



**MARKET FUNDAMENTALS**

	YOY Chg	Outlook
<b>3.7%</b> Vacancy Rate	▼	▲
<b>3.9M</b> YTD Net Absorption, SF	▲	▬
<b>\$6.55</b> Asking Rent, PSF <i>(Overall, Net Asking Rent)</i>	▲	▬

**ECONOMIC INDICATORS**

	YOY Chg	Outlook
<b>724K*</b> Louisville Employment	▲	▼
<b>4.3%*</b> Louisville Unemployment Rate	▼	▲
<b>4.6%*</b> U.S. Unemployment Rate	▲	▲

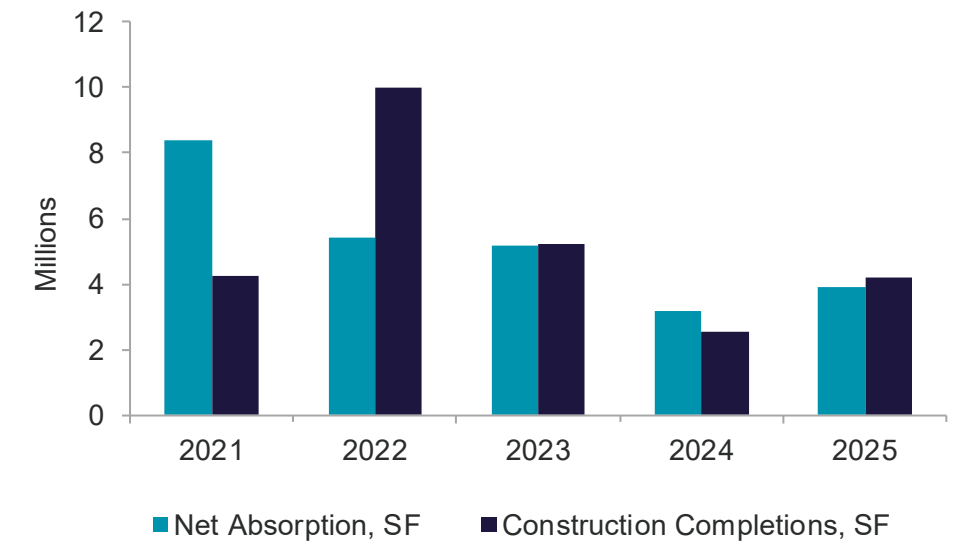
Source: BLS  
\*Due to the government shutdown, latest figures are from September 2025.

**ECONOMIC OVERVIEW**

Despite global tensions, the U.S. economy entered the fourth quarter of 2025 with notable resilience. Worldwide geopolitical instability—including more than 110 active conflicts—continued to shape global markets, yet the U.S. remained comparatively steady amid these challenges. Economic performance showed encouraging signs: the Atlanta Fed’s GDPNow model projected 3.0% real GDP growth as of December 23, highlighting ongoing momentum and underlying economic strength. Inflation has continued to stay in the Federal Reserve’s target range at 2.8% displaying cooling price pressures and furthering economic stability. The Federal Reserve supported this environment by trimming the federal funds rate to a 3.5%–3.75% range, a step aimed at sustaining growth while balancing inflation considerations. Overall, the fourth quarter showcased a U.S. economy that continued to advance, benefiting from stronger price stability and steady expansion despite a complex global landscape.

Louisville’s local economy showed encouraging momentum in the fourth quarter of 2025, supported by steady employment conditions and ongoing regional development efforts. The metro area’s unemployment rate remained low, holding near 4.0% as of September, reflecting a stable labor market and strong workforce participation. Economic development indicators point to continued regional vitality. Building on a robust pipeline of 63 active projects representing an estimated \$3.3 billion in potential investment and more than 4,600 new jobs identified at the end of 2024, Louisville entered 2025 well positioned for sustained growth. Investment activity remained strong, with both business attraction and expansion efforts contributing to a diversified and resilient local economy. The region’s focus on innovation, industry diversity, and talent development helped reinforce confidence among investors and employers alike. Overall, Q4 2025 space reflected a thriving Louisville economy marked by solid employment, active development, and forward-looking investment momentum.

