

ECONOMIC SNAPSHOT

Santa Clarita Valley
Quarterly Report

Q3 2022



SANTA CLARITA VALLEY

STILL GOLDEN

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



EMPLOYMENT

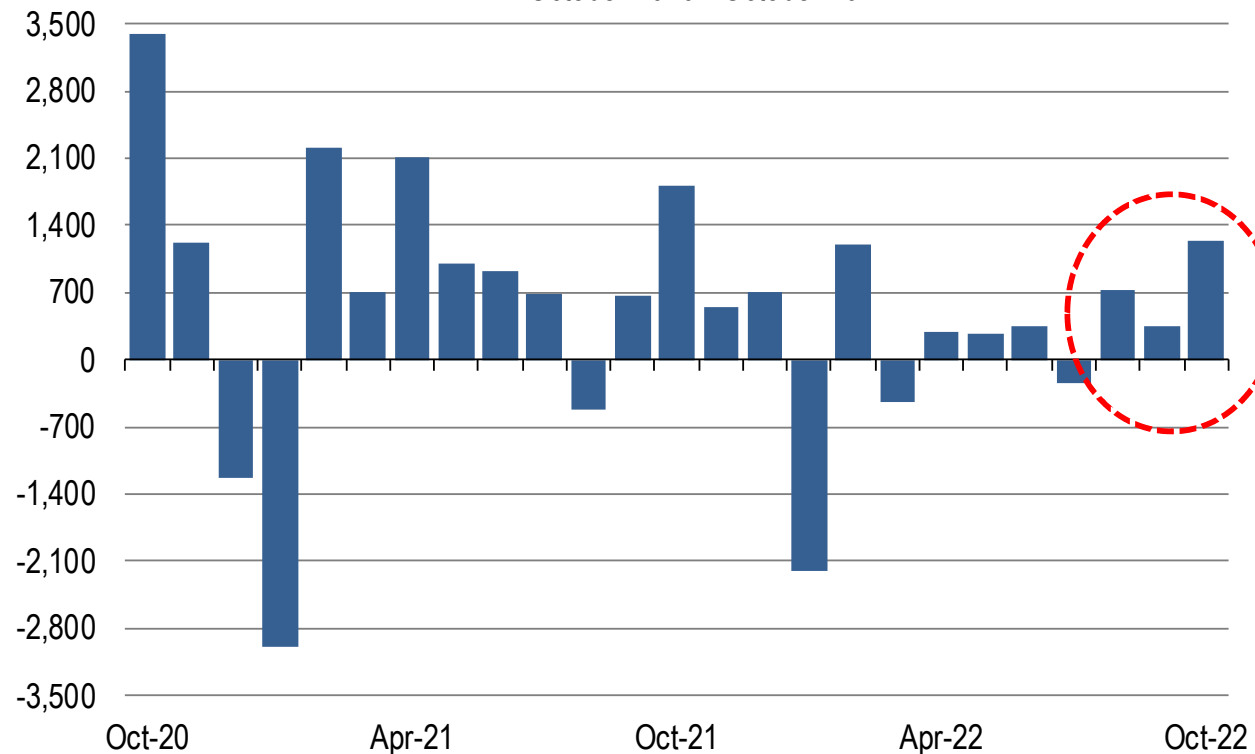
Source: California Economic Forecast

Employment Growth / Santa Clarita Valley

year over year
net jobs created

seasonally adjusted

October 2020 - October 2022



Employment continues to move higher in the Santa Clarita Valley economy. Relative to the previous 5 months, estimated employment growth has accelerated during the months of August-September-October.



