



CITY OF PALO ALTO OFFICE OF THE CITY AUDITOR

June 10, 2019

The Honorable City Council
Palo Alto, California

City of Palo Alto Sales Tax Digest Summary Fourth Quarter Sales (October - December 2018)

We received \$9.9 million for fourth quarter sales of 2018 which is \$1.5 million (17.5 percent) more than the same quarter of 2017. The following files are attached for this informational report for which no action is required.

ATTACHMENTS:

- Attachment A: Avenu Sales Tax Digest Summary(PDF)
- Attachment B: Economic Categories and Segments (PDF)
- Attachment C: Avenu Economic News and Trends (PDF)

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City of Palo Alto

Sales Tax Digest Summary

Collections through March 2019

Sales through December 2018 (2018Q4)

California Overview

The percent change in cash receipts from the prior year was 5.3% statewide, 4.9% in Northern California and 4.5% in Southern California. The period's cash receipts include tax from business activity during the period, payments for prior periods and other cash adjustments. When we adjust for non-period related payments, we determine the overall business activity increased for the year ended 4th Quarter 2018 by 3.9% statewide, 3.2% in Southern California and 4.9% in Northern California.

City of Palo Alto

For the year ended 4th Quarter 2018, sales tax cash receipts for the City increased by 17.5% from the prior year. On a quarterly basis, sales tax revenues increased by 11.6% from 4th Quarter 2017 to 4th Quarter 2018. The period's cash receipts include tax from business activity during the period, payments for prior periods and other cash adjustments.

Excluding state and county pools and adjusting for anomalies (payments for prior periods) and late payments, local sales tax increased by 12.0% for the year ended 4th Quarter 2018 from the prior year. On a quarterly basis, sales tax activity increased by 7.9% in 4th Quarter 2018 compared to 4th Quarter 2017.

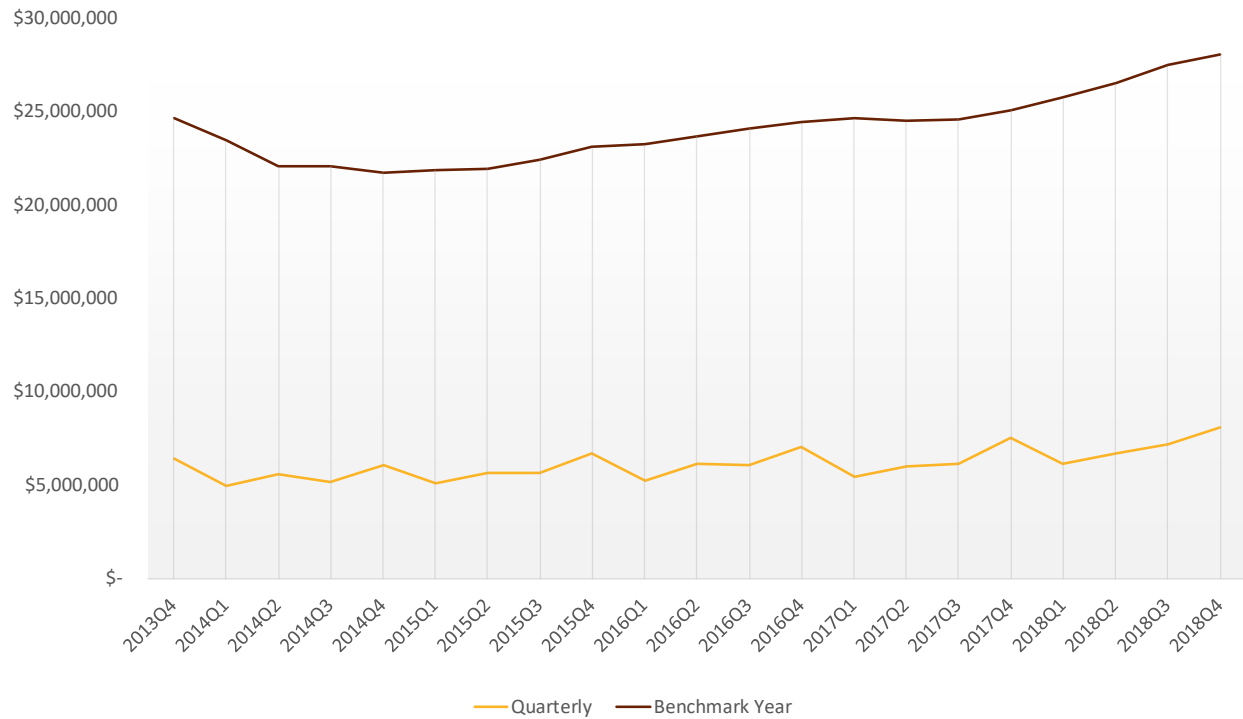
Regional Overview

This seven-region comparison includes estimated payments and excludes net pools and adjustments.

