



Santa Clarita Economic Snapshot

March 2011

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Created by the City of Santa Clarita
Economic Development Division



Overview

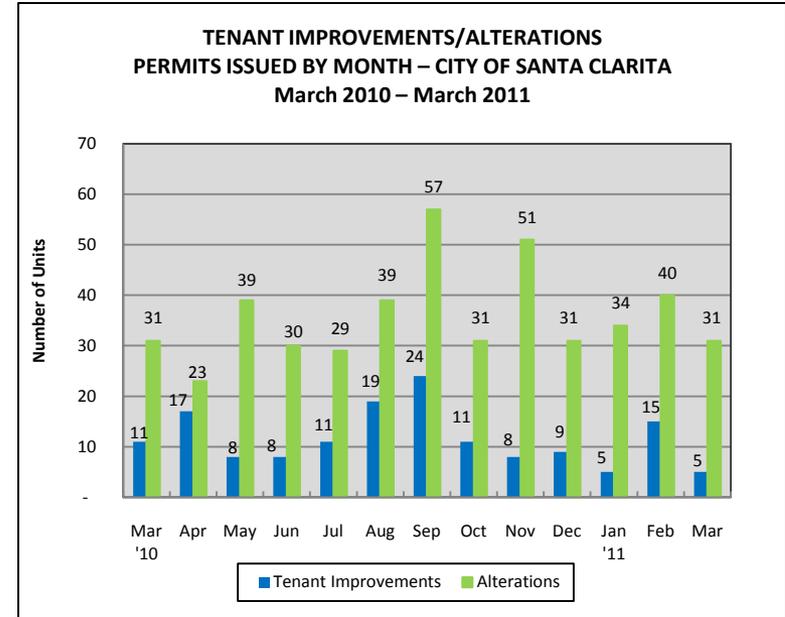
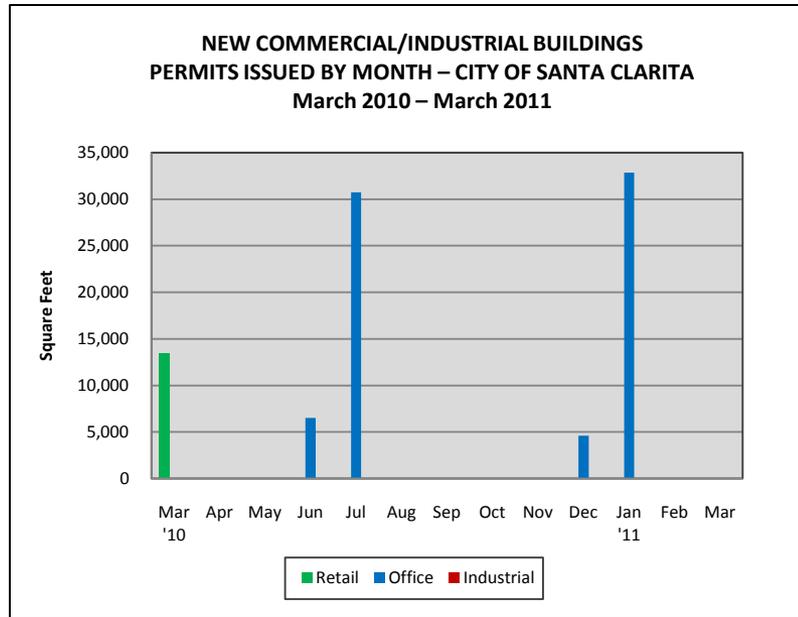
The information presented in this report helps to create a snapshot of the overall fiscal health of Santa Clarita. **The overall results are somewhat mixed with some indicators weakening and others continuing to strengthen.**

Indicators being tracked include:

- Residential, Commercial and Industrial building permits issued for new buildings as well as alterations, improvements, and additions;
- Certificates of Occupancy issued;
- Median value of single-family homes and condominiums;
- Total number of single-family homes and condominiums sold;
- Average number of days on the market and inventory levels for single-family homes;
- Apartment vacancy rates and average asking rents;
- Number of notice of defaults recorded in Santa Clarita;
- Economic impact of the film industry on Santa Clarita;
- Number of film permits and types of filming in Santa Clarita;
- Average room rate and occupancy rate of local hotels;
- Amount of sales tax revenue and transient occupancy tax generated;
- Vacancy rates for the office, commercial and retail sectors and available square footage;
- Jobs created/retained and tax savings in Enterprise Zone;
- Unemployment rates;
- Employment and wages in the City of Santa Clarita; and,
- Consumer price index measuring inflation.

Reports are generated monthly. Periodically, more detailed data are available quarterly or annually.

Commercial Permits Issued



New Commercial/Industrial Buildings

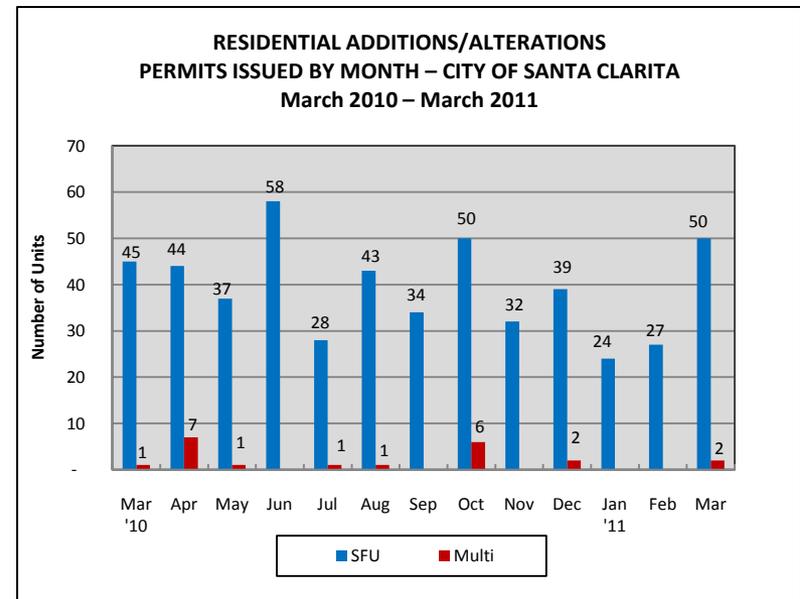
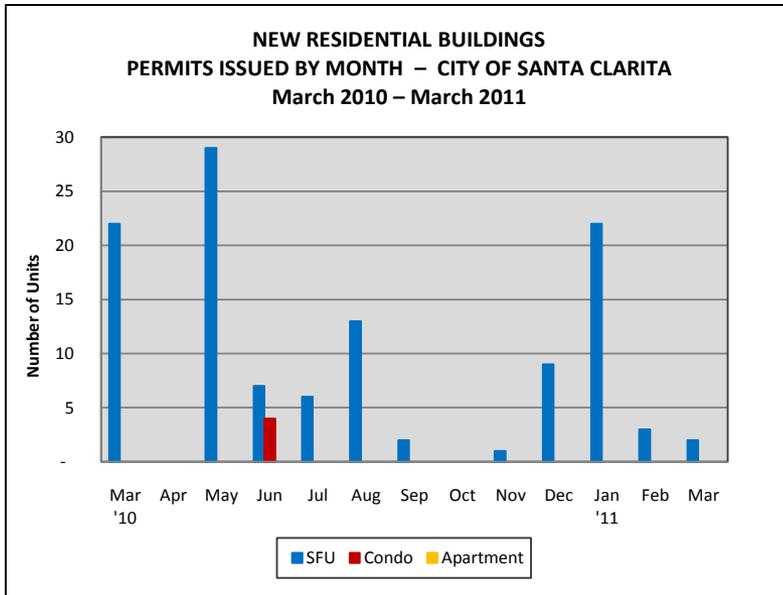
- No new permits for commercial space were issued in March 2011 by the City of Santa Clarita, compared to one new permit for retail space issued in March 2010 for a total of 13,490 square feet.