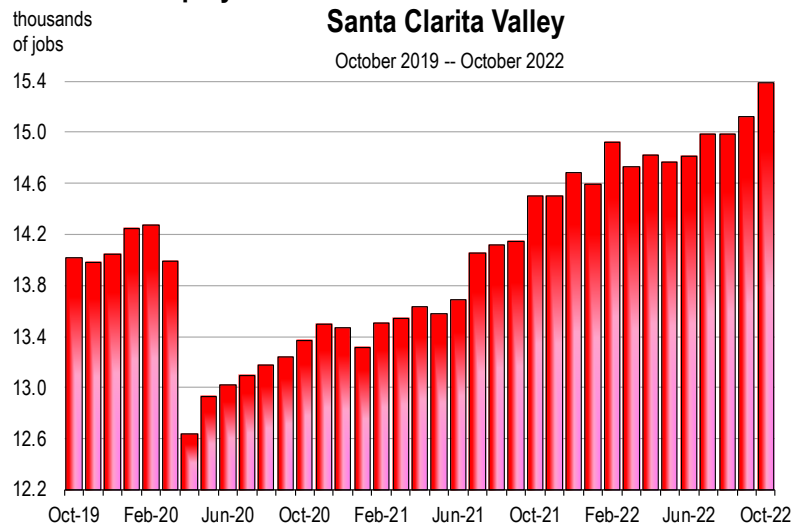
EMPLOYMENT

Source: California Economic Forecast

Employment in Professional & Business Services

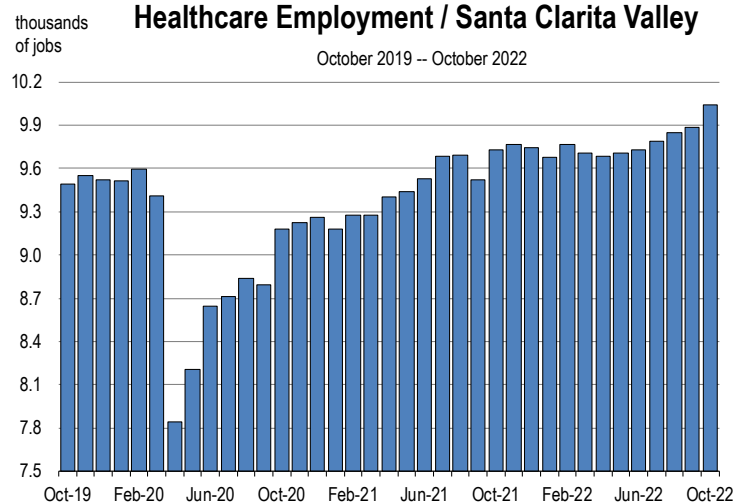
Santa Clarita Valley

October 2019 -- October 2022



Healthcare Employment / Santa Clarita Valley

October 2019 -- October 2022

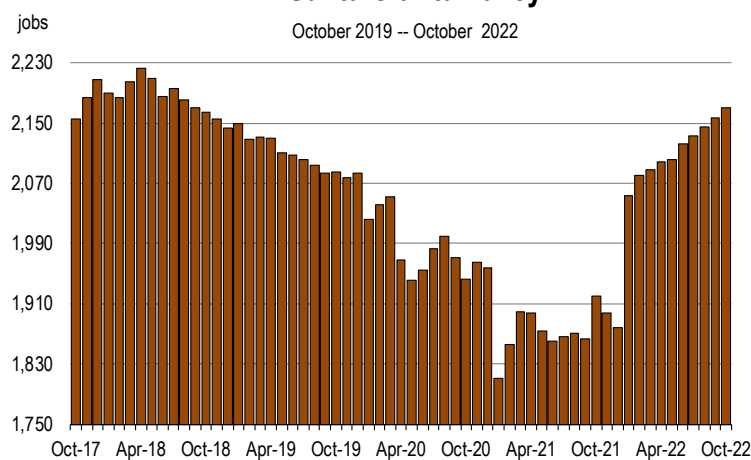


The largest gains in jobs over the last 3 months have occurred in the professional business services, healthcare, and financial activities. This is largely the result of growth within local tech companies, at Henry Mayo, and at Logix.

