

RANCHO SANTA MARGARITA

SALES TAX UPDATE

3Q 2023 (JULY - SEPTEMBER)



RANCHO SANTA MARGARITA
TOTAL: \$ 2,216,666

5.7%
3Q2023



-1.2%
COUNTY

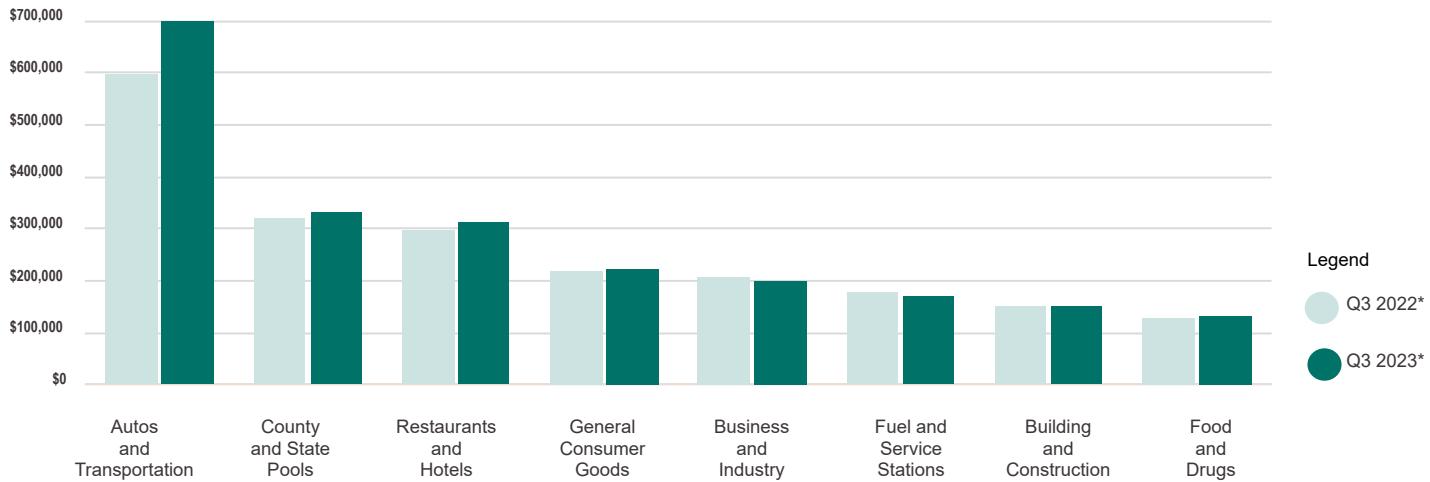


-1.7%
STATE



*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 July through September were 3.5% above the third sales period in 2022. Excluding reporting aberrations, actual sales were up 5.7%.

Despite higher interest rates, the auto-transportation sector reported a strong sales quarter.

Although consumers are choosing to dine out less often, add-on service charges and menu price increases caused restaurant-hotel revenue to increase.

General consumer goods reported modest growth in the third quarter of 2023.

Sales volume at grocery and drug stores are up, but reports show that consumers are spending less choosing bargain items over more expensive brand names.

The business-industry sector slumped in the third quarter of 2023, as new orders stalled after over-production in 2022.

Receipts from fuel-service stations declined as prices at the pump were significantly lower than in 3Q22.

Spending in the building-construction category is down, with higher interest rates on financed home improvement projects causing consumers to conserve and spend only on necessities.

The City's share of the countywide use tax pool increased 3.2% when compared to the same period in the prior year.

Net of aberrations, taxable sales for all of Orange County declined 1.2% over the comparable time period; the Southern California region was down 1.5%.

7 Eleven

Applied Medical Distribution

Arco AM PM

BJ's Restaurant & Brewhouse

Chevron

Circle K

Denault Commercial Supply

Hannas Restaurants & Bar

In N Out Burger

Kohls

Lowes

McDonald's

Pavilions

Ralphs Fresh Fare

Rancho Santa Margarita Honda

Ross



TOP 25 PRODUCERS

Santa Margarita Ford

Santa Margarita Toyota

Shell

Target

Trader Joe's

Tutto Fresco

Ulta Beauty

Walmart Neighborhood Market

Wood Ranch BBQ & Grill



STATEWIDE RESULTS

California's local one cent sales and use tax receipts for sales during the months of July through September were 1.6% lower than the same quarter one year ago after adjusting for accounting anomalies. The third quarter of the calendar year continued with a challenging comparison to prior year growth and stagnating consumer demand in the face of higher prices of goods.

