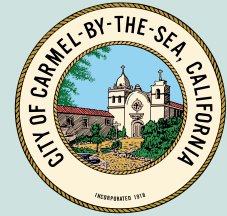


CITY OF CARMEL

SALES TAX UPDATE

3Q 2022 (JULY - SEPTEMBER)



CARMEL

TOTAL: \$ 1,004,841

1.4%
3Q2022



8.3%
COUNTY

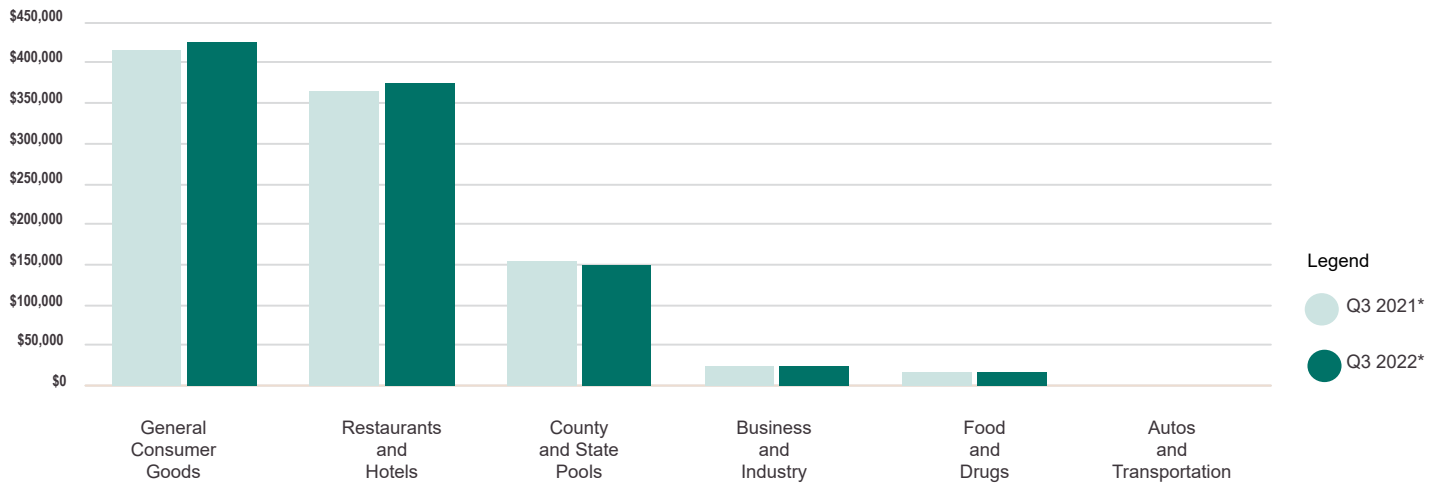


8.0%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure C

TOTAL: \$1,665,751

↑ 2.7%



CITY OF CARMEL HIGHLIGHTS

Carmel's receipts from July through September were 2.8% above the third sales period in 2021. Excluding reporting adjustments, receipts for the period were up 1.4%.

Last year at this time, all major business groups turned in double-digit gains as the City and region recovered from the losses caused by the pandemic restrictions. So it is no surprise that a year later spending is more sedate with the tax base benefiting from inflation as discretionary consumer spending begins to slow.

It is encouraging to see that sales of general consumer goods were rising

as other regions of the state reported declining sales in that sector. Restaurants reported mixed results and eked out a modest gain, if only from higher menu prices.

Measure C's results reflect ongoing infrastructure and tenant improvements, while new car purchases rose 24%. The bump in food/drug receipts came from a reporting error by one taxpayer.

Net of adjustments, taxable sales for all of Monterey County grew 8.3% over the comparable time period while those of the Central Coast region were up 7.2%.



TOP 25 PRODUCERS

- | | |
|--------------------------------------|------------------------------|
| Alvarado Street Brewery & Bistro | Il Fornaio |
| Anthropologie | J Lawrence Khakis |
| Anton & Michel | La Bicyclette |
| Arhaus Furniture | La Playa Hotel |
| Caffe Napoli | L'Auberge Carmel |
| Carmel Classics | Mad Dogs & Englishmen |
| Club | Pangaea Grill |
| Coach | Pocket Carmel |
| Dametra Cafe | Portabella Mediterranean |
| Flahertys Seafood Grill & Oyster Bar | Seventh & Dolores Restaurant |
| Fourtane Estate Jewelers | Tiffany & Co |
| Girl Boy Girl | Treehouse Cafe |
| Grasings Coastal Cuisine | |



STATEWIDE RESULTS

Local one cent sales and use tax for sales occurring July through September was 8% higher than the same quarter one year ago after adjusting for accounting anomalies and back payments from previous quarters. These returns mark another strong period of growth for the California spending economy.

