

CITY OF LAGUNA NIGUEL

SALES TAX UPDATE

4Q 2022 (OCTOBER - DECEMBER)



LAGUNA NIGUEL

TOTAL: \$ 4,200,882

4.4%

4Q2022



4.6%

COUNTY



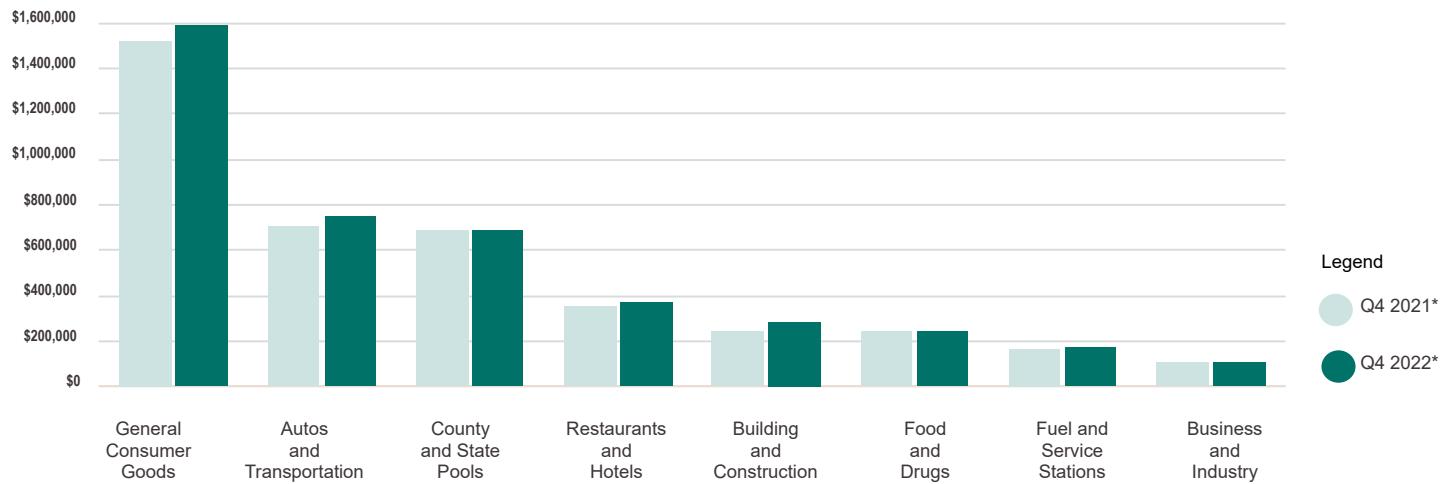
4.7%

STATE



*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



Legend

- Q4 2021*
- Q4 2022*



CITY OF LAGUNA NIGUEL HIGHLIGHTS

Laguna Niguel's receipts from October through December were 4.2% above the fourth sales period in 2021. Excluding reporting aberrations, actual sales were up 4.4%.

Despite several store closures, the general consumer goods sector experienced solid sales during the 4Q22 holiday shopping season. The building-construction group also reported increased revenue in multiple categories. The fourth quarter was a bright spot for the autos-transportation group, with higher totals across the board.

In southern California, fuel prices were up over a dollar a gallon in the fourth quarter when compared to the same period in the prior year. However, consumers continued to prioritize dining out, which led

to a higher sales quarter for the restaurant-hotels group.

Higher costs for food and household goods drove up receipts from the food-drug sector, while the business-industry group remained flat.

The City's share of the countywide use tax pool increased 0.1% when compared to the same period in the prior year.

Net of aberrations, taxable sales for all of Orange County grew 4.6% over the comparable time period; the Southern California region was up 5.1%.

Albertsons

Avery Energy

Chevron

Circle K

Costco

Daimler Trust

ECO Green Solutions

GMC & Cadillac of Laguna Niguel

Guardtop

Hobby Lobby

Home Depot

Hyundai & Genesis Of Laguna Niguel

In N Out Burger

Kohls

Laguna Niguel Shell

Marshalls

McDonald's

TOP 25 PRODUCERS

Mercedes Benz of Laguna Niguel

Nordstrom Rack

Pavilions

Ralphs

Sepulveda Building Materials

Verizon Wireless

Walmart

Whole Foods Market



STATEWIDE RESULTS

California's local one cent sales and use tax receipts for sales during the months of October through December were 4.7% higher than the same quarter one year ago after adjusting for accounting anomalies. A holiday shopping quarter, the most consequential sales period of the year, experienced solid results which lifted revenue to local agencies across the State.

