

CITY OF BEVERLY HILLS

SALES TAX UPDATE

4Q 2022 (OCTOBER - DECEMBER)



BEVERLY HILLS

TOTAL: \$ 11,825,676

-1.6%

4Q2022



4.0%

COUNTY



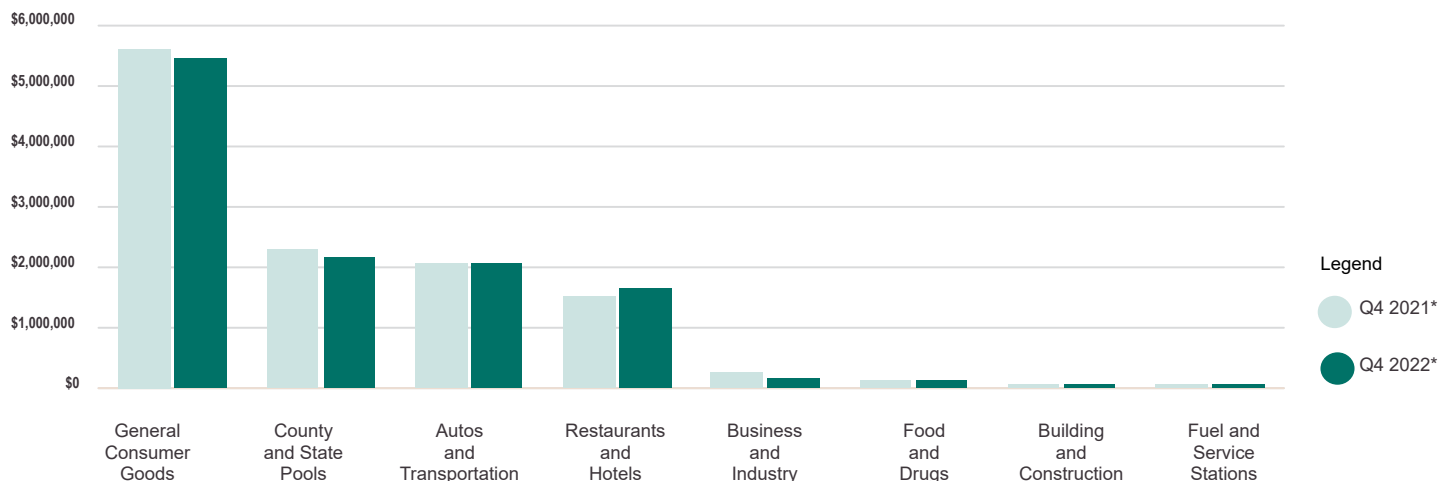
4.6%

STATE



*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF BEVERLY HILLS HIGHLIGHTS

Beverly Hills' receipts from October through December were 3.9% below the fourth sales period in 2021. Excluding reporting aberrations, actual sales were down 1.6%.

Sales tax revenue from apparel, jewelry, shoes, art, and home furnishing stores was either flat or down, consistent with the statewide trend. Shoppers have reprioritized their spending, focusing on travel, dining, leisure, and entertainment.

Business-industrial spending also decreased, as several volatile revenue sources dropped, and a company closure negatively impacted returns. Auto leasing revenue continued to dip, as dealerships preferred to sell their scarce inventory outright.

Receipts from the countywide use tax pool also fell. This funding is allocated

among local agencies based on proportional cash receipts, which were relatively lower in Beverly Hills this quarter due to the decline in retail sales, the City's largest sales tax category. This revenue was further diminished statewide as online retailers shifted the fulfillment of some of their internet orders from out-of-state warehouses to closer, in-state locations.

Restaurants enjoyed a boost in revenue due to consumers' strong desire to dine out, while hotels continued to rebound from the pandemic. The opening of a new food and drug outlet was also positive.

Net of aberrations, taxable sales for all of Los Angeles County grew 4.0% over the comparable time period; the Southern California region was up 5.0%.



TOP 25 PRODUCERS

- | | |
|---------------------------------|--------------------|
| Audi Beverly Hills | Neiman Marcus |
| Audi Leasing | Porsche Leasing |
| Beverly Hills Hotel | Prada |
| Beverly Wilshire Hotel | Saks Fifth Avenue |
| Cadillac of Beverly Hills | Tiffany & Co |
| Cartier | Toyota Lease Trust |
| Chanel | XIV Karats |
| Christian Dior | Yves Saint Laurent |
| Daimler Trust | |
| Gearys | |
| Goyard | |
| Gucci | |
| Hermes | |
| Jim Falk Lexus of Beverly Hills | |
| Lamborghini of Beverly Hills | |
| Louis Vuitton | |
| Mercedes Benz of Beverly Hills | |



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts for sales during the months of October through December were 4.7% higher than the same quarter one year ago after adjusting for accounting anomalies. A holiday shopping quarter, the most consequential sales period of the year, experienced solid results which lifted revenue to local agencies across the State.

