

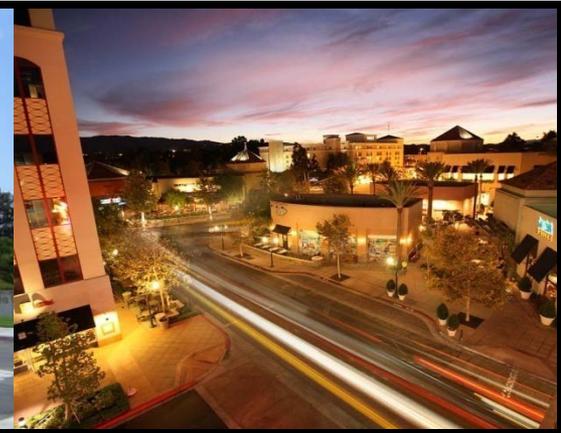


Santa Clarita Economic Snapshot

August 2010

Published on October 21, 2010

Created by the City of Santa Clarita
Economic Development Division



Overview

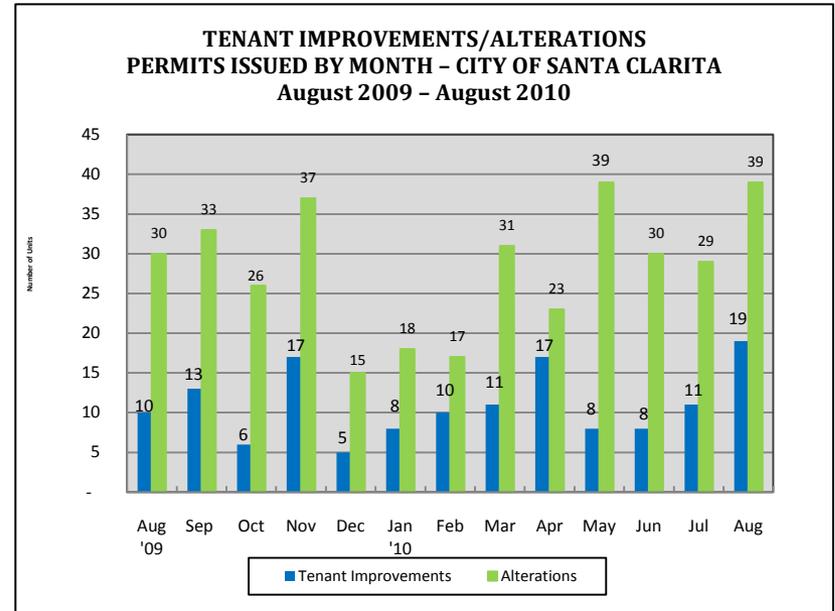
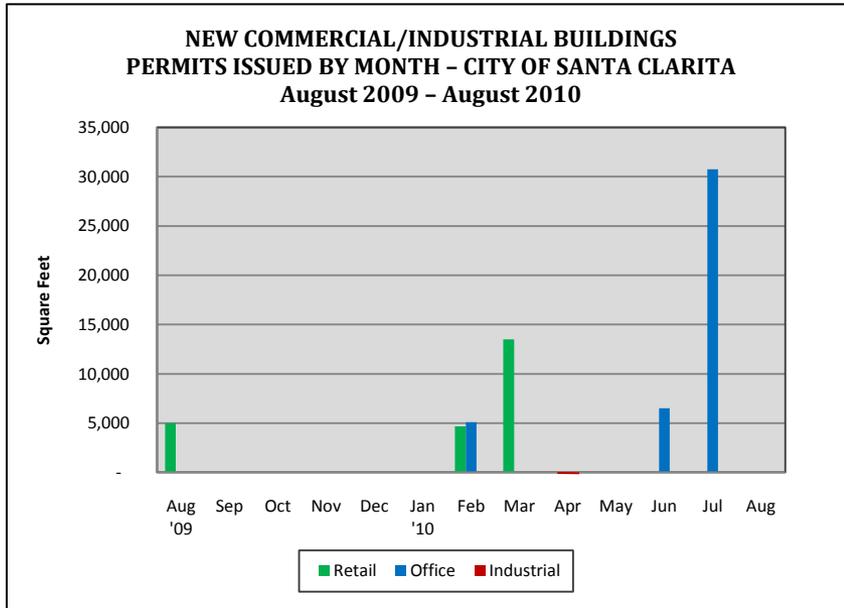
The information presented in this report helps to create a snapshot of the overall fiscal health of Santa Clarita. **The overall results are somewhat mixed with some indicators weakening and others continuing to strengthen.**

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;
- Stock prices of local companies in Santa Clarita;
- 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

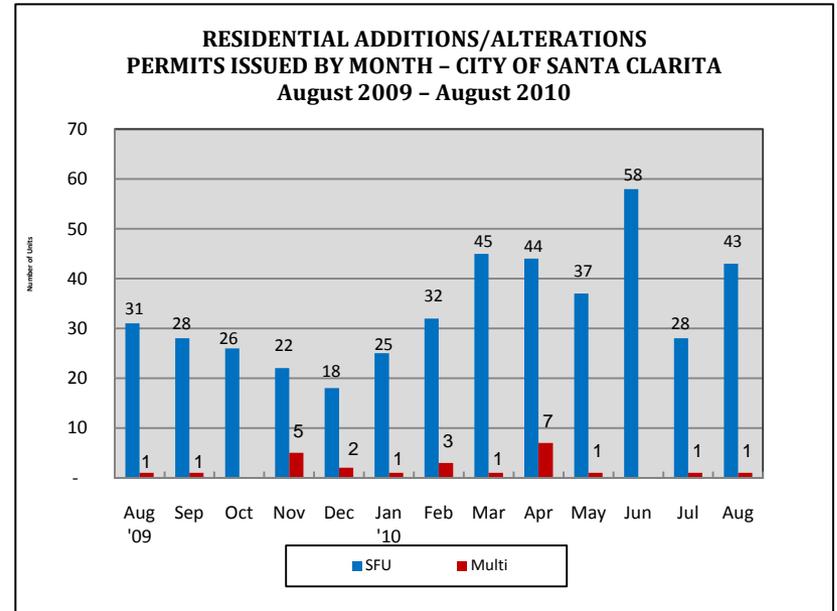
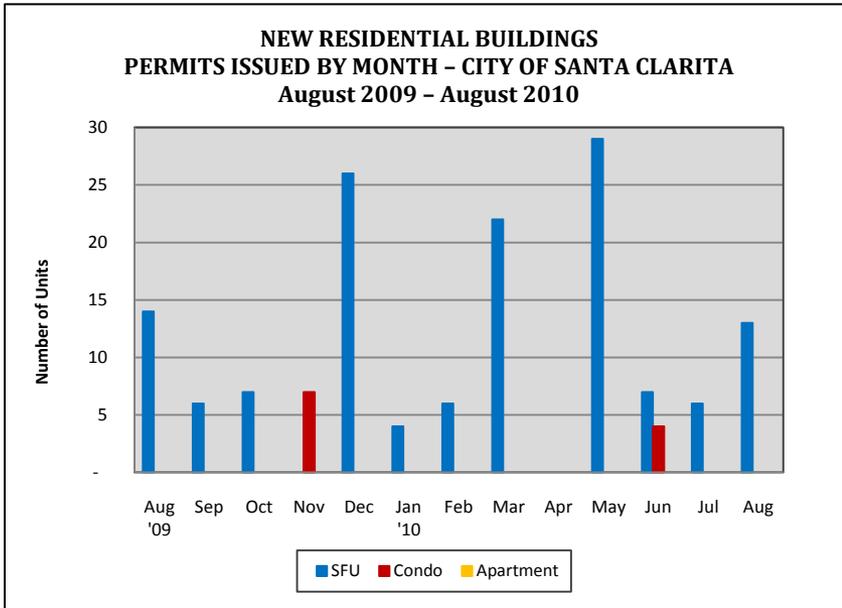
- No new permit for retail, office or industrial space was issued in August 2010 by the City of Santa Clarita compared to two permits for retail space in August 2009.

Tenant Improvements/Alterations

- A total of 19 building permits for tenant improvements were issued in August 2010, up 73% from the 11 permits in July 2010 and up 90% from the 10 permits in August 2009.
- In August 2010, a total of 39 commercial alterations, up 30% from the 30 commercial alterations in August 2009.
- Of the 39 commercial alterations permitted in August 2010, 17 or 44% were for signage, 12 or 31% were for fire protection equipment, 3 or 8% were for racks, 2 or 5% were for tents, and the remaining 5 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



