

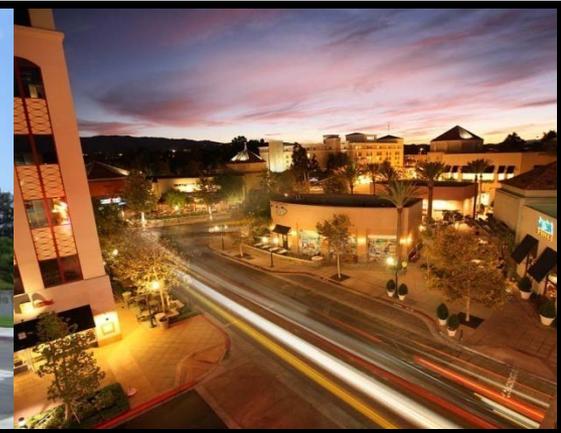


# Santa Clarita Economic Snapshot

## July 2010

*Published on September 30, 2010*

Created by the City of Santa Clarita  
Economic Development Division



# Overview

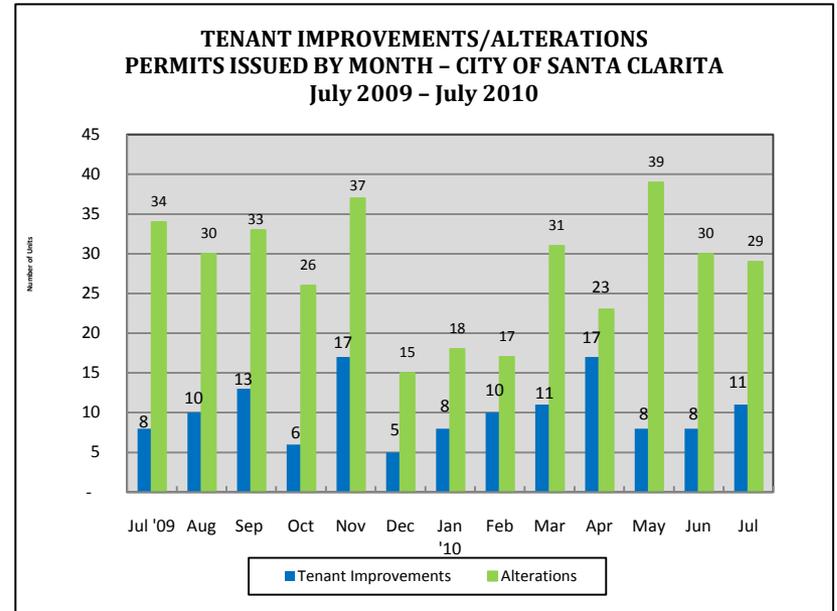
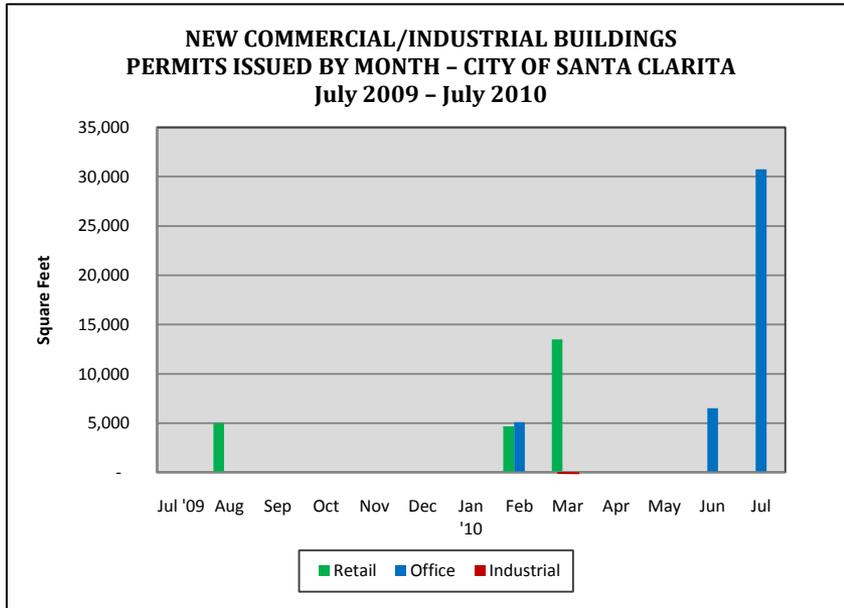
The information presented in this report helps to create a snapshot of the overall fiscal health of Santa Clarita. **The overall results are somewhat mixed with some indicators weakening and others continuing to strengthen.**

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;
- 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

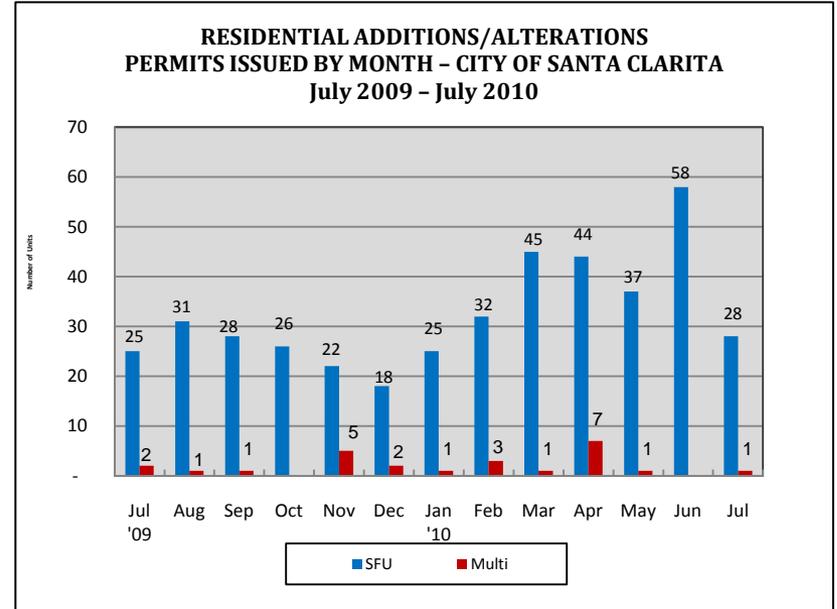
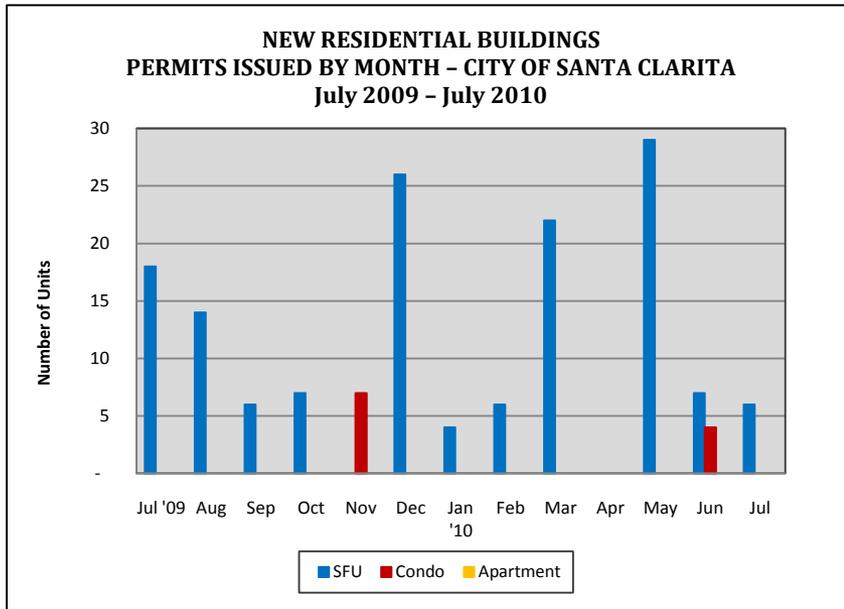
- One new permit for office space was issued in July 2010 by the City of Santa Clarita compared to no permits for retail, office or industrial space in July 2009.

## Tenant Improvements/Alterations

- A total of 11 building permits for tenant improvements were issued in July 2010, up 38% each from the 8 permits in June 2010 and the 8 permits in July 2009.
- In July 2010, a total of 29 commercial alterations were permitted of which 16 or 55% were for signage, 9 or 31% were for fire protection equipment, and the remaining 4 or 14% were for other miscellaneous purposes including block walls, tanks/silos, tents, and awnings.

