

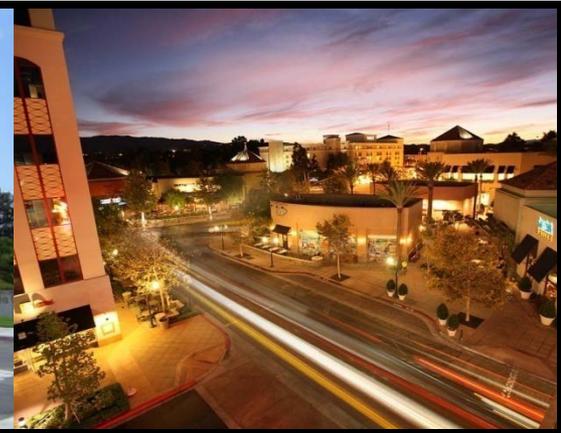


# Santa Clarita Economic Snapshot

## January 2011

*Published on March 25, 2011*

Created by the City of Santa Clarita  
Economic Development Division



# Overview

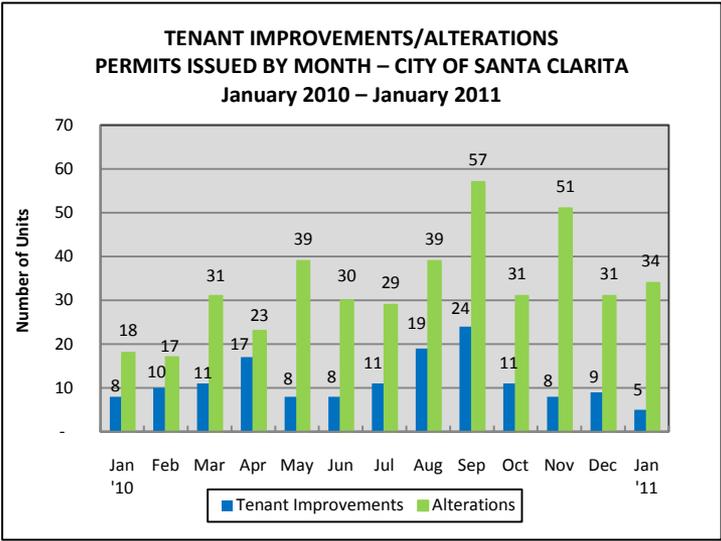
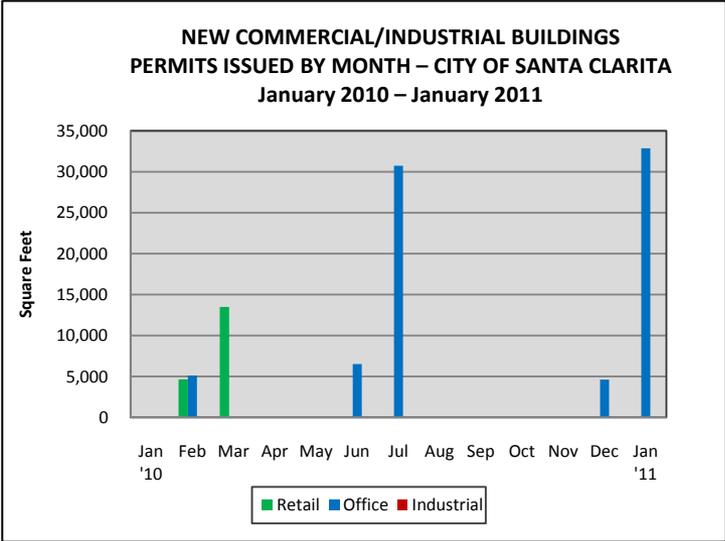
The information presented in this report helps to create a snapshot of the overall fiscal health of Santa Clarita. **The overall results are somewhat mixed with some indicators weakening and others continuing to strengthen.**

Indicators being tracked include:

- Residential, Commercial and Industrial building permits issued for new buildings as well as alterations, improvements, and additions;
- Certificates of Occupancy issued;
- Median value of single-family homes and condominiums;
- Total number of single-family homes and condominiums sold;
- Average number of days on the market and inventory levels for single-family homes;
- Apartment vacancy rates and average asking rents;
- Number of notice of defaults recorded in Santa Clarita;
- Economic impact of the film industry on Santa Clarita;
- Number of film permits and types of filming in Santa Clarita;
- Average room rate and occupancy rate of local hotels;
- Amount of sales tax revenue and transient occupancy tax generated;
- Vacancy rates for the office, commercial and retail sectors and available square footage;
- Jobs created/retained and tax savings in Enterprise Zone;
- Unemployment rates;
- Employment and wages in the City of Santa Clarita; and,
- Consumer price index measuring inflation.

Reports are generated monthly. Periodically, more detailed data are available quarterly or annually.

# Commercial Permits Issued



**New Commercial/Industrial Buildings**

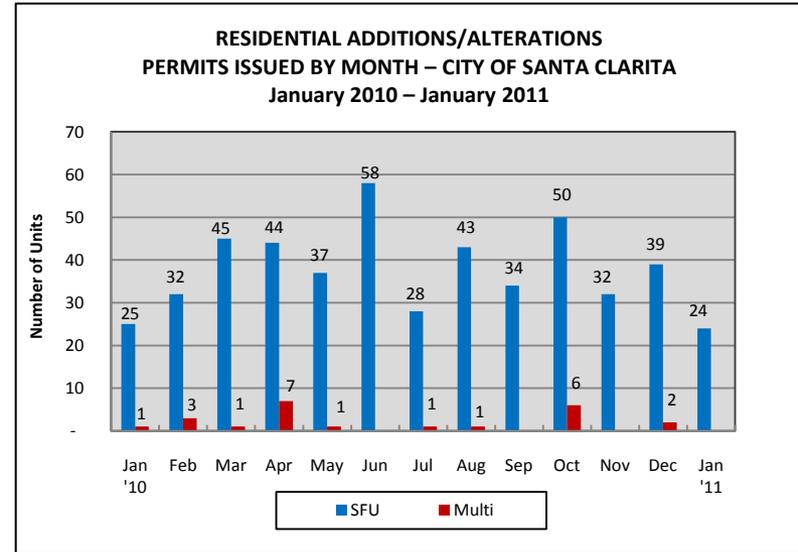
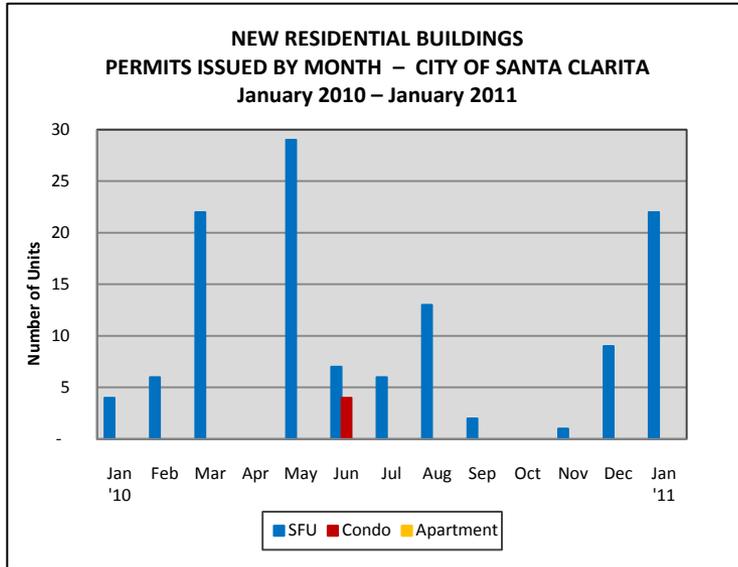
- Four new permits for office space were issued in January 2011 by the City of Santa Clarita for a total of 32,859 square feet, compared to one new permit for retail space issued in January 2010 for 72 square feet.

**Tenant Improvements/Alterations**

- A total of 5 building permits for tenant improvements were issued in January 2011, down 44% from the 9 permits in December 2010 and down 38% from the 8 permits in January 2010.
- In January 2011, a total of 34 permits for commercial alterations were issued, up 10% from the 31 permits in December 2010 and up 89% from the 18 commercial alterations in January 2010.
- Of the 34 commercial alterations permitted in January 2011, 14 or 41% were for fire protection equipment, 12 or 35% were for signage, and 2 each or 6% were for block walls and mezzanines/lofts, and the remaining 4 or 12% were for other miscellaneous purposes.

