

Yearend 2015

Commercial Real Estate Market
Lexington, KY

Commercial Real Estate Vacancy Overview

RETAIL

Vacancy rate:

4.63%

6 month change:

▲ 5.31% increase

SUBURBAN OFFICE

Vacancy rate:

18.20%

6 month change:

▲ 4.15% increase

CBD OFFICE

Vacancy rate:

12.75%

6 month change:

▼ 4.86% decrease

INDUSTRIAL

Vacancy rate:

5.69%

6 month change:

▲ 2.91% increase

YEAREND 2015

The Lexington commercial real estate market was stable during 2015 with very slight vacancy increases in some categories and a decrease in one category. A notable decrease in vacancy of 12.75% within the CBD sector indicates a rise in business expansion in the downtown Lexington area. Leasing activity was stable and market rental rates for all commercial sectors have remained stable throughout 2015. This report surveys Class A & B properties that are 10,000 square feet and larger. NAI Isaac compiled and analyzed data on approximately 523 commercial properties representing over 32 million square feet of office, retail and industrial premises.

2016 FORECAST

Leasing activity should continue to increase in the 1st quarter of 2016 with positive absorption anticipated for all sectors. Rental rates will continue to be stable in the CBD & Suburban Office sectors and should slightly increase in Retail & Industrial as the level of vacancies indicate a need for new development in certain locations.

2015 Year in Review

2015 was a positive year for the Lexington Commercial Real Estate Market. All indicators of economic growth improved during 2015 which assisted the CBD Office and Industrial categories in reducing vacancy and minimized the Retail vacancy increase.

- The Retail Market remained relatively stable with a slight increase in vacancy. There is still unmet demand for retail space in the regional shopping corridors.
- The CBD Office Market had positive absorption with higher occupancy in 2015.
- The Suburban Office Market had a small vacancy increase primarily due to sublease and company owned space being placed on the market.
- The Industrial Market experienced a slight increase in vacancy but continues to show strong demand.

