

# ECONOMIC SNAPSHOT

Santa Clarita Valley

**Q3 2023**



# 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 3<sup>rd</sup> largest city in Los Angeles County, the City of Santa Clarita. The SCV is a growing area encompassing 520 square miles with a population of approximately 300,000 residents.



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Source: California Economic Forecast

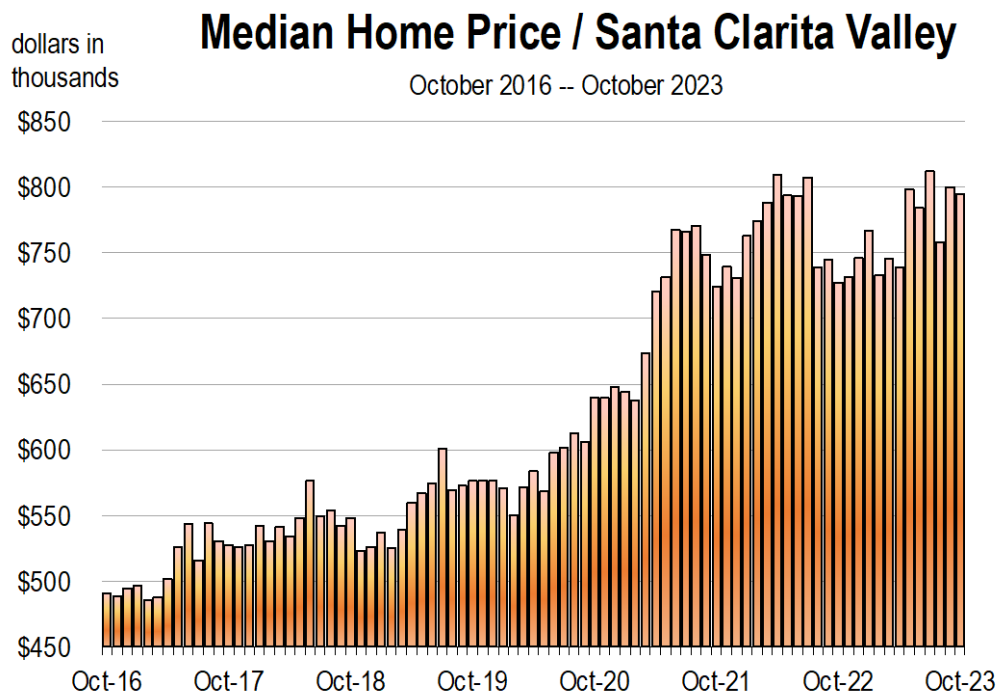
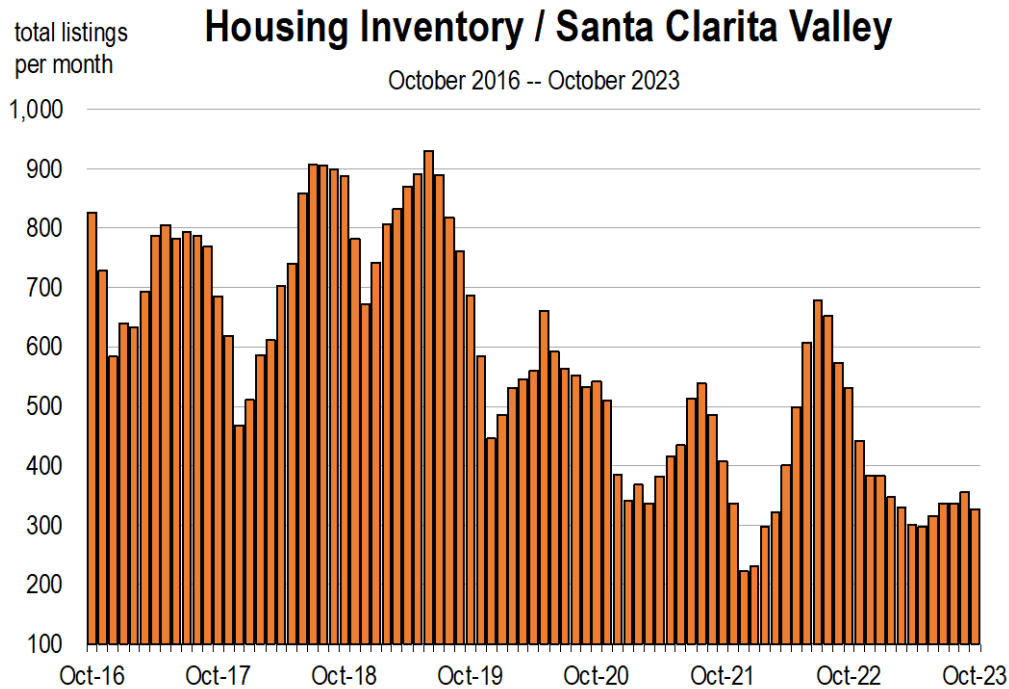
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# RESIDENTIAL REAL ESTATE

Source: CoStar, NAI Capital

## Purchase Market

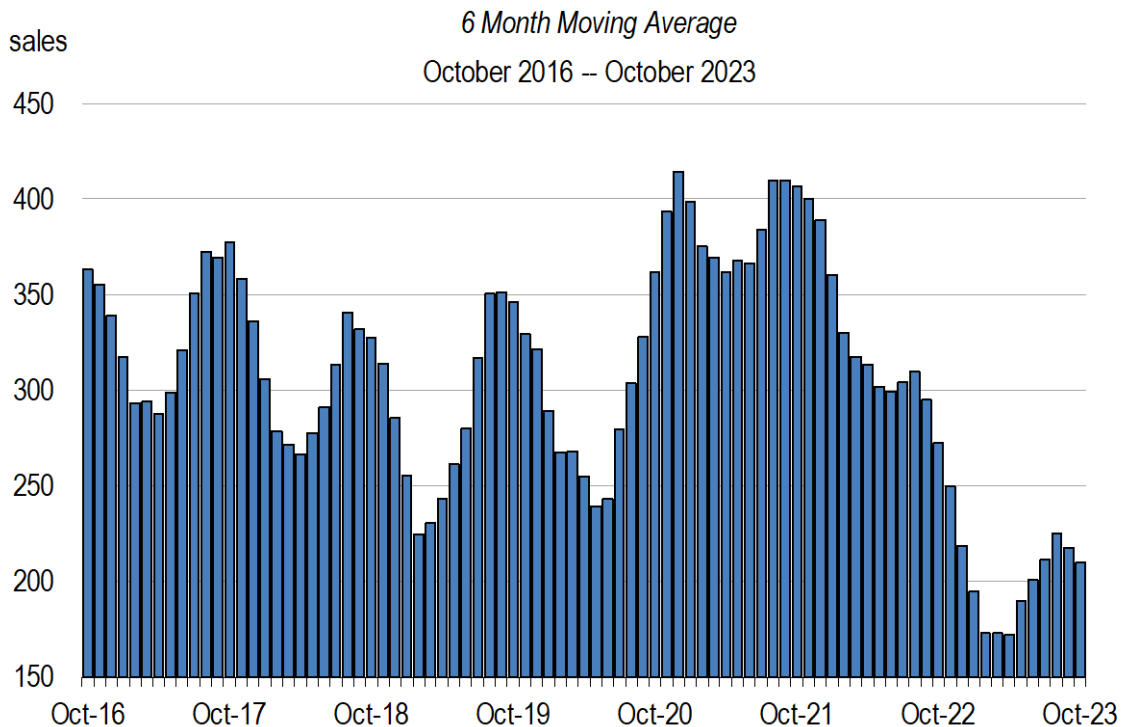


# RESIDENTIAL REAL ESTATE

Source: CoStar, NAI Capital

- The market includes the entire Castaic-Stevenson Ranch-Santa Clarita region.
- In October 2023, the median home price in the Santa Clarita Valley was \$794,000 for all properties and \$880,000 for single-family detached homes. The former value represents a 9.2 percent gain from October 2022, and the latter represents a 7.8 percent gain from a year ago.
- The correction in home prices observed in late 2022 and early 2023 appears to be over.
- In October, the for-sale inventory of homes totaled 223 single-family detached homes and 326 total residential units (including condominiums and townhomes). Both inventory levels are extremely low and do not provide any indication that inventory is rising. Inventory in 2023 is 33 percent lower than in 2022 for single-family homes, and 30 percent lower for all residential listings.
- Home sales are 30 percent lower for all residential sales in 2023 versus 2022. Sales are 36 percent lower in Castaic and 35 percent lower in Stevenson Ranch.