CITY OF PALO ALTO
BENCHMARK YEAR 2018Q4 COMPARED TO BENCHMARK YEAR 2017Q4

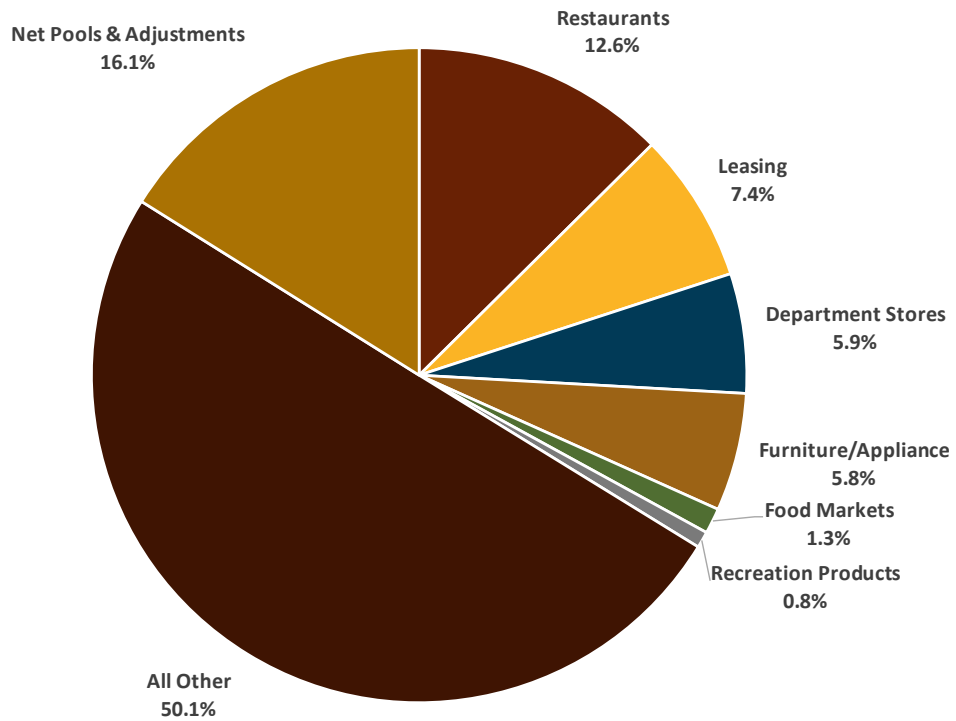
ECONOMIC CATEGORY ANALYSIS FOR YEAR ENDED 4th Quarter 2018									
% of Total / % Change	City of Palo Alto	California Statewide	S.F. Bay Area	Sacramento Valley	Central Valley	South Coast	Inland Empire	North Coast	Central Coast
General Retail	29.2 / 0.2	28.0 / 1.9	25.7 / 1.5	27.8 / 5.1	30.4 / 3.8	28.9 / 1.7	27.7 / 4.4	27.8 / -15.9	29.2 / 6.5
Food Products	16.9 / 1.1	20.6 / 2.4	21.5 / 1.8	17.0 / 3.9	16.0 / 2.1	22.3 / 2.6	17.0 / 5.0	21.8 / -33.6	30.6 / 6.5
Construction	1.3 / -33.3	9.9 / 10.4	9.9 / 11.3	12.0 / 11.9	11.6 / 12.8	8.8 / 8.4	11.3 / 12.8	13.9 / -16.1	8.5 / 39.1
Business to Business	26.4 / 23.0	16.2 / 3.1	19.2 / 3.4	13.8 / 0.9	15.5 / 8.5	15.4 / 3.3	15.5 / 1.2	7.8 / -41.3	8.6 / 6.1
Misc/Other	26.1 / 30.8	25.3 / 5.4	23.7 / 12.0	29.4 / 3.3	26.4 / 3.6	24.5 / 4.5	28.5 / 3.9	28.6 / -37.2	23.2 / 5.7
Total	100.0 / 12.0	100.0 / 3.9	100.0 / 5.2	100.0 / 4.5	100.0 / 5.1	100.0 / 3.4	100.0 / 4.7	100.0 / -29.3	100.0 / 8.4
ECONOMIC SEGMENT ANALYSIS FOR YEAR ENDED 4th Quarter 2018									
	City of Palo Alto	California Statewide	S.F. Bay Area	Sacramento Valley	Central Valley	South Coast	Inland Empire	North Coast	Central Coast
Largest Segment	***	Restaurants	Restaurants	Auto Sales - New	Department Stores	Restaurants	Restaurants	Restaurants	Restaurants
% of Total / % Change	20.2 / 44.4	14.8 / 2.0	15.5 / 2.3	11.9 / -0.7	12.2 / 1.9	16.6 / 2.1	11.3 / 3.3	12.1 / -31.7	21.9 / 5.9
2nd Largest Segment	Restaurants	Auto Sales - New	Auto Sales - New	Department Stores	Restaurants	Auto Sales - New	Auto Sales - New	Service Stations	Auto Sales - New
% of Total / % Change	15.0 / 2.0	11.0 / 3.7	12.0 / 13.6	11.5 / 13.8	10.5 / 2.4	10.7 / 2.5	10.1 / -1.5	11.9 / -29.5	11.1 / 2.9
3rd Largest Segment	Office Equipment	Department Stores	Miscellaneous Retail	Restaurants	Auto Sales - New	Miscellaneous Retail	Department Stores	Department Stores	Miscellaneous Retail
% of Total / % Change	10.9 / 63.3	8.8 / 1.9	7.8 / 3.1	11.3 / 2.0	10.2 / -1.8	8.7 / 1.3	9.8 / 2.8	11.9 / 21.1	9.8 / 4.7
*** Not specified to maintain confidentiality of tax information									

Gross Historical Sales Tax Performance by Benchmark Year and Quarter (Before Adjustments)



Net Cash Receipts for Benchmark Year 4th Quarter 2018: \$33,448,981

*Benchmark year (BMY) is the sum of the current and 3 previous quarters (2018Q4 BMY is sum of 2018 Q4, Q3, Q2, Q1)

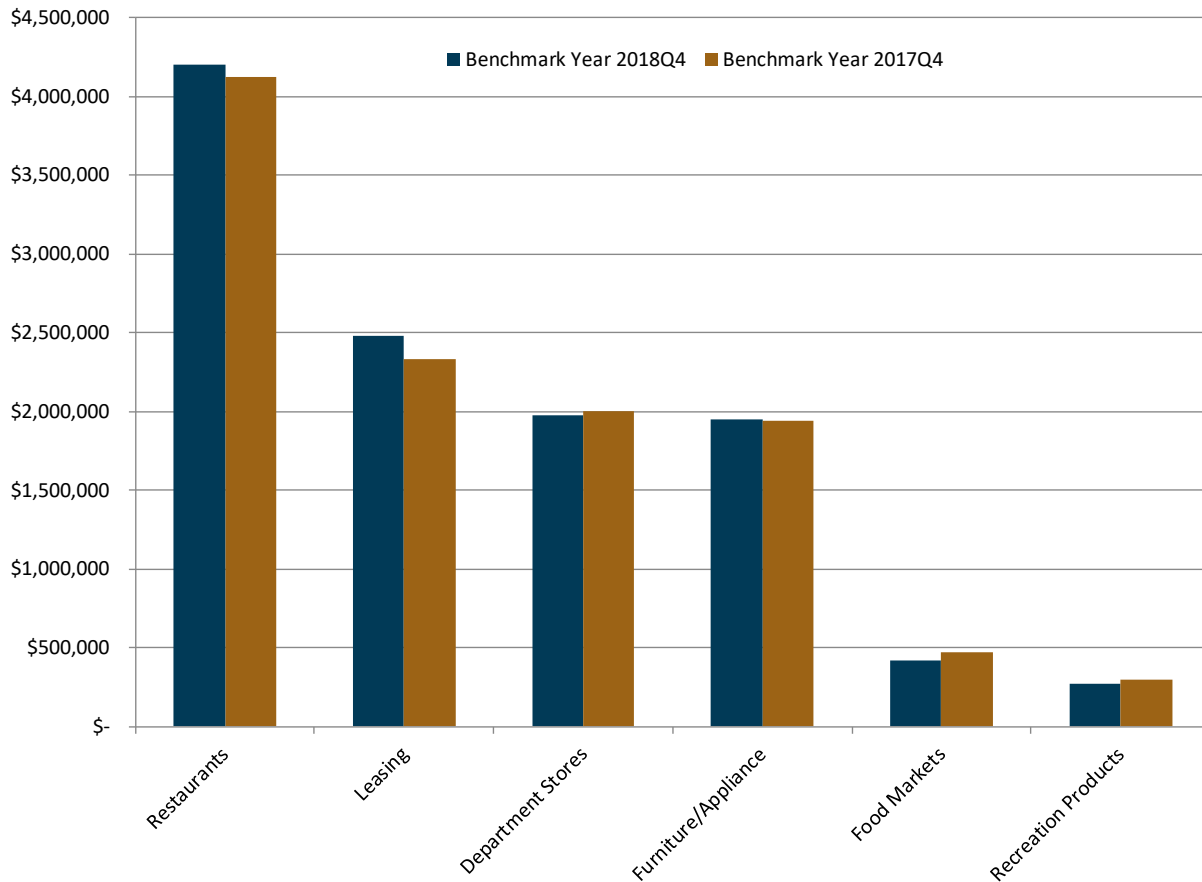


TOP 25 SALES/USE TAX CONTRIBUTORS

The following list identifies Palo Alto’s Top 25 Sales/Use Tax contributors. The list is in alphabetical order and represents the year ended 4th Quarter 2018. The Top 25 Sales/Use Tax contributors generate 54.2% of Palo Alto’s total sales and use tax revenue.

