

FIGURES | LOUISVILLE OFFICE | Q1 2026

Another Quarter of Positive Absorption and Strong Leasing Activity

▼ 22.8%

Vacancy Rate

▲ 229,622

SF Net Absorption

▲ \$19.39

FSG/YR Class A CBD Asking Lease Rate

▲ \$22.55

FSG/YR Class A Suburban Asking Lease Rate

▲ \$19.28

FSG/YR Direct Lease Rate

Note: Arrows indicate change from previous quarter.

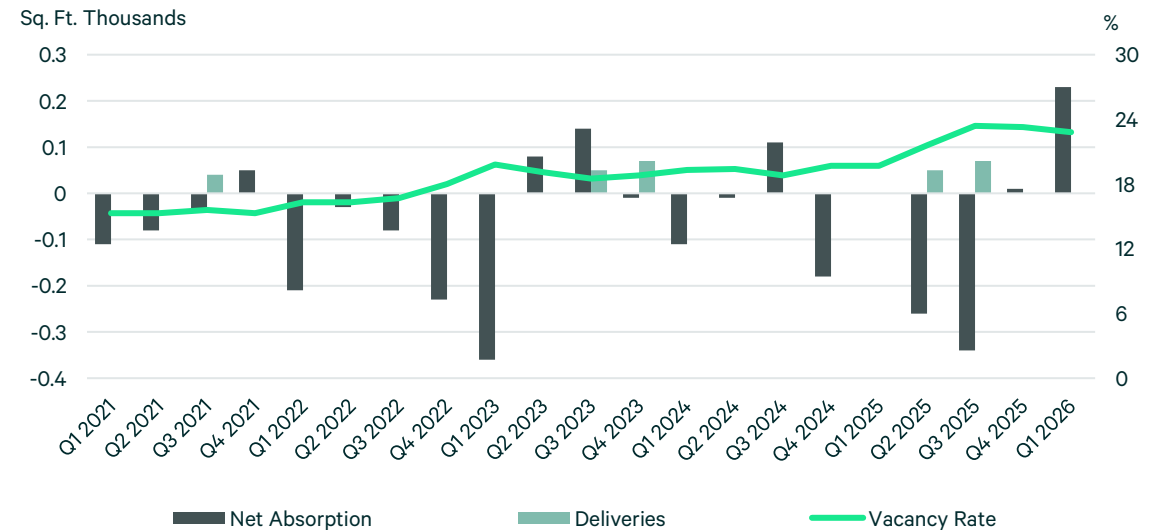
Market Overview

Marketwide vacancy rate decreased 50 basis points to 22.8%

- CBD Class A vacancy rate decreased 110 basis points to 31.9%
- Suburban Class A vacancy rate increased 20 basis points to 20.2%
- CBD Class A average asking lease rate increased \$0.51 per sq. ft. to \$19.39 per sq. ft.
- Suburban Class A average asking lease rate increased \$0.35 per sq. ft. to \$22.55 per sq. ft.

The Louisville office market continued its momentum from the fourth quarter, posting positive net absorption of 229,622 sq. ft. The marketwide vacancy rate decreased 50 basis points (bps) to 22.8%. The amount of available sublease space in the market decreased by 34% in the quarter to just over 154,000 sq. ft., which is 40% lower than one year ago. Leasing activity was strong with 303,836 sq. ft. posted, two-thirds of which occurred in the Suburban submarkets. The overall average asking lease rate added \$0.34 per sq. ft. to record \$19.28 per sq. ft. for the quarter. This is the highest overall asking rate ever recorded in the market.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q1 2026

Vacancy

In the first quarter, the marketwide vacancy rate declined 50 bps to 22.8% and the vacancy rate for Class A buildings decreased 60 bps to 24.9%. The Central Business District (CBD) Class A sector posted a 110 bps decline in vacancy to 31.9%, largely due to the U.S. Army Corps of Engineers taking fourteen floors at LG&E Center. The Class B CBD sector recorded a 70 bps decline to 24.7%. Vacancy in the Suburban submarkets was nearly unchanged, with the Class A sector at 20.2%, and no change in the Class B sector, and little change in the overall Suburban vacancy rate of 19.5%. The largest increase in vacancy occurred in the South submarket Class B sector, which increased by 290 bps to 20.0%. The St. Matthews submarket Class B sector was the best performer with leasing activity of 10,750 sq. ft. and a 270 bps decline in vacancy to 12.6%.