Overall, general consumer goods growth was up a meager 1.8%, in large part from merchants also selling gas as prices remained elevated over last year. Otherwise, many brick and mortar retailers experienced mixed results as the phenomenal prior year activity made for an extremely difficult comparison. This was especially true for jewelry stores receipts which had soared tremendously after the pandemic as consumers diversified readily available cash into other assets.

Commuters and seasonal travelers were again burdened with gas prices above \$5 per gallon in most of the State, leaving fuel-service stations 10% higher than a year ago. However, this trend did not distract from spending at local restaurants and hotels. Increased menu prices and return-to-office workplaces enhanced gains, with the Bay Area experiencing it’s greatest amount of post-pandemic rebound.

Although inventory shortages negatively impacted unit sales and leasing activity throughout 2022, year-end returns by new car dealers, especially high-end luxury and electric/hybrid brands, sustained auto-transportation sector gains. In contrast, rising interest rates and higher gas prices pulled trailer-RV revenues lower. Steady housing demand and pend up construction projects delayed by supply chain interruptions have contractors contributing the majority of growth within the building-construction sector.

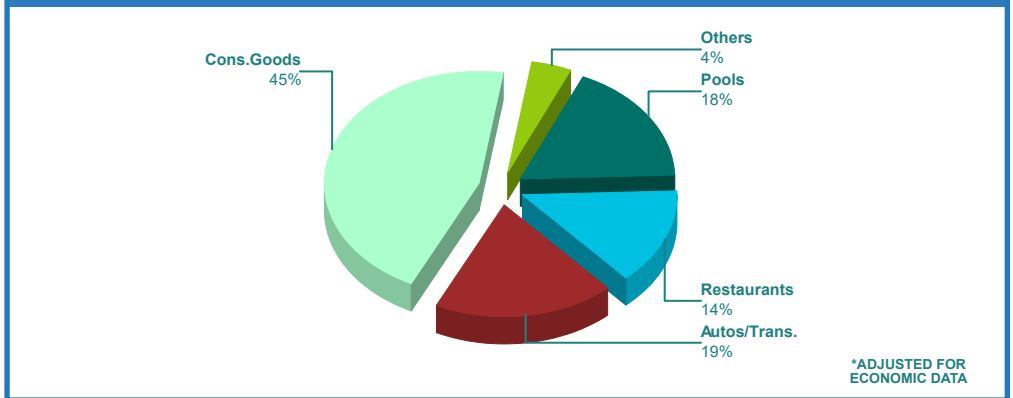
With rising interest rates tempering selling activity, property owners are still likely to maintain home improvement spending.

Use taxes remitted via the countywide pools rose a scant 0.3%. While national ecommerce spending behaviors climbed upward again, expansion of more in-state fulfilment centers plus retailers using existing locations to deliver goods tied to online orders shifted taxes away from pools. The offsetting effect was these dollars being directed to local agency’s coffers where the goods resided. This evolving trend is anticipated to persistently weaken taxes coming from the pools in the near term.

Looking back, calendar year 2022 exhibited a 9.5% surge in tax receipts compared to 2021. Each of the eight major tax categories all reported greater returns. Most influential was inflation that drove up prices on everything from normal daily purchases to vehicles. Secondly, all-time peak global crude oil costs had fuel seller’s payments skyrocketing.

Heading into 2023, additional interest rate hikes along with consumer sentiment waning about the economy foretells minimal change coming from California’s taxable sales in the months ahead.

REVENUE BY BUSINESS GROUP
Beverly Hills This Calendar Year*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Beverly Hills Business Type	Q4 '22*	Change	County Change	HdL State Change
Family Apparel	1,827.8	-1.9% ↓	-0.9% ↓	-0.9% ↓
New Motor Vehicle Dealers	1,476.8	6.1% ↑	12.0% ↑	12.5% ↑
Jewelry Stores	1,360.1	0.2% ↑	-5.7% ↓	-7.5% ↓
Fine Dining	721.7	-4.2% ↓	0.9% ↑	3.2% ↑
Hotels/Motels	513.6	25.2% ↑	32.0% ↑	30.2% ↑
Auto Lease	487.5	-13.6% ↓	-12.0% ↓	-11.1% ↓
Women's Apparel	471.1	-1.6% ↓	-4.3% ↓	-3.8% ↓
Specialty Stores	383.0	3.6% ↑	3.3% ↑	1.9% ↑
Casual Dining	255.4	13.7% ↑	10.9% ↑	8.1% ↑
Shoe Stores	120.0	-7.7% ↓	0.5% ↑	2.3% ↑

*Allocation aberrations have been adjusted to reflect sales activity *In thousands of dollars