

# **SANTA CLARITA ECONOMIC SNAPSHOT**

**Data for Period of May 1 – 31, 2009**

**Published on July 15, 2009**



# Overview

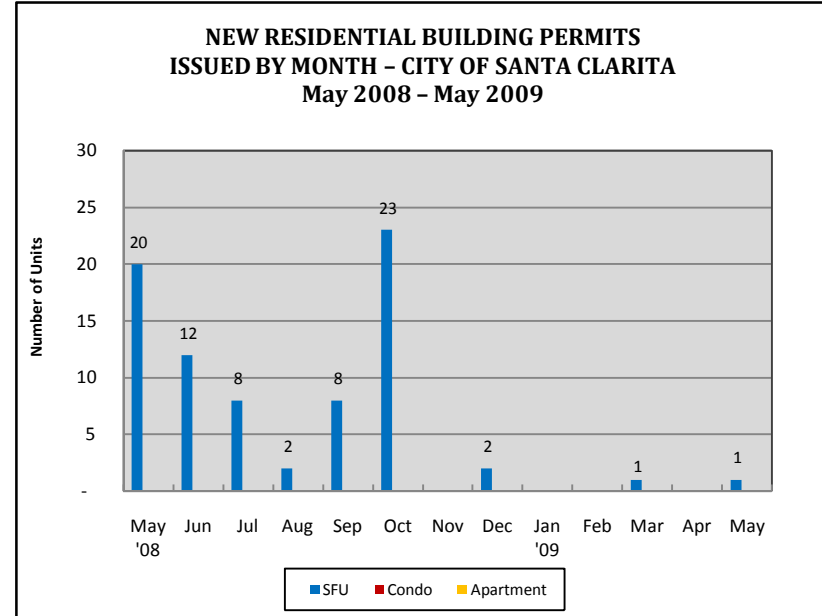
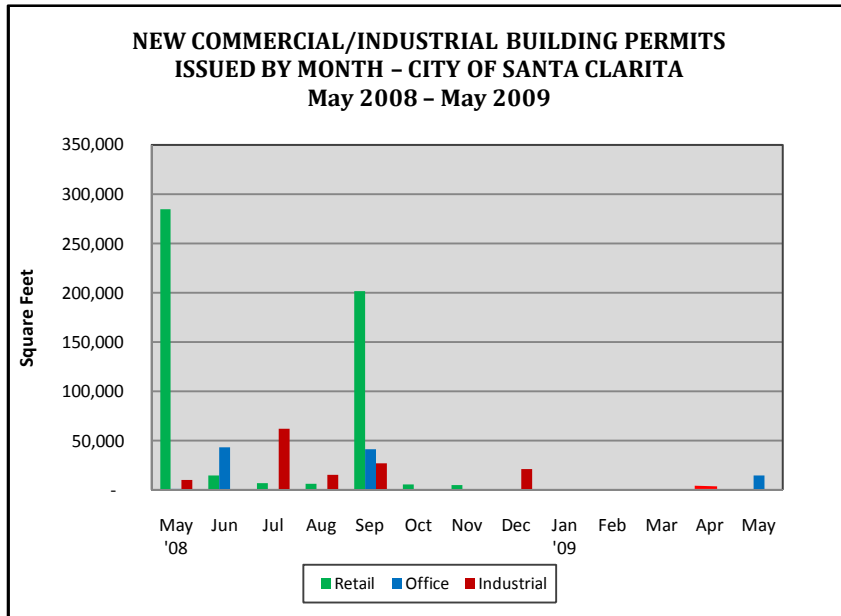
The information presented in this report helps to create a snapshot of the overall fiscal health of Santa Clarita. **The overall results are somewhat mixed with some indicators weakening and others continuing to strengthen.**

Indicators being tracked include:

- Residential, Commercial and Industrial building permits issued;
- Certificates of Occupancy issued;
- The median value of single-family homes and condominiums;
- The total number of single-family homes and condominiums sold;
- Average number of days on the market for single-family homes;
- Number of notice of defaults recorded in Santa Clarita;
- The economic impact of the film industry on Santa Clarita;
- Types of filming in Santa Clarita;
- The average room rate and occupancy rate of local hotels;
- The amount of sales tax revenue and transient occupancy tax generated;
- The vacancy rates for the office, commercial and retail sectors and available square footage;
- Stock prices of local companies in Santa Clarita;
- Unemployment rates; and,
- The consumer price index measuring inflation.

