



PALMDALE

2017/18 PROPERTY TAX SUMMARY



The City of Palmdale experienced a net taxable value increase of 6.5% for the 2017/18 tax roll, which was slightly more than the increase experienced countywide at 6.0%. The assessed value increase between 2016/17 and 2017/18 was \$739 million. The change attributed to the 2% Proposition 13 inflation adjustment was \$160 million, which accounted for 22% of all growth experienced in the city.

The City continues to make solid gains in taxable value. Since 2013-14 assessed values in the City have increased by \$2.84 billion (30.3%). For 2017-18, the City's General Fund area accounts for 52.2% of all value in the City and the values in this area grew by \$416.5 million (6.99%). The former redevelopment project areas account for 47.8% of all value in the City and the values within the former project areas grew by \$322.5 million (5.86%).

Residential properties make up 70% of all value in the City and these values grew by \$496 million (6.2%). Within this residential value growth was \$146.1 million that came from recovery of values reduced pursuant to Prop 8 in prior years. There are 5,136 homes in the City that are still enrolled at values below their inflation adjusted base value and there is \$551.2 million to be recovered on those homes. These homes are 13.2% of all homes in the City. Recovery of values reduced under Prop 8 stems from increased market value on homes. Based on sales through November 2017, the median sales price on homes in the City is \$285,000. This is a 9.62% increase over 2016 but it is still 23% below the pre-recession peak median price of \$370,000 from 2006.

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 detached single family residential home in Palmdale from January through November 2017 was \$285,000. This represents a \$25,000 (9.6%) increase in median sale price from 2016.

Year	D-SFR Sales	Median Price	% Change
2011	2,541	\$145,000	
2012	2,619	\$146,000	0.69%
2013	2,194	\$180,000	23.29%
2014	1,957	\$215,000	19.44%
2015	2,184	\$237,000	10.23%
2016	2,343	\$260,000	9.70%
2017	2,105	\$285,000	9.62%

2017/18 Tax Shift Summary

ERAF I & II	\$-278,906
VLFAA (est.)	\$13,285,583

Top 10 Property Owners

Owner	Net Taxable Value	% of Total	Use Type
1. LOCKHEED CORPORATION	\$434,080,808	3.56%	Industrial
2. LANCASTER HOSPITAL CORPORATION	\$231,459,230	1.90%	Institutional
3. NORTHROP GRUMMAN SYSTEMS CORP	\$191,276,314	1.57%	Unsecured
4. ANTELOPE VALLEY MALL LLC	\$118,976,436	0.98%	Commercial
5. MGP X PROPERTIES LLC	\$97,551,411	0.80%	Commercial
6. WALMART REAL ESTATE BUSINESS TRUST	\$79,812,395	0.65%	Commercial
7. TIME WARNER CABLE	\$56,997,784	0.47%	Unsecured
8. GOLDEN SPECTRUM PROPERTY LLC	\$43,538,420	0.36%	Commercial
9. TARGET CORPORATION	\$39,861,655	0.33%	Commercial
10. RITTER HOLDINGS LLC	\$37,300,000	0.31%	Vacant
Top Ten Total	\$1,330,854,453	10.91%	

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 Palmdale and Los Angeles 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 75.9% of properties in Palmdale awaiting restoration of value since 2012-13 have been FULLY restored.**

Comparison of Median Sale Price to Pre Recession Peak Price

