

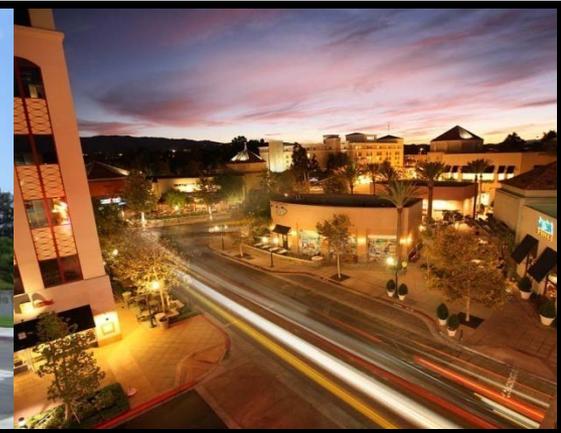


# Santa Clarita Economic Snapshot

## June 2010

*Published on August 31, 2010*

Created by the City of Santa Clarita  
Economic Development Division



# Overview

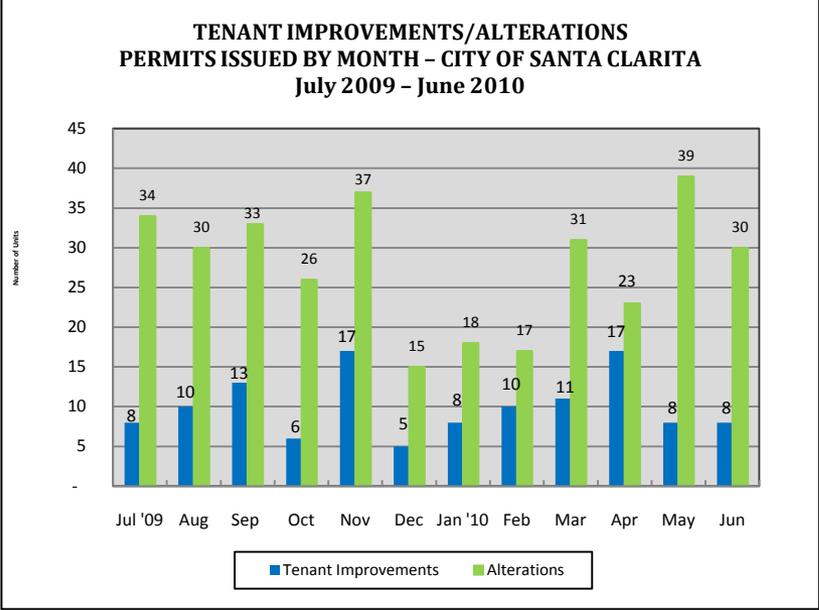
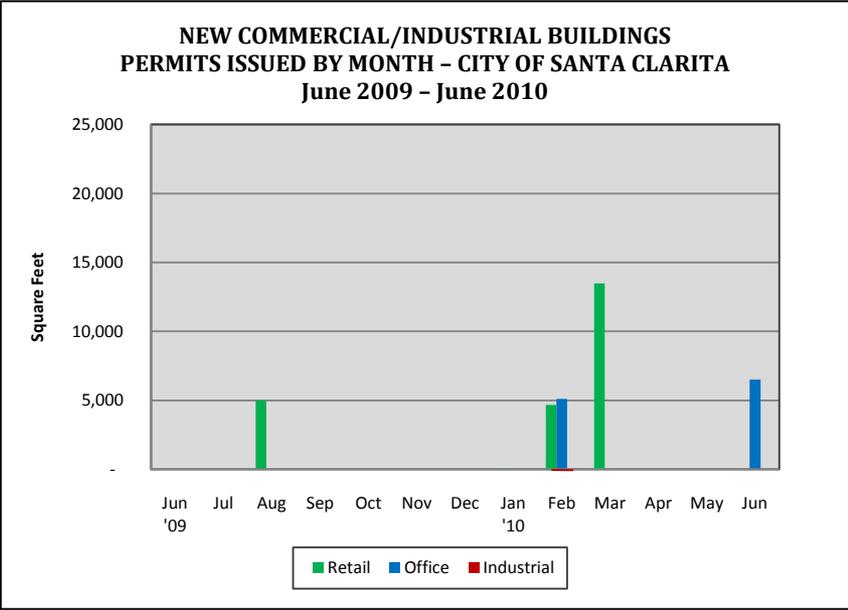
The information presented in this report helps to create a snapshot of the overall fiscal health of Santa Clarita. **The overall results are somewhat mixed with some indicators weakening and others continuing to strengthen.**

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; 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**

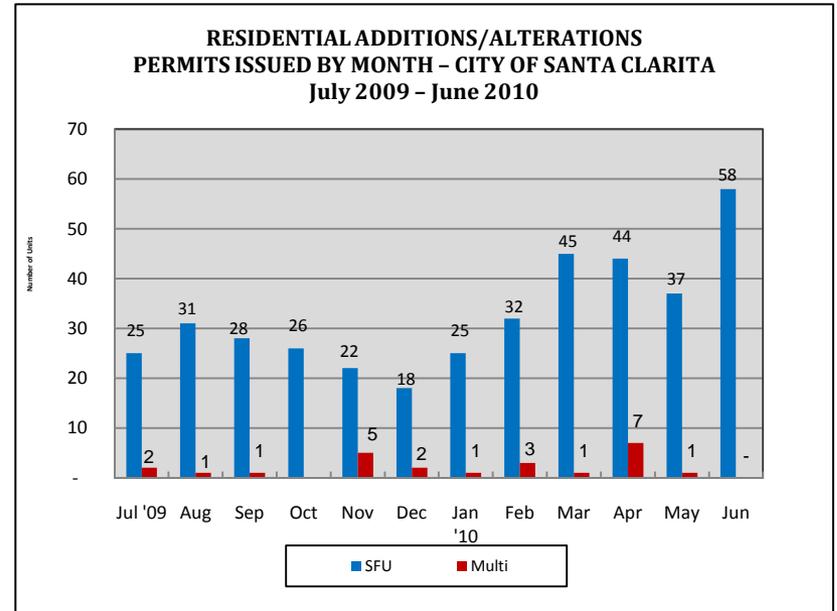
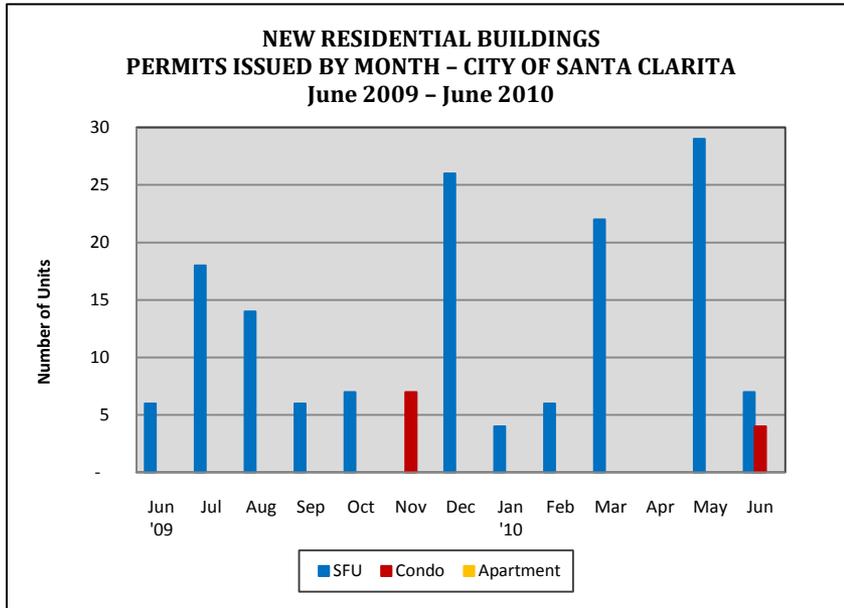
- One new permit for office space was issued in June 2010 by the City of Santa Clarita compared to no permits for retail, office or industrial space in June 2009.

