

SANTA CLARITA ECONOMIC SNAPSHOT

Data for Period of December 1 – 31, 2008

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Overview

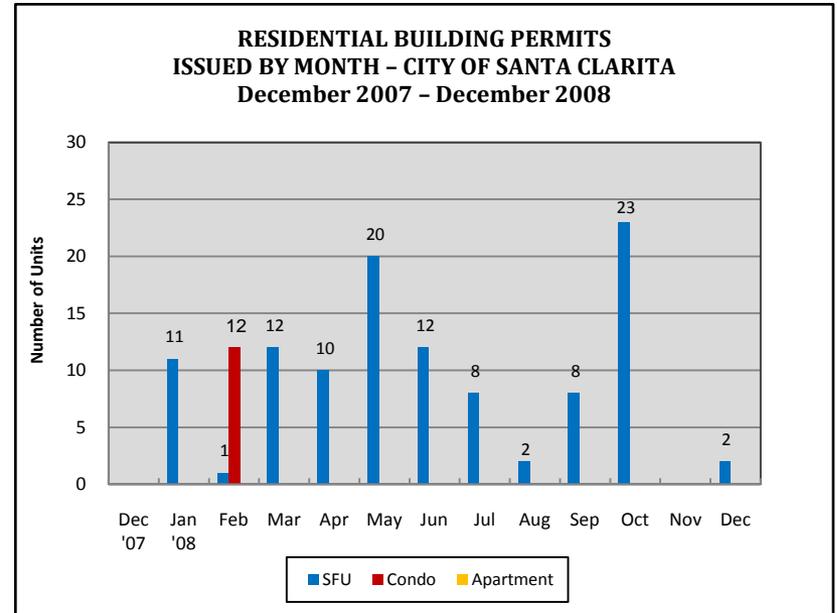
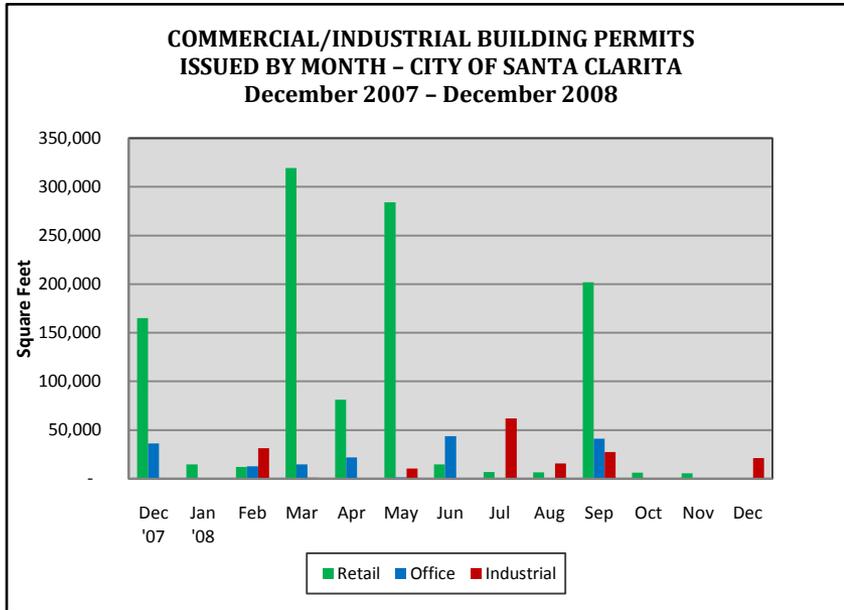
The information presented in this report helps to create a snapshot of the overall fiscal health of Santa Clarita. **The overall results are somewhat mixed with some indicators weakening and others continuing to strengthen.**

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 permits for new buildings or new shell structures are included in the data on this page. Permits for electrical, mechanical, sewer, or plumbing work are not included in this data.

