

CITY OF MANHATTAN BEACH

SALES TAX UPDATE

2Q 2022 (APRIL - JUNE)



MANHATTAN BEACH

TOTAL: \$ 2,697,157

16.4%
2Q2022



11.3%
COUNTY

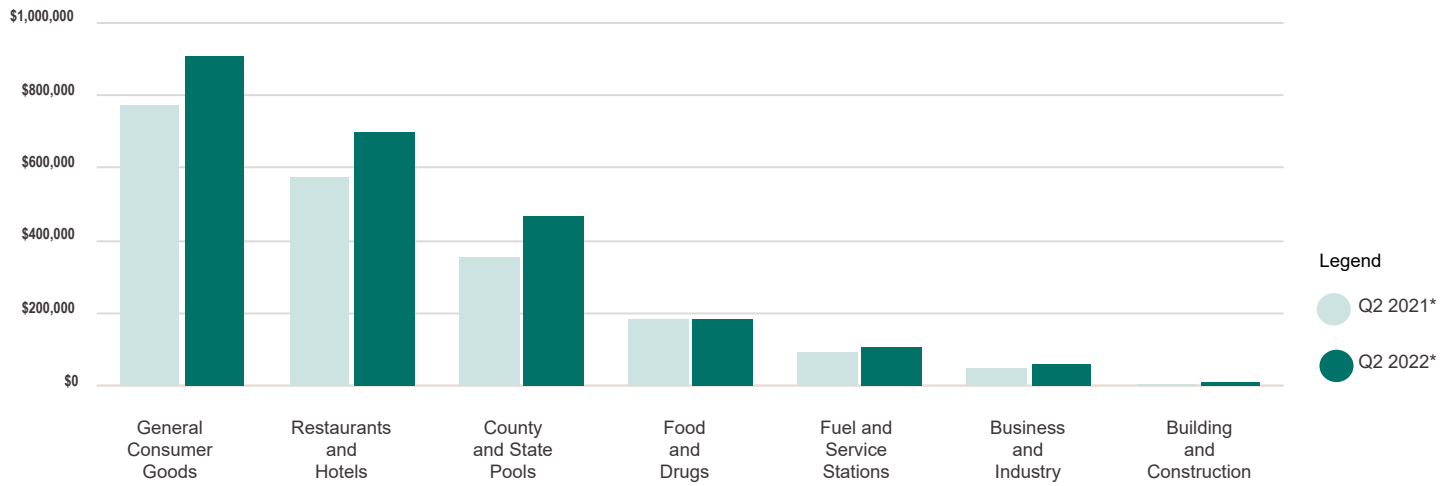


10.1%
STATE



**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 April through June were 31.4% above the second sales period in 2021. Excluding reporting aberrations, actual sales were up 16.4%.

The local economy remained strong in most industry groups this quarter. The resiliency of consumer spending was on full display in the second sales period of 2022 despite inflationary pressures and federal policy makers actively trying to cool demand. Prices are driving positive sales tax proceeds, while sales volumes have started to diminish.

The City's largest major industry group, general consumer goods, including family apparel, home furnishings, and specialty stores experienced the most growth. Receipts from business services and the state and county pools were also up.

The travel and tourism industry is optimistic that this sector will continue to see stronger tax filings in the coming months, and the post pandemic return of new businesses and higher menu prices are boosting sales. This resulted in positive returns from casual and fine dining.

While the fuel and services station sector is anticipated to start experiencing downward pressure on sales tax, pump and oil barrel prices and consumer demand in this quarter were strong, which generated additional revenue.

Returns from liquor stores and sporting goods/bike stores decreased and combined to partially offset the overall gain. Net of aberrations, taxable sales for all of Los Angeles County grew 11.3% over the comparable time period; the Southern California region was up 11.1%.



TOP 25 PRODUCERS

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



STATEWIDE RESULTS

Local one cent sales and use tax for sales occurring April through June was 10% higher than the same quarter one year ago after adjusting for accounting anomalies and back payments from previous quarters. These returns mark the sixth consecutive quarter of double-digit growth since the pandemic periods in 2020, with the July-June 2022 fiscal year up 15%.

