

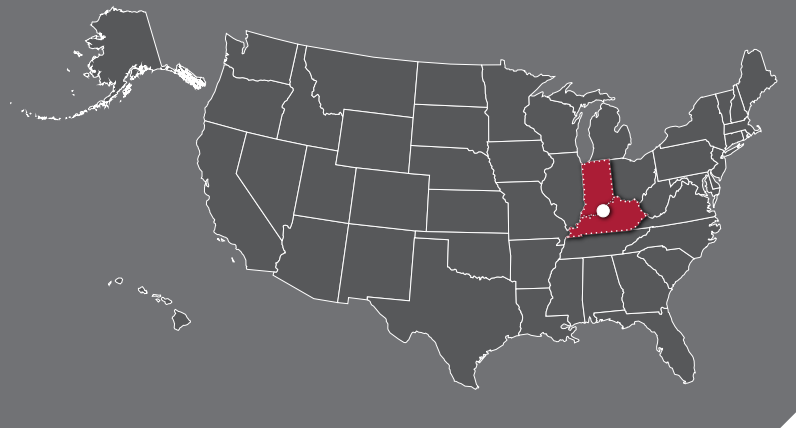
HUD PD&R Housing Market Profiles

Louisville, Kentucky-Indiana



Quick Facts About Louisville

- Current sales market conditions: balanced
- Current apartment market conditions: slightly soft
- Kentucky Derby Week—including festivities and horse races, culminating with the Kentucky Derby on the first Saturday in May—attracts approximately 155,000 visitors and has an estimated \$400 million annual economic impact on the Louisville metropolitan area (University of Louisville).



Louisville, Kentucky

By [Heather Jones](#) | As of October 1, 2024

Overview

The Ohio River bisects the Louisville, KY-IN metropolitan area (hereafter, Louisville metropolitan area), which includes Bullitt, Henry, Jefferson, Oldham, Shelby, Spencer, and Trimble Counties in northwest Kentucky and Clark, Floyd, Harrison, Scott, and Washington Counties in southeast Indiana. At the intersection of Interstates 64, 65, and 71, the city of Louisville, in Jefferson County, is the most populous city in Kentucky. In addition to being a regional hub for health care, trade, transportation logistics, and business services, the metropolitan area is a center for automobile and appliance manufacturing and beverage production, including bourbon. Population growth in the area has slowed since 2020, primarily because of declining net immigration and a decrease in net natural change due to the effects of the COVID-19 pandemic. The home sales market is currently balanced, with rising mortgage interest rates moderating sales demand since 2022. Apartment market conditions are slightly soft because of an elevated number of apartment units delivered during the past 2 years contributing to rising vacancy rates.

- The metropolitan area population is estimated at 1.33 million as of October 1, 2024. From 2016 to 2020, the population increased by an average of 5,925, or 0.5 percent, annually

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before slowing to an average annual increase of 1,925, or 0.1 percent, since 2020 (U.S. Census Bureau population estimates as of July 1; estimates by the analyst).

- Net in-migration averaged 3,625 people annually from 2016 to 2020, accounting for 61 percent of population growth. Since 2020, net in-migration has slowed to 2,100 people

annually but it more than offset the average net natural decline of 175 people annually.

- Jefferson County in Kentucky is the most populous county in the metropolitan area, accounting for 58 percent of the population, but it is the only county in the metropolitan area that has lost population since 2020.

Economic Conditions

The economy in the Louisville metropolitan area is stable. However, job growth decelerated during the past year. As of the third quarter of 2024, nonfarm payrolls averaged 702,300 jobs, up by 6,500 jobs, or 0.9 percent, from a year earlier. By comparison, jobs increased 1.6 percent year over year as of the third quarter of 2023, when the economy transitioned to expansion after recovering from the pandemic-related recession. Nonfarm payrolls are 3.9 percent greater than they were during the third quarter of 2019, before the COVID-19 pandemic—a smaller increase than the 5.1-percent national average. From the third quarters of 2014 through 2019, nonfarm payrolls in the metropolitan area increased an average of 1.5 percent annually.

As of the third quarter of 2024—

- The education and health services and the transportation and utilities sectors led job growth, adding 5,000 and 1,500 jobs, or 4.7 and 2.4 percent, respectively, from a

year earlier. Transportation and logistics is a major industry in the metropolitan area, with United Parcel Service, Inc., as the largest employer.