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



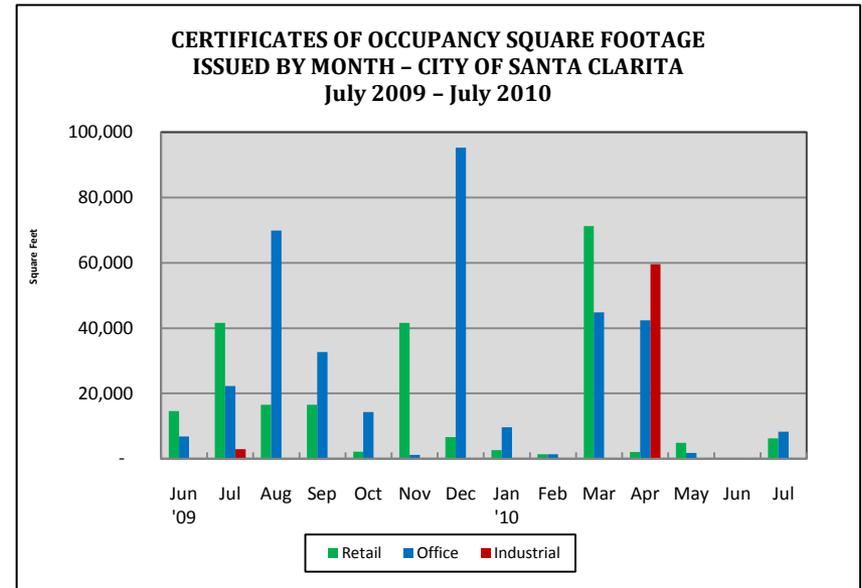
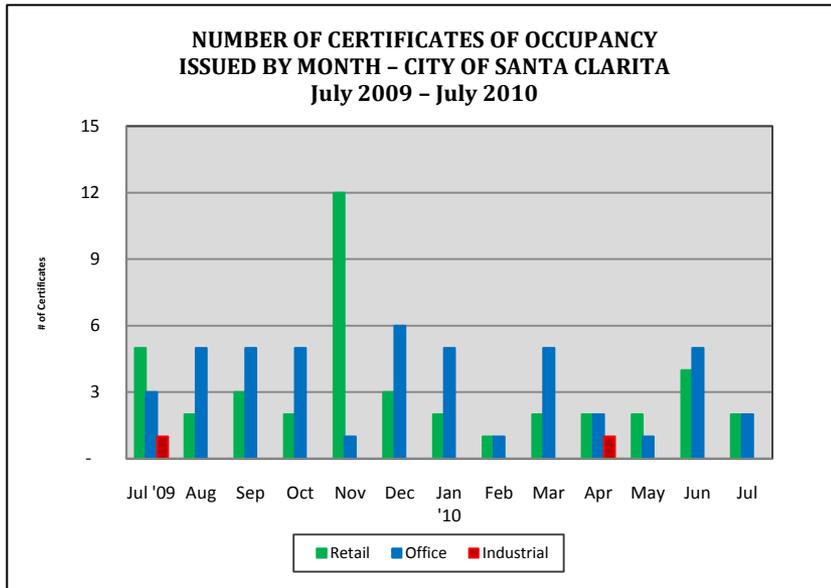
## New Residential Buildings

- A total of 6 new permits for single-family residential properties were issued in July 2010 by the City of Santa Clarita, down 67% from the 18 permits for single-family residences in July 2009.

## Residential Additions/Alterations

- A total of 29 residential permits for additions and alterations were issued in July 2010 of which all but 1 were for single-family residences, and up 7% from the 27 residential permits for additions and alterations issued in July 2009.
- Of the additions/alterations in July 2010, 38% were for patio covers, 24% for block walls, 10% for roofs, 7% each for photovoltaic, pool/spas, and windows/doors/skylights, and the remaining 7% were for other miscellaneous items.

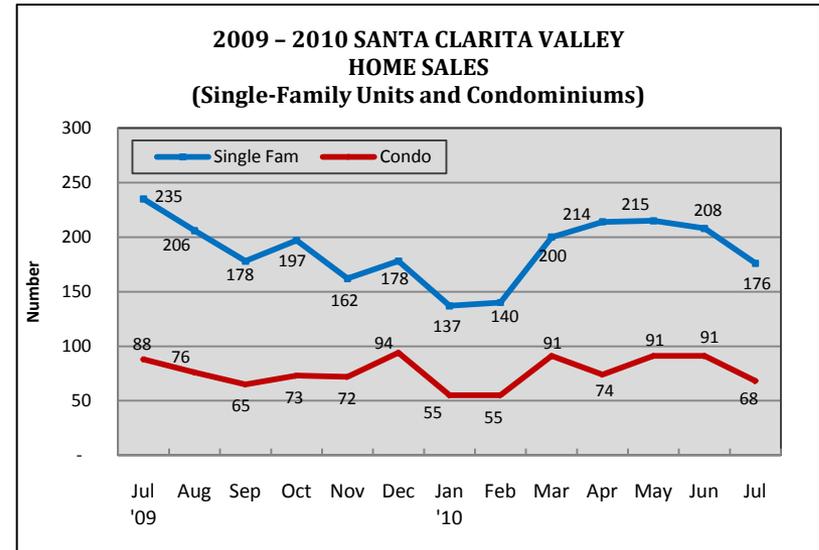
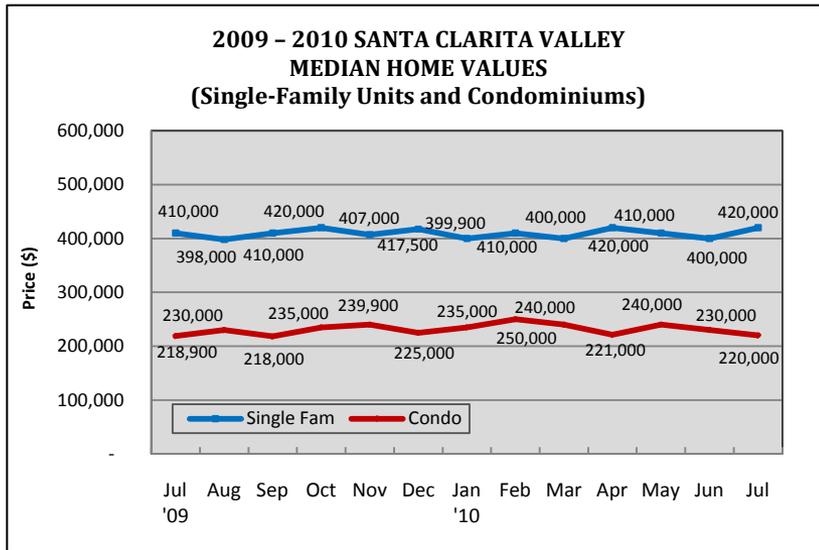
# Commercial/Industrial Certificates of Occupancy Issued



- In July 2010, a total of 4 Certificates of Occupancy were issued of which 2 each were for retail space and office space. These 4 Certificates represented a decrease of 56% from 9 Certificates of Occupancy in July 2009.
- Certificates of Occupancy for July 2010 represented a total of 14,467 square feet of which 57% was for office space and 43% was for retail space. This represented a 78% decrease from the 66,738 square feet of Certificates of Occupancy for retail, office, and industrial space issued in July 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 continue to fluctuate while sales decreased.

