

FIGURES | LOUISVILLE INDUSTRIAL | Q3 2026

Market Activity Accelerates in the Third Quarter



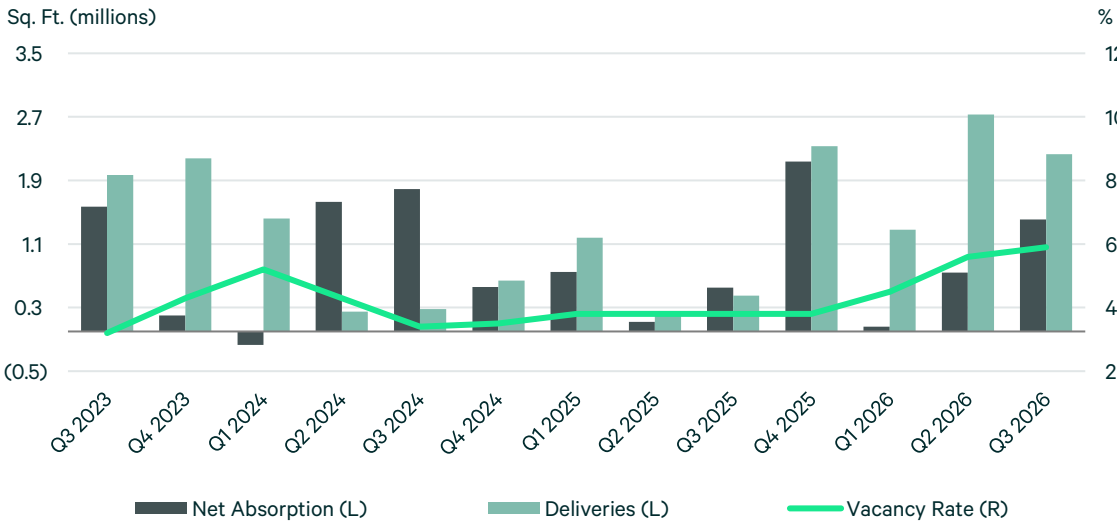
Note: Arrows indicate change from previous quarter.

Market Overview

The Louisville industrial market posted 1.41 million sq. ft. of positive net absorption in the third quarter, a slight increase in vacancy to 5.9% due to the delivery of three new speculative buildings. This vacancy rate is 210 basis points (bps) higher than one year ago. The marketwide availability rate increased 50 bps to 8.2% with the addition of several large properties for lease. The marketwide average asking lease rate increased \$0.07 per sq. ft. to \$6.78 per sq. ft. New lease activity totaled 1.65 million sq. ft., including a 839,000 sq. ft. lease, which contributed to the positive net absorption total. The amount of sublease space on the market decreased by 2% to just over 800,000 sq. ft. This amount only represents 5.2% of total available space on the market and has declined 50% year-over-year, and much of the sublease space remains occupied until a suitable subtenant is secured.

The amount of space under construction in the market declined to just over 4 million sq. ft. with 2.2 million sq. ft. completed and new starts totaling 1.1 million sq. ft. Three speculative distribution warehouses and one build-to-suit project got underway, while three speculative distribution warehouses and two build-to-suit warehouses, including one with 900,000 sq. ft., were completed across three submarkets.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



