

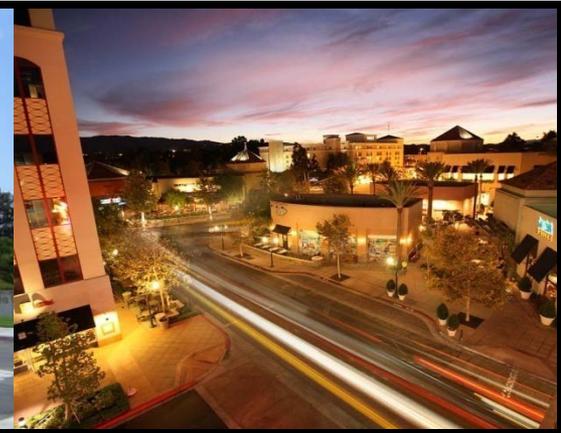


# Santa Clarita Economic Snapshot

## December 2010

*Published on March 4, 2011*

Created by the City of Santa Clarita  
Economic Development Division



# Overview

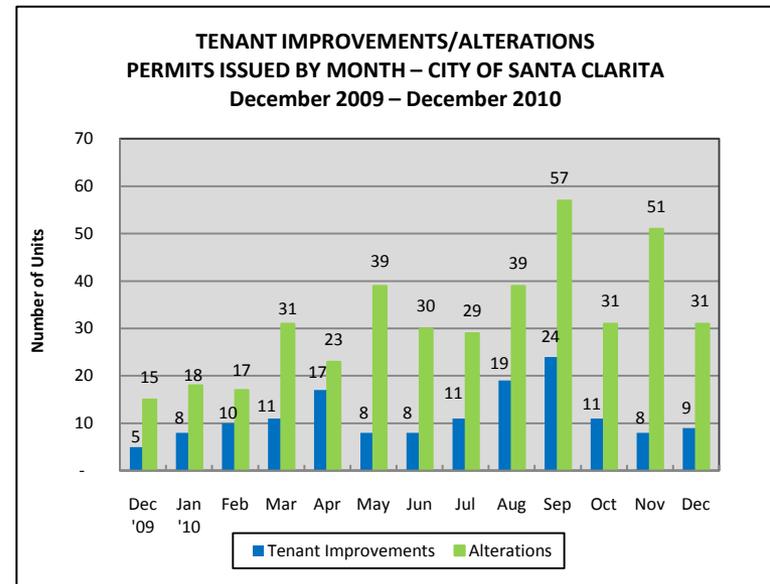
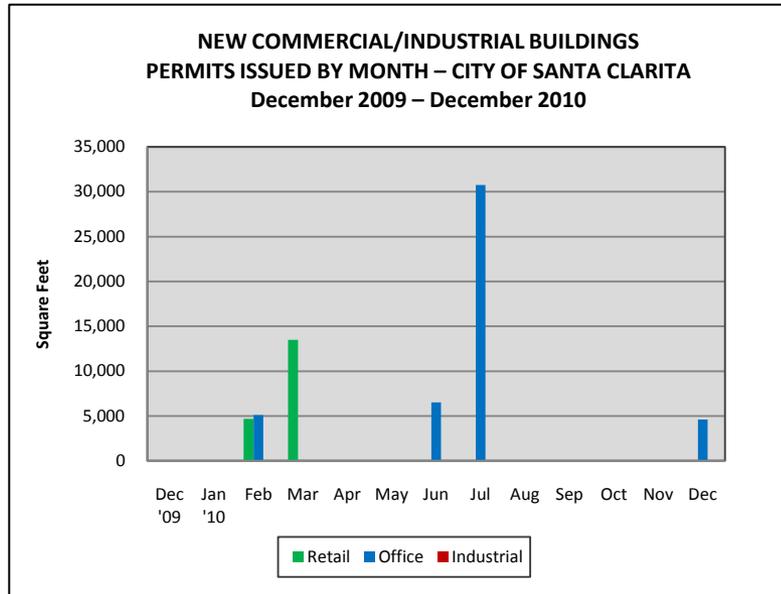
The information presented in this report helps to create a snapshot of the overall fiscal health of Santa Clarita. **The overall results are somewhat mixed with some indicators weakening and others continuing to strengthen.**

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

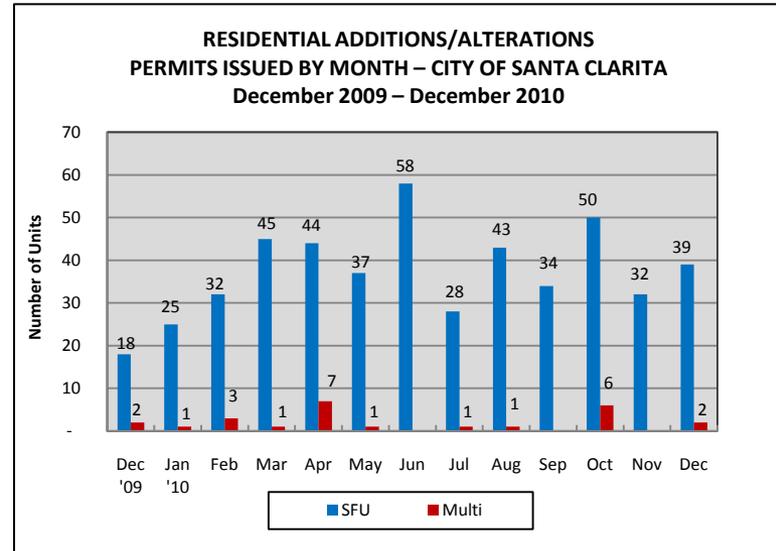
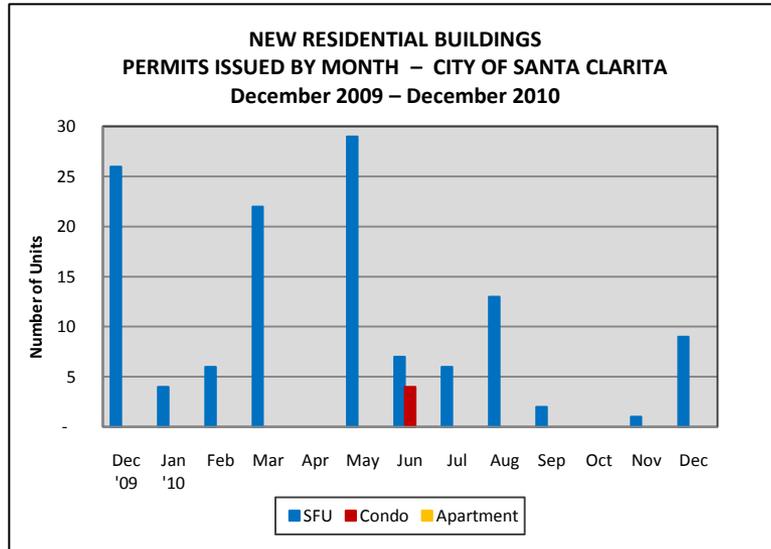
- One new permit for office space was issued in December 2010 by the City of Santa Clarita for a total of 4,610 square feet, compared to no new permits issued in December 2009.

