

	YoY Chg	12-Mo. Forecast
\$63.4K Median HH Income	▼	▲
0.2% Population Growth	▲	▲
3.3% Unemployment Rate	▼	▲

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

U.S. ECONOMIC INDICATORS Q2 2022

	YoY Chg	12-Mo. Forecast
2.5% GDP Growth	▼	▲
9.8% Consumer Spending Growth	▲	▲
8.7% Retail Sales Growth	▼	▲

Source: BEA, Census Bureau

ECONOMIC OVERVIEW

Despite a darkening consumer sentiment, the Commerce Department reported retail sales grew by 1.0% for the month of June, and an earlier reported decline in spending for the month of May was revised to be slightly smaller. It is important to note, however, that these reports are not adjusted for inflation, so higher prices are being recorded alongside gross consumer sales.

The outlook for the economy is decidedly mixed. Unemployment remains at historic lows and recent non-farm payroll growth has outpaced expert predictions by a fairly substantial margin. At the same time, inflation is still raging across all sectors at 40 year highs and remains a persistent threat to continued economic growth. The Federal Reserve is under pressure to tame runaway prices and may continue to increase interest rates through the back half of the year. While a slowdown isn't imminent, further tightening of the monetary supply may just tip the economy into a recession.

MARKET OVERVIEW

Locally, retail real estate continues to be buoyed by steady household and wage growth, especially in the eastern suburbs. Along the dominant Shelbyville Road corridor in St. Matthews, it is decidedly a landlord's market. Vacancy is near zero, and rents are at market highs, trending in the mid-\$30.00 to low \$40.00 per square foot (psf) range. Further out, the Springhurst, Old Henry and Middletown trade areas are also very strong – leasing activity for the few available vacancies is brisk, rents are appreciating, and new ground-up development sites are in extremely limited supply.

The coming grocery war is the major highlight in the Louisville retail sector. Long-dominant Kroger, which controls approximately 43% of the local market share, is now facing a challenge from Publix. The Florida based grocer now has three new stores planned in the suburbs, with sites located along Brownsboro Road in the north, Old Henry Crossings in the east, and Bardstown Road in the southeast. Each of these sites will feature a roughly 50,000 square feet (sf) grocery building with complimentary inline and outlot retail opportunities.

In the growing Fern Creek trade area, Hogan Development is underway on the construction and leasing of a new \$20 million six-building, 43,000 sf mixed-use called Cedar Creek Crossings. The development will be home to a number of national tenants, including Sleep Number, McDonalds, Chipotle and Starbucks. Recently, Crumbl Cookies announced that they too would join the development, marking the second Louisville location for the quickly growing national brand.

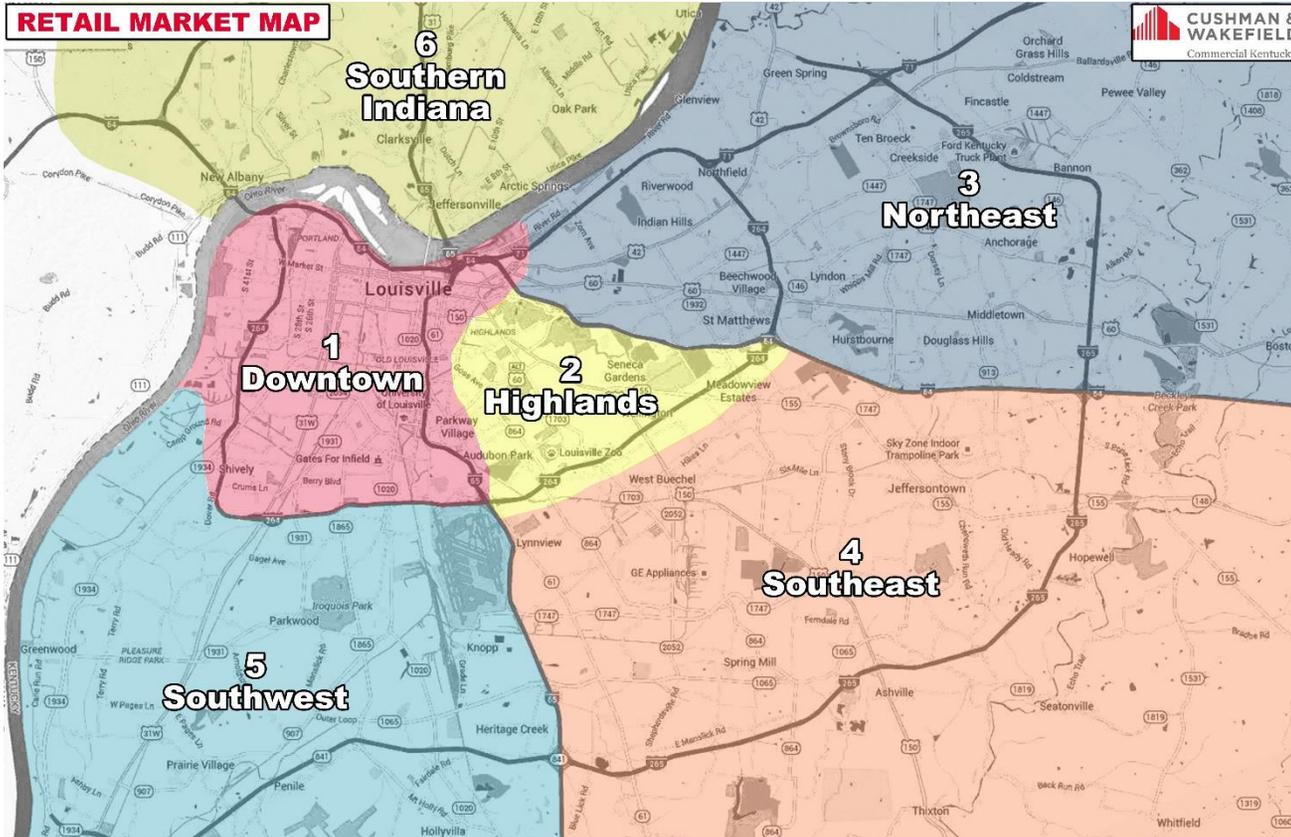
On the edge of downtown, the trendy NuLu district along East Market Street continues its stunning success. The walkable district is dotted with numerous local restaurants, boutiques and small format hotels and has truly become a destination for local residents and tourists alike.

Nearby in the Central Business District (CBD), persistent vacancy and under utilization of the office inventory continues to be a laggard on the traditional daytime retail environment downtown. Employees are slowly returning to their workplaces, and we expect that trend will continue, which should improve the retail environment in the CBD in the second half of 2022.

LOUISVILLE

Retail Q2 2022

RETAIL MARKET MAP



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