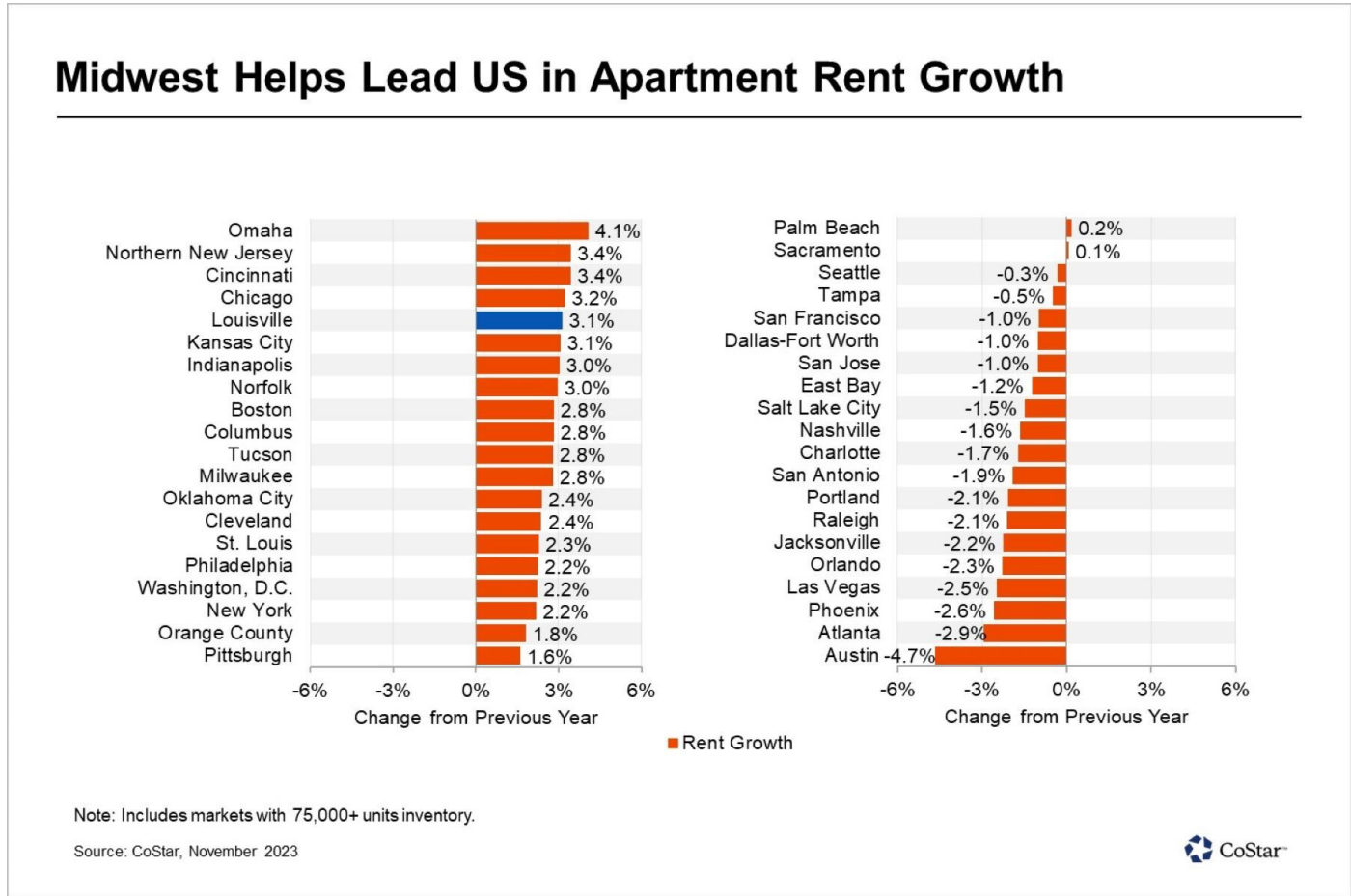




**COSTAR INSIGHT**

# Louisville, Ky., Among the Top US Markets for Apartment Rent Growth

Rents Move Higher Despite Record Construction Completions, Thanks to Strong Demand



By **Veronica Miniello**  
CoStar Analytics

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Louisville, Kentucky, has emerged as one of the top-performing markets for rent growth, not only in the Midwest, but in the country.

Rents in **Louisville** climbed around 3.1% as of the third quarter and ranks among the top five markets in the United States for rent growth.

The Midwest region has topped the charts for multifamily rent growth since the start of 2023, and third-quarter data shows the region continues to post healthy gains.

Several factors, including affordability, balanced population growth and relatively limited construction completions, compared with high-growth Southeast and Southwest markets, support steady rent growth throughout the Midwest.

Meanwhile, completions over the past 12 months in Louisville were near record levels and totaled around 2,500 units, slightly above the average over the same period over the past five years. Despite the accelerated pace of completions, vacancies in Louisville rose just 50 basis points year over year to 6.9%, compared with a 130-basis-point increase at the national level, where it is 7.2%.

Strong demand is supporting healthy market conditions in Louisville and allowing landlords to keep pushing rents at a steady pace, even as vacancies rise. Over the past year, close to 1,900 units were newly occupied, which represents 2.1% of total market inventory, compared with 1.3% for the national market. In fact, annual demand in Louisville now is at the highest level since early 2022.

One of Louisville's larger concentrations of multifamily stock is seeing particularly strong rent growth. In South Jefferson County, completions have been limited over recent quarters, and vacancies are about 100 basis points below the market rate. Tight market conditions support above-average gains, which sit at 5.8%.

Louisville's affordability will likely keep rent growth healthy in the quarters ahead. At just over \$1,100 per month, average asking rents in the city are among the lowest in the region and sit 33% below the national average. According to CoStar's base case forecast, rents in Louisville will grow an average of 4.4% per year over the next three years, compared with 3.7% at the national level.

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