

LOUISVILLE

Retail Q2 2023

YoY Chg 12-Mo. Forecast

\$63.5K
Median HH Income



0.2%
Population Growth



3.1%
Unemployment Rate



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

U.S. ECONOMIC INDICATORS Q2 2023

YoY Chg 12-Mo. Forecast

2.1%
GDP Growth



7.8%
Consumer Spending Growth



1.3%
Retail Sales Growth



Source: BLS, BOC, Moody's Analytics

ECONOMIC OVERVIEW

The U.S. economy remains resilient, buoyed by continued strong consumer spending in the year's first half. Retail sales rose a seasonally adjusted 0.2% for the month of June, slightly lower than May and April, but in line with the rate of inflation. The strong labor market – with unemployment rates at 3.1% – continues to provide fuel for consumer spending. Many experts predicted that consumer spending would fall as the Federal Reserve tightened monetary policy through the first half of the year, but that has not happened yet. A recession, which once felt inevitable in the back half of the year, seems likely to be very moderate, if it happens at all.

MARKET OVERVIEW

The big story in the Louisville retail market continues to be the impending grocery war to be fought between longtime market stalwart Kroger and new-to-market entrants Publix and Hy-Vee. Publix's first Louisville store at Old Henry Crossings in the eastern suburbs is scheduled to open by the end of the year, with two additional suburban sites in the development pipeline. Further to the south in the Fern Creek trade area, Hy-Vee made their intentions known by purchasing their site for their first Louisville store in the Southpointe Commons retail development. The 12.5 acre site traded for \$22.98M - or \$1.83M per acre – an absolutely astonishing number that has lifted the ceiling for retail sales comparables in the market.

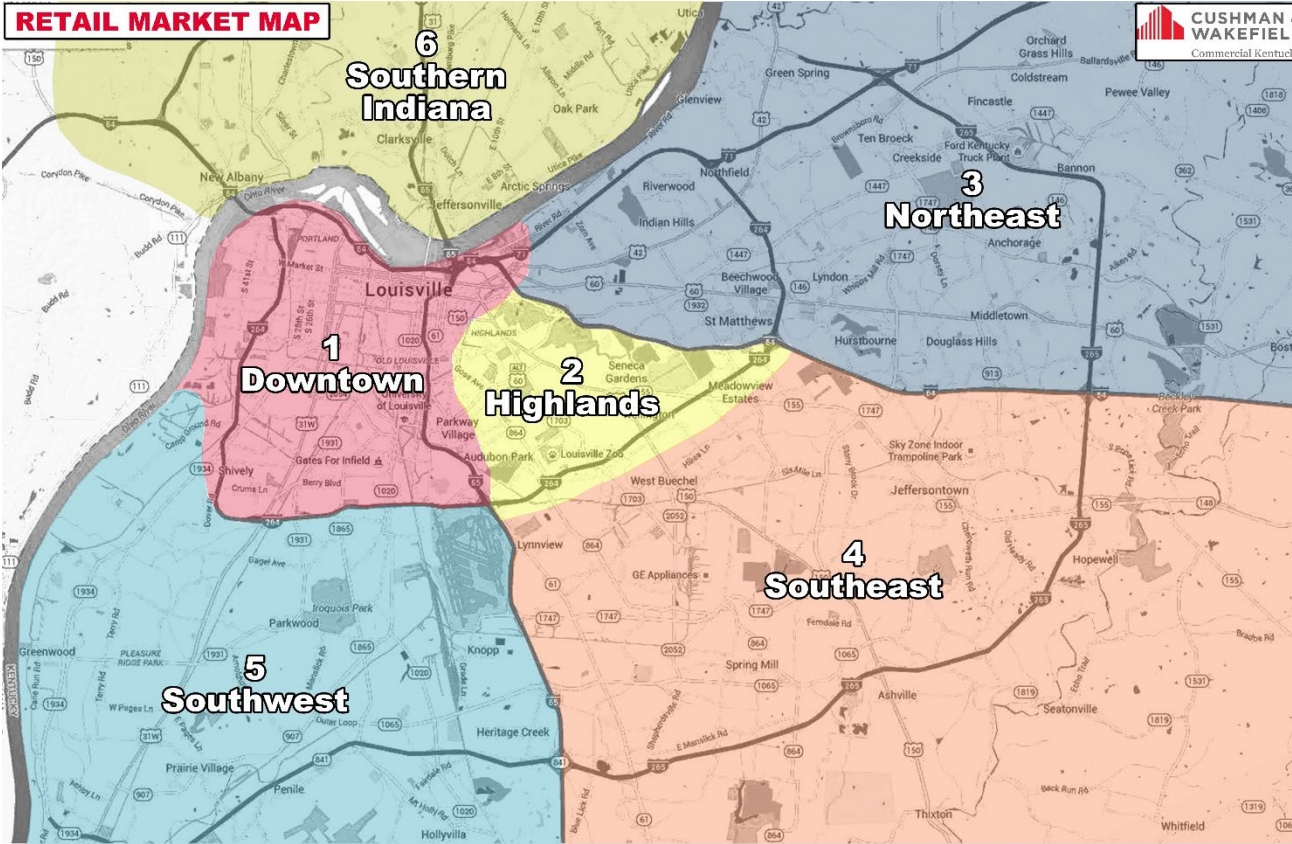
Elsewhere in the traditional suburban retail corridors, the market can only be described as healthy. Vacancies remain very low and new construction sites are in short supply. Many of the new retail projects in the city are infill developments, led by a wave of new car wash locations on all of the major suburban arterials. Additionally, small format operator Scooter's Coffee has been aggressive in building a number of drive-thru only outlot sites at shopping centers all over town. With a growing metro area population that travels primarily by car, developers are making big bets on the Louisville market.

In downtown Louisville, new hospitality, entertainment and retail venues continue to fill the void left by historically high vacancies in the city's Class A office towers. Churchill Downs' new \$90M Derby City Gaming project at the corner of 4th and Market Streets is well underway and scheduled for completion by the end of the year. The new facility – built from the shell of a former 40,000 sf office building – will offer a full floor of 500 historical racing machines (similar to slot machines), a main level sports bar and stage for live music, as well as a bourbon library and wine lounge.

Two blocks to the east, the new 168-room Canopy by Hilton hotel is under construction at the corner of 2nd and Market Streets. The \$60M project will feature a ground level, 11,000 sf restaurant, a pool and rooftop bar and lounge area. Also, in nearby NuLu, Hotel Genevieve opened just in time for this year's Kentucky Derby – the boutique, 122-room hotel features a custom curated art collection, restaurant and lounge spaces, as well as a late-night speakeasy "Lucky Penny" that is hidden in the hotel.

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