

SANTA CLARITA ECONOMIC SNAPSHOT

Data for Period of May 1 – 31, 2008

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Overview

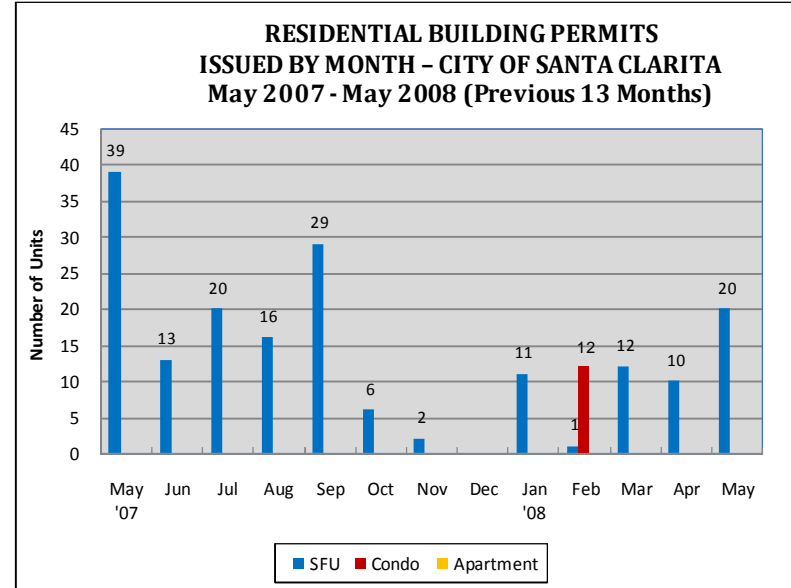
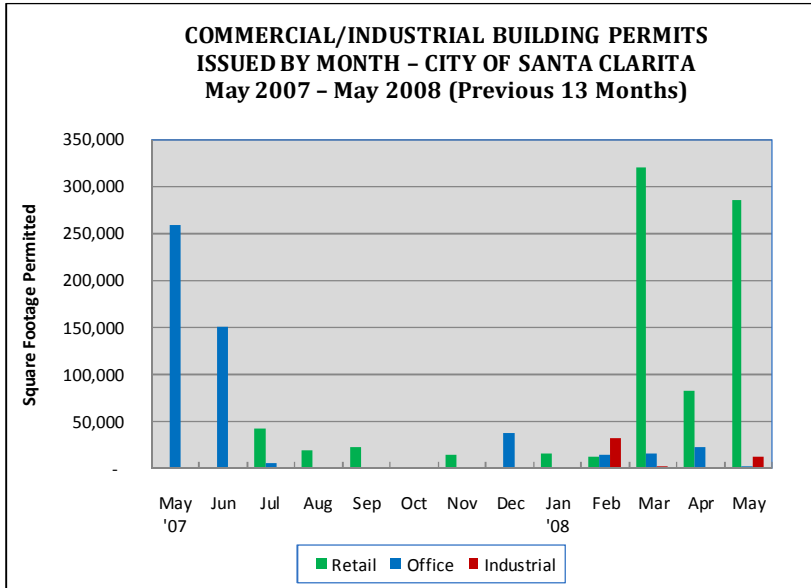
The information presented in this report helps to create a snapshot of the overall fiscal health of Santa Clarita. **The overall results are somewhat mixed with some indicators weakening and others continuing to strengthen.**

Indicators being tracked include:

- Residential, Commercial and Industrial Building permits issued;
- The median value of single-family homes and condominiums;
- The total number of single-family homes and condominiums sold;
- Average number of day on the market for single-family homes;
- Number of notice of defaults recorded in Santa Clarita;
- Average apartment rental rates;
- The economic impact of the film industry on 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

