



— 2024 ANNUAL —
**MARKET
REPORT**

NORTHWEST MICHIGAN COMMERCIAL REAL ESTATE

2024 - A Year of Recovery and Growth



The commercial real estate market in Grand Traverse County, Michigan, witnessed a strong rebound in 2024. Building upon the recovery that began earlier in the year, the market's performance exceeded expectations across key metrics, underscoring renewed investor confidence and business expansion in the region.

KEY METRICS FOR 2024

- **Total Square Footage Sold:** The market experienced a dramatic increase in total square footage sold, climbing from 227,747 square feet in 2023 to 534,333 square feet in 2024. This represents a 134.6% increase, highlighting a renewed appetite for commercial properties.
- **Average Building Size:** The average building size sold expanded by 74.1%, growing from 4,951 square feet in 2023 to 8,618 square feet in 2024. Businesses increasingly sought larger spaces, reflecting plans for growth and operational consolidation.
- **Average Sales Price:** The average sales price rose from \$723,346 in 2023 to \$1,014,415 in 2024, marking a 40.2% increase. This trend reflects heightened demand for premium commercial properties that align with evolving business needs.
- **Total Volume Sold:** Transaction volume nearly doubled, surging by 89% from \$33.27 million in 2023 to \$62.89 million in 2024. This remarkable growth demonstrates strong investor activity and confidence in the region's economic prospects.

SECTOR-SPECIFIC INSIGHTS

- **Office/Medical Properties:** This sector saw modest growth, with total square footage sold increasing by 25.3% to 93,073 square feet. Demand remains steady, driven by the ongoing need for flexible office spaces and healthcare facilities.
- **Industrial/Warehouse Properties:** The industrial and warehouse sector recorded a 162.3% rise in total square footage sold, from 70,898 square feet in 2023 to 186,000 square feet in 2024. E-commerce and logistics continue to drive demand for properties in this sector, leading to competitive pricing.

- **Retail/Restaurant Properties:** This sector experienced the most significant growth, with total square footage sold increasing by 209.1% to 255,260 square feet. Consumer confidence and spending have remained strong, prompting businesses to expand and enhance customer experiences.

MARKET OUTLOOK FOR 2025

Looking ahead, the commercial real estate market in Northern Michigan is poised for continued growth in 2025. Key trends and factors influencing the market include:

- 1. Resilient Demand:** Demand for larger, modernized commercial spaces is expected to persist, driven by businesses seeking to future-proof their operations. Industrial and retail sectors are likely to remain key growth drivers.
- 2. Interest Rate Stability:** While Federal Reserve policies may affect borrowing costs, a stable or declining interest rate environment could further bolster investor confidence and transaction activity.
- 3. Infrastructure and Workforce:** Northern Michigan's appeal as a business destination hinges on its ability to address workforce availability and housing affordability. Investments in infrastructure and community development will be critical for sustaining market momentum.

In conclusion, the commercial real estate market in Grand Traverse County has demonstrated remarkable resilience and adaptability in 2024. With strong growth across sectors and a positive outlook for 2025, the region continues to offer attractive opportunities for investors and businesses seeking to capitalize on Northern Michigan's economic potential.

