

CITY OF LAGUNA NIGUEL

SALES TAX UPDATE

3Q 2023 (JULY - SEPTEMBER)



LAGUNA NIGUEL

TOTAL: \$ 3,688,959

-2.4%

3Q2023



-1.1%

COUNTY



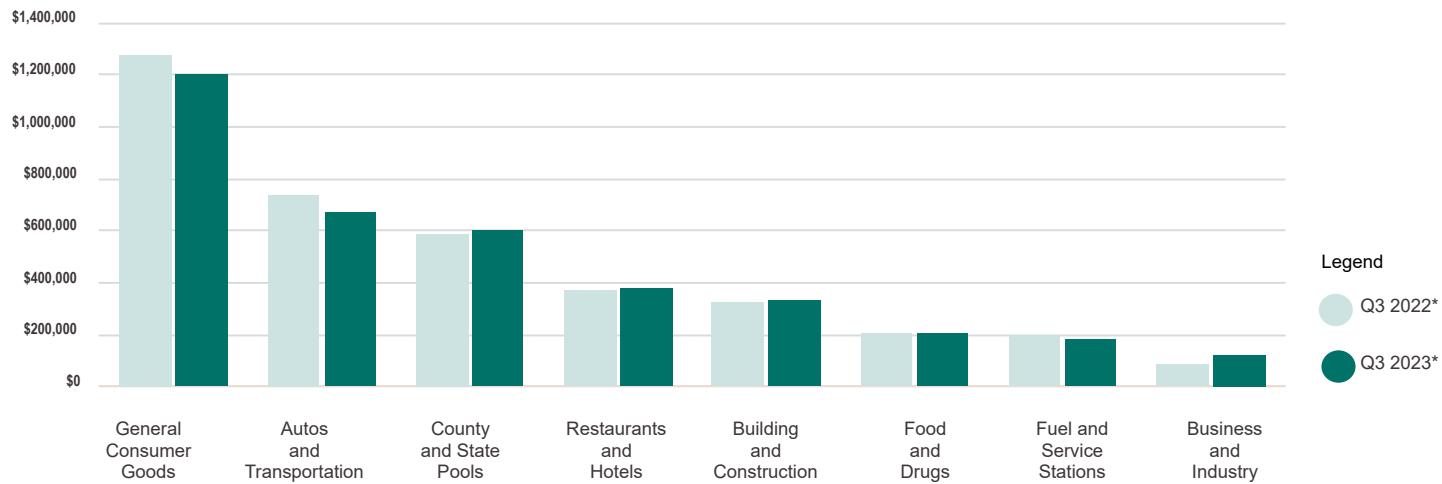
-1.7%

STATE



*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



Legend

- Q3 2022*
- Q3 2023*

CITY OF LAGUNA NIGUEL HIGHLIGHTS

Laguna Niguel's receipts from July through September were 2.8% above the third sales period in 2022. Excluding reporting aberrations, actual sales were down 2.4%.

Consumers continued to look for ways to save, reducing overall receipts from general consumer goods.

High interest rates and increased costs for car parts have created weakening affordability, putting a damper on revenue from auto-transportation.

The City's share of the countywide use tax pool increased 2.4% when compared to the same period in the prior year.

Receipts from fuel-service stations declined as prices at the pump were

significantly lower than in 3Q22.

A large, one-time use tax payment helped to boost revenue from the business-industry sector.

New dining options increased totals from restaurants-hotels, while a new business addition pushed up totals from food-drugs.

Revenue from the building and construction sector reported a modest increase in revenue.

Net of aberrations, taxable sales for all of Orange County declined 1.1% over the comparable period; the Southern California region was down 1.4%.

Albertsons

Avery Energy

Chevron

Circle K

Costco

GMC & Cadillac of Laguna Niguel

Guardtop

Heritage Auctions

Home Depot

Hyundai & Genesis Of Laguna Niguel

In N Out Burger

Kohls

Laguna Niguel Shell

Marshalls

McDonald's

Mercedes Benz of Laguna Niguel

Mercedes Benz Vehicle Trust

TOP 25 PRODUCERS

Nordstrom Rack

Pavilions

Ralphs

Sepulveda Building Materials

South Coast Shingle

Walmart

Whole Foods Market

Window Visions



STATEWIDE RESULTS

California's local one cent sales and use tax receipts for sales during the months of July through September were 1.6% lower than the same quarter one year ago after adjusting for accounting anomalies. The third quarter of the calendar year continued with a challenging comparison to prior year growth and stagnating consumer demand in the face of higher prices of goods.

