



# Mid-Year 2017 Market Report

## Commercial Real Estate Market - Lexington, KY

### Lexington Market Trend in 2017

The Lexington commercial real estate market was mostly positive during the 1st and 2nd quarters of 2017 with an impressive vacancy decrease in the Industrial market which already had a low vacancy rate at yearend 2016. Low Industrial vacancy is a nationwide trend that is likely tied to the growth of internet shopping and the need for more warehouses closer to various customer markets for companies selling products. There was a smaller decrease in vacancy within the Retail sector that also had a low vacancy rate at yearend 2016. Fluctuations within Suburban Office and CBD Office sectors demand and higher vacancy rates despite the lack of speculative construction continue to indicate those sectors are still “right-sizing” with companies moving to more open floor plans with less square footage per employee. Further impacting the office market is an increase in office tenants seeking non-traditional office space, particularly in the tech and marketing segment.

Market rental rates for all commercial sectors have remained stable over the past 6 months and are expected to remain stable through yearend 2017 with the likelihood of Industrial rent increasing and the possibility of Retail rent increasing.

-Al Isaac, President



Commercial Real Estate Services, Worldwide.

# Lexington, KY Commercial Real Estate Market

**NAI Isaac Commercial Properties'** Mid-Year review of commercial real estate activity in the Lexington Metropolitan area highlights activities for the first half of 2017. This report provides an in-depth review of the commercial real estate market, evaluates the market trends and how they may impact future performance.

NAI Isaac compiled and analyzed data on over 527 commercial properties representing in excess of 32 million square feet of office, retail and industrial premises, of which, approximately 2.2 million square feet is available.

## The Lexington Market trending update in 2017!

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Specialty: Retail & Office  
Areas of Interest: Investments



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Years Experience: 31 Years  
Specialty: Retail & Office  
Areas of Interest: Power & Community Centers



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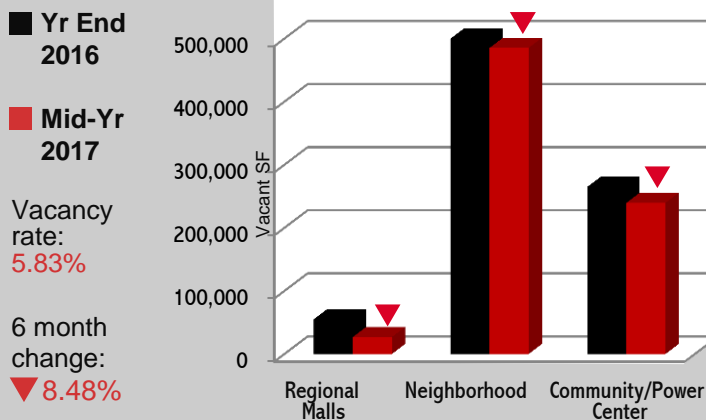
Years Experience: 31 Years  
Specialty: Retail, Office & Industrial  
Areas of Interest: Sales, Leasing & Land Dev't



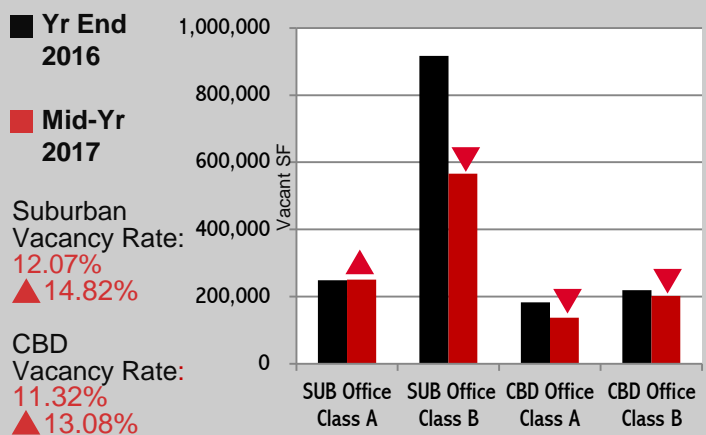
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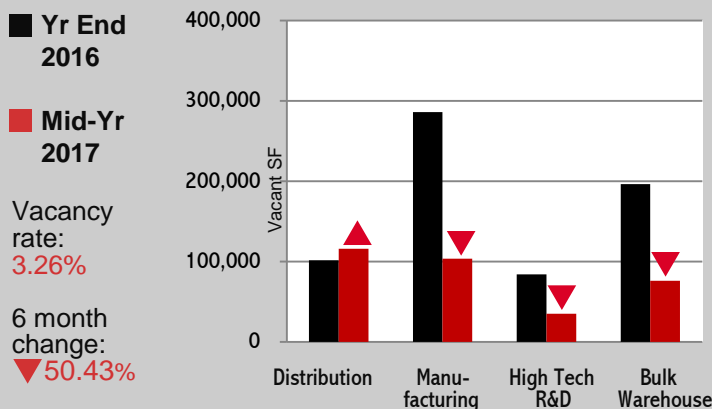
### RETAIL



