

Maryland Retail Loses Ground After the Great Recession

State Decline Greater than U.S.

The retail industry in Maryland lost 1,422 establishments (-7.3%), 13,128 paid employees (-4.5%), and \$7.4 billion (-8.8%) in inflation-adjusted total sales between 2007 and 2012 according to recently released 2012 Economic Census data. The US Census Bureau's economic survey is sent to a sample of businesses, which are defined as a store, warehouse, factory or other type of business at a single, physical location.

Maryland's retail industry decline between 2007 and 2012 was more severe than what happened nationally, where the number of retail establishments dropped by nearly 6.0%, paid employees by 5.2% and inflation adjusted total sales by 2.7%. While almost all retail sectors nationally showed losses in number of establishments and diminished sales, sectors which had the largest numeric loss of establishments were miscellaneous store retailers (-14,888), furniture and home furnishings (-13,546) and building material and garden equipment and supplies (-12,818). Miscellaneous retail stores include businesses such as florists, pet shops and office supplies. The largest percentage declines occurred in furniture and home furnishing stores (-20.8%); sporting goods, hobby, music and book stores (-15.7%) and building material and garden equipment and supplies (-14.1%).

While some sectors sustained large losses in inflation-adjusted sales revenue, such as furniture and home furnishings (-25.7%) and building material and garden supplies (-20.7%), nonstore retailers had increased sales (19.8%) as did gasoline stations (11.1%).

In Maryland, the sector hit the hardest between pre-recession 2007 and post-recession 2012 was the motor vehicle and parts dealers with a loss of nearly \$2.7 billion (-13.4%) in overall sales¹, 199 establishments (-11.2%) and a decline of nearly \$311 million (-17.2%) in payroll. The payroll decline in motor vehicle and parts dealers accounted for over one-third of the total payroll decline in the state, while the drop in building material and garden equipment accounted for an additional 21.4 percent of the statewide decline.

Nonstore retailers had the largest percentage decline in sales in Maryland (-36.1%) as well as the second largest numeric decline in sales revenue (-\$2.1 billion). Other retailers with large percentage losses in sales revenue were furniture and home furnishing stores (-30.9%) and sporting goods, hobby, musical instrument and book stores (-24.4%).

Four Sectors See Sales Increases

Despite the overall decline in the retail industry, four sectors in Maryland did show gains over the 2007 to 2012 period. The largest increase was in **Gasoline stations** which saw inflation-adjusted \$726 million (9.1%) increase in sales. However, this increase in sales was most likely driven totally by price increases above the rate of inflation as this sector lost 82 establishments (-4.9%) and 898 paid employees (-6.7%) over the five-year period. **Health and personal care stores** saw a \$423 million (9.0%) increase in sales and a 1.3% increase in payroll after adjusting for inflation even though there was a decline in the number of establishments (-22) and paid employees (-557).

¹ The Great Recession lasted from December 2007 through June 2009

A smaller increase occurred in **General merchandise stores** with an inflation-adjusted 1.6% rise in sales revenue (\$169 million) and a gain of 37 establishments (5.3%). While an additional 2,876 paid workers (6.4%) were added, annual payroll fell by \$10.7 million (-1.1%) after adjusting for inflation. The fourth retail sector to see gains, **Food and beverage stores**, experienced a \$23.4 million (0.2%) increase, after adjusting for inflation as well as adding nearly 5,700 employees (9.8%) and bumping payroll up by \$30.7 million (2.1%).

Six of the 10 Jurisdictions With the Greatest Decline on the Eastern Shore

All in all, 20 out of the 24 jurisdictions in Maryland had inflation-adjusted declines in sales revenue with six of the 10 greatest percentage declines on the Eastern Shore: Queen Anne's (-20.0%), Wicomico (-18.4%), Dorchester (-18.1%), Talbot (-15.0%), Kent (-14.8%) and Worcester (-13.8%) counties. The remaining top 10 declines included Baltimore City, which had the largest inflation-adjusted percentage decline in sales (-24.3%), Anne Arundel (-16.4%), Charles (-14.5%) and Washington (-9.9%) counties. Four of the 24 jurisdictions had an inflation-adjusted increase in sales revenue: Garrett (8.4%), Caroline (5.7%), Calvert (4.9%) and Harford (1.3%) counties.

Anne Arundel experienced the greatest numeric loss of sales revenue (-\$1.7 billion) after adjusting for inflation followed by Baltimore City (-\$1.2 billion). All jurisdictions in Maryland lost retail establishments except for Somerset which had no change