


YEAREND 2022


CRE MARKET REPORT

Lexington-Fayette County, KY

NAI Isaac

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YEAREND 2022

Office Report

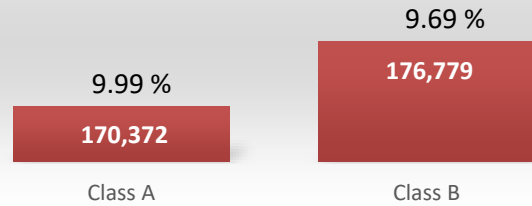
The Lexington-Fayette Office market ended the second half of 2022 with overall vacancy rates decreased across Class A and B properties.

CBD Class A and B Office space from the 51 building sample totaled 3,529,641 SF with 3,182,490 SF occupied and 347,151 SF vacant, yielding a total vacancy of 9.84 percent in the CBD. Class A Office space totaled 1,705,511 SF with 1,535,139 SF occupied and 170,372 SF vacant, yielding a Class A vacancy of 9.99 percent across 9 buildings. Class B Office space totaled 1,824,130 SF with 1,647,351 SF occupied and 176,779 SF vacant, yielding a Class B vacancy of 9.69 percent across 42 buildings.

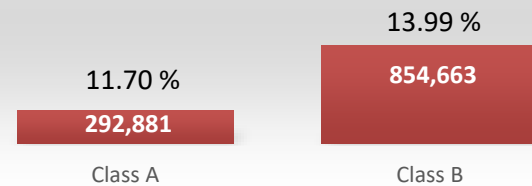
Suburban Class A and B Office space from the 240 building sample totaled 8,613,635 SF with 7,466,091 SF occupied and 1,147,544 SF vacant, yielding a total vacancy of 13.32 percent in the Suburban market. Class A Office space totaled 2,502,936 SF with 2,210,055 SF occupied and 292,881 SF vacant, yielding a Class A vacancy of 11.70 percent across 53 buildings. Class B Office space totaled 6,110,699 SF with 5,256,036 SF occupied and 854,663 SF vacant, yielding a Class B vacancy of 13.99 percent across 187 buildings.

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OFFICE - CBD VACANCY (SF) Q4 - 2022



OFFICE - SUBURBAN VACANCY (SF) Q4 - 2022



OFFICE CBD	# BUILDINGS	GLA (SF)	OCCUPIED (SF)	OCCUPANCY RATE	VACANT (SF)	VACANCY RATE
Class A	9	1,705,511	1,535,139	90.01%	170,372	9.99%
Class B	42	1,824,130	1,647,351	90.31%	176,779	9.69%
TOTAL	51	3,529,641	3,182,490	90.16%	347,151	9.84%

OFFICE SUBURBAN	# BUILDINGS	GLA (SF)	OCCUPIED (SF)	OCCUPANCY RATE	VACANT (SF)	VACANCY RATE
Class A	53	2,502,936	2,210,055	88.30%	292,881	11.70%
Class B	187	6,110,699	5,256,036	86.01%	854,663	13.99%
TOTAL	240	8,613,635	7,466,091	86.68%	1,147,544	13.32%

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Industrial Report

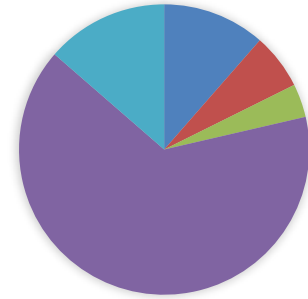
Lexington-Fayette County's Industrial property market vacancy trended upward during the second half of 2022. The vacancy rate in our sample totaled 9.15 percent, ending Q4 at 1,221,711 SF of vacant space. Manufacturing had the greatest overall vacancy rate at 26.35 percent. Bulk Warehouse had the lowest overall vacancy rate at 1.63% NAI Isaac expects vacancy rates in this market to trend downward during 2023.