Fuel and service stations contributed the greatest overall decline as lower fuel prices at the pump reduced receipts from gas stations and petroleum providers. While global crude oil prices have stabilized, they remained 15% lower year-over-year. This decline also impacted the general consumer goods category as those retailers selling fuel experienced a similar drop. Despite OPEC and Russia production cuts having upward pressure on pricing, global demand during the winter months has softened.

Along with merchants selling gas, many other general consumer categories were also down from the 2022 quarter, confirming consumers pulling back on purchases. Home furnishings and electronic-appliances were a couple of the largest sectors with the biggest reductions. As inflation and higher prices were the main story a year ago, currently it appears to be a balancing act between wants and needs, leaving meek expectations for the upcoming holiday shopping season.

Even following a long, wet first half of 2023, spending at building and construction suppliers moderately slowed. The current high interest rate environment did not help the summer period and still represents the largest potential headwind for the industry with depressed commercial development, slowing public infrastructure projects and new housing starts waiting for more profitable financial conditions.

Despite continued increases of new car registrations, revenue from the auto-transportation sector slipped 2.6%. The improved activity remains mostly attributed to rental car agencies restocking their fleets. Like other segments, elevated financing costs are expected to impede future retail volume.

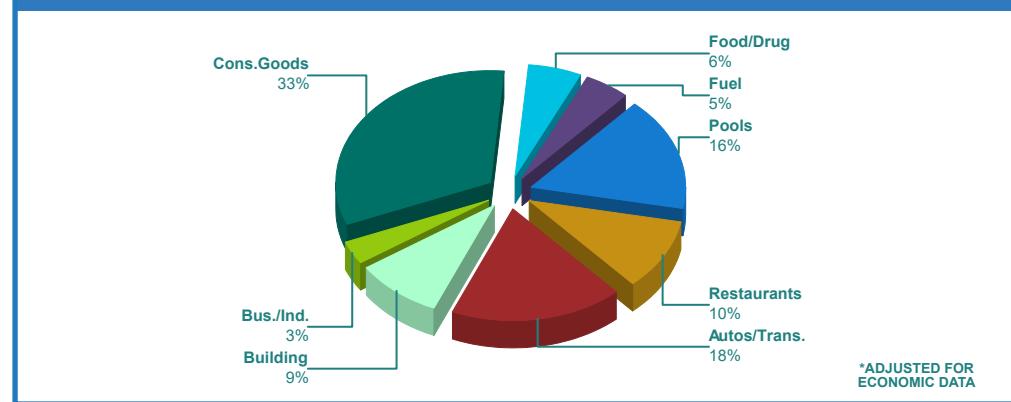
Use taxes remitted via the countywide pools dipped 3.0%, marking the fourth consecutive quarter of decline. While overall online sales volume is steady, pool collections dropped with the offsetting effect of more taxes allocated directly to local agencies via in-state fulfillment generated at large warehouses and through existing retail outlets.

Restaurants remained an economic bright spot through summer exhibiting a 2.6% gain. As tourism, holiday and business travel are all expected to have recovered in 2024, the industry is bracing for implementation of AB 1228 - new CA law setting minimum wages for 'fast food restaurants'.

With one more quarterly result to go in 2023, the recent trend of a moderate decline appears likely before a recovery in 2024. Initial reports from the holiday shopping season reflect a 3% bump in retail sales compared to 2022. Lingering consumer confidence may have also received welcome news as the Federal Reserve considers softening rates by mid-2024.

REVENUE BY BUSINESS GROUP

Laguna Niguel This Quarter*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Laguna Niguel Business Type	Q3 '23*	Change	County Change	HdL State Change
Building Materials	236.1	-0.4% ↓	-1.8% ↓	-2.7% ↓
Service Stations	177.8	-9.2% ↓	-5.9% ↓	-7.3% ↓
Casual Dining	148.4	6.0% ↑	2.4% ↑	2.8% ↑
Grocery Stores	142.2	5.5% ↑	2.8% ↑	2.3% ↑
Quick-Service Restaurants	127.3	2.1% ↑	3.8% ↑	2.7% ↑
Auto Lease	89.9	-10.6% ↓	-1.9% ↓	-0.4% ↓
Specialty Stores	85.5	2.1% ↑	-3.8% ↓	-1.9% ↓
Fast-Casual Restaurants	76.6	-5.7% ↓	1.4% ↑	3.4% ↑
Contractors	72.7	-1.3% ↓	-6.2% ↓	-1.1% ↓
Family Apparel	52.7	25.3% ↑	-3.7% ↓	3.2% ↑

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*In thousands of dollars