

# Q4 2011



# West Hollywood Sales Tax Update

First Quarter Receipts for Fourth Quarter Sales (October - December 2011)

## West Hollywood In Brief

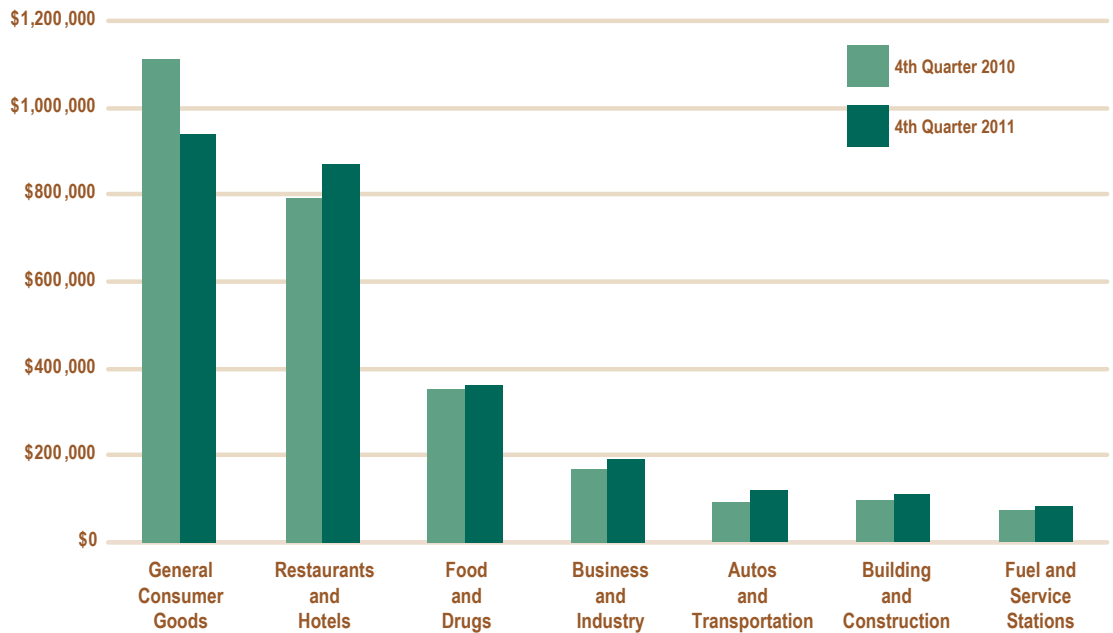
Receipts for West Hollywood's October through December sales were flat compared to the same quarter one year ago.

A onetime deduction to correct a prior error depressed receipts in general consumer goods. Once adjusted for the onetime event, this group increased 3.6%. Additional openings in home furnishings, shoe stores and electronics contributed to the gain.

New enterprises added to already positive results in restaurants, clubs and hotels. Sales activity rose in textiles/furnishings and building and construction. Higher prices boosted proceeds in the service station category.

Adjusted for aberrations, taxable sales for all of Los Angeles County increased 6.9% over the comparable time period, while the Southern California region as a whole was up 7.6%.

## SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS In Alphabetical Order

Abbey Food & Bar	Mondrian Hotel
Best Buy	Pavillions
BevMo	Ralphs
Boa	Ralphs
Bristol Farms	Saddle Ranch
Ceconis	Chop House
Christian Louboutin	Soho House West Hollywood
CVS Pharmacy	Steinway & Sons
Gelsons Market	Target
Hornburg Jaguar	Trader Joes
John Varvatos	Whole Foods Market
Koontz Hardware	World Oil Marketing
London West Hollywood	
Maxfield Bleu	

### REVENUE COMPARISON

Three Quarters - Fiscal Year To Date

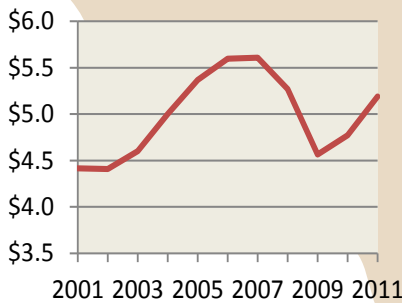
	2010-11	2011-12
Point-of-Sale	\$7,911,483	\$8,608,088
County Pool	881,487	958,777
State Pool	4,057	1,570
<b>Gross Receipts</b>	<b>\$8,797,027</b>	<b>\$9,568,436</b>
<b>Less Triple Flip*</b>	<b>\$(2,199,257)</b>	<b>\$(2,392,109)</b>

\*Reimbursed from county compensation fund

**California Overall**

Retail sales in the final quarter of 2011, excluding onetime reporting aberrations, were up 7.8% compared to the same period in 2010. Strong 4th quarter sales brought statewide calendar year 2011 within 7.25% of the pre-recession peak reached in 2006. At their 2009 low point, retail sales were 18.6% below their 2006 highs.

