

FIGURES | LOUISVILLE INDUSTRIAL | Q2 2026

# Pace of Construction Slows While Positive Net Absorption and Asking Rates Rise

▲ 5.6%

Vacancy Rate

▲ 739,659

SF Net Absorption

▲ 2.7M

SF Construction Delivered

▼ 4.9M

SF Under Construction

▲ \$6.71

NNN/YR Direct Lease Rate

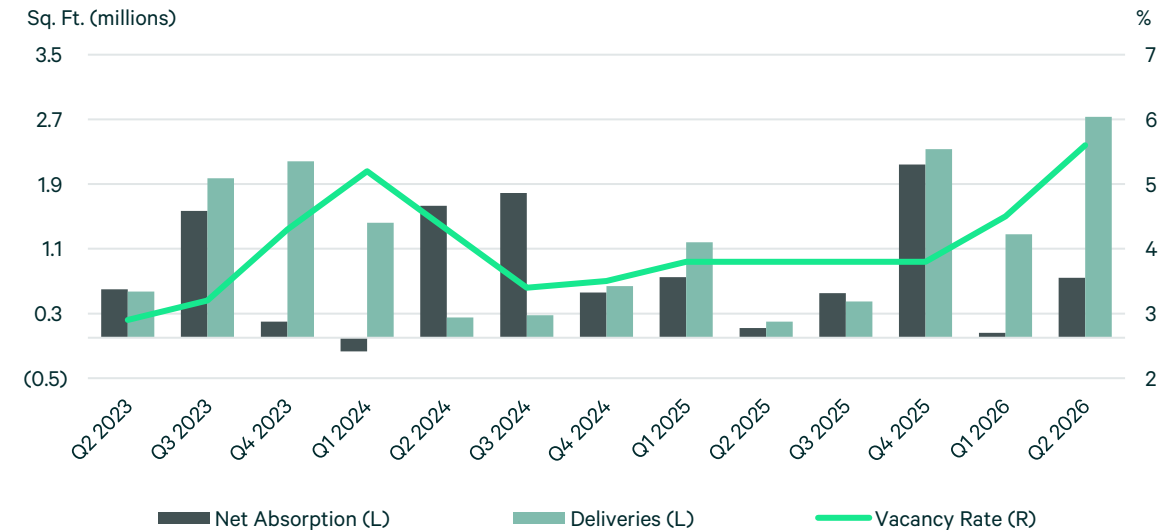
Note: Arrows indicate change from previous quarter.

## Market Overview

The Louisville industrial market recorded nearly 740,000 sq. ft. of positive net absorption in the second quarter, though vacancy rose 110 basis points (bps) to 5.6% and the marketwide availability rate increased 80 bps to 7.7%. 2.4 million sq. ft. of newly delivered speculative construction across six buildings was the primary driver of the vacancy rate increase. The marketwide average asking lease rate increased \$0.06 per sq. ft. to \$6.71 per sq. ft. This rate is 7.2% higher than one year ago, and 20% higher than three years ago. New lease activity totaled 1.2 million sq. ft. which contributed to the positive net absorption for the quarter. The amount of sublease space on the market declined by 38% to just over 820,000 sq. ft. This amount only represents 5.7% of total available space on the market and has declined 55% year-over-year. In addition, much of the sublease space remains occupied until a suitable subtenant is secured.

The amount of space under construction in the market declined to 4.9 million sq. ft. with 2.7 million sq. ft. of completions and just 336,080 sq. ft. of construction starts. This is the lowest amount of footage under construction in over a year. Six speculative distribution warehouses and two build-to-suit distribution warehouse projects were completed during the quarter.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q2 2026

