuing rezoning approvals. If approved, the project would join the existing Switch campus, making Gaines Township home to multiple data center facilities. Microsoft has also acquired approximately 20 acres in Dorr, where it is currently pursuing approvals for a separate data center development. Lowell has emerged as another potential location, with Microsoft recently coming forward as the previously unidentified group pursuing a data center site along the I-96 corri-

KENT COUNTY LAND TRANSACTIONS, BY YEAR



LAND LISTINGS BY COUNTY
OUTER TO INNER CIRCLE (MUSKEGON, KENT, OTTAWA)



Source: CARWM and Advantage Commercial Real Estate Research Department

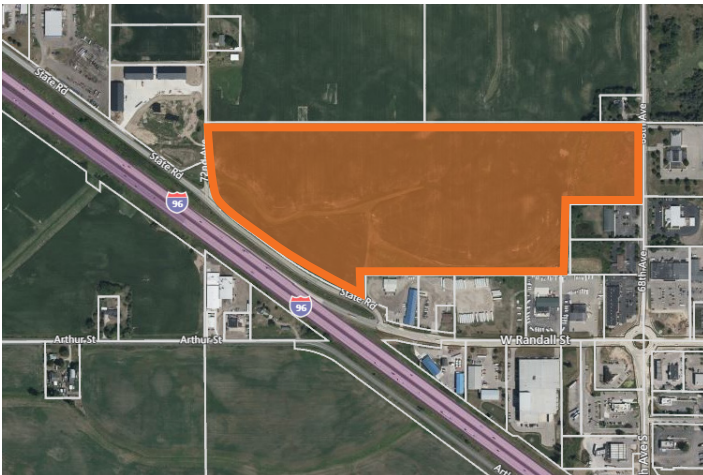
dor. These proposals have drawn significant local attention, as local government and community members weigh the impacts on the tax base, job market, and power supply.

INFRASTRUCTURE AND ENTITLEMENTS

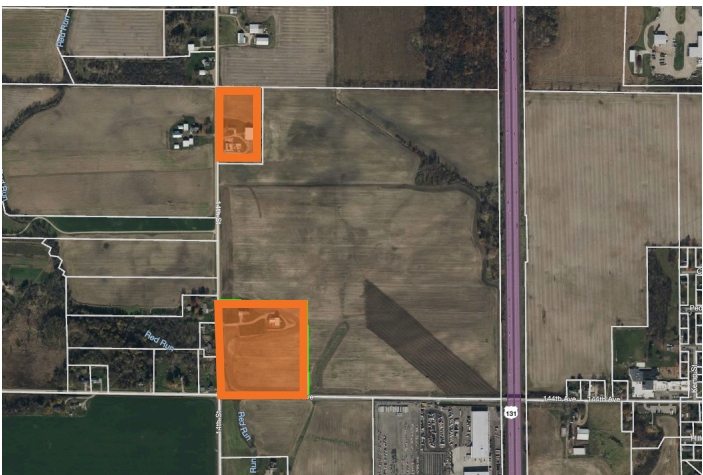
As the land market has become increasingly constrained, access to infrastructure and early entitlement work have become critical to successfully securing and developing sites. Several municipalities have taken a more cautious approach to new development, particularly for larger or more intensive uses, which has extended timelines in key corridors throughout the region. Sites with existing utilities, road access, and appropriate zoning continue to command pricing premiums due to their scarcity. Industrial and residential users remain active but are often having to look beyond core metro areas to find viable opportunities. As a result, successful land acquisition strategies will continue to favor well-positioned, infrastructure-ready sites and require greater patience, flexibility, and foresight as developers adapt to longer entitlement processes.

Overall, the West Michigan land market remains healthy but constrained. While users will continue to face limited supply, rising costs, and entitlement challenges, opportunities will persist for groups that are proactive, flexible on location, and prepared to navigate longer development timelines.

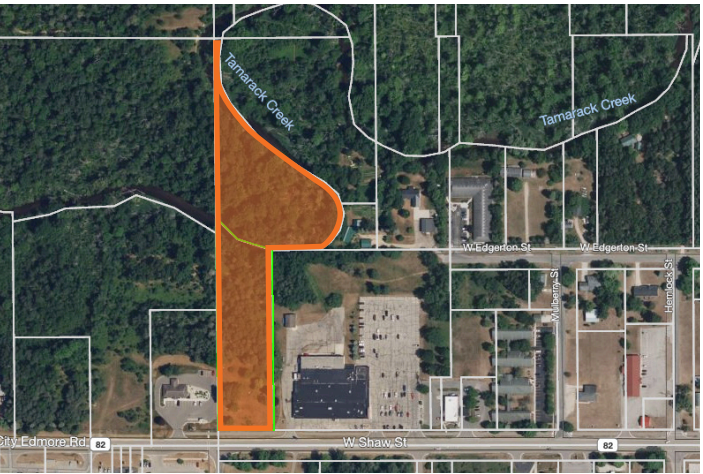
Land Featured Deal



151 N 68th St, Coopersville
Sold | 49.3 Acres



4309 14th St, Dorr
Sold | 19.97 Acres



750 W Shaw St, Howard City
Sold | 5.3 Acres

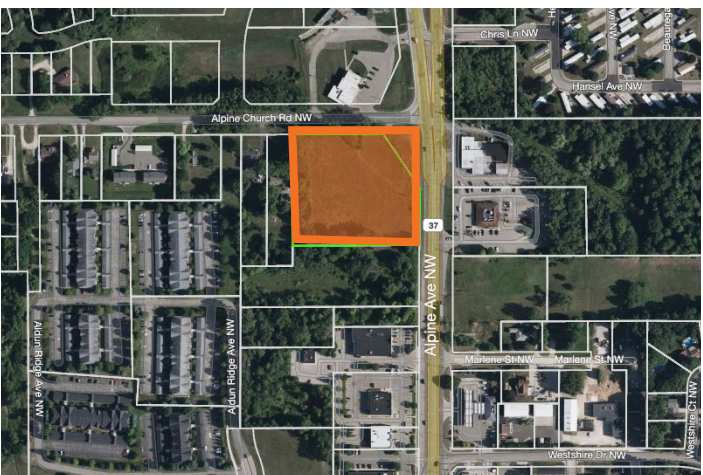


1000 136th Ave, Holland
Sold | 2.5 Acres

Land Featured Listings



267 Seminole Rd, Norton Shores
For Sale | 2.06 Acres | \$450,000



4749 Alpine Ave NW, Comstock Park
For Sale | 1 Acre



850 Range St, Comstock Park
For Sale | Multiple Parcels: 1 (1.84 Acres), 3 (1.08 Acres), 4 (0.46 Acres), 5 (0.55 Acres), 6 (1.67 Acres), 7 (2.80 Acres), 8 (0.74 Acres), 9 (0.92 Acres), 10 (5.74 Acres), 13 (1.0 Acres)



5160 60th St SE, Grand Rapids
For Sale | 3.79 Acres | \$1,137,000

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