



MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
4.1% Vacancy Rate	▲	▼
1.6M YTD Net Absorption, SF	▼	▼
\$6.02 Asking Rent, PSF <i>(Overall, Net Asking Rent)</i>	▲	▲

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
702.6K Louisville Employment	▲	▲
4.4% Louisville Unemployment Rate	▲	▼
4.1% United States Unemployment Rate	▲	▼

Source: BLS

ECONOMIC OVERVIEW

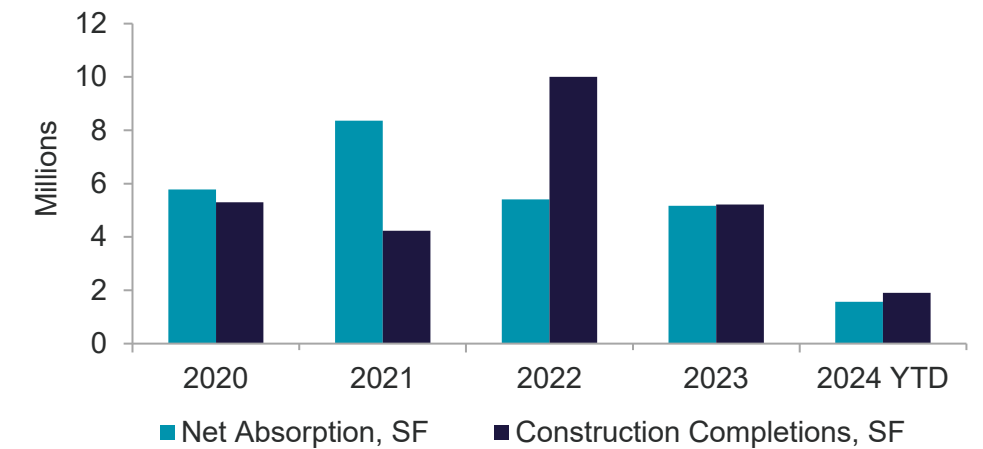
As the third quarter of 2024 closed, there was a cautious optimism by some in regard to the economy. Fears of poor economic performance have resided as experts, such as Goldman Sachs, pull back on recession chances and national indicators suggest solid economic growth. On the other hand, conflicting labor market signals and the upcoming presidential election mean there are still economic uncertainties to monitor. Fortunately, the Bureau of Economic Analysis reported that real gross domestic products (GDP) increased at 3% in the second quarter, an overperformance of the 1.5% estimation, and is forecasted to increase another 3% in the third quarter. Over the past quarter, U.S. non-farm payroll increased by 349,000 while the unemployment rate increased slightly to 4.2%. Even though inflation rates came in under expectations at 2.5%, the Federal Reserve conservatively dropped interest rates 0.5% to a range of 4.75-5.0%.

For Louisville, the outlook is less enthusiastic, with the unemployment rate increasing to 4.4% from 4.0% reported last quarter. Despite the rise, non-farm payroll in Louisville continues to hold steady, only increasing 1.1% from this time last year.

