



Commonwealth
Economics

NuLu Crossing Development Project

Economic & Fiscal Impact Analysis

Submitted To:

Zyyo Inc.

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May 2026

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I. Introduction and Executive Summary

Introduction

Commonwealth Economics Partners, LLC (“CE”) was retained by Zyzo Inc. (“Developer”) to conduct an economic and fiscal impact analysis of the proposed NuLu Crossing Development Project (“Project”). The Project will be located at 700 East Main Street in the heart of Louisville’s NuLu district. The purpose of this analysis is to estimate the Project’s economic impacts and the related state and local tax revenues.

Executive Summary

The Developer is undertaking an exciting and transformative redevelopment project to revitalize a 2.5-acre vacant lot in the heart of Louisville’s urban core. This visionary mixed-use development will seamlessly integrate residential, commercial, and professional spaces, fostering a vibrant, pedestrian-friendly community that energizes the city’s dynamic urban landscape.

The proposed Project will feature 340 modern apartment units and a 214-room upscale hotel. Complementing these living spaces is a parking garage with 476 spaces, ensuring convenient access for residents and visitors alike. The development will include approximately 35,715 square feet of retail/restaurant space, establishing the development as a hub of activity and commerce.

Strategically located in the NuLu neighborhood, the Project is poised to become a cornerstone of Louisville’s revitalization efforts. By attracting new residents and fostering vibrant street-level activity, it will stimulate economic growth, support downtown businesses, and enhance the city’s cultural and commercial vitality. This development aligns with Louisville’s vision of a thriving urban core, helping the city recover and flourish after recent challenges.

Key Points

- **Project Cost** - The Project's total capital investment is estimated to be \$276 million.
- **Public Infrastructure Investment** - The Project has numerous public infrastructure components, including parking garages, utilities, stormwater management, roadway improvements, environmental remediation, and sanitary sewer construction.
 - ◆ **Public Infrastructure Cost** - \$59 million.
- **Construction Impact** - The Project's construction activity is anticipated to create 3,781 jobs (2,577 direct construction jobs) and \$237 million in wages (\$163 million direct wages).
- **Operations Impact (Ongoing)** - Over a 30-year period following construction, the Project is estimated to support 565 jobs (323 direct jobs) and create \$1.6 billion in employee wages (\$862 million direct wages).
- **Tax Impact** - During construction, the Project is expected to generate \$19 million in local and state taxes. Over 30 years of operations, NuLu Crossing is estimated to directly generate \$114 million in local property taxes and \$18 million in local occupational taxes. Additionally, over 30 years, the Project is projected to generate \$11 million in state property taxes, \$120 million in state sales taxes, and \$32 million in state income taxes.
- **Addressing Louisville's Downtown Doom Loop** - Louisville's downtown is currently experiencing a detrimental cycle characterized by the rise of remote work, changing office space preferences, increased perception of crime, and the closure of numerous shops, services, and restaurants. This has led to a significant exodus of office workers, further elevating safety concerns and prompting additional business closures. This downward spiral discourages new investments and deters potential residents. This ongoing decline increases vacancy rates and compounds the area's challenges, severely impacting the appeal of downtown Louisville. Strategic interventions are urgently needed to halt this cycle and stimulate revitalization.
 - ◆ NuLu Crossing's 340 new urban residential units will help alleviate this downward spiral by partially offsetting the decline in downtown office workers.

- ◆ **Hotel** - 214 upscale hotel rooms will help strengthen the NuLu economy by drawing visitors who support local restaurants, shops, galleries, and other neighborhood businesses.
- ◆ The successful completion of this residential project will signal to other developers that major investments in Louisville's urban core can be a worthwhile endeavor.
- **Workforce & Affordable Housing** - Louisville faces a shortage of housing units, exacerbating homelessness, driving up rents, and stifling economic growth. NuLu Crossing will provide 340 new residential units.
 - ◆ The Developer anticipates most units will be affordable at Louisville's median income level and a portion of these units will be reserved as affordable housing for lower-income residents.
- **Pillar Investment in NuLu** - The Project will enhance Louisville's urban core by addressing critical community needs. It will alleviate the severe parking shortage in NuLu, introduce a new upscale hotel, support hundreds of jobs, and provide housing for hundreds of new residents who will support local businesses. By fostering economic growth and urban activity, the Project aims to catalyze further major investments in Louisville's urban core.

II. NuLu Crossing Project Overview

Zyyo is planning to redevelop 2.46 acres in the heart of Louisville’s NuLu District. The property is located at the intersection of East Main Street and South Shelby Street and will be one of Louisville’s largest urban residential developments. Located only a five-minute drive or ten-minute bike ride from the KFC YUM! Center and Fourth Street Live!, the Project will serve as a pillar of Louisville’s NuLu neighborhood and valuable addition to the city’s urban core. This section offers a comprehensive summary of the Project, detailing its various elements, associated costs, and visual representations. It also outlines how the Project will help address some of the problems facing Louisville and the Commonwealth of Kentucky.

II (A). Components, Expenditures, & Renderings

Under the Developer’s current design, the Project is estimated to cost \$275.8 million and will include apartments, an upscale hotel, retail and restaurant space, and various amenities for tenants and visitors. Of this amount, \$59.2 million is related to public infrastructure and includes:

- Public Parking: \$43.8 million
- Site Costs / Earthwork: \$4.9 million
- Provision of Utilities: \$3.8 million
- Roadway Improvements: \$2.9 million
- Stormwater Management: \$1.7 million
- Sanitary Sewer: \$1.6 million
- Environmental Remediation: \$350,000

The Developer anticipates that the Project’s construction will take approximately 24 months, beginning in August 2026 and seeing completion in Q3 of 2028.

