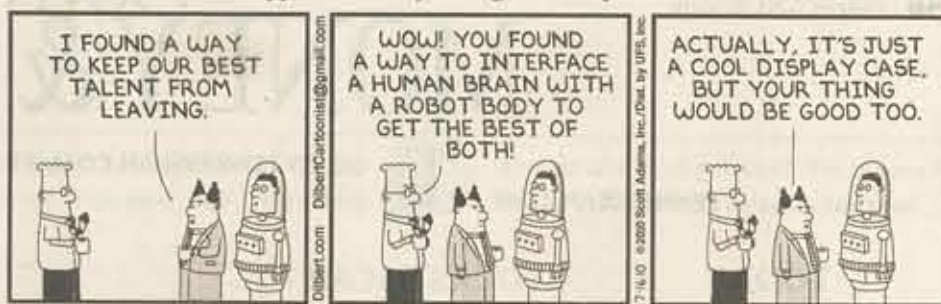


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## Retailers rethink Christmas orders

Stores fear they may get stuck with too much merchandise

By **Anna D'Innocenzio**  
ASSOCIATED PRESS

**NEW YORK** — It may be hot and sticky outside, but stores across the nation are already getting a chill thinking about Christmas.

Retailers are having second thoughts about orders they placed earlier this year, when the economic recovery looked stronger and Americans were more willing to spend money. Now they worry they could end up stuck with too many toys and sweaters come the holidays and have to cut prices.

"I was feeling fantastic in March, and we were doing great. But then things started slowing down."

**LAUREN PHALIN**  
store owner

Stores are fretting that even small increases in their holiday stocks for this year may be too ambitious. Some are waiting to see how spending turns out in the back-to-school season before trimming their holiday orders, but others aren't wasting any time.

"I was feeling fantastic in March, and we were doing great. But then things started slowing down," said Lauren Phalin, who owns a New Jersey

children's and teen clothing shop called Rocking Horse and canceled a \$2,000 dress order in May.

"As long as I keep inventory and expenses down, we can still do fine," she said.

Most stores have until August to do any tweaking on their holiday orders, though the largest chains, which have more power over suppliers, can cancel some orders later.

A lot is at stake: For many retailers, holiday business accounts for as much as 40 percent of revenue and profits, says Ken Perkins, president of research firm RetailMetrics. For toy sellers, it's half.

With unemployment stuck near 10 percent and the stock market having wiped out its gains from earlier this year, Americans are skittish about spending as the second half of the year begins.

Retail sales fell 0.5 percent in June compared with the previous year, the government reported this week. Clothing chains had to slash prices on summer tops and shorts even more than they planned to entice customers.

Now, stores worry that merchandise will start piling up — back-to-school supplies first, then holiday

» **ECONOMY, 5B**



The Lord and Taylor department store chain has contingency plans in place in case business weakens during the Christmas season.

MARY ALTAFFER / ASSOCIATED PRESS

## Builders get a boost, but is it temporary?



A handful of large projects around Tennessee — including work on the Music City Center in downtown Nashville — appears to be boosting construction employment this summer. SANFORD MYERS / THE TENNESSEAN

## Flood repair work fuels drop in TN jobless rate

By **Bonna Johnson**  
THE TENNESSEAN

Hiring for flood-related construction jobs in June helped bring the state's unemployment rate down to 10.1 percent, but that may not be enough to fuel a lasting turnaround in an industry that has lost 35,600 jobs in Tennessee since the recession started.

"You take the flood out of the picture and nobody has plans to hire anybody in the foreseeable future," said John Finch, president and CEO of PBG Builders.

His Goodlettsville-based company repaired LP Field after the May floods, and some subcontractors did a small amount of temporary hiring to finish that work in a short period of time, Finch said.

Moderate employment growth propelled a drop in the state's unemployment rate from 10.4 percent in May. A year ago, unemployment in Tennessee was 10.9 percent.

**STATE NUMBERS**

The percentage of Tennesseans who are unemployed in:

June	10.1
May	10.4
Year ago	10.9

About 2,500 jobs were added in construction in June compared with a month earlier, along with 5,000 in the hospitality industry, which is typical for the peak summer travel season.

Growth in construction was a robust 2 percent from May to June, an improvement but not enough to signal a building boom, said economist David Penn, director of the Business and Economic Research Center at Middle Tennessee State University.

"What you're hoping for is sustained activity in the sector," said University of Tennessee economist Bill Fox, adding that sectors such as home con-

struction nationwide remain rocky.

"All those jobs are temporary because of the flood," said John Stites, CEO of J&S Construction in Cookeville, which has done repair work on flooded homes and businesses. "The vast majority of those jobs will disappear by November or December."