**Tenant Improvements/Alterations**

- A total of 8 building permits for tenant improvements were issued in June 2010, comparable to the 8 permits in May 2010.
- In June 2010, a total of 30 commercial alterations were permitted of which 12 or 40% were for signage, 10 or 33% were for fire protection equipment, and the remaining 8 or 27% were for other miscellaneous purposes including racks, canopies, sliding, and tents.

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



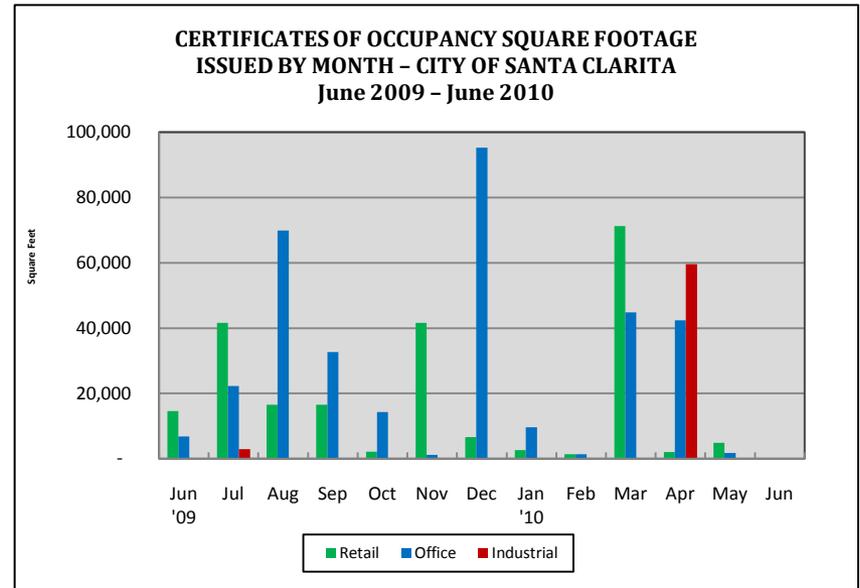
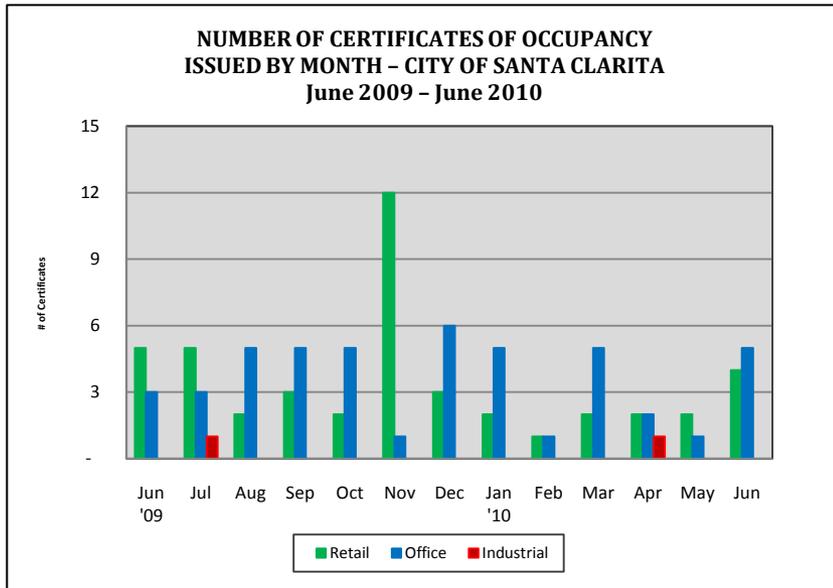
## New Residential Buildings

- A total of 11 new permits for residential properties were issued in June 2010 by the City of Santa Clarita of which 7 were for single-family homes and 4 were for multi-family residences, compared to 6 permits for a single-family residences in June 2009.

## Residential Additions/Alterations

- A total of 58 residential permits for additions and alterations were issued in June 2010 of which all were for single-family residences.
- Of the additions/alterations in June 2010, 28% were for block walls, 26% for patio covers, 14% for photovoltaic, 10% for pool/spas, 7% for windows/doors/skylights, 3% each for roofs and decks, and the remaining 9% were for other miscellaneous items.

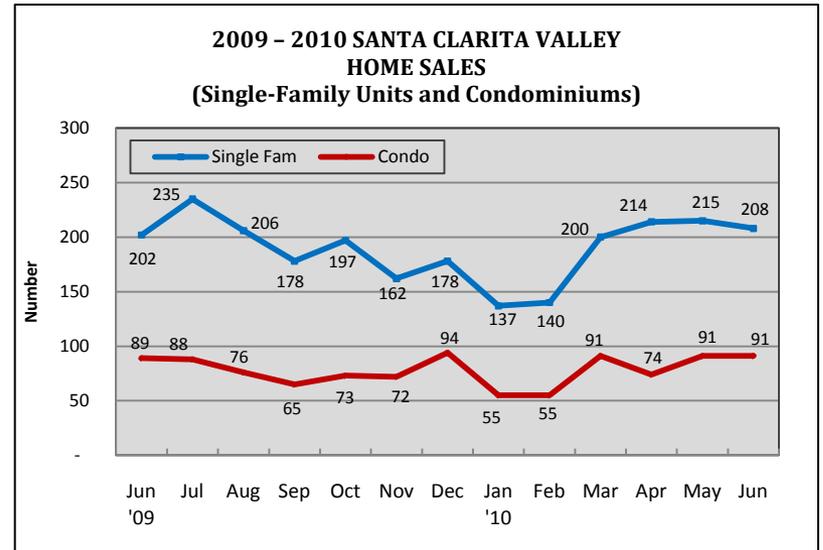
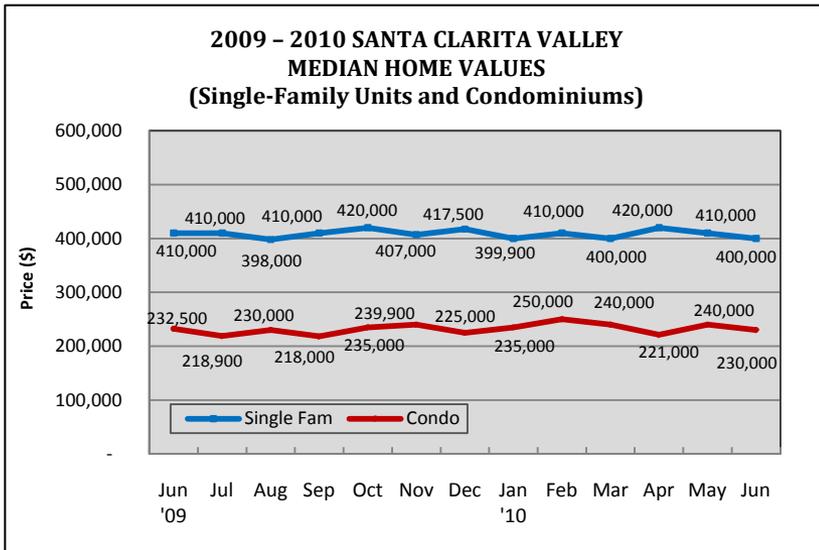
# Commercial/Industrial Certificates of Occupancy Issued



- In June 2010, a total of 9 Certificates of Occupancy were issued of which 4 were for retail space and 5 were for office space. These 9 Certificates represented an increase of 13% from 8 Certificates of Occupancy in June 2009.
- Certificates of Occupancy for June 2010 represented a total of 20,258 square feet of which 74% was for office space and 26% was for retail space. This represented a 5% decrease from the 21,390 square feet of Certificates of Occupancy for retail and office space issued in June 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.

