



Economic Report

Financial Forecast & Snapshot

OFFICE OF THE CITY CONTROLLER

Alan Butkovitz

Snapshot Highlights

Tax revenues (City & PICA) for February totaled almost \$478 million, a 11% increase over the previous year. This included \$448.3 million into the General Fund and \$29.7 million as the PICA portion.

Wage/Earnings/NPT (City & PICA) collections for the month totaled \$123.3 million, which is \$7.5 million more than what was collected in February 2011. Total collections for the year are almost one percent above last year's collections.

Monthly sales tax collections totaled \$23.9 million, which is a five percent increase over the previous year. This month's collection marks the fourth consecutive month of increases over the prior year, and the highest monthly sales tax collection recorded by the City.

The Controller's economic report reviewed February monthly collections and previous year collections for Philadelphia's real estate taxes. Both City General Fund and School District revenues were reviewed.

Since FY08, total year-to-date real estate tax collections (July through February) have increased by 23 percent. FY12 collections during this period totaled \$880.8 million compared to \$716 million in FY08.

The current FY12 collections include \$384.1 million into the City's General Fund and \$496.7 million to the School District.

The increase in real estate tax collections is mainly due the increase in real estate tax rates over the last two years. The current rate is 9.432%, compared to 8.264% in FY10.



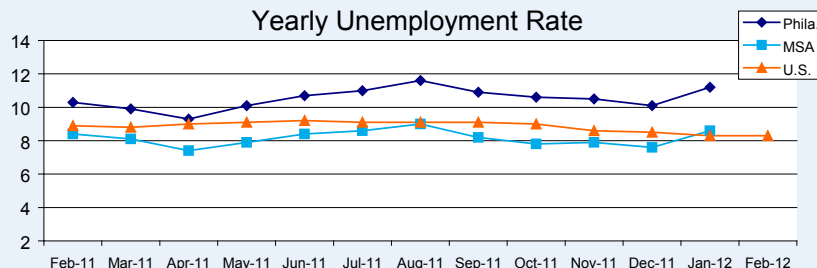
MONTHLY FEATURE:

Current year-to-date real estate tax revenues up 23% over the same period in FY08.

February
2012

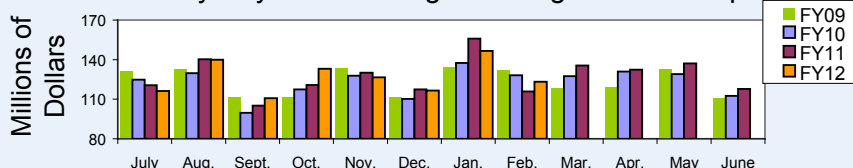
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Yearly Unemployment Rate



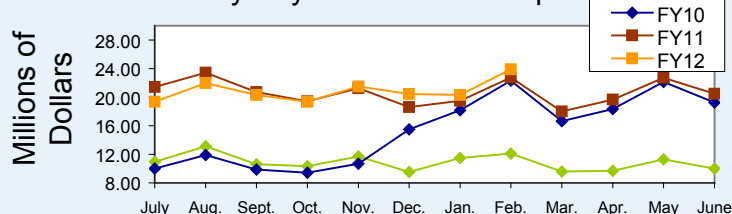
	Jan-12	Dec-11	Change	Jan-11
City -	11.2%	10.1%	10.89%	10.8%
MSA -	8.6%	7.6%	13.16%	8.6%
US -	8.3%	8.3%	0.00%	8.9%

Monthly City & PICA Wage/Earnings/NPT Receipts



(in millions)	FY2012	FY2011	Change
Wage/NPT/Earnings - (City & PICA Yearly)	\$1,013.09	\$1,006.11	0.69%

Monthly City Sales Tax Receipts



(in millions)	FY2012	FY2011	Change
Sales (Yearly) -	\$167.14	\$167.11	0.02%

According to PICA, collections for a single month can be a misleading indicator due to monthly variability in collections