Figure 1

Vertical Uses	Qty	SF	Hard Cost	Soft Cost	% Total HC	Total Cost
Apartments	340	257,475	\$ 47,061,052	\$ 17,453,866	24.34%	\$ 64,514,917
Prof Accom / Hotel	214	83,250	\$ 77,194,434	\$ 28,629,647	39.93%	\$ 105,824,081
Amenity		23,200	\$ 1,987,251	\$ 737,026	1.03%	\$ 2,724,277
Retail		35,715	\$ 8,712,005	\$ 3,231,083	4.51%	\$ 11,943,089
Parking (Private)	106		\$ 9,196,566	\$ 3,410,796	4.76%	\$ 12,607,362
Courtyard			\$ 5,998,354	\$ 2,224,652	3.10%	\$ 8,223,006
Sub-Total		399,640	\$ 150,149,662	\$ 55,687,070	77.7%	\$ 205,836,732
Public Infrastructure			Hard Cost	Soft Cost	% Total HC	Total Cost
Site Costs / Earthwork			\$ 3,605,314	\$ 1,337,128	1.86%	\$ 4,942,442
Sanitary Sewer			\$ 1,179,197	\$ 437,338	0.61%	\$ 1,616,536
Stormwater Management			\$ 1,269,598	\$ 470,866	0.66%	\$ 1,740,464
Roadway Improvements			\$ 2,143,677	\$ 795,043	1.11%	\$ 2,938,720
Provision of Utilities			\$ 2,793,174	\$ 1,035,926	1.44%	\$ 3,829,100
Environmental Remediation			\$ 257,242	\$ 95,405	0.13%	\$ 352,648
Public Parking	370		\$ 31,927,702	\$ 11,841,253	16.51%	\$ 43,768,955
Sub-Total			\$ 43,175,904	\$ 16,012,959	22.3%	\$ 59,188,865
Vertical & Infrastructure Total		399,640	\$ 193,325,566	\$ 71,700,029	100.0%	\$ 265,025,597
Property Acquisition & Closing						\$ 10,757,546
Total Development Cost						\$ 275,783,143

Figure 2

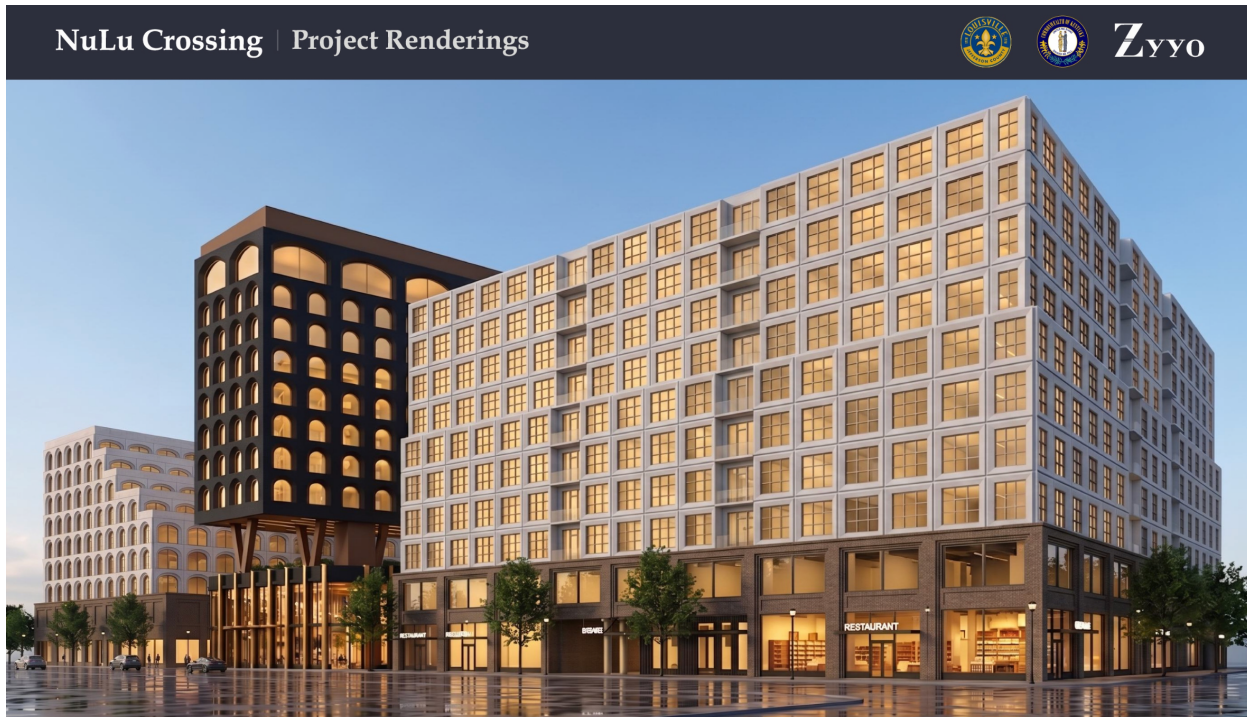


Figure 3

NuLu Crossing | Project Renderings



Zyyo



Figure 4

NuLu Crossing | Project Renderings

Zyyo



II (B). Market Trends

Combating the Downtown Doom Loop

Like many other cities across the United States, Louisville's urban core has seen a downward spiral in economic activity and foot traffic. The "doom loop," a phenomenon impacting urban centers across the U.S., poses a serious threat to Louisville's downtown, the greater metro area, and the entire Commonwealth of Kentucky unless proactive measures are taken. This cycle often begins with declining office occupancy due to trends like remote work, aging office buildings, and crime. Reduced foot traffic weakens demand for downtown retail, dining, and cultural amenities, leading to business closures and a loss of economic activity. This downward trend causes falling property values, rising vacancy rates, additional crime, and a diminished tax base. In turn, the city's ability to reinvest in infrastructure, public services, and overall vibrancy is limited, further eroding downtown's appeal to residents, businesses, and visitors. If left unaddressed, the doom loop becomes a self-perpetuating cycle, making it increasingly costly and difficult to reverse.

