

CITY OF SANTA MONICA

SALES TAX UPDATE

3Q 2024 (JULY - SEPTEMBER)



SANTA MONICA

TOTAL: \$ 9,411,267

-6.8%

3Q2024



-2.7%

COUNTY



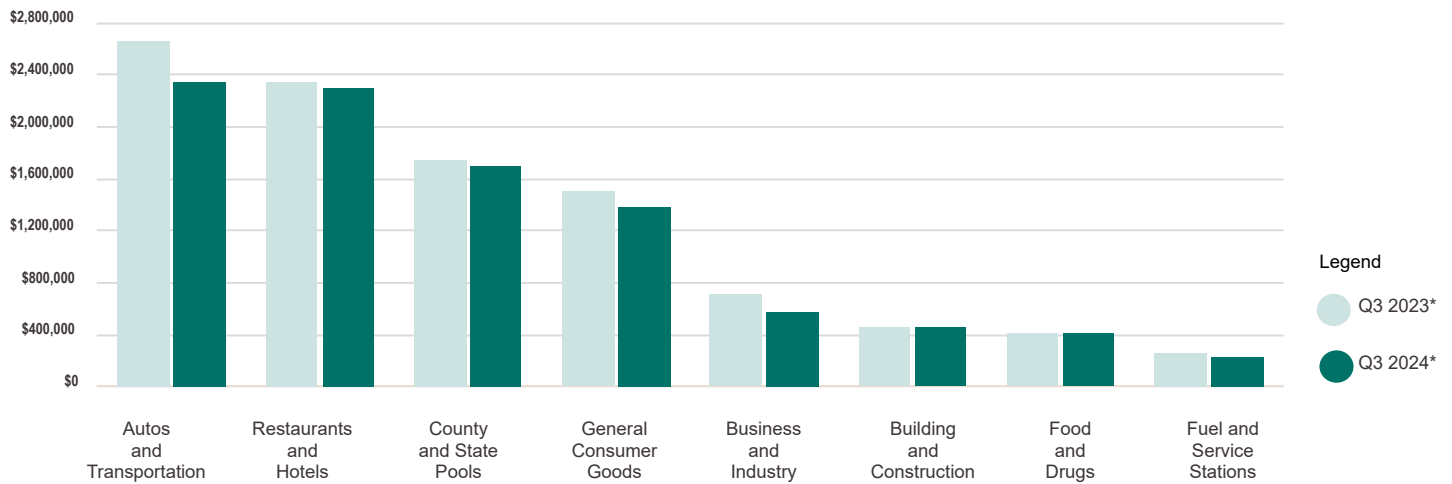
-2.3%

STATE



**Allocation aberrations have been adjusted to reflect sales activity*

SALES TAX BY MAJOR BUSINESS GROUP



TUT GSH

TOTAL: \$8,847,929

↓ -2.4%



CITY OF SANTA MONICA HIGHLIGHTS

Santa Monica's receipts from July through September were 11.1% below the third sales period in 2023. Excluding reporting aberrations, actual sales were down 6.8%.

General consumer goods fell 8%; less spending occurred at electronics/appliance, apparel and home furnishing merchants. A sporting goods retailer shuttered earlier this year.

Autos-transportation continued to decline. Luxury, EV vehicles were hit hardest, driving a sharper drop in overall car sales. The industry remains burdened by elevated prices and high interest rates. A dealership that closed in June reopened late this quarter under a new brand.

Casual and fine dining losses, 3% and 7%, respectively, uncovered closed eateries along with higher menu prices driving patrons to eating out meal values.

Year ago one-time medical/biotech payments, sizeable retrenchments in the services/designer sector pushed business-industry 19% lower.

Fuel-service stations had smaller filings prompted by less consumption and price contractions. The City 15% decrease was in line with state trends.

TUT GSH slowed as revenues from fuel, restaurants and general retail fell similarly to sales taxes.



TOP 25 PRODUCERS

- Apple
- Audi Leasing Bentley Leasing
- Elephante
- Fairmont Miramar Hotel
- Fame House
- Ferguson Enterprises
- Genesis Santa Monica
- Honda Santa Monica
- Hyundai Santa Monica
- Jaguar Land Rover Santa Monica
- Lexus Santa Monica
- Mercedes Benz Vehicle Trust
- Pacific Park
- Santa Monica Audi
- Santa Monica Ford Lincoln
- Santa Monica Proper
- Shutters on the Beach
- Snyder Diamond
- Subaru Santa Monica
- Target
- Tesla
- Toyota Lease Trust
- Toyota Santa Monica
- Water Grill/Pier Burger
- WI Simonson Mercedes



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts during the months of July through September were 2.3% lower than the same quarter one year ago after adjusting for accounting anomalies. The calendar year third quarter traditionally is noted for pleasant weather and statewide tourism; however, taxes fell when compared to a year ago. As such, it also means a weak start of the 2024-25 fiscal year for many California agencies.

