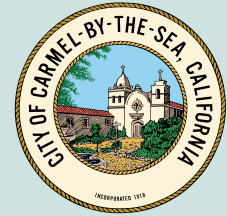


CITY OF CARMEL

SALES TAX UPDATE

3Q 2023 (JULY - SEPTEMBER)



CARMEL

TOTAL: \$ 1,036,201

2.5%
3Q2023



-0.4%
COUNTY

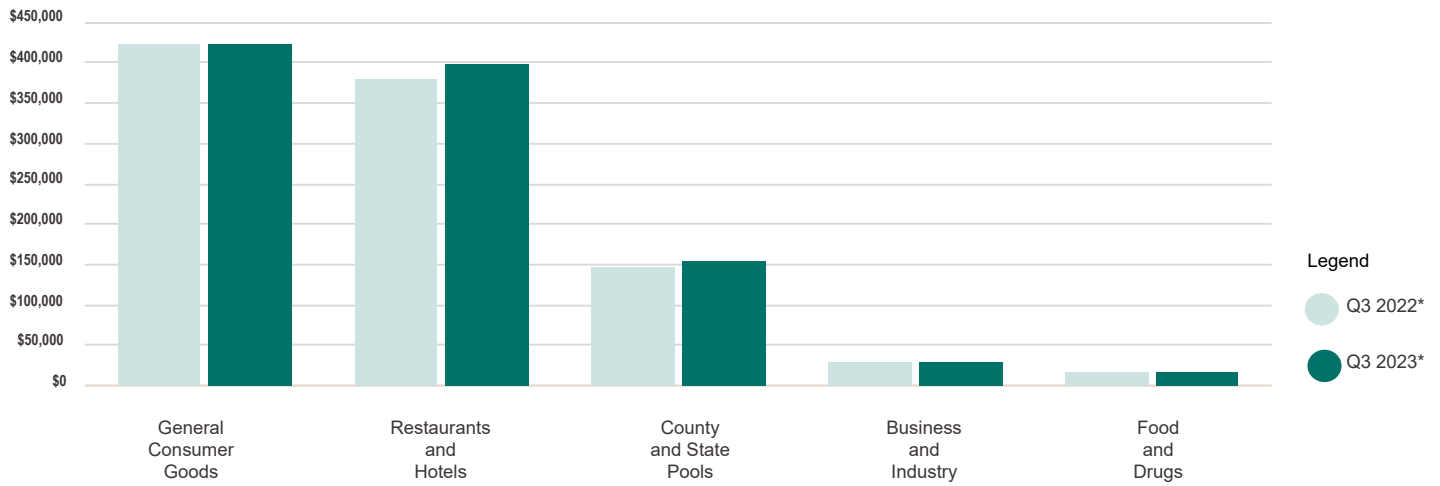


-1.7%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure C

TOTAL: \$1,738,034

4.3%



CITY OF CARMEL HIGHLIGHTS

Carmel's receipts from July through September were 0.2% below the third sales period in 2022. Excluding reporting aberrations, actual sales were up 2.5%.

Jewelry stores veered from the statewide trend and posted solid gains. Casual dining, the largest business type, continues to see increases boosted by new accounts in the category while quick service restaurants had a big spike this quarter.

The statewide trend of consumers pulling back on some luxury purchases showed up this quarter in several categories; fine dining and art/gifts/novelty stores were both down. Specialty stores were

down due to a one-time allocation in the comparable quarter.

In the business-industry group, wineries posted modest gains while others in the group are seeing a pull back from previous year highs, causing the group to decline.

Measure C was influenced by the above matters, but was furthered by locals increasing their purchases of new motor vehicles and online shopping.

Net of aberrations, taxable sales for all of Monterey County declined 0.4% over the comparable time period; the Central Coast region was flat.



TOP 25 PRODUCERS

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



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.

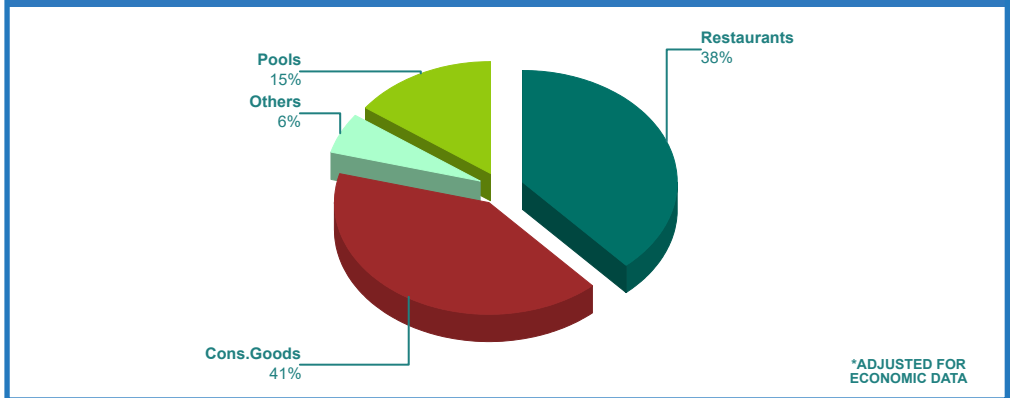
Despite continued increases of new car registrations, revenue from the auto-transportation sector slipped 2.6%. The improved activity remains mostly attributed to rental car agencies restocking their fleets. Like other segments, elevated financing costs are expected to impede future retail volume.

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 Carmel This Quarter*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Carmel Business Type	Q3 '23	Change	County Change	HdL State Change
Casual Dining	271,575	8.6% ↑	3.2% ↑	2.8% ↑
Jewelry Stores	114,997	23.1% ↑	12.4% ↑	1.2% ↑
Fine Dining	80,523	-0.9% ↓	-5.7% ↓	-6.0% ↓
Family Apparel	79,722	0.9% ↑	2.0% ↑	3.2% ↑
Women's Apparel	74,977	0.5% ↑	-1.5% ↓	-3.3% ↓
Art/Gift/Novelty Stores	46,070	-15.3% ↓	-22.3% ↓	-8.9% ↓
Hotels/Motels	31,195	-12.3% ↓	4.4% ↑	0.8% ↑
Specialty Stores	29,779	-22.1% ↓	-2.8% ↓	-1.9% ↓
Home Furnishings	26,185	-11.6% ↓	-11.9% ↓	-12.1% ↓
Wineries	18,167	5.5% ↑	-8.1% ↓	-2.8% ↓

*Allocation aberrations have been adjusted to reflect sales activity