

Consumer Spending Highlights – Disaster recovery

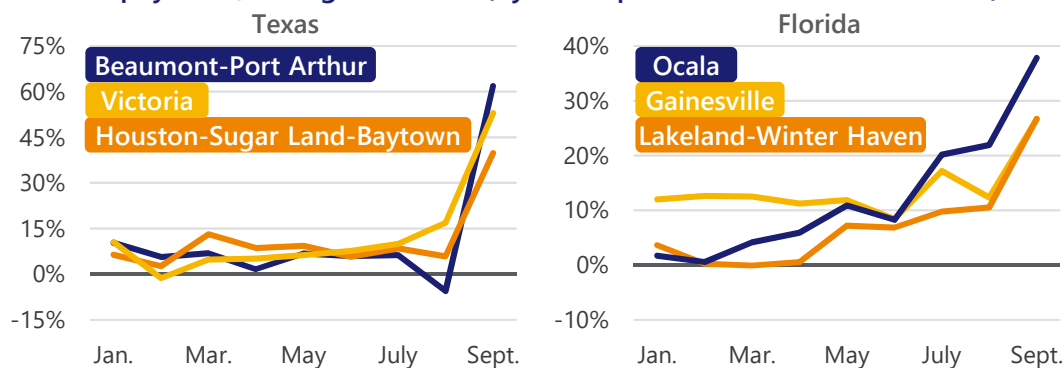
November 2017



Hardware store sales increase as hurricane-stricken areas of U.S. South begin rebuilding

As rebuilding got underway in hurricane-stricken areas of the U.S. South in **September**, consumer spending at building, hardware and garden stores increased precipitously—disproportionately higher in affected areas than the national growth rate of 10.5 percent year-over-year (YoY) in September, according to the **Visa Retail Spending Monitor (RSM)**, which reports spending on all forms of payment. Given the timing of Hurricanes Irma and Harvey (Harvey made landfall on August 25; Irma on September 10), Texas saw a more noticeable ramp-up in spending in September. Growth rates will likely remain high for at least several months. Following August 2016 flooding in Baton Rouge, LA, growth rates in the retail category increased rapidly to 38 percent that month year-over-year (YoY) compared to the national average, and remained elevated for the next year.

Building, hardware and garden store spending on all forms of payment, 2017 growth YoY (by Metropolitan Statistical Area/MSA)



Sources: Visa Retail Spending Monitor (reports spending on all forms of payment)

Key Points:

Building, hardware, garden store sales in disaster areas are more than double national growth rates

Hardware store sales will likely remain high for at least several months

Related spending categories are also higher than normal in those disaster areas



Other spending implications

Following a disaster, spending lift is higher in the building, hardware and garden store category than other retail categories, according to the RSM. September growth in the hurricane-stricken areas was more than double the U.S. and state growth rates year-over-year (YoY) (maps right).

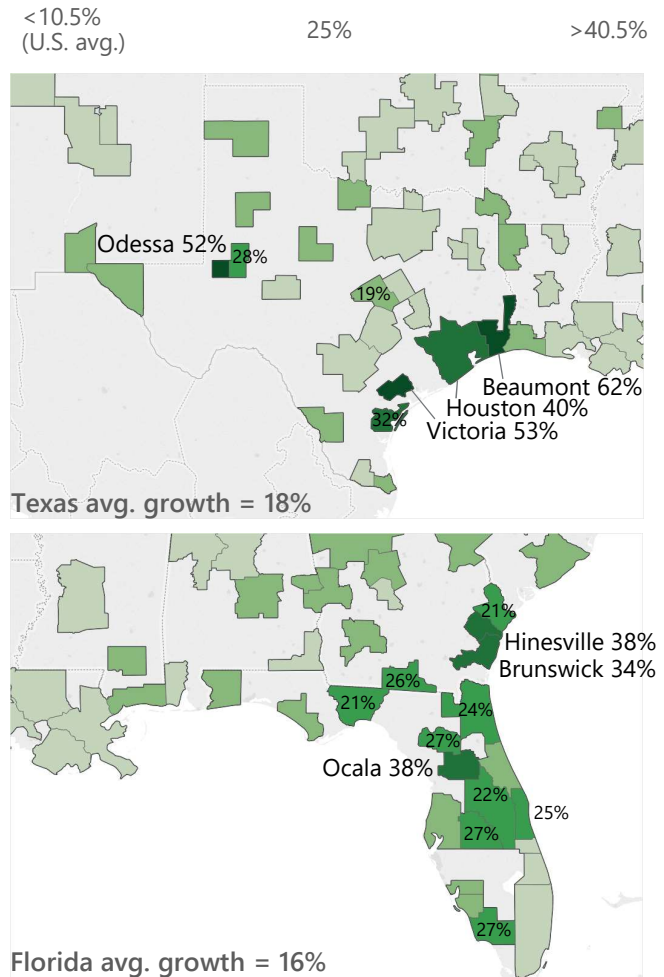
Spending lift is also strong and lasting in the furniture store category after a disaster. In Baton Rouge, spending growth peaked at 46.4 percent YoY four months after the 2016 floods. Furniture store spending growth started to accelerate in Texas MSAs in September, particularly Houston-Sugarland-Baytown (15.9 percent YoY) and Beaumont-Port Arthur (19.9 percent YoY), compared to 7.8 percent nationwide. In Florida MSAs, on the other hand, furniture spending growth was low to negative in September, so soon after the disaster.

Similarly, spending increased at household appliance stores in affected areas, and growth is expected to accelerate over the upcoming months. While growth overall declined 2.0 percent YoY nationwide in September, growth was positive in select Texas MSAs (Odessa: 4.5 percent, Houston: 2.5 percent, and Beaumont: 1.0 percent). Following the Baton Rouge disaster, spending growth peaked at 28.1 percent YoY four months after the disaster.

Sources: Visa Retail Spending Monitor (reports spending on all forms of payment)

Disclaimer: Monthly retail spending highlights are based on Visa's Retail Spending Monitor, which measures estimated historical performance of certain segments of the U.S. economy across payment types. Retail sales (sales by establishments engaged in retailing merchandise) in the context of Retail Spending Monitor is a set of industry segments defined by the U.S. Department of Commerce. The Retail Spending Monitor analyzes data in a manner consistent with this definition for industry segments that are not auto related. The Retail Spending Monitor is based on a sample of aggregated, depersonalized Visa transaction data analyzed utilizing a proprietary economic and statistical model and is not reflective of Visa operational and/or financial performance. The Retail Spending Monitor is provided on an "as is" basis without any warranties of any kind, express or implied, including, without limitation, as to the accuracy of the data or the implied warranties of merchantability, fitness for a particular purpose, and/or non-infringement. The Retail Spending Monitor is intended for informational purposes only and should not be relied upon for marketing, legal, technical, tax, financial or other advice. Visa is not responsible for your use of the information contained herein, including errors of any kind, or any assumptions or conclusions you might draw from its use. Each Retail Spending Monitor report is as of the publication date, and Visa has no obligation to update the data contained therein.

Building, hardware, garden store spending growth on all forms of payment, September 2017 YoY (by MSA)



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