

FIGURES | LOUISVILLE INDUSTRIAL | Q1 2023

# Market records second highest quarter of net absorption at 3.4 million sq. ft.

▼ 2.9%	▼ 4.3%	▲ \$5.03 PSF	▲ 3,478,077 SF	▼ 5.6 MSF	3,478,077 SF
Vacancy Rate	Availability Rate	Average Asking Lease Rate	Net Absorption	Under Construction	YTD Net Absorption

Note: Arrows indicate change from previous quarter.

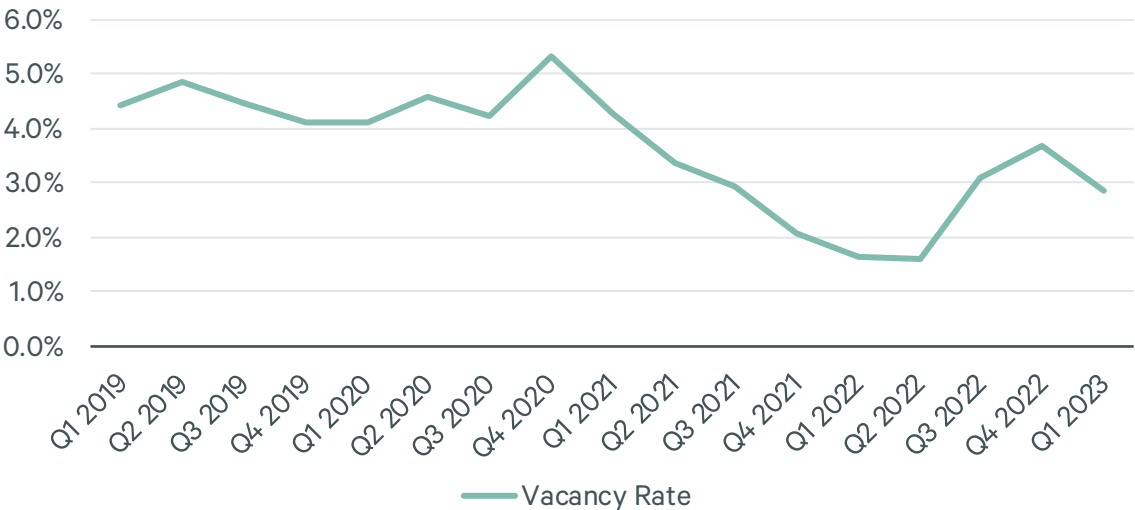
## Market Overview

The Louisville industrial market started the year with the second highest quarter of positive net absorption in market history, 3,478,077 sq. ft., and the 32nd consecutive quarter of positive net absorption. Brisk leasing activity totaling over 4.6 million sq. ft. across several submarkets, along with the completion of a build-to-suit project in the Bluegrass submarket, contributed to this total. As a result, the marketwide vacancy rate fell 80 basis points (bps) to post 2.9%. The marketwide average asking lease rate rose 2% quarter-over-quarter to reach above the five dollar mark for the first time in market history, landing at \$5.03 per sq. ft. This rate has risen by 30% over the last three years.

## Activity

Strong leasing activity during the quarter included a 524,604-sq.-ft. lease by Vista Packaging in the Bullitt County submarket, a 324,416-sq.-ft. lease by Averitt Express, and a 324,100-sq.-ft. lease by a confidential user, both in the Southside submarket. An additional 281,580-sq.-ft. lease was completed by a confidential user in the Southern Indiana submarket. In addition, label-manufacturer Multicolor Corporation leased 189,621 sq. ft. and third-party logistics provider HJI Supply Chain Solutions leased 262,920 sq. ft., both in the Southside submarket, among others.