A new building permit is issued when a new structure is being built. A tenant improvement permit is issued when a new business moves into an existing space. An alteration permit is issued when businesses makes changes to the space they currently occupy.

# Residential Permits Issued



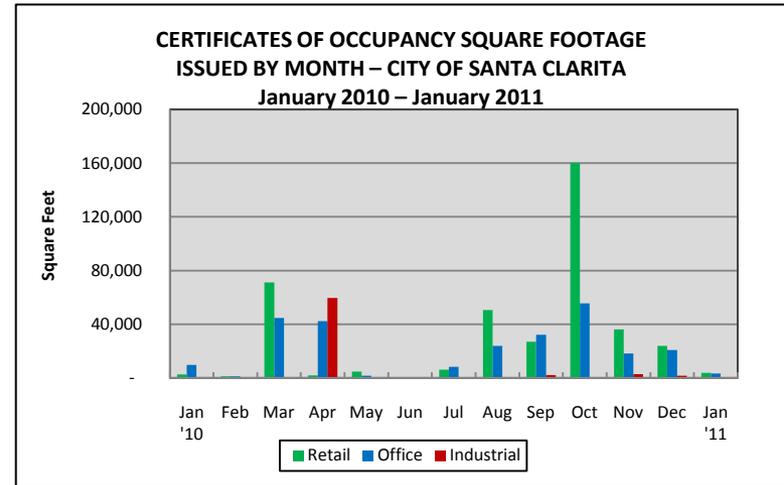
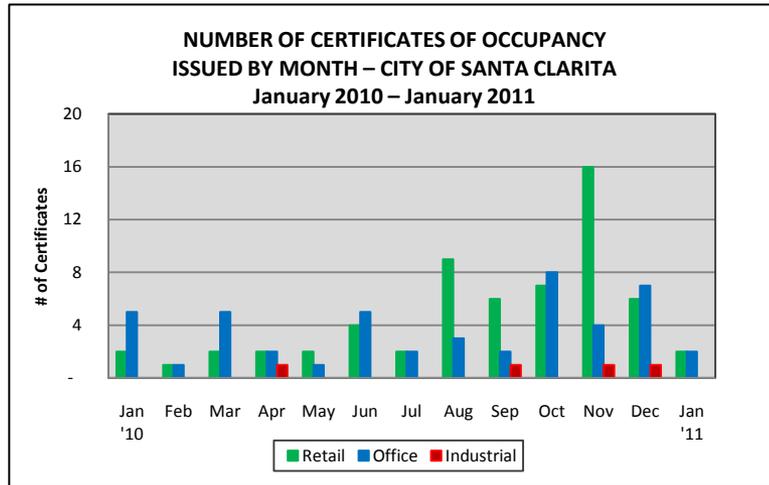
## New Residential Buildings

- Twenty-two new single-family residential permits were issued in January 2011 by the City of Santa Clarita, up from the 4 permits issued for single-family residential homes in January 2010.

## Residential Additions/Alterations

- A total of 24 residential permits for additions and alterations were issued in January 2011, down 8% from the 26 residential permits for additions and alterations issued in January 2010.
- All 24 of the residential permits for additions and alterations issued in January 2011 were for single-family units, compared to 96% of the residential permits for additions and alterations in January 2010.
- Of the additions/alterations in January 2011, 25% were for photovoltaic, 16% were for patio covers, 13% each were for block walls, pools/spas, and windows/doors/skylights, 8% were for roofs, and 12% for other miscellaneous items.

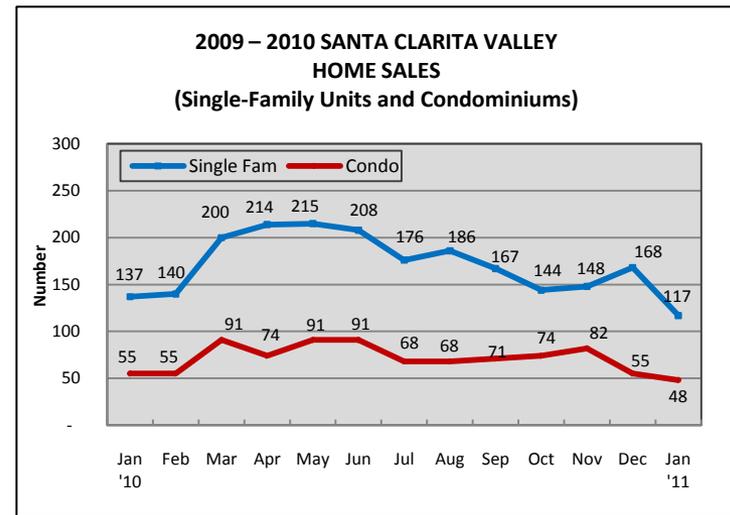
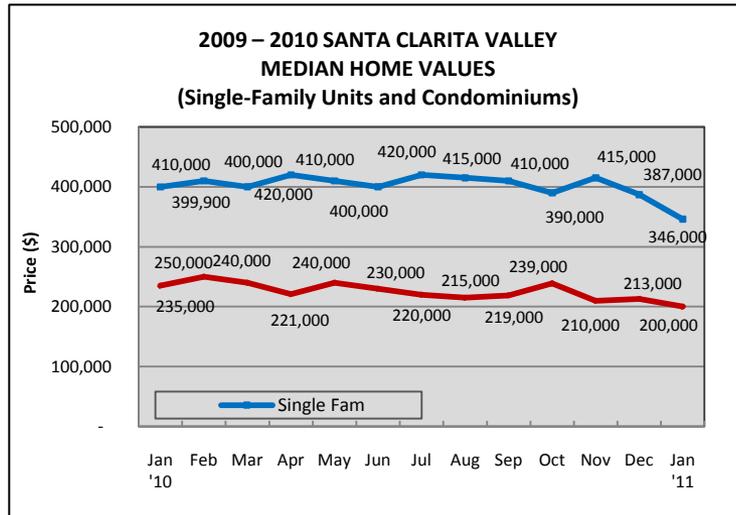
# Commercial/Industrial Certificates of Occupancy Issued



- In January 2011, a total of 4 Certificates of Occupancy were issued of which 2 each were for retail and office space. These 4 Certificates of Occupancy represented a decrease of 43% from 7 Certificates of Occupancy in January 2010.
- Certificates of Occupancy for January 2011 represented a total of 7,124 square feet of which 53% was for retail space and the remaining 47% was for office space. This represented a 42% decrease from the 12,220 square feet of Certificates of Occupancy for retail, office, and industrial space issued in January 2010.

Certificates of Occupancy are issued prior to any building or structure being occupied and are required for all businesses in the City of Santa Clarita. A Certificate of Occupancy ensures the safety of occupants and the public by certifying the building meets the requirements for the occupancy group of the proposed business, California Building Codes, and local ordinances governing construction and occupancy.

# Santa Clarita Valley Housing Market (Including the City of Santa Clarita)



In the Santa Clarita Valley (inclusive of the City of Santa Clarita), single-family home values and sales volume dropped from the Fall of 2010.