Employment in Finance & Insurance

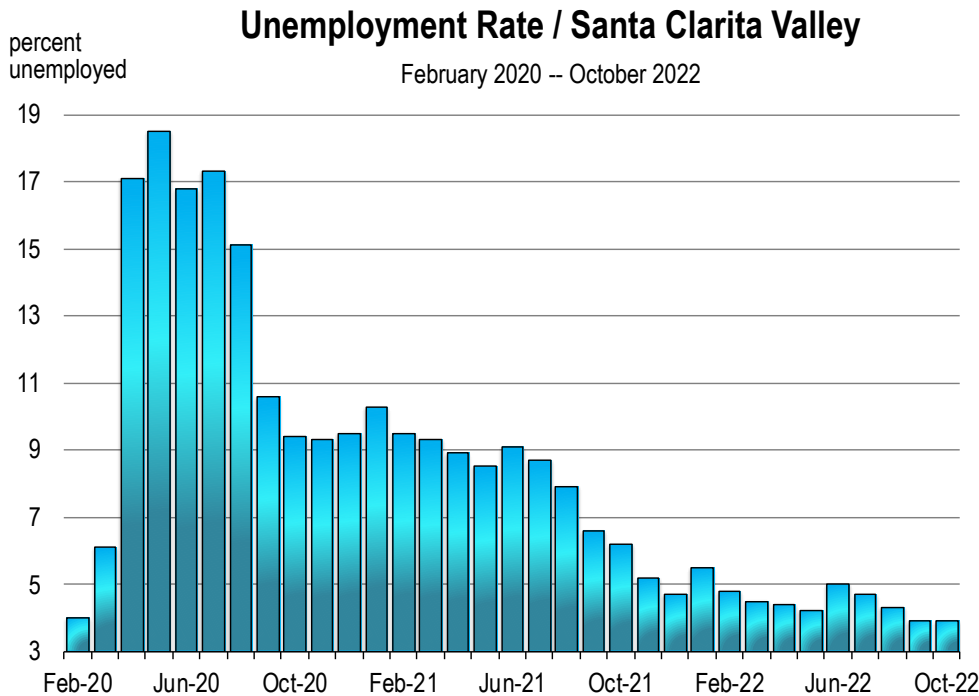
Santa Clarita Valley

October 2019 -- October 2022



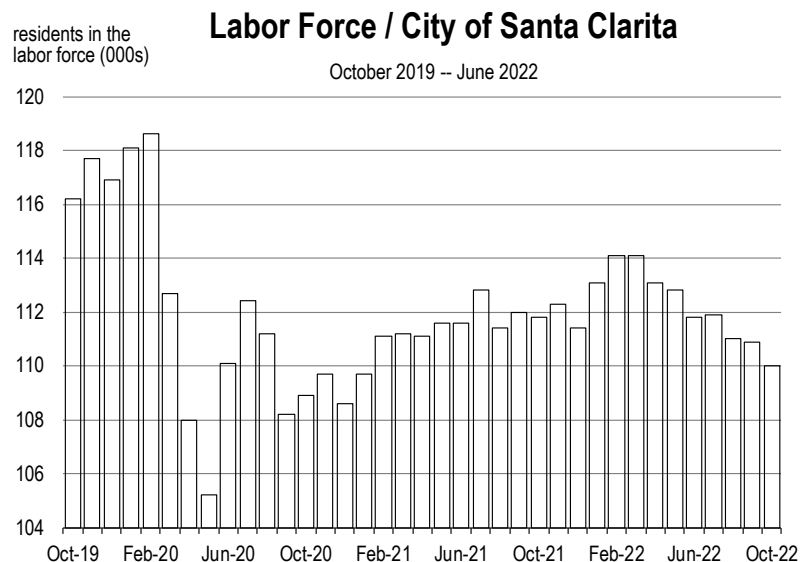
EMPLOYMENT

Source: California Economic Forecast



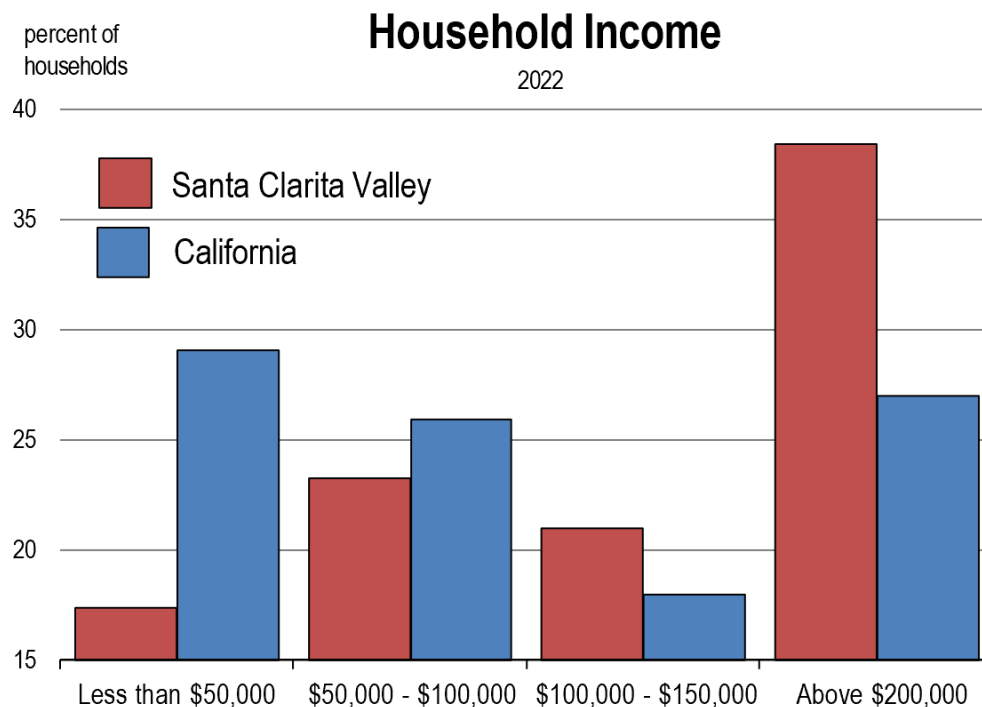
- The unemployment rate in the Santa Clarita Valley fell to 3.9 percent in both September and October, the lowest rate since May of 2019.
- The labor force in Santa Clarita also declined for largely unknown reasons, an issue for most cities and counties in California since the end of the pandemic.

- Nevertheless, there are estimated 800 more residents working this year than last year.
- While the total employed population of the region is lower than in 2019, the unemployment rate is signaling full employment and wage growth is sharply higher.



HOUSEHOLD INCOME

Source: California Economic Forecast

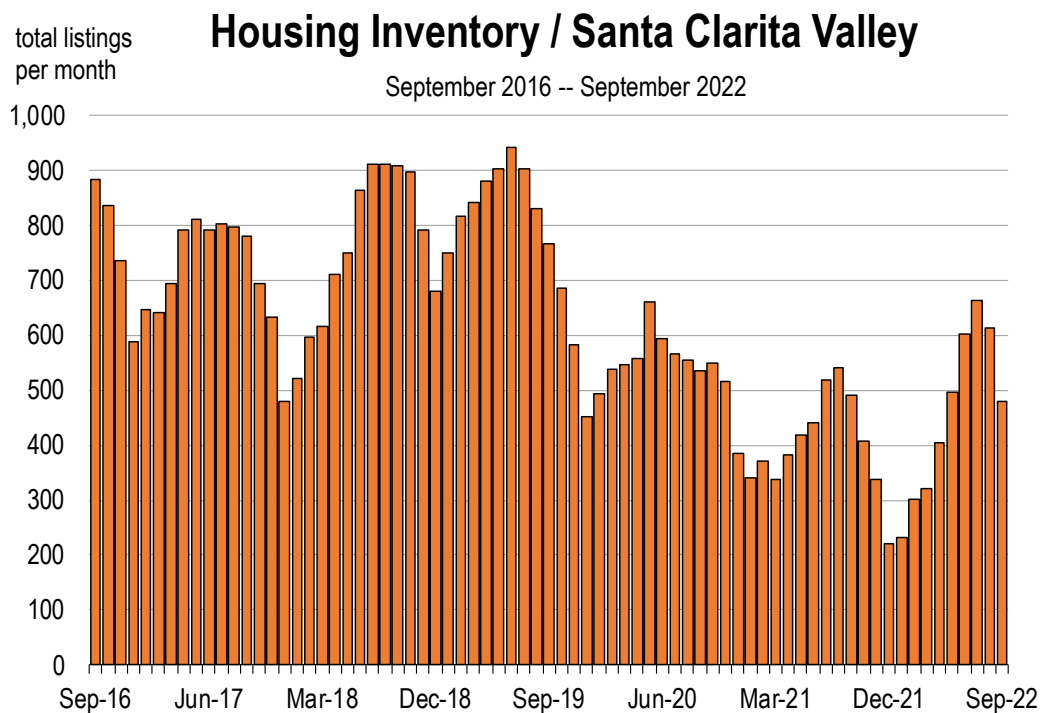
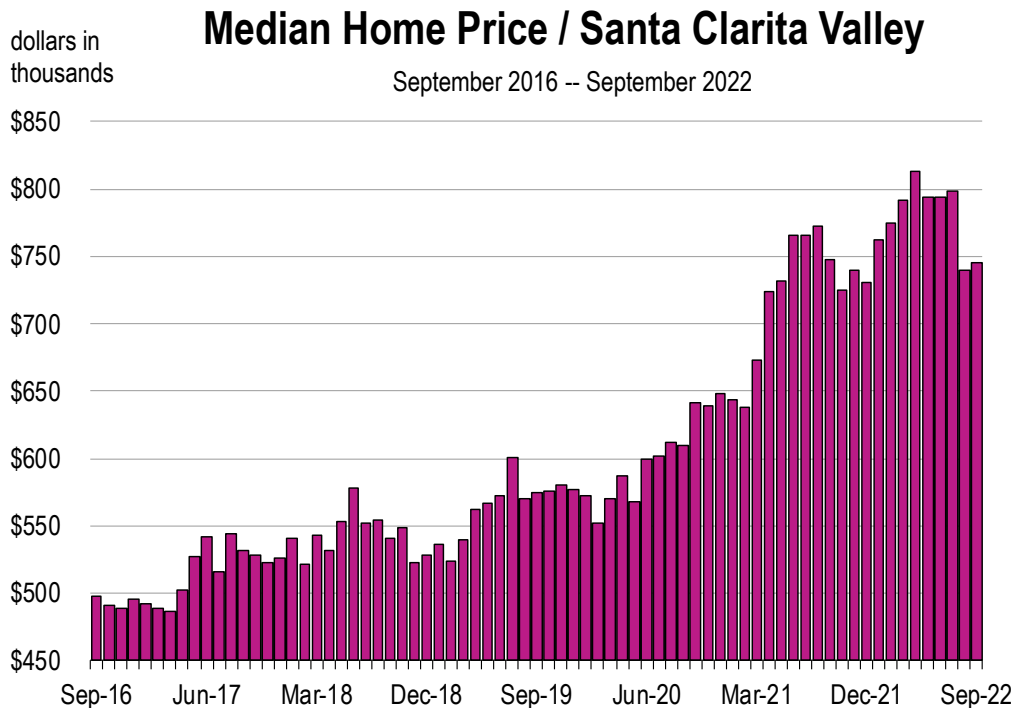


