2025 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.

15 YEAR ANNIVERSARY

SANTA CLARITA VALLEY

ECONOMIC DEVELOPMENT CORPORATION

BUSINESS ASSISTANCE

Your Santa Clarita Valley Business Advantage

One-Stop Resource Center

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

Business Visits

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

No-Cost Assistance

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

STILL GOLDEN®

stillgolden.org

SANTA CLARITA VALLEY
ECONOMIC DEVELOPMENT CORPORATION

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

Educational Attainment In The SCV			
Population 25 years and over	197,271		
No high school diploma	18,148	9.2%	
High school diploma	36,297	18.4%	
Some college	47,345	24%	>72%
Associate's degree	20,713	10.5%	
4-year degree or more	74,765	37.9%	

The majority of residents are of working age

SCV Population by Age		
Total	295,351	
0 - 17	63,294	21.4%
18 - 24	29,003	9.8%
25 - 44	76,171	25.8%
45 - 64	83,289	28.2%
65 and above	43,623	14.8%

The 2025 Santa Clarita Valley Economic Outlook compiled by the California Economic Forecast

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

	Santa Clarita Valley	Los Angeles County	California
Median Household Income	$139,000	$106,600	$116,309

59% of SCV households have an annual income of more than $100,000

	Santa Clarita Valley	
Household Income	# of households	% of households
< $50,000	18,216	19.2%
$50,000-$100,000	20,319	21.5%
$100,000-$150,000	18,070	19.1%
$150,000 and above	37,766	40.2%

SCV employment enjoys a diverse mix of occupations

SCV Labor Market Breakdown		
Total Local SCV Jobs	97,192	
Professional and Business Services	14,736	15.2%
Manufacturing	10,925	11.2%
Construction	7,319	7.5%
Healthcare & Education	13,238	13.6%
Wholesale/Retail Trade	11,615	12%
Leisure and Hospitality	14,748	15.2%

The 2025 Santa Clarita Valley Economic Outlook compiled by the California Economic Forecast

SANTA CLARITA VALLEY
ECONOMIC DEVELOPMENT CORPORATION

Phone: (661) 288-4400
Email: scvedc@scvedc.org
SCVEDC.org

Santa Clarita Valley Economic Development Corporation

BUSINESS RETENTION

Case Study

IQVIA LABORATORIES

IQVIA Laboratories (formerly Q² Solutions) is a global drug discovery and development laboratory services organization with longstanding ties to the Santa Clarita Valley (SCV). Over the years, IQVIA Laboratories has been instrumental in providing high-quality employment opportunities and contributing to the local economy.

COMPANY NEED

In 2022, IQVIA Laboratories operations in Valencia had outgrown their two facilities, prompting the search for a larger location to consolidate and accommodate both. Given the highly technical nature of the laboratory testing business and with 350 specialized employees, the business had unique requirements, including mechanical and electrical engineering infrastructure, sufficient space, and a layout amenable to laboratory workflows. This new location needed to accommodate all of their current and future needs, with minimal disruption to the company's operations.

COMPETITION

Given IQVIA Laboratories' profile and expertise, retaining IQVIA Laboratories in the Santa Clarita Valley required proactive engagement. IQVIA Laboratories needed assurance of seamless operations and reduced barriers to expanding locally. Additionally, Santa Clarita Valley Economic Development Corporation (SCVEDC) was able to help IQVIA Laboratories with their permitting, in keeping IQVIA Laboratories within the Santa Clarita Valley.

Santa Clarita Valley Economic Development Corporation

BUSINESS RETENTION Case Study

SOLUTION

The Santa Clarita Valley Economic Development Corporation (SCVEDC) initiated a collaborative effort to address IQVIA Laboratories' needs, working with CBRE to make a compelling case for them to stay in the Santa Clarita Valley. SCVEDC worked closely with CBRE, Los Angeles County, and the real estate brokers to identify potential sites that met IQVIA Laboratories' expansion criteria. The prime candidate was the site of the State-constructed PerkinElmer COVID test lab that opened in October 2020 but was closed in early 2022 when the contract was cancelled. The location required extensive inspections and permitting from numerous LA County agencies to bring an existing building that had never been through that process up to code. By working alongside local government agencies, brokers, and community partners, we helped streamline the planning, permitting, regulatory requirements, and approval processes to get the building ready for IQVIA Laboratories to relocate. Additionally, the SCVEDC introduced IQVIA Laboratories to community partners who could support workforce needs, reinforcing that the Santa Clarita Valley could sustain and nurture its growth as one of the most business-friendly regions in Los Angeles County.

RESULTS

The coordinated efforts of SCVEDC, CBRE, Senator Scott Wilk's office, LA County Supervisor Kathryn Barger, and numerous Los Angeles County and State agencies were successful in securing IQVIA's commitment to the Santa Clarita Valley. IQVIA Laboratories chose to expand two locations, allowing both to be co-located in a single facility, helping to streamline operations and increase efficiencies to meet the evolving needs of biopharmaceutical customers, enabling the retention of 350 highly skilled jobs that might otherwise have been lost to the region. The new site was finalized and permitted smoothly, minimizing disruption to IQVIA Laboratories' operations and enabling a swift move. "The biopharmaceutical industry is rapidly evolving with an increasing need for innovation, efficiency, and a strong emphasis on environmental sustainability," said Josh Goldsmith, General Manager, Americas Central Laboratories. "The newly expanded Valencia facility helps IQVIA Laboratories remain at the forefront of operational excellence and environmental sustainability, delivering even greater value for customers." SCVEDC has continued to work with IQVIA Laboratories after their grand opening on various incentives and workforce development programs.

Your business betters our community.

Thank you to the entrepreneurs and leaders who serve and strengthen the Santa Clarita Valley.

Get business resources and grants:
opportunity.lacounty.gov

Kathryn
BARGER

Chair • Los Angeles County Board of Supervisors • 5th District

WELLS FARGO

Work with a relationship team that knows your business

Wells Fargo places special emphasis on relationships. We take the time to listen and learn about your business and its operations, growth opportunities, and challenges. Our aim is to be a valued resource no matter where you are in your business life cycle, forging a relationship that will last.

Wells Fargo is a proud sponsor of the Santa Clarita Valley Economic Development Corporation 2025 Economic Outlook, and salutes it's efforts to support the growth of local businesses.

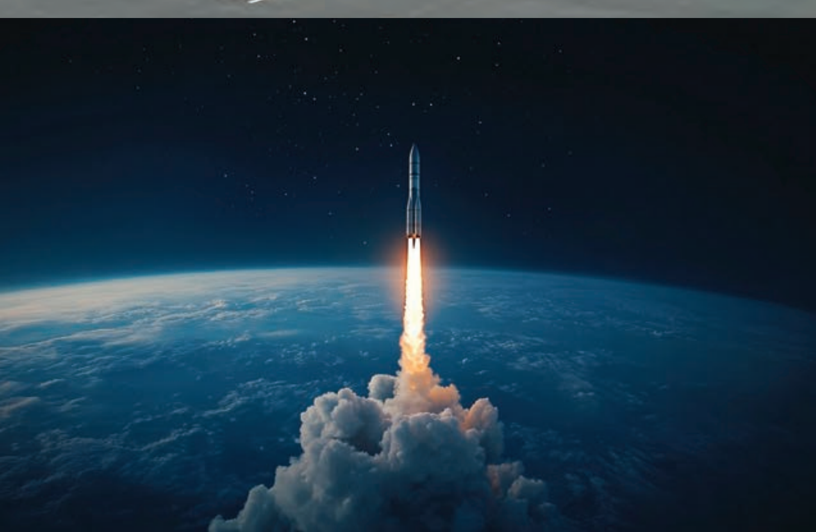
Wells Fargo Commercial Banking
Trevor Morris
818-595-3960
trevor.morris@wellsfargo.com

CRISSAIR INC.

PERFORMANCE · PRIDE · PRECISION

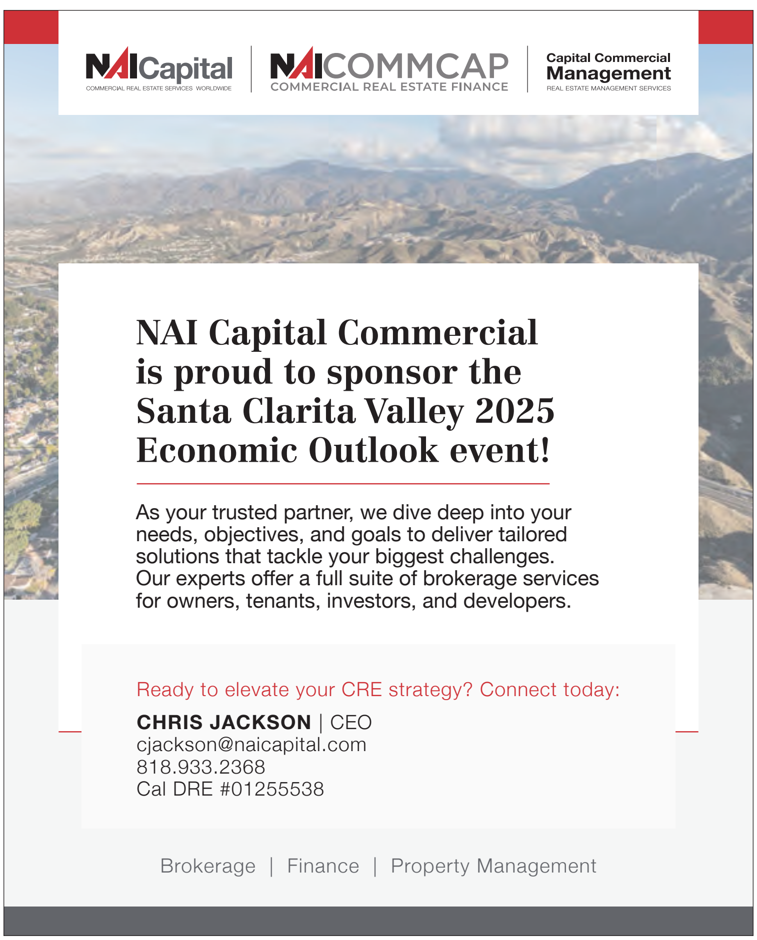
Manufacturer of Engineered
Fluid Control Products

28909 AVENUE WILLIAMS VALENCIA, CA 91355
(661)367-3300 · www.crissair.com




Global Platform.
Local Expertise.
Building 4
39,900 SF
Building 3
78,176 SF
Building 1
260,290 SF
Building 2
49,021 SF
Santa Clarita Commerce Center, Santa Clarita, CA
It's about more than real estate.
We are one of the top Industrial Real Estate teams in the nation because we do more than just real estate. We innovate. Nobody works harder for you and the proof is in our market dominance. With over 100 years of combined experience, our team has proven itself as the top industrial real estate brokerage team in the Greater North Los Angeles region. Whether it's identifying off market opportunities or providing real time market knowledge, we can help align your real estate strategy with business strategy to deliver best-in-class solutions. Partner with a proven team and unleash the power of innovation.
For more information contact or visit:
Craig Peters
Vice Chairman
+1 818 907 4616
cbre.us/lanorth
Sam Glendon, SIOR
Senior Vice President
+1 818 502 6745
Richard Ramirez
First Vice President
+1 818 907 4639
CBRE

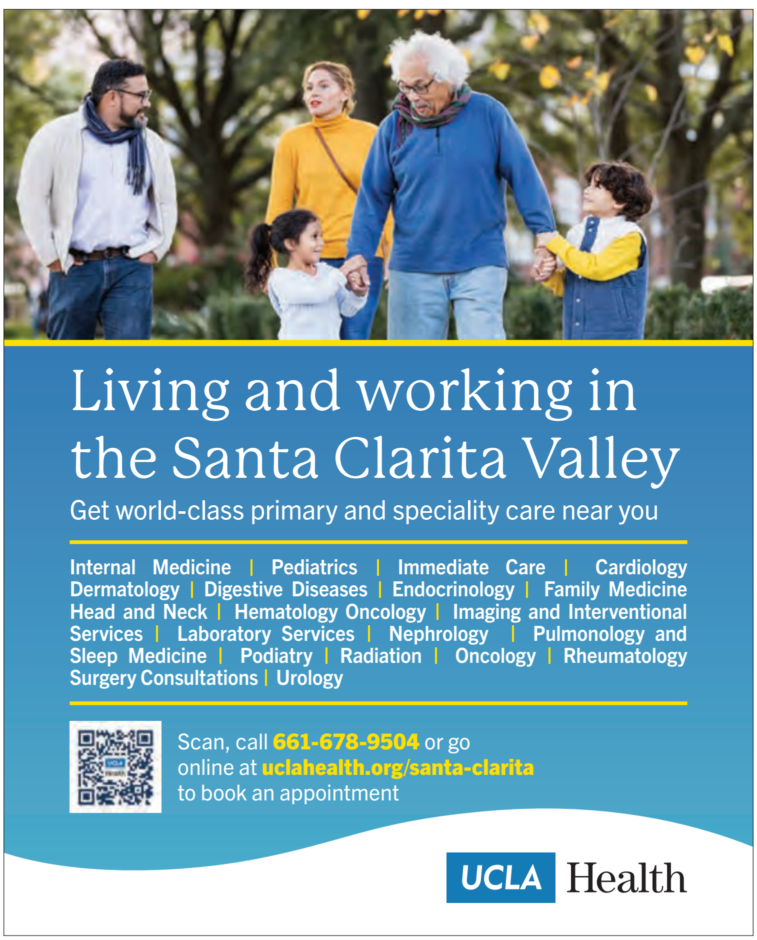

Mellady Direct
Your Print & Mail Experts
melladydirect.com
Stephanie Wallace
Director of Business Development & Board Member of the SCVEDC
YOUR LOCAL PARTNER
FOR BIG IMPACT
With the reach of a national operation and the care of a family business, Mellady Direct helps organizations like yours design, print, and mail campaigns that get results.
Family owned and operated for almost 40 years


NAI Capital
COMMERCIAL REAL ESTATE SERVICES, WORLDWIDE
NAI COMMCAP
COMMERCIAL REAL ESTATE FINANCE
Capital Commercial Management
REAL ESTATE MANAGEMENT SERVICES
NAI Capital Commercial is proud to sponsor the Santa Clarita Valley 2025 Economic Outlook event!
As your trusted partner, we dive deep into your needs, objectives, and goals to deliver tailored solutions that tackle your biggest challenges. Our experts offer a full suite of brokerage services for owners, tenants, investors, and developers.
Ready to elevate your CRE strategy? Connect today:
CHRIS JACKSON | CEO
cjackson@naicapital.com
818.933.2368
Cal DRE #01255538
Brokerage | Finance | Property Management

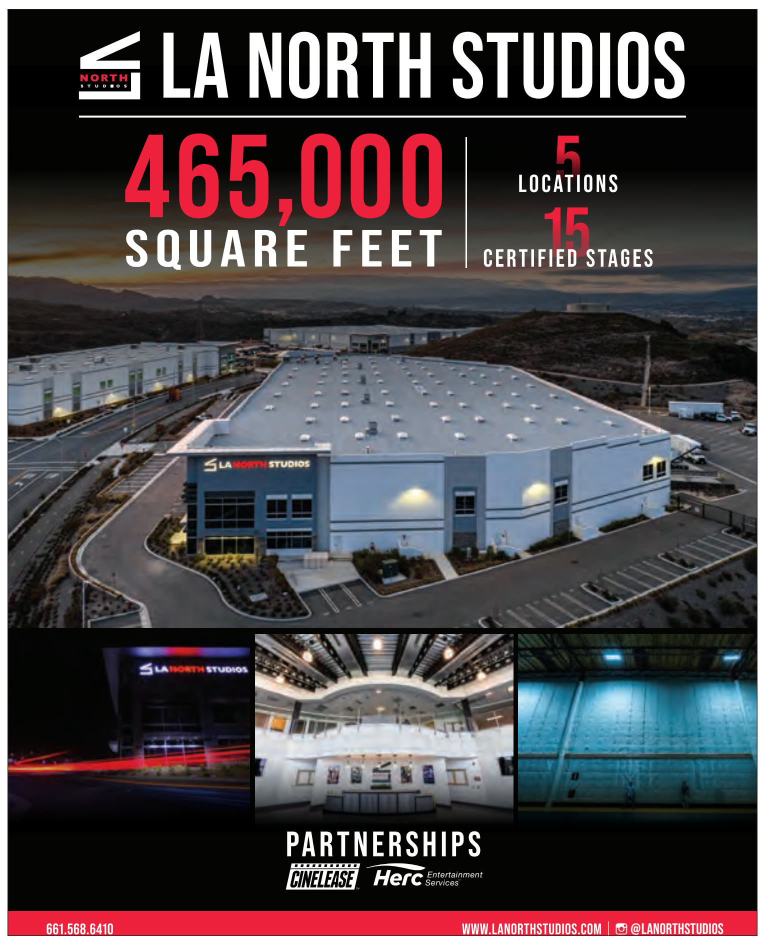

We are not your average business bank
and... we like it that way.
We are committed to redefining the client experience: making it more personal, more collaborative, and more community centric.
If you are looking for a Bank that stands out, a Bank that is a little different, one that knows you and genuinely cares about your financial success, join us on a unique banking journey that focuses on YOU. Let's make banking personal. Contact us today to discover the difference of client-first service.
Your financial journey starts here: missionvalleybank.com
MISSION VALLEY BANK
MissionValleyBank.com
FDIC

WILLIAMS
WR
RANCH
THE PLACE FOR more
MORE HOME. MORE SPACE. MORE COMMUNITY. MORE FUN.
This isn't just a neighborhood, it's a lifestyle crafted for you—
with beautiful homes built by our family for yours.
WILLIAMSHOMES.com
WILLIAMS HOMES
W H
BUILT BY OUR FAMILY FOR YOURS

commerce
center



Living and working in
the Santa Clarita Valley
Get world-class primary and speciality care near you
Internal Medicine | Pediatrics | Immediate Care | Cardiology
Dermatology | Digestive Diseases | Endocrinology | Family Medicine
Head and Neck | Hematology Oncology | Imaging and Interventional
Services | Laboratory Services | Nephrology | Pulmonology and
Sleep Medicine | Podiatry | Radiation | Oncology | Rheumatology
Surgery Consultations | Urology
Scan, call 661-678-9504 or go
online at uclahealth.org/santa-clarita
to book an appointment
UCLA Health



LA NORTH STUDIOS
465,000
SQUARE FEET
5
LOCATIONS
15
CERTIFIED STAGES
PARTNERSHIPS
CINELEASE
Herc Entertainment Services
661.568.6410
WWW.LANORTHSTUDIOS.COM | @LANORTHSTUDIOS


People. Crafted. Places.
We are New Urban West.
We design, plan, and build memorable places.
NEW URBAN WEST INC
is proud to partner with the SCVEDC, and looks forward to another successful year!


CMTC
California's Manufacturing Network
SCAN ME
Targeted Strategies.
Lasting Results.
CMTC partners with California manufacturers to help transform performance in *every area* of business.
Increase Sales
Reduce Costs
Improve Quality
Drive Strategic Growth
Manage Risk & Build Resilience


Grow your business with the right bank.
BMO
Jose Madrigal
Regional Manager, Emerging Middle Market
BMO Commercial Bank
818-990-1958 • jose.madrigal@bmo.com


VIGILANCE FOREVER
SINCE 1919
The Signal
SANTA CLARITA VALLEY
SignalSCV.com
#1 the NEWS SOURCE in Santa Clarita!


Subscribe at www.scvedc.org or visit bit.ly/SCVEDCnews for the latest business updates across the valley!
linkedin.com/company/scvedc
Instagram.com/scvedc
youtube.com/scvedc
facebook.com/scvedc


HEDMAN PARTNERS LLP
Certified Public Accountants
Santa Clarita's Largest CPA Firm
Helping Middle Market Business Owners
Increase the Value of Their Business
www.hedmanpartners.com

Six Flags MAGIC MOUNTAIN

THE THRILL CAPITAL OF THE WORLD

BUSINESS ATTRACTION

Case Study

REMO®

Remo Drums, the largest manufacturer of drum heads in the world, decided to relocate their headquarters to the Santa Clarita Valley from North Hollywood, California which not only expanded their space, but also streamlined operations and increased productivity and profitability.

COMPANY NEED

In its 39 years of operations, Remo Drum had expanded to seven buildings in North Hollywood and was experiencing inefficiencies due to not having operations under one roof. Remo hired an independent planning and efficiency engineer who confirmed their concerns. Executives at Remo Drum decided to begin a search for a location that could house their entire drum manufacturing operation and HQ in one location.

COMPETITION

Remo Drum was considering leaving California due to the high cost of doing business, especially in the greater San Fernando Valley. Not only did the SFV have high operating costs, much of their industrial properties were functionally obsolete, had low clear heights, minimal parking and insufficient loading. Their brokerage team suggested they consider the Santa Clarita Valley (SCV) as an alternative.

SOLUTION

Remo Drum was concerned that a move out of state would mean a loss of their existing employees, and a scatter map analysis indicated that 8-15% of their workforce was already living in the SCV. A labor market analysis also suggested that the SCV had a highly skilled workforce that they could use to backfill potential lost employees. Another important factor considered by Remo was the SCV's business-friendly reputation and high quality of life. Remo Drum decided to relocate their entire operation into a 216K SF, state-of-the-art building in Valencia Commerce Center.

RESULTS

Though Remo Drum financed a portion of their tenant improvements, they were able to pay off the loan after only 15 months in the new facility. Their operational and production efficiency of the new building allowed them to save approximately $1M in operating costs the very first year. Remo was also able to maintain most of their existing workforce – less than 1% decided not to make the move. Remo continues to thrive in the SCV!

Santa Clarita Valley Economic Development Corporation

BUSINESS ATTRACTION Case Study

DRINKPAK

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

COMPANY NEED

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

COMPETITION

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

SOLUTION

After exploring many options, DrinkPAK landed on a building in the Center at Needham Ranch as the optimal location for their project. SCVEDC worked closely with DrinkPAK and Needham Ranch developers, helping to facilitate meetings and introductions to many agencies in SCV. As a result, DrinkPAK was able to achieve expedited permit processing with the City of Santa Clarita and County of Los Angeles, and rapidly connect with SoCal Gas for gas line routing, Sanitation District for discharge requirements, LA County Fire Dept. for truck loading/parking modifications, and the LA County Health Department for permitting of the production facility. SCVEDC also introduced many tax incentives and resources that would benefit DrinkPAK in SCV.

RESULTS

The collaboration of SCVEDC, Trammel Crow and Clarion Partners, and all City and County agencies underscored the business-friendly nature of SCV. As demand for their products surged, DrinkPAK chose this region for expansion, first signing a lease for 172,324 SF, and then signing for an additional two buildings to create a campus of 572,410 SF. Their plans called for a state-of-the-art, 3-line beverage contract manufacturing, packaging, and fulfillment center. The project will result in hiring of 425 employees in the next five years, with a total five-year economic output of more than $1.3 billion, labor income of more than $402 million, and over $35 million in State, County, and local fiscal revenues.

Updated May 2022

Foreign Direct Investment

SCV Impact Globally

Australia – 120 jobs (AVITA Medical)

South Korea – 30 jobs (Samsung)

UK/Japan – 25 jobs (Calrec)

Japan – 155 jobs (HPD Honda Performance Development)

Germany – 83 jobs (SumoLight)

New Zealand – 53 jobs (connexionz – Smarter Transit Solutions)

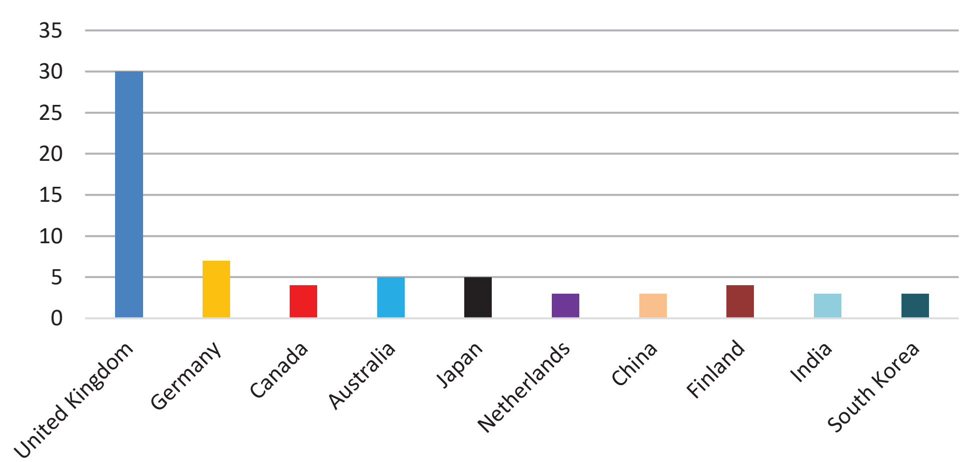
Germany – 40 jobs (Riedel)

Countries Ranked by FDI Inflows for the Northern LA Area

#1 United Kingdom	#6 Netherlands
#2 Germany	#7 China
#3 Canada	#8 Finland
#4 Australia	#9 India
#5 Japan	#10 Republic of Korea

Source: fDi Intelligence from The Financial Times Ltd

Top 10 FDI Countries (Projects Established 2003-2024)



The 2025 Santa Clarita Valley Economic Outlook

Volume 25 **September 2025**

This publication was prepared by:

The California Economic Forecast
Mark Schniepp, ***Director***
5385 Hollister Avenue, Box 207
Santa Barbara, California 93111
(805) 692-2498
mark@californiaforecast.com

Visit our website at: www.californiaforecast.com

30 MILE RADIUS
15 MILE RADIUS
138
LANCASTER
PALMDALE
14
VENTURA COUNTY
SANTA CLARITA VALLEY
126
FILLMORE
SANTA PAULA
5
LA CITY
LOS ANGELES COUNTY
SIMI VALLEY
VENTURA
118
210
405
BURBANK AIRPORT
23
OXNARD
THOUSAND OAKS
OAK PARK
101
PASADENA
PORT HUENEME
TOPANGA
605
DOWNTOWN LOS ANGELES
SANTA MONICA
10
LA INTERNATIONAL AIRPORT
105
ORANGE COUNTY
LEGEND
Airport
Los Angeles City Limits
Santa Clarita Valley
110
710
LONG BEACH
PORT OF LONG BEACH
PORT OF LOS ANGELES

Table of Contents

EXECUTIVE SUMMARY

Despite Tariff Uncertainty, U.S. Growth has Surprised to the Upside

The California Economy

The Santa Clarita Valley

The Outlook for 2026

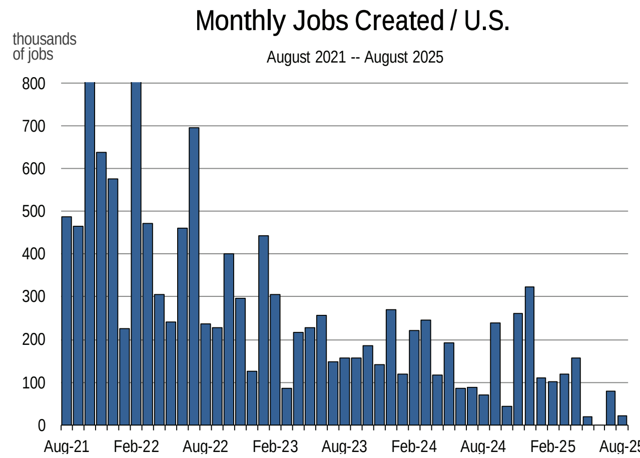
Despite Tariff Uncertainty, U.S. Growth has Surprised to the Upside

Growth has accelerated this year with strong GDP reports in Q2 and Q3 this year. Interest rate cuts have finally been realized, stock market valuations continue to rise, and the labor market remains at or close to full employment.

Most of the serious imbalances in the economy caused by the trauma of totally and then partially shutting down businesses from March 2020 to May 2021 have now been resolved. However, there are a few economic issues that remain though their impact on the economy continues to fade.

Lingering Imbalances from the Pandemic

Still casting a shadow over the economy today include persistent inflation, an underutilized office market, and an unusually slow growing labor force. Inflation has not returned to pre-pandemic levels that were in the one to two percent range during most of the Trump 1.0 period. Inflation has stubbornly remained in the 2.5 to 3.0 percent range for the last 14 months, eluding the Fed target of 2.0. This has prevented the Federal Reserve from cutting rates.



The second is the underutilized office market which has persisted since workers were sent home to work instead of comingling with fellow employees at the office. 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. Buildings are then sold at fire-sale prices. The environment has resulted in financial losses for companies and property owners especially in Los Angeles and San Francisco, and negative impacts on city finances.

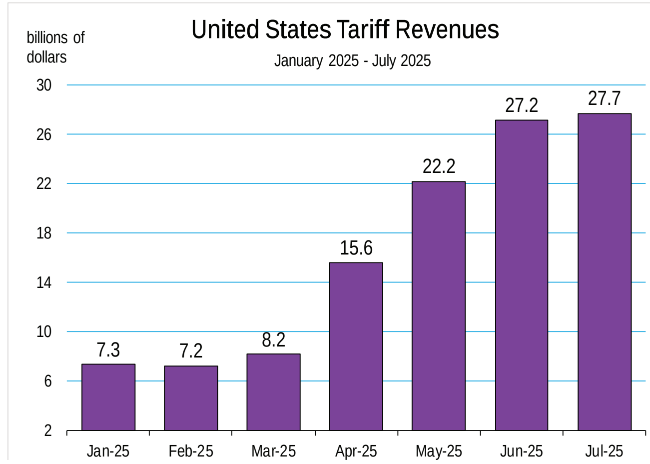
The third is the labor market which had been haunted by a glacial return of persons who want to work. This kept the labor market very tight until mid 2024 with more job openings than workers to fill them. Now however, the slow growth of the labor force is fortunately keeping unemployment from rising amid a labor market that has weakened, and especially during the summer months. Of the three imbalances, this one is now resolving itself the fastest which means higher rates of unemployment and lower wage growth threaten the economy later this year and in 2026.

The New Issues in 2025

Trade Policy

President Trump's trade war suffered a big setback with many of his administration's tariffs ruled illegal by a federal court, opening up the potential for billions of dollars in trade duties needing to be refunded to businesses and throwing into question trade deals struck by the White House with other nations.

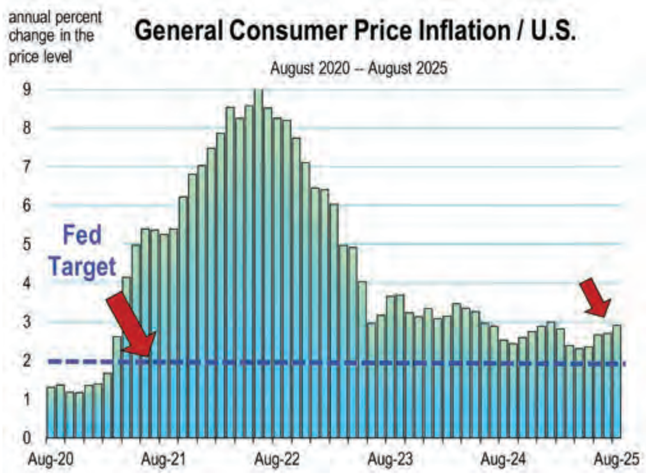
All tariffs are still in effect despite the August 29 ruling by the federal appeals court. Tariffs on 90-plus countries are impacted. Canada and Mexico face a 35 and 25 percent rate respectively on goods exported to the U.S. The EU is at 15 percent and the UK at 10 percent. A ruling to uphold the appeals court by the Supreme Court could result in refunds to importers for all tariffs paid to date. This has extended the uncertainty that has haunted businesses involved in the import supply chain since April.



Using tariffs as the principal change to U.S. trade policy by the new administration is a means to rebalance international trade in favor of U.S. producers. After Liberation Day on April 8, a freefall in stock market valuations stunned the economy. Tariff talk was tough and rates kept changing in a chaotic fashion. Many economists warned of slower growth and/or recession and inflation. None of that transpired. With little evidence of any impact to the economy to date, the stock market has rebounded, growth was sharply higher in the second (and now the third) quarter, and inflation remains in a lateral to downward trajectory.

Inflation

The year-over-year U.S. inflation rate was 2.7 percent in July and 2.9 percent in August. The Fed target is 2.0 percent. Stubbornly, inflation cannot seem to break below 2.5 percent, and this may in part be due to tariffs. If so, tariff inflation is very short-lived and as trade policy stabilizes, inflation progress towards the Fed



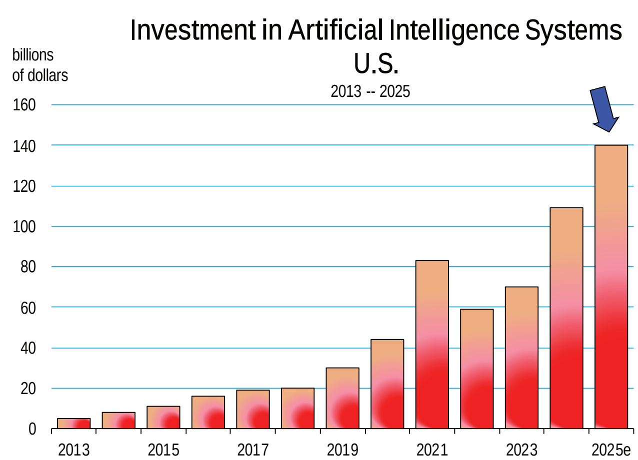
target will resume, pushing inflation lower throughout 2026.

Lowering the federal funds rate twice more in 2025 (following the September cut) is anticipated but not assured. Arguably, growth of the U.S. economy is currently high enough to postpone any more cuts until 2026, unless some unexpected trauma in the labor markets ensues during the fourth quarter.

The Rapid Growth of AI

The global AI market is valued at $391 billion. The value of the AI industry is projected to increase 5x between 2025 and 2030, reaching $1.8 trillion. The compound annual rate of growth is currently 36 percent. This is exponential growth, and it is fundamentally changing the nature of the workplace today.

- As of this year (2025) an estimated 97 million people work in the AI space worldwide
- 83 percent of companies surveyed indicated that AI is a top priority in their business plans
- 48 percent of businesses use some form of AI to utilize data more effectively
- 36 percent of people now use AI tools every day
- Global AI software revenue is estimated at $125 billion for 2025. Last year it was $94 billion
- As of July 2025, ChatGPT.com receives over five billion monthly visits. It is the number five website globally.
- ChatGPT is followed by Google Gemini, Anthropic Claude, Microsoft Copilot, and Perplexity AI, all for general use and research. ChatGPT Plus costs $20 per month.

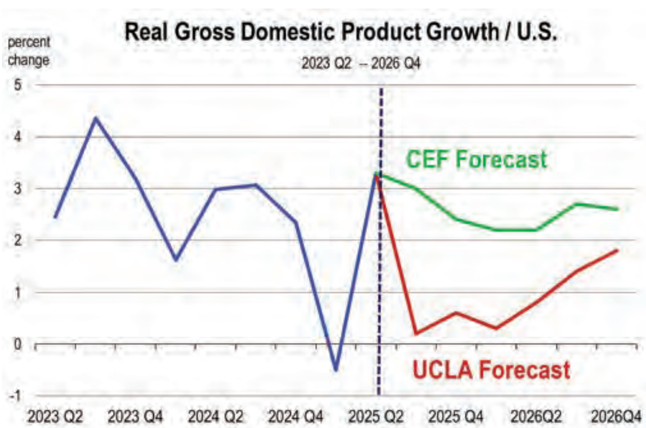


- The widening adoption of AI by U.S. businesses is impacting labor markets by eliminating job openings. Companies report greater efficiency and productivity with the implementation of AI in production, information gathering, customer service, HR functions, and product development.

- Employment is therefore jeopardized by the rapid embracement of AI in the workplace today. Many professional services research positions, software developers, HR, data and administrative support staff, film and sound production and support crews, and manufacturing production workers are significantly being impacted by AI.

GDP

After shrinking slightly in the first quarter, the U.S. economy rebounded in the second quarter. The 3.3 percent growth came on the heels of a 0.5% decline in the first quarter. Imports played a large part in the swings in growth this year,



surging in the first quarter and falling sharply in the second quarter, in sync with tariff policy.

The Federal Reserve now has the difficult task of driving inflation lower, while preventing the labor market from weakening further. Cuts in the federal funds rate should improve sentiment among home builders, financial market investors, and consumers seeking home and car loans. But it could stall recent progress made on inflation. Hence the hesitation by the Fed to initiate rate cuts despite nagging to do so by Treasury Secretary Scott Bessent and President Trump.

The baseline forecast for GDP is for moderating growth ahead. Moody's Analytics pegs Quarters three and four at 1.0 percent and 2026 at 1.5 percent. The UCLA Anderson forecast has 1.9 and 2.2 percent rates of growth for quarters three and four respectively, and 2.5 percent growth in 2026. Both organizations cite the uncertainty of trade policy, the existing geopolitical tensions, high interest rates and financial market volatility as reasons for subdued GDP forecasts over the next 18 months.

We have upsized our forecast of GDP growth relative to Moody's or UCLA. Growth will average 2.2 percent over the second half of 2025 and 2.8 percent in 2026. Trade uncertainty is stabilizing, consumer spending and business investment spending still remain stronger than expected. Export growth will add positively to GDP. The stock market, due for a seasonal correction, is still at or close to its all time high.