## Tenant Improvements/Alterations

- A total of 9 building permits for tenant improvements were issued in December 2010, up 13% from the 8 permits in November 2010 and up 80% from the 5 permits in December 2009.
- In December 2010, a total of 31 permits for commercial alterations were issued, down 39% from the 51 permits in November 2010 and up 107% from the 15 commercial alterations in December 2009.
- Of the 31 commercial alterations permitted in December 2010, 14 or 45% were for fire protection equipment, 8 or 26% were for signage, 4 or 13% were for patio covers, 3 or 10% were for racks, and the remaining 2 or 6% 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



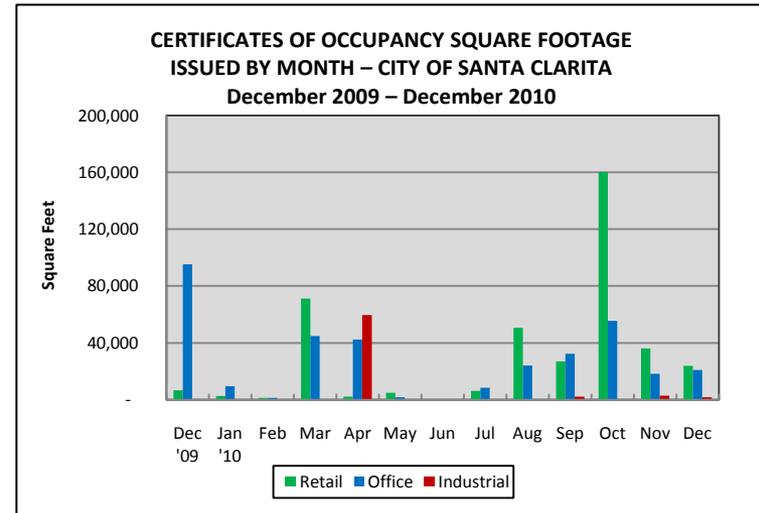
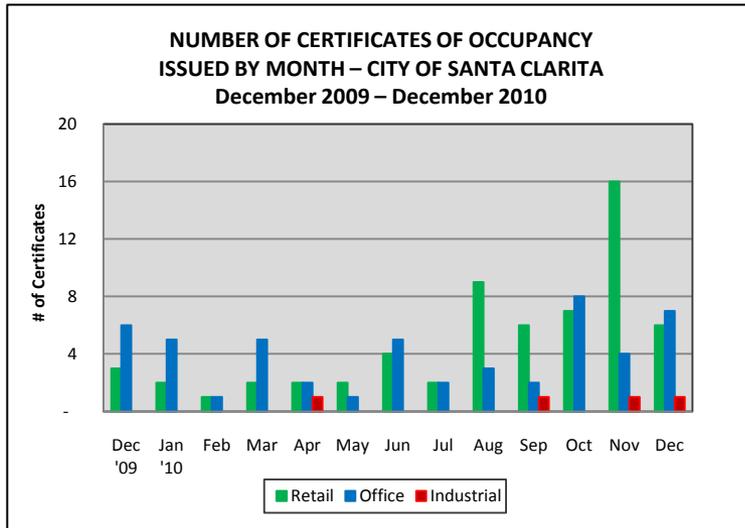
## New Residential Buildings

- Nine new single-family residential permits were issued in December 2010 by the City of Santa Clarita, down from the 26 permits for single-family residential permits in December 2009.

## Residential Additions/Alterations

- A total of 41 residential permits for additions and alterations were issued in December 2010, up 105% from the 20 residential permits for additions and alterations issued in December 2009.
- A total of 39 residential permits for additions and alterations issued in December 2010 or 95% were for single-family units, compared to 90% of the residential permits for additions and alterations in December 2009 being for single-family units.
- Of the additions/alterations in December 2010, 44% were for block walls, 22% were for photovoltaic, 12% were for patio covers, 7% for roofs, and 15% for other miscellaneous items.

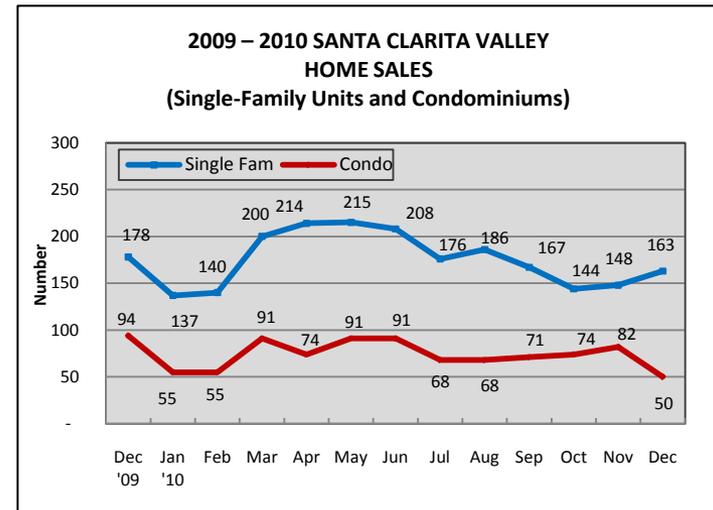
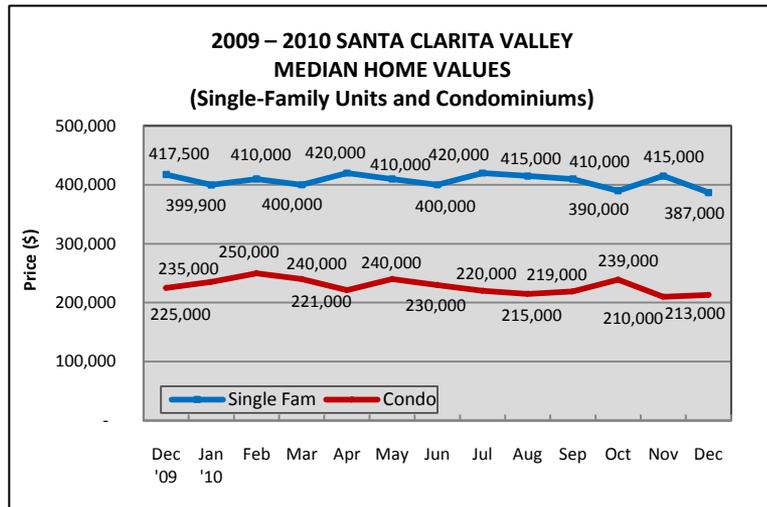
# Commercial/Industrial Certificates of Occupancy Issued



- In December 2010, a total of 14 Certificates of Occupancy were issued of which 7 were for office space, 6 were for retail space, and 1 for industrial space. These 14 Certificates of Occupancy represented an increase of 56% from 9 Certificates of Occupancy in December 2009.
- Certificates of Occupancy for December 2010 represented a total of 46,456 square feet of which 51% was for retail space, 45% was for office space, and the remaining 4% was for industrial space. This represented a 54% decrease from the 101,880 square feet of Certificates of Occupancy for retail, office, and industrial space issued in December 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.

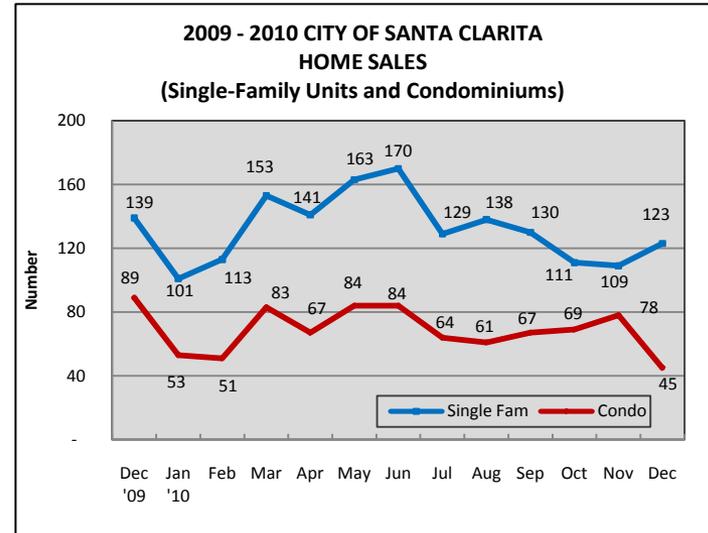
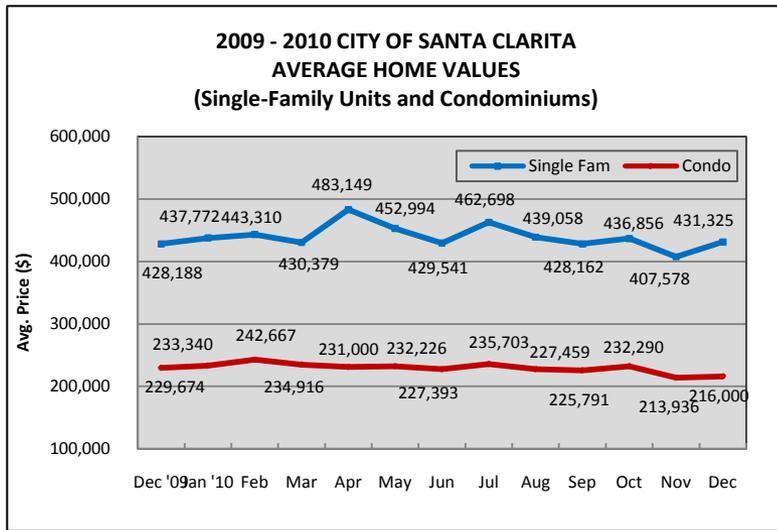
## Single-Family Homes

