

# HUD PD&R Housing Market Profiles

## Louisville/Jefferson County, Kentucky-Indiana

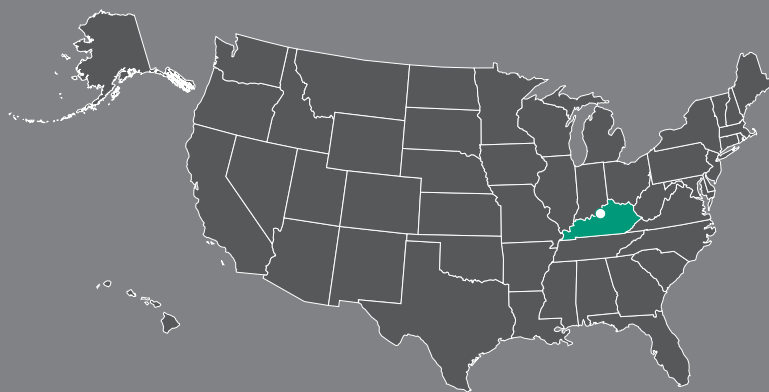


### Quick Facts About Louisville/Jefferson County

Louisville, Kentucky

By Steve Walker | As of March 1, 2022

- Current sales market conditions: balanced
- Current apartment market conditions: balanced
- The Louisville metropolitan area is home to the oldest Mississippi-style steamboat in existence, the Belle of Louisville. An icon of the Louisville waterfront and a National Historic Landmark, the Belle is the most widely traveled steamboat in American history and turned 100 years old in 2014.



### Overview

The Louisville/Jefferson County, KY-IN Metropolitan Statistical Area (hereafter, Louisville metropolitan area) consists of Bullitt, Henry, Jefferson, Oldham, Shelby, Spencer, and Trimble Counties in northwestern Kentucky and Clark, Floyd, Harrison, Scott, and Washington Counties in southern Indiana. The metropolitan area has a central location in the eastern part of the United States, and its proximity to the Ohio River makes it a major shipping hub for international and domestic shipping. The city of Louisville is within a 2-hour flight of 75 percent of the United States population; it is adjacent to The Ohio River and includes a network of highways and railroads. UPS Worldport Freight Facility (hereafter, Worldport), located at the Louisville International Airport, is the worldwide air hub for United Parcel Services, Inc. (UPS), the largest employer in the metropolitan area. Worldport is the largest automated sorting facility in the world, and it has benefited from the growth in online shopping and demand for faster delivery during the COVID-19 pandemic. The facility, which is the size of approximately 90 football fields, is capable of processing 5 million packages in a single day. UPS is currently expanding its operation at Worldport and is expected to add 1,000 additional jobs by 2026.

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- As of March 1, 2022, the population of the Louisville metropolitan area is estimated at 1.32 million. The population has increased by an average of 6,900, or 0.5 percent, annually since 2010.
- Population growth averaged 7,750 people, or 0.6 percent, annually from 2010 to 2017 (Census Bureau population estimates as of July 1). Net in-migration accounted for 4,175 people annually, or 54 percent of the growth, whereas net natural change accounted for 3,575 people annually, or 46 percent. Since 2017, population growth has averaged 5,550 people, or 0.4 percent, annually (current estimates by the analyst). Net in-migration accounted for 2,775 people, or 50 percent of the growth, whereas net natural change accounted for 2,775 people annually, or 50 percent.
- Individuals aged 60 years and older represent an increasing share of the population in the Louisville metropolitan area. This age cohort increased from 19 percent of the population in 2010 to 23 percent of the total population in 2019 (American Community Survey [ACS] 1-year data). The 40–59 age cohort declined the most during this period, from 29 percent in 2010 to 26 percent in 2019.
- Jefferson County accounted for 43 percent of population growth in the metropolitan area from 2010 to 2020, followed by Oldham County with 13 percent, Bullitt County with 12 percent, Clark County with 11 percent, and Henry, Shelby, Spence, Floyd, and Harrison Counties with 1 to 5 percent each. The populations in Trimble, Scott, and Washington Counties each declined during this period.

