

We are a welcoming, active, and business-friendly rural foothill community built on California's rich gold rush history.



City Manager's Report

December 13, 2022, City Council Meeting

Prepared by: Dave Warren, Assistant City Manager/Director of Finance

Item #: 15.1

Subject: Acknowledge and file the HDL sales tax and economic reports for the quarter ended June 30, 2022.

Purpose:

Provide the City Council and the Public transparent reporting and analysis of the City's sales tax revenues and statewide economic trends.

Strategic Plan Strategies:

Fiscal Stability /Sustainability: 1. Identify financial risks and opportunities. 6. Meet financial commitments and reporting requirements.

Background:

For the past 31 years, the City has contracted with HDL to perform periodic sales tax audits on merchants who may not be reporting the correct amount of sales tax. As part of its services to the City, HDL also provides quarterly sales tax and economic reports and analysis. Attached are the executive reports and analysis for the quarter ended June 30, 2022.

Discussion:

The package includes the following reports for the quarter ended June 30, 2022:

- Sales Tax Update (Bradley Burns Sales Tax)
- Bradley Burns Major Industry Groups
- Bradley Burns Major Industry Groups (Adjusted for Economic Data)
- Bradley Burns Major Industry Groups (Past 13 Quarters)
- Per Capita Sales Regional Agency Comparisons (Past 13 Quarters)
- Measure H Major Industry Groups
- Measure H Major Industry Groups (Adjusted for Economic Data)
- Measure J Major Industry Groups
- Measure J Major Industry Groups (Adjusted for Economic Data)
- Measure L Major Industry Groups
- Measure L Major Industry Groups (Adjusted for Economic Data)
- Sales Tax Trends and Economic Drivers, as of September 2022

All of the reports are for informational purposes only. Staff will also provide the applicable reports to the Measures H/L Sales Tax Committee at their next meeting, which is tentatively scheduled on January 9, 2023.

Options:

1. Acknowledge and file the HDL sales tax and economic reports for the quarter ended June 30, 2022 as presented.
2. Take no action.

Environmental:

Tonight's action is not applicable.

Cost:

There is no cost associated with tonight's action.

Budget Impact:

There is no budget impact associated with tonight's action.

Recommendation:

Acknowledge and file the HDL sales tax and economic reports for the quarter ended June 30, 2022.

M. Cleve Morris, City Manager

**Dave Warren, Assistant City Manager/
Director Finance**

Attachments:

- A. Sales Tax Reports for the Quarter Ended 06-30-22

CITY OF PLACERVILLE

SALES TAX UPDATE

2Q 2022 (APRIL - JUNE)



PLACERVILLE
TOTAL: \$ 1,713,209

1.5%
2Q2022



2.7%
COUNTY

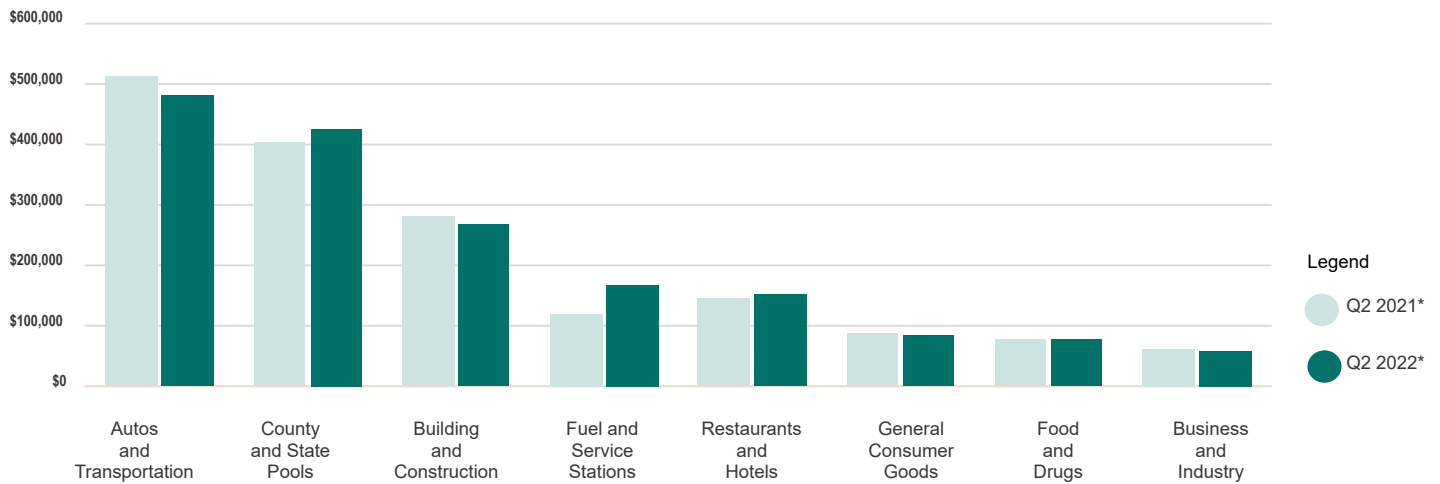


10.1%
STATE



**Allocation aberrations have been adjusted to reflect sales activity*

SALES TAX BY MAJOR BUSINESS GROUP



Measure J
TOTAL: \$393,845
5.3%

Measure H
TOTAL: \$393,848
5.3%

Measure L
TOTAL: \$787,459
5.3%



CITY OF PLACERVILLE HIGHLIGHTS

Placerville's receipts from April through June were 0.6% above the second sales period in 2021. Excluding reporting adjustments, including large late payments posted last year, receipts for the period were up 1.5%.

This time last year most major business groups reported gains of at least 10%. At that time, consumers were flush with both federal/state stimulus cash and personal savings. Now, with less exuberance in the market place and inflation eating at consumers' budgets, growth will become more docile.

Following the worst of the pandemic restrictions, the local economy has

recovered the sales lost in fiscal 2019-20 except general consumer goods sales, which are 2% under their total from fiscal 2018-19.

The City's tax measures saw the same rise and fall in sales following last year's rebound. However, most of the gain reported is coming from a few taxpayers whose sales are not subject to the district taxes.

Net of adjustments, taxable sales for all of El Dorado County grew 2.7% over the comparable time period while those of the Sacramento region were up 7.8%.



TOP 25 PRODUCERS

- | | |
|-----------------------------|-----------------------------------|
| Bricks Restaurant | Rancho Convenience Center |
| C & H Motor Parts | Rite Aid |
| Chuck's Cannabis Collective | Save Mart |
| Diamond Pacific | Shell |
| Ferguson Enterprises | Thompsons Buick GMC |
| Grocery Outlet | Thompsons Chrysler Dodge Jeep Ram |
| Hangtown Fuel Stop | Thompson's Toyota |
| Home Depot | Tractor Supply |
| In N Out Burger | W N Hunt & Sons Distributors |
| Kwik Serv | Western Refining Retail |
| Les Schwab Tire Center | |
| McDonalds | |
| Placerville 76 | |
| Placerville Valero | |
| Raley's | |



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.

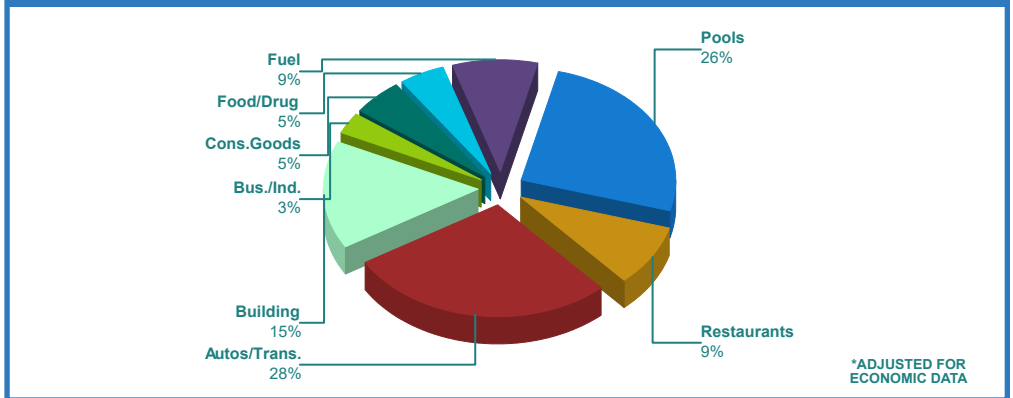
General consumer goods categories saw steady returns largely propped up by retailers also selling fuel. In comparison with the prior year when consumers were buying merchandise at a record pace, the current returns from apparel and jewelry stores grew moderately with home furnishings showing a slight 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 sales of autos, building materials and financed general consumer goods, resulting in slower growth by year end and into 2023.

