

Industrial Q1 2021

	YoY Chg	12-Mo. Forecast
4.2% Vacancy Rate	▼	▬
2.1M YTD Net Absorption, SF	▲	▲
\$4.22 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC OVERVIEW

The Louisville unemployment rate decreased 100 basis-points (bps) during the first quarter from 6.1% to 5.1%. According to the Bureau of Labor Statistics, manufacturing jobs have increased from 78,200 to 82,100 during the first quarter while trade and transportation jobs have increased from 150,500 to 151,800 during the first quarter. Additionally, Amazon continues to grow its footprint in the Louisville market opening two new facilities during the first quarter which help create hundreds of new jobs.

MARKET OVERVIEW

Overall leasing activity started 2021 following the blistering pace set at the end of 2020 with 2.7 million square feet (msf) recorded during the first quarter. The South submarket had the most leasing activity with 1.4 msf and Bullitt County had the second most with 702,260 square feet (sf) leased.

Overall net absorption for the quarter was positive 2.1 msf, marking the 23rd consecutive quarter of positive net absorption. The South and Bullitt County submarkets had the most positive absorption during the first quarter with positive 1.1 msf and 702,260 sf respectively. The West/Southwest submarket was the only submarket to record negative absorption during the quarter with negative 141,732 sf.

The Louisville market had 1.2 msf of new construction delivered during the first quarter of 2021. There is currently 4.2 msf of product under construction as developers try to keep up with the demand in the area.

The vacancy rate decreased 50 bps during the first quarter from 4.7% to 4.2%. The South and the East submarkets have the lowest vacancy rates at the end of the first quarter at 2.2% for each.

Overall average asking rent increased during the quarter from \$4.20 per square foot (psf) to \$4.22 psf. Warehouse/distribution average asking rents increased from \$4.17 psf to \$4.20 psf while manufacturing and office service average asking rents decreased to \$3.28 psf and \$7.85 psf respectively.

ECONOMIC INDICATORS Q1 2021

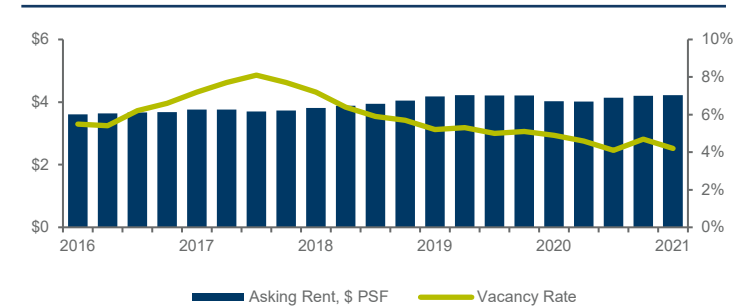
	YoY Chg	12-Mo. Forecast
643.0K Louisville Employment	▼	▲
5.1% Louisville Unemployment Rate	▲	▼
6.0% U.S. Unemployment Rate	▲	▼

Source: BLS

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT





Industrial Q1 2021

BULK OVERVIEW

Bulk leasing activity for the first quarter was 2.1 msf. The South submarket accounted for 57% of bulk leasing activity with 1.2 msf recorded and the Bullitt County submarket accounted for 33% with 702,260 sf leased. The biggest lease during the quarter was Amazon taking 931,907 sf at a newly constructed building in the South submarket.

Bulk overall net absorption was positive 1.8 msf for the first quarter as absorption continues to outpace construction completions. The South and Bullitt County submarkets had the most bulk overall net absorption with positive 1.1 msf and positive 702,260 sf respectively.

Two new bulk buildings were completed during the first quarter with both coming in the South submarket. The two new buildings combined to add 1.1 msf of new inventory to the bulk market, and both buildings were leased at the time of completion. At the end of the first quarter, there was 4.2 msf of bulk product currently under construction. Bullitt County and the South submarket have the most currently under construction with 1.6 msf and 1.5 msf respectively. Additionally, the Southern Indiana submarket currently has 856,000 sf of new product under construction.

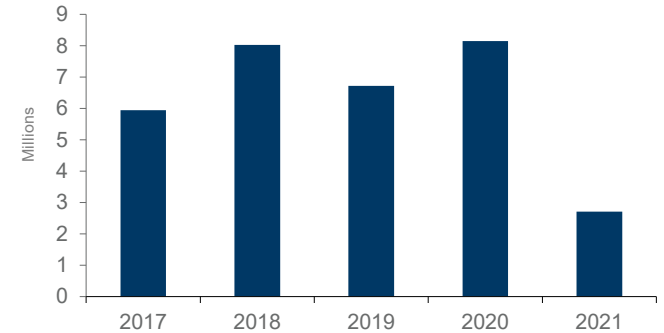
The bulk vacancy rate decreased 110 bps from 7.7% to 6.6% during the first quarter. The Bullitt County and Southern Indiana submarkets had the biggest decrease in vacancy rate during the first quarter. Bullitt County decreased from 13.5% to 9.2% while Southern Indiana decreased from 13.6% to 12.7%. The West/Southwest submarket was the only one to have an increase in vacancy rate, increasing from 3.6% to 4.8%.