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

# Permits Issued



## Commercial/Industrial Permits

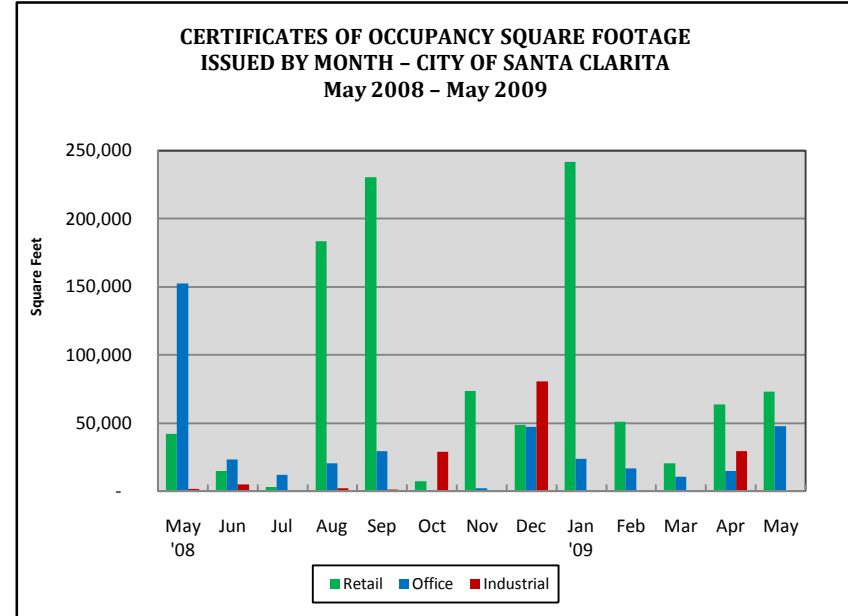
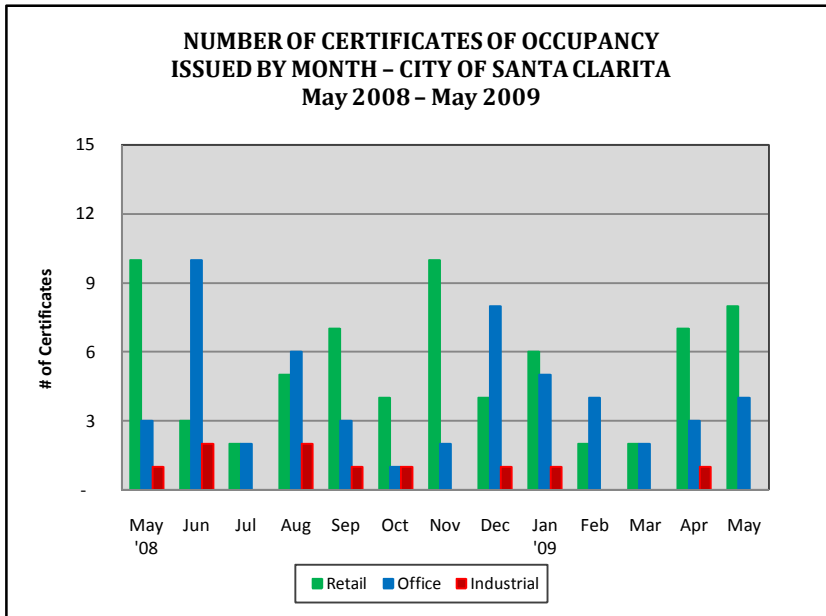
- Two non-residential building permits for office space were issued in May 2009 by the City of Santa Clarita compared to 8 permits in May 2008 of which 6 were for retail use and 1 each were for office and industrial space.
- A total of 14,638 square feet of building permits were issued in May 2009 of which all were for office use compared to 295,989 square feet of building permits were issued in May 2008 of which 96% was for retail use, less than 4% for industrial space and less than 1% for office space.

## Residential Permits

- One single-family residential permit was issued in May 2009 compared to 20 permits for single-family units in May 2008.

Only permits for new buildings or new shell structures are included in the data on this page. Permits for additions, remodels, tenant improvements, minor structures (such as pools, patio covers, decks, retaining walls) or electrical, mechanical, sewer, or plumbing work are not included in this data.

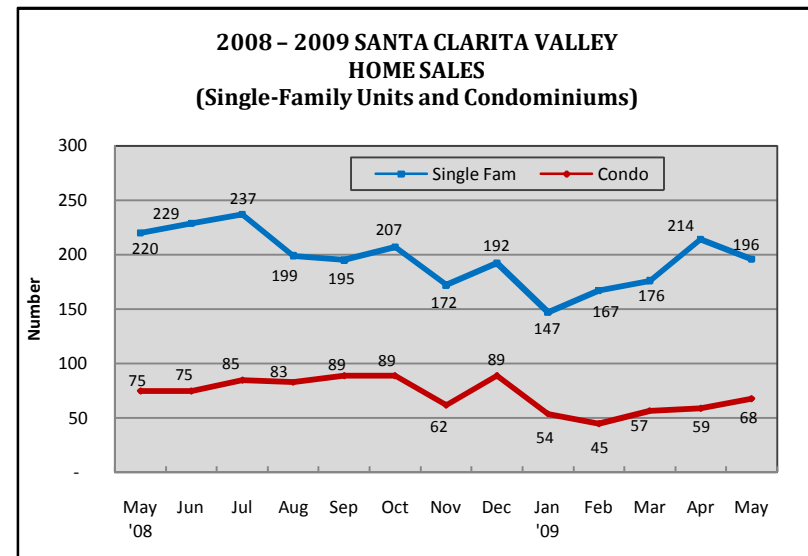
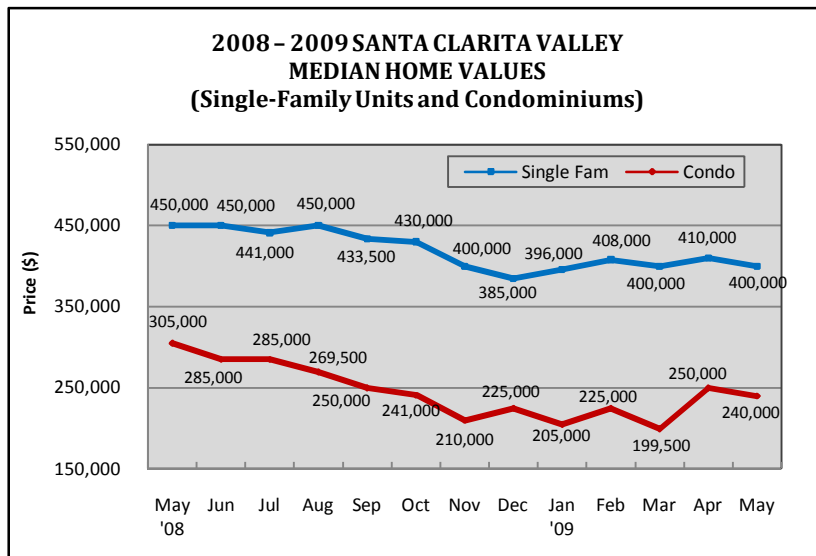
# Commercial/Industrial Certificates of Occupancy Issued



- In May 2009 a total of 12 Certificates of Occupancy were issued of which 8 were for retail use and 4 were for office space, down 14% from 14 Certificates of Occupancy in May 2008.
- Certificates of Occupancy for May 2009 represented a total of 121,240 square feet of which 60% was for retail space and 40% was for office space. This represented a 38% decrease from the 196,572 square feet in May 2008.

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.

