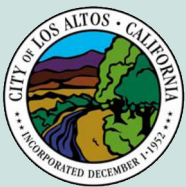


# CITY OF LOS ALTOS

## SALES TAX UPDATE

### 4Q 2024 (OCTOBER - DECEMBER)



#### LOS ALTOS

TOTAL: \$ 825,553

3.6%  
4Q2024



2.8%  
COUNTY

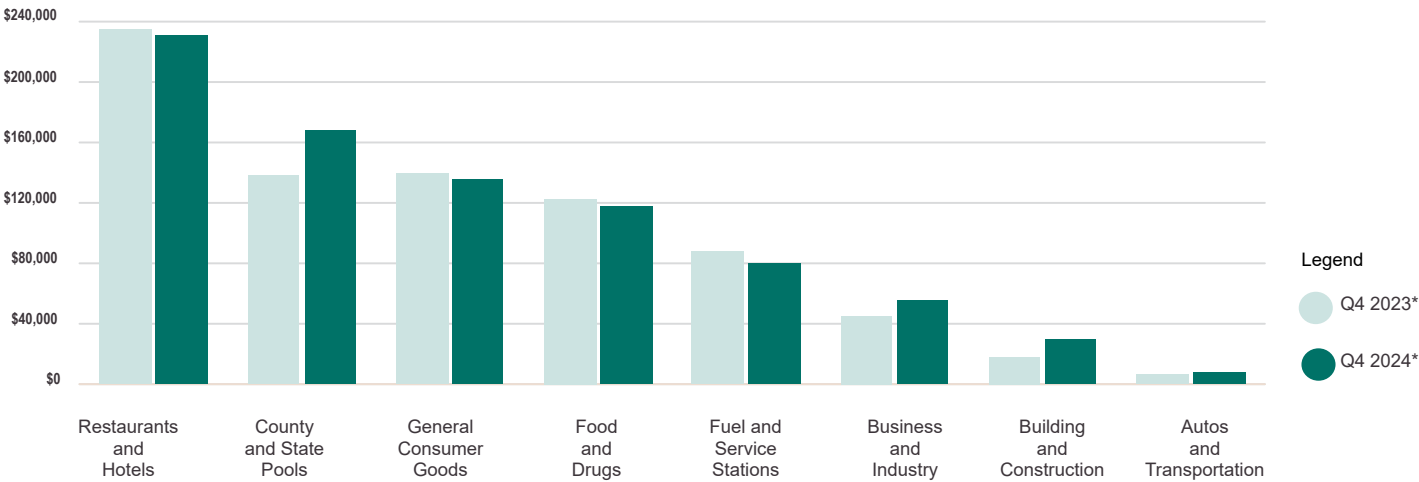


-1.1%  
STATE



*\*Allocation aberrations have been adjusted to reflect sales activity*

#### SALES TAX BY MAJOR BUSINESS GROUP



#### CITY OF LOS ALTOS HIGHLIGHTS

Los Altos' gross receipts from October – December 2024 were 19.3% above the fourth sales period in 2023. However, after adjusting for reporting modifications such as audit adjustments and delayed payments, actual sales were up 3.6%. Results varied among tax groups.

Casual and fast-casual dining dipped, pulling down the restaurants-hotels group 1.8% as people seemed to reduce dining outside of the home during the winter months. Similarly, consumers reigned in their spending – especially at home furnishings and specialty stores.

Grocery store revenues were stable, but declines in other sectors lowered food-drugs receipts. The price of crude oil fell during the period and directly affected fuel-service station receipts – with revenues sliding 8.6%.

On the positive, the City's allocation from the countywide use tax pool jumped 21.3% as the pool benefited from growth in ecommerce and business services. B2B related sales and a couple of one-time payments in other sectors boosted the business-industry group.

A spike in contractor activity pushed building-construction up a whopping 58%. Transportation related spending also improved for the period.

Net of adjustments, taxable sales for all of Santa Clara County grew 2.8% over the comparable time period; the Bay Area was down 0.5%.



#### TOP 25 PRODUCERS

Amber India Restaurant  
Arco AM PM  
BevMo  
Chef Chus  
Draegers Super Market  
Footwear Etc Los Altos  
Hiroshi  
Los Altos 76  
Los Altos Chevron  
Los Altos Gas & Service  
Los Altos Grill  
Lucky Supermarket  
Main Street Chevron  
Paper Culture  
Papillon Kitchen Bath  
Rancho 76  
Rustic House  
Safeway  
Speedway Express

State of Mind Public House & Pizzeria  
Steinway  
Trader Joe's  
Turn 2 Solutions  
Walgreens  
Whole Foods Market



## STATEWIDE RESULTS

California's local one cent sales and use tax receipts during the months of October through December were 1.2% lower than the same quarter one year ago after adjusting for accounting anomalies. The fourth quarter is notably the highest sales tax generating period of the year but exhibited diminished year-over-year returns as consumers struggled with tariff concerns and pulling back on discretionary spending.