- Al Isaac, President

Yearend 2015 Market Report - Retail

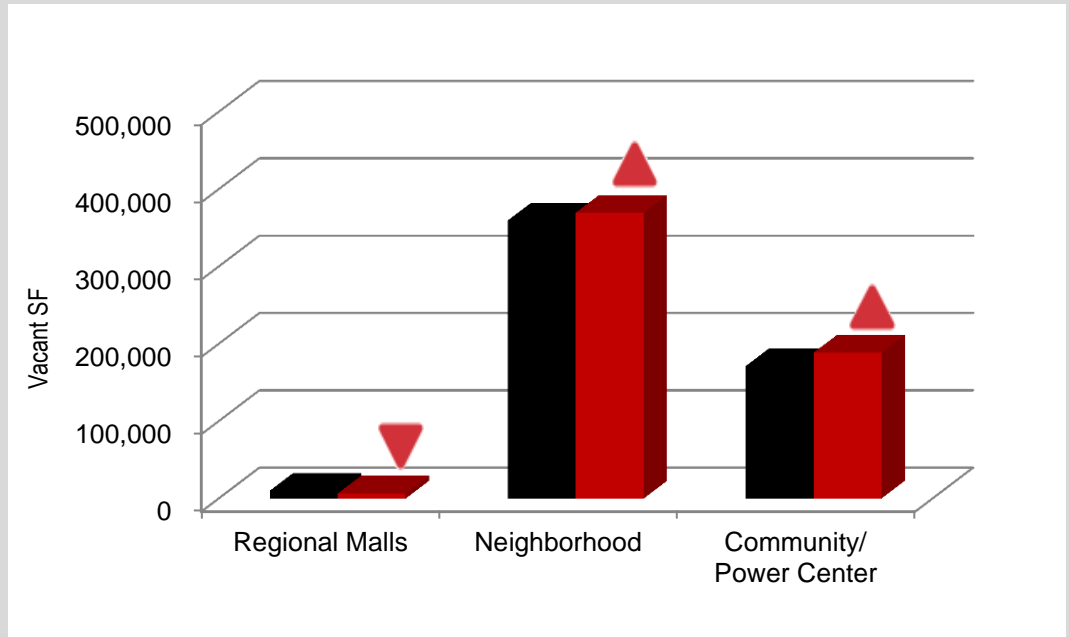
RETAIL

Vacancy rate:
4.63%

6 month change:
▲ 5.31% increase

■ Yearend 2015

■ Midyear 2015



Retail

The Lexington retail market experienced a positive last half of 2015 even with a slight vacancy rate increase of 4.63% in the last 6 months of 2015. The market currently has 577,674 SF available. Total retail inventory in the Lexington market area surveyed consisted of 12,480,510 SF for 117 properties as of the end of the fourth quarter 2015.

The largest retail lease signings that occurred in 2015 included the 20,955 SF deal signed by Planet Fitness at 1650 Bryan Station Road in the East Lexington/Fayette market; Goodwill signed a 13,396 SF lease* at 1441 Leestown Road and the 5,236 SF lease* signed by Mellow Mushroom at The Plaza at Lexington Green in the West Lexington/Fayette market.

RETAIL	Bldgs	GLA (SF)	Occupied (SF)	Occupancy Rate (%)	Vacant (SF)	Vacancy Rate (%)
Regional Malls	1	1,400,000	1,393,521	99.54%	6,479	0.46%
Neighborhood	96	5,066,239	4,683,618	92.45%	382,621	7.55%
Community/Power Center	20	6,014,271	5,825,697	96.86%	188,574	3.14%
Total	117	12,480,510	11,902,836	95.37%	577,674	4.63%

* NAI Isaac transaction

Yearend 2015 Market Report – Suburban

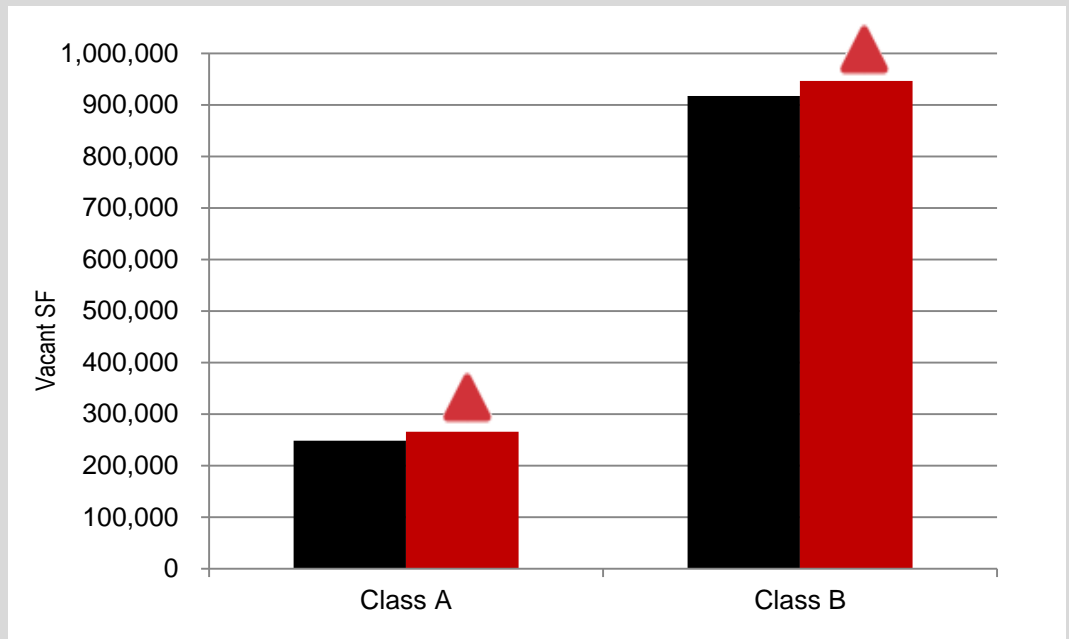
SUBURBAN OFFICE

Vacancy rate:
18.20%

6 month change:
▲ 4.15% increase

■ Yearend 2015

■ Midyear 2015



Suburban Office

The Lexington Office market slightly increased in the fourth quarter 2015 ended with a vacancy rate of 18.20% in the suburban market. The vacancy rate increased from the midyear survey, with 1,212,234 SF of available space in the second half of 2015. Total office inventory in the Lexington market area amounted to 6,659,384 SF in the 186 building suburban office sector.