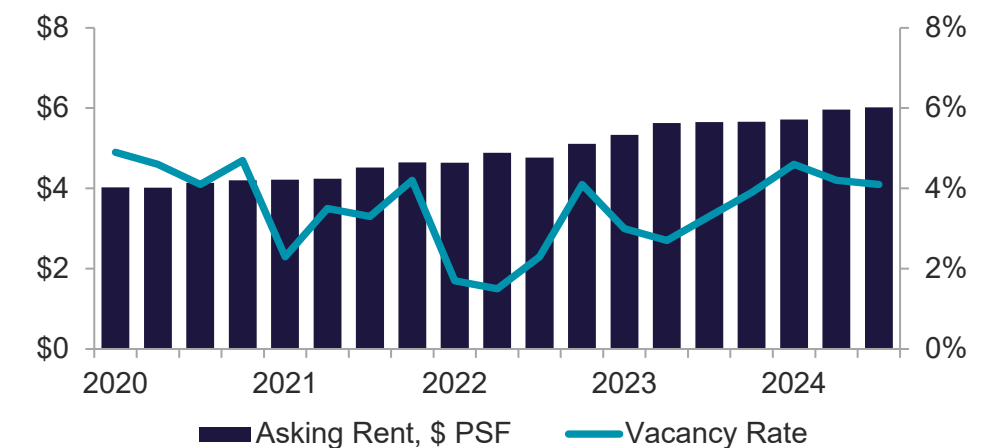
MARKET OVERVIEW

Overall leasing activity during the third quarter totaled 1,377,082 square feet (sf) bringing the YTD total to 5,133,165 sf comparable to 7,793,372 sf through the first three quarters of 2023. While the East and South submarkets reported somewhat healthy activity, the West / Southwest (Riverport) submarket experienced stronger leasing activity than the other submarkets combined, totaling 617,181 sf. The largest contributor to this quarter's leasing total was GXO Logistics's sale / leaseback for 505,000 sf followed by eJooV leasing 212,000 sf and FTI On-line Auctions leasing 112,000 sf, all in the West / Southwest submarket.

