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Black Friday looks better for Las Vegas, not great

By [Buck Wargo](#) ([contact](#)), In Business reporter

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Even retail analysts are wary of being labeled as Scrooge this year.

With the holiday shopping season under way, local analysts and retailers said although sales will remain weak by historic standards in Las Vegas, 2010 will be an improvement over the past two years.

The National Retail Federation projects retail sales across the country will increase 2.3 percent over last year, and local analysts said that's their expectation as well for Southern Nevada. A national report released this week showed October marked the fourth straight increase in retail sales.

"I think it's going to be better than 2009, but is not back to a healthy Christmas season," said John Restrepo, principal at retail consultant Restrepo Consulting Group.

That would be welcome news because taxable sales in November and December 2009 for Clark County were \$4.9 billion, down 9.5 percent from \$5.4 billion in 2008 and down 22.4 percent from an all-time high of \$6.3 billion in the same period in 2007.

Although the recession has officially ended for the rest of the nation, Nevada is still perceived to be in one. For instance, taxable sales in Clark County during the first eight months of 2010 (the only months available so far) fell 1.7 percent compared with the same period in 2009.

Despite that bleak outlook, analysts are pointing to the improvement in July taxable sales, up 5.3 percent from the like month in 2009, and August sales up 3.8 percent from the same month in 2009.

In August alone, clothing sales in Clark County rose 10.2 percent over August 2009, and electronics and appliance stores reported a 13.9 percent increase over the same period.

Apparel and electronics are traditionally some of the most popular holiday gifts, so these categories will likely see momentum through the holiday season, said Alyson Bettelman, a retail analyst with Las Vegas-based Applied Analysis.

"With the local economy not seeing the pace of improvement many other areas of the country are witnessing, it remains to be seen whether these types of gains will be seen locally," Bettelman said.

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Restrepo said indications are retail spending is bouncing back, but it remains restrained. Buyers are purchasing more store-brand names and shopping at value stores rather than paying for big names and more expensive brands.

Shoppers are even laying away more like they did in the 1960s and 1970s before many had credit cards, Restrepo said. Now people are paying down debt and don't have the resources they had before because home prices have fallen or income is down, he said.

Restrepo calls it a cultural shift in spending patterns that hasn't occurred since the Great Depression taught a whole generation the importance of frugality and saving.

"This is our Great Depression, and the impact is going to be long term," Restrepo said. "People realize the dangers of being overleveraged and are being more conservative in how they spend money and in their Christmas shopping. They may have bought four sweaters, but now they're only buying two."

What will be bad for local retailers is the ongoing growth in online spending, Bettelman said. Two-thirds of retailers surveyed nationally said they expect their company's online sales to grow by 15 percent, she said.

"That's bad news for the local economy because every purchase made online and not at the brick-and-mortar branch in the local mall means lost tax sales revenue," Bettelman said.

Russ Joyner, general manager of the Miracle Mile Shops at Planet Hollywood, said he expects retail sales in Las Vegas to be in the low to midsingle digits because of the economy and the high unemployment rate of 15 percent.

"Anything in the black would be great given how the economy has been," Joyner said. "One percent is a victory when comparing it to previous years."

The Miracle Mile Shops, which cater to much lower price points than luxury Strip retailers, expects to benefit from the tourist traffic generated by the opening of CityCenter and the Cosmopolitan next month.

"We look at the holiday as a continuation of what we've been experiencing the majority of this year, which is double-digit increases for the past 11 months," Joyner said.

Laurie Paquette, vice president of asset management with General Growth Properties, said she remains optimistic that Las Vegas can beat the 2.3 percent national number touted by the National Retail Federation. General Growth owns the Fashion Show, Meadows and Boulevard malls and the Shoppes at the Palazzo and Grand Canal Shoppes at the Venetian.

"We definitely saw the downturn in 2008 and it came back a little in 2009," Paquette said. "We're expecting a good holiday season with consumer confidence up and the economic indicators trending upward."

"The last six weeks we've had good traffic and sales."

Paquette said she expects similar increases at all properties whether they cater to tourists on the Strip or locals at the Boulevard and Meadows malls. The Strip shopping centers are busy year-round and don't see a sales spike during the holidays, she said.

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One change this year is retailers aren't carrying as much inventory, so they won't have any excess, Paquette said.

"Consumers have gotten smarter and are looking for value," she said. "Consumers are back out purchasing, but it is about value. If they see value in luxury merchandise, they'll purchase it."

General Growth is offering \$10 gift cards on Black Friday to those who spend \$100 before noon at its malls.

"It's to encourage people to come out early and shop," Paquette said.