

2021 ECONOMIC OUTLOOK

Santa Clarita Valley Economic Development Corporation & College of the Canyons

Presented by



The **Santa Clarita Valley Economic Development Corporation** (SCVEDC) was founded on December 31, 2009, SCVEDC is a unique private / public partnership representing the united effort of regional industry and government leaders.

SCVEDC utilizes an integrated approach to attracting, retaining and expanding a diversity of businesses in the Santa Clarita Valley and leads valley-wide economic development efforts to increase high-quality jobs in SCV.

The organization has attracted new businesses to the region and assisted hundreds of SCV companies, demonstrating the business-friendly nature of the community and increasing business retention.

SCVEDC's influential Board of Directors, consisting of private and public sector leaders, is committed to a diverse, resilient economic future for SCV.

SCVEDC's economic development efforts have generated a positive economic impact in the Santa Clarita Valley. SCVEDC is recognized as an outstanding organization of community leaders and a dynamic force striving to improve opportunities for businesses and SCV residents.



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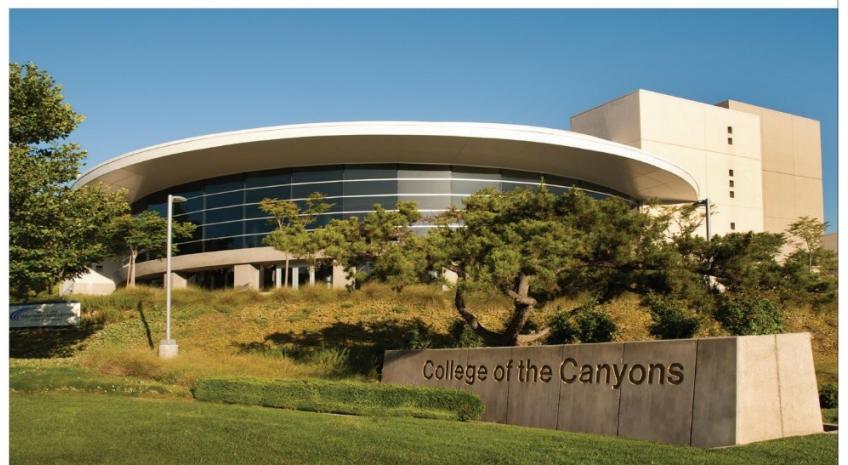
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President & CEO
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SCV MEANS BUSINESS

“ I am continuously amazed by the diversity, innovation, creativity, and dedication of our Santa Clarita Valley businesses. I hope you'll enjoy learning about them through this podcast series as much as I have. ”

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We are thrilled to deepen our roots in Santa Clarita in order to meet our customer's unprecedented demand for beverage production and distribution services, and we are grateful for the ongoing support of Holly Schroeder and the Santa Clarita Valley Economic Development Corporation, the City of Santa Clarita, and Los Angeles County helping to expedite a complex permitting process for our facility. ”

NATE PATENA, CHIEF EXECUTIVE OFFICER, DrinkPAK

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BUSINESS ATTRACTION

Case Study



SOLUTION

DrinkPAK is a premiere West Coast contract manufacturer of premium alcoholic and non-alcoholic beverages, providing comprehensive operational services including procurement support, complex batching and processing, filling, packaging, and on-site storage and distribution. DrinkPAK chose the Santa Clarita Valley to create a 572,410 SF state-of-the-art contract manufacturing campus.



COMPANY NEED

DrinkPAK was seeking a new location in Southern California to establish their first dedicated contract manufacturing facility. Its principals have a long and successful track record creating beverage brands, then selling these brands along with their manufacturing facilities to world-class companies such as PepsiCo and Keurig Dr. Pepper. This new facility would be a substantial initial and longer-term investment in beverage processing and storage equipment to produce beverage products for brands that will be owned by the DrinkPAK and its affiliates.



COMPETITION

DrinkPAK chose to begin their search in Ventura County after previously experiencing a painful and difficult process in permitting of another facility in Los Angeles County. They had worked in Ventura County before and had a positive experience, but were unable to find a building that suited their needs. Eventually, they turned back to LA County to continue their site search.

After exhausting possibilities in Ventura, they turned attention to the Santa Clarita Valley, looking at numerous 90,000 – 140,000 SF site options in SCV. DrinkPAK landed on a building in the new Center at Needham Ranch as the optimal location for their project. SCVEDC worked closely with DrinkPAK and the Needham Ranch developers Trammel Crow and Clarion Partners, helping to facilitate meetings and introductions to many agencies in SCV. As a result, DrinkPAK was able to address needs of expedited permit processing with the City of Santa Clarita and County of Los Angeles, and rapidly connect with SoCal Gas for gas line routing, Sanitation District for discharge requirements, and LA County Fire Dept. for truck loading/parking modifications to the site under consideration, and the County Health Department for permitting of the production facility. SCVEDC also introduced several tax incentives and local resources that would greatly benefit DrinkPAK should they bring this project to SCV.



RESULTS

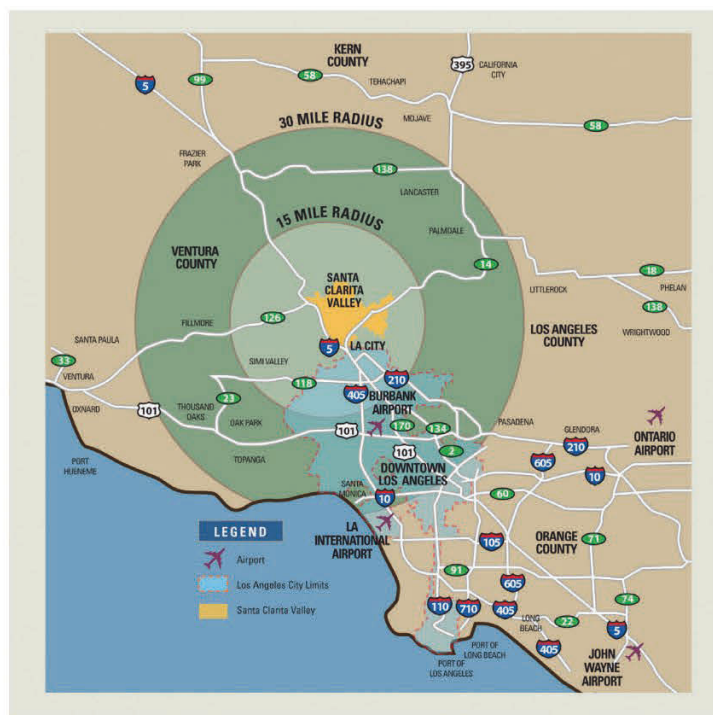
The tremendous support and collaboration of SCVEDC, Trammel Crow and Clarion Partners, and all City and County agencies underscored the business-friendly nature of this region. As demand for their products surged, DrinkPAK chose this region for the expansion, first signing a seven-year, 172,324-square-foot lease in Needham Ranch, and then signing for an additional two buildings to create a campus of 572,419 SF. Their plans call for phased line expansion to achieve a state-of-the-art, 3-line beverage contract manufacturing, packaging, and fulfillment center. The project will result in hiring of 275 employees in the next five years, with a total five-year economic output of more than \$950 million, labor income of more than \$277 million, and over \$24 million in State, County, and local fiscal revenues. SCVEDC is proud to welcome DrinkPAK to the Santa Clarita Valley!



SANTA CLARITA VALLEY QUICK FACTS

The Santa Clarita Valley is the 3rd largest city in LA County. It is a growing area within Los Angeles and it encompasses 520 square miles with a population of approximately 300,000 residents.

The Santa Clarita Valley (SCV) encompasses the city of Santa Clarita, which includes Canyon Country, Newhall, Saugus, and Valencia, in addition to the adjacent unincorporated communities of Castaic, Stevenson Ranch, Sunset Pointe, Tesoro del Valle, Val Verde, Westridge, Newhall Ranch and Agua Dulce.



More than 72% in SCV have attended some college

Educational Attainment In The SCV

Population 25 years and over	192,219		
No high school diploma	18,108	9.4%	
High school diploma	34,792	18.1%	
Some college	47,593	24.8%	>72%
Associate degree	19,837	10.3%	
4-year degree or more	71,890	37.4%	

The 2021 Santa Clarita Valley Economic Outlook compiled by the California Economic Forecast

The majority of residents are of working age

SCV Population by Age

Total	292,941	
18 - 24	29,616	10.1%
25 - 44	80,559	27.5%
45 - 64	81,145	27.7%
65 and above	37,496	12.8%

The 2021 Santa Clarita Valley Economic Outlook compiled by the California Economic Forecast

SCV's Median Household Income is among the highest in Los Angeles County

	Santa Clarita Valley	San Fernando Valley	Los Angeles County
Median Household Income	\$113,795	\$77,430	\$74,097

The 2021 Santa Clarita Valley Economic Outlook compiled by the California Economic Forecast

More than 2/3 of SCV households have an annual income of more than \$75,000

	Santa Clarita Valley		San Fernando Valley	
Household Income	# of households		# of households	
< \$35,000	11,104	11.8%	137,626	23.9%
\$35,000-\$74,999	17,890	19.1%	143,297	24.9%
\$75,000-\$124,999	22,651	24.1%	124,456	21.6%
\$125,000 and above	42,211	45.0%	171,216	29.7%

The 2021 Santa Clarita Valley Economic Outlook compiled by the California Economic Forecast

SCV employment enjoys a diverse mix of occupations

SCV Labor Market Breakdown		
Total	88,650	
Professional and business services	13,543	15.3%
Manufacturing	10,034	11.3%
Construction	7,265	8.2%
Healthcare	11,736	13.2%
Retail	11,920	13.4%
Leisure and Hospitality	12,661	14.3%

The 2021 Santa Clarita Valley Economic Outlook compiled by the California Economic Forecast

The City of Santa Clarita consistently ranks as one of the safest cities of its size in the nation

	City of Santa Clarita	Los Angeles County	Pasadena	Glendale	Burbank	Lancaster	Palmdale
Crime Rate *	10.7	24.5	24.5	17.5	27.0	29.5	18.4

* Violent and property crimes per 1,000 people, FBI Uniform Crime Report 2019



BUSINESS ASSISTANCE

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The Santa Clarita Valley Economic Development Corporation is your single point of contact for all your business needs. From access to tax incentives to workforce training at low or no cost, from expediting business issues resolution to managing local business coalitions, the SCVEDC is here to connect your company to the right resources, and provide the solutions to keep your business thriving.

Business Visits

On-site meetings are a great way for local businesses and the SCVEDC to get to know each other and to assess how we can provide the greatest value. In fact, we meet with more than 100 companies each year and discuss business operations, needs and future plans. This allows us to capture the unique business dynamics and challenges faced by each company and offer a tailored mix of support and assistance. These face-to-face, confidential meetings are the most effective way to build relationships and deliver customized solutions with the most positive economic impact.



No-Cost Assistance

The SCVEDC is a non-profit, public-private partnership with the City of Santa Clarita, the County of Los Angeles, and private sector leadership. Our assistance services are provided at no cost to businesses in the Santa Clarita Valley, underscoring our commitment to being the most Business-Friendly region in the county.

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SANTA CLARITA VALLEY
ECONOMIC DEVELOPMENT CORPORATION



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EXECUTIVE SUMMARY

General U.S. Economy

California

The Santa Clarita Valley

The General Outlook for 2022

A Note on Inflation



Executive Summary

by Mark Schniepp
September 10, 2021

General U.S. Economy

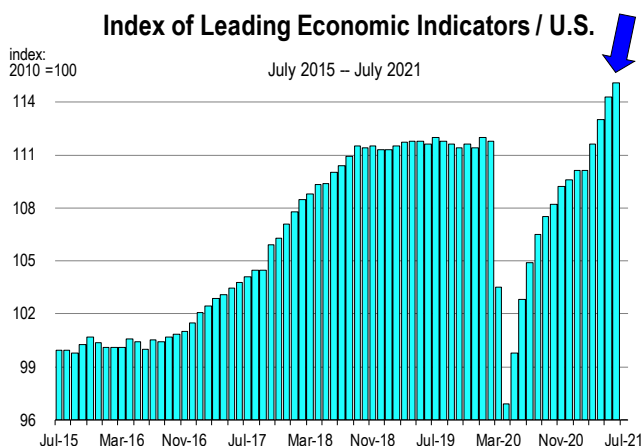
The pace of the Delta variant pace has recently slowed lowering the probability that social and economic interventions will be reinstated. But Delta is fickle and epidemiologists are mixed about when it will burn out.¹ Furthermore, new variants are now being identified accompanied by new precautions, mask wearing, vaccination mandates, and other guidelines that prevent the quasi-pandemic environment from fading away completely. Despite this, economic growth is positive and generally meeting expectations.

Employment, mobility, manufacturing, supply chains, and consumer spending are rebounding back towards pre-pandemic levels. Over the last 12 months, the unemployment rate has dropped sharply to 5.2 percent. The pace of improvement in the general economy is expected to remain

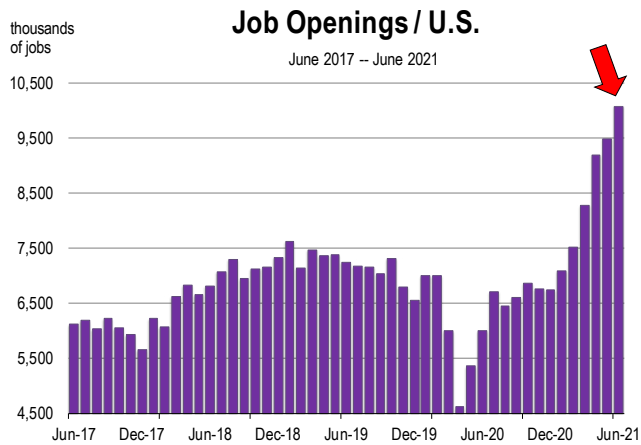
steady for the remainder of this year, absent any new interventions. Next year, if the variants are held at bay and the pandemic dies out as expected, a full year of expansionary economic growth is forecast because the risk of the economy falling into another recession over the next 12 months is currently very low.

Many sectors have fully recovered from the pandemic-induced recession, including construction and manufacturing. But the dominant engine of growth is consumer spending on goods which has more than recovered. With the U.S. economy largely open, spending on services (mostly restaurants) is rising sharply. The technology sectors are fully restored; both manufacturing orders for information technology, and employment are above pre-pandemic levels, especially in California.

The general labor market is strengthening. While there are still over 8 million people that are jobless nationwide and 1.1 million in California, job openings are currently at an all-time high and layoffs by firms are now at 20+ year lows. As the labor force returns to pre-pandemic

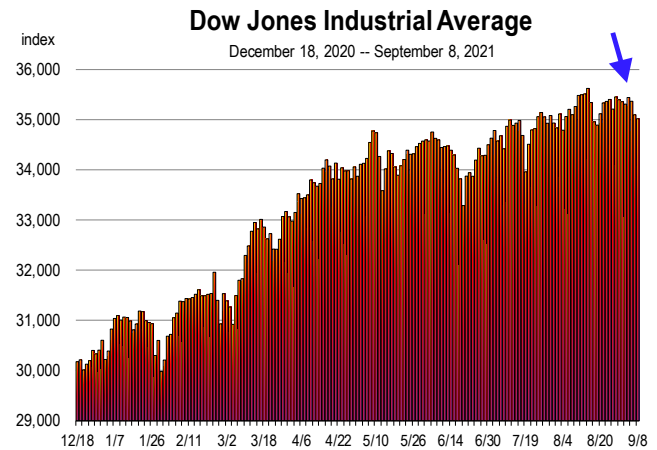
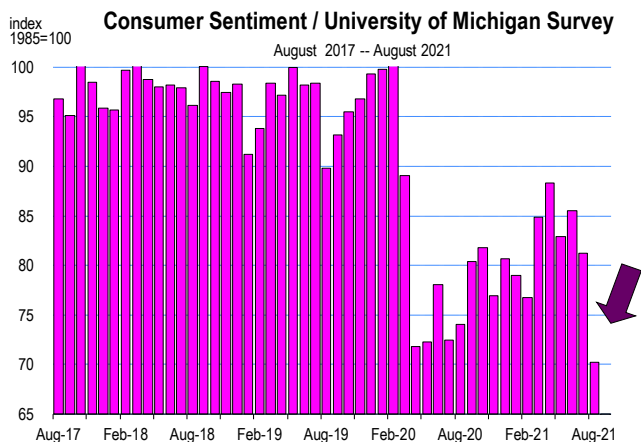


¹ Delta's path across the U.S. has depended largely upon vaccination rates, social behaviors, the weather and various levels of precautions, epidemiologists said. Cases are now falling in a number of Southeastern states and in California, but rising across much of the Midwest and Northeast.



levels, job growth should hasten because a larger pool of available workers will more likely fill the mass of open job positions.

A weakening link for the U.S. recovery is consumer and business sentiment. Recently, sentiment has tumbled in tandem with the surge in Delta variant COVID-19 cases. While we don't believe this will persist, fading sentiment about job, income, and spending prospects in the economy would produce a drag on the current recovery.



As more of the population is vaccinated and/or natural immunity is more widespread, confidence in the economy should increase. As the Delta variant fades away, the number of businesses electing to reopen their offices will increase, boosting sentiment.

With schools opening, supportive business activity will surge. Transportation, janitorial services, food services, sporting events, competitions, and extracurricular programs should return to normal pre-pandemic schedules.

The stock market continues to soar, keeping 401K accounts, institutional retirement accounts, pension accounts, and family portfolios at record-high valuations. These stock price valuations may have gotten ahead of the economy. It will be great for consumers if stock values are maintained, but corrections in the market are probably overdue and there are many analysts who believe the link between the stock market and the economy will be reestablished sometime in the next few months.

The Labor Force is Key

To reach the point of a 5.2 percent unemployment rate, it has taken only about 18 months since the pandemic-induced recession began. For comparison, it took nearly eight years following the start of the Great Recession to reach a similar rate, despite a much lower peak.

However, the unemployment rate represents the extent of people who want to work but are not. During the pandemic, there was a massive exodus of workers from the labor force, many of whom have not returned. Since they are not counted as unemployed, the current rate overstates the actual labor market condition today.

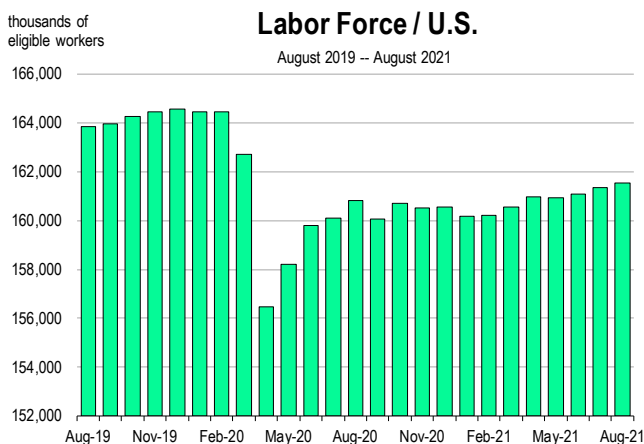
As employers have become more reliant on their existing workforce, they have responded by boosting pay. Wages for private sector workers are up 3.5 percent on a year-ago basis, representing the strongest rate of increase than at any point during the previous expansion, and recent gains are among the strongest since

2000. Expect to see average wages go higher until the labor supply issues are sorted out this year.

How quickly can the labor force return to pre-pandemic levels? There are many factors keeping workers on the sideline, including fear, care responsibilities, and access to unemployment benefits. The latter reason has now ended or will end in the next month or two. With schools opening up all over, parents can now go back to work. As the pandemic fades, so will the reticence to return to work and participate in public gatherings.

Consequently, we expect a surge in employment growth because firms have struggled to fill open positions. Employment growth leads to income growth which translates into increased spending.

All jobs lost during the pandemic will be recovered by the second half of 2022 and the labor market will return to full employment. Employers will still have difficulty filling jobs because of the seismic shift of retiring baby boomers and the desire of many workers to change careers post-pandemic.



Downside Risks

A persistent Delta variant, or the emergence of other variants such as Lambda or Mu pose potential risks. The return of shutdowns (including schools) from an increase in infections is unlikely, but cannot be ruled out.

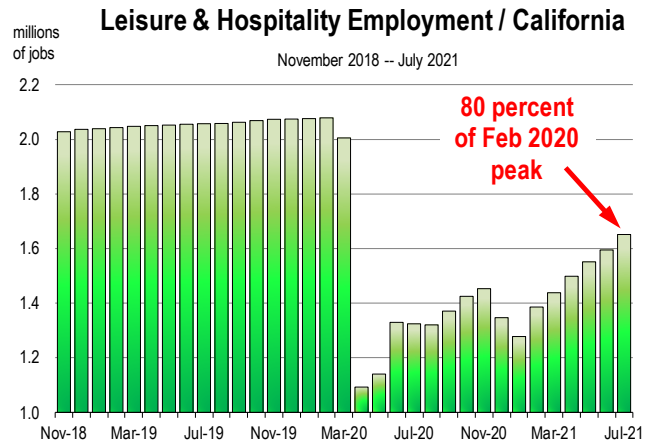
One of the largest risks is the possibility of a correction in equity prices, which at this time are

overvalued. The current price-to-earnings ratio for the S&P 500 companies is 35.4, one of the highest levels observed in the last 100 years. It has only been eclipsed two other times, in 2001-2002 and in 2009.

California

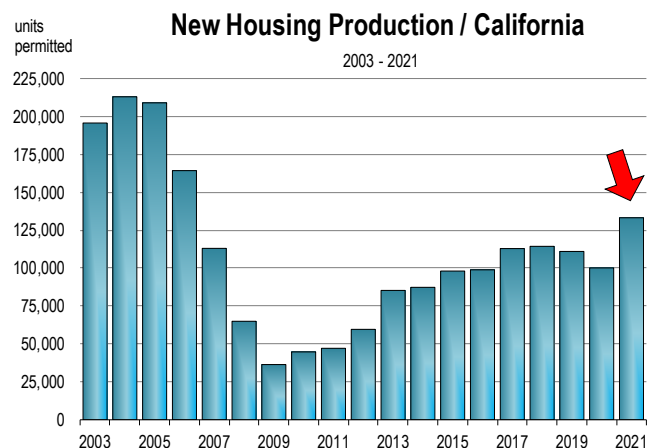
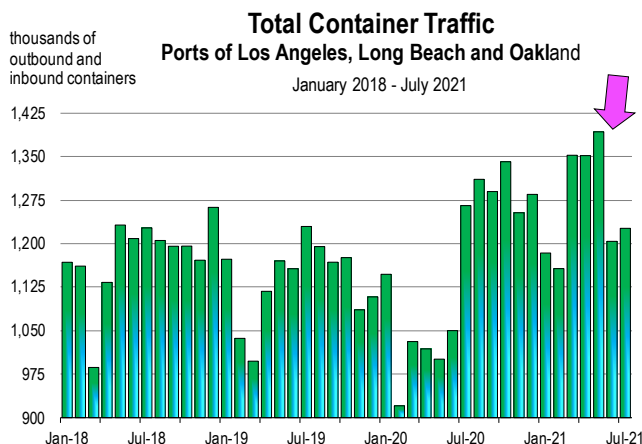
California has suffered a higher unemployment rate than the nation largely because of stringent pandemic restrictions that shut businesses and schools. In the second quarter of 2021, the state's jobless rate was 7.6 percent compared with 5.8 percent nationwide. Nearly all restrictions have now been removed and a vigorous recovery is now underway.

The state's technology and logistics sectors which are leading the recovery, are proportionately larger than the U.S. average. Furthermore, state government revenues are healthy, the construction sector has entirely recovered, and cargo is pouring into the ports of Long Beach, Los Angeles, and Oakland.



Weakness in the labor market still exists, but 38 percent of the current shortfall in jobs from the month right before the pandemic hit is epicentered in the leisure and hospitality sector that includes restaurants, hotels, catering and other food services, entertainment, meeting, and recreation services. Employment in the industry is returning and is now at 80 percent of the February 2020 peak.

Construction workers are back. New home building is sharply higher this year, together with

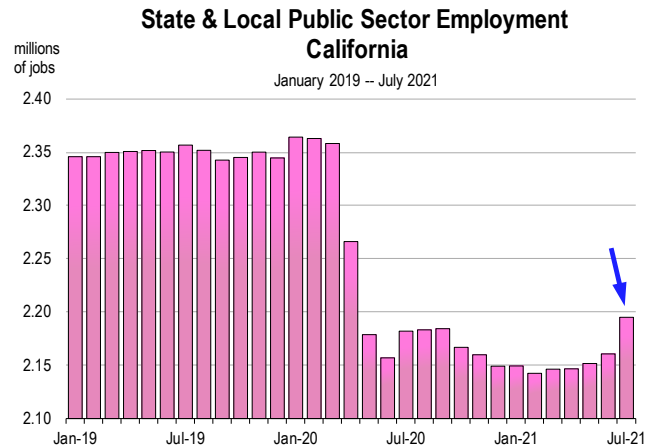
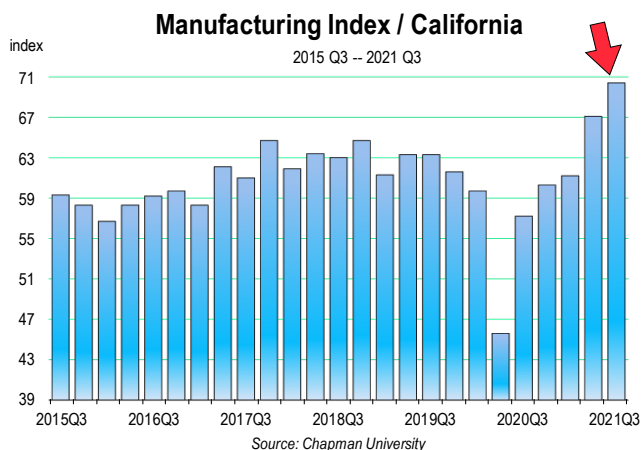


infrastructure projects including the high speed rail. The project now employs a record 6,243 workers in the Central Valley.

California's manufacturers are rapidly expanding output as businesses scramble to replenish inventories. The composite index of manufacturing climbed above 70 for the first time in the history of the survey. The previous peak was in 2005. Producers are increasingly optimistic, but challenges in the form of labor and input shortages, logistical delays, and rising prices represent obstacles to a seamless continuation of rising production.

Job growth in the professional services and healthcare sectors are on a path that should achieve full restoration of employment to pre-pandemic levels by the end of this year or during the first quarter of 2022.

Public schools have or are slated to open throughout the state. Private schools were open for most of the 2020-2021 academic year. The



in-person opening of schools also includes colleges and universities.

Until now, state and local public sector employment in education has not rebounded, representing a meaningful drag on the labor market but that will change as the new school year starts.

Uneven Recovery

Through July, the recovery is geographically uneven across the state with inland counties reinstating their workforces faster than coastal counties including the Bay Area. Some of these inland counties will recover all of their pandemic losses by year's end.

Merced County has already restored all jobs lost due to the pandemic; San Joaquin County is 3,400 jobs away from a new employment peak. On the other hand, San Francisco and Los Angeles counties have restored less than half of all jobs lost in March-April of 2020.

Jobs Recovered by County		July, 2021
County	Percent of Lost Jobs Restored	Inland or Coastal Location
Merced	107.6	Inland
San Joaquin	87.9	Inland
Shasta	80.5	Inland
Inland Empire	74.7	Inland
Stanislaus	74.4	Inland
Monterey	72.5	Coast
Marin	68.8	Bay
Sacramento Valley	64.2	Inland
Orange	63.3	Coast
Sutter	62.3	Inland
Ventura	61.5	Coast
Fresno	60.7	Inland
Santa Barbara	60.3	Coast
Napa	59.4	Bay
Imperial	59.0	Inland
San Diego	57.0	Coast
Butte	56.8	Inland
Solano	55.3	Bay
Sonoma	52.4	Bay
Madera	51.1	Inland
Santa Clara	50.8	Bay
Los Angeles	47.9	Coast
Tulare	46.8	Inland
Kern	46.2	Inland
East Bay	45.7	Bay
San Luis Obispo	44.3	Coast
San Francisco	43.1	Bay
Santa Cruz	40.0	Coast
Kings	27.0	Inland

Source: California LMID and California Economic Forecast

The Santa Clarita Valley

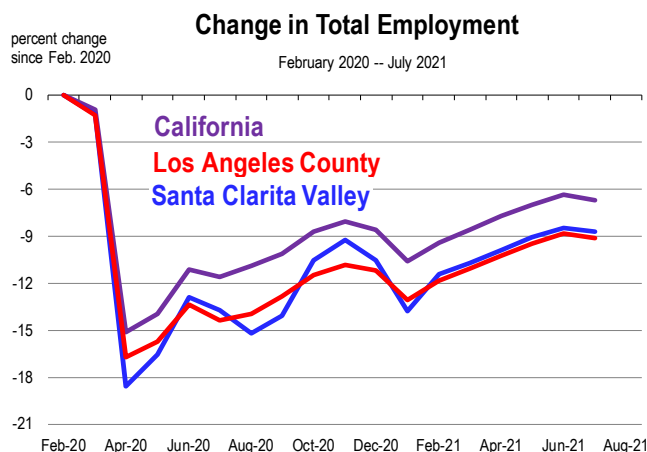
Initially, the labor market recovery in the Santa Clarita Valley was slower than many regional markets of the state, including greater Los Angeles County.

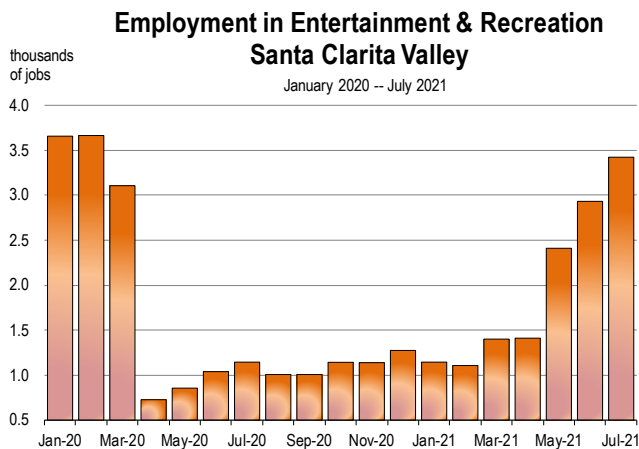
Now however, the local labor market has restored proportionately more jobs than most coastal counties in California.

The re-opening of Magic Mountain has mobilized the expansion of the workforce in the leisure/hospitality/amusement sector.

Resumption of cruise ship travel will rapidly restore employment in the transportation sector during the second half of 2021 and throughout 2022.

Approximately 60 percent of pandemic-induced job loss is now restored, with the largest worker reinstatements occurring in retail trade, healthcare, professional and technical services, and the amusement, food services, and recreation sectors.



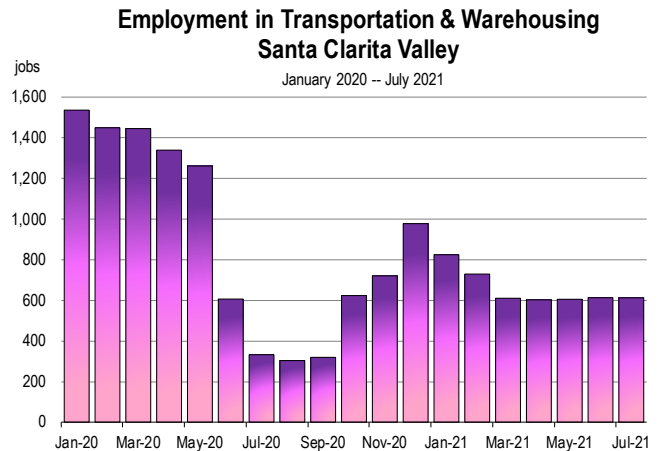


From July 2020 to July 2021, over 5,000 jobs have been restored in the Santa Clarita Valley labor market. Job gains were prolific in October and November of 2020 but reversed when economic activity was restricted by new stay-at-home orders in place from December 3 to January 25. Since February 2021, job creation has been steady and meaningful.

