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2007 HOLIDAY RETAIL SALES EXPECTED TO INCREASE BY 2.5%
SEASON TO FEATURE MANY SALES PROMOTIONS

New York (October 23, 2007) —As the holiday shopping season rapidly approaches, the annual ritual of forecasting retail sales growth for the season has begun in earnest. What does this holiday season hold for retailers? According to Michael P. Niemira, chief economist and director of research for the International Council of Shopping Centers, Inc. (ICSC) current economic conditions are indicating that the 2007 holiday season will feature many sales promotions that will result in a 2.5 percent sales increase for the nation's retailers in a year-over-year comparison for the combined November and December time period.

According to Mr. Niemira, there are five key factors shaping the 2007 holiday season:

1. Overall current consumer fundamentals are mixed. Personal income has strengthened and consumer confidence is more neutral than negative. However, the continuing weakness in the housing and mortgage markets has reduced the consumer's willingness and ability to spend.
2. Throughout the year high energy prices (home heating, oil, gasoline prices, etc.) have been and will continue to be a drag on discretionary purchasing power.
3. Gift cards are expected to extend the holiday shopping season as sales expectations are between \$15 to \$20 billion this year with 30 to 40 percent of all redemptions occurring the week after Christmas and into January.
4. Based on overall sales performance thus far, retailers are likely to be very promotional in order to drive sales and consumer traffic this year.
5. An early Hanukkah is likely to lift sales earlier in the season while Christmas falling on a Tuesday this year may give an even larger lift to sales in the weekend before Christmas.

In addition to the *Comparable Chain Store Sales* increase of 2.5 percent, ICSC also expects *GAFO Store Sales*—general merchandise, apparel, furniture and electronics and other stores, including hobby, book and sporting goods will increase by 4.3 percent for November and December combined.

“No matter how you look at the upcoming holiday season, the story line is the same – holiday sales will be mixed and retailers will be offering promotions to drive traffic and sales this year,” Mr. Niemira asserted.

Editor’s note: An in-depth analysis of the upcoming holiday season is available on ICSC’s website at <http://www.icsc.org/cgi/rsrchshow?section=bc>. To download the file, “Santa’s Holiday-Sales Briefing” please use the following member ID (1177584) and password (press2002pass)].

"Traditional" Holiday Season Spending

Billions of Dollars, November-December Periods, Not Seasonally Adjusted, Unless Otherwise Noted

Category	2004	2005	2006	2007 Forecast
GAFO Store Sales	227.2	240.4	252.1	262.8
% Change	5.2	5.8	4.8	4.3
Chain Store Sales (Same-Store, 2003=100)	100.0	103.6	106.7	109.4
% Change	2.4	3.6	3.0	2.5

Sources: U.S. Department of Commerce; ICSC Research.

Founded in 1957, ICSC is the premier global trade association of the shopping center industry. Its more than 70,000 members in 100 countries include shopping center owners, developers, managers, marketing specialists, investors, retailers and brokers, as well as academics and public officials. Headquartered in New York City, ICSC has over 150 staff members and offices in Washington, D.C., California, Toronto, London, Beijing, and Singapore.

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