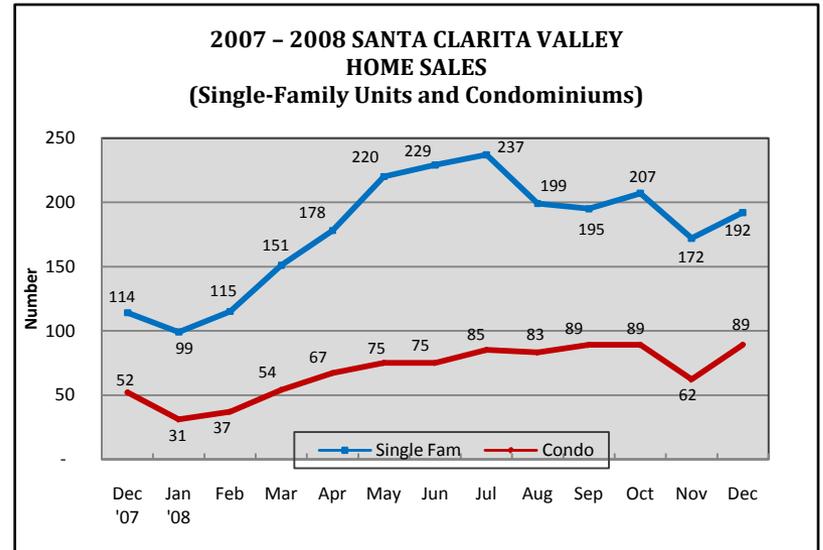
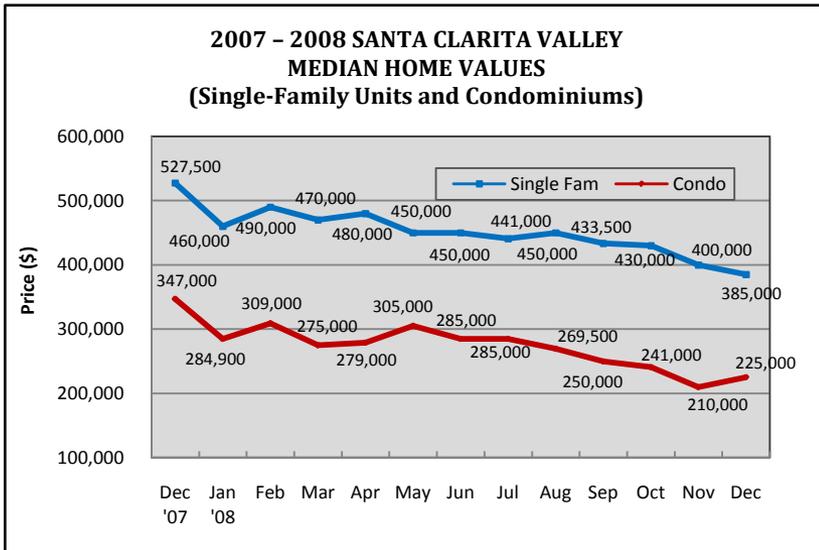
Commercial/Industrial Permits

- A total of 2 building permits for industrial use were issued in December 2008 by the City of Santa Clarita compared to 2 permits in November for retail use and compared to 2 permits the previous December with one each for retail and office space.
- In December 2008, a total of 21,323 square feet were permitted of which 100% was for industrial space. In the previous month of November, a total of 5,411 square feet were permitted with all of it for retail space. In December 2007, a total of 201,310 square feet was permitted of which 82% was retail space and 18% was office space.

Residential Permits

- In December 2008, 2 single-family residential permits were issued, compared to none in November as well as none in December 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 continue to fall and at a faster pace than earlier in the year while sales have trended upward since January 2008, although returned to levels seen in the Spring.

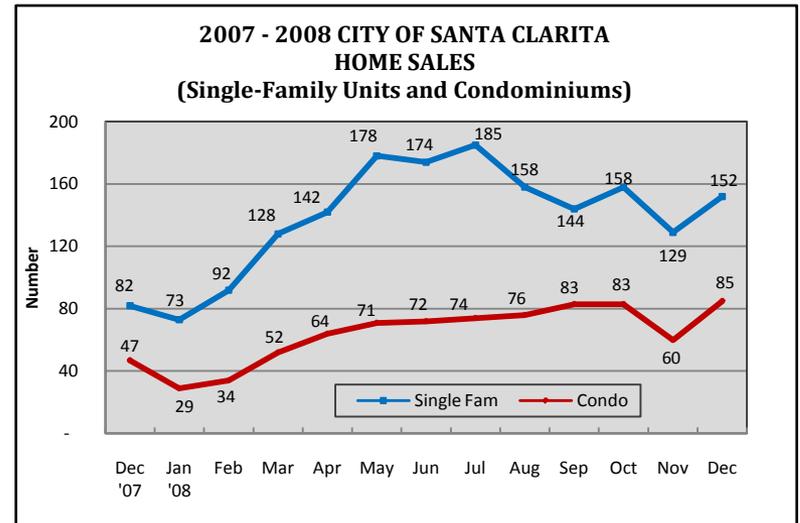
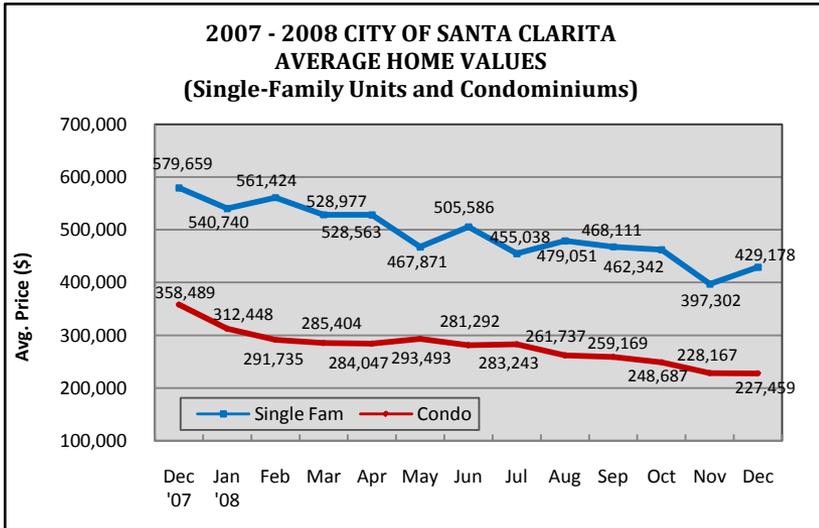
December 2008

- Single-family median home values dropped 4% to \$385,000 in December 2008 from \$400,000 in November and down 27% from December 2007.
- Condominium prices increased 7% to \$225,000 in December 2008 from November, yet fell 35% from December 2007.
- The number of single-family home sales appear to have peaked for the year in July 2008 at 237 homes. A total of 192 single-family homes sold in December 2008, up 12% from November, and up 68% from one year ago. Condominium sales rose to 89 sales in December, up 44% from November and 71% from December 2007.

