

# Commercial Real Estate Market Lexington, KY

## Lexington Market Maintains Steady Pace

The Lexington commercial real estate market remained steady during the 1<sup>st</sup> and 2<sup>nd</sup> quarters of 2016. The Suburban Office sector experienced positive absorption. The Retail sector demonstrates stable occupancy with a vacancy rate of only 4.75% as the market continues to receive interest from national retailers and restaurants. With the continued improvement in the economy and employment increases the Suburban Office market has shown the largest absorption with a vacancy decrease of 11.43% since yearend 2015.

The Industrial sector has experienced consistent demand but showed a slight increase in vacancy to 6.42%. The Central Business District office sector had only a slight increase in vacancy despite the dual challenges of absorbing shadow space (space that is leased or owned but not occupied) and tenant “rightsizing,” however the Central Business District office market is stable.

Leasing activity for retail and industrial properties is steady with the Retail sector reflecting the lowest vacancy rate and the Suburban Office sector having the largest vacancy rate improvement. The market rental rates for the retail, office and industrial sectors have remained relatively consistent over the past 6 months and this is expected to continue through yearend 2016.

-Al Isaac, President

# 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 2016. 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 524 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 maintains steady pace!**

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Specialty: Retail & Office  
Areas of Interest: Investments



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Years Experience: 30 Years  
Specialty: Retail & Office  
Areas of Interest: Power & Community Centers



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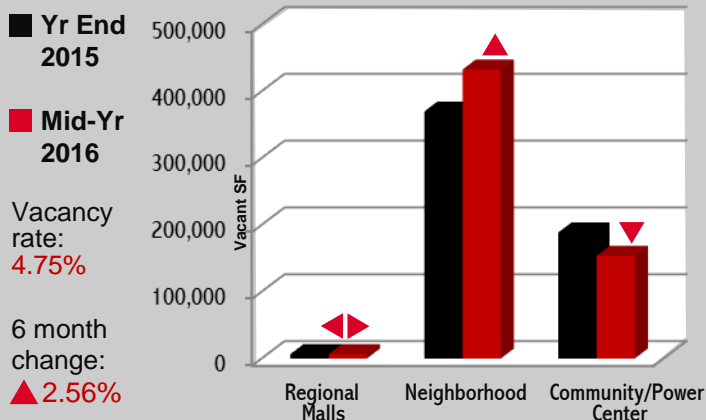
Years Experience: 30 Years  
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Areas of Interest: Sales, Leasing & Land Dev't



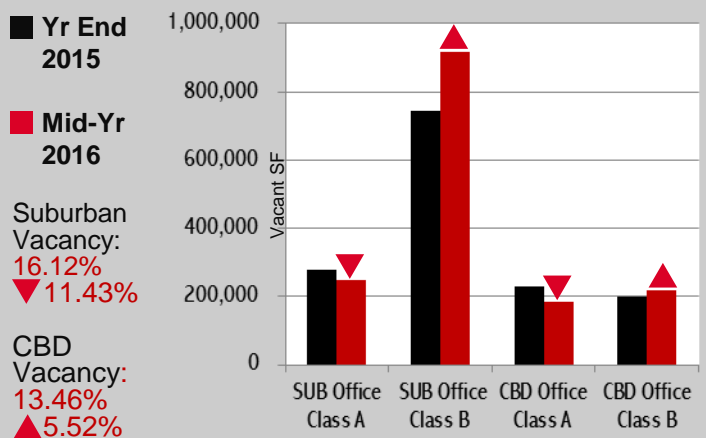
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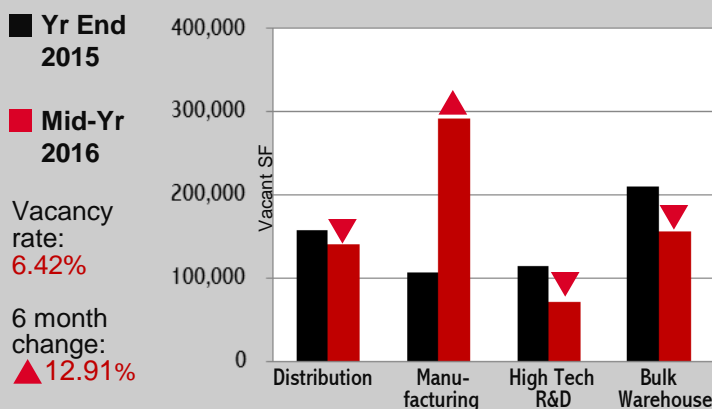
## RETAIL