This is not a theoretical scenario. Cities such as Detroit, St. Louis, and, more recently, San Francisco serve as cautionary tales of how quickly and deeply the doom loop can affect economic and social structures. For example, St. Louis's 44-story AT&T building was once a bustling hub, sold in 2006 for \$205 million. However, as downtown St. Louis declined, companies like AT&T relocated to cities such as Dallas and Atlanta, leaving behind vacant office towers, shuttered shops, and deserted streets. Today, many of St. Louis's office towers, including the AT&T building's 1.4 million square feet, sit entirely vacant. The AT&T building was recently sold for just \$3.6 million, a stark example of what happens when urban decline is left unchecked.

When residents and businesses abandon downtown for the suburbs, they may gain convenience but sacrifice the vitality and dynamism of Louisville as a whole. While living and working outside the city core isn't inherently negative, the collective impact of widespread suburban migration can hollow out downtown, eroding regional economic vibrancy and making the city less appealing for future investments. This discourages new businesses, pushes more people to leave, and risks setting a dangerous precedent of urban disinvestment. The collapse of a downtown in favor of suburban economic activity is a classic market failure. Market forces alone cannot address the challenges posed by the doom loop, as the costs of urban decline are externalized to the

broader community. This justifies public intervention and a concerted effort to stabilize and revitalize downtown areas.

A leading solution to the doom loop is to increase urban housing. Housing substitutes for lost office-based economic activity by bringing in residents who spend money locally and contribute to the vitality of the urban center. This transition offsets the loss of office-based activity while attracting a diverse range of businesses and services tailored to the needs of residents.

Cities like Denver, Colorado, and Pittsburgh, Pennsylvania, have revitalized their downtowns by actively encouraging housing projects. Denver offered incentives for urban mixed-use housing, attracting residents and businesses. Pittsburgh focused on converting industrial and historic buildings into apartments, condos, retail, and modern office spaces, supported by tax credits and public-private partnerships. Even Detroit, after decades of decline and hardship, has found impressive success in rebuilding its downtown by encouraging residential investment in its urban core through tax credits and housing programs, leveraging private funding to transform vacant buildings and lots into livable spaces. These strategies of incentivizing private investment in urban housing and mixed-use developments have driven population growth and economic revival in their downtowns.

However, urban housing development rarely happens through standard market forces alone in a city experiencing an urban downward spiral. Incentives, subsidies, or similar measures are essential to make urban residential and commercial developments competitive with suburban alternatives. Delaying these interventions only increases their eventual cost and difficulty. By acting now, Louisville can help prevent its urban core from following the trajectory of other cities experiencing increased downtown vacancies and Kentucky can avoid losing corporate headquarters and professional industries to other states.

The proposed NuLu Crossing Development is a critical part of this solution. With 340 residential units, it will significantly expand Louisville's supply of urban housing just five minutes by car or ten minutes by bike from key attractions like the KFC YUM! Center and Fourth Street Live!. NuLu Crossing residents are projected to earn \$25.4 million annually in combined income, with an estimated \$2.2 million flowing directly into local businesses, supporting restaurants, shops, and cultural amenities that sustain

downtown’s vibrancy. The NuLu Crossing Development represents a bold step toward addressing the vacancy of downtown and positioning Louisville as a leader in urban revitalization. By investing in projects like this, the city can reclaim its downtown as a thriving center for residents, businesses, and visitors alike.

Housing Shortage

Kentucky is experiencing a significant housing shortage across all counties, with Jefferson County alone requiring 40,079 additional units, a 12.1% shortfall, according to the Kentucky Housing Corporation’s 2024 report.¹ The same report forecasts that the shortage will only get worse, with the housing shortage expanding to 54,168 units by 2029. Projects like NuLu Crossing, which expects to add 340 urban residential units in Louisville’s core, are vital to addressing this crisis by providing much-needed relief to the city’s growing housing deficit. A lack of sufficient housing exacerbates homelessness, drives up rents, and inflates homeownership costs, making it harder for businesses to attract and retain talent and ultimately stifling economic growth. As mentioned in the section above, expanding urban housing supply not only addresses these challenges but also revitalizes city centers, enhances sustainability through denser development, and strengthens Kentucky’s economic and social foundations.

The NuLu Crossing development will also be affordable for the average Louisville resident, with a majority of units expected to be priced at a level affordable at the city’s median income level. Additionally, a portion of the Project’s units will be affordable housing reserved for lower-income residents.

Pillar Investment in NuLu

As NuLu has gained traction as Louisville’s trendy urban neighborhood, the influx of shops, hotels, and restaurants has been met with a critical shortage of over 500 parking spaces. The NuLu Crossing development will directly address this issue by introducing a 476-spot parking garage (370-spots for public use), enabling the neighborhood’s economic activity to continue its upward trajectory. By alleviating the parking

¹ Bowen National Research. 2024. *Housing Supply Gap Analysis (Phase II)*. Kentucky Housing Corporation, 2024. <https://www.kyhousing.org/Data-Library/Housing-Gap-Analysis/Pages/default.aspx>

constraints, the project not only supports existing businesses but also paves the way for new economic ventures, fortifying NuLu as a commercial hub.

Moreover, NuLu Crossing will serve as a pillar for both the immediate neighborhood and the broader Louisville downtown area with its planned addition of approximately 340 residential units. Currently, the 2.5 acres of vacant land represents a significant unrealized opportunity where its development will further enhance the livability of the area. The Project's vertical design maximizes the limited urban space, helping reduce the need for additional suburban sprawl. Furthermore, the Project's highly dense urban build will provide infrastructure and public service efficiencies that will attract residents and businesses to Louisville's downtown due to the high foot traffic and concentrated customer base.

In the long term, NuLu Crossing's integration of residential, commercial, and an upscale hotel will not only make the area more livable but also significantly boost the local economy. By solving parking issues, providing new homes, a hotel, and retail and restaurant space, the development encourages increased residency, visitorship, and patronage within the downtown market. This project could act as a catalyst for more mixed-use developments, enhancing property values and attracting businesses, thereby enhancing the viability of development in Louisville's downtown area.

