

COMPREHENSIVE HOUSING MARKET ANALYSIS

Louisville, Kentucky-Indiana

U.S. Department of Housing and Urban Development,
Office of Policy Development and Research

As of January 1, 2025



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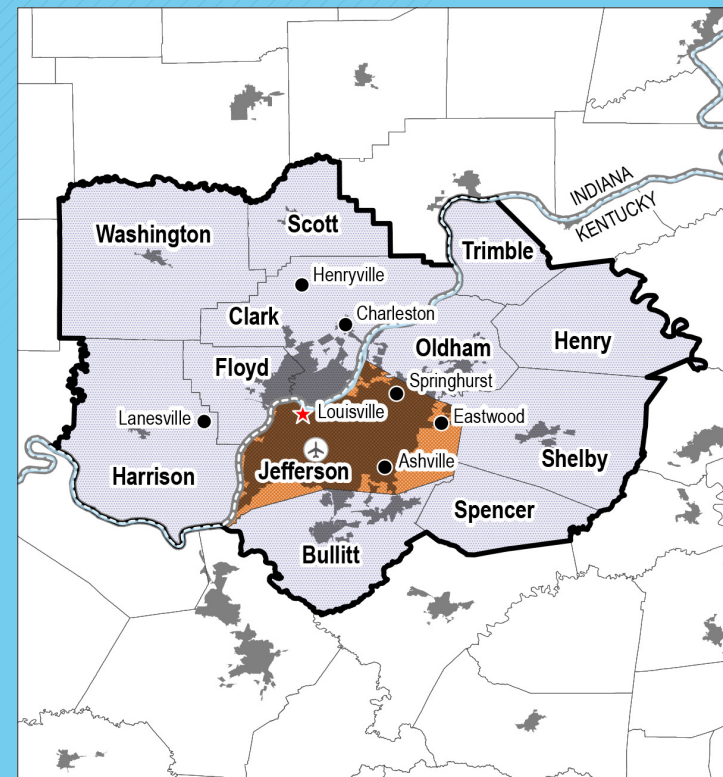
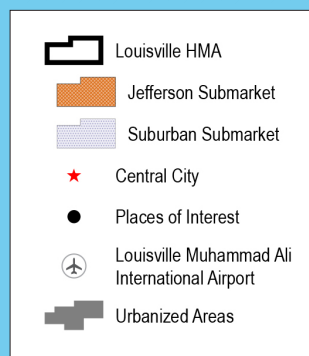
Executive Summary

Housing Market Area Description

The Louisville, Kentucky-Indiana Housing Market Area (hereafter, Louisville HMA) is coterminous with the Louisville-Jefferson County, KY-IN Metropolitan Statistical Area (MSA) in northwestern Kentucky and southeast Indiana and is bisected by the Ohio River. For purposes of this report, the HMA is divided into two submarkets: the Jefferson County submarket, which is coterminous with the city of Louisville in Kentucky; and the Suburban submarket, made up of Clark, Floyd, Harrison, Scott, and Washington Counties in Indiana and Bullitt, Henry, Oldham, Shelby, Spencer, and Trimble Counties in Kentucky.

The current population of the HMA is estimated at 1.35 million.

Tourism in the city of Louisville generated an estimated \$4.2 billion in economic impacts and supported 95,000 jobs in 2023 (Louisville Tourism). The HMA has a significant bourbon distilling industry and is recognized as a bourbon-tasting destination. Tours of the Kentucky Bourbon Trail begin in Louisville and extend to 18 distilleries throughout central Kentucky. In addition, the HMA attracts visitors with horse racing, including thoroughbred racing at Churchill Downs. Kentucky Derby Week includes festivities and horse races, culminating with the annual Kentucky Derby on the first Saturday in May, and has an estimated economic impact of \$405 million on the HMA. The 150th annual event in 2024 attracted more than 156,700 visitors.



Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R's [Market-at-a-Glance tool](#).

Additional data for the HMA can be found in this report's [supplemental tables](#).

For information on HUD-supported activity in this area, see the [Community Assessment Reporting Tool](#).

Market Qualifiers

Economy



Stable: During 2024, nonfarm payrolls averaged 717,700, representing a year-over-year increase of 7,900 jobs, or 1.1 percent.

Job growth slowed from the 2.0-percent annual gain in 2023 as the economy in the Louisville HMA shifted from recovery to expansion. The unemployment rate during 2024 was 4.5 percent, up from 3.8 percent a year earlier but below the 6.6-percent rate during 2020, when unemployment increased due to the COVID-19 pandemic. The largest nonfarm payroll sectors in the HMA are the education and health services, the wholesale and retail trade, and the professional and business services sectors. The education and health services sector added the most jobs during 2024. During the next 3 years, nonfarm payrolls are expected to increase at an average annual rate of 0.8 percent.

Sales Market



Balanced: The HMA has an estimated sales vacancy rate of 1.2 percent, down from 1.4 percent in 2020 and from 2.5 percent in 2010.

Home sales totaled 23,350 during 2024, down 5 percent from a year earlier, and the average home sales price rose 6 percent year over year to \$287,800 (Cotality, with adjustments by the analyst). The 2.0-month supply of homes available for sale in the HMA during December 2024 is down slightly from the 2.1-months of supply during December 2023 but above the 1.7-month supply during December 2022 (Redfin, a national real estate brokerage, with adjustments by the analyst). During the 3-year forecast period, demand is expected for 7,000 new homes; the 1,735 homes under construction are expected to meet a portion of the demand. Approximately 80 percent of the demand is expected in the Suburban submarket.

Rental Market



Balanced: The rental vacancy rate was 7.8 percent as of January 1, 2025, down from 8.5 and 9.4 percent in 2020 and 2010, respectively.

The apartment market in the HMA is also balanced; the vacancy rate in the apartment market rose year over year from 6.6 to 8.1 percent as of the fourth quarter of 2024, and rent growth moderated to a 3-percent increase, slowing from the recent peak growth of 6 percent as of the fourth quarter of 2021, when the market was tight (CoStar Group). Rental construction decreased 50 percent from a year earlier during 2024 to nearly 2,075 rental units permitted. Permitting in the Suburban submarket and the Jefferson County submarket each fell by 1,025 units, or 71 percent and 38 percent, respectively, during the period. Demand is expected for 5,625 rental units during the forecast period. The 3,290 units under construction are expected to meet a portion of the demand. Jefferson County accounts for 69 percent of the expected demand and 82 percent of the units already under construction.

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	3-Year Housing Demand Forecast					
	Sales Units			Rental Units		
	Louisville HMA Total	Jefferson County Submarket	Suburban Submarket	Louisville HMA Total	Jefferson County Submarket	Suburban Submarket
Total Demand	7,000	1,400	5,600	5,625	3,875	1,750
Under Construction	1,735	610	1,125	3,290	2,700	590

Notes: Total demand represents the estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of January 1, 2025. The forecast period is January 1, 2025, to January 1, 2028. Source: Estimates by the analyst



Economic Conditions

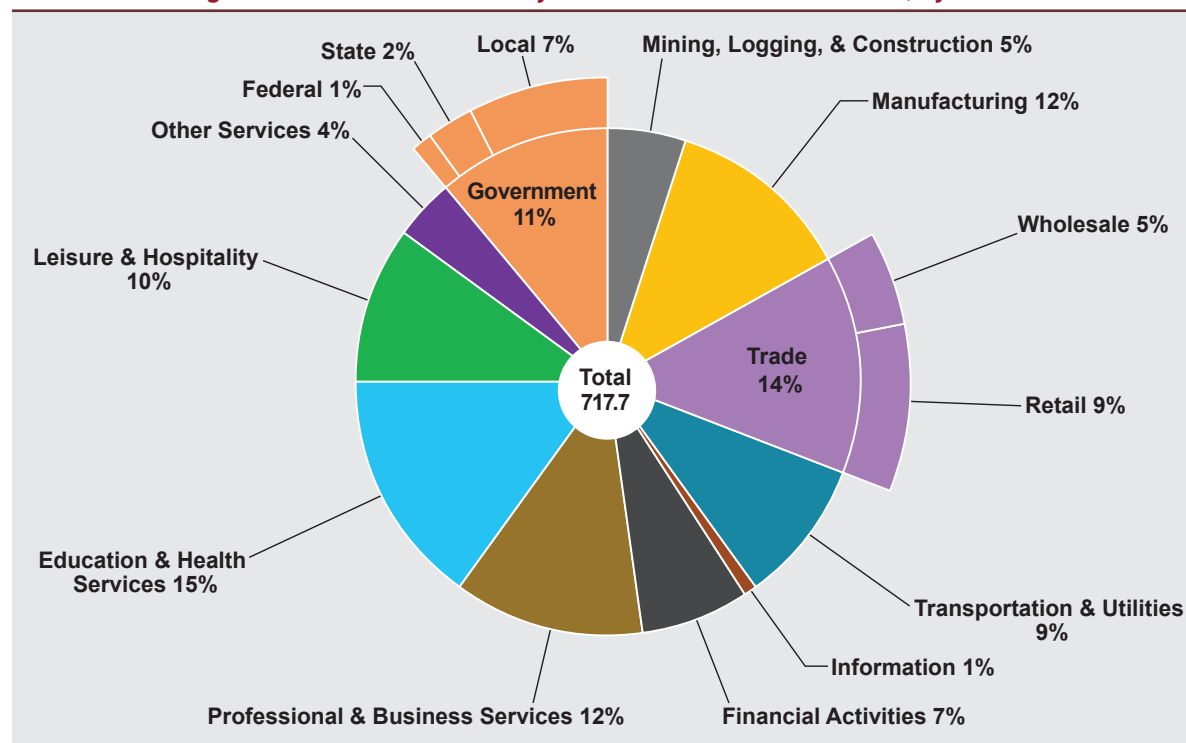
Largest Sector: Education and Health Services

During 2024, the education and health services sector added 4,700 jobs, or 4.4 percent, accounting for 59 percent of the net increase in nonfarm payrolls in the Louisville HMA.

Primary Local Economic Factors

The city of Louisville, coterminous with Jefferson County in Kentucky, is the most populous city in Kentucky and the economic center of the HMA. Leading industries in the HMA include health care, tourism, manufacturing, and transportation and logistics. Louisville is a regional healthcare center, and 3 of the 10 largest employers in the HMA—Norton Healthcare Inc., UofL Health, Inc., and Baptist Healthcare System, Inc.—are medical providers. The three healthcare systems are ranked among the top six in Kentucky (*U.S. News & World Report*, Best Regional Hospitals, 2024–25). In addition, health insurance company Humana Inc. is headquartered in the city of Louisville, and the Louisville VA Medical Center is currently under construction in East Louisville. The 104-bed, full-service hospital is expected to provide health care for the 45,000 veterans in Kentucky and Southern Indiana and is anticipated to be complete in 2026 ([VA.gov](https://www.va.gov)). The presence of major healthcare providers has contributed to the education and health services sector accounting for 15 percent of total nonfarm payrolls, making it the largest sector in the HMA (Figure 1).

Figure 1. Share of Nonfarm Payroll Jobs in the Louisville HMA, by Sector



Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through December 2024. Source: U.S. Bureau of Labor Statistics

Tourism, especially in downtown Louisville, also supports the local economy. Louisville tourism generated approximately \$4.2 billion in economic impact in 2023, accounting for more than 30 percent of the statewide impact of tourism, and approximately 16.4 million visitors travel to Louisville annually (Louisville Tourism). The Louisville Slugger Museum & Factory hosts more than 300,000 visitors annually, and the downtown Louisville Bourbon District expanded in 2023 with the additions of the Buzzard's Roost Whiskey Row Experience and Bardstown Bourbon Company tasting room.

The manufacturing and the transportation and logistics industries are also significant contributors to the economy in the HMA, with Ford Motor Company, GE Appliances, a Haier company (hereafter, GE), and United Parcel Service, Inc. (UPS) among the largest employers (Table 1). Ford Motor Company established its first assembly plant in the HMA in 1916 and is currently the fourth largest employer, with 13,000 workers

combined in the Kentucky Truck Plant and the Ford Louisville Assembly Plant (*Louisville Business First*). Appliance Park, a 750-acre business park in southeastern Louisville that opened in 1951, includes the national headquarters for GE and its facilities for manufacturing refrigerators, washing machines, dryers, and dishwashers. In 2024, however, the company announced it would lay off 4 percent of its global salaried workforce. UPS is the largest employer in the HMA, with approximately 26,350 workers. It is the largest package delivery company in the world and operates the UPS Worldport hub at the Louisville Muhammad Ali International Airport in addition to distribution centers throughout the HMA. UPS Worldport employs more than 7,000 workers, and the hub sorts roughly 400,000 packages every hour. In Kentucky, UPS operations contribute to 62,000 direct and indirect jobs and \$2.5 billion in annual payrolls ([Kentucky.gov](https://kentucky.gov)).

