

# Yearend 2014

Commercial Real Estate Market  
Lexington, KY



## Commercial Real Estate Vacancy Overview

### RETAIL

Vacancy rate:

4.87%

6 month change:

▲ **2.35% increase**

### SUBURBAN OFFICE

Vacancy rate:

16.21%

6 month change:

▲ **7.25% increase**

### CBD OFFICE

Vacancy rate:

14.61%

6 month change:

▼ **5.22% decrease**

### INDUSTRIAL

Vacancy rate:

5.68%

6 month change:

▼ **12.93% decrease**

## YEAREND 2014

The Lexington commercial real estate market has shown steady improvement during 2014 with consistent vacancy decreases. Notable decreases in vacancy within the Industrial and CBD sectors may indicate a rise in business expansion in the Lexington area. Leasing activity has increased and market rental rates for all commercial sectors have remained stable throughout 2014. This report surveys Class A & B properties that are 10,000 square feet and larger. NAI Isaac compiled and analyzed data on approximately 516 commercial properties representing over 32 million square feet of office, retail and industrial premises.

## 1Q15 FORECAST

Leasing activity will continue to increase in the 1<sup>st</sup> quarter of 2015 with positive absorption anticipated for all sectors. Rental rates will stabilize in CBD & Suburban Office and slightly increase in Retail & Industrial as vacancies continue to be reduced.

- Al Isaac, President

# Yearend 2014 Market Report - Retail

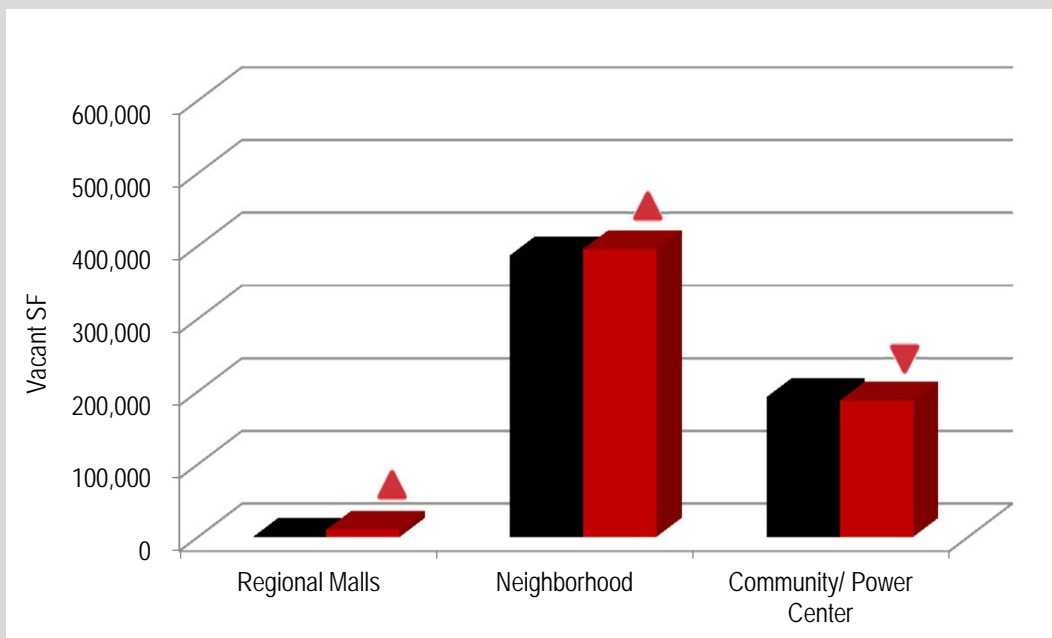
## RETAIL

Vacancy rate:  
4.87%

6 month change:  
▲ 2.35% increase

■ Yearend 2014

■ Midyear 2014



## Retail

The Lexington retail market experienced a positive last half of 2014 even with a slight vacancy rate increase of 2.35% in the last 6 months of 2014. The market currently has 592,767 SF of available space. Total retail inventory in the Lexington market area surveyed consisted of 12,180,322 SF for 115 properties as of the end of the fourth quarter 2014.

