



MARKET FUNDAMENTALS

	YOY Chg	Outlook
4.0% Vacancy Rate	▲	▬
221K YTD Net Absorption, SF	▼	▲
\$6.05 Asking Rent, PSF <i>(Overall, Net Asking Rent)</i>	▲	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
718.8K Louisville Employment	▲	▼
4.4% Louisville Unemployment Rate	▲	▲
4.1% U.S. Unemployment Rate <i>Source: BLS</i>	▲	▲

ECONOMIC OVERVIEW

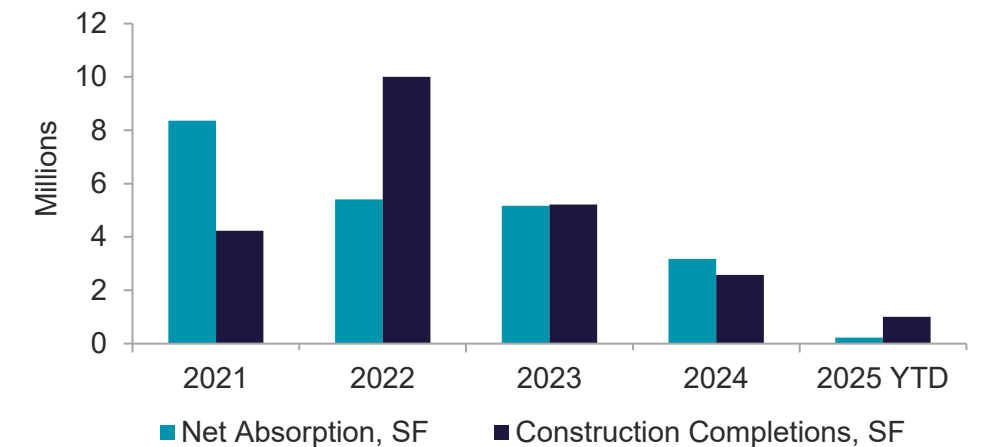
While the Louisville labor force declined slightly earlier this quarter, resulting in an increase in the local employment rate from 4.4% to 4.7%, Mayor Greenberg, along with the recently formed Louisville Economic Development Alliance (LEDA) continue to promote entrepreneurial growth, corporate relocations, tourism growth, and affordable housing initiatives. Thanks to \$100 million in state funding, several important downtown projects have recently been announced including the Belvedere, the redevelopment of Louisville Gardens, the Louisville Sports Entertainment District at Slugger Field, Motorworks Apartments at 4th and Broadway, and the 200-unit Butchertown apartment complex planned near the Lynn Family Stadium.

MARKET OVERVIEW

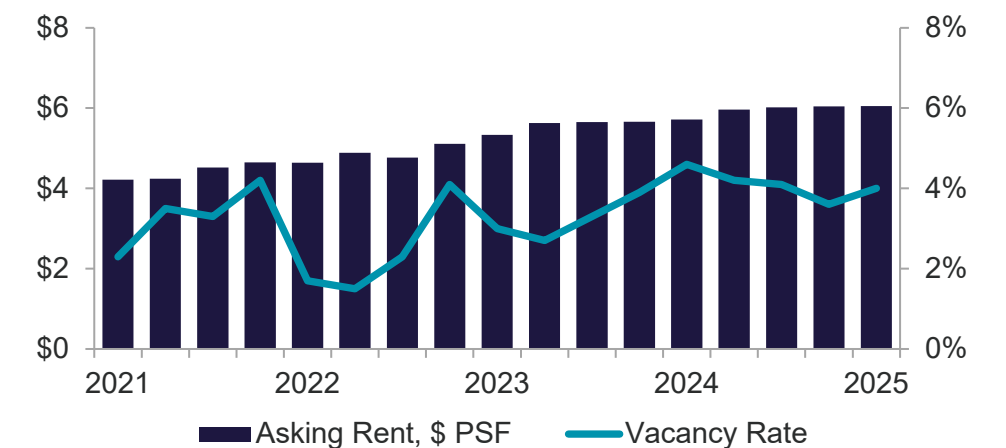
The first quarter of 2025 saw comparable new leasing activity to the start of 2024 of 1.3 million square feet (msf) compared to 1.5 msf in 2024. The Bullitt County submarket saw the biggest lease with FSK's 426,300-sf lease on Park Plaza Boulevard making it the top submarket for leasing activity this quarter. While most of the leases this quarter were under 100,000 sf, Danfoss's 132,352-sf lease in the West / Southwest submarket and A-1 Pallet's 146,575-sf lease in the Southern Indiana submarket contributed to the overall numbers. All the smaller leases in the South submarket, however, propelled it to the second most active submarket in the first quarter.

