

# ECONOMIC SNAPSHOT

Santa Clarita Valley  
Quarterly Report

**Q1 2022**



# SANTA CLARITA VALLEY

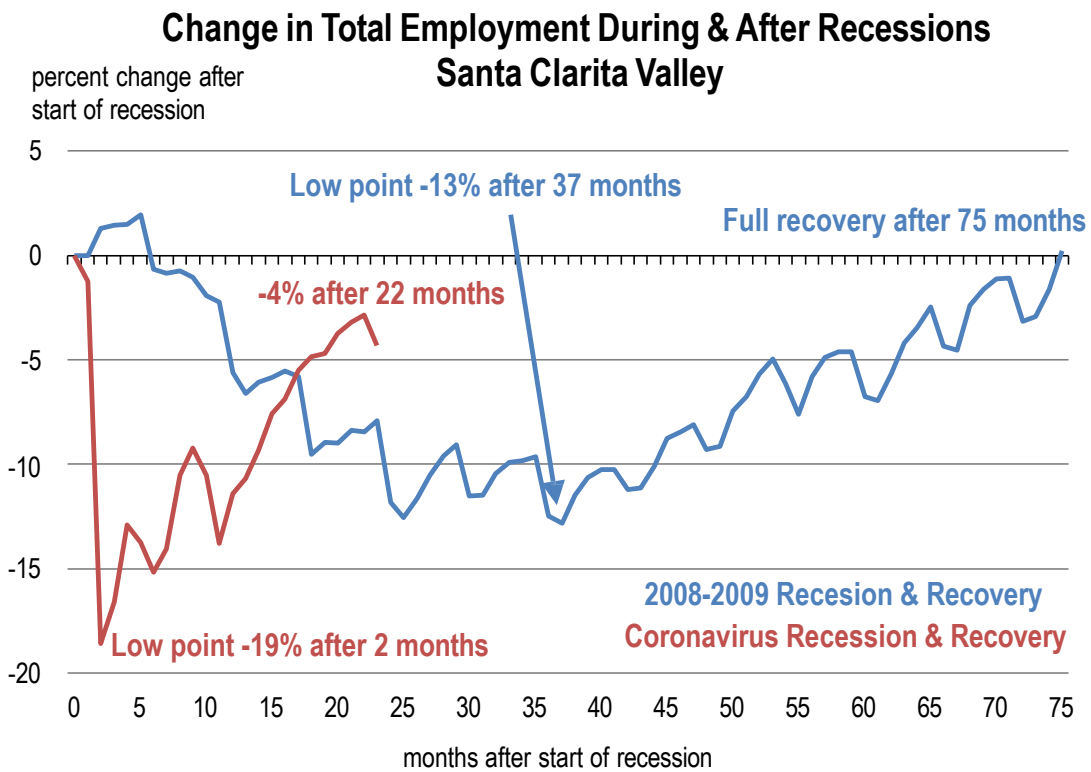
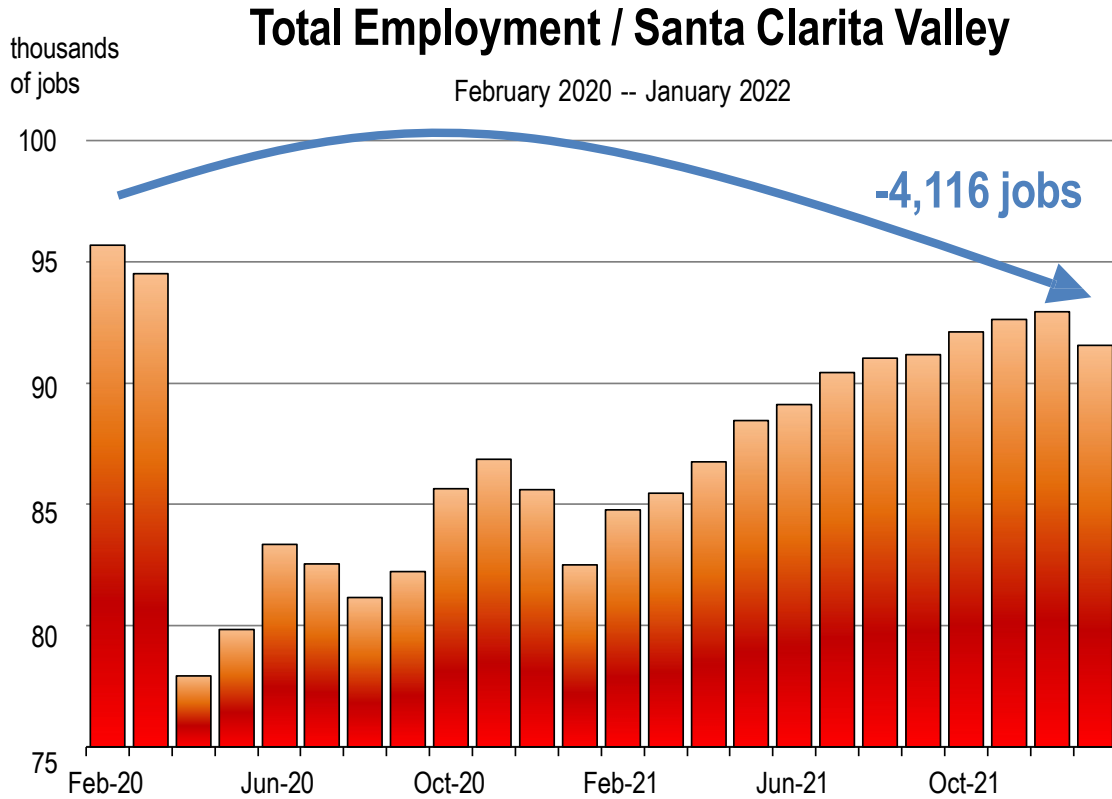
## STILL GOLDEN

The business-friendly Santa Clarita Valley is conveniently located next to Interstate 5 and Highway 14 and is home to the 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.