III. Impact Methodology & Assumptions

When construction of the Project is complete, the apartments, hotel, shops, restaurants, stores, and related transactions will generate ongoing, annual economic and fiscal impacts to the Commonwealth of Kentucky and Louisville Metro. Initial transactions occurring at the Project will ripple out into the state economy and generate indirect spending, induced spending, increased earnings, and employment, as well as various tax revenues. The following subsections will explain the data, assumptions, and methodology utilized to estimate the jobs, wages, and tax revenues generated as a result of the Project.

III (A). Economic Impact Methodology

Economic impact reflects the “ripple effect” or “multiplying effect” from initial transaction, or “direct spending,” that occurs as a direct result of a project being developed. As relates to the Project, examples of initial transactions are visitor and resident expenditures during their time at the Project. The “ripples” from these initial transactions include the following:

- **Indirect Spending** – consists of re-spending of the initial or direct expenditures. For example, an employee’s direct expenditure on merchandise, groceries, food, and/or beverages causes those associated businesses to purchase goods and other items from suppliers. The portion of these purchases that are within the local and regional economies is counted as an indirect economic impact.
- **Induced Spending** – represents changes to in-state consumption due to the personal spending by employees whose incomes are affected by the Project. For example, a retail worker and/or a hotel worker may spend more because they earn more. The amount of increased income the worker spends in the local and regional economies is considered an induced impact.
- **Increased Earnings** – measures the change in total personal income, area-wide, that results from the initial spending activities occurring as a result of the Project.
- **Increased Employment** – measures the change in number of jobs, area-wide, that result from the initial spending activities that occur as a result of the Project.

Indirect spending, induced spending, increased earnings, and employment impact are estimated using multiplier factors. The multipliers utilized were derived from an IMPLAN input-output model. IMPLAN is a nationally recognized model commonly used to estimate economic impact. An input-output model analyzes the commodities and income that normally flow through the various sectors of the economy.

III (B). Tax Rate Assumptions

The annual fiscal impact would include various taxes applied on transactions made and salaries paid as a result of the original activities occurring within the development, as well as the property values of the various components. Below is a breakdown of the taxes used to estimate the fiscal impacts of the Project. Tax rates were obtained from the Kentucky Department of Revenues and Louisville Metro.

- **State Taxes:**
 - Property Tax \$0.1090 per \$100 of assessed value
 - Sales Tax 6.0 percent of sales
 - Individual Income Tax (Average Effective) 3.29 percent of income²

- **Local Taxes:**
 - General Fiscal Court Property Tax \$0.1210 per \$100 of assessed value
 - Urban Service District Property Tax \$0.3190 per \$100 of assessed value
 - Jefferson County School Property Tax \$0.7350 per \$100 of assessed value
 - Louisville Metro Occupational Tax 1.25 percent of salaries
 - Transit Authority Occupational Tax 0.20 percent of salaries
 - School Board Occupational Tax 0.75 percent of salaries

² **NOTE:** During the 2022 Regular Session, the General Assembly enacted House Bill 8 which, along with other tax changes, put in place a formula-based approach to phase out the Commonwealth’s individual income tax over time. Under this approach, at the end of each current state fiscal year (June 30th), if the Commonwealth’s General Fund revenues and Budget Reserve Trust Fund (“BRTF”) from the prior fiscal year each meet a distinct financial condition, the individual income tax rate will be reduced by 0.5% effective the following January 1. At the end of state fiscal year 2023, the Commonwealth of Kentucky met both statutorily required conditions for a rate reduction on January 1, 2024 to 4.0%. Additionally, the Commonwealth of Kentucky has reported General Fund revenues through FY 2024, having met both statutorily required conditions for another rate reduction on January 1, 2026, pending formal approval by the General Assembly. Accordingly, for purposes of this report, Commonwealth Economics has assumed that the individual income tax rate will be lowered to 3.5%, effective January 1, 2026.

III (C). Project Assumptions

Estimated future tax revenues throughout the analysis were generated using the following input assumptions, based on industry averages, discussions with the Developer, and direct impact multipliers generated using the IMPLAN modeling software for Louisville-Jefferson County, Kentucky.

- **Apartments ~ 340 Units**
 - Occupancy ~ 95%
 - Average household income ~ \$78,693
 - Percentage of income spent at local businesses ~ 8.6%

- **Hotel ~ 214 Keys**
 - Occupancy ~ 78%
 - RevPAR ~ \$230
 - F&B RevPAR ~ \$154

- **Retail/ Restaurant Space ~ 35,715 Square Feet**
 - Occupancy ~ 90%
 - Sales per square foot retail ~ \$326
 - Sales per square foot restaurant ~ \$423

- **Parking Garage ~ 476 Parking Spots**
 - Monthly average revenue per parking spot ~ \$103
 - Employees ~ 3

III (D). Baseline Tax Revenue Calculation

To properly estimate the increased tax revenues generated by the Project, it is necessary to subtract the baseline tax revenues from the expected future tax revenues. The Project footprint includes several individual properties, so the amount of property tax, sales tax, individual income tax, and occupational tax revenues currently being generated have been estimated.

For this analysis, Commonwealth Economics has estimated a total current assessed value of \$7,525,000 for the properties using the PVA's assessment per the 2024 property tax bill. Furthermore, CE estimated total existing sales and payroll of \$0. Using these estimates, the resulting state and local tax baseline calculation for the footprint totals an estimated \$96,621 annually. However, baseline estimates will be confirmed using the City of Louisville, Jefferson County, and the Kentucky Department of Revenue's actual reported taxes.

IV. Economic & Fiscal Impacts

The following subsections describe the initial construction impacts and the annual economic and fiscal impacts of each Project component.

IV (A). Construction Impact (One-Time)

There are two key impacts from construction to the Commonwealth of Kentucky and Louisville Metro. First, the construction itself directly creates construction jobs, which are subject to state individual income and local occupational taxes. Second, construction spending will ripple out and generate indirect output due to spending on materials, induced output, increased earnings, and employment throughout the economy, as well as state sales tax revenues associated with spending on materials and the induced impacts. Figure 5 conceptually illustrates the flow of construction impacts, as well as the assumptions and tax rates utilized for the impact calculation.