Stites blamed a lack of bank financing as the main reason for slow retail, commercial and industrial construction. Finch said he had virtually no projects on the horizon.

"The new work is slow in coming to replace the work we're finishing," Finch said.

For now, though, a handful of large projects around the state appear to be boosting construction employment this summer, which is the prime season for the industry anyway, said Bill Young, executive vice president of the Associated General Contractors of

» **JOBS, 5B**

## Manufacturing cools in June

By **Martin Crutsinger**  
and **Daniel Wagner**  
ASSOCIATED PRESS

**WASHINGTON** — New evidence of a slowing economic rebound emerged Thursday in reports that manufacturing activity is slowing after helping drive the early stages of the recovery.

Factory output fell in June, according to a government report on industrial production. It was the sharpest monthly drop in a year, and two regional manufacturing indexes sank

this month.

Production of automobiles, home-building materials and processed food all fell in June. The data sent stocks falling.

Federal Reserve officials took note of the weakening recovery when they met last month and lowered their forecast for economic growth, according to minutes released Wednesday.

Manufacturing helped boost the economy last year when the recession ended and has since been one of the strongest sectors in the recovery.

June's decline in output was the first in four months. Overall industrial production ticked up for the month, but that was mainly the result of hot weather that increased demand for electricity from utilities.

"Today's report supports the view that the manufacturing recovery lost some momentum," said Peter Newland of Barclays Capital Research.

The decline in factory output came as new data offered a mixed picture of

» **RECOVERY, 5B**

## Garcia lists short sale price of \$850,000 for house

By **Naomi Snyder**  
THE TENNESSEAN

Former Metro Schools Director Pedro Garcia and wife, Priscilla, have been trying to sell their five-bedroom, four-bath Brentwood home for more than two years, this time for less than they owe the bank.

The 6,349-square-foot home near Radnor Lake has been on the market since Garcia left the school district in 2008. In that time, \$400,000 has been wiped off the

asking price. It is now listed as a short sale for \$850,000.

That term amounts to a disclosure to let buyers know the asking price is less than what is owed to the bank, said Tamara Ludlam, a Keller Williams broker who specializes in short sales and foreclosures.

She said nearly 300 homes for sale in Davidson County are listed as short sales, about 6 percent of total listings.

The Garcia couple had an \$861,300 mortgage from AmSouth



See photos of Pedro and Priscilla Garcia's home at **Tennessee.com**.

Bank, which was later purchased by Regions Financial Corp. Garcia now has a post as execu-

tive-in-residence at the Rossier School of Education at the University of Southern California. He could not be reached for comment.

Two years ago, the Garcias were offering the house for \$1.25 million. They also were offering agents who brought a successful buyer to the table two round-trip tickets and a box seat for four at the outdoor concert venue Hollywood Bowl in Hollywood, Calif.

Crye-Leike's listing agent, Mary Poor, declined to comment Thurs-

day on whether those incentives remain available.

The Garcias bought the home for \$957,000 in 2003, according to Davidson County property records. The home at 5012 High Valley Drive offers "spectacular estate-pristine grounds and pool with stacked stone waterfall, luxurious master suite with his or her baths and closets, grand foyer, (large) covered deck," according to the real estate listing.

Contact real estate reporter Naomi Snyder at 615-259-8284 or nsnyder@tennessean.com.

# Tennessee jobless rate falls to 10.1 percent

» **JOBS FROM PAGE 3B**

Tennessee.

Work is under way on the Music City Center convention facility downtown in Nashville. In addition, Hemlock Semiconductor in Clarksville ramped up its construction work force from 300 in March to 600 by June, and this month there are more than 650 workers on site, Hemlock spokeswoman Liana Wal-

lace said.

Still, statewide construction jobs are down about 25 percent from a high point of 139,100 workers in November 2007, Penn said. In May, there were 103,500 employed in construction in Tennessee. "It's pretty grim," Penn said.

## TN growth tops U.S. rate

Overall, employment in Tennessee grew 1.3 percent

in June from a year ago, outpacing the growth rate nationwide, which was just seventh-tenths of a percentage point, Fox said.

Many companies, especially those in administrative services, are hiring temporary workers, Fox said, a sign that they're "concerned about the continued strength of the recovery and are being cautious about hiring people back."

Nationwide, initial jobless

claims fell by 29,000 to a seasonally adjusted 429,000, the lowest level since August 2008, according to the U.S. Labor Department's latest weekly figures. That data could be somewhat skewed because General Motors and some other auto manufacturers skipped their usual July plant shutdowns, according to The Associated Press.

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