

# CITY OF POWAY

## SALES TAX UPDATE

### 4Q 2024 (OCTOBER - DECEMBER)



**POWAY**

TOTAL: \$ 4,404,108

3.2%

4Q2024



0.5%

COUNTY



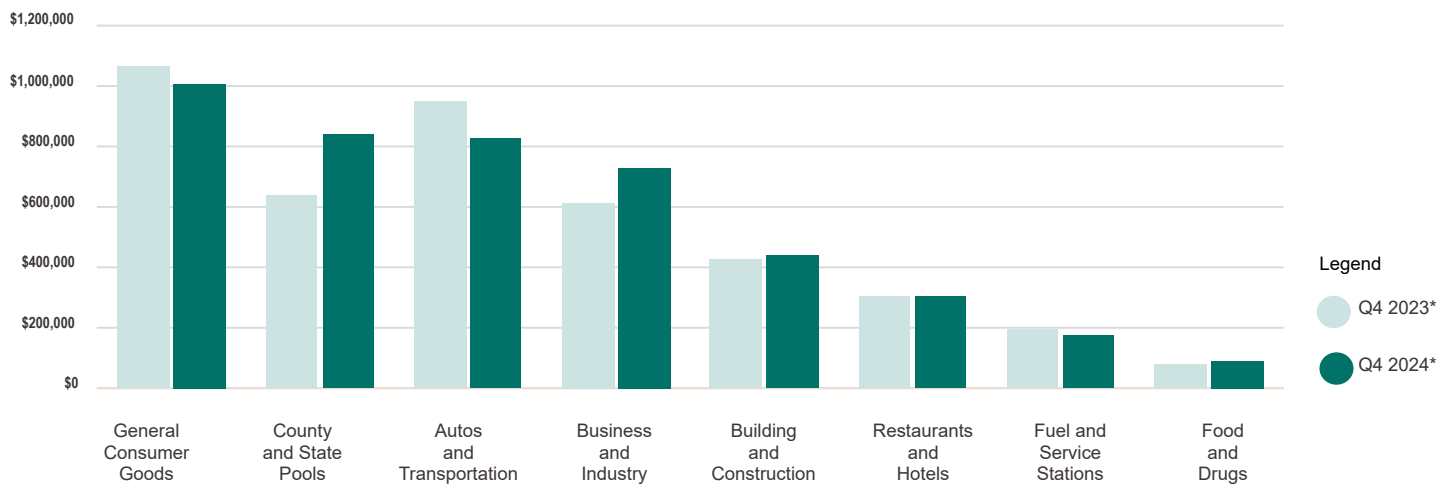
-1.2%

STATE



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

### SALES TAX BY MAJOR BUSINESS GROUP



### CITY OF POWAY HIGHLIGHTS

Poway's receipts from October through December were 35.5% above the fourth sales period in 2023. Excluding reporting aberrations, actual sales were up 3.2%.

State-county pools, the City's second largest income classification, experienced an outstanding 31.8% return due to several businesses in the pool performing well. In addition, the business-industry group had exceptional profits from electrical equipment and light industrial/printers.

Building-construction profits were modest, as building materials saw demand for their services from homeowners and commercial investors. The restaurants-hotels sector showed optimistic gross receipts from leisure/entertainment venues as people explored the outdoor businesses in the City. Likewise, the food-drugs category

enjoyed solid profits as the community welcomed a new business into the City.

General consumer goods experienced discouraging gross receipts at specialty stores and at other adverse businesses as consumers limited their purchases during this period. Furthermore, the autos-transportation group had negative returns especially from new car dealers as buyers find it more challenging to finance vehicles with high interest rates. Fuel-service stations felt soft returns at the pumps as increase fuel supply stabilizes, while advantages to consumers, is challenging for sales tax revenue due to the declining demand.

Net of aberrations, taxable sales for all of San Diego County grew 0.5% over the comparable time period; the Southern California region was down 1.4%.



### TOP 25 PRODUCERS

- |                              |                              |
|------------------------------|------------------------------|
| Aaron Ford of Poway          | Ross                         |
| Bay City Electric Works      | Stater Bros                  |
| Circle K                     | Sysco Food Services          |
| Costco                       | Target                       |
| Ferguson Waterworks          | Technology Integration Group |
| General Atomics Aeronautical | Toyota of Poway              |
| Home Depot                   | United Oil                   |
| Home Goods                   | Walmart Supercenter          |
| Kohls                        |                              |
| Lowe's                       |                              |
| Maintex                      |                              |
| Mobile Mini                  |                              |
| Mossy Nissan                 |                              |
| Pedder Chrysler Dodge Ram    |                              |
| Pedder Hyundai of Poway      |                              |
| Poway Honda                  |                              |
| Real Power Industries        |                              |



## STATEWIDE RESULTS

California's local one cent sales and use tax receipts during the months of October through December were 1.2% 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.

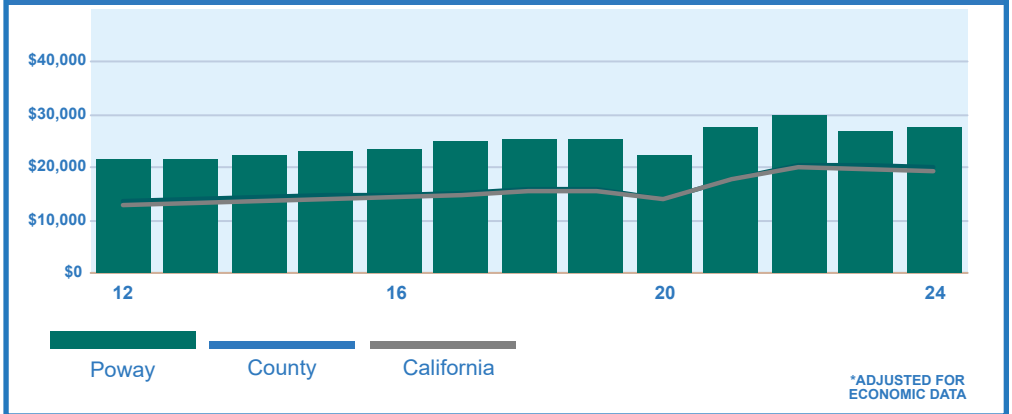
Fuel and service stations experienced a drop of 14% largely due to the decreased price of global crude oil. While this dynamic hurt the sector results, it did allow for more disposable income to be spent in other areas and does not appear to be changing in the near term.

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

Poway Business Type	Q4 '24*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	639.4	-17.3% ↓	-0.6% ↓	-2.2% ↓
Electrical Equipment	287.8	95.1% ↑	14.5% ↑	13.2% ↑
Building Materials	221.9	5.8% ↑	-1.9% ↓	-3.6% ↓
Service Stations	175.0	-11.2% ↓	-11.0% ↓	-13.1% ↓
Casual Dining	120.0	-0.4% ↓	3.5% ↑	1.8% ↑
Quick-Service Restaurants	112.3	0.8% ↑	1.9% ↑	1.4% ↑
Contractors	85.3	-4.2% ↓	-0.2% ↓	-4.8% ↓
Grocery Stores	56.7	21.1% ↑	-1.6% ↓	-1.2% ↓
Office Equipment	55.6	-5.6% ↓	-6.8% ↓	18.7% ↑
Auto Repair Shops	54.5	-2.3% ↓	-4.1% ↓	-5.3% ↓

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