



# Economic Report

## Financial Forecast & Snapshot

OFFICE OF THE CITY CONTROLLER

Alan Butkovitz

January  
2011

### Snapshot Highlights

Tax revenues (City & PICA) for January totaled \$231 million, a 12% increase over the same period last year and a 33% increase from the previous month. This month marked the highest recording for City and PICA revenues for FY2011.

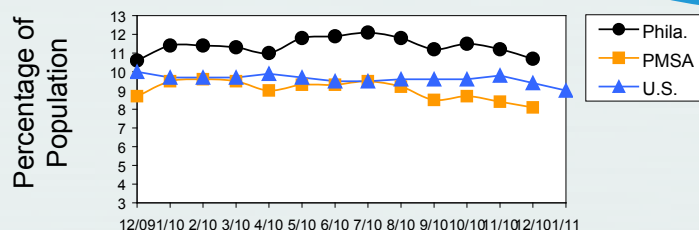
A major contributor to the revenue increase is due to the Wage/Earnings/NPT (City & PICA) collections for the month that totaled \$156 million, a 13% increase over the same period from last year. It's been almost five years (May 2006) since these revenues recorded a collection amount of \$156 million.

Monthly sales tax collections were \$19.49 million, a 5% increase from the previous month. The total for the first seven months of FY2011 have totaled \$144 million, a 69% increase compared to this same period one year ago. The City's estimate for the current fiscal year is a total of \$243.8 million.

With unemployment rates dropping across the nation and region, Philadelphia's 10.7% rate is the lowest recording in the past year. December 2010 is the latest reporting month for local unemployment statistics.

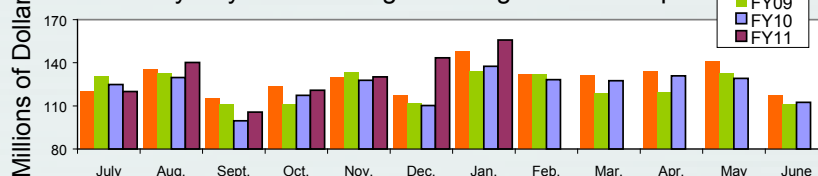
This month's economic report highlights real estate sales across the City. Total sales dropped 9% from the previous year; 11,811 in 2009 compared to 10,795 in 2010. Most of home sales were in South Philadelphia (19146, 19147, 19148) as well as areas in the Lower Northeast (19124, 19149). June marked the highest month of sales in 2010 with 1,501.

Historical Unemployment Rate



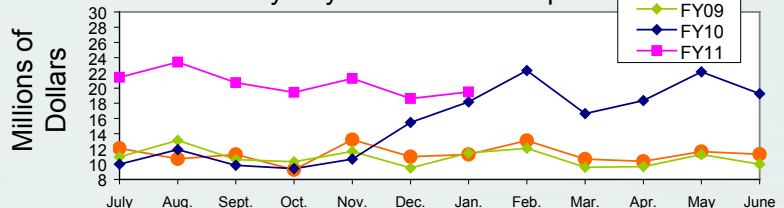
	Dec-10	Nov-10	Change	Dec-09
City -	10.7%	11.2%	-4.45%	10.6%
MSA -	8.1%	8.4%	-3.57%	8.7%
	Jan-11	Dec-10	Change	Jan-09
US -	9.0%	9.4%	-4.26%	9.7%

Monthly City & PICA Wage/Earnings/NPT Receipts



(in millions)	FY2011	FY2010	Change
Wage/NPT/Earnings - (City & PICA Yearly)	\$891.00	\$847.18	5.17%

Monthly City Sales Tax Receipts



(in millions)	FY2011	FY2010	Change
Sales (Yearly) -	\$144.32	\$85.52	68.76%

### Key Trends



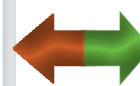
City's third-straight month of drop in unemployment



13% increase in Jan.'s Wage/Earnings/NPT collections from last year



Manufacturer's report records highest positive reading for conditions since Jan. 04



Total home sales down 9% from last year



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### Forecast Highlights

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According to the latest Philadelphia Federal Reserve's Business Outlook Survey, firms continue to expect that future activity will expand. The diffusion index of current activity, increased by 16.6 points (19.3 to 35.9) from January to February. The 35.9 reading marks the highest since January 2004.

With high expectations of future activity, firms continue to indicate improving labor market conditions, as the current employment index increased six points. This marks the sixth consecutive month the percentage of firms reporting an increase in employment (29 percent) is higher than the percentage reporting a decline (five percent). More firms expect to increase their employment over the next six months than expect to decrease; 32 percent vs. 8 percent.

Firms are also reporting price increases for their own manufactured goods; 67 percent reported higher prices for inputs compared to 54 percent in the previous month.

