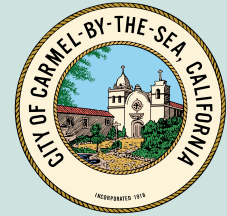


CITY OF CARMEL

SALES TAX UPDATE

3Q 2024 (JULY - SEPTEMBER)



CARMEL

TOTAL: \$ 1,098,951

5.4%

3Q2024



-2.3%

COUNTY



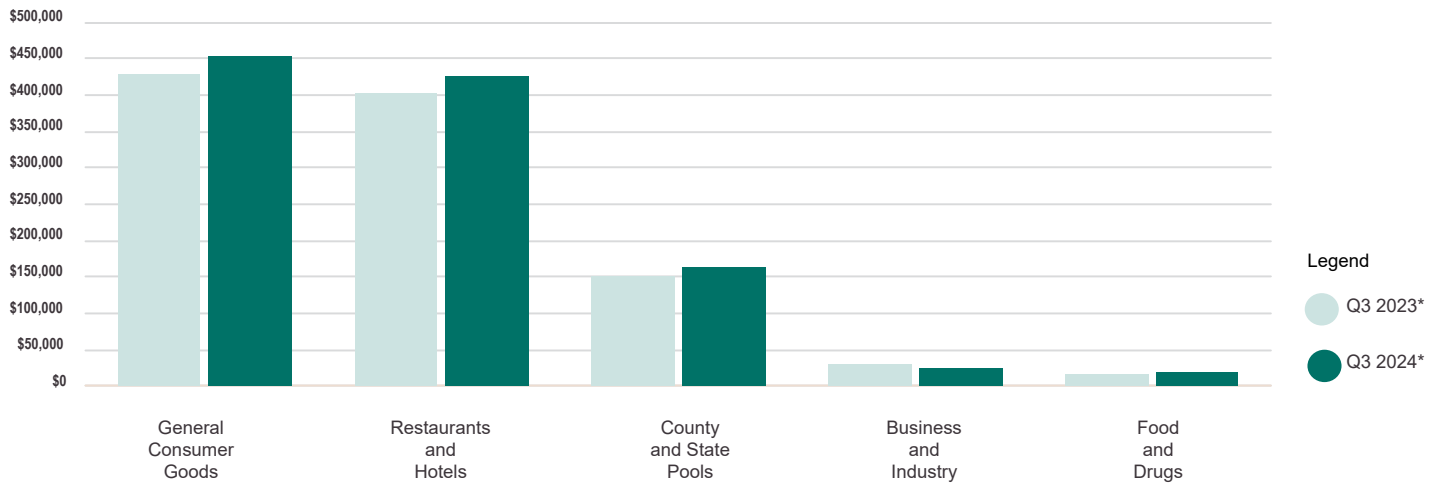
-2.3%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure C

TOTAL: \$1,860,524

↑ 7.0%



CITY OF CARMEL HIGHLIGHTS

Carmel's receipts from July through September were 2.1% above the third sales period in 2023. Excluding reporting aberrations, including late payments, receipts for the period were up 5.4%.

For a fifth consecutive quarter, the restaurant group posted a gain as both casual dining and fine dining venues saw increased patronage. The general consumer goods group also extended the number of periods ending with gains. Several new stores added to the tax base while sales at existing retailers were mixed but mostly higher.

The strong showing this period caused the City's share of the use tax pool to

grow, giving it a larger payout compared to last year's.

Measure C's results reflect an increase in the value of used vehicles purchased by residents as well as growing demand for construction materials imported from outside the City limits. However, the tax total reported by the food-drug group continues to be overstated from erroneous reporting by one outlet. Ignoring the error, the group's results were down 7.4%.

Net of aberrations, taxable sales for all of Monterey County declined 2.3% over the comparable period while those of the Central Coast region were down 2.8%.



TOP 25 PRODUCERS

- Alvarado Street Brewery & Bistro
- Anthropologie
- Augustina Leathers
- Caffe Napoli
- Carmel Classics
- Casanova Restaurant
- Chez Noir
- Club
- Dametra Cafe
- Flahertys Seafood Grill & Oyster Bar
- Fourtane Estate Jewelers
- Girl Boy Girl
- Grasings Coastal Cuisine
- Il Fornaio
- Khaki's of Carmel
- La Bicyclette
- La Playa Hotel
- L'Auberge Carmel
- Pangaea Grill
- Pocket Carmel
- Portabella Mediterranean
- Seventh & Dolores Restaurant
- Stationary
- Tiffany & Co
- Village Corner



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts during the months of July through September were 2.3% lower than the same quarter one year ago after adjusting for accounting anomalies. The calendar year third quarter traditionally is noted for pleasant weather and statewide tourism; however, taxes fell when compared to a year ago. As such, it also means a weak start of the 2024-25 fiscal year for many California agencies.