Figure 5

NuLu Crossing Development		
Conceptual Diagram of One-Time Economic and Fiscal Impact from Construction		
Sources of Impact	Economic and Fiscal Impact	Rate
Total Construction Costs		
» Employment and Income Impacts		
	» State Individual Income Tax on Total Wages*	3.3%
	» Local Occupational Tax on Direct Wages	2.2%
» Materials and Induced Output		
	Taxable Induced Spending Estimate**	50.0%
	» Sales & Use Tax on Materials and Induced Spending	6.0%

*Estimated rate based on estimated direct construction wages & Kentucky's Tax Code.

**Estimated percentage of total project costs spent on taxable materials.

Figure 6 shows the taxes derived from IMPLAN-calculated impacts generated using the estimated construction costs of the Project.

Figure 6

NuLu Crossing Development Estimates of One-Time Economic and Fiscal Impacts of Construction: Full Project	
Economic Impact	Total
Direct	\$244,534,823
Indirect	\$58,564,913
Induced	\$165,482,201
Total Output	\$468,581,938
Construction Materials	\$81,109,544
Total Employment	3,781
Direct Employment	2,577
Total Wages	\$236,855,657
Direct Wages	\$163,425,279
Fiscal Impact (Tax Revenues)	
State Tax Revenues	
State Sales and Use Tax	
On Material Spending	\$4,866,573
On Induced Spending	\$4,964,466
State Individual Income Tax	
On Direct Wages	\$5,434,840
Total State Tax Revenues	\$15,265,879
Local Tax Revenues	
Occupational Taxes	
On Direct Wages	\$3,595,356
Total Local Tax Revenues	\$3,595,356
Total Tax Revenues	\$18,861,235

The \$275.8 million investment is estimated to generate 3,781 construction jobs (2,577 direct construction jobs and 1,204 indirect and induced jobs). These jobs are estimated to generate approximately \$236.9 million of total wages (\$163.4 million of direct wages and \$73.4 million of indirect and induced wages). The state and local fiscal impact generated from this construction activity is estimated at \$18.9 million.

IV (B). Operations Impact (Ongoing)

Hotel

Spending by Project visitors at hotel, and hotel staff, will ripple throughout the economy, creating indirect and induced impacts in both wages and jobs throughout the area. Figure 7 shows the estimated economic impacts of the hotel rooms, hotel restaurant, and hotel bar.

Figure 7

NuLu Crossing Development Summary of Economic Impacts - Hotel							
	Year 1	Year 2	Year 3	Year 10	Year 20	Year 30	30-Year Total
Economic Impact							
Total Output (Direct)	\$30,000,000	\$30,900,000	\$31,827,000	\$39,143,196	\$52,605,182	\$70,696,965	\$1,427,262,471
Indirect Impact	\$9,919,638	\$10,217,227	\$10,523,744	\$12,942,877	\$17,394,145	\$23,376,276	\$471,930,890
Induced Impact	\$11,709,457	\$12,060,740	\$12,422,563	\$15,278,185	\$20,532,603	\$27,594,102	\$557,082,267
Total Economic Impact	\$51,629,094	\$53,177,967	\$54,773,306	\$67,364,258	\$90,531,930	\$121,667,343	\$2,456,275,628
Total Employment	317	317	317	317	317	317	
Direct Employment	206	206	206	206	206	206	
Total Wages	\$19,220,726	\$19,797,348	\$20,391,269	\$25,078,688	\$33,703,660	\$45,294,901	\$914,434,046
Direct Wages	\$11,824,402	\$12,179,134	\$12,544,508	\$15,428,163	\$20,734,161	\$27,864,978	\$562,550,848

Retail & Restaurant Space

Spending by Project visitors at the various shops and non-hotel restaurants will ripple throughout the economy, creating indirect and induced impacts in both wages and jobs throughout the area. Figure 8 shows the estimated economic impacts of these spaces.

Figure 8

NuLu Crossing Development Summary of Economic Impacts - Retail & Restaurants							
	Year 1	Year 2	Year 3	Year 10	Year 20	Year 30	30-Year Total
Economic Impact							
Total Output (Direct)	\$11,554,440	\$11,901,073	\$12,258,106	\$15,075,924	\$20,260,781	\$27,228,795	\$549,707,291
Indirect Impact	\$3,751,685	\$3,864,235	\$3,980,162	\$4,895,098	\$6,578,602	\$8,841,091	\$178,487,956
Induced Impact	\$3,693,722	\$3,804,534	\$3,918,670	\$4,819,469	\$6,476,964	\$8,704,498	\$175,730,358
Total Economic Impact	\$18,999,847	\$19,569,842	\$20,156,937	\$24,790,490	\$33,316,346	\$44,774,383	\$903,925,606
Total Employment	212	212	212	212	212	212	
Direct Employment	102	102	102	102	102	102	
Total Wages	\$12,907,330	\$13,294,550	\$13,693,386	\$16,841,138	\$22,633,081	\$30,416,968	\$614,071,584
Direct Wages	\$5,511,006	\$5,676,336	\$5,846,626	\$7,190,612	\$9,663,582	\$12,987,046	\$262,188,387

Property Management & Maintenance

Spending by the apartments' employees will ripple throughout the economy, creating indirect and induced impacts in both wages and jobs throughout the area. Figure 9 shows the estimated economic impacts of the property management, leasing, and maintenance of the building.