# EMPLOYMENT

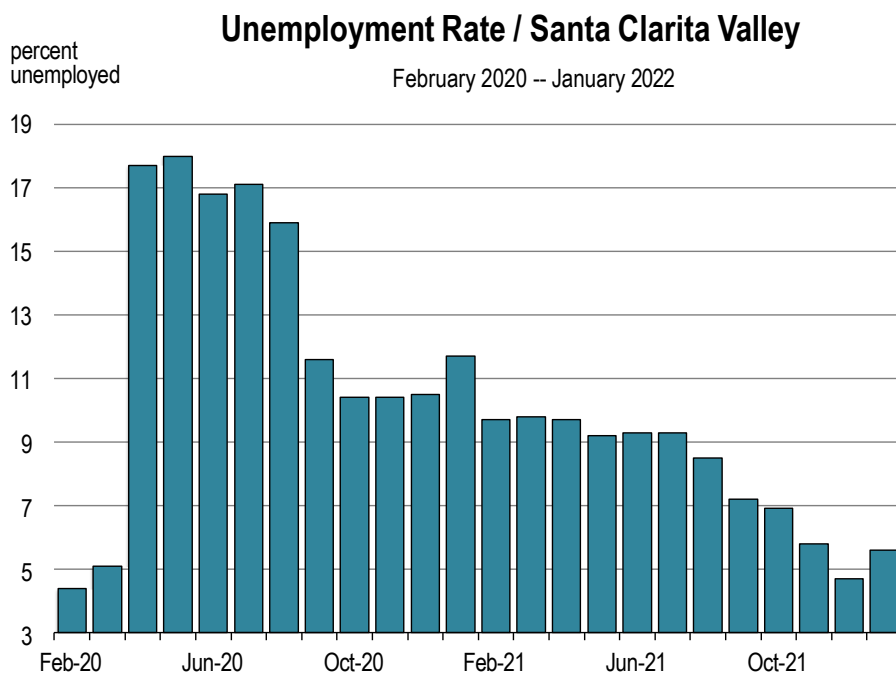
Source: California Economic Forecast, Labor Market Information Division



# EMPLOYMENT

Source: California Economic Forecast, Labor Market Information Division

- The slight decline in total employment in January 2022 reflects normal seasonal variation.
- Employment is on the path of recovery. As of January 2022, 4,116 more jobs are needed for a full recovery from the pandemic recession.
- After the 2008-2009 Great Recession, it took 37 months for total employment to reach its low point (-13 percent) and 75 months to completely recover.
- During the episodic Coronavirus Recession, total employment reached a low of -19 percent after only 2 months.
- As of January 2022 (22 months after the beginning of the recession) total employment was 4 percent lower than it was before the recession.

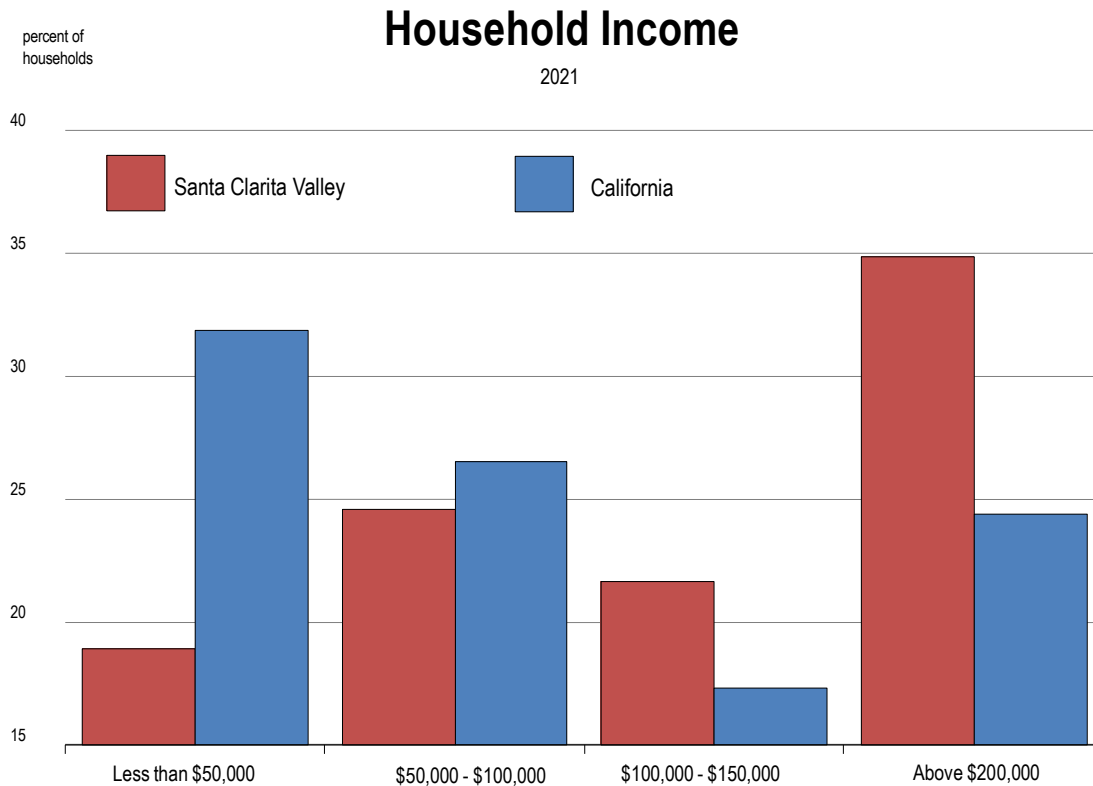


- During January 2022, the unemployment rate in the Santa Clarita Valley was 5.6 percent.
- For all of Los Angeles County, the unemployment rate was 6.1 percent in January.