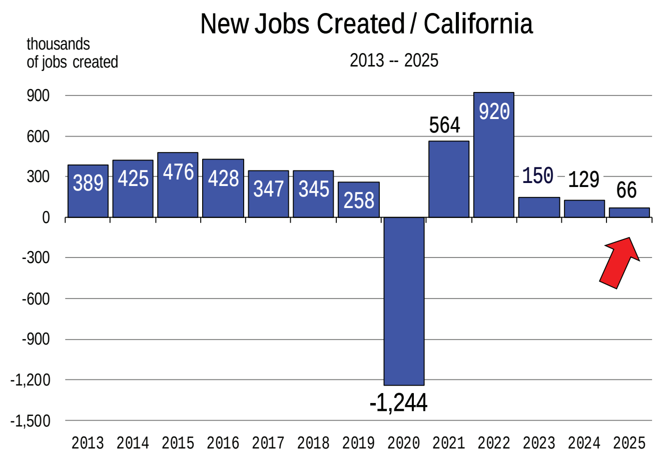
Risks

Trade policy, whatever it turns out to be, could trigger a one or two month blip in inflation. This might delay any further interest rate cuts and probably create some turmoil in the financial markets. Right now, the Fed's forecast for inflation in June was 2.4 percent for 2026, and 2.1 percent in 2027 reaching the target 2.0 sometime in 2027.

The next biggest risk is rising unemployment because that will certainly lower growth. On the other hand, the Fed would not hestitate to cut rates. The odds of recession are higher today than a year ago but unlikely in 2025 nevertheless.

We are now less worried about geo-political tensions today than a year ago, including Israel and Iran, and Russia and Ukraine. Even U.S. and China relations have improved amid tariff talks. A return of heightened stress in these tensions could lead to an economic tipping point.

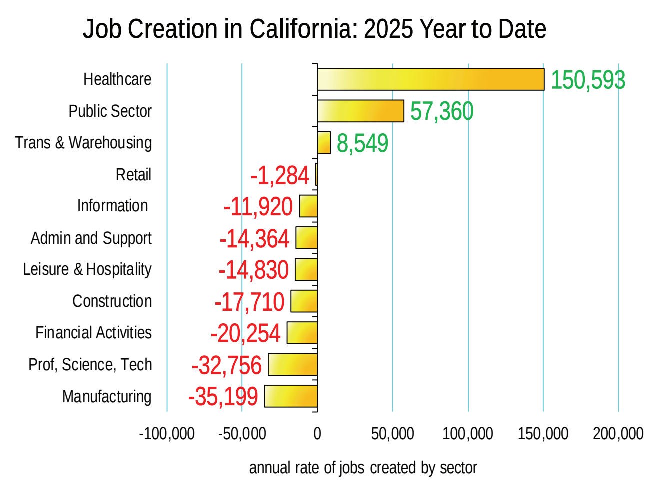
The upside risk is that (1) inflation is snuffed out in 2026, (2) unemployment rises but modestly enough to keep spending as an engine of positive economic growth, and (3) world economic growth resumes--in Europe especially--which would maintain U.S. productive capacity and a stable economy.

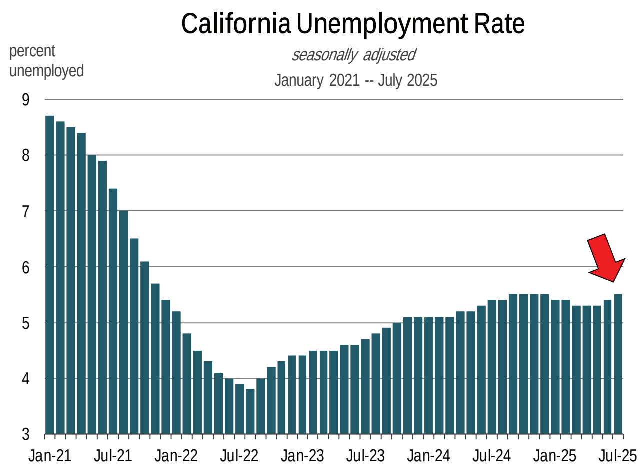


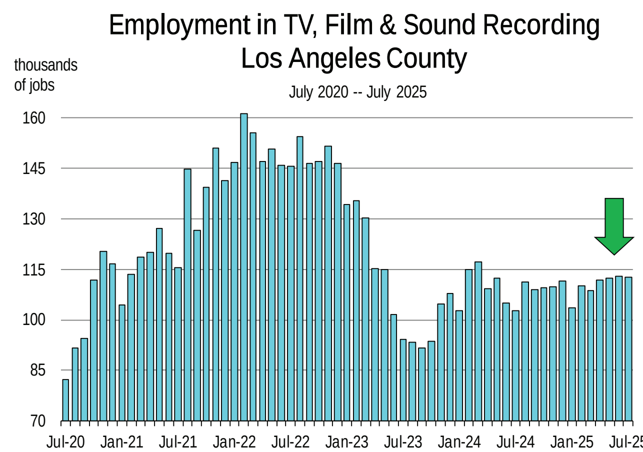
The California Economy

The Labor Market

More so than the national economy, the state's economy has slowed. Job creation in 2024 was weak and narrowly based. In 2025 the weakness and lack of broad based participation by sector has amplified. Only three sectors comprise all the of job creation this year, with employment in most sectors contracting. The unemployment rate has moved upward over the last three years, from less than 4.0 percent

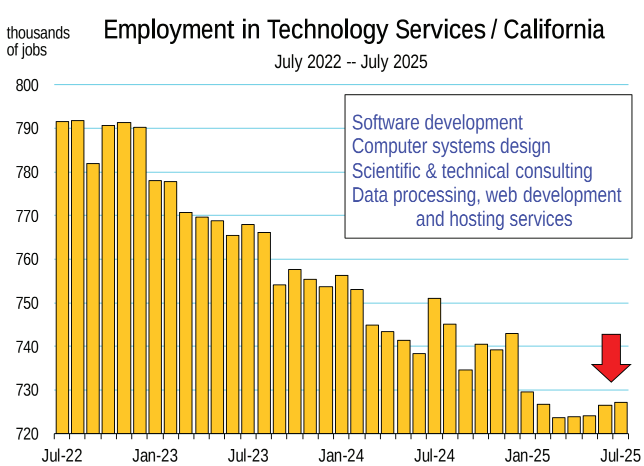






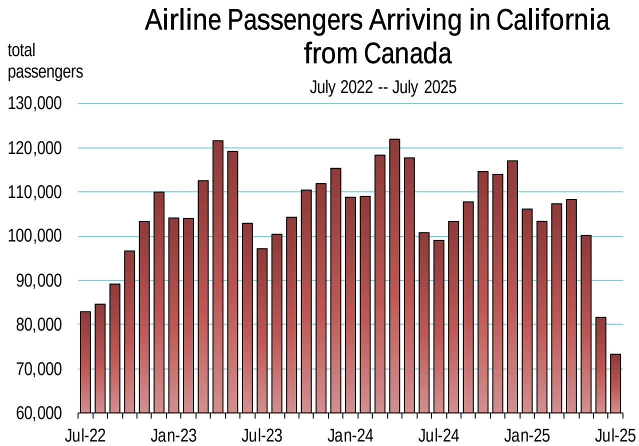
in 2022 to 5.5 percent last month. Among all 50 states, California currently has the highest unemployment rate in the country.

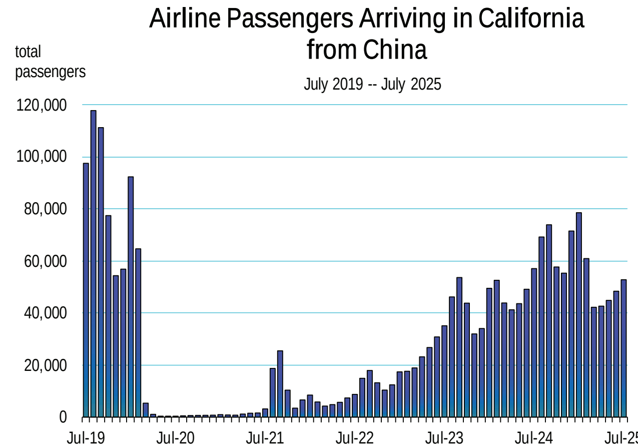
For decades, the technology sector has had an advantage in California due to its large and broad presence that evolved from its origins in the Bay Area. California's labor market has proportionately more tech jobs than other states. And thousands of jobs--especially tech-- have been replaced by the adoption of Artificial Intelligence systems in the workplace. This is the principal reason for the feeble labor market today. Most AI investment is going into professional, technical and scientific Consulting services, and information technology. Consequently, these two sectors have shed more than 60,000 jobs since early 2023.



The evolution of software in the production of film, TV, sound, and streaming has occurred at rapid speed. Locational shooting, using thousands of extras, set support, and spending hours of editing time can now be largely eliminated. Google Veo 3 is dramatically transforming CGI. The current state of the industry is that labor costs and therefore production costs can be meaningfully reduced. Employment in this sector fell sharply with the actor's strike in the spring of 2023. It was resolved in November 2023, but pre-dispute levels have not been restored. California employment in this sector had declined by 35,000 positions; 30,000 of which are in Los Angeles County.

The California employment forecast is much more austere as a result of the profound effect of AI on the labor markets this year, despite the growth and resilience of other economic indicators.





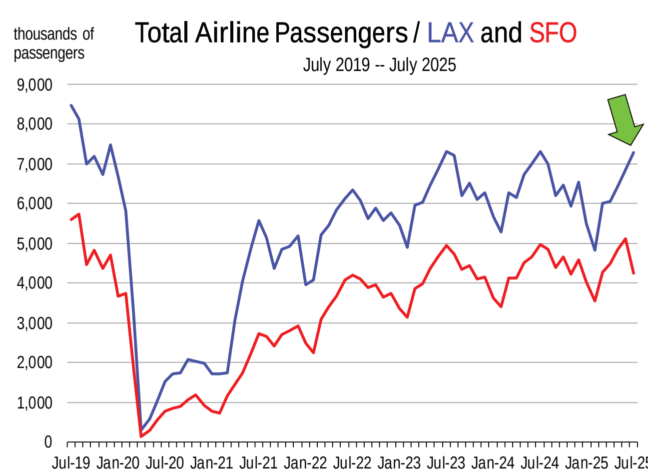
The persistent lack of housing in California continues to drive home values higher which has chased residents out of the state. The contracting population of California is somewhat concerning. It rebounded in 2023 and 2024 from the surge of immigration at the southern border. But now that border security has been restored, the general population decline is more likely to resume this year. Many businesses have left the state and the consequences of these departures include much slower job growth. The latest marquis name is In-N-Out Burger, announcing in July that the headquarters would move to Nashville, Tennessee, and close the corporate office in Irvine by 2030.

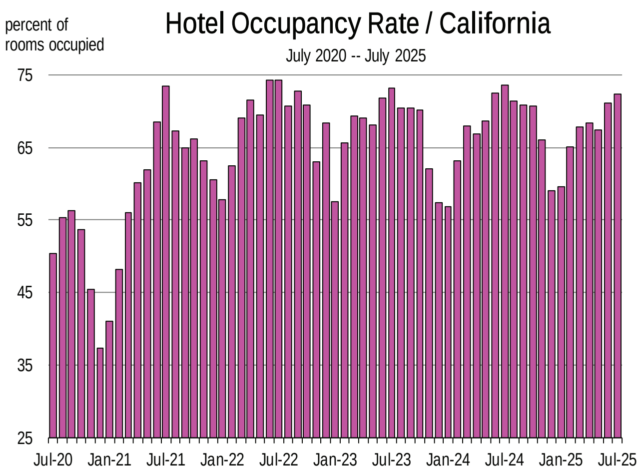
California Tourism

Airport passengers are at post-pandemic highs at LAX and SFO but international arrivals are no longer rising and have leveled off in 2025. There are much less Canadian and Chinese visitors this year. Other international airports in California are reporting similar trends.

Hotel-motel occupancy rates for transient lodging facilities reached nearly 75 percent in June and July this year, equaling year-ago utilization rates. Hotel room openings in California rose 64 percent in the first half of 2025, driven largely by the debut of the 1,600-room Gaylord Pacific Resort in Chula Vista. This was the largest hotel opening in California in 33 years.

Hotel project development in California is nevertheless down this year as the number of new hotels under construction is off 20 percent compared to a year ago. Los Angeles County leads the state in both construction and planning. It has 20 hotels with 2,435 rooms under construction and 195 hotels with 27,228 rooms in planning.

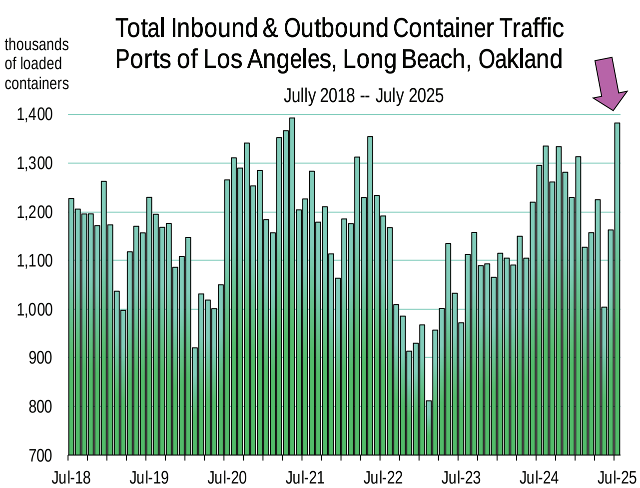




Record Cargoes at the Ports

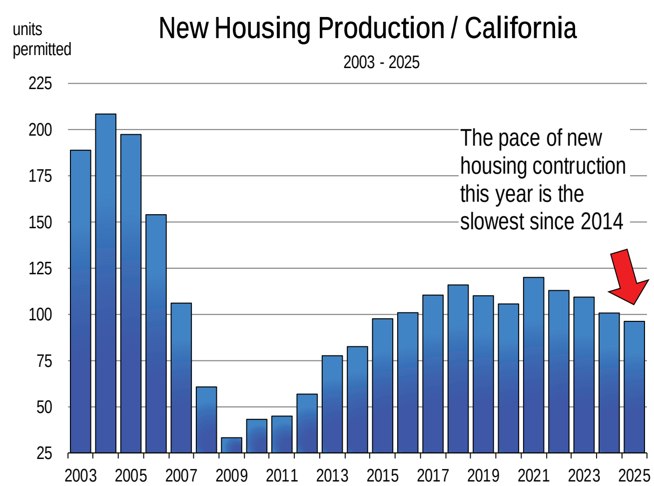
Cargo volumes are soaring again. Both the dockworkers strike and Panama Canal bottleneck which meaningfully affected global trade are now resolved. Container traffic into California's ports has been fully restored.

July 2025 container traffic was the second highest for a month on record. For the first seven months of the year, total container volume is four percent higher than in 2024. If the current pace is maintained, 2025 will be a record year for container cargo into the combined Ports of Long Beach, Los Angeles, and Oakland.



New Development

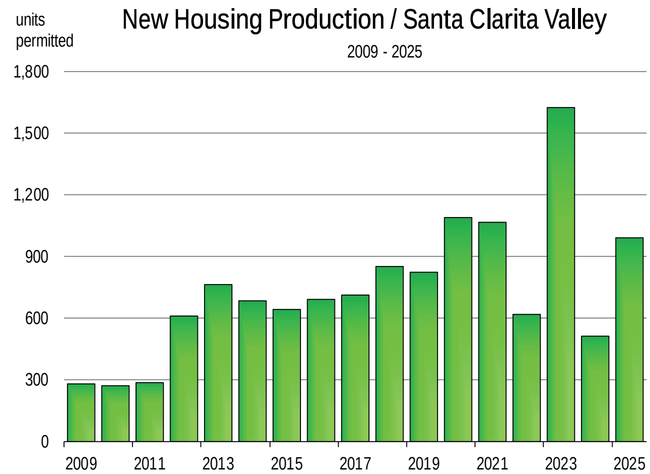
While there has been stronger industrial development in recent years, new development of this product has diminished in sync with higher financing rates, construction costs, and softening demand for industrial products. Though California's seaports are busy with import volumes of products actually higher this year than last, there is not much new employment in the transportation and warehousing sector in California, typically a sign that industrial facilities for receiving goods to distribute all over the state, are running at capacity. More industrial product has been delivered to the markets of the Inland Empire and Central California over the last four years. Automation is slowing down the need for human workers, a trend that will only accelerate going forward.



The construction sector is not as busy this year on the residential side with home building falling to the lowest level since 2014.

There is low builder sentiment for new product and high interest rates. This will change when longer term rates begin to convincingly contract. We don't expect that to occur until there is progress made on the trajectory of federal debt and stabilization of trade policy.

Lower interest rates will have some positive effect on new housing in 2026. The UCLA Anderson forecast has the number of new housing permits increasing from 90,000 this year to 108,000 in 2026, and 113,000 in 2027.



The Santa Clarita Valley

New Development

Among the principal projects in the Santa Clarita Valley, there are 40,106 residential units in some phase of the planning process. Exactly 7,250 units are in projects that are actively under construction, including Confluence of the Valencia project, Williams Ranch, Tesoro Highlands, Sand Canyon Village, and MetroWalk. There are also 5,500 units in projects that have been approved but have not yet broken ground.

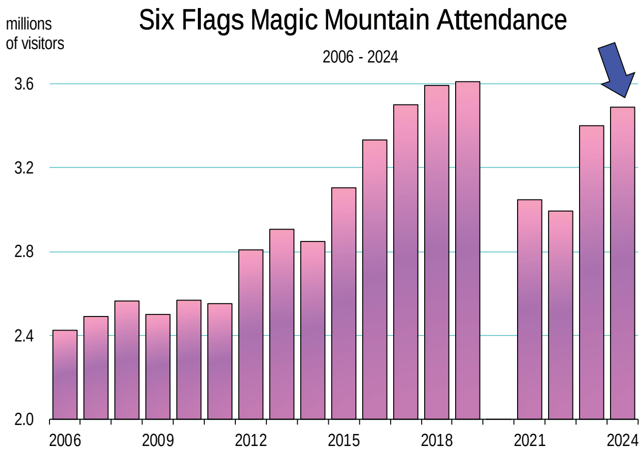
There is over 18 million square feet of space in the commercial and industrial development pipeline. Just over 800,000 square feet are in projects that are currently under construction including Vista Canyon and Sand Canyon Village. Nearly 6 million square feet are approved but the projects have not yet broken ground. Many are on hold.

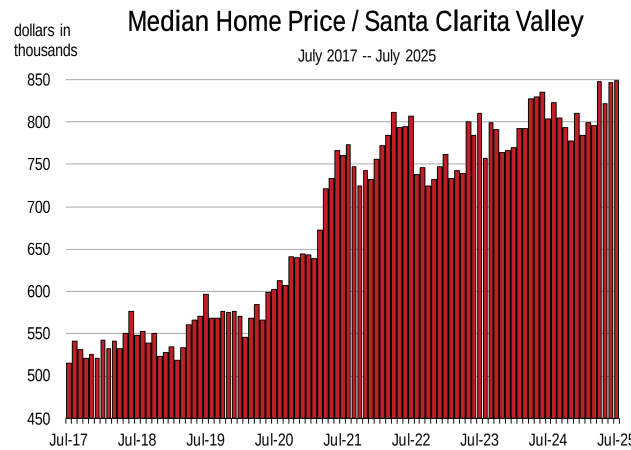
This includes Shadowbox Studios and Rye Canyon Studios, projects that if completed, would add 2 million square feet to the industrial base.

Visitors to Magic Mountain

Attendance at Magic Mountain and Hurricane Harbor continues to rise. Despite recent reports that attendance at Six Flags parks around the country has declined this year, online crowd calendars are indicating relatively full attendance conditions at Magic Mountain in June, July and August.

In June, Six Flags announced plans to ultimately double the park's attendance by introducing new attractions in 2026 and beyond. Attendance at the park should eclipse the all time record high set in 2019, over the next year or two. Six





Flags has recognized Magic Mountain as one of six parks with the greatest growth potential. The goal is seven million visitors a year. In 2026, the park will add a "first-of-its-kind" roller coaster: a thrill seeking off-road motorcycle ride over rugged hillside terrain. Plans for the new ride were approved by the Los Angeles County Planning Department in January 2025.

Residential Real Estate

The aggregate volume of sales has not yet responded to rising inventory of for-sale housing in the Santa Clarita Valley. Sales are up this year less than one percent, despite a 56 percent increase in inventory, compared to 2024.

In Stevenson Ranch, the pace of sales for the first seven months is 36 percent higher than in 2024, in part due to lower selling values. The median price for all homes sold is $986,438, a 7.4 percent decline from year ago selling prices.

For the region, home selling values are only slightly higher. In the first seven months of 2025, the median price for the aggregate Castaic-Santa Clarita-Stevenson Ranch area is $818,00 for all residential sales including townhomes and condos. Price appreciation to date stands at 1.6 percent.

Mortgage rates declined in the summer, which should translate into a higher volume of transactions in August and September. June and July sales were 7 percent higher than sales in June and July of 2024. This may be the first indication of a housing market recovery in the region.

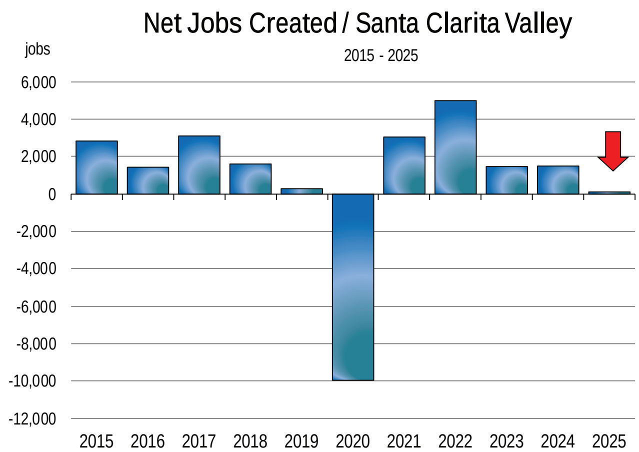
Employment

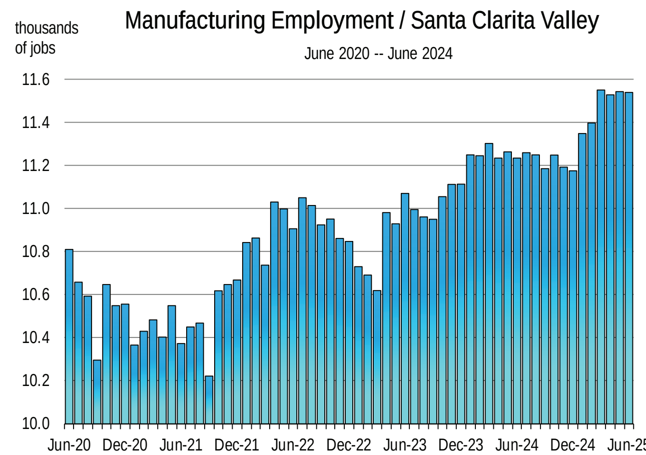
The widespread adoption of AI by nearly all sectors of the labor market has resulted in less demand for workers especially in entry level positions and especially in the technology and professional services.

In 2025, we are witnessing much less demand for workers by firms in administrative positions, professional and technical consulting, information, and financial activities.

The pace of job creation for the first half of 2025 is much lower this year, in tandem with the greater Los Angeles region and the state. Only 4 of 20 sectors are responsible for meaningful job creation, led by healthcare.

The demand for warehouse, distribution, and fulfillment center jobs has continued to expand in the region over time. Recent openings of the

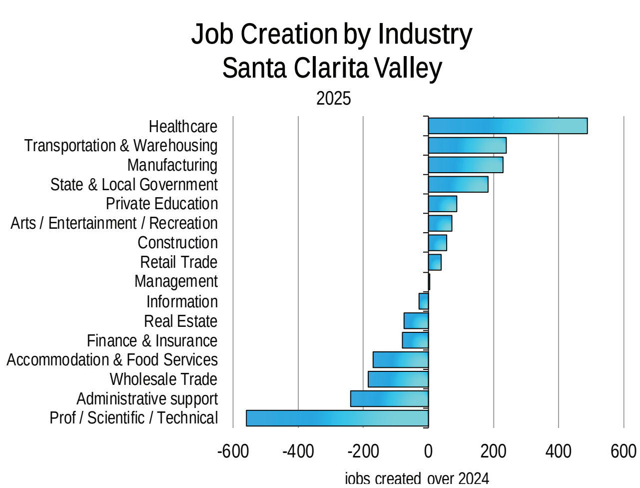




IAC commerce center and phase II of Needham Ranch moved the level of total employment to record levels. This year, there has been some consolidation in jobs which has been the general trend throughout California.

The new development project queue is still quite busy in the region, especially with housing. This has pushed construction employment to near record levels this year.

Manufacturing has managed to avoid net employment substitution by automation so far. An estimated 167 new jobs were created in 2024 and the region is on pace to add another 229 workers in 2025.

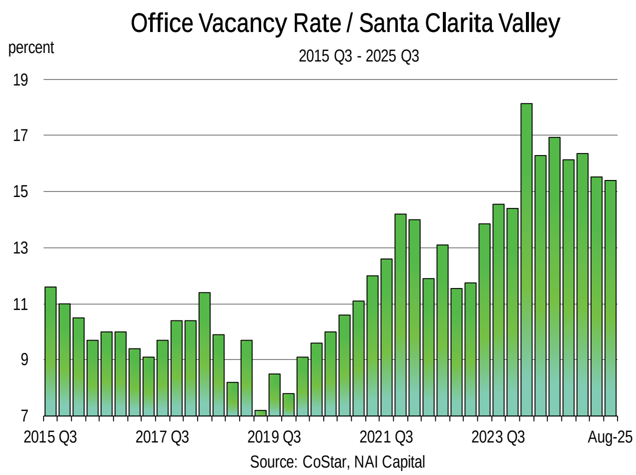


The professional, management, technical, and scientifically skilled services sector has been a principal growth engine of the regional labor market. But over the last two years, employment has been in decline, due largely to the substitution of AI systems for work tasks performed by lower level researchers, technicians, and admin positions, including customer service and HR functions.

Most of the jobs created in the region in 2024 and 2025 are in healthcare. This is true for Greater Los Angeles County and California. Moreover, the narrowly based creation of jobs indicative of the region is a mirror image of the statewide labor market.

The Office Market

Office-using employment has not contracted much in Santa Clarita, but office utilization has seriously declined. If all workers were back in the office, the office market would return to normal. And while more office workers are back at their desks, firms have rethought their need for space. Office footprints have been scaled back as a result, keeping vacancy rates relatively high.



Office markets all over the state report high vacancy. But the office problem may be in store for a recovery. As the labor market softens, there is likely to be a stronger push by employers to have all of their employees back in the office. The offset to this is the growing likelihood of fewer workers in office-using jobs, replaced by Artificial Intelligence systems that continue to evolve in abilities to perform tasks and functions that human workers now do. Tests have shown that AI can now excel in reading comprehension, language understanding, visual reasoning, competition level mathematics, image recognition, and Ph.D. level scientific concepts.

The Outlook for 2026

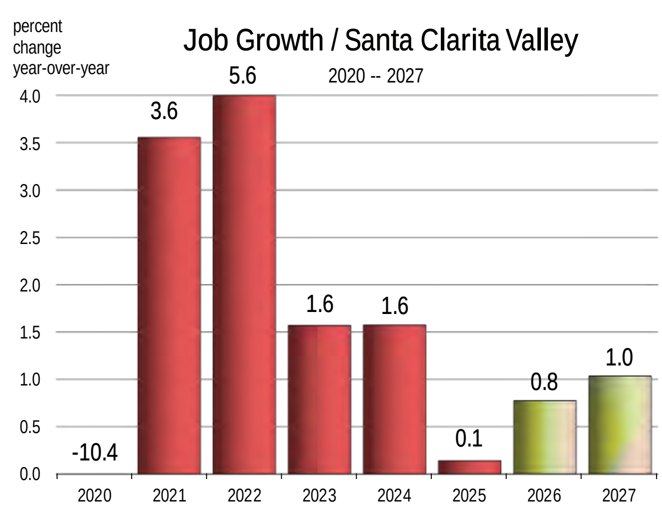
A major theme of this year's forecast is that artificial intelligence is rapidly transforming the job landscape in California, bringing both opportunities and challenges. AI is here now, faster than we imagined. It is already widely used in recruitment, resume screening, employee onboarding, and performance evaluation, streamlining processes and increasing efficiency for employers.

While AI is expected to create new roles—particularly in tech, data analysis, and AI system management—it is automating routine tasks, prompting a shift in the skills demanded by employers. To date, worker replacement by AI has not been offset by new jobs created.

The growth of the economy in 2025 has been better than expected, and conditions will remain expansionary in 2026. Job growth in California will remain austere and this includes the principal regions of the state, including the Santa Clarita Valley labor market where growth will be minimal, rising 0.8 percent in 2026 and 1.0 percent in 2027.

Healthcare will continue to lead in job formation. Leisure and hospitality will also add to the workforce, largely because AI systems will be less intrusive.

The technology sector of California will remain vulnerable to further workforce consolidations as AI and machine learning become even more integrated into business operations, driving efficiencies, personalization, and decision-making.



Inflation

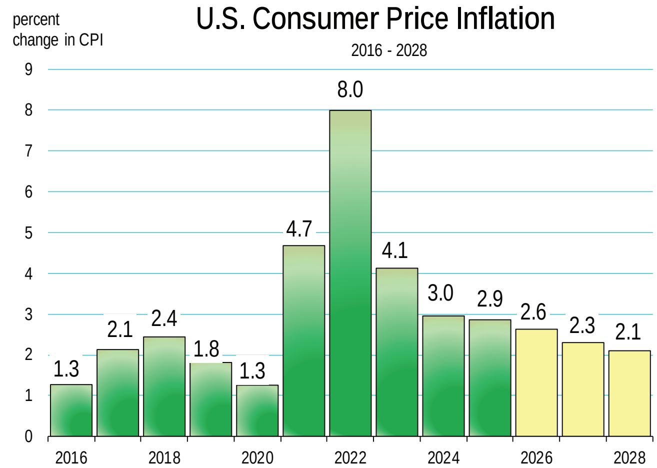
The forecast calls for continued progress on inflation, but this presumes that some federal spending restraint will finally be implemented with the new Congress, and that the Fed does not move too fast to cut rates during the rest of 2025.

This forecast of inflation falling into the low 2.0 percent range by next year is possible but unlikely. A more conservative Congress needs to seriously address its profligate spending behavior. Cumulative federal debt has now reached $37 trillion. Tariff revenue now being received has slowed down the debt trajectory, but meaningful debt reduction in the form of spending cuts must be addressed in the House if inflation is to return to pre-pandemic levels again.

Housing in the Santa Clarita Valley

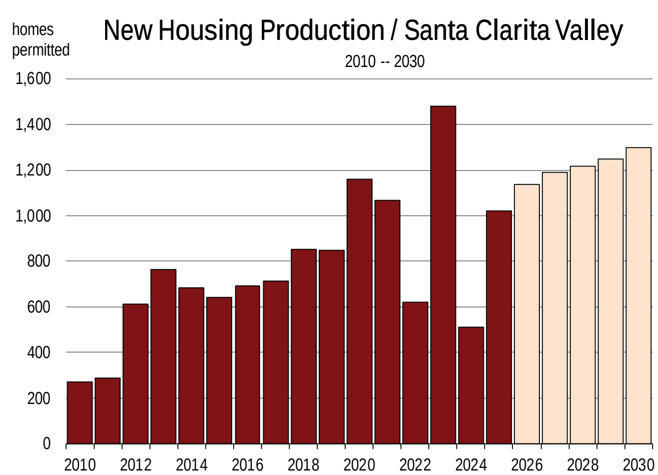
Conditions affecting the housing market now prevailing in the region:

- The development pace for new housing has accelerated with the start of many legacy projects that have been in the entitlement queue.
- There are 300 units of apartments currently under construction
- Mortgage rates are forecast to contract for the remainder of 2025 and throughout 2026.
- In tandem with lower rates, existing home inventory will continue to expand.



The rate of new home production is forecast to respond to lower rates, and an annual pace of more than 1,000 new homes per year is expected over the next five years. For the 2026 to 2030 period, the number of new homes started is forecast to at approximately 6,000.

Home prices adjusted for inflation are not forecast to rise much as a result of the price competition occurring as a consequence of increased supply.



THE FORECAST

The U.S. Economy

Despite all the warnings about the new administration's trade policy and how it would slow down growth and reboot inflation, there is little to no evidence of that during the first 8 months of the year. GDP rose 3.3 percent in the second quarter of 2025 and (according to GDPNOW) is growing at a 3.4 percent pace in the third quarter, and the third quarter ends in less than 3 weeks. Strong consumer spending and domestic investment are responsible for the above average pace of growth.

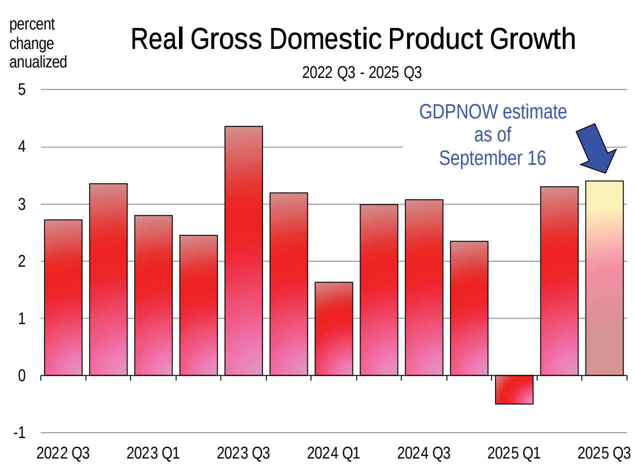
Inflation is moving laterally, but is likely to decline closer to the Fed's target of 2.0 percent as the economy transitions from late 2025 into early 2026 when trade policy stabilizes and the tariff structure is set.

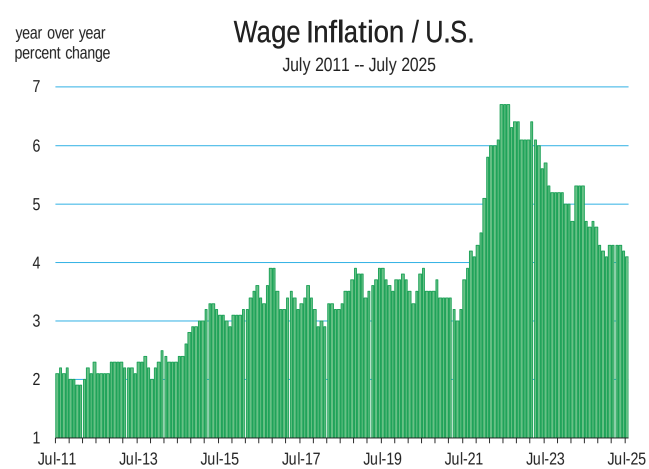
A buoyant stock market is contributing to household wealth, and together with higher real wages, these rising measures give households reasons to spend. Business investment levels, especially on software and AI have increased at exceptionally high rates, driving productivity gains.

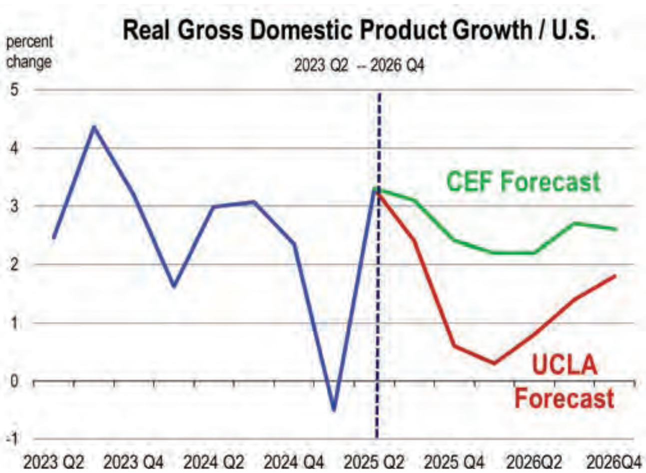
The Labor Market

The U.S. labor market is slowing down, but real wages are rising and low unemployment persists. The rate in August 2025 was 4.3 percent. The recent increases in the unemployment rate, which have been minor, are the result of more people entering the labor force and outpacing the rate of job creation which remains positive.

The U.S. economy is still adding jobs--an average of 75,000 per month in 2025--which represents a significant material slowdown from 2024. Different from previous situations of low unemployment rates, there is still a moderate level of unfilled job openings, which have resulted in relatively high levels of wage growth. Deportations are contributing to this. Over the last year, nominal wages have grown at a rate averaging 4.3 percent, eclipsing inflation.







U.S. Outlook

Last year at this time, we thought that the momentum of consumer spending would tire out, and growth would moderate. Neither have occurred. Moreover, the stock market stock market is at an all time high, home prices are at or near all time highs, and inflation has moderated. The immediate forecast for GDP growth in Q4 is lower than Q2 or Q3 because of tariffs. But the risk to that forecast is high because of the resiliency in the way U.S. firms have been able to adapt to the tariffs so far. Consequently, we (CEF) have growth higher than our partners at UCLA.

