

CITY OF MANHATTAN BEACH

SALES TAX UPDATE

3Q 2021 (JULY - SEPTEMBER)



MANHATTAN BEACH

TOTAL: \$ 2,566,657

37.3%
3Q2021



19.8%
COUNTY

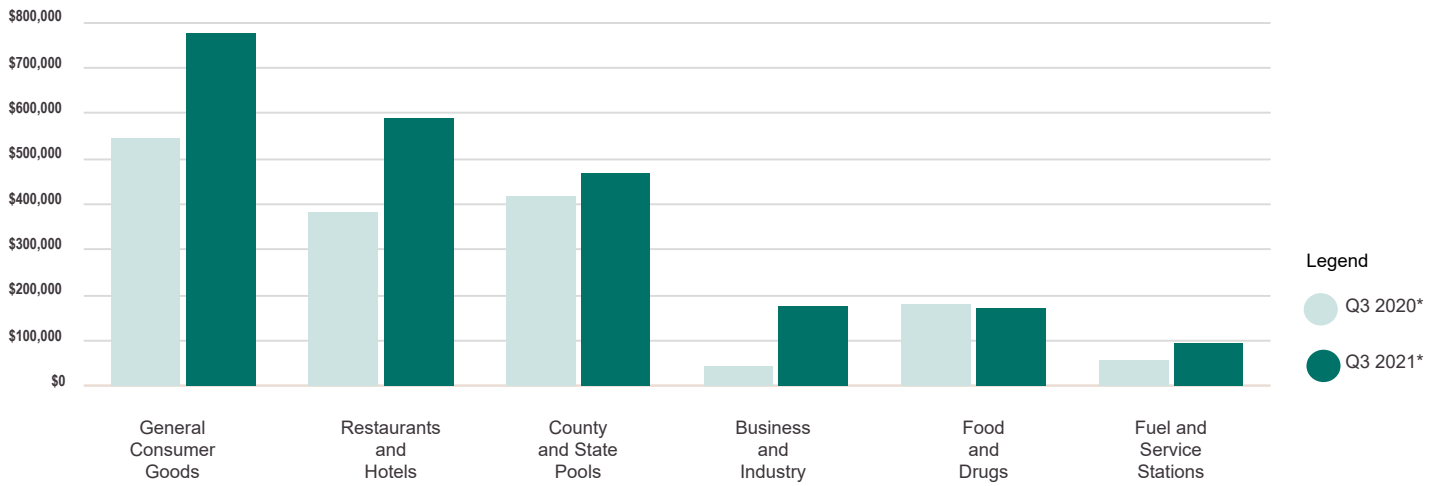


18.2%
STATE



**Allocation aberrations have been adjusted to reflect sales activity*

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF MANHATTAN BEACH HIGHLIGHTS

Manhattan Beach's receipts from July through September were 27.3% above the third sales period in 2020. Excluding reporting aberrations, actual sales were up 37.3%.

The City's local economy is continuing to emerge from COVID-19. The City experienced a rebound in its biggest sector general consumer goods this quarter. This resulted in an uptick in most of the business types including home furnishings, specialty stores, family and women's apparel, and sporting goods.

One of the industries that was hit the hardest in the state during the pandemic was restaurants and hotels, which has since experienced a strong rebound. As a result of consumers eating out again, the City realized solid returns from casual and quick service restaurants, fine dining, and hotels-liquor. Receipts from

business and industry were also up.

Road and air trips have increased, and this can be seen by increased congestion on the highways and airways, which are back up to pre-pandemic levels. Demand and consumption of fuel and prices of gasoline at the pumps have spiked to record levels, and this has resulted in a boost in the sales tax associated with the fuel and service station sector.

Returns from convenience stores with liquor were down, which partially offset the overall net gain.

Net of aberrations, taxable sales for all of Los Angeles County grew 19.8% over the comparable time period; the Southern California region was up 19.8%.



TOP 25 PRODUCERS

- | | |
|--------------------------------|--------------------|
| Apple | Target |
| Arco AM PM | The Arthur J |
| BevMo | Tin Roof Bistro |
| Chevron | Toyota Lease Trust |
| Circle K | Trader Joes |
| CVS Pharmacy | Vuori |
| Kettle | Wrights |
| Macys | |
| Manhattan Beach | |
| Toyota Scion | |
| Marriott Manhattan Beach Hotel | |
| Nick's Manhattan Beach | |
| Old Navy | |
| Olive Garden | |
| Ralphs Fresh Fare | |
| REI | |
| Sephora | |
| Skechers by Mail | |
| Strand House Standbar | |



STATEWIDE RESULTS

Local one cent sales and use tax receipts for sales occurring July through September were 18% higher than the same quarter one year ago after adjusting for accounting anomalies and back payments from previous quarters. These aberrations had been much greater than normal in the last two years as the Governor’s Executive Orders allowed businesses to defer some sales tax payments as a supportive measure during the pandemic. This program has now expired, and merchant remittances are more consistent, making cash receipts more reflective of underlying economic activity.