The largest lease signings that occurred in 2015 included the 44,153 SF lease* signed by Stantec at 3052 Beaumont Centre Circle and VetData signed a 10,750 SF lease* at The Plaza at Lexington Green in the West Lexington/Fayette market; Exceptional Living Centers signed a 4,438 SF lease* at 1050 Chinoe 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	1,590,392	85.68%	265,701	14.32%
Class B	141	4,803,291	3,856,758	80.29%	946,533	19.71%
Total	186	6,659,384	5,447,150	81.80%	1,212,234	18.20%

* NAI Isaac transactions

Yearend 2015 Market Report – CBD

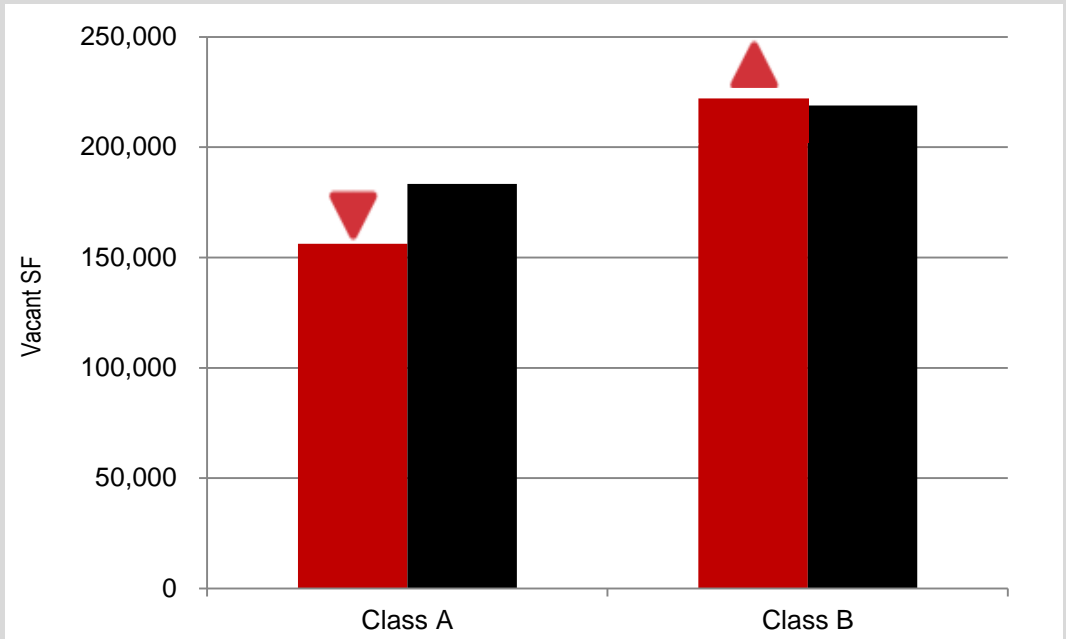
CBD OFFICE

Vacancy rate:
12.75%

6 month change:
▼ 4.86% decrease

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CBD Office

The Lexington Office market ended the fourth quarter 2015 with a decrease in vacancy rate of 12.75% in the CBD market. The vacancy decreased from the midyear survey, with 375,312 SF of available space in the second half of 2015. Total office inventory in the CBD market area consisted of 44 buildings totaling 2,943,185 SF.

The largest lease signings that occurred in 2015 were the 41,274 SF lease* signed by Fayette County Attorney at Chase Tower (201 East Main Street) and the 10,411 SF lease* signed by Hendricks Coal Tech at PNC Tower in the Downtown Lexington market.

