

MARKET FUNDAMENTALS

	YOY Chg	Outlook
3.7% Vacancy Rate	▲	▼
793K YTD Net Absorption, SF	▼	▲
\$5.95 Asking Rent, PSF <small>(Overall, Net Asking Rent)</small>	▲	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
721.1K Louisville Employment	▲	▲
4.8% Louisville Unemployment Rate	▲	▼
4.2% United States Unemployment Rate	▲	▲

Source:BLS

ECONOMIC OVERVIEW

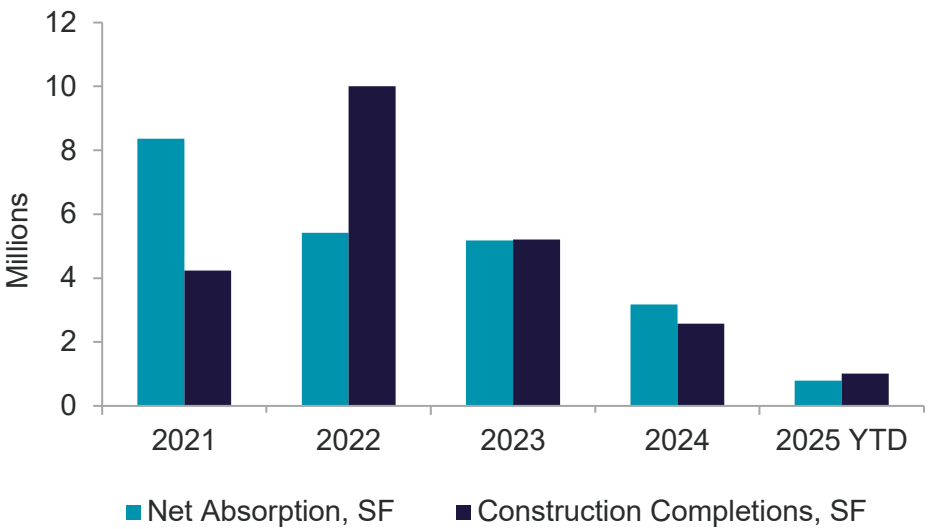
Louisville continues to gain national attention as a place to watch for investors. With 54 projects in the development pipeline, SiteSelection has named Louisville as number six for two years in a row as a top metro for investments per capita. Louisville’s unemployment rate increased slightly from 4.7% to 4.8% in the first quarter. In news that should bolster the local job outlook, General Electric/Haier announced that they were re-shoring production of washing machines from China to Louisville, which eventually will create up to 800 new jobs at Appliance Park. Finally, Governor Andy Beshear recently announced that 2024 marked the third straight record-breaking year for Kentucky tourism, with many thousands of visitors coming to Louisville to experience the Kentucky Bourbon Trail.

MARKET OVERVIEW

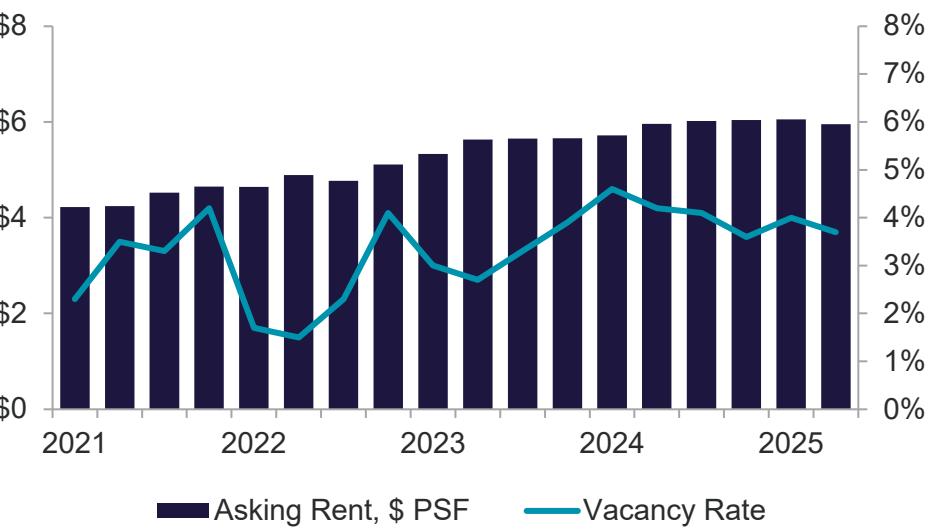
Louisville’s second quarter of 2025 produced similar results to the first quarter with 1.5 million square feet (msf) of new leasing activity. Leasing activity underperformed compared to 2024’s second quarter, which brought in 2.2 msf of new leasing activity. Note that renewals this quarter landed at 1.3 msf compared to Q2 2024’s renewals of 343,687 square feet (sf). While new leasing activity was lower this quarter, the total amount of leasing activity shows a market as active as this time last year. Arvato’s 631,336 sf-lease in the Bullitt County submarket led the way in leasing activity with the Southern Indiana and South submarkets following suit at 371,580 sf and 317,925 sf, respectively.