# HOUSEHOLD INCOME

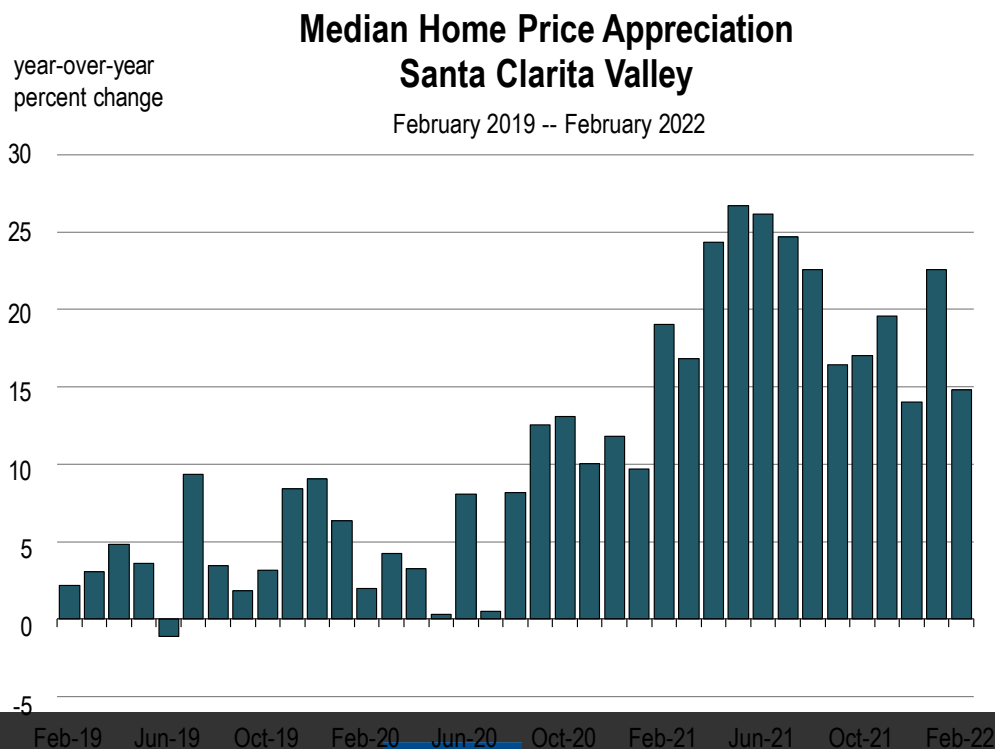
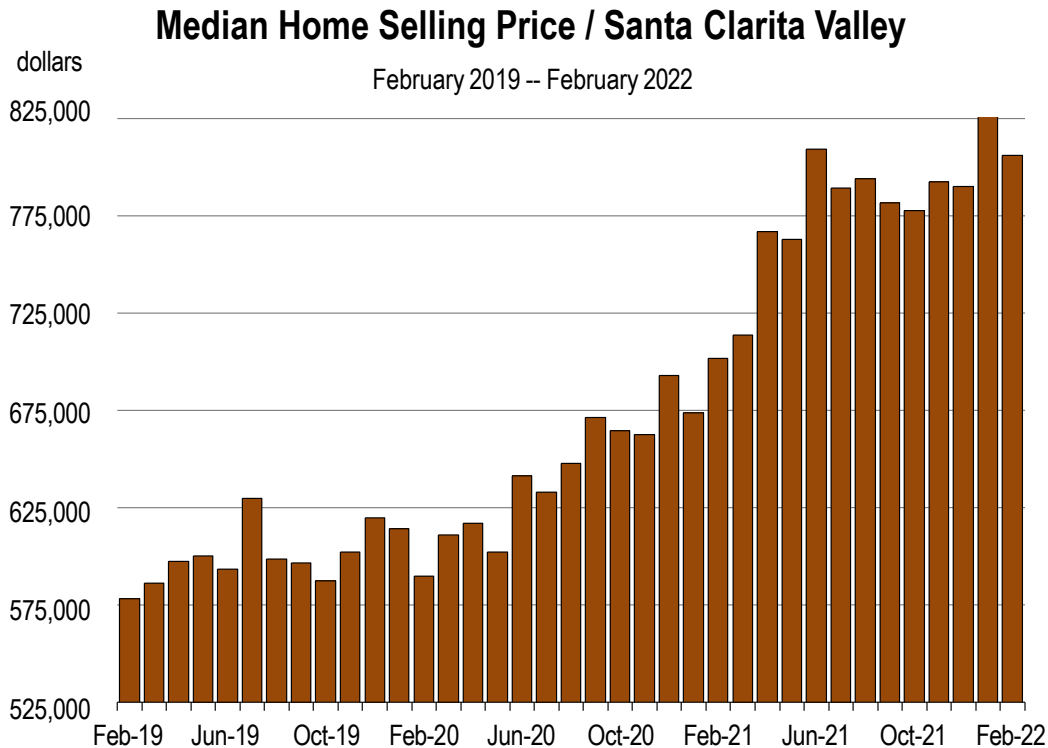
Source: California Economic Forecast, Labor Market Information Division



- Household income in the Santa Clarita Valley is high. In 2021, the median household income in the Santa Clarita Valley was estimated at \$113,800. Across California, the median household income was \$82,100.
- Incomes in the SCV are high because the local labor market is concentrated in high-wage fields. A large proportion of its residents work in high-paying fields such as engineering, manufacturing and management which pay above-average salaries.

