

## Industrial Q4 2021

	YoY Chg	12-Mo. Forecast
<b>2.3%</b> Vacancy Rate	▼	▲
<b>8.4M</b> YTD Net Absorption, SF	▲	▼
<b>\$4.65</b> Asking Rent, PSF	▲	▲

*Overall, Net Asking Rent*

### ECONOMIC INDICATORS Q4 2021

	YoY Chg	12-Mo. Forecast
<b>660.1K</b> Louisville Employment	▲	▲
<b>3.9%</b> Louisville Unemployment Rate	▼	▬
<b>4.2%</b> U.S. Unemployment Rate	▼	▼

Source: BLS

### ECONOMIC OVERVIEW

The Louisville unemployment rate remained unchanged during the fourth quarter at 3.9%. According to the Bureau of Labor Statistics, manufacturing employment levels increased by 113,000 jobs during the fourth quarter while transportation and warehousing employment levels increased by 117,700 jobs during the fourth quarter. Additionally, Sazerac Co., a distilled spirits producer and bottler, announced plans to construct a new \$408 million facility in Southern Indiana on 1,400 undeveloped acres. It's expected to create 369 full-time positions paying above average wages for Clark County, Indiana. This is Sazerac's second major project in Southern Indiana.

### MARKET OVERVIEW

Louisville continues to be a hot market for activity as evidenced by the record breaking 4.2 million square feet (msf) of leasing activity recorded during the fourth quarter. This strong quarter brought the year-to-date (YTD) total to 11.8 msf, which is 3.7 msf more than the 2020 total. The Bullitt County and South submarkets have recorded the most activity YTD with 4.3 msf and 3.3 msf respectively.

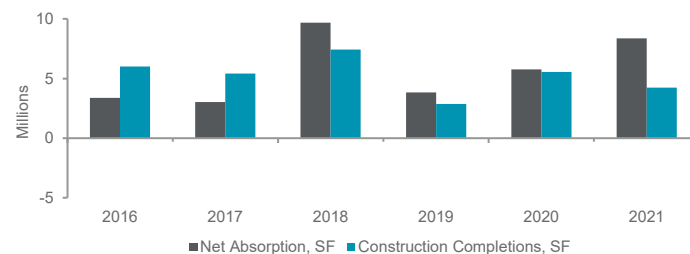
Overall net absorption for the fourth quarter was positive 3.3 msf, marking the 26th consecutive quarter of positive net absorption. The 2021 total for overall net absorption has ended the year at positive 8.4 msf, up 2.6 msf compared to 2020. The Bullitt County and Southern Indiana submarkets had the most positive absorption during the fourth quarter with positive 2.5 msf and 392,220 sf respectively. The Bullitt County submarket has had the most overall absorption for 2021 with 3.3 msf.

The Louisville market had 1.2 msf of new construction delivered during the fourth quarter of 2021, bringing the YTD total to 4.2 msf of new deliveries. Additionally, there is currently 9.1 msf under construction in the Louisville market.

The vacancy rate decreased 120 basis points (bps) during the fourth quarter from 3.5% to 2.3%. The current vacancy rate of 2.3% is the lowest overall rate ever recorded in the Louisville market. The East and the South submarkets had the lowest vacancy rates at the end of the fourth quarter with 1.2% and 1.4% respectively.

Overall average asking rents decreased during the quarter from \$5.13 per square foot (psf) to \$4.65 psf. The decrease in asking rates can partially be attributed to new Class A space being leased, while remaining inventory is mostly older, less expensive product.

### SPACE DEMAND / DELIVERIES



### OVERALL VACANCY & ASKING RENT





**BULK OVERVIEW**

Bulk leasing activity for the fourth quarter was 3.5 msf, which brought the YTD total to 9.5 msf of leasing activity. The Bullitt County submarket recorded the most leasing activity with 3.2 msf. The Bullitt County and South and submarkets have had the most activity YTD with totals of 4.3 msf and 2.5 msf respectively. Additionally, there were five investment sales in the bulk market that occurred during the fourth quarter. Two of the investment sales were purchases by Black Creek Group. The first sale was the purchase of 7001 Greenbelt Highway, a 314,500 sf building in the West/Southwest submarket 40% occupied by Eberspacher, from EP Greenbelt LLC for \$23.4 million. The second sale was the purchase of 2103 South Park Road, a 324,416 sf building in South submarket occupied by The Hut Group, from Molto Properties for \$41.3 million.

