

# MARKET INSIGHT

LEXINGTON, KENTUCKY MULTIFAMILY REPORT | SECOND QUARTER 2025

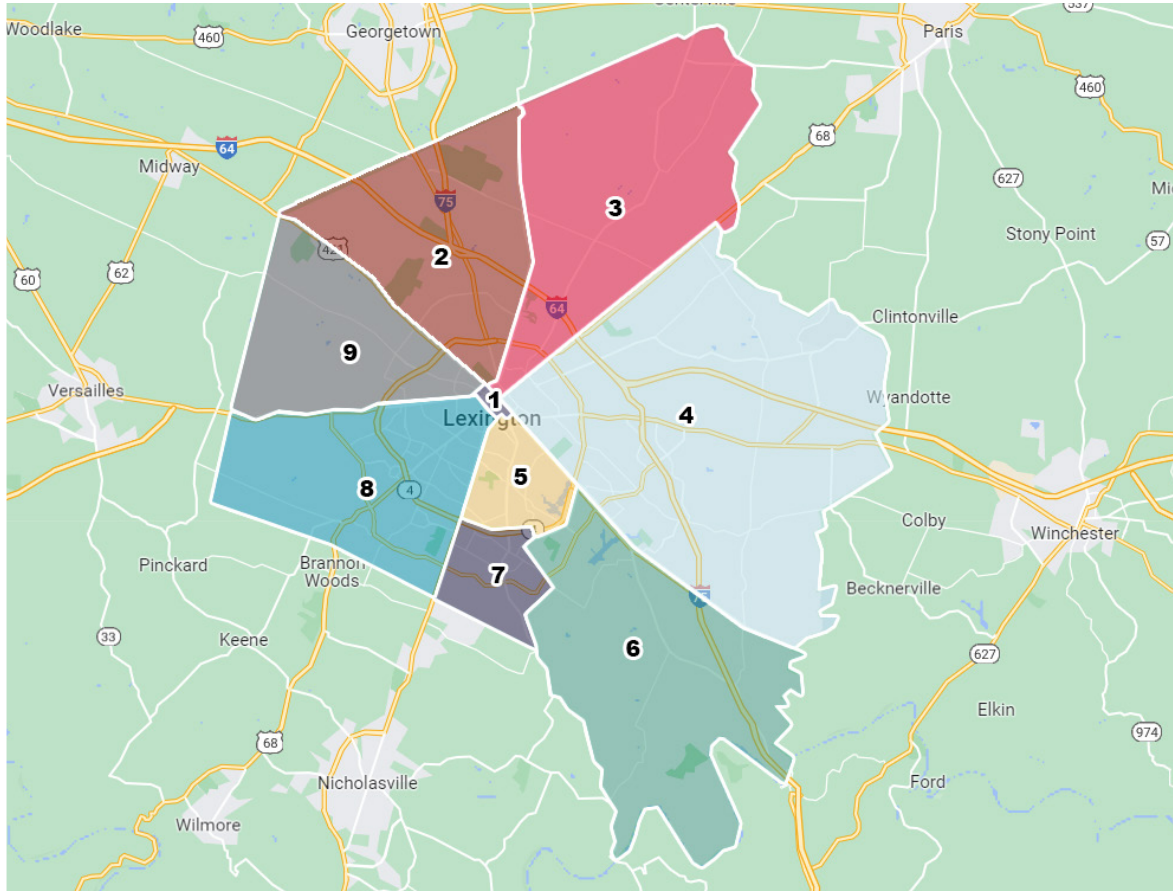


The Cushman & Wakefield | Commercial Kentucky Multifamily Research & Sales Team provides in-depth coverage of the Lexington Metropolitan Statistical Area. In addition to analyzing multifamily rent and sale trends, these reports examine employment data, key economic announcements, and development pipeline news.