- In the Santa Clarita Valley, 60 percent of all households earn \$100,000 or more per year, compared to 45 percent for all Californians.
- The Santa Clarita Valley is among the most affluent areas of California. Incomes in the region are high because the local labor market is concentrated in high-wage fields. A large proportion of local residents work in higher paying fields.
- Compared to the rest of California, the region has a much lower share of residents who did not finish high school. In the region, less than 10 percent of residents who are over the age of 25 do not have a high school diploma, an exceptionally low rate. Across California, 16 percent of residents do not have a high school diploma.
- The region also has a slightly higher proportion of residents with an associate's degree or a graduate degree.



RESIDENTIAL REAL ESTATE

Source: California Economic Forecast

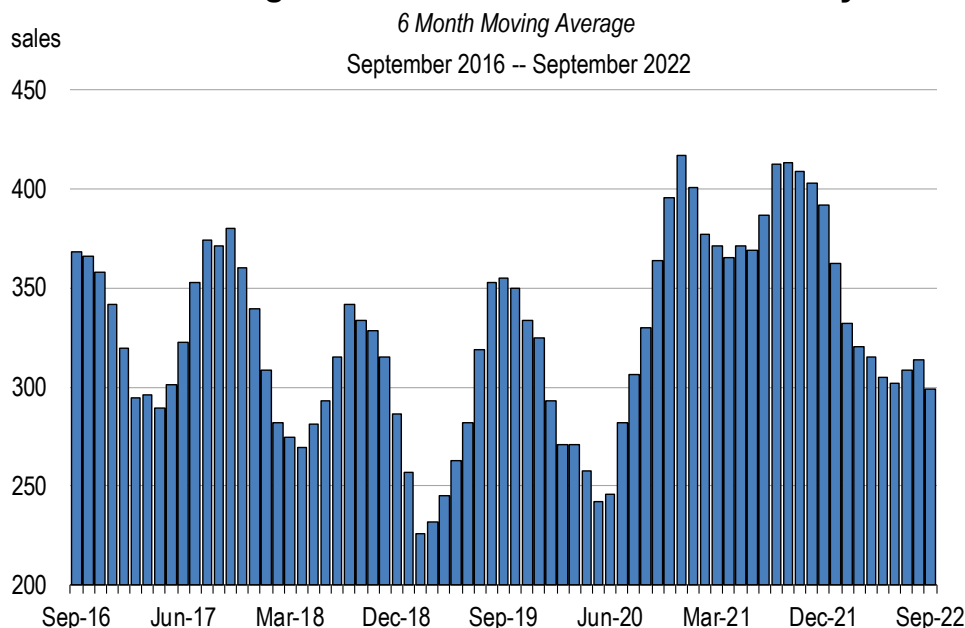


RESIDENTIAL REAL ESTATE

Source: California Economic Forecast

- The market is comprised on the entire Castaic-Stevenson Ranch-Santa Clarita region.
- In September 2022, the median home price in the Santa Clarita Valley was \$745,000, a decline of only 0.4 percent since September 2022. However, the September selling value represents an 8.4 percent decline from the peak value recorded in April 2022.
- Price depreciation to date is minimal but appears to be on a downward trend.
- In September, the for-sale inventory of homes totaled 481. This total is two percent lower than September 2021 levels. However, the average inventory for the June to September period in 2022 is 19 percent higher than the same period a year ago.

