

RANCHO SANTA MARGARITA

SALES TAX UPDATE

4Q 2021 (OCTOBER - DECEMBER)



RANCHO SANTA MARGARITA

TOTAL: \$ 2,166,140

10.0%

4Q2021



15.3%

COUNTY



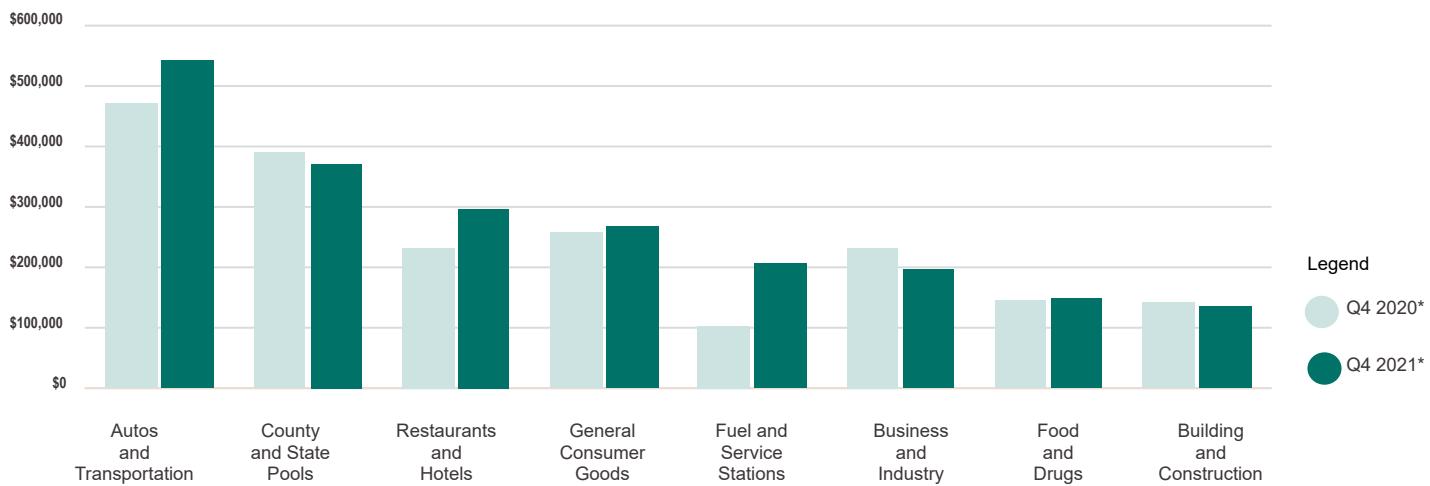
15.6%

STATE



*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



RANCHO SANTA MARGARITA HIGHLIGHTS

Rancho Santa Margarita's receipts from October through December were 20.8% above the fourth sales period in 2020. Excluding reporting aberrations, actual sales were up 10.0%.

Local service station receipts surged 102%, significantly exceeding the 54% statewide trend, as more workers returned to the office and miles driven continued to grow in comparison to last year's pandemic impacted results. Higher prices also contributed to the increase with fuel prices 45% more than last year, boosted by this strong demand as well as refinery problems that limited supply.

Proceeds from auto-transportation transactions were also 15% higher. Casual dining and other restaurant-hotel categories performed well, improving by 28%, boosted by the recent opening of

new local eateries.

Conversely, medical-biotech and other business-industrial tax revenue dropped in comparison to last year.

Net of aberrations, taxable sales for all of Orange County grew 15.3% over the comparable time period; the Southern California region was up 17.4%.

Applied Medical Distribution

Arco AM PM

BevMo

BJ's Restaurant & Brewhouse

Chevron

Circle K

CVS Pharmacy

Denault Commercial Supply

Hannas Restaurants & Bar

In N Out Burger

Kohls

Lowes

Pavilions

Ralphs Fresh Fare

Rancho Santa Margarita Honda

Ross

Santa Margarita Ford

Santa Margarita Toyota

Shell

Target

Trader Joes

Tutto Fresco

Ulta Beauty

Walmart Neighborhood Market

Wood Ranch BBQ & Grill



TOP 25 PRODUCERS



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.

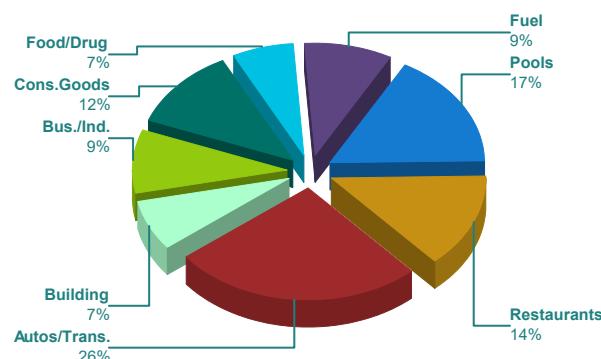
Sales by new and used car dealers were also much higher than a year ago. The inventory shortage has resulted in higher prices that have more than offset the decline in unit volume in terms of revenue generation for most dealerships. Restaurants and hotels were only moderately lower than last quarter, 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 Rancho Santa Margarita This Calendar Year*



*ADJUSTED FOR
ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Rancho Santa Margarita Business Type	Q4 '21*	Change	County Change	HdL State Change
Service Stations	205.7	101.6% ↑	69.4% ↑	53.7% ↑
Casual Dining	129.6	40.9% ↑	56.8% ↑	66.5% ↑
Medical/Biotech	105.3	-15.8% ↓	-0.9% ↓	-4.7% ↓
Grocery Stores	98.6	-3.2% ↓	-0.3% ↓	0.6% ↑
Quick-Service Restaurants	72.6	8.2% ↑	11.4% ↑	12.1% ↑
Fast-Casual Restaurants	52.1	13.7% ↑	15.3% ↑	16.0% ↑
Specialty Stores	51.0	10.1% ↑	17.3% ↑	18.8% ↑
Auto Lease	34.3	-5.3% ↓	-7.5% ↓	-4.7% ↓
Light Industrial/Printers	26.2	7.6% ↑	4.2% ↑	8.1% ↑
Family Apparel	26.0	3.1% ↑	31.7% ↑	27.3% ↑

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*In thousands of dollars