

COMMERCIAL REAL ESTATE REPORT Q3 2022

Bowling Green, KY Metro Area

Demographics and Economy

Demographics

1.5%	40.3%	5.8%	47.2%
population growth (2020-2021) U.S.: 0.7%	share of renters (2021) U.S.: 34.5%	renter household formation (2021) U.S.: 2.6%	share of inbound moves (Jan-Sept 2022)

Economy

-1.8%	2,100	2.8%	9.8%
GDP growth (2021) U.S.: 5.9%	12-month job creation (September 2022)	1-year job growth (September 2022) U.S.: 3.9%	1-year wage growth (September 2022) U.S.: 4.8%
\$57,043	3.2%	6.9%	58.2%
Average wage per year (September 2022) U.S.: \$49,100	unemployment rate (September 2022) U.S.: 3.5%	share of workers teleworking (2021) U.S.: 17.9%	inbound businesses moves (Jan-Sept 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 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	2,800	64,533	2.8%	\$19	2.7%
Q3 2021	42,861	89,644	4.9%	\$19	3.6%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Total Sales Volume	Market Cap Rate
Q3 2022	3,484,137	0	32,138	\$10,269,019	9.2%
Q3 2021	3,451,999	0	22,000	\$4,532,900	9.3%

2. Multifamily

Demand for multifamily space is **weaker than nationwide** as this area has a slower absorption of multifamily space. Despite weaker conditions, rent prices rose faster than nationwide. However, vacancy rate is higher 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
Q3 2022	83	57	7.2%	\$1,006	\$1,001	6.0%
Q3 2021	129	381	8.7%	\$939	\$937	4.4%
	Inventory Units	Net Delivered Units	Net Delivered Units 12 Mo	Market Cap Rate		
Q3 2022	7,377	184	184	5.9%		
Q3 2021	7,193	0	0	6.0%		

3. Retail

Demand for retail space is **stronger than nationwide** as this area has a faster absorption of retail 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
Q3 2022	64,134	192,812	5.8%	\$16	1.3%
Q3 2021	37,798	231,746	3.6%	\$16	3.1%
	Inventory SF	Market Cap Rate	Total Sales Volume	Transaction Sale Price/SF	
Q3 2022	8,184,207	7.5%	\$70,853,016	\$107	
Q3 2021	8,136,228	7.6%	\$11,079,832	\$65	

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
Q3 2022	-268,037	308,893	14.0%	\$7	1.9%
Q3 2021	592,094	924,949	9.0%	\$6	0.4%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Market Cap Rate	Total Sales Volume
Q3 2022	20,014,284	0	620,800	6.9%	\$21,674,000
Q3 2021	19,393,484	500,000	500,000	7.0%	\$6,466,644

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

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COMMERCIAL REAL ESTATE REPORT Q3 2022

Lexington-Fayette, KY Metro Area

Demographics and Economy

Demographics

0.2%	40.7%	2.7%	54.6%
population growth (2020-2021) U.S.: 0.7%	share of renters (2021) U.S.: 34.5%	renter household formation (2021) U.S.: 2.6%	share of inbound moves (Jan-Sept 2022)

Economy

-2.6%	7,600	2.8%	-3.0%
GDP growth (2021) U.S.: 5.9%	12-month job creation (September 2022)	1-year job growth (September 2022) U.S.: 3.9%	1-year wage growth (September 2022) U.S.: 4.8%
\$48,662	2.8%	13.9%	56.4%
Average wage per year (September 2022) U.S.: \$49,100	unemployment rate (September 2022) U.S.: 3.5%	share of workers teleworking (2021) U.S.: 17.9%	inbound businesses moves (Jan-Sept 2022)

Commercial Real Estate by Sector

1. Office

Demand for office space is **weaker than nationwide** as this area has a slower absorption of office space. Despite weak 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
Q3 2022	83,351	-26,698	2.0%	\$18	7.2%
Q3 2021	20,527	74,654	1.9%	\$18	6.7%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Total Sales Volume	Market Cap Rate
Q3 2022	21,689,855	0	85,000	\$15,575,000	9.3%
Q3 2021	21,604,855	11,000	29,049	\$63,480,280	9.4%