Existing Home Sales / Santa Clarita Valley

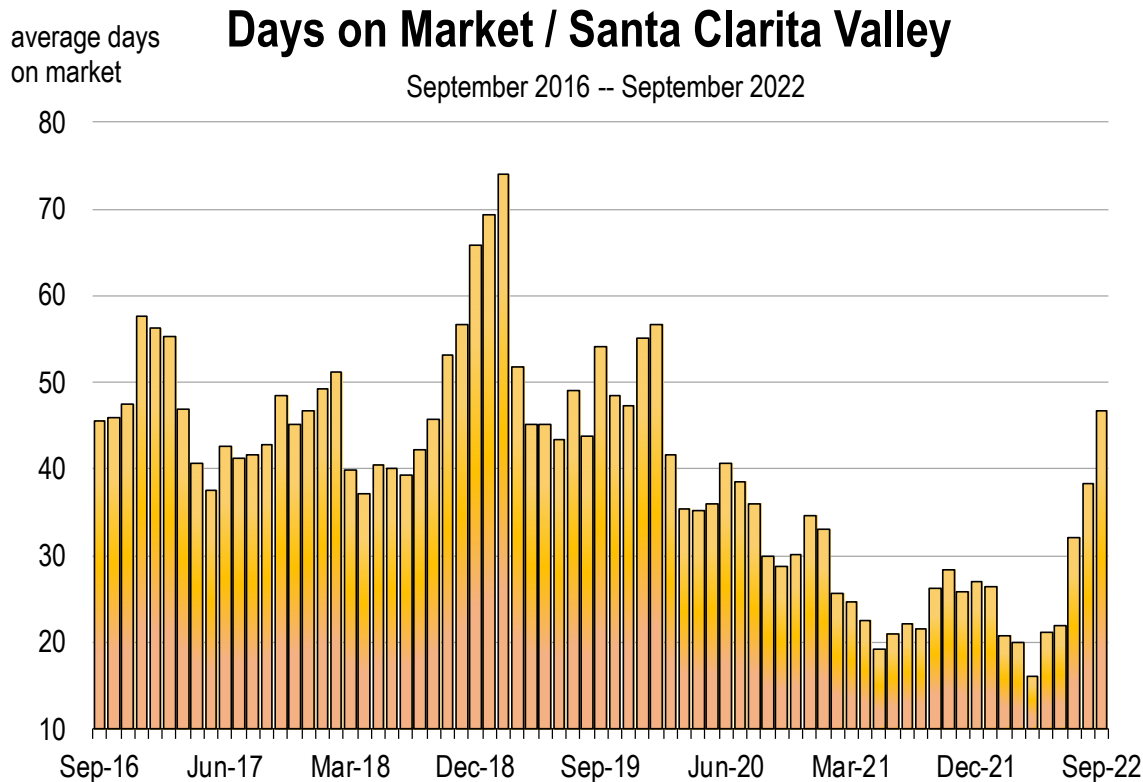


- In July 2022 there were 243 sales, which is significantly lower (40 percent) than the 404 sales occurring in September 2021. Clearly, higher mortgage rates and near record level home prices along with economic uncertainty is impacting the housing market.



RESIDENTIAL REAL ESTATE

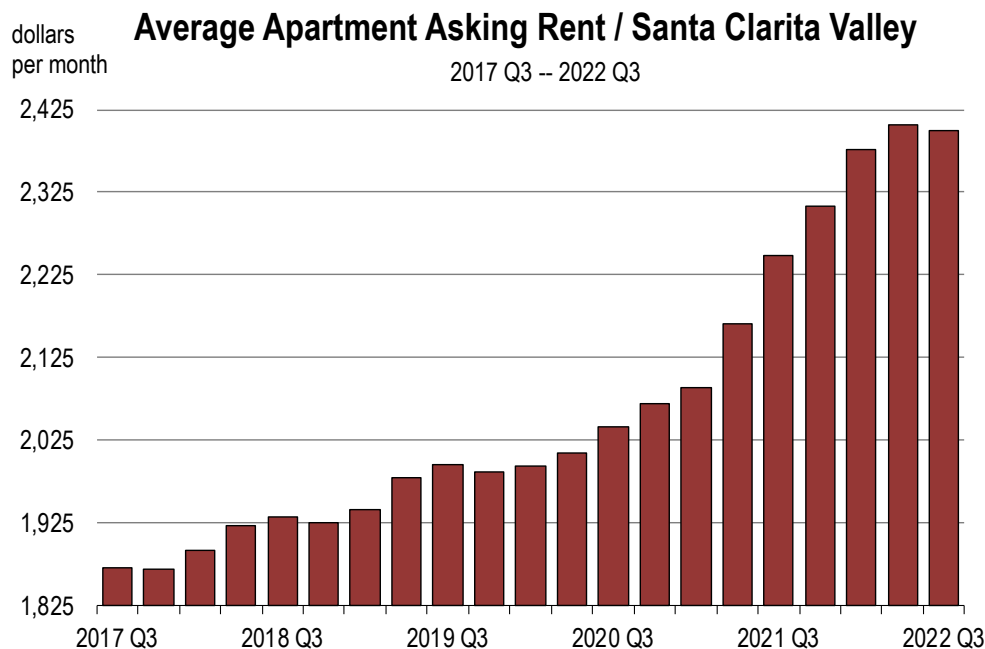
Source: California Economic Forecast



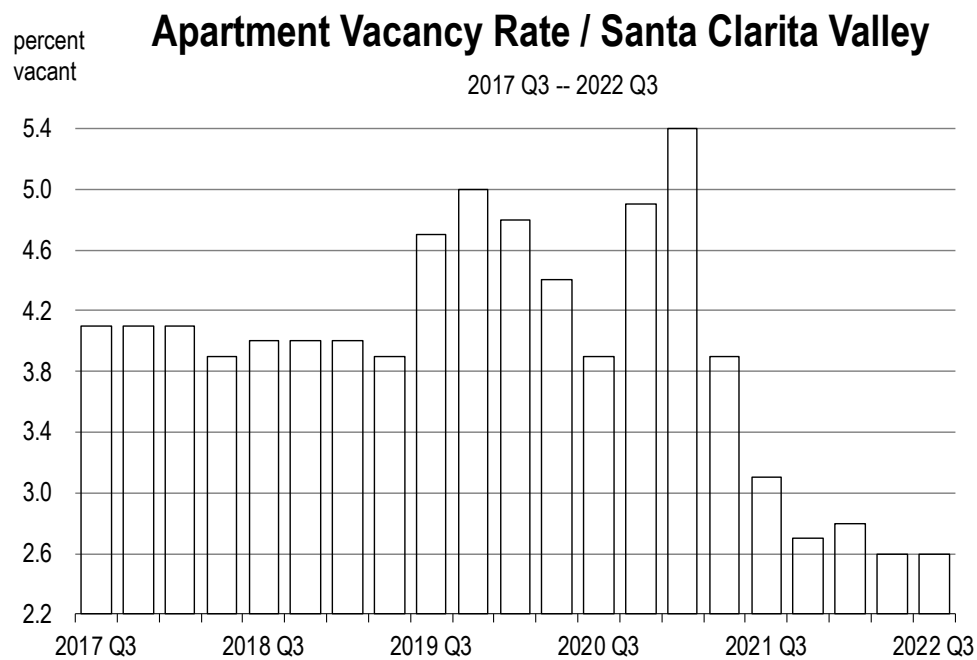
- The average number of days on market for a home to sell is now at 47. This represents a 78 percent increase over the average for September 2021, and the highest average sell time since 2019.

