

SANTA CLARITA ECONOMIC SNAPSHOT

Data for Period of December 1 – 31, 2009

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Overview

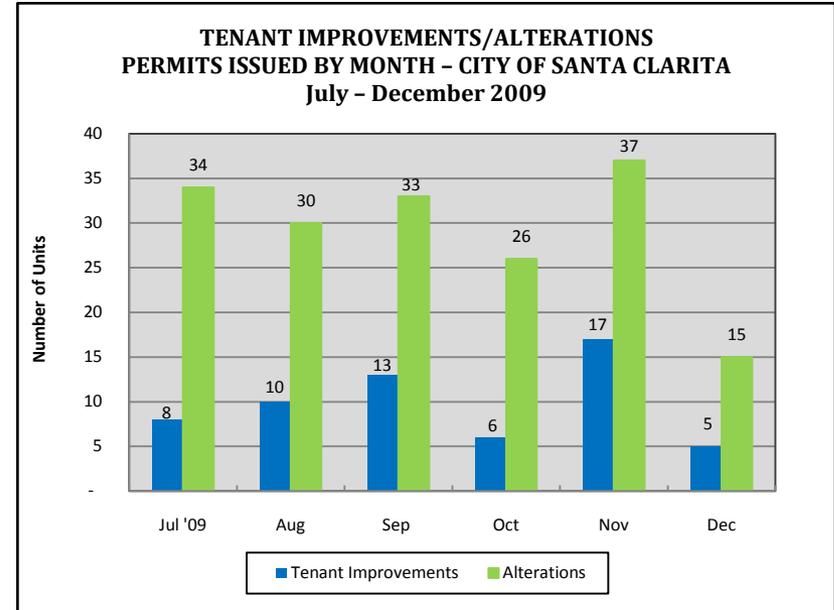
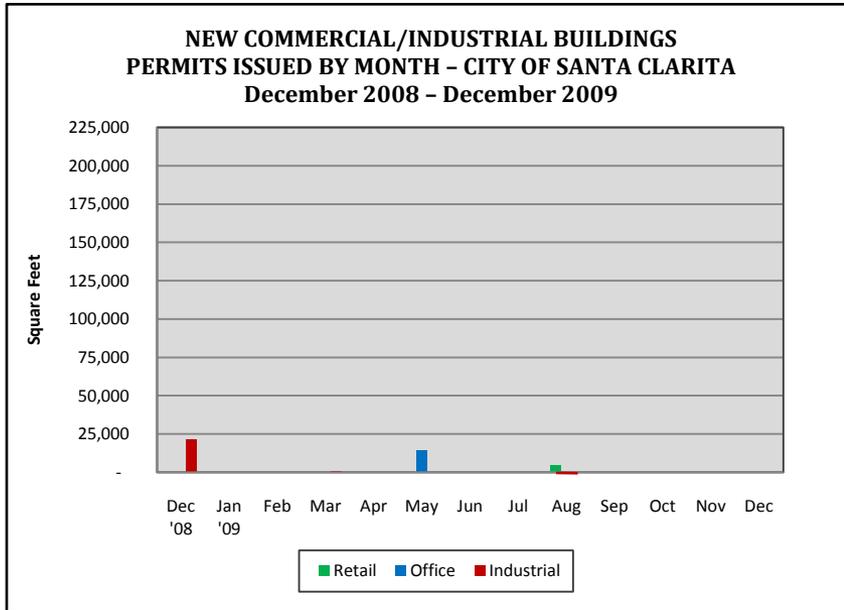
The information presented in this report helps to create a snapshot of the overall fiscal health of Santa Clarita. **The overall results are somewhat mixed with some indicators weakening and others continuing to strengthen.**

Indicators being tracked include:

- Residential, Commercial and Industrial building permits issued 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;
- 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;
- Stock prices of local companies in Santa Clarita;
- Unemployment rates; 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

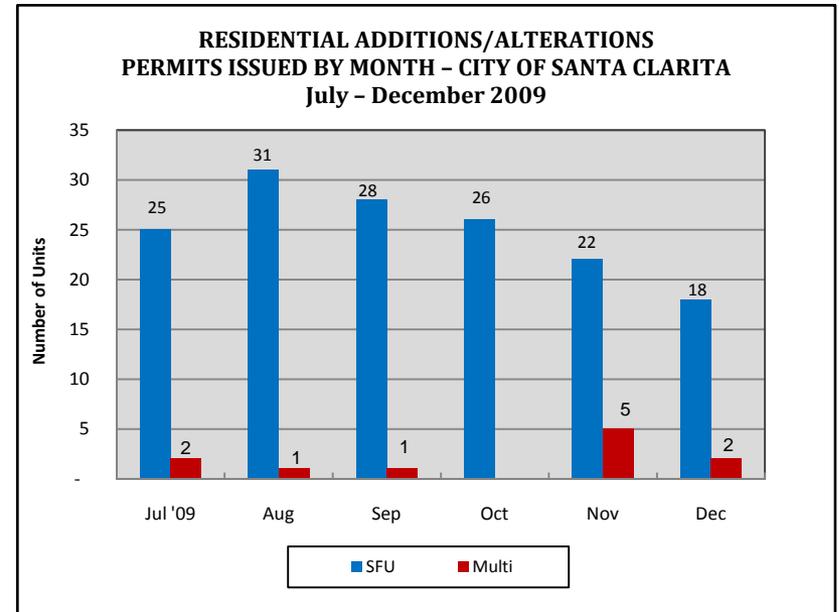
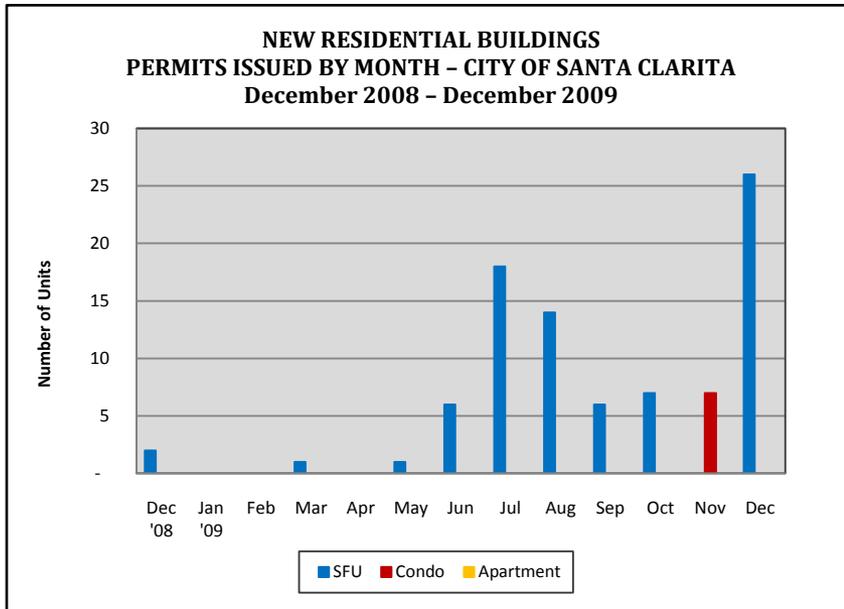
- No permits for new non-residential buildings were issued in December 2009 by the City of Santa Clarita compared to 2 permits for industrial use in December 2008 for a total of 21,323 square feet.

