




Commercial Real Estate Services, Worldwide.




Q4 2021

CRE MARKET REPORT

Yearend Lexington-Fayette County, KY

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YEAREND 2021

Office Report

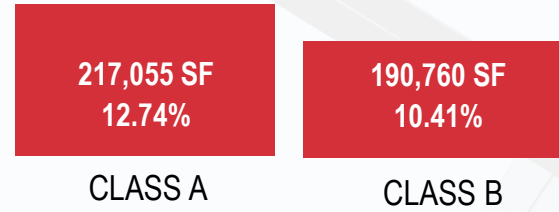
The Lexington-Fayette Office market ended the second half of 2021 with overall vacancy rates remaining consistent with the mid-year report across Class A and B properties.

CBD Class A and B Office space from the 51 building sample totaled 3,537,012 SF with 3,129,197 SF occupied and 407,815 SF vacant, yielding a total vacancy of 11.53 percent in the CBD. Class A Office space totaled 1,704,233 SF with 1,487,178 SF occupied and 217,055 SF vacant, yielding a Class A vacancy of 12.74 percent across 9 buildings. Class B Office space totaled 1,832,779 SF with 1,642,019 SF occupied and 190,760 SF vacant, yielding a Class B vacancy of 10.41 percent across 42 buildings.

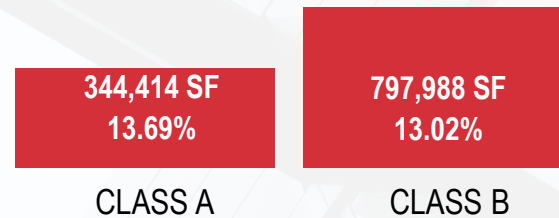
Suburban Class A and B Office space from the 240 building sample totaled 8,643,584 SF with 7,501,182 SF occupied and 1,142,402 SF vacant, yielding a total vacancy of 13.22 percent in the Suburban market. Class A Office space totaled 2,515,114 SF with 2,170,700 SF occupied and 344,414 SF vacant, yielding a Class A vacancy of 13.69 percent across 53 buildings. Class B Office space totaled 6,128,470 SF with 5,330,482 SF occupied and 797,988 SF vacant, yielding a Class B vacancy of 13.02 percent across 187 buildings.

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OFFICE – CBD VACANCY Q4 - 2021



OFFICE - SUBURBAN VACANCY Q4 - 2021



OFFICE CBD	# BUILDINGS	GLA (SF)	OCCUPIED (SF)	OCCUPANCY RATE	VACANT (SF)	VACANCY RATE
Class A	9	1,704,233	1,487,178	87.26%	217,055	12.74%
Class B	42	1,832,779	1,642,019	89.59%	190,760	10.41%
TOTAL	51	3,537,012	3,129,197	88.47%	407,815	11.53%

OFFICE SUBURBAN	# BUILDINGS	GLA (SF)	OCCUPIED (SF)	OCCUPANCY RATE	VACANT (SF)	VACANCY RATE
Class A	53	2,515,144	2,170,700	86.31%	344,414	13.69%
Class B	187	6,128,470	5,330,482	86.98%	797,988	13.02%
TOTAL	240	8,643,584	7,501,182	86.78%	1,142,402	13.22%

YEAREND 2021

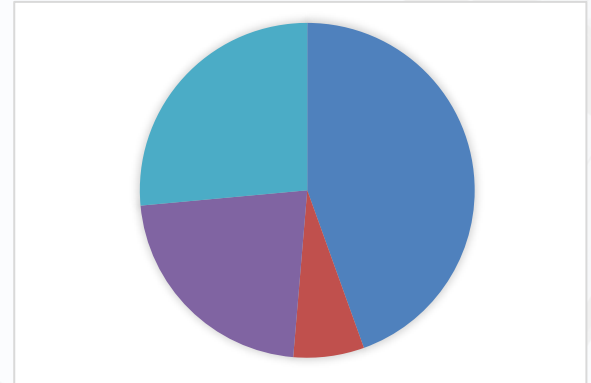
Industrial Report

Lexington-Fayette County's Industrial property market remained in demand during the second half of 2021. The vacancy rate in our sample remained low at 1.60 percent, ending Q4 at 296,238 SF of vacant space. Flex Space had the greatest overall vacancy rate at 2.87 percent. NAI Isaac expects vacancy rates in this market to remain steady through 2022.

This report filtered and sampled 420 properties from the Lexington-Fayette Industrial market, totaling 18,549,322 SF of Gross Leasable Area.

