

# YEAREND 2023

## CRE MARKET REPORT

Lexington-Fayette County, KY

CHASE



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**NAI Isaac**

Commercial Real Estate Services, Worldwide.



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# YEAREND

## 2023

### Office Report

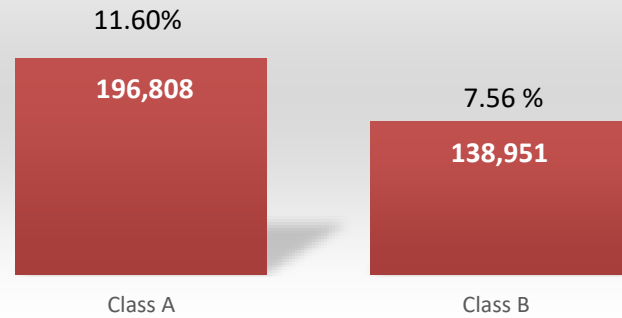
The Lexington-Fayette Office market ended the second half of 2023 with office vacancy rates fluctuating slightly across the region.

CBD Class A and B Office space from the 51 building sample totaled 3,533,240 SF with 3,197,482 SF occupied and 335,759 SF vacant, yielding a total vacancy of 9.50 percent in the CBD. Class A Office space totaled 1,696,360 SF with 1,499,552 SF occupied and 196,808 SF vacant, yielding a Class A vacancy of 11.60 percent across 9 buildings. Class B Office space totaled 1,836,880 SF with 1,697,930 SF occupied and 138,951 SF vacant, yielding a Class B vacancy of 7.56 percent across 42 buildings.

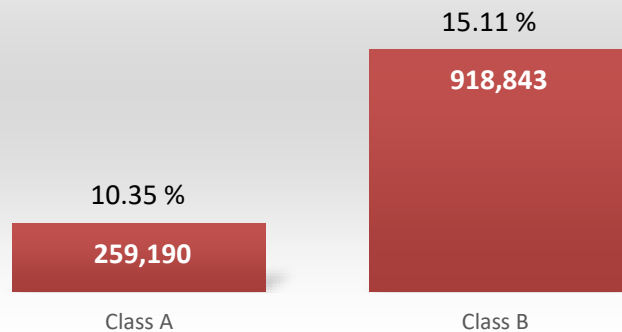
Suburban Class A and B Office space from the 240 building sample totaled 8,584,236 SF with 7,406,203 SF occupied and 1,178,033 SF vacant, yielding a total vacancy of 13.72 percent in the Suburban market. Class A Office space totaled 2,503,223 SF with 2,244,033 SF occupied and 259,190 SF vacant, yielding a Class A vacancy of 10.35 percent across 53 buildings. Class B Office space totaled 6,081,013 SF with 5,162,170 SF occupied and 918,843 SF vacant, yielding a Class B vacancy of 15.11 percent across 187 buildings.

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#### OFFICE - CBD VACANCY (SF) Q4 - 2023



#### OFFICE - SUBURBAN VACANCY (SF) Q4 - 2023



OFFICE CBD	# BUILDINGS	GLA (SF)	OCCUPIED (SF)	OCCUPANCY RATE	VACANT (SF)	VACANCY RATE
Class A	9	1,696,360	1,499,552	88.40%	196,808	11.60%
Class B	42	1,836,880	1,697,930	92.44%	138,951	7.56%
<b>TOTAL</b>	<b>51</b>	<b>3,533,240</b>	<b>3,197,482</b>	<b>90.50%</b>	<b>335,759</b>	<b>9.50%</b>

OFFICE SUBURBAN	# BUILDINGS	GLA (SF)	OCCUPIED (SF)	OCCUPANCY RATE	VACANT (SF)	VACANCY RATE
Class A	53	2,503,223	2,244,033	89.65%	259,190	10.35%
Class B	187	6,081,013	5,162,170	84.89%	918,843	15.11%
<b>TOTAL</b>	<b>240</b>	<b>8,584,236</b>	<b>7,406,203</b>	<b>86.28%</b>	<b>1,178,033</b>	<b>13.72%</b>

# YEAREND 2023

## Industrial Report

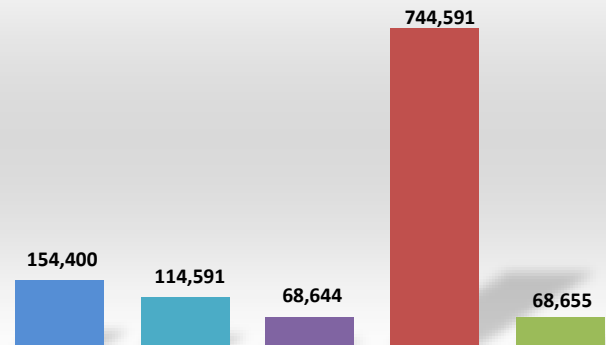
Lexington-Fayette County's Industrial property market vacancy remained stable during the second half of 2023. The vacancy rate in our sample totaled 9.15 percent, ending Q4 at 1,150,881 SF of vacant space. Manufacturing had the greatest overall vacancy rate at 24.71 percent. Bulk Warehouse had the lowest overall vacancy rate at 1.81 percent. NAI Isaac expects vacancy rates in this market to increase as new inventory is added during the first half of 2024.