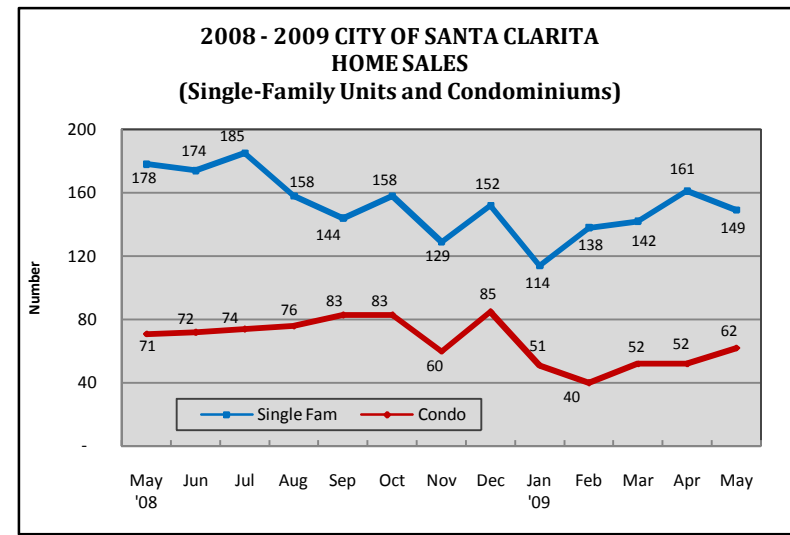
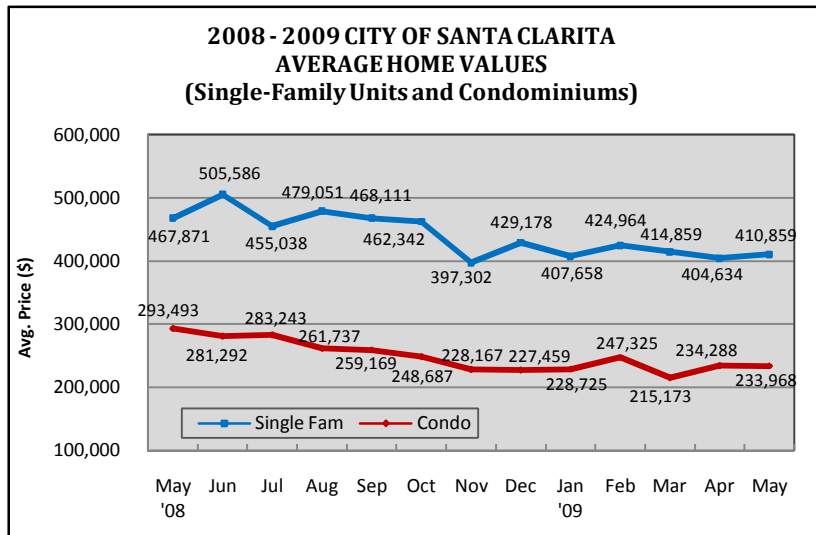
# Santa Clarita Valley Housing Market (Including the City of Santa Clarita)



In the Santa Clarita Valley (inclusive of the City of Santa Clarita), home values continue to fluctuate while sales remain lower from one year ago.

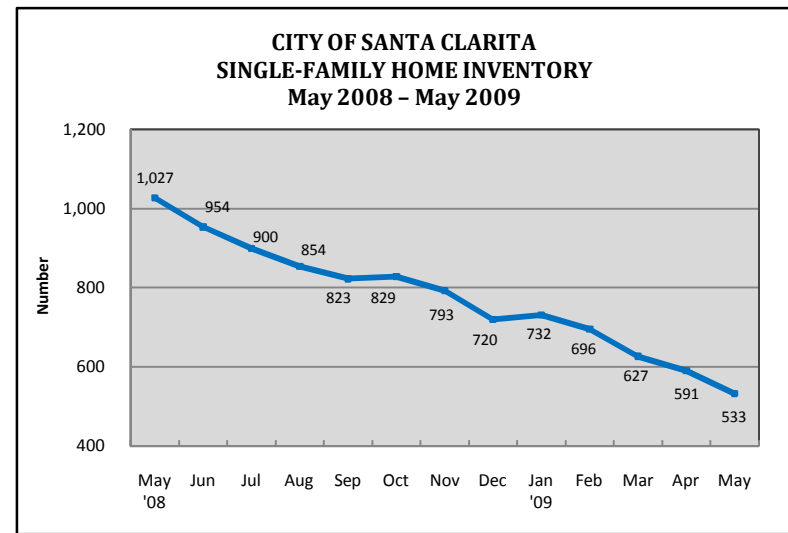
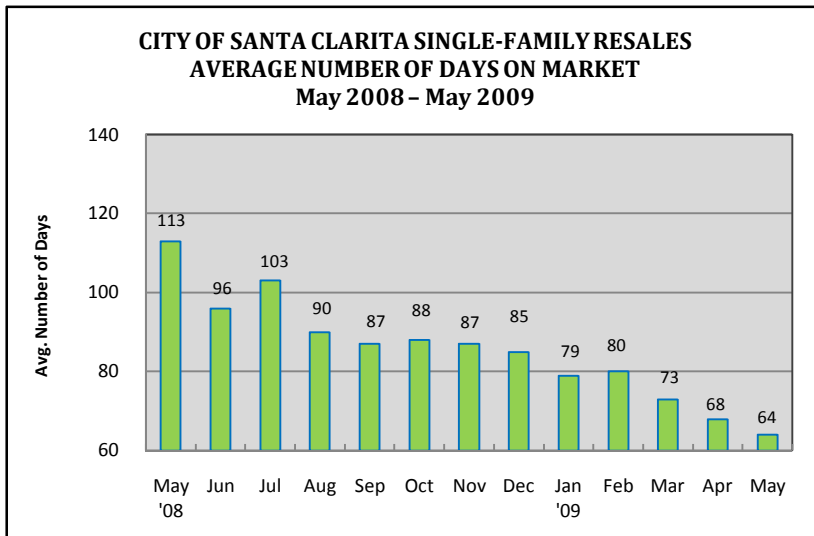
- Single-family median home values dropped 2% to \$400,000 in May 2009 from \$410,000 in April 2009, and have dropped 11% from May 2008.
- Condominium prices decreased 4% to \$240,000 in May 2009 from April 2009 and dropped 21% from May 2008.
- The number of single-family home sales peaked in July 2008 at 237 homes. A total of 196 single-family homes sold in May 2009, down 8% from April 2009, and down 11% from one year ago. Condominium sales rose to 68 sales in May 2009, up 15% from April 2009, yet down 9% from May 2008.