Once again, autos-transportation receipts took a hit and declined 4.8%. This period marks the seventh consecutive quarter of downturn for the sector. While used autos returns and leasing activity have improved, revenues from new car sales struggled due to sustained high interest rates, tightened credit standards, and increased cost of auto insurance. As such, inventories for many dealers remain elevated, applying downward pressure on prices and growth into 2025.

The summer season is usually an advantageous time for home repairs and construction work, however, this industry is also struggling with high consumer interest rates and limited access to equity for homeowners. New projects remain sidelined as developers await more favorable investment conditions.

Brick-and-mortar general consumer retailers pulled back -3.8% - worsened by lower gas prices. Consumers appear more interested in lower priced/discounted items vs higher priced/luxury goods, forcing merchants to again consider inventory needs. Additionally, competition from online merchants is as fierce as ever, as shoppers look for greater value. With holiday shopping around the corner, local store expectations remain soft.

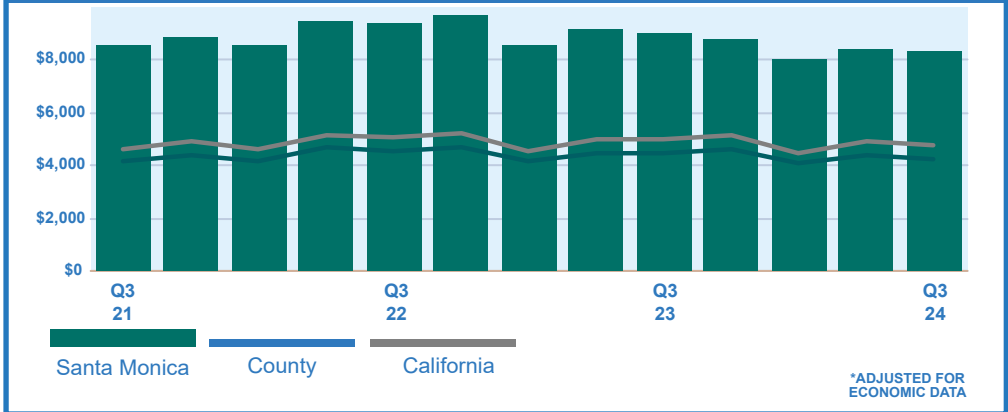
Fuel generating taxpayers had a rough quarter; a combination of consumption declines and falling fuel prices thrust comparisons down by 13%. Further contraction of national drug store locations coupled with the steady fall from cannabis merchants dating back to 2021, caused a decrease of -2.8% in the food-drugs category. Expect similar percentage declines for the upcoming end of 2024 quarter.

Although statewide tourism appears to have improved over 2023, revenue from restaurants experienced only a modest gain of 0.7%, which included a dramatic drop from fine dining establishments – consistent with spending trends in other sectors. State

mandated minimum wage requirements remained a challenge, with higher menu prices reducing patron visits.

These sluggish results solidify 2024 as a down year. Recent reductions to the Fed Funds Rate aren’t considered to help until later in 2025. Agencies should expect fiscal year 2024-25 sales taxes to stay flat or decline slightly as sluggish economic conditions leave consumers cautious in their spending patterns, especially for big ticket items and discretionary products.

SALES PER CAPITA*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Santa Monica Business Type	Q3 '24*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	1,637.2	-18.0% ↓	-10.6% ↓	-8.0% ↓
Casual Dining	976.9	-3.3% ↓	1.0% ↑	1.2% ↑
Auto Lease	477.0	15.7% ↑	14.0% ↑	11.2% ↑
Fine Dining	361.9	-7.9% ↓	-5.5% ↓	-4.9% ↓
Hotels/Motels	323.4	9.6% ↑	5.8% ↑	2.4% ↑
Plumbing/Electrical Supplies	305.5	-3.4% ↓	0.3% ↑	-3.0% ↓
Family Apparel	273.1	-3.1% ↓	1.0% ↑	-0.2% ↓
Quick-Service Restaurants	254.7	-3.1% ↓	0.5% ↑	1.0% ↑
Specialty Stores	240.4	15.7% ↑	-0.3% ↓	-3.0% ↓
Grocery Stores	236.9	0.3% ↑	3.2% ↑	1.4% ↑

*Allocation aberrations have been adjusted to reflect sales activity *In thousands of dollars