REVENUE BY BUSINESS GROUP
Placerville This Fiscal Year*



TOP NON-CONFIDENTIAL BUSINESS TYPES

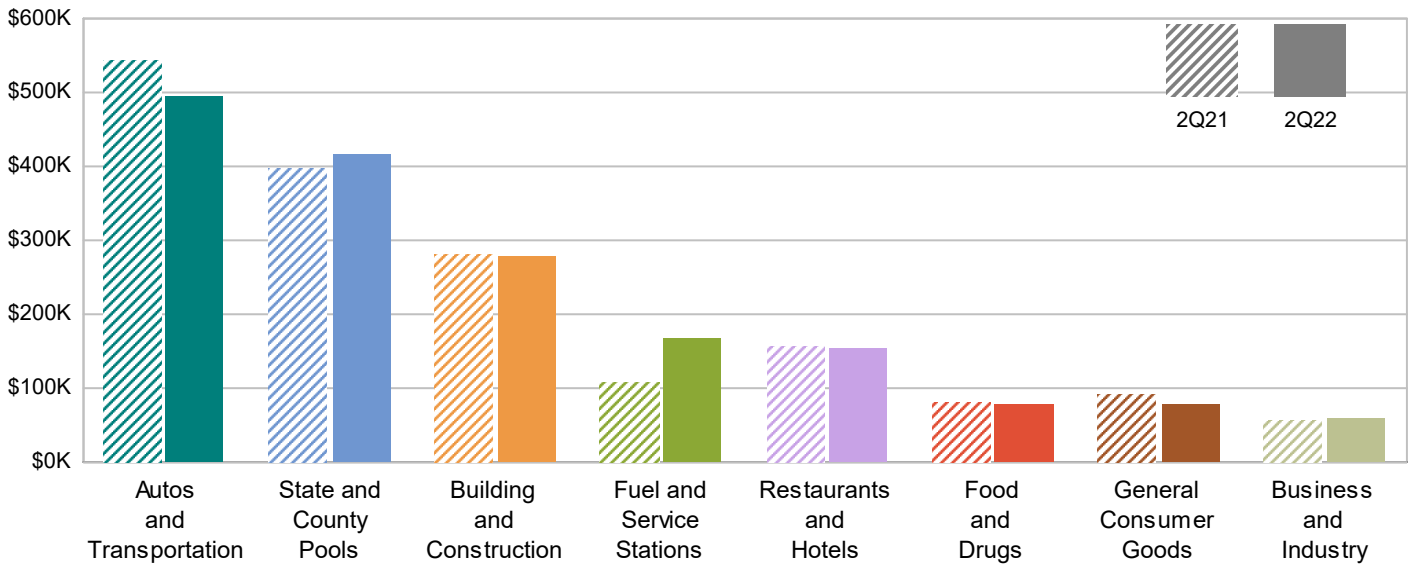
Placerville Business Type	Q2 '22*	Change	County Change	HdL State Change
Service Stations	133.8	31.1% ↑	24.4% ↑	36.4% ↑
Casual Dining	89.6	12.6% ↑	0.5% ↑	17.2% ↑
Automotive Supply Stores	62.7	17.4% ↑	5.7% ↑	1.4% ↑
Quick-Service Restaurants	54.3	-3.6% ↓	-3.9% ↓	5.2% ↑
Grocery Stores	40.2	1.1% ↑	-1.4% ↓	5.3% ↑
Garden/Agricultural Supplies	29.4	-2.5% ↓	-3.4% ↓	-7.5% ↓
Auto Repair Shops	19.0	27.5% ↑	8.5% ↑	14.1% ↑
Convenience Stores/Liquor	13.7	4.0% ↑	-5.4% ↓	-0.3% ↓
Home Furnishings	11.5	-7.4% ↓	-4.8% ↓	-4.5% ↓
Sporting Goods/Bike Stores	10.9	-18.7% ↓	-12.1% ↓	-7.4% ↓

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

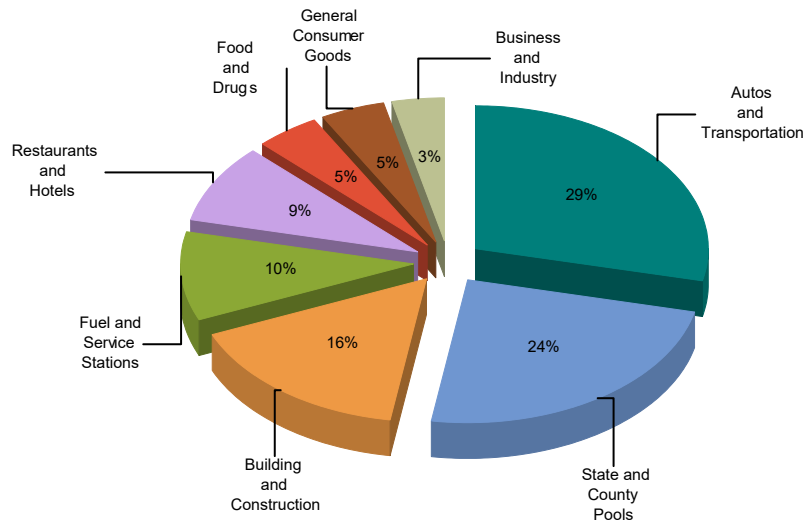


<u>Major Industry Group</u>	<u>Count</u>	<u>2Q22</u>	<u>2Q21</u>	<u>\$ Change</u>	<u>% Change</u>
Autos and Transportation	54	494,471	542,993	(48,522)	-8.9%
State and County Pools	-	416,751	396,434	20,317	5.1%
Building and Construction	16	279,062	280,628	(1,565)	-0.6%
Fuel and Service Stations	20	168,823	108,493	60,330	55.6%
Restaurants and Hotels	96	154,546	157,879	(3,333)	-2.1%
Food and Drugs	29	79,049	82,652	(3,603)	-4.4%
General Consumer Goods	350	78,332	93,055	(14,723)	-15.8%
Business and Industry	153	60,603	58,108	2,494	4.3%
Transfers & Unidentified	3	446	991	(545)	-55.0%
Total	721	1,732,084	1,721,233	10,850	0.6%

