

FIGURES | LOUISVILLE INDUSTRIAL | Q2 2023

Marketwide average asking lease rate rises 11.4%

▶ 2.9%	▲ 4.6%	▲ \$5.60 PSF	▼ 602,878 SF	▼ 5.4 MSF	4,080,955 SF
Vacancy Rate	Availability Rate	Average Asking Lease Rate	Net Absorption	Under Construction	YTD Net Absorption

Note: Arrows indicate change from previous quarter.

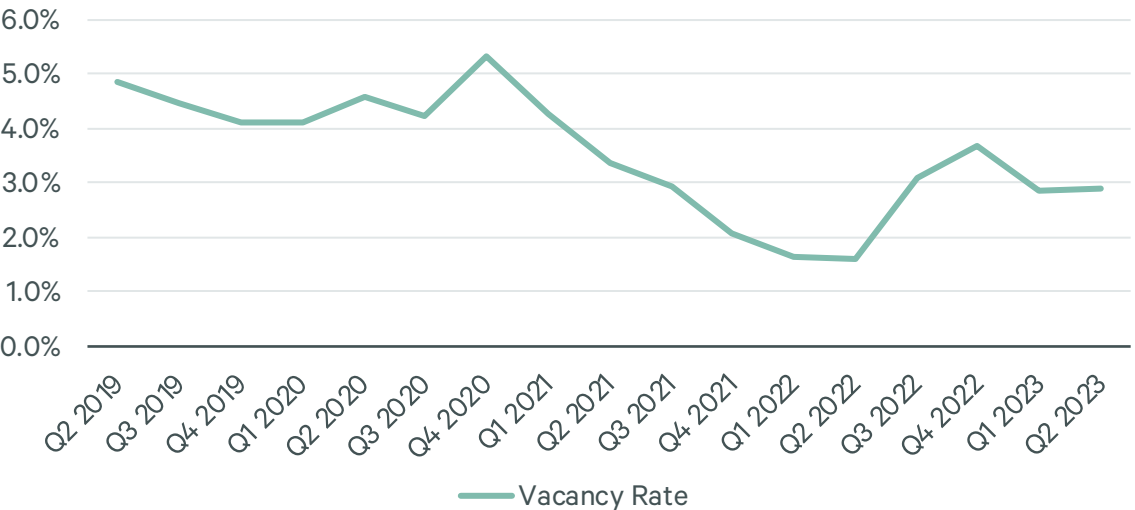
Market Overview

The Louisville industrial market recorded 602,878 sq. ft. of positive net absorption in the second quarter, bringing the year-to-date net absorption total to just over 4 million sq. ft. It was the 33rd consecutive quarter of positive net absorption and marketwide vacancy held steady at 2.9%. Four speculative construction projects that were 82% pre-committed were completed during the quarter, adding over 567,000 sq. ft. to the market and contributing to the net absorption total. The marketwide average asking lease rate rose 11.4% quarter-over-quarter to post \$5.60 per sq. ft.

Activity

Leasing activity during the quarter included a 308,000-sq.-ft. lease by new-to-market company Metrie, Inc. in the Bullitt County submarket, and several expansions by existing tenants to fully occupy their buildings: a 281,452-sq.-ft. lease by Sazerac and a 221,115 sq. ft. lease by Kenco Logistics, both in the Southern Indiana submarket, and a 130,537-sq.-ft. lease by Purem Novi/Eberspacher in the Riverport submarket. In addition, Congo Brands leased 169,000 sq. ft. in the Southern Indiana submarket and will relocate from the Riverport submarket later this year. Also of note, global manufacturer WILA USA leased 52,500 sq. ft. in the Riverport submarket and announced it will move its North American headquarters to the Louisville location.

