

# CITY OF MANHATTAN BEACH

## SALES TAX UPDATE

### 1Q 2024 (JANUARY - MARCH)



**MANHATTAN BEACH**

TOTAL: \$ 2,644,171

4.5%

1Q2024



-0.8%

COUNTY



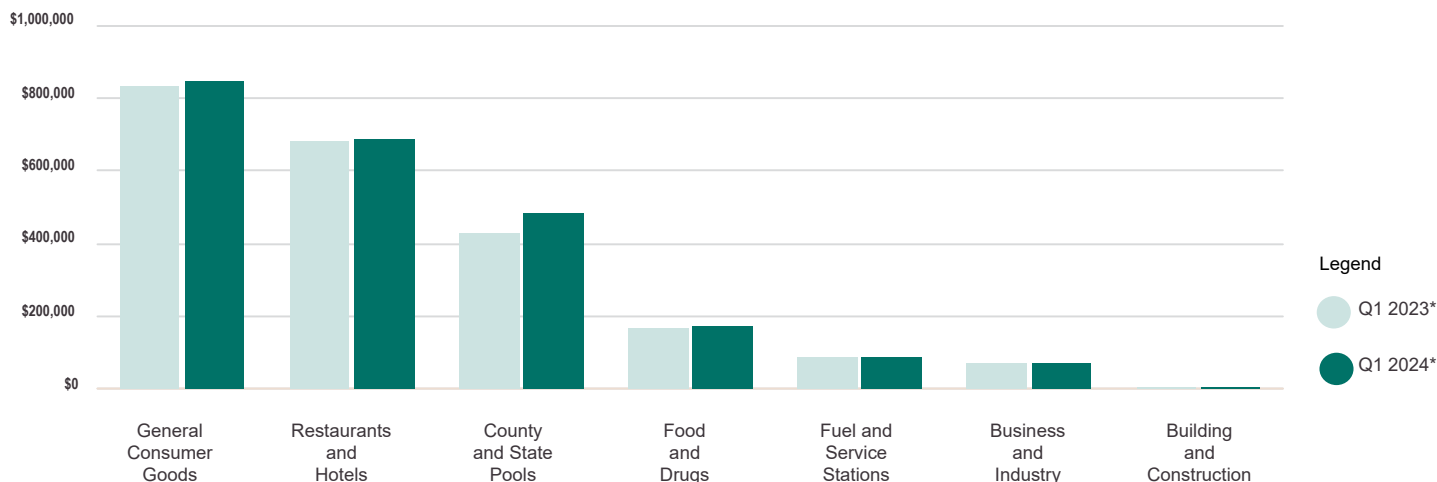
-0.3%

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 January through March were 12.6% above the first sales period in 2023. Excluding reporting aberrations, actual sales were up 4.5%.

Inflation continues to be a burden as the Fed's efforts to slow the rate of inflation have not had the impact that was initially expected. Prices remain high and inflation has only cooled slightly causing consumers and businesses to begin pulling back on spending.

Autos and transportation, adversely impacted by higher pricing and financing costs, pushed back against the current trend, by posting a 12.6% gain. General consumer goods, the City's largest industry group, continued to perform strongly even with continued inflationary pressures on pricing.

Business and industry was the only sector

to experience a downturn as businesses pull back on spending as they await news of the Fed's next move on interest rates. Fuel was flat for the quarter, which is actually a positive outcome given that the state is still down over -2% for the quarter.

Restaurants and hotels managed a small gain as guests are beginning to struggle with the high menu pricing and must decide how often they can afford to eat out.

The positive performance for the quarter allowed the City to receive a larger allocation from the countywide use tax pool by 13.0%.

Net of aberrations, taxable sales for all of Los Angeles County declined 0.8% over the comparable time period; the Southern California region was flat.



### TOP 25 PRODUCERS

- |                                |                       |
|--------------------------------|-----------------------|
| Apple                          | Strand House Standbar |
| Arco AM PM                     | Sushi Roku            |
| BevMo                          | Target                |
| California Pizza Kitchen       | The Arthur J          |
| Chevron                        | Tin Roof Bistro       |
| CVS Pharmacy                   | Trader Joe's          |
| Joey Manhattan Beach           | Wrights               |
| Kettle                         |                       |
| Macy's                         |                       |
| Manhattan Beach                |                       |
| Toyota Scion                   |                       |
| Marriott Manhattan Beach Hotel |                       |
| Nick's Manhattan Beach         |                       |
| Old Navy                       |                       |
| Olive Garden                   |                       |
| Ralphs Fresh Fare              |                       |
| REI                            |                       |
| Sephora                        |                       |
| Skechers by Mail               |                       |



**STATEWIDE RESULTS**

California’s local one cent sales and use tax receipts during the months of January through March were 0.2% lower than the same quarter one year ago after adjusting for accounting anomalies. The calendar year first quarter is traditionally the lowest sales tax generating period; however, returns were more on par with the comparison period.

