2023 ECONOMIC OUTLOOK

Santa Clarita Valley Economic Development Corporation & College of the Canyons

Presented by

SCVEDC

COLLEGE OF THE CANYONS

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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We proudly celebrate the achievements of Santa Clarita Valley Economic Development Corporation.

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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, Val Verde, Westridge, Newhall Ranch and Aqua Dulce.

More than 72% in SCV have attended some college

<table>
<tr><th colspan="4">Educational Attainment In The SCV</th></tr>
<tr><td>Population 25 years and over</td><td>204,393</td><td></td><td></td></tr>
<tr><td>No high school diploma</td><td>19,008</td><td>9.3%</td><td></td></tr>
<tr><td>High school diploma</td><td>37,403</td><td>18.3%</td><td></td></tr>
<tr><td>Some college</td><td>51,098</td><td>25%</td><td rowspan="3">72%</td></tr>
<tr><td>Associate’s degree</td><td>20,643</td><td>10.1%</td></tr>
<tr><td>4-year degree or more</td><td>76,238</td><td>37.3%</td></tr>
</table>

The majority of residents are of working age

SCV Population by Age		
Total	294,090	
18 - 24	27,938	9.5%
25 - 44	85,286	29.0%
45 - 64	80,287	27.3%
65 and above	38,820	13.2%

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

	Santa Clarita Valley	Los Angeles County	California
Median Household Income	$123,300	$88,000	$89,913

57% of SCV households have an annual income of more than $100,000

	Santa Clarita Valley	
Household Income	# of households	
< $50,000	21,118	20.5%
$50,000-$100,000	22,663	22%
$100,000-$150,000	22,148	21.5%
$200,000 and above	37,085	36%

SCV employment enjoys a diverse mix of occupations

SCV Labor Market Breakdown		
Total	153,015	
Professional and Business Services	15,339	10%
Manufacturing	10,948	7.1%
Construction	6,905	4.5%
Healthcare & Education	13,776	9%
Retail	15,159	9.9%
Leisure and Hospitality	14,466	9.4%

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With a strong economy, vibrant businesses, and engaged community partners, the Santa Clarita Valley's future is bright!

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WORKFORCE DEVELOPMENT

Case Study

Logix smarter banking®

Logix Federal Credit Union's impressive 87-year history and explosive growth leading up to over 210,000 members, over $9 billion in assets, and its status as Los Angeles County's largest credit union did not happen by chance. Logix's success is partly rooted in how it approaches one of its foundational cultural tenets aimed at Logixians (its team members) growth and development, inclusive of internal mobility opportunities. Christina Flores, Logix's Chief Human Resources Officer, SVP, said it best, "Our people feel invested in and cared for. We want to provide meaningful work and opportunities for growth (economically as well)."

The executive leadership team itself represents Logix's commitment in action to investment in and promotion of its people; Chief Executive Officer, Ana Fonseca, started her career there as an Accounting Representative; Chief Administrative Officer, EVP, Kevin Rishko, started his career there as a Financial Services Officer; Chief Legal Officer, EVP, Nick Mitchell, started his career there as a Training Coordinator; and SVP Real Estate & Consumer Lending & Business Intelligence Implementation, Mike Ishkhanian, started his career there as a Branch Teller.

COMPANY NEED

To keep up with the credit union's phenomenal growth, the **Logix Leadership Academy** team (the company's learning and resources team), recognized the importance of investing in their Logixians by offering a variety of skill enriched development programs that could best ensure ample promotional opportunities, at all levels. Though Logix offers financial services like a bank, it is a not-for-profit organization. With that said, adhering to the established budget and prioritizing professional development offerings had to be put in perspective. Relying solely on the company's internal training budget could constrain supporting all organizational growth initiatives and skillset expansion goals equally, including having funds available for staff reimbursement for attendance in degree programs, leading to the achievement of educational and career goals.

WORKFORCE DEVELOPMENT

Case Study

Logix smarter banking®

SOLUTION

The Logix Leadership Academy team engaged in a partnership with College of the Canyon's Employee Training Institute (ETI). ETI had established a contract with California's Employee Training Panel (ETP) whereby state subsidized funding was made available in support of companies offering job skills training, including improving leadership-focused capabilities. Sandra Trudeau, Logix's Vice President, Learning and Resources, stated, "The better we are as individuals, the better we are on the whole." She saw how using ETP funding would allow more early-career Logixians to participate in a wider range of leadership development programs. Logix was able to substantially expand the Emerging Leaders Program in 2022 thanks to the ETP funds, without having to cut back on other training programs for its employees. The first cohort of 33 participants, attended a 15-month robust leadership development course that included a capstone project whereby participants would conduct research and interact with vendors; see challenges and possibilities through different perspectives; and present their project proposal to the executive team.

RESULTS

The numbers speak for themselves. Using ETP funding has proven a valuable resource to Logix:

- In 2022, 26% of Logix Leadership Academy's total course offerings were funded by ETP; the Logix Leadership Academy offered 81 leadership sessions in total whereby 21 of these sessions were exclusively in support of the Emerging Leaders Program.
- So far, in 2023, 32% of Logix Leadership Academy's total course offerings were funded by ETP; the Logix Leadership Academy offered 47 leadership sessions in total whereby 15 of these sessions were exclusively in support of the Emerging Leaders Program.
- To date, 27% (9 of 33) of participants who completed the Emerging Leaders Program attained promotions into management.

For more information about ETP and other workforce development resources, email Jey Wagner, Ed.D., at jeywagner@scvedc.org.

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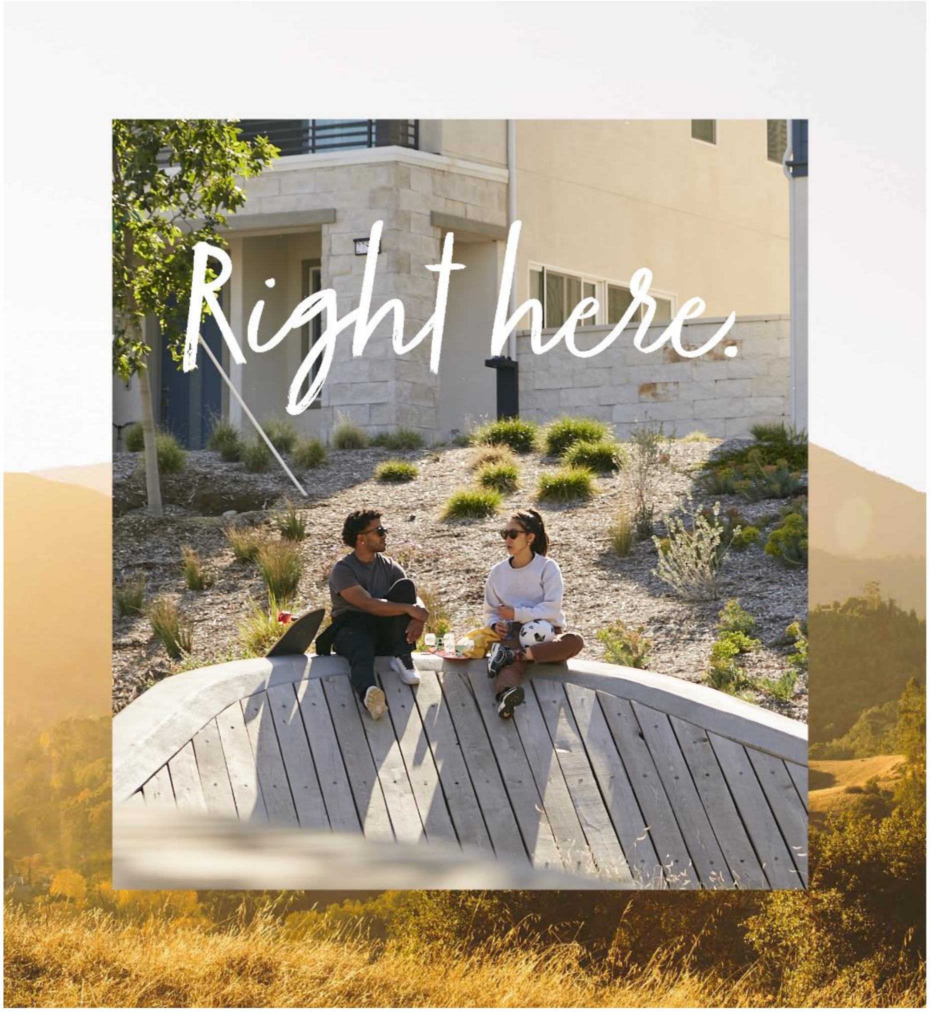

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Business Visits

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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We are excited to be a part of the tremendous growth over the past few years, and look forward to a continued commitment to the Santa Clarita Valley.

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The General Outlook for 2023 and 2024

Executive Summary

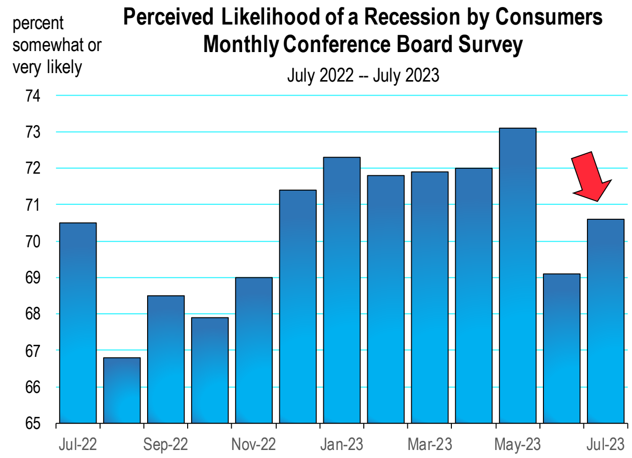
by Mark Schniepp
August 25, 2023

The U.S. Economy

Fortunately, current economic conditions are not yet supporting the widespread expectation of inevitable recession this year.

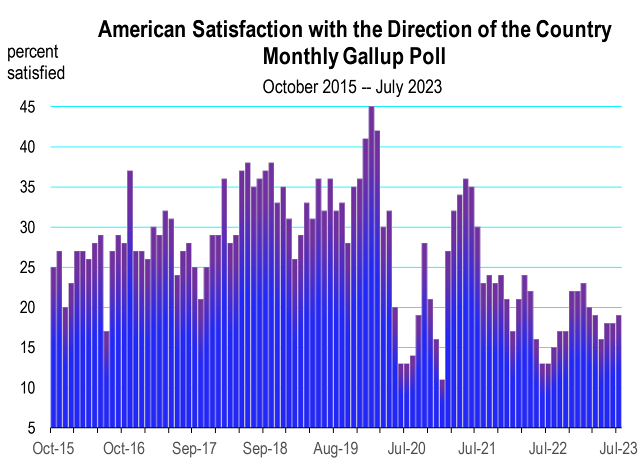
In March of 2023, the majority of economists forecast a U.S. recession in 2023, and for many good reasons. The sharpest increase in interest rates in 40 years, the inverted yield curve, the contracting of manufacturing, and the dismal ratings in American polls regarding government leadership and the direction of the country have not tipped over the U.S. economy. Amid all of the economic clouds, there's no storm yet.

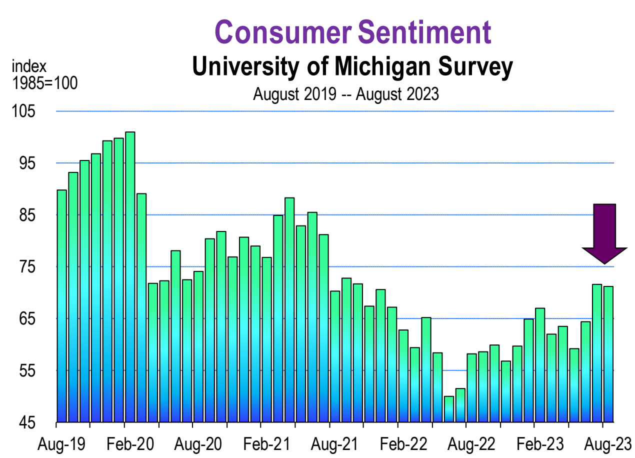
Consumers have faced sharply rising prices for food, gasoline and shelter over the last 18 months. They've seen massive layoffs from Amazon, Meta, Google, Salesforce, Twitter, and Yahoo over the last 12 months. They've

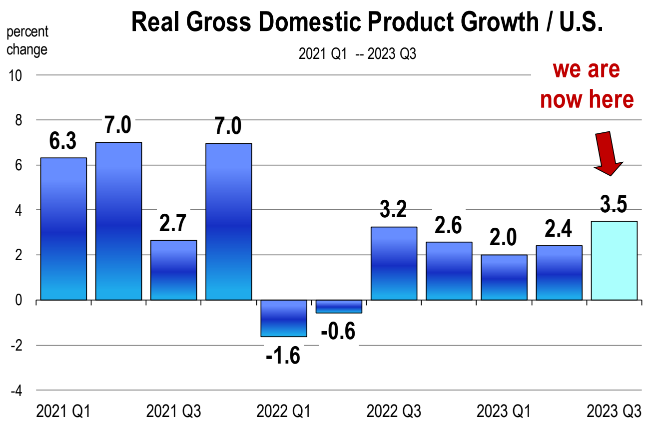


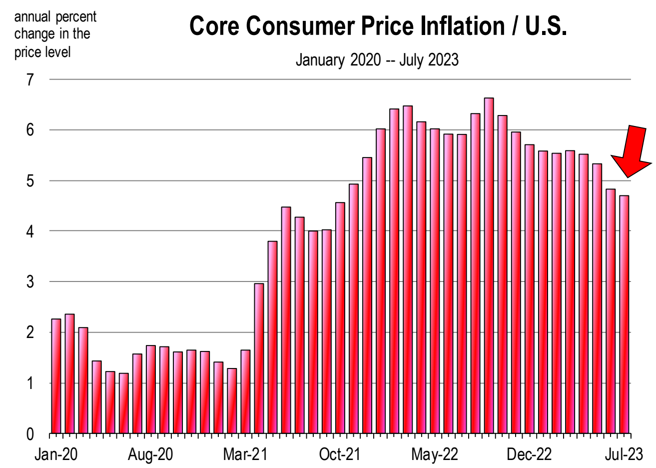
witnessed global instability in Afghanistan, Eastern Europe, France, and now they are seeing tensions rise between China and Taiwan, and us. No wonder they generally expect a recession within the next 12 months.

However, general sentiment about the economy has just recently improved. There is also clear improvement on inflation. Layoffs have now moderated. The long perceived recession in 2023 has not arrived, and the likelihood of expected recession moderated in June and July.









The growth of GDP has been positive all year, and for this quarter (July to September), the rate of growth has accelerated. The estimate for the current quarter is currently running at 3.5 percent growth, the fastest rate since 2021.

The strong labor market shows few signs of weakening. There are still millions of job openings that can't be filled. Wages are rising. Consumers are still spending. The stock market has rallied strongly this year.

We are experiencing real time conditions where workers are fully employed, production of goods and services is still rising, and investors are clearly long on domestic business growth. Consequently, although the recent economic evidence is mixed, it does not suggest an economy on the brink of recession. It now suggests the economy, long expected to be in recession by now, will avert recession in 2023, and maybe longer.

The Federal Reserve now has the difficult task of deflating core inflation, which is still high at 4.7 percent. The Fed is on a vigilant mission to pursue and tame intrinsic inflation until it has clearly extinguished, which to them means 2 percent.

The labor market needs to cool. The growth of wages is running at 4.0 percent, still above the 3 percent pace that is compatible with 2 percent inflation.

A soft landing scenario means that restrictive monetary policy continues until inflation is under control and no recession occurs as a result. Then the Fed takes credit for having performed a miraculous task since soft landings are indeed rare. However, for this cycle, the normal aggressive stance by the Fed would have normally plunged the economy into contraction of some type, but for the strong labor market that has surprised everyone. If we do avert a recession, the credit should go to the pandemic and not the Fed.

Because the scarce labor market is due to the pandemic, which accelerated retirements and caused families to realize they could manage on one income and not two. More people looking for work now will slowly increase the labor force, and that will be forthcoming as Generation Z graduates from school and households decide they can use that 2nd income again, due to the current inflationary environment.

Risks

The Fed's forecast for inflation a few months ago was 2.8 percent in 2023, and 2.5 percent in 2024. This is looking extremely optimistic unless more rate hikes are made or there's a recession. The July inflation report was not good. While a rate of 3.2 percent would normally be celebrated, it breaks the inflation reporting trend of consistent improvement over the last 12 months. There was no improvement in July, the core rate was virtually the same and headline inflation was even slightly higher.

While another rate hike or two could be a tipping point for the economy, the odds of recession are less probable now than 3 months ago. The soft landing is looking more likely. There is no rising unemployment, but future likely Fed interest rate hikes are certain to change that.

The Stagflationary environment we were clearly in a year ago has abated, so that condition is no longer present nor much of a risk.

The biggest potential risk to consumer spending is another jump in energy prices. We've already seen oil and gasoline prices rise in July and August. More spending on fuel would impede the spending on other goods. And general price inflation would likely rise further, giving the Fed more reasons to continue restrictive monetary policy.

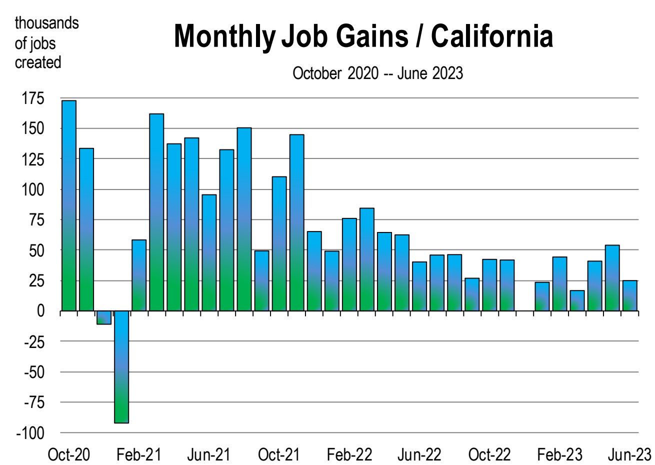
We are now less worried about war, drought, and famine like we were last year, and consumer pessimism appears to be abating. But other geo-political tensions, such as between China and Taiwan or the U.S. and China remain on the table, and any stress in these tensions could also lead to a tipping point.

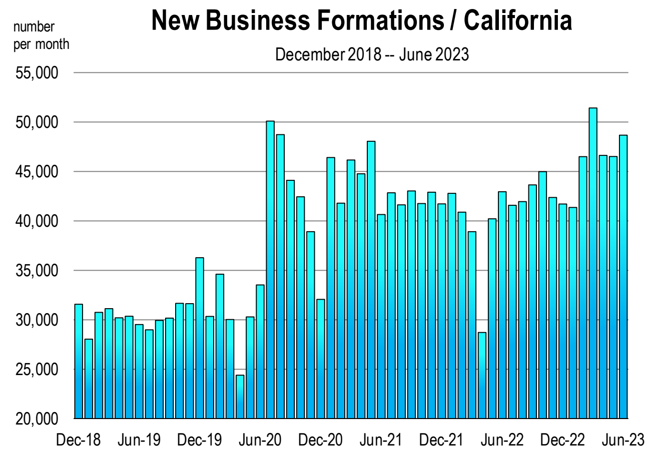
The upside risk is that (1) inflation is snuffed out this year, (2) unemployment rises but modestly enough to keep spending as an engine of positive economic growth, and (3) world economic growth resumes- --in Europe especially---which would maintain U.S. productive capacity.

The California Economy

Over the last 6 months, the Nation's economic uncertainty is the principal factor deciding the direction of the California economy. Right now, the economic condition is not that worrisome but the risks are clearly present.

Among California's current problems is the lack of housing which has resulted in home values that have chased residents out of the state. The contracting population of California is becoming a growing question regarding the necessity to address it. We don't see the declining population trend reversing in the near future. Businesses are also leaving California but you'd never know it from the rising employment reported every month.





There are offsets to recent business and worker departures by all of the new business formations now occurring in the state.

Unemployment rates set record lows a year ago but have been rising gradually since. They are now at 4.6 percent. This is due to the growth of the labor force combined with the slowing economy.

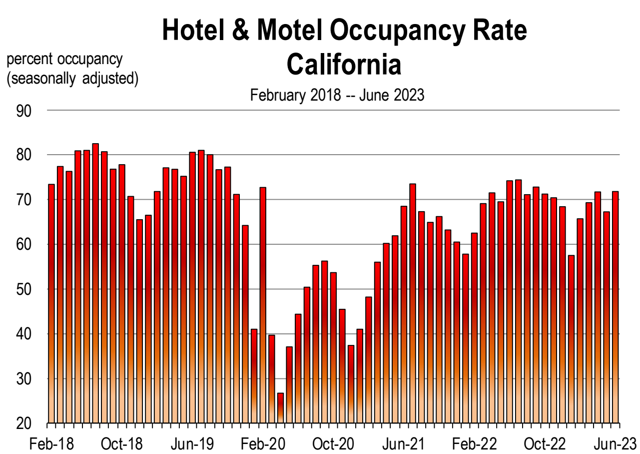
Retail sales are no longer generating record sales tax revenue to cities and counties in the State. The peak in sales and municipal sales tax collections occurred in the final quarter of 2022.

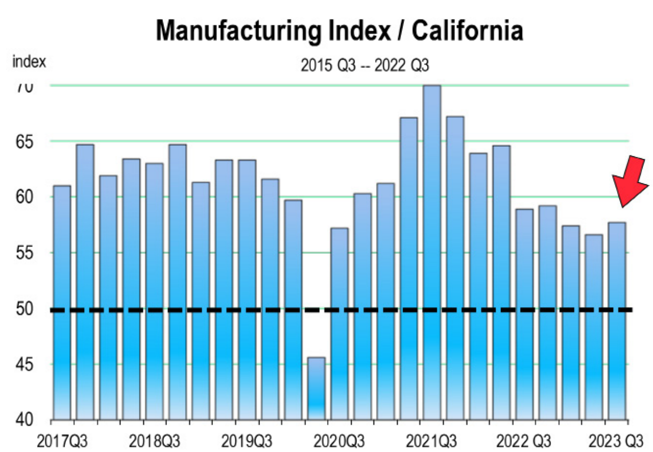
This year, sales of goods are more sluggish, as consumers substitute services for goods.

Airline passengers through the major airports continue to increase with a large contribution by Chinese visitors since February 2023 when the COVID prohibitions were relaxed by the Chinese Government. Overall, the largest gains in airport deplanements at LAX and SFO are international visitors now that all travel bans have been lifted.

Hotel-motel occupancy rates for transient lodging facilities remain in a 60 to 70 percent range for the year, consistent with constant hotel utilization since mid 2021. Actually utilization has gone up but so has the supply as tens of thousands of new rooms have opened in new facilities all over the state since 2020.

The construction sector is busy and employment is currently at an all-time high. New development projects continue to become entitled all over the state including housing, industrial buildings, retail projects, and infrastructure.





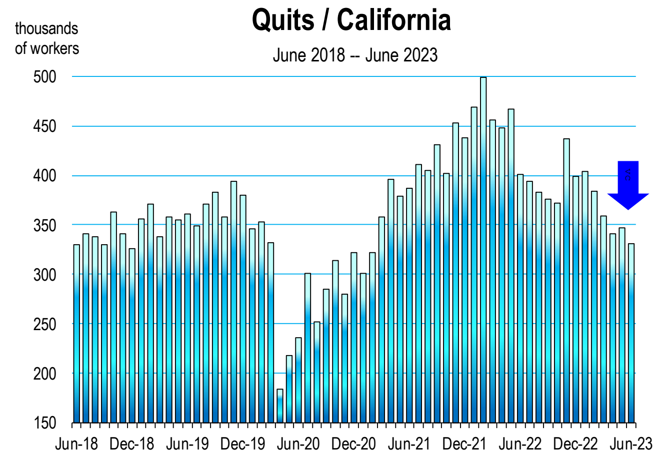
Cargo volumes are increasing again now that the Longshore Workers strike is theoretically resolved. We expect container traffic to rebound sharply in Long Beach, Los Angeles, and Oakland by September.

California's manufacturers continue to increase output through the third quarter of this year. A reading of 50 or above is expansionary. The composite index of manufacturing has slipped over the last year but is holding steady now. Now that supply disruptions are largely resolved, producers are seemingly more optimistic about production opportunities in the state over the next year, especially in view of expected faster global growth in 2024.

The Tight Labor Market

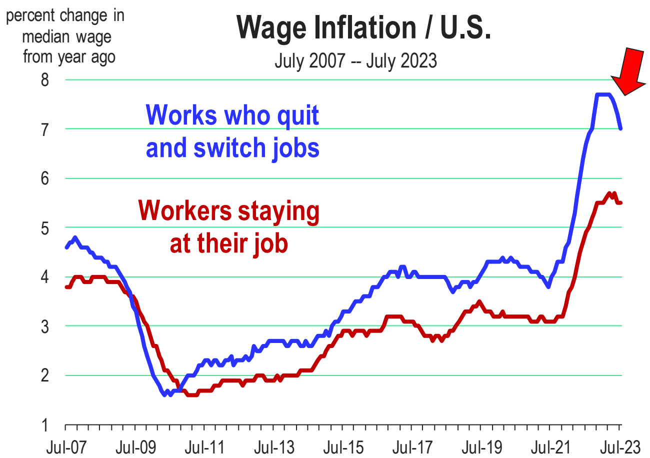
Though the labor market is cooling, it's still fundamentally strong and by most accounts, workers are fully employed. However, there are aberrations that result when workers are scarce for an extended period of time.

The monthly frequency of workers quitting their jobs in California has lessened over the last year, but at a rate of 330,000 per month, it's still quite high. Total separations from work which include people quitting, retiring, or getting laid off is over 500,000 per month. And there are still over 660,000 job openings in the state that remain unfilled. The high frequency of labor turnover increases recruiting and labor costs for businesses, which contributes directly to higher wages and indirectly to higher product prices and overall inflation. Wage inflation is especially high for workers who quit to accept a new job.



The high level of unfilled open job positions has led to worker demands to work remotely. And this has further led to rising office building vacancy. Empty office buildings translate to less revenue earned by office building owners. Less operating revenue translates to lower commercial real estate values which amplify problems when commercial real estate loans require refinancing, especially in the current high interest rate environment. This is now an expanding and scary issue for regional banks which hold massive amounts of commercial real estate mortgage debt. Refinancing these properties this year and next could potentially lead to a spate of foreclosures if not more bank failures in California.

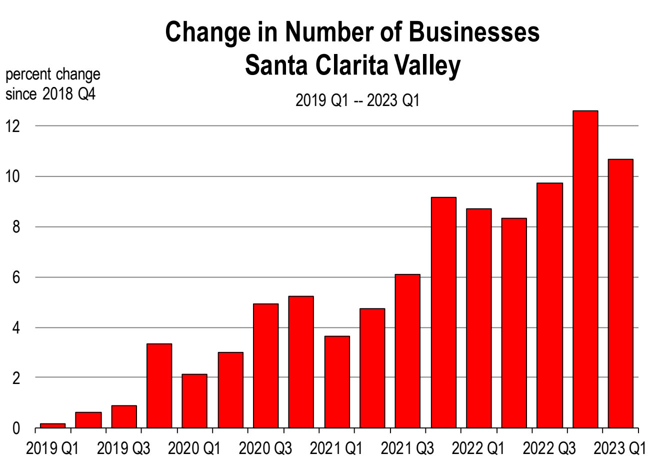
Amid rising labor costs, employers seek ways to reduce staffing, typically through automation. The onset of ChatGPT, other "generative AI" software for transforming the workplace, and robots will enable firms to ultimately displace workers in many fields, including the ones now in labor disputes seeking higher levels of remuneration. This includes the Longshore workers, the hotel workers, and the writers and actors.



The Santa Clarita Valley

The Emerging Dominance of Sound & Film

The industrial market of Santa Clarita remains red hot with low or no vacancy. Much of the industrial space is being absorbed for soundstage use. As a result of it being in within the “30 mile zone” and a highly touted local film office that has welcomed so many production companies, the Santa Clarita Valley is now becoming a principal destination for new sound and film studios.



LA North Studios and Santa Clarita Studios now occupy close to a million square feet, and The Scenic Companies signed a 300,000 square foot lease at Saugus Station Industrial Center this year. A mega project in the pipeline is the proposed 1.3 million square foot film and television studio campus that was recently approved by the Planning Commission, called Shadow Box Studios Santa Clarita.

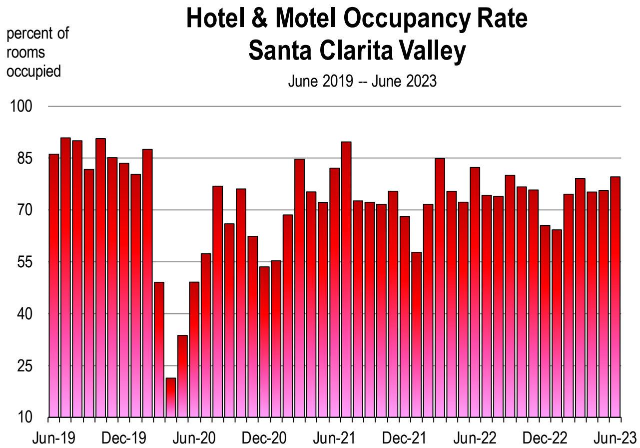
Entitlements were approved in 2022 for the Rye Canyon Studios project, including new construction of 28 new sound stages (totaling 470,000 square feet). The project would also convert existing warehouse space to create 2 additional soundstages.

Positive business expansion of all types is occurring in the Valley economy. Last year, there were 7,208 companies reporting employees to the State for withholding taxes. This year there are 7,370 reporting companies, a record high. The increase in establishments tracked quarterly has been rapid over the last 2 years.

Visitors Are Back

It appears that Six Flags is back to normal operation this year. The online “crowd meters” are indicating packed conditions this past summer. Certainly, the job evidence suggests that the entire leisure, hospitality, recreation, and entertainment sector has nearly recovered.

Hotel occupancy remains in a healthy range. And employment within the accommodations sub-sector has fully recovered. Moreover, there continue to be open positions for workers in all areas of leisure and hospitality.



Residential Real Estate

The highest mortgage rates during the current business cycle are clearly impacting home sales locally and throughout California. The lack of inventory is another non trivial factor. If the current pace of sales for the first 7 months of the year is maintained for the rest of the year, 2023 will set a record for the lowest volume of existing home sales in the Santa Clarita Valley.

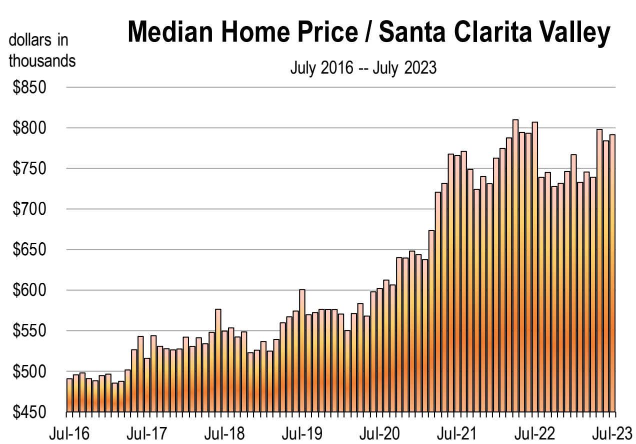
A price correction was underway in the region from August 2022 to February 2023, but values have turned around since March of this year, rising in April, May and June. Selling prices are off just 1.9 percent in July, compared to a year ago. The July 2023 median price was $787,500.