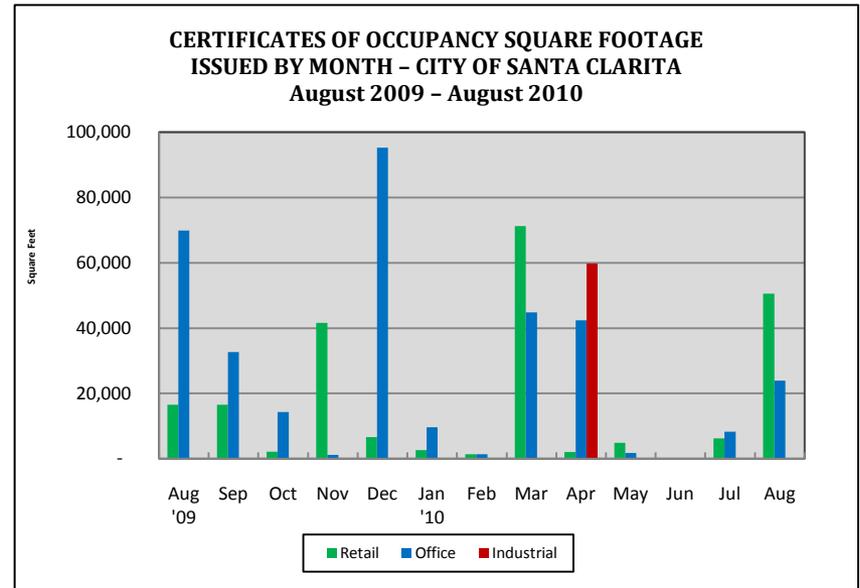
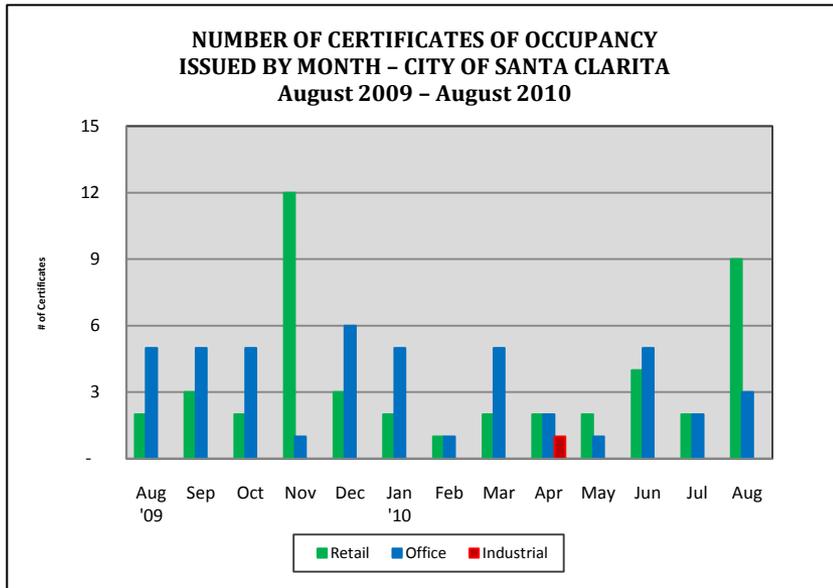
New Residential Buildings

- A total of 13 new permits for single-family residential properties were issued in August 2010 by the City of Santa Clarita, down 7% from the 14 permits for single-family residences in August 2009.

Residential Additions/Alterations

- A total of 44 residential permits for additions and alterations were issued in August 2010 of which all but 1 were for single-family residences, and up 38% from the 32 residential permits for additions and alterations issued in August 2009.
- Of the additions/alterations in August 2010, 30% were for patio covers, 18% for photovoltaic, 16% for block walls, 7% each for pool/spas, roofs, and windows/doors/skylights, and the remaining 16% were for other miscellaneous items.

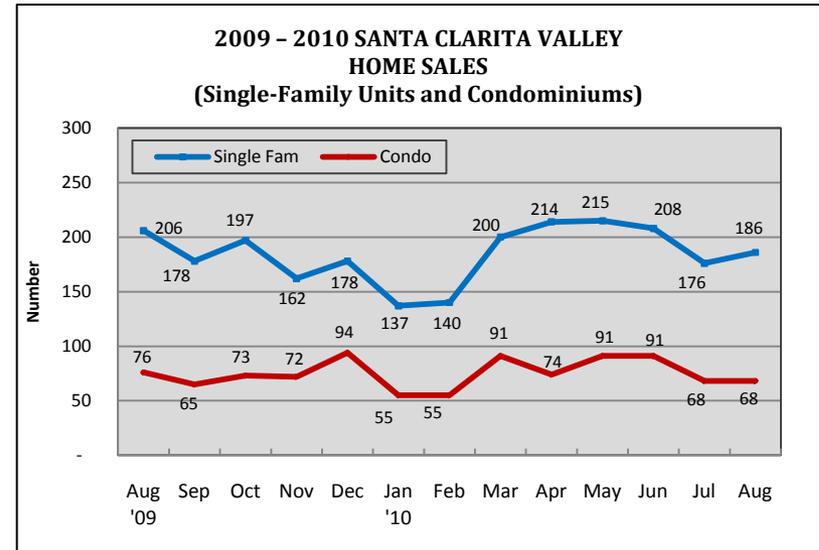
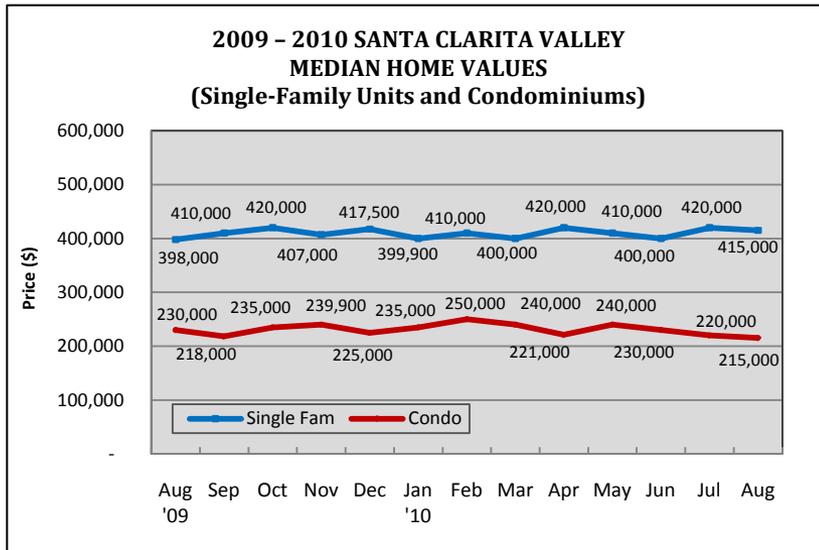
Commercial/Industrial Certificates of Occupancy Issued



- In August 2010, a total of 12 Certificates of Occupancy were issued of which 9 were for retail space and 3 were for office space. These 12 Certificates represented an increase of 71% from 7 Certificates of Occupancy in August 2009.
- Certificates of Occupancy for August 2010 represented a total of 74,546 square feet of which 68% was for retail space and 32% was for office space. This represented a 14% decrease from the 86,455 square feet of Certificates of Occupancy for retail, office, and industrial space issued in August 2009.

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.

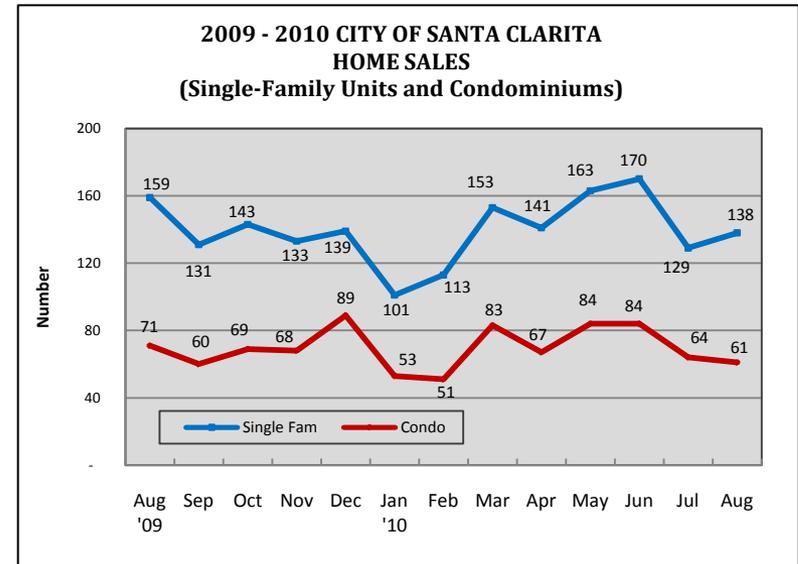
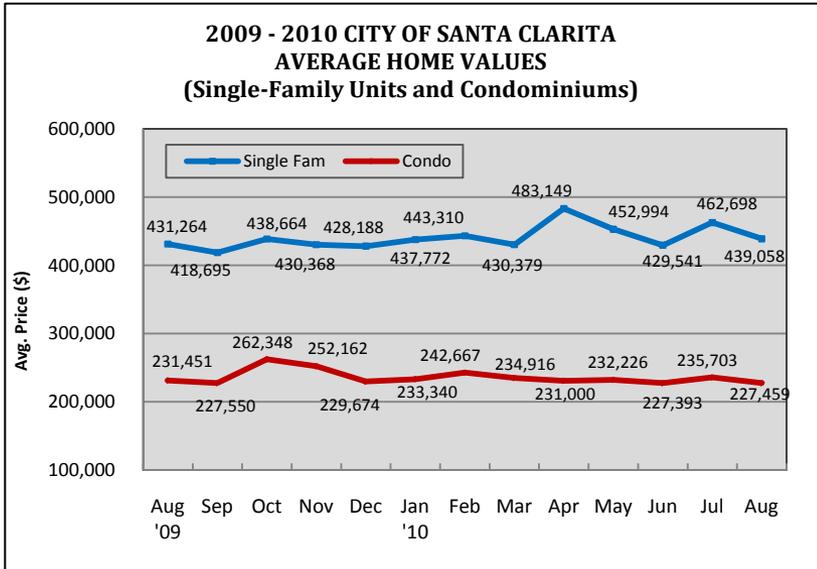
Single-Family Homes

- Single-family median home values decreased 1% to \$415,000 in August 2010 from \$420,000 in July 2010, yet were 4% higher than August 2009.
- A total of 186 single-family homes sold in August 2010, up 6% from July 2010, yet down 10% from one year ago.

Multi-Family Homes/Condominiums

- Condominium prices decreased 2% to \$215,000 in August 2010 from \$220,000 in July 2010, and were 7% below values in August 2009.
- Condominium sales remained flat at 68 sales in August 2010 from July 2010, and were down 11% from August 2009.

