

FIGURES | LOUISVILLE OFFICE | Q3 2026

Leasing Momentum Drives Positive Absorption and Vacancy Holds Firm



Note: Arrows indicate change from previous quarter.

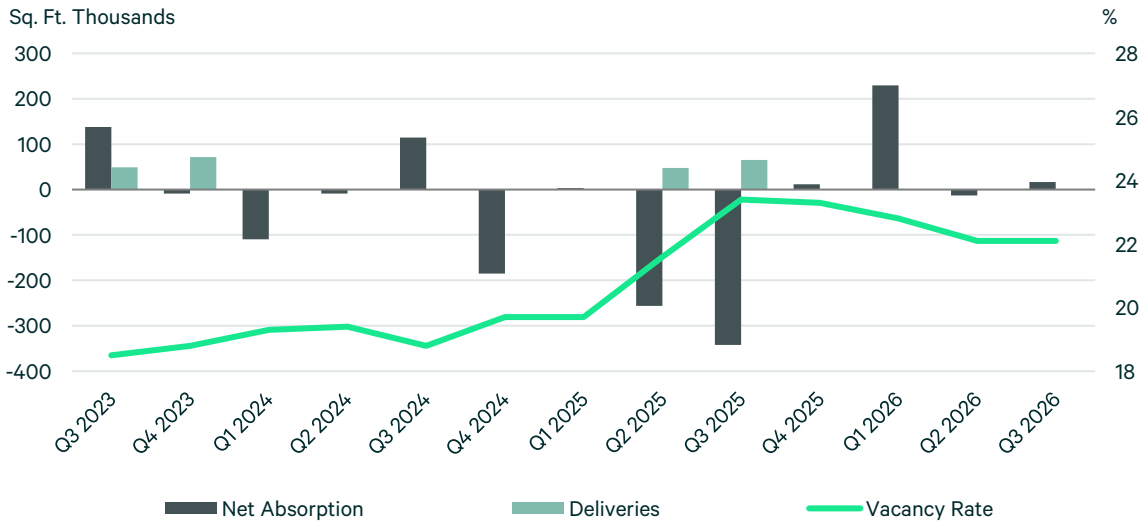
Market Overview

Marketwide vacancy rate remained unchanged at 22.1%

- CBD Class A vacancy rate decreased 90 basis points to 28.0%
- Suburban Class A vacancy rate increased 90 basis points to 20.4%
- CBD Class A average asking lease rate increased \$0.04 per sq. ft. to \$19.61 per sq. ft.
- Suburban Class A average asking lease rate increased \$0.39 per sq. ft. to \$22.83 per sq. ft.

In the third quarter, the Louisville office market recorded 16,421 sq. ft. of positive net absorption and vacancy remained steady at 22.1%. Leasing activity jumped nearly 115% over second quarter with 334,258 sq. ft. recorded. The amount of available sublease space in the market increased slightly to 173,691 sq. ft. This figure is 28% lower than one year ago, and 65% lower than the peak of 500,428 sq. ft. three years ago. The overall market average asking lease rate increased \$0.03 per sq. ft. to \$19.30 per sq. ft., which is a new record high market average rate.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