Key Trends & Financials



Sales taxes: 4th consecutive month of increases over prior year



Yearly City & PICA tax revenues 3% higher than last year's collections



City unemployment rate increases after four consecutive months of decline



Year-to-date real estate tax revenues up 23% from FY08 collections



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Forecast Highlights

February
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According to the latest Business Outlook Survey from the Philadelphia Federal Reserve, regional manufacturing continued to grow at a moderate pace. Current activity indicators increased over last month from 10.2 to 12.5, which is the highest reading since April 2011. Some declines were recorded as indicated by the eight point decrease in the new orders index and the 12 point decline in the shipments index.

The current employment index increased six points, marking the seventh consecutive month of positive readings. Twenty-two percent of the firms reported employment, compared to 15 percent in the previous month. Other increases reported by manufacturers included a rise in prices for their own goods; 19 percent reported increases compared to 11 percent that reported decreases.

In looking at expectations for production growth in the upcoming quarter, 59 percent of the firms expect increases in production. Last year 75 percent of firms were expecting growth during the same period.

1 The survey's results reflect data of the current month and/or the month that the Controller's economic report is released.

Total Non-Farm Employment (in thousands)				Source: BLS
	Jan-12	Dec-11	% Change	Jan-11
City Total	648.0	659.9	-1.8%	652.7
Manufacturing	23.1	23.0	0.4%	24.0
Wholesale & Retail	61.5	63.8	-3.6%	61.8
Services	615.9	627.6	-1.9%	619.7
Construction & Mining	9.0	9.3	-3.2%	9.0
MSA Total	2668.7	2733.0	-2.4%	2662.6
Manufacturing	185.8	187.0	-0.6%	185.6
Wholesale & Retail	405.2	420.7	-3.7%	408.8
Services	2386.6	2444.2	-2.4%	2386.4
Construction & Mining	96.3	101.8	-5.4%	90.6

RESOURCES

American Bankers Association - Forecast & Outlook	-outlook delivers a one-year forecast for mostly banking-related indicators as well as general economic measures
economy.com - Precis: Metro/US/ Northeast/Philadelphia	-includes five-year forecasts of eleven key indicators
FRB Philadelphia	-3rd District - eastern PA, southern NJ and state of Delaware
FRB Philadelphia - Livingston Survey	-summarizes the forecasts of economists from industry, government, banking and academia
FRB Philadelphia - Professional Forecasters	-quarterly survey of macroeconomic forecasts in the U.S.
FRB Philadelphia - Regional Employment Forecasts	-regional indicator predicting job growth and unemployment rate one year from now
FRB Philadelphia - Business Outlook Survey	-monthly survey of manufacturers in the Philadelphia area indicating the change in expected business activity six months from now
NABE Outlook	-presents the consensus of macroeconomic forecasts by 37 professional forecasters from NABE
Conference Board - U.S. Leading Indicator	-gauges the whereabouts of the U.S. economy in nine months

DEMOGRAPHICS

PHILADELPHIA

Population	Other
1,526,006	9.73%
Male	Hispanic
46.80%*	12.30%
Female	Pov. Rate
53.21%*	26.7%*
White	Under 18
41.04%	36.4%*
Af. Amer.	Over 65
43.37%	16.9%*
Asian	Md. Hse Inc.
6.32%	\$33,229

Data above is from the 2010 Census, unless noted
*based on 2010 American Community Survey



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REAL ESTATE TAX COLLECTIONS

Boost in City & School District Revenues

While the deadline to file real estate taxes is March 31, many Philadelphians take advantage of the 1% discount they receive by filing their payments before the end of February. According to the City's financial accounting system, February's real estate collections are typically greater than any other month.

Philadelphia's Real Estate Tax revenues are distributed to both the City's General Fund and to the School District. Monthly revenue collections for February 2012 totaled \$683.5 million; \$298.6 million to the City and \$384.9 million to the School District.