City of Santa Clarita Housing Market



In the City of Santa Clarita, sales volume has fluctuated from Spring 2010.

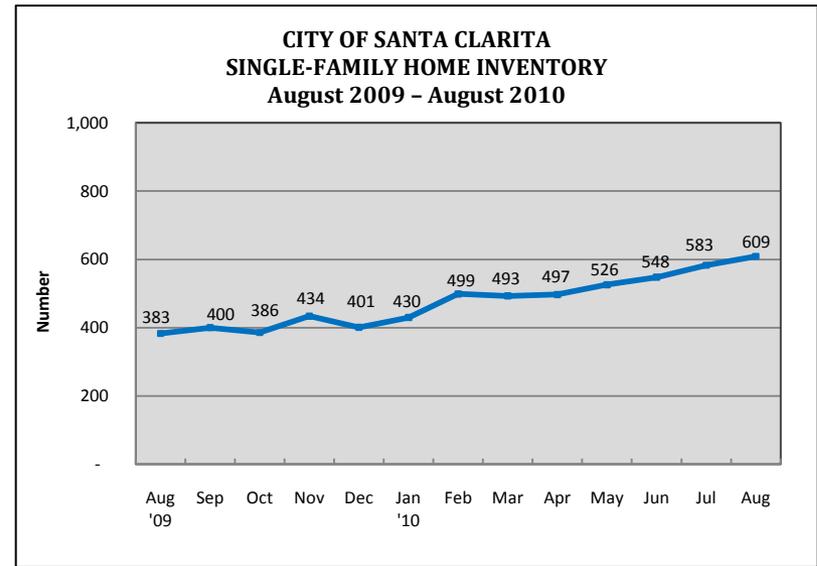
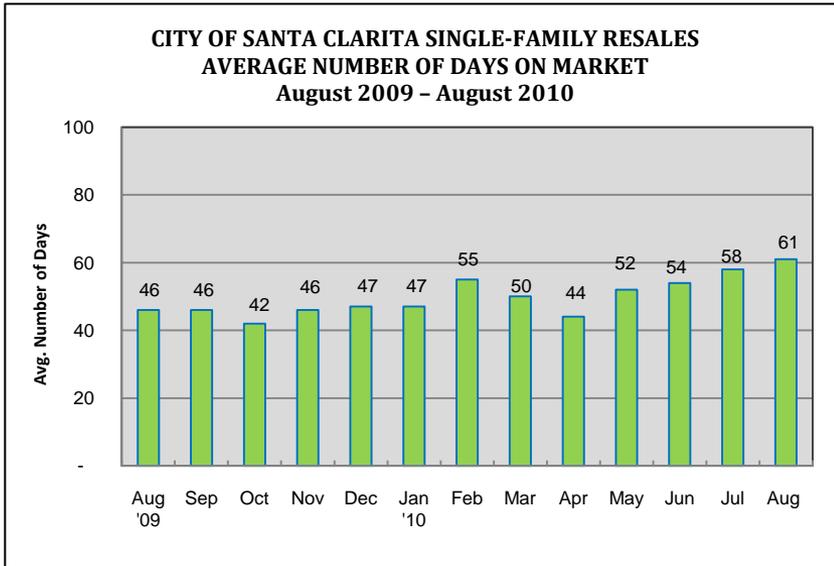
Single-Family Homes

- Single-family average home values in August 2010 in the City of Santa Clarita were \$439,100 or 5% below July 2010, yet 2% above August 2009.
- In the City of Santa Clarita, sales rose 7% to 138 single-family homes in August 2010 from July 2010, and were 13% lower than sales in August 2009.

Multi-Family/Condominiums

- Condominium prices fell 3% to \$227,500 in August 2010 from July 2010, and decreased 2% from August 2009.
- Condominium sales declined 5% to 61 units in the City of Santa Clarita in August 2010 from July 2010, and dropped 14% from August 2009.

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

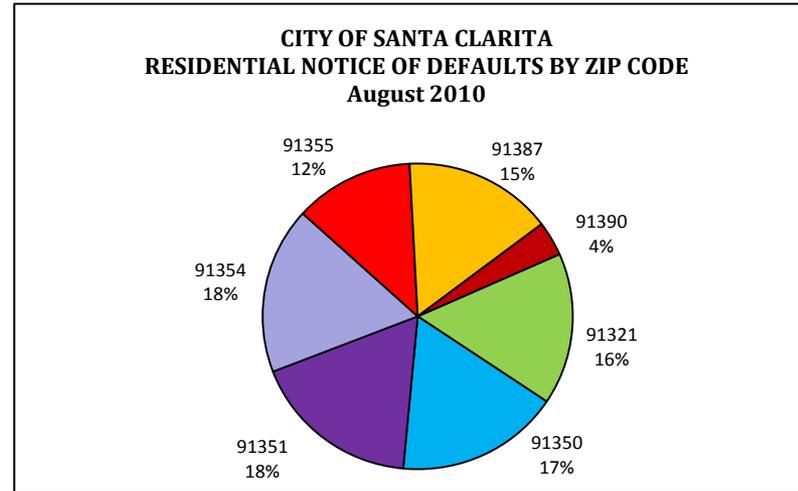
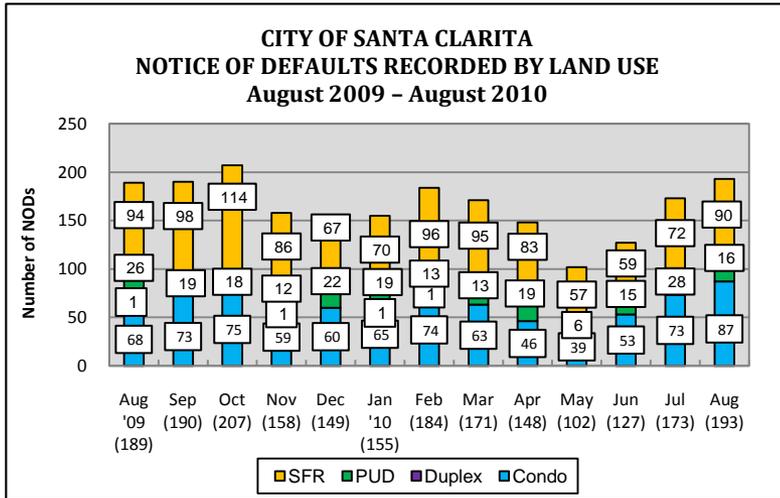


The City of Santa Clarita's housing market has weakened from one year ago as it now takes longer for homes to sell and inventory levels continue to grow.

- In August 2010, homes were on the market for an average 61 days or 2.0 months, compared to 1.5 months in August 2009.
- Single-family inventory levels rose 4% in August 2010 to 609 homes from 583 in July 2010, and were 59% above inventory levels in August 2009.

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)



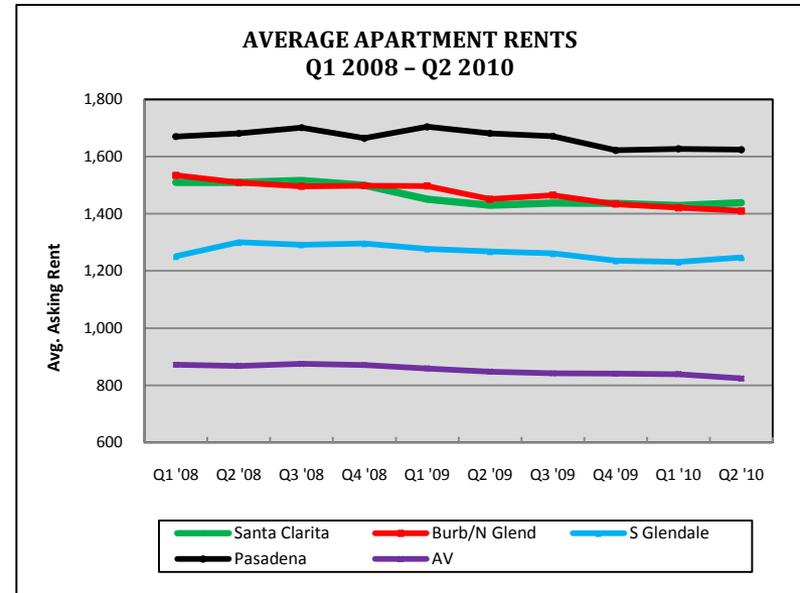
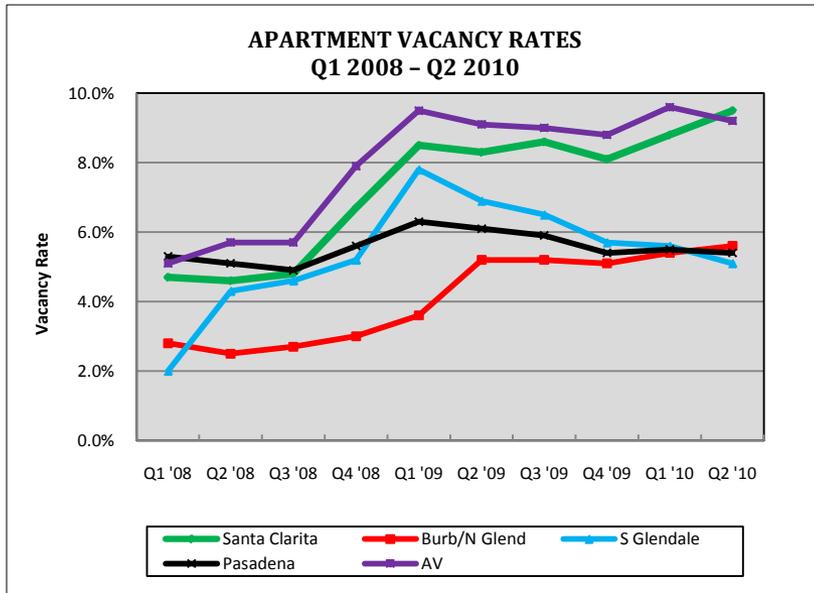
Notice of defaults have been trending downward from one year ago, but have risen in the past three months to the highest in 2010.

