

# CITY OF MANHATTAN BEACH

## SALES TAX UPDATE

### 4Q 2021 (OCTOBER - DECEMBER)



**MANHATTAN BEACH**

TOTAL: \$ 2,753,146

27.1%  
4Q2021



16.9%  
COUNTY

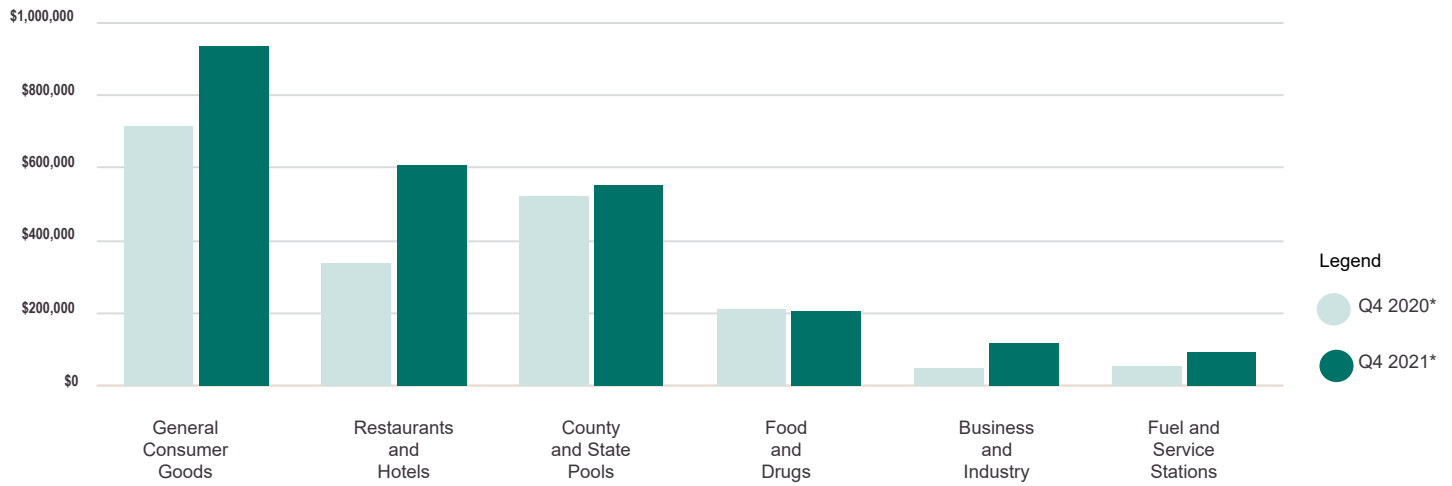


15.6%  
STATE



*\*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 October through December were 38.6% above the fourth sales period in 2020. Excluding reporting aberrations, actual sales were up 27.1%.

New dining options and the return to indoor dining resulted in significant gains in revenue from the restaurants-hotels group. Prices for general consumer goods reached a 40-year high in 4Q21 brought on by inflation, growing at the fastest pace since June 1982.

A misallocated local tax payment temporarily increased receipts from the business-industry sector. Higher retail gasoline prices in 4Q21 were the result of increased demand for gasoline, reduced U.S. refinery capacity, and low gasoline inventories.

Revenue from food-drugs dropped, as

consumers returned to dining out instead of cooking from home. A shortage of necessary parts and supply chain issues have impacted nearly all aspects of the autos-transportation group.

The City's share of the countywide use tax pool increased 6.5% when compared to the same period in the prior year.

Net of aberrations, taxable sales for all of Los Angeles County grew 16.9% over the comparable time period; the Southern California region was up 17.4%.



### TOP 25 PRODUCERS

- |                        |                    |
|------------------------|--------------------|
| Apple                  | Tin Roof Bistro    |
| Barnes & Noble         | Toyota Lease Trust |
| BevMo                  | Trader Joes        |
| Chevron                | Vons               |
| CVS Pharmacy           | Vuori              |
| Joey Manhattan Beach   | Wrights            |
| Kettle                 |                    |
| Macys                  |                    |
| Manhattan Beach        |                    |
| Toyota Scion           |                    |
| Nick's Manhattan Beach |                    |
| Old Navy               |                    |
| Olive Garden           |                    |
| Ralphs Fresh Fare      |                    |
| REI                    |                    |
| Sephora                |                    |
| Skechers by Mail       |                    |
| Strand House Standbar  |                    |
| Target                 |                    |
| The Arthur J           |                    |



## STATEWIDE RESULTS

California's local one cent sales and use tax receipts for sales during the months of October through December were 15% 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, and the strong result was a boon to local agencies across the State. Consumers spent freely as the economy continued its rebound from the pandemic and as robust labor demand reduced unemployment and drove up wages.

