

CITY OF MORENO VALLEY

SALES TAX UPDATE

3Q 2024 (JULY - SEPTEMBER)



MORENO VALLEY

TOTAL: \$ 8,212,496

-4.4%
3Q2024



-3.2%
COUNTY

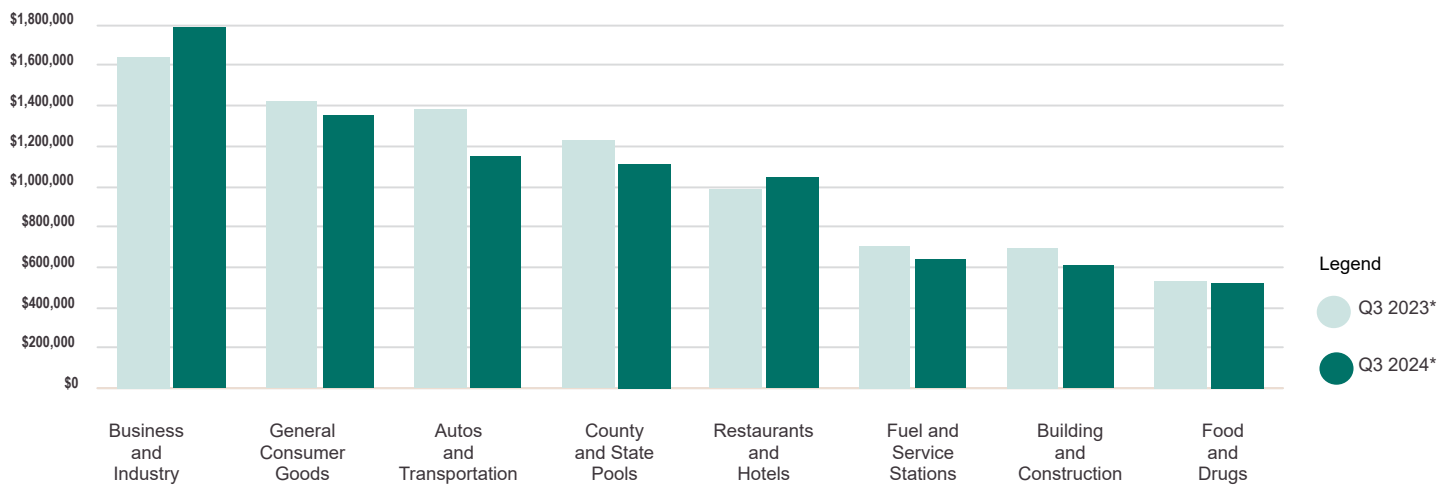


-2.3%
STATE



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

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF MORENO VALLEY HIGHLIGHTS

Moreno Valley's receipts from July through September were 12.5% below the third sales period in 2023. Excluding reporting aberrations, actual sales were down 4.4%.

While the Federal Reserve began cutting its benchmark rate to ease borrowing costs in September, interest rates remain elevated for capital investment, car loans, mortgages, and credit card debt. Multiple groups have had declining receipts for seven or more quarters as consumers are more cautious turning away from non-essential purchases.

Automotive spending stalled for the eighth consecutive quarter even as inventory and incentives have improved. New car loan rates ranged from 7-10% depending on credit worthiness and were even higher for used vehicles. Similar to statewide trends, fuel-service station filings fell from lower consumption and pricing.

Shoppers pulled back on discretionary purchases at home furnishings and department stores for lower general consumer goods receipts. A business closure also hurt this quarter's sales. Weaker building-construction returns were reported with less demand for contractors.

On the plus side, the business-industrial sector posted strong results, including some one-time gains in the office supplies-furniture category. Increased menu pricing helped boost restaurant receipts across all segments. Still, patrons sought out budget-friendly options at quick service restaurants with the return of value meal choices.

Net of aberrations, taxable sales for all of Riverside County declined 3.2% over the comparable time period; the Southern California region was down 2.3%.



TOP 25 PRODUCERS

- 7 Eleven
- Amazon Fulfillment Center ONT6
- Amazon MFA
- Car Pros Kia
- Chevron
- Circle K
- Costco
- Deckers Outdoor
- Food 4 Less
- Harbor Freight Tools
- Home Depot
- Lowe's
- Macy's
- Moss Bros Chevrolet
- Moss Bros Chrysler Jeep Dodge Ram Fiat
- Moss Bros Gmc
- Moss Bros Honda
- Moss Bros Toyota
- Premier Hyundai Of Moreno Valley
- Robertsons Ready Mix
- Ross
- Stater Bros
- Target
- TJ Maxx/Home Goods
- Walmart Supercenter



STATEWIDE RESULTS

California’s local one cent sales and use tax receipts during the months of July through September were 2.3% lower than the same quarter one year ago after adjusting for accounting anomalies. The calendar year third quarter traditionally is noted for pleasant weather and statewide tourism; however, taxes fell when compared to a year ago. As such, it also means a weak start of the 2024-25 fiscal year for many California agencies.