- Mining, logging, and construction jobs increased by 1,400, or 4.2 percent, from a year earlier, partly because of increased construction activity in the metropolitan area, including a warehouse and distribution complex at Park South in Bullitt County.
- Five payroll sectors declined during the period, with the greatest decreases in the financial activities, leisure and hospitality, and information sectors, which fell by 1,100, 1,000, and 600 jobs, respectively, or 2.3, 1.4, and 6.7 percent.
- The unemployment rate averaged 4.7 percent, up from 3.7 percent a year earlier. Strong labor force growth in the metropolitan area of 1.5 percent, outpacing the 0.5-percent increase in resident employment, contributed to the rate increase.

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As of the third quarter of 2024, jobs increased in 6 of the 11 nonfarm payroll sectors in the Louisville metropolitan area relative to a year ago.

	3 Months Ending		Year-Over-Year Change	
	September 2023 (Thousands)	September 2024 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	695.8	702.3	6.5	0.9
Goods-Producing Sectors	116.0	117.1	1.1	0.9
Mining, Logging, & Construction	33.5	34.9	1.4	4.2
Manufacturing	82.5	82.1	-0.4	-0.5
Service-Providing Sectors	579.8	585.2	5.4	0.9
Wholesale & Retail Trade	96.0	95.7	-0.3	-0.3
Transportation & Utilities	63.7	65.2	1.5	2.4
Information	9.0	8.4	-0.6	-6.7
Financial Activities	47.8	46.7	-1.1	-2.3
Professional & Business Services	89.0	89.9	0.9	1.0
Education & Health Services	105.3	110.3	5.0	4.7
Leisure & Hospitality	71.3	70.3	-1.0	-1.4
Other Services	26.4	26.9	0.5	1.9
Government	71.4	71.8	0.4	0.6
Unemployment Rate	3.7%	4.7%		

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

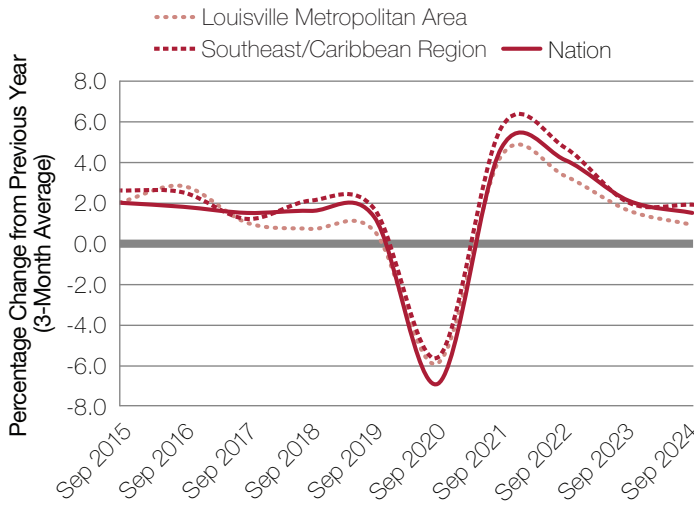
Source: U.S. Bureau of Labor Statistics



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The metropolitan area is home to 2,400 manufacturing companies that employ more than 82,100 people in the production of automotive and electrical components, food and

Nonfarm payroll growth in the Louisville metropolitan area as of the third quarter of 2024 was below the rates for the HUD Southeast/Caribbean region and the nation.



Source: U.S. Bureau of Labor Statistics

Sales Market Conditions

Sales market conditions in the Louisville metropolitan area are balanced, easing from tight conditions in late 2022 because rising mortgage interest rates suppressed the demand for home sales, and the for-sale inventory has trended upward. The 30-year fixed rate for mortgages averaged 6.2 percent nationwide during September 2024, more than double the 3.0-percent rate during the same period in 2021 (Freddie Mac). As of September 2024, the metropolitan area had a 2.3-month supply of homes for sale, up slightly from 2.2 months a year earlier and above the 1.7 months of supply during September 2022 (Redfin, a national real estate brokerage, with adjustments by the analyst). During the 12 months ending August 2024, approximately 23,250 new and existing homes sold, down 10 percent from the 12 months ending August 2023 (CoreLogic, Inc., with adjustments by the analyst). The average home sales price increased 3 percent year over year to \$283,000.

As of the 12 months ending August 2024—

- Existing home sales, including resales and distressed sales, decreased 8 percent during the 12 months ending August 2024 to 21,650 homes sold. The average price of an existing home increased 4 percent year over year to \$271,400.
- New home sales totaled 1,650 during the 12 months ending August 2024, down 30 percent from a year earlier, accounting

for 7 percent of all homes sold. Price growth continued despite slower new home sales, with prices increasing 3 percent year over year to \$435,700.

