



Lexington Market Recovers in 2015

The Lexington commercial real estate market overall has shown continuous improvement during the 1st and 2nd quarters of 2015 with vacancy decreases in three of the four sectors. The Retail and CBD Office sectors had the largest decreases in vacancy.

The Industrial market has experienced consistent demand and this has held true for regional industrial markets as well. The Suburban Office market had a slight increase in vacancy despite sublease space regularly being added to the market.

Leasing activity has increased for most property types. With the continued improvement in the economy and employment increases the Suburban Office market should begin to show absorption. Market rental rates for all commercial sectors have remained stable over the past 6 months and are expected to increase through year end 2015.

-Al Isaac, President

NAI Isaac

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 2015. 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 523 commercial properties representing in excess of 32 million square feet of office, retail and industrial premises, of which, approximately 2.7 million square feet is available.

The Lexington Market continues steady recovery!

Senior Contributing Editors



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Areas of Interest: Investments



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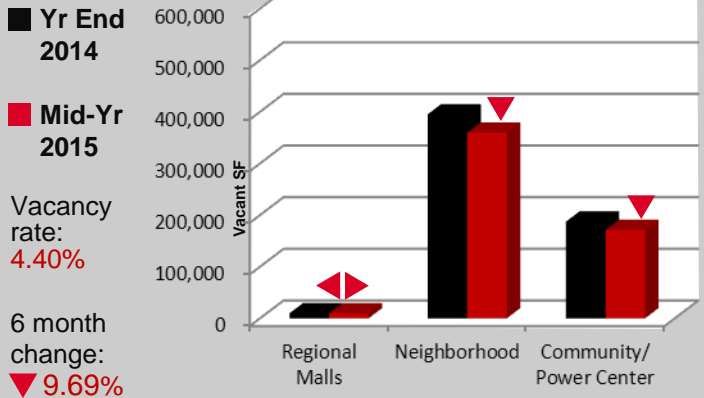
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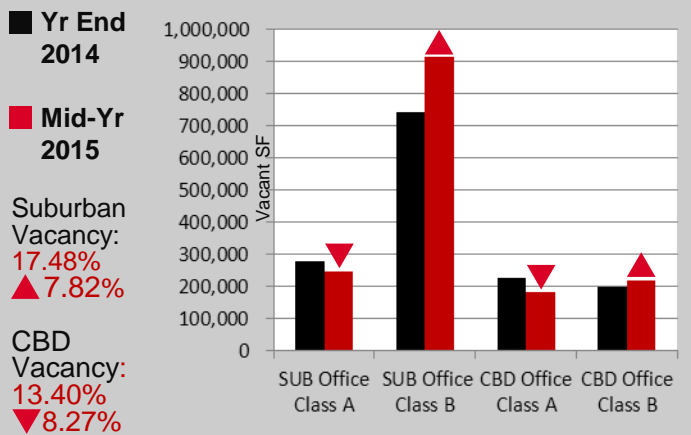
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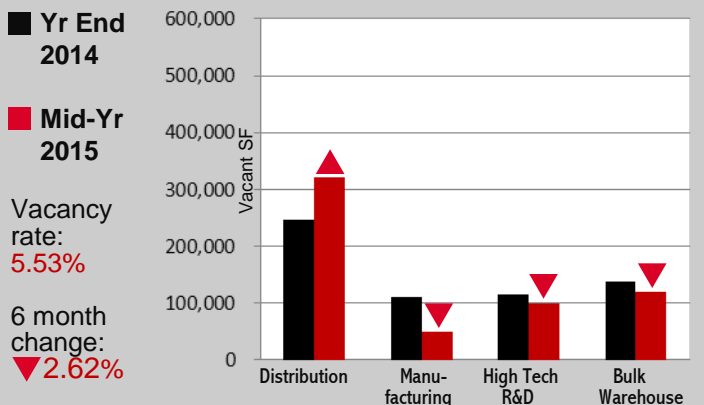
RETAIL



OFFICE



INDUSTRIAL



Mid-Year 2015 Report

Retail

The total vacancy decreased 9.69% from year end 2014. The GLA of the surveyed retail centers in the Lexington area is approximately 12 million SF in 117 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 in Community/Power Centers is 2.85% and vacancy in Neighborhood Shopping Centers is 7.35%.



RETAIL	Bldgs	GLA (SF)	Occupied (SF)	Occupancy Rate (%)	Vacant (SF)	Vacancy Rate (%)
Regional Malls	1	1,400,000	1,390,000	99.29%	10,000	0.71%
Neighborhood	96	4,890,209	4,530,601	92.65%	359,608	7.35%
Community/Power Center	20	6,014,271	5,843,076	97.15%	171,195	2.85%
Total	117	12,304,480	11,763,677	95.60%	540,803	4.40%

Office

Vacancy of the suburban office market increased 7.82% since yearend 2014. The current vacancy is 17.48%. The bulk of the suburban office market is comprised of 141 Class B buildings, representing over 917,000 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 decreased vacancy during the 1st half of 2015, with 13.40% vacancy rate, which represents over 402,000 SF of available premises.



SUBURBAN OFFICE	Bldgs	GLA (SF)	Occupied (SF)	Occupancy Rate (%)	Vacant (SF)	Vacancy Rate (%)
Class A	45	1,856,093	1,607,406	86.60%	248,687	13.40%
Class B	141	4,813,826	3,896,757	80.95%	917,069	19.05%
Total	186	6,669,919	5,504,163	82.52%	1,165,756	17.48%
CBD OFFICE	Bldgs	GLA (SF)	Occupied (SF)	Occupancy Rate (%)	Vacant (SF)	Vacancy Rate (%)
Class A	7	1,315,842	1,132,470	86.06%	183,372	13.94%
Class B	37	1,685,640	1,466,723	87.01%	218,917	12.99%
Total	44	3,001,482	2,599,193	86.60%	402,289	13.40%

Industrial

Vacancy among industrial facilities in Lexington decreased 2.62% in the last 6 months, resulting in a 5.53% vacancy rate. The bulk warehouse market, Lexington's largest industrial segment, totals 120,000 SF of available premises with a vacancy level of 2.53%. The distribution market is comprised of over 3.8M SF premises with a vacancy rate of 8.32% and just over 320,000 SF available.



INDUSTRIAL	Bldgs	GLA (SF)	Occupied (SF)	Occupancy Rate (%)	Vacant (SF)	Vacancy Rate (%)
Distribution	91	3,850,613	3,530,202	91.68%	320,411	8.32%
Manufacturing	18	1,221,151	1,170,686	95.87%	50,465	4.13%
HighTech/R&D	26	854,146	755,156	88.41%	98,990	11.59%
Bulk Warehouse	41	4,738,598	4,618,598	97.47%	120,000	2.53%
Total	176	10,664,508	10,074,642	94.47%	589,866	5.53%

Mid-Year 2015

Commercial Real Estate Market
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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