

FIGURES | LOUISVILLE INDUSTRIAL | Q1 2026

# Demand Reaccelerates Amid Low Vacancy; Construction Continues at a Steady Pace

▲ 4.5%

Vacancy Rate

▼ 57,909

SF Net Absorption

▼ 1.3M

SF Construction Delivered

▼ 7.3M

SF Under Construction

▼ \$6.65

NNN/YR Direct Lease Rate

Note: Arrows indicate change from previous quarter.

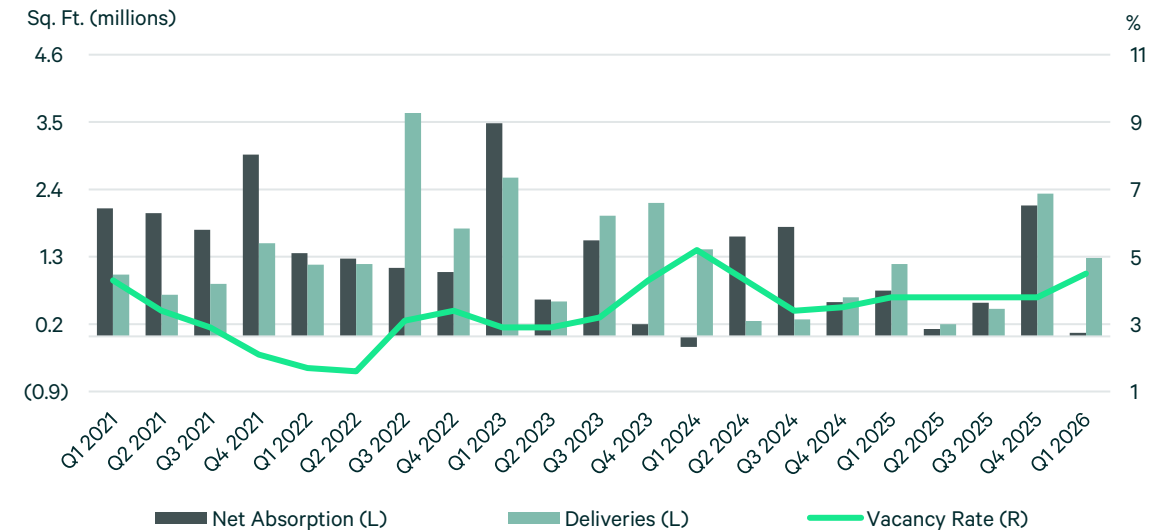
## Market Overview

The Louisville industrial market started 2026 with 57,909 sq. ft. of positive net absorption and a 70 basis points (bps) increase in the marketwide vacancy rate to 4.5%. The marketwide availability rate increased 60 bps to 6.9%. The marketwide average asking lease rate declined by a penny to \$6.65 per sq. ft. This rate is still 7.5% higher than one year ago. The amount of sublease space on the market increased by 6% over the fourth quarter, though this represents only 10.4% of the total available space on the market and much of this space remains occupied until a suitable subtenant is secured.

Construction activity continued at a steady pace with three speculative projects, one build-to-suit project and a building expansion all commencing construction during the quarter. Six new buildings were completed during the quarter, three speculative distribution warehouses and three build-to-suit projects, which added 1,283,930 sq. ft. to the market. Build-to-suit projects totaling 2.19 million sq. ft. currently account for 30% of the total under construction, which was 7,335,187 sq. ft. at quarter end.

\*\*Note: the statistical submarket set was expanded in Q1 2026 to include all of Oldham County.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q1 2026

## Availability & Vacancy

The marketwide availability rate increased 60 bps to 6.9% with new spaces listed across several submarkets totaling 2,430,607 sq. ft. The direct availability rate was 6.2% and the sublease availability rate was 0.7%. Available sublease space increased this quarter by just under 268,000 sq. ft. The marketwide vacancy rate increased 70 bps to 4.5%, though this rate still remains among the lowest in the nation. New vacancies included a move out by HJI Supply Chain in the Bullitt County submarket, and Pegasus and DSG vacated spaces in the Riverport submarket, among others. The Northeast submarket posted the largest quarterly vacancy change with a 110 bps increase to 4.1% with three new vacancies in the submarket.