## IN THIS EDITION



- AREA 1: Downtown
- AREA 2: North
- AREA 3: Northeast
- AREA 4: East
- AREA 5: South Central
- AREA 6: Southeast
- AREA 7: South
- AREA 8: Southwest
- AREA 9: West





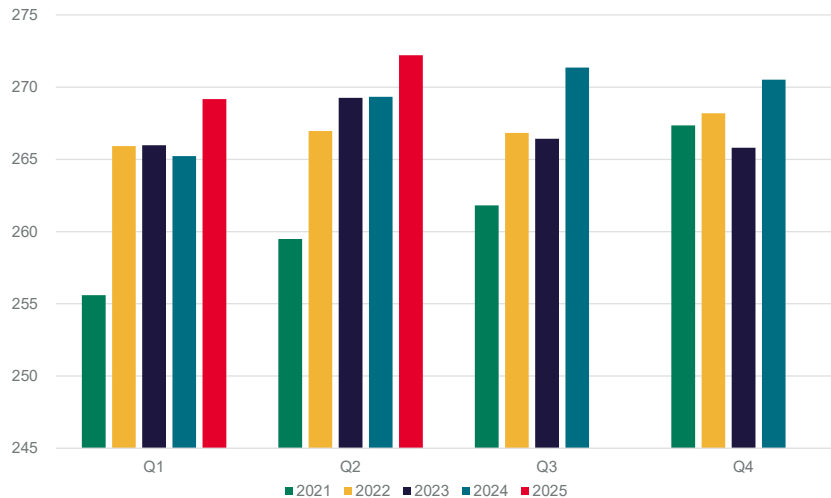
## LEXINGTON METRO AREA

### EMPLOYMENT & UNEMPLOYMENT TRENDS

The unemployment rate for the second quarter of 2025 in the Lexington area landed at 3.7% which is down 40 basis points (bps) from 4.1% in the fourth quarter of 2024. Lexington's unemployment rate continues to remain lower than the national average, which was 4.1% for this quarter.

### LEXINGTON JOB GROWTH TRENDS

EMPLOYMENT IN THOUSANDS



Source: Bureau of Labor Statistics

### JOB GROWTH & UNEMPLOYMENT RATE

**1.1%**

% YOY

Average Q2 **employment** increased by 2,880 jobs.

**-50**

BPS YOY

Average Q2 **unemployment** decreased to 3.7%.

Source: Bureau of Labor Statistics

### LEXINGTON ACCOLADES

Rankings for Lexington include:

- #1** Best Place to Live in Kentucky - U.S. News & World Report
- #2** 2024 Fastest Rent Growth - Apartment List
- #2** 2024 Best Run City in America - WalletHub
- #6** 2024 Top Ten Cities for Renters - Forbes
- #16** Best Places to Retire - U.S. News & World Report
- #16** Most Competitive Small Rental Market - RentCafe

### ECONOMIC EXPANSION

Select announcements from the second quarter of 2025:



**Apple** and **Corning** announced a partnership aimed at manufacturing 100% of the cover glass used for iPhones and Apple Watches in the U.S. The \$2.5 billion commitment includes opening a new manufacturing facility in **Harrodsburg, KY**.



**Legacy Business Park** recently began development by installing infrastructure and providing shovel-ready sites for businesses. It is expected to bring in almost **1,700 jobs** to the area and will connect to the shared-use greenway **Legacy Trail**.



In April, the **Lexington Planning Commission** approved a mixed-use project aimed at redeveloping a vacant industrial site. The project is expected to host 32 rental units, 30,000 sf of street-level commercial space, and is expected to complete by the summer of 2026.

	Q4 2023	Q2 2024	Q4 2024	Q2 2025
<b>EMPLOYMENT (% Change)</b>	-1.3%	1.3%	0.4%	0.6%
<b>UNEMPLOYMENT RATE (%)</b>	3.2%	4.2%	4.1%	3.7%

Source: Bureau of Labor Statistics



## SUBMARKET OVERVIEW

Occupancy rates are currently sitting at 95.3%, which is down 20 basis points from the fourth quarter.

According to REIS, over the past twelve months, asking rents have decreased 0.6% per unit. Since 2015, the metro as a whole has continued to average an increase of 4.0% per year.

