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Newsletter Archives

Brown's Rants

Week Ending November 13th, 2021

Are Consumers Worse or Better Off Than 18 Months Ago? Why Don't They Think So?

This week's headlines... Consumer confidence fell to a decades-level low. Granted, there are multiple measures of consumer confidence out there. This one, the University of Michigan's Index, is one of the most trusted. And it fell to 66.8 from 77.1 in October. I want to point something out here. This is the lowest mark recorded on this index since 2012. It is lower than the darkest days of the pandemic (April 2020—when global stock markets had lost \$7 trillion in value and GDP levels across the world surged to negative double digits in a global, record-breaking orgy of economic despair that quarter).

This should seem farcical, but it is real. According to two of the three most prominent consumer confidence indices, consumers feel more challenged today, than they did in mid-April 2020 when the global stock markets had lost \$7 trillion of wealth and at a time in which at least 20 million American workers had either lost their jobs permanently or temporarily. Seriously. I do not say this to say that two of the top three indices are wrong. The third, the Conference Board's CCI Index had confidence climbing to 113.8 from 109.8 in September. But all these indices are on different reporting timetables. And, you know where I think the Conference Board numbers are going to go on their next report? Ugh, down.

So, yes, consumers are increasingly glum. What does the fact that they are more pessimistic now than at the depths of the CoVid-19 recession, tell us?

It tells us that they are deeply concerned about inflation. That is a no-brainer. The latest CPI numbers indicate a 6.2% year-over-year jump in pricing. These numbers reflect mind-numbing sticker shock for things like gasoline, meat, milk and other staples.

What they do not reflect is any sort of consumer introspection. And the numbers prove it.

While the "Quit Rate" sounds inherently negative—and it is to employers with a worker shortage), it is another number that came out last week that set records Roughly 4.4 million Americans quit their jobs in September. But the Quit Rate reflects a strong job outlook, not a weak one. Workers do not quit their jobs unless they're confident they can land a new one. And they can.

This same report from the Bureau of Labor Statistics (the JOLTS report—Job Openings and Labor Turnover) also showed that there were over 10.4 million available jobs in September.

A couple of things to remember here; first, the JOLTS report lags the unemployment and job growth numbers by a month. So many of September's jobs quit were October jobs hired; we hired 531,000 people last month bringing unemployment down from 4.8% to 4.6%. But we still had 4.4 million fewer workers in October 2021 than in February 2020 (pre-pandemic).

Is that the reason for glumness? Probably not. We had about four million workers drop out of the workforce during the pandemic. Mostly these were people that could take early retirement, in what was initially a deeply recessive economy. One, where a recently laid off 63-year-old in the services would be foolish not to consider early retirement. At least, in the early days.

But then came stimulus. The Federal Reserve propped up the stock market by buying billions in bonds monthly; that tapering is only now starting to occur. The \$7 trillion in market wealth lost by mid-April 2020 was regained by August 2020 and was up roughly 40% at this writing. But that is the investor class. We had a wealth inequity problem prior to the pandemic, it was accelerated during it.

It is not just that investors made out over the last 20 months, but those that were able to work from home also generally made out. The pandemic as accelerant has become the common theme for interpreting its impacts; but nowhere was this clearer than in the economics of the pandemic. The unemployment rate for those with just a high school diploma peaked at 17.3% (April 2020). It now stands at 6.7%. For those with less than a high school diploma, it peaked at 21.0% and is now at 8.2%. If you had a college degree? The worst unemployment you faced was 8.4% and now it is 3.7%. Most economists view anything below 5.0% as full employment.

So now we have a record number of job open (remember the JOLTS numbers are a month behind, so the number of available jobs in September probably fell in October). We also have a record number of workers willing to quit their jobs (generally because they feel or know they can line something else up better). [And we also have the largest wage growth in 20 years.](#)

Beyond that, we also have consumers sitting on over \$5 trillion more in their checking accounts than before the pandemic (according to the Federal Reserve). The \$7 trillion we spent on stimulus wasn't just on propping up the investor class by buying bonds. Adjusted for inflation, we spent about \$5.7 trillion on world war two. That said, we put real money in the hands of consumers. Savings rates have been up significantly during the pandemic (though those have been falling with a return to normalcy—a return to credit card spending has also begun to occur after months of consumers paying off debt). But consumers are simply sitting on a lot more money than they were prior to the pandemic.

Which is why retail sales are up. SIGNIFICANTLY!