Tenant Improvements/Alterations

- A total of 5 building permits for tenant improvements were issued in December 2009, down 71% from 17 permits in November 2009.
- In December 2009, a total of 15 commercial alterations were permitted of which 7 or 47% were for signage, 6 or 40% were for fire protection equipment, and the remaining 2 or 13% 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



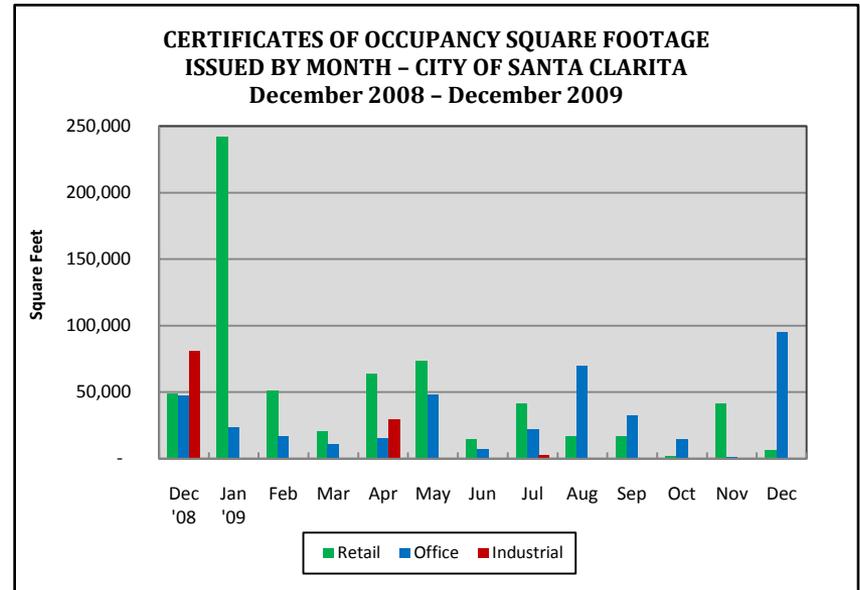
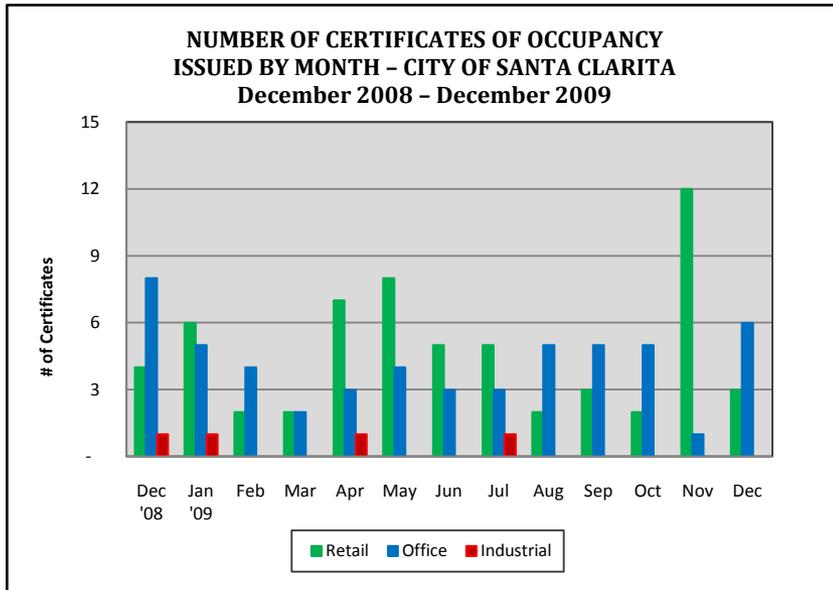
New Residential Buildings

- A total of 26 permits for new single-family residences were issued in December 2009 by the City of Santa Clarita compared to 2 single-family residential permits in December 2008.

Residential Additions/Alterations

- A total of 20 residential permits for additions and alterations were issued in December 2009 of which 90% or 18 were for single-family residences and the remaining 10% or 2 permits were for multi-family residences.
- Of the additions/alterations in December 2009, 25% each were for patio covers and block walls, 20% were for roofs, and the remaining 30% were for photovoltaic, fences/gates, and other miscellaneous items.

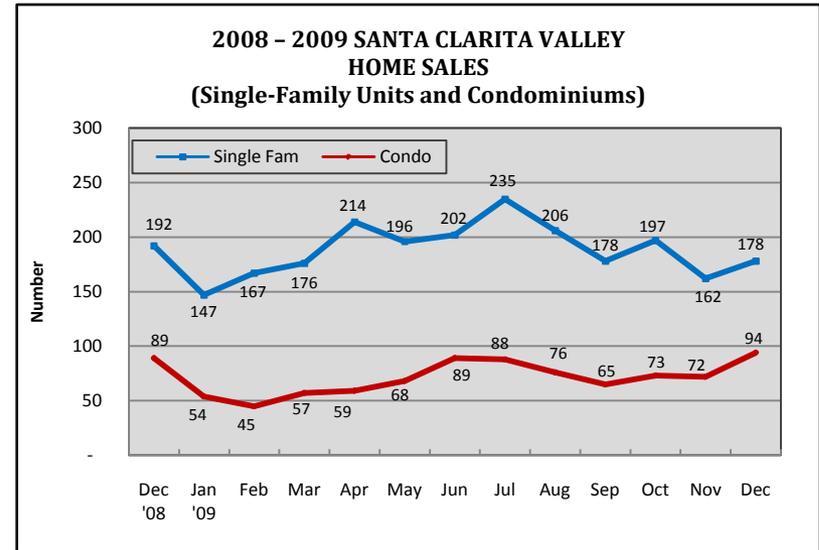
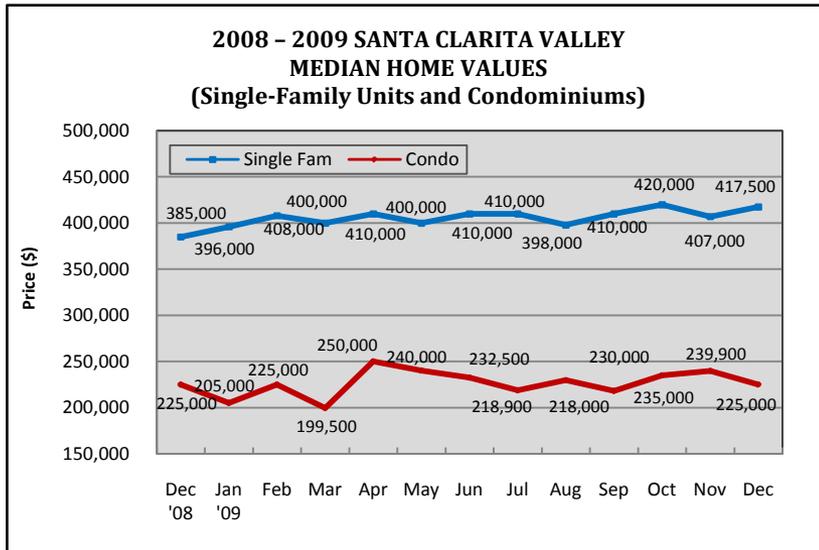
Commercial/Industrial Certificates of Occupancy Issued



- In December 2009 a total of 9 Certificates of Occupancy were issued of which 6 was for office space and 3 were for retail use. These 9 certificates represent a decline of 31% from 13 Certificates of Occupancy in December 2008.
- Certificates of Occupancy for December 2009 represented a total of 101,880 square feet of which 94% was for office space and 6% for retail space. This represented a 43% decrease from the 177,436 square feet of Certificates of Occupancy for retail and office space issued in December 2008.

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 continue to fluctuate.