Current Conditions— Nonfarm Payrolls

Nonfarm payroll levels in the HMA have fully recovered from the job losses in early 2020 from the countermeasures taken to slow the spread of COVID-19. During 2024, nonfarm payrolls averaged 717,700, up by 7,900 jobs, or 1.1 percent, from a year earlier (Table 2). By comparison, payrolls increased by 13,800 jobs, or 2.0 percent, during 2023, following a 3.4-percent increase

Table 1. Major Employers in the Louisville HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
United Parcel Service, Inc.	Transportation & Utilities	26,350
Norton Healthcare Inc.	Education & Health Services	15,050
UofL Health, Inc.	Education & Health Services	13,150
Ford Motor Company	Manufacturing	13,000
Humana Inc.	Financial Activities	11,000
Baptist Healthcare System, Inc.	Education & Health Services	8,650
Walmart Inc.	Wholesale & Retail Trade	8,550
GE Appliances, a Haier Company	Manufacturing	8,500
University of Louisville	Government	6,350
Louisville/Jefferson County Metro Government	Government	5,700

Note: Excludes local school districts.
Source: *Louisville Business First*, 2023

Table 2. 12-Month Average Nonfarm Payroll Jobs (1,000s) in the Louisville HMA, by Sector

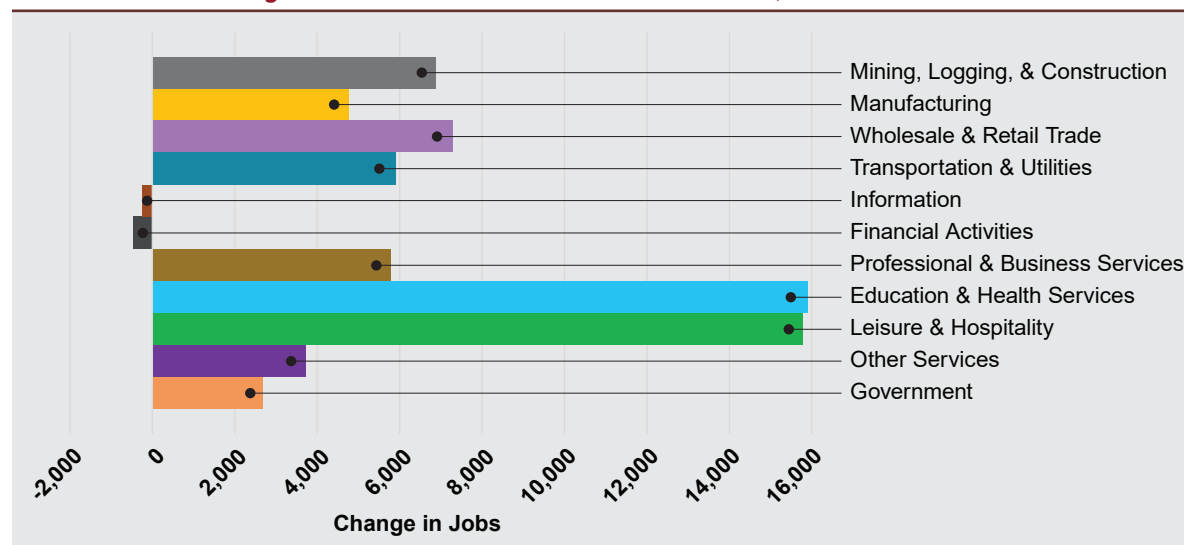
	2023	2024	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	709.8	717.7	7.9	1.1
Goods-Producing Sectors	121.1	122.6	1.5	1.2
Mining, Logging, & Construction	34.8	36.9	2.1	6.0
Manufacturing	86.3	85.7	-0.6	-0.7
Service-Providing Sectors	588.7	595.1	6.4	1.1
Wholesale & Retail Trade	98.8	99.5	0.7	0.7
Transportation & Utilities	65.6	65.9	0.3	0.5
Information	8.9	8.3	-0.6	-6.7
Financial Activities	48.0	47.2	-0.8	-1.7
Professional & Business Services	90.0	87.9	-2.1	-2.3
Education & Health Services	106.2	110.9	4.7	4.4
Leisure & Hospitality	70.8	72.2	1.4	2.0
Other Services	26.8	27.5	0.7	2.6
Government	73.7	75.7	2.0	2.7

Notes: Based on 12-month averages through December 2023 and December 2024. Numbers may not add to totals due to rounding. Data are in thousands.
Source: U.S. Bureau of Labor Statistics



during 2022. The number of jobs lost during 2020 was recovered by 2022, and during 2023, nonfarm payrolls exceeded 2019 levels by 3.4 percent. However, recovery has not been equal across sectors. During 2024, the education and health services sector had the largest gain and fastest growth, adding 4,700 jobs, or 4.4 percent, from a year earlier. This sector has had the strongest growth of any sector since 2021, offsetting weak growth in other sectors that have yet to surpass 2019 levels (Figure 2). The mining, logging, and construction sector also had strong growth during the most recent 12 months, increasing by 2,100 jobs, or 6.0 percent, from a year earlier. A shift among consumers toward online purchases has supported the transportation and utilities sector, a trend that began before 2020 and accelerated during the COVID-19 pandemic. During 2024, the number of jobs in the sector was 15 percent above the level during 2019, the largest percentage increase among nonfarm sectors in the HMA. Partially offsetting nonfarm payroll gains during the past year, the information sector declined by 600 jobs or 6.7 percent. The sector is approximately 9.8 percent below 2019 levels, and in 2024, it decreased for the first time since 2020. The financial activities sector also declined during the past year. Rising mortgage interest rates since 2022 led to declines in loan refinancing and mortgage applications, resulting

Figure 2. Sector Growth in the Louisville HMA, 2021 to Current



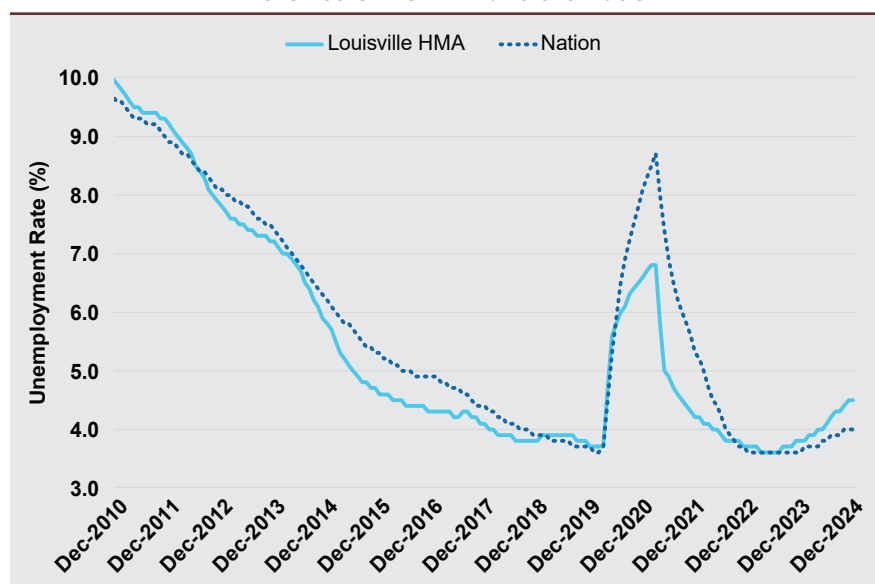
Note: Current data are based on the 12-month averages ending December 2024.
Source: U.S. Bureau of Labor Statistics

in layoffs in related real estate industries. During 2024, the financial activities sector shed 800 jobs, or 1.7 percent, from a year earlier to 47,200 jobs. The government sector had the second largest job gain after the education and health services sector; in the past year, the government sector fully recovered the number of jobs lost during 2020. The sector expanded by 2,000 jobs, or 2.7 percent, from 2023. The federal and state government subsectors added 300 and 200 jobs, or 3.0 and 1.2 percent, respectively. However, the local government subsector had the strongest growth, adding 1,600 jobs, or 3.4 percent. Staffing shortages have been a challenge for local governments. In March 2023, the Louisville/Jefferson County government hosted a job fair to fill nearly 1,900 vacancies across all departments, many of which were filled during the past year. The professional and business services sector contracted during 2024, falling by 2,100 jobs, or 2.3 percent, compared with the previous year, when the sector shed 2,700 jobs, or 2.9 percent. The decline was concentrated in the administrative and support and waste management and remediation services subsector, which fell by 2,300 jobs, or 5.1 percent, in 2024. Similar to national trends, the industry decline is partially attributed to a reduction among firms providing temporary help services.

Current Conditions—Unemployment

The labor market has eased from tight conditions in the past 2 years, when the unemployment rate was at the lowest level since at least 2000. During 2024, the unemployment rate was 4.5 percent, up from 3.8 percent a year earlier and 3.7 percent in 2022 (Figure 3). The increase in the past year occurred because the labor force increased by 10,900, or 1.6 percent, and outpaced growth in resident employment of 5,500, or 0.8 percent.

Figure 3. 12-Month Average Unemployment Rate in the Louisville HMA and the Nation

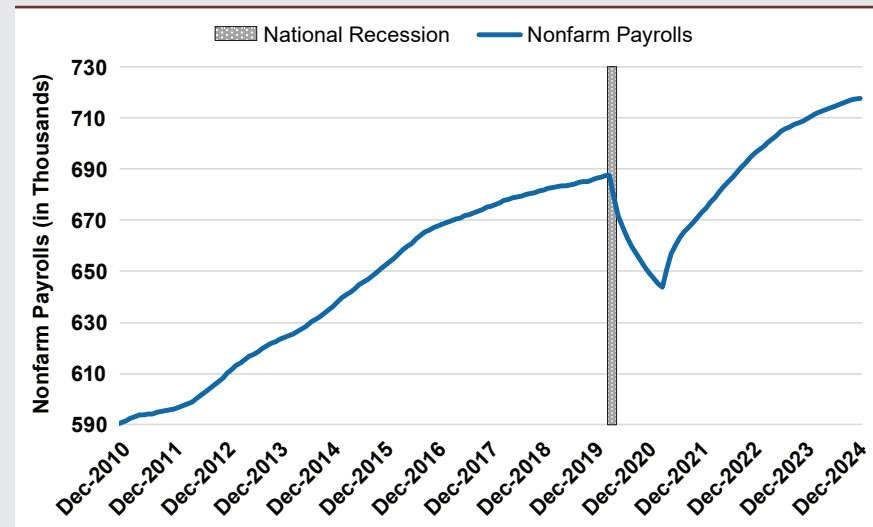


Note: Based on the 12-month moving average.
Source: U.S. Bureau of Labor Statistics

Economic Periods of Significance 2011 Through 2019

Initial recovery from the Great Recession of 2007 to 2009 was sluggish but strengthened beginning in 2012, bolstered by growth in manufacturing jobs, including the onshoring of some activities from foreign locations. Nonfarm payrolls in 2011 increased 0.8 percent, and growth spiked to 2.3 percent in 2012 (Figure 4). Reversing declines caused by the Great Recession, the manufacturing sector added 6,600 jobs in 2012, or 10.3-percent growth, which accounted for 47 percent of total nonfarm payroll gains. In 2012, the Ford Louisville Assembly Plant began production of the Ford Escape, adding approximately 1,800 jobs and contributing to approximately 900 jobs added by area suppliers. Also in 2012, GE added 1,000 production workers and 500 engineers to the HMA. Job growth moderated from 2013 through 2019, and nonfarm payrolls increased by an average of 10,900 jobs, or 1.7 percent, annually. The transportation and utilities and the manufacturing sectors led

Figure 4. 12-Month Average Nonfarm Payrolls in the Louisville HMA



Note: 12-month moving average.
Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

job growth, adding averages of 2,200 and 2,100 jobs, or 4.5 and 2.8 percent, each year, respectively.

2020

Nine years of economic growth ended in 2020 with the onset of the global pandemic. The short but severe downturn resulted in a loss of 36,800 jobs, or 5.4 percent, in the HMA during 2020. The leisure and hospitality sector accounted for 41 percent of job losses that year, decreasing by 15,200 jobs, or 21.2 percent. Tourism in the HMA was significantly impacted, with an estimated \$165 million in lost revenue due to cancellations in the second quarter of 2020 (Louisville Tourism). Although 9 of the 11 nonfarm payroll sectors shed jobs during the year, the transportation and utilities sector and the financial activities sector added jobs. The transportation and utilities sector added 2,700 jobs, or 4.7 percent, reflecting the shift among consumers to e-commerce during the pandemic. Low interest rates and increased demand for homeownership, partly to accommodate greater space for remote work, led to a surge in homebuying and mortgage refinancing, supporting the addition of 400 jobs, or 0.8 percent, in the financial activities sector.