## Asking Rate

The average asking lease rate shed a penny in the first quarter to \$6.65 per sq. ft., though this rate is still expected to increase over the year. This rate is still 7.5% higher than a year ago and 32% higher than three years ago. The Southside submarket recorded the largest quarterly increase with \$0.39 per sq. ft. added to record \$7.03 per sq. ft., the highest rate this submarket has ever recorded. Additionally, four submarkets posted year-over-year increases of 10% or higher: Bluegrass, Bullitt County, Northeast, and Southern Indiana.

## Net Absorption

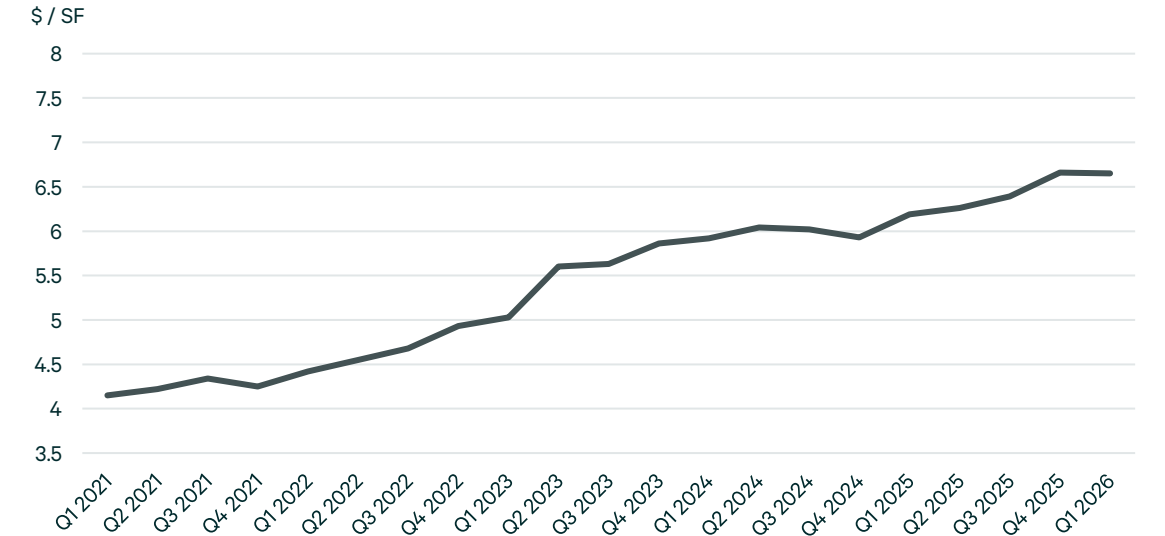
The market recorded 57,909 sq. ft. of positive net absorption in the first quarter. Three build-to-suit projects totaling 431,660 sq. ft. were completed and contributed to the net absorption total, while new vacancies across several submarkets offset new leasing and build-to-suit gains in the quarter. The largest new lease in an existing property was 100,488 sq. ft. by Global Polymers in the Southern Indiana submarket, while three new leases totaling 729,000 sq. ft. were signed for three planned buildings in the Oldham County submarket which will deliver late 2026 or early 2027. Additional new activity included a 100,000 sq. ft. lease in the Riverport submarket by eJOOV, and a new 62,100 sq. ft. speculative building was delivered fully leased in the Southside submarket, among others.

