

CITY OF REDLANDS

SALES TAX UPDATE

4Q 2024 (OCTOBER - DECEMBER)



REDLANDS

TOTAL: \$ 4,674,087

-8.6%

4Q2024



1.4%

COUNTY



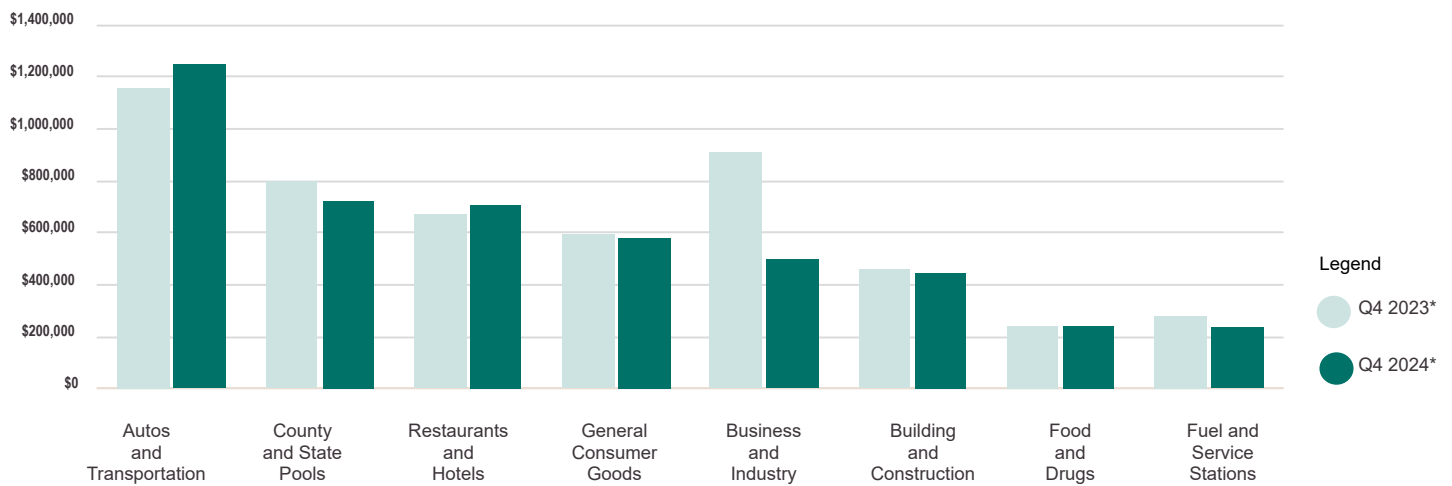
-1.1%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF REDLANDS HIGHLIGHTS

Redlands' receipts from October through December were 15.3% below the fourth sales period in 2023. Excluding reporting aberrations, actual sales were down 8.6%.

The overall forecast and economic outlook are shadowed with uncertainty. Constantly fluctuating tariff impositions and moving parts in national public policy leads to a slowing in capital investments. Other factors changing daily and causing volatility include concerns with inflation, ongoing global events and uncertainty about the timing and frequency of federal fund interest rate reductions. Our overall statewide forecast has weakened in the short term and reflects limited growth in Fiscal Year 2025-2026.

The City experienced the largest decline in business-industry, including medical biotech and light industrial/printers. During this holiday season, many of the categories in this sector remained flat or declined as economic variables stunted

progress. As a result, the overall forecast reflects a flattening out over the first two quarters in 2025 followed by overall anticipated growth of 1.7% in Fiscal Year 2025-2026.

Returns from service stations, home furnishings, building materials, contractors, transportation/rentals, drug stores, and the state and county pools were also down.

On the positive side, receipts from sporting goods, new motor vehicle dealers, auto lease, quick service restaurants, casual and fast casual dining, and grocery stores grew compared to a year ago, which helped to offset the overall net quarterly loss.

Net of aberrations, taxable sales for all of San Bernardino County grew 1.4% over the comparable time period; the Southern California region was down 1.2%.



TOP 25 PRODUCERS

- Albertsons
- Burlington
- Circle K
- Citrus Arco
- Core Health & Fitness
- Dr Martens Airwair USA
- Hatfield Buick & GMC Truck
- Home Depot
- HYR Powersports
- Imperial Dade
- In N Out Burger
- Ken Grody Ford Redlands
- L&W Supply(Calply)
- Lowes
- Marshalls
- McDonald's
- Nissan Of Redlands
- Raising Cane's
- Redlands Chrysler Jeep Dodge Ram
- Select Comfort
- Stater Bros
- Tom Bell Chevrolet
- Tom Bell Toyota
- Trader Joe's
- Walmart



STATEWIDE RESULTS

California's local one cent sales and use tax receipts during the months of October through December were 1.1% lower than the same quarter one year ago after adjusting for accounting anomalies. The fourth quarter is notably the highest sales tax generating period of the year but exhibited diminished year-over-year returns as consumers struggled with tariff concerns and pulling back on discretionary spending.