2Q21 Compared To 2Q22

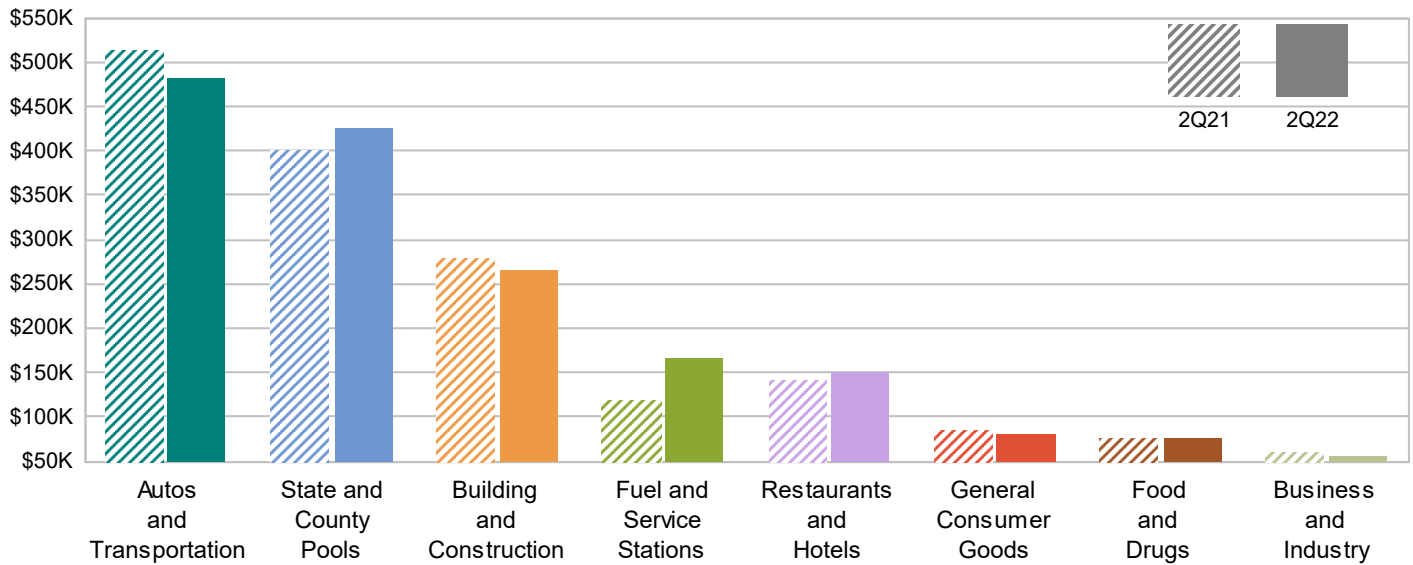


2Q22 Percent of Total

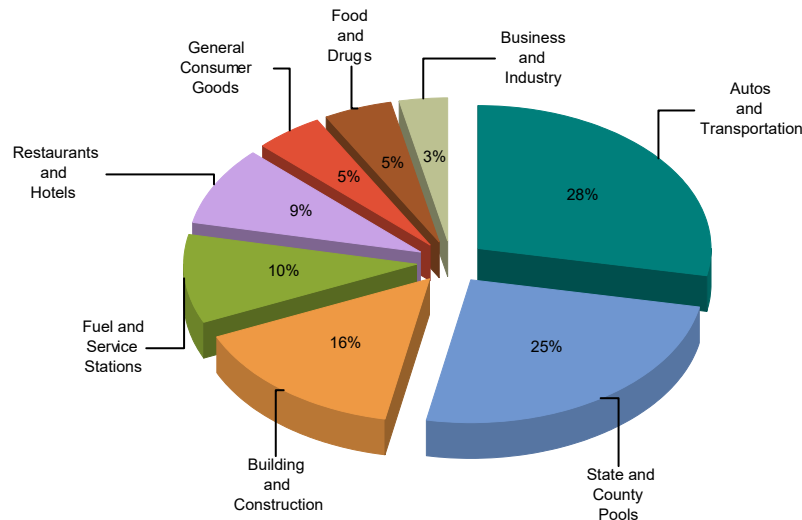


<u>Major Industry Group</u>	<u>Count</u>	<u>2Q22</u>	<u>2Q21</u>	<u>\$ Change</u>	<u>% Change</u>
Autos and Transportation	54	481,173	513,404	(32,231)	-6.3%
State and County Pools	-	425,145	402,164	22,981	5.7%
Building and Construction	16	266,233	279,662	(13,430)	-4.8%
Fuel and Service Stations	20	168,339	120,483	47,856	39.7%
Restaurants and Hotels	96	152,844	143,749	9,095	6.3%
General Consumer Goods	350	82,849	86,833	(3,985)	-4.6%
Food and Drugs	29	78,954	78,748	207	0.3%
Business and Industry	153	56,912	61,666	(4,754)	-7.7%
Transfers & Unidentified	3	760	479	281	58.8%
Total	721	1,713,209	1,687,188	26,021	1.5%