- Single-family median home values decreased 7% to \$387,000 in December 2010 from \$415,000 in November 2010, and were 7% below the median home value of \$417,500 in December 2009.
- A total of 163 single-family homes sold in December 2010, up 10% from November 2010, yet down 8% from one year ago.

## Multi-Family Homes/Condominiums

- Condominium prices increased 1% to \$213,000 in December 2010 from \$210,000 in November 2010, yet were down 5% from values in December 2009.
- Condominium sales dropped 39% to 50 sales in December 2010 from 82 sales in November 2010, and were down 47% from December 2009.

# City of Santa Clarita Housing Market



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

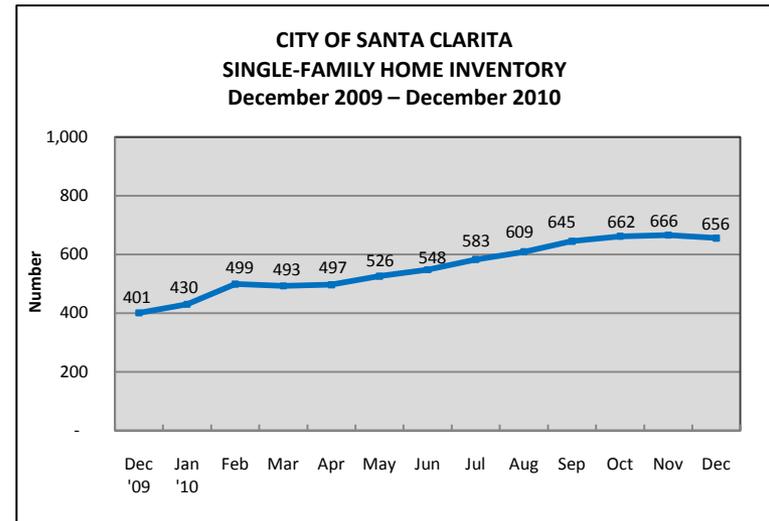
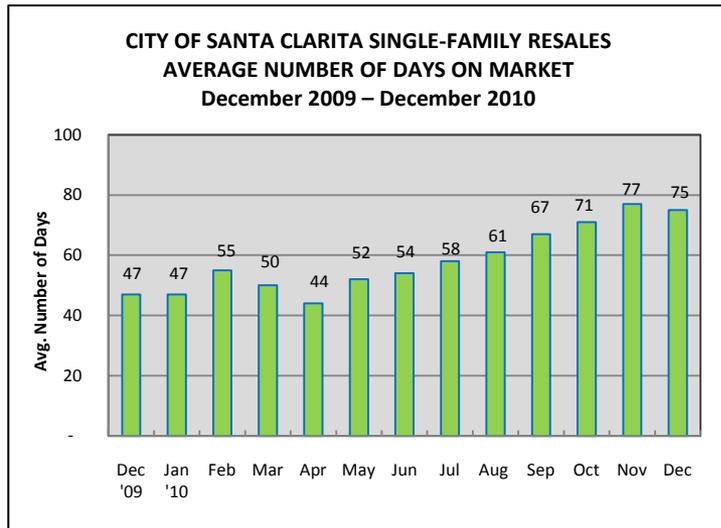
## Single-Family Homes

- Single-family average home values in December 2010 were \$431,300 or 6% above November 2010, and less than 1% above December 2009.
- Sales rose 13% to 123 single-family homes in December 2010 from November 2010, and were 12% lower than sales in December 2009.

## Multi-Family/Condominiums

- Condominium prices rose 1% to \$216,000 in December 2010 from November 2010, and decreased 6% from December 2009.
- Condominium sales dropped 42% to 45 units in the City of Santa Clarita in December 2010 from November 2010, and were 49% lower than sales volume in December 2009.

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

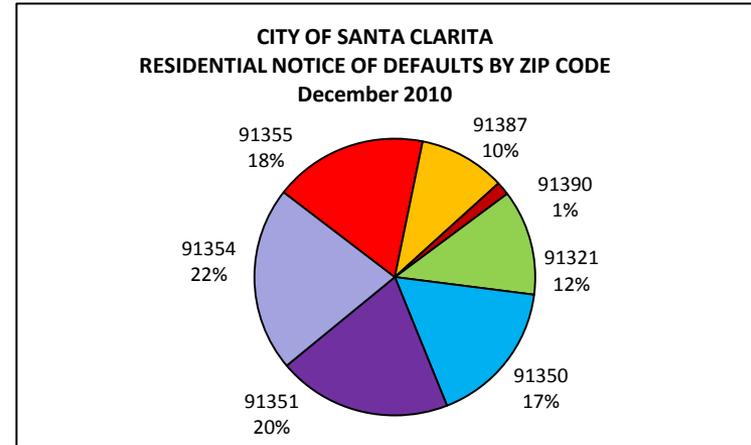
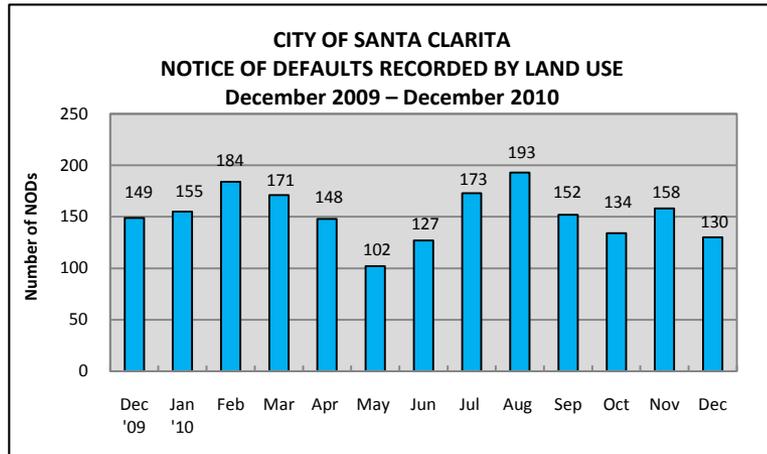


The City of Santa Clarita’s housing market has weakened from one year ago as it now takes longer for homes to sell and inventory levels continue to grow.