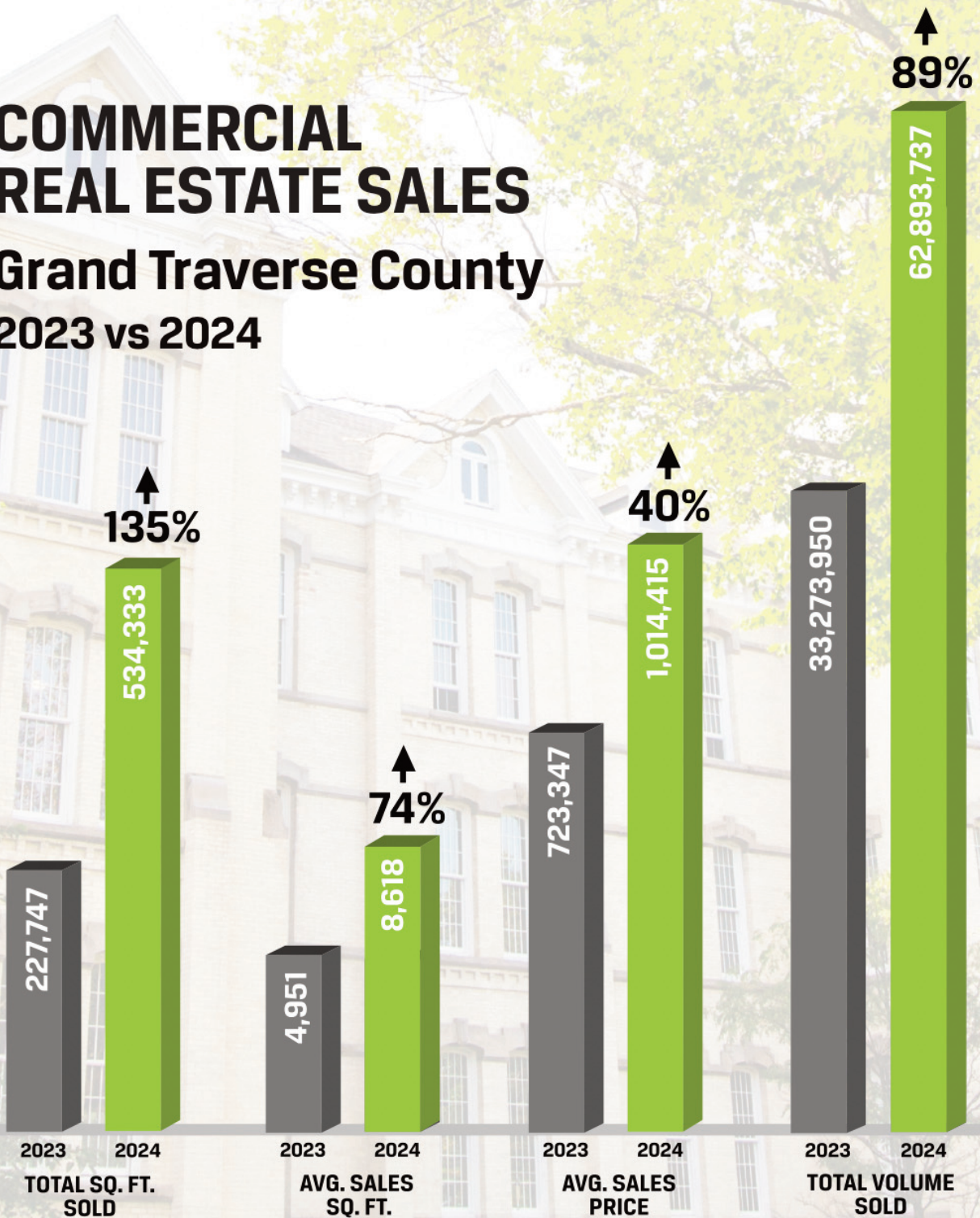
Kevin Endres, CCIM, SIOR
Three West Commercial

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COMMERCIAL REAL ESTATE SALES

Grand Traverse County

2023 vs 2024



* All sales data is for sales in Grand Traverse County reported by Traverse Area Association of Realtors

