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Newsletter Archives

Brown's Rants

Week Ending January 15th, 2022

Inflation Concerns Take Center Stage, but Stagflation Comparisons Just Wrong

Forbes released their latest Forbes Advisor-Ipsos Consumer Confidence survey this past week. Nearly two thirds of the roughly 1,000 respondents expect the rate of inflation to increase, with 31% expecting it to stay the same. Roughly 50% of survey respondents anticipate that their monthly bills and regular expenses will increase, while 45% think they will remain about the same. But only 23% of respondents expect their wages to increase, while two thirds believe their wages will remain the same.

The Forbes consumer confidence survey is just one of a few often quoted in the media. The Conference Board's Consumer Confidence Index and the University of Michigan's Index of Consumer Sentiment are the two that generally get cited and relied upon by economists the most.

The University of Michigan's final January numbers will be out on the 28th of this month, but they have released preliminary data from their latest Index of Consumer Sentiment. They're showing a decline to 68.8 from December's metric of 70.6. Keep in mind that the index reading for January 2021 stood at 79.0.

Meanwhile, the Conference Board will be releasing their new data later this week. This metric had been on the upswing the last two months. In December, their Consumer Confidence Index climbed to 115.8 (from an upwardly revised November reading of 111.9). However, it will almost certainly move downward as these other polling metrics have.

The last week of economic news certainly holds clues. The most obvious driver of this wave of gloom has been the latest data on inflation—the consumer price index hit 7.0% for December—its highest level since the stagflation economy of 1982. And, indeed, suddenly the market is awash in stories about stagflation concerns. Suddenly CNN is running with, [“If Prices Keep Rising, a Nightmare Scenario for US Economy is a Real Possibility.”](#) That nightmare scenario, stagflation, is loosely defined as inflation taking place while the greater economy is in contraction mode. Of course, the economic stagnation part of the argument is the part that many of the latest gloomy analyses seem to be light on.

Of course, if you read the most recent headlines about December retail sales, you would assume that the sector is beginning to slump. After all, [“Retail sales dropped 1.9% in December as higher prices](#)

[caused consumers to curb spending](#),” is a fairly dismal headline. There is only one problem here. On an annual basis, retail sales for December were up a whopping 19.3%. The -1.9% number was monthly change. It’s not that this isn’t an important number, but alone and out-of-context, it certainly doesn’t tell the bigger story. For example, in this case, the headline even helped to drive the analysis. No doubt some consumers in this high inflation environment did curb spending. But what has been left out of this analysis is that an even stronger case could be made that the reason for a slight downtick was that consumers got an early start on holiday shopping—October and November numbers were through the roof. The reality is that Omicron, inflation and supply chain issues concerns, as well as an early spending spree by consumers, combined to notch December sales down slightly from November levels... but what gets lost is that even with this occurring... the numbers are gangbusters. For the previous 20 years before the pandemic, the US averaged annual retail sales growth of 3.9%. These weren’t just up 17.0% over 2020 totals, these were up 19.7% over 2019 tallies (our last “normal year”).

A mild slowing of activity from November to December is a concern, but 17.0% annual growth certainly doesn’t paint a picture of a contracting economy. Of course, the other big problem that would be playing out if we really were in a stagflation economy would be the issue of job growth.

Though the latest job numbers indicated a drop to 3.9% unemployment; they also suggested only 199,000 jobs were created in December 2021. Again, prior to the wild employment swings of the pandemic, a +200K job month was generally considered pretty good—not exceptional, but certainly positive. However, measured against the rest of 2021, these are the weakest numbers of the year.

On that point alone, taken into context, these should not be “sky is falling” numbers. Remember, the unemployment rate and new jobs numbers each month come from two distinct surveys that the Bureau of Labor Statistics does. The unemployment rate comes from their monthly Current Population Survey that samples about 60,000 households. Likewise, the monthly jobs numbers come from a scientific sampling of thousands of surveys done with employers. They involve large sample sizes but are not perfect. Which is why the initial monthly metrics are referred to as preliminary numbers upon their release and are typically revised at least twice thereafter. Sometimes those revisions can end up being significant. For example, this month’s survey indicated a greater reduction in unemployment than 199,000 new jobs single-handedly would have driven. Meanwhile, record levels of employee resignations in November would seem to suggest that workers were quitting their jobs to land in new positions that would have been greater than the 199,000 reported. Lastly, private payroll company ADP releases their own monthly statistics—their job growth for December was four times the official Labor Department tally at over 800,000 new positions.