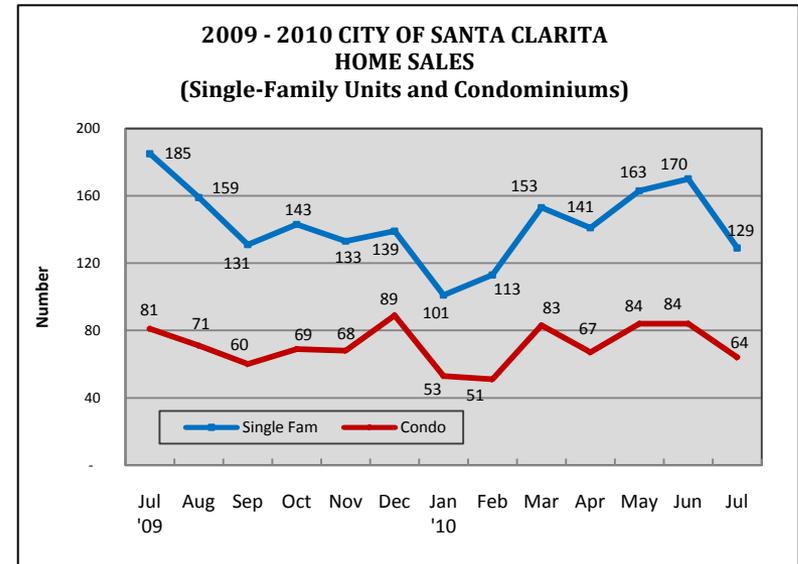
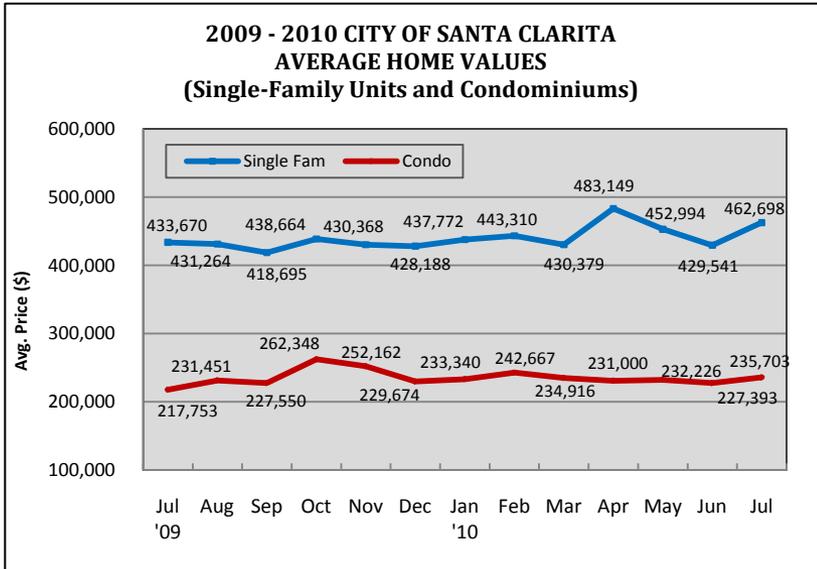
## Single-Family Homes

- Single-family median home values increased 5% to \$420,000 in July 2010 from \$400,000 in June 2010, and were also 2% higher than July 2009.
- A total of 176 single-family homes sold in July 2010, down 15% from June 2010, and down 25% from one year ago.

## Multi-Family Homes/Condominiums

- Condominium prices decreased 4% to \$220,000 in July 2010 from \$230,000 in June 2010, and were less than 1% above values in July 2009.
- Condominium sales dropped 25% to 68 sales in July 2010 from June 2010, and were down 23% from July 2009.

# City of Santa Clarita Housing Market



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

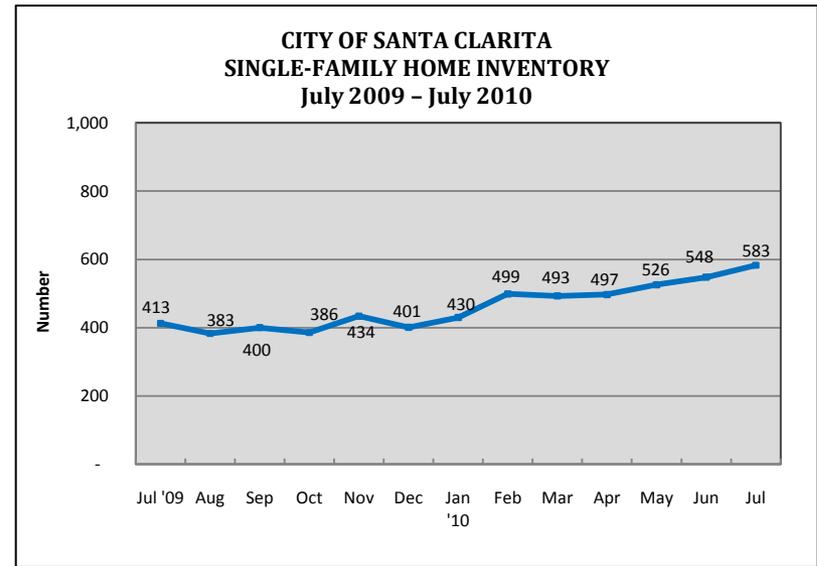
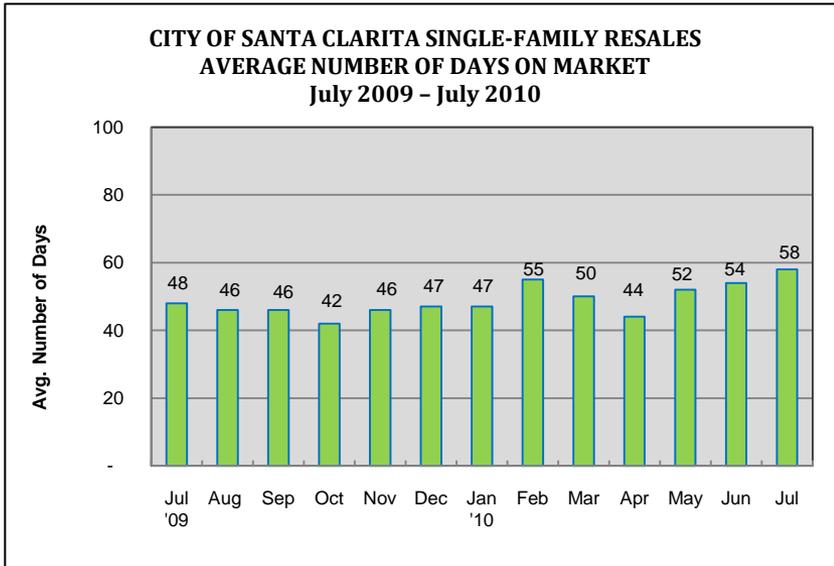
## Single-Family Homes

- Single-family average home values in July 2010 in the City of Santa Clarita were \$462,700 or 8% above June 2010, and 7% above July 2009.
- In the City of Santa Clarita, sales dropped 24% to 129 single-family homes in July 2010 from June 2010, and were 30% lower than sales in July 2009.

## Multi-Family/Condominiums

- Condominium prices rose 4% to \$235,700 in July 2010 from June 2010, and increased 8% from July 2009.
- Condominium sales declined 24% to 64 units in the City of Santa Clarita in July 2010 from June 2010, and dropped 21% from July 2009.

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

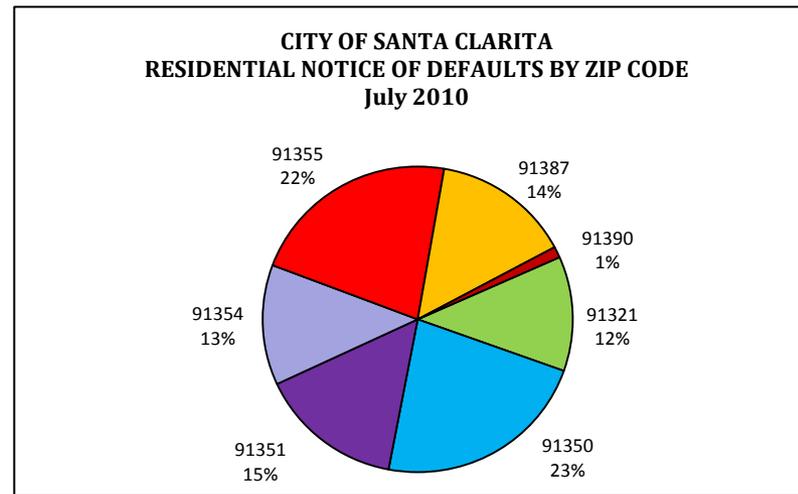
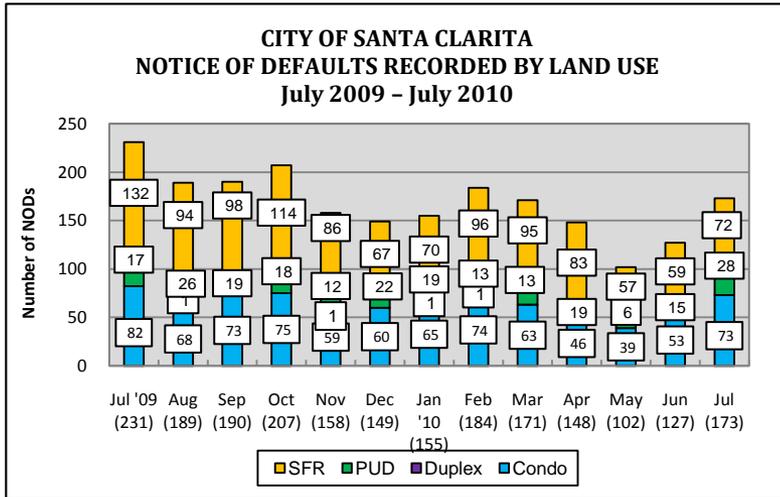


The City of Santa Clarita’s housing market has weakened from one year ago as it now takes longer for homes to sell and inventory levels continue to grow.