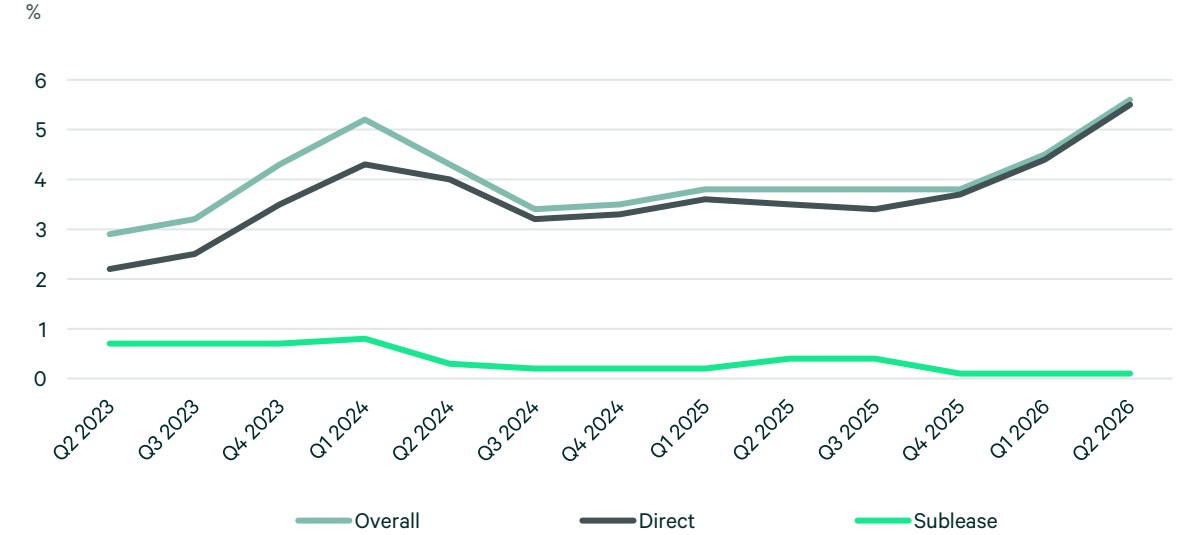
## Availability & Vacancy

The marketwide availability rate increased 80 bps to 7.7% and the marketwide vacancy increased 110 bps to 5.6% with the addition new available space in several submarkets and 2.4 million sq. ft. of available new speculative construction, mainly in the Bullitt County and Shelby County. New vacancies included moves by AI International, Journey Warehousing & Logistics, and C&S Machine in the Southside submarket, as well as Canadian Solar in the Southern Indiana submarket, and Waxman Sales and Purem Novi in the Riverport submarket, among others. The Shelby County submarket posted the largest quarterly vacancy change with a 490 bps increase to 8.8% due to a new vacant building completion.

## Asking Rate

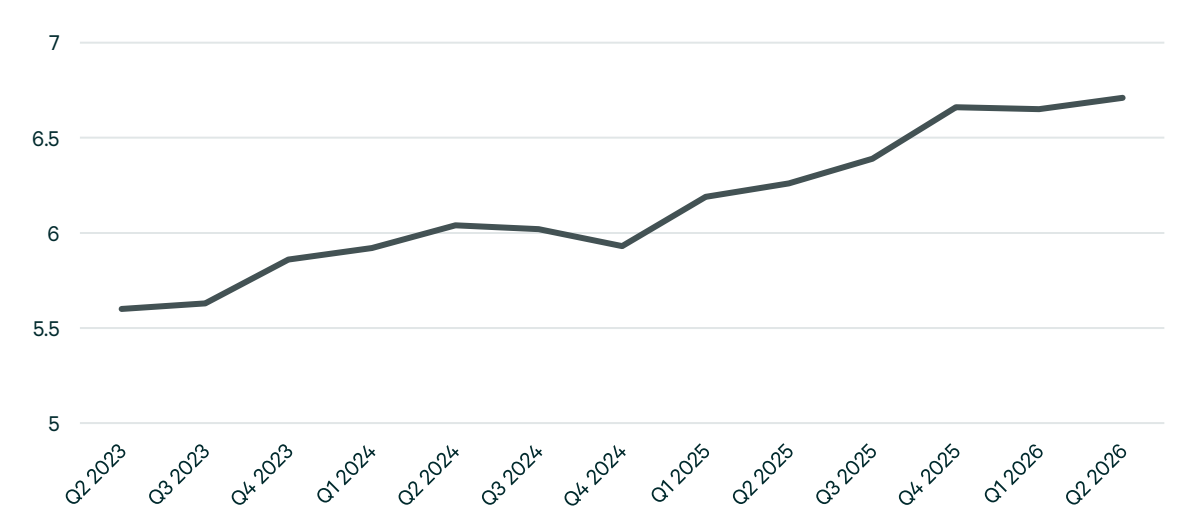
The average asking lease rate increased \$0.06 per sq. ft. to \$6.71 per sq. ft. in the second quarter. This rate is 7.2 % higher than a year ago and 20% higher than three years ago. The Bullitt County submarket recorded the largest increase to \$7.10 per sq. ft., up \$0.32 per sq. ft. over last quarter. Three submarkets achieved new record high rates this quarter: Bullitt County (\$7.10 psf), Northeast (\$8.13 psf), and Southern Indiana (\$7.00 psf). Additionally, the Bluegrass submarket posted a year-over-year increase of 16% to \$7.86 per sq. ft. though this is not a record for the submarket.