Tenant Improvements/Alterations

- A total of 5 building permits for tenant improvements were issued in March 2011, down 67% from the 15 permits in February 2011 and down 55% from the 11 permits in March 2010.
- In March 2011, a total of 31 permits for commercial alterations were issued, down 23% from the 40 permits in February 2011 and unchanged from the 31 commercial alterations in March 2010.
- Of the 31 commercial alterations permitted in March 2011, 13 or 42% were for signage, 10 or 32% were for fire protection equipment, 2 or 7% were for tents, and the remaining 6 or 19% 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



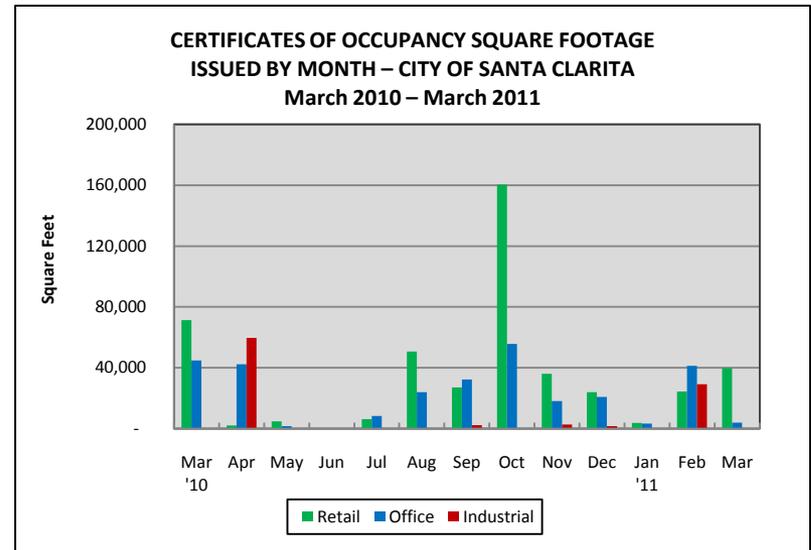
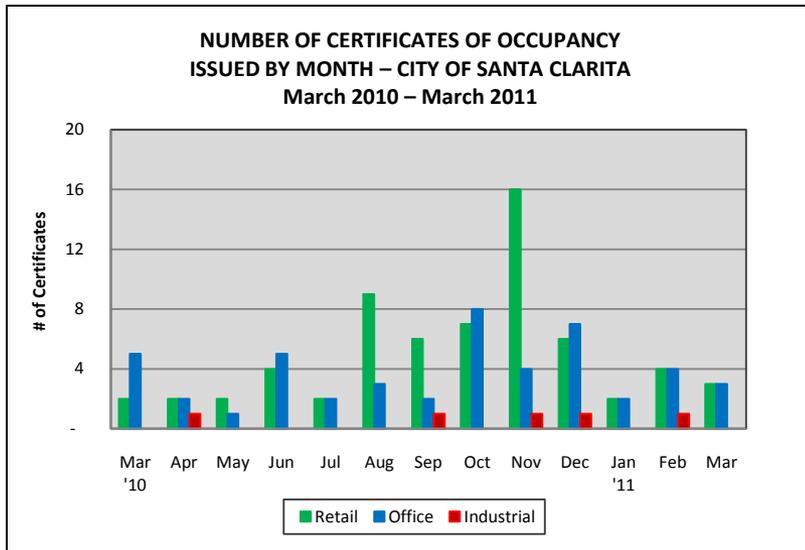
New Residential Buildings

- Two new single-family residential permits were issued in March 2011 by the City of Santa Clarita, down 91% from 22 permits issued for single-family residential homes in March 2010.

Residential Additions/Alterations

- A total of 52 residential permits for additions and alterations were issued in March 2011, up 13% from the 46 residential permits for additions and alterations issued in March 2010.
- Almost all, 50, or 96% of the residential permits for additions and alterations issued in March 2011 were for single-family units, compared to 98% of the residential permits for additions and alterations in March 2010.
- Of the additions/alterations in March 2011, 27% were for patio covers, 21% were for photovoltaic, 17% were for roofs, 11% were for pools/spas, 10% were for block walls, 4% each were for mezzanines/lofts and decks, and 6% for other miscellaneous items.

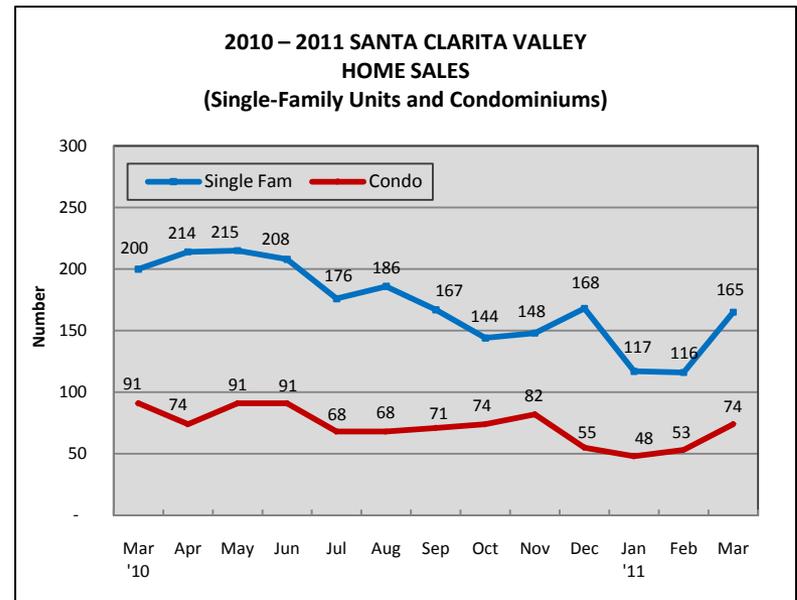
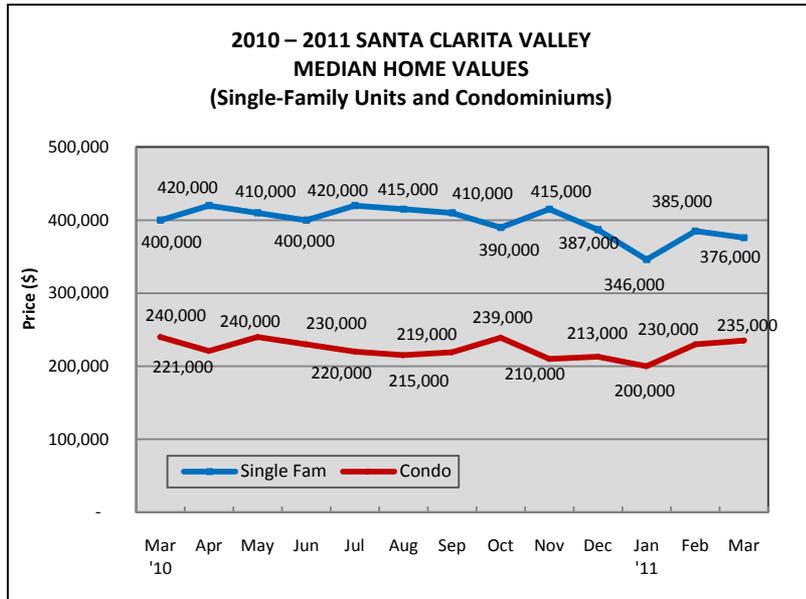
Commercial/Industrial Certificates of Occupancy Issued



- In March 2011, a total of 6 Certificates of Occupancy were issued of which 3 each were for retail and office space. These 6 Certificates of Occupancy represented a decrease of 14% from 7 Certificates of Occupancy in March 2010.
- Certificates of Occupancy for March 2011 represented a total of 43,861 square feet of which 91% was for retail space and the remaining 9% was for office space. This represented a significant 62% decrease from the 116,038 square feet of Certificates of Occupancy for retail and office space issued in March 2010.

Certificates of Occupancy are issued prior to any building or structure being occupied and are required for all businesses in the City of Santa Clarita. A Certificate of Occupancy ensures the safety of occupants and the public by certifying the building meets the requirements for the occupancy group of the proposed business, California Building Codes, and local ordinances governing construction and occupancy.

Santa Clarita Valley Housing Market (Including the City of Santa Clarita)



In the Santa Clarita Valley (inclusive of the City of Santa Clarita), single-family sales volume appears to have rebounded to levels in the Fall of 2010 while values continue to fluctuate.