CBRE Research, Q3 2026

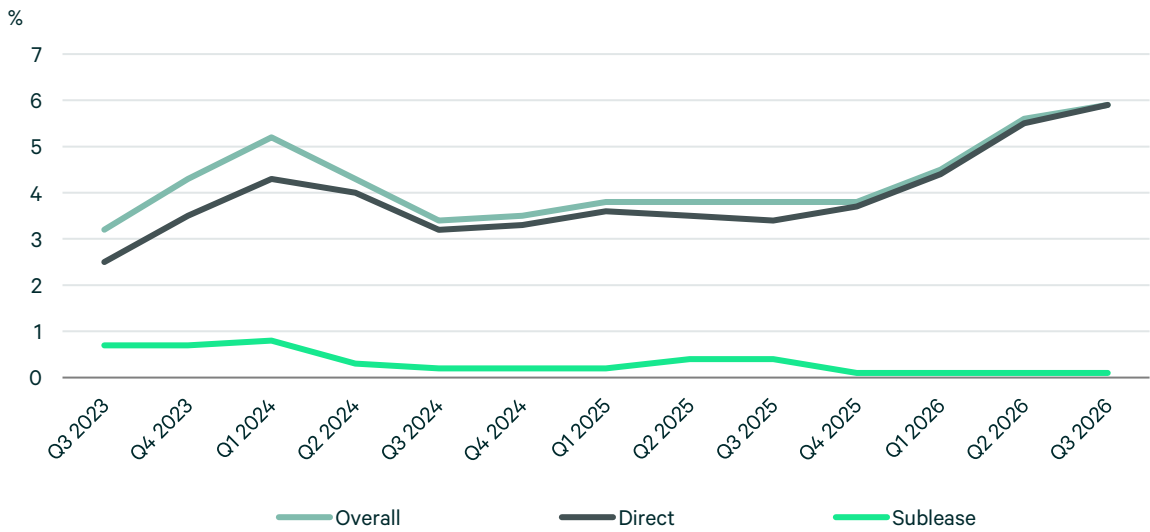
Availability & Vacancy

The marketwide vacancy rate increased 30 bps to 5.9%. New vacancies, including moves by Vista Packaging in the Bullitt County submarket, Radial in the Riverport submarket, and Riverstone Logistics in the Shelby County submarket, as well as the addition of just under 1 million sq. ft. of new speculative construction contributed to the increase. The marketwide availability rate increased 50 bps to 8.2%, which was impacted by the addition of two existing buildings with over 1.2 million sq. ft. now available to the market. The Riverport submarket posted the largest quarterly vacancy change with a 280 bps increase due to the vacancy by Radial.

Asking Rate

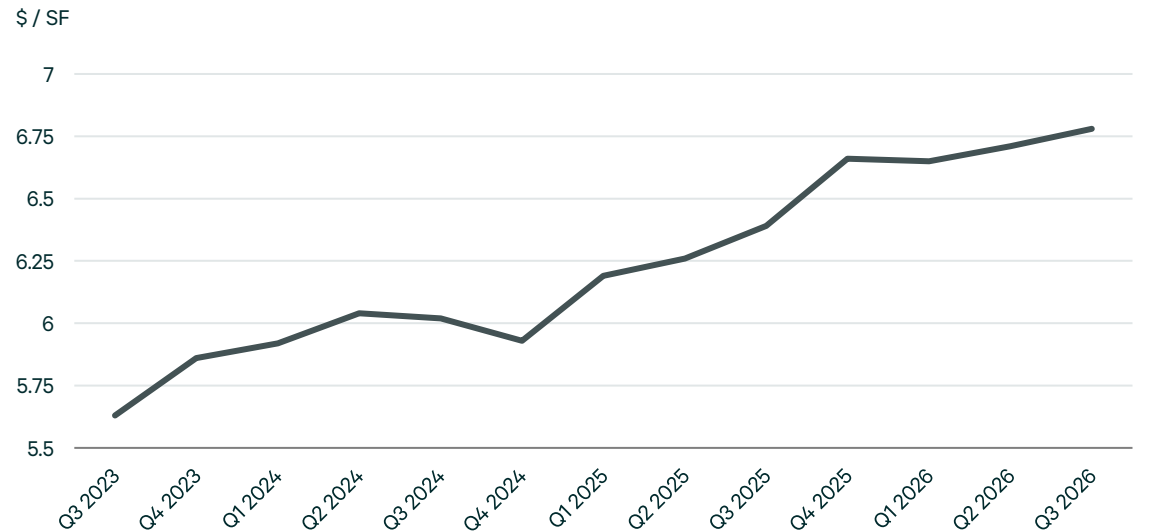
The marketwide average asking lease rate added \$0.07 per sq. ft. to \$6.78 per sq. ft. in the third quarter, and another record high rate. The Northeast submarket recorded the largest increase, and a submarket record high rate of \$9.23 per sq. ft., up \$1.10 per sq. ft. over last quarter, and 16% higher than one year ago. In addition, two more submarkets achieved new record high rates in the third quarter: Shelby County (\$7.49 psf) and Southern Indiana (\$7.10 psf).