What’s it all mean? It means December tallies were likely artificially low and January job numbers will probably bridge much of the gap. The Labor Department and ADP numbers tend to track well together over time, though disparities this great have been relatively few. Regardless, we expect the BLS January numbers will be quite robust. Regardless, a month with 200,000 jobs created historically was a month of decent job creation—it is in the monthly comparisons where we lose our compass.

Of course, one other measurement we could look at would be wage growth. In a stagflation environment, job growth would be flat or negative as would wages. Wage growth is occurring (up 4.5% annually for December 2021). The last time we saw wage growth of at least 4.5% was in March 2002. The only problem is that even this level of aggressive wage growth is not currently keeping pace with inflation... which means in real dollars, most of us are going backwards.

Obviously, the point is this—inflation remains a real concern. Inflation is an immensely powerful force; enough so that US consumer confidence was lower in November 2021 (due to inflation) than it was in May 2020 (when the world was still potentially facing the threat of a global depression due to the pandemic). The good news is it didn't substantially impact consumer behavior during the holiday season—with annual growth hitting its highest level in decades. But it would be foolish to anticipate such a contrast between consumer confidence and actual consumer spending behavior would last for long. The same holds true for business confidence and sentiment. Eventually poor sentiment translates into reduced investment, hiring and growth. Eventually.

Which is why I found it interesting that this week I saw far more coverage on stories speculating stagflation than perhaps the one story most pertinent to this question—this one from the economists at Goldman Sachs: [Federal Reserve will Increase Interest Rates Ten Times Before 2025](#). Their take is that the Fed will make their first move by summer. I suspect that if inflation creeps up further—especially if the job numbers remain strong—that they may act even sooner.

See you next week!

Garrick



Top 10

Stories of the Week

[December Retail Sales Soar 14%](#)

Retail Dive 1/14

[Americans Expect Inflation to Continue Hitting Their Wallets](#)

Forbes 1/13

[Adobe: Holiday eCommerce Topped \\$204B in USA](#)

Retail Dive 1/13

[How Retailers Weathered the Holidays in 2021](#)

Retail Dive 1/13

[US Inflation Shows Staying Power After Hitting 7% in 2021](#)

Bloomberg 1/12

[Mall Owner PREIT Leased More Space in 2021 than in Previous Five Years](#)

Chain Store Age 1/12

[Is Omicron the Reason Your Grocery Shelves are Empty?](#)

Miami Herald 1/12

[Spinning Around: The eCommerce Spin Off Problem](#)

Robin Report 1/11

[Brick and Mortar Retail Gets New Lease on Life as Entrepreneurs Move into Vacant Spaces](#)

MarketWatch 1/10

[Mattress Firm Files IPO](#)

Retail Dive 1/10



Economic Headlines

Stories of the Week

[Bond Market Forecasts Bad Economic News](#)

Wall Street Journal 1/14

[One Thing CoVid Can't Stop: Alcohol Sales](#)

Bloomberg 1/14

[Moody's Omicron Unlikely to Derail Economic Growth](#)

Retail Dive 1/13

[Omicron Wreaks Havoc on the Workforce](#)

The Food Institute 1/13

[If Prices Keep Rising, a Nightmare Scenario for US Economy is a Real Possibility](#)

CNN 1/12

[US Economic Optimism Tumbles as Investors Turn Gloomy: IBD/TIPP](#)

Investors.com 1/11

[Roughly Half of Young Adults Live at Home with Parents](#)

Scott Galloway 1/10

[2022 Sees Labor Market Reaching Full Employment](#)

US News & World Report 1/10



Property Trends

Stories of the Week

[New Stores Coming to Charlotte Premium Outlets](#)

Charlotte Observer 1/14

[Shopping Plaza Revamp Brings New Stores to Oak Grove Shoppes in Altamonte Springs FL](#)