Overall net absorption for the first quarter was muted at 221,016 sf, but significantly higher than the negative 313,540 sf reported in Q1 2024. While FSK's lease contributed to positive absorption this quarter, Wolverine's expected departure at 6001 Cane Run Road created 519,000 sf of negative absorption in the West / Southwest submarket. The Louisville vacancy rate rose 40 basis points (bps) from 3.6% in the fourth quarter of 2024 to 4.0% at the end of the first quarter of 2025. With over 1 msf added to the inventory this quarter, this was an expected rise. However, the vacancy rate is already lower than the 4.6% in the first quarter of 2024 and is expected to remain consistently in the 3-4% range.

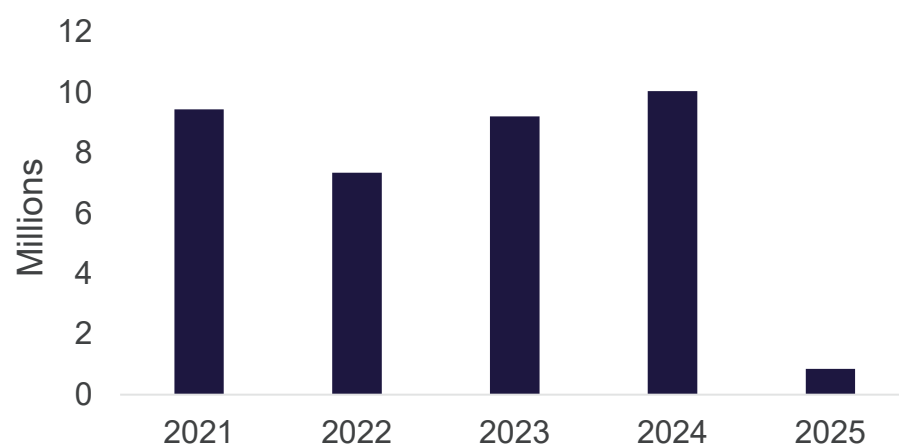
SPACE DEMAND / DELIVERIES



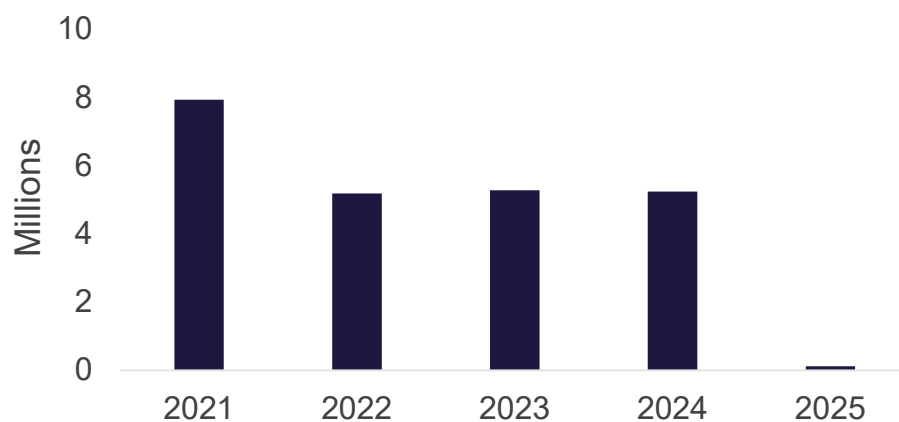
OVERALL VACANCY & ASKING RENT



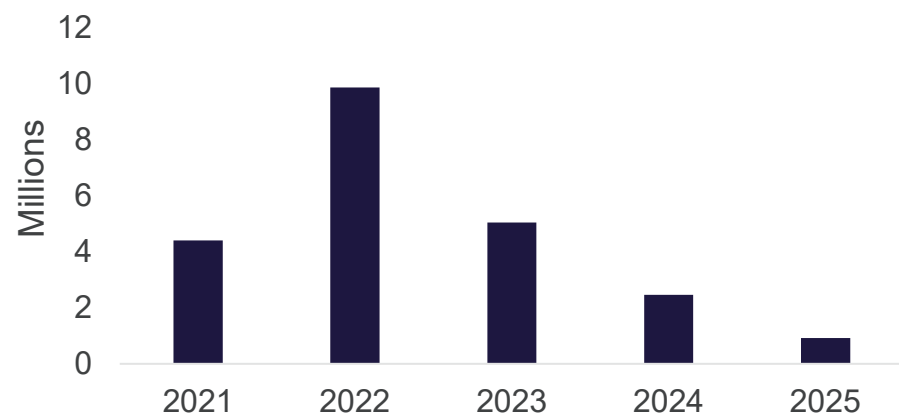
YTD LEASING ACTIVITY – BULK (SF)



YTD NET ABSORPTION – BULK (SF)



YTD CONSTRUCTION COMPLETIONS - BULK



BULK OVERVIEW

Bulk leasing activity in the first quarter ended at 855,102 sf, lower than 2024’s first quarter which ended at 1.1 msf. FSK and Danfoss’s leases of 426,300 sf and 135,352 sf, respectively, contributed to the bulk of the deal volume. Since most of this quarter’s leasing activity was smaller leases, most of these contributed to the overall activity, but not to bulk. Bulk net absorption totaled 121,852 sf of absorption, a substantial improvement from the total one year prior (-130,083 sf). As with the overall absorption, FSK contributed the most to the positive net bulk absorption and Wolverine contributed the most to the negative net