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SEGMENT SHARE OF INDUSTRIAL VACANCY (%) Q4 2021



- Bulk Warehouse – 45%
- Flex – 26%
- Manufacturing – 22%
- Distribution – 7%
- High Tech & R&D – 0%

INDUSTRIAL	# BUILDINGS	GLA (SF)	OCCUPIED SF	OCCUPANCY RATE	VACANT (SF)	VACANCY RATE
Bulk Warehouse	184	8,600,700	8,468,858	98.47%	131,842	1.53%
Distribution	103	3,785,484	3,765,241	99.47%	20,243	0.53%
High Tech R&D	23	422,260	422,260	100.00%	0	0.00%
Manufacturing	47	3,010,820	2,945,050	97.82%	65,770	2.18%
Flex Space	63	2,730,058	2,651,675	97.13%	78,383	2.87%
TOTAL	420	18,549,322	18,253,084	98.40%	296,238	1.60%

YEAREND 2021

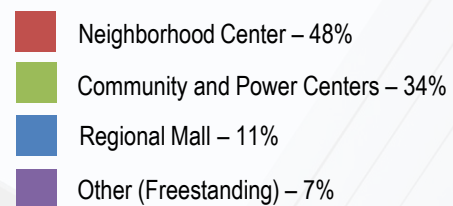
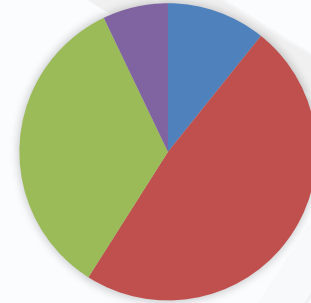
Retail Report

The Lexington-Fayette Retail property market experienced some positive movement during the second half of 2021. Overall vacancy in our Retail sample of 255 buildings totaled 5.75 percent with 13,338,280 SF occupied and 813,247 SF vacant from a Gross Leasable Area of 14,151,527 SF.

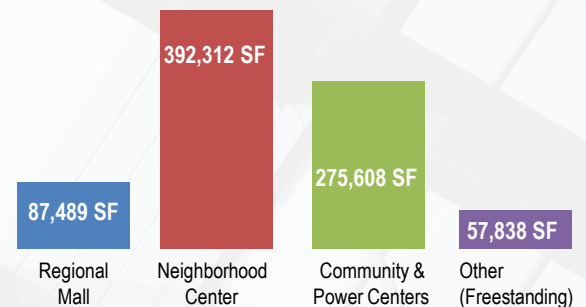
Upon further examination, Regional Mall vacancy totaled 5.39 percent with 87,489 SF of space vacant within the market. Neighborhood Center vacancy totaled 6.41 percent with 392,312 SF vacant within the market. Community and Power Center vacancy totaled 8.60 percent with 275,608 SF of measured vacancy. Other (Freestanding) vacancy totaled 1.81 percent with 57,838 SF of measured vacancy.

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SEGMENT SHARE OF RETAIL VACANCY (%) Q4 - 2021



RETAIL VACANCY(SF) Q4 - 2021



RETAIL	#BUILDINGS	GLA(SF)	OCCUPIED SF	OCCUPANCY RATE	VACANT (SF)	VACANCY RATE
Regional Mall	4	1,623,017	1,535,528	94.61%	87,489	5.39%
Neighborhood Center	132	6,122,203	5,729,891	93.59%	392,312	6.41%
Community & Power Center	34	3,205,785	2,930,177	91.40%	275,608	8.60%
Other (Freestanding)	85	3,200,522	3,142,684	98.19%	57,838	1.81%
TOTAL	255	14,151,527	13,338,280	94.25%	813,247	5.75%

YEAREND 2021

Trend Analysis

Lexington-Fayette Office – CBD

Vacancy SF for Class A decreased slightly for the year ending Q4 2021 at 217,055 SF. Class B vacancy SF decreased, ending Q4 2021 at 190,760 SF. Total Office – CBD vacancy SF decreased to 407,815 SF.

Lexington-Fayette Office – Suburban

Vacancy SF for Class A Suburban Office increased for the year, ending Q4 2021 at 344,414 SF. Class B vacancy SF decreased, ending Q4 2021 at 797,988 SF. Total Office – Suburban vacancy SF increased to 1,142,402 SF.

Lexington-Fayette Industrial

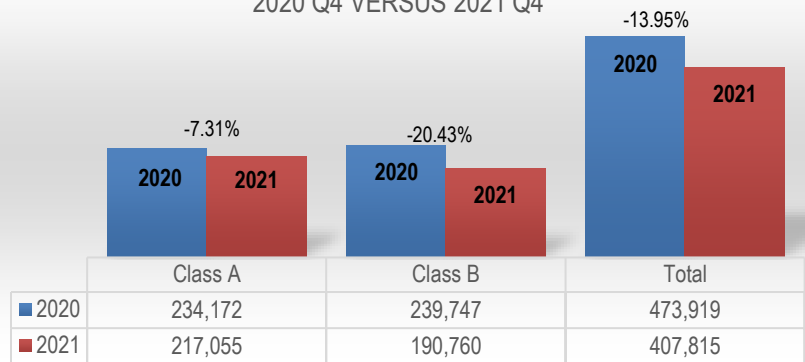
Vacancy SF for Bulk Warehouse increased slightly for the year, ending Q4 2021 at 131,842 SF. Distribution SF vacancy decreased, ending Q4 2021 at 20,243 SF. High Tech & R&D vacancy SF decreased for the year, ending Q4 2021 at 0 SF. Manufacturing vacancy SF decreased for the year, ending Q4 2021 at 65,770 SF. Flex vacancy SF decreased for the year, ending Q4 2021 at 78,383. Total Industrial vacancy SF decreased to 296,238 SF.