## Existing Home Sales / Santa Clarita Valley



# RESIDENTIAL REAL ESTATE

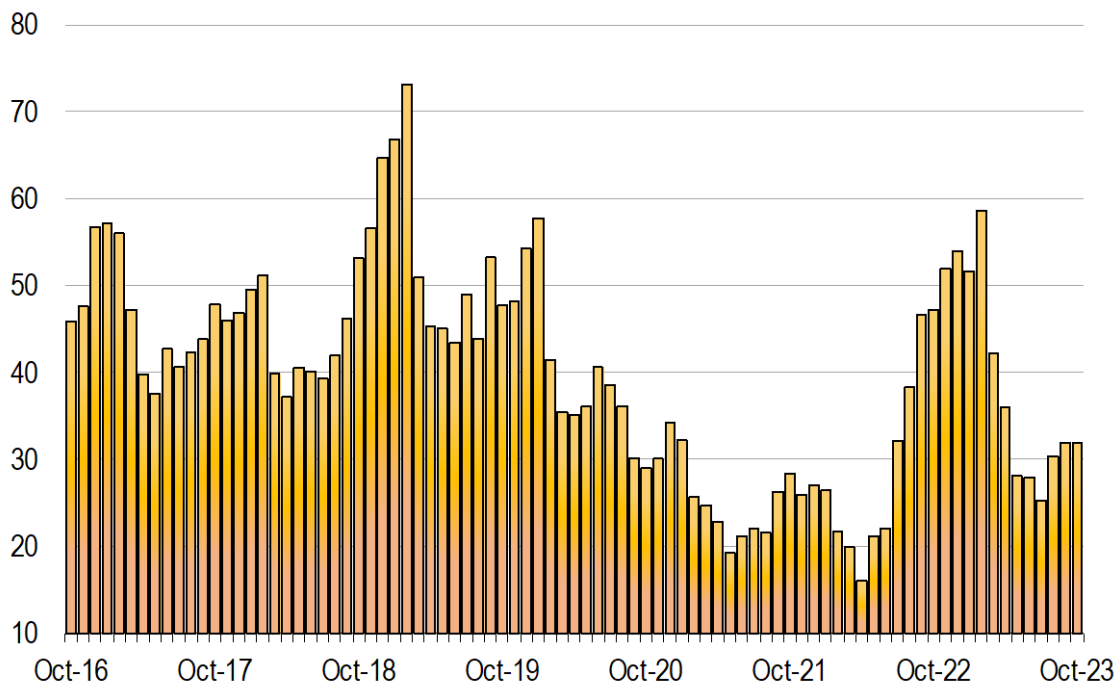
Source: CoStar, NAI Capital

- The median price for a detached single-family home in Stevenson Ranch was \$1,250,000 in October 2023. In both Castaic and Santa Clarita, it was \$855,000.
- Rising mortgage rates throughout 2022 and 2023 have impacted supply more than demand. Sellers are loathe to list their homes in an especially high-cost mortgage market.
- The average number of days on the market for a home to sell has averaged 41 days in 2023. This represents a 25 percent increase over the average number of days in 2022.