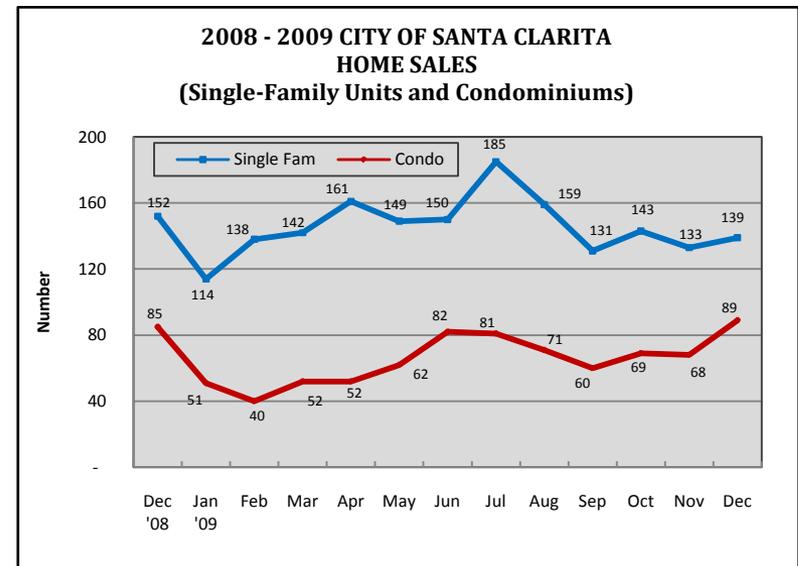
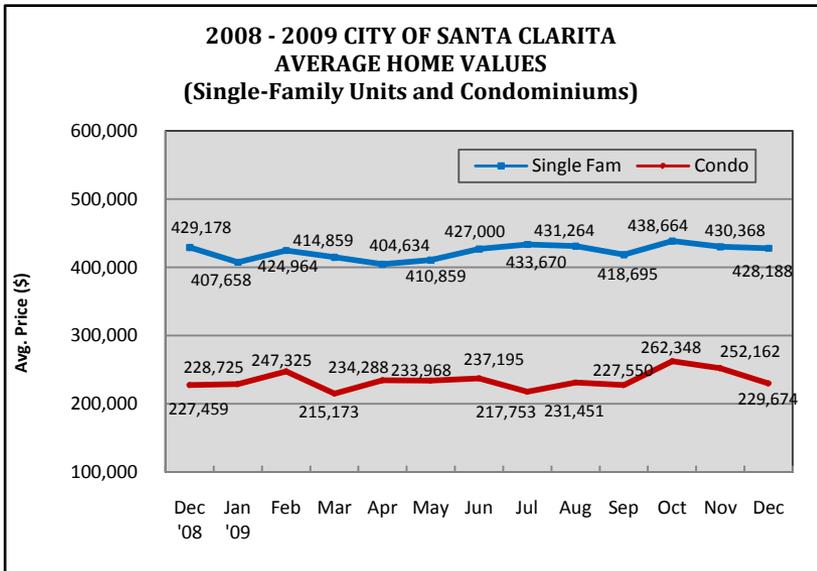
December 2009 Activity

- Single-family median home values increased 3% to \$417,500 in December 2009 from \$407,000 in November 2009, and were 8% higher than December 2008.
- Condominium prices decreased 6% to \$225,000 in December 2009 from \$239,900 in November 2009, and were comparable to prices in December 2008.
- A total of 178 single-family homes sold in December 2009, up 10% from November 2009, yet down 7% from one year ago. Condominium sales rose to 94 sales in December 2009, up 30% from November 2009, and up 6% from December 2008.

Calendar Year 2009 Activity

- Median prices for single-family homes in 2009 fell 8% to \$407,208 from \$444,958 in 2008.
- Median prices for condominiums in 2009 fell 16% to \$226,567 from \$268,200 in 2008.
- Sales of single-family homes rose 3% to 2,258 homes in 2009 compared to 10% in 2008. Sales of condominiums rose 0.5% to 840 condos in 2009 compared to a 0.6% decline in 2008.

City of Santa Clarita Housing Market



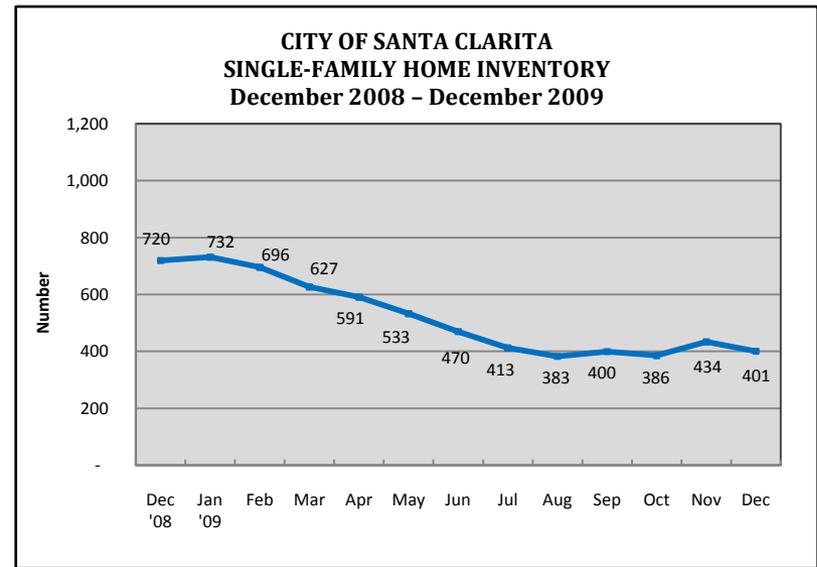
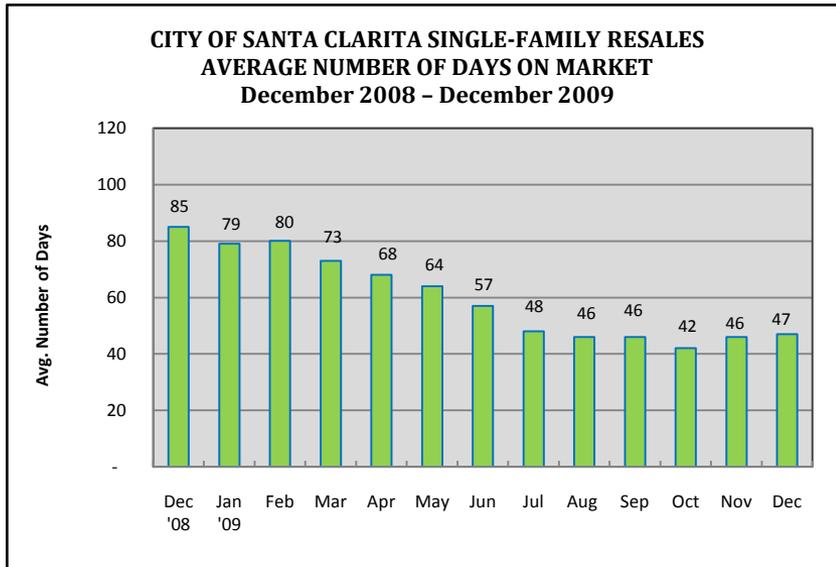
Single-family average prices fell for the second consecutive month, and remain slightly lower than prices in December 2008.

- Single-family average home values in December 2009 in the City of Santa Clarita were \$428,200 or 0.5% below November 2009 and 0.2% below December 2008.
- In the City of Santa Clarita, sales increased 5% to 139 single-family homes in December 2009 from November 2009, yet fell 9% from December 2008.

Condominium average prices also decreased for the second consecutive month, yet remain higher than prices in December 2008.

- Condominium prices fell 9% to \$229,700 in December 2009 from November 2009, yet increased 1% from December 2008.
- Condominium sales rose 31% to 89 units in the City of Santa Clarita in December 2009 from November 2009, and rose 5% from December 2008.