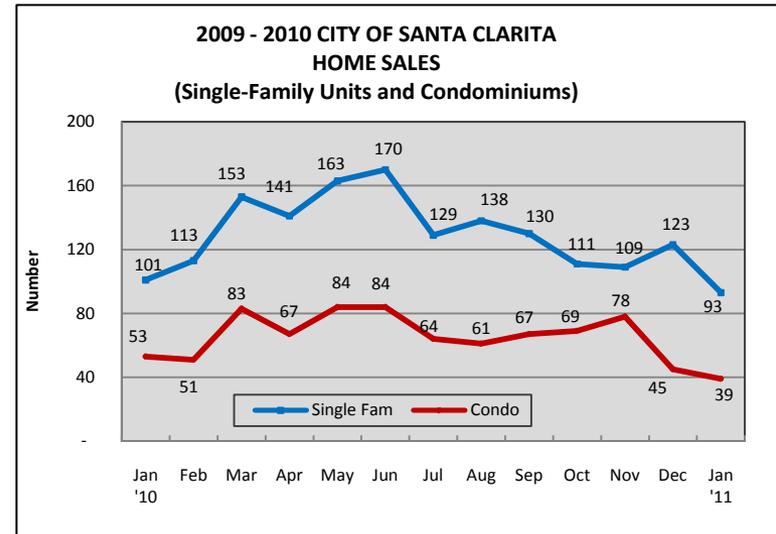
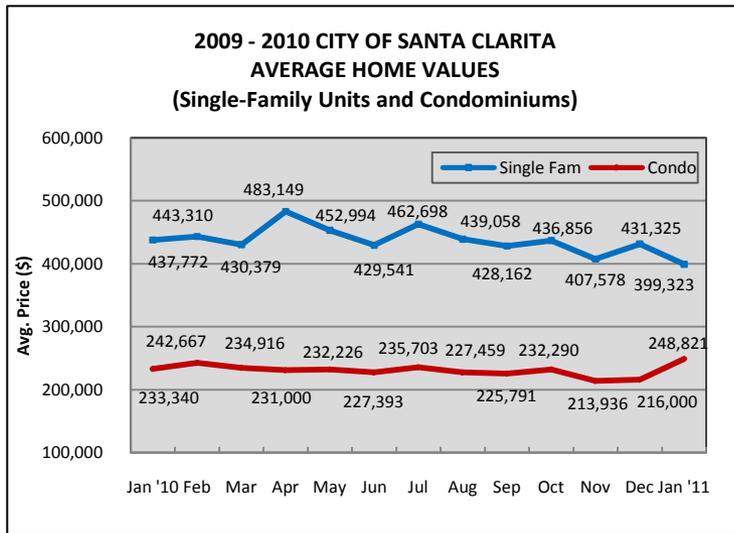
## Single-Family Homes

- Single-family median home values decreased 11% to \$346,000 in January 2011 from \$387,000 in December 2010, and were 16% below the median home value of \$410,000 in January 2010.
- A total of 117 single-family homes sold in January 2011, down 30% from December 2010, and down 15% from one year ago.

## Multi-Family Homes/Condominiums

- Condominium prices decreased 6% to \$200,000 in January 2011 from \$213,000 in December 2010, and were down 15% from values in January 2010.
- Condominium sales dropped 13% to 48 sales in January 2011 from 55 sales each in December 2010 and January 2010.

# City of Santa Clarita Housing Market



In the City of Santa Clarita, average home values and sales volume have dropped from Spring 2010.

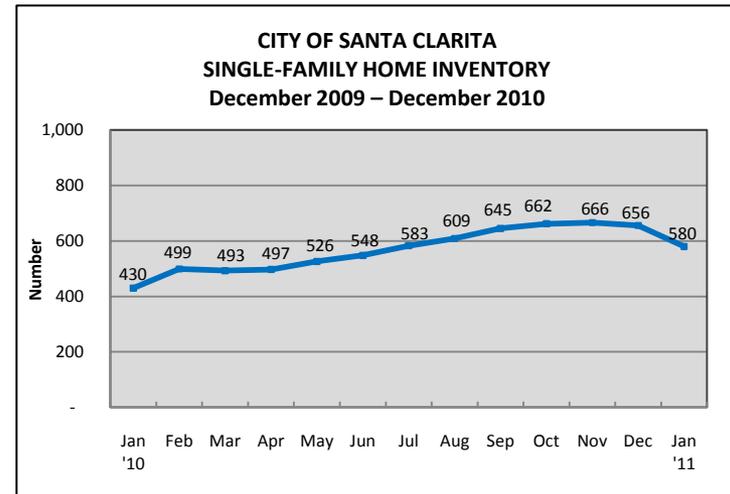
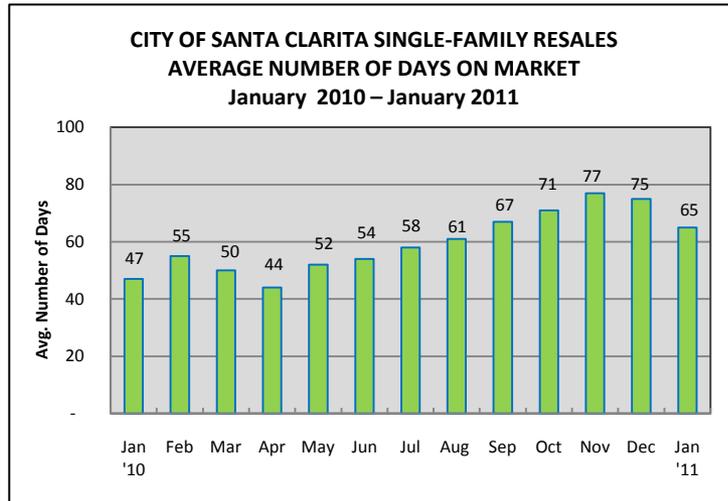
## Single-Family Homes

- Single-family average home values in January 2011 were \$399,300 or 7% below December 2010, and 9% below January 2010.
- Sales dropped 26% to 93 single-family homes in January 2011 from December 2010, and were 8% lower than sales in January 2010.

## Multi-Family/Condominiums

- Condominium prices rose 15% to \$248,800 in January 2011 from December 2010, and rose 7% from January 2010.
- Condominium sales dropped 13% to 39 units in the City of Santa Clarita in January 2011 from December 2010, and were 26% lower than sales volume in January 2010.

# City of Santa Clarita Housing Market: Average Days on Market & Inventory Levels

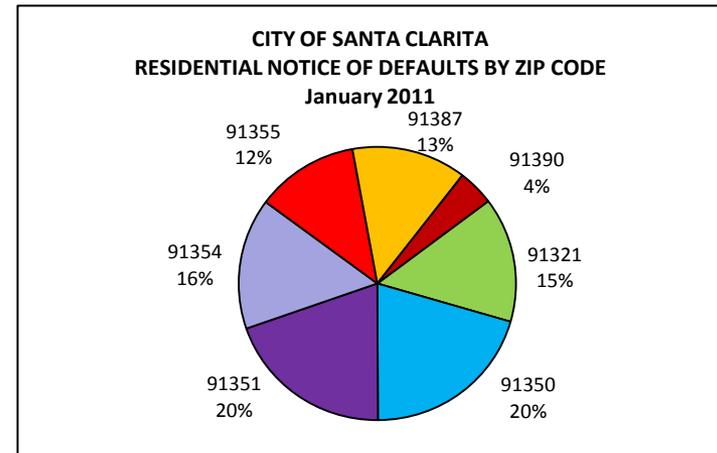
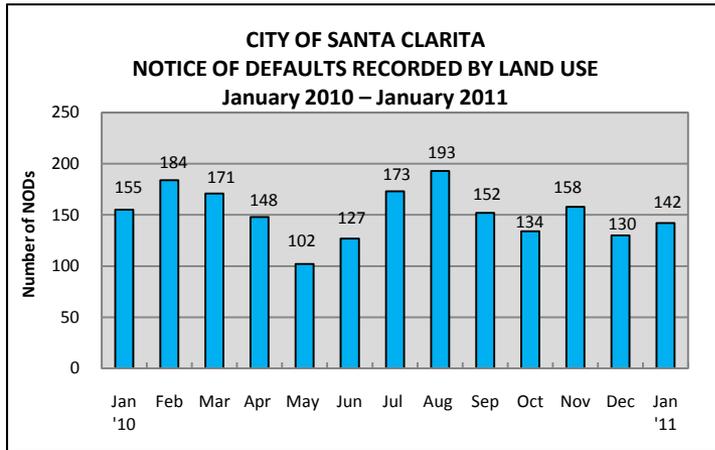


The City of Santa Clarita’s housing market has weakened from one year ago as it now takes longer for homes to sell and inventory levels continue to grow.

- In January 2011, homes were on the market for an average 65 days or 2.2 months, compared to 1.6 months in January 2010.
- Single-family inventory levels fell 12% in January 2011 to 580 homes from 656 in December 2010, and were 35% above inventory levels in January 2010.

Another indicator of the strength of the housing market is average days on the market. A larger number of days indicates homeowners are having a harder time selling their homes.