bulk absorption. The bulk vacancy rate jumped quite a bit from last quarter, from 5.3% to 7.1% in the first quarter. The largest increases were in West / Southwest and Southern Indiana submarkets. The West / Southwest’s increase was due to the Wolverine departure while Southern Indiana saw an increase in inventory through 926,056 sf of construction completions.

CONSTRUCTION OVERVIEW

Bulk construction completions have so far added 926,056 sf of new bulk inventory with planned construction showing some promising bulk inventory growth to come throughout the next couple of years. Currently, there is 4.6 msf of bulk buildings under construction with over 54% being speculative. While the Southern Indiana submarket is leading the under-construction numbers, the planned construction buildings show a more equal distribution between the Southern Indiana, South, and Bullitt County submarkets.

MARKET UNKNOWNNS

Louisville has shown itself to be both a steady and, at times, a resilient market, however, there are some uncertainties that should be monitored throughout 2025. The introduction of new or increased tariffs could add to the higher construction costs and potentially burden local market occupiers. Additionally, the interest in adding data centers to Louisville’s market seems to be growing, with proposed projects in Oldham County, and our Southwest and Indiana submarkets. High tariff prices and the addition of data centers could have a significant impact on Louisville’s industrial market, local economy, available power, and shrinking footprint of available ground with infrastructure, and will need to be monitored as the year progresses.