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

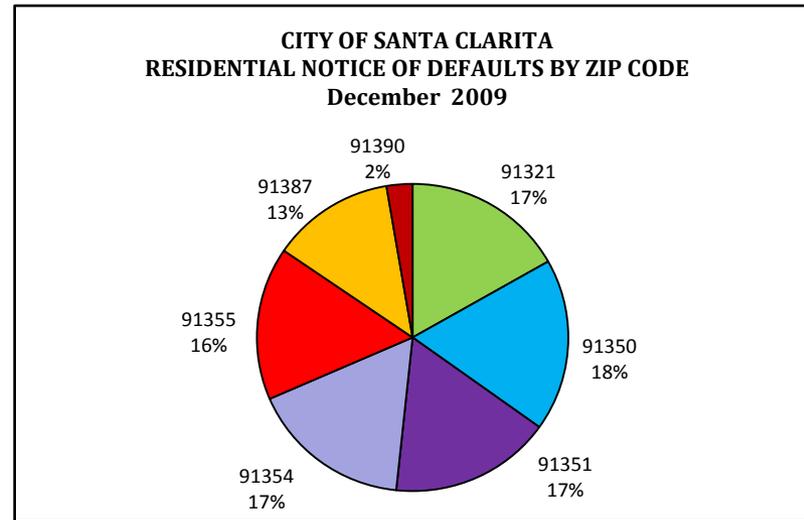
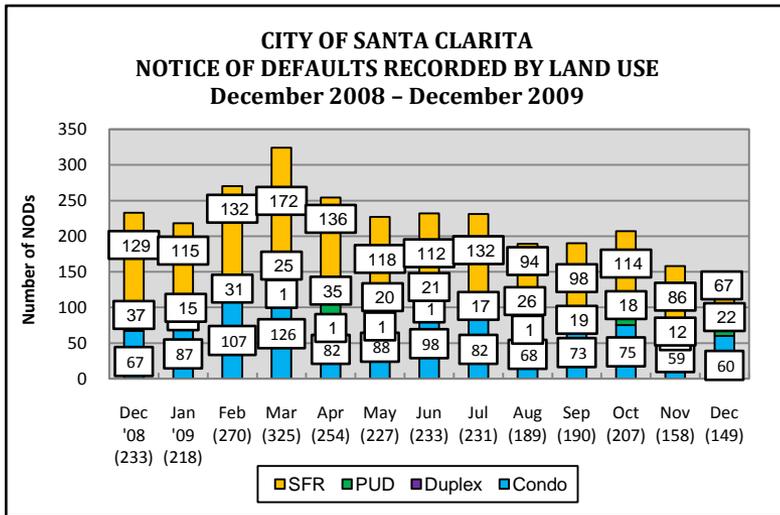


The City of Santa Clarita's housing market is stronger than one year ago when homes took an average 85 days or approximately 3.0 months to sell.

- In December 2009, homes were on the market for an average 47 days or 1.6 months, comparable to levels since July 2009.
- Single-family inventory levels fell 8% in December 2009 to 401 homes from 434 in November 2009, and were 44% below inventory levels in December 2008.

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)



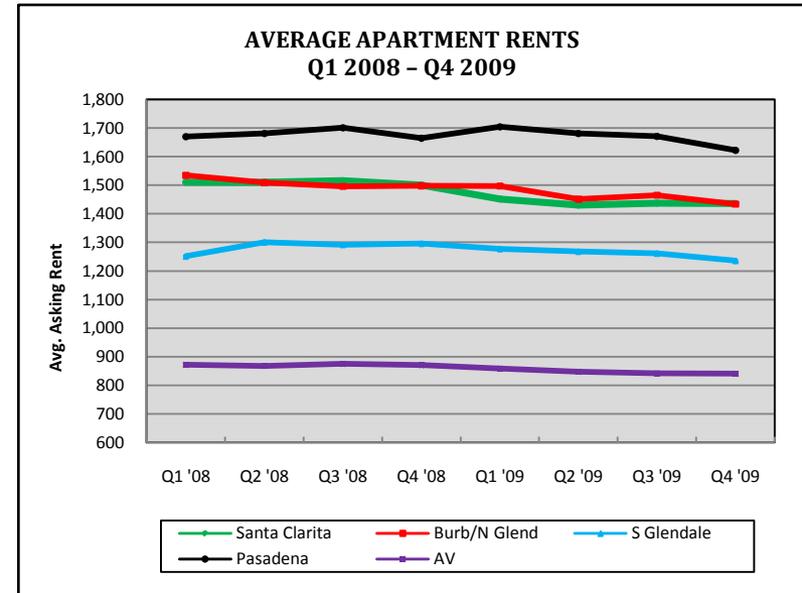
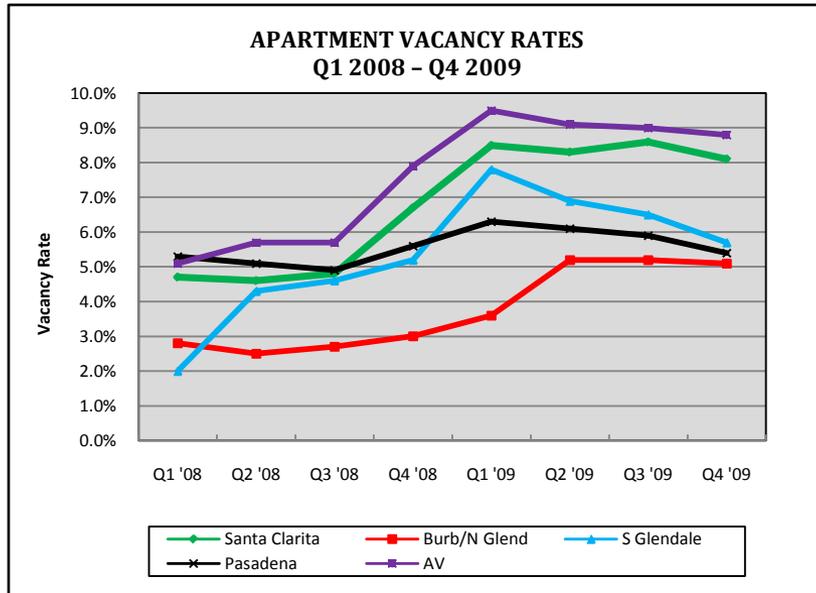
Notice of defaults have been trending downward since the Spring months and are lower from one year ago.

- A total of 149 NODs were recorded in December 2009 in the City of Santa Clarita, down 36% from December 2008.
- Of the December 2009 NODs, 45% or 67 were on single-family residences while 40% or 60 were on condominium properties, and 15% or 22 NODs were on PUDs. In comparison, in December 2008, 55% were on single-family homes, 29% were on condominiums, and 16% were on PUDs.
- In December 2009, approximately 17% of the NODs were recorded in every zip code except 91387 and 91390 which had 13% and 2%, respectively, of the NODs.
- One-fourth or 28% each of the NODs were on homes that previously sold in the \$200,000 - \$349,999 range and in the \$350,000 - \$499,999 range. Additionally, 14% of the homes sold for less than \$200,000, 13% of homes sold for at least \$600,000, and 7% sold in the \$500,000 - \$599,999 range. The price range was unknown for the remaining 10%. This suggests the majority of homeowners who received NODs in December were not in the City's luxury home market, but rather continue to be in the mid-level market. However, the number of NODs in the luxury market has been fluctuating since the summer months.

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. A "condo" is a condominium or townhouse. A "duplex" is a two-unit residential home.

Apartments: Vacancies & Average Rents

(Updated Quarterly)



Apartment Vacancy Rates

- The apartment vacancy rate during Fourth Quarter 2009 in Santa Clarita was 8.1%, lower than the Third Quarter vacancy rate of 8.6%, yet higher than the 6.7% vacancy rate during Fourth Quarter 2008.
- In comparison, vacancy rates in Santa Clarita have remained below that of Antelope Valley, yet above rates in Burbank/North Glendale, South Glendale/Highland Park, and Pasadena areas.
- Santa Clarita's vacancy rate during Fourth Quarter 2009 was higher than the rates of 5.3% for the Los Angeles metro area, 7.0% for the Western U.S., and 8.0% for the entire U.S.

Average Rental Rates

- Average rents in Santa Clarita of \$1,436 during Fourth Quarter 2009 were slightly lower than rents of \$1,500 during Fourth Quarter 2008, 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 comparable to those in the Los Angeles metro area; however, rents in Santa Clarita are lower than those in Los Angeles for two- and three-bedroom apartments by \$168 and \$272, respectively.

