

SANTA CLARITA ECONOMIC SNAPSHOT

Data for Period of October 1 – 31, 2008

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Overview

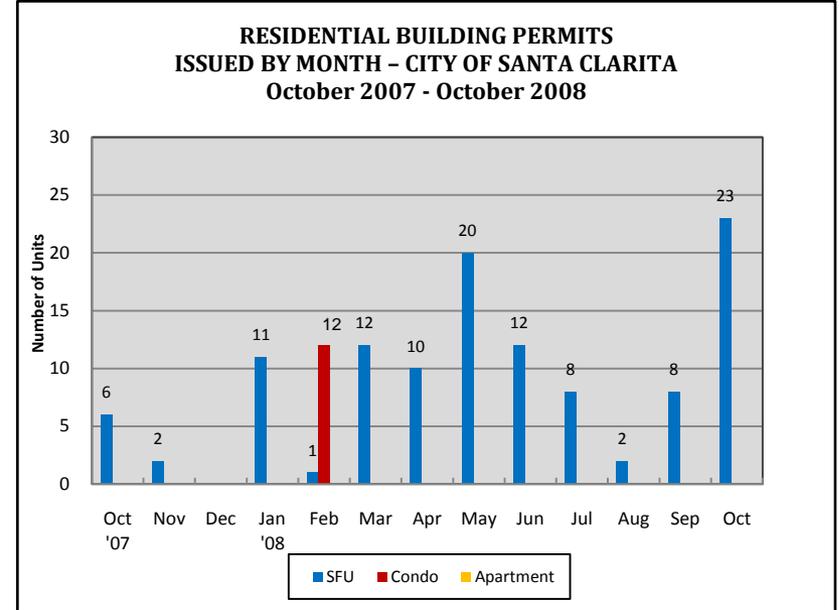
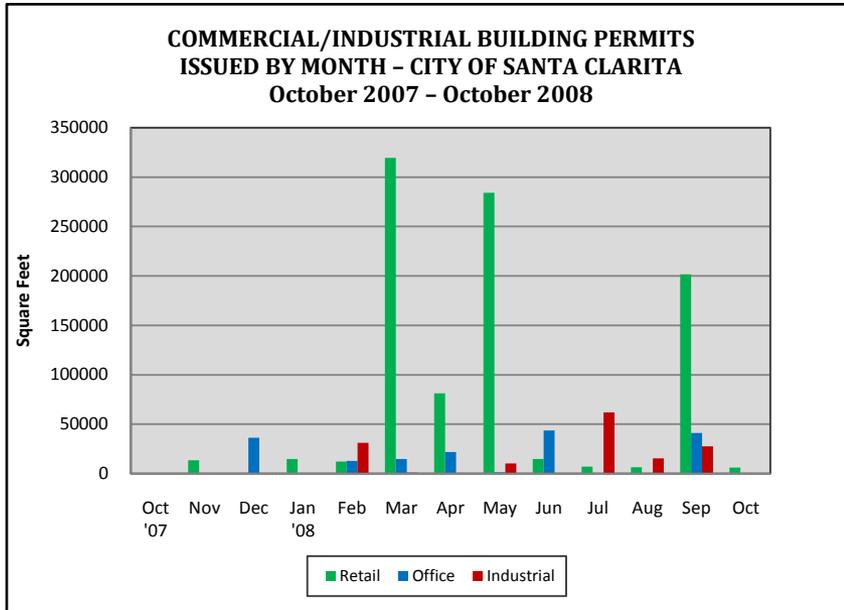
The information presented in this report helps to create a snapshot of the overall fiscal health of Santa Clarita. **The overall results are somewhat mixed with some indicators weakening and others continuing to strengthen.**

Indicators being tracked include:

- Residential, Commercial and Industrial Building permits issued;
- The median value of single-family homes and condominiums;
- The total number of single-family homes and condominiums sold;
- Average number of day on the market for single-family homes;
- Number of notice of defaults recorded in Santa Clarita;
- Average apartment rental rates;
- The economic impact of the film industry on Santa Clarita;
- The average room rate and occupancy rate of local hotels;
- The amount of sales tax revenue and transient occupancy tax generated;
- The vacancy rates for the office, commercial and retail sectors and available square footage;
- Unemployment rates;
- The consumer price index measuring inflation