Bulk overall net absorption for the fourth quarter was positive 3.0 msf bringing the YTD total net absorption to positive 7.9 msf, which is 2.9 msf more than what was recorded in 2020. The Bullitt County submarket had the most leasing activity with 3.6 msf recorded YTD.

Four new bulk buildings were completed during the fourth quarter totaling 1.5 msf of construction completions in the South, Bullitt County, and Southern Indiana submarkets. Three of the four buildings were speculative construction including one expansion by Clarion of 143,520 sf bringing the total speculative construction completions to 1.3 msf. There was one Build-to-Suit completed which was an expansion for J. Knipper totaling 150,000 sf in Southern Indiana. YTD there has been 4.4 msf of new bulk construction. Construction continues to ramp up to meet the high demand in the market with 9.1 msf currently under construction. The Bullitt County and South submarkets have the most square footage currently under construction with 3.7 msf and 1.2 msf respectively.

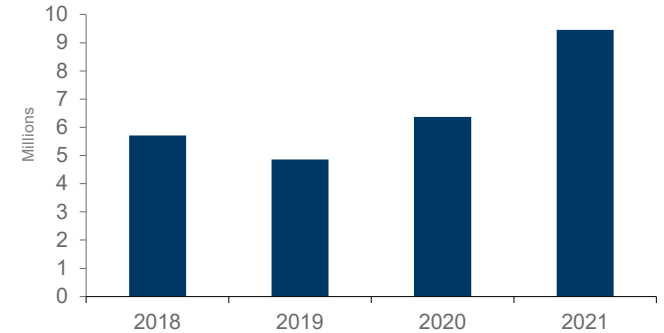
The bulk vacancy rate decreased 220 bps from 4.5% to 2.3% during the fourth quarter. The Bullitt County submarket had the biggest decrease in vacancy rate during the fourth quarter dropping from 10.2% to 1.5%. Additionally, the Central submarket ended the fourth quarter with a bulk vacancy rate of 0.0%.

Average asking rent increased from \$4.48 psf to \$4.71 psf during the fourth quarter and is up 12.7% from the \$4.18 psf at this time last year. This increase in asking rent can mainly be attributed to overall increase in demand and the cost to complete new product.

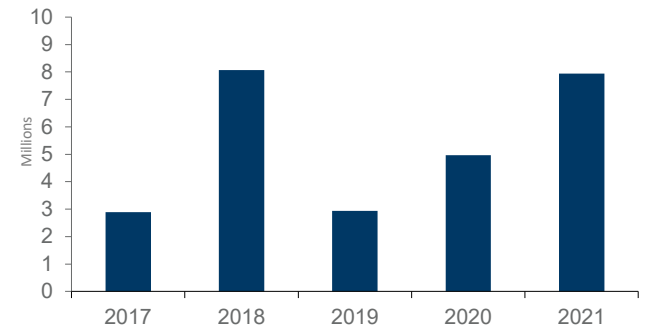
**OUTLOOK**

- Construction activity will remain heavy as the demand for space in the Louisville market remains high.
- The Louisville bulk market had one of its best years ever with regards to net absorption and leasing activity. This trend is expected to continue well into 2022. The overall YTD net absorption total of 7.9 msf is comparable to the 8.1 msf absorbed in Q3 2018, which was a record setting year for the most sf ever absorbed in a single year. Leasing activity for 2021 totaled 9.5 msf which was the most bulk leasing activity ever recorded.
- Recently, newly constructed speculative buildings have been getting leased quickly with several being pre-leased prior to construction completion. As the amount of available space remains low in the near term, this trend is likely to continue.