This report filtered and sampled 420 properties from the Lexington-Fayette Industrial market, totaling 18,046,640 SF of Gross Leasable Area.

*one building totaling 688,373 SF available represents 87% of the manufacturing vacancy Without this one vacancy, the vacancy rate would be 2.95%.

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SEGMENT SHARE OF TOTAL INDUSTRIAL VACANCY (%) Q4 - 2022



- Bulk Warehouse – 11%
- Flex – 14%
- Manufacturing – 65%
- Distribution – 6%
- High Tech & R&D – 4%

INDUSTRIAL	# BUILDINGS	GLA (SF)	OCCUPIED SF	OCCUPANCY RATE	VACANT (SF)	VACANCY RATE
Bulk Warehouse	184	8,602,240	8,462,408	98.37%	139,832	1.63%
Distribution	103	3,808,221	3,732,303	98.01%	75,918	1.99%
High Tech R&D	23	411,045	365,566	88.94%	45,479	11.06%
Manufacturing	47	3,013,838	2,219,714	73.65%	794,124	26.35%
Flex Space	63	2,718,274	2,501,527	92.03%	166,358	7.97%
TOTAL	420	18,046,640	16,395,471	90.85%	1,221,711	9.15%

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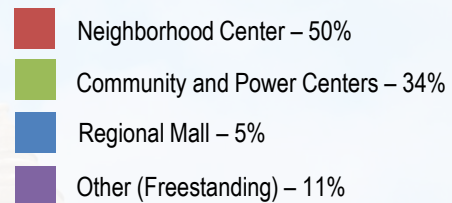
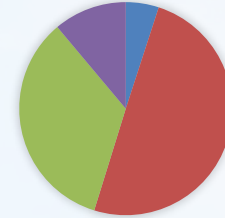
Retail Report

The Lexington-Fayette Retail property market experienced some positive movement during the second half of 2022. Overall vacancy in our Retail sample of 254 buildings totaled 4.76 percent with 12,591,385 SF occupied and 628,742 SF vacant from a Gross Leasable Area of 13,220,127 SF.

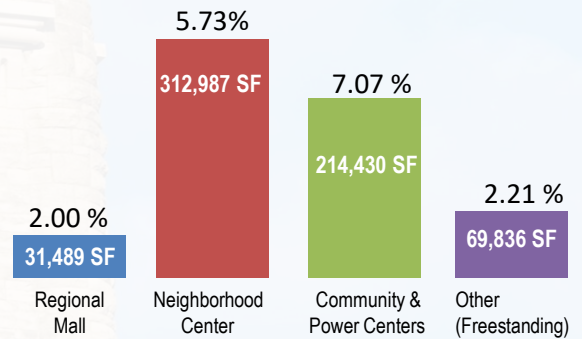
Upon further examination, Regional Mall vacancy totaled 2.00 percent with 31,489 SF of space vacant within the market. Neighborhood Center vacancy totaled 5.73 percent with 312,987 SF vacant within the market. Community and Power Center vacancy totaled 7.07 percent with 214,430 SF of measured vacancy. Other (Freestanding) vacancy totaled 2.21 percent with 69,836 SF of measured vacancy.

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SEGMENT SHARE OF TOTAL RETAIL VACANCY (%) Q4 - 2022



RETAIL VACANCY (SF) Q4 - 2022



RETAIL	# BUILDINGS	GLA (SF)	OCCUPIED SF	OCCUPANCY RATE	VACANT (SF)	VACANCY RATE
Regional Mall	4	1,577,551	1,546,062	98.00%	31,489	2.00%
Neighborhood Center	132	5,457,962	5,144,975	94.27%	312,987	5.73%
Community & Power Center	34	3,031,131	2,816,701	92.93%	214,430	7.07%
Other (Freestanding)	84	3,153,483	3,083,647	97.79%	69,836	2.21%
TOTAL	254	13,220,127	12,591,385	95.24%	628,742	4.76%

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Trend Analysis

Overall vacancy rates trended downward year over year between 2021 and 2022. The one exception is Industrial vacancy, which increased to 9.15% for Q4 2022.

