

## HdL<sup>+</sup> Companies



## Overview

### Monthly retail sales from the US Commerce Department



U.S. retail sales in October 2024 rose 6.1% year over year, with e-commerce leading at 9.4% growth, driven by deal-focused shopping and Halloween-related spending, despite declines in electronics and sporting goods. While the holiday season is expected to see reasonable sales, economists warn of slower growth compared to pre-pandemic years and potential volatility due to upcoming policy changes and persistent inflation concerns.

### US holiday retail sales to reach \$1 trillion



U.S. holiday retail sales are projected to reach \$1 trillion in 2024, with online sales growing 10.1% year-over-year to \$257 billion and comprising about 26% of total holiday sales, according to Forrester. While wealthier consumers are driving spending growth, mixed economic conditions and financial struggles for some consumers are shaping shopping behavior, with a significant portion of holiday budgets shifting to online purchases.

## Brick and Mortar

### As Americans bargain shop, six-figure earners flock to Walmart

## Retail Trends

### November 26, 2024



Walmart's U.S. sales grew 5.3% last quarter, driven largely by higher-income shoppers earning over \$100,000 annually, who now account for 75% of its market share gains, alongside strong online sales growth of 22%. As inflation-weary consumers seek value, Walmart's competitive pricing, grocery investments, and enhanced e-commerce options are boosting its performance, while many other retailers struggle with closures and declining demand for big-ticket items.

### Target misses Q3 earnings expectations, lowers guidance



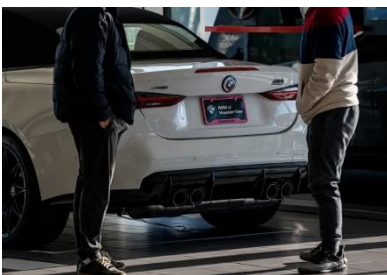
Target's Q3 sales fell nearly 1% to \$25.2 billion, missing expectations as consumers focused on essentials and cut back on discretionary and impulse purchases, despite digital growth of 11% and strong same-day delivery performance. The retailer lowered its Q4 guidance, citing cost pressures and weak discretionary demand, and plans to focus on deals, value, and essentials to navigate the challenging consumer environment and position itself for long-term growth.

### Home Depot's sales are improving, but it says consumers are still cautious about spending



Home Depot reported a 6.6% increase in quarterly revenue, driven by its acquisition of SRS Distribution, hurricane-related repairs, and strong demand for outdoor and seasonal products, despite ongoing cautious consumer spending due to high interest rates. The retailer raised its full-year sales outlook but continues to face challenges like declining comparable sales and potential cost pressures from tariffs, while focusing on professional customers, supply chain diversification, and eye-catching holiday products to sustain growth.

### Consumer sentiment hits multiyear high as gas prices, interest rates decline



Consumer sentiment has reached its highest point in over three years, driven by declining gas prices and lower auto loan interest rates, leading to a 13% year-over-year surge in October car sales for both new and used vehicles. However, high vehicle prices and rising inventory levels continue to challenge affordability, with automakers relying on increased incentives and holiday sales momentum to sustain growth into 2025.

## Ecommerce

### Prime Day boosts Amazon sales, membership in Q3

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Amazon's Q3 sales were boosted by Prime Day, with strong growth in product sales (+7%), third-party seller services (+10.3%), advertising (+18.8%), and subscriptions (+10.9%), while its AWS cloud unit drove a 55% increase in net income. Investments in AI, robotics, and fulfillment efficiency, along with Prime membership growth, helped solidify its position despite increasing competition and shifting consumer preferences.

### Amazon answers ultra-cheap Chinese marketplaces like Temu with 'Amazon Haul'



Amazon has launched "Amazon Haul," a new section offering ultra-low-priced items under \$20—most under \$10—to compete with budget-friendly Chinese marketplaces like Temu. While the initiative includes slower delivery times and bulk discounts, it aims to retain cost-conscious customers and protect Amazon's market share amid rising competition in the value retail segment.

### Wayfair narrows losses even as revenue falls 2% in Q3



Wayfair's Q3 revenue declined 2% to \$2.9 billion as demand in the home goods category softened, but the company narrowed its net loss by 55% to \$74 million through cost-saving measures. The retailer launched a new paid loyalty program, Wayfair Rewards, and announced layoffs impacting 220 employees, including the closure of a returns center and outlet store by the end of 2025.

## Import-Related Policies

### Trump tariff proposals could cost Americans \$78 billion in annual spending power



A National Retail Federation (NRF) study estimates that proposed tariffs on imports, including a universal 10-20% tariff and an additional 60-100% tariff on goods from China, could cost U.S. consumers \$46 billion to \$78 billion annually in lost spending power due to higher prices on products like apparel, toys, and furniture. These tariffs would disproportionately impact low-income families and raise prices significantly across key consumer goods, while providing limited benefits to U.S. manufacturers and placing a financial burden on retailers and consumers.

### De minimis overhaul will start before next president: former Biden official

## Retail Trends November 26, 2024



The Biden-Harris administration is expected to propose changes to the de minimis exemption, which allows duty-free imports under \$800, by late November or early December, aiming to limit goods subject to tariffs, including those from China. While the final rule will likely extend into the next administration, brands reliant on the exemption are urged to proactively adjust their supply chains to avoid disruptions regardless of whether Donald Trump or Kamala Harris becomes the next president.

## What We're Reading

### October retail hiring hit a low not seen since before the pandemic



Retail and transportation sectors saw the lowest October job additions since before the pandemic, with retail adding 124,700 jobs and transportation adding 61,300, partly due to disruptions from hurricanes. While seasonal hiring announcements were high, actual job gains are projected to fall below 2023 levels but slightly surpass 2022, as interest in part-time seasonal work continues to grow among job seekers.

### How dining trends are reshaping shopping centers



Restaurants are emerging as key anchors in shopping centers, driving increased foot traffic and revitalizing retail spaces into community hubs, according to DJM Capital's Chad Cress. By integrating diverse dining options, redesigning public spaces, and hosting community-focused events, properties like Bella Terra and Lido Marina Village demonstrate how experiential retail can enhance local economic activity, create gathering spaces, and support small business growth.