- In December 2010, homes were on the market for an average 75 days or 2.5 months, compared to 1.6 months in December 2009.
- Single-family inventory levels fell less than 2% in December 2010 to 656 homes from 666 in November 2010, and were 64% above inventory levels in December 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)

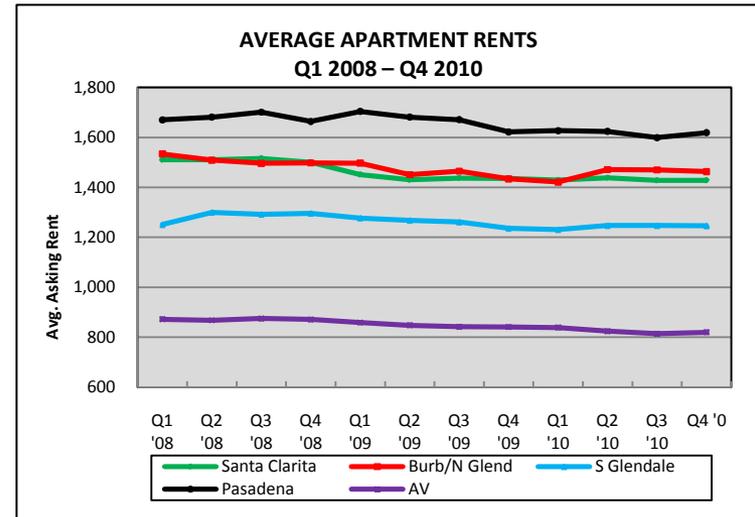
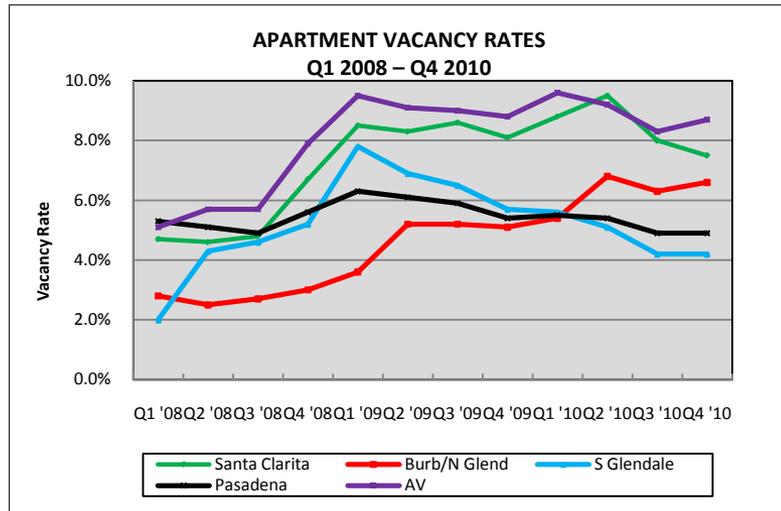


Notice of defaults were lower from one year ago and from the previous month.

- A total of 130 NODs were recorded in December 2010 in the City of Santa Clarita. The level of NODs is down 13% from the level in December 2009 and down 18% from November 2010.
- In December 2010, approximately 22% of the NODs were recorded in the 91354 zip code followed by 20% in 91351, 18% in 91355, 17% in 91350, 12% in 91321, and 10% in 91387. The remaining 1% was in 91390.
- Less than one-third or 31% of the NODs were on homes that previously sold in the \$200,000 - \$349,999 range while 27% sold in the \$350,000 - \$499,999 range. Additionally, 16% sold below \$200,000, 14% were in the \$500,000 - \$599,999 range, and 11% sold for at least \$600,000. The price range was unknown for the remaining 1%.

# Apartments: Vacancies & Average Rents

(Updated Quarterly)



## Apartment Vacancy Rates

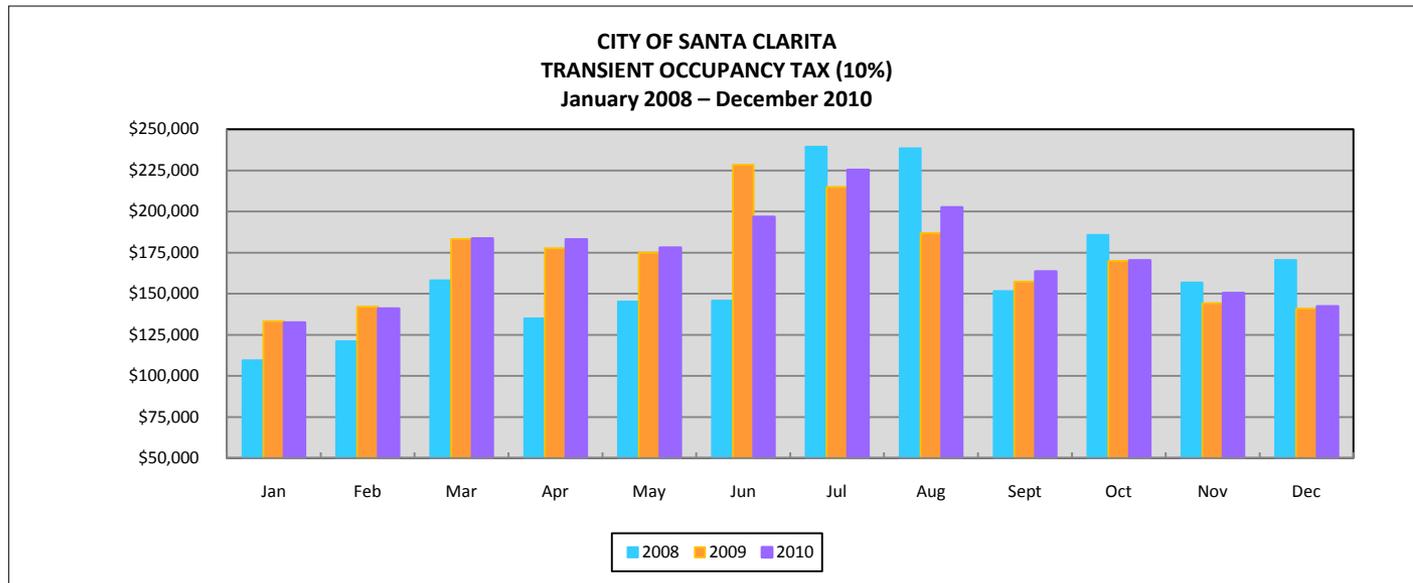
- The apartment vacancy rate during Fourth Quarter 2010 in Santa Clarita was 7.5%, which is lower than the Third Quarter vacancy rate of 8.0% as well as the 8.1% vacancy rate during Fourth Quarter 2009.
- In comparison, vacancy rates in Santa Clarita exceeded vacancy rates in Burbank/North Glendale,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

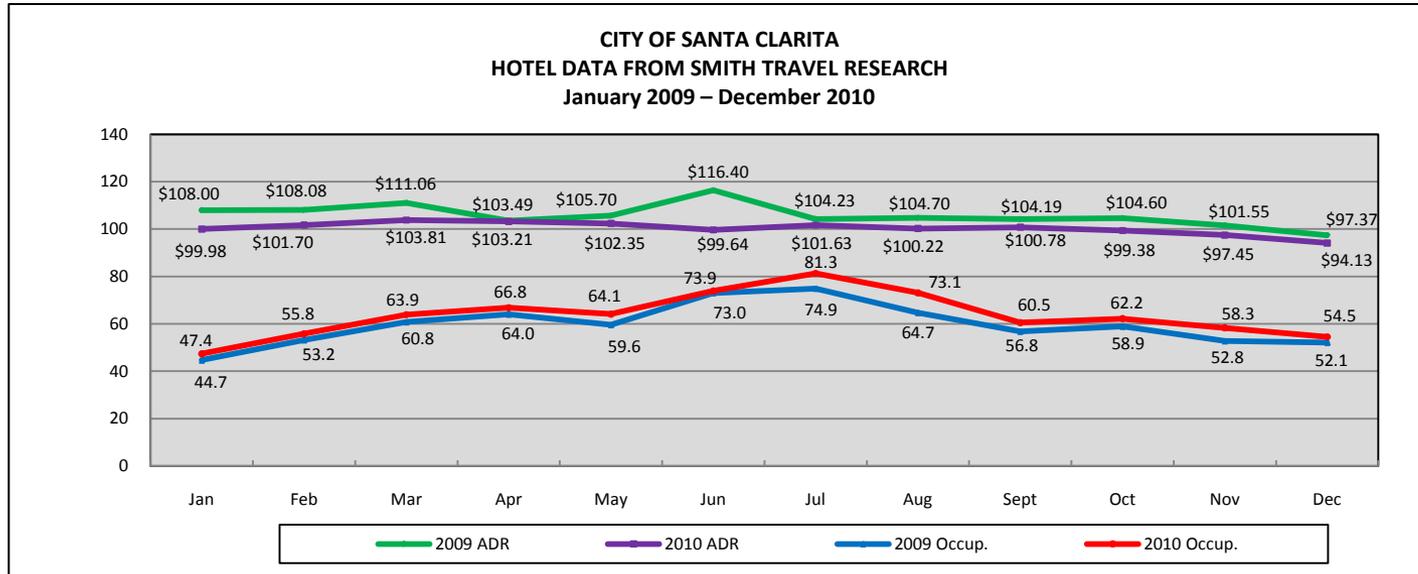
# Tourism: Transient Occupancy Tax



- In December 2010, the City of Santa Clarita collected \$142,385 in TOT, up 1.0% from \$140,978 in December 2009.
- Collectively for 2010, the City received \$2,069,432 in TOT, approximately 1% higher than the \$2,053,849 for 2009.
- TOT has increased on a year-to-date basis from \$1.96 million during in 2008 to \$2.05 million in 2009 and \$2.07 million in 2010.