OUTLOOK

- Assuming demand reflects 2024 or greater, vacancy rates are expected to decrease while net absorption should increase during the year due to demand and limited speculative construction.
- Continued uncertainty within debt markets and high construction costs will limit speculative construction.
- New bulk inventory is expected to double in 2025 compared to 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	25,467,282	0	5.4%	407,500	468,300	840,064	0	\$5.23	N/A	\$6.09
CENTRAL	21,222,475	0	3.9%	-42,133	36,050	0	0	\$4.04	\$8.18	\$7.50
Downtown	10,021,316	0	6.4%	-50,933	1,000	0	0	\$3.65	\$5.35	N/A
I-64	1,860,523	0	2.9%	-7,200	0	0	0	N/A	\$11.76	\$7.50
I-65	9,340,636	0	1.6%	16,000	35,050	0	0	\$5.39	N/A	N/A
EAST	28,445,935	0	0.7%	-10,758	196,183	88,000	0	\$6.50	\$10.89	\$7.84
Jeffersontown	14,424,862	0	0.6%	4,192	101,083	88,000	0	\$6.50	\$10.20	\$7.59
Middletown / Eastpoint	3,978,576	0	1.0%	-18,950	18,950	0	0	N/A	\$12.55	N/A
Westport Road	10,042,497	0	0.6%	4,000	76,150	0	0	N/A	\$6.65	\$8.00
SOUTH	60,894,661	0	2.8%	87,430	291,480	119,850	0	\$6.06	\$6.98	\$6.03
Airport	33,656,952	0	3.8%	7,450	96,200	0	0	\$6.06	N/A	\$5.96
Bishop Lane	9,531,584	0	0.9%	-1,520	18,230	119,850	0	N/A	\$6.98	N/A
Fern Valley	17,706,125	0	2.0%	81,500	177,050	0	0	N/A	N/A	\$6.22
WEST / SOUTHWEST	24,445,116	0	6.3%	-352,598	198,202	0	0	N/A	\$10.08	\$5.80
Iroquois	248,024	0	0.0%	0	0	0	0	N/A	N/A	N/A
Riverport	20,145,549	0	7.5%	-352,598	198,202	0	0	N/A	\$10.08	\$5.80
Westend	4,051,543	0	0.7%	0	0	0	0	N/A	N/A	\$5.75
SHELBY COUNTY	10,023,700	0	5.5%	0	0	380,000	0	\$5.00	\$13.00	\$6.36
SOUTHERN INDIANA	33,549,876	0	5.5%	131,575	146,575	3,360,376	1,007,538	\$4.20	\$18.00	\$6.75
Floyd County	5,500,141	0	1.7%	0	0	840,064	0	N/A	N/A	\$6.95
Clark County	28,049,735	0	6.3%	131,575	146,575	840,064	0	\$4.20	\$18.00	\$6.74
LOUISVILLE TOTALS	204,049,045	0	4.0%	221,016	1,336,790	4,788,290	1,007,538	\$4.58	\$10.99	\$6.21

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 Q3 2024	*OVERALL WEIGHTED AVG. NET RENT Q4 2024
Bullitt County	23,133,161	908,600	5.9%	417,300	468,300	840,064	0	\$6.15	\$5.89
Central	1,211,595	0	0.0%	0	0	0	0	N/A	N/A
East	6,428,586	0	0.0%	0	70,000	0	0	N/A	N/A
South	25,528,224	0	4.9%	42,450	135,700	119,850	0	\$6.02	\$6.65
West / Southwest	13,931,692	0	9.9%	-337,898	181,102	0	0	\$5.83	\$6.20
Shelby County	3,044,873	0	11.9%	0	0	380,000	0	\$6.88	\$7.08
Southern Indiana	19,394,883	0	7.1%	0	0	3,310,376	926,056	\$5.95	\$6.62
LOUISVILLE TOTALS	92,673,014	908,600	7.1%	121,852	855,102	4,652,766	926,056	\$6.16	\$6.49

