

# Q4 2011



# City of Glendale Sales Tax Update

First Quarter Receipts for Fourth Quarter Sales (October - December 2011)

## Glendale In Brief

Receipts for Glendale's October through December sales were 7.9% higher than the same quarter one year ago. Actual sales activity was up 6.1% when reporting aberrations were factored out.

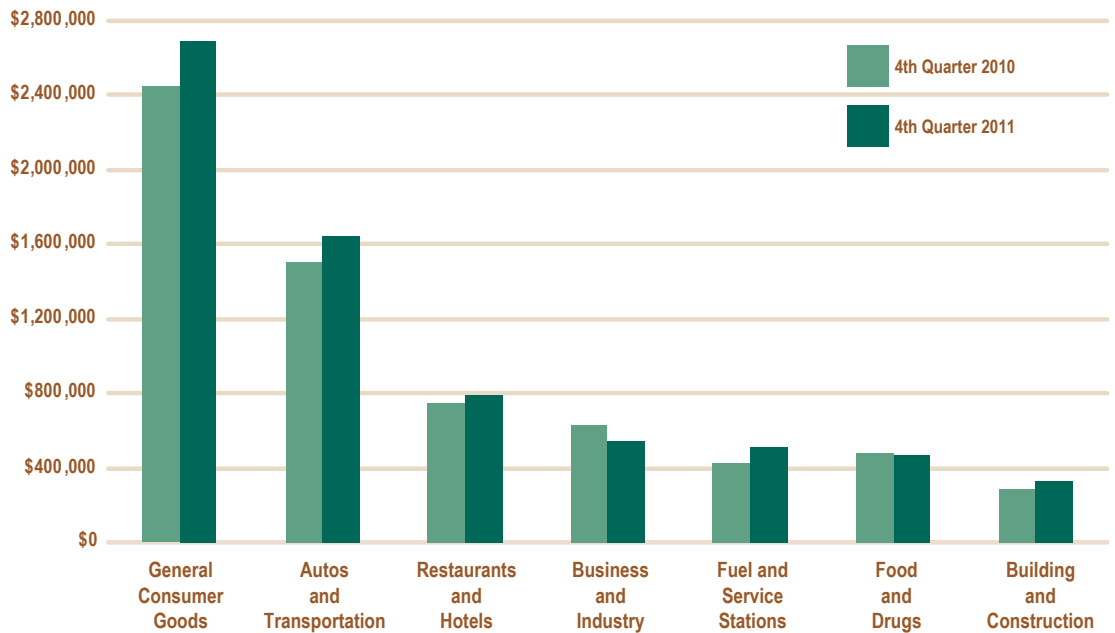
A recent addition helped boost revenues from electronics/appliance stores. The city experienced a strong sales quarter for new motor vehicle dealers.

Higher fuel prices increased returns from service stations. A late payment in the comparison period exaggerated results from family apparel.

The gains were offset by a decline in sales and onetime accounting adjustments that negatively impacted several categories of the business & industry sector.

Adjusted for aberrations, taxable sales for all of Los Angeles County increased 6.9% over the comparable time period, while the Southern California region as a whole was up 7.6%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

In Alphabetical Order

|                                  |                                 |
|----------------------------------|---------------------------------|
| Al Sal Oil                       | JC Penney                       |
| Allen Gwynn Chevrolet            | Lexus of Glendale               |
| Apple                            | Macy's                          |
| Bob Smith Toyota                 | Nordstrom                       |
| Calstar Mercedes                 | Pacific BMW                     |
| CVS Pharmacy                     | Ralphs                          |
| Diamond Honda                    | Sears                           |
| Financial Services Vehicle Trust | Star Ford Lincoln               |
| Glendale Dodge Chrysler Jeep     | Target                          |
| Glendale Mitsubishi              | Toyota Motor Credit Corporation |
| Glendale Nissan Infiniti         | Toyota of Glendale              |
| Home Depot                       | Video Equipment Rental          |
|                                  | Vons                            |

### REVENUE COMPARISON

Three Quarters - Fiscal Year To Date

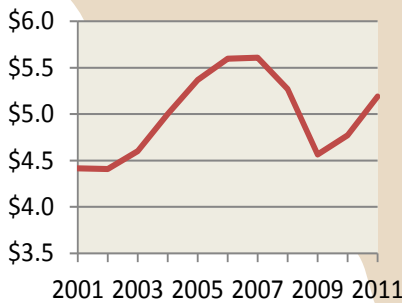
|                          | 2010-11              | 2011-12              |
|--------------------------|----------------------|----------------------|
| Point-of-Sale            | \$18,337,030         | \$19,744,925         |
| County Pool              | 2,042,406            | 2,203,332            |
| State Pool               | 9,346                | 3,079                |
| <b>Gross Receipts</b>    | <b>\$20,388,782</b>  | <b>\$21,951,336</b>  |
| <b>Less Triple Flip*</b> | <b>\$(5,097,196)</b> | <b>\$(5,487,834)</b> |

\*Reimbursed from county compensation fund

**California Overall**

Retail sales in the final quarter of 2011, excluding onetime reporting aberrations, were up 7.8% compared to the same period in 2010. Strong 4th quarter sales brought statewide calendar year 2011 within 7.25% of the pre-recession peak reached in 2006. At their 2009 low point, retail sales were 18.6% below their 2006 highs.