# City of Santa Clarita Housing Market



- Single-family average prices rose in May 2009 from April 2009, yet remain lower than prices in May 2008.
- Single-family average home values in May 2009 in the City of Santa Clarita were \$410,900 or 2% above April 2009 and 12% below May 2008. Condominium prices remained at \$234,000 in May 2009 comparable to prices in April 2009. Furthermore, condominium prices in May 2009 were 20% lower than prices in May 2008.
- The number of single-family homes sold in the City of Santa Clarita in May 2009 decreased compared to sales in April 2009 and remain below sales levels in May 2008
- In comparison, condominium sales in May 2009 were higher than sales in April 2009, and below sales in May 2008.
- In the City of Santa Clarita, sales decreased 7% to 149 single-family homes in May 2009 from April 2009, and condominium sales volume rose 19% to 62 units during the same time period.

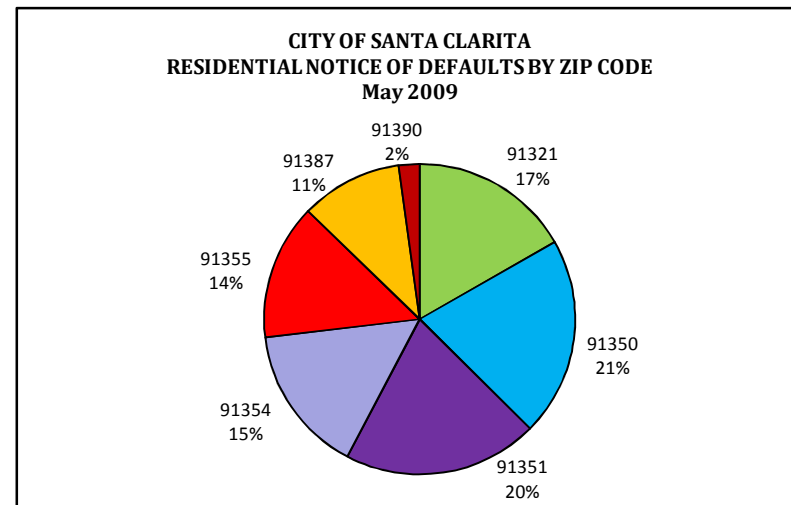
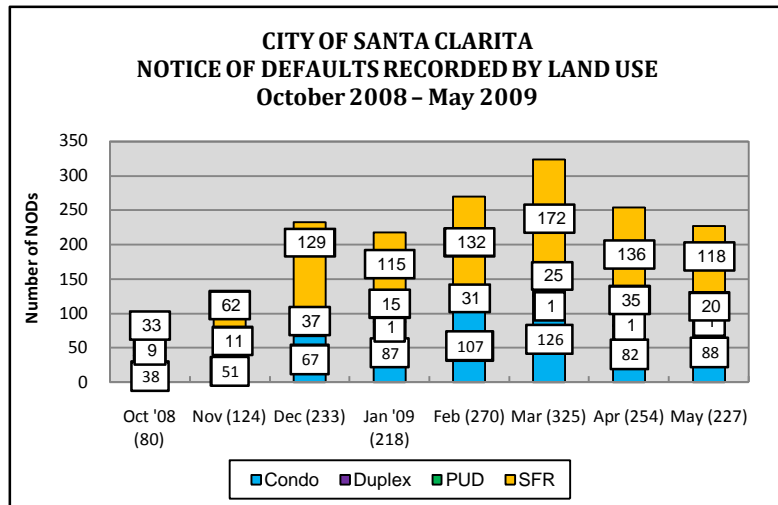
# City of Santa Clarita Housing Market: Average Days on Market & Inventory Levels



- The City of Santa Clarita’s housing market is stronger than one year ago when homes took an average 113 days or approximately 3.75 months to sell.
- In May 2009, homes were on the market for an average 64 days or 2.1 months, the lowest level seen in the past year.
- Single-family inventory levels reached a record low. Resale inventory levels fell 10% in May 2009 to 533 homes from 591 in April 2009, and were 48% below inventory levels in May 2008.

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.

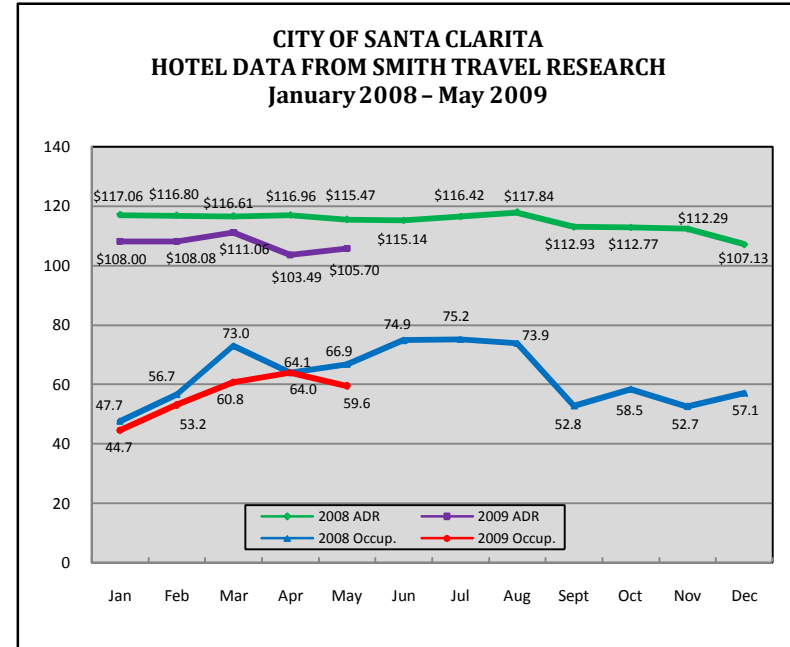
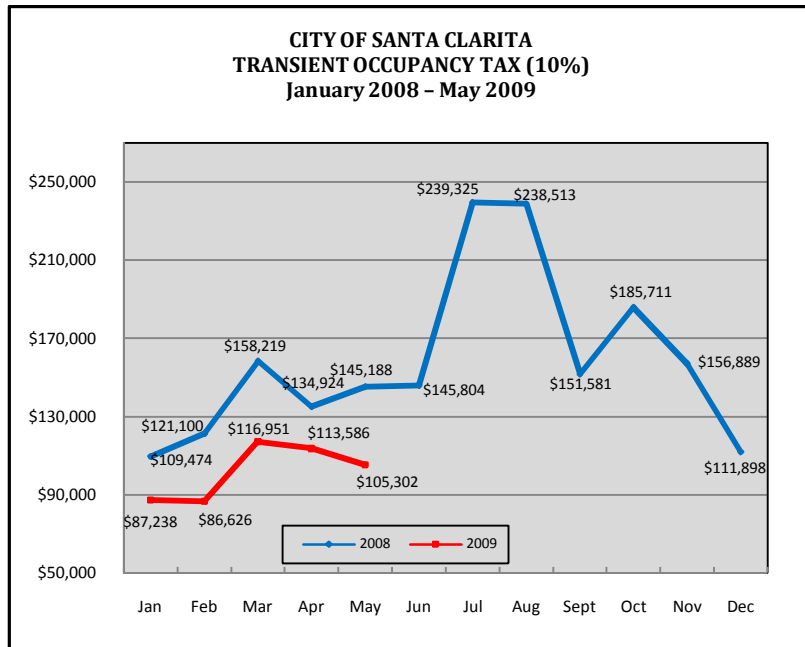
# City of Santa Clarita: Notice of Defaults (NODs)