Calendar Year 2008

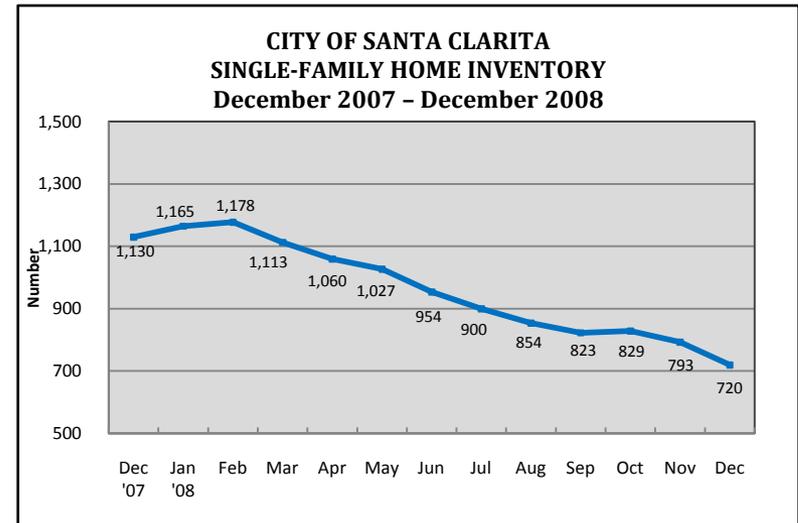
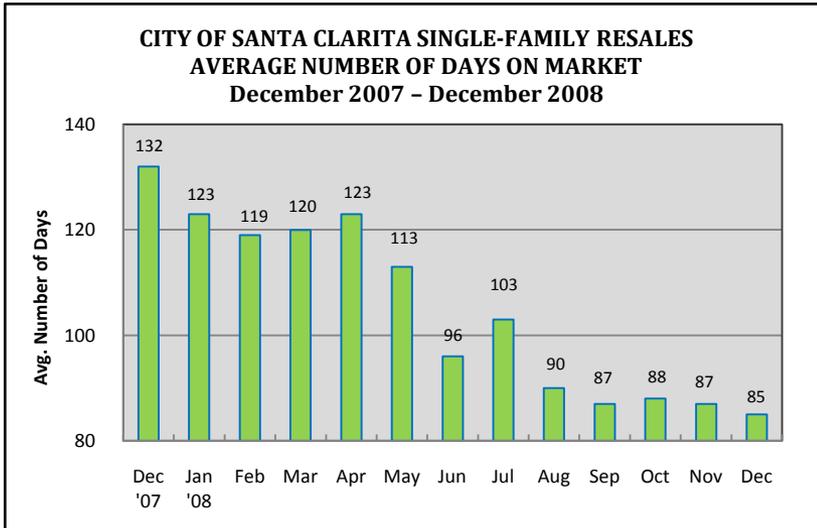
- For the entire year, single-family home values dropped 22% to \$444,958 in 2008 from \$570,658 in 2007.
- Median prices for condominiums fell 24% to \$268,200 in 2008 from \$353,333 in 2007.
- Single-family sales increased 10% in 2008 to 2,194 homes sold from 2007 while condo sales slipped 1% to 836 in the same time period.