This report filtered and sampled 419 properties from the Lexington-Fayette Industrial market, totaling 18,046,640 SF of Gross Leasable Area.

\*one building totaling 688,373 SF available represents 87% of the manufacturing vacancy. Without this one vacancy, the vacancy rate would be 2.95%.

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### INDUSTRIAL VACANCY (SF) Q4 - 2023



- Bulk Warehouse – 4.43%
- Flex – 7.97%
- Manufacturing – 26.15%
- Distribution – 2.62%
- High Tech & R&D – 15.05%

INDUSTRIAL	# BUILDINGS	GLA (SF)	OCCUPIED SF	OCCUPANCY RATE	VACANT (SF)	VACANCY RATE
Bulk Warehouse	183	8,530,164	8,375,764	98.19%	154,400	1.81%
Distribution	103	3,746,965	3,632,374	96.94%	114,591	3.06%
High Tech R&D	23	456,220	387,576	84.95%	68,644	15.05%
Manufacturing	47	3,013,838	2,269,247	75.29%	744,591	24.71%
Flex Space	63	2,718,274	2,501,527	92.03%	68,655	7.97%
<b>TOTAL</b>	<b>419</b>	<b>18,046,640</b>	<b>16,395,471</b>	<b>90.85%</b>	<b>1,150,881</b>	<b>9.15%</b>

# YEAREND 2023

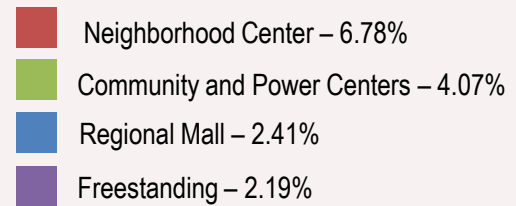
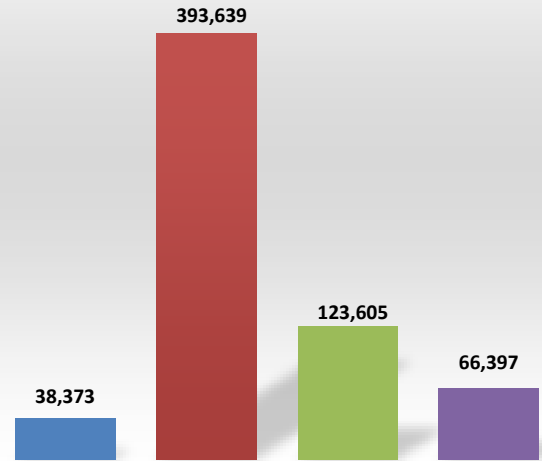
## Retail Report

The Lexington-Fayette Retail property market experienced positive movement during the second half of 2023. Overall vacancy in our Retail sample of 254 buildings totaled 4.62 percent with 12,840,637 SF occupied and 622,014 SF vacant.

Regional Mall vacancy totaled 2.41 percent with 38,373 SF vacant. Neighborhood Center vacancy totaled 6.78 percent with 393,639 SF vacant. Community and Power Center vacancy totaled 4.07 percent with 123,605 SF vacant. Freestanding vacancy totaled 2.19 percent with 66,397 SF vacant.

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### RETAIL VACANCY (SF) Q4 - 2023



RETAIL	# BUILDINGS	GLA (SF)	OCCUPIED SF	OCCUPANCY RATE	VACANT (SF)	VACANCY RATE
Regional Mall	5	1,591,136	1,552,763	97.59%	38,373	2.41%
Neighborhood Center	132	5,804,718	5,411,079	93.22%	393,639	6.78%
Community & Power Center	34	3,034,995	2,911,390	95.93%	123,605	4.07%
Other (Freestanding)	83	3,031,802	2,965,405	97.81%	66,397	2.19%
<b>TOTAL</b>	<b>254</b>	<b>13,462,651</b>	<b>12,840,637</b>	<b>95.38%</b>	<b>622,014</b>	<b>4.62%</b>

# Trend Analysis

Overall vacancy rates trended downward between Q4 2022 and Q4 2023. The one exception Suburban Office Vacancy, which trended upward from 13.32% to 13.72%.

