

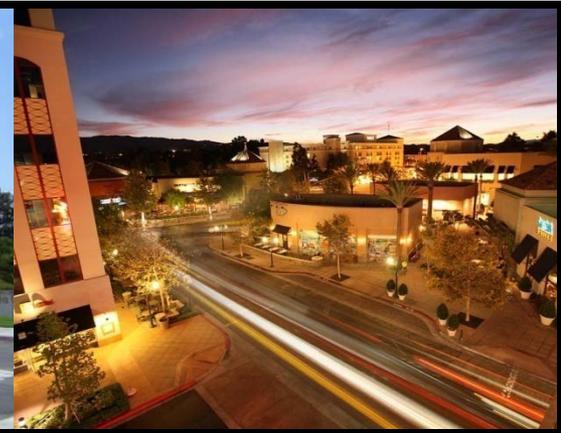


Santa Clarita Economic Snapshot

February 2011

Published on April 29, 2011

Created by the City of Santa Clarita
Economic Development Division



Overview

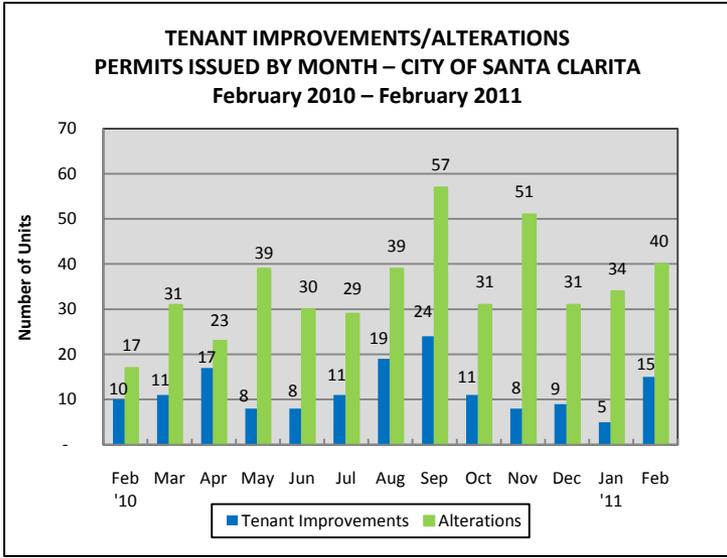
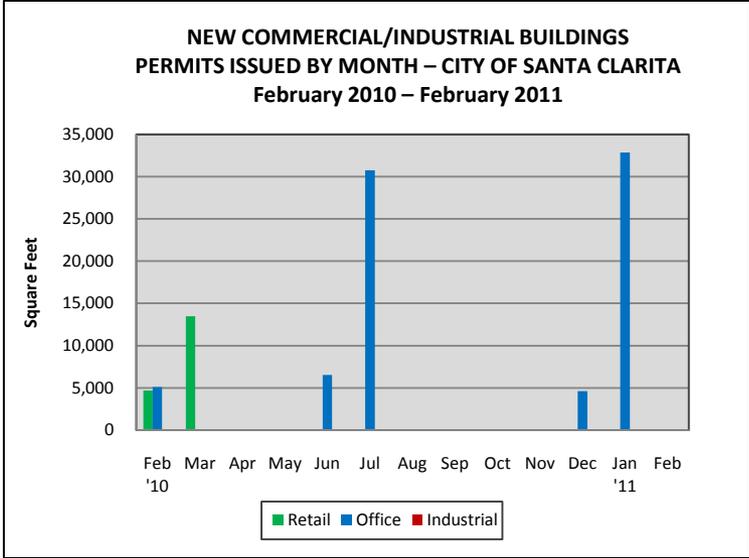
The information presented in this report helps to create a snapshot of the overall fiscal health of Santa Clarita. **The overall results are somewhat mixed with some indicators weakening and others continuing to strengthen.**

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

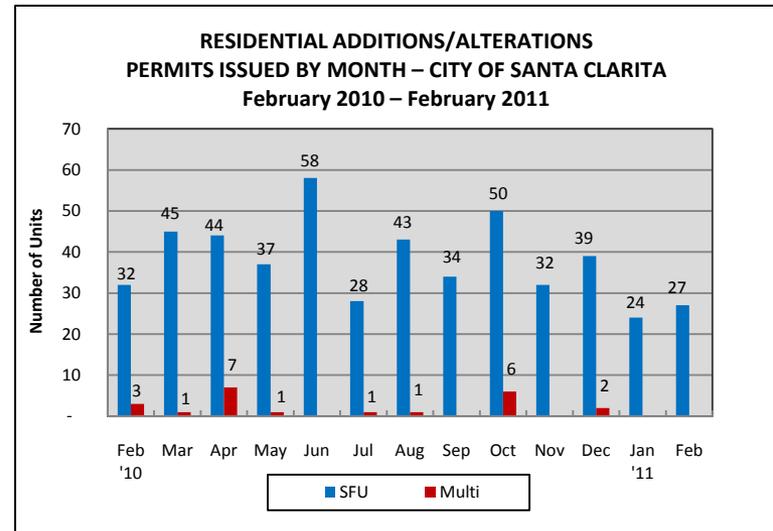
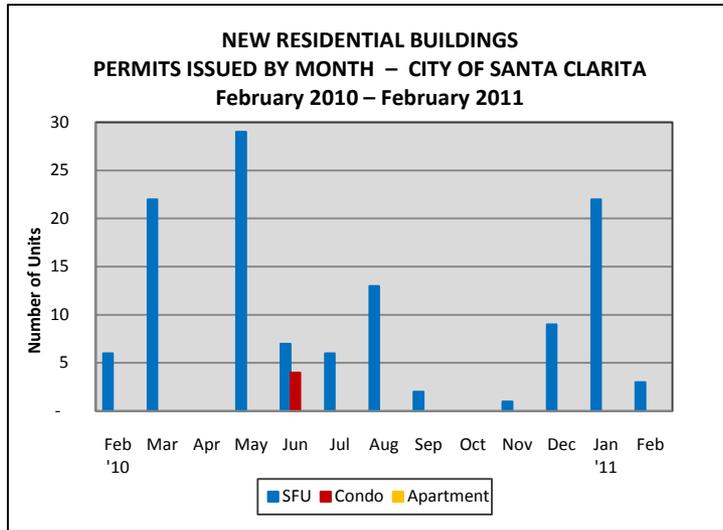
- No new permits for commercial space were issued in February 2011 by the City of Santa Clarita, compared to one new permit for retail and office space each issued in February 2010 for a total of 9,787 square feet.

Tenant Improvements/Alterations

- A total of 15 building permits for tenant improvements were issued in February 2011, up 200% from the 5 permits in January 2011 and up 50% from the 10 permits in February 2010.
- In February 2011, a total of 40 permits for commercial alterations were issued, up 18% from the 34 permits in January 2011 and up 135% from the 17 commercial alterations in February 2010.
- Of the 40 commercial alterations permitted in February 2011, 24 or 60% were for signage, 10 or 25% were for fire protection equipment, and 2 or 5% were for spray booths, and the remaining 4 or 10% 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