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

# Tourism: Hotel Occupancy

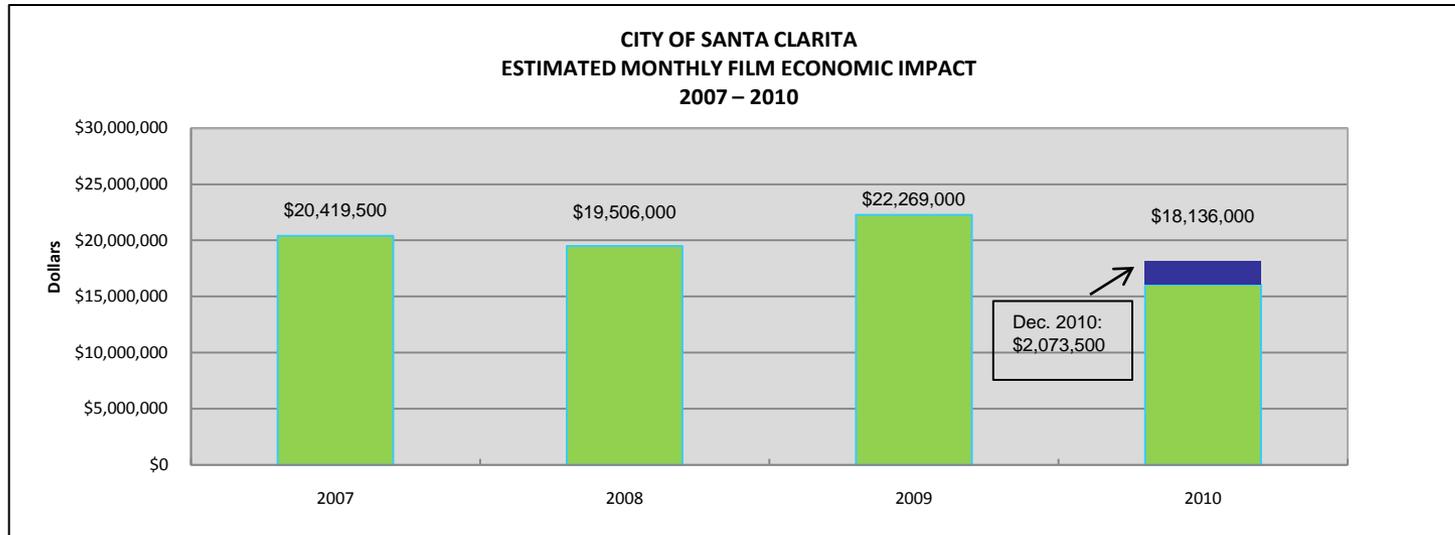


## Occupancy and Average Daily Revenue

- Smith Travel Research reported hotel occupancy in the City of Santa Clarita was 55% in December 2010, higher than the reported occupancy of 52% in December 2009.
- An average of 481 rooms of 882 available in the City were sold in December 2010 compared to 460 rooms of 882 available rooms in December 2009.
- In comparison, occupancy rates at hotels nationwide in December 2010 were at 46%, up 5% from December 2009.
- While occupancy rates increased nationwide, average daily revenue rose 3% to \$96.70, suggesting total revenue collected nationwide in December 2010 increased from December 2009.

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

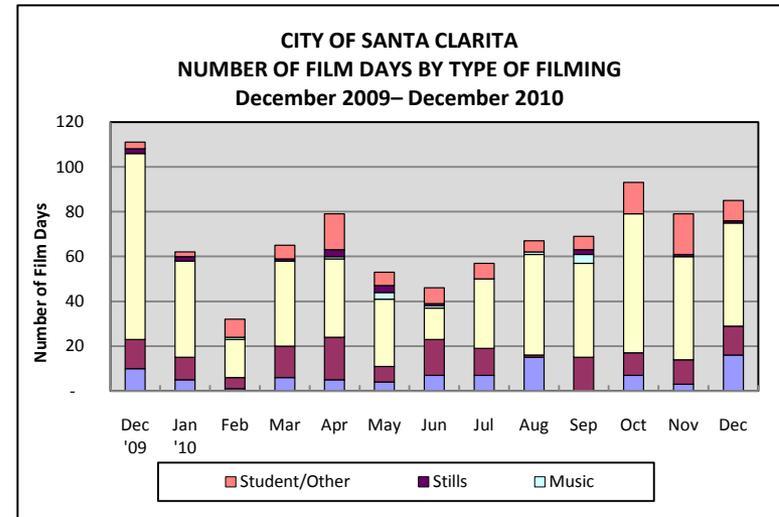
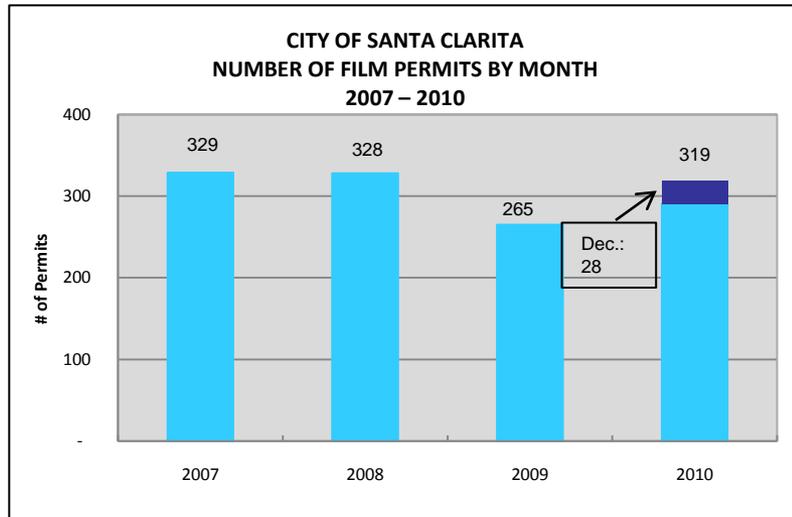
# On-Location Filming in The City of Santa Clarita



- The Economic Impact from location filming for December 2010 of \$2,073,500 was 31% below the impact in December 2009 of \$2,999,500.
- In 2010, the economic impact from location filming was \$18,136,000, down 19% from \$22,269,000 during 2009.
- 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.