CBRE Research, Q3 2026

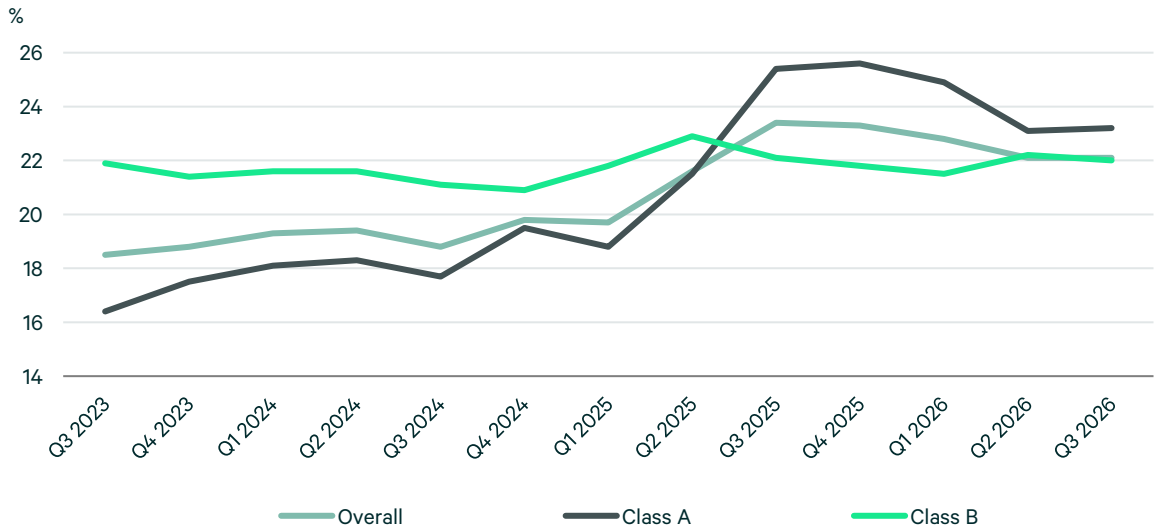
Vacancy

The marketwide vacancy rate remained unchanged in the third quarter at 22.1%. This rate has declined from its peak in Q3 2025 by 130 bps. Class A overall vacancy bumped up slightly to 23.2%, though this rate is lower than one year ago by 220 bps. CBD Class A properties recorded a 90 bps decline to 28.0% and the Class B CBD sector remained nearly unchanged at 24.8%. Suburban Class A properties posted a 90 bps increase to 20.4%. Class B Suburban properties recorded a 30 bps decline to 19.8% and the overall Suburban vacancy rate increased 30 bps to 19.9%, which may be signaling a move toward more value oriented properties. The Central Louisville Class B sector posted the largest decline in vacancy to 13.3%, a 770 bps decrease due to a 36,000 sq. ft. lease by the Kentucky College of Art & Design.

Asking Rate

The average asking lease rate for the overall market added \$0.03 per sq. ft. to \$19.30 per sq. ft. Class A CBD properties added \$0.03 per sq. ft. to \$19.61 per sq. ft. and the rate for Class B CBD sector remained unchanged at \$16.06 per sq. ft. The CBD overall average asking lease rate declined slightly to \$17.74 per sq. ft. The Suburban Class A sector added \$0.39 per sq. ft. to \$22.83 per sq. ft., while the Class B Suburban sector declined \$0.13 per sq. ft. to \$18.39 per sq. ft. The overall Suburban sector average asking lease rate increased \$0.09 per sq. ft. to a new market record of \$20.62 per sq. ft. Additionally, the Class A sector of the St. Matthews submarket broke the \$29.00 barrier to post a market record \$29.04 per sq. ft. in the third quarter.

