

# CITY OF LAGUNA NIGUEL

## SALES TAX UPDATE

### 3Q 2022 (JULY - SEPTEMBER)



#### LAGUNA NIGUEL

TOTAL: \$ 3,811,606

11.8%

3Q2022



8.4%

COUNTY



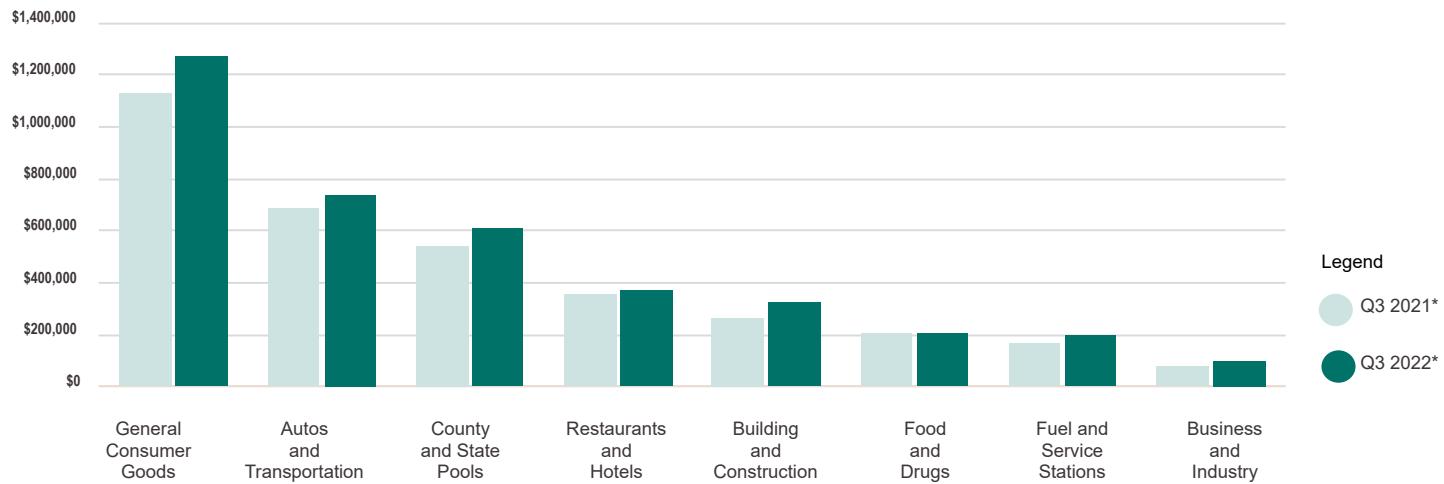
8.0%

STATE



\*Allocation aberrations have been adjusted to reflect sales activity

#### SALES TAX BY MAJOR BUSINESS GROUP



#### CITY OF LAGUNA NIGUEL HIGHLIGHTS

Laguna Niguel's receipts from July through September were 14.2% above the third sales period in 2021. Excluding reporting aberrations, actual sales were up 11.8%.

As inflation improvements are starting to materialize in several industries, consumers remain concerned about the economy heading into a recession. Nevertheless, customer spending in this quarter remained strong. The biggest boost came from the City's largest major industry group general consumer goods which includes specialty stores and home furnishings. This sector is anticipated to flatten out over the next several quarters.

The City also experienced strong gains from fuel and service stations; however, while most underlying economic factors remain strong, crude oil and pump prices have been steadily declining and demand is expected to be lower in calendar year 2023.

The restaurants and hotels industry once again performed better than one year ago mainly due to high menu prices making up for traffic that is beginning to slow. Even so, people continued to want to eat out in spite of the cost of admission going up. As a result, casual dining, quick service restaurants, and leisure/entertainment venues realized gains. Additionally, returns from contractors, building materials, business services, medical/biotech plus the state and county pools were also up.

Results from auto leases, fast casual restaurants, and grocery stores declined which combined to offset the overall quarterly gain.

Net of aberrations, taxable sales for all of Orange County grew 8.4% over the comparable time period; the Southern California region was up 8.1%.



#### TOP 25 PRODUCERS

Albertsons  
Avery Energy  
Chevron  
Circle K  
Costco  
Crown Valley Shell  
Daimler Trust  
GMC & Cadillac of Laguna Niguel  
Guardtop  
Home Depot  
Hyundai & Genesis of Laguna Niguel  
In N Out Burger  
Kohls  
Laguna Niguel Mobil  
Laguna Niguel Shell  
Marshalls  
McDonald's

Mercedes Benz of Laguna Niguel  
Nordstrom Rack  
Pavilions  
Ralphs  
Sepulveda Building Materials  
South Coast Shingle  
Walmart  
Whole Foods Market



## STATEWIDE RESULTS

Local one cent sales and use tax for sales occurring July through September was 8% higher than the same quarter one year ago after adjusting for accounting anomalies and back payments from previous quarters. These returns mark another strong period of growth for the California spending economy.

Even as the Federal Reserve Board continued ramping up interest rates in an effort to curb the larger concern of inflation, consumers maintained purchases on multiple fronts, especially automobiles. Surprisingly, new car dealers experienced 10% gains over the comparable period in 2021. Limited inventory and demand for higher mileage vehicles including electric and hybrid models helped support growth. In addition, the increased cost of used vehicles has pushed many into the new vehicle market; in contrast, sales of recreation vehicles and auto leasing activity remained soft.