The largest retail lease signings that occurred in 2014 included the 70,000 SF lease signed by Cabela's in Hamburg Place in the East Lexington/Fayette market; the 40,000 SF lease signed by The Cheesecake Factory and the 23,000 SF lease signed by H&M at Fayette Mall and the 21,900 SF lease\* signed by Bargain Hunt at Stonewall Center in the West Lexington/Fayette market.

RETAIL	Bldgs	GLA (SF)	Occupied (SF)	Occupancy Rate (%)	Vacant (SF)	Vacancy Rate (%)
Regional Malls	1	1,298,900	1,288,900	99.23%	10,000	0.77%
Neighborhood	94	4,855,343	4,459,973	91.86%	395,370	8.14%
Community/Power Center	20	6,026,079	5,838,682	96.89%	187,397	3.11%
<b>Total</b>	<b>115</b>	<b>12,180,322</b>	<b>11,587,555</b>	<b>95.13%</b>	<b>592,767</b>	<b>4.87%</b>

\* NAI Isaac transaction

# Yearend 2014 Market Report – Suburban

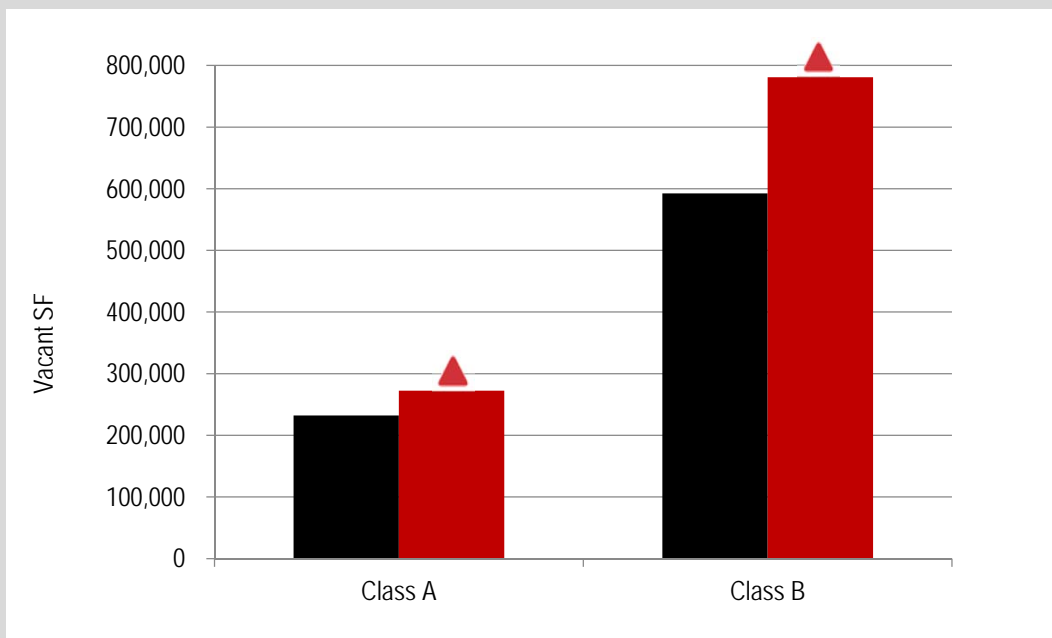
## SUBURBAN OFFICE

Vacancy rate:  
16.21%

6 month change:  
▲ 7.25% increase

■ Yearend 2014

■ Midyear 2014



## Suburban Office

The Lexington Office market remained stable as the fourth quarter 2014 ended with a vacancy rate of 16.21% in the suburban market. The vacancy rate increased from the midyear survey, with 1,021,332 SF of available space in the second half of 2014. Total office inventory in the Lexington market area amounted to 6,300,438 SF in the 182 building suburban office sector.

The largest lease signings that occurred in 2014 included the 38,886 SF lease\* signed by USDA at Corporate Plaza and the 85,000 SF lease signed by UK Healthcare at 2195 Harrodsburg Road in the West Lexington/Fayette market; The Cabinet for Health & Family Services signed a 50,000 SF lease\* at 1350 New Circle Road in the East Lexington/Fayette market.