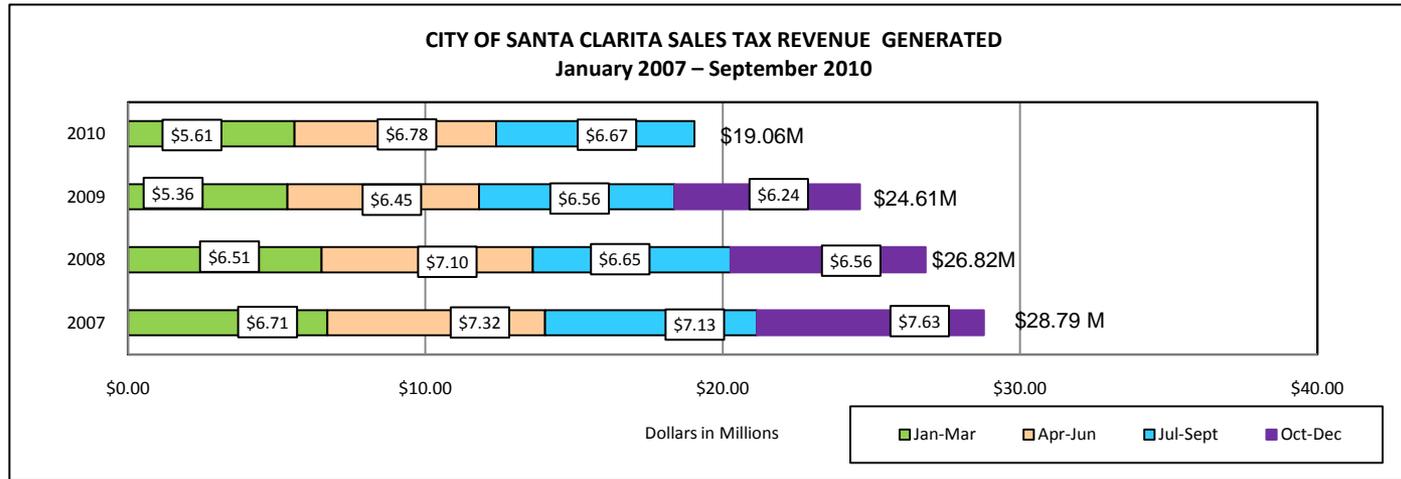
# On-Location Filming in The City of Santa Clarita



- In December 2010 a total of 28 film permits were issued within the City of Santa Clarita, up 17% from the 24 permits issued in December 2009.
- A total of 319 film permits were issued in 2010 in the City of Santa Clarita, up 20% from the 265 permits issued in 2009.
- There were a total of 85 filming days in December 2010, down 23% from 111 filming days in December 2009.
- December 2010 film days included: 54% for television shows, 19% for features, 15% for commercials, 11% for student/other projects, and 1% for stills. No production for music/video production occurred in December 2010 in the City of Santa Clarita.

# City of Santa Clarita Sales Tax

(Updated Quarterly)



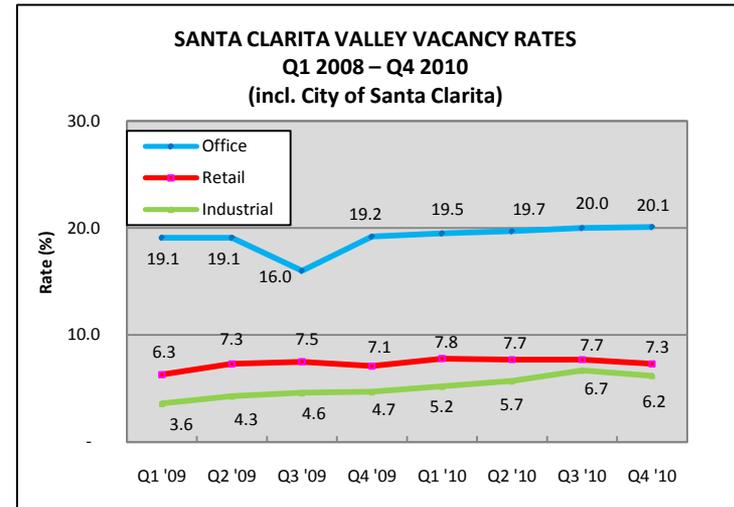
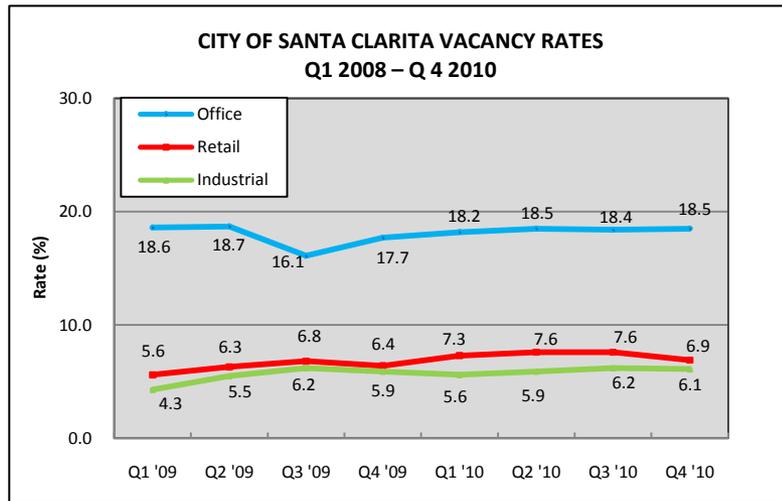
Sales tax generated in Third Quarter 2010 was above that generated during the Third Quarter 2009.

- 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



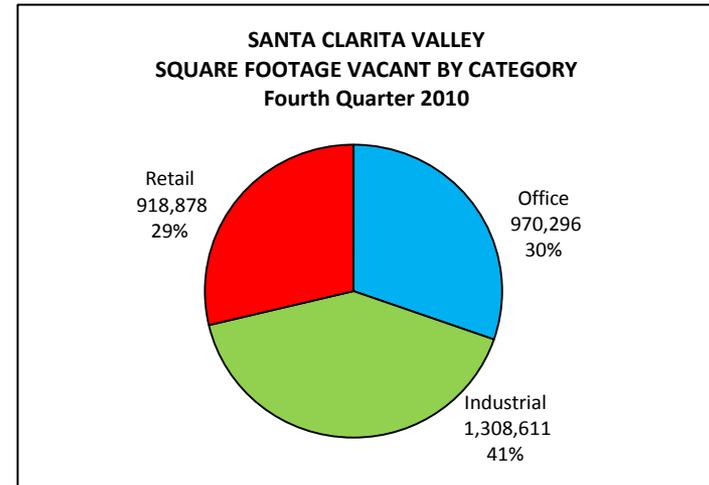
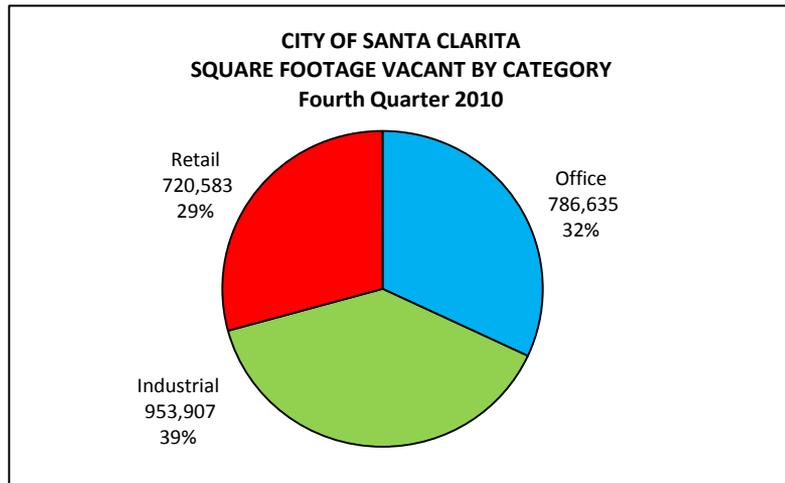
## City of Santa Clarita

- In the City of Santa Clarita, office vacancy rates increased in Fourth Quarter 2010 while retail and industrial vacancy rates decreased.
- During Fourth Quarter 2010, the City's office vacancy rate was 18.5% while the retail and industrial vacancy rates were 6.9% and 6.1%, respectively.
- In comparison, during 2008, office vacancy rates rose from 12.0% during First Quarter to 17.6% in Fourth Quarter while retail vacancies rose from 3.0% to 3.5% and industrial vacancy rates dropped from 5.0% to 4.1% during the same time period.