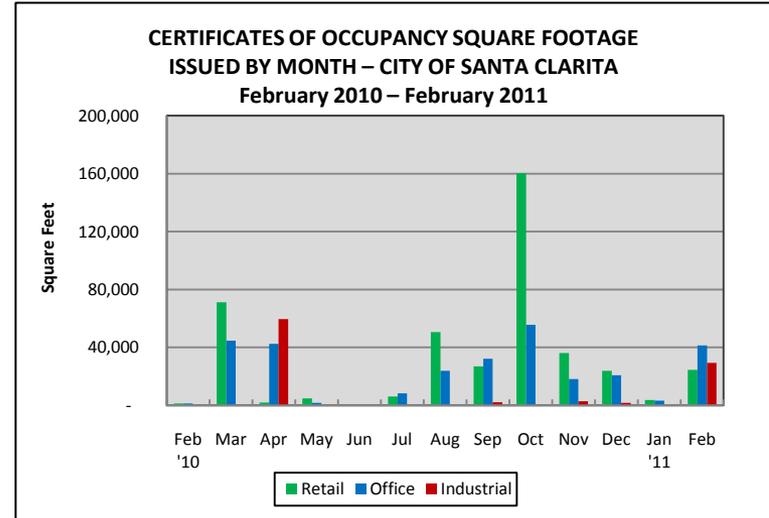
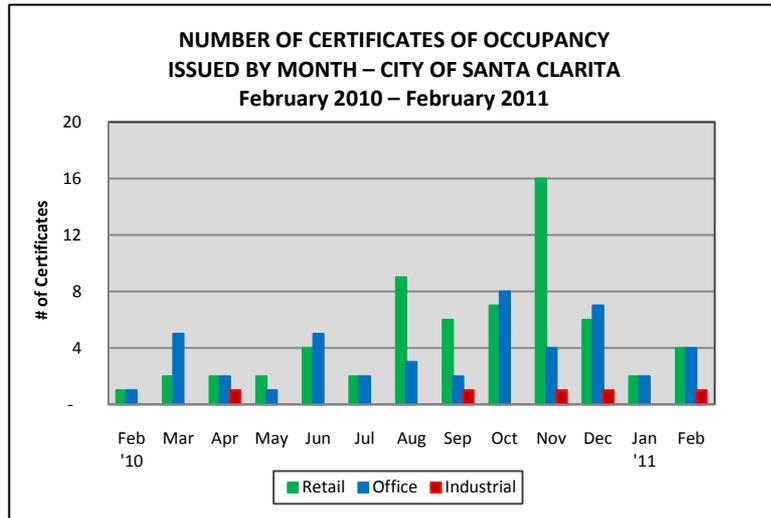
New Residential Buildings

- Three new single-family residential permits were issued in February 2011 by the City of Santa Clarita, down 50% from 6 permits issued for single-family residential homes in February 2010.

Residential Additions/Alterations

- A total of 27 residential permits for additions and alterations were issued in February 2011, down 23% from the 35 residential permits for additions and alterations issued in February 2010.
- All 27 of the residential permits for additions and alterations issued in February 2011 were for single-family units, compared to 91% of the residential permits for additions and alterations in February 2010.
- Of the additions/alterations in February 2011, 22% each were for photovoltaic, block walls, and patio covers, 19% were for roofs, 8% were for signage, and 7% for other miscellaneous items.

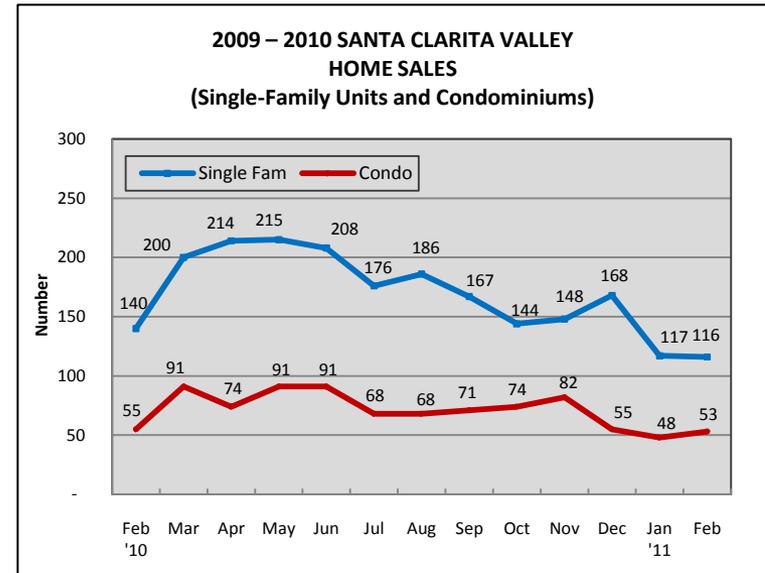
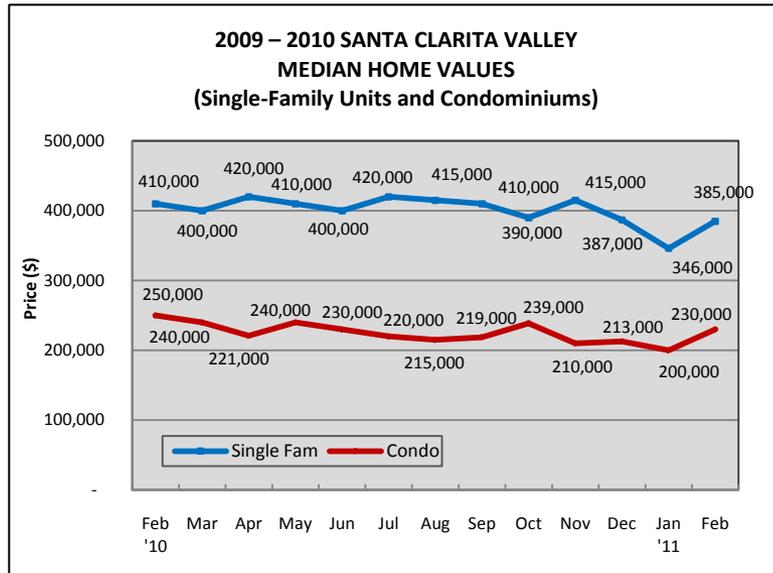
Commercial/Industrial Certificates of Occupancy Issued



- In February 2011, a total of 9 Certificates of Occupancy were issued of which 4 each were for retail and office space and 1 was for industrial space. These 9 Certificates of Occupancy represented an increase of 350% from 2 Certificates of Occupancy in February 2010.
- Certificates of Occupancy for February 2011 represented a total of 95,096 square feet of which 43% was for office space, 31% was for industrial space, and the remaining 26% was for retail space. This represented a significant increase from the 2,643 square feet of Certificates of Occupancy for retail, office, and industrial space issued in February 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 sales volume dropped from the Fall of 2010 while values are near levels seen during the Fall.

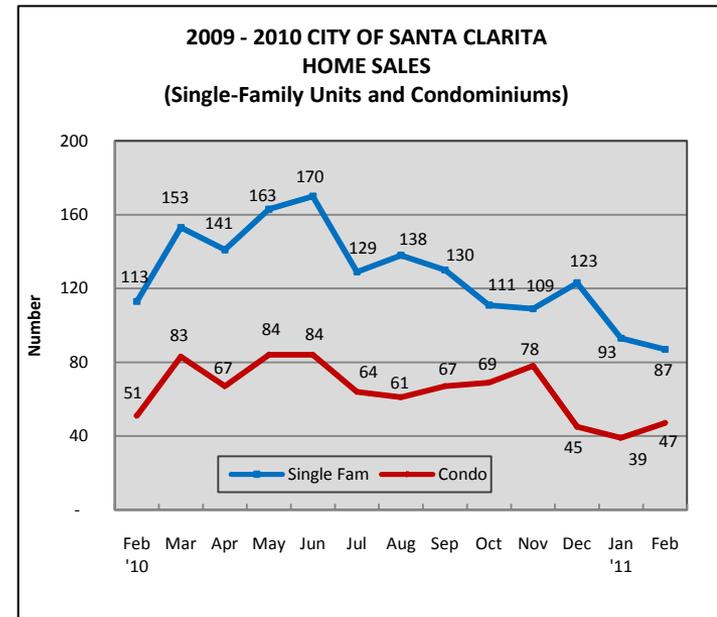
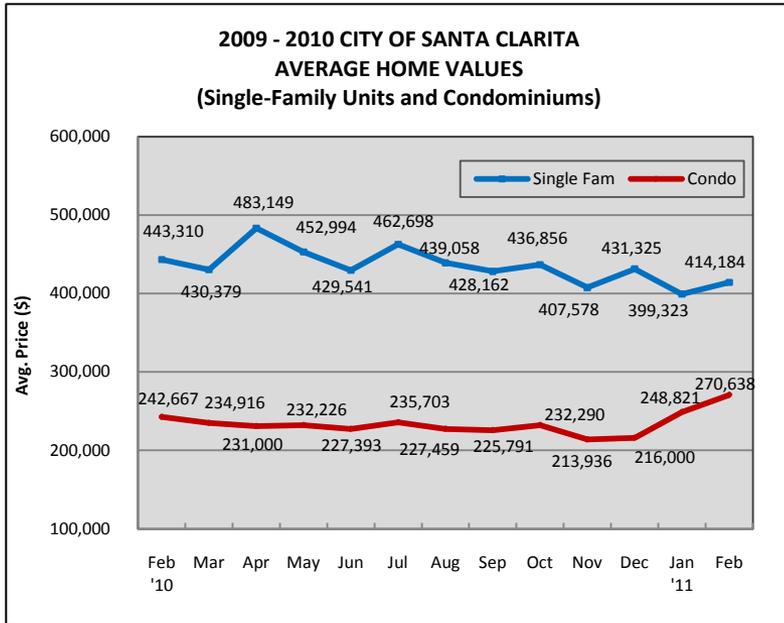
Single-Family Homes