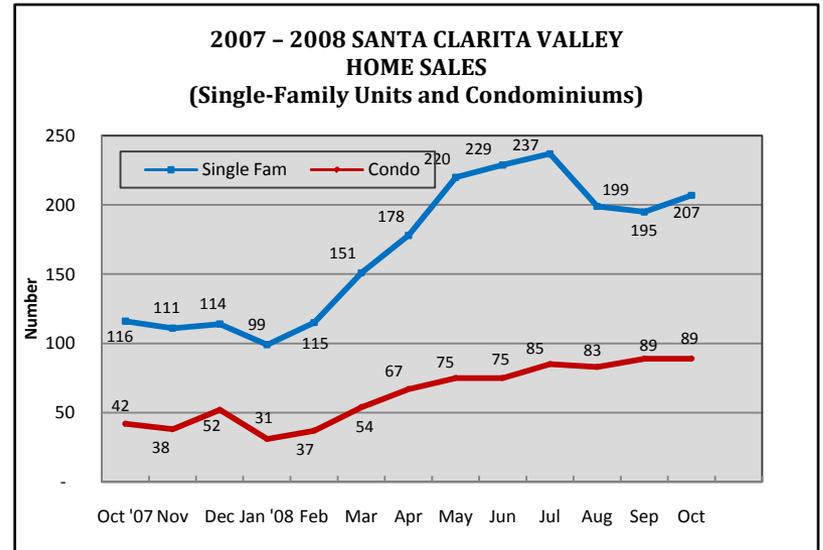
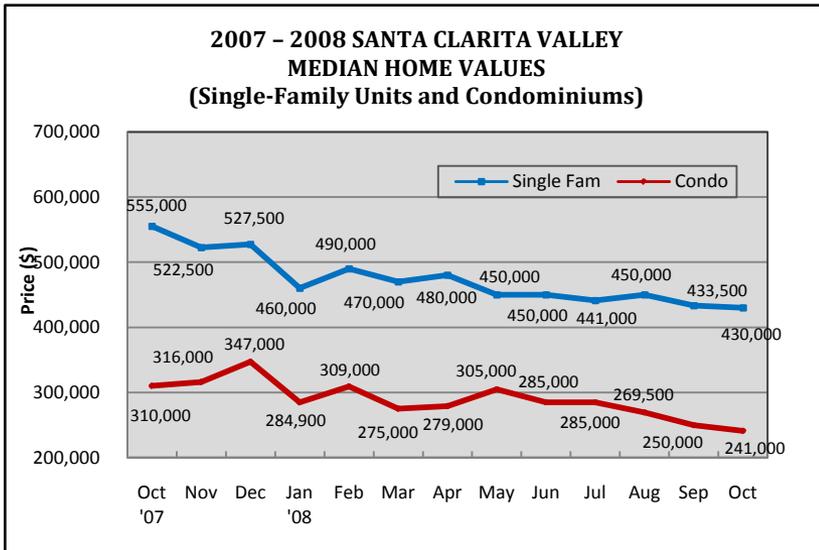
Reports are generated monthly. Periodically, more detailed data are available quarterly or annually.

Permits Issued



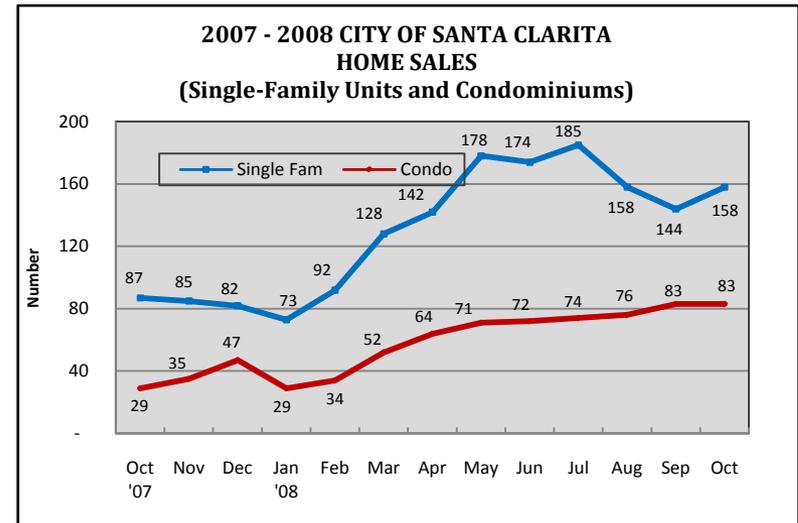
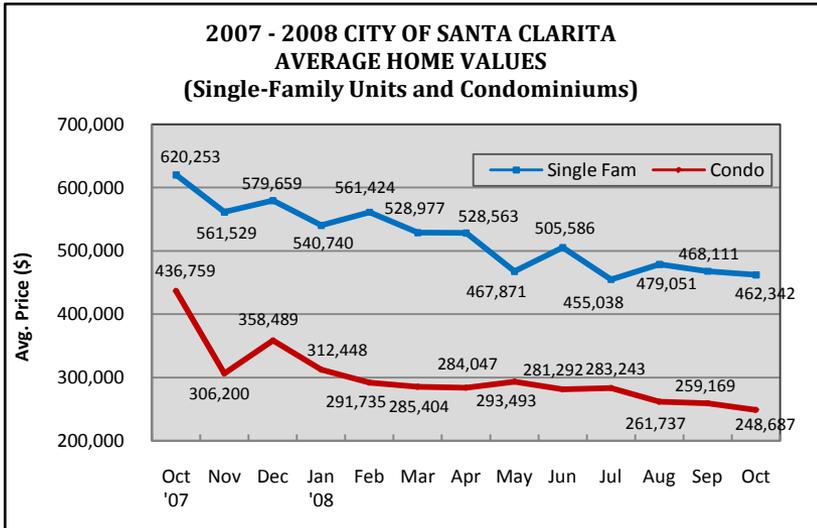
- Only 1 building permit for retail use was issued in October 2008 by the City of Santa Clarita compared to 12 permits in September for retail, office, and industrial use and compared to no permits the previous October.
- In October 2008, a total of 6,143 square feet were permitted of which 100% was for retail space. In the previous month of September, a total 270,533 square feet were permitted of which 75% was retail, 15% was for office space, and 10% was industrial.
- In October 2008, 23 single-family permits were issued while no permits for condominiums or apartments were issued, up almost triple from 8 permits in September and almost quadruple from October 2007.