City of Santa Clarita Housing Market



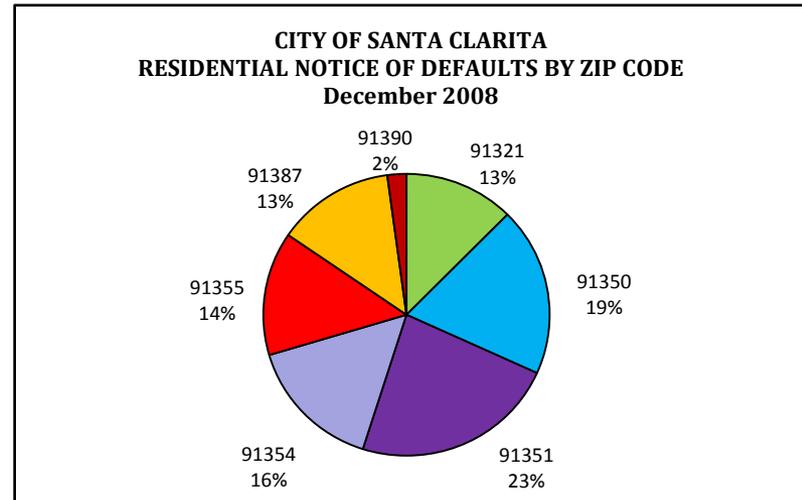
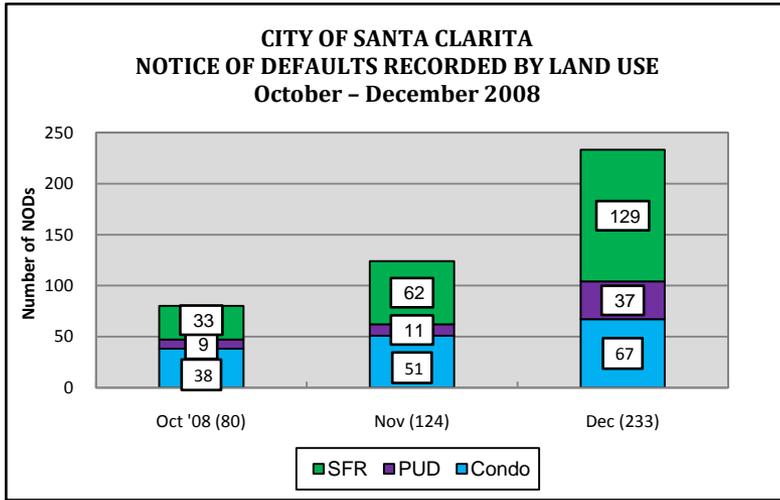
- Single-family average prices rose in December 2008 from November, yet remain lower than prices in December 2007.
- Single-family average home values in December 2008 in the City of Santa Clarita were \$429,200 or 8% above November and 26% below December 2007. Condominium prices slipped to \$227,500 in December 2008 or less than 1% from November and 37% from December 2007.
- The number of single-family homes and condos sold in the City of Santa Clarita in December 2008 increased compared to sales in November and December 2007.
- In the City of Santa Clarita, sales rose 18% to 152 single-family homes in December 2008 from November, and condominium sales volume rose 42% to 85 units during the same time period.

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



- 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 December 2008, homes were on the market for an average 85 days or almost 3.0 months, and has been at this level since August 2008.
- Single-family inventory levels remain lower from one year ago. Resale inventory levels dropped 9% in December 2008 to 720 homes from 793 in November, and they were 36% below inventory levels in December 2007.

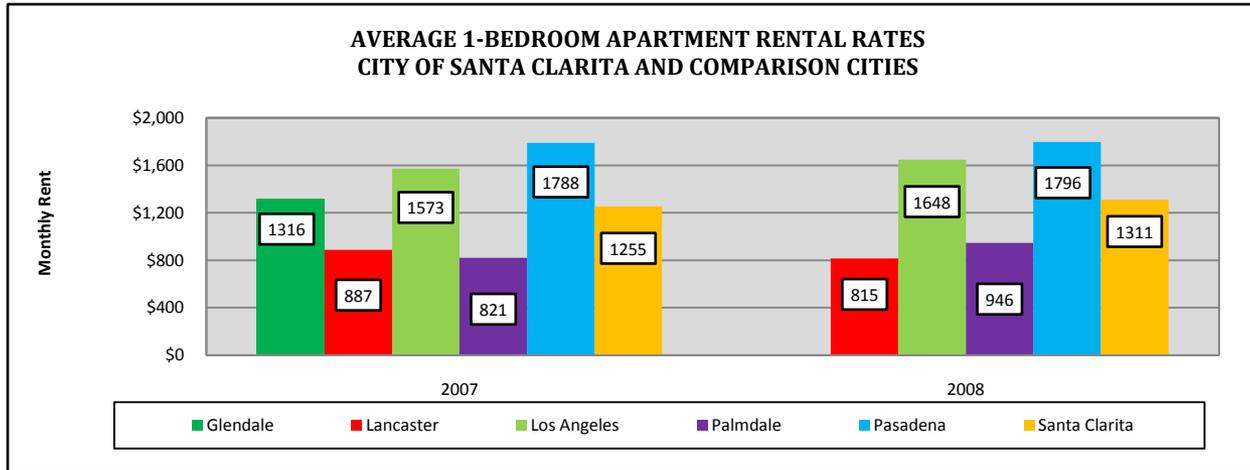
City of Santa Clarita: Notice of Defaults (NODs)



- A total of 233 NODs were recorded in December 2008 in the City of Santa Clarita, up 88% from 124 in November.
- Of the December NODs, 55% or 129 were on single-family residences while 29% or 67 were on condominium properties and the remaining 16% or 37 NODs were on PUDs.
- A higher increase in NODs among single-family homes was seen from November to December at 108% compared to a 31% increase in NODs among condominium owners during this time period.
- More than one-fourth or 27% of the NODs were on homes that previously sold in the \$350,000 - \$499,999 range, while 25% sold in the \$200,000 - \$349,999 range, 19% in the \$500,000 - \$599,999 range, 13% for at least \$600,000, and 12% were below \$200,000. The price range was unknown for the remaining 4%. This suggests that the majority of homeowners who received NODs in December were not in the City's luxury home market, but rather the mid-level market.

