



# Economic Snapshot

## Q4 2023 (with some analysis of early 2024)



**SANTA CLARITA  
VALLEY >**

# Your Strategic Location

## STILL GOLDEN

The business-friendly Santa Clarita Valley is conveniently located next to Interstate 5 and Highway 14 and is home to the 3<sup>rd</sup> largest city in Los Angeles County, the City of Santa Clarita. The SCV is a growing area encompassing 520 square miles with a population of approximately 300,000 residents.



# Table of Contents

Economic Snapshot Q4 2023

<b>Santa Clarita Valley</b>	<b>page</b>
<b>Residential Real Estate</b>	
<b>Purchase Housing</b>	4
<b>Apartment Market</b>	7
<b>New Home Building</b>	10
<b>Commercial Real Estate</b>	11
<b>Employment</b>	15
<b>Unemployment Rate</b>	18
<b>Film Activity</b>	20
<b>Hotel Vacancy</b>	21
<b>Summary</b>	22



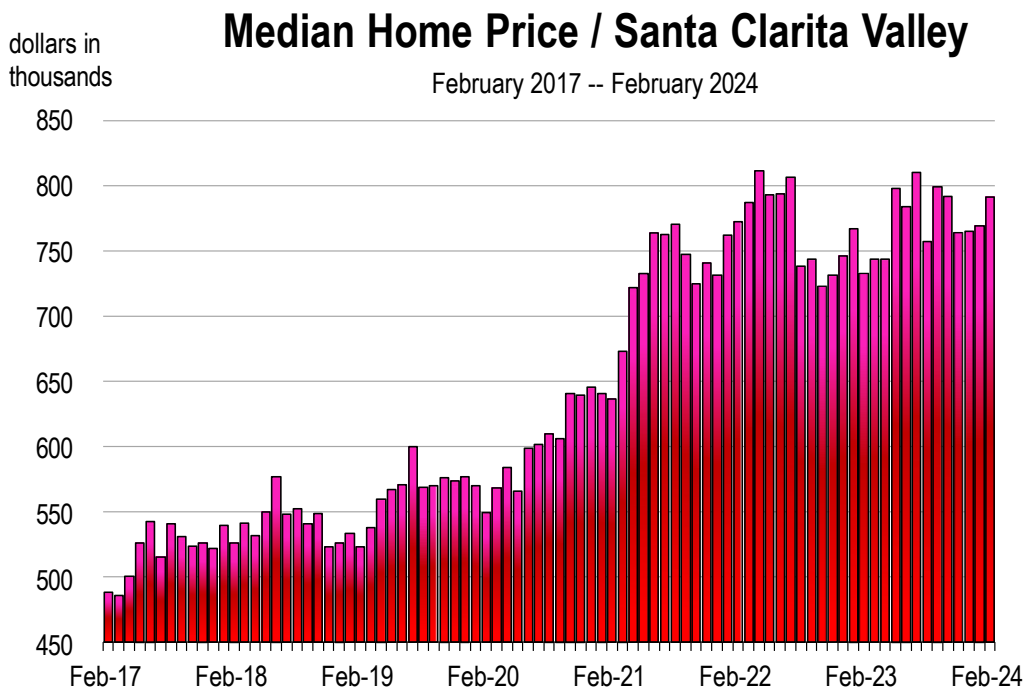
# Residential Real Estate

Source: CoStar, NAI Capital

## Purchase Market

(actual information through February 2024)

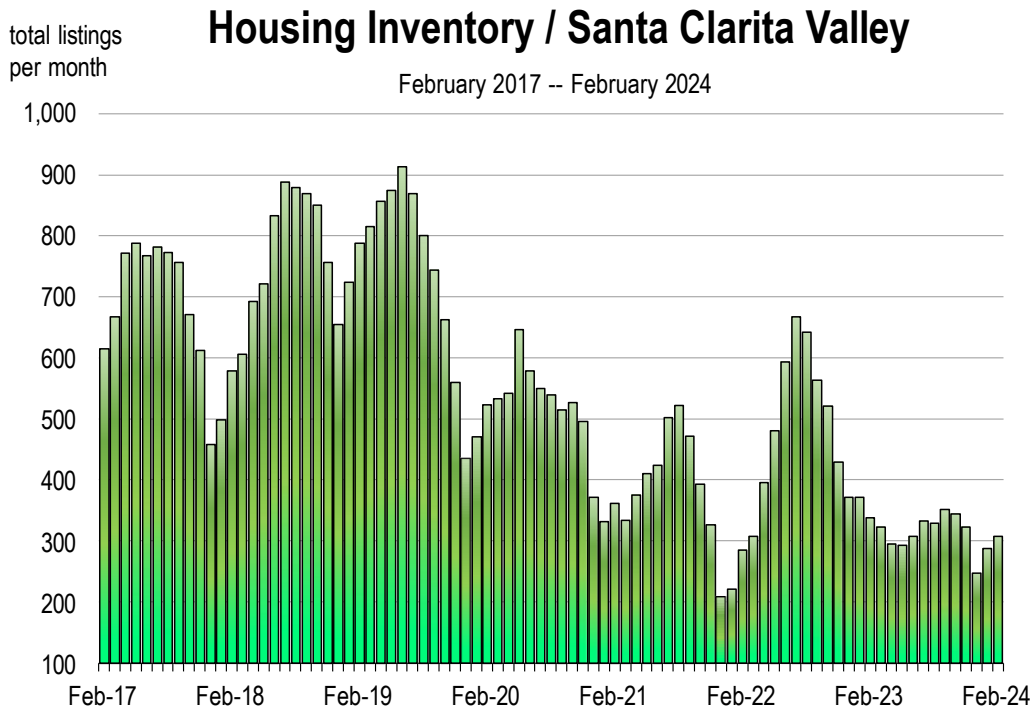
- The market includes the entire Castaic-Stevenson Ranch-Santa Clarita region.
- For the latest month, the existing median home price in the Santa Clarita Valley was \$791,000 for all properties, and \$890,000 for single family detached homes. The latter value represents an 11 percent increase from February of 2023.
- The correction in home prices observed from August 2022 to April 2023 is over.



# Residential Real Estate

Source: CoStar, NAI Capital

- In February 2024, the for-sale inventory totaled 213 for single family detached homes, and 307 total residential units (including condominiums and townhomes). Both inventory levels are extremely low and clearly demonstrate how sparse total inventory is.
- Before the pandemic inventory levels had reached as high as 900 homes for sale during the peak seasons.
- Existing home sales were 28 percent lower in 2023 than in 2022. In 2022, sales were 31 percent lower than in 2021. Consequently, the market for transactions has severely stalled. The rate of sales for the first 2 months of 2024 implies a further 7 percent decline from 2023.
- Sales were 34 percent lower in Castaic, 27 percent lower in Santa Clarita, and 31 percent lower in Stevenson Ranch for all of calendar 2023.