Figure 2: Vacancy Rates by Class



CBRE Research, Q3 2026

Figure 3: Average Direct Asking Rate by Class



CBRE Research, Q3 2026

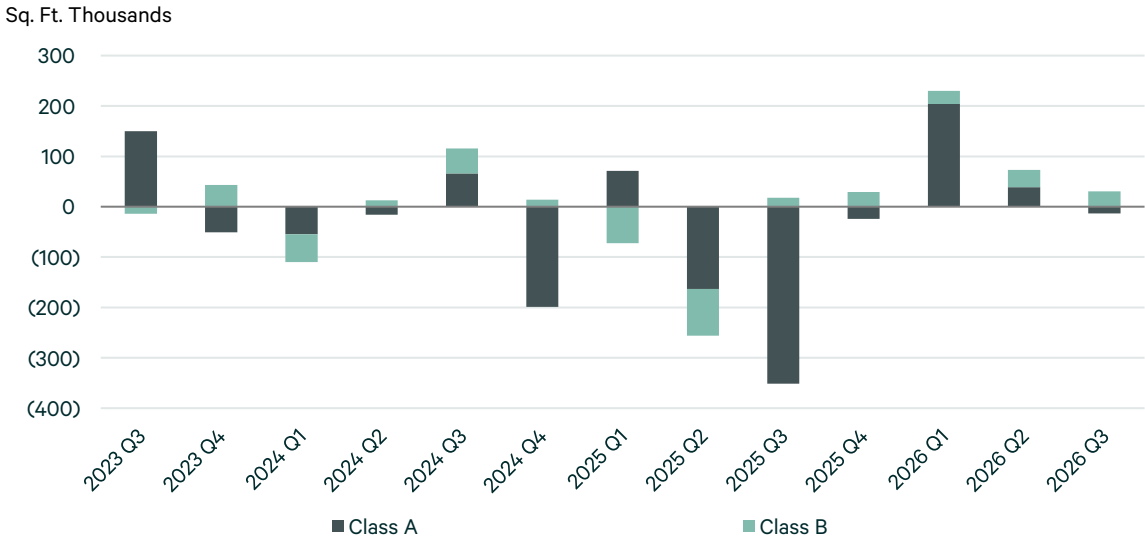
Net Absorption

Net absorption shifted back into positive territory in the third quarter with 16,421 sq. ft. recorded. Suburban submarkets posted negative net absorption of 24,661 sq. ft., while the CBD recorded 41,082 sq. ft. to offset for a net positive result. The Hurstbourne Parkway/Shelbyville Road submarket posted the most negative net absorption of 48,831 sq. ft. with several new vacancies including 16,000 sq. ft. by Aetna, and 16,500 sq. ft. by Insuramax. Additionally, Homecare Homebase vacated a 17,000 sq. ft. space in the I-71/Brownsboro Road submarket. New leases by a confidential tenant in the CBD, Insuramax in the East County submarket, and Kentucky College of Art & Design in the Central Louisville submarket, among others, were recorded to offset the new vacancies.

Construction Activity

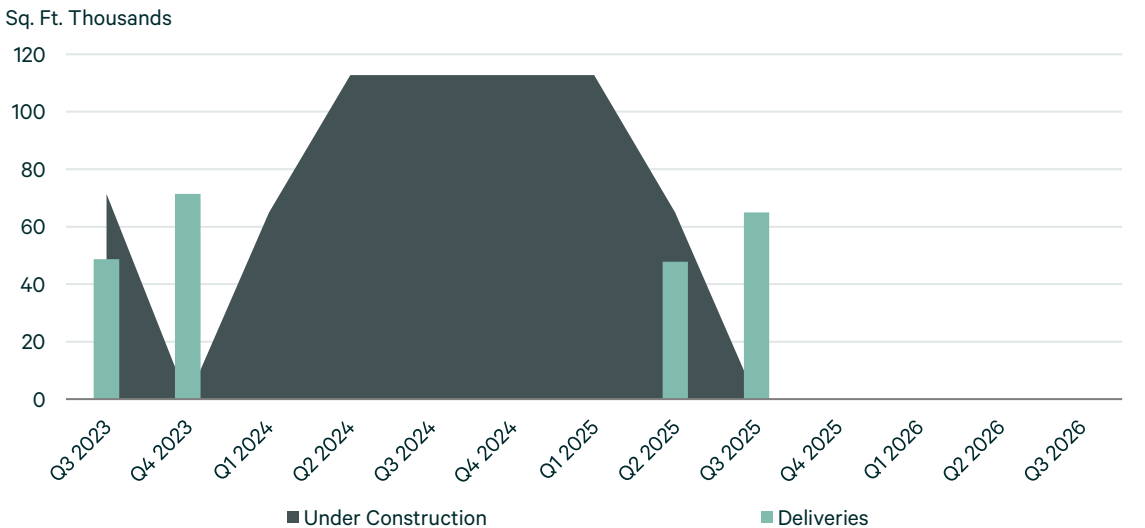
New office projects are in the planning stages in the CBD, as well as in the I-71/ Brownsboro Road submarket, and Central Louisville submarket. These include a 269,000-sq.-ft. development known as Chamberlain Woods located near Norton Commons and Brownsboro Crossings in the I-71/ Brownsboro Road submarket, a 500,000 sq. ft. mixed-use project located next to Slugger Field on East Main Street in the CBD, which will contain 60,000 sq. ft. of office space. In addition, the mixed-used development known as One Park in the Central Louisville submarket that is slated to contain approximately 240,000 sq. ft. of office space along with residential and retail space. The project has recently received final approval of the TIF district from the Kentucky Economic Development Finance Authority.