The economy is not expected to grow faster in 2026. The inflation rate will continue to move towards the two percent target gradually in 2026. Mortgage rates have started a descent now which will continue through the fourth quarter of 2025. There should be more reductions of the Federal Funds Rate in 2026 pending what the Fed does for the remainder of 2025. This will stimulate sales activity in the housing market since owners, who currently hold a low-interest-rate mortgage, will be more tempted to cash in their gains and move into larger houses. Unemployment rates will rise slowly, but still remain low by historical standards.

The California Economy

The key economic issue for the state is the feeble rate of job creation in 2025.

The labor markets have softened since 2023. In that year, it was largely due to the tech sector along with warehousing and distribution, and TV, film, and sound recording, the latter due to the actor's and writer's strike.

Principal Economic Indicators, U.S.

		actual	actual	estimated .	----------- forecast -------		
		2023	2024	2025	2026	2027	2028
Real GDP	annual percent change	2.0	2.8	1.8	1.4	2.0	2.4
Inflation	annual percent change	4.1	3.0	3.2	3.4	2.2	2.0
Unemployment Rate	annual percent change	3.6	4.0	4.3	4.5	4.3	4.2
Employment Growth	annual percent change	1.7	0.2	1.4	-0.2	0.7	0.7

Source: UCLA Anderson Forecast and the California Economic Forecast, September 2025

Unemployment has been rising as a result. The latest July 2025 unemployment rate of 5.5 percent is tied for the highest among U.S. states, ranking California 50th (and only behind the District of Columbia at 5.9 percent).

Technology-related jobs and employment in engineering are pillar industries for California. Technology services has weathered a worrisome downward movement in employment from the peak in mid-2022. Initially last year's forecast had the freefall bottoming out by mid-2025. However, the layoffs have not stopped, due entirely to the rapid adoption of AI systems which are replacing lower level software development, web design, and data analysis positions. Though new net hiring has not returned, stock prices for many publicly traded California tech firms have reached all-time record highs.

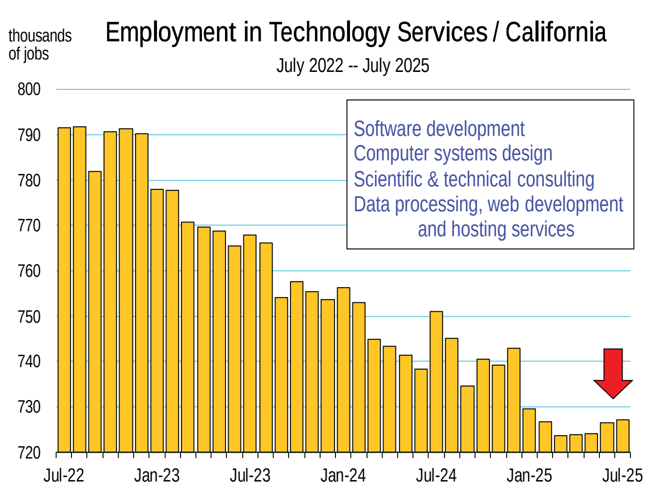
The existing housing market remains unspectacular. Sales of homes continue to be depressed, largely because for-sale-inventory remains limited. At the same time, demand has cooled due to higher financing rates and high home values, despite an improvement in the volume of new listings. Consequently, home prices have rebounded to record levels and remain high.

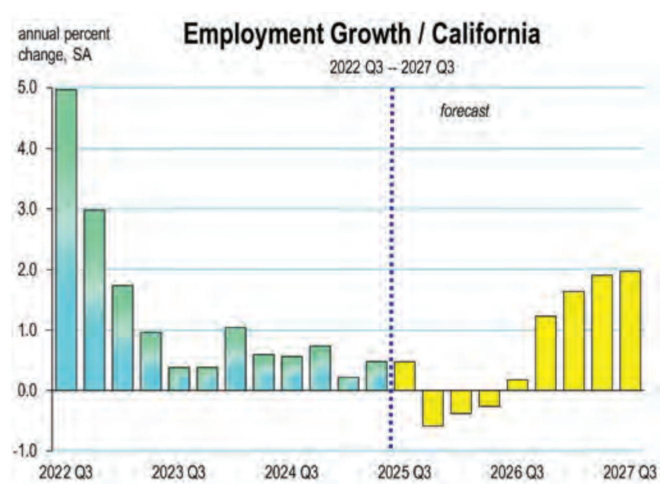
The Outlook for California

The new 2026 outlook factors in the weak labor market of 2025 which is weak due to the replacement of jobs by AI. The vast majority of growth in employment is being concentrated in sectors that depend on public funding: state and local government and healthcare. And these sectors have not been able to replace workers with robots or other AI systems in the way other labor markets have.

The Federal Government has already cut back 250,000 government jobs which will reduce government expenditures during fiscal 2026.

AI has particularly impacted the professional business services sector, the information sector, and of particular concern, workers in TV/film and sound production.





In addition to weakened job creation, high vacancy rates in the office market persist, and new housing permits have been limited this year. However, the outlook for the 2026 economy is more auspicious than a year ago.

The sector-by-sector analysis above results in a forecast for the California economy to grow slower than the U.S. in 2025 with several quarters of negative job growth. A recovery from the doldrums begins in 2026 and growth is then slightly faster in 2027. The unemployment rate is expected to hit a peak of 6.1 percent this year. The average for 2026 and 2027 is expected to be lower in the mid to lower 5 percent range.

Lower levels of inflation and interest rates should result in more positive consumer sentiment and increased spending. Lower interest rates will provide a stimulus for housing, vehicles and commercial real estate.

Additional stimulus should come from the leisure, entertainment and hospitality sector as the volume of international tourists visiting California increases.

Logistics should also play a more significant role in 2026 as trade flow volumes expand at the Ports of Los Angeles, Long Beach, and Oakland.

The demand for AI software, chip design and production, web development, IT applications, services and systems, and data analysis is only going to strengthen in California, the nation, and the world. AI is booming; consequently, demand for data, data centers, software, and energy to support data centers will remain a principal engine of growth for the California economy.

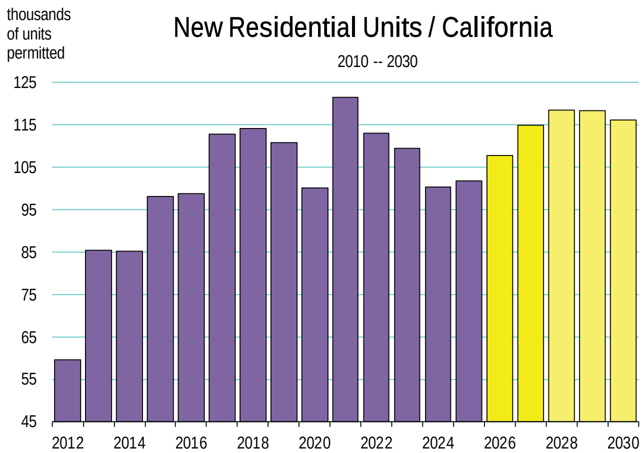
New building activity has been a meaningful contributor to GDP growth and this sector will only strengthen over the next several years. Overall non-residential activity has slowed in 2025 with fewer hotel and retail projects, and very low levels of office development, but investment in industrial buildings and infrastructure projects is booming throughout the state.

New residential construction will rise in 2026 with lower interest rates and rising incomes. New housing permits issued are forecast at 102,000 this year, 107,000 in 2026, and 115,000 in 2027. Needless to say, this level of home building means that the prospect of the private sector building California out of the housing affordability problem over the next three years is nil.

Principal Economic Indicators, California

		actual	actual	estimated .	------------ forecast -------		
		2023	2024	2025	2026	2027	2028
Real Gross State Product	annual percent change	2.0	3.6	1.5	1.0	2.1	2.5
Inflation	annual percent change	4.0	3.1	3.3	3.4	2.5	2.1
Unemployment Rate	annual percent change	4.7	5.3	5.8	5.6	4.4	4.4
Employment Growth	annual percent change	0.9	0.7	-0.1	0.4	1.9	1.4
Population	millions of residents	38.9	39.2	39.3	39.3	39.4	39.4

Source: UCLA Anderson Forecast and the California Economic Forecast, September 2025



The Santa Clarita Valley Economy

Labor Markets

For the last three years, we have reported that job creation was moderating in the state, in Los Angeles County and in the Santa Clarita Valley. We noted that the labor disputes (dockworkers, actors, writers, hotel workers) and the correction in the tech sector from overhiring in late 2021 though mid-2022 were large contributors to the slowdown in job gains. And certainly these events proved to be a meaningful drag on the California labor market

But a third and more pervasive issue that we did not acknowledge, that has extended the slowdown in job creation, and that will likely mute job growth going forward, is the widespread adoption of Artificial Intelligence in most labor market sectors. And this is occurring in the Santa Clarita Valley in tandem with the rest of the state.

A year ago, the 2025 forecast called for a 1.8 percent increase in jobs in the Santa Clarita Valley. Through July 2025, the pace of new job creation is currently running at 0.2 percent for the year. So what happened ?

1. The labor force did not grow. Additions to the labor force were minimal, which has been the case for the last 3 years.
2. Job attrition was significant. The financial activities and professional business services sectors downsized by 950 workers. We did not see a rebound in TV and Film jobs even though production has rebounded.
3. These three sectors have largely been impacted by the onset of AI in California.
4. The growth of tourism has been minimal, thanks to a pullback from Canadian and European visitors. Consequently, the accommodations and food services sector also did not experience an increase in the workforce.

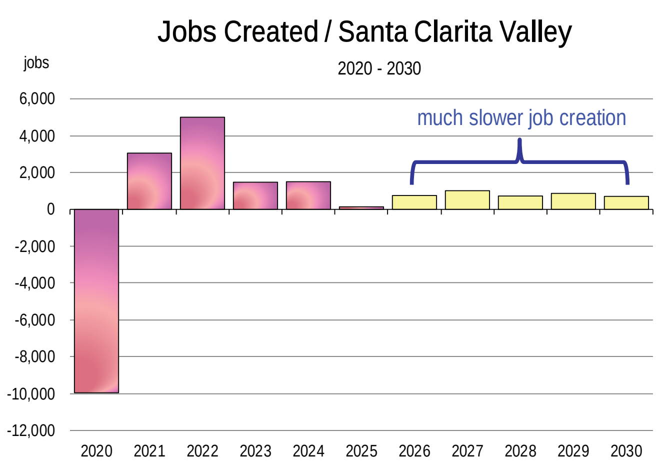
And though unemployment rates have risen over the last year, they are not at levels that would typically create trauma among the unemployed.

The widespread adoption of AI is largely responsible for limited job creation in California today, particularly in key sectors which have driven the labor markets in recent history, namely professional, technical, and scientific consulting, software development, advanced manufacturing, logistics, and financial services. In these industries in particular, the displacement of workers is now widespread. This is a trend which has the potential to gradually become more disruptive to the workforce over the forecast.

And even though the growth of AI will generate new jobs to create, innovate, maintain, and implement, more jobs have been eliminated on net. This may change, but for now, the labor markets may only become more unbalanced over time (probably over the next 2-3 years) until job seekers and job offerers equilibrate again.

Nevertheless, the forecast has positive overall job growth occurring in the Santa Clarita Valley. This occurs in tandem with the UCLA Forecast for positive job growth in in California, but the rates of growth are now muted relative to forecasts made just a year ago.

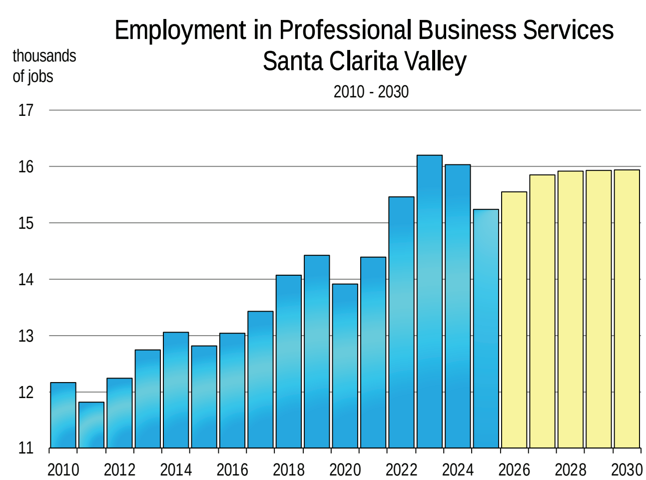
The economy in 2026 should be an improvement over 2025, largely due to (1) a lower interest rate environment, (2) a stabilized trade policy, (3) lower federal tax rates, and (4) more AI investment and rising productivity. Offsets to higher levels of growth include deportations which will deplete the construction workforce and slow down new development, tariff deals that fall apart, and which could make imported goods more expensive to consumers, less federal government spending due to the 300,000 federal workers that have or will be laid off by the end of 2025.

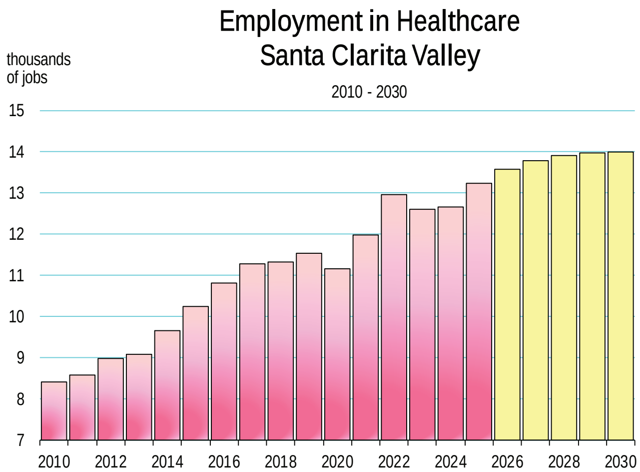


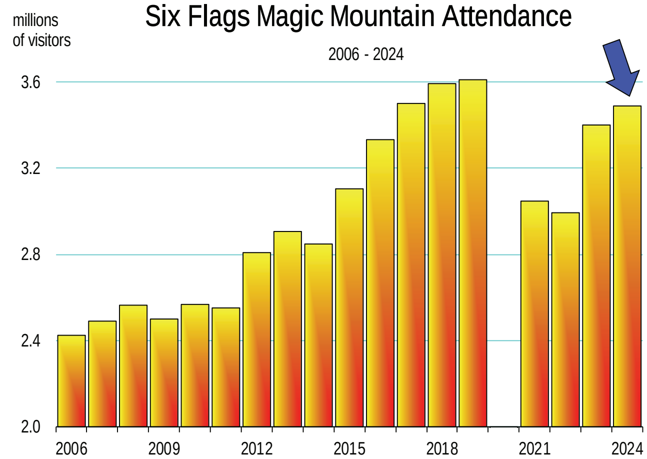
Principal Labor Market Engines

The unemployment rate is higher this year and will remain elevated going into 2026 but will ease sometime during next year. New job opportunities in the Santa Clarita Valley economy will be dominated by healthcare, leisure and hospitality, and a mini-rebound in the professional and business services sector. This occurs due to the demand for additional tech workers that will become necessary for the implementation of AI, robotics, and autonomous vehicles. The forecast however is now constrained by the more prevalent substitution of AI systems for workers in this industry.

The healthcare sector has been responsible for much of the job creation in California in 2024 and in 2025. It is expected to remain the leading sector in job growth this year and next. Regionally, it is forecast to create up to 800 new jobs over the next 5 years. The number of skilled nurses, doctors, and other allied healthcare practitioners will need to increase to facilitate demand by aging baby boomers and generation Xers.



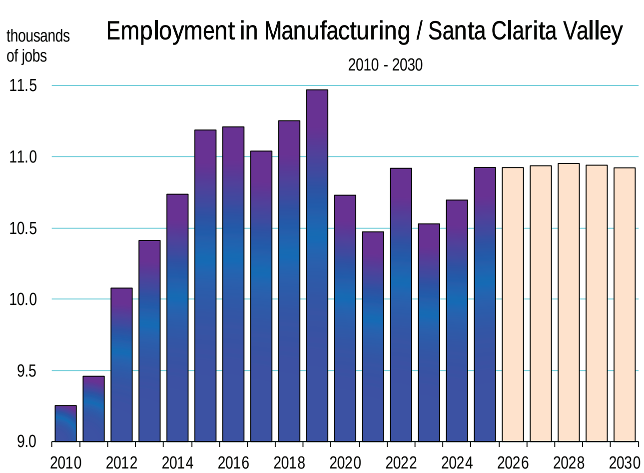


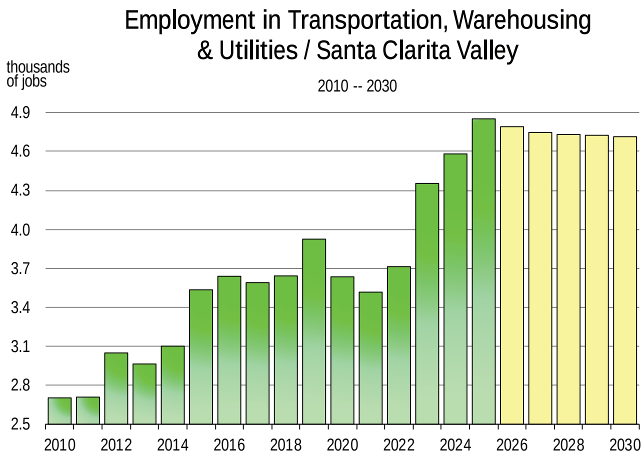


Manufacturing employment is forecast to stabilize. The new administration's commitment to restore more manufacturing capability in the U.S. is driving the demand for more facilities (which typically equals more workers) in advanced sectors including IT, high tech, aerospace, and medical devices. The current environment of more rapid onset of automation in advanced manufacturing sectors is an offset that will limit job creation.

Just over 300 jobs will be created during 2026 in the leisure & hospitality sector. Attendance at Magic Mountain and Hurricane Harbor continues to rise and will eclipse the all time record high set in 2019, over the next year or two. Six Flags plans to ultimately double the park's attendance by introducing new attractions in 2026 and beyond. And with more business travel predicted throughout California, a higher rate of hotel/motel utilization will prevail in the Santa Clarita Valley economy.

The overall workforce associated with the broader transportation/warehousing sector has reached all-time record highs, due to the completion and absorption of new industrial product in the regional market since 2022. The



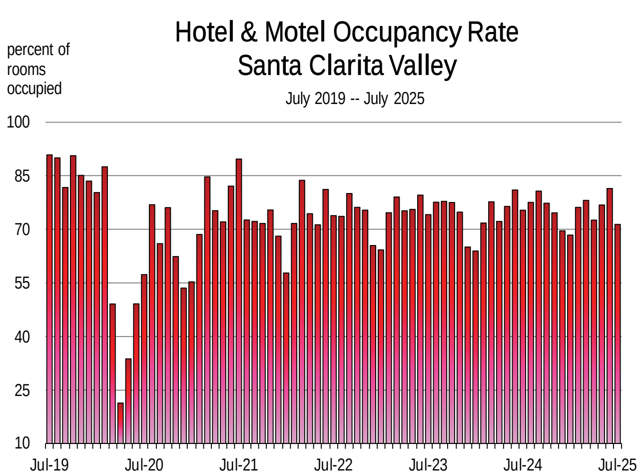


outlook for continued growth in this sector however will be challenged by the departure of Princess Cruises over the next two years.

With the state facing a large budget deficit in FY2026, the forecast has no job creation in state or local government.

New Commercial Development

With an uptick in the growth of population due to more housing, there will be development of new retail centers. New retail store construction is already an ongoing activity in the region with



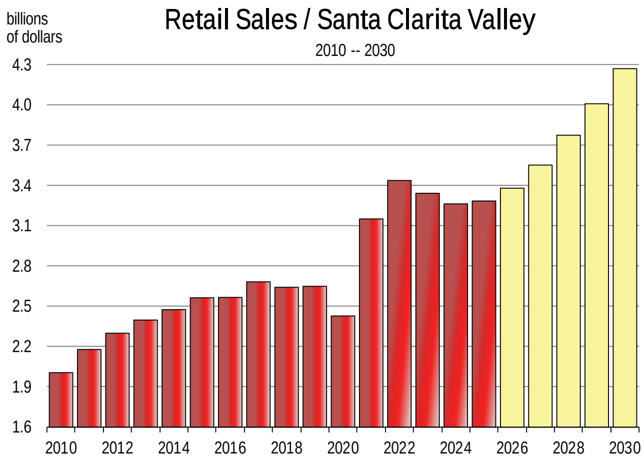
more than 20,000 square feet underway at this time. Over the last two years, just over 90,000 square feet has been completed.

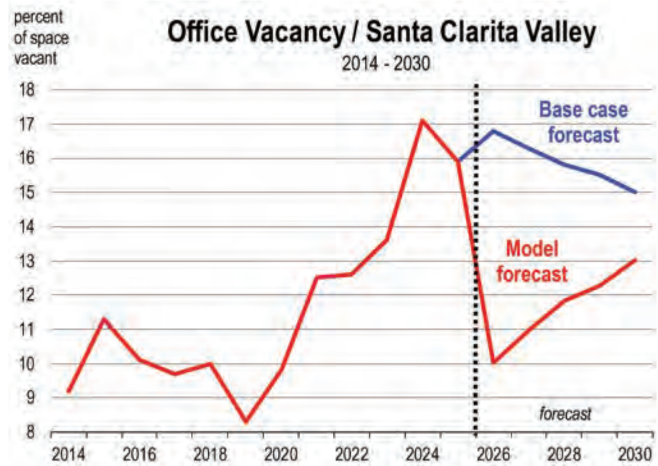
Online demand for goods will continue to account for a higher percentage of a household's purchases on goods, but on-site retail sales are also forecast to rise in tandem with regional population (and income) growth.

The Valencia Bluffs property sold last year and will likely be rezoned mainly as residential including retail. Retail centers like this are also included in a number of housing developments and in mixed-use projects. The Town Center Specific Plan also provides for more retail opportunities in the region.

Santa Clarita Commerce Center was just completed. The $24 million, 430,407 square foot industrial project spans four buildings. New industrial developments are still in demand despite a slowdown in net absorption of space. The Honor Ranch project is proposed for 1.5 million square feet. Rye Canyon, approved for 750,000 square feet of sound stages and support space is currently on hold due to production slowdowns in the film and TV industry.

Though office using employment remains high, and at levels that would typically predict a tightening in office building vacancies, work-from-home has changed that correlation. Based on the volume of office jobs, the forecasting model as originally structured predicted much lower vacancy than what has actually occurred. The new "base case" forecast adjusting for WFH

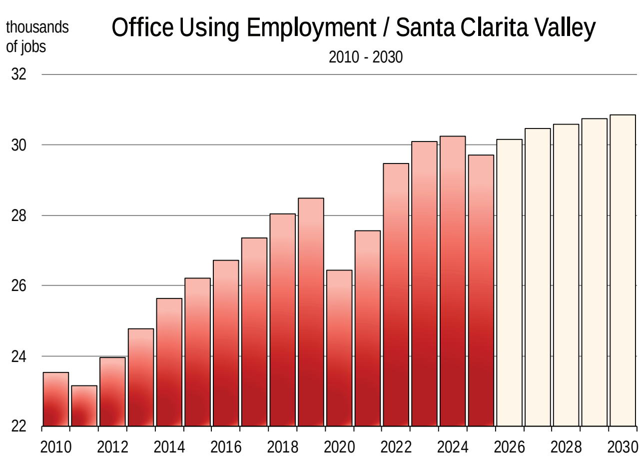




is for higher vacancy of office space to persist but gradually improve over the last years of the decade.

New Housing

Housing, and the fact that the region is not producing enough of it, is a related and ongoing dilemma throughout coastal California and many inland regions. It is the principal reason that population growth in the state, county, and region has slowed to a crawl.

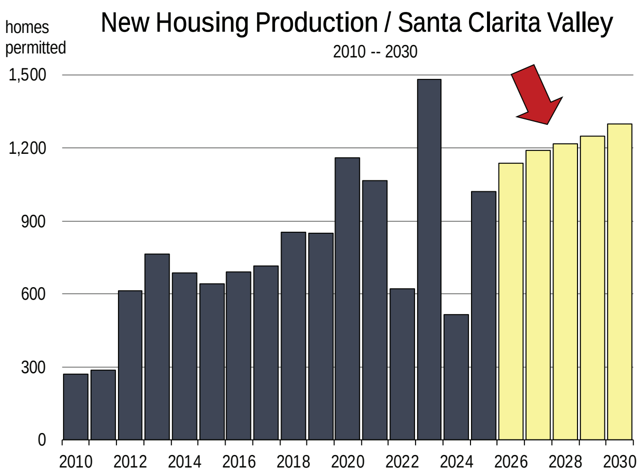


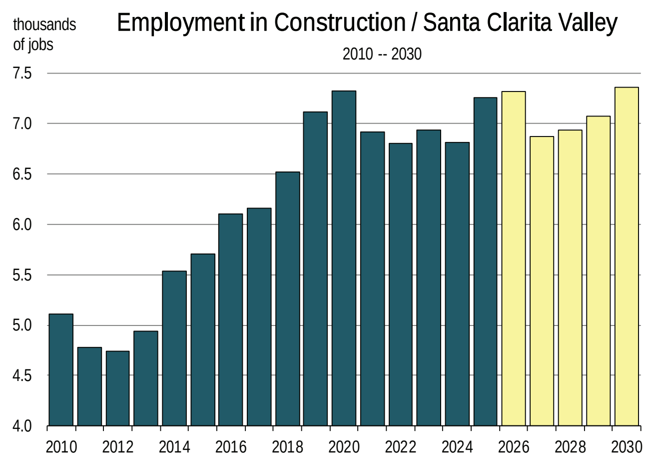
Vacant office space can attract new firms that need a Santa Clarita Valley location. New industrial space can accommodate organic expansion and new relocations to the Santa Clarita Valley. But a principal part of the deal is the availability of local housing to accommodate the in-migrating labor force.

The momentum in home building has accelerated in 2025 as more projects start vertical construction. New development continues to expand in 2026 and 2027 which will accommodate more population and a needed expansion of the labor force.

Residential Development

The forecast for new housing has been upsized, because the development pace for a number of projects has accelerated. This includes Valencia, Williams Ranch, Tesoro Highlands and Sand Canyon.





Furthermore, with the impending decline in mortgage rates this year and further declines expected in 2026, there will be more buyers. The rate of production is forecast to respond, and an annual pace of more than 1,000 new homes per year is expected over the next five years. For the 2026 to 2030 period, the number of new homes started is forecast to be 6,100.

It is important to note that relative to the 2020 to 2024 period, the growth of population is expected to modestly increase, due to higher net-in migrating populations that will respond to more new homebuilding.

The expansion of the construction workforce in the Santa Clarita Valley since 2014 has largely occurred with the surge in non-residential building at Vista Canyon, Gateway V, the IAC Commerce Center, Needham Ranch and the Valencia Commerce Center. New housing projects, including Valencia, Williams Homes, and the Tesoro Highlands projects are now driving more job creation in construction. While more output is forecast, the construction industry is at risk of workforce reductions due to deporations. Consequently, the forecast has been conservatively downgraded.

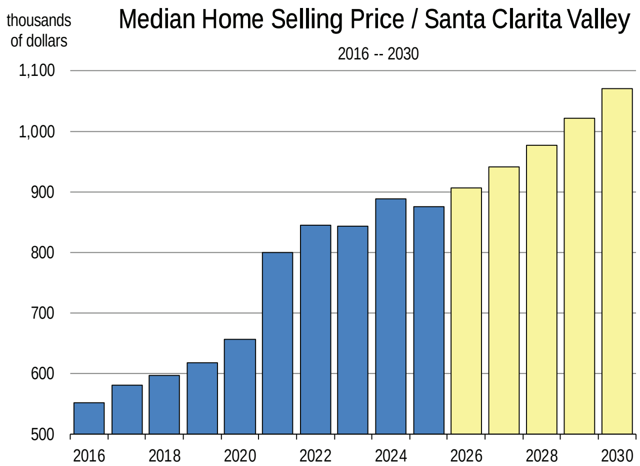
Housing Values

Continued demand for purchase homes has driven up home prices since 2020, but with the expansion of existing home inventory this year, home prices have leveled off and are no longer appreciating at rates that exceed general price inflation.

Our year-ago forecast for housing prices was for five percent appreciation in 2025. That has not happened as home prices have actually declined about one percent. With lower mortgage rates coming in 2026, there will be more housing inventory from sellers along with an increase in demand for homes. With more new homes also available, the increase in supply should keep appreciation in check. The forecast has home prices rising 3.5 percent in 2025 and nearly 3.8 percent in 2027.

Sales of existing homes will increase in 2026 due to the forces noted above--rising supply, persistent demand, and lower mortgage rates.

The best combination of factors leading to a stronger housing market in 2026 would also



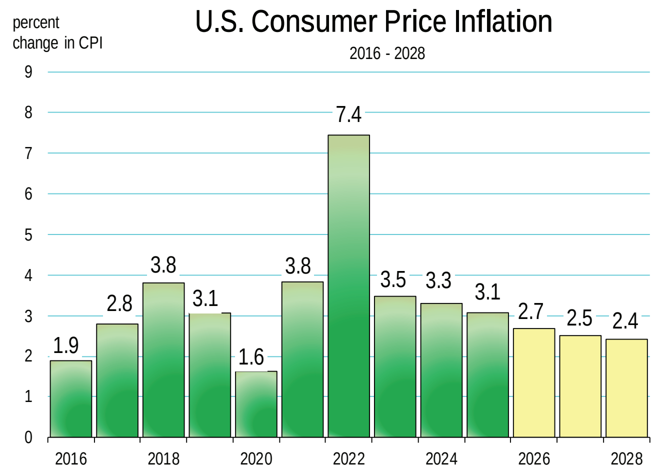
include faster economic growth, increased business formation and increased hiring. The forecast for 2026 includes a higher rate of in-migrating population with a modest increase in job opportunities in the region

Inflation and Interest Rates

Headline inflation has now broken through the 3.0 percent threshold on a monthly basis, and will average 2.7 percent for the year. Higher interest rates have been successful in containing inflation. Rate cuts will continue in November and possibly in December as well.

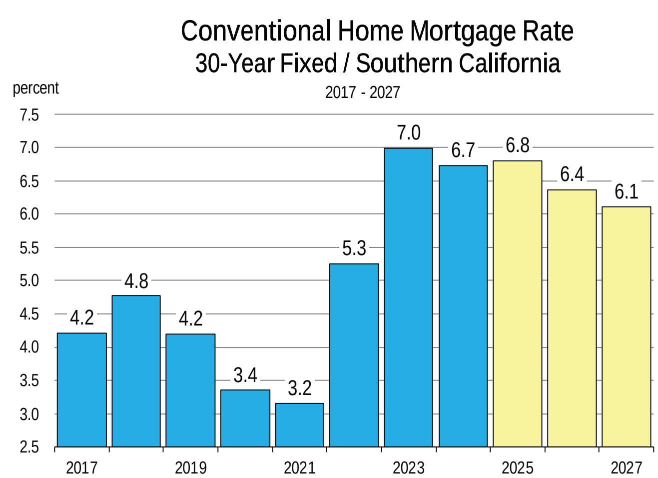
The forecast calls for continued progress on inflation, but this presumes that some federal spending restraint will finally be implemented with the new Congress, and that the Fed does not move too fast to cut rates during the rest of 2025.

In mid-September, the national average 30-year fixed rate mortgage fell to 6.5 percent, the lowest rate in twenty-six months. The Mortgage Bankers Association predicts three rate cuts by



the Fed this year and forecasts the conventional mortgage rate at 6.0 to 6.4 percent over the remainder of the year.

Our forecast for 2026 has mortgage rates in decline, averaging 5.8 percent for the year. Rates will continue their decline in 2027 but further contraction is dependent on federal debt which has now grown to 135 percent of the annual U.S. GDP.



Santa Clarita Valley Economic Forecast Summary — **2019 - 2025 History, 2026 - 2030 Forecast**

Year	Population (people)	Population (growth rate)	Net Migration (people)	Households (thousands)	New Homes Permitted (homes)	Retail Sales (billions)	Personal Income (billions)
2019	291,710	0.2	93	96.5	850	$2.6	$27.6
2020	291,962	0.1	-248	99.4	1,159	$2.4	$29.0
2021	291,349	-0.2	-541	99.9	1,067	$3.2	$30.6
2022	292,325	0.3	-172	101.6	619	$3.4	$28.5
2023	294,090	0.6	1,180	103.3	1,480	$3.3	$29.3
2024	294,300	0.1	-345	103.8	513	$3.3	$32.6
2025	295,351	0.4	435	104.6	1,022	$3.3	$33.1
2026	297,196	0.6	1,298	105.9	1,137	$3.4	$34.6
2027	299,191	0.7	1,521	107.1	1,190	$3.6	$36.3
2028	301,119	0.6	1,225	108.3	1,217	$3.8	$38.3
2029	302,082	0.3	1,131	109.5	1,249	$4.0	$39.9
2030	303,167	0.4	1,023	110.8	1,299	$4.3	$41.5

–thousands of jobs–

Year	Non-farm Wage & Salary	Growth Rate (% change)	Construction	Manufacturing	Transportation, Utilities	Wholesale & Retail Trade	Financial Activities
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	93.8	5.6	6.9	10.9	3.7	14.9	3.8
2023	95.4	1.7	6.8	10.5	4.4	15.0	3.5
2024	96.9	1.6	7.3	10.7	4.6	15.2	3.6
2025	97.1	0.2	7.3	10.9	4.9	15.1	3.4
2026	97.8	0.8	6.9	10.9	4.8	15.3	3.5
2027	98.8	1.0	6.9	10.9	4.7	15.3	3.5
2028	99.5	0.7	7.1	11.0	4.7	15.3	3.5
2029	100.4	0.9	7.4	10.9	4.7	15.4	3.5
2030	101.1	0.7	7.4	10.9	4.7	15.7	3.6

Source: California Economic Forecast, September 2025

Santa Clarita Valley Economic Forecast Summary — **2019 - 2025 History, 2026 - 2030 Forecast**

Year	Real per Capita Income (dollars)	Median Home Selling Price (dollars)	Existing Home Sales	Inflation Rate (percent change in local CPI)	Unemployment Rate (percent)
2019	$118	$597,500	2,551	3.1	4.1
2020	$122	$635,500	2,761	1.6	11.3
2021	$124	$775,000	3,156	3.8	7.9
2022	$107	$817,100	2,178	7.4	4.5
2023	$106	$815,900	1,571	3.5	4.9
2024	$114	$859,200	1,637	3.3	5.4
2025	$112	$847,700	1,669	3.1	5.6
2026	$113	$877,400	1,769	2.7	5.2
2027	$115	$911,000	1,879	2.5	4.7
2028	$118	$945,600	1,953	2.4	4.4
2029	$120	$988,800	2,046	2.2	4.4
2030	$121	$1,036,100	2,082	2.3	4.3

Year	Professional Services	Information	Health & Education	Leisure	Government
			–thousands of jobs–		
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	14.2	9.4
2023	15.7	1.3	12.6	14.8	9.7
2024	15.5	1.2	12.7	14.8	9.9
2025	14.7	1.2	13.2	14.7	10.1
2026	15.0	1.2	13.6	15.0	10.0
2027	15.3	1.2	13.8	15.4	10.1
2028	15.4	1.2	13.9	15.7	10.2
2029	15.4	1.2	14.0	15.9	10.2
2030	15.4	1.2	14.0	16.1	10.3

Source: California Economic Forecast, September 2025

DEMOGRAPHICS

Introduction

Population Update

Household Income

Occupations and Average Salaries

Population by Age

The Demographic Outlook

Introduction

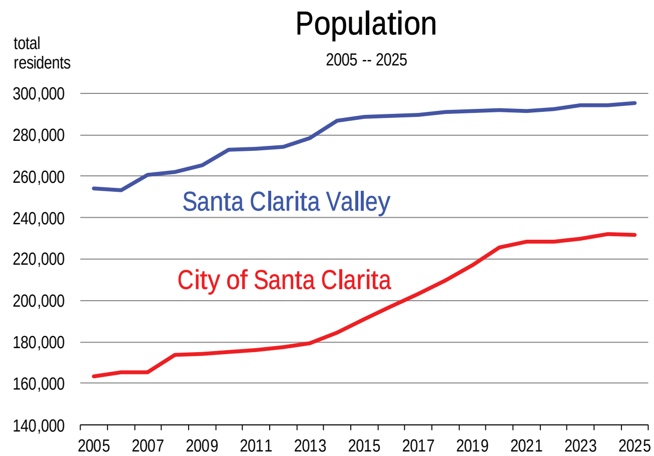
Current demographic information provides businesses with facts about the size, age distribution, household size and average income of the population that it serves. A growing population requires increased production of goods and services. Population characteristics influence locational, product, staffing and policy decisions by 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. In this 2025 edition of the focus on demographics, we update population size and the rate of growth, the factors contributing to that growth, salient issues regarding household income, occupation and wages, population age cohorts, household size, and the five year demographic outlook.