average days  
on market

## Days on Market / Santa Clarita Valley

October 2016 -- October 2023

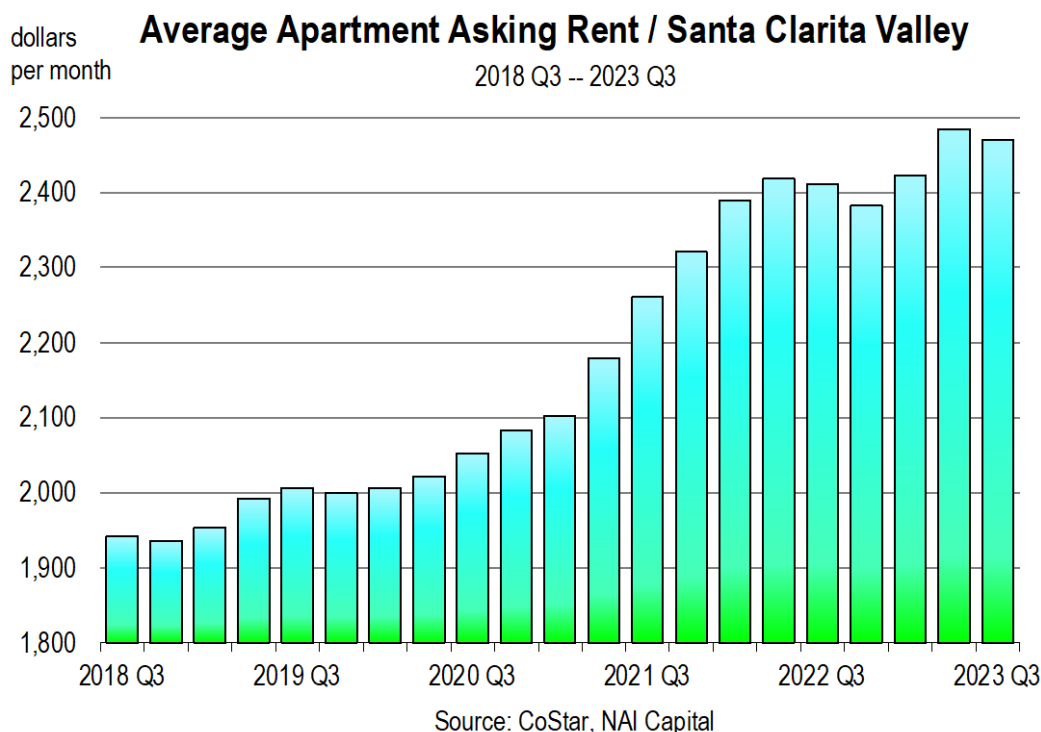


# RESIDENTIAL REAL ESTATE

Source: CoStar, NAI Capital

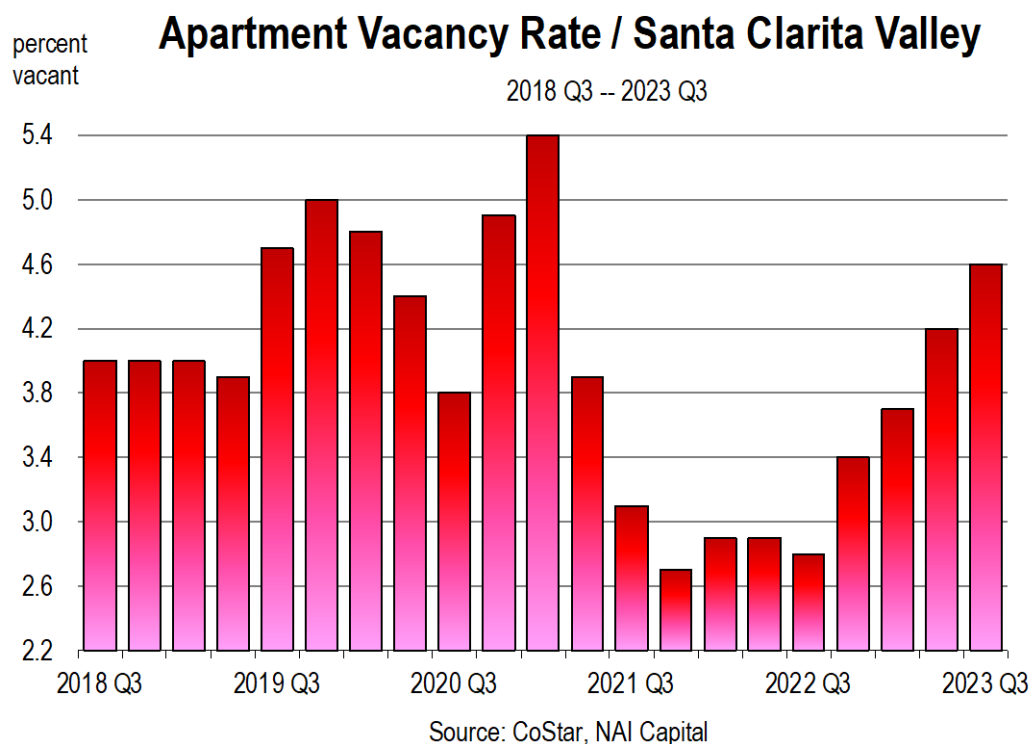
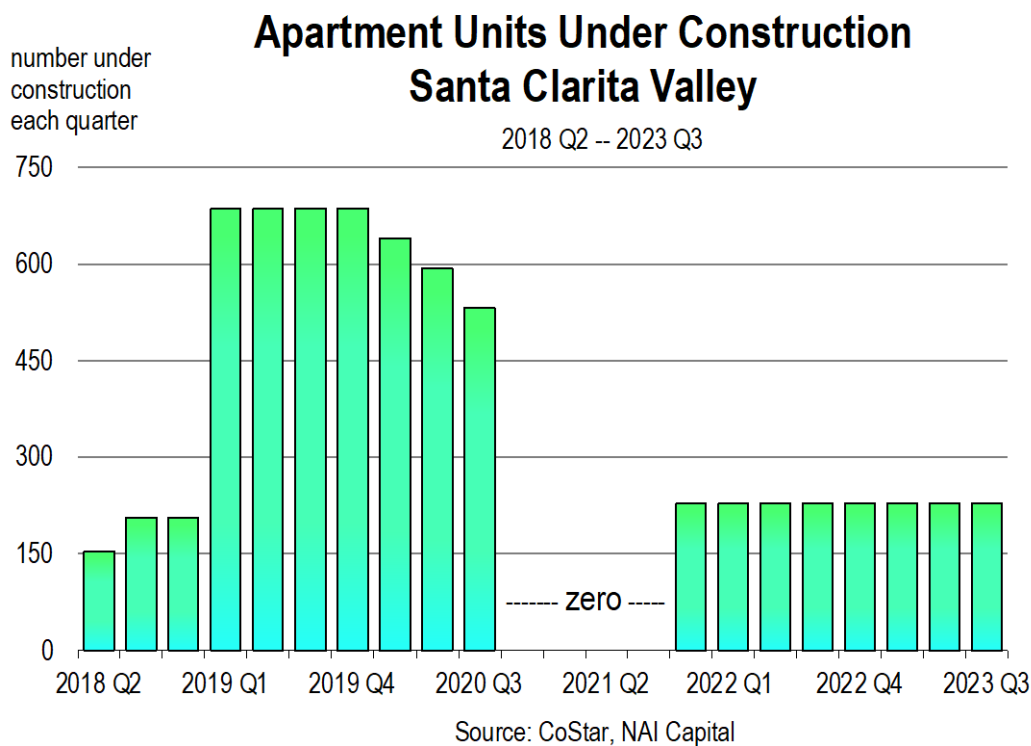
## Apartment Market

- Apartment rents peaked in Q2 of 2023 at \$2,490 per month. The current asking price is averaging \$2,459 per month and has dropped slightly as vacancies slowly increase.
- The vacancy rate has moved higher to 4.6 percent. There are an estimated 710 vacant apartment units in the Santa Clarita Valley (out of a base of 16,294 total units)
- A 228-unit project remains under construction. This is the first apartment project underway since the 4<sup>th</sup> quarter of 2020.



# RESIDENTIAL REAL ESTATE

Source: CoStar, NAI Capital





# RESIDENTIAL REAL ESTATE

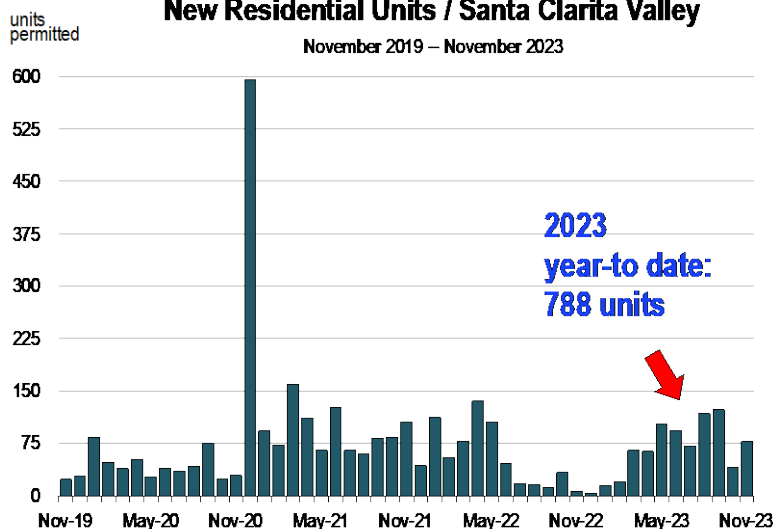
Source: CoStar, NAI Capital

## New Home Building

- For calendar year 2023, 788 housing permits have been issued in the City and unincorporated area of Santa Clarita
- 594 of 788 residential units permitted are located in the unincorporated area and are largely homes being built in Mission Village and Williams Ranch.
- For 2023, 555 homes are single family and 233 are multi-family, nearly all in Mission Village.

### New Residential Units / Santa Clarita Valley

November 2019 – November 2023

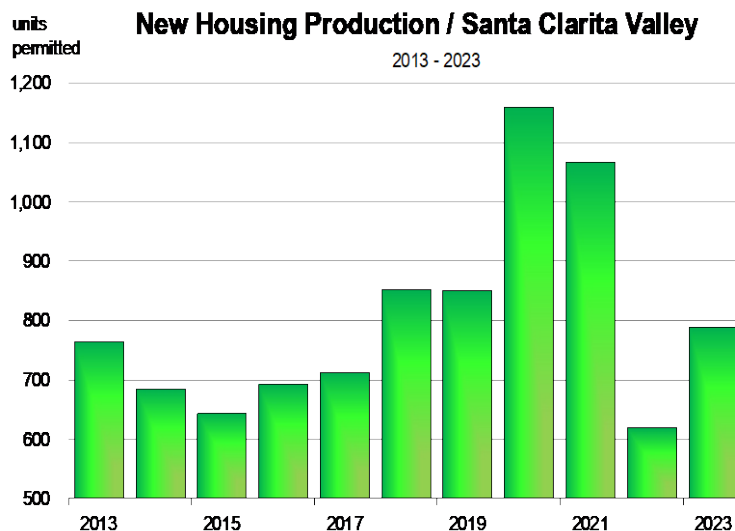


### New Housing, Santa Clarita Valley, 2019 -- 2023

	Estimated Units
2019	850
2020	1,159
2021	1,067
2022	619
2023 through November	788