Figure 9

NuLu Crossing Development Summary of Economic Impacts - Management & Maintenance							
	Year 1	Year 2	Year 3	Year 10	Year 20	Year 30	30-Year Total
Economic Impact							
Total Output (Direct)	\$3,287,815	\$3,386,449	\$3,488,043	\$4,289,852	\$5,765,203	\$7,747,951	\$156,419,151
Indirect Impact	\$2,389,353	\$2,461,034	\$2,534,865	\$3,117,564	\$4,189,746	\$5,630,668	\$113,674,481
Induced Impact	\$1,070,912	\$1,103,039	\$1,136,131	\$1,397,297	\$1,877,851	\$2,523,674	\$50,949,082
Total Economic Impact	\$6,748,080	\$6,950,522	\$7,159,038	\$8,804,714	\$11,832,799	\$15,902,293	\$321,042,714
Total Employment	32	32	32	32	32	32	
Direct Employment	12	12	12	12	12	12	
Total Wages	\$1,656,450	\$1,706,144	\$1,757,328	\$2,161,292	\$2,904,596	\$3,903,534	\$78,806,320
Direct Wages	\$630,482	\$649,397	\$668,879	\$822,636	\$1,105,554	\$1,485,772	\$29,995,450

Parking Garage

Spending by the parking garage’s employees will ripple throughout the economy, creating indirect and induced impacts in both wages and jobs throughout the area. Figure 10, on the following page shows the estimated economic impacts of the parking garage employees, maintenance, and cleaning.

Figure 10

NuLu Crossing Development Summary of Economic Impacts - Parking Garage							
	Year 1	Year 2	Year 3	Year 10	Year 20	Year 30	30-Year Total
Economic Impact							
Total Output (Direct)	\$589,935	\$607,633	\$625,862	\$769,731	\$1,034,455	\$1,390,220	\$28,066,403
Indirect Impact	\$284,088	\$292,610	\$301,389	\$370,670	\$498,149	\$669,471	\$13,515,589
Induced Impact	\$207,701	\$213,932	\$220,350	\$271,003	\$364,206	\$489,462	\$9,881,477
Total Economic Impact	\$1,081,724	\$1,114,176	\$1,147,601	\$1,411,404	\$1,896,810	\$2,549,153	\$51,463,469
Total Employment	6	6	6	6	6	6	
Direct Employment	3	3	3	3	3	3	
Total Wages	\$338,441	\$348,594	\$359,052	\$441,588	\$593,458	\$797,558	\$16,101,460
Direct Wages	\$160,200	\$165,007	\$169,957	\$209,025	\$280,913	\$377,523	\$7,621,605

Summary Economic Impacts of Project³

The combined estimated economic impacts of all components over a 30-year period are shown in Figure 11.

Figure 11

NuLu Crossing Development Summary of Economic Impacts - Combined Ongoing							
	Year 1	Year 2	Year 3	Year 10	Year 20	Year 30	30-Year Total
Economic Impact							
Total Output (Direct)	\$45,432,190	\$46,795,155	\$48,199,010	\$59,278,703	\$79,665,620	\$107,063,931	\$2,161,455,316
Indirect Impact	\$16,344,763	\$16,835,106	\$17,340,160	\$21,326,209	\$28,660,642	\$38,517,506	\$777,608,916
Induced Impact	\$16,681,792	\$17,182,246	\$17,697,713	\$21,765,955	\$29,251,623	\$39,311,735	\$793,643,184
Total Economic Impact	\$78,458,745	\$80,812,508	\$83,236,883	\$102,370,867	\$137,577,885	\$184,893,172	\$3,732,707,417
Total Employment	565	565	565	565	565	565	
Direct Employment	323	323	323	323	323	323	
Total Wages	\$34,122,947	\$35,146,636	\$36,201,035	\$44,522,707	\$59,834,795	\$80,412,961	\$1,623,413,410
Direct Wages	\$18,126,090	\$18,669,873	\$19,229,969	\$23,650,437	\$31,784,209	\$42,715,320	\$862,356,290

The combined economic impacts of the Project’s operations over 30 years are estimated at \$3.7 billion in total economic impact throughout the area (\$2.2 billion in direct economic impact). Ongoing employment at the Project is anticipated to support 565 jobs (323 direct jobs) and a total of \$1.6 billion in wages over the 30 years (\$862 million direct wages).

³ It should be understood that numbers shown in this analysis do not necessarily account for transfer activity that may occur within the Project from elsewhere within Jefferson County or the Commonwealth of Kentucky.

Summary Fiscal Impacts of Project⁴

Figure 12 estimates the Project’s direct fiscal impacts from 30 years of operations. State and local tax revenues are estimated based on the previously discussed scope. Throughout the 30 years, it is estimated that the Project would directly generate \$163.2 million in state tax revenues and \$132.2 million in local tax revenues. Figure 13, on the following page, shows the incremental increase in state and local tax revenues if the Project is built, compared to its current use.

Figure 12

NuLu Crossing Development Total Direct Fiscal Impact - Operations								
	Tax Rate	Year 1	Year 2	Year 3	Year 10	Year 20	Year 30	30-Year Total
Estimated Future Direct Tax Revenues								
State Tax Revenues								
Property Tax	0.109%	\$222,451	\$229,124	\$235,998	\$290,248	\$390,068	\$524,219	\$10,583,179
Sales Tax	6.000%	\$2,528,663	\$2,604,522	\$2,682,658	\$3,299,331	\$4,434,025	\$5,958,959	\$120,302,170
Individual Income Tax	3.294%	\$679,094	\$699,467	\$720,451	\$886,063	\$1,190,795	\$1,600,329	\$32,308,170
Total Future State Tax Revenues		\$3,430,207	\$3,533,113	\$3,639,106	\$4,475,642	\$6,014,889	\$8,083,507	\$163,193,519
Local Tax Revenues								
Louisville Metro Property Tax	0.121%	\$246,941	\$254,349	\$261,979	\$322,201	\$433,012	\$581,932	\$11,748,300
JCPS Property Tax	0.735%	\$1,500,011	\$1,545,011	\$1,591,362	\$1,957,174	\$2,630,278	\$3,534,874	\$71,363,641
USMD Property Tax	0.319%	\$651,025	\$670,556	\$690,673	\$849,440	\$1,141,577	\$1,534,183	\$30,972,791
Louisville Metro Occupational Tax	1.250%	\$257,547	\$265,274	\$273,232	\$336,041	\$451,610	\$606,927	\$12,252,912
Transit Authority Occupational Tax	0.200%	\$25,848	\$26,623	\$27,422	\$33,725	\$45,324	\$60,911	\$1,229,708
JCPS Occupational Tax	0.750%	\$96,928	\$99,836	\$102,831	\$126,469	\$169,964	\$228,418	\$4,611,403
Total Future Local Tax Revenues		\$2,778,300	\$2,861,649	\$2,947,498	\$3,625,051	\$4,871,765	\$6,547,245	\$132,178,754
Total Future Direct Tax Revenues		\$6,208,506	\$6,394,762	\$6,586,604	\$8,100,693	\$10,886,654	\$14,630,752	\$295,372,274