- A total of 227 NODs were recorded in May 2009 in the City of Santa Clarita, down 11% from 254 in April 2009.
- Of the May NODs, 52% or 118 were on single-family residences while 39% or 88 were on condominium properties and 9% or 20 NODs were on PUDs. An additional one was for a duplex.
- The number of NODs among single-family homes in May 2009 was 13% lower than levels in April 2009, while the number of NODs on condominiums rose 7% and NODs on PUDs decreased 43% during the same time period.
- More than one-fourth or 29% of the NODs were on homes that previously sold in the \$350,000 - \$499,999 range while 23% were in the \$200,000 - \$349,999 range. Additionally, 15% each sold in the \$500,000 - \$599,999 range and for at least \$600,000 while 12% of the homes had sold for less than \$200,000. The price range was unknown for the remaining 7%. This suggests the majority of homeowners who received NODs in May were not in the City's luxury home market, but rather continue to be in the mid-level market.

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.

# Tourism: TOT & Hotel Occupancy



## Transient Occupancy Tax (TOT)

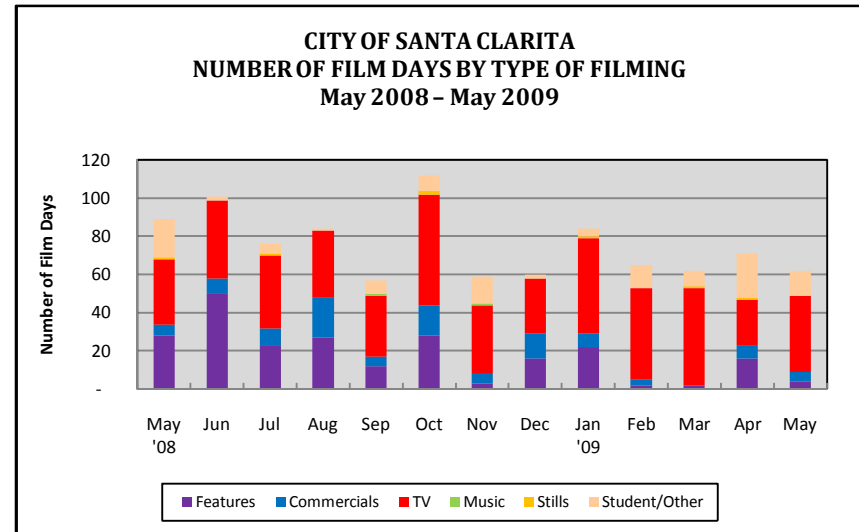
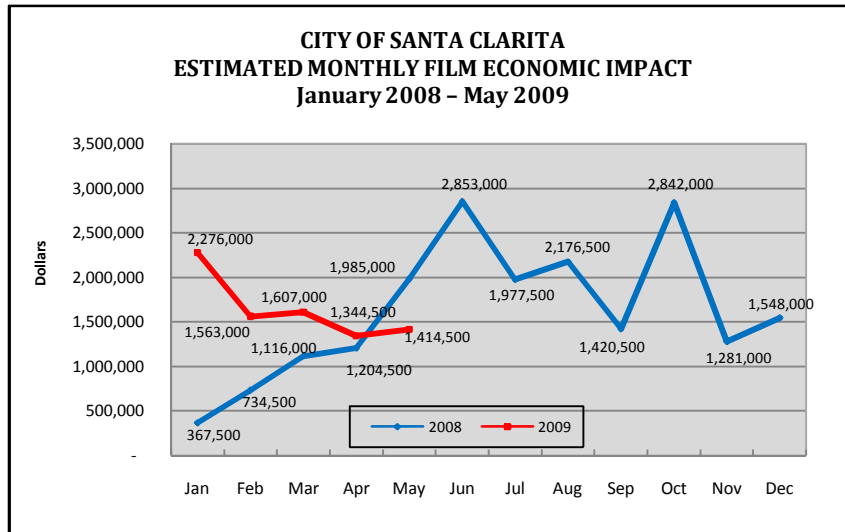
- In May 2009, the City of Santa Clarita collected \$105,302 in TOT, down 27% from \$145,188 in May 2008.
- During the January – May 2009 time frame, the City of Santa Clarita collected \$509,703 in TOT, down 24% from the same time period in 2008.

## Occupancy

- Smith Travel Research reports hotel occupancy in the City of Santa Clarita was 60% in May 2009, compared to the reported occupancy rate of 67% in May 2008.
- An average of 526 rooms of 882 available in the City were sold in May 2009 compared to 590 rooms of 882 available rooms in May 2008.
- In comparison, occupancy rates at hotels nationwide in May 2009 were at 56%, down 12% from May 2008.