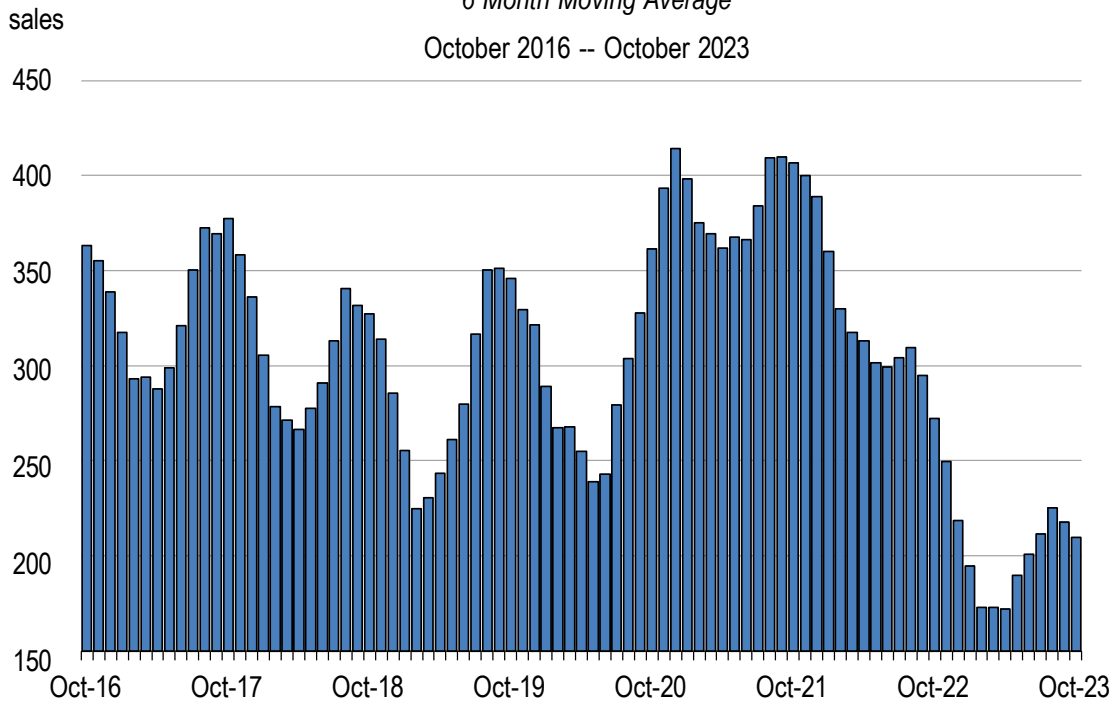
# Residential Real Estate

Source: SRAR, CoStar

## Existing Home Sales / Santa Clarita Valley

6 Month Moving Average

October 2016 -- October 2023



- The median price for a detached single family home in Stevenson Ranch was \$1,199,000 during 2023. Castaic \$814,675, Santa Clarita: \$821,521.

For February 2024:

Castaic	\$ 830,000 based on 7 sales
Santa Clarita	\$ 875,000 based on 73 sales
Stevenson Ranch	\$1,149,500 based on 6 sales

- While we are quick to cite rising mortgage rates as the principal cause of housing market distress, the data clearly show that the lack of inventory is the dominant factor limiting transactions and therefore vibrancy of the exiting housing market. Until the mortgage market shows clear signs of declining rates (which will incentivize homeowners to sell), this sector will continue to stagnate.



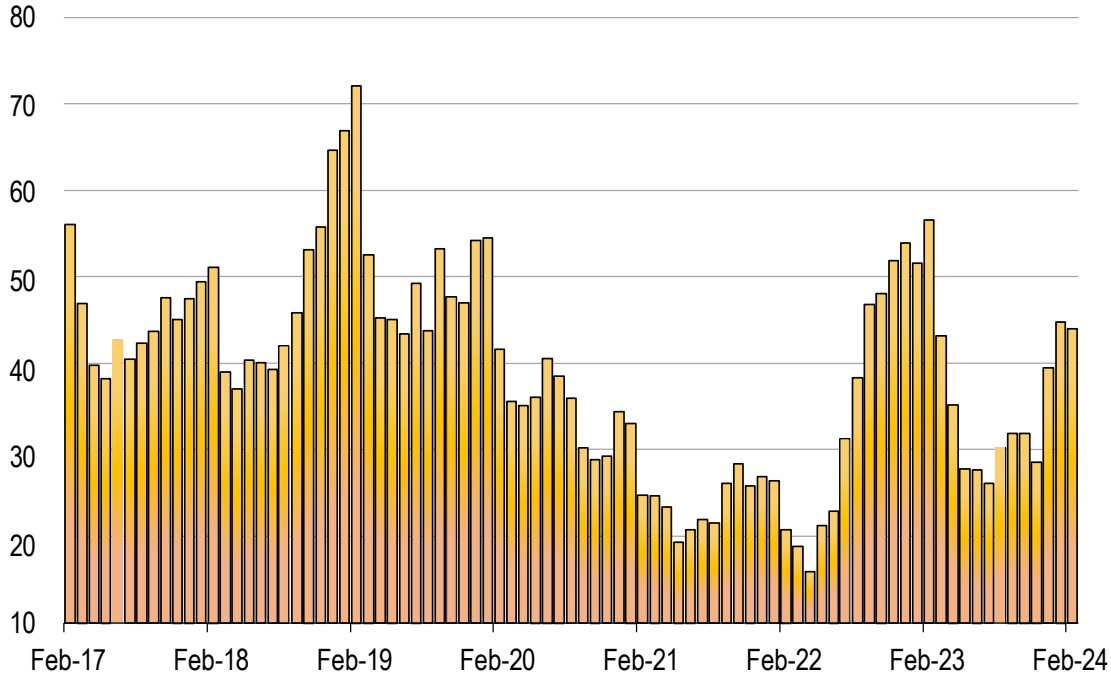
# Residential Real Estate

Source: SRAR, CoStar

average days  
on market

## Days on Market / Santa Clarita Valley

February 2017 -- February 2024



- The average number of days on market for a home to sell averaged 37 days in 2023, a 9 percent increase over the average number of days in 2022. For the first 2 months of 2024, the average time to sell is 46 days, based on a sample of 169 sales.

## The Rental Market

(actual information through March 15, 2024)

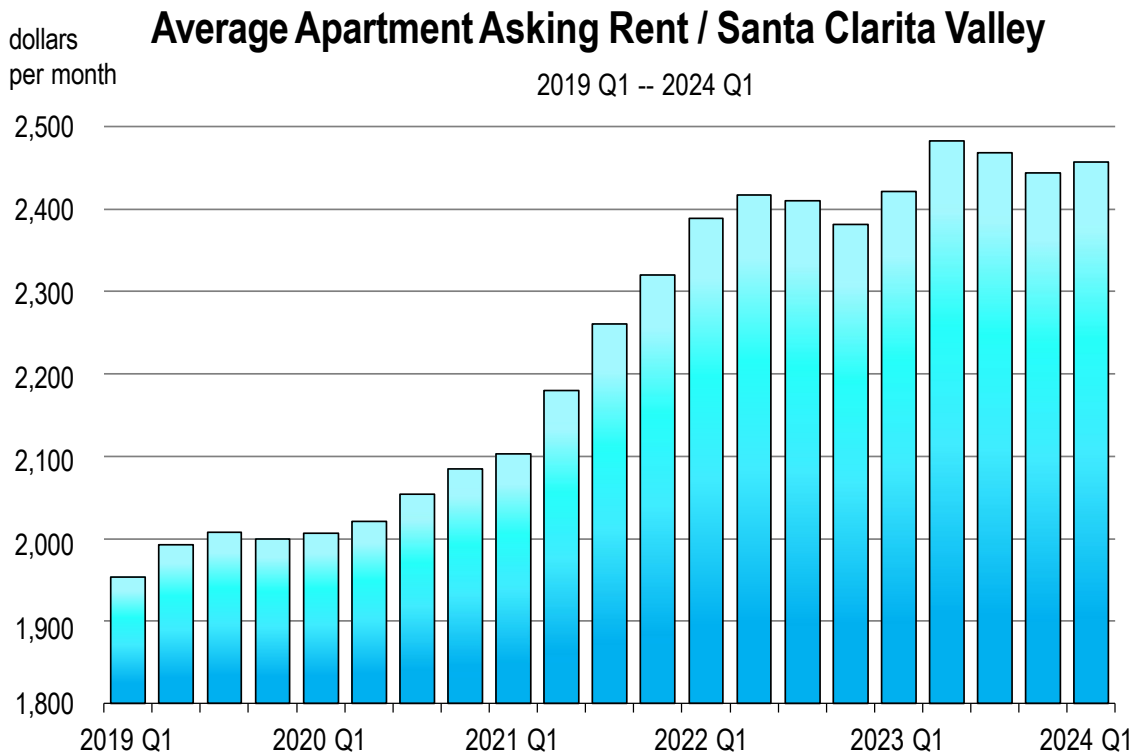
- Apartment rents peaked in the first half of 2023 at \$2,483 per month. Inflation in rents now appears to have subsided. The current asking price in March of 2024 is averaging \$2,487 per month.
- Rent inflation was 2.4 percent in 2023 and is 0.5 percent for the first 2 ½ months of 2024.
- The vacancy rate has moved higher to 4.7 percent in the first quarter of 2024. There are an estimated 730 vacant apartment units in the Santa Clarita Valley (out of a base of 16,294 total units)