2021 Through 2022

Nonfarm payrolls in the HMA fully recovered from the job losses by 2022; however, recovery was uneven across sectors. From 2021 through 2022, nonfarm payrolls increased an average of 23,300 jobs, or 3.5 percent, annually, to an average of 696,000 jobs in 2022. During the period, the leisure and

hospitality sector led in both numerical job growth and rate of gains, adding an average of 5,500 jobs, or 9.3 percent, annually. The sector was the hardest hit during the 2020 recession, but tourism activity accelerated sharply when restrictions were lifted. As of 2022, however, sector payrolls were still 5.9 percent below 2019 levels. Activities such as sporting events and bourbon tours were the fastest to recover in terms of attendance, with a slower recovery in business travel and conventions. In addition to the leisure and hospitality sector, the government, the information, and the other services sectors had not fully recovered from the impacts of the recession by the end of 2022. The government sector was the only sector to continue to decline after the initial contraction during 2020. From 2021 through 2022, the sector fell by an average of 500 jobs, or 0.7 percent, annually, with decreases in both the federal and state subsectors. Despite job growth averaging 1.7 percent annually from 2021 through 2022, the information sector was still 4.3 percent below 2019 levels in 2022. In 2022, the other services sector was 2.7 percent below 2019 levels, despite an average increase of 3.5 percent from 2021 through 2022.

After the leisure and hospitality sector, the professional and business services and the transportation and utilities sectors had the greatest increases from 2021 through 2022, rising by averages of 5,300 and 2,800 jobs, or 6.3 and 4.5 percent, each year, respectively. The professional and business services sector surpassed 2019 payroll levels in 2021. The education and health services sector also had notable growth during the period, surpassing 2019 levels in 2022.



Commuting Patterns and Geography of Jobs

Although local residents fill most of the jobs in the HMA, some commuting occurs in and out of the HMA. In 2022, approximately 79 percent of people who worked in the HMA also lived in the HMA (U.S. Census Bureau, OnTheMap). The remaining 21 percent of people working in the HMA commuted from elsewhere, primarily from the nearby Elizabethtown-Fort Knox, KY MSA and the Lexington-Fayette, KY MSA (hereafter, Lexington-Fayette metropolitan area). Of the workers living in the HMA, 16 percent traveled outside of the HMA to work, with the Lexington-Fayette metropolitan area the most common destination. The city of Louisville is the economic center of the HMA and includes most major employers. The Jefferson County submarket accounts for approximately 72 percent of HMA jobs (Table 3). In the Suburban submarket, large employers include retailers with multiple locations, such as Walmart Inc. and The Kroger Company; community healthcare centers; Amazon.com, Inc. fulfillment centers; and some manufacturers.

Table 3. Current Estimated Percent Share of Nonfarm Payrolls in the Louisville HMA, by Submarket

Jefferson County Submarket	72
Suburban Submarket	28

Sources: U.S. Bureau of Labor Statistics; estimates by the analyst

Forecast

Nonfarm payrolls in the HMA are expected to increase an average of 0.8 percent a year during the next 3 years. The education and health services sector is expected to continue leading job growth in the HMA. Norton West Louisville Hospital opened in November 2024 and is expected to continue adding jobs through the forecast period.



Population and Households

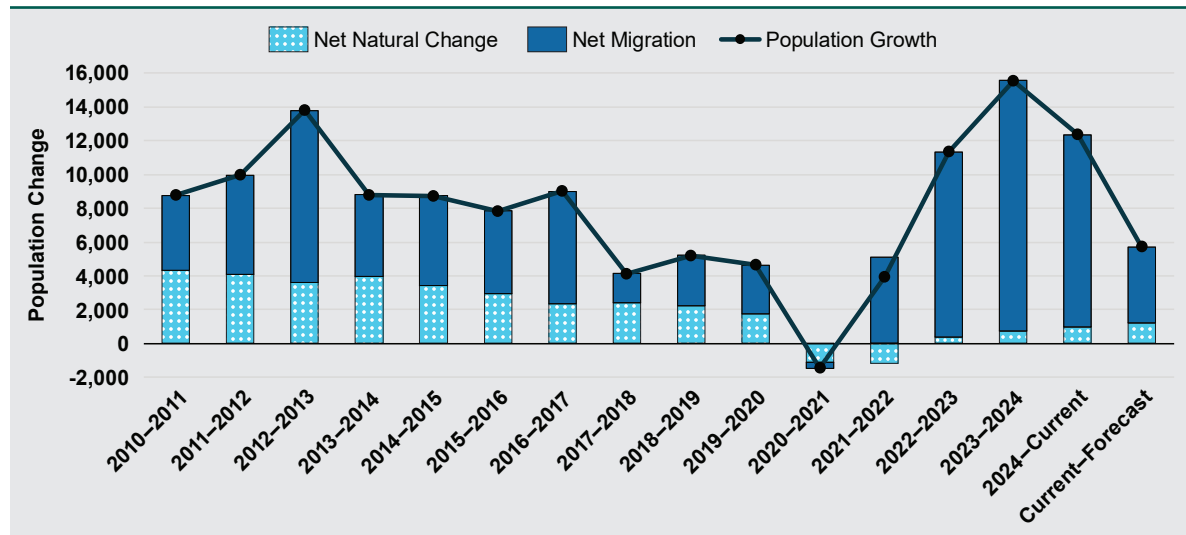
Current Population: 1.35 Million

Population growth in the Louisville HMA resumed in 2021, following a population loss from 2020 to 2021, and the rate of growth has accelerated each year since 2021.

Population Trends in the HMA

Population growth during the 2010s was strongest early in the decade, before slowing considerably in the mid- to late 2010s, despite the economic expansion. From 2010 to 2012, population growth averaged 9,400 people, or 0.8 percent, annually (U.S. Census Bureau decennial counts and population estimates as of July 1; Figure 5). Although net natural increase was at its highest recent level, averaging 4,300 people a year, net in-migration contributed more to population growth, averaging 5,100 people a year, or 54 percent of the population growth. Population growth spiked from 2012 to 2013, reflecting the rapid growth in the manufacturing sector, mainly in the Jefferson County submarket. The population of the HMA increased by 13,800, or 1.1 percent. Net in-migration surged to 10,200, almost double the annual average during the previous period, accounting for 74 percent of the population growth. Population growth slowed as job gains moderated. From 2013 to 2017, population growth averaged 8,600 people,

Figure 5. Components of Population Change in the Louisville HMA, 2010 Through the Forecast Period



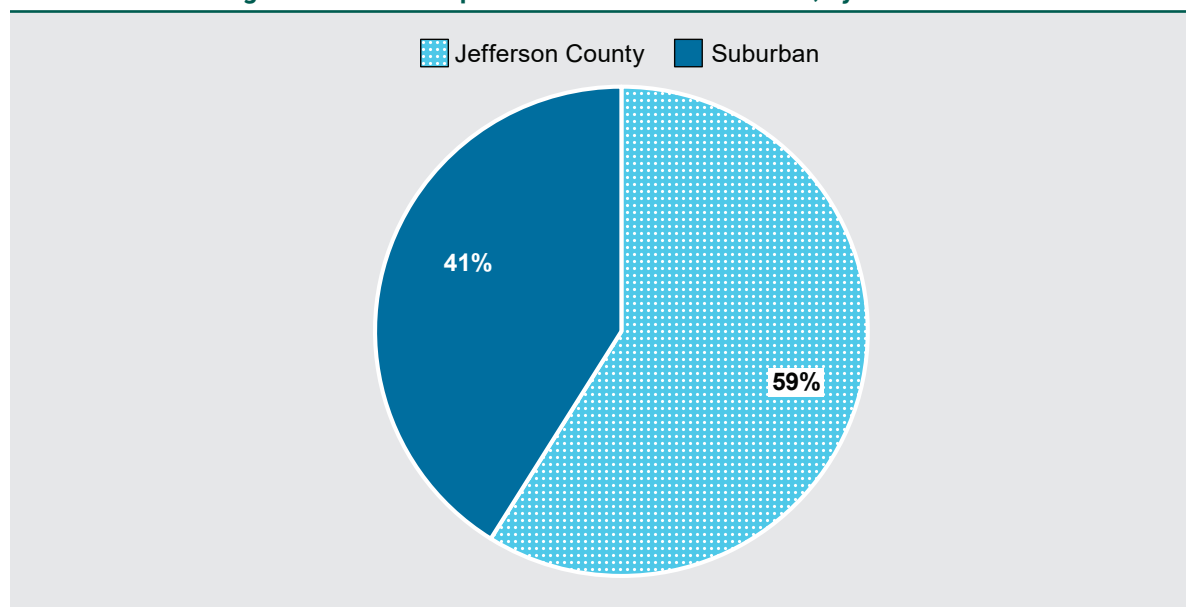
Notes: Data displayed are average annual totals. The forecast period is the current date (January 1, 2025) to January 1, 2028.
Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

or 0.7 percent, with net in-migration averaging 5,450 a year, or 63 percent of total population growth. Population growth further decelerated from 2017 to 2020 to an average increase of 4,800, or 0.4 percent, a year. Net in-migration in the HMA slowed to an average of 2,500 people annually, accounting for approximately one-half of the population growth. The HMA had 1 year of population decline during the early stages of the pandemic because of weak economic conditions and because universities suspended in-person classes. The population decreased by 1,175, or less than 1 percent, from 2020 to 2021 because of net natural decline of 1,150 people and net out-migration of nearly 330 people. Excess deaths attributed to COVID-19 contributed to the net natural decline in the HMA. The net out-migration partly reflected people moving away because of expanded remote work opportunities and students in the HMA returning home when colleges and universities converted to online learning. Population increased because of a resumption of net in-migration from 2021 to 2022, which rose to 5,100 people and offset net natural decline of 1,200. Since 2022, population growth has accelerated dramatically to an average of 13,300, or 1.0 percent, annually. Net natural increase averaged 650 a year as COVID-19-related deaths decreased. International net in-migration contributed to accelerating overall net in-migration, which averaged 12,650 people annually.

Population Trends in the Jefferson County Submarket

The Jefferson County submarket contains approximately 59 percent of the HMA population (Figure 6), and its population is estimated at 797,900 as of January 1, 2025. The submarket had significant population declines in the early stages of the COVID-19 pandemic, with many residents moving to the Suburban submarket, where land is more available for development and housing is more affordable. From 2010 to 2015, the population in the Jefferson County submarket increased each year, rising by an average of 6,125, or 0.8 percent, annually. Net natural increase averaged 2,650 people annually; however, population growth was primarily due to net in-migration, which averaged 3,475 people a year. Growth slowed from 2015 to 2017; the population increased by an average of 4,025, or 0.5 percent, a year, with more than one-half of the increase attributed to net in-migration. Growth slowed further from 2017 to April 2020, averaging 620 a year, or 0.1 percent, and all of the growth was from net natural increase, which averaged 1,625 people annually. During this period, net out-migration averaged 1,000 people annually. From April 2020 to 2022, the population declined by an average of 2,500, or 0.3 percent, annually. Net out-migration accelerated to an average of 2,200 people annually because of continued decreases in

Figure 6. Current Population in the Louisville HMA, by Submarket



Source: Estimates by the analyst

international net in-migration and increases in domestic net out-migration, partly reflecting significant movement to the Suburban submarket by residents in search of larger residences and homeownership opportunities supported by low interest rates in 2020 and early 2021. In addition, the elevated deaths from the COVID-19 pandemic contributed to net natural decline averaging 310 people a year. Since 2022, these trends have reversed, and the population has increased an average of 1.0 percent, or by 8,225 people, a year. Net in-migration averaging 7,050 people annually was due entirely to net international in-migration to Jefferson County, which was partly offset by domestic net out-migration during the period.

Population Trends in the Suburban Submarket

The Suburban submarket, which accounts for 41 percent of the population in the HMA and includes both urbanized areas and rural farmland, is estimated to have a population of 556,800. Population growth in this submarket has been faster than in the Jefferson County submarket since 2010, and the submarket has benefited considerably from migration out of the Jefferson County submarket. From 2010 to 2015, the population increased by an average of 3,875, or 0.8 percent, annually, with net in-migration averaging

2,575 people a year, accounting for 66 percent of the submarket population growth. Net natural increase averaged 1,300 people a year. From 2015 to 2020, population growth accelerated to an average of 4,275, or 0.8 percent, a year. Net in-migration averaged 3,525 people a year, which was 82 percent of the population growth, as net natural increase fell to an average of 750 people a year. From 2020 to 2022, the Suburban submarket had the only period of net natural decline since 2010, averaging 710 people a year, because of elevated deaths from the pandemic; however, net in-migration accelerated to the fastest rate since before the Great Recession, to an average of 4,625 people annually. Population growth slowed slightly from the previous period, averaging 3,925, or 0.7 percent, annually. Since 2022, population growth has accelerated to an average of 5,050 people, or 0.9 percent, annually. Net in-migration continued to increase, averaging 5,575 people annually. However, it was partly offset by continuing, although slower, net natural decrease averaging 520 people.

