

QUARTERLY MARKET REPORT

— 2024 —

1ST QUARTER

3W

**THREE WEST
COMMERCIAL**

NORTHWEST MICHIGAN COMMERCIAL REAL ESTATE

Big Transactions Help Boost Recovery



After the slow down in 2023, which saw a 44% decrease in total sales volume of commercial real estate in Grand Traverse County, it looks like 2024 has made a little recovery in the first quarter, thanks to the help of some larger transactions.

The largest gain was in the total square feet of commercial property sold in the region which came in at 108,706 square feet, which is an increase of 41% compared to the first quarter in 2023. The average building size of sold properties and the total volume of commercial real estate was sold was also up over the same time period last year. The only decrease in the first quarter was a drop in the average sales price of properties sold.

OFFICE/MEDICAL MARKET

It may be surprising to note the strong activity in the office/medical sector. Office/medical sales were up 17% in the total square feet sold and up 7% in the total volume sold in the first quarter of 2024. The office/medical sector led the way in the first 3 months of the year with a total of \$7,252,197 in total sales volume. There was a slight drop in the average price/sq. ft, which was down 17% from the same period in 2023.

INDUSTRIAL/WAREHOUSE MARKET

With only two transactions recorded in this sector in the first quarter of 2024, the numbers

were buoyed by the sale of the BATA Transit Center on Cass Road. The total square feet sold of industrial/warehouse property was up 57% while the total sales volume sold saw an 84% increase. The average sold price/sq. ft. held steady at \$73/sq. ft.

RETAIL/RESTAURANT MARKET

The retail/restaurant sector fell just below the strong office/medical market logging a total of \$6,290,000 in total sales volume, an increase of 23% over the previous quarter of 2023. This sector also had a 66% increase in total sq. ft. sold and a 28% increase in average sold price/sq. ft..

LOOKING AHEAD

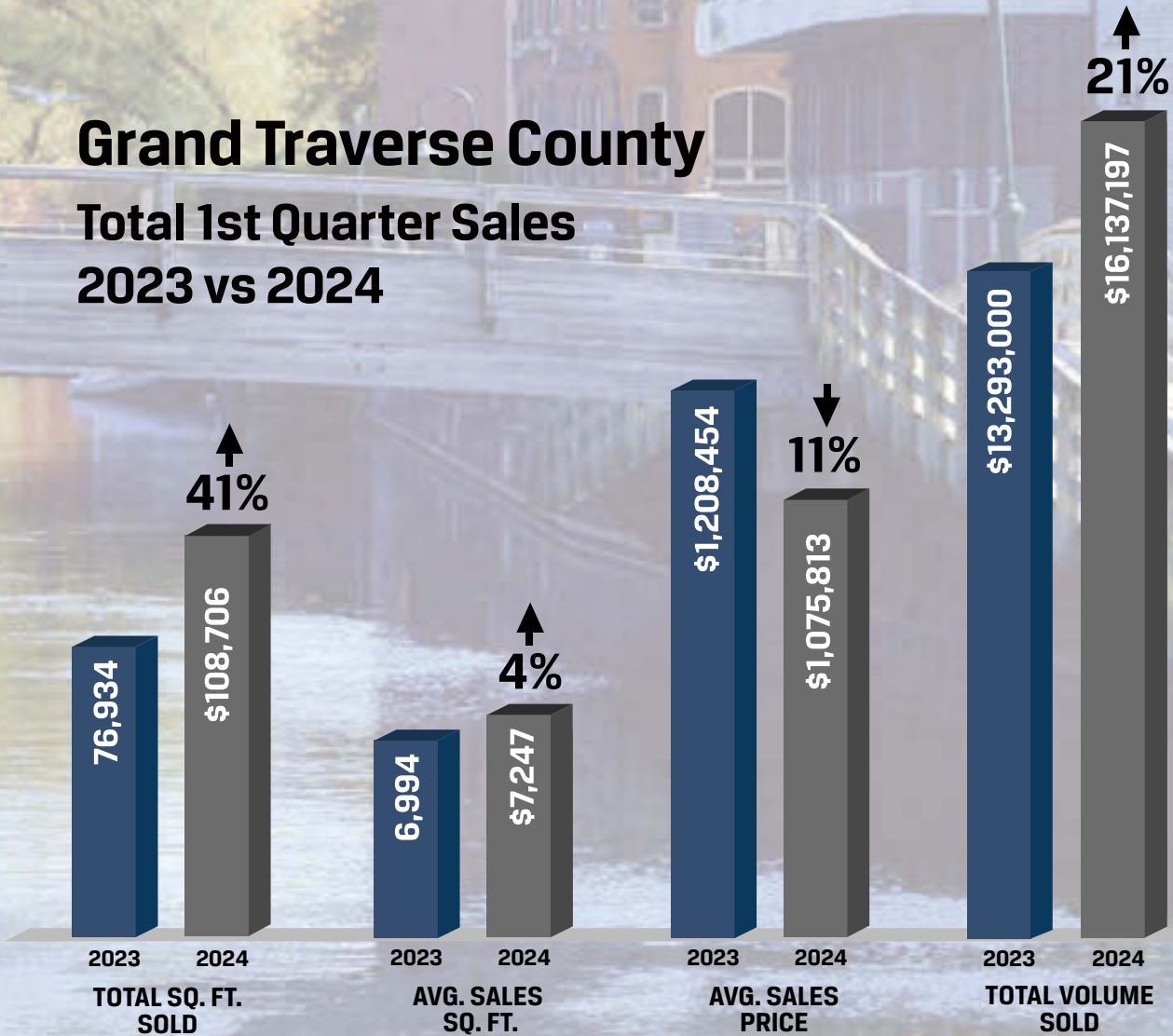
The feds have punted an interest rate increase a couple times already in 2024 and the anticipation is that we will see a rate decrease this summer. A rate decrease will hopefully open up access to capital for small business owners and we will see an increase in activity in the transactions in the \$300,000 - \$600,000 range. Of course this is also a presidential election year and that affects the market in various ways, so time will tell, but 2024 seems to be off to a start in the right direction.