# Residential Real Estate

Source: CoStar, NAI Capital

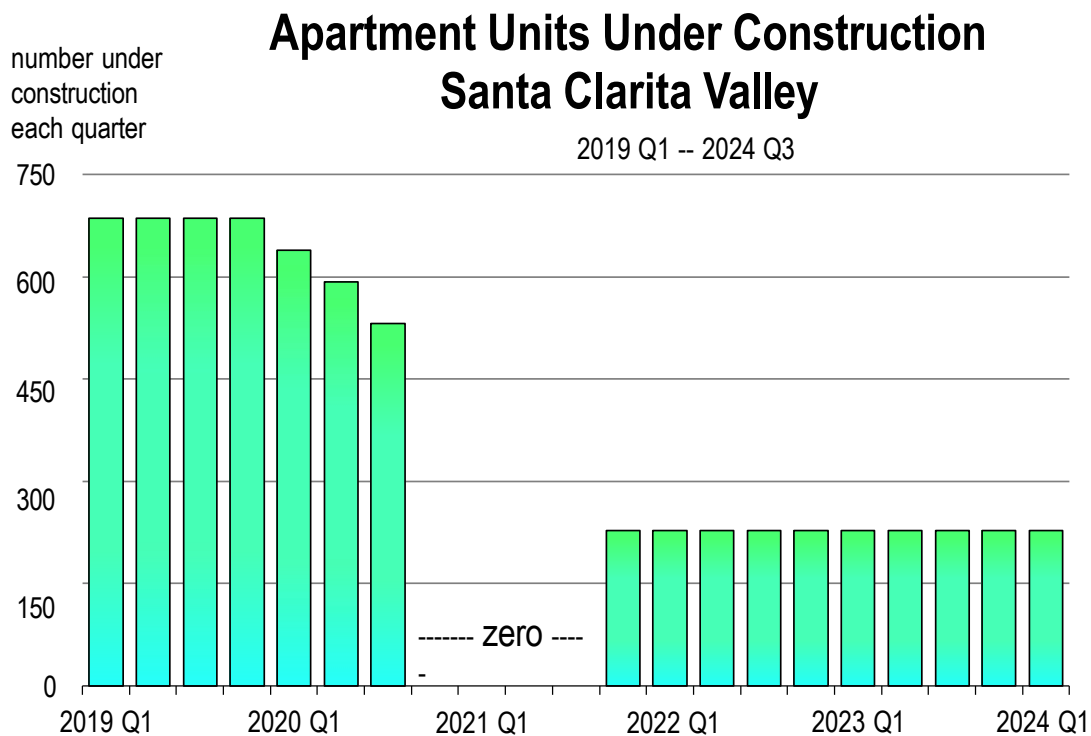
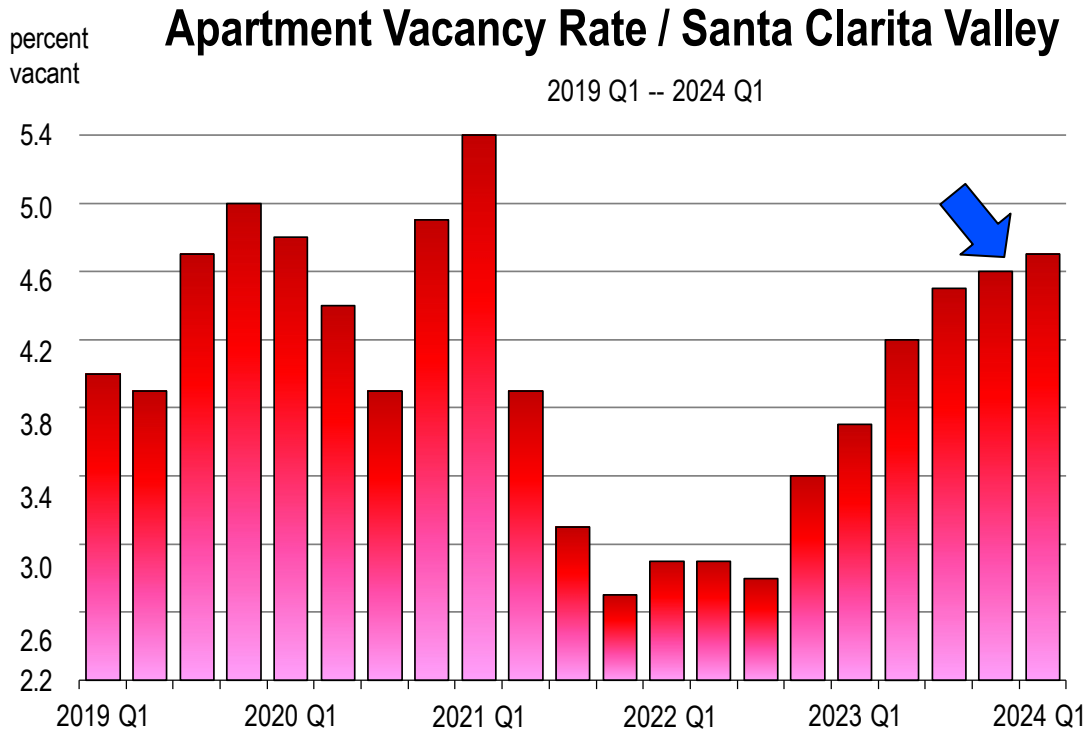
- A 228-unit project, The Overlook Santa Clarita in Plum Canyon remains under construction and is scheduled for completion this summer. Rental prices are now being advertised at: \$2,492 - \$3,548 per unit, depending on bedroom size and square feet. There are 1, 2, and 3 bedroom units that comprise the facility.
- No other apartment projects are currently under construction.





# Residential Real Estate

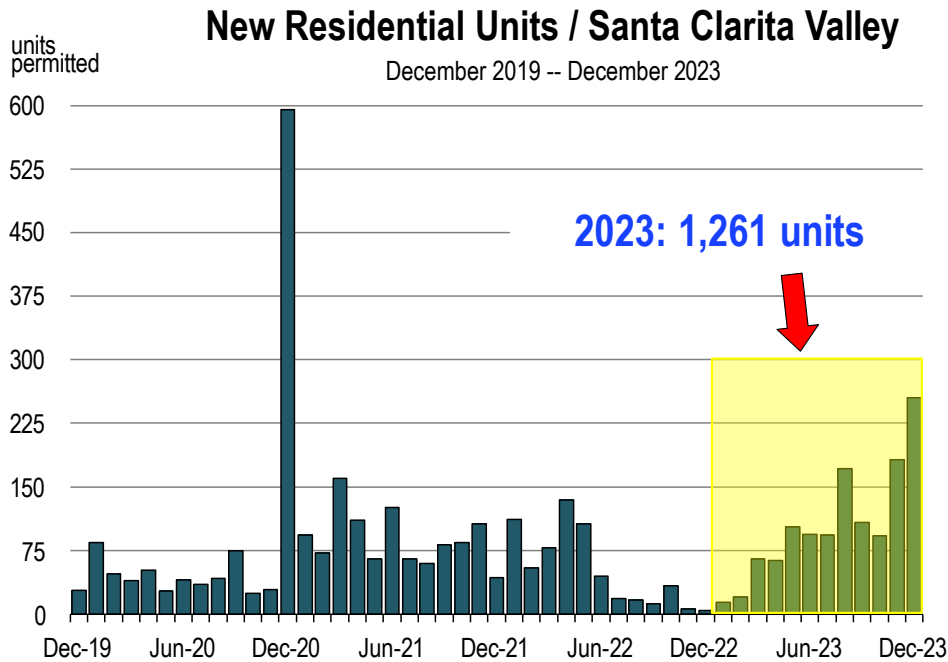
Source: CoStar, NAI Capital



# Residential Real Estate

Source: CoStar, NAI Capital

## New Home Building



- New homebuilding is now supplementing the housing void created by lack of inventory in the existing home market.
- For calendar year 2023, 1,261 housing unit permits were issued in the City and unincorporated area of Santa Clarita. This was the largest volume of units permitted in a single calendar year since 2006.

- 676 of 1,261 residential units permitted are located in the unincorporated area, and are largely homes being built in Mission Village and Williams Ranch.
- For 2023, 897 homes are single family and 364 are multi-family, nearly all in Mission Village.

