

LOUISVILLE

Retail Q2 2024

	YoY Chg	12-Mo. Forecast
\$70K Median HH Income	▲	▲
0.4% Population Growth	▼	▲
4.0% Unemployment Rate	▲	▲

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

U.S. ECONOMIC INDICATORS Q2 2024

	YoY Chg	12-Mo. Forecast
2.9% GDP Growth	▲	▲
6.9% Consumer Spending Growth	▼	▲
3.1% Retail Sales Growth	▲	▲

Source: BLS, BOC, Moody's Analytics

ECONOMIC OVERVIEW

Consumers experienced a bit of pricing relief in June as inflation moderated slightly, down 0.1% from May's readings. Year-over-year inflation is up 3.0%, the slowest rate of increase since August of 2021. Non-farm payrolls increased by 206,000 in June and the unemployment rate held steady at 4.1%, with little changed from the previous month. The steady data on inflation and employment has many market observers anxiously anticipating the next Federal Open Market Committee (FOMC) meeting scheduled for the end of July, anticipating the Committee may now have room to drop the Federal funds rate after a months-long campaign of monetary tightening.

A reduction in interest rates may come as welcome news to consumers, who have been bitten by higher borrowing costs, particularly those affecting housing and automobile purchases. Despite the overall health of the economy and moderating inflation, the University of Michigan Consumer Sentiment Index fell from 68.2 in June to 66.0 in July. The fall in the index was the fourth straight monthly decline in a row and marks the lowest recorded level in the index since November 2023.

MARKET OVERVIEW

Louisville's retail outlook remains strong with all major suburban trade areas performing well – vacancy is low and rents are appreciating, driven largely by new construction deliveries. Grocers Kroger and Publix continue to lead the way locally on the construction front. Kroger is fast nearing completion on their new location in northeast Louisville at Highway 22 and Chamberlain Lane, with the store expected to open later this year. Publix has started sitework on their new store directly across the street, expected to open in mid-2025.

At Flat Rock Road and Shelbyville Road, Publix is underway on a new location in Louisville's fast-growing and affluent far east end. Kroger, meanwhile, has announced plans to be part of a new 90-acre mixed-use development at Buelah Church Road in the south end of town. At 122,000 square feet (sf), Kroger will anchor the new development by Lexington, KY developer Patrick Madden. In addition to the new grocery, the site will feature 288 multifamily units, 50 single-family home sites, 30,000 sf of retail space, and 8,000 sf of new restaurant space.

Smaller new retail construction projects continue to pop up all over the metro area, driven largely by the entrance of several new drive-thru coffee concepts. Scooters Coffee and Seven Brew Coffee have quickly established a foothold in the market, building multiple new locations in both Louisville and southern Indiana. Dutch Bros will soon add to the variety as they have announced plans to start building stores in the market. Elsewhere, Wawa has aggressively sought out sites and is under construction on several new locations that should be delivered by year end.

The momentum in the NuLu District next to Louisville's downtown continues at a frenzied pace, with multiple new entertainment projects completed over the past year and several exciting new hospitality and mixed-use developments in the pipeline. Five Iron Golf opened its newest location in the Spring, featuring ten (10) indoor golf simulators with food and beverage service, catering both to the midday work population and late-night party crowd.

MARKET OVERVIEW (CONTINUED)

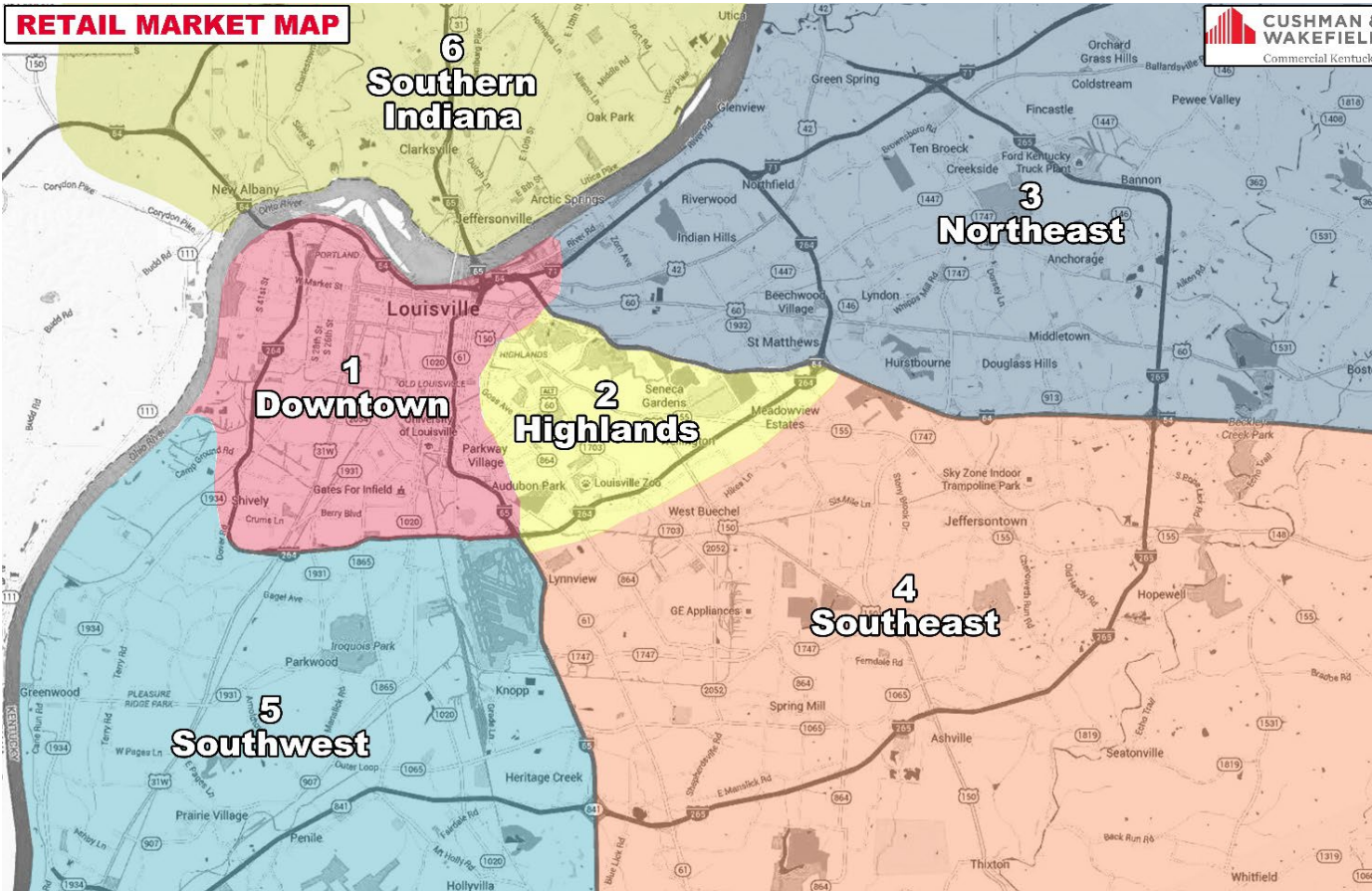
Nearby, local developer Mo Deljoo has announced plans for an expansion of the successful NuLu Marketplace. Home to West Sixth Brewery NuLu, Emmy Squared Pizza, The Local Seltzery, Mamili, the Dog Shop and Hazel+Hunt, the original NuLu Marketplace has been a hit since its construction in 2021. Phase II of the development will feature a three-story, 66,000 sf structure facing east Main Street, providing street level retail, offices on the upper floors, and a rooftop bar and lounge area.

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