Apartment data are released quarterly. First Quarter 2010 data will be available in the March 2010 economic snapshot.

Santa Clarita: Apartments Vacancy Rates & Average Rents



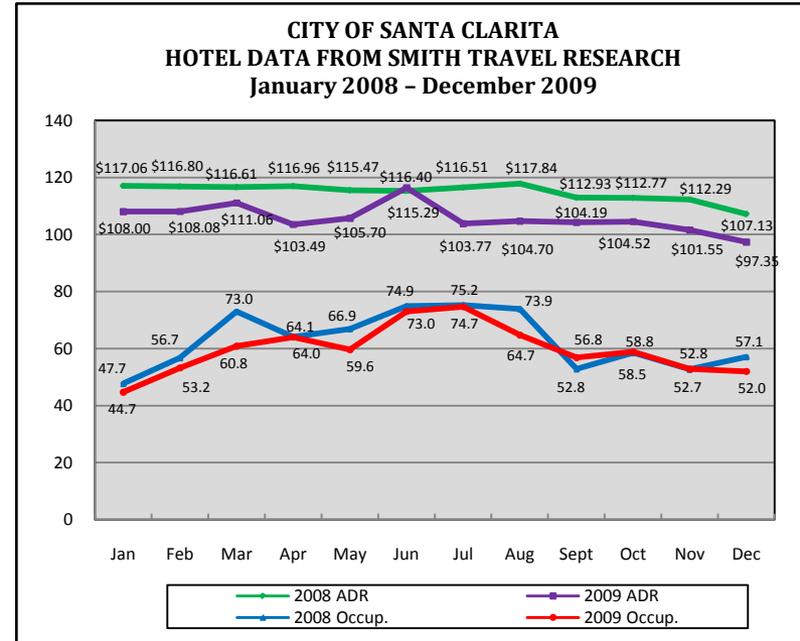
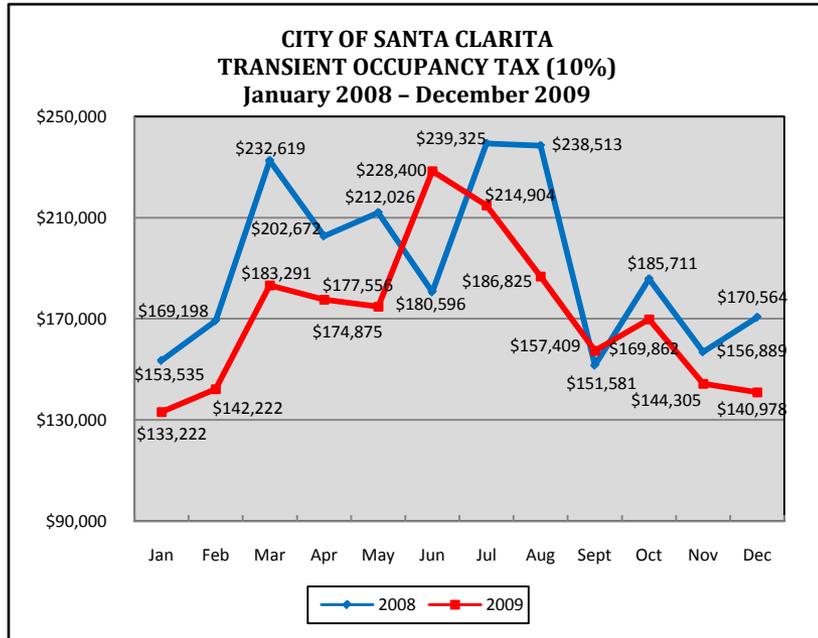
Vacancy Rates

- Vacancy rates for 2009 in Santa Clarita were up to 8.1% from 6.7% in 2008.
- Annual vacancy rates appeared to have reached a low of 3.9% in 2006 and continued to rise since then.
- The forecasted vacancy rate for 2010 in Santa Clarita is expected to be 7.2%, lower than that seen in 2009.

Average Rental Rates

- Average rents in Santa Clarita in 2009 dipped 4% to \$1,436 from \$1,500 in 2008 and were lower than rates seen in 2006.
- Average rental rates appeared to have peaked in 2007 and 2008 at \$1,505 and \$1,500, respectively, and are forecasted to remain at \$1,436 for 2010.

Tourism: TOT* & Hotel Occupancy



Transient Occupancy Tax (TOT)

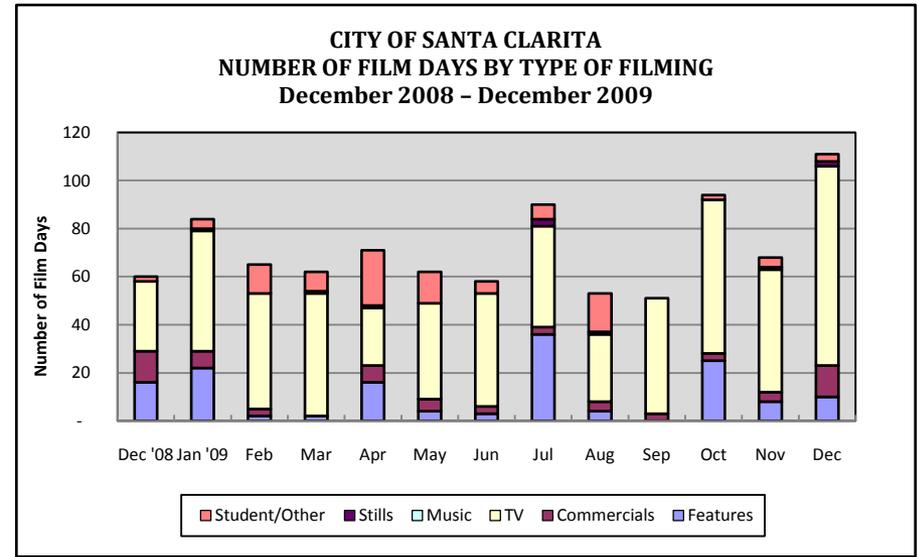
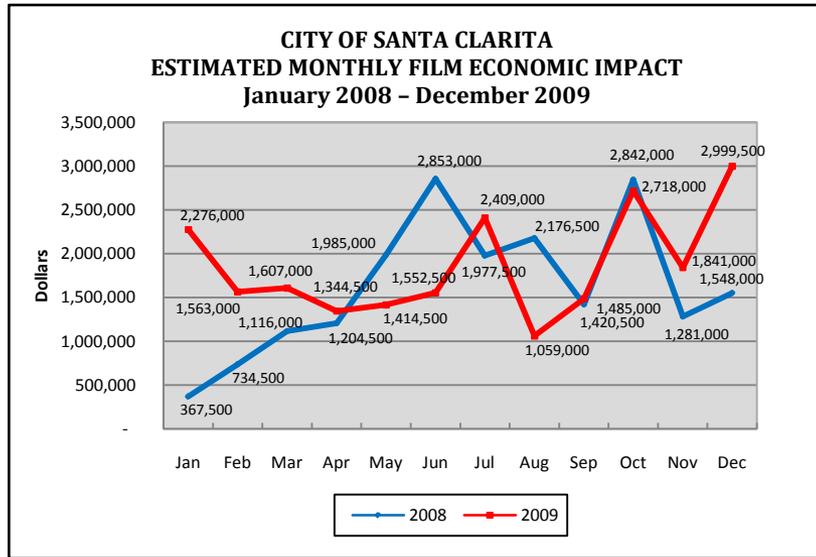
- In December 2009, the City of Santa Clarita collected \$140,978 in TOT, down 17% from \$170,564 in December 2008.
- During 2009, the City of Santa Clarita collected \$2,053,849 in TOT, down 10% from 2008.

