



**MARKET FUNDAMENTALS**

	YOY Chg	Outlook
<b>4.0%</b> Vacancy Rate	▲	▲
<b>-12,047K</b> YTD Net Absorption, SF	▼	▼
<b>\$6.73</b> Asking Rent, PSF <i>(Overall, Net Asking Rent)</i>	▬	▬

**ECONOMIC INDICATORS**

	YOY Chg	Outlook
<b>720.2K</b> Louisville Employment	▲	▲
<b>4.2%</b> Louisville Unemployment Rate	▼	▲
<b>4.3%</b> U.S. Unemployment Rate <i>Source: BLS *Q4 2025</i>	▲	▲

**ECONOMIC OVERVIEW**

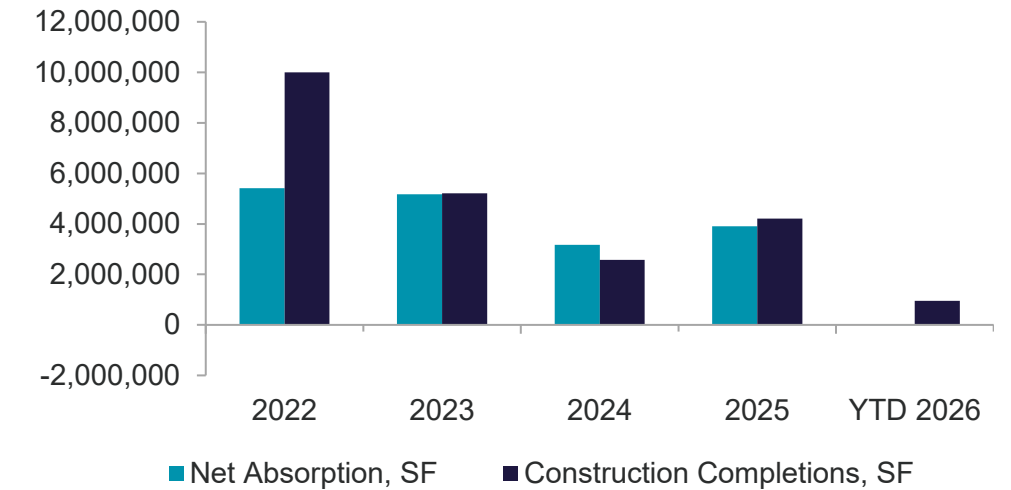
The U.S. economy demonstrated notable resilience through Q1 2026, sustaining growth against a challenging global backdrop. Ongoing international conflicts - particularly in the Middle East and Eastern Europe - introduced volatility into energy markets and trade flows, yet the domestic impact remained contained, underscoring the durability of U.S. supply chains and the strength of consumer demand. The Federal Reserve held its benchmark interest rate steady at 3.5%–3.75% in March, a deliberate signal that policymakers remain confident in the economy’s ability to absorb external shocks as inflation continues its gradual descent toward target.

Real U.S. gross domestic product (GDP) grew 0.7% in the fourth quarter of 2025 reflecting a moderation from the stronger pace of mid-2025, though the full-year 2025 GDP growth rate of 2.1% affirms the economy’s underlying durability. Inflation showed meaningful progress, with the CPI rising approximately 2.8% year-over-year in early Q1—trending closer to the Fed’s 2% long term target and consistent with the disinflationary trend defining the post-pandemic normalization. Taken together, Q1 2026 reflects an economy that is fundamentally sound, structurally adaptive, and well positioned for continued expansion.

