

# GLOBAL SPOTLIGHT

## Louisville, Kentucky



**Louisville's roots are in shipping and cargo but the city more recently has emerged as a major center for health care and medical sciences industries.**

- Louisville was named one of America's 50 "hottest cities" for expansion in 2007 by Expansion Management magazine. Several major development activities point to incalculable future opportunities: UPS's \$1 billion expansion of its Worldport hub, making Louisville the 3rd busiest cargo airport in North America and the 9th busiest in the world; groundbreaking for the \$465 million Museum Plaza; site preparation for the \$252 million Louisville Arena; and the announcement of the \$250 million Cordish Co. expansion of Fourth Street Live.
- 2007 saw the overall office vacancy rate fall from over 19% to 17% with total absorption of 800,000 SF. The market is expected to remain stable throughout 2008 with tightening in the CBD. Over 200,000 SF of new office space will be completed in the suburban markets in 2008.
- The outlook for the industrial market is stable to strong in 2008. Over 1 million SF of industrial space was leased in the first quarter of 2008. Developers continue to break ground for new space in anticipation of the UPS expansion and Louisville's strong geographic location as a distribution hub. Lease rates will continue to rise as vacancy rates trend down.
- The slowdown of the US economy has negatively impacted many national retailers. Louisville's stable housing market has insulated it from the extremes seen in many of the larger cities. As a result, the availability of shopping center space has fallen 2% over the past year to a level of just under 6%. Retailers such as Target, Wal-mart, Kroger and Costco continue to do well, whereas sit-down restaurants, video stores and home furnishings are suffering.
- The current credit crisis has negatively impacted investment in Louisville, greatly reducing speculative construction in all areas. However, because Louisville is fairing better than most larger cities and many other regional cities during the current economic downturn, national development firms focusing on multi-family, high-rise office and bulk warehouse space have proposed several large developments for 2008-2009.

## Louisville At A Glance

Population	1.36 million
Location	North Central Kentucky
Interest	4.199% (US 10 yr Treasury Note)
Unemployment	5.3%

Property	Rent/SF/Year Low	High	Vacancy Rate
Downtown Office Class A	\$18.00	\$22.75	9%
Suburban Office Class A	\$18.50	\$23.00	18%
Industrial Bulk Warehouse	\$2.50	\$5.50	7%
Retail Downtown	\$10.00	\$35.00	8%

NAI Walter Wagner, Jr. Company Realtors, LLC offers local market expertise in Louisville, Kentucky including counties of Bullitt, Shelby, Jefferson, Oldham and Spencer.

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### At A Glance

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\$45 billion	Annual Transaction Volume
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