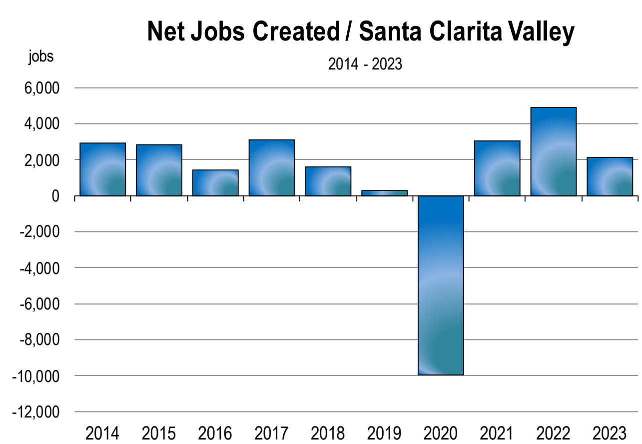
The growth of apartment rents has slowed, rising just 2.6 percent over the last year. However, vacancy remains tight, at just 3.7 percent in August. There is only one project now under construction though two projects totaling 300 units will be started by early next year.

Employment

During 2023, the Santa Clarita Valley labor market continues to expand the employment base. During the first 6 months of the year, local hiring is on pace to generate 2,100 more jobs in 2023.

Furthermore, the labor market recovery from the pandemic recession is effectively complete. Total employment has now surpassed the pre-pandemic level. But individual sectoral employment has not been restored entirely.



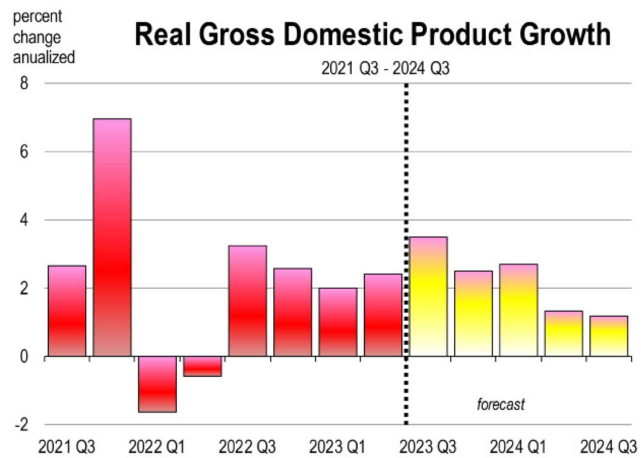


Office-using employment has entirely recovered in Santa Clarita but not all workers are commuting to the office every day. More office workers are back at their desks than a year ago, but total in-office attendance is lower than pre-pandemic levels. As leases are renewed, companies are often switching to smaller spaces, causing vacant office space to increase.

Consequently, the office market remains weak, a condition that is not unique in the Santa Clarita Valley. Office markets in many coastal counties of the state are not filing up with returning office using workers. The concept of the remote worker has now become too ingrained into the office culture.

The General Outlook for 2023 and 2024

Recession has been avoided to date. There is a rising probability that recession can be averted in 2023 and perhaps into 2024. Most economists however are still calling for recession-like deterioration in the economy, but have moved the formal call of recession to sometime in 2023 Q4 or by 2024 Q1. This kind of scenario would manifest as a clear weakening in employment which would be observed by a rising unemployment rate, and the decline in consumer spending which would jump start price cuts for retail goods and services.



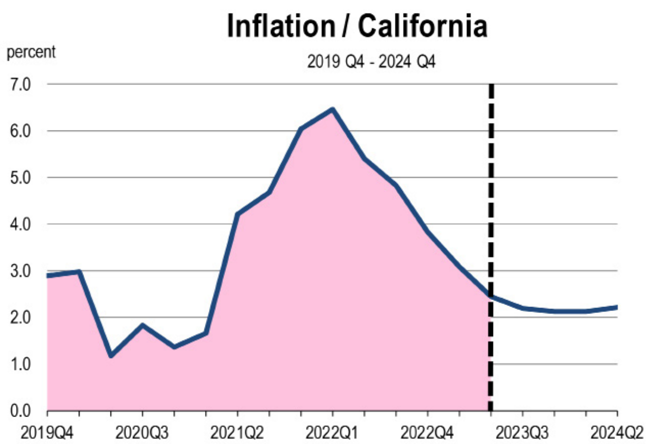
We believe however that we’re out of the woods. GDP growth appears strong this quarter and labor markets don’t show the necessary signs of a worrisome condition.

The base forecast calls for slow but positive growth. Anything unanticipated could negatively impact the fragile economy, so hope that business, cultural, and political conditions remain relatively predictable over the next 6 months.

Update on Inflation

Inflation has been steadily improving, until July when the latest report indicated no improvement from June.

Because the Fed is currently engaged in their most assertive policy in 40 years, the Federal Reserve has vanquished much of it over the last year. Average inflation during 2022 was 8.3 percent. Inflation is now running at 3.2 percent. Average inflation in 2024 will be less than 3.0 percent.



Longer term, our base case forecast has inflation rising not much beyond 2.5 percent annually.

This forecast of inflation essentially returning to pre-pandemic levels is due to (1) the reestablishment of the global supply chain, (2) an easing of wage pressures in the labor market, and (3) a more conservative Congress regarding profligate spending. The latter is the most insidious cause of inflation and the most fragile of our assumptions.

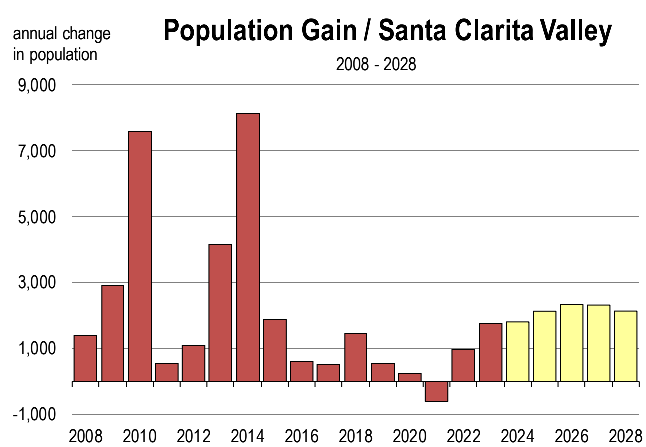
Employment and Housing Values in the Santa Clarita Valley

In 2024, the forecast has the local economy creating 1,700 jobs. The labor market softens but job creation will also be constrained by limited labor force growth. By 2025, faster U.S. and California economic growth is forecast as interest rates will be in decline and global economic growth will have strengthened.

The unemployment rate will rise in 2024, but reverse in 2025, due to more employment opportunities and the expansion of the labor force which grows in tandem with population growth.

No change in the current conditions of residential real estate is expected for the remainder of 2023. Mortgage rates are not forecast to decline this year, and inventory is not forecast to expand. Consequently, sales remain depressed for the rest of 2023 and until the next buying season which begins in March 2024. Even at that time however, the housing market will still be haunted by relatively high financing rates and low levels of inventory.

The correction in home values appears to be over. Prices are gradually rising each month, though adjusted for inflation, they are unlikely to eclipse their previous peak until sometime in 2024 or early 2025.



THE FORECAST

The U.S. Economy

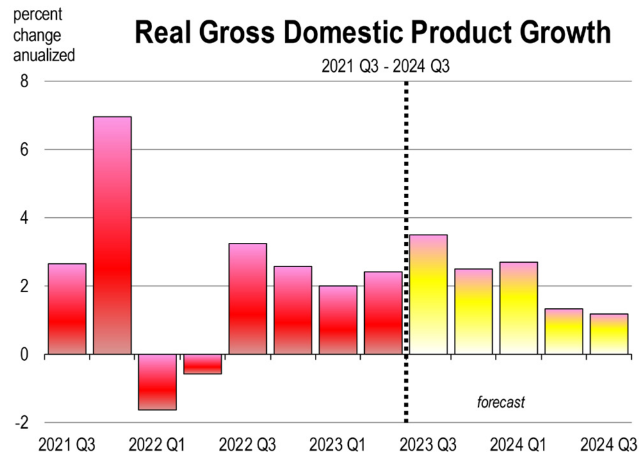
The California Economy

The Santa Clarita Valley Economy

The 2024 Forecast

A "slowcession" replaces recession

The U.S. Economy



At mid-year, the economy has heroically avoided recession so far, and there is a rising chance that recession could be averted in 2023. The strong indicators in the economy remain mostly unchanged, and many of the weak indicators are actually improving.

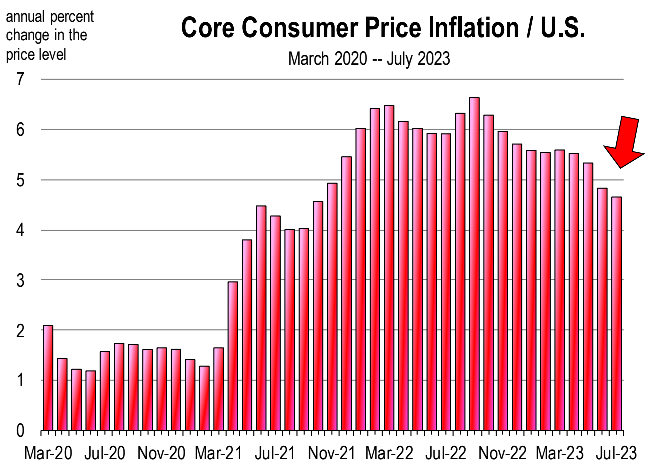
But we are not out of the woods. Two issues could lead to a tipping point. Another rate hike threatened by the Fed, and the vulnerability facing the $20 trillion commercial real estate market going into 2024.

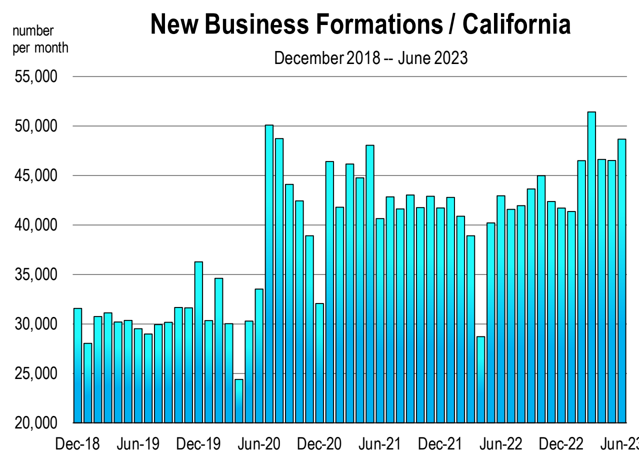
Mortgages on $1.5 trillion of office buildings are due between now and 2025. Valuations have already spiraled down due to rising vacancy and a contraction in lease revenues. And because 70 percent of bank-held commercial mortgages comprise balance sheets of regional banks, writing down commercial loan values could spell trouble for the financial system.

There are also the Issues with the leadership of the nation that have finally gotten the attention of the main street media. Depending on what transpires this fall, potential revelations could rally businesses and consumers, or shock them.

We don't expect chaos and carnage. The consensus of economists doesn't either. If a recession befalls the economy, meaning a clear fall-off in consumer demand for goods and services that will precipitate rising unemployment and contracting production, it will likely be short and shallow, rather than deep and/or prolonged. We don't have that much imbalance in the system anymore, as stimulus monies have faded, supply chains are restored, the global economy is poised to strengthen, and progress on inflation has been steady.

Currently, GDP growth is running at 2.2 percent for the first half of 2023. This is modest growth. Actual manufacturing production has been contracting, but new orders for manufactured goods are rising. And business investment which rose in the 2nd quarter, is contributing about half of the positive growth in GDP for Q3.





While most economists have stubbornly not changed their position on recession in 2023, consumer expectations of recession significantly reversed in June, though their spending has become more cautious.

We expect real consumer spending growth to slowly gather momentum through the 2nd half of 2023. The few remaining drags from supply constraints will lessen, inflation will continue to slow, and jobs will remain plentiful.

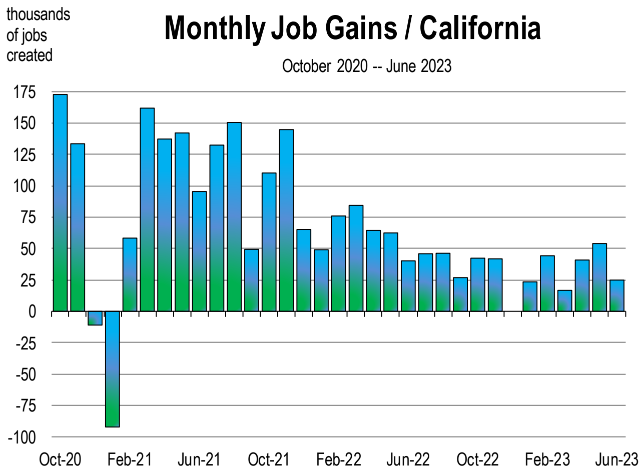
That said, we don't expect much improvement in the overall economy until mid- 2024 or transitioning into 2025 when interest rates will be in decline, the housing sector will have turned around, and inflation should have returned to the longer run average. For now however, though Inflation reports have consistently been lower every month for a year, the core level of inflation is still too high. And this is the principal indicator driving Fed policy on interest rates.

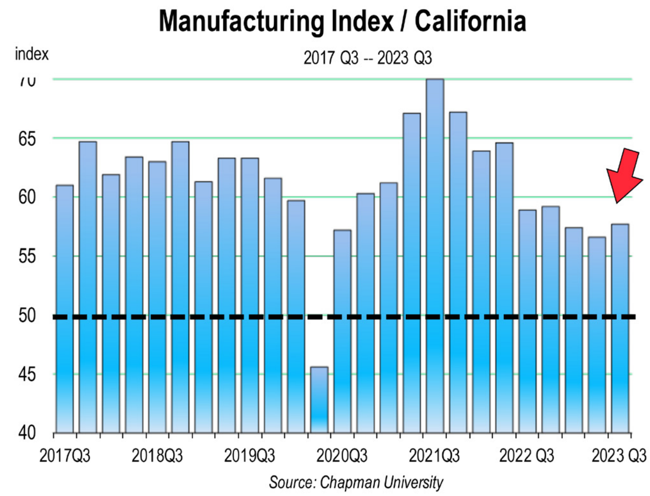
The California Economy

The outlook for California is actually slightly more optimistic than for the nation. The California economy will not deviate much from the U.S. condition, but the state does have clear advantages that will cushion the economic trauma that defines a bona fide recession.

California's biggest problem is the lack of housing which has resulted in home values that have chased residents out of the state. Population continues to decline in California and we don't see this reversing anytime soon. Businesses leave California every month, but more new companies are forming every day. The number of new business formations per month is in record territory.

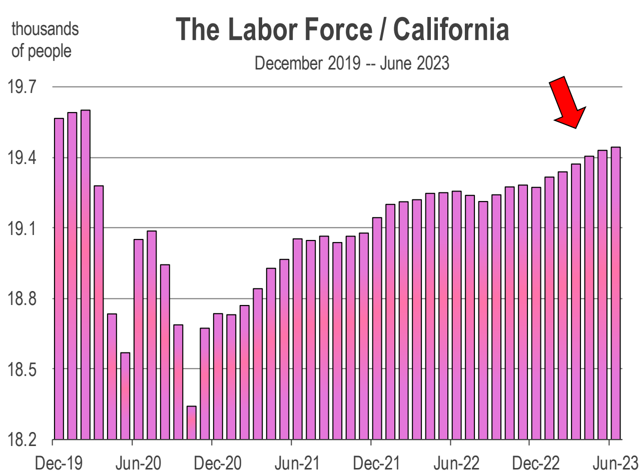
While the labor markets are not really weakening, they are softening. The difference being that you can still get a job, but there are not as many openings and you might have to relocate. Open job positions have declined from just under one million in the state a year ago to 670,300 today. The unemployment rate has risen from 3.9 percent a year ago to 4.6 percent today (June 2023). This is because the labor force is expanding again though it still has not recovered to pre-pandemic levels.

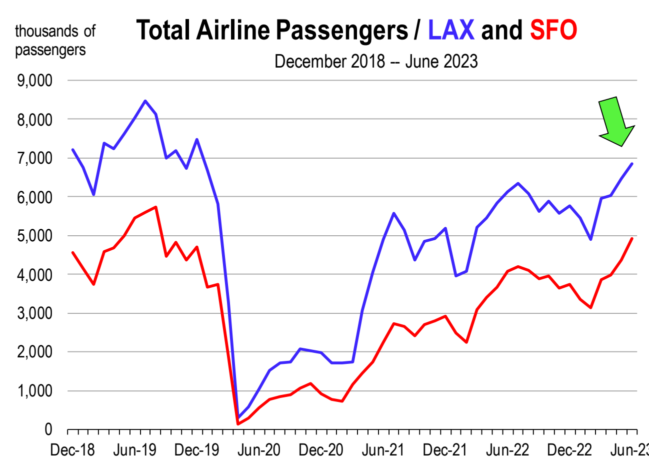


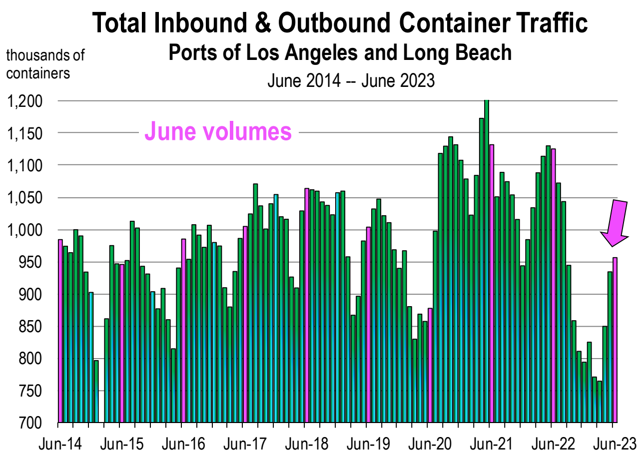


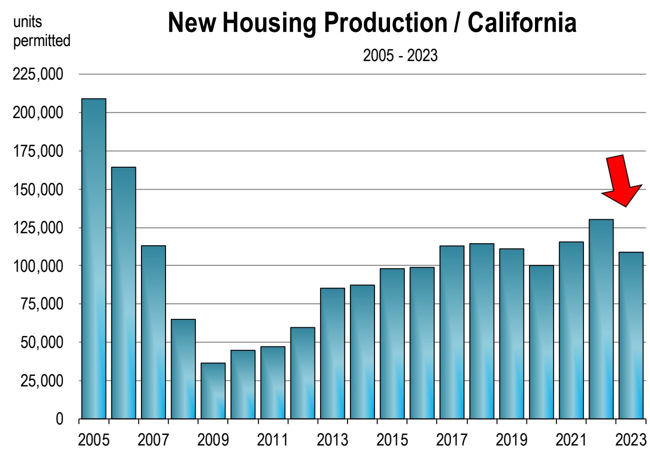
The California advantage over the nation is the advanced manufacturing base (in high tech and defense) that has flourished since the pandemic ended, tourism----especially by foreigners---logistics, and expanding high tech centers in Silicon Valley, Silicon Beach, and Orange County, and construction of major infrastructure projects and new housing all over the state.

Airline passengers through the major airports continue to rise. The largest increases in airport deplanements at LAX and SFO are international visitors who, prior to November 2021, were largely banned from the United States for nearly 2 years. And now that the COVID-19 moratorium on travel from China ended in February 2023, the return of Chinese visitors to California has been prolific.



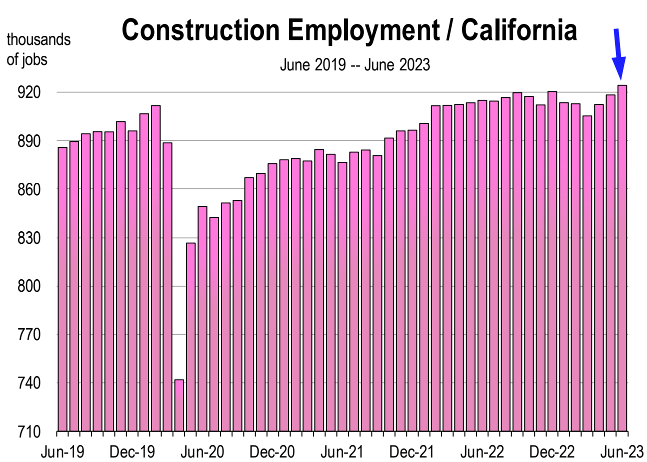






With the resolution of the Longshore workers dispute in early June, container traffic through the Ports of Los Angeles, Long Beach, and Oakland is rising again. Union member ratification of the agreement is expected in August or September. Though supplies of goods both into and out of the U.S. have returned to pre-pandemic levels, over the last 9 months, much of that volume has been diverted to East Coast ports through the Panama Canal. Restoration of cargoes into west coast ports should be normalized by the fourth quarter of 2023.

New building activity is a principal engine of growth in the state and this sector is stronger than other regions of the nation. Non-residential activity remains at very high levels. Investment in industrial buildings and Infrastructure projects is booming throughout the state. New housing softened during the first few months of 2023 but new starts have picked up momentum in tandem with more favorable builder sentiment in May and June. Employment in construction, and in particular, heavy construction, is now at all-time record highs. The surge in new development is unlikely to change this year or next.

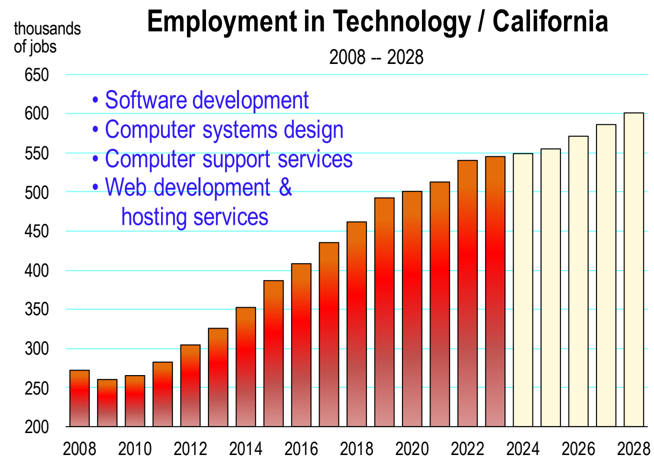


The Forecast

For the second consecutive year, our official forecast has the probability of recession in 2023 at just less than 50 percent. That level of recession likelihood should not necessarily be reassuring. Some economists have dubbed the current environment as a “slowcession” and not recession.

Any way you slice it, the economy of 2023 will seem like a recession to many households, to some retailers, to office building owners, to some lenders, Stagflation prevailed last year at this time, but now that inflation is clearly receding, that condition as well has dissipated.

The labor market is the least sector impacted by slowcession. Unemployment rates will rise into 2024 but unless both consumption of goods and services, and business investment slows sharply, the labor market will not be seriously rattled.



California Forecast Summary

	2022A	2023E	2024F
Employment Growth	5.6%	2.3%	1.4%
Unemployment rate	4.2%	4.6%	5.0%
Personal Income Growth	0.4%	6.0%	4.7%
Population Growth	-0.6%	-0.2%	-0.4%
Inflation (%)	7.3%	3.3%	2.8%
New Housing (units)	130,163	108,800	130,500

A = actual, E = estimate, F = forecast

Home-building slowed this year, but a substantial boost in new starts is forecast for 2024.

The existing housing market has clearly cooled off. Sales of homes have declined 30 to 50 percent over the last year. Demand certainly has cooled due to higher financing rates and high home values. While a correction in home prices did occur, it appears to be over.

The technology sector has an advantage in California due to its large and broad presence here. Tens of thousands of worker layoffs occurred at Amazon, Google, Twitter, Salesforce, Facebook, and Yahoo between the Summer of 2022 and February of 2023. However, the layoff surge has subsided, technology stocks are rising again, and growth has resumed. The demand for software development, chip design and production, web development, IT applications, services and systems, and data analysis will only strengthen going forward. And the likelihood for rising demand during the coming AI boom is forecast.

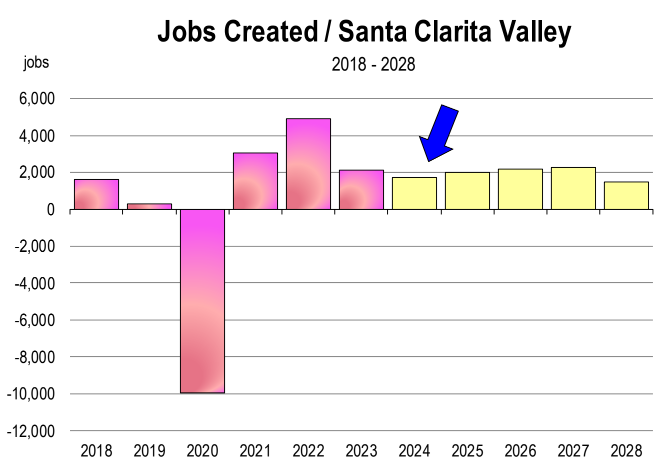
The Santa Clarita Valley Economy

Labor Markets

Last year, the forecast called for a surge of jobs in 2022 with full reinstatement of employment losses from the pandemic recession occurring in early 2023.

Calendar year 2022 was a year of meaningful job restoration as the regional labor market either recovered or added 4,910 jobs.

In 2023, now that the labor market is at full employment, fewer jobs can be created. If the pace of hiring during the first half of the year continues during the 2nd half, the local labor market will generate 2,100 more jobs by year's end. However, momentum is slowing, due to a combination of factors: a slowdown in tourism, the rise in office building vacancy and the decline in valuations, the general threat of recession, and the difficulty for some industries to fill job openings.



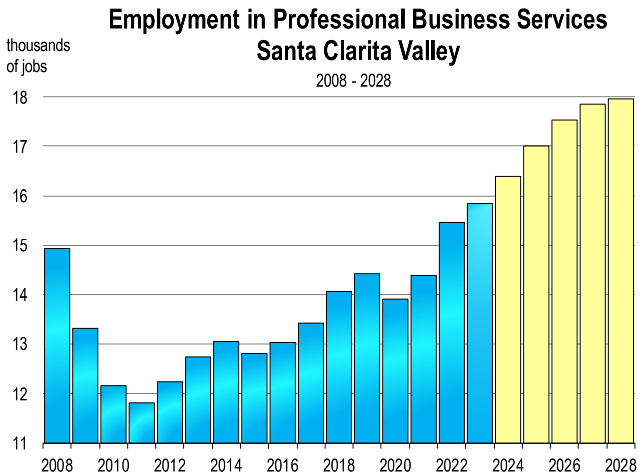
Filling job openings requires an adequate labor force to recruit from. This has been an issue for the region and state since the pandemic ended. Housing, and the fact that the region is not producing enough of it, is a related and ongoing dilemma everywhere, and the reason that population growth has slowed to a crawl. To the extent that homes can be started at price points that will still attract buyers, a larger labor force will be available for prospective employers.

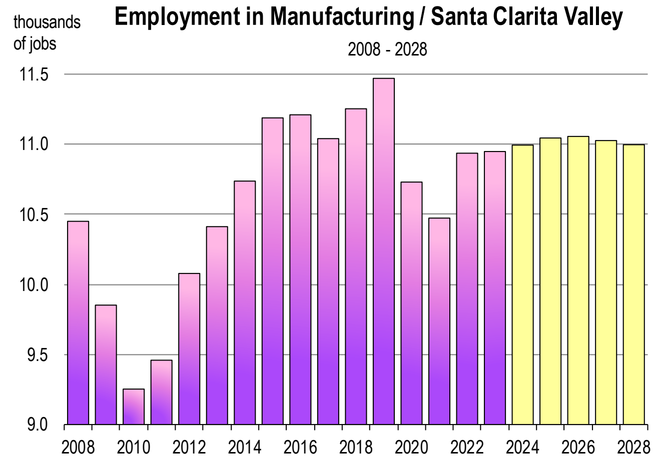
Vacant office space can attract new firms that want a Santa Clarita Valley location, but a principal part of the deal is the availability of local housing for the company workforce.

The economy in 2024 will still create new jobs, but the number falls to 1,700, or a growth rate of 1.8 percent. The principal engines of growth will remain the Industrial market, manufacturing activity will remain an engine of growth, together with more housing, and the commencement of ground breaking in a number of new projects featuring sound studios.

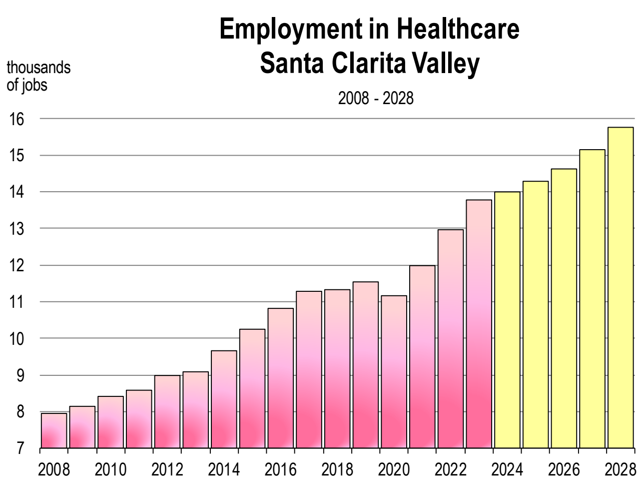
Unemployment and Principal Labor Market Engines

The unemployment rate is now rising and the average for 2024 is forecast to increase 50 basis points, to 4.8 percent. Labor markets will soften up in 2024 due to current wage increases that are increasing employer costs, combined with more rapid adoption of automation. This year, job opportunities in the Santa Clarita Valley economy are dominated by the professional and technical services, healthcare services, and leisure and hospitality sectors. The same will be true in 2024.



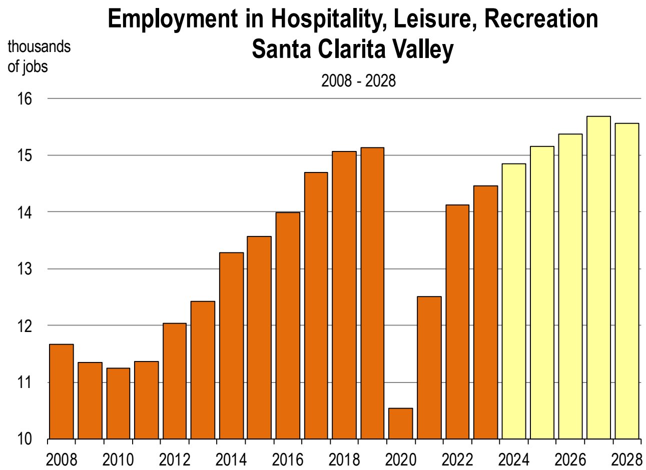


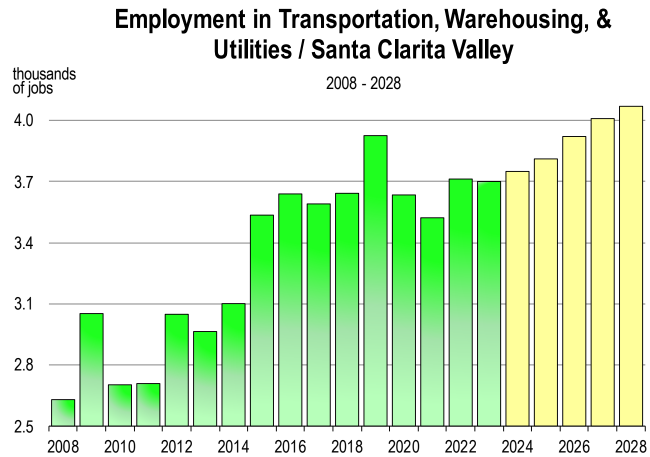
The healthcare sector is expected to create up to 2,000 new jobs over the next 5 years, The number of skilled nurses, doctors, and other allied healthcare practitioners needs to dramatically increase to meet demand by aging baby boomers and generation Xers. Colleges and universities are not prepared to deliver enough skilled workers in the general healthcare fields, and “shortages” are forecast in 2025 and beyond. This therefore poses a risk to the forecast.