Population Update

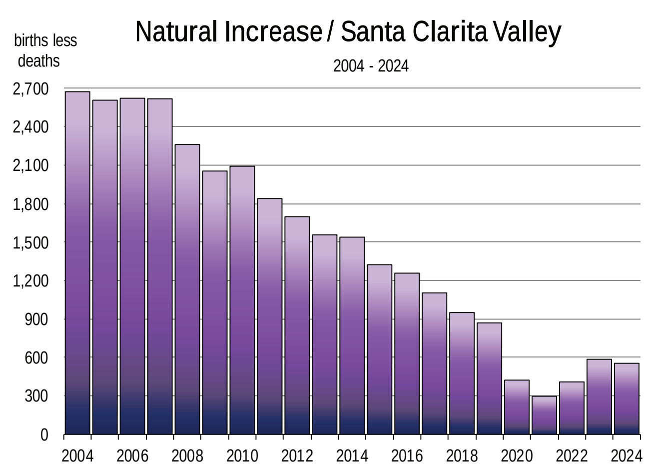
- The total population in 2025 of the Santa Clarita Valley is estimated at 295,351 residents, including 232,377 residents within the incorporated City limits.

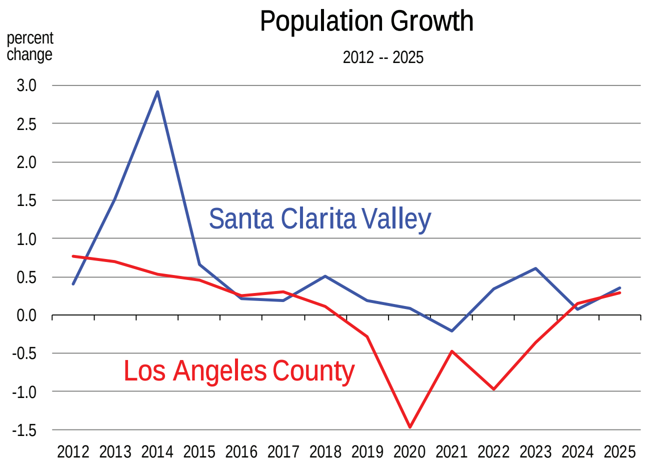
- Annexations have pushed the City's population sharply higher over the last 10 years, but net growth for the overall region has been austere. In the last 10 years, the region has expanded by 6,787 residents.

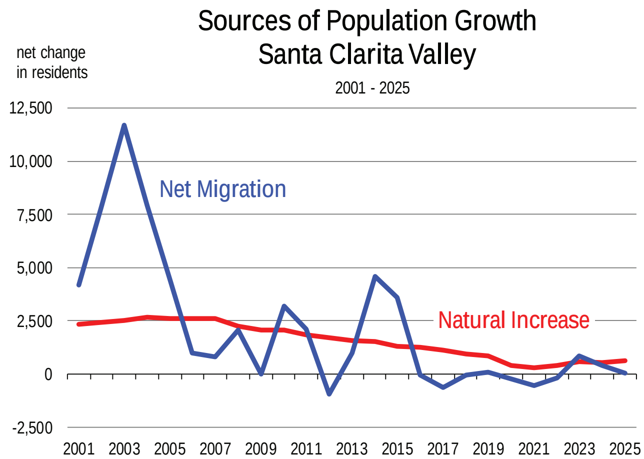


However, there has been very little population growth since 2020.

- The approximately 22 percent of the population that lives in the unincorporated area of the Santa Clarita Valley is located in Castaic, Stevenson Ranch, the eastern stretch between Canyon Country and Agua Dulce, and now in new Valencia housing within and just north of Stevenson Ranch.







- 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.

- The greater Los Angeles County population was shrinking between 2018 and 2023, but rebounded slightly thereafter in tandem with the record surge in immigration through the Southern Border. Now that immigration has been virtually stopped at both Northern and Southern Borders with the second Trump administration, a resumption of negative population growth is forecast for LA County.

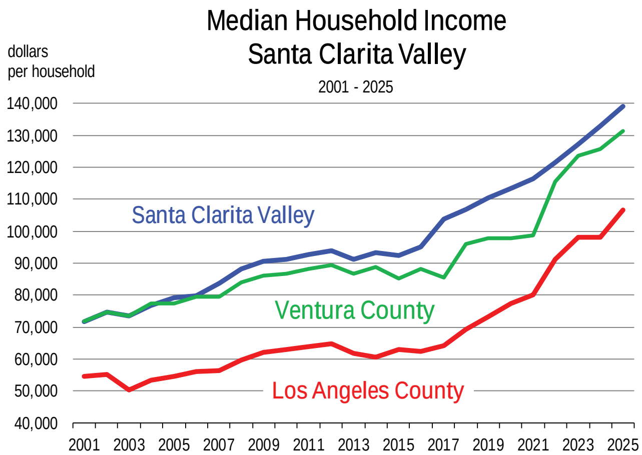
- Net migration into the Santa Clarita Valley is expected to rise as the production of more new homes continues at current rates this year and over the next 5 years.

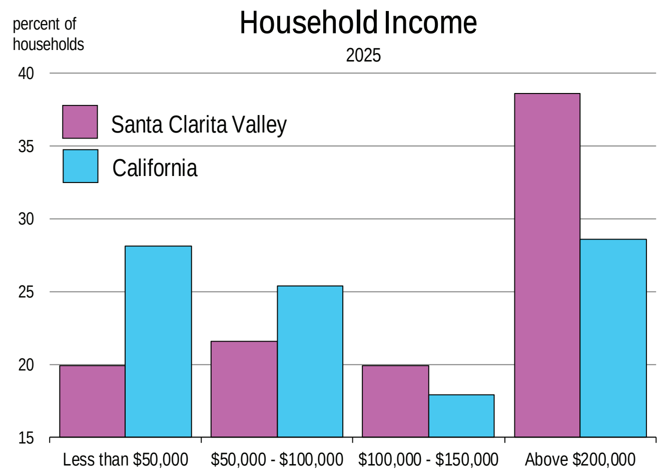
Household Income

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 2025, the median household income in the Santa Clarita Valley is estimated at $139,000. The median household income for California was $116,309, and for Los Angeles County was $106,600.





- The median is the middle income household in the Santa Clarita Valley. The average household income during 2025 was $157,600

- In the Santa Clarita Valley, 58 percent of all households earn $100,000 or more per year, compared to 47 percent for all Californians.

- Incomes in the region are high because the local labor market is concentrated in higher paying occupations. A large proportion of local residents work in the management, manufacturing, finance, and scientific and technical consulting.

Occupations and Average Salaries

The occupational data shows what professions the residents of Santa Clarita Valley are working in. The average wage or salary per worker is for all occupations in the list compiled from Los Angeles County employer surveys during the first quarter of 2025.

Median Family Income
2025

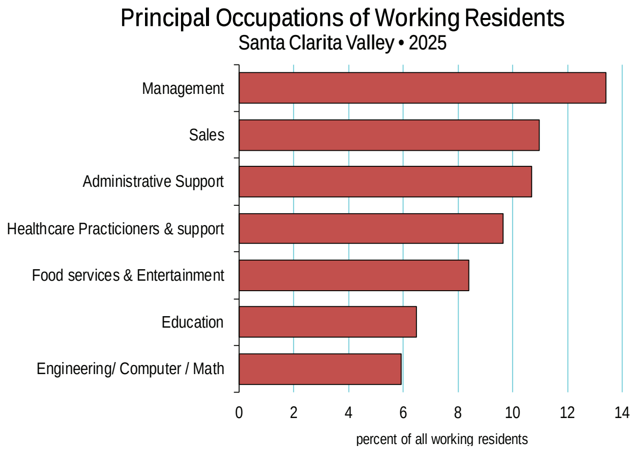
County	dollars
Santa Clara	195,200
San Francisco	185,700
Alameda	159,800
Napa	146,700
Santa Clarita Valley	139,000
Orange	136,600
Sacramento-Yolo	135,900
Santa Cruz	132,800
Sonoma	132,200
Ventura	131,300
San Diego	130,800

Source: HUD and American Community Survey

Occupation, Average Salary and Total Wage & Salary Income
Santa Clarita Valley
2025

Occupation	Number of residents	Percent of Total	Average annual salary	Total income
Architecture/Engineering	3,834	2.7	$124,633	$477,842,922
Arts/Design/Entertainment/Sports/Media	6,238	4.3	$116,884	$729,122,392
Building/Grounds Cleaning/Maintenance	3,608	2.5	$45,433	$163,922,264
Business/Financial Operations	8,516	5.9	$105,278	$896,547,448
Community/Social Services	2,077	1.4	$75,910	$157,665,070
Computer/Mathematical	4,678	3.3	$129,718	$606,820,804
Construction/Extraction	5,495	3.8	$78,592	$431,863,040
Education/Training/Library	9,305	6.5	$83,639	$778,260,895
Farming/Fishing/Forestry	206	0.1	$50,950	$10,495,700
Food Preparation/Serving Related	5,814	4.0	$43,056	$250,327,584
Healthcare Practitioner/Technician	10,035	7.0	$124,562	$1,249,979,670
Healthcare Support	3,816	2.7	$40,842	$155,853,072
Installation/Maintenance/Repair	4,117	2.9	$73,047	$300,734,499
Legal	1,853	1.3	$201,196	$372,816,188
Life/Physical/Social Science	1,879	1.3	$103,243	$193,993,597
Management	19,296	13.4	$161,965	$3,125,276,640
Office/Administrative Support	15,376	10.7	$58,275	$896,036,400
Production	5,420	3.8	$53,265	$288,696,300
Protective Services	5,063	3.5	$72,098	$365,032,174
Sales/Related	15,763	11.0	$59,660	$940,420,580
Personal Care/Service	3,523	2.5	$46,933	$165,344,959
Transportation/Material Moving	7,857	5.5	$56,464	$443,637,648
total number of working residents	143,769	100.0	$90,428	13,000,689,846

Source: American Communities Survey and California Economic Forecast



- Thirty-six percent of all Santa Clarita Valley working residents are employed in three occupations: management, sales, and administrative support.

- Nearly 10 percent of all resident occupations are in healthcare; tech or technology related professions account for nearly 12 percent of working residents.

- After the legal profession, management is the highest paying occupation and it employs 13 percent of working residents. It is this occupational sector together with tech and healthcare that have principally contributed to the region's higher than average household incomes.

- The average annual wage or salary of the Santa Clarita Valley working population is $90,428. The region's population will gross $13 billion in wage and salary income during 2025. An estimated $8.6 billion is generated by workers either employed at companies or self-employed at locations in the Santa Clarita Valley. The remaining income is generated at employers or locations outside the Santa Clarita Valley.

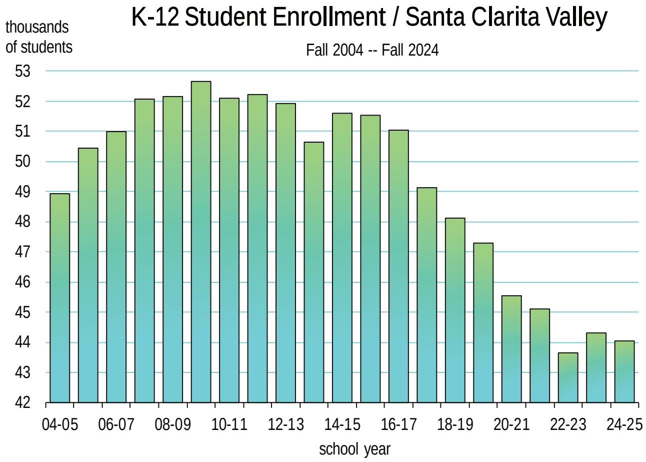
Population by Age

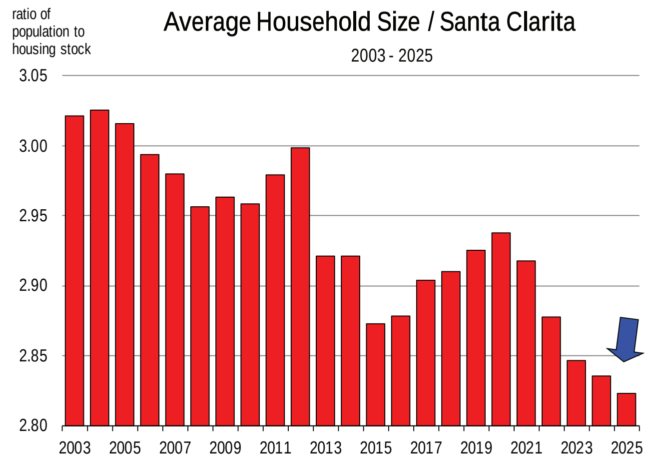
Between 2005 and 2025, population in the Santa Clarita Valley increased by 41,400 residents. The age structure has changed over the last 20 years, noticeably in the school age population and the oldest age cohorts. The distributional change from younger to older age populations is not unique to Santa Clarita; it is occurring statewide and nationwide.

Key Demographic Comparisons 2025

Indicator	Santa Clarita Valley	Los Angeles County	Ventura County
Population	295,361	9,876,811	829,005
Population ages 18 to 64 (%)	63.9	64.0	60.6
Percent of population employed	48.0	48.4	48.8
July 2025 Unemployment Rate	6.1	6.4	5.4
Median Household Income	$139,013	$105,600	$131,300
Homeowner (as % of all households)	70.5	45.3	63.2
Families below Poverty line (%)	5.4	10.1	6.1
Travel to to work (minutes one way)	38.1	34.0	28.0

Source: Census, American Community Survey, HUD, and Labor Market Info Division

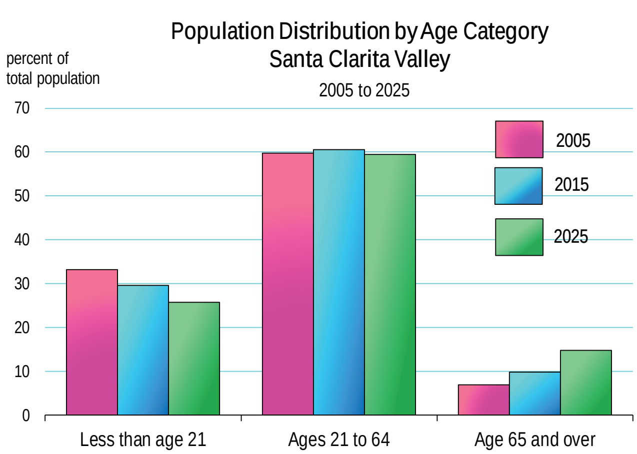




- Younger age populations have been steadily in decline over the last 20 years.

- The estimated population by age number estimates along with K-12 student enrollments in schools within the Santa Clarita Valley confirm this distributional decline.

- The oldest age population cohort, defined as 65 and above, is the fastest growing age category having more than doubled as a percent of total population over the last 20 years.

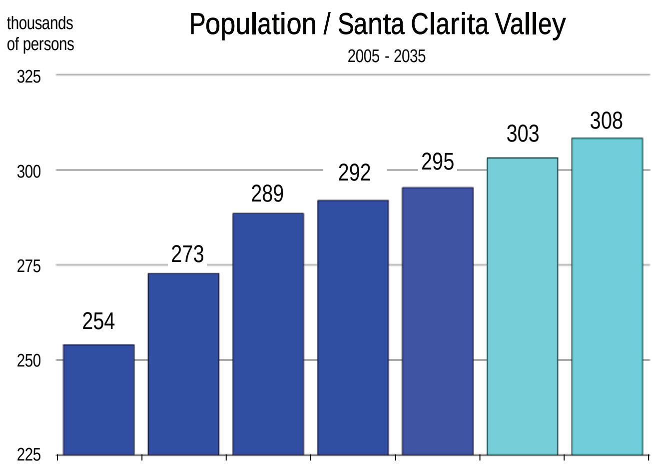


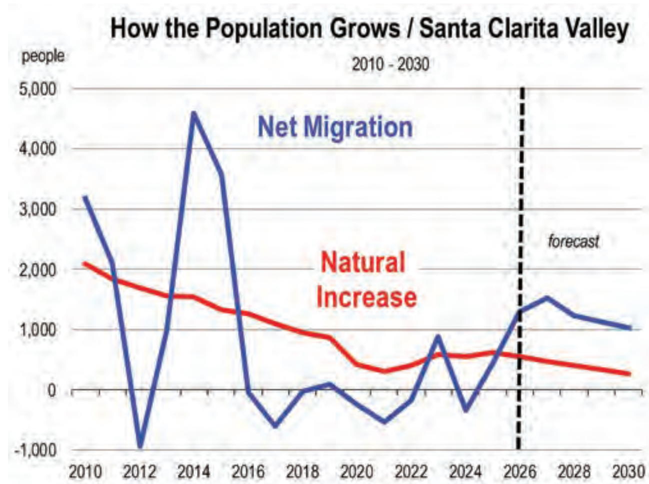
- However, the working age population as a percent of the total population over time has been relatively constant.

- The type of household comprising the population of the Santa Clarita Valley is gradually becoming older age couples (with emptying nests). Average household sizes over time have declined from over 3 persons

Population by Age / Santa Clarita Valley 2025

Age Category	number	percent
Age 0 - 4	14,915	5.1
Age 5 - 9	16,215	5.5
Age 10 - 14	19,493	6.6
Age 15 - 17	12,671	4.3
Age 18 - 20	12,730	4.3
Age 21 - 24	16,274	5.5
Age 25 - 34	36,033	12.2
Age 35 - 44	40,138	13.6
Age 45 - 54	42,590	14.4
Age 55 - 64	40,699	13.8
Age 65 - 74	27,438	9.3
Age 75 - 84	12,375	4.2
Age 85 and over	3,810	1.3
Total	295,381	100.0





twenty years ago to nearly 2.8 persons per home, the lowest ratio of persons per household since records have been kept.

- Residents over the age of 65 account for 14.8 percent of the Santa Clarita Valley population. The region has a comparatively younger population than Los Angeles County or the Greater Southern California region. The oldest Baby Boomers have been in the retirement bracket for a decade, but the youngest Boomers born after 1960 won't enter retirement age until the year 2029. Over the next five years, the retirement cohort will expand faster than any other age group, increasing by an average of three percent per year, leading to another 6,000 more residents in this cohort.

The Demographic Outlook

Population growth in the Santa Clarita Valley is expected to average 0.5 percent per year between 2026 and 2030, and the valley-wide population is expected to expand by 7,800 residents.

Growth will accommodate the production rate of new housing, which is also now increasing with the buildout of the Confluence Village, Tesoro Highlands and Williams Ranch projects. While the entire Valencia project will ultimately add more than 21,000 homes to the Santa Clarita Valley housing stock, housing development will occur at a measured pace. Consequently, 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 which will gradually decline into the next decade. The region is expected to attract 6,200 net migrants over the next five years through 2030. Net migration will be higher in the middle of the forecast period due to the volume of residential development expected over the next three years. This would set the stage for the continued likelihood of annexation and enlargement of the Santa Clarita municipal boundaries.

Demographic Forecast	Santa Clarita Valley			History: 2021 - 2025	
	2021	2022	2023	2024	2025
			-- *people* --		
Population	291,349	292,325	294,090	294,300	295,351
% change	-0.21	0.33	0.60	0.07	0.36
Births	1,962	1,929	1,889	1,858	1,859
Deaths	1,665	1,519	1,304	1,303	1,243
Natural Increase	297	410	585	555	616
Net Migration	-910	567	1,180	-345	435
Total Vehicle Registrations	233,545	233,101	232,580	231,235	231,164
Automobile Registrations	186,708	186,345	186,298	186,339	185,293
Total Housing Stock	102,363	104,104	105,880	106,367	107,414
Number of Households	99,856	101,593	103,321	103,795	104,613
Persons per Household	2.92	2.88	2.85	2.84	2.82

Source: California Economic Forecast, August 2025

Demographic Forecast		Santa Clarita Valley		Forecast: 2026 - 2030	
	2026	**2027**	**2028**	**2029**	**2030**
			-- people --		
Population	297,196	299,191	301,119	302,081	303,167
% change	0.62	0.67	0.64	0.32	0.36
Births	1,811	1,761	1,710	1,662	1,616
Deaths	1,265	1,286	1,308	1,330	1,353
Natural Increase	546	475	403	332	263
Net Migration	1,298	1,521	1,225	1,131	1,022
Total Vehicle Registrations	235,349	236,908	238,391	239,714	240,971
Automobile Registrations	189,861	191,264	192,595	193,810	195,019
Total Housing Stock	108,436	109,573	110,763	111,980	113,229
Number of Households	105,912	107,062	108,266	109,497	110,760
Persons per Household	2.81	2.79	2.78	2.76	2.74

Source: California Economic Forecast, August 2025

LABOR MARKETS

Introduction

Employment by Sector

Unemployment and the Labor Force

Largest Employers

Average Salaries

The Disruptiveness of AI

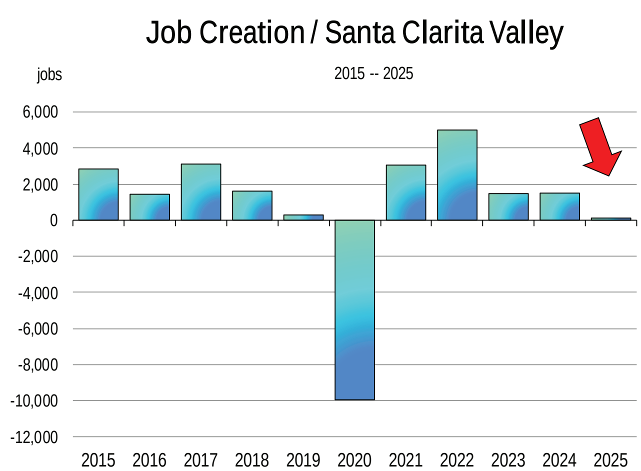
The Forecast

Introduction

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, 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 new in-migrating workers who will either commute short term or establish permanent residence.

Rising employment may no longer constitute a signal of a healthy economy now that we've moved deeply into the age of Artificial Intelligence. The widespread adoption of AI by nearly all sectors of the labor market has resulted in less demand for workers especially in entry level positions and especially in the technology and professional services.

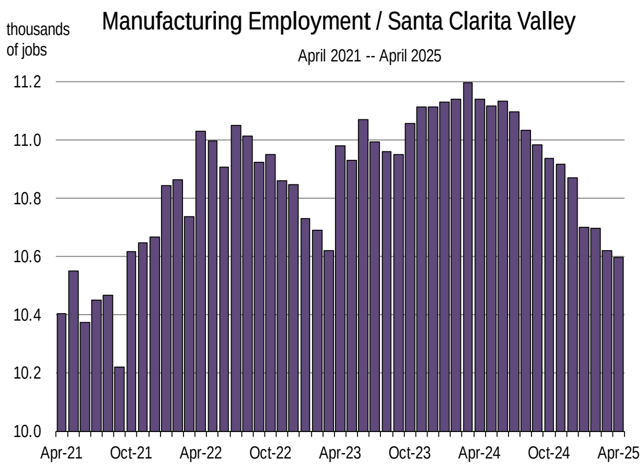


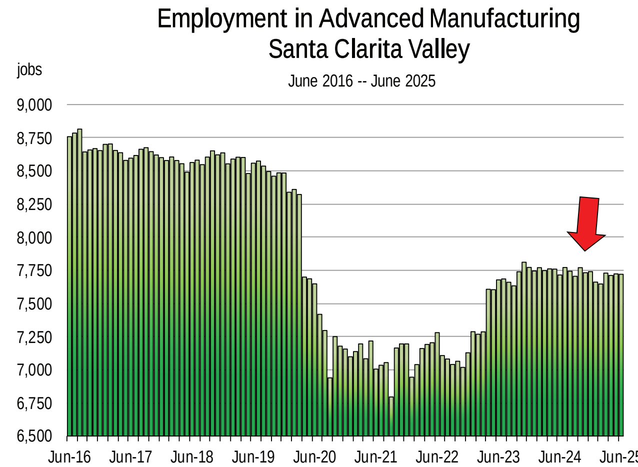
In 2025, we are witnessing much less demand for employees by firms in manufacturing, warehousing, customer service, human resources, other administrative positions, paralegals, document preparation, diagnostic healthcare, graphic artists, TV, film and sound production, and the development of code in software.

Employment by Sector

During 2025, the Santa Clarita Valley labor market has barely expanded, adding less than 200 jobs to the total employment base. Only 4 of 20 sectors are responsible for meaningful job creation: healthcare, local government, manufacturing, and transportation & warehousing. For all other sectors combined, there has been only nominal job gains or net reductions in jobs.

The largest downsizing labor market is in the professional, technical, and scientific consulting sector, where AI has largely been adopted





to assist in computer and chip design, data analysis, legal research and document prep, scientific research, accounting tasks, and graphical design. Administrative support jobs are also vulnerable to the evolving productivity of AI.

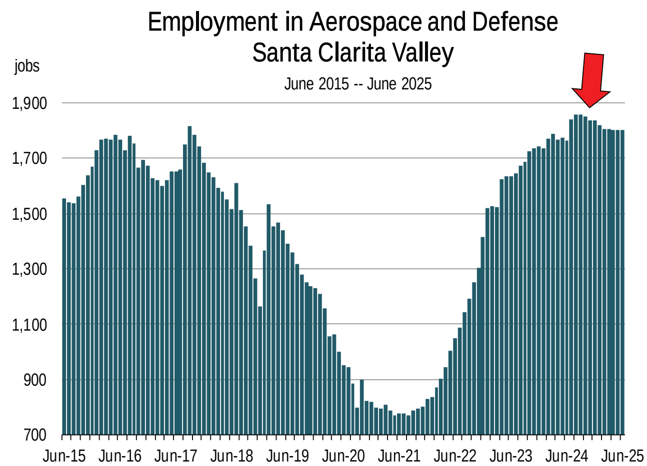
Manufacturing has managed to avoid net employment substitution by automation so far. An estimated 167 jobs were created in 2024 and the region is on pace to add another 229 workers in 2025.

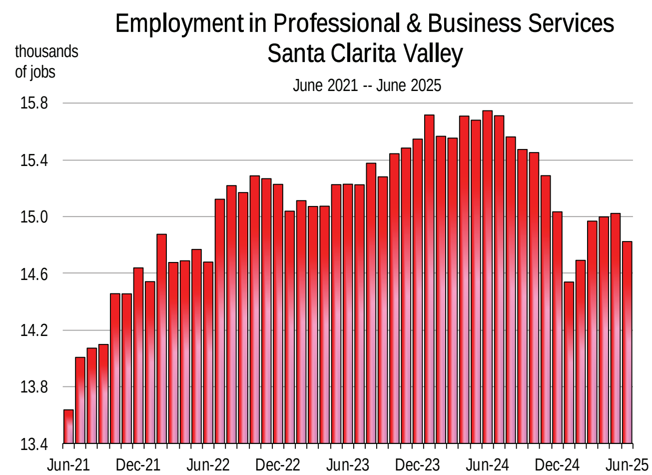
Manufacturing Advantage in the SCV

Manufacturing is now becoming dominated by robots and automated systems that have replaced assembly and quality control workers. Two specific subsectors of manufacturing that are concentrated in the Santa Clarita Valley are advanced manufacturing and aerospace and defense manufacturing. Their presence in the region has positioned the local economy as uniquely competitive for jobs and/or private investment.

Advanced manufacturing is a composite industry comprised of durable manufacturing firms that use high technology equipment and apparatus in the production process of the good, which may not be high tech in use. Examples of such manufactured goods are plastics, fabricated metals, machinery, HVAC products, power equipment, computer and electronic products, and transportation equipment.

Advanced manufacturing with nearly 8,000 workers comprising 40 percent of all manufacturing jobs was in gradual decline from 2015 to 2019. Pandemic shutdowns substantially reduced employment that did not rebound until 2023. Employment levels have remained relatively constant.





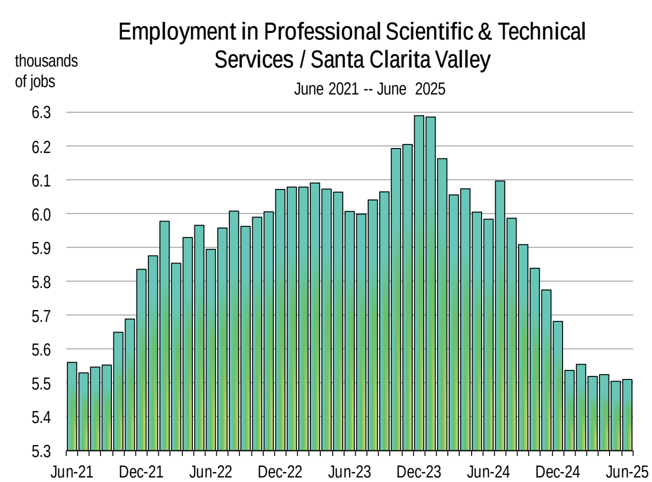
The aerospace and defense composite sector includes companies that produce aerospace parts and components, or engage in design and research of equipment or systems that support space research or national defense. Employment has soared to record levels over the last 12 months.

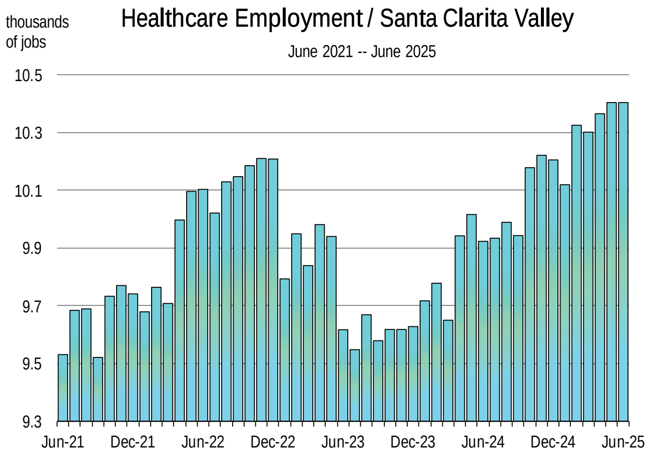
Advanced manufacturing employment in the Santa Clarita Valley is vulnerable to workforce reductions due to the onset of AI and automated systems. Consequently, the outlook for employment in this sector does not have much new job creation over the forecast.

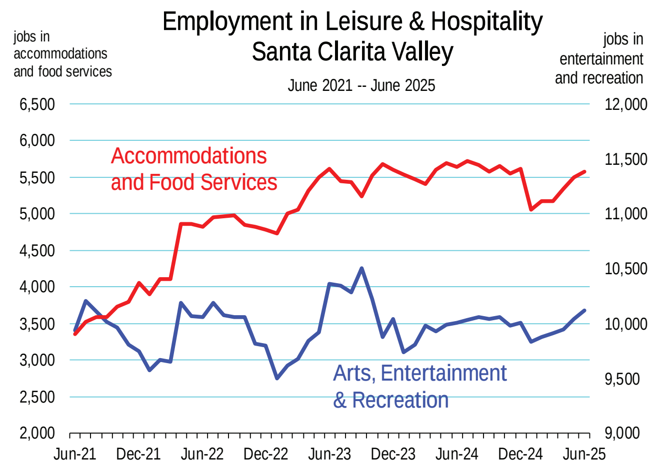
Professional and Business Services

Three principal sectors account for this broad labor market: professional, technical and scientific consulting, management, and administrative services. Employment in management of companies has been relatively constant over the last three years, while professional and technical, and administrative jobs have been in gradual decline. These sectors are also vulnerable to adoption of AI systems that are replacing entry and lower level researchers, technicians, and admin/clerical positions.

Consequently, over the last year, this labor market with relatively high average salaries in the $90,000 to $125,000 level for professional, technology, scientific, and management jobs, has lost nearly one thousand jobs.







Healthcare

Healthcare is the third largest employment sector of the regional economy. Most of the job creation in the SCV economy has occurred in healthcare in 2024 (228 jobs) and 2025 (488 jobs).

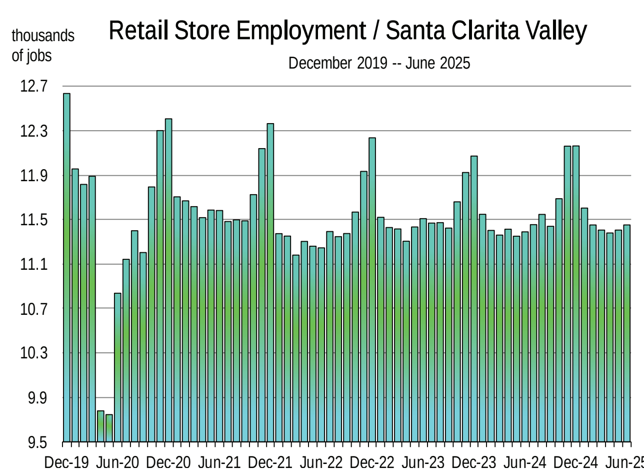
Henry Mayo Newhall Hospital has an estimated headcount of 1,695. Other healthcare facilities include IMAC Medical Group, Heritage Sierra Medical Group, UCLA Health, Kaiser Permanente, SCV Quality care, AFC Urgent Care, and Northeast Valley Newhall Health Center.

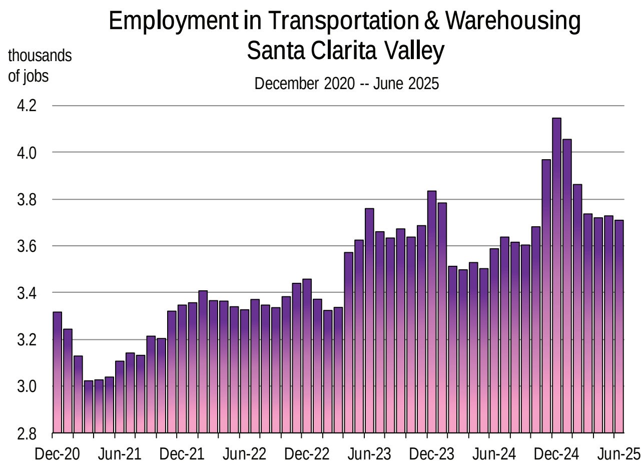
Retail Trade and Leisure & Hospitality

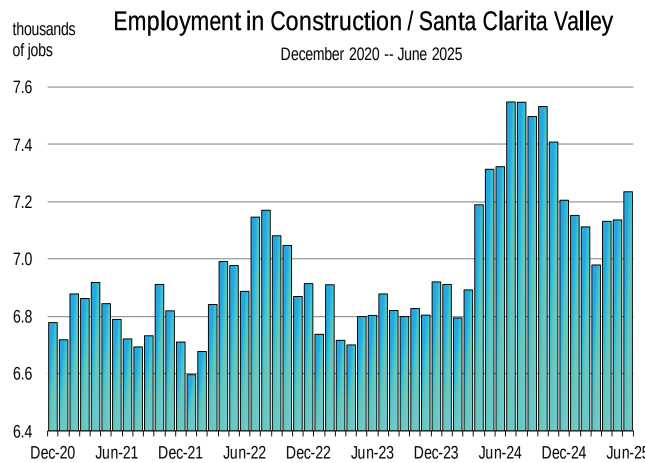
This labor market is comprised of workers at food establishments, hotels, other lodging, amusement venues and parks, museums, movie theatres, playhouses, concerts, and other recreation facilities. It is now the largest labor market with recent contraction of the professional business services workforce.

The sector has been moving laterally over the last 18 months, suggesting that visitor and resident serving establishments have maintained a constant customer base and spending level.

Magic Mountain and Hurricane Harbor are the region's top tourist destination. Attendance during 2024 jumped by an estimated 90,000 visitors to the highest level since 2019. Attendance in 2025 appears to rival 2024 based on daily crowd levels traced at isitpackedcom or queue-times.com. The former indicated continued large crowds in June 2025 (19 "packed" days vs 20 in 2024), July 2025 (27 vs 27) and August 2025 (17 vs 15).







On Sunday, September 1, 2025, the average wait time for a ride was 40 minutes. On the basis of employment, job counts for the arts, entertainment and recreation sub-sector of leisure and hospitality are at an all-time high this year.

Transportation and Warehousing

The demand for warehouse, distribution, and fulfillment center jobs has continued to expand in the region over time.

Princess Cruises is a large part of this sector and is headquartered in Santa Clarita. Shifts in their total reported headcount in early 2024 when the company announced the sublease of its space in the Town Center, had reduced total transportation industry employment. Nevertheless, the broader sector ultimately offset that consolidation when recent openings of the IAC Commerce Center and Phase II of Needham Ranch moved the level of total employment to record levels. This year, there has been some consolidation in jobs which has been the general trend throughout California.

Construction

The new development project queue is still quite busy in the region, especially with housing. This has kept construction employment at relatively high levels in 2025

Just over 450 construction jobs were added in 2024 though some job attrition has occurred this year. An issue impacting construction sectors all

Jobs Created by Sector
Santa Clarita Valley
2025

	Jobs
Healthcare	488
Transportation & Warehousing	239
Manufacturing	229
State & Local Government	183
Private Education	87
Arts / Entertainment / Recreation	72
Construction	56
Retail Trade	39
Management	4
Information	-29
Real Estate	-75
Finance & Insurance	-80
Accommodation & Food Services	-170
Wholesale Trade	-185
Administrative support	-239
Prof / Scientific / Technical	-559

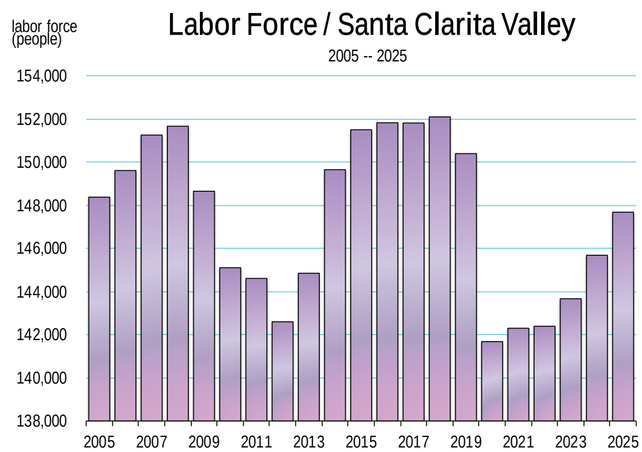
over the state has been the deportation of illegal alien construction workers which has reduced workforce levels in the industry.