Figure 4: Net Absorption Trend



CBRE Research, Q3 2026

Figure 5: Construction Activity

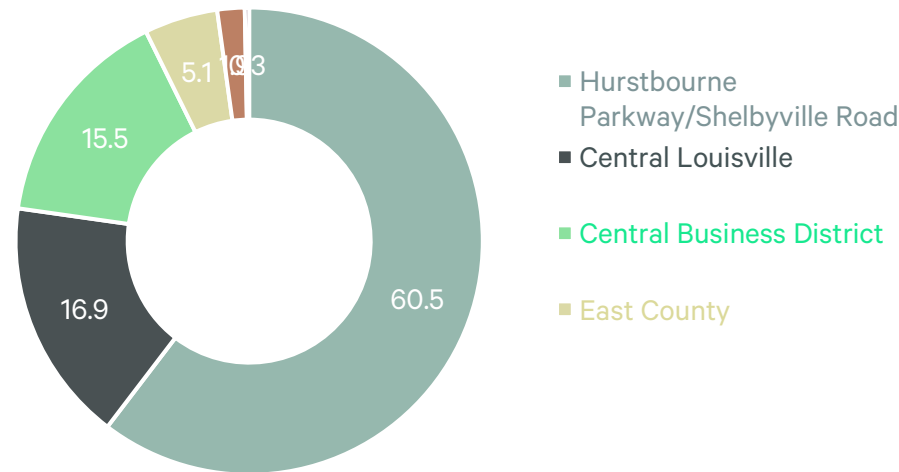


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Leasing Activity

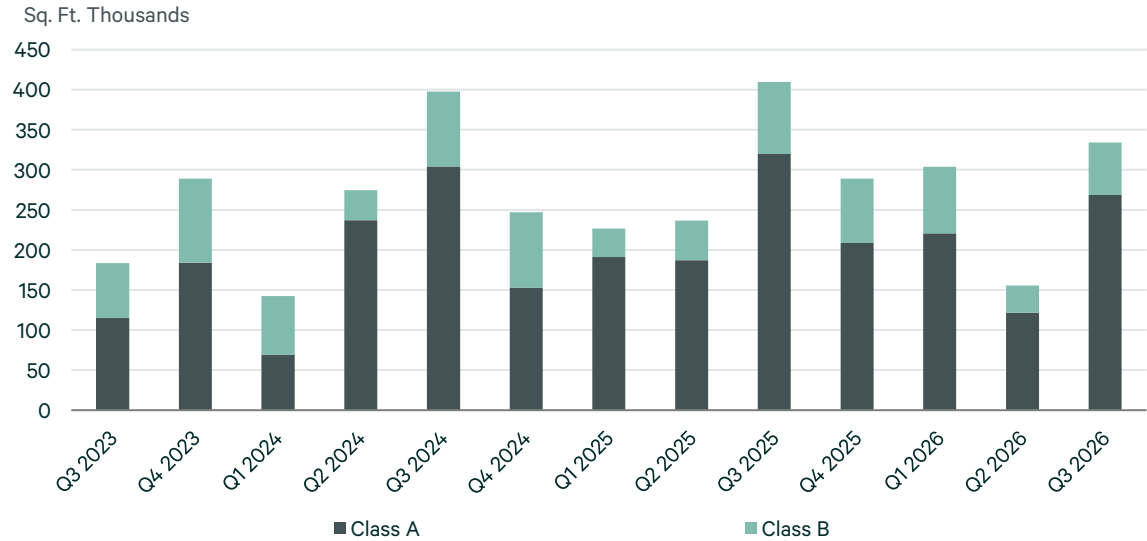
In the third quarter, leasing activity rebounded with 334,258 sq. ft. recorded marketwide, up 115% over second quarter. The Hurstbourne Parkway/Shelbyville Road submarket led the way with 202,958 sq. ft. of activity, followed by the Central Louisville submarket with 56,335 sq. ft. leased. Top leases recorded during the quarter included a new lease by Kentucky College of Art & Design in the Central Louisville submarket of nearly 36,000 sq. ft., a 19,000-sq.-ft. lease by a confidential tenant in the CBD submarket, and a 13,000-sq.-ft. lease by Insuramax in the East County submarket, among others.