Figure 2: Vacancy Rate



CBRE Research, Q3 2026

Figure 3: Average Direct Asking Rate



CBRE Research, Q3 2026

Net Absorption

In the third quarter, 1.41 million sq. ft. of positive net absorption was recorded with new leases totaling 1.65 million sq. ft. and two build-to-suit projects with 1.3 million sq. ft. completed during the quarter. The largest new lease was 840,000 sq. ft. by Kuehne & Nagel in the Bullitt County submarket. Two additional new leases totaling over 575,000 sq. ft. as well as a user sale of 146,575 sq. ft. in the Southern Indiana submarket also contributed. Net absorption was affected by a 490,000 sq. ft. new vacancy in the Riverport submarket, as well as a 173,000 vacancy in the Bullitt County submarket, among others.

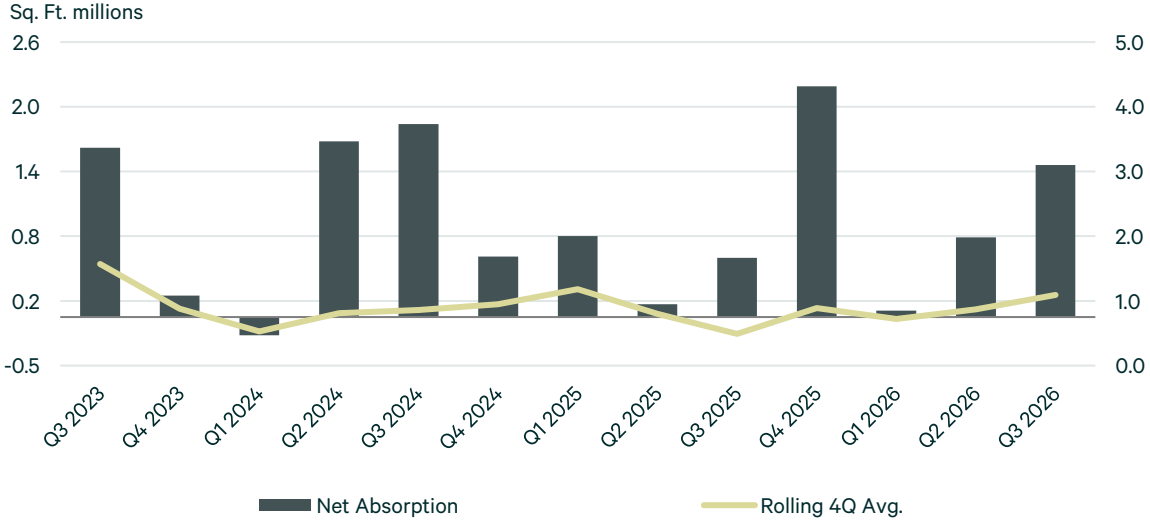
Construction Activity

Three speculative projects were completed in the third quarter totaling 935,446 sq. ft.: Simpsonville 64 Logistics Park – Building 1 with 270,400 sq. ft. in the Shelby County submarket by Hunt Midwest, Crossings Center Ten with 450,320 sq. ft. in the Southside submarket by Capstone, and Airport South – Building B with 214,726 sq. ft. in the Bullitt County submarket by IDI Logistics. Additionally, a 900,000 sq. ft. build-to-suit project for Canadian Solar was completed in the Southern Indiana submarket, and a 396,600-sq.-ft. warehouse by Core5 Industrial Partners was completed in the Southside submarket.

Two speculative buildings in the South Louisville 65 Logistics Center in the Bullitt County submarket totaling over 700,000 sq. ft. commenced construction during the quarter, as well as a second building by Delcour Industrial in the Riverport Phase Five development with 340,000 sq. ft. in the Riverport submarket. In addition, a 70,000-sq.-ft. warehouse for KCC began construction in the Simpsonville Commons development in the Shelby County submarket.