The momentum for job creation in California is also in the higher skilled professional and technical sectors which offer high enough salaries so that these workers can assimilate purchase or rental housing. Much of the new office space built in the Santa Clarita Valley in recent years is now occupied by information, professional services, or financial services firms.

Manufacturing employment is forecast to rebound but not fully recover to employment totals prevailing pre-pandemic. The commitment to restore more manufacturing capability in the U.S. is driving the demand for more workers in advanced sectors including IT, high tech and aerospace. The current environment of uncertain business conditions in California and the more rapid onset of automation in advanced manufacturing sectors if an offset that will limit job creation.





Leisure and hospitality which largely serves visitors has been the fastest recovering sector in terms of jobs restored or added since mid-2020. Three hundred jobs will be created during 2023 and another three hundred in 2024. Attendance is expected to have been entirely restored at Magic Mountain and Hurricane Harbor during 2023. Hotel/motel occupancy currently remains close to pre-pandemic levels.

The overall workforce associated with the broader transportation/warehousing sector has generally recovered from the trauma of the previous recession. Due to the rapid growth of e-commerce and the need for logistics centers for storage and distribution, the outlook for continued growth in this sector should remain positive, certainly in 2024 and 2025 with an expansion of general economic growth.

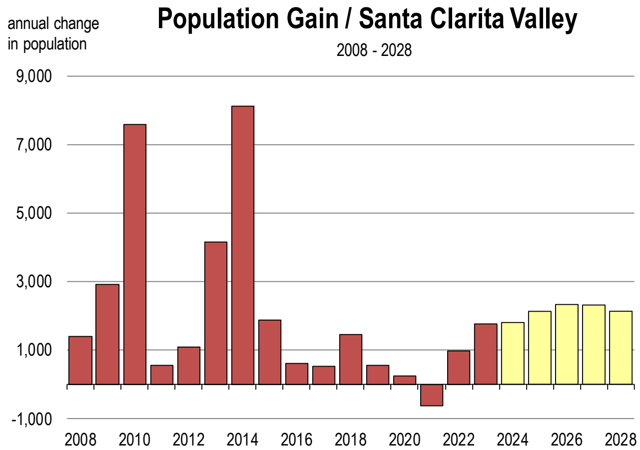
Employment at Princess Cruises is not back to pre-pandemic levels yet. Last year, our forecast for the transportation sector called for employment to rise sharply in the cruise ship industry including at the Princess Cruises Headquarters in Santa Clarita. However, the forecast was constrained by the lack of available labor force which has not been restored as fast as the demand for cruise ship travel.

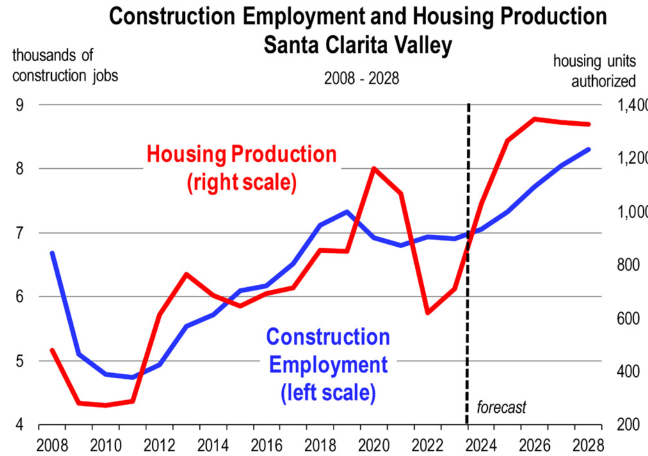
New Housing

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 a number of projects in the Valley including the Valencia project, Tesoro Highlands and Sand Canyon. Also the Whitaker Bermite and Northlake projects are effectively dead for now.

This year's forecast for housing starts is downgraded due to a slowdown in new housing demand and the slow production rate of new homes. While more new units are forecast in 2023 and 2024, the annual pace of more than 1,000 new homes per year has been dramatically reduced. The number of new homes started over the next 5 years is forecast to be 6,300. Last year, the 5 year forecast was 7,100. As mortgage rates demonstrate a clear reversal in direction, and general economic growth picks up, new and existing housing activity will expand in concert.





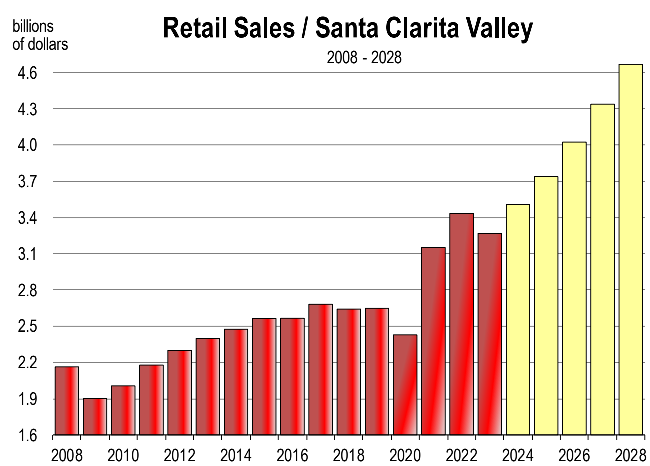
That said, more apartments are desperately needed in view of the tightness of the local rental market. Consequently, apartment production may accelerate over the next 3 years if cost-effective development can be engineered.

It is important to note that the growth of population is expected to modestly increase, due to higher net-in migrating populations that are responding to new job opportunities. Higher population growth will also be assured with the increase in new housing production.

The buildup of construction employment pool in the Santa Clarita Valley since 2015 has largely occurred with the surge in non-residential building at Vista Canyon, the IAC Commerce Center, Needham Ranch and the Valencia Commerce Center. Now housing projects including the Valencia residential project and the Williams Homes projects are driving more job creation in construction. This is forecast to continue over the next several years.

The Retail Sector

With the growth of population, and more housing projects, there will be development of new retail centers, and retail spending on goods will rise in all years of the forecast.
There is certainly going to be continued substitution of local product demand to online product demand, but on-site retail sales will also rise in tandem with the population.



Due to the onset of automation and self service, demand for retail jobs has slackened over time. The forecast implies diminished opportunities in the retail trade sector for entry level workers. Entry level positions will remain more prolific in the amusement, hospitality, and recreation sector. Leisure and Hospitality will remain a principal sector of employment growth.

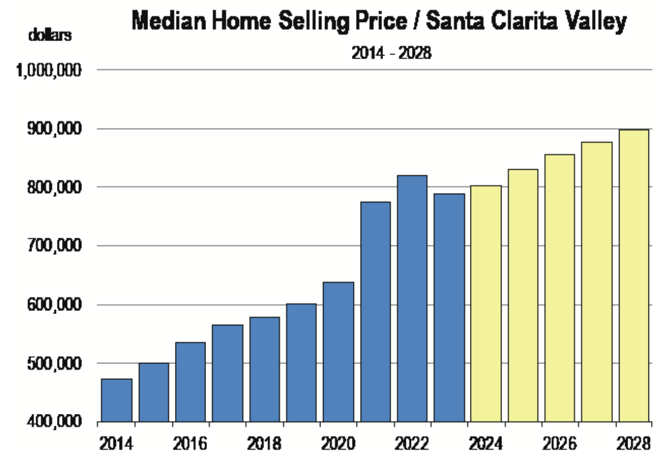
Housing Values

The rapid rise in home prices that characterized the 2020 to mid 2022 market is now behind us. Values declined from mid-2022 to early 2023. home prices are now expected to rise, though the pace will moderate.

Last year, in the 2022 edition to this publication series we wrote:

> *"The runaway pace of selling values for existing homes is expected to cool off over the forecast. Instead of annual appreciation rates of 5 to 20 percent that characterized the Valley housing market from 2013 to 2022, the growth of housing prices will average 2.5 percent per year over the forecast. In 2023, home prices actually decline in inflation adjusted dollars."*

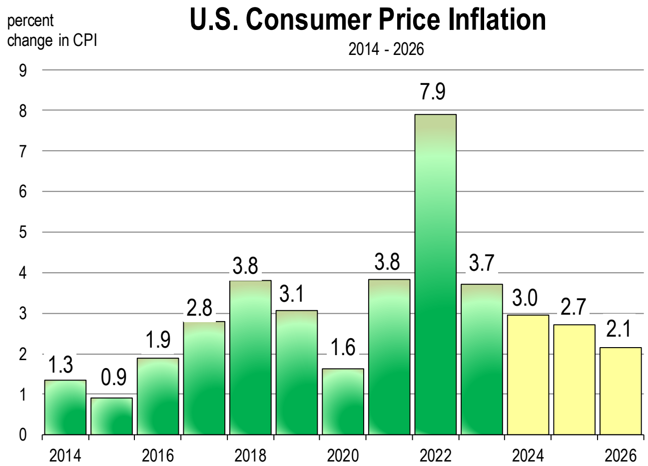
The principal reason for the surge in housing prices since 2020 has been the lack of supply. With the price correction over, expect more sellers of existing homes to emerge. And as more new homes are being built, expect some relief in the supply shortage.

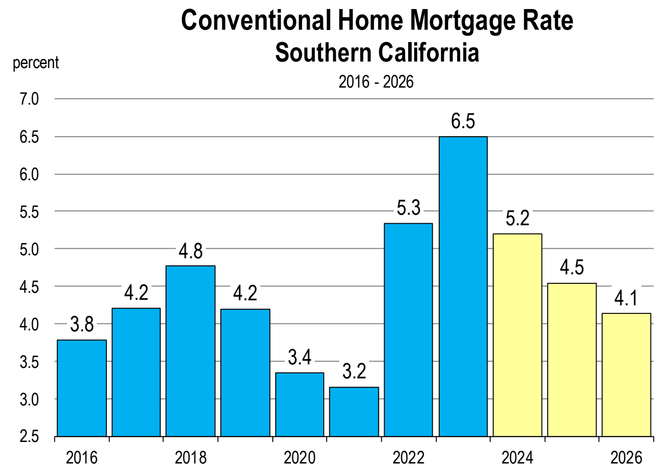


Mortgage rates are at their peak for the cycle. Rates will remain high for the rest of the calendar year and then begin some descent in the first half of 2024. However, the return to 3.5 percent fixed rate mortgages is not in the forecast. Consequently, financing costs will remain higher which will impose some constraints on overall demand and therefore limit price appreciation.

The inflation adjusted selling value of the median priced home in 2023 will be lower than last year (2022). Then, expect appreciation rates to stay positive over the forecast period, averaging 2.6 percent per year.

Slower rates of price appreciation, a decline in financing rates, and a regional economy that will attract in-migrating populations with more job opportunities drive higher levels of existing home sales in the region.





Inflation and Mortage Rates

Steady increases in the federal funds rate over the last 18 months have sent mortgage rates soaring, doubling since the summer of 2021. There is now compelling evidence that inflation is being tamed, since the reported rate for June came in at 3.0 percent. The Fed will stop its aggressive rate hike policy now as long as the core inflation rate improves in tandem with the headline rate for the rest of 2023.

Inflation averages between 3 and 4 percent this year. higher interest rates have been successful in containing inflation. The forecast calls for a moderation to less than 4 percent inflation next year, and less then 3 percent by 2025.

So while no runaway inflation is expected, the magnitude and speed of current restrictive monetary policy has nevertheless pushed the economy to the brink of a bona fide recession. Whether an official one can be averted remains to be seen but a meaningful slowdown has already been recorded in the economic record for 2022 and 2023.

In early August, the national average 30 year fixed rate mortgage is 7.3 percent, the highest rate during the current economic cycle. Fannie Mae has rates falling to 6.6 percent during quarter 3 of this year while the Mortgage Banker's Association predicts a 6.2 percent rate in quarter 3 and 5.8 percent in quarter 4.

Our forecast for 2024 has mortgage rates in decline, averaging 5.2 percent for the year. Rates will also contract in 2025 as the extent of the 2022-2023 inflation period is strictly in the rear view mirror.

Santa Clarita Valley Economic Forecast Summary						2017 - 2023 History, 2024 - 2028 Forecast	
Year	Population (people)	Population (growth rate)	Net Migration (people)	Households (thousands)	New Homes Permitted (homes)	Retail Sales (billions)	Personal Income (billions)
2017	289,706	0.2	-611	99.2	713	$2.7	$26.6
2018	291,165	0.5	-35	96.8	852	$2.6	$26.5
2019	291,710	0.2	91	96.5	850	$2.6	$27.6
2020	291,962	0.1	-280	99.4	1,159	$2.4	$29.3
2021	291,349	-0.2	-597	99.6	1,067	$3.2	$29.6
2022	292,325	0.3	-253	101.3	619	$3.4	$29.9
2023	294,090	0.6	1,294	103.0	708	$3.3	$30.7
2024	295,896	0.6	1,419	104.1	1,031	$3.5	$32.5
2025	298,028	0.7	1,872	105.1	1,266	$3.7	$34.3
2026	300,360	0.8	2,202	106.4	1,346	$4.0	$36.3
2027	302,677	0.8	2,314	107.8	1,333	$4.3	$38.3
2028	304,811	0.7	2,296	109.1	1,327	$4.7	$40.0

Year	Non-farm Wage & Salary	Growth Rate (% change)	Construc-tion	Manufac-turing	Transportation, Utilities	Wholesale & Retail Trade	Financial Activities
				–thousands of jobs–			
2017	93.9	3.4	6.5	11.0	3.6	16.8	3.9
2018	95.5	1.7	7.1	11.3	3.6	16.6	4.0
2019	95.8	0.3	7.3	11.5	3.9	16.1	3.9
2020	85.8	-10.4	6.9	10.7	3.6	15.2	3.7
2021	88.8	3.5	6.8	10.5	3.5	15.5	3.8
2022	93.7	5.5	6.9	10.9	3.7	14.9	3.8
2023	95.8	2.3	6.9	10.9	3.7	15.2	3.7
2024	97.6	1.8	7.1	11.0	3.7	15.1	3.7
2025	99.5	2.0	7.3	11.0	3.8	15.2	3.8
2026	101.7	2.2	7.7	11.1	3.9	15.6	3.8
2027	104.0	2.2	8.0	11.0	4.0	16.0	3.8
2028	105.5	1.4	8.3	11.0	4.1	16.3	3.8

Source: California Economic Forecast, August 2023

Santa Clarita Valley Economic Forecast Summary — **2017 - 2023 History, 2024 - 2028 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)
2017	$116	$582,200	2,662	2.8	4.1
2018	$111	$596,000	2,423	3.8	4.4
2019	$112	$619,700	2,586	3.1	4.2
2020	$117	$657,400	2,818	1.6	11.5
2021	$114	$798,900	3,226	3.8	7.9
2022	$106	$845,300	2,229	7.9	4.5
2023	$104	$812,500	1,462	3.7	4.3
2024	$107	$827,600	1,585	3.0	4.8
2025	$109	$855,600	1,734	2.7	4.6
2026	$112	$882,000	2,156	2.1	4.5
2027	$115	$904,500	2,241	2.1	4.6
2028	$117	$925,900	2,325	2.1	4.5

Year	Professional Services	Information	Health & Education	Leisure	Government
			–thousands of jobs–		
2017	12.9	1.3	11.3	14.7	9.8
2018	13.6	1.3	11.3	15.1	9.9
2019	13.9	1.4	11.5	15.1	9.9
2020	13.4	1.3	11.2	10.5	9.2
2021	13.9	1.4	12.0	12.5	9.1
2022	15.0	1.4	13.0	14.1	9.3
2023	15.3	1.4	13.8	14.5	9.8
2024	15.9	1.4	14.0	14.8	9.8
2025	16.5	1.4	14.3	15.2	9.9
2026	17.0	1.4	14.6	15.4	9.9
2027	17.4	1.4	15.1	15.7	10.0
2028	17.5	1.4	15.8	15.6	10.1

Source: California Economic Forecast, August 2023

DEMOGRAPHICS

Population Update

Household Income

Educational Attainment

Race and Ethnicity

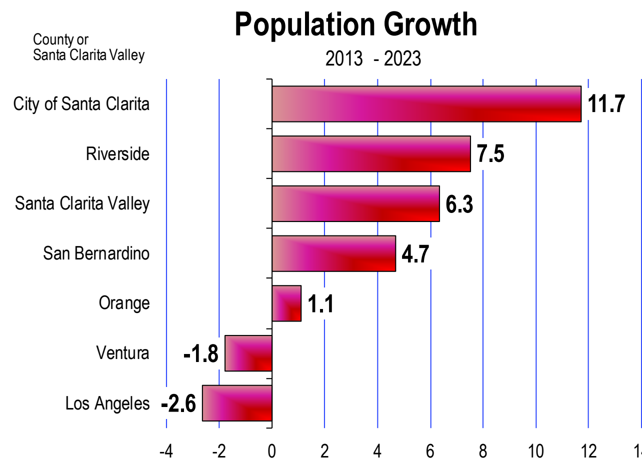
Population Age Structure

Demographic Outlook

Demographics

Current demographic information factors considerably into the economic well-being of the region. Rising populations require the provision of more goods and services, and other characteristics of the population influence locational, product, staffing and policy decisions for businesses and local government.

Factors considered in this annual report over time have included population size and growth, income or affluence, occupation, education, race, and the distribution of population by age.



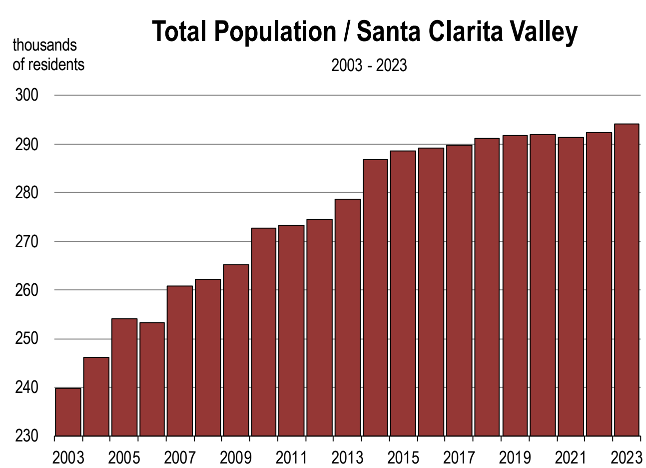
Population Update

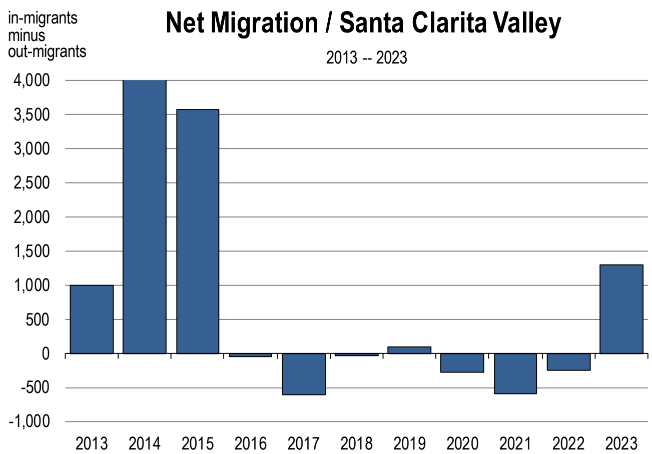
- As a result of the recent 2020 Census revisions to the area's population, total population is now estimated at 294,090 residents for the greater Santa Clarita Valley, and just over 230,000 residents within the incorporated city limits.

- From 2010 to 2020, the Santa Clarita Valley added 19,213 residents, a growth rate of 7.0 percent. Since 2020, population has increased by another 2,128 people, averaging just 0.2 percent per year. Within the city limits, population growth has been slightly faster at 0.7 percent per year since 2020.

- The approximately 25 percent of the population that lives in the unincorporated area of the Santa Clarita Valley, is located in Castaic, Stevenson Ranch, or the eastern stretch between Canyon Country and Agua Dulce.

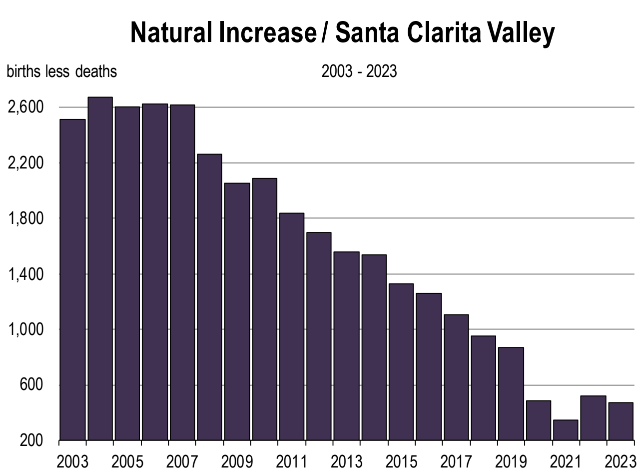
- The pandemic caused out-migration from the region. Estimates of net in-migration from 2019 to 2021 were negative, meaning more residents left the area than moved in. However, during 2022 and 2023, a restoration of positive net migration has occurred as the growth of the economy and housing provide more opportunities to live in the Santa Clarita Valley.





- Population growth has decelerated because the birth rate has declined and the mortality rate has increased. This characteristic of the natural increase in population is not unique to Santa Clarita; it is occurring throughout the state and much of the nation.

- Net migration is expected to rise as the FivePoint Valencia project and other new housing developments expand the production of homes, leading to increased population growth over the next 5 years.



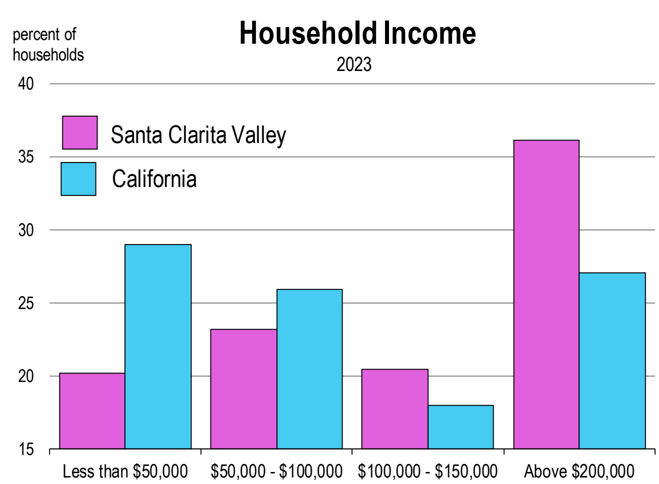
Household Income

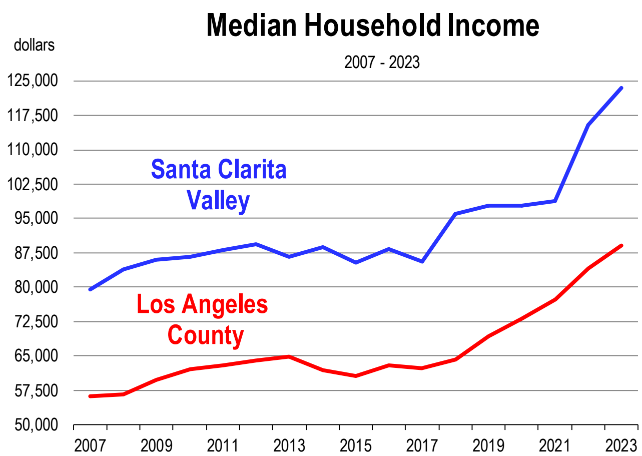
Household income includes payments to all members within a family or group of individuals living within a single housing unit, from all sources including wages, salaries, transfers, dividends, rents, interest, and sales of services.

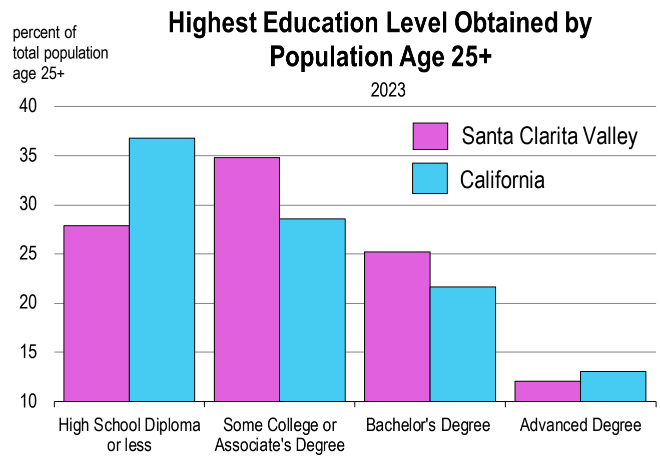
- The Santa Clarita Valley is among the most affluent areas of California.

- For 2023, the median household income in the Santa Clarita Valley is estimated at $123,300. The median household income for California was $89,113, and for Los Angeles County: $88,000.

- The median is the middle household in the Santa Clarita Valley. The average household income during 2023 was $149,741.







- In the Santa Clarita Valley, 57 percent of all households earn $100,000 or more per year, compared to 45 percent for all Californians.

- Incomes in the region are high because the local labor market is concentrated in high-wage fields. A large proportion of local residents work in higher paying fields.

Educational Attainment

Higher educational attainment is statistically correlated with higher income generation over an individual's lifetime. Educational attainment is principally categorized by levels of formal schooling achieved, or diplomas/degrees/ certificates received for completing particular educational over vocational coursework.

- The region has a much higher proportion of residents with a bachelor's degree than adjacent counties. It is these workers that have largely been recruited by local aerospace, engineering, software and management companies.

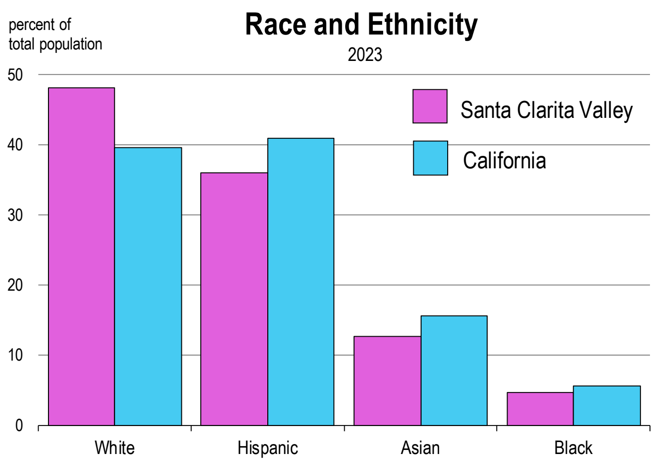
- Compared to the rest of California, the region has a much lower share of residents who did not finish high school. In the region, less than 10 percent of residents who are over the age of 25 do not have a high school diploma, an exceptionally low rate. Across California, 16 percent of residents do not have a high school diploma.

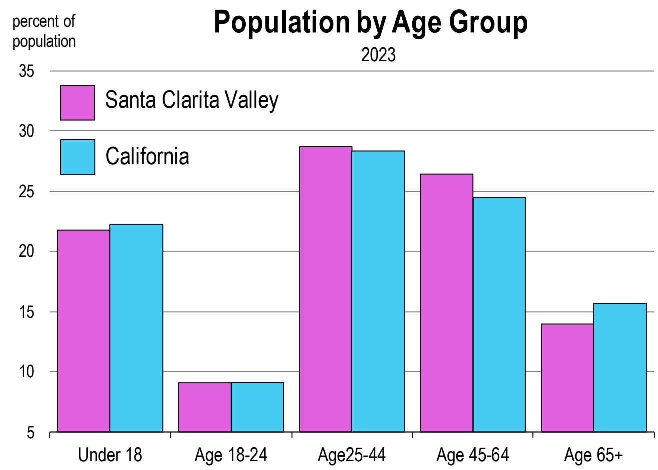
- The region also has a slightly higher proportion of residents with an associate's degree, or with a graduate degree.

Race and Ethnicity

Race and ethnicity represent different backgrounds and cultures of the population which is thought to improve society through diversity. Diversity may expand new thinking and problem solving for business, technological and sociological advancement.

- In terms of race and ethnicity, the Santa Clarita Valley is relatively similar to the state of California.





- Approximately 48 percent of the population in the Santa Clarita Valley is White, 36 percent is Hispanic, 13 percent is Asian, and 5 percent is Black (these percentages sum to more than 100 percent because some individuals reporting Hispanic ethnicity also identify as White, Asian, Black, or another racial category).
- The population of California is 49 percent White, 41 percent Hispanic, 16 percent Asian, and 6 percent Black.
- The racial and ethnic composition of the Santa Clarita Valley is becoming more diverse. Over just the last few years, the share of the population that identifies as White has declined by a meaningful amount, while the shares of residents that identify as Hispanic, Asian, or Black have increased.

Population Age Structure

The age structure of the Santa Clarita Valley population is very similar to California but there are minor differences which have served to advantage the local area.

Working Age Population

Compared to other regions of the state, the Santa Clarita Valley has a higher percentage of residents between the ages of 18 and 24, and between 45 and 64. These groups represent college age residents, entry level workers, and workers in supervisorial and management positions.

Sixty five percent of the resident population is in the working age cohort. Another 8 percent is aged 65 to 74, a group of which nearly 30 percent are still in the labor force. The Valley therefore has a higher percentage of working population than the rest of Los Angeles County, or adjacent Ventura County. And consequently, a higher percentage of the population is employed.

Key Demographic Comparisons
2023

	Santa Clarita Valley	Los Angeles County	Ventura County	California
Population	294,090	9,817,745	840,473	39,455,491
		percent of total popuation		
Working Age Populations				
18 to 64	65.3	63.7	60.4	61.9
65 to 74	8.3	9.0	10.6	9.5
Total	73.6	72.7	71.0	71.4
Employed Population	50.7	50.4	50.1	48.5
		percent of households		
Home owner	70.9	45.9	63.2	55.3
		dollars		
Median Household Income	$123,300	$88,000	$123,500	$89,913
		minutes one way		
Travel time to work	41	36	30	33

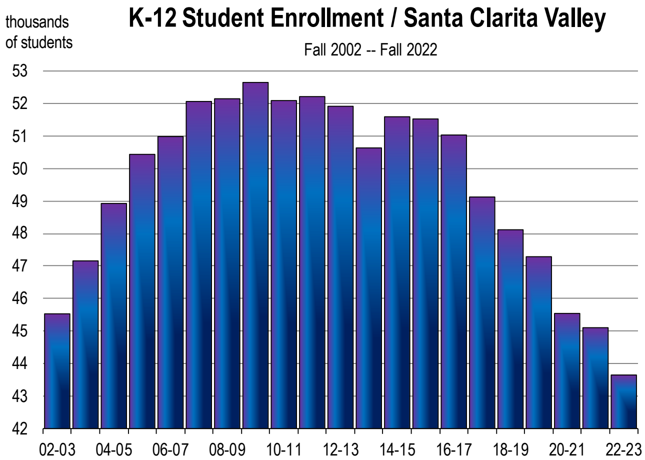
Source: Environmental Analytics, and California Economic Forecast, August 2023

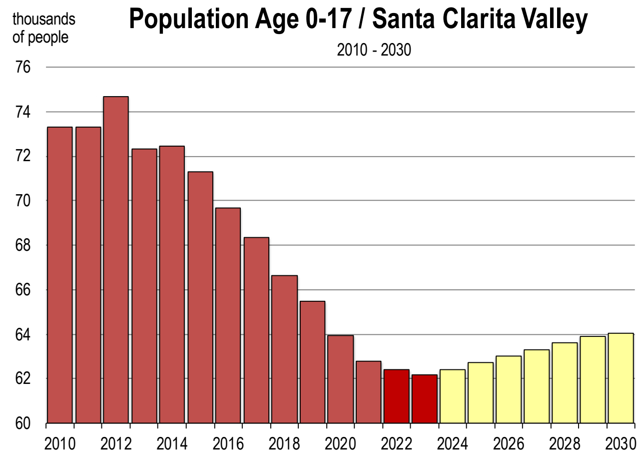
Among the employed population, Santa Clarita has a high percentage of all jobs in management, sales, engineering, software, and manufacturing occupations. Consequently, the median household income is relatively high in the region, and also relative to broader Los Angeles County and the median for the entire state.

