

LOUISVILLE, KENTUCKY

APARTMENT OCCUPANCY PROJECTED TO RISE IN 2021 AS EMPLOYMENT EXPANDS

Multifamily builders delivered 2,624 apartments in the Louisville metro area in 2020, the greatest annual number of completions in at least 20 years. This surge during a pandemic may have appeared ill-timed, but the metro area's diverse economy helped minimize disruption in both the labor and the multifamily markets. From May to December 2020, 75,700 jobs were created or recovered, accounting for 57% of the jobs lost from March to May. Apartment demand simultaneously improved, contributing to net absorption of 2,127 units for all of 2020. Even so, deliveries eclipsed demand, resulting in 94.6% year-end apartment occupancy, a 40-basis-point annual decrease. Operators responded to the drop by increasing concessions to entice renters, which lowered average monthly effective rent 0.7% year over year to \$903. During 2021, monthly effective rent is forecast to rise 3.3% to \$933. Apartment deliveries are expected to decrease from 2020's elevated levels, though should remain higher than the historical norm as 1,932 units come online. Net absorption of 2,015 units is forecast, resulting in a 20-basis-point increase in occupancy to 94.8%. The sustained absorption will be underpinned by continued economic recovery anticipated in 2021. This rebound will be boosted in part by the addition of thousands of workers at Ford Motor Company's two local manufacturing plants. Ford's staffing and production increases will be timely, as WardsAuto and Trading Economics are forecasting an increase of at least 4% in light vehicles sales nationwide in 2021.



2021 MARKET AT A GLANCE



OCCUPANCY RATE

94.8%
Up 20 bps YOY



EFFECTIVE RENT

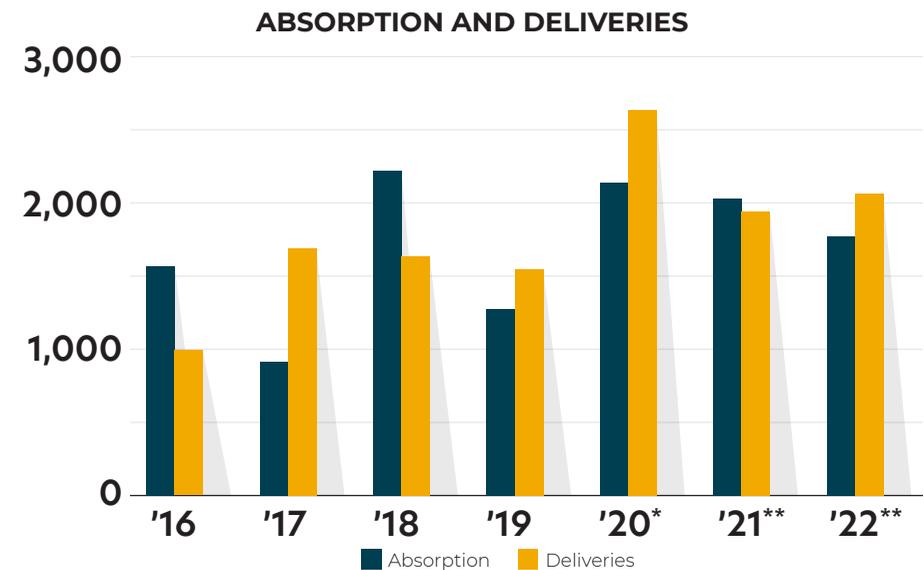
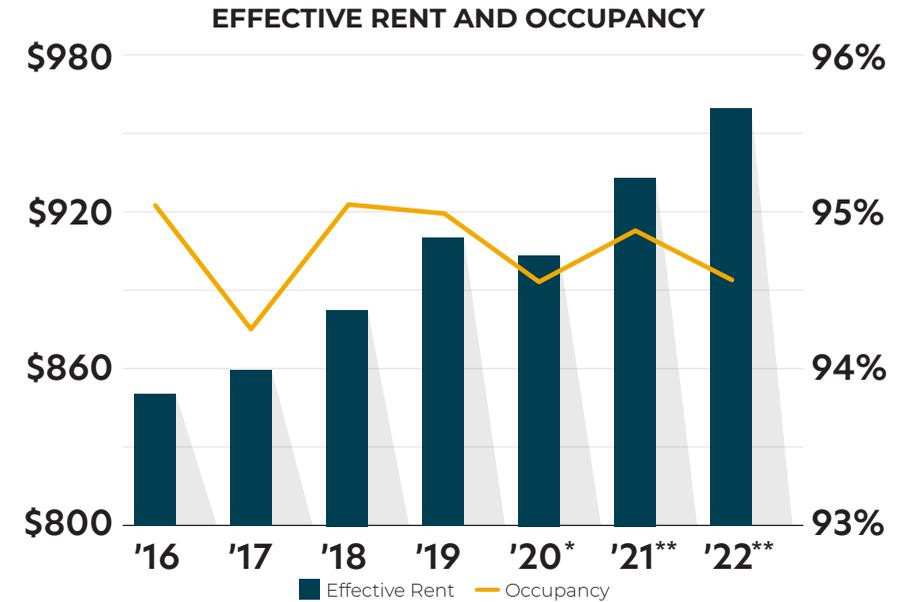
\$933
Up 3.3% YOY