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



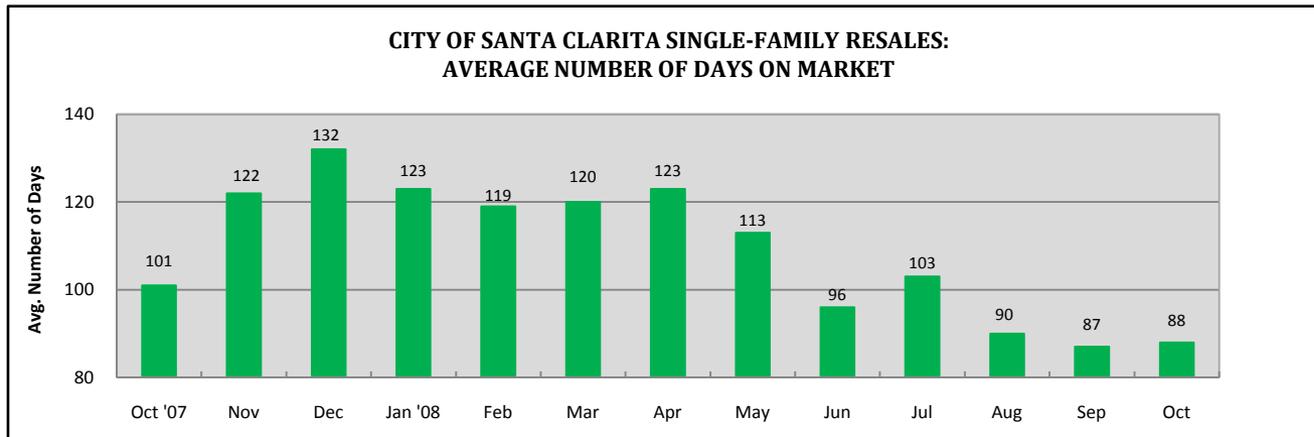
- In the Santa Clarita Valley (inclusive of the City of Santa Clarita), home values have begun to fall at a slower pace than earlier in the year.
- Sales have trended upward since January 2008, although appear to be tapering off in the past couple of months.
- Single-family median home values slipped 1% to \$430,000 in October 2008 from \$433,500 in September and down 23% from October 2007.
- Condominium prices dropped 4% to \$241,000 in October 2008 from September, and 22% from the previous October.
- The number of single-family home sales appear to have peaked for the year in July 2008 at 237 homes. A total of 207 single-family homes sold in October 2008, up 6% from September and almost another 97% from one year ago. Condominium sales were flat at 89 condos sold in October compared to September and up 71% from the previous October.

City of Santa Clarita Housing Market



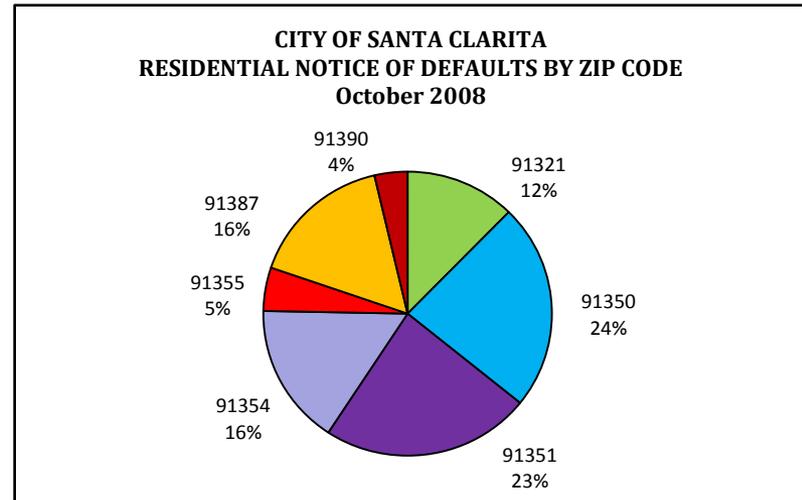
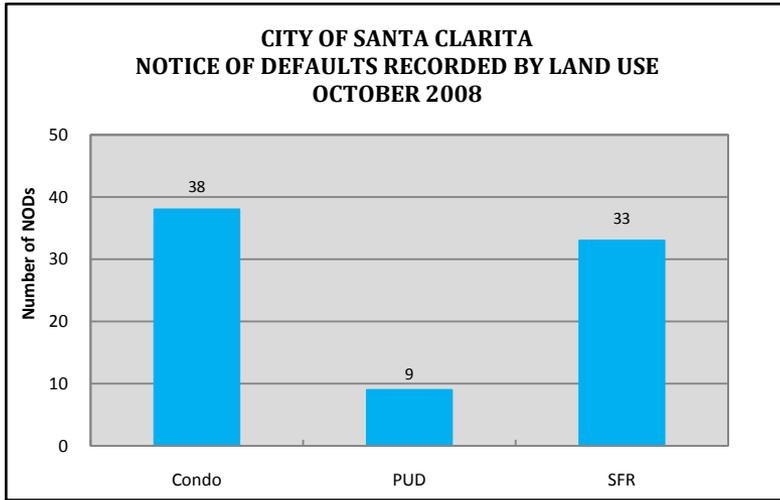
- Single-family average prices dipped in October 2008 from September, and remain lower than prices in October 2007.
- Single-family average home values in October 2008 in the City of Santa Clarita were \$462,300 or 1% below September and 25% below October 2007. Condominium prices dropped to \$248,700 in October 2008 or 4% from September and 43% from the previous October.
- The number of single-family homes sold in the City of Santa Clarita in October 2008 increased compared to sales in September and remains above sales in October 2007.
- In the City of Santa Clarita, sales rose 9% to 158 single-family homes in October 2008 from September, and condominium sales volume remained unchanged at 83 units during the same time period.

