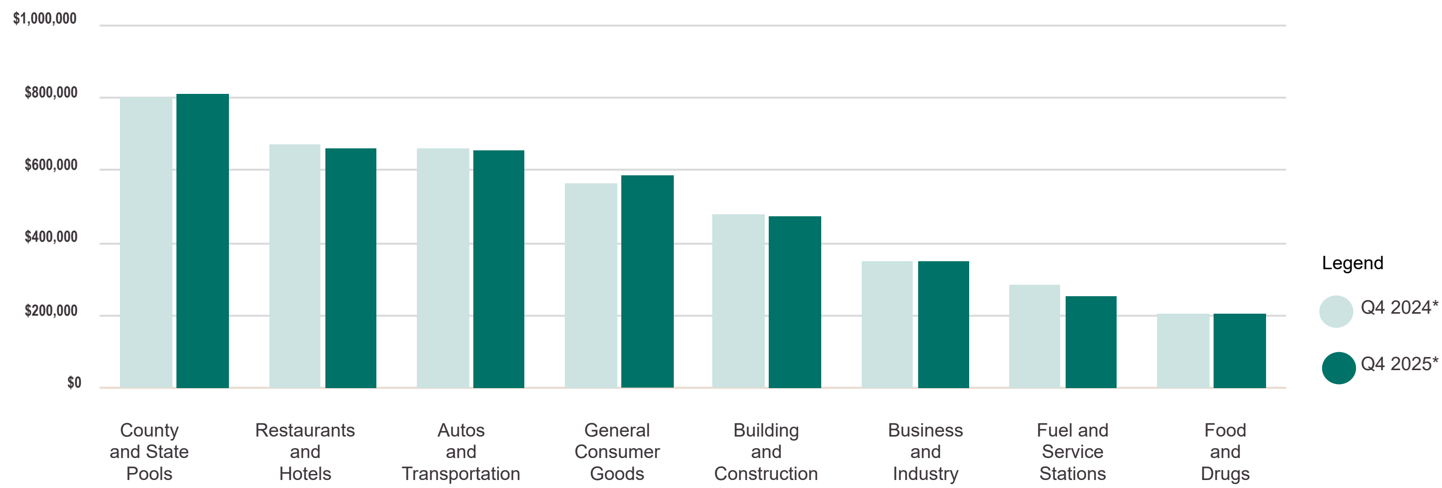
CITY OF GARDENA
SALES TAX UPDATE
4Q 2025 (OCTOBER - DECEMBER)

GARDENA			
TOTAL: $ 4,006,083	-0.4% 4Q2025	0.4% COUNTY	1.1% STATE

Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



Measure G
TOTAL: $3,109,517

-2.9%

CITY OF GARDENA HIGHLIGHTS

Gardena's receipts from October through December were 1.1% below the fourth sales period in 2024. Excluding reporting aberrations, actual sales were down 0.4%.

The restaurants-hotels category came up flat as the U.S. restaurant industry faced significant challenges, characterized by reduced consumer discretionary spending due to inflation.

Autos-transportation reported mixed results, with overall totals down slightly when compared to last year.

Business closures had a negative impact on receipts from fuel-service stations.

Food-drug retailers faced challenges as grocery prices climbed, forcing shoppers to cut back on spending.

General consumer goods reported a relatively strong sales quarter, while business-industry showed slight increases compared to the year-ago period.

The City's share of the countywide use tax pool increased by 1.5% when compared to the same period in the prior year.

Measure G, the City's voter-approved transactions and use tax, brought in $3,109,517.

Net of aberrations, taxable sales for Los Angeles County grew 0.4% over the comparable time-period; the Southern California region was up 0.9%.

TOP 25 PRODUCERS

- 1981 Publishing
- 76
- A&A Chevron
- Arco AM PM
- Beacon Roofing Supply
- Chick Fil A
- Crenshaw Lumber
- Enterprise Rent A Car
- G & C Equipment Finders
- Gardena Honda
- Honda Lease Trust
- In N Out Burger
- Julien's Auctions
- Lab Fabrication
- Marukai Market
- McDonalds
- Nader's Furniture
- Nissan of Gardena
- Nissin Foods
- Raising Cane's
- Sam's Club w/ Fuel
- Smardan Hatcher
- Target
- Vons Fuel
- Wood Oil Company

STATEWIDE RESULTS

California's local one cent sales and use tax receipts posted moderate growth during the fourth quarter, reflecting resilient consumer behavior despite persistent economic headwinds. For the months of October through December, revenues increased 1.2% from the year ago quarter after adjusting for accounting anomalies. This performance capped an overall improvement for calendar year 2025 of 1.2%, marking a welcomed annual increase after two consecutive years of decline.