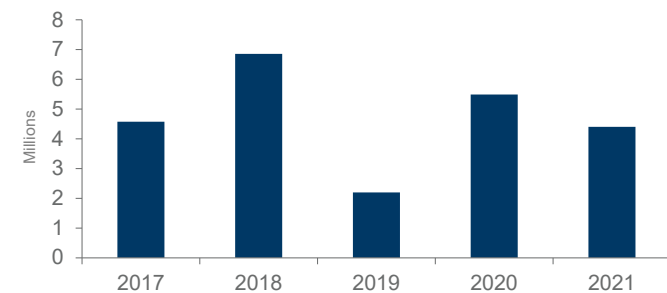
**Leasing Activity – Bulk (square feet)**



**Net Absorption – Bulk (square feet)**



**Construction Completions – Bulk (square feet)**



# MARKETBEAT LOUISVILLE

## Industrial Q4 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 (WD)
<b>Central</b>	<b>425</b>	<b>20,753,671</b>	<b>192,317</b>	<b>3.6%</b>	<b>79,036</b>	<b>434,000</b>	<b>0</b>	<b>\$2.96</b>	<b>\$11.46</b>	<b>\$2.23</b>
Downtown	219	9,615,005	164,002	6.4%	48,333	434,000	0	\$2.87	N/A	\$1.73
I-64	60	1,860,523	0	2.7%	-25,574	0	0	N/A	\$11.46	N/A
I-65	146	9,278,143	28,315	0.8%	56,277	0	0	N/A	N/A	\$3.00
<b>East</b>	<b>414</b>	<b>27,151,558</b>	<b>110,370</b>	<b>1.2%</b>	<b>472,254</b>	<b>444,120</b>	<b>121,475</b>	<b>\$7.10</b>	<b>\$9.19</b>	<b>\$6.95</b>
Jeffersontown	289	13,314,640	28,950	1.3%	427,524	444,120	22,675	\$7.10	\$8.97	N/A
Middletown / Eastpoint	83	3,794,421	81,420	3.8%	455	0	98,800	N/A	\$10.90	\$6.95
Westport Road	42	10,042,497	0	0.2%	44,275	0	0	N/A	\$7.99	N/A
<b>South</b>	<b>259</b>	<b>59,420,360</b>	<b>146,661</b>	<b>1.4%</b>	<b>2,535,124</b>	<b>1,249,875</b>	<b>2,279,850</b>	<b>\$3.17</b>	<b>\$6.43</b>	<b>\$4.98</b>
Airport	190	32,726,241	42,151	1.7%	1,060,650	833,615	1,059,943	\$2.70	N/A	\$4.76
Bishop Lane	212	9,030,777	77,980	2.2%	17,518	375,220	0	\$6.70	\$6.43	\$5.02
Fern Valley	127	17,663,342	26,530	0.6%	1,456,956	41,040	1,219,907	N/A	N/A	\$5.90
<b>West / Southwest</b>	<b>182</b>	<b>22,245,213</b>	<b>61,800</b>	<b>2.2%</b>	<b>-42,496</b>	<b>1,013,720</b>	<b>0</b>	<b>N/A</b>	<b>\$9.28</b>	<b>\$4.49</b>
Iroquois	7	248,024	0	0.0%	0	500,220	0	N/A	N/A	N/A
Riverport	113	17,945,646	0	2.8%	-79,596	513,500	0	N/A	\$9.28	\$4.49
Westend	62	4,051,543	61,800	0.0%	37,100	0	0	N/A	N/A	N/A
<b>Bullitt County</b>	<b>69</b>	<b>19,119,319</b>	<b>0</b>	<b>3.6%</b>	<b>3,303,700</b>	<b>3,722,639</b>	<b>1,619,254</b>	<b>\$3.69</b>	<b>N/A</b>	<b>\$4.33</b>
<b>Southern Indiana</b>	<b>262</b>	<b>27,110,729</b>	<b>0</b>	<b>3.2%</b>	<b>2,013,173</b>	<b>2,278,737</b>	<b>509,800</b>	<b>\$3.88</b>	<b>N/A</b>	<b>\$5.24</b>
Floyd County	93	5,362,313	0	2.7%	120,987	0	100,000	\$7.95	N/A	\$5.07
Clark County	169	21,784,416	0	3.4%	1,892,186	2,278,737	409,800	\$3.65	N/A	\$5.27
<b>LOUISVILLE TOTALS</b>	<b>1,881</b>	<b>176,993,384</b>	<b>511,148</b>	<b>2.3%</b>	<b>8,360,791</b>	<b>9,143,091</b>	<b>4,530,379</b>	<b>\$3.34</b>	<b>\$9.55</b>	<b>\$4.84</b>

