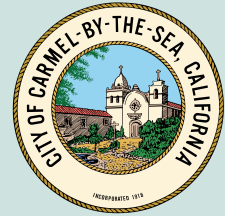


CITY OF CARMEL

SALES TAX UPDATE

4Q 2022 (OCTOBER - DECEMBER)



CARMEL

TOTAL: \$ 883,700

-3.0%

4Q2022



0.1%

COUNTY



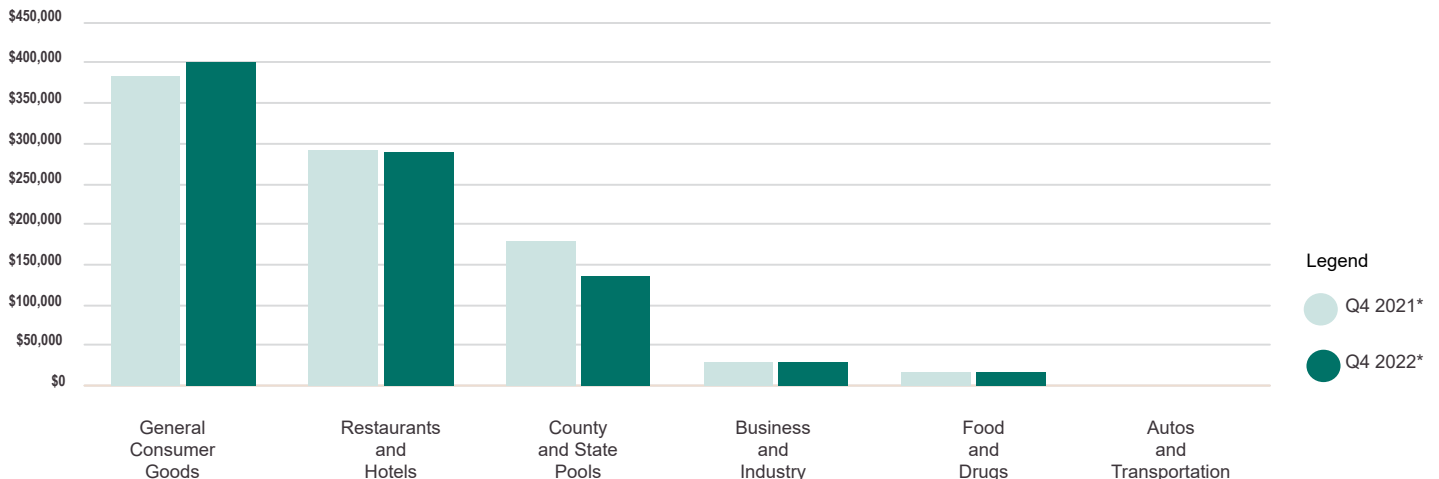
4.7%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



Measure C

TOTAL: \$1,500,737

↑ 4.1%



CITY OF CARMEL HIGHLIGHTS

Carmel's receipts from October through December were 3.6% below the fourth sales period in 2021. Excluding reporting aberrations, actual sales were down 3.0%.

While receipts to brick and mortar businesses in the City were up, the countywide pool had several large, onetime allocations in the comparable quarter causing a decline for this quarter. The City's portion was also down a little, ending in an 24% decrease to the City's allocation.

Jewelry stores were up as consumers continue spending on luxury items; family apparel was up as businesses return to consistent reporting and home

furnishings were up 27% boosted by the opening of a new store.

Casual dining and fine dining were both down 3.5% and 2.6% respectively as compared to the highs of the same quarter last year. Hotels helped to lessen the decline with 13% gains.

Measures C benefited from locals purchasing new vehicle as well as gains from construction contractor activity in the City.

Net of aberrations, taxable sales for all of Monterey County were flat over the comparable time period; the Central Coast region was up 1.4%.