2Q21 Compared To 2Q22



2Q22 Percent of Total



Sales Tax by Major Industry Group

Autos And Transportation

Count: 54

State & County Pools

Building And Construction

Count: 16

Fuel And Service Stations

Count: 20

Restaurants And Hotels

Count: 96

General Consumer Goods

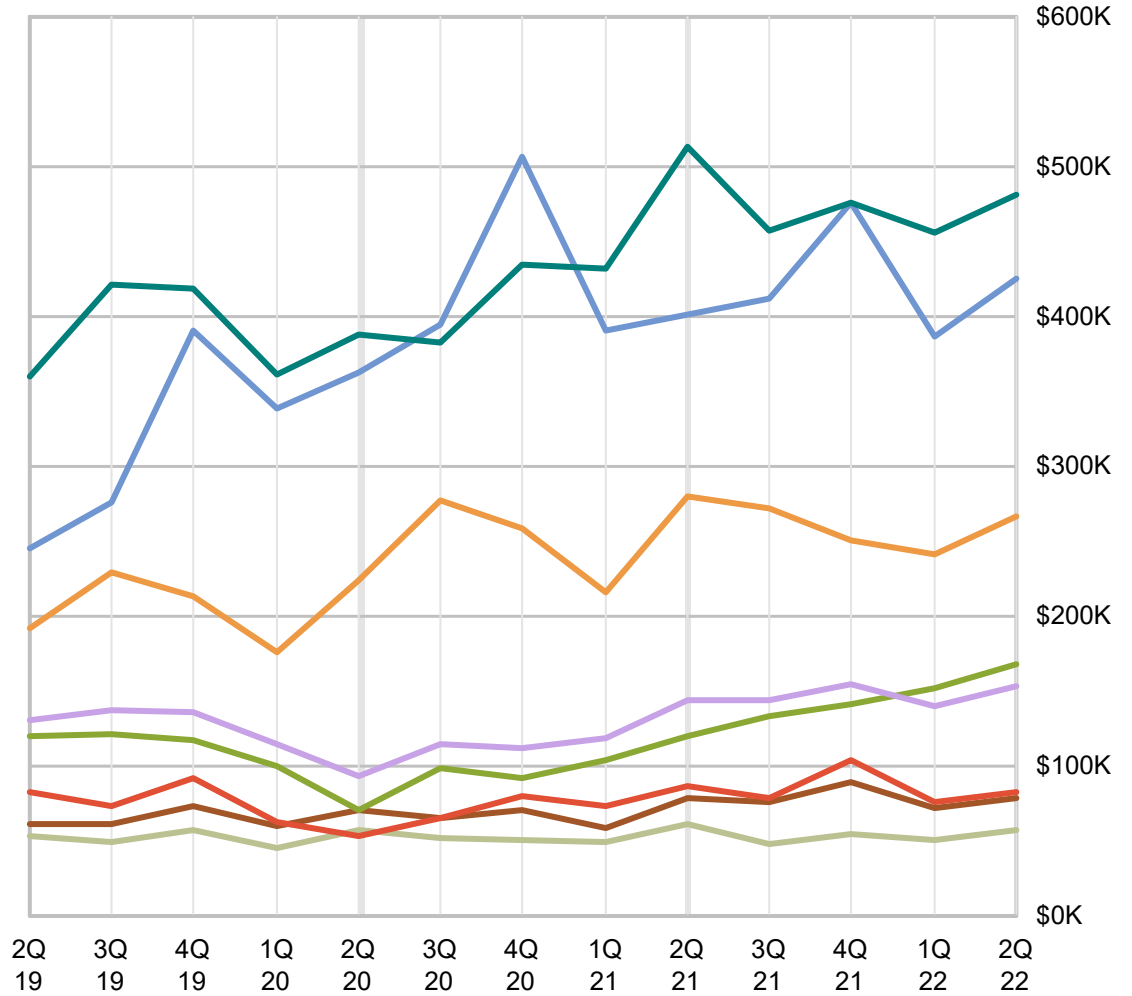
Count: 350

Food And Drugs

Count: 29

Business And Industry

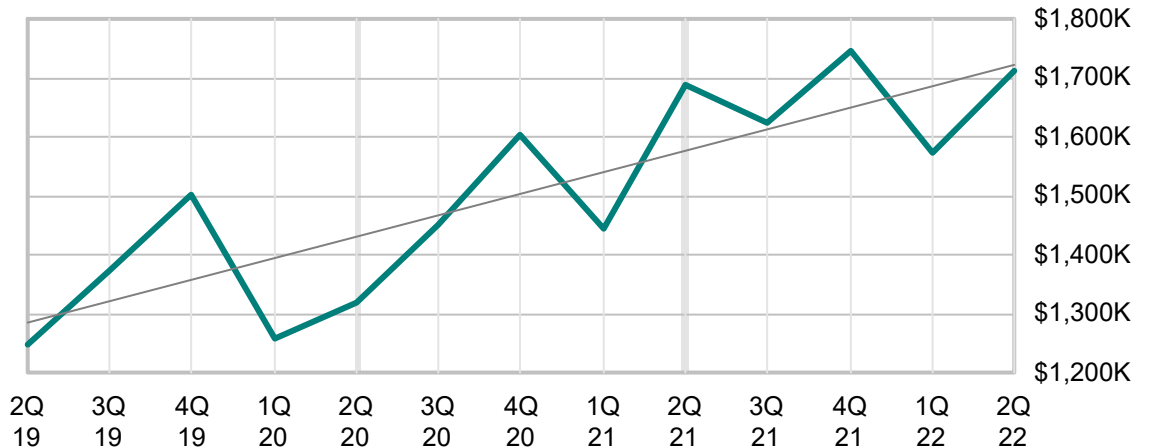
Count: 153



Agency Trend

Placerville

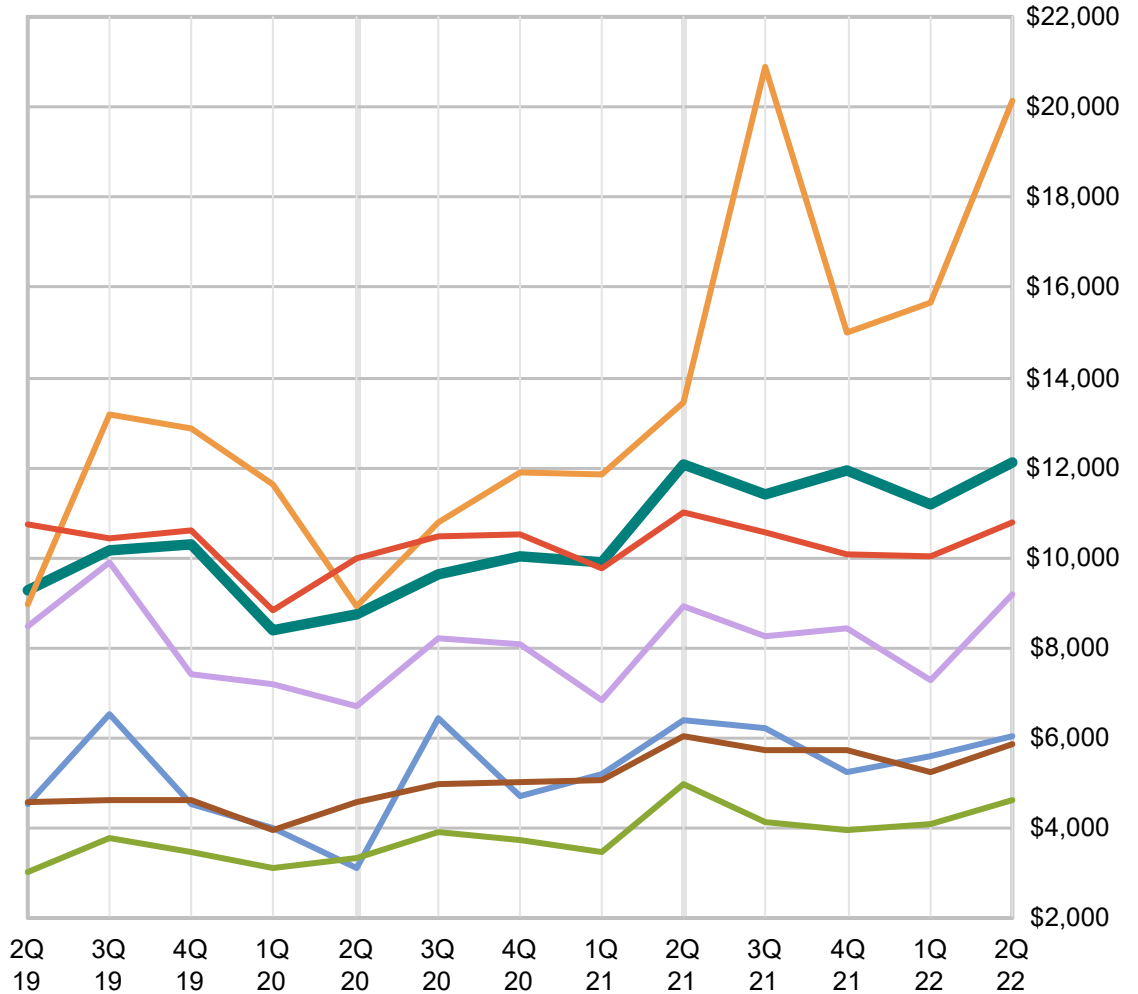
13 Quarter Trend: +33.9%



Periods shown reflect the period in which the sales occurred - Point of Sale

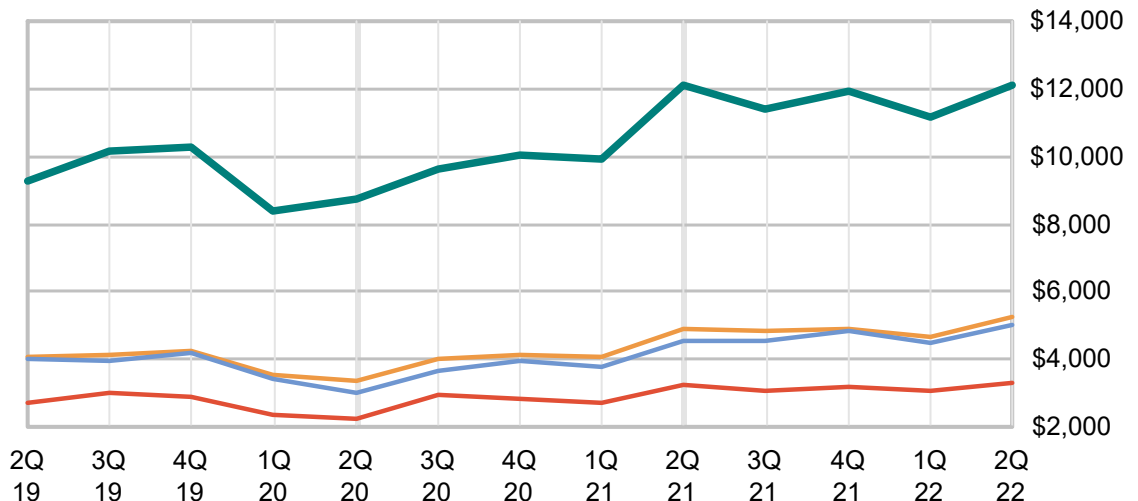
Per Capita Sales

- Placerville**
Count: 721
- South Lake Tahoe**
Count: 1,008
- Auburn**
Count: 896
- Marysville**
Count: 370
- Nevada City**
Count: 454
- Grass Valley**
Count: 977
- Yuba City**
Count: 1,700



Per Capita Sales

- Placerville**
- El Dorado County**
- Sacramento Region**
- California**



Periods shown reflect the period in which the sales occurred - Point of Sale

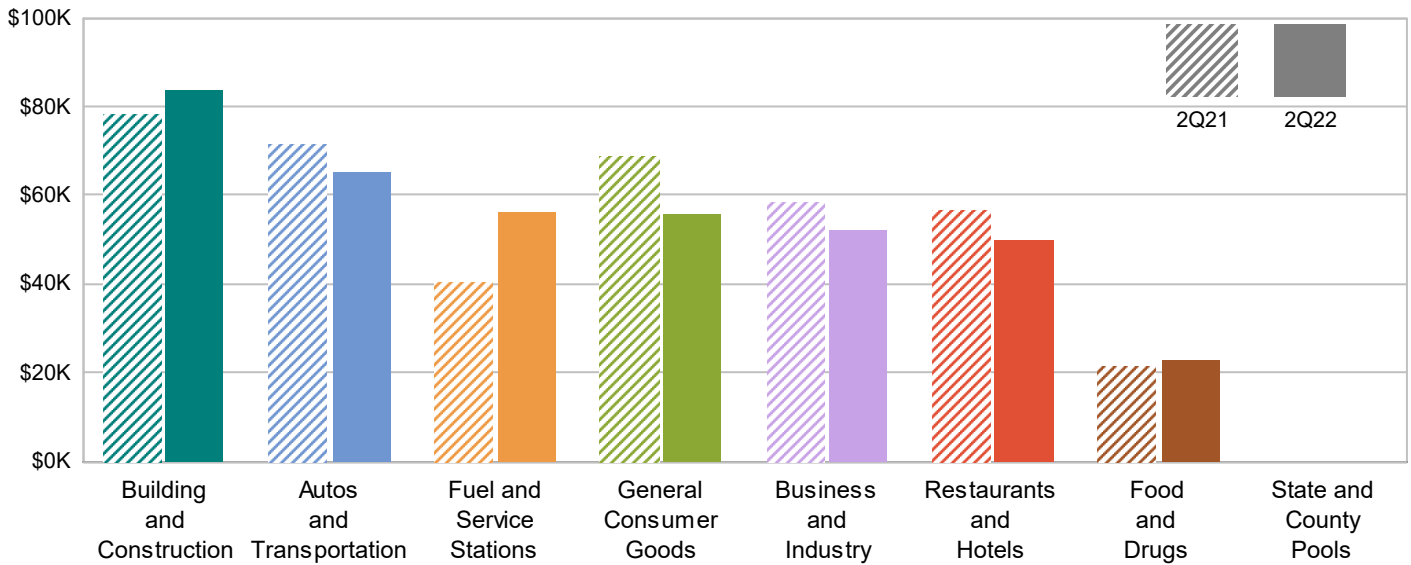


CITY OF PLACERVILLE MEASURE H

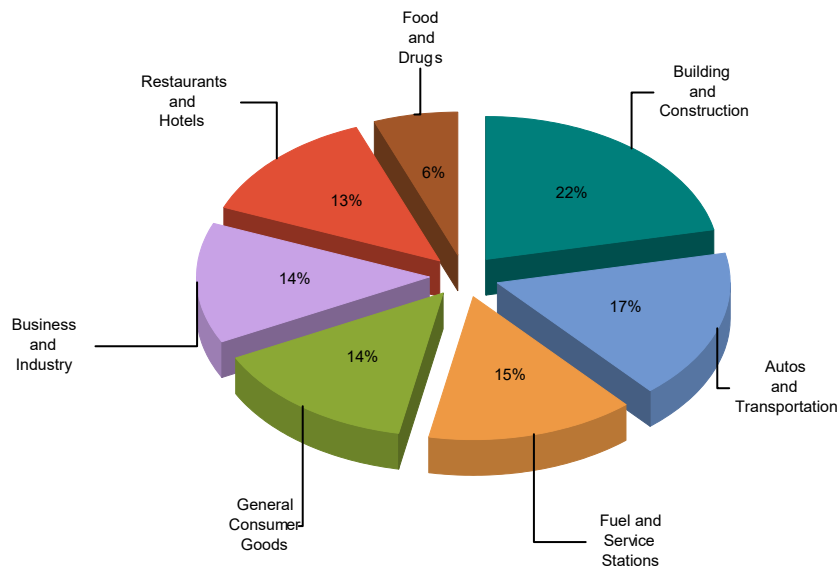
MAJOR INDUSTRY GROUPS

Major Industry Group	Count	2Q22	2Q21	\$ Change	% Change
Building and Construction	366	83,680	78,151	5,529	7.1%
Autos and Transportation	519	65,483	71,391	(5,908)	-8.3%
Fuel and Service Stations	68	56,305	40,838	15,467	37.9%
General Consumer Goods	2,148	56,000	68,889	(12,889)	-18.7%
Business and Industry	2,975	52,501	58,470	(5,969)	-10.2%
Restaurants and Hotels	128	49,979	56,963	(6,983)	-12.3%
Food and Drugs	100	23,029	21,814	1,215	5.6%
Transfers & Unidentified	1,678	4,971	4,759	211	4.4%
State and County Pools	-	0	0	0	-N/A-
Total	7,982	391,947	401,274	(9,327)	-2.3%