RESIDENTIAL REAL ESTATE

Source: California Economic Forecast



Source: CoStar, NAI Capital

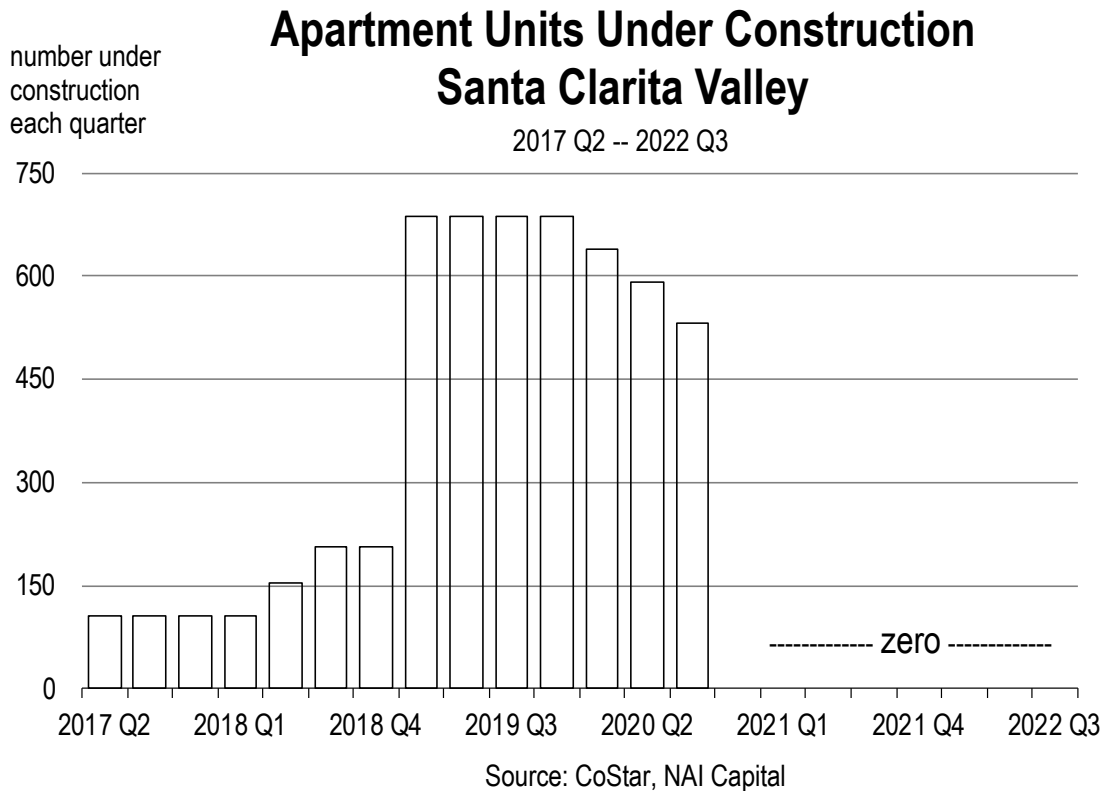


Source: CoStar, NAI Capital



RESIDENTIAL REAL ESTATE

Source: California Economic Forecast

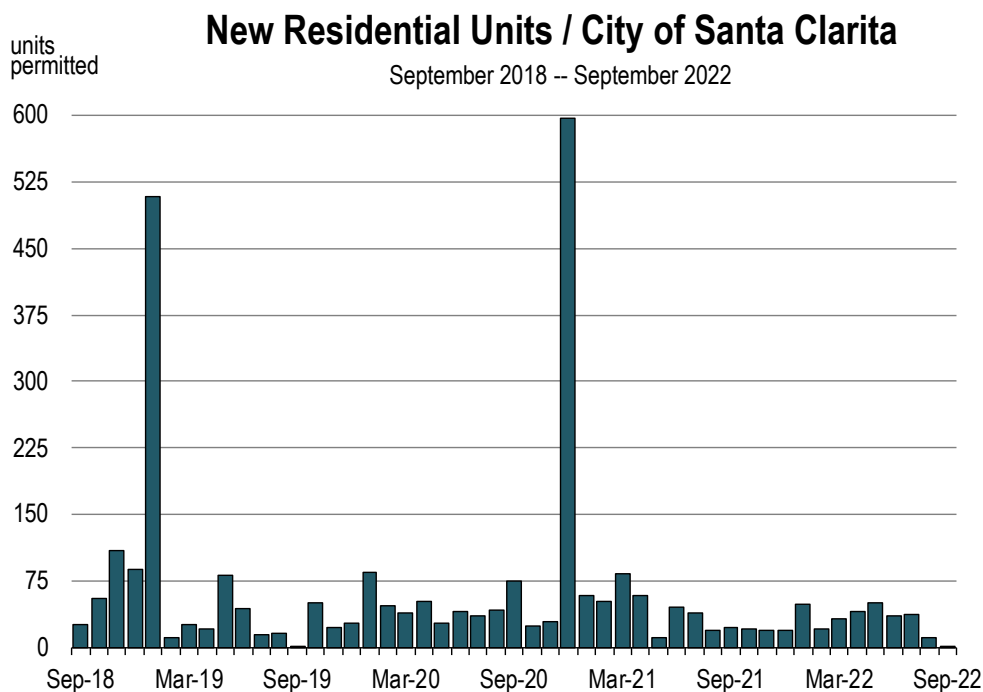


- Apartment rents peaked in Q1 of 2022 at \$2,414. The current asking price averages \$2,399 per month and has dropped slightly due likely to the product type remaining in the current market.
- Asking rent today is 5.5 percent higher than year ago rents.
- The vacancy rate has tightened to 2.6 percent, the lowest rate since CoStar data have been recorded. There are an estimated 407 vacant apartment units in the entire Santa Clarita Valley (out of a base of 16,300 total units)
- There is no product currently under construction.



RESIDENTIAL REAL ESTATE

Source: California Economic Forecast



- Through September 2022, 141 permits have been issued in the City of Santa Clarita for housing. All but two of the units were single family detached housing permits.

- Compared to the January to September period of 2021, half as many permits have been issued in 2022 to date. This year continues the declining trend in new housing for the city that has been in place since 2019.