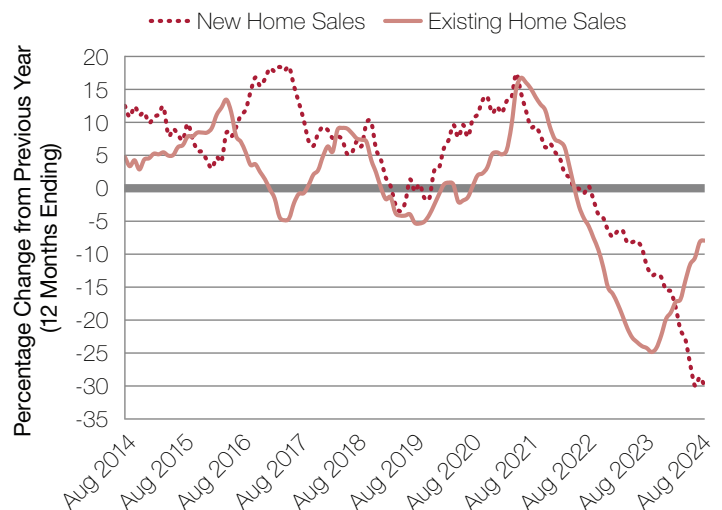
Largest Employers in the Louisville Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
United Parcel Service, Inc.	Transportation & Utilities	25,100
Norton Healthcare, Inc.	Education & Health Services	13,850
Ford Motor Company	Manufacturing	13,000

Note: Excludes local school districts.

Source: Greater Louisville, Inc.

Sales of new and existing homes in the Louisville metropolitan area declined significantly during the past 2 years.



Note: Sales are for single-family homes, townhomes, and condominiums.

Source: CoreLogic, Inc., with adjustments by the analyst

for 7 percent of all homes sold. Price growth continued despite slower new home sales, with prices increasing 3 percent year over year to \$435,700.

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- Jefferson County accounted for approximately 58 percent of total metropolitan area home sales in the 12 months ending August 2024, with 13,500 new and existing homes sold, down 9 percent from a year earlier. The average home price in the county of \$277,500 was 8 percent less than the average for the metropolitan area. The 2-percent year-over-year price gain in the county was also slightly slower than the overall price growth in the metropolitan area.
- The percentage of home loans in the metropolitan area that were seriously delinquent or had transitioned into real estate owned status declined from 1.2 percent in August 2023 to 1.1 percent in August 2024 (CoreLogic, Inc.). The current rate is the same as the rate for Kentucky but slightly above the 1.0-percent rate for the nation.

Despite rising mortgage rates and declining home sales, homebuilding activity increased in the past year, partly because the supply of existing homes for sale remains relatively low, contributing to demand for new homes. During the 12 months ending September 2024, homebuilding activity in the metropolitan area, as measured by the number of single-family homes permitted, totaled 3,400, up 11 percent from the 12 months ending September 2023 (preliminary data, with adjustments by the analyst).

- Jefferson County has accounted for approximately 34 percent of all single-family home permitting in the metropolitan area since 2020. Most of the recent development has been concentrated along major commuting arteries around Louisville.

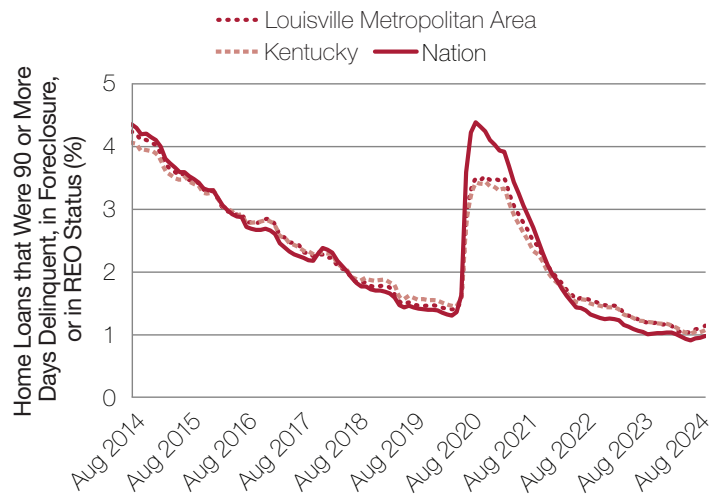
Price appreciation for new and existing homes in the Louisville metropolitan area slowed during the past 2 years.