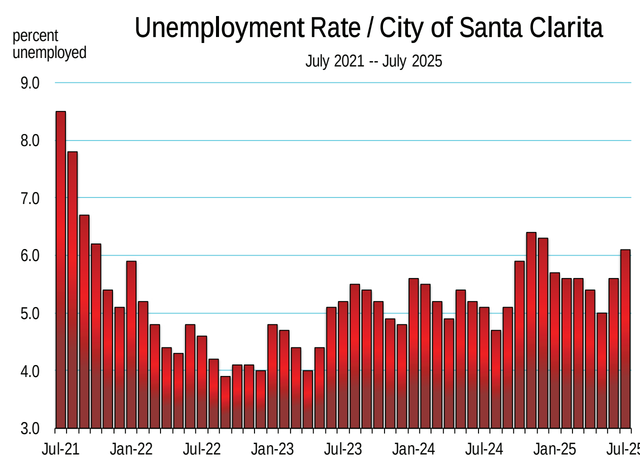
Unemployment and the Labor Force

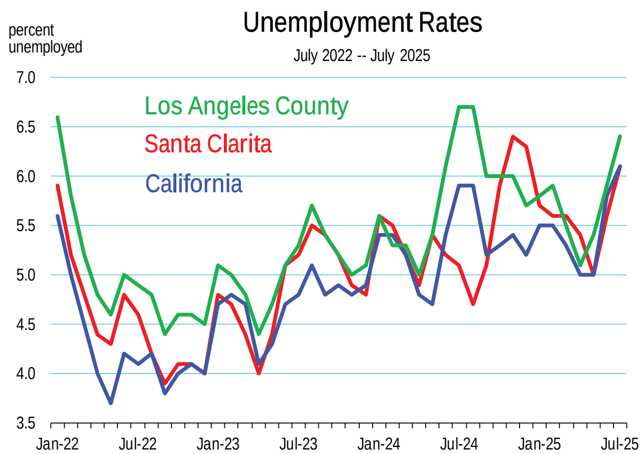
The labor force in the incorporated City of Santa Clarita is estimated by the Employment Development Department. Based on an official population of 232,377 residents as of January 1, 2025, the labor force for July is 117,000, implying that 50.3 percent of the population is either working or officially unemployed.

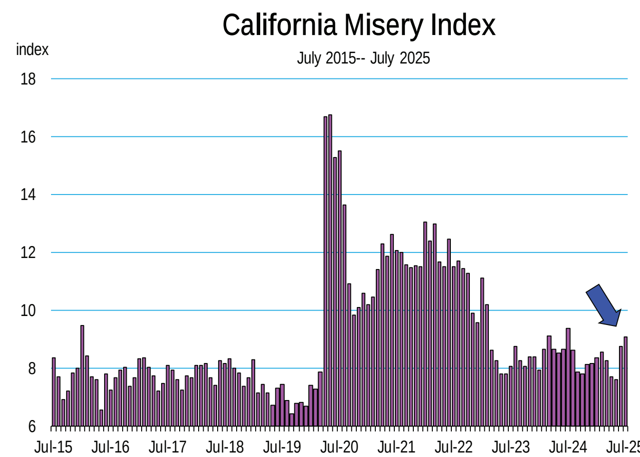
The labor force in the Greater Santa Clarita Valley area that includes the surrounding communities of Agua Dulce, Green Valley, Castaic, Stevenson Ranch, and Canyon Country is now estimated at 150,000. The labor force is the number of residents that are either working or want to be working.

The labor force is expanding, but at a glacial pace, consistent with the growth of the population. From the household survey, the data show that the number of city residents that are working has not increased over the last several years, consistent with the employer's survey of the number of workers they employ.









Consequently, a rising labor force without a commensurate rise in working residents results in higher unemployment. The rate for Santa Clarita is now at 6.1 percent, close to the high for the current cycle.

Despite the gradual uptick in the unemployment rate, there does not appear to be the usual trauma associated with increasing joblessness. The regional unemployment rate has historically tracked the statewide rate. Currently in California, there is no increase in unemployment claims nor a concerning increase in the "misery index" adapted to California.[1]

Unemployment Rates
Principal Cities of Los Angeles County

	July 2025 (percent)	Residents working
Torrance	5.6	68,700
Pasadena	5.9	72,600
Santa Clarita	**6.1**	**110,400**
Santa Monica	6.1	49,800
Long Beach	6.2	229,500
Glendale	6.4	89,900
Los Angeles	6.5	1,934,600
Palmdale	6.8	67,900
Pomona	6.8	68,200
Lancaster	8.3	74,400
LA County	6.4	4,743,200

[1]The misery index was created by economist Arthur Okun in the 1970s and it was initially called the Economic Discomfort Index. It is an economic indicator that is calculated by adding the seasonally adjusted rate of unemployment and the annual inflation rate. It might serve as a broad measure of the economic distress of the average citizen. The California edition uses the inflation rate and unemployment rate for California.

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 2025 update was conducted by the Santa Clarita Valley Economic Development Corporation during the months of August and early September.

- Among the 62 largest employers for which complete information is available, there were 31,439 workers in the Santa Clarita Valley in September 2025.

- Relative to 2024, public sector organizations comprising the Santa Clarita Valley's largest employers reported a headcount contraction of 69 jobs

- Six of 12 public sector companies upsized their headcounts over 2024.

- Only 17 of 50 private companies added jobs since the 2024 report. The rest either reported the same or a lower headcount of workers. The company with the largest reported headcount gain was Logix with 170 more positions today than a year ago.

- Collectively, total employment within the largest private companies marginally declined, by 345 jobs. For both private and public sector organizations, the total employment contraction reported over the year was 414 jobs.

- The largest employer in the region continues to be Magic Mountain. Their headcount was the same as a year ago.

- Consolidations within Princess Cruises have continued over time. The company announced earlier this year they would relocate the Town Center HQ to Miami-Dade County by 2028.

Largest Employers		Santa Clarita Valley			September 2025
Rank	**Organization**	**Location**	**2024**	**2025**	**2024 to 2025**	**percent change**
Private			– headcount of employees –			
1	Six Flags Magic Mountain	Valencia	3,000	3,000	0	0.0%
2	Henry Mayo Newhall Memorial Hospital	Santa Clarita	1,683	1695	12	0.7%
3	California Institute of the Arts	Santa Clarita	1,685	1,629	-56	-3.3%
5	Logix	Santa Clarita Valley	679	849	170	25.0%
6	Walmart Supercenter	Santa Clarita Valley	720	720	0	0.0%
7	Woodward HRT*	Valencia	710	710	0	0.0%
8	Amazon/Whole Foods	CANR & IAC	580	678	98	16.9%
4	Princess Cruises	Valencia	901	668	-233	-25.9%
9	The Master's University and Seminary	Santa Clarita	739	664	-75	-10.1%
10	Boston Scientific*	Valencia	649	649	0	0.0%
11	Advanced Bionics	Valencia	723	550	-173	-23.9%
29	Vallarta Supermarkets	Santa Clarita	449	497	48	10.7%
12	Stay Green Inc.	Santa Clarita	450	475	25	5.6%
13	Kaiser Permanente	Santa Clarita	435	473	38	8.7%
14	AMS Fulfillment	Valencia	489	465	-24	-4.9%
15	DrinkPAK	Santa Clarita	445	450	5	1.1%
16	Sunkist Growers, Inc.**	Santa Clarita	425	425	0	0.0%
17	Contractors Wardrobe*	Valencia	402	402	0	0.0%
18	ITT Aerospace Controls*	Valencia	360	360	0	0.0%
19	McDonald's	Santa Clarita Valley	300	355	55	18.3%
20	IQVIA	Valencia	340	340	0	0.0%
21	Shield Healthcare	Valencia	242	305	63	26.0%
22	Costco Wholesale	Canyon Country	325	292	-33	-10.2%
23	Adept Fasteners	Valencia	249	277	28	11.2%
24	ASC Process Systems	Valencia	294	276	-18	-6.1%
25	B&B Manufacturing Co.	Santa Clarita	235	238	3	1.3%
26	Aerospace Dynamics International	Valencia	238	236	-2	-0.8%
27	Knowles	Valencia	194	230	36	18.6%
28	Hasa, Inc.**	Santa Clarita	229	229	0	0.0%
30	Crissair, Inc.	Valencia	216	217	1	0.5%
31	Sunvair, Inc.	Valencia	205	211	6	2.9%
32	Landscape Development, Inc.	Valencia	300	200	-100	-33.3%
33	TA Aerospace*	Valencia	195	195	0	0.0%
34	FMI Aerostructures (Formerly Forrest Machining)	Santa Clarita	212	193	-19	-9.0%
35	Fralock*	Valencia	187	187	0	0.0%
36	Lief Labs	Valencia	214	185	-29	-13.6%
37	RAH Industries	Santa Clarita	172	181	9	5.2%
38	HRD Aero Systems	Valencia	183	175	-8	-4.4%
39	Honda Racing Corporation USA*	Valencia	175	175	0	0.0%
40	Frontier Toyota	Valencia	159	168	9	5.7%
41	Cardinal Health	Santa Clarita	163	166	3	1.8%
42	Remo, Inc.	Valencia	221	162	-59	-26.7%
43	Marathon Industries	Santa Clarita	158	145	-13	-8.2%
44	Trinity Classical Academy	Valencia	150	140	-10	-6.7%
45	Child & Family Center	Santa Clarita	150	139	-11	-7.3%
46	Classic Wire Cut	Valencia	127	130	3	2.4%
47	Cicoil	Santa Clarita	145	127	-18	-12.4%
48	John Paul Mitchell Systems	Santa Clarita	130	125	-5	-3.8%
49	Star Nail/Cuccio	Valencia	149	118	-31	-20.8%
50	AAA Companies	Santa Clarita	130	110	-20	-15.4%
Public			– headcount of employees –			
1	William S. Hart Union School District	Santa Clarita Valley	2,100	2,049	-51	-2.4%
2	College of the Canyons	Valencia	1,599	1,829	230	14.4%
3	Saugus Union School District	Santa Clarita	1,608	1,314	-294	-18.3%
4	U.S. Postal Service Santa Clarita	Santa Clarita	1,065	1,158	93	8.7%
5	City of Santa Clarita	Santa Clarita	1,141	1,154	13	1.1%
6	Newhall School District	Valencia	931	857	-74	-7.9%
7	Castaic Union School District	Valencia	284	285	1	0.4%
8	SCV Water	Santa Clarita Valley	249	261	13	5.0%
9	LA Fire Department (All SCV Firehouses)	Santa Clarita Valley	226	226	0	0.0%
10	Santa Clarita Sheriff's Station	Santa Clarita Valley	210	210	0	0.0%
11	Southern California Edison	Santa Clarita Valley	200	200	0	0.0%
12	SoCalGas	Santa Clarita Valley	144	145	1	0.7%
	Public Total		**9,757**	**9,688**	**-69**	**-0.7%**
	Grand Total		**31,439**	**31,025**	**-414**	**-1.3%**

Source: Santa Clarita Vallley EDC and the California Economic Forecast, August-September 2025

* 2025 headcount unavailable; 2024 headcount assumed for 2025

** 2024 numbers are assumed

Average Salaries

- During 2025, the average salary for all non-farm workers declined by two percent, following at 10 percent increase in 2024. The outlook has average salaries rising 3.1 percent in 2026 and 5.0 percent in 2027. Meaningful average salary gains are largely due to the productivity of the labor force from transition to AI systems.

- The largest increases occurred for workers in Administrative Support, Management of Companies, and Accommodation and Food Services.

- Healthcare has been rising in total headcounts, and the average salary per worker also rose 5.0 percent, to $61,309.

- The highest paying sectors in the region are the Public Utilities, Management of Companies, Manufacturing, Transportation & Warehousing, and Professional and Scientific Services

- The workforce for the public utilities is small. The workforces in Manufacturing, Transportation, and Professional Services are large, and are the principal drivers of wage and salary income in the region.

- Adjusted for inflation, the all-industries average salary in 2024 was 6.5 percent higher than in 2023. Real salaries declined about 4 percent in 2025. Inflation adjusted gains in average worker salaries are expected in 2026 and 2027.

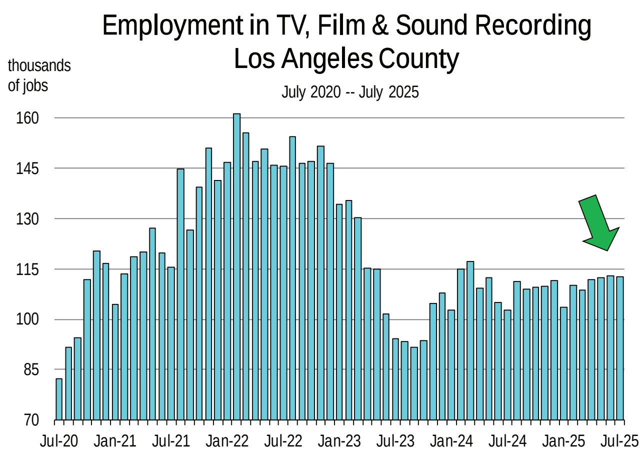
Average Salary per Worker • 2025
Principal Sectors

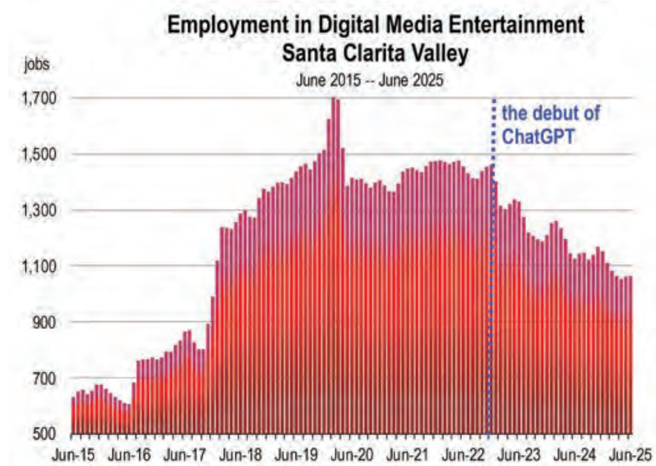
Industry		dollars. per worker
Utilities	$	186,852
Construction	$	84,141
Manufacturing	$	96,156
Wholesale Trade	$	90,498
Retail Trade	$	45,484
Transportation / Warehousing	$	94,710
Information	$	80,335
Finance & Insurance	$	95,027
Real Estate & Rental & Leasing	$	68,923
Prof / Scientific / Technical	$	90,842
Management of Companies	$	110,162
Administrative & Support	$	49,911
Educational Services	$	45,599
Health Care & Social Assistance	$	61,309
Arts / Entertainment / Recreation	$	29,266
Accommodation & Food Services	$	32,136
Other Services	$	42,159
Local Government	$	66,884
Average, all workers	$	69,014

The Disruptiveness of AI

The biggest concern about the rapid and widespread adoption of AI is its potential effect on the labor market.

Sectors especially vulnerable to the substitution of AI systems for workers include those where job consolidation has been greatest in California this year. Manufacturing, professional and business services, information, and financial activities are hemorrhaging jobs, while





Infrastructure investments in AI are easier to commit capital to. This includes companies like NVIDIA, Amazon, Google Cloud, Graphcore and Cerebras.

Companies such as Microsoft, Intel, Google, Meta, and HP have implemented major job cuts, often citing a shift to AI tools and automation as a driving factor. Across California, tens of thousands of tech jobs have been lost, primarily in software development, operations, technical writing, support, and product management. For example, Microsoft cut 9,000 roles in gaming and cloud in July, while IBM's 8,000 layoffs in May targeted HR roles automated by AI.

The entertainment sector—including TV, film production, and game development—has experienced significant job losses attributed to AI. Tools for video generation, editing, special effects, animation, and sound design are increasingly replacing traditional creative roles. Los Angeles County has lost an estimated 30,000 jobs in TV, film, and sound recording since early 2023, with the pace likely to accelerate into next year as video and audio AI tools proliferate.

In summary, the tech/software, biotech, entertainment & media, and administrative support sectors are all being seriously impacted by AI-driven layoffs in California

CNBC MARKETS BUSINESS INVESTING TECH POLITICS VIDEO INVESTING CLUB PRO LIVESTREAM

TECH

Microsoft laying off about 9,000 employees in latest round of cuts

PUBLISHED WED, JUL 2 2025·9:07 AM EDT | UPDATED WED, JUL 2 2025·4:11 PM EDT this year, with the tech and media industries leading the trend. The local labor market in Santa Clarita is not exempt from this trend. A principal cluster industry that we track, Digital Media, the composite employment in Software development, internet publishing and podcasts, graphic design, film and sound recording, and advertising, has been consolidating rapidly since late 2022, which coincides with the advent of the first AI systems like ChaptGPT.

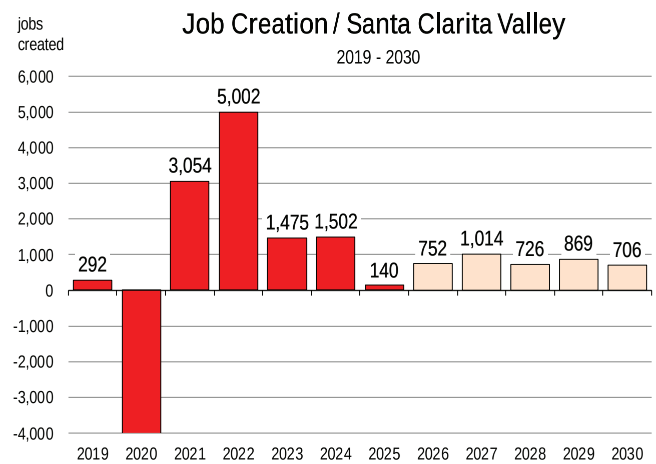
The primary driver for the recent trend in AI driven layoffs is companies pivoting to AI-powered productivity, automation, and cost-cutting, often at the expense of traditional roles.

The Forecast

The pace of job creation for the first half of 2025 is much lower this year, in tandem with the greater Los Angeles region and the state. The pace of job creation will generate only 140 new jobs this year. The unemployment rate is currently at 6.1 percent. The labor markets have softened, starting last year. The outlook for now suggests continued reluctance by employers to hire; job growth rises in 2026 and and 2027 but by less than historically average labor market gains.

Artificial intelligence is rapidly transforming the job landscape in California, bringing both opportunities and challenges. AI is already widely used in recruitment, resume screening, employee onboarding, and performance evaluation, streamlining processes and increasing efficiency for employers.

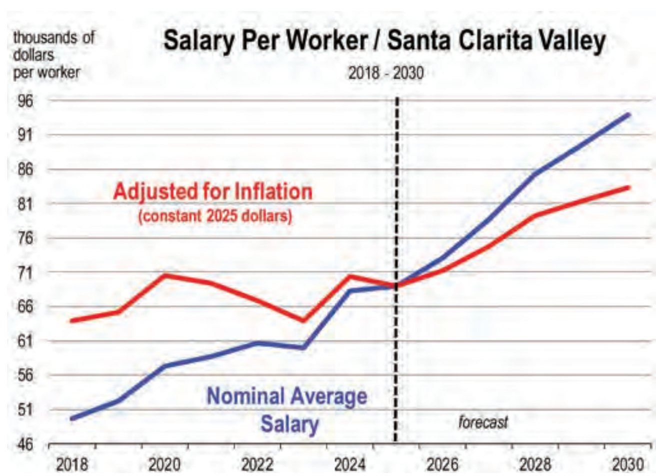
While AI is expected to create new roles—particularly in tech, data analysis, and AI

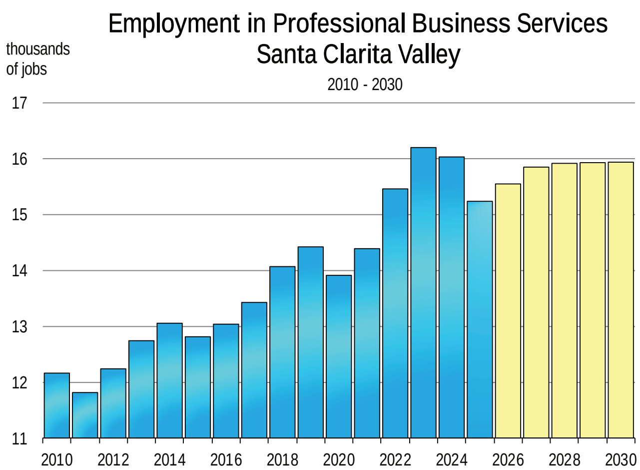


system management—it will also automate certain routine tasks, prompting a shift in the skills demanded by employers. To date, worker replacement by AI has not been offset by new jobs created.

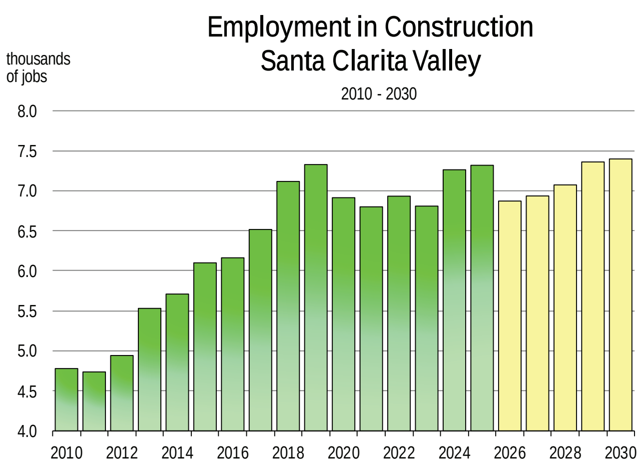
The unemployment rate declines marginally in 2026. The construction sector will need to add more jobs to accommodate all of the new housing projects that are underway or have recently started. The risk is the availability of workers in California for construction work.

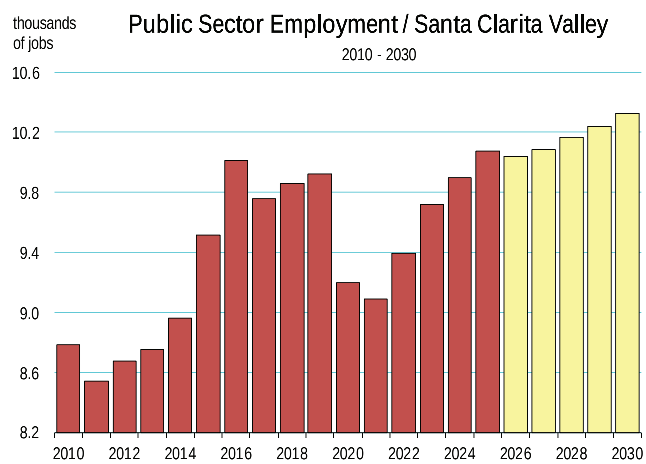
Healthcare will continue to lead all sectors in new job formation, followed by leisure and hospitality and professional and business services.

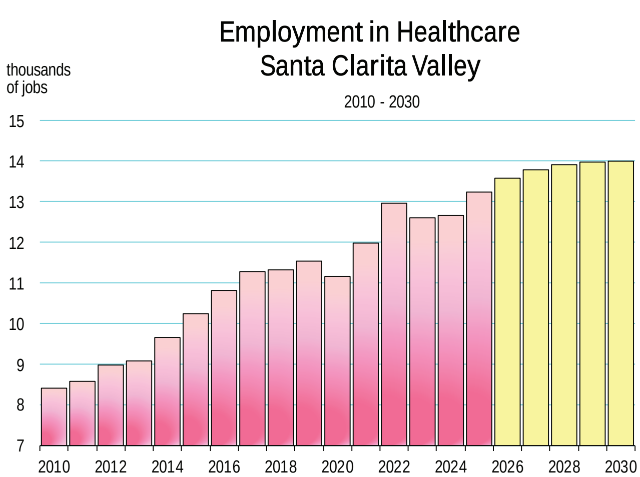


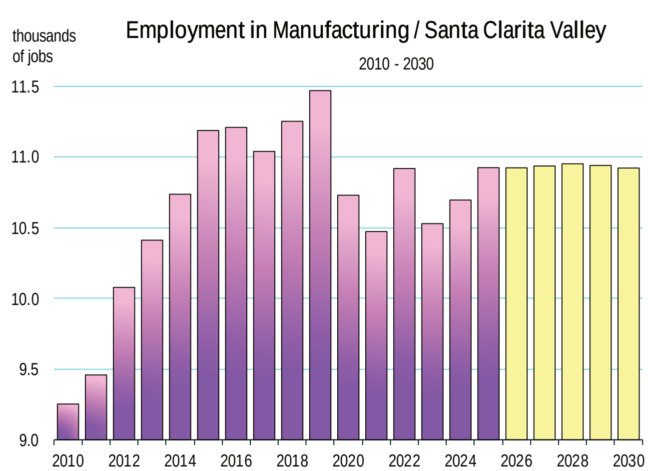

Employment in Professional Business Services
Santa Clarita Valley
2010 - 2030
thousands of jobs
17
16
15
14
13
12
11
2010
2012
2014
2016
2018
2020
2022
2024
2026
2028
2030


Employment in Leisure & Hospitality
Santa Clarita Valley
2010 - 2030
thousands of jobs
17
16
15
14
13
12
11
10
2010
2012
2014
2016
2018
2020
2022
2024
2026
2028
2030


Employment in Construction
Santa Clarita Valley
2010 - 2030
thousands of jobs
8.0
7.5
7.0
6.5
6.0
5.5
5.0
4.5
4.0
2010
2012
2014
2016
2018
2020
2022
2024
2026
2028
2030


Public Sector Employment / Santa Clarita Valley
2010 - 2030
thousands of jobs
10.6
10.2
9.8
9.4
9.0
8.6
8.2
2010
2012
2014
2016
2018
2020
2022
2024
2026
2028
2030


Employment in Healthcare
Santa Clarita Valley
2010 - 2030
thousands of jobs
15
14
13
12
11
10
9
8
7
2010
2012
2014
2016
2018
2020
2022
2024
2026
2028
2030


Employment in Manufacturing / Santa Clarita Valley
2010 - 2030
thousands of jobs
11.5
11.0
10.5
10.0
9.5
9.0
2010
2012
2014
2016
2018
2020
2022
2024
2026
2028
2030

Labor Market Forecast			Santa Clarita Valley			History: 2020 - 2025
	2020	**2021**	**2022**	**2023**	**2024**	**2025**
Sector			– jobs –			
Farm	77	118	150	50	49	21
Construction	6,914	6,800	6,933	6,809	7,263	7,319
Manufacturing	10,730	10,473	10,919	10,529	10,696	10,925
Transportation & Utilities	3,635	3,517	3,713	4,354	4,581	4,851
Wholesale/Retail Trade	15,248	15,490	14,925	15,018	15,221	15,074
Retail	11,355	11,697	11,463	11,552	11,576	11,615
Wholesale	3,893	3,793	3,462	3,466	3,645	3,459
Financial Activities	3,673	3,758	3,819	3,485	3,593	3,439
Professional Services	13,412	13,890	14,960	15,700	15,532	14,738
Information	1,286	1,385	1,386	1,250	1,202	1,173
Healthcare & Education	11,162	11,983	12,963	12,607	12,663	13,238
Leisure & Recreation	10,548	12,502	14,175	14,751	14,846	14,748
Other Services	2,260	2,485	2,826	3,174	3,265	3,216
Government	9,197	9,090	9,394	9,721	9,900	10,076
Federal	1,168	1,107	1,095	1,117	1,128	1,121
State & Local	8,029	7,983	8,299	8,604	8,772	8,955
Total Wage & Salary	85,903	88,957	93,959	95,434	96,936	97,072
percent change	-10.4	3.6	5.6	1.6	1.6	0.1
Total Non-farm Jobs Created	-9,971	3,013	4,970	1,575	1,503	164
Unemployment Rate (percent)	11.3	7.9	4.5	4.9	5.4	5.6

Source: California Economic Forecast, September 2025

Labor Market Forecast	Santa Clarita Valley			Forecast: 2026 - 2030	
	2026	2027	2028	2029	2030
Sector			– jobs –		
Farm	23	23	22	21	21
Construction	6,872	6,936	7,074	7,361	7,398
Manufacturing	10,924	10,937	10,952	10,941	10,922
Transportation & Utilities	4,790	4,746	4,731	4,724	4,713
Wholesale/Retail Trade	15,263	15,307	15,280	15,359	15,665
Retail	11,687	11,722	11,701	11,764	12,008
Wholesale	3,576	3,585	3,579	3,595	3,657
Financial Activities	3,484	3,490	3,512	3,545	3,561
Professional Services	15,049	15,350	15,417	15,430	15,439
Information	1,167	1,177	1,186	1,181	1,186
Healthcare & Education	13,578	13,787	13,912	13,976	13,998
Leisure & Recreation	15,049	15,404	15,701	15,924	16,073
Other Services	3,256	3,198	3,150	3,218	3,275
Government	10,040	10,085	10,168	10,240	10,327
Federal	1,084	1,043	1,015	1,012	1,010
State & Local	8,956	9,041	9,153	9,228	9,317
Total Wage & Salary	97,824	98,838	99,564	100,433	101,139
percent change	0.8	1.0	0.7	0.9	0.7
Total Non-farm Jobs Created	750	1,014	727	869	706
Unemployment Rate (percent)	5.2	4.7	4.4	4.4	4.3

Source: California Economic Forecast, September 2025

RESIDENTIAL REAL ESTATE

California Market Summary

Los Angeles County

The Santa Clarita Valley

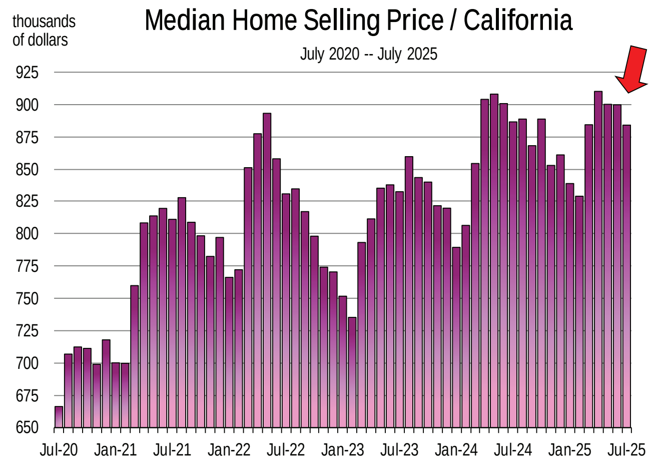
Affordability Issues

Housing Market Forecast

California Market Summary

Over the last year, there has been little change in the residential market throughout California. The exception is the volume of for-sale inventory, which has dramatically expanded. Sales volume has improved slightly in tandem with more home choice for buyers in some regions. For all of California, sales for the first seven months are slightly lower compared to 2024.

In mid-August, mortgage rates fell to their lowest level since last October, attracting more buyers. Nevertheless, affordability still remains a challenge despite rising inventory levels. It is still the case that many homeowners are hesitant to sell due to the “lock-in effect” of older low-rate mortgages.

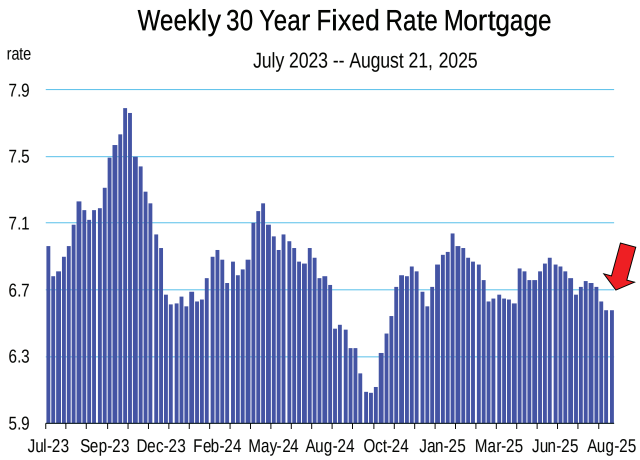


Rising inventory levels have eased the upward pressure on home prices. For-sale inventory in major metros is up 30–50 percent, year-over-year, reaching multi-year highs. This increased supply gives buyers more options and negotiating power, causing homes to sell more slowly and prompting sellers to offer price reductions or concessions.

Single-Family Home Sales and Median Selling Price
Southern California Counties: July 2024 -- July 2025

County	July 2024	July 2025	percent change	July 2024	July 2025	percent change
	------*sales index* ---------			--------- *dollars* ---------		
Inland Empire	2,026	1,916	-5.4	600,000	589,020	-1.8
Los Angeles County	2,192	2,214	1.0	909,010	911,360	0.3
Orange County	1,109	1,098	-1.0	1,390,000	1,400,000	0.7
San Diego County	1,505	1,358	-9.8	1,020,000	1,025,000	0.5
Ventura County	374	422	12.8	972,000	949,000	-2.4
California	22,655	21,726	-4.1	886,560	884,050	-0.3

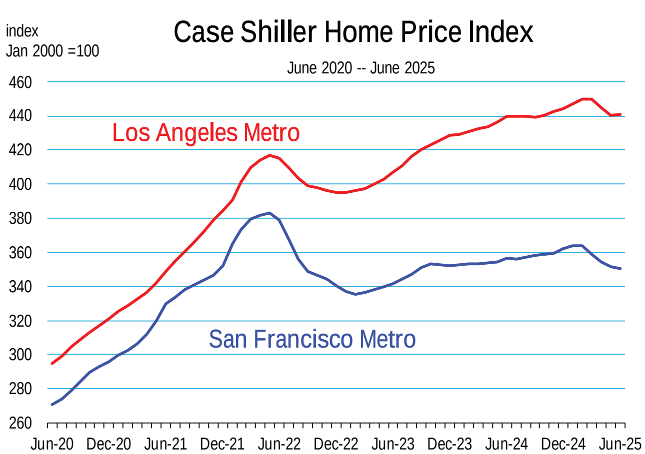
Source: California Association of Realtors, August 2025

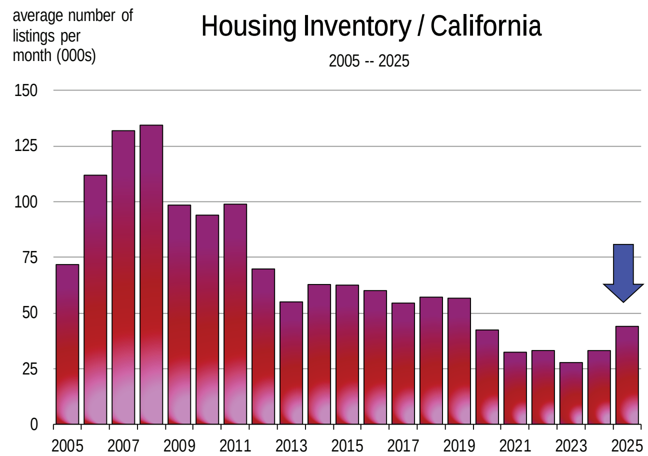


Consequently, selling value appreciation has cooled, though still modestly rising in some regions.

Los Angeles County

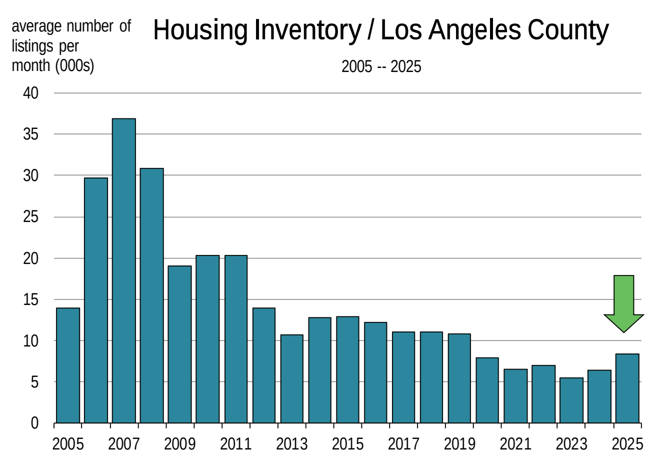
Home prices have remained relatively stable, with the median price reported at $910,000 as of July 2025, marking a slight 0.3 percent increase year-over-year. However, the pace of home sales has slowed this year, down 2.2 percent in the first seven months compared to 2024. Homes now spend an average of 52 days on the market compared to 36 days last year, reflecting the higher inventory and buyer caution.