FIGURE 1: Market Vacancy Rate History



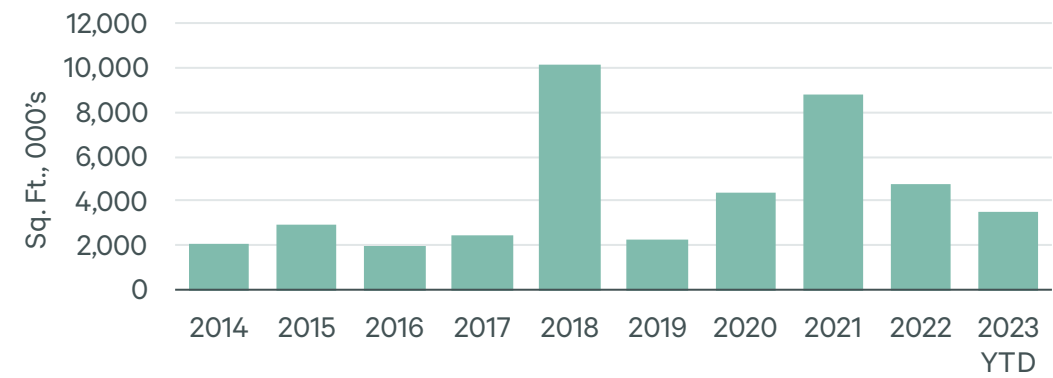
Source: CBRE Research, Q1 2023

Construction

In the first quarter, six new buildings that were 80% pre-committed completed construction in three submarkets, contributing to the positive net absorption total. In the Southern Indiana submarket, developer Clarion completed Silver Creek Logistics Center Building B with 417,270 sq. ft., and developer America Place completed their Phase IV building, 420,000 sq. ft., and Phase V building, with 150,000 sq. ft., both of which were pre-leased at the time of completion. In the Southside submarket, IDI Logistics completed Airport Logistics West at Stonestreet, a 499,275 sq. ft. building that was leased during construction to a confidential user. Additionally, Republic National Distributing Company completed their 327,919 sq. ft. build-to-suit office and warehouse in the Bluegrass submarket in the first quarter.

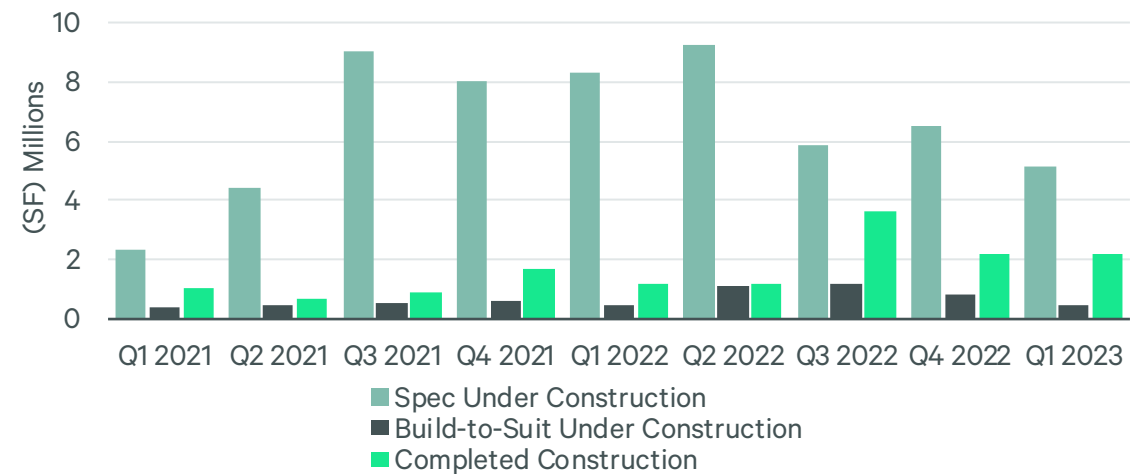
Three new projects commenced construction during the first quarter. The first is a five-building planned development by LDG Development called Bohannon Commerce Center at Riverport Phase 5 which got underway with 243,000 sq. ft. In addition, a 169,000-sq.-ft. warehouse by a local development group in the River Ridge Commerce Center, and a 50,000-sq.-ft. warehouse on Keystone Boulevard by Koetter Development also commenced construction, both in the Southern Indiana submarket. Looking ahead, we anticipate approximately 2.8 million sq. ft. to finish construction in the market during the late spring and summer months.