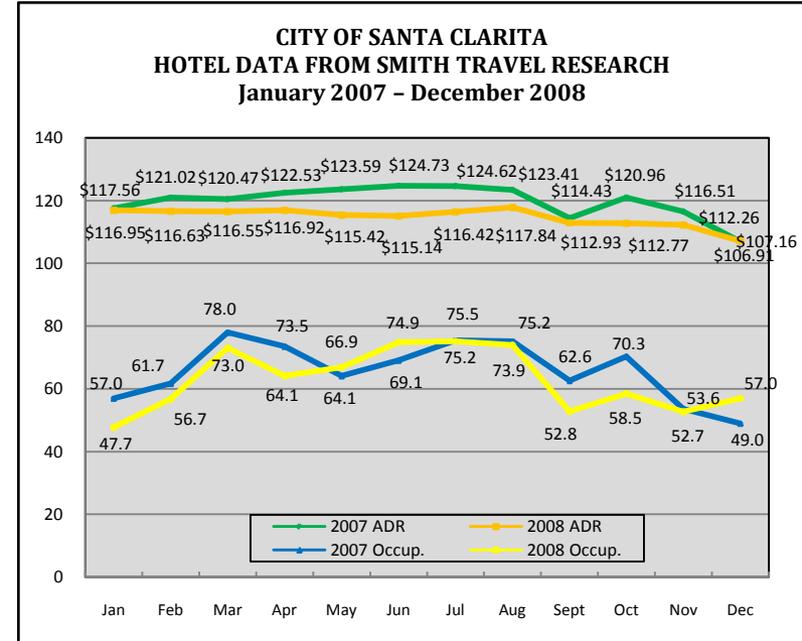
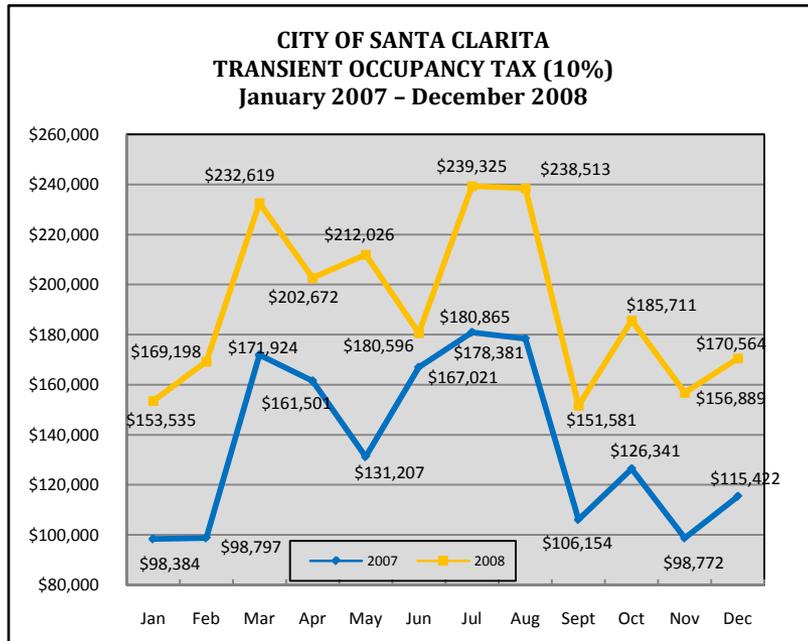
A PUD is a unit or building owned by an individual who reside there and the common space is owned by others in the association for benefit of all owners. An "SFR" is a single-family residence.

City of Santa Clarita Rental Rates



- Santa Clarita's average apartment rental rates increased 4% from \$1,255 for a 1-bedroom unit in 2007 to \$1,311 in December 2008, according to the most recent data.

Tourism: TOT* & Hotel Occupancy



Transient Occupancy Tax (TOT)

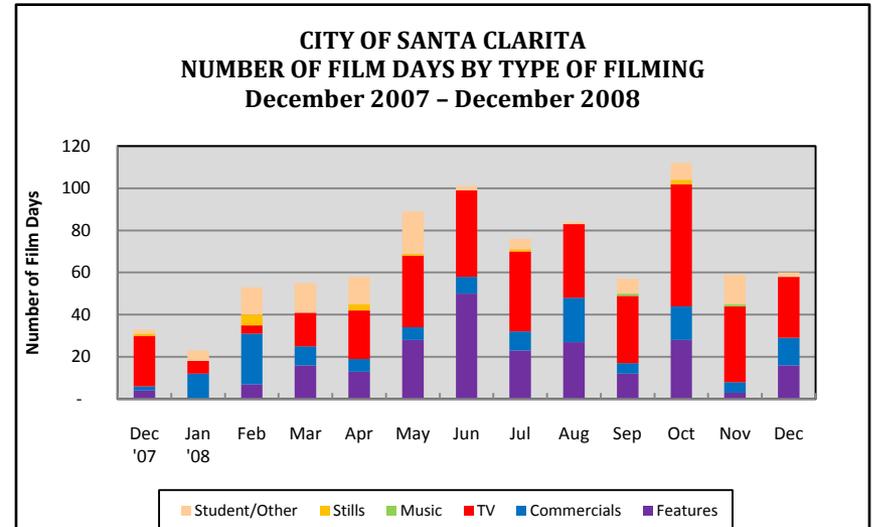
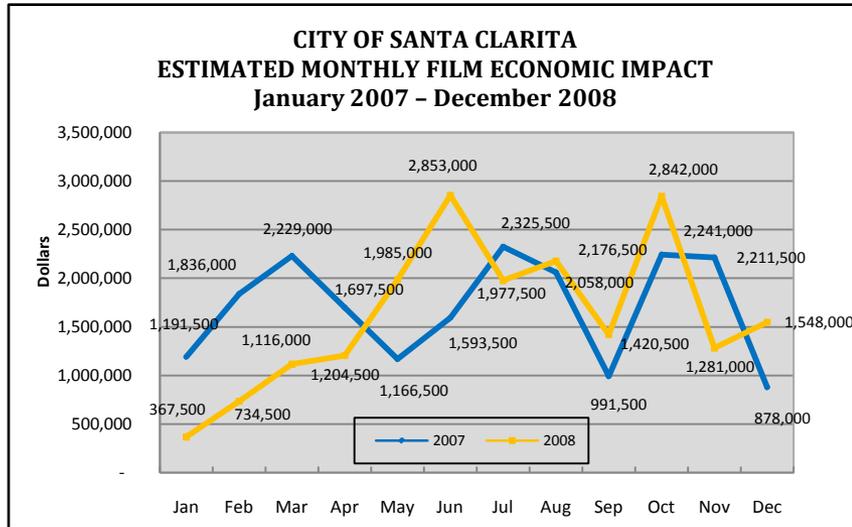
- In December 2008, the City of Santa Clarita collected \$170,564 in TOT, up 48% from \$115,422 in December 2007.
- The City collected \$2,293,229 in TOT for all of 2008, representing a 40% increase from \$1,634,769 the previous year.