# RESIDENTIAL REAL ESTATE

Source: California Economic Forecast, CoreLogic, First American Financial



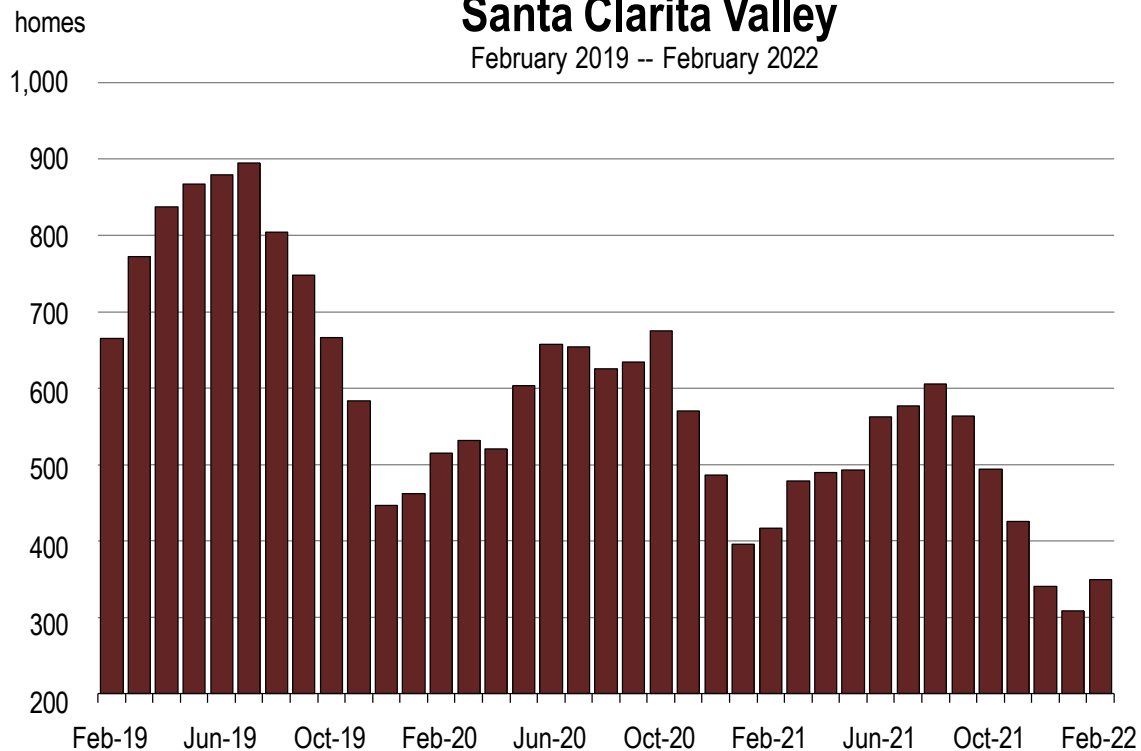
# RESIDENTIAL REAL ESTATE

Source: California Economic Forecast, CoreLogic, First American Financial

- In February 2022, the median home price in the Santa Clarita Valley was \$806,000, an increase of 15 percent over the last 12 months.
- Price appreciation is volatile but appears to be on a downward trend, which is good news. Although homes in the SCV are still affordable because households in the area have relatively high incomes, statewide affordability is becoming strained.
- As of February, there were only 349 single-family homes for sale. Two years ago, there were 417 homes on the market.