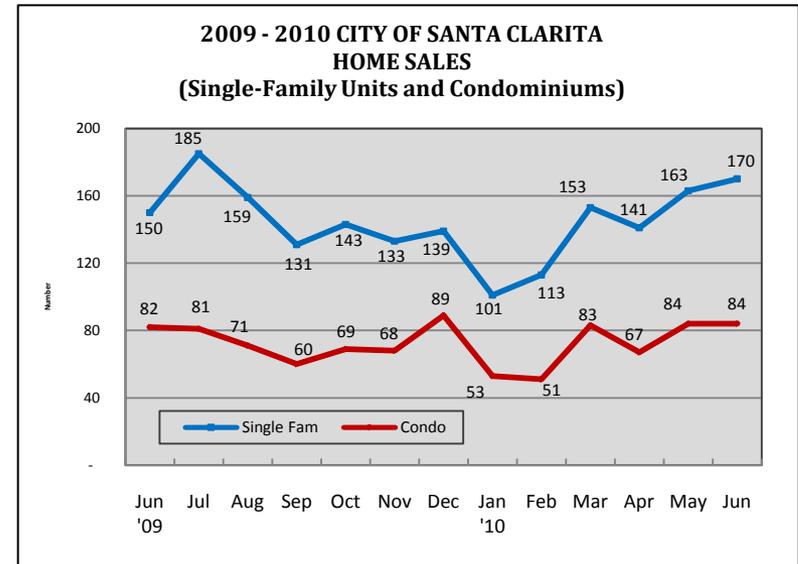
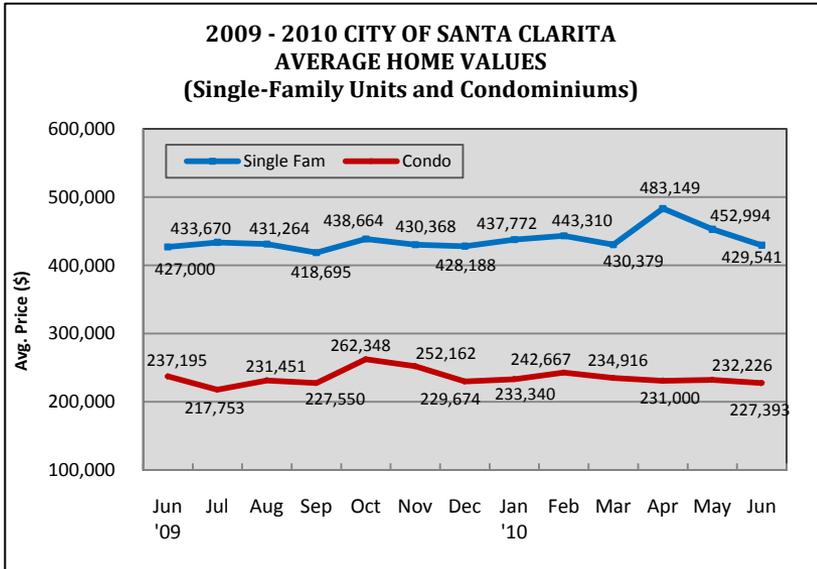
## Single-Family Homes

- Single-family median home values decreased 2% to \$400,000 in June 2010 from \$410,000 in May 2010, and were also 2% lower than June 2009.
- A total of 208 single-family homes sold in June 2010, down 3% from May 2010, yet up 3% from one year ago.

## Multi-Family Homes/Condominiums

- Condominium prices decreased 4% to \$230,000 in June 2010 from \$240,000 in May 2010, and were 1% below values in June 2009.
- Condominium remained flat at 91 sales in June 2010 from May 2010, and increased 2% from June 2009.

# City of Santa Clarita Housing Market



In the City of Santa Clarita, sales volume has trended upward over the past six months.

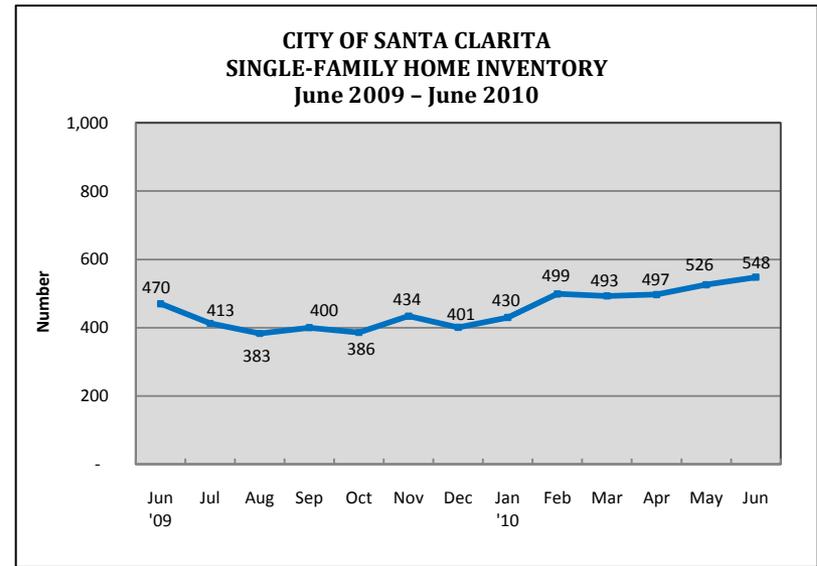
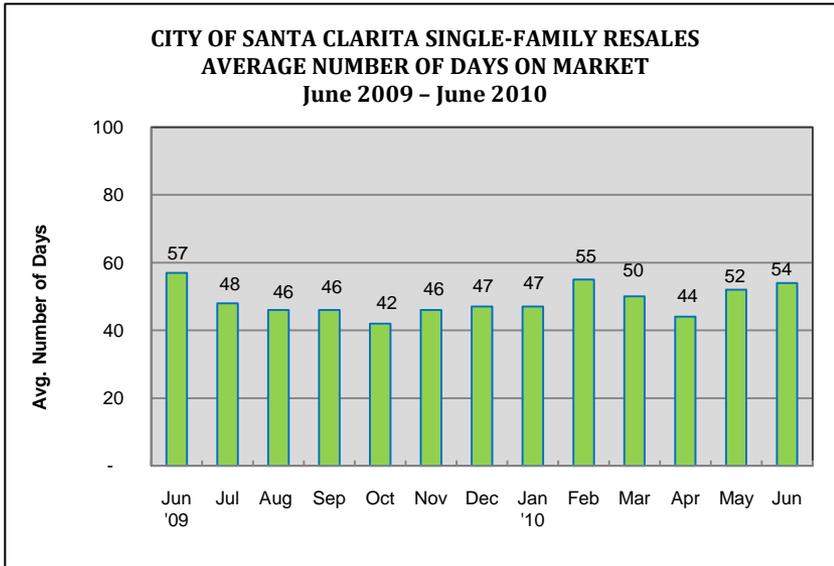
## Single-Family Homes

- Single-family average home values in June 2010 in the City of Santa Clarita were \$429,500 or 5% below May 2010, yet less than 1% above June 2009.
- In the City of Santa Clarita, sales increased 4% to 170 single-family homes in June 2010 from May 2010, and were 13% higher than sales in June 2009.

## Multi-Family/Condominiums

- Condominium prices fell 2% to \$227,400 in June 2010 from May 2010, and decreased 4% from June 2009.
- Condominium sales remained flat at 84 units in the City of Santa Clarita in June 2010 from May 2010, and rose 2% from June 2009.

