

LOUISVILLE

Retail Q4 2023

YoY Chg 12-Mo. Forecast

\$69.2K
Median HH Income



0.2%
Population Growth



3.8%
Unemployment Rate



Source: BLS (Economic Indicators are representative of specific county or MSA.)

U.S. ECONOMIC INDICATORS Q4 2023

YoY Chg 12-Mo. Forecast

2.6%
GDP Growth



6.7%
Consumer Spending Growth



3.8%
Retail Sales Growth



Source: BLS, BOC, Moody's Analytics

ECONOMIC OVERVIEW

Despite aggressive monetary tightening by the Federal Reserve and lingering concerns over the potential for economic recession on the horizon, the US economy continued to demonstrate remarkable strength through the back half of 2023 into the new year. With unemployment at historically low numbers, consumers have spending power that they continue to deploy into the economy. According to the U.S. Commerce Department, retail spending was up 5.6% in December from a year earlier, far outpacing inflation. Consumer sentiment similarly remains high, jumping 13% at the start of year, indicating consumers feel optimistic about the year ahead.

MARKET OVERVIEW

The Louisville "Grocery War" moved into a new and different phase as Kroger, the long-dominant market operator, responded aggressively to new market competitors. Kroger fast-tracked construction on a new store in Buckner, KY, a suburban area just north of Louisville. Kroger controlled the Buckner site for the better part of a decade before initiating and completing construction in 2023. Additionally, Kroger is under construction on a smaller format store at the intersection of Brownsboro Road and Chamberlain Lane, directly across the street from a site Publix will develop in the near future. This new location is situated just 1 mi. north of an existing Kroger store that will remain, signaling that they have every intention of fighting hard to retain their market share.

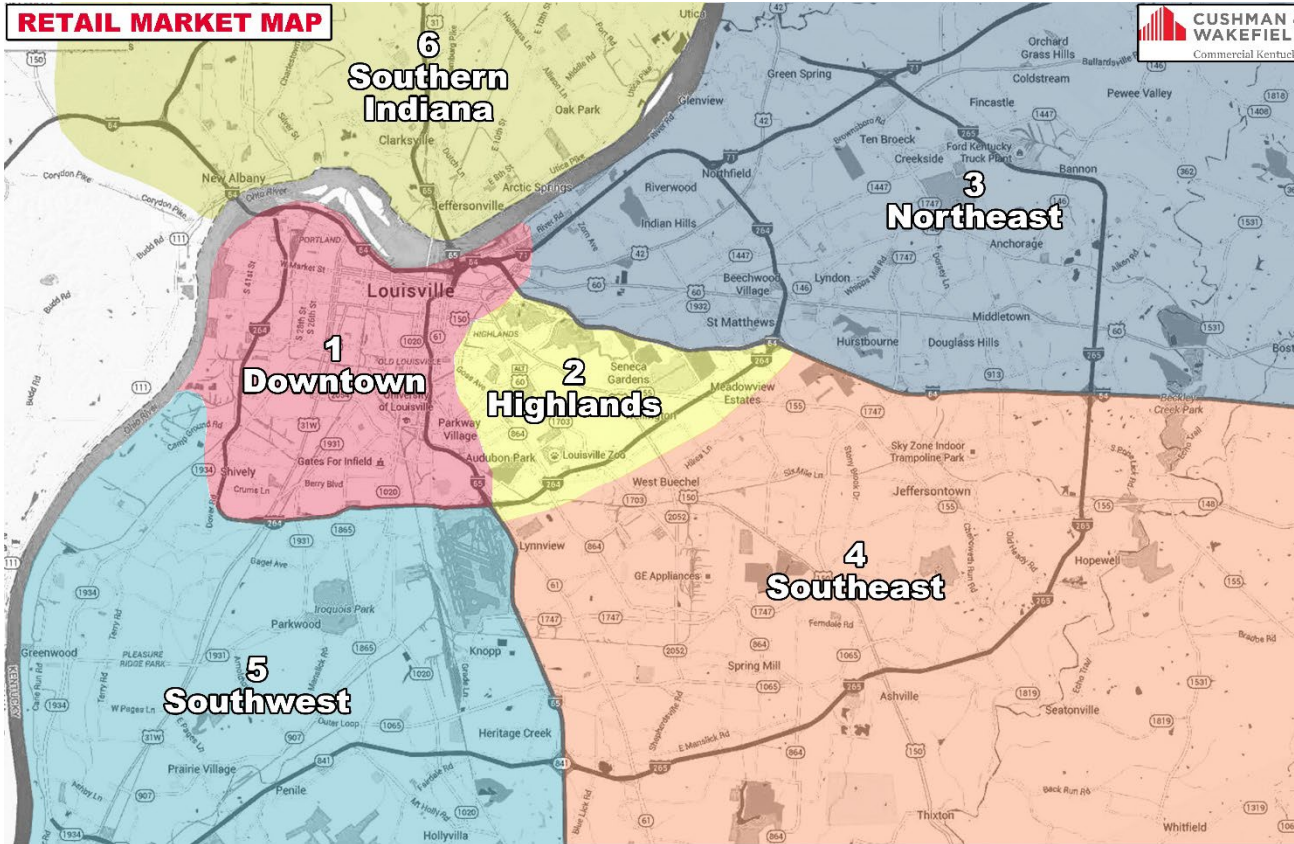
Meanwhile, Publix did open its first Kentucky store at Old Henry Road just after the new year. The store opening was met with an overwhelming positive response as shoppers lined up outside in frigid temperatures for several days following the grand opening. Publix has three other sites in Louisville as well as a site in Lexington that will be developed in short order.

After a few very quiet years, two large investment sales in the eastern suburbs brought capital markets activity back into focus. Boston based CPT Capital Management sold the Paddock Shops to CBRE Strategic Partners U.S. Value 9, in partnership with Fairbourne Properties in a \$96.8M transaction. At 354,000 sf, The Paddock Shops is the premier outdoor lifestyle retail center in the Louisville suburbs with a mix of high end grocery, dining, soft-goods tenants that include Williams-Sonoma, Total Wine & More, The Fresh Market, Barnes & Noble and Malone's Steakhouse. At the time of the sale, the center was 88% leased.

Nearby, CSHV Springhurst LLC, an affiliate of the California State Teachers' Pension System sold the 800,000 sf Springhurst Towne Center in a \$66M transaction to a partnership between Milwaukee-based Marquee Capital and Louisville-based developer and investor Kaden Companies. Opened in 1997, the power center is home to several big box retailers such as Hobby Lobby, Kohls, Dick's Sporting Goods and OfficeMax as well as a 19-screen Cinemark movie theater. Kaden Companies has been one of the most aggressive and active acquirers of retail real estate in recent years, having purchased the 112,000 sf Cedar Springs Shopping Center in 2020 and the 220,000 sf St. Matthews Gateway Center in 2021.

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BRENT DOLEN, SIOR, CCIM

Senior Director

+1 502 589 5150

bdolen@commercialkentucky.com

KRISTINE MCFARLAND

Research Analyst

+1 502 589 5150

kmcfarland@commercialkentucky.com

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