

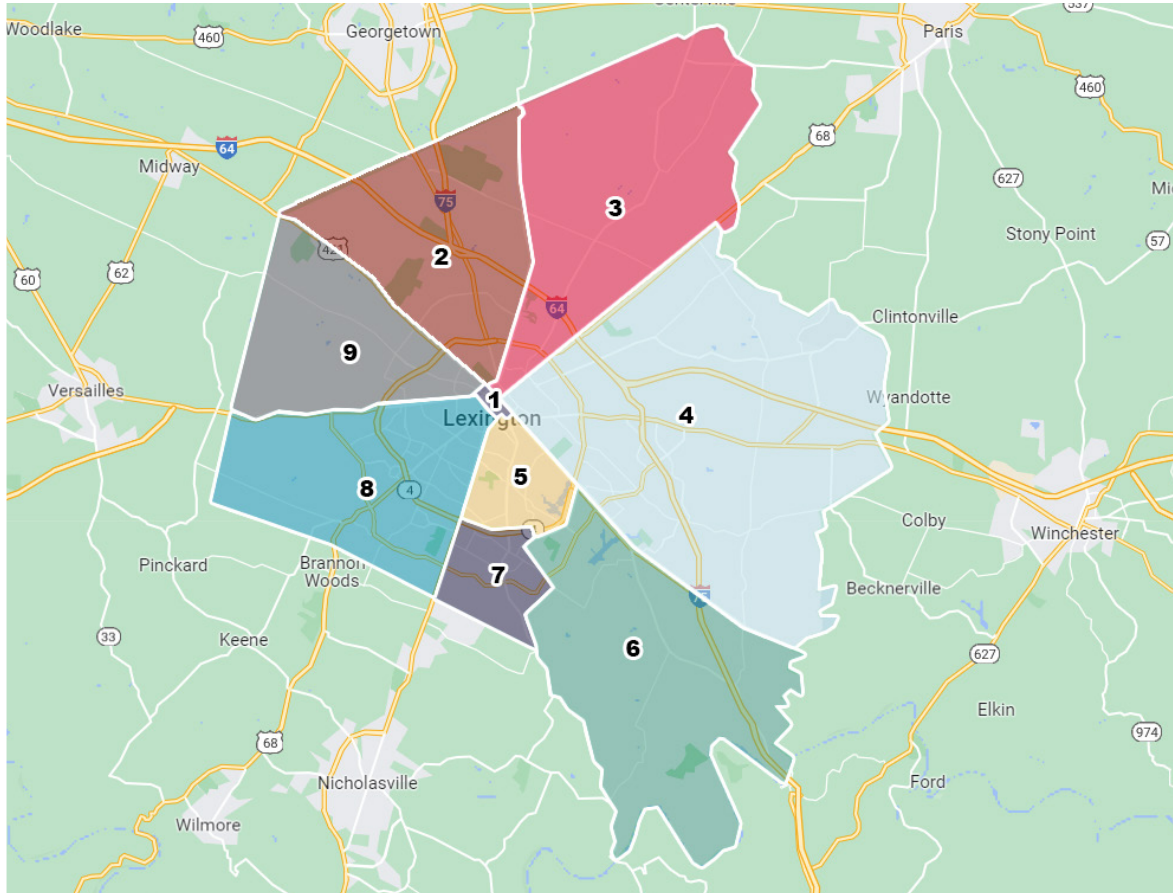
MARKET INSIGHT

LEXINGTON, KENTUCKY MULTIFAMILY REPORT | FOURTH 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



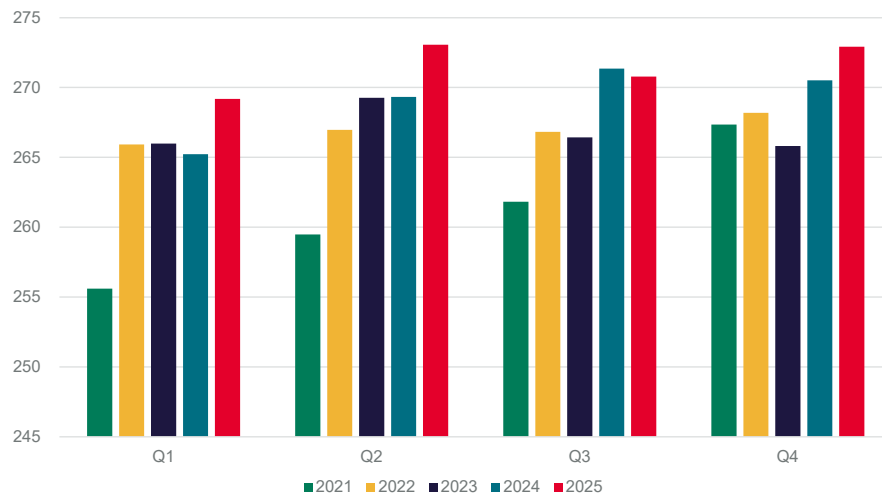
LEXINGTON METRO AREA

EMPLOYMENT & UNEMPLOYMENT TRENDS

The unemployment rate for the fourth quarter of 2025 in the Lexington area landed at 2.9% which is down 90 basis points (bps) from 3.8% in the third quarter of 2025. Lexington's unemployment rate continues to remain lower than the national average, which was 4.4% for this quarter.

LEXINGTON JOB GROWTH TRENDS

EMPLOYMENT IN THOUSANDS



Source: Bureau of Labor Statistics

JOB GROWTH & UNEMPLOYMENT RATE

0.9%

% YOY

Average Q4 **employment** increased by 2,401 jobs.

-120

BPS YOY

Average Q4 **unemployment** decreased to 2.9%.

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
- #8** Best Small Cities in the U.S. - Condé Nast Traveler
- #16** Most Competitive Small Rental Market - RentCafe

ECONOMIC EXPANSION

Select announcements from the second quarter of 2025:

- ✓ **Stord**, an AI-powered e-commerce fulfillment business, announced a \$40-million-dollar investment aimed at modernizing their existing technologies and expansion in **Hebron, KY**. The investment is expected to add over 500 jobs.
- ✓ As part of a larger announcement, **Toyota** is investing over \$204 million into their **Georgetown, KY** facility, bringing in 82 new jobs.
- ✓ A \$2.1-million investment from **RelaDyne**, an automotive lubricant distributor, was announced in December and will add 80 new jobs to the **Hebron, KY** area.
- ✓ **Paducah, KY** is seeing an \$11-million investment from **Hines Furlong Line (HFL)**, adding 50 new jobs.

	Q2 2024	Q4 2024	Q2 2025	Q4 2025
EMPLOYMENT (% Change)	1.3%	0.4%	0.9%	-0.1%
UNEMPLOYMENT RATE (%)	4.2%	4.1%	4.2%	2.9%

Source: Bureau of Labor Statistics



SUBMARKET OVERVIEW

Occupancy rates are currently sitting at 95.5%, which is down 10 basis points from the second quarter.

According to REIS, over the past twelve months, asking rents have increased 0.7% per unit. During 2025, rental rates have increased 3.1% and increased 5.5% in 2024.

