

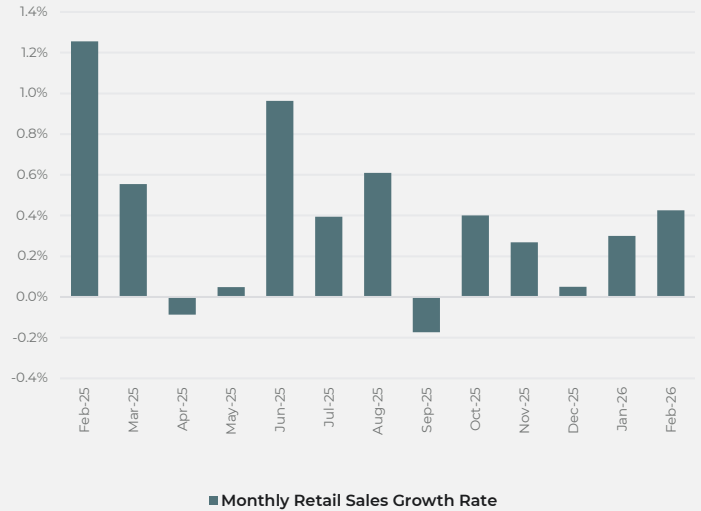
KBC INSIGHTS | RETAIL SALES

Retail Green Shoots

February continued the sales growth rebound from the Holiday Season's slowing growth rate.

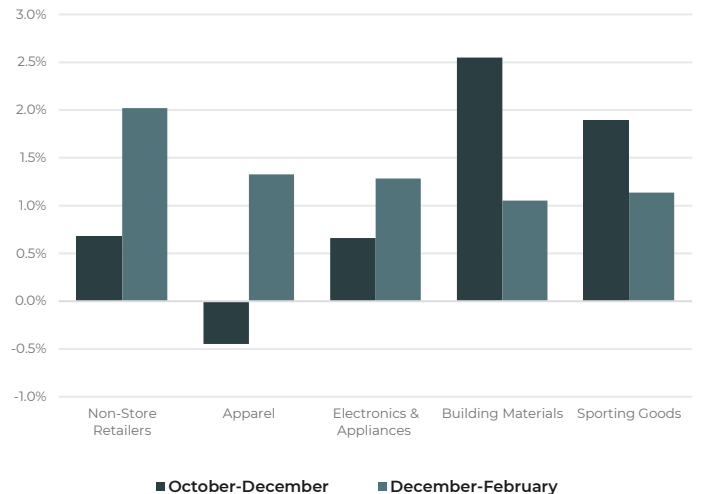
TWO FOR TWO

- » February's monthly retail sales growth rate increased making for two consecutive quarters of accelerating sales growth rates.
- » These green shoots are welcome news after the monthly retail sales growth rate decelerated during the Holiday Season from October to December.
- » Looking forward, this key logistics space demand driver will face a mix of tailwinds and headwinds.
- » OBBBA related larger personal income tax refunds as well as no tax on tips and overtime (up to a cap) will increase consumer spending power.
- » Conversely, higher gas prices, and depending on the duration of the Strait of Hormuz disruption, higher food and other goods prices, will reduce discretionary income.



CATEGORY LEVEL REBOUND DRIVERS

- » During the Holiday Season, December's retail sales were 0.3% higher than October's, while February's retail sales were 0.7% higher than December's, a significant rebound in sales growth.
- » Non-store retailers were the greatest contributor to the rebound, rising from a 0.7% October to December increase to 2.0% sales growth from December to February – a near tripling of the Holiday Season increase.
- » Apparel also saw a significant rebound increasing over its October to December -0.4% decline to a 1.3% increase over December's apparel sales to February's sales.
- » Electronics and appliance retailers' growth also increased from 0.7% Holiday Season growth to a 1.3% December to February increase.
- » Conversely, building materials retailers, while still positive, saw their growth decrease from its robust 2.5% Holiday Season growth to 1.1% from December to February.



*All references to retail sales, unless otherwise noted are nominal retail sales excluding restaurant, auto, and gasoline station sales.