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

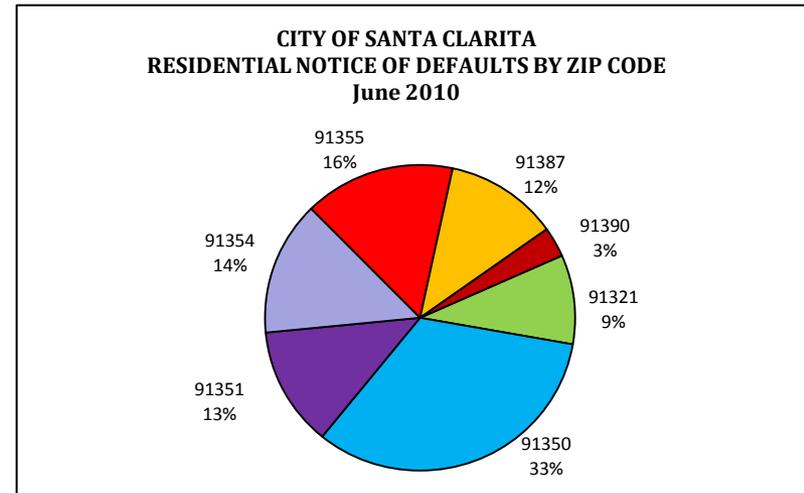
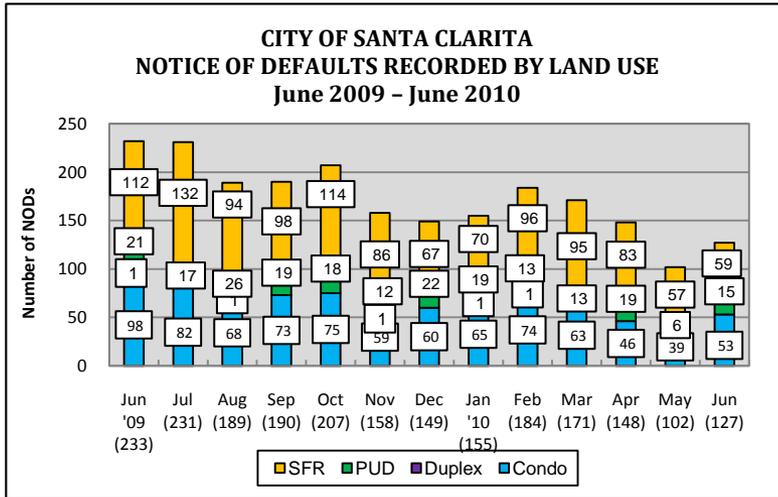


The City of Santa Clarita's housing market is slightly stronger than one year ago when homes took an average 57 days or approximately 1.9 months to sell, but trending upward over the last three months.

- In June 2010, homes were on the market for an average 54 days or 1.8 months, comparable to levels during early Spring 2010.
- Single-family inventory levels rose 4% in June 2010 to 548 homes from 526 in May 2010, and were 17% above inventory levels in June 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)



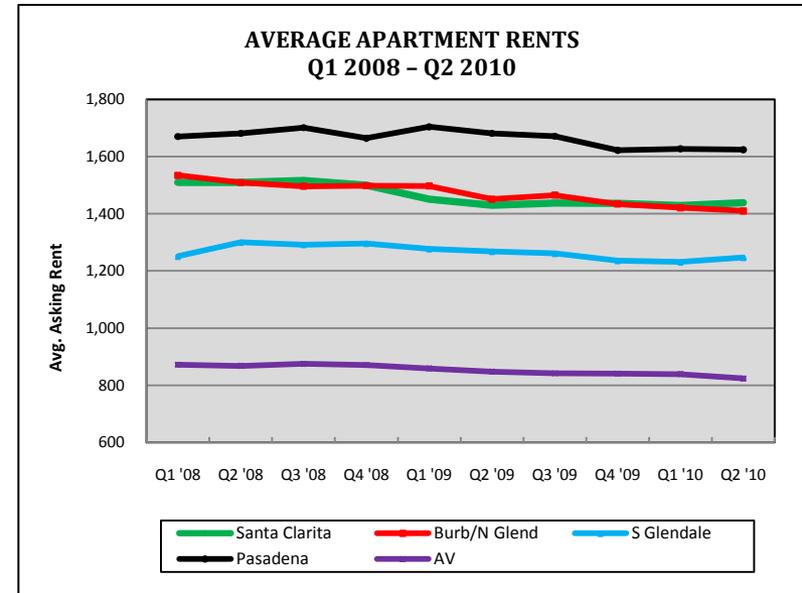
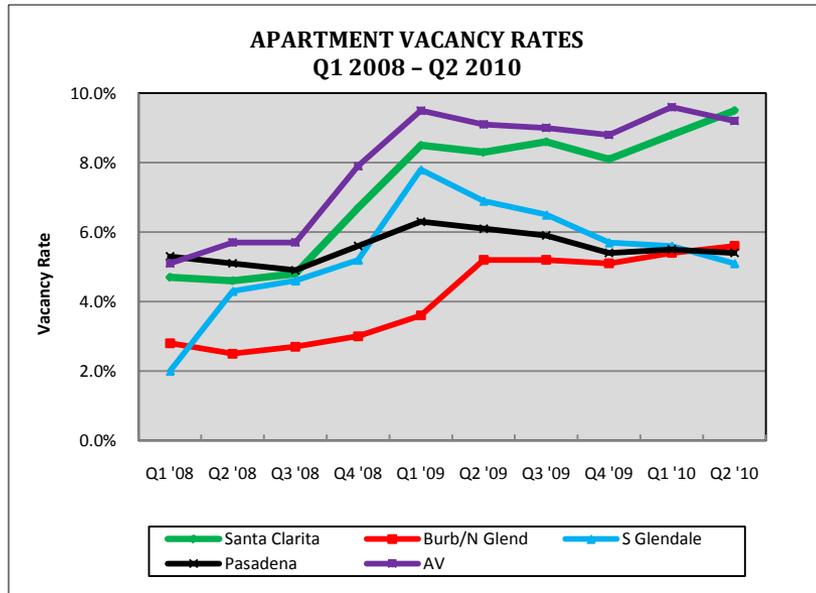
Notice of defaults have been trending downward from one year ago.

- A total of 127 NODs were recorded in June 2010 in the City of Santa Clarita. The level of NODs is down 45% from the level in June 2009.
- Of the June 2010 NODs, 46% or 59 were on single-family residences while 42% or 53 were on condominium properties, and 12% or 15 NODs were on PUDs. In comparison, in June 2009, 48% were on single-family homes, 42% were on condominiums, 9% were on PUDs, and less than 1% were on duplexes.
- In June 2010, approximately 33% of the NODs were recorded in the 91350 zip code followed by 16% in 91355, 14% in 91354, 13% in 91351, and 12% in 91387. Next, 9% were recorded in 91321 and the remaining 3% were in 91390.
- More than one-third or 34% of the NODs were on homes that previously sold in the \$200,000 - \$349,999 range while 30% sold in the \$350,000 - \$499,999 range. Additionally, 13% sold below \$200,000 and 9% each sold for at least \$600,000 or in the \$500,000 - \$599,999 range. The price range was unknown for the remaining 5%. In June 2010, 47% of the NODs were on homes that had previously sold below \$350,000 compared to 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