⁴ It is worth noting that this analysis does not attempt to quantify potential and likely benefits generated by the residential units of the Project. To the extent the Project captures new residents to Jefferson County or the Commonwealth, their economic activity occurring outside of the Project would be viewed as additive to the numbers shown in this analysis.

Figure 13

NuLu Crossing Development								
Total Direct Incremental Fiscal Impact - Operations								
	Tax Rate	Year 1	Year 2	Year 3	Year 10	Year 20	Year 30	30-Year Total
Estimated Future Direct Tax Revenues								
State Tax Revenues								
Property Tax	0.109%	\$222,451	\$229,124	\$235,998	\$290,248	\$390,068	\$524,219	\$10,583,179
Sales Tax	6.000%	\$2,528,663	\$2,604,522	\$2,682,658	\$3,299,331	\$4,434,025	\$5,958,959	\$120,302,170
Individual Income Tax*	3.294%	\$679,094	\$699,467	\$720,451	\$886,063	\$1,190,795	\$1,600,329	\$32,308,170
Total Future State Tax Revenues		\$3,430,207	\$3,533,113	\$3,639,106	\$4,475,642	\$6,014,889	\$8,083,507	\$163,193,519
Local Tax Revenues								
Louisville Metro Property Tax	0.121%	\$246,941	\$254,349	\$261,979	\$322,201	\$433,012	\$581,932	\$11,748,300
JCPS Property Tax	0.735%	\$1,500,011	\$1,545,011	\$1,591,362	\$1,957,174	\$2,630,278	\$3,534,874	\$71,363,641
USMD Property Tax	0.319%	\$651,025	\$670,556	\$690,673	\$849,440	\$1,141,577	\$1,534,183	\$30,972,791
Louisville Metro Occupational Tax	1.250%	\$257,547	\$265,274	\$273,232	\$336,041	\$451,610	\$606,927	\$12,252,912
Transit Authority Occupational Tax	0.200%	\$25,848	\$26,623	\$27,422	\$33,725	\$45,324	\$60,911	\$1,229,708
JCPS Occupational Tax	0.750%	\$96,928	\$99,836	\$102,831	\$126,469	\$169,964	\$228,418	\$4,611,403
Total Future Local Tax Revenues		\$2,778,300	\$2,861,649	\$2,947,498	\$3,625,051	\$4,871,765	\$6,547,245	\$132,178,754
Total Future Tax Revenues		\$6,208,506	\$6,394,762	\$6,586,604	\$8,100,693	\$10,886,654	\$14,630,752	\$295,372,274
Estimated "Baseline" Tax Revenue**								
State Tax Revenues								
Property Tax	0.109%	\$8,202	\$8,448	\$8,702	\$10,702	\$14,383	\$19,329	\$390,225
Sales Tax	6.000%	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Individual Income Tax*	3.294%	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total "Baseline" State Tax Revenue		\$8,202	\$8,448	\$8,702	\$10,702	\$14,383	\$19,329	\$390,225
Local Tax Revenues								
Louisville Metro Property Tax	0.121%	\$9,105	\$9,378	\$9,660	\$11,880	\$15,966	\$21,457	\$433,186
JCPS Property Tax	0.735%	\$55,309	\$56,968	\$58,677	\$72,165	\$96,984	\$130,339	\$2,631,337
USMD Property Tax	0.319%	\$24,005	\$24,725	\$25,467	\$31,321	\$42,092	\$56,569	\$1,142,036
Louisville Metro Occupational Tax	1.250%	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Transit Authority Occupational Tax	0.200%	\$0	\$0	\$0	\$0	\$0	\$0	\$0
JCPS Occupational Tax	0.750%	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total "Baseline" Local Tax Revenues		\$88,419	\$91,071	\$93,803	\$115,366	\$155,043	\$208,365	\$4,206,559
Total "Baseline" Tax Revenues		\$96,621	\$99,520	\$102,505	\$126,068	\$169,426	\$227,694	\$4,596,784
Total Incremental Tax Revenues		\$6,111,885	\$6,303,690	\$6,492,801	\$7,985,326	\$10,731,611	\$14,422,387	\$291,157,513

*Average effective rate.

**Baseline amounts are for illustrative purposes only.

V. Conclusion

Louisville's downtown faces a pressing challenge as it has entered a cycle of urban decline driven by trends like remote work, aging office infrastructure, and perception of rising crime. This phenomenon reduces foot traffic, weakens demand for retail and dining, and leads to falling property values, business closures, and diminished tax revenue, which further limits the city's ability to invest in revitalization. To counteract this, proactive measures such as expanding urban housing are critical. Housing developments, supported by targeted incentives, attract residents who contribute to local economic activity and vibrancy, offsetting the loss of office-based activity. Projects like the proposed NuLu Crossing are key to breaking this cycle by creating a sustainable urban ecosystem that fosters community, commerce, and growth.

The NuLu Crossing development exemplifies this strategy, offering 340 residential units, alongside a 214-key upscale hotel, retail and restaurant space, and a public parking garage. By addressing Louisville's housing shortage, easing parking constraints, and supporting local businesses, the Project strengthens Louisville's downtown in several ways. NuLu Crossing's residents are estimated to earn \$25.4 million annually, helping support local retail, dining, and cultural amenities. Positioned as a model for urban revitalization, NuLu Crossing aims to quell the exodus from the downtown area by providing modern amenities for residents, businesses, and visitors, driving long-term economic viability for Louisville's urban core.