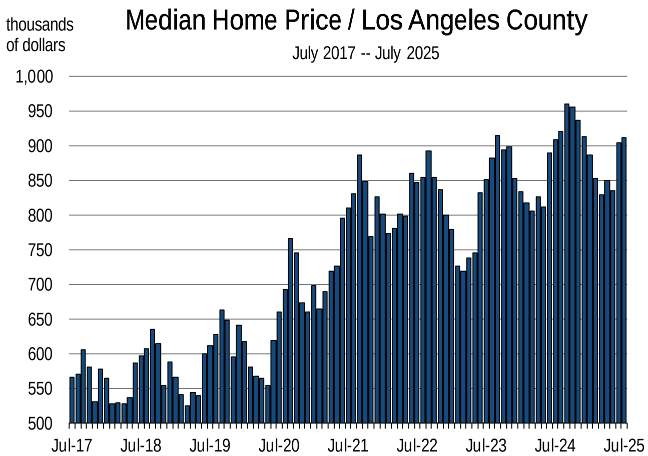


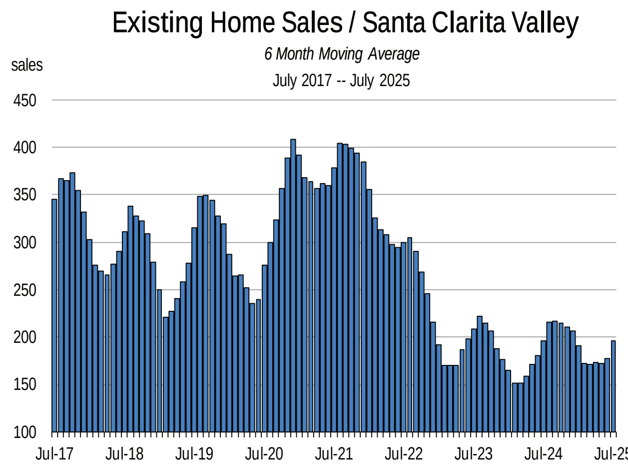


Higher levels of for-sale inventory have clearly improved buyer options, but sales remain at steady levels so far, as buyers anticipate lower interest rates over the second half of 2025.

Adjusted for the variation in housing mix, values have been in a modest decline since April, though the June index value for Los Angeles is 0.3 percent higher compared to June of 2024. For the Bay Area, the index is 1.9 percent lower in June. The Case Shiller index is different from the California Association of Realtors Price survey as it reports home prices adjusting for location, size, and attributes of a home over time.





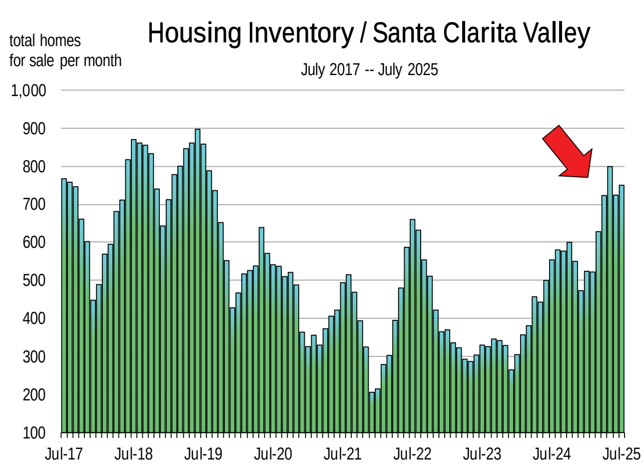


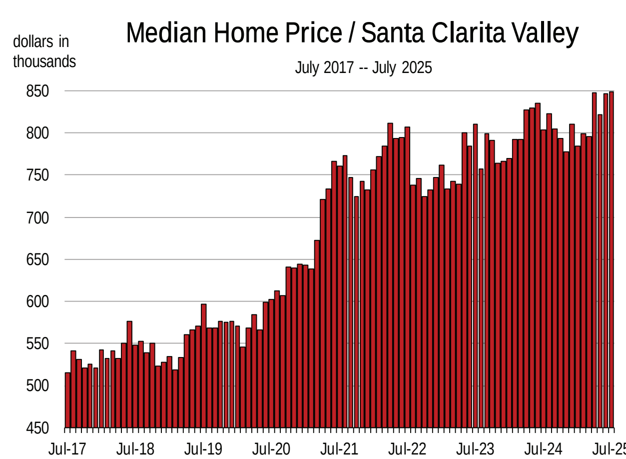
Like California, the for-sale inventory in Los Angeles County has risen this year after a record low in 2024. Less new housing is being built throughout the County and there is simply less existing housing since the January fires destroyed 12,971 homes in the Palisades and Altadena. Supply is constrained be it new or existing housing, and this has led to fewer sales and selling prices that remain buoyant.

The Santa Clarita Valley

Rising inventory in 2025 has not translated into a higher volume of sales. In 2021, the region had a record number of homes sold. However, since then, housing sales have declined sharply. Specifically, sales plunged 32 percent in 2022 and 26 percent in 2023. A slight increase of 3.1 percent occurred in 2024. This year, if the current January though July pace is maintained, sales will rise a scant 0.5 percent.

However with declining mortgage rates anticipated starting in September (along with gradually rising for-sale inventory), home sales are very likely to move higher over the final four months of 2025, signaling the first indication of a housing market recovery, not only in the region, but nationwide.





All Residential Home Sales, Inventory and Median Selling Price
Santa Clarita Valley: July 2024 -- July 2025

Community	July 2024	July 2025	percent change	July 2024	July 2025	percent change	July 2024	July 2025	percent change
	------sales ---------			------inventory ---------			--------- dollars ---------		
Castaic	12	22	83.3	62	53	-14.5	800,000	820,000	3
Santa Clarita	189	198	4.8	446	645	44.6	777,000	841,000	8
Stevenson Ranch	11	17	54.5	46	52	13.0	1,246,667	1,018,000	-18
Santa Clarita Valley	212	237	11.8	554	750	35.4	804,038	848,591	6

Source: Redfin. August 2025

The rate of new listings was 17 percent higher in 2024 and is 9 percent higher this year. Total for-sale inventory has moved sharply higher, rising 56 percent this year compared to 2024. The average number of days on the market has increased from 125 in 2024 to 180 this year.

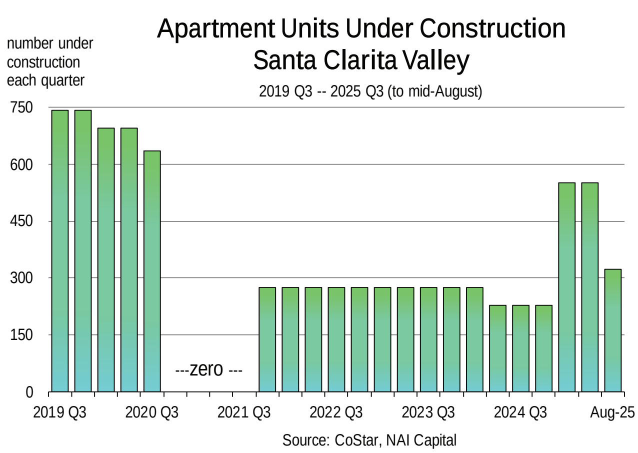
Selling values are only slightly higher. For the first seven months of 2025, the median price for the aggregate Castaic-Santa Clarita-Stevenson Ranch area is $818,150 for all residential sales, and $878,260 for single family detached homes. For all homes, appreciation is only 1.6 percent higher in 2025 than in 2024.

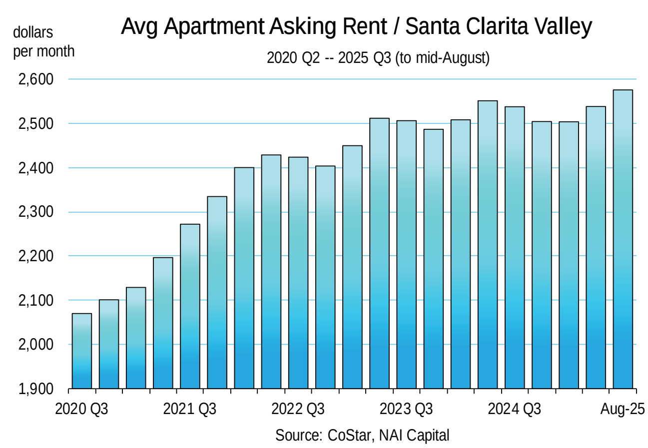
Rental Market

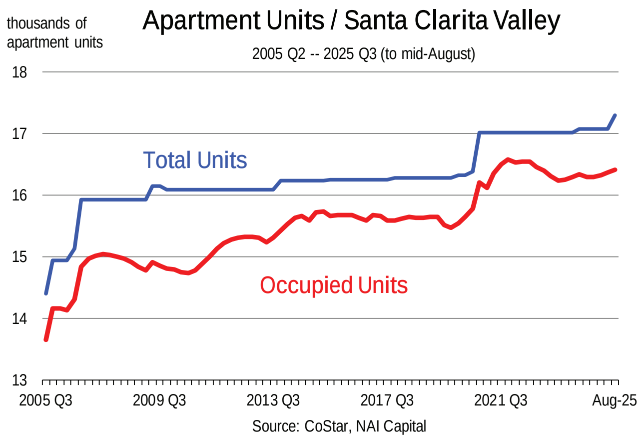
There are 17,300 units in the Santa Clarita Valley apartment inventory.

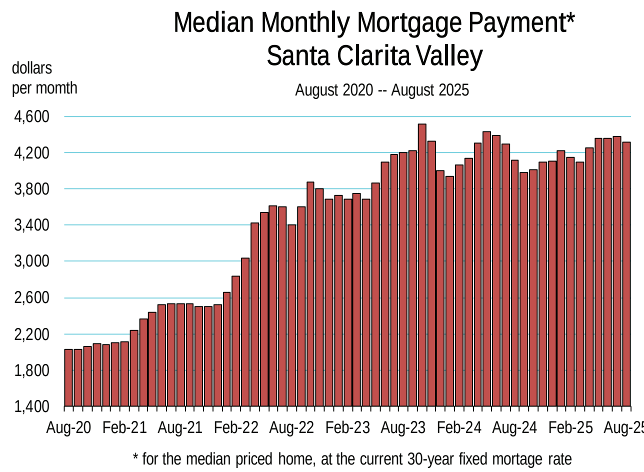
The average asking rent is $2,596 per month. Rent growth had been extraordinary since mid-2020, rising 24 percent. A cooling of rents set in during 2023; rent appreciation has averaged about 1.1 percent per year from 2023 to 2024 and from 2024 to 2025.

Vacancy rates moved downward to 4.1 percent in Q2 of 2025. However, with the delivery of the



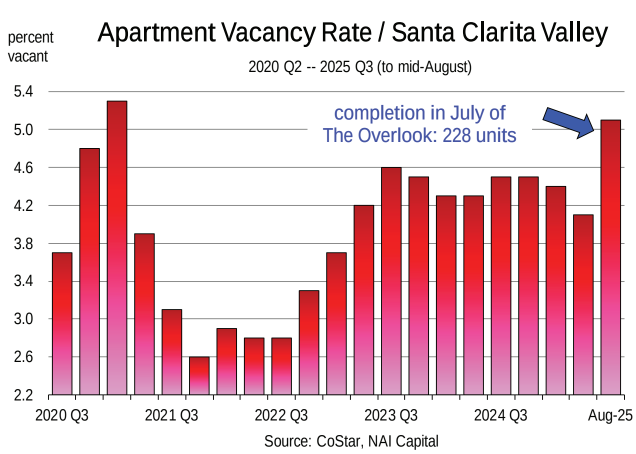






228 unit Outlook Santa Clarita apartments in July, vacancy popped up to 5.1 percent. There is one apartment project under construction, it is 323 units that began construction in January 2025.

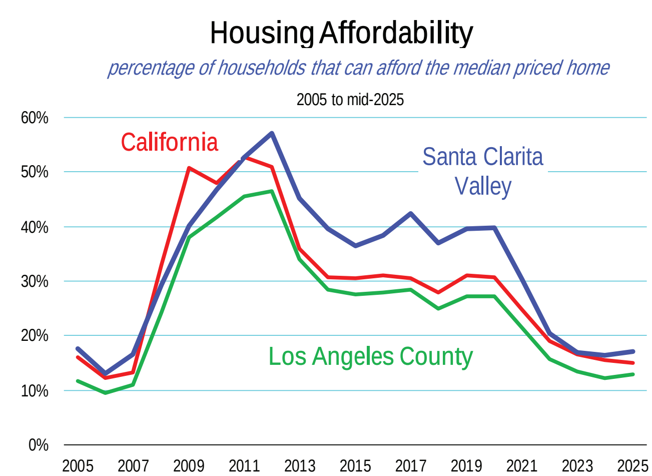
More large projects will start construction this year or next, including Golden Triangle Apartments (164 units) and Riverwalk (136 units).



Affordability Issues

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

Although housing prices are now at all time record highs, household incomes have been rising, and fortunately at a pace that has eclipsed both general price inflation and home price appreciation. Furthermore, financing rates are now moving lower. Consequently, affordability over the last year has now stabilized.

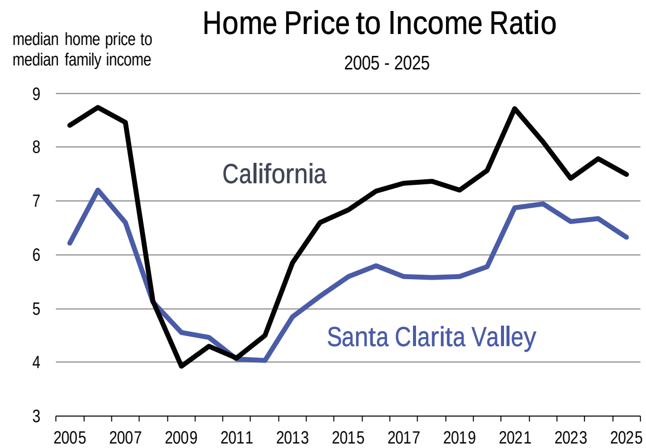


Despite rising incomes and receding mortgage rates going back to 2012, affordability in California has deteriorated. The principal reason for this is of course, steadily rising home prices which had been increasing faster than incomes. The Home Price to Income Ratio shows this clearly through 2021. In recent years however, the ratio has moved lower. In the Santa Clarita Valley the ratio which was at 7.0 is now approaching 6.0, and signals more affordability than the average California homebuyer.

Another measure of affordability is the affordability index itself. Los Angeles County's affordability index is lower than California's. For the most recent calendar quarter ended, affordability in LA County was estimated at only 12 percent of households. The index is based on income, price and the prevailing financing rate.

The median family income in Los Angeles County is estimated by the U.S. Housing and Urban Development Department at $106,600 for calendar 2025.

In comparison with LA County and California, the Santa Clarita Valley has had a slightly higher affordability index over time. However, the local region's higher affordability isn't due to lower housing prices, but rather to higher median family incomes, which is estimated at $139,000 for 2025.

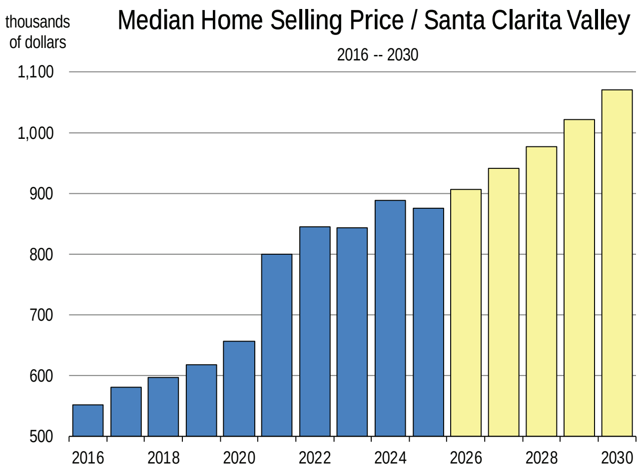


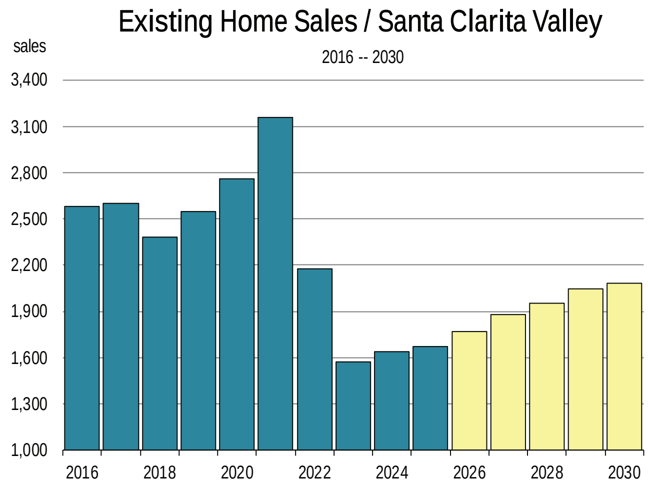
Housing Market Forecast

Mortgage rates are expected to decline over the September to December period as impending interest rate cuts by the Fed (in September and perhaps again in November) and the decline of treasury bill and bond yields in the U.S. bond market. The latter directly affect mortgage rates.

We therefore expect a modest increase in the sales of homes along with continued increases in existing home inventory.

The next home buying season which typically begins in March should be more active. But over the first half of 2026, the housing market will still face relatively high financing rates and lower than average levels of inventory. Both of these conditions should improve over time.



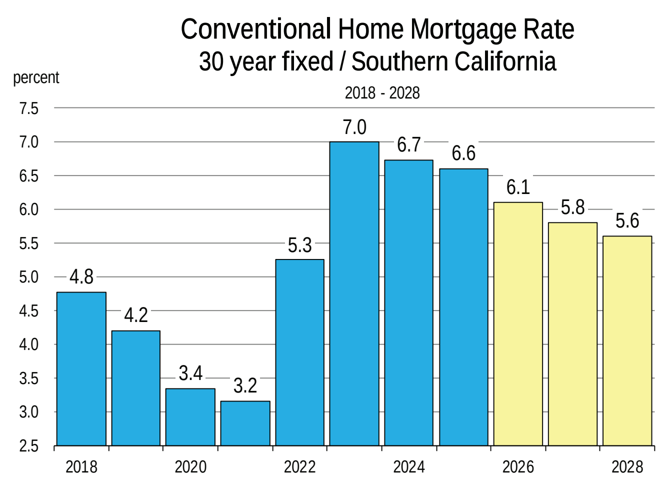


The likelihood of recession remains low. Housing demand will increase in tandem with declining mortgage rates augmented by expanding inventory. Under these conditions, prices are forecast to rise only modestly in 2026.

The forecast has selling values of existing homes rising 3.5 percent in 2025, and 3.8 percent in 2026

The 30 year fixed rate mortgage is currently at 6.6 percent. It is forecast to drop to less than 6.0 percent by the Spring of 2026.

The softer interest rate environment should also improve the production rate of new homes in 2026 and beyond. Hence our forecast for new housing also rises over the next several years.



Home Sales, Prices, and Residential Development Santa Clarita Valley

History: 2021 - 2025

	2021	2022	2023	2024	2025
Median Home Selling Price			*-- dollars --*		
Santa Clarita Valley	800,600	844,100	842,900	887,600	875,700
percent change	21.9	5.4	-0.1	5.3	-1.3
California	784,336	822,984	814,515	868,102	913,415
percent change	19.0	4.9	-1.0	6.6	5.2
Existing Home Sales			*-- number ---*		
Santa Clarita Valley	3,156	2,178	1,571	1,637	1,669
percent change	14.3	-31.0	-27.9	4.2	2.0
Effective Mortgage Rates			*-- percent ---*		
Southern California	3.2	5.3	7.0	6.7	6.6
Nation	3.0	5.3	6.8	6.7	6.7
Inflation			*-- percent change in the consumer price index ---*		
Southern California	3.8	7.4	3.5	3.3	3.1
California	4.2	7.3	4.0	3.1	3.0
Nation	4.7	8.0	4.1	3.0	2.9

Source: California Economic Forecast, September 2025

Home Sales, Prices, and Residential Development Santa Clarita Valley — Forecast 2026-2030

	2026	2027	2028	2029	2030
Median Home Selling Price			*-- dollars --*		
Santa Clarita Valley	901,800	935,000	947,800	963,400	992,100
percent change	2.6	3.7	1.4	1.6	3.0
California	918,882	976,799	1,011,848	1,072,959	1,117,759
percent change	0.6	6.3	3.6	6.0	4.2
Existing Home Sales			*-- number ---*		
Santa Clarita Valley	1,769	1,879	1,953	2,046	2,082
percent change	6.0	6.2	3.9	4.8	1.8
Effective Mortgage Rates			*-- percent ---*		
Southern California	6.1	5.8	5.6	5.5	5.6
Nation	6.5	6.3	5.9	5.8	5.8
Inflation			*-- percent change in the consumer price index ---*		
Southern California	2.7	2.5	2.4	2.2	2.3
California	2.6	2.4	2.3	2.1	2.2
Nation	2.6	2.4	2.2	2.2	2.1

Source: California Economic Forecast, September 2025

COMMERCIAL REAL ESTATE

Introduction

Office Market

Industrial Market

Retail Market

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 office market remains the weakest commercial market. Though workers are slowly returning to the office, a longer recovery of the office market is forecast because some form of work-from-home arrangements are continuing and will persist. Office using companies have also discovered that their office space requirements can be reduced due to technology including the widespread adoption of AI. Consequently, when leases are up for renewal, they downsize.

Since 2021, employers had 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 has now changed, and labor markets have softened. While there is a more compelling return to the office by workers, there are often fewer workers overall.

Office-using employment has entirely recovered in Santa Clarita, so in the event all workers returned to the office, utilization would sharply increase. More office workers are back at their desks than a year ago, but total in-office attendance is still lower than pre-pandemic levels.

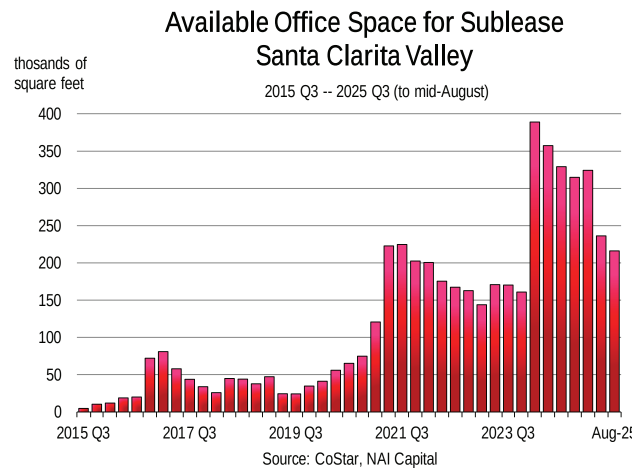
Consequently, the office market continues to struggle, a condition that is not unique in the Santa Clarita Valley. Office markets in many coastal counties of the state are not yet filing up with returning office-using workers. The concept of the remote worker, at least part of the time, has now become too ingrained into the office culture.

The latest vacancy statistics underscore the weak rates of office utilization that have evolved since the pandemic. The condition is pervasive across the country though smaller office markets are faring better than the larger markets including the greater Los Angeles County office market. This is attributed to a substantial amount of vacant space returning to the market, resulting in negative net absorption for the 12th consecutive quarter ending 2025 Q2.

Only five of thirteen markets presented in the table showed vacancy rate improvement over the last year. However, the rate of rising vacant space in the other markets has significantly slowed.

The Greater Los Angeles industrial market ended the second quarter of 2025 with a vacancy rate of 4.7 percent, versus 3.4 percent a year ago. Net absorption has been negative since mid-2023, and over the last year, totaled 8 million square feet.

The San Fernando Valley clocked in with 2.7 percent vacancy, a 110 basis point increase from the 1.6 percent vacancy rate recorded in 2024 Q2. The industrial market in adjacent Ventura County at 3.1 percent. The Santa Clarita Valley market is now estimated at 4.8 percent vacancy.



Office Market

The NAI / Costar estimate of reported vacancy for all office product in the county is currently 15.4 percent. Moreover, the availability rate for office space is 20.3 percent. These rates are based on a total office inventory of 244 buildings comprising 5.64 million square feet.

Office Vacancy Rate
California Regions / 2024 and 2025

	mid-2024	mid-2025	Source
San Francisco	36.8	34.8	CBRE
San Jose	17.8	17.4	Kidder Mathews
Silicon Valley	19.5	17.3	CBRE
San Mateo	20.3	22.3	Cushman & Wakefield
Palo Alto	8.7	14.3	Kidder Mathews
Los Angeles County	23.3	24.1	CBRE
Los Angeles downtown	31.5	35.7	CBRE
San Fernando Valley	19.5	20.0	Colliers
Orange County	14.7	15.7	CBRE
San Diego downtown	30.0	36.5	Kidder Mathews
San Diego County	14.3	14.2	CBRE
Sacramento	17.6	18.4	CBRE
Inland Empire	8.5	7.5	CBRE
Ventura County	17.2	20.7	Colliers

Industrial Vacancy Rate
California Regions / 2024 and 2025

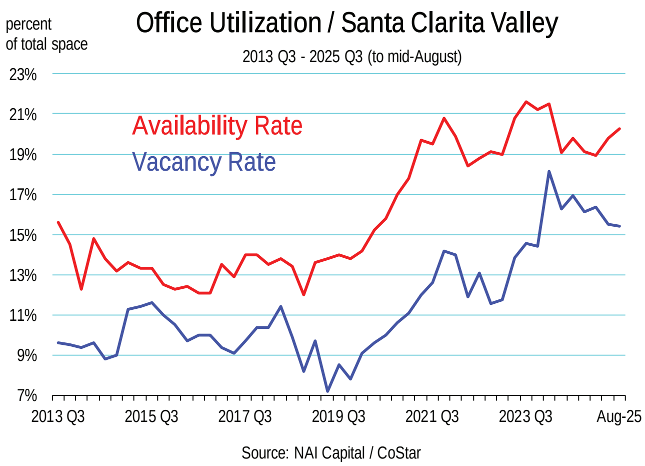
	mid-2024	mid-2025	Source
San Francisco	8.4	9.5	CBRE
San Jose	5.6	5.1	CBRE
Silicon Valley	3.2	4.7	CBRE
San Mateo	4.4	5.0	Cushman & Wakefield
Palo Alto	1.1	4.3	Kidder Mathews
Los Angeles County	3.4	6.2	CBRE
Los Angeles downtown	2.9	4.4	CBRE
San Fernando Valley	1.6	4.9	CBRE
Orange County	2.1	4.4	CBRE
San Diego downtown	3.2	4.9	Kidder Mathews
San Diego County	5.2	7.2	CBRE
Sacramento	4.8	5.4	CBRE
Inland Empire	6.8	7.9	CBRE
Ventura County	2.4	3.1	CBRE

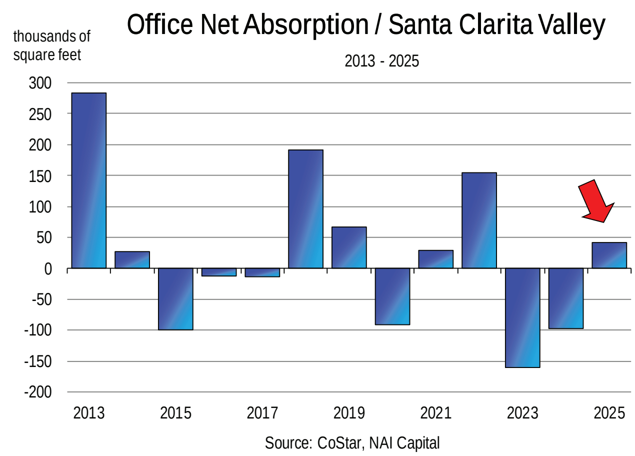
For Class A and B space, Colliers reports a vacancy rate of 23.9 percent and availability at 31.7 percent for the Santa Clarita Valley in Q2 of 2025. The total inventory of 2.1 million square feet of office is less than half of the total office space reported by CoStar.

Downsizings and consolidations by office using companies has resulted in the largest surge of available sublease space on record. The announcement in January 2024 of Princess Cruises subleasing 289,000 square feet space pushed sublease space to 30 percent of all available office space in the region.

Remote office worker prevalence is in decline. But even though more workers have returned to the office, there remains a meaningful share of company workforces that have not. Office workers at least practice a hybrid office-home location for daily work. But this is not the main reason that office utilization rates are not rising yet.

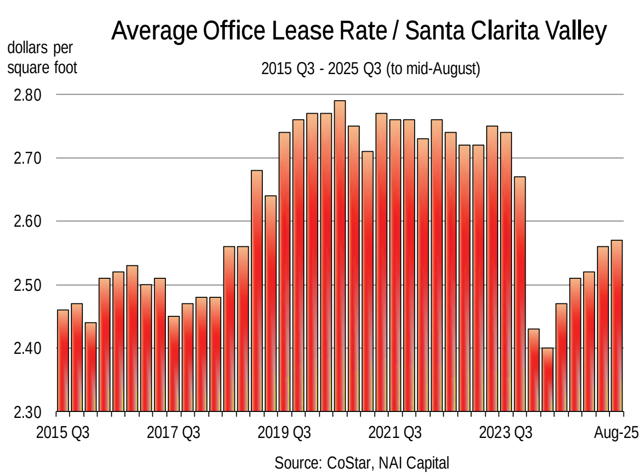
The consensus of commercial broker reports indicate a general office market weakness has expanded over the last 2 years, originally due to the combination of employees working from home and the layoffs of tech and other office workers that surged in the November 2022 to March 2023 time period here in California.





However, a broader acceptance of worker demands to work remotely at least part of the time had led to (1) the surge in sublease space (Princess Cruises) and (2) the downsizing of space since 2023.

Sublease space is now in decline and with it the overall vacancy rate for office space. However availability is still high and showing little improvement.



Net office space absorption was sharply negative between late 2022 and 2024. CoStar reports that total office availability is now at 1.1 million square feet. Consequently, existing inventory is theoretically ample enough to accommodate potential office space demand in the region for the next several years.

Update on the Office Market Recovery

What a clear market recovery means is some compelling evidence that office utilization is rising again.

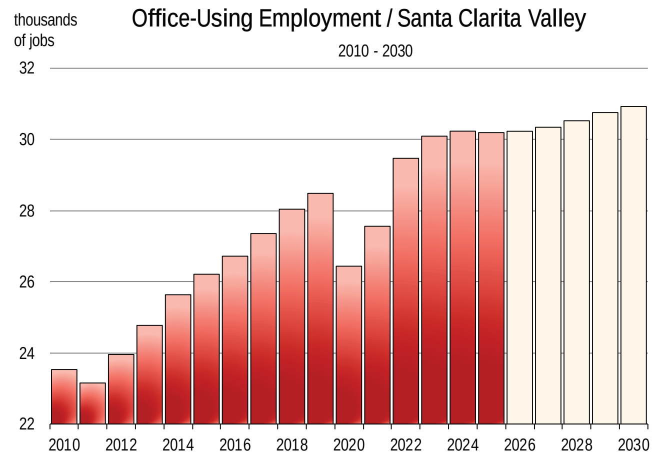
It has seemed safe to assume that office using employment would increase over time as it has for the last 20+ years. It is also the case that there is a greater push by employers to mandate workers to return to the office. These two forces would naturally lead to greater demand for office space, giving rise to an eventual recovery of the office market.

Our forecast a year ago was three years for the base case and no more than five years for the alternative. This assumed that no new space is built and that no large company or a spate of local companies would downsize, defect, or quit doing business. Natural growth of companies using office space and the gradual return to office usage by workers would result in natural absorption of vacant office space. A million square feet of available space for lease would need to be absorbed in three to five years.

So while new office has not even been planned and therefore unlikely to be built in the foreseeable future, a normal organic growth in the office workforce from existing companies in the region or new in-migrating companies has not occurred over the last year and the outlook for this growth to occur is now uncertain.

The substitution of AI for workers alone pushes the office market recovery further out.

Princess Cruises announced earlier this year they would move to Miami-Dade County no later than 2028 relocating all of their operations into a consolidated campus. But moreover, the adoption of AI by office using companies all over the state including Los Angeles County throws an uncertain wrench into our recovery forecast. The growth of office employment in the Santa Clarita Valley has been absent since 2023 and the forecast for office worker growth has been meaningfully downgraded due to the rapid rise of AI in the workplace.



The office using sectors include information, finance and real estate, professional business services, management, healthcare, and a portion of arts and recreation, and other services. Within this aggregate collection of labor markets, technology jobs are prominent, as are real estate brokers, agents and support staff, professional occupations like accountants, lawyers, and architects and engineers, medical office workers, and service occupations that typically occupy office space such as business and professional associations, political, social and civic organizations, and foundations.

AI however is being adopted pervasively across most labor market sectors, and especially in professional business services, technology, TV, film and sound recording, financial activities, and social and civic organizations. The evidence is virtually no job growth in California or Los Angeles County this year, with the exception of healthcare and local government.

The Santa Clarita Valley Office Market

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

2025 In Review

In 2025, the Santa Clarita Valley professional office market continues its attempt to find a footing in a post-Covid economy. Though many companies have implemented long term policies related to in-person office attendance, the majority of users continue to operate within a hybrid structure meaning occupancy levels have never returned to pre-Covid years. Futher, the advent and emerging adoption of Alternative Intelligence has put additional pressure on the office market, again allowing operators to “do more with less” translating to a reduced need for lower and mid-level employees (and the space they traditionally occupied). A host of creative solutions are being tested thoughout the market with one, overriding clear trend – no new professional office is being planned or constructed. In response, some office property owners have intensified efforts to revitalize their spaces, focusing on enhanced amenities and concessions to attract and retain tenants. This shift has continued toward higher tenant expectations, prioritizing premium spaces in prime locations to encourage employees to attend the office. Given those pressures, tenants still have significant deal leverage in today’s market.

Overall, the SCV professional office market remains soft, with a direct vacancy rate hovering around 15%, supplemented by an additional “shadow vacancy” of 15-20% for sublease and under-utilized space. Despite these challenges, the SCV market is performing better than other submarkets in the Greater Los Angeles area and Southern California as a whole. For instance, the Central Business District of Downtown Los Angeles currently has a direct vacancy rate of 30% plus. Interest in high-quality, suburban, low-rise office properties continues to outperform activity in core, high-rise markets.

Current State of the Market

Approaching the end of 2025, the SCV Office Market presents both challenges for Landlords, and opportunities for users. Though the market has not seen a precipitous drop in face rates, there has been some rate compression as well as increased concessions in the form of tenant improvement dollars and free rent available to stronger credit tenants. There are a range of 2nd generation options with existing build out for tenants in nearly all size ranges. Given pressures on landlords to attract and retain tenants, there are significant concessions available for users willing to relocate. At the same time office demand has stagnated, prices associated with construction have stayed high. Any deal involving significant modification is more costly than in prior years reducing available concessions on "turn-key" type transactions.

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. Even with increased interest rates, the long term nature of medical users has kept the for-sale market tight.

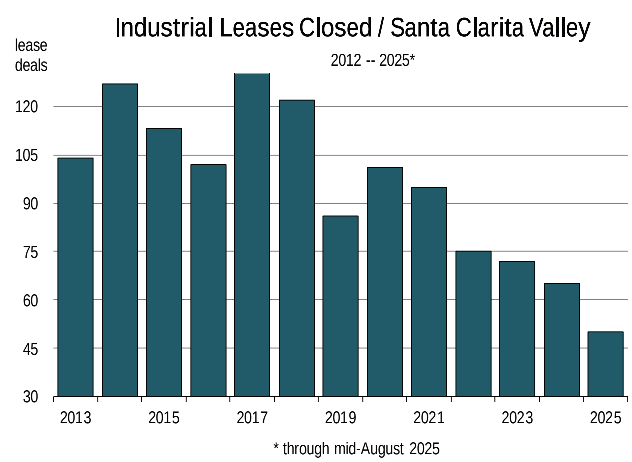
2026 Forecast

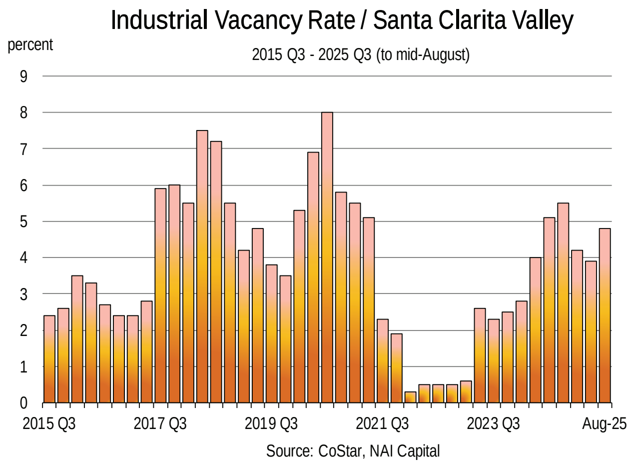
Looking ahead, we anticipate the SCV office market will remain sluggish but stable, benefiting from its suburban location and ample amenities. This market will continue to appeal to local companies and both foreign and domestic firms seeking proximity to Los Angeles. However, for properties struggling to attract traditional professional tenants, we may see conversions to non-traditional uses that were once the domain of industrial or flex spaces. Fortunately, there is no new construction in the pipeline, and some existing properties are being considered for demolition or repurposing. Nevertheless, it will take more time before we see a "healthy" office market return with the need for some of the more glaring problems in market to be addressed prior to achieving a long awaited renessaince.