	2021 - Q4	2021-Q4	2022-Q4	2022 - Q4
RETAIL				
	Vacancy Rate (%)	Vacant (SF)	Vacancy Rate (%)	Vacant (SF)
Regional Mall	5.39%	87,489	2.00%	31,489
Neighborhood Center	6.41%	392,312	5.73%	312,987
Community and Power Centers	8.60%	275,608	7.07%	214,430
Other (Freestanding)	1.81%	57,838	2.21%	69,836
Total	5.75%	813,247	4.76%	628,742
OFFICE - CBD				
	Vacancy Rate (%)	Vacant (SF)	Vacancy Rate (%)	Vacant (SF)
Class A	12.74%	217,055	9.99%	170,372
Class B	10.41%	190,760	9.69%	176,779
Total	11.53%	407,815	9.84%	347,151
OFFICE - SUBURBAN				
	Vacancy Rate (%)	Vacant (SF)	Vacancy Rate (%)	Vacant (SF)
Class A	13.69%	344,414	11.70%	292,881
Class B	13.02%	797,988	13.99%	854,663
Total	13.22%	1,142,402	13.32%	1,147,544
INDUSTRIAL				
	Vacancy Rate (%)	Vacant (SF)	Vacancy Rate (%)	Vacant (SF)
Bulk Warehouse	1.53%	131,842	1.63%	139,832
Distribution	0.53%	20,243	1.99%	75,918
High Tech & R&D	0.00%	-	11.06%	45,479
Manufacturing	2.18%	65,770	26.35%	794,124
Flex	2.87%	78,383	7.97%	166,358
Total	1.60%	296,238	9.15%	1,221,711



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2022

Demographics

LEXINGTON, KY MARKET DEMOGRAPHICS

Demographic	2022 Summary	2027 Projection
Population	327,130	330,667
Households	136,600	138,262
Average Household Income	\$93,057	\$108,810
Median Age	35.80	36.6

LEXINGTON, MSA* MARKET DEMOGRAPHICS

Demographic	2022 Summary	2027 Projection
Population	525,150	533,373
Households	212,795	216,348
Average Household Income	\$92,338	\$107,590
Median Age	37.2	37.9

*Lexington, KY MSA includes Bourbon, Clark, Fayette, Jessamine, Scott, and Woodford Counties.

OUR TEAM

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NAI Isaac

NAI Isaac is a Lexington, Kentucky-based firm providing a full range of commercial real estate services to clients throughout Central Kentucky and beyond. NAI Isaac professionals are relationship-oriented, performance-driven and service-focused. Our satisfied clients include developers, private investors, corporations, institutions, non-profits, small businesses, and REITs. We maintain long-term client relationships through skill, knowledge, dedication, and determination.

NAI agents offer a range of expertise that allow us to successfully address any real estate opportunity or challenge. Our experienced brokerage team specializes in commercial leasing, acquisition or disposition of commercial properties (retail, office industrial, and mixed-use), and investment and development opportunities. NAI Isaac also offers comprehensive property management, operations management, asset improvement projects, maintenance and upkeep, rent collections, receivership, and REO dispositions.

NAI Isaac has been designated an Accredited Management Organization (AMO) through the Institute of Real Estate Management (IREM). NAI Isaac is the only commercial real estate firm to achieve this designation in Central Kentucky, the firm's management team currently services over 3.8 million square feet of retail, office, and industrial space throughout the Commonwealth.

NAI Isaac is the Central Kentucky affiliate for NAI Global, a leading international commercial real estate brokerage firm. Members of NAI Global are local firms who have chosen, and been chosen, to be a part of the global network of more than 300 offices strategically located throughout North America, Latin America, the Caribbean, Europe, Africa, and Asia Pacific. Each affiliate is independently owned, and unwaveringly committed to excellence in the services they provide.



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