One of the only sectors continuing to display declines was auto-transportation. High interest rates created more expensive long-term financing costs. Combined with a dramatic cost of insurance coverage rate spike, this group declined 7.5%.

Fuel and service stations was the other sector with a drop over last year. As California drivers embark on summer travel, they’ll do so with slightly elevated gas prices versus 2023, probably yielding the final period of negative results for the category heading into 2025.

During this post-holiday shopping period, general consumer goods experienced a soft rebound with very modest 0.5% growth. Although retailers selling gas were hurt by fuel prices, it did not stop family apparel and department stores from lifting revenues.

Restaurant activity contributed constant growth of 2.1%. Only fine dining establishments remain hindered as more affordable menus are preferred. Also, it appears some eateries made operational changes while implementing AB 1228; however, there isn’t enough data

yet to understand if this new bill impacted revenue.

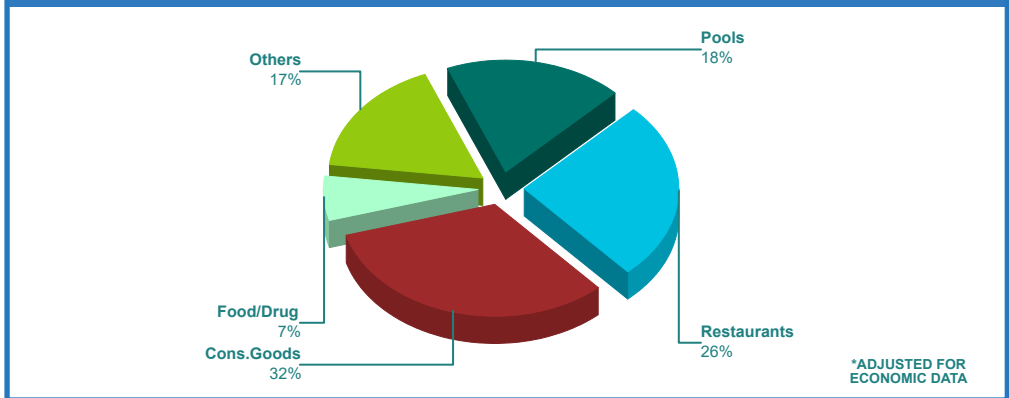
Seemingly dramatic one-time events helped boost business-industry, as investments in office supplies-furniture and energy projects were a significant reason for 3.6% gains this quarter. Additionally, strong fulfillment center direct payments demonstrated sustained logistical expansion. When coupled with improved returns via the countywide use tax pools, customers demonstrated e-commerce preferences for obtaining various goods. Overall

pool allocations improved 1.6%.

Statewide, 2024 begins in a more positive fashion compared to the recent trends of 2023. Buoyed 1st quarter results may signify ‘the floor’ helping ease tax revenue concerns while awaiting the next growth cycle. The Federal Reserve and their position with the Fed Funds Rate remains the most probable component between economic stagnation or spring-boarding consumer spending. Tourism and local travel in the coming summer period could further inspire confidence.

**REVENUE BY BUSINESS GROUP**

Manhattan Beach This Quarter\*



**TOP NON-CONFIDENTIAL BUSINESS TYPES**

Manhattan Beach Business Type	Q1 '24*	Change	County Change	HdL State Change
Casual Dining	428.9	1.1% ↑	2.1% ↑	2.3% ↑
Family Apparel	131.4	23.9% ↑	7.5% ↑	7.4% ↑
Fine Dining	119.7	-0.5% ↓	-5.9% ↓	-5.2% ↓
Grocery Stores	103.6	5.5% ↑	4.6% ↑	2.8% ↑
Specialty Stores	74.9	-3.7% ↓	-0.5% ↓	-2.3% ↓
Quick-Service Restaurants	53.5	3.9% ↑	1.8% ↑	2.7% ↑
Home Furnishings	41.3	-10.2% ↓	-7.6% ↓	-6.5% ↓
Hotels/Motels	39.2	21.5% ↑	-1.4% ↓	2.6% ↑
Fast-Casual Restaurants	36.9	-19.2% ↓	-0.7% ↓	2.3% ↑
Convenience Stores/Liquor	32.0	-4.0% ↓	-0.8% ↓	0.5% ↑

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