## **New Housing, Santa Clarita Valley, 2020 -- 2023**

### Estimated Units

2020	1,159
2021	1,067
2022	619
2023	1,261

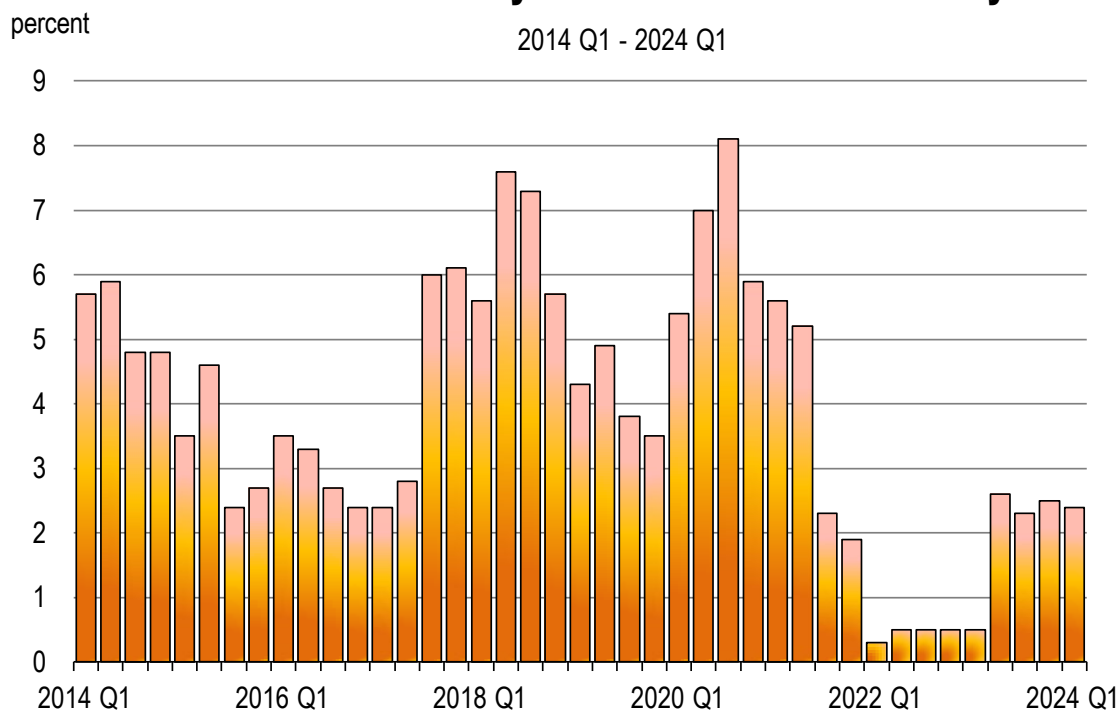


# Commercial Real Estate

Source: CoStar, NAI Capital

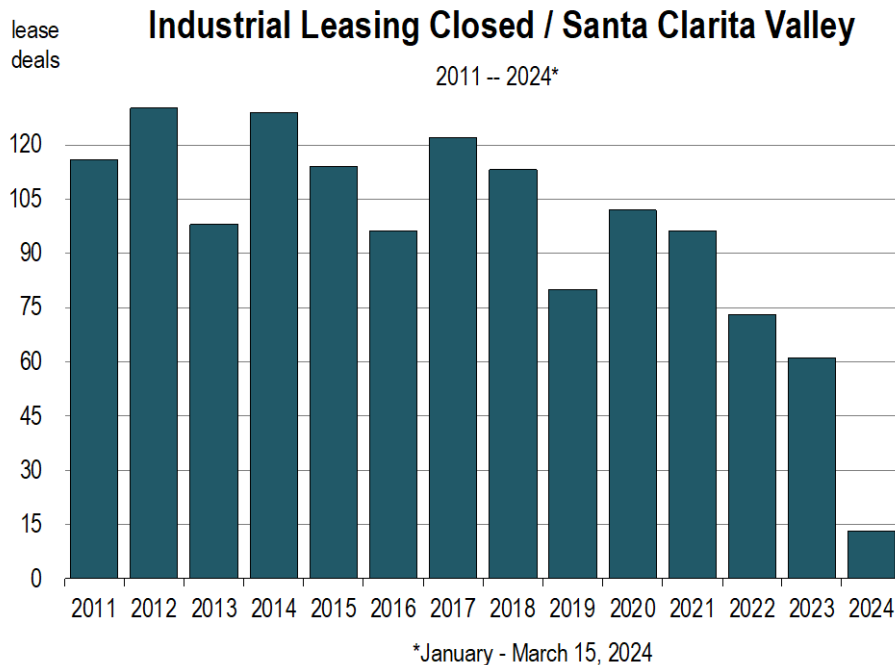
- The actual data presented here is through March 15.
- The industrial vacancy rate now remains relatively constant the range of 2.3 to 2.6 percent for the last 4 quarters including 2024 Q1. The total vacant and available rate has declined since the last quarterly report from 3.9 percent to 3.3 percent.
- By all measures, industrial vacancy remains extremely tight; there is now only 776,500 square feet available (out of a base of 23.6 million square feet) for lease in the SCV economy.
- For the current stock of available space, lease rates are averaging \$1.24 NNN. The average triple net lease rate for all of 2023 was \$1.32 per square foot gross, and \$1.29 per square triple net.
- CoStar reported that 61 new leases were signed in 2023, the fewest in a calendar year since 2006. For the first quarter of 2024, the pace is slightly slower, with just 13 deals made.

