

# MARKETBEAT

## Louisville

### Retail Q2 2019



#### ECONOMIC INDICATORS

##### National

	Q2 18	Q2 19	12-Month Forecast
GDP Growth	2.9%	2.6%	▼
CPI Growth	2.7%	1.8%	▲
Consumer Spending Growth	4.7%	4.5%	▼
Retail Sales Growth	5.6%	3.3%	▼

##### Regional

	Q2 18	Q2 19	12-Month Forecast
Household Income	\$59,200	\$61,000	▲
Population Growth	0.3%	0.3%	■
Unemployment	3.9%	3.7%	▼

2019 Q2 data are based on latest available data. Growth rates are year-over-year.  
Source: BLS, BOC, Moody's Analytics.

## Market Overview

Despite the negative headlines surrounding the sector, retail sales activity has been very healthy in 2019. The Commerce Department reports strong consumer activity in May, with retail sales rising a seasonally adjusted 0.4% in each month. With the release of the May numbers, sales have increased 3.3% from a year earlier.

With those strong consumer fundamentals, retail construction and leasing activity in the Louisville metro area has maintained a brisk pace in Class-A properties and trade areas. Cincinnati-based Viking Partners is well underway on the redevelopment of Hurstbourne Plaza, located at the busy commercial corner of Hurstbourne Parkway and Shelbyville Road in the heart of the desirable East End suburbs. Viking has demolished the existing shopping center on the 27-acre site to make way for a true mixed-use development that will consist of 266 apartments, a 149-room hotel, as well as freestanding retail buildings. The project is estimated to cost \$100 million and the first building deliveries are expected later this year.

Just across the Ohio River from Louisville, new retail construction is booming in southern Indiana. Along the busy Veterans Parkway corridor, construction on the 160-acre Jeffersonville Town Center is progressing nicely and spaces are leasing quickly. Anchored by Menard's, the project has recently added Hobby Lobby, T.J. Maxx, and Academy Sports + Outdoors to the tenant mix. With construction costs escalating in recent years, asking rents have followed suit, with small shop and restaurant space at the center approaching \$40 per square foot (psf).

The closely-watched Top Golf development at Oxmoor Center looks to be moving forward. After a very public and contentious re-zoning process and subsequent legal battle, the courts ruled that Top Golf can proceed. Top Golf plans to demolish a vacant Sears box on the south wing of the mall, and in addition, mall owner Brookfield will add complimentary restaurant and entertainment venues. The shift is indicative of larger national retail trends towards entertainment and experiential concepts and seems poised to provide a shot in the arm for the mall, which has seen its share of national tenant closures in recent years.

In the central business district downtown, plans have been announced for new construction of a dual branded Hyatt Place & Hyatt House hotel. The proposed 273-room, eight-story development continues an impressive run of hospitality construction which has seen 17 new hotels open in the Louisville area over the past 18 months.

## Outlook

The macro forecast indicates that the economy should continue to expand in 2019 by 2% to 2.5% this year – however, there is uncertainty on the horizon. The Federal Reserve has so far held off on any adjustments to interest rate policy, but they have also publicly indicated a higher level of concern about the state of the economy than they did earlier in the year.

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