### OFFICE



### INDUSTRIAL



# Mid-Year 2017 Report

## Retail

A decrease in vacancy of 8.48% from yearend 2016. The GLA of the surveyed retail centers in the Lexington area is just under 13 million SF in 121 centers. The bulk of the retail inventory is divided between the Community/Power and Neighborhood Center categories which accounts for approximately 11 million SF of the total GLA. Vacancy rate in Community/Power Centers is 3.96% and 9.37% in Neighborhood Shopping Centers.



RETAIL	Bldgs	GLA (SF)	Occupied (SF)	Occupancy Rate (%)	Vacant (SF)	Vacancy Rate (%)
Regional Malls	2	1,670,000	1,643,119	98.39%	26,881	1.61%
Neighborhood	99	5,179,685	4,694,439	90.63%	485,246	9.37%
Community/Power Center	20	6,050,726	5,811,144	96.04%	239,582	3.96%
<b>Total</b>	<b>121</b>	<b>12,900,411</b>	<b>12,148,702</b>	<b>94.17%</b>	<b>751,709</b>	<b>5.83%</b>

## Office

Vacancy of the suburban office market slightly increased since yearend 2016. The current vacancy rate is 12.07%. The bulk of the suburban office market is comprised of 142 Class B buildings, representing over 566,577 SF of available space. While the Lexington CBD office market is composed of few Class A buildings, the total square footage is close to the Class B category. The CBD office market increased vacancy during the 1st half of 2017, with 11.32% vacancy rate, which represents over 338,908 SF of available premises.



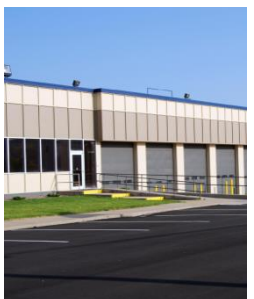
SUBURBAN OFFICE	Bldgs	GLA (SF)	Occupied (SF)	Occupancy Rate (%)	Vacant (SF)	Vacancy Rate (%)
Class A	46	1,863,624	1,612,549	86.53%	251,075	13.47%
Class B	142	4,912,041	4,345,464	88.47%	566,577	11.53%
<b>Total</b>	<b>188</b>	<b>6,775,665</b>	<b>5,958,013</b>	<b>87.93%</b>	<b>817,652</b>	<b>12.07%</b>

CBD OFFICE	Bldgs	GLA (SF)	Occupied (SF)	Occupancy Rate (%)	Vacant (SF)	Vacancy Rate (%)
Class A	8	1,315,685	1,178,475	89.57%	137,210	10.43%
Class B	36	1,678,679	1,476,981	87.98%	201,698	12.02%
<b>Total</b>	<b>44</b>	<b>2,994,364</b>	<b>2,655,456</b>	<b>88.68%</b>	<b>338,908</b>	<b>11.32%</b>

## Industrial

Vacancy rate among industrial facilities in Lexington was only 3.26% at mid-year. The vacancy decreased 50.43% in the last 6 months, primarily as a result of a single facility lease. The bulk warehouse market, Lexington's largest industrial segment, totals only 76,251 SF of available premises with a vacancy rate of 1.68%. The distribution market is comprised of over 3.8M SF premises with a vacancy rate of 2.99% and just over 115,000 SF available.



INDUSTRIAL	Bldgs	GLA (SF)	Occupied (SF)	Occupancy Rate (%)	Vacant (SF)	Vacancy Rate (%)
Distribution	92	3,876,208	3,760,401	97.01%	115,807	2.99%
Manufacturing	18	894,188	790,538	88.41%	103,650	11.59%
HighTech/R&D	24	835,325	800,432	95.82%	34,893	4.18%
Bulk Warehouse	40	4,531,089	4,454,838	98.32%	76,251	1.68%
<b>Total</b>	<b>174</b>	<b>10,136,810</b>	<b>9,806,209</b>	<b>96.74%</b>	<b>330,601</b>	<b>3.26%</b>

# Mid-Year 2017

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Lexington, Kentucky

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**strategic & innovative**

Our experts are strategic and innovative, working collaboratively to ensure tailored solutions that maximize investment and enable profitable growth.

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