# City of Santa Clarita: Notice of Defaults (NODs)

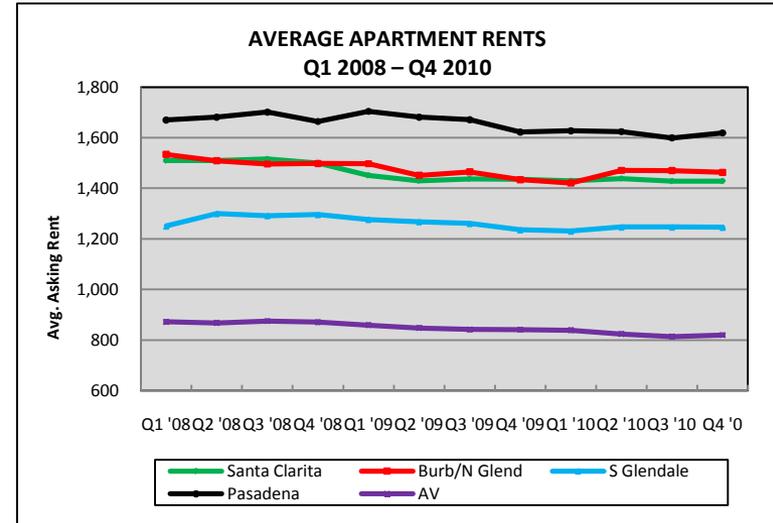
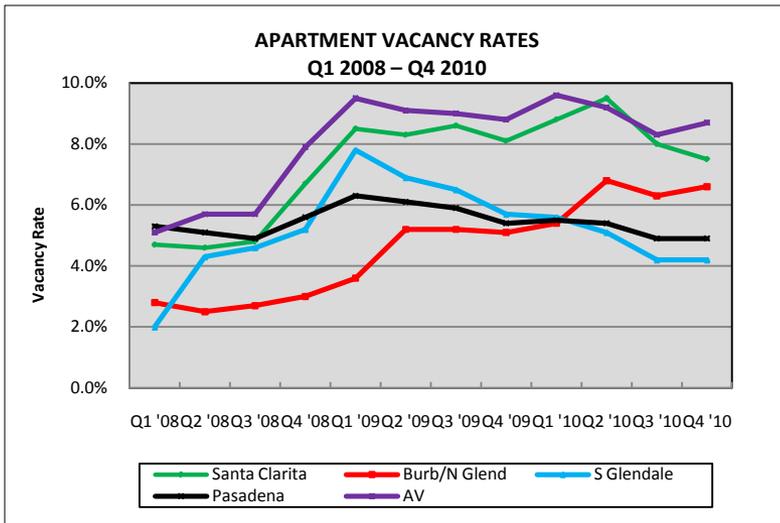


Notice of defaults were lower from one year ago yet higher from the previous month.

- A total of 142 NODs were recorded in January 2011 in the City of Santa Clarita. The level of NODs is down 8% from the level in January 2010 yet up 9% from December 2010.
- In January 2011, approximately 20% each of the NODs were recorded in the 91350 and 91351 zip codes followed by 16% in 91354, 15% in 91321, 13% in 91387, and 12% in 91355. The remaining 4% were in 91390.
- More than one-fourth or 26% of the NODs were on homes that previously sold in the \$200,000 - \$349,999 range while 23% each sold below \$200,000 and in the \$350,000 - \$499,999 range. Additionally, 17% sold in the \$500,000 - \$599,999 range and 7% sold for at least \$600,000. The price range was unknown for the remaining 4%.

# Apartments: Vacancies & Average Rents

## (Updated Quarterly)



### Apartment Vacancy Rates

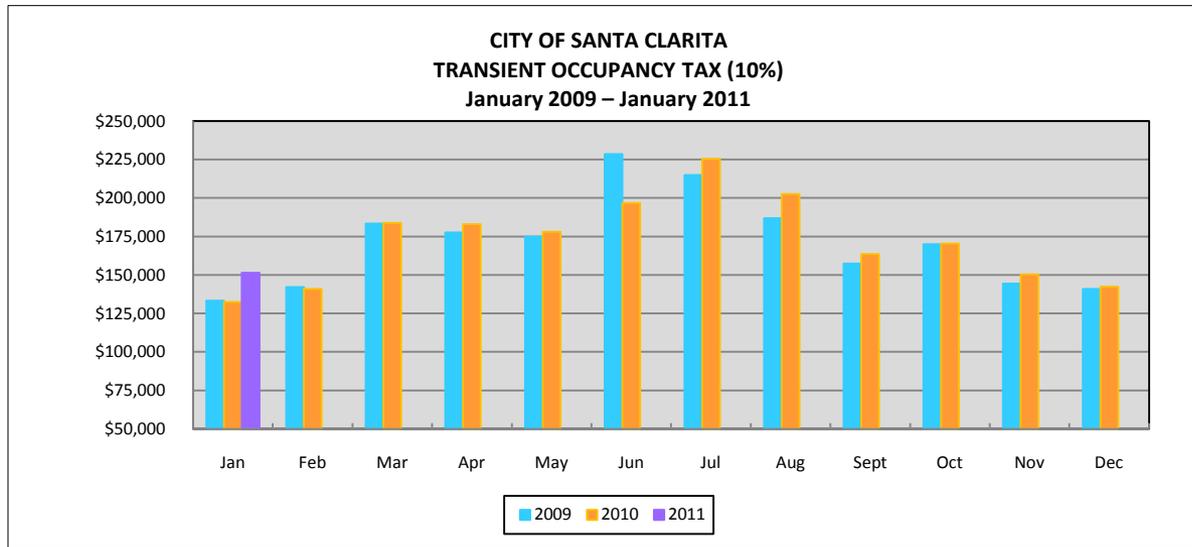
- The apartment vacancy rate during Fourth Quarter 2010 in Santa Clarita was 7.5%, which is lower than the Third Quarter vacancy rate of 8.0% as well as the 8.1% vacancy rate during Fourth Quarter 2009.
- In comparison, vacancy rates in Santa Clarita exceeded vacancy rates in Burbank/North Glendale, Pasadena, and South Glendale/Highland Park areas.
- Santa Clarita's vacancy rate during Fourth Quarter 2010 was higher than the rates of 4.9% for the Los Angeles metro area, 5.8% for the Western U.S., and 6.6% for the entire U.S.

### Average Rental Rates

- Average rents in Santa Clarita of \$1,428 during Fourth Quarter 2010 were slightly lower than the \$1,436 average rent during Fourth Quarter 2009, and tend to be comparable to those in the Burbank/North Glendale area and below those found in Pasadena.
- For studios and 1-bedroom apartments, rents in Santa Clarita are lower than those in the Los Angeles metro area by \$2 and \$16, respectively. Rents in Santa Clarita are lower than those in Los Angeles for two- and three-bedroom apartments by \$164 and \$301, respectively.

Apartment data are released quarterly. First Quarter 2011 data will be available in the March 2011 economic snapshot.

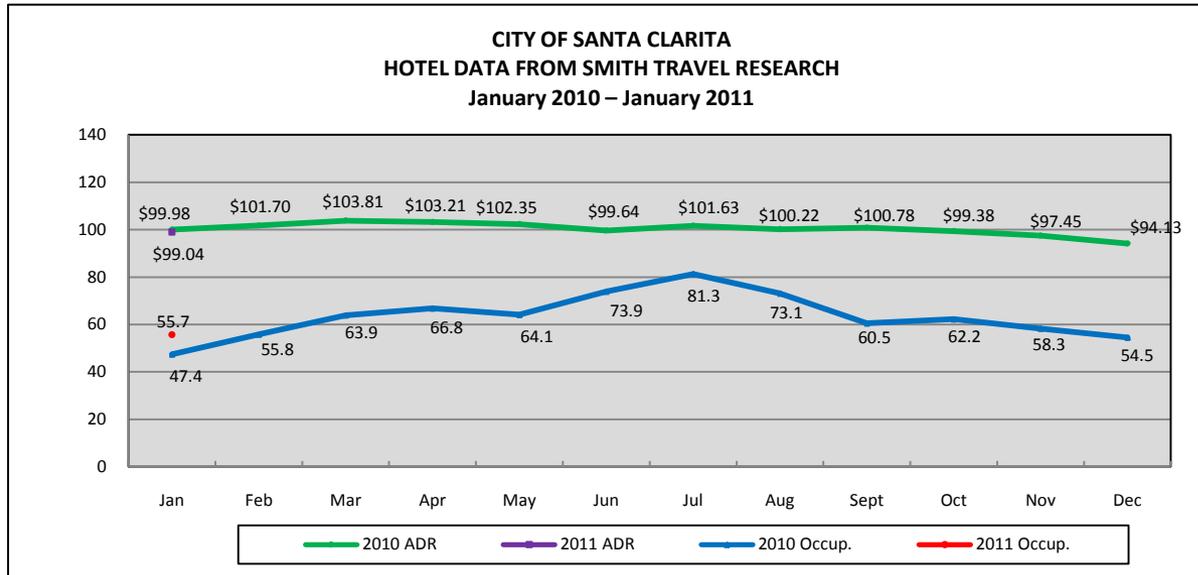
# Tourism: Transient Occupancy Tax



- In January 2011, the City of Santa Clarita collected \$151,473 in TOT, up 14.3% from \$132,469 in January 2010.
- Although TOT decreased on from \$133,222 in January 2009 to \$132,469 in January 2010, TOT increased to its current level of \$151,473 in January 2011.