Absorption for Louisville’s second quarter continues to remain positive at 519,922 sf, but falls behind the 1.6 msf of absorption this time last year. Considering the large flux between each quarter in 2024, this year’s absorption so far is much steadier. The Bullitt County submarket contributed the most to this quarter’s absorption at 631,336 sf for the

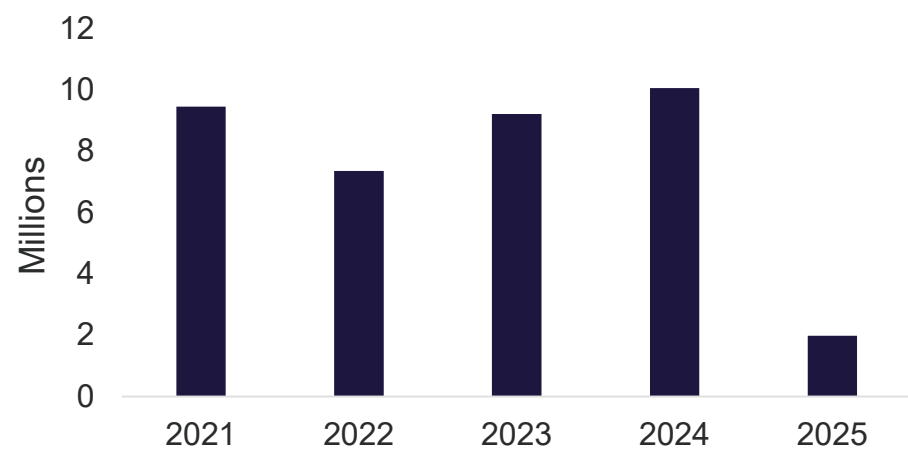
SPACE DEMAND / DELIVERIES



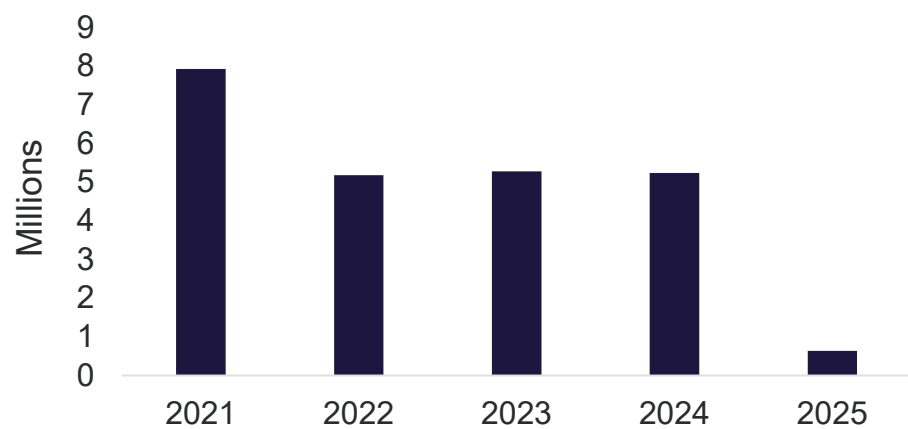
OVERALL VACANCY & ASKING RENT



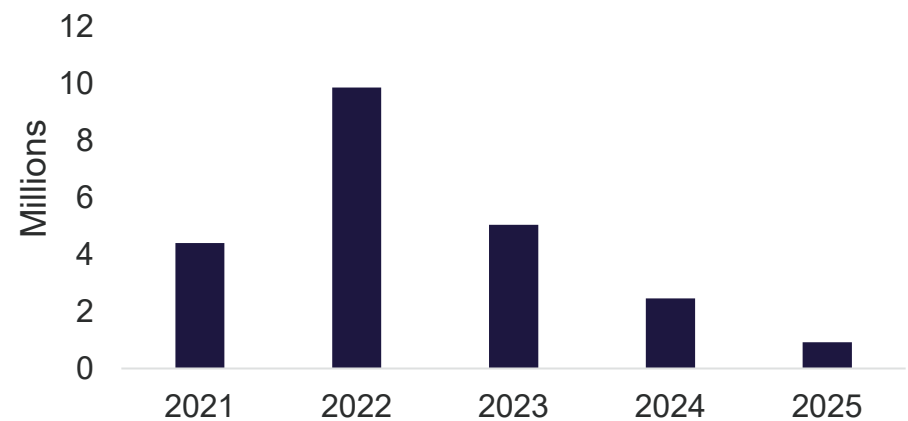
YTD LEASING ACTIVITY - BULK (SF)



YTD NET ABSORPTION - BULK (SF)



YTD CONSTRUCTION COMPLETIONS - BULK



Arvato deal while Southern Indiana contributed the most to this quarter’s negative absorption with Resident Homes and Elite Comfort Solutions departing their spaces. Louisville’s overall vacancy rate continues to boast low numbers dropping 30 basis points and landing at 3.7% in the second quarter.

BULK OVERVIEW

Bulk leasing activity in the second quarter ended at 1.2 msf, lower than 2024’s second quarter which ended at 1.9 msf. Like the overall leasing activity, the 1.2 msf of renewals this quarter shows that the Louisville market still has a healthy amount of leasing activity. Arvato’s 631,336-sf lease in the Bullitt County submarket leads in leasing activity with the South submarket following at 269,425 sf. Bulk net absorption landed at 407,826 sf, a significant drop from 2024’s second quarter, which finished with 1.7 msf of absorption. The Bullitt County submarket saw 631,336 sf of