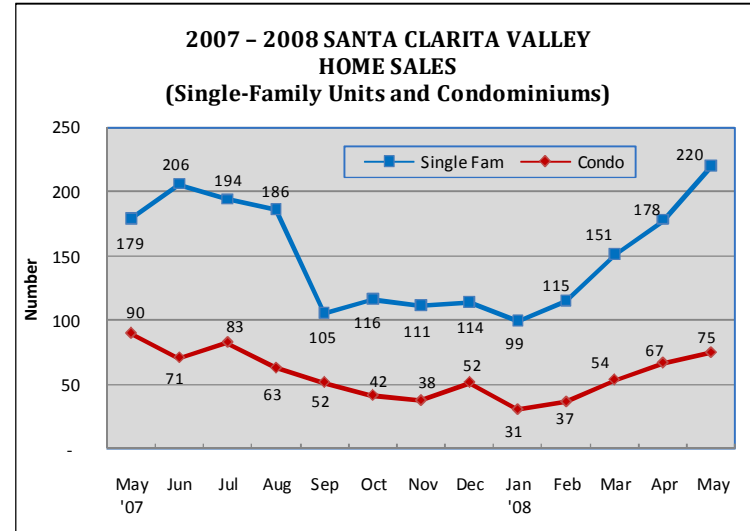
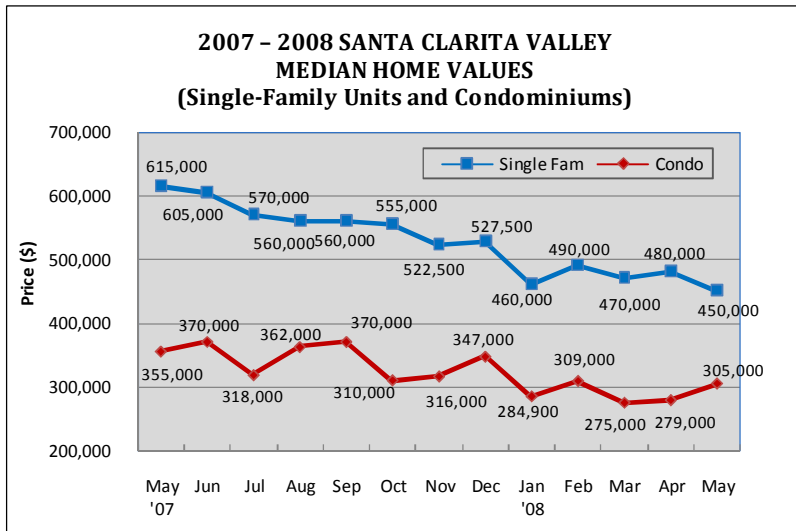
Reports are generated monthly. Periodically, more detailed data are available quarterly or annually.

Permits Issued



- Eight building permits for retail, office, and industrial use were issued in May 2008 by the City of Santa Clarita.
- In May 2008, a total of 295,989 square feet were permitted of which 284,249 square feet or 96% was for retail use, 1,370 square feet or less than 1% for office space, and 10,370 square feet or 4% for industrial use. In the previous month of April, a total 102,861 square feet were permitted of which 79% was retail and 21% was office.
- In May 2008, 20 single-family permits were issued while no permits for condominiums or apartments were issued.

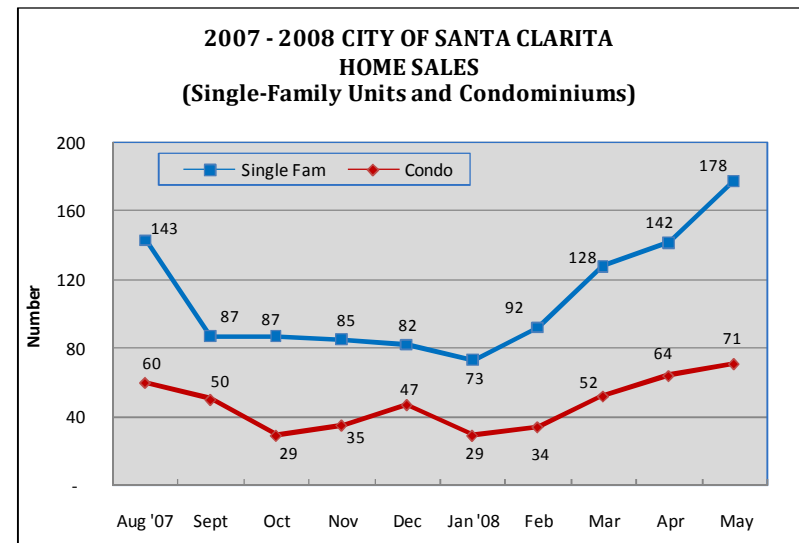
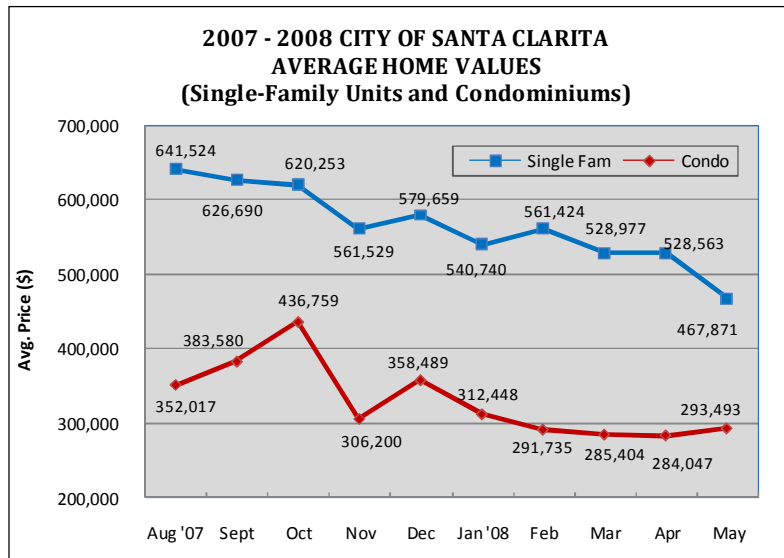
Santa Clarita Valley Housing Market (Including the City of Santa Clarita)