Anderson Honda	Integrated Archive Systems	Stanford Outpatient Clinic Pharmacy
Apple Stores	Luciele Salter Packard’s Children’s Hospital	Tesla
Audi Palo Alto	Macy’s Department Store	Tesla Lease Trust
Bloomingdale’s	Magnussen’s Toyota Of Palo Alto	Urban Outfitters
Bon Appetit Management Co.	Neiman Marcus Department Store	Usb Leasing
Fry’s Electronics	Nest Labs	Valero Service Stations
Hewlett Packard Enterprise Company	Nordstrom Department Store	Varian Medical Systems
Houzz Shop	Shell Service Stations	Volvo Cars Palo Alto
Hp Enterprise Services		

Sales Tax from Largest Non-Confidential Economic Segments



Historical Analysis by Calendar Quarter

Economic Category	%	2018Q4	2018Q3	2018Q2	2018Q1	2017Q4	2017Q3	2017Q2	2017Q1	2016Q4	2016Q3	2016Q2
General Retail	24.5%	2,428,644	1,937,139	1,965,691	1,851,152	2,635,136	1,860,347	1,952,490	1,684,023	2,784,731	1,983,231	2,141,794
Misc/Other	25.9%	2,567,368	2,195,807	1,629,266	1,516,808	1,881,732	1,602,213	1,301,138	1,392,756	1,621,044	1,727,134	1,617,307
Food Products	12.2%	1,213,676	1,187,765	1,237,941	1,183,895	1,206,578	1,184,645	1,189,257	1,192,662	1,235,801	1,213,382	1,194,369
Business To Business	18.9%	1,877,247	2,260,007	1,789,526	1,639,073	1,569,619	1,448,336	1,284,056	1,240,962	1,004,883	1,027,730	1,140,526
Net Pools & Adjustments	18.4%	1,820,850	2,139,510	1,191,568	-183,952	1,136,075	1,374,372	1,210,511	1,631,125	1,351,709	831,377	1,313,745
Total	100.0%	9,907,785	9,720,228	7,813,992	6,006,976	8,429,140	7,469,913	6,937,452	7,141,528	7,998,168	6,782,854	7,407,741

Economic Segments	%	2018Q4	2018Q3	2018Q2	2018Q1	2017Q4	2017Q3	2017Q2	2017Q1	2016Q4	2016Q3	2016Q2
Miscellaneous/Other	49.3%	4,881,849	4,854,095	3,747,045	3,373,907	3,791,527	3,233,434	2,986,873	2,910,133	2,939,228	3,027,081	2,973,047
Restaurants	10.8%	1,066,578	1,060,546	1,124,991	1,045,496	1,054,073	1,049,565	1,058,606	1,043,747	1,071,053	1,068,101	1,068,502
Miscellaneous Retail	4.1%	405,979	361,406	439,601	412,952	701,369	419,279	452,135	435,757	1,002,389	581,831	681,345
Department Stores	6.1%	599,795	475,142	495,267	471,419	642,666	458,066	510,561	392,565	641,541	491,433	546,629
Apparel Stores	6.0%	596,192	448,510	451,110	390,780	585,892	440,005	449,402	372,033	553,250	398,170	444,383
Service Stations	1.8%	173,916	148,751	154,446	163,072	148,906	147,499	159,371	119,552	130,396	138,155	144,735
Food Markets	1.1%	110,015	98,072	97,870	117,783	128,671	117,256	112,566	131,676	145,179	126,755	109,108
Business Services	1.8%	175,994	43,961	57,433	155,193	157,861	173,439	75,722	43,548	102,095	47,066	65,510
Recreation Products	0.8%	76,617	90,235	54,661	60,326	82,100	56,998	76,514	61,392	61,328	72,885	60,737
Net Pools & Adjustments	18.4%	1,820,850	2,139,510	1,191,568	-183,952	1,136,075	1,374,372	1,055,702	1,631,125	1,351,709	831,377	1,313,745
Total	100.0%	9,907,785	9,720,228	7,813,992	6,006,976	8,429,140	7,469,913	6,937,452	7,141,528	7,998,168	6,782,854	7,407,741

*Net Pools & Adjustments reconcile economic performance to periods' net cash receipts. The historical amounts by calendar quarter: (1) include any prior period adjustments and payments in the appropriate category/segment and (2) exclude businesses no longer active in the current period.

Quarterly Analysis by Economic Category, Total and Segments: Change from 2017Q4 to 2018Q4

	General Retail	Food Products	Construction	Business to Business	Misc/Other	2018/4 Total	2017/4 Total	% Chg	Largest Gain	Second Largest Gain	Largest Decline	Second Largest Decline
Campbell	-4.7%	7.4%	0.5%	4.6%	-0.5%	2,563,743	2,531,924	1.3%	Restaurants	Service Stations	Furniture/Appliance	Auto Parts/Repair
Cupertino	-10.4%	-0.3%	-22.0%	-17.7%	-1.6%	7,973,053	9,465,438	-15.8%	Bldg.Matls-Retail	Restaurants	Office Equipment	Bldg.Matls-Whsle
Gilroy	0.2%	0.9%	7.1%	-3.7%	3.2%	4,368,227	4,310,536	1.3%	Department Stores	Auto Sales - New	Apparel Stores	Heavy Industry
Los Altos	-24.2%	1.9%	-18.0%	-13.6%	5.4%	639,728	682,975	-6.3%	Restaurants	Service Stations	Miscellaneous Retail	Office Equipment
Los Gatos	-7.3%	-1.1%	-19.1%	-23.7%	1.1%	1,660,368	1,731,494	-4.1%	Service Stations	Miscellaneous Other	Business Services	Miscellaneous Retail
Milpitas	-2.3%	-4.3%	24.5%	-24.2%	-7.1%	5,719,981	6,178,213	-7.4%	Light Industry	Bldg.Matls-Whsle	Office Equipment	Electronic Equipment
Morgan Hill	2.3%	3.6%	8.2%	203.1%	-1.0%	2,664,455	2,094,814	27.2%	Heavy Industry	Service Stations	Leasing	Auto Parts/Repair
Mountain View	73.8%	8.8%	-13.2%	-10.2%	5.1%	5,723,228	4,609,135	24.2%	Miscellaneous Retail	Restaurants	Business Services	Office Equipment
Palo Alto	-7.5%	-0.8%	-7.3%	11.4%	33.2%	8,086,935	7,498,166	7.9%	Auto Sales - New	Office Equipment	Electronic Equipment	Miscellaneous Retail
San Jose	-0.4%	-3.2%	3.6%	-2.4%	17.4%	42,937,477	41,681,985	3.0%	Auto Sales - New	Office Equipment	Light Industry	Green Energy
Santa Clara	5.7%	-7.1%	-3.8%	-3.7%	-8.8%	11,823,664	12,315,342	-4.0%	Business Services	Department Stores	Light Industry	Auto Sales - New
County of Santa Clara	32.2%	2.5%	230.8%	-2.1%	-25.2%	1,203,105	1,059,670	13.5%	Miscellaneous Retail	Bldg.Matls-Whsle	Health & Government	Restaurants
Saratoga	-17.6%	-10.6%	24.7%	37.7%	-10.1%	237,058	259,783	-8.7%	Office Equipment	Service Stations	Restaurants	Miscellaneous Retail
Sunnyvale	-12.3%	-2.8%	-14.4%	-23.9%	27.1%	6,917,934	7,430,764	-6.9%	Auto Sales - New	Light Industry	I.T. Infrastructure	Miscellaneous Retail

Economic Categories and Segments		
Economic Category	Economic Segment	Description
Business to Business - sales of tangible personal property from one business to another business and the buyer is the end user. Also includes use tax on certain purchases and consumables.	Business Services	Advertising, banking services, copying, printing and mailing services
	Chemical Products	Manufacturers and wholesalers of drugs, chemicals, etc.
	Electronic Equipment	Manufacturers of televisions, sound systems, sophisticated electronics, etc.
	Energy Sales	Bulk fuel sales and fuel distributors and refiners
	Heavy Industry	Heavy machinery and equipment, including heavy vehicles, and manufacturers and wholesalers of textiles and furniture and furnishings
	Leasing	Equipment leasing
	Light Industry	Includes, but is not limited to, light machinery and automobile, truck, and trailer rentals
	Office Equipment	Businesses that sell computers, and office equipment and furniture, and businesses that process motion pictures and film development
Construction	Building Materials – Retail	Building materials, hardware, and paint and wallpaper stores
	Building Materials - Wholesale	Includes, but is not limited to, sheet metal, iron works, sand and gravel, farm equipment, plumbing materials, and electrical wiring
Food Products	Food Markets	Supermarkets, grocery stores, convenience stores, bakeries, delicatessens, health food stores
	Food Processing Equipment	Processing and equipment used in mass food production and packaging
	Liquor stores	Stores that sell alcoholic beverages
	Restaurants	Restaurants, including fast food and those in hotels, and night clubs