Asking Rate

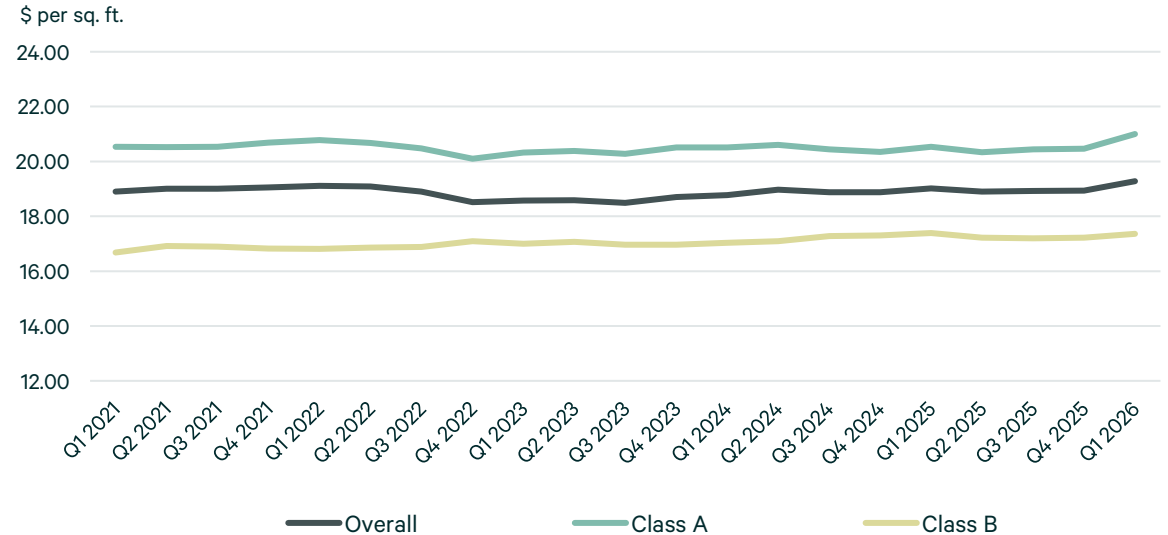
The average asking lease rate for the overall market increased \$0.34 per sq. ft. to \$19.28 per sq. ft., which is the highest this rate has ever recorded. The Class B CBD sector was unchanged, while the Class A sector in the CBD added \$0.51 per sq. ft. to record \$19.39 per sq. ft. The CBD overall average asking lease rate increased \$0.25 per sq. ft. to \$17.85 per sq. ft. The overall Suburban sector average asking lease rate posted a \$0.30 per sq. ft. increase to \$20.58 per sq. ft. The average asking lease rate for Suburban Class A properties increased by \$0.35 per sq. ft. to \$22.55 per sq. ft. The Suburban Class B sector increased by \$0.19 per sq. ft. to \$18.41 per sq. ft.