positive absorption from Arvato while the Southern Indiana submarket saw negative 264,200 sf of absorption from the departure of Resident Homes and Elite Comfort Solutions. The overall Bulk vacancy rate dropped 110 basis points from 6.2% last quarter to 5.1% this quarter, lower than the current 5-year Bulk average of 5.5%.

CONSTRUCTION OVERVIEW

The Louisville Industrial bulk market saw no new construction completions for the second quarter of 2025. Year-to-date (YTD) construction completions remain at 926,056 sf of new bulk inventory. Despite no new construction completions, there are several buildings that are near completion with walls up at several locations and at least a couple of projects with a Q3 delivery date. In addition, the second quarter saw four new buildings break ground, adding up to 376,525 sf in Bullitt County, 119,850 sf in the South submarket, 670,320 sf in Southern Indiana, and 342,720 sf in the West / Southwest submarket. This adds up to 1.5 msf of new construction in Q2 contributing to the total 6.4 msf of total bulk under construction. With 18 buildings in the planned bulk pipeline, the long term future supply appears healthy.

While developers are still seeing some of the same construction challenges, such as increased material and labor costs and limited shovel-ready land, interest and development in Louisville is healthy and remains consistently steady. Louisville’s affordability, state and local incentives, and accessibility to the rest of the country continue to make the area appealing to developers.