University of Louisville Student Population

University of Louisville (UofL), located in the Jefferson County submarket, is the largest

university in the HMA in terms of student enrollment. Students at the university account for 4 percent of the submarket population, and enrollment at UofL plateaued from 2020 through 2023 but recently increased. Approximately 22,250 students were enrolled during the fall of 2023 semester, up by 180 students from the previous year but nearly unchanged from the fall of 2020 semester. Fall 2024 enrollment increased 4 percent from a year earlier to 23,250 students.

Household Trends

Since 2020, the number of households in the HMA has increased at a faster rate than the population. An estimated 556,900 households currently reside in the HMA, which is an average annual increase of 4,950 households, or 0.9 percent, since 2020 (Table 4). Although the population growth rate since 2020 was unchanged compared with the 2010-to-2020 period, household growth has accelerated since 2020. From 2010 to 2020, households increased by an average of 3,700, or 0.7 percent, annually. The Jefferson County submarket, with 339,100 households, accounts for approximately 61 percent of the HMA total. Households in the submarket increased by an average of 2,300, or 0.7 percent, each year since 2020, faster than the average annual increase of 1,900, or 0.6 percent, from 2010 to 2020. The Suburban submarket includes approximately 217,800 households, with an average annual increase of 2,650, or 1.3 percent, each year since 2020, compared with the average increase of 1,800, or 0.9 percent, annually from 2010 to 2020.

Table 4. Louisville HMA Population and Household Quick Facts

Population Quick Facts	2020	Current	Forecast	
	Population	1,318,297	1,354,700	1,371,800
	Average Annual Change	8,250	7,675	5,700
	Percentage Change	0.6	0.6	0.4
Household Quick Facts	2020	Current	Forecast	
	Households	533,385	556,900	565,200
	Average Annual Change	3,700	4,950	2,795
	Percentage Change	0.7	0.9	0.5

Notes: Average annual changes and percentage changes are based on averages from 2010 to 2020, 2020 to current, and current to forecast. The forecast period is the current date (January 1, 2025) to January 1, 2028.
Sources: 2010 and 2020—2010 Census and 2020 Census; current and forecast—estimates by the analyst



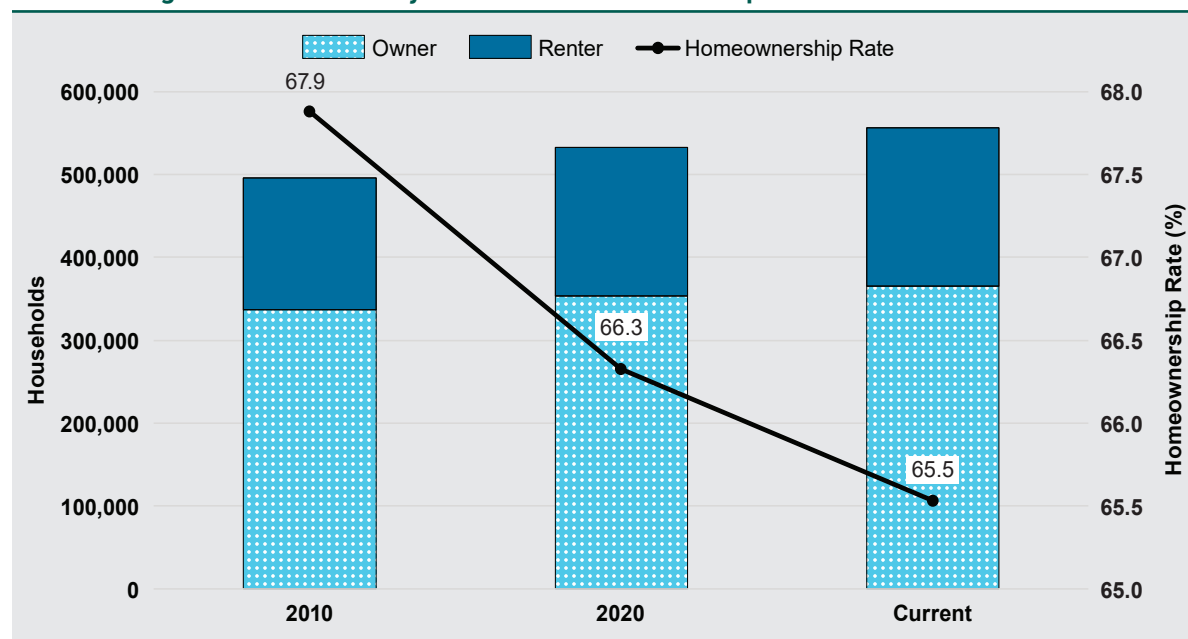
Households by Tenure

The homeownership rate has generally trended downward since 2010, although it rose briefly during the early stages of the pandemic because of low mortgage rates. The homeownership rate is currently 65.5 percent, down from 66.3 percent in 2020 and 67.9 percent in 2010 (Figure 7). Approximately 364,900 owner households reside in the HMA, compared with 191,950 renter households. In the Jefferson County submarket, renter households increased by an average of 2,300, or 1.5 percent, annually since 2020, faster than owner households, which increased by only 350, or 0.2 percent, each year, contributing to a lower homeownership rate than the HMA average, at 59.0 percent. Conversely, in the Suburban submarket, owner households rose at a similar rate to renter households and contributed to the 75.7-percent homeownership rate. Since 2020, owner and renter households increased each year by averages of 2,000 households and 640 households, respectively, or 1.3 percent each.

Forecast

During the next 3 years, the population and number of households in the HMA are expected to increase by averages of 5,700 and 2,795,

Figure 7. Households by Tenure and Homeownership Rate in the Louisville HMA



Note: The current date is January 1, 2025.

Sources: 2010 and 2020—2010 Census and 2020 Census; current—estimates by the analyst

or 0.4 and 0.5 percent, each year to 1.37 million and 565,200, respectively. Population growth in the Suburban submarket is expected to continue to be significantly higher than in the Jefferson County submarket. The population in the Jefferson County submarket is expected to increase by an average of 600, or 0.1 percent, annually to 799,700, compared with an average annual increase in the Suburban submarket of 5,100, or 0.9 percent, annually to 572,100. Households in the Jefferson County and the Suburban submarkets are expected to increase by annual averages of 570 and 2,225, or 0.2 and 1.0 percent, to 340,800 and 224,400, respectively.

Home Sales Market

Sales Market—Louisville HMA

Market Conditions: Balanced

The inventory of homes for sale decreased year over year to 2.0 months of supply in December 2024 from 2.1 months in December 2023 and has been below 6.0 months since 2015 (Redfin, a national real estate brokerage, with adjustments by the analyst).

Current Conditions

The home sales market in the Louisville HMA is currently balanced, with an estimated vacancy rate of 1.2 percent (Table 5), down from 1.4 percent in 2020 and 2.5 percent in April 2010, when conditions were soft. The sales vacancy rate has trended downward since 2010 because of an improving economy and greater demand for homes. Low mortgage interest rates in 2020 and 2021, which enabled more buyers to qualify for mortgages, contributed to tight market conditions, although rising interest rates have since moderated sales demand. The average rate for a 30-year, fixed-rate mortgage as of December each year increased from a low of 3.0 percent in 2021 to 6.4 percent in 2022

Table 5. Home Sales Quick Facts in the Louisville HMA

Home Sales Quick Facts	Louisville HMA		Nation
	Vacancy Rate	1.2%	NA
	Months of Inventory	2.0	2.7
	Total Home Sales	23,350	4,954,000
	1-Year Change	-5%	-6%
	New Home Sales Price	\$434,500	\$494,900
	1-Year Change	3%	1%
	Existing Home Sales Price	\$278,300	\$414,700
	1-Year Change	7%	7%
	Mortgage Delinquency Rate	0.9%	1.0%

NA = data not available.
Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending December 2024; and months of inventory and mortgage delinquency data are as of December 2024. The current date is January 1, 2025.
Sources: Vacancy rate—estimates by the analyst; months of inventory—Redfin, a national real estate brokerage, with adjustments by the analyst; mortgage delinquency rate—Cotality; home sales and prices—Cotality, with adjustments by the analyst

and 6.7 percent in 2024 (Freddie Mac). Although interest rates have risen significantly since early 2022, the home sales market remained balanced because economic conditions have improved from the disruption of early 2020. In addition, the inventory of homes available for sale is still relatively low in the HMA because many borrowers who locked in low mortgage rates during the pandemic are reluctant to sell if a subsequent purchase would require financing at a higher rate. The HMA had 2.0 months of available for-sale inventory during December 2024, down from 2.1 months of supply a year earlier but above the 1.7-month supply in December 2022 (Redfin, a national real estate brokerage). The inventory of homes for sale is currently below the 2.4-month supply in 2019, when the market was also balanced, and the 5.6 months of available inventory in December 2010. The current months of supply of for-sale inventory in the HMA is lower than the national inventory, which decreased to 2.7 months in December 2024 from 2.8 months in December 2023. Despite a decline in the number of home sales, continued demand and a relatively low supply contributed to a modest acceleration in price growth during the past year. During 2024, the average home price rose 5 percent to \$289,300, up from the 3-percent increase a year earlier (Cotality, with adjustments by the analyst). Home sales decreased 5 percent year over year during 2024 to 23,350 homes sold, compared with a 19-percent decrease during 2023.

Forecast

Demand is expected for 7,000 homes during the next 3 years (Table 6). Demand will be stable throughout each year of the forecast period, and the 1,735 homes under construction will meet a portion of the demand. Approximately 80 percent of the demand is anticipated to be in the Suburban submarket, where the population is expected to expand relatively quickly and the demand for homeownership is notably high.

Table 6. Demand for New Sales Units in the Louisville HMA During the Forecast Period

Sales Units	
Demand	7,000 Units
Under Construction	1,735 Units

Note: The forecast period is January 1, 2025, to January 1, 2028.
Source: Estimates by the analyst



Sales Market— Jefferson County Submarket

Market Conditions: Balanced

Home prices in the Jefferson County submarket have increased during the past year despite a drop in sales.

Current Conditions

Home sales market conditions in the Jefferson County submarket are balanced, with an estimated sales vacancy rate of 1.3 percent (Table 7), down from 1.5 percent in 2020 and from 2.5 percent in 2010, when the market was soft. Rising interest rates since 2022 have suppressed demand and contributed to an increased inventory of homes for sale, although the inventory remains relatively low. As of December 2024, the submarket had a 1.7-month supply of for-sale inventory, down from 1.8 months a year earlier (Redfin, a national real estate brokerage, with adjustments by the analyst). By comparison, the submarket had 1.3 months of supply in December 2020, when the market was tighter, and 5.2 months in December 2012, when the market was soft.

Table 7. Home Sales Quick Facts in the Jefferson County Submarket

Home Sales Quick Facts		Jefferson County Submarket	Louisville HMA
	Vacancy Rate	1.3%	1.2%
	Months of Inventory	1.7	2.0
	Total Home Sales	13,500	23,350
	1-Year Change	-5%	-5%
	New Home Sales Price	\$482,000	\$434,500
	1-Year Change	9%	3%
	Existing Home Sales Price	\$276,400	\$278,300
	1-Year Change	7%	7%
	Mortgage Delinquency Rate	1.0%	0.9%

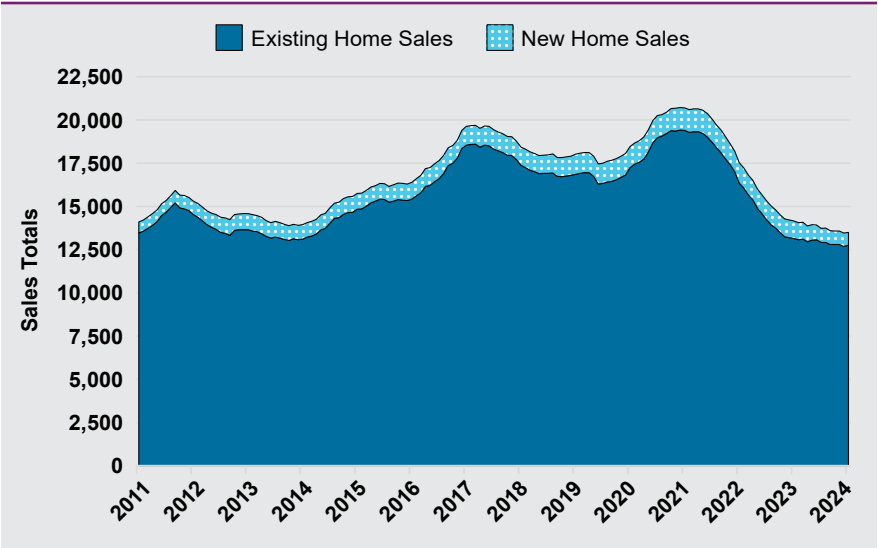
Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending December 2024; and months of inventory and mortgage delinquency data are as of December 2024. The current date is January 1, 2025.