FIGURE 1: Market Vacancy Rate History



Source: CBRE Research, Q2 2023

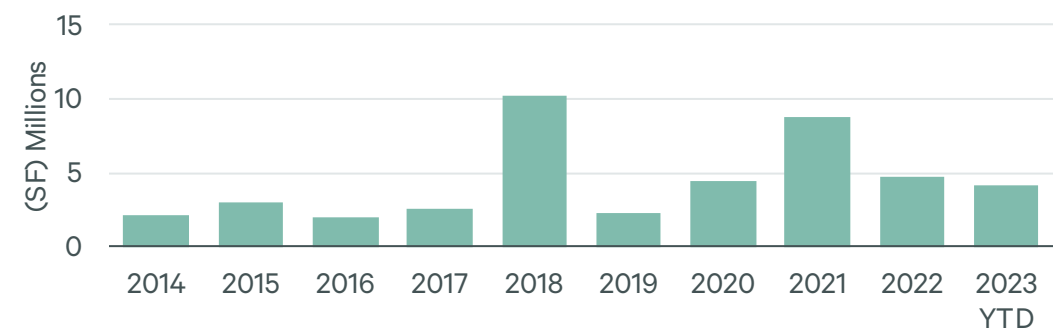
Construction

During the second quarter, four new buildings that were 82% pre-committed were completed in two submarkets, which contributed to the positive net absorption total. In the Riverport submarket, Brennan Investment Group completed a fully-leased 243,613-sq.-ft. warehouse, and a local developer finished a 105,000-sq.-ft. warehouse that is half leased. In the Southern Indiana submarket, a 50,000-sq.-ft. warehouse by Koetter Development finished construction, as well as a fully leased 169,000-sq.-ft. building by a local joint venture development group.

Four new projects commenced construction in the second quarter, two speculative and two build-to-suit projects. In the Shelby County submarket, a 160,808-sq.-ft. warehouse began in Midland Industrial Center, a planned two-building project, as well as Brooks Hall, a 120,000-sq.-ft. manufacturing build-to-suit for Roll Forming Corporation commenced construction. In the Southern Indiana submarket, North Ridge Logistics Center, a 303,598-sq.-ft. warehouse in the River Ridge Commerce Center got underway by developer Denton Floyd, as well as a 130,000-sq.-ft. build-to-suit expansion for Genpak began construction.

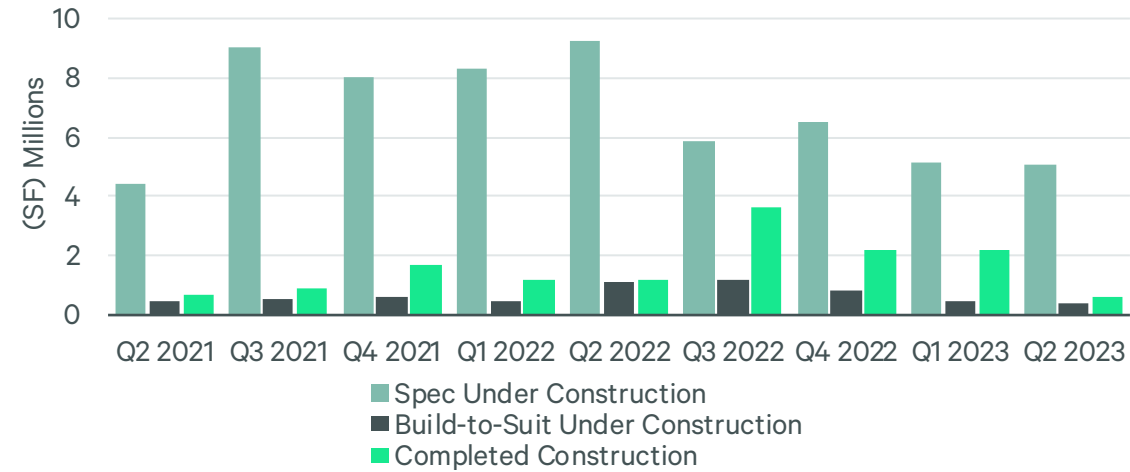
In the second half of the year, we anticipate the projects totaling nearly 4 million sq. ft. to be completed, and approximately 1 million sq. ft. of new construction to commence across several submarkets.

FIGURE 2: Annual Net Absorption History



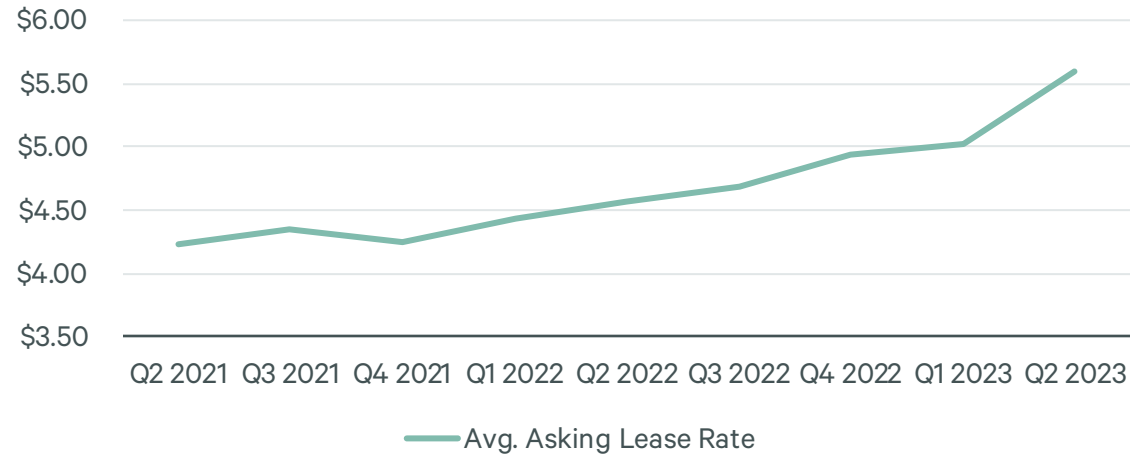
Source: CBRE Research, Q2 2023

FIGURE 3: Under Construction and Completions



Source: CBRE Research, Q2 2023

FIGURE 4: Average Asking Lease Rate History



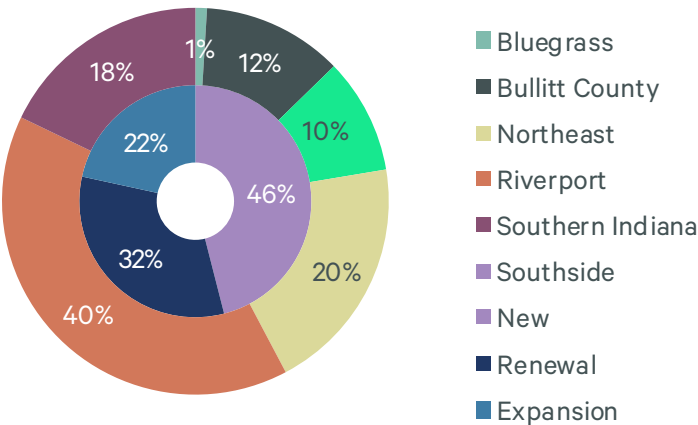
Source: CBRE Research, Q2 2023

FIGURE 5: Available Sq. Ft. – Direct vs. Sublease



Source: CBRE Research, Q2 2023

FIGURE 6: Leasing Activity



Source: CBRE Research, Q2 2023

FIGURE 7: Market Statistics (Buildings 50,000 Sq. Ft. and greater)