\*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 Q4 2020	*OVERALL WEIGHTED AVG. NET RENT Q4 2021
Central	3	777,595	0	0%	46,746	434,000	0	46,746	\$3.85	N/A
East	26	5,370,061	114,900	1.8%	144,831	444,120	98,800	144,831	\$5.10	\$6.95
South	67	23,817,893	2,092,237	2.1%	2,467,035	1,196,035	2,279,850	2,981,345	\$4.95	\$4.98
West / Southwest	46	11,813,024	1,601,066	2.5%	(74,246)	1,013,720	0	2,283,057	\$3.87	\$4.49
Bullitt County	36	17,832,391	2,176,349	1.5%	3,440,414	3,722,941	1,619,254	4,293,914	\$4.03	\$4.33
Southern Indiana	32	14,091,257	1,471,000	2.5%	1,911,207	2,278,737	409,800	2,283,057	\$4.09	\$4.30
<b>LOUISVILLE TOTALS</b>	<b>210</b>	<b>73,702,221</b>	<b>7,455,552</b>	<b>2.3%</b>	<b>7,914,241</b>	<b>9,089,553</b>	<b>4,407,704</b>	<b>9,684,686</b>	<b>\$4.18</b>	<b>\$4.71</b>

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

# MARKETBEAT LOUISVILLE

## Industrial Q4 2021

### Key Lease Transactions – Q4 2021

Property	SF	TENANT	TRANSACTION TYPE	SUBMARKET
5071 S. Preston Hwy	1,042,534	UPS Healthcare	Lease	Bullitt
200 Velocity Way	908,600	Confidential	Lease	Bullitt
337 Park Loop Road*	671,678	Material Handling Systems	Lease	Bullitt
7801 Hwy. 31 E.	316,735	Alta Warehousing & Logistics	Lease	S. Indiana
825 Conestoga Parkway	326,720	Rivian Car Company	Lease	Bullitt

\*Denotes pre-leasing

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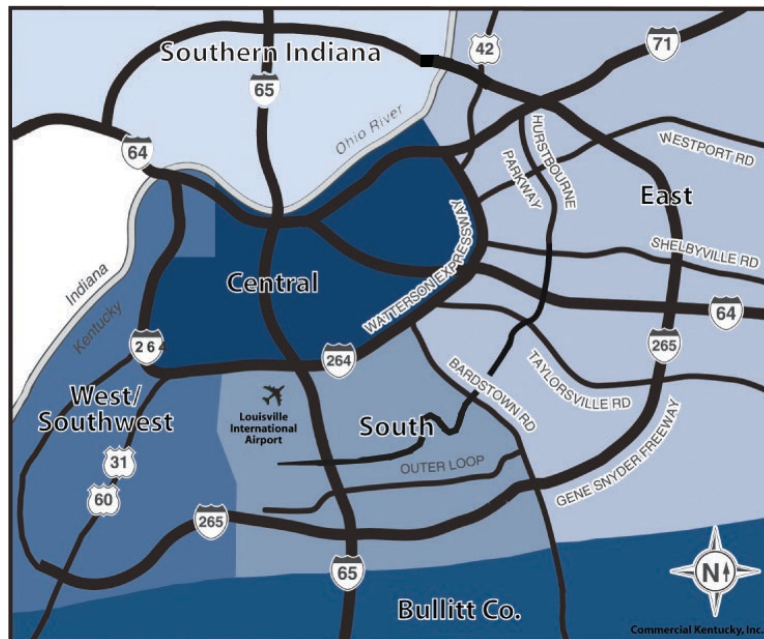
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### Key Sales Transactions – Q4 2021

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
2103 South Park Road	324,416	Molto / Black Creek Group	\$41.3M / \$127.15 PSF	South
7001 Greenbelt Hwy.	314,500	EP Greenbelt LLC / Black Creek Group	\$23.4M / \$74.32 PSF	W/SW
7201 Logistics Drive	241,462	Kentucky Cardinal / RLIF Central 3 LLC	\$31.5M / \$130.60 PSF	W/SW

### INDUSTRIAL SUBMARKETS



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