Total Non-Farm Employment (in thousands)			Source: BLS	
	Dec-10 (P)	Nov-10	%Change	Dec-09
<b>City Total</b>	654.9	657.4	-0.4%	651.6
Manufacturing	25.2	25.3	-0.4%	25.3
Wholesale & Retail	62.9	62.6	0.5%	62.8
Services	620.1	622.1	-0.3%	617.1
Construction & Mining	9.6	10.0	-4.0%	9.2
<b>MSA Total</b>	2712.1	2713.2	0.0%	2710.6
Manufacturing	184.4	184.3	0.1%	188.9
Wholesale & Retail	422.2	417.9	1.0%	420.2
Services	2434.3	2433.6	0.0%	2425.6
Construction & Mining	93.4	95.3	-2.0%	96.1

#### 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

#### PHILADELPHIA DEMOGRAPHICS

Population	Other
1,547,297*	8.50%
Male	Hispanic
46.78%	10.46%
Female	Pov. Rate
53.21%	25.0%
White	Under 18
41.83%	25.58%
Af. Amer.	Over 65
44.33%	13.00%
Asian	Md. Hse Inc.
5.30%	\$33,229

(\*2009 U.S. Census figures)



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PHILADELPHIA'S 2010

# REAL ESTATE SALES

January  
2011

The City of Philadelphia's 2010 real estate sales dropped 9% from the previous year. Total sales were 11,811 in 2009 compared to 10,795 in 2010, according to TREND's year-end real estate figures.

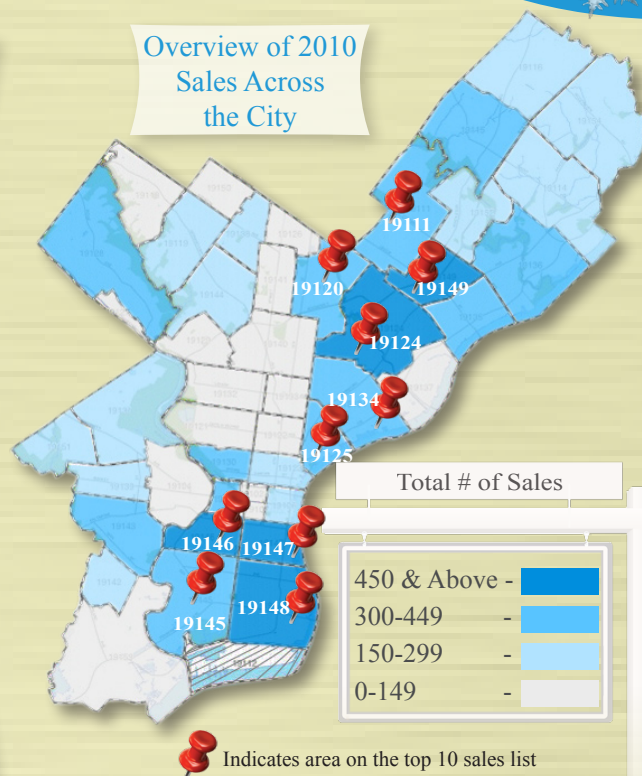
Of the total homes sold in the last year, 1,737, or 16%, were due to foreclosure. In the Controller's October economic report, it was reported that one in every 438 homes were in some state of foreclosure, which was better than the national

statistic of one in every 389 homes.

June marked the highest month for total sales with 1,501 and then May and April followed with 1,313 and 1,067, respectively. February marked the lowest month of sales with 623.

The most sales came from the 19146 area with 573 as well as other areas in South Philadelphia. Parts of the Lower Northeast - 19124 and 19149 - were also areas with a high number of sales.

Overview of 2010  
Sales Across  
the City



### Top 10 Sales in 2010 by Zipcode

ZIP Code	Sales	Bank Owned	% of Bank Owned
19146	573	65	11.30%
19124	508	100	19.70%
19147	498	61	12.20%
19148	489	76	15.50%
19149	464	52	11.20%
19111	434	42	9.70%
19134	424	124	29.20%
19145	376	62	16.50%
19120	375	92	24.50%
19125	358	53	18.80%

ZIP Code	Sales	Bank Owned	% of Bank Owned
19128	347	19	5.50%
19143	346	104	30.10%
19135	345	67	19.40%
19136	329	37	11.20%
19130	313	16	5.10%
19103	298	8	2.70%
19152	250	18	7.20%
19115	227	11	4.80%
19119	222	28	12.60%
19138	217	51	23.50%
19142	212	91	42.90%
19154	211	16	7.60%
19131	208	50	24.00%
19151	206	34	16.50%
19144	203	57	28.10%
19114	200	17	8.50%
19139	183	69	37.70%
19116	180	9	5.00%

ZIP Code	Sales	Bank Owned	% of Bank Owned
19123	166	13	7.80%
19106	159	8	5.00%
19140	150	56	37.30%
19150	133	26	19.50%
19141	119	31	26.10%
19104	109	20	18.30%
19129	106	8	7.50%
19121	100	28	28.00%
19132	99	34	34.30%
19153	99	27	27.30%
19127	89	3	3.40%
19107	87	10	11.50%
19126	87	21	24.10%
19118	78	2	2.60%
19137	76	6	7.90%
19122	61	5	8.20%
19102	49	2	4.10%
19133	32	8	25.00%

Remaining list by order of 2010 total sales: