

FIGURES | LOUISVILLE INDUSTRIAL | Q2 2025

# Vacancy remains unchanged; Asking lease rate hits another record



Note: Arrows indicate change from previous quarter.

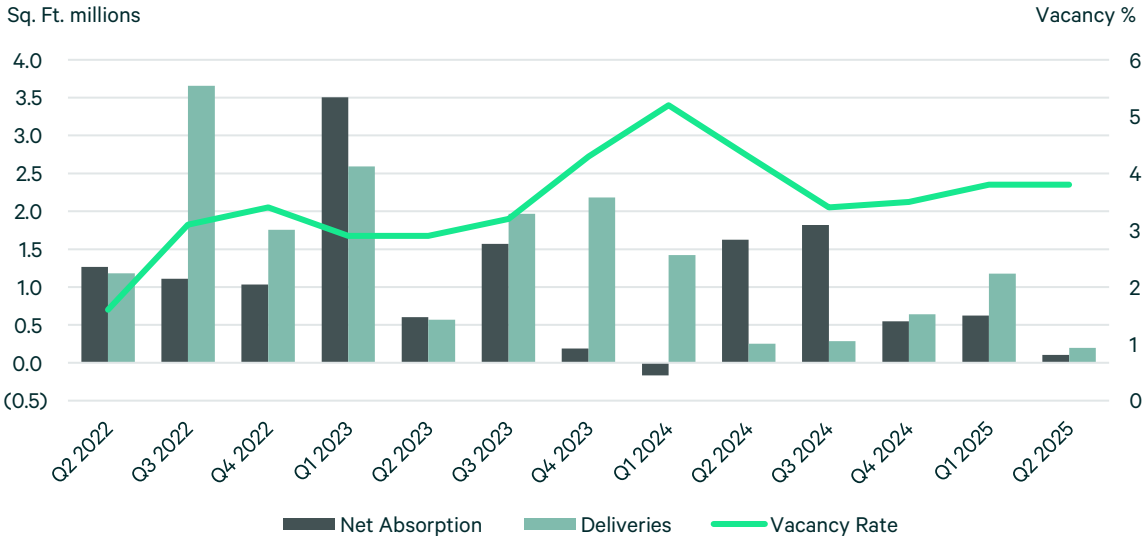
SUMMARY

The Louisville industrial market posted 102,102 sq. ft. of positive net absorption in the second quarter and the marketwide vacancy rate remained unchanged at 3.8%. One new speculative project and one build-to-suit project completed during the quarter, adding just under 200,000 sq. ft. to the market. The marketwide average asking lease rate added \$0.07 per sq. ft. to reach another market high rate of \$6.26 per sq. ft. This rate is 37% higher than three years ago. The marketwide availability rate declined 10 basis points (bps) to 6.3%. The amount of available sublease space on the market increased slightly, but still represents just 16.3% of the total available space on the market. A substantial portion of the sublease space on the market continues to remain used and leased until a suitable subtenant is found.

The total under construction in the market increased by 809,786 sq. ft. to 7.2 million sq. ft. with three new speculative projects totaling just over 1 million sq. ft. commencing. One speculative project and one build-to-suit project were completed during the quarter, which added 198,408 sq. ft. to the market. Build-to-suit projects totaling 2.8 million sq. ft. currently account for 38% of the total under construction.



FIGURE 1: Historical Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q2 2025

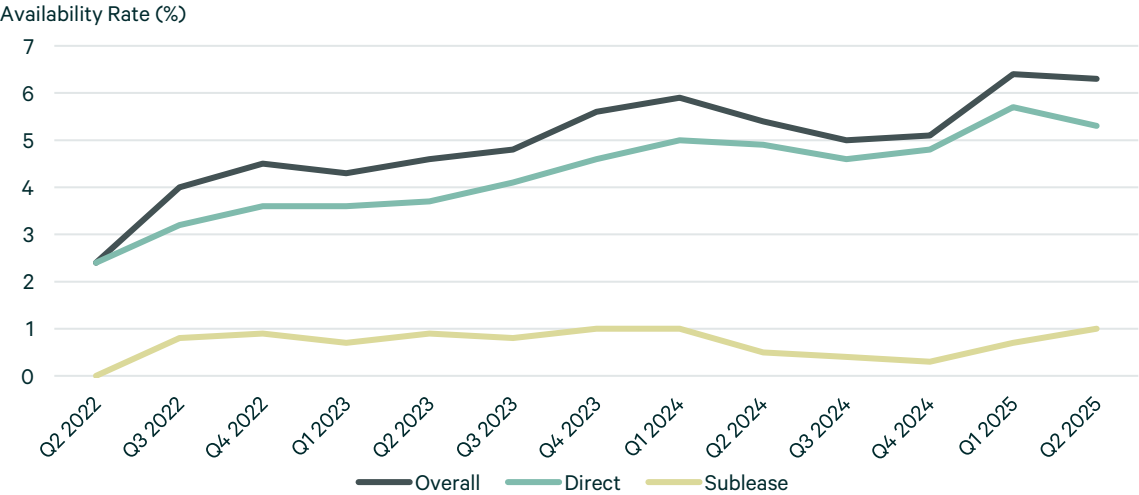
### Availability Rate

Nineteen new available spaces were added to the market during the second quarter, four sublease and fifteen direct spaces. The overall market availability rate declined 10 bps to 6.3%. The direct availability rate was 5.3% and the sublease availability rate was 1.0%. The marketwide vacancy rate remained unchanged at 3.8% as leasing activity offset existing vacancies and newly added spaces. The market vacancy rate has remained under 4% for the past four quarters. The Bullitt County submarket had the largest change in vacancy with a 260 bps drop to 2.9% largely due to the lease of a 631,336 sq. ft. vacant building during the quarter.

### Asking Rent

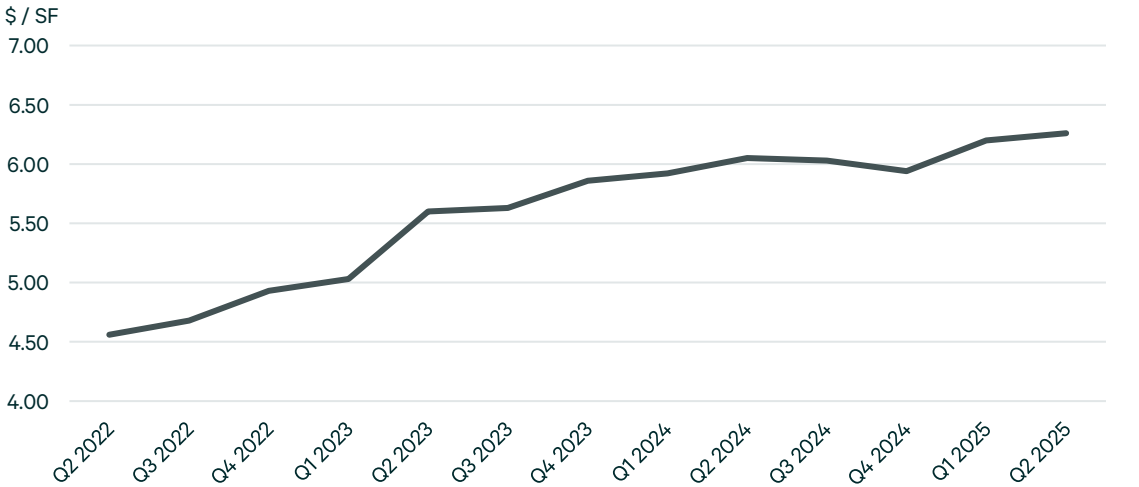
The average asking lease rate rose by \$0.07 per sq. ft. in the second quarter to \$6.26 per sq. ft., another record high rate for the market. This rate is 3% higher than one year ago, and 37% higher than just three years ago. The rates for the Bullitt County and Riverport submarkets increased by 3% over first quarter to \$6.36 per sq. ft. and \$5.63 per sq. ft. respectively, while the Northeast submarket rate added 10% during the quarter, increasing \$0.75 per sq. ft. to \$7.95 per sq. ft.

FIGURE 2: Availability Rates



Source: CBRE Research, Q2 2025

FIGURE 3: Avg. Direct Asking Rate (NNN/YR)



Source: CBRE Research, Q2 2025

## Net Absorption

The market recorded 102,102 sq. ft. of positive net absorption in the second quarter, with new leasing activity offsetting new vacancies in multiple submarkets, the largest of which was a 432,806 sq. ft. vacancy by Hillsdale Furniture in the Southside submarket. Among the new activity was a 631,336-sq.-ft. lease by Arvato in the Bullitt County submarket, a 175,000-sq.-ft. lease in a building recently completed by Nicklies Development in the Southside submarket, a 150,000-sq.-ft. lease by Canadian Solar in the Southern Indiana submarket, as well as a 145,000-sq.-ft. lease by eBay in the Southside submarket.

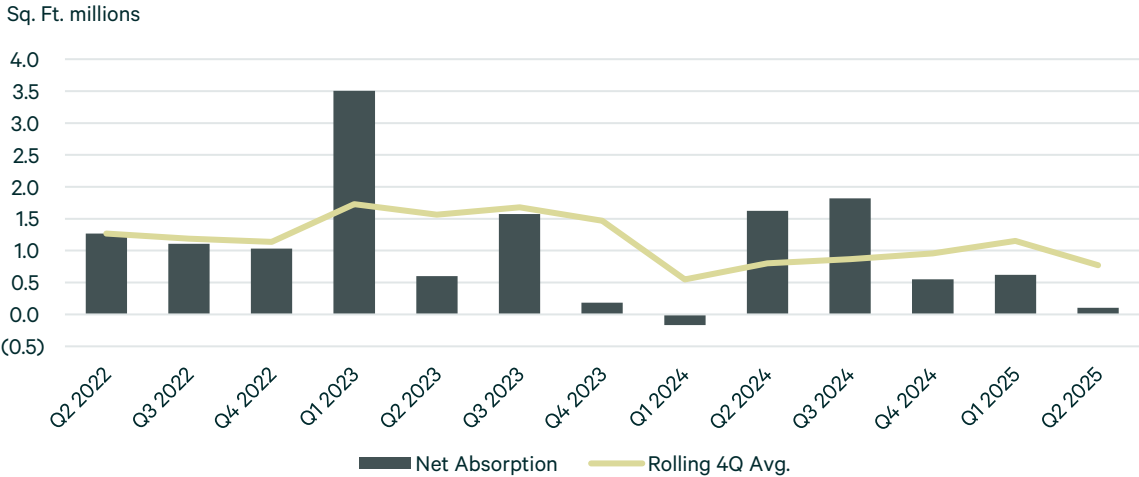
## Construction Activity

Three new speculative projects totaling 1,710,670 sq. ft. commenced construction in the second quarter. One is a 235,830-sq.-ft. warehouse in the Velocity 65 Trade Center development in the Bullitt County submarket by developer Browning, and two projects got underway in the Simpsonville 64 Logistics Park by developer Hunt Midwest in the Shelby County submarket. One warehouse will be 270,400 sq. ft. and the second will contain 504,440 sq. ft.

Two projects were completed in the second quarter: Ziglift Material Handling completed a build-to-suit 89,885-sq.-ft. distribution warehouse in the River Ridge Commerce Center in the Southern Indiana submarket, and LDG Development completed a 108,523 sq. ft. speculative warehouse, also in the River Ridge Commerce Center in Southern Indiana.

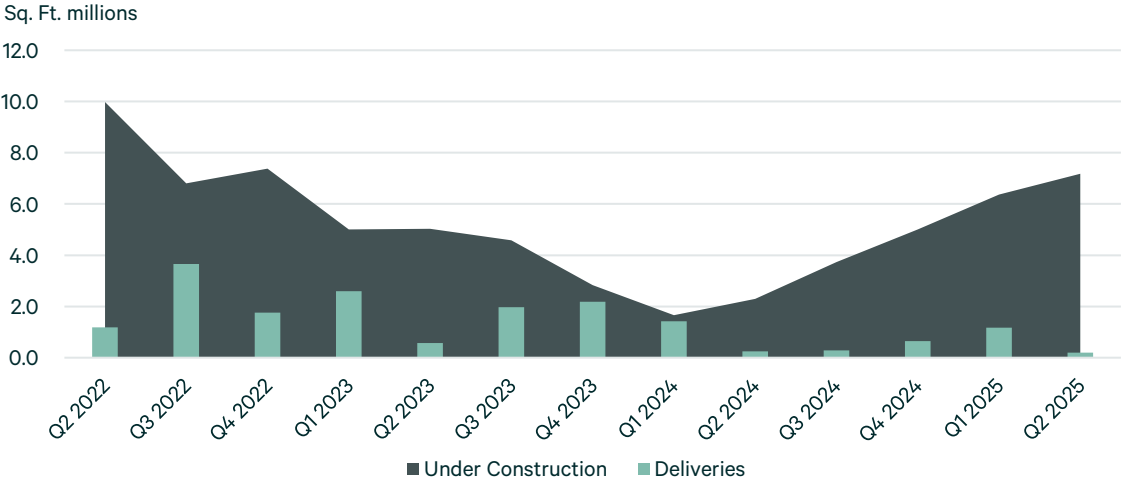
Several projects should complete in the next six months including two buildings in the Bullitt County submarket by Core5, Bourbon Logistic Center 7 with 840,064 sq. ft. and Bullitt 3 Logistics Center with 376,525 sq. ft., as well as several projects in the Southern Indiana submarket: two buildings in the Shadow Lake development by USCD totaling 782,270 sq. ft., LDG Development’s 211,969-sq.-ft. warehouse in River Ridge, as well as Platform’s 336,000-sq. ft. warehouse at the Platform Park development. In addition, several owner-occupied design build projects should finish construction this year including KCC Manufacturing’s 380,000-sq.-ft. warehouse in Shelby County and projects for Canadian Solar and Meta in the River Ridge Commerce Center, with 700,000 sq. ft. each.

FIGURE 4: Net Absorption Trend



Source: CBRE Research, Q2 2025

FIGURE 5: Construction Activity

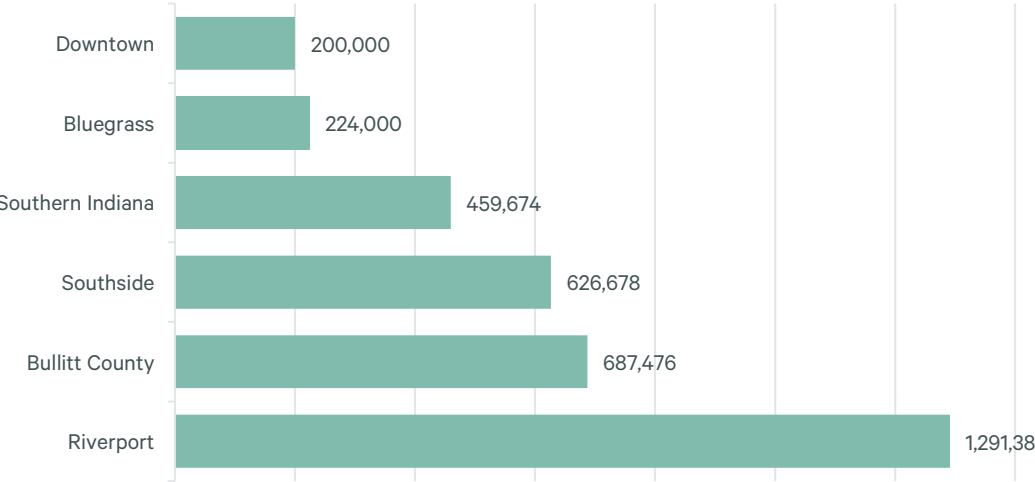


Source: CBRE Research, Q2 2025

## Leasing and Sale Activity

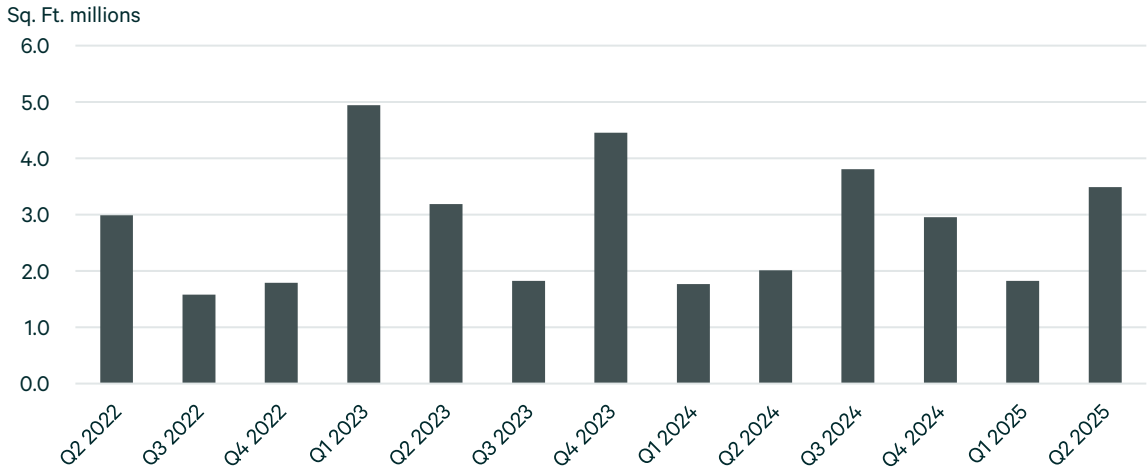
Leasing activity in the second quarter totaled 3,550,185 sq. ft., which is 63% higher than the first quarter total. As mentioned above, Arvato leased 631,336 sq. ft. in the Bullitt County submarket, and a confidential tenant leased a newly completed 175,000-sq.-ft. warehouse by Nicklies Development in the Southside submarket. Also in the Southside submarket, eBay leased 145,000 sq. ft. in the Commerce Crossings development, and Canadian Solar leased 150,000 sq. ft. in the River Ridge Commerce Center in the Southern Indiana submarket, among others. Two properties traded for investment during the second quarter: 260 Park Loop Road with 110,165 sq. ft. in the Bullitt County submarket, and 351 Logistics Avenue with 169,000 sq. ft. in the Southern Indiana submarket from developer LDG Development to Pattillo in May for over \$30 million.

FIGURE 6: Leasing Activity by Submarket – Leases 50,000 sq. ft. and up



Source: CBRE Research, Q2 2025

FIGURE 6: Leasing Activity Trend – Leases 50,000 sq. ft. and up



Source: CBRE Research, Q2 2025

FIGURE 8: Key Lease Transactions

Tenant/Buyer	Sq. Ft.	Transaction Type	Address	Submarket
Arvato	631,336	New Lease	972 Conestoga Pkwy	Bullitt County
Confidential	175,000	New Lease	6701 Enterprise Dr	Southside
Pattillo	169,000	Investment Sale	351 Logistics Ave	Southern Indiana
Canadian Solar US Cell Manufacturing	150,000	New Lease	1051 Trey St	Southern Indiana
eBay	145,000	New Lease	4500 4700 Commerce Crossings Dr	Southside
Pattillo	110,165	Investment Sale	260 Park Loop Rd	Bullitt County

Source: CBRE Research, Q2 2025

Market Statistics by Size

	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (FSG/YR)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Under 100,000 sq. ft.	15,362,986	4.0	4.8	4.2	0.6	6.52	(11,506)	(9,065)	89,885	121,360
100,000-199,999 sq. ft.	33,969,104	3.8	6.2	5.7	0.5	5.93	88,353	107,590	108,523	235,422
200,000-299,999 sq. ft.	28,618,333	6.3	9.2	6.9	2.3	6.01	(183,800)	(135,050)	0	1,500,583
300,000-499,999 sq. ft.	39,031,908	2.2	6.3	5.5	0.9	6.74	150,000	701,925	0	2,580,068
500,000-749,999 sq. ft.	28,792,328	7.3	10.4	8.4	2.0	6.24	59,055	59,055	0	1,904,440
750,000 sq. ft.	34,346,793	0.7	1.1	1.1	0.0	6.22	0	0	0	840,064
Total	180,121,452	3.8	6.3	5.3	1.0	6.26	102,102	724,455	198,408	7,181,937

Market Statistics by Product Type

	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (FSG/YR)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Distribution / Logistics	123,933,183	5.0	8.1	6.7	1.5	6.53	123,893	673,037	198,408	5,080,277
Manufacturing	51,337,820	1.2	2.1	2.0	0.1	4.28	(54,681)	18,528	0	1,342,400
R&D / Flex	1,170,265	7.8	7.8	7.8	0.0	5.94	0	0	0	0
Other Industrial	3,680,184	1.7	1.7	1.7	0.0	6.95	32,890	32,890	0	759,260
Total	180,121,452	3.8	6.3	5.3	1.0	6.26	102,102	724,455	198,408	7,181,937

Market Statistics by Submarket

	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (FSG/YR)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Bluegrass	8,704,304	1.4	1.4	1.4	0.0	6.75	15,000	(123,750)	0	321,660
Bullitt County	24,788,582	2.9	3.9	2.9	1.0	6.36	631,336	1,202,625	0	1,452,419
Downtown	12,552,726	3.2	3.2	3.2	0.0	3.85	(54,681)	(54,681)	0	0
Northeast	11,310,241	1.0	2.4	1.3	1.1	7.95	(58,620)	(58,620)	0	0
Riverport	18,932,781	3.5	7.0	6.3	0.7	5.63	(4,752)	102,991	0	342,720
Shelby County	8,850,307	6.1	6.1	6.1	0.0	6.18	0	0	0	1,457,240
Southern Indiana	33,976,886	5.2	9.5	7.5	2.0	6.24	(27,225)	(21,138)	198,408	3,425,948
Southside	61,005,625	4.2	7.3	6.2	1.1	6.72	(398,956)	(322,972)	0	181,950
Total	180,121,452	3.8	6.3	5.3	1.0	6.26	102,102	724,455	198,408	7,181,937

## National Economic Overview

Policy announcements and the news cycle—not economic fundamentals— are driving sentiment today. Q2 2025 began with the Liberation Day tariffs and subsequent escalation that caused growth expectations to plummet. But by the top of Q3 2025, both the trade war rhetoric and effective tariff rate have softened. While consumer and business sentiment surveys remain weak, the hard economic data (e.g., jobless claims, CPI, orders) points to a more steady economy. To be sure, it could take time for the costs associated with higher tariffs and global uncertainty to filter through, but in the meantime CBRE has increased its 2025 GDP growth outlook to 1.3% for 2025. Barring further disruptions this provides upside risk for hiring in coming quarters.

Commercial real estate markets are taking these changes in stride. On the occupier side, continued growth translates into positive absorption for many sectors and markets, including offices. Regarding capital markets, investment volume is on track to exceed 2023 and 2024 levels. This is supported by credit issuance making a turnaround and credit spreads falling back to pre-April 2 levels.

## Louisville, KY Employment Update

- 3.9% Unemployment Rate
- 0.7M Labor Force
- 141.7k Office Using Jobs
- 251.3k Industrial Using Jobs
- 101.2k Retail Using Jobs

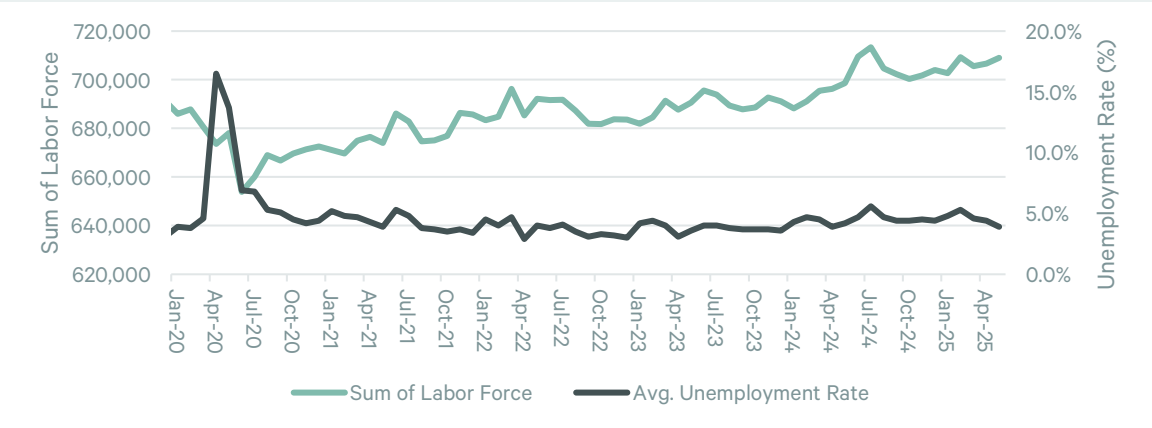
Employment Change by Sector – Yearly + Monthly  
Bars indicate yearly trend, arrows indicate monthly trend



Source: US BLS, May 2025

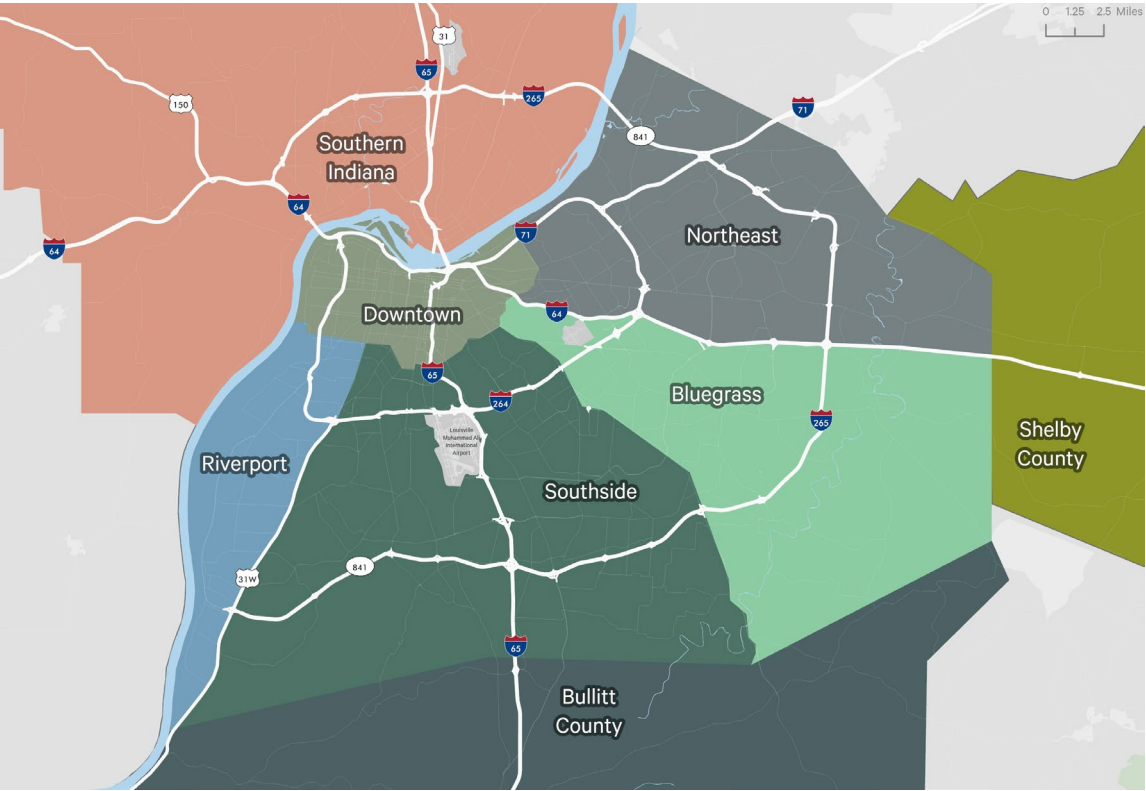
Note: Arrows indicate month-over-month change.

### Unemployment Rate and Labor Force Trends



Source: US BLS, May 2025

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.

Contacts

David L. Hardy, CCIM  
Managing Director  
+1 502 412 7644  
david.hardy@cbre.com

Jill Morzillo  
Senior Field Research Analyst  
+1 502 412 7621  
jill.morzillo@cbre.com

10200 Forest Green Blvd  
Suite 500  
Louisville, KY 40223  
+1 502 429 6700  
www.cbre.com/louisville

© 2025 CBRE, Inc. All rights reserved. This information has been obtained from sources believed reliable but has not been verified for accuracy or completeness. CBRE, Inc. makes no guarantee, representation or warranty and accepts no responsibility or liability as to the accuracy, completeness, or reliability of the information contained herein. You should conduct a careful, independent investigation of the property and verify all information. Any reliance on this information is solely at your own risk. CBRE and the CBRE logo are service marks of CBRE, Inc. All other marks displayed on this document are the property of their respective owners, and the use of such marks does not imply any affiliation with or endorsement of CBRE. Photos herein are the property of their respective owners. Use of these images without the express written consent of the owner is prohibited.