Note: Prices are for single-family homes, townhomes, and condominiums.
Source: CoreLogic, Inc., with adjustments by the analyst

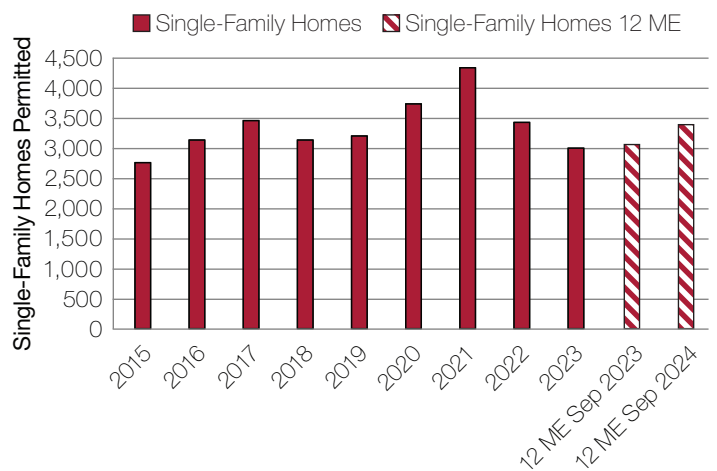
- From 2020 through 2021, an average of 4,050 single-family homes were permitted annually before permitting decreased to an average of 3,225 homes a year from 2022 through 2023.
- Moore Farm by Superior Builders is a new single-family-home subdivision near Interstate 265 in southeast Louisville, near the neighborhood of Ashville. The subdivision has 21 lots, with 2 lots still available. Home prices in the development during the third quarter of 2024 started at \$415,000 for a three-bedroom home.

The rate of seriously delinquent mortgages and REO properties in the Louisville metropolitan area has decreased since reaching a recent peak in 2020 but is higher than the rates for the state and the nation.



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

The number of single-family homes permitted in the Louisville metropolitan area increased during the most recent 12 months.



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2015–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

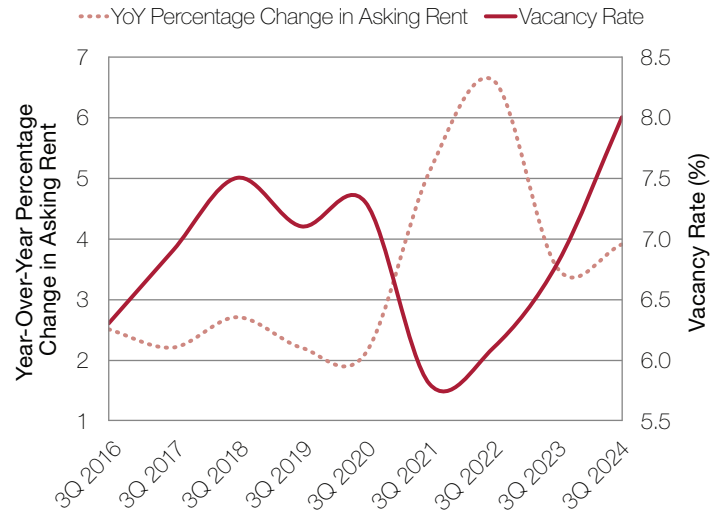
Apartment Market Conditions

Apartment market conditions in the Louisville metropolitan area are currently slightly soft because of a relatively high number of new apartment deliveries during the past 2 years, which has contributed to rising vacancy rates. The apartment vacancy rate averaged 8.0 percent as of the third quarter of 2024, up from 6.8 percent a year earlier (CoStar Group). The average rent as of the third quarter of 2024 was \$1,191, up 4 percent from a year earlier. From the third quarters of 2014 to 2020, rent increases averaged 2 percent annually, but rent growth more than doubled to an average of 6 percent from 2021 through 2022 before slowing to an increase of 4 percent as of the third quarter of 2023.

- Absorption of apartment units accelerated in the 12 months ending September 2024, when 2,600 units were absorbed, up from 2,125 units during the previous 12 months and 1,950 units during the 12 months ending September 2022. By comparison, an average of 3,675 units were absorbed annually from 2019 through 2021, up from an average of only 1,325 units each year from 2016 through 2018.
- Apartment market conditions across the 16 CoStar Group-defined market areas in the metropolitan area were mixed, ranging from tight to soft, with exceptionally high vacancy rates in some market areas due to recent deliveries of units. As of the third quarter of 2024, the Outlying Floyd County and the Southern Indiana market areas had the highest vacancy rates of 44.2 and 15.9 percent, respectively. The two market areas combined to account for 49 percent of the apartment units completed in the metropolitan area during the past year.
- The strongest year-over-year rent growth in the past year occurred in the Spencer County and the Shelby County market areas, which also had some of the lowest vacancy rates in the metropolitan area at 2.5 and 3.3 percent, respectively. As of the third quarter of 2024, the average rent increased 7 percent to \$979 in the Spencer County market area and increased 9 percent to \$1,085 in the Shelby County market area.
- In the Southern Indiana market area, 1,600 units were delivered during the 12 months ending September 2024, accounting for 43 percent of all deliveries in the metropolitan area. During the previous 12 months, 910 units were delivered, down from 1,000 units during the 12 months ending September 2022.