- A total of 193 NODs were recorded in August 2010 in the City of Santa Clarita. The level of NODs is up 2% from the level in August 2009 and up 12% from July 2010.
- Of the August 2010 NODs, 46% or 90 were on single-family residences followed by 45% or 87 on condominium properties and 8% or 16 NODs were on PUDs. In comparison, in August 2009, 50% were on single-family homes, 36% were on condominiums, and 14% were on PUDs.
- In August 2010, approximately 18% each of the NODs were recorded in the 91351 and 91354 zip codes followed by 17% in 91350, 16% in 91321, 15% in 91387, and 12% in 91355. The remaining 4% were in 91390.
- Close to one-third or 32% 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. Additionally, 19% sold below \$200,000, 6% were in the \$500,000 - \$599,999 range, and 5% sold for at least \$600,000. The price range was unknown for the remaining 12%. In August 2010, 44% of the NODs were on homes that previously sold below \$350,000 compared to 51% in July 2010, 47% in June 2010, 40% in May 2010, 41% in April 2010, and 49% in March 2010.

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

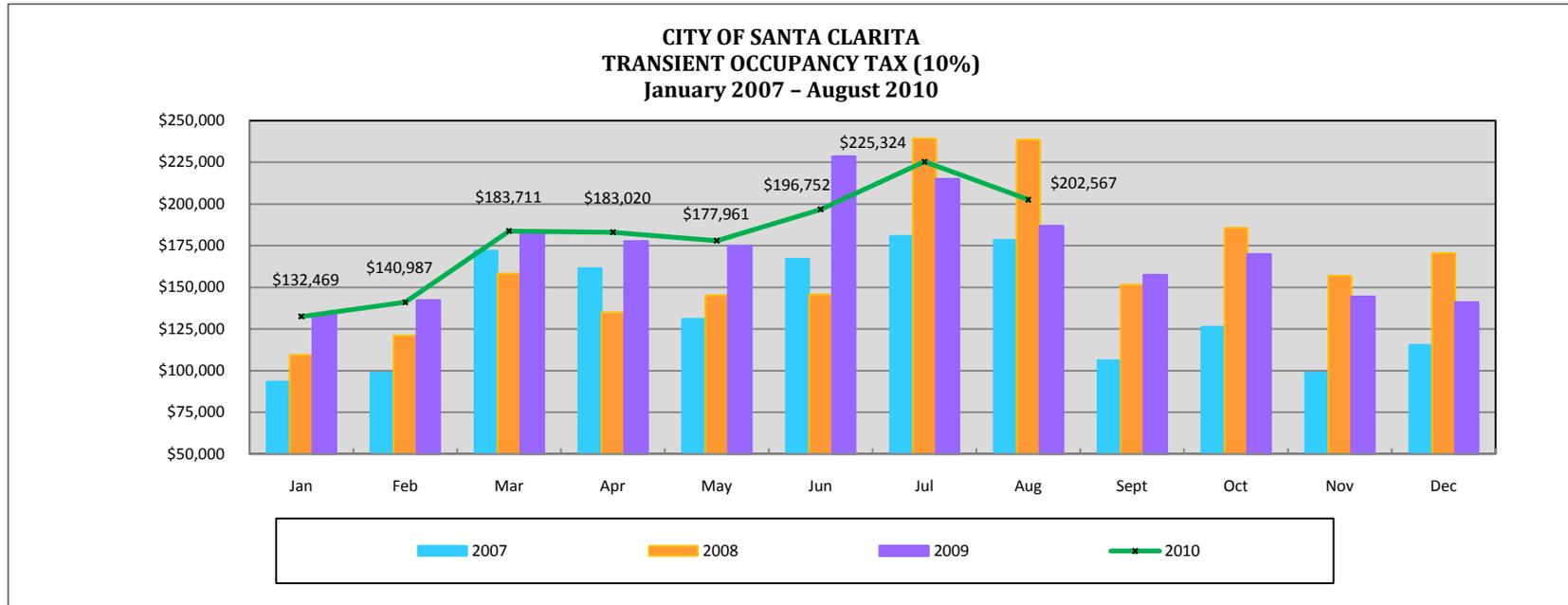
- The apartment vacancy rate during Second Quarter 2010 in Santa Clarita was 9.5%, which is higher than the First Quarter vacancy rate of 8.8%, and higher than the 8.3% vacancy rate during Second Quarter 2009.
- In comparison, vacancy rates in Santa Clarita exceeded vacancy rates in Antelope Valley, Burbank/North Glendale, South Glendale/Highland Park, and Pasadena areas.
- Santa Clarita's vacancy rate during Second Quarter 2010 was higher than the rates of 5.5% for the Los Angeles metro area, 6.8% for the Western U.S., and 7.8% for the entire U.S.

Average Rental Rates

- Average rents in Santa Clarita of \$1,438 during Second Quarter 2010 were comparable to rents of \$1,437 during Second 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 \$45 and \$13, respectively. Rents in Santa Clarita are lower than those in Los Angeles for two- and three-bedroom apartments by \$143 and \$262, respectively.

Apartment data are released quarterly. Third Quarter 2010 data will be available in the September 2010 economic snapshot.

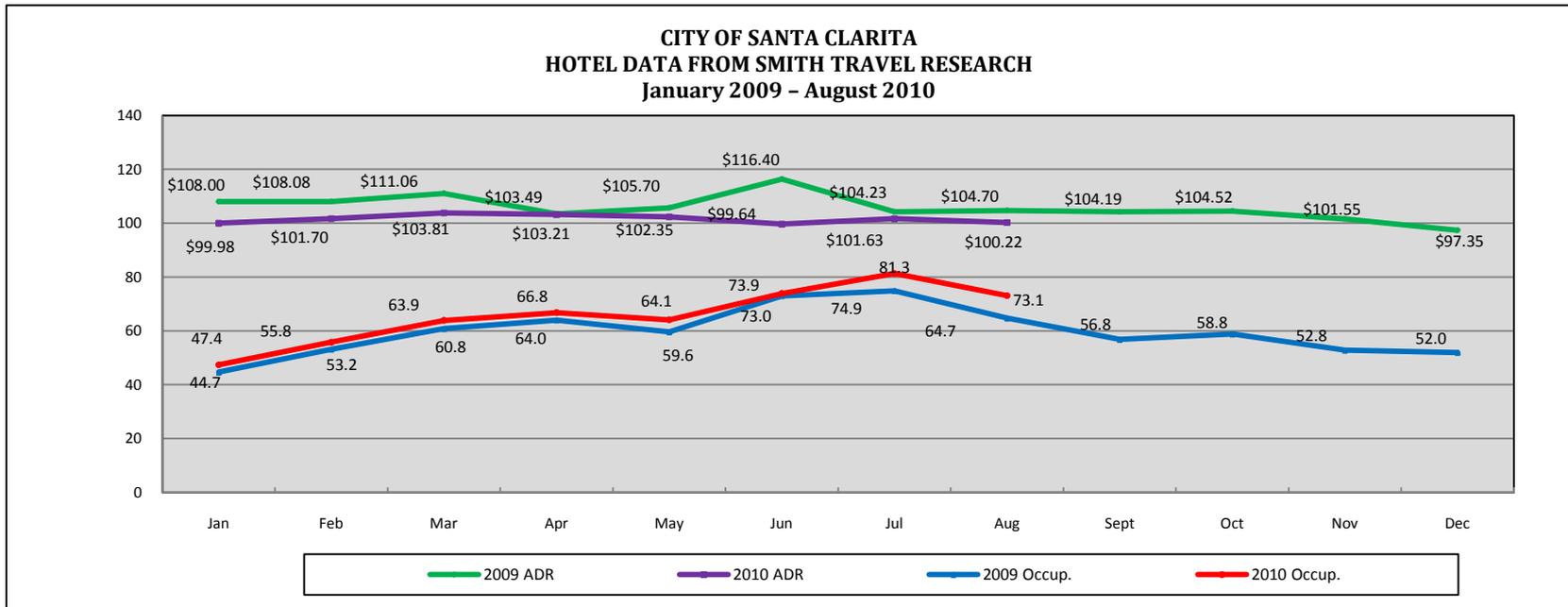
Tourism: Transient Occupancy Tax



- In August 2010, the City of Santa Clarita collected \$202,567 in TOT, up 8.4% from \$186,825 in August 2009.
- During the month of August, TOT was the highest in 2008 when the City collected \$238,513 in TOT.
- Collectively for August 2010 year-to-date, the City received \$1,442,791 in TOT, comparable to the \$1,441,295 for the same time period in 2009.
- TOT has increased on a year-to-date basis from \$1.18 million during August 2007 YTD to \$1.29 million for August 2008 YTD to \$1.44 million in August 2009 YTD and August 2010 YTD.

