

# CITY OF BRENTWOOD

## SALES TAX UPDATE

### 4Q 2021 (OCTOBER - DECEMBER)



#### BRENTWOOD

TOTAL: \$ 2,904,985

8.7%

4Q2021



6.1%

COUNTY



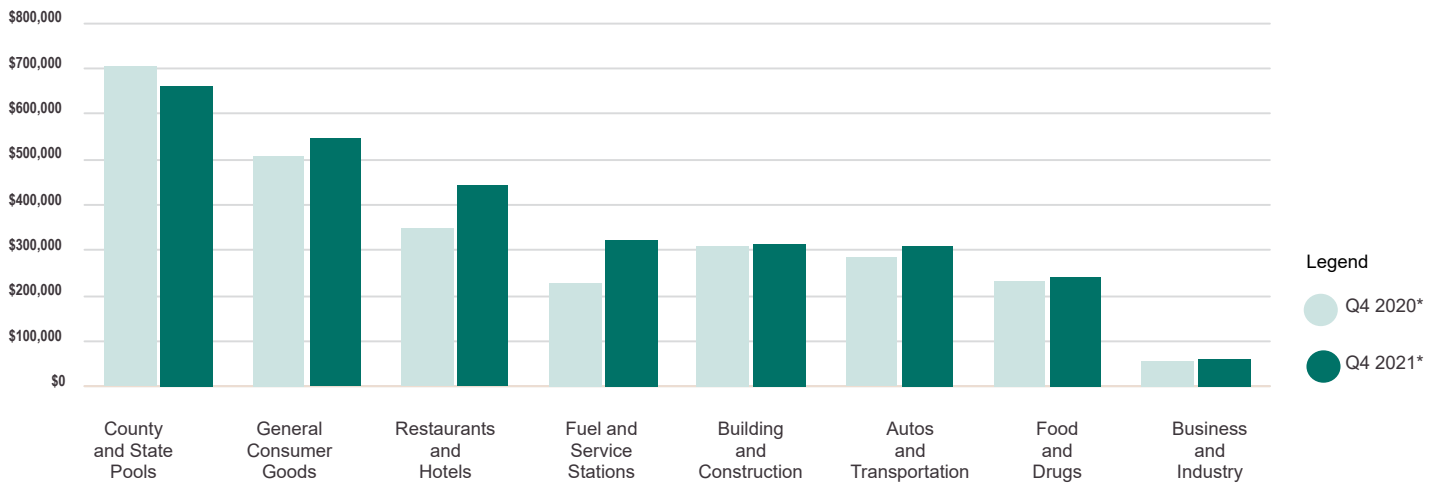
15.6%

STATE



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

#### SALES TAX BY MAJOR BUSINESS GROUP



#### CITY OF BRENTWOOD HIGHLIGHTS

Brentwood's receipts from October through December were 14.2% above the fourth sales period in 2020. Excluding reporting aberrations, actual sales were up 8.7%.

The City's largest business type, service stations, benefited from rising prices at the pump; the category grew 40%, up about 1% over the pre-pandemic quarter.

After the large spike due to the home improvement trend, building materials continued to grow, although at a much slower pace; the category was up 2%.

Rising menu prices and the strong desire to dine out contributed to the growth in restaurants, and further increased by the capacity restrictions in the comparable quarter; casual dining restaurants grew 36% while quick-service only grew 8%.

General consumer goods was boosted by apparels sales, including 15% growth for family apparel and 61% growth in shoe stores, but the growth was lessened by a decline in home furnishings.

Autos-transportation also benefited from steep rising prices, the group was up 9.7%.

The use tax allocated to the pool decreased and the City's allocation from the pool was down 6.5%.

Net of aberrations, taxable sales for all of Contra Costa County grew 6.1% over the comparable time period; the Bay Area was up 13.2%.



#### TOP 25 PRODUCERS

- Ace Hardware
- Arco AM PM
- Bath & Body Works
- Big B Lumber
- Bill Brandt Ford
- BJ's Restaurant & Brewhouse
- Brentwood Chevron
- Brentwood Ready Mix
- Chevron
- Circle K Gas
- Dallas Shanks Services
- Home Depot
- Home Goods
- In N Out Burger
- Kohls
- Power Market
- Ross
- Safeway
- Sportsman's Warehouse
- TJ Maxx
- Tractor Supply
- Ulta Beauty
- Victoria's Secret
- Walgreens
- Winco Foods



**STATEWIDE RESULTS**

California’s local one cent sales and use tax receipts for sales during the months of October through December were 15% higher than the same quarter one year ago after adjusting for accounting anomalies. A holiday shopping quarter, the most consequential sales period of the year, and the strong result was a boon to local agencies across the State. Consumers spent freely as the economy continued its rebound from the pandemic and as robust labor demand reduced unemployment and drove up wages.