The biggest surge of reemployment occurred when Magic Mountain opened on April 1, and Hurricane Harbor on May 15. Hours are now back to normal as is attendance and ride capacities. This has given a jump start to the region's leisure and hospitality sector.

Through July 2021, job counts in the transportation (Princess Cruises) industry had still not generated much noticeable recovery.

Employment in the sector has been off by more than 70 percent from pre-pandemic levels.



But after 16 months since the No Sail Order for cruise ships was issued by the CDC, Princess Cruises finally resumed operations in July, and expanded service is now underway.

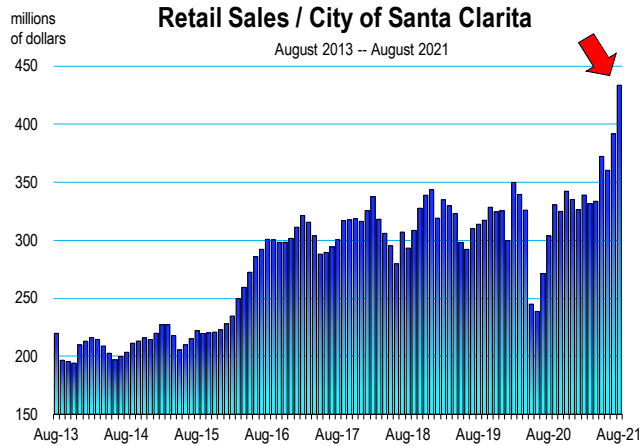
Princess will sail from Los Angeles, San Francisco, and Fort Lauderdale beginning in September 2021.

As the propensity to travel recovers throughout the world, the demand for cruise ship excursions has exploded.

Filling ships with passengers this past summer was not a problem. Carnival reported that booking volumes for future cruises in 2022 were already higher than in 2019.

Carnival also announced it will have its entire fleet back in operation by the spring of 2022.

In view of the surging demand for cruises to date, employment is expected to be entirely restored by next spring or early summer.

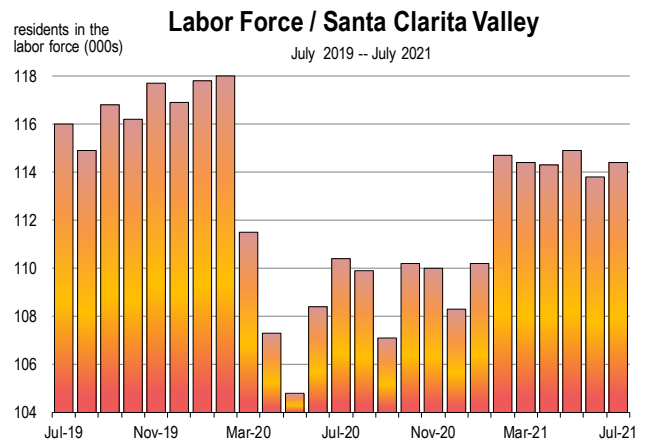


The momentum we expected to see for these largest employers in the Santa Clarita Valley is clearly occurring now.

A faster-than-anticipated recovery of the labor markets will result in an earlier boost in income and spending in the region.

We are already observing the rush of spending in the local retail sector as sales surge and employment is restored.

At 9 percent, the estimated unemployment rate is still problematically high in the region. The estimate may be an overstatement, in view of the extent of local job restoration this year. Nevertheless, as school resumes, the federal



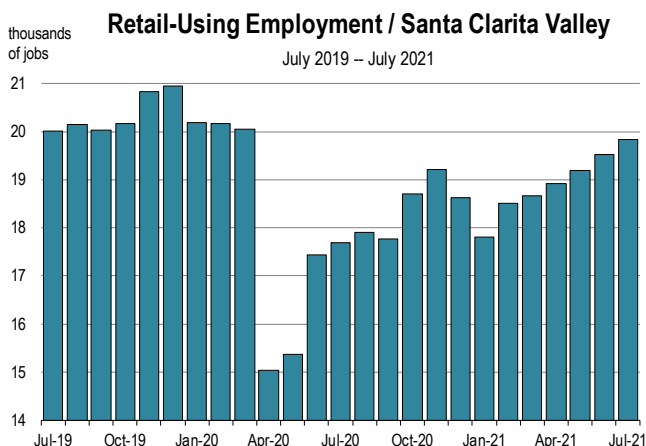
The local labor force declined by 13,000 persons in April and May of 2020. Recent estimates indicate that about 9,500 people have come back, leaving the labor force still off by 3,600 potential workers. Full restoration of the labor force is expected by the end of 2021.

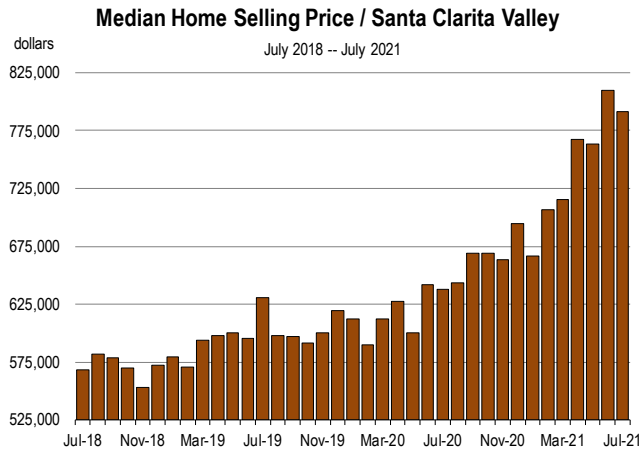
unemployment bonus subsidies, and momentum in the California economy accelerates, job formation is expected to utilize idle labor resources very fast, and absorb the labor force that is expected to rise in September. The California unemployment rate is forecast to fall to 5.9 percent in the fourth quarter of 2021.

Residential Real Estate

A principal standout in the current recovery is the strength of the housing market. This applies to all of California and most of the nation. The number of existing home sales this year has occurred at the fastest pace since 2006.

Home price appreciation has been extraordinary. The median selling price during July for the Santa Clarita Valley was \$791,700, an increase of 24 percent compared to July of 2020. This is the fastest pace of price appreciation since 2005.





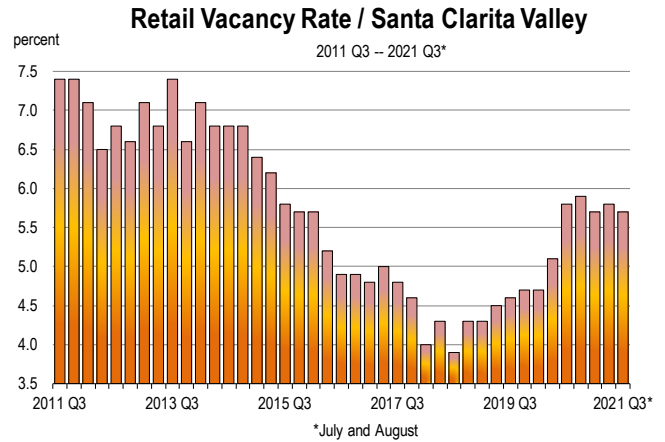
A cooling of the housing market is forecast. Though mortgage rates have not changed much this year, they are expected to rise through the end of this year and into next. Sharply rising home values are slowing down the demand for purchase housing. More new housing supply will also gradually change the dynamics of the housing market to begin to favor buyers.

Commercial Real Estate

The office market has been only moderately impacted by the pandemic. The office wide vacancy rate moved from 9.5 percent in the first quarter of 2020 to 13.7 percent today (August 2021). Average gross rents do not appear to have changed much. There are no new office projects under construction at this time.

The pandemic and associated recession has had no discernable impact on the industrial market. The vacancy rate remains extremely tight. Over the last year, more than one million square feet of industrial space has been absorbed. Currently a record 21.2 million square feet of space is occupied.

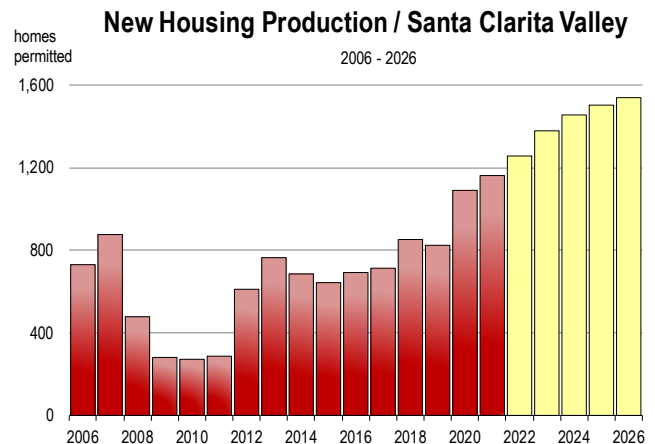
More than 600,000 square feet of new industrial space is now under construction in the SCV.

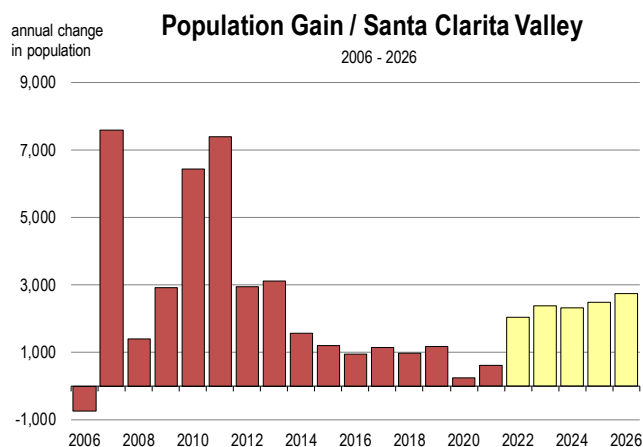


There has been virtually no change in the utilization of retail space over the last year. The market-wide vacancy rate for retail space has remained relatively constant at 5.7 percent. Lease rates initially softened in the spring of 2020 but have gradually rebounded. Currently, effective triple net rents are identical to levels prevailing in mid 2019.

Population Forecast

The demand for new housing units will remain significant throughout urban California in 2022 and 2023. This includes Los Angeles County and the Santa Clarita Valley. New housing has recently expanded in the region, and is expected to rise over the next 5 years, largely due to the FivePoint Valencia Project.





Local population growth has been positive but very modest over the last several years in the Santa Clarita Valley region, while population has been shrinking in greater Los Angeles County.

More apartments are needed in view of the tightness of the local rental market. According to CoStar, the apartment vacancy rate in August 2021 was a scant 3.3 percent.

The population is expected to accelerate, although modestly. This is entirely due to higher net-in migrating populations that are responding to (1) job formation, and (2) new housing development.

The General Outlook for 2022

The recession is now long over and the economy is in full recovery.

An unrestricted economy has resulted in a surge of growth, led by consumer spending, job and income creation, leisure travel and tourism, and strengthening demand for public gatherings such as concerts, conferences and sporting events.

With the clear abatement of the pandemic, a sustainable rebound in the economy is underway, though a return to the normal we knew in 2019 will be delayed until later in 2022.

A clear end to the pandemic is not here yet. We are now in a quasi-pandemic environment where most restrictions on business have been lifted but mask wearing and capacity limitations are recommended. With the lifting of meaningful restrictions, travel has exploded. Visitors are largely inundating all regions of California.

The demand for amusement parks is prolific as Californians desperately seek a return to normal fun activity. Knott's Berry Farm and Universal are close to their typical summer attendance levels. Disneyland has limited attendance through a required reservation system but has announced the system will be terminated by October allowing capacity to rise.

The outlook calls for continued improvement for the California economy, and especially in areas that attract tourists. A continuation of spending and the restoration of jobs in California is forecast for the remainder of 2021 and throughout 2022. This assumes new variants of COVID-19 are not in the cards or do nothing to interrupt California businesses or consumers.

A Note on Inflation

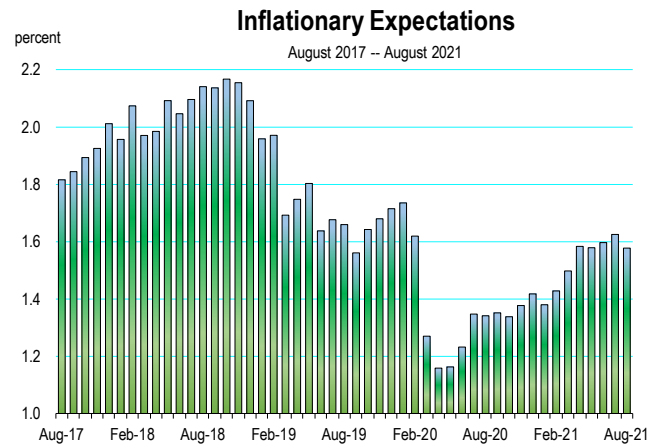
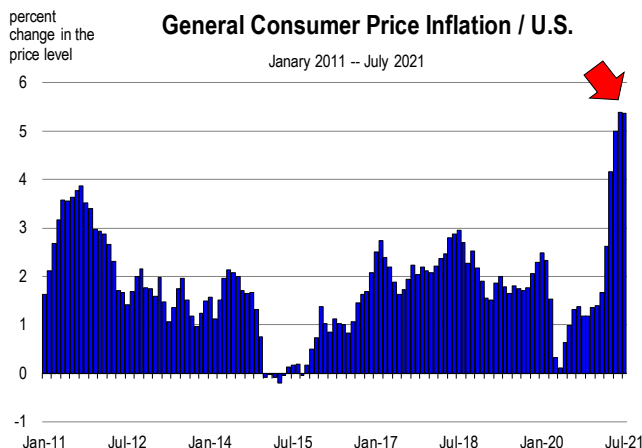
Inflation remains a growing concern for the country. Consumer prices are rising at the fastest rate since the Great Recession and the second fastest rate since the early 1980s. Massive fiscal policy spending in 2020, and already this year by Congress, together with

another \$4.7 trillion in additional spending bills underway through Congress to date are flooding the economy with money. The money supply has increased 30 percent in 16 months.

Meanwhile, the dollar has weakened, and this has caused import prices to increase broadly. Delays in reestablishing supply chains for goods globally and the reopening of the economy are also contributing to higher prices and the alarming increases in recent consumer price index reports to date.

Statements by the Federal Reserve indicate that higher inflation numbers this year are merely transitory and will fade over time. The headline consumer price index has risen sharply in February, March, April, May, June and July. Increases are due to much higher gasoline prices, car prices, and commodity prices. The annual rate for the headline CPI is now above 5.0 percent.

Longer term, our base case forecast has inflation rising not much beyond 2.5 percent annually. Why? Because (1) the reestablishment of more efficient supply chains that were broken will occur, reducing the costs of imports, (2) the labor force will expand, putting downward



pressure on wage inflation, and (3) inflation expectations have not posed a problem yet. The latter is the most insidious cause of inflation.²

An alternative scenario, however, may be rising in probability. Will the growth of demand continue to exceed the growth of supply? The economy is currently flush with money. Incomes have risen with extraordinary transfer payments from the fiscal stimulus, and increases in wages due to record high unfilled job openings.

The cost of housing—both rental and purchase housing—has not yet been entirely captured in the CPI indices, but will over time. Unless there is a cooling of home prices and rent appreciation, monthly inflation rates will begin to more effectively incorporate the cost of housing.

Inflation expectations are not troublesome yet, though they are rising. If current price trends do not abate as the Fed has assured us they will, expectations may surge higher as people assume higher inflation is here to stay.

² Inflationary expectations are calculated by the Federal Reserve Bank of Cleveland using a model that incorporates treasury yields, actual inflation, and survey-based measures of inflation expectations.

THE FORECAST

Introduction

The California Economy

The Santa Clarita Valley Economy



The 2021 Forecast

California and The Santa Clarita Valley

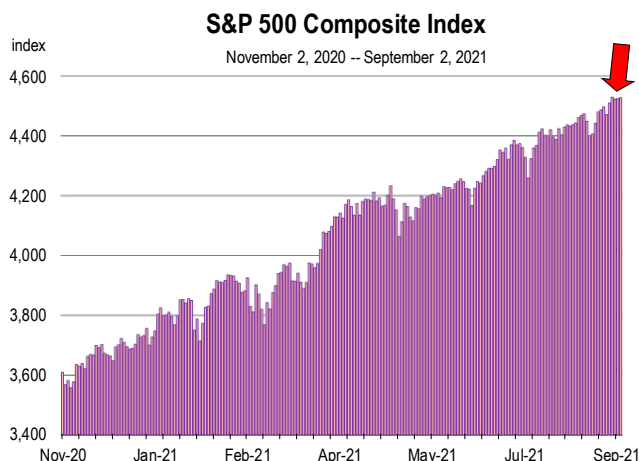
September 2021

Introduction

Because the recovery underway is progressing as expected, there is more confidence in the near term economic outlook for the nation. As GDP, employment, mobility, supply chains, and business spending rebound back towards pre-pandemic levels, continued improvement in the general economy is expected for the remainder of this year and through 2022.

Other than the unlikely reinstatement of public health interventions, we can't identify any imbalances that would impede the evolution of the economic recovery.

Twenty-two million workers lost their jobs in March-April of 2020. Fifteen months later, as of July 2021, 17 million have been restored. Despite the long road ahead, many measures point to a normalization in the labor market.



Fewer workers are teleworking as offices reopen. The reopening of businesses is reinvigorating consumer industries, and the economic recovery is becoming clearer.

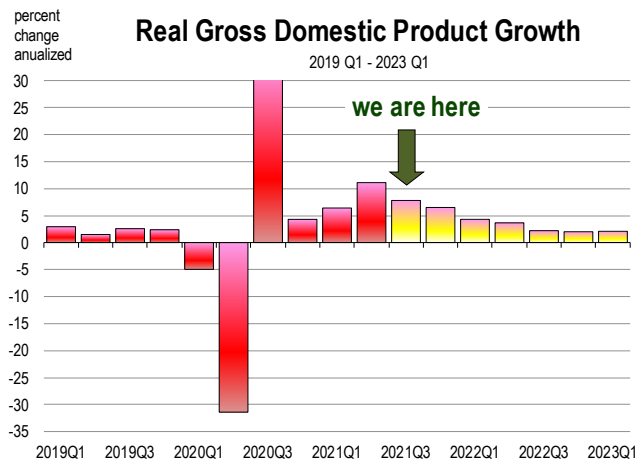
Although there is a mixed bag of sectoral success this year, net growth remains positive and the recovery is predictably on track. Recent employment reports have been strong across the board.

The nation's unemployment rate has fallen precipitously to 5.4 percent. It should drop to 4.6 percent by the end of the year.

Manufacturing growth and cargo flows at our principal ports have been stellar. Consumers are leading the recovery with a spending surge that has exceeded the pre-pandemic pace. On the other hand, consumer sentiment has recently tumbled, in view of increased case counts from the Delta variant and concerns that inflation may be more persistent than economists are predicting.

The stock market is holding up remarkably well, due to the relatively impressive rebound of the economy this year, led by largely by consumers. Furthermore, the market is signaling an expectation of sustained growth into next year.

It seems like the pandemic is almost over, but not quite yet as vaccinations and mask wearing are still being pushed hard by the CDC and many state public health departments. With the implementation of a vaccine, K-12 schools, colleges, universities, sporting events, amusement parks, entertainment venues, and public gatherings have opened. However,



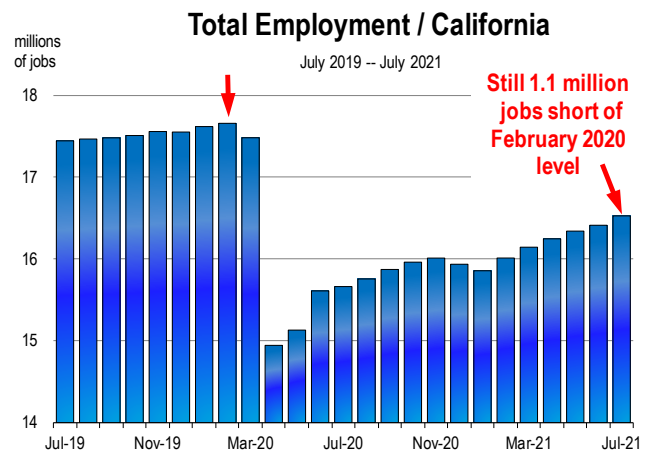
travel destinations globally are still restricted, particularly by foreign visitors into this country. Once these limitations are removed, a more even growth outlook is forecast for the U.S.

The California Economy

The corresponding outlook for California is equally auspicious. This assumes that the Delta variant continues to fade and it doesn't have any noticeable economic costs.

The job loss in California due to the pandemic has been concentrated in sectors where a high degree of human contact is an important part of the production of the services provided. These sectors, including leisure and hospitality, education, other services, retail trade and health care accounted for 75 percent of all job loss in the state in 2020.

As the pandemic recedes and business restrictions are eased, many of these lost jobs have returned. Through the summer, vaccinations appear to have diminished the incidence of the virus including the Delta variant.



Recovery then, has been relatively rapid though California lags the nation because restrictions were more severe and of longer duration here than most elsewhere.

Furthermore, leisure and hospitality and retail employment will lag the rest of the state's labor markets due to a slower return of international tourism and the failure of a significant number of small businesses in these sectors.

Non-residential building was experiencing booming conditions in California between 2016 and 2019. There was record level spending on new commercial and industrial structures with most of it occurring in the large Los Angeles and Bay Area metro areas.

Construction activity has largely been restored. But now questions remain as to how the retail and office markets have changed as a result of the pandemic, and whether these changes are temporary or structurally different. There is not much change in the demand for industrial space, and vacancy rates remain low. Office vacancy has risen in the state though not

sharply outside of San Francisco (with a reported 20.1 percent vacancy in the second quarter of 2021). A substantial number of office workers are working remotely and many offices are underutilized right now. Will the return of workers be substantial enough to prevent a longer term softening in office leasing?

We are not yet convinced that a meaningful change in office demand will prevail, reducing the need for office space and contributing to persistently high vacancy rates for years to come. That scenario is possible, but not probable. As the economy recovers, The Great Resignation which is pushing companies to be more flexible with workers demanding work-from-home options, will either fade or evolve so that most employees utilize the office. Simply said, the need for interpersonal interaction, collaboration, and collective creativity is critical to productivity and company success.

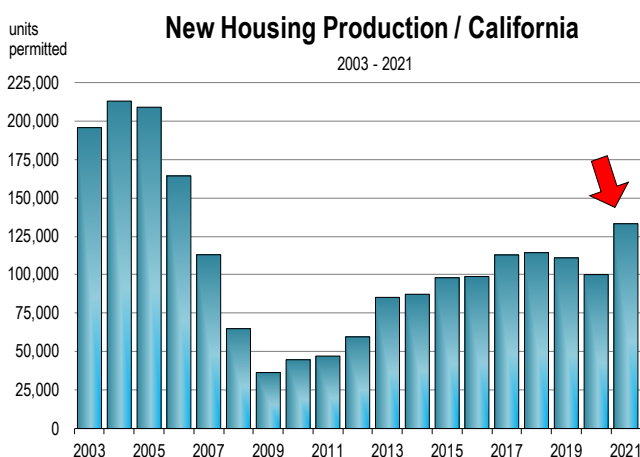
California retail markets have not yet experienced the same calamity as other retail markets nationwide. Through July 2021, the vacancy rate in Los Angeles County is just 5.3

percent. In Orange County, the retail rate is still at 4.7 percent.¹ Retail building has weakened this year but is higher than expected due to the prolific surge in residential development.

The Forecast

Expect the pace of the California recovery to eventually exceed the U.S. recovery. The leisure and hospitality sector will be the last to recover due to the depth of the decline in this sector and its reliance on international tourism.

The recovery will occur earlier in business, scientific and technical services and in the information sector due to the demand for new technologies for the new way we are working and socializing. Residential construction has eclipsed pre-pandemic activity this year because California's perceived "shortage of housing" relative to demand has encouraged a faster start of new developments.

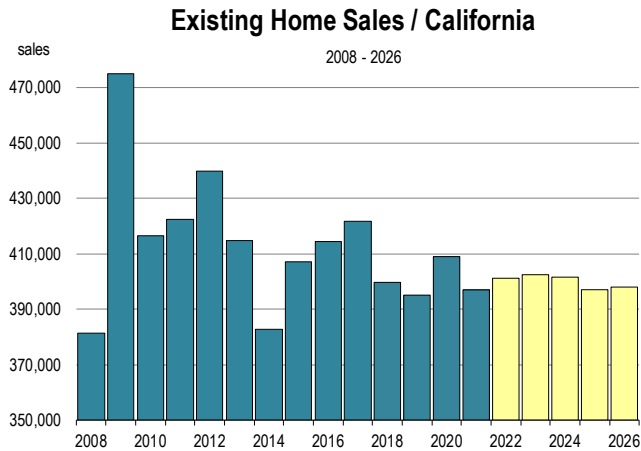


California Forecast Summary

	2010A	2021E	2022F
Employment Growth	-8.9%	5.3%	4.0%
Unemployment Rate	10.2%	7.1%	5.2%
Personal Income Growth	5.0%	1.4%	-1.1%
Population Growth	0.1%	0.1%	0.3%
Inflation	1.2%	3.0%	2.7%
New Housing Units	100,139	125,500	131,200

A = actual, E = estimate, F = forecast

¹However in San Francisco, the rate is estimated at 15.7 percent. This condition is expected to change as the pandemic eases and declining average asking rates attract prospective retailers.



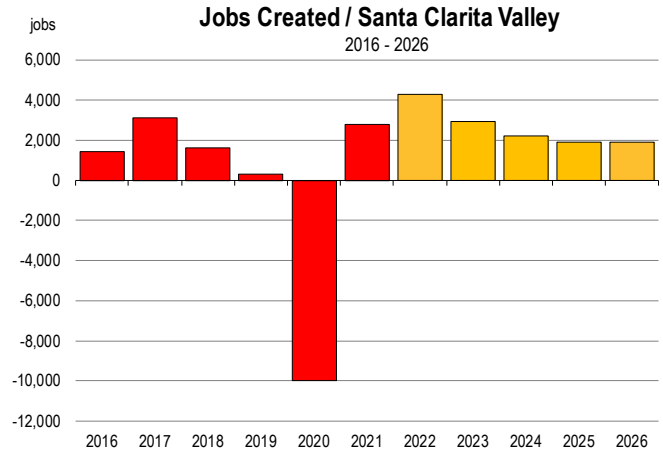
Homebuilding remains optimistic going into 2022 when more large housing projects will be under construction or expanding their rates of construction. This includes Rio Mesa in Madera, the Tejon Grapevine project in Kern County, Valencia in Santa Clarita, Treasure Island and Candlestick Point in San Francisco, and numerous large projects in the Sacramento Valley.

The torrid existing housing market will cool. Limited supply has dominated the new housing landscape in most of the state. More inventory and demand dampened by extraordinary price appreciation in 2020 and 2021 will begin to change the dynamics in the housing market. Sales are forecast to remain at higher levels than during most of the expansionary period but will not exceed the 2020 pace.

The Santa Clarita Valley Economy

Labor Markets

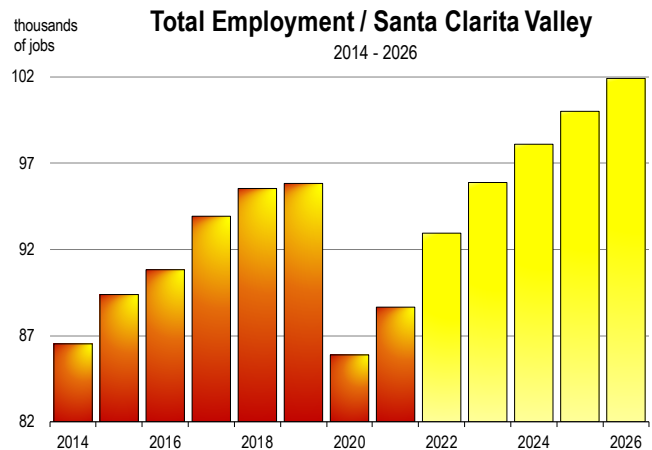
The most telling economic indicator with extraordinary predictability about the recovery of the local economy from the pandemic-induced



recession is employment. This is because employment was so visually and meaningfully impacted by the interventions put in place to retard the spread of COVID-19.

The forecast calls for rapid progress in the restoration of jobs in all sectors of the state and local economies through the remainder of 2021 and continuing through 2023.

The restoration of jobs has already been vigorous beginning in the spring/summer of 2021. This pace will continue throughout 2022 with the forecast calling for a surge of job creation next year and into 2023.



A complete recovery of jobs lost in the 2020 recession occurs in 2023. The local economy lags the state economy principally because it was impacted more sharply than the state, due to higher local concentrations of employment in the amusement sector, and the transportation sector.

Unemployment and Principal Labor Market Engines

The unemployment rate falls to 7.0 in 2022 and 6.0 in 2023. Job opportunities in the Santa Clarita Valley economy will be dominated by the professional and technical, healthcare, and construction sectors. This is in line with sectoral employment trends nationwide.

Unemployment rates for workers in the construction industry throughout the nation have dropped sharply to 6.1 percent in July (from 9 percent a year ago). For professional and technical services positions, the rate is 5.1 percent. For healthcare workers, the rate in July was 3.8 percent.

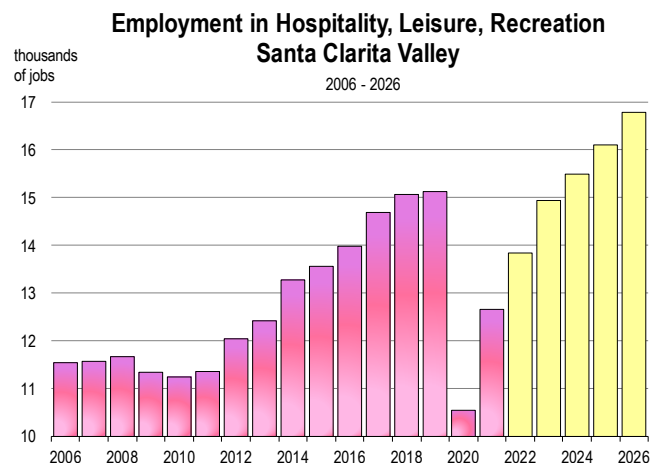
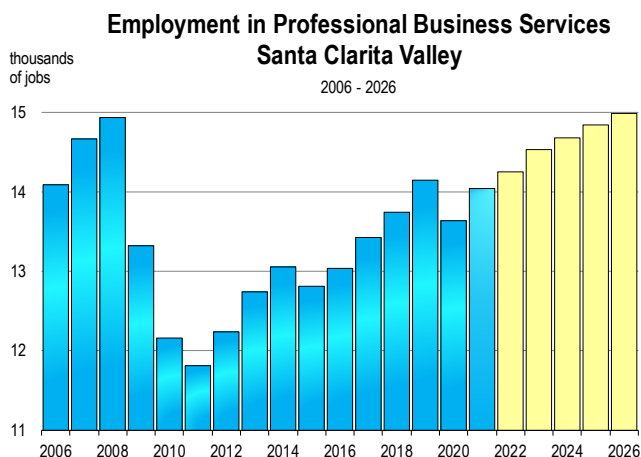
The momentum for job creation in California is largely in the higher skilled professional and

technical sectors which offer salaries that can accommodate purchase or rental housing. Much of the new office space built in the SCV in recent years is now occupied by information, professional services, or financial services firms.

Manufacturing employment is forecast to rebound but not fully recover. While job reinstatement will occur, the uncertain business environment of California and the more rapid onset of automation in advanced manufacturing sectors will limit overall job creation.

Much of the new industrial product being built in the SCV will be used for distribution, warehousing, and perhaps as fulfillment centers.