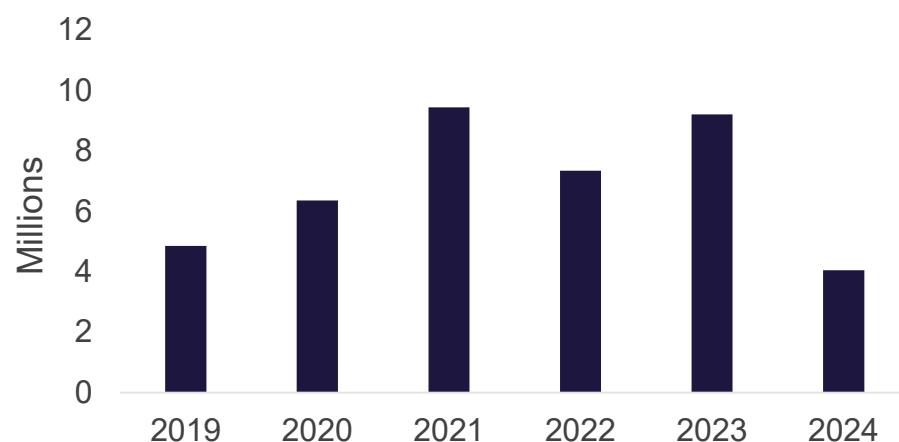
SPACE DEMAND / DELIVERIES



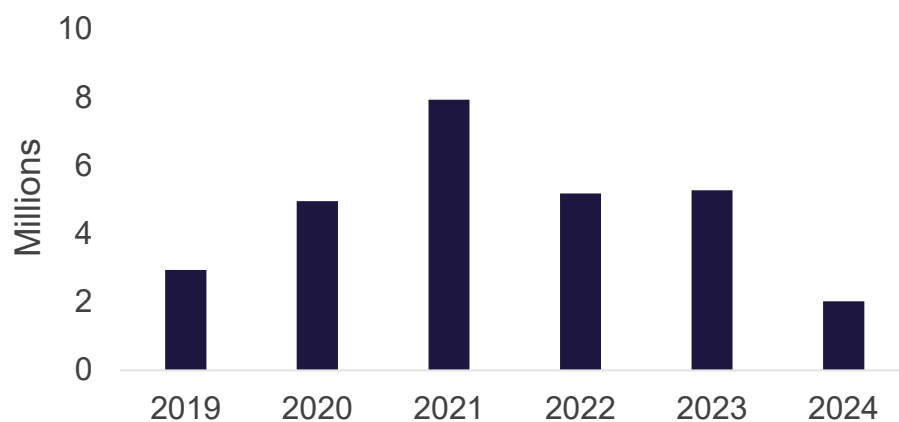
OVERALL VACANCY & ASKING RENT



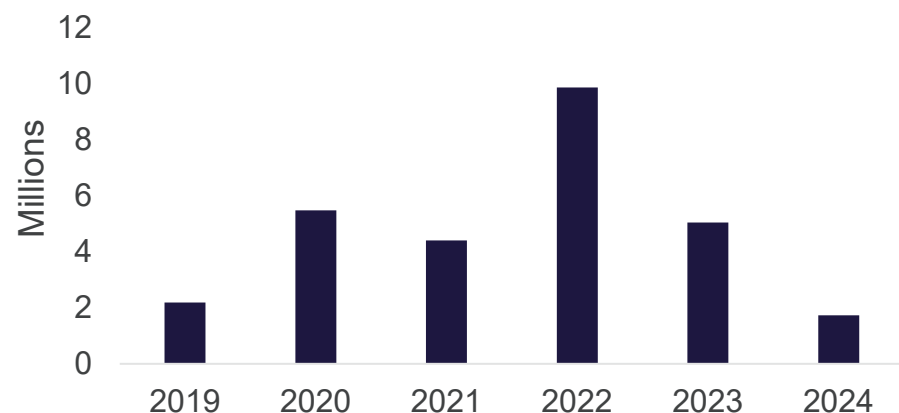
YTD LEASING ACTIVITY- BULK (SF)



YTD NET ABSORPTION - BULK (SF)



YTD CONSTRUCTION COMPLETIONS - BULK (SF)



MARKET OVERVIEW (CONT'D)

Overall net absorption for the third quarter totaled 280,174 sf, considerably less than the approximate 1,082,479 sf absorbed in the third quarter of 2023. Despite this drop in absorption, Louisville has fared well compared to some of our regional neighbors. The Louisville vacancy rate continued to drop, decreasing 10 basis points (bps) from 4.2% in the second quarter to 4.1%. The West / Southwest and Shelby County submarkets posted the most positive net absorption this quarter with 911,821 sf and 200,000 sf, respectively.

BULK OVERVIEW

The leasing activity in the Louisville bulk distribution market had similar results to the overall market for the third quarter despite some economic headwinds. Leasing activity totaled 1,049,138 sf for the third quarter, bringing the 2024 YTD total to 4,052,963 sf compared to 6,819,000 sf through three quarters of 2023. Bulk absorption ended the quarter at 151,398 sf while the vacancy rate dropped 60 bps from 7.1% to 6.5%. GXO's aforementioned sale / leaseback contributed the most to the activity.

CONSTRUCTION OVERVIEW

The third quarter ended with no new construction completions but saw the start of construction on two new sites, one a 380,000-sf build-to-suit (BTS) building for Kentuckiana Comfort Center in Shelby County and a 175,000-sf speculative building in the Airport submarket. Additionally, many projects are underway in Southern Indiana including two speculative buildings (211,969 sf and 108,523, respectively). Also underway are America Place's 567,433-sf building, Scannell's 250,100-sf building, and two 700,000-sf BTS buildings (Meta and Canadian Solar). The total under construction in the Southern Indiana submarket totals 2,538,025 sf. With only 2,039,405 sf of speculative building under construction, expect vacancy rates to decrease and rental rates to continue to push higher.

Economic challenges aside, with both Ford Motor Company and Canadian Solar considering manufacturing plants in Shelby County, KY and Canadian Solar in Clark County, IN as well, these recently announced projects offer evidence of the Louisville market's viability and the possibility of future supplier activity commitments.

OUTLOOK

- Vacancy rates are expected to decrease while asking rates should arise further amid healthy fundamentals.
- Continued uncertainty within debt markets and high construction costs will limit speculative construction.
- New bulk inventory will increase by less than 1% by year end 2024.