## Active Listings of Single-Family Homes Santa Clarita Valley

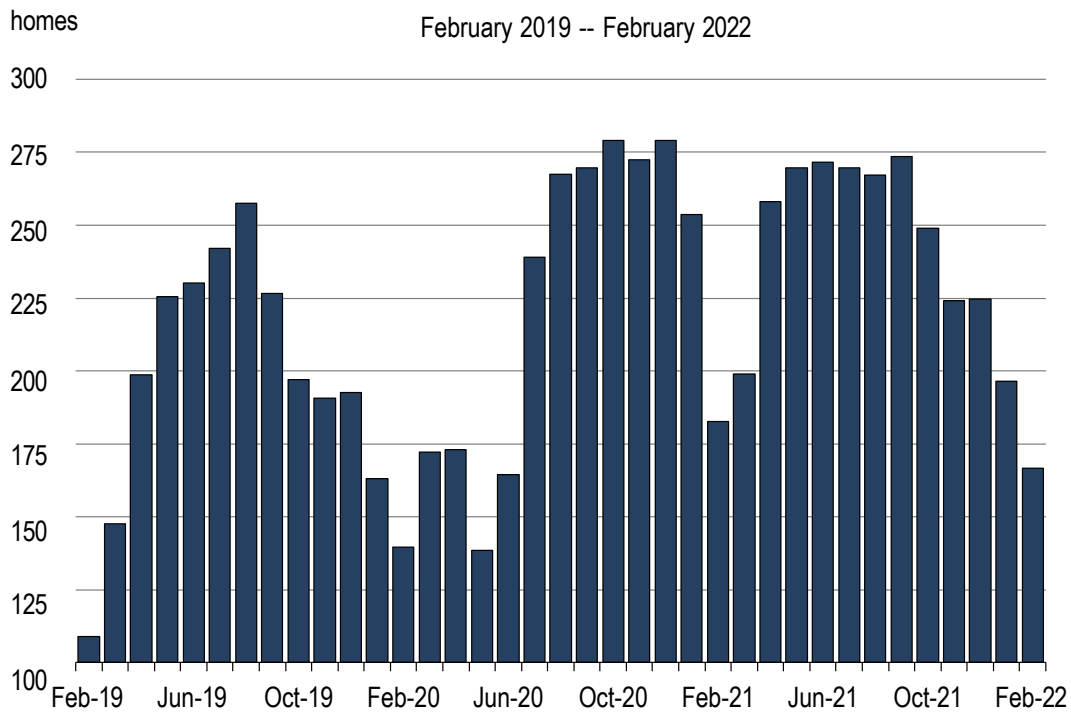
February 2019 -- February 2022



# RESIDENTIAL REAL ESTATE

Source: California Economic Forecast, CoreLogic, First American Financial

## Single-Family Home Sales / Santa Clarita Valley

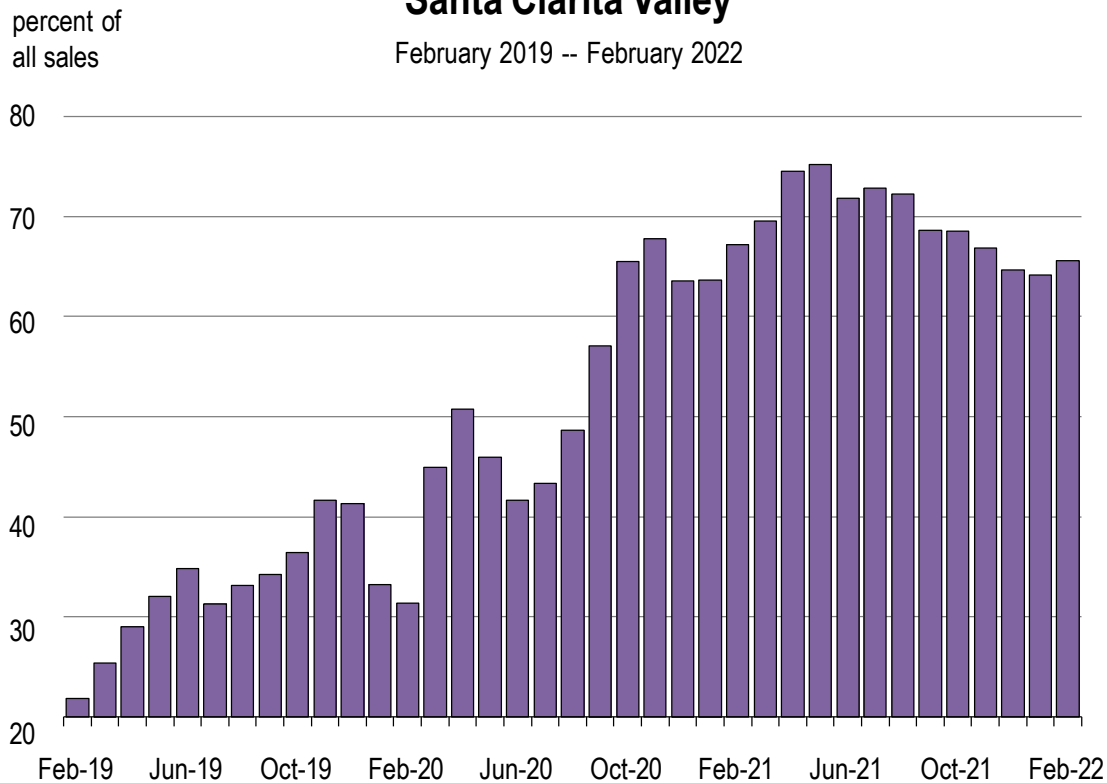




# RESIDENTIAL REAL ESTATE

Source: California Economic Forecast, CoreLogic, First American Financial

## Percent of Homes Sold Above List Price Santa Clarita Valley

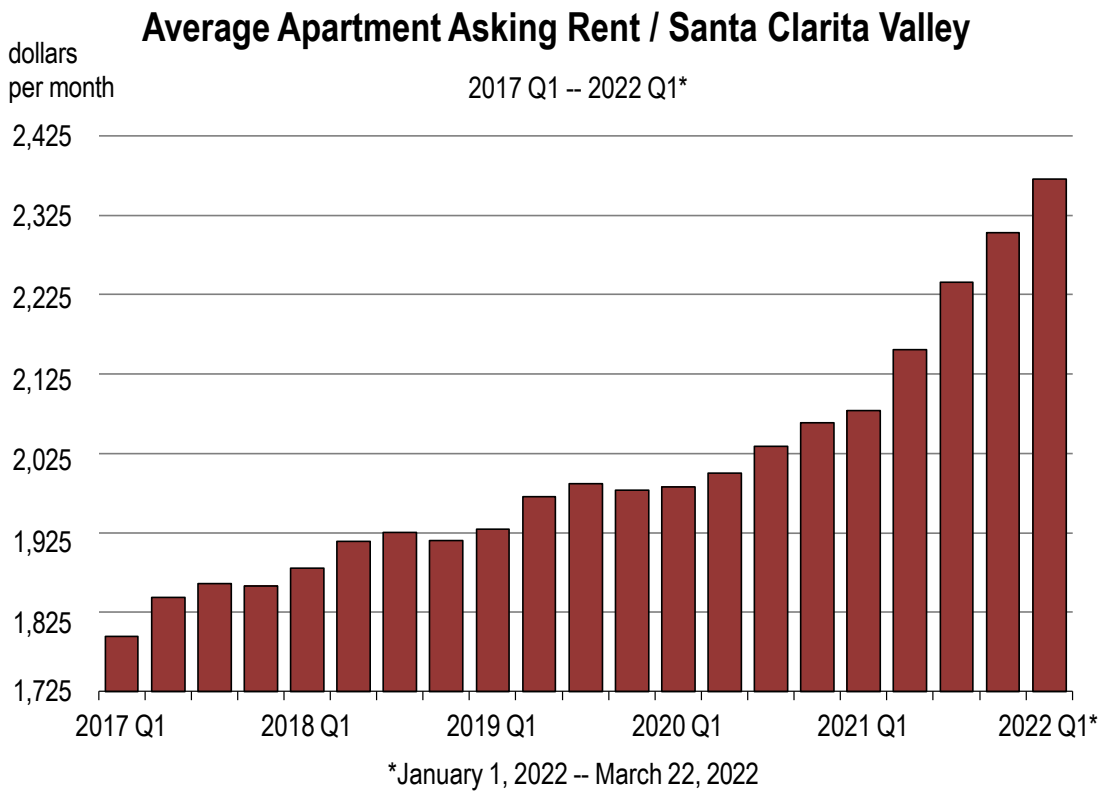


- In February 2022 there were 167 sales, which is slightly lower than the 183 sales occurring in February 2021. There have been fewer sales of homes adjusted for seasonality since October 2021..
- Over 60 percent of homes that sold were above the listing price in February. This percentage is stabilizing after marginal declines in the previous quarter or two. Demand for housing is still extraordinarily strong.