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

# Filming in The City of Santa Clarita

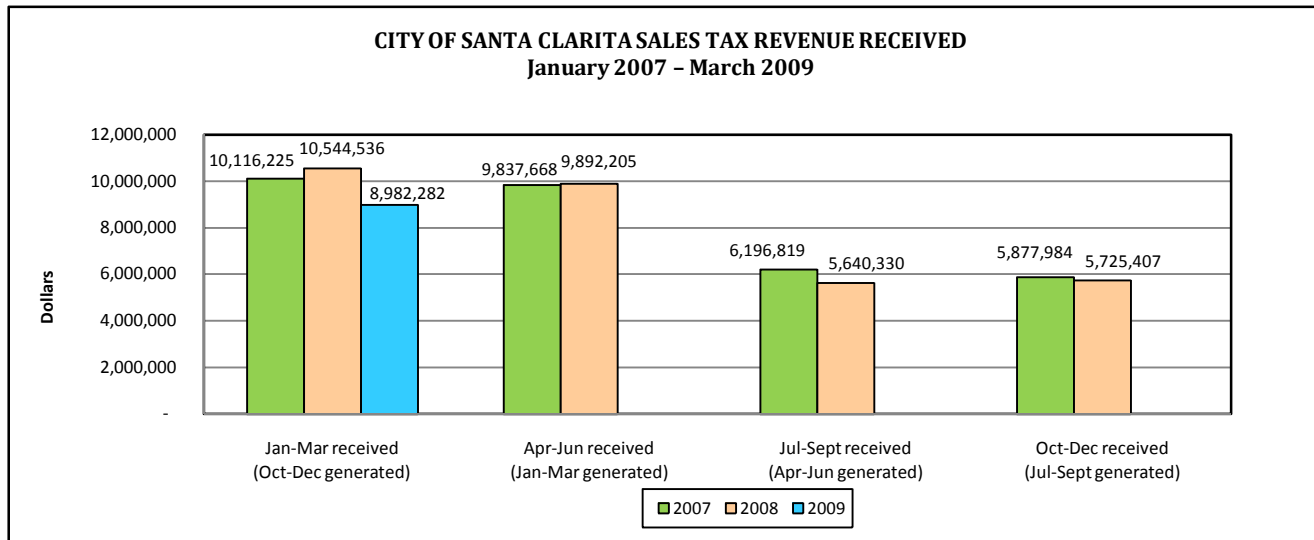


- The Economic Impact from location filming for May 2009 of \$1,414,500 was 29% below the impact in May 2008 of \$1,985,000.
- However, the total Economic Impact from location filming in May 2009 year-to-date was \$8,205,000 or 52% above the impact of \$5,407,500 during the same time period in 2008.
- There were a total of 62 filming days in May 2009, down 30% from 89 filming days in May 2008.
- May 2009 film days included: 65% for television shows, 21% for student/other projects, 8% for commercials, and 6% for features. No stills or music videos were filmed in May 2009 in the City.

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.

# City of Santa Clarita Sales Tax

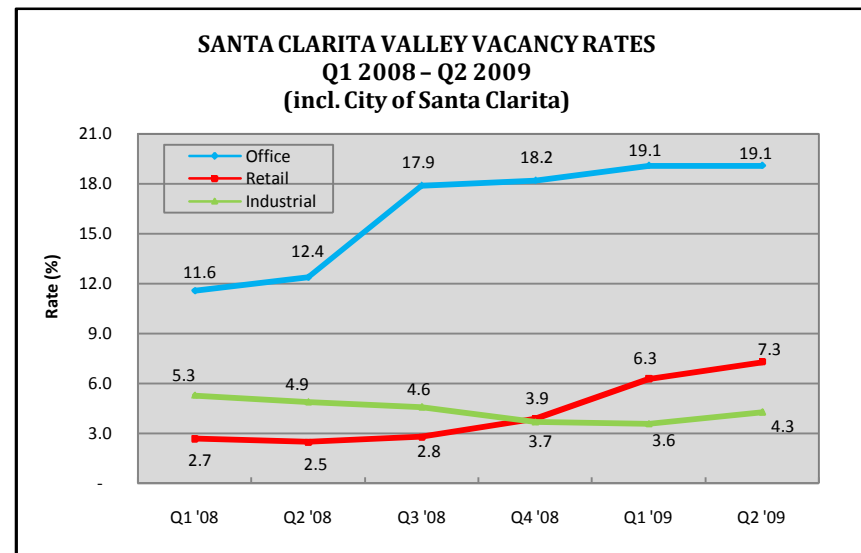
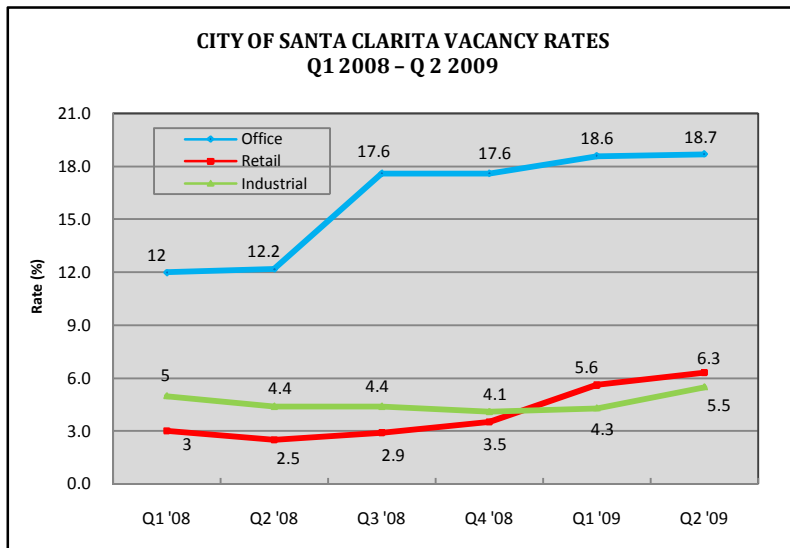
(Updated Quarterly)



- As the economy weakened in 2008, decreases in sales tax receipts were reported.
- In January – March 2009, a total of \$8.98 million in sales tax revenue was received, down 15% from \$10.54 million received in January – March 2008.

Sales tax revenue is presented quarterly through March 2009. Next update will be with June 2009 data.