Figure 2: Vacancy Rates by Class



Source: CBRE Research, Q1 2026

Figure 3: Average Direct Asking Rate by Class



Source: CBRE Research, Q1 2026

Net Absorption

The Louisville office market posted 229,622 sq. ft. of positive net absorption in the first quarter, led entirely by the CBD sector with 244,042 sq. ft. of positive net absorption. The U.S. Army Corps of Engineers new location at LG&E Center with over 200,000 sq. ft., along with other transactions, provided the CBD Class A sector with 216,809 sq. ft. of positive net absorption. Expansions and new leases in the Class B CBD sector created 27,233 sq. ft. of positive net absorption. In the Suburban submarkets, new leases by TKO Suites and Kentucky Department of Revenue in the Class B Hurstbourne Parkway/Shelbyville Road submarket were not enough to offset new vacancies across the suburbs, such as 33,000 sq. ft. of new vacancy in Class B buildings in the South submarket. The net result for the Suburban submarkets is a total of 14,420 sq. ft. of negative net absorption for the quarter.

Construction Activity

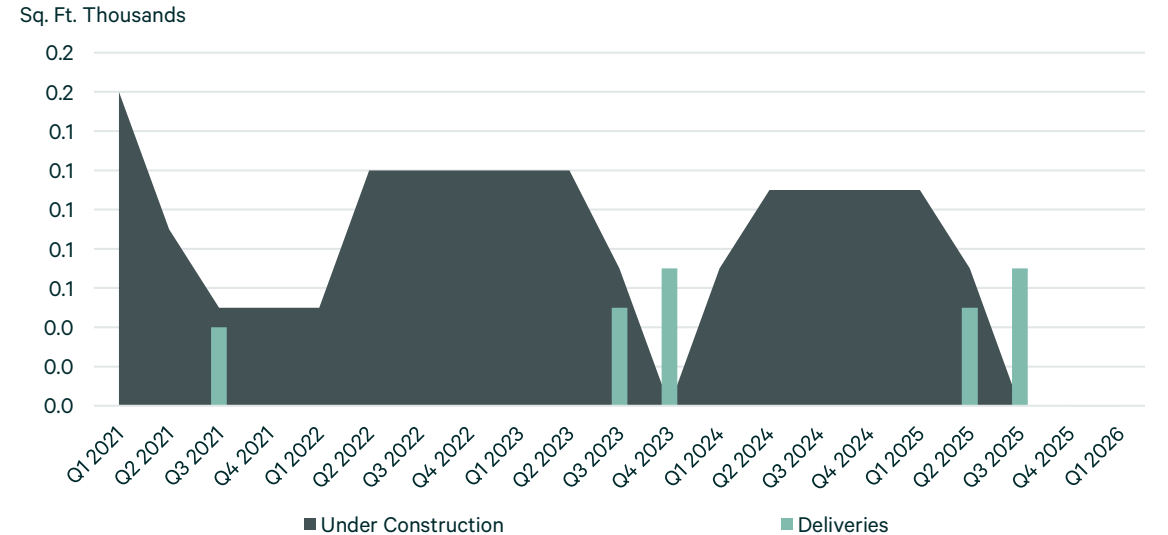
Several new office projects are in the planning phase with some sitework underway, but no active construction of office buildings is currently occurring in the Louisville market. The multiphase Chamberlain Woods office development in the I-71/Brownsboro Road submarket has sitework underway and may qualify as an active project next quarter. In addition, plans are moving forward on a mixed-use project adjacent to Slugger Field in downtown that will include approximately 60,000 sq. ft. of office space.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q1 2026