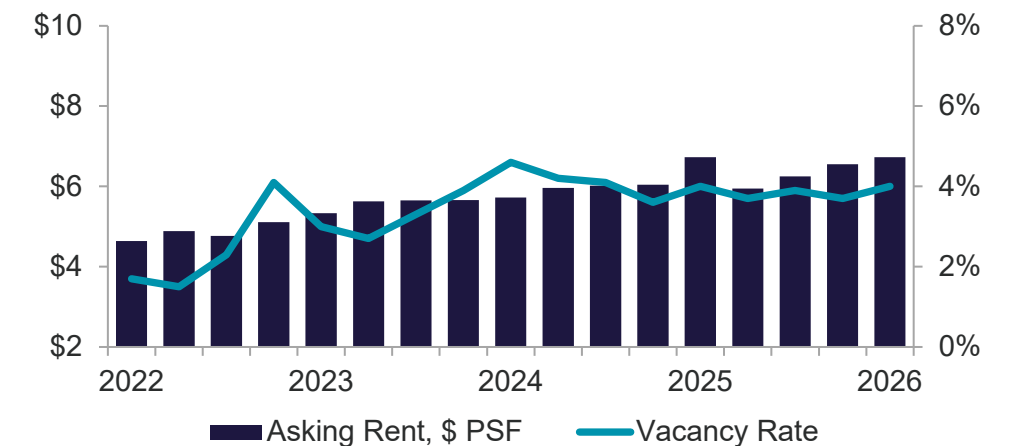
Louisville carried real momentum into Q1 2026, underpinned by a stable labor market and a maturing economic development infrastructure. The metro unemployment rate tightened to 3.1% as of December 2025, a figure that reflects sustained workforce participation across the region’s core growth sectors: health care, logistics, and construction. On the institutional side, the launch of One Louisville marks a meaningful step forward, consolidating the city’s economic development, corporate recruitment, and talent attraction efforts into a single, unified platform designed to sharpen the region’s competitive positioning and accelerate investment growth.

Local investment activity remained active, particularly downtown, where record levels of public-private investment are being realized, accompanied by a deepening pipeline of residential conversions, infrastructure improvements, and mixed-use projects. Rising building permit activity and sustained developer engagement confirm that capital continues to flow into the market. Louisville enters the remainder of 2026 in a position of strength—balanced, capital ready, and well positioned for sustainable growth.