- In the Santa Clarita Valley (inclusive of the City of Santa Clarita), home values continued to trend downward from one year ago, whereas sales have trended upward since January 2008.
- Single-family median home values dropped to \$450,000 in May 2008, down 27% from one year ago and down 6% from April.
- Condominium prices rose 9% from April to \$305,000, yet remain 14% below the previous year.
- The number of single-family homes and condominiums have continued to trend upward since January 2008. A total of 220 single-family homes and 75 condos were sold in May 2008 up 24% and 12%, respectively, from April.

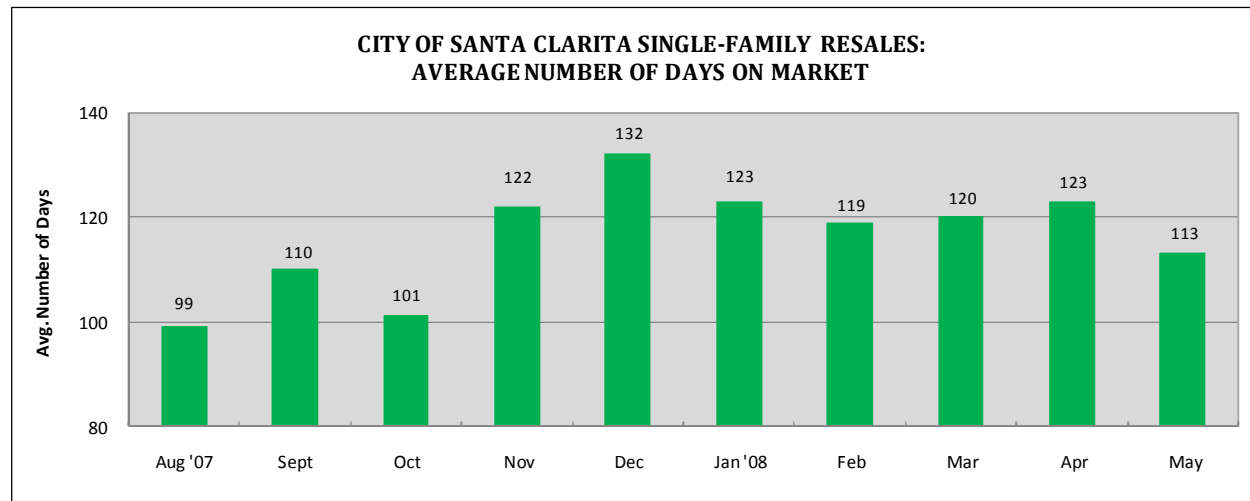
City of Santa Clarita Housing Market

(Data available back to August 2007)