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

Tourism: Hotel Occupancy

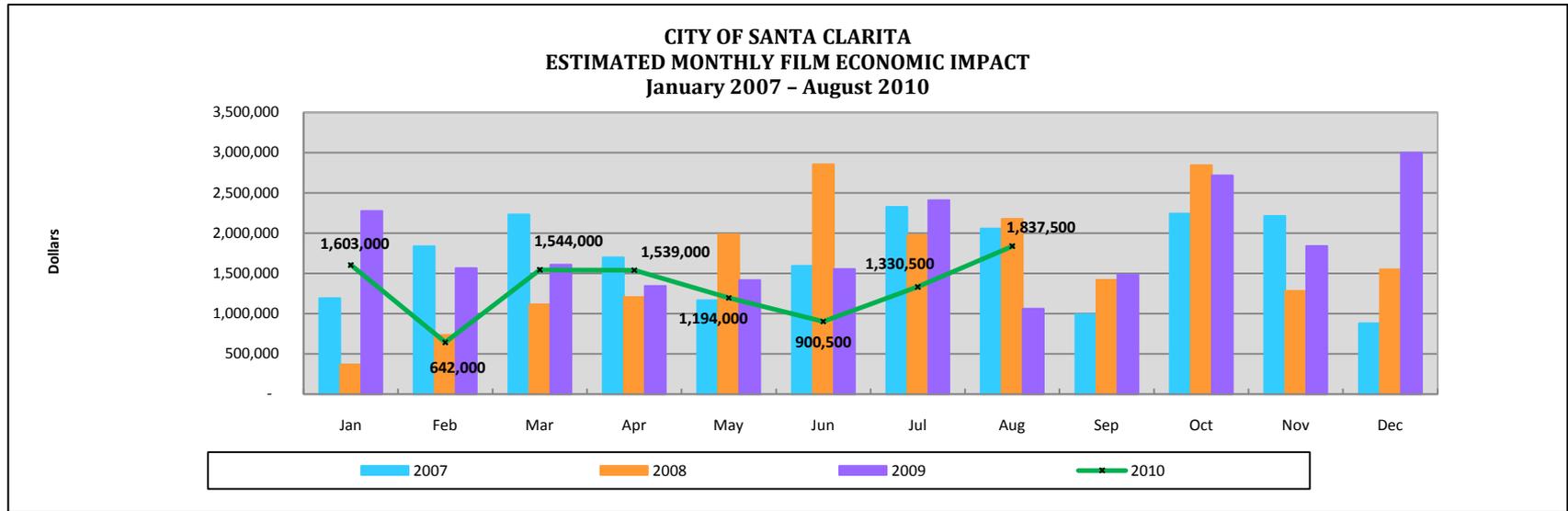


Occupancy and Average Daily Revenue

- Smith Travel Research reported hotel occupancy in the City of Santa Clarita was 73% in August 2010, higher than the reported occupancy of 65% in August 2009.
- An average of 645 rooms of 882 available in the City were sold in August 2010 compared to 571 rooms of 882 available rooms in August 2009.
- In comparison, occupancy rates at hotels nationwide in August 2010 were at 64%, up 6% from August 2009.
- While occupancy rates increased nationwide, average daily revenue rose 2% to \$98.69, suggesting total revenue collected nationwide in August 2010 increased from August 2009.

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

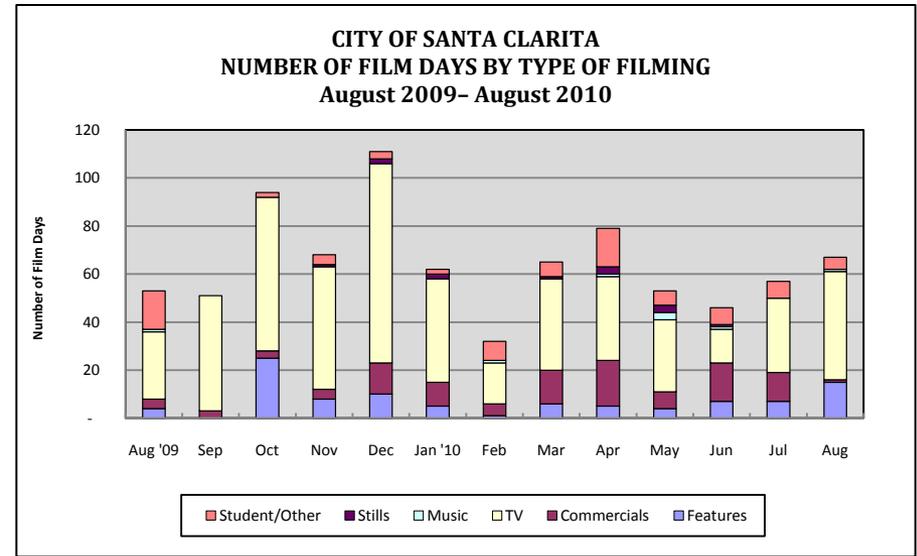
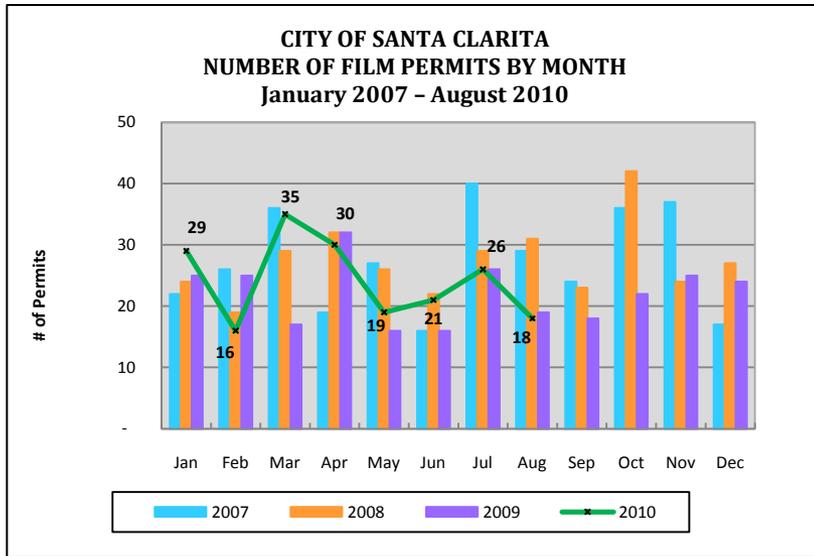
On-Location Filming in The City of Santa Clarita



- 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.
- The Economic Impact from location filming for August 2010 of \$1,837,500 was 74% above the impact in August 2009 of \$1,059,000.
- In August 2010 year-to-date, the economic impact from location filming was \$10,590,500, down 19.9% from \$13,225,500 during August 2009 YTD.
- The economic impact from location filming exceeded \$14 million during August 2007 YTD and then declined 6.5% to \$12.4 million in August 2008 YTD.

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

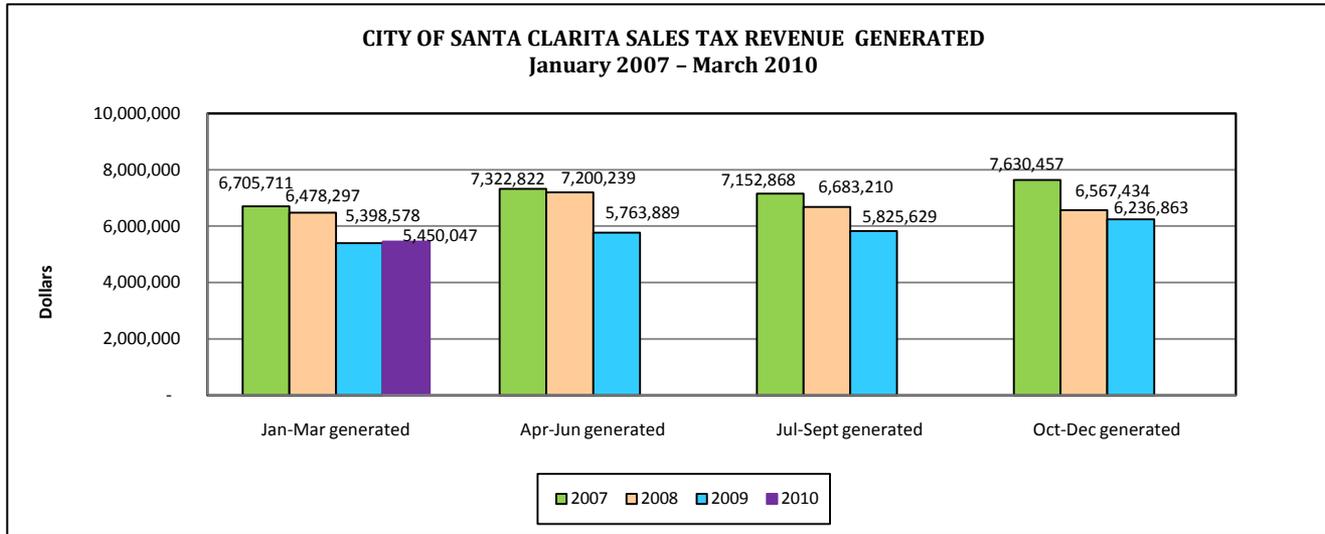


- In August 2010 a total of 18 film permits were issued within the City of Santa Clarita, comparable to the 19 permits issued in August 2009.
- For August 2010 year-to-date, a total of 194 film permits have been issues in the City of Santa Clarita, up 10.2% from the 176 permits issued in August 2009 YTD.
- There were a total of 67 filming days in August 2010, up 26% from 53 filming days in August 2009.
- August 2010 film days included: 67% for television shows, 22% for features, 7% for student/other projects, and 2% each for commercials and music video production. No still production occurred in August 2010 in the City of Santa Clarita.

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.