Economic Categories and Segments		
Economic Category	Economic Segment	Description
General Retail – all consumer focused sales, typically brick and mortar stores	Apparel Stores	Men's, women's, and family clothing and shoe stores
	Department Stores	Department, general, and variety stores
	Drug Stores	Stores where medicines and miscellaneous articles are sold
	Florist/Nursery	Stores where flowers and plants are sold
	Furniture/Appliance	Stores where new and used furniture, appliances, and electronic equipment are sold
	Miscellaneous Retail	Includes, but is not limited to, stores that sell cigars, jewelry, beauty supplies, cell phones, and books; newsstands, photography studios; personal service businesses such as salons and cleaners; and vending machines
	Recreation Products	Camera, music, and sporting goods stores
Miscellaneous/Other	Miscellaneous/Other	Includes but not limited to health services, government, nonprofit organizations, non-store retailers, businesses with less than \$20,000 in annual gross sales, auctioneer sales, and mortuary services and sales
Transportation	Auto Parts/Repair	Auto parts stores, vehicle and parts manufacturing facilities, and vehicle repair shops
	Auto Sales - New	New car dealerships
	Auto Sales - Used	Used car dealerships
	Miscellaneous Vehicle Sales	Sale and manufacture of airplanes and supplies, boats, motorcycles, all-terrain vehicles, trailers and supplies
	Service stations	Gas stations, not including airport jet fuel

ECONOMIC NEWS & TRENDS



ECONOMIC NEWS & TRENDS

PART 1: NATIONAL ECONOMIC INDICATORS / INFLUENCES

Indicators and Influences

GDP: Grew 3.2% in 1Q2019 and was the best start to a year since 2015. Was 2.2% in 4Q2018; 3.4% in 3Q2018; and 4.2% in 2Q2018. The acceleration in growth reflected an upturn in state and local government spending, accelerations in private inventory investment and in exports, and a smaller decrease in residential investment. (<https://www.bea.gov/news/2019/gross-domestic-product-1st-quarter-2019-advance-estimate>, April 26, 2019)

Retail Sales for March 2019: Best Retail Sales Since 2017: The value of overall sales in March rose 1.6%, boosted by gains in motor vehicles and gasoline stations. Retail sales in the U.S. jumped by the most since September 2017 and first-time filings for unemployment benefits dropped to a 49-year low, as a strong labor market gives American consumers the wherewithal to keep the economy chugging along.

The CPI measures the change in prices paid by consumers for goods and services. It is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. Indexes are available for the U.S. and various geographic areas. **CPI for All Urban Consumers:** Increased 0.4% in March 2019 after rising 0.2% in February. **Energy:** Increased 3.5% in March. **Gasoline and Electricity:** Increased sharply, and the electricity index also rose, although the natural gas index declined. **Food Including Food at Home and Away:** Increased in March.

Other Increases in March: Shelter, medical care, new vehicles, recreation, education, and tobacco were among those that increased in March. **Declines for March:** Apparel, used cars and trucks, and airline fares. **March 2018 Over March 2019:** Over the last 12 months, the all items index increased 1.9% before seasonal adjustment.

Conference Board Consumer Confidence Index for March 2019: Declined in March, after increasing in February. The Index now stands at 124.1 (1985=100), down from 131.4 in February. Present Situation Index – consumers' assessment of current business and labor market

conditions – declined, from 172.8 to 160.6. Expectations Index – consumers' short-term outlook for income, business and labor market conditions – decreased from 103.8 in Feb to 99.8 in Mar. (<https://www.conference-board.org/data/ConsumerConfidence.cfm>)

U.S. Tax Revenue Projection Between October 1, 2019 and September 30, 2020: The U.S. government's total revenue is estimated to be \$3.643 trillion for Fiscal Year 2020. Income taxes contribute \$1.822 trillion, over half of the total. Another third, \$1.295 trillion, comes from payroll taxes. Corporate taxes add \$256 billion, only 7%. The Tax Cut and Jobs Act cut taxes for corporations much more than it did for individuals. The Federal Reserve contributes \$49 billion. Its revenue comes from a variety of activities. Excise taxes and tariffs on imports contribute \$157 billion. The remaining \$64 billion comes from estate taxes and miscellaneous receipts. (<https://www.whitehouse.gov/wp-content/uploads/2019/03/budget-fy2020.pdf>)

Global Economy

World Economic Outlook: After strong growth in 2017 and early 2018, global economic activity slowed notably in the second half of last year, reflecting a confluence of factors affecting major economies. China's growth declined following a combination of needed regulatory tightening to rein in shadow banking and an increase in trade tensions with the United States. The euro area economy lost more momentum than expected as consumer and business confidence weakened and car production in Germany was disrupted by the introduction of new emission standards; investment dropped in Italy as sovereign spreads widened; and external demand, especially from emerging Asia, softened. Elsewhere, natural disasters hurt activity in Japan. Trade tensions increasingly took a toll on business confidence and, so, financial market sentiment worsened, with financial conditions tightening for vulnerable emerging markets in the spring of 2018 and then in advanced economies later in the year, weighing on global demand. (*International Monetary Fund*, <https://www.imf.org/en/Publications/WEO/Issues/2019/03/28/world-economic-outlook-april-2019>, April 2019)

Trade Deficit: A narrower U.S. trade deficit in February and stronger-than-expected economic growth in China suggested the global economy's outlook may be brightening headed into the spring. The U.S. deficit on trade in goods and services narrowed 3.4% in February from the prior month, in part to a pickup in exports. (U.S. Commerce)

US and China Trade Deficit and Tariff: The U.S. and China are planning two rounds of face-to-face meetings as they seek to wrap up a trade deal, with negotiators aiming for a signing ceremony in late May or early June. Issues remain unresolved, especially the question of which tariffs will be removed on either side. Removing tariffs on \$200 billion in imports from China would still leave tariffs on \$50 billion in Chinese products. Those levies led to retaliation against U.S. farm products last year. (April 17, 2019, WSJ)

US Trade Gap: Falls 15% in January as Americans buy less from China: The monthly U.S. trade deficit fell by nearly 15% in January, largely due to a shift with China as the two countries continue to negotiate a new trade agreement. (https://www.census.gov/foreign-trade/Press-Release/current_press_release/ft900.pdf and <https://www.bea.gov/news/blog/2019-04-17/february-2019-trade-gap-494-billion>, April 17, 2019)

U.S. Import and Export Price Index for March 2019: Increased 0.6% following a 1.0% rise in February. Both the March and February advances were driven by higher fuel prices. **U.S. exports:** Rose 0.7% for the second consecutive month in March. Both agricultural and nonagricultural prices contributed to the increase. (<https://www.bls.gov/news.release/ximpim.nr0.htm>, April 12, 2019)

North American Free Trade Agreement: The Trump administration's deal to replace NAFTA will boost the U.S. economy by 0.35% and lead to 176,000 new jobs in the sixth year after implementation. A report by the International Trade Commission (ITC) will be used by law makers as they consider whether to support the U.S.-Mexico-Canada Agreement, which the three countries signed last year and still needs congressional approval. The ITC estimated that USMCA would increase U.S.

exports to Canada by \$19.1 billion and boost shipments to Mexico by \$14.2 billion. American imports would increase by \$19.1 billion from Canada and \$12.4 billion from Mexico. American auto parts manufacturers and dairy farmers stand to benefit, as do service industries that would find it easier to do cross-border business. (<https://www.bloomberg.com/news/articles/2019-04-18/usmca-to-boost-u-s-economy-0-35-as-itc-report-adds-to-debate?srnd=economics-vp> and <https://www.usitc.gov/publications/332/pub4889.pdf>, April 18, 2019)

Year in Review (2018) CPI Indexes

All Items for 2018: Rose 1.9% in 2018, a smaller increase than the 2.1% increase in 2016 and 2017, but larger than the increases in any of the years from 2012 to 2015.

