

CITY OF BEVERLY HILLS

SALES TAX UPDATE

2Q 2023 (APRIL - JUNE)



BEVERLY HILLS

TOTAL: \$ 11,142,470

-4.1%

2Q2023



-4.2%

COUNTY



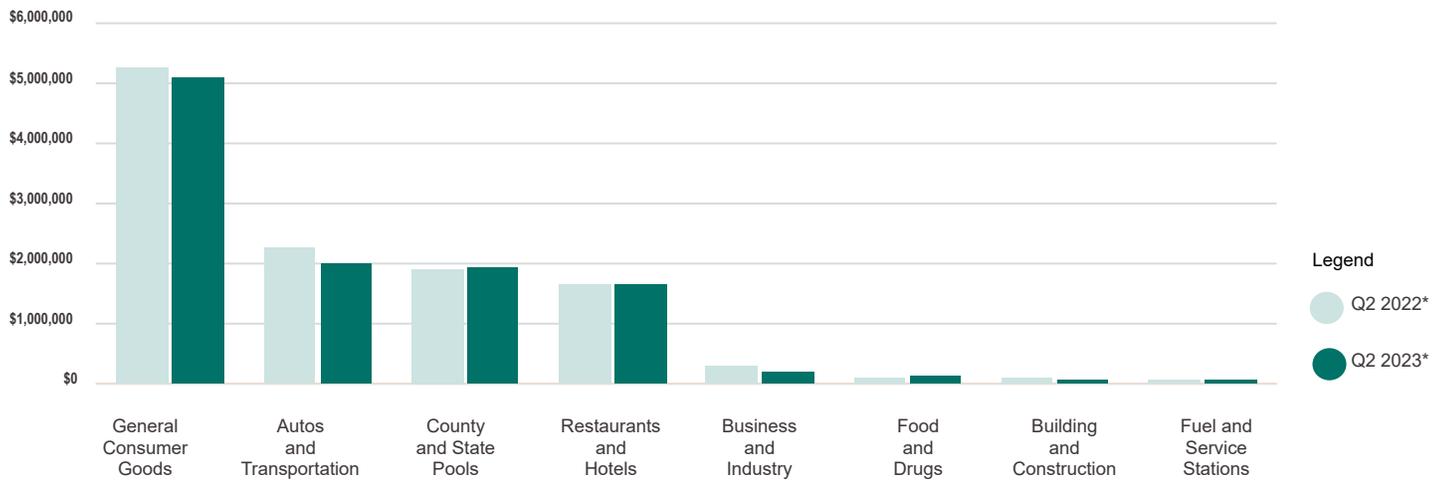
-3.0%

STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF BEVERLY HILLS HIGHLIGHTS

Receipts for Beverly Hills from April through June were flat compared to the second sales period in 2022. Excluding reporting aberrations, actual sales were down 4.1%.

New car sales and auto leasing activity fell compared to last year's record high, as increasing financing rates and economic uncertainty have made the sales environment more challenging.

Abnormally large payments in the comparison year from two business-industrial firms also contributed to the decline given that their payments this year were smaller, more typical amounts.

Family apparel, home furnishings, art galleries, shoe stores, and many other retail categories dipped as consumers shifted their spending from

the purchase of tangible goods to international travel, concerts, leisure and entertainment, and other services.

The women's apparel category bucked the general downtrend in retail sales; however, a recent store expansion lifted returns. Moreover, new men's apparel along with food and drugs outlets in Beverly Hills were also positive. Notably, local hotels were strong with gains that outpaced the statewide trend.

Net of aberrations, taxable sales for all of Los Angeles County declined 4.2% over the comparable time period; the Southern California region was down 3.0%.



TOP 25 PRODUCERS

- Audemars Piguet
- Beverly Hills Boutique
- Audi Beverly Hills
- Beverly Hills Hotel
- Beverly Hilton Hotel
- Beverly Wilshire Hotel
- Cadillac of Beverly Hills
- Cartier
- Chanel
- Christian Dior
- Gagosian Gallery
- Gearys
- Goyard
- Gucci
- Hermes
- Jim Falk Lexus of Beverly Hills
- Lamborghini of Beverly Hills
- Louis Vuitton
- Mercedes Benz of Beverly Hills
- Neiman Marcus
- Porsche Leasing
- Prada
- Saks Fifth Avenue
- Toyota Lease Trust
- XIV Karats
- Yves Saint Laurent



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts for sales during the months of April through June were 2.8% lower than the same quarter one year ago after adjusting for accounting anomalies. The second quarter of the calendar year was impacted by continued wet weather and a difficult comparison with the prior year, which experienced dramatic growth.