Figure 5: Construction Activity

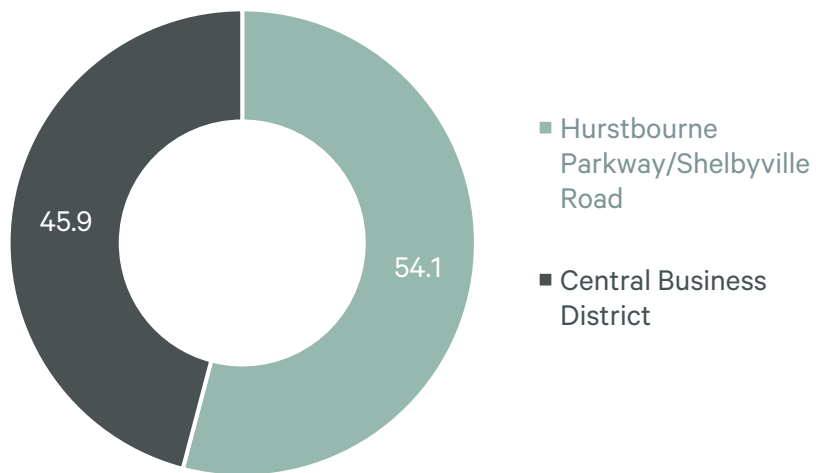


Source: CBRE Research, Q1 2026

Leasing Activity

The market posted strong leasing activity of 303,836 sq. ft. in the first quarter, of which 119,852 sq. ft. occurred in the CBD, which was just behind the Hurstbourne Parkway/Shelbyville Road submarket with leasing activity of 149,312 sq. ft. The East County submarket was the next most active with 17,538 sq. ft. recorded. Top leases recorded during the quarter included the highly publicized lease by Yum! Brands of over 77,000 sq. ft. at PNC Tower in the CBD, a 21,000 sq. ft. expansion by a confidential tenant in the CBD, and a 12,804 sq. ft. lease by Health Innovation Alliance in the Hurstbourne Parkway/Shelbyville Road submarket.

Figure 7: Leasing by Submarket (% of Total Activity over 10,000 sq. ft.)



Source: CBRE Research, Q1 2026

Figure 6: Leasing Activity Trend (Over 10,000 sq. ft.)



Source: CBRE Research, Q1 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Yum! Brands Inc.	78,000	New Lease	101 S 5th St	Central Business District
Confidential Tenant	54,000	Renewal	--	Hurstbourne Parkway/Shelbyville Road
Confidential Tenant	21,000	New Lease	--	Central Business District
Central Bank & Trust	17,000	Renewal	9300 Shelbyville Rd	Hurstbourne Parkway/Shelbyville Road
Health Innovation Alliance	13,000	New Lease	9500 Ormsby Station Rd	Hurstbourne Parkway/Shelbyville Road
New York Life Insurance	12,000	Renewal	9300 Shelbyville Rd	Hurstbourne Parkway/Shelbyville Road
TKO Suites	11,000	New Lease	10401 Linn Station Rd	Hurstbourne Parkway/Shelbyville Road

Source: CBRE Research, Q1 2026

Market Statistics

Figure 9: Suburban Market Statistics by Class

Property Class	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	6.24	20.2	23.0	21.6	1.4	22.55	(12,883)	(12,883)	-	-
Class B	4.93	19.0	21.9	21.9	-	18.41	(1,537)	(1,537)	-	-
Class C	0.27	11.7	11.7	11.7	-	15.04	-	-	-	-
Total	11.45	19.5	22.2	21.5	0.8	20.58	(14,420)	(14,420)	-	-

Source: CBRE Research, Q1 2026

Figure 10: Downtown Market Statistics by Class

Property Class	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	4.08	31.9	31.0	31.0	-	19.39	216,809	216,809	-	-
Class B	3.69	24.7	25.7	24.0	1.8	16.07	27,233	27,233	-	-
Class C	0.58	10.7	10.7	10.7	-	12.77	-	-	-	-
Total	8.35	27.3	27.3	26.5	0.8	17.85	244,042	244,042	-	-

Source: CBRE Research, Q1 2026

Figure 11: Metro Market Statistics by Class

Property Class	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	10.32	24.9	26.1	25.3	0.9	21.00	203,926	203,926	-	-
Class B	8.63	21.5	23.5	22.8	0.8	17.36	25,696	25,696	-	-
Class C	0.85	11.0	11.0	11.0	-	13.54	-	-	-	-
Total	19.79	22.8	24.4	23.6	0.8	19.28	229,622	229,622	-	-