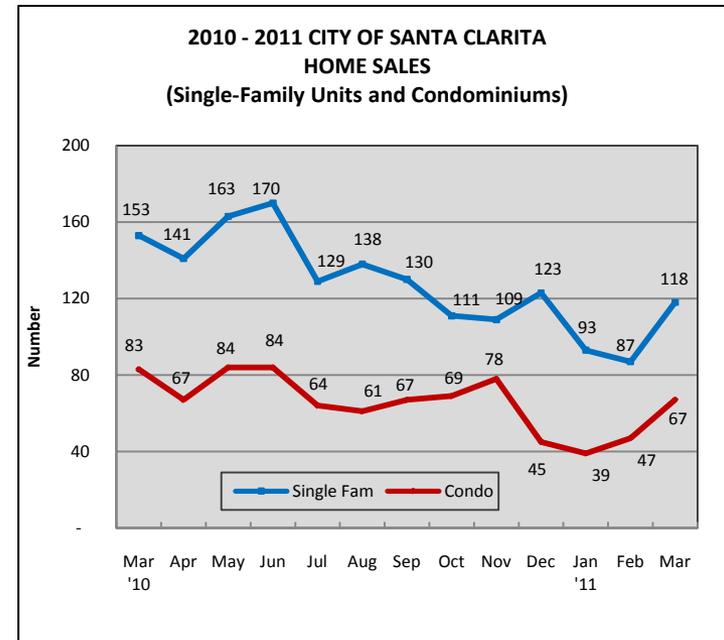
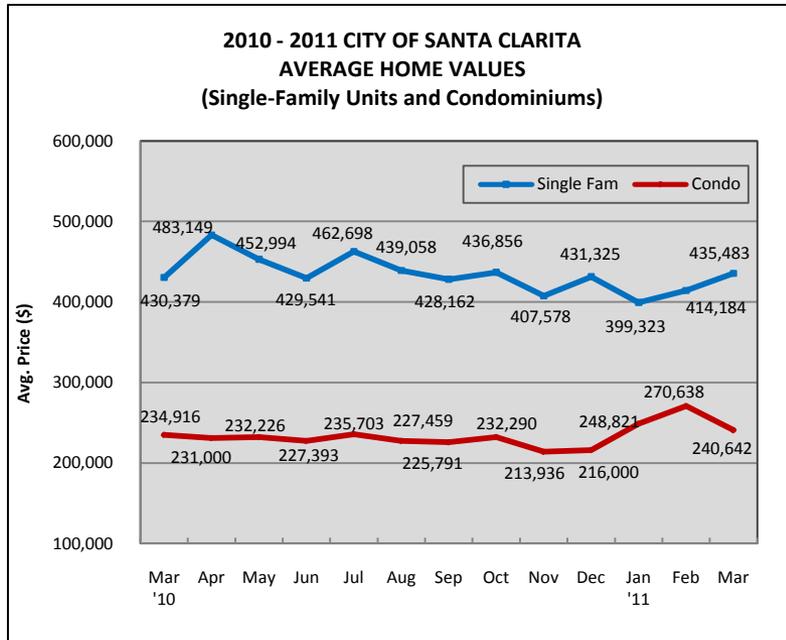
Single-Family Homes

- Single-family median home values decreased 2% to \$376,000 in March 2011 from \$385,000 in February 2011, and were 6% below the median home value of \$400,000 in March 2010.
- A total of 165 single-family homes sold in March 2011, up 42% from 116 homes sold in February 2011, yet down 18% from one year ago.

Multi-Family Homes/Condominiums

- Condominium prices increased 2% to \$235,000 in March 2011 from \$230,000 in February 2011, yet were down 2% from values in March 2010.
- Condominium sales rose 40% to 74 sales in March 2011 from 53 sales in February 2011, but were down 19% from sales in March 2010.

City of Santa Clarita Housing Market



In the City of Santa Clarita, average home values continue to fluctuate while sales volume has dropped from Spring 2010.

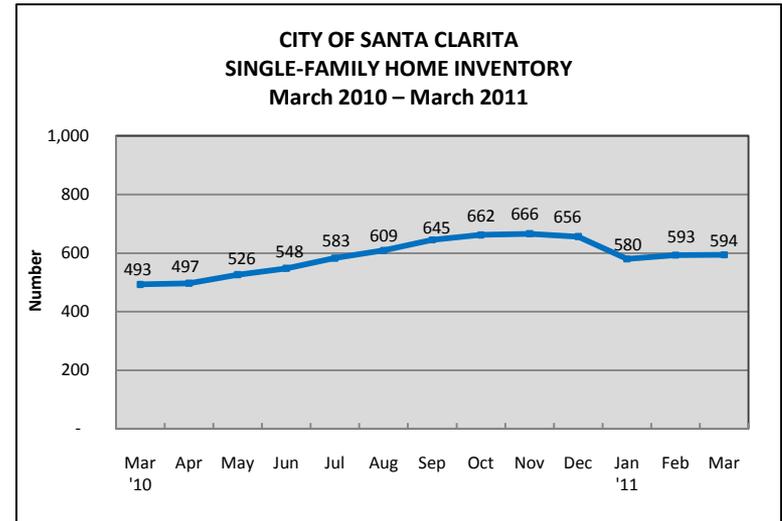
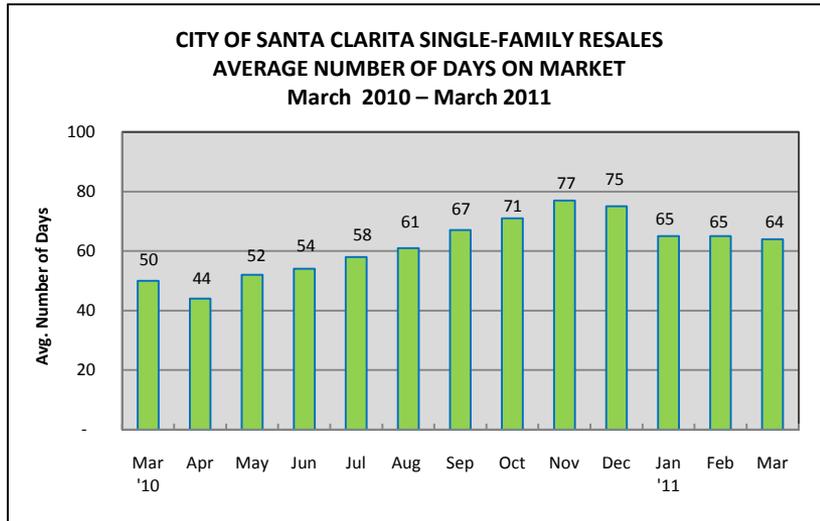
Single-Family Homes

- Single-family average home values in March 2011 were \$435,500 or 5% above February 2011, and 1% above March 2010.
- Sales rose 36% to 118 single-family homes in March 2011 from February 2011, yet were 23% lower than sales in March 2010.

Multi-Family/Condominiums

- Condominium prices fell 11% to \$240,600 in March 2011 from February 2011, yet rose 2% from March 2010.
- Condominium sales increased 43% to 67 units in the City of Santa Clarita in March 2011 from February 2011, yet were 19% lower than sales volume in March 2010.

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

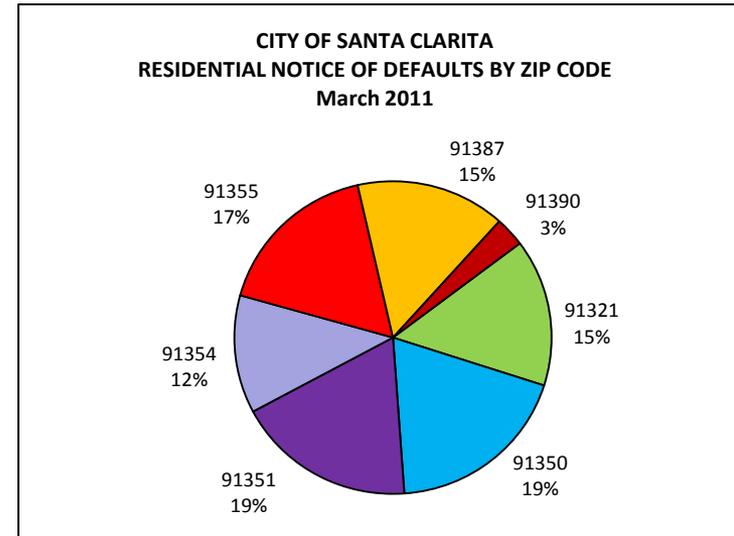
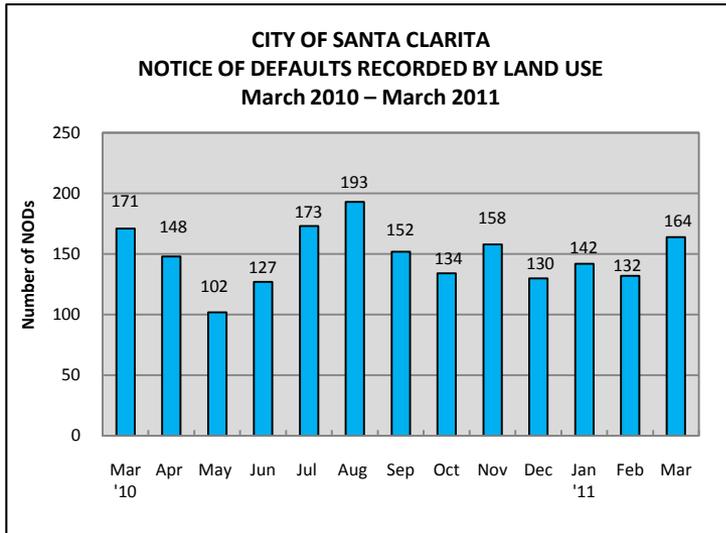


The City of Santa Clarita’s housing market has improved from Fall 2010 as it now takes fewer days for homes to sell, yet inventory levels have been level the past couple of months.