95.5%

Average Occupancy

decrease of 0.1% from 06/2025

0.4%

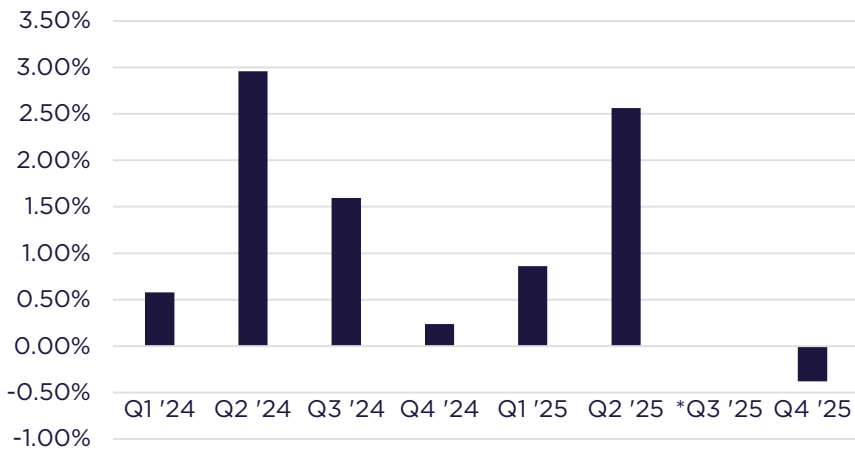
Average Rental Rate Decrease

from 06/2025

HISTORICAL METRO RENT GROWTH RATES

Regional mean rents for 1 BR units are at \$1,565/mo. and \$1,781/mo. for 2 BR units. Lexington mean rents for 1 BR units are at \$937/mo. and 2 BR units are at \$1,170/mo. The overall average rental rate for the market is \$1,312/mo. up from \$1,276/mo. in Q4 2024.

LEXINGTON RENT GROWTH RATES



*Individual rates changed, but average rent stayed the same between Q2 and Q3 with no growth in Q3.

Sources: Yardi Matrix / REIS

DEVELOPMENT / INVENTORY

331 units were completed in the last 12 months in the Lexington area. An additional 1,390 units are under construction and 2,407 are planned throughout the Metro Lexington area. The East submarket leads all activity with 387 units planned and 486 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 supply gap of 101,569 rental units with a projected rental supply 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

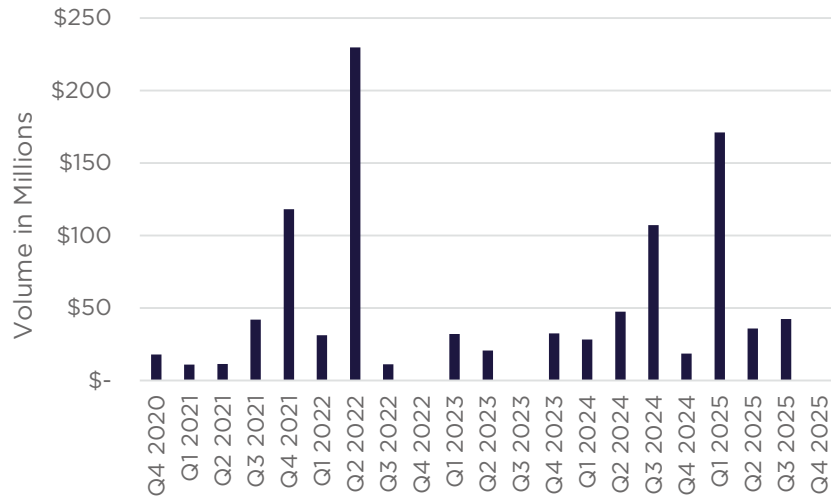
Forecast is 12-month outlook



INVESTMENT ACTIVITY

Multifamily investment activity in the Lexington MSA was modest in Q3 and dropped off in Q4, accumulating \$42,250,000 of total investment sales. Overall, the second half of 2025 is showing a 32.6% decrease in year over year (YOY) activity compared to the second half of 2024.