## Industrial Vacancy Rate / Santa Clarita Valley

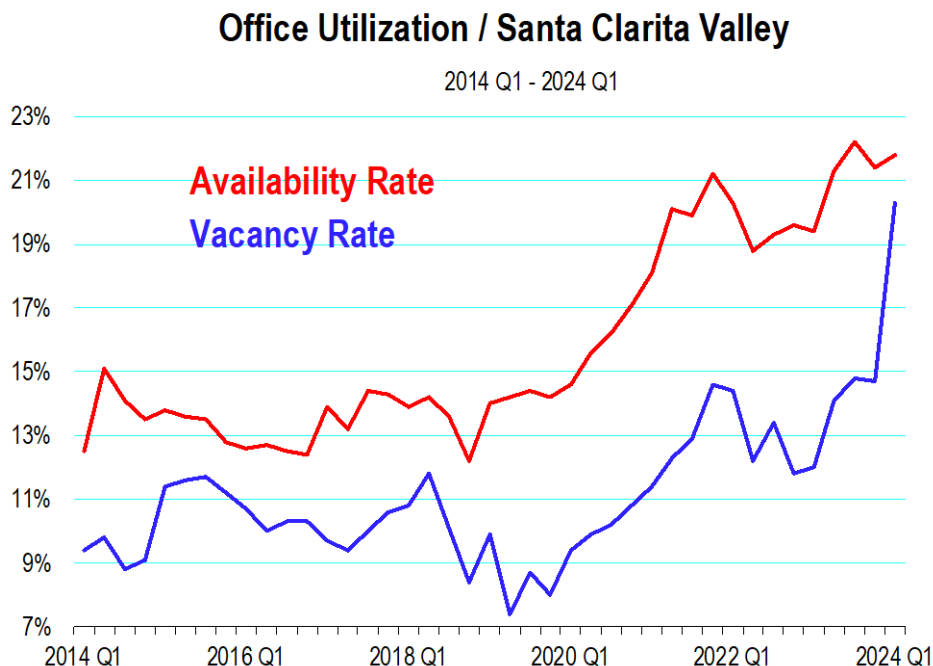


# Commercial Real Estate

Source: California Economic Forecast, CoStar, NAI Capital

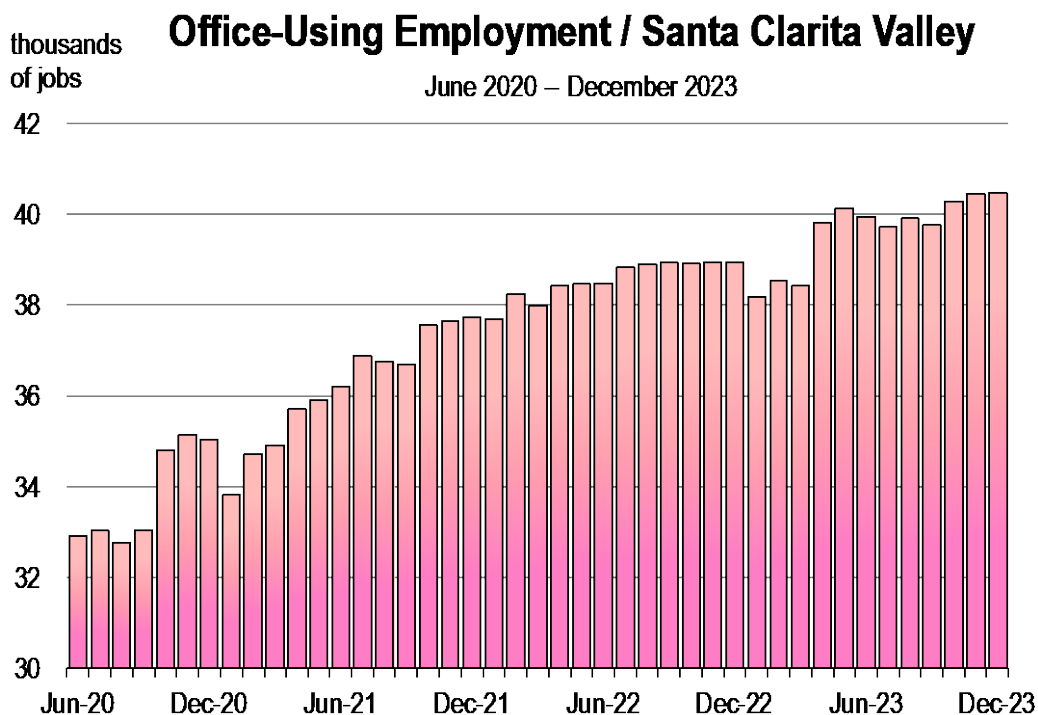


- 300,000 square feet of space is currently under construction. One new project totaling 107,522 square feet was completed and delivered late in 2023.



# Commercial Real Estate

Source: California Economic Forecast, CoStar, NAI Capital



- Between 2023 Q4 and 2024 Q1, an additional 306,000 square feet of office space was vacated in the Santa Clarita Valley office market. The office vacancy rate has soared to 20.3 percent.
- The total office space availability rate is estimated at 21.8 percent as of March 15, 2024.

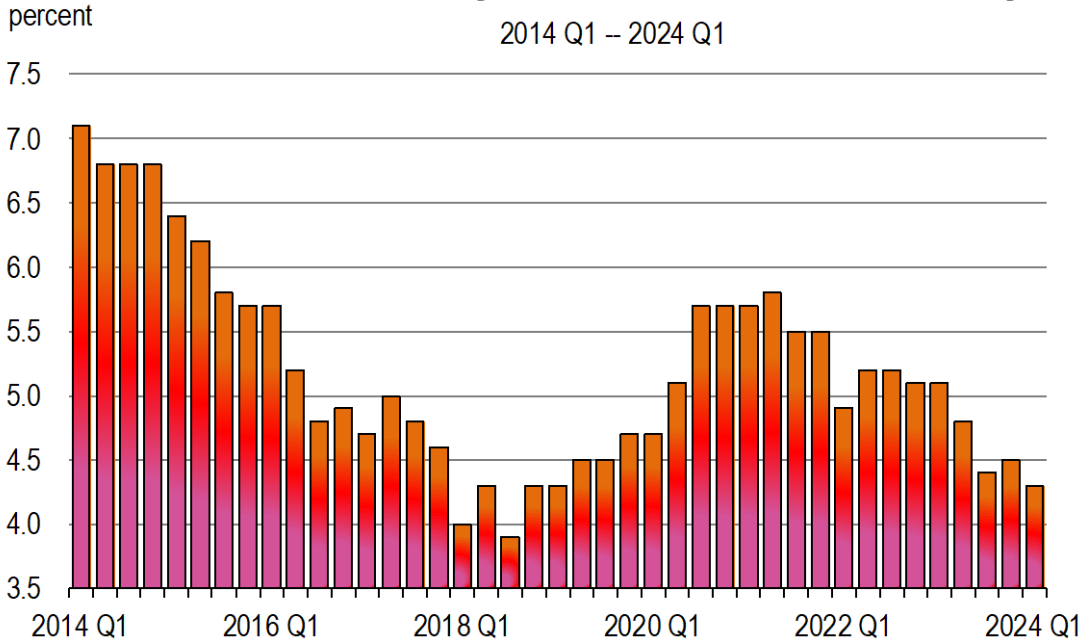
- Direct available square feet is now 811,650. Sublease square feet adds another 389,245. The total is 1.2 million square feet currently available for lease.
- The CoStar reports indicate that lease rates are now falling like a rock. Gross rent at \$2.41 per square foot is off 10.4 percent from quarter 1 of 2023.
- CoStar reports that 45 leases were signed in calendar 2023. The leases account for 298,382 square feet of absorption. However, net absorption was negative 154,208 square feet, pushing the vacancy rate up a full percentage point for the year.
- There is one 55,000 square foot project under construction at this time. The last principal office project completed was the 257,000 square foot Logix Headquarters building which was completed in April 2021.
- Ironically, office-using employment continues to rise in the SCV.



# Retail Vacancy

Source: California Economic Forecast, CoStar, NAI Capital

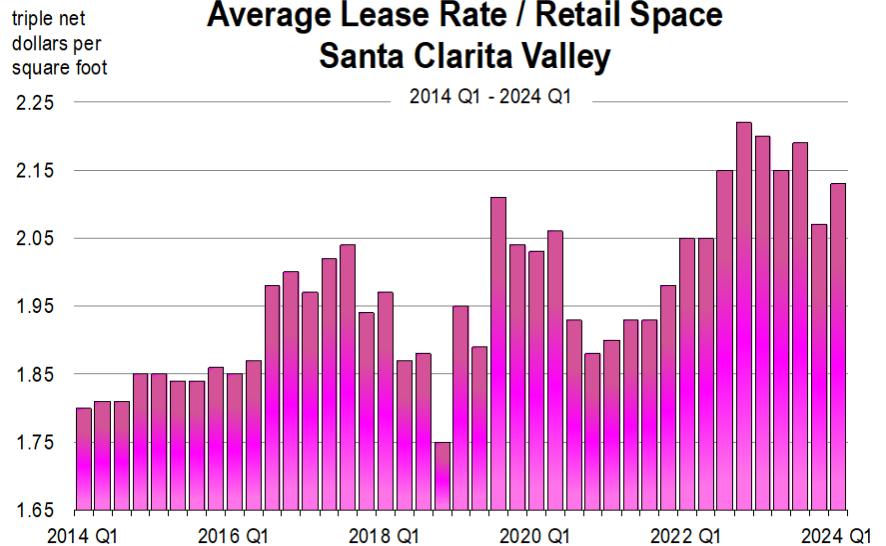
## Retail Vacancy Rate / Santa Clarita Valley



Source: CoStar, NAI Capital

- Utilization of retail space remains strong. The vacancy rate has tightened up, moving downward to 4.3 percent currently as net absorption was +22,000 square feet in 2023 and 24,321 square feet in the first quarter of 2024. The availability rate is now only 5.8 percent, on 12.9 million square feet of retail space.
- Deliveries of new product have been non-existent since mid 2021. There are no projects currently underway.
- Average triple net lease rates moved slightly higher during 2023. The rate in quarter 4 was \$2.07. The current asking rate is \$2.13 NNN.