## Economic Conditions

The economy of the Louisville metropolitan area is recovering after a severe recession early in 2020, largely due to public health measures put in place to slow the spread of COVID-19. Economic conditions in the metropolitan area are currently recovering, following the sharp decline in jobs during the recession in March and April 2020, when nonfarm payrolls in the metropolitan area fell by 98,600 jobs, or 15.0 percent. Through February 2022, the Louisville metropolitan area had regained 91,100 jobs, or 92 percent of jobs lost (monthly data, not seasonally adjusted). Nonfarm payrolls increased to an average of 665,900 jobs during the 3 months ending February 2022,

an increase of 17,600 jobs, or 2.7 percent, from the 3 months ending February 2021. By comparison, during the same period, nonfarm payrolls in Kentucky and in the nation grew 3.3 and 4.8 percent, respectively.

During the 3 months ending February 2022—

- The leisure and hospitality sector added the most jobs and grew at a faster rate than any other sector, increasing by 8,300 jobs, or 15.7 percent, to 61,000 jobs compared with the previous year. Despite the recent gain, the number of jobs in the sector was approximately 14 percent below the

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**In the Louisville metropolitan area, 8 out of 11 sectors gained jobs during the 3 months ending February 2022.**

	3 Months Ending		Year-Over-Year Change	
	February 2021 (Thousands)	February 2022 (Thousands)	Absolute (Thousands)	Percent
<b>Total Nonfarm Payrolls</b>	648.3	665.9	17.6	2.7
Goods-Producing Sectors	108.6	107.4	-1.2	-1.1
Mining, Logging, & Construction	28.1	28.9	0.8	2.8
Manufacturing	80.4	78.5	-1.9	-2.4
Service-Providing Sectors	539.7	558.5	18.8	3.5
Wholesale & Retail Trade	92.4	93.7	1.3	1.4
Transportation & Utilities	63.2	63.8	0.6	0.9
Information	8.3	8.5	0.2	2.4
Financial Activities	48.5	47.6	-0.9	-1.9
Professional & Business Services	85.1	90.3	5.2	6.1
Education & Health Services	96.0	99.0	3.0	3.1
Leisure & Hospitality	52.7	61.0	8.3	15.7
Other Services	23.2	23.1	-0.1	-0.4
Government	70.3	71.5	1.2	1.7
<b>Unemployment Rate</b>	4.8%	3.7%		

Note: Numbers may not add to totals due to rounding.

Source: U.S. Bureau of Labor Statistics



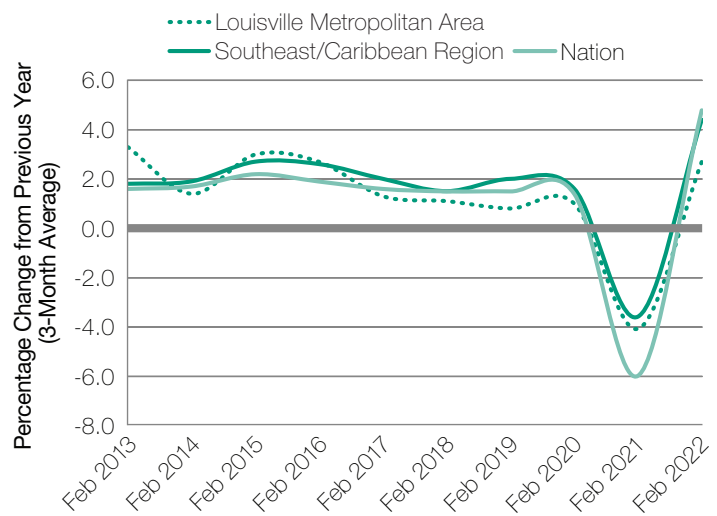
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69,400 jobs during the fourth quarter of 2019. The pandemic has reduced demand for leisure activities since the beginning of 2020.

