

CITY OF DEL MAR

SALES TAX UPDATE

4Q 2024 (OCTOBER - DECEMBER)



DEL MAR

TOTAL: \$ 502,831

18.2%
4Q2024



0.5%
COUNTY

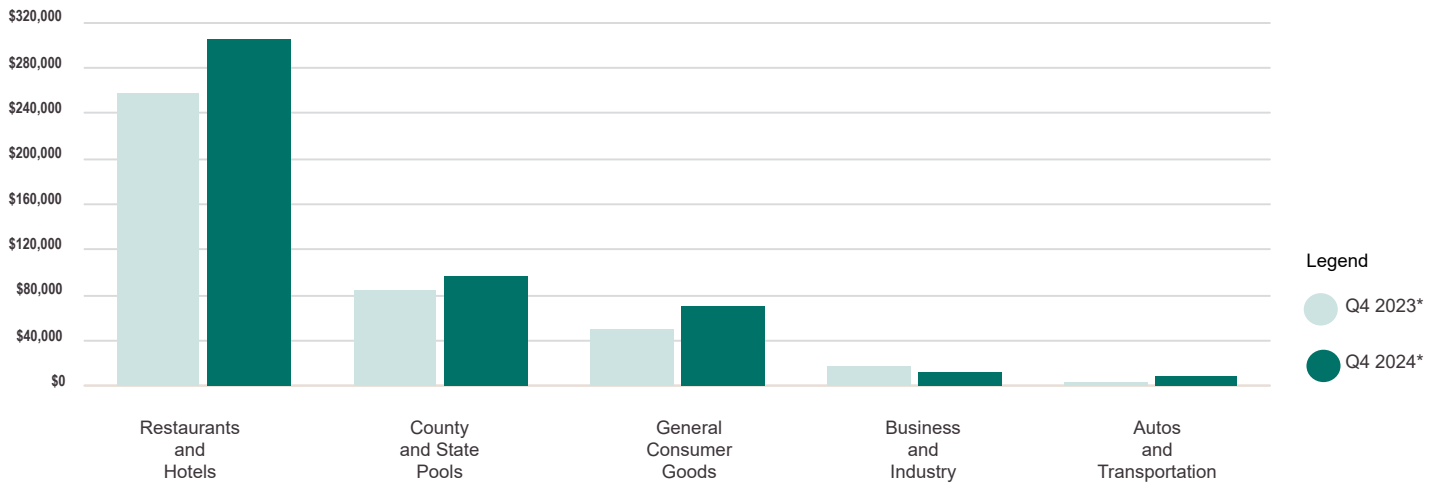


-1.1%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure Q

TOTAL: \$871,865

↑ 19.2%



CITY OF DEL MAR HIGHLIGHTS

Del Mar's receipts from October through December were 15.9% above the fourth sales period in 2023. Excluding reporting aberrations, actual sales were up 18.2%.

The restaurants-hotels group had exceptional gross receipts up 18.3% compared to the state average of 1.4%.

State-county pools, the City's second largest income classification, showed a solid 12.7% return due to several major business categories performing well. General consumer goods saw excellent gross receipts at specialty stores and non-store retailers as consumers continued to shop for bargains.

The business-industry group experienced adverse profits from business services during this period.

Measure Q, the voter approved transaction tax had strong collections with returns of 19.2% driven partially by the autos-transportation and building construction categories.

Net of aberrations, taxable sales for all of San Diego County grew 0.5% over the comparable time period; the Southern California region was down 1.2%.



TOP 25 PRODUCERS

- Beeside Balcony
- Brigantine
- Bull Grills Spas
- Chins Szechwan Del Mar
- Cottage
- Del Mar Blue Print Co
- Del Mar Thoroughbred Club
- Dexters Deli
- En Fuego Cantina & Grill
- Harry's Coffee Shop Del Mar
- Il Fornaio
- Jakes Del Mar
- La Mesa RV Center
- L'Auberge Del Mar
- Mammoth Promotions
- Monarch
- Pacifica Del Mar Restaurant
- Poseidon On The Beach
- Premier Food Services
- Salt + Lime
- Sbicca Del Mar
- Shimbashi Izakaya
- Tamarindo
- Upper Right Marketing
- Viewpoint Brewing Co



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.

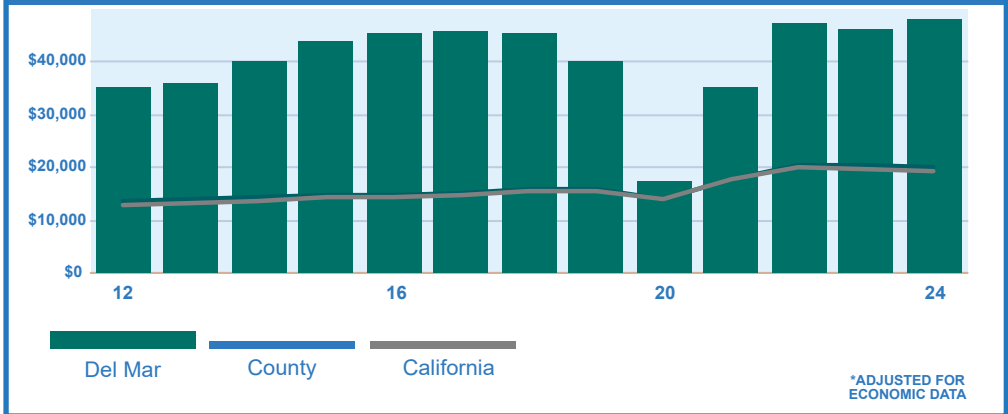
Fuel and service stations experienced a drop of 14% largely due to the decreased price of global crude oil. While this dynamic hurt the sector results, it did allow for more disposable income to be spent in other areas and does not appear to be changing in the near term.

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

Del Mar Business Type	Q4 '24	Change	County Change	HdL State Change
Casual Dining	110,862	-2.0% ↓	3.5% ↑	1.9% ↑
Fine Dining	69,229	0.1% ↑	-3.0% ↓	-5.1% ↓
Specialty Stores	29,244	148.3% ↑	0.3% ↑	-1.8% ↓
Women's Apparel	10,066	-6.9% ↓	2.1% ↑	-1.4% ↓
Sporting Goods/Bike Stores	10,021	-1.9% ↓	-9.1% ↓	-7.1% ↓
Non-Store Retailers	4,308	11.2% ↑	-19.0% ↓	-13.4% ↓
Home Furnishings	2,282	0.2% ↑	2.0% ↑	-1.9% ↓
Business Services	1,885	-58.0% ↓	-17.7% ↓	-1.5% ↓
Personal Service-No Liquor	1,566	47.7% ↑	-10.5% ↓	-8.5% ↓
Receivables/Master Outlets	1,483	21.2% ↑	-63.5% ↓	-14.2% ↓

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