FIGURE 2: Annual Net Absorption History



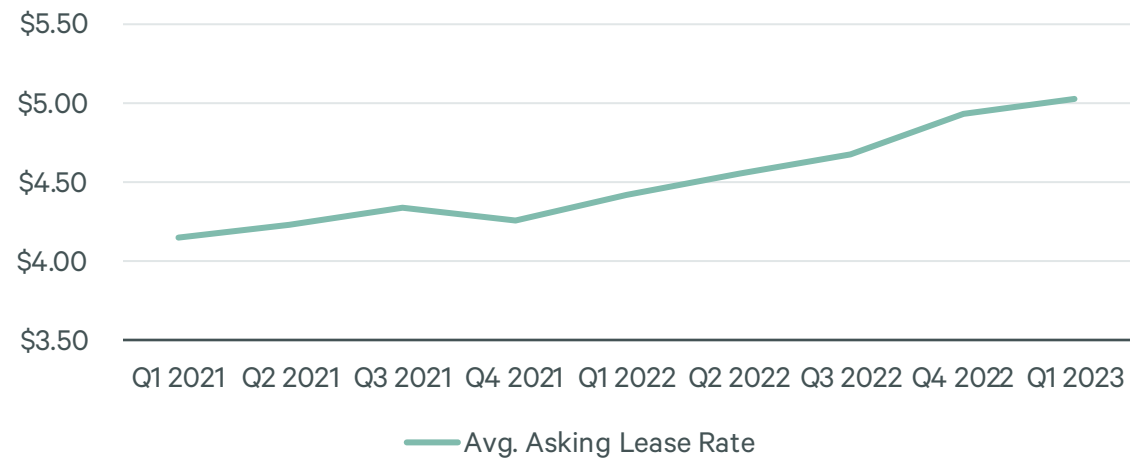
Source: CBRE Research, Q1 2023

FIGURE 3: Under Construction and Completions



Source: CBRE Research, Q1 2023

FIGURE 4: Average Asking Lease Rate History



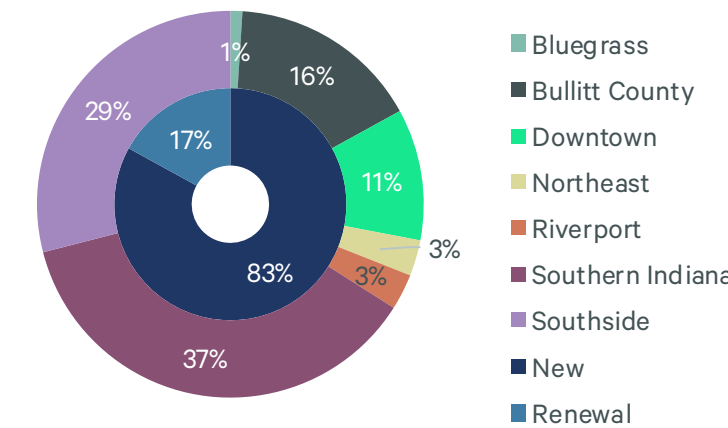
Source: CBRE Research, Q1 2023

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



Source: CBRE Research, Q1 2023

FIGURE 6: Leasing Activity



Source: CBRE Research, Q1 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	0.4	0.4	337,669	394,850	327,919	6.95
Bullitt County	23,713,212	7.1	9.7	524,604	711,975	0	4.93
Downtown	13,405,344	3.0	3.1	(68,041)	0	0	3.77
Northeast	11,054,078	0.0	0.2	0	0	0	6.95
Riverport	18,358,698	3.7	5.9	(23,245)	512,893	0	5.27
Shelby County	6,626,168	0.0	0.2	19,820	2,115,431	0	--
S. Indiana	30,394,625	4.5	5.0	732,346	1,241,055	987,270	5.10
Southside	60,086,333	1.3	3.2	1,954,924	663,200	839,581	5.53
TOTALS	171,653,427	2.9	4.3	3,478,077	5,639,404	2,154,770	5.03

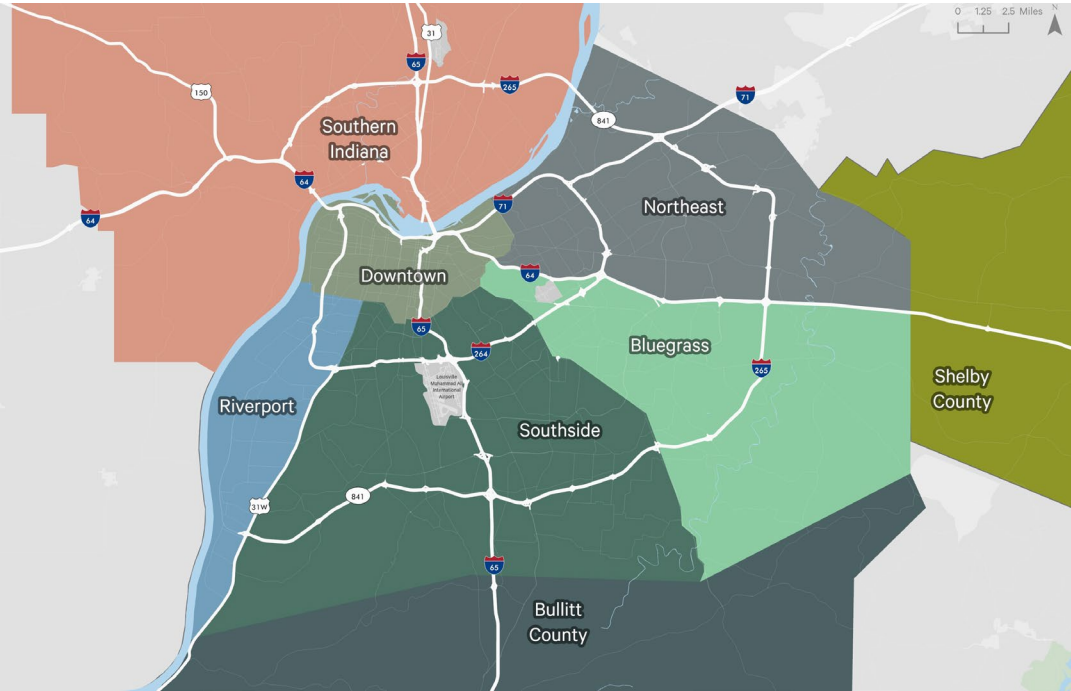
Source: CBRE Research, Q1 2023

FIGURE 8: Key Transactions (Partial List)

Size (Sq. ft.)	Tenant/Buyer	Submarket
524,604 *	Vista Packaging	Bullitt County
324,416 *	Averitt Express	Southside
324,100 **	Confidential	Southside
281,580 **	Confidential	Southern Indiana
*Lease Transactions		**Sale Transactions
		^CBRE Transactions ~Under Construction

Source: CBRE Research, Q1 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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