Commute time to work is also highest for Santa Clarita Valley residents compared to the other selected jurisdictions. Though the Valley has become much more of a jobs center in recent years, more families relocate to the area because there are more new housing choices and the schools are ranked higher according to student test scores.

Younger and Older Aged Population Cohorts

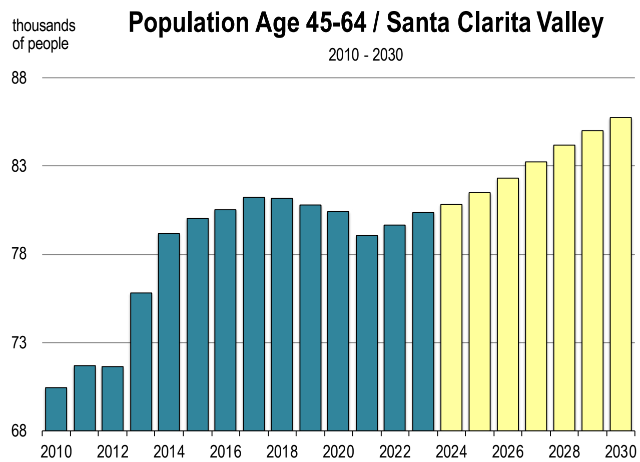
In 2023 the proportion of residents under the age of 18 is lower than at any point in the last two decades. This group continues to occupy a smaller and smaller share of the population, due to the declining birth rate. The shrinking size of this group is clearly evidenced by the continuing downward trend in K-12 school enrollments. The cohort is expected to rise only marginally over the next 7 years.

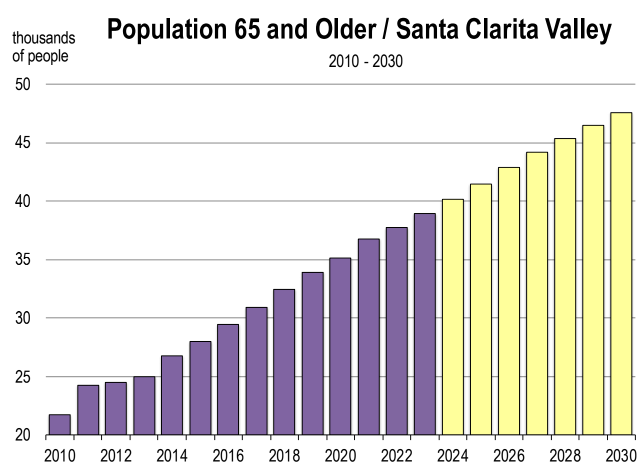




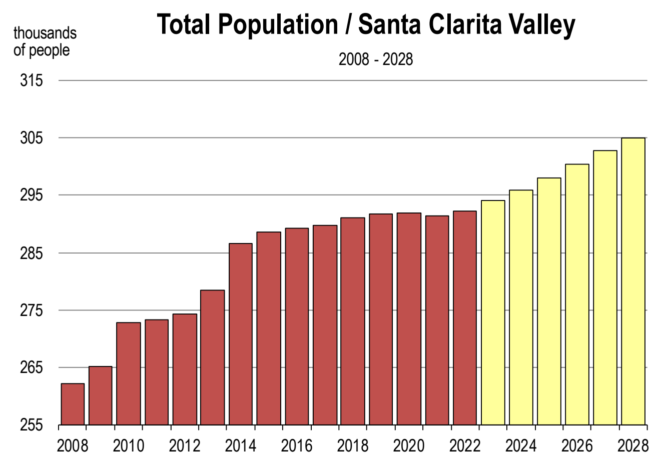
The 45 to 64 year old is now increasing its share of the population. This group together with the 25 to 44 age cohort represents the principal labor force. In 2023, 45 to 65 year olds accounted for 27.3 percent of the population, and 25 to 44 year olds accounted for 29 percent. Together they will remain a dominant group through the end of the decade.

Residents over the age of 65 account for 13.2 percent of the Santa Clarita Valley population. The region has a comparatively younger population than greater Los Angeles County or adjacent Ventura County. 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. Over the next 5 years, the retirement cohort will expand faster than any other age group, increasing by an average of 3.1 percent per year, leading to 6,400 more residents in this cohort.





Jurisdiction	2023 Population Aged 65 and over (%)
Santa Clarita Valley	13.2
Los Angeles County	15.5
Ventura County	17.9
California	16.1

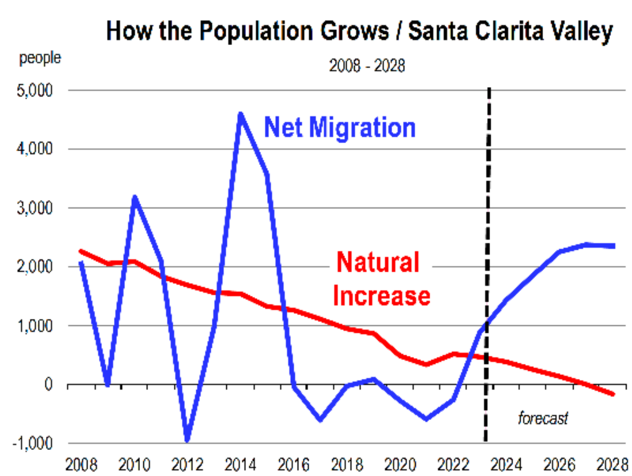


The Demographic Outlook

Population growth in the Santa Clarita Valley is expected to average 0.7 percent per year between 2023 and 2028, and the valley-wide population is expected to grow by nearly 11,000 residents.

Growth will accelerate in conjunction with the production of new housing, which is also now increasing with the buildout of the Mission Village and Williams Homes projects. While the entire Valencia project will ultimately add more than 21,000 homes to the Santa Clarita Valley housing stock, housing development will be measured and the regional population is not forecast to expand rapidly over time.

The principal driver of population will be new migrants rather than the natural increase. On average, the region is expected to attract 2,100 net migrants per year through 2028. Net migration will be higher near the end of the forecast period as the volume of residential development expands both directly west and east of the City, setting the stage for continued likelihood of annexation and enlargement of the Santa Clarita municipal boundaries.



Demographic Forecast	Santa Clarita Valley		History: 2019 - 2023		
	2019	**2020**	**2021**	**2022**	**2023**
			-- people --		
Population	291,710	291,962	291,349	292,325	294,090
% change	0.19	0.09	-0.21	0.33	0.60
			-- people --		
Births	2,193	1,985	2,032	2,009	1,970
Deaths	1,322	1,498	1,688	1,486	1,499
Natural Increase	871	487	344	523	471
Net Migration	-325	-235	-958	453	1,294
Other Indicators					
Total Vehicle Registrations	234,059	231,231	234,369	236,951	237,028
Automobile Registrations	188,497	185,486	187,366	189,109	189,248
Total Housing Stock	101,132	101,148	102,363	104,104	105,880
Number of Households	96,486	99,392	99,649	101,287	103,016
Persons per Household	3.02	2.94	2.92	2.89	2.85

Source: California Economic Forecast, August 2023

Demographic Forecast		Santa Clarita Valley			Forecast: 2024 - 2028
	2024	2025	2026	2027	2028
			-- people --		
Population	295,896	298,018	300,406	302,782	304,978
% change	0.61	0.72	0.80	0.79	0.73
			-- people --		
Births	1,946	1,885	1,819	1,757	1,660
Deaths	1,559	1,625	1,689	1,754	1,822
Natural Increase	387	260	130	3	-161
Net Migration	1,419	1,863	2,258	2,373	2,357
Other Indicators					
Total Vehicle Registrations	239,408	241,125	242,909	244,626	246,218
Automobile Registrations	192,386	193,846	195,360	196,856	198,252
Total Housing Stock	106,588	107,612	108,918	110,305	111,682
Number of Households	104,086	105,121	106,442	107,844	109,236
Persons per Household	2.84	2.83	2.82	2.81	2.79

Source: California Economic Forecast, August 2023

Data sources for the charts in this chapter include: Environmental Insights, Census Bureau, Department of Finance, State of California, Bureau of Labor Statistics, and the forecasting models maintained by the California Economic Forecast.

EMPLOYMENT AND WORKFORCE

Labor Market

Employment by Sector

Recent Trends in the Composite Employment Sectors

Unemployment and Job Openings

Largest Employers

Average Salaries

The Santa Clarita Valley Workforce

The Forecast

Labor Market

Labor markets are important for assessing regional economies because employment reports represent the most timely, fluid, and detailed measure of economic activity for the region.

While job creation within a regional economy can be volatile over time for many reasons, in the short run, rising job counts almost always imply that (1) the demand for production is increasing and firms therefore need more capital, labor, or both to meet that demand, or (2) the region is attracting more businesses who employ local workers or a new in-migrating population of workers.

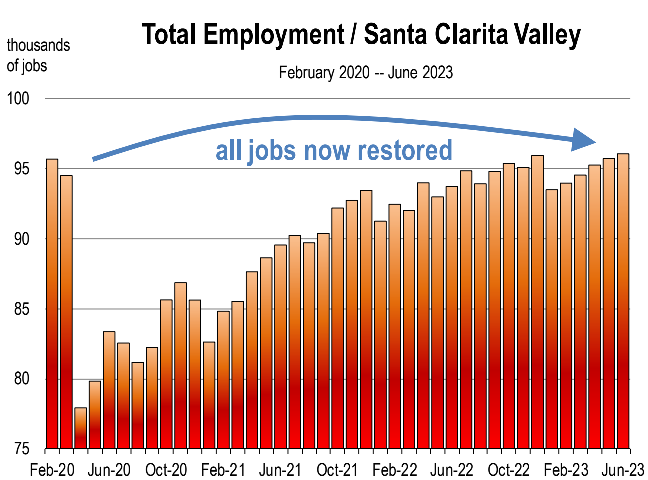
Employment by Sector

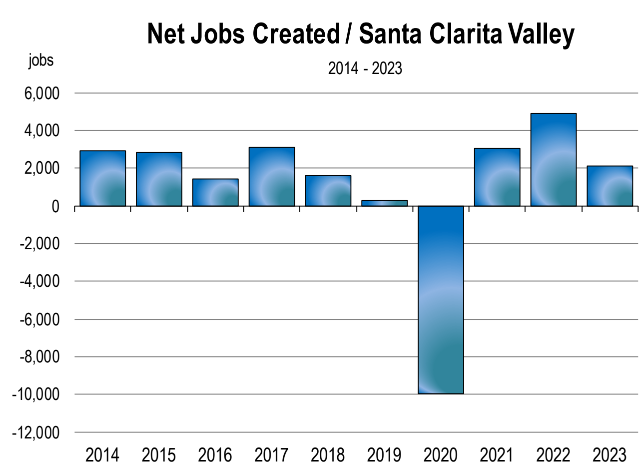
During 2023, the Santa Clarita Valley labor market continues to expand the employment base. During the first 6 months of the year, local hiring is on pace to generate 1,700 more jobs in 2023.

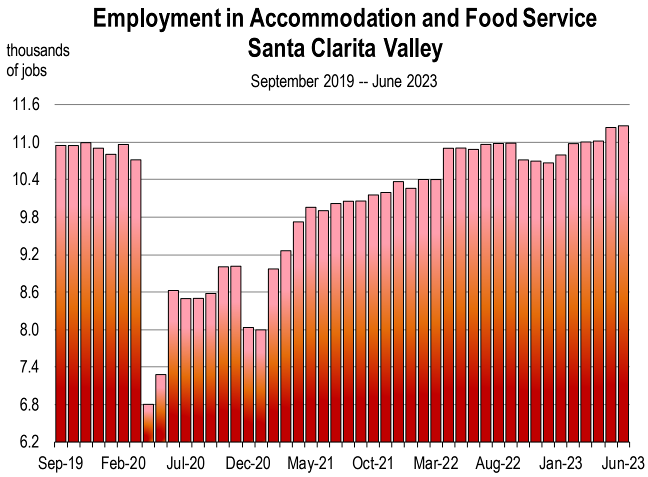
Furthermore, the labor market recovery from the pandemic recession is effectively complete. Total employment has now surpassed the pre-pandemic level. But individual sectoral employment has not been restored entirely. The exceptions are transportation and warehousing, construction, leisure & hospitality retail trade, and manufacturing. and most sectors now exceed pre-pandemic levels of employment.

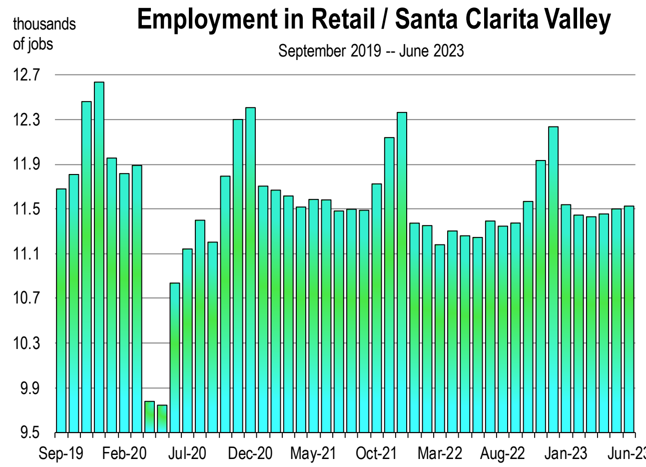
Employment within the accommodation, food services, entertainment, and recreation sector has nearly recovered from the trauma of the pandemic when 4,000 jobs were eliminated by the lockdowns.

Magic Mountain and Hurricane Harbor remain the region's top tourist destination.
Moreover, the 2023 attendance appears to be heavy. The website Isitpacked.com indicated that waits for rides in the park were "much longer than usual" during the months of July and August 2023.





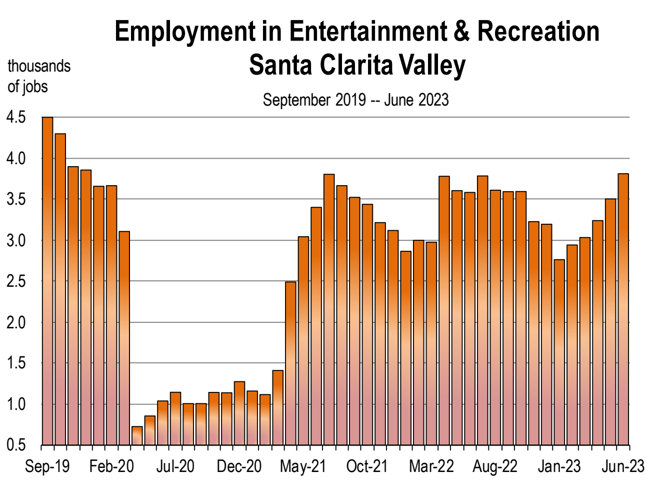




Hotel occupancy rates have remained healthy, at between 70 and 80 percent per month over the last 3 years, and workforces at local hotels, motels, and restaurants have now fully recovered.

Job counts in entertainment and recreation will not be completely restored until early 2024.

Though the retail sector is vibrant and generating more sales than ever before, job totals have remained relatively constant since late 2020. Structural changes in commerce that have meaningfully changed as a result of technology (and the pandemic) have reduced the demand for workers.

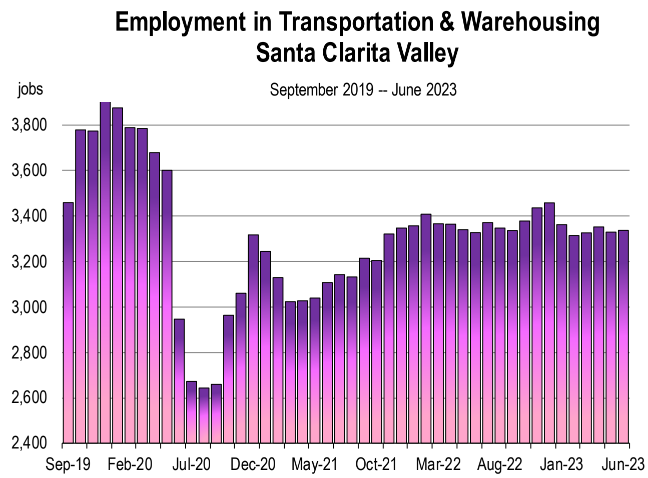


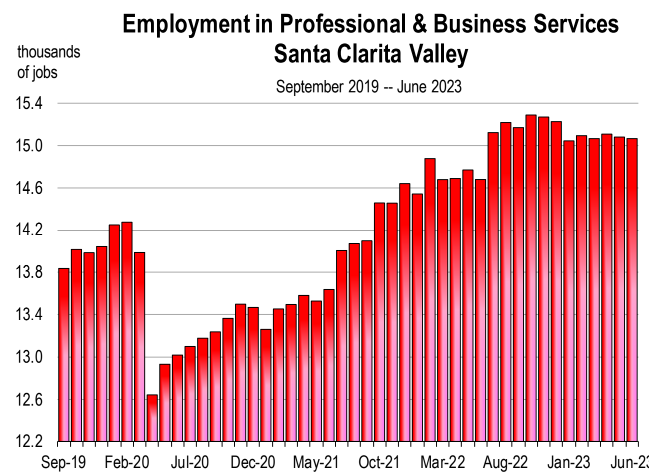
Residents have expanded their use of food delivery services, and online retail shopping continues to displace the in-store experience. We don't see vacant stores because many have been replaced with other types of retail or personal experiences that attract people but generally require fewer workers.

There is also the rapid onset of automation within the retail sector that has reduced the need for workers. The largest example of this is self-checkout at grocery stores.

Consequently, this employment sector remains stagnant. The spikes in the data represent the additional hiring of temporary workers during the holiday season.

The Transportation and warehousing sector is lagging job creation in other sectors, though the demand for warehouse, distribution, and fulfillment center jobs has increased over time in the region, and recently with new openings that have been fully occupied at the IAC commerce center and Needham Ranch.



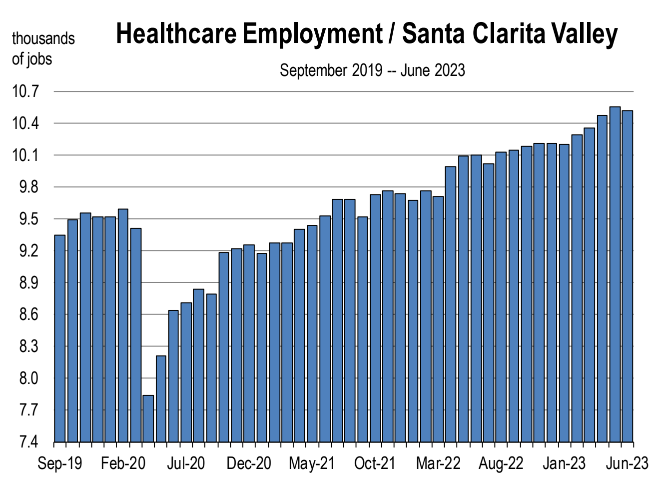


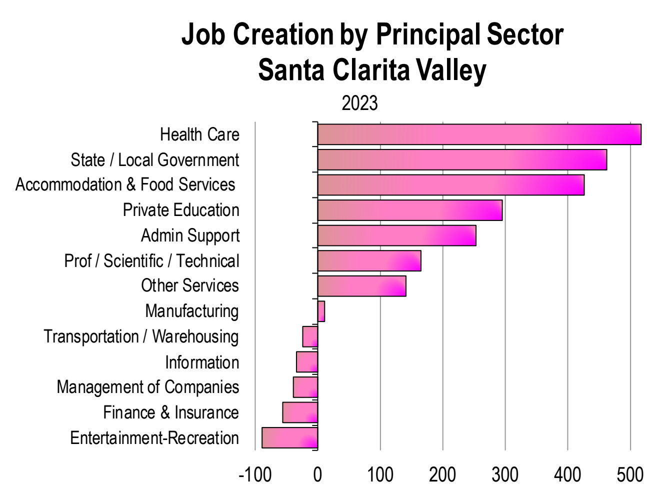
Princess Cruises, the second largest cruise line in the world and headquartered in Santa Clarita, is part of this labor market sector because it's a transportation company. Employment has not returned to pre pandemic levels, largely due to staffing challenges. All of the principal Princess Cruises routes have now been restored however, and new expansions are now underway.

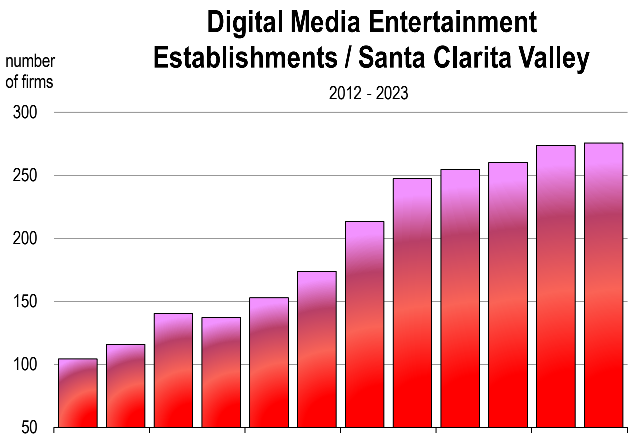
Much of the current employment growth is occurring in healthcare, and the professional, management, technical, and scientifically skilled services. Filling positions in these sectors has been difficult amid the "labor shortage" that has haunted the California labor market since the pandemic restrictions ended in June 2021.

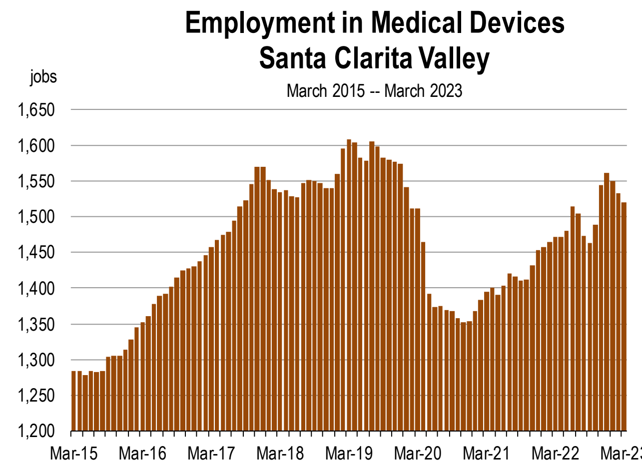
Currently, healthcare is leading all labor markets in Los Angeles County (and California) in unfilled job openings. Registered nurses remains the top occupation among all occupations with the most job openings. Healthcare is the third largest industry of all labor market sectors in the Santa Clarita Valley, closely trailing Leisure and Hospitality, and Manufacturing. Employment has expanded at all of the major healthcare centers in the region, which include:

- Providence Holy Cross Health Center
- Henry Mayo Newhall Hospital
- Santa Clarita Health Center
- Lakeside Healthcare
- UCLA Health
- Kaiser Permanente Santa Clarita and Canyon Country









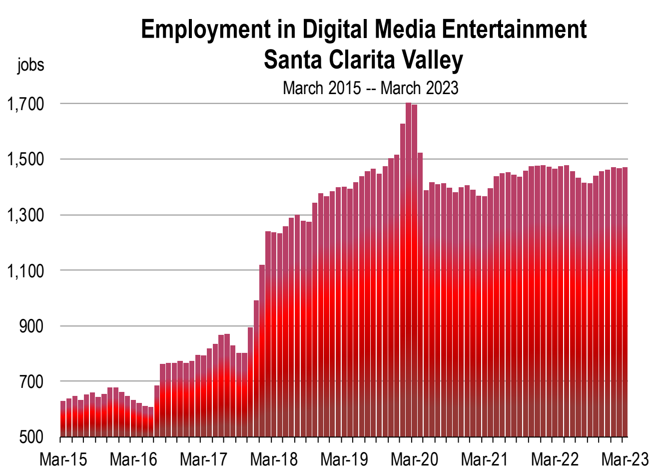
Recent Trends in the Composite Employment Sectors

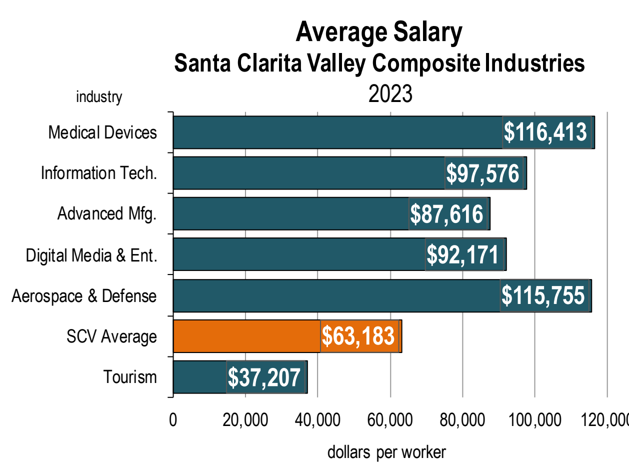
These industries comprise the principal backbone of the workforce in Santa Clarita. The manufacturing of advanced products including high technology, precision and aerospace products is a subset of all manufacturing in the Valley economy. Though off its pre-pandemic high in total employment, this sector remains a major employer of higher paying skilled workers.

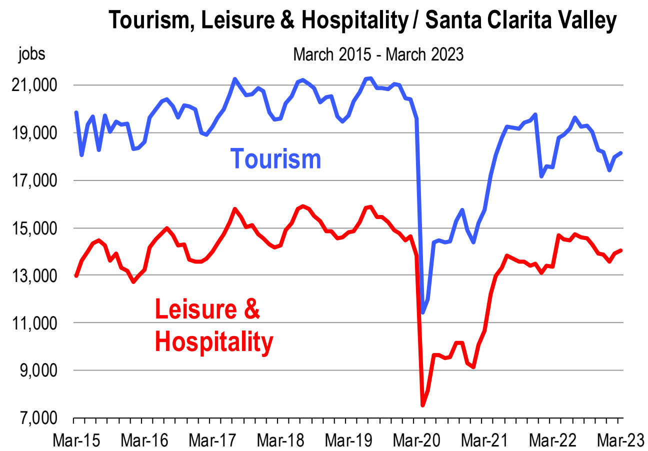
The Valley labor market has several other prominent composite industries that cater to the region's unique advantages, and some of these industries are expanding employment in a meaningful way, especially since the pandemic. In particular, companies that focus on digital media entertainment and medical devices are generating a meaningful number of jobs within the Santa Clarita Valley.

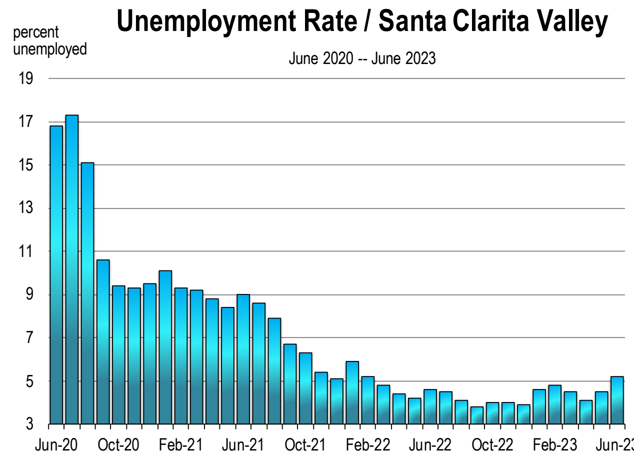
This is also true of the composite tourism sector which is comprised of the leisure and hospitality sector and a number of particular retail sectors that cater to the region's visitors.

The Valley's composite industries tend to have salaries that are well above the area's average wage. In 2023, the highest paying composite sector was medical devices, which averaged salaries of $116,400 per worker – nearly twice the $63,000 salary that was observed across the entire Santa Clarita Valley labor market.





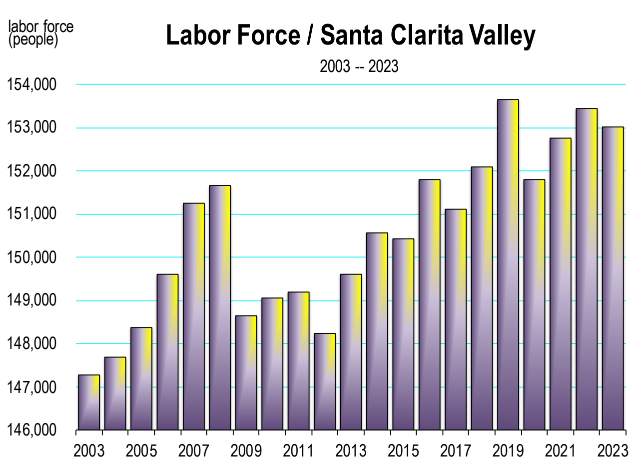




Unemployment and Job Openings

The unemployment rate bottomed in mid-2022. Rates have now modestly crept higher, largely because of the increased expansion of the labor force.

The labor force is the number of residents in the region who either are working or want to work. Drop outs from the labor force due to the pandemic now have reasons to return to work. The evolving slowdown in the economy is strongly influencing many retirees, care-givers, or home-schooling parents to rejoin the formal work effort.



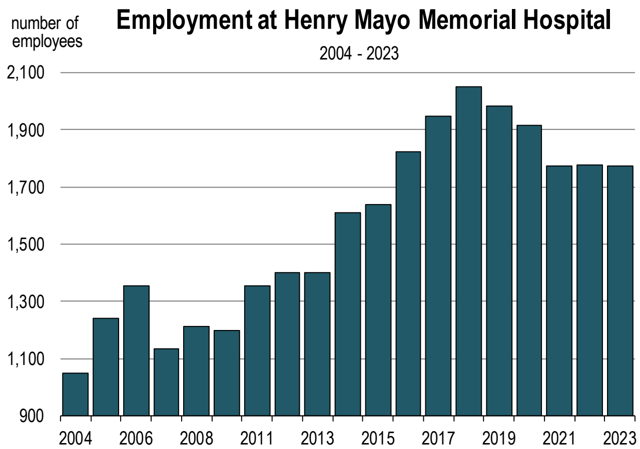
Job openings are now contracting, though at a modest pace. There is still a larger than normal volume of job postings in the Santa Clarita Valley, signaling a sustained demand for workers. Openings are particularly high in healthcare and hourly jobs in food services and personal services.