Brick and mortar retailers did exceptionally well as many shoppers returned to physical stores rather than shopping online as the COVID crisis waned. This was especially true for traditional department stores that have long been among the weakest categories in retail. Discount department stores, particularly those selling gas, family and women's apparel and jewelry merchants also experienced strong sales. Many retailers are now generating revenue that is nearly as much, or even higher, than pre-pandemic levels.

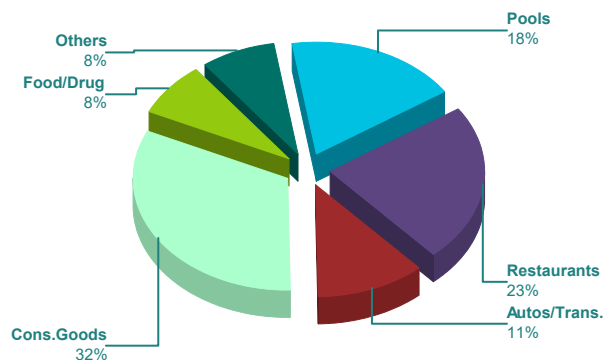
Sales by new and used car dealers were also much higher than a year ago. The inventory shortage has resulted in higher prices that have more than offset the decline in unit volume in terms of revenue generation for most dealerships. Restaurants and hotels were only moderately lower than last quarter, with both periods being the highest in the State's history. Increased menu prices coupled with robust demand to dine out are largely responsible for these gains. These are impressive results for a sector that does not yet include the positive impact that will occur later this year as international travel steadily increases at major airports. Conference business, an important revenue component for many hotels, is also still in the early stages of recovery.

Building material suppliers and contractors were steady as growing residential and commercial property values boosted demand, particularly in the Southern California, Sacramento and San Joaquin Valley regions. Although anticipated interest rate increases by the Federal Reserve could dampen the short-term outlook for this sector, industry experts believe limited selling activity will inspire increased upgrades and improvements by existing owners. With demand remaining tight and calls for more affordable housing throughout the state, the long-term outlook remains positive.

The fourth quarter, the final sales period of calendar year 2021, exhibited a 20% rebound

in tax receipts compared to calendar year 2020. General consumer goods, restaurants, fuel and auto-transportation industries were the largest contributors to this improvement. However, the future growth rate for statewide sales tax revenue is expected to slow markedly. Retail activity has now moved past the easy year-over-year comparison quarters in 2021 versus the depths of the pandemic bottom the year before. Additional headwinds going into 2022 include surging inflation, a dramatic jump in the global price of crude oil due to Russia's war in Ukraine and corresponding monetary tightening by the Federal Reserve. This is expected to result in weakening consumer sentiment and continued, but decelerating, sales tax growth into 2023.

### REVENUE BY BUSINESS GROUP Manhattan Beach This Calendar Year\*



\*ADJUSTED FOR ECONOMIC DATA

### TOP NON-CONFIDENTIAL BUSINESS TYPES

Manhattan Beach Business Type	Q4 '21*	Change	County Change	HdL State Change
Casual Dining	354.2	94.9% ↑	80.5% ↑	66.4% ↑
Fine Dining	121.4	91.7% ↑	108.1% ↑	95.9% ↑
Grocery Stores	105.0	-3.9% ↓	0.1% ↑	0.6% ↑
Family Apparel	104.6	45.4% ↑	32.0% ↑	27.2% ↑
Sporting Goods/Bike Stores	95.5	27.0% ↑	-0.9% ↓	1.5% ↑
Service Stations	83.2	88.4% ↑	60.4% ↑	53.8% ↑
Specialty Stores	76.8	24.1% ↑	18.4% ↑	18.7% ↑
Home Furnishings	61.1	21.0% ↑	11.1% ↑	6.5% ↑
Convenience Stores/Liquor	55.4	-4.9% ↓	1.1% ↑	2.1% ↑
Quick-Service Restaurants	48.6	4.9% ↑	13.9% ↑	12.2% ↑

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\*In thousands of dollars