New Housing, City of Santa Clarita, first 9 months of:

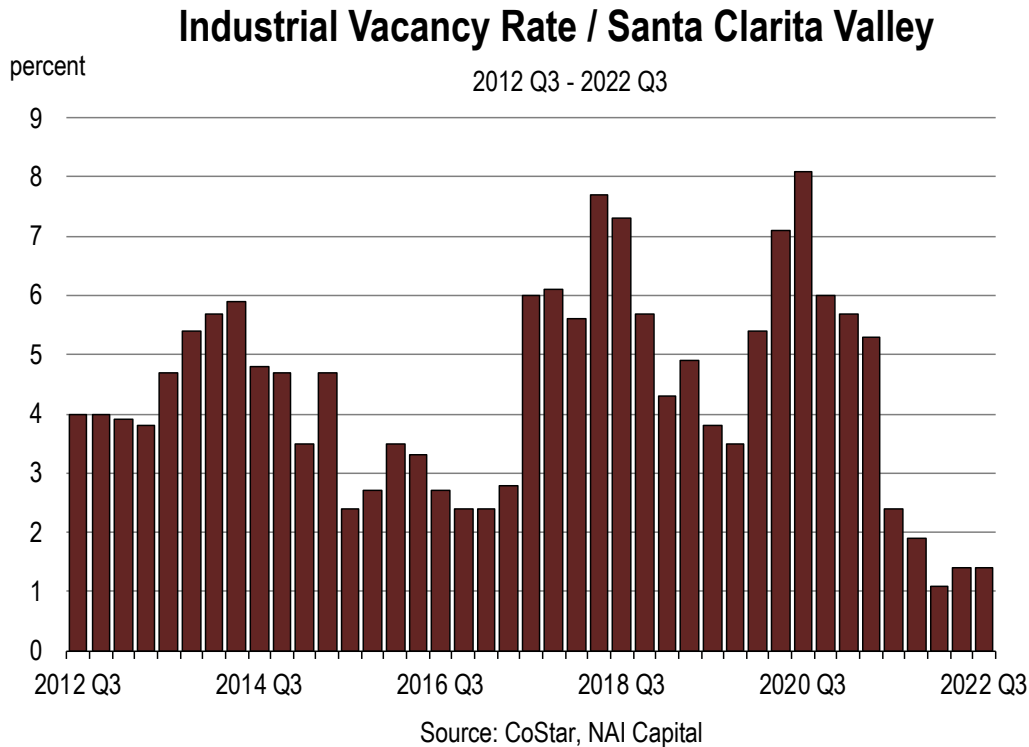
Units authorized to start

2019	708
2020	441
2021	330
2022	141



COMMERCIAL REAL ESTATE

Source: California Economic Forecast

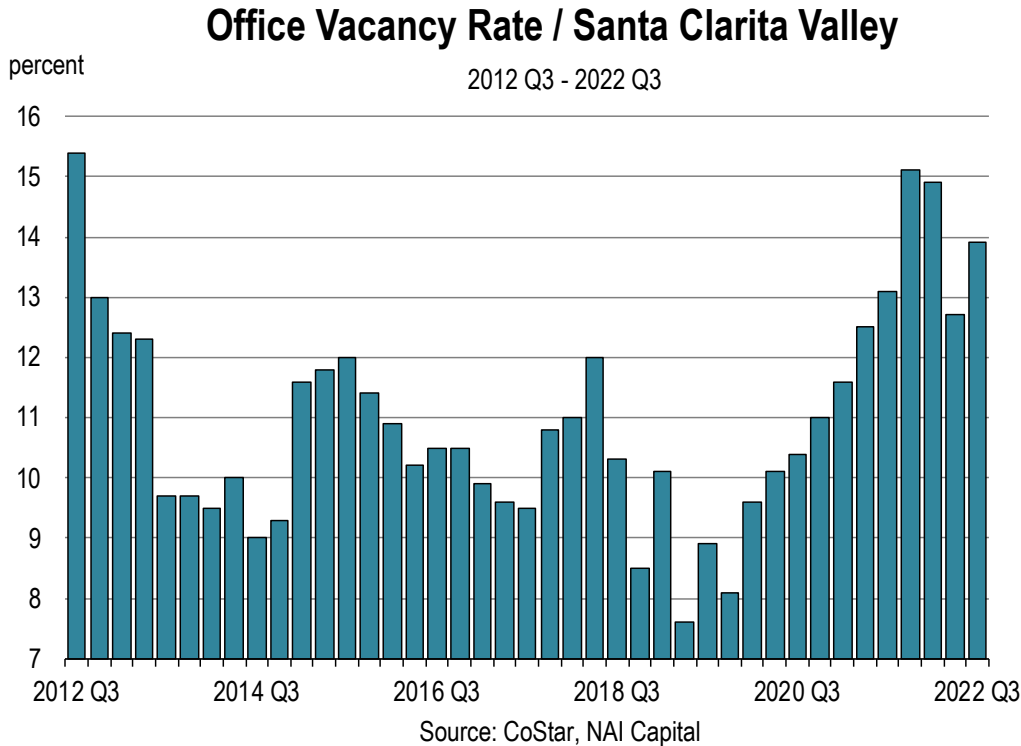


- The industrial vacancy rate was reported at 1.4 percent in the third quarter.
- The vacancy rate remains extremely tight; there is only 238,000 square feet available (out of a base of 22.8 million square feet) for lease in the SCV economy.
- Lease rates are rising rapidly. The average triple net lease rate during the third quarter was up 42 percent year-over-year, reaching \$1.27 per square foot.
- CoStar reports that 21 new leases were signed in the third quarter, totaling 170,055 square feet. Partially through the fourth quarter, another 111,368 square feet of space has been leased.
- One industrial building sized at 319,500 square feet is currently under construction.



COMMERCIAL REAL ESTATE

Source: California Economic Forecast



- The office vacancy rate appears to be leveling off. The rate was just below 14.0 percent in the third quarter of 2022.
- Many companies have returned to the office or are implementing return-to-office strategies in 2022.
- The total office space availability rate is estimated at 17.1 percent at the end of the third quarter 2022.