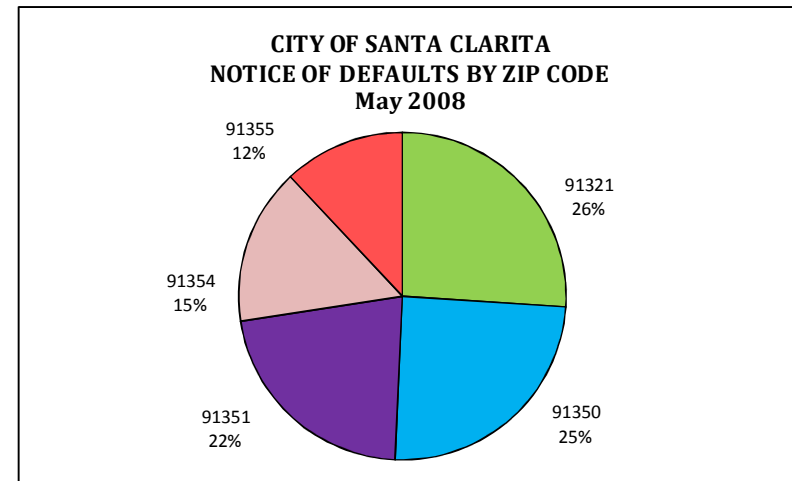
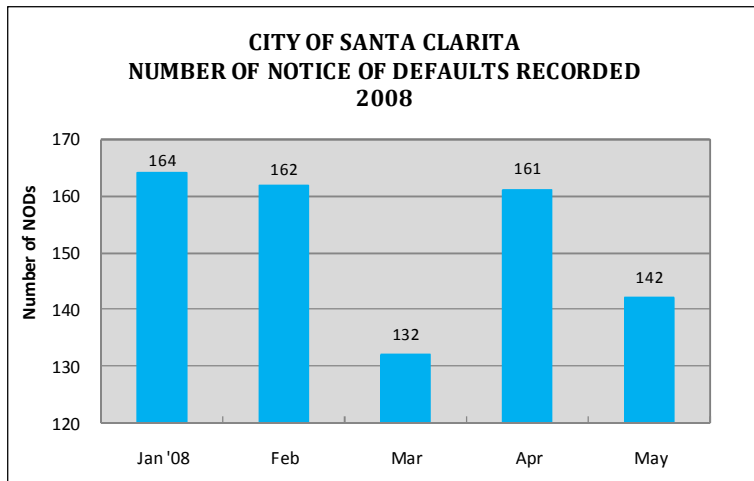
- The number of single-family homes and condominiums sold increased in the City of Santa Clarita in May 2008 from April, while prices dropped for single-family homes.
- Single-family average home values in May 2008 were \$467,900 while those of condominiums were \$293,500.
- In the City of Santa Clarita, sales rose 25% to 178 single-family homes in May 2008 from April, and condominium sales rose 11% to 71 units during the same time period.

Average Number of Days on Market



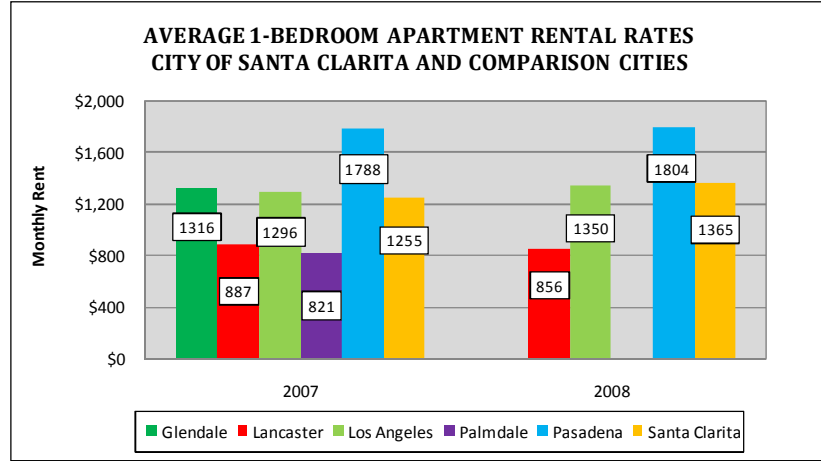
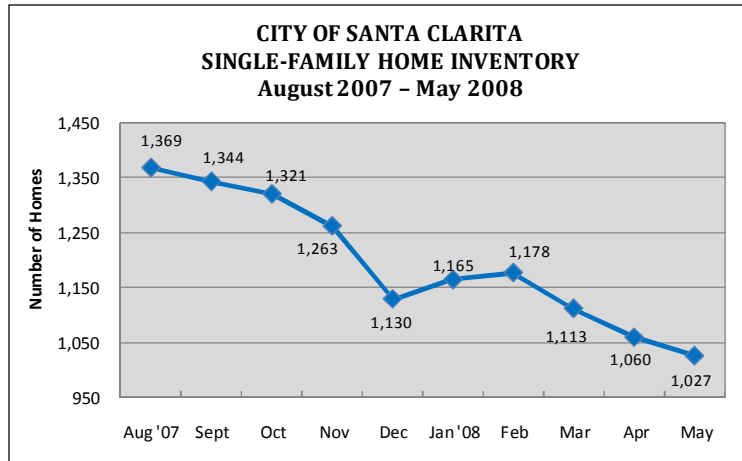
- Another indicator of the strength of the housing market is average days on the market. A large number of days indicates homeowners are having a harder time selling their homes.
- The City of Santa Clarita's housing market was at its weakest in December 2007 when it took an average 132 days or close to 4.5 months to sell.
- In May 2008, homes were on the market for an average 113 days or less than 4 months, comparable to that in September 2007.