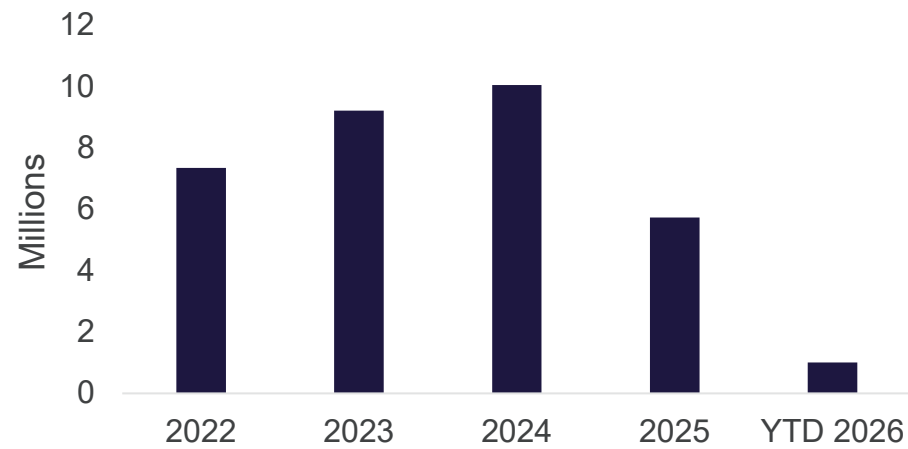
**SPACE DEMAND / DELIVERIES**



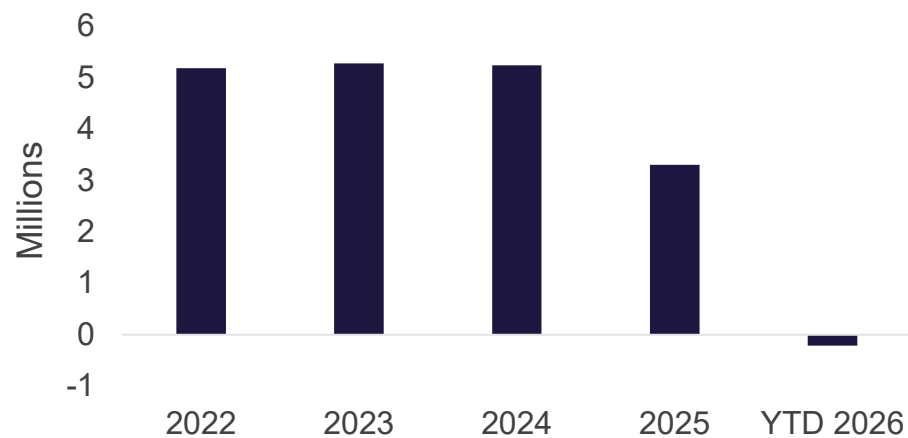
**OVERALL VACANCY & ASKING RENT**



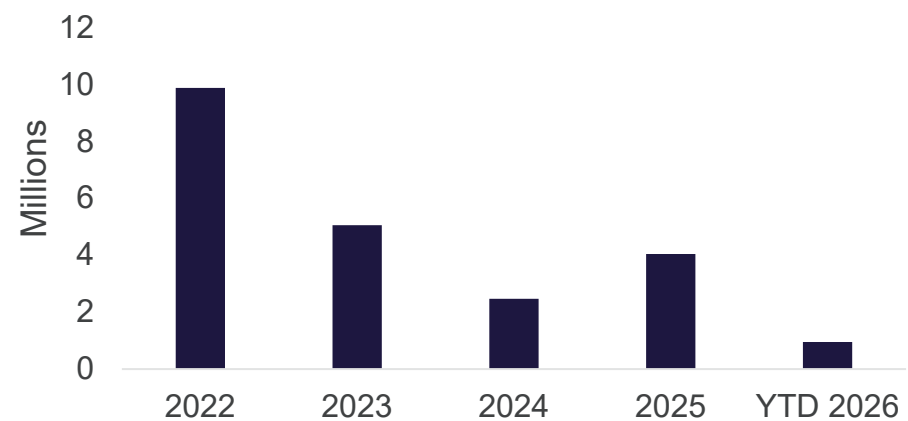
YTD LEASING ACTIVITY – BULK (SF)



YTD NET ABSORPTION – BULK (SF)



YTD CONSTRUCTION COMPLETIONS - BULK



MARKET OVERVIEW

Louisville’s industrial market provided mixed numbers for the start of 2026 revealing nuances in current market conditions. Leasing activity landed at 1.4 million square feet (msf) for the first quarter, a slight uptick from 2025’s first quarter leasing activity of 1.3 msf. Bullitt County saw a great start to the year with Meta’s 711,975-sf lease, leading all other submarkets in new leases. Despite consistent leasing activity, the first quarter recorded an overall negative 12,047 sf of absorption, the first negative absorption in seven quarters. The biggest contributor to the negative absorption was from 7300 Intermodal Drive in the West / Southwest submarket. The overall vacancy rate rose by 30 basis points (bps) from 3.7% at the end of 2025 to 4.0% at the end of the first quarter resulting from a combination of negative absorption and construction completions. Tenant demand shows interest in spaces under 300,000 sf with a total of 18 out of the 19 new leases in the first quarter in this size range. Inventory has followed tenant demand with 89.2% of available spaces within this size range. Overall, first quarter demand suggests 2026 will follow similar activity patterns to last year with increased activity later in the year.

BULK MARKET OVERVIEW

After a boost at the end of 2025, Louisville’s bulk market slowed in the first quarter of the year. Leasing activity logged 1 msf of new leasing activity. While considerably lower than the 2.6 msf in the fourth quarter, it outpaced the 823,902 sf of new leases in the first quarter of last year. Bullitt County led this activity with the previously mentioned lease by Meta. Bulk absorption landed at negative 214,118 sf, a decrease from last year’s first quarter total of 823,902 sf of positive absorption. 7300 Intermodal Drive’s vacancy in the West / Southwest, however, did contribute to the negative bulk absorption. The overall bulk vacancy rate rose 80 bps from 6.0% in the fourth quarter to 6.8% by the end of the first quarter. Bulk rental rates dropped slightly from the end of 2025 from \$6.89 per square foot (psf) to \$6.82 psf this quarter. Bulk new construction asking rates landed at \$7.45 psf in the first quarter, falling from \$7.65 psf at the end of 2025. Even though bulk leasing activity is expected to pick up, inventory growth may still outpace tenant occupancy allowing vacancy rates to increase throughout the year.