	2022 - Q4	2022-Q4	2023-Q4	2023 - Q4
<b>RETAIL</b>				
	Vacancy Rate (%)	Vacant (SF)	Vacancy Rate (%)	Vacant (SF)
<b>Regional Mall</b>	2.00%	31,489	2.41%	38,373
<b>Neighborhood Center</b>	5.73%	312,987	6.78%	393,639
<b>Community and Power Centers</b>	7.07%	314,430	4.07%	123,605
<b>Other (Freestanding)</b>	2.2%	69,836	2.19%	66,397
<b>Total</b>	<b>4.76%</b>	<b>628,742</b>	<b>4.62%</b>	<b>622,014</b>

	Vacancy Rate (%)	Vacant (SF)	Vacancy Rate (%)	Vacant (SF)
<b>OFFICE - CBD</b>				
	Vacancy Rate (%)	Vacant (SF)	Vacancy Rate (%)	Vacant (SF)
<b>Class A</b>	9.99%	170,372	11.60%	196,808
<b>Class B</b>	9.69%	176,779	7.56%	138,951
<b>Total</b>	<b>9.84%</b>	<b>347,151</b>	<b>9.50%</b>	<b>335,759</b>

	Vacancy Rate (%)	Vacant (SF)	Vacancy Rate (%)	Vacant (SF)
<b>OFFICE - SUBURBAN</b>				
	Vacancy Rate (%)	Vacant (SF)	Vacancy Rate (%)	Vacant (SF)
<b>Class A</b>	11.70%	292,881	10.35%	259,190
<b>Class B</b>	13.99%	854,663	15.11%	918,843
<b>Total</b>	<b>13.32%</b>	<b>1,147,544</b>	<b>13.72%</b>	<b>1,178,033</b>

	Vacancy Rate (%)	Vacant (SF)	Vacancy Rate (%)	Vacant (SF)
<b>INDUSTRIAL</b>				
	Vacancy Rate (%)	Vacant (SF)	Vacancy Rate (%)	Vacant (SF)
<b>Bulk Warehouse</b>	1.63%	139,832	1.81%	154,400
<b>Distribution</b>	1.99%	75,918	3.06%	114,591
<b>High Tech &amp; R&amp;D</b>	11.06%	45,479	15.05%	68,644
<b>Manufacturing</b>	26.35%	794,124	24.71%	744,591
<b>Flex</b>	7.97%	166,358	7.97%	68,655
<b>Total</b>	<b>9.15%</b>	<b>1,221,711</b>	<b>9.15%</b>	<b>1,150,881</b>

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# Demographics

## LEXINGTON, KY MARKET DEMOGRAPHICS

Demographic	2023 Summary	2028 Projection
Population	327,130	331,259
Households	136,857	138,709
Average Household Income	\$93,797	\$107,202
Median Age	36.1	36.8

## LEXINGTON, MSA\* MARKET DEMOGRAPHICS

Demographic	2023 Summary	2028 Projection
Population	525,150	535,965
Households	214,052	218,317
Average Household Income	\$93,615	\$106,743
Median Age	37.4	38.1

\*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 the acquisition and disposition of commercial properties encompassing retail, office industrial, land, mixed-use, investment and development opportunities, as well as leasing in all these property types.

NAI Isaac's property management team currently manages 4.2 million square feet of retail, office, and industrial space throughout the Commonwealth of Kentucky. NAI Isaac has been designated an Accredited Management Organization (AMO) through the Institute of Real Estate Management (IREM). NAI Isaac is the only real estate firm in Kentucky with this designation.

NAI Isaac's property management team provides a complete range of property-level services, including operations management, full-cycle accounting and financial reporting, construction management, receivership administration, and REO disposition. From strategy development to day-to-day operations, we combine unparalleled local market knowledge, proven management methodologies, a flexible reporting platform, and a deep commitment to client satisfaction.

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 325 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.

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President



**Paul Ray Smith**  
Executive Vice President



**Bruce R. Isaac, SIOR, CCIM**  
Senior Vice President



**Jim Kemper**  
Vice President



**Chad Voelkert**  
Vice President



**Jamie Adams, CCIM**  
Vice President



**J.L. Cannady, CCIM**  
Vice President



**Jim Holbrook**  
Assistant Vice President



**John P. Miller**  
Assistant Vice President



**Zach Smith**  
Senior Associate



**Max Darby**  
Associate



# OUR TEAM

## About Us

### PROPERTY MANAGERS



**Anne Kilcoyne, CPM**  
Assistant Vice President,  
Property Management



**Joe Cornelius**  
Senior Property Manager



**Jim Holbrook**  
Property  
Manager



**Shannon Barlow**  
Property Manager



**Jonathan Keller**  
Property Manager



**Laura Black**  
Property Manager



**Jennifer Pennington**  
Property Manager

### FACILITIES TEAM



**Yojanes Coca**  
Senior Maintenance Tech



**Dave Gaston**  
Maintenance Tech

### FINANCE TEAM



**Callie Avant**  
Accountant II



**Cynthia Griffin**  
Accountant I

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