## Average Lease Rate / Retail Space Santa Clarita Valley



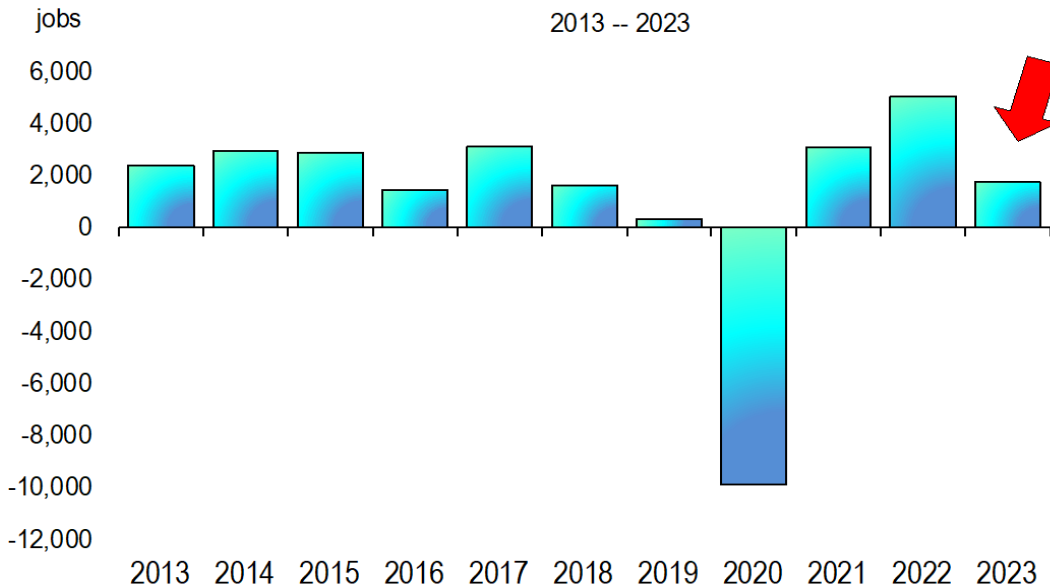
Source: CoStar, NAI Capital



# Employment

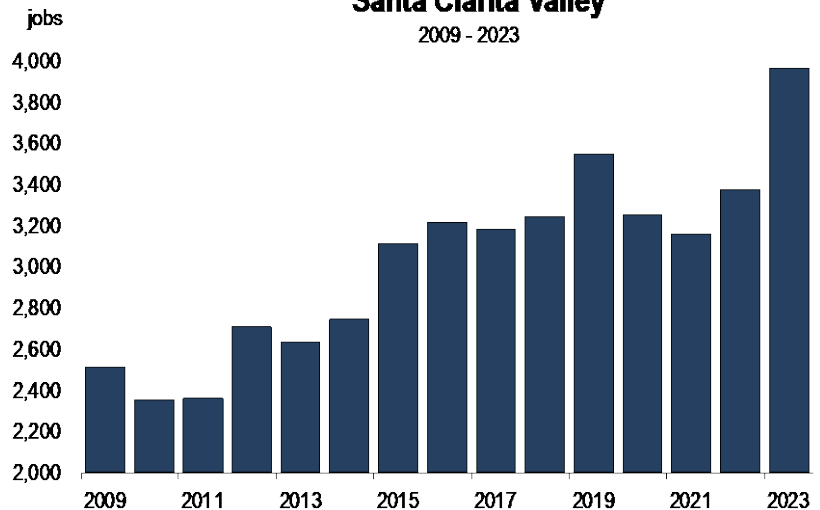
Source: California Economic Forecast, Labor Market Information Division

## Job Creation / Santa Clarita Valley



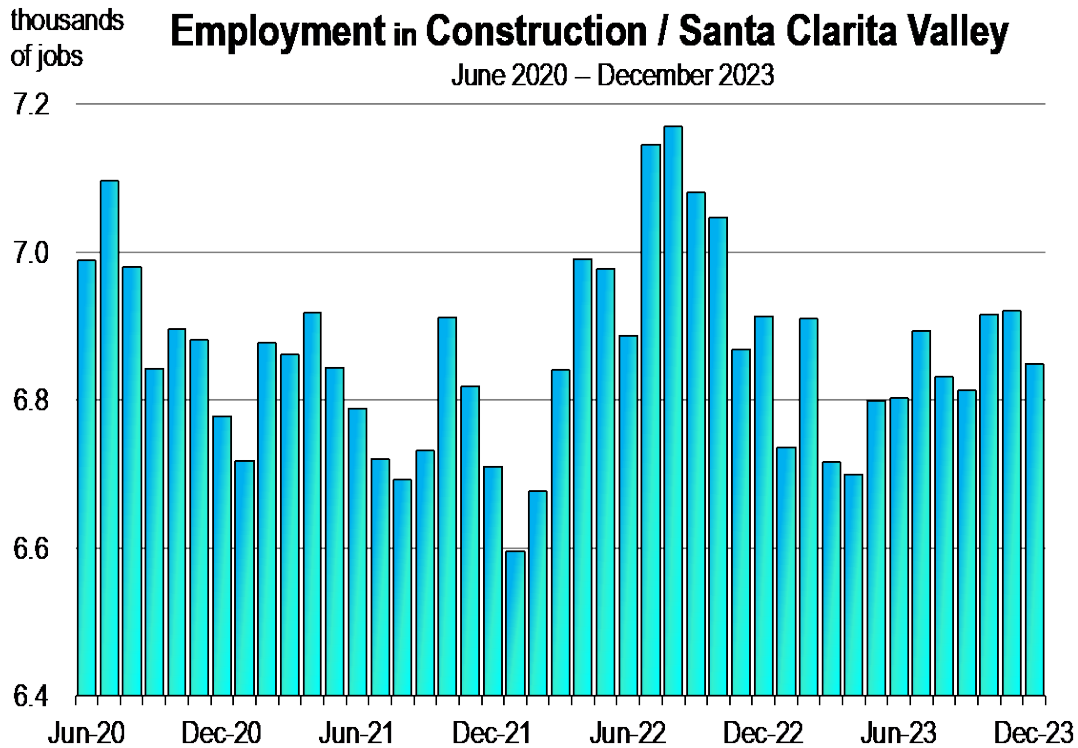
- Employment: The creation of jobs in 2023 came in at 1,800.
- The preliminary data indicates that one of the largest sectors, healthcare, contracted slightly in 2023.
- The largest sectors of new hiring were professional and business services, and transportation and warehousing.
- However, because the manufacturing sector declined in employment by a similar increase in transportation and warehousing, it appears that a classification change is responsible for the large uptick in warehousing & distribution employment.

## Employment in Transportation and Warehousing Santa Clarita Valley



# Employment

Source: California Economic Forecast, Labor Market Information Division



- Professional & Business Services employment remains a healthy contributor to the local labor market. The average salary per worker in this composite sector is over \$70,000.
- Construction employment has been relatively stable, despite the surge in housing permits issued in 2023. At the same time, non-residential development has been relatively austere.