Figure 2: Availability Rates



Source: CBRE Research, Q1 2026

Figure 3: Average Direct Asking Rate



Source: CBRE Research, Q1 2026

## Construction Activity

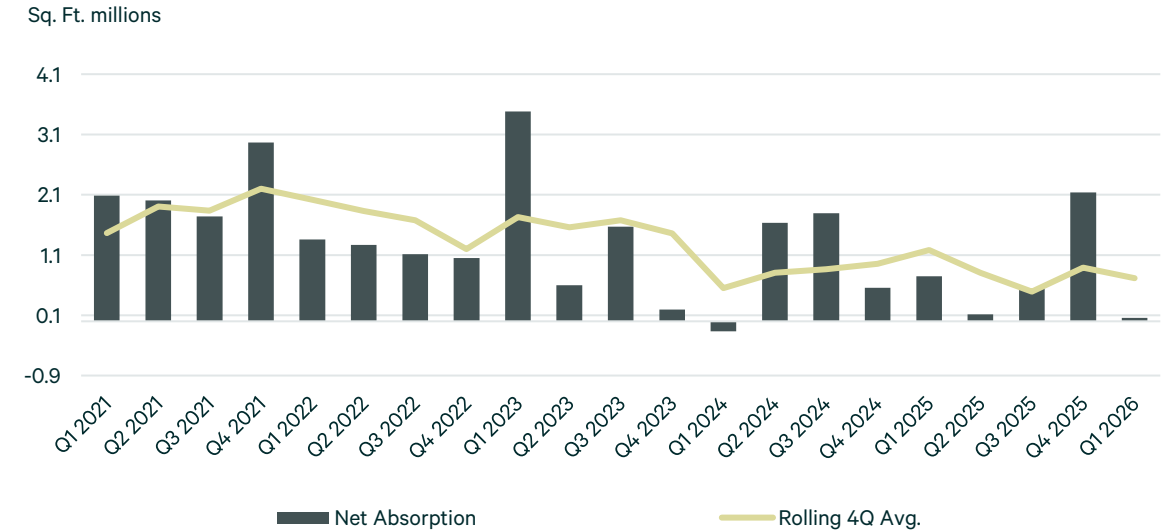
Three new speculative buildings totaling 852,270 sq. ft. were completed in the first quarter. In the Southern Indiana submarket, Gateway 670, a 670,320 sq. ft. speculative warehouse by developer VanTrust was completed in the River Ridge Commerce Center, and two speculative warehouses in the Southside submarket by developer Duane Realty Group were completed: a second building at 4601 East Indian Trail with 62,100 sq. ft., and the 119,850-sq.-ft. 264 Commerce Center. Three build-to-suit projects were completed during the quarter. In the Shelby County submarket, a 302,400-sq.-ft. warehouse was completed for Kuehne & Nagel by developer Gray Industrial, and in the Bullitt County submarket HBF Grading opened their new 70,000 sq. ft. egg grading facility. In addition, in the Bluegrass submarket, Unifirst completed their new 59,260-sq.-ft. laundry facility.

Commencing construction during the quarter were two speculative warehouse projects totaling just under 450,000 sq. ft. in the Platform Park development in the Southern Indiana submarket by Platform Real Estate Group, as well as the second building with 326,800 sq. ft. in the C5 Centerport development in the Southside submarket by developer Core5 Industrial Partners. Additionally, a 204,291 sq. ft. build-to-suit facility for Alro Steel got underway in the Bullitt County submarket, and Creation Gardens commenced construction of a 62,100-sq.-ft. expansion of their warehouse in the Northeast submarket.

Approximately nine speculative projects totaling 3.7 million sq. ft. currently under construction are anticipated to be completed in the second quarter. These include two projects in the Bullitt County submarket – Bourbon Logistics Center 7 with 840,064 sq. ft. by developer Core5 and Velocity65 Trade Center – Building 5 with 235,830 sq. ft. by developer Browning, as well as two warehouses in the Simpsonville 64 Logistics Park in the Shelby County submarket by Hunt Midwest totaling 775,840 sq. ft. In addition, a warehouse with 324,576 sq. ft. in the Southside submarket by the Louisville Renaissance Zone, and Crossings Center Ten, a 450,320 sq. ft. speculative warehouse, also in the Southside submarket, by developer Capstone Realty are scheduled to complete in the second quarter.

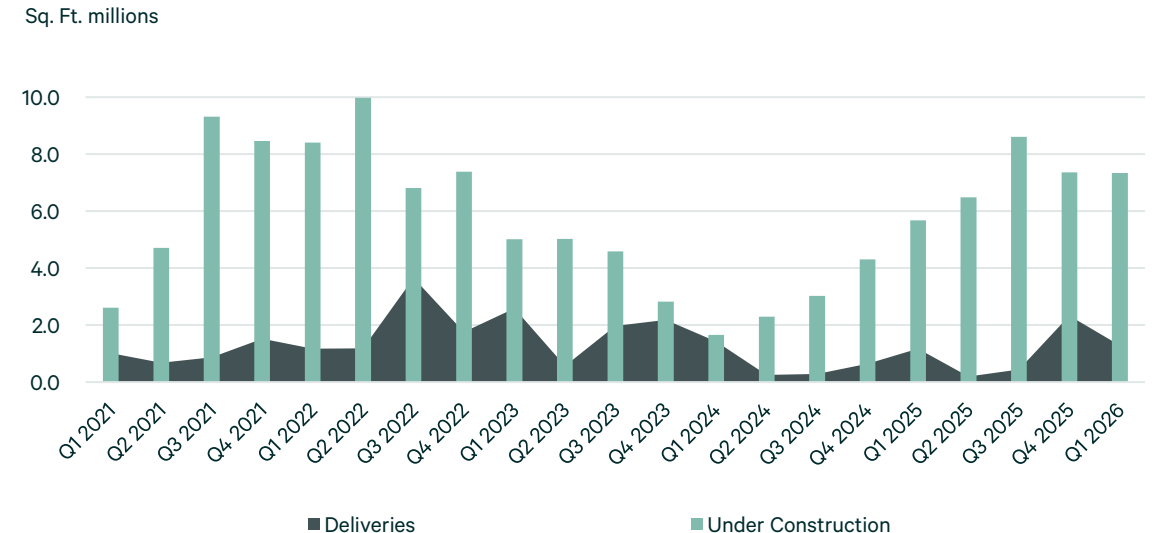
Also set to be completed in the second quarter is the first building in the C5 Centerport development in the Southside submarket by developer Core5 Industrial Partners with 396,600 sq. ft., which sold to Arvato in the fourth quarter of 2025, as well as a 262,400 sq. ft. build-to-suit project for Bigelow Tea in the Bluegrass submarket.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q1 2026