Average asking rent increased from \$4.18 psf to \$4.21 psf during the first quarter. Compared to the first quarter 2020, bulk average asking rent has increased from \$4.03 psf to \$4.21 psf, a 4.5% increase.

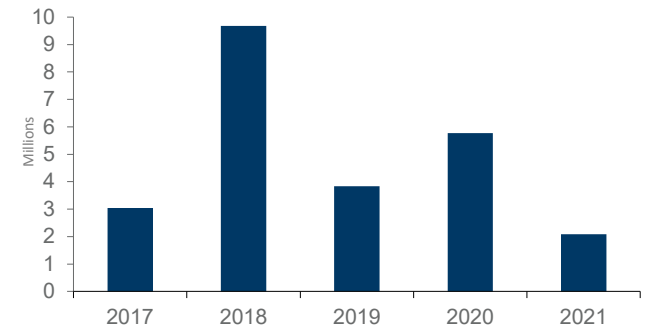
OUTLOOK

- As construction activity continues to increase, quality land sites will continue to become difficult to find in the traditional submarkets.
- Demand in the Louisville market remains strong which will keep vacancy rates low until new construction projects are completed.

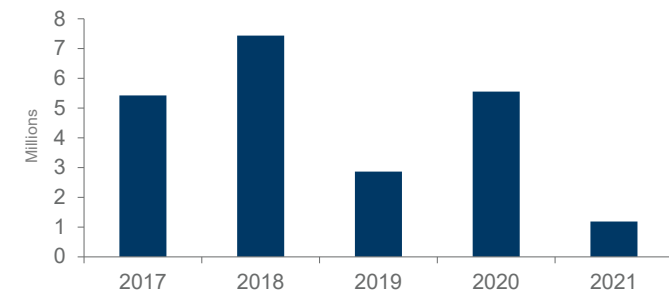
Leasing Activity – Overall (square feet)



Absorption – Overall (square feet)



Construction Completions – Overall (square feet)



MARKETBEAT LOUISVILLE

Industrial Q1 2021

MARKET STATISTICS

SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	YTD USER SALES ACTIVITY (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (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)
Central	427	20,856,243	43,287	4.0%	32,498	0	0	\$2.84	\$7.26	\$2.90
Downtown	220	9,666,620	28,527	7.0%	17,738	0	0	\$2.80	\$6.79	\$1.73
I-64	60	1,860,523	0	1.3%	0	0	0	N/A	\$8.01	N/A
I-65	147	9,329,100	14,760	1.3%	14,760	0	0	\$3.98	N/A	\$3.54
East	411	26,987,883	0	2.2%	119,383	216,207	0	\$6.95	\$8.26	\$5.18
Jeffersontown	287	13,249,765	0	3.3%	144,840	117,120	0	\$6.95	\$7.28	\$4.95
Middletown / Eastpoint	82	3,695,621	0	2.0%	-7,100	99,087	0	N/A	\$11.13	\$7.75
Westport Road	42	10,042,497	0	0.9%	-18,357	0	0	N/A	\$6.95	\$5.35
South	526	57,999,200	0	2.2%	1,118,402	1,495,565	1,084,157	\$3.79	\$6.39	\$4.95
Airport	187	31,378,872	0	2.2%	32,186	1,262,783	0	\$2.93	\$7.42	\$4.99
Bishop Lane	212	9,030,777	0	2.8%	-18,716	232,782	0	\$4.13	\$6.36	\$4.73
Fern Valley	127	17,589,551	0	1.8%	1,104,932	0	1,084,157	N/A	\$6.02	\$4.95
West / Southwest	182	22,245,213	37,100	2.7%	-141,732	0	0	N/A	\$9.23	\$3.83
Iroquois	7	248,024	0	0.0%	0	0	0	N/A	N/A	N/A
Riverport	113	17,945,646	0	3.1%	-141,732	0	0	N/A	\$9.23	\$3.83
Westend	62	4,051,543	37,100	0.9%	0	0	0	N/A	N/A	N/A
Bullitt County	65	18,496,555	0	9.2%	702,260	1,621,320	0	N/A	N/A	\$4.05
Southern Indiana	261	26,926,361	0	8.5%	251,667	856,000	100,000	\$3.76	N/A	\$4.10
Floyd County	93	5,362,313	0	3.9%	100,000	0	100,000	\$3.95	N/A	\$4.00
Clark County	168	21,564,048	0	9.7%	151,667	856,000	0	\$3.74	N/A	\$4.10
LOUISVILLE TOTALS	1,872	173,511,455	80,387	4.2%	2,082,478	4,189,092	1,184,157	\$3.28	\$7.85	\$4.20