City of Santa Clarita: Notice of Defaults



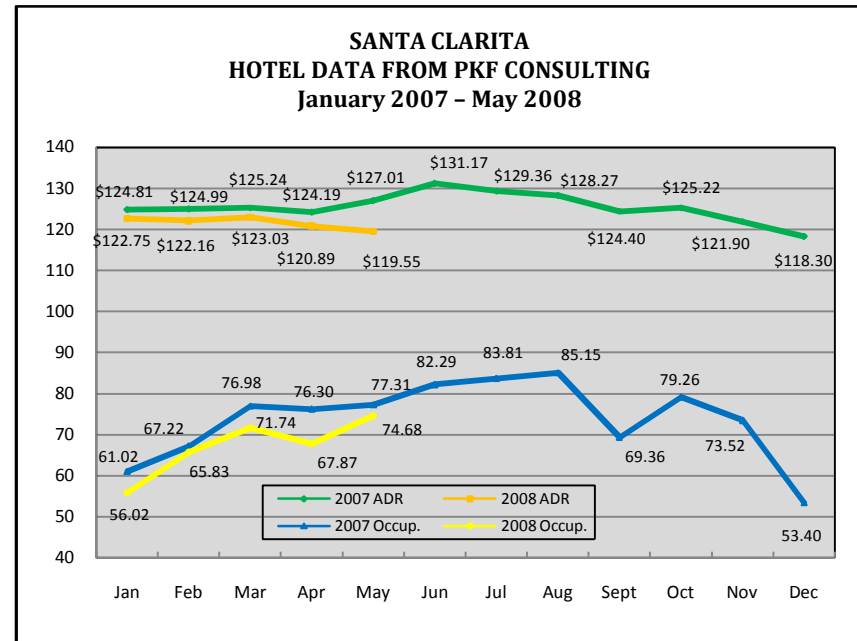
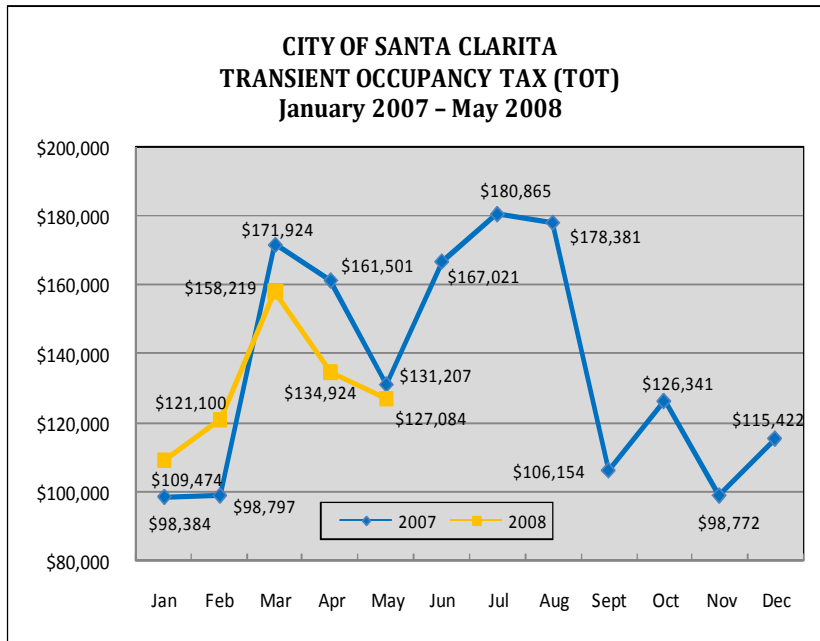
- For May 2008 year-to-date, a total of 761 notice of defaults (NODs) have been recorded in the City of Santa Clarita.
- A total of 142 NODs were seen in May or 12% lower than in April.
- Of the May NODs, 32% were delinquent more than 4 months, while 22% were delinquent 4 months, 37% were delinquent for 3 months, and 9% were delinquent less than 3 months.
- One-fourth each or 26% and 25% were recorded in zip codes 91321 and 91350, respectively, followed by followed by 22% in 91351, 15% in 91354, and 12% in 91355.