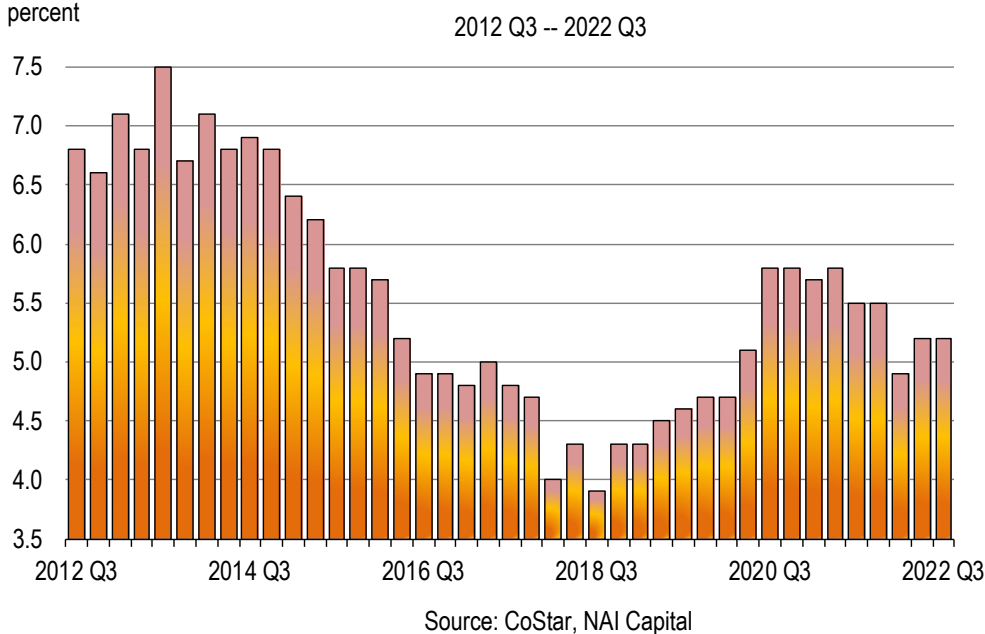
- Lease rates have largely been constant since the beginning of the pandemic.
- In the third quarter of 2022, lease rates averaged \$2.71 per square foot.
- CoStar reports that 37 leases were signed in the third quarter. The leases account for 45,372 square feet. For the calendar year, vacant square feet have been reduced by 118,114.
- The last principal office project completed was the 257,000 square foot Logix Headquarters building in April of 2021.
- There are no office projects currently under construction.



RETAIL VACANCY

Source: California Economic Forecast

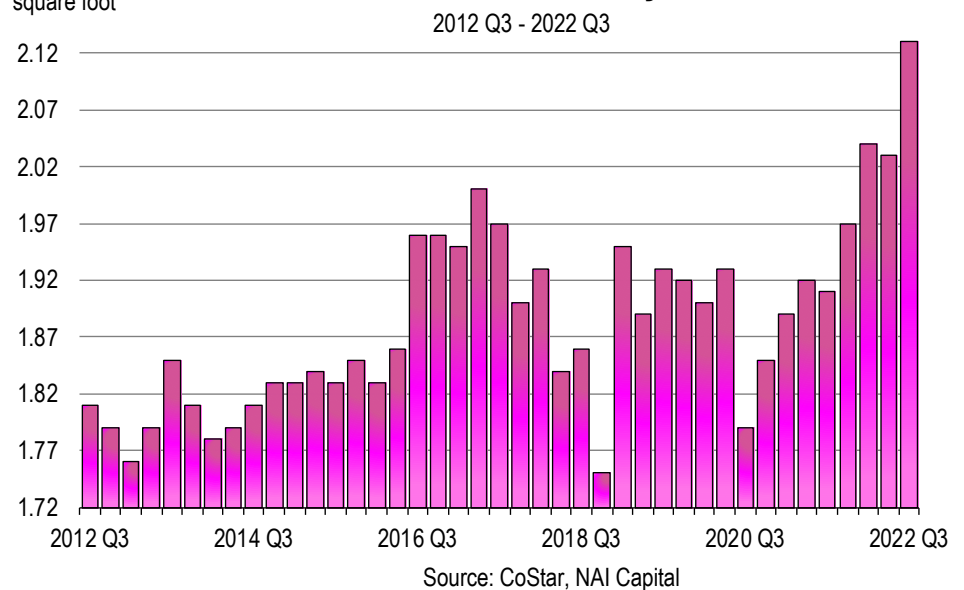
Retail Vacancy Rate / Santa Clarita Valley



- Utilization of retail space is clearly rebounding. The vacancy rate is now at 5.2 percent.
- New leasing deals during calendar 2022 have reduced vacant space by 315,200 square feet, and net absorption is positive this year.

- After declining during 2020, lease rates are rising again, reaching \$2.15 per square foot in the third quarter of 2022

Average Lease Rate / Retail Space Santa Clarita Valley



SUMMARY

Source: California Economic Forecast

- Selling values for housing may now be in decline, though the evidence is not yet entirely convincing. Though home selling prices may be lower due to the type of home that is selling, there is clear evidence that inventory is rising and the average number of days a home takes to sell is rising sharply.
- Apartment rents are effectively at their highest levels ever observed. And this is clearly due to record low availability of apartment units for rent.
- Residential construction activity in the City of Santa Clarita is below the levels observed in 2020 and 2021.
- Industrial vacancy is also extremely tight. Lease rates have significantly moved higher year-over-year, indicating that the tight market for industrial space has yet to loosen.
- Workers are returning to the office, resulting in what we believe is the beginning of stabilizing office sector vacancy rates.
- Retail store vacancy rates show little weakness; the rate was at 5.2 percent in the third quarter and lease rates have risen to all time record highs.
- Total employment in the Santa Clarita Valley continues to move higher. More positions are being filled in healthcare, finance, and professional business services. Accommodations and recreation employment has fully recovered from the pandemic recession.
- Labor markets are effectively at full employment in the region. The labor force has not fully returned and this has resulted in a job market which has many open and unfilled positions.



ABOUT

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

SCVEDC's mission is fourfold:



**Business
Attraction**



**Business
Assistance**



**Community
Marketing**



**Information +
Research**

Location



30 Miles from DTLA



**Close to LAX & the
Ports**



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



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

Demographics



**Nearly 300K
Residents**



**Median Household
Income is \$104K**



**70% Have at Least
Some College**



**Millennials are
Largest Generation**

Accolades



**Most Business
Friendly City**



Happiest City



Healthiest City



Safest City



**Best Place to
Start a Family**



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SANTA CLARITA VALLEY
ECONOMIC DEVELOPMENT CORPORATION



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