- In March 2011, homes were on the market for an average 64 days or 2.1 months, compared to 2.6 months in Fall 2010 and compared to 1.7 months in March 2010.
- Single-family inventory levels remained relatively unchanged in March 2011 at 594 homes from February 2011, yet were 20% above inventory levels in March 2010.

Another indicator of the strength of the housing market is average days on the market. A larger number of days indicates homeowners are having a harder time selling their homes.

City of Santa Clarita: Notice of Defaults (NODs)

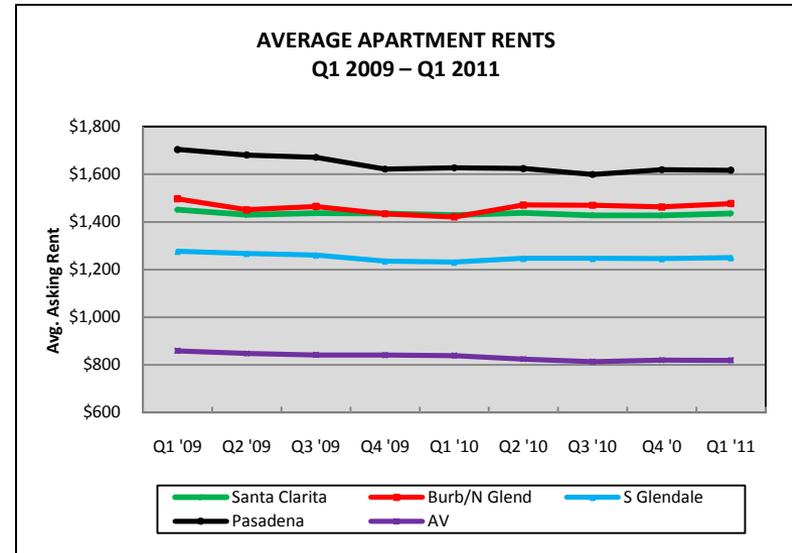
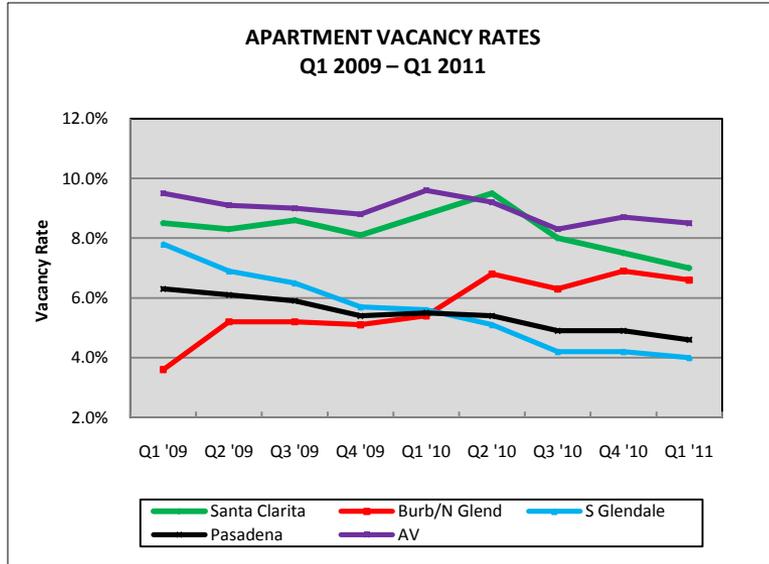


Notice of defaults were lower from one year ago, yet higher from the previous six months.

- A total of 164 NODs were recorded in March 2011 in the City of Santa Clarita. The level of NODs is down 4% from the level in March 2010, yet up 24% from February 2011.
- In March 2011, approximately 19% each of the NODs were recorded in the 91350 and 91351 zip codes followed by 17% in 91355, 15% each in 91321 and 91387, and 12% in 91354 . The remaining 3% were in 91390.
- Close to one-third or 30% of the NODs were on homes that previously sold \$350,000 - \$499,999 range while 28% sold in the \$200,000 - \$349,999 range and 22% sold below \$200,000. Additionally, 10% sold for at least \$600,000 and 6% sold in the \$500,000 - \$599,999 range. The price range was unknown for the remaining 4%.

Apartments: Vacancies & Average Rents

(Updated Quarterly)



Apartment Vacancy Rates

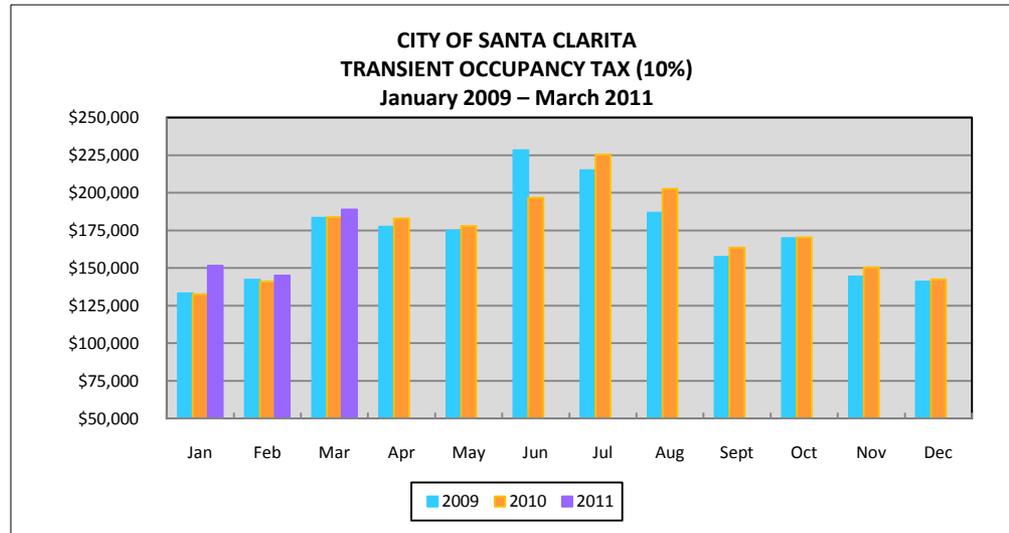
- The apartment vacancy rate during First Quarter 2011 in Santa Clarita was 7.0%, which is lower than the Fourth Quarter vacancy rate of 7.5% as well as the 8.8% vacancy rate during First Quarter 2010.
- In comparison, vacancy rates in Santa Clarita exceeded vacancy rates in Burbank/North Glendale, Pasadena, and South Glendale/Highland Park areas.
- Santa Clarita's vacancy rate during First Quarter 2011 was higher than the rates of 4.5% for the Los Angeles metro area, 5.3% for the Western U.S., and 6.2% for the entire U.S.

Average Rental Rates

- Average rents in Santa Clarita of \$1,435 during First Quarter 2011 were slightly higher than the \$1,429 average rent during First Quarter 2010, and tend to be comparable to those in the Burbank/North Glendale area yet 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 \$5 and \$28, respectively. Rents in Santa Clarita are lower than those in Los Angeles for two- and three-bedroom apartments by \$165 and \$249, respectively.

Apartment data are released quarterly. Second Quarter 2011 data will be available in the June 2011 economic snapshot.

