



National sales rise in December but Nevada's retail sales continued their decline

Nevada's sales decline 6.6 percent overall, higher in counties with high unemployment

One month ago, we reported that national retail sales were up 5.4 percent in December 2009 on a year-over-year basis. It appeared economists and retail associations nationwide had accurately predicted a more favorable holiday season for 2009 as compared to the previous year. The results are now in for Nevada, and retailers here bucked the positive national trend.

Statewide, December retail sales declined 6.6-percent in 2009 as compared to the same month in the prior year. Many had predicted a one- to two-percent gain as compared to the prior year based on rising consumer confidence levels and an uptick in national holiday spending polls. Among traditional holiday gift-type retailers operating in Nevada, most did not witness such an increase. One sector, clothing and clothing accessories stores, did perform well statewide, increasing 4.2 percent in December 2009 as compared to the same month in the prior year. However, most sectors reported a decline this year compared to last year's already depressed figures, including: sporting goods, hobby, book and music stores (-7.4 percent); electronics and appliance stores (-4.6 percent); furniture and home furnishings stores (-3.1 percent); non-store retailers (-2.4 percent); general merchandise stores (-0.7 percent) and motor vehicle and parts dealers (-0.4 percent).

Said Mary Lau, President of the Retail Association of Nevada, "Though taxable sales did not come in as strong in December as previously hoped, we are encouraged by single-digit declines in total sales for most of our traditional retail sectors." Lau continued, "The effect that aggressive discounting in the latest year had on total sales figures should also be considered when comparing across periods. The year 2009 offered historically attractive bargains for the consumer – and weakened or negative margins for the retailer – and this trend is expected to continue into 2010. The sales figures show without a doubt that Nevada's second-highest-in-the-nation unemployment rate continues to play a significant role in retail sales and, correspondingly, the sales tax revenue the state collects. It is difficult for consumers to feel optimistic about making purchases, even at significant discounts, when they are under the financial



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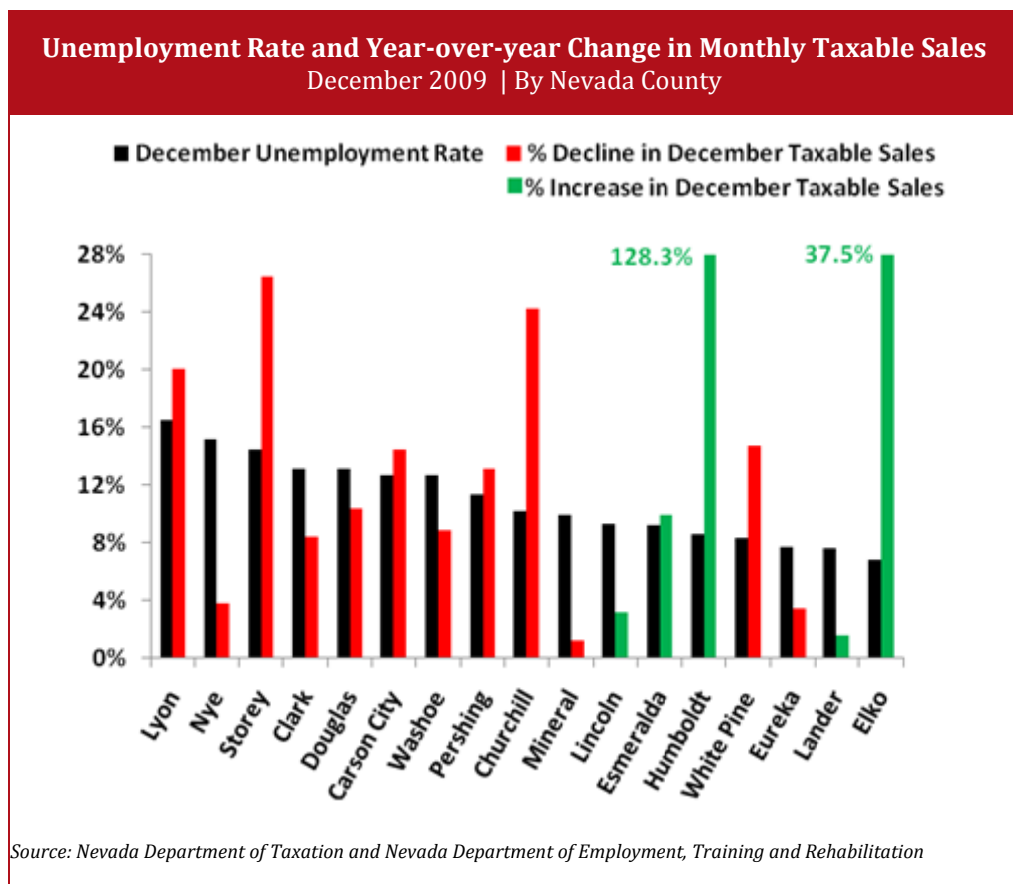
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pressures they are facing.”

Lau also noted that a survey completed last week for the Retail Association of Nevada showed that 87 percent of respondents had indicated that they or someone they knew had lost a job, taken a cut in pay, or lost a house.

Across Nevada, there was significant disparity between counties in terms of December performance. The chart below depicts how Nevada counties with lower unemployment rates were more likely to witness a positive change in monthly taxable sales for December 2009 as compared to the same month of the prior year. The chart is ordered by unemployment rate: Lyon, with the highest unemployment rate in the state in December 2009 (16.5 percent) is at the left, while Elko (6.8 percent unemployment for the same period) appears to the right. A red bar indicates that a county reported a decline in taxable sales in December 2009 as compared to the same month in the prior year in the amount of the percentage shown on the y-axis, while a green bar indicates that a county reported an increase.



About The Author

Applied Analysis, founded in 1997, is a Nevada-based advisory services firm providing information and analyses for both the public and private sectors.



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