2Q21 Compared To 2Q22

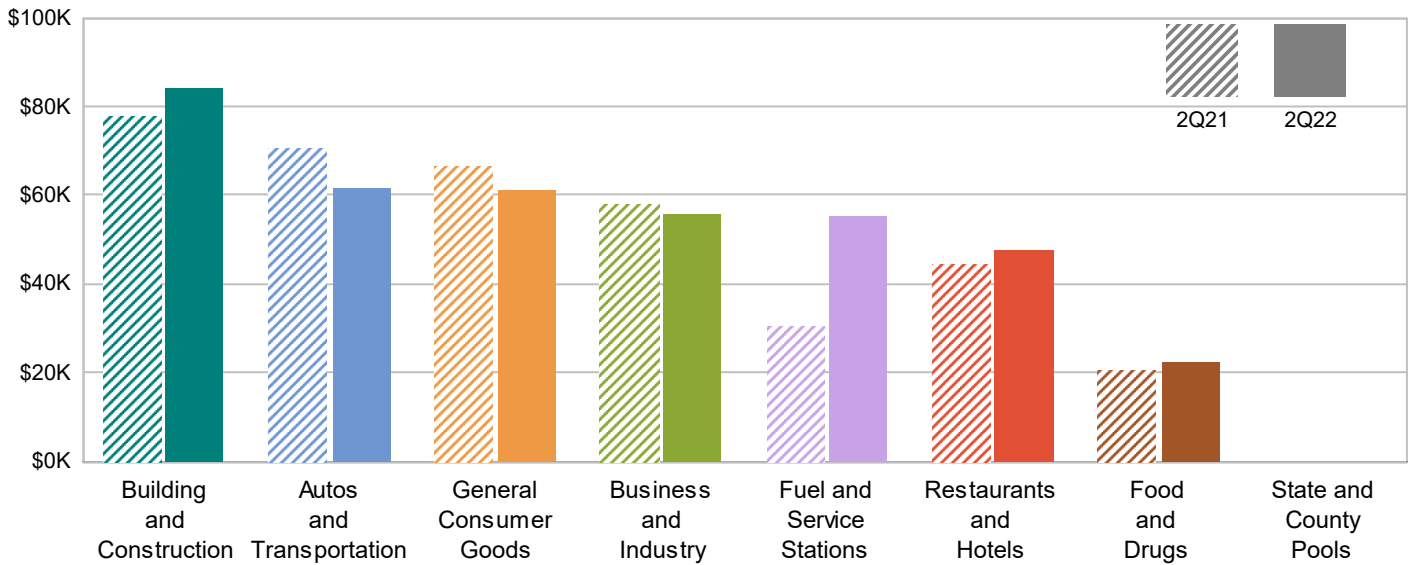


2Q22 Percent of Total

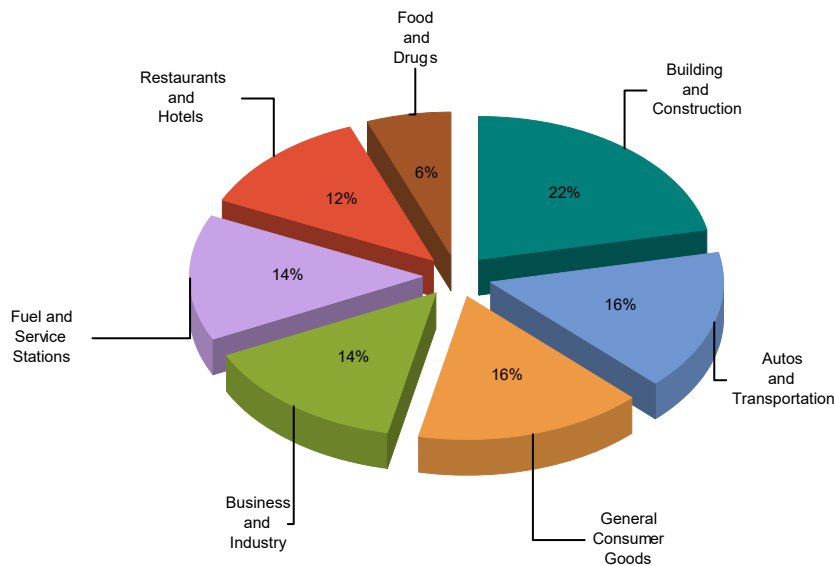


<u>Major Industry Group</u>	<u>Count</u>	<u>2Q22</u>	<u>2Q21</u>	<u>\$ Change</u>	<u>% Change</u>
Building and Construction	366	84,083	77,845	6,238	8.0%
Autos and Transportation	519	61,929	70,647	(8,717)	-12.3%
General Consumer Goods	2,148	61,356	66,730	(5,373)	-8.1%
Business and Industry	2,975	55,942	58,112	(2,170)	-3.7%
Fuel and Service Stations	68	55,299	30,752	24,547	79.8%
Restaurants and Hotels	128	47,752	44,592	3,159	7.1%
Food and Drugs	100	22,651	20,804	1,847	8.9%
Transfers & Unidentified	1,678	4,836	4,426	410	9.3%
State and County Pools	-	0	0	0	-N/A-
Total	7,982	393,848	373,907	19,941	5.3%