Overall, general consumer goods growth was up a meager 1.8%, in large part from merchants also selling gas as prices remained elevated over last year. Otherwise, many brick and mortar retailers experienced mixed results as the phenomenal prior year activity made for an extremely difficult comparison. This was especially true for jewelry stores receipts which had soared tremendously after the pandemic as consumers diversified readily available cash into other assets.

Commuters and seasonal travelers were again burdened with gas prices above \$5 per gallon in most of the State, leaving fuel-service stations 10% higher than a year ago. However, this trend did not distract from spending at local restaurants and hotels. Increased menu prices and return-to-office workplaces enhanced gains, with the Bay Area experiencing its greatest amount of post-pandemic rebound.

Although inventory shortages negatively impacted unit sales and leasing activity throughout 2022, year-end returns by new car dealers, especially high-end luxury and electric/hybrid brands, sustained auto-transportation sector gains. In contrast, rising interest rates and higher gas prices pulled trailer-RV revenues lower. Steady housing demand and pend up construction projects delayed by supply chain interruptions have contractors contributing the majority of growth within the building-construction sector.

With rising interest rates tempering selling activity, property owners are still likely to maintain home improvement spending.

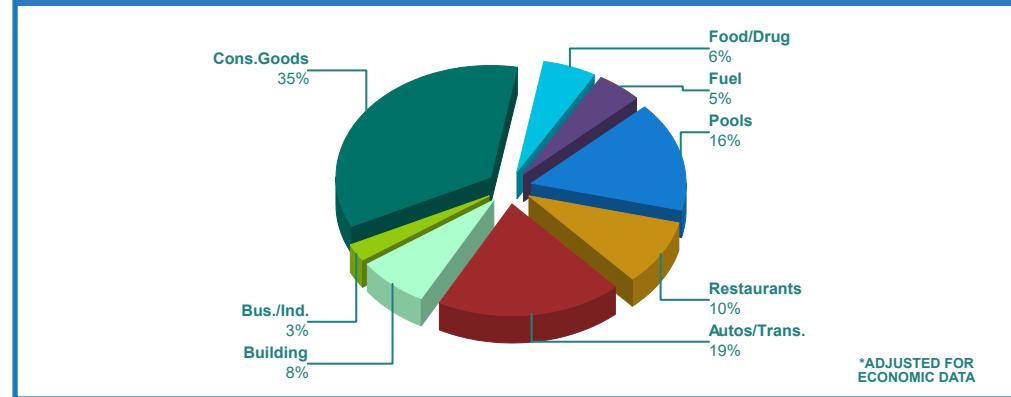
Use taxes remitted via the countywide pools rose a scant 0.3%. While national ecommerce spending behaviors climbed upward again, expansion of more in-state fulfillment centers plus retailers using existing locations to deliver goods tied to online orders shifted taxes away from pools. The offsetting effect was these dollars being directed to local agency's coffers where the goods resided. This evolving trend is anticipated to persistently weaken taxes coming from the pools in the near term.

Looking back, calendar year 2022 exhibited a 9.5% surge in tax receipts compared to 2021. Each of the eight major tax categories all reported greater returns. Most influential was inflation that drove up prices on everything from normal daily purchases to vehicles. Secondly, all-time peak global crude oil costs had fuel seller's payments skyrocketing.

Heading into 2023, additional interest rate hikes along with consumer sentiment waning about the economy foretells minimal change coming from California's taxable sales in the months ahead.

REVENUE BY BUSINESS GROUP

Laguna Niguel This Calendar Year*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Laguna Niguel Business Type	Q4 '22*	Change	County Change	HdL State Change
Building Materials	221.0	3.9% ↑	0.1% ↑	2.1% ↑
Service Stations	172.5	4.6% ↑	0.4% ↑	7.5% ↑
Grocery Stores	166.6	3.9% ↑	6.9% ↑	6.2% ↑
Casual Dining	146.1	5.6% ↑	5.2% ↑	8.1% ↑
Quick-Service Restaurants	122.0	5.8% ↑	5.4% ↑	5.7% ↑
Specialty Stores	112.1	8.8% ↑	0.0% ↓	1.9% ↑
Fast-Casual Restaurants	77.3	-5.2% ↓	2.3% ↑	6.6% ↑
Family Apparel	49.8	-5.4% ↓	-0.4% ↓	-0.9% ↓
Contractors	48.6	89.5% ↑	4.9% ↑	11.7% ↑
Drug Stores	47.1	-2.0% ↓	1.0% ↑	2.5% ↑

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*In thousands of dollars