*Rental rates reflect asking \$psf/year

MF = Manufacturing OS = Office Service/Flex W/D = Warehouse/Distribution

MARKET STATISTICS – BULK

SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	YTD INVESTMENT SALES ACTIVITY (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS (SF)	YTD OVERALL LEASING ACTIVITY	*OVERALL WEIGHTED AVG. NET RENT Q1 2020	*OVERALL WEIGHTED AVG. NET RENT Q1 2021
Central	3	777,595	0	6.0%	0	0	0	0	N/A	\$3.85
East	25	5,271,261	0	2.7%	0	216,207	0	0	\$5.84	\$5.10
South	63	22,622,200	0	3.0%	1,102,332	1,482,765	1,084,157	1,207,332	\$4.34	\$4.95
West / Southwest	46	11,813,024	0	4.8%	-141,732	0	0	70,768	\$3.69	\$3.83
Bullitt County	33	16,213,137	1,776,089	9.2%	702,260	1,621,320	0	702,260	\$3.97	\$4.05
Southern Indiana	32	13,818,489	0	12.7%	125,000	856,000	0	150,000	\$3.81	\$4.12
LOUISVILLE TOTALS	202	70,515,706	1,776,089	6.6%	1,787,860	4,176,292	1,084,157	2,130,360	\$4.03	\$4.21

*Bulk is defined by 100,000 sf +, Class A, 28'+ clear, and ESFR.

MARKETBEAT LOUISVILLE

Industrial Q1 2021

Key Lease Transactions – Q1 2021

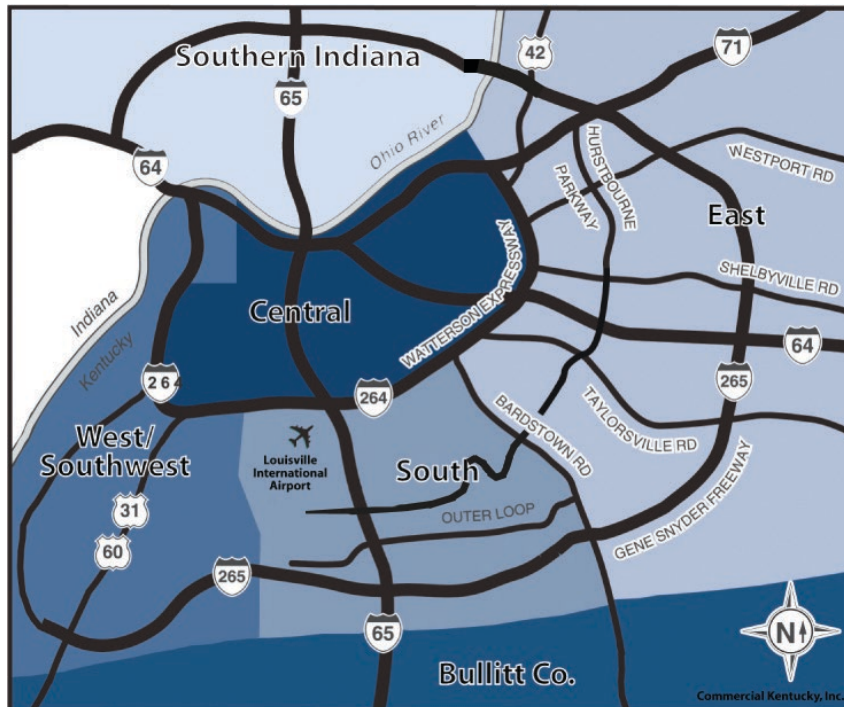
Property	SF	TENANT	TRANSACTION TYPE	SUBMARKET
5540 Minor Lane	931,907	Amazon	New Lease	South
3208 East Blue Lick Road	302,500	Amazon	New Lease	Bullitt County
700 Omega Parkway	256,500	Material Handling Systems	New Lease	Bullitt County
800 Patrol Road	196,000	Bose	Renewal	Southern Indiana

Johnny Tobe
Research Analyst
Tel: +1 502 589 5150
jtobe@commercialkentucky.com

Key Sales Transactions – Q1 2021

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
170 Clermont Road	1,040,158	Core5 / JLL Income Property Trust	\$95M / \$91.33	Bullitt County
548 Cedar Grove	500,918	UBS Realty Advisors / Stoltz Management	\$34M / \$67.45	Bullitt County
167 International Boulevard	235,013	VanTrust / LBA Realty	\$20M / 84.57	Bullitt County

INDUSTRIAL SUBMARKETS



A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 50,000 employees in over 400 offices and 60 countries. In 2020, the firm had revenue of \$7.8 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

©2021 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.