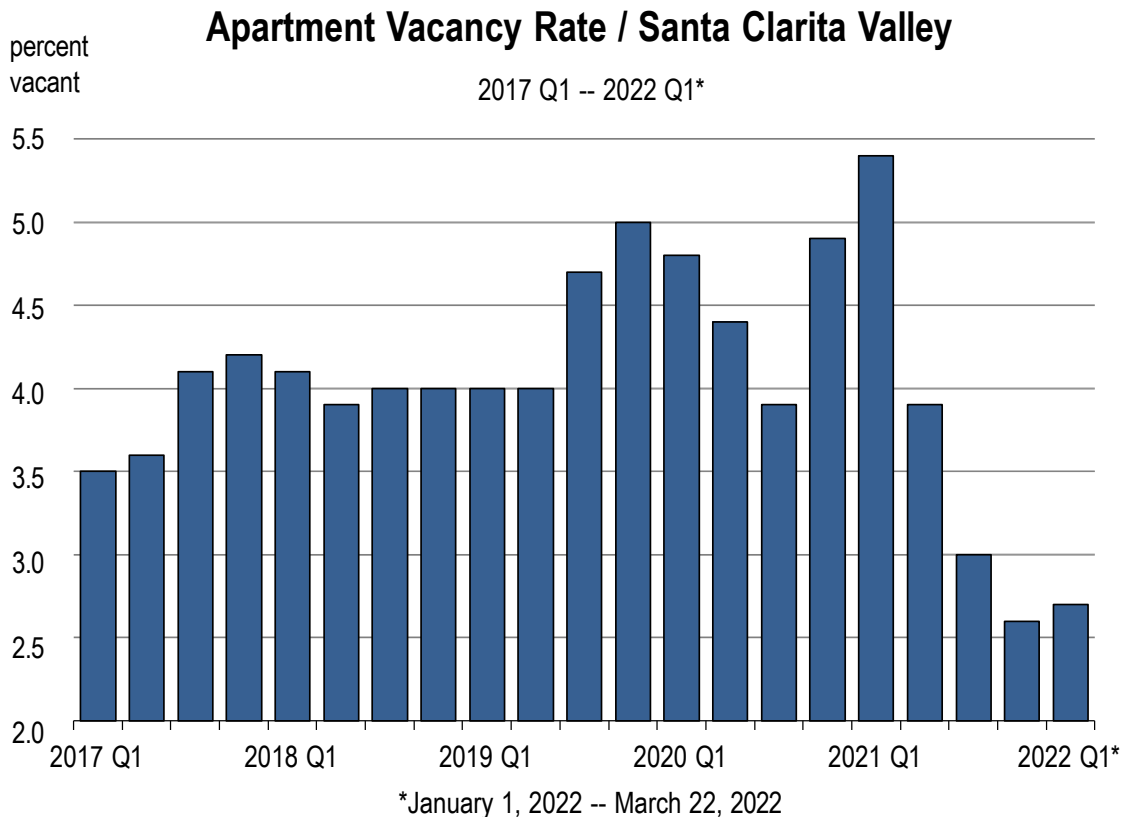
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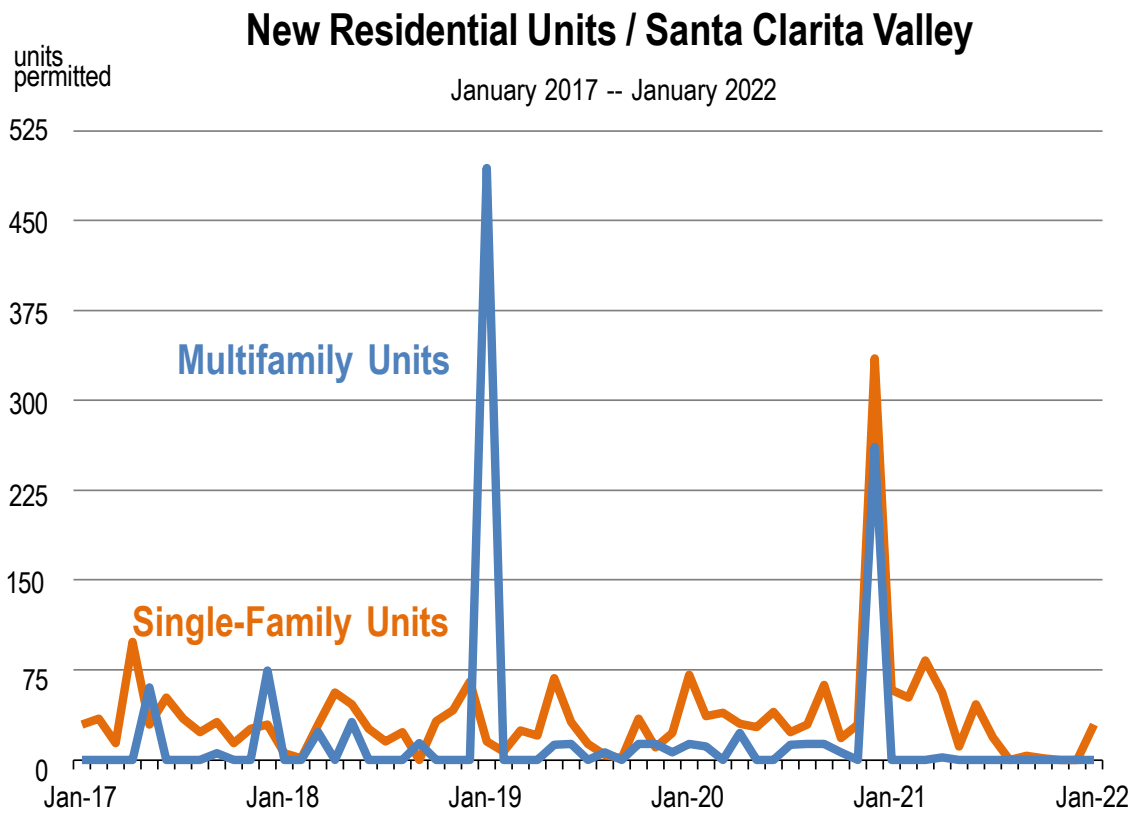


- Apartment rents continue to rise, reaching an average of \$2,403 per month in the first quarter of 2022.
- Apartment rents are now rising exceptionally fast, up by 14 percent on a year-over-year basis.
- The vacancy rate has averaged 2.7 percent in the first quarter, and it is estimated that there are only 411 vacant apartments across the entire Santa Clarita Valley.