Lexington-Fayette Retail

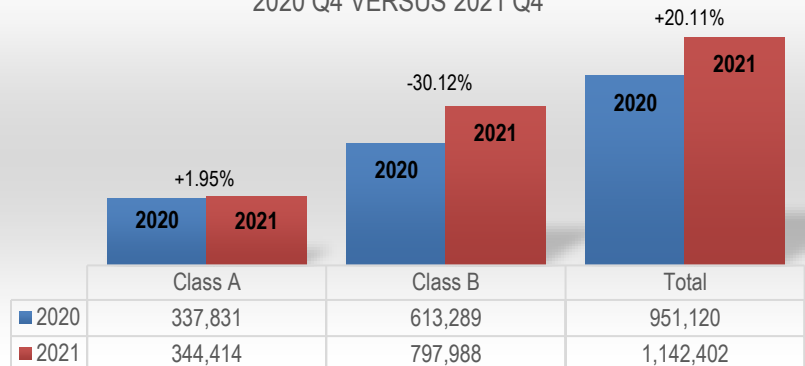
Vacancy SF for Regional Mall space increased for the year, ending Q4 2021 at 87,489 SF. Neighborhood Center vacancy SF decreased for the year, ending Q4 2021 at 392,312 SF. Community and Power Centers vacancy SF decreased for the year, ending Q4 2021 at 275,608 SF. Total Retail vacancy SF decreased for the year, ending Q2 2021 at 813,247 SF.

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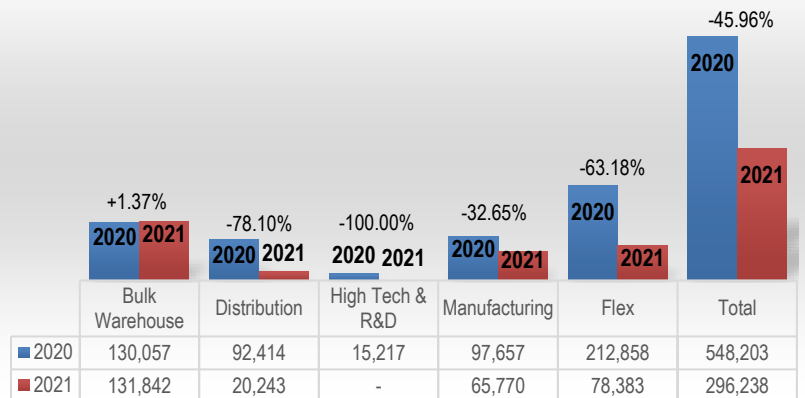
OFFICE - CBD VACANCY (SF)
2020 Q4 VERSUS 2021 Q4



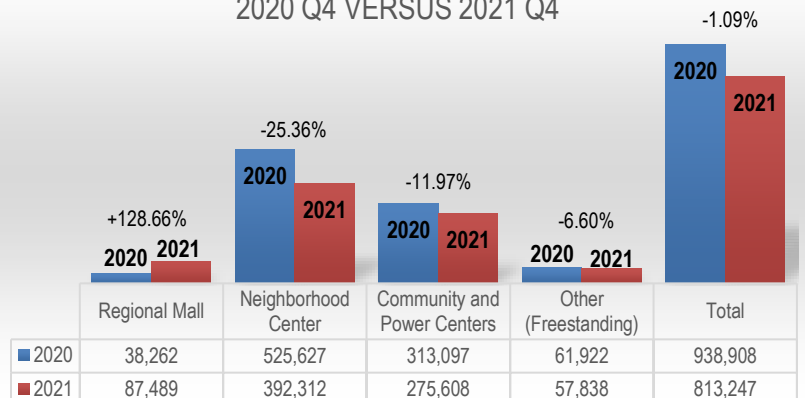
OFFICE - SUBURBAN VACANCY (SF)
2020 Q4 VERSUS 2021 Q4



INDUSTRIAL VACANCY (SF)
2020 Q4 VERSUS 2021 Q4



RETAIL VACANCY (SF)
2020 Q4 VERSUS 2021 Q4



YEAREND

2021

Demographics

LEXINGTON, KY MARKET DEMOGRAPHICS

Demographic	2021 Summary	2026 Projection
Population	319,968	334,439
Households	134,093	140,497
Average Household Income	\$83,073	\$93,510
Median Age	35.90	36.60

LEXINGTON, MSA* MARKET DEMOGRAPHICS

Demographic	2021 Summary	2026 Projection
Population	610,286	641,225
Households	244,598	257,262
Average Household Income	\$80,490	\$90,342
Median Age	37.00	37.80

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

OUR TEAM

ABOUT US

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 3.4 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.

OUR TEAM

ABOUT US

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