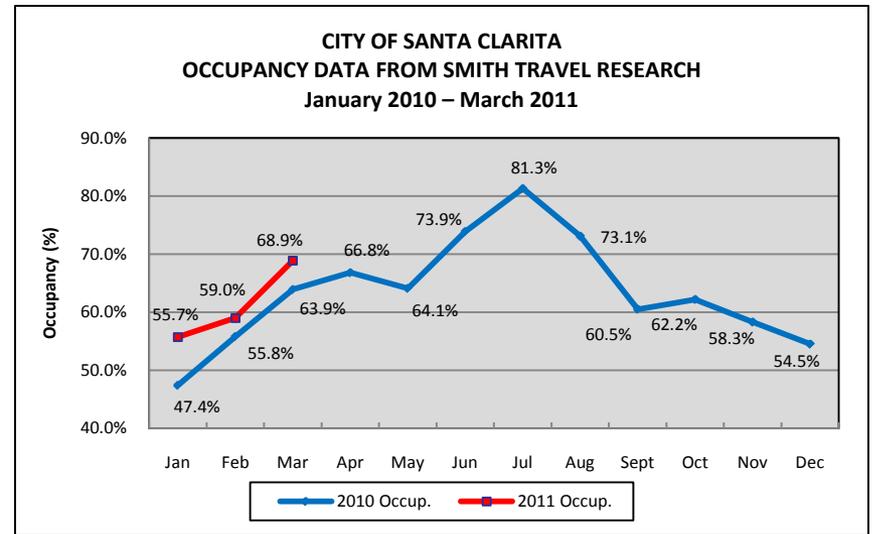
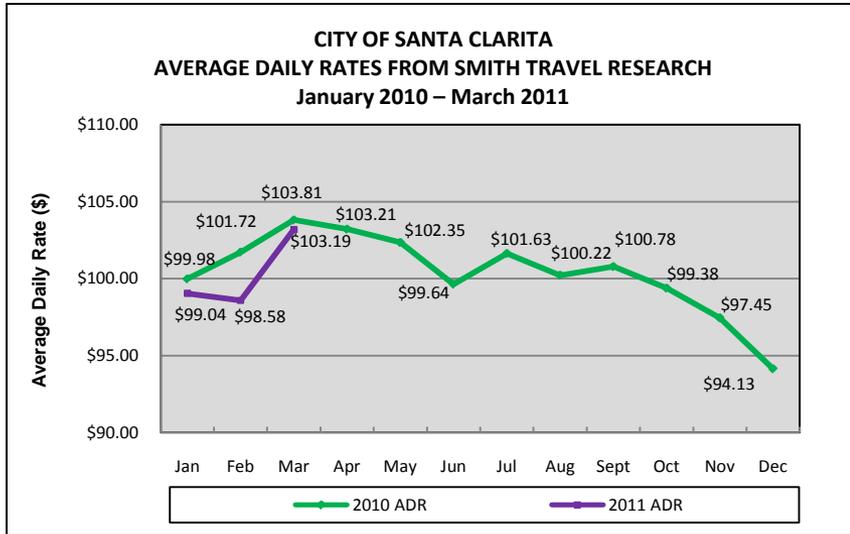
Tourism: Transient Occupancy Tax



- In March 2011, the City of Santa Clarita collected \$188,792 in TOT, up 2.8% from \$183,711 in March 2010.
- This year-over-year increase in TOT follows a 0.2% decrease in TOT from \$183,291 in March 2009 to March 2010.
- On a year-to-date (YTD) basis, TOT increased 6.1% to \$485,195 for March 2011 YTD from \$457,167 in March 2010 YTD. In comparison, the March 2010 YTD TOT had decreased 0.3% from \$458,735 in March 2009 YTD.

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

Tourism: Hotel Occupancy

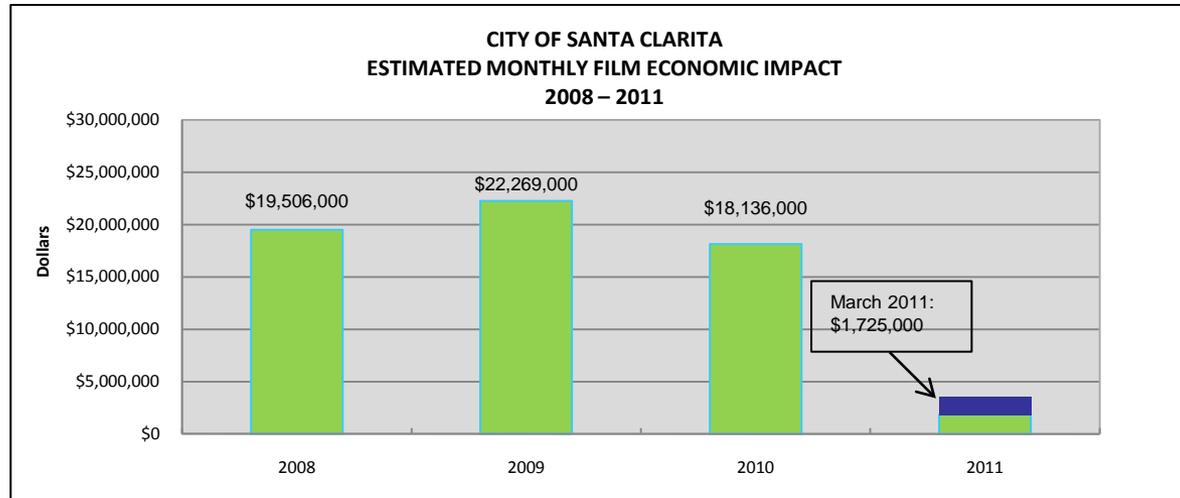


Occupancy and Average Daily Rate (ADR)

- Smith Travel Research reported hotel occupancy in the City of Santa Clarita was 69% in March 2011 or 8% higher than the reported occupancy of 64% in March 2010.
- An average of 608 rooms of 882 available in the City were sold in March 2011 compared to 564 rooms of 882 available rooms in March 2010.
- In comparison, occupancy rates at hotels nationwide in March 2011 were at 61%, up 6% from March 2010.
- Occupancy rates increased nationwide and average daily rates increased 4% to \$101.72, suggesting total revenue collected nationwide in March 2011 increased from March 2010.

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

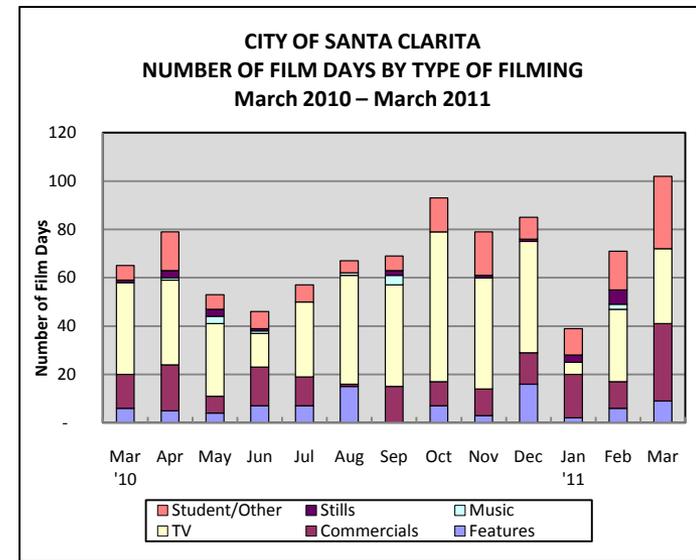
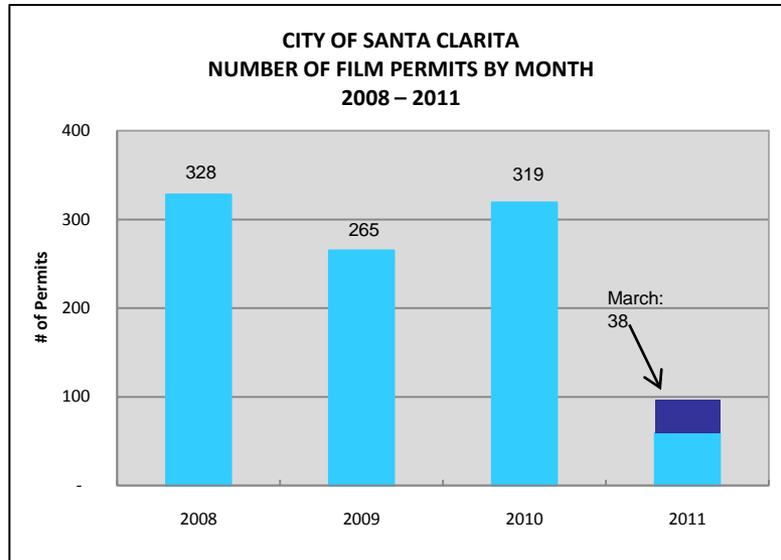
On-Location Filming in The City of Santa Clarita



- The Economic Impact from location filming for March 2011 of \$1,725,000 was 12% above the impact in March 2010 of \$1,544,000.
- The economic impact from location filming in March 2011 was up 55% above the impact in March 2008 at \$1,116,000.
- Despite the increase in March 2011 from the previous March, the economic impact for March 2011 YTD is down 6% to \$3,565,500 from \$3,787,000 in March 2010 YTD. However, the year-to-date economic impact is up 61% from \$2,218,000 in March 2008 YTD.
- Most productions are working on reduced budgets and as a result are spending more time in studios rather than on-location filming. The City does not track the activity of studio filming.

Estimated economic impact is the estimated money spent by production companies at local businesses including, but not limited to, location rental, food/catering, hotels, gas, expendables, building supplies, and arts & crafts supplies. Data contained on this page includes the economic impact of on-location filming only and does not include filming completed in studios or soundstages.

