

MARKET FUNDAMENTALS

	YOY Chg	Outlook
73.1K Median HH Income	▲	▲
0.7% Population Growth	▼	▲
4.8% Unemployment Rate	▲	▬

Source: BLS

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.4% GDP Growth	▼	▲
2.4% Consumer Spending Growth	▼	▲
2.0% Retail Sales Growth	▼	▬

Source: BEA, Census Bureau

ECONOMIC OVERVIEW

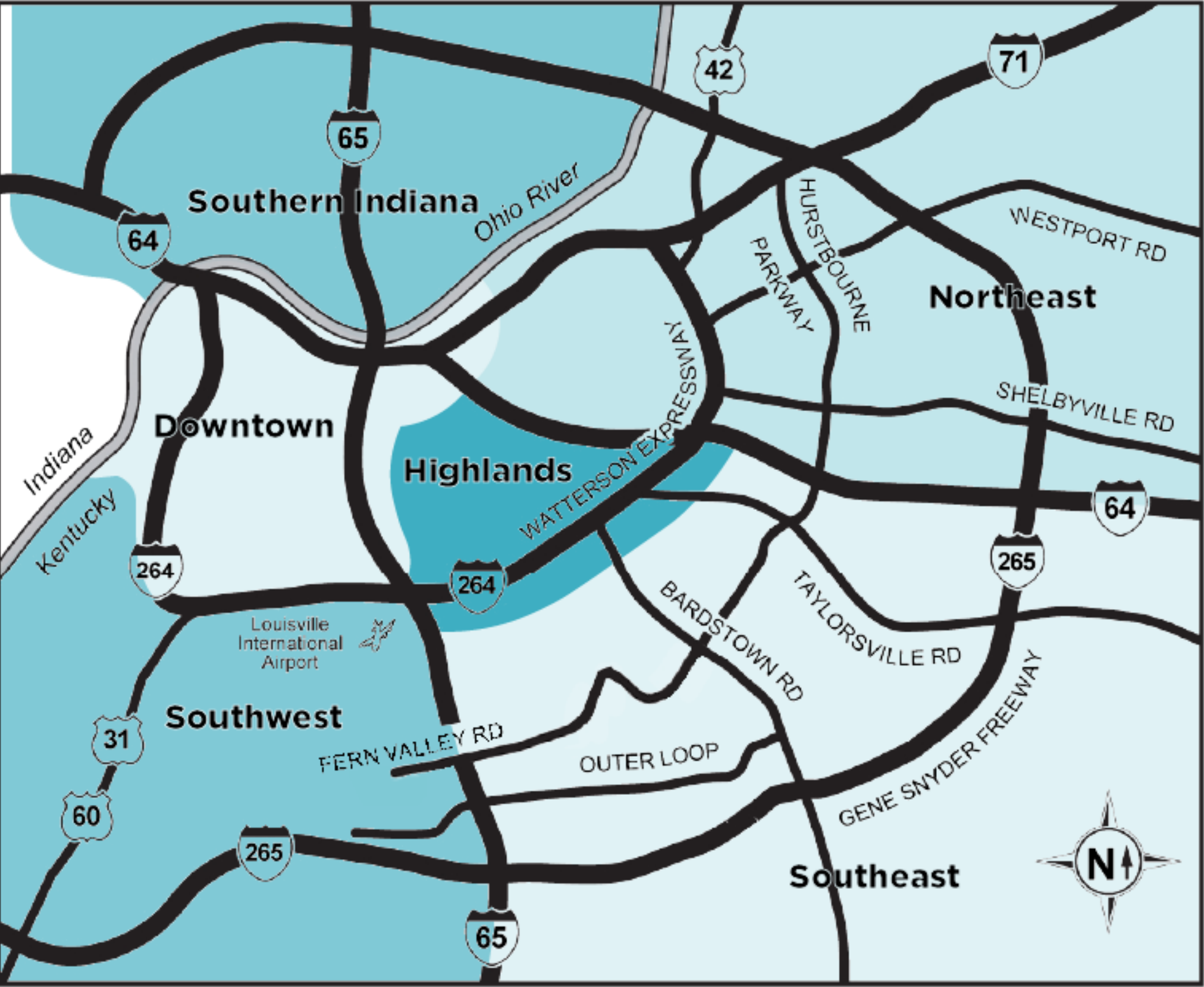
Turbulent and unpredictable trade and tariff policy threatened to slow the U.S. economy in early Q2 2025. Many economists and market pundits theorized that higher prices would crush consumer spending and send economic growth spiraling downwards. The initial projections showed just that – as consumers headed to the sideline and took a wait-and-see approach, the University of Michigan consumer sentiment index collapsed in April to its lowest reading in three years. By the end of the quarter, however, the outlook brightened considerably, with consumer spending returning with a vengeance and driving the economy forward. Retail sales rose 0.6% in June from a month earlier, better than the 0.2% increase that was largely expected. Inflation for June came in at 2.7%, slightly higher than the May reading of 2.4%. As higher prices continue to filter into the market, it bears watching if the Federal Reserve will take a more aggressive posture towards lowering interest rates in the back half of the year.

LOCAL INSIGHT

Retail real estate continues to perform exceptionally well, particularly in the eastern and northeastern suburbs of Louisville. Limited new construction and strong tenant demand have combined to keep vacancy figures very low in the Shelbyville Road, Westport Road and Brownsboro Road corridors. Asking rents continue to push higher - backfill 2nd generation space in prime locations now command rates in excess of \$30 per square foot (psf), and new construction routinely exceeds \$50 psf. An added measure of strength in the suburbs can be found in the quick re-lease of the few larger box vacancies that have recently come available. Two former Bed Bath and Beyond locations – one at the Springs Shopping Center and the other at the Paddock Shops – were leased to PGA Tour Superstore and REI Co-Op, respectively. These are the first two locations in Louisville for each of these retailers. Additionally, a dark Jo-Ann Fabrics location at Shelbyville Road Plaza was quickly leased by Burlington, which will be their 4th location in the metro area.

Downtown continues to be driven by the new development in the hospitality sector. The new Tempo by Hilton opened its doors to visitors on Jefferson Street on the south side of the vibrant NuLu district. Developed by Weyland Ventures, this is the third Tempo property in the Hilton portfolio and first in the state of Kentucky. The property features 130 guestrooms and several dining options, including a rooftop restaurant called High Stakes Grill that is scheduled to open by the end of summer. Closer to the heart of the central business district, the new Hotel Bourre Bonne opened at 2nd and Market Streets at the end of May. This \$75 million hotel adjacent to the Kentucky International Convention Center features 168 guest rooms across five floors, a lobby level steakhouse experience and a rooftop lounge and pool area.

RETAIL SUBMARKETS



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