### New Housing Production / Santa Clarita Valley

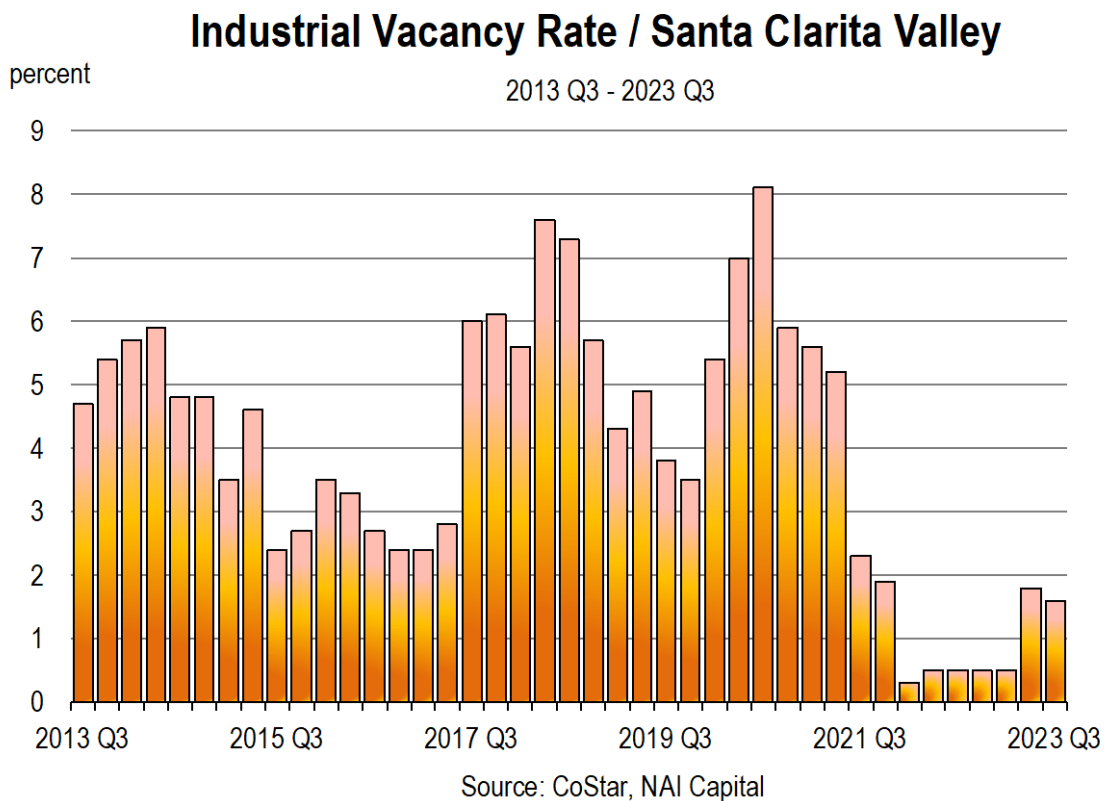
2013 - 2023



# COMMERCIAL REAL ESTATE

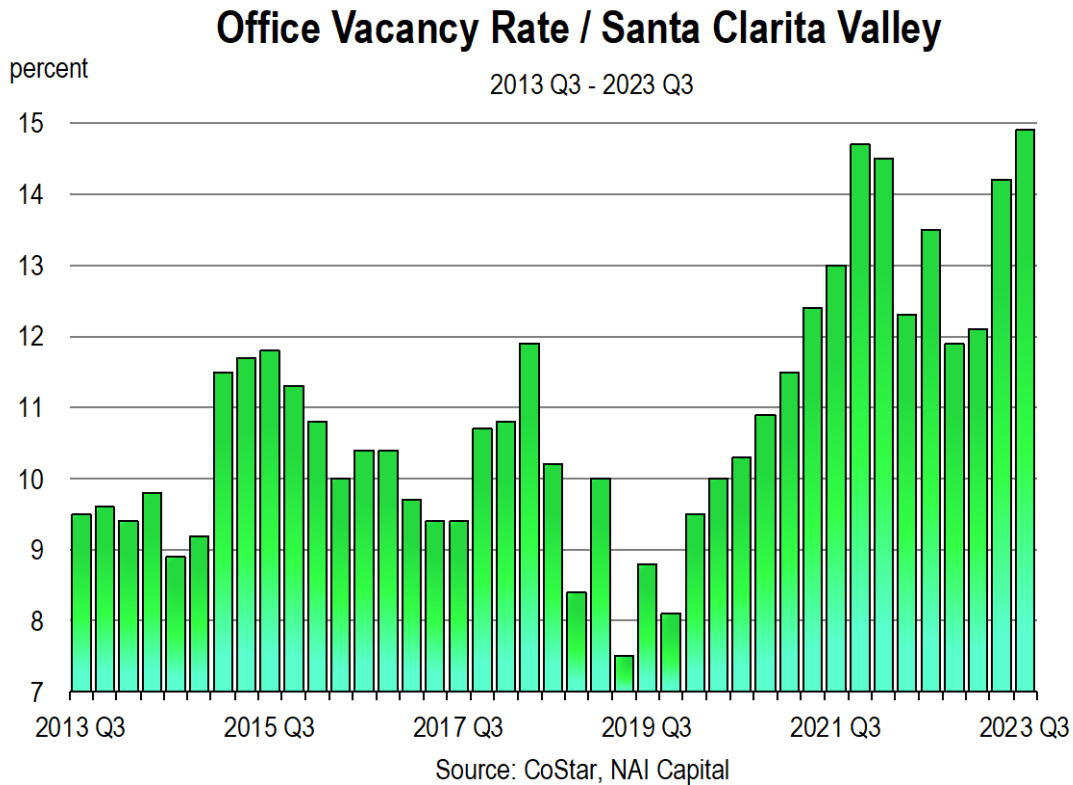
Source: California Economic Forecast, CoStar, NAI Capital

- The industrial vacancy rate has moved slightly higher to 1.6 percent for the quarter just ended, through September 2023. The October and first half of November vacancy rate actually surged upward to 3.2 percent. The total vacant and available rate is now at 3.9 percent.
- Nevertheless, the vacancy rate remains extremely tight; there is now only 373,400 square feet available (out of a base of 23.1 million square feet) for lease in the SCV economy. That vacant square feet moved upward to 731,000 by mid-November 2023
- Lease rates are rising rapidly. The average triple net lease rate during the third quarter was down 5 percent year-over-year, at \$1.32 per square foot gross, and \$1.26 triple net.
- CoStar reports that 9 new leases were signed in the third quarter and 6 additional leases during the first 45 days of quarter 4, totaling 238,400 square feet.
- Two industrial buildings totaling 193,400 square feet are currently under construction.