ClickOrlando.com 1/13

[350,000 SF Watersound West Bay Center in Panama City Beach, FL Breaks Ground](#)

RE Business Online 1/13

[Morgan Companies to Develop 200K SF Beaufort Station Shopping Center in Beaufort, SC](#)

Shopping Center Business 1/13

[San Diego's Seaport Village: Revitalized with Plans to Grow](#)

CBS8 1/13

[Grapevine Mills Shows Potential for Shopping Centers as Entertainment Destinations](#)

Community Impact 1/12

[Commercial Real Estate Forecast Predicts Houston Retail Market Returning to Pre-Pandemic Levels](#)

Community Impact 1/12

[Manhattan's Largest Retail Leases of 2021](#)

The Real Deal 1/12

[COHatch Brings Coworking Concept to Three Prime Retail Locations in Pittsburgh](#)

11News 1/12

[DFW Retail Market Has 2021 Heyday After Persevering Through 2020](#)

Dallas Business Journal 1/12

[Former Sears Converted to Life Sciences Lab Space at Cambridge Mall \(Cambridge, MA\)](#)

Bisnow 1/11

[Mixed-use Arsenal Yards Completes in Watertown's \(MA\) East End](#)

Building Construction + Design 1/10

[Evergreen Completes Sprouts Anchored Shopping Center in Denver](#)

Shopping Center Business 1/10

[Tyson's Corner Retail Enters a New Generation](#)

Bisnow 1/10

Retail Headlines

Stories of the Week

[Camp Expands Retail Footprint](#)

Chain Store Age 1/13

["Beyond Monet: The Immersive Experience" is Coming to Honolulu](#)

Honolulu Magazine 1/13

[Anthropologie Closing at Highland Park Village; Relocating to Knox Street](#)

Dallas Morning News 1/13

[Construction Nearing for Two Central Texas Suburban Costco Stores](#)

Austin Business Journal 1/13

[Expansion Fever Takes Hold in Convenience Store Industry](#)

Convenience Store News 1/12

[Refuel's Expansion Engine Gets Refueled](#)

CSP Daily 1/12

[Under Armour Closing Downtown Detroit Store](#)

Detroit News 1/12

[Tecovas Raises \\$56M to Open More Stores, Add Apparel](#)

Austin Statesman 1/12

[Barnes & Noble to Open First New Store in Cincinnati in 25 Years](#)

CityBeat 1/12

[Books-A-Million Closes Birmingham \(AL\) Area Store](#)

Birmingham Business Journal 1/12

[Plato's Closet Expands in Roseville](#)

Sacramento Business Journal 1/12

[Barnes & Noble to Close Dayton Mall Store](#)

Dayton.com 1/12

[After Acquisition, Still Business as Usual for Michael's](#)

The Daily Times 1/12

[Herman Miller Opens Store at Houston's Woodlands](#)

Houston Chronicle 1/12

[Allbirds Leases Space in NYC's Flatiron District](#)

Commercial Observer 1/11

[Pandemic Gave Luxury Brands a New Code of Conduct](#)

Entrepreneur 1/11

[Foxtrot Opening 25 Stores in 2022](#)

Grocery Dive 1/11

[Love's Lays Out 2022 Growth Plan](#)

Convenience Store News 1/11

[Former Toys R Us Site in Asheville NC Lands CarMax](#)

ABC13News.com 1/10

[2nd & Charles Book Store Opens in Miramar Beach, FL](#)

NWFDailynews.com 1/10

[How Macy's Set Out to Conquer the Department Store Business... And Lost](#)

Retail Dive 1/10

[Citi Trends Sees Potential for 1,000 Stores](#)

Home Textiles Today 1/10

Grocery Headlines

Stories of the Week

[Sprouts Opens in Oakland Park, FL](#)

Sun-Sentinel 1/13

[Grobbe's Gourmet Fresh Neighborhood Market Coming to Detroit's Eastern Market](#)

Detroit News 1/13

[Kroger to Step Up Unmanned Delivery in Houston](#)

Supermarket News 1/12

[CBKC Buys Second Sun Fresh Store in Kansas City Urban Core](#)