2Q21 Compared To 2Q22



2Q22 Percent of Total



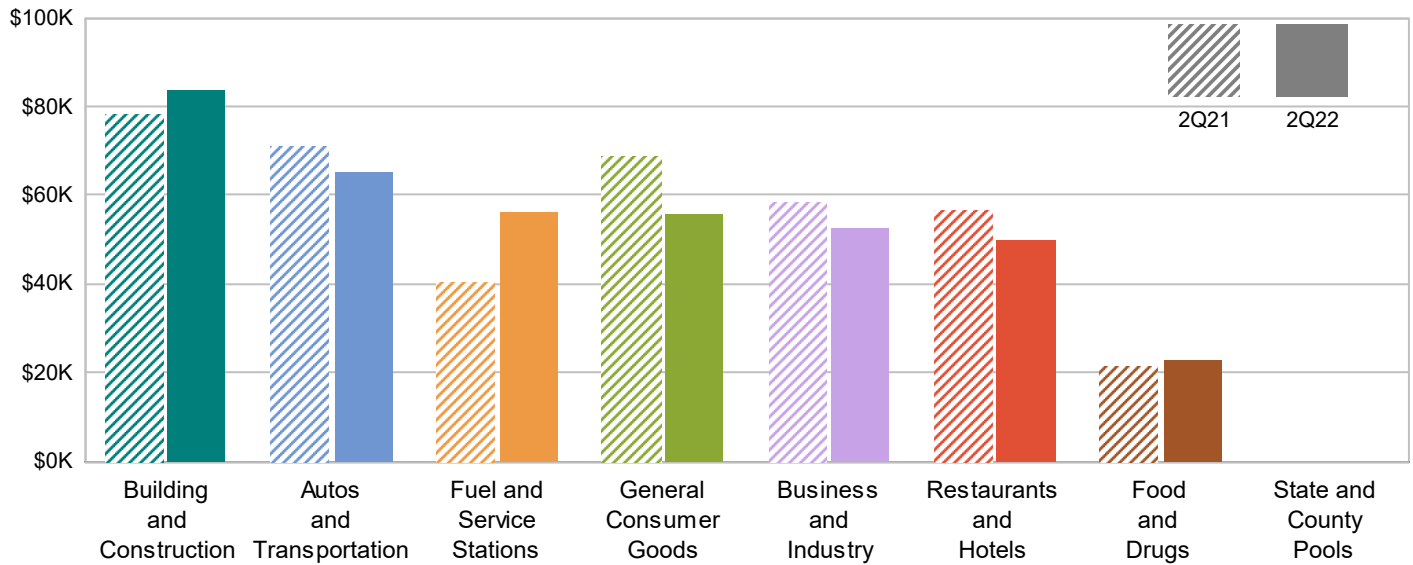


CITY OF PLACERVILLE MEASURE J

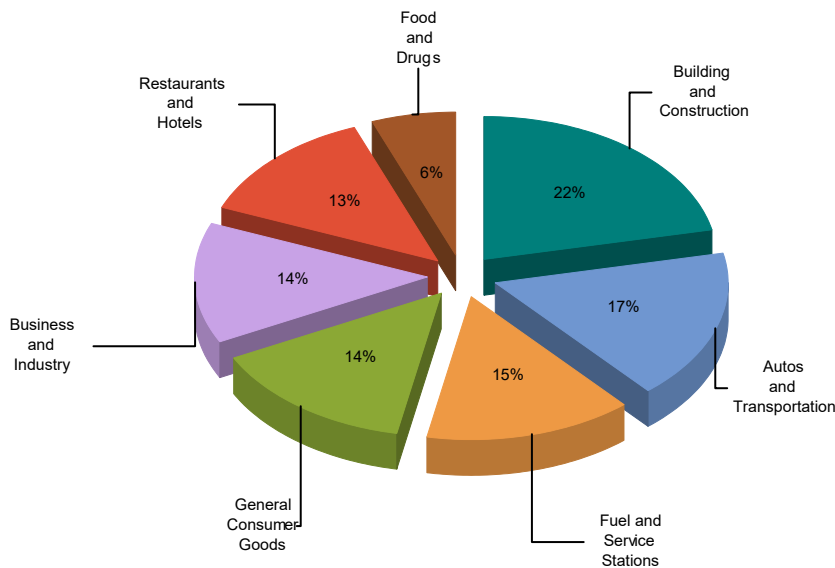
MAJOR INDUSTRY GROUPS

<u>Major Industry Group</u>	<u>Count</u>	<u>2Q22</u>	<u>2Q21</u>	<u>\$ Change</u>	<u>% Change</u>
Building and Construction	370	83,788	78,152	5,636	7.2%
Autos and Transportation	525	65,342	71,241	(5,899)	-8.3%
Fuel and Service Stations	67	56,298	40,828	15,470	37.9%
General Consumer Goods	2,154	55,893	68,908	(13,015)	-18.9%
Business and Industry	2,974	52,576	58,606	(6,030)	-10.3%
Restaurants and Hotels	129	49,997	56,963	(6,966)	-12.2%
Food and Drugs	103	23,054	21,830	1,224	5.6%
Transfers & Unidentified	1,679	4,971	4,759	211	4.4%
State and County Pools	-	0	0	0	-N/A-
Total	8,001	391,918	401,286	(9,369)	-2.3%

2Q21 Compared To 2Q22

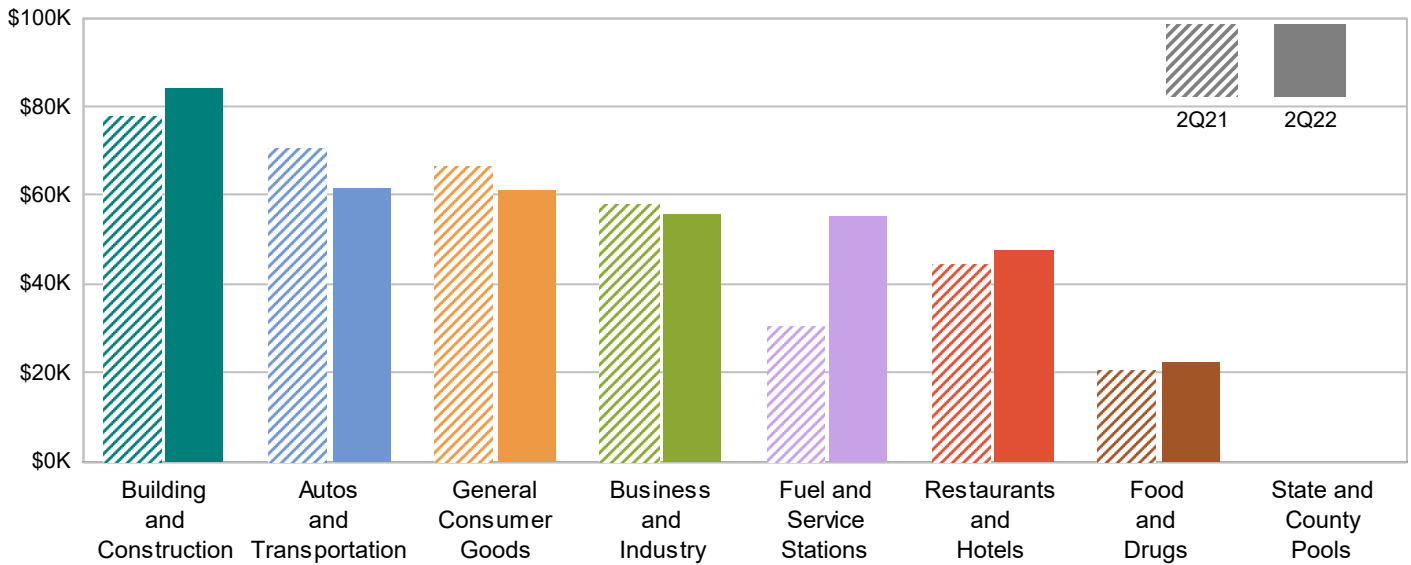


2Q22 Percent of Total

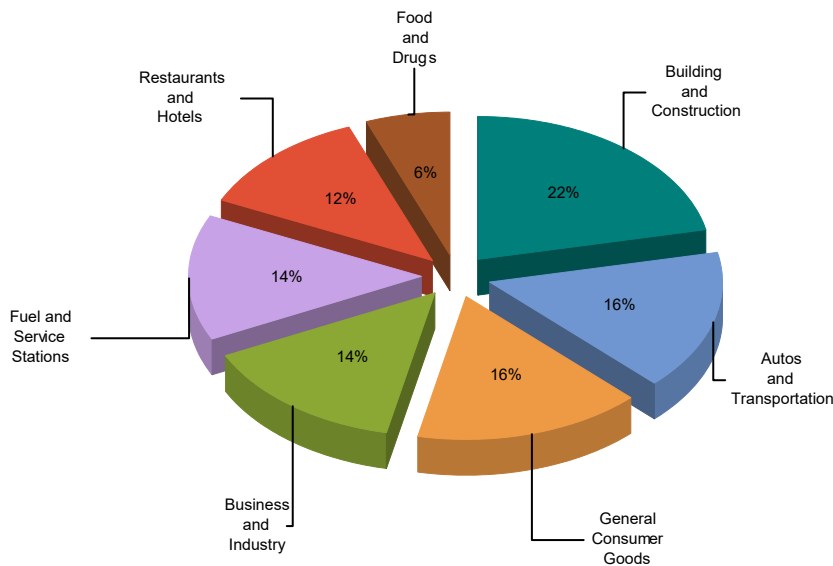


Major Industry Group	Count	2Q22	2Q21	\$ Change	% Change
Building and Construction	370	84,102	77,846	6,256	8.0%
Autos and Transportation	525	61,787	70,487	(8,700)	-12.3%
General Consumer Goods	2,154	61,383	66,749	(5,366)	-8.0%
Business and Industry	2,974	56,017	58,249	(2,232)	-3.8%
Fuel and Service Stations	67	55,292	30,745	24,548	79.8%
Restaurants and Hotels	129	47,752	44,592	3,159	7.1%
Food and Drugs	103	22,676	20,820	1,857	8.9%
Transfers & Unidentified	1,679	4,836	4,426	410	9.3%
State and County Pools	-	0	0	0	-N/A-
Total	8,001	393,845	373,914	19,931	5.3%