City of Santa Clarita Housing Market: Inventory and Rental Rates



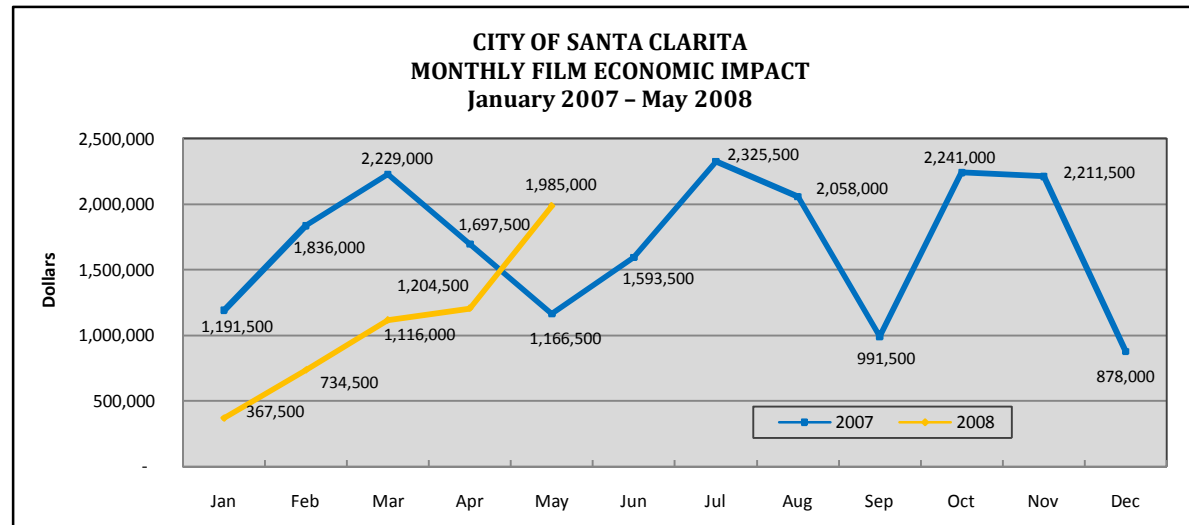
- Single-family inventory levels reached a new low in May. In May 2008, resale inventory levels dropped 3% to 1,027 homes from 1,060 in April.
- Santa Clarita's average apartment rental rates increased from \$1,255 for a 1-bedroom unit in 2007 to \$1,365 in March 2008, according to the most recent data.

Tourism: Hotel Occupancy & TOT



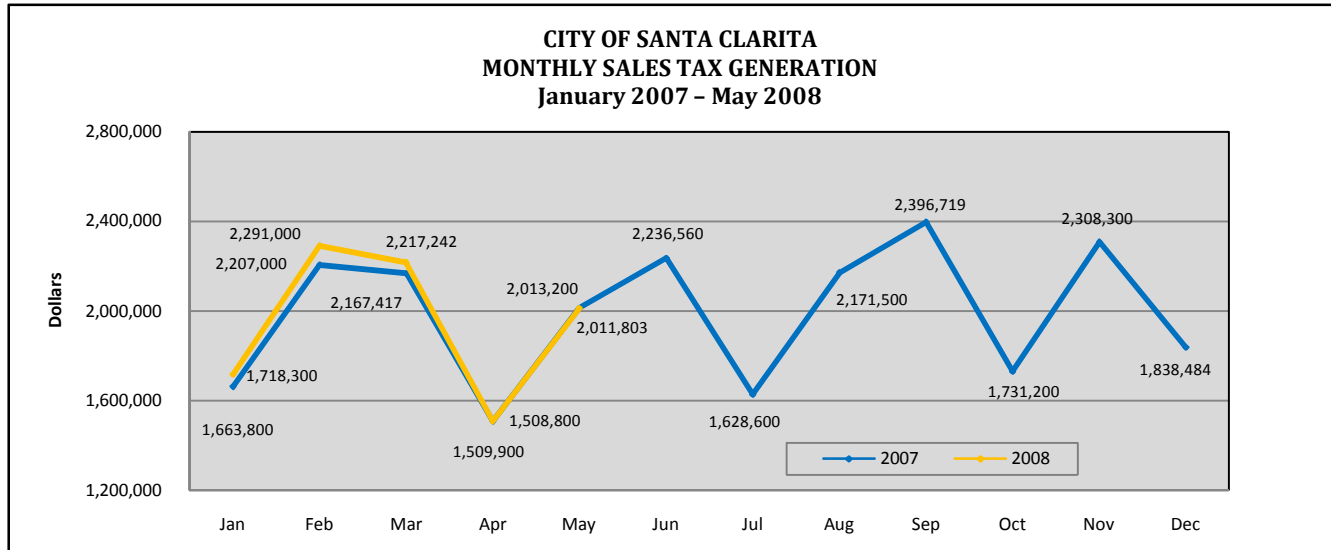
- Transient Occupancy Tax (TOT) of \$127,084 in May 2008 was 3% lower than the TOT reported in May 2007 of \$131,207.
- The City has collected a total of \$2,173,839 in TOT for May 2008 fiscal-year-to-date or 18% more than the \$1,836,193 collected in TOT during the same time period in 2007.
- According to the latest *Trends* report from PKF Consulting, the Santa Clarita Valley enjoyed an occupancy rate of 75% in May 2008, slightly below the overall Los Angeles average of 77% and a small decline when comparing occupancy from May 2007.
- However, Santa Clarita hotels sold approximately 140 more rooms in May 2008 compared to May 2007 based on approximately 1,945 available rooms and 1,805 available rooms, respectively.

