

# LOUISVILLE

Retail Q2 2021



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

## U.S. ECONOMIC INDICATORS Q2 2021



Source: BEA, Census Bureau

## MARKET OVERVIEW

The strength of the U.S. economy continues to improve as businesses continue to open more broadly from pandemic related cutbacks and closures. Retail sales rose by 0.6% in June, buoyed in large part by increased sales at restaurants, bars and soft-goods clothing and accessory retailers. Going forward, the National Retail Federation increased its projections for U.S. retail spending in 2021 to between \$4.4 - \$4.5 trillion, up from an earlier estimated range of \$4.3 - \$4.4 trillion.

Locally, the health of the market can be seen in the additional of several new-to-market restaurant concepts. At the Paddock Shoppes in northeast Louisville, Lexington, KY based Bluegrass Hospitality Group opened a new Malone's Steakhouse after converting a space previously occupied by Office Depot. The 18,000 sf, two-story restaurant features a retractable roof on the second floor and multiple private dining rooms and event spaces. This is the first Malone's location outside of Lexington, KY.

In the fast-growing Veterans Parkway corridor in Jeffersonville, IN, Austin, TX based Torchy's Tacos opened their first local location. Similarly, Auburn, AL based Chicken Salad Chick opened a new store on Veterans Parkway, with a second leased location coming in the Middletown trade area of East Louisville. Finally, The Capital Grille has announced plans to open their first Louisville location on the heavily trafficked Shelbyville Road in the eastern suburbs.

Back at the Paddock Shoppes, Williams-Sonoma, Inc. is making several big moves at the walkable, outdoor lifestyle center. The flagship Williams-Sonoma brand has opened a new store, backfilling an 8,000 sf inline space previously occupied by J. Crew. Finally, plans are in motion at the center for a new West Elm furniture location, which will be the brand's first Louisville location. While the West Elm location is new, the Williams-Sonoma and Pottery Barn stores will come at the expense of two existing mall locations in town.

Class B retail continues to languish with stubbornly high vacancy and stagnant rents. Discount retailers like Big Lots, Dollar Tree, and Ollie's have been the most active in backfilling vacant spaces in the market between 10,000 - 20,000 sf. Medical users are also taking up some of the slack – for instance, local developer The McMahon Group recently converted a vacant 135,000 sf former K-Mart box into a new testing laboratory for Norton Healthcare, a local hospital system and healthcare provider.

Downtown Louisville, which was heavily impacted in 2020 by Covid related office closures and several weeks of social unrest, is slowly starting to come back to life. Louisville Bats baseball games and Louisville FC (men's) and Racing Louisville (women's) soccer matches are now open at full capacity, and concerts and events along the riverfront are open to the public with minimal restrictions. These crowds have been a welcome site to hard-hit restaurants and hotels in the area, and we expect business will improve in the area as workers return to their offices and the economy continues to re-open.

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