

MARKET FUNDAMENTALS		
	YOY Chg	Outlook
72.4K Median HH Income	▲	▲
1.1% Population Growth	▬	▲
4.6% Unemployment Rate <small>Source: BLS</small>	▲	▬
ECONOMIC INDICATORS		
	YOY Chg	Outlook
2.1% GDP Growth	▲	▲
2.7% Consumer Spending Growth	▬	▲
1.9% Retail Sales Growth <small>Source: BEA, Census Bureau</small>	▼	▲

ECONOMIC OVERVIEW

2024 came to a close with the economy in a strong position and U.S. consumers in a buoyant mood. The University of Michigan Consumer Sentiment Index increased in December, up 3.1% from November’s reading, marking the fifth consecutive monthly increase in the index. That optimism amongst consumers was reflected in December’s retail sales figures released by the Commerce Department: retail sales increased 0.4% in December, and core retail sales (excluding gasoline, automobile and building material sales) increased 0.7% for the month. Although inflation ticked higher in December for the third consecutive monthly increase, employment and wage figures likewise were up in month, adding fuel to a growing economy for the start of the new year.

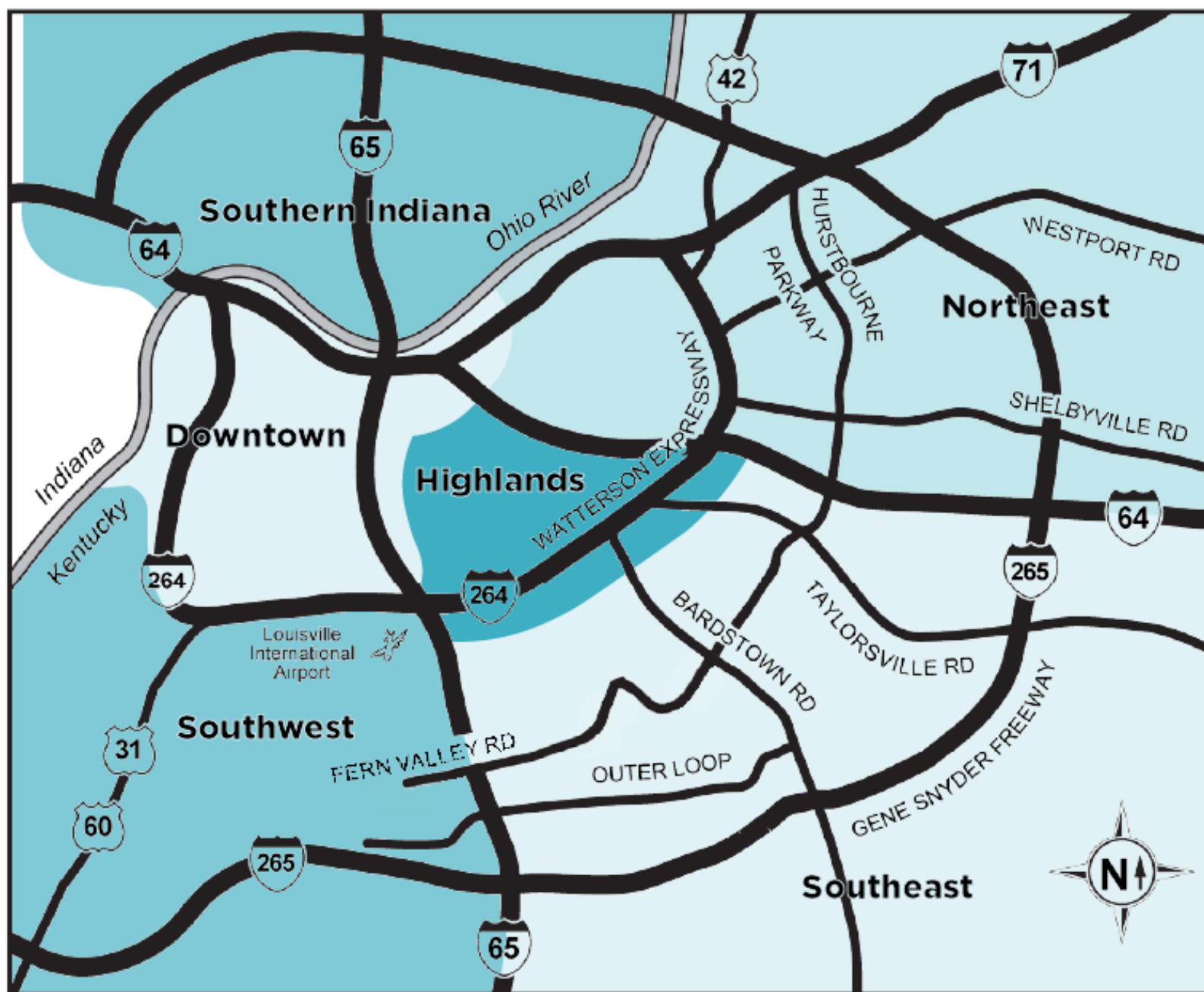
LOCAL INSIGHT

Prime retail locations in Louisville are exceedingly rare – the current climate can only be described as a “landlord’s market”. Vacancy in the most sought-after suburban trade areas is in the low single digits with only a handful of small spaces available for lease. Despite the constrained supply, demand among occupiers to expand in market remains intense. That demand, combined with elevated construction costs, are pushing asking rents ever higher – at the top of the market, small footprint, prime retail space routinely exceeds \$50 psf, NNN.

QSRs like Taco Bell, Jack in the Box and Popeyes are growing their respective footprints in market and have had success redeveloping older, infill sites throughout the suburbs. Similarly, Bank of America and Chase Bank are both racing to build multiple new suburban sites to build out and modernize their retail branch banking operations. BJ’s Wholesale Club is putting the finishing touches on its first Kentucky store, taking over an old Sears location at Jefferson Mall in the Okolona trade area. Similarly, Publix continues to make progress on their market entry, with two east Louisville suburban sites currently under construction and nearing completion this year.

Closer to downtown, the trajectory of the trendy NuLu district continues to climb ever higher. The upmarket, boutique Hotel Genevieve on Market Street continues to receive rave reviews and includes a recently-opened Byrdie’s restaurant inside, a new-to-market concept from Chicago-based (and Michelin-starred) chefs Jenner Tamaska and Katrina Bravo. Mixed-use developments in the neighborhood are faring very well. Phase I of NuLu Marketplace experienced a brisk lease up of office and retail tenants, with three levels of new construction planned for phase II along Main Street. The NuLu Yard development on Jefferson Street recently opened a six-story Tempo by Hilton hotel and also signed Fifth Third Bank as their anchor office tenant for the project. And soon to come, NuLu Crossing will break ground early this year on a 3-acre site on Main Street, formerly home to the Plumbers Supply Company. The 10-story project will feature 346 apartment units and over 50,000 sf of ground floor retail space.

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