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Newsletter Archives

Brown's Rants

Week Ending November 20th, 2021

The Real Deal on Retail Sales Numbers

This week's headlines... The Commerce Department released the latest retail sales numbers this past week. The headlines seem clear enough. For example, the U.S. News & World Report wrote "Retail Sales Surge 1.7% in October." That seems simple and self-explanatory. Yet, this metric is a little more complex than that.

The media has varied in its coverage of this number. Usually, though not always, they report the month-over-month change. Certainly, that is an important number in analyzing the most recent fluctuations in consumer spending. It can serve as a bit of a canary in the coalmine to emerging trends. But monthly fluctuations do not give a particularly robust view as to the longer-term.

If you were to read, for example, MarketWatch's "U.S. Retail Sales Jump 1.7%, but High Inflation Plays a Role," you may not feel like there is a real retail recovery going on. Considering that the Consumer Price Index surged 6.2% in October (the highest in 30 years), you might assume that a 1.7% increase in the amount that consumers spent compared to the pricing pressures at play in the marketplace was an anemic number at best. The conventional wisdom is usually right; inflated prices play out as inflated sales gains. Additionally, those inflated prices eventually always slow consumer spending down as more the price of goods outpaces what consumers are willing or able to pay.

Now, don't get me wrong. This analysis was correct. Inflation did play a role and it will play a role for the foreseeable future.

Meanwhile, Forbes reported "Fueled by Travel Uptick and Holiday Shopping US Retail Sales Rose in October." The uptick in travel is great news and certainly a factor behind sales increases. Travel fell off a cliff during the pandemic—creating challenges for high street brands that rely on tourism retail. While global travel is not expected to rebound before 2023 at the earliest (most likely 2024), domestic travel has According to the TSA, as of November 18th checkpoint travel numbers were at 84.2% of 2019 levels. They were, of course, 2.3 times higher than the same day in 2020.

Certainly, an early jump on holiday shopping may also be a factor behind these numbers. The Christmas creep—retailers encouraging holiday shopping earlier and earlier in the calendar year is nothing new.

Gen-Xers may vaguely remember their teenage mall days in the 1980s when holiday decorations did not go up until right after Thanksgiving (early 80s) and then right before (late 80s). Increasingly now it is the day after Halloween. Regardless, news of supply chain disruptions and goods shortages (especially with toys) may have sparked consumers to start shopping earlier.

I do not dispute this analysis either. I agree and this also begs the question of whether record holiday shopping season projections will come to fruition. Here is why; that metric simply compares November and December sales from one year to the next within certain categories. October holiday shopping wouldn't show up in the traditional comparisons. Virtually every group out there is predicting between 7.0% and 15.0% growth this year. So, will the National Retail Federation's prediction of a record-setting holiday shopping season (between 8.5% and 10.5%) happen?

I still think so. Here is why... Monthly numbers are important, but if that is all you look at you risk losing sight of the forest through the trees. In normal times, you would look at them as well as the broader perspective of annual (Y-o-Y) numbers. The only problem is we are coming off an incredibly abnormal time. If you really want to gauge how retail is doing currently, the best comparison is against 2019—our last “normal” year. So how does retail stack up? Pretty amazingly.

In October:

Total retail sales (all categories) were up 16.0% against 2020. They were up 22.5% against 2019.
Total department store sales were up 27.6% against 2020. They were up 16.1% against 2019.
General merchandise sales (big box superstores) were up 15.9% from 2020 but 21.4% against 2019.
Apparel sales were up 25.8% against 2020. They were up 16.6% against 2019.
Building and garden supply sales were up 10.2% against 2020. They were up 30.0% against 2019.
Health and personal care stores were up 7.4% against 2020. They were up 11.8% against 2019.
Sporting goods, hobby, musical instrument, and bookstores; up 17.6% Y-o-Y, but up 37.9% from 2019.
Grocery sales were up 9.0% Y-o-Y, and 18.8% from 2019.
Restaurants up 29.3% from last year, but up 10.4% from 2019.
And non-store retail (eCommerce) is up 10.4% from 2020, but a whopping 40.4% from where it was in 2019 before the pandemic.