- The professional and business services sector, the third largest sector in the metropolitan area, added 5,200 jobs, or 6.1 percent, compared with a year earlier. GE Appliances, a Haier company, announced in the fourth quarter of 2021 that it was expanding its headquarters and is expected to hire approximately 1,000 new employees during the next 5 years.
- The education and health services sector added 3,000 jobs, or 3.1 percent, compared with the 3 months ending February 2021. The education and health services sector is the largest sector in the metropolitan area, accounting for approximately 15 percent of all nonfarm payrolls.
- The unemployment rate in the metropolitan area decreased to 3.7 percent from 4.8 percent a year earlier. By comparison, the unemployment rate for the nation averaged 5.0 percent, down from 8.5 percent a year earlier.

The leisure and hospitality sector accounts for approximately 9 percent of all nonfarm payroll jobs in the metropolitan area. The sector, which relies heavily on tourism, contracted during 2020, largely because of countermeasures implemented to slow the spread of COVID-19. Tourism is the third largest industry in Kentucky, with a \$14.5 billion impact. Of that number, \$3.4 billion is generated from tourism activity in the Louisville metropolitan area (2019 Tourism Economic report). Bourbon distilleries are a big tourist draw in Kentucky. Nearly one-third of the bourbon distilleries in the state are located in the Louisville metropolitan area, including Brown-Forman Corporation, Beam Suntory, Inc. (makers of Jim Beam bourbon), and Heaven Hill Distilleries, Inc. The bourbon industry has an estimated economic impact of \$8.9 billion on the state of Kentucky (2020 Kentucky Distillers Association report). In the third quarter of 2021, Angel's Envy Distillery completed a \$9.2 million expansion in downtown Louisville across from Louisville Slugger Field. In early 2022, Heaven Hill Distilleries, Inc. announced that it was expanding its production with a new \$130 million distillery. The metropolitan area is also host to the Kentucky Derby, a horse race at Churchill Downs which is held on the first Saturday in

During the 3 months ending February 2022, nonfarm payrolls in the Louisville metropolitan area grew at a slower rate than the nation and the state of Kentucky.



Source: U.S. Bureau of Labor Statistics

### Largest Employers in the Louisville Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
United Parcel Service, Inc.	Transportation & Utilities	25,000
Norton Healthcare	Education & Health Services	13,850
Ford Motor Company	Manufacturing	13,000

Note: Excludes local school districts.

Source: Greater Louisville, Inc.

May. The Kentucky Derby season brings approximately \$400 million in economic impact to the metropolitan area each year (Louisville Business First). The Kentucky Derby Festival is held during the two weeks before the Derby and spans approximately 70 events, which collectively make up the largest single annual event in Kentucky. Churchill Downs is currently constructing a 43,000-square-foot Derby City gaming facility and is expected to add approximately 100 permanent jobs when it opens in early 2023.

## Sales Market Conditions

The sales housing market in the Louisville metropolitan area is currently balanced, with an estimated vacancy rate of 1.7 percent, down from 2.5 percent in 2010 when the market was soft. Despite a slowdown in population growth, a limited supply of for-sale inventory has contributed to the decline in the vacancy rate. The sales market remained relatively strong through the brief economic downturn in 2020; however,

mortgages that were seriously delinquent or in real estate owned (REO) status increased from 1.4 percent in February 2020 to 3.5 percent in February 2021 (CoreLogic, Inc.). Since then, the rate in the metropolitan area has declined to 1.7 percent as of February 2022, equal to the rate for nation but slightly above the 1.6-percent rate for Kentucky.

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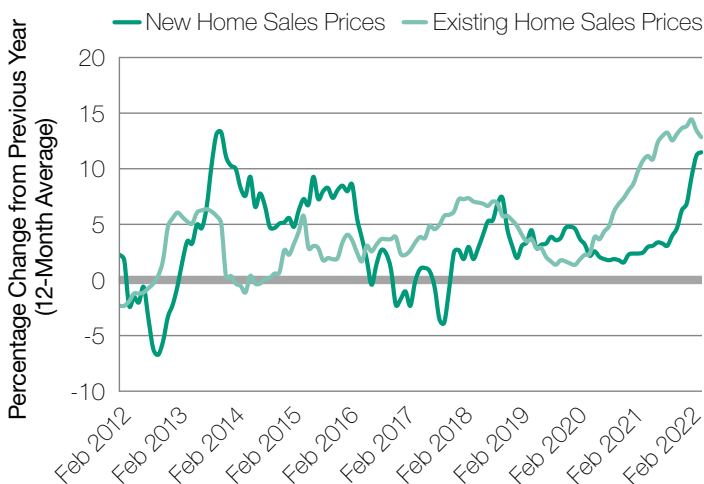