Figure 5: Construction Activity



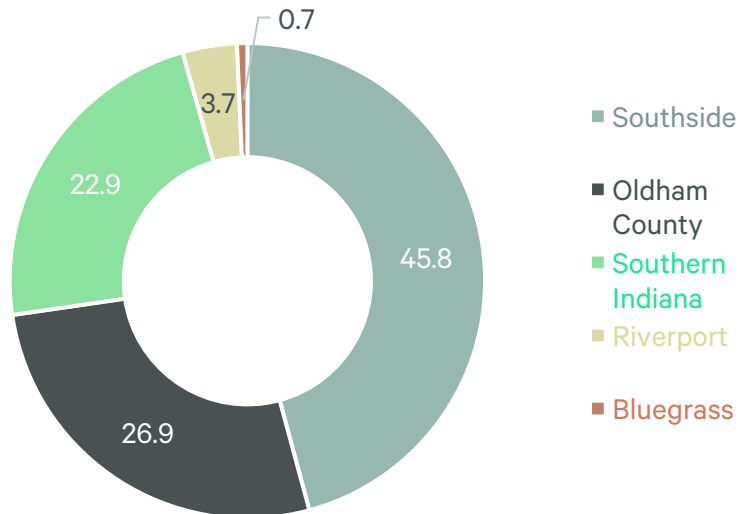
Source: CBRE Research, Q1 2026

The current amount of speculative projects under construction totals 5,224,983 sq. ft. with three buildings under construction that are over 500,000 sq. ft. each: Bourbon Logistics Center 7 with 840,064 sq. ft, Park Loop @ I-65 with 500,240 sq. ft., and Simpsonville 64 Logistics Park – Building 2 with 505,440 sq. ft. Totaling over 1.8 million sq. ft., these three projects make up 25% of the total under construction in the market.