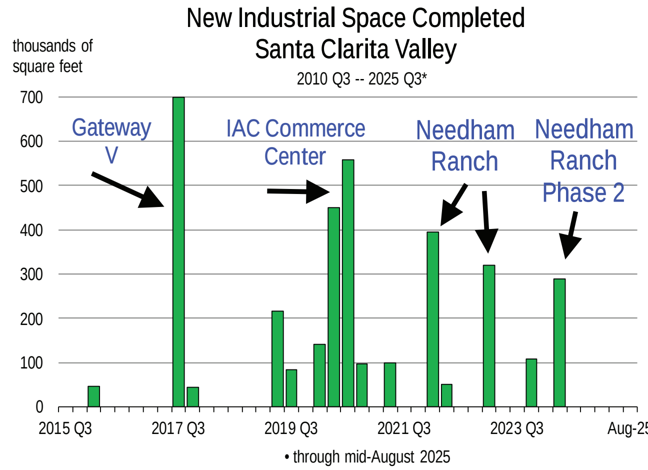
The Industrial Market

The demand for industrial space was insatiable after the pandemic as both vacancy and availability dropped to record lows in 2022 and 2023 in the Santa Clarita Valley and all of the adjacent areas of Ventura County, the San Fernando Valley, much of Los Angeles County, and Orange County. With the substitution by consumers to e-commerce, the demand for new warehouse, distribution, and fulfilment centers soared.

Conditions have now changed, due to several issues including (1) more new industrial product coming online throughout Southern California, (2) a slowdown at the Ports of Long Beach and Los Angeles, and (3) technological advancement and the growing use of robotics in warehousing and fulfilment space.





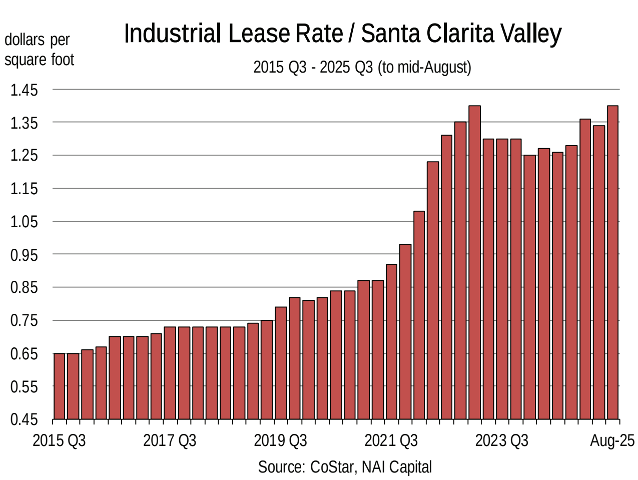


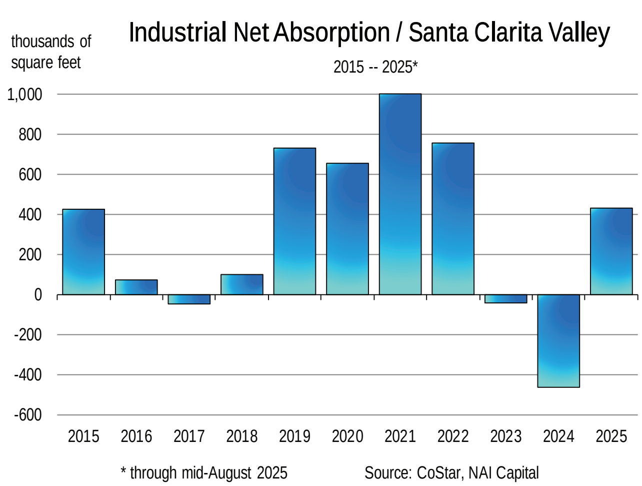
Furthermore, during the first half of 2025, the threat of tariffs by the new administration also paused investment and leasing decisions for new space by many companies choosing to wait and see how trade policies evolved.

Though it remains an active submarket within the greater Los Angeles area, the Santa Clarita Valley industrial market is experiencing a period of adjustment, with rising vacancies and slowing rent growth. Overall demand has softened compared to previous years, while more construction activity has delivered many new developments in recent years, including this year. Transactions are now cooling down amid the economic uncertainty of tariffs and higher interest rates.

The NAI/CoStar estimated industrial vacancy rate for the Santa Clarita market was 3.3 percent in early August of 2024. It is now 4.8 percent, the highest rate (excluding the pandemic) since mid 2019. The estimated availability rate was 5.0 percent a year ago. In August of 2025 it is now estimated at 11.9 percent.

Responding to record low vacancy, steadily rising lease rates, and strong demand for e-commerce and logistics companies, 2.5 million square feet of new space was completed





from 2020 to now (mid-2025), and another 300,000 square feet is currently underway.

The Santa Clarita Commerce Center is now complete as of August 2025, featuring four Class A industrial buildings totaling 430,407 square feet. Just prior to that delivery, net absorption of space has been +432,000 square feet year-to-date.

The Santa Clarita Valley Industrial Market

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

2025 in Review

In 2025, industrial property in the Santa Clarita Valley market continued as the top asset class in commercial real estate, but tariff uncertainty has slowed new activity and expansions. Vacancy for industrial buildings in the Santa Clarita Valley has increased to 2.9 percent (overall vacancy), which is still among the lowest in the Greater Los Angeles region but 1.5 percent higher than last year. By comparison, vacancy in Southern California is 5.5 percent.

Primary demand continues to be driven by relocations to the area from the City of Los Angeles and expansions of local Santa Clarita Valley companies within key industries such as Entertainment, Consumer Products, E-Commerce and Aerospace & Defense. While demand has softened, the limited availability of new space coupled with barriers for new development has continued to keep lease rates and sales prices well above pre-COVID levels. That said, both are 15%-20% below peak rates achieved last year.

Lease rates have ranged from $1.25 to $1.60 per square foot NNN with size, quality, and location being the key differentiators. New developments remain scarce in 2025, with the exception of the below:

- Santa Clarita Commerce Center: Completing construction this month with four state-of-the-art buildings ranging from 39,900 SF to 260,290 SF at Railroad Ave. and Oak Ridge Rd. The project is offering buildings for sale or lease.

- CEG Witherspoon: A 127,524 SF building recently completed construction in the Valencia Commerce Center, asking $1.40 NNN.

- Golden Valley Industrial Facility: A 174,000 SF building on Golden Valley Road recently completed and leased to DrinkPAK.

Investors and capital partners for new development have continued a more conservative outlook in 2025 awaiting interest rates to fall. The limited new supply has resulted in many companies having to renew in place.

Major transactions year to date in 2025 include:

- Lease of a 172,843 SF building at 26313 Golden Valley Rd to DrinkPAK

- Lease renewal of a 46,778 SF building at 28510 Industry Drive to Senior Aerospace.
- Lease renewal of a 60,123 SF building at 39003 Avenue Sherman to P3.
- Lease of a 156,500 SF building at 25655 Springbrook to an undisclosed tenant.

Current State of the Market

Despite the challenges of tariff uncertainty, the SCV Industrial Market continues to be one of the strongest industrial submarkets in the US. We expect vacancy to increase slightly in the coming months as some companies continue to sit on the sidelines until there is more clarity on tariff impacts. Still, tour activity is increasing which should reflect in more completed leases and sales in late 2025 and early 2026.

Key industry clusters continue to be led by the usual suspects:

- E-commerce and 3PLscontinue to be significant drivers, with consumer expectations for fast and efficient delivery pushing companies to secure strategic locations in well-populated submarkets.
- Aerospace & Defense is generating new demand in the region as well, particularly driven by new technology drones and by support requirements for the major programs at Plant 42 in Palmdale.
- Entertainment has stabilized after a difficult three years. According to John Prabhu of LA North Studios, “production activity has hit bottom and starting to slowly improve.” The $3.75 billion State Production Tax Credit over the next five years, which was passed earlier this year, should help to bring this industry back.

Once tariff concerns are mitigated, we believe the industrial market is positioned to return positive net absorption, falling vacancy and upward pressure on prices.

2026 Forecast

We anticipate the strong market fundamentals to return in 2026 as tariff resolutions and falling interest rates should spur both user activity and new development. As in prior years, we believe the major challenge will be a lack of supply, particularly for more state-of-the-art industrial space as well as buildings available for sale. Challenges facing the City of Los Angeles directly to the south will continue to push companies to the Santa Clarita Valley. Barring a recession, lower interest rates should stimulate both purchase demand and new development. California issues may result in more companies considering out-of-state opportunities, at least for certain segments of their operations.

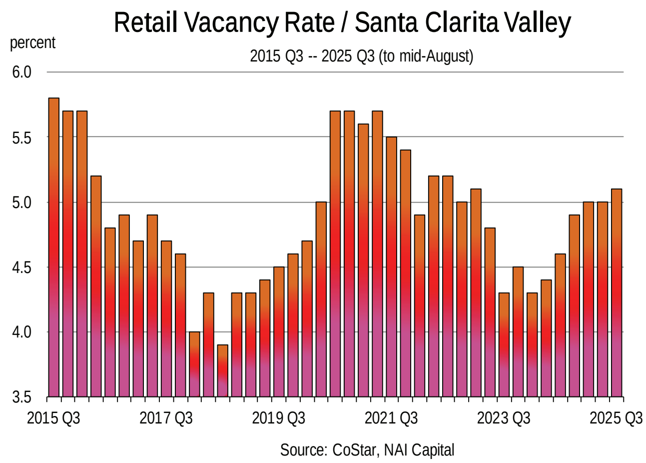
Overall, we are optimistic for 2026 as industrial demand from primary industry clusters is anticipated to increase. General themes should include:

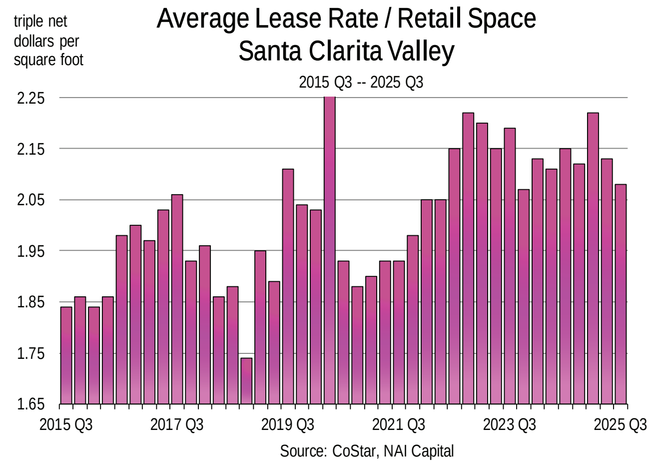
- Entertainment should show further recovery as tax credits get fully implemented.
- New and expanded Aerospace and Defense programs will create additional demand for space.
- E-commerce, 3 PL and other distribution users will continue to expand from the Valley to meet increased demand from consumers in the Greater LA region.
- Certain industries will price out of the market and need to consider relocating to secondary markets like Fillmore, Tejon and the Antelope Valley or out of state.
- Fire recovery in Palisades and Altadena will create additional demand to support rebuilding.
- Prep for 2028 Olympics should have significant positive effect on region.

Companies should closely track their lease expirations and begin planning at least 24 months prior to expiration. By examining options early, companies can position themselves advantageously and navigate through the hurdles that exist in today's market.

The Retail Market

The Santa Clarita retail market has largely adapted to the changing composition of the retail industry. Retail vacancy have only moved slightly higher, and triple net lease rates have generally remained in a tight range since mid-2022.

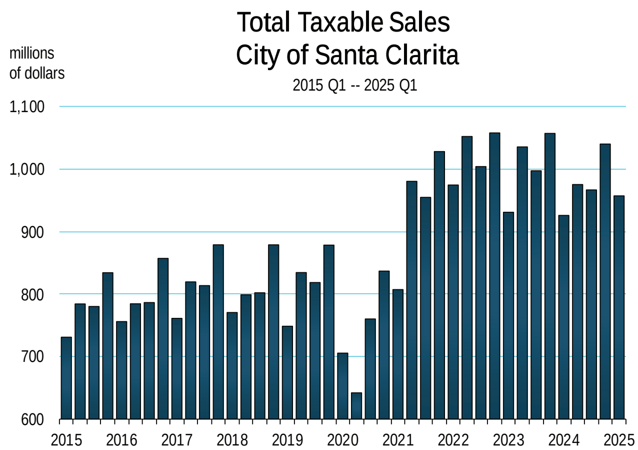


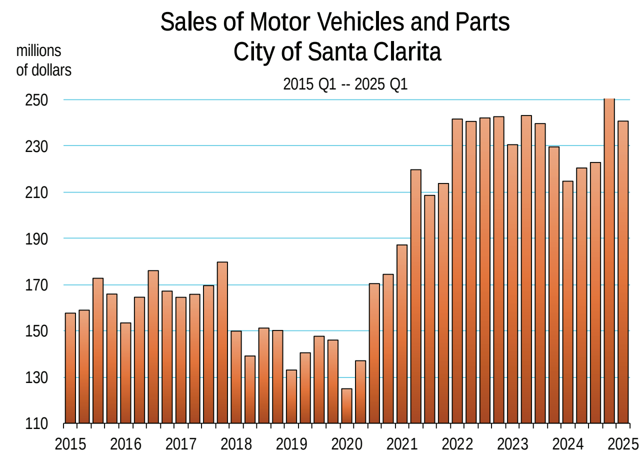


Bankruptcies among popular retail chains, including 99 Cents Only Stores, Rite Aid, Red Lobster, TGI Fridays, Bed, Bath & Beyond, and other smaller end shops are ongoing, due largely to higher supply chain and labor costs, and the growth of online shopping. California's fast-food minimum wage increase to $20 an hour is the latest challenge. Since the wage mandate took effect 18 months ago representing a 25 percent increase from the statewide $16 an hour minimum, California fast-food franchises have been cutting worker hours and workforces. As the economy evolves, the demand for retail space is shifting. Despite challenges, investor interest, especially in prime locations, remains strong.

In Santa Clarita, vacancy rates have gradually increased to 5.1 percent in August 2025. Lease rates have recently softened with the average triple net overall asking rent now at $2.06 per square foot, a 3.3 percent decline in the average triple net rate from a year ago.

Consumers have paved the way for the local retail market to strengthen as much and as fast





as it has since 2021. Sales increased sharply, principally from resident spending, but also from visitor spending in the area that has remained firm over the last 3 years.

Sales are now in decline, for all retail categories except motor vehicles which have recently rebounded. General merchandise retail goods have been steadily declining since early 2023. There is less of a pullback in restaurant and bar spending through the first quarter of 2025. Total retail sales that are subject to sales taxes tumbled 2 percent in 2023 and 2.8 percent in 2024. This year, sales moved 3.7 percent higher in the first quarter compared to a year ago, marking the first occurrence of a potential retail goods rebound since late 2022.

Three buildings totaling 20,500 square feet are under construction, following the delivery of 45,700 square feet in the first quarter. The surge of new housing that is now occurring at Confluence, and in Castaic will bring more new retail product in 2026.

NEW DEVELOPMENT

New Development in 2024 and 2025

The Development Pipeline

Principal Mixed-Use Projects

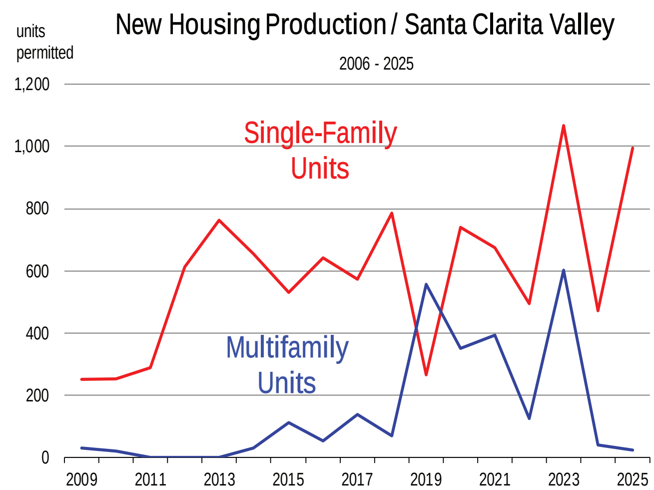
Principal Residential Projects

Principal Commercial and Industrial Projects

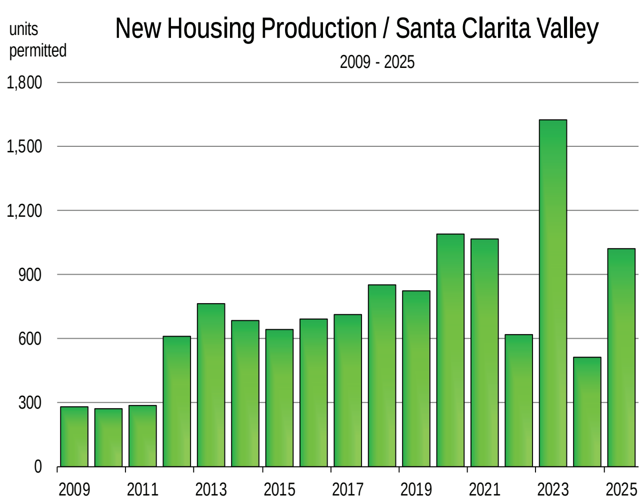
The Forecast

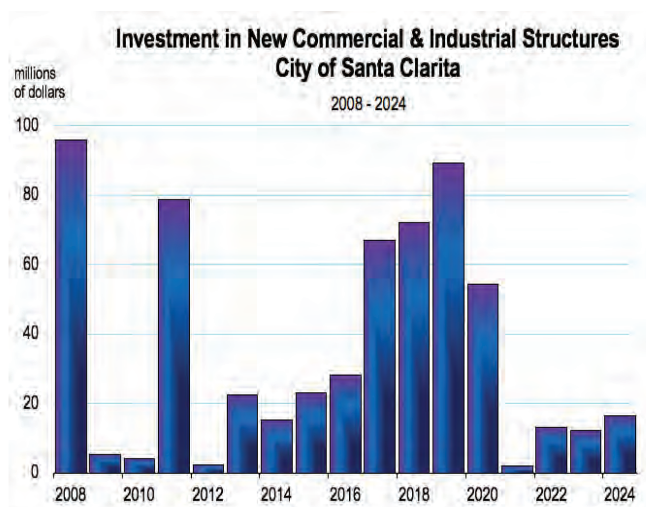
New Development in 2024 and 2025

During 2024, 513 residential units were permitted in the Santa Clarita Valley. Nearly all homes permitted were single-family homes. Just outside the city limits, the Valencia and the Williams Ranch projects are fully underway. They generated 246 of total residential units permitted last year. During the first six months of 2025, 567 homes have been formally permitted, most of them in the Williams Ranch and Valencia projects. Very few units of new housing are in multi-family projects, though more apartment projects will be underway by next year.



Investment dollars committed for new commercial and industrial structures in the City totaled $18.4 million during 2024. The pace of new non-residential permit activity for structures has lagged the annual historical norm since 2013. Currently, there are no office buildings under construction and only 21,000 square feet of retail space in three buildings. Industrial construction leads with 740,000 square feet currently underway.





Residential Units and Non-Residential Valuation Permitted	City of Santa Clarita				2017-2025				
	2017	2018	2019	2020	2021	2022	2023	2024	2025*
City of Santa Clarita	---- units permitted ----								
Single-Family Units	413	339	249	739	329	166	654	255	284
Multifamily Units	139	68	557	351	2	2	327	25	0
Total Residential Units	552	407	806	1,090	331	168	981	280	284
Unincorporated area	161	445	44	69	736	451	644	233	283
Williams Ranch	NA	NA	NA	NA	NA	107	78	65	23
Mission Village	NA	NA	NA	NA	727	334	557	58	242
Other	161	445	44	69	9	10	9	10	1
Total Units Permitted Santa Clarita Valley	713	852	850	1,159	1,067	619	1,625	513	567
City of Santa Clarita New Non-Residential	---- millions of dollars ----								
Hotel and Motel	3.6	0.0	19.3	18.2	0.0	0.0	0.0	0.0	NA
Amusement	1.0	0.6	11.3	0.0	0.0	0.0	0.5	0.5	NA
Industrial	0.0	0.0	2.4	0.0	0.0	0.0	0.0	0	NA
Office	0.0	12.9	0.7	2.7	0.0	0.0	0.0	0.0	NA
School	0.0	3.4	2.0	4.8	0.0	0.0	0.0	0.1	NA
Retail / Logistics	3.5	17.2	11.7	25.0	4.3	0.0	4.0	1.8	NA
Other	15.2	10.9	14.4	24.8	50.0	2.1	8.0	16.0	NA
Total New Non-Residential	28.1	67.0	75.0	89.3	54.4	2.1	13.0	18.4	NA

*Note: 2025 is for the January to July period. NA = not available

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

The Development Pipeline

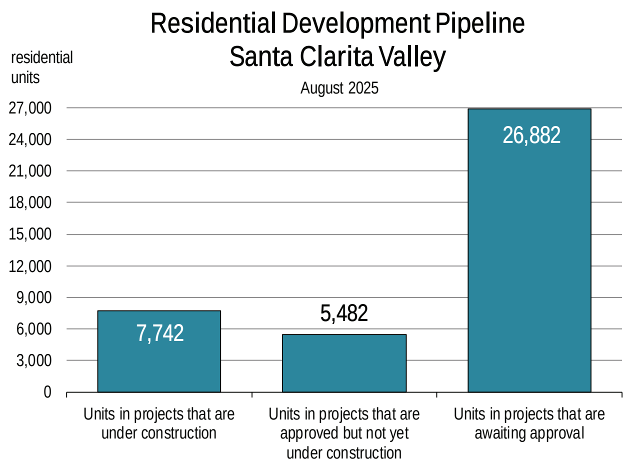
Among the principal projects in the Santa Clarita Valley, there are 40,106 residential units in some phase of the planning process.

Across the Santa Clarita Valley, there are 7,742 units in projects that are actively under construction, including Confluence of the Valencia project. There are also 5,482 units in projects that have been approved but have not broken ground.

There are nearly 27,000 units in projects that are awaiting approval, including the proposed Sunridge project and 2,200 conceptual units that could be built within the Town Center Specific Plan. Most of the pending residential units are the subsequent villages of the Valencia project that have yet to be approved for vertical construction.

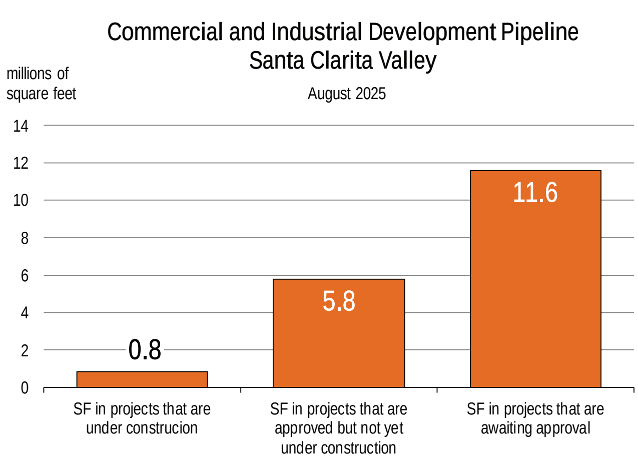
The Santa Clarita Valley now has over 18 million square feet of space in its commercial and industrial development pipeline.

Throughout the region there is 820,000 square feet of space in projects that are actively under



construction, including Vista Canyon and parts of Sand Canyon Village. There are also 5.8 million square feet of space in projects that have been approved but have not broken ground.

There are 11.6 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 11.6 million square feet of office, retail, industrial, recreational, school, and public space.

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

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

The ultimate build-out of Confluence (formerly Mission Village) is 4,055 residential units and 1.5 million square feet of mixed-use commercial space, along with an elementary school, a fire station, a hotel, and a public library. As of April 2025, over 1,500 homes have been sold.

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 two parks.

Landmark Village has been approved but is not under construction.

The six remaining villages are still in the planning stages with the exception of Homestead North. Entrada South is currently undergoing tract map changes and approval from the County of Los Angeles.

FivePoint began grading the Confluence Village and Landmark sites in late 2017. As of 2025, Confluence 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. Torrin, another subdivision, is also 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-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. It however, may be rezoned into residential entirely.

Sunridge (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 projects master plan, Porta Bella, was approved in 1995, with the cleanup of the project sites groundwater later putting it on hold. The developers were required to remediate the site before construction could begin, and most of the cleanup process was completed in early 2020.

The owners of the Whittaker Bermite property filed for bankruptcy in 2021. In September of

FivePoint Valenica

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.

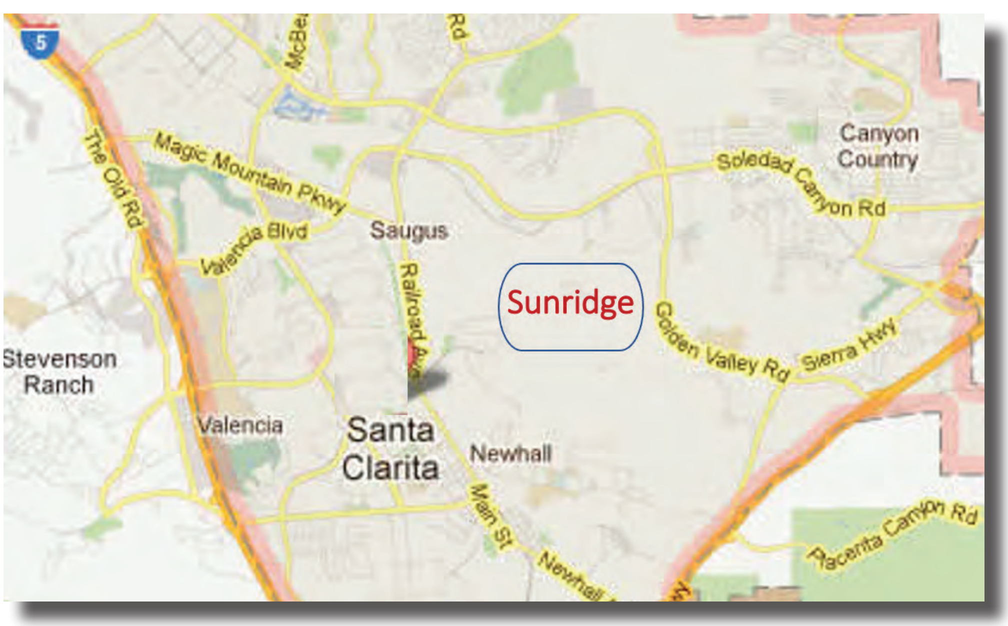
However, as of March 2023, New Urban West Inc. (NUW), a Santa Monica based company, has reached a development deal with the company claiming ownership of the Whittaker Bermite site. NUW hopes to design a mixed-use community project that will transform the city center and link the communities within the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

The NUW plan is a mixed-use development called Sunridge. This new plan proposes 6,500 units, 226,000 square feet of commercial space, 2.5 million square feet of business park, along with a wave park and a 10,000-seat amphitheater. This plan would replace the Porta Bella specific plan that was approved by Santa Clarita City Council in 1995. NUW's proposed project would have double the number of homes and approximately 10 percent more commercial development and will need to be resubmitted for approval. On September 11 the City signed an MOU with NUW, allowing them to study the overall citywide traffic pattern to prove that only extending two existing roads would be sufficient for the increase in homes built. The Porta Bella specific plan called for the expansion of both Santa Clarita Parkway and Via Princessa, as well as Magic Mountain Parkway.

At the time of this publication, the projects application is still pending additional due diligence and studies before any decision is made by City Council.

Princessa Crossroads

Princessa Crossroads is a large development project of 146 acres between Golden Valley High School and the Santa Clarita Sports Complex



Map of Sunridge site and surrounding areas that will construct 1.5 million square feet of business park and commercial space and up to 300 multifamily residential units. The project is currently in the EIR phase of entitlement.

The project has two phases. First, 300 multifamily units and some business park. The second phase consists of over 30 acres of business park development. Though the project has had multiple delays, the start of grading is expected by mid 2026.

Promenade Flats Mixed Use

This approved mixed-use project is located on Bouquet Canyon Road. The project plans to add a 50-foot, four-story building with a fifth-floor deck on a lot in Saugus.

The building would be constructed in the parking lot behind the existing IHOP building and would include approximately 7,200 square feet of ground-floor commercial space, with 26 one-bedroom apartments and four live-work one-bedroom apartments on the floors above.

As of August 2025, the project is approved and the building permits are currently under review.

Sand Canyon Village

Sand Canyon Village is a mixed-use project near Sand Canyon Road and Soledad Canyon Road. The project will include 580 residential units, 45,000 square feet of retail and commercial space, and a 147,000 square foot assisted living facility.

The plaza began construction in January of 2023. The first housing phase is called Pelona Hills. It consists of 119 single family homes and began construction in January of 2025. No estimated completion date has been released yet.

Northlake

Northlake has two phases, totaling 3,150 residential units and 22 acres set aside for commercial uses. The first phase consists of 288 single family homes, 1,341 multifamily units,

Rendering of Sand Canyon Resort

345 senior living units, and 315 affordable units. The second phase contains the remaining 855 single family units along with plans for a school. A supplemental EIR has been submitted and public hearings will begin soon.

River Walk

This project consists of 150 units of townhomes, along with 8,500 square feet of commercial space. It is approved, and has had its approval extended several times. Most recently, the project was granted a 1 year extension in June.

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. The development was reduced from 36 acres to 13.5 acres. It is proposed to include a four-story main hotel with 283 rooms and 12 villas, 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 plans, originally submitted to the City in February 2018 resulting in an ultimate denial, is currently being treated as a completely new project and is under review by the Santa Clarita Planning Commission.

Wiley Canyon

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

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

Wiley Canyon Project Plans

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. In April 2025, a new environmental study was authorized to accommodate recent plan revisions. This revised plan reduces the senior living facility to 120 units, removes the 130 independent living units, and replaces the 379 apartment units with 45 condos and 179 townhome units.

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 and are both operational.

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

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.

The developer is seeking a permit to convert the planned office space to residential units.

The bridge and road improvements are underway and expected to be completed in the Spring of 2026.

Over 700 of the 1,100 units have been completed, and 60,000 out of 950,000 square feet of commercial space has been constructed.

Town Center Specific Plan

The plan consists of 111 acres that could accommodate up to 2,200 residential units and 600,000 square feet of new commercial space. The Specific Plan would incentivize mixed use development and promote a blend of residential, commercial and recreational uses within a walkable community.

Centennial, the company planning to redevelop the town center mall, has plans for the first phase of the project that would include a 160,000 square foot Costco and 300 residential units for seniors, according to The Signal. A 125-room hotel with meeting and event space is also planned for later phases, as well as more housing and commercial space.

Shadowbox Studios

The Signal reported in June 2024 that the original project, Shadowbox Studios, is now on an indefinite hold pending the extent to which movie and TV production recovers. In May of

2025, Shadowbox Studios asked the City to extend zoning changes for an additional year that allow, among other things, 50 foot tall buildings, tract map changes, and ridgeline alteration permits.

Newhall Mixed Use Project

Approved in May 2025, this project looks to add a 70 unit apartment building, 36 town home apartment units, and a 4,000 square foot building for commercial space. The project is located on Newhall Avenue.

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

Lennar Homes has been actively selling homes since January 2024. Toll Brothers is working on construction in a neighborhood that will include 60 homes, with some of those homes already complete and sold.

Tesoro Highlands map

Homes within the Tesoro Highlands neighborhoods of Bella Terra are 3,377 to 3,685 square feet and start at close to $1.6 million; Alta Monte homes are 4,718 to 5,088 square feet and start at around $1.9 million.

Tesoro Highlands will also include a recreation center, a community park with tennis courts, and six miles of private trails. The 55+ recreation center was recently completed, while the general recreation center is still being planned.

MetroWalk

MetroWalk is a large residential project near Lost Canyon Road and Harriman Drive, adjacent to Vista Canyon. In December 2023, the City approved a modified plan consisting of 137 townhomes, instead of the originally approved 49 units. The 20 acre site is situated next to a Metrolink and bus transit center.

The plan has now changed. New Urban West is approved to construct a maximum of 498 units---279 apartments, 150 duplexes and attached condos, and 120 original affordable senior units which will require state funding that has yet to be secured.

Grading is complete. The townhomes and a park are under construction.

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.

The project was approved, however the developer has not applied for either building or grading permits.

Williams Ranch

This development by Williams Homes consists of 497 homes. Construction began in 2022. As of mid 2025, around half of the homes are complete.

The Trails at Lyons Canyon

The Trails was approved in July of 2025. Developer New Urban West plans to add 510 homes to the western side of the Santa Clarita Valley. The project is located south of Sagecrest Circle and to the west of Old South Road.

Belcaro Sand Canyon

Developer New Urban West has plans for 341 senior homes just north of Sand Canyon Country club. This project is not yet approved, and the developers have not given any timeline on when they hope to begin construction.

Golden Valley & Sierra Highway development

Plans were submitted for preliminary review in June 2025 for this project consisting of 42 single family homes, 336 units of multifamily apartment units, and 76 units of town homes. The project is located at the intersection of Golden Valley Road and Sierra Highway.

Riverview (formerly Saugus Speedway)

Integral Communities is requesting Planning Commission sign off on a plan for 318 homes, including 122 detached single-family condos and 196 attached townhomes, with 22 identified as affordable housing. The EIR was recently approved by the City.

Principal Commercial and Industrial Projects

Honor Ranch

The 206-acre Honor Ranch project would be located next to Interstate 5, north of the Castaic Junction in the unincorporated County of Los Angeles.

The Honor Ranch mixed-use project is proposed to develop 1.5 million square feet of non-residential space. Current plans suggest a distribution as follows:

- 1.3 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.

Trammell Crow Company is the developer. The project is currently in pre-development and Trammell Crow is working with Los Angeles 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.

More detailed plans regarding land use are currently underway.

Santa Clarita Commerce Center Project (also called Oak Ridge Industrial

Construction on this project began in June 2024. This project includes four industrial/warehouse buildings, totaling 430,407 square feet on a 22.3-acre project site.

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

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.

This project was completed in August 2025 and is available for lease or sale.

Rye Canyon Studios (formerly Southern California Innovation Park)

Southern California Innovation Park is an existing medical campus with 740,234 square

Principal Residential Projects in the Santa Clarita Valley — August 2025

Project Name	Developer	Location	Units	Description	Status
City of Santa Clarita					
Plum Canyon Master	Plum Canyon Master	Whites Canyon / Skyline Ranch	411	SF Detached / Apts	Under Construction
Bouquet Canyon Project	Integral Communities	Bouquet Canyon / Copper Hill	375	SF Detached / Townhomes	Approved
Golden Valley & Sierra Highway Development		Newhall	454	Single and Multiple Family	Pending
MetroWalk	Blumax Santa Clarita	Santa Clarita	498	Apts / Condos / Townhomes	Under Construction
Golden Triangle Apartments	JSB Development	Santa Clarita	164	Apartments	Under Construction
The Trails at Lyons Canyon	New Urban West	Sagecrest Circle/Old South Road	510	Single Family Homes	Approved
Creekside Commons	CRP Development, LLC	East of Sierra Highway	128	Apartments	Approved
Belcaro at Sand Canyon	New Urban West	Soledad canyon Rd/Oak Springs Dr	341	Single Family Homes	Pending
Somerset Summit	ACCELERATION by Design	Haskell Canyon Rd/Copper Hill Dr	98	Single Family Homes	Inactive
Tesoro Highlands	Newport Land Company	Valencia	820	SF Detached / Assisted Living	Under Construction
Riverview (Saugus Speedway)	Integral Communities	Soledad canyon Rd	318	SF Detached/Townhomes	Approved
Unincorporated Areas of the Santa Clarita Valley					
Williams Ranch	Williams Homes	Castaic	497	Single Family Detached	Under Construction
Saddle Peak	Williams Homes	Shadow Pines	492	Single Family Detached	Under Construction

Source: California Economic Forecast secondary research

feet of healthcare and office space currently in use. The site is located off of Rye Canyon loop in Valencia.

Southern California Innovation Park was bought by Oxford Properties Group in September 2021 for $133.3 million.

Developers expect to add approximately 750,000 square feet of new space to the site, including sound stages and support buildings which were approved in 2022. Construction is currently on hold due to issues associated with film and TV industry production slowdowns and financing.

As of 2025, several planning approvals were issued for this project. Since then, the developer has not yet moved forward on the project.

