



NATIONAL CITY

2017/18 PROPERTY TAX SUMMARY



The City of National City experienced a net taxable value increase of 8.1% for the 2017/18 tax roll, which was modestly more than the increase experienced countywide at 6.0%. The assessed value increase between 2016/17 and 2017/18 was \$290 million. The change attributed to the 2% Proposition 13 inflation adjustment was \$57.6 million, which accounted for 20% of all growth experienced in the city.

The largest assessed value increase was reported on a multi-unit residential parcel owned by Granger Housing LP. The parcel, which was recently purchased in 2016, has been reappraised adding over \$27.8 million in value to the roll. The 2016 sale of a commercial parcel to National City Investment LP (401 Mile of Cars Way) added \$19.3 million to the roll. A multi-unit residential parcel owned by Conrad Prebys Trust 12 17 82 was reassessed due to his recent death. The current value is a \$17 million increase over the prior year.

The largest assessed value decline was reported on a formerly commercial parcel owned by JYC Descendants Trust. The owner of the property removed \$1.6 million in improvements between tax years. A commercial parcel owned by George H. Webster Second Living Non-Marital Trust was reassessed in error last year. The current value removes the value added from the reappraisal resulting in a \$1.5 million decline. A portion of a commercial parcel is being leased to Innovation High School. The use of that portion of the parcel has been granted an exemption removing \$1.2 million in taxable value.

The housing market has fully recovered from the recent recession in many urban and coastal areas of the State while housing recovery has tended to lag in more rural and inland areas. Current median home prices are at or above the pre-recession peak values in many areas. Inventory constraints are the main contributor to increases in home prices over the last year. Lack of significant new home construction in both Northern and Southern California is one of the main factors affecting supply. The median sale price of a single family home in National City from January through July 2017 was \$380,909. This represents a \$38,909 (11.4%) increase in median sale price from 2016.

| Year | SFR Sales | Median Price | % Change |
|------|-----------|--------------|----------|
| 2011 | 310 | \$196,000 | |
| 2012 | 325 | \$203,000 | 3.57% |
| 2013 | 297 | \$250,000 | 23.15% |
| 2014 | 254 | \$282,500 | 13.00% |
| 2015 | 298 | \$315,000 | 11.50% |
| 2016 | 269 | \$342,000 | 8.57% |
| 2017 | 147 | \$380,909 | 11.38% |

2017/18 Tax Shift Summary

| | |
|--------------|--------------|
| ERAF I & II | \$-1,268,584 |
| VLFAA (est.) | \$6,407,321 |

Top 10 Property Owners

| Owner | Net Taxable Value | % of Total | Use Type |
|---------------------------------|----------------------|---------------|---------------|
| 1. CENTERMARK PROPERTIES INC | \$262,152,413 | 6.76% | Commercial |
| 2. PASHA AUTOMOTIVE SERVICES | \$78,407,087 | 2.02% | Industrial |
| 3. P V H R LLC | \$53,037,186 | 1.37% | Commercial |
| 4. NATIONAL CITY INVESTMENT LP | \$42,750,000 | 1.10% | Commercial |
| 5. COSTCO WHOLESALE CORPORATION | \$41,537,988 | 1.07% | Unsecured |
| 6. R O I C CALIFORNIA LLC | \$41,330,637 | 1.07% | Commercial |
| 7. CONRAD PREBYS TRUST | \$39,082,144 | 1.01% | Residential |
| 8. MRT OF NATIONAL CITY CA-SNF | \$34,440,620 | 0.89% | Commercial |
| 9. FENTON N C P LLC | \$33,560,138 | 0.87% | Industrial |
| 10. MPT OF PARADISE VALLEY L P | \$32,630,172 | 0.84% | Institutional |
| Top Ten Total | \$658,928,385 | 16.99% | |

Real Estate Trends

Home Sales

According to industry experts, unsold inventory is below normal levels particularly in the Bay Area. The lack of supply from resales and the absence of new housing units has driven the increase in housing prices up in most areas. Median sale prices in many areas have surpassed their pre-recession peaks. The reported median price of an existing, single family detached home in California during June 2017 was \$555,150. This was a 7 percent increase from \$518,830 in June 2016.

| All Homes | Units Sold June-2016 | Units Sold June-2017 | % Change | Median Price June-2016 | Median Price June-2017 | % Change |
|-----------------------|-------------------------|-------------------------|----------|---------------------------|---------------------------|----------|
| Imperial County | 153 | 140 | -8.50% | \$201,000 | \$215,000 | 6.97% |
| Los Angeles County | 8,059 | 8,716 | 8.15% | \$530,000 | \$569,000 | 7.36% |
| Orange County | 3,768 | 3,802 | 0.90% | \$655,000 | \$695,000 | 6.11% |
| Riverside County | 4,226 | 4,297 | 1.68% | \$332,000 | \$357,000 | 7.53% |
| San Bernardino County | 2,843 | 3,243 | 14.07% | \$285,000 | \$320,000 | 12.28% |
| San Diego County | 4,410 | 4,311 | -2.24% | \$495,000 | \$543,500 | 9.80% |
| Ventura County | 1,163 | 1,146 | -1.46% | \$550,000 | \$565,000 | 2.73% |

Comparison of Current Median Sale Price to Peak Price Before the Great Recession

In 1978 California voters approved Proposition 8 that requires county assessors to reduce the value of properties below their Proposition 13 taxable values when the real estate market declines. These reductions are to be restored as the real estate market improves. One of the gauges of the values to be restored is the progress each community is seeing in the growth of the median sale prices of single family homes. As we have moved through the Great Recession, we have seen the recovery of the real estate home prices in many regions approach or exceed pre-recession peak prices. The graph below provides a comparison of the detached home (excluding Condos and Townhomes) median peak price experienced at the height of the real estate bubble in National City and San Diego County well as several other counties in this region. Considering these trends, we expect to see continued restoration of values reduced per Proposition 8. The annual restoration of Prop 8 reduced values has diminished over the past couple of years in most of the counties reviewed. More counties have neared a 90-100% restoration level after our review of the 2017-18 data in this segment of residential properties. **As we begin the 2017-18 fiscal year 0.0% of properties in National City awaiting restoration of value since 2012-13 have been FULLY restored.**

Comparison of Median Sale Price to Pre Recession Peak Price

