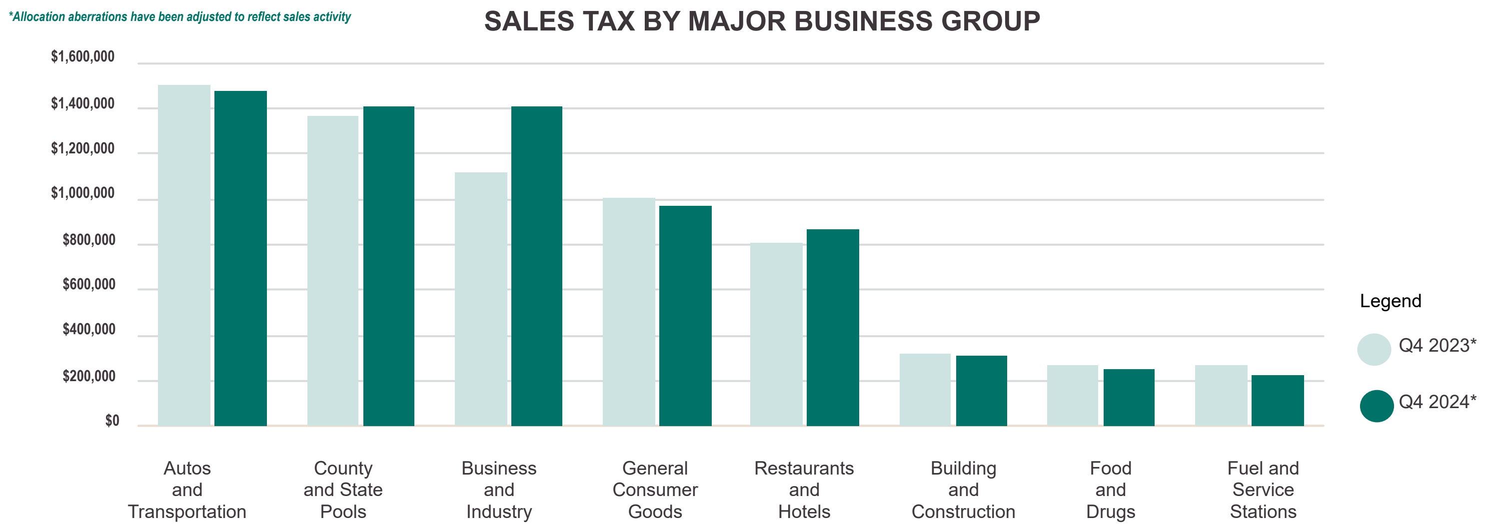
CITY OF PLEASANTON
SALES TAX UPDATE
4Q 2024 (OCTOBER - DECEMBER)

PLEASANTON	4.2%	-1.2%	-1.1%
TOTAL: $ 6,936,041	4Q2024 ↑	COUNTY ↓	STATE ↓



CITY OF PLEASANTON HIGHLIGHTS

Pleasanton's receipts from October through December were 10.6% above the fourth sales period in 2023. Excluding reporting aberrations, actual sales were up 4.2%.

Point of sales gains totaled 4.5%; business-industry was the key contributor as taxes rose $291,000. Technology companies outlays contributed to bigger payments from IT services, electrical/office equipment and light industrial sectors.

Casual dining grew 5%; a combination of elevated menu prices and recent openings. A new venue helped the fast causal segment; overall this restaurant category increased 7%.

Luxury brands sales struggled in the past year; not so for Pleasanton in this filing period. Buyers took advantage of better deals, inventory availability and drove new vehicle dealerships up 3%. Those not willing to take on long term auto loans went the leasing route; results soared 19%. A slump in used car transactions provoked a 2% overall decrease by this group.

For the second consecutive quarter global crude oil prices were in retreat mode, resulted in service stations submitting 15% less revenues.

Holiday sales were soft, caused a 4% drop from general consumer goods. Shoppers looked for value, spent less at department, specialty and apparel retailers. Taxes expected from the opening of a national chain store in October were misallocated in error, not in the totals noted above; a future correction is expected this fiscal year.

Pool allocations improved 3%, in line with statewide estimates. Net of aberrations, taxable sales for the Bay Area dipped 0.5%.

HdL Companies

STATEWIDE RESULTS

California's local one cent sales and use tax receipts during the months of October through December were 1.1% 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.

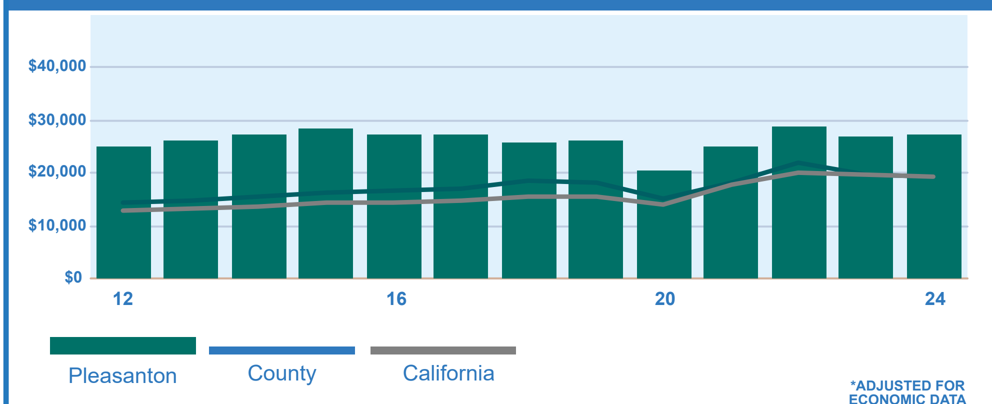
Fuel and service stations experienced a drop of 14% largely due to the decreased price of global crude oil. While this dynamic hurt the sector results, it did allow for more disposable income to be spent in other areas and does not appear to be changing in the near term.

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

Pleasanton Business Type	Q4 '24*	Change	County Change	HdL State Change
New Motor Vehicle Dealers	993.5	2.8% ↑	0.8% ↑	-2.3% ↓
Medical/Biotech	519.6	22.7% ↑	-2.9% ↓	0.0% ↓
Casual Dining	485.2	5.6% ↑	2.2% ↑	1.9% ↑
Service Stations	222.5	-14.8% ↓	-12.8% ↓	-12.9% ↓
Department Stores	204.8	-4.5% ↓	-16.5% ↓	-7.1% ↓
Building Materials	196.0	2.6% ↑	-6.1% ↓	-3.4% ↓
Electronics/Appliance Stores	185.5	5.7% ↑	0.0% ↓	-2.6% ↓
Business Services	180.6	85.9% ↑	2.3% ↑	-1.5% ↓
Quick-Service Restaurants	177.0	2.9% ↑	0.7% ↑	1.7% ↑
Light Industrial/Printers	135.0	21.4% ↑	9.3% ↑	-1.9% ↓

*Allocation aberrations have been adjusted to reflect sales activity

*In thousands of dollars