

Q4 2017

## Industrial Insight

# Development continues, closing out a strong 2017

- Medline Industries announced plans for a 750,000 square foot warehouse that is expandable to 1.1 million square feet at 251 Hilton Drive in River Ridge
- Advanced Distribution announced plans to expand its footprint in Louisville with a 251,000-square-foot facility in the airport submarket
- The former Ann Taylor Distribution Center, located at 7101 Distribution Drive, sold to Denver based IPT for \$10.2 million

Speculative development roared on in the fourth quarter as WPT delivered a 224,000-square-foot warehouse at 2621 Technology Drive and Kelley Construction completed a 324,000-square-foot warehouse at 9101 Minor Lane. Indeed, nearly 4.5 million square feet of newly constructed space delivered in 2017, which, while lagging behind 2016, more than doubles the totals experienced in 2014 and 2015.

Several buildings completed this year remain vacant as absorption slowed within several submarkets. Landlords are bullish though due to strong interest from multi-city prospects and organic growth from UPS and Ford. Given the current tenant velocity in the market, JLL forecasts that multiple buildings will be occupied within the first two quarters of 2018.

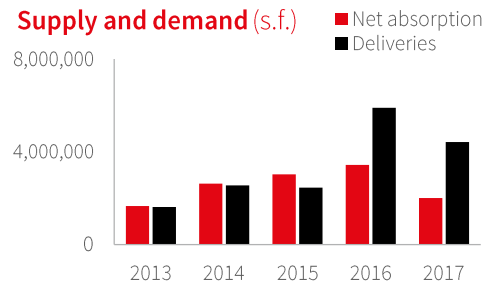
Investment activity slowed during the fourth quarter, which is a function of rising asset prices and recent acquisitions consuming much of the available product within our market. Exeter continued to be the most active investor within the market through their acquisition of a 200,000-square-foot building in River Ridge. They acquired over 1.5 million square feet in 2017 and are positioned to overtake Prologis as Louisville's largest institutional investor if they continue their pace in 2018.

### Outlook

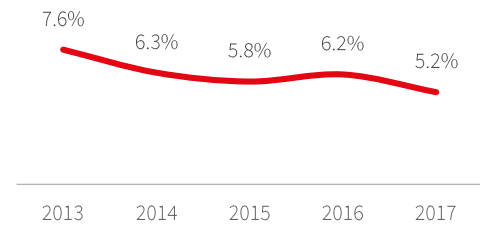
This year once again brought near historic development to the Louisville market as nearly 4.5 million square feet were delivered, with an additional 2.7 million square feet expected to come online in the first half of 2018, including Exeter's 506,000-square-foot building in River Ridge. Looking beyond these planned completions, we project speculative development to slow until the existing product is absorbed. Sales volume should remain steady as low cap rates continue to be the norm due to investor confidence in the market. The overall long-term outlook for market activity remains positive.

For more information, contact: Alex Westcott | alex.westcott@am.jll.com

Fundamentals	Forecast
YTD net absorption	2,005,563 s.f. ▲
QTD net absorption	1,282,628 s.f. ▲
Under construction	4,323,992 s.f. ▲
Total vacancy	5.2% ▼
Average asking rent (NNN)	\$3.60 p.s.f. ▲
Tenant improvements	Falling ▼



### Total vacancy



### Average asking rents (\$/s.f.)