- Single-family median home values increased 11% to \$385,000 in February 2011 from \$346,000 in January 2011, yet were 6% below the median home value of \$410,000 in February 2010.
- A total of 116 single-family homes sold in February 2011, comparable to sales in January 2011, yet down 17% from one year ago.

Multi-Family Homes/Condominiums

- Condominium prices increased 15% to \$230,000 in February 2011 from \$200,000 in January 2011, yet were down 8% from values in February 2010.
- Condominium sales rose 10% to 53 sales in February 2011 from 48 sales in January 2011, but were down 4% from sales in February 2010.

City of Santa Clarita Housing Market



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

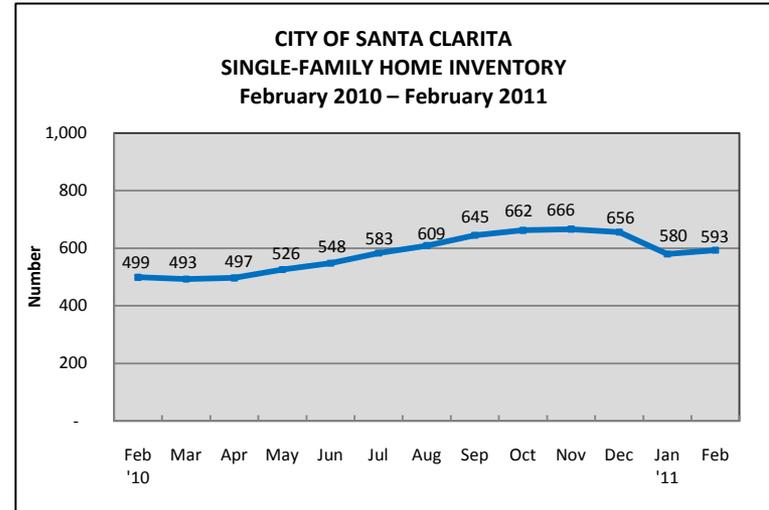
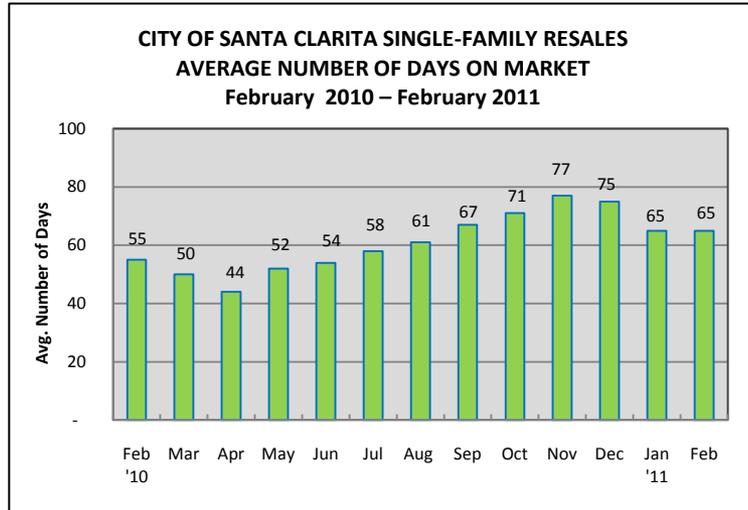
Single-Family Homes

- Single-family average home values in February 2011 were \$414,200 or 4% above January 2011, yet 7% below February 2010.
- Sales dropped 6% to 87 single-family homes in February 2011 from January 2011, and were 23% lower than sales in February 2010.

Multi-Family/Condominiums

- Condominium prices rose 9% to \$270,600 in February 2011 from January 2011, and rose 12% from February 2010.
- Condominium sales increased 21% to 47 units in the City of Santa Clarita in February 2011 from January 2011, yet were 8% lower than sales volume in February 2010.

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

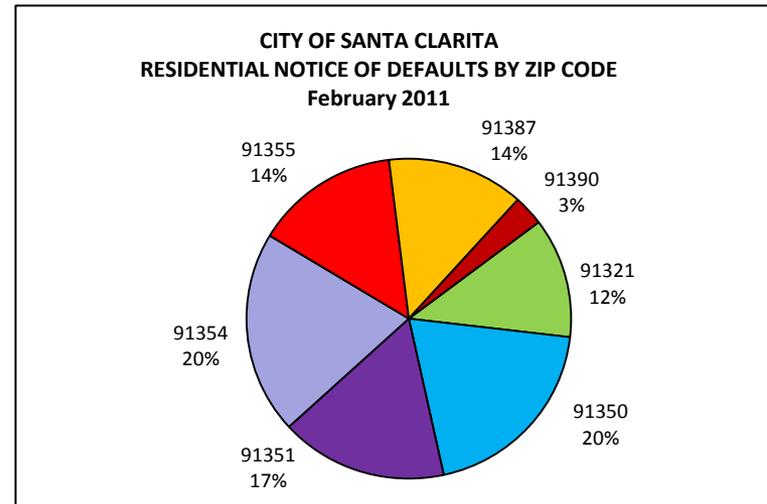
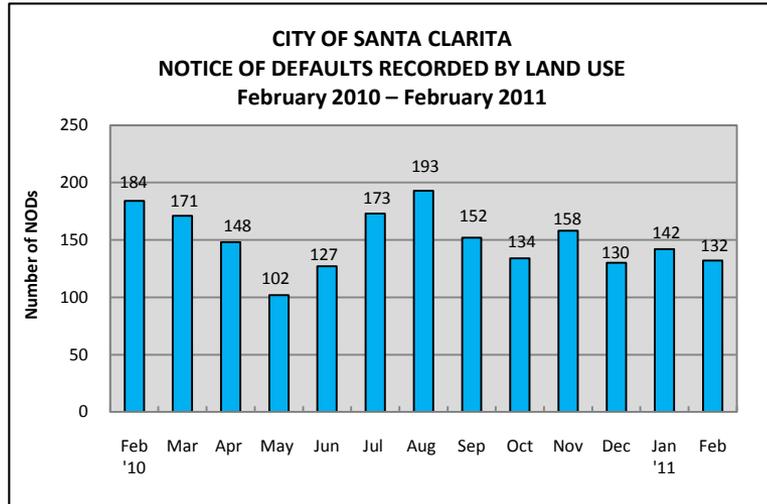


The City of Santa Clarita's housing market has weakened from one year ago as it now takes longer for homes to sell and inventory levels continue to grow.