### Lease & Sale Activity

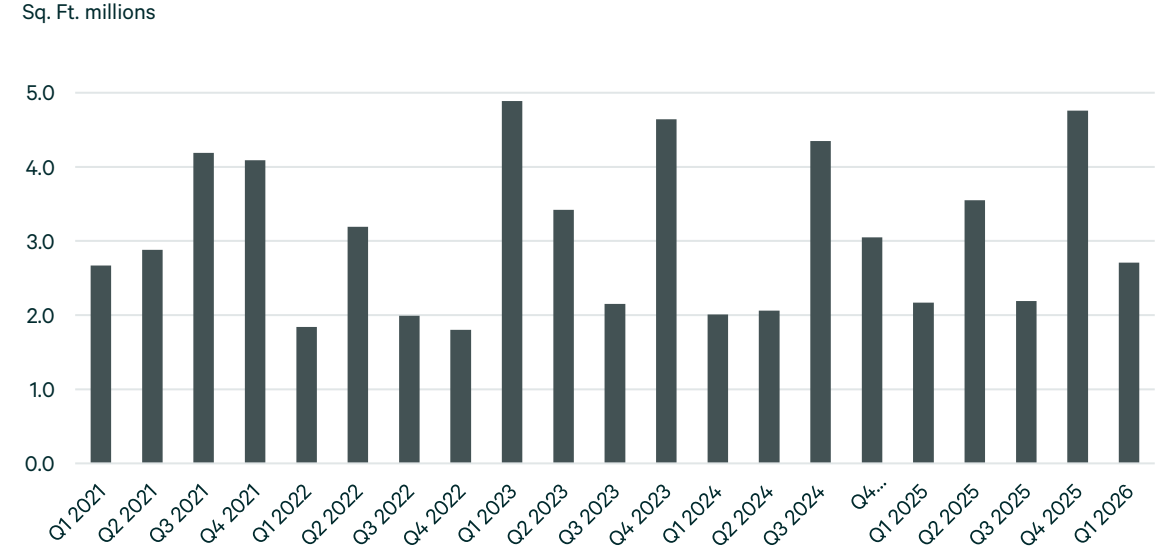
Leasing activity in the first quarter totaled 2,710,283 sq. ft., with nine transactions 100,000 sq. ft. or above. This figure includes leasing at projects that are planned and under construction in the market. The Southside submarket recorded 46% of the activity, while the newly included Oldham County submarket had the second highest amount with 27%. Two properties totaling 239,711 sq. ft. in the Southside submarket were sold by Airside Commerce Center to the Louisville Regional Airport Authority for \$33.85 million, and 200 Trey Street with 256,500 sq. ft. in the Southern Indiana submarket was sold for investment to Ambrose Property Group for over \$25 million. In addition, Foam Fabricators completed a sale/leaseback of 950 Progress Boulevard in the Southern Indiana submarket, selling the property for \$4.5 million.

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



Source: CBRE Research, Q1 2026

Figure 6: Leasing Activity Trend



Source: CBRE Research, Q1 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Undisclosed Tenant	457,000	New Lease	Commerce Pkwy	Oldham County
CEVA Logistics	181,000	Renewal	5150-5200 Interchange Way	Southside
Global Polymers	140,000	New Lease	100 Quality Ct	Southern Indiana
Undisclosed Tenant	136,000	New Lease	Commerce Pkwy	Oldham County
Undisclosed Tenant	136,000	New Lease	Commerce Pkwy	Oldham County
eJOOV	100,000	New Lease	7101 Intermodal Dr	Riverport

Source: CBRE Research, Q1 2026

## Market Statistics by Size

Figure 9

Size Range	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Deliveries (MSF)	Under Construction (MSF)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)
Under 100,000 sq. ft.	15.86	4.9	7.1	5.9	1.2	7.08	0.19	0.17	74,750	74,750
100,000-199,999 sq. ft.	34.13	3.3	5.0	4.4	0.6	6.84	0.12	0.38	147,570	147,570
200,000-299,999 sq. ft.	29.62	8.1	11.9	9.7	2.2	6.67	-	1.19	(203,915)	(203,915)
300,000-499,999 sq. ft.	41.27	4.8	9.3	8.8	0.5	6.75	0.30	3.06	402,400	402,400
500,000-749,999 sq. ft.	29.48	5.9	7.9	7.6	0.2	6.26	0.67	1.71	(362,896)	(362,896)
750,000 sq. ft.	34.35	0.7	0.7	0.7	-	6.35	-	0.84	-	-
<b>Total</b>	<b>184.70</b>	<b>4.5</b>	<b>6.9</b>	<b>6.2</b>	<b>0.7</b>	<b>6.65</b>	<b>1.28</b>	<b>7.34</b>	<b>57,909</b>	<b>57,909</b>

Source: CBRE Research, Q1 2026

## Market Statistics by Product Type

Figure 10

Product Type	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Deliveries (MSF)	Under Construction (MSF)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)
Distribution/Logistics	128.14	6.1	9.3	8.5	0.9	6.75	1.15	6.16	(195,101)	(195,101)
Manufacturing - General	50.66	0.4	1.2	0.8	0.4	3.93	-	1.18	123,750	123,750
R&D/Flex	1.03	10.7	10.7	10.7	-	5.48	-	-	-	-
Other Industrial	4.86	1.3	1.3	1.3	-	6.95	0.13	-	129,260	129,260
<b>Total</b>	<b>184.70</b>	<b>4.5</b>	<b>6.9</b>	<b>6.2</b>	<b>0.7</b>	<b>6.65</b>	<b>1.28</b>	<b>7.34</b>	<b>57,909</b>	<b>57,909</b>