Once again, autos-transportation receipts took a hit and declined 4.8%. This period marks the seventh consecutive quarter of downturn for the sector. While used autos returns and leasing activity have improved, revenues from new car sales struggled due to sustained high interest rates, tightened credit standards, and increased cost of auto insurance. As such, inventories for many dealers remain elevated, applying downward pressure on prices and growth into 2025.

The summer season is usually an advantageous time for home repairs and construction work, however, this industry is also struggling with high consumer interest rates and limited access to equity for homeowners. New projects remain sidelined as developers await more favorable investment conditions.

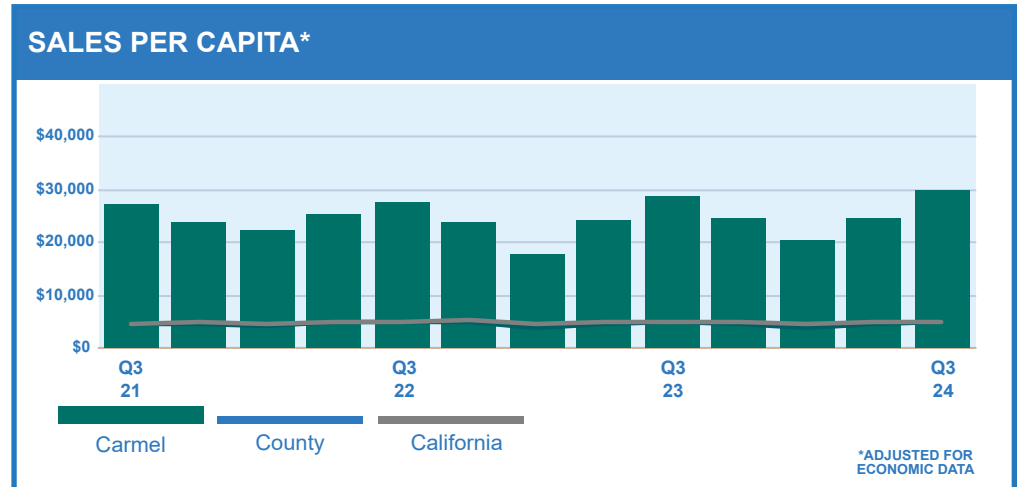
Brick-and-mortar general consumer retailers pulled back 3.8% - worsened by lower gas prices. Consumers appear more interested in lower priced/discounted items vs higher priced/luxury goods, forcing merchants to again consider inventory needs. Additionally, competition from online merchants is as fierce as ever, as shoppers look for greater value. With holiday shopping around the corner, local store expectations remain soft.

Fuel generating taxpayers had a rough quarter; a combination of consumption declines and falling fuel prices thrust comparisons down by 13%. Further contraction of national drug store locations coupled with the steady fall from cannabis merchants dating back to 2021, caused a decrease of 2.8% in the food-drugs category. Expect similar percentage declines for the upcoming end of 2024 quarter.

Although statewide tourism appears to have improved over 2023, revenue from restaurants experienced only a modest gain of 0.7%, which included a dramatic drop from fine dining establishments – consistent with spending trends in other sectors. State

mandated minimum wage requirements remained a challenge, with higher menu prices reducing patron visits.

These sluggish results solidify 2024 as a down year. Recent reductions to the Fed Funds Rate aren’t considered to help until later in 2025. Agencies should expect fiscal year 2024-25 sales taxes to stay flat or decline slightly as sluggish economic conditions leave consumers cautious in their spending patterns, especially for big ticket items and discretionary products.



TOP NON-CONFIDENTIAL BUSINESS TYPES

Carmel Business Type	Q3 '24	Change	County Change	HdL State Change
Casual Dining	283,434	6.3% ↑	0.6% ↑	1.1% ↑
Jewelry Stores	122,785	6.5% ↑	1.7% ↑	-0.6% ↓
Family Apparel	93,476	10.6% ↑	0.2% ↑	-0.2% ↓
Fine Dining	92,597	4.1% ↑	2.8% ↑	-4.9% ↓
Women's Apparel	83,714	12.0% ↑	3.2% ↑	-5.8% ↓
Art/Gift/Novelty Stores	45,542	-1.7% ↓	-5.5% ↓	1.5% ↑
Hotels/Motels	38,619	23.8% ↑	5.7% ↑	2.5% ↑
Specialty Stores	27,936	-3.5% ↓	-3.3% ↓	-2.9% ↓
Home Furnishings	26,332	1.4% ↑	-6.1% ↓	-6.5% ↓
Wineries	17,007	-12.5% ↓	-6.3% ↓	-3.3% ↓

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