- In February 2011, homes were on the market for an average 65 days or 2.2 months, compared to 1.8 months in February 2010.
- Single-family inventory levels rose 2% in February 2011 to 593 homes from 580 in January 2011, and were 19% above inventory levels in February 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)

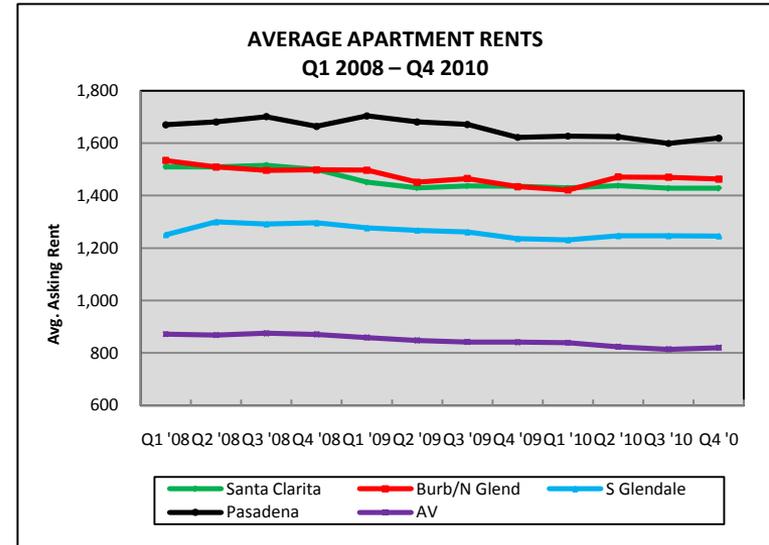
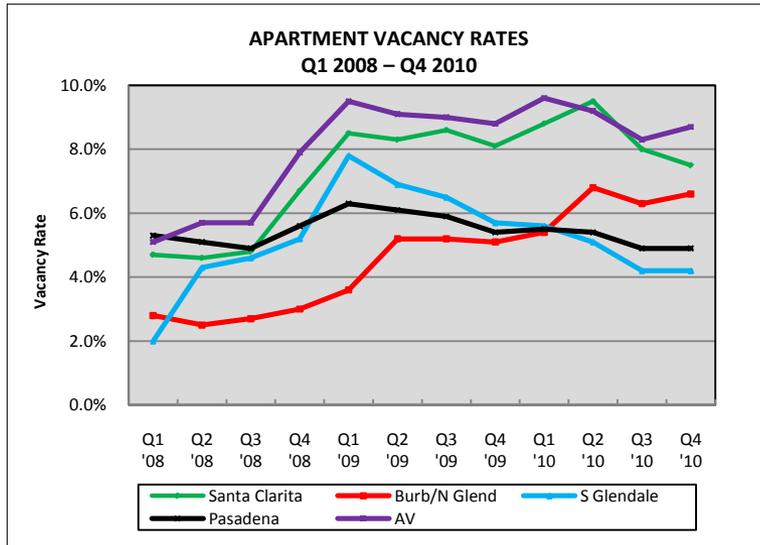


Notice of defaults were lower from one year ago as well as from the previous month.

- A total of 132 NODs were recorded in February 2011 in the City of Santa Clarita. The level of NODs is down 28% from the level in February 2010 and down 7% from January 2011.
- In February 2011, approximately 20% each of the NODs were recorded in the 91354 and 91350 zip codes followed by 17% in 91351, 14% each in 91355 and 91387, and 12% in 91321. The remaining 3% were in 91390.
- More than one-third or 37% of the NODs were on homes that previously sold \$200,000 - \$349,999 range while 21% sold in the \$350,000 - \$499,999 range and 17% sold below \$200,000. Additionally, 12% sold for at least \$600,000 and 9% sold in the \$500,000 - \$599,999 range. The price range was unknown for the remaining 4%.

Apartments: Vacancies & Average Rents

(Updated Quarterly)



Apartment Vacancy Rates

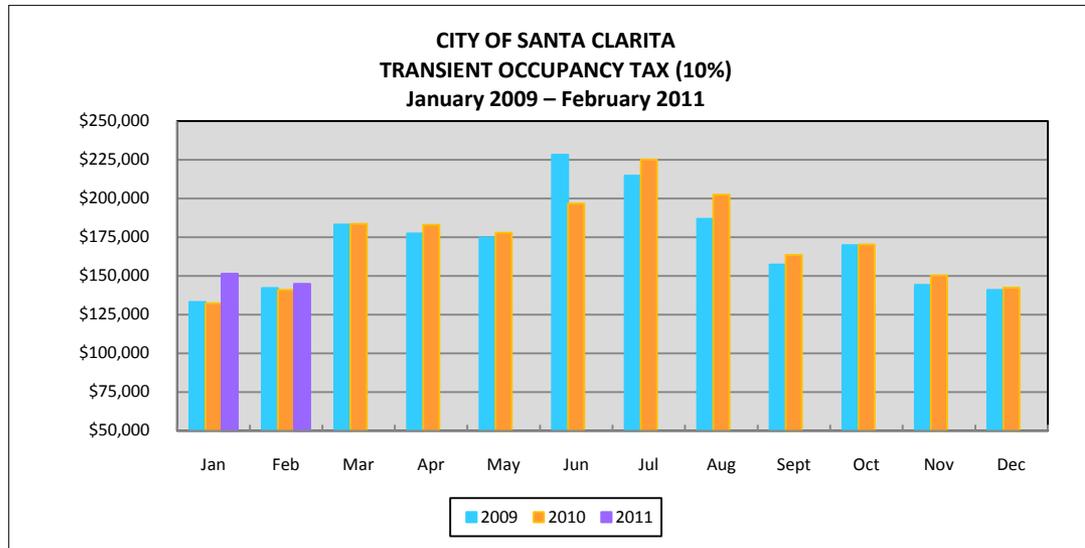
- The apartment vacancy rate during Fourth Quarter 2010 in Santa Clarita was 7.5%, which is lower than the Third Quarter vacancy rate of 8.0% as well as the 8.1% vacancy rate during Fourth Quarter 2009.
- In comparison, vacancy rates in Santa Clarita exceeded vacancy rates in Burbank/North Glendale, 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.

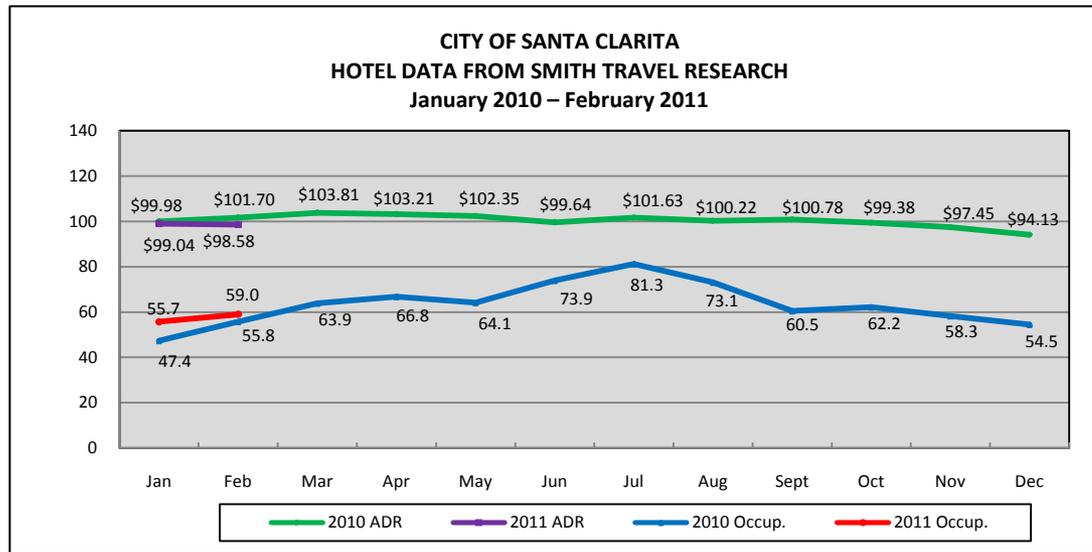
Tourism: Transient Occupancy Tax



- In February 2011, the City of Santa Clarita collected \$144,930 in TOT, up 2.8% from \$140,987 in February 2010.
- Although TOT decreased from \$142,222 in February 2009 to \$140,987 in February 2010, TOT increased to its current level of \$144,930 in February 2011.
- On a year-to-date (YTD) basis, TOT increased 8.4% to \$296,403 for February 2011 YTD from \$273,456 in February 2010 YTD. In comparison, the February 2010 YTD TOT had decreased 0.7% from \$275,444 in February 2009 YTD.