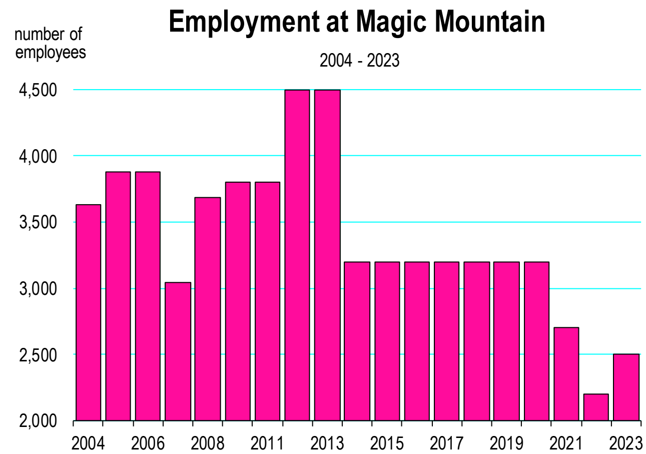
Last August, on the Indeed website, there were 3,201 jobs advertised for jobs in and within 5 miles of the city of Santa Clarita. This August, a similar search generated 2,896 job ads. The most jobs advertised were at Henry Mayo, Auto Nation, Six Flags, Starbucks, Drinkpak and Vons

Largest Employers

The largest employers list is updated annually from a telephone and email survey. The information is carefully limited to the number of workers physically employed at locations within the Santa Clarita Valley.

The survey has been a continuous annual feature of this publication since 2002. The 2023 update was conducted by the Santa Clarita Valley Economic Development Corporation during the months of July and August.





- Among the 50 largest employers for which complete information is available, there were 29,734 workers in the Santa Clarita Valley in August 2023.

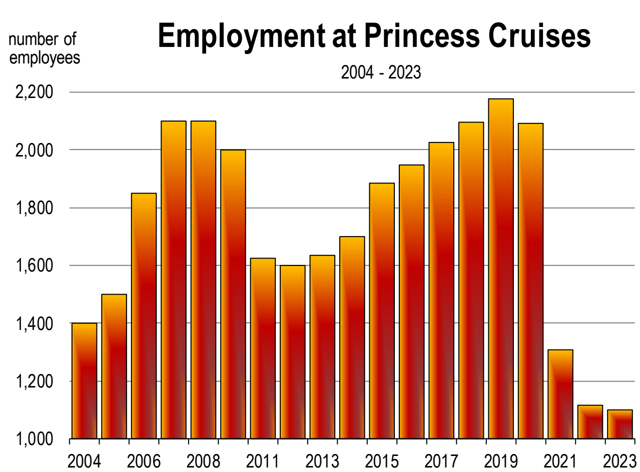
- The Santa Clarita Valley's largest private employers expanded their employee headcounts by just under 200 jobs. However the largest public employers downsized by 375 positions in 2023 relative to 2022.

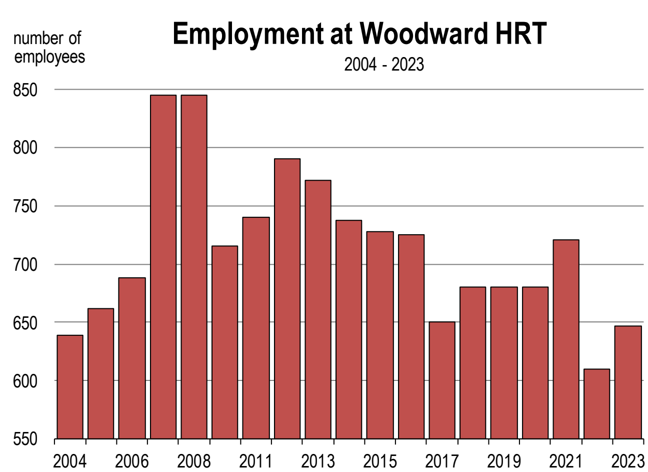
- Employment at large public organizations declined 4.3 percent.

- Thirteen of the largest private sector companies added new jobs over the last year. Eighteen companies actually downsized over the prior year. Nevertheless, collectively, total employment within the largest private organizations rose 0.9 percent.

- Employment at Magic Mountain, the largest private employer, reported a 300 gain in jobs filled representing a13.6 percent increase in their total summer headcount.

- The largest private sector employment gain in the Santa Clarita Valley was reported by Drinkpak, now with a total of 443 employers at their new facility in Needham Ranch. Amazon moved into two locations, one at the IAC Commerce Center and the other in Needham Ranch in 2020. The company employs 580 workers and did not downsize in the Santa Clarita Valley as they did in many other California locations over the last 9 months.





Largest Employers		**Santa Clarita Valley**				**August 2023**
Rank	**Company or Organization**	**Location**	**2022**	**2023**	**2022 to 2023**	**Percent Change**
Private				*– headcount of employees –*		
1	Six Flags Magic Mountain	Valencia	2,200	2,500	300	13.6
2	Henry Mayo Newhall Memorial Hospital	Santa Clarita	1,778	1,775	-3	-0.2
3	Princess Cruises	Valencia	1,116	1,100	-16	-1.4
4	The Master's University	Santa Clarita	863	916	53	6.1
5	Boston Scientific	Valencia	893	742	-151	-16.9
6	Logix	Valencia	674	694	20	3.0
7	Advanced Bionics*	Valencia	693	693	0	0.0
8	Woodward HRT	Valencia	610	647	37	6.1
9	Amazon	CANR & IAC	580	580	0	0.0
10	AMS Fulfillment	Valencia	470	498	28	6.0
11	Stay Green Inc.	Santa Clarita	500	475	-25	-5.0
12	Quest Diagnostics*	Valencia	466	466	0	0.0
13	California Institute of the Arts	Santa Clarita	455	456	1	-0.2
14	Walmart*	Santa Clarita	450	450	0	0.0
15	DrinkPAK	Santa Clarita	228	443	215	94.3
16	Contractors Wardrobe	Valencia	473	433	-40	-8.5
17	Kaiser Permanente	Santa Clarita	528	418	-110	-20.8
18	Scorpion Internet Markeing and Design*	Valencia	356	356	0	0.0
19	ITT Aerospace Controls	Valencia	351	351	0	0.0
20	Pharmavite*	Valencia	345	345	0	0.0
21	Gothic Landscaping	Valencia	327	333	6	1.8
22	Q2 Solutions	Valencia	389	305	-84	-21.6
23	Costco Wholesale	Canyon Country	296	280	-16	-5.4
24	McDonald's	Santa Clarita Valley	286	274	-12	-4.2
25	Bright Innovation Labs (formerly Bocchi Labs)	Santa Clarita	365	266	-99	-27.1
26	ASC Process Systems	Valencia	210	250	40	19.0
27	Landscape Development Inc.	Valencia	260	250	-10	-3.8
28	Forrest Machining	Santa Clarita	260	241	-19	0.0
29	Knowles Precision Devices (formerly Novacap)*	Valencia	241	241	0	0.0
30	Shield Healthcare	Valencia	216	231	15	6.9
31	B & B Manufacturing Co.	Santa Clarita	265	230	-35	-13.2
32	Remo, Inc.	Valencia	207	221	14	6.8
33	Adept Fasteners	Valencia	192	221	29	15.1
34	Fralock	Valencia	227	206	-21	-9.3
35	Crissair	Valencia	188	197	9	4.8
36	PCC Aerostructures ADI*	Valencia	194	194	0	0.0
37	Cardinal Health	Santa Clarita	190	191	1	0.5
38	The Home Depot*	Countywide	190	190	0	0.0
39	Lief Labs	Valencia	250	189	-61	-24.4
40	HRD Aero Systems*	Valencia	180	180	0	0.0
41	TA Aerospace	Valencia	156	176	20	12.8
42	Sunvair	Valencia	180	172	-8	-4.4
43	RAH Industries	Santa Clarita	175	172	-3	-1.7
44	Frontier Toyota	Valencia	168	159	-9	-5.4
45	Honda Performance*	Valencia	155	155	0	0.0
46	Trinity Classical Academy	Valencia	155	155	0	0.0
47	Star Nail International / Cuccio (new for 2020)*	Valencia	154	157	3	1.9
48	WayForward*	Santa Clarita	154	154	0	0.0
49	Southern California Gas	Santa Clarita	146	145	-1	-0.7
50	John Paul Mitchell Systems	Santa Clarita	149	143	-6	-4.0
	Private Sector Totals		**20,554**	**20,616**	**62**	**0.3**
Public				*– headcount of employees –*		
1	William S. Hart Union School District	Santa Clarita Valley	1,999	2,115	116	5.8
2	Saugus Union School District	Santa Clarita	1,374	1,483	109	7.9
3	College of the Canyons	Valencia	1,481	1,350	-131	-8.8
4	City of Santa Clarita	Santa Clarita	943	1,098	155	16.4
5	U.S. Postal Service (Processing & Distribution Center)	Santa Clarita	1,642	1,023	-619	-37.7
6	Newhall School District	Valencia	818	808	-10	-1.2
7	Castaic Union School District	Valencia	259	260	1	0.4
8	SCV Water	Santa Clarita Valley	219	223	4	1.8
	Public Sector Totals		**8,735**	**8,360**	**-375**	**-4.3**
	Overall Total		**29,290**	**29,094**	**58**	**-0.7**

** 2023 Headcounts not available as of publishing.*
Number reflects reported headcount from 2022.

California Economic Forecast and the Corporation Survey, August 2023

Average Salaries

- During 2023, the average salary for all non-farm workers increased by 3.8 percent in the Santa Clarita Valley. The largest increases occurred for workers in Management of Companies, and Accommodation and Food Services. The average wage or salary increase for workers in these sectors was 10.9 percent.

- Average salaries for State and Local Government, Construction and Wholesale Trade workers also rose just over 10 percent. Salaries in Private Education and Administrative Services rose 7 to 8 percent. Average salaries in manufacturing were up 5.6 percent.

- The highest paying sectors in the region are the Public Utilities, Management of Companies, Wholesale Trade, and Professional and Scientific Services. For these 4 sectors, average salaries exceed $90,000 per worker

- Adjusted for inflation, the all-industries average salary in 2023 is lower than in 2022. This was also the case last year. Inflation this year is still averaging between 4 and 5 percent.

Average Salary Per Worker / Principal Sectors
Santa Clarita Valley 2023

Industry	Average Salary
– dollars per worker –	
Utilities	$177,791
Management of Companies	$112,729
Wholesale Trade	$90,657
Professional / Scientific / Technical	$90,071
Manufacturing	$88,208
Construction	$86,125
Finance & Insurance	$81,479
Information	$78,571
Transp. & Warehousing	$69,857
State & Local Government	$67,433
Real Estate & Rental	$66,780
Federal Government	$66,168
Healthcare	$62,992
Administrative Support	$50,514
Retail Trade	$44,135
Private Education	$40,521
Entertainment-Recreation	$36,501
Accommodation & Food Services	$30,796
Average, all Non-Farm Workers	**$63,115**

Source: Labor Market Information Division, State of California, and California Economic Forecast

The Santa Clarita Valley Workforce

The Local Labor Force

The labor force in the greater Valley area that includes the surrounding communities of Agua Dulce, Green Valley, Castaic, Stevenson Ranch, and Canyon Country now stands at 153,000. Only 2.9 percent are unemployed.

The candidate labor force of the Santa Clarita Valley, consisting of the population age 25 and over, is more educated compared to the broader workforce of Los Angeles Country or adjacent Ventura County. Forty-seven percent have received a college degree, and another 25 percent have attended some college but did not or have not received a degree yet.

The region's workforce is defined as the employed labor force. It (1) is employed by companies located within the Santa Clarita Valley, (2) is self- employed, or (3) commutes to jobs outside the local area, mostly into the San Fernando Valley.

Working at jobs within the Santa Clarita Valley is the dominant characteristic of the workforce, and over time, more resident workers have been able to find competitive jobs in the region, ending their commute.

Management and sales dominate the classifications of occupations reported by Santa Clarita Valley residents.

Educational Attainment of the Workforce **2023**

Level of Education	Santa Clarita Valley	Los Angeles County	Ventura County
	----- *percent of population aged 25 and over* -----		
Associate's Degree	10.1	7.0	9.4
Bachelor's Degree	25.2	22.0	21.7
Graduate Degree	12.1	11.4	12.6
High School Degree	18.3	20.6	20.5
Less than 9th Grade	3.9	11.9	8.7

Source: Claritas

Key Occupations Held by Santa Clarita Valley Residents	2023
Occupation	**Number**
Management	19,129
Sales	15,890
Administration Support	15,685
Healthcare Practicioners & support	13,219
Food services & Entertainment	12,826
Education	9,411
Financial operations	8,493
Engineering/Computer/Mathematical	7,978
Transportation & distribution	7,673
Production of Goods & Parts	5,782
Construction trades	5,601
All other occupations	22,858
Total number of residents employed	**144,545**

Source: Labor Market Information Division, State of California, and California Economic Forecast

The Candidate Labor Force in the Extended Region

In recent years, more commercial development has occurred in the Santa Clarita Valley than the development of housing. Consequently, to fill local jobs, employers have had to import workers into the Valley economy until more housing is built.

Within a 30 minute commute to the center of town in Santa Clarita, there is a population of 2.1 million people, an employed labor force of 1.1 million workers, who have an average travel time one way to work of 36 minutes. Most of this population lives in the San Fernando Valley in areas like Glendale, Encino, and neighboring Simi Valley. Therefore, there is a large pool of workers who potentially are able to fill jobs anywhere within the Santa Clarita Valley.

The educational attainment of this workforce pool is very high, with 44 percent having attained a college degree.

The surrounding area from Lancaster in the north to Inglewood in the south which represents a 45 minute commute into the Santa Clarita Valley, is populated by 2.8 million workers.

The rate of labor force participation is higher in the Santa Clarita Valley than greater Los Angeles County or Ventura County. Participation is over 64 percent of the working age population in the SCV, but less than 61 percent for Los Angeles or Ventura Counties.

Commute Time To Work

Residents of the Santa Clarita Valley tend to have longer commutes than the typical resident of Los Angeles or Ventura Counties. On average, workers who reside in the Santa Clarita Valley spend 41 minutes commuting each way, and 38 percent commute more than 45 minutes each way. Within Los Angeles County, the average commute time for all workers is 36 minutes. For Ventura County residents, the average commute time for all workers is only 30 minutes.

Labor Force Participation
Percent of Population in Labor Force **2023**

Labor Force Indicator	Santa Clarita Valley	Los Angeles County	Ventura County
	----- *percent of population aged 25 and over* -----		
Population	294,090	10,014,009	843,843
Population above 16 y.o.	237,594	8,191,459	687,133
Labor Force	153,015	4,960,180	416,460
Participation Rate (%)	64.4	60.6	60.6
Resident Workforce	145,976	4,738,880	400,236
Unemployed	7,039	223,140	16,21
Unemployment Rate (%)	4.6	4.5	3.9

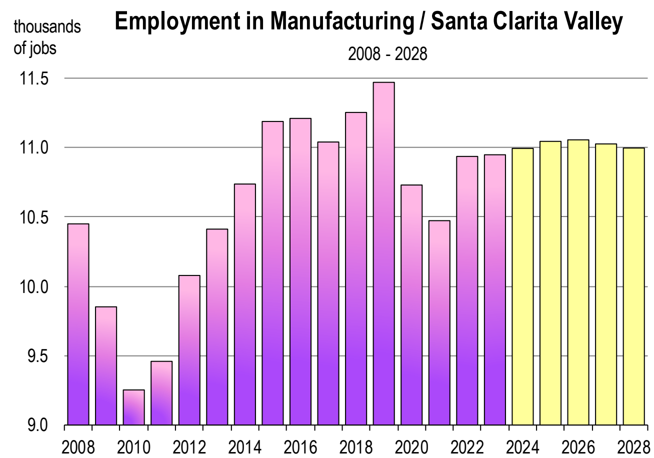
One Way Commute Time to Work
Percent of Workers Reporting by Category **2023**

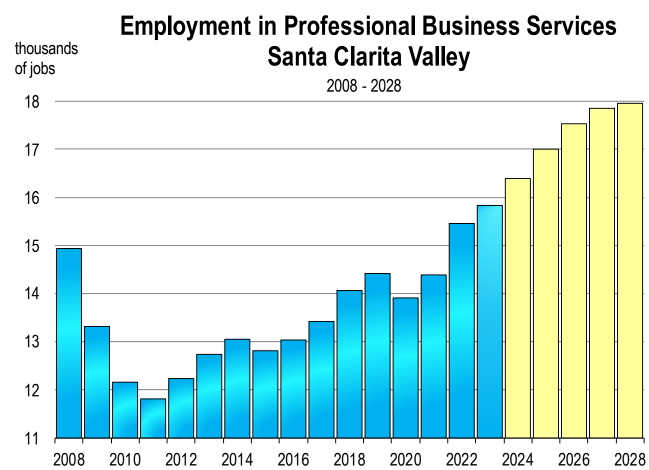
Minutes to Work	Santa Clarita Valley	Los Angeles County	Ventura County
	----- *percent of population aged 25 and over* -----		
less than 15 Minutes	17.6	16.0	21.5
15 - 29 Minutes	25.3	31.6	43.8
30 - 44 Minutes	18.9	25.9	18.5
45 - 59 Minutes	14.1	10.9	6.8
60 or more Minutes	24.0	15.7	9.4
Avg number minutes to Work	40.9	36.0	30.0

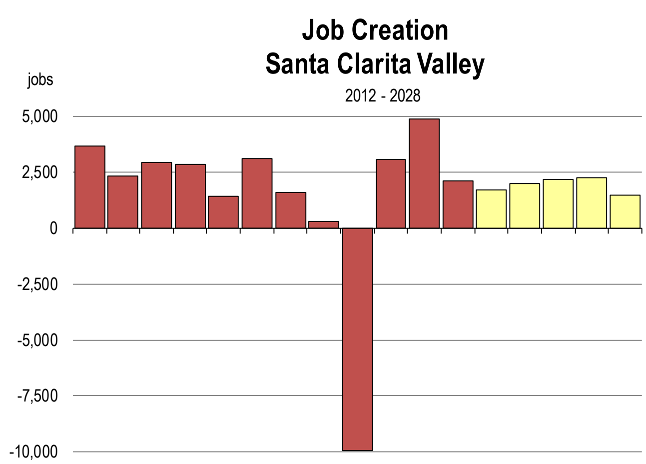
The Forecast

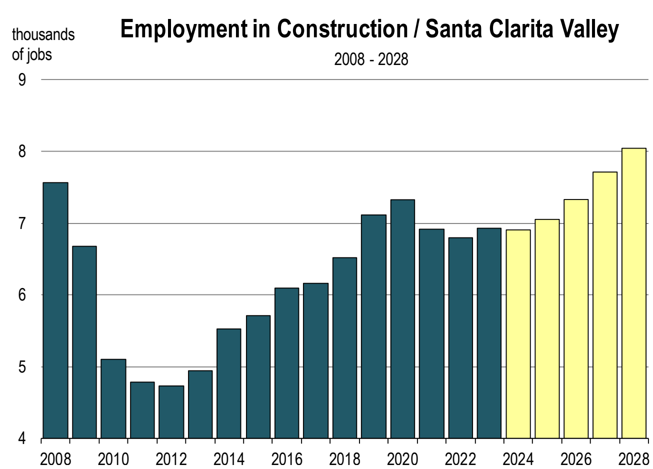
The Santa Clarita Valley economy is on a pace during the first 6 months of 2023 to create an estimated 2,100 jobs during the calendar year. The unemployment rate is currently at 5.0 percent. At the beginning of 2023, there was rising uncertainty that employment would be impacted by the inevitable recession forecast this year. The recession is no longer inevitable but nevertheless remains a looming threat.

Slowing business conditions are clearly present in California and the U.S., but labor markets have been resilient in the face of moderating growth in spending, sales, and total GDP output. As of this writing however, the U.S. unemployment rate is 3.6 percent and the creation of jobs continues to expand month after month.







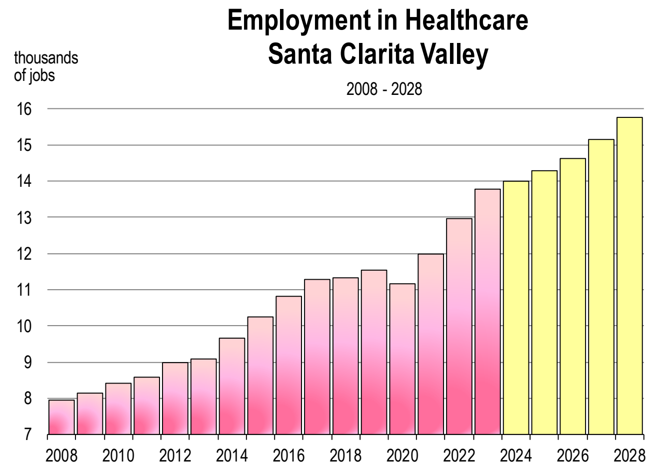


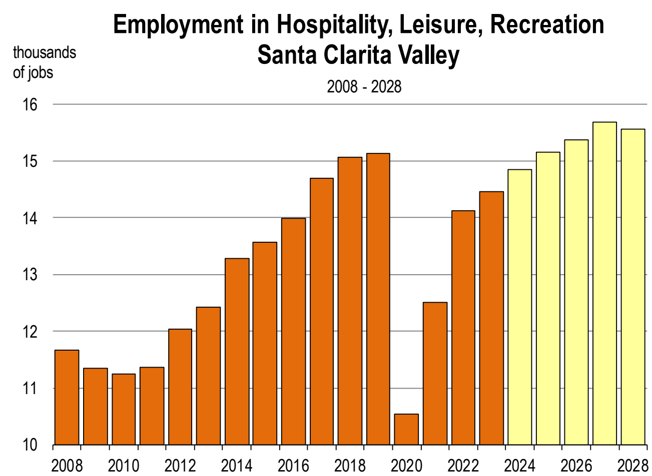
In 2024, the forecast still has the local economy creating 1,700 jobs. The labor market softens but job creation will also be constrained by limited labor force growth. By 2025, faster U.S. and California economic growth is forecast as interest rates will be in decline and global economic growth will have strengthened.

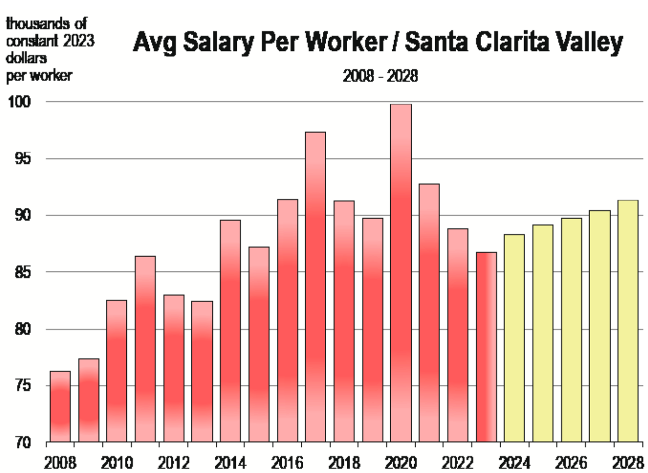
The unemployment rate will rise in 2024, but reverse in 2025, due to more employment opportunities and the expansion of the labor force which grows in tandem with population growth.

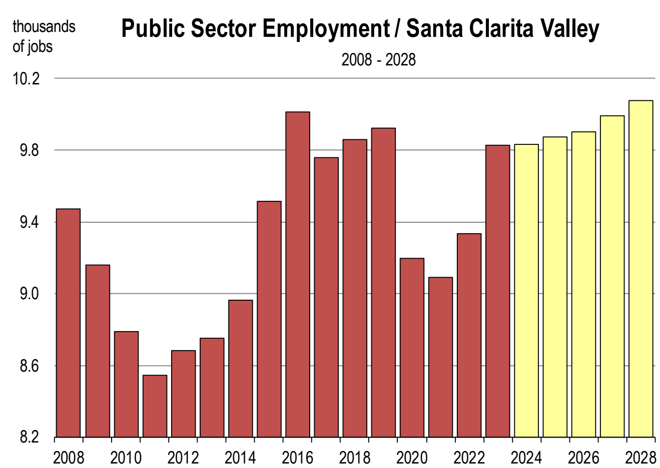
Employment within the services sectors including personal services, business services, and the leisure and recreation sector will continue to rise concomitant with the population. The expansion of non-residential structures to accommodate employment will limit the growth of jobs over the next 5 years.

Professional services jobs in the technology and business support sub-sectors, and healthcare jobs are currently the most in demand.









Labor Market Forecast			Santa Clarita Valley		History: 2018 - 2023	
	2018	**2019**	**2020**	**2021**	**2022**	**2023**
Sector			– jobs –			
Farm	31	60	77	118	152	155
Construction	7,117	7,328	6,914	6,800	6,932	6,905
Manufacturing	11,253	11,470	10,730	10,473	10,936	10,948
Transportation & Utilities	3,642	3,925	3,634	3,522	3,712	3,700
Wholesale/Retail Trade	16,614	16,082	15,248	15,490	14,925	15,159
Retail	12,370	11,900	11,355	11,697	11,463	11,663
Wholesale	4,244	4,182	3,893	3,793	3,462	3,496
Financial Activities	3,974	3,910	3,673	3,758	3,819	3,713
Professional Services	13,569	13,922	13,412	13,890	14,960	15,339
Information	1,338	1,392	1,286	1,385	1,386	1,351
Healthcare & Education	11,327	11,539	11,162	11,983	12,963	13,776
Leisure & Recreation	15,068	15,128	10,548	12,502	14,130	14,466
Other Services	2,896	2,918	2,260	2,485	2,825	2,966
Government	9,860	9,921	9,197	9,090	9,334	9,825
Federal	1,098	1,098	1,168	1,107	1,095	1,109
State & Local	8,762	8,823	8,029	7,983	8,239	8,716
Total Wage & Salary	95,534	95,797	85,825	88,840	93,717	96,078
percent change	1.7	0.3	-10.4	3.5	5.5	2.5
Total Non-farm Jobs Created	1,550	172	-10,109	2,820	4,607	2,054
Unemployment Rate (percent)	4.4	4.2	11.5	7.9	4.5	4.3

Source: California Economic Forecast, August 2023

Labor Market Forecast		Santa Clarita Valley			Forecast: 2024 - 2028
	2024	2025	2026	2027	2028
Sector			– jobs –		
Farm	163	170	174	175	175
Construction	7,109	7,428	7,711	8,042	8,300
Manufacturing	10,994	11,045	11,056	11,026	10,997
Transportation & Utilities	3,830	3,831	3,921	4,008	4,069
Wholesale/Retail Trade	15,074	15,219	15,553	15,980	16,333
Retail	11,588	11,704	11,971	12,314	12,599
Wholesale	3,486	3,515	3,582	3,666	3,734
Financial Activities	3,728	3,755	3,785	3,813	3,840
Professional Services	15,893	16,506	17,031	17,353	17,457
Information	1,359	1,362	1,367	1,373	1,377
Healthcare & Education	13,995	14,285	14,622	15,148	15,758
Leisure & Recreation	14,849	15,155	15,372	15,685	15,561
Other Services	3,033	3,052	3,121	3,179	3,218
Government	9,831	9,873	9,901	9,991	10,075
Federal	1,126	1,141	1,154	1,168	1,181
State & Local	8,705	8,732	8,747	8,823	8,895
Total Wage & Salary	97,751	99,686	101,725	103,987	105,470
percent change	1.7	2.0	2.0	2.2	1.4
Total Non-farm Jobs Created	1,355	1,602	1,696	1,913	1,133
Unemployment Rate (percent)	4.8	4.6	4.5	4.6	4.5

Source: California Economic Forecast, August 2023

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

Affordability Issues

Housing Market Forecast

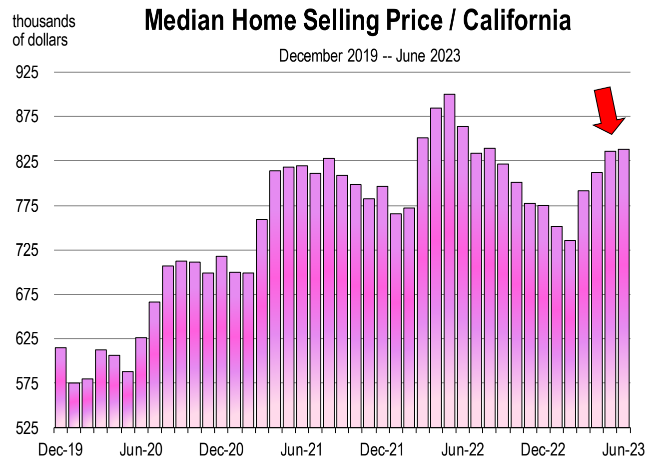
Residential Real Estate

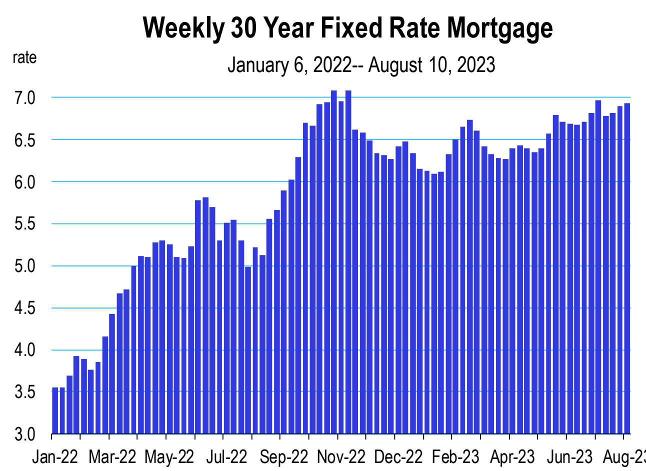
California

The housing market in California remains in a recession, though selling values have now turned around. The market still has sales and inventory in retreat. The contraction in reported selling values between the Spring or Summer of 2022 and early 2023 was largely attributed to the composition of homes selling. Values for the median home in California peaked in May of 2022 at $900,170. The median selling value in June 2023 was $844,000, translating into a 7 percent decline from the peak.

June typically marks the middle of the home buying season as more sales typically close escrow in the May-July period than in any other 3 month period of the year. Sales throughout Southern California have picked up, as are selling values, but adjusted for seasonality, the market remains depressed, and for sale inventory is a principal reason because current levels are close to all-time record lows.

However, and needless to say, higher mortgage rates have dampened housing demand. As of mid-August, the typical 30 year fixed rate mortgage stood at 5.2 percent. Exactly one year ago, the rate averaged 2.85 percent.