** Properties without a recorded sales price are not included in the Average Calculations for Sold Price/SF



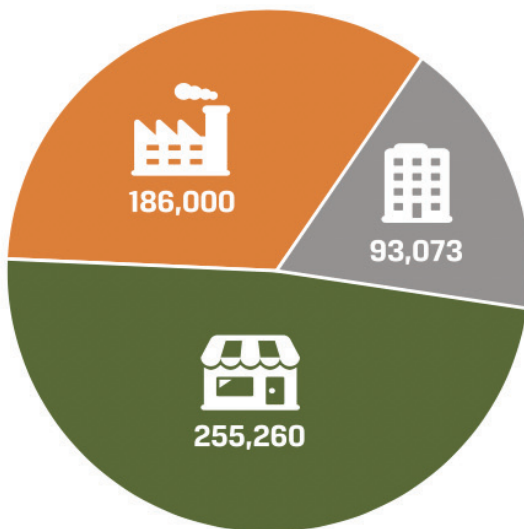
SOLD PROPERTIES GRAND TRAVERSE COUNTY

Fourth Quarter 2024

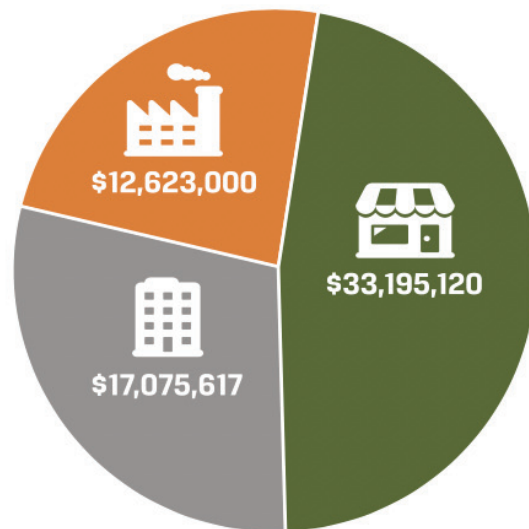
| | TOTAL SQ. FT. | AVG. SOLD PRICE/SQ. FT. | AVG. DAYS ON MKT. | TOTAL VOLUME SOLD | % CHANGE VS. 2023 |
|------------------------|---------------|-------------------------|-------------------|-------------------|-------------------|
| Office / Medical | 93,073 | \$235 | 344 | \$17,075,617 | 17% ↑ |
| Industrial / Warehouse | 186,000 | \$98 | 162 | \$12,623,000 | 162% ↑ |
| Retail / Restaurant | 255,260 | \$206 | 143 | \$33,195,120 | 139% ↑ |

MARKET SNAPSHOT

TOTAL SQUARE FEET



TOTAL VOLUME SOLD



OFFICE / MEDICAL



INDUSTRIAL / WAREHOUSE



RETAIL / RESTAURANT

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COOL TRENDS IN COMMERCIAL REAL ESTATE FOR 2025

The commercial real estate (CRE) industry is undergoing a transformation in 2025, driven by advancements in technology, shifting business priorities, and evolving consumer behaviors. Here are some of the most exciting trends shaping the future of CRE this year:

1. Flexible Workspaces and Hybrid Models: The hybrid work model continues to influence the CRE landscape. Demand for flexible office spaces and coworking facilities remains strong as businesses prioritize adaptability. Office layouts are being redesigned to include shared spaces, hot desks, and wellness zones, catering to the needs of a diverse workforce. These spaces offer the flexibility companies need to scale operations up or down, aligning with the dynamic post-pandemic work environment.

2. Rise of Mixed-Use Developments: Mixed-use developments are redefining urban spaces by combining residential, commercial, and recreational areas within a single property. These developments cater to the growing demand for walkable neighborhoods that offer convenience and community engagement. In 2025, mixed-use properties are attracting both tenants and investors, as they provide diverse revenue streams and a higher quality of life for residents.

3. PropTech Revolution: Technology continues to revolutionize how CRE professionals operate. PropTech solutions like virtual reality (VR) and augmented reality (AR) are enhancing property tours, while blockchain is streamlining transactions and improving transparency. AI-powered analytics tools are providing insights into market trends, tenant behaviors, and property performance, enabling smarter decision-making.

4. Health and Wellness Amenities: Technology continues to revolutionize how CRE professionals operate. PropTech solutions like virtual reality (VR) and augmented reality (AR) are enhancing property tours, while blockchain is streamlining transactions and improving transparency. AI-powered analytics tools are providing insights into market trends, tenant behaviors, and property performance, enabling smarter decision-making.