Occupancy

- Smith Travel Research reported hotel occupancy in the City of Santa Clarita was 52% in December 2009, lower than the reported occupancy of 57% in December 2008.
- An average of 459 rooms of 882 available in the City were sold in December 2009 compared to 504 rooms of 882 available rooms in December 2008.
- In comparison, occupancy rates at hotels nationwide in December 2009 were at 44%, down 2% from December 2008.

* Note: Errors in the reporting of TOT were detected and TOT has been appropriately restated for January – June 2008 and December 2008 – May 2009. City hotels include: Super 8, Travelodge, Hyatt, Holiday Inn, Embassy Suites, Best Western, and Courtyard by Marriott.

Filming in The City of Santa Clarita

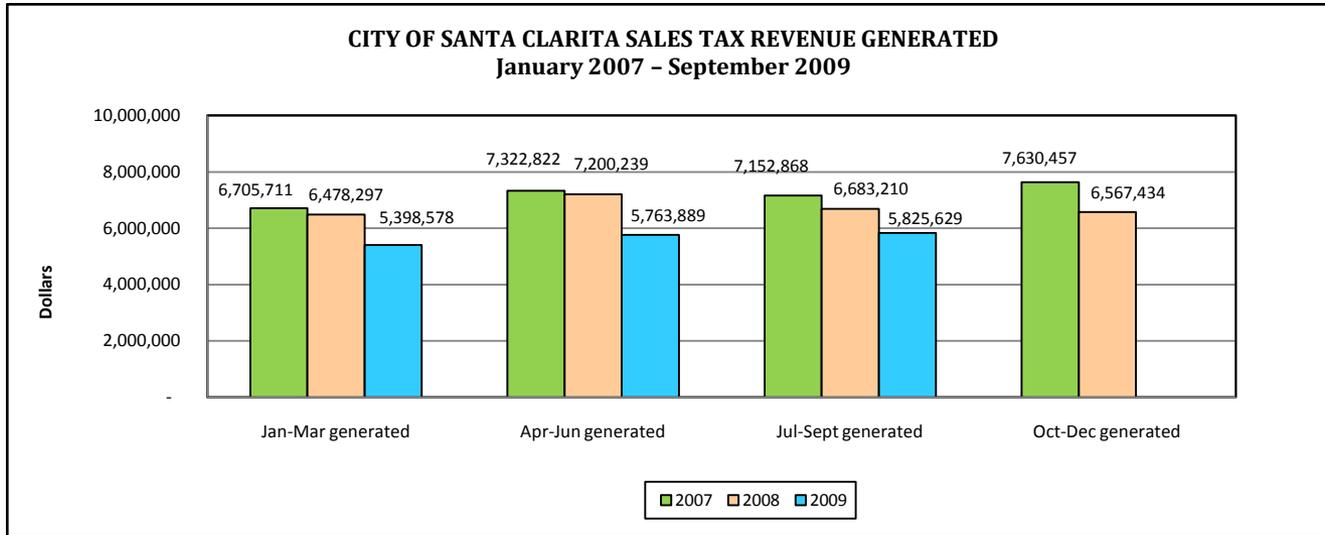


- The Economic Impact from location filming for December 2009 of \$2,999,500 was 94% above the impact in December 2008 of \$1,548,000.
- The total Economic Impact from location filming in 2009 was \$22,269,000 or 14% above the impact of \$19,506,000 in 2008.
- There were a total of 111 filming days in December 2009, up 85% from 60 filming days in December 2008.
- December 2009 film days included: 75% for television shows, 12% for commercials, 9% for features, 3% for student/other projects, and 2% for stills. No filming occurred on music videos in December 2009 in the City.

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

(Updated Quarterly)



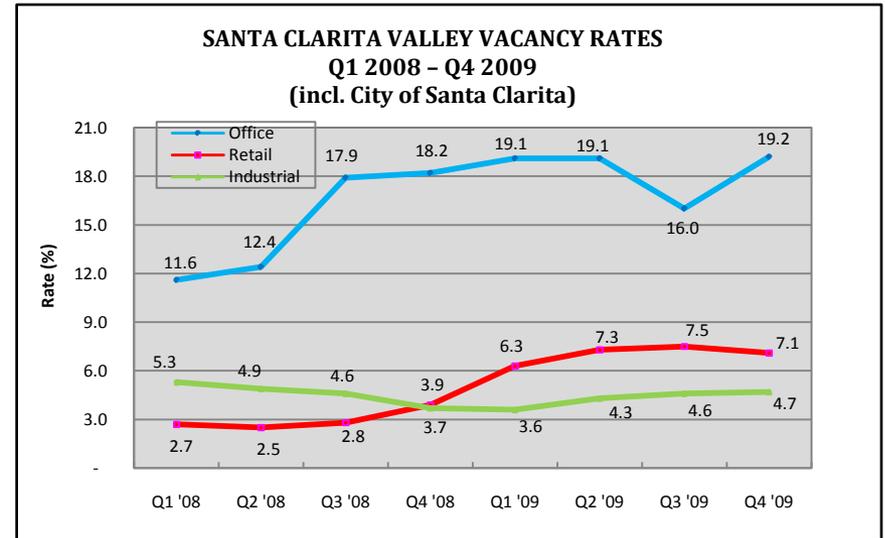
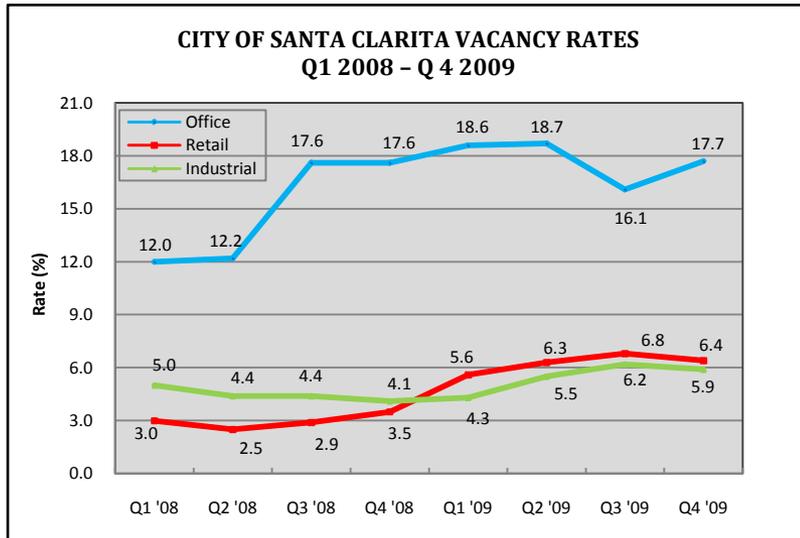
As the economy continued to weaken in 2009, decreases in sales tax generated were reported.

- In July – September 2009, a total of \$5.83 million in sales tax revenue was generated, down 13% from \$6.68 million generated in July – September 2008.
- A total of \$16.99 million in sales tax revenue was generated through Third Quarter 2009, down 17% from the \$20.36 million generated through Third Quarter 2008.

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.