City of Santa Clarita Sales Tax

(Updated Quarterly)



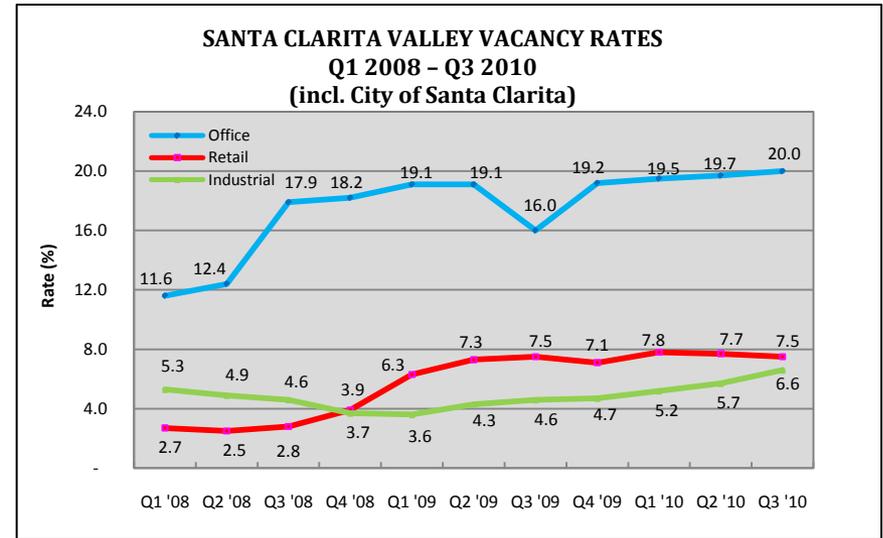
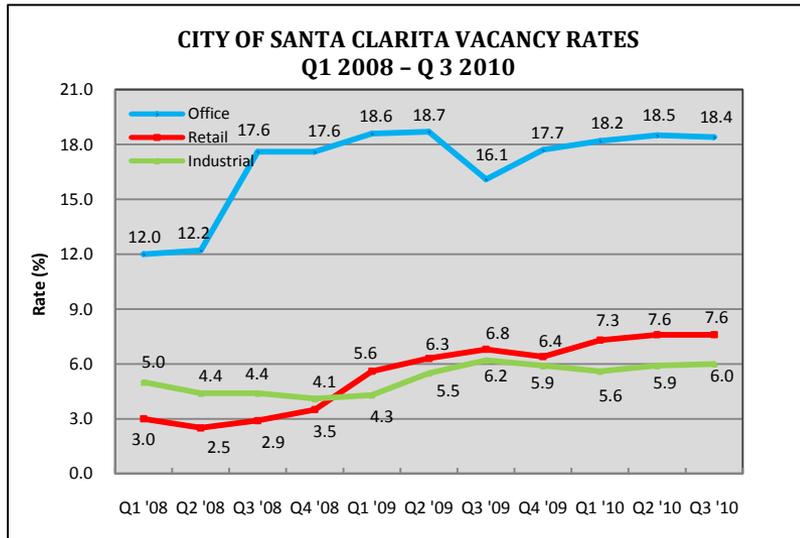
Sales tax generated appears to be comparable to that generated during the First Quarter 2009.

- In January – March 2010, a total of \$5.45 million in sales tax revenue was generated, up 1% from \$5.40 million generated in January – March 2009, but down 19% from our high in First 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.

Sales tax revenue is presented quarterly. The most current update is for First Quarter 2010. Second Quarter 2010 data will be published in the September 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



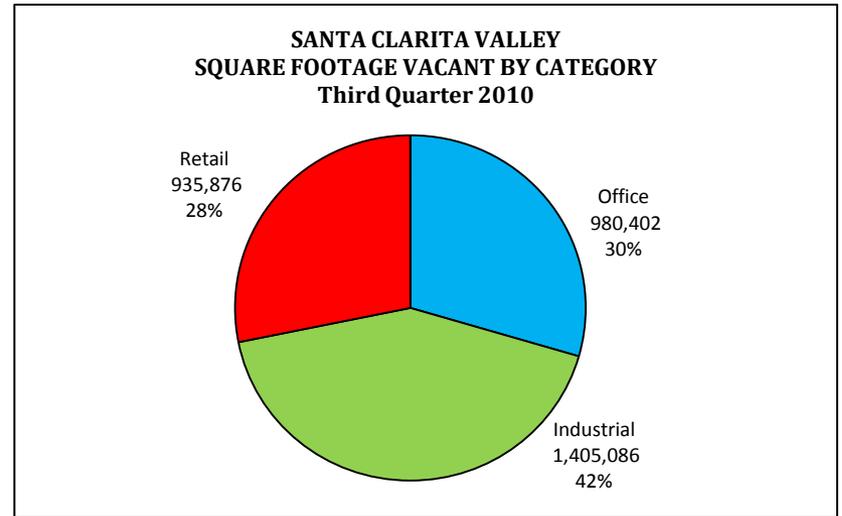
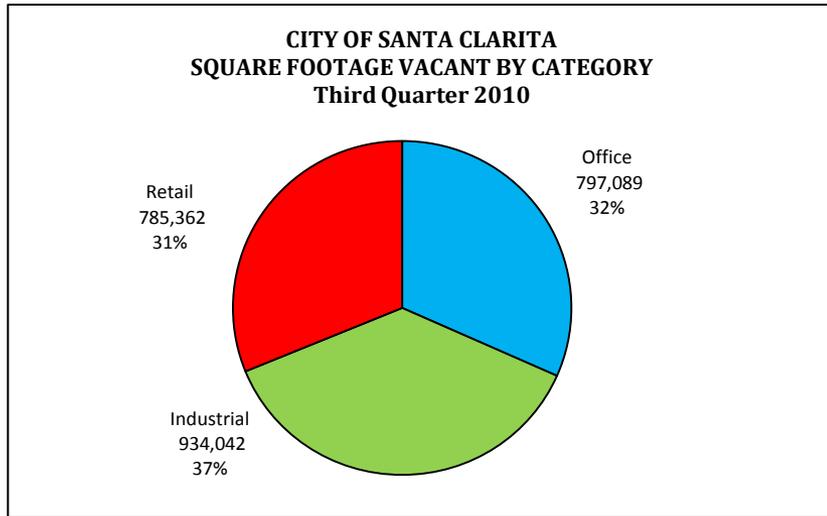
City of Santa Clarita

- In the City of Santa Clarita, industrial vacancy rates increased in Third Quarter 2010 while retail vacancy remained unchanged and office vacancy rates decreased.
- The City's office vacancy rate was 18.4% while the retail and industrial vacancy rates were 7.6% and 6.0%, respectively.

Santa Clarita Valley (includes the City)

- In the entire Santa Clarita Valley (including the City), office and industrial vacancy rates increased in Third Quarter 2010 from the previous quarter, while retail vacancy rates declined.
- The Santa Clarita Valley's office vacancy rate was 20.0%, while retail and industrial vacancy rates were 7.5% and 6.6%, respectively.

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



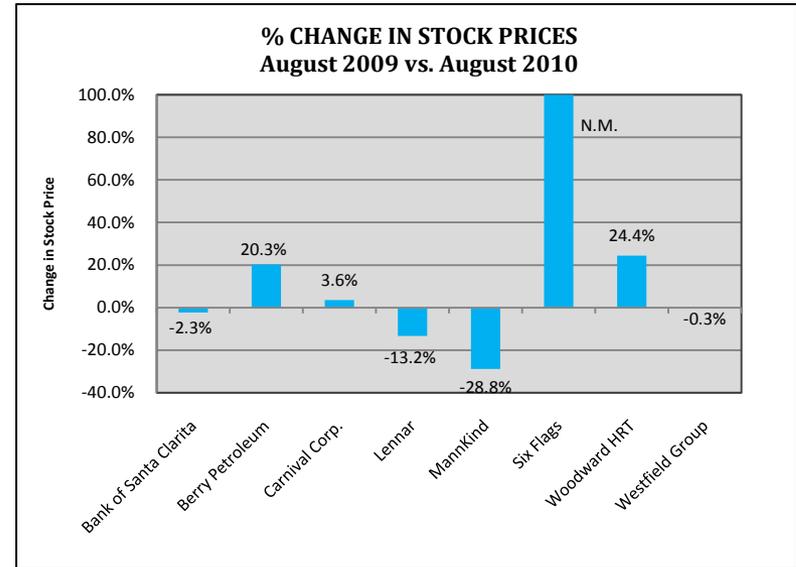
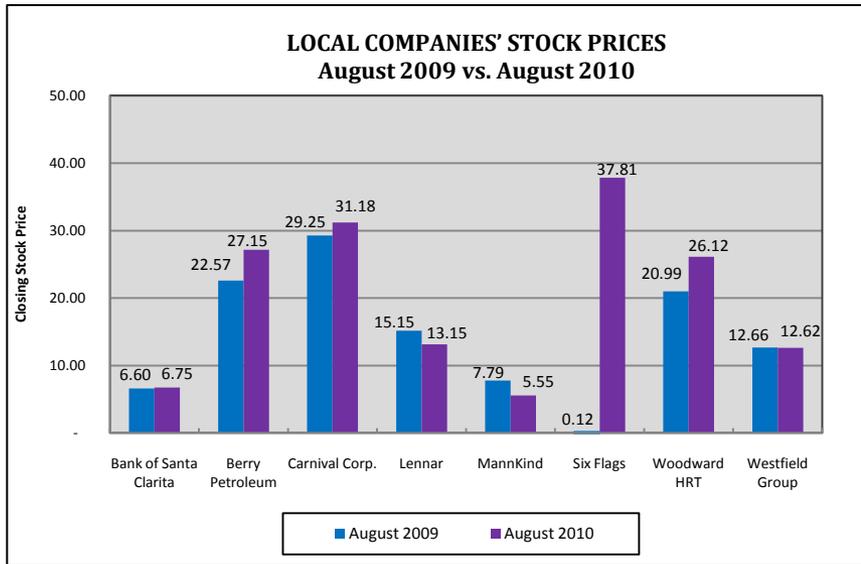
City of Santa Clarita

- Within the City of Santa Clarita there is a total of 28,963,711 existing square feet for businesses of which 53% is industrial, 34% is retail, and 13% is office space.
- Only 8.7% or 2,516,493 square feet of the total space for businesses in the City is vacant. Of that amount vacant, 37% is industrial space, 32% is office space, and 31% 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 8.6% or 3,321,364 of the total space for businesses in the Santa Clarita Valley is vacant. Of that amount, 40% is industrial, 30% is office space, and 28% is retail space.