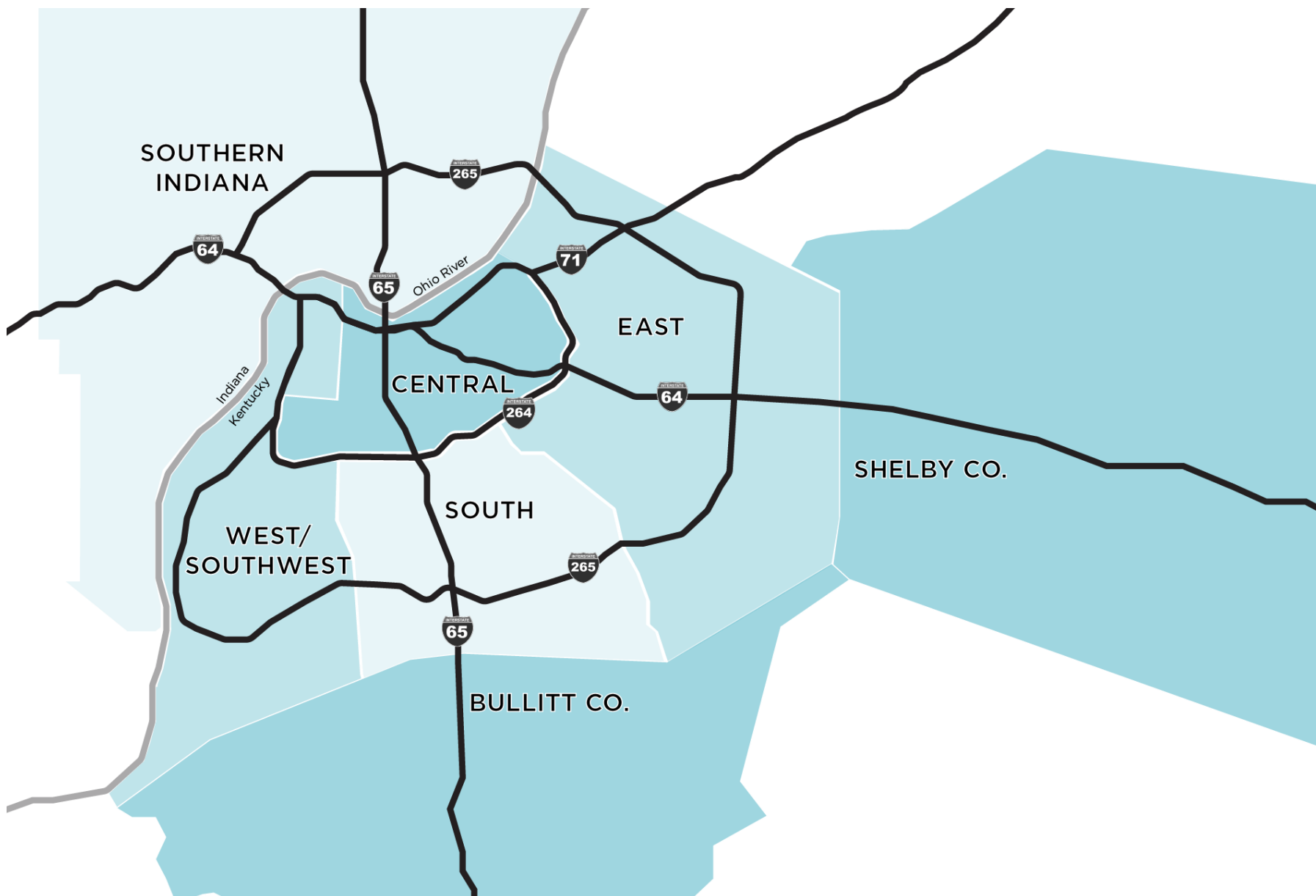
*Rental rates reflect weighted net asking \$psf/year

KEY TRANSACTIONS Q1 2025

PROPERTY	SUBMARKET	TENANT BUYER / SELLER	SF	TYPE
200 Velocity Way	Bullitt	ProLogis / Browning Investments	908,600	Investment Sale
450 Park Plaza Boulevard – Building 2	Bullitt	FSK / Ford	426,300	New Lease
2100 Future Drive	Southern Indiana	A-1 Pallet	146,575	New Lease
6901 Riverport Drive	South	Danfoss	132,352	New Lease

*Renewals not included in leasing statistics

INDUSTRIAL SUBMARKETS



VICTORIA SAUNDERS

Research Analyst

Tel: +1 5025895150

vsaunders@commercialkentucky.com

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