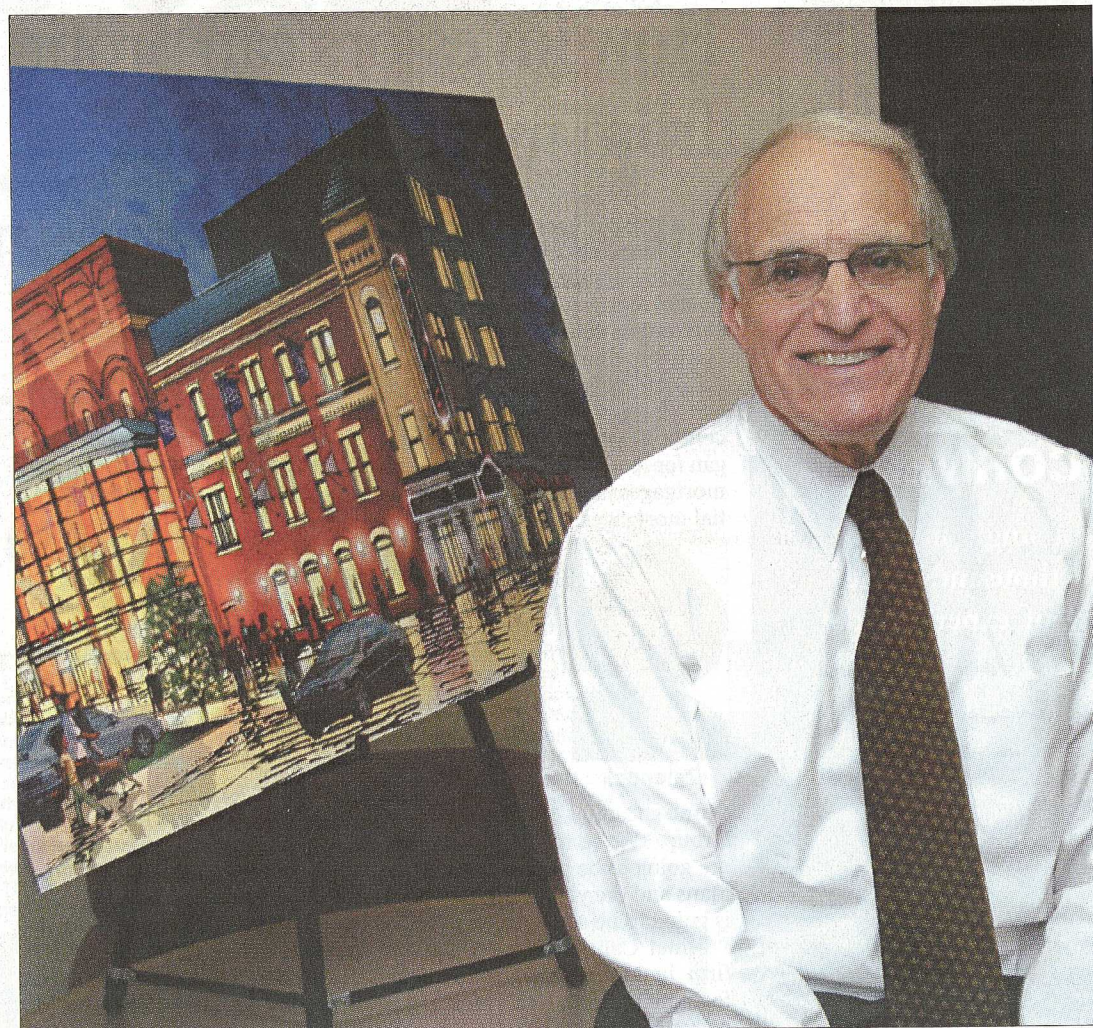


THE BUSINESS

INSIDE Commercial real estate

Value still high, even if nothing's there



Tower, Pinkster, Titus's Mikon has out-of-town clients considering the region.

Photo by Jennifer Giesey

Arnie Mikon arrived in Kalamazoo just two months ago as president and CEO of the architecture and engineering firm **Tower, Pinkster, Titus Associates Inc.** Compared to the eastern side of the state where he spent most of his professional life, western Michigan commercial real estate looks pretty healthy to him.

"I have a client here now from the eastern side of the state," Mikon said. "When he saw the toughness in the real estate market, he looked at Florida and felt the risk/reward risks were high. Then he looked at Kalamazoo. Now he's looking at Marshall.

"I also got a call from another developer friend who felt they were saturated in southeast Michigan and they want to expand to the western side of the state. I find more people looking here."

He cited the **Hinman Co.** building constructed in 2004 just north of Interstate 94 and west of Westnedge Avenue as an example of successful office space development. A second building is under

construction to its west.

An office park Mikon visited in Grand Rapids also is discussing adding buildings.

"In Detroit, there is very, very little office space going up," Mikon said. "I can't tell you things are great here, but they don't look terrible, coming from the other side of the state."

In-fill — not only within existing cities but along major roads between cities — is the style of commercial development along the lakeshore from Holland north.

"Vacant land value has not dropped," said **S.J. Wisinski and Co.** Vice President Stu Kingma in Grand Rapids. "Lease rates have suffered — especially on spaces over 50,000 square feet — but land has not. We've seen land values on the commercial side climb on a regional basis."

How much those values climb is site-specific, Kingma said.

"I think you'll continue to see commercial growth as long as there are underserved markets — for example, Grand Haven," Kingma said.