Every retail category is up significantly. That includes categories that did well during the pandemic (grocery, home improvement, sporting goods, eCommerce) as well as those that struggled (restaurants, department stores, apparel, etc.). Keep in mind that for most of the previous decade before the pandemic total retail sales growth annually was consistently in the 2% to 3% range—far from double-digits. eCommerce growth was typically in the 13% to 17% range.

So, what does this all mean? It means that consumers are on a spending spree because most ([see last week's commentary](#)) are in a far better place financially than they were before the pandemic. Yes, inflation may have played a role in October. Same goes for early holiday shopping. But do not lose sight of the forest through the trees.

See you next week,

Garrick



Top 10

Stories of the Week

[Retail's Surprising Upswing](#)

Axios 11/18

[Consumers Plan to Spend \\$108.5B Over Black Friday and Cyber Monday Weekend](#)

ICSC 11/18

[Macy's Plans to Close 10 Department Stores in January While Delaying Other Closures](#)

CNBC 11/18

[CVS to Close 900 Stores Over Next Three Years](#)

Chain Store Age 11/18

[Is CRE Headed for a Bubble? Analyst Believes Multifamily and Industrial Are—Retail, Not so Much](#)

Globe Street 11/18

[Retail Sales Surge 1.3% in October](#)

US News & World Report 11/16

[U.S. Retail Sales Jump 1.7%, but High Inflation Plays a Role](#)

MarketWatch 11/16

[Americans are Unhappy About the Economy but Still Spending Big](#)

Washington Post 11/16

[As Holidays Approach, Supply Chain Challenges Continue for Online Retailers](#)

Digital Commerce 360 11/15

[Burger King Parent Buys Firehouse Subs for \\$1 Billion](#)

NBCSanDiego.com 11/15



Economic Headlines

Stories of the Week

[Unpacking the Disruptors of Retail](#)

Entrepreneur 11/20

[Congress Passes Biden Infrastructure Bill](#)

CNBC 11/19

[The Metaverse Marks a \\$50 Billion Opportunity for Luxury](#)

Inside Retail 11/17

[Small Business Faces Disadvantages Amid Holiday Labor Shortage](#)

CBS News 11/16

[The Inescapable Shift of the Luxury Consumer](#)

WWD 11/16

[Stocks Rise on Wall Street After Retail Sales Post Big Gain](#)

Los Angeles Times 11/16

[As Port of LA Backups Ease, Empty Containers Pile Up](#)

Reuters 11/16

[Black Friday is Early Again This Year and Maybe Forever](#)

Retail Dive 11/15

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

ABC 7 11/13



Property Trends

Stories of the Week

[As Tourism Brightens, NYC's Times Square Hopes to Regain Luster](#)

Honolulu Star Advertiser 11/20

[Montgomery Mall Sells for \\$55M in Foreclosure Sale](#)

Philadelphia Business Journal 11/20

[See How Brookfield Will Revamp Downtown's Park Shops at Houston Center](#)

Houston Chronicle 11/19

[Minneapolis' Renovated Dayton Building Reopens with Nostalgic Flair](#)

MPR News 11/18

[Cary's \(NC\) Sprawling Fenton Development Adds to its Retail Roster](#)

Charlotte News Observer 11/18

[Retail Rents in San Diego are on the Rise](#)

Costar 11/17

[Malls Across America Face Uncertain Future as eCommerce & CoVid Push Many to Brink](#)

The Business Journals 11/17

[With Their Existence on the Line, Malls Face Tough Roadmap to Recovery](#)

Buffalo Business First 11/17

[What Sunrise Mall Revitalization Means for Future of American Malls](#)

ABC10 11/16

[Plans to Reimagine Virginia Beach's Pembroke Mall to Mixed-Use Site Underway](#)