Average Number of Days on Market



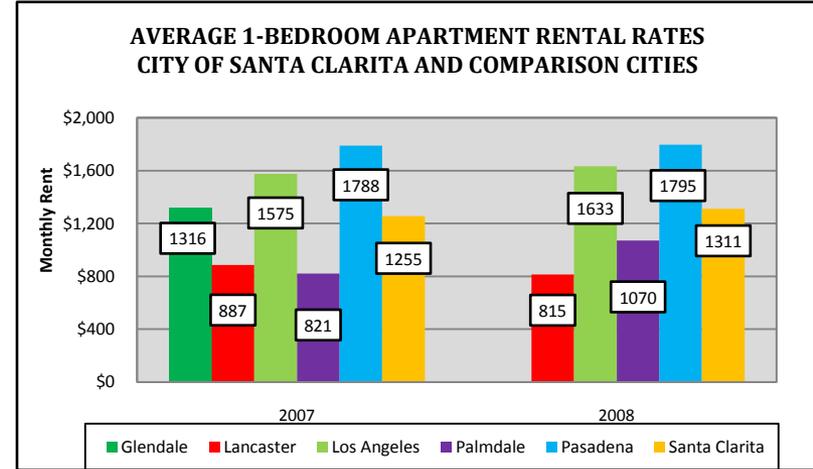
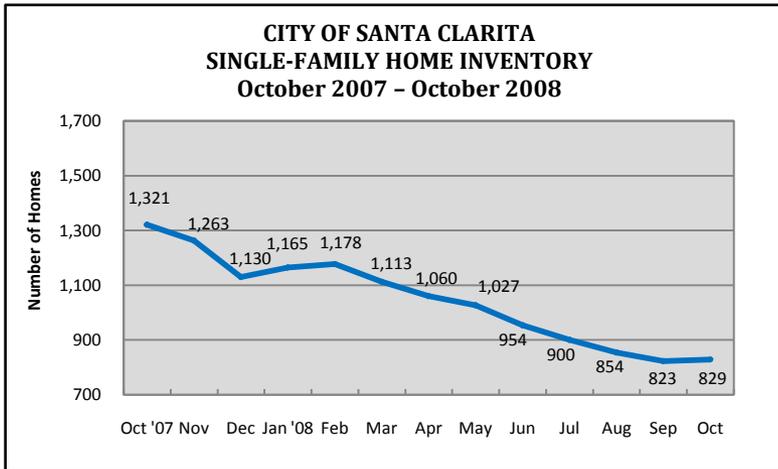
- Another indicator of the strength of the housing market is average days on the market. A large number of days indicates homeowners are having a harder time selling their homes.
- The City of Santa Clarita's housing market was at its weakest in December 2007 when homes took an average 132 days or close to 4.5 months to sell.
- In October 2008, homes were on the market for an average 88 days or almost 3.0 months. This level is comparable to that seen in September and is among the lowest level seen in the past year.

City of Santa Clarita: Notice of Defaults (NODs)