	Market Rentable Area (SF)	Vacancy Rate (%)	Avail. Rate (%)	Net Absorption (SF)	Under Construction (SF)	Construction Completions (SF)	NNN Avg. Asking Lease Rate (\$/SF/Yr)
Bluegrass	8,014,969	0.8	0.8	(30,000)	394,850	0	6.95
Bullitt County	23,713,212	5.5	9.2	383,725	711,975	0	5.96
Downtown	12,589,218	3.0	3.1	24,000	0	0	3.77
Northeast	11,054,078	0.4	0.4	(48,000)	0	0	7.50
Riverport	18,707,311	4.3	8.2	230,794	164,280	348,613	5.33
Shelby County	6,626,168	0.0	0.0	0	2,016,239	0	--
S. Indiana	30,790,377	3.2	4.3	631,757	1,455,653	219,000	5.36
Southside	60,161,783	2.3	3.9	(589,398)	663,200	0	6.23
TOTALS	171,657,116	2.9	4.6	602,878	5,406,197	567,613	5.60

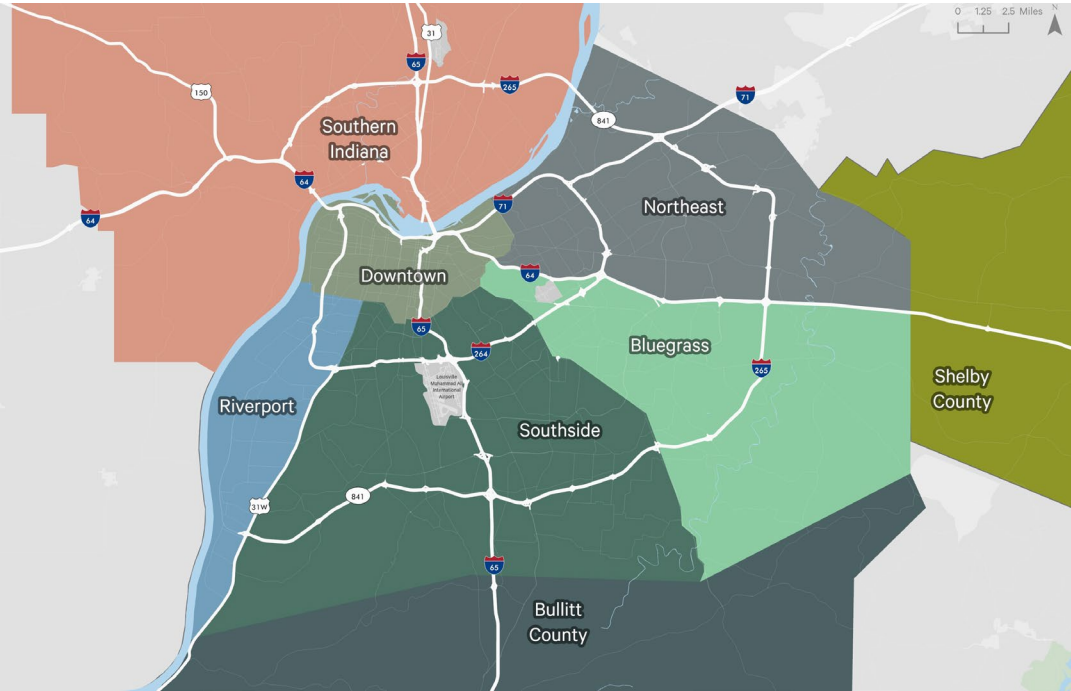
Source: CBRE Research, Q2 2023

FIGURE 8: Key Transactions (Partial List)

Size (Sq. ft.)	Tenant/Buyer	Submarket
308,000 *	Metrie, Inc.	Bullitt County
281,452 ^^	Sazerac	Southern Indiana
221,115 ^^	Kenco Logistics	Southern Indiana
169,000 ^^	Congo Brands	Southern Indiana
130,537 ^^	Purem Novi, Inc.	Riverport
*Lease Transactions	**Sale Transactions	^CBRE Transactions ~Under Construction

Source: CBRE Research, Q2 2023

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building. Activity includes all user sale and lease transactions within a specific time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the "net" costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days.

Survey Criteria

Includes all industrial buildings 50,000 sq. ft. and greater in size in Jefferson county, Bullitt county, Shelby County and portions of Clark and Floyd counties in Indiana. Buildings which have begun construction as evidenced by site excavation or foundation work.

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