Principal Mixed-Use Projects in the Santa Clarita Valley — September 2024

Project Name	Developer	Location	Units	Square Feet	Hotel Rooms	Description	Status
City of Santa Clarita							
Vista Canyon	JSB / JPI / KB	Sand Canyon / State Rt. 14	225	775,000	240	SF / Apts / Com / Hotel	U/C
Princessa Crossroads	National Technical Systems	Santa Clarita Valley	300	1,500,000		MF / Retail / Industrial	Pending
Sand Canyon Village	Sand Canyon Plaza LLC	Santa Clarita	580	45,000		SF Detached /Retail	U/C
River Walk	Chandler Partners	Santa Clarita Valley	136	5,000		MF / Commercial	Approved
Wiley Canyon	Sheridan Ebbert / Link	Wiley Canyon Road	344	8,900		Senior Living Facility/apartments	Pending
Paseo Nuevo 11th street		Santa Clarita	12	2,320		Mixed-Use	Approved
Plaza del Sol - 14th Street		Santa Clarita	32	5,715		Mixed-Use	Approved
Promenade Flats	Harvard 826 LLC	Cinema Dr/Bouquet Canyon Rd	30	8,840		Retail/Apartment/Live-Work	Approved
Newhall Mixed Use project	Serrano Group	Newhall	70	4,000		MF/ Commercial	Approved
Sand Canyon Resort		Sand Canyon Rd/Robinson Ranch Rd		TBD	295	Hotel/other commercial	Pending
Town center	City of Santa Clarita	Santa Clarita	2,200	600,000	125	Commercial	Approved
Sunridge	New Urban West	Santa Clarita	6,550	3,126,000		Residential/Commercial/Business Park	Pending
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
Confluence Village	FivePoint Communities	Newhall Ranch	4,055	1,555,100		SF / Retail / School	U/C
Potrero Valley	FivePoint Communities	Newhall Ranch	4,835	245,000		SF / MF / Off / Ret / School	Pending
Northlake	Northlake Associates LLC	Castaic	3,150	TBD		Residential/Commercial	Pending
Sterling Ranch Estates	Hunt Willliams	Val Verde	227	20,000		SF/Retai	Pending

Source: California Economic Forecast secondary research

Principal Non-Residential Projects in the Santa Clarita Valley						August 2025
Project Name	Developer	Location	Square Feet	Hotel Rooms	Description	Status
City of Santa Clarita						
Rye Canyon Studios	Intertex / Oak Tree	Rye Canyon	750,000		Industrial	Approved
Sierra Newhall Retail Center	Sierra Crest	Newhall Ave/Sierra Highway	9,645		Industrial	Approved
Henry Newhall Hospital Expansion	Newhall Foundation	Santa Clarita	200,000		Hospital Expansion	Approved
Golden Triangle Industrial Development	Covington Group	Golden Triangle Rd	13,472		Industrial	Pending
College of the Canyons Technology Center		Golden Valley Rd/Soledad Canyon Rd	75,000		Commercial	Approved
Unincorporated Areas of the Santa Clarita Valley						
Honor Ranch Development	Trammel Crow	North of Castaic junction	1,500,000		Industrial / Office / Retail	Approved

Source: California Economic Forecast secondary research

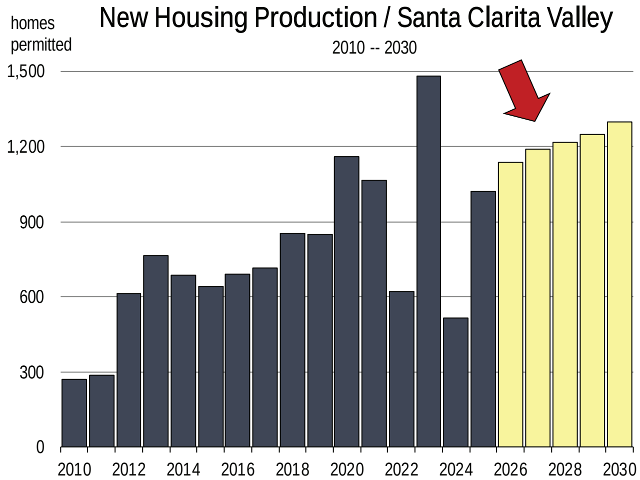
The Forecast

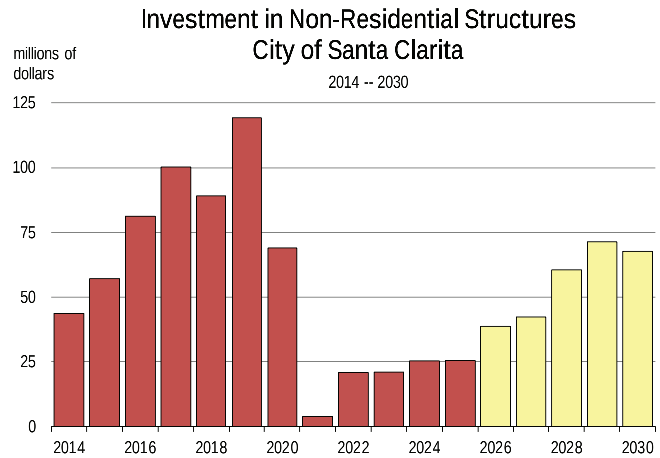
While the forecast presents a year-by-year distribution of new housing units (permits), the sum of housing units over the forecast period is more important than the year-by-year allocation of units. There are too many nonmarket influences that can interrupt the timing of the permitting process from year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

Our forecast calls for 6,100 new housing starts in the greater Santa Clarita Valley between 2026 and 2030. This forecast represents little change from last year or the previous year's outlook.

Many projects are in full production at this time. And legacy projects are moving forward. In general, new construction remains active. The volume of housing over the next three years should modestly accelerate. This assumes the interest rate environment gradually eases. A number of new projects will commence to join ongoing development of Valencia, Williams Homes, and Tesoro Canyon. This includes Wiley Canyon, Sand Canyon and Bouquet Canyon.

Relatively high interest rates in 2025 have led to less inventory and lower demand for new (and existing) homes. Housing demand is





forecast to rise in 2026 due to the expected softening of mortgage rates and no recession is in the forecast. A recession would impact the new development environment because household income would decline and preempt the demand for housing by homebuyers. To date, the economy has strengthened from the first quarter, with a solid 3.0 percent GDP growth in the second quarter and a 2.5 percent running growth estimate for the third quarter. Furthermore, there is not much evidence of slowing consumer or business spending.

New Development Forecast			Santa Clarita Valley					
	2023	2024	2025	2026	2027	2028	2029	2030
Residential Building			--- number of units -----					
City of Santa Clarita	836	280	566	507	537	559	558	565
Entire Santa Claria Valley	1,480	513	1,022	1,137	1,190	1,217	1,249	1,299
			--- milions of dollars ---					
Total Residential Investment	113.9	182.9	390.4	286.3	275.2	290.5	303.2	319.6
Commercial and Industrial Investment			--- millions of dollars -----					
City of Santa Clarita	21.0	25.3	25.3	38.7	42.3	60.4	71.3	67.7

Source: CIRB, Housing & Urban Development, California Economic Forecast, September 2025

QUALITY OF LIFE INDICATORS

Introduction

Crime

Traffic

Quality of Education

Children Living in Poverty

Introduction

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. All of 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 2025 through May.

- Crime levels in the Santa Clarita Valley rose between 2021 and 2024, but the rate is now dropping in 2025. If the pace of crime incidence between January and May remains consistent for the remainder of the year, crime levels will decrease modestly from 2024.

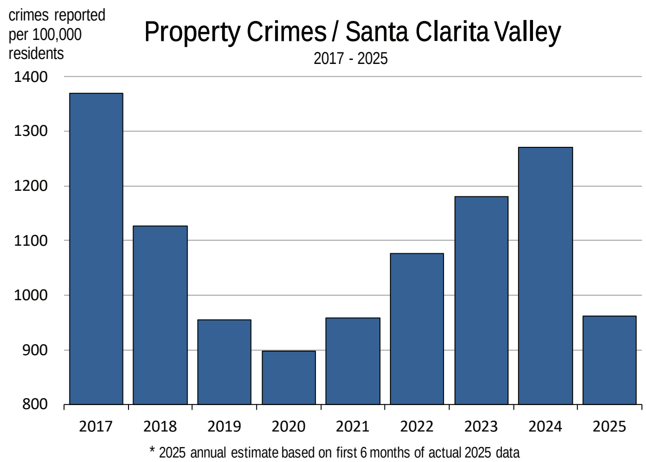
- The Total Crime Index per 100,000 residents reported in greater Santa Clarita Valley was 1,404 in 2024. However, in 2025 it is running at 1080. This implied decrease of 23 percent is driven in large part by a drop in reported crimes in the unincorporated area of the Santa Clarita Valley.

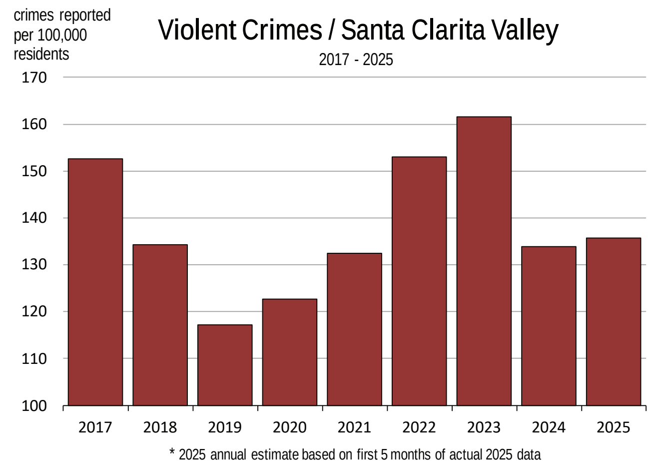
- Violent crime rates per 100,000 residents have risen slightly to date this year, while property crimes per 100,000 residents are running

Crime Reports	Santa Clarita Valley							
	2018	2019	2020	2021	2022	2023	2024	2025*
Willful homicide	4	4	4	6	1	6	3	2
Forcible rape	67	65	55	59	47	44	35	62
Robbery	118	108	90	90	109	139	95	122
Aggravated assault	202	165	209	231	290	286	261	214
Violent Crime Total	391	342	358	386	447	475	394	401
Burglary	735	513	465	399	459	548	860	499
Larceny-Theft	2,146	1,958	1,782	1,935	2,208	2,320	2,311	1,802
Motor vehicle theft	364	289	365	433	462	565	537	514
Arson	34	24	10	23	19	37	30	26
Property Crime Total	3,279	2,784	2,622	2,790	3,148	3,470	3,738	2,842
Total Crime Reports	3,670	3,126	2,980	3,176	3,595	3,945	4,132	3,242

*2025 values are estimates based on actual data for the first 5 months of 2025

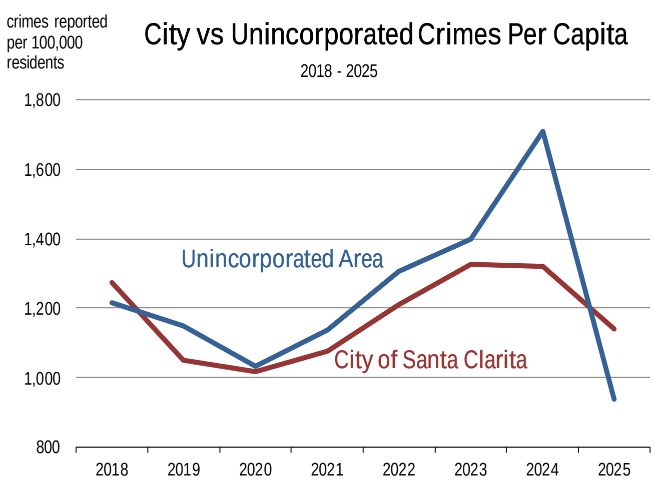
Source: Los Angeles County Sheriff's Department





lower. Comparing the first half of 2024 to the first half of 2025, violent crime rates have dropped by one percent and property crime rates have increased by 14.5 percent.

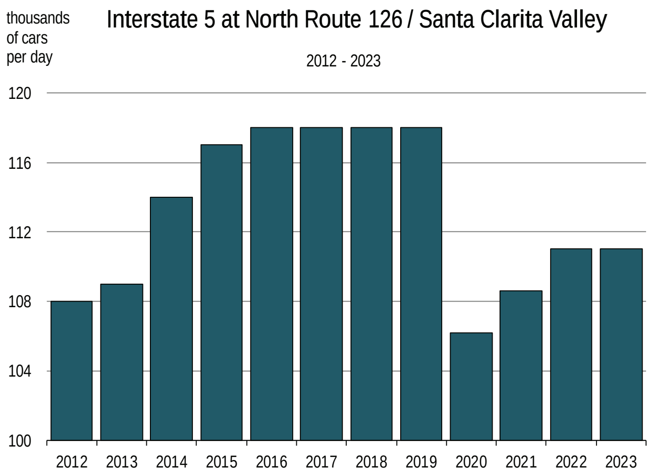
- Relative to California, crime in Santa Clarita Valley has consistently been lower for the last 10 years for both property and violent crimes per capita. The actual data for 2025 in California is not yet available. Reported crimes for the Santa Clarita Valley are available for the January-May period of 2025.

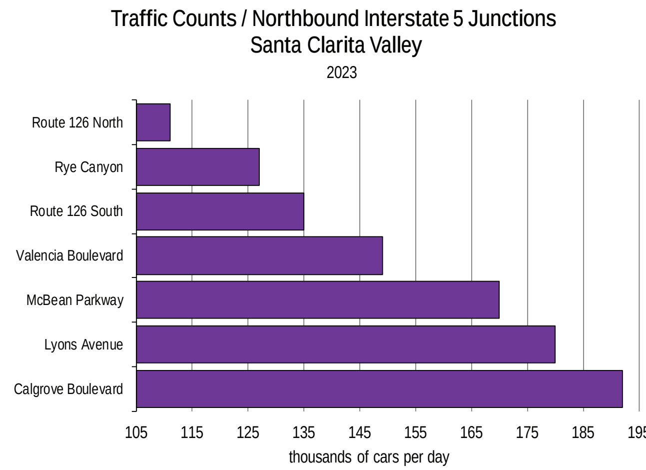


- Data for 42 selected U.S. cities for the first half of 2025 shows that violent crime rates were lower in most cities. The only California city reported in the list was Long Beach. Property crime rates were higher for burglaries of non-residential buildings, and motor vehicle theft. Otherwise, property crime is running lower year-to-date in all other property offenses.

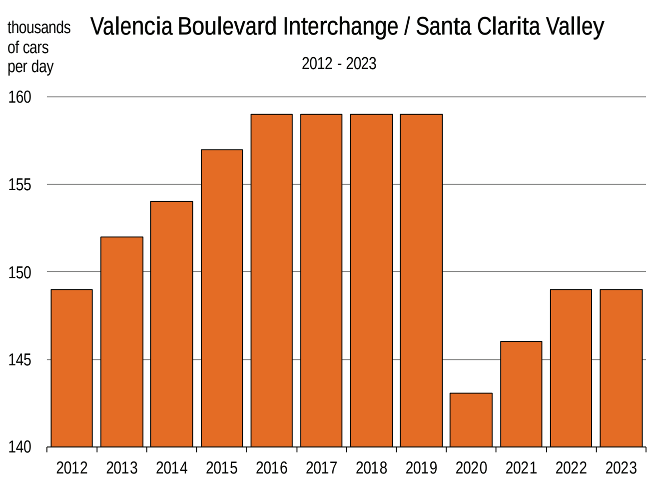
Traffic

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.

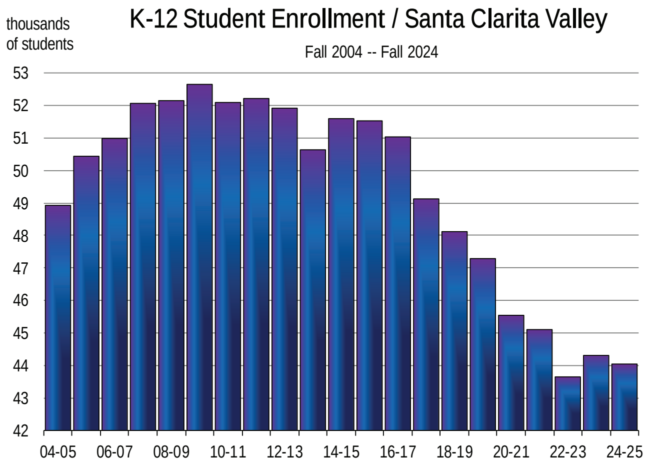


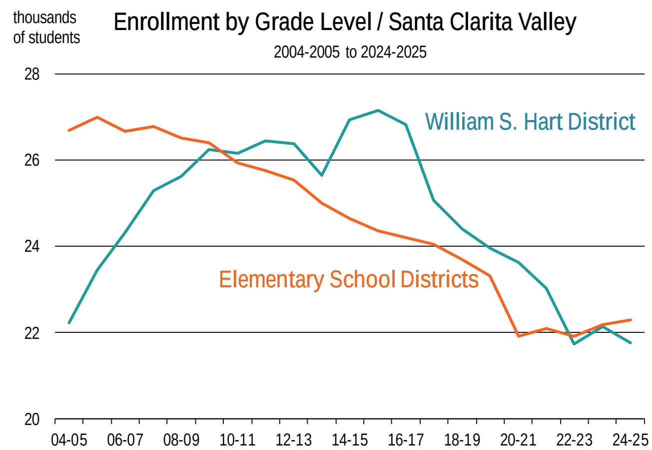


- Traffic volumes sharply declined during the coronavirus pandemic when many retail and office buildings were closed and people worked from home.
- The most recent information released by CalTrans this year is for calendar year 2023.
- Across the Santa Clarita Valley, traffic counts fell by 20 percent in 2020. By mid-2021, traffic was still 15 percent below 2019 levels.



- Traffic volumes rebounded in 2021 and again in 2022 from the pandemic lows. However, the 2023 traffic reports show total car volumes remaining steady.
- Despite the rebound, traffic remains well below pre-pandemic levels, due in part from the persistent incidence of the work-from-home labor force which has not entirely returned to on-site work.
- 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.





Quality of Education

Enrollments

- During the 2023-2024 school year, public school enrollment in the Santa Clarita Valley increased slightly for Elementary Schools and decreased for High Schools.

- Enrollment had been in decline for several years, but the trend was exacerbated by the coronavirus pandemic. The 2023-2024 school year recorded the first increase in K-12 enrollment in the Santa Clarita Valley in nearly 10 years, largely rebounding from the pandemic restrictions that were implemented in the Fall of 2020 and continued into 2021.

- Despite a decrease from the prior year, 2024-2025 school year enrollment remains above enrollment for the 2022-2023 school year but represents the second lowest total enrollment level since 2002.

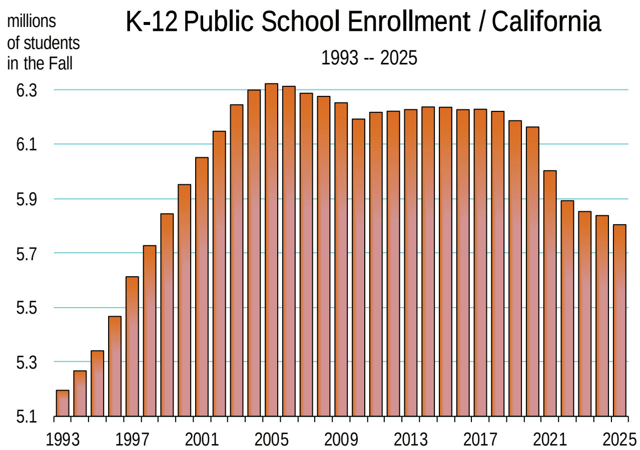
- Fall 2024 enrollment at William S. Hart High School District fell to its lowest level since records have been kept.

Public School Enrollment - Santa Clarita Valley

Number of Students

	--School Years--								
	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24	24-25
Castaic Union Elementary	2,234	2,153	2,037	2,020	1,860	1,893	1,859	1,938	1,914
Newhall Elementary	6,706	6,537	6,539	6,267	5,920	5,834	5,918	5,928	6,022
Saugus Union Elementary	9,900	9,960	9,791	9,704	9,071	9,170	9,070	9,097	9,191
Sulphur Springs Union Elementary	5,370	5,395	5,336	5,329	5,069	5,188	5,067	5,211	5,157
Total Elementary	24,210	24,045	23,703	23,320	21,920	22,085	21,914	22,174	22,284
William S. Hart Union High	26,822	25,080	24,414	23,968	23,623	23,019	21,735	22,135	21,760
Santa Clarita Valley Total	51,032	49,125	48,117	47,288	45,543	45,104	43,649	44,309	44,044

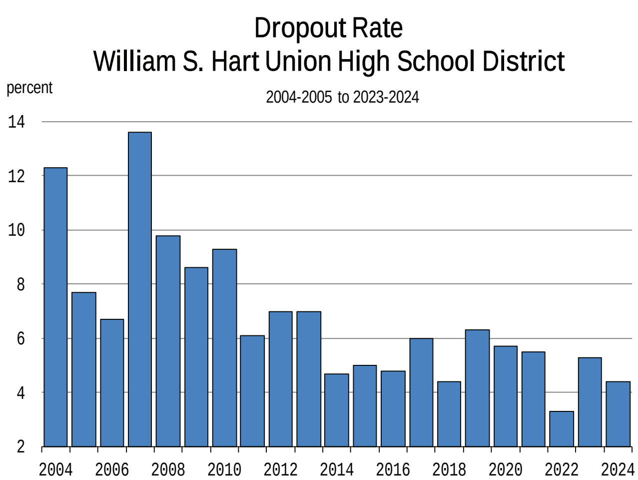
Source: California Department of Education



- The declining trend for student enrollment levels in K-12 public schools is common in most coastal areas of the state, and for the state as a whole.

Graduation Rate

The rate at which students graduate high 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 graduation rate has been exceptionally high for nearly a decade.

- In the 2023-2024 school year (the most recent data available), 95.6 percent of Santa Clarita Valley students graduated. Statewide, 90.2 percent of students graduated. Across Los Angeles County, 89.5 percent of students graduated.

Elementary and High 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.

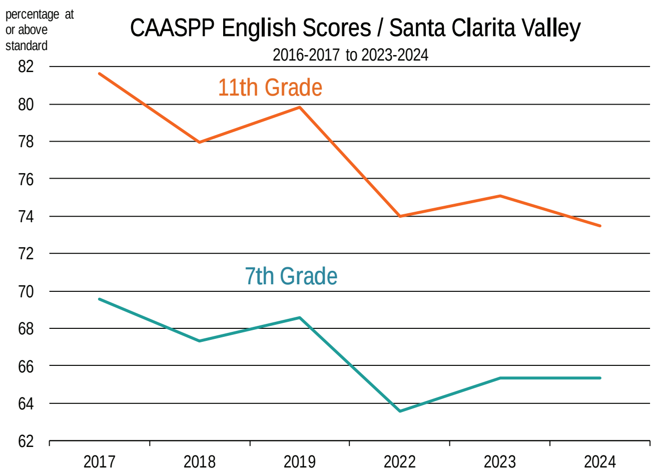
This analysis (arbitrarily) presents scores for third grade and seventh grade as representative of elementary and junior high students. Because of the coronavirus pandemic, there was no testing during the 2019-2020 and 2020-2021 years. The following interpretation of recent public school test scores is based on testing during the 2023-2024 school year. Results for the school year just ended three months ago are not yet available.

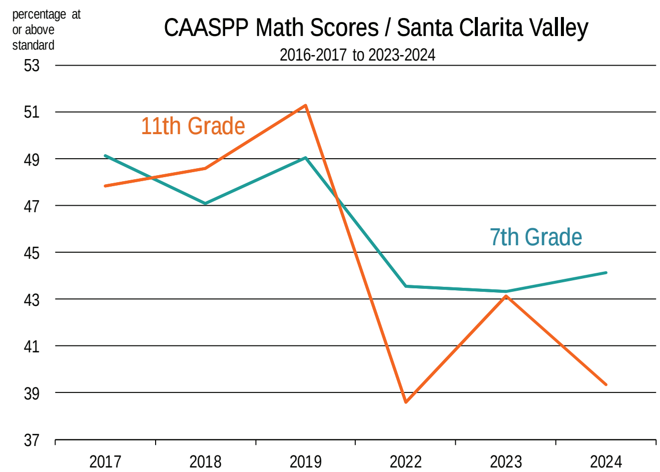
- Third grade students at Santa Clarita Elementary School outperformed their peers across Los Angeles County and the State of California. This outperformance occurred in both Math and English.
- Among third grade students, around 50 percent of students passed the Math tests. Passing rates for the English tests were only slightly lower.
- In Los Angeles County, around 48 percent of third graders passed the Math tests, and around 45 percent passed the English tests. Statewide, around 46 percent of third graders passed the Math while only 43 percent passed the English tests.
- About 65 percent of Santa Clarita Valley seventh grade students passed the English portion of the test, which is 18.2 percentage points higher than students across California for the 2023-2024 school year.

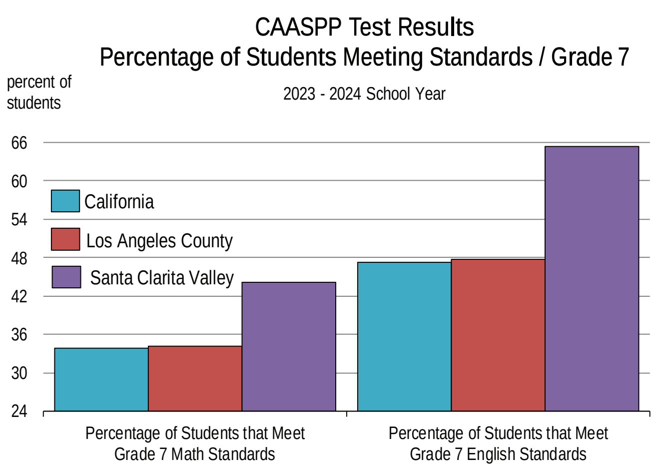
Student Enrollment and Academic Performance
Santa Clarita Valley High Schools
2023-2024 Academic Year

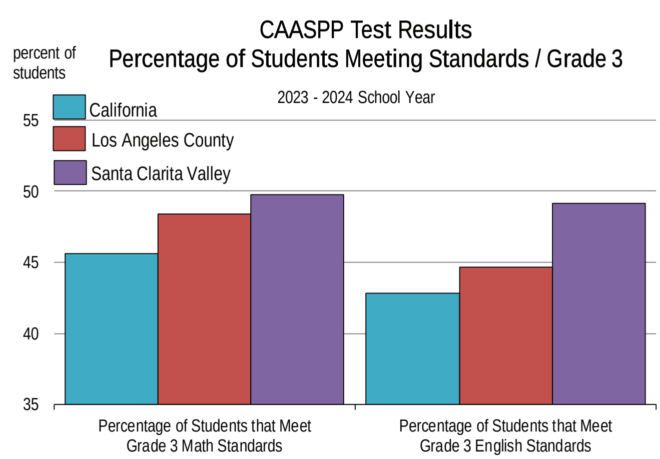
School	Student Enrollment	------- CAASPP score -------- English Language Arts / Literacy	Math
1. Academy of the Canyons	385	81.5	61.9
2. Canyon High School	1952	66.6	32.5
3. Castaic High School	1,159	70.5	29.6
4. Golden Valley High School	1,980	57.2	22.5
5. Hart High School	1,941	71.5	38.8
6. Saugus High School	2,317	83.0	47.4
7. Valencia High School	2,286	87.4	50.7
8. West Ranch High School	1,777	86.1	57.8

CAASPP scores: percentage of students who met or exceeded grade level standards
Source: Education Data Partnership, www.ed-data.org


percentage at or above standard
CAASPP English Scores / Santa Clarita Valley
2016-2017 to 2023-2024
11th Grade
7th Grade
82
80
78
76
74
72
70
68
66
64
62
2017
2018
2019
2022
2023
2024


percentage at or above standard
CAASPP Math Scores / Santa Clarita Valley
2016-2017 to 2023-2024
11th Grade
7th Grade
53
51
49
47
45
43
41
39
37
2017
2018
2019
2022
2023
2024

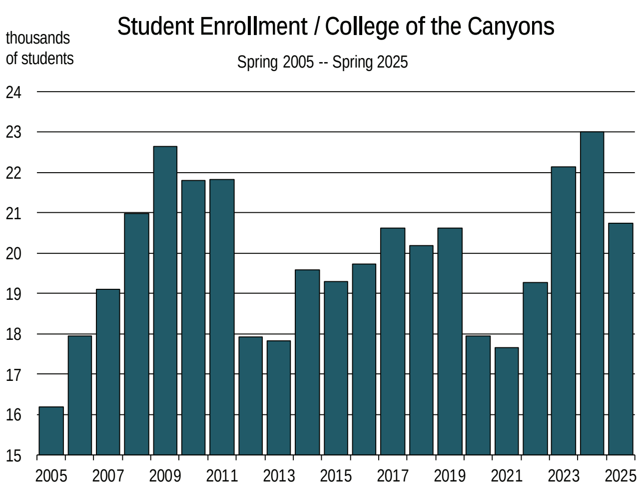

CAASPP Test Results
Percentage of Students Meeting Standards / Grade 7
2023 - 2024 School Year
percent of students
California
Los Angeles County
Santa Clarita Valley
66
60
54
48
42
36
30
24
Percentage of Students that Meet Grade 7 Math Standards
Percentage of Students that Meet Grade 7 English Standards

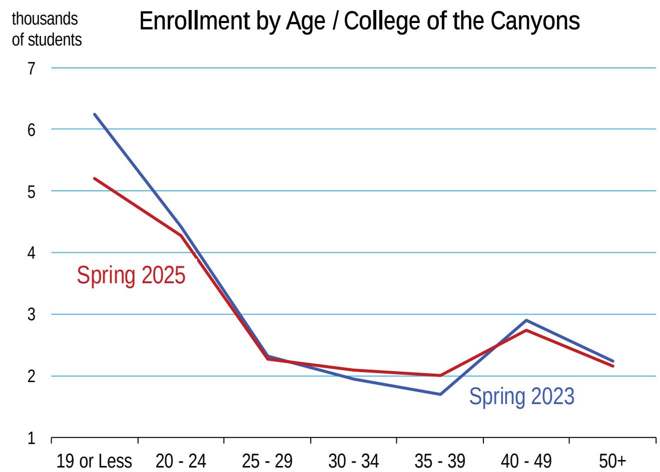

CAASPP Test Results
Percentage of Students Meeting Standards / Grade 3
2023 - 2024 School Year
percent of students
California
Los Angeles County
Santa Clarita Valley
55
50
45
40
35
Percentage of Students that Meet Grade 3 Math Standards
Percentage of Students that Meet Grade 3 English Standards

- Seventh grade students struggled with the math section of the CAASPP test in the 2023-2024 school year, just like the year prior. California and LA county recorded passing rates of 33.8 percent and 34.1 percent for math. Santa Clarita Valley reported passing rates of 44.1 percent.

- For Santa Clarita students in grades 7 and 11, test scores for both English and Math remain between three and eight percentage points below pre pandemic scores. Compared to the previous year, scores either remained the same or decreased slightly.

- Average CAASPP scores for the eight high schools in the region were 75.4 percent for english language arts, and 41.3 percent for mathematics in the 2023-2024 school year.

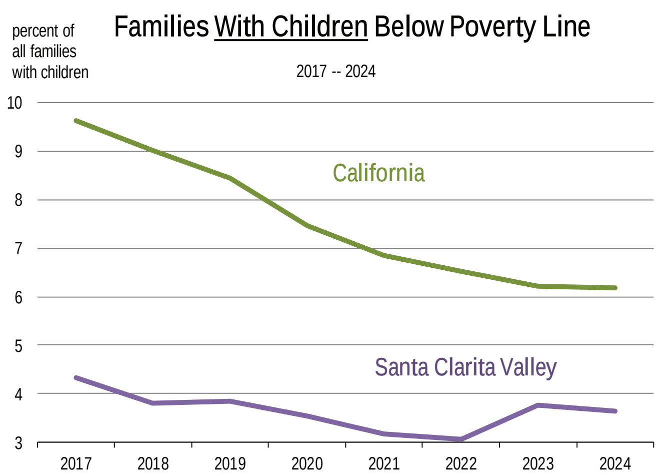


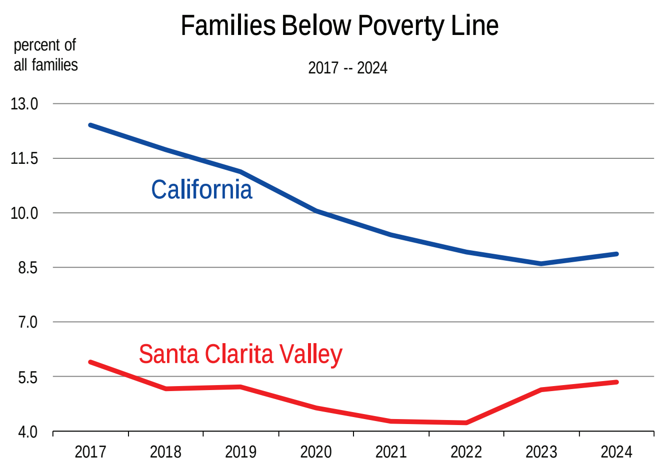


College of the Canyons

- 2024-2025 enrollment at the College of the Canyons declined from the 2023-2024 level, but still remained above enrollment levels from 2012 to 2022.

- Most age groups had lower enrollment in Spring of 2025 than in Spring of 2023. Spring 2025 enrollment for those 19 years or younger was well below that of Spring 2023. Older age groups 40-49 and 50+ saw a slight increase in enrollment in 2025 compared to 2023.





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 2025 federal poverty level is $32,150

- In 2025, 5.2 percent of families in the Santa Clarita Valley were under the poverty level. Approximately 3.4 percent of families with children did not eclipse the federal poverty level.

- For Los Angeles County, 10.2 percent of families were below the poverty level, and 6.8 percent of families with children were living in poverty.

- From 2024 to 2025, the number of families below the poverty line decreased slightly in Santa Clarita Valley. The number of families with children that were below the poverty line also declined to what appears to be an all-time record low. For greater Los Angeles County, the number of families below the poverty line with and without children also declined in 2025 from the year before.

Acknowledgements

This publication was distributed at the 2025 Santa Clarita Valley Economic Outlook Conference, held on September 26, 2025.

Speakers at the 2025 conference

Robert Shen	Remo - President
Marcie Washburn	Nycote Labs - CEO/Owner
David Rendall	RE/MAX - Broker/Owner
John Prahbu	LA North Studios - Partner
Nate Patena	DrinkPAK - CEO

Panel of Business Leaders
Santa Clarita Valley

Mark Schniepp
Principal Economist
California Economic Forecast

California Economic Forecast

Mark Schniepp, Ph.D.
Principal Author & Editor
Erik Jennings B.A. candidate
Quality of Life
New Development
Layout & Design

Santa Clarita Valley EDC

Scott Heffernan
Editor
Sue Arellano
Largest Employers Survey

Guest Authors

Craig Peters, CBRE
Industrial Market, Commercial
Richard Ramirez, CBRE
Office Market, Commerical

Data Contributors

Bureau of Labor Statistics
Bureau of Economic Analysis
California Association of REALTORS®
California Department of Tax and Fee Administration
California Employment Development Department
Labor Market Information Division
Census Bureau, American Communities Survey
Construction Industry Research Board
City of Santa Clarita
Los Angeles County Planning Division
J.C. Casillas, NAI Capital
Redfin
UCLA Anderson Forecast
Visit California

Santa Clarita Valley Cost-Savings Comparison

With no gross receipts tax, business tax, or utility taxes, Santa Clarita is the cost-effective alternative.

Taxes & Fees	Santa Clarita	Comparison Cities: Los Angeles	Glendale	Pasadena	San Fernando	Palmdale
Overall Cost Rating	$$	$$$$$	$$$$	$$$$$	$$$$$	$$
Gross Receipts Tax						
General Office	$0.00	$5.28	$0.00	$0.21	$1.32	$0.03
Professional Office	$0.00	$5.28	$0.00	$1.14	$1.32	$0.25
Retail	$0.00	$1.32	$0.00	$0.21	$0.66	$0.03
Wholesale	$0.00	$1.05	$0.00	$0.21	$0.53	$0.03
Manufacturing	$0.00	$1.05	$0.00	$0.21	$0.53	$0.03
Personal Service	$0.00	$3.70	$0.00	$0.21	$1.32	$0.03
Commercial Property	$0.00	$1.32	$0.00	$0.80	$1.25	$0.10
Residential Property	$0.00	$1.32	$0.00	$1.46	$3.00	$0.28
Utility User Tax Rates						
Cable	0.00%	0.00%	7.00%	9.40%	0.00%	0.00%
Cellular	0.00%	9.00%	0.00%	8.28%	0.00%	0.00%
Electric	0.00%	12.50%	7.00%	7.67%	0.00%	0.00%
Gas	0.00%	10.00%	7.00%	7.90%	0.00%	0.00%
Telephone	0.00%	9.00%	7.00%	8.28%	0.00%	0.00%
Water	0.00%	0.00%	7.00%	7.67%	0.00%	0.00%
Other Tax Rates						
Sales Tax Rate	9.5%	9.50%	10.25%	10.25%	10.00%	9.5%
Est Ad Valorem Property Tax Rate	1.22%	1.22%	1.07%	1.13%	1.49%	1.10%
Transient Occupancy Tax Rate	10.00%	14.00%	10.00%	12.10%	0.00%	10.00%
Parking Tax Rate	0.00%	10.00%	0.00%	0.00%	0.00%	0.00%
Documentary Transfer Tax Rate (per $1000)	$1.10	$5.60	$0.55	$1.10	$1.10	$1.10
Development Impact Fees						
Development Impact Fees	Yes	Yes	Yes	Yes	No	Yes
Public Facilities Fees	Yes	Yes	No	No	No	Yes
Scheduled Traffic Impact/Trip Fees	No	Yes	No	Yes	No	Yes
Signalization Fees	No	No	No	No	No	Yes
Major Thoroughfare/Bridge Fees	Yes	No	No	No	No	Yes
Art in Public Places Fees	No	Yes	Yes	Yes	No	No

Source: Kosmont-Rose Institute Cost of Doing Business Survey

SANTA CLARITA VALLEY
ECONOMIC DEVELOPMENT CORPORATION