MARKET STATISTICS - OVERALL

SUBMARKET	INVENTORY (SF)	YTD USER SALES ACTIVITY (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
BULLITT COUNTY	25,041,401	499,840	6.4%	455,475	995,875	426,300	0	\$11.73	N/A	\$6.13
CENTRAL	21,213,420	0	3.6%	-54,313	392,152	27,526	0	\$4.12	\$7.94	\$7.20
Downtown	10,015,531	0	5.9%	20,644	312,759	0	0	\$3.87	\$5.35	\$6.50
I-64	1,860,523	0	2.7%	-26,097	25,353	0	0	\$6.69	\$13.00	\$7.50
I-65	9,337,366	0	1.3%	-48,860	54,040	27,526	0	\$5.17	N/A	\$7.00
EAST	28,347,530	64,072	1.1%	398,427	563,076	221,735	532,000	\$8.90	\$11.17	\$7.45
Jeffersontown	14,326,457	64,072	1.5%	394,419	419,991	221,735	474,000	\$8.90	\$10.42	\$7.21
Middletown / Eastpoint	3,978,576	0	0.6%	68,008	143,085	0	58,000	N/A	\$13.15	N/A
Westport Road	10,042,497	0	0.6%	-64,000	0	0	0	N/A	\$7.60	\$8.00
SOUTH	60,716,507	0	2.0%	200,564	401,984	216,200	0	\$6.50	\$7.98	\$6.46
Airport	9,531,673	0	2.0%	-462,000	137,321	175,000	0	\$6.43	N/A	\$6.32
Bishop Lane	17,706,085	0	1.0%	-1,691	166,961	41,200	0	\$9.25	\$7.98	N/A
Fern Valley	248,024	0	2.4%	664,255	97,702	0	0	N/A	N/A	\$6.59
WEST / SOUTHWEST	24,381,116	0	4.8%	302,870	1,890,351	64,000	350,000	\$12.00	\$12.00	\$5.84
Iroquois	20,081,549	0	0.0%	0	0	0	0	N/A	N/A	N/A
Riverport	4,051,543	0	5.7%	217,840	1,805,321	64,000	350,000	\$12.00	\$12.00	\$5.85
Westend	10,023,249	0	0.8%	85,030	85,030	0	0	N/A	N/A	\$5.48
SHELBY COUNTY	10,023,249	477,600	20.8%	41,617	110,000	0	444,308	\$5.00	\$13.00	\$5.61
SOUTHERN INDIANA	32,542,638	428,310	3.4%	226,403	779,727	2,349,015	580,000	N/A	\$18.00	\$6.08
Floyd County	5,500,141	0	1.7%	-96,240	0	0	0	N/A	N/A	\$6.95
Clark County	27,042,497	428,310	3.8%	322,643	779,727	2,349,015	580,000	N/A	\$18.00	\$6.00
LOUISVILLE TOTALS	202,265,861	1,419,822	4.1%	1,571,063	5,133,165	3,684,776	1,906,308	\$5.18	\$11.60	\$6.02

MARKET STATISTICS - BULK

SUBMARKET	INVENTORY (SF)	YTD INVESTMENT SALES ACTIVITY (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS (SF)	*OVERALL WEIGHTED AVG. NET RENT Q2 2024	*OVERALL WEIGHTED AVG. NET RENT Q3 2024
Bullitt County	22,707,280	169,000	7.0%	455,475	995,875	426,300	0	\$6.16	\$6.18
Central	1,211,595	10,000	0%	0	298,000	0	0	N/A	N/A
East	6,330,181	0	0%	320,000	150,000	133,735	390,000	N/A	N/A
South	25,354,234	0	2.2%	506,907	52,852	175,000	0	\$6.11	\$5.73
West / Southwest	13,931,692	505,000	7.5%	158,150	1,785,321	0	350,000	\$5.82	\$5.86
Shelby County	3,044,873	0	62.5%	230,000	110,000	380,000	444,308	\$6.25	\$6.25
Southern Indiana	18,468,827	0	4.4%	350,000	660,915	2,538,025	550,000	\$6.08	\$6.17
LOUISVILLE TOTALS	91,048,682	684,000	6.5%	2,021,447	4,052,963	3,653,060	1,734,308	\$5.93	\$6.11