# RESIDENTIAL REAL ESTATE

Sources: CBRE Trends, STR



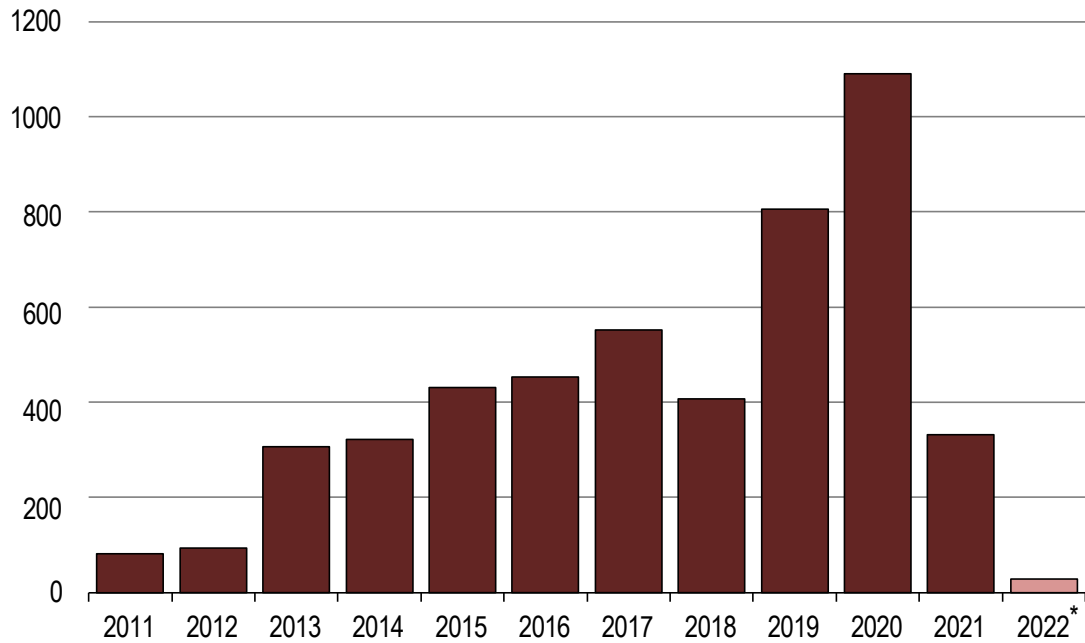
# RESIDENTIAL REAL ESTATE

Sources: CBRE Trends, STR

- As of January 2022, 29 permits have been issued in the City of Santa Clarita. All 29 permits were for single-family homes.
- Compared to January 2021, fewer permits have been issued so far in 2022. This declining trend is a continuation of the broader decline in monthly permits observed throughout 2021.

## New Residential Units / City of Santa Clarita

2011 -- 2022\*

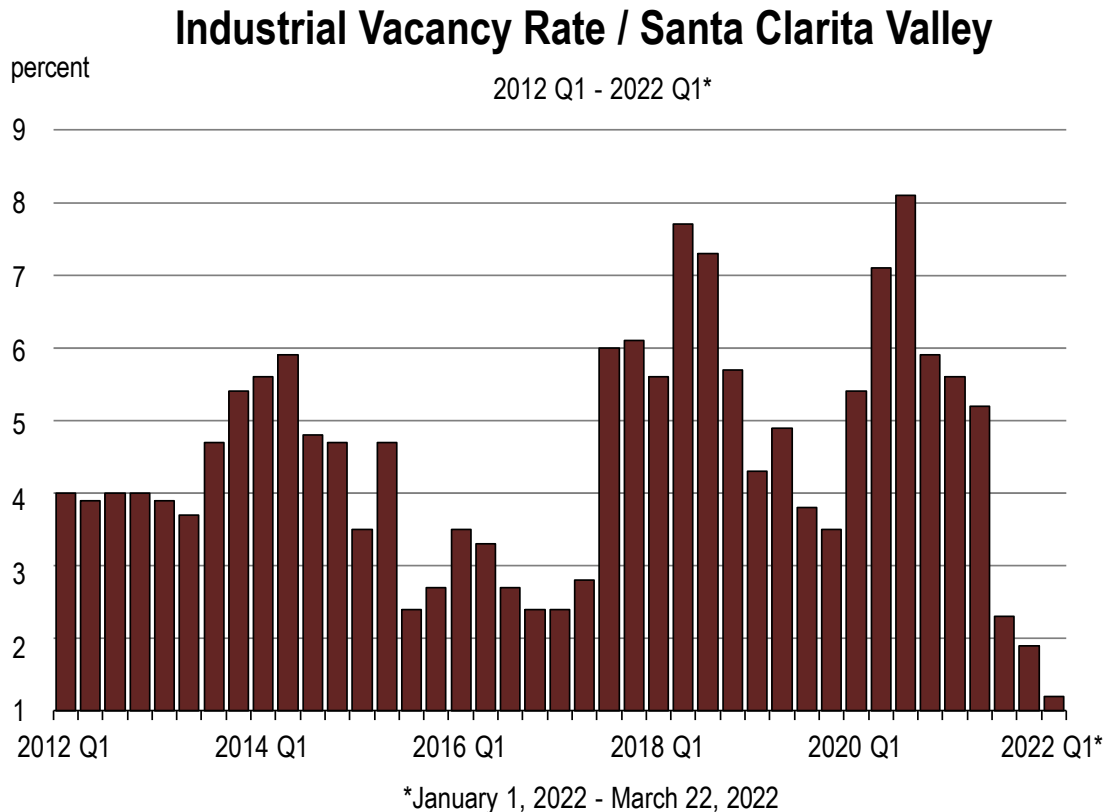


\*January 2022



# COMMERCIAL REAL ESTATE

Sources: CBRE Trends, STR



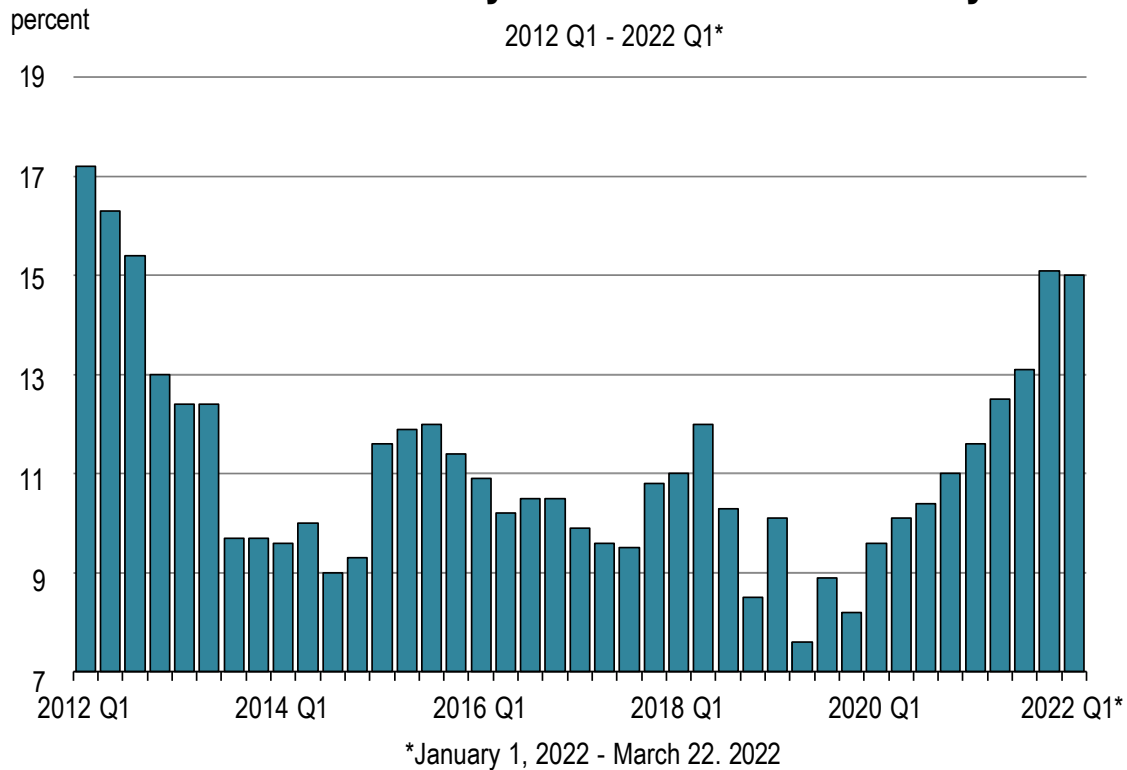
- The industrial vacancy rate was reported at 1.2 percent in the fourth quarter.
- The vacancy rate is continuing its decline in Q1 2022, with leasing activity ramping up and only 174,301 square feet available on the market.
- Lease rates are rising rapidly. In the first quarter, the average lease rate is up by 23 percent year-over-year, reaching \$1.07 per square foot.
- CoStar reports that 7 new leases have been signed in the fourth quarter so far, totaling 149,803 square feet.
- Approximately 463,000 square feet of space is currently under construction.