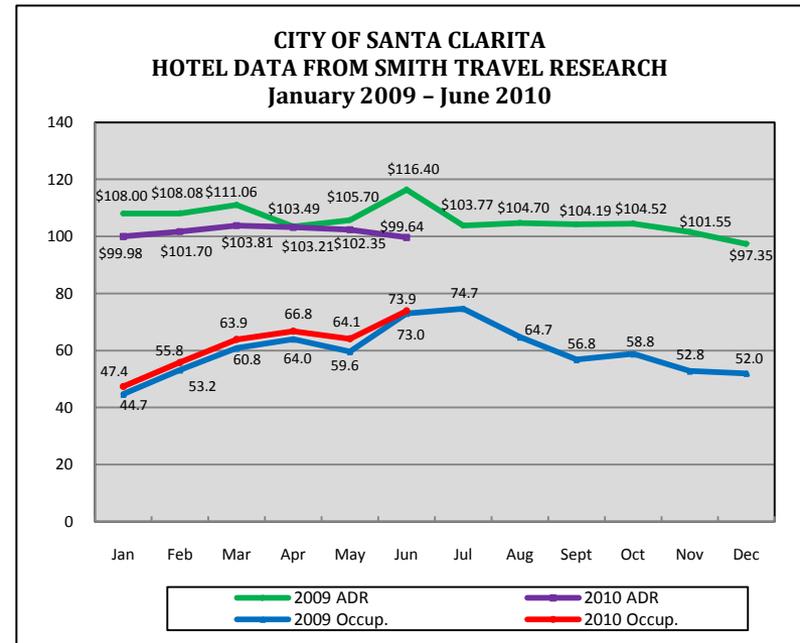
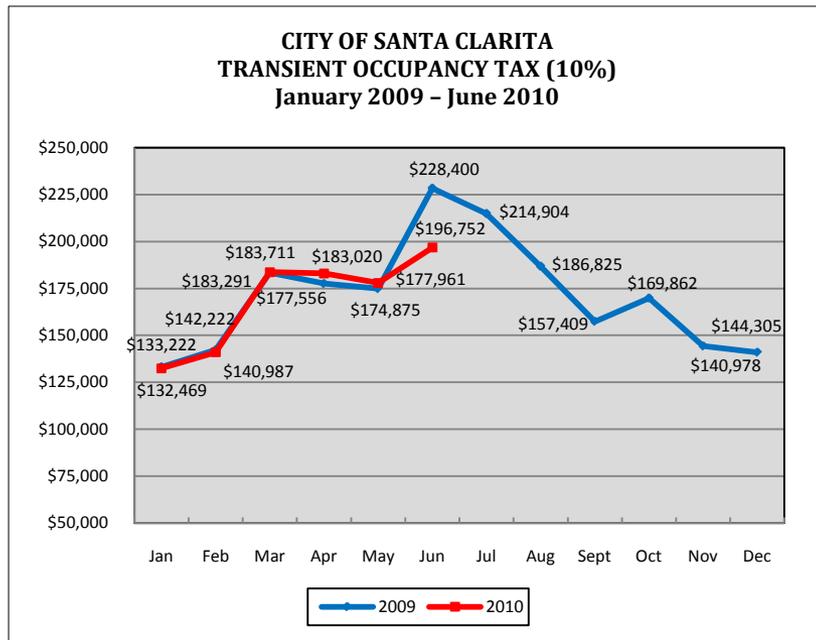
- The apartment vacancy rate during Second Quarter 2010 in Santa Clarita was 9.5%, which is higher than the First Quarter vacancy rate of 8.8%, and higher than the 8.3% vacancy rate during Second Quarter 2009.
- In comparison, vacancy rates in Santa Clarita exceeded vacancy rates in Antelope Valley,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

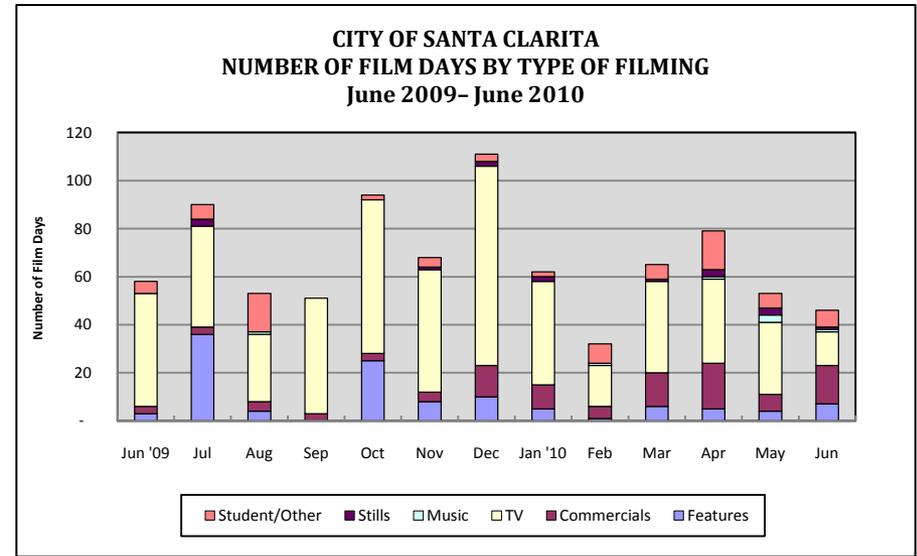
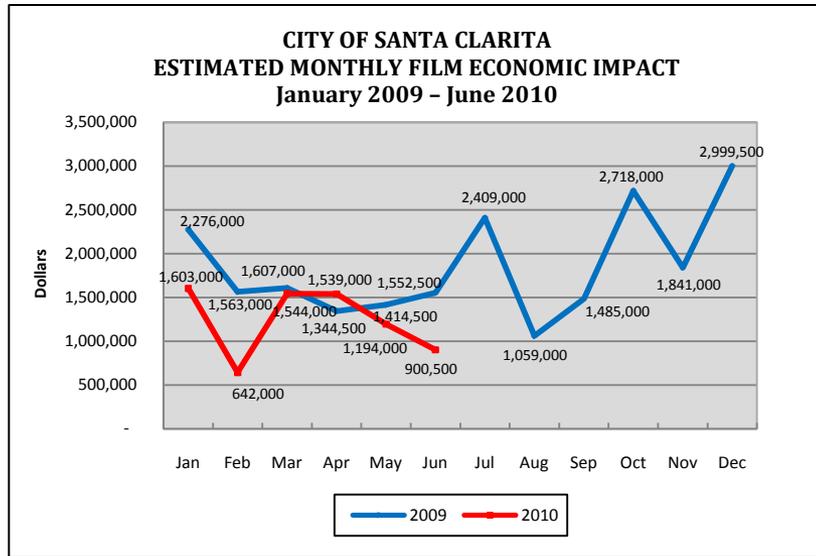
- In June 2010, the City of Santa Clarita collected \$196,752 in TOT, down 23.9% from \$228,400 in June 2009. There were no major tourism events in June 2010. In comparison, in June 2009, The City of Santa Clarita was host to the Western States Police and Fire Games that brought 5,000 police and fire personnel and their families to Santa Clarita. This event resulted in higher room rates last year.
- Collectively for June 2010 year-to-date, the City received \$1,014,900 in TOT, down 2.4% 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 74% in June 2010, higher than the reported occupancy of 73% in June 2009.
- An average of 652 rooms of 882 available in the City were sold in June 2010 compared to 644 rooms of 882 available rooms in June 2009.
- In comparison, occupancy rates at hotels nationwide in June 2010 were at 65%, up 7% from June 2009.
- While occupancy rates increased nationwide, average daily revenue rose 1% to \$98.33, suggesting total revenue collected nationwide in June 2010 increased from June 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

