

COMMERCIAL REAL ESTATE REPORT Q4 2023

Bowling Green, KY Metro Area

Select a Metro Area
Bowling Green, KY Metro Area

Demographics and Economy

Demographics

-0.8%	40.4%	4.2%	Net Migration in Kentucky
population growth (2022)	share of renters (2022)	renter household formation (2022)	16,592 (2023)
U.S.: 0.4%	U.S.: 34.8%	U.S.: 2.4%	13,836 (2022)

Economy

12.4%	3,000	3.8%	-2.0%
GDP growth (2022)	12-month job creation (December 2023)	1-year job growth (December 2023)	1-year wage growth (December 2023)
U.S.: 9.1%		U.S.: 1.7%	U.S.: 3.8%
\$55,570	4.1%	7.9%	International Migration in Kentucky
Average wage per year (December 2023)	unemployment rate (November 2023)	share of workers teleworking (2022)	7,627 (2023)
U.S.: \$61,120	U.S.: 3.7%	U.S.: 17.9%	4,436 (2022)

Commercial Real Estate by Sector

1. Office

Demand for office space is **stronger than nationwide** as this area has a faster absorption of office space. As a result, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Mo	Market Rent Growth 12 Mo	Market Rent/SF	Vacancy Rate
2023 Q4	-7,472	-9,667	2.2%	\$21	3.0%
2022 Q4	-6,443	51,638	5.9%	\$21	2.8%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Total Sales Volume	Market Cap Rate
2023 Q4	3,584,297	0	0	\$0.53M	10.7%
2022 Q4	3,584,297	0	32,138	\$4.65M	10.2%

2. Multifamily

Demand for multifamily space is **stronger than nationwide** as this area has a faster absorption of multifamily space. As a result, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Absorption Units	Absorption Units 12 Months	Market Asking Rent Growth 12 Months	Market Asking Rent/Unit	Market Effective Rent/Unit	Vacancy Rate
2023 Q4	-12	314	1.2%	\$1,043	\$1,036	5.9%
2022 Q4	114	113	6.4%	\$1,030	\$1,025	5.7%
	Inventory Units	Net Delivered Units	Net Delivered Units 12 Mo		Market Cap Rate	
2023 Q4	8,496	0	348		6.6%	
2022 Q4	8,148	60	316		6.1%	

3. Retail

Demand for retail space is **weaker than nationwide** as this area has a slower absorption of retail space. Despite weaker conditions, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
2023 Q4	-15,289	1,763	5.1%	\$18	1.0%
2022 Q4	24,625	169,678	5.8%	\$17	0.9%
	Inventory SF	Market Cap Rate	Total Sales Volume	Transaction Sale Price/SF	
2023 Q4	8,500,655	7.5%	\$22.55M	\$186	
2022 Q4	8,490,015	7.7%	\$15.97M	\$142	

4. Industrial

Demand for industrial space is **weaker than nationwide** as this area has a slower absorption of industrial space. Despite weaker conditions, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
2023 Q4	-154,638	-199,392	7.9%	\$8	5.6%
2022 Q4	178,946	637,140	11.7%	\$7	1.0%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Market Cap Rate	Total Sales Volume
2023 Q4	22,447,912	105,000	850,676	7.7%	\$2.25M
2022 Q4	21,597,236	6,000	772,774	7.2%	\$20.00M

Sources: NAR analysis on data from the U.S. Census Bureau, U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, CoStar

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COMMERCIAL REAL ESTATE REPORT Q4 2023

Lexington-Fayette, KY Metro Area

Select a Metro Area
Lexington-Fayette, KY Metro Area

Demographics and Economy

Demographics

0.0%	40.4%	2.3%	Net Migration in Kentucky
population growth (2022)	share of renters (2022)	renter household formation (2022)	16,592 (2023)
U.S.: 0.4%	U.S.: 34.8%	U.S.: 2.4%	13,836 (2022)

Economy

9.5%	9,500	3.3%	9.4%
GDP growth (2022)	12-month job creation (December 2023)	1-year job growth (December 2023)	1-year wage growth (December 2023)
U.S.: 9.1%		U.S.: 1.7%	U.S.: 3.8%
\$51,980	3.5%	11.5%	International Migration in Kentucky
Average wage per year (December 2023)	unemployment rate (November 2023)	share of workers teleworking (2022)	7,627 (2023)
U.S.: \$61,120	U.S.: 3.7%	U.S.: 17.9%	4,436 (2022)

Commercial Real Estate by Sector

1. Office

Demand for office space is **stronger than nationwide** as this area has a faster absorption of office space. As a result, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Mo	Market Rent Growth 12 Mo	Market Rent/SF	Vacancy Rate
2023 Q4	166,726	-10,421	1.8%	\$19	7.6%
2022 Q4	-124,188	25,182	3.1%	\$18	7.8%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Total Sales Volume	Market Cap Rate
2023 Q4	21,838,201	-55,804	-55,804	\$14.35M	10.7%
2022 Q4	21,894,005	7,106	91,639	\$33.01M	10.4%