The restoration of jobs lost during the pandemic will be led by the most traumatized sector: Leisure, hospitality, amusement, and recreation. This year, the pace of job restoration has the sector rising by 2,100 jobs. The industry will reinstate another 2,400 jobs by mid 2023. By the spring of 2022, the pace of attendance is expected to have been entirely restored at Magic Mountain and other Theme Parks across the state.



Transportation Sector

As the propensity to travel recovers throughout the world, the demand for cruise ship excursions has exploded. Filling ships with passengers this past summer was not a problem.

Carnival reported that booking volumes for future cruises in 2022 were already higher than in 2019. Carnival also said it expected to have its entire fleet back in operation by the spring of 2022.

Princess Cruises finally resumed operations 18 months after the Diamond Princess was quarantined in Yokohama, Japan in February 2020.

Voyages to Alaska started this summer with a staggered restart for most of its global fleet scheduled in the fall and early winter. From the U.S., Princess will sail from Los Angeles, San Francisco, and Fort Lauderdale in September

2021, with destinations to the Caribbean, Panama Canal, Mexico, Hawaii and along the California coast.²

Princess has reported booking reservations beyond 2022 because demand has been so strong.

Employment is forecast to rise sharply in the cruise ship industry, including the local sector in Santa Clarita.

The forecast is only constrained by the lack of available labor force which is unlikely to be restored as fast as the demand for cruise ship travel. More than 700 jobs are reinstated for the local industry by 2025.

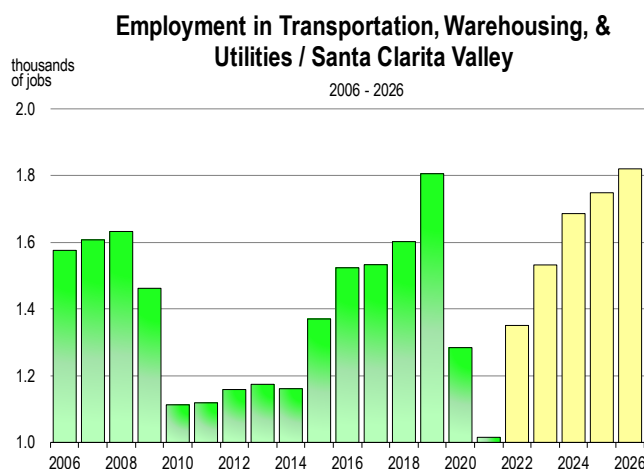
New Housing

Residential Development

The forecast for new housing has been overly optimistic in previous years. This has occurred because of the slower than expected development pace for the Valencia project.

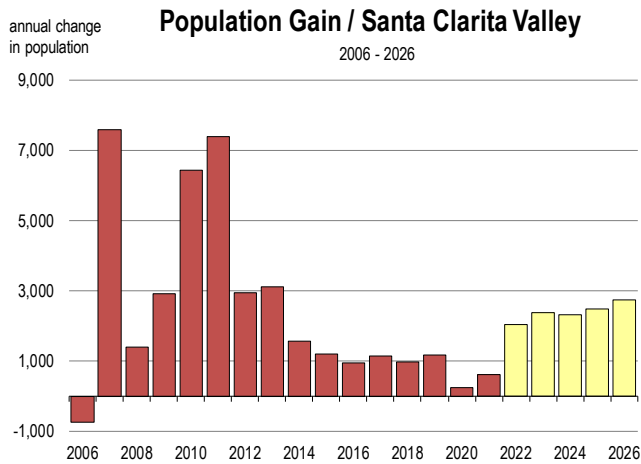
This year's forecast predicts fewer entitled and/or unit starts due to:

- (1) slower overall demand growth in California and
- (2) higher housing prices which will soften housing purchase demand



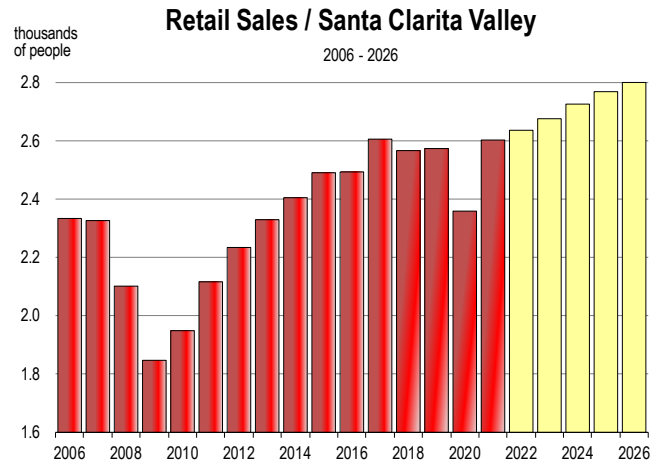
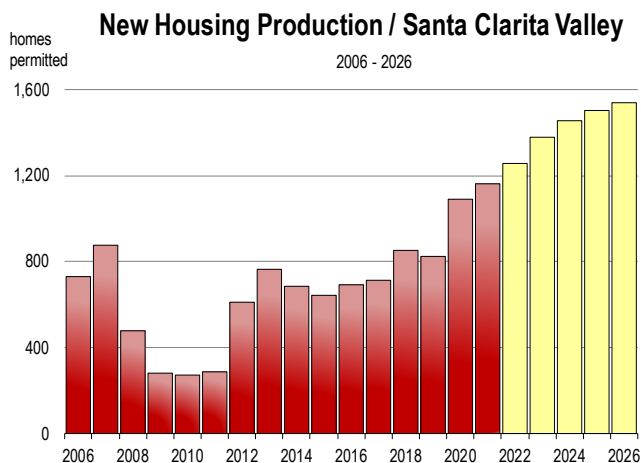
Note the forecast for jobs reinstated in the Santa Clarita Valley transportation sector from 2022 to 2026.

²Source: <https://www.travelandleisure.com/travel-news/princess-cruises-announces-fall-sailings>



The pace of new rental housing units will remain significant in California in 2022 and 2023. That should also follow in Los Angeles County and the Santa Clarita Valley. More apartments are needed in view of the tightness of the local rental market.

Furthermore, the growth of population is expected to modestly accelerate, entirely due to higher net-in migrating populations that are responding to (1) job formation, and (2) new housing development.



The construction employment forecast is largely in response to full resumption of non-residential building at Vista Canyon, Needham Ranch and in the Commerce Center.

Also, the FivePoint Valencia project includes new commercial development which will be needed to accommodate the new households created by 2024.

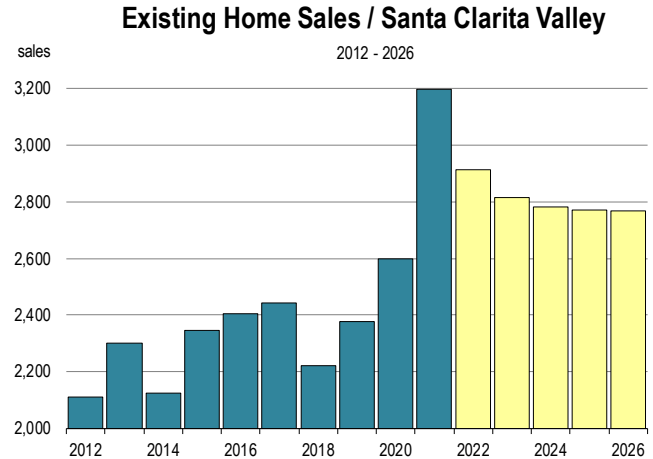
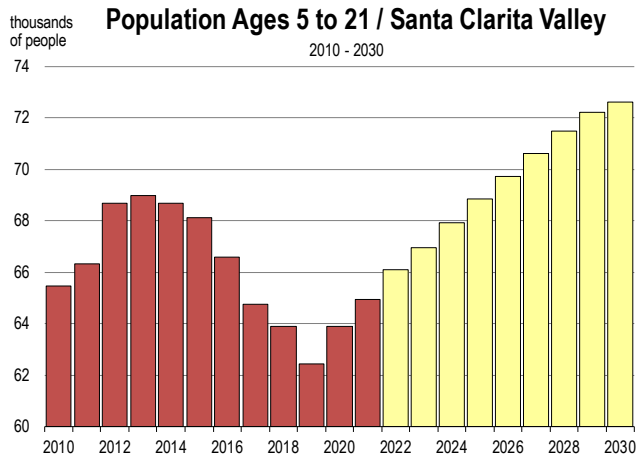
The Retail Sector

Retail sales rise at the historical trend rate over the forecast.

While there are offsets due to the substitution to online product demand, the community will still expand on-site retail sales in tandem with the growth of the resident population.

Adjusted for inflation however, retail sales moderately decline over the forecast.

The number of retail establishments will increase, but increasing job opportunities will likely be absent.



Public Sector

The local government sector comprised largely of City of Santa Clarita employment, College of the Canyons employment, and K-12 school staff, teachers and administrators, should entirely recover all positions downsized during the recession by 2023. Consequently, the forecast expects rapid restoration of jobs in 2022 and 2023.

The 5 to 21 year old age cohort is forecast to consistently rise over the next 10 years.

School enrollments will especially increase in the high school and college aged groups, necessitating an expansion of staff in public education.

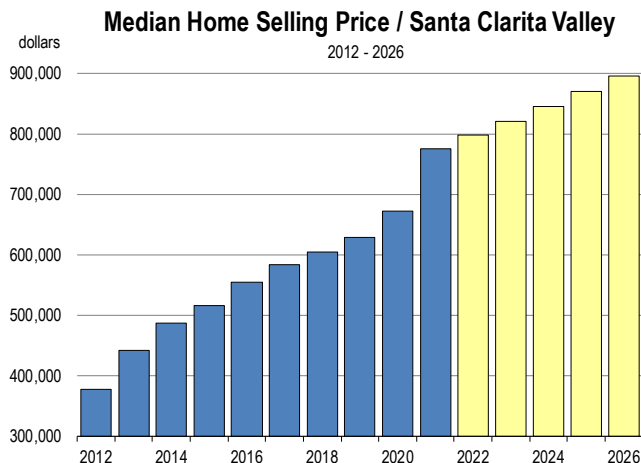
Housing Values

Compared to past economic cycles, there have been fewer existing and new homes for sale in the Santa Clarita Valley market. Lower inventory levels have contributed largely to the higher prices over the last 8 years, culminating in record appreciation rates this year.

The runaway pace of selling values for existing homes in 2021 is expected to cool off over the forecast.

Instead of appreciation rates of 4, 7, and 15 percent that characterized the Santa Clarita Valley housing market in 2019, 2020, and 2021 respectively, expect 3 percent rates of price appreciation in 2022 and 2023.

The 2021 selling frenzy will also moderate. Sales levels will remain higher than the average annual



levels of the last decade, but taper off over the forecast.

Inflation and Mortgage Rates

The Fed has been steadfast in their stance that transitory factors have boosted inflation recently, and that price rises have not been broad based.

When inflation rises, it's usually because wages are increasing, homes and apartments have become more expensive, and energy prices are moving higher. All have occurred, but the Fed is not convinced these changes are indicative of a price-spiral setting in.

We do expect a significant cooling down of housing values next year.

If the labor force expands, the hidden slack in the labor market will become more apparent, and wage increases would then moderate.

Energy prices however are a toss-up, the result of crude oil supply issues both domestically and globally.

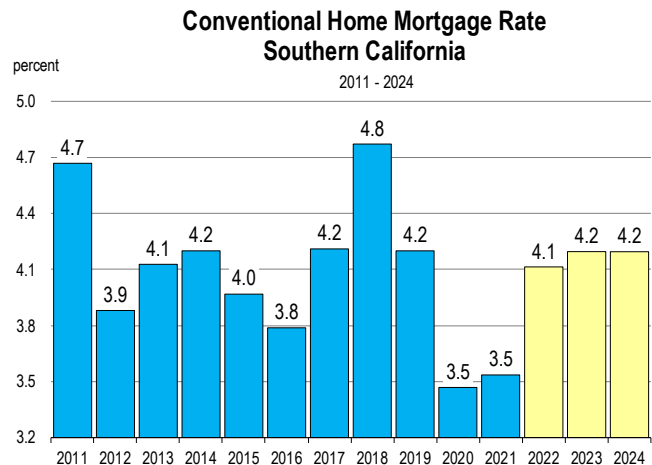
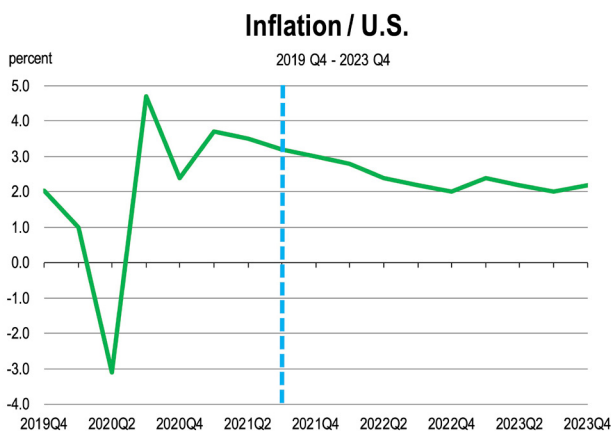
Inflation averages nearly 4.5 percent in the current quarter (Q3) but is forecast to moderate to 3.0 in quarter 4.

Next year, look for inflation to continue to soften, ending the year around 2.0 percent.

Fed Policy put short term rates at or near zero with the expectation that they will stay flat through next year.

The bond market sold off this year, raising the 10 year bond yield to 1.75 percent in March. Since then however, it has rallied and yields have declined to 1.3 percent suggesting that the market is buying into the notion that inflation remains transitory.

We still believe that 10 and 30 year treasury rates will gradually move higher into next year in tandem with a strengthening economy and the potential for higher rates of inflation. No runaway inflation is expected.



Santa Clarita Valley Economic Forecast Summary					2015-2021 History, 2022-2026 Forecast		
	Population	Population	Net		New Homes	Retail	Personal
Year	(residents)	Growth Rate (% change)	Migration (thousands)	HouseHolds (thousands)	Permitted (thousands)	Sales (billions)	Income (billions)
2015	287,838	0.4	-248	94.3	643	\$2.5	\$19.2
2016	288,776	0.3	-399	94.7	692	\$2.5	\$19.8
2017	289,931	0.4	-30	95.2	713	\$2.6	\$20.8
2018	290,910	0.3	-47	95.4	852	\$2.6	\$21.9
2019	292,074	0.4	223	95.8	824	\$2.6	\$22.9
2020	292,325	0.1	-495	96.2	1,090	\$2.4	\$23.9
2021	292,941	0.2	-41	97.0	1,162	\$2.6	\$24.9
2022	294,982	0.7	1,422	98.5	1,256	\$2.6	\$26.2
2023	297,363	0.8	1,826	99.8	1,378	\$2.7	\$27.5
2024	299,683	0.8	1,828	101.2	1,455	\$2.7	\$28.8
2025	302,168	0.8	2,065	102.7	1,503	\$2.8	\$30.0
2026	304,911	0.9	2,412	104.2	1,539	\$2.8	\$31.3

Year	Non-farm Wage & Salary	Growth Rate (% change)	Construc- tion	Manufac- turing	Transportation, Utilities	Wholesale & Retail Trade	Financial Activities
-thousands of jobs-							
2015	89.4	3.3	6.1	11.2	1.4	16.1	3.8
2016	90.8	1.6	6.2	11.2	1.5	16.5	3.8
2017	93.9	3.4	6.8	11.0	1.5	16.8	3.9
2018	95.5	1.7	7.5	11.3	1.6	16.6	4.0
2019	95.8	0.3	7.7	11.5	1.8	16.1	3.9
2020	85.9	-10.4	7.3	10.3	1.3	15.2	3.7
2021	88.7	3.2	7.3	10.0	1.0	15.9	3.7
2022	92.9	4.8	7.7	10.3	1.4	16.2	3.8
2023	95.9	3.2	8.1	10.5	1.5	16.1	3.8
2024	98.1	2.3	8.4	10.6	1.7	16.2	3.9
2025	100.0	1.9	8.7	10.6	1.7	16.3	3.9
2026	101.9	1.9	9.0	10.6	1.8	16.3	3.9

Source: California Economic Forecast, September 2021

Santa Clarita Valley Economic Forecast Summary			2015-2021 History, 2022-2026 Forecast		
Year	Real per Capita Income (dollars)	Median Home Selling Price (dollars)	Existing Home Sales	Inflation Rate (percent change in local CPI)	Unemploy- ment Rate (percent)
2015	\$80,470	\$477,300	4,693	0.9	6.1
2016	\$81,115	\$512,300	4,813	1.9	4.8
2017	\$82,643	\$540,000	4,887	2.8	4.1
2018	\$83,377	\$558,100	4,443	3.8	4.4
2019	\$84,395	\$581,200	4,753	3.1	4.2
2020	\$86,297	\$621,000	5,198	1.6	11.9
2021	\$87,311	\$716,200	6,394	2.7	9.7
2022	\$88,817	\$737,500	5,826	3.0	7.0
2023	\$90,417	\$758,400	5,630	2.4	6.1
2024	\$91,611	\$781,100	5,564	2.4	5.8
2025	\$92,574	\$804,100	5,542	2.3	5.7
2026	\$93,449	\$827,700	5,536	2.2	5.2

Year	Professional Services	Information	Health & Education	Leisure	Government
—thousands of jobs—					
2015	12.3	1.4	10.2	13.6	10.1
2016	12.5	1.3	10.8	14.0	10.0
2017	12.9	1.3	11.3	14.7	9.9
2018	13.2	1.3	11.3	15.1	10.0
2019	13.6	1.4	11.5	15.1	10.0
2020	13.1	1.3	11.2	10.5	9.3
2021	13.5	1.3	11.7	12.7	9.0
2022	13.8	1.3	12.0	13.8	9.7
2023	14.0	1.4	12.3	14.9	10.2
2024	14.2	1.4	12.5	15.5	10.6
2025	14.3	1.4	12.7	16.1	10.9
2026	14.5	1.4	12.9	16.8	11.3

Source: California Economic Forecast, September 2021

DEMOGRAPHICS

Population Update

Household Income

Educational Attainment

Race and Ethnicity

Population Age Structure

Demographic Outlook

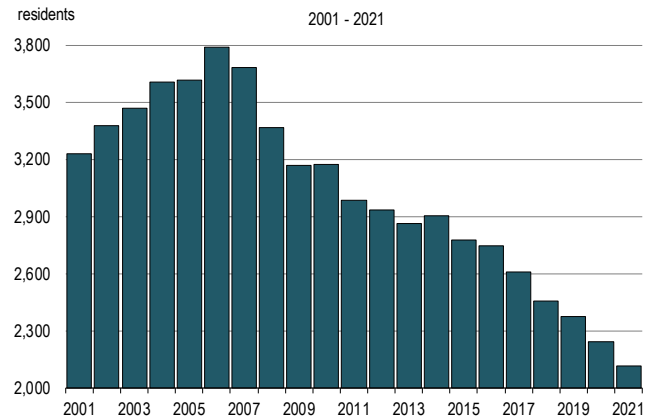


Demographics

Population Update

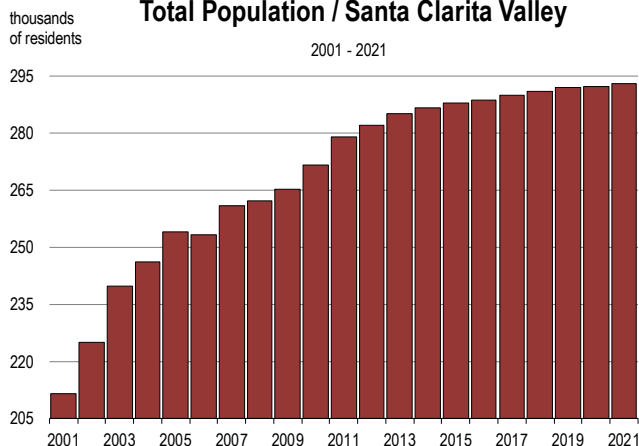
- The Santa Clarita Valley has approximately 292,900 residents.
- Almost 70 percent of residents live within the Santa Clarita city limits. The remaining 30 percent live in the unincorporated areas of the Santa Clarita Valley, such as Castaic and Stevenson Ranch.
- Over the last several years, the SCV population has grown slowly. In 2021 it has expanded by 600 residents, an increase of 0.2 percent.
- Population growth has decelerated because the birth rate is declining, the mortality rate is increasing, and fewer households are moving into the area.
- Over the past 5 years, the natural increase (the difference between births and deaths) has been responsible for all population growth. In 2021 there were 650 more births than deaths.

Births / Santa Clarita Valley

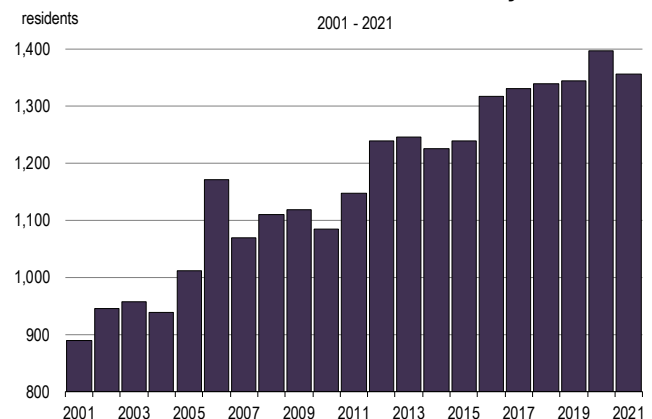


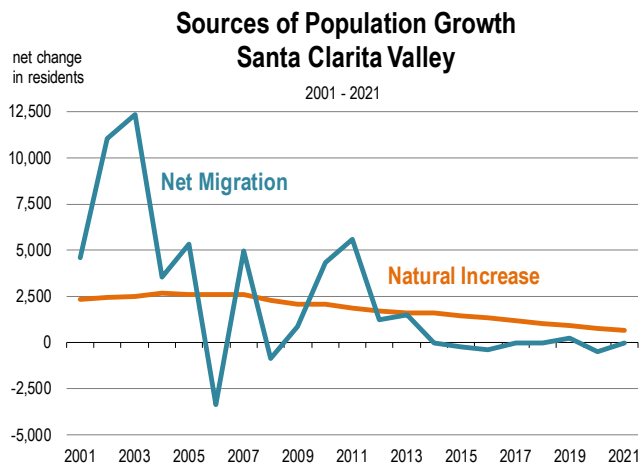
- During the same 5-year time frame, the number of people moving out of the SCV was slightly larger than the number of people moving in, indicating that the region is losing a small number of residents through the migratory process.
- Net migration is expected to accelerate when the FivePoint Valencia project begins to ramp up its production of homes and apartments, leading to more rapid population growth.

Total Population / Santa Clarita Valley



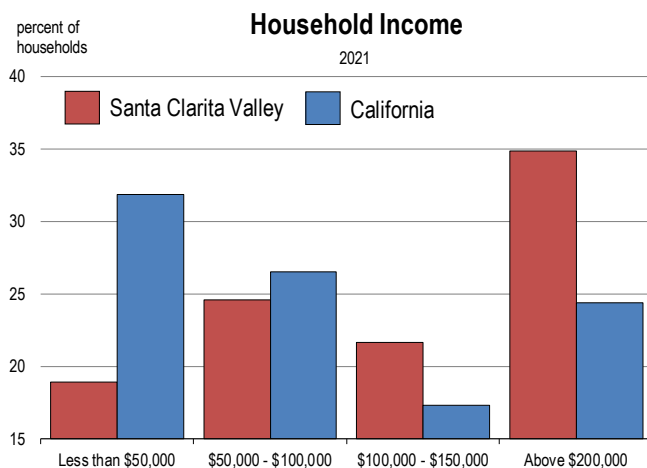
Deaths / Santa Clarita Valley





Household Income

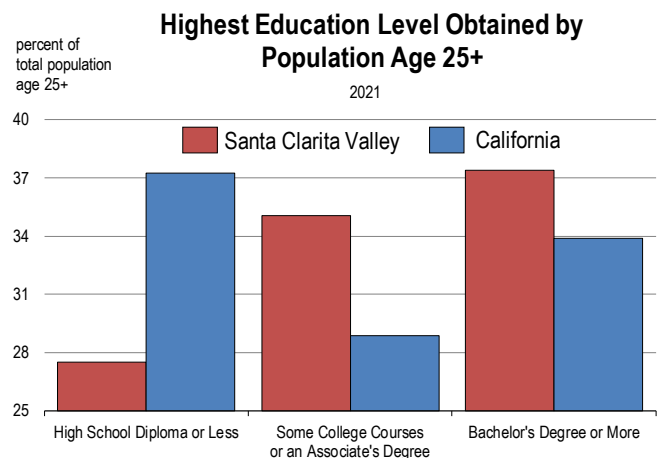
- The Santa Clarita Valley is among the most affluent areas of California.
- In 2021, the median household income in the Santa Clarita Valley was estimated at \$113,800. Across California, the median household income was \$82,100.
- In the Santa Clarita Valley, more than half of all households earn at least \$100,000 and more than a third garner at least \$200,000.
- Incomes in the SCV are high because the local labor market is concentrated in high-wage

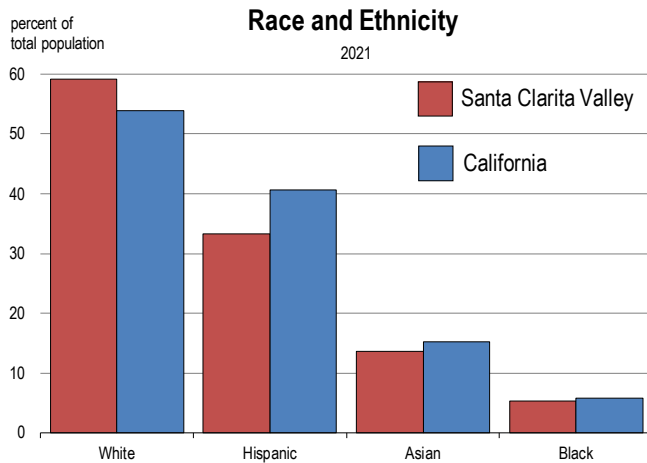


fields. A large proportion of SCV residents work in engineering and manufacturing, which pay above-average salaries.

Educational Attainment

- The Santa Clarita Valley has a highly educated population.
- The SCV has a much higher proportion of residents with a bachelor's degree, many of whom have been recruited by local aerospace and engineering companies.
- Compared to the rest of California, the SCV has a much lower share of residents who did not finish high school. In the SCV, only 9 percent of residents who are over the age of 25 did not get a high school diploma, an exceptionally low rate. Across California, 17 percent of residents didn't graduate.
- The SCV also has a disproportionately high number of residents with an associate's degree, or who attended college but didn't officially receive a degree. Many people in this group have taken advantage of the high quality, low cost courses at College of the Canyons.



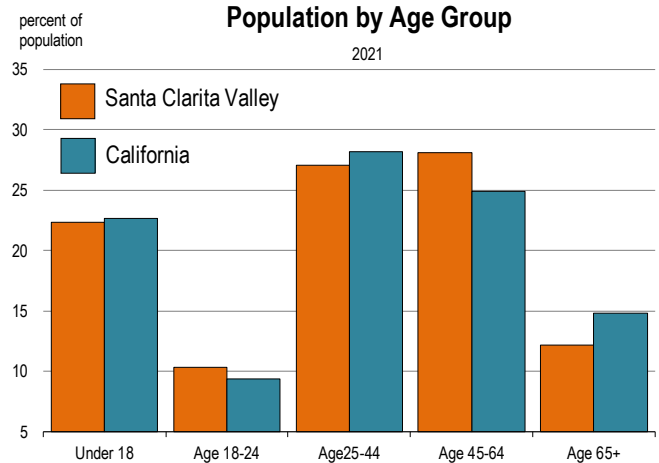


Race and Ethnicity

- In terms of race and ethnicity, the Santa Clarita Valley is relatively similar to California.
- Approximately 59 percent of the population in the Santa Clarita Valley is White, 33 percent is Hispanic, 14 percent is Asian, and 5 percent is Black (these figures sum to more than 100 percent because some Hispanic individuals also identify as White, Asian, Black, or another racial category).
- The population of California is 54 percent White, 41 percent Hispanic, 15 percent Asian, and 6 percent Black.
- The Santa Clarita Valley is becoming more diverse. Over just the last few years, the share of residents that identify as White has declined by a meaningful amount, while the share of residents that identify as Hispanic, Asian, or Black has increased.

Population Age Structure

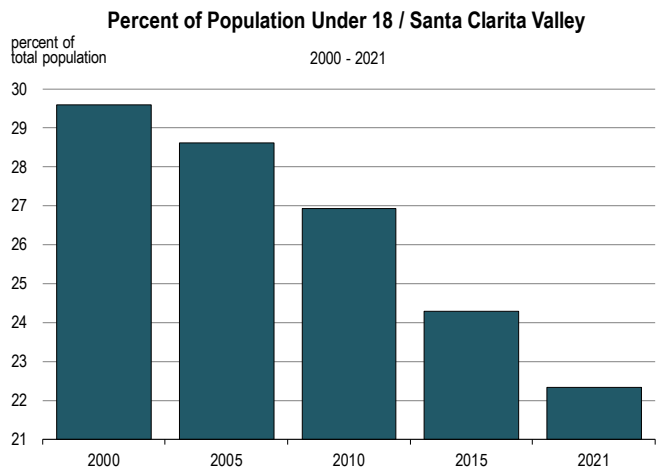
Across the Santa Clarita Valley, the age structure of the population is similar to California, with some important differences.



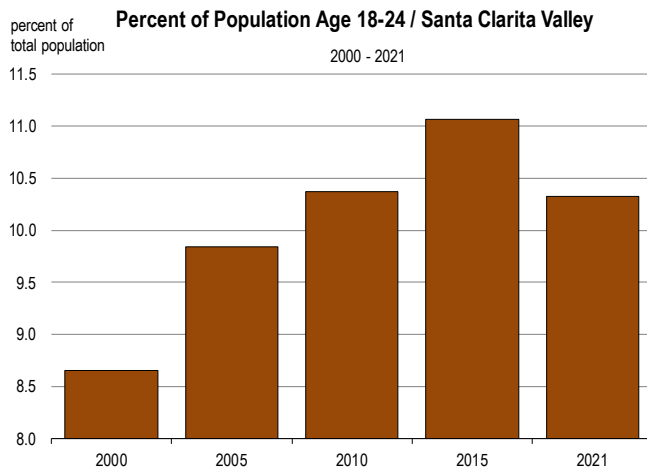
Compared to other parts of the state, the Santa Clarita Valley has a higher percentage of people between the ages of 18 and 24, as well as people between 45 and 64. These groups represent college age residents, entry level workers, and late career individuals.

Such disparities are indicative of the SCV's academic institutions, as well as its concentration of high-skilled jobs. Some people move to the region to attend College of the Canyons, California Institute of the Arts, Master's University, and other schools. Mid-career professionals move here for high-wage jobs.