For Californians, the summer of 2022 had the highest gas prices on record; subsequently fuel and service stations receipts jumped 21%. Commuters and summer travel remained steady, yet overall consumption still trails pre-pandemic levels by approximately 13%. Although the Russia-Ukraine conflict initially caused a dramatic shift in global crude oil markets, prices have begun to pull back closer to historical norms.

Restaurants experienced a strong uptick as increased menu prices, consistent desire to dine out and strong tourism contributed to this favorable news. Just as important, theme parks, leisure-entertainment venues and hotels pushed positive momentum back to 2019 levels. With tightening profit margins and sustained labor concerns, future improvement could be slowed compared to the last two years.

Busy contractors and plumbing-electrical

suppliers boosted the building-construction sector. Solid residential and commercial housing prices persisted despite recent interest rate hikes. Tenant improvements further support spending activity as businesses assess future office needs. With statewide new housing requirements and federal infrastructure funding on the horizon, current forecasts stay optimistic.

Steady investment in capital equipment coupled with the overall increased price of goods enhanced both business-industry and countywide use tax pool allocations.

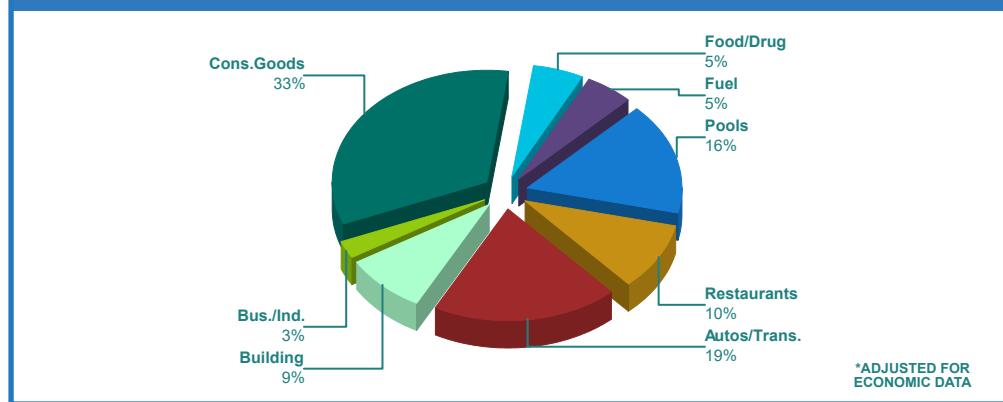
For the second straight quarter, fuel sales linked to discount department stores propped up general consumer goods

results. Otherwise, retailers experienced flat to decreased receipts as many apparel categories, home furnishings and sporting goods struggled to keep pace with the prior year. As consumers balanced summer opportunities and higher prices, in-store shopping appears to have taken a temporary back seat.

Sustained price increases and interest rate hikes certainly have consumers contemplating where to spend their dollars. However, historically low statewide unemployment rates and the recovery of the national stock markets from declines earlier this year leave modest optimism heading into 2023.

## REVENUE BY BUSINESS GROUP

### Laguna Niguel This Quarter\*



## TOP NON-CONFIDENTIAL BUSINESS TYPES

Laguna Niguel Business Type	Q3 '22*	Change	County Change	HdL State Change
Building Materials	237.5	5.2% <span style="color: green;">↑</span>	0.6% <span style="color: green;">↑</span>	2.8% <span style="color: green;">↑</span>
Service Stations	195.8	19.5% <span style="color: green;">↑</span>	15.9% <span style="color: green;">↑</span>	18.4% <span style="color: green;">↑</span>
Casual Dining	141.1	6.6% <span style="color: green;">↑</span>	8.0% <span style="color: green;">↑</span>	10.1% <span style="color: green;">↑</span>
Grocery Stores	134.7	-1.6% <span style="color: red;">↓</span>	3.2% <span style="color: green;">↑</span>	3.1% <span style="color: green;">↑</span>
Quick-Service Restaurants	124.6	4.1% <span style="color: green;">↑</span>	5.4% <span style="color: green;">↑</span>	4.0% <span style="color: green;">↑</span>
Fast-Casual Restaurants	83.7	-2.1% <span style="color: red;">↓</span>	4.4% <span style="color: green;">↑</span>	6.2% <span style="color: green;">↑</span>
Specialty Stores	82.3	9.1% <span style="color: green;">↑</span>	4.5% <span style="color: green;">↑</span>	4.0% <span style="color: green;">↑</span>
Contractors	73.7	148.1% <span style="color: green;">↑</span>	30.7% <span style="color: green;">↑</span>	15.5% <span style="color: green;">↑</span>
Drug Stores	42.9	0.6% <span style="color: green;">↑</span>	-0.8% <span style="color: red;">↓</span>	-1.9% <span style="color: red;">↓</span>
Family Apparel	42.1	-3.9% <span style="color: red;">↓</span>	2.1% <span style="color: green;">↑</span>	-1.7% <span style="color: red;">↓</span>

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\*In thousands of dollars