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



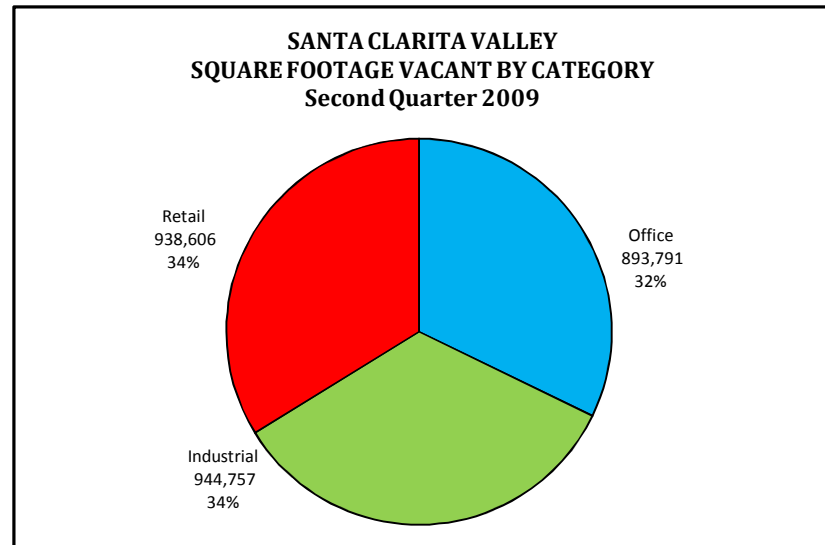
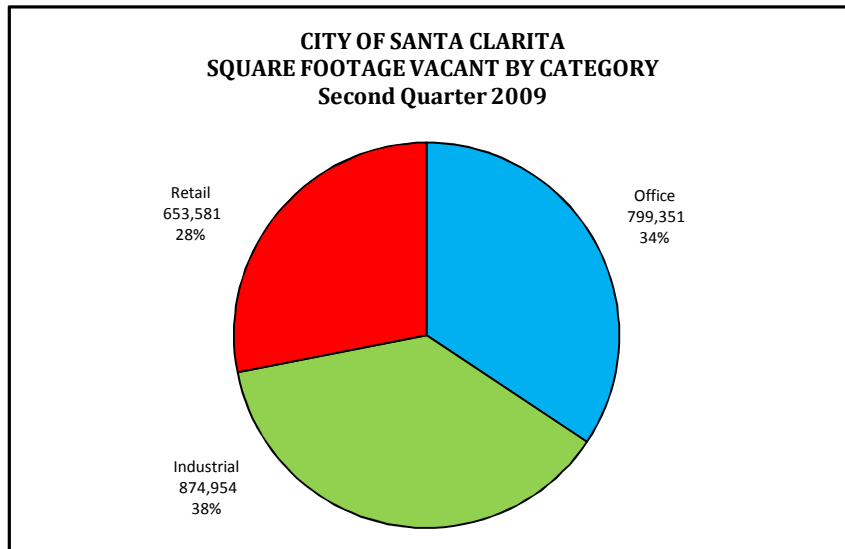
## City of Santa Clarita

- In the City of Santa Clarita, retail and industrial vacancy rates increased in Second Quarter 2009 because of both contraction of the market and new inventory. Industrial vacancy rates increased the most in Second Quarter 2009 from the previous quarter.
- The City's office vacancy rate was 18.7% and the retail and industrial vacancy rates were 6.3% and 5.5%, respectively.

## Santa Clarita Valley (includes the City)

- In the entire Santa Clarita Valley (including the City), industrial and retail vacancy rates increased in Second Quarter 2009 while office rates remained at the same level from the previous quarter.
- The Santa Clarita Valley's office and retail vacancy rates were 19.1% and 7.3%, respectively, while the industrial vacancy rate was 4.3%.

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



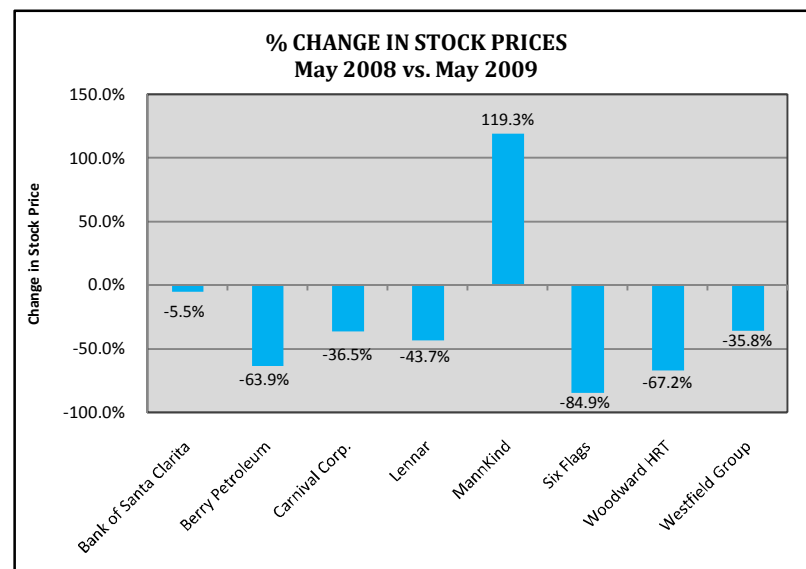
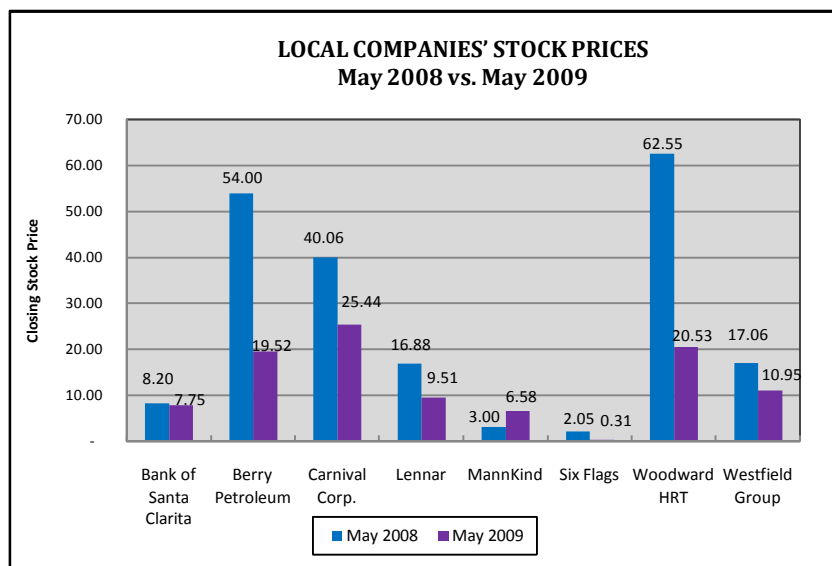
## **City of Santa Clarita**

- 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 8.0% or 2,327,886 square feet of the total space for businesses in the City is vacant. Of that amount vacant, 38% is industrial space, 34% is office space, and 28% 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 7.2% or 2,777,154 of the total space for businesses in the Santa Clarita Valley is vacant. Of that amount, 34% each is industrial and retail space and the remaining 32% is office space.