TOP 25 PRODUCERS

- | | |
|----------------------------------|------------------------------|
| Alvarado Street Brewery & Bistro | J Lawrence Khakis |
| Anthropologie | La Bicyclette |
| Anton & Michel | La Playa Hotel |
| Arhaus Furniture | L'Auberge Carmel |
| Augustina Leathers | Lloyds Shoes |
| Caffe Napoli | Mad Dogs & Englishmen |
| Carmel Classics | Pangaea Grill |
| Club | Pocket Carmel |
| Coach | Portabella Mediterranean |
| Dametra Cafe | Seventh & Dolores Restaurant |
| Fourtane Estate Jewelers | Tiffany & Co |
| Girl Boy Girl | |
| Grasings Coastal Cuisine | |
| Il Fornaio | |



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.

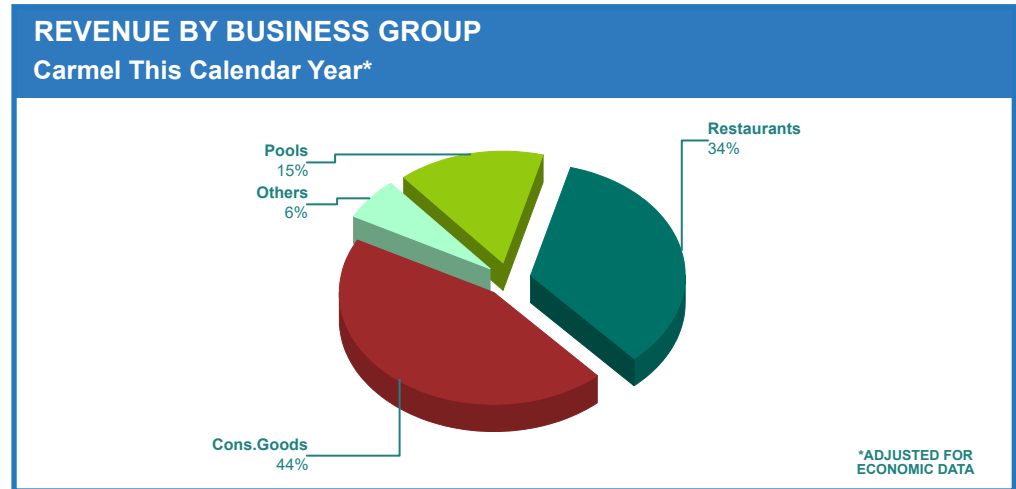
Although inventory shortages negatively impacted unit sales and leasing activity throughout 2022, year-end returns by new car dealers, especially high-end luxury and electric/hybrid brands, sustained auto-transportation sector gains. In contrast, rising interest rates and higher gas prices pulled trailer-RV 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 fulfillment 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.



TOP NON-CONFIDENTIAL BUSINESS TYPES

Carmel Business Type	Q4 '22	Change	County Change	HdL State Change
Casual Dining	181,249	-3.5% ↓	1.1% ↑	8.1% ↑
Jewelry Stores	105,352	24.9% ↑	3.7% ↑	-7.5% ↓
Family Apparel	69,751	7.5% ↑	-6.1% ↓	-0.9% ↓
Fine Dining	62,198	-2.6% ↓	-0.5% ↓	3.2% ↑
Women's Apparel	60,577	-8.9% ↓	-9.5% ↓	-3.8% ↓
Art/Gift/Novelty Stores	47,486	-6.3% ↓	-9.5% ↓	-6.0% ↓
Home Furnishings	35,969	27.3% ↑	0.1% ↑	-6.9% ↓
Hotels/Motels	35,496	13.5% ↑	2.6% ↑	30.2% ↑
Specialty Stores	30,420	-22.6% ↓	-4.1% ↓	1.9% ↑
Wineries	24,292	3.1% ↑	-7.1% ↓	-3.2% ↓

*Allocation aberrations have been adjusted to reflect sales activity