**95.3%**

**Average Occupancy**

decrease of 0.6% from Q4 '24

**2.8%**

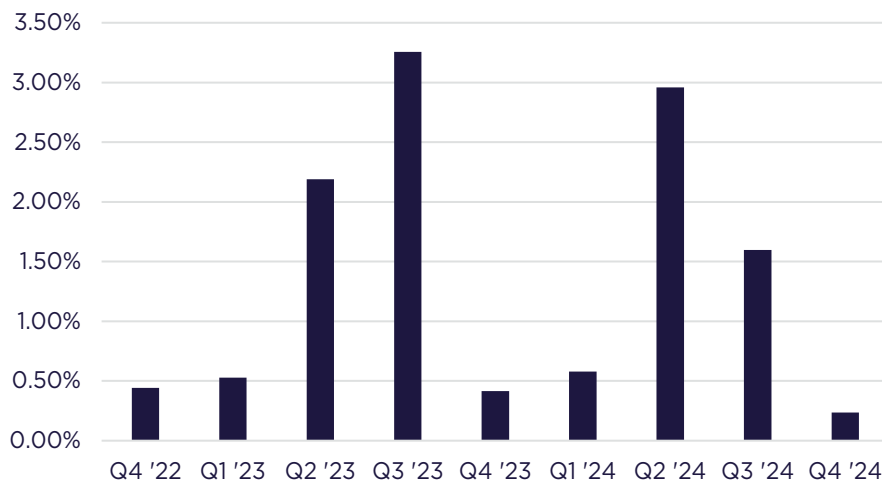
**Average Rental Rate Increase**

from Q4 '24

## HISTORICAL METRO RENT GROWTH RATES

Regional mean rents for 1 BR units are at \$1,506/mo. and \$1,722/mo. for 2 BR units. Lexington mean rents for 1 BR units are at \$883/mo. and 2 BR units are at \$1,123/mo. The overall average rental rate for the market is \$1,312/mo. up from \$1,276/mo. in Q4 '24.

LEXINGTON RENT GROWTH RATES



Sources: Yardi Matrix / REIS

## DEVELOPMENT / INVENTORY

696 units were completed in the last 12 months in the Lexington area. An additional 1,068 units are under construction and 1,475 are planned throughout the Metro Lexington area. The East submarket leads all activity with 355 units planned and 518 units under construction for a total of 873 units.

According to the 2024 Kentucky Housing Supply Gap conducted by KHC and Bowen National Research, Fayette County shows an overall rental gap of 101,569 rental units with a projected rental gap of 139,162 units by 2029.

## DEMOGRAPHIC FUNDAMENTALS

### POPULATION



2000: 408,469  
2010: 472,099  
2018: 512,516  
2024: 533,366

### PERCENT RENTER HOUSEHOLDS



2000: 37.5%  
2010: 39.7%  
2018: 41.1%  
2024: 44.0%

### MEDIAN HOUSEHOLD INCOME



2000: \$40,642  
2010: \$47,432  
2018: \$55,150  
2023: \$66,392

## MULTIFAMILY FORECAST

The following are Cushman & Wakefield's projections over the near term:



**RENTS**



**VACANCY**



**PIPELINE % GROWTH**

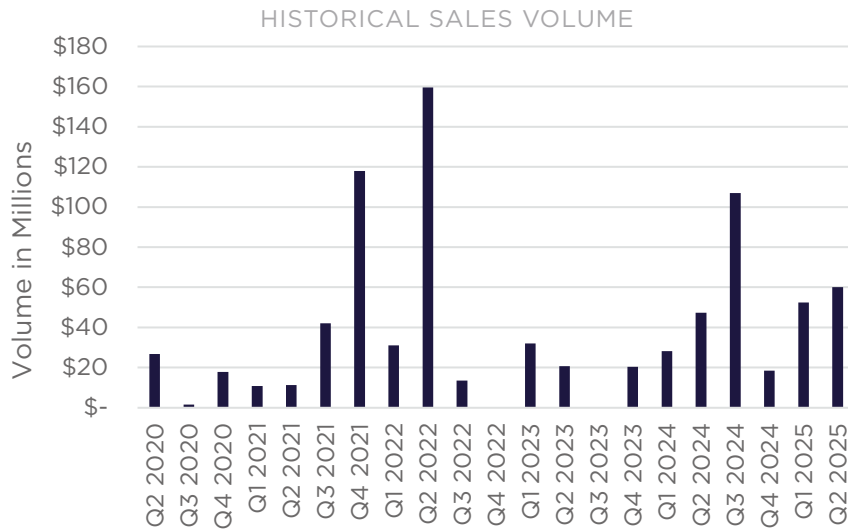
Forecast is 12-month outlook





## INVESTMENT ACTIVITY

Multifamily investment activity in the Lexington MSA saw a moderate growth in Q1 and Q2 2025, accumulating \$112,350,000 of total investment sales. Overall, the second quarter is showing a 26.8% increase in year over year (YOY) activity compared to Q2 2024.