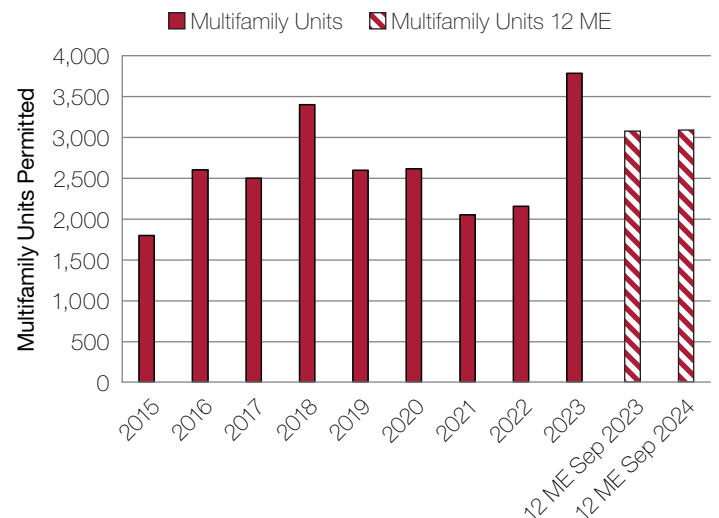
Multifamily housing construction activity in the metropolitan area, as measured by the number of multifamily units permitted and estimates by the analyst, has remained elevated during the past 2 years despite softening apartment market conditions.

As of the third quarter of 2024, the apartment vacancy rate in the Louisville metropolitan area increased from a year earlier, but growth in the average rent accelerated slightly.



3Q = third quarter. YoY = year-over-year.
Source: CoStar Group

Multifamily building activity in the Louisville metropolitan area was generally steady in the 12 months ending September 2024 compared with the previous year.



12 ME = 12 months ending.

Sources: U.S. Census Bureau, Building Permits Survey; 2015–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

During the 12 months ending September 2024—

- Approximately 3,100 multifamily units were permitted in the metropolitan area, up 1 percent from a year earlier (preliminary data, with adjustments by the analyst).

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Permitting averaged 2,600 units a year in 2019 and 2020, then it fell to an average of 2,100 units a year in 2021 and 2022 before rising sharply to 3,775 units in 2023.

- Jefferson County accounted for 81 percent of multifamily construction in the metropolitan area, with approximately 2,500 units permitted, up from 2,075 units during the previous 12 months and accounting for 67 percent of the metropolitan area total.
- Multifamily development activity in Jefferson County has been notably concentrated in downtown Louisville. Recent multifamily construction includes The Prestonian, with 343 apartments. Construction began in October 2023, and the development will include 150 one-bedroom units, 113 two-bedroom units, and 80 three-bedroom units. The tentative completion date is February 2025.
- Outside Jefferson County, most of the apartment development in the metropolitan area has occurred in Indiana. The 252-unit Nicholas Landing apartments opened in Clarksville in 2024, with rents for one-, two-, and three-bedroom units at \$1,016, \$1,219, and \$1,418, respectively.
- One of the newest apartment properties in the metropolitan area is The Flats of River Ridge, with 364 units, which opened in August 2024 in Charlestown, Clark County, Indiana. Current rents for one-, two-, and three-bedroom units start at \$1,266, \$1,478, and \$1,797, respectively.

Terminology Definitions and Notes

A. Definitions

Absorption	The net change, positive or negative, in the number of occupied units in a given geographic range.
Apartment Vacancy Rate/Average Monthly Rent	Data are for market-rate and mixed market-rate and affordable general occupancy apartment properties with five or more units, including those that are stabilized and in lease up.
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, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.
Distressed Sales	Short sales and real estate owned (REO) sales.
Existing Home Sales	Includes resales, short sales, and REO sales.
Home Sales/Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Net Natural Change	Resident births minus resident deaths.
Net Natural Decline	Resident deaths are greater than resident births.
Seriously Delinquent Mortgages	Mortgages 90 or more 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.
2.	The HUD Southeast/Caribbean region includes Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, Puerto Rico, South Carolina, Tennessee, and the U.S. Virgin Islands.