# COMMERCIAL REAL ESTATE

Source: California Economic Forecast, CoStar, NAI Capital

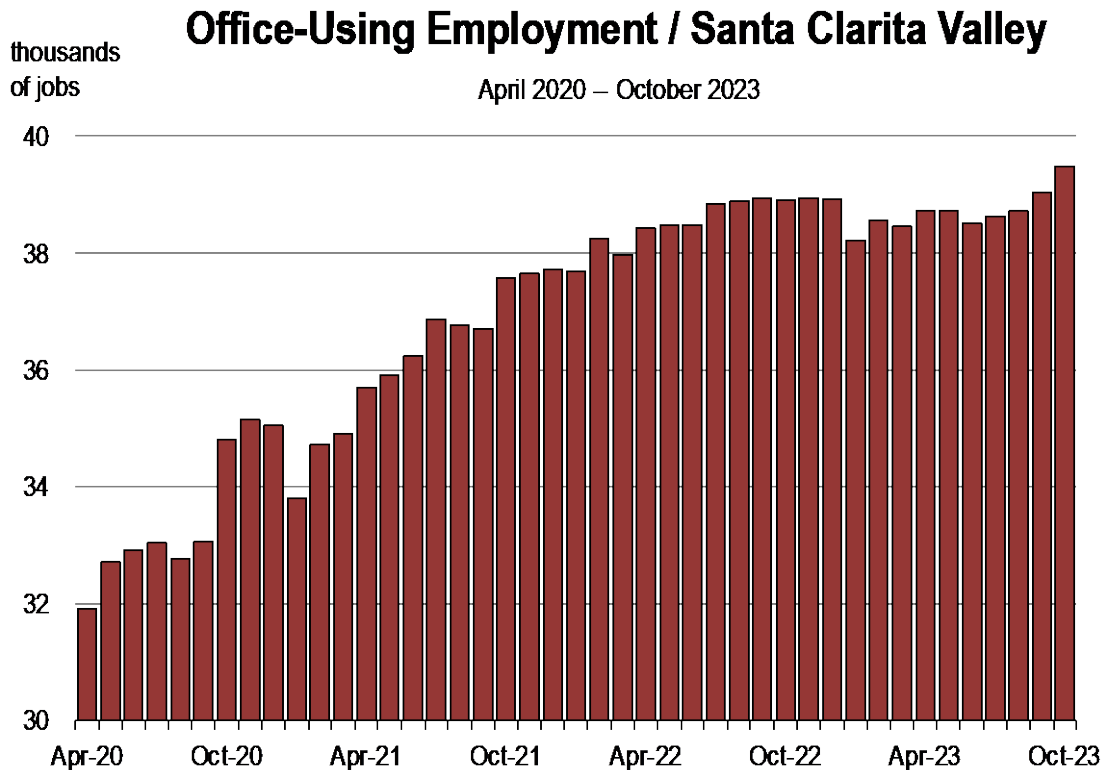


- The office vacancy rate has now moved to cycle highs. The rate was just below 15.0 percent in Q3 of 2023. By mid-November, the rate was 15.5 percent.
- The total office space availability rate is estimated at 22.3 percent in quarter 3 and remaining constant through mid-November, due entirely to an increase in direct tenant square feet over the last 8 months.
- Lease rates continue to gradually decline over the last 7 quarters. Gross rent at \$2.68 per square foot is off 2.5 percent from quarter 3 of 2021.
- CoStar reports that 42 leases were signed in the July to mid-November 2023 period. The leases account for 62,800 square feet of absorption.



# COMMERCIAL REAL ESTATE

Source: California Economic Forecast, CoStar, NAI Capital



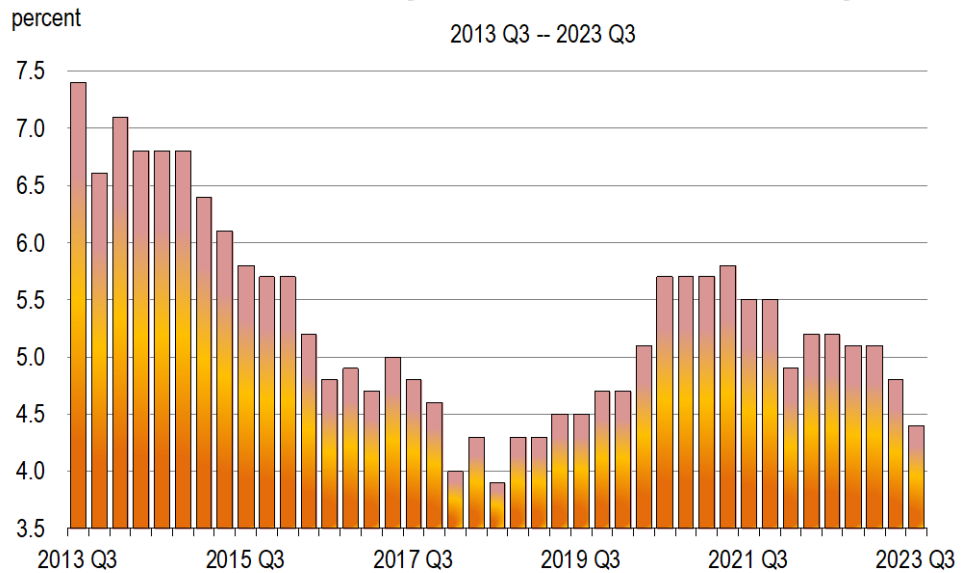
- There is no new product under construction at this time. The last principal office project completed was the 257,000 square foot Logix Headquarters building which was completed in April 2021.
- Office using employment continues to rise in the SCV.

# RETAIL VACANCY

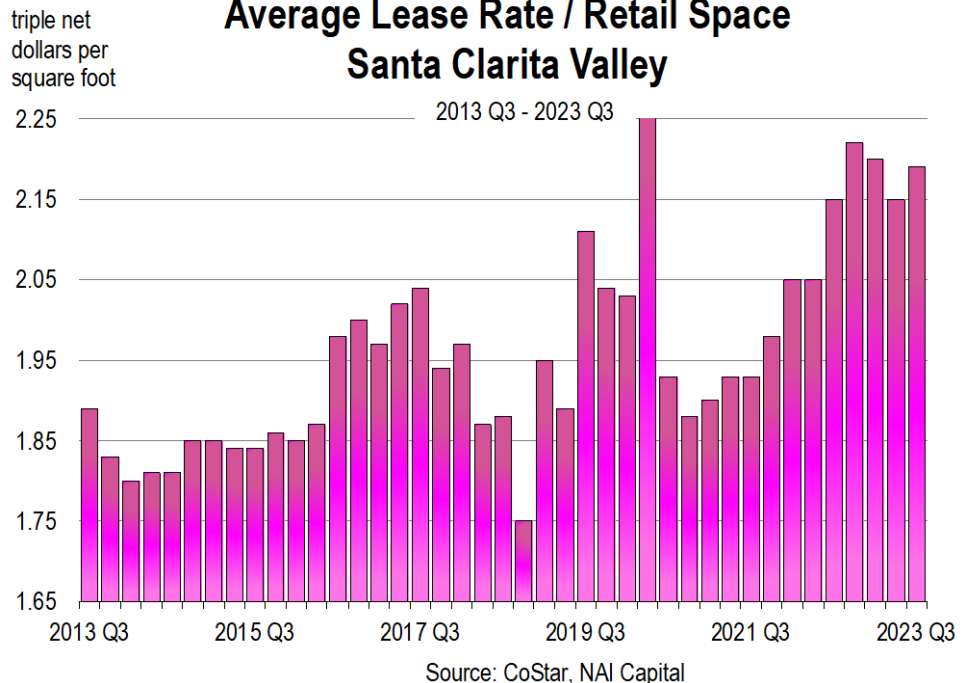
Source: California Economic Forecast, CoStar

- Utilization of retail space is surprisingly strong. The vacancy rate has tightened up, moving downward to 4.4 percent in quarter 3 as net absorption was +61,000. The availability rate was only 5.3 percent.
- Deliveries of new product have been very sparse since mid 2021. There is a small 10,000 SF building underway currently.
- Average triple net lease rates have generally moved lower during 2023. The rate in quarter 3 was \$2.19, falling to \$2.07 in mid-November.