For the past eight quarters - two calendar years - statewide results have declined; led mostly by autos-transportation and building-construction suppressed activity due to the sustained high interest rate environment. Specifically, this quarter, as new and used car returns pulled back, only leasing activity improved likely representing buyers willingness to wait for more advantageous economic conditions before committing to long term obligations. Furthermore, building-construction drops spanned multiple categories including building materials, plumbing/electrical and contractors as property owners delay repairs and improvements until they're more comfortable tapping available equity.

During this holiday shopping period, brick-and-mortar general retailers slumped 2.4%, further hindered by lower gas prices. Recent closures by merchants selling variety/low priced items and weaker returns from department stores were most impactful. As consumers appeared more interested in value/discounted items vs higher priced/luxury goods, overall statewide receipts revealed growth from online retailers by way of local returns through fulfillment centers and allocations via each county's use tax pool demonstrating a desire to spend, just more through different vendors which shifted local tax distributions.

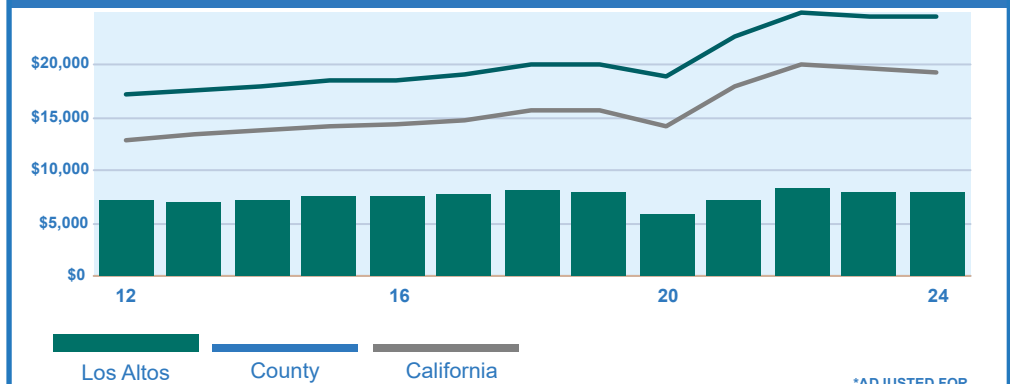
Fuel and service stations experienced a drop of 14% largely due to the decreased price of global crude oil. While this dynamic hurt the sector results, it did allow for more disposable income to be spent in other areas and does not appear to be changing in the near term.

Revenue from restaurants sustained a modest gain of 1.3%, with only a waning from fine dining establishments - consistent with spending trends in other sectors. As eateries try and balance higher menu prices and demand, a 'return to office' call by businesses could inspire future increased foot traffic for many venues in metropolitan centers.

The fourth quarter also marks the end of the calendar year. As expected 2024 was 1.2% lower than 2023 with most sectors taking a hit. Only restaurants, business-industry and allocations via the county use tax pools improved.

With national tariff discussions happening at the federal level, consumers start 2025 wondering if higher priced goods and difficult decisions are on the horizon. Also, the Federal Reserve Board hasn't signified any relief by way of lower interest rates leaving only minimal growth expectations to come. The theme of the current economic outlook is uncertainty.

### SALES PER CAPITA\*



### TOP NON-CONFIDENTIAL BUSINESS TYPES

Los Altos Business Type	Q4 '24	Change	County Change	HdL State Change
Casual Dining	163,285	-3.5% ↓	5.3% ↑	1.9% ↑
Grocery Stores	89,331	0.1% ↑	-2.3% ↓	-0.9% ↓
Service Stations	80,296	-8.6% ↓	-11.5% ↓	-13.0% ↓
Fine Dining	35,727	16.0% ↑	-8.4% ↓	-5.1% ↓
Home Furnishings	18,440	-30.8% ↓	11.7% ↑	-2.2% ↓
Specialty Stores	17,363	-8.0% ↓	-1.9% ↓	-1.7% ↓
Contractors	16,958	386.8% ↑	1.5% ↑	-4.7% ↓
Quick-Service Restaurants	14,552	0.0% ↓	0.7% ↑	1.6% ↑
Jewelry Stores	14,059	21.9% ↑	8.9% ↑	6.1% ↑
Business Services	10,707	76.7% ↑	-22.8% ↓	-1.8% ↓

\*Allocation aberrations have been adjusted to reflect sales activity