**CA Local Sales Tax Receipts in \$Billions**



To close the remaining gap, annual retail sales need to grow by \$40.5 billion, a daunting task with high unemployment and weak housing markets still hindering growth. Retail sales have risen on strong demand for new autos, increased consumer spending, significant use tax receipts from alternative energy projects and federal stimulus funded infrastructure projects. However, rising fuel costs and continued economic uncertainties are expected to slow the rate of growth in the second half of this year.

**Retailers downsizing ... creating new opportunities and challenges**

A recent survey concluded that 53% of the U.S. population has made an online purchase and that 7% of all retail sales are now done over the Internet. With mobile and tablet shopping capabilities making online purchases ever easier, Internet market share is expected to hit 9% by 2016.

The ease of online research has sharpened price competition and brick and mortar retailers are racing to accommodate the new consumer patterns by focusing on enhancing the shopping experience. This includes the development of more intimate shopping environments, use of social media to reach buyers, higher levels of customer service, specialized merchandise that cannot be purchased elsewhere and expanding the selection of goods offered with in-store kiosks supplemented with timely deliveries.

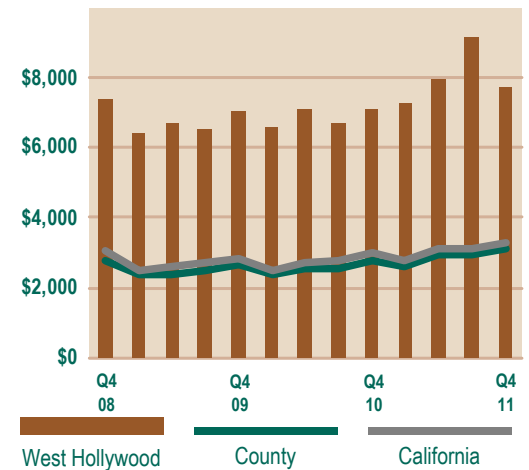
To cut overhead and compete on price, more retailers are going to the “endless aisle” concept of selling items not actually in the store. This allows the retailer to increase product variety in a smaller space.

Almost every major retailer has plans for either downsizing the footprint of new stores or subleasing space in existing stores.

On the plus side, this trend allows entrance into retail markets too

small for large format stores to be feasible. Less populous communities could find their retail bases growing with new compact stores offering the same or more merchandise as their larger counterparts. Communities with substantial existing retail could see new challenges in filling vacated space while also keeping up with the need for more inviting shopping environments.

**SALES PER CAPITA**



**WEST HOLLYWOOD TOP 15 BUSINESS TYPES**

Business Type	West Hollywood		County	HdL State
	Q4 '11*	Change	Change	Change
Discount Dept Stores	— CONFIDENTIAL —		4.5%	4.1%
Electronics/Appliance Stores	212.7	-0.8%	5.4%	4.0%
Grocery Stores Beer/Wine	55.2	-0.9%	5.7%	4.6%
Grocery Stores Liquor	169.0	1.9%	-6.3%	-1.2%
Home Furnishings	199.4	-8.4%	3.5%	4.2%
Hotels-Liquor	112.7	56.1%	22.1%	7.3%
New Motor Vehicle Dealers	— CONFIDENTIAL —		17.8%	15.5%
Package Liquor Stores	54.3	-4.4%	7.5%	4.4%
Restaurants Beer And Wine	94.6	-0.7%	0.7%	-0.4%
Restaurants Liquor	580.2	5.3%	8.2%	9.9%
Restaurants No Alcohol	84.7	14.5%	7.0%	7.3%
Service Stations	80.9	10.2%	12.6%	14.7%
Specialty Stores	113.6	19.7%	1.6%	2.1%
Textiles/Furnishings	116.0	25.5%	22.9%	17.0%
Women's Apparel	47.7	15.3%	3.5%	6.8%
<b>Total All Accounts</b>	<b>\$2,673.4</b>	<b>-0.6%</b>	<b>6.5%</b>	<b>7.8%</b>
<b>County &amp; State Pool Allocation</b>	<b>305.9</b>	<b>6.9%</b>		
<b>Gross Receipts</b>	<b>\$2,979.3</b>	<b>0.1%</b>		<i>*In thousands</i>