

CITY OF MANHATTAN BEACH

SALES TAX UPDATE

4Q 2022 (OCTOBER - DECEMBER)



MANHATTAN BEACH

TOTAL: \$ 3,019,291

10.3%
4Q2022



4.0%
COUNTY

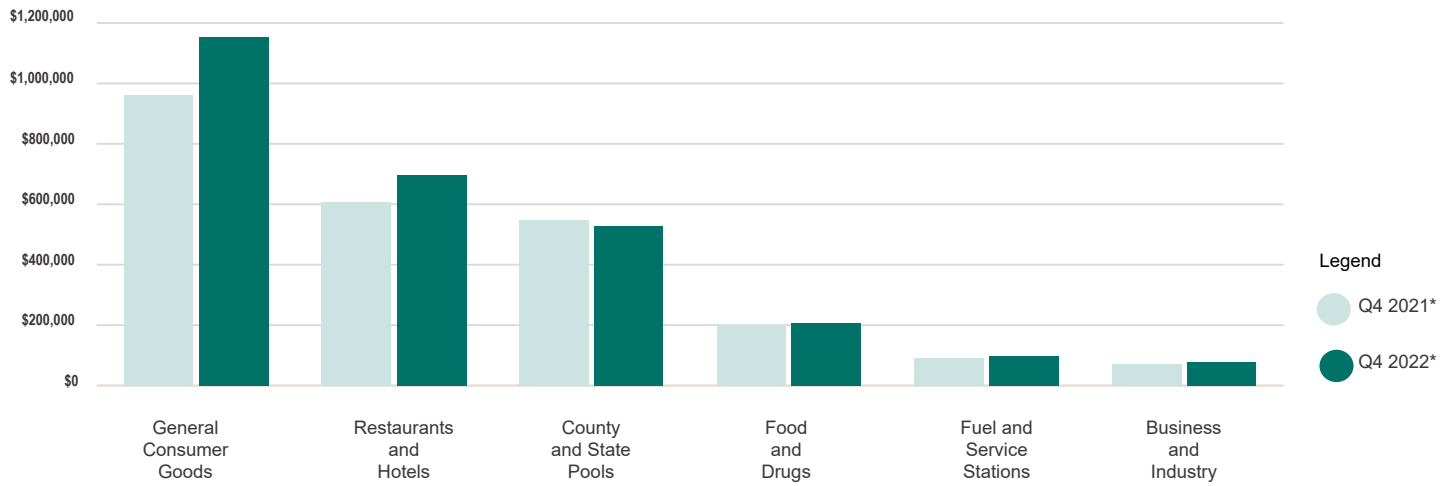


4.7%
STATE



**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 1.1% below the fourth sales period in 2021. Excluding reporting aberrations, actual sales were up 10.3%.

General consumer goods experienced solid online sales performance this holiday season, with new retail stores helping to further boost revenue.

Consumers continue to prioritize dining out, new eateries also contributed to the overall growth in the restaurant-hotels group.

Revenue from fuel-service stations continued to climb, as the price for a regular gallon of gas was over a dollar higher than when compared to the year-ago period.

New business additions helped to boost

revenue from the business-industry sector.

Increases in food-drugs revenue kept pace with a solid uptick, as prices for food and household goods are significantly higher than they were a year ago.

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

Net of aberrations, taxable sales for all of Los Angeles County grew 4.0% over the comparable time period; the Southern California region was up 5.1%.



TOP 25 PRODUCERS

- | | |
|--------------------------------|-----------------|
| Apple | Target |
| Barnes & Noble | The Arthur J |
| BevMo | Tin Roof Bistro |
| Chevron | Trader Joes |
| CVS Pharmacy | Vons |
| Joey Manhattan Beach | Vuori |
| Kettle | Wrights |
| 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 | |
| Sushi Roku | |



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 it’s 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.

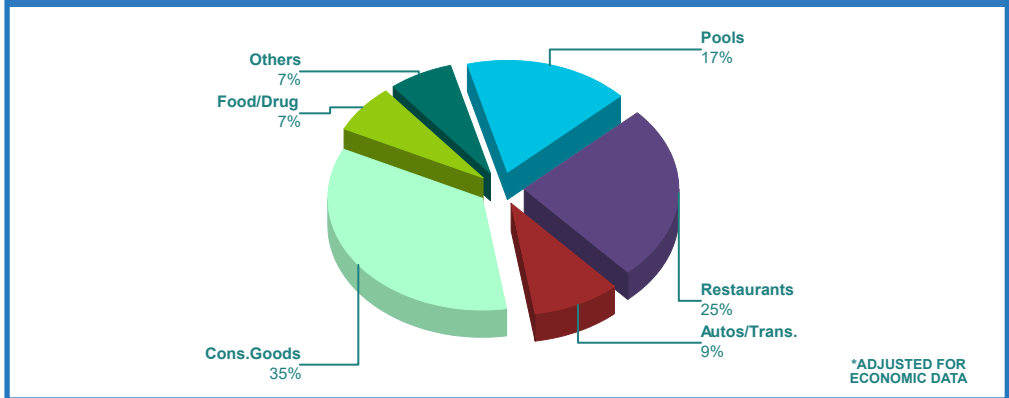
With rising interest rates tempering selling activity, property owners are still likely to maintain home improvement spending.

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 Manhattan Beach This Calendar Year*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Manhattan Beach Business Type	Q4 '22*	Change	County Change	HdL State Change
Casual Dining	423.9	18.8% ↑	10.9% ↑	8.1% ↑
Family Apparel	133.7	10.4% ↑	-1.0% ↓	-1.0% ↓
Fine Dining	128.8	6.1% ↑	0.9% ↑	3.2% ↑
Grocery Stores	111.0	5.8% ↑	7.2% ↑	6.2% ↑
Specialty Stores	95.8	14.2% ↑	3.3% ↑	2.1% ↑
Service Stations	87.4	5.0% ↑	10.0% ↑	7.6% ↑
Home Furnishings	58.7	-4.6% ↓	-8.7% ↓	-7.0% ↓
Convenience Stores/Liquor	51.5	-7.1% ↓	3.0% ↑	0.9% ↑
Quick-Service Restaurants	49.3	0.9% ↑	6.3% ↑	5.7% ↑
Fast-Casual Restaurants	43.5	-1.1% ↓	5.3% ↑	6.6% ↑

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