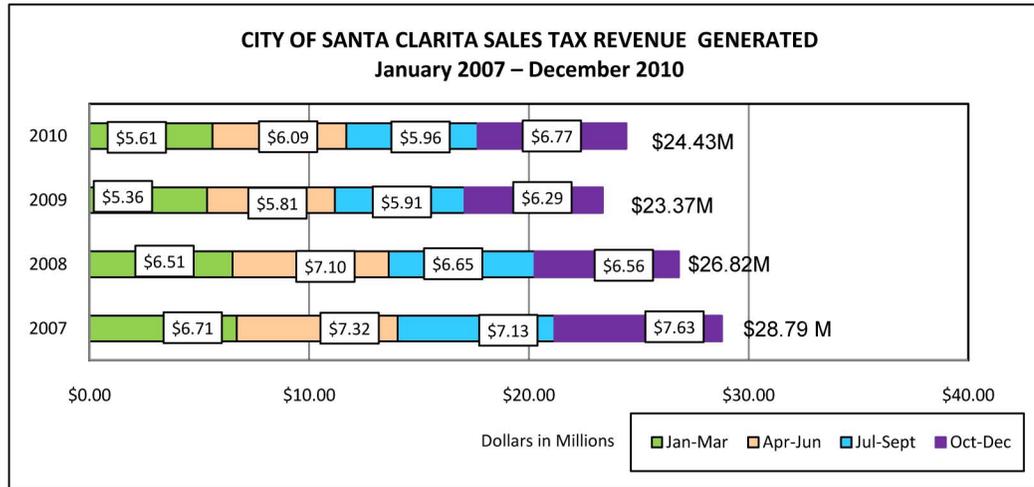
On-Location Filming in The City of Santa Clarita



- In March 2011 a total of 38 film permits were issued within the City of Santa Clarita, up 9% from the 35 permits issued in March 2010.
- A total of 97 film permits were issued for March 2011 year-to-date, up 21% from 80 film permits issued during March 2010 year-to-date.
- There were a total of 102 filming days in March 2011, up 57% from 65 filming days in March 2010.
- March 2011 film days included: 31% for commercials, 30% each for television shows and student/other projects, and 9% for features. No filming for music/video production or stills occurred in March 2011 in the City of Santa Clarita.

City of Santa Clarita Sales Tax

(Updated Quarterly)



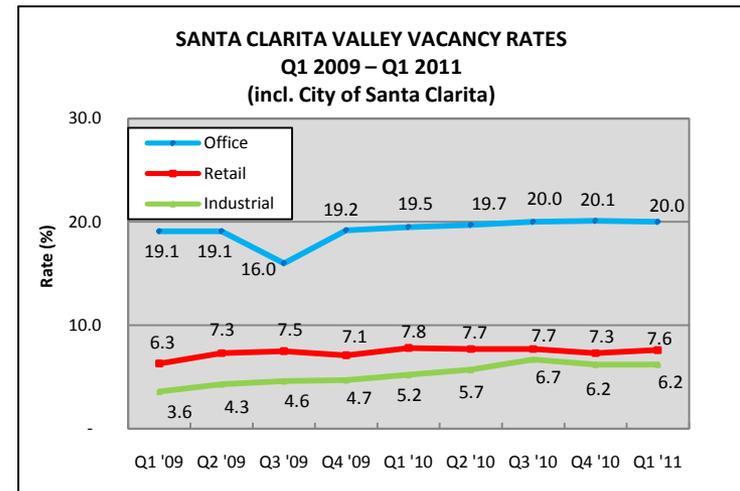
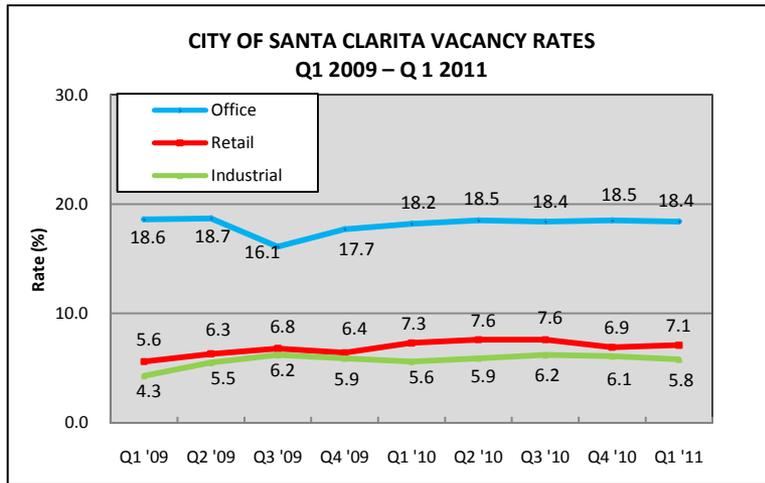
Sales tax generated in Fourth Quarter 2010 was above that generated during the Fourth Quarter 2009.

- In October – December 2010, a total of \$6.77 million in sales tax revenue was generated, up 7.7% from \$6.29 million generated in October – December 2009, but down 11.2% from the high of \$7.63 million in Fourth 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 Fourth Quarter 2010. First Quarter 2011 data will be published in the June 2011 Economic Snapshot. The sales tax figures contained in this slide represent Point of Sale revenue received only and does not include State and County pool allocations.

Commercial Vacancy Rates: City of Santa Clarita and Santa Clarita Valley



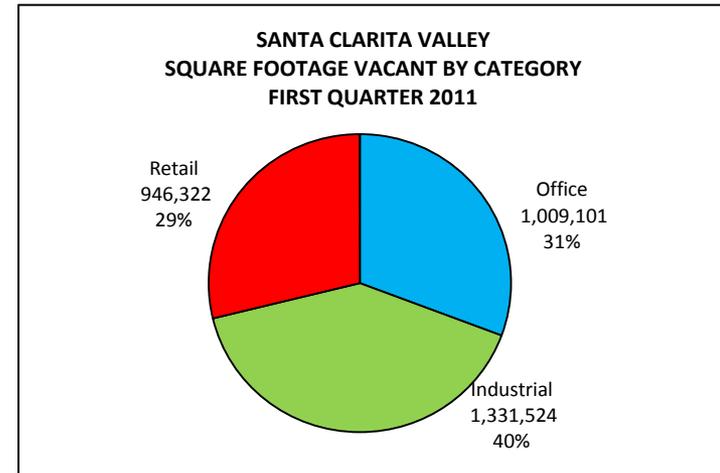
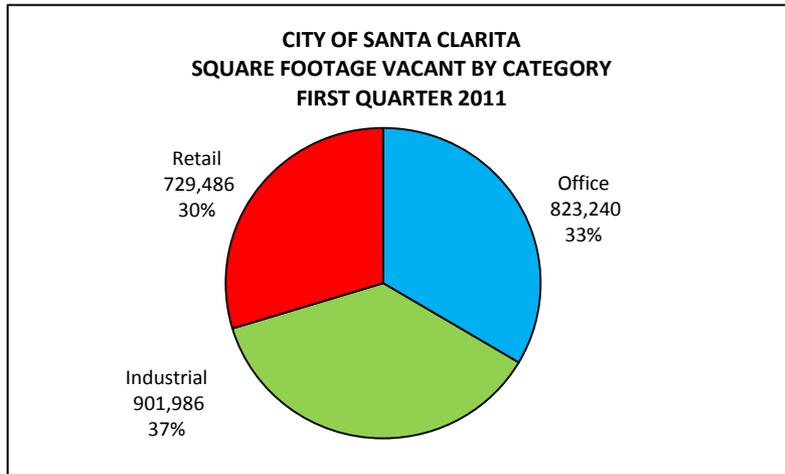
City of Santa Clarita

- In the City of Santa Clarita, office and industrial vacancy rates decreased in First Quarter 2011 from the previous quarter, while retail vacancy rates increased.
- During First Quarter 2011, the City's office vacancy rate was 18.4% and retail and industrial vacancy rates were 7.1% and 5.8%, respectively.
- In comparison retail and office vacancy rates increased in First Quarter 2010 from the previous quarter to 7.3% and 18.2%, respectively, while industrial vacancy rates decreased to 5.6%.

Santa Clarita Valley (includes the City)

- In the entire Santa Clarita Valley (including the City), retail vacancy rates increased slightly in First Quarter 2011 from the previous quarter, while office vacancy rates decreased slightly and industrial vacancy rates remained flat from the previous quarter.
- The Santa Clarita Valley's office vacancy rate was 20.0%, and retail and industrial vacancy rates were 7.6% and 6.2%, respectively.
- In comparison office, retail, and industrial vacancy rates increased in First Quarter 2010 from the previous quarter to 19.5%, 7.8%, and 5.2%, respectively.