RENT SHARE OF WALLET

17.5%
Up 50 bps YOY

MARKET TRENDS



Data and images pertaining to employment, income, permits, population, rents, single-family housing, and occupancy are year-end figures. Absorption, construction, and apartment sales figures are full-year totals. *Numbers for 2020 are projected values; **2021/2022 figures are forecast projections. Apartment market data criteria and methodologies vary by market.

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EMPLOYMENT TRENDS



2019	YOY CHANGE	2020*	YOY CHANGE	2021**
688,500	-6.6%	642,800	2.9%	661,300

2019	YOY CHANGE	2020	YOY CHANGE	2021
2.8%	300 BPS	5.8%	-20 BPS	5.6%

2019	YOY CHANGE	2020	YOY CHANGE	2021
1,299,000	0.3%	1,302,900	0.3%	1,306,400

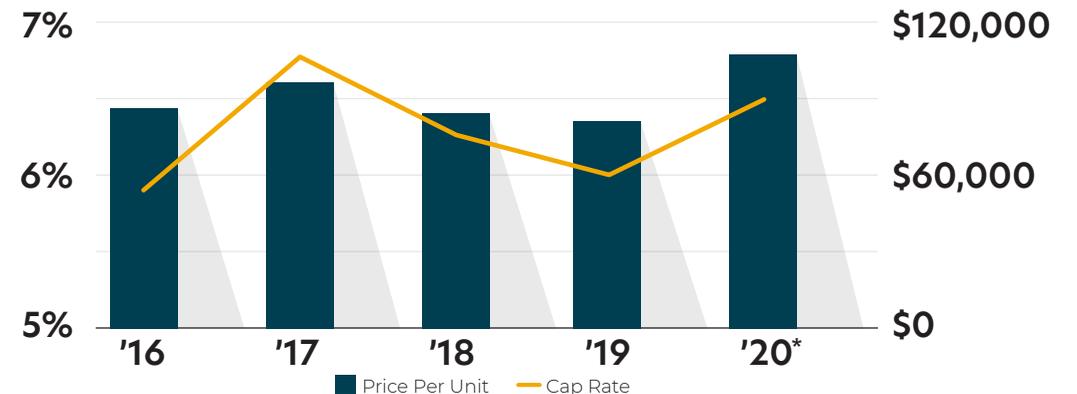
2019	YOY CHANGE	2020	YOY CHANGE	2021
533,000	0.7%	536,900	0.7%	540,800

2019	YOY CHANGE	2020	YOY CHANGE	2021
\$60,798	5.1%	\$63,889	-0.1%	\$63,810

SALES TRENDS

2019	YOY CHANGE	2020*
\$77,502	32.6%	\$102,770

2019	YOY CHANGE	2020
6.0%	50 BPS	6.5%



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