2Q21 Compared To 2Q22



2Q22 Percent of Total



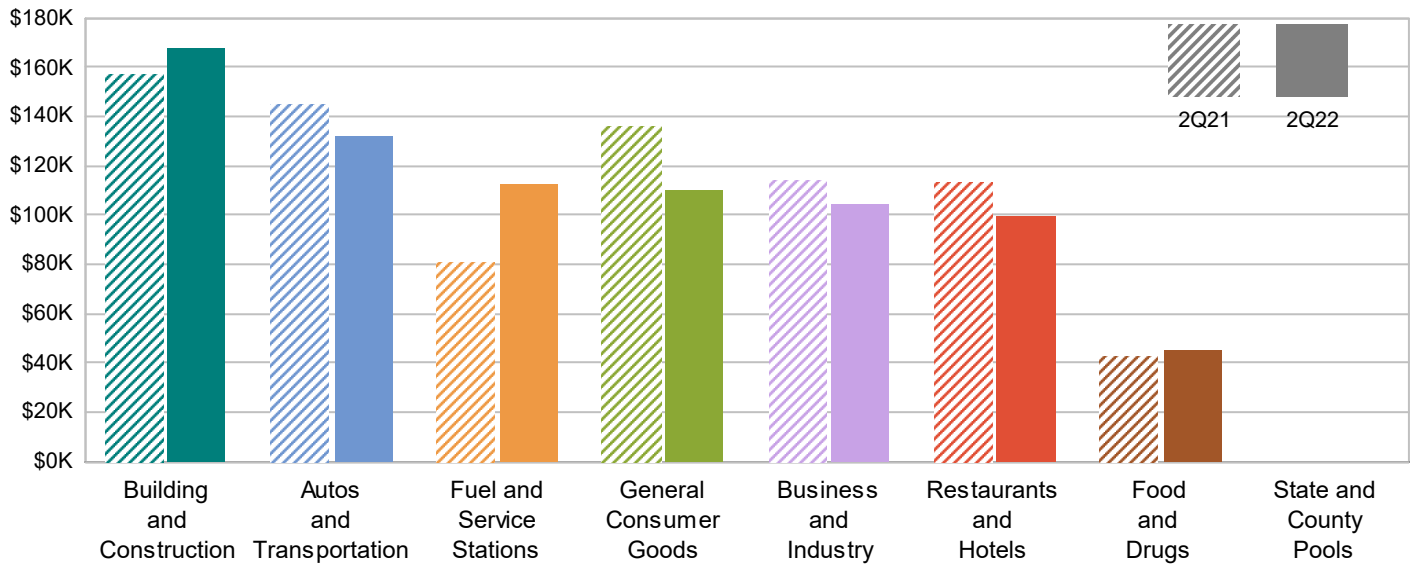


CITY OF PLACERVILLE MEASURE L

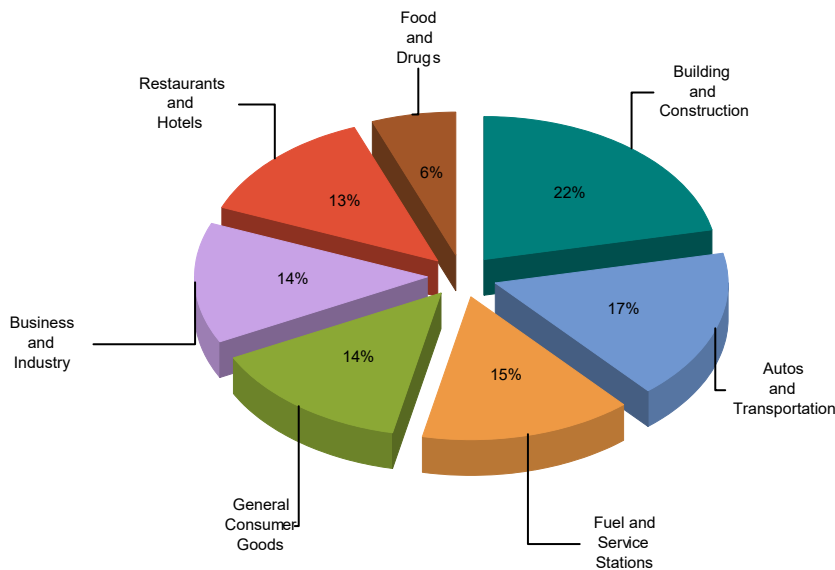
MAJOR INDUSTRY GROUPS

Major Industry Group	Count	2Q22	2Q21	\$ Change	% Change
Building and Construction	374	167,749	157,555	10,193	6.5%
Autos and Transportation	509	131,863	145,118	(13,256)	-9.1%
Fuel and Service Stations	68	112,609	81,372	31,237	38.4%
General Consumer Goods	2,140	110,690	136,177	(25,487)	-18.7%
Business and Industry	3,001	104,472	114,653	(10,181)	-8.9%
Restaurants and Hotels	128	99,959	113,921	(13,962)	-12.3%
Food and Drugs	98	46,056	43,598	2,458	5.6%
Transfers & Unidentified	1,688	9,944	9,488	456	4.8%
State and County Pools	-	0	0	0	-N/A-
Total	8,006	783,341	801,882	(18,541)	-2.3%

2Q21 Compared To 2Q22

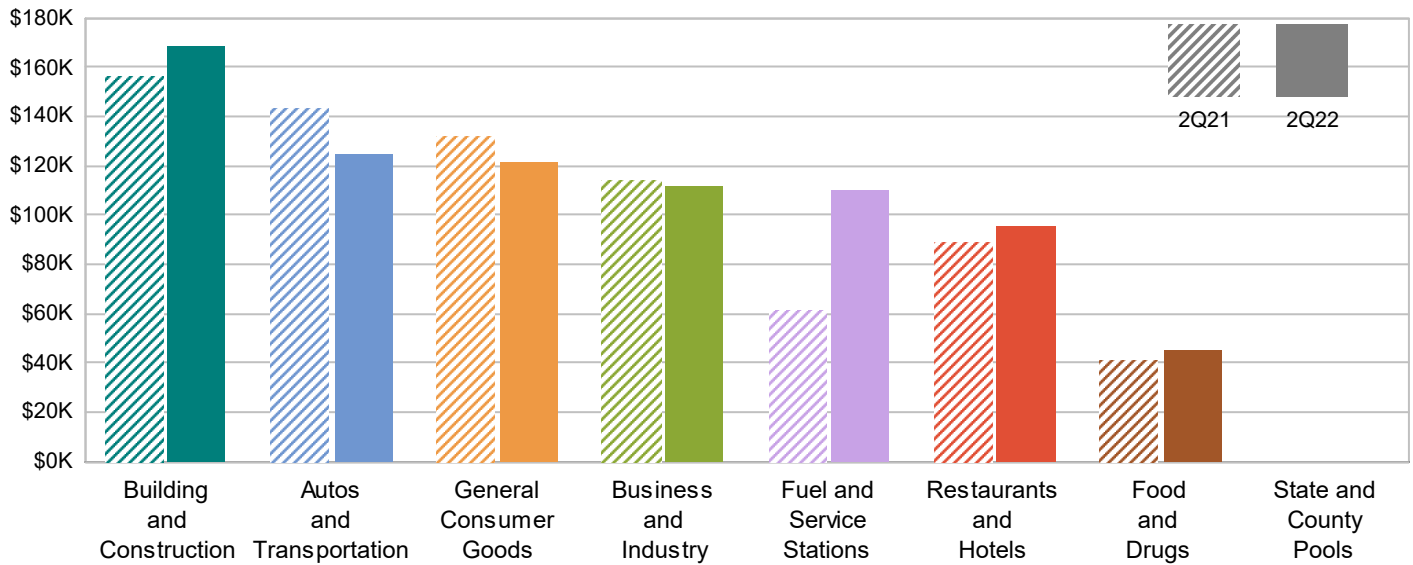


2Q22 Percent of Total

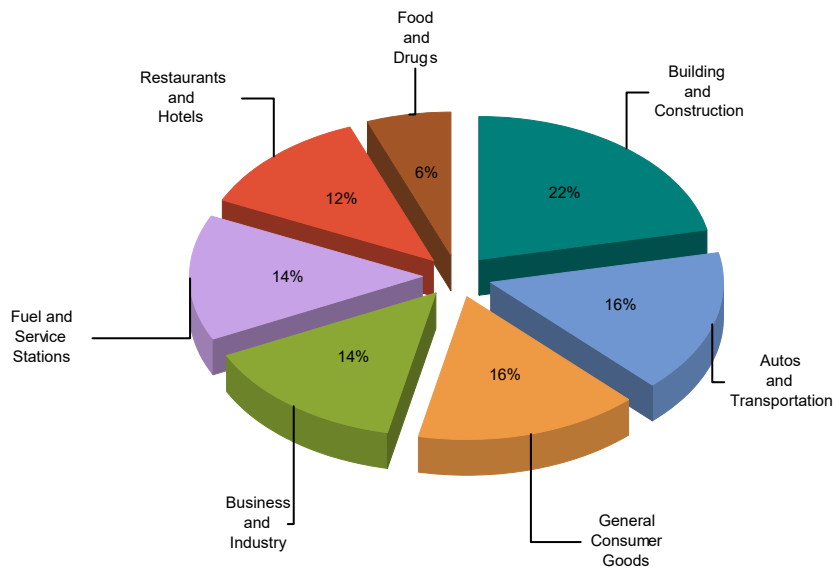


Major Industry Group	Count	2Q22	2Q21	\$ Change	% Change
Building and Construction	374	168,630	156,559	12,071	7.7%
Autos and Transportation	509	124,751	143,318	(18,567)	-13.0%
General Consumer Goods	2,140	121,336	132,424	(11,088)	-8.4%
Business and Industry	3,001	111,567	114,253	(2,686)	-2.4%
Fuel and Service Stations	68	110,585	61,504	49,081	79.8%
Restaurants and Hotels	128	95,503	89,185	6,319	7.1%
Food and Drugs	98	45,328	41,578	3,750	9.0%
Transfers & Unidentified	1,688	9,759	8,863	896	10.1%
State and County Pools	-	0	0	0	-N/A-
Total	8,006	787,459	747,683	39,776	5.3%

2Q21 Compared To 2Q22



2Q22 Percent of Total



HdL⁺ Companies

CALIFORNIA FORECAST

SALES TAX TRENDS & ECONOMIC DRIVERS

SEPTEMBER 2022



Napa, CA

Delivering Revenue, Insight and Efficiency to Local Government Since 1983

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Overview: Though a new fiscal year commenced in July, many of the economic challenges seen in early 2022 remain prevalent. Inflation will continue to top historical norms into 2023. Despite a fourth interest rate hike, prices on taxable goods show no signs of lessening. More expensive mortgage rates will slow housing sales and cause weakened demand for appliances, furnishings and other related products. Crude oil prices have dipped from extraordinary peaks allowing consumers to budget in other areas of life. The shift back to experiences and services plays a significant role in the forecasted decelerated growth. Overall, consumer's confidence in the economy is best described as uncertain.