Source: CBRE Research, Q1 2026

Market Statistics by Submarket

Figure 12

Submarket	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Central Business District	8.35	27.3	27.3	26.5	0.8	17.85	244,042	244,042	-	-
Central Louisville	0.76	17.3	22.0	22.0	-	18.52	821	821	-	-
East County	2.48	17.9	18.1	17.9	0.2	21.90	4,609	4,609	-	-
Hurstbourne Parkway/Shelbyville Road	5.12	21.6	24.0	22.6	1.4	20.45	1,975	1,975	-	-
Interstate 71/ Brownsboro Road	0.76	9.8	13.9	12.4	1.5	23.91	-	-	-	-
South	1.48	27.4	32.6	32.6	-	19.10	(30,017)	(30,017)	-	-
St Matthews	0.84	8.7	13.6	13.6	-	23.75	8,192	8,192	-	-
Total	19.79	22.8	24.4	23.6	0.8	19.28	229,622	229,622	-	-

Source: CBRE Research, Q1 2026

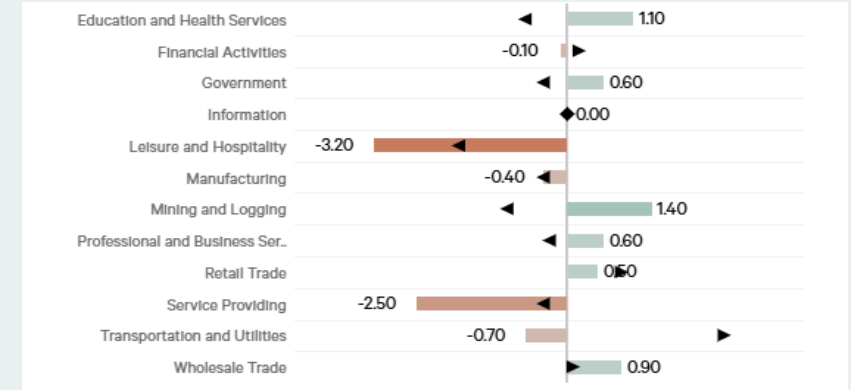
National Economic Overview

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

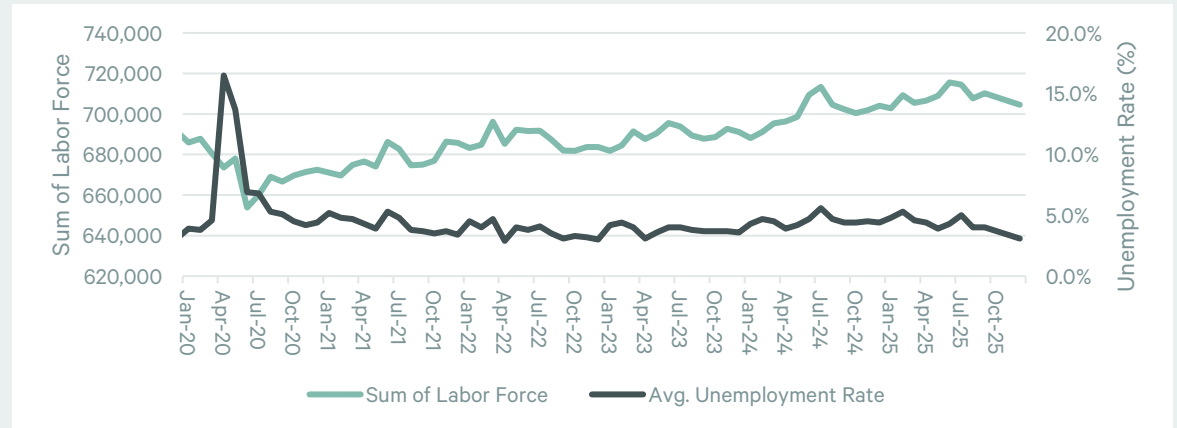
Employment Change by Sector – Yearly + Monthly
Bars indicate yearly trend, arrows indicate monthly trend