Food: Increased 1.6% in 2018, the same increase as in 2017. **Food at Home:** Increased 0.6% in 2018.

Nonalcoholic Beverages: Increased 1.4% in 2018 after being unchanged in 2017. **Energy:** Fell slightly in 2018, declining 0.3% after rising 6.9% in 2017. **Gasoline:** Fell 2.1% in 2018 after rising in 2016 and 2017. The decline in the gasoline index more than offset increases in other energy component indexes. **Electricity:** Increased 1.1% in 2018 after rising 2.6% the prior year. **Medical Care:** Rose 2.0% in 2018, a slightly larger increase than its 1.8% increase the year prior. **Hospital Services:** Rose 3.7%, while the physicians' services index increased 0.6%.

Motor Vehicle Insurance: Rose 4.6% in 2018 following larger increases in recent years. **New Vehicles:** Fell for the second year in a row, decreasing 0.3% after a -0.5% decline in 2017. **Used Cars and Trucks:** Rose 1.4% in 2018 after decreasing in each of the prior 2 years.

Education Index: Increased 2.6% in 2018. (<https://www.bls.gov/opub/ted/2019/consumer-price-index-2018-in-review.htm>)

ECONOMIC NEWS & TRENDS

Services Revenue

Services Sector Revenue for 4Q2018 Total Revenue: An increase of 1.3% from 3Q2018 and up 6.3% from 4Q2017.

Information Sector: An increase of 1.2% from 3Q2018 and up 7.9% from 4Q2017. **Transportation/**

Warehousing: An increase of 2.4% from 3Q2018 and up 8.3% from 4Q2017. **Utilities:** An increase of 1.1% from 3Q2018 and up 3.9% from 4Q2017. **Real Estate, Rental,**

and Leasing: An increase of 1.1% from 3Q2018 and up 7.3% from 4Q2017. **Professional, Scientific, and**

Technical Services: An increase of 0.8% from 3Q2018 and up 5.6% from 4Q2017. **Accommodations:** A

decrease of 7.0% from 3Q2018 and up 2.5% from 4Q2017. **Arts and Entertainment:** A decrease of 3.8%

from 3Q2018 and up 6.2% from 4Q2017. **Other Services:** An increase of 5.8% from 3Q2018 and a decrease of 3.1%

from 4Q2017.

(<https://www.census.gov/services/qss/qss-current.pdf>, March 21, 2019)

E-Commerce and Retail Sales

Retail Sales for March 2019: An increase of 1.6% from the previous month, and 3.6% above March 2018. Total sales for the January 2019 through March 2019 period were up 2.9% from the same period a year ago. The January 2019 to February 2019% change was unrevised from down 0.2%. Retail trade sales were up 1.7% from February 2019, and 3.5% above last year. Non-store retailers were up 11.6% from March 2018, while sporting goods, hobby, musical instrument, and book stores were down 9.7% from last year.

(https://www.census.gov/retail/marts/www/marts_current.pdf, April 18, 2019)

As a Percent of Total U.S. Sales in 4Q2018: Retail E-Commerce increased 2% from 3Q2018. **Total Sales in 4Q2018:** 4Q2018 E-commerce sales in the fourth quarter of 2018 accounted for 9.9% of total sales. **Total Sales in 2018:** Increased 4.8% from 2017. E-commerce sales in 2018 accounted for 9.7% of total sales. E-commerce sales in 2017 accounted for 8.9% of total sales.

(https://www.census.gov/retail/mrts/www/data/pdf/ec_current.pdf, March 13, 2019)

Consumer Spending, Debt, and Borrowing

Consumer Finances / Federal Reserve Survey:

The Federal Reserve Board in March began its Survey of Consumer Finances, a statistical study of household finances that provides policymakers with important insight into the economic condition of a broad cross section of American families. The data will provide a picture of what Americans own (from houses and cars to stocks and bonds), how and how much they borrow, and how they bank. Past study results have contributed to policy discussions about the recovery of households from the Great Recession, changes in the use of credit, the use of tax-preferred retirement savings accounts, and a broad range of other issues.

(<https://www.federalreserve.gov/newsevents/pressreleases/files/other20190213a1.pdf>)

Quarterly Report on Household Debt and Credit: Total household debt rose by \$32 billion, or 0.2%, in 4Q2018 to reach \$13.54 trillion. The total is now \$869 billion higher than the previous peak of \$12.68 trillion in 3Q2008, and 21.4% above the post-financial-crisis trough reached in 2Q2013. **Mortgage balances:** Stood at \$9.1 trillion, as shown on consumer credit reports on December 31, essentially unchanged from 3Q2018. **Balances on home equity lines of credit (HELOC):** Continued declining from 2009, with a drop of \$10 billion in 4Q2018, the lowest level seen in 14 years. **Non-housing balances:** Increased by \$58 billion in 4Q2018, with auto loans increasing by \$9 billion, credit card balances going up by \$26 billion, and student loan balances by \$15 billion. Some 4.47% of auto-loan balances were delinquent in 4Q2018. More than 8% of borrowers with credit scores below 620 became delinquent in 4Q2018.

(<https://www.newyorkfed.org/>)

Consumer Debt and Borrowing: Borrowing rises for cars but falls in housing market. Including credit cards, auto and student, and personal loans is expected to top \$4 trillion in 2019. Easing the burden are the growing U.S. economy, wage gains, unemployment near a 50-year low, and relatively low interest rates.

(https://www.treasurydirect.gov/govt/reports/pd/pd_debttothepenny.htm, Federal Reserve, January 8, 2019)

Digital Economy

Digital economy real value added grew at an average annual rate of 9.9% per year from 1997 to 2017, compared to 2.3% growth in the overall economy. The digital economy accounted for 6.9% of current-dollar GDP in 2017, up from 5.9% in 1997.

In March 2018, the Bureau of Economic Analysis (BEA) released, for the first time, preliminary statistics and an accompanying report exploring the size and growth of the digital economy. BEA includes in its definition of the digital economy three major types of goods and services: the digital-enabling infrastructure needed for an interconnected computer network to exist and operate; the e-commerce transactions that take place using that system; and digital media, which is the content that digital economy users create and access. The updated estimates continue to show the digital economy has been a bright spot in the U.S. economy. Digital economy real value added grew at an average annual rate of 9.9% per year from 1997 to 2017, compared to 2.3% growth in the overall economy. When compared with traditional U.S. industries or sectors, the digital economy ranked just below professional, scientific, and technical services, which accounted for 7.4% of current-dollar GDP, and just above wholesale trade, which accounted for 6.0% (\$1,174.1 billion) of current-dollar GDP.