Occupancy

- Smith Travel Research reports hotel occupancy in the City in December 2008 was 57%, a healthy increase above the reported 49% occupancy in December 2007.
- An average 503 rooms of 882 available in the City were sold in December 2008 compared to 432 rooms of 882 available rooms in December 2007.
- In comparison, occupancy rates at hotels nationwide in December 2008 were at 45%, down 7% from December 2007.
- For the entire year of 2008, the occupancy in the City was 63% or 4% below the occupancy rate for all of 2007.

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

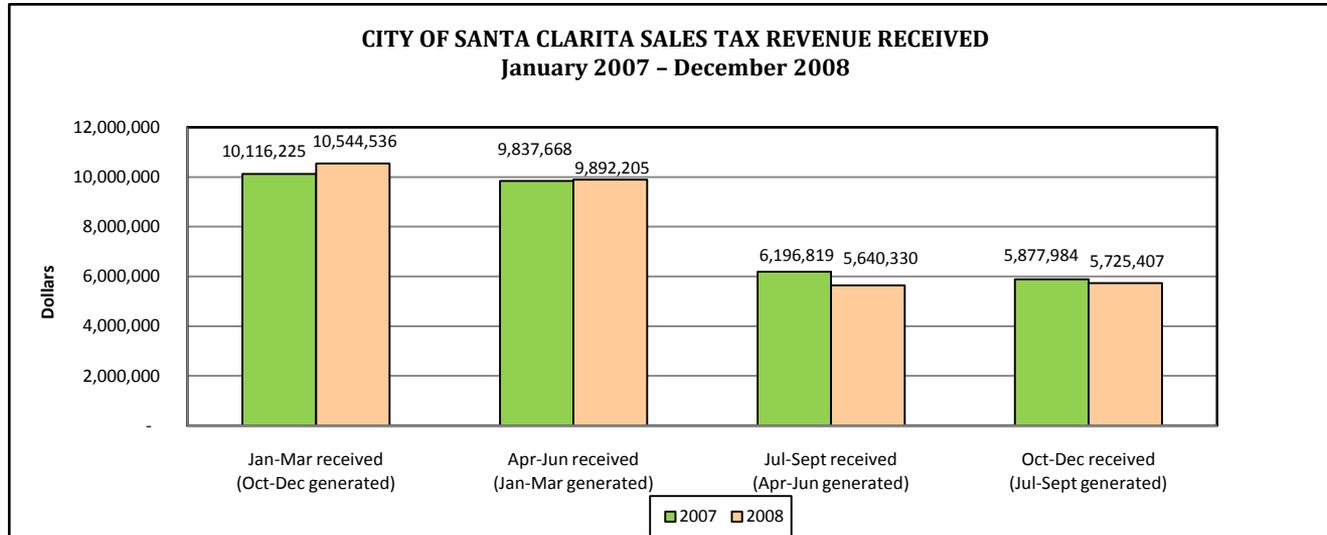
Filming in The City of Santa Clarita



- The Film Economic Impact for December 2008 of \$1,548,000 was 76% above the impact in December 2007 of \$878,000.
- Despite the Writer's Strike in early 2008, filming in Santa Clarita has generated an estimated \$19,506,000 in economic impact for 2008, down 4% from \$20,419,500 for 2007.
- There were a total of 60 filming days in December 2008, up 82% from 33 filming days in December 2007.
- December 2008 film days included: 48% for television shows, 27% for features, 22% for commercials, and 3% for student/other projects.

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.