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During the 12 months ending February 2022—

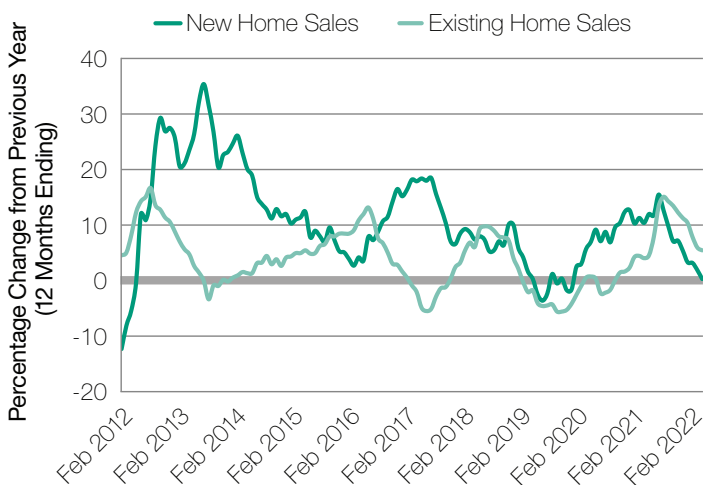
- New home sales totaled 2,550, approximately the same number as the sales a year ago (CoreLogic, Inc.). The average sales price for a new home was \$363,700, up 12 percent from a year earlier. Lower levels of for-sale inventory contributed to rising home sales prices.
- Existing home sales totaled 31,850, up 6 percent from the 30,200 homes sold during the previous 12-month period.
- The average sales price for existing homes was \$238,100, an increase of 13 percent from \$211,000 a year earlier.

Since 2020, the average price of existing homes in the Louisville metropolitan area increased more rapidly than the average new home sales price.



Note: Prices are for single-family homes, townhomes, and condominiums.  
Source: CoreLogic, Inc.

Home sales growth in the Louisville metropolitan area has slowed since early 2021.



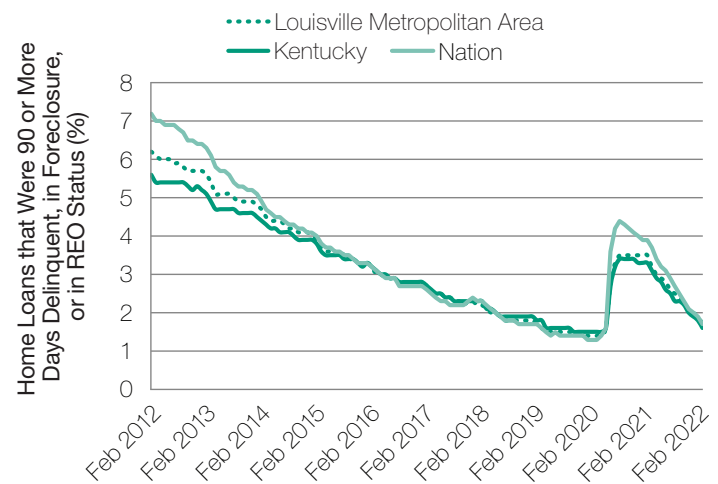
Note: Includes single-family homes, townhomes, and condominiums.  
Source: CoreLogic, Inc.

Sales prices increased significantly despite relatively slower in-migration since 2018.