Single-Family Home Sales and Median Selling Price
Southern California Counties: June 2022 -- June 2023

	---------sales----------		percent	------median price------		percent
County	**June 2022**	**June 2023**	**change**	**June 2022**	**June 2023**	**change**
Inland Empire	2,691	2,188	-18.7	585,000	570,000	-2.6
Los Angeles County	3,259	2,636	-19.1	860,230	832,310	-3.2
Orange County	1,324	1,162	-12.2	1,265,000	1,260,000	-0.4
San Diego County	1,814	1,373	-24.3	950,000	958,250	0.9
Ventura County	552	397	-28.0	930,000	927,500	-0.3
California	28,795	23,123	-19.7	863,790	838,260	-3.0

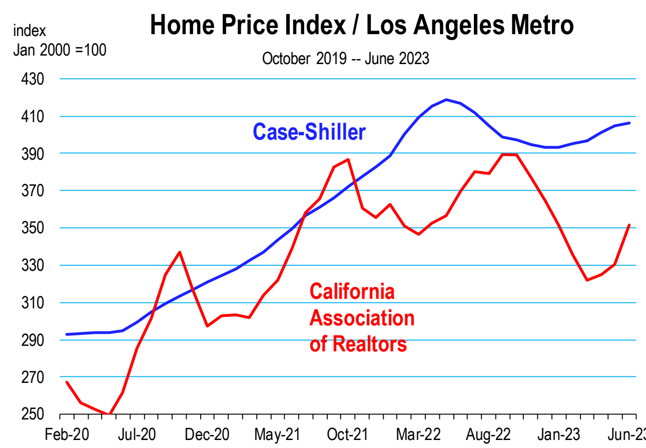
Source: California Association of Realtors, August 2023

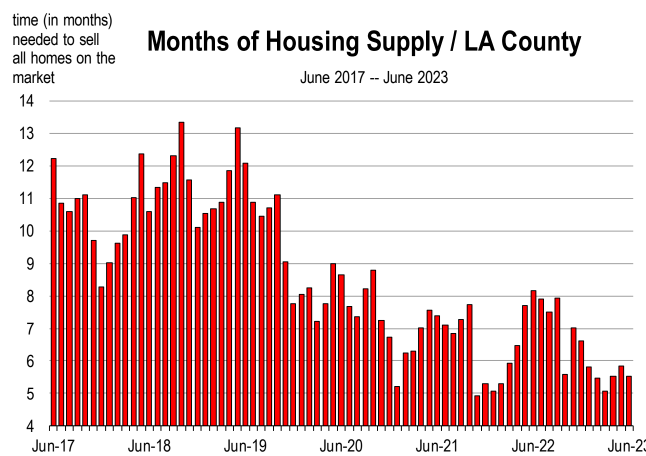
Los Angeles County

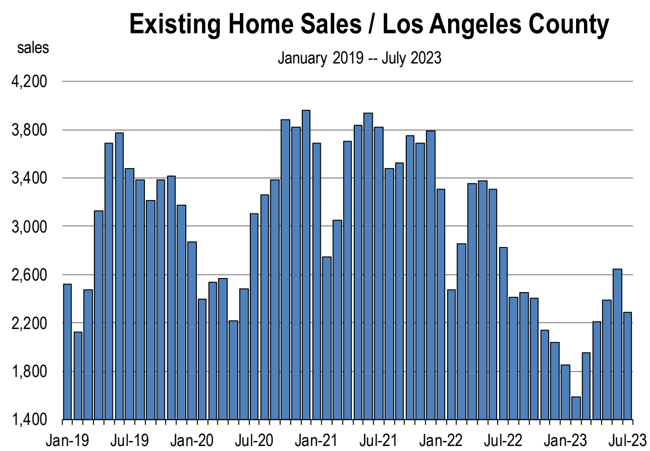
The Los Angeles County market mirrors the California market. Sales are off 20 percent from a year ago, and selling values have declined 7 percent from the peak month of August 2022, when they reached $891,770.

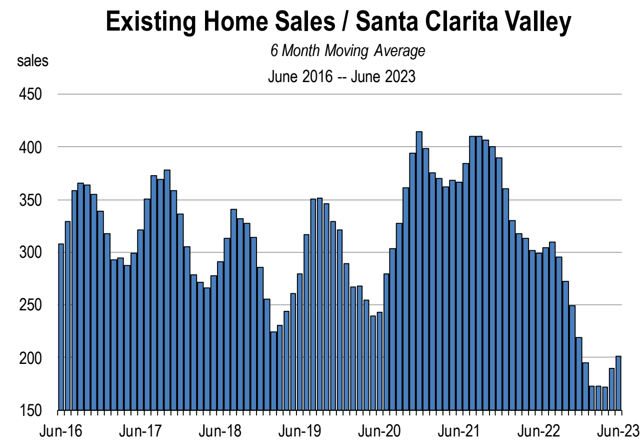
Adjusted for the variation in housing mix, the value decline according to the Case-Shiller Home Price index was only 2.9 percent in June, and not the 7 percent change from the peak month last year as reported by the California Association of Realtors. The Case Shiller index espouses to hold the location, size, and attributes of a home constant over time.

Like California, the for sale inventory in Los Angeles County is at or close to a record low. More new housing is being built throughout the County and the principal location is the Santa Clarita Valley. Nevertheless, supply is still constrained be it new or existing housing, and this has led to fewer sales and buoyant selling prices.









The Santa Clarita Valley

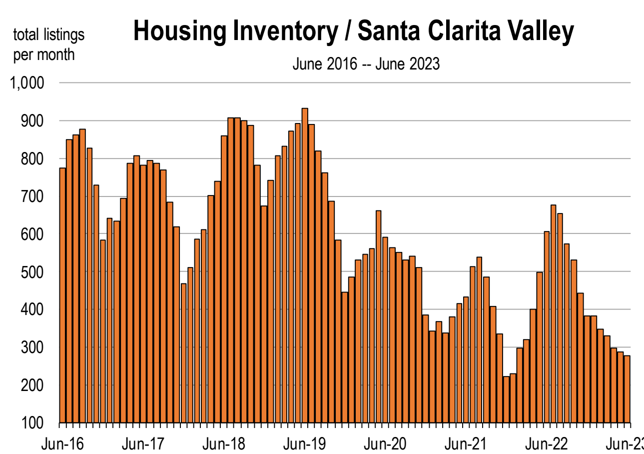
With existing housing Inventory dipping to a record low in 2023, sales of homes remain limited.

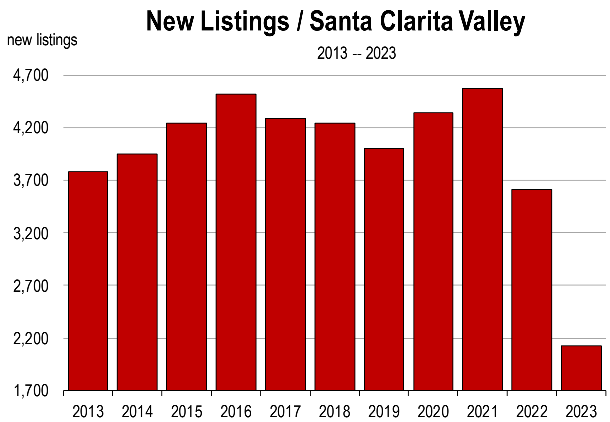
In 2021, the region had a record number of homes sold. However, since 2021, housing sales have declined sharply. If the current pace of sales for the January to June period of 2023 is maintained, the year will establish an annual record for the lowest volume of existing home sales.

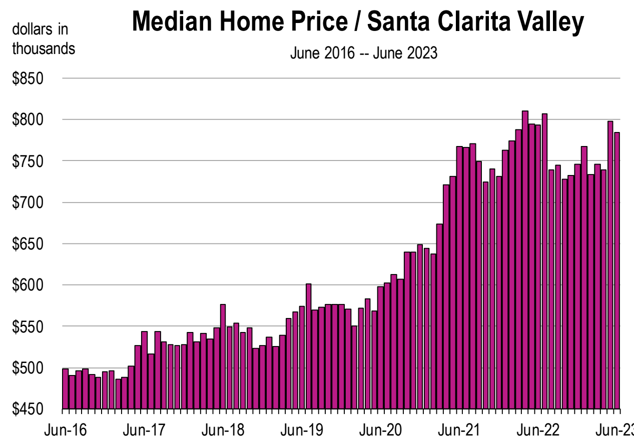
The rate of new listings this year is 41 percent lower than in 2022, the major factor for the lack of inventory.

A price correction was underway in the region from August 2022 to February 2023, but values have turned around since March of this year, rising in April, May and June. Home prices in the Santa Clarita Valley are off just 1.6 percent in June of 2023, compared to a year ago. As of June, the median price was $780,450.

There has been an increasing trend for residents to have moved out of the area for more affordable housing, but more people have recently moved into the Valley as a result of new employment opportunities and more new housing.



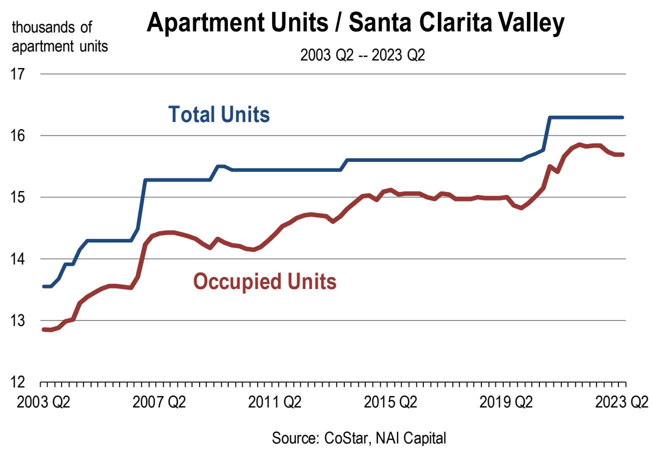




All Residential Home Sales and Median Selling Price
Santa Clarita Valley: June 2022 -- June 2023

	---------sales----------		percent	------median price------		percent
Community	**June 2022**	**June 2023**	**change**	**June 2022**	**June 2023**	**change**
Castaic	26	14	-46.2	765,000	815,000	6.5
Santa Clarita	300	204	-32.0	770,000	760,000	-1.3
Stevenson Ranch	20	12	-40.0	1,182,500	1,156,000	-2.2
Santa Clarita Valley	346	230	-33.5	793,468	1,156,000	-2.2

Source: Redfin, August 2023



Rental Market

There are 16,294 units in the Santa Clarita Valley apartment inventory.

The average asking rent is $2,456 per month. Rent growth had been extraordinary since the beginning of 2021, rising 10 percent in 2021 and 7.6 percent in 2022. This year, it has cooled down, up just 2.6 percent compared to a year ago.

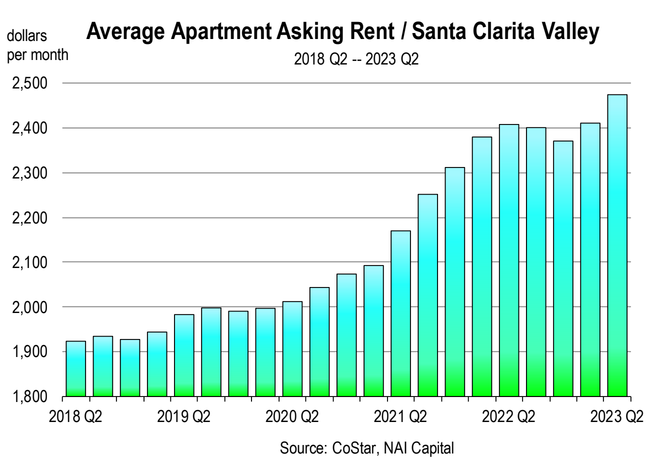
Vacancy rates have climbed slightly to 3.7 percent in August 2023.

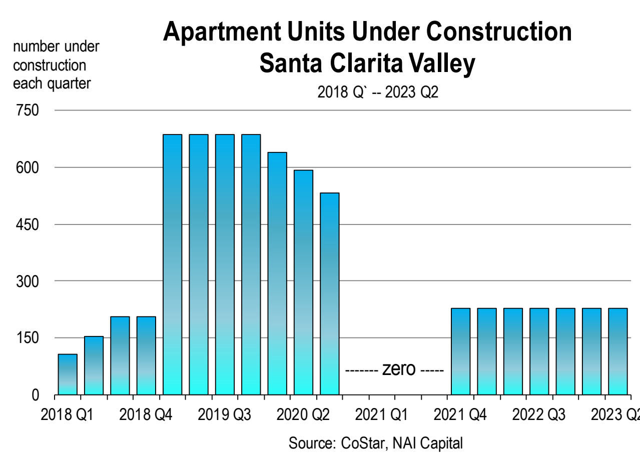
Since more than 1,000 new units were completed and delivered in 2020, there is now only one project now under construction.

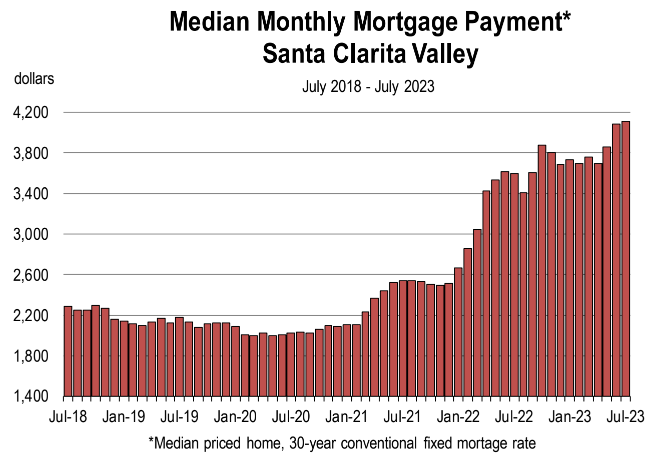
However, more apartment units are about to start construction by early next year, including Golden Triangle Apartments (164 units) and Riverwalk (136 units).

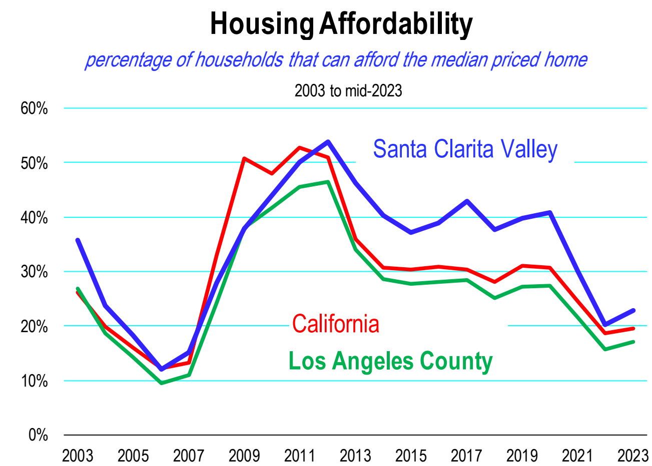
Affordability Issues

Affordability of housing depends on three principal factors: housing price, household income, and the financing rate.



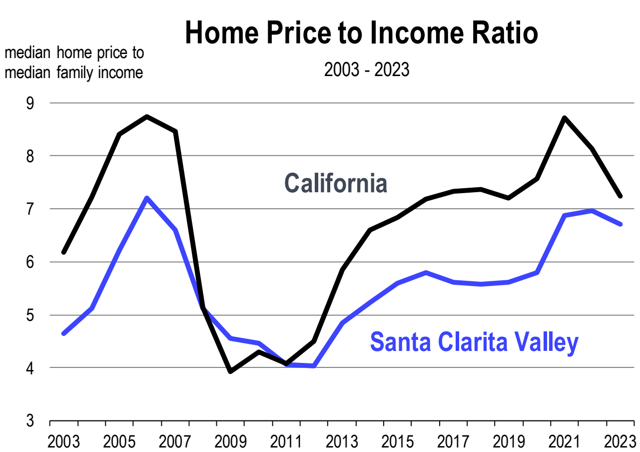






Recently, all three of these factors have risen sharply, though home prices have contracted over the last 12 months, but not my much.

Affordability across California had been generally deteriorating since 2012, despite rising incomes and receding mortgage rates. The principal reason for this is of course, steadily rising home prices which have been increasing faster than incomes, evidenced by the rise in the Home Price to Income Ratio. In the Santa Clarita Valley the ratio is now just under 7.0, indicating slightly more affordable conditions for local residents than for Californians in general.



Los Angeles County's affordability index is lower than California's. At mid-2023, affordability in LA County was estimated at only 18% of households. The median family income in Los Angeles County is estimated by the U.S. Housing and Urban Development Department at $88,000 for calendar 2023.

In comparison with LA County and California, the Santa Clarita Valley has had a higher affordability index over time. However, the local region's higher affordability isn't due to lower housing prices, but rather, Valley residents have a higher median family income compared to their peers in the greater county-wide region and the state.

Housing Market Forecast

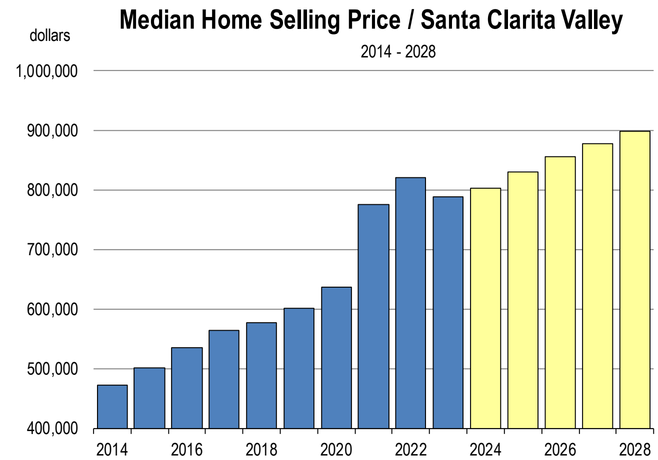
No change in the current conditions of residential real estate is expected for the remainder of 2023. Mortgage rates are not forecast to decline this year, and inventory is not forecast to expand. Consequently, sales remain depressed for the rest of 2023 and until the next buying season which begins in March 2024. Even at that time however, the housing market will still be haunted by relatively high financing rates and low levels of inventory.

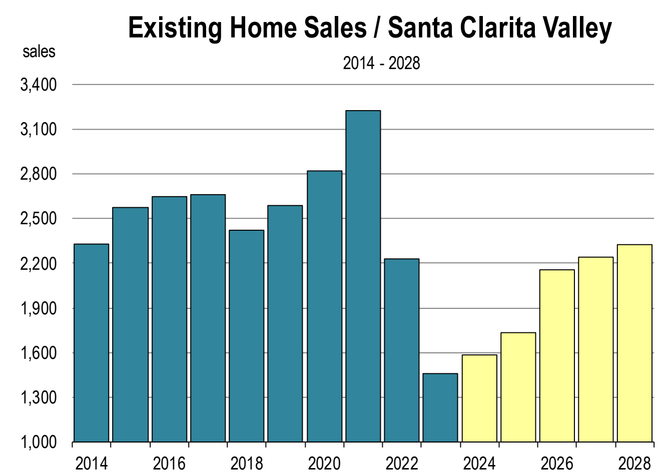
The correction in home values appears to be over. Prices are gradually rising each month, though adjusted for inflation, they are unlikely to eclipse their previous peak until sometime in 2024 or early 2025.

Selling values are forecast to decline only 4 percent his year. Appreciation then rises 2 percent in 2024 and another 3 to 4 percent in 2025.

Mortgage rates will begin to retreat when the market assumes the Fed has decided to rest, and core inflation has clearly cooled. 30 year fixed rates should drop to less than 6 percent over the next 6 months.

However, until existing home inventory increases, sales will remain constrained. There will be more new home sales however as production rises, which it’s expected to do next year and beyond.





COMMERCIAL REAL ESTATE

Commercial Real Estate in the Santa Clarita Valley

Office Market

Industrial Market

Retail Market

Commercial Real Estate in the Santa Clarita Valley

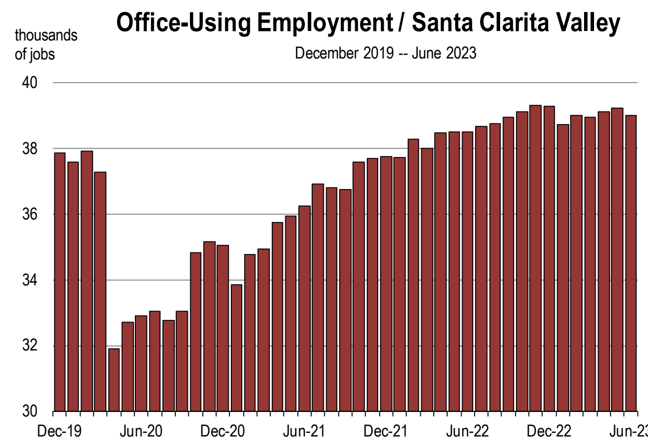
Introduction

The data that we monitor to evaluate the commercial real estate markets include current utilization rates, absorption of available space, average lease rates, and projects under construction. The evidence to date points to a longer recovery of the office market due to more accepted policies regarding allowances for work-from-home.

Employers have not taken a strong stance on employees returning to the office, largely because of the tightness in the labor market and the fear of losing workers. This condition should gradually change if the labor market softens this year.

Office-using employment has entirely recovered in Santa Clarita but not all workers are commuting to the office everyday. More office workers are back at their desks than a year ago, but total in-office attendance is lower than pre-pandemic levels. As leases are renewed, companies are often switching to smaller spaces, causing vacant office space to increase.

Consequently, the office market remains weak, a condition that is not unique in the Santa Clarita Valley. Office markets in many coastal counties of the state are not filing up with returning office using workers. The concept of the remote worker has now become too ingrained into the office culture.



Office-using employment has climbed sharply over the last year in the Santa Clarita Valley. However, not all workers have actually returned to the office. And there is still reluctance and/or uncertainty regarding the demand for space by office based companies.

Online sales have launched the demand for industrial product into the tightest market since records have been kept. Just over 2 million square feet has been delivered since mid 2019 and nearly all of it has been entirely absorbed.

Much of the industrial space is being absorbed for soundstage use. LA North Studios and Santa Clarita Studios occupy close to a million square feet, and The Scenic Companies signed a 300,000 square foot lease at Saugus Station Industrial Center this year. A mega project in the pipeline is the proposed 1.3 million square foot film and television studio campus that was recently approved by the Planning Commission, called Shadow Box Studios Santa Clarita.

Retail space utilization continues to rise. During the pandemic, it never eclipsed 5 percent vacancy. Currently, the county-wide vacancy rate is contracting. Triple net lease rates are just off their all-time record levels.

Size of the Santa Clarita Valley Market
August 2023

	Buildings	Square Feet
Office	234	5,430,522
Industrial	592	23,033,554
Retail	791	12,861,238
Total	1,617	41,325,314

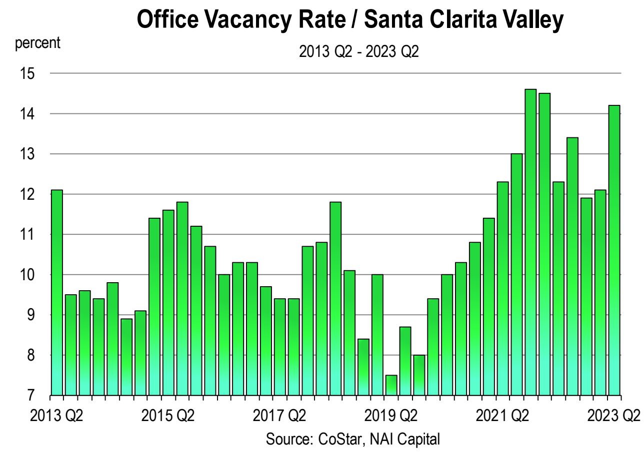
Source: CoStar

The Office Market

Though more workers have returned to the office, there remains a meaningful share of company workforces that have not, or that practice a hybrid office-home location for daily work. Consequently, office utilization rates are not rising yet; the area-wide vacancy rate is 14 percent, but the total availability rate is 21 percent, the highest rate in 13 years.

There is now 750,000 square feet of vacant space in the local market. There is an additional 400,000 square feet of occupied space that is available for lease, putting total available space at 1.15 million square feet.

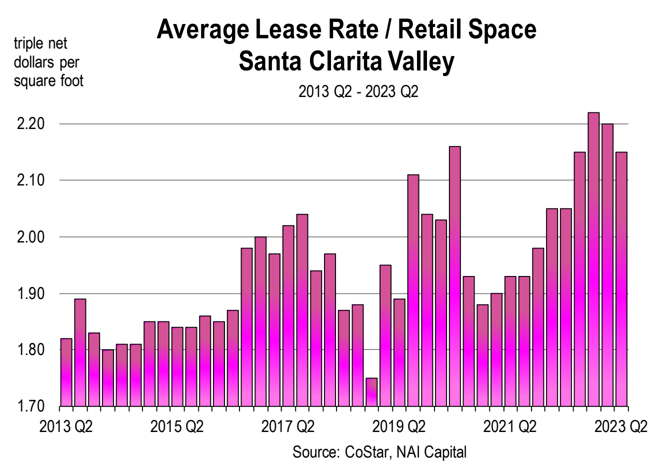
The consensus of commercial broker reports indicate a general office market weakness has resurged over the last 15 months, largely due to tech and other office worker layoffs that have impacted California.

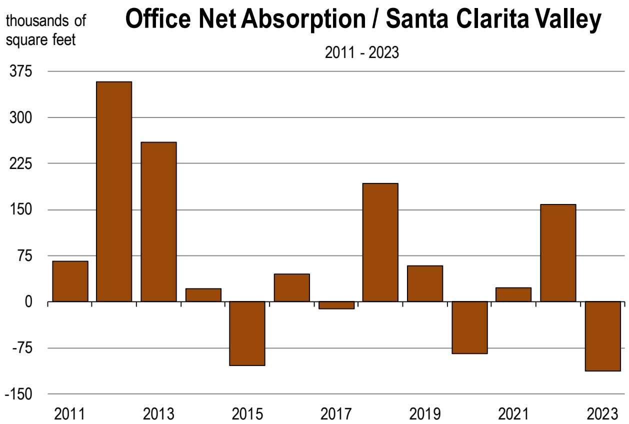


There is no new product under construction. There have been no new deliveries of office product since mid-2021 when the Logics Headquarters building was completed.

Lease rates have been averaging a relatively steady $2.73 per square foot since the beginning of 2020.

The outlook for the office market has utilization rates reversing and gradually rising as (1) employment growth in the office sector increases slowly over time, and (2) workers are mandated to utilize office space more often, rather than remain at home.





Office employment will return as a predicter of office market health when the labor market loosens, and job openings and the quit rate declines. It may then be more necessary for workers to be in the office environment where synergy, networking and mentoring can occur more efficiently.

The Santa Clarita Valley Office Market

By Richard Ramirez, First Vice President
CBRE – Advisory and Transaction Services

2022 In Review

In 2022 the SCV Office Market continued its slow, painful transition to find normalcy in a post-pandemic environment. Back to work plans, long delayed and re-written, continue to evolve with hybrid work schedules prevalent among most mid to large size employers. As those back to work plans continue to solidify, the overwhelming trend has been toward downsize, re-fresh and upgrade. Traditional professional office users have been able to shed excess space as leases signed prior to 2020 hit their expiration dates. Many have focused on upgraded, smaller footprints and making their office environments as attractive as possible to encourage employees to come back to work.

Generally, the SCV professional office market continues to experience softness with an overall direct vacancy rate hovering around 15% and an additional “shadow vacancy” of 5% - 10% for sublease and under-utilized space. Regionally, this is in-line with or slightly better than other suburban markets in Southern California and substantially better than the Center Business District of Downtown Los Angeles. Interest in quality suburban, low-rise office product continues to outperform activity in more core, high-rise markets.

Current State of the Market

Approaching the end of 3Q23 the SCV Office Market continues to face challenges for Landlords and opportunities for Users. Though the market has not seen a precipitous drop in face rates, concessions in the form of tenant improvement dollars and free rent have increased for strong credit users. Simultaneously, construction costs related to tenant improvements are significantly higher than in years past creating a tough deal making environment. Well capitalized Landlords who’ve invested in recent updates & renovation are best positioned to attract Users looking to do more with less. As today’s users look for reasons to draw employees back to the office, access to capital for common area improvements and tenant improvements will be a critical competitive advantage for Landlords.

Though the professional office market continues to see challenges, one bright spot continues to be medical office condominium product for sale. Given limited local supply of acquisition opportunities pricing and activity on medical condos remains strong. Last year, Intertex sold 100% of its new development at Wiley Canyon Rd & Orchard Village Rd as medical condos and JSB Development has sold or is in escrow on the balance of its Tourney Road medical condo development. Even with increased interest rates, the long term nature of medical users has kept the for sale market tight.

2023-2024 Forecast

Looking ahead, we anticipate the general malaise facing the professional office market will continue. Competition for creditworthy tenants actually utilizing space will become fierce. For those unable to attract traditional professional tenants, we'll see conversions to non-traditional uses that previously would focus on industrial/flex environments. Fortunately, no new construction is in the pipeline and some existing product is being considered for demolition and repurpose. Still, there is a long way to go until we expect to see a strong, healthy office market.

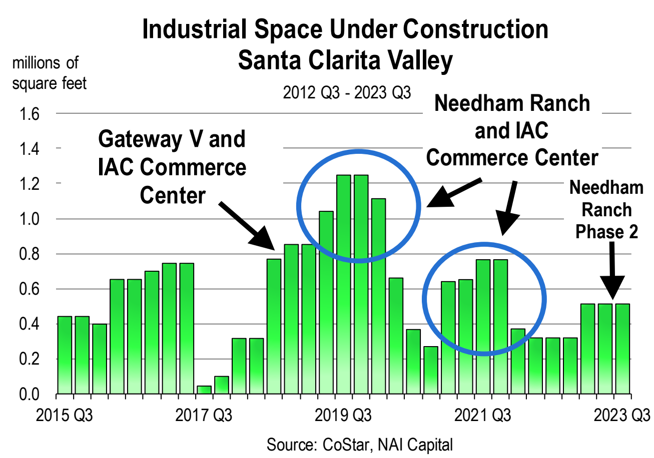
The Industrial Market

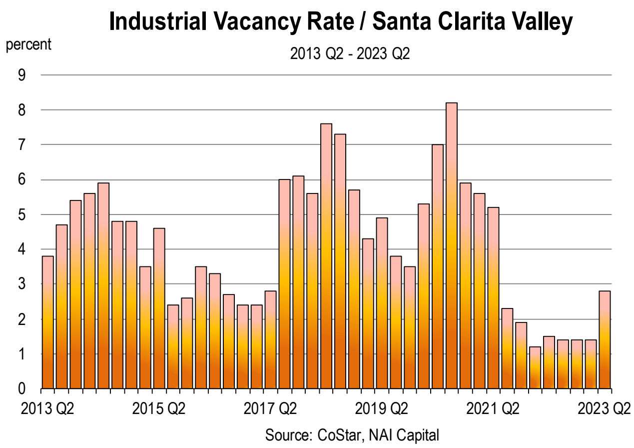
The entire regional industrial market remains extraordinarily tight as both vacancy and availability sit at historically low levels in most of the region, including adjacent Ventura, Los Angeles, Orange, and the Inland Empire Counties.

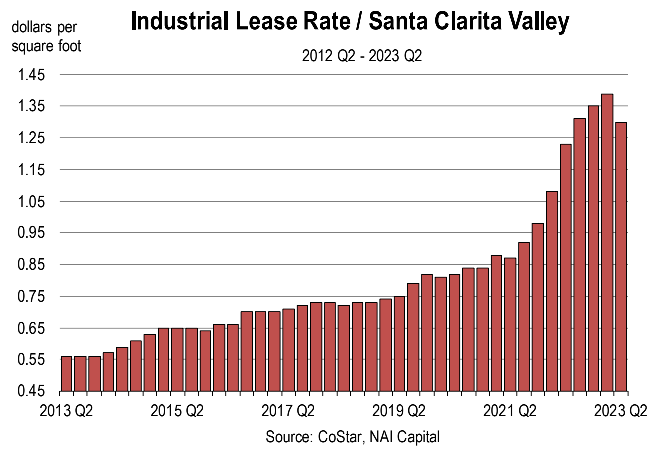
The industrial market has remained rock solid for most of the last 20 years. With the substitution by consumers to e-commerce, especially since the pandemic, the demand for new warehouse, distribution, and fulfilment centers has soared, all over California.