CONSTRUCTION OVERVIEW

The Louisville Industrial bulk inventory saw 953,980 sf of inventory growth with the completion of two buildings, Van Trust’s 670,320-sf building and US Capital’s 283,660-sf building, both of which are in the Southern Indiana submarket. Additionally, construction started on IDI Logistics’s 214,984 sf building in Bullitt County and Capstone’s 450,320 sf building in the South submarket for a total of 665,304 sf of construction starts in the first quarter. The current pipeline consists of 6.5 msf of under construction inventory and 7.3 msf of proposed inventory. Of the under-construction inventory, 74.8% is speculative and 25.2% is build-to-suit. As of the end of Q1, 33.4% of the under-construction inventory consists of build-to-suit or pre-leased speculative space totaling 2.2 msf. Speculative projects currently underway portion into 43% landing under the 300,000-sf benchmark while the other 57% is over the 300,000-sf benchmark. With several projects nearing completion and moderate demand, we are expecting new vacant construction to contribute to an overall rise in vacancy rates throughout the year.

OUTLOOK

- With 6.5 msf of bulk buildings under construction and moderate demand, expect vacancy to rise.
- Most of the speculative inventory and the available inventory is less than 400,000 square feet, which limits market exposure to occupiers with a larger footprint.
- Given first quarter demand and the current geopolitical landscape, increased leasing activity may be found mid- to late- 2026.

MARKET STATISTICS - OVERALL

SUBMARKET	INVENTORY (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	YTD INVESTMENT SALES ACTIVITY (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)
<b>Bullitt County</b>	<b>25,843,807</b>	<b>5.5%</b>	<b>0</b>	<b>2,871,370</b>	<b>711,975</b>	<b>2,441,246</b>	<b>0</b>	<b>\$5.23</b>	<b>N/A</b>	<b>\$6.66</b>
<b>Central</b>	<b>21,222,475</b>	<b>3.2%</b>	<b>13,332</b>	<b>0</b>	<b>13,332</b>	<b>0</b>	<b>0</b>	<b>\$4.04</b>	<b>\$5.35</b>	<b>\$7.50</b>
Downtown	10,021,316	5.5%	0	0	0	0	0	\$4.04	\$5.35	N/A
I-64	1,860,523	1.8%	13,332	0	13,332	0	0	N/A	N/A	\$7.50
I-65	9,340,636	1.1%	0	0	0	0	0	\$4.00	N/A	N/A
<b>East</b>	<b>28,542,295</b>	<b>1.2%</b>	<b>-19,166</b>	<b>390,000</b>	<b>19,444</b>	<b>470,080</b>	<b>0</b>	<b>\$13.00</b>	<b>\$11.26</b>	<b>\$6.94</b>
Jeffersontown	14,521,222	1.3%	2,000	390,000	9,544	334,000	0	\$13.00	\$11.77	\$6.50
Middletown / Eastpoint	3,978,576	3.3%	-18,883	0	3,400	0	0	N/A	\$11.50	\$7.50
Westport Road	10,042,497	0.1%	-2,283	0	6,500	136,080	0	N/A	\$9.22	N/A
<b>South</b>	<b>61,068,097</b>	<b>1.9%</b>	<b>42,982</b>	<b>75,000</b>	<b>280,698</b>	<b>1,291,346</b>	<b>0</b>	<b>\$7.53</b>	<b>N/A</b>	<b>\$6.67</b>
Airport	33,830,578	2.8%	30,900	0	66,476	1,171,496	0	\$7.53	N/A	\$6.72
Bishop Lane	9,531,394	0.6%	0	0	21,140	119,850	0	N/A	N/A	N/A
Fern Valley	17,706,125	1.1%	12,082	75,000	193,082	0	0	N/A	N/A	\$6.47
<b>West / Southwest</b>	<b>24,595,389</b>	<b>3.6%</b>	<b>-213,950</b>	<b>499,217</b>	<b>116,050</b>	<b>0</b>	<b>0</b>	<b>\$8.00</b>	<b>\$10.02</b>	<b>\$6.43</b>
Iroquois	248,024	0.0%	0	0	0	0	0	N/A	N/A	N/A
Riverport	20,295,822	4.3%	-225,150	499,217	101,050	0	0	\$8.00	\$10.02	\$6.45
Westend	4,051,543	0.3%	11,200	0	15,000	0	0	N/A	N/A	\$5.48
<b>Shelby County</b>	<b>10,706,100</b>	<b>3.5%</b>	<b>0</b>	<b>0</b>	<b>70,000</b>	<b>775,840</b>	<b>0</b>	<b>N/A</b>	<b>\$11.60</b>	<b>\$6.79</b>
<b>Southern Indiana</b>	<b>36,008,745</b>	<b>9.3%</b>	<b>164,755</b>	<b>1,339,168</b>	<b>164,755</b>	<b>1,633,796</b>	<b>953,980</b>	<b>N/A</b>	<b>N/A</b>	<b>\$7.06</b>
Floyd County	5,500,141	1.2%	0	0	0	2,441,246	0	N/A	N/A	\$6.95
Clark County	30,508,604	10.8%	164,755	1,339,168	164,755	2,441,246	0	N/A	N/A	\$7.07
<b>LOUISVILLE TOTALS</b>	<b>207,986,908</b>	<b>4.0%</b>	<b>-12,047</b>	<b>5,174,755</b>	<b>1,376,254</b>	<b>6,612,308</b>	<b>953,980</b>	<b>\$4.99</b>	<b>\$9.86</b>	<b>\$6.86</b>