Single-family homebuilding in the metropolitan area—as measured by the number of single-family homes permitted—has been elevated since 2015 despite the slowdown in population growth beginning in 2018. In the past 3 years, 56 percent of all new home construction in the metropolitan area occurred in Jefferson County, Kentucky and Clark County, Indiana, which include the cities of Louisville and Jeffersonville,

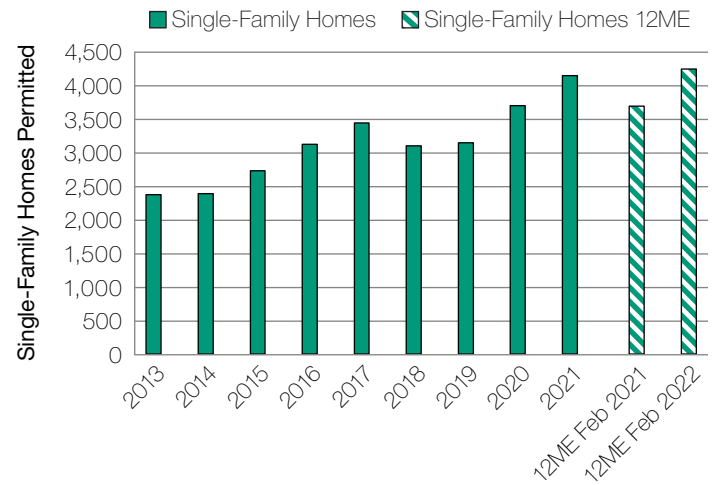
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The proportion of seriously delinquent home loans and REO properties in the Louisville metropolitan area rose sharply in mid-2020 following more than 8 years of steady declines.



REO = real estate owned.  
Source: CoreLogic, Inc.

Since 2013, single-family home construction trended upward in the Louisville metropolitan area.



12ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–20—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

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respectively. The city of Jeffersonville, Indiana, is directly across the Ohio River from the city of Louisville.

- During the 12 months ending February 2022, the number of single-family homes permitted totaled 4,250, increasing by 550 homes, or 15 percent, from the previous 12 months (preliminary data). Approximately 1,725 single-family homes are currently under construction.

## Apartment Market Conditions

Apartment market conditions in the Louisville metropolitan area are currently balanced. The apartment market was slightly soft in 2020, with the vacancy rate peaking late in the year at 7.3 percent, partly because of the economic downturn caused by the COVID-19 pandemic. As the economic recovery gained momentum in 2021, the apartment market came into balance. During the first quarter of 2022, the apartment vacancy rate in the metropolitan area was 5.3 percent, down from 7.0 percent during the first quarter of 2021 (Moody's Analytics REIS).

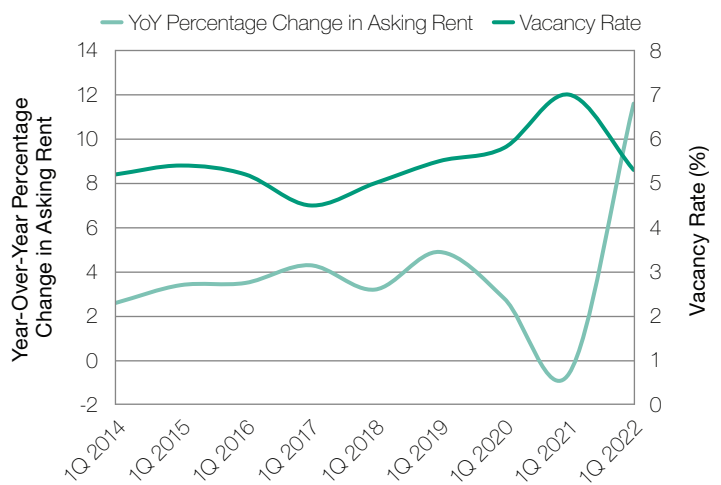
During the first quarter of 2022 —

- Vacancy rates decreased in five out of seven market areas in the metropolitan area during the past year. The lowest apartment vacancy rate was in the Moody's Analytics REIS-defined South Central market area, home of GE Appliance Park, at 2.0 percent, down from 6.0 percent from a year ago. The West Central market area, home to Churchill Downs, had the highest rate, at 8.6 percent, down from 10.8 percent a year ago.
- The average rent for apartments in the Louisville metropolitan area was \$979, an increase of 12 percent from \$877 during the first quarter of 2021, after increases averaging approximately 4 percent a year from 2013 through 2020.
- By bedroom size, average rents in the Louisville metropolitan area were \$881, \$1,008, and \$1,382 for one-bedroom, two-bedroom, and three-bedroom units, representing respective increases of 4, 3, and 13 percent from a year ago.
- Among the seven Moody's Analytics REIS-defined market areas, all had an increase in rent from a year earlier, ranging from 7 percent in the Jeffersonville market area to 18 percent in the Chenoweth/Taylorsville market area. The highest asking rent was in the Northeast Jefferson County market area at \$1,183, and the lowest was in the Southwest Jefferson County market area at \$732.