## Retail Vacancy Rate / Santa Clarita Valley

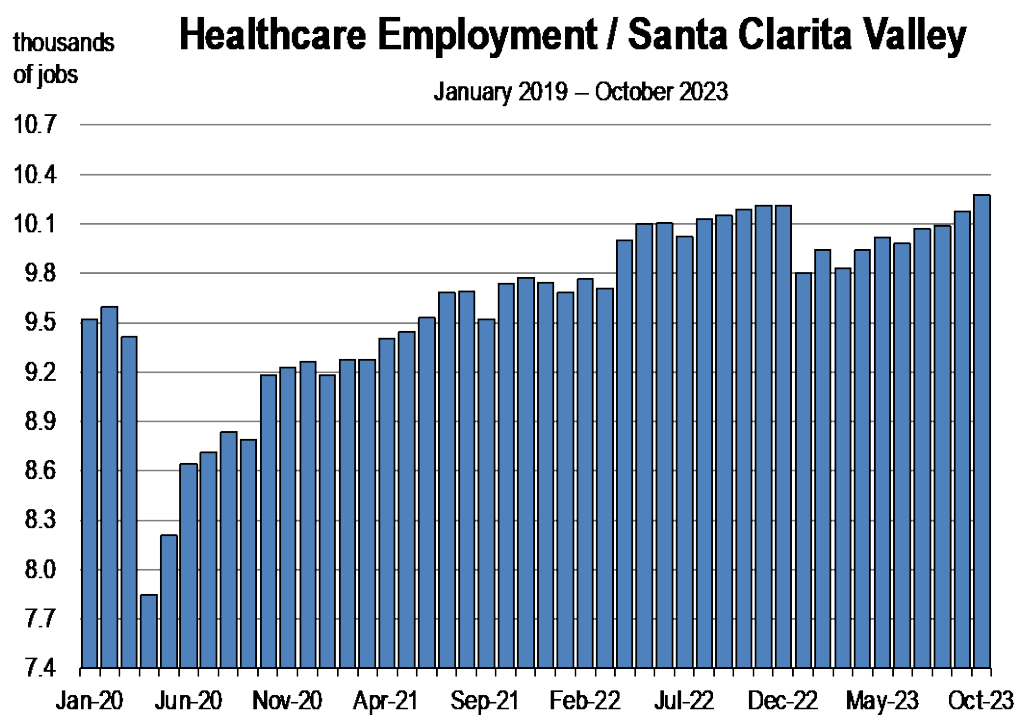
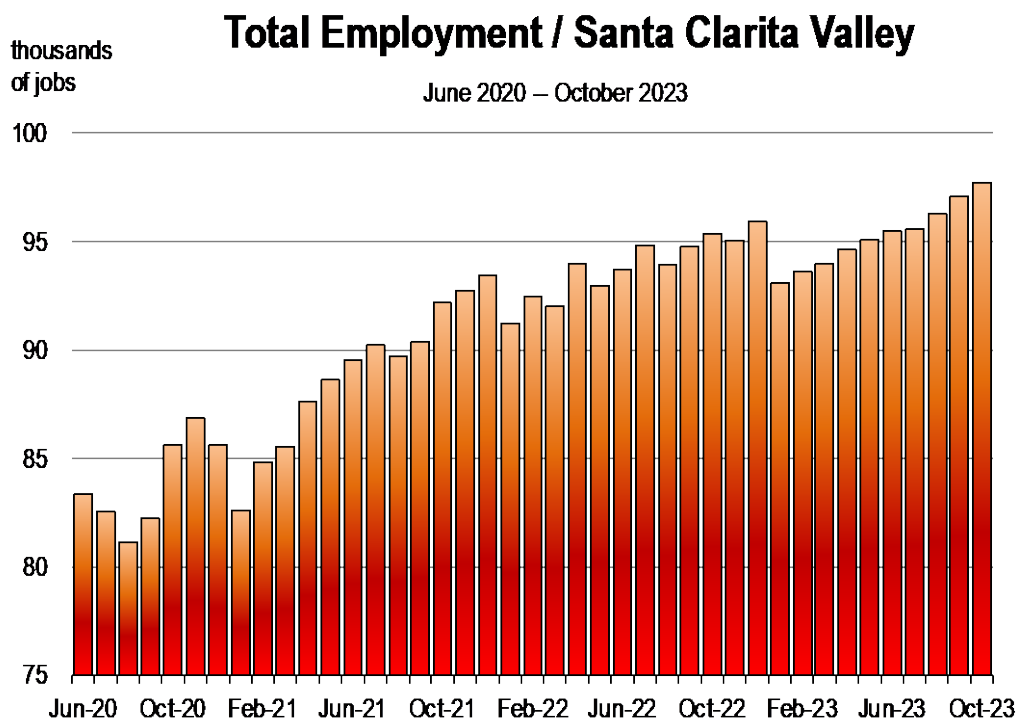