2022/23 | 2023/24



Autos/Transportation

4.5% | -3.0%

Auto sales tax revenues continue to increase. Last quarter experienced a modest 5% growth rate. A YOY comparison shows this is far less than the 22% surge seen amid the pandemic rebound. Recent reports state the lack of dealer's inventory remains the key factor in preventing better results. Despite inventory nearing all-time lows, it is now higher than at any point since June 2021. The short-term outlook remains strong as growth is expected to reaccelerate as production increases over time. New car pricing continues to set new monthly records, but this hasn't deterred consumers; dealership purchases increased and luxury vehicles linger as one of the strongest segments of the market. The medium-term outlook is more subdued. Increasing financing rates, a sluggish economy, losses in financial assets and the growing possibility of a recession point to a downturn in the next year.



Building/Construction

3.1% | 1.0%

Statewide construction permit data from second quarter 2022 offered a mixed outcome with overall permit valuations up 51%, while regional data shows slowing trends. The number of permits issued for single family homes narrowly increased .7% in the second quarter. In response, permits issued for multi-family housing and non-residential projects were up 57% and 65%, respectively. Hotels, parking garages and office spaces are seeing significant increases in proposed new starts. As higher mortgage rates cool the new housing market, owners of existing properties stay focused on home renovations. Most supply costs rose at the start of the third quarter. Extremely high pricing and long delivery wait times is causing project delays. Gains in the first half of FY 2022/23 will be followed by a flattening of sales as impacts from lower material prices drive down overall sales totals. HdL predicts normal growth will return in FY 2024/25.



Business/Industry

3.7% | 3.2%

As expected, this group swelled 7% during the second quarter 2022 and most of the category's 21 unique business types expanded returns over the prior year period. The pandemic pushed medical and biotech to the forefront and spending on equipment and supplies has still not subsided. Industrial growth remained steady, boosted by strong demand, costlier goods, and a softening of supply chain and labor challenges. Bolstered by large projects, the electrical equipment sector experienced another uptick. Technology demands and other B2B needs bolstered business services outcomes. Warehouse, farm, and construction equipment generated positive revenue results, though garden and agricultural supply revenues dipped. Fulfillment centers edged up 6% comprising 24% of all business and industry revenues. Modest gains are predicted as companies are expected to front load large purchases this year to stay ahead of product costs increasing due to inflation.

2022/23 | 2023/24



Food/Drugs

2.0% | 2.0%

Modest overall improved food and drug sales occurred last quarter. Although inflation has increased overall food costs, improved numbers from grocery and drug store revenue helped make up for declines from cannabis retailers. Several bills aimed at strengthening cannabis laws recently passed, expanding the legal market and pushing this sector to reach saturation points in some parts of that state. Senate Bill 1186 will be challenging for local governments, as it preempts local bans on delivery of medicinal cannabis. Anticipated segment gains are predicted to hold at restrained levels for the foreseeable future.



Fuel/Service Stations

6.8% | -7.7%

For the first time in several months, fuel and services stations are experiencing downward pressure. While most underlying economic factors remain strong throughout the State, crude oil and pump prices have been steadily dropping after setting record levels in second quarter 2022. Demand for fuel is expected to be lower in 2023. As a result of these combined factors, the short-term revenue projections are price-based pressures still generating large dollars throughout 2022. Comparative data from the extraordinary tallies dating back to March suggests declines through 2023. Meager gains are expected through the end of next fiscal year. Looking ahead, HdL foresees totals are expected to be flat in FY 2024/25.



General Consumer Goods

0.6% | -0.3%

The resiliency of consumer spending was prevalent in the second quarter of 2022 despite inflationary pressures and federal attempts to cool demand. Although taxable sales continued to outpace expectations, many categories indicated changes in household spending and priorities. Retailers that target audiences in the low to middle income bracket experienced a notable pullback in sales compared to last year. In contrast, many luxury brands recorded double-digit growth, thereby reflecting the disparity across income levels. Retailers have made it clear they are seeing demand shift to non-durable goods leading to expectations of a heavy discount season through the end of 2022. Prices are driving positive sales tax proceeds, while sales volumes have started to diminish. Due to the continued inflationary environment, shifting spending patterns and rising interest rates, only miniscule gains are forecasted for FY 2022/23.

Proposition 172 projections vary somewhat from statewide Bradley-Burns calculations due to the state's utilization of differing collection periods in its allocations to counties. HdL forecasts a statewide increase of 3.1% for fiscal year 2022/23 and .7% for 2023/2024.



Restaurants/Hotels

2022/23 | 2023/24
7.3% | 3.2%

The travel and tourism industry is optimistic restaurants and hotels will continue to see grander tax filings in the coming months. New business openings and the resulting expanded tax base boosted trends for both segments. High menu prices and occupancy rates also contributed. Several growing restaurant chains have more than doubled the number of stores in the last 12 months. The increased demand of restaurants is a direct response to the rising cost of groceries. Catering companies have also noticed increased sales as more workers return to offices. Overall, consumer desire to spend more disposable dollars on leisure and entertainment has contributed to this positive outlook.



State and County Pools

2022/23 | 2023/24
5.5% | 4.5%

E-commerce spending is here to stay. Statewide, pools have moved into the top performing sales tax group thanks to the addition of Wayfair taxpayers, a pandemic-induced shift in spending priorities, and consumer preference for the convenience and ease of shopping remotely. The close of FY 2021/22 shows pools revenues were 60% above the annual tallies captured in the pre-pandemic FY 2018/19. B2C sales remain the largest component and B2B sales comprise about one third of the use taxes paid into California. With economic uncertainty and retailers constant adaptations to better meet shopper's online needs, 5% gains are estimated through 2023.



BEACON
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NATIONAL AND STATEWIDE ECONOMIC DRIVERS



U.S. Real GDP Growth

2022/23 | 2023/24
4.1% | 2.1%

Beacon maintains that the U.S. economy is sturdy, though subject to policy errors to be made by the Federal Reserve. The massive fiscal outlays during the pandemic have flushed households and businesses with excess liquidity with which to continue spending. However, the U.S economy is fast approaching the end of a very hot business cycle, thus the forecast for slower real growth.



U.S. Unemployment Rate

4.2% | 3.4%

As the economy slows down, the unemployment rate will inch up modestly. During and following the pandemic years, the labor force shrunk substantially. Beacon predicts the labor market will see a positive spike in participation, however, companies will be faced with modest layoffs as companies right-size in anticipation of an economic slowdown and higher interest rates.



CA Unemployment Rate

5.7% | 4.4%

California's unemployment rate is expected to be in line with the national average. As the economy slows and when the Federal Reserve begins reducing its balance sheet, marginal tightening of economic conditions will nudge the unemployment rate higher. As of September 2022, California job creation has been limited by the availability of the right labor force mix for the available jobs.



CA Total Nonfarm Employment Growth

2022/23 | 2023/24
6.4% | 3.6%

The pandemic and lack of affordable housing were key contributors to California's substantial net emigration to other states, notably from many of prime working age. Many corporations and jobs followed suit and the reduction in population and labor force have hindered job creation in the post-pandemic recovery phase. It is predicted job growth in California will be in line with the national trend.



CA Residential Building Permits

118,532 | 120,077

The slowing of the economy in fiscal year 2023-24 will decelerate residential development activity modestly. Low-density development and the "Not In My Backyard" mindset continue to impact the overall California real estate landscape.



CA Median Existing Home Price

\$669,680 | \$686,369

Over the next 24 months, home prices are expected to progressively rise. The pandemic unleashed a strong desire to purchase a home in California and heralded a wave of interest in real estate from private equity or institutional buyers. While increasing mortgage rates and tighter financial conditions will pose challenges on financed purchases, cash buyers and institutional buyers will welcome the decreased competition and support pricing.

Scan to view the *HdL California Consensus Forecast 2Q22* webinar recording. Email solutions@hdlcompanies.com to learn more about HdL services that can help your agency maximize revenue.





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California's allocation data trails actual sales activity by three to six months. HdL compensates for the lack of current information by reviewing the latest reports, statistics and perspectives from fifty or more economists, analysts and trade associations to reach a consensus on probable trends for coming quarters. The forecast is used to help project revenues based on statewide formulas and for reference in tailoring sales tax estimates appropriate to each client's specific demographics, tax base and regional trends.

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Beacon Economics has proven to be one of the most thorough and accurate economic research/analytical forecasting firms in the country. Their evaluation of the key drivers impacting local economies and tax revenues provides additional perspective to HdL's quarterly consensus updates. The collaboration and sharing of information between Beacon and HdL helps both companies enhance the accuracy of the work that they perform for their respective clients.