Commuters returning to offices combined with the Russia-Ukraine conflict continuing to put upward pressure on oil prices and left Californians facing the highest average price per gallon on record resulting in fuel and service station receipts 42% higher than last year. While statewide fuel consumption still trails 2019 levels, local gas prices are expected to remain high until after the summer blend period.

Led by consumer’s desire to dine out, a steady rise in tourism and business travel, higher menu prices and great weather, the restaurant sector continues to flourish. Theme parks, entertainment venues and hotels showed the strongest growth with casual dining establishments remaining solid, a trend likely to remain through 2022.

The automobile sector experienced modest gains for new car dealers and rental car vendors, however sales of used autos and leasing activity has begun to cool. Brands prioritizing full electric and hybrid models still appear to be the most attractive with consumers, however increased financing rates may cause even their activity to dampen. Tight inventories that contributed to dramatic price increases over the last 18 months are also showing signs of loosening as newer models are released

in greater numbers.

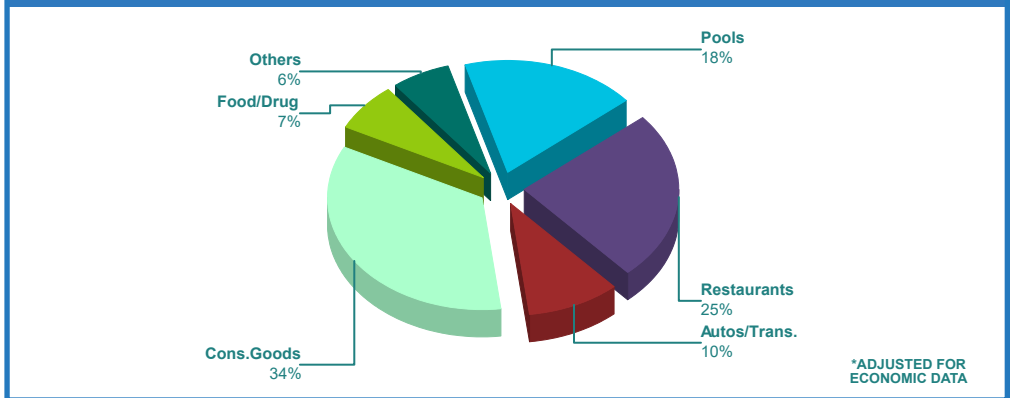
General consumer goods categories saw steady returns largely propped up by retailers also selling fuel. In comparison with the prior year when consumers were buying merchandise at a record pace, the current returns from apparel and jewelry stores grew moderately with home furnishings showing a slight decrease.

With new housing starts accelerating and residential and commercial property values rising, construction contractors remain busy. Lumber prices have softened from prior year highs leaving material suppliers with modest gains, however electrical, plumbing and energy

suppliers boosted building sector results. Increased investment in capital equipment remains an important area of growth for county pool allocations, especially as online spending for general consumer goods begins to flatten as consumers return to in-store shopping.

Overall, higher priced goods through periods of consistent demand have led to economic inflation. The Federal Reserve Board’s recent actions to curb inflation are anticipated to put downward pressure on auto sales, building materials and financed general consumer goods, resulting in slower growth by year end and into 2023.

REVENUE BY BUSINESS GROUP
Manhattan Beach This Fiscal Year*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Manhattan Beach Business Type	Q2 '22*	Change	County Change	HdL State Change
Casual Dining	418.1	21.3% ↑	20.6% ↑	17.2% ↑
Fine Dining	133.4	17.1% ↑	16.4% ↑	18.0% ↑
Family Apparel	110.4	19.1% ↑	-0.1% ↓	0.6% ↑
Grocery Stores	107.5	1.9% ↑	5.9% ↑	5.3% ↑
Service Stations	101.2	28.0% ↑	38.7% ↑	36.4% ↑
Sporting Goods/Bike Stores	84.0	-2.8% ↓	-6.5% ↓	-7.4% ↓
Specialty Stores	71.3	7.5% ↑	3.4% ↑	4.2% ↑
Home Furnishings	69.3	26.5% ↑	-7.7% ↓	-4.5% ↓
Quick-Service Restaurants	54.3	8.9% ↑	6.2% ↑	5.2% ↑
Fast-Casual Restaurants	47.6	10.7% ↑	5.6% ↑	7.9% ↑

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