## Average Lease Rate / Retail Space Santa Clarita Valley



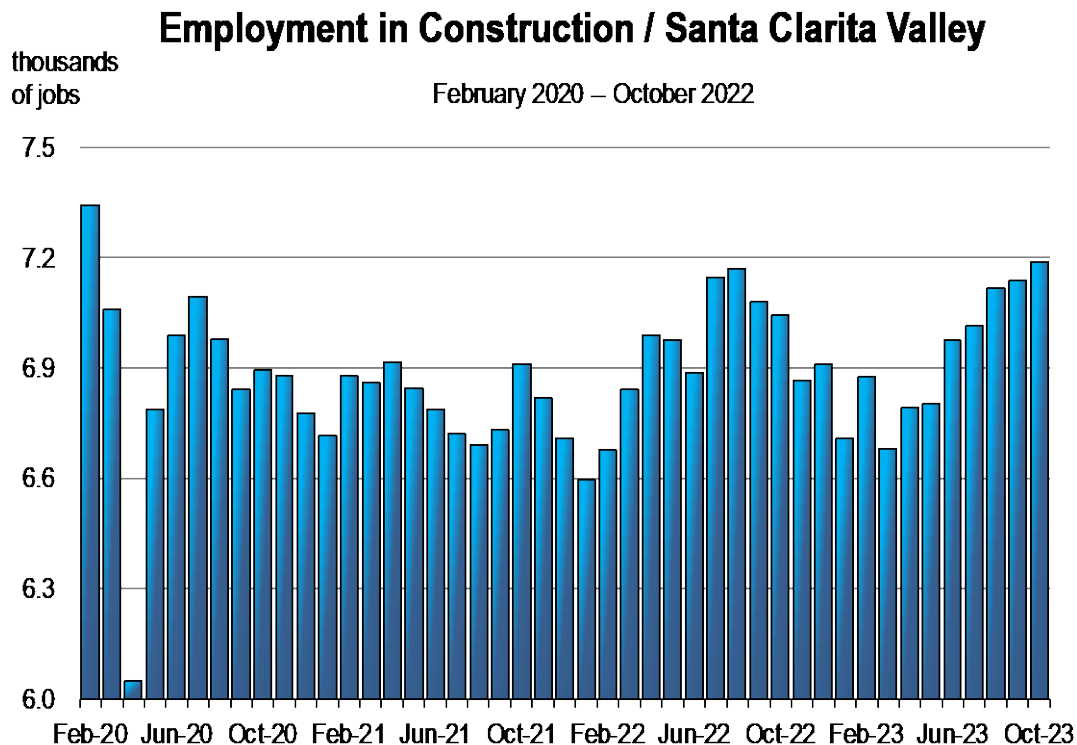
# EMPLOYMENT

Source: California Economic Forecast, Labor Market Information Division



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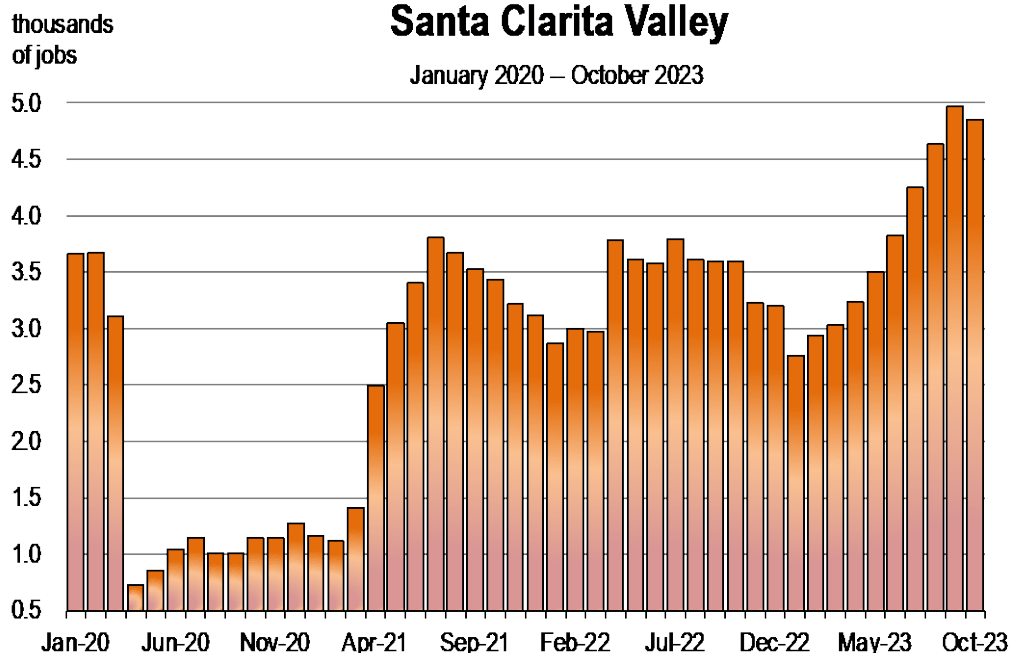
- Over the last 4 months, employment gains are largely attributed to healthcare, construction, and the entertainment/recreation sectors.
- Manufacturing employment has moved laterally over the last 6 months.
- Professional & Business Services employment remains a healthy contributor to the local labor market.
- With preliminary data through October, the pace of job creation in 2023 will yield a gain of 1,700 jobs in the Santa Clarita Valley economy for calendar 2023.
- Sectors creating the most jobs over this period are retail trade, manufacturing, professional business services, and educational services. The local public sector has also added another 200 jobs during this time.



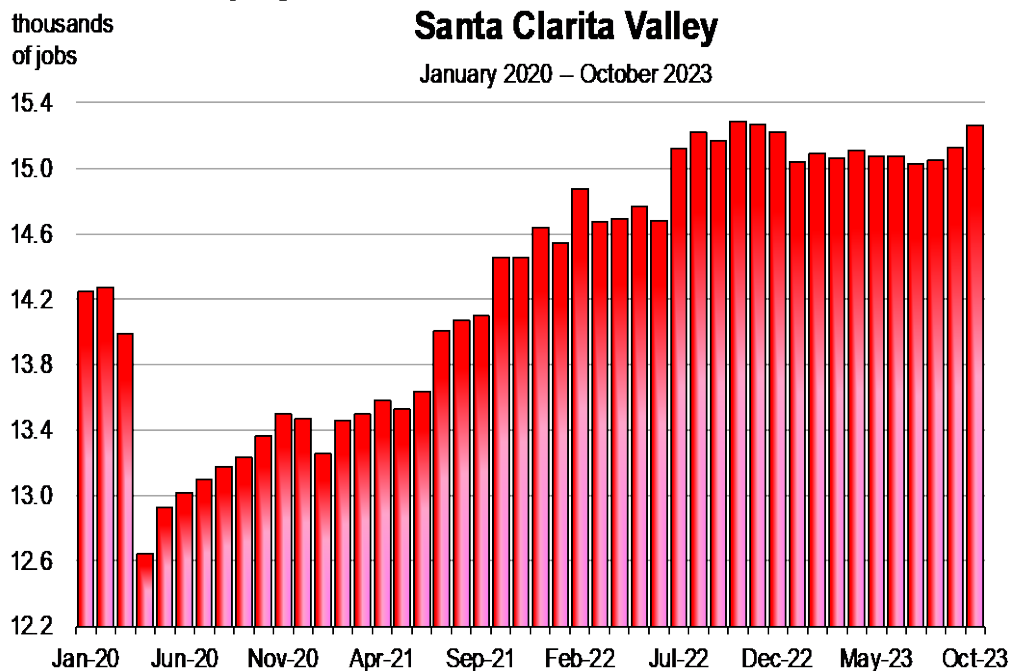
# EMPLOYMENT

Source: California Economic Forecast, Labor Market Information Division

## Employment in Entertainment & Recreation Santa Clarita Valley



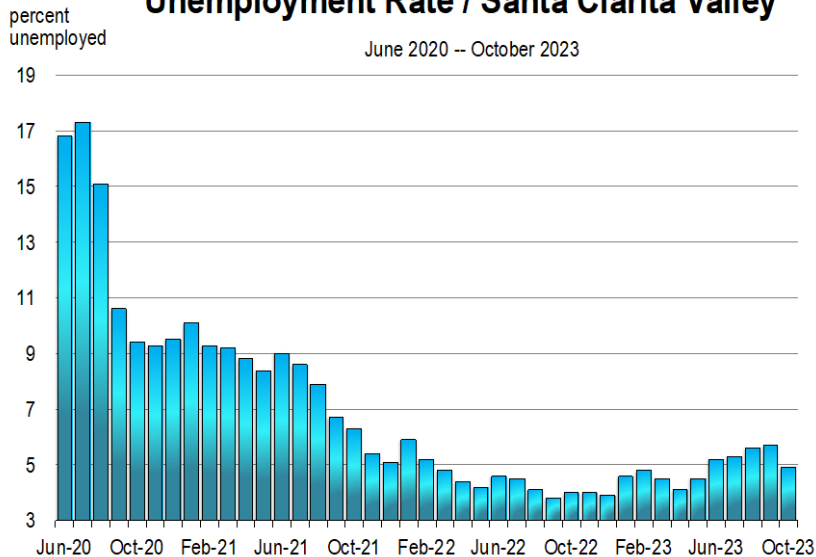
## Employment in Professional & Business Services Santa Clarita Valley





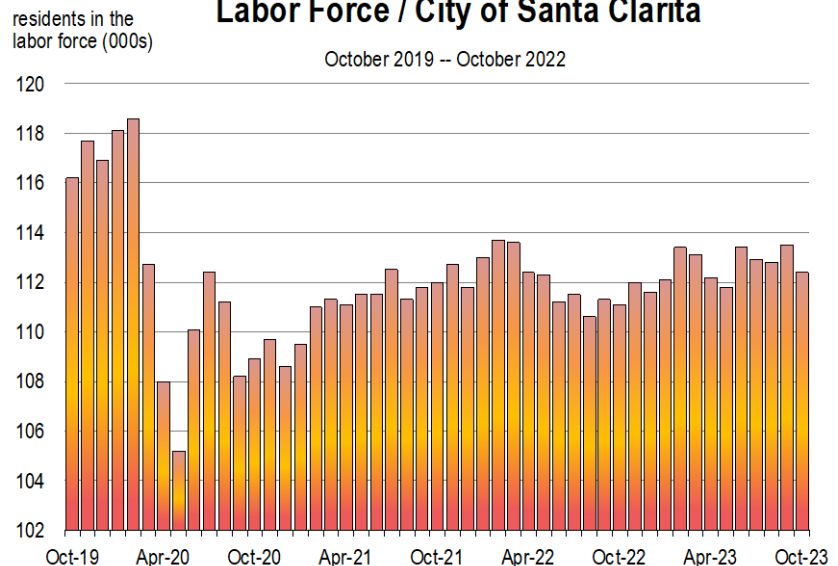
# Unemployment Rate

## Unemployment Rate / Santa Clarita Valley



- The unemployment rate in the Santa Clarita Valley fell to 5.0 percent in October after a slight increase recorded in the July to September period. For the Santa Clarita Valley, a rate of 5.0 percent and lower is consistent with a fully employed labor market.
- The inability of the labor force to expand continues to persist. It has remained relatively constant since late 2021, and it has never recovered from the pullback observed during the pandemic
- The number of city residents that are employed has remained relatively constant since July 2022. Any net gains in jobs filled since then are being filled by commuters. It appears that the local area labor force cannot fill all open positions of SCV companies.

