

# VIEWPOINT



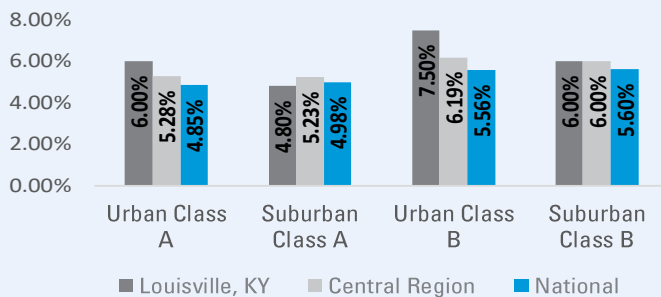
## 2023 LOUISVILLE, KY MULTIFAMILY ANNUAL REPORT

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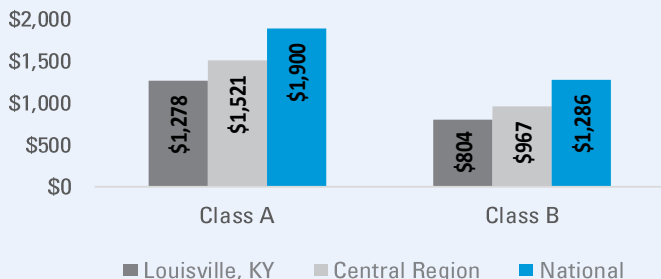
### Market Rate Indicators (Y/Y)

Categories	Class A	Class B
Going In Cap Rate (%)	▼	▼
Asking Rent (\$/Unit)	▲	▲
Vacancy Rate (%)	▼	▼

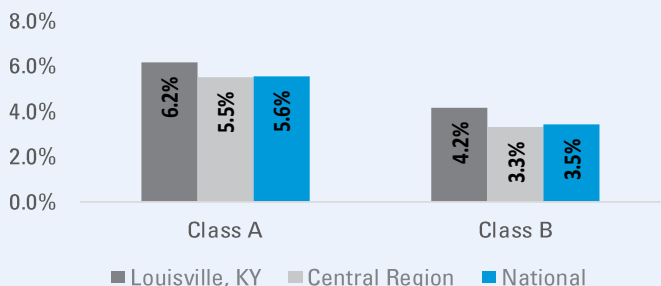
### Going In Cap Rate Comparisons (%)



### Asking Rents (\$/Unit)



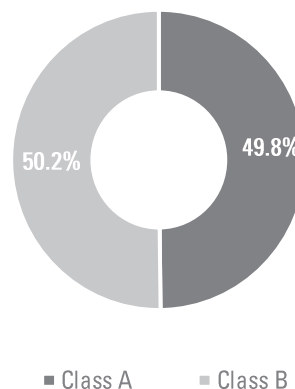
### Vacancy Rates (%)



### Louisville, KY Multifamily Market Overview

As has been seen in the rest of the country, Louisville's multifamily market has experienced a downturn, although at a lower magnitude and more so in the urban areas. Construction continues apace with significant investments and plans for affordable housing. This construction is happening in southern Jefferson County, Eastern Jefferson County and Southern Indiana. Vacancies are increasing and rent increases are slowing. According to market participants, however, the market is still seen as a good one for investment with two recent sales over \$300,000 per unit, a record in Louisville. The top sale was in the second quarter, consisting of the \$100.5 million transfer of the Ivy at \$367,000 per unit. This was part of a larger portfolio purchased by Starwood Real Estate Income Trust. The second large transaction was Lyric at Norton Commons, a newly constructed community sold to Capital Square Realty Advisors for \$96 million in the third quarter. The sale price was \$352,000 per unit which is remarkable because the property which was completed in late 2021 is still in lease up. Construction levels are also higher than ever with about 4,000 units planned throughout the metro. Rent gains have ranged between 2% and 10% in the last few months with forward projections toward the lower end of those numbers. The highest gains were seen in the St Matthews and Oldham County submarkets. Given Louisville's location and reputation as a logistics hub, the rebound from the pandemic was quicker than in some markets. Industrial construction and absorption continue at high levels, generating jobs and necessitating new housing construction.

### Distribution of Total Inventory



55,885 Units  
Multifamily Inventory

1.70% - 12 Mo. Proj.  
Construction/Inventory

Integra Realty Resources Kentucky-Southern Indiana

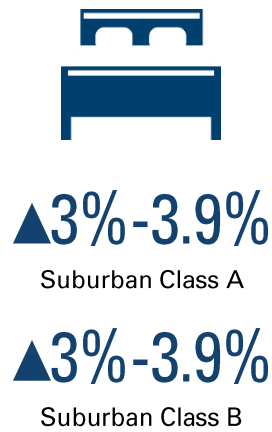
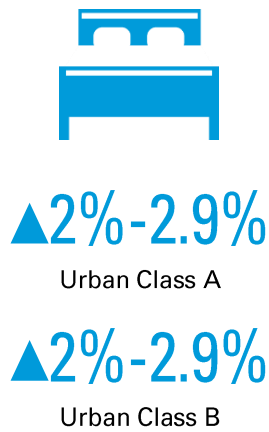
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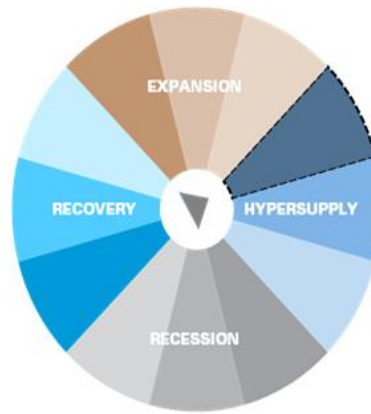
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## Change In Value Next 12 Months



## Market Cycle: Hypersupply Stage 1



- Increasing Vacancy Rates
- Moderate/High New Construction
- Med/Low Rental Rate Growth
- Moderate/Low Employment Growth
- Low/Negative Absorption

## Forecasts

### Louisville, KY 12-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Going-In Cap Rates	Increase 1-24 bps	Increase 1-24 bps	Remain Steady - no change	Remain Steady - no change
Discount Rate	Increase 1-24 bps	Increase 1-24 bps	Remain Steady - no change	Remain Steady - no change
Reversion Rate	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change
Construction (Units)	952			
Market Rent Change	+3.00%	+3.00%	+6.00%	+5.00%
Expense Rate Change	+4.00%	+4.00%	+4.00%	+4.00%
Years to Balance	In Balance			

### Louisville, KY 36-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Market Rent Change	+10.76%			
Change in Value	Increase 1%-1.9%	Increase 1%-1.9%	Increase 2%-2.9%	Increase 2%-2.9%

Integra Realty Resources (IRR) is the largest independent commercial real estate valuation and consulting firm in North America, with over 165 MAI-designated members of the Appraisal Institute among 600+ professionals based in our 50+ offices throughout the United States and the Caribbean. Founded in 1999, the firm specializes in real estate appraisals, feasibility and market studies, expert testimony, and related property consulting services across all local and national markets. Our valuation and counseling services span all commercial property types and locations, from individual properties to large portfolio assignments.

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