Kevin Endres, CCIM, SIOR
Three West Commercial

The office/medical sector led the way in the first 3 months of the year.

Commercial Real Estate Sales

Grand Traverse County Total 1st Quarter Sales 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



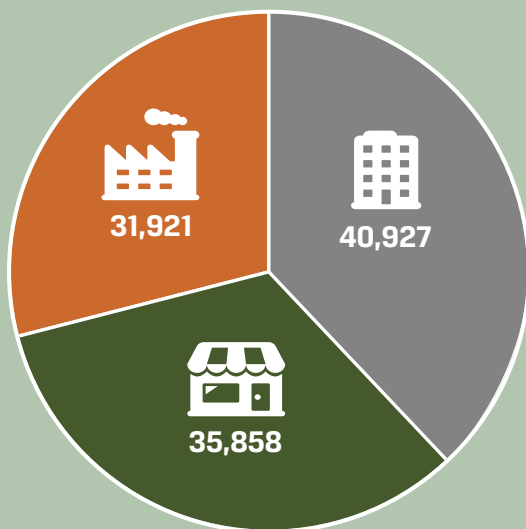
SOLD PROPERTIES GRAND TRAVERSE COUNTY

First Quarter - 2024

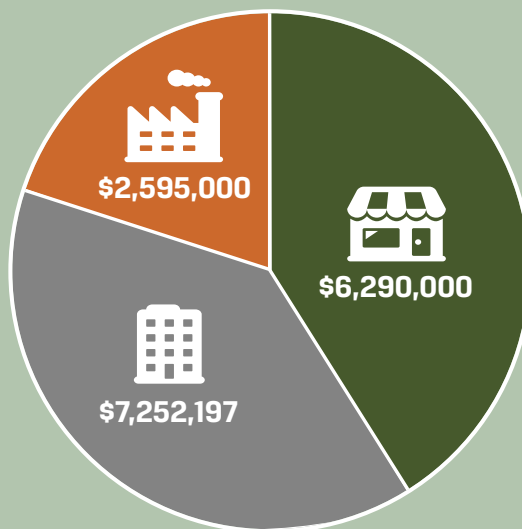
	TOTAL SQ. FT.	AVG. SOLD PRICE/SQ. FT.	AVG. DAYS ON MKT.	TOTAL VOLUME SOLD
Office / Medical	40,927	\$204	267	\$7,252,197
Industrial / Warehouse	31,921	\$73	146	\$2,595,000
Retail / Restaurant	35,858	\$262	181	\$6,290,000