Stock Prices of Local Employers

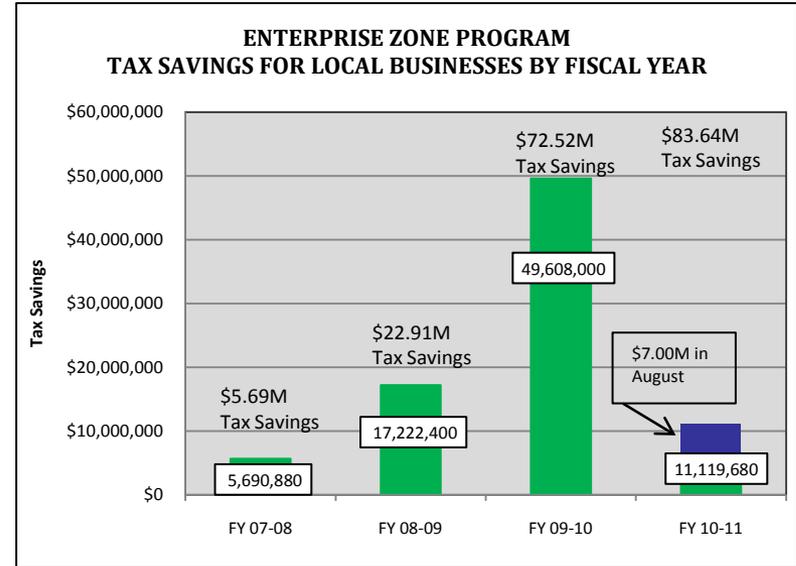
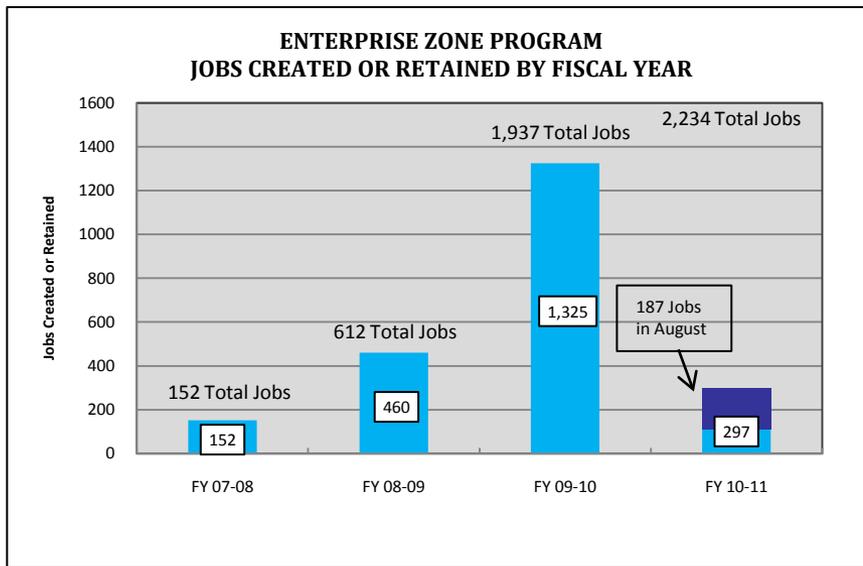


Stock prices for four of the eight companies in Santa Clarita whose stock prices are being tracked have increased year-over-year, while the entire stock market declined. The stock prices of Westfield Group, Bank of Santa Clarita, Lennar, and MannKind decreased during the time period represented.

- At the end of August 2010, the stock price of Six Flags was the highest at \$37.81 followed by that of Carnival Corp. at \$31.18.
- The Dow fell 4% to 10,014.72 on August 31, 2010 from 10,406.96 on August 31, 2009.
- Only the stock prices of Lennar and MannKind underperformed the decrease of the entire market.
- On April 30, 2009, Six Flags was delisted from the NYSE and traded 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. On May 3, 2010, Six Flags emerged from Chapter 11 restructuring and has since resumed trading on the NYSE under its previous call letters "SIX".
- The percentage change in Six Flags' stock price is not meaningful since it emerged from Chapter 11 in early May 2010 and its new stock price reflects a new financial structure from one year ago.

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 on August 31, 2009 and SIX on August 31, 2010 (Six Flags), WGOV (Woodward HRT), and WDC.ax (Westfield Group).

Enterprise Zone Program: Job Activity and Tax Savings

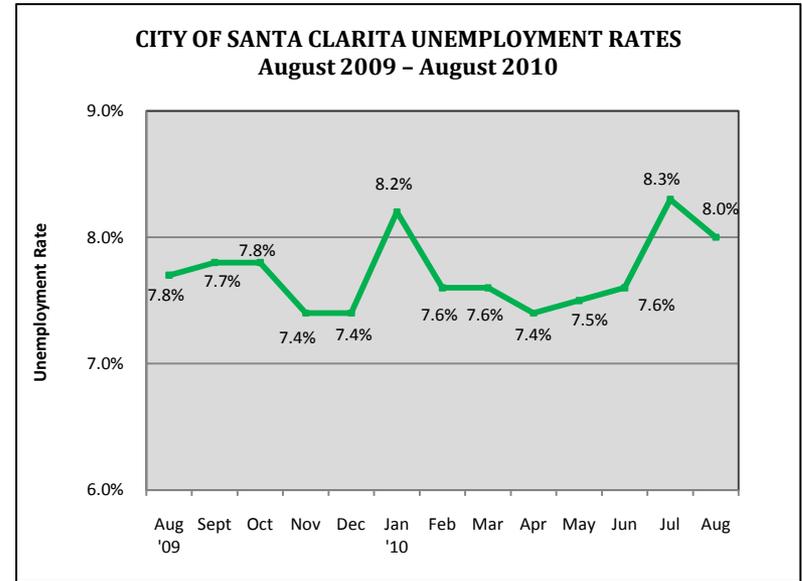
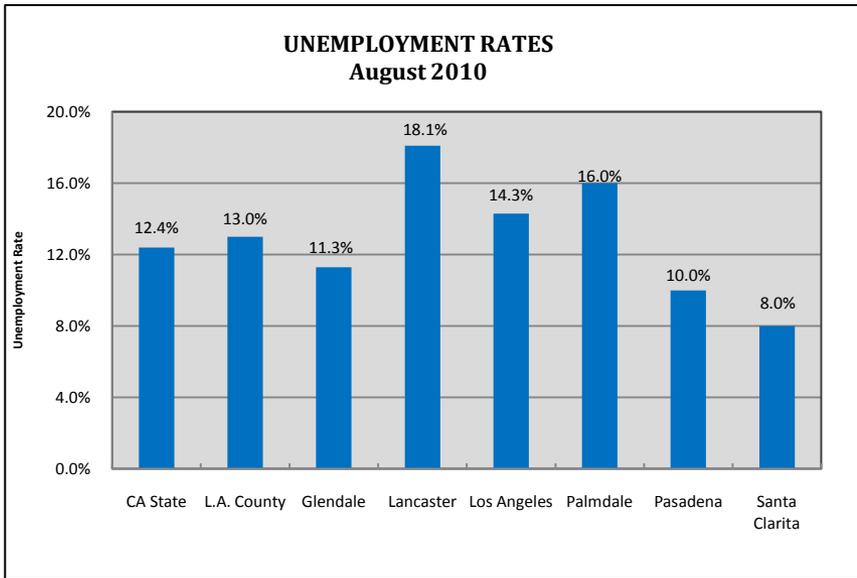


The Santa Clarita Enterprise Zone is a program that saves businesses money by providing special tax incentives from the State of California to businesses.

- Since the City's designation as an Enterprise Zone in 2007, a total of 2,234 jobs have been created or retained, which represents a potential tax savings to businesses of over \$83 million.
- In August 2010, 187 vouchers were issued for jobs created or retained as a result of the Enterprise Zone, representing over \$7 million in potential tax savings.