Figure 2: Vacancy Rate



Source: CBRE Research, Q2 2026

Figure 3: Average Direct Asking Rate \$ / SF



Source: CBRE Research, Q2 2026

## Net Absorption

A total of 739,659 sq. ft. of positive net absorption was recorded with new leases totaling just under 1.2 million sq. ft. and three leased new construction projects completed during the quarter. The largest new lease in an existing property was 432,806 sq. ft. by a confidential tenant in the Southside submarket. Additional new activity contributing to the net absorption total was a 264,000 sq. ft. lease by a confidential tenant in the Bullitt County submarket, a 120,000 sq. ft. lease by DY Auto in the Southside submarket, and a 107,000 sq. ft. lease by ControlTouch Systems, also in the Southside submarket. New-to-market Polish-based manufacturer Displate also leased nearly 60,000 sq. ft. in the Riverport submarket during the quarter.

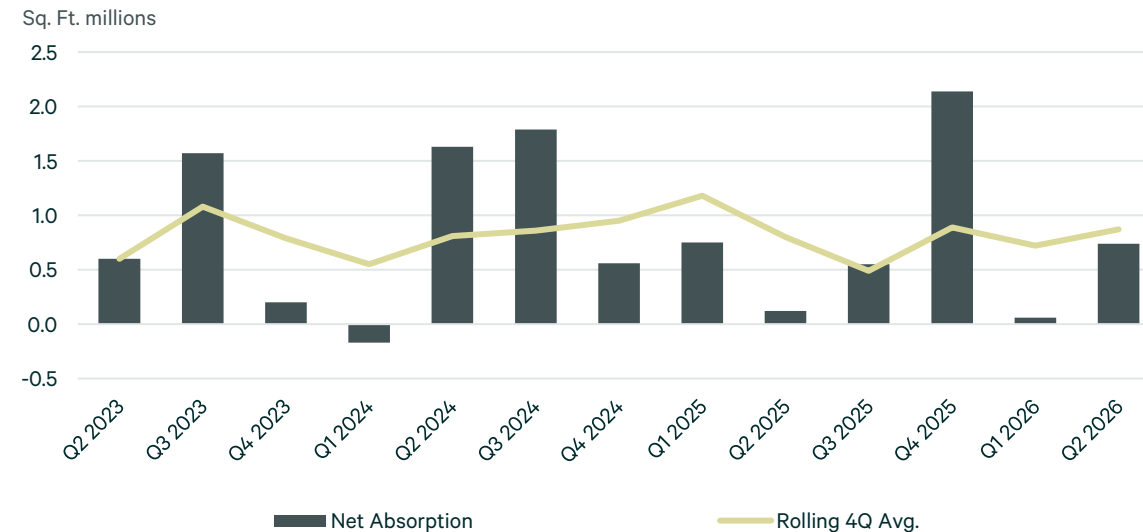
## Construction Activity

Eight new buildings totaling 2.72 million sq. ft. were completed with six speculative and two build-to-suit projects wrapping during the quarter. Three speculative projects were completed in the Bullitt County submarket totaling 1.6 million sq. ft.: Park Loop @ I-65 with 500,240 sq. ft. by CRG & STAG, Velocity65 Trade Center – Building 5 with 235,830 sq. ft. by developer Browning, and the 840,064-sq.-ft. Bourbon Logistics Center 7 by developer Core5. In the Oldham County submarket, two buildings were completed: a 136,080 sq. ft. distribution warehouse at 71 Trade Center which is fully leased, as well as a 75,000 sq. ft. build-to-suit project for C & S Machine & Manufacturing. Three additional projects finished construction during the quarter: a 505,440-sq.-ft. distribution warehouse at the Simpsonville 64 Logistics Park by Hunt Midwest in the Shelby County submarket, a 110,000 sq. ft. build-to-suit project for ISCO Industries in the Riverport submarket, and a 324,576-sq.-ft. distribution warehouse in the Louisville Renaissance Zone at 8001 Air Commerce Drive in the Southside submarket.

