

**Contact: John LaRosa**

Marketdata Enterprises, Inc.  
Phone 813-907-9090  
Fax 813-907-3606  
e-mail marketdataent@yahoo.com

Marketdata Enterprises, Inc.  
8903 Regents Park Dr..  
Suite 120  
Tampa FL 33647

**Marketdata Enterprises**  
*The Information Specialists*

# Press Release

## **\$14 Billion Pawn Shops Industry Sails Through Recession**

### **Gold Prices, Cash Hungry Consumers Fuel Demand**

**Tampa FL, May 22, 2012:** Marketdata Enterprises, Inc., a leading independent market research publisher of “off-the-shelf” studies about service industries since 1979, has released a new 111-page report entitled: [U.S. Pawn Shop s: An Industry Analysis](#) . This is a new market study about a growth industry that has become more mainstream. The study examines the operations of pawn shops, an “alternative financial service” that provides the small loans that banks ignore. The study explores: the nature of the business, industry size/growth, demand factors, customer demographics, major issues, payday lending, operating ratios, major competitors, and more.

Pawn shops in the United States now number 11,000+ and growing, and constituted a \$14.5 billion industry last year. The business is fragmented and not dominated by large national chains.

“The industry appears to be almost recession-proof, as the ranks of the “unbanked” consumer continue to grow. Pawn shops provide a service that traditional banks cannot—short term loans for small amounts of money. However, operations are more complex than meets the eye, and they must conform to strict state regulations.”, according to Research Director, John LaRosa.

### **Major Findings:**

- There are about 11,000 U.S. pawnshops, concentrated in the Southeast and Southwest. They constituted a \$14.5 billion market in 2011. Revenues are forecast to grow 7.2% to \$15.57 bill. In 2012 and at a 6.3% average annual pace to \$19.88 bill. by 2016.
- Due to the lack of traditional forms of credit, middle-class and affluent Americans are utilizing pawn loans as a stop-gap funding measure as traditional lines of credit wither away. The pawn industry has responded, with stores opening in white-collar neighborhoods across the country.
- The average pawn loan in 2009 was worth \$100 nationally, up from \$80 in 2008.
- Though the quantity and dollar amount of pawn loans and buy/sell transactions were up during the last recession, pawnbrokers saw a sharp decline in retail sales as consumers cut back significantly on retail spending.
- The price of gold per troy ounce has risen more than 84% between 2007 and 2011, boosting revenues and profit margins at pawn shops. However, today, most shops are selling gold for scrap, in essence wholesaling it for quick inventory turnover, rather than holding now high-priced jewelry. Pawn shops were far ahead of the curve in terms of buying gold before soaring prices than were jewelry stores and hotel gold buyers.
- The big three public chains are Cash America (\$1.54 bill. In 2011), EZCorp. (\$869 mill.), and First Cash Financial (\$521 mill.)—20% of industry receipts. But, they don't operate in states where the monthly interest rate on pawn loan is less than 10%, such as New York and New Jersey.

- Jewelry sales represent a significant share of most pawnshops' total receipts, with the remaining sales coming primarily from consumer electronics, tools, sporting goods and musical instruments. 50% of revenues come from pawn loans and 50% from merchandise sales. The average pawn shop grosses anywhere from \$400,000 to \$1.5 million.

“The industry has benefitted from soaring gold prices, coupled with positive publicity via the popular reality TV show - Pawn Stars. The industry’s image has changed and pawn shops are considered more mainstream as affluent consumers now use them to raise quick cash. Even Beverly Hills and Palm Beach have pawn shops, that discreetly serve the rich by buying their high end jewelry.”, according to John LaRosa.

Editor’s Note: U.S. Pawn Shops: An Industry Analysis, published in May 2012, is an independently researched “off-the-shelf” study. The study is 111 pages in length, has 45 tables, and costs \$1,295. It is also sold by individual chapters at lower cost. John LaRosa is available for interviews (813-907-9090). A free table of contents is available by mail, fax., email or the Web. Contact: Marketdata Enterprises, Inc., 8903 Regents Park Drive, Suite 120, Tampa, FL 33647, or see [www.marketdataenterprises.com](http://www.marketdataenterprises.com). Marketdata studies are also available online via several commercial databases.

***24 pp. Executive Overview available to the general public for \$79.***

Visit our website at: [www.marketdataenterprises.com](http://www.marketdataenterprises.com)