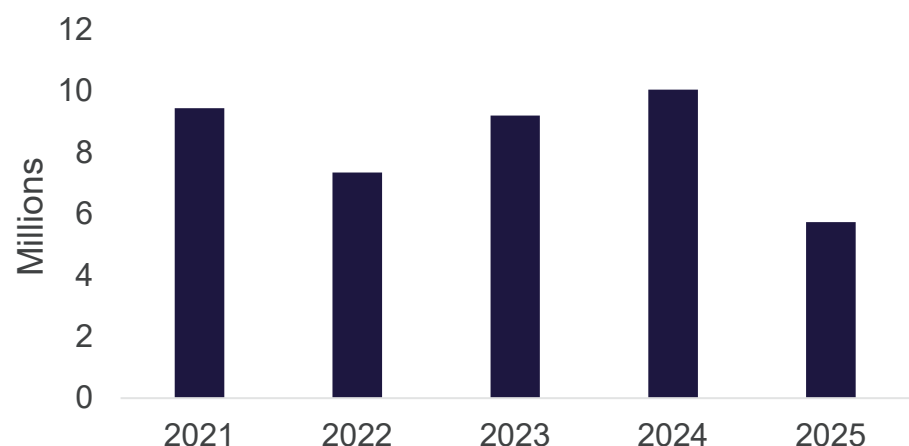
**SPACE DEMAND / DELIVERIES**



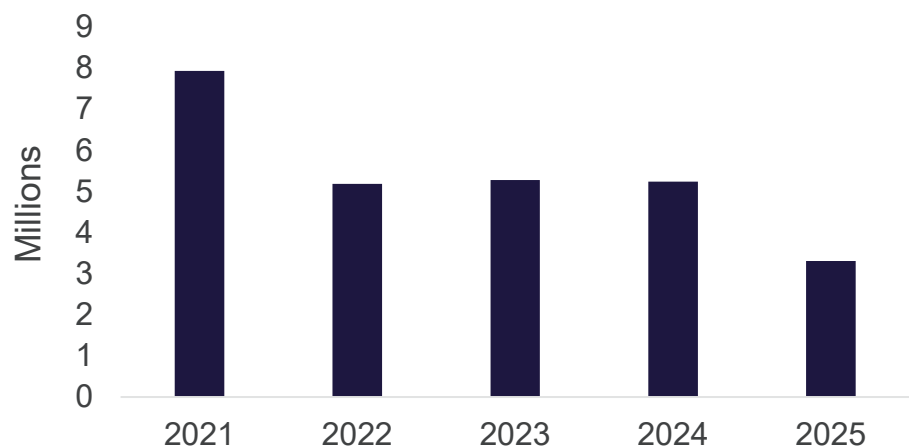
**OVERALL VACANCY & ASKING RENT**



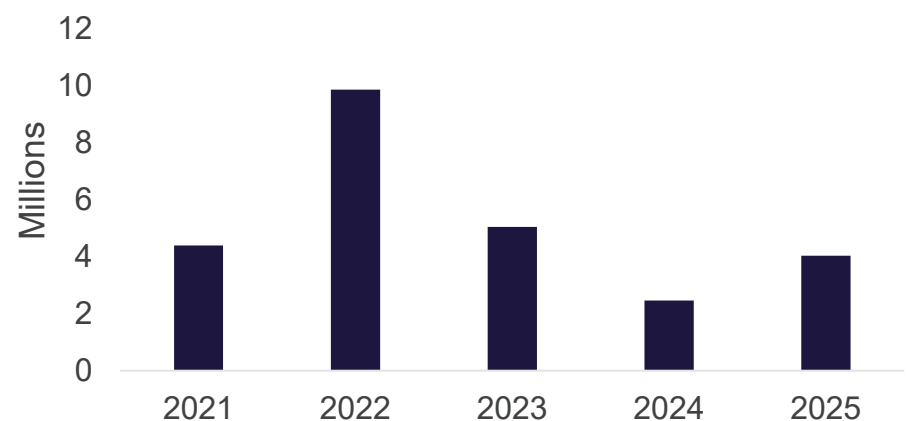
LEASING ACTIVITY – BULK (SF)



NET ABSORPTION – BULK (SF)



CONSTRUCTION COMPLETIONS - BULK



MARKET OVERVIEW

Louisville's industrial market finished 2025 with 7.3 million square feet (msf) of year-to-date (YTD) leasing activity nearly matching 2024's 7.8 msf total. The fourth quarter reported the strongest numbers of the year, contributing 3.0 msf of new leasing activity with the South and West / Southwest submarkets leading in activity. Despite disappointing positive absorption throughout most of the year, the fourth quarter added 2.6 msf of occupancy giving the year a much-needed boost. Large transactions in the South, West / Southwest, and Shelby County contributed to a 3.9 msf YTD figure that surpassed 2024's 3.3 msf. The overall vacancy rate dropped 20 basis points (bps) from 3.9% to 3.7% ending 2025 at the same rate as 2024.