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

Tourism: Hotel Occupancy

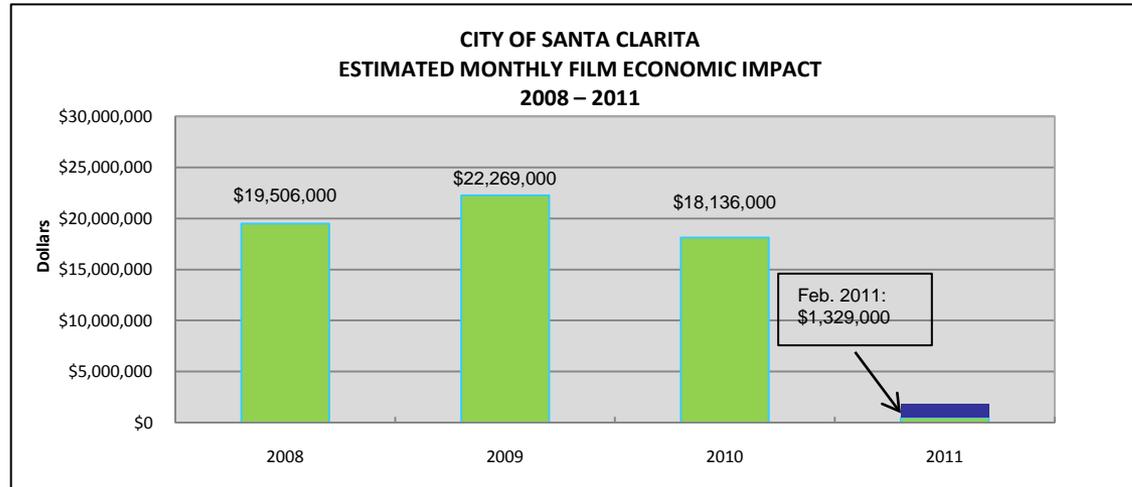


Occupancy and Average Daily Rate (ADR)

- Smith Travel Research reported hotel occupancy in the City of Santa Clarita was 59% in February 2011, slightly higher than the reported occupancy of 56% in February 2010.
- An average of 520 rooms of 882 available in the City were sold in February 2011 compared to 492 rooms of 882 available rooms in February 2010.
- In comparison, occupancy rates at hotels nationwide in February 2011 were at 56%, up 5% from February 2010.
- Occupancy rates increased nationwide and average daily rates increased 3% to \$98.95, suggesting total revenue collected nationwide in February 2011 increased from February 2010.

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

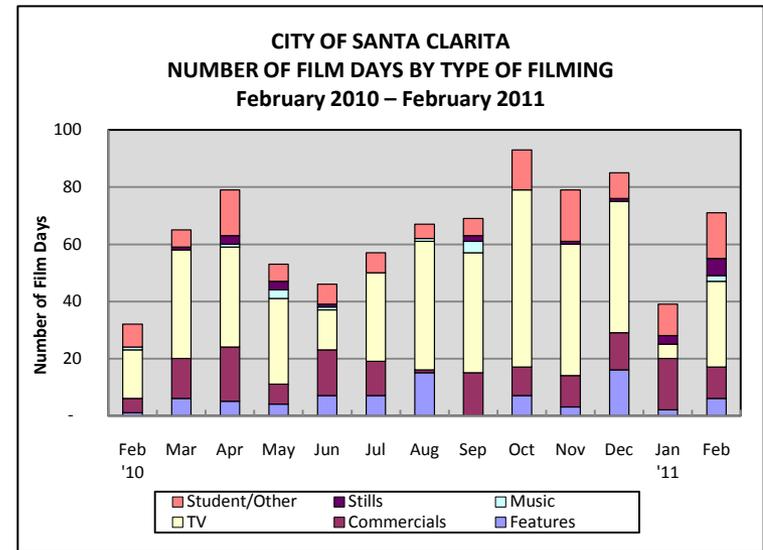
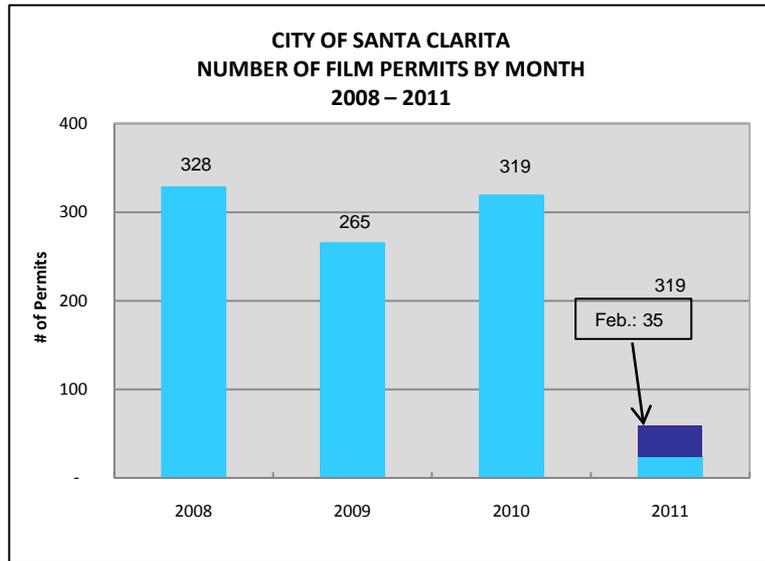
On-Location Filming in The City of Santa Clarita



- The Economic Impact from location filming for February 2011 of \$1,329,000 was 107% above the impact in February 2010 of \$642,000.
- The economic impact from location filming in February 2011 was up 81% above the impact in February 2008 at \$734,500.
- Despite the increase in February 2011 from the previous February, the economic impact for February 2011 YTD is down 18% to \$1,840,500 from \$2,245,000 in February 2010 YTD. However, the year-to-date economic impact is up 67% from \$1,102,000 in February 2008 YTD.
- 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.