Multifamily construction in the Louisville metropolitan area, as measured by the number of multifamily units permitted, has

- Single-family construction activity averaged 2,500 homes annually from 2013 through 2015 and increased to an average of 3,450 homes annually from 2016 through 2021. A recent high of approximately 4,150 homes were permitted in 2021.
- Bridle Run, a subdivision 20 miles east of downtown Louisville in Jefferson County, has 15 lots available, with home prices starting in the low \$300,000s.

Since the first quarter of 2021, rents in the Louisville metropolitan area have risen sharply, and the vacancy rate has decreased.



1Q = first quarter. YoY = year-over-year.

Source: Moody's Analytics REIS

increased from 2015 through 2019. After reaching a recent high in 2019, multifamily construction activity declined in 2020. In response to tight apartment market conditions and the economic recovery, multifamily construction has increased in the past year.

- During the 12 months ending February 2022, 1,175 multifamily units were permitted in the Louisville metropolitan area, up 7 percent from the 1,100 units permitted during the 12 months ending February 2021 (preliminary data).
- An average of 2,350 multifamily units were permitted each year from 2016 through 2019, more than double the average of only 1,150 units permitted each year from 2020 through 2021.
- The Louis Apartment Flats, east of downtown Louisville and approximately 1 mile from the Ford Motor Company Truck plant, was recently constructed and includes one- to three-bedroom units, with rents ranging from \$1,279 to \$2,550, and units ranging in size from 680 to 1,534 square feet.

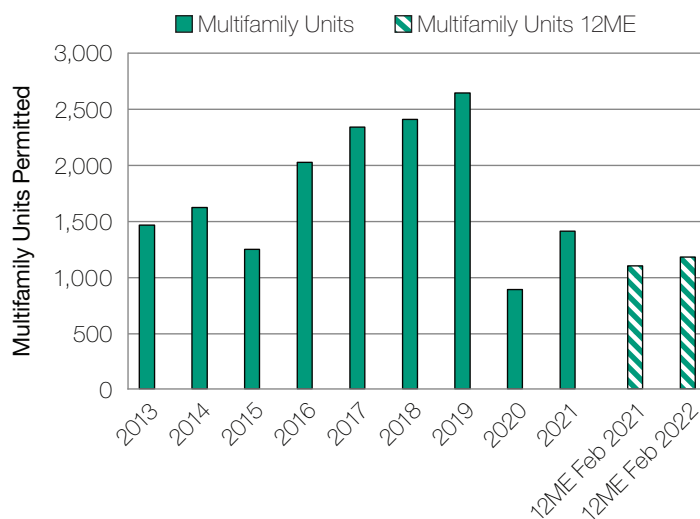
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The complex is approximately 5 miles from the University of Louisville and near Interstates 64 and 265.

- Completed in May 2021, the Foundry Apartments is a new income-restricted 198-unit development south of downtown Louisville. Asking rents start at \$791 and \$916 for two- and three-bedroom units, respectively.

## Multifamily construction in the Louisville metropolitan area peaked in 2019.



12ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–20—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

## Terminology Definitions and Notes

### A. Definitions

Building Permits	Building permits do not necessarily reflect all residential building activity. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.
Existing Home Sales	Include resales, short sales, and REO sales.
Home Sales/Home Sales Prices	Include single-family, townhome, and condominium sales.
Net Natural Change	Resident births minus resident deaths.
Rental Market/Rental Vacancy Rate	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.
Seriously Delinquent Mortgages	Mortgages 90+ days delinquent or in foreclosure.

### B. Notes on Geography

1.	The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.
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