For the past eight quarters - two calendar years - statewide results have declined; led mostly by autos-transportation and building-construction suppressed activity due to the sustained high interest rate environment. Specifically, this quarter, as new and used car returns pulled back, only leasing activity improved likely representing buyers willingness to wait for more advantageous economic conditions before committing to long term obligations. Furthermore, building-construction drops spanned multiple categories including building materials, plumbing/electrical and contractors as property owners delay repairs and improvements until they're more comfortable tapping available equity.

During this holiday shopping period, brick-and-mortar general retailers slumped 2.4%, further hindered by lower gas prices. Recent closures by merchants selling variety/ low priced items and weaker returns from department stores were most impactful. As consumers appeared more interested in value/discounted items vs higher priced/ luxury goods, overall statewide receipts revealed growth from online retailers by way of local returns through fulfillment centers and allocations via each county's use tax pool demonstrating a desire to spend, just more through different vendors which shifted local tax distributions.

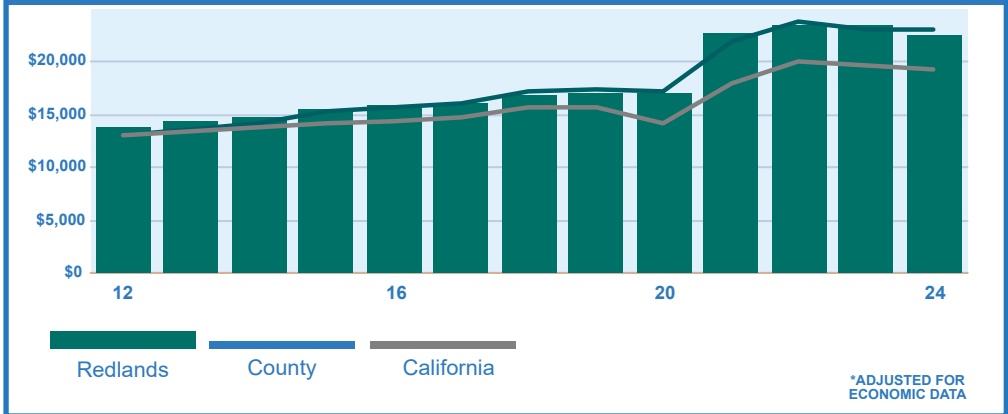
Fuel and service stations experienced a drop of 14% largely due to the decreased price of global crude oil. While this dynamic hurt the sector results, it did allow for more disposable income to be spent in other areas and does not appear to be changing in the near term.

Revenue from restaurants sustained a modest gain of 1.3%, with only a waning from fine dining establishments - consistent with spending trends in other sectors. As eateries try and balance higher menu prices and demand, a 'return to office' call by businesses could inspire future increased foot traffic for many venues in metropolitan centers.

The fourth quarter also marks the end of the calendar year. As expected 2024 was 1.2% lower than 2023 with most sectors taking a hit. Only restaurants, business-industry and allocations via the county use tax pools improved.

With national tariff discussions happening at the federal level, consumers start 2025 wondering if higher priced goods and difficult decisions are on the horizon. Also, the Federal Reserve Board hasn't signified any relief by way of lower interest rates leaving only minimal growth expectations to come. The theme of the current economic outlook is uncertainty.

SALES PER CAPITA*



TOP NON-CONFIDENTIAL BUSINESS TYPES

| Redlands Business Type | Q4 '24* | Change | County Change | HdL State Change |
|---------------------------|---------|----------|---------------|------------------|
| New Motor Vehicle Dealers | 1,014.7 | 9.3% ↑ | -4.3% ↓ | -2.3% ↓ |
| Building Materials | 395.7 | -3.6% ↓ | -5.2% ↓ | -3.4% ↓ |
| Casual Dining | 298.7 | 4.2% ↑ | 4.0% ↑ | 1.9% ↑ |
| Quick-Service Restaurants | 288.2 | 5.8% ↑ | 2.5% ↑ | 1.7% ↑ |
| Service Stations | 236.0 | -14.6% ↓ | -13.1% ↓ | -13.0% ↓ |
| Light Industrial/Printers | 221.1 | 104.9% ↑ | 2.9% ↑ | -1.8% ↓ |
| Grocery Stores | 187.2 | 2.9% ↑ | -0.8% ↓ | -0.9% ↓ |
| Family Apparel | 99.0 | 3.1% ↑ | 1.2% ↑ | 1.3% ↑ |
| Specialty Stores | 92.5 | -1.8% ↓ | -1.0% ↓ | -1.8% ↓ |
| Fast-Casual Restaurants | 69.1 | 4.4% ↑ | 3.5% ↑ | 1.6% ↑ |

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