Filming in The City of Santa Clarita



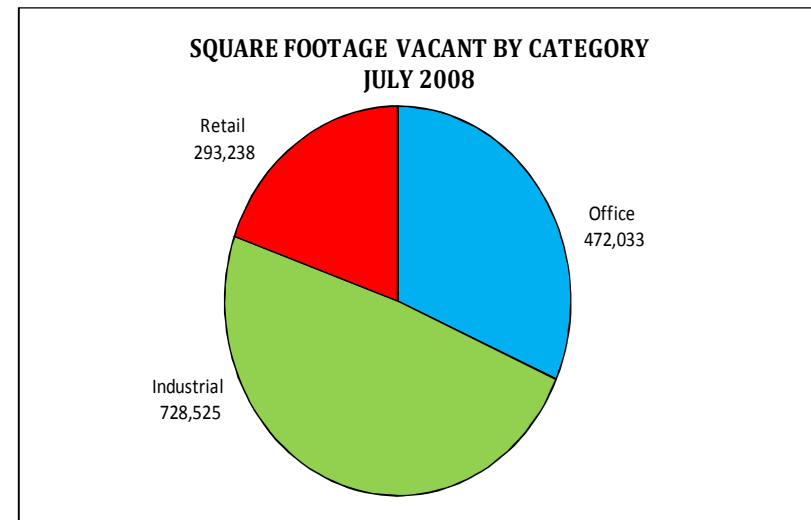
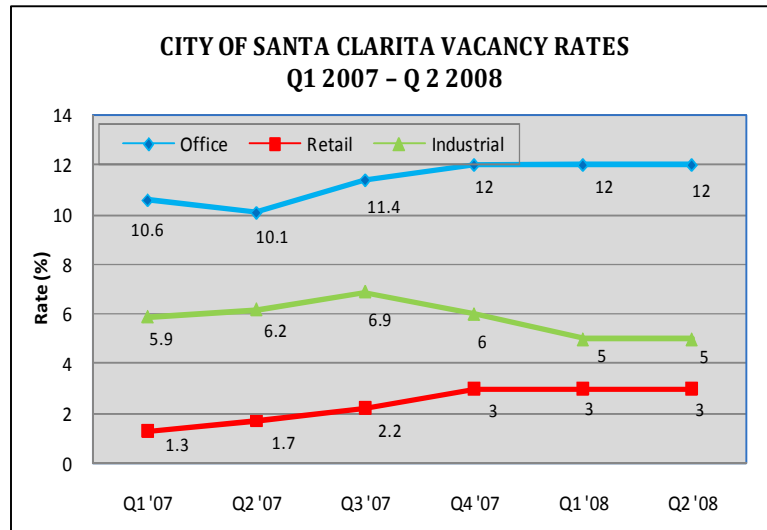
- During 2008, the film industry's economic impact on the City has been trending upward and more dollars were brought in to the City in May 2008 than previous years in May.
- In fact, the Film Economic Impact for May 2008 of \$1,985,000 was \$818,500 or 70% above the impact in May 2007 of \$1,166,500.
- May 2008 was the first month in which film dollars surpassed those in 2007 as production resumed following the Writers Guild strike.