Sources: Vacancy rate—estimates by the analyst; months of inventory—Redfin, a national real estate brokerage, with adjustments by the analyst; mortgage delinquency rate—Cotality; home sales and prices—Cotality, with adjustments by the analyst

Current Home Sales and Prices

Home sales have declined in the submarket during the past 2 years. However, the relatively low supply of homes for sale and continued household growth have contributed to a modest acceleration in the rate of home price growth during the past year. During 2024, new and existing home sales totaled 13,500 homes in the Jefferson County submarket, down 5 percent from 2023, when sales declined 19 percent (Cotality, with adjustments by the analyst; Figure 8). The average home price during 2024 was \$289,300, up 5 percent from a year earlier, when the average home price rose 3 percent compared with 2022 (Figure 9). New home sales accounted for 6 percent of all home sales during the past year. New home sales decreased 26 percent to 750 homes during 2024, compared with a 14-percent decrease a year earlier, but the average price for a new home increased 3 percent to \$434,500, compared with a 4-percent increase a year earlier. Existing home price growth outpaced new home price growth. The average existing home price increased 7 percent to

Figure 8. 12-Month Home Sales Totals by Type of Sale in the Jefferson County Submarket



Source: Cotality, with estimates by the analyst

\$278,300 during 2024, compared with a 3-percent increase a year earlier. Existing home sales declined 3 percent to 12,750 homes compared with a decline of 20 percent in 2023. Distressed sales accounted for 1 percent of existing home sales during 2024, similar to a year earlier but down from a peak of 15 percent during 2013.

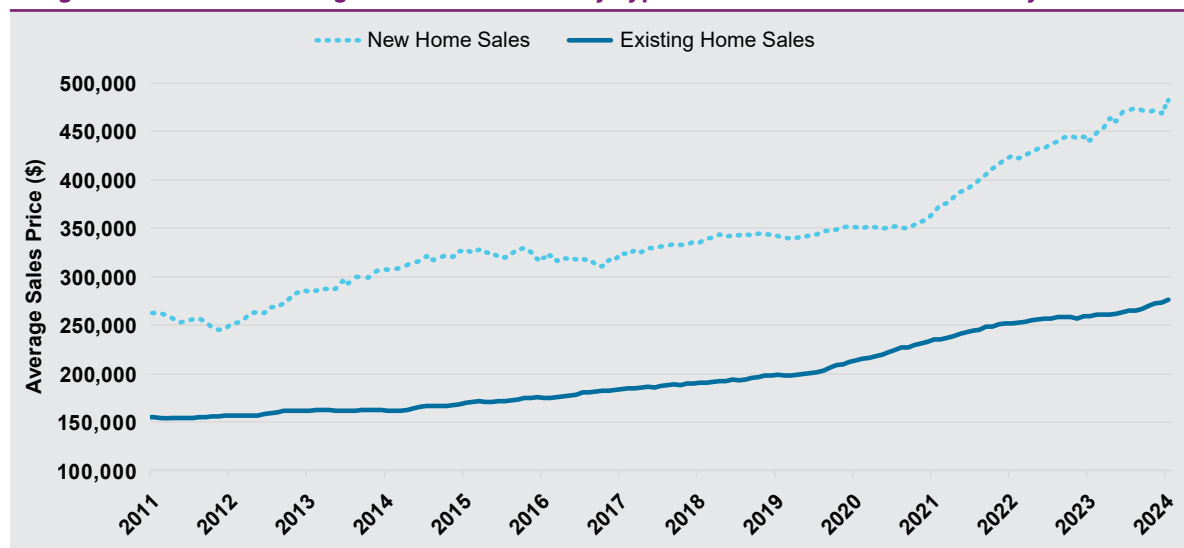
Home Sales Trends

Economic weakness following the Great Recession contributed to fewer home sales in the submarket in the early 2010s; however, the market tightened later in the decade, and during the early stages of the pandemic, total home sales peaked during 2021. From 2010 through 2015, home sales averaged 14,700 a year. Home sales in the Jefferson County submarket subsequently increased as economic conditions improved. From 2016 through 2019, home sales averaged 18,100 annually before increasing to 18,450 homes in 2020. In 2021, home sales further increased to 20,700, partly because of low mortgage interest rates. Beginning in 2022, however, rising interest rates tempered demand, and home sales fell to an average of 15,850 annually from 2022 through 2023.

Home Sale Price Trends

The average price for new and existing homes in the Jefferson County submarket gradually increased during the 2010s, and prices began accelerating in 2020. From 2011 through 2019,

Figure 9. 12-Month Average Home Sales Price by Type of Sale in the Jefferson County Submarket



Source: Cotality, with adjustments by the analyst

the average price of a home increased a modest 3 percent annually. As the demand for homes continued to rise and the inventory of homes for sale decreased, price growth accelerated. During 2020 and 2021, the average price of a home increased 11 percent annually—more than double the rate during the previous period—to \$243,700. Prices continued to rise during 2022 and 2023; however, the rate of growth slowed to 6 percent annually. During 2022 and 2023, new home prices increased at a faster rate than existing home prices, rising 10 percent annually, compared with an increase of 5 percent for existing homes. In contrast, from 2020 through 2021, existing home prices rose an average of 9 percent annually and new home prices rose an average of 3 percent annually.

Seriously Delinquent Mortgages and Real Estate Owned Properties

The number of home loans in the Jefferson County submarket that were seriously delinquent or had transitioned into real estate owned (REO) status has decreased significantly since the 2020 recession. In December 2024, 1.2 percent of home loans in the submarket were seriously delinquent or had transitioned into REO status, similar to a year earlier and below the recent peak of 3.5 percent in December 2020 (Cotality). The higher rate during 2020 mainly reflected an increase in seriously delinquent mortgages, when job losses led to increased reliance on mortgage forbearance among many homeowners. The

recovery of jobs following the 2020 recession contributed to the decrease in the rate, and during December 2021 and December 2022, 2.0 percent and 1.4 percent, respectively, of home loans were seriously delinquent or had transitioned into REO status. The rate continued to fall, reaching 1.2 percent in December 2023, and the rate was generally stable in 2024.

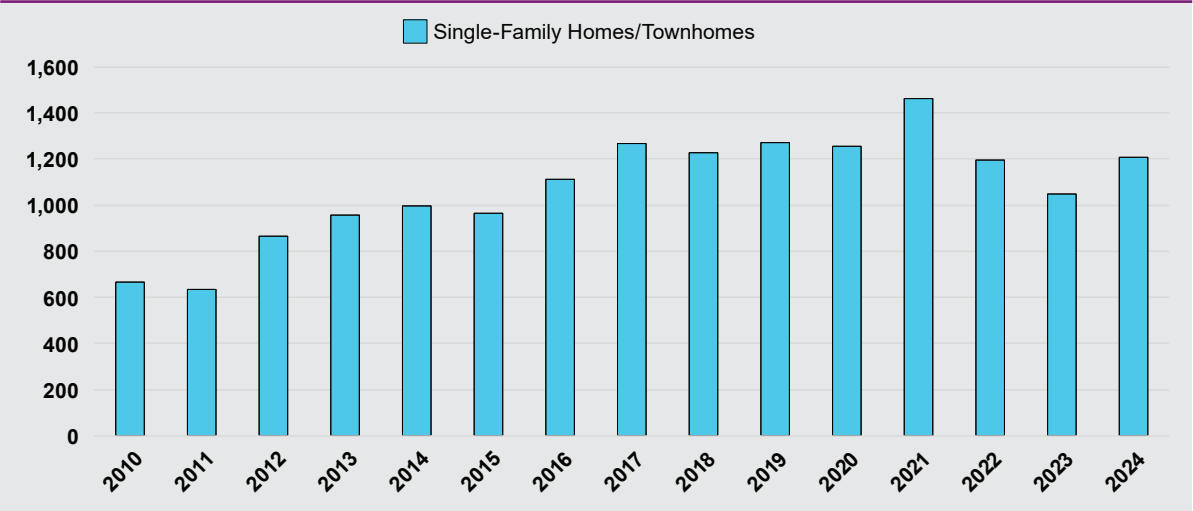
Sales Construction

Construction of sales housing, as measured by the number of homes permitted in the Jefferson County submarket, generally trended upward during the 2010s and peaked during 2021, but has since moderated as sales demand eased (see [building permits](#)). The Jefferson County submarket has had slower population growth and relatively stronger renter household growth compared with the Suburban submarket since 2020. From 2010 through 2015, an average of 850 homes were permitted annually (Figure 10), accounting for approximately 39 percent of the construction of sales housing in the HMA. Permitting increased 44 percent from 2016 through 2020, compared with the preceding period, to an average of 1,225 homes annually and peaked in 2021, with 1,450 homes permitted. From 2022 through 2023, permitting slowed to an average of 1,125 homes annually, but increased moderately to 1,200 homes in 2024.

New Home Developments

Construction of homes for sale in the Jefferson County submarket typically occurs in residential areas outside the urban center of the city of

Figure 10. Annual Sales Permitting Activity in the Jefferson County Submarket



Sources: U.S. Census Bureau, Building Permits Survey; 2010–23—final data and estimates by the analyst; 2024—preliminary data and estimates by the analyst

Louisville. Moore Farm by Superior Builders is one of the new subdivisions in Jefferson County, under construction near the Ashville neighborhood in the city of Louisville. Prices start at approximately \$340,000 for a four-bedroom single-family home, and 12 of the 21 lots have sold. In addition, in the Eastwood neighborhood, Shakes Run by Elite Homes has single-family homes for sale starting in the high \$400,000s. The two- and three-bedroom single-family home community has 11 remaining lots and 2 completed homes available of the 41 homes planned at buildout.

Forecast

During the next 3 years, demand is expected for 1,400 new homes in the Jefferson County submarket (Table 8). The 610 homes under construction will meet a portion of the demand. Demand is expected to be steady throughout each year of the forecast period.

Table 8. Demand for New Sales Units in the Jefferson County Submarket During the Forecast Period

Sales Units	
Demand	1,400 Units
Under Construction	610 Units

Note: The forecast period is January 1, 2025, to January 1, 2028.
Source: Estimates by the analyst



Sales Market—Suburban Submarket

Market Conditions: Balanced

The sales vacancy rate, 1.1 percent as of January 1, 2025, decreased from 1.2 percent in 2020 and 2.5 percent in 2010.

Current Conditions

Sales market conditions in the Suburban submarket are balanced. Low levels of for-sale inventory and relatively strong population growth contributed to tight conditions during the early stages of the pandemic, but rising mortgage interest rates since 2022 have tempered demand. As of December 2024, the submarket had 2.3 months of supply of for-sale inventory (Table 9), down from 2.6 months a year earlier (Redfin, a national real estate brokerage, with adjustments by the analyst). For context, the submarket had 2.0 months of supply in December 2020, when the market was tight, and 6.2 months in 2012, when the market was soft. The for-sale inventory has remained below 5.0 months of supply since 2015.

Table 9. Home Sales Quick Facts in the Suburban Submarket

Home Sales Quick Facts		Suburban	Louisville HMA
	Vacancy Rate	1.1%	1.2%
	Months of Inventory	2.3	2.0
	Total Home Sales	9,825	23,350
	1-Year Change	-5%	-5%
	New Home Sales Price	\$394,700	\$434,500
	1-Year Change	-3%	3%
	Existing Home Sales Price	\$281,000	\$278,300
	1-Year Change	7%	7%
	Mortgage Delinquency Rate	0.9%	0.9%

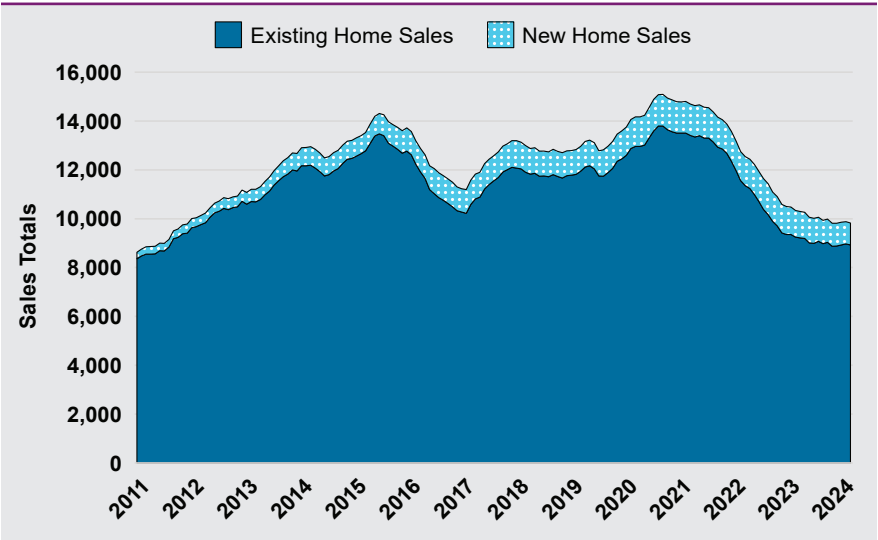
Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending December 2024; and months of inventory and mortgage delinquency data are as of December 2024. The current date is January 1, 2025.