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



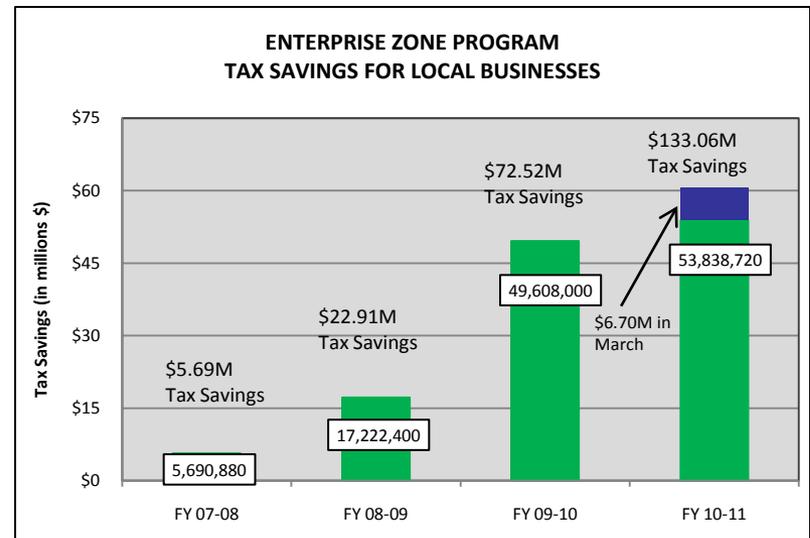
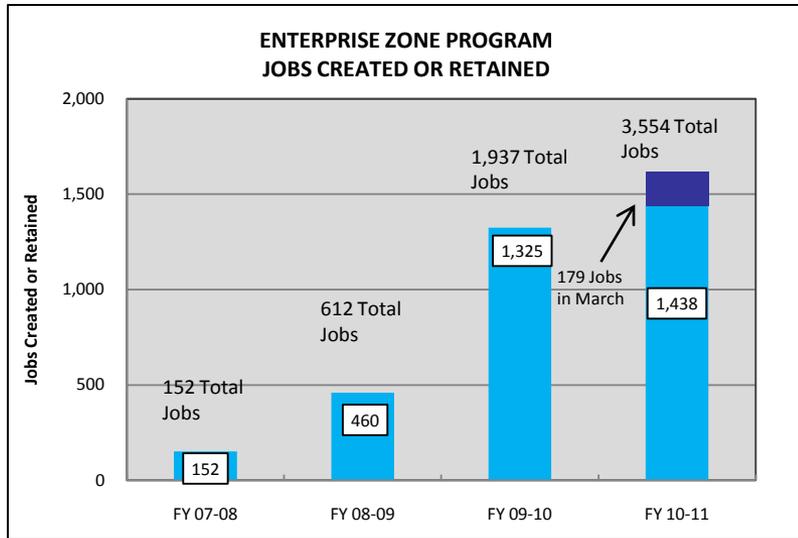
City of Santa Clarita

- Within the City of Santa Clarita there is a total of 30,312,864 existing square feet for businesses of which 51% is industrial, 34% is retail, and 15% is office space.
- Only 8.1% or 2,454,712 square feet of the total space for businesses in the City is vacant. Of that amount vacant, 37% is industrial space, 33% is office, and 30% is retail space.

Santa Clarita Valley (includes the City)

- In the entire Santa Clarita Valley there is a total of 38,811,558 existing square feet for businesses of which 55% is industrial, 32% is retail, and 13% is office space.
- Only 8.5% or 3,286,947 of the total space for businesses in the Santa Clarita Valley is vacant. Of that amount, 40% is industrial, 31% is office space, and 29% is retail space.

Enterprise Zone Program: Job Activity and Tax Savings

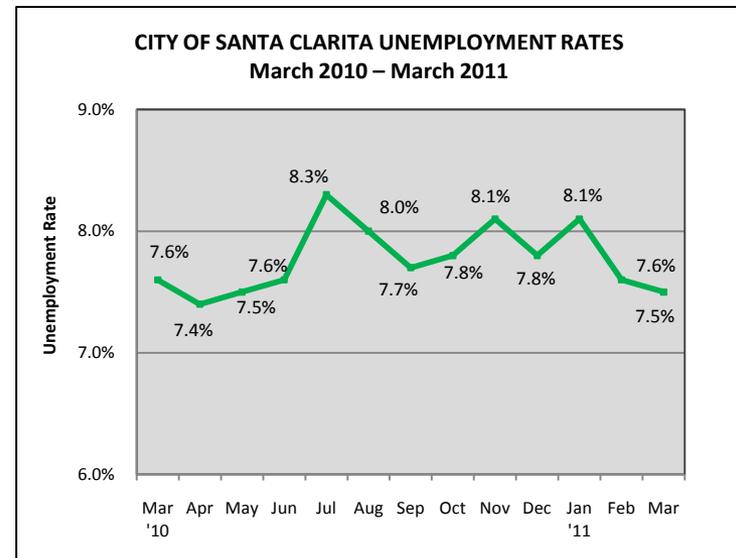
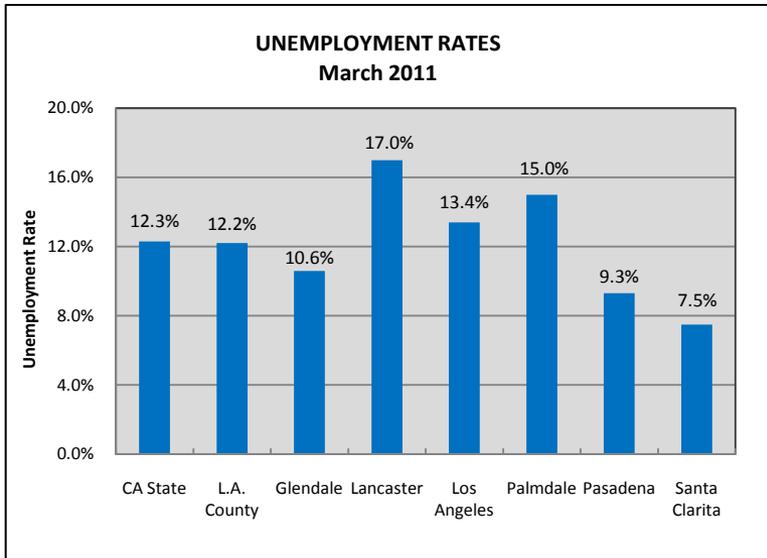


The Santa Clarita Enterprise Zone is a program that saves businesses money by providing special tax incentives from the State of California to businesses.

- Since the City's designation as an Enterprise Zone in 2007, a total of 3,554 jobs have been created or retained, which represents a potential tax savings to local businesses of over \$133 million.
- In March 2011, 179 vouchers were issued for jobs created or retained as a result of the Enterprise Zone, representing approximately \$6.7 million in potential tax savings.

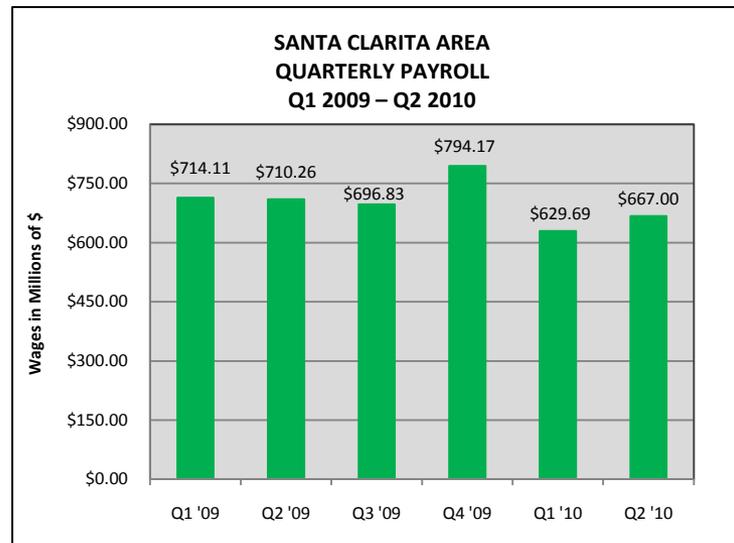
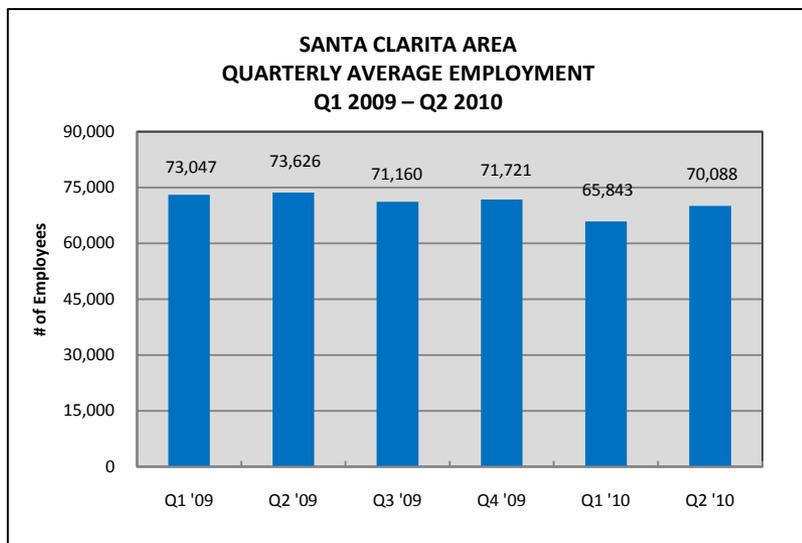
The City of Santa Clarita was awarded one of the State of California's 42 Enterprise Zone designations in 2007. The Enterprise Zone program provides tax incentives for businesses that locate in Santa Clarita and hire "qualified" employees or make "qualified" purchases. More information on the Enterprise 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 7.5% in March 2011 compared to 12.2% for Los Angeles County and 12.3% for the state.
- Unemployment in Santa Clarita in March 2011 of 7.5% was slightly lower than the unemployment rate reported in March 2010.