(https://www.bea.gov/system/files/2019-04/digital-economy-report-update-april-2019_0.pdf)

Forecasts

GDP Growth Forecast: 2.5% in 2019. Down from 2.9% in 2018. **Interest Rates:** 10-year T notes ending 2019 at 2.8%, from 2.5% currently. **Inflation:** 2.2% at end of 2019, up from 1.9% at end of 2018. **Unemployment:** Expected to be 3.6% by the end of 2019, from 3.8% currently. **Crude Oil:** Trading at \$55 to \$60 per barrel in June. **Trade Deficit:** Up 7%-8% to \$665 billion this year. (Kiplinger, April 12, 2019)

Consumer Spending Forecast: Americans' purchases make up nearly 70% of economic activity and is expected to continue to underpin growth in 2019. The average household should save \$224 to \$480 on gas in 2019. Spending should grow 2.7% in 2019. (Wolters Kluwer / Moody's)

2019 / 2020 Forecast / Economy will Downshift: The economy is in the process of downshifting from the 3% growth in real GDP this year to 2% in 2019 and 1% in 2020. (UCLA, December 2018)

Hotel Industry Forecast: The hotel industry will log the 10th consecutive year of growth in 2019. Supply growth also will slow to 1.9% in 2019 and 2020 respectively, leaving occupancy rates flat in 2019 at 66.2% and then dipping to 66.1% in 2020. (BTN, January 2019)

Lower Tax Refunds – Impact on Spending: Lower tax refunds this spring may ding spending on some big-ticket items, such as motor vehicles. Tax reform led to lower rates and lower withholding in 2018, and fewer people will itemize deductions. The end result: Smaller average refunds. Refunds are used down payments on all sorts of major purchases. The average tax refund for 2017 was close to \$3,000. It will be less for many this year. Areas in the Northeast and on the Pacific coast will see the biggest impact from the cap on the deduction for state and local property, income, and sales taxes.

Employment and Job Market

Employment Characteristics of Families in 2018: 5.2% of families included an unemployed person, down from 5.8% in 2017. Of the nation's 82.5 million families, 80.8% had at least one employed member in 2018. (<https://www.bls.gov/news.release/famee.nr0.htm>, April 18, 2019)

Unemployment: Remained at 3.8% in March, and the number of unemployed persons was essentially unchanged at 6.2 million.

ECONOMIC NEWS & TRENDS

Jobless Claims Lowest Since September 1969: Initial jobless claims fell for the week ending April 13 fell to 192,000, the lowest since September 1969. Economists had projected an increase.

(<https://www.bls.gov/news.release/empsit.nr0.htm>, Labor Department, April 5, 2019)

Manufacturing

Manufacturing output was flat in March after falling in the first two months of 2019. For the first quarter as a whole, manufacturing output declined at an annual rate of 1.1%, the first drop since output fell 1.6% in the third quarter of 2017. More broadly, industrial production, a measure of output at factories, mines and utilities, fell 0.1% in March. Declines among wood products as well as motor vehicles and parts, both of which fell by more than 2% on the month, dragged down manufacturing output. Production of textiles, coal products and chemicals all rose, helping offset losses in other categories.

(https://www.federalreserve.gov/releases/g17/current/g17.pdf?mod=article_inline and WSJ April 16, 2019)

Manufactured Goods Data: New orders in February decreased by 1.6%. This follows three consecutive months of increase. **February Shipments:** Up three of the last four months, increasing 0.5%. This followed a 0.4% January decrease. (*Census, April 2, 2019*)

U.S. Residential Sales and Housing

National New Home Sales: Sales of previously owned homes fell in March from February by 4.9%. Sales as a whole are down 5.4% from a year ago (5.51 million in March 2018). Existing-home sales in the West fell 6.0% to an annual rate of 1.09 million in March, 10.7% below a year ago. The median price in the West was \$389,300, up 3.1% from March 2018. Realtor.com®'s Market Hotness Index, measuring time-on-the-market data and listing views per property, revealed that the hottest metro areas in March were Columbus, Ohio; Boston-Cambridge-Newton, MA.; Midland, Texas; Sacramento--Roseville--Arden-Arcade, CA; and Stockton-Lodi, CA. (*NAR, April 22, 2019*)

Mortgages and Rates: Many first-time home buyers will have a tougher time getting a mortgage. The Federal Housing Administration is tightening its underwriting requirements for FHA-insured loans because the agency is worried that too many risky mortgages are being made. The move reverses a 2016 decision to loosen underwriting standards. Now, lenders will have to do more time-consuming manual underwriting for the riskiest borrowers. About 83% of FHA loans go to first-time home buyers. Lenders say they will see a reduction in their FHA business of up to 15%. Originations will shrink by about 5% to 15%. The impact will be felt in a few months. (*Kiplinger April 12, 2019*)

House Flipping Surges: Back to the same level it was around the 2006 housing boom when it became a symbol of the rampant speculation before the bubble burst. Some of the 10.6% homes sold in the U.S. in 4Q2018 were flips, defined as having been owned for less than two years. (*CoreLogic*)

U.S. and China Tariff

Examining Effects of the Tariffs on the California Economy: By a significant margin, California ranks as the nation's number one importer of Chinese goods and services. According to the U.S. Census Bureau, 2017 Chinese imports to California totaled more than \$159 billion, accounting for 36% of the state's imports. In comparison, Texas, China's second-largest U.S. import partner, had a Chinese import total of \$43 billion. China also represents a significant export destination for California products, ranking as the state's third largest export destination behind Mexico and Canada. In 2017, California exports to China totaled \$16 billion. Exports to China from California consist largely of computers and electronics, transportation equipment, agricultural products (especially fruits and nuts), software, and machinery. (https://sco.ca.gov/Files-EO/2019_01summary.pdf; <https://www.bls.gov/news.release/ximpim.nr0.htm>; <https://www.bea.gov/news/2019/us-international-trade-goods-and-services-february-2019>)

Durable Goods: Inventories of long-lasting durable goods are piling up in warehouses. Partly as a result of lower sales, inventories of goods such as machinery and computers climbed by 0.3% in Feb., after a 0.5% increase in Jan. The growing stockpiles should buoy first-quarter GDP by up to 0.6 points. Some buildup is the unintended effect of weak shipment growth. Another factor: Boeing's recent troubles have led to some canceled orders of its 737 Max aircraft. Expect overstuffed inventories to be drawn down by the second quarter. *(Kiplinger, April 12, 2019)*

PART 2: CALIFORNIA ECONOMIC INDICATORS / INFLUENCES

California Revenues for February 2019: Total: \$5.51 billion in February or lower than forecasted in the governor's proposed 2019-20 fiscal year budget by 19.5%, and in the FY 2018-19 Budget Act by 26.7%. Two-thirds of the way through FY 2018-19, total revenues of \$79.93 billion were lower than expected in the proposed and enacted budgets by \$4.20 billion and \$3.33 billion, respectively. **Sales and Corporation Taxes:** Sales tax receipts of \$3.76 billion for February were \$407.7 million higher than anticipated in the proposed FY 2019-20 budget but \$58.3 million less than expected in the FY 2018-19 Budget Act. Corporation taxes of \$258.4 million in February were 59.8% higher than estimates in the FY 2019-20 proposed budget and 78.5% higher than in the enacted FY 2018-19 budget. **Personal Income Tax (PIT):** 56.6%, less than the Department of Finance forecasted in January; and 59.5%, lower than assumed in the budget enacted last June. In the current fiscal year, PIT is 6.0% below the FY 2018-19 budget forecast. *(State Controller, March 2019)*

California CPI: San Francisco, Oakland, and Hayward

Area: Up .5% in March influenced by higher prices for shelter and gasoline. **West Region:** Up 0.4% in March, influenced by higher prices for shelter and gasoline.