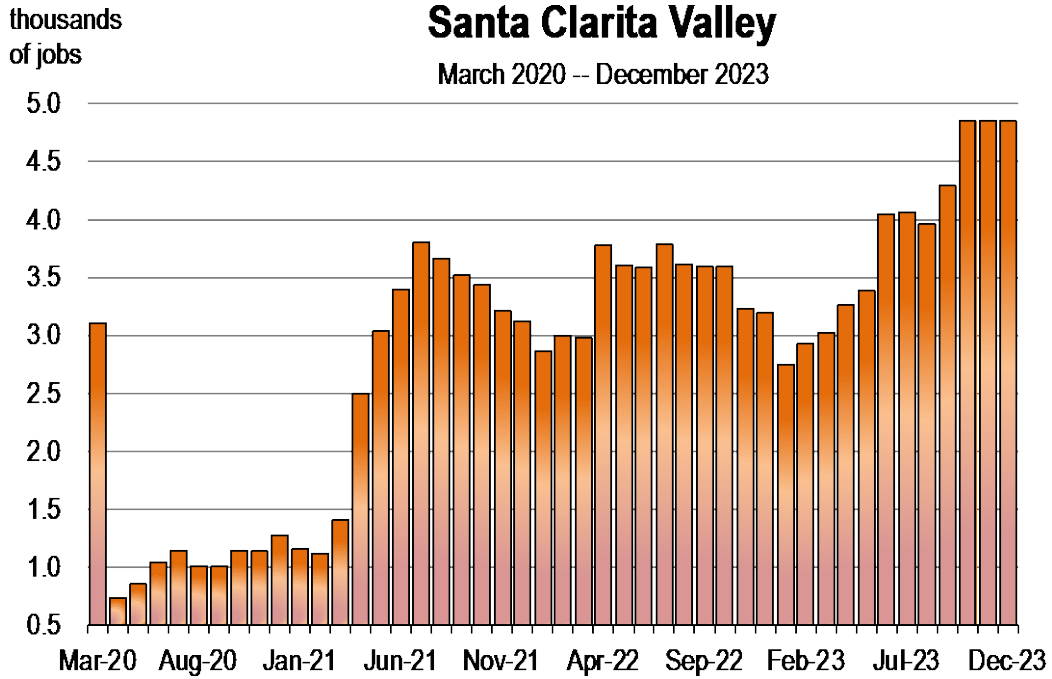




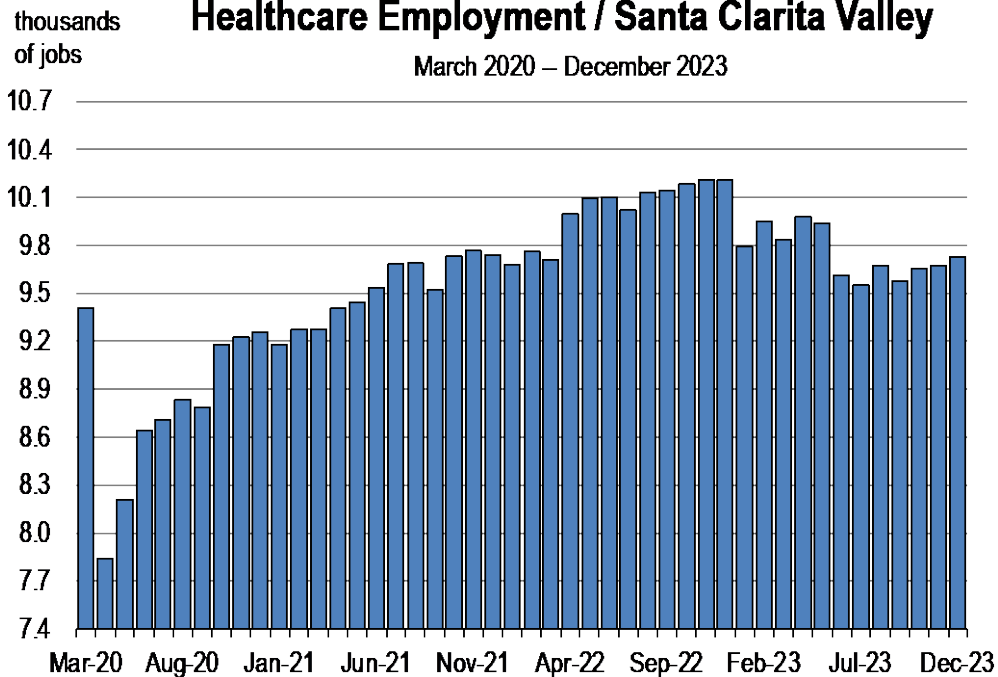
# Employment

Source: California Economic Forecast, Labor Market Information Division

## Employment in Entertainment & Recreation Santa Clarita Valley

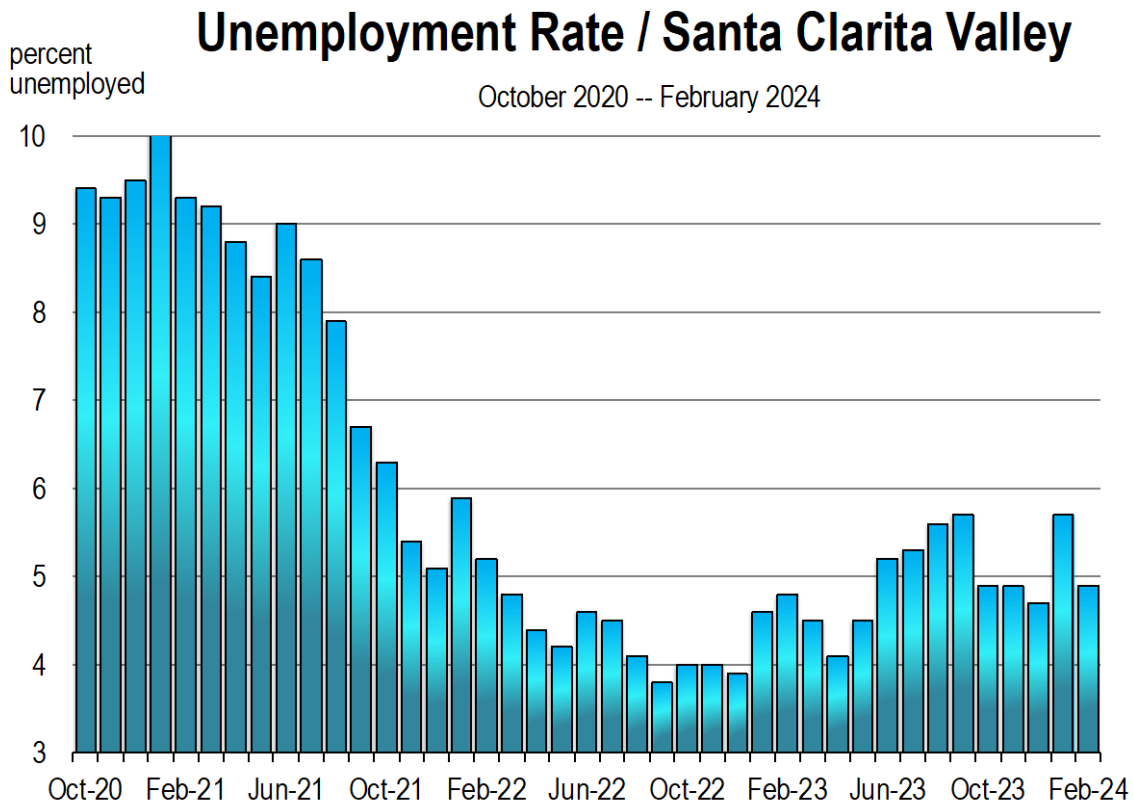


## Healthcare Employment / Santa Clarita Valley



# Unemployment Rate

Source: California Economic Forecast, Labor Market Information Division



- The unemployment rate in the Santa Clarita Valley had eclipsed 5.0 percent in the June to September time period last year but fell below 5.0 percent in October. Aside from the seasonal spike in January from workers leaving retail trade at the conclusion of the holiday season, unemployment has remained low.
- For the Santa Clarita Valley, a rate of 5.0 percent and lower is consistent with a fully employed labor market.
- The inability of the labor force to expand continues to persist since the pandemic, like most of the coastal communities in California. The labor force—defined as people wanting to be employed—has remained relatively stable with little growth over the last three years.
- The number of city residents that are employed has remained relatively constant since July 2022. Any net gains in jobs filled since then are being filled by either commuters, or by Valley residents of the unincorporated area which includes homes within the Valencia and Williams Homes subdivisions.



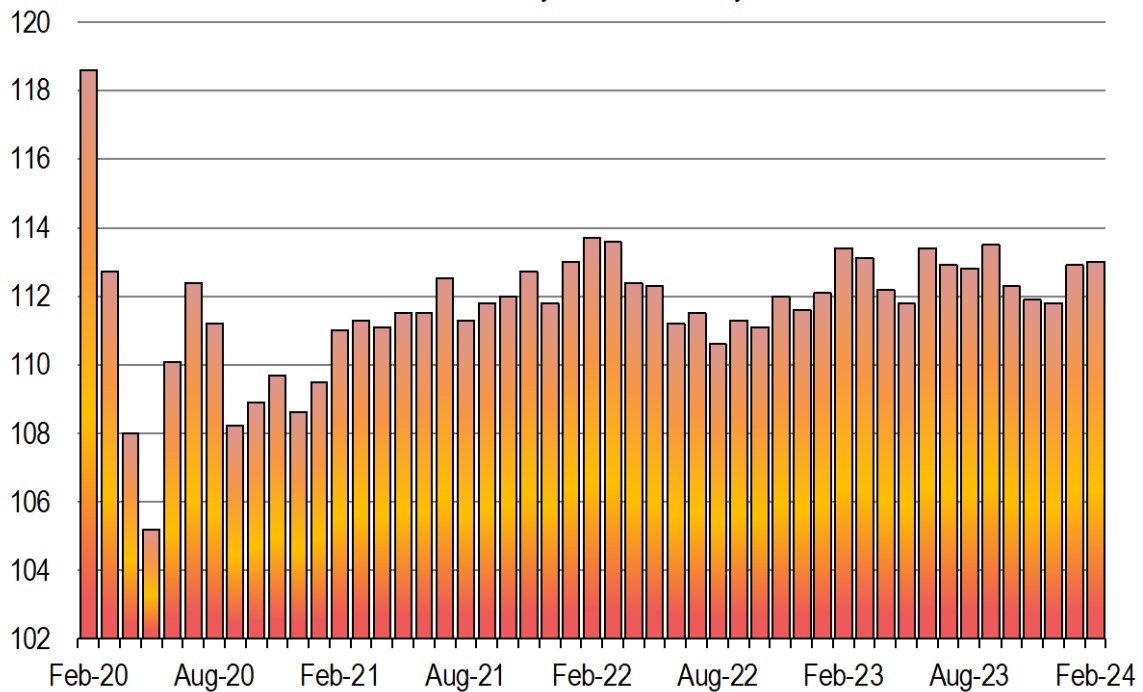
# Unemployment Rate

Source: California Economic Forecast, Labor Market Information Division

thousands of residents in the labor force

## Labor Force / City of Santa Clarita

February 2020 – February 2024



- The inability of the labor force to expand continues to persist. It has remained relatively constant since late 2021, and it has never recovered from the pullback observed during the pandemic
- The current labor force data does not enable us to accurately access the unincorporated resident labor force. Hence, the data understates additions over time to the region's labor force.
- Data for the labor force, workforce, and unemployment rate are estimated through February 2024 by the Employment Development Department.