- In July 2010, homes were on the market for an average 58 days or 1.9 months, compared to 1.6 months in July 2009.
- Single-family inventory levels rose 6% in July 2010 to 583 homes from 548 in June 2010, and were 41% above inventory levels in July 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)



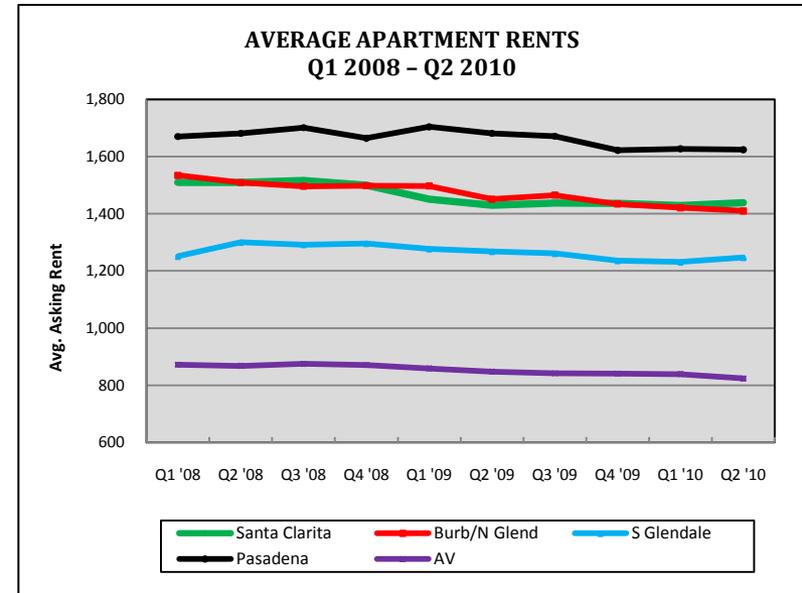
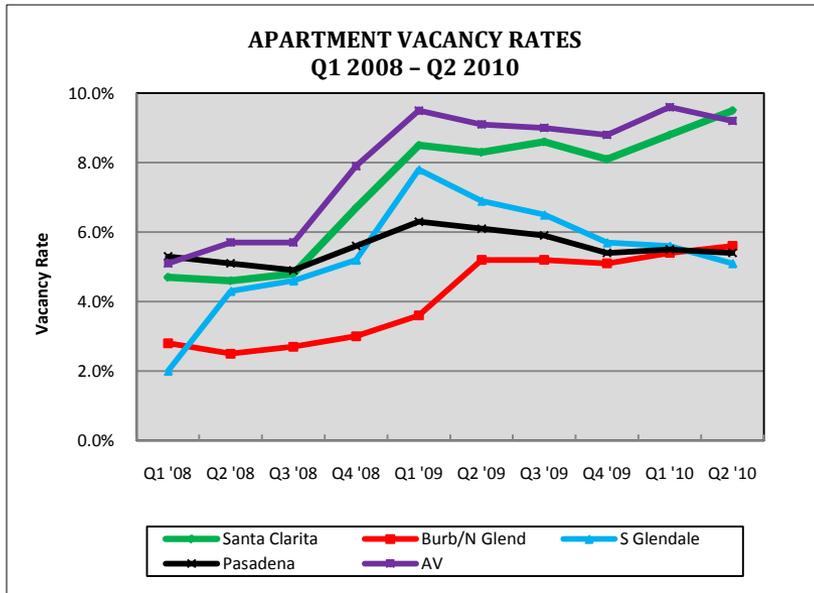
Notice of defaults have been trending downward from one year ago, but have risen in the past three months.

- A total of 173 NODs were recorded in July 2010 in the City of Santa Clarita. While the level of NODs is down 25% from the level in July 2009, NODs were up 36% from June 2010 and are comparable to levels seen in March 2010.
- Of the July 2010 NODs, 42% each or 73 were on condominium properties and 72 were on single-family residences while 16% or 28 NODs were on PUDs. In comparison, in July 2009, 57% were on single-family homes, 36% were on condominiums, and 7% were on PUDs.
- In July 2010, approximately 23% of the NODs were recorded in the 91350 zip code followed by 22% in 91355, 15% in 91351, 14% in 91387, 13% in 91354, and 12% in 91321. The remaining 1% were in 91390.
- Close to one-third or 30% of the NODs were on homes that previously sold in the \$200,000 - \$349,999 range while 21% each sold below \$200,000 or in the \$350,000 - \$499,999 range. Additionally, 12% sold in the \$500,000 - \$599,999 range and 11% sold for at least \$600,000. The price range was unknown for the remaining 5%. In July 2010, 51% of the NODs were on homes that previously sold below \$350,000 compared to 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

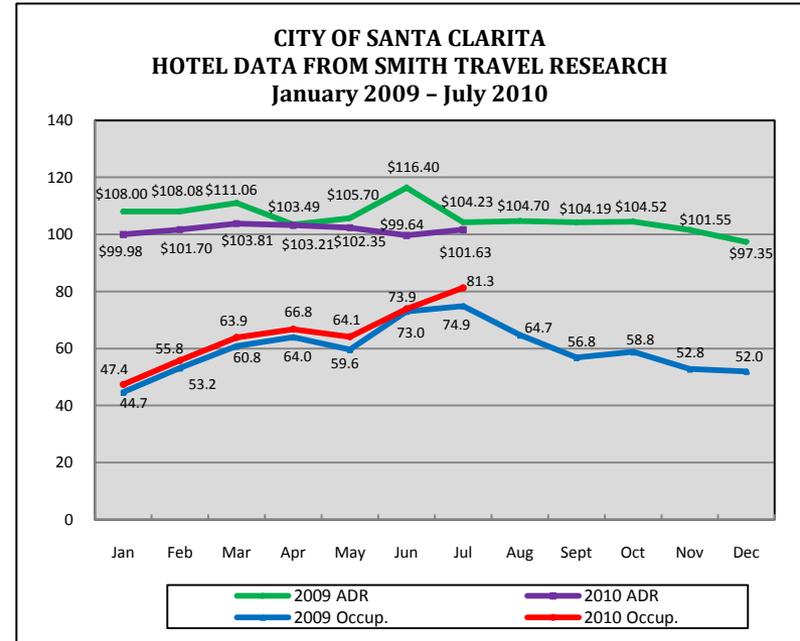
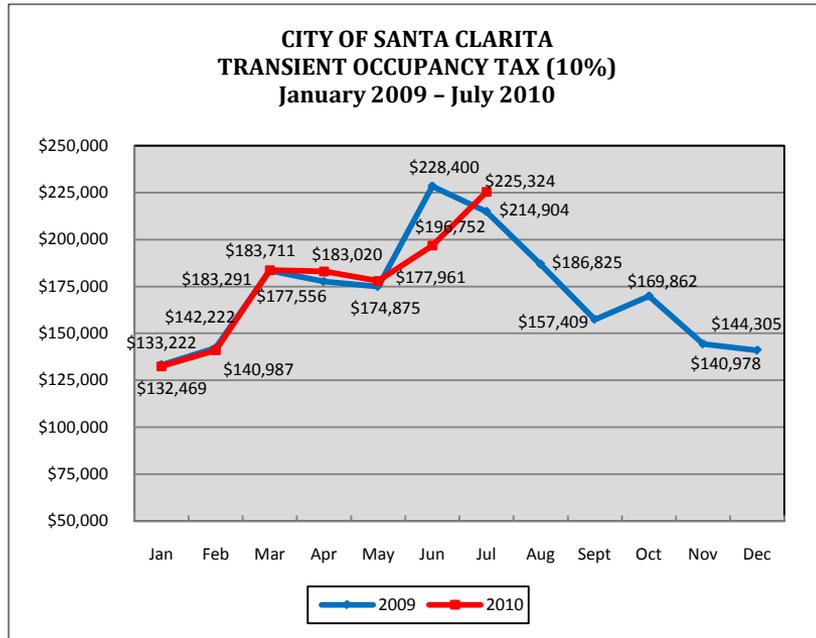
- The apartment vacancy rate during Second Quarter 2010 in Santa Clarita was 9.5%, which is higher than the First Quarter vacancy rate of 8.8%, and higher than the 8.3% vacancy rate during Second Quarter 2009.
- In comparison, vacancy rates in Santa Clarita exceeded vacancy rates in Antelope Valley, 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: TOT & Hotel Occupancy