City hotels include: Super 8, Santa Clarita Motel, Travelodge, Hyatt, Holiday Inn, Embassy Suites, Best Western, and Courtyard by Marriott.

# Tourism: Hotel Occupancy

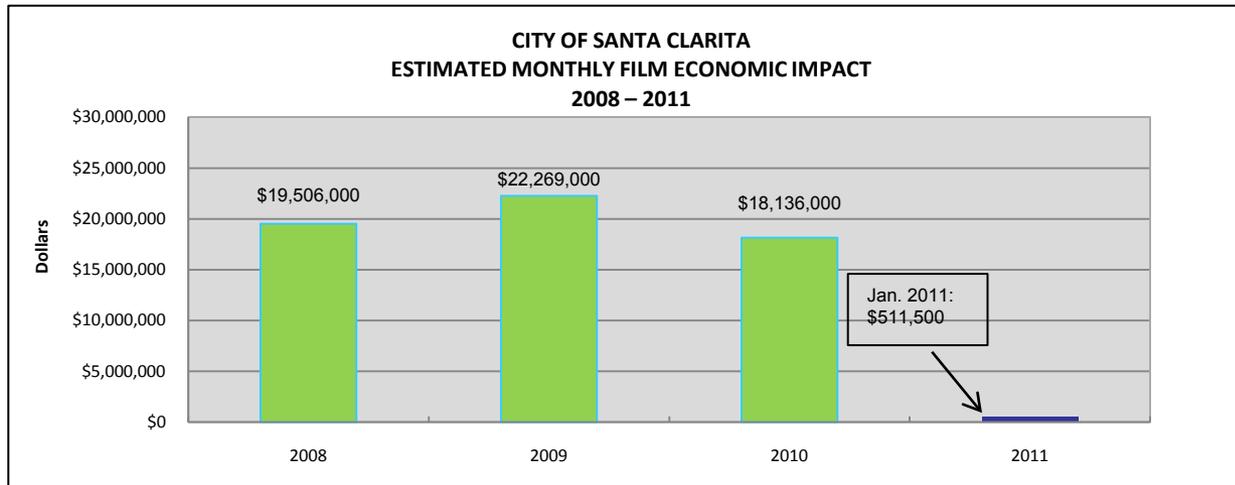


## Occupancy and Average Daily Rate (ADR)

- Smith Travel Research reported hotel occupancy in the City of Santa Clarita was 56% in January 2011, higher than the reported occupancy of 47% in January 2010.
- An average of 491 rooms of 882 available in the City were sold in January 2011 compared to 418 rooms of 882 available rooms in January 2010.
- In comparison, occupancy rates at hotels nationwide in January 2011 were at 46%, down 11% from January 2010.
- Occupancy rates decreased nationwide and average daily rate dropped 5% to \$100.66, suggesting total revenue collected nationwide in January 2011 decreased from January 2010.

City hotels include: Super 8, Travelodge, Hyatt, Holiday Inn, Embassy Suites, Best Western, and Courtyard by Marriott.

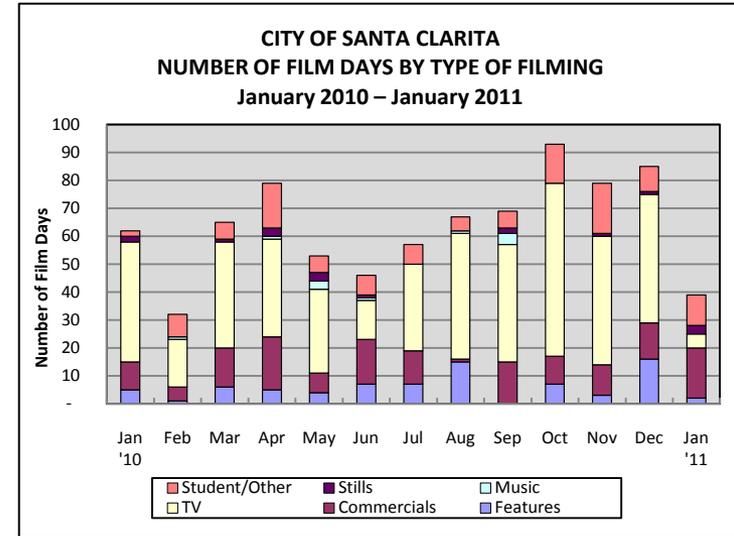
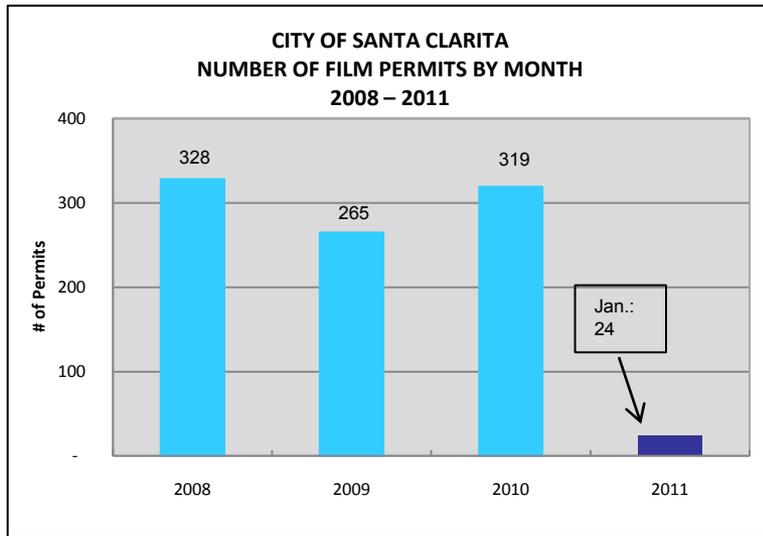
# On-Location Filming in The City of Santa Clarita



- The Economic Impact from location filming for January 2011 of \$511,500 was 68% below the impact in January 2010 of \$1,603,000.
- While the economic impact from location filming in January 2011 was down, it was 39% above the impact in January 2008 at \$367,500.
- Most productions are working on reduced budgets and as a result are spending more time in studios rather than on-location filming. The City does not track the activity of studio filming.

Estimated economic impact is the estimated money spent by production companies at local businesses including, but not limited to, location rental, food/catering, hotels, gas, expendables, building supplies, and arts & crafts supplies. Data contained on this page includes the economic impact of on-location filming only and does not include filming completed in studios or soundstages.

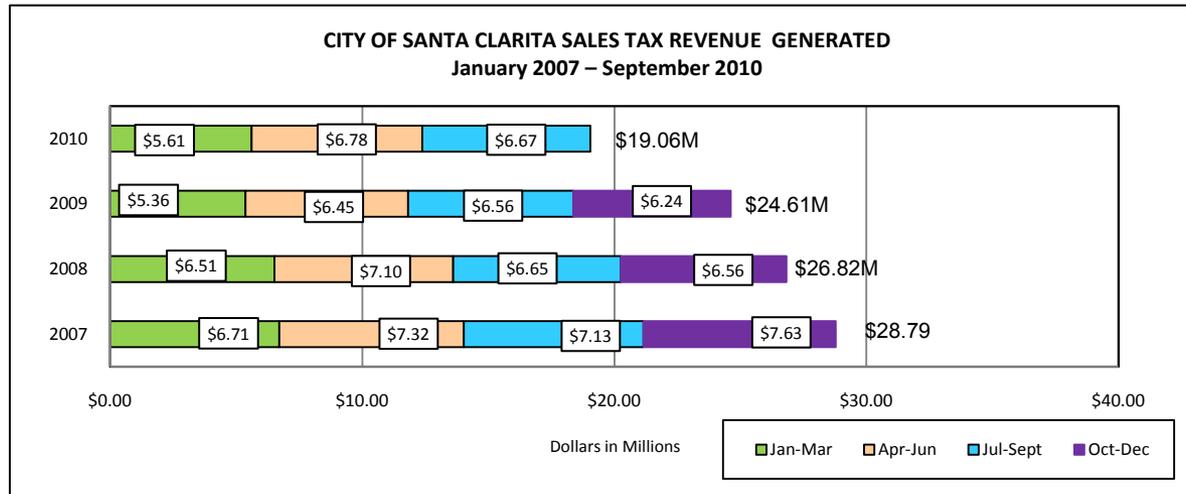
# On-Location Filming in The City of Santa Clarita



- In January 2011 a total of 24 film permits were issued within the City of Santa Clarita, down 17% from the 29 permits issued in January 2010.
- There were a total of 39 filming days in January 2011, down 37% from 62 filming days in January 2010.
- January 2011 film days included: 46% for commercials, 28% for student/other projects, 13% for television shows, 8% for stills, and 5% for features. No production for music/video production occurred in January 2011 in the City of Santa Clarita.