Commencing construction during the quarter was a 200,000 sq. ft. speculative warehouse in the Buckner Industrial Park development in the Oldham County submarket by Wescott Development, as well as the second building in the 71 Trade Center development with 136,080 sq. ft., also in the Oldham County submarket.

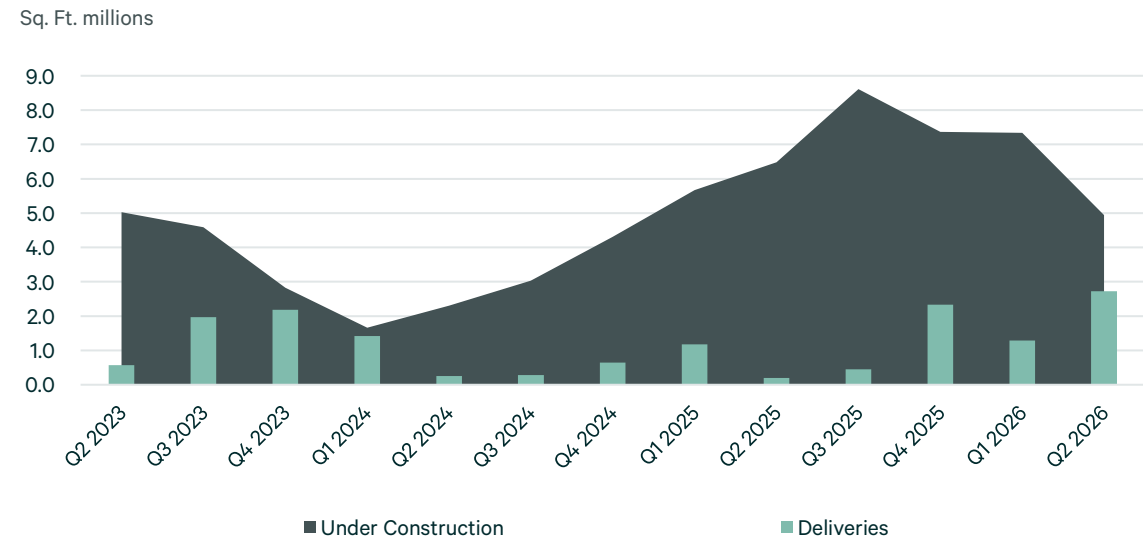
We anticipate approximately eight projects currently underway to finish construction in the third quarter, adding 2.2 million sq. ft. to the market. The majority of those projects are available speculative buildings along with two build-to-suit projects that total 325,000 sq. ft. Among these is the first building in the C5 Centerport development in the Southside submarket by developer Core5 Industrial Partners with 396,600 sq. ft., which sold to Arvato in the fourth quarter of 2025, as well as a 262,400 sq. ft. build-to-suit project for Bigelow Tea in the Bluegrass submarket, and Crossings Center Ten, a 450,320 sq. ft. speculative warehouse, also in the Southside submarket, by developer Capstone Realty.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q2 2026