First, whenever you see retail sales numbers the media usually focuses on the better clickbait number. Sometimes they report the monthly increase, sometimes the annual. Guess what? Right now, both of those are just noise. Throw 2020 out as a gap year. And monthly improvement since then, while more stable, also means little.

Let's compare retail sales for September 2021 (latest available) against September 2019 (the last "normal" year). They are up 20.6%. For the previous decade, they had averaged between 2.0% and 3.0% annually. If consumers are broke, they certainly aren't showing it.

Simply put, the reason consumer confidence is in the toilet is inflation. **We feel more pain taking money out of our wallets than the amount of pleasure we feel when money goes in.**

The challenge is this; at what point does this start to shape consumer behavior?

This usually will eventually happen. But it often depends on an extended timeline. And near-term fluctuations do not always directly impact consumer spending. They are certainly related, but it can be a loose relationship.

If you just look at the consumer confidence numbers alone, it would be easy to assume we are in major trouble. That said, I would guess that at least few of the hundreds of thousands of retail workers that quit their jobs in just the last couple of months would agree with me—sometimes the customer is just not always right.

In this case, the overall economic numbers outweigh the negative sentiment (FOR NOW). We may be in the highest inflationary period in decades, but we are also in the highest wage growth era in decades. That does not mean that perception cannot become reality. It often does. Usually for bad reasons and with bad outcomes.

But would I bet against the consensus forecasts of, inflationary and supply chain issues aside, retail posting Holiday Shopping Season gains in the double-digits? No way. I would double down on that bet. Never take seriously anyone's money complaints unless you can see their actual books.

See you next week,

Garrick

Top 10

Stories of the Week

[A Record 4.4 Million Americans Quit Their Jobs in September](#)

Bloomberg 11/12

[The Restaurant Industry is Doing Great... or Maybe it Isn't](#)

Restaurant Business 11/12

[Consumer Confidence Falls to Decade Low—Inflation and Politics Are to Blame](#)

Forbes 11/12

[Consumer Confidence Erodes to Decade Low in November](#)

Real Economy Blog 11/12

[Why Economists Got it Wrong on Inflation](#)

Los Angeles Times 11/11

[Six Out of Ten Americans Say They'd Buy All of a Mall's Merchandise Online](#)

Chain Store Age 11/11

[Biden Speaks With Retail Execs; Announces New Action Plan to Tackle Supply Chain Issues](#)

TotalRetail 11/10

[Inflation Hits Highest Levels in 30 Years](#)

Grocery Dive 11/10

[Should Retailers take Prices Higher?](#)

Retail Wire 11/10

[NRF: Retail Imports Nearing Record Pace](#)

Andnowyouknow.com 11/9

Economic Headlines

Stories of the Week

[Why Luxury Brands Are Pulling Away From Off-Price Stores: Supply Chain](#)

ABC 7 11/13

[CRE Expected to Remain Solid Inflation Hedge Amid Fed Tapering](#)

Globe Street 11/12

[Bain: Global Luxury Sales Set to Outpace Pre-Covid Levels This Year](#)

Economic Times Retail 11/11

[Here is Why Groceries Keep Getting More Expensive](#)

CNN 11/11

[Are Latinos the Future of State and Local Economic Growth?](#)

Governing 11/11

[Americans Have Never Been in So Much Debt](#)

WHDH 11/9

[Quick-Commerce Retail to Reach \\$20B By End of 2021, Report Finds](#)

Grocery Dive 11/8

[Red-Hot Housing Market Drives Biggest Home-Equity Drawdown Since 2007](#)

Bloomberg 11/7

Property Trends

Stories of the Week

[Connecticut Mall to Open Coworking Space](#)

CT Insider 11/13

[Indianapolis's Lafayette Square Mall to Undergo \\$200M Renovation](#)

Indy Star 11/11

[NYC Shows Signs of Retail Recovery, Despite Office Vacancies](#)

WWD 11/11

[Micro Data Centers Could Fill Office and Retail Vacancies](#)

Globe Street 11/11

[Upstart Brick and Mortar Brands Targeting Young Consumers in Boston](#)

Glossy 11/11

[Will a Trip to the Doctor Soon Mean a Trip to CVS](#)

Retail Wire 11/10

[Co-Branded Restaurants Making a Major Comeback](#)

Eat This, Not That 11/10

[Future of Retail: It's More About Magic Than the Muscle of Massive Inventory](#)

PYMNTS 11/9

[Retail Activity Up Dramatically in PHX's West Valley](#)

