

CITY OF CARMEL

SALES TAX UPDATE

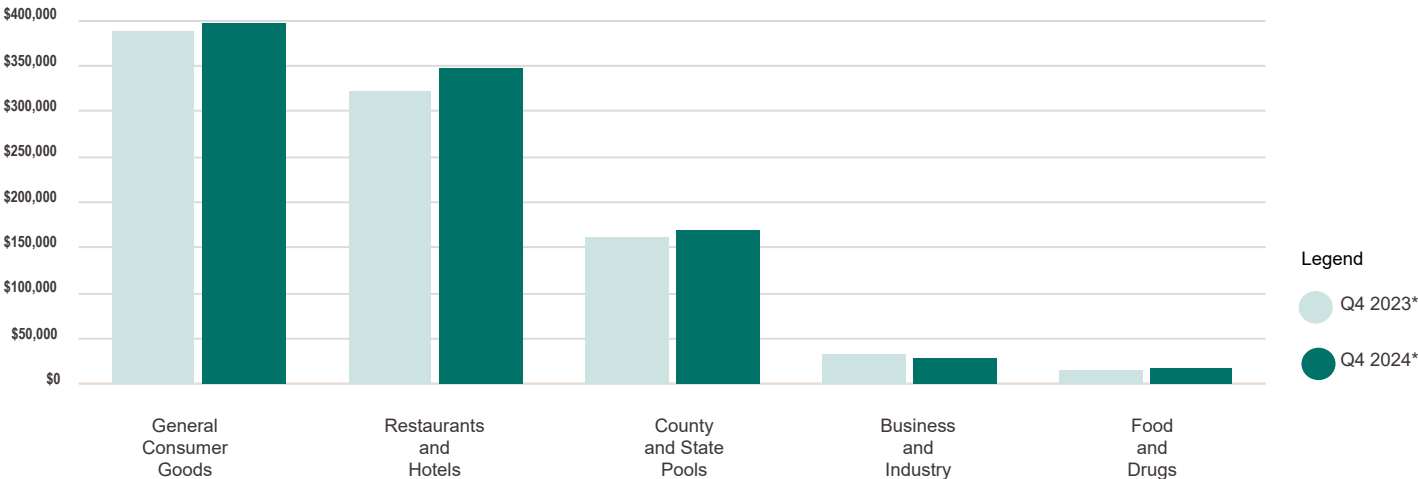
4Q 2024 (OCTOBER - DECEMBER)



CARMEL	4.0%	↑	-0.8%	↓	-1.1%	↓
TOTAL: \$ 970,983	4Q2024		COUNTY		STATE	

*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



Measure C
TOTAL: \$1,626,299
↓ -1.3%



CITY OF CARMEL HIGHLIGHTS

Carmel's receipts from October through December were 5.1% above the fourth sales period in 2023. Excluding reporting aberrations, actual sales were up 4.0%.

General consumer goods saw optimistic revenues at jewelry and family stores as consumers continued to shop for bargains. The restaurants-hotels group enjoyed strong gross receipts at casual and fine dining establishments, primarily due to higher menu prices businesses implemented.

Likewise, state and county pools, the City's third largest income classification, had modest results with a 5.3% return

as several major business categories performed well.

The business-industry group felt declining profits from wineries during this period.

Measure C, the City's voter-approved transaction tax, had negative collections with returns of -1.3% primarily due adverse results from the building-construction and autos-transportation sectors.

Net of aberrations, taxable sales for all of Monterey County declined 0.8% over the comparable time period; the Central Coast region was down 0.7%.



TOP 25 PRODUCERS

- | | |
|----------------------------------|------------------------------|
| Alvarado Street Brewery & Bistro | Grasings Coastal Cuisine |
| Anthropologie | Il Fornaio |
| Arhaus Furniture | Khaki's of Carmel |
| Augustina Leathers | La Bicyclette |
| Caffe Napoli | La Playa Hotel |
| Carmel Classics | L'Auberge Carmel |
| Casanova Restaurant | Pangaea Grill |
| Cayen Collection | Portabella Mediterranean |
| Chez Noir | Seventh & Dolores Restaurant |
| Club | Stationary |
| Coach | Tiffany & Co |
| Dametra Cafe | |
| Fourtane Estate Jewelers | |
| Girl Boy Girl | |



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.

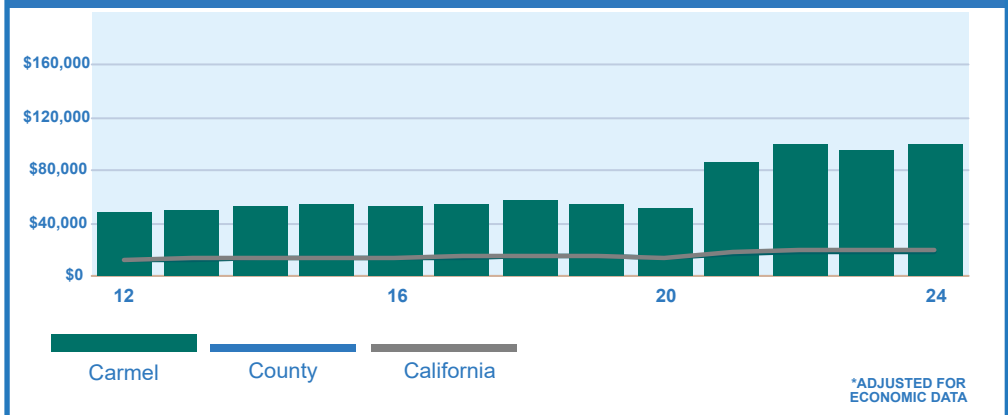
Fuel and service stations experienced a drop of 14% largely due to the decreased price of global crude oil. While this dynamic hurt the sector results, it did allow for more disposable income to be spent in other areas and does not appear to be changing in the near term.

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

Carmel Business Type	Q4 '24	Change	County Change	HdL State Change
Casual Dining	222,435	8.6% ↑	3.0% ↑	1.9% ↑
Jewelry Stores	107,362	4.4% ↑	4.3% ↑	6.1% ↑
Fine Dining	75,504	2.4% ↑	6.9% ↑	-5.1% ↓
Family Apparel	73,297	5.4% ↑	2.3% ↑	1.3% ↑
Women's Apparel	70,705	7.8% ↑	3.9% ↑	-1.4% ↓
Art/Gift/Novelty Stores	43,938	-5.7% ↓	-4.3% ↓	1.7% ↑
Hotels/Motels	38,256	32.2% ↑	8.9% ↑	2.3% ↑
Specialty Stores	26,308	-6.0% ↓	-1.4% ↓	-1.8% ↓
Home Furnishings	25,892	-2.7% ↓	-4.4% ↓	-1.9% ↓
Wineries	20,289	-5.2% ↓	-8.1% ↓	-7.1% ↓

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