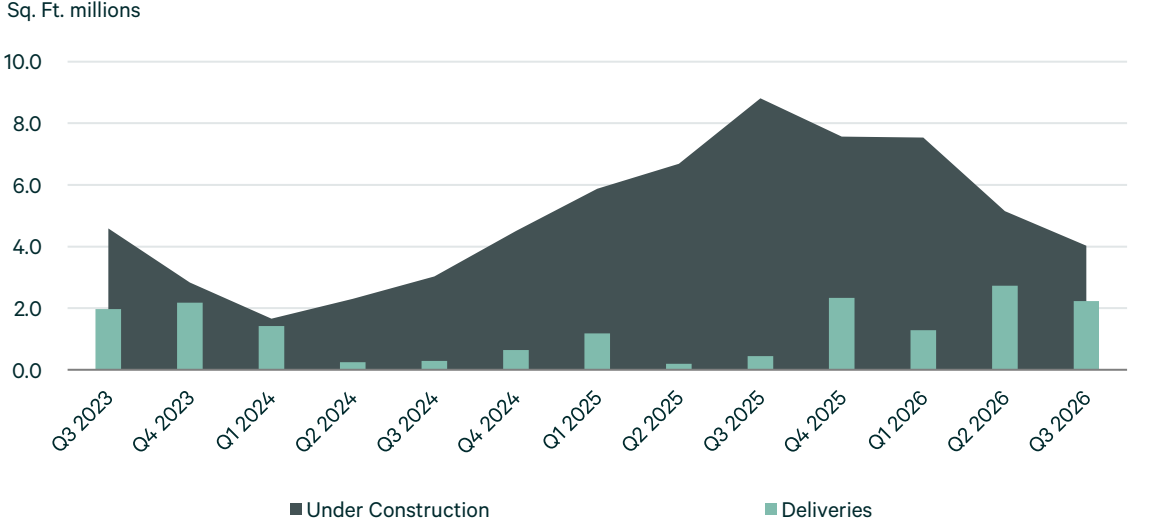
We anticipate approximately five projects currently underway in several submarkets to finish construction in the fourth quarter, adding 1.4 million sq. ft. to the market. These include a 262,400 sq. ft. build-to-suit project for Bigelow Tea in the Bluegrass submarket, the second building in the Airport South development in the Bullitt County submarket with 399,719 sq. ft., and two buildings in the Platform Park development in the Southern Indiana submarket totaling nearly 500,000 sq. ft.

Figure 4: Net Absorption Trend



CBRE Research, Q3 2026

Figure 5: Construction Activity



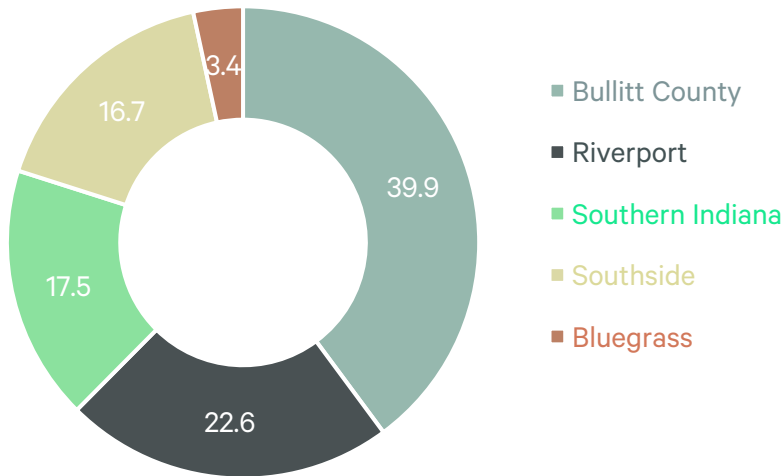
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Lease & Sale Activity

In the third quarter, the market recorded 2.5 million sq. ft. of leasing and user sale activity. Large new leases continued to demonstrate tenant demand, including Kuehne & Nagel committing to 840,000 sq. ft. in the Bullitt County submarket. Amazon.com leased 325,000 sq. ft. in the Southside submarket., and Canadian Solar leased 251,000 sq. ft. in the Southern Indiana submarket. Together, these three deals accounted for 1.42 million sq. ft. of new leasing activity.