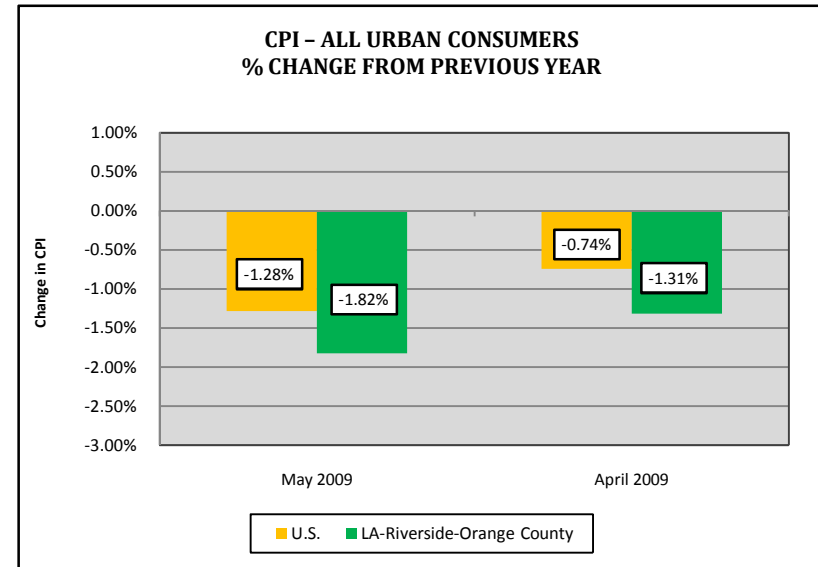
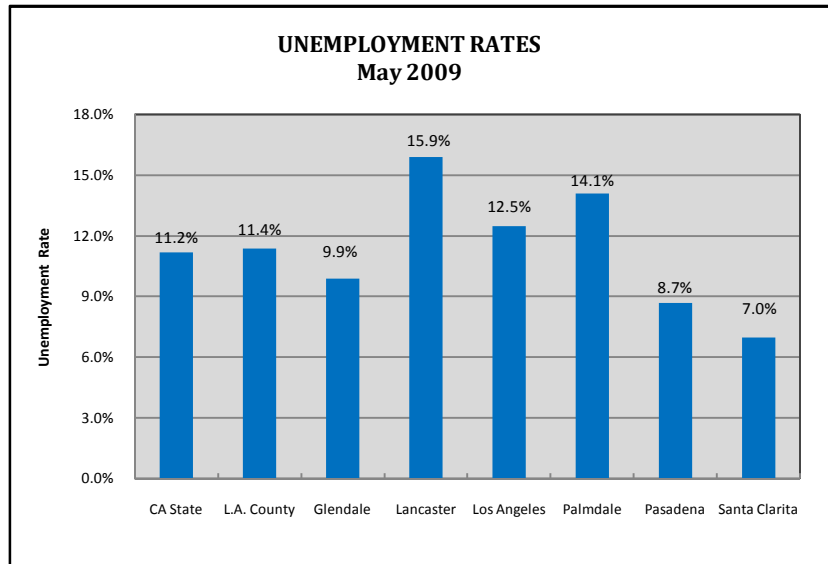
# Stock Prices of Local Employers



- Stock prices for seven of the eight companies in Santa Clarita whose stock prices are being tracked have declined year-over-year as has the entire stock market. Only that of MannKind increased during the time period represented.
- On April 30, 2009, Six Flags was delisted from the NYSE and now trades 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.
- Woodward HRT became a wholly owned subsidiary of Woodward Governor Company on April 3, 2009. The price reflected in 2008 is for HR Textron's previous owner, Textron, Inc., and the 2009 stock price is for Woodward Governor Company.
- At the end of May 2009, the stock price of Carnival Corp. was the highest at \$25.44.
- The Dow dropped 32.7% to 8,500.33 on May 29, 2009 from 12,638.32 on May 30, 2008.
- MannKind's stock price more than doubled in value during the time period represented.
- Bank of Santa Clarita also outperformed the market with a smaller decline from one year ago.

Closing stock prices on the last trading day of the month are shown in the graphs above. Call letters for each company are as follows: BSCA.OB (Bank of Santa Clarita), BRY (Berry Petroleum), CCL (Carnival Corp.), LEN (Lennar), MNKD (MannKind), SIXFQ.OB (Six Flags), TXT for May 30, 2008 and WGOV for May 29, 2009 (HR Textron), and ASX.WDC.ax (Westfield Group).

# Employment and Inflation



- Santa Clarita's unemployment rate was 7.0% in May 2009 compared to 11.4% for Los Angeles County and 11.2% statewide.
- Year-over-year inflation for May 2009 among all urban consumers for Los Angeles-Riverside-Orange County was down 1.8% compared to the national rate of down 1.3%. Inflation in the Los Angeles metro area was down by a lesser amount in April 2009.
- The lower inflation rate from one year ago reflects the continued large declines in energy and transportation costs of 27% and 14%, respectively. Compared to one year ago, education and communication costs, food and beverage prices, and medical care costs rose 3% each, while recreation, apparel, and housing costs rose 1% each.

# 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

Film Economic Impact: City of Santa Clarita, Film and Tourism Office

Hotel Data: Smith Travel Research

Sales Tax Data: City of Santa Clarita, Finance Division

Vacancy Rates: CoStar Property

Stock Prices: Yahoo! Finance

Unemployment Rate: CA Employment Development Department

Inflation Rate: Bureau of Labor Statistics