## Santa Clarita Valley (includes the City)

- In the entire Santa Clarita Valley (including the City), office vacancy rates increased in Fourth Quarter 2010 from the previous quarter, while retail and industrial vacancy rates decreased.
- The Santa Clarita Valley's office vacancy rate was 20.1%, while retail and industrial vacancy rates were 7.3% and 6.2%, respectively.
- During 2008, office vacancy rates rose from 11.6% in First Quarter to 18.2% in Fourth Quarter while retail vacancy rates also rose from 2.7% to 3.9% and industrial vacancy rates declined from 5.3% to 3.7% during the same time period.

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



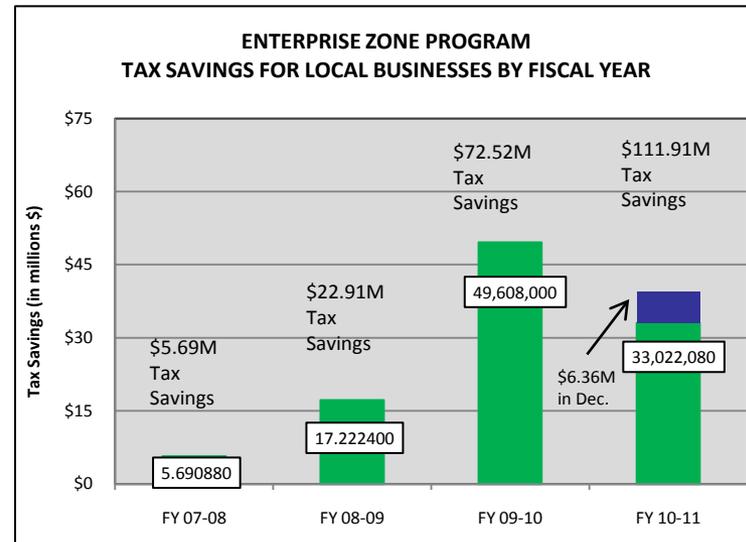
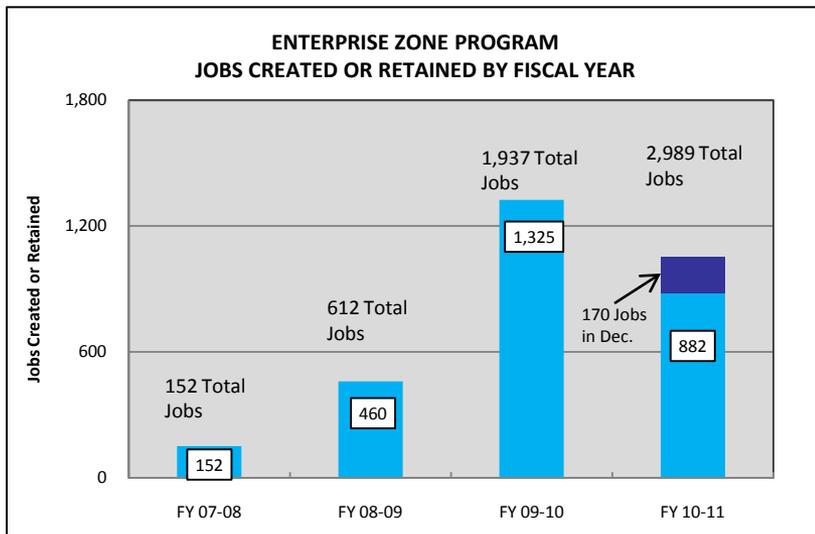
## **City of Santa Clarita**

- Within the City of Santa Clarita there is a total of 30,188,101 existing square feet for businesses of which 52% is industrial, 34% is retail, and 14% is office space.
- Only 8.2% or 2,461,125 square feet of the total space for businesses in the City is vacant. Of that amount vacant, 39% is industrial space, 32% is office, and 29% is retail space.

## **Santa Clarita Valley (includes the City)**

- In the entire Santa Clarita Valley there is a total of 38,665,605 existing square feet for businesses of which 55% is industrial, 32% is retail, and 13% is office space.
- Only 8.3% or 3,197,785 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

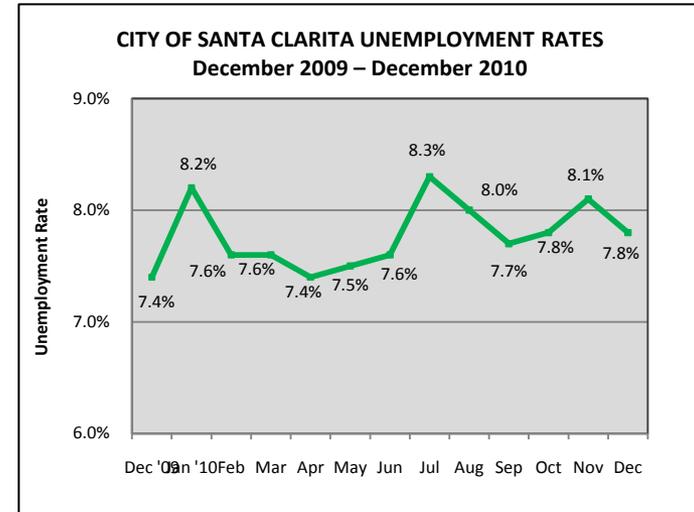
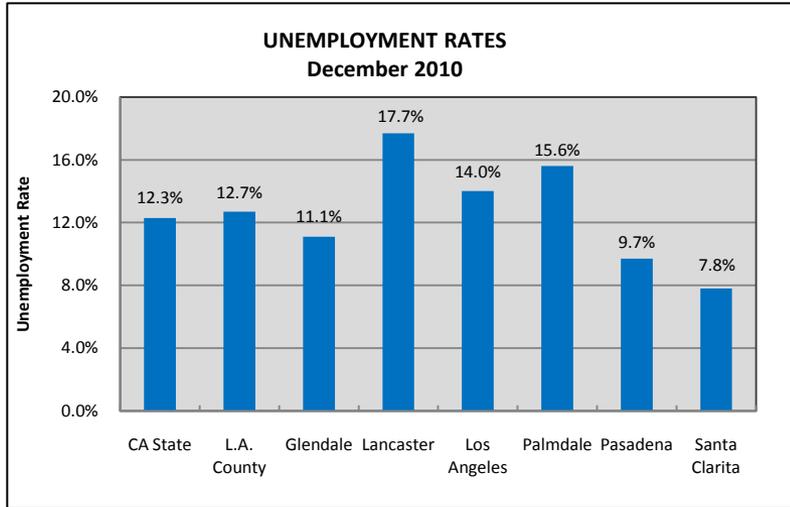


The Santa Clarita Enterprise Zone is a program that saves businesses money by providing special tax incentives from the State of California to businesses.

- Since the City's designation as an Enterprise Zone in 2007, a total of 2,989 jobs have been created or retained, which represents a potential tax savings to businesses of over \$111 million.
- In December 2010, 170 vouchers were issued for jobs created or retained as a result of the Enterprise Zone, representing just over \$6.3 million in potential tax savings.