The NAI/CoStar estimated industrial vacancy rate for the Santa Clarita market was 2.6 percent at the end of the second quarter, 2023. The estimated availability rate is just 4.1 percent.

Net absorption of space was 1.5 million square feet during 2021-2022---the largest volume of net space leased in any two year period since 2005-2006.







The Santa Clarita Valley Industrial Market

By Craig Peters, Vice Chairman
CBRE - Advisory and Transaction Services

2023 in Review

In 2023, the Santa Clarita Valley Industrial Market remained consistently tight from the unprecedented growth we saw in the previous year. Vacancy continues to sit at just a fraction of a percent, speaking to the persistent demand in the area. Record sales prices, lease rates, and investment demand have transformed the Santa Clarita Valley into the tightest industrial market in Greater Los Angeles. This sustained demand coupled with the absence of available space has resulted in a vacancy rate depressed to 0.2% and average lease rates jumping to as high as $2.00 PSF NNN. There were very limited new developments under construction in 2023 with the exception of The Center at Needham Ranch, which will add three buildings by year end with all buildings preleased at record high rents.

Responding to record low vacancy, steadily rising lease rates, and strong demand for e-commerce and logistics companies, 1.7 million square feet of new space has been completed since 2020, and another 513,000 square feet is currently underway.

From an inventory of 23 million square feet, there is only an estimated 335,000 square feet of vacant available square feet in the entire Valley industrial market.

Needham Ranch and the IAC Commerce Center have delivered millions of new state-of-the-art industrial square feet to the market. Needham Ranch is currently in its final phase of buildout and will be completed before the end of the year, and the IAC Commerce Center is entirely completed.

The market was driven by four primary industries in 2023 including entertainment, aerospace/defense, consumer products, and e-commerce. Investors have become more conservative with regards to investments due to economic uncertainty and rate increases across the region. Major transactions year to date included:

- Lease of a 44,500 SF building complex with 8.59 Acres of land at the Saugus Station Industrial Center to Silverco Enterprises aka Avon Rentals, an entertainment services company.
- Renewal of a 148,443 SF building at 2777 Avenue Scott to Incora.
- Lease of 3 buildings at a total of 415,535 SF at The Center at Needham Ranch to DrinkPak.
- Sale of 2 buildings totaling 214,683 SF at 27756 Avenue Mentry to Rexford.
- Renewal of 92,337 SF at Valencia Tech Park to the Donaldson Company.
- Renewal of 69,761 SF at 24935 Avenue Kearny to Santa Clarita Studios.
- Expansion of 61,856 SF at the Valencia Tech Park to Home Express Delivery Service.
- Renewal of 55,260 SF at Saugus Station Industrial Center to CBS Studios.
- Renewal of 243,209 SF at Saugus Station Industrial Center to Sony/Beachwood.

Current State of the Market

Tenants in the Santa Clarita Valley are facing the dilemma of whether to renew leases that are often doubling in cost or to join the growing pool of companies competing to out-bid one another in an effort to secure other available space. Demand for industrial space continues to be very strong and supply is near zero.

E-commerce and content production are major drivers to the increased demand. The aftermath of the pandemic has led to a transformation in consumer expectations of companies' distribution capabilities. Consumers now expect packages to be delivered within a day of ordering, if not the same day. Conversely, with the recent writers and actors strike going on in Hollywood, production has come to a halt and companies are finding themselves in desperate need of spaces to store their equipment. With high building lease rates and functionally obsolete product sprinkled throughout the San Fernando Valley and Los Angeles proper, distribution and logistics companies as well as studio production and support companies continue to look North to efficiently service the Greater Los Angeles population.

2024 Forecast

We anticipate the strong market fundamentals to continue with the major challenge being lack of supply. Still, we are optimistic for 2024 as industrial demand from users is anticipated to continue despite economic headwinds. General themes should include:

- With 60 sound stages planned to be constructed in the area over the next 3 years, SCV will continue to grow as an entertainment hub as companies search for more stage space and support space within the Thirty Mile Zone.
- E-commerce users will continue to expand from the Valley to meet increased demand from consumers in the Greater LA region.
- While Santa Clarita remains a top consideration for capital placement due to its core fundamentals and 99.8% occupancy, investment volumes have decreased across the Southern California basin due to perceived economic pressures caused by spike in interest rates.
- Certain industries will be priced out of the market and need to consider relocating to secondary markets like Fillmore, Tejon and the Antelope Valley.

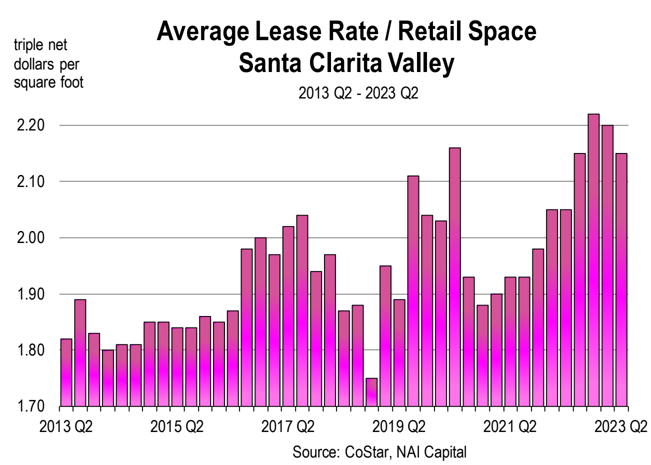
New developments slated to break ground in 2024 will provide some much-needed inventory to accommodate the expansions including:

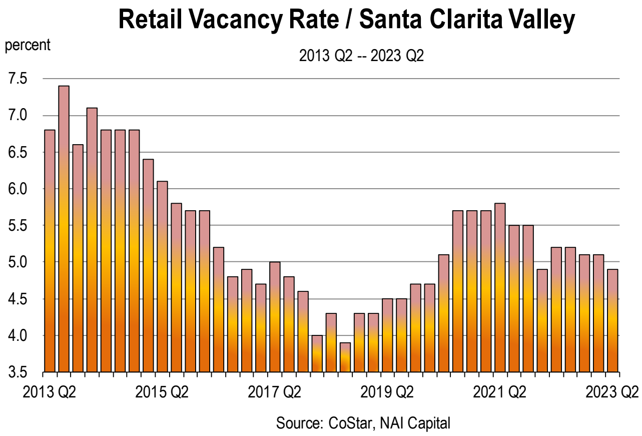
- Saugus Station will break ground, spanning 24 acres and offering 4 buildings, ranging in size from 40,100 to 262,522 SF.
- CEG Valencia will break ground on a 127,000 SF industrial building in Valencia Commerce Center.

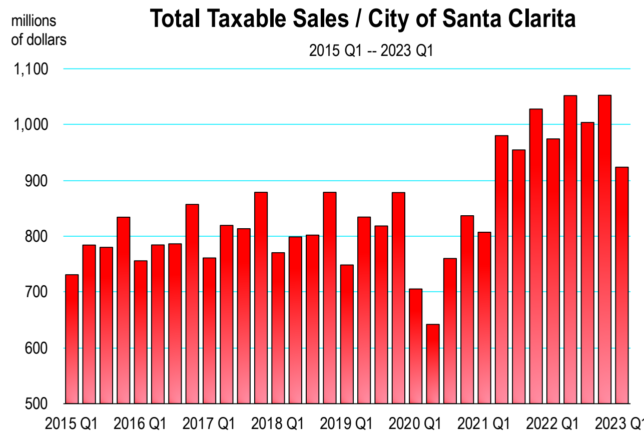
With a severe shortage of available buildings in the market and strong demand for space from the area's primary industry clusters, there is an immediate need for new development to create supply. Supply shortages are sure to continue in the coming years. Companies are advised to start their search for space early as the increased competition for space and lengthy permitting and construction time need to be considered.

The Retail Market

Local in-person retail markets have faced major challenges in recent years with the largest being e-commerce combined with rapid delivery. The pandemic which closed retail stores, limited capacities of customers inside stores, or required the wearing of masks and social distancing. This led to a more rapid substitution to online spending for all types of goods that would alternatively be purchased in physical stores. Then supply chain issues followed, limiting available product, and pushing consumers to further use online searches to shop for retail goods.







Despite these forces, the Santa Clarita retail market has largely adapted to the changing composition of the retail industry. Retail vacancy and availability remain quite low, and lease rates continue to steadily rise.

Net absorption was positive in 2021 and 2022, and vacancy rates have gradually declined to 4.8 percent during the second quarter of 2023. Lease rate increases have softened recently, but the average triple net overall asking rent is now $2.16 per square foot, a 12 percent increase over the average NNN rate just two years ago.

Consumers have paved the way for the local retail market to strengthen as much and as fast as it has. Sales have increased sharply, principally from resident spending, but also from visitor spending in the county that has remained consistent since the pandemic ended.

The inflationary environment that is now more evident has altered the demand for the most expensive goods, such as automobiles and consumer durables. This is now translating into softening demand for retail goods and therefore dollar sales, though not yet retail space.

There is no new product under construction at this time, and there have been no completions since 2021. However, in view of the surge in new housing that is now occurring in Mission Village, Castaic and Canyon Country, more retail product will be forthcoming in 2024 and 2025.

NEW DEVELOPMENT

New Development in the Santa Clarita Valley

The Development Pipeline

Principal Mixed-Use Projects

Principal Residential Projects

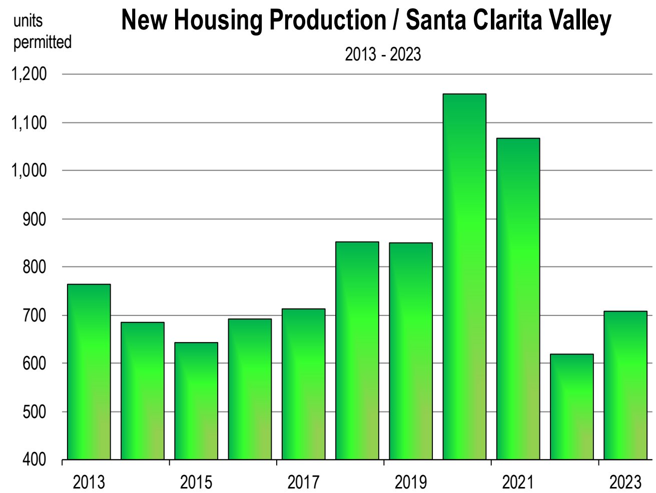
Principal Commercial and Industrial Projects

The Forecast

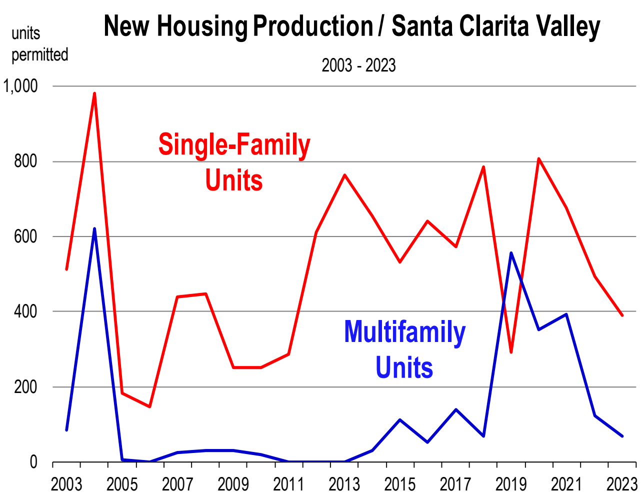
New Development in the Santa Clarita Valley

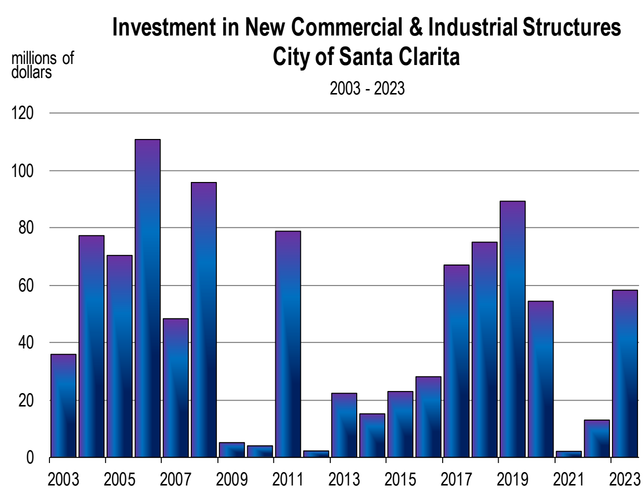
During 2022, 619 residential units were permitted in the Santa Clarita Valley. Nearly all units in the City were single-family homes. In the unincorporated area, approximately 70 percent were detached single family units. Just outside the city, the Valencia and Williams Homes projects are fully underway. Moreover, during the first 6 months of 2023, 389 homes have been formally permitted and nearly all of the units are in the Mission Village and Williams Homes subdivisions.

Since 2021, there have been 846 single family detached homes permitted in the unincorporated area and 562 multi-family units in buildings of 3 or more. Nearly all of the multi-family units are condo projects of 3, 4, 5 and 6 units in the Mission Village Planning Area.



Investment dollars committed for new commercial and industrial structures in the City totaled $13 million during 2022. New non-residential permit activity for structures is currently running at an accelerated rate during the first 6 months of 2023, a pace that will approach approximately $60 million for the entire year. Most of this is industrial space in Needham Ranch.



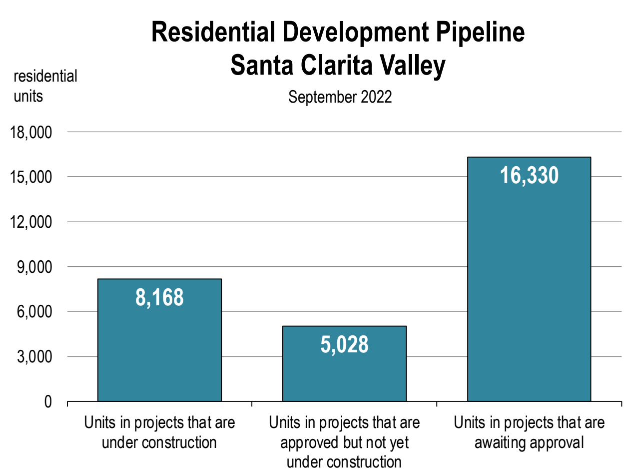


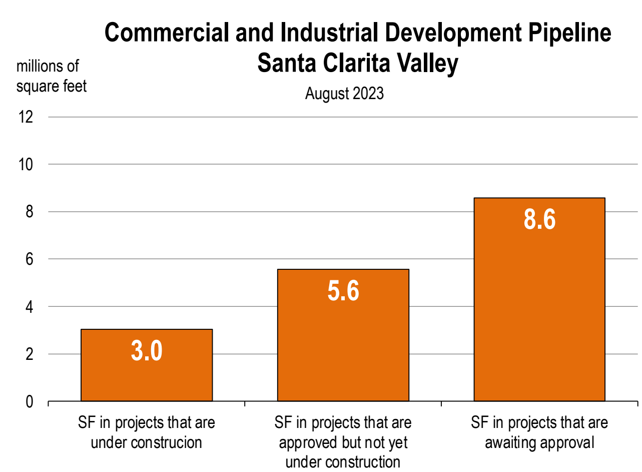
Residential and Non-Residential Permits				City of Santa Clarita						2014 - 2023
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
City of Santa Clarita					---- *units permitted* ----					
Single-Family Units	290	320	401	413	339	249	739	329	166	148
Multifamily Units	31	111	52	139	68	557	351	2	2	0
Total Residential Units	321	431	453	552	407	806	1,090	331	168	148
Unincorporated area	364	212	239	161	445	44	69	736	451	241
Williams Homes	NA	NA	NA	NA	NA	NA	NA	NA	107	54
Mission Village	NA	NA	NA	NA	NA	NA	NA	727	334	183
Other	NA	212	239	161	445	44	69	9	10	4
Total Units Permitted SCV	685	643	692	713	852	850	1,159	1,067	619	389
City of Santa Clarita Non-Residential					---- *$ millions* ----					
Hotel and Motel	0.0	0.0	3.6	0.0	19.3	18.2	0.0	0.0	0.0	0.0
Amusement	0.0	1.0	1.0	0.6	11.3	0.0	0.0	0.0	0.5	0.6
Industrial	0.0	0.0	0.0	0.0	2.4	0.0	0.0	0.0	0.0	18.7
Office	0.0	0.0	0.0	12.9	0.7	2.7	0.0	0.0	0.0	0.0
School	0.0	0.0	0.0	3.4	2.0	4.8	0.0	0.0	0.0	0.1
Retail / Logistics	0.0	1.1	3.5	17.2	11.7	25.0	4.3	0.0	4.0	0.5
Other	7	10.6	15.2	10.9	14.4	24.8	50.0	2.1	8.0	0.0
Total Non-Residential	7	23.0	28.1	67.0	75.0	89.3	54.4	2.1	13.0	20.0

NA = Not Applicable

**Note: 2023 is for the January to June period*

Source: CIRB, Los Angeles County, The City of Santa Clarita, and the California Economic Forecast





The Development Pipeline

Among the principal projects in the Santa Clarita Valley, there are 29,526 residential units in some phase of the planning process.

Across the SCV, there are 8,168 units in projects that are actively under construction, including the early villages of the Valencia project. There are also 5,028 units in projects that have been approved but have not broken ground.

There are 16,330 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 17.2 million square feet of space in its commercial and industrial development pipeline.

Across the SCV, there are 3.0 million square feet of space in projects that are actively under construction. There are also 5.6 million square feet of space in projects that have been approved but have not broken ground.

There are 8.6 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.

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.

Homes for sale in Mission Village

The project includes an array of detached and attached homes, commercial and business centers, schools, parks, public services and open spaces.

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.

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 2 parks.

The 6 remaining villages are still in the planning stages with the exception of Homestead North. Entrada South is currently undergoing tract map changes to get approval from the city.

FivePoint began grading the Mission Village and Landmark in late 2017. As of 2023, Mission Village detached homes and condominiums are under construction with many houses complete and occupied. Solaire, one of the 19 subdivisions of Mission Village, had a model opening in May of 2023 and prospective homes are currently available for sale. As of June 2023, Torrin, another subdivision, has models ready for tour.

To date, over 1,300 homes have been permitted, built or are currently under construction in Mission Village.

Landmark Village has been approved but is not under construction.

As of April 2023, The Newhall Land and Farming Company, a subsidiary of Five Point Holdings, announced the planned sale of a 34.4-acre west-side property known as The Bluffs within FivePoint Valencia. The community is zoned for up to 650,000 square feet of new building and for various uses, including studio, light industrial or office and retail, in addition to 75 dwelling units.

FivePoint Valenica Neighborhood Map

Whittaker Bermite

The Whittaker Bermite property is an undeveloped 996-acre site entitled for 1,244 single-family homes and 1,667 multifamily units. It is located in the center of the city of Santa Clarita.

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 except for the cleanup of the contaminated groundwater beneath the site.

Cleanup of the groundwater on the project site put the entire project on hold.

The owners of the Whittaker Bermite property filed for bankruptcy in 2021. In September of 2021, Prologis, a real estate investment trust, offered to buy the land for $286 million.

In July 2022, a court awarded SCV Water $65.9 million for the cleanup of the groundwater contamination on the Whittaker Bermite site. The decision comes after years of litigation from SCV water. Estimates indicate the cleanup could span 20 years.

However, as of March 2023, New Urban West Inc., a Santa Monica based company, has reached a development deal with the company claiming ownership of the Whittaker Bermite site. New Urban West Inc. hopes to design a mixed-use community project that will transform the city center and link the communities within the city together.

Vista Canyon

Vista Canyon has over 360 apartments in the final stages of Design Review approval with the City, working drawings on 39 units, and discussions with developers on the balance.

Vista Canyon Metrolink Station and Bus Transit have been constructed by the City of Santa Clarita with an opening scheduled for both in the Fall.

Future commercial space totaling 150,000 square feet is in various stages of planning that can be presented to developers, partners and users at this time.

Rendering of Vista Canyon

There is a proposal to the City for exchange of office square footage for residential units for the future.

There are plans for up to a 240 room hotel to be built subject to market demand. Medical office space and other items such as Senior Apartments with medical care continue to have market interest and demand and may be developed in future phases of Vista Canyon.

Bouquet Canyon Road

A new mixed-use project is currently in the application phase and is located on Bouquet Canyon Road. The project plans to add a 50-foot, four-story building with a fifth floor deck in a lot in Saugus.

The building would be constructed in the parking lot behind the existing IHOP building and would include approximately 7,230 square feet of ground-floor commercial space, with 26 one-bedroom apartments and four live-work one-bedroom apartments on the floors above.

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 plaza began construction in January of 2023. No estimated completion date has been released yet.

Sand Canyon Resort

Sand Canyon Resort is a project that plans to develop a 5-star family-oriented destination resort that is architecturally and visually compatible with the surrounding landscape. It is proposed to include a four-story main hotel with about 261 rooms and an Italian restaurant; four two-story villas with four suites each; a one-story spa building; a one-story "function building" that could act as either a ballroom/ conference center/buffet restaurant; a one-story children's building; a couple of pools; and nearly 350 parking spaces.

The project is currently under review by the Santa Clarita Planning Commission.

Rendering of Sand Canyon Resort

Honor Ranch

Honor Ranch is a brand new development project coming to the Santa Clarita Valley filled with 206-acres of potential. The project would be located next to Interstate 5, north of the Castaic Junction.

The Honor Ranch mixed-use Development Project has been proposed to contain 1.8 million square feet of non-residential space. Current plans suggest a distribution as follows:

- 1.5 million square feet of industrial business park, manufacturing, warehousing & distribution, media, and entertainment
- 250,000 square feet of life sciences office, research & development, bioscience
- 55,000 square feet of retail, neighborhood, quick service, traditional, and required parking and transportation infrastructure.

In June 2022, Trammell Crow Company was chosen to be the developer of the Honor Ranch Project. The project is currently in pre-development and Trammell Crow is working with LA County to finalize a long-term development plan. As of February 2023, a motion was approved by the Los Angeles county board of supervisors that further laid out the terms in an exclusive negotiating agreement between the developer and the county.

Wiley Canyon

The Wiley Canyon Project is a mixed-use nearly 32-acre site located east of Interstate 5 and west of Wiley Canyon Road, between Hawkrbyn Avenue and Calgrove Boulevard.

Site for Honor Ranch

Included in the plans are a 277,000-square-foot, four-story senior living facility with 130 independent living units, 61 assisted living units and 26 memory care beds; 379 apartment units, ranging from two to four stories; and nearly 9,000 square feet of commercial space.

There are also plans for roundabouts: at the entrance of the project on Wiley Canyon Road, the intersections of Wiley Canyon Road and Canerwell Street; and at the intersection of Wiley Canyon Road and Calgrove Boulevard. A bike lane and a publicly accessible recreational area are also slated for Wiley Canyon Road, in the area around the project.

This project is currently under environmental impact review by the Santa Clarita Planning Commission.

Sterling Ranch Estates

The project is a 222 single family home development in the unincorporated area of Val Verde, just west of Castaic. The project includes a commercial lot for 20,000 square feet of retail. The public comment period for the EIR is now closed. The project will be reviewed by the Planning Commission for final approval in August-September of 2023. The applicant expects that final maps will be prepared in 6 to 9 months, and grading to then commence.

Principal Residential Projects

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 (55+) single-story 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
- 1,270 total acres of land
- 13 neighborhoods

Construction in progress for Tesoro Highlands

Tesoro Highlands will also include a recreation center, a community park with tennis courts, and 6 miles of private trails.

The Project was annexed in November of 2022. In January 2023 however, The Santa Clarita City Council voted to adjust the timeline for the project. Before construction can commence, developer Newport Pacific Land must first begin construction on a project that would widen the Copper Hill Drive bridge over San Francisquito Creek near the entrance to the 820-home development. This adjustment will allow for the Tesoro Highlands Project to build up to 342 homes once the work on the bridge is underway, and the bridge must be completed before the number of homes exceeding 342 can be completed.

The construction of the bridge is estimated to take up to one year to complete.

Skyline Ranch

The Skyline community is a contemporary new housing development located in the Plum Canyon area of Santa Clarita. It currently consists of 7 beautiful neighborhoods and surrounded by over 1,600 acres of natural designated open space with miles of trail systems. The community is situated on the map approximately 9 miles from the 14 freeway.

The 7 neighborhoods are named Luna, Lyra, Sola, Celestia, Starling, Mystral and Altis. Luna, Lyra and Sola were built by Pardee Homes while the others were built by TRI Pointe Homes.

Construction of the 7 neighborhoods has been completed. Basecamp at Skylne, an amenity hub that includes a pool, gym, spa, and playground just opened in the summer of 2023. Additionally, a Skyline Elementary school and park are planned to be added to the site in the future.

Basecamp at Skyline Ranch

Williams Ranch

Family-owned, 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, 5 acres of vineyards, citrus groves, and expansive private and public parks.

Williams Ranch offers single story ranch style homes that range from 1,700 to 3,100 square feet and two-story homes from 2,100 to 4,300 square feet, situated on lots that range from 7,000 to 10,000+ square feet. There are currently 15 different floorplans to choose from. The community's 15 furnished models opened in September 2022 and the first residents moved in the same month. Since opening, Williams Ranch has sold 128 homes and welcomed 85 residents who have moved in. The community is projected to come to full completion in 2026.

MetroWalk

MetroWalk is a large residential project near Lost Canyon Road and Harriman Drive. It will include 498 units spread over a 20.4-acre site situated next to a Metrolink and bus transit center.

MetroWalk is planned to have a variety of housing options:

- 179 Market-rate apartments
- 150 Townhomes
- 119 Age-qualified market-rate apartments
- 50 Affordable senior housing

The project is currently under construction as of January 2023.

Golden Triangle Apartments

The project located on Golden Triangle Road consists of 164 apartment units in nine multi-family buildings and attendant clubhouse and cabana totaling 231,000 square feet on a 20 acre site.

Tract mapping and infrastructure plans are underway. It is likely that construction will not begin until sometime in 2024.

Williams Ranch

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. The total square footage, including the not-yet-finished Phase 2, is approximately 1.8 million square feet.

Phase 1A which broke ground in 2017 and is now entirely complete. It includes 3 buildings that total 451,307 square feet. Phase 1B is also complete. It includes 3 buildings that total 428,038 square feet. All buildings in Phase 1 are now leased.

Amazon located into one of the 100,000 square foot buildings of Phase 1 in 2020.

Phase 2 of the project is well underway with all buildings fully leased. Phase 2 will eventually contain 6 buildings totaling 1.04 million square feet of capacity. The six buildings will range from 72,000 square feet to 320,000 square feet.

Construction is expected to be complete by the end of 2023.

Center at Needham Ranch

Pacific Industrial Warehouse

The Santa Clarita Planning commission approved an industrial Warehouse located on Golden Valley Road just north of the Sheriff's station in June 2023. The warehouse will consist of 174,000 square feet with 9,000 square feet of supporting office space. There would also be 24 truck-loading docks for the project, which is located in the Business Park Zone and also within the Jobs Creation Overlay Zone. Pacific Industrial, a highly focused industrial real estate development and acquisition platform is the company that proposed the project.

Santa Clarita Commerce Center Project

This project proposes the construction and operation of four industrial/warehouse buildings, totaling 430,407 square feet on a 22.3-acre Project Site. The project was approved on June 20, 2023 by the Planning Commission and received a Conditional Use Permit (CUP) to build up to maximum heights of 55 feet for one building and 50 feet for the remaining three buildings. No specific groundbreaking date has been proposed at this time. The applicant is beginning to pursue building permits.

- Building 1 would be 262,522 square feet
- Building 2 would be 49,308 square feet
- Building 3 would be 78,467 square feet
- Building 4 would be 40,110 square feet

Project tenants have not been identified; however, the proposed buildings would accommodate standard warehousing uses. Other associated on-site improvements would include a truck court with a loading dock at each building, landscaping, 526 parking spaces and exterior lighting. Access to the Project Site would be provided via Springbrook Avenue off Oak Ridge Drive.

Valley Center Drive Self Storage

Plans call for the construction of a self storage facility. As of May 22, 2023, this project has not yet applied for any building permits. The content management team has made an inquiry for all bidding information. A firm timeline for construction has not been confirmed. However, Construction has been scheduled to start in August of 2023.

Proposed Rendering of the Commerce Center

Disney | ABC Studios at the Ranch

Disney | ABC Studios at the Ranch is planned on a 56-acre portion of the 890-acre Golden Oak Ranch property. The project is approved for 510,000 square feet of studio, film and television production facilities on the westernmost portion of the Ranch.

The project also includes 6 pairs of sound stages. However, dependent on market conditions, the number of sound stages may be reduced to 4 pairs, and the studio component could be reduced by 100,000 square feet.

The project is expected to generate over 3,000 temporary jobs during construction and create nearly 3,000 permanent jobs at full buildout.

In 2014, The Los Angeles County Board of Supervisors granted permission for the construction of either plan. The project's entitlements were approved by the Los Angeles County Board of Supervisors in 2014, with extensions through 2023. To date, Disney has not yet set a timeline for development.

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 140,000 total square feet.

Southern California Innovation Park

Southern California Innovation Park was bought by Oxford Properties Group in September 2021 for $133.3 million. Oxford is currently finalizing approvals for a studio complex.

Entitlements were approved in 2022 for the Rye Canyon Studios project, including new construction of 28 new sound stages (approximately 470,000 square feet) and approximately 255,000 square feet of new office and flex space. The project would also convert existing warehouse space to create 2 additional soundstages. Offices would be up to four stories high and sound stages would be up to approximately 54 feet high, as permitted by the City's Jobs Creation Overlay Zone. Flex space will be used to support filming on sound stages, including functions such as costuming and check-in.

Shadowbox Studios

This project is currently in the Planning entitlement review process. Draft environmental impact report and first Planning Commission hearings are expected in 2023.

On July 18, the Planning Commission recommended approval of the Shadow Box Studios project to the City Council. It is anticipated that the project will be presented to City Council in August 2023. The proposal includes a 1.3 million square-foot film and television studio campus on a 93-acre site.