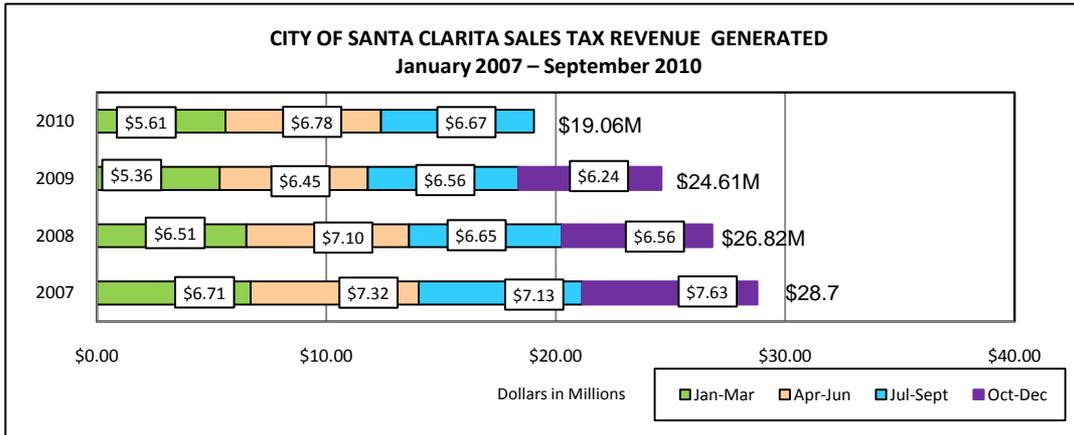
On-Location Filming in The City of Santa Clarita



- In February 2011 a total of 35 film permits were issued within the City of Santa Clarita, up 119% from the 16 permits issued in February 2010.
- A total of 59 film permits were issued for February 2011 year-to-date, up 31% from 45 film permits issued during February 2010 year-to-date.
- There were a total of 71 filming days in February 2011, up 122% from 32 filming days in February 2010.
- February 2011 film days included: 42% for television shows, 23% for student/other projects, 16% for commercials, 8% each for features and stills, and 3% for music/video production in the City of Santa Clarita.

City of Santa Clarita Sales Tax

(Updated Quarterly)



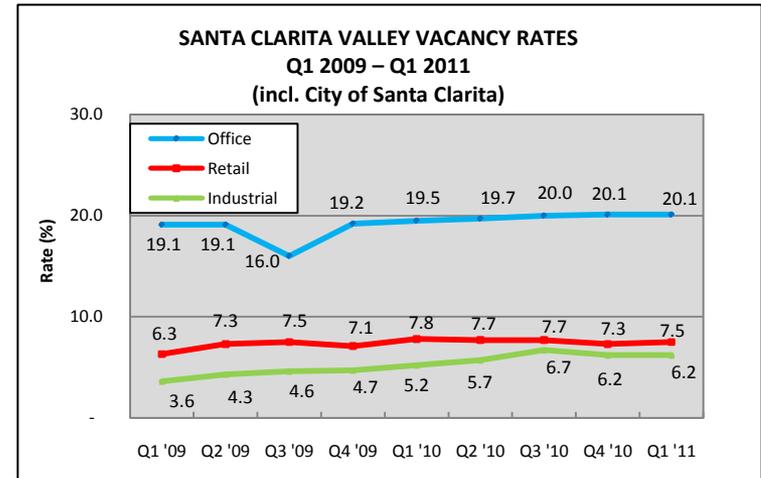
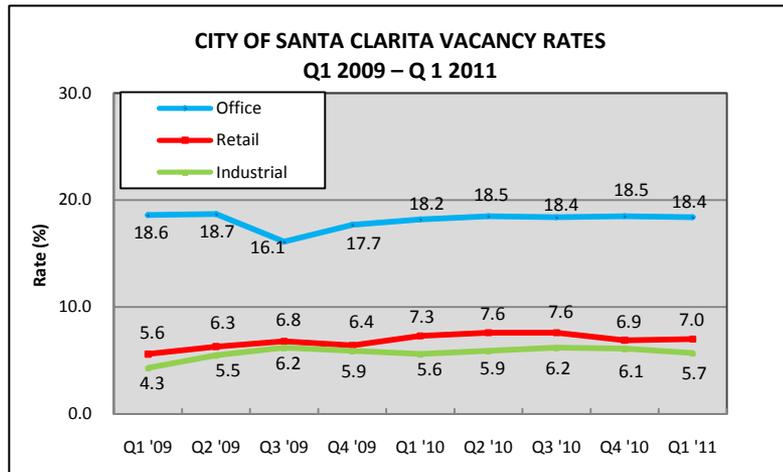
Sales tax generated in Third Quarter 2010 was above that generated during the Third Quarter 2009.

- 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



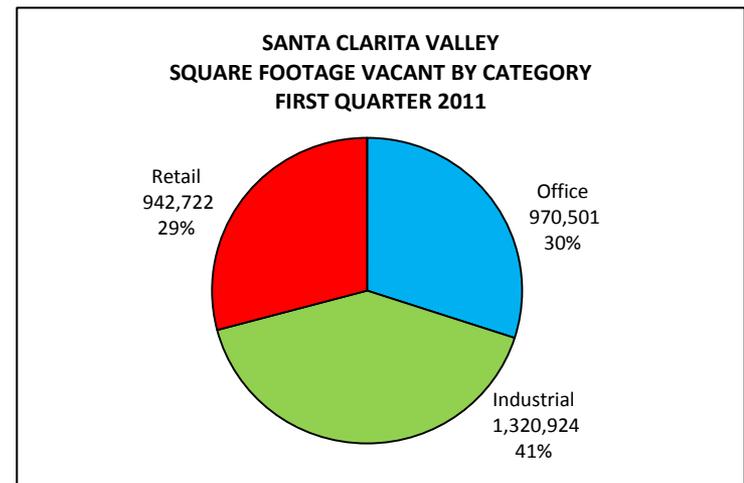
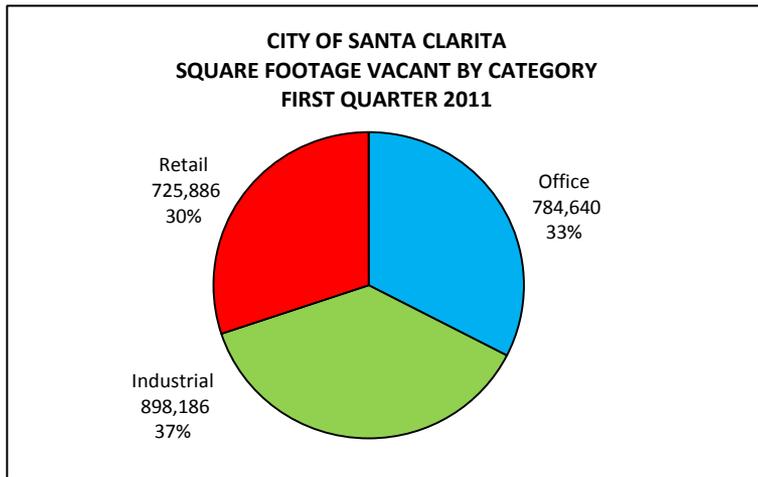
City of Santa Clarita

- In the City of Santa Clarita, office and industrial vacancy rates decreased in First Quarter 2011, while retail vacancy rates increased.
- During First Quarter 2011, the City's office vacancy rate was 18.4% and retail and industrial vacancy rates were 7.0% and 5.7%, respectively.
- In comparison retail and industrial vacancy rates increased in First Quarter 2010 from the previous quarter to 7.3% and 5.6%, respectively, while office vacancy rates decreased to 18.2%.