Source: US BLS, December 2025

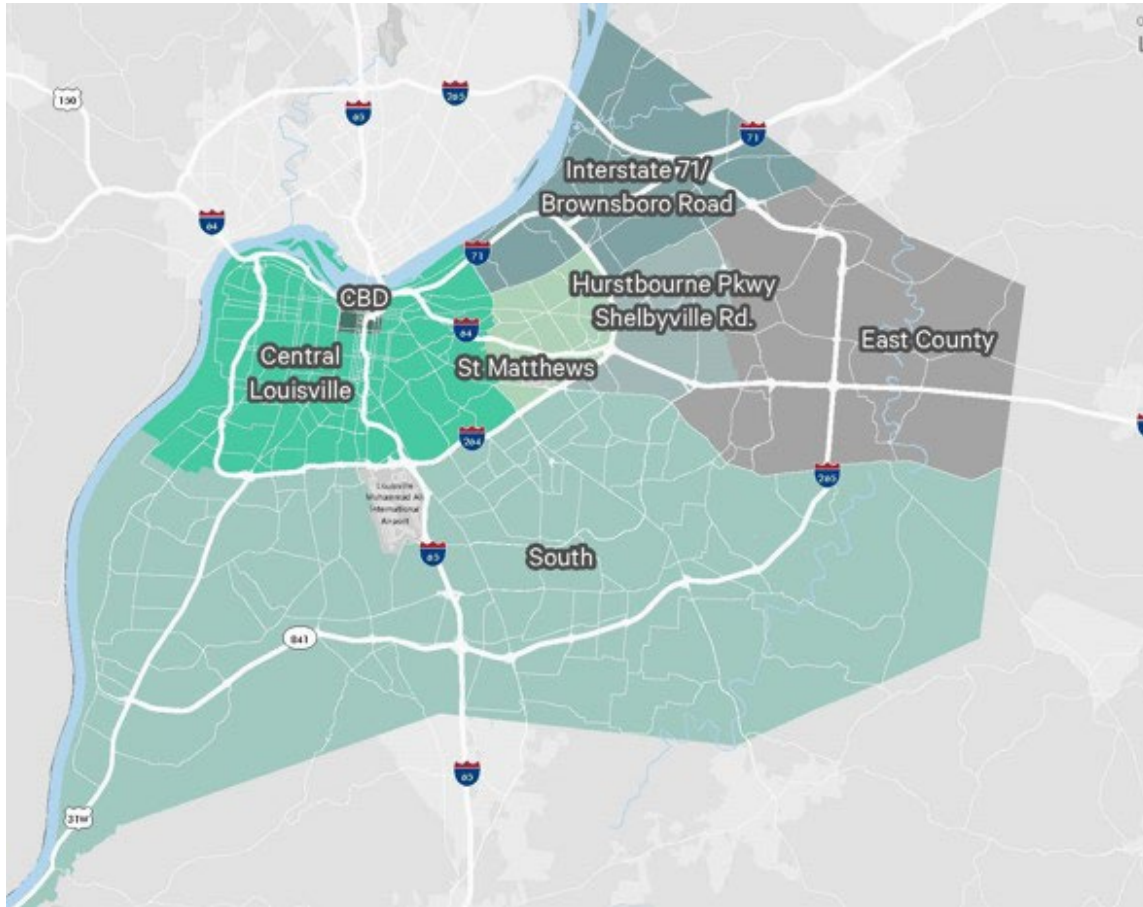
Note: Arrows indicate month-over-month change.

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: All lease transactions completed within a specified time period. Excludes user and 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 office buildings 20,000 sq. ft. and greater in size in Jefferson county. Excludes single-tenant owner-occupied buildings, government owned and occupied buildings, or medical buildings. Buildings which have begun construction are evidenced by site excavation or foundation work.

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