SUBURBAN OFFICE	Bldgs	GLA (SF)	Occupied (SF)	Occupancy Rate (%)	Vacant (SF)	Vacancy Rate (%)
Class A	45	1,856,093	1,577,481	84.99%	278,612	15.01%
Class B	137	4,444,345	3,701,625	83.29%	742,720	16.71%
<b>Total</b>	<b>182</b>	<b>6,300,438</b>	<b>5,279,106</b>	<b>83.79%</b>	<b>1,021,332</b>	<b>16.21%</b>

\* NAI Isaac transactions

# Yearend 2014 Market Report – CBD

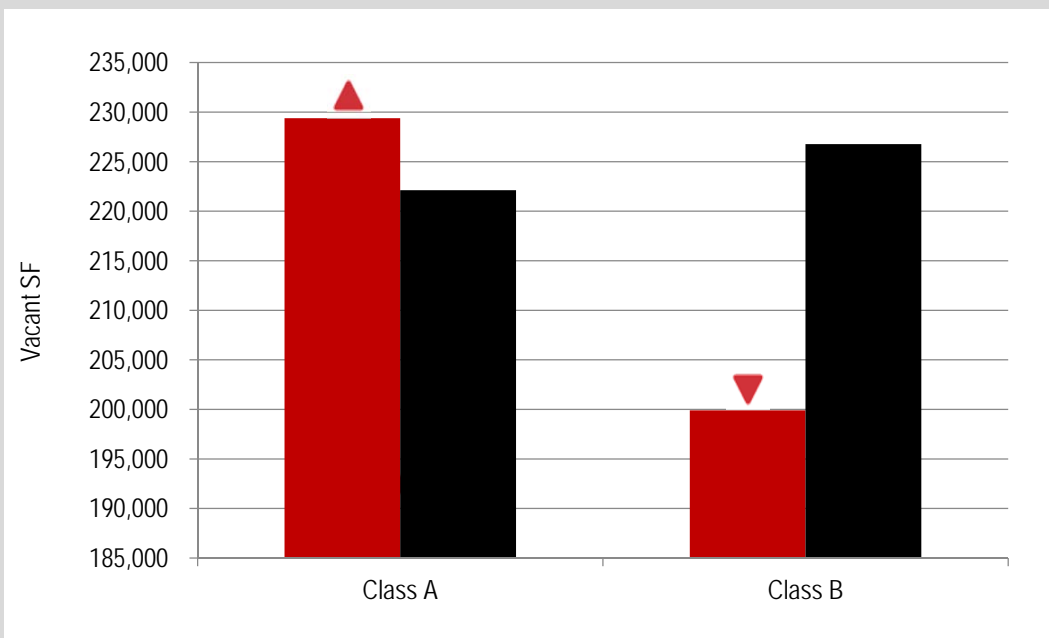
## CBD OFFICE

Vacancy rate:  
14.61%

6 month change:  
▼ **5.22% decrease**

■ Yearend 2014

■ Midyear 2014



## CBD Office

The Lexington Office market ended the fourth quarter 2014 with a vacancy rate of 14.61% in the CBD market. The vacancy decreased from the midyear survey, with 429,290 SF of available space in the second half of 2014. Total office inventory in the CBD market area consisted of 43 buildings totaling 2,938,205 SF.

The largest lease signings that occurred in 2014 were the 17,602 SF lease\* signed by Association Management Resources at Chase Tower (201 East Main Street) and the 7,200 SF signed by Legal Consulting Group Ltd at 111 Church Street in the Downtown Lexington market.