Proposed Rendering of Shadow Box Studios

Principal Residential Projects in the Santa Clarita Valley — August 2023

Project Name	Developer	Location	Units	Description	Status
City of Santa Clarita					
Plum Canyon	Plum Canyon Master	Whites Canyon / Skyline Ranch	288	SF Detached / Apts	Under Construction
River Walk		Santa Clarita Valley	136	MF / Apts	Approved
Bouquet Canyon Project	Integral Communities	Bouquet Canyon / Copper Hill	375	SF Detached / Townhomes	Approved
Park Vista		Sierra Hwy / Golden Valley	182	SF Detached	Pending
Mancara at Robinson Ranch	Mancara	Oak Spring Canyon / Lost Canyon	109	SF Detached	On Hold
Dockweiler 21/ Trenton Heights	Dockweiler 21	Sierra Hwy / Dockweiler	93	Detached Condos	Complete
Sand Canyon Estates	RoBott Land	Tannahill / Triumph	22	SF Detached	Approved
Whittaker Bermite	Whittaker	Santa Clarita	2,911	Residential	On Hold
MetroWalk	Blumax Santa Clarita	Santa Clarita	498	Apts / Condos / Townhomes	Approved
Golden Triangle Apartments		Santa Clarita	164	Apts	Approved
Ted Robinson Residential	Ted Robinson	Santa Clarita Valley	48	Residential	Currently Inactive
Canyon Brook	The Hoffman Company	Santa Clarita Valley	35	Condos	Currently Inactive
Unincorporated Areas of the Santa Clarita Valley					
Tesoro Highlands	Newport Land Company	Valencia	820	SF Detached / Assisted Living	Under Construction
Williams Ranch	Williams Homes	Castaic	497	SF Detached	Under Construction
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	Approved
Aidlin Hills	Lennar Homes	Wickham Canyon	230	SF Detached	Approved
Canyon View Estates	Jon Friedman	Pico Canyon / Magnolia	37	SF Detached	Approved
Spring Canyon		Shadow Pines / Agua Dulce	495	SF Detached	Approved
Saddle Peak	Williams Homes	Shadow Pines	492	SF Detached	Approved

Source: California Economic Forecast secondary research

Principal Non-Residential Projects in the Santa Clarita Valley **August 2023**

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 & 1B	Trammell Crow	Needham Ranch Pkwy	869,345		Industrial / Office	Complete
Phase 2	TCC/Clarion	Needham Ranch Pkwy	1,043,269		Industrial / Office	Under Construction
Southern California Innovation Park	Intertex / Oxford	Rye Canyon	750,000		Industrial	Approved
Chinquetera		23658 Sierra Hwy	91,000		Retail / Office	Approved
27335 Tourney Rd	JSB / McCombs	27335 Tourney Rd	46,000		Healthcare	Complete
Westin Oliver Hotel	Asset Builders	Valencia Blvd / Mcbean	106,000	134	Hotel / Retail	Currently Inactive
Homewood Suites/Hampton Inn	Prime Construction	Newhall Ranch	122,245	185	Hotel	Complete
Residence Inn / Springhill Suites	Excel Group	Wayne Mills / Tourney Rd	97,027	170	Hotel	Complete
Henry Newhall Hospital Expansion	Newhall Foundation	Santa Clarita	200,000		Hospital Expansion	Complete
Valley Center Self Storage	Horne Partners	Saugus	156,060		Industrial	Approved
Shadowbox Studios	Shadowbox Studios	South of Placerita Creek	1,341,000		Industrial / Office	Pending
Santa Clarita Commerce Center	TMC Hollis	Oakridge / Railroad Avs	430,000		Commerical / Industrial	Approved
Plum Canyon Commercial		Plum Canyon	20,000		Retail / Office	Complete
UCLA Phase 3	UCLA	27235 Tourney Rd	134,151		Medical Office	Approved
Soledad Office		Santa Clarita Valley	100,000		Office	Under Construction
Rent a Bin	Rent a Bin	Santa Clarita Valley	60,000		Industrial	Under Construction
Canyon Country Commerce Park		Santa Clarita Valley	60,000		Retail / Office	Complete
Centre Pointe Pky	Spectrum	Santa Clarita Valley	57,745		Industrial	Awaiting funding
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	Complete
Disney ABC Studios at the Ranch	Disney	Golden Oak Ranch	510,000		Industrial	Approved
Honor Ranch Development	Trammel Crow	North of Castaic junction	1,800,000		Industrial / Office / Retail	Pending

Source: California Economic Forecast secondary research

Principal Mixed-Use Projects in the Santa Clarita Valley — August 2023

Project Name	Developer	Location	Units	Square Feet	Description	Status
City of Santa Clarita						
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	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	140,000	SF Detached / Retail	U/C
Galloway Senior @ Five Knolls	CalAtlantic	Newhall Ranch / Golden Valley	140	69,000	MF / Commercial	Complete
Sierra Highway Assisted Living		Sierra Hwy / Newhall Ave	84	63,195	Assisted Living Facility	Approved
Salazar Mixed-Use	Salazar Construction	Santa Clarita Valley	44	7,936	Mixed-Use	Approved
Master's University Expansion	The Masters University	Placerita Canyon	42	240,000	School / Student Housing	Approved
Wiley Canyon	Sheridan Ebbert / Link	Wiley Canyon Road	591	10,000	Senion Living Facility & apartments	EIR Review
Bridge to Home		Drayton Street / Springbrook Avenue	8	18,680	Homeless Shelter	U/C
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
Sterling Ranch Estates	Hunt Willliams	Val Verde	222	20,000	SF/Retail	Pending

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 nonmarket 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.

The forecast calls for 6,467 new housing starts in the greater Santa Clarita Valley between 2024 and 2028. The forecast is similar to last year's volume of housing starts for the subsequent 5 year period. Despite the continued rise in interest rates and the looming threat of impending recession since, our forecast remains the same.

Investment in non-residential structures will sum to nearly $600 million over the next 5 years, through 2028. More housing development will be accompanied by new office and retail developments. New sound stage development is also earmarked for the Innovation Park which will likely contribute to meaningful construction spending over the next 3 years.

Projects that have broken ground since 2018 are either complete or fully under production. Therefore, though permit activity has been modest, new construction remains quite active. Housing over over the next 3 years will continue and likely at an accelerated rate from the Valencia and the Williams Homes projects. Also starting will be the Tesoro Highlands and Wiley Canyon projects.

The uncertainty we had a year ago regarding rising mortgage rates and their impact on the demand for new homes has moderated this year. Housing markets have demonstrated unusual resilience and the demand for new homes remains intact, though it has clearly slowed this year in view of higher financing costs and home price points. Housing demand is forecast to rise in 2024 as the economy fights through the current soft patch this year.

Our larger concern on how recession will impact the general economy is also moderating, in view of the ability of the general economy to have averted recession to date. Furthermore, there is a chance that a bona fide recession might be entirely avoided if there are no missteps by the Fed on interest rate policy, or by Congress regarding its profligate spending. To date we've been encouraged by the rise in consumer confidence, a strong equities market, the fully employed labor market, and continued spending by consumers and businesses.

New Development Forecast	**Santa Clarita Valley**					**2023 - 2028**
	2023	**2024**	**2025**	**2026**	**2027**	**2028**
Residential Building	*--number of units permitted--*					
City of Santa Clarita	226	403	542	526	490	504
Entire Santa Claria Valley	708	1,024	1,306	1,388	1,376	1,373
	--millions of dollars--					
Total Residential Investment	396.0	457.8	590.5	648.5	667.5	683.0
	--millions of dollars--					
Commercial and Industrial Investment	114.2	103.8	112.7	120.4	127.0	132.0

Source: California Economic Forecast, August 2023

QUALITY OF LIFE INDICATORS

Crime

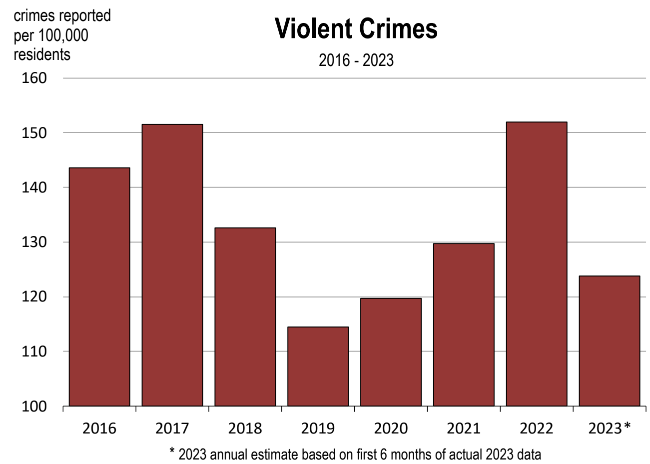
Traffic

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 2023 through April.

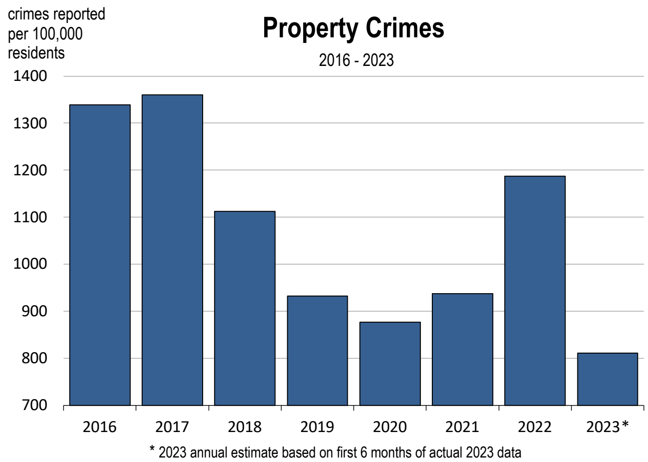
- While crime Levels in the Santa Clarita Valley rose sharply between 2021 and 2022, they appear to be retreating in 2023. If the pace of crime incidence between January and April is consistent for the remainder of the year, crime levels will record a significant drop by the end of 2023.

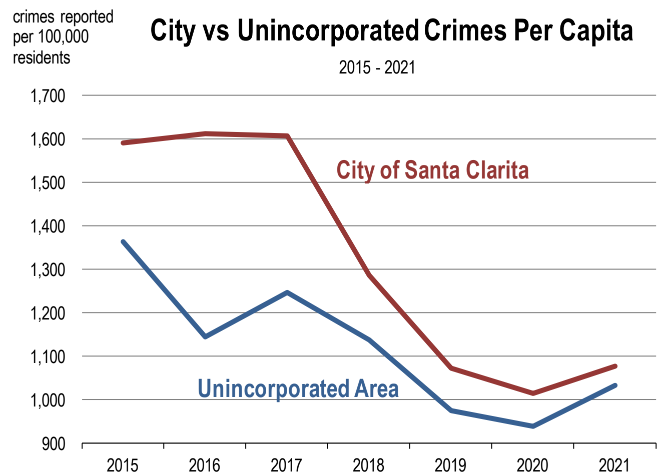
- The Total Crime Index reported per 100,000 residents in Santa Clarita Valley was 1,236 in 2022. In 2023 however, it is running at 934, which is the lowest index on record. The drop between 2022 and 2023 indicates about a 24% decline.

- The increase in 2022 can potentially be accounted for by the pandemic ending. During the pandemic, specifically 2020 and 2021, historically low levels of crime were reported largely due to business closures and the quarantine. Fortunately, the 2023 rate appears to be dropping to levels below the Pandemic rates, reversing the spike that occurred in 2022.

- It is important to note however that despite total crime levels rising in 2022, violent crimes like homicide and forcible rape underwent a significant drop. The decline is not expected to continue for the remainder of 2023 even though the total crime index is declining.

- Both property crime rates and violent crime rates per 100,000 residents are forecast to drop by substantial amounts this year. Comparing the first half of 2022 to the first half of 2023, violent crime rates have dropped by 19% and property crime rates have dropped by 25%.

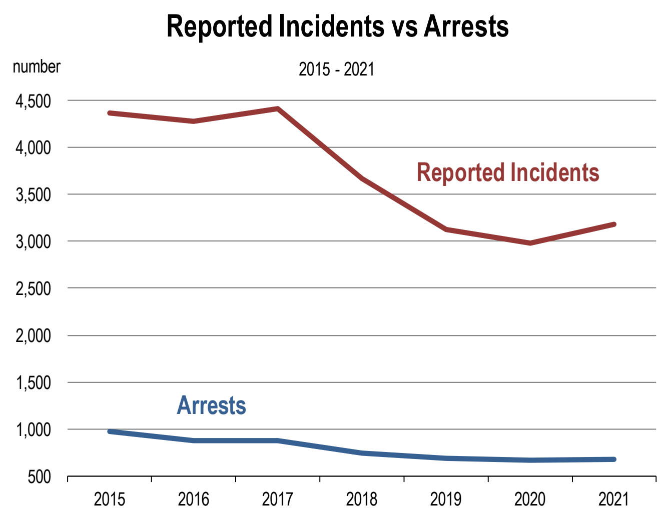




- The number of Reported Incidents has been over 4 times the number of Arrests from 2015 to 2021. In 2021, the number of Reported Incidents was 4.71 times the number of Arrests.

- Crime in the City and Unincorporated Area per capita has converged over the past 7 years. In 2021, the Unincorporated Area only had around 50 crimes less per 100,000 people compared to the city.

- Unfortunately, the FBI ceased its mandate requiring annual crime data so data from 2020 and on is not available.



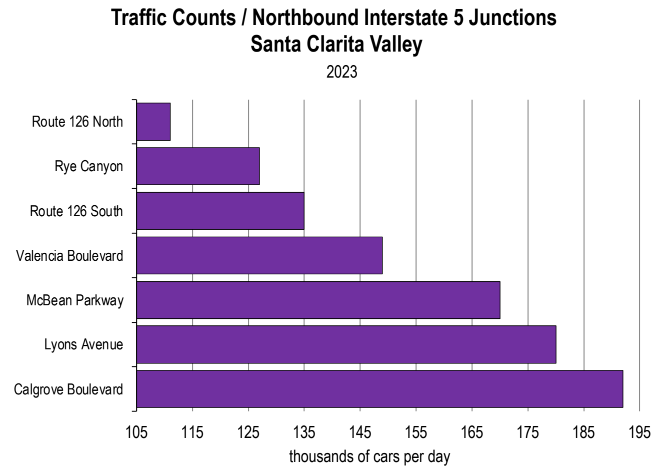
Crime Rates	**Santa Clarita Valley**						**2015 - 2022**	
	2015	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
	– crime reports per 100,000 residents –							
City of Santa Clarita								
Willful homicide	11	8	6	4	4	4	6	3
Forcible rape	53	55	59	67	65	55	59	44
Robbery	139	139	145	118	108	90	90	53
Aggravated assault	238	212	232	202	165	209	231	354
Burglary	827	821	823	735	513	465	399	574
Motor vehicle theft	2,692	2,516	2,625	2,146	1,958	1,782	1,935	2,389
Larceny	378	504	498	364	289	365	433	553
Arson	26	22	23	34	24	10	23	31

Source: Federal Bureau of Investigation

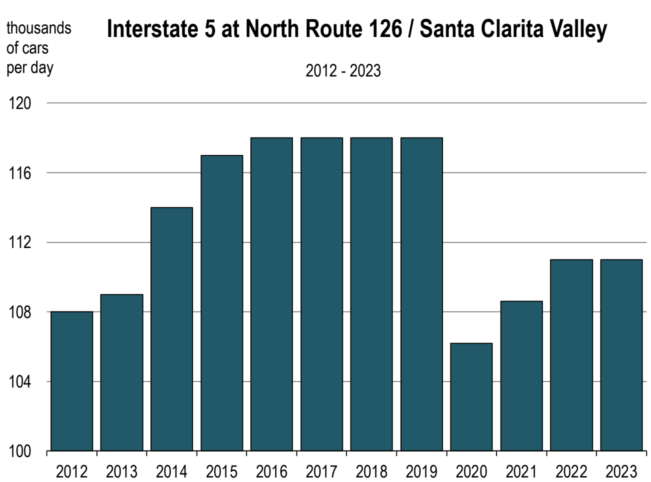
Traffic

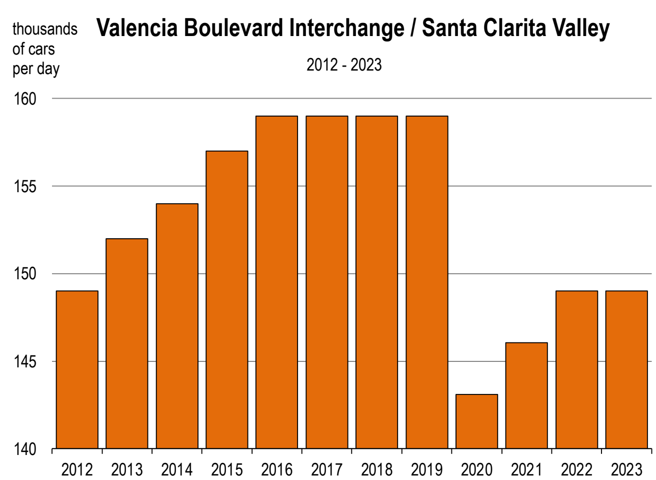
Traffic counts can reveal information about economic and demographic trends. In general, traffic counts decline during periods of economic weakness and rise during periods of strength. This occurs for several reasons, including the increased transportation of goods, a larger number of employed workers commuting to work, more people traveling, and higher disposable incomes that can be spent on vehicles and gasoline.

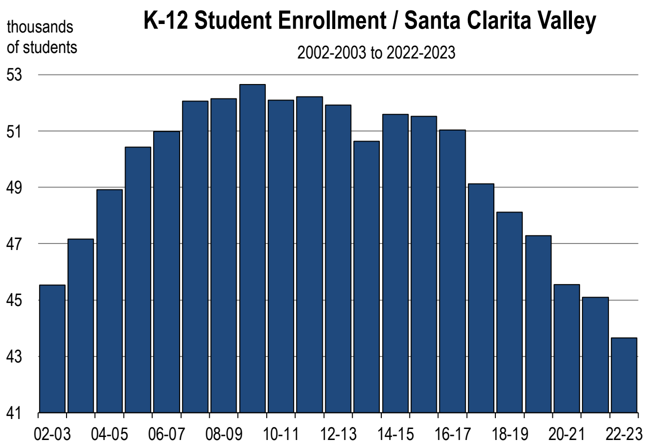
- Traffic volumes plummeted during the coronavirus pandemic.
- Across the Santa Clarita Valley, traffic counts fell by 20 percent in 2020.
- By mid-2021, traffic was still 15 percent below 2019 levels.
- Traffic has continued to rebound steadily in 2022 and 2023 from pandemic level lows. Mid-2023 traffic reports indicate total traffic has stayed steady since 2022.

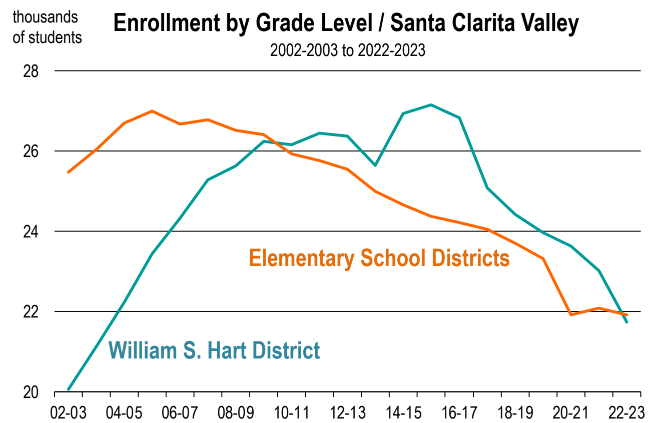


- Despite the increase, traffic still hasn’t reached pre-pandemic levels prevailing in 2019.
- Traffic counts on Interstate 5 Junctions through Santa Clarita have all increased since 2021. Traffic counts have increased between 3,000-4,000 cars per day at each junction









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Quality of Education

Enrollments

- During the 2022-2023 school year, public school enrollment in the Santa Clarita Valley declined in both High Schools and Elementary Schools.
- 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 numbers that continue to contract can likely be attributed to the overall contraction in the K-12 school age population.
- Enrollment at the William S. Hart Union district had the largest decline than any other district in Santa Clarita, with an enrollment drop of 1,284 students.
- Enrollment in the elementary schools dropped by 171 students after last year's 165 student increase.
- Total enrollment is now at the lowest level since 2001.
- Out of all the elementary school districts, only Newhall Elementary saw a slight increase in students. The largest loss came from Sulphur Springs Union Elementary at 121 students.

Public School Enrollment			Santa Clarita Valley			2015 - 2016 to 2022 - 2023		
				-school year-				
	15-16	16-17	17-18	18-19	19-20	20-21	21-22	22-23
Castaic Union Elementary	2,354	2,234	2,153	2,037	2,020	1,860	1,893	1,859
Newhall Elementary	6,650	6,706	6,537	6,539	6,267	5,920	5,834	5,918
Saugus Union Elementary	9,984	9,900	9,960	9,791	9,704	9,071	9,170	9,070
Sulphur Springs Union Elementary	5,383	5,370	5,395	5,336	5,329	5,069	5,188	5,067
Total Elementary	**24,371**	**24,210**	**24,045**	**23,703**	**23,320**	**21,920**	**22,085**	**21,914**
William S. Hart Union High	27,155	26,822	25,080	24,414	23,968	23,623	23,019	21,735
Santa Clarita Valley Total	**51,526**	**51,032**	**49,125**	**48,117**	**47,288**	**45,543**	**45,104**	**43,649**

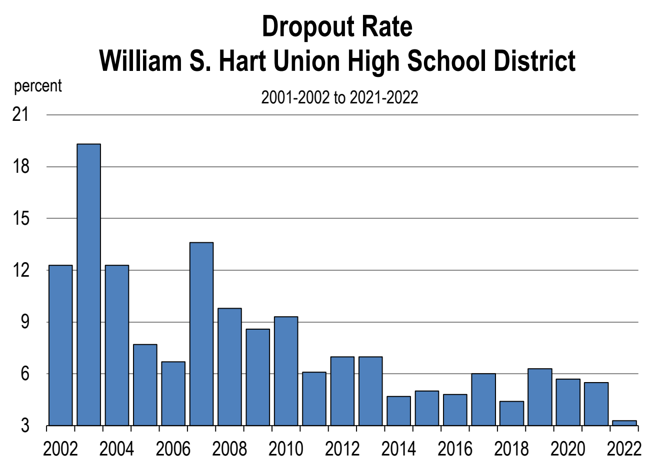
Source: California Department of Education

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.

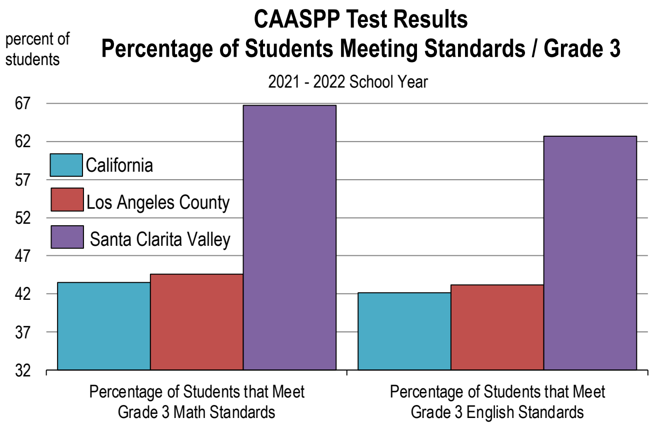
- At the William S. Hart Union High School District, the dropout rate has been exceptionally low for almost a decade.
- In the 2021-2022 school year (the most recent data available), only 3.3 percent of students dropped out. Statewide, 9.6 percent of students dropped out. Across Los Angeles County, 10.4 percent of students dropped out.

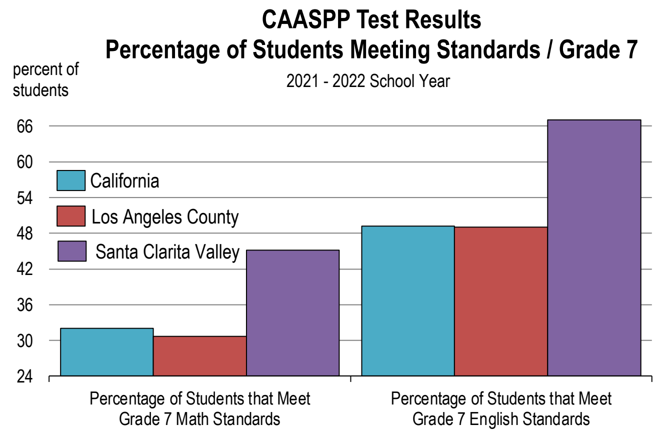


Elementary School Testing

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 of the Coronavirus pandemic, there was no testing during the 2019-2020 and 2020-2021 years. The following interpretation of recent public school test scores is based on testing during the 2021-2022 school year.

- Third grade students at Santa Clarita Elementary School significantly outperformed their peers across Los Angeles County and the State of California. This outperformance occurred in both Math and English.

- Comparing these results to testing in previous years, Math and English passing rates only differed by a few percentage points.

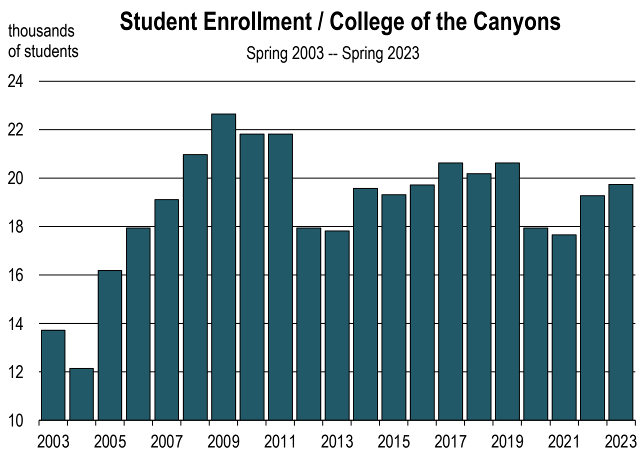
- Among third grade students, more than 60 percent of test takers passed the Math and 63 percent passed the English tests.

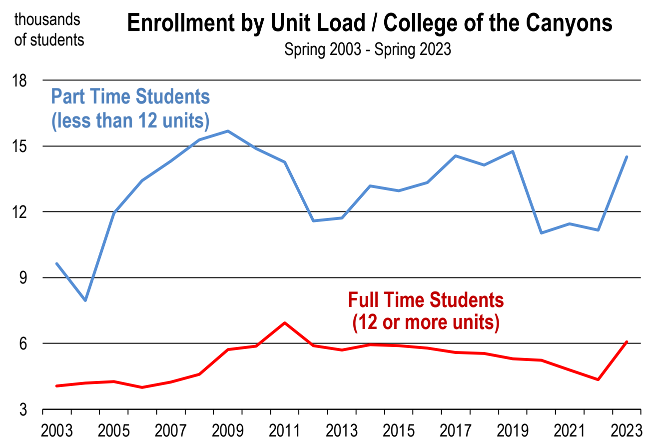
- In Los Angeles County and across California, only 42 percent to 45 percent of third grade students passed the tests.

- The results for Seventh grade testing scores in the Santa Clarita Valley are taken from William S Hart Union High. This is the only public school in the Valley that resumed testing after the Coronavirus Pandemic made testing optional.

- 67 percent of seventh grade students passed the English portion of the test, which is exactly 28 percentage points higher than students across California for the 2021-2022 school year.

- Seventh grade students struggled with the math section of the CAASPP test in the 2021-2022 school year. California and LA county recorded passing rates of 32.0 and 30.7 percent for math. Santa Clarita Valley however reported passing rates of 45.2 percent for math.



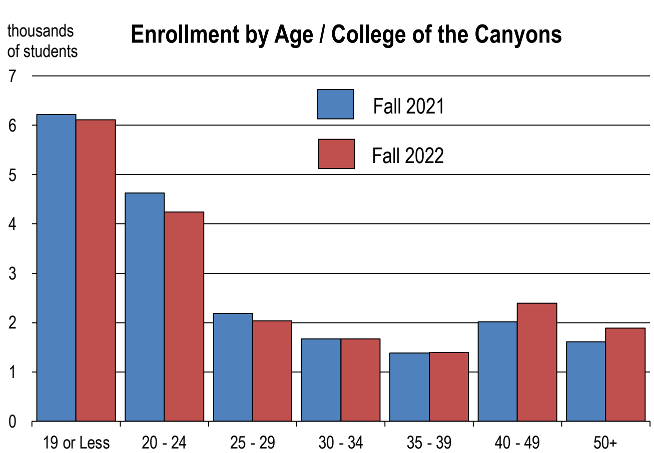


College of the Canyons

- Enrollment at the College of the Canyons had been in decline since the pandemic of 2020. However, as of the 2022-2023 school year, enrollment numbers have rebounded.

- The largest increase of 1,074 students was observed in the age group of 19 and under in the Fall. The largest decrease of only 215 was observed in students aged 20 – 24.

- Since enrollment increased after Spring of 2022, so did the number of full-time and part-time students. In Spring of 2023, there were 6,078 full-time students and 14,495 part-time students.



- Enrolment has not been this high for full-time students since Spring of 2011.

- Regarding ethnicity, approximately 26% of students identified as White in the Fall of 2022, while 51% identified as Hispanic.

- Male enrollment has been at a steady incline since the 2020 pandemic, reported as 11,729 students as of Spring 2023.

- On the contrary, female enrollment decreased by 285 students in the Spring of 2023 relative to Spring of 202s.

- In the Fall of 2022, approximately 5.5 percent of students identified as Black, 6 percent identified as Asian, 4 percent identified as Filipino, and 3 percent identified with multiple racial cohorts. These shares have not changed substantially over the last decade.

Children Living in Poverty

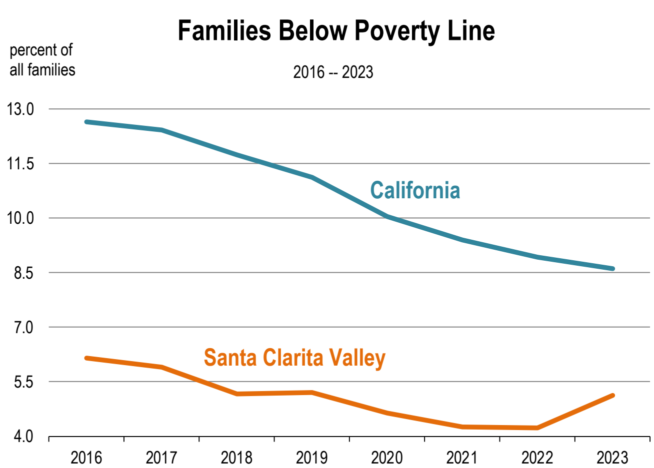
Being raised in poverty places children at higher risk for a wide range of problems. Research indicates that poor children are disproportionately exposed to risk factors that may impair the development process and contribute to poor academic achievement.

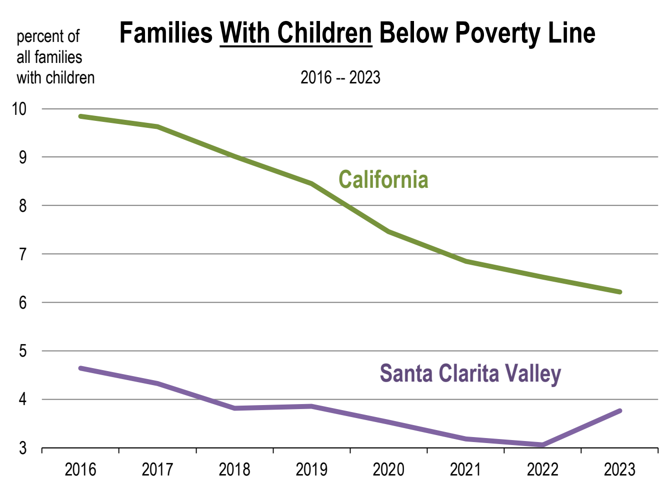
- Children under 18 are much more likely than adults to be poor. For a family of four with two children, the federal poverty level is $26,500.

- In 2023, 5.1 percent of families in the Santa Clarita Valley were under the poverty level. Approximately 3.8 percent of families with children did not eclipse the federal poverty level.

- Across California, 8.6 percent of families were below the poverty level, and 6.2 percent of families with children were living in poverty.

- From 2022 to 2023, The number of families below the poverty line with and without children increased in Santa Clarita Valley. However, for California, the numbers have been at a steady decline since 2015.





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California Economic Forecast

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