Sources: Vacancy rate—estimates by the analyst; months of inventory—Redfin, a national real estate brokerage, with adjustments by the analyst; mortgage delinquency rate—Cotality; home sales and prices—Cotality, with adjustments by the analyst

Current Home Sales and Prices

During 2024, new and existing home sales in the Suburban submarket totaled 9,825 homes (Cotality, with adjustments by the analyst; Figure 11). That total was down 5 percent compared with a year earlier, when home sales decreased 19 percent from 2022. The average home price during 2024 was \$291,300, up 5 percent from a year earlier, faster than the 3-percent annual increase during 2023. The relatively low inventory of homes for sale contributed to the increase in the average home price during the past year. New home sales accounted for 9 percent of total homes sold during 2024, and new home sales decreased almost 18 percent year over year to 900 sales, following a 9-percent decrease during 2023. For the first time since 2011, the average price for a new home decreased during 2024, falling 3 percent to \$394,700 compared with a 5-percent increase a year ago (Figure 12). The recent price decline was partly due to shifts among some builders to constructing smaller homes or building

Figure 11. 12-Month Home Sales Totals by Type of Sale in the Suburban Submarket



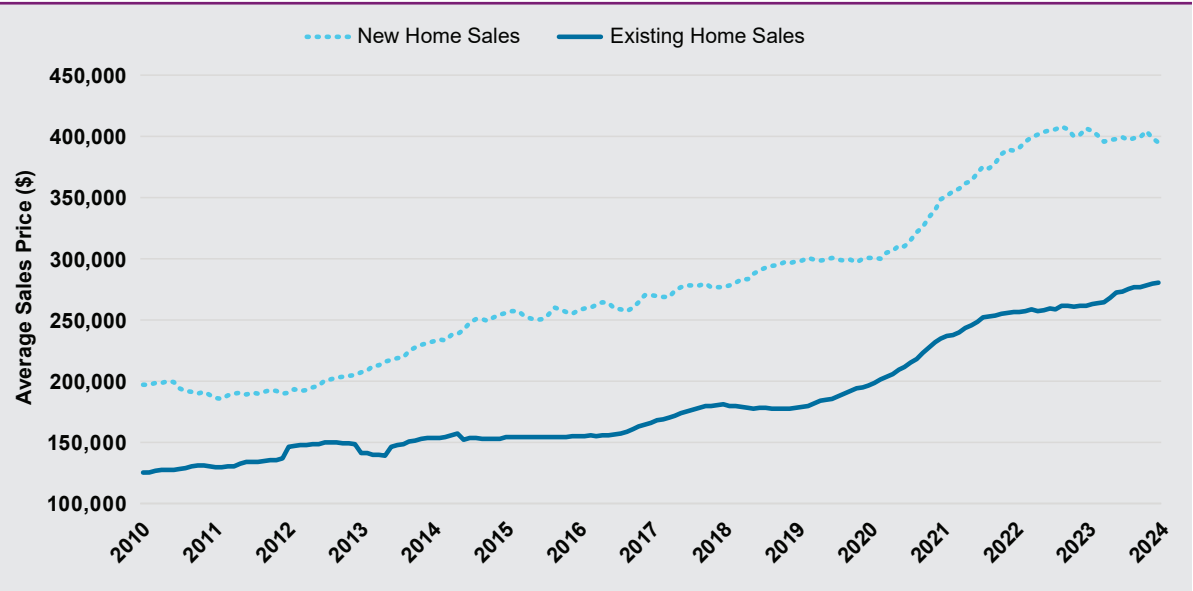
Source: Cotality, with estimates by the analyst

homes on smaller lots. In 2024, average new home prices were 40 percent higher than existing home prices. Combined with elevated mortgage interest rates, new homes are less affordable for many buyers. The average existing home price increased 7 percent to \$281,000 during 2024 compared with a 2-percent increase a year earlier, and existing home sales decreased 4 percent to 8,925 homes compared with a decline of 20 percent a year earlier. Distressed sales accounted for 2 percent of existing home sales during 2024, up from 1 percent during 2023 but well below the 13-percent peak during 2009.

Home Sales Trends

Population growth in the Suburban submarket contributed to growing home sales demand through the mid-2010s. Following the Great Recession, home sales in the submarket increased each year, rising by an average of 1,125 homes, or 12 percent, annually from 2011 through 2015 to 13,300 homes sold in 2015. New home sales accounted for 5 percent of total home sales during the period. From 2016 through 2019, home sales decreased slightly, by an average of 1 percent annually, to 12,850 homes sold in 2019. Although home sales declined overall during the period, new home sales increased by an average of 960 sales annually, accounting for 8 percent of total home sales. During the early stages of the COVID-19 pandemic, falling interest rates led to increased sales demand, and from 2020 through

Figure 12. 12-Month Average Home Sales Price by Type of Sale in the Suburban Submarket



Source: Cotality, with adjustments by the analyst

2021, home sales rose by an average of 980 homes, or 7 percent, annually to 14,800 homes sold in 2021. However, after mortgage interest rates rose in 2022, home sales fell an average of 16 percent, or by 2,225 homes, annually to 10,350 homes sold in 2023.

Home Sale Price Trends

During most of the 2010s, home prices in the Suburban submarket increased modestly. From 2011 through 2019, the average price of a home increased 4 percent annually. During 2020 and 2021, however, the average price of a home increased 14 percent annually, when net in-migration to the submarket during the pandemic surged and mortgage rates fell to recent lows, increasing demand for homes. Home price growth has since moderated. From 2022 through 2023, the average home price increased 6 percent annually, slowing to an increase of 5 percent in 2024. During the 2010s, new home price growth generally mirrored existing sales. However, from 2020 through 2021, the average price gain of a resale home outpaced new home price growth, with resale home prices increasing an average of 15 percent annually, compared with an 8-percent average annual increase in new home prices.



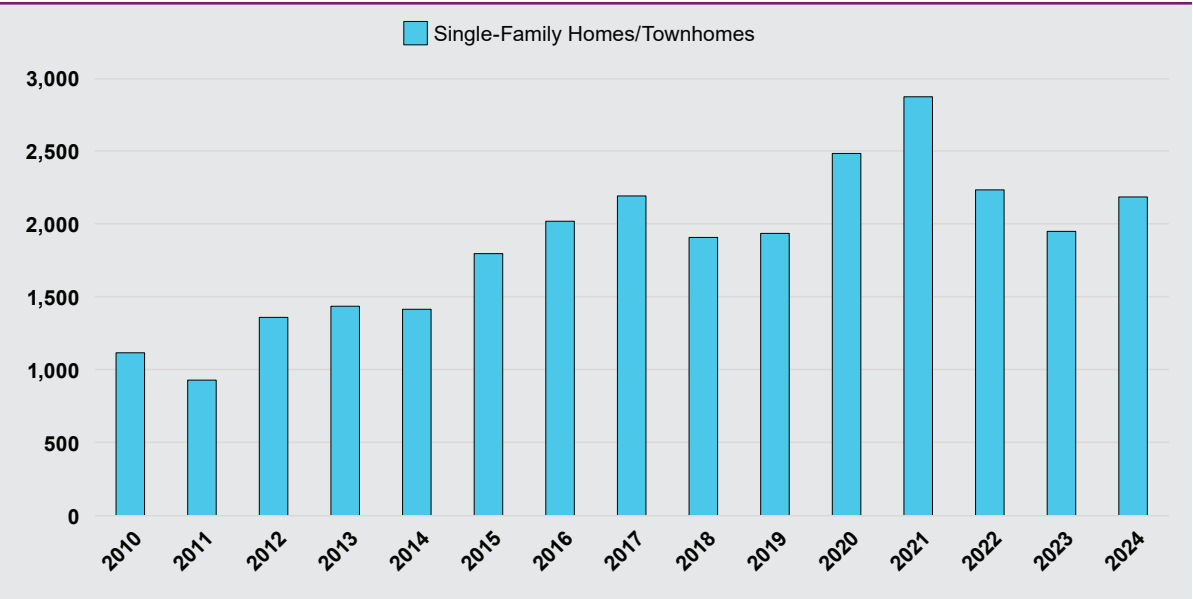
Seriously Delinquent Mortgages and Real Estate Owned Properties

The Suburban submarket has rates of seriously delinquent and REO properties similar to those in the Jefferson County submarket. In December 2024, 1.1 percent of home loans in the Suburban submarket were seriously delinquent or had transitioned into REO status, the same as a year earlier and below the 3.4-percent peak in October 2020 (Cotality), when the percentage of seriously delinquent mortgages and REO properties in the Suburban submarket increased significantly during the early stages of the COVID-19 pandemic.

Sales Construction

Construction of sales units in the Suburban submarket declined from 2022 through 2023 when demand weakened, before rebounding modestly in 2024. Net in-migration, particularly from people in the Jefferson County submarket seeking home ownership in the Suburban submarket, contributed to elevated construction from the early 2010s through the early stages of the pandemic. From 2011 through 2021, the number of new homes permitted increased by an average of 160 homes, or 9 percent, annually (Figure 13). In 2021, construction reached a high when 2,875 homes were permitted, up 16 percent from the previous year. Permitting then slowed,

Figure 13. Annual Sales Permitting Activity in the Suburban Submarket



Sources: U.S. Census Bureau, Building Permits Survey; 2010–23—final data and estimates by the analyst; 2024—preliminary data and estimates by the analyst

falling 22 percent in 2022 and 13 percent in 2023 to 1,950 homes permitted. Developers responded to declining new home sales, which began during 2022 and continued through the following 2 years. In 2024, permitting rose 12 percent to 2,175 homes.

New Home Developments

A bigger portion of the home construction in the Suburban submarket occurs in Indiana than in Kentucky because of a greater availability of developable land. Three counties in Indiana—Clark, Floyd, and Oldham Counties—accounted for the largest shares of construction in the submarket during 2024, at 32, 18, and 15 percent, respectively, or combined, nearly two-thirds of all permitting in the submarket. The Woods of Heritage Hills subdivision by Century Complete is under construction in Lanesville, Indiana, with prices for three-bedroom homes starting at \$289,990. Champions Pointe by Discovery Builders is under construction in Henryville, Indiana. The development features a golf course and includes four floor plans. In addition to lots available for sale, completed homes are available at prices starting in the high \$400,000s.

Forecast

During the 3-year forecast period, demand is expected for 5,600 new homes in the Suburban submarket (Table 10). The 1,125 homes under construction will meet a portion of the demand during the first year. Demand is expected to be steady each year of the forecast period, supported by job growth in the HMA and population growth in the submarket.

Table 10. Demand for New Sales Units in the Suburban Submarket During the Forecast Period

Sales Units	
Demand	5,600 Units
Under Construction	1,125 Units

Note: The forecast period is January 1, 2025, to January 1, 2028.
Source: Estimates by the analyst



Rental Market

Rental Market—Louisville HMA

Market Conditions: Balanced

As of the fourth quarter of 2024, the apartment vacancy rate was 8.1 percent, and the average monthly rent increased 3 percent from a year earlier to \$1,183 (CoStar Group).

Current Conditions and Recent Trends

The overall rental market in the Louisville HMA is balanced, with an estimated 7.8-percent vacancy rate, down from 8.5 percent in April 2020 (Table 11) and 9.4 percent in April 2010. A majority of renter households reside in apartments. In 2023, 66 percent lived in multifamily buildings with two or

more units; 31 percent lived in single-family homes; and the remaining 3 percent lived in mobile homes or other types of housing (2023 American Community Survey [ACS] 1-year data). Apartment market conditions in the HMA are also balanced. As of the fourth quarter of 2024, the apartment vacancy rate was 8.1 percent, up from 6.6 percent as of the fourth quarter of 2023 (CoStar Group). The increased vacancy rate is due to 5,125 completions during 2024, more than any year in at least the past 2 decades. As of the fourth quarter of 2024, apartment rents rose 3 percent year over year to \$1,183 compared with a 4-percent increase as of the fourth quarter of 2023 and a 6-percent increase as of the same quarter in 2022. Nationally, the apartment vacancy rate was 10.8 percent as of the fourth quarter of 2024, up from 7.8 percent a year earlier, and the monthly rent averaged \$1,724, down 3 percent from a year earlier.