CBD OFFICE	Bldgs	GLA (SF)	Occupied (SF)	Occupancy Rate (%)	Vacant (SF)	Vacancy Rate (%)
Class A	6	1,260,249	1,030,863	81.80%	229,386	18.20%
Class B	37	1,677,956	1,478,052	88.09%	199,904	11.91%
<b>Total</b>	<b>43</b>	<b>2,938,205</b>	<b>2,508,915</b>	<b>85.39%</b>	<b>429,290</b>	<b>14.61%</b>

\* NAI Isaac transaction

# Yearend 2014 Market Report - Industrial

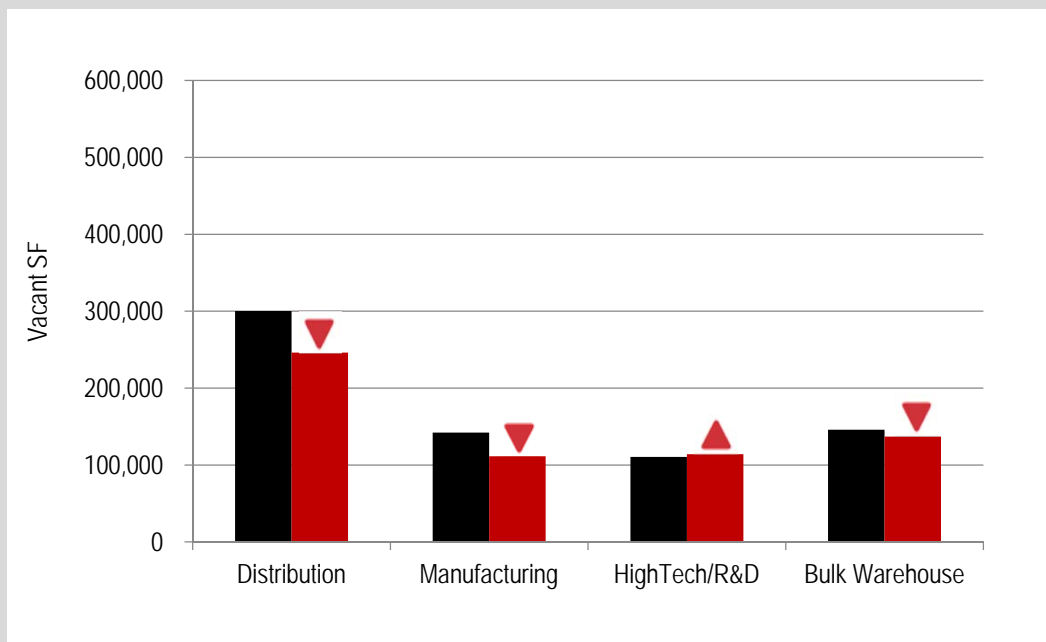
## INDUSTRIAL

Vacancy rate:  
5.68%

6 month change:  
▼ **12.93% decrease**

■ Yearend 2014

■ Midyear 2014



## Industrial

The Lexington Industrial market ended the fourth quarter 2014 with a vacancy rate of 5.68%. The vacancy rate decreased from the midyear report, with 608,667 SF available at yearend. The industrial inventory in the Lexington market area totaled 10,714,617 SF in 176 buildings at the end of 2014.

The largest lease signings that occurred in 2014 included the 35,000 SF lease\* signed by Lexington Motorsports at 1850 Bryant Road in the East Lexington/Fayette market and the 23,101 SF lease signed by Crown Equipment at 1709 Jaggie Fox Way in the West Lexington/Fayette market.

INDUSTRIAL	Bldgs	GLA (SF)	Occupied (SF)	Occupancy Rate (%)	Vacant (SF)	Vacancy Rate (%)
Distribution	91	3,850,619	3,604,371	93.60%	246,248	6.40%
Manufacturing	18	1,221,151	1,084,940	88.85%	111,276	9.11%
HighTech/R&D	26	904,249	793,234	87.72%	114,143	12.62%
Bulk Warehouse	41	4,738,598	4,623,885	97.58%	137,000	2.89%
<b>Total</b>	<b>176</b>	<b>10,714,617</b>	<b>10,105,950</b>	<b>94.32%</b>	<b>608,667</b>	<b>5.68%</b>

\* NAI Isaac transaction

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Commercial Real Estate Market  
Lexington, Kentucky

NAI Isaac is  
**strategic & innovative**

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

With NAI Isaac, you can expect passion, professionalism and a positive contribution to your bottom line.

**NAI Isaac**

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