

LOUISVILLE

Retail Q4 2021

CUSHMAN & WAKEFIELD

Commercial Kentucky

YoY Chg 12-Mo. Forecast

\$50.6K
Median HH Income



0.1%
Population Growth



4.2%
Unemployment Rate



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

U.S. ECONOMIC INDICATORS Q4 2021

YoY Chg 12-Mo. Forecast

2.3%
GDP Growth



0.6%
Consumer Spending Growth



14.1%
Retail Sales Growth



Source: BEA, Census Bureau

ECONOMIC OVERVIEW

According to the National Retail Federation, U.S. retail sales during the 2021 holiday shopping season were up 14.1% over sales figures for the same period in 2020. Strong fourth quarter sales were buoyed by record household savings and pent-up consumer demand.

Consumers appear to have heeded warnings about supply chain backlogs and shifted spending decisions earlier in the quarter. Despite the strong overall totals for the fourth quarter, Commerce Department statistics show total retail sales finished lower for the month of December, down 1.9% from the previous month.

In fact, ten of the 13 retail categories tracked by the Commerce Department showed declines in December; non-store retailers, which include e-commerce sellers, slid 8.7% for the month. Broader concerns about inflation (now running at 7%), the end of federal pandemic relief payments and the rapid pace of infections from the Omicron variant are all weighing heavily on the market and suggest a softening of consumer spending in Q1 2022.

MARKET OVERVIEW

Locally the retail market has remained very stable. The dominant Shelbyville Road trade area, the bellwether of the Louisville retail market, continues to demonstrate its strength. Local developer and investor Kaden Cos. acquired the Best Buy Center in an off-market transaction. The center, which measures over 220,000 square feet (sf), is home to Best Buy, Total Wine, Golf Galaxy and DSW Shoes. This is the first time the property has traded since its development in the 1960's. Kaden Cos. plans capital improvements to the parking lot, landscaping and façade of the property, and has announced plans to recruit new-to-market tenants to the highly visible and well trafficked center. This investment follows on Kaden Cos. recent acquisition of the nearby Galleria of St. Matthews, a multi-tenant retail strip center that is currently undergoing renovation.

The Louisville grocery market, long-dominated by Kroger, is getting a massive shakeup. Publix Super Markets will build two new stores in the eastern suburbs; both sites will measure approximately 50,000 sf each and will offer complementary inline retail and outlot opportunities. These are first Kentucky locations for the Florida-based company. Similarly, Iowa-based grocer Hy-Vee has announced plans to enter the Louisville market, though potential locations have not yet been disclosed. The plans by Hy-Vee are part of a broader expansion across the Midwest and Mid-South with the grocer looking to add stores in Indiana, Alabama and Tennessee as well.

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In downtown Louisville, hospitality, tourism and entertainment focused development continues to set a strong pace. In the heart of the Central Business District, Churchill Downs purchased the former US Bank building at 4th & Market Streets and has begun converting the 43,000 sf office building and attached garage into Derby City Gaming Downtown. Churchill Downs is investing a reported \$80 million in the facility, which will feature gaming floors, restaurants and street-level retail amenities.

At 6th and Main Street, the Grady Hotel opened to strong reviews in late Spring of 2021. Located in a converted five-story office building, the boutique hotel features 51 rooms, a cocktail lounge and restaurant. Two blocks west at 8th and Main Street, Dream Hotel Group will build a 168 room hotel, complete with four original food and beverage options and a new rooftop lounge. The Louisville location follows the successful launch of the Dream Hotel brand in Nashville, TN. The Louisville site is scheduled to be completed in 2025.

BRENT DOLEN, CCIM

Director

+1 502 589 5150

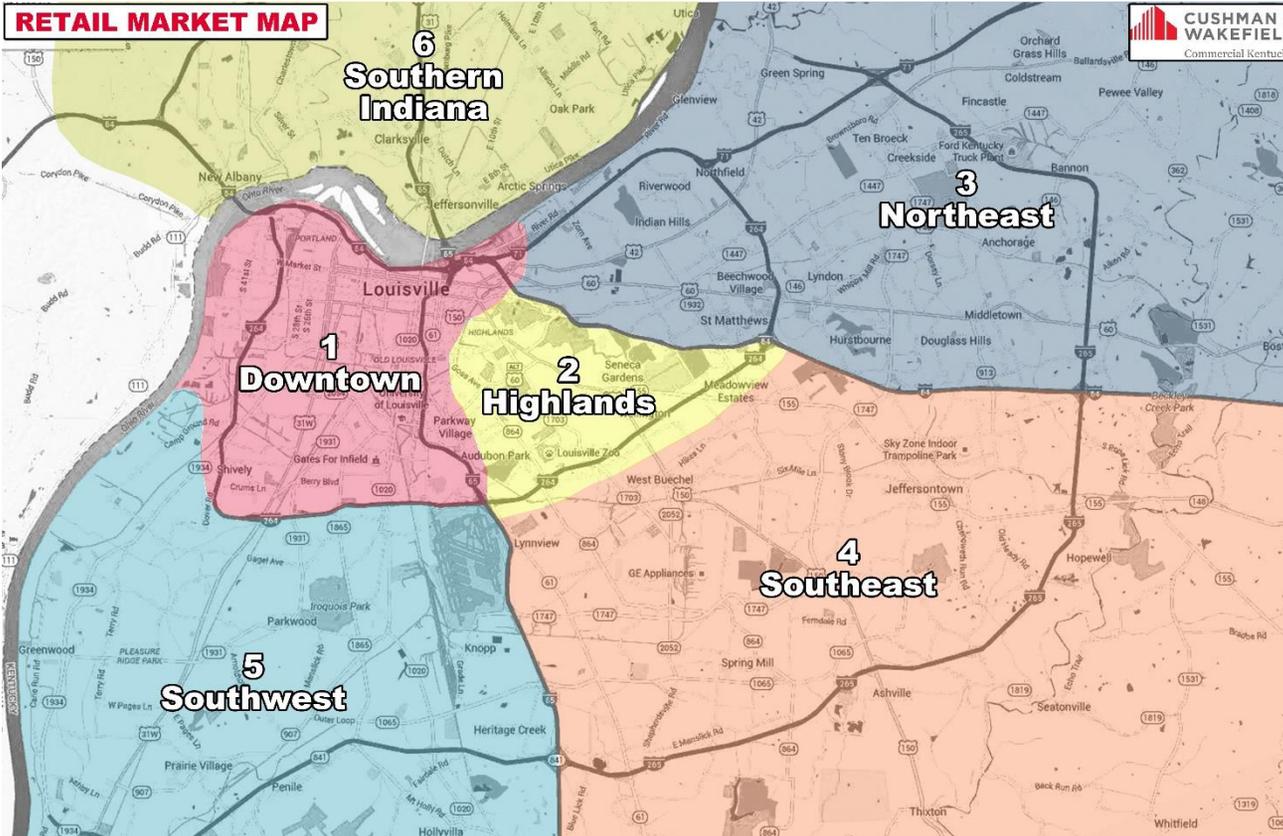
bdolen@commercialkentucky.com

KRISTINE MCFARLAND

Research Analyst

+1 502 589 5150

kmcfarland@commercialkentucky.com



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