Figure 5: Construction Activity

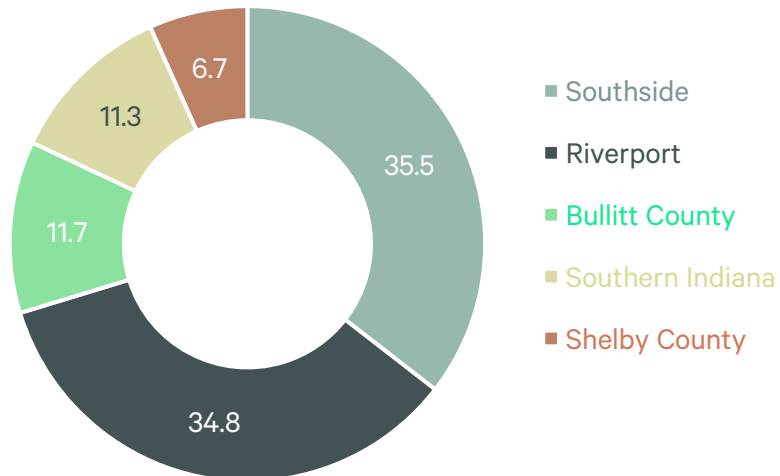


Source: CBRE Research, Q2 2026

## Lease & Sale Activity

Leasing activity in the second quarter nearly matched first quarter with 2,648,009 sq. ft., and nine transactions 100,000 sq. ft. or above. The Southside submarket recorded 36% of the activity, followed closely by the Riverport submarket with 34% of the activity. Sale activity included a user sale in the Riverport submarket by Cardinal Manufacturing of a 207,846 sq. ft. property for \$9.5 million, and two investments sales: 230 Paul Garrett Avenue in the Southern Indiana submarket with 81,482 sq. ft. was sold by developer Steve Scott to EQT Exeter for \$7.8 million, and IDI Logistics purchased a 302,400-sq.-ft. warehouse in the Shelby County submarket.

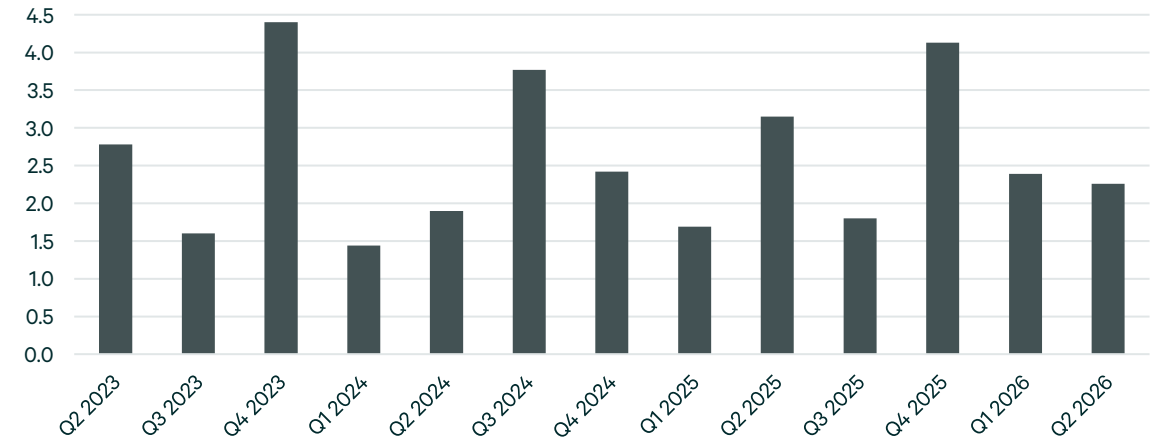
Figure 7: Leasing Activity by Submarket (% of Total Activity)



Source: CBRE Research, Q2 2026

Figure 6: Leasing Activity Trend

Sq. Ft. millions



Source: CBRE Research, Q2 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Confidential	433,000	New Lease	2501 Export Dr	Southside
Confidential	264,000	New Lease	458 Pope Farm Blvd	Bullitt County
DY Auto	120,000	New Lease	3910 Produce Rd	Southside
ControlTouch Systems	107,000	New Lease	7725 National Tpke	Southside
Displate	59,600	New Lease	7100 Trade Port Dr	Riverport

Source: CBRE Research, Q2 2026

## Market Statistics by Product Type

Figure 9

Product Type	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Distribution/Logistics	130.39M	7.7	10.3	9.8	0.5	6.80	508,000	313,000	2.65M	3.95M
Manufacturing - General	51.06M	0.5	1.7	1.3	0.4	4.50	232,000	355,000	75,000	993,000
R&D/Flex	1.13M	9.8	9.8	9.8	-	5.48	-	-	-	-
Other Industrial	4.99M	1.3	1.3	1.3	-	6.95	-	129,000	-	-
<b>Total</b>	<b>187.56M</b>	<b>5.6</b>	<b>7.7</b>	<b>7.3</b>	<b>0.4</b>	<b>6.71</b>	<b>740,000</b>	<b>798,000</b>	<b>2.73M</b>	<b>4.94M</b>