# City of Santa Clarita Sales Tax

(Updated Quarterly)



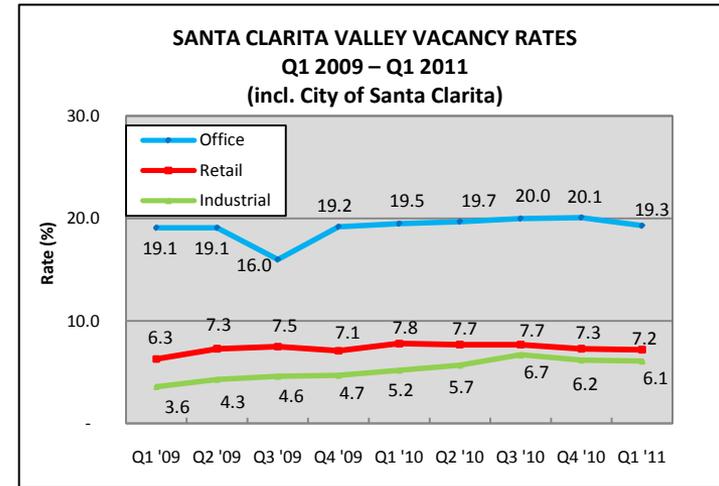
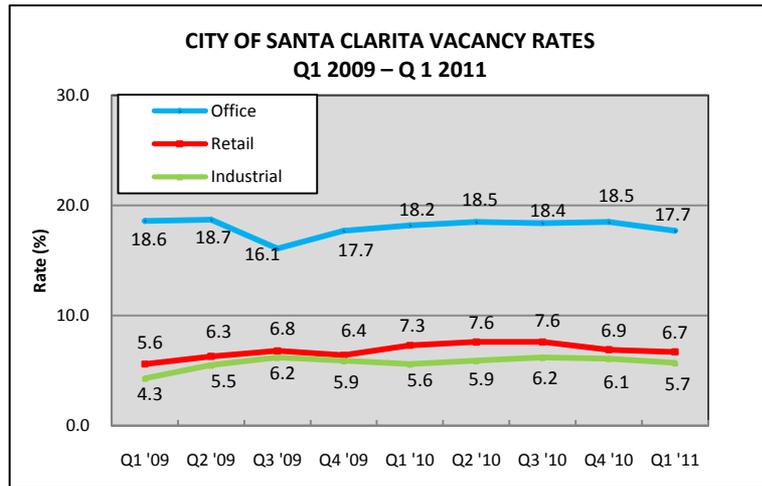
Sales tax generated in Third Quarter 2010 was above that generated during the Third Quarter 2009.

- In July – September 2010, a total of \$6.67 million in sales tax revenue was generated, up 2% from \$6.56 million generated in July – September 2009, but down 6% from the high in Third Quarter 2007.

The sales tax figures presented in this slide are adjusted for economic data, by removing retroactive payments with an absolute value of \$5,000 or more into the quarter the sale was generated.

Second Quarter 2009 and 2010 and Third Quarter 2009 were restated due to retroactive payments. Sales tax revenue is presented quarterly. The most current update is for Third Quarter 2010. Fourth Quarter 2010 data will be published in the March 2011 Economic Snapshot. The sales tax figures contained in this slide represent Point of Sale revenue received only and does not include State and County pool allocations.

# Commercial Vacancy Rates: City of Santa Clarita and Santa Clarita Valley



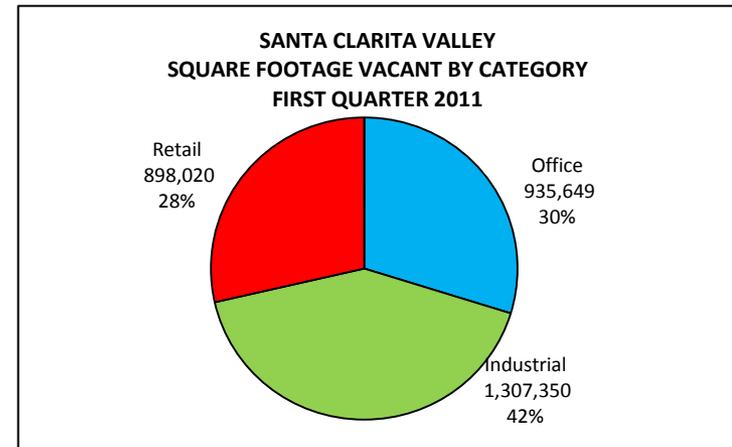
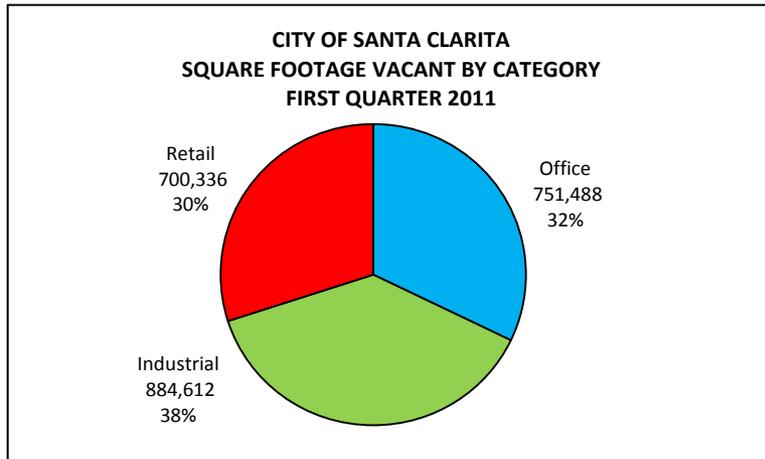
## City of Santa Clarita

- In the City of Santa Clarita, office, retail and industrial vacancy rates decreased in First Quarter 2011.
- During First Quarter 2011, the City's office vacancy rate was 17.7% and retail and industrial vacancy rates were 6.7% and 5.7%, respectively.
- In comparison office and retail vacancy rates increased in First Quarter 2010 from the previous quarter to 18.2% and 7.3%, respectively, while industrial vacancy rates decreased to 5.6%.

## Santa Clarita Valley (includes the City)

- Similarly, in the entire Santa Clarita Valley (including the City), office, retail, and industrial vacancy rates decreased in First Quarter 2011 from the previous quarter.
- The Santa Clarita Valley's office vacancy rate was 19.3%, and retail and industrial vacancy rates were 7.2% and 6.1%, respectively.
- In comparison office, retail, and industrial vacancy rates increased in First Quarter 2010 from the previous quarter to 19.5%, 7.8%, and 5.2%, respectively.