Once again, autos-transportation receipts took a hit and declined 4.8%. This period marks the seventh consecutive quarter of downturn for the sector. While used autos returns and leasing activity have improved, revenues from new car sales struggled due to sustained high interest rates, tightened credit standards, and increased cost of auto insurance. As such, inventories for many dealers remain elevated, applying downward pressure on prices and growth into 2025.

The summer season is usually an advantageous time for home repairs and construction work, however, this industry is also struggling with high consumer interest rates and limited access to equity for homeowners. New projects remain sidelined as developers await more favorable investment conditions.

Brick-and-mortar general consumer retailers pulled back 3.8% - worsened by lower gas prices. Consumers appear more interested in lower priced/discounted items vs higher priced/luxury goods, forcing merchants to again consider inventory needs. Additionally, competition from online merchants is as fierce as ever, as shoppers look for greater value. With holiday shopping around the corner, local store expectations remain soft.

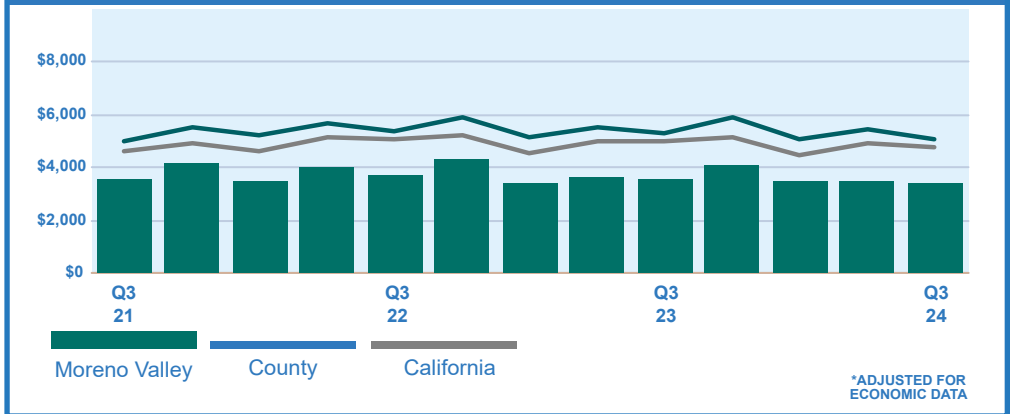
Fuel generating taxpayers had a rough quarter; a combination of consumption declines and falling fuel prices thrust comparisons down by 13%. Further contraction of national drug store locations coupled with the steady fall from cannabis merchants dating back to 2021, caused a decrease of 2.8% in the food-drugs category. Expect similar percentage declines for the upcoming end of 2024 quarter.

Although statewide tourism appears to have improved over 2023, revenue from restaurants experienced only a modest gain of 0.7%, which included a dramatic drop from fine dining establishments - consistent with spending trends in other sectors. State

mandated minimum wage requirements remained a challenge, with higher menu prices reducing patron visits.

These sluggish results solidify 2024 as a down year. Recent reductions to the Fed Funds Rate aren’t considered to help until later in 2025. Agencies should expect fiscal year 2024-25 sales taxes to stay flat or decline slightly as sluggish economic conditions leave consumers cautious in their spending patterns, especially for big ticket items and discretionary products.

SALES PER CAPITA*



TOP NON-CONFIDENTIAL BUSINESS TYPES

Moreno Valley Business Type	Q3 '24*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	863.5	-19.4% ↓	-6.7% ↓	-8.0% ↓
Service Stations	635.7	-9.2% ↓	-12.8% ↓	-12.8% ↓
Quick-Service Restaurants	532.9	5.5% ↑	4.1% ↑	1.0% ↑
Building Materials	467.3	-3.3% ↓	-7.8% ↓	-4.2% ↓
Casual Dining	370.1	3.5% ↑	0.5% ↑	1.1% ↑
Grocery Stores	305.1	2.5% ↑	3.2% ↑	1.3% ↑
Family Apparel	206.0	-0.7% ↓	-2.1% ↓	-0.2% ↓
Automotive Supply Stores	126.8	0.6% ↑	-1.9% ↓	-0.7% ↓
Fast-Casual Restaurants	112.1	8.2% ↑	2.2% ↑	2.0% ↑
Convenience Stores/Liquor	92.5	4.1% ↑	1.2% ↑	-2.1% ↓

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