Brick and mortar retailers did exceptionally well as many shoppers returned to physical stores rather than shopping online as the COVID crisis waned. This was especially true for traditional department stores that have long been among the weakest categories in retail. Discount department stores, particularly those selling gas, family and women’s apparel and jewelry merchants also experienced strong sales. Many retailers are now generating revenue that is nearly as much, or even higher, than pre-pandemic levels.

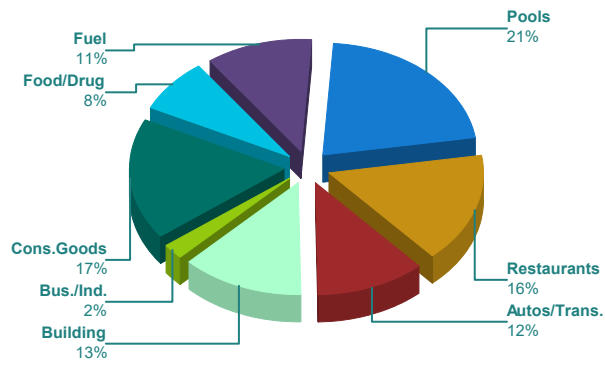
Sales by new and used car dealers were also much higher than a year ago. The inventory shortage has resulted in higher prices that have more than offset the decline in unit volume in terms of revenue generation for most dealerships. Restaurants and hotels were only moderately lower than last quarter, with both periods being the highest in the State’s history. Increased menu prices coupled with robust demand to dine out are largely responsible for these gains. These are impressive results for a sector that does not yet include the positive impact that will occur later this year as international travel steadily increases at major airports. Conference business, an important revenue component for many hotels, is also still in the early stages of recovery.

Building material suppliers and contractors were steady as growing residential and commercial property values boosted demand, particularly in the Southern California, Sacramento and San Joaquin Valley regions. Although anticipated interest rate increases by the Federal Reserve could dampen the short-term outlook for this sector, industry experts believe limited selling activity will inspire increased upgrades and improvements by existing owners. With demand remaining tight and calls for more affordable housing throughout the state, the long-term outlook remains positive.

The fourth quarter, the final sales period of calendar year 2021, exhibited a 20% rebound

in tax receipts compared to calendar year 2020. General consumer goods, restaurants, fuel and auto-transportation industries were the largest contributors to this improvement. However, the future growth rate for statewide sales tax revenue is expected to slow markedly. Retail activity has now moved past the easy year-over-year comparison quarters in 2021 versus the depths of the pandemic bottom the year before. Additional headwinds going into 2022 include surging inflation, a dramatic jump in the global price of crude oil due to Russia’s war in Ukraine and corresponding monetary tightening by the Federal Reserve. This is expected to result in weakening consumer sentiment and continued, but decelerating, sales tax growth into 2023.

**REVENUE BY BUSINESS GROUP**  
Brentwood This Calendar Year\*



\*ADJUSTED FOR ECONOMIC DATA

**TOP NON-CONFIDENTIAL BUSINESS TYPES**

Brentwood Business Type	Q4 '21*	Change	County Change	HdL State Change
Service Stations	320.7	40.1% ↑	50.4% ↑	53.8% ↑
Building Materials	249.1	2.0% ↑	0.7% ↑	2.3% ↑
Casual Dining	205.5	36.4% ↑	48.4% ↑	66.4% ↑
Grocery Stores	173.2	-0.5% ↓	-1.9% ↓	0.6% ↑
Quick-Service Restaurants	148.7	8.6% ↑	9.9% ↑	12.1% ↑
Family Apparel	129.2	15.5% ↑	21.9% ↑	27.2% ↑
Specialty Stores	90.1	19.5% ↑	21.2% ↑	18.7% ↑
Home Furnishings	75.4	-2.4% ↓	5.7% ↑	6.3% ↑
Automotive Supply Stores	58.1	14.0% ↑	12.9% ↑	10.5% ↑
Fast-Casual Restaurants	53.0	8.8% ↑	12.8% ↑	16.6% ↑

\*Allocation aberrations have been adjusted to reflect sales activity

\*In thousands of dollars