## OFFICE



## INDUSTRIAL



# Mid-Year 2016 Report

## Retail

A slight increase in vacancy of 2.56% from yearend 2015. 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 2.55% and vacancy in Neighborhood Shopping Centers is 8.55%.



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 Community/Power Center	96	5,060,439	4,627,954	91.45%	432,485	8.55%
<b>Total</b>	<b>117</b>	<b>12,484,893</b>	<b>11,892,238</b>	<b>95.25%</b>	<b>592,655</b>	<b>4.75%</b>

## Office

Vacancy of the suburban office market decreased 11.43% since yearend 2015. The current vacancy is 16.12%. The bulk of the suburban office market is comprised of 143 Class B buildings, representing over 889,000 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 increased vacancy during the 1st half of 2016, with 13.46% vacancy rate, which represents over 404,000 SF of available premises.



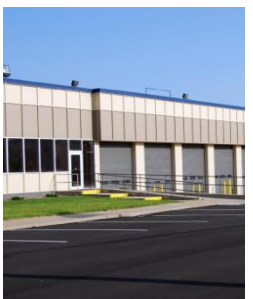
SUBURBAN OFFICE	Bldgs	GLA (SF)	Occupied (SF)	Occupancy Rate (%)	Vacant (SF)	Vacancy Rate (%)
Class A	45	1,856,093	1,670,037	89.98%	186,056	10.02%
Class B	143	4,813,848	3,924,586	81.53%	889,262	18.47%
<b>Total</b>	<b>188</b>	<b>6,669,941</b>	<b>5,594,623</b>	<b>83.88%</b>	<b>1,075,318</b>	<b>16.12%</b>

CBD OFFICE	Bldgs	GLA (SF)	Occupied (SF)	Occupancy Rate (%)	Vacant (SF)	Vacancy Rate (%)
Class A	7	1,315,685	1,120,038	85.13%	195,647	14.87%
Class B	37	1,690,001	1,481,196	87.64%	208,805	12.36%
<b>Total</b>	<b>44</b>	<b>3,005,686</b>	<b>2,601,234</b>	<b>86.54%</b>	<b>404,452</b>	<b>13.46%</b>

## Industrial

Vacancy among industrial facilities in Lexington was only 6.42% at mid-year. The vacancy rate increased 12.91% in the last 6 months, primarily as a result of a single facility vacancy. The bulk warehouse market, Lexington's largest industrial segment, totals only 156,000 SF of available premises with a vacancy level of 3.31%. The distribution market is comprised of over 3.8M SF premises with a vacancy rate of 3.71% and just over 140,000 SF available.



INDUSTRIAL	Bldgs	GLA (SF)	Occupied (SF)	Occupancy Rate (%)	Vacant (SF)	Vacancy Rate (%)
Distribution	91	3,801,043	3,660,099	96.29%	140,944	3.71%
Manufacturing	18	894,188	602,551	67.39%	291,637	32.61%
HighTech/R&D	26	854,024	782,402	91.61%	71,622	8.39%
Bulk Warehouse	41	4,738,598	4,581,878	96.69%	156,720	3.31%
<b>Total</b>	<b>176</b>	<b>10,287,853</b>	<b>9,626,930</b>	<b>93.58%</b>	<b>660,923</b>	<b>6.42%</b>

# Mid-Year 2016

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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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