Forecast

During the next 3 years, demand is estimated for 5,625 rental units (Table 12). The 3,290 units under construction and the 630 units in planning will satisfy the demand during the first 2 years of the forecast period. Economic and household growth are expected to support continued rental demand. Demand is expected to be steady throughout each year of the forecast period. With a larger share of renter households and stronger renter household growth, the Jefferson County submarket will account for most of the rental demand, and 82 percent of the units already under construction are located in Jefferson County.

Table 11. Rental and Apartment Market Quick Facts in the Louisville HMA

Rental Market Quick Facts	2020 (%)	Current (%)
	Rental Vacancy Rate	8.57.8
	2023 (%)	
	Occupied Rental Units by Structure	
	Single-Family Attached & Detached	31
	Multifamily (2–4 Units)	18
	Multifamily (5+ Units)	48
Apartment Market Quick Facts	Other (Including Mobile Homes)	3
	4Q 2024	YoY Change
	Apartment Vacancy Rate	8.1%1.5
	Average Rent	\$1,1833%
	Studio	\$1,0994%
	One-Bedroom	\$1,0452%
	Two-Bedroom	\$1,2283%
	Three-Bedroom	\$1,4664%

4Q = fourth quarter. YoY = year-over-year.
Notes: The current date is January 1, 2025. Percentages may not add to 100 due to rounding.
Sources: 2020 vacancy rate—2020 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2023 American Community Survey 1-year data; apartment data—CoStar Group

Table 12. Demand for New Rental Units in the Louisville HMA During the Forecast Period

Rental Units	
Demand	5,625 Units
Under Construction	3,290 Units

Note: The forecast period is January 1, 2025, to January 1, 2028.
Source: Estimates by the analyst



Rental Market— Jefferson County Submarket

Market Conditions: Balanced

Following a period of robust annual increases during 2021 and 2022, rent growth slowed to 3 percent as of the fourth quarter of 2024 compared with a year earlier, and the apartment vacancy rate in the HMA rose during each of the past 3 years.

Current Conditions and Recent Trends

Jefferson County includes 72 percent of the renter households in the HMA. The overall rental market in the Jefferson County submarket is balanced, with an estimated 7.0-percent vacancy rate, down from 9.1 percent in April 2020 and 9.7 percent in April 2010, when conditions were softer (Table 13). A majority of renter households reside in apartments. In 2023, 51 percent lived in multifamily buildings with five or more units, primarily apartments, 29 percent lived in single-family homes, and 19 percent lived in multifamily buildings with two to four units. The remaining 1 percent lived in mobile homes or other housing units (2023 ACS 1-year data). Apartment market conditions in the submarket are also balanced. As of the fourth quarter of 2024, the apartment vacancy rate was 7.5 percent, up from 6.2 percent as of the fourth quarter of 2023 (CoStar Group). As of the fourth quarter of 2024, apartment rents rose 3 percent year over year to \$1,213 (Figure 14) compared with a 4-percent annual increase as of the fourth quarter of 2023.

Apartment Market Trends

Apartment rents in the Jefferson County submarket have generally increased slowly but steadily since 2010, despite fluctuations in the vacancy rate. The average rent in the fourth quarter increased 3 percent annually from 2010 to 2021, a period that included the recovery from the Great Recession, the subsequent economic expansion, and the early stages of the COVID-19 pandemic. From 2011 to 2017, the fourth quarter vacancy rate ranged from a low of 6.6 percent as of the fourth quarter of 2015 to a high of 7.7 percent as of the fourth quarter of 2017. The vacancy rate then rose during 2018 and 2019

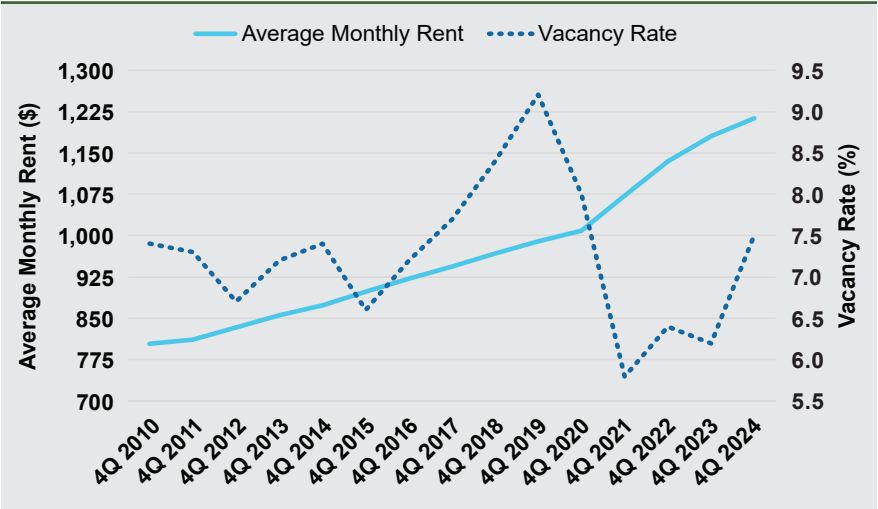
Table 13. Rental and Apartment Market Quick Facts
in the Jefferson County Submarket

Rental Market Quick Facts	2020 (%)	Current (%)
	Rental Vacancy Rate	9.1
		7.0
	2023 (%)	
	Occupied Rental Units by Structure	
	Single-Family Attached & Detached	29
	Multifamily (2–4 Units)	19
	Multifamily (5+ Units)	51
	Other (Including Mobile Homes)	1

Apartment Market Quick Facts	4Q 2024	YoY Change
	Apartment Vacancy Rate	7.5%
	Average Rent	\$1,213
	Studio	\$1,130
	One-Bedroom	\$1,074
	Two-Bedroom	\$1,266
	Three-Bedroom	\$1,509
		4%

4Q = fourth quarter. YoY = year-over-year.
Notes: The current date is January 1, 2025. Percentages may not add to 100 due to rounding.
Sources: 2020 vacancy rate—2020 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2023 American Community Survey 1-year data; apartment data—CoStar Group

Figure 14. Apartment Rents and Vacancy Rates in the Jefferson County Submarket



4Q = fourth quarter.
Source: CoStar Group



to 9.2 percent in the fourth quarter of 2019, partly because of net out-migration from the submarket. The 2019 vacancy rate was the highest fourth quarter vacancy rate since at least 2000. During the next 2 years, however, absorption was strong and contributed to the sharp decline in the fourth quarter apartment vacancy rates, which fell to 5.8 percent in 2021. In 2020 and 2021, an average of 3,350 units were absorbed each year, up from an average of 2,175 units annually in 2018 and 2019, whereas the number of new units completed in the submarket averaged 2,025 units a year in 2020 and 2021, down from an average of 3,050 units each year in 2018 and 2019. The vacancy rate rose to 6.4 percent in the fourth quarter of 2022 before declining 0.2 percentage point to 6.2 percent as of the fourth quarter of 2023. During 2022 and 2023, an average of 1,225 units were absorbed each year, compared with an annual average of 1,500 units completed during the same period. Apartment rents increased an average of 4 percent a year to \$1,180 during the same period.

Apartment Market Conditions by Geography

Apartment market conditions range from soft to slightly tight among the six CoStar Group-defined market areas in the Jefferson County submarket. The vacancy rate ranged from 5.6 percent in the St. Matthews/Lyndon market area to 10.1 percent in the Downtown Louisville market area as of the fourth quarter of 2024. Five of the six market areas had increasing vacancy rates from a year earlier. The St. Matthews/Lyndon market area was the only market area with a decreasing vacancy rate year over year, down from 6.5 percent during the fourth quarter of 2023. Growth in the average rents ranged from 1 percent in the Crescent Hill market area to 4 percent in the East End market area. The South Jefferson County market area has the largest surveyed apartment inventory in the submarket, accounting for approximately 36 percent of the total, and the rent averaged \$1,166 as of the fourth quarter of 2024. The East End market area accounts for approximately 18 percent of the submarket inventory. It has the highest rents as of the fourth quarter of 2024, averaging \$1,492, up 4 percent from a year earlier.

Student Housing

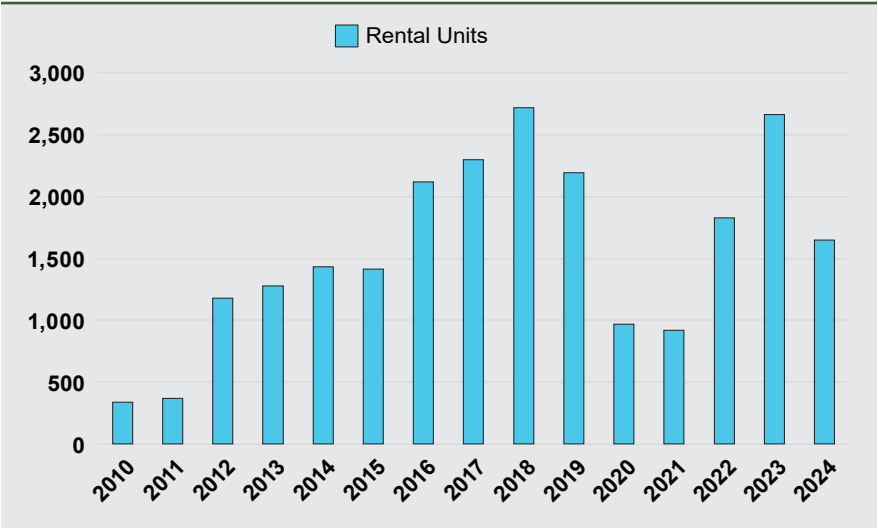
Students at UofL have a significant impact on the rental market in the area surrounding the university, where housing targeted to students is heavily concentrated. Demand for student apartments softened in 2020, when the school

transitioned to online courses in response to the pandemic. Despite significant numbers of students returning since 2021, the market has been soft because of large numbers of new apartment units entering the market. As of the fourth quarter of 2024, the vacancy rate was 9.8 percent, down slightly from 9.9 percent a year earlier. The current vacancy rate is well below the 17.8-percent rate during the fourth quarter of 2020 but higher than the average of 7.1 percent during the fourth quarters of 2017 through 2019. Student apartments, most of which are off campus, are typically available to lease by the bedroom, making them more affordable for students. The average asking rent for such units increased 2 percent from a year earlier to \$732 per bedroom as of the fourth quarter of 2024.

Rental Construction

Rental construction in the Jefferson County submarket, as measured by the number of units permitted, increased in 2022 and 2023 before slowing in 2024. From 2011 through 2018, construction increased by an average of 300 units, or 30 percent, annually to a peak of 2,725 units in 2018 (Figure 15). Rental construction then declined, and from 2019 through 2022, an average

Figure 15. Annual Rental Permitting Activity in the Jefferson County Submarket



Note: Includes apartments and units intended for rental occupancy.
Sources: U.S. Census Bureau, Building Permits Survey; 2010–23—final data and estimates by the analyst; 2024—preliminary data and estimates by the analyst



of 1,725 rental units were permitted annually. Despite ongoing impediments to development, including rising interest rates, construction increased in 2023, and approximately 2,675 rental units were permitted. In 2024, construction declined, falling to 1,650 rental units as vacancy rates rose because of increased deliveries and slowing absorption, although construction levels were still elevated compared with the early 2010s.

Recent Rental Developments

Apartment construction is dispersed throughout the Jefferson County submarket, with construction in the downtown urban core and outlying residential neighborhoods. The Prestonian in downtown Louisville is a mixed-income development nearing completion that will include 343 apartments. Construction began on the property in October 2023, and completion is expected in February 2025. It will include affordable units restricted to households with incomes ranging from 30 to 80 percent of the area median income. The monthly rents for the market-rate one-bedroom, two-bedroom, and three-bedroom units are expected to start at \$1,381, \$1,655, and \$1,905, respectively. The Sterling, a 277-unit market-rate property, is under construction in the Springhurst suburban area in northeastern Jefferson County. Construction began in September 2024 and is expected to be complete in April 2026. Expected monthly rents for the one- and two-bedroom units start at \$1,782 and \$2,524, respectively.

Forecast

Demand for rental units during the next 3 years is estimated at 3,875 units in the Jefferson County submarket (Table 14). Demand is expected to be steady throughout each year of the forecast period. The 2,700 units already under construction and the 630 units in planning will satisfy most of the demand. Therefore, developers should not plan for additional units to come on line until the latter one-half of the third year of the forecast period, or later.

Table 14. Demand for New Rental Units in the Jefferson County Submarket During the Forecast Period

Rental Units	
Demand	3,875 Units
Under Construction	2,700 Units

Note: The forecast period is January 1, 2025, to January 1, 2028.
Source: Estimates by the analyst

Rental Market—Suburban Submarket

Market Conditions: Soft

The current soft apartment market conditions are due to elevated deliveries and slower absorption since 2021 and were preceded by tight apartment market conditions at the end of the 2010s.