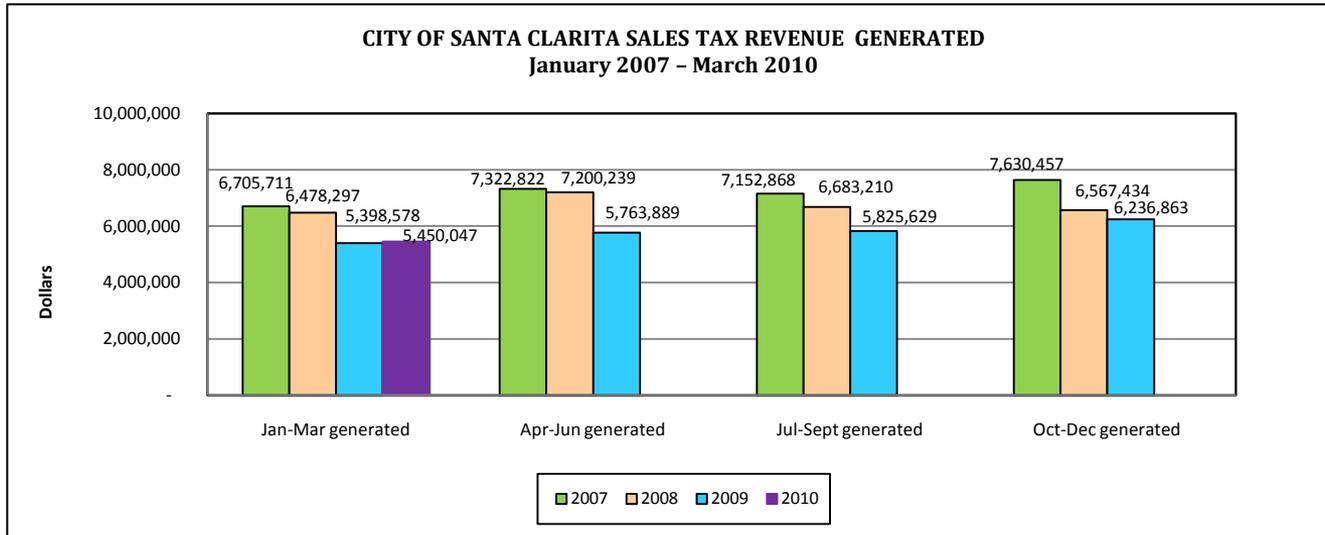


- Most productions are working on reduced budgets and as a result are spending more time in studios rather than on-location filming. The City does not track the activity of studio filming.
- The Economic Impact from location filming for June 2010 of \$900,500 was 42% below the impact in June 2009 of \$1,552,500. In June 2009, the entire season of *Doing Da Vinci* was filmed on-location in Santa Clarita. *Doing Da Vinci* aired on the Discovery Channel as a one-season television series and accounted for half of the film days in June of last year.
- In June 2010 a total of 21 film permits were issued within the City of Santa Clarita, down 5% from 22 permits issued in June 2009.
- There were a total of 46 filming days in June 2010, down 13% from 53 filming days in June 2009.
- June 2010 film days included: 35% for commercials, 30% for television shows, 15% each for features and student/other projects, and 2% each for music video production and still production.

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)



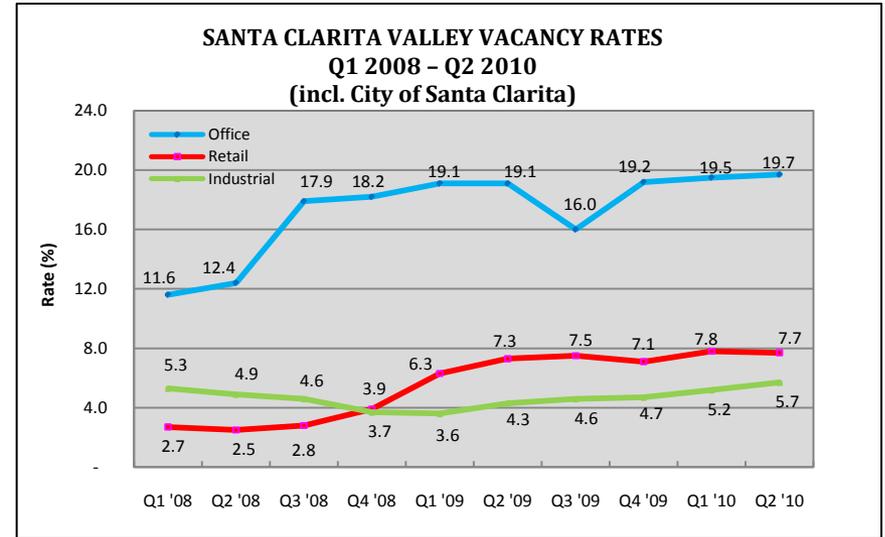
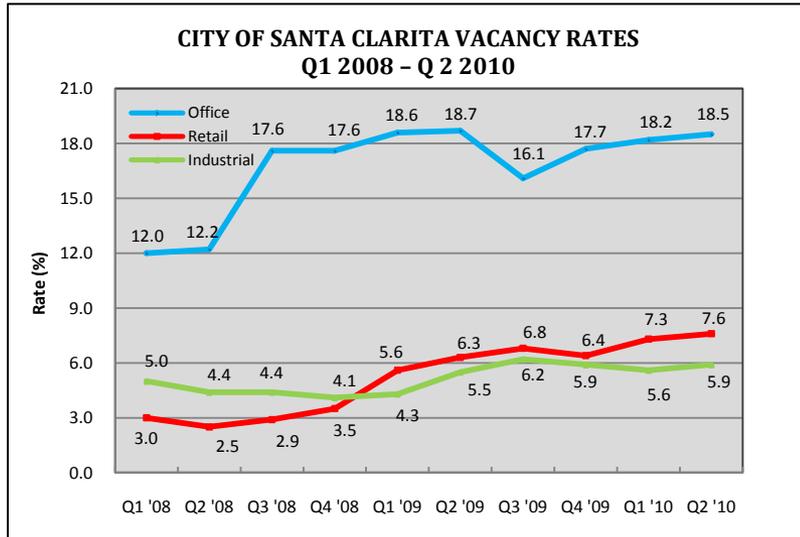
Sales tax generated appears to be comparable to that generated during the First Quarter 2009.

- 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



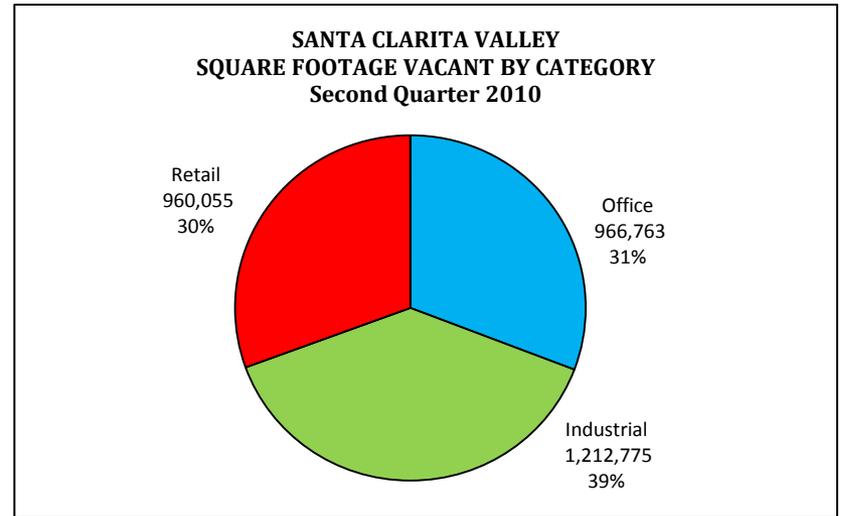
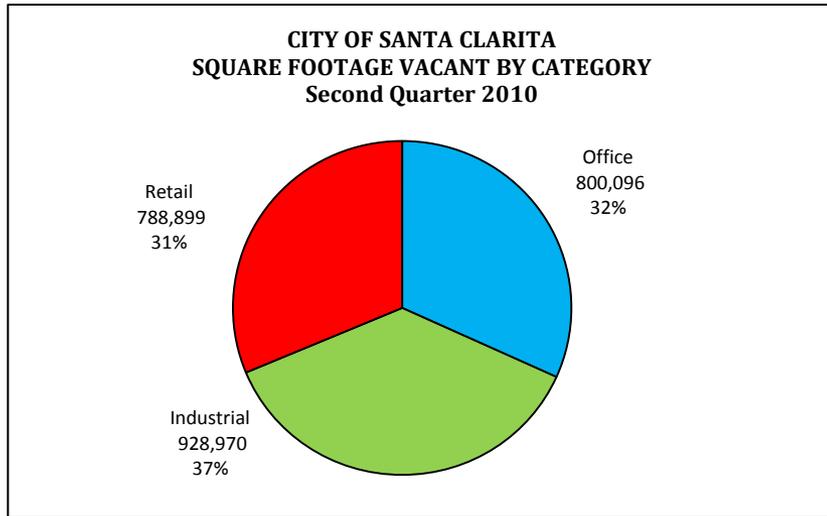
## City of Santa Clarita

- In the City of Santa Clarita, office, retail, and industrial vacancy rates increased in Second Quarter 2010. Industrial vacancy rates increased the most in Second Quarter 2010 from the previous quarter.
- The City's office vacancy rate was 18.5% while the retail and industrial vacancy rates were 7.6% and 5.9, respectively.