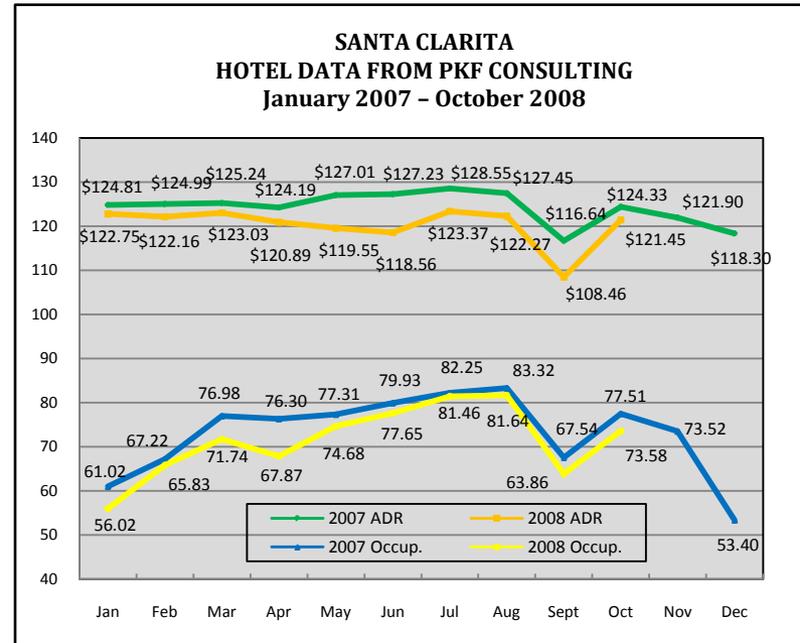
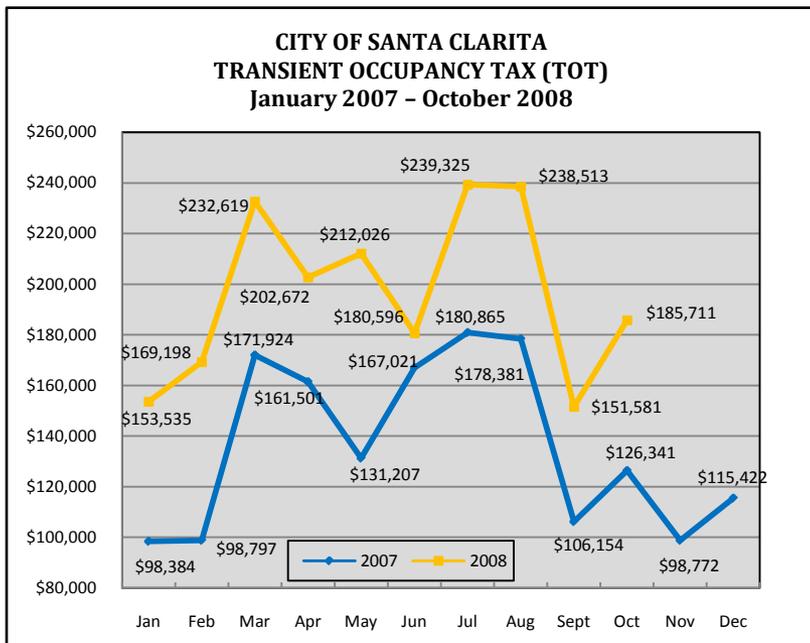
- A total of 80 NODs were recorded in October 2008 in the City of Santa Clarita.
- Of the October NODs, 48% or 38 were on condominium properties while 41% or 33 were on single-family residences and the remaining 11% or 9 NODs were on PUDs or Planned Unit Developments. In a PUD, a unit or building is owned by an individual who resides there and the common space is owned by others in the association for benefit of all owners.
- Approximately one-fourth each or 24% and 23% were recorded in zip codes 91350 and 91351, respectively, followed 16% each in 91354 and 91387 (within the City limits), 12% in 91321, 5% in 91355, and 4% in 91390 (within the City limits).
- Only 15% of the NODs were on homes that previously sold for at least \$600,000 while 31% sold in the \$350,000 - \$499,999 range, 23% in the \$200,000 - \$349,999 range, 21% in the \$500,000 - \$599,999 range, and the remaining 10% were below \$200,000. This suggests that homeowners who received NODs in October were not in the City's luxury home market, but rather the entry and mid-level market.

City of Santa Clarita Housing Market: Inventory and Rental Rates



- Single-family inventory levels remain lower from one year ago. Although resale inventory levels inched up 1% in October 2008 to 829 homes from 823 in September, they are 37% below inventory levels in October 2007.
- Santa Clarita's average apartment rental rates increased 4% from \$1,255 for a 1-bedroom unit in 2007 to \$1,311 in October 2008, according to the most recent data.

Tourism: Hotel Occupancy & TOT*



City of Santa Clarita

- Transient Occupancy Tax (TOT) in the City is 10%. In October 2008, \$185,711 was collected representing a 47% increase over October 2007 at \$126,341.
- The City of Santa Clarita collected a total of \$1,965,776 in TOT for October 2008 year-to-date (YTD), representing a 38% increase when comparing the same period in 2007.

Santa Clarita Valley

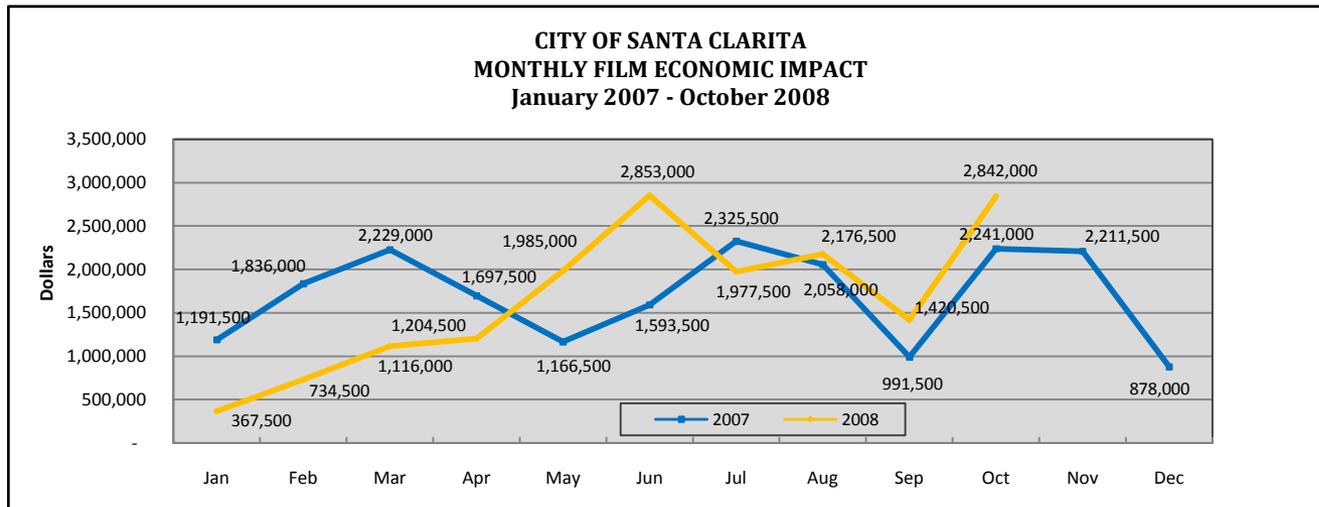
- According to the latest *Trends* report from PKF Consulting, the Santa Clarita Valley enjoyed an occupancy rate of 74% in October 2008, slightly lower than the overall Los Angeles average of 77% and 5% lower than the 78% occupancy in October 2007.
- In other words, an average of 1,402 rooms out of 1,895 rooms in the Santa Clarita Valley were sold or rented by overnight visitors in October 2008 compared to 1,356 rooms out of a total of 1,739 rooms in October 2007.