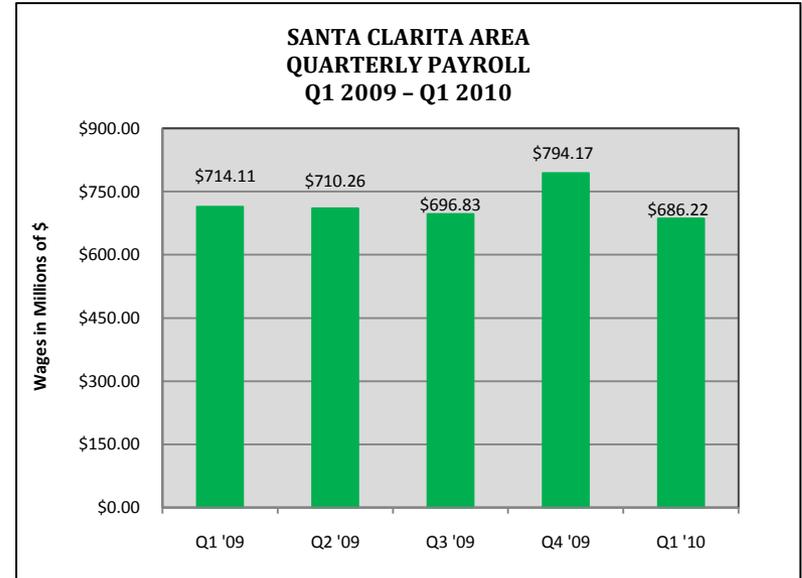
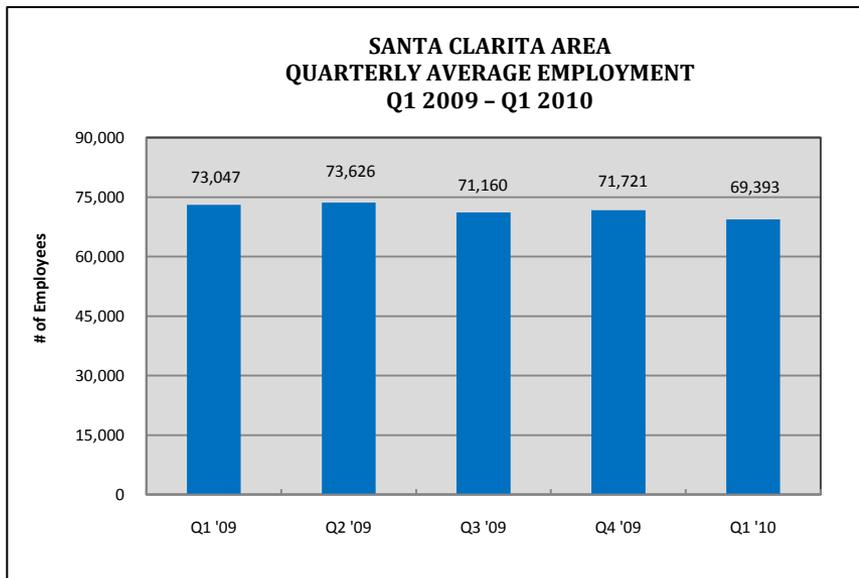
The City of Santa Clarita was awarded one of the State of California's 42 Enterprise Zone designations in 2007. The Enterprise Zone program provides tax incentives for businesses that locate in Santa Clarita and hire "qualified" employees or make "qualified" purchases. More information on the Enterprise 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 8.0% in August 2010 compared to 13.0% for Los Angeles County and 12.4% for the state.
- Unemployment in Santa Clarita in August 2010 of 8.0% was higher than the unemployment rate reported in August 2009 of 7.8%, and was below the unemployment rates in January and July 2010.

Employment and Wages

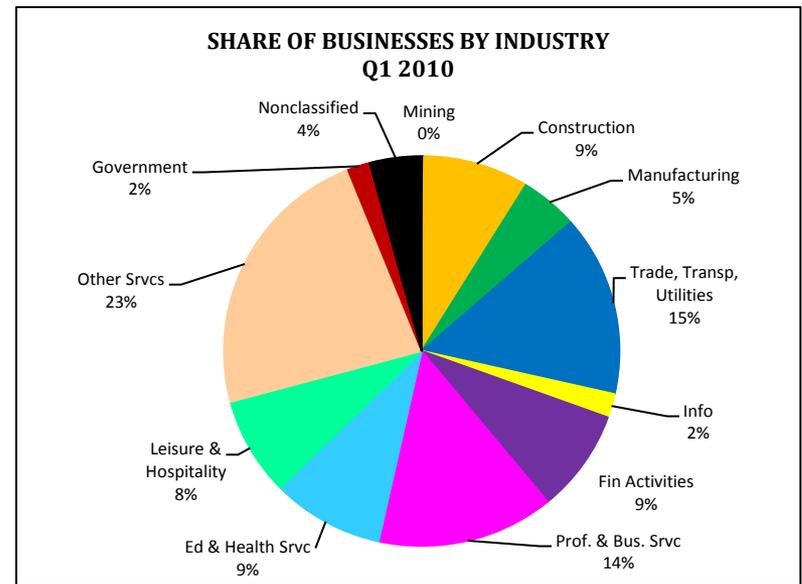
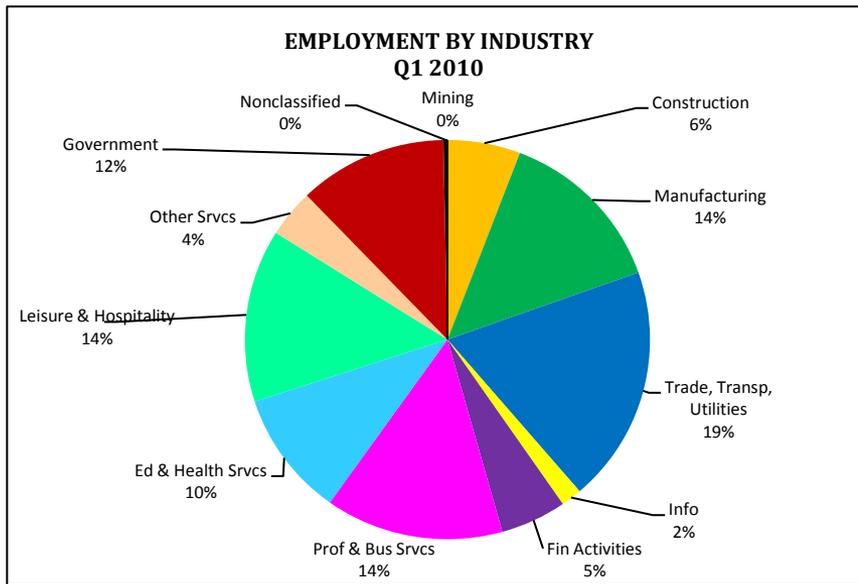


Employment as well as payroll in the Santa Clarita area have trended down from one year ago.

- 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.

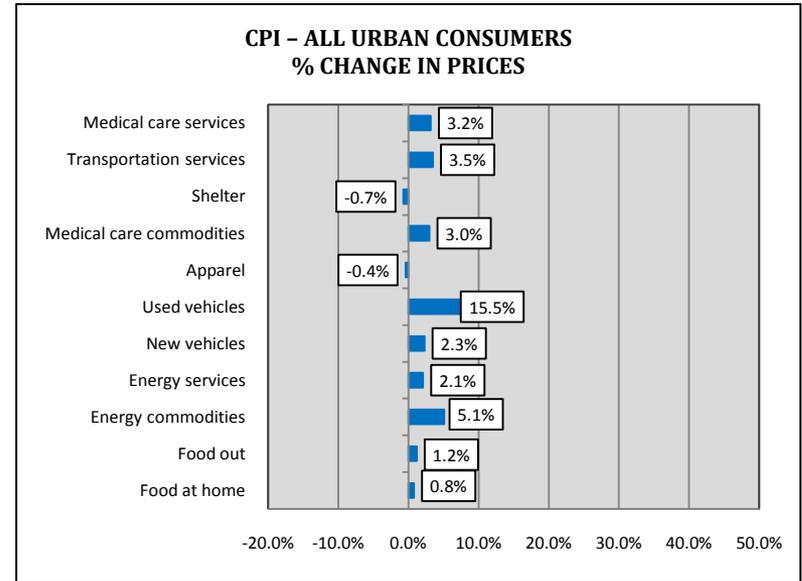
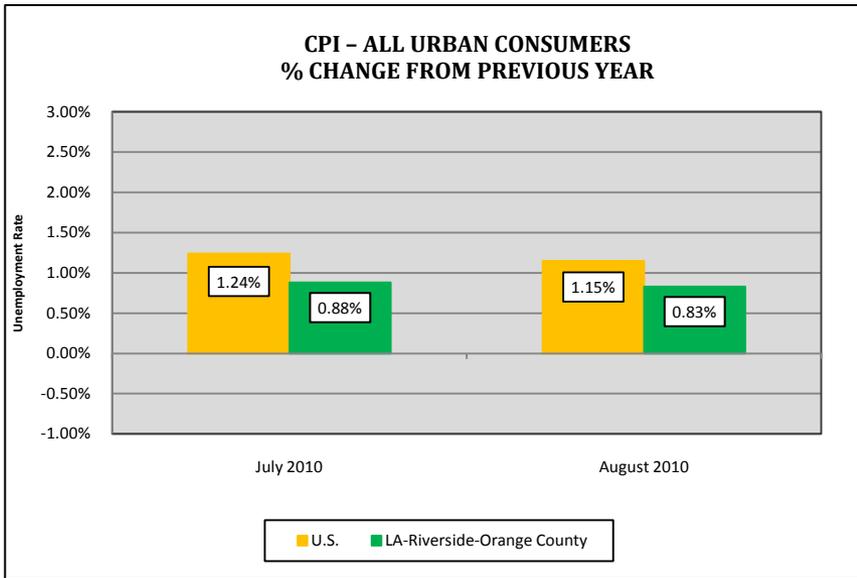
Employment by Industry



- 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.

Inflation



- Year-over-year inflation for August 2010 among all urban consumers for Los Angeles-Riverside-Orange County increased 0.9% compared to the national increase of 1.2%. Inflation in the Los Angeles metro area remains comparable to inflation levels in June 2010.
- The higher inflation rate in August 2010 from one year ago reflects cost increases in almost all services and commodities with the exception of declines of 0.4% in apparel and 0.7% in shelter.
- The highest year-over-year increase was seen in used vehicles with a 15.5% increase from the previous August. In comparison, gasoline increased by 4.4% year-over-year compared to a 7.4% increase in July and fuel oil increased 10.6% compared to 15.1% in July.

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 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

Stock Prices: Yahoo! Finance

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