As of 2021, the proportion of residents under the age of 18 is lower than any point in the last



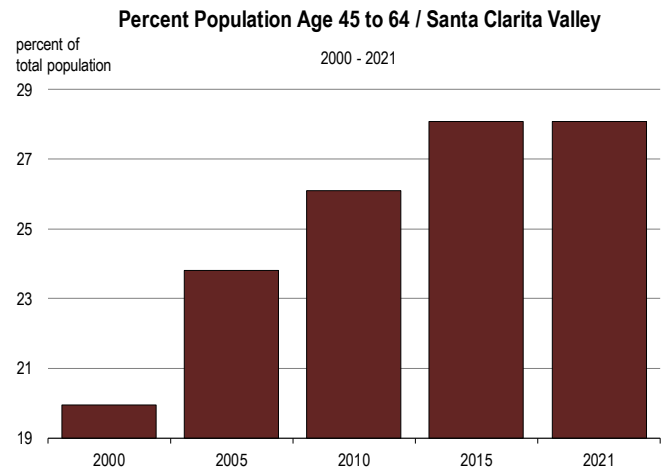
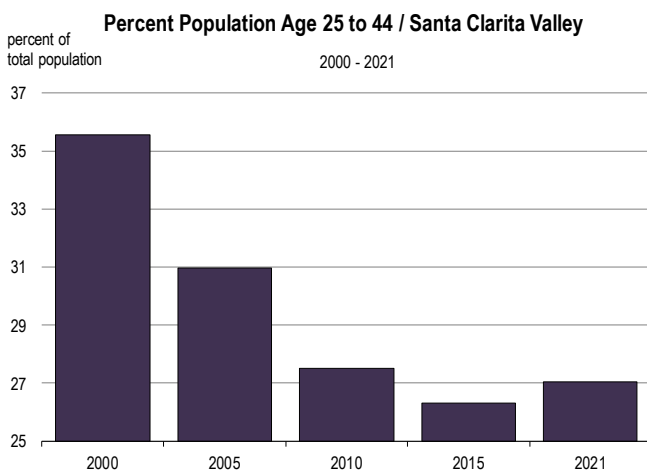
DEMOGRAPHICS



two decades. This group continues to occupy a smaller and smaller share of the population, due to a declining birth rate.

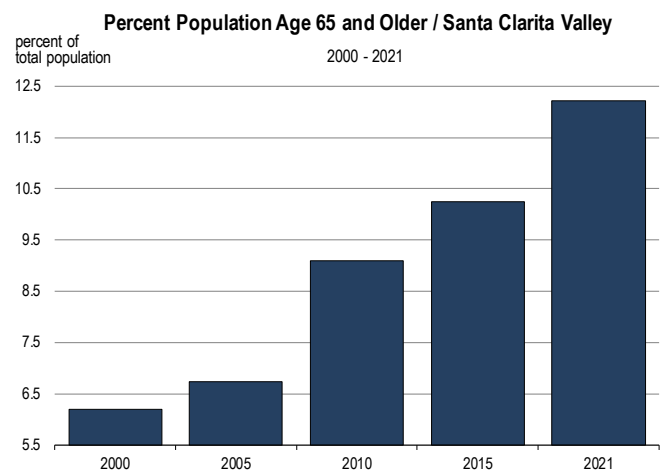
The 18-24 cohort had been increasing its share of the population until the last few years. As recently as 2015, this group accounted for 11 percent of all residents in the Santa Clarita Valley. But as of 2021, its share had declined as a substantial number of people aged into the next cohort, who range from 25 to 44 years old.

The 25 to 44 group is now growing again, although very slowly. This group represents early-career individuals and will be a key component of the SCV's future managers and executives.



The cohort of residents aged 45 to 64 had been increasing at a rapid rate, but this growth has now halted. These individuals represent late-career professionals and occupy a relatively large share of the Santa Clarita Valley population. A meaningful number of young Gen Xers and older Millennials will age into the 45-64 group over the next decade, expanding an important component of the local workforce.

Residents over the age of 65 account for more than 12 percent of the Santa Clarita Valley population. The oldest Baby Boomers have been in the retirement bracket for a decade, but the youngest won't enter retirement age until the year 2029. Going forward, the retirement cohort will expand faster than any other age group.



The Demographic Outlook

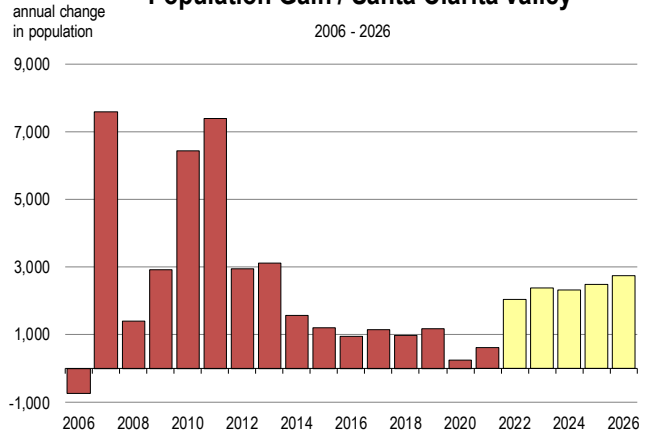
Population growth in the Santa Clarita Valley is expected to average 0.8 percent per year between 2021 and 2026, and the valley-wide population is expected to grow by approximately 12,000 residents.

Growth will accelerate in conjunction with housing construction in the FivePoint Valencia project. The project will add more than 20,000 homes to the Santa Clarita Valley, and as more homes are built, more families will move into the area.

In a change from recent years, the primary driver of population growth will be net migration rather than the natural increase. On average, the region is expected to attract 1,900 net migrants per year through 2026.

Such a high level of net migration is unusual for California. In most regions of the state, the majority of all population growth occurs through the natural increase. But because the SCV has one of the largest residential construction projects statewide, its capacity to attract new residents is more prominent than almost every other region.

Population Gain / Santa Clarita Valley

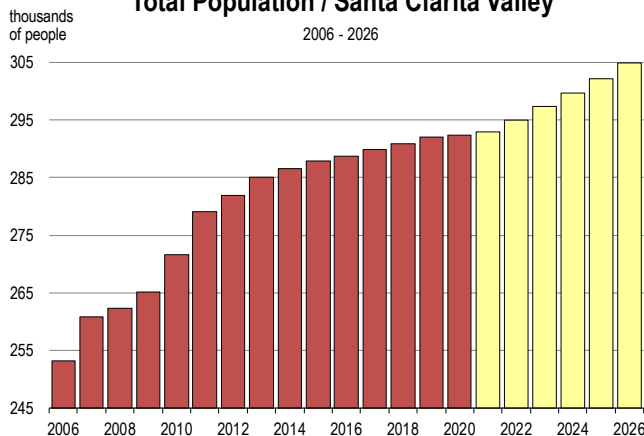


The fastest growth will be observed among residents over the age of 65. Through 2026, this group will increase by 3.3 percent per year, leading to 6,600 more residents in this cohort by the end of the forecast period.

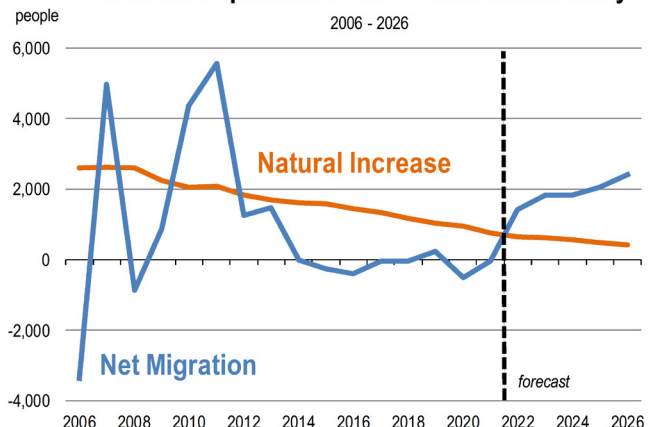
By 2026, the Santa Clarita Valley will have an additional 800 residents under the age of 18, and an additional 600 between the ages of 18 and 24.

The size of the 25-44 cohort will not change substantially between 2021 and 2026, while the 45-64 bracket will increase by approximately 1.0 percent per year for a gain of 4,100 new residents.

Total Population / Santa Clarita Valley



How the Population Grows / Santa Clarita Valley



DEMOGRAPHICS

Demographic Forecast	Santa Clarita Valley			History: 2017 - 2021	
	2017	2018	2019	2020	2021
-- people --					
Population	289,931	290,910	292,074	292,325	292,941
% change	0.4	0.3	0.4	0.1	0.2
-- people --					
Births	2,608	2,459	2,378	2,244	2,132
Deaths	1,423	1,433	1,437	1,498	1,475
Natural Increase	1,185	1,026	941	746	657
Net Migration	-30	-47	223	-495	-41
Other Indicators					
Total Vehicle Registrations	228,884	229,154	234,350	228,741	235,635
Automobile Registrations	184,832	184,925	188,731	183,489	189,255
Total Housing Stock	99,718	100,313	100,946	101,304	102,237
Number of Households	95,231	95,412	95,796	96,159	97,030
Persons per household	3.04	3.05	3.05	3.04	3.02

Source: California Economic Forecast, September 2021

Demographic Forecast	Santa Clarita Valley			Forecast: 2022 - 2026	
	2022	2023	2024	2025	2026
	-- people --				
Population	294,982	297,363	299,683	302,168	304,911
% change	0.7	0.8	0.8	0.8	0.9
	-- people --				
Births	2,153	2,150	2,149	2,141	2,116
Deaths	1,534	1,596	1,656	1,722	1,786
Natural Increase	619	554	493	420	331
Net Migration	1,422	1,826	1,828	2,065	2,412
Other Indicators					
Total Vehicle Registrations	234,389	236,176	237,829	239,460	241,275
Automobile Registrations	188,771	190,197	191,579	192,957	194,476
Total Housing Stock	103,399	104,656	106,034	107,489	108,992
Number of Households	98,547	99,821	101,219	102,695	104,219
Persons per household	2.99	2.98	2.96	2.94	2.93

Source: California Economic Forecast, September 2021

Data sources for the charts in this chapter include: California Department of Finance, California Department of Motor Vehicles, Claritas, and the California Economic Forecast.

EMPLOYMENT AND WORKFORCE

Employment and Unemployment

Workforce Dynamics

The Forecast



Employment and Unemployment

The Santa Clarita Valley labor market recovery is well underway. Jobs are being restored across virtually all industries, with some sectors approaching pre-pandemic conditions.

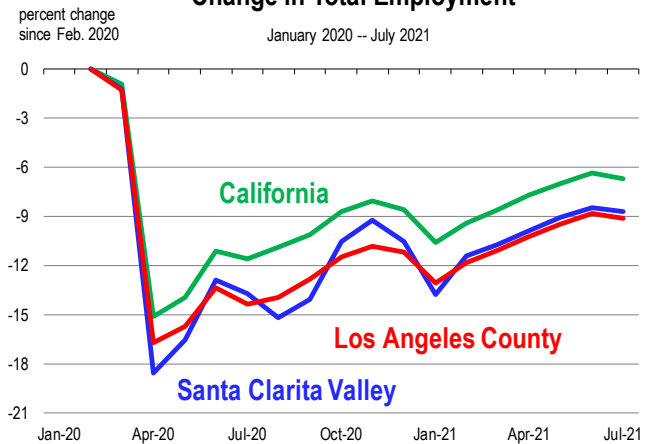
In the hard-hit industries of accommodation, food services, entertainment, and recreation, the recovery has been swifter than expected.

Magic Mountain re-opened in April and returned to full capacity in June. Attendance has been impressive so far, and the park plans to resume its annual Fright Fest event, which typically runs from mid-September to Halloween.

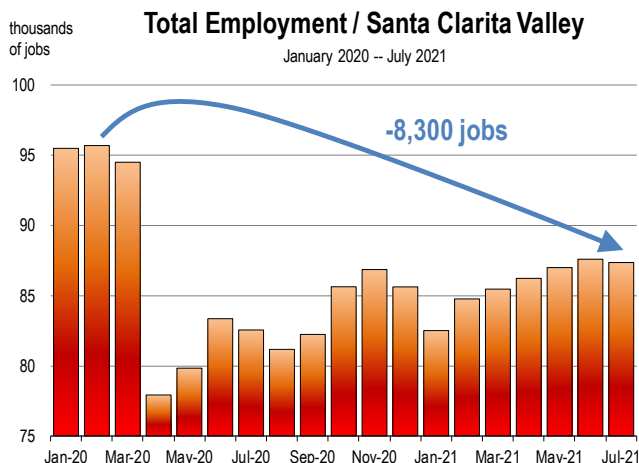
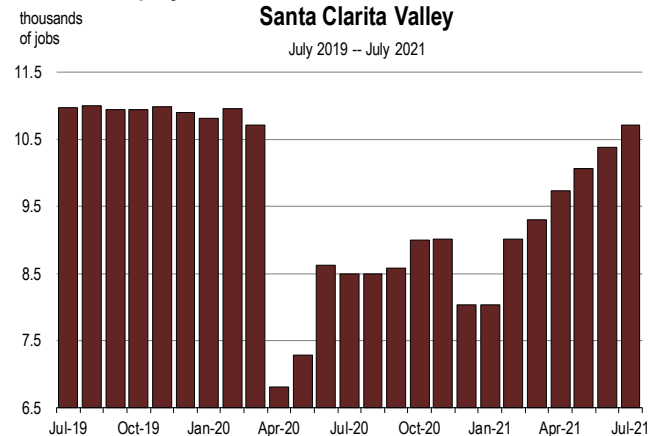
Hotel occupancy rates have completely recovered, bringing back jobs at local hotels and motels, and restaurants are almost full again.

In total, employment levels at hotels, motels, and restaurants will reach a full recovery in 2022. Job counts in entertainment and recreation will be completely restored by 2024.

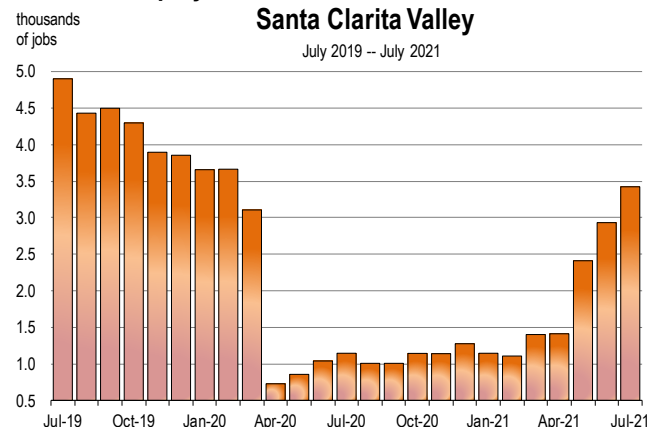
Change in Total Employment



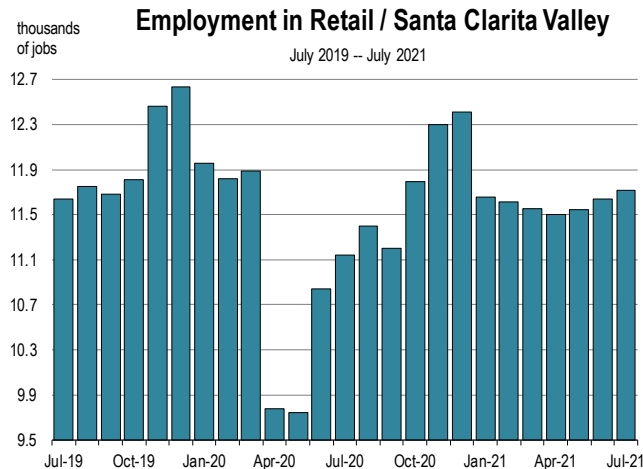
Employment in Accommodation and Food Service Santa Clarita Valley



Employment in Entertainment & Recreation Santa Clarita Valley



EMPLOYMENT

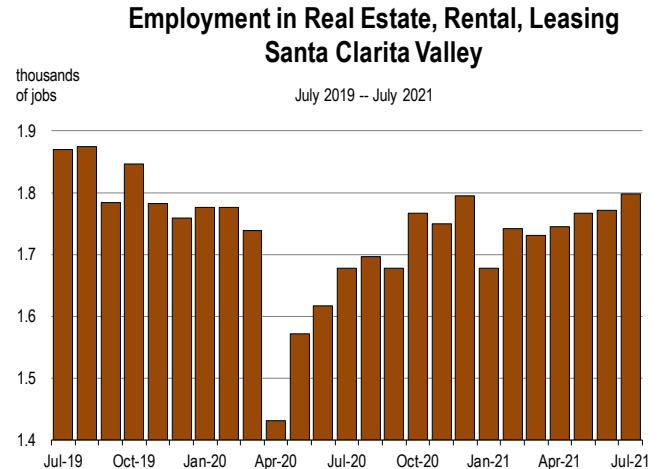


Retail activity is also approaching pre-pandemic conditions.

Despite a major recession, consumer spending was relatively resilient in the SCV because 1) the Federal and California stimulus packages were so large that some households actually earned more after they lost their jobs, and 2) when restaurants and recreation centers closed, households shifted their spending away from in-person services and towards retail goods.

The 2020 holiday shopping season was prolific, and the 2021 season could break records.

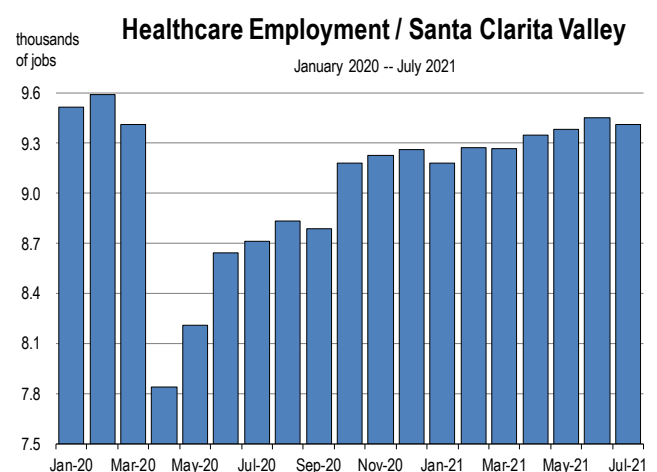
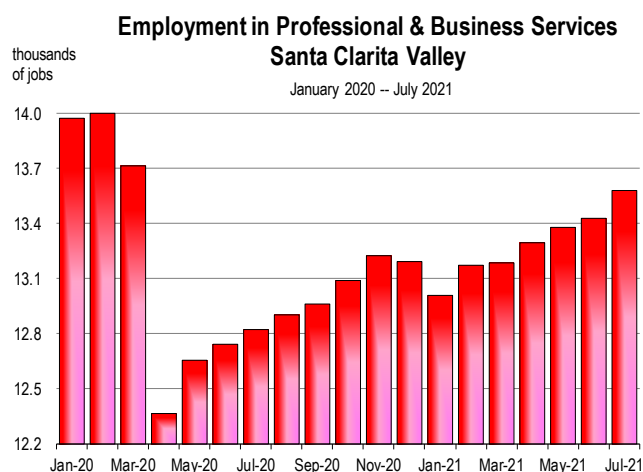
Challenges remain in the transportation industry. Princess Cruises has resumed some of its



typical cruise routes, including trips to Alaska and some routes in Europe, but the company is not expected to re-activate all its ships until 2022.

Across the entire job market, some of the fastest recoveries have been observed in professional business services, real estate services, and healthcare. The 2021 homebuying season was among the hottest housing market periods on record, and Henry Mayo Newhall Hospital is actively trying to fill more than 120 job openings.

The unemployment rate continues to improve but is still above 9 percent. Despite meaningful progress on the labor market recovery, the SCV





Reuters, September 2, 2021, online

still has 8,300 fewer jobs than it did before the Coronavirus Recession, and a reported 10,000 residents are searching for work.

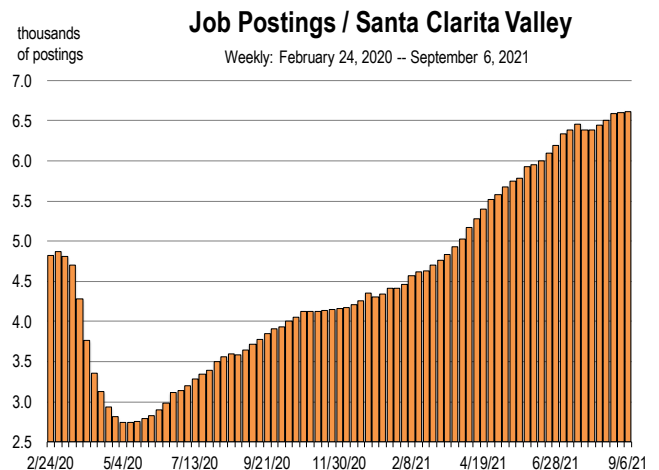
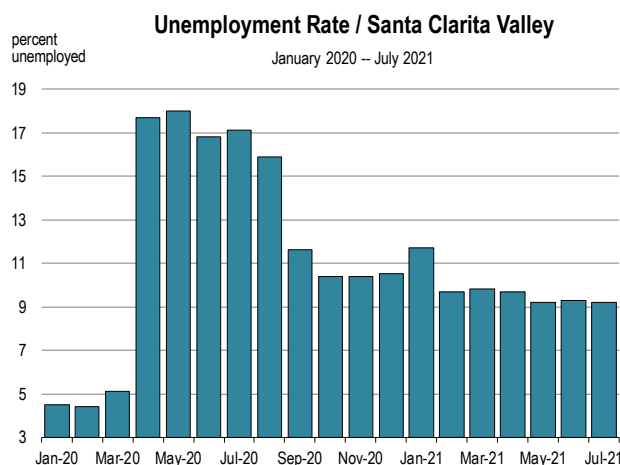
However, at the same time, there are a record number of job postings in the Santa Clarita Valley, indicating that demand for workers is high. Openings are particularly high in hourly industries like food services, with “Help Wanted” signs becoming ubiquitous.

Now that children have returned to an in-person school schedule, parents should have more

flexibility to re-enter the job market and fill some of these open jobs.

And now that the federal unemployment subsidy has ended, it is expected that low-wage workers, many of whom were earning more from unemployment payments than from their pre-pandemic jobs, will be incentivized to return to work.

More information on the SCV job market can be found in Appendix A of this report, which lists the largest employers in the area.



Santa Clarita Valley Workforce Dynamics

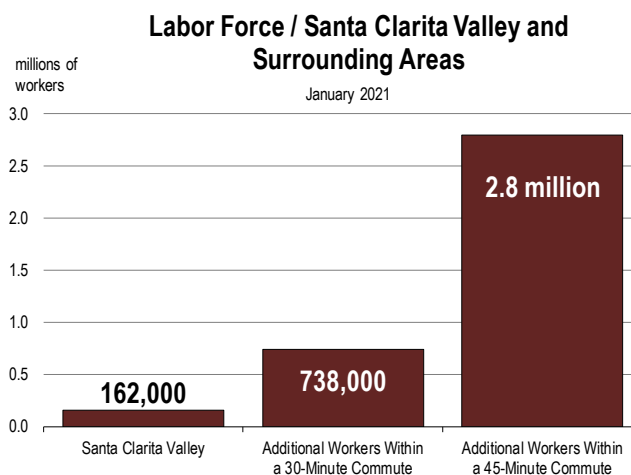
The Santa Clarita Valley has a unique and vibrant labor force, but it is also part of the larger Los Angeles workforce ecosystem.

The SCV itself has a labor force of approximately 162,000 individuals.

These are folks who live within the SCV and 1) work at local organizations, 2) commute to jobs outside of the local area, or 3) work from home.

But there is a huge number of potential employees across the Los Angeles area, and many live within a reasonable commute to the Santa Clarita Valley.

Immediately outside of the SCV, there are 738,000 workers who live within a 30-minute

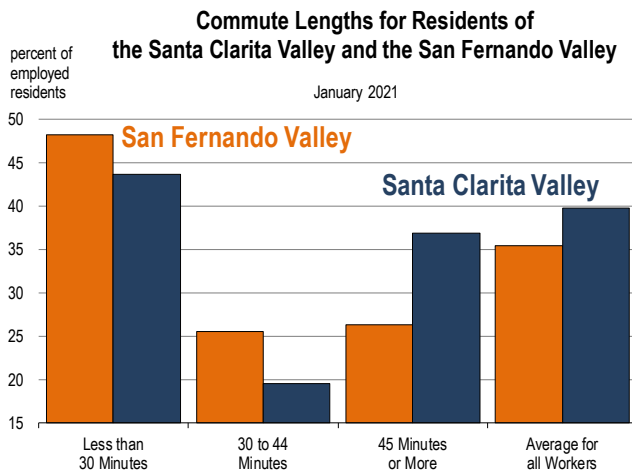


commute to local Santa Clarita Valley jobs. This includes areas as far away as Glendale, Encino, and Simi Valley.

Within a 45-minute commute, an area that stretches from Lancaster to Inglewood, there are approximately 2.8 million workers who could reasonably travel to the Santa Clarita Valley for work.

Workforce Education	Santa Clarita Valley & Surrounding Areas			2021
Area	H.S. Diploma or Less	AA Degree or Some College Training	BA or Advanced Degree	Total Workforce
----- workers -----				
Santa Clarita Valley	44,600	56,800	60,600	162,000
Within 30 Minute Commute of SCV	298,700	199,800	239,500	738,000
Within 45 Minute Commute of SCV	1,045,900	704,100	1,050,000	2,800,000

Source: Claritas



Many of these workers are highly educated. Within the Santa Clarita Valley, there are 60,600 workers with a Bachelor's or Advanced Degree, and another 56,800 workers with an AA Degree or some college training.

Within a 45-minute commute, there are 1.05 million workers with a Bachelor's or Advanced Degree and 704,000 with an AA Degree or some college training.

Residents of the Santa Clarita Valley tend to have long commutes.

On average, workers who reside in the SCV spend 40 minutes commuting each way and almost 37 percent commute more than 45 minutes each way.

By comparison, residents of the San Fernando Valley have much shorter commutes, with an average travel time of 35 minutes.

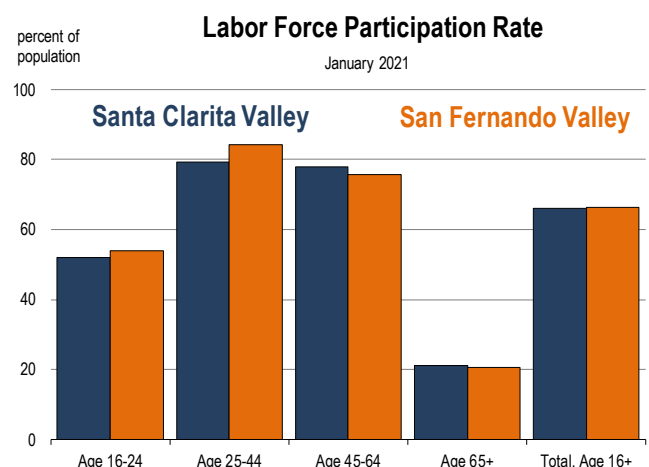
Only 26 percent of San Fernando Valley residents have commutes in excess of 45 minutes, and almost half spend less than 30 minutes on their trip to work.

Overall rates of labor force participation are similar for the Santa Clarita and San Fernando Valleys.

In each region, approximately 66 percent of residents above the age of 16 are active participants in the job market.

In the San Fernando Valley, labor force participation is slightly higher for residents age 16 to 44.

In the Santa Clarita Valley, labor force participation rates are slightly higher for residents age 45 and up.



Areas within a 30-Minute Commute to Jobs in the SCV



There are 738,000 workers who live within a 30-minute commute to local Santa Clarita Valley jobs. This includes areas as far away as Glendale, Encino, and Simi Valley.

Areas within a 45-Minute Commute to Jobs in the SCV



Within a 45-minute commute of SCV jobs, an area that includes Lancaster, Inglewood, Moorpark, and Arcadia, there are approximately 2.8 million workers.

The Forecast

The Santa Clarita Valley economy is expected to generate approximately 4,300 jobs in 2022. By 2023, a full recovery will have been reached.

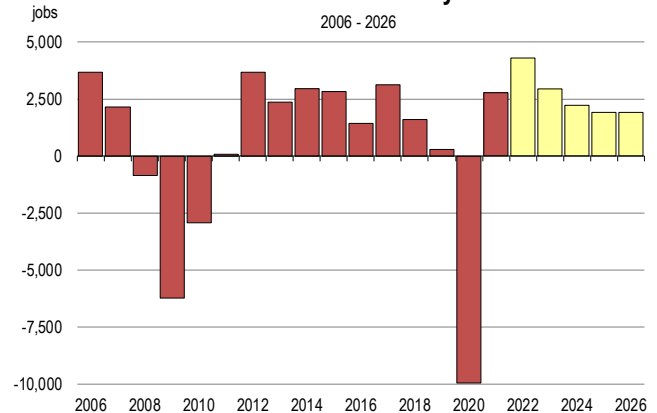
The unemployment rate is expected to improve sharply in 2022, falling to 7.0 percent.

SCV residents should return to the workforce in large numbers during the next few years as the labor market recovers, as caregivers return to work after 18 months of full-time childcare, and as rising salaries entice workers to resume their job searches.

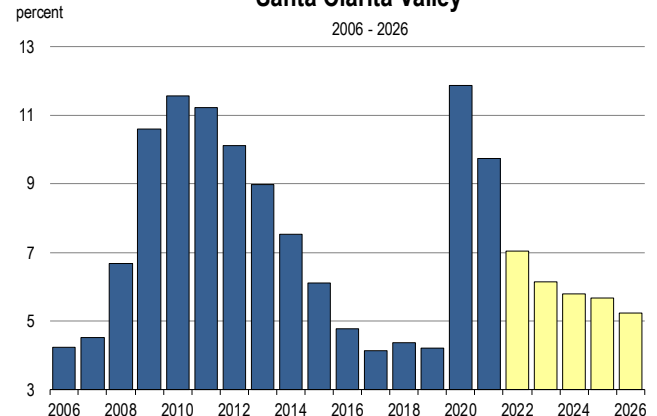
By 2022, several industries will have made full recoveries, including retail, professional business services, and healthcare.

Construction and government employment are expected to have returned to pre-pandemic employment levels by 2023, and leisure services will have restored all jobs by 2024.