The prior year comparison quarter was the start of the pandemic recovery, and the strong growth enjoyed since continued with the recent results.

Surprisingly, one of the stronger sectors has been restaurants and hotels. Originally forecasted to take an extended amount of time to recover, statewide sales tax generated during the summer months exceeded amounts from pre-pandemic 2019. Even with the availability of indoor and outdoor dining, pent up demand resulted in long wait times to enjoy local culinary experiences. When combined with increasing restaurant tabs as the cost of food and staff wages surge, sales tax remittances are expected to continue growing. Additionally, while the industry awaits the return of foreign tourism in metropolitan areas, strong domestic travel has helped varied regions around the state especially Southern California and the Central Coast.

Receipts from general consumer goods marked a steady recovery, led by apparel retailers, jewelry, electronic/appliance and specialty outlets. Discount department stores, especially those selling gas, helped exemplify the strength of brick-and-mortar

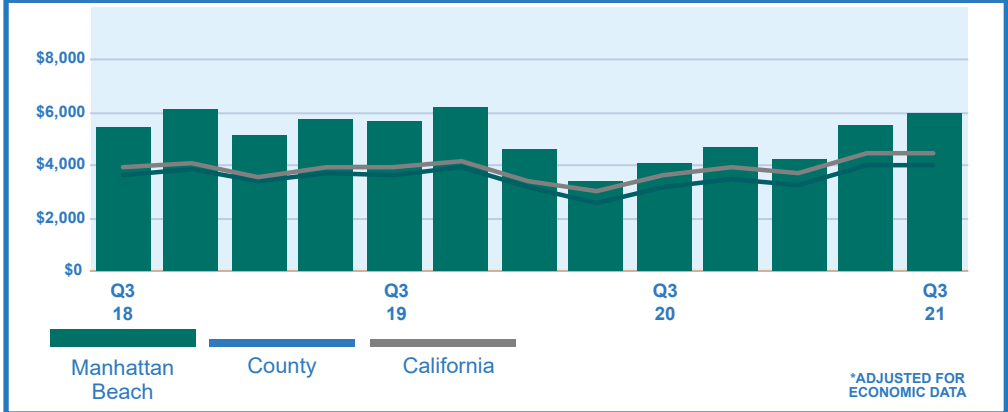
merchants. Gains from the countywide use tax pools however, slowed to 2% compared to the high-water mark last year, which had been boosted by new tax collecting requirements imposed under AB 147 for online retailers. All things considered, when combined with positive economic trends, these are a welcome sign leading up to the holiday shopping period.

Although car dealers had expressed concerns about inventory shortages due to supply chain disruptions and computer chip shortages earlier in the year, the sale of new and used vehicles posted solid gains regardless. Higher property values and good weather contributed to strong building

materials and contractor returns. As commuting workers and travelers returned to the road with increased gas prices, fuel and service stations also experienced a dramatic recovery.

Overall growth is expected to continue through the end of the 2021 calendar year. Possible headwinds into 2022 include: pent up demand for travel and experiences shifting spending away from taxable goods; higher prices for fuel, merchandise and services displacing more of consumer’s disposable income; and expected interest rate hikes resulting in more costly financing for automobiles, homes, and consumer loans.

SALES PER CAPITA*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Manhattan Beach Business Type	Q3 '21*	Change	County Change	HdL State Change
Casual Dining	342.4	66.7% ↑	76.4% ↑	69.1% ↑
Fine Dining	119.0	42.1% ↑	86.2% ↑	84.4% ↑
Grocery Stores	93.6	-4.3% ↓	-0.6% ↓	-0.2% ↓
Service Stations	84.3	94.8% ↑	65.1% ↑	53.3% ↑
Sporting Goods/Bike Stores	79.3	23.5% ↑	0.2% ↑	-0.1% ↓
Family Apparel	76.4	39.9% ↑	43.7% ↑	39.2% ↑
Specialty Stores	68.1	69.2% ↑	25.7% ↑	21.2% ↑
Home Furnishings	59.0	65.1% ↑	13.6% ↑	11.0% ↑
Quick-Service Restaurants	56.4	21.8% ↑	15.8% ↑	14.3% ↑
Convenience Stores/Liquor	43.4	-17.0% ↓	-1.3% ↓	-0.2% ↓

*Allocation aberrations have been adjusted to reflect sales activity *In thousands of dollars