February 2012 monthly collections were an increase of \$100 million from the previous year and an increase of \$157.8 million, or 30 percent, since February 2008.

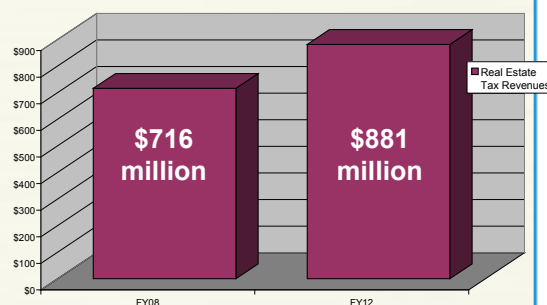
Year-to-date collections for the current 2012 fiscal year (July 1 through end of

February) were \$880.8 million; \$384.1 million to the City and \$496.7 million to the School District. This was a \$164.8 million, or 23 percent, increase in collections compared to 2008 fiscal year-to-date.

The increase in real estate taxes is due mainly to the tax rate increases over the last two years. From 2008-2010, the tax rate was 8.264% - City(3.305%), School District(4.959%). The tax rate in 2011 was 9.082% and for 2012 it's 9.432%. The 2012 rate increase approved by City Council and the Mayor was to generate more revenue for the School District - City(4.123%), School District(5.309%).

A review of the total unique real estate accounts, which represents an individual property, found that the number of unique accounts making payments has increased from 471,645 to 481,944, or two percent, from 2008 to 2011.

Real Estate Tax Collections Year-to-Date (July - February)



February Real Estate Tax Revenues Monthly Collections FY08-FY12 (amounts in millions)

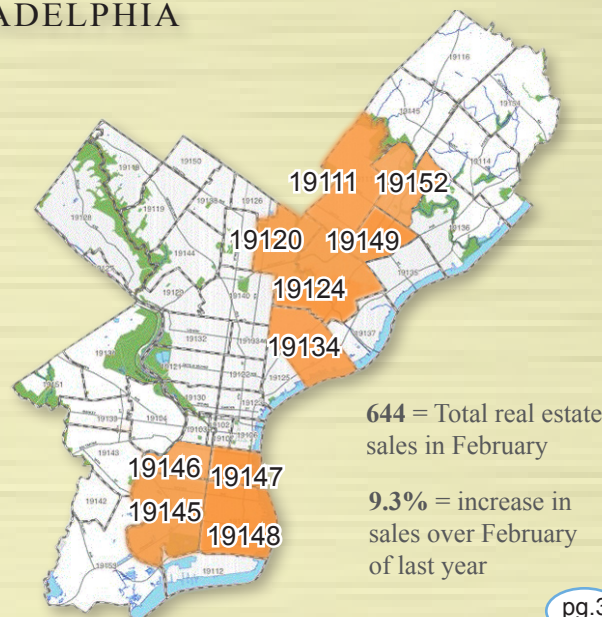
Fiscal Year	General Fund	School District	Total
2008	\$210.4	\$315.3	\$525.7
2009	\$216.3	\$324.4	\$540.7
2010	\$235.1	\$352.1	\$587.2
2011	\$269.6	\$313.8	\$583.4
2012	\$298.6	\$384.9	\$683.5

Real estate tax revenues were compiled from the City's financial accounting system - FAMIS.

HOME SALES IN PHILADELPHIA

FEBRUARY 2012 - Top 10 Sales by Zipcode

ZIP Code	Sales	Foreclosures	% of Sales from Foreclosure
19146	59	3	5.10%
19111	34	8	23.50%
19134	33	3	9.10%
19148	29	4	13.80%
19145	27	7	25.90%
19149	23	0	0.00%
19124	21	7	33.30%
19147	20	1	5.00%
19152	20	0	0.00%
19120	19	5	26.30%



Based on information from TREND for February 2012.