Source: CBRE Research, Q2 2026

## Market Statistics by Size

Figure 10

Size Range	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Below 50K SF	-	-	-	-	-	-	-	-	-	31,000
50K-99,999 SF	15.84M	6.0	6.7	5.7	1.0	7.11	(105,000)	(30,000)	75,000	62,000
100K-249,999 SF	51.01M	5.2	7.6	6.8	0.8	6.44	286,000	357,000	482,000	887,000
250K-499,999 SF	55.04M	6.7	10.5	10.1	0.4	6.87	(138,000)	137,000	325,000	3.26M
500K-749,999 SF	30.48M	6.7	8.6	8.4	0.2	6.34	697,000	334,000	1.01M	700,000
750,000 SF +	35.19M	3.1	3.1	3.1	-	7.04	-	-	840,000	-
<b>Total</b>	<b>187.56M</b>	<b>5.6</b>	<b>7.7</b>	<b>7.3</b>	<b>0.4</b>	<b>6.71</b>	<b>740,000</b>	<b>798,000</b>	<b>2.73M</b>	<b>4.94M</b>

Source: CBRE Research, Q2 2026

## Market Statistics by Submarket

Figure 11

Submarket	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Bluegrass	8.76M	3.2	3.2	3.2	-	7.86	(58,000)	(81,000)	-	262,000
Bullitt County	26.81M	9.4	10.3	10.1	0.2	7.10	264,000	221,000	1.58M	1.31M
Downtown	12.05M	3.6	4.2	3.6	0.5	3.83	(19,000)	(19,000)	-	-
Northeast	11.29M	1.9	2.1	1.0	1.1	8.13	62,000	(56,000)	-	62,000
Oldham County	1.32M	-	-	-	-	-	211,000	211,000	211,000	336,000
Riverport	15.51M	4.9	11.7	11.6	0.1	5.76	21,000	(256,000)	110,000	-
Shelby County	9.93M	8.8	9.6	8.8	0.8	6.75	-	302,000	505,000	301,000
Southern Indiana	36.56M	9.1	10.9	10.2	0.7	7.00	11,000	58,000	-	1.49M
Southside	65.33M	3.1	6.0	5.7	0.3	6.77	248,000	417,000	325,000	1.17M
<b>Total</b>	<b>187.56M</b>	<b>5.6</b>	<b>7.7</b>	<b>7.3</b>	<b>0.4</b>	<b>6.71</b>	<b>740,000</b>	<b>798,000</b>	<b>2.73M</b>	<b>4.94M</b>

Source: CBRE Research, Q2 2026

## National Economic Overview

The U.S. economy enters mid-2026 navigating crosscurrents but growing at a healthy pace, with CBRE projecting GDP growth averaging 2.2%, broadly in line with 2025. The AI investment boom is certainly a key driver of this expansion. Concerns surrounding the sustainability of this growth are valid, but we expect AI-related business investment to continue.

The more pressing concern in recent months has been the U.S./Iran conflict and its impact on world energy prices, which recently pushed U.S. inflation to 4.2%. Should the prospective peace deal announced in June come to fruition, inflation would fall to the upper 3% range by year-end as energy prices slowly decrease. Stickier inflation has pushed Treasury yields well above 4%, complicating real estate markets. On the upside, the prospect for peace and normal trade flows in the Persian Gulf could refresh the optimism the CRE market felt at the beginning of the year.

## Louisville, KY Employment Update

- ▼ **4.0%**  
Unemployment Rate
- ▶ **0.7M**  
Labor Force
- ▲ **140.0k**  
Office Using Jobs
- ▼ **241.3k**  
Industrial Using Jobs
- ▲ **98.2k**  
Retail Using Jobs