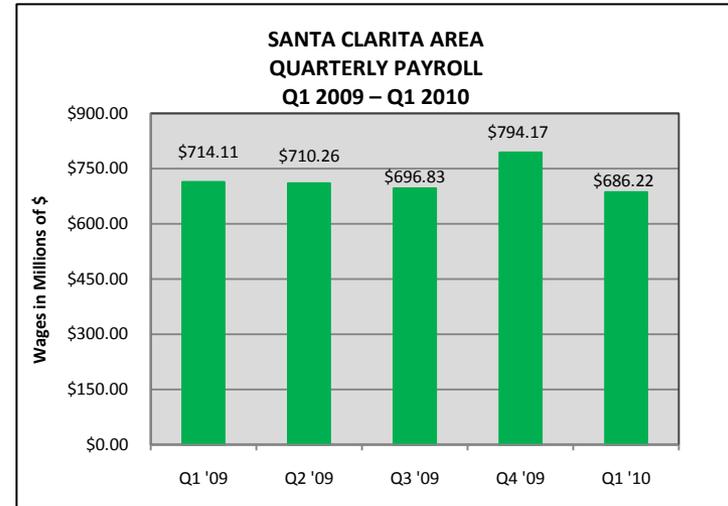
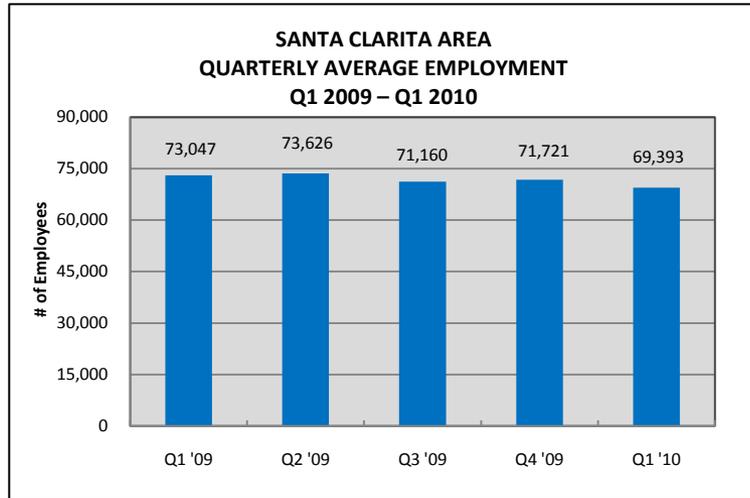
The City of Santa Clarita was awarded one of the State of California's 42 Enterprise Zone designations in 2007. The Enterprise Zone program provides tax incentives for businesses that locate in Santa Clarita and hire "qualified" employees or make "qualified" purchases. More information on the Enterprise 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 7.8% in December 2010 compared to 12.7% for Los Angeles County and 12.3% for the state.
- Unemployment in Santa Clarita in December 2010 of 7.8% was higher than the unemployment rate of 7.4% reported in December 2009.

# Employment and Wages

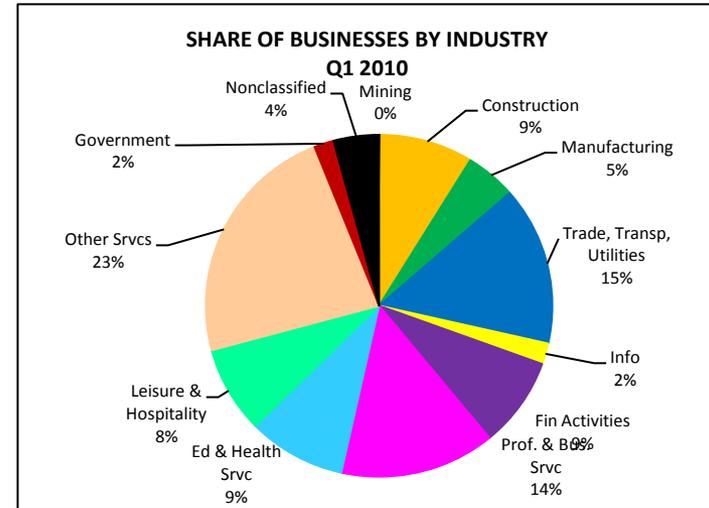
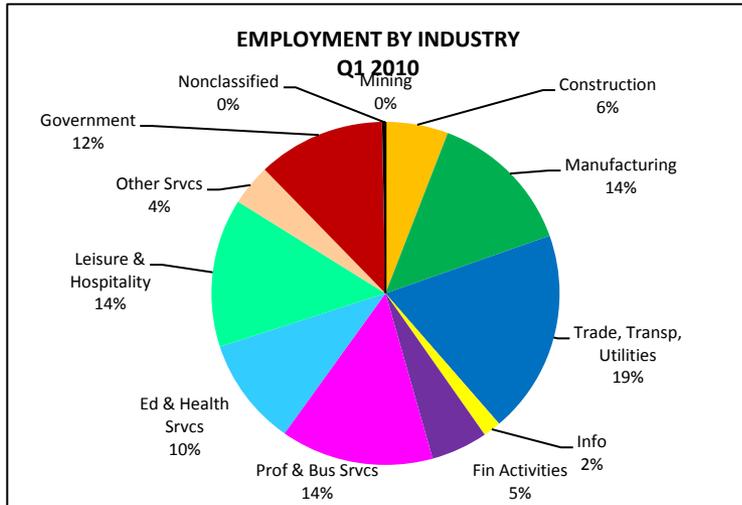


Employment as well as payroll in the Santa Clarita area have trended down from one year ago.

- 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. Updated data are expected with the January 2011 economic report.

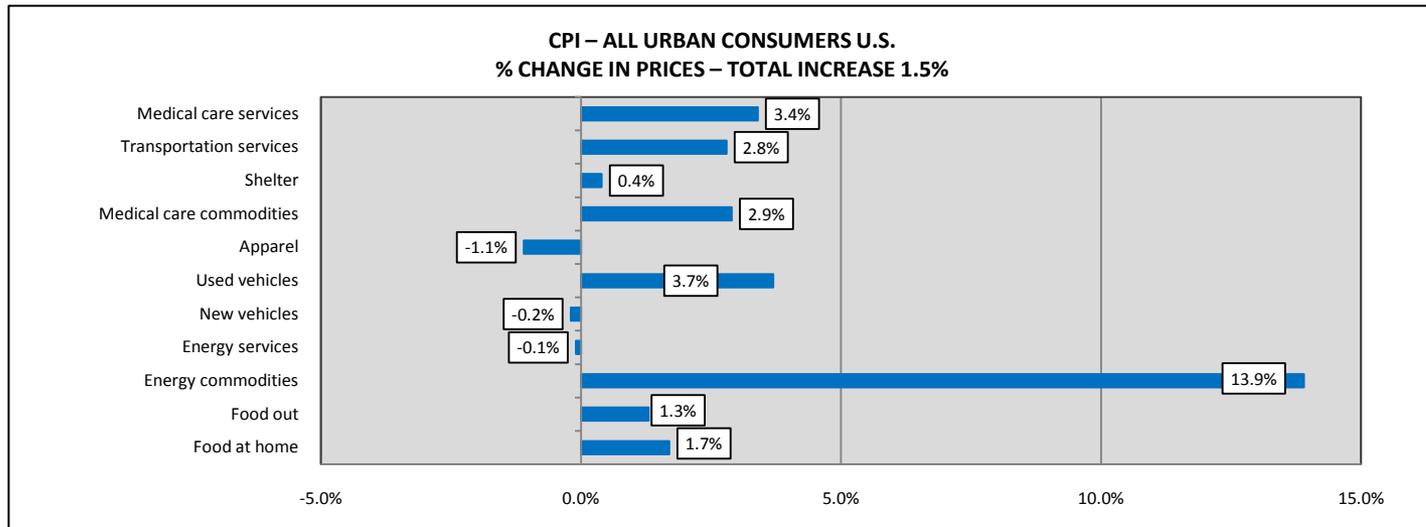
# Employment by Industry



- Trade, transportation, & utilities account for 19% of employment in the Santa Clarita area, but only 15% of the businesses.
- 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 December 2010 among all urban consumers for Los Angeles-Riverside-Orange County increased 1.3% compared to the national increase of 1.5%. Inflation in the Los Angeles metro area is higher than inflation level of 0.7% in November 2010.
- The higher inflation rate in December 2010 from one year ago reflects cost increases in almost all services and commodities with the exception of declines of 0.1% in energy services, 0.2% in new vehicles, and 1.1% in apparel.
- The highest year-over-year increase was seen in energy commodities with a 13.9% increase from the previous December. This large increase was due to a 13.8% year-over-year increase in gasoline compared to a 7.3% increase in November and a 16.5% year-over-year increase in fuel oil increased compared to 11.1% in November.

# 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

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