# Square Footage Vacant: City of Santa Clarita and Santa Clarita Valley



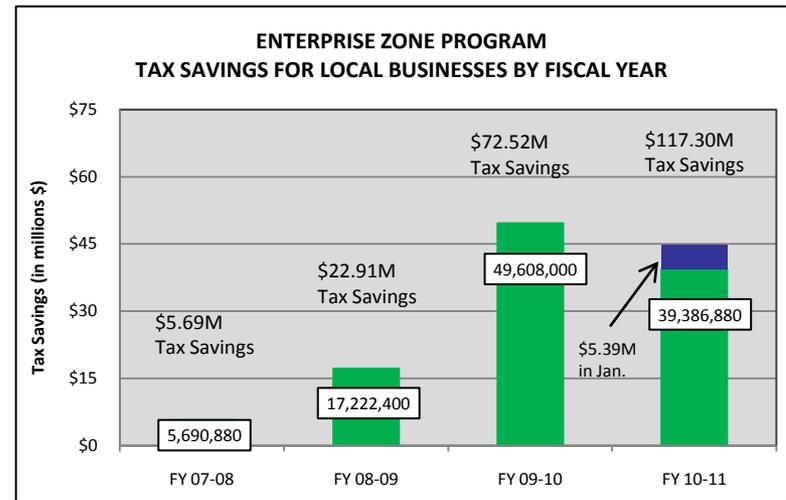
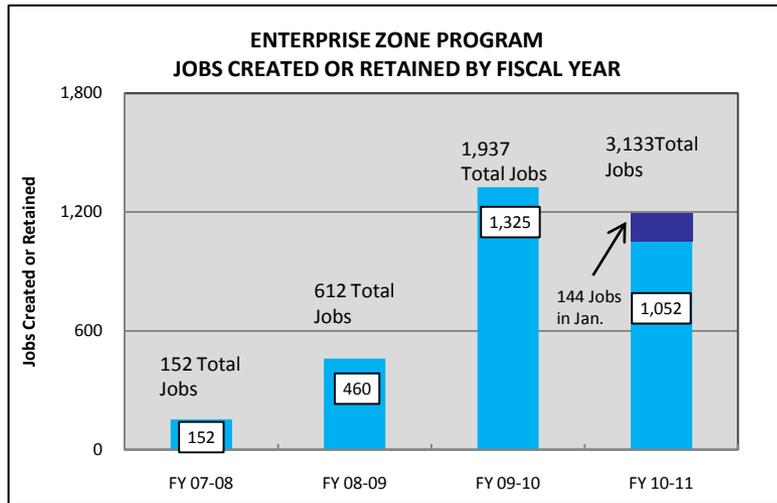
## **City of Santa Clarita**

- Within the City of Santa Clarita there is a total of 30,243,350 existing square feet for businesses of which 52% is industrial, 34% is retail, and 14% is office space.
- Only 7.7% or 2,336,436 square feet of the total space for businesses in the City is vacant. Of that amount vacant, 38% is industrial space, 32% is office, and 30% is retail space.

## **Santa Clarita Valley (includes the City)**

- In the entire Santa Clarita Valley there is a total of 38,608,316 existing square feet for businesses of which 55% is industrial, 32% is retail, and 13% is office space.
- Only 8.1% or 3,141,019 of the total space for businesses in the Santa Clarita Valley is vacant. Of that amount, 42% is industrial, 30% is office space, and 28% is retail space.

# Enterprise Zone Program: Job Activity and Tax Savings

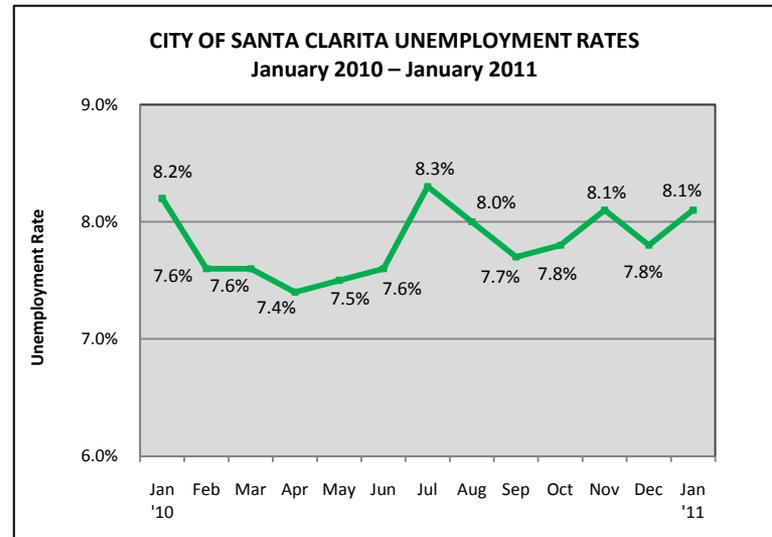
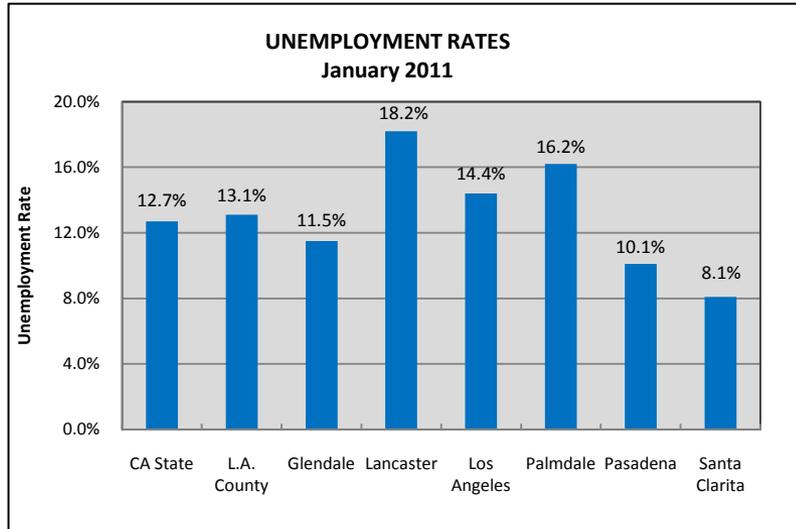


The Santa Clarita Enterprise Zone is a program that saves businesses money by providing special tax incentives from the State of California to businesses.

- Since the City's designation as an Enterprise Zone in 2007, a total of 3,133 jobs have been created or retained, which represents a potential tax savings to local businesses of over \$117 million.
- In January 2011, 144 vouchers were issued for jobs created or retained as a result of the Enterprise Zone, representing approximately \$5.4 million in potential tax savings.

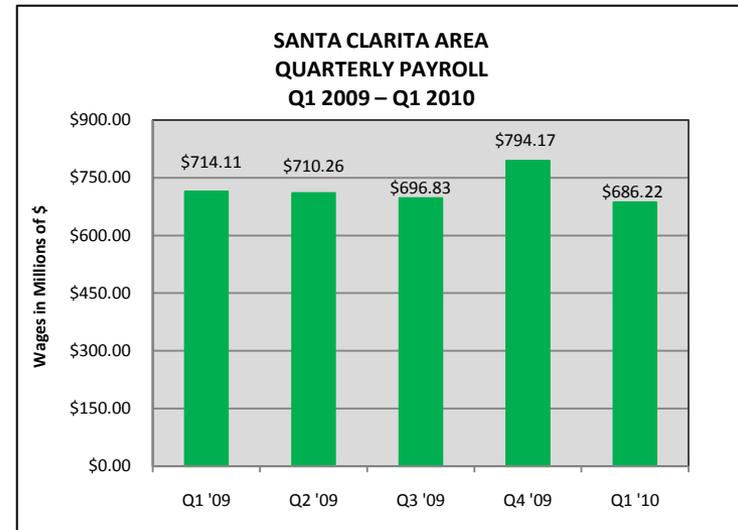
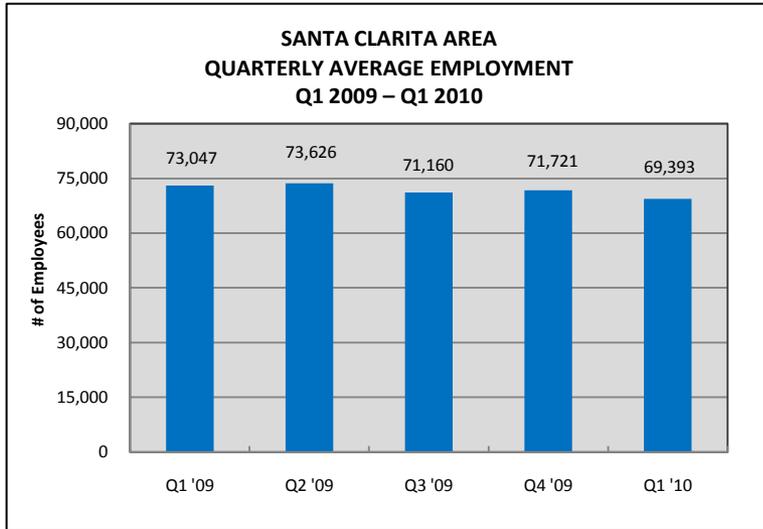
The City of Santa Clarita was awarded one of the State of California's 42 Enterprise Zone designations in 2007. The Enterprise Zone program provides tax incentives for businesses that locate in Santa Clarita and hire "qualified" employees or make "qualified" purchases. More information on the Enterprise Zone program can be located by visiting: <http://www.scenterprisezone.com> or contacting the City's Economic Development Department at (661) 255-4347.