Phoenix Business Journal 11/8

[A New Way to Look at Restaurant Real Estate](#)

Nation's Restaurant News 11/8

[North Point Mall Going on Retail Diet With Redevelopment](#)

BisNow 11/8

[The Plans for Minneapolis' Malcolm Yards Go Beyond A Food Hall](#)

MinnPost 11/8

Retail Headlines

Stories of the Week

[Rural America is Losing its Pharmacies](#)

The Day 11/13

[Saks CEO Says Company Seeing Explosive Growth in Luxury](#)

Global Herald 11/13

[Sears to Complete Exit of Hawaii with Closure of Maui Store Today](#)

Honolulu Star Advertiser 11/13

[Simon-Backed Rue Gilt Groupe to go Public](#)

BOF 11/12

[Parkland USA to Acquire Lynch Oil](#)

CSP 11/12

[Another Chapter in the Sears Saga Comes to a Close; Woodfield Mall Store—Last in IL—Closes](#)

Chicago Sun-Times 11/12

[Prada's New Pop Up Celebrates Winter Sport](#)

Globe and Mail 11/11

[Everlane Opens First DC Location in Georgetown](#)

Commercial Observer 11/11

[Kmart Will Only Have Six Stores Left by End of Year](#)

WHDH 11/11

[Luxury Watchmaker F.P. Journe Inks Deal for SoHo in Move Downtown](#)

TheRealDeal 11/11

[Canada's Kanuk Opens First US Store](#)

Chain Store Age 11/11

[Purcell Tire Sells Nine AZ Units to Big Brand Tire](#)

Modern Tire Dealer 11/11

[Reformation and Other Brands Open in NW Portland](#)

PDX Monthly 11/11

[Primark Opens 70K SF Store in Brooklyn](#)

Commercial Observer 11/11

[Miniso Wants to Double Store Count by End of 2021](#)

Retail Touchpoints 11/11

[Drive Thru C-Store, Farm Stores, Opens in Former Louisville Rally's Spot](#)

Louisville Business First 11/11

[Austin-based Yeti Soars Through Pandemic](#)

Austin American-Statesman 11/11

[New Free People concept, FP Movement, Opens at Ross Park Mall](#)

Pittsburgh Business Times 11/11

[California Cannabis Vet Selling Stores in Wake of Market Woes; Overregulation, Big Corporate Competition and Underground Economy](#)

MJ Biz Daily 11/11

[Ray Bradbury's Former Home is now Rivian Hub: The Future of Retail Car Dealerships?](#)

Dot.LA 11/11

[Coach Says it is in China's Middle Class Sweet Spot](#)

Bloomberg 11/11

[Sporting Goods Experts Predict More Green Shoots in 2022](#)

WWD 11/11

[Tale of Baltimore Bookstores; One Closes, One Moves Away, Two in the Works](#)

Baltimorefihbowl.com 11/11

[Dick's Opens New Store in Manchester CT](#)

Patch 11/11

[Dillard's Stock Surges 420% on Supply Chain Management](#)

Bloomberg 11/11

[Here is How Rivian Will Deploy its new IPO Cash](#)

Crain's Chicago Business 11/11

[Nike Opening in Milwaukee's Bayshore Town Center](#)

Milwaukee Business Journal 11/10

[Handy Mart Sells Chain to GPM](#)

CSNews 11/10

[Warby Parker Opening Second Kansas City Area Store](#)

Kansas City Business Journal 10/10

[Bank of America is Closing Bank Branches in North Carolina](#)

Charlotte Observer 11/10

[Fas Mart's Parent Company Acquires 36-store Chain in North Carolina](#)

Richmond.com 11/10

[Stio Opens Three New Locations Across USA](#)

Buckrail 11/11

[The Children's Place Launches Tween Concept, Sugar & Jade](#)

Retail Dive 11/10

[DSW in San Francisco's Union Square to Permanently Close](#)

SF Gate 11/10

[Life Time Fitness Plans Scottsdale Location](#)

Phoenix Business Journal 11/9

[America's Floor Source Acquires The Flooring Gallery Chain](#)

Columbus Business First 11/10

[Primark to Accelerate US Expansion Plans](#)

Drapers 11/9

[New Apple Store Opening at the Grove](#)

9to5mac.com 11/9

[Northern Tool + Equipment Plans Big Chicago Expansion](#)

Chicago Business Journal 11/9

[Stride Rite Opens First Pop Up in Atlanta](#)

PR News Wire 11/8

[Pet Supplies Plus in 97 New Store Commitments](#)