## Transient Occupancy Tax (TOT)

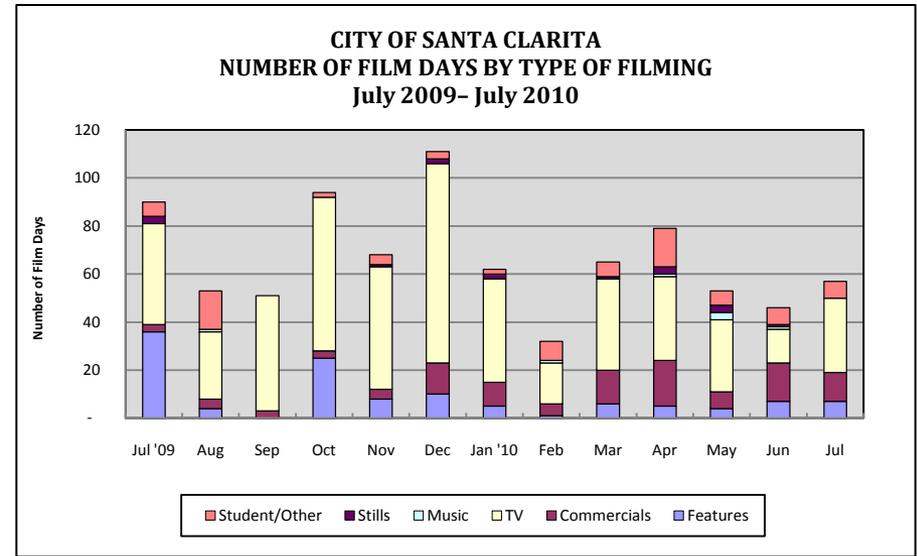
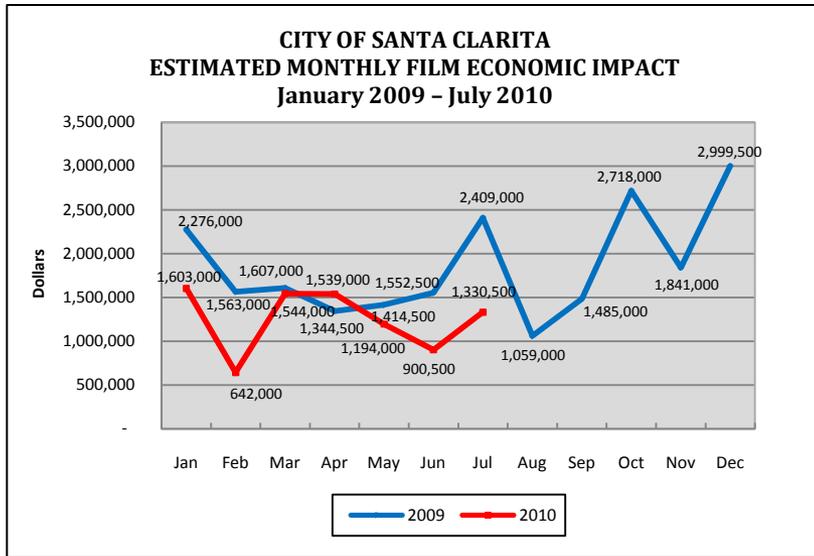
- In July 2010, the City of Santa Clarita collected \$225,324 in TOT, up 4.8% from \$214,904 in July 2009.
- Collectively for July 2010 year-to-date, the City received \$1,240,224 in TOT, down 1.1% from the same time period in 2009.

## Occupancy and Average Daily Revenue

- Smith Travel Research reported hotel occupancy in the City of Santa Clarita was 81% in July 2010, higher than the reported occupancy of 75% in July 2009.
- An average of 717 rooms of 882 available in the City were sold in July 2010 compared to 661 rooms of 882 available rooms in July 2009.
- In comparison, occupancy rates at hotels nationwide in July 2010 were at 68%, up 7% from July 2009.
- While occupancy rates increased nationwide, average daily revenue rose 1% to \$99.14, suggesting total revenue collected nationwide in July 2010 increased from July 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

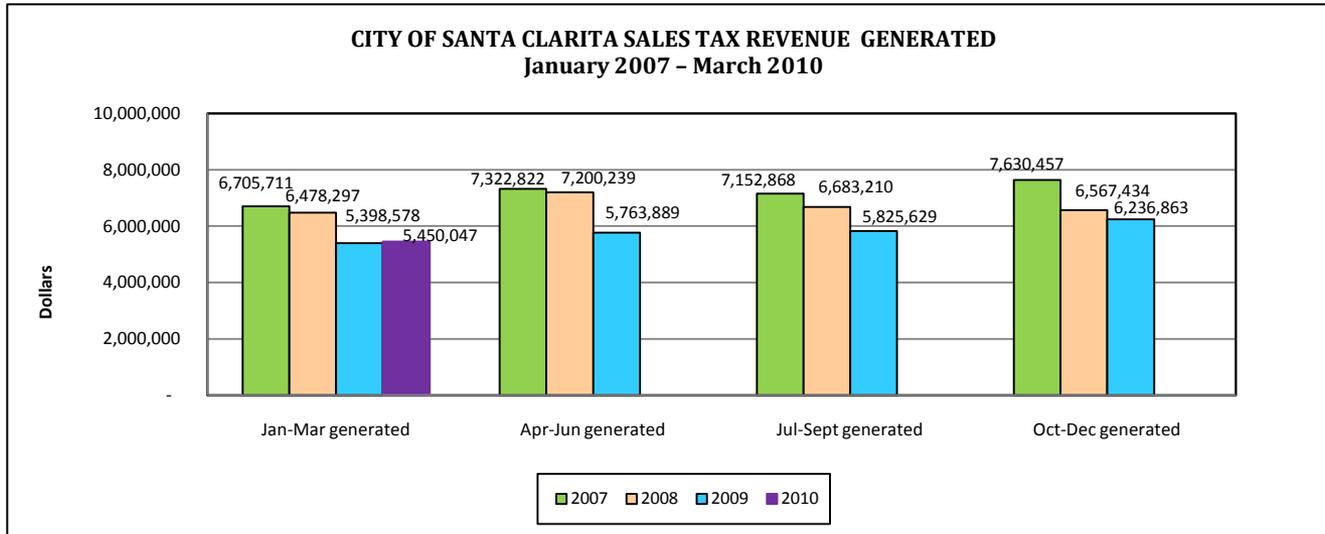


- Most productions are working on reduced budgets and as a result are spending more time in studios rather than on-location filming. The City does not track the activity of studio filming.
- The Economic Impact from location filming for July 2010 of \$1,330,500 was 45% below the impact in July 2009 of \$2,409,000.
- In July 2010 a total of 26 film permits were issued within the City of Santa Clarita, comparable to the 26 permits issued in July 2009.
- There were a total of 57 filming days in July 2010, down 37% from 90 filming days in July 2009.
- July 2010 film days included: 54% for television shows, 21% for commercials, and 12% each for features and student/other projects. No music video production or still production occurred in July 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)



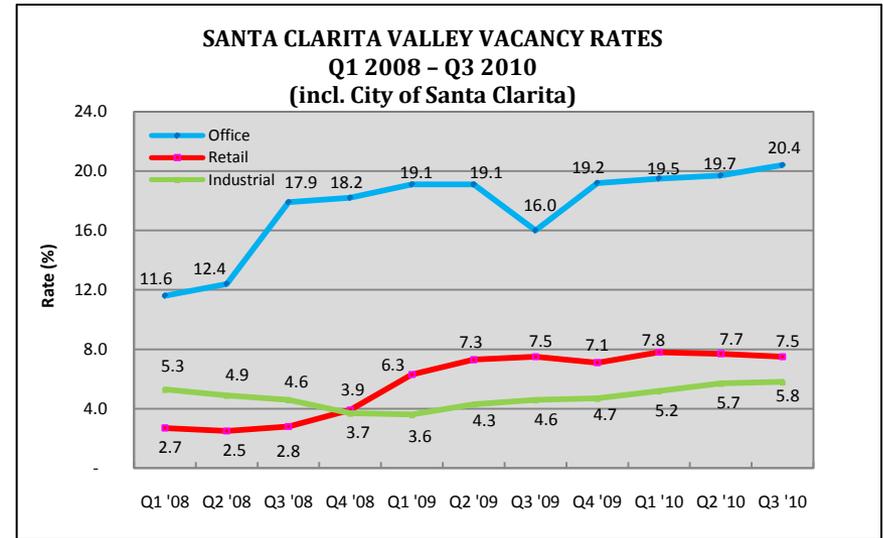
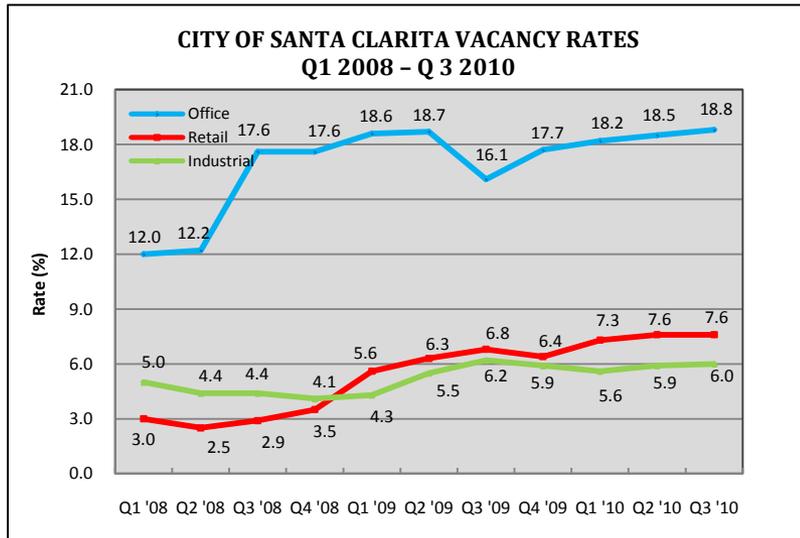
Sales tax generated appears to be comparable to that generated during the First Quarter 2009.