Source: CBRE Research, Q1 2026

## Market Statistics by Submarket

Figure 11

Submarket	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Deliveries (MSF)	Under Construction (MSF)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)
Bluegrass	8.76	2.5	2.5	2.5	-	7.76	0.06	0.26	(23,358)	(23,358)
Bullitt County	25.23	4.8	5.7	5.5	0.3	6.78	0.07	2.89	(42,896)	(42,896)
Downtown	12.17	3.4	4.1	3.6	0.5	3.83	-	-	-	-
Northeast	11.29	2.5	2.9	1.5	1.3	8.10	-	0.06	(118,372)	(118,372)
Oldham County	1.10	-	-	-	-	-	-	0.21	-	-
Riverport	15.37	4.1	11.9	11.8	0.1	5.73	-	0.11	(276,540)	(276,540)
Shelby County	9.43	3.9	3.9	3.9	-	6.75	0.30	0.81	302,400	302,400
Southern Indiana	36.33	8.8	11.0	10.3	0.7	6.98	0.67	1.49	47,493	47,493
Southside	65.00	3.0	6.3	5.1	1.2	7.03	0.18	1.50	169,182	169,182
<b>Total</b>	<b>184.70</b>	<b>4.5</b>	<b>6.9</b>	<b>6.2</b>	<b>0.7</b>	<b>6.65</b>	<b>1.28</b>	<b>7.34</b>	<b>57,909</b>	<b>57,909</b>

Source: CBRE Research, Q1 2026

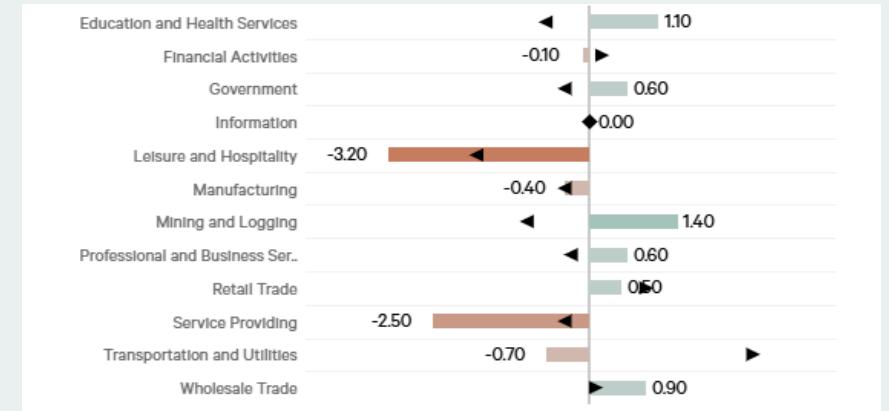
## National Economic Overview

The current business cycle may be five years old, but U.S. growth appears resilient, despite clear risks on the horizon. GDP growth should average 2.1%, matching 2025 and exceeding peer economies. America’s aggressive build-out of AI infrastructure is a unique edge. Hyperscaler capex is nearing 3% of GDP—just below residential investment. Concerns about the sustainability of this growth and its broader impact are rattling both credit and equity markets. Operation Epic Fury and global energy prices are also a concern. Assuming the conflict is resolved quickly, and U.S. oil prices stay in the \$80/bbl range, the impact on U.S. growth should be minimal. The impact on headline inflation, which is forecast to average 3.2% this year, up from the mid-2% range in February, will be material. Should the conflict escalate, this would elevate inflation and long-term yields and would likely impact the commercial real estate market.

## Louisville, KY Employment Update

- ▼ 3.1%  
Unemployment Rate
- ▶ 0.7M  
Labor Force
- ▲ 143.9k  
Office Using Jobs
- ▲ 258.5k  
Industrial Using Jobs
- ▲ 104.3k  
Retail Using Jobs