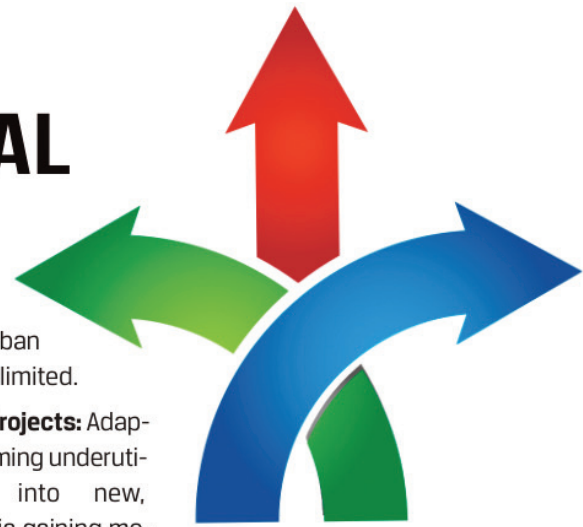
5. Industrial Boom and E-Commerce Expansion: The industrial sector is thriving, thanks to the continued growth of e-commerce. Warehouses, distribution centers, and last-mile delivery hubs are in high demand. Developers are incorporating automation and robotics to increase efficiency and meet the demands of the fast-paced e-commerce industry. Multi-story warehouses are also

gaining traction in urban areas where land is limited.

6. Adaptive Reuse Projects: Adaptive reuse—transforming underutilized properties into new, functional spaces—is gaining momentum. Vacant retail stores and office buildings are being converted into residential units, coworking spaces, or even urban farms. These projects not only breathe new life into old properties but also address challenges like housing shortages and environmental sustainability.

7. Focus on Secondary and Tertiary Markets: As the cost of real estate in major cities continues to rise, investors and developers are turning their attention to secondary and tertiary markets. These areas offer lower costs, growing populations, and emerging economic opportunities. Northern Michigan, for example, is becoming an attractive destination for businesses and residents seeking affordable and high-quality spaces.

8. Community-Centric Development: The concept of community-centric development is gaining popularity. CRE projects are focusing on creating spaces that foster social connections and local engagement. Developers are incorporating community centers, shared gardens, and cultural spaces into their designs, prioritizing inclusivity and collaboration.



The trends shaping commercial real estate in 2025 reflect a blend of innovation, sustainability, and adaptability.

Looking Ahead

The trends shaping commercial real estate in 2025 reflect a blend of innovation, sustainability, and adaptability. As technology advances and societal priorities evolve, the CRE industry will continue to adapt, creating opportunities for investors, developers, and tenants alike. Staying ahead of these trends will be essential for anyone looking to thrive in the dynamic world of commercial real estate.



NOTABLE TRANSACTIONS - Q4

OFFICE



TRAVERSE CITY
10161 E Pickwick Court

LIST PRICE: \$265,000
SOLD PRICE: \$232,000
BUILDING SIZE: 1,323 Sq. Ft.



TRAVERSE CITY
520 S Union Street

LEASE PRICE: \$3,500 / Month
BUILDING SIZE: 2,900 Sq. Ft.



BEAR LAKE
8225 Lake Street

LEASE PRICE: \$2,000 / Month
BUILDING SIZE: 2,567 Sq. Ft.



TRAVERSE CITY
818 Red Drive

LEASE PRICE: \$2,400 / Month
BUILDING SIZE: 900 Sq. Ft.

RETAIL



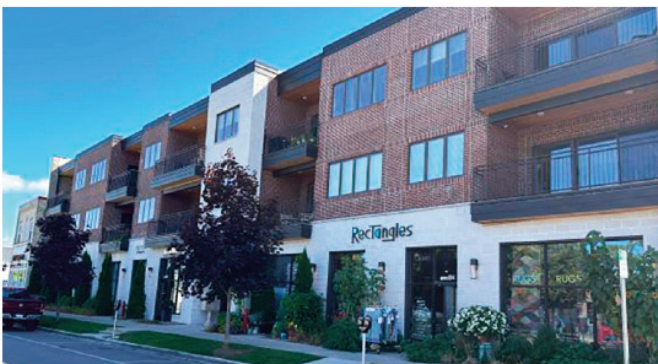
TRAVERSE CITY
305 US-31 S

LIST PRICE: \$520,000
SOLD PRICE: \$520,000
BUILDING SIZE: 3,840 Sq. Ft.