2. Multifamily

Demand for multifamily space is **weaker than nationwide** as this area has a slower absorption of multifamily space. Despite weaker conditions, rent prices rose faster than nationwide. However, vacancy rate is higher 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
Q3 2022	-103	-258	7.6%	\$1,049	\$1,042	5.7%
Q3 2021	35	1,074	9.6%	\$975	\$972	4.1%
	Inventory Units	Net Delivered Units	Net Delivered Units 12 Mo	Market Cap Rate		
Q3 2022	37,084	0	364	5.8%		
Q3 2021	36,720	0	532	5.9%		

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
Q3 2022	2,701	196,677	6.4%	\$18	3.7%
Q3 2021	-33,061	-94,057	3.8%	\$17	4.3%
	Inventory SF	Market Cap Rate	Total Sales Volume	Transaction Sale Price/SF	
Q3 2022	32,425,865	7.3%	\$28,348,430	\$115	
Q3 2021	32,425,865	7.4%	\$36,711,848	\$133	

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
Q3 2022	153,774	153,059	13.3%	\$8	3.0%
Q3 2021	441,518	418,328	8.4%	\$7	2.7%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Market Cap Rate	Total Sales Volume
Q3 2022	59,353,105	71,040	326,727	7.5%	\$23,109,608
Q3 2021	59,026,378	0	186,983	7.4%	\$19,160,000

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

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COMMERCIAL REAL ESTATE REPORT Q3 2022

Louisville/Jefferson County, KY-IN Metro Area

Demographics and Economy

Demographics

0.0%	31.1%	6.4%	52.6%
population growth (2020-2021) U.S.: 0.7%	share of renters (2021) U.S.: 34.5%	renter household formation (2021) U.S.: 2.6%	share of inbound moves (Jan-Sept 2022)

Economy

-0.8%	30,400	4.6%	6.0%
GDP growth (2021) U.S.: 5.9%	12-month job creation (September 2022)	1-year job growth (September 2022) U.S.: 3.9%	1-year wage growth (September 2022) U.S.: 4.8%
\$50,631	2.7%	15.4%	40.2%
Average wage per year (September 2022) U.S.: \$49,100	unemployment rate (September 2022) U.S.: 3.5%	share of workers teleworking (2021) U.S.: 17.9%	inbound businesses moves (Jan-Sept 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 Months	Market Rent Growth 12 Months	Market Rent/SF	Vacancy Rate
Q3 2022	213,789	134,780	1.1%	\$19	6.7%
Q3 2021	-12,287	-473,785	1.9%	\$19	6.4%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Total Sales Volume	Market Cap Rate
Q3 2022	60,394,935	36,000	322,994	\$120,242,176	8.9%
Q3 2021	60,071,941	-83,000	27,109	\$23,359,146	9.4%

2. Multifamily

Demand for multifamily space is **weaker than nationwide** as this area has a slower absorption of multifamily space. Despite weaker conditions, rent prices rose faster than nationwide. However, vacancy rate is higher 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
Q3 2022	41	1,118	6.8%	\$1,076	\$1,068	6.1%
Q3 2021	1,040	4,235	6.2%	\$1,007	\$1,000	5.9%
	Inventory Units	Net Delivered Units	Net Delivered Units 12 Mo	Market Cap Rate		
Q3 2022	85,231	309	1,399	5.6%		
Q3 2021	83,832	917	2,528	5.8%		

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
Q3 2022	-91,065	161,270	7.0%	\$16	3.0%
Q3 2021	266,556	474,445	4.7%	\$15	2.9%
	Inventory SF	Market Cap Rate	Total Sales Volume	Transaction Sale Price/SF	
Q3 2022	84,183,149	7.7%	\$103,506,704	\$112	
Q3 2021	83,942,966	7.8%	\$72,739,264	\$114	

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
Q3 2022	1,635,428	5,896,425	12.2%	\$6	3.7%
Q3 2021	2,285,872	6,479,276	8.8%	\$5	3.5%
	Inventory SF	Net Delivered SF	Net Delivered SF 12 Months	Market Cap Rate	Total Sales Volume
Q3 2022	244,206,147	3,881,773	6,665,478	7.1%	\$166,136,400
Q3 2021	237,540,669	37,518	5,213,291	7.1%	\$93,498,008

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

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