

Arizonans Spending Up 8.2% – Industrial Leases To Follow

✘ A recent report from Cushman & Wakefield indicates a strong correlation is found between U.S. retail sales and U.S. industrial leasing activity.

We know retail sales measure economic activity in the economy and thus serve as an important indicator of economic health.

But, only those retail categories subject to the state's transaction privilege (general sales) tax are included in the retail sales data produced by the Arizona Department of Revenue. For example, sales of food items at grocery stores that are not taxed by the state are not included.

The state Department of Revenue reports consumer spending is up to prerecession levels based on April sale tax receipts, covering March spending in Arizona, in fact up by a large 8.2% increase from the same period a year earlier, with taxable sales of \$4.78 billion in March 2013. Monthly data for Arizona becomes available approximately two months after the sales were made to allow time for adjustments, as retailers sometimes report late and multi-establishment retailers sometimes misreport sales by county.

The Cushman & Wakefield research shown in the above graph indicates that industrial leasing activity in markets where they track have followed the U.S. retail sales closely year over year since 2000. Industrial leases exceeded retail sales from 2000 – 2007, and as retail sales dropped in 2008 – 2009 industrial leases trended in the same direction.

According to the the Tucson Cushman & Wakefield / Picor industrial report for Q1 2013, "for the first time in two full years, the Tucson market had consecutive quarters of significant positive absorption... with lease activity fairly

broad based". To view the full Q1 2013 Tucson Industrial report [click here.](#)

Economists with the Arizona Department of Revenue have stated April collections are typically high, with spring training and winter visitors still around. But it should also be noted that this spending increase is still on top of the record set last April for March sales. It seems to all be trending in the right direction and something to keep an eye on.

For the full Cushman & Wakefield "US Retail Sales vs. Industrial Industrial Leasing Activity" report [click here.](#)