

Commercial

1. General state of the commercial real estate market in Lexington and surrounding counties? Lexington and surrounding counties have been impacted but leases and sales are still occurring. If a Covid-19 second wave/surge occurs commercial real estate activity will again be impacted. Availabilities and rental rates have remained consistent throughout the Lexington market and surrounding counties but the true impact on the market may not be felt for 4-6 months. We remain optimistic that availabilities and rental rates will remain consistent as the community implements measures to recover from COVID-19.

a. Changes in availability? The Lexington market has been generally stable but some businesses will not reopen, with the most impacted businesses being dine-in only restaurants, fitness facilities and retail stores although some offices will be impacted.

b. Changes in pricing? The pricing isn't significantly different from pre-COVID-19 but we do anticipate sellers and landlords may be more flexible in the coming months.

c. Zoning restrictions lifted or changed more easily? The process has been slower with many government offices closed or working remotely but we haven't experienced any relaxing of requirements and don't anticipate zoning restrictions to be relaxed.

2. Are there still businesses growing, relocating here, grand opening, etc. or has there been a slow down? Yes, businesses are still growing and opening but in the COVID-19 environment some companies will re-evaluate needs and others will take a wait and see approach and delay decisions on expanding/moving/relocating. Availabilities and rental rates have remained consistent throughout the Lexington market and surrounding counties. We remain optimistic that availabilities and rental rates will remain stable as the community implements measures to recover from COVID-19.

3. What should current landlords be doing to make their available spaces more enticing? Employ enhanced cleaning procedures, publicize steps they are taking to make their properties safe, and consider being more flexible with lease terms. A property's ability to be virtually shown to prospective tenants has become very important during this time. Our company has worked with several clients to develop virtual tours, showcases and photo slideshows for their assets. These techniques help replace in-person showings during this time of social distancing.

4. What percentage of companies are you seeing trying to get out of leases or modify terms, anything helpful to know for someone trying to do same? Is there any flexibility due to COVID-19 impact on tenants? Many landlords have worked with tenants in deferring a portion of rent the last couple of months with the deferred rent to be re-paid over the next few months. Our owners have been very good at working with existing tenants regarding options for rent terms. We have also been very diligent in connecting tenants with resources offered by federal and state government. The C.A.R.E.S Act provides low interest SBA loans for tenants to utilize for payroll, rent/mortgages and other operating costs. NAI Isaac has acted as liaison between our property owners and their tenants to formulate solutions to ensure both parties come through COVID-19 with as little business impact as possible. The percentage varies based on the industry with retail, dine-in only restaurants, gyms and hospitality seeming to be most impacted. Industrial in general and specifically companies that cater to tech and product inventory for online distributors remain stable and are anticipated to increase square footage and facilities occupied.

5. Any predictions on what we'll see in the commercial markets in the short and long term future? The true impact of COVID-19 may not be felt or seen for 4-6 months. With that being said, we are optimistic that the local market will rebound from any setbacks occurring during this time. Lexington, KY and its surrounding areas remain a very attractive area for businesses and we are confident that the market will continue to see new businesses arrive and settle in Central KY. The Lexington market characteristics make it an attractive city to locate, relocate and open a business. The Lexington commercial real estate market should remain strong as it has in previous challenging times.

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