Sales tax revenue is presented quarterly. The most current update is for Third Quarter 2009. Fourth Quarter 2009 data will be published in the March 2010 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



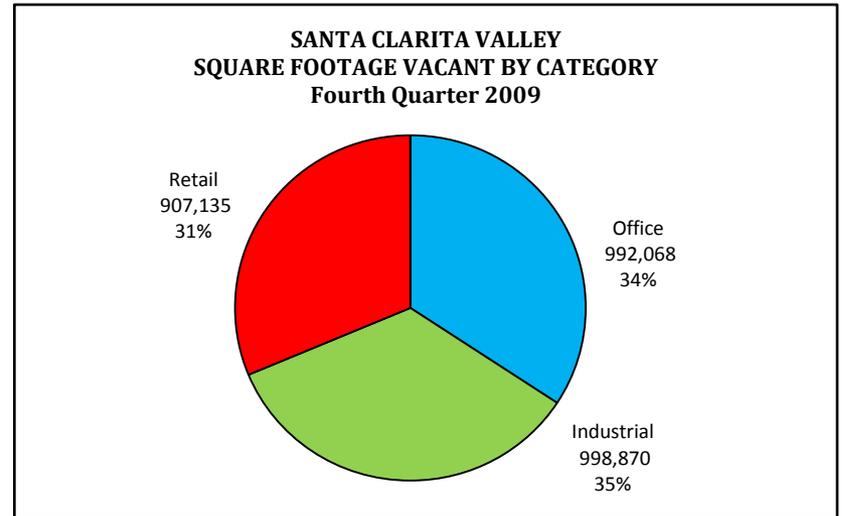
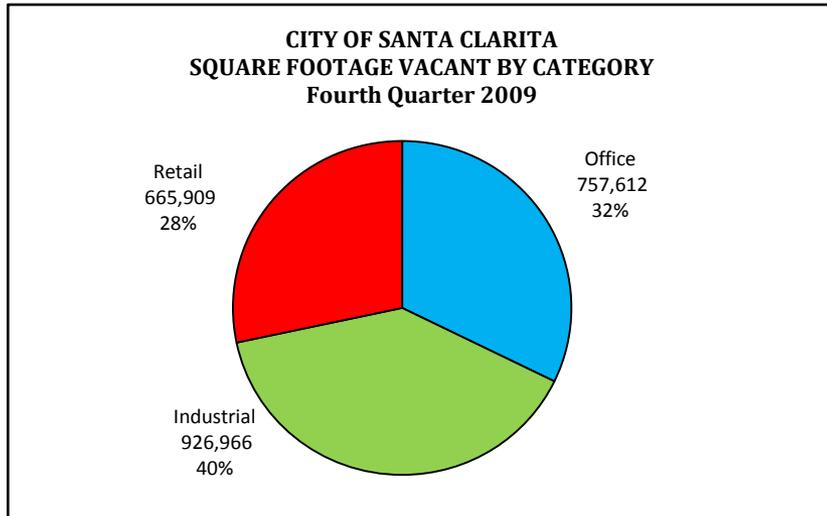
City of Santa Clarita

- In the City of Santa Clarita, office vacancy rates increased in Fourth Quarter 2009, whereas, retail and industrial vacancy rates declined. Retail vacancy rates decreased the most in Fourth Quarter 2009 from the previous quarter.
- The City's office vacancy rate was 17.7% while the retail and industrial vacancy rates were 6.4% and 5.9, respectively.

Santa Clarita Valley (includes the City)

- In the entire Santa Clarita Valley (including the City), office and industrial vacancy rates increased in Fourth Quarter 2009 while retail vacancy rates dropped from the previous quarter.
- The Santa Clarita Valley's office and industrial vacancy rates were 19.2% and 4.7%, respectively, while the retail vacancy rate was 7.1%.

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



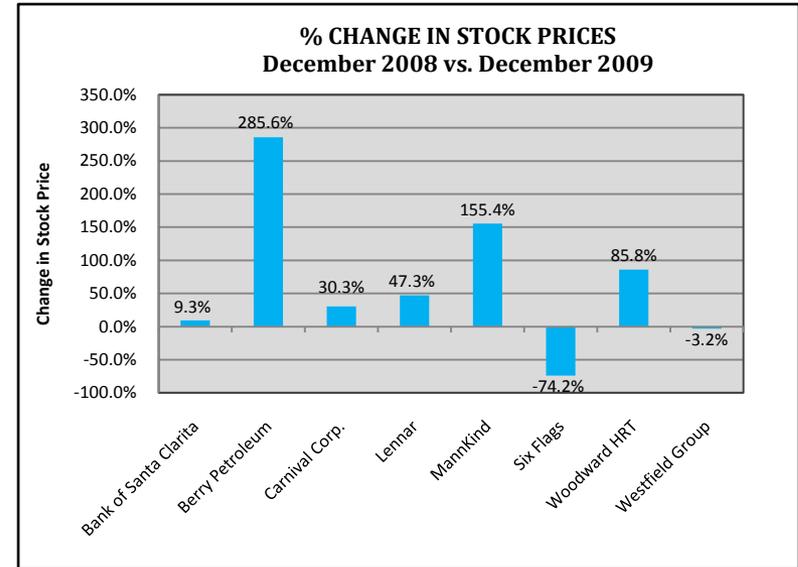
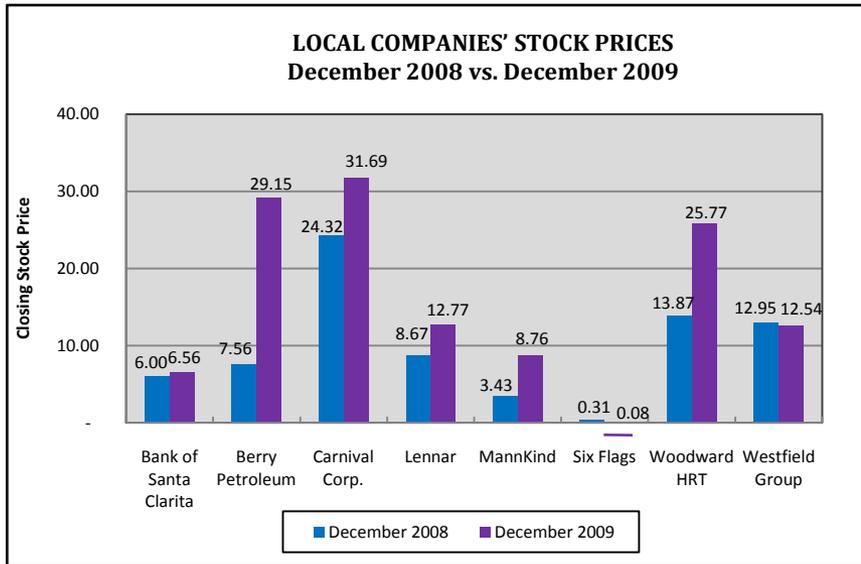
City of Santa Clarita

- 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 8.2% or 2,364,465 square feet of the total space for businesses in the City is vacant. Of that amount vacant, 40% is industrial space, 32% is office space, and 28% 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 7.5% or 2,898,073 of the total space for businesses in the Santa Clarita Valley is vacant. Of that amount, 35% is industrial, 34% is office, and 31% is for retail space.