Chain Store Age 11/8

[Luxury Swiss Watchmaker Omega Opens in SF](#)

San Francisco Business Times 11/8

[REI Opening First Store in Maine](#)

Bangor Daily News 11/8

[Arc'teryx Opens First ReBird Service Center Concept Store in NYC](#)

HypeBeast 11/7

Grocery Headlines

Stories of the Week

[How the Man Behind Trader Joe's Turned Extra Large Eggs into a Grocery Empire](#)

CNBC 11/13

[Amazon Fresh is Opening Even More Stores](#)

Eat This Not That 11/13

[US Online Grocery Sales Level Off in October](#)

Supermarket News 11/11

[UltraFast Grocer Getir Rolls Out in Chicago](#)

Produce Bluebook 11/11

[Misfit Markets is Becoming a Full-Service Online Grocer](#)

Dive/Wire 11/11

[Ahold Delhaize Looks at Ultrafast Delivery](#)

Grocery Dive 11/11

[Amazon Fresh Opens Second Chicagoland Store](#)

Winsight Grocery Business 11/11

[Five Things to Know About the New Fresh Thyme Grocery Store at City Foundry STL](#)

St. Louis Business Journal 11/10

[15 Minute Grocery Delivery Has Come to NYC; Not Everyone is Happy](#)

New York Times 11/9

[Amazon Fresh Heading to NE Philadelphia](#)

Philadelphia Business Journal 11/9

[Trader Joe's Opens in Rocklin](#)

Sacramento Business Journal 11/8

Restaurant News

Stories of the Week

[New Charleston Food Hall Port of Call Has Grand Opening](#)

Live5news 11/13

[Consumers Revert to Off-Premises Amidst CoVid Frustrations](#)

Nation's Restaurant News 11/12

[Alamo Drafthouse Starts Construction on City Foundry Location](#)

St. Louis Business Journal 11/11

[FAT Brands Growing in Chicago](#)

Fast Casual 11/11

[Chick'nCone Opening Third Atlanta Store](#)

What Now Atlanta 11/11

[Whataburger Expands to Kansas City](#)

KSN.com 11/11

[Black Rifle Coffee Opening Another Atlanta Area Store](#)

What Now Atlanta 11/11

[DJ Khaled's Delivery-Only Chicken Wing Concept Opens in 30 Markets Globally](#)

Eater Chicago 11/11

[Orangewood Partners Acquired Taco Bell Franchisee Pacific Bells](#)

QSRWeb.com 11/11

[Curry Up Now Expands in Sacramento](#)

Nation's Restaurant News 11/10

[Progress Made in Lining up Vendors For Fort Wayne Food Hall, Union Street Market at Electric Works](#)

Fort Wayne NBC 11/10

[Panera Bread to go Public Again; This Time with the Help of Danny Meyer](#)

Chain Store Age 11/9

[Sweetgreen Expands Texas Footprint with First Dallas Location](#)

Nation's Restaurant News 11/9

[Starbird Chicken Fuels Growth With \\$12M Investment](#)

QSR Magazine 11/8

[Lou Malnati's Coming to Gilbert \(AZ\)](#)

Phoenix Business Journal 11/8

REITs, Landlord & Development

Stories of the Week

[Lake of the Ozarks Outlet Mall Under Contract; to be Redeveloped](#)

Lake Expo 11/13

[Citrus Heights Adopts New Plan, Paving the Way for Sunrise Mall Redevelopment as Mixed-Use](#)

Sacramento Bee 11/13

[Carbon Plaza Mall Sells for \\$18M](#)

TN Online 11/13

[Namdar Sells Cressona Mall in PA](#)

Shopping Center Business 11/12

[Multifamily and Retail to Drive DC Financing Post-Covid, Experts Say](#)

Commercial Observer 11/12

[Brooklyn Investment Co Buys Two Miami Gardens Shopping Centers for \\$47M](#)

TheRealDeal 11/12

[Maple Grove Crossing \(MN\) Sells for \\$28.3 M](#)

Patch 11/12

[CID Breaks Ground on \\$2 Billion High Street Development in Atlanta's Central Perimeter](#)

Shopping Center Business 11/12

[Most Retail REITs are Performing at Pre-Pandemic Levels](#)

ICSC 11/11

[Retail to Debut at Massive Madera County \(CA\) Community](#)

The Business Journal 11/11

[New Katy \(TX\) Retail Development, The Shops at Ventana Lakes, to Break Ground in 2022](#)