Santa Clarita Valley (includes the City)

- In the entire Santa Clarita Valley (including the City), retail vacancy rates increased in First Quarter 2011 from the previous quarter, while office and industrial vacancy rates remained flat from the previous quarter.
- The Santa Clarita Valley's office vacancy rate was 20.1%, and retail and industrial vacancy rates were 7.5% and 6.2%, 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



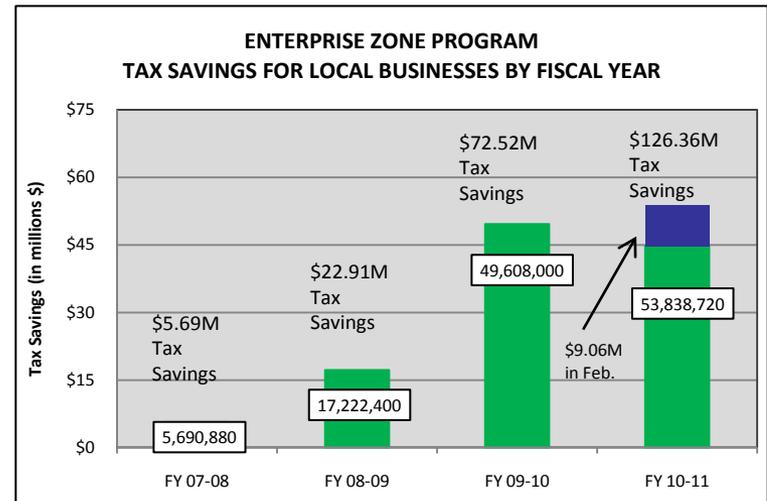
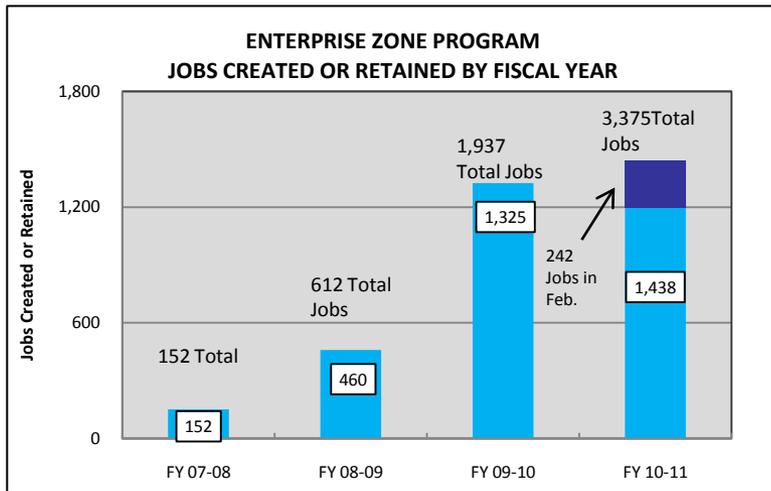
City of Santa Clarita

- Within the City of Santa Clarita there is a total of 30,298,300 existing square feet for businesses of which 52% is industrial, 34% is retail, and 14% is office space.
- Only 8.0% or 2,408,712 square feet of the total space for businesses in the City is vacant. Of that amount vacant, 37% is industrial space, 33% is office, and 30% is retail space.

Santa Clarita Valley (includes the City)

- In the entire Santa Clarita Valley there is a total of 38,680,359 existing square feet for businesses of which 55% is industrial, 32% is retail, and 13% is office space.
- Only 8.4% or 3,234,147 of the total space for businesses in the Santa Clarita Valley is vacant. Of that amount, 41% is industrial, 30% is office space, and 29% is retail space.

Enterprise Zone Program: Job Activity and Tax Savings

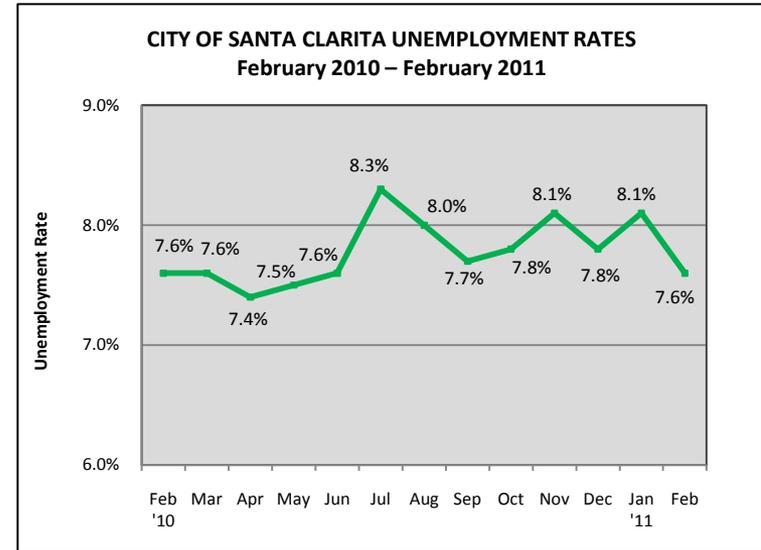
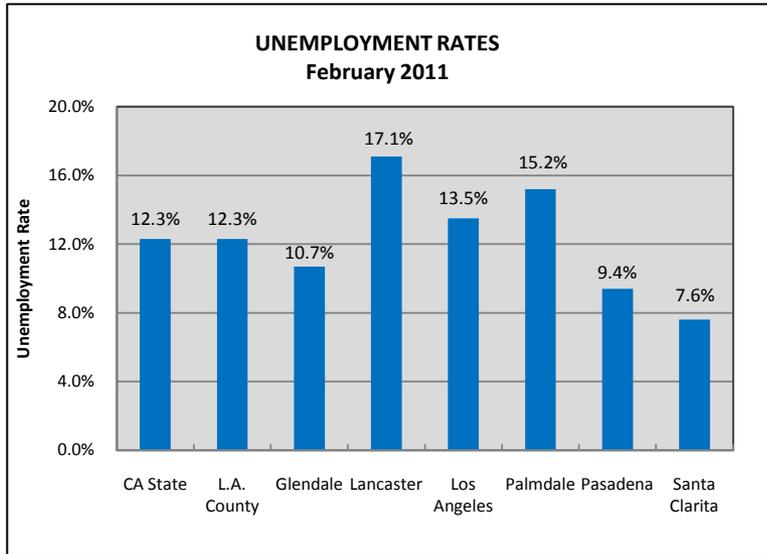


The Santa Clarita Enterprise Zone is a program that saves businesses money by providing special tax incentives from the State of California to businesses.

- Since the City's designation as an Enterprise Zone in 2007, a total of 3,375 jobs have been created or retained, which represents a potential tax savings to local businesses of over \$126 million.
- In February 2011, 242 vouchers were issued for jobs created or retained as a result of the Enterprise Zone, representing approximately \$9.1 million in potential tax savings.

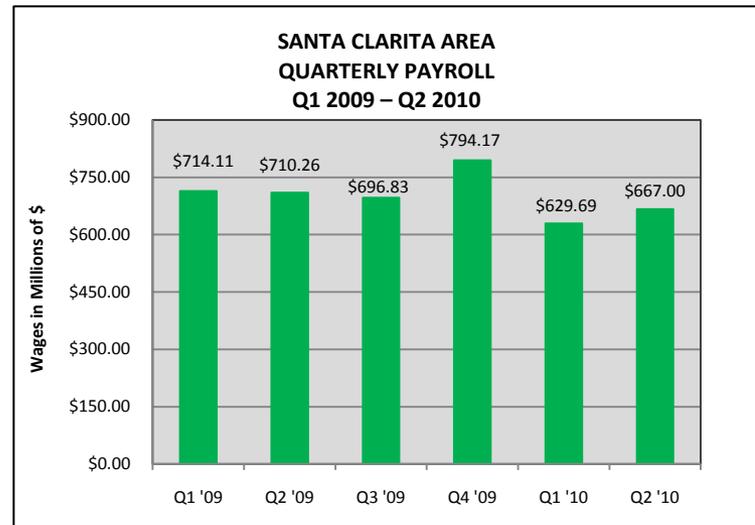
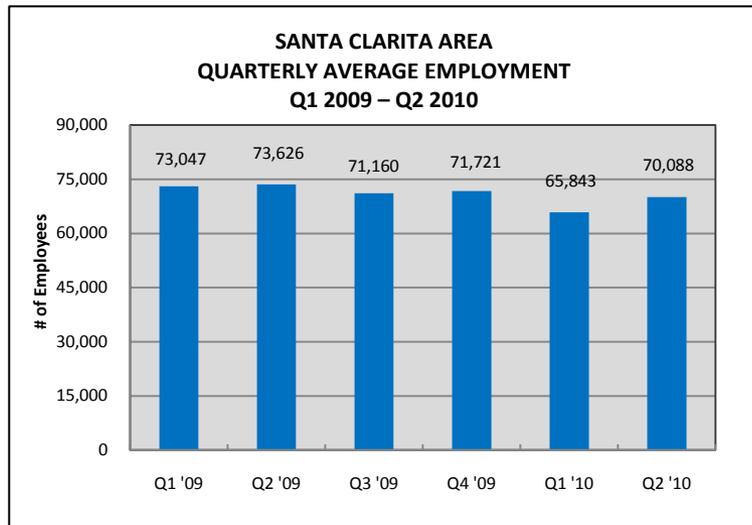
The City of Santa Clarita was awarded one of the State of California's 42 Enterprise Zone designations in 2007. The Enterprise Zone program provides tax incentives for businesses that locate in Santa Clarita and hire "qualified" employees or make "qualified" purchases. More information on the Enterprise 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 7.6% in February 2011 compared to 12.3% for Los Angeles County and the state.
- Unemployment in Santa Clarita in February 2011 of 7.6% was comparable to the unemployment rate reported in February 2010.

