

HCI Business Report

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RETAILING...

- The National Retail Federation (NRF) and the Retail Industry Leaders Association (RILA) announced that the executive committees of both associations have agreed in principle to a merger that will create a single trade association representing retail interests in the nation's capital. Both RILA and NRF expect the merger process to be completed by this summer.

- Wal-Mart Stores reported net April sales of \$29.85 billion, an increase of 2.4 percent. Same-store sales were up 5 percent, with same-store sales up 5.9 percent for its U.S. stores. On a constant currency basis (assuming exchange rates remained the same as the prior year), international sales increased 13 percent in April; factoring in a 20 percent impact from currency exchange rates, international sales actually decreased 7 percent. The company expects to report total net sales for the fiscal quarter ended April 30, 2009 of approximately \$93 billion.

RETAILING TRENDS...

- Wallpaper, decorative wall tile and wall paneling are expected to make a comeback. Demand for wall coverings is projected to increase 4.2 percent annually to \$2.4 billion in 2013, according to the Freedonia Group, a Cleveland-based research firm. This increase shows a considerable improvement over the past five years, when the new housing construction collapse significantly reduced the demand for wall coverings in new residential markets. The firm continued to report that the demand for wall panels is expected to increase 4 percent per year to \$920 million in 2013, while decorative wall tile could see a 5 percent annual increase to \$920 million. The demand for wallpaper is also expected to increase by 2.7 percent annually to \$40 million. Finished gypsum board demand is projected to rise 4.2 percent annually to \$80 million in 2013.

ECONOMIC NEWS...

- Jobless claims jumped to 637,000 this week, up from 605,000 last week, according to the Labor Department. Although this jump is above the 610,000 that analysts had expected, economists say this increase is not a cause for great

concern. They say that jobless claims should ease after automobile industry layoffs are complete.

- The slow turnaround in the economy may not be enough proof for consumers to change their cautionary spending habits. According to the National Retail Federation (NRF), retail industry sales for April decreased 0.4 percent (seasonally adjusted from March) and dropped 1.7 percent unadjusted over last year. However, the spring weather has affected other retail sectors in April. With many people getting out of their houses and into stores to buy new garden and sporting, sales at building material, garden equipment and supplies dealers increased 0.3 percent seasonally adjusted from March.

HOUSING...

- According to RealtyTrac Inc., the number of U.S. households facing foreclosure jumped 32 percent in April. Nevada, Florida and California showed the highest rates of foreclosures. Furthermore, more than 342,000 households received at least one foreclosure-related notice in April, according to the company.
- More than 20 percent of American homeowners are "underwater," with 21.8 percent owing more on their mortgages than the current value of their homes, according to Zillow.com. Representing more than 20 million homes, these homeowners were put in a negative equity or underwater position, after housing prices dropped more than 14 percent in the year ending March 31.
- More than 55,000 troubled homeowners have received help from President Obama's foreclosure prevention program. Administration officials announced that these homeowners have received loan modification offers thanks to the plan. Officials say that the program will be expanded to assist delinquent borrowers who do not qualify for a modification.

CONSTRUCTION NEWS...

- A recent report on employment in California's populous Orange County finds that the number of people working for building supply retailers in March fell by more than 12 percent to 9,900, the lowest that total has been since June 1999. *The Orange County Register*, quoting statistics from the state's Department of Employment Development, reports that building supply dealers are feeling a downturn that is impacting every industry that has any relationship to building. Construction employment, at 78,100 in March, was 31,400 below its peak in September 2006; real estate and finance employed 202,000, or 59,000 below the peak in September.