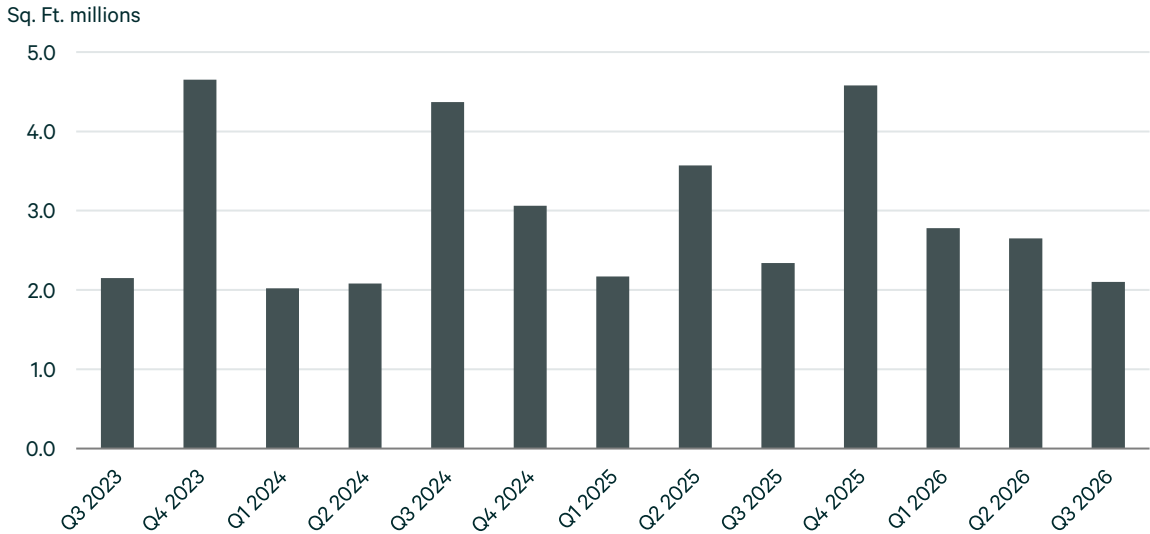
Among sale activity during the quarter, the largest transaction was Velocity 65 - Building 3 in Bullitt County, a 711,925-sq.-ft. facility that sold to LaSalle for \$77.5 million. The second largest sale was Jefferson Commerce Park – Building 1 with 402,444 sq. ft. in the Southside submarket, acquired by Link Logistics for \$37.3 million. Additionally, 271 Omega Parkway in the Bullitt County submarket with 283,900 sq. ft. was purchased by SparrowHawk for \$28.8 million, and A-1 Pallet Company purchased a 146,575 sq. ft. building in the Southern Indiana submarket.

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



CBRE Research, Q3 2026

Figure 6: Leasing Activity Trend



CBRE Research, Q3 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Kuehne & Nagel	839,000	New Lease	3010 Preston Hwy	Bullitt County
Amazon.com	325,000	New Lease	8001 Air Commerce Dr	Southside
Canadian Solar	251,000	New Lease	300 Logistics Ave	Southern Indiana
Confidential	64,000	New Lease	111 Security Pkwy	Southern Indiana
Derby Supply Chain Solutions	63,000	New Lease	7101 Intermodal Dr	Riverport
Packsize International	58,000	New Lease	10501 Bunsen Way	Bluegrass

Source: CBRE Research, Q3 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	132.16M	8.1	10.4	9.9	0.6	6.84	664,000	977,000	1.33M	3.74M
Manufacturing - General	51.51M	1.0	3.0	2.9	0.1	5.37	678,000	1.03M	900,000	293,000
R&D/Flex	1.13M	9.8	9.8	9.8	-	5.48	-	-	-	-
Other Industrial	4.99M	-	-	-	-	-	64,000	193,000	-	-
Total	189.79M	5.9	8.2	7.7	0.4	6.78	1.41M	2.20M	2.23M	4.03M