CBD OFFICE	Bldgs	GLA (SF)	Occupied (SF)	Occupancy Rate (%)	Vacant (SF)	Vacancy Rate (%)
Class A	7	1,315,685	1,159,523	88.13%	156,162	11.87%
Class B	37	1,627,500	1,408,350	86.53%	219,150	13.47%
Total	44	2,943,185	2,567,873	87.25%	375,312	12.75%

* NAI Isaac transaction

Yearend 2015 Market Report - Industrial

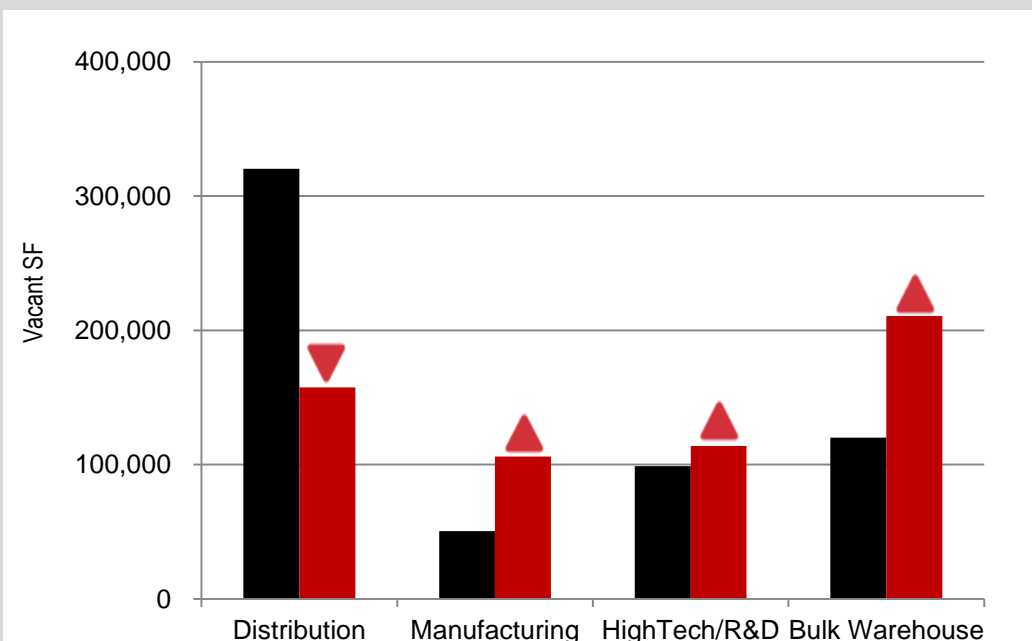
INDUSTRIAL

Vacancy rate:
5.69%

6 month change:
▲ 2.91% increase

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Industrial

The Lexington Industrial market ended the fourth quarter 2015 with a vacancy rate of 5.69%. The vacancy rate increased from the midyear report, with 588,157 SF available at yearend. The industrial inventory in the Lexington market area totaled 10,335,060 SF in 176 buildings at the end of 2015.

The largest lease signings that occurred in 2015 included the 46,149 SF lease* signed by Innovative Mattress Solutions at 1713 Jaggie Fox Way and 29,757 SF lease* signed by Roofing Supply Group at 809 Enterprise Drive in the West Lexington/Fayette market; Lexington Motorsports signed a 35,000 SF lease* at 1850 Bryant Road and Ferguson Enterprises signed a 24,943 SF lease* at 2320 Fortune Drive in the East Lexington/Fayette market.

INDUSTRIAL	Bldgs	GLA (SF)	Occupied (SF)	Occupancy Rate (%)	Vacant (SF)	Vacancy Rate (%)
Distribution	91	3,848,250	3,690,725	95.91%	157,525	4.09%
Manufacturing	18	894,188	788,073	88.13%	106,115	11.87%
HighTech/R&D	26	854,024	740,223	86.67%	113,801	13.33%
Bulk Warehouse	41	4,738,598	4,527,882	95.55%	210,716	4.45%
Total	176	10,335,060	9,746,903	94.31%	588,157	5.69%

* 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.

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