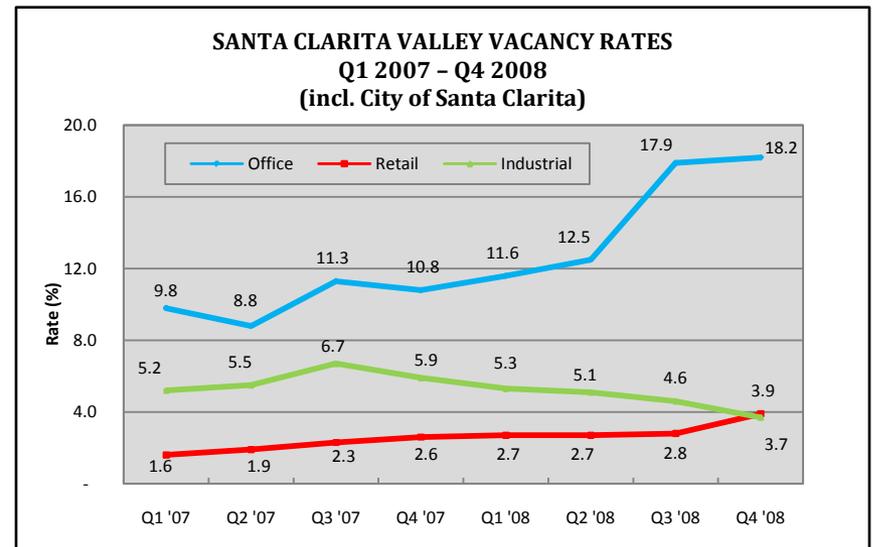
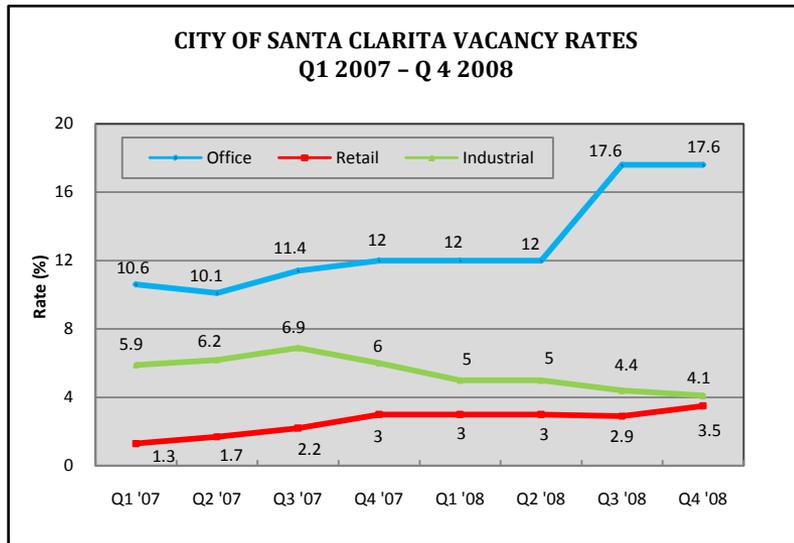
City of Santa Clarita Sales Tax



- As the economy weakens in 2008, decreases in sales tax receipts are being reported.
- In October – December 2008, a total of \$5.73 million in sales tax revenue was received, down 3% from \$5.88 million received in October – December 2007.
- For calendar year 2008, sales tax revenue received is down 1% to \$31.80 million from \$32.03 million received in calendar year 2007.

Sales tax revenue is presented quarterly as data become available.

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



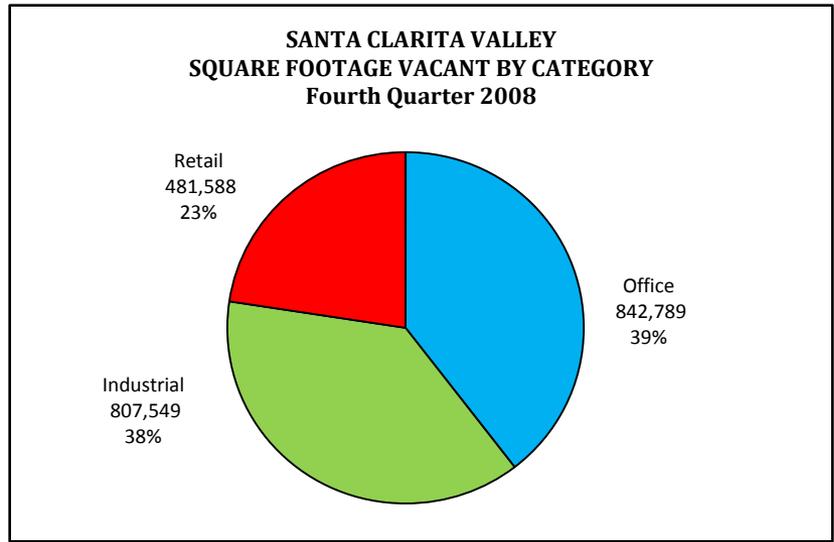
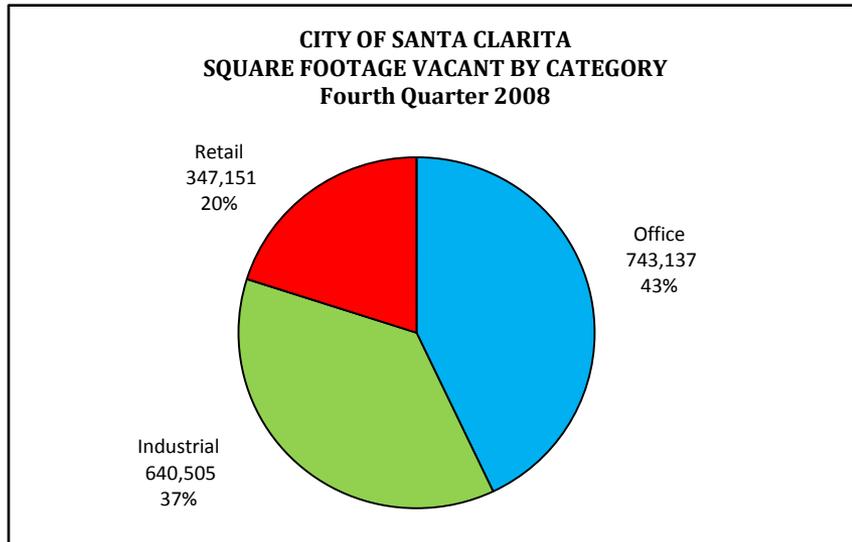
City of Santa Clarita