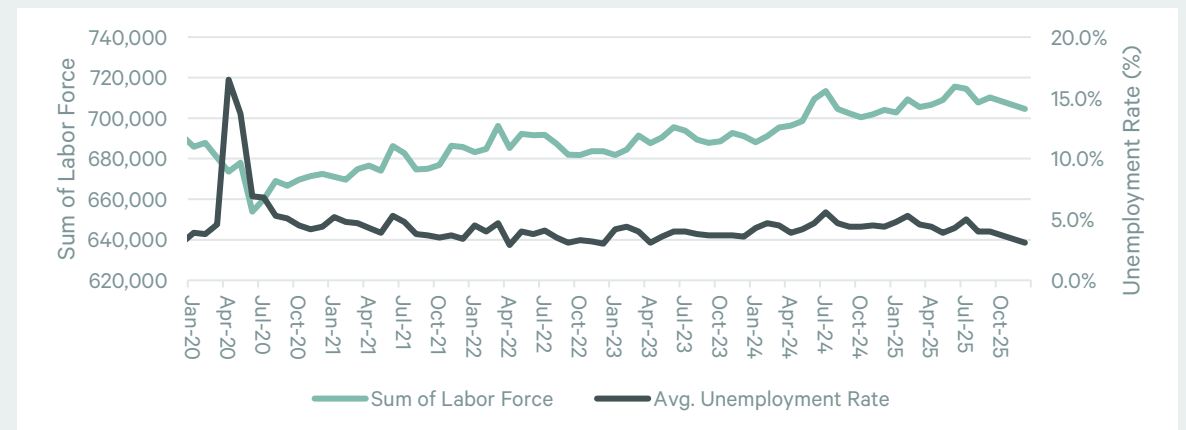
Employment Change by Sector – Yearly + Monthly  
Bars indicate yearly trend, arrows indicate monthly trend



Source: US BLS, December 2025

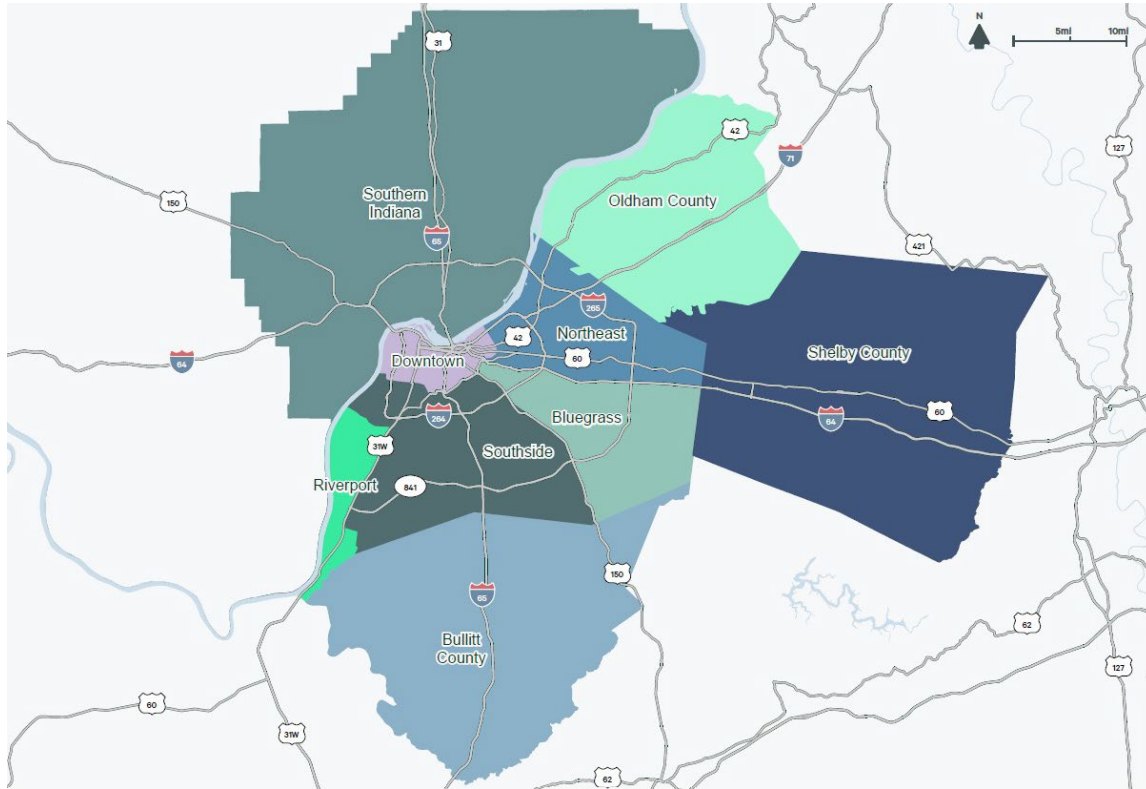
Note: Arrows indicate month-over-month change.

### Unemployment Rate and Labor Force Trends



Source: US BLS, December 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 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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