Los Angeles Region

- The Santa Clarita Valley's slight decline in occupancy is in line with the greater L.A. region. In the Los Angeles area, occupancy rates are down 6% to 77% in October 2008 compared to 82% the previous October.

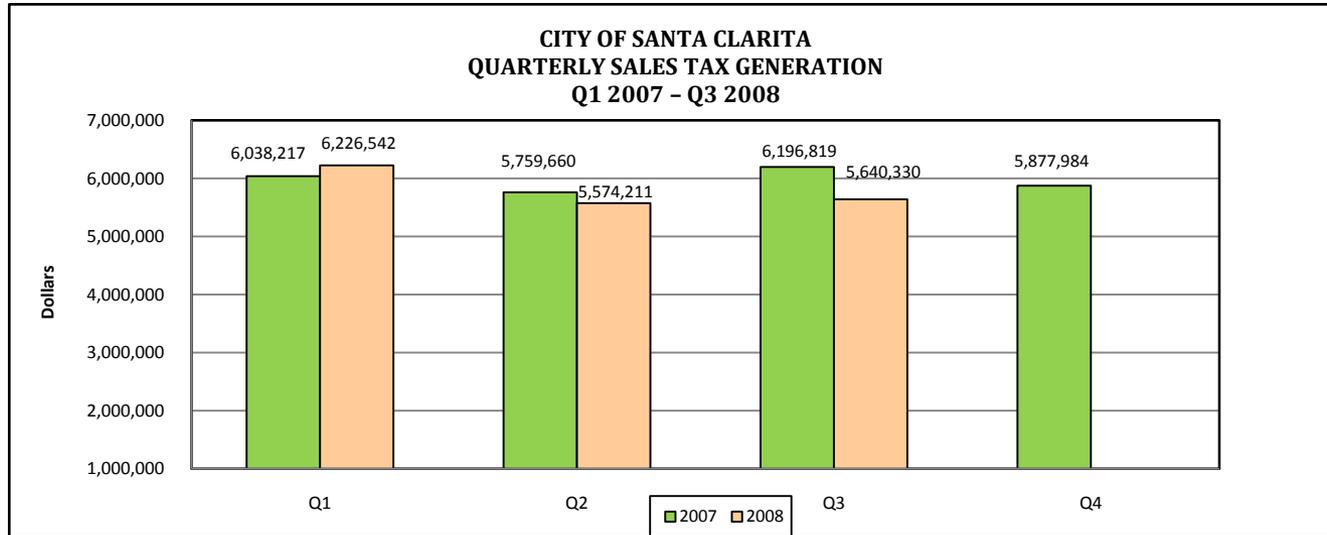
* Note: Errors in the reporting of TOT were detected and TOT has been appropriately restated for January – October 2008.

Filming in The City of Santa Clarita



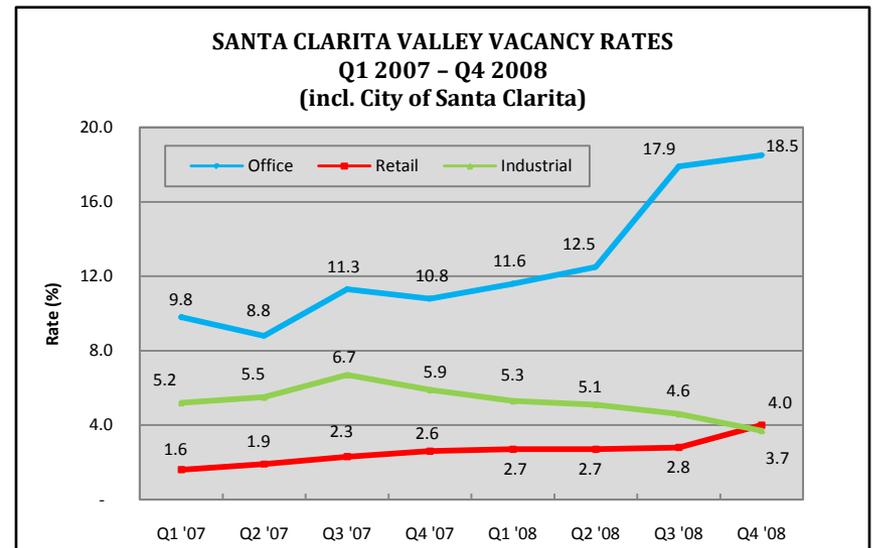
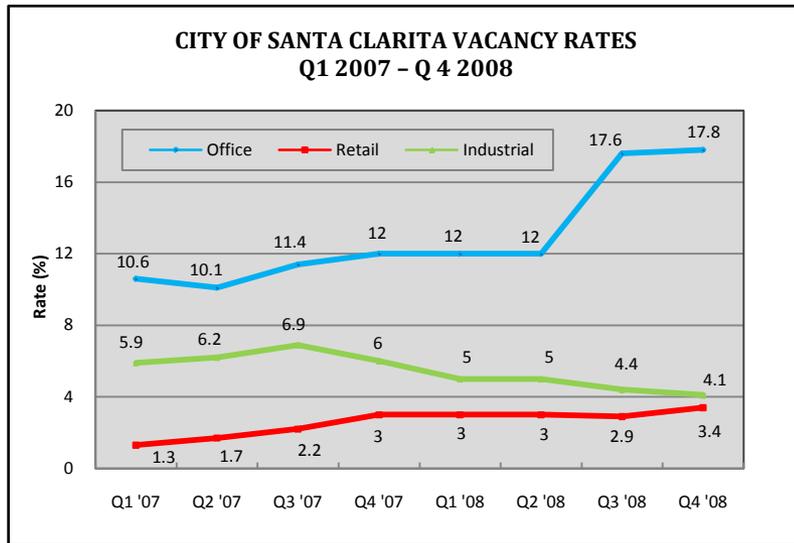
- During 2008, the film industry's economic impact on businesses in the City has been trending upward.
- Spending by production companies with businesses in the City of Santa Clarita has resulted in more dollars being spent in the City in October 2008 compared to the previous October.
- The Film Economic Impact for October 2008 of \$2,842,000 was \$601,000 or 27% above the impact in October 2007 of \$2,241,000.
- Despite the Writer's Strike in early 2008, the film industry has generated \$17,330,000 in economic impact during October 2008 year-to-date (YTD), down 4% from \$16,677,000 during October 2007 YTD.

