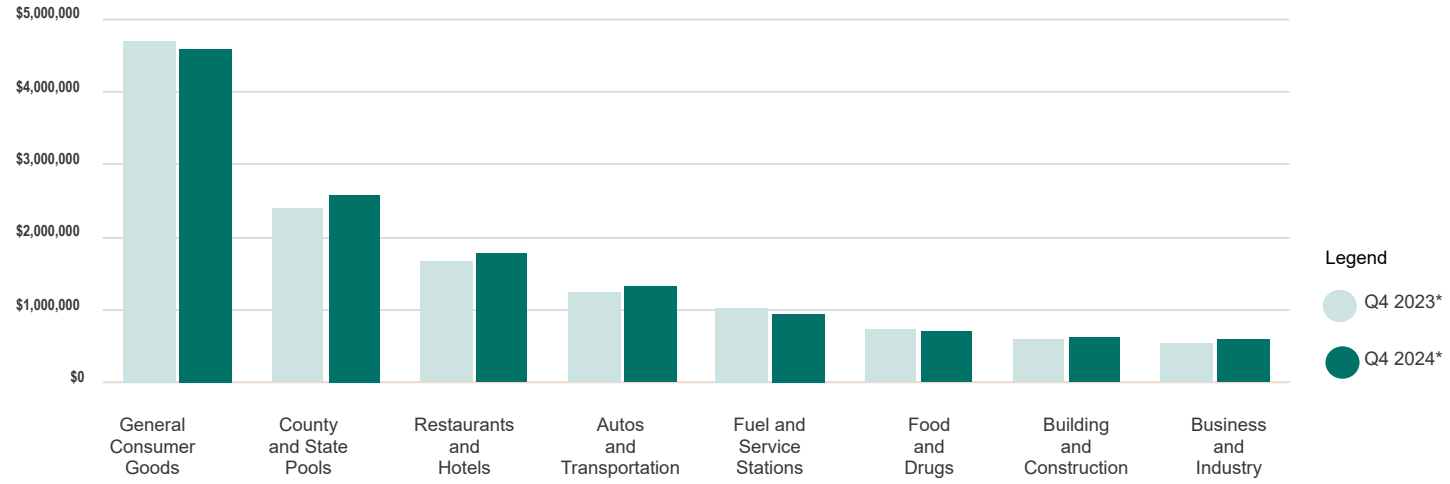
CITY OF CHULA VISTA
SALES TAX UPDATE
4Q 2024 (OCTOBER - DECEMBER)

CHULA VISTA	1.8%	0.5%	-1.1%
TOTAL: $ 13,144,947	4Q2024	COUNTY	STATE

*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



Measure P	Measure A
TOTAL: $8,009,327	TOTAL: $8,009,320
1.8%	1.8%

CITY OF CHULA VISTA HIGHLIGHTS

Chula Vista's gross receipts from October – December 2024 were 10.2% above the fourth sales period in 2023. However, after adjusting for reporting modifications, actual sales were up 1.8%.

In-store shopping softened slightly during the busy holiday season, with declines in discount department store and electronic/appliance sales offsetting gains in other sectors. The price of crude oil fell during the period and directly affected fuel-service statio. Diminishing drug store returns and comparison to a large cannabis taxpayer payment a year ago brought down food-drugs.

On the positive, new car sales remained stable and boosted autos-transportation. The City's allocation from the countywide use tax pool jumped 7.3%.

With higher menu prices, people enjoyed the convenience and experience of dining out. Higher building materials sales and contractor activity indicated that construction projects continued during the winter.

Voter-approved Measure A posted better results, with gains in locals shopping online and purchasing new and used cars helping to offset declines in other tax groups.

Net of adjustments, taxable sales for all of San Diego County grew 0.5% over the comparable time period; the Southern California region was down 1.2%.

TOP 25 PRODUCERS

Apple
Arco AM PM
Best Buy
Burlington
Chevron
Chula Vista Ford
Chula Vista Honda
Chula Vista Kia
Costco
Home Depot
Kohls
Lowes
Macy's
Marine Group Boat Works
Marshalls
Mossy Chrysler Dodge Jeep Ram
Mossy Nissan Chula Vista
Ross
Stars & Stripes Travel Center South
Sun Moon Perfume & Gifts
Target
TJ Maxx
Toyota Of Chula Vista
Vons
Walmart

STATEWIDE RESULTS

California's local one cent sales and use tax receipts during the months of October through December were 1.1% 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.

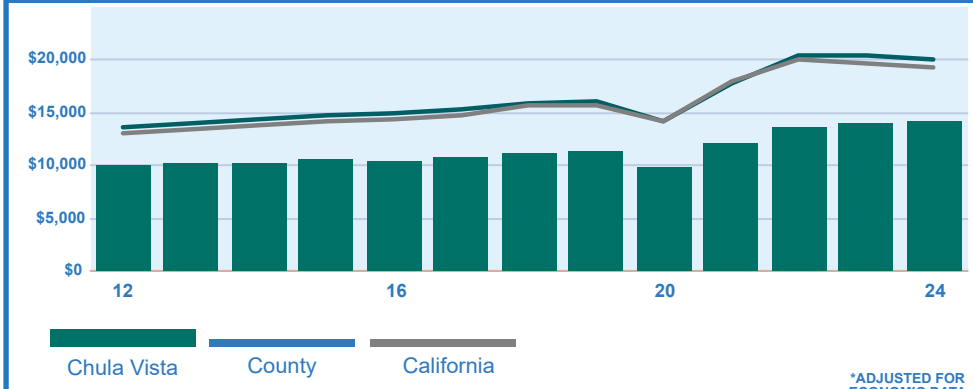
Fuel and service stations experienced a drop of 14% largely due to the decreased price of global crude oil. While this dynamic hurt the sector results, it did allow for more disposable income to be spent in other areas and does not appear to be changing in the near term.

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*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Chula Vista Business Type	Q4 '24*	Change	County Change	HdL State Change
Discount Dept Stores	2,339.8	-3.5%	-3.3%	-2.0%
Service Stations	932.9	-6.5%	-11.0%	-12.9%
New Motor Vehicle Dealers	781.0	0.4%	-0.6%	-2.3%
Quick-Service Restaurants	771.4	3.8%	1.9%	1.7%
Casual Dining	707.6	10.6%	3.5%	1.9%
Family Apparel	627.9	3.5%	10.3%	1.3%
Electronics/Appliance Stores	509.6	-4.5%	-4.6%	-2.6%
Building Materials	401.6	5.3%	-1.9%	-3.4%
Grocery Stores	351.8	3.0%	-1.6%	-0.9%
Specialty Stores	343.9	-0.4%	0.0%	-1.8%

*Allocation aberrations have been adjusted to reflect sales activity

*In thousands of dollars