

CITY OF UPLAND

SALES TAX UPDATE

4Q 2024 (OCTOBER - DECEMBER)



UPLAND

TOTAL: \$ 6,103,831

-3.9%

4Q2024



1.4%

COUNTY



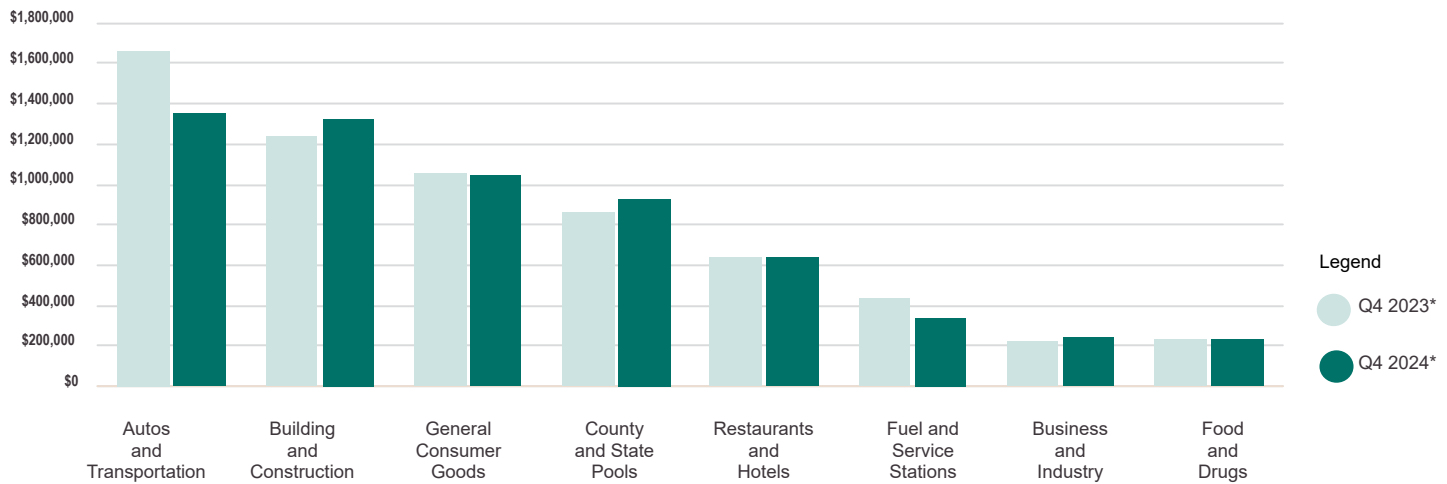
-1.2%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF UPLAND HIGHLIGHTS

Upland's receipts from October through December were 0.5% higher than the fourth sales period in 2023, though this increase was bolstered by multiple delayed payments received during this period that were owed from the previous quarter. Excluding this and other reporting anomalies, actual sales were down 3.9%.

The primary factor in this decline was a decrease in tax revenue in the auto-transportation category compared to last year, as consumers grappled with uncertain economic conditions and avoided making major purchases.

Lower petroleum product prices this year, compared to last year's high levels driven by OPEC production cuts and geopolitical conflicts, also reduced tax receipts for local service stations.

On a brighter note, the local economy showed resilience in several areas, including solid building and construction sales. Despite the sluggish nationwide housing market, local vendors outperformed the statewide trend, which was down as the sluggish housing market curtailed home improvement and construction spending.

Allocations from the countywide use-tax pool were also strong, lifted by robust regional building-construction and business-industrial spending, which also outperformed the statewide trend.

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



TOP 25 PRODUCERS

- Arco
- Chevron
- Chick Fil A
- Commercial Rock Co
- Crossroads Travel Center
- Dick's Sporting Goods
- Euclid Arco
- Ford of Upland
- Hobby Lobby
- Holiday Rock
- Home Depot
- In N Out Burger
- Kohls
- Lowe's
- Marshalls
- Mountain View Chevrolet
- Nordstrom Rack
- Ross
- Stater Bros
- Target
- Tesla
- TJ Maxx
- Ulta Beauty
- Vons Fuel
- Walmart



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.

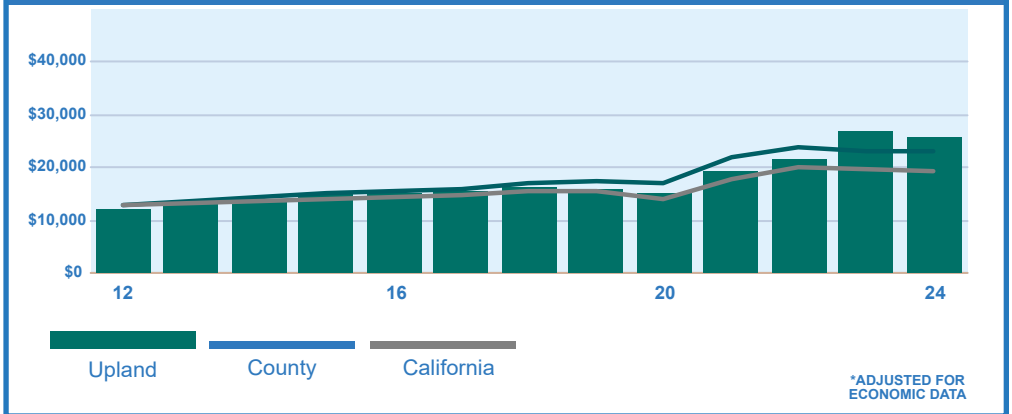
Fuel and service stations experienced a drop of 14% largely due to the decreased price of global crude oil. While this dynamic hurt the sector results, it did allow for more disposable income to be spent in other areas and does not appear to be changing in the near term.

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

Upland Business Type	Q4 '24*	Change	County Change	HdL State Change
Building Materials	428.4	-5.2% ↓	-5.2% ↓	-3.6% ↓
Service Stations	342.2	-20.0% ↓	-13.2% ↓	-13.1% ↓
Quick-Service Restaurants	317.2	0.8% ↑	2.4% ↑	1.4% ↑
Casual Dining	236.6	2.1% ↑	4.0% ↑	1.8% ↑
Family Apparel	173.0	1.5% ↑	1.2% ↑	1.0% ↑
Specialty Stores	169.7	-1.7% ↓	-0.4% ↓	-2.0% ↓
Grocery Stores	114.0	-1.8% ↓	-1.4% ↓	-1.2% ↓
Sporting Goods/Bike Stores	106.1	8.2% ↑	-5.9% ↓	-8.2% ↓
Fast-Casual Restaurants	75.6	-4.5% ↓	3.2% ↑	1.1% ↑
Convenience Stores/Liquor	75.3	-2.9% ↓	1.1% ↑	-2.5% ↓

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