Source: CBRE Research, Q3 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	8.1	7.0	1.1	7.09	(1,000)	(31,000)	-	132,000
100K-249,999 SF	51.23M	6.0	8.3	7.5	0.8	6.76	(199,000)	157,000	215,000	673,000
250K-499,999 SF	56.16M	8.8	11.1	10.8	0.3	6.87	(133,000)	4,000	1.12M	3.19M
500K-749,999 SF	30.48M	6.7	8.6	8.4	0.2	6.42	-	334,000	-	-
750,000 SF +	36.09M	0.7	3.0	3.0	-	6.50	1.74M	1.74M	900,000	-
Total	189.79M	5.9	8.2	7.7	0.4	6.78	1.41M	2.20M	2.23M	4.03M

Source: CBRE Research, Q3 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	3.4	3.9	3.9	-	8.09	(25,000)	(106,000)	-	262,000
Bullitt County	27.03M	7.7	9.5	9.2	0.2	7.02	668,000	889,000	215,000	1.81M
Downtown	12.05M	3.8	4.4	3.8	0.5	3.90	(25,000)	(43,000)	-	-
Northeast	11.29M	1.9	3.0	1.9	1.1	9.23	-	(56,000)	-	62,000
Oldham County	1.32M	-	-	-	-	-	-	211,000	-	336,000
Riverport	15.51M	7.7	11.3	11.2	0.1	5.79	(428,000)	(683,000)	-	340,000
Shelby County	10.20M	12.0	21.1	21.1	-	7.49	(80,000)	222,000	270,000	101,000
Southern Indiana	37.46M	7.9	10.0	9.2	0.9	7.10	1.26M	1.32M	900,000	794,000
Southside	66.17M	4.3	6.1	5.8	0.3	6.68	38,000	455,000	847,000	327,000
Total	189.79M	5.9	8.2	7.7	0.4	6.78	1.41M	2.20M	2.23M	4.03M

Source: CBRE Research, Q3 2026

Economic Overview

Notable challenges persist, from elevated energy costs and interest rates to lingering geopolitical and technological uncertainties. Despite these concerns, the U.S. economy remains on track to grow by over 2% during 2026, supported by impressive AI-driven business investment. Also, a generally stable labor market continues to underpin consumer activity, providing a cushion against other risks.

The final months of 2026 could prove pivotal. While economic growth supports healthy CRE occupier market fundamentals, the investment side of the market must contend with 5% Treasury yields. Signals from the Federal Reserve, inflation data, and global fixed-income markets suggest rates will remain elevated for the foreseeable future. A key upside catalyst would be a de-escalation in the U.S./Iran conflict, which could ease inflation and provide the Fed with more flexibility.

Louisville, KY Employment Update

- ▼ 4.8%
Unemployment Rate
- ▶ 0.7M
Labor Force
- ▼ 139.6k
Office Using Jobs
- ▲ 439.9k
Industrial Using Jobs
- ▼ 98.5k
Retail Using Jobs

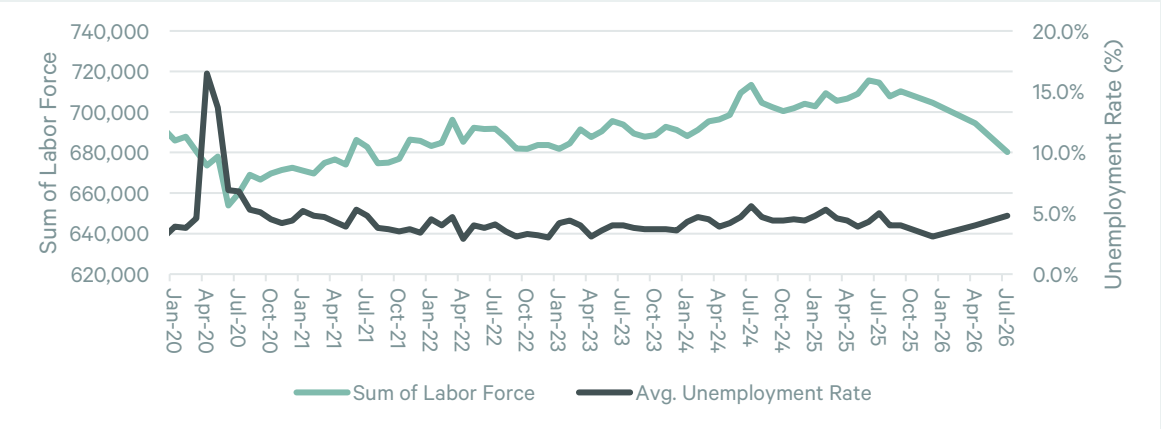
Employment Change by Sector – Yearly + Monthly
Bars indicate yearly trend, arrows indicate monthly trend