Figure 7: Leasing 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
Spectrum	152,000	Renewal	10300 Ormsby Park Pl	Hurstbourne Parkway/Shelbyville Road
Kentucky College of Art & Design	36,000	New Lease	1134-1140 Garvin Pl	Central Louisville
Confidential	20,000	Renewal	400 W Market St	Central Business District
Confidential	19,000	New Lease	500 W Jefferson St	Central Business District
Insuramax	13,000	New Lease	13551 Triton Park Blvd	East County
Freedom Senior Services	11,000	New Lease	2305 River Rd	Central Louisville
The Kentucky Center for the Arts	8,000	New Lease	401 W Main St	Central Business District

Source: CBRE Research, Q3 2026

Market Statistics by Class

Figure 9: Metro Market Statistics by Class

Property Class	Net Rentable Area (SF)	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	9.96M	23.2	22.8	21.8	1.0	21.37	(14,000)	229,000	-	-
Class B	8.57M	22.0	23.7	22.8	0.8	17.34	31,000	4,000	-	-
Class C	850,000	11.1	11.1	11.1	-	13.57	(1,000)	(1,000)	-	-
Total	19.39M	22.1	22.7	21.8	0.9	19.30	16,000	233,000	-	-

Source: CBRE Research, Q3 2026

Market Statistics

Figure 10: Suburban Market Statistics by Class

Property Class	Net Rentable Area (SF)	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	6.24M	20.4	20.5	18.8	1.6	22.83	(52,000)	(22,000)	-	-
Class B	4.89M	19.8	22.0	21.9	0.1	18.39	28,000	(20,000)	-	-
Class C	273,000	11.9	11.9	11.9	-	15.08	(1,000)	(1,000)	-	-
Total	11.40M	19.9	20.9	20.0	0.9	20.62	(25,000)	(43,000)	-	-

Source: CBRE Research, Q3 2026

Figure 11: Urban Market Statistics by Class

Property Class	Net Rentable Area (SF)	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	3.72M	28.0	26.8	26.8	-	19.61	38,000	251,000	-	-
Class B	3.68M	24.8	25.9	24.1	1.8	16.06	3,000	25,000	-	-
Class C	578,000	10.7	10.7	10.7	-	12.77	-	-	-	-
Total	7.99M	25.3	25.2	24.4	0.8	17.74	41,000	276,000	-	-

Source: CBRE Research, Q3 2026

Market Statistics by Submarket

Figure 12

Submarket	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Class A Rate	Class A Asking Rent (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Central Business District	7.99M	25.3	25.2	24.4	0.8	17.74	19.61	41,000	276,000	-	-
Central Louisville	759,000	13.9	13.9	13.9	-	16.38	23.97	43,000	27,000	-	-
East County	2.50M	18.6	13.5	13.3	0.2	22.77	23.68	8,000	(3,000)	-	-
Hurstbourne Parkway/Shelbyville Road	5.12M	22.2	24.2	22.4	1.8	20.49	22.43	(49,000)	(29,000)	-	-
Interstate 71/ Brownsboro Road	696,000	11.3	12.8	11.2	1.7	25.84	26.50	(17,000)	(17,000)	-	-
South	1.48M	27.0	33.3	33.3	-	19.01	19.94	(3,000)	(17,000)	-	-
St Matthews	840,000	10.1	14.7	14.7	-	22.97	29.04	(7,000)	(4,000)	-	-
Total	19.39M	22.1	22.7	21.8	0.9	19.30	21.37	16,000	233,000	-	-

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



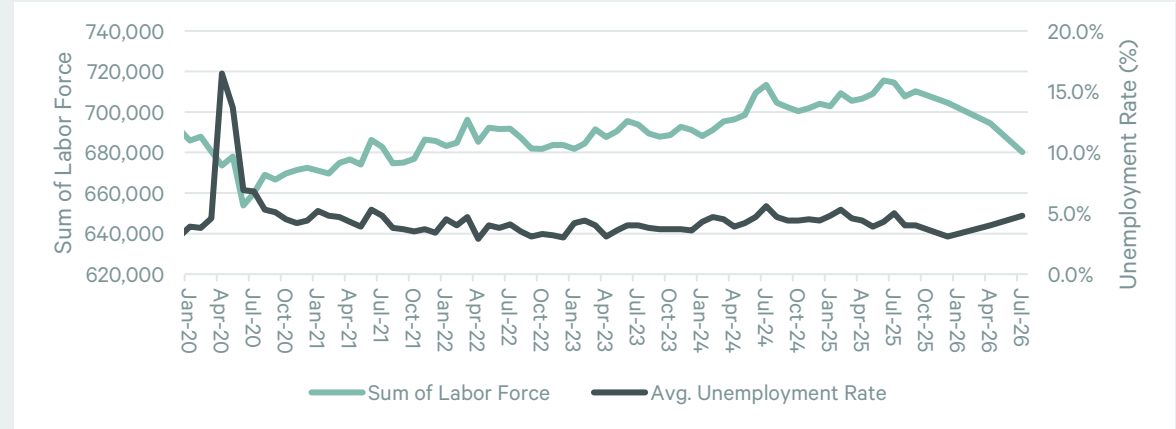
Employment Change by Sector – Yearly + Monthly
Bars indicate yearly trend, arrows indicate monthly trend