- 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



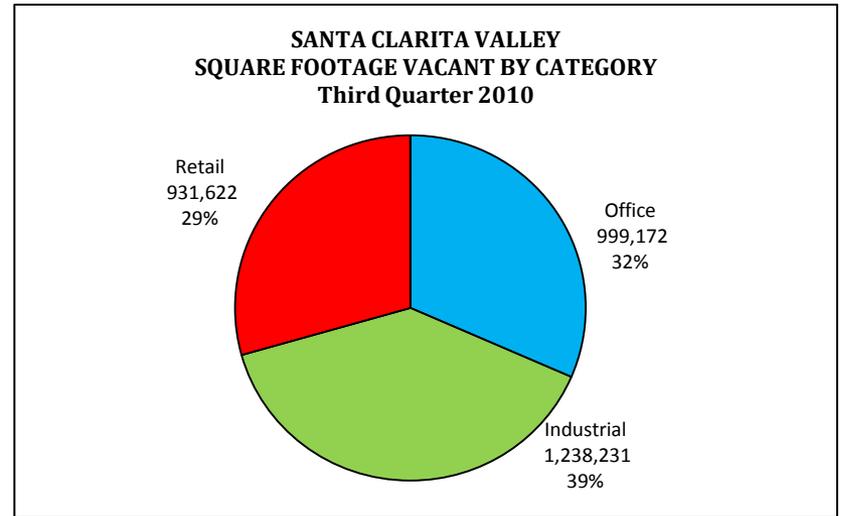
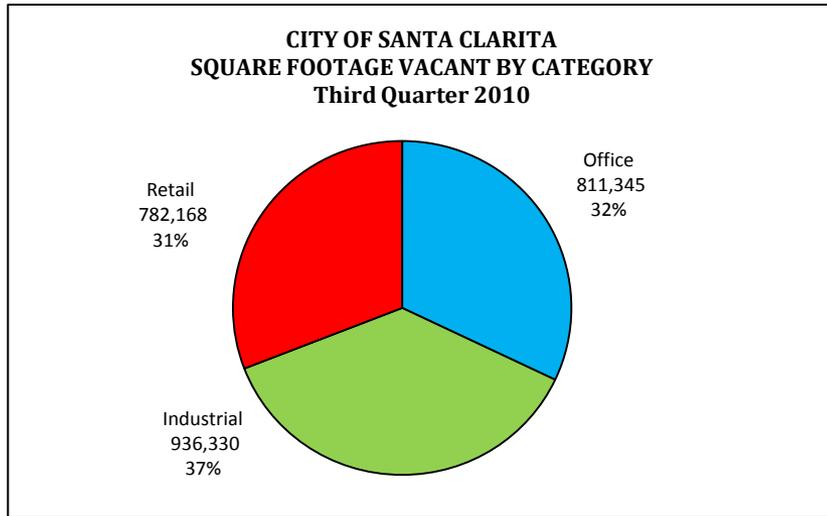
## City of Santa Clarita

- In the City of Santa Clarita, office, retail, and industrial vacancy rates increased in Third Quarter 2010. Office vacancy rates increased the most in Third Quarter 2010 from the previous quarter.
- The City's office vacancy rate was 18.8% 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 20.1%, while retail and industrial vacancy rates were 7.5% and 5.8%, respectively.

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



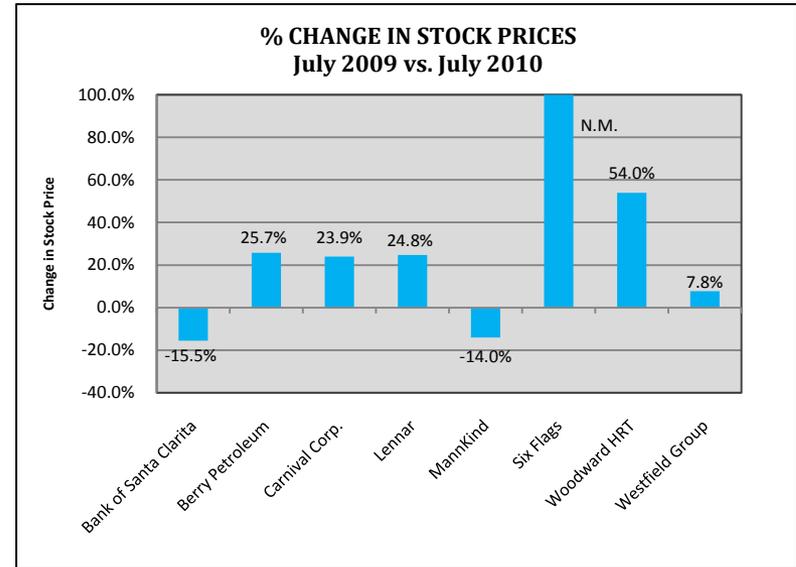
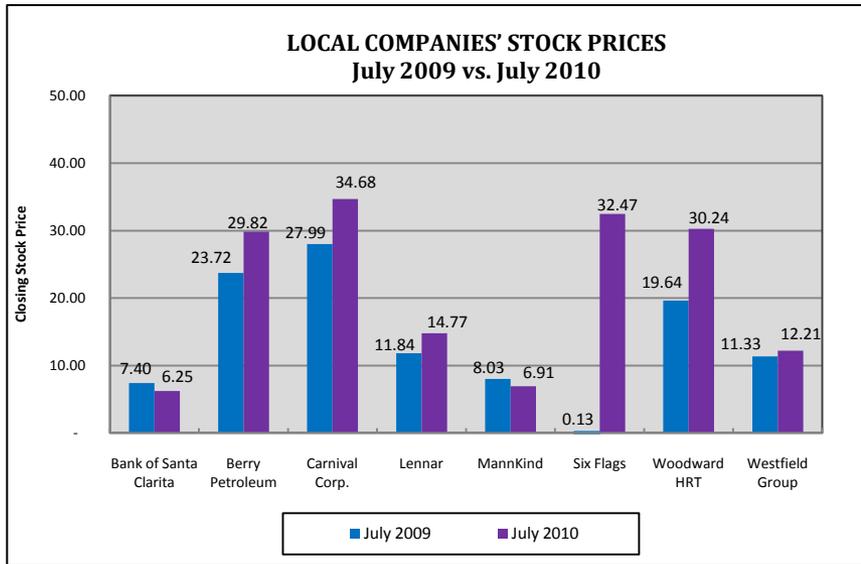
## City of Santa Clarita

- 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 2,529,843 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 8.2% or 3,169,025 of the total space for businesses in the Santa Clarita Valley is vacant. Of that amount, 39% is industrial, 32% is office space, and 29% is retail space.