Even as the Federal Reserve Board continued ramping up interest rates in an effort to curb the larger concern of inflation, consumers maintained purchases on multiple fronts, especially automobiles. Surprisingly, new car dealers experienced 10% gains over the comparable period in 2021. Limited inventory and demand for higher mileage vehicles including electric and hybrid models helped support growth. In addition, the increased cost of used vehicles has pushed many into the new vehicle market; in contrast, sales of recreation vehicles and auto leasing activity remained soft.

For Californians, the summer of 2022 had the highest gas prices on record; subsequently fuel and service stations receipts jumped 21%. Commuters and summer travel remained steady, yet overall consumption still trails pre-pandemic levels by approximately 13%. Although the Russia-Ukraine conflict initially caused a dramatic shift in global crude oil markets, prices have begun to pull back closer to historical norms.

Restaurants experienced a strong uptick as increased menu prices, consistent desire to dine out and strong tourism contributed to this favorable news. Just as important, theme parks, leisure-entertainment venues and hotels pushed positive momentum back to 2019 levels. With tightening profit margins and sustained labor concerns, future improvement could be slowed compared to the last two years.

Busy contractors and plumbing-electrical

suppliers boosted the building-construction sector. Solid residential and commercial housing prices persisted despite recent interest rate hikes. Tenant improvements further support spending activity as businesses assess future office needs. With statewide new housing requirements and federal infrastructure funding on the horizon, current forecasts stay optimistic.

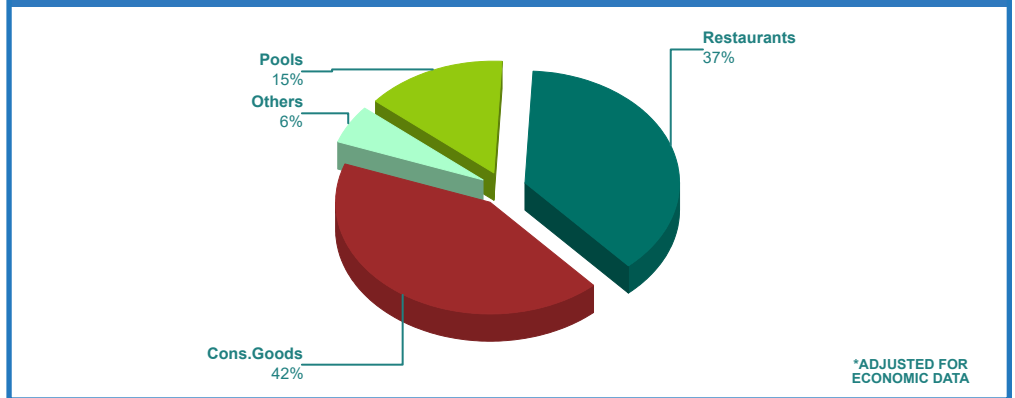
Steady investment in capital equipment coupled with the overall increased price of goods enhanced both business-industry and countywide use tax pool allocations.

For the second straight quarter, fuel sales linked to discount department stores propped up general consumer goods

results. Otherwise, retailers experienced flat to decreased receipts as many apparel categories, home furnishings and sporting goods struggled to keep pace with the prior year. As consumers balanced summer opportunities and higher prices, in-store shopping appears to have taken a temporary back seat.

Sustained price increases and interest rate hikes certainly have consumers contemplating where to spend their dollars. However, historically low statewide unemployment rates and the recovery of the national stock markets from declines earlier this year leave modest optimism heading into 2023.

REVENUE BY BUSINESS GROUP Carmel This Quarter*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Carmel Business Type	Q3 '22	Change	County Change	HdL State Change
Casual Dining	248,732	3.2% ↑	5.2% ↑	10.1% ↑
Jewelry Stores	93,417	-6.5% ↓	-7.2% ↓	2.5% ↑
Family Apparel	85,039	13.9% ↑	-2.5% ↓	-1.7% ↓
Fine Dining	78,702	-1.6% ↓	2.6% ↑	5.1% ↑
Women's Apparel	73,097	3.8% ↑	-5.8% ↓	-0.1% ↓
Art/Gift/Novelty Stores	51,769	-15.9% ↓	2.7% ↑	-9.1% ↓
Specialty Stores	38,429	11.6% ↑	5.3% ↑	4.0% ↑
Hotels/Motels	35,085	5.2% ↑	18.4% ↑	43.8% ↑
Home Furnishings	29,076	33.5% ↑	-6.0% ↓	-6.2% ↓
Wineries	16,740	-13.3% ↓	-4.8% ↓	-5.2% ↓

*Allocation aberrations have been adjusted to reflect sales activity