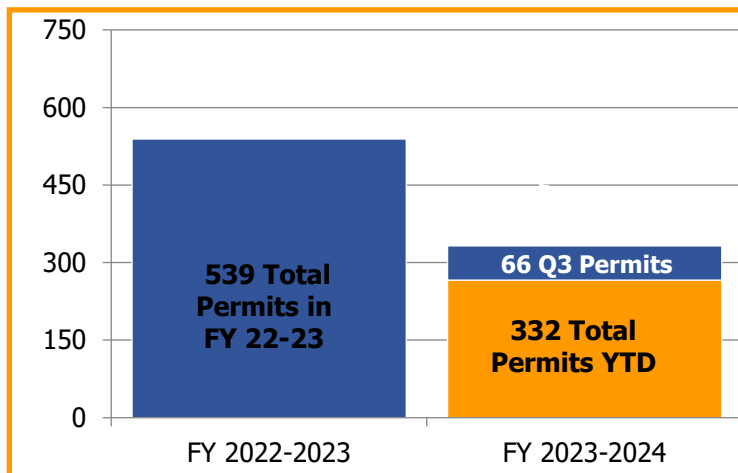
## Labor Force / City of Santa Clarita



# FILMING IN SCV

Sources: The City of Santa Clarita

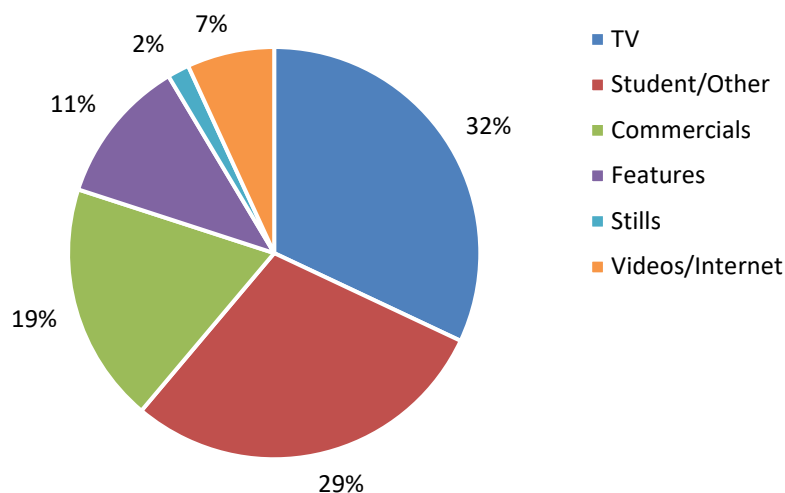
## Number of Film Permits Issued in Santa Clarita



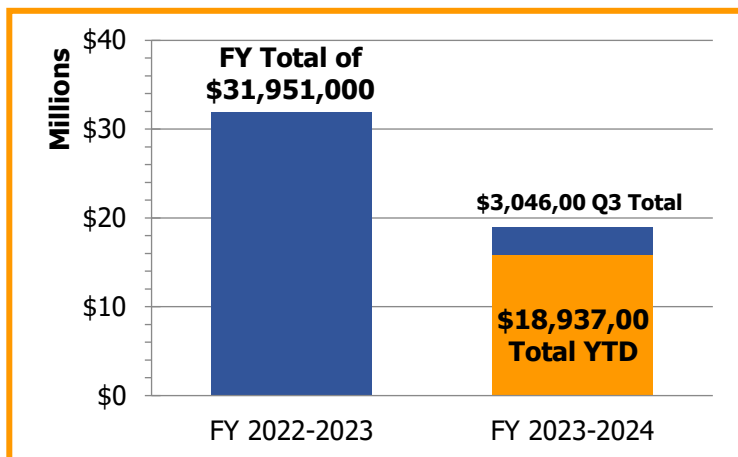
In Q3, a total of 66 permits were issued for a fiscal year (FY) total of 66 permits (July 2023 through June 2024) in the Santa Clarita. 539 total permits were issued in the previous FY (July 2022 – June 2023).

## Number of Film Days in Santa Clarita

Permits issued in Santa Clarita represented a total of 175 filming days in Q3. These included 56 television, 51 student/other projects, 33 commercial, 20 feature, 3 still, 6 music video, and 6 internet/web days.



## Fiscal Impact of Filming In Santa Clarita



The Q3 estimated economic impact (within the City of Santa Clarita) including jobs, wages and economic output generated from filming and post-production activities as well as spending associated with film tourism, infrastructure investments and value from media exposure in the Santa Clarita Valley is \$3,046,500.00 which brings the 2023 year-to-date total to \$18,937,500. The city tracks film stats by fiscal year (July – June).



# HOTEL VACANCY

Sources: STR, City of Santa Clarita

Tourism Sub-Region	Occupancy Rate Q3 2023	Occupancy Rate Q3 2022	ADR Rate Q3 2023	ADR Rate Q3 2022
City of Santa Clarita	82.3%	82.9%	\$166.34	\$164.35
Santa Clarita Valley	83.1%	83.7%	\$159.64	\$158.80

Tourism Sub-Region	Occupancy Rate Q2 2022	Occupancy Rate Q2 2021	ADR Rate Q2 2022	ADR Rate Q2 2021
City of Santa Clarita	80.5%	64.5%	\$163.24	\$109.72
Santa Clarita Valley	82%	69.2%	\$157.59	\$106.42

STR reports that average hotel occupancy in the Santa Clarita Valley was 83.1% in Q3 2023, and 82.3% within the City, a decrease of 0.6% respectively from Q3 2022 for both sectors.

Local average daily room rates (ADR) in the City of Santa Clarita increased by 1.2% in Q3 2023 to \$166.34 from \$164.35 the previous year; across the Santa Clarita Valley the ADR increased 0.5% to \$159.64 over the previous year at \$158.80.



# SUMMARY

Source: California Economic Forecast

- The residential market is in recession. Sales have declined more than 30 percent from a year ago but selling values have not contracted much. High mortgage rates is a current disincentive to sellers to list their home for sale.
- Apartment rental price appreciation is now slowing down, in tandem with rising apartment vacancy. Nevertheless, the movements in rents and vacancy are modest.
- 2023 Residential construction activity in the City of Santa Clarita, and Greater Valley region has accelerated. At the current pace, over 800 units will be permit-issued this year. Most of the homes started are in Mission Village and Williams Ranch.
- Industrial vacancy remains extremely tight, but it has loosened some. Lease rates are high but have softened recently.
- More jobs are being created but workers are not yet returning to the office, resulting in rising vacancy of office space which is now at business cycle high.
- Retail store vacancy rates show little weakness. Retail sales have also declined about 5 percent from a year ago but spending on retail services like entertainment and recreation has replaced goods.
- Total employment in the Santa Clarita Valley continues to move higher. More positions are being filled in healthcare, construction, and recreation.
- 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 that still has many open and unfilled positions in the skilled trades.



# 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**



**72% Have at Least  
Some College**



**Millennials are  
Largest Generation**

## Accolades



**Most Business  
Friendly City 2022**



**Happiest City**



**Healthiest City**



**Safest City**



**Best Place to  
Start a Family**



# Santa Clarita Valley Economic Development Corporation

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**SANTA CLARITA VALLEY**  
ECONOMIC DEVELOPMENT CORPORATION



Residential and commercial real estate and employment data provided by  
California Economic Forecast