Community Impact Newspaper 11/11

[New England Development to Break Ground on 1.2 MSF Allston Yards Mixed-Use Project](#)

Shopping Center Business 11/11

[A JC Penney Traded for \\$105M and 21 More Deals](#)

ICSC 11/11

[What Three Big mall Bankruptcies Say About the State of Retail](#)

TheRealDeal 11/10

[Kimco's New Staten Island Center Will Open 14 Tenants This Fall](#)

Chain Store Age 11/10

eCommerce / Omnichannel / Retail Tech

Stories of the Week

[Customers Are Returning to Stores AND They Want Connected Shopping](#)

Chain Store Age 11/12

[Bealls Enhances Fulfillment Capabilities With Robots](#)

Chain Store Age 11/12

[Walmart Fulfillment Centers Will Take Productivity to New Level](#)

Retail Wire 11/11

[Restaurant Tech Player Olo Looks to Corner Fast Food Chain Market](#)

PYMNTS 11/10

[Will Same-Day, Next-Day Deliveries Get USPS Over the Hump?](#)

Freightwaves 11/10

[Walmart Making Deliveries for the First Time with Driverless Trucks](#)

Retail Wire 11/8

[Inside the Giant Company's New Automated eCommerce Facility](#)

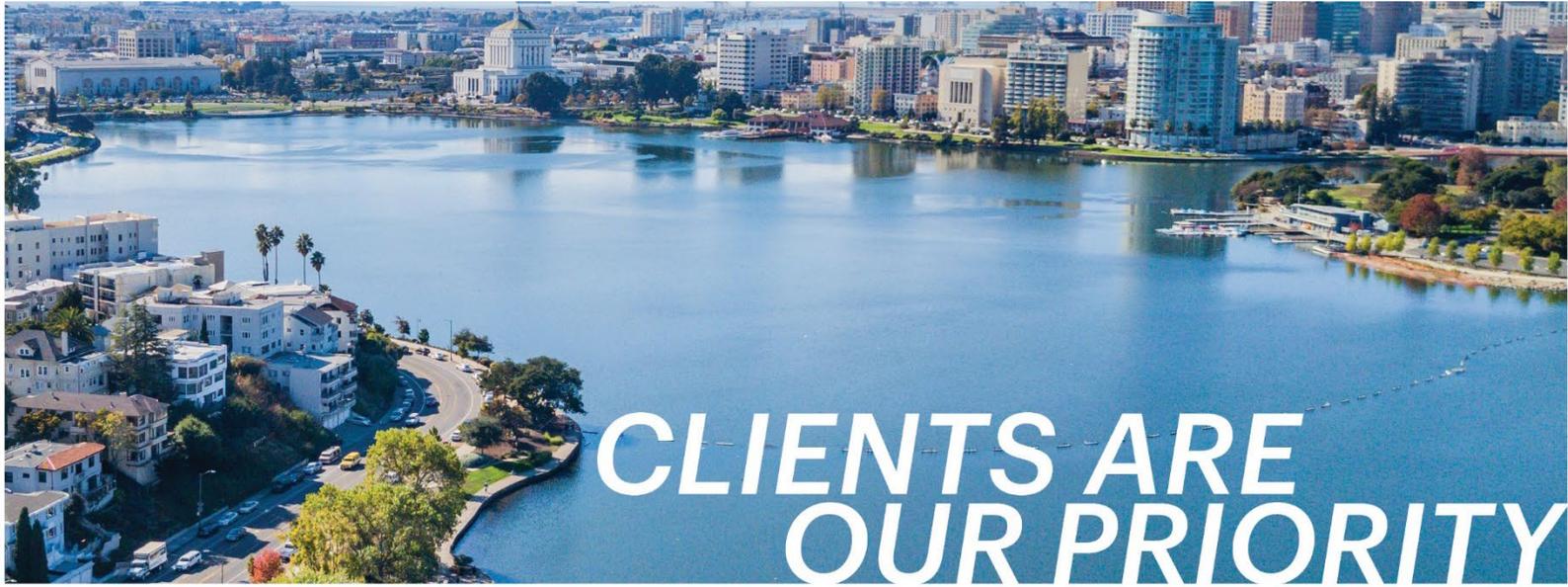
Grocery Dive 11/8

[American Eagle Buys Quiet Logistics Takes Further Control Over Supply Chain](#)

Retail Dive 11/8

[Flippy, the Fast-Food Robot That Makes Fries at White Castle, Gets an Upgrade](#)

CI|Net 11/7



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