MARKET SNAPSHOT

TOTAL SQUARE FEET



TOTAL VOLUME SOLD



OFFICE / MEDICAL



INDUSTRIAL / WAREHOUSE



RETAIL / RESTAURANT

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THE IMPACT OF TAX INCREMENT FINANCING (TIF) ON COMMERCIAL REAL ESTATE



Tax Increment Financing (TIF) is a powerful economic development tool utilized by local governments to stimulate growth and redevelopment in targeted areas. TIF districts designate a portion of property tax revenue generated within a defined area to fund infrastructure improvements, public amenities, and other redevelopment initiatives. While TIF can have a significant impact on various aspects of a community, its effects on commercial real estate are particularly noteworthy.

1. Stimulating Investment and Development:

TIF districts incentivize investment in commercial real estate by providing developers with access to funds for infrastructure improvements and site enhancements. These investments can catalyze development projects that may have otherwise been financially unfeasible, leading to the revitalization of blighted or underutilized commercial properties. As a result, TIF can spur the construction of new commercial buildings, the renovation of existing structures, and the creation of vibrant mixed-use developments.

2. Enhancing Property Values:

The implementation of TIF districts can lead to an increase in property values within the designated area. As public infrastructure and amenities are improved through TIF-funded projects, the attractiveness of the area as a commercial real estate destination may grow. This uptick in desirability can drive demand for commercial properties, resulting in higher rents and property values.

Commercial property owners and investors may benefit from the appreciation of their assets within the TIF district.

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3. Attracting Tenants and Businesses:

TIF-funded improvements can make commercial real estate properties more appealing to tenants and businesses. Enhanced infrastructure, such as upgraded transportation networks, streetscapes, and utilities, can improve accessibility and connectivity, making commercial properties more desirable locations for businesses. Additionally, amenities funded by TIF, such as parks, public spaces, and cultural facilities, can create a more vibrant and attractive environment, further incentivizing businesses to locate within the TIF district.

4. Mitigating Development Costs:

For developers and property owners, TIF can serve as a valuable tool for mitigating development costs and overcoming financial barriers. By financing essential infrastructure improvements and site preparation activities, TIF funds can reduce the upfront capital investment required for commercial real estate projects. This financial assistance can make projects more economically viable, encouraging developers to pursue development opportunities within the TIF district that may have otherwise been cost-prohibitive.

5. Long-Term Economic Growth:

Ultimately, the impact of TIF on commercial real estate extends beyond individual properties or projects to contribute to the long-term economic growth and prosperity of the community as a whole. By fostering investment, job creation, and economic activity within the TIF district, TIF can stimulate broader economic development and revitalization efforts. As the commercial real estate market thrives within the TIF district, the surrounding community may experience spillover effects, including increased consumer spending, job opportunities, and property values.

Tax Increment Financing can have a profound impact on commercial real estate by stimulating investment, enhancing property values, attracting tenants and businesses, mitigating development costs, and fostering long-term economic growth. As local governments strategically deploy TIF to promote redevelopment and revitalization initiatives, commercial real estate stakeholders stand to benefit from the positive effects of this powerful economic development tool.



Pat Dunphey is a Commercial Realtor with Three West, northern Michigan's largest commercial real estate brokerage specializing in retail, industrial, office, and development properties in Traverse City and beyond.

Learn more at [ThreeWest.com](https://www.threewest.com).



NOTABLE TRANSACTIONS

OFFICE



TRAVERSE CITY
333 W Grandview Parkway

LIST PRICE: \$1,100,000
SOLD PRICE: \$1,025,000
BUILDING SIZE: 2,500 Sq. Ft.