The fuel-service stations sector contributed the most to this decline as year-over-year (YOY) falling fuel prices at the pump reduced receipts from gas stations and petroleum providers. Russia’s invasion of Ukraine and other world events during this period last year, pushed the global cost of crude oil to record highs. This dynamic also carried into general consumer goods as retailers selling fuel experienced a similar drop. Recently, OPEC and Russia have maintained production cuts having upward pressure on pricing again leading to future comparative growth.

Sustained wet conditions further delayed projects, especially those from the prior quarter, hindering building-construction returns. YOY lumber price declines added to the pull back from building materials providers. Higher interest rates represent a significant headwind for the industry with potential impacts of limited commercial development activity, slowing public infrastructure projects and homeowners left unable to access equity for renovations.

Despite a significant increase in new car registrations, revenue from autos-transportation fell by 1.4%. The improved activity can largely be attributed to rental car agencies restocking their fleets. However, these are wholesale transactions with sales tax charged upon rental of these vehicles. Weak demand for recreational vehicles, boats and motorcycles coupled

with elevated overall financing costs remain challenges going forward.

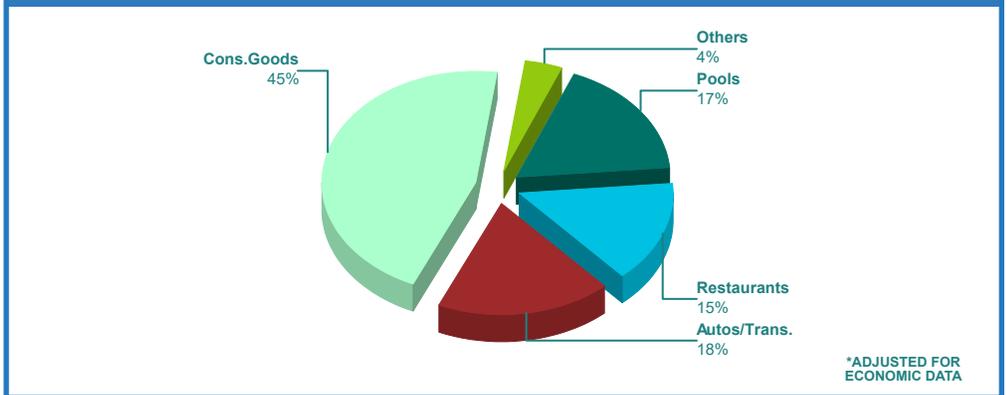
Use taxes remitted via the countywide pools decreased 0.75%, marking the third consecutive quarter of decline. While overall online sales continue to rise, pool collections dropped with the offsetting effect of more in-state fulfillment generated at large warehouses and through existing retail outlets allocated directly to local agencies.

Restaurant sales were a bright spot as the summer season began. Although menu prices have flattened after a year of sharp gains, patrons are making more restaurant trips and are favoring spending their disposable income on experiences. Better sales by office

material suppliers and enhanced investments of warehouse-farm-construction equipment contributed to improved returns for the business-industry category.

Sales tax for the remainder of 2023 appears likely to follow the recent trend of moderate declines before leveling off in early 2024. Cooling consumer confidence and greater pressure on household budgets may lead to a lackluster upcoming holiday shopping period. Furthermore, the possibility of a longer and more pronounced slowdown in economic activity exists as the Federal Reserve considers additional interest rate increases to combat high prices that are already stretching consumer wallets.

REVENUE BY BUSINESS GROUP Beverly Hills This Fiscal Year*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Beverly Hills Business Type	Q2 '23*	Change	County Change	HdL State Change
Family Apparel	1,636.5	-7.7% ↓	-2.6% ↓	-0.9% ↓
New Motor Vehicle Dealers	1,404.9	-12.4% ↓	-3.6% ↓	-0.3% ↓
Jewelry Stores	1,191.6	1.1% ↑	2.2% ↑	-1.0% ↓
Fine Dining	702.8	2.5% ↑	-5.5% ↓	-5.2% ↓
Women's Apparel	542.3	19.6% ↑	-8.0% ↓	-8.5% ↓
Hotels/Motels	526.4	6.5% ↑	2.3% ↑	1.3% ↑
Auto Lease	474.8	-6.5% ↓	1.1% ↑	2.0% ↑
Specialty Stores	348.7	-1.8% ↓	1.2% ↑	-1.3% ↓
Casual Dining	296.7	-1.1% ↓	5.7% ↑	4.5% ↑
Men's Apparel	132.1	32.3% ↑	1.7% ↑	-2.5% ↓

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