Source: US BLS, July 2026

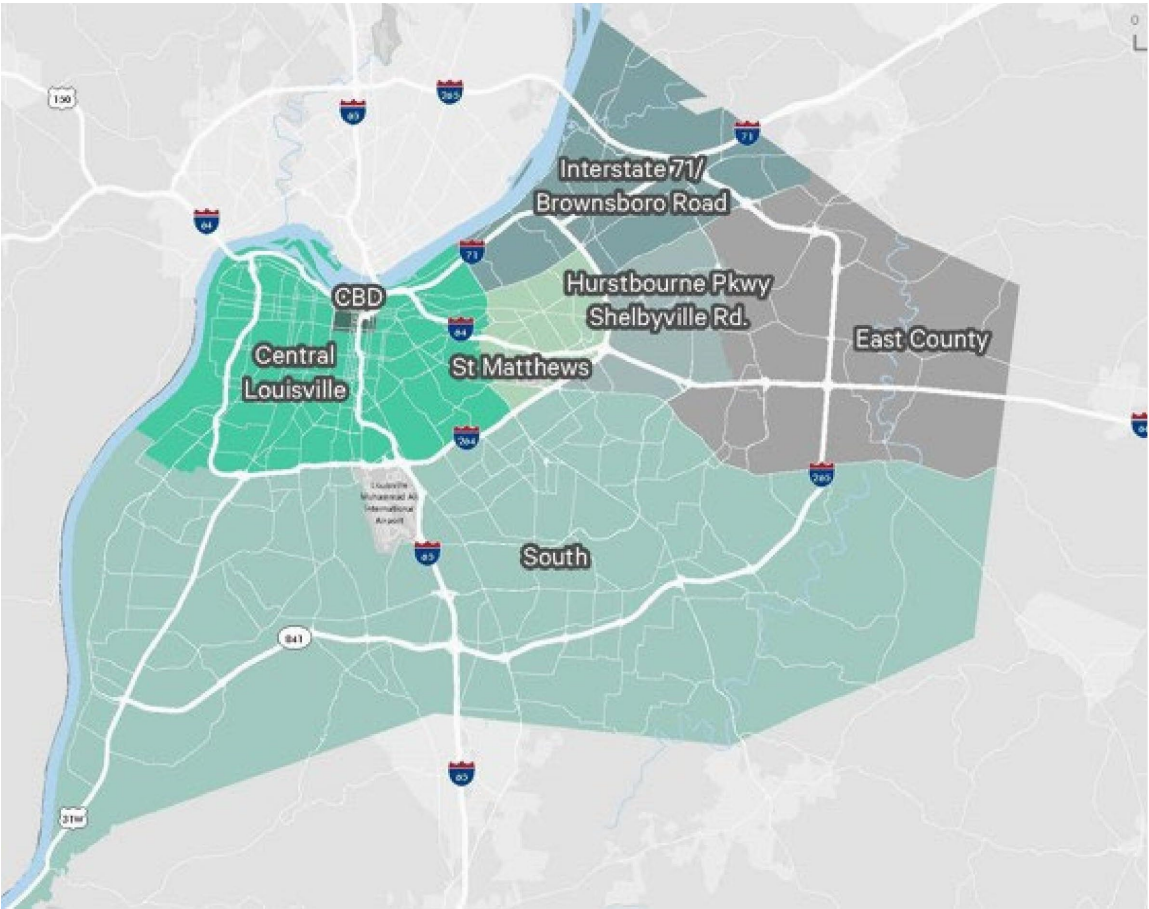
Note: Arrows indicate month-over-month change.

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: 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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