Current Conditions and Recent Trends

The overall rental market in the Suburban submarket is soft, with an estimated 10.0-percent vacancy rate, up from 6.8 percent in April 2020, when the market was balanced (Table 15), and 8.4 percent in April 2010. Although overall rental market conditions are soft, conditions differ depending on the type of unit. Single-family rental market conditions are tight, with low vacancy rates and strong rent growth, whereas apartment market conditions are soft, with elevated vacancy rates due to a rapid increase in apartment deliveries since 2021 that exceeded absorption. As of the fourth quarter of 2024, the apartment vacancy rate was 10.2 percent, the highest fourth quarter vacancy rate since at least

Table 15. Rental and Apartment Market Quick Facts in the Suburban Submarket

Rental Market Quick Facts	2020 (%)	Current (%)
	Rental Vacancy Rate	6.8
		10.0
	2023 (%)	
	Occupied Rental Units by Structure	
	Single-Family Attached & Detached	36
	Multifamily (2–4 Units)	17
	Multifamily (5+ Units)	40
	Other (Including Mobile Homes)	7
Apartment Market Quick Facts	4Q 2024	YoY Change
	Apartment Vacancy Rate	10.2%
	Average Rent	\$1,075
	One-Bedroom	\$917
	Two-Bedroom	\$1,113
	Three-Bedroom	\$1,332

4Q = fourth quarter. YoY = year-over-year.
Notes: The current date is January 1, 2025. Percentages may not add to 100 due to rounding.
Sources: 2020 vacancy rate—2020 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2023 American Community Survey 1-year data; apartment data—CoStar Group



2000 and up from 8.2 percent as of the fourth quarter of 2023 (CoStar Group; Figure 16). As of the fourth quarter of 2024, apartment rents rose 2 percent year over year to \$1,075, compared with a 4-percent increase as of the fourth quarter of 2023.

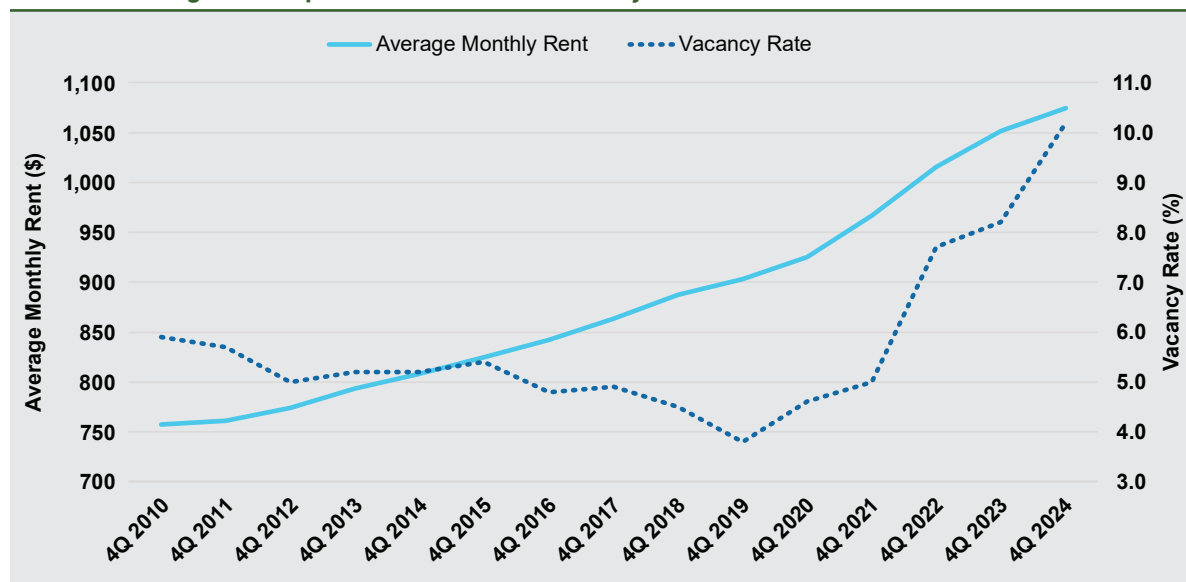
Apartment Market Trends

Rent growth in the Suburban submarket was moderate during much of the 2010s before accelerating after the onset of the pandemic. From 2010 to 2020, the average rent as measured in the fourth quarter increased 2 percent a year. Rent growth during the following 2 years averaged 5 percent each year to \$1,016 as of the fourth quarter of 2022. The vacancy rate was 5.9 percent in 2010 before trending gradually downward to 5.4 percent as of the fourth quarter of 2015. The fourth quarter vacancy rate continued to decline through 2018, then dropped to a 3.8-percent low in 2019 before increasing to 4.6 percent in 2020. The impacts of the pandemic included migration from Jefferson County to the Suburban submarket, which contributed to the continued low vacancy rates during 2020 and 2021, and relatively low levels of apartment completions. The vacancy rate rose during the subsequent period, increasing to 7.7 percent as of the fourth quarter of 2022.

Apartment Market Conditions by Geography

Apartment conditions in the 10 CoStar Group-defined market areas in the Suburban submarket ranged from soft to tight as of the fourth quarter

Figure 16. Apartment Rents and Vacancy Rates in the Suburban Submarket



4Q = fourth quarter.
Source: CoStar Group

of 2024. The vacancy rate ranged from a low of 2.7 percent in the Spencer County market area to 31.9 percent in the Outlying Floyd County market area, where the completion of 210 apartment units increased the apartment inventory 65 percent and caused the vacancy rate to spike from 8.7 percent in the fourth quarter of 2023. Average rent increases ranged from less than 1 percent in the Outlying Floyd County and the Southern Indiana market areas to 9 percent in the Shelby County market area. Notwithstanding the rise in the vacancy rate, the average rent in the Outlying Floyd County market area is the highest in the Suburban submarket at \$1,256. The Southern Indiana market area accounts for approximately 73 percent of the submarket apartment inventory. The vacancy rate in the market area was 13.3 percent as of the fourth quarter of 2024, up from 12.1 percent a year earlier, and the average rent increased less than 1 percent year over year to \$1,146.

Single-Family Rental Market

The single-family rental market is tight, with vacancy rates significantly lower than the apartment market. The relatively strong demand and low vacancy rates for single-family homes are partly because of amenities typically unavailable in apartments, such as yards. Although a slight plurality of renters live in apartments,

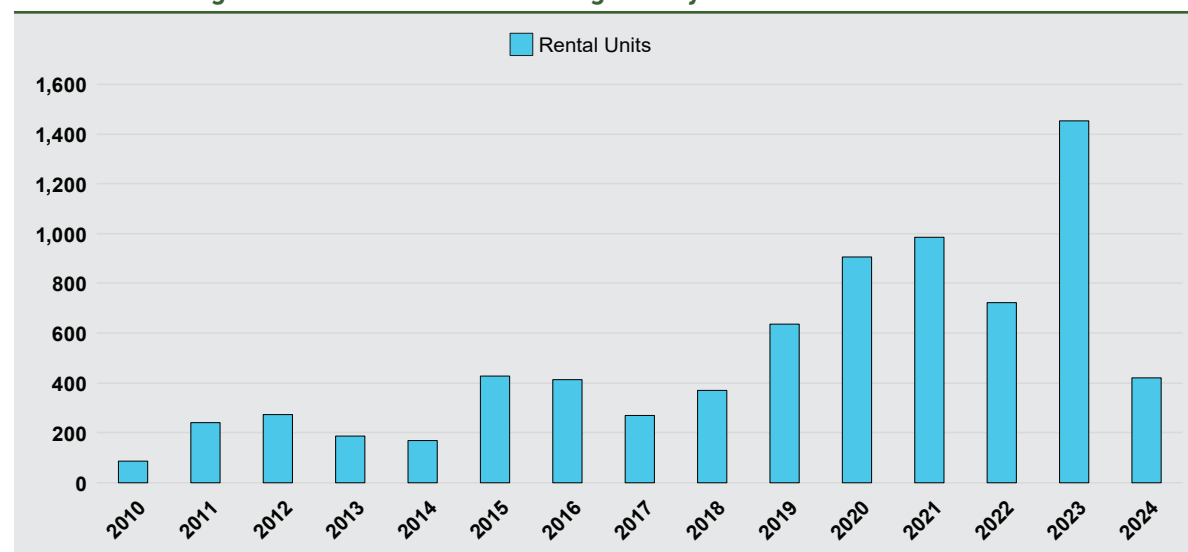
buildings with 5 or more units, more than one-third of renters live in single-family homes. However, the share is decreasing because increased apartment construction has provided an alternative to tight conditions in the single-family home market. During 2023, approximately 36 percent of renters lived in single-family homes, down from 46 percent during 2019 (ACS 1-year data). Professionally managed, single-family homes represent a small portion of the rental units. Among the counties within the submarket, vacancy rates for professionally managed, single-family rental homes in December 2024 ranged from 0.9 percent in Spencer County to 4.0 percent in Scott County (Cotality). The vacancy rate has been stable in most counties during the past year. The rates in Harrison and Floyd Counties increased 0.2 and 0.1 percentage point to 1.5 and 2.7 percent, respectively, during December 2024. In Clark County, the rate decreased 0.1 percentage point to 2.2 percent during the same period. Year-over-year rent growth varied from an 11-percent decline in Washington County to an 11-percent increase in Bullitt County as of December 2024. During December 2024, the average rent for a three-bedroom, single-family home ranged from \$907 in Washington County to \$1,820 in Shelby County.

Rental Construction

Rental construction in the Suburban submarket, as measured by the number of units permitted, increased each year from 2018 through 2021, then surged in 2023 before decreasing substantially

in 2024. During the recovery from the Great Recession, rental permitting averaged 190 units annually from 2010 through 2014. From 2015 through 2019, when net in-migration was increasing, permitting more than doubled to an average 420 units annually (Figure 17). From 2020 through 2021, permitting spiked to an average of 940 units a year, partly in response to low apartment vacancy rates, which were below 5.0 percent until 2021. Permitting surged to 1,450 units in 2023, double the 720 units in 2022. However, permitting fell to only 420 units in 2024 as developers responded to increased vacancy rates.

Figure 17. Annual Rental Permitting Activity in the Suburban Submarket



Note: Includes apartments and units intended for rental occupancy.

Sources: U.S. Census Bureau, Building Permits Survey; 2010–23—final data and estimates by the analyst; 2024—preliminary data and estimates by the analyst

Recent Rental Developments

Recent apartment construction in the Suburban submarket is concentrated in the Indiana counties, which accounted for 69 percent of the new apartment units permitted in the submarket during 2024. The largest share was in Clark County, Indiana, which accounted for approximately 46 percent of the apartments permitted in the submarket. The Warren, under construction north of downtown Louisville, has 246 apartment units and will open in January 2025. Rents for one-, two-, and three-bedroom units start at \$1,380, \$1,675, and \$2,000, respectively. In Charlestown, Indiana, the 204-unit Forest Edge

Apartments is under construction and expected to open in February 2025. The development will be a mix of studio and one-, two-, and three-bedroom units, with the announced rents ranging from \$1,550 to \$1,960.

Forecast

During the 3-year forecast period, demand is estimated for 1,750 rental units in the Suburban submarket (Table 16). Demand is expected to be steady throughout the 3 years, and the 590 units under construction will meet part of the demand during the forecast period. Demand will be strongest in the urbanized areas of the submarket, especially in the Indiana suburbs in Clark County near the two major bridges connecting to job centers in downtown Louisville.

Table 16. Demand for New Rental Units in the Suburban Submarket During the Forecast Period

Rental Units	
Demand	1,750 Units
Under Construction	590 Units

Note: The forecast period is January 1, 2025, to January 1, 2028.
Source: Estimates by the analyst

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.
Demand	The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.
Distressed Sales	Short sales and real estate owned (REO) sales.
Existing Home Sales	Includes resales, short sales, and REO sales.
Forecast Period	January 1, 2025–January 1, 2028—Estimates by the analyst.
Home Sales/ Home Sales Prices	Includes single-family home, townhome, and condominium sales.



Net Natural Decline	Resident deaths are greater than resident births.
Net Natural Increase	Resident births are greater than 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 or more days delinquent or in foreclosure.
Student Apartments	Housing targeted to college or university students, usually on or near campus. Multi-bedroom units are typically rented by the bedroom and leased per semester.

B. Notes on Geography

1.	The metropolitan statistical area definitions noted in this report are based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.
2.	Urbanized areas are defined using the U.S. Census Bureau's 2020 Census Urban and Rural Classification and the Urban Area Criteria.

C. Additional Notes

1.	This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.
2.	The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.



D. Photo/Map Credits

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