WTKR 11/15

[Outdoor Dining's Path to Permanence Still Being Charted](#)

BisNow 11/15

[Time to Repurpose Vacant Space in Savannah Malls as Apartments](#)

Savannah Now 11/15

Retail Headlines

Stories of the Week

[CVS Had Every Advantage But it Lost the Pandemic; Here is What Happened](#)

CNN 11/20

[Charlotte Russe Returns to Tupelo Area Mall](#)

Daily Journal 11/19

[Burkes Opens Store in Jacksonville](#)

My Journal Courier 11/19

[Costco Buys Land for St. Augustine Store Slated to Open in 2022](#)

Jacksonville Daily Record 11/18

[Amazon 4 Star to Open at Cincinnati's Kenwood Towne Centre](#)

Cincinnati.com 11/18

[Fabletics Announces Opening Date at San Antonio's The Shops at La Cantera](#)

Texas News Today 11/18

[The General Store Revival](#)

Times Union 11/18

[Nordstrom to Expand in Entirely New Category with Fanatics Deal](#)

Chain Store Age 11/18

[New Costco Opens in Pooler GA](#)

WJCL 11/18

[Prada Heads to Austin](#)

Wall Street Journal 11/18

[Kids Retailer, Activity Center Camp Opens in Boston](#)

Boston Business Journal 11/17

[New Costco Opens in Garner NC](#)

WRAL 11/17

[M@C Discount Takes Empty Sears at Pittsburgh Mills](#)

Pittsburgh Business Journal 11/17

[Kmart Closes Last Store in Birthplace State of Michigan](#)

Retail Dive 11/17

[RH \(Restoration Hardware\) Opens in Jax](#)

Jacksonville.com 11/17

[Bucherer Continues its Conversion of Tourneau Stores](#)

Watchpro 11/17

[Foxtrot Opening C-Store in Chicago Tribune Tower](#)

The Business Journals 11/16

[AutoNation Opens Ninth Store](#)

Yahoo! Finance 11/16

[Sportsman's Warehouse Expands in Elk Grove CA](#)

Sacramento Bee 11/16

[PXG Opens Second Chicago Store; Ramping Up Growth](#)

Chicago Business Journal 11/16

[Dearth of Rural Drug Stores Creates Opportunities for Chains](#)

Food Institute 11/16

[Costco Unveils Plans for New Austin Area Store](#)

Culture Map Austin 11/15

[Last Sears in Illinois Closes](#)

Milwaukee Business Journal 11/15

[OKA Opens Second DFW Store](#)

Furniture Retailing 11/15

[Planet Fitness Opens Two New PHX Gyms](#)

Phoenix Business Journal 11/15

[Elev8 Fun to Open 125,000 SF Location in Sanford FL](#)

Shopping Center Business 11/15

[Fitness Company Tonal Opens Showroom at Roseville Galleria](#)

Sacramento Business Journal 11/15

[Casper to be Acquired by Private Equity Firm](#)

Retail Dive 11/15

[Fashion Retailer Johnny Was Signs DTLA Deal](#)

Commercial Observer 11/15

[Birkenstock Coming to Spokane Mall](#)

Spokesman Review 11/14



Grocery Headlines

Stories of the Week

[Amazon Fresh Will Open First Boston Area Location](#)

Boston Business Journal 11/18

[Giant to Open Three More Philadelphia Area Stores in December](#)

Winsight Grocery Business 11/18

[Whole Foods to Open in Oakland's Temescal Neighborhood](#)

WebWire 11/18

[H-E-B Opens New Austin Area Store](#)

MYSA 11/18

[Ultrafast Grocery Startup Goes Live in Chicago](#)

Chain Store Age 11/15

[Aldi Expands to Perris CA](#)

Orange County Register 11/15

[Publix Expanding in Rolesville NC](#)

News & Observer 11/15

[ShopRite Opens Two New Grocery Stores a Week Apart in PA and NJ](#)

Supermarket News 11/15

Restaurant News

Stories of the Week

[There is Virtually No Difference Between Fast Food and Fast Casual Anymore](#)