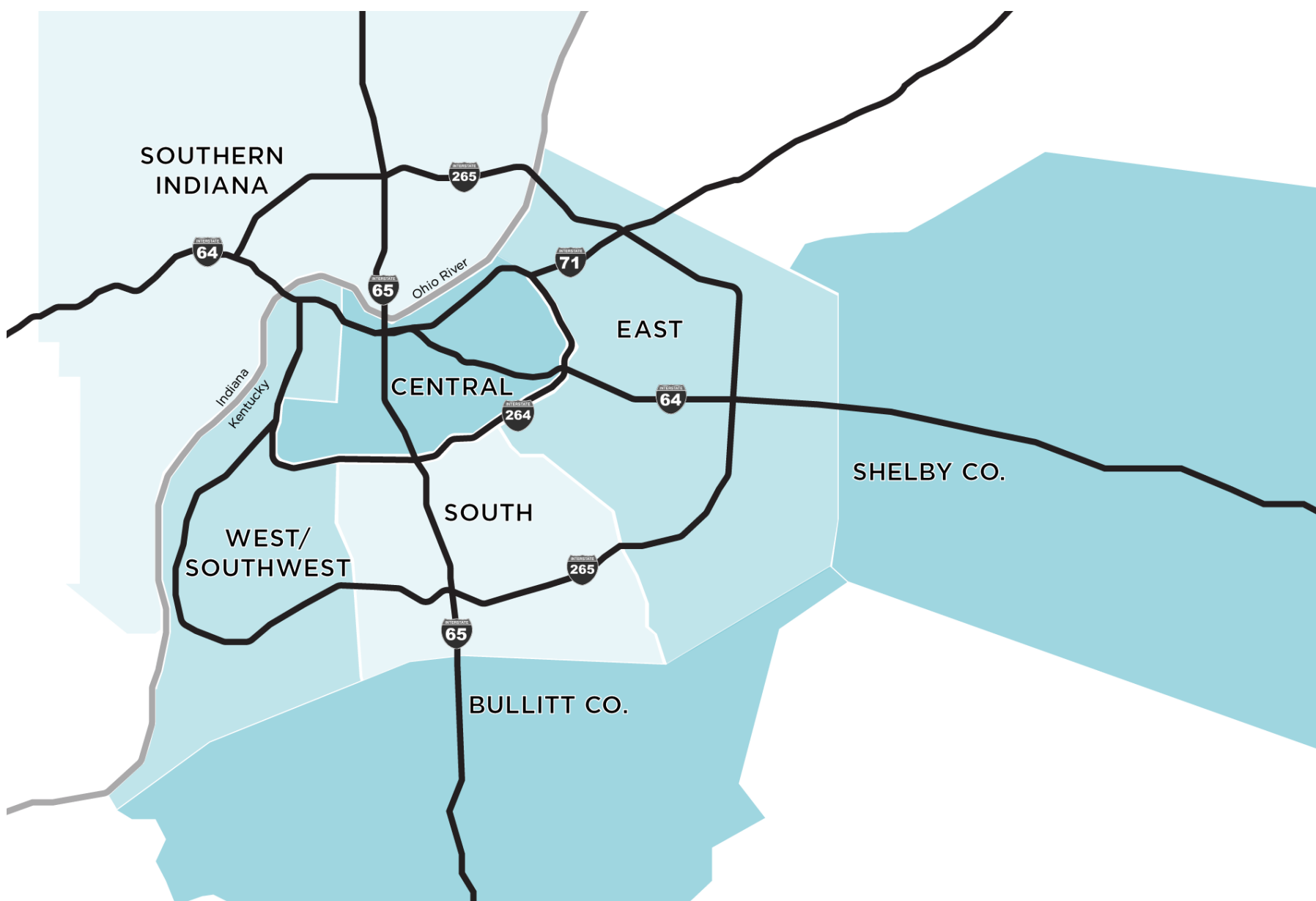
*Rental rates reflect weighted net asking \$psf/year

KEY TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
10610 Freeport Drive	West / Southwest	GXO Logistics	505,000	Sale / Leaseback
9001 Cane Run Road	West / Southwest	eJoov	212,500	New Lease
7300 Intermodal Drive	West / Southwest	FTI Buyer, LLC	112,181	New Lease
8300 Cane Run Road	West / Southwest	Lanter Delivery Services	82,140	New Lease
4607 Allmond Avenue	South	Jefferson County Clerk's Office	60,000	New Lease
301 Logistics Avenue	Southern Indiana	Blocke, LLC	57,317	New Lease

*Renewals not included in leasing statistics

INDUSTRIAL SUBMARKETS



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