City of Santa Clarita Sales Tax



- As the economy weakens in 2008, decreases in sales tax receipts are being reported.
- In Third Quarter 2008, a total of \$5.64 million in sales tax revenue was collected, down 9% from \$6.20 million in Third Quarter 2007.
- Sales tax revenue during First Quarter is a representation of sales tax received by the City in January, February, and March that was generated in sales during the months of December, January, and February. Sales tax revenue is presented quarterly as data become available.
- Through Third Quarter 2008, sales tax revenue is down 3% to \$17.44 million from \$17.99 million during the same time period in 2007.

Vacancy Rates: City of Santa Clarita and Santa Clarita Valley



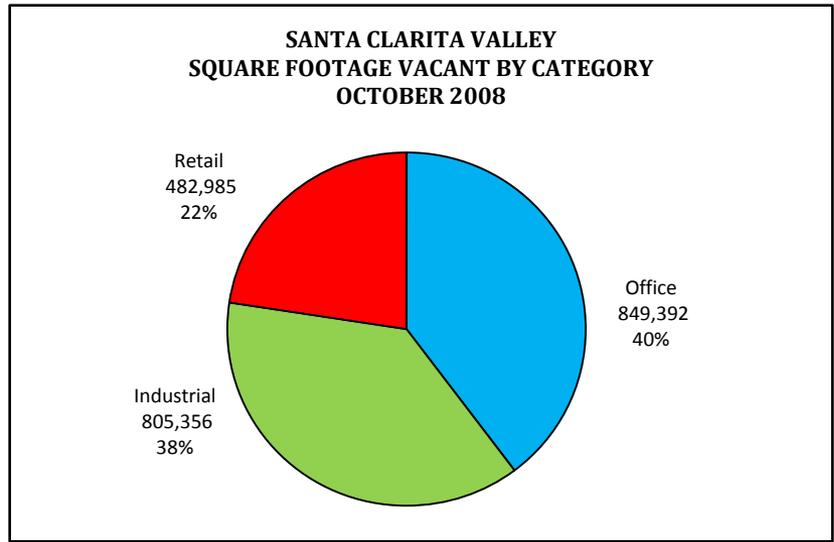
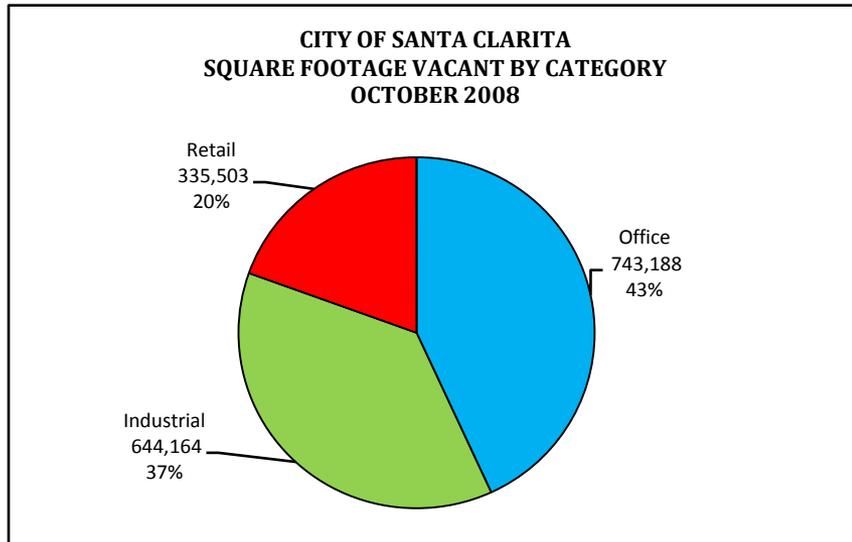
City of Santa Clarita

- In the City of Santa Clarita, office and retail vacancy rates increased in Fourth Quarter 2008, while industrial vacancy rates decreased.
- The City's office and retail vacancy rates are 17.8% and 3.4%, respectively, while the industrial vacancy rate is 4.1%.