Stock Prices of Local Employers

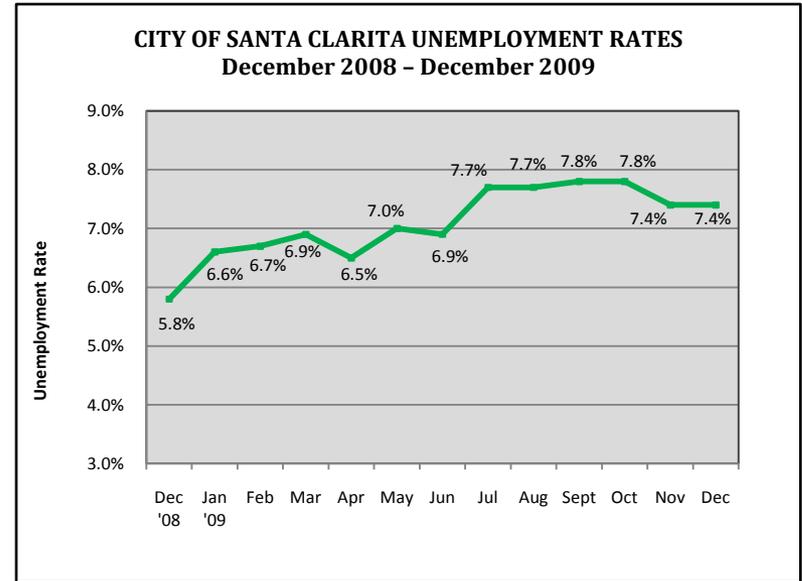
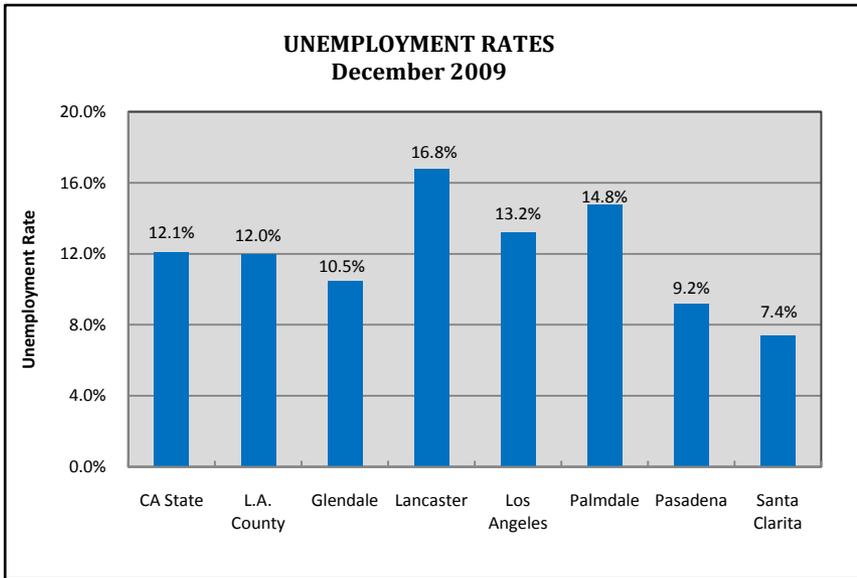


Stock prices for six of the eight companies in Santa Clarita whose stock prices are being tracked have increased year-over-year as has the entire stock market. Only stock prices of Six Flags Magic Mountain and Westfield Group decreased during the time period represented.

- At the end of December 2009, the stock price of Carnival Corp. remained the highest at \$31.69 followed closely by that of Berry Petroleum at \$29.15.
- The Dow remained above the 10,000 level in December and rose 19% to 10,428.05 on December 31, 2009 from 8,776.39 on December 31, 2008 and was the third year-over-year increase at month-end.
- The stock price increases seen by Berry Petroleum, MannKind, Woodward HRT, Lennar, and Carnival Corporation outperformed the increase of the entire market.
- On April 30, 2009, Six Flags was delisted from the NYSE and now trades on the over-the-counter (OTC) Bulletin Board due to failure to meet the NYSE's guidelines as a result of the company's high debt load on its balance sheet.
- Woodward HRT became a wholly owned subsidiary of Woodward Governor Company on April 3, 2009. The price reflected in 2008 is for HR Textron's previous owner, Textron, Inc., and the 2009 stock price is for Woodward Governor Company.

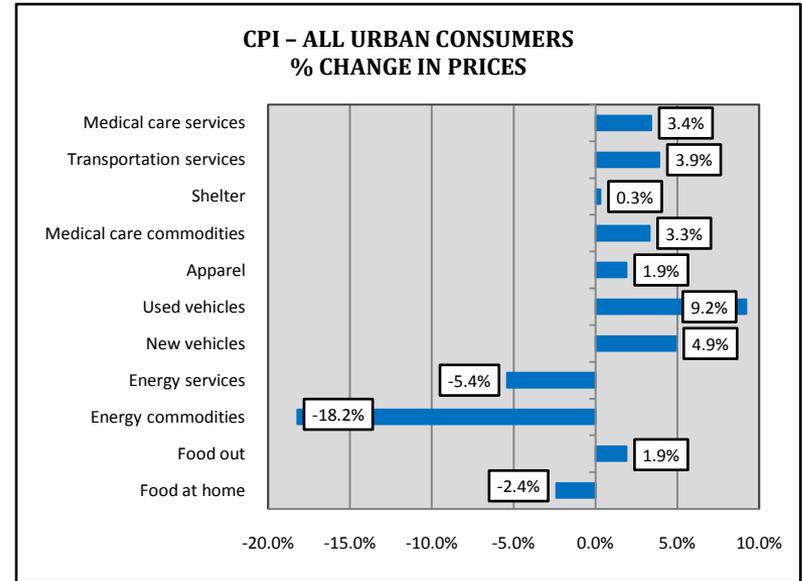
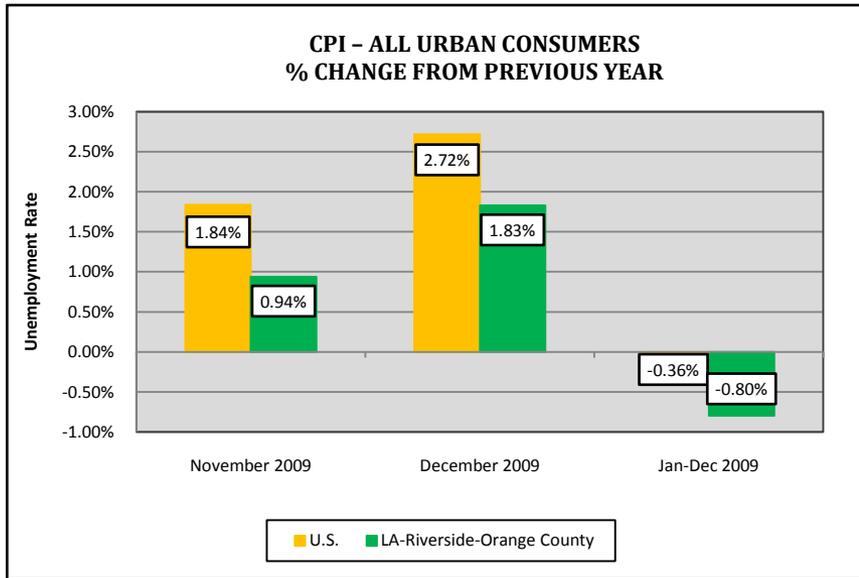
Closing stock prices on the last trading day of the month are shown in the graphs above. Call letters for each company are as follows: BSCA.OB (Bank of Santa Clarita), BRY (Berry Petroleum), CCL (Carnival Corp.), LEN (Lennar), MNKD (MannKind), SIXFQ.OB (Six Flags), TXT for December 31, 2008 and WGOV for December 31, 2009 (HR Textron), and WDC.ax (Westfield Group).

Unemployment



- Santa Clarita's unemployment rate was 7.4% in December 2009 compared to 12.0% for Los Angeles County and 12.1% statewide.
- Unemployment in Santa Clarita in December 2009 of 7.4% is higher than the unemployment rate reported in December 2008 of 5.8%.
- Unemployment in Santa Clarita appears to be leveling off from the peak rate of 7.8% during September and October.

Inflation



- Year-over-year inflation for December 2009 among all urban consumers for Los Angeles-Riverside-Orange County increased 1.8% compared to the national increase of 2.7%. Inflation in the Los Angeles metro area increased by a smaller amount in November 2009 compared to inflation nationwide.
- The higher inflation rate in December 2009 from one year ago reflects cost increases in almost all services and commodities with the exception of declines of 18.1% in utility gas service, 0.5% in electricity, and 2.4% in food at home.
- Overall for 2009, inflation dropped 0.80% in the Los Angeles metro area while inflation declined 0.4% for the entire U.S. from 2008.

Data Sources

Sources:

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

Housing Market: San Fernando Valley Association of Realtors

Notice of Defaults: First American RealQuest Pro

Apartment Data: Reis, Inc.

Film Economic Impact: 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

Stock Prices: Yahoo! Finance

Unemployment Rate: CA Employment Development Department

Inflation Rate: Bureau of Labor Statistics