# COMMERCIAL REAL ESTATE

Sources: CBRE Trends, STR

## Office Vacancy Rate / Santa Clarita Valley



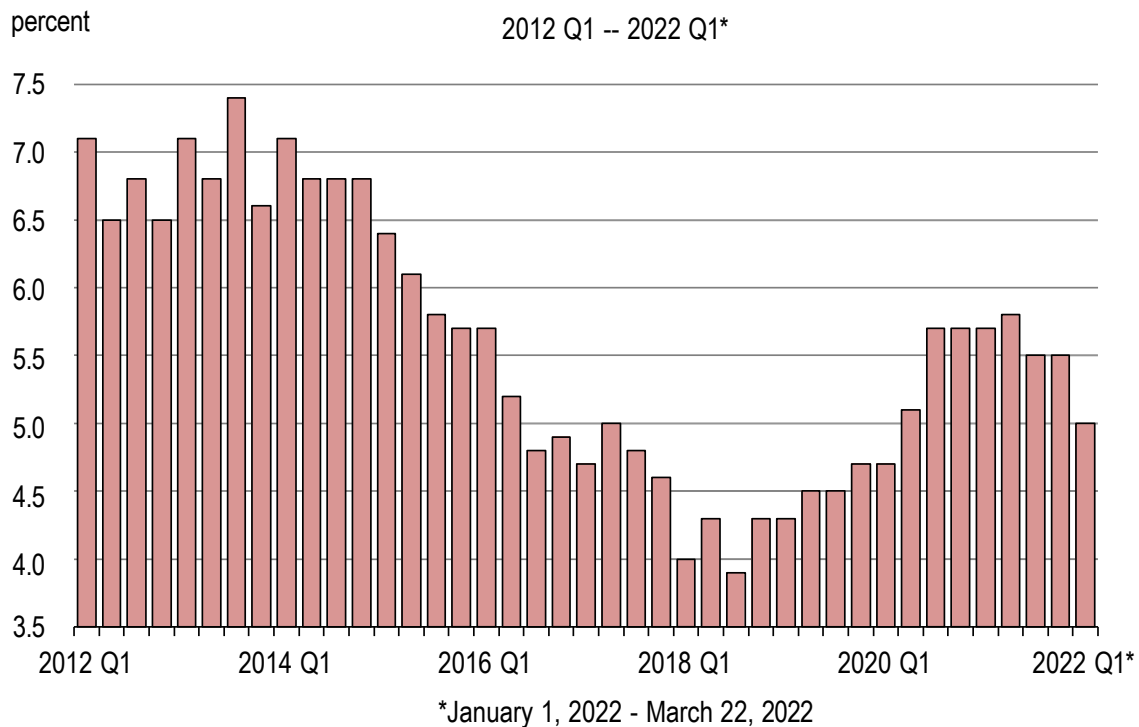
- The office vacancy rate may have finally stabilized.
- Many companies have begun implementing return-to-office strategies, resulting in a significant number of employees back in the office.
- Despite rising vacancy rates, lease rates have largely been stable since the beginning of the pandemic.
- In the first quarter of 2022, lease rates have averaged \$2.72 per square foot. Compared to Q1 2021, lease rates have increased by 0.7%.
- CoStar reports that 32 leases have been signed in the first quarter to date. The leases account for 48,943 square feet in total, up from the 35,737 square feet leased in Q4 2021.



# RETAIL VACANCY

Sources: CBRE Trends, STR

## Retail Vacancy Rate / Santa Clarita Valley



- Utilization of retail space that declined during the recession is clearly rebounding. The vacancy rate is now at 5.0 percent.
- 118,325 square feet of space has been absorbed by retailers thus far in the first quarter, the largest volume absorbed in a quarter since Q1 2018.
- After declining during 2020, lease rates are rising again, reaching \$2.04 per square foot in the first quarter of 2022.





# SUMMARY

Source: California Economic Forecast

- Home price appreciation observed year-over-year remains high but has clearly moderated in the Santa Clarita Valley over the last 6 months.
- Across California, the housing affordability crisis has become severe, and a continuation of rising home values will be problematic.
- Homes in the Santa Clarita Valley are still (relatively) affordable because of the area's high household income.
- Apartment rents are now at the highest levels observed since the turn of the century, and vacancy rates remain low.
- Residential construction activity in the City of Santa Clarita is below the levels observed in 2019 and 2020.
- After plummeting in the fourth quarter of 2021, industrial vacancy rates have reached new lows this quarter. Lease rates have jumped significantly year-over-year, depicting a very tight market for industrial real estate in the current economy.
- As the most recent pandemic wave abates, more workers are returning to the office, resulting in what we believe is the beginning of a stabilization of office vacancy rates.
- The retail vacancy rate dropped in the first quarter following the end of the holiday shopping season.
- Total employment in the Santa Clarita Valley is slowly recovering from the pandemic recession during the spring of 2020. The region needs to regain another 4,000 jobs to reach a full recovery. The speed of this recovery will largely depend on a full return of the labor force.
- A small seasonally normal increase in the unemployment rate was observed in the region during January 2022. Labor markets are effectively at full employment in the region.



# 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**



# 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