BULK OVERVIEW

Louisville's bulk market received a last-minute increase in activity in the fourth quarter that kept numbers favorable. Fourth quarter leasing activity landed at 2.6 msf of new leasing activity, outpacing last year's fourth quarter, which logged 2.3 msf of new leasing activity. The West / Southwest and South submarkets led the way in leases. Bulk absorption, which had underperformed throughout most of the year, boasted an impressive 2.5 msf of positive absorption greatly improving 2025's year-end figures. Because of the increased activity in the fourth quarter, 2025 ended the year with 3.3 msf of bulk absorption, similar to last year's 3.8 msf of bulk absorption. The West / Southwest submarket contributed the most activity with DQS's lease bringing in 519,000 square feet (sf) of leasing activity and positive absorption in addition to Foxconn's lease supplying 350,000 sf of leasing activity and positive absorption. The overall bulk vacancy rate dropped 40 bps from 6.4% last quarter to 6.0% this quarter, despite 2.7 msf of construction completions in the fourth quarter. Compared to 2024, which ended at 5.3%, the overall rate rose 70 bps mostly due to the 2.8 msf of new vacant construction.

CONSTRUCTION OVERVIEW

The Louisville Industrial bulk market ended 2025 with encouraging inventory growth as construction completions accumulated to 4.0 msf of total new completions, nearly double 2024's 2.5 msf of new construction. Speculative construction accounted for 83% of the total square feet completed and build-to-suit tallied 17% with 37% of the total square feet already occupied. The Southern Indiana submarket led the other markets totaling 2.6 msf of construction completions. Three buildings broke ground in fourth quarter, totaling 1 msf. Of the construction starts, 650,128 sf is located in the Bullitt County submarket and 396,600 sf is located in the South submarket. As of Q4, the current bulk under construction pipeline totals 6.3 msf with another 7.6 msf planned. Bullitt County leads in both under construction and planned with 2.2 msf under construction and 2.3 msf planned. As leasing activity continues to be strong, developers continue to be bullish, allowing for continued overall growth of Louisville inventory with no slowdown expected in the near future.

OUTLOOK

- With over 6.3 msf of bulk under construction, expect vacancy rates to trend slightly higher in the coming quarters..
- Given strong leasing activity in Q4 2025, expect 2026 to continue the momentum
- 2026 absorption should outpace 2025 absorption with fewer second-generation vacancies expected.
- Bulk Inventory is expected to reach the 100 msf mark by mid-year 2027.