Employment and Wages

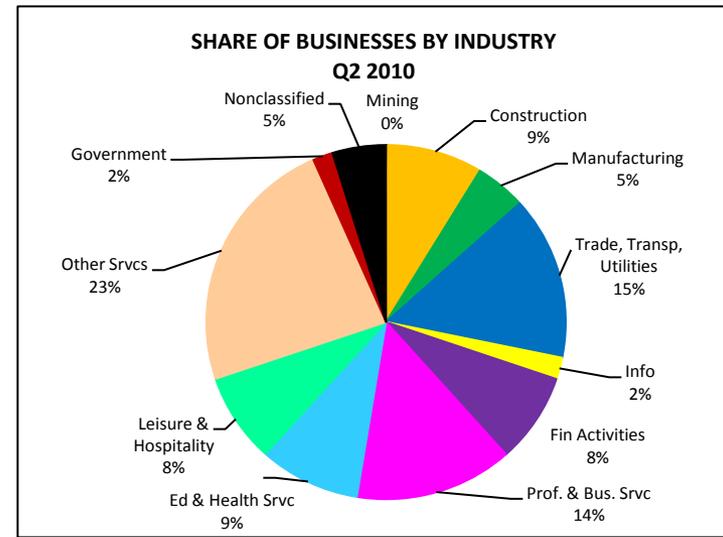
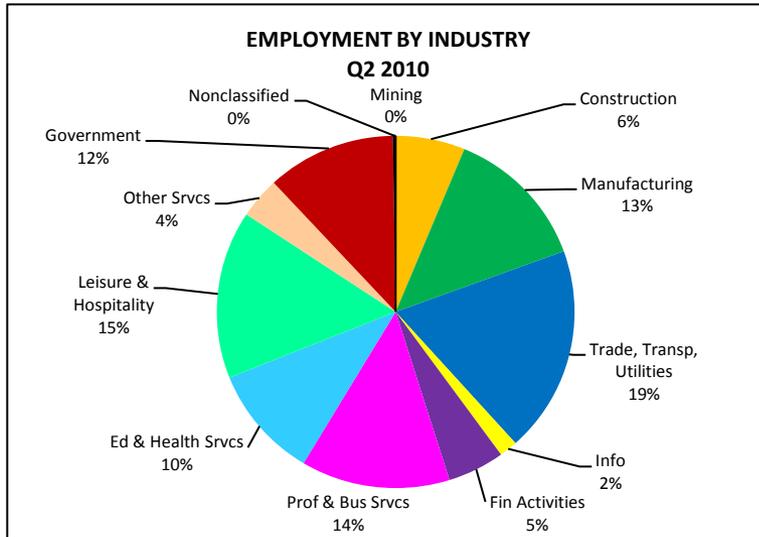


Employment as well as payroll in the Santa Clarita area have trended down from one year ago.

- In Second Quarter 2010 there were a total of 5,870 establishments reporting employment and wages, down 1% from the 5,787 establishments in Second Quarter 2009.
- Total employment in the Santa Clarita area was down 5% to 70,088 jobs in Second Quarter 2010 from the same time period in 2009.
- Employment fell during Second Quarter 2010 from the previous year in every sector except information and nonclassifiable which rose 8% and 10%, respectively, and education and health services which remained unchanged.
- Quarterly wages in the Santa Clarita area were down 6% to \$667.00 million in Second Quarter 2010 from \$710.26 in Second 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 August 2011 economic report.

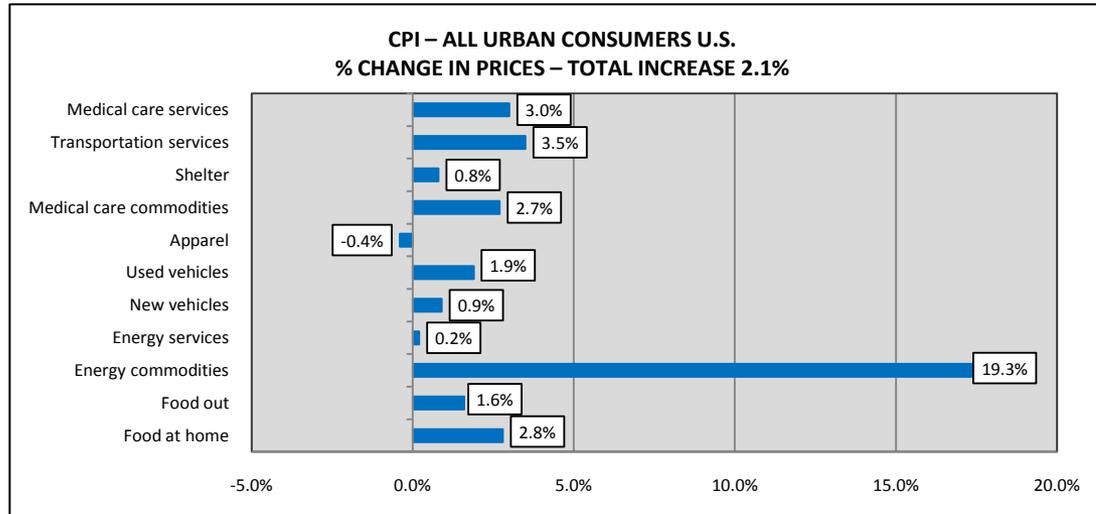
Employment by Industry



- Trade, transportation, & utilities account for 19% of employment in the Santa Clarita area, but only 15% of the businesses.
- Leisure & hospitality, professional & business services, and manufacturing, account for 15%, 14%, and 13%, respectively, of the number of people employed, yet only represent 8%, 14%, and 5% 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 8% of the businesses.
- Compared to Q2 2009, leisure & hospitality accounted for 14% of the employment compared to 15% during Q2 2010.
- In Q2 2009, professional & business services accounted for 15% of the businesses and other services accounted for 23% of the businesses compared to 14% and 23%, respectively in Q2 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 August 2011 economic report.

Inflation



- Year-over-year inflation for February 2011 among all urban consumers for Los Angeles-Riverside-Orange County increased 2.3% compared to the national increase of 2.1%. Inflation in the Los Angeles metro area is higher than inflation level of 1.8% in January 2011.
- The higher inflation rate in February 2011 from one year ago reflects cost increases in all services and commodities with the exception of a decline of 0.4% in apparel.
- The highest year-over-year increase was seen in energy commodities with a 19.3% increase from the previous February. This large increase was due to a 27.1% year-over-year increase in fuel oil increased compared to 17.3% in January and a 19.2% year-over-year increase in gasoline compared to a 13.4% increase in January.

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