Santa Clarita Valley (includes the City)

- Similarly, in the entire Santa Clarita Valley (including the City), office and retail vacancy rates increased in Fourth Quarter 2008 while industrial rates continue to decline.
- The Santa Clarita Valley's office and retail vacancy rates are 18.5% and 4.0%, respectively, while the industrial vacancy rate is 3.7%.
- With the exception of industrial vacancy rates, the City's office and retail vacancy rates remain below those of the entire Valley and any increases in vacancy rates are at a slower pace compared to increases in the Valley.

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



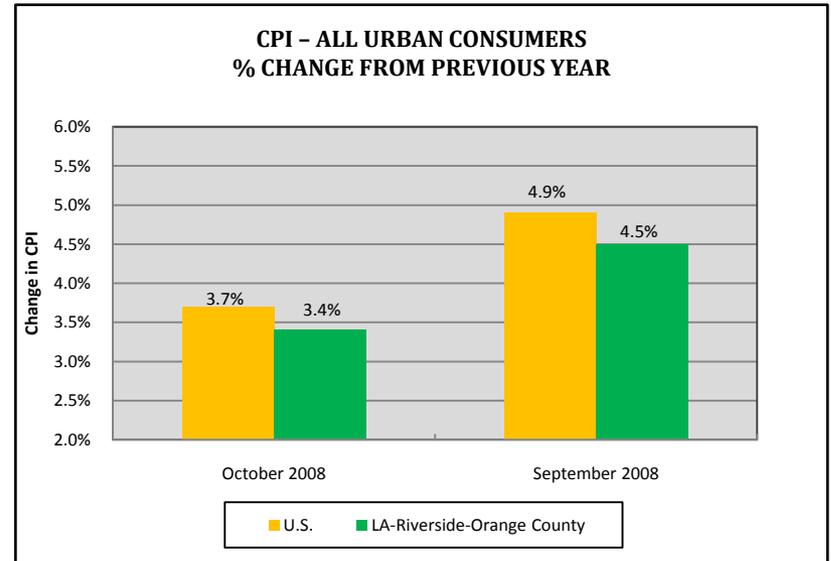
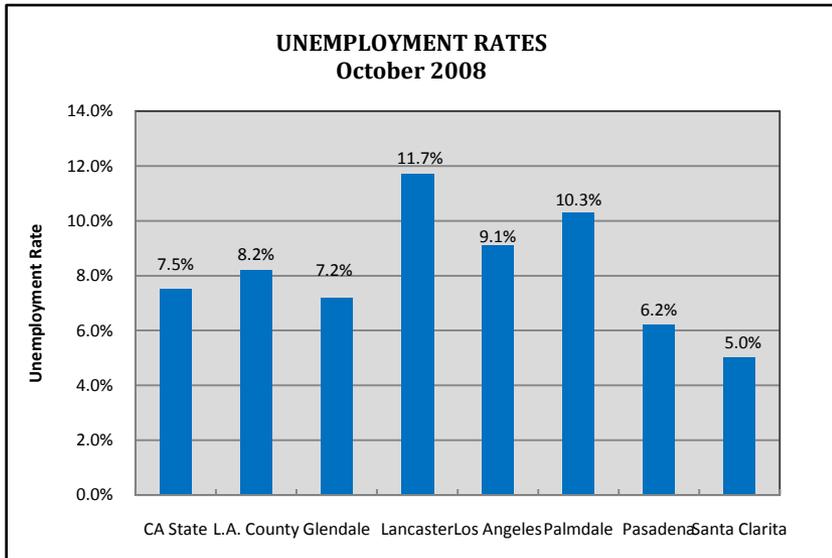
City of Santa Clarita

- Within the City of Santa Clarita there is a total of 28,963,711 existing square feet for businesses of which 53% is industrial, 34% is retail, and 13% is office space.
- Only 5.9% or 1,722,855 square feet of the total space for businesses in the City is vacant. Of that amount vacant, 43% is office space, 37% is industrial space, and 20% is retail space.

Santa Clarita Valley (includes the City)

- In the entire Santa Clarita Valley there is a total of 38,662,792 existing square feet for businesses of which 57% is industrial, 31% is retail, and 12% is office space.
- Only 5.5% or 2,137,733 of the total space for businesses in the Santa Clarita Valley is vacant. Of that amount, 40% is office space, 38% is industrial space and 22% is retail space.

Employment and Inflation



- Santa Clarita's unemployment rate was 5.0% in October 2008 compared to 8.2% for Los Angeles County and 7.5% statewide.
- Inflation for October 2008 among all urban consumers for Los Angeles-Riverside-Orange County of 3.4% was lower than the national rate of 3.7%, and lower than the rate of 4.5% in September 2008. This continues to reflect the lower transportation and energy costs in October compared to those in September. Additionally, this is the first time in approximately 50 years that there has been a large one-month decline in the CPI-U index.

Data Sources

Sources:

Permits: City of Santa Clarita, Building and Safety Division

Housing Market: San Fernando Valley Association of Realtors

Apartment Rates: Apartmentratings.com

Notice of Defaults: First American RealQuest Pro

Film Economic Impact: City of Santa Clarita, Film and Tourism Office

Hotel Data: PKF Consulting

Sales Tax Data: City of Santa Clarita, Finance Division

Vacancy Rates: CoStar Property

Unemployment Rate: CA Employment Development Department

Inflation Rate: Bureau of Labor Statistics