TRAVERSE CITY
721 W Blue Star Drive

LIST PRICE: \$399,000
SOLD PRICE: \$375,000
BUILDING SIZE: 1,650 Sq. Ft.



TRAVERSE CITY
607 Randolph Street

LIST PRICE: \$281,320
SOLD PRICE: \$281,320
PROPERTY SIZE: 1,170 Sq. Ft.



TRAVERSE CITY
309 W Front Street

LEASE PRICE: \$6,840 / Month
PROPERTY SIZE: 3,420 Sq. Ft.



NOTABLE TRANSACTIONS - Q4

INDUSTRIAL



TRAVERSE CITY
1414 Trade Centre Drive

LIST PRICE: \$250,000
SOLD PRICE: \$235,000
PROPERTY SIZE: 2,419 Sq. Ft.



TRAVERSE CITY
963 W Commerce Drive

LEASE PRICE: \$1,320 / Month
PROPERTY SIZE: 1,760 Sq. Ft.



TRAVERSE CITY
963 W Commerce Drive

LEASE PRICE: \$1,200 / Month
PROPERTY SIZE: 1,600 Sq. Ft.

INCOME



FRANKFORT
1218 Elm Street

LIST PRICE: \$2,200,000
SOLD PRICE: \$2,200,000
PROPERTY SIZE: 54,875 Sq. Ft.

LAND



NEW BUFFALO
11450 Holiday Drive

LIST PRICE: \$3,200,000
SOLD PRICE: \$3,200,000
PROPERTY SIZE: 2.58 Acres



CADILLAC
201 South Street

LIST PRICE: \$195,000
SOLD PRICE: \$125,000
PROPERTY SIZE: 0.93 Acres

CREXI



**Platinum
Broker
Award
Winner
2024**



Higher Standards in Commercial Real Estate

Kevin Endres is a recipient of the prestigious
SIOR and CCIM designations, signifying the "best of the best"
in commercial real estate.



Kevin Endres, SIOR, CCIM
Three West Commercial



SIOR[®]

SOCIETY OF INDUSTRIAL
AND OFFICE REALTORS[®]

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most successful, respected, and highest
producing CRE broker in the region.



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Commercial Real Estate's
Global Standard for Professional Achievement

CCIM Designees are proven leaders in
commercial real estate who care as much
about the expertise, ethical responsibility,
and quality of their service, as they do
about the result.



WE ARE NORTHERN MICHIGAN'S COMMERCIAL REAL ESTATE BROKERAGE

STAFF & RESOURCES

Three West is a unique independent Real Estate Brokerage, in that we are structured like a professional consulting firm. This collaborative work environment allows our team members to come together and ensure the best service for our clients' unique and challenging needs. Rather than working with just one agent, you get the full power of an entire team working on your behalf.

Our team, with a century's worth of combined experience, is fully committed to serving each client with expertise and professional service.



THE THREE WEST TEAM

Kevin L. Endres, PE, SIOR - Owner | Broker - Lic. 2005

David J. Frost - Senior Associate | Commercial Realtor - Lic. 1986

Bill Somerville - Senior Associate | Commercial Realtor - Lic. 2016

David Coonrod - Associate | Commercial Realtor - Lic. 2020

Patrick Dunphey - Associate | Commercial Realtor - Lic. 2023

Stephanie Endres - CFO | Property Management - Lic. 2008

Amy Roy - Office Manager | Property Management - Lic. 2019

Noah Endres - Marketing Assistant





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COMMERCIAL REAL ESTATE BROKERAGE