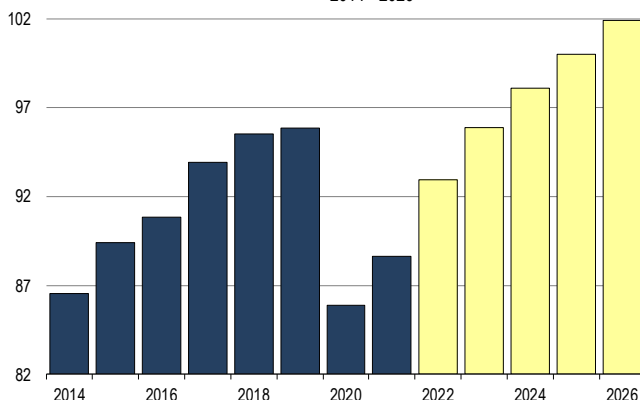
**Annual Average Job Creation
Santa Clarita Valley**



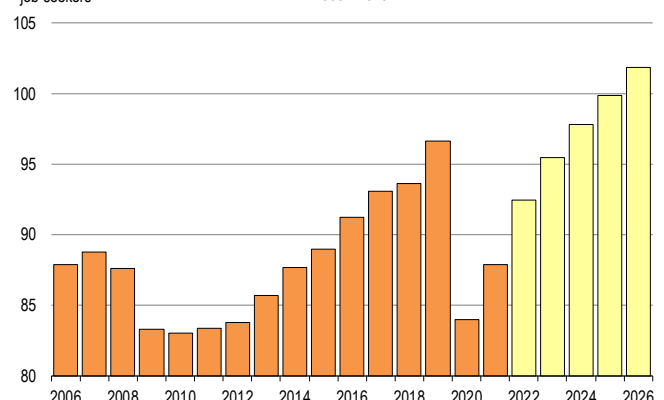
**Annual Average Unemployment Rate
Santa Clarita Valley**

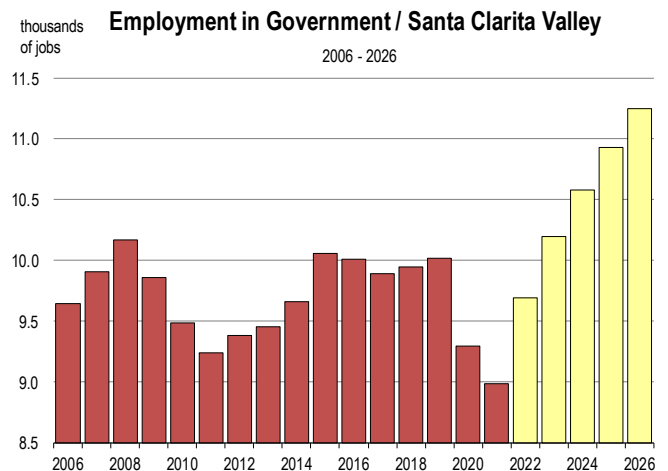
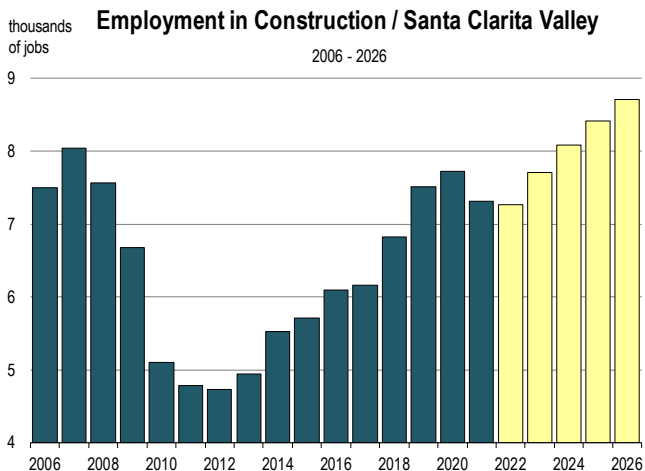
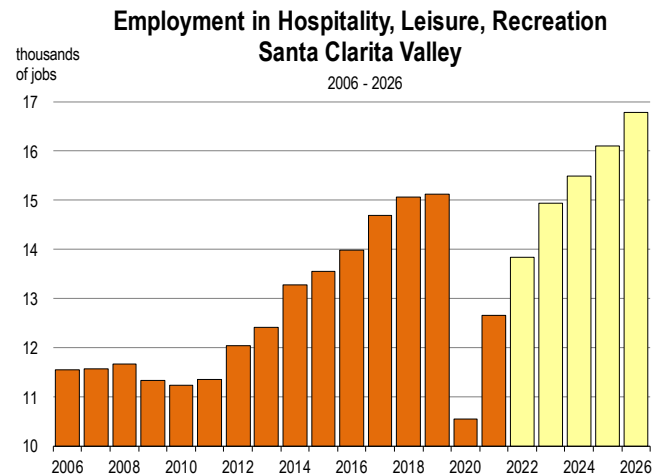
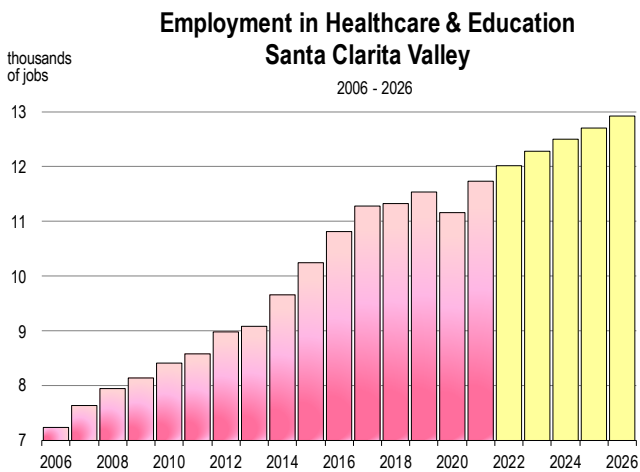
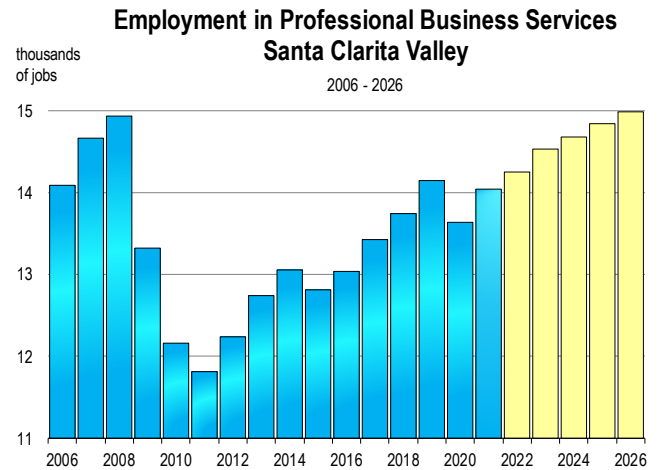
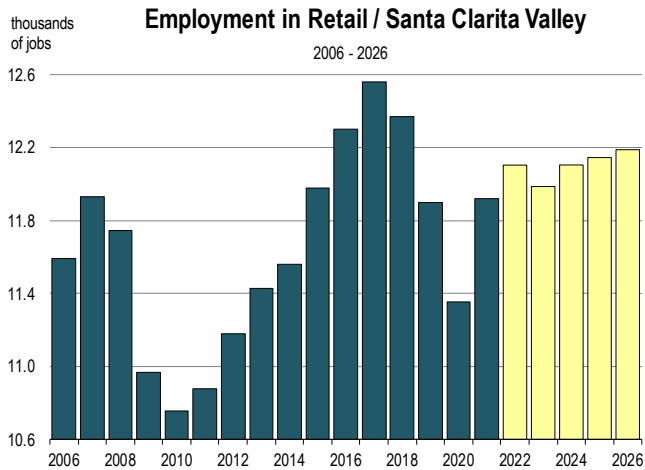


Total Employment / Santa Clarita Valley
2014 - 2026



Labor Force / Santa Clarita Valley
2006 - 2026





EMPLOYMENT

Labor Market Forecast	Santa Clarita Valley				History: 2016 - 2021	
	2016	2017	2018	2019	2020	2021
Sector	– jobs –					
Farm	18	28	31	31	23	24
Construction	6,163	6,817	7,517	7,728	7,314	7,265
Manufacturing	11,210	11,040	11,253	11,470	10,280	10,034
Transportation & Utilities	1,524	1,533	1,602	1,806	1,284	1,015
Wholesale/Retail Trade	16,465	16,767	16,615	16,082	15,249	15,859
Retail	12,302	12,560	12,370	11,900	11,355	11,920
Wholesale	4,163	4,207	4,244	4,182	3,893	3,939
Financial Activities	3,779	3,868	3,974	3,910	3,673	3,714
Professional Services	12,538	12,927	13,244	13,647	13,137	13,543
Information	1,346	1,348	1,338	1,392	1,286	1,295
Healthcare & Education	10,816	11,282	11,327	11,539	11,162	11,736
Leisure & Recreation	13,983	14,691	15,068	15,128	10,548	12,661
Other Services	2,908	2,950	2,896	2,918	2,260	2,558
Government	10,010	9,890	9,950	10,020	9,297	8,991
Federal	1,108	1,113	1,097	1,098	1,164	1,110
State & Local	8,902	8,777	8,854	8,922	8,133	7,881
Total Wage & Salary	90,840	93,953	95,565	95,857	85,903	88,675
percent change	1.6	3.4	1.7	0.3	-10.4	3.2
Total Non-farm Jobs Created	1,441	3,103	1,610	293	-9,947	2,771
Unemployment Rate (percent)	4.8	4.1	4.4	4.2	11.9	9.7

Source: California Economic Forecast, September 2021

Labor Market Forecast	Santa Clarita Valley			Forecast: 2022 - 2026	
	2022	2023	2024	2025	2026
Sector	– jobs –				
Farm	26	26	26	28	29
Construction	7,706	8,082	8,413	8,707	8,970
Manufacturing	10,330	10,531	10,635	10,646	10,650
Transportation & Utilities	1,351	1,532	1,686	1,749	1,820
Wholesale/Retail Trade	16,219	16,073	16,220	16,271	16,324
Retail	12,104	11,986	12,105	12,145	12,188
Wholesale	4,115	4,086	4,116	4,125	4,136
Financial Activities	3,795	3,829	3,857	3,884	3,909
Professional Services	13,752	14,032	14,179	14,342	14,487
Information	1,350	1,360	1,375	1,389	1,401
Healthcare & Education	12,019	12,283	12,503	12,707	12,926
Leisure & Recreation	13,842	14,942	15,494	16,106	16,787
Other Services	2,795	2,878	2,993	3,104	3,213
Government	9,694	10,198	10,581	10,931	11,250
Federal	1,112	1,111	1,108	1,105	1,100
State & Local	8,582	9,087	9,473	9,826	10,150
Total Wage & Salary	92,968	95,907	98,127	100,038	101,947
percent change	4.8	3.2	2.3	1.9	1.9
Total Non-farm Jobs Created	4,292	2,939	2,220	1,909	1,908
Unemployment Rate (percent)	7.0	6.1	5.8	5.7	5.2

Source: California Economic Forecast, September 2021

Data sources for this chapter include the California Employment Development Department, Claritas, Indeed, and the U.S. Census Bureau.

RESIDENTIAL REAL ESTATE

California

Los Angeles County

The Santa Clarita Valley

The Forecast



Residential Real Estate

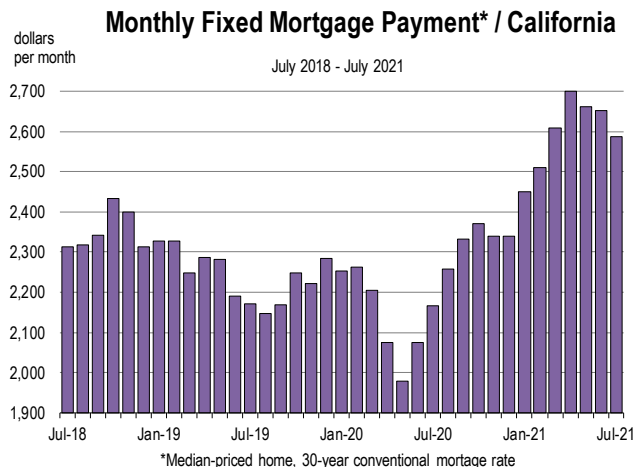
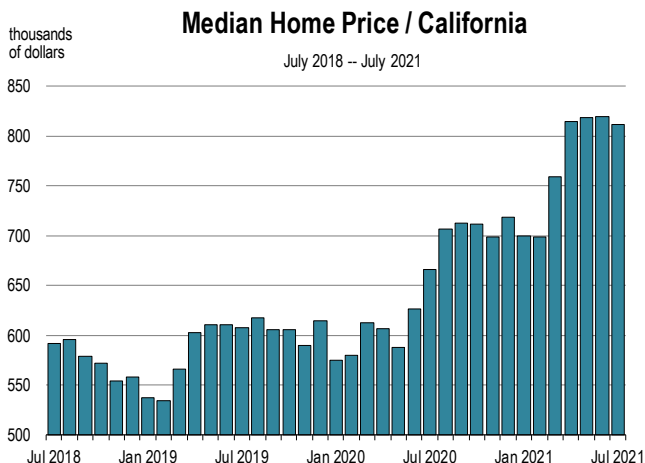
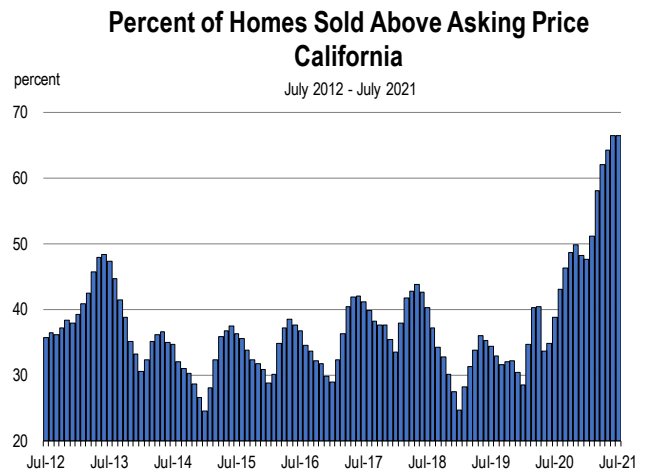
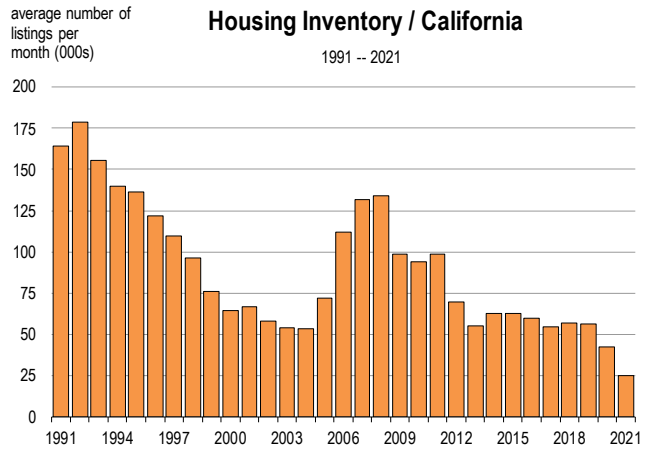
California

The California housing market is exceptionally tight and prices are rising fast. Conditions vary considerably by region, but the statewide median price has now surpassed \$800,000. Compared to the pre-COVID era, that's an increase of more than 33 percent.

Under a backdrop of strong job creation, low interest rates, and historically sparse inventory levels, the 2021 homebuying season represents the most lopsided seller's market on record.

On average, homes are sold in just 8 days. Two thirds of all properties sell above the asking price and bidding wars are common.

Despite low interest rates, housing affordability is deteriorating. The typical mortgage payment has climbed above \$2,500 per month, a value that represents almost 40 percent of median household income. In markets with higher home prices, mortgage payments often exceed 50 percent of household income.



Apartment rents are also on a tear. They have fully recovered from the COVID shock and are now in record territory.

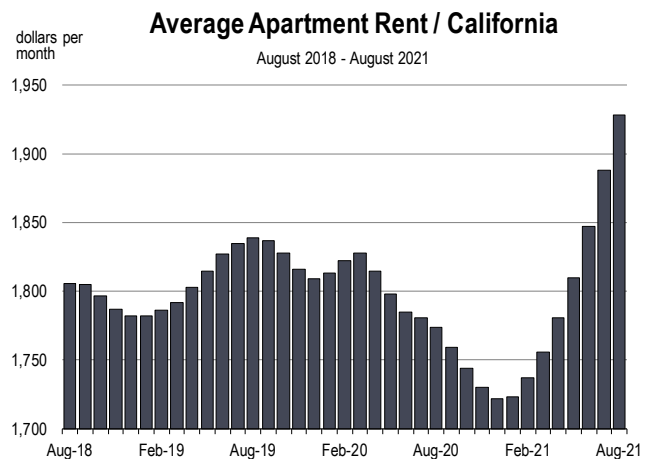
At the national level, legal battles against the eviction moratoriums are ongoing, but California's eviction moratorium is expected to remain intact until September 30th. When it expires in California, will we see a wave of evictions and higher vacancy rates? Probably not.

According to the wording of California's eviction moratorium, tenants have until September 30th to pay 25 percent of any rent that is owed, and California has created a relief fund to cover the other 75 percent.

Only 11 percent of California renters are behind on their payments, and most have probably

already paid the minimum requirement of 25 percent.

It's difficult to foresee exactly how such a scenario will unfold, but under the current provisions, the number of statewide evictions is likely to be low.



Single-Family Housing Market Selected California Counties

2020 - 2021

	July 2020 Sales	July 2021 Sales	% Change	July 2020 Median Price	July 2021 Median Price	% Change
Southern California						
Inland Empire	3,933	3,493	-11.2	\$420,000	\$529,000	26.0
Los Angeles County	3,332	3,544	6.4	\$660,340	\$809,750	22.6
Santa Clarita Valley	266	270	1.5	\$637,700	\$791,700	24.1
Orange County	1,791	1,810	1.1	\$880,000	\$1,090,000	23.9
San Diego County	2,386	2,419	1.4	\$719,000	\$860,000	19.6
Ventura County	635	647	1.9	\$720,000	\$825,000	14.6
Northern California						
Alameda County	982	1,108	12.8	\$1,027,500	\$1,300,000	26.5
Sacramento County	1,696	1,627	-4.1	\$422,740	\$525,000	24.2
San Francisco County	210	305	45.2	\$1,665,000	\$1,950,000	17.1
Santa Clara County	1,018	1,263	24.1	\$1,380,000	\$1,750,000	26.8
California	36,330	35,591	-2.0	\$666,320	\$811,170	21.7

Source: California Association of Realtors, Redfin, and the California Economic Forecast

Los Angeles County

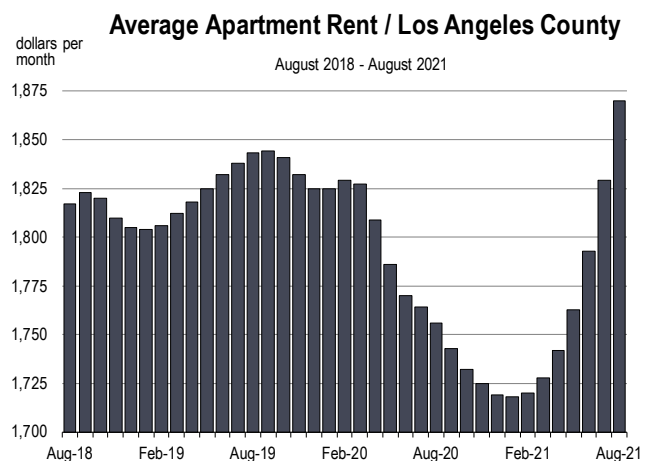
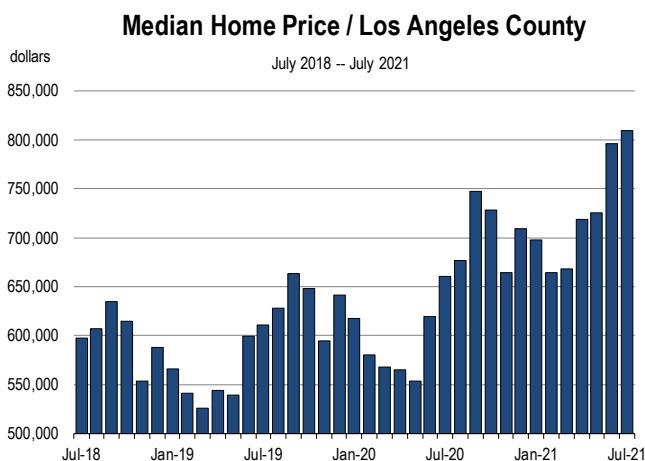
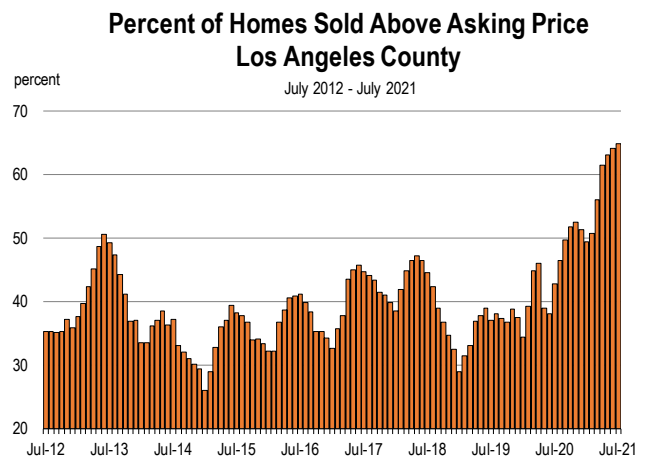
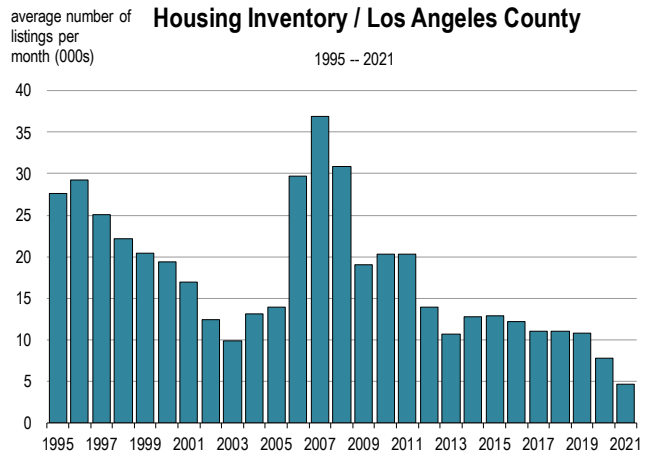
For most of the Coronavirus Recession and subsequent recovery, the Los Angeles County housing market took a different trajectory than the California market. Home price appreciation was slower, rental rates declined more sharply, and overall housing activity was substantially more muted.

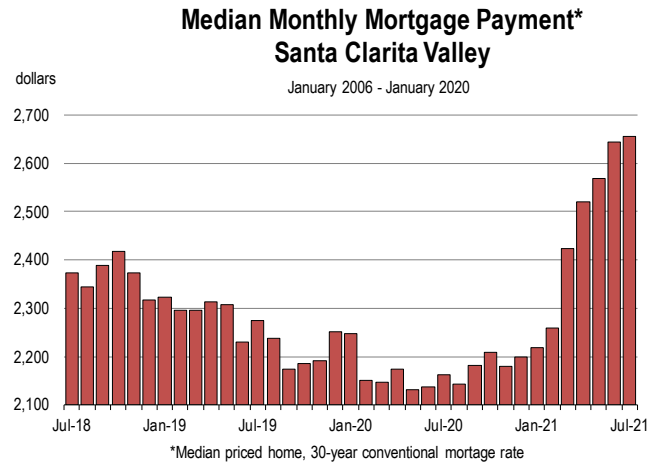
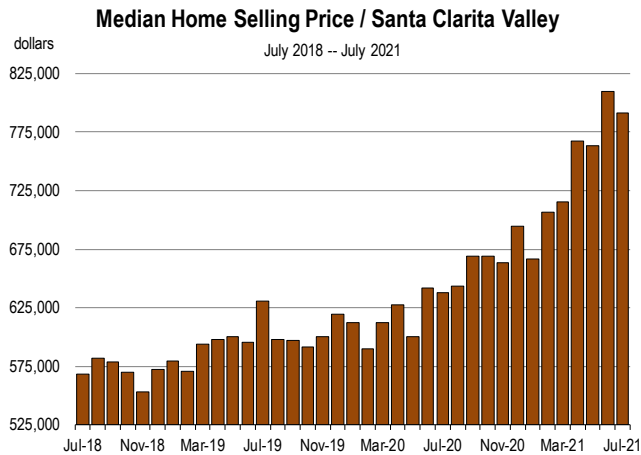
But Los Angeles County has now caught up, with rapid increases in prices and rock bottom levels of inventory.

As of July 2021, the median price was \$810,000, an increase of 32 percent over the last two years.

The Los Angeles County apartment market was devastated by the COVID Economy, with rental rates declining faster than almost any other region across the U.S.

But by August 2021, rents had fully recovered and had surpassed their pre-pandemic levels.





The Santa Clarita Valley

Home prices in the Santa Clarita Valley are rising at double-digit rates. As of July, the median price exceeded \$791,000.

Even through home prices have risen, incomes in the Santa Clarita Valley have kept pace. As of 2021, the mortgage payment on the median home price represented just 25 percent of median household income, which is well within standard affordability guidelines.

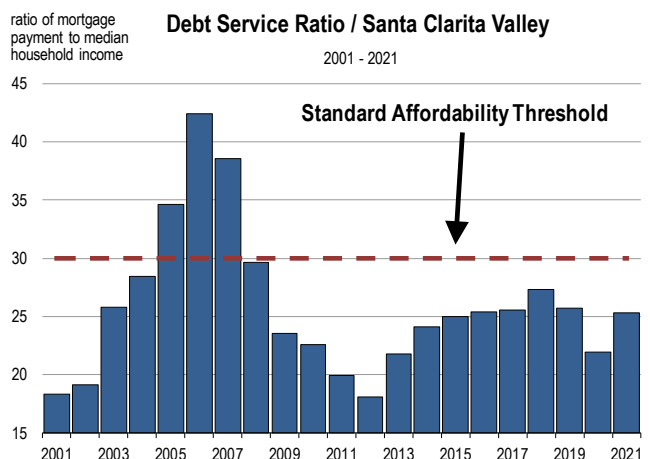
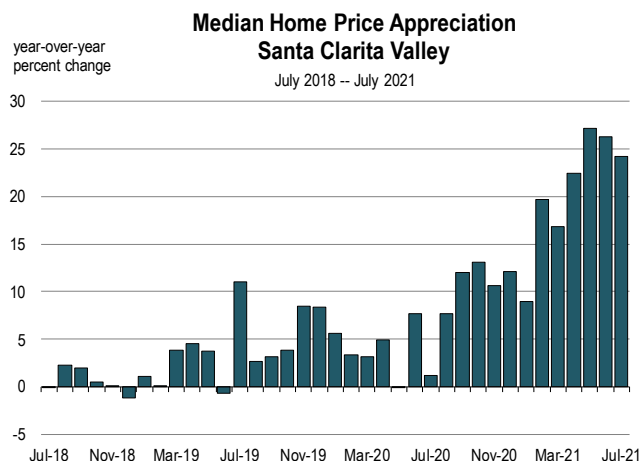
Because incomes in the SCV are high, rising prices have not dampened housing demand.

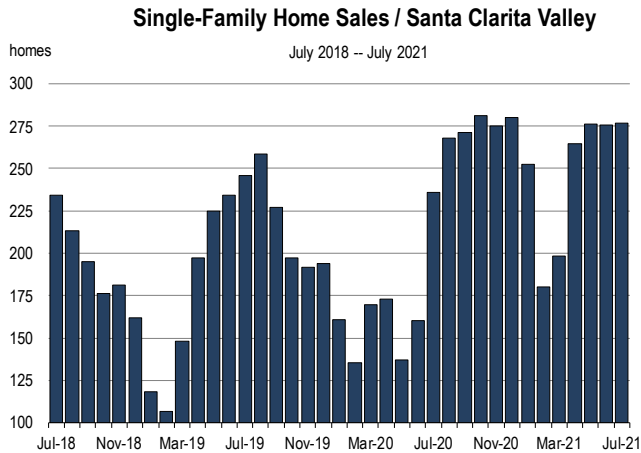
In 2021, the SCV is on pace to record the most homes sales in a decade.

Local home prices may be high, but they're still a bargain compared to other parts of Los Angeles County.

Apartments rents declined early in the Coronavirus Recession but began to grow again in the second half of 2020.

By August 2021, the median asking rent had surpassed \$2,200. Rents are now rising at the fastest rate on record.

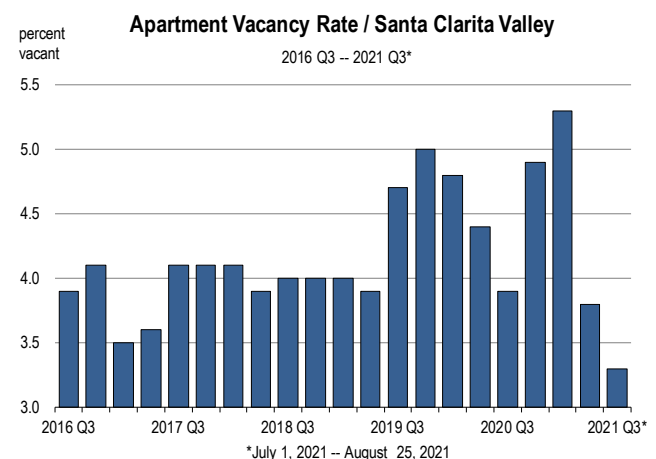
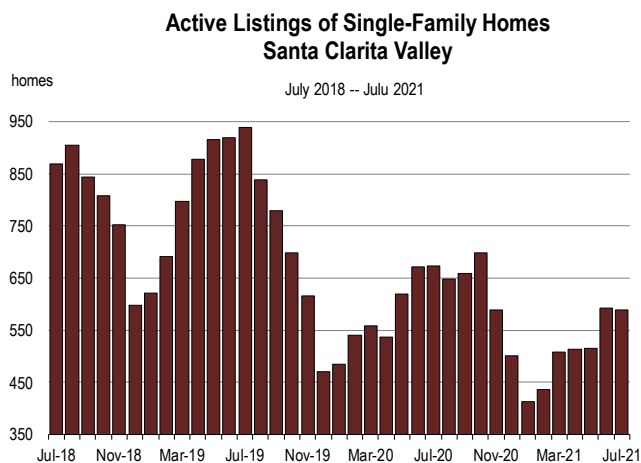
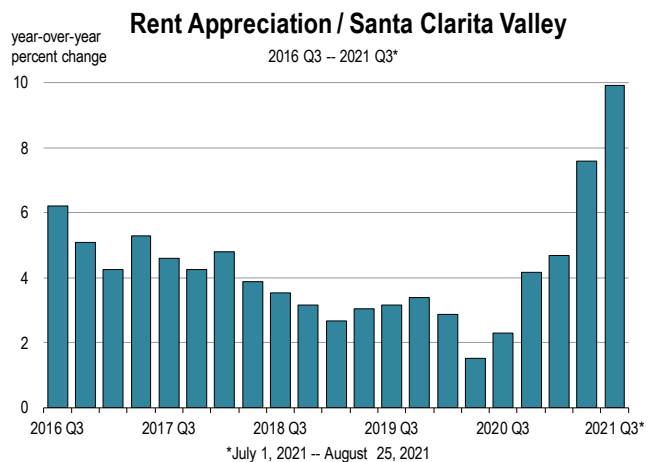
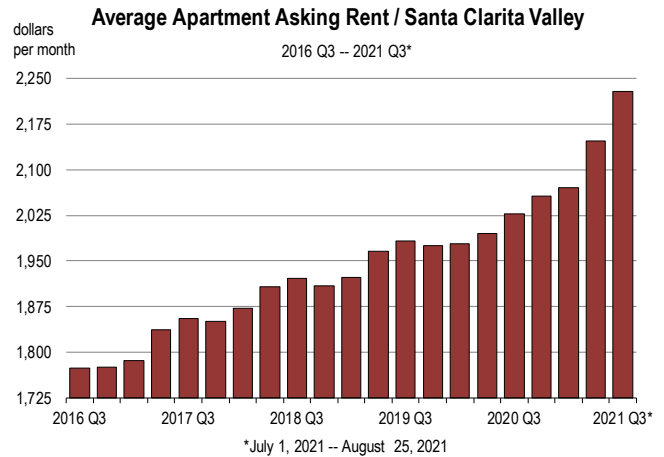


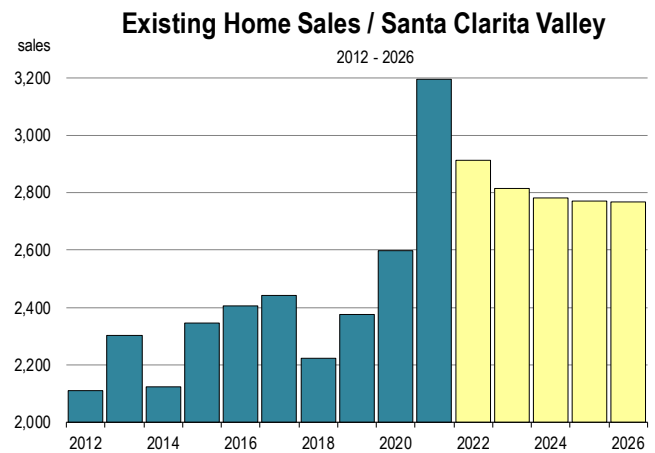
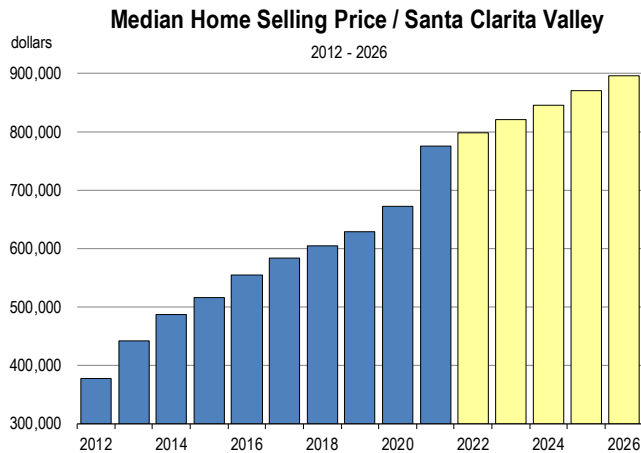


Like the for-sale market, the apartment rental market is exceptionally tight.