# Unemployment



- Santa Clarita's unemployment rate was 8.1% in January 2011 compared to 13.1% for Los Angeles County and 12.7% for the state.
- Unemployment in Santa Clarita in January 2011 of 8.1% was comparable to the unemployment rate of 8.2% reported in January 2010.

# Employment and Wages

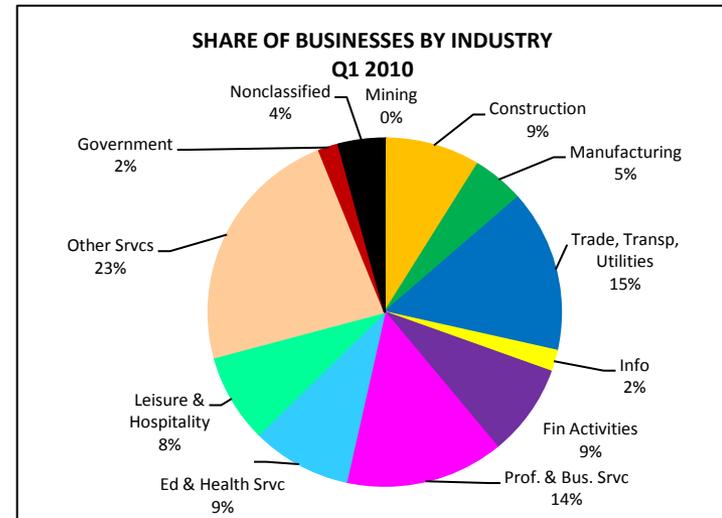
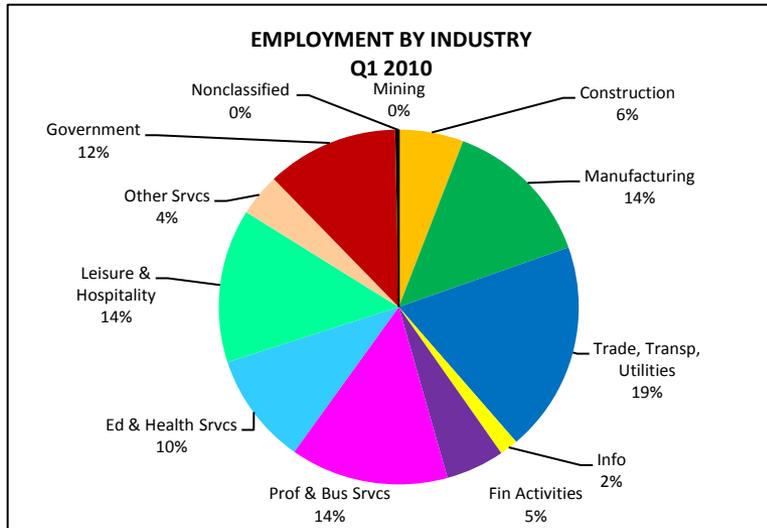


Employment as well as payroll in the Santa Clarita area have trended down from one year ago.

- In First Quarter 2010 there were a total of 5,800 establishments reporting employment and wages, down less than 1% from the 5,820 establishments in First Quarter 2009.
- Total employment in the Santa Clarita area was down 5% to 69,393 jobs in First Quarter 2010 from the same time period in 2009.
- Employment fell during First Quarter 2010 from the previous year in every sector except financial activities which rose 2% and nonclassifiable which remained unchanged.
- Quarterly wages in the Santa Clarita area were down 4% to \$686.22 million in First Quarter 2010 from \$714.11 in First Quarter 2009.

Employment and wages are reported for the 11 industry super-sectors as defined by the California Employment Development Division. The data represent a census of companies located in the following zip codes 91321, 91350, 91351, 91354, 91355, 91387, and 91390, regardless of where employees reside. Updated data will be reported with the February 2011 economic report.

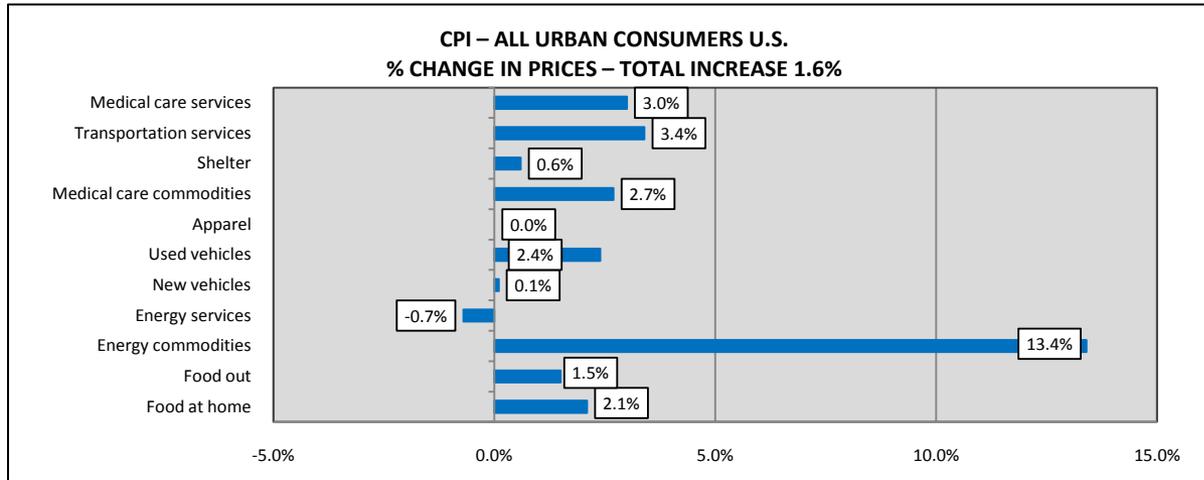
# Employment by Industry



- Trade, transportation, & utilities account for 19% of employment in the Santa Clarita area, but only 15% of the businesses.
- Manufacturing, professional & business services, and leisure & hospitality each account for 14% of the number of people employed, yet only represent 5%, 14%, and 8% of the number of businesses, respectively.
- In contrast, other services (equipment repair, religious organizations, personal care, dry cleaning/laundrying, and gardening) account for 4% of the employment yet 23% of the businesses.
- Similarly, financial activities (finance, insurance, & real estate) account for 5% of the employment yet represent 9% of the businesses.
- Compared to Q1 2009, leisure & hospitality accounted for 12% of the employment compared to 14% during Q1 2010.
- In Q1 2009, professional & business services accounted for 15% of the businesses and other services accounted for 22% of the businesses compared to 14% and 23%, respectively in Q1 2010.

Employment and wages are reported for the 11 industry super-sectors as defined by the California Employment Development Division. The data represent a census of companies located in the following zip codes 91321, 91350, 91351, 91354, 91355, 91387, and 91390, regardless of where employees reside. Data are understated for all but other services, government, and nonclassifiable to protect the confidentiality of the data for subsectors with a small number of businesses. Updated data will be reported with the February 2011 economic report.

# Inflation



- Year-over-year inflation for January 2011 among all urban consumers for Los Angeles-Riverside-Orange County increased 1.8% compared to the national increase of 1.6%. Inflation in the Los Angeles metro area is higher than inflation level of 1.3% in December 2010.
- The higher inflation rate in January 2011 from one year ago reflects cost increases in all services and commodities with the exception of a decline of 0.7% in energy services.
- The highest year-over-year increase was seen in energy commodities with a 13.4% increase from the previous January. This large increase was due to a 13.4% year-over-year increase in gasoline compared to a 13.8% increase in December and a 17.3% year-over-year increase in fuel oil increased compared to 16.5% in December.

# Data Sources

## Sources:

Permits / Certificate of Occupancy: City of Santa Clarita, Building and Safety Division

Housing Market: Southland Regional Association of Realtors

Notice of Defaults: First American RealQuest Pro

Apartment Data: Reis, Inc.

Film Data: City of Santa Clarita, Film and Tourism Office

Hotel Data: Smith Travel Research

Sales Tax Data: California Board of Equalization data from City of Santa Clarita, Finance Division

Vacancy Rates: CoStar Property

Enterprise Zone: City of Santa Clarita, Economic Development Division

Unemployment Rate: CA Employment Development Department

Employment and Wages: CA Economic Development Department

Inflation Rate: Bureau of Labor Statistics