Business Insider 11/19

[Casual Dining Growth Turns Asset Heavy](#)

Restaurant Business 11/19

[Orlando's Massive New Food Hall, Hall on the Yard, Set to Open](#)

Bungalower 11/19

[Fast Food Chains' Price-Fueled Recovery](#)

Restaurant Business 11/19

[Restaurant Acquisitions Remain Red Hot](#)

The Food Institute 11/18

[Shipley Do-Nuts Signs Agreement for 25 DFW Locations](#)

Bake 11/18

[Sugar Factory is Opening Philly Location](#)

Philly Voice 11/18

[Erie Pennsylvania Food Hall, Flagship City Food Hall, Opens](#)

Erie News Now 11/18

[El Pollo Loco Opens Second Louisiana Location](#)

QSR 11/18

[Starbucks & Amazon Open Grab-And-Go Store in NYC](#)

Seattle Times 11/18

[Global Bubble Tea Franchise Gong Cha Eyes Massive USA Growth](#)

Nation's Restaurant News 11/18

[Cracker Barrel Opening Second El Paso Location](#)

El Paso Times 11/17

[Third San Antonio Area Pluckers Wing Bar Set to Open](#)

San Antonio Business Journal 11/17

[Indianapolis Gets Another Chick Fil-A](#)

CBS4Indy.com 11/17

[Fogo de Chao Parent Files IPO](#)

Nation's Restaurant News 11/17

[New Food Hall, 14 Mill Market, Coming to Nixa, Missouri](#)

Feast 11/17

[Crumbl Cookies Expands in Pittsburgh Suburbs](#)

Pittsburgh Business Journal 11/17

[New Food Hall Breaks Ground in St. Petersburg](#)

WFLA.com 11/16

[Clean Juice Rides Tidal Wave of Growth](#)

Nation's Restaurant News 11/16

[Tulsa's First Non-Profit Food Hall Blazing New Trail on Old Road](#)

Next City 11/16

[East Coast Wings and Grill Signs New Franchise Agreement](#)

Nation's Restaurant News 11/16

[Dog Haus Signs Wisconsin Franchise Deal](#)

Nation's Restaurant News 11/16

[84 Hospitality is Streamlined and Poised for Growth](#)

Nation's Restaurant News 11/16

[Get to Know 11 Emerging Restaurant Groups](#)

Nation's Restaurant News 11/16

[The Latest on Sandusky's New Food Hall](#)

Sandusky Register 11/15

[Red Ribbon Bakeshop Opens in Pinellas Park, FL](#)

Shopping Center Business 11/15

[In-n-Out Coming to Houston's The Woodlands](#)

ABC 13 11/14

[Whataburger Opens New Missouri Restaurant; More in Store for KC](#)

KY3 11/14

[Vegan Fast Food is on the Rise](#)

EcoWatch 11/14



REITs, Landlord & Development

Stories of the Week

[How Retail Ownership is Changing in the Pandemic](#)

Bloomberg Law 11/19

[Phase II of Atlanta's The Interlock Mixed-Use Development Underway](#)

Shopping Center News 11/19

[PHX's Arcadia Crossing Retail Center Sells for \\$65.8 Million](#)

AZbigmedia.com 11/18

[Developer Announces 'Cherry Creek West' as Upcoming Addition to Shopping Center](#)

Denver Post 11/18

[Orlando Leaders See Promise in New Ideas for Fashion Square Mall: Mixed-Use](#)

ClickOrlando.com 11/17

[Hines Pays \\$93M for JAX's The Markets at Town Center](#)

Jacksonville Daily Record 11/17

[ALTO Real Estate Funds Buys Shopping Centers in Atlanta and Charlotte for \\$31M](#)

Bakersfield.com 11/17

[CMBS Delinquencies Plunge but Still Above Pre-Pandemic Levels](#)