Employment Change by Sector – Yearly + Monthly

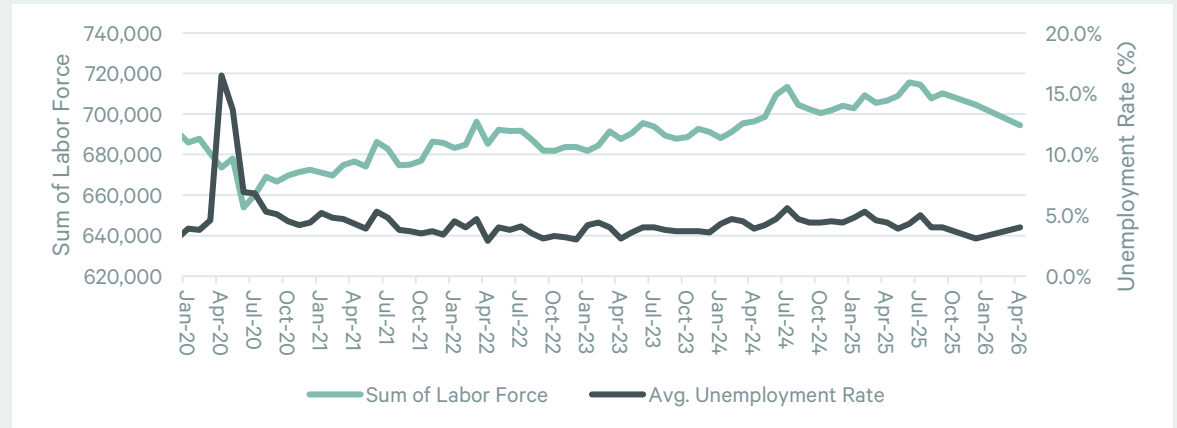
Bars indicate yearly trend, arrows indicate monthly trend



Source: US BLS, April 2026

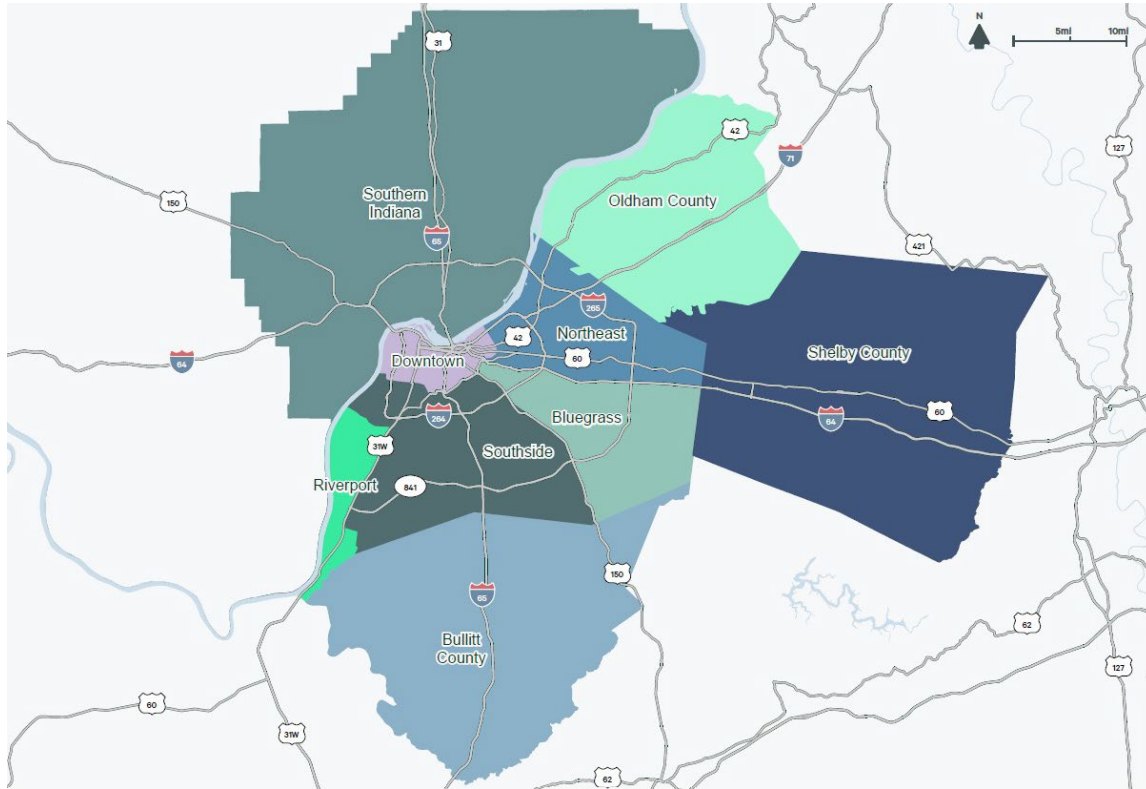
Note: Arrows indicate month-over-month change.

### Unemployment Rate and Labor Force Trends



Source: US BLS, April 2026

## 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 Oldham County in Kentucky 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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