Los Angeles Area: Up by 0.6% in March, influenced by higher prices for shelter and gasoline. **Riverside:** Up 0.7% in March influenced by higher prices for shelter and gasoline. **San Diego Area:** Up 0.5% in March influenced by higher prices for shelter, electricity, and gasoline. *(BLS, March 2019)*

Personal Income: California personal income increased 4.7% in 2018 following an increase of 4.6% in 2017 while U.S. personal income grew 4.5% in 2018 following growth of 4.4% in 2017. California has outpaced the U.S. in annual personal income growth for a ninth consecutive year. U.S. real GDP rose 2.9% in 2018 after rising 2.2% in 2017. *(BEA, March 29, 2019; DOF, April 2019)*

California's Labor Market: Unemployment remained at 4.2% in February. The U.S. unemployment rate dropped by 0.2% to 3.8% in February and remained at that level in March. California's labor force participation rate rose by 0.1% to 62.8% in February, the state's highest rate since August 2013, while the nation's was unchanged at 63.2% in February before falling to 63.0% in March. *(DOF, April 2019)*

Tax Windfall for California: California is expecting a windfall from a slate of initial public offerings including Lyft. Nearly 10% of the tax revenue in the next fiscal year was already expected to come from capital gains. Governor Newsom's January proposed budget anticipates a \$21.5 billion surplus.

California Housing and Interest Rate Forecast: The California Association of Realtors forecast a modest decline in existing single-family home sales of 3.3% in 2019 to reach 396,800 units, down from the projected 2018 sales figure of 410,460. The average for 30-year, fixed mortgage interest rates will rise to 5.2% in 2019, up from 4.7% in 2018 and 4.0% in 2017, but will remain low by historical standards. The California median home price is forecast to increase 3.1% to \$593,450 in 2019, following a projected 7.0% increase in 2018 to \$575,800. *(CAR)*

California Residential Sales, 4th Quarter 2018: 28% of California households could afford to purchase the \$564,270 median-priced home in the 4Q2018, up from 27% in 3Q2018 and down from 29% a year ago. A minimum annual income of \$122,340 was necessary to make monthly payments of \$3,060, including principal, interest, and taxes on a 30-year fixed-rate mortgage at a 4.95% interest rate. 37% of home buyers were able to purchase the \$460,000 median-priced condo or townhome. An annual income of \$99,730 was required to make a monthly payment of \$2,490. *(CAR)*

Real Estate Sales in California: Increased 11.3% in February after falling 3.7% in January. The statewide median home price was \$534,140 in February, down 0.6% from January but up 2.2% from February 2018. The 30-year fixed-mortgage rate averaged 4.37% in February, its lowest point in a year. Existing, single-family home sales totaled 397,210 in March on a seasonally adjusted annualized rate, down 0.2% from February and down 6.3% from March 2018. (*DOF, April 2019; CAR, March 2019*)

California Building Permits: Residential building permits issued for the first two months of 2019 averaged 127,000 units on a seasonally adjusted annualized basis, up 2.4% from the same period in 2018. Single-family permits were down 10% to 54,000 units, while multifamily permits were up 14% to 73,000 units. Nonresidential building posted an annualized valuation of \$30 billion for the first two months of this year, which is down 11% from the same period last year. (*DOF, April 2019*)

CDTFA Cannabis Revenues for 4Q2018: Tax revenue reported by the cannabis industry totaled \$103.3 million for Q4 returns due by January 31, 2019, which includes state cultivation, excise, and sales taxes. It does not include tax revenue collected by each jurisdiction. As of February 14, 2019, the cannabis excise tax generated \$50.8 million in revenue reported on Q4 returns due by January 31, 2019. The cultivation tax generated \$16.4 million and the sales tax generated \$36.1 million in reported revenue. California took in \$345.2 million in tax revenue from legal cannabis during the first year of regulated sales in 2018. The prediction had been \$1 billion in annual revenue. (<https://cannabis.ca.gov/2019/02/19/california-department-of-tax-and-fee-administration-reports-cannabis-tax-revenues-for-fourth-quarter-of-2018/>)

PART 3: RETAIL NEWS / E-COMMERCE

2018 Retail Results

4Q2018 Retail Sales: U.S. retail and food services sales for December 2018 decreased 1.2% from the previous month, but 2.3% above December 2017. Total sales for 2018 was up 5.0% from 2017. Total sales for the 2018 October through December period was up 3.7% from the same period a year ago. Clothing and accessories stores were up 4.7% from December 2017, while food services and drinking places were up 4.0% from last year.

(https://www.census.gov/retail/marts/www/marts_current.pdf)

2018 Holiday Sales

Holiday Spending: Retail sales rose 5.1% between November 1 and December 24 from a year ago. Total sales topped \$850 billion this year. Online sales continued to grow, up more than 19% from a year ago. Online sales made up 13% of total retail sales. Clothing sold well, up nearly 8% from last year, the biggest growth for apparel sales since 2010. Home furniture sales rose 2.3%, while electronics and appliances slipped 0.7%. Shoppers used the websites of department stores, where sales rose 10.2%. (*WSJ, Mastercard, December 26, 2018*)

Amazon Holiday Season: Amazon announced a record-breaking holiday season with more items ordered worldwide than ever before. *Best Seller Trends:* Toys, Electronics, Amazon Brands, Amazon Fashion. *Fast and Free Shipping:* Free two-hour delivery offered through Prime Now. *Amazon Physical Store:* Customers shopped at physical stores, including Amazon Books, Amazon 4-star locations, Amazon Go, and Whole Foods Market.

Walmart Holiday Season: In the U.S., the comparable sales which exclude gas but include e-commerce sales rose 4.2% in the January-ended quarter, one of the biggest quarterly sales increases in a decade. The increase is from grocery sales, online orders, and holiday purchases including toys.

2019 Retail Results

January to March 2019: Retail sales had dropped in February, after a jump in January that hadn't fully offset a sharp decline in December. In March, by contrast, the gauge of spending at restaurants, brick-and-mortar establishments, and online stores increased a seasonally adjusted 1.6% from a month earlier to \$514.1 billion. This was the largest monthly gain since September 2017. Outlays on cars and car parts, along with spending at gas stations, propelled overall spending in March, with auto sales clocking the heftiest month-on-month gain since last fall. Gas prices have risen, which increased the amount consumers spent at gas stations. Outlays at clothing stores grew at the fastest pace in almost a year. Prices for major appliances increased 8.8% during this period.

Retail Data: Advance estimates of U.S. retail and food services sales for March 2019 were an increase of 1.6% from the previous month, and 3.6% above March 2018. Total sales for the January 2019 through March 2019 period were up 2.9% from the same period a year ago. Non-store retailers were up 11.6% from March 2018, while sporting goods, hobby, musical instrument, and book stores were down 9.7% from last year.
https://www.census.gov/retail/marts/www/marts_current.pdf

Consumer Spending: Picking up after winter. Spending, minus gasoline, surged 1.4% in March, bouncing back the most for clothing, cars, furniture and at grocery stores. E-commerce picked up strongly, too. Electronics and sporting goods sales are still significantly below last year's levels. Spending growth will not reach last year's pace, though. Excluding autos and gas, spending will rise 4% this year, down from 4.6% in 2018. In-store sales will rise 2%, after 2018's 3.2%. For e-commerce, expect 11% growth, versus 14% in 2018. The segment will become one-fifth as big as all in-store spending by 2020.
(Kiplinger, April 19, 2019)

Imports Strain Warehouses in California: In January, estimated seaborne imports to the U.S. rose 4.1% year-over-year. Imports surged after U.S. trade officials announced on January 1 a plan in September to raise tariffs on \$200 billion in Chinese imports by 25%. During the last three months of 2018, import volume at the ports of Los Angeles and Long Beach increased 9% over the same period a year earlier. *(WSJ, February 20, 2019)*

Retailer Partner Returns from On-Line Sales: Walgreens Boost Alliance and Nordstrom will let online shoppers at other brands and retailers pick up and return order at some stores, a sign of how retailers are partnering in new ways to draw customers as more shopping shifts online. *(WSJ, April 18, 2019)*

PART 4: AUTO SALES AND GASOLINE

California Auto Sales in 2018: Percent of total statewide sales tax collected in 2018: 13%. **New vehicle sales in 2018:** 2,001,995. **Used retail vehicles sold:** 891,875. **2019 Prediction:** The state's new vehicle market is predicted to decline 2% from 2018 to 2019, which would be the third consecutive annual decline. *(CNCDA, February and March 2019)*

National Auto Sales: 1Q2019: Major auto makers posted declines in U.S. sales for the first quarter, adding pressure on car companies already grappling with weaker conditions in important markets globally. The first-quarter decline with sales down between 2% and 3% makes it likely that full-year U.S. sales will fall below 17 million vehicles for the first time since 2014.