City of Santa Clarita Sales Tax



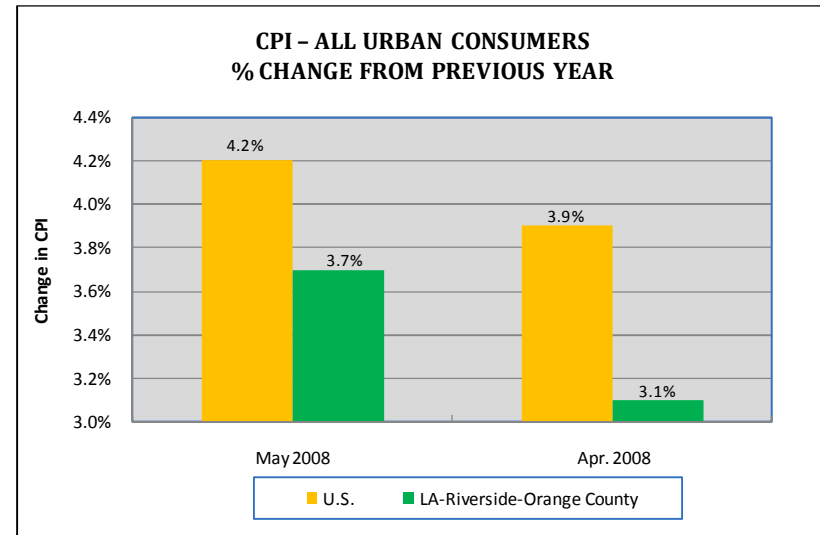
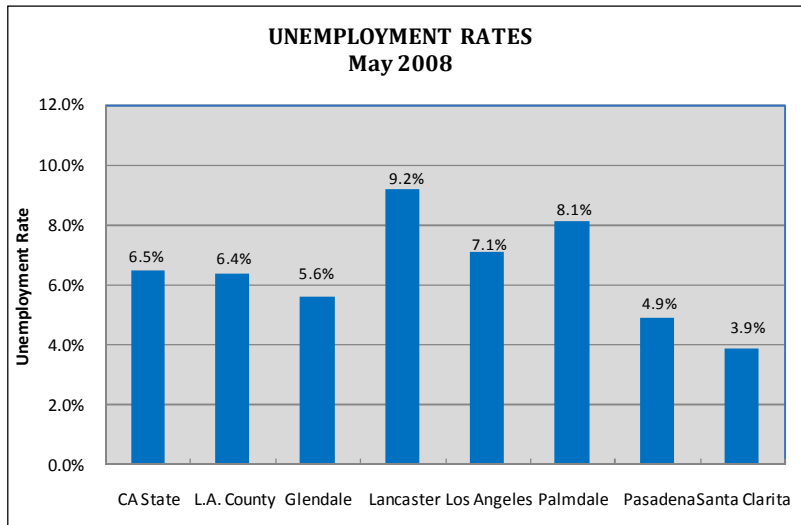
- Sales tax revenue in 2008 has been following the same pattern as in 2007 and levels have been comparable every month.
- Sales tax revenue of \$2.0 million from all sources in May 2008 was comparable to that in May 2007.

City of Santa Clarita Vacancy Rates



- Office, retail and industrial vacancy rates have remained stable throughout 2008 in the City of Santa Clarita, although office and industrial vacancy rates are lower than one year ago.
- The City's office and retail vacancy rates are 12% and 3%, respectively, while the industrial vacancy rate is 5%. In comparison, in the entire Santa Clarita Valley, office vacancy rate reached 22% during Second Quarter 2008.
- The City offers businesses a total of 28,963,711 existing square feet of which 53% is industrial, 34% is retail, and 13% is office.
- A total of 1,493,796 square feet is vacant in the City of which 49% is industrial space, 32% is office space, and 20% is retail space.

Employment and Inflation



- Santa Clarita's unemployment rate was 3.9% in May 2008 compared to 6.4% for Los Angeles County and 6.5% statewide.
- Inflation for May 2008 among all urban consumers for Los Angeles-Riverside-Orange County of 3.7% was below the national rate of 4.2%, yet higher than the rate of 3.1% in April 2008 in part due to rising fuel and food prices.

Data Sources

Sources:

Permits: City of Santa Clarita, Building and Safety Division

Housing Market: San Fernando Valley Association of Realtors

Apartment Rates: Apartmentratings.com

Notice of Defaults: Fidelity National Title, DataQuick in L.A. Times

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

Hotel Data: PFK Consulting

Sales Tax Data: City of Santa Clarita, Finance Division

Vacancy Rates: CoStar Property

Unemployment Rate: CA Employment Development Department

Inflation Rate: Bureau of Labor Statistics