

Purchasing power, large consumer base boosts back-to-school sales to \$27 billion

- When it comes to the back-to-school shopping season, no other region in the U.S. has more purchasing power than Texas, Oklahoma and Arkansas, according to a recent study by SmartAsset, a web-based consumer financial information service provider. Because of the region's relative low cost of living coupled with healthy median incomes, area shoppers have the added bonus of stretching their income at checkout.
- This year's back-to-school shopping is a leading indicator for holiday sales and portends general consumer confidence for the second half of the year. So far, early U.S. back-to-school sales revenues are up 2% from July 2015, according to First Data.

Head of the class: TX-OK-AR strong purchasing power fueling retail sales

Recent population growth has spurred retailer demand and new development across all three states. Similarly, the region's consumers are relatively well positioned financially and are more capable of supporting a more retail-driven market.

2016 Purchasing Power Index
 Purchasing Power Index: weighted cost of living as a percentage of median income.
 The highest Purchasing Power in the nation is Denali, Alaska (100).



Source: SmartAsset, Placeswith the Most Favorable Cost of Living Study, 2016.

Across Texas, Oklahoma and Arkansas, a low cost of living relative to sizable median income levels equates to some of the highest purchasing power in the U.S. Half of the nation's Top 10 counties with the highest purchasing power are located in Texas, according to analysis by SmartAsset. For example, Rockwall County (located in the Dallas/Fort Worth metro) and Fort Bend County (in the Houston metro) are two U.S. heavyweight contenders with purchasing power indices of over 96, placing them sixth and seventh place nationwide, respectively.

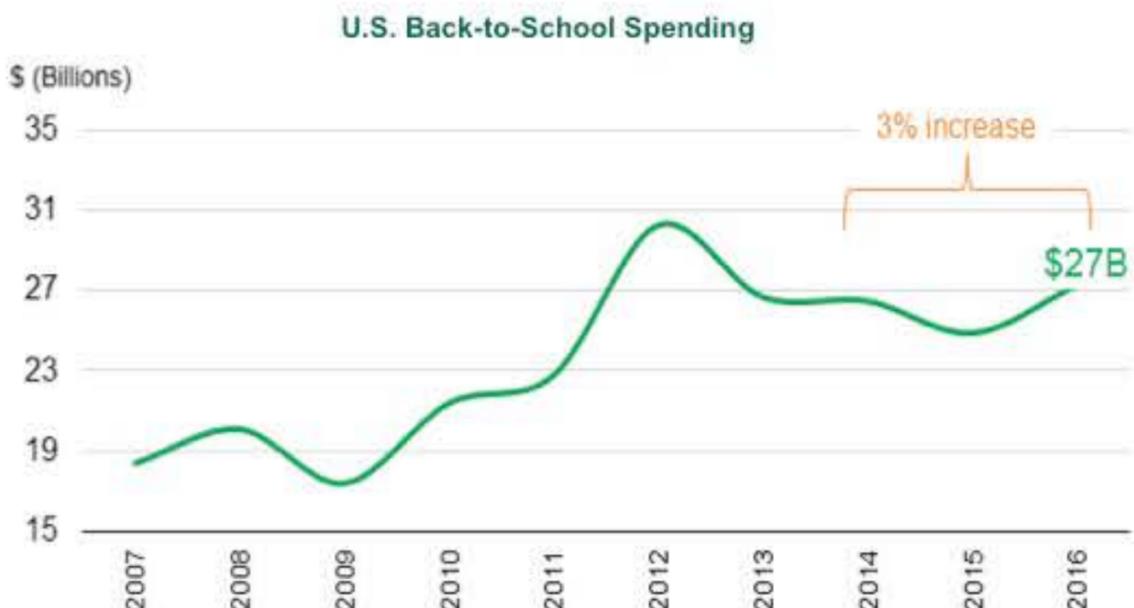
At the state level, Kendall County, located northwest of San Antonio, has some of the highest purchasing power in Texas. Meanwhile, Canadian and Kingfisher counties in Oklahoma are also making the grade, so to speak, and unsurprisingly Benton was the top county in Arkansas for consumer leverage.

While retailers still have to contend with fluctuating consumer confidence levels, and an evolving competitive environment, key product types such as restaurants and entertainment are already seeing the advantage of the region's relatively deep pockets. Houston and Dallas are two of the top growth markets for these types of consumer experiences (per capita restaurant expenditures are among the highest in the U.S.), and are projected to capture even more discretionary spending in the future.

Back-to-school sales pass the early holiday means test

Summer is ending (or so we have been told despite the lingering heat) and that means retailers are preparing for the upcoming holiday shopping season. If the first back-to-school shopping results provide a clue as to what consumers are thinking and feeling, this year's early sales indicate more children are on the nice list; sales are up and are some of the best in the past three years. Online sales continue to play a big role in seasonal retail spending, as consumers hunt for bargains (such as free or heavily discounted shipping costs) at supercenter, office supplies and apparel online retailers. Consequently, healthy back-to-school purchases are hinting towards a merrier outlook for retail's most wonderful time of year.

We can already smell the roast turkey.



Source: NRF Back-to-School Spending Survey, conducted by Prosper Insight, 2016.