California Electric Vehicle Sales: Increased in 2018, but consumers prefer gas vehicles. In 2018, gas cars made up more than 85% of total new cars sold. 2018's electric vehicle market saw an increase of 2.1% from 2017, primarily attributed to Tesla's Model 3, which made up a majority of electric vehicle sales with more than 51,000 vehicles sold. The Toyota Prius came in second place in the alternative powertrain market, selling just over 19,000 hybrids in 2018. Total hybrid sales actually dropped in 2018, down 0.5% from 2017.

California and National Gas Influences: Price as of April 22, 2019. California's average is 4.031 (the average a year ago was \$3.579). Prices in California are more than a dollar per gallon above the national average. Issues at refineries in California, including the Phillips 66 in Los Angeles County, Valero in Benicia, and Chevron in Richmond, along with planned maintenance at others, have constricted supply in the state, which in turn raised prices. California has strict environmental rules for gas, which makes it difficult to import fuel when its refineries have production glitches. *(American Automobile Association and GasBuddy)*.

PART 5: RESTAURANT AND GROCERY TRENDS

Dining and Food: The CPI measures the change in prices paid by consumers for goods and services. The food index rose 0.3% in March following a 0.4% increase in February. **Food at Home:** Jan 2019 (0.1%); Feb 2019 (0.4%); Mar 2019 (0.4%). **Food Away From Home:** Jan 2019 (0.3%); Feb 2019 (0.4%); Mar 2019 (0.2%). *(<https://www.bls.gov/news.release/cpi.nr0.htm>, April 10, 2019)*

U.S. Grocery Store Openings Increased 30% in 2018: New grocery store openings were up 30% in 2018, with more than 17 million square feet of space added in the United States. More than one-quarter of the new stores were in Florida, California and Texas due to expansion by their respective local market-leading grocers: Publix, Sprouts Farmers Market, Aldi, Kroger and H-E-B. Grocery is one of the strongest retail sectors, with nearly twice as many new stores opening than closing last year. *(JLL's Grocery Tracker 2019 report, March 27, 2019 Supermarket News)*

Online Grocery Upheaval: Online ordering and delivery has been around in the U.S. grocery business for decades, but it hasn't caught on as rapidly as it has in other sectors. Many U.S. shoppers live close to supermarkets and prefer to select food from the aisles. That is changing as more young people form families and older people get more comfortable ordering online. One option proving especially popular is for consumers to order groceries online for pickup in a store's parking lot. Online purchases account for 5% of the roughly \$1 trillion U.S. food and consumer-product market. Yet online sales are growing 40% annually, while in-store sales have been flat for years. *(Nielsen)*

Alcohol Import Tax: In late December, regulations were finalized limiting the ability of U.S. wineries and global companies to reduce import taxes. The federal government's view is that the rules stop wine and spirits companies from double-dipping on tax breaks. The change is expected to yield more than \$600 million for the government over the next decade. *(<https://www.wsj.com/articles/trump-administration-blocks-tax-break-for-alcohol-companies-11545075911>)*

PART 6: SELECTED RETAIL UPDATES

Sources: *The Shelby Report; Plain Vanilla Shell, California Employment Development Department - Period Covered: November 1, 2018 to April 22, 2019. As of April 18, 2019, according to Coresight Research, year-to-date U.S. retailers have announced 4,810 store closures and 2,264 store openings.*

Apple: Apple and Amazon reached an agreement to increase the amount and range of Apple products Amazon sells on its site.

Ace: 4Q2018 revenues up 5.7% from 4Q2017.

Albertsons: Merger with Rite Aid did not happen.

Aldi: 15 new stores in 2019 in So Cal.

Amazon: Grocery grew 45% in 2018.

Amazon Pop Up Stores: To close 87 locations in stores like Kohls and Whole Foods.

Bed Bath & Beyond: To close about 40 stores and open 15 new stores in 2019.

Blue Apron: New partnership with Weight Watchers.

Blue Diamond: Expanding California manufacturing plant to Turlock.

Burger King: Expanded deliveries.

Chicos: To close 250 stores over three years.

Chick-fil-A: On track to become the third-largest chain in the U.S., behind McDonalds and Starbucks.

Chipotle: Opens 2,500 restaurants; digital sales grow 42%.

Curry Up: Acquired Tava Kitchen.

Dollar Tree: Plans to open a total of 550 stores in 2019.

Family Dollar: To close as many as 390 stores.

FarmStead: San Francisco-based online grocer is lowering prices and offering refill and save program.

Foot Locker: Closing 165 stores.

Gap: To close 230 stores over the next two years.

Gelson's: In-store wine bars debut 'robot bartender.'

Godiva: Opening first café in the U.S.

Grocery Outlet: Rides the discount wave; opened 30 stores in 2018 and plans for 40 more in 2019. Partnering with RangeMe, an online platform for sourcing.

Gymboree: Reportedly planning to close all 900 stores.

IHOP: Now American's largest casual dining chain.

JC Penny: Closing 27 stores.

Jet.com: Introduced experiences in New York tailored to the lifestyle of city dwellers who can choose three-hour scheduled same day and next day windows.

Kmart: Closures in Auburn, Stockton, Santa Maria, Burbank, and Apple Valley.

Kohls: Announced 4 non-California closures.

Kroger's: Acquired Home Chef.

Levi Strauss: Expanding with store expansions.

Lifeway Christian: Closing all 170 stores.

Lowes: To close 20 stores.

New Seasons Market: Increase starting pay for staff.

Payless ShoeSource: Closing 2,590 stores.

Pier 1 Imports: To close up to 145 stores.

P.F. Changs: The chain is debt-burdened and in agreement to be sold.

Rebag: To open 30 brick and mortar stores including locations in Los Angeles.

Raley's: Relaunches private label lines with greater transparency.

REI: Reports more sales, income, and members.

Round Table: Rebranding.

Saks Off 5th: To close 20 stores.

Samuel Jewelers: To close all its stores.

Signet Jewelers: Parent of Kay, Zales, and Jared will close another 150 stores.

Sleep Outfitters: Files for bankruptcy.

Starbucks: Scales back plans for upscale shops to revive sales.

Sears: To close 72 stores.

Sprouts: Expanding with 19 new stores.

Tesla: To sell only online. Will begin shutting stores.

Things Remembered: To close 422 stores.

Vera Bradley: To close 50 stores.

Victoria Secret: To close 53 stores.

Vons: Opens replacement store on Catalina Island.

Walmart: Pilot grocery delivery in the U.S. with autonomous cargo vans.

Whole Foods: Amazon will be ending Whole Foods partnership with Instacart. Amazon will offer its own delivery services for Whole Foods.

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