Several hundred apartments have been built at Vista Canyon, expanding local housing supply.

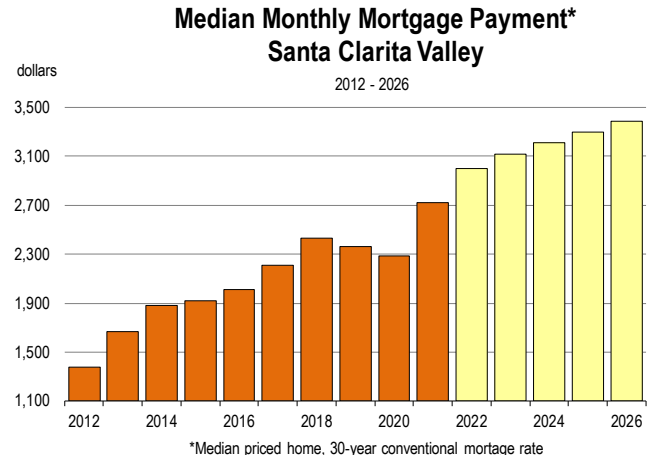
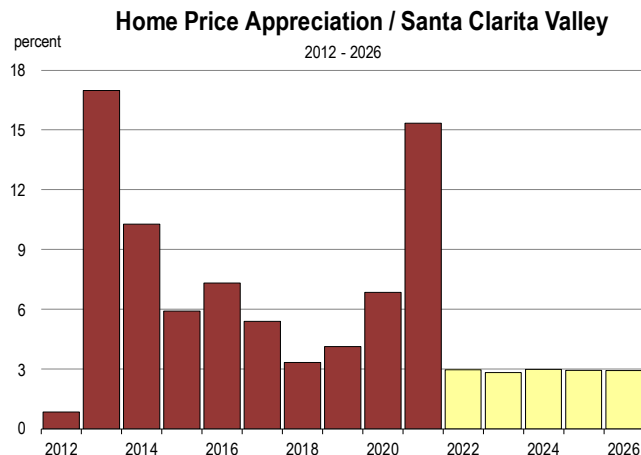
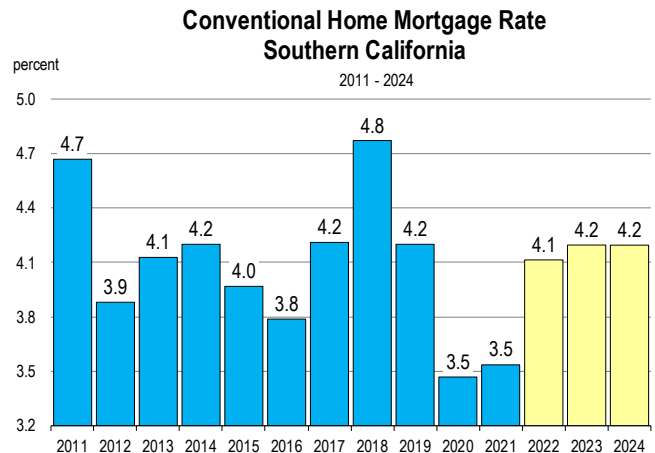
The Vista Canyon units are expected to be fully occupied by the end of 2021, and there are no major new complexes under construction, indicating that low vacancy rates and high rents will persist for the next year, unless the expiration of California's eviction moratorium leads to a spate of evictions (an unlikely scenario).





The Forecast

- Home price appreciation will slow down dramatically in 2022 and 2023.
- Prices are on pace to expand by double digit rates in 2021, but should rise by only 2 or 3 percent for the next few years.
- The volume of sales is expected to diminish after the frenzy of 2021 subsidies. After recording almost 3,200 sales in 2021, there will be approximately 2,900 sales in 2022.
- Mortgage rates are forecast to increase sharply in 2022, rising above 4 percent.



Home Sales and Prices		Santa Clarita Valley			2021-2026	
	2021	2022	2023	2024	2025	2026
Median Home Selling Price		-- dollars --				
Santa Clarita Valley	775,000	798,000	820,600	845,200	870,100	895,600
percent change	15.3	3.0	2.8	3.0	2.9	2.9
California	716,211	737,501	758,422	781,137	804,076	827,662
percent change	15.3	3.0	2.8	3.0	2.9	2.9
Existing Home Sales						
Santa Clarita Valley	3,197	2,913	2,815	2,782	2,771	2,768
percent change	23.0	-8.9	-3.4	-1.2	-0.4	-0.1
Effective Mortgage Rates		-- percent --				
Southern California	3.5	4.1	4.2	4.2	4.2	4.2
Nation	3.2	3.9	3.9	3.9	3.9	3.9
Inflation		-- percent change in the consumer price index --				
Southern California	2.7	2.9	2.4	2.4	2.3	2.2
California	2.7	2.9	2.4	2.5	2.3	2.3
Nation	3.0	2.7	2.2	2.4	2.3	2.2

Source: California Economic Forecast, September 2021

Data sources for this chapter include the California Association of Realtors; Redfin; NAI Capital; CoStar; Apartment List; Mortgage Bankers Association.

COMMERCIAL REAL ESTATE

Commercial Real Estate in the Santa Clarita Valley

Office Market

Industrial Market

Retail Market

Hotel / Motel Market



Commercial Real Estate in the Santa Clarita Valley

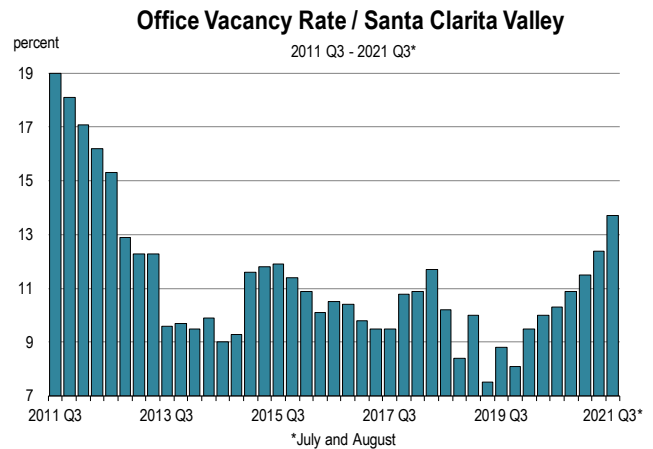
The commercial real estate market is rebounding in 2021. Vacancy rates have improved in most sectors, with some completely returning to pre-pandemic conditions.

Lease rates are rising across the board, signaling that demand for commercial and industrial space has strengthened.

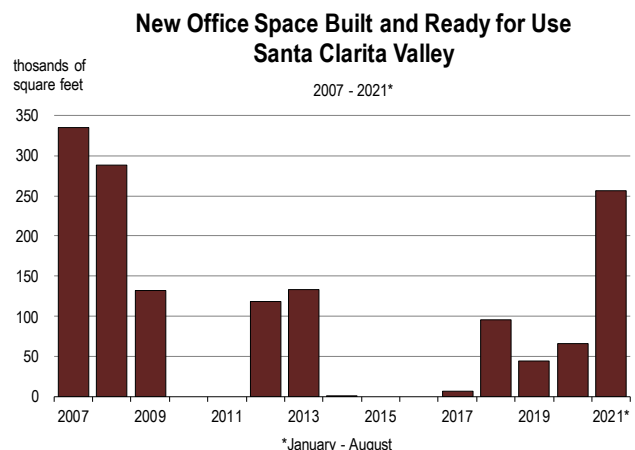
A meaningful amount of new commercial and industrial space has been built in recent years, and companies are signing leases to move in. Overall, leasing activity in 2021 is on pace to surpass 2019 and 2020, indicating that business leaders have confidence in the future of the SCV economy.

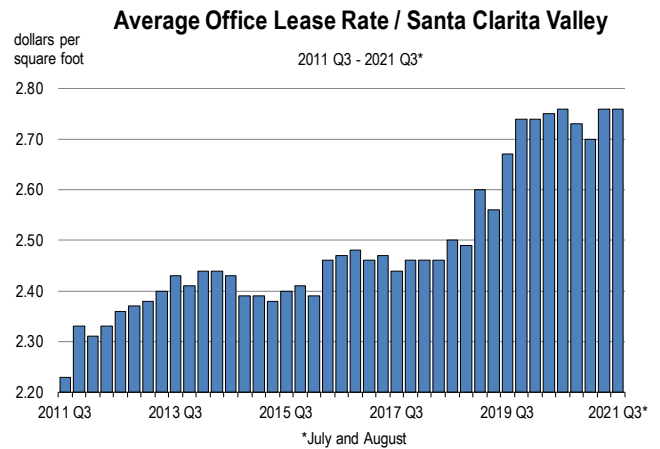
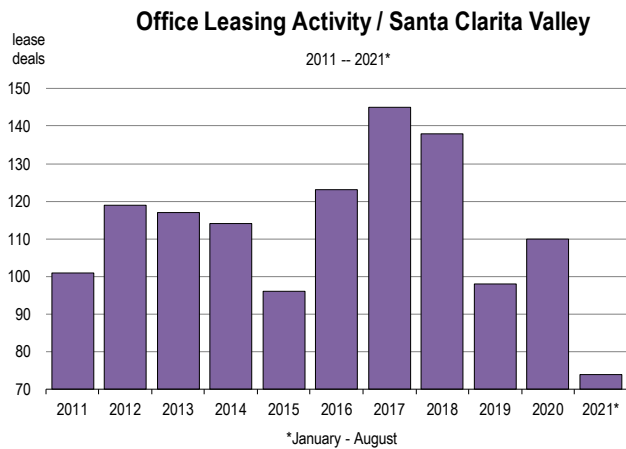
The Office Market

- In a trend that is consistent across California and the U.S., the office vacancy rate is rising in the Santa Clarita Valley.
- During the third quarter of 2021, approximately 13.7 percent of office space was vacant in the SCV.
- There are now 737,000 square feet of vacant space, and an additional 337,000 square feet are expected to become available in the coming quarters.



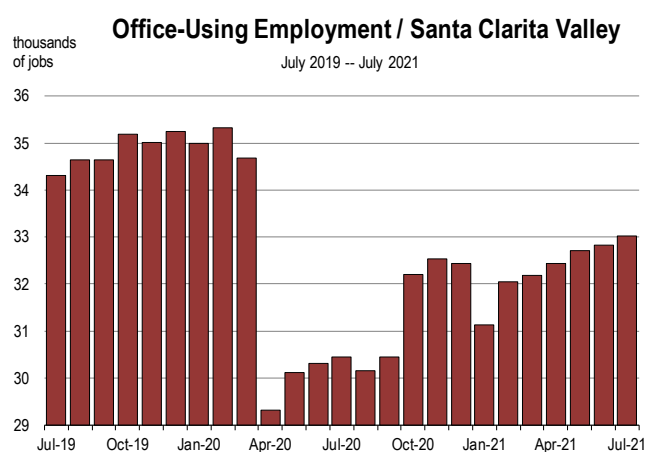
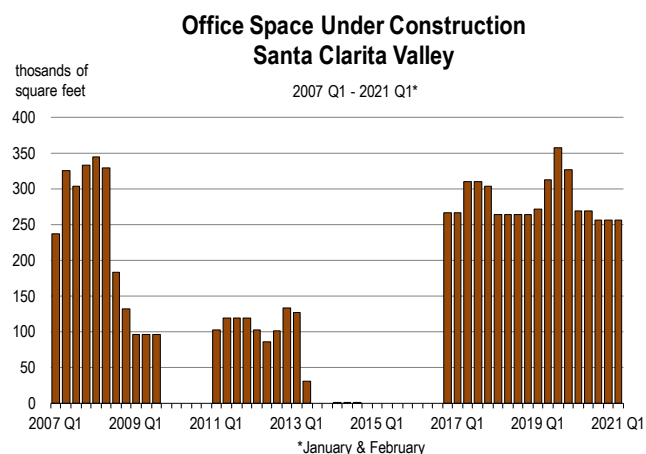
- In part, rising vacancy has been a result of new construction. In the second quarter of 2021, three new office buildings were completed, adding 257,000 square feet of space to the market.
- Between January and August of 2021, 74 lease deals were signed, which is not terribly low for an 8-month period.

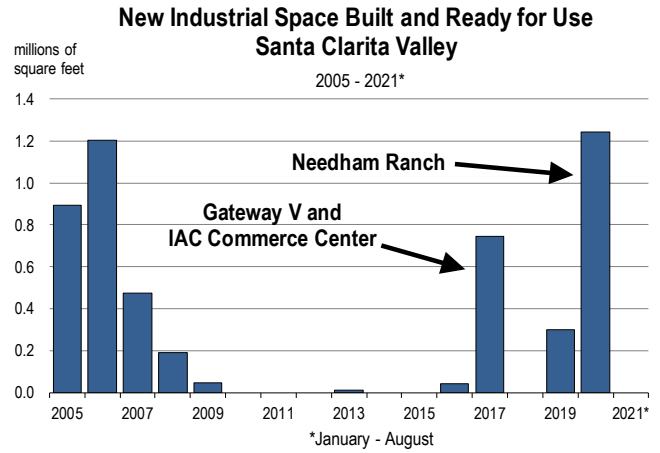
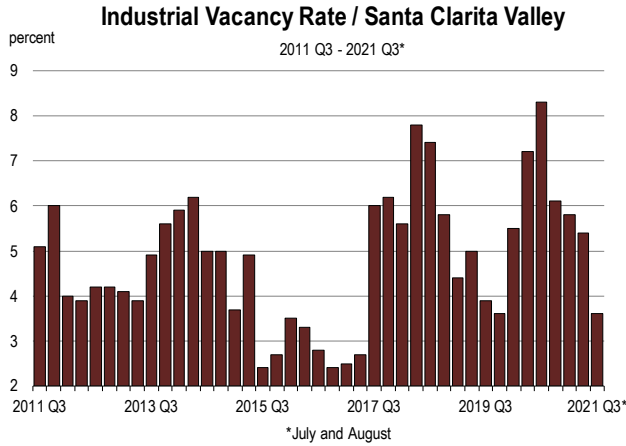




- As of August 2021, no office buildings were under construction.
- Lease rates were above \$2.75 per square foot in July and August.
- Office-using employment is slowly returning to the SCV after declining by more than 5,000 jobs last year, although not all workers have actually returned to the office.

- Demand for office space will depend very heavily on 1) job growth in office-using activities and 2) the number of workers that continue to work remotely.
- Early indications point to the popularity of hybrid work schedules, which shouldn't dampen demand for office space too much.

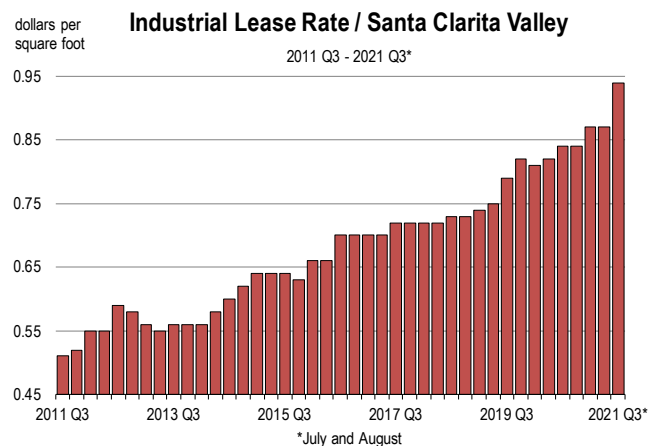
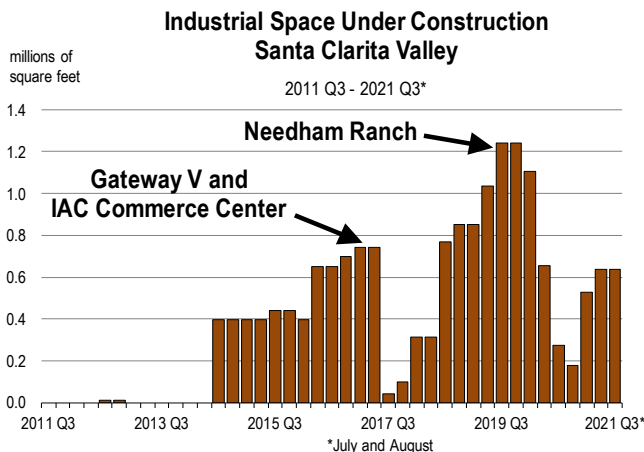


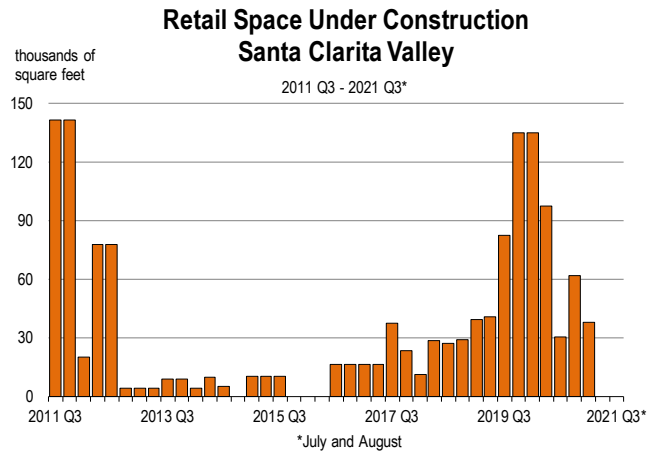


The Industrial Market

- The industrial vacancy rate has improved sharply and is now approaching 3.5 percent.
- Because there has been so much industrial construction in the SCV, vacancy rates have been fluctuating alongside construction activity since 2019. The vacancy rate goes up when new structures are built and ready for use, and goes down once they are occupied.

- 1.2 million square feet of new space was built in 2020, but none has been completed so far in 2021.
- Approximately 600,000 square feet are under construction and will likely be completed within a year.
- Demand for industrial space has been insatiable, with net absorption surpassing 500,000 square feet so far in 2021.

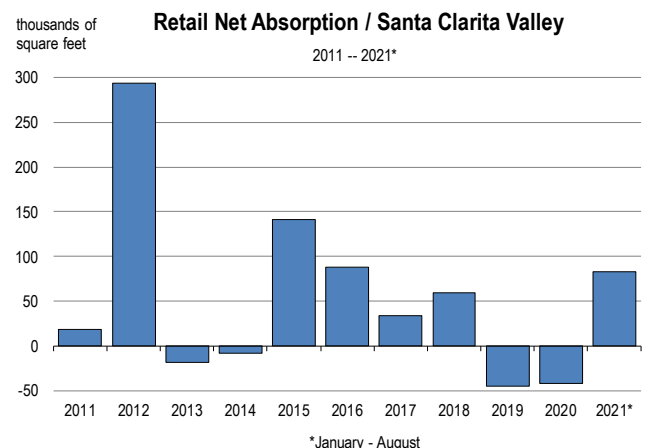
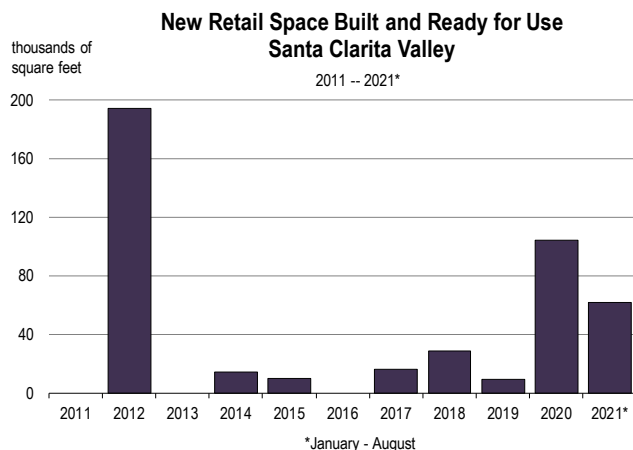


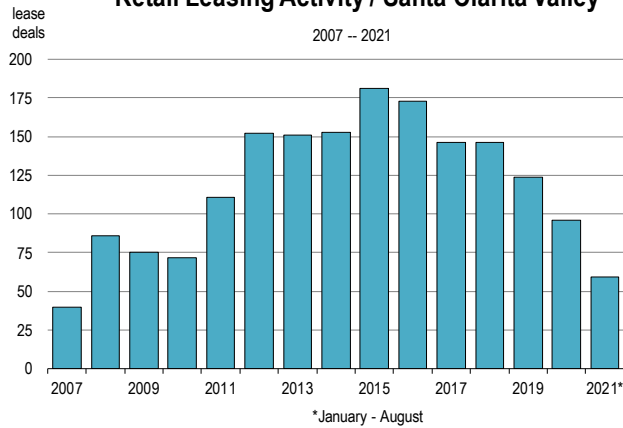
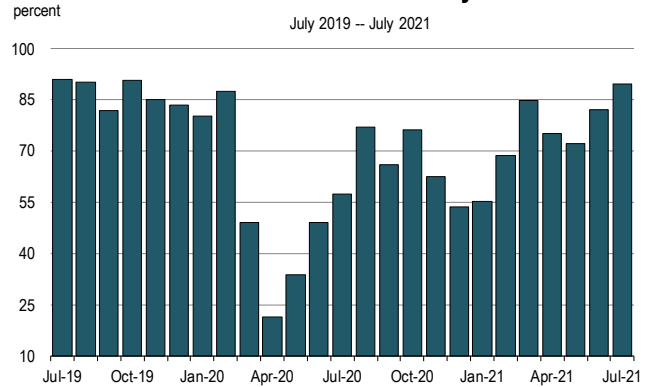


The Retail Market

- Vacancy rates in the Santa Clarita Valley retail market stabilized at the end of 2020 and are now at relatively healthy levels.
- Vacancy rates had become very tight in 2018 and 2019, but new construction and deliveries added much needed capacity.
- The vacancy rate is now 5.7 percent, which is up from 4.7 percent in the first quarter of 2020.

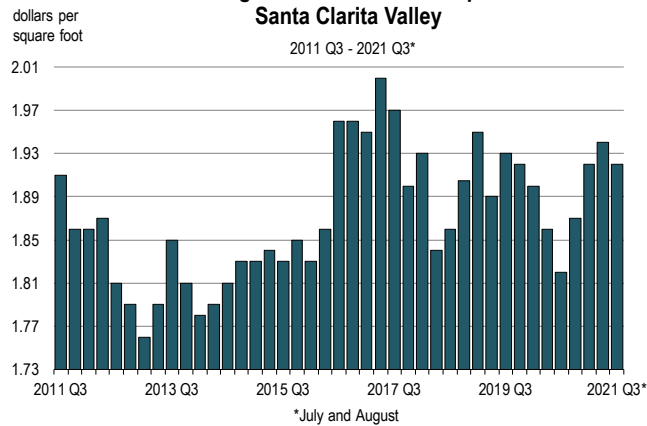
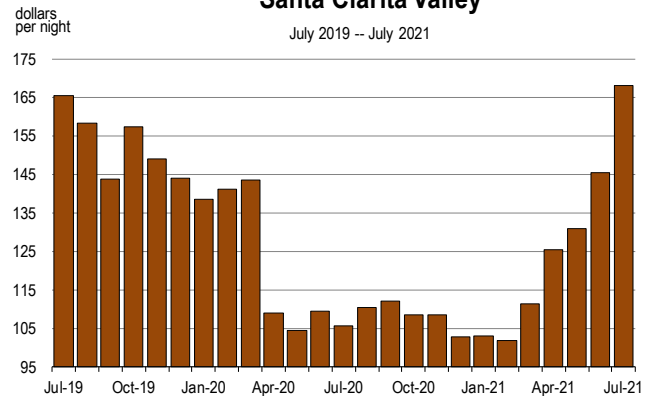
- Approximately 100,000 square feet of space was completed in 2020, and an additional 62,000 square feet have been completed in 2021.
- Net absorption has been positive in 2021. Absorption has been fairly consistent over the first 8 months of the year as restaurants have reopened and as leases have been signed for newly-constructed facilities.
- Lease rates were observed at \$1.92 in July and August.



Retail Leasing Activity / Santa Clarita Valley**Hotel & Motel Occupancy Rate
Santa Clarita Valley****The Hotel / Motel Market**

- The hotel/motel industry has completely recovered from the Coronavirus Recession.
- As of July 2021, the occupancy rate had returned to pre-pandemic levels and the average daily room rate had set a new record.

- In July 2021, the occupancy rate was clocked at 90 percent and the average daily room rate had surpassed \$168.
- Several new hotels have been built in the SCV, expanding overnight visitor capacity. With more hotels and a new record for occupancy rates, it appears that there are now more tourists in the SCV than ever before.

**Average Lease Rate / Retail Space
Santa Clarita Valley****Average Hotel & Motel Room Rate
Santa Clarita Valley**

In this chapter, data on office, industrial, and retail are from NAI Capital and CoStar. Data on hotels and motels are from the City of Santa Clarita and STR.

NEW DEVELOPMENT

New Development in the Santa Clarita Valley

The Development Pipeline

Principal Mixed-Use Projects

Principal Residential Projects

Principal Commercial and Industrial Projects

The Forecast



New Development in the Santa Clarita Valley

In 2021, the City of Santa Clarita is on pace to permit a total of 1,162 residential units.

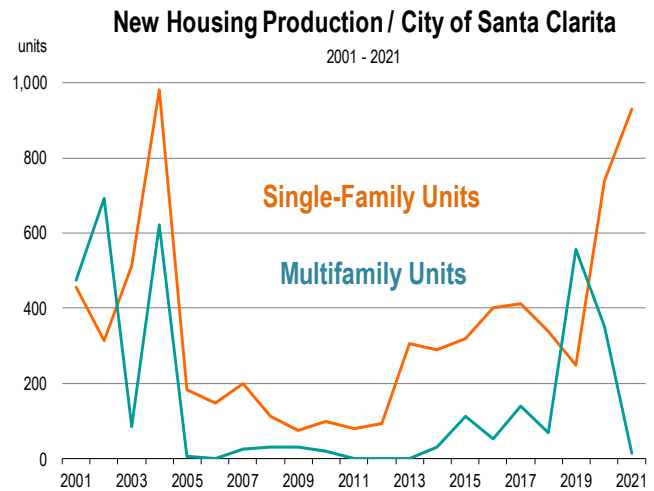
Single-family housing represents a majority of these units, with very few multifamily units underway.

Housing production has increased by a small amount compared to in 2020.

Production of single-family units has increased sharply while permitting of multifamily units has declined.

Investment into the construction of new commercial and industrial structures has been minimal in 2021.

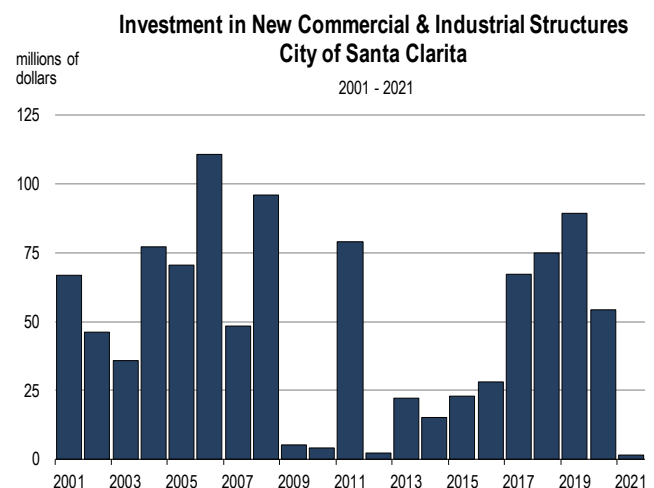
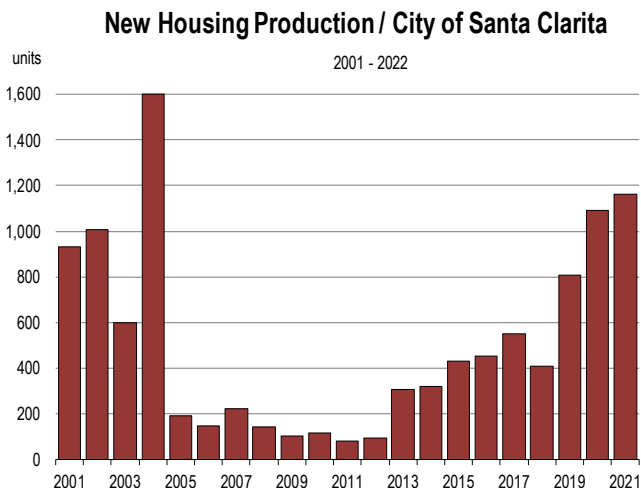
Within the city limits, virtually no permits have been issued for office, industrial, retail, or any other type of non-residential structure.



The Development Pipeline

Among the principal projects in the Santa Clarita Valley, there are 37,181 residential units in some phase of the planning process.

Across the SCV, there are 13,860 units in projects that are actively under construction, including the early villages of the Valencia project. There are also 5,233 units in projects that have been approved but have not broken ground.



Residential and Non-Residential Permits			City of Santa Clarita							2012 - 2021	
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
Residential											
	---- units permitted ----										
Total Residential Units	93	306	321	431	453	552	407	806	1,090	1,162	
Non-Residential											
	---- \$ millions ----										
Hotel and Motel	0	0	0	0	4	0	19	18	0	0	
Industrial	0	1	0	0	0	0	2	0	0	0	
Office	0	2	0	0	0	13	1	3	0	0	
School	0	2	0	0	0	3	2	5	0	0	
Retail / Logistics	0	5	0	1	4	17	12	25	4	0	
Other	0	2	7	11	15	11	14	25	50	3	
Total Non-Residential	2	22	15	23	28	67	75	89	54	2	

Source: CIRB and the California Economic Forecast

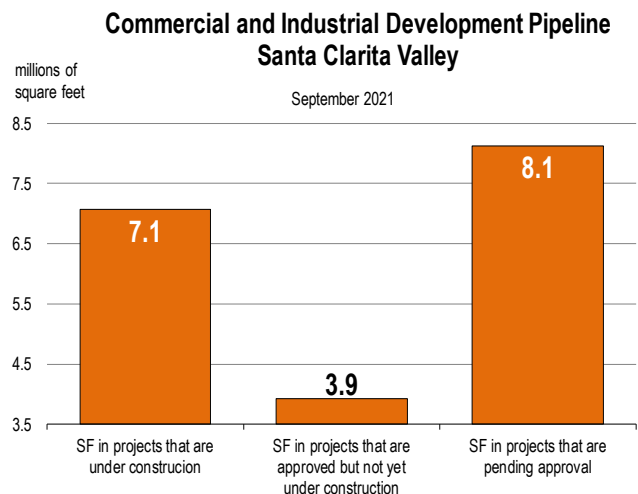
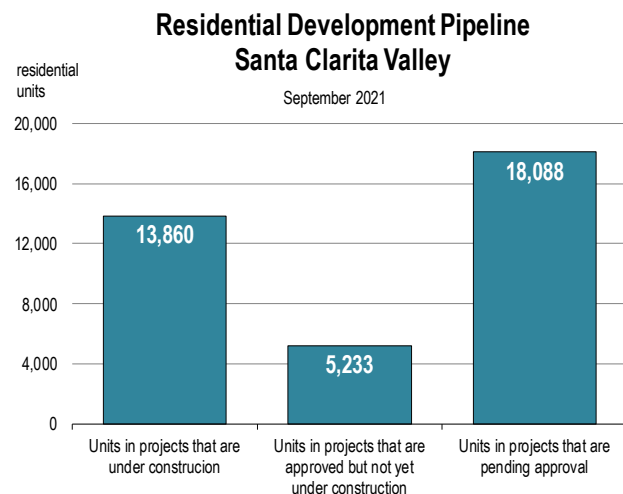
There are 18,088 units in projects that are awaiting approval, including the portions of the Valencia project that have yet to be approved for vertical construction.