The Project will generate substantial economic activity and tax revenue for the city and state governments. During construction, NuLu Crossing is estimated to create \$468.6 million in economic activity (\$244.5 million direct economic activity), supporting 3,781 jobs (2,577 direct jobs), and \$236.9 million in wages (\$163.4 million direct wages). This construction activity is projected to contribute \$18.9 million in local and state taxes. Over the course of 30 years of operations, the Project is estimated to support \$3.7 billion in economic activity (\$2.2 billion direct economic activity), 565 jobs (323 direct jobs), and \$1.6 billion in wages (\$862.4 million direct wages). The ongoing property, sales, and income tax generated at the Project is expected to contribute substantial local and state tax revenues. Over 30 years of operations, NuLu Crossing is estimated to directly generate \$132.2 million in local tax revenues and \$163.2 million in state tax revenues. The NuLu Crossing Project is a unique pillar investment in Louisville's urban core and public support is both warranted and necessary.

Appendix A: TIF-Eligible Tax Revenues

NuLu Crossing Development Estimated TIF-Eligible Incremental Tax Revenues								
	Tax Rate	Year 1	Year 2	Year 3	Year 10	Year 20	Year 30	30-Year Total
Estimated Future Direct Tax Revenues								
State Tax Revenues								
Property Tax	0.109%	\$222,451	\$229,124	\$235,998	\$290,248	\$390,068	\$524,219	\$10,583,179
Sales Tax (Operations)	6.000%	\$2,528,663	\$2,604,522	\$2,682,658	\$3,299,331	\$4,434,025	\$5,958,959	\$120,302,170
Sales Tax (Non-Approved Public Infrastructure Materials)	6.000%	\$4,866,573						\$4,866,573
Individual Income Tax	3.294%	\$679,094	\$699,467	\$720,451	\$886,063	\$1,190,795	\$1,600,329	\$32,308,170
Total Future State Tax Revenues		\$8,296,780	\$3,533,113	\$3,639,106	\$4,475,642	\$6,014,889	\$8,083,507	\$168,060,092
Local Tax Revenues								
Louisville Metro Property Tax	0.121%	\$246,941	\$254,349	\$261,979	\$322,201	\$433,012	\$581,932	\$11,748,300
USMD Property Tax	0.319%	\$651,025	\$670,556	\$690,673	\$849,440	\$1,141,577	\$1,534,183	\$30,972,791
Louisville Metro Occupational Tax	1.250%	\$257,547	\$265,274	\$273,232	\$336,041	\$451,610	\$606,927	\$12,252,912
Total Future Local Tax Revenues		\$1,155,513	\$1,190,178	\$1,225,884	\$1,507,682	\$2,026,199	\$2,723,042	\$54,974,003
Total Future Tax Revenues		\$9,452,292	\$4,723,291	\$4,864,990	\$5,983,324	\$8,041,087	\$10,806,549	\$223,034,095
Estimated "Baseline" Tax Revenue*								
State Tax Revenues								
Property Tax	0.109%	\$8,202	\$8,448	\$8,702	\$10,702	\$14,383	\$19,329	\$390,225
Sales Tax (Operations)	6.000%	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Individual Income Tax	3.294%	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total "Baseline" State Tax Revenue		\$8,202	\$8,448	\$8,702	\$10,702	\$14,383	\$19,329	\$390,225
Local Tax Revenues								
Louisville Metro Property Tax	0.121%	\$9,105	\$9,378	\$9,660	\$11,880	\$15,966	\$21,457	\$433,186
USMD Property Tax	0.319%	\$24,005	\$24,725	\$25,467	\$31,321	\$42,092	\$56,569	\$1,142,036
Louisville Metro Occupational Tax	1.250%	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total "Baseline" Local Tax Revenues		\$33,110	\$34,103	\$35,126	\$43,201	\$58,059	\$78,026	\$1,575,222
Total "Baseline" Tax Revenues		\$41,312	\$42,552	\$43,828	\$53,903	\$72,441	\$97,355	\$1,965,447
Total Incremental TIF-Eligible Tax Revenues		\$9,410,980	\$4,689,188	\$4,829,864	\$5,940,123	\$7,983,029	\$10,728,523	\$221,450,670
Signature TIF Program (Property, Sales, Income)**	at 80%	\$6,630,862	\$2,819,732	\$2,904,324	\$3,571,952	\$4,800,405	\$6,451,342	\$134,135,893
Local TIF Program (Property, Occupational)	at 80%	\$897,922	\$924,860	\$952,606	\$1,171,585	\$1,574,512	\$2,116,013	\$42,719,025

*Baseline amounts are for illustrative purposes only.

**Subject to state caps on public infrastructure, signature costs, financing costs, and "net new" activity.

Appendix B: Disclaimer

The results presented in this report are fair and reasonable and are strictly prohibited from being used as the basis for issuing bonds as there is no assurance that the actual impacts and revenues received will be sufficient to repay any obligations. Commonwealth Economics utilized sources deemed to be reliable but cannot guarantee their accuracy. Moreover, estimates and analysis presented in this report are based on trends and assumptions, which usually result in differences between the projected results and actual results. Furthermore, assumptions and methodologies utilized in this report may differ from those that may be used by other industry experts as opinions may differ. And because events, circumstances, and opinions often vary, those differences may be material. It should be understood that numbers shown in this analysis do not necessarily account for transfer activity that may occur within the Project from elsewhere within Jefferson County or the Commonwealth of Kentucky.

Additionally, future reductions to the state individual income tax rate, which may be triggered on a year-to-year basis under the provisions of House Bill 8 of the 2022 Regular Session, as well as any additional future legislative action which reduces tax rates or otherwise reduces the overall level of taxation relative to state withholding taxes, local occupational taxes, sales tax and/or property taxes could result in material differences between the projected revenues and actual amounts recovered.

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