# Stock Prices of Local Employers

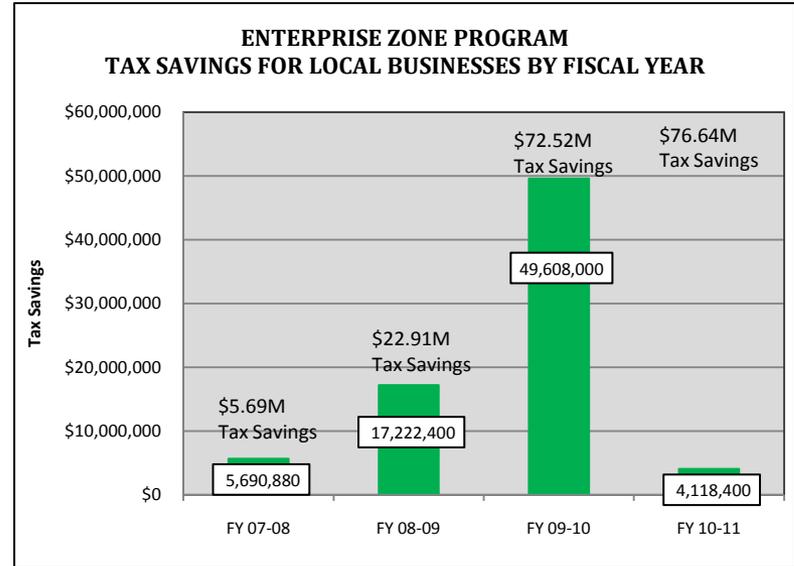
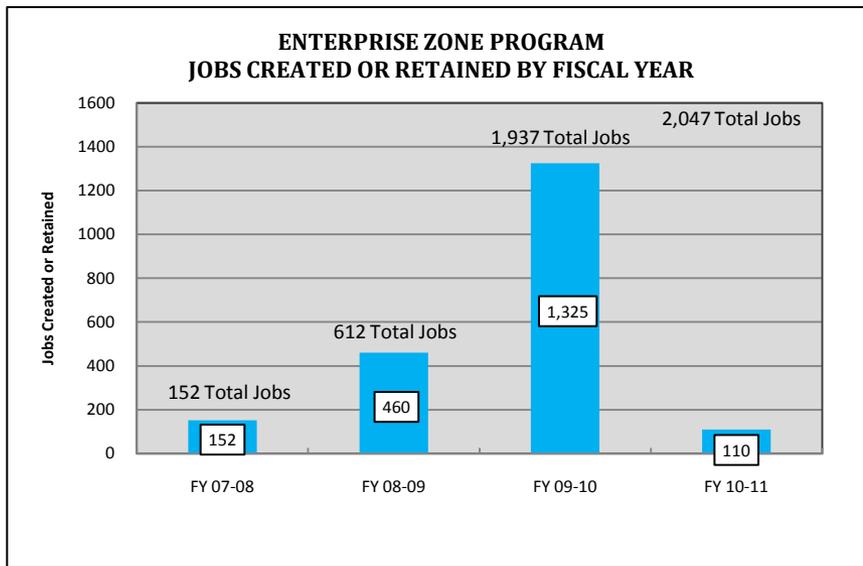


Stock prices for six of the eight companies in Santa Clarita whose stock prices are being tracked have increased year-over-year as has the entire stock market. Only stock prices of Bank of Santa Clarita and MannKind decreased during the time period represented.

- At the end of July 2010, the stock price of Carnival Corp. was the highest at \$34.68 followed by that of Six Flags at \$32.47.
- The Dow rose 14% to 10,465.94 on July 30, 2010 from 9,171.61 on July 31, 2009 and returned above the 10,000 mark after dropping below that level at the end of June 2010.
- The stock price increases seen by Six Flags, Woodward HRT, Berry Petroleum, Lennar, and Carnival Corporation outperformed the increase of the entire market.
- 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.
- 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".

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 July 31, 2009 and SIX on July 30, 2010 (Six Flags), WGOV (Woodward HRT), and WDC.ax (Westfield Group).

# Enterprise Zone Program: Job Activity and Tax Savings

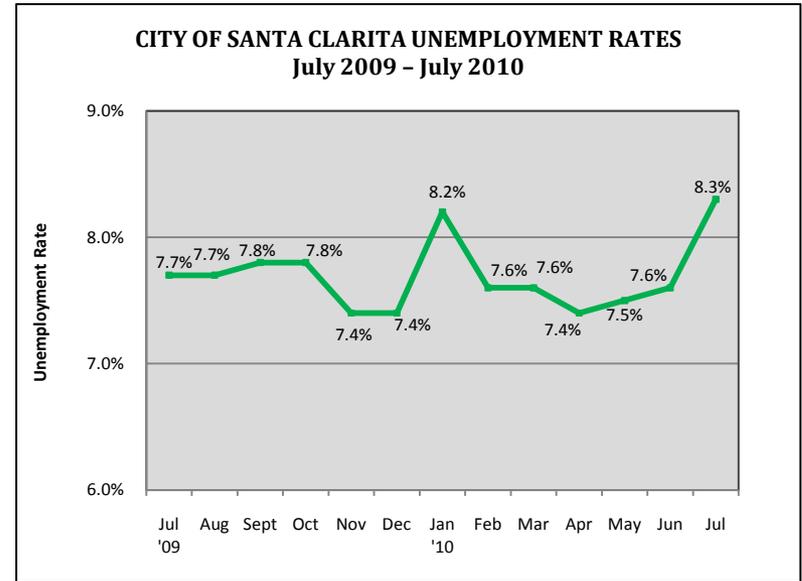
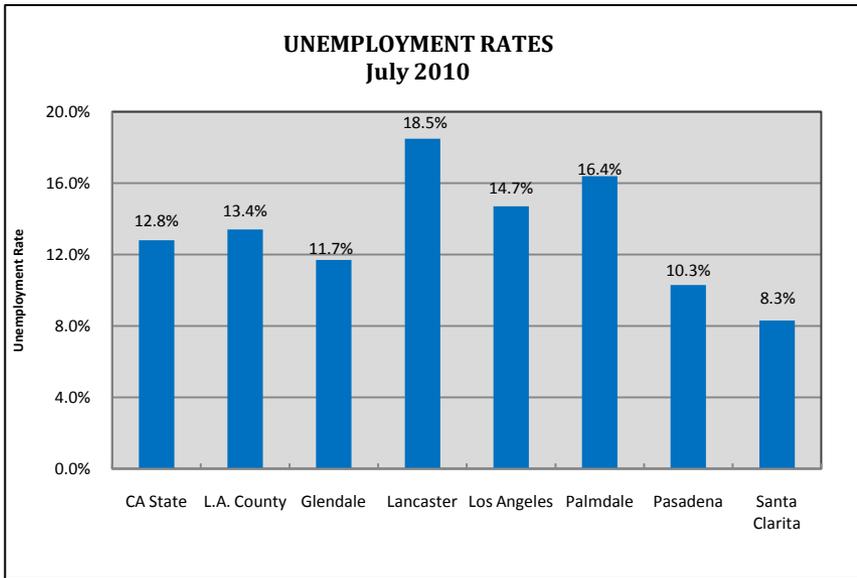


The Santa Clarita Enterprise Zone is a program that saves businesses money by providing special tax incentives from the State of California to businesses.

- Since the City's designation as an Enterprise Zone in 2007, a total of 2,047 jobs have been created or retained, which represents a potential tax savings to businesses of over \$76 million.
- In July 2010, 110 vouchers were issued for jobs created or retained as a result of the Enterprise Zone, representing over \$4 million in potential tax savings.

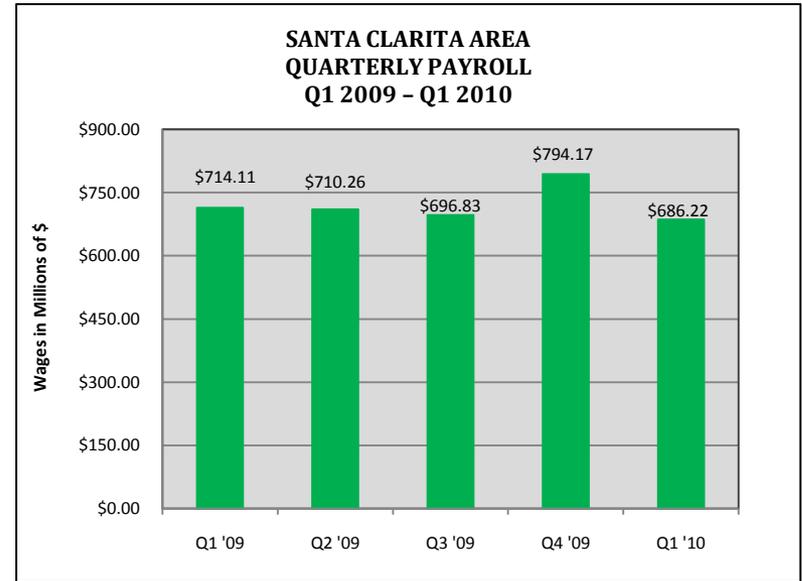
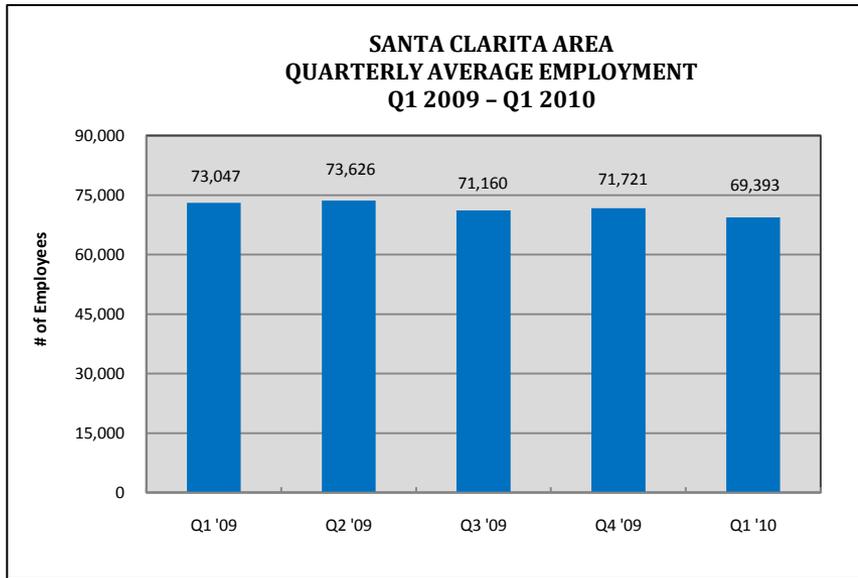
The City of Santa Clarita was awarded one of the State of California's 42 Enterprise Zone designations in 2007. The Enterprise Zone program provides tax incentives for businesses that locate in Santa Clarita and hire "qualified" employees or make "qualified" purchases. More information on the Enterprise 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 8.3% in June 2010 compared to 13.4% for Los Angeles County and 12.8% for the state.
- Unemployment in Santa Clarita in July 2010 of 8.3% was higher than the unemployment rate reported in July 2009 of 7.7%, and was slightly above the unemployment rate in January 2010.