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)
<b>Bullitt County</b>	<b>25,843,807</b>	<b>5.5%</b>	<b>753,440</b>	<b>250,000</b>	<b>1,099,636</b>	<b>2,226,262</b>	<b>376,525</b>	<b>\$5.23</b>	<b>N/A</b>	<b>\$6.66</b>
<b>Central</b>	<b>21,222,475</b>	<b>3.7%</b>	<b>-14,543</b>	<b>78,162</b>	<b>43,250</b>	<b>0</b>	<b>0</b>	<b>\$3.60</b>	<b>\$7.94</b>	<b>\$7.50</b>
Downtown	10,021,316	6.3%	-51,933	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	\$4.00	N/A	N/A
<b>East</b>	<b>28,542,295</b>	<b>1.1%</b>	<b>23,009</b>	<b>0</b>	<b>533,443</b>	<b>470,000</b>	<b>88,000</b>	<b>\$10.00</b>	<b>\$11.28</b>	<b>\$6.94</b>
Jeffersontown	14,521,222	1.3%	-14,673	0	170,110	379,000	88,000	\$10.00	\$11.17	\$6.50
Middletown / Eastpoint	3,978,576	2.8%	-20,758	0	166,223	0	0	N/A	\$13.62	\$7.50
Westport Road	10,042,497	0.1%	58,440	0	197,110	136,000	0	N/A	\$8.21	N/A
<b>South</b>	<b>60,893,357</b>	<b>2.1%</b>	<b>662,189</b>	<b>396,600</b>	<b>2,316,034</b>	<b>841,026</b>	<b>0</b>	<b>\$6.00</b>	<b>N/A</b>	<b>\$6.68</b>
Airport	33,655,838	3.0%	398,317	396,600	1,792,344	721,176	0	\$6.00	N/A	\$6.71
Bishop Lane	9,531,394	0.6%	26,980	0	141,198	119,850	0	N/A	N/A	N/A
Fern Valley	17,706,125	1.1%	236,892	0	382,492	0	0	N/A	N/A	\$6.56
<b>West / Southwest</b>	<b>24,816,389</b>	<b>2.7%</b>	<b>811,157</b>	<b>0</b>	<b>1,402,392</b>	<b>0</b>	<b>342,720</b>	<b>N/A</b>	<b>\$10.02</b>	<b>\$6.82</b>
Iroquois	248,024	0.0%	0	0	0	0	0	N/A	N/A	N/A
Riverport	20,516,822	3.1%	828,992	0	1,402,392	0	342,720	N/A	\$10.02	\$7.00
Westend	4,051,543	0.6%	-17,835	0	0	0	0	N/A	N/A	\$5.13
<b>Shelby County</b>	<b>10,706,100</b>	<b>3.5%</b>	<b>859,434</b>	<b>0</b>	<b>177,034</b>	<b>775,840</b>	<b>682,400</b>	<b>N/A</b>	<b>\$11.60</b>	<b>\$6.79</b>
<b>Southern Indiana</b>	<b>35,541,159</b>	<b>8.1%</b>	<b>811,493</b>	<b>0</b>	<b>1,689,496</b>	<b>2,270,132</b>	<b>2,723,657</b>	<b>\$4.20</b>	<b>N/A</b>	<b>\$6.99</b>
Floyd County	5,500,141	1.2%	32,500	0	32,500	2,226,262	376,525	N/A	N/A	\$6.95
Clark County	30,041,018	9.4%	778,993	0	1,656,996	2,226,262	376,525	\$4.20	N/A	\$6.99
<b>LOUISVILLE TOTALS</b>	<b>207,565,582</b>	<b>3.7%</b>	<b>3,906,179</b>	<b>724,762</b>	<b>7,261,285</b>	<b>6,628,260</b>	<b>4,213,302</b>	<b>\$4.38</b>	<b>\$10.13</b>	<b>\$6.83</b>

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	23,509,686	5.9%	763,240	1,653,378	1,099,636	2,226,262	376,525	\$6.25	\$6.64
Central	1,211,595	0.0%	0	0	0	0	0	N/A	N/A
East	6,428,586	3.5%	-153,930	519,312	169,640	470,000	0	\$6.50	\$7.00
South	25,528,224	0.0%	618,908	586,765	1,885,389	841,026	0	\$7.05	\$6.79
West / Southwest	14,534,280	3.4%	808,242	0	1,327,242	0	342,720	\$5.84	\$6.90
Shelby County	3,742,319	9.7%	682,400	302,400	0	774,840	682,400	\$7.15	\$7.15
Southern Indiana	21,386,166	11.7%	589,918	0	1,256,433	1,997,793	2,642,175	\$6.55	\$6.84
<b>LOUISVILLE TOTALS</b>	<b>96,340,856</b>	<b>6.0%</b>	<b>3,308,778</b>	<b>1,178,899</b>	<b>5,738,340</b>	<b>6,309,921</b>	<b>4,043,820</b>	<b>\$6.56</b>	<b>\$6.89</b>

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

KEY TRANSACTIONS Q4 2025

PROPERTY	SUBMARKET	TENANT BUYER / SELLER	SF	TYPE
201 River Ridge Parkway	Southern Indiana	Kenco	664,800	Renewal*
6001 Cane Run Road	West / Southwest	DQS	519,000	New Lease
7865 National Turnpike	South	Bedabox, LLC	406,640	New Lease
150 Omicron Court	Bullitt	Ares Capital Management	399,600	Investment Sale
2825 Transglobal Drive	South	Meta	352,800	New Lease
6675 Randy Coe Lane	West / Southwest	Foxconn	350,000	New Lease
6901 Riverport Drive	West / Southwest	Lightstone Group	337,165	Investment Sale

\*Renewals not included in leasing statistics

INDUSTRIAL SUBMARKETS



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