Consumer spending patterns during the holiday season played a central role in the fourth-quarter results. Fulfillment centers and countywide use tax pools generated strong returns, driven by sustained demand for online shopping as cost-conscious consumers prioritized convenience and price comparison. This e-commerce momentum persisted throughout the 2025 year. Traditional brick-and-mortar retailers, particularly apparel and jewelry stores, also realized modest seasonal gains, benefiting from holiday purchasing activity.

Restaurant sales taxes rose again, although operators reported continual pressure from rising costs that influenced customer behavior. Diners reduced visit frequency and alcohol purchases, reflecting heightened price sensitivity. While upcoming national and global sporting events in California could support localized growth, broader restaurant sector expansion is expected to remain constrained and concentrated primarily in tourism-heavy and event-focused regions.

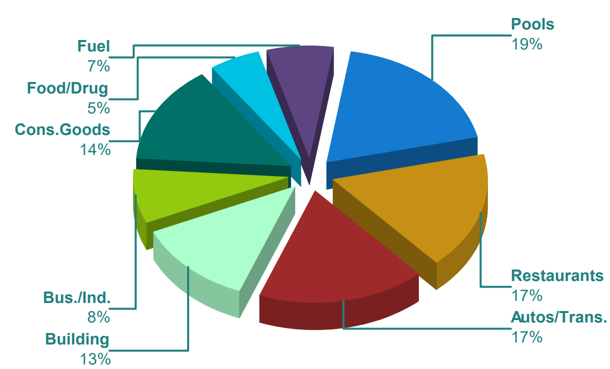
Energy-related initiatives produced solid returns; however, revenue allocation mechanisms shifted, with proceeds previously reported directly to local agencies now distributed through county pools during the current period.

In contrast, the autos-transportation and building-construction sectors remained subdued. Elevated interest rates, seasonal purchasing patterns, and winter weather limited activity, particularly in high-value purchases such as vehicles and home improvement projects. Contractors in roofing and concrete experienced reduced productivity, reinforcing expectations of continued stagnation in these industries. With minimal interest rate relief projected for 2026, significant near-term recovery remains unlikely.

Looking ahead, emerging global risks present growing uncertainty. While not reflected in current results, escalating tensions in the Middle East have driven West Texas Intermediate crude oil prices above $100 per barrel, translating into sharply higher gasoline prices exceeding $6 per gallon locally. Refinery closures across Northern and Southern California further amplify supply pressures. Prolonged energy price volatility could force consumers to redirect spending toward fuel costs, reducing discretionary expenditures in other sectors.

Prior to these developments, short-term economic expectations were cautiously optimistic. However, renewed inflationary pressure has led the Federal Reserve to delay anticipated interest rate reductions, limiting consumer flexibility. Stubbornly high fuel prices may also dampen travel and tourism through summer, leaving little room for broad-based sales tax growth in the year.

REVENUE BY BUSINESS GROUP
Gardena This Calendar Year*



*ADJUSTED FOR ECONOMIC DATA

TOP NON-CONFIDENTIAL BUSINESS TYPES

Gardena Business Type	Q4 '25*	Change	County Change	HdL State Change
Casual Dining	291.0	2.8%	1.3%	2.3%
Quick-Service Restaurants	286.6	-4.7%	-1.0%	0.1%
Building Materials	269.4	-22.9%	-3.7%	-4.1%
Service Stations	205.7	-13.6%	-1.2%	-2.2%
Grocery Stores	134.1	-2.0%	0.6%	0.7%
Contractors	120.2	143.0%	2.3%	-0.8%
Light Industrial/Printers	95.5	-0.7%	-1.0%	-6.1%
Plumbing/Electrical Supplies	80.9	12.0%	1.8%	1.6%
Transportation/Rentals	68.1	-13.6%	-8.0%	-3.4%
Fast-Casual Restaurants	65.6	-3.8%	-1.5%	0.7%

Allocation aberrations have been adjusted to reflect sales activity *In thousands of dollars*