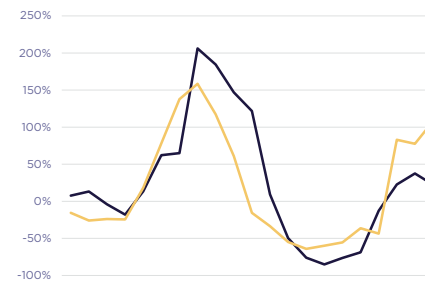
Source: Cushman & Wakefield / Commercial Kentucky Research



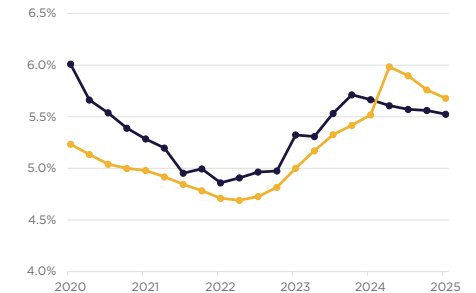
## PRICING & CAP RATES

■ LEXINGTON AVERAGE ■ NATIONAL AVERAGE

### CHANGE IN SALES (YOY) LEXINGTON



### AVERAGE CAP RATE



Source: Real Capital Analytics



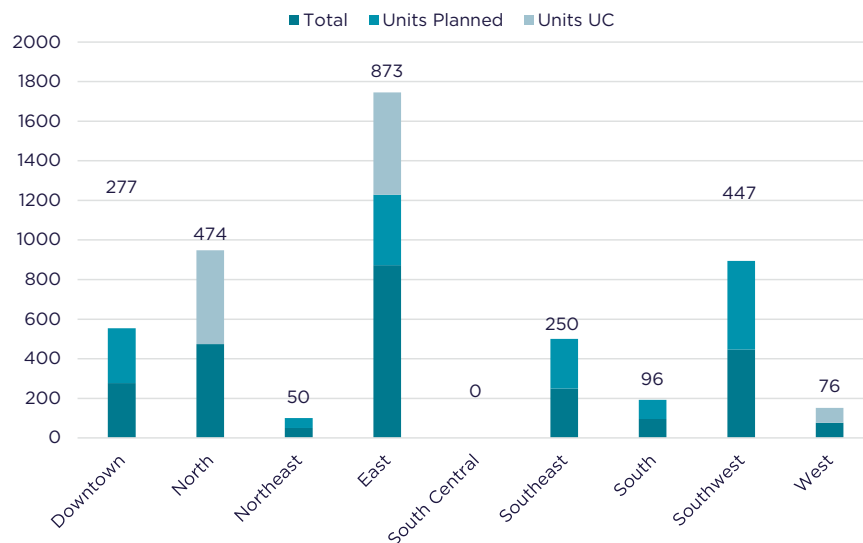




## SUBMARKET OVERVIEW



### UNITS PLANNED/UNDER CONSTRUCTION BY SUBMARKET



Source: Yardi Matrix

## SELECT MSA NEWS

- The Landing at Lakewood Harbour, a 13-year 'ultra-luxury' apartment conversion project, is finally leasing. It offers 101 one- and two-bedroom apartments and includes an underground parking garage as well as a fitness center, community room, and access to Lake Fontaine.
- The Remington, a 280-unit upscale multifamily project developed by Denton Floyd, has been announced and will include a community clubhouse, resort-style saltwater pool, yoga room, express market, micro-office spaces, coffee bar, and more.
- Nitto, Inc. has opened a new facility in Franklin County;s Industrial Park 3 bringing in 220 new, full-time jobs.
- The Somerset-Pulaski Economic Development Authority is set to receive an additional \$1.35 million from the Kentucky Product Development Initiative for a 140-acre business park project and is continuing to prepare build-ready sites as well as create new road and utility infrastructure.



## About Cushman & Wakefield

Cushman & Wakefield is a leading global real estate services firm that helps clients transform the way people work, shop, and live. Our 50,000 employees in approximately 60 countries help occupiers and investors optimize the value of their real estate by combining our global perspective and deep local knowledge with an impressive platform of real estate solutions. Cushman & Wakefield is among the largest commercial real estate services firms with revenue of \$9.4 billion across core services of agency leasing, asset services, capital markets, facility services (C&W Services), global occupier services, investment & asset management (DTZ Investors), project & development services, tenant representation, and valuation & advisory. For over 100 years, we've been taking our clients' ideas and putting them into action. To learn more, visit [www.cushmanwakefield.com](http://www.cushmanwakefield.com) or follow @CushWake on Twitter.



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