MARKET STATISTICS - BULK

SUBMARKET	INVENTORY (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	YTD INVESTMENT SALES ACTIVITY (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS (SF)	*OVERALL WEIGHTED AVG NET RENT (LAST Q)	*OVERALL WEIGHTED AVG NET RENT (THIS Q)
Bullitt County	23,509,686	5.9%	0	2,871,370	711,975	2,441,246	0	\$6.64	\$6.64
Central	1,211,595	0.0%	0	0	0	0	0	N/A	N/A
East	6,428,586	3.5%	0	390,000	0	470,080	0	\$7.00	\$7.00
South	25,528,224	2.9%	12,082	0	193,082	1,291,346	0	\$6.79	\$6.79
West / Southwest	14,534,280	5.0%	-226,200	499,217	100,000	0	0	\$6.90	\$6.80
Shelby County	3,742,319	9.7%	0	0	0	775,840	0	\$7.15	\$7.15
Southern Indiana	22,023,552	14.3%	0	1,339,168	0	1,493,796	953,980	\$6.84	\$6.84
<b>LOUISVILLE TOTALS</b>	<b>96,978,242</b>	<b>6.8%</b>	<b>-214,118</b>	<b>5,099,755</b>	<b>1,005,057</b>	<b>6,472,308</b>	<b>953,980</b>	<b>\$6.89</b>	<b>\$6.82</b>