**CA Local Sales Tax Receipts in \$Billions**



To close the remaining gap, annual retail sales need to grow by \$40.5 billion, a daunting task with high unemployment and weak housing markets still hindering growth. Retail sales have risen on strong demand for new autos, increased consumer spending, significant use tax receipts from alternative energy projects and federal stimulus funded infrastructure projects. However, rising fuel costs and continued economic uncertainties are expected to slow the rate of growth in the second half of this year.

**Retailers downsizing ... creating new opportunities and challenges**

A recent survey concluded that 53% of the U.S. population has made an online purchase and that 7% of all retail sales are now done over the Internet. With mobile and tablet shopping capabilities making online purchases ever easier, Internet market share is expected to hit 9% by 2016.

The ease of online research has sharpened price competition and brick and mortar retailers are racing to accommodate the new consumer patterns by focusing on enhancing the shopping experience. This includes the development of more intimate shopping environments, use of social media to reach buyers, higher levels of customer service, specialized merchandise that cannot be purchased elsewhere and expanding the selection of goods offered with in-store kiosks supplemented with timely deliveries.

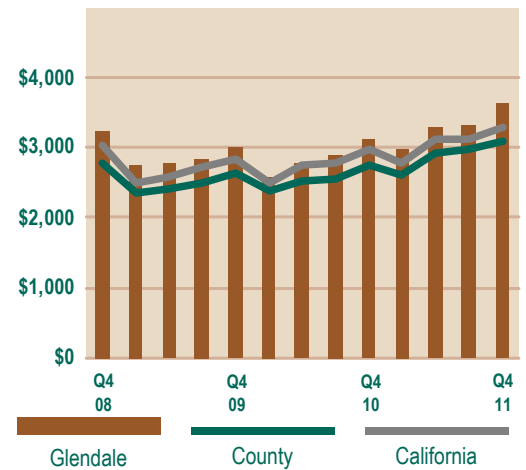
To cut overhead and compete on price, more retailers are going to the “endless aisle” concept of selling items not actually in the store. This allows the retailer to increase product variety in a smaller space.

Almost every major retailer has plans for either downsizing the footprint of new stores or subleasing space in existing stores.

On the plus side, this trend allows entrance into retail markets too

small for large format stores to be feasible. Less populous communities could find their retail bases growing with new compact stores offering the same or more merchandise as their larger counterparts. Communities with substantial existing retail could see new challenges in filling vacated space while also keeping up with the need for more inviting shopping environments.

**SALES PER CAPITA**



**GLENDALE TOP 15 BUSINESS TYPES**

| Business Type                             | Glendale         |              | County      | HdL State            |
|---|------------------|--------------|-------------|----------------------|
|   | Q4 '11*          | Change       | Change      | Change               |
| Auto Lease                                | 237.3            | 3.3%         | 1.6%        | -1.2%                |
| Department Stores                         | 653.5            | 2.3%         | 3.6%        | 2.9%                 |
| Discount Dept Stores                      | — CONFIDENTIAL — |              | 4.5%        | 4.1%                 |
| Electronics/Appliance Stores              | 368.0            | 53.8%        | 5.4%        | 4.0%                 |
| Family Apparel                            | 473.9            | 13.0%        | 13.0%       | 10.6%                |
| Grocery Stores Liquor                     | 235.9            | -4.8%        | -6.3%       | -1.2%                |
| Home Furnishings                          | 113.8            | 2.9%         | 3.5%        | 4.2%                 |
| Lumber/Building Materials                 | 174.5            | 12.5%        | 7.4%        | 8.2%                 |
| Motion Pictures/Equipment                 | 108.7            | 10.1%        | -8.3%       | -19.9%               |
| New Motor Vehicle Dealers                 | 1,180.4          | 11.5%        | 17.8%       | 15.5%                |
| Restaurants Liquor                        | 285.9            | 7.6%         | 8.2%        | 9.9%                 |
| Restaurants No Alcohol                    | 378.3            | 3.1%         | 7.0%        | 7.3%                 |
| Service Stations                          | 504.5            | 18.2%        | 12.6%       | 14.7%                |
| Specialty Stores                          | 246.6            | 3.1%         | 1.6%        | 2.1%                 |
| Women's Apparel                           | 240.7            | 2.5%         | 3.5%        | 6.8%                 |
| <b>Total All Accounts</b>                 | <b>\$6,983.1</b> | <b>7.1%</b>  | <b>6.5%</b> | <b>7.8%</b>          |
| <b>County &amp; State Pool Allocation</b> | <b>799.1</b>     | <b>15.2%</b> |             |                      |
| <b>Gross Receipts</b>                     | <b>\$7,782.3</b> | <b>7.9%</b>  |             | <i>*In thousands</i> |