TheRealDeal 11/15

eCommerce / Omnichannel / Retail Tech

Stories of the Week

[Macy's Launches Digital Marketplace, Further Expanding eCommerce Potential](#)

Footwear News 11/18

[China's Retail Revolution: Innovations That Could Change the Way the World Shops](#)

The Conversation 11/17

[How eCommerce Retailers Stacked Up in Q3](#)

Retail Dive 11/17

[Robotic Kitchen Maker Nommi Seeks to Raise \\$20M](#)

QSRWeb 11/17

[Marketplaces, DTC Power Future of Digital Luxury Sales](#)

PYMNTS 11/15

[Frictionless Experiences Can Differentiate Luxury eCommerce](#)

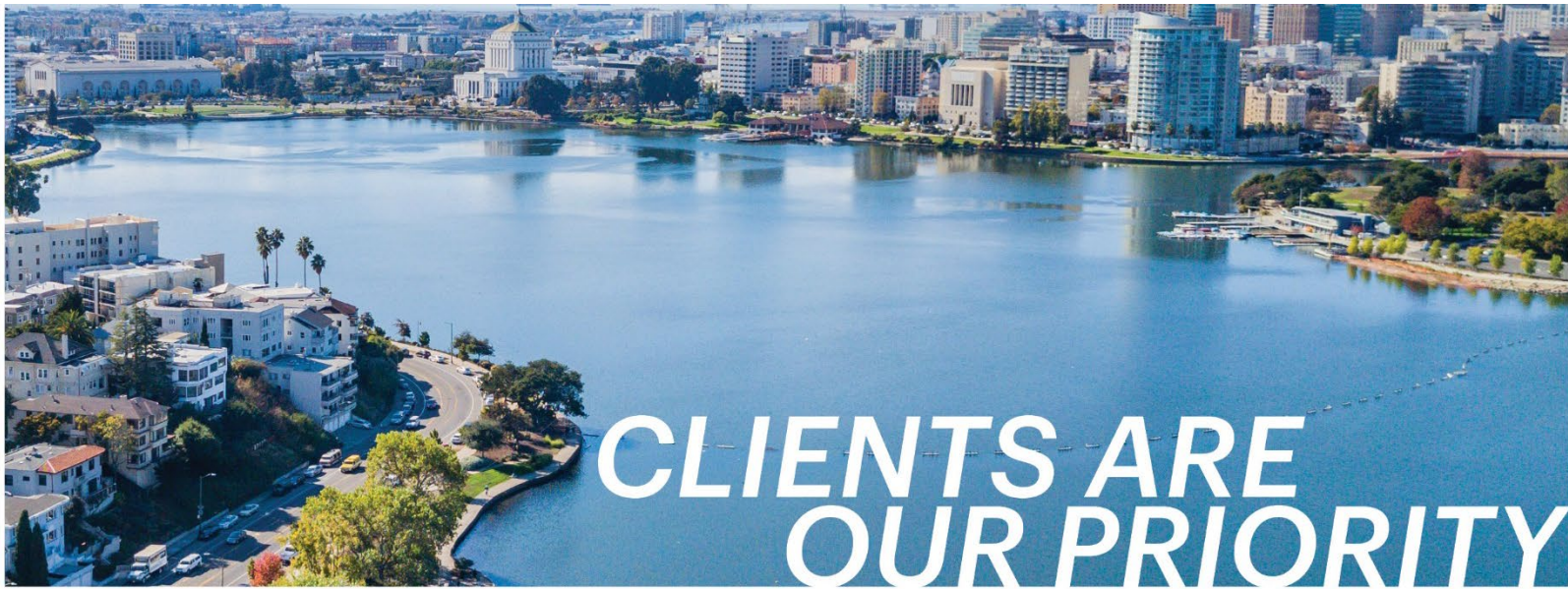
Luxury Daily 11/15

[Warehouses Overwhelmed by America's Shopping Spree](#)

NPR 11/15

[Buffalo Wild Wings Tests Robot Chicken Fryer](#)

Wattaget 11/14



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