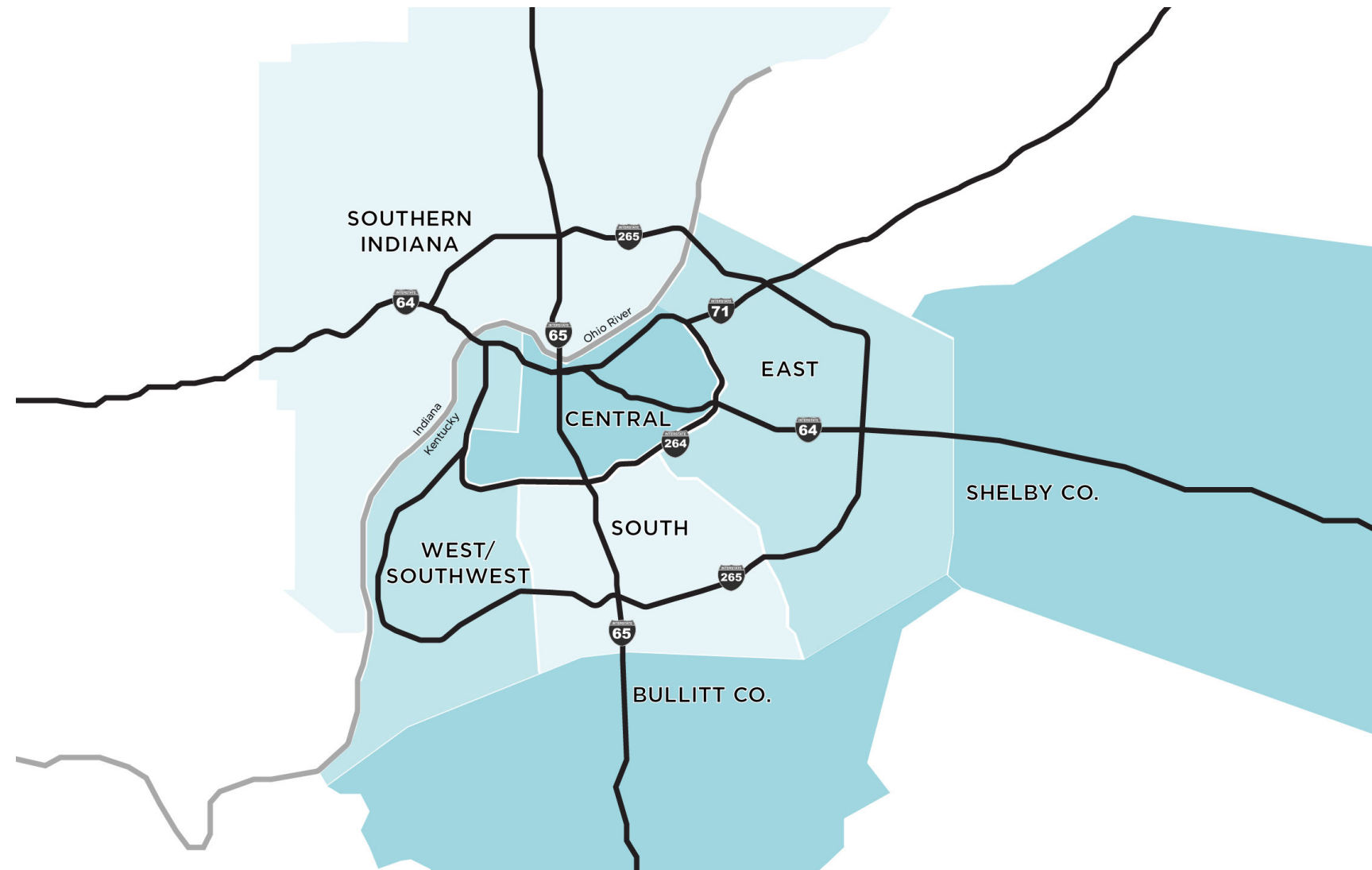
\*Rental rates reflect weighted net asking \$psf/year

KEY TRANSACTIONS Q1 2026

PROPERTY	SUBMARKET	TENANT BUYER / SELLER	SF	TYPE
3524 South Preston Highway, Buildings 1 &2	Bullitt	Olympus / Exeter	1,498,654	Investment Sale
100 West Thomas P/ Echols Lane	Bullitt	Highline Real Estate / WPT Salt River II	936,000	Investment Sale
310 Velocity Way	Bullitt	Meta	711,975	New Lease
6350& 6400 Ladd Avenue	West / Southwest	BNL KY 6400 Ladd Avenue LLC / Legacy Investment	499,217	Investment Sale
201 Paul Garret Avenue	Southern Indiana	Northpoint / Pinchal	458,640	Investment Sale
100 River Ridge Parkway	Southern Indiana	Northpoint / Pinchal	444,000	Investment Sale
251 Buffalo Run Road	Bullitt	LaSalle / Core5	436,716	Investment Sale
7101 Intermodal Drive	West / Southwest	Ejoov	100,000	New Lease

\*Renewals not included in leasing statistics

INDUSTRIAL SUBMARKETS



VICTORIA SAUNDERS

Research Analyst

Tel: +1 502 589 5150

[vsaunders@commercialkentucky.com](mailto:vsaunders@commercialkentucky.com)

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