- In the City of Santa Clarita, office and retail vacancy rates increased in Fourth Quarter 2008 because of both contraction of the market and new inventory. Industrial vacancy rates decreased during this same time period.
- The City's office and retail vacancy rates are 17.6% and 3.5%, 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 18.2% and 3.9%, respectively, while the industrial vacancy rate is 3.7%.

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



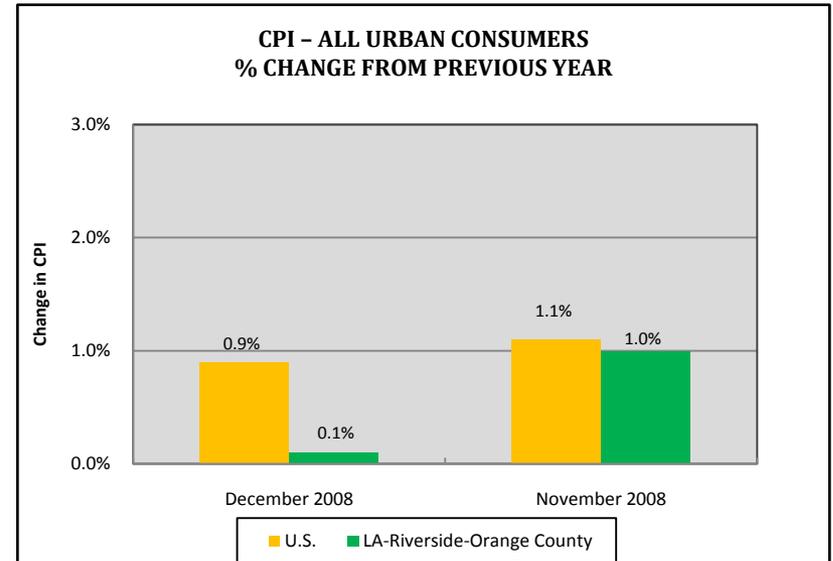
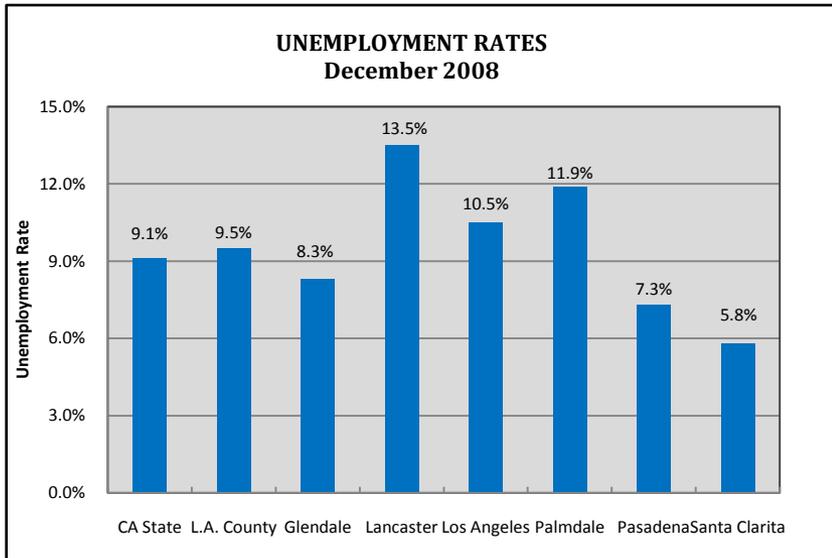
City of Santa Clarita

- 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 6.0% or 1,730,793 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 2,131,926 of the total space for businesses in the Santa Clarita Valley is vacant. Of that amount, 39% is office space, 38% is industrial space and 23% is retail space.

Employment and Inflation



- Santa Clarita's unemployment rate was 5.8% in December 2008 compared to 9.5% for Los Angeles County and 9.1% statewide.
- Year-over-year inflation for December 2008 among all urban consumers for Los Angeles-Riverside-Orange County of 0.1% was lower than the national rate of 0.9%, and lower than the rate of 1.0% in November 2008.
- The lower inflation rate from one year ago reflects the large decline in energy and transportation costs of 21% and 13%, respectively. Compared to one year ago, food and beverage prices rose 6%, while education and communication costs rose 4%, housing costs rose 3%, and medical care costs rose 2%.

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: Smith Travel Research

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