

VIEWPOINT



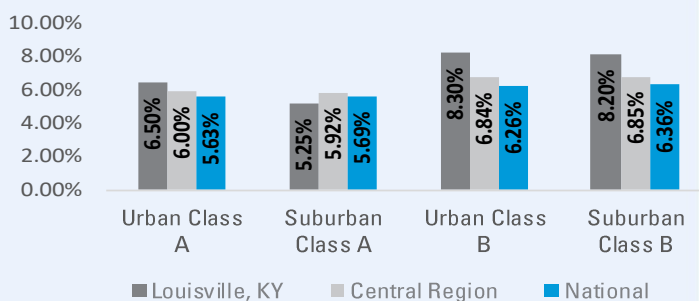
2026 LOUISVILLE, KY MULTIFAMILY ANNUAL REPORT

An Integra Realty Resources Publication / irr.com

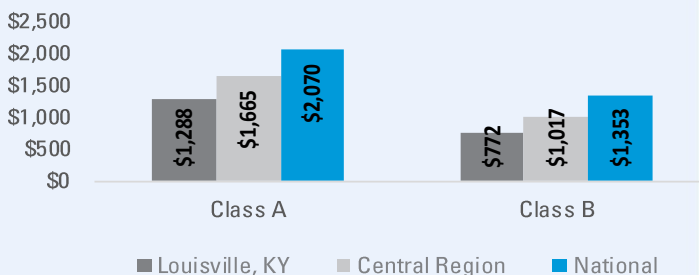
Market Rate Indicators (Y/Y)

Categories	Class A	Class B
Going In Cap Rate (%)	▲	▲
Asking Rent (\$/Unit)	▲	▲
Vacancy Rate (%)	▼	▼

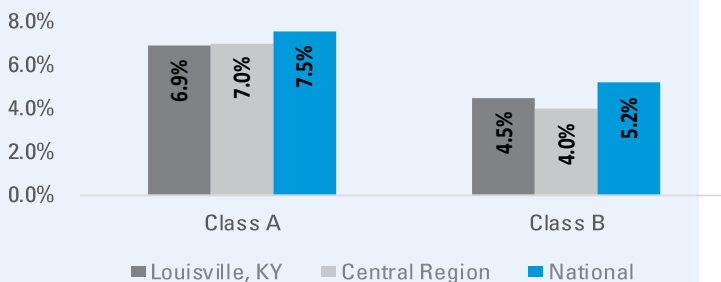
Going In Cap Rate Comparisons (%)



Asking Rents (\$/Unit)



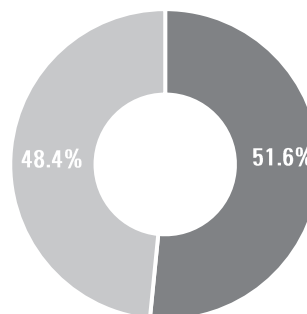
Vacancy Rates (%)



Louisville, KY Multifamily Market Overview

The Louisville multifamily market demonstrated solid fundamentals in Q3 2025, supported by a strengthening labor market and steady investor interest. The metro area's unemployment rate improved to 4.0% by August 2025, down from 4.6% in Q1, signaling continued economic momentum. Economic expansion was fueled by several major investments. Ford announced a \$60 million upgrade to its Kentucky Truck Plant, adding 100 jobs, while Process Machinery began an \$11.5 million expansion in Shelby County. Raytheon secured a \$205 million Navy contract, and AI International committed \$7.5 million to grow local operations, creating 92 high-paying positions. On the development front, 2,789 new units were delivered over the past year, with 2,835 units currently under construction and more than 15,300 planned. The Okolona and Douglas Hills submarkets lead future pipeline activity. New additions include the Prestonian with 343 units in eastern downtown. Most new construction is taking place in the suburbs including Saltwell Springs in Bullitt County and the Sterling in East Louisville. Investment volume rose during the quarter, with 1,079 units sold, bringing year-to-date totals to 1,880. Despite steady Treasury rates and persistent caution among lenders, demand for properties with assumable debt remains strong. Notable sales included La Fontenay (\$32.4 million for 248 units) and The Heritage by Fairlawn (\$25.2 million for 163 units), both Class B assets. The largest transaction was the 360-unit Lakeside Gardens in Jeffersonville IN which traded in January for \$67.15 million. With deliveries projected to fall by more than half in 2025 from the prior year and reach an eight-year low, supply side pressures in Louisville are beginning to ease. This should stabilize the market's vacancy rate, which has increased by nearly 300 basis points in the past three years. Demand within the Louisville market is concentrated in Southern Indiana, which accounts for just over half of the market's annual absorption. The area encompasses most of Clark County, which is among the fastest-growing areas in Louisville in terms of population growth. Development in Southern Indiana has historically been limited, but construction activity has increased significantly since 2020, with apartment inventory expanding by almost 50% over the past four years. With such rapid growth, vacancy in Southern Indiana is among the highest in the market at 11%. However, vacancy will likely tighten over the next 12 months as construction activity slows. South Jefferson County is Louisville's largest submarket, accounting for nearly 20% of the market's absorption. Unlike Southern Indiana, South Jefferson County has seen a steadier pace of development over the past decade, and last year was a record for deliveries. As a result, the submarket's vacancy rate increased to 7%, up almost 150 basis points in a year.

Distribution of Total Inventory



62,321 Units
Multifamily Inventory

2.16% - 12 Mo. Proj.
Construction/Inventory

■ Class A ■ Class B



Change In Value Next 12 Months



+/- 0%

Urban Class A

+/- 0%

Urban Class B



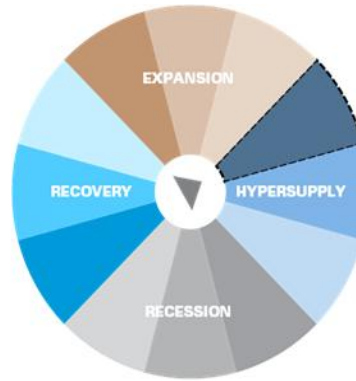
+/- 0%

Suburban Class A

+/- 0%

Suburban Class B

Market Cycle: Hypersupply Stage 1



- Moderate/High New Construction
- Increasing Vacancy Rates
- Med/Low Rental Rate Growth
- Low/Negative Absorption
- Moderate/Low Employment Growth

Forecasts

Louisville, KY 12-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Going-In Cap Rates	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change	Decrease 1-24 bps
Discount Rate	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change
Reversion Rate	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change	Remain Steady - no change
Construction (Units)	1,349			
Market Rent Change	+1.00%	+1.00%	+2.00%	+2.00%
Expense Rate Change	+3.00%	+3.00%	+3.00%	+3.00%
Years to Balance	1			

Louisville, KY 36-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Market Rent Change	+6.98%			
Change in Value	Increase 1%-1.9%	Remain Steady - no change	Increase 1%-1.9%	Increase 1%-1.9%

Integra Realty Resources (IRR) is the largest independent commercial real estate valuation and consulting firm in North America, with over 150 MAI-designated members of the Appraisal Institute among 540+ professionals based in our 50+ offices throughout the United States and the Caribbean. Founded in 1999, the firm specializes in real estate appraisals, feasibility and market studies, expert testimony, and related property consulting services across all local and national markets. Our valuation and counseling services span all commercial property types and locations, from individual properties to large portfolio assignments.

For more information, visit www.irr.com.