CHARLEVOIX
101 W Hurlbut Street

LIST PRICE: \$799,000
SOLD PRICE: \$700,000
BUILDING SIZE: 5,684 Sq. Ft.



SUTTONS BAY
93 Fourth Street

LEASE PRICE: \$2,185 / Month
PROPERTY SIZE: 1,192 Sq. Ft.



TRAVERSE CITY
309 Cass Street

LEASE PRICE: \$1,960 / Month
PROPERTY SIZE: 1,120 Sq. Ft.

RETAIL



GAYLORD
1354 W Main Street

LIST PRICE: \$1,400,000
SOLD PRICE: \$1,400,000
BUILDING SIZE: 7,335 Sq. Ft.



MACKINAW CITY
325 Central Avenue

LIST PRICE: \$2,70,0000
SOLD PRICE: \$2,550,000
BUILDING SIZE: 7,500 Sq. Ft.



SOUTH HAVEN
12519 M-140

LIST PRICE: \$725,000
SOLD PRICE: \$725,000
BUILDING SIZE: 10,367 Sq. Ft.



CADILLAC
8179 Mackinaw Trail

LIST PRICE: \$495,000
SOLD PRICE: \$420,000
BUILDING SIZE: 19,617 Sq. Ft.



NOTABLE TRANSACTIONS

INDUSTRIAL



TRAVERSE CITY
5928 East Traverse Highway

LEASE PRICE: \$4,000 / Month
BUILDING SIZE: 4,800 Sq. Ft.



TRAVERSE CITY
151 Buckshot Drive

LIST PRICE: \$339,000
SOLD PRICE: \$300,000
BUILDING SIZE: 3,200 Sq. Ft.



TRAVERSE CITY
2419 Sybrandt Road

LEASE PRICE: \$1,800 / Month
BUILDING SIZE: 2,400 Sq. Ft.

VACANT



TRAVERSE CITY
US-31 S

LIST PRICE: \$2,613,600
SOLD PRICE: \$2,487,240
ACRES: 31

INVESTMENT



HARRISON
114 E Main Street

LIST PRICE: \$283,000
SOLD PRICE: \$225,000
BUILDING SIZE: 2,524 Sq. Ft.



REED CITY
228 N Chestnut Street

LIST PRICE: \$150,000
SOLD PRICE: \$150,000
BUILDING SIZE: 1,440 Sq. Ft.



INTERLOCHEN
9672 US-31

LIST PRICE: \$520,000
SOLD PRICE: \$520,000
PROPERTY SIZE: 6,400 Sq. Ft.



INTERLOCHEN
9680 US-31

LIST PRICE: \$715,000
SOLD PRICE: \$715,000
PROPERTY SIZE: 8,125 Sq. Ft.



CLEAN SWEEP.

“FROM PURCHASE TO LEASING OUR ADDITIONAL VACANT SPACE, THREE WEST NEVER MISSED A BEAT.”

TC Curling Center
Former Kmart Building, Garfield Township



Jep Gruman
Club Treasurer

Kevin Byrne
Club Vice President

CLIENT:
TC Curling Center

PROJECT:
Recreational /
Commercial Building

SERVICES:
Purchasing Broker,
Leasing Agent

“Our vision at TC Curling Center was ambitious. We needed 25,000 square feet located within an 'Opportunity Zone' with convenient community access.

Three West immediately presented options and, throughout our journey, guided us every step of the way to our ideal property – the former Kmart building on Garfield.

From brokering the deal to helping us lease out the remaining square feet, their experience and professionalism was vital to our vision.”

– Kevin Byrne & Jep Gruman
TC Curling Center



**THREE WEST
COMMERCIAL**

REAL ESTATE | CONSULTING

COMMERCIAL REAL ESTATE
IS ALL WE DO

TEAM EFFORT

We are Northern Michigan's
#1 Commercial Real Estate Brokerage



THREEWEST.COM (231) 929-2955

CREXI



Platinum
Broker
Award
Winner
2024



The Pinnacle in Commercial Real Estate

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



Kevin Endres, CCIM, SIOR
Three West Commercial



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