The Santa Clarita Valley now has 19.2 million square feet of space in its commercial and industrial development pipeline.

Across the SCV there are 7.1 million square feet of space in projects that are actively under

construction, including Needham Ranch and IAC Commerce Center. There are also 3.9 million square feet of space in projects that have been approved but have not broken ground.

There are 8.1 million square feet of space in projects that are awaiting approval, including the portions of the Valencia project that have yet to be approved for vertical construction.



Principal Mixed-Use Projects

FivePoint Valencia

The largest residential project under construction in California is FivePoint Valencia (previously known as Newhall Ranch).

Developed by FivePoint Communities, the total project includes approximately 21,500 homes and 11.5 million square feet of office, retail, industrial, recreational, school, and public space.

FivePoint Valencia will be built within five distinct villages: Landmark, Mission Village, Homestead South, Homestead North, and Potrero. Three additional villages that are adjacent to the Valencia project site – Entrada South, Entrada North and Legacy – will also be developed by FivePoint.

The project includes an array of detached and attached homes, commercial and business

centers, schools, parks, public services, and open spaces.

FivePoint began grading Mission Village and Landmark in late 2017. As of late 2020, a total of 1,268 lots had been sold to developers. The first model homes are now open.

Mission Village will contain up to 4,055 residential units and 1.5 million square feet of mixed-use commercial space, along with an elementary school, a fire station and a public library.

KB Home has developed the first community in Mission Village, called “Clover at Valencia” which includes 67 homes. There are three home plans and prices start at \$680,000.

The Landmark Village community will contain up to 1,444 residential units, approximately one million square feet of mixed-use commercial space, an elementary school, and a park.



Construction on Mission Village | Source: Gregory Real Estate Group

Northlake

The Northlake project, which is being developed by Northlake Associates, LLC, is located just north of Valencia in the unincorporated Castaic region. It is situated on approximately 1,330 acres and is approved for up to 3,150 homes and 38,700 square feet of commercial development.

Plans call for development in two phases.

Phase 1 will consist of 2,295 residential units, 38,700 square feet of commercial space, and additional features:

- 288 single-family units
- 17 multifamily lots with 1,341 detached or attached condominium units
- 6 senior multifamily lots with 345 detached or attached condominium units
- 3 affordable multifamily lots with 174 detached or attached affordable condominium units
- 1 mixed-use commercial lot with 46 detached or attached affordable residential units and 31,200 square feet of commercial space
- 1 mixed-use lot with 6 live/work units and 7,500 square feet of commercial space
- 1 senior affordable multifamily lot with 95 detached or attached condominium units
- A fire station
- 165 acres of parks and recreation including a 20-acre sports park

Phase 2 will have 855 single-family units and an elementary school.

Whittaker Bermite

The Whittaker Bermite project is entitled for 1,244 single-family homes and 1,667 multifamily units. The plan also includes 407 acres of open space, 96 acres of commercial space, and 42 acres of recreational space.

The project was approved in 1995. The developers were required to remediate the site before construction could begin, and most of the cleanup process was completed in early 2020 (cleanup of the contaminated groundwater beneath the site will be an ongoing, long-term pump and treat process which will potentially require an additional 20 years to complete).

In November, the California Department of Toxic Substances Control issued land-use restrictions for the parcel. These restrictions would apply to approximately 20 acres of the plot.

Also in November 2020, the property owners filed for bankruptcy. New ownership is pending.

Skyline Ranch

Skyline Ranch is located on a 450-acre site between Sierra Highway and Whites Canyon Road, a region annexed by the City of Santa Clarita in 2018. The project is composed of 1,220 single-family lots, 46,813 square feet of retail space, an elementary school and public park lands.

Of the 1,220 homes in the project, 290 will be dedicated to a community for residents aged 55 and older.

Skyline Ranch is being developed by Pardee Homes and TRIPointe Homes. Grading was completed in late 2018, vertical construction is well under way, and building permits have been issued for 596 of the 1,220 units in the project.

In June 2020, restaurants and retail businesses began to take occupancy in Skyline Ranch Plaza, the commercial center within the project area.

Vista Canyon

The 185-acre Vista Canyon project is located west of the intersection of Sand Canyon Road and State Route 14 in the City of Santa Clarita.

The land use plan includes four primary components: a town center, a creative office campus, a Metrolink Station on the Antelope Valley line, Bus Transit station, and surrounding residential neighborhoods. Plans call for 1,100 residential units, 950,000 square feet of commercial space, and 200 hotel rooms.

The town center portion of the project will be comprised of retail shops, restaurants, entertainment, parks, trails, a hotel, and residential neighborhoods.

JPI is building 480 apartments, with deliveries that began with the first 350 units in 2020, and with the final 130 units to be completed in September 2021. Full occupancy is expected by the end of 2021.

KB Home is also building 245 homes for sale, with homes nearly 100 percent sold and complete buildout anticipated by the first quarter of 2022.

Skyline Ranch Plaza openings commence

EMILY ALVARENGA JUNE 24, 2020 7:00 PM



Telly's Charburgers is among the businesses in the Skyline Ranch Plaza shopping center that have reopened their doors. June 22, 2020. Bobby Block / The Signal.



By 8 a.m., Telly's Charburgers is already bustling with activity, as employees prepare for the day and begin filling early-morning orders.

The longtime Santa Clarita staple finally reopened after being closed for more than 15 months while waiting for the newly built Skyline Ranch Plaza to be completed.

Though the coronavirus pandemic stalled many businesses, Nicole Koutes, one of the owners of the family-owned and -operated establishment, said they were able to push through with few delays.

The Signal, June 24, 2020, online

Vista Canyon Park made substantial progress in 2021 with the major grass areas, play structures, tennis courts, basketball court, and pickleball courts completed. Mitchell River House, the recreational building for the City, will be completed in early Fall. Entry monumentation on both sides of project will be completed this Fall. The Water Reclamation Plant will be utilized this Fall to provide recycled water to the project's purple pipe system.

The first commercial structure at Vista Canyon, which includes 57,000 square feet of office and retail space, has been completed. Plans for the second building are in final review. Plans to begin construction on the second building are subject to substantial completion of lease-up on the Gensler designed first building and market demand.

Vista Canyon is expected to start development of the next 375 apartment units in 2022. In addition, the City is expected to start construction on the bridge connecting Vista Canyon Boulevard to Soledad Canyon Road using the existing underpass under Highway 14.

Principal Residential Projects

River Village

River Village is located east of Bouquet Canyon Road and north of the Santa Clara River in the City of Santa Clarita. The project is composed of 4 land areas that will contain approximately 1,100 homes: areas A, B, C, and D.

Areas A, B, and C are complete. Area D, consisting of 184 multi-family units over 32 acres, received approval in August 2018 and is now under construction.

Several homes in Area D, dubbed "The Concord at River Village" by Lennar Homes, are on the market. Full buildout of Area D is expected to be completed this year.

Tesoro Highlands

The Highlands at Tesoro del Valle is the completion of the Tesoro del Valle Master Plan.

Approximately 30 percent of the total site area will be developed, with 875 acres of the property to be preserved as permanent open space.

The project will include 820 homes in a variety of traditional and contemporary architectural styles:

- 318 single-family detached homes on lots of at least 5,000 to 7,000 square feet
- 365 age-qualified condos and single-family homes on lots of at least 5,500 to 6,300 square feet
- 137 estates on lots of at least 9,000 to 20,000 square feet

The timeline for the initial phase (85 single-family detached homes) is as follows:

- Grading to occur from February 2021 to August 2021

- Utility and street improvement work to occur from May 2021 to February 2022
- Vertical construction to begin in February 2022
- First occupancies expected in August 2022

The timeline for the final phase (remaining single-family detached, age qualified, and estate homes) is as follows:

- Grading to occur from February 2021 to February 2022
- Utility and street improvement work to occur from July 2021 to January 2023
- Vertical construction to begin in October 2022
- First occupancies expected in April 2023

Sand Canyon Plaza

Sand Canyon Plaza is a mixed-use project near Sand Canyon Road and Soledad Canyon Road.

The project will include 580 residential units, 60,000 square feet of retail space, and an 85,000 square foot assisted living facility.

The project was approved in 2017, but the developers are now seeking revisions.

Revisions to the project were approved by the Planning Commission in August 2021.

MetroWalk

MetroWalk is a large residential project near Lost Canyon Road and Harriman Drive.

It will include 498 apartments and townhomes, with some units reserved for seniors and low-income residents.

The project was approved by both the Planning Commission and City Council earlier this year.

Williams Ranch

Santa Clarita-based Williams Homes acquired the former Los Valles tract in Castaic and has rebranded the project “Williams Ranch”, a 430-acre community which is fully entitled for 497 new single family homes.

The community is located just north of Hasley Canyon Road adjacent to the Valencia Commerce Center.

The Williams Ranch site area will contain over 200 acres of open space, five miles of pedestrian trails, vineyards, citrus groves, and expansive private and public parks.

Williams Ranch will primarily offer single story ranch style homes that range from 1,700 to 1,400 square feet, situated on lots that range from 7,000 to 10,000 square feet. There will be 17 models of homes that are targeted to a broad spectrum of homebuying demographics and price points.

Grading and site improvements have begun and the builder expects that the first homes will be complete in early 2022.



Williams Ranch | Source: SCVNews.com

Aliento

The Aliento project is being developed by Pardee Homes and TRIPointe Homes on Golden Valley Road, south of the Antelope Valley Freeway.

The project is separated into five single-family detached neighborhoods and a senior restricted neighborhood, totaling 495 units. Of the 495 units in the project, 95 units will be age restricted.

The project also includes two recreation centers, one trailhead park, and 900 acres of open space.

Construction is underway and all of the 495 construction permits have been issued.

Model homes are in place and the first phase of homes has sold out.

Tapia Ranch

Tapia Ranch, owned by DACA Castaic LLC and represented by JMP Development LLC, is

located just east of Interstate 5 in Tapia Canyon. This project is planned for 405 units with an average lot size of 8,665 square feet.

The community will also contain many miles of trails and outdoor public spaces.

In January 2019, Los Angeles County rejected the developer's latest plan revisions, citing concerns over public works, parks, fire concerns and public health.

Project plans are currently undergoing further revision.

Bouquet Canyon

Bouquet Canyon is a newly approved residential project near Bouquet Canyon Road and Copper Hill Drive.

The project was granted approval in November 2020 and will contain 375 residential units.

The project will include attached townhomes and detached single-family units, open space, trails, and recreation areas.

Principal Commercial and Industrial Projects

Center at Needham Ranch

The Center at Needham Ranch is a 135-acre business park overlooking Highway 14, approximately one mile north of Interstate 5.

Phase 1A, which broke ground in 2017 and is now complete, includes three buildings that total 451,307 square feet.

All space is leased except for a single building of 212,236 square feet.

Phase 1B is also complete. It includes three buildings that total 428,038 square feet, with all space leased except for a facility of 187,8759 square feet.

Phase 2 of the project is now under construction and will eventually contain 1.04 million square feet of capacity, with buildings ranging from 72,000 square feet to 320,000 square feet.

IAC Commerce Center

IAC Commerce Center is a 1.3 million square foot modern industrial development consisting of nine state-of-the-art buildings on 75 acres.

Located at the terminus of Witherspoon Parkway in Valencia, situated one mile west of Interstate 5 and 1.5 miles from Highway 126, the buildings range in size from 93,735 square feet to 216,320 square feet.

Phase 1 and 2 are complete and fully occupied. The final building is under construction and expected to be completed by year's end.

IAC Commerce Center can accommodate firms from a range in industries, including distribution, e-commerce, manufacturing, warehousing, entertainment, tech, aerospace, and biotech.



Southern California Innovation Park | Source: SCVEDC

Southern California Innovation Park

Southern California Innovation Park is an existing medical campus with 740,234 square feet of healthcare and office space currently in use. The site is located off of Rye Canyon Loop in Valencia.

Developers expect to add approximately 600,000 square feet of new space to the site, including facilities that range from 40,000 to total 140,000 square feet.

A Montessori school and child care facility have already been constructed.

The property was recently sold and the new owner intends to build soundstage and studio support facilities.

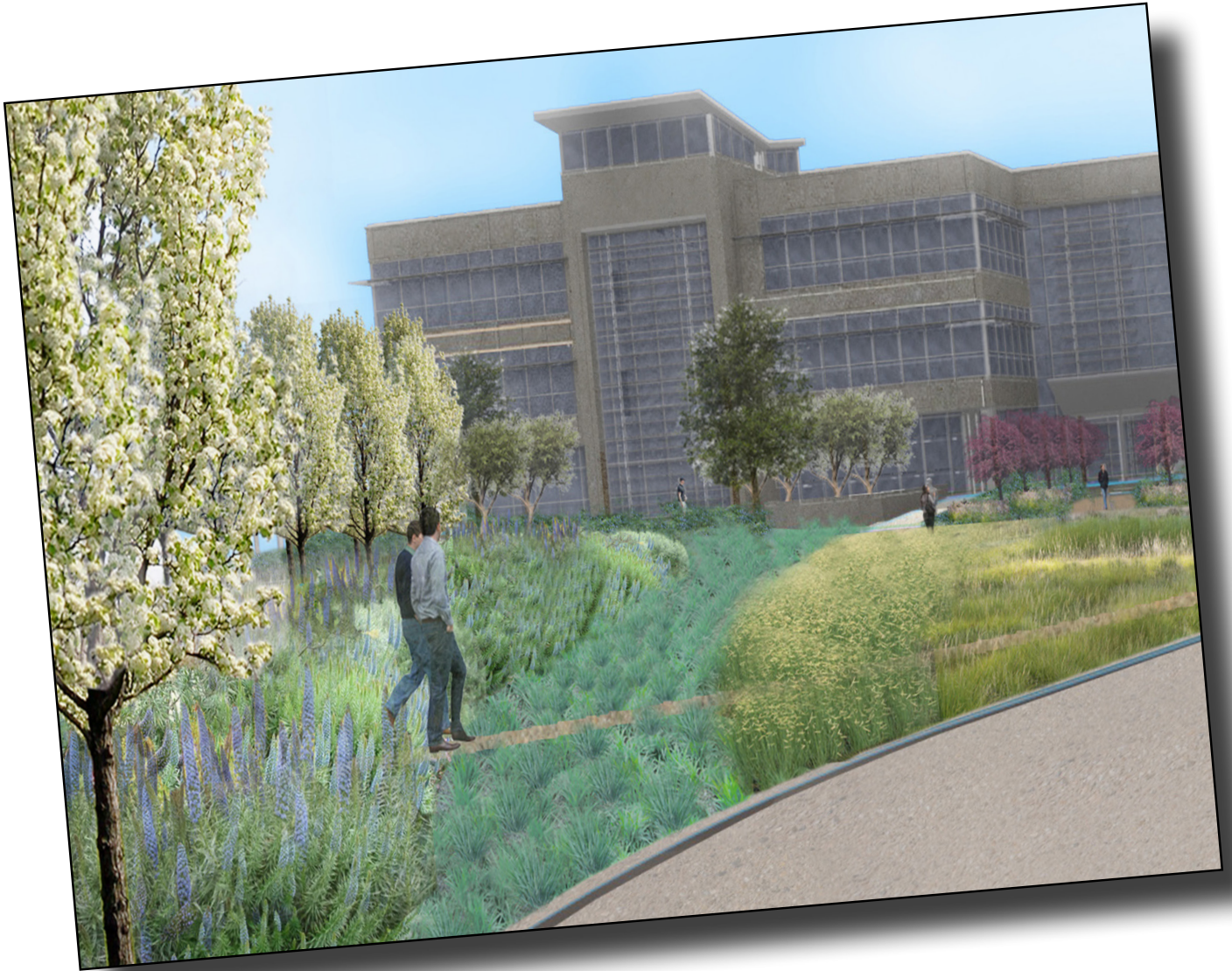
Disney | ABC Studios at the Ranch

Disney | ABC Studios at the Ranch will be constructed on a 56-acre portion of the 890-acre Golden Oak Ranch property.

The project would provide 510,000 square feet of studio, film, and television production facilities on the westernmost portion of the Ranch.

Developers plan to construct 6 pairs of sound stages. However, dependent on market conditions, this may be reduced to 4 pairs of sound stages, and the studio component could be reduced by 100,000 square feet.

In 2014, The Los Angeles County Board of Supervisors granted permission for the construction of either plan.



Logix Headquarters

The project is expected to generate 3,152 jobs during construction and accommodate 2,854 jobs at full buildout.

The project's entitlements have been approved for extension through 2023. Disney has not yet set a timeline for development.

Logix Headquarters

The Logix Headquarters project features a new three-story, 180,000 square foot office facility located off Interstate 5 at Commerce Center Drive and Franklin Parkway.

Construction is now complete.

Principal Residential Projects in the Santa Clarita Valley

September 2021

Project

Name	Developer	Location	Units	Description	Status
City of Santa Clarita					
MetroWalk	Blumax Santa Clarita	Santa Clarita	498	Apts / Condos / Townhomes	Approved
Aliento	TRIPointe Homes	Golden Valley Ranch	495	SF Detached	U/C
Plum Canyon Master	Plum Canyon Master	Whites Canyon / Skyline Ranch	411	SF Detached / Apts	U/C
DACA Castaic	Tapia Ranch	Santa Clarita Valley	405	SF Detached	Pending
Bouquet Canyon Project	Integral Communities	Bouquet Canyon / Copper Hill	375	SF Detached / Townhomes	Approved
Placerita Ranch	Newhall Development Partners	Railroad Ave / 13th	310	SF Detached	On Hold
Single Family Condos	KB Homes	Santa Clarita Valley	245	Condos	U/C
River Village Area D	Lennar Homes	Bouquet Canyon & SC River	184	SF Detached	U/C
Park Vista		Sierra Hwy / Golden Valley	182	SF Detached	Pending
Golden Triangle Apartments		Santa Clarita	164	Apts	Pending
Mancara at Robinson Ranch	Mancara	Oak Spring Canyon / Lost Canyon	109	SF Detached	Pending
Dentec		N. of Bouquet Elementary	95	Residential	Approved
Dockweiler 21	Dockweiler 21	Sierra Hwy / Dockweiler	93	Detached Condos	U/C
Ted Robinson Residential	Ted Robinson	Santa Clarita Valley	48	Residential	Pending
Canyon Brook	The Hoffman Company	Santa Clarita Valley	35	Condos	Approved
Sand Canyon Estates		Tannahill / Triumph	22	SF Detached	Approved

Unincorporated Areas of the Santa Clarita valley

Tesoro Highlands	Newport Land Company	Valencia	820	SF Detached / Assisted Living	U/C
Williams Ranch	iStar Inc.	Castaic	497	SF Detached	U/C
Tapia Ranch	JMP Development	Tapia Canyon	405	SF Detached	Pending
Canyon Heights	Lennar Homes	Plum Canyon / Golden Valley	157	SF Detached	Complete
The Reserve at Sloan Canyon	Claremont Homes	Castaic	157	SF Detached	Pending
Aidlin Hills	Lennar Homes	Wickham Canyon	230	SF Detached	Approved
Canyon View Estates	Jon Friedman	Pico Canyon / Magnolia	37	SF Detached	Pending

Source: California Economic Forecast secondary research

Principal Non-Residential Projects in the Santa Clarita Valley

September 2021

Project Name	Developer	Location	Square Feet	Hotel Rooms	Description	Status
City of Santa Clarita						
Center at Needham Ranch	Various	Needham Ranch Pkwy	1,909,345		Industrial / Office	Various
Phase 1A	Trammell Crow	Needham Ranch Pkwy	451,307		Industrial / Office	Complete
Phase 1B	Clarison Partners	Needham Ranch Pkwy	418,038		Industrial / Office	Complete
Phase 2	Clarison Partners	Needham Ranch Pkwy	1,040,000		Industrial / Office	U/C
Southern California Innovation Park	Intertex / Oak Tree	Rye Canyon	615,954		Industrial	Under Construction
Sand Canyon Resort	Sand Canyon Country Club	Sand Canyon CC	360,415	380	Hotel / Commercial	Pending
Henry Newhall Hospital Expansion	Newhall Foundation	Santa Clarita	360,000		Hospital Expansion	U/C
Oak Ridge Industrial	TMC Hollis	Oakridge / Railroad Aves	330,000		Commercial / Industrial	U/C
Valley Center Self Storage	Horne Partners	Saugus	156,060		Industrial	Approved
UCLA Phase 3	UCLA	27235 Tourney Rd	134,151		Medical Office	Approved
Homewood Suites/Hampton Inn	Prime Construction	Newhall Ranch	122,245	185	Hotel	U/C
Salazar Self Storage	Salazar Construction	Santa Clarita Valley	111,762		Industrial	Approved
Westin Oliver Hotel	Asset Builders	Valencia Blvd / Mcbean	105,000	134	Hotel / Retail	U/C
Westfield Patios Connection		Santa Clarita	101,129		Retail	Approved
Soledad Office		Santa Clarita Valley	100,000		Office	U/C
Residence / Springhill / Holiday Inn	Excel Group	Wayne Mills / Tourney Rd	97,027	170	Hotel	U/C
Chinquetera		23658 Sierra Hwy	91,000		Retail / Office	U/C
Rent a Bin	Rent a Bin	Santa Clarita Valley	60,000		Industrial	U/C
Canyon Country Commerce Park		Santa Clarita Valley	60,000		Retail / Office	U/C
Centre Pointe Pky	Spectrum	Santa Clarita Valley	57,745		Industrial	Pending
Valley Center Skilled Nursing		Santa Clarita Valley	51,000		Healthcare	Pending
27335 Tourney Rd	JSB / McCombs	27335 Tourney Rd	46,000		Healthcare	Complete
Plum/Bouquet Canyon Retail		Santa Clarita	20,000		Retail / Office / Comm	Approved
Williams Homes Office	Williams Homes	Santa Clarita Valley	14,000		Office	Approved

Unincorporated Areas of the Santa Clarita Valley

IAC Commerce Center	Various	Valencia	1,305,409		Industrial	Various
Phase 1	Verizon	Valencia	398,070		Industrial	Complete
Phase 2	IAC	Valencia	506,410		Industrial	Complete
Phase 3	IAC	Valencia	400,929		Industrial	U/C
Disney ABC Studios at the Ranch	Disney	Golden Oak Ranch	510,000		Industrial	Approved
Logix Headquarters	Logix	Commerce Cntr. / Franklin Pkwy	180,000		Office	Complete

Source: California Economic Forecast secondary research

Principal Mixed-Use Projects in the Santa Clarita Valley

September 2021

Project Name	Developer	Location	Non-Res			Description	Status
			Residential Units	Square Feet	Hotel Rooms		
City of Santa Clarita							
Whittaker Bermite	Whittaker	Santa Clarita	2,911	2,482,350		SF / MF / Off / Ret / Ind	Approved
Skyline Ranch	Pardee Homes	Saugus	1,220	46,813		SF / Senior Units (290) / Ret / School	U/C
Vista Canyon	JSB / JPI / KB	Sand Canyon / State Rt. 14	1,100	950,000	200	SF / Apts / Com / Hotel	U/C
Princessa Crossroads	National Tech. Systems	Santa Clarita Valley	710	680,000		MF / Retail / Industrial	Pending
Sand Canyon Plaza	Sand Canyon	Sand Cny / Soledad Cny	580	145,000		SF Detached / Retail	Approved
Galloway Senior @ Five Knolls	CalAtlantic	Newhall Ranch / Golden Valley	146	69,000		MF / Commercial	U/C
River Walk		Santa Clarita Valley	135	10,025		MF / Commercial	Approved
Sierra Highway Assisted Living		Sierra Hwy / Newhall Ave	84	63,195		Assisted Living Facility	Pending
Newhall Crossings	Serrano / Laemmle Newhall	Main St. / Lyons	47	37,000		Apts / Retail / Theater	Complete
Salazar Mixed-Use	Salazar Construction	Santa Clarita Valley	44	7,936		Mixed-Use	Pending
Master's University Expansion	Masters University	21726 Placerita Canyon	42	240,000		School / Student Housing	Approved

Unincorporated Areas of the Santa Clarita Valley

FivePoint Valencia	FivePoint Communities	Newhall Ranch	21,242	11,500,000		SF / MF / Ret / Hotel / Ind / School	Various
Entrada North	FivePoint Communities	Newhall Ranch	1,150	2,674,400		MF / Office / Retail	Pending
Entrada South	FivePoint Communities	Newhall Ranch	1,574	730,000		SF / MF / Off / Ret / School	Pending
Homestead North	FivePoint Communities	Newhall Ranch	1,110	2,357,100		SF / MF / Office / Retail	Pending
Homestead South	FivePoint Communities	Newhall Ranch	3,617	66,400		SF / Condos / Off / Ret / Schools	Pending
Landmark Village	FivePoint Communities	Newhall Ranch	1,444	1,033,000		MF / SF / Ret / Off / Hotel	Approved
Legacy Village	FivePoint Communities	Newhall Ranch	3,457	839,000		SF / Condos / Assisted Living / Com	Pending
Mission Village	FivePoint Communities	Newhall Ranch	4,055	1,555,100		SF / Retail / School	U/C
Potrero Valley	FivePoint Communities	Newhall Ranch	4,835	245,000		SF / MF / Off / Ret / School	Pending
Northlake	Northlake Associates LLC	Valencia	3,150	38,700		SF / MF / Com / Fire Station / School	U/C

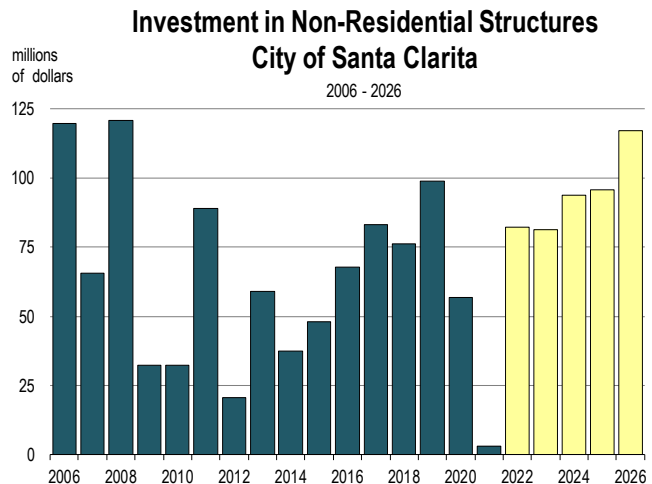
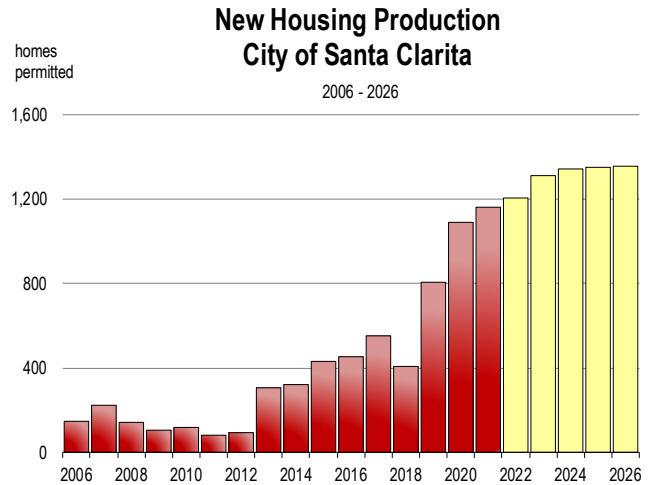
Source: California Economic Forecast secondary research

The Forecast

While the forecast presents a year-by-year distribution of new housing units (permits), the sum of housing units over the forecast period is more important than the year-by-year allocation of units. There are too many non-market influences that can interrupt the timing of the permitting process from year to year. Consequently, there is greater variability in the forecast of housing units at the regional level than other variables like employment or income.

Our forecast calls for approximately 6,500 new housing starts in the City of Santa Clarita between 2022 and 2026. Additional units will be permitted in the surrounding unincorporated areas. Investment in non-residential structures will sum to more than \$400 million for the entire 2022-2026 forecast period.

The FivePoint Valencia Project broke ground with major sitework in October 2017. Land sales to builders began in late 2019, and permits for individual units began to be issued in 2020. Consequently, there was a meaningful rise in new housing permits beginning in 2020 and the forecast calls for additional increases through 2026.



New Development Forecast		City of Santa Clarita					2021-2026
	2021	2022	2023	2024	2025	2026	
New Residential Development		--number of units permitted--					
Total Units	1,162	1,205	1,311	1,343	1,351	1,356	
Commercial and Industrial Investment		--millions of dollars--					
Permit Value	3.0	82.2	81.3	93.7	95.7	117.1	

Source: California Economic Forecast, September 2021

QUALITY OF LIFE INDICATORS

Crime



Traffic



Quality of Education



Children Living in Poverty



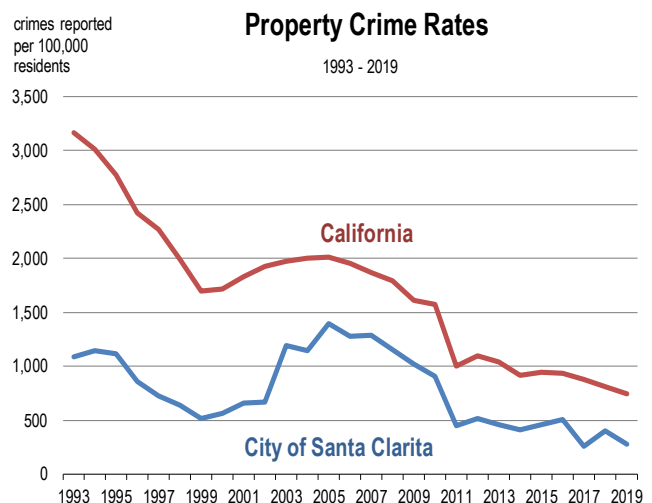
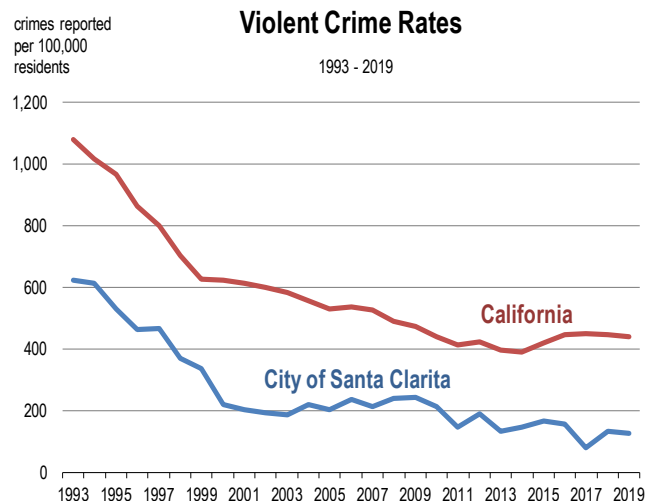
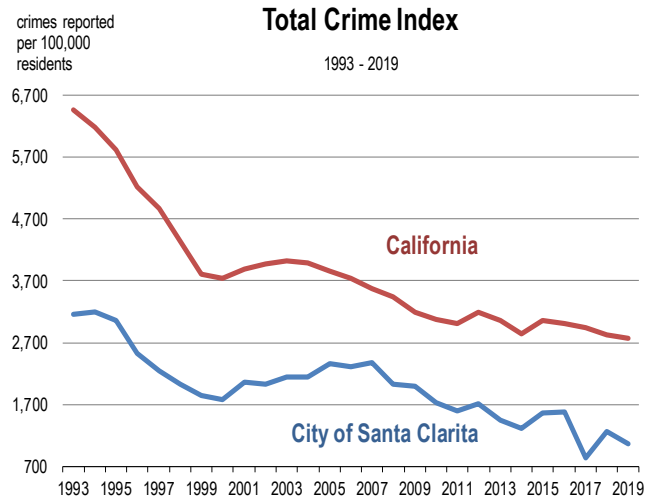
Quality of Life Indicators

The social environment of the Santa Clarita Valley directly affects local business performance and influences home prices. Public safety, traffic congestion, school quality, and child welfare are important features of this environment. In this chapter, these topics are examined with information on local crime rates, traffic counts, standardized tests, and youth poverty.