## Santa Clarita Valley (includes the City)

- In the entire Santa Clarita Valley (including the City), office and industrial vacancy rates increased in Second Quarter 2010 from the previous quarter, while retail vacancy rates declined.
- The Santa Clarita Valley's office vacancy rate was 19.7%, while retail and industrial vacancy rates were 7.7% and 5.7%, respectively.

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



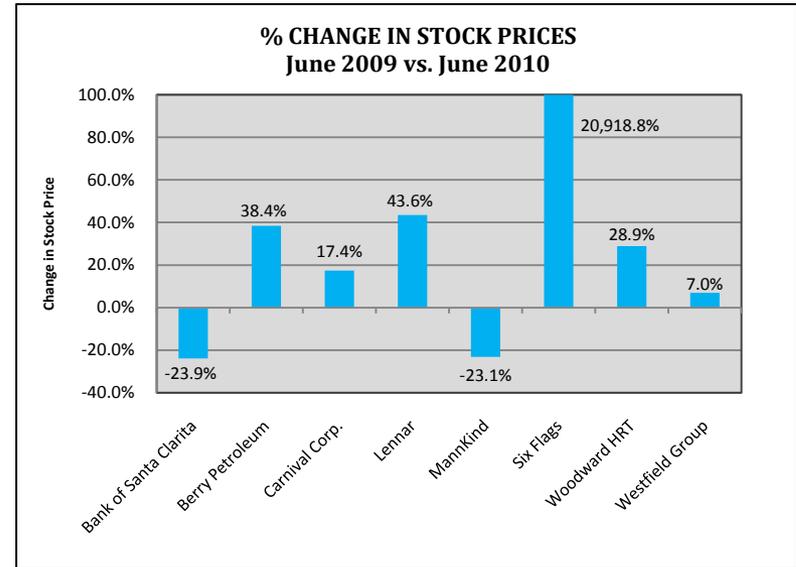
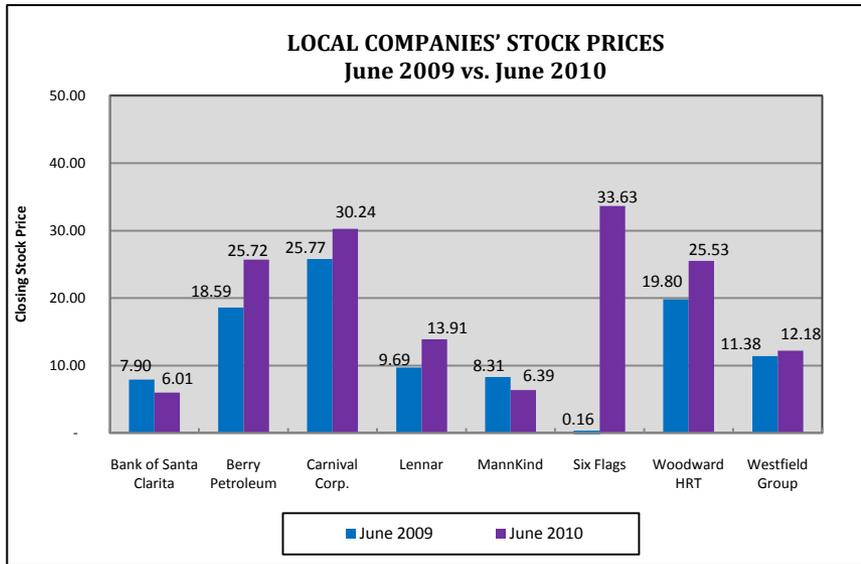
## City of Santa Clarita

- 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 2,517,965 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 8.1% or 3,139,593 of the total space for businesses in the Santa Clarita Valley is vacant. Of that amount, 39% is industrial, 31% is office space, and 30% is retail space.

# Stock Prices of Local Employers

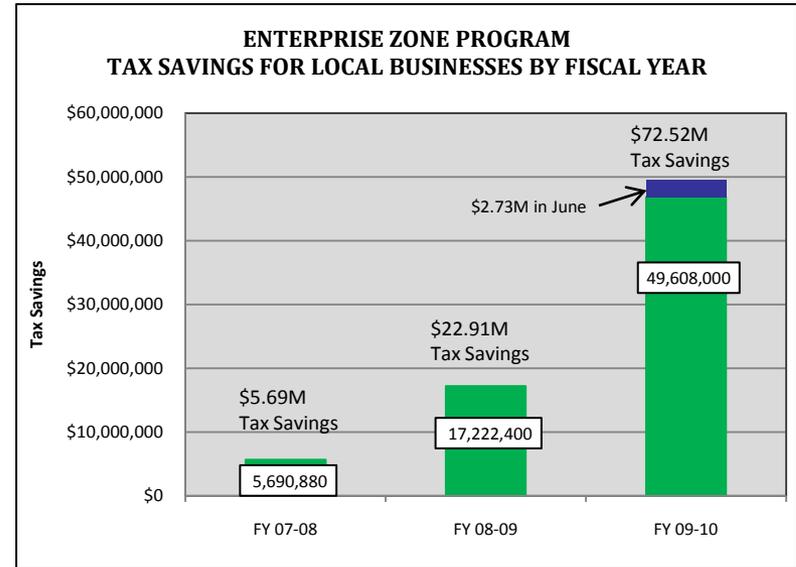
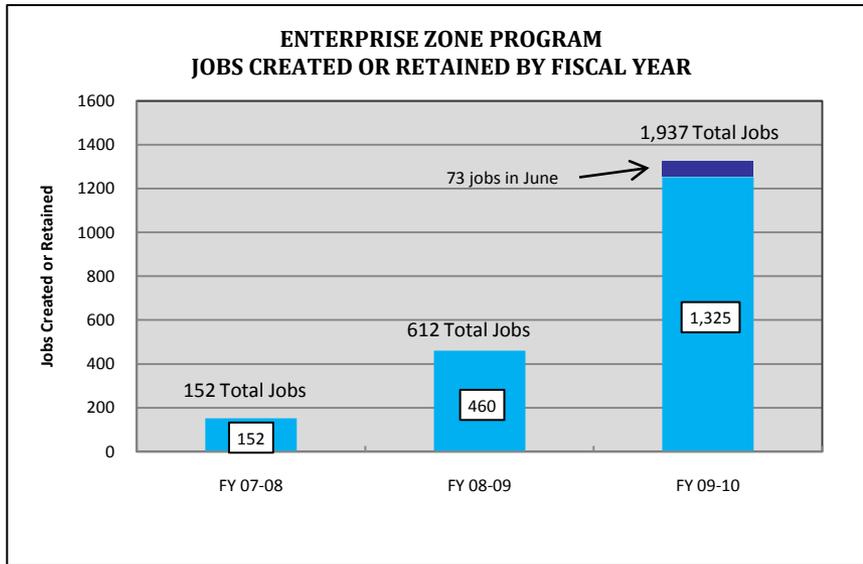


Stock prices for six of the eight companies in Santa Clarita whose stock prices are being tracked have increased year-over-year as has the entire stock market. Only stock prices of Bank of Santa Clarita and MannKind decreased during the time period represented.

- At the end of June 2010, the stock price of Six Flags was the highest at \$33.63 followed by that of Carnival Corp. at \$30.24.
- The Dow rose 16% to 9,774.02 on June 30, 2010 from 8,447.00 on June 30, 2009 and was the first year-over-year decline after eight consecutive year-over-year increase at month-end.
- The stock price increases seen by Six Flags, Lennar, Berry Petroleum, Woodward HRT, and Carnival Corporation outperformed the increase of the entire market.
- The large increase seen in the stock price of Six Flags was due to its new financial structure.
- 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 June 30, 2009 and SIX on June 30, 2010 (Six Flags), WGOV (Woodward HRT), and WDC.ax (Westfield Group).