Source: US BLS, July 2026

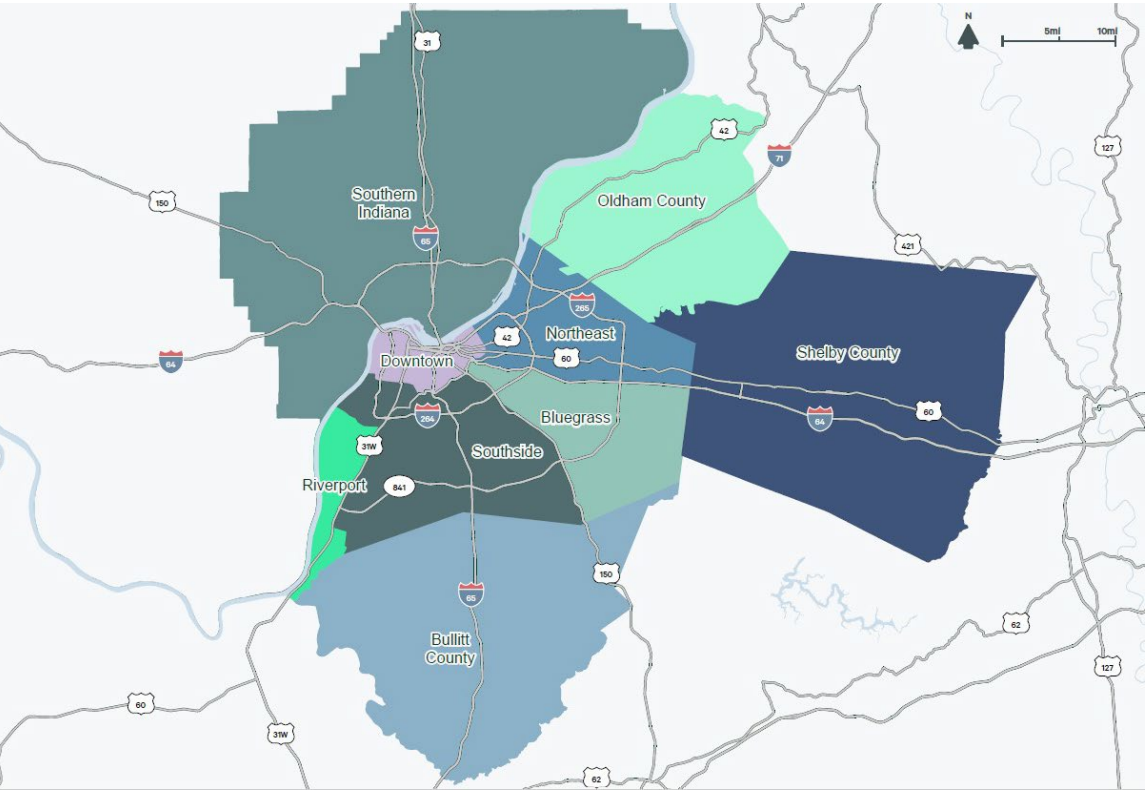
Note: Arrows indicate month-over-month change.

Unemployment Rate and Labor Force Trends



Source: US BLS, July 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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