Kansas City Business Journal 1/12

[Saji Opening Ghost Kitchen in Grocery Store](#)

Fast Casual 1/11

[Kroger is Now Serving Fast Food](#)

Eat This Not That 1/11

[Fresh Look For Old Sears: Amazon Opening Another Grocery Store in Seattle Area Plaza](#)

Geekwire 1/10

[When Amazon Fresh Comes to Boston, it Will Bring a New Way to Shop](#)

Boston.com 1/10

Restaurant News

Stories of the Week

[Pizzeria Expands in New Jersey](#)

Pizza Marketplace 1/13

[Four Food and Beverage Concepts Coming to Fenway-Kenmore](#)

Boston.com 1/13

[Rush Bowls Opening First Birmingham AL Store](#)

Birmingham Business Journal 1/13

[Piada Opens in Pittsburgh Suburbs](#)

Pittsburgh Business Journal 1/13

[Academy Food Hall and Apartments Bring New Life to Poughkeepsie](#)

HVMag.com 1/13

[Krystal Coming to New Jersey](#)

New York Post 1/13

[Hopdaddy to Acquire Grub Burger Bar](#)

Nation's Restaurant News 1/13

[WOWorks Opens 60 Restaurants in 2021](#)

QSR 1/13

[Pizza Factory Opens in Washington State](#)

Pizza Marketplace 1/13

[Playa Bowls Continues ATL Expansion](#)

What Now Atlanta 1/12

[London-Based Chotto Matte Coming to Nashville](#)

Nashville Eater 1/12

[Bojangles Plots Austin Expansion](#)

KXAN 1/12

[Slim Chickens Ends 2021 With 350 Signed Agreements](#)

Fast Casual 1/12

[Dutch Bros. Plans 125 New Stores in 2022](#)

Portland Business Journal 1/12

[The Avenue's 3rd Street Market Hall Food Hall Opens Friday](#)

RadioMilwaukee.org 1/12

[Food Hall Coming to Columbus' Schumacher Place](#)

Columbus Business First 1/12

[Southern Market in Lancaster, PA to Soon Open as Food Hall](#)

WGAL 1/12

[Stoner's Pizza Joint Expands in Florida](#)

Pizza Marketplace 1/12

[Shake Shack Drives Into a Bold, New Restaurant World](#)

QSR 1/12

[Chompie's Expanding in Phoenix](#)

AZfamily.com 1/12

[Black Bear Diner Plans Texas Expansion](#)

RestaurantNews.com 1/11

[Lansing Shuffle Food Hall and Shuffleboard Pavilion to Open This Summer](#)

Detroit News 1/11

[Layne's Chicken Fingers Arrives in Austin](#)

QSRWeb.com 1/11

[Zalats Pizza Not Slowing Growth](#)

QSRWeb.com 1/11

[Capital Tacos to Franchise Outside Florida](#)

Tampa Bay Times 1/11

[Cracker Barrel's Biscuit Chain Expanding](#)

Richmond BizSense 1/11

[Juice It Up Expands in California Desert](#)

Fast Casual 1/11

[PrimoHoagies Looks to Double National Footprint](#)

Philadelphia Business Journal 1/10

[Your Pie Inks New Georgia Franchising Deal for Six Units](#)

Yahoo! 1/10

[Raising Cane's Opens 600th Unit, Planning 100 New Stores This Year](#)

RestaurantNews.com 1/10



REITs, Landlord & Development

Stories of the Week

[Brentwood Shopping Center Sells for \\$30M](#)

L.A. Business First 1/13

[Publix-Anchored Mixed-Use Center Near Raleigh Sells for \\$34M](#)

Cision 1/13

[New Owner for Glendale Marketplace: Center Sells for \\$64.1M](#)

San Fernando Valley Business Journal 1/12

[Las Vegas' Tivoli Village Shopping Center Sells for \\$216M](#)

8newsnow.com 1/12

[Presidio Plaza in Denton, TX Sells](#)

Dallas Business Journal 1/12

[Wharton Realty Buys Homestead Pavilion for \\$82M](#)

ProfileMiamiRE 1/12

[Apple Glen Crossing in Fort Wayne, IN Sells](#)