Employment and Wages

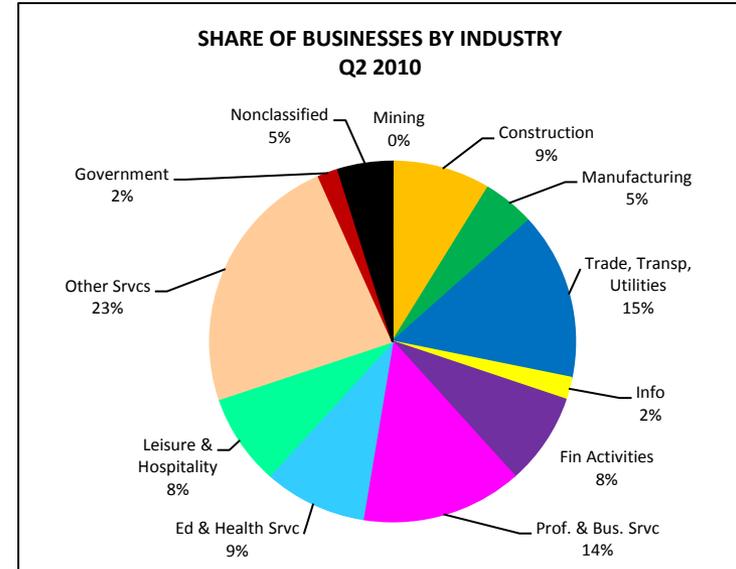
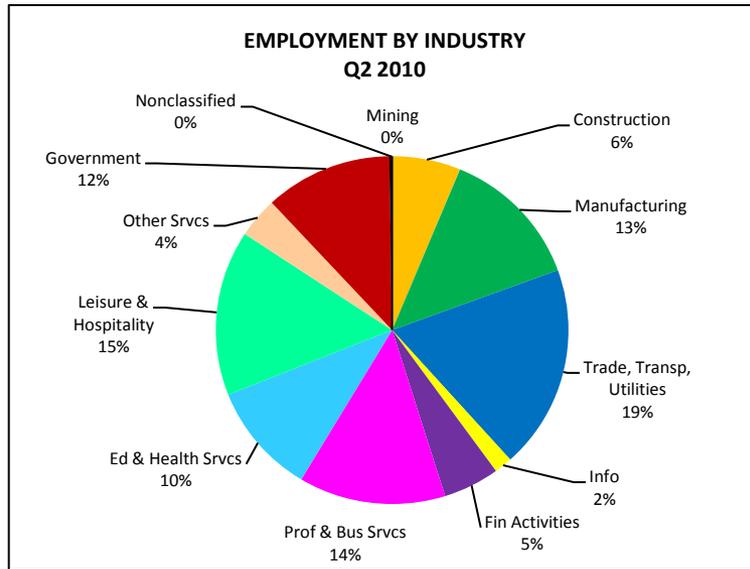


Employment as well as payroll in the Santa Clarita area have trended down from one year ago, yet increased slightly in Second Quarter 2010 from First Quarter 2010.

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

Employment and wages are reported for the 11 industry super-sectors as defined by the California Employment Development Division. The data represent a census of companies located in the following zip codes 91321, 91350, 91351, 91354, 91355, 91387, and 91390, regardless of where employees reside. Updated data will be reported with the August 2011 economic report.

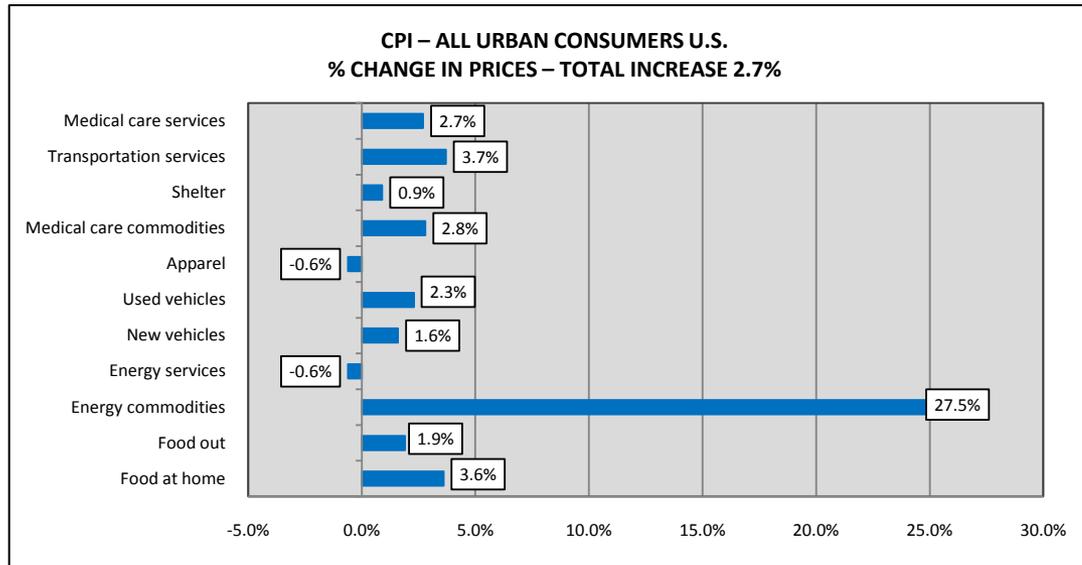
Employment by Industry



- Trade, transportation, & utilities account for 19% of employment in the Santa Clarita area, but only 15% of the businesses.
- Leisure & hospitality, professional & business services, and manufacturing, account for 15%, 14%, and 13%, respectively, of the number of people employed, yet only represent 8%, 14%, and 5% of the number of businesses, respectively.
- In contrast, other services (equipment repair, religious organizations, personal care, dry cleaning/laundrying, and gardening) account for 4% of the employment yet 23% of the businesses.
- Similarly, financial activities (finance, insurance, & real estate) account for 5% of the employment yet represent 8% of the businesses.
- Compared to Q2 2009, leisure & hospitality accounted for 14% of the employment compared to 15% during Q2 2010.
- In Q2 2009, professional & business services accounted for 15% of the businesses and other services accounted for 23% of the businesses compared to 14% and 23%, respectively in Q2 2010.

Employment and wages are reported for the 11 industry super-sectors as defined by the California Employment Development Division. The data represent a census of companies located in the following zip codes 91321, 91350, 91351, 91354, 91355, 91387, and 91390, regardless of where employees reside. Data are understated for all but other services, government, and nonclassifiable to protect the confidentiality of the data for subsectors with a small number of businesses. Updated data will be reported with the August 2011 economic report.

Inflation



- Year-over-year inflation for March 2011 among all urban consumers for Los Angeles-Riverside-Orange County increased 3.0% compared to the national increase of 2.7%. Inflation in the Los Angeles metro area is higher than year-over-year inflation level of 2.3% in February 2011.
- The higher inflation rate in March 2011 from one year ago reflects cost increases in all services and commodities with the exception of a decline of 0.6% each in apparel and energy services.
- The highest year-over-year increase was seen in energy commodities with a 27.5% increase from the previous March. This large increase was due to a 34.0% year-over-year increase in fuel oil compared to 27.1% year-over-year increase in February and a 27.5% year-over-year increase in gasoline compared to a 19.2% year-over-year increase in February.

Data Sources

Sources:

Permits / Certificate of Occupancy: City of Santa Clarita, Building and Safety Division

Housing Market: Southland Regional Association of Realtors

Notice of Defaults: First American RealQuest Pro

Apartment Data: Reis, Inc.

Film Data: City of Santa Clarita, Film and Tourism Office

Hotel Data: Smith Travel Research

Sales Tax Data: California Board of Equalization data from City of Santa Clarita, Finance Division

Vacancy Rates: CoStar Property

Enterprise Zone: City of Santa Clarita, Economic Development Division

Unemployment Rate: CA Employment Development Department

Employment and Wages: CA Economic Development Department

Inflation Rate: Bureau of Labor Statistics