

Department Stores

KEY TAKEAWAYS

- Department store sales trends continued to improve in 2Q26, with most retailers posting positive top-line results and IEEPA tariff refunds turning a headwind into a tailwind.
- Off-price led the sector on store growth and solid comps, while among full-line players, Macy's (led by Bloomingdale's +11.3% comp), Dillard's and Nordstrom posted gains.
- Laggards showed modest improvement: Kohl's sales decline narrowed to 0.9% and Gabriel Brothers grew sales 2.4%, though its liquidity remains strained.
- J.C. Penney continued to struggle, with sales falling 8.2%.

PERFORMANCE COMPARISON

Company Name	Comps	Sales (millions)	YoY Sales % Change	E-Comm % Growth	E-Comm % of Sales	Quarter-End Date
Belk	0.5%	\$625.0	0.5%	N/A	N/A	8/1/2026
Burlington Stores	2.0%	\$2,997.8	11.0%	N/A	N/A	8/1/2026
J.C. Penney	N/A	\$1,301.0	-8.2%	N/A	N/A	8/1/2026
Dillard's	1.0%	\$1,507.6	-0.4%	N/A	N/A	8/1/2026
Gabriel Brothers	N/A	\$194.9	2.4%	N/A	N/A	8/1/2026
Kohl's	-0.9%	\$3,318.0	-0.9%	2.8%	27.0%	8/1/2026
Macy's	2.7%	\$4,866.0	1.1%	N/A	31.0%	8/1/2026
Nordstrom	N/A	\$3,903.0	5.9%	N/A	N/A	5/31/2026
Ross Stores	10.0%	\$6,264.9	13.3%	N/A	N/A	8/1/2026
TJX Companies	4.0%	\$15,180.0	5.4%	N/A	N/A	8/1/2026
Average	2.8%		3.0%	2.8%	29.0%	

The department store sector's trends continued to improve in 2Q26, with most retailers posting positive top-line results. Tariffs also shifted from a headwind to a tailwind in the quarter as IEEPA refunds arrived earlier than expected.

Off-price retailers remained the sector's top performers, fueled by both new store openings and solid comparable-store sales growth. Ross led with comps up 10%, driven primarily by traffic, as its merchandising and store improvements continued to attract shoppers. TJX's sales rose 5% on a 4% consolidated comp. Comps of 7% at both HomeGoods and TJX International offset a softer 1% gain at Marmaxx, where management acknowledged merchandising missteps though trends reportedly improved entering 3Q. Burlington's sales increased 11%, with new stores driving much of the growth. Comps rose a more modest 2%, with management estimating that cannibalization from nearby openings reduced comps by 150 bps, up from the usual 100 bps impact.

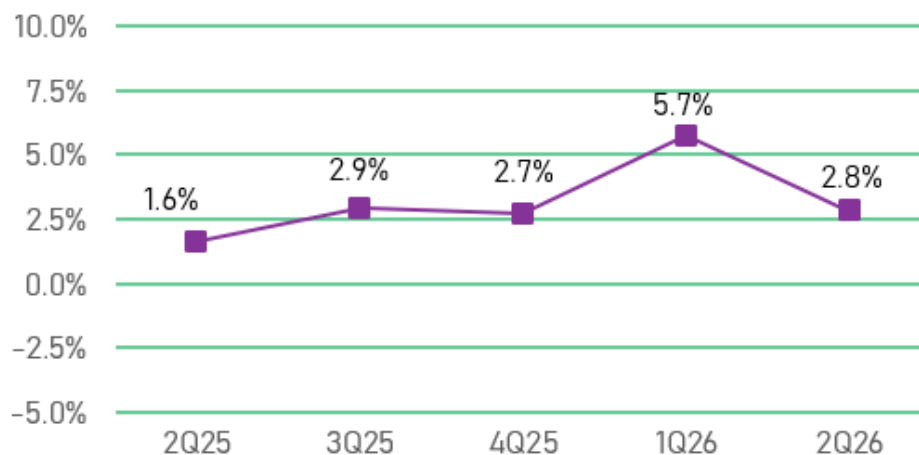
Among the full-line players, Macy's Bold New Chapter turnaround is gaining traction, with positive comps at all three banners. Bloomingdale's led the way, with 2Q comps up 11.3% as the chain gained market share amid continued strength in luxury spending. Comps at the Macy's banner rose a more modest 1.1%, driven by higher pricing as management moves the banner upscale.

Nordstrom also posted positive top-line growth, with 2Q sales up 5.9%. While its full-line store count has seen a couple of closures over the past year, the off-price Rack business continues to expand, with more than 20 openings expected in 2026.

Belk's sales edged up 0.5%, while earnings continued to improve on stronger inventory management. Even struggling Gabriel Brothers showed some top-line momentum, with 2Q sales up 2.4%. Its liquidity remains strained, however, with cash flow dependent on further capital infusions from its private owners and private credit lender.

Kohl's remained in negative territory, though its sales decline narrowed to 0.9%, reflecting lower transaction value and volume in stores, partially offset by 2.8% digital sales growth. The Company closed just two stores over the past year, and we continue to believe its current fleet of 1,151 stores leaves it overstored. J.C. Penney continued to struggle, with 2Q sales falling 8.2% and EBITDA eroding despite the one-time benefit from the tariff refunds.

Department Stores Average Quarterly Comps



2026 Seasonally Adjusted Retail Sales (Monthly % Change Year-Over-Year) Source: U.S. Census				Upcoming Comparative Periods		
	Jun'26	Jul'26	Aug'26	Sep'25	Oct'25	Nov'25
Total Retail Sales	6.3%	5.0%	6.0%	4.1%	3.3%	3.2%
Retail Sales Ex Auto	6.5%	5.8%	6.9%	3.8%	3.7%	4.1%
Retail Sales Ex Auto and Gas	5.3%	4.7%	5.6%	4.0%	3.9%	4.2%
By Category:						
Furniture & home furnishings	-1.5%	-2.5%	1.9%	-2.0%	0.3%	-1.4%
Electronics & appliance	7.1%	5.6%	7.8%	5.7%	3.3%	3.0%
Building materials, garden equip. & supplies	5.2%	5.8%	5.1%	-2.8%	-4.1%	-2.4%
Food & beverage stores	1.0%	0.5%	0.5%	2.1%	1.9%	1.8%
Grocery stores	1.1%	0.6%	0.5%	2.5%	2.3%	2.3%
Health & personal care	1.8%	0.4%	1.9%	5.4%	5.8%	5.6%
Gasoline stations	18.9%	17.2%	21.0%	2.8%	1.4%	2.6%
Clothing & clothing accessories	4.8%	4.4%	4.3%	6.0%	6.7%	7.2%
Sporting goods, hobby, musical instrument & book stores	12.3%	10.9%	10.7%	1.8%	4.4%	5.1%
Footwear	1.1%	0.1%	TBD	0.7%	3.8%	3.0%
General merchandise	3.4%	3.7%	4.5%	1.8%	1.9%	1.9%
Department stores	3.7%	2.8%	1.9%	-1.9%	3.1%	2.0%
Nonstore retailers	10.8%	8.7%	9.9%	6.7%	6.9%	7.1%
Food services & drinking places	4.5%	4.9%	5.8%	5.7%	4.9%	5.2%
*Sporting goods figures are not seasonally adjusted						

ANALYTICAL SUPPORT

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