Crime

For areas of California, crime levels can be compared to one another on the basis of the Total Crime Index. The Total Crime Index is the sum of the following crime categories: homicide, rape, robbery, aggravated assault, burglary, motor vehicle theft, larceny, and arson. The most recent information describes crime levels in 2019.

- In 2019, crime levels in the Santa Clarita Valley were near record lows. A total of 1,071 crimes were reported per 100,000 residents, which is lower than any year on record other than 2017.
- Crime rates across California were virtually unchanged in 2019. Statewide, there were 2,772 crimes per 100,000 residents, a 2 percent decrease from a year earlier.
- Santa Clarita is one of the safest cities in Los Angeles County, with violent crime rates that are consistently lower than other regions.
- Out of the 87 cities in Los Angeles County, Santa Clarita had the 15th lowest violent crime rate in 2019.



Crime Rates	Santa Clarita Valley							2012-2019
	2012	2013	2014	2015	2016	2017	2018	2019
– crime reports per 100,000 residents –								
City of Santa Clarita								
Homicide	1	1	0	3	1	1	2	1
Rape	17	9	7	16	21	9	20	22
Robbery	54	47	44	59	58	27	43	41
Aggravated assault	120	76	96	89	77	43	70	63
Burglary	344	341	295	313	310	159	269	180
Motor vehicle theft	170	121	117	142	197	99	136	100
Larceny	1,018	852	760	942	926	502	720	664

Source: Federal Bureau of Investigation

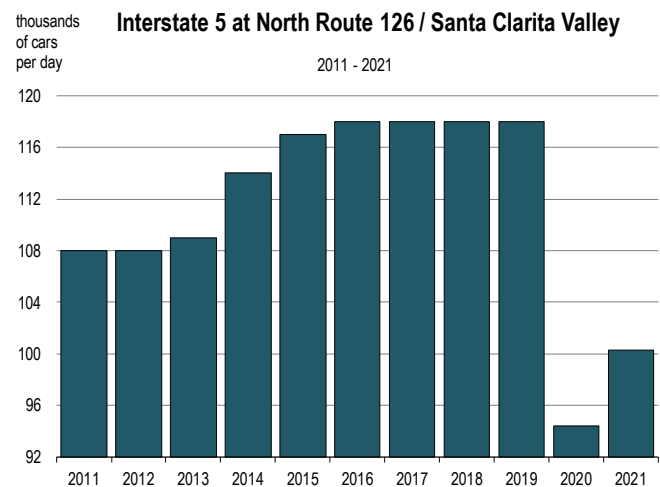
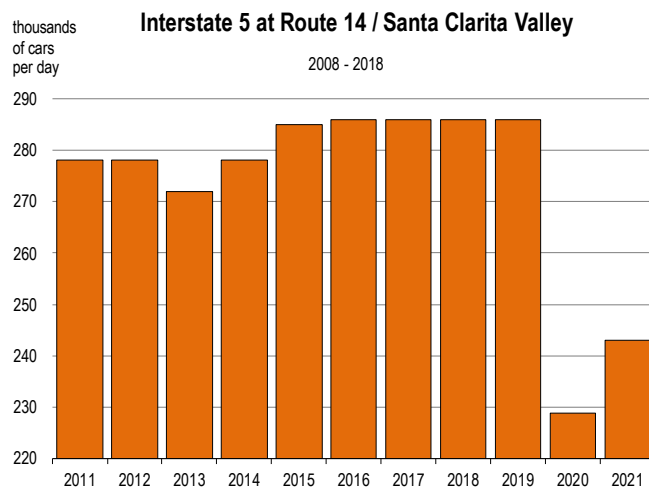
- Santa Clarita also has an exceptionally low rate of property crime.
- In 2019, the City of Santa Clarita also had the 15th lowest rate of property crime in Los Angeles County.

economic weakness and grow during periods of strength. This occurs for several reasons, including the increased transportation of goods, a larger number of individuals commuting to work, and higher disposable incomes that can be spent on cars and gas.

Traffic

Traffic counts can reveal information about economic and demographic trends. In general, traffic counts decline during periods of

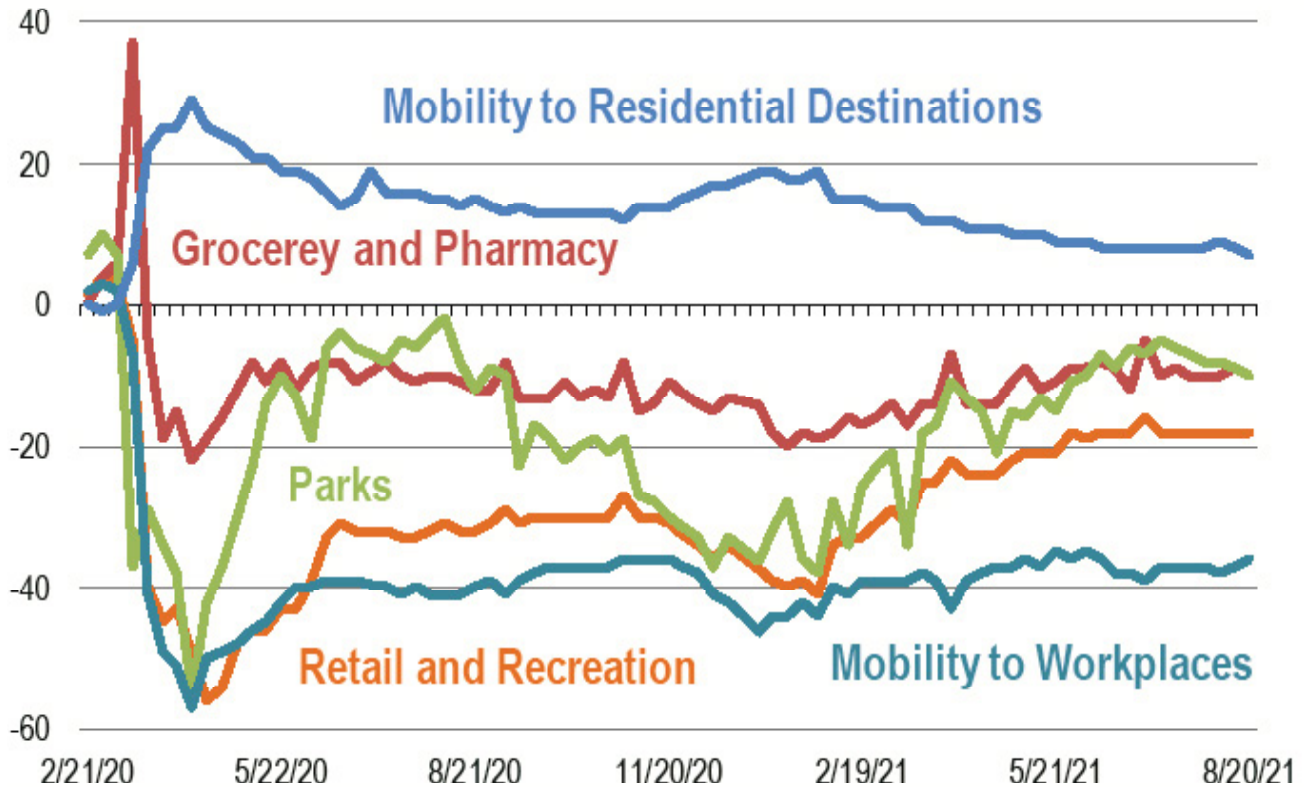
- Traffic volumes plummeted during the coronavirus pandemic.
- Across the Santa Clarita Valley, traffic counts fell by 20 percent in 2020.



Mobility in the Santa Clarita Valley

percent change
from Jan. 2020

Weekly: February 21, 2020 – August 20, 2021

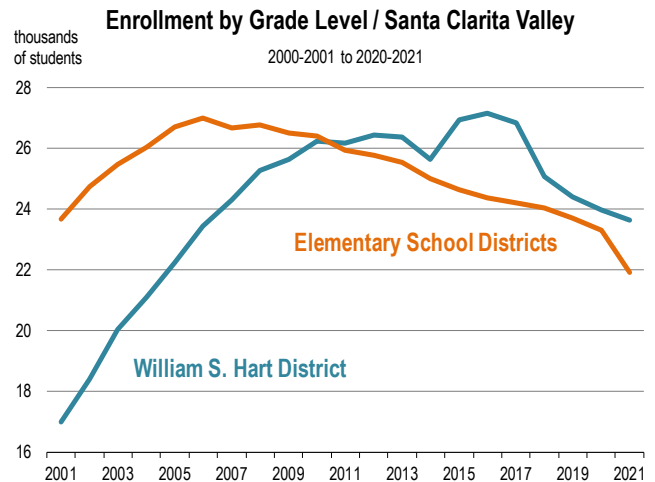
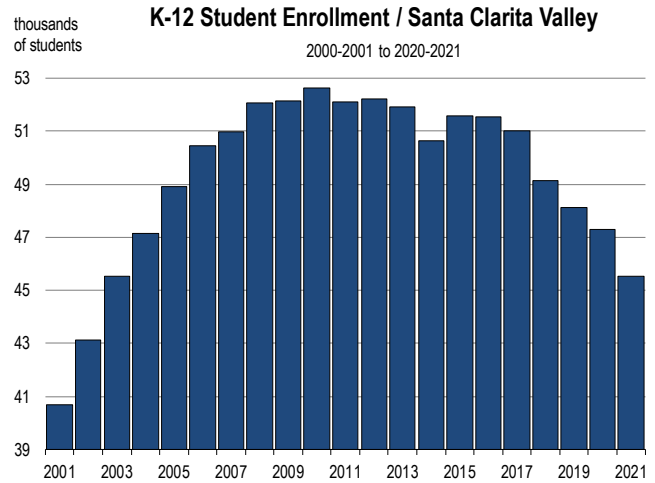


- By mid-2021, traffic was still 15 percent below 2019 levels.
- The largest decrease was observed in travel to workplaces. Very soon after the onset of the pandemic, mobility to work fell 60 percent below January 2020 levels. By mid-2021 it was still 36 percent below normal.
- By mid-2021, travel to grocery stores, pharmacies, and parks had almost returned to normal.
- In a crucial development for the SCV, travel to recreation and retail locations (including restaurants) had recovered more than half of its early pandemic decline by August 2021.
- The SCV has a large tourism industry, and mobility to entertainment venues is a real-time indicator of overall tourism activity.

Quality of Education

Enrollments

- During the 2020-2021 school year, enrollment in Santa Clarita Valley public schools declined by 1,745 students.
- Enrollment has been in decline for several years, but the trend was exacerbated by the coronavirus pandemic.
- Schools were closed for in-person learning and it was a challenge for some students to attend classes virtually.
- Enrollment at the William S. Hart district declined by 345 students. In the Hart district, enrollment has returned to 2005 levels.
- Enrollment in the elementary districts fell by 1,400 students.
- Elementary school enrollment in has returned to 1998 levels.



Public School Enrollment	Santa Clarita Valley							
	2013-2014 to 2020-2021							
	-school year-							
	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21
Castaic Union Elementary	2,651	2,568	2,354	2,234	2,153	2,037	2,020	1,860
Newhall Elementary	6,831	6,739	6,650	6,706	6,537	6,539	6,267	5,920
Saugus Union Elementary	10,012	9,911	9,984	9,900	9,960	9,791	9,704	9,071
Sulphur Springs Union Elementary	5,501	5,437	5,383	5,370	5,395	5,336	5,329	5,069
Total Elementary	24,995	24,655	24,371	24,210	24,045	23,703	23,320	21,920
William S. Hart Union High	25,640	26,938	27,155	26,822	25,080	24,414	23,968	23,623
Santa Clarita Valley Total	50,635	51,593	51,526	51,032	49,125	48,117	47,288	45,543

Source: California Department of Education

- The largest decrease was observed at Saugus Union, which lost 633 students (a decline of 6.5 percent).
- All elementary districts were characterized by decreases of at least 5 percent.

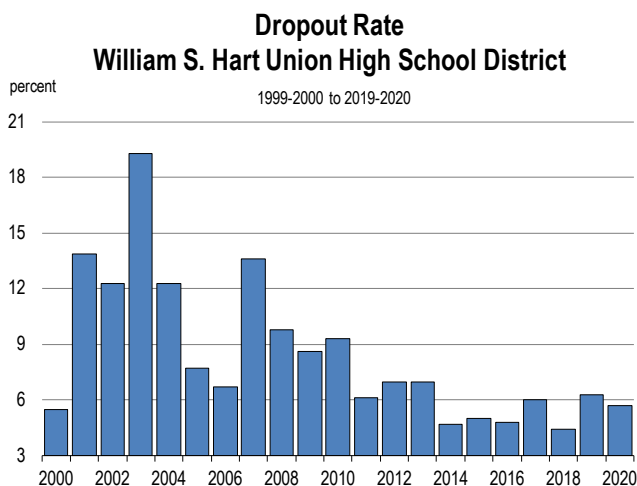
Dropout Rate

The rate at which students choose to dropout of school is an important indicator of how well schools are keeping students interested and preparing them for the workplace.

Teens who drop out of high school are unlikely to have the minimum skills and credentials necessary to function in today's increasingly technological workplace.

The completion of high school is required for accessing post-secondary education and is a minimum qualification for most jobs.

- At the William S. Hart Union High School District, the dropout rate has been exceptionally low for almost a decade.



- In the 2019-2020 school year (the most recent data available), only 5.7 percent of students dropped out.
- Statewide, 15.7 percent of students dropped out.
- Across Los Angeles County, 23.9 percent of students dropped out.

Elementary School Testing

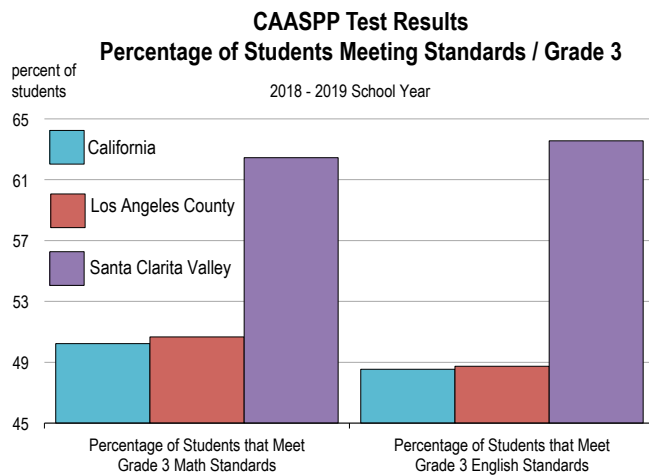
California schools now administer the CAASPP exam – a replacement system for the old California Standard Test (CST).

The State of California has established benchmarks for student scores, and schools can be evaluated by the rate at which their students pass these benchmarks.

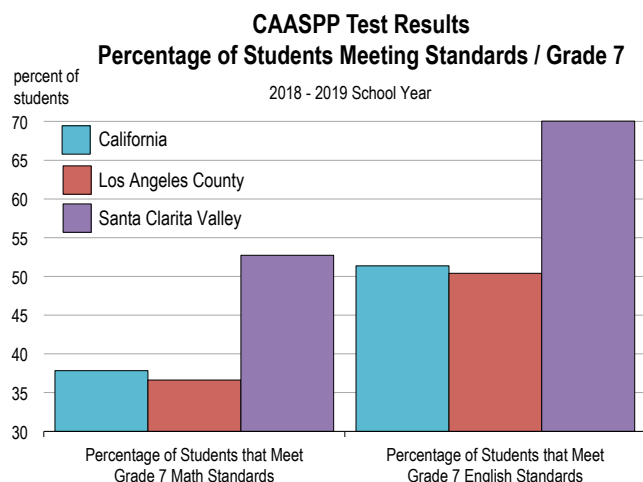
This analysis (arbitrarily) presents scores for third grade and seventh grade as representative of elementary and junior high students.

Because testing was disrupted during the coronavirus pandemic, the most recently available data describes the 2018-2019 school year.

- In the Santa Clarita Valley, third grade students significantly outperformed their peers across Los Angeles County and the State of California.
- This outperformance occurred in both Math and English.



- Among third grade students, more than 60 percent of test takers passed the Math and English tests.
- In Los Angeles County and across California, only 48 percent to 50 percent of third grade students passed the tests.



- At the seventh grade level, more than 70 percent of Santa Clarita Valley students passed the English portion of the test, which is almost 20 percentage points higher than students across Los Angeles County and California.
- Almost 53 percent of Santa Clarita Valley students passed the seventh grade Math portion, which is approximately 15 percentage points higher than Los Angeles County or California.

The SAT

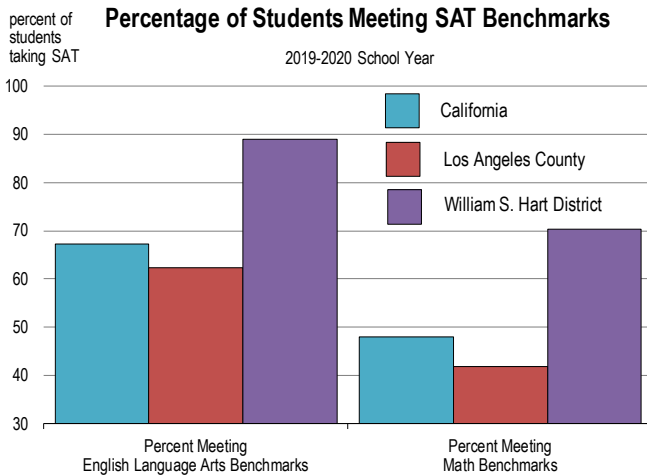
The SAT is a standardized test taken by juniors and seniors in high school.

The SAT is typically a requirement for admission to 4-year colleges and universities, although some colleges and universities are beginning to adopt an “SAT optional” approach.

The State of California has established benchmarks for student success, and schools can be evaluated by the number of students that meet or exceed these benchmarks.

In general, schools that have a large number of students meeting these standards have prepared their students for success at the college level.

- High school students in the Santa Clarita Valley typically score very well on the SAT.



SAT Results 2019-2020 School Year

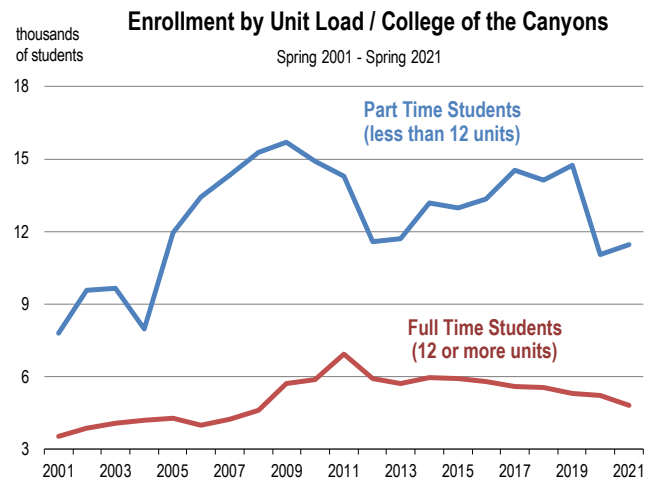
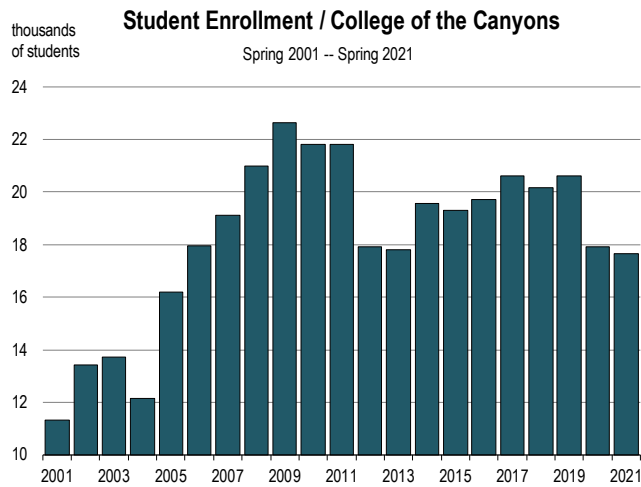
High School / Aggregate	English Language Arts	Math
--percent of students meeting benchmarks--		
Canyon High	81.1	56.9
Hart (William S.) Senior High	84.2	59.2
Saugus High	93.5	76.9
Valencia High	92.5	71.4
Academy of the Canyons	98.4	87.5
West Ranch High	92.1	82.9
Golden Valley High	82.7	61.5
William S. Hart District	88.9	70.2
Los Angeles County	62.3	41.8
State of California	67.3	47.9

Source: California Department of Education

- Within the William S. Hart High School district, 88.9 percent of students met or exceeded statewide benchmarks on the English Language Arts section of the SAT during 2019-2020.
- In the Hart district, 70.2 percent of students met or exceeded benchmarks on the Math section.
- Students in the Hart district outperformed the California and Los Angeles County averages on both sections of the test.
- Academy of the Canyons was the best performing school in the Valley in 2019-2020.
- Other top performers were West Ranch, Valencia, and Saugus.
- In the 2019-2020 school year, fewer than half of all seniors took the SAT.
- If “SAT optional” admissions practices become more common, SAT participation could decline even further.

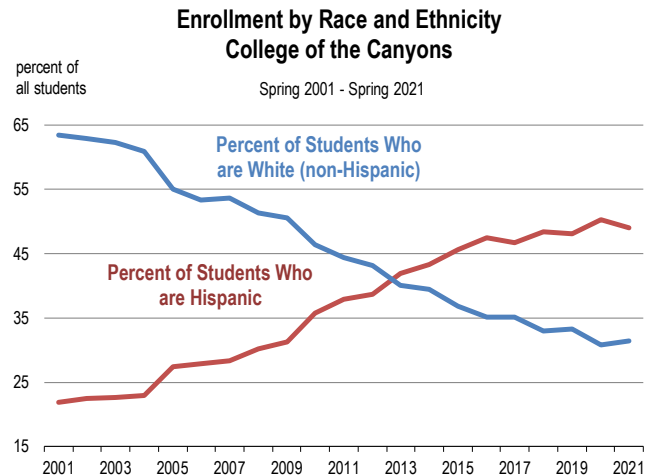
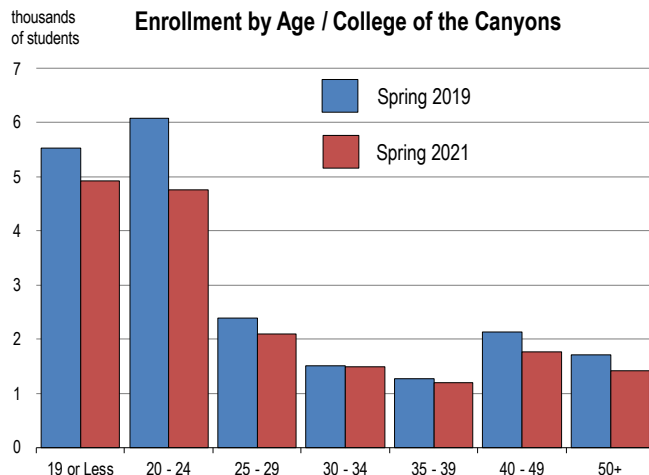
College of the Canyons

- In 2020 and 2021, enrollment at College of the Canyons decreased sharply.
- The largest decreases were observed in students aged 24 and under. Decreases were very small among full-time students but were large for part-time students.



- Enrollment declined faster among male students than female students, but male students still accounted for well over half of all enrollments.
- Hispanic students accounted for almost half of all enrollments while non-Hispanic White students represented 31 percent of the campus population.

- The campus-wide enrollment declines in 2020 and 2021 did not impact the long-term trend of higher representation among Hispanic students.
- In the Spring of 2021, approximately 5 percent of students identified as Black, 6 percent identified as Asian, 5 percent identified as Pacific Islander, and 3 percent identified with multiple racial cohorts. These shares have not changed substantially over the last decade.



Children Living in Poverty

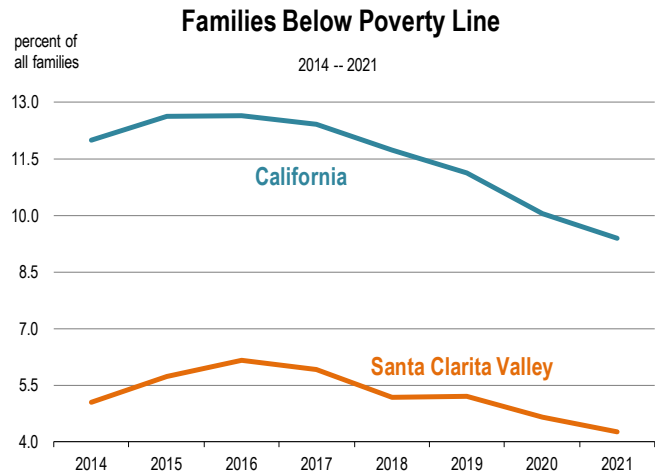
Children under 18 are much more likely than adults to be poor.

For a family of four with two children, the federal poverty level is \$26,500.

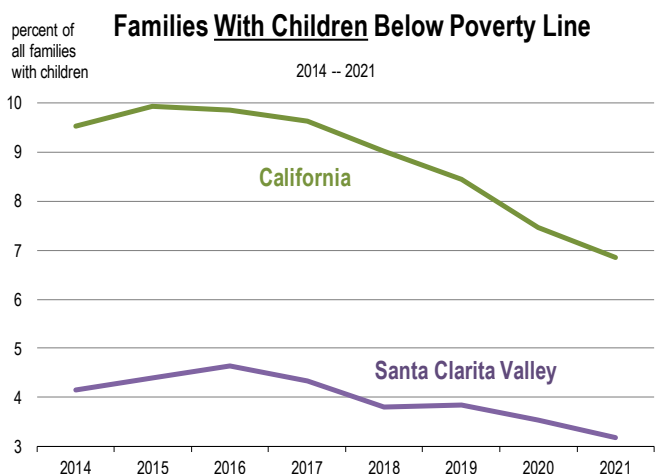
Being raised in poverty places children at higher risk for a wide range of problems.

Research indicates that children who are raised in poverty are disproportionately exposed to risk factors that may impair the development process, contribute to poor academic achievement, and ultimately result in lower earnings in adulthood.

- In 2021, 4.3 percent of families in the Santa Clarita Valley were under the poverty level.
- Approximately 3.2 percent of families with children were in poverty.
- Across California, 9.4 percent of families were below the poverty level.
- In 2021, 6.9 percent of California families with children were living in poverty.
- Despite a deep recession, fewer families fell below the poverty line in 2020 and 2021.



- Why? Because job-related income losses were offset by federal and California stimulus packages.
- The stimulus programs were so large, some individuals actually earned higher incomes after they lost their jobs.



Data in this chapter is from the Federal Bureau of Investigation; the California Department of Transportation; Google; the California Department of Education; the California Community College System; Claritas.

Appendix A: Largest Employers			Santa Clarita Valley		March 2021	
Rank	Company or Organization	Location	2020	2021	Change 2020 to 2021	Percent Change
Public			– headcount of employees –			
3	William S. Hart Union School District	Santa Clarita Valley	1,959	1,641	-318	-16.2
4	College of the Canyons	Valencia	2,135	1,535	-600	-28.1
5	U.S. Postal Service	Santa Clarita	1,271	1,414	143	11.3
7	Saugus Union School District	Santa Clarita	1,675	1,254	-421	-25.1
9	City of Santa Clarita	Santa Clarita	877	811	-66	-7.5
12	Newhall School District	Valencia	774	715	-59	-7.6
31	Castaic Union School District	Valencia	261	248	-13	-5.0
37	SCV Water	Santa Clarita Valley	210	202	-8	-3.8
Public Totals			9,162	7,820	-1,342	-14.6
Private			– headcount of employees –			
1	Six Flags Magic Mountain ¹	Valencia	3,200	2,700	-500	-15.6
2	Henry Mayo Newhall Hospital	Santa Clarita	1,917	1,917	0	0.0
6	Princess Cruises	Valencia	2,092	1,308	-784	-37.5
8	Boston Scientific	Valencia	1,000	875	-125	-12.5
10	The Master's University	Santa Clarita	796	755	-41	-5.2
11	Woodward HRT	Valencia	680	721	41	6.0
13	Quest Diagnostics	Valencia	550	608	58	10.5
14	Scorpion Internet Marketing and Design ²	Valencia	629	601	-28	-4.5
15	California Institute of the Arts	Santa Clarita	700	600	-100	-14.3
16	Amazon ³	Santa Clarita Valley	n/a	580	n/a	n/a
17	Advanced Bionics	Valencia	575	548	-27	-4.7
18	Contractors Wardrobe	Valencia	450	473	23	5.1
19	Walmart ⁴	Santa Clarita	n/a	450	n/a	n/a
20	Stay Green Inc.	Santa Clarita	360	400	40	11.1
21	Q2 Solutions	Valencia	443	393	-50	-11.3
22	Kaiser Permanente	Santa Clarita	386	384	-2	-0.5
23	Gothic Landscaping	Valencia	306	380	74	24.2
24	AMS Fulfillment	Valencia	365	367	2	0.5
25	Bocchi Laboratories	Santa Clarita	365	365	0	0.0
26	ITT Aerospace Controls	Valencia	475	360	-115	-24.2
27	Pharmavite	Valencia	348	345	-3	-0.9
28	Costco Wholesale	Canyon Country	285	302	17	6.0
29	McDonald's	Santa Clarita Valley	353	291	-62	-17.6
30	Landscape Development Inc. ⁵	Valencia	280	280	0	0.0
32	B & B Manufacturing Co.	Santa Clarita	300	240	-60	-20.0
33	Shield Healthcare	Valencia	238	233	-5	-2.1
34	Forrest Machining	Santa Clarita	225	232	7	3.1
35	ASC Process Systems	Valencia	240	226	-14	-5.8
36	PCC Aerostructures ADI	Valencia	398	213	-185	-46.5
38	Comfort Keepers	Santa Clarita	n/a	202	n/a	n/a
39	Bioness	Valencia	200	200	0	0.0
40	Fralock	Valencia	186	200	14	7.5
41	Stratasys Direct Manufacturing	Valencia	198	198	0	0.0
42	The Home Depot ⁶	Santa Clarita Valley	n/a	190	n/a	n/a
43	RAH Industries	Santa Clarita	175	185	10	5.7
44	Novacap	Valencia	226	182	-44	-19.5
45	Crissair	Valencia	216	180	-36	-16.7
46	Star Nail International / Cuccio (new for 2020)	Valencia	189	179	-10	-5.3
47	Cardinal Health	Santa Clarita	225	170	-55	-24.4
48	Adept Fasteners	Valencia	177	170	-7	-4.0
49	Honda Performance	Valencia	170	170	0	0.0
50	Frontier Toyota	Valencia	188	166	-22	-11.7
Private Totals			20,106	18,117	-1,989	-9.9
Overall Total*			29,268	25,937	-3,331	-11.4

¹ Updated as of September 2021² 2020 headcount corrected³ Estimated headcount inclusive of two SCV locations⁴ Carl Boyer "academy" store location only⁵ 2020 headcount adjusted to include only SCV employees⁶ Golden Triangle location only*For companies with complete information in both 2020 and 2021
Source: California Economic Forecast and the Santa Clarita Valley
Economic Development Corporation

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California Economic Forecast

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