# Employment and Wages

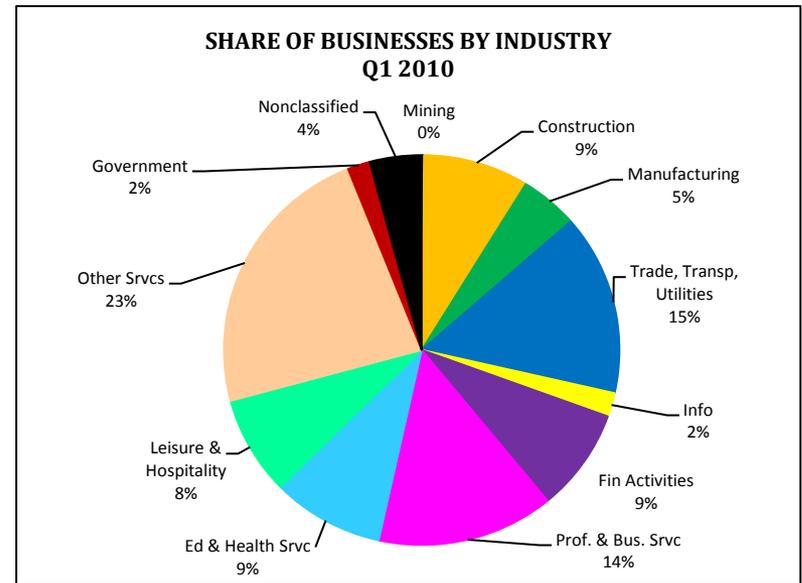
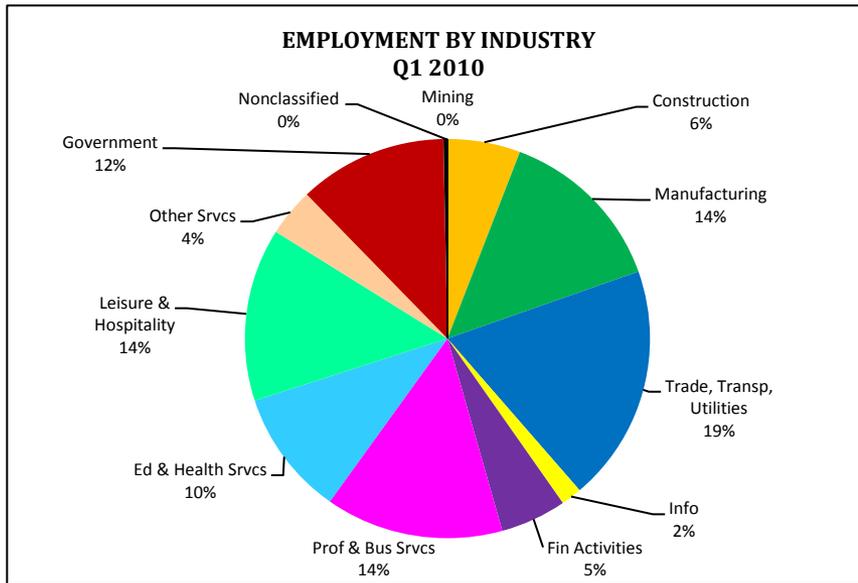


Employment as well as payroll in the Santa Clarita area have trended down from one year ago.

- 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 supersectors 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.

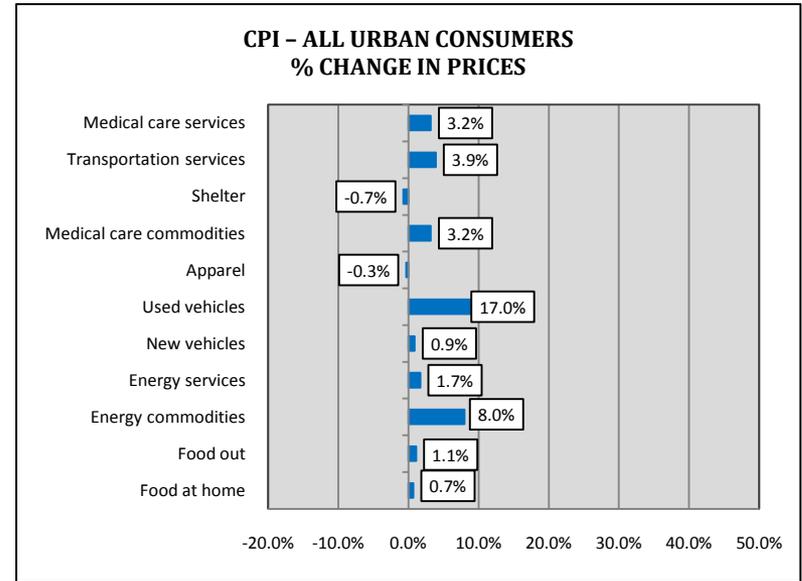
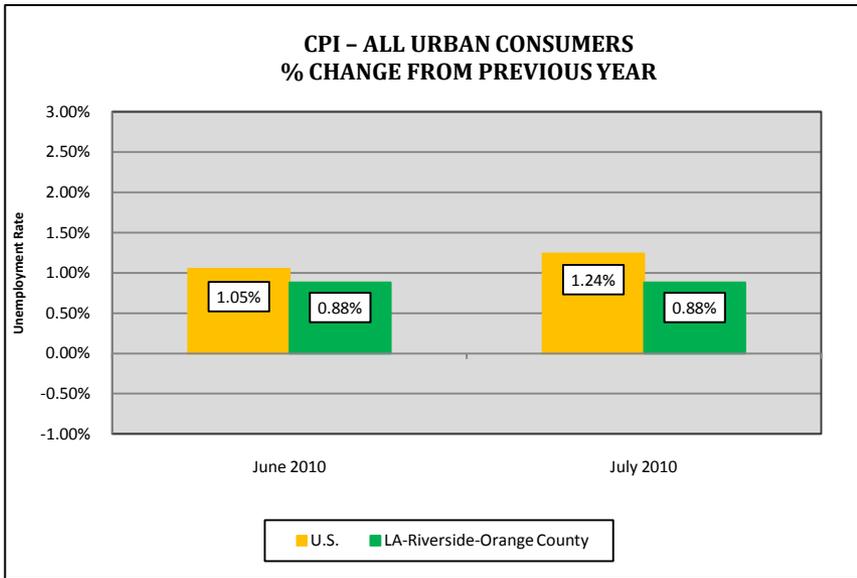
# Employment by Industry



- 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, drycleaning/laundry, 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 supersectors 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 July 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 July 2010 from one year ago reflects cost increases in almost all services and commodities with the exception of declines of 0.3% in apparel and 0.7% in shelter.
- The highest year-over-year increase was seen in used vehicles with a 17.0% increase from the previous July. In comparison, gasoline increased by 7.4% year-over-year compared to a 3.9% increase in June and fuel oil increased 15.1% compared to 16.6% in June.

# 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

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