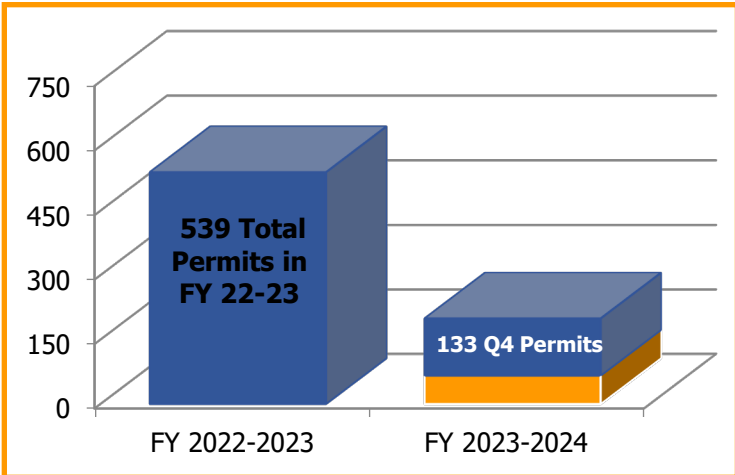


# Film Activity

Source: City of Santa Clarita, FilmLA



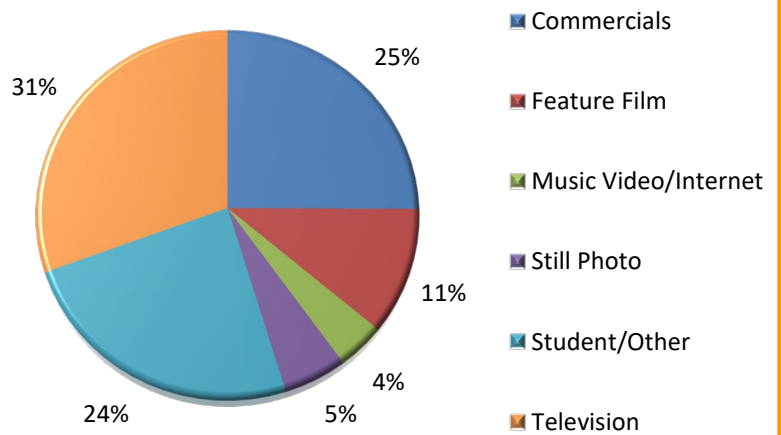
## Number of Film Permits Issued in Santa Clarita Valley



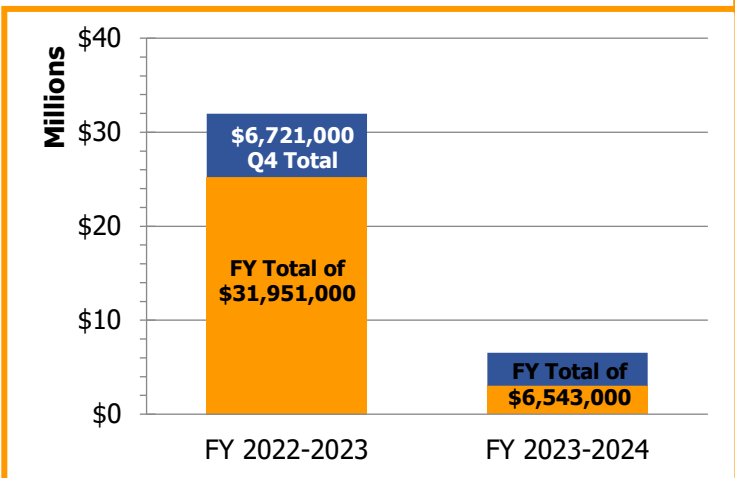
In Q4, a total of 133 permits were issued for a fiscal year (FY) total of 199 permits (July 2023 through June 2024) in the Santa Clarita. 539 total permits were issued in the previous FY (July 2022 – June 2023).

## Number of Film Days in Santa Clarita Valley

Permits issued throughout the Santa Clarita Valley (City + Unincorporated LA County) represented a total of 327 filming days in Q4. These included 100 television, 79 student/other projects, 82 commercial, 36 feature, 17 still, and 13 music video/internet/web content days.



## Fiscal Impact of Filming City of Santa Clarita (only)



The Q4 estimated economic impact (**within the City of Santa Clarita only**) including jobs, wages, and economic output generated from filming and post-production activities as well as spending associated with film tourism, infrastructure investments, and value from media exposure in the Santa Clarita Valley is **\$3,496,500.00** which brings the 2023 year-to-date total to \$22,434,000. The city tracks film stats by fiscal year (July – June).



# Hotel Vacancy

Source: STR, City of Santa Clarita

Tourism Sub-Region	Occupancy Rate Q4 2023	Occupancy Rate Q4 2022	ADR Rate Q4 2023	ADR Rate Q4 2022
City of Santa Clarita	78.9%	75.9%	\$155.98	\$154.53
Santa Clarita Valley	79.3%	77.9%	\$149.86	\$148.64

Tourism Sub-Region	Occupancy Rate Q3 2023	Occupancy Rate Q3 2022	ADR Rate Q3 2023	ADR Rate Q3 2022
City of Santa Clarita	82.3%	82.9%	\$155.98	\$164.35
Santa Clarita Valley	83.1%	83.7%	\$149.86	\$158.80

STR reports that average hotel occupancy in the Santa Clarita Valley was 79.3% in Q4 2023, and 78.9% within the City, a decrease of 1.4% and 3% respectively from Q4 2022. Both saw over 3% decreases in their average rates from the previous quarter (Q3 2023).

Local average daily room rates (ADR) in the City of Santa Clarita increased by 0.9% in Q4 2023 to \$155.98 from \$154.53 the previous year; across the Santa Clarita Valley the ADR increased 0.8% to \$149.86 over the previous year at \$148.64.



# Summary

## California Economic Forecast

- The existing home market remains weak. Sales continue to decline from the year prior, but selling values are clearly rising again. High mortgage rates create a major disincentive for homeowners to sell their homes. Inventory for sale is at all-time record lows.
- Apartment rental price appreciation is leveling off. Apartment vacancy is slightly higher over the last year but still tight. The average asking rent is also leveling off.
- 2023 residential construction activity in the City of Santa Clarita, and Greater SCV region soared. More than 1,200 units were permitted. The principal projects are Valencia and Williams Homes. The lone apartment project underway is The Outlook in Plum Canyon, which will open this summer.
- Industrial vacancy remains extremely tight.
- Office employment is at an all-time high. But the office sector is showing lower rates of utilization. These low rates are now at a business cycle high.
- Retail store vacancy rates show little weakness. Retail sales which have declined about 5 percent from a year ago are being substituted with spending on non-taxable services in entertainment, recreation, and personal development.
- Total employment in the Santa Clarita Valley continues to move higher. More positions are being filled in entertainment, recreation, and professional business services. The industrial sector remains a larger contributor to the total employment base when both the manufacturing and the transportation & warehousing sectors are considered.
- Labor markets are effectively at full employment in the region. The labor force is understated because it does not count residents residing in the unincorporated area of the region. Nevertheless, however, the actual labor force growth has been modest, and this is the largest factor for limiting employment totals in the Santa Clarita Valley.



# About SCVEDC

As a unique private / public partnership representing the united effort of regional industry and government leaders, the Santa Clarita Valley Economic Development Corporation (SCVEDC) adopts an integrated approach to attracting, retaining and expanding a diversity of businesses, especially those in key industry clusters.

SCVEDC's mission is fourfold:



**Business  
Attraction**



**Business  
Assistance**



**Community  
Marketing**



**Information +  
Research**

## Location



**30 Miles from DTLA**



**Close to LAX & the  
Ports**



**In the 30 Mile Zone  
(TMZ)**



**Easy Access to I-5 &  
405, & CA 14**

## Demographics



**Nearly 300K  
Residents**



**Median Household  
Income is \$123K**



**72% Have at Least  
Some College**



**Millennials are  
Largest Generation**

## Accolades



**Most Business-  
Friendly City 2022**



**Happiest City**



**Healthiest City**



**Safest City**



**Best Place to  
Start a Family**





# Connect with us!



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