RE Business Online 1/12

[Starwood Buys West Palm Beach Mall for \\$130M](#)

Commercial Observer 1/12

[Rochester's \(PA\) Madison Square Shopping Center Sells for \\$12M](#)

Shopping Center Business 1/10

[Publix Anchored Center in Sevierville, TN Sells](#)

Shopping Center Business 1/10



eCommerce / Omnichannel / Retail Tech

Stories of the Week

[Hottest Restaurant Tech Trends of 2022](#)

Fast Casual 1/13

[Checkers Pioneers Pivotal Drive-Thru Technology](#)

QSR 1/13

[IKEA to Pilot eCommerce Pickup Site in Nashville](#)

Yahoo! News/The Tennessean 1/13

[Grocers are Experimenting with Delivery Fees: What you Need to Know](#)

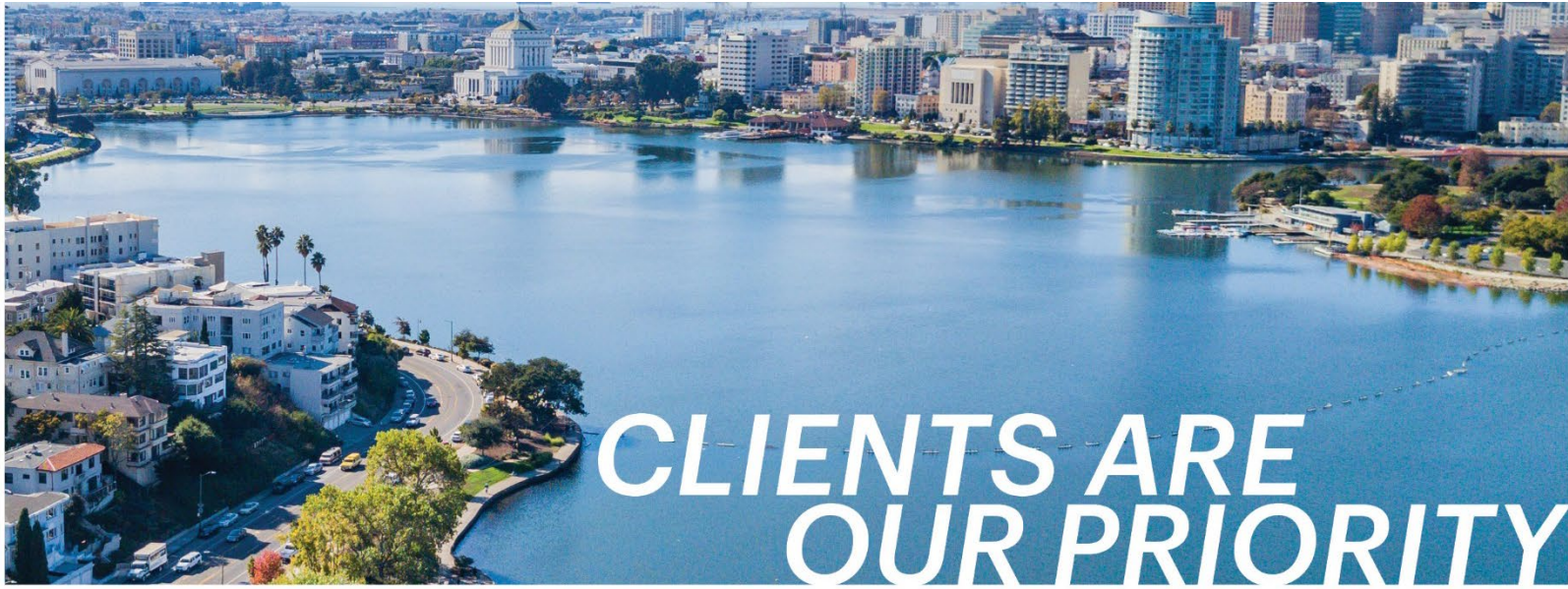
Grocery Dive 1/12

[What Opportunities Does the Metaverse Hold for Luxury Retailers in 2022](#)

Luxury Daily 1/12

[What the Rise of Luxury eCommerce Means for the Ecosystem](#)

Luxury Daily 1/12



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