# Enterprise Zone Program: Job Activity and Tax Savings

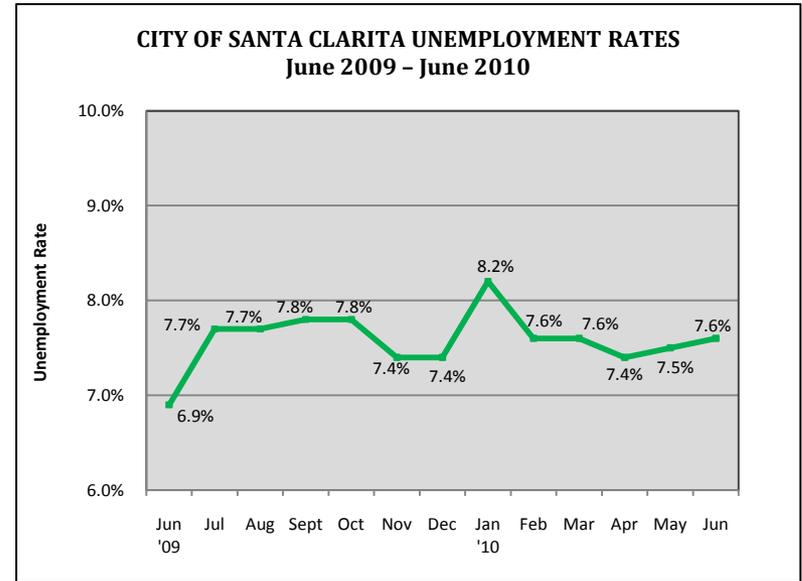
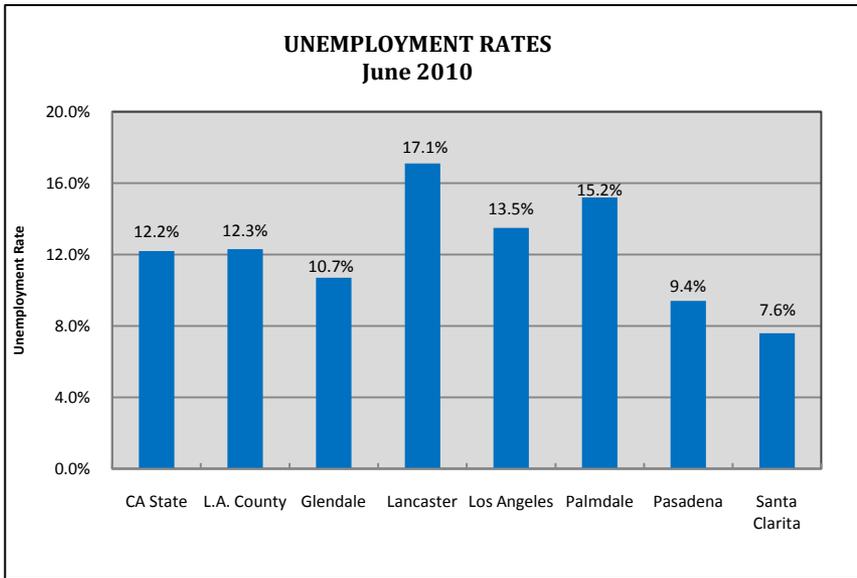


The Santa Clarita Enterprise Zone is a program that saves businesses money by providing special tax incentives from the State of California to businesses.

- Since the City's designation as an Enterprise Zone in 2007, a total of 1,937 jobs have been created or retained, which represents a potential tax savings to businesses of over \$72 million.
- In June 2010, 73 vouchers were issued for jobs created or retained as a result of the Enterprise Zone. In FY 09-10, a total of 1,325 vouchers were issued for jobs created or retained as a result of the Enterprise Zone.
- In FY 09-10, over \$49 million in potential tax savings was reported, with \$2.73 million of potential tax savings generated in June 2010.

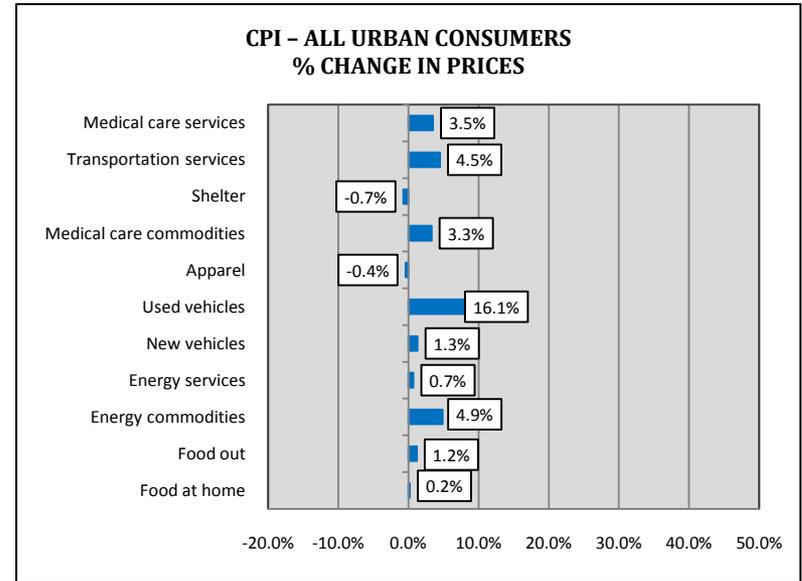
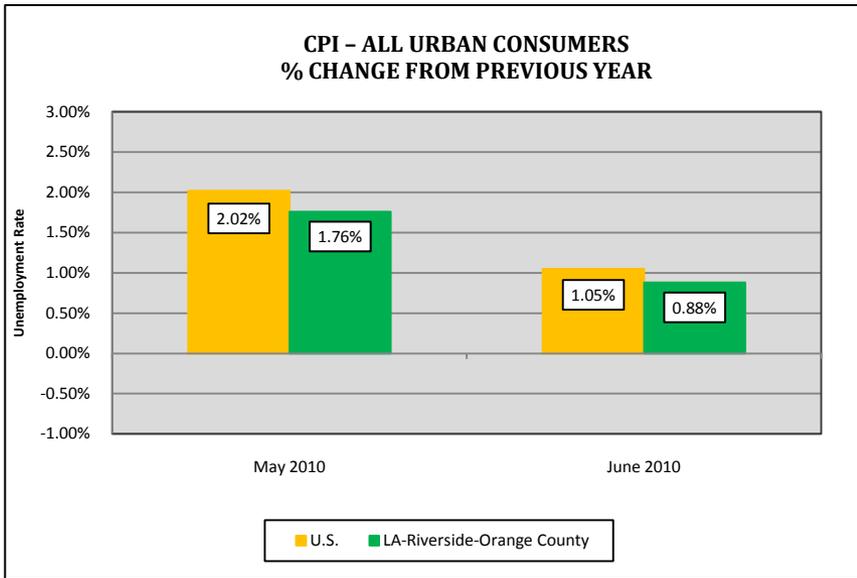
The City of Santa Clarita was awarded one of the State of California's 42 Enterprise Zone designations in 2007. The Enterprise Zone program provides tax incentives for businesses that locate in Santa Clarita and hire "qualified" employees or make "qualified" purchases. More information on the Enterprise 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 June 2010 compared to 12.3% for Los Angeles County and 12.2% for the state.
- Unemployment in Santa Clarita in June 2010 of 7.6% was higher than the unemployment rate reported in June 2009 of 6.9%, and was slightly above the unemployment rate in May 2010.

# Inflation



- Year-over-year inflation for June 2010 among all urban consumers for Los Angeles-Riverside-Orange County increased 0.9% compared to the national increase of 1.1%. Inflation in the Los Angeles metro area is below inflation levels in May 2010.
- The higher inflation rate in June 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 16.1% increase from the previous June. In comparison, gasoline increased by 3.9% year-over-year compared to a 27.0% increase in May and fuel oil increased 16.6% compared to 27.1% in May.

# 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

Inflation Rate: Bureau of Labor Statistics