HISTORICAL SALES VOLUME



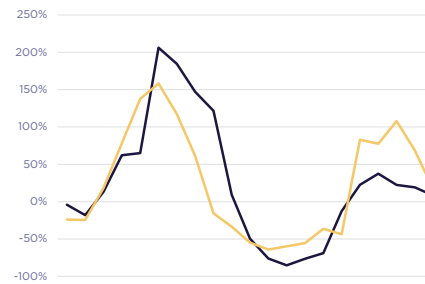
Source: Cushman & Wakefield | Commercial Kentucky Research



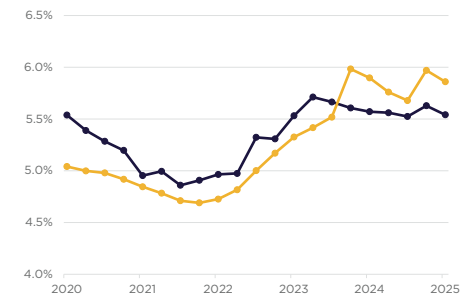
PRICING & CAP RATES

■ LEXINGTON AVERAGE ■ NATIONAL AVERAGE

CHANGE IN SALES (YOY)
LEXINGTON



AVERAGE CAP RATE



Source: Real Capital Analytics

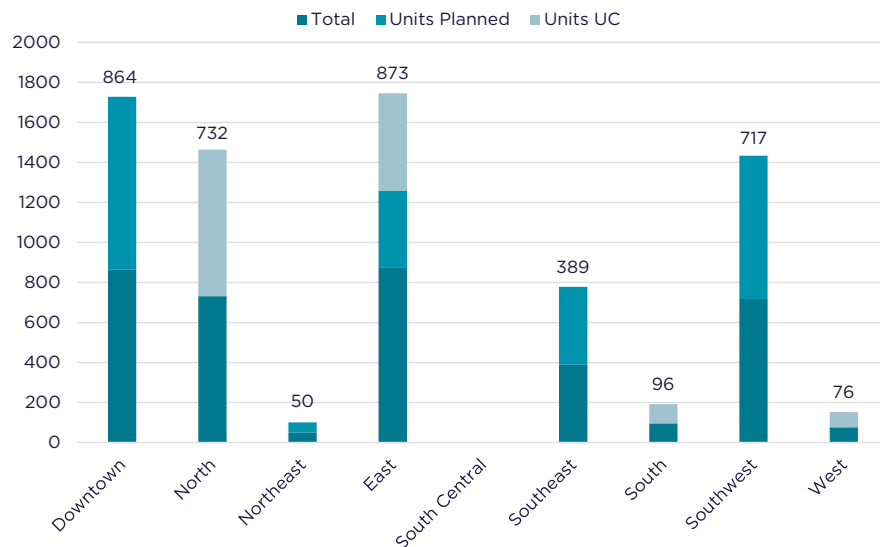




SUBMARKET OVERVIEW



UNITS PLANNED/UNDER CONSTRUCTION BY SUBMARKET



Source: Yardi Matrix

SELECT MSA NEWS

- Redevelopment of the 17 acres across from Rupp Arena is now expected to start construction in late 2026. Developers Lincoln Properties and Webb Companies had proposed a multi-use project for the area that includes a hotel, apartments, multiple parking garages, a grocery store, and additional retail.
- The Railyard, a \$7.5-million mixed-use residential and retail development, broke ground in December. The project will feature 32 apartment units and two 1,500-square-foot retail spaces.
- Westminster Mall is set to be demolished soon, giving way to a mixed-use complex called Bolsa Pacific at Westminster. The plan includes 2,250 residences, a 120-room hotel, over 220,000 square feet of retail space, and more than 15 acres of open space set to include promenades and numerous walking trails. Construction is anticipated to start by the end of 2026.
- Lexington developer, Cowgill Inc., is planning a new development, called Hamburg East, on a 44-acre lot that will include a four-story Hampton Inn and Suites, an apartment complex housing 274 units, retail space, and restaurants.

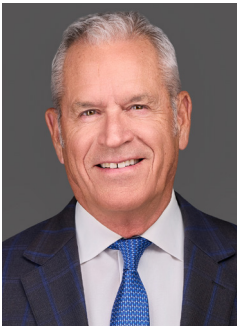


About Cushman & Wakefield

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 or follow @CushWake on Twitter.



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