2. Multifamily

Demand for multifamily space is **stronger than nationwide** as this area has a faster absorption of multifamily space. As a result, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Absorption Units	Absorption Units 12 Months	Market Asking Rent Growth 12 Months	Market Asking Rent/Unit	Market Effective Rent/Unit	Vacancy Rate
2023 Q4	44	1,675	4.7%	\$1,114	\$1,107	6.2%
2022 Q4	-301	-715	6.9%	\$1,064	\$1,058	7.4%
	Inventory Units	Net Delivered Units	Net Delivered Units 12 Mo		Market Cap Rate	
2023 Q4	38,962	0	1,339		6.7%	
2022 Q4	37,623	270	270		6.2%	

3. Retail

Demand for retail space is **weaker than nationwide** as this area has a slower absorption of retail space. Despite weaker conditions, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
2023 Q4	73,492	79,800	5.2%	\$19	3.1%
2022 Q4	180,362	335,676	5.8%	\$18	3.2%
	Inventory SF	Market Cap Rate	Total Sales Volume	Transaction Sale Price/SF	
2023 Q4	33,255,940	7.1%	\$52.19M	\$246	
2022 Q4	33,181,156	7.1%	\$73.48M	\$157	

4. Industrial

Demand for industrial space is **weaker than nationwide** as this area has a slower absorption of industrial space. Despite weaker conditions, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
2023 Q4	279,979	533,150	8.0%	\$8	3.1%
2022 Q4	31,771	-408,702	11.6%	\$8	3.3%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Market Cap Rate	Total Sales Volume
2023 Q4	60,802,865	0	421,614	8.5%	\$9.56M
2022 Q4	60,381,251	300,000	443,241	8.0%	\$21.59M

Sources: NAR analysis on data from the U.S. Census Bureau, U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, CoStar

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COMMERCIAL REAL ESTATE REPORT Q4 2023

Louisville/Jefferson County, KY-IN Metro Area

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Louisville/Jefferson County, KY-IN

Demographics and Economy

Demographics

0.0%	30.8%	0.5%	Net Migration in Kentucky
population growth (2022)	share of renters (2022)	renter household formation (2022)	16,592 (2023)
U.S.: 0.4%	U.S.: 34.8%	U.S.: 2.4%	13,836 (2022)

Economy

8.4%	9,500	1.4%	6.3%
GDP growth (2022)	12-month job creation (December 2023)	1-year job growth (December 2023)	1-year wage growth (December 2023)
U.S.: 9.1%		U.S.: 1.7%	U.S.: 3.8%
\$53,870	3.8%	13.7%	International Migration in Kentucky
Average wage per year (December 2023)	unemployment rate (November 2023)	share of workers teleworking (2022)	7,627 (2023)
U.S.: \$61,120	U.S.: 3.7%	U.S.: 17.9%	4,436 (2022)

Commercial Real Estate by Sector

1. Office

Demand for office space is **stronger than nationwide** as this area has a faster absorption of office space. Despite strong conditions, rent prices rose slower than nationwide. However, vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Mo	Market Rent Growth 12 Mo	Market Rent/SF	Vacancy Rate
2023 Q4	282,089	118,454	0.0%	\$19	7.0%
2022 Q4	-204,498	-233,649	0.0%	\$19	6.7%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Total Sales Volume	Market Cap Rate
2023 Q4	62,402,686	73,203	298,206	\$13.70M	10.4%
2022 Q4	62,104,480	34,708	161,564	\$45.76M	9.8%

2. Multifamily

Demand for multifamily space is **stronger than nationwide** as this area has a faster absorption of multifamily space. As a result, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Absorption Units	Absorption Units 12 Months	Market Asking Rent Growth 12 Months	Market Asking Rent/Unit	Market Effective Rent/Unit	Vacancy Rate
2023 Q4	65	1,993	3.8%	\$1,134	\$1,124	6.6%
2022 Q4	66	1,044	5.9%	\$1,092	\$1,084	7.1%
	Inventory Units	Net Delivered Units	Net Delivered Units 12 Mo	Market Cap Rate		
2023 Q4	88,817	28	1,619	6.5%		
2022 Q4	87,198	755	2,460	6.0%		

3. Retail

Demand for retail space is **weaker than nationwide** as this area has a slower absorption of retail space. As a result, rents rose slower than nationwide. However, vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
2023 Q4	165,095	238,096	1.4%	\$17	3.4%
2022 Q4	-328,776	-208,744	5.5%	\$17	3.4%
	Inventory SF	Market Cap Rate	Total Sales Volume	Transaction Sale Price/SF	
2023 Q4	85,082,690	7.7%	\$201.34M	\$188	
2022 Q4	84,904,909	7.7%	\$93.49M	\$159	

4. Industrial

Demand for industrial space is **stronger than nationwide** as this area has a faster absorption of industrial space. As a result, rent prices rose faster than nationwide and vacancy rate is lower in this area.

	Net Absorption SF	Net Absorption SF 12 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
2023 Q4	1,838,080	5,362,921	9.1%	\$7	3.7%
2022 Q4	1,547,425	6,675,580	11.1%	\$6	4.2%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Market Cap Rate	Total Sales Volume
2023 Q4	250,011,087	1,157,206	4,258,893	8.0%	\$11.01M
2022 Q4	245,752,194	2,943,756	8,241,917	7.7%	\$84.20M

Sources: NAR analysis on data from the U.S. Census Bureau, U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, CoStar

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