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)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	YTD USER 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 (WD)
Bullitt County	25,467,282	2.9%	1,038,836	250,000	1,099,636	1,216,598	0	\$5.23	N/A	\$6.25
Central	21,222,475	3.7%	-13,543	78,162	43,250	0	0	\$3.74	\$7.94	\$7.50
Downtown	10,021,316	6.3%	-50,933	78,162	1,000	0	0	\$3.57	\$5.35	N/A
I-64	1,860,523	2.5%	0	0	7,200	0	0	N/A	\$13.00	\$7.50
I-65	9,340,636	1.1%	37,390	0	35,050	0	0	\$6.00	N/A	N/A
East	28,449,585	0.9%	3,297	0	300,824	422,000	0	\$4.77	\$11.47	\$8.03
Jeffersontown	14,428,512	0.5%	20,577	0	124,803	422,000	0	\$4.77	\$10.59	N/A
Middletown / Eastpoint	3,978,576	2.0%	9,800	0	96,931	0	0	N/A	\$13.08	N/A
Westport Road	10,042,497	0.9%	-27,080	0	79,090	0	0	N/A	\$6.65	\$8.03
South	60,894,661	2.6%	183,432	0	625,817	119,850	0	\$5.78	N/A	\$6.11
Airport	33,656,952	4.0%	-79,048	0	116,612	0	0	\$5.78	N/A	\$6.02
Bishop Lane	9,531,584	0.6%	26,980	0	106,655	119,850	0	N/A	N/A	N/A
Fern Valley	17,706,125	1.1%	235,500	0	402,550	0	0	N/A	N/A	\$6.59
West / Southwest	24,457,656	6.5%	-351,833	0	244,202	342,720	0	N/A	\$10.02	\$5.75
Iroquois	248,024	0.0%	0	0	0	0	0	N/A	N/A	N/A
Riverport	20,158,089	7.6%	-329,198	0	244,202	342,720	0	N/A	\$10.02	\$5.78
Westend	4,051,543	1.3%	-22,635	0	0	0	0	N/A	N/A	\$5.08
Shelby County	10,023,700	5.5%	0	0	0	380,000	0	\$5.00	\$13.00	\$6.29
Southern Indiana	33,825,040	6.1%	-67,625	0	518,155	4,236,268	1,007,538	\$4.20	N/A	\$6.38
Floyd County	5,500,141	1.2%	32,500	0	32,500	0	0	N/A	N/A	\$6.95
Clark County	28,324,899	7.0%	-100,125	0	485,655	4,236,268	1,007,538	\$4.20	N/A	\$6.35
LOUISVILLE TOTALS	204,340,399	3.7%	792,564	328,162	2,831,884	6,717,436	1,007,538	\$4.45	\$10.43	\$6.14

MARKET STATISTICS - BULK

SUBMARKET	INVENTORY (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	YTD USER 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	23,133,161	3.2%	1,048,636	908,600	1,099,636	1,216,589	0	\$5.89	\$6.25
Central	1,211,595	0.0%	0	0	0	0	0	N/A	N/A
East	6,428,586	0.5%	37,600	0	138,620	334,000	0	N/A	\$8.10
South	25,528,224	4.5%	114,340	0	373,925	119,850	0	\$6.65	\$6.84
West / Southwest	14,221,790	9.7%	-292,898	0	226,102	342,720	0	\$6.20	\$5.84
Shelby County	3,059,919	11.9%	0	0	0	380,000	0	\$7.08	\$6.73
Southern Indiana	19,670,047	5.5%	-264,200	0	150,000	4,096,268	926,056	\$6.62	\$6.24
LOUISVILLE TOTALS	93,253,322	5.1%	643,478	908,600	1,988,283	6,489,427	926,056	\$6.49	\$6.38

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

KEY TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
972 Conestoga Parkway	Bullitt	Arvato	631,336	New Lease
10640 Freeport Drive	West / Southwest	Resideo	420,000	Renewal*
7501 Winstead Drive	West / Southwest	Taylorred FMI	317,900	Renewal*
101 Lewman Way	Southern Indiana	Sezerac	250,000	Renewal*
2621 Technology Drive	East	KCC	224,000	Renewal*
1051 Trey Street	Southern Indiana	Canadian Solar	150,000	New Lease
4500 Commerce Crossings Drive	South	Undisclosed	145,000	New Lease

*Renewals not included in leasing statistics

INDUSTRIAL SUBMARKETS



VICTORIA SAUNDERS

Research Analyst
Tel: +1 502 589 5150
vsaunders@commercialkentucky.com

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