Fuel and service stations contributed the greatest overall decline as lower fuel prices at the pump reduced receipts from gas stations and petroleum providers. While global crude oil prices have stabilized, they remained 15% lower year-over-year. This decline also impacted the general consumer goods category as those retailers selling fuel experienced a similar drop. Despite OPEC and Russia production cuts having upward pressure on pricing, global demand during the winter months has softened.

Along with merchants selling gas, many other general consumer categories were also down from the 2022 quarter, confirming consumers pulling back on purchases. Home furnishings and electronic-appliances were a couple of the largest sectors with the biggest reductions. As inflation and higher prices were the main story a year ago, currently it appears to be a balancing act between wants and needs, leaving meek expectations for the upcoming holiday shopping season.

Even following a long, wet first half of 2023, spending at building and construction suppliers moderately slowed. The current high interest rate environment did not help the summer period and still represents the largest potential headwind for the industry with depressed commercial development, slowing public infrastructure projects and new housing starts waiting for more profitable financial conditions.

Despite continued increases of new car registrations, revenue from the auto-transportation sector slipped 2.6%. The improved activity remains mostly attributed to rental car agencies restocking their fleets. Like other segments, elevated financing costs are expected to impede future retail volume.

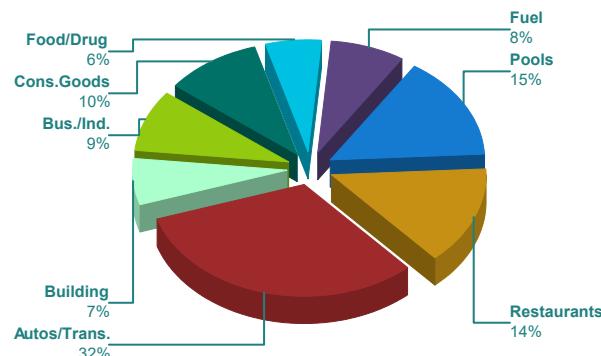
Use taxes remitted via the countywide pools dipped 3.0%, marking the fourth consecutive quarter of decline. While overall online sales volume is steady, pool collections dropped with the offsetting effect of more taxes allocated directly to local agencies via in-state fulfillment generated at large warehouses and through existing retail outlets.

Restaurants remained an economic bright spot through summer exhibiting a 2.6% gain. As tourism, holiday and business travel are all expected to have recovered in 2024, the industry is bracing for implementation of AB 1228 - new CA law setting minimum wages for 'fast food restaurants'.

With one more quarterly result to go in 2023, the recent trend of a moderate decline appears likely before a recovery in 2024. Initial reports from the holiday shopping season reflect a 3% bump in retail sales compared to 2022. Lingering consumer confidence may have also received welcome news as the Federal Reserve considers softening rates by mid-2024.

REVENUE BY BUSINESS GROUP

Rancho Santa Margarita This Quarter*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Rancho Santa Margarita Business Type	Q3 '23*	Change	County Change	HdL State Change
Service Stations	170.6	-3.9% ↓	-6.3% ↓	-7.3% ↓
Casual Dining	129.2	2.1% ↑	2.4% ↑	2.8% ↑
Grocery Stores	92.3	5.1% ↑	2.8% ↑	2.3% ↑
Quick-Service Restaurants	77.5	3.2% ↑	3.8% ↑	2.7% ↑
Fast-Casual Restaurants	52.4	-4.7% ↓	1.4% ↑	3.4% ↑
Specialty Stores	45.0	1.8% ↑	-3.8% ↓	-1.9% ↓
Auto Lease	36.4	29.8% ↑	-1.9% ↓	-0.4% ↓
Leisure/Entertainment	31.9	71.2% ↑	5.9% ↑	8.1% ↑
Light Industrial/Printers	27.3	7.9% ↑	-7.4% ↓	-8.8% ↓
Heavy Industrial	25.5	116.3% ↑	-7.8% ↓	-6.0% ↓

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*In thousands of dollars