Economic Report

Financial Forecast & Snapshot

OFFICE OF THE CITY CONTROLLER ▪ *Alan Butkovitz*

MONTHLY FEATURE:

Monthly City General Fund tax revenues edged down $2.4 million compared to last January

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January 2015

Snapshot Highlights

Tax revenues (City & PICA) for January totaled more than $260 million, which is a 1.4 percent decrease compared to last January. A breakdown of the total revenues included almost $222 million into the General Fund and $38.5 million as the PICA portion.

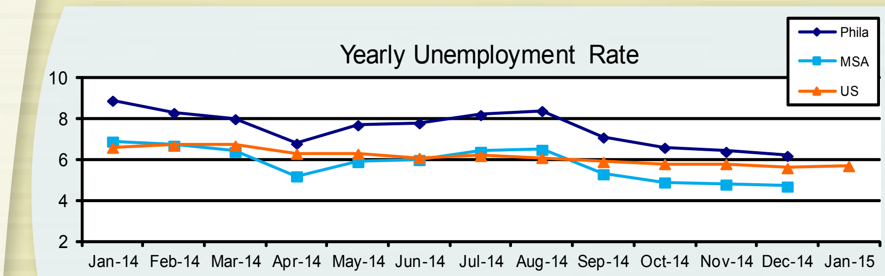
Wage/Earnings/NPT (City & PICA) collections for the month totaled $162.4 million, a six percent increase over the same month last year. Yearly collections for this tax category have totaled almost $990 million.

Monthly sales tax collections for January totaled $11.3 million, a 45 percent decrease compared to last January, which is a result of additional funding being dedicated to the School District of Philadelphia.

Monthly City General Fund tax revenues, excluding the PICA portion, for the month were about $2.4 million below last January. The combined monthly revenues for the Wage, Earnings and Net Profits tax for the City General Fund totaled almost $124 million, almost $11 million less than January of last year.

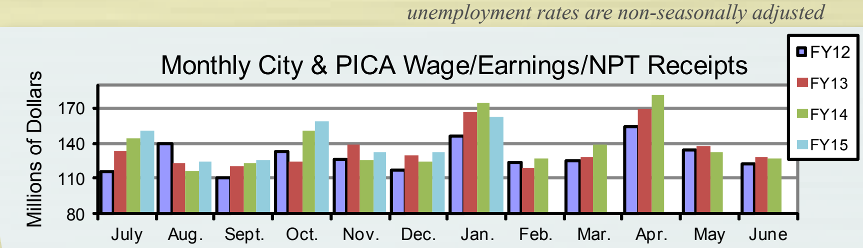
Business Privilege Tax revenues totaled almost $24 million, a $14 million increase over last January. Realty Transfer Tax revenues also posted an increase of almost $2 million over last year.

This is the second-consecutive January where collections were below the prior year's monthly totals. When compared to January 2013, the current monthly total is down almost $11 million, or five percent.

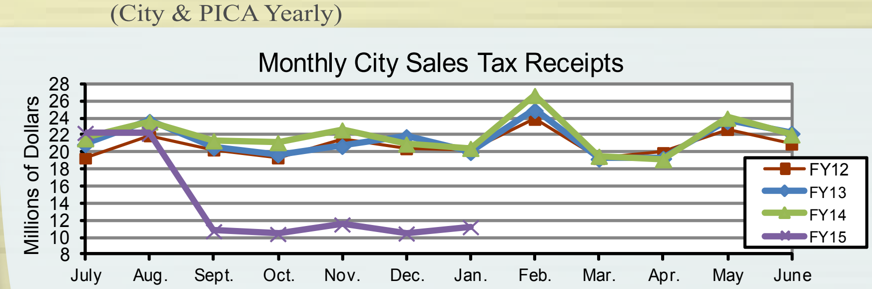


	Dec-14	Nov-14	Change	Dec-13
City -	6.2%	6.4%	-3.1%	8.3%
MSA -	4.7%	4.8%	-2.1%	6.3%
	Jan-15	**Dec-14**	**Change**	**Jan-14**
US -	5.7%	5.6%	1.8%	6.6%

unemployment rates are non-seasonally adjusted



(in millions)	FY2015	FY2014	Change
Wage/NPT/Earnings - (City & PICA Yearly)	$987.58	$958.85	3.0%



(in millions)	FY2015	FY2014	Change
Sales (Yearly) -	$99.23	$152.03	-34.7%

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

Key Indicators

- 3.0% = increase in yearly Wage/NPT/Earnings revenues over FY14
- 6.2% - Philadelphia's unemployment rate down two-tenths from the previous month
- -900 = non-farm jobs in Philadelphia compared to last year
- 3.5% - increase in monthly home sales compared to last January

Current Employment Data & Forecasted Conditions

Business Outlook Survey

According to the Federal Reserve's latest Nonmanufacturing Business Outlook Survey, firms reported a significant increase in current activity over last month. This included the diffusion index for current activity increasing from 8.8 last month to 51, its highest reading since June 2014.

The new orders index increased from 14.7 to 32.7 over the last month. The sales/revenues index increased 34 points to a reading of 42.9 for the current month.

The labor market conditions remained positive for the current month, however the full-time employment index decreased by three points, its second consecutive decrease. The part-time employment index increased for the second consecutive month.

In addition, the six-month outlook remains very positive as the firm-level future general activity index increased from 61.8 to 81.6 over the last month.

Total Non-Farm Employment (latest data available)

	December 2014	November 2014	% Chg.	December 2013
City Total	672,500	673,600	-0.2%	673,400
Construction	10,800	11,100	-2.7%	10,200
Manufacturing	21,200	21,300	-0.5%	21,700
Trade, Trans. & Utilities	93,700	92,700	1.1%	93,000
Information	11,400	11,400	0.0%	11,500
Financial Activities	41,400	41,200	0.5%	40,900
Prof. & Business Srvs.	87,200	87,200	0.0%	86,700
Educ. & Health Srvs.	213,500	216,000	-1.2%	212,600
Leisure & Hospitality	64,700	64,400	0.5%	65,300
Other Services	28,000	27,900	0.4%	27,600
Government	100,600	100,400	0.2%	103,900
MSA (PA) Total	1,925,400	1,921,100	0.2%	1,921,800
Construction	72,700	72,600	0.1%	66,100
Manufacturing	125,700	125,200	0.4%	127,200
Trade, Trans. & Utilities	351,500	344,900	1.9%	347,500
Information	36,200	36,200	0.0%	36,500
Financial Activities	133,200	132,500	0.5%	131,300
Prof. & Business Srvs.	307,600	310,700	-1.0%	308,700
Educ. & Health Srvs.	442,200	442,700	-0.1%	438,100
Leisure & Hospitality	163,400	164,400	-0.6%	165,100
Other Services	84,600	84,400	0.2%	84,300
Government	208,300	207,500	0.4%	217,000

City of Philadelphia Demographics

Population	Male	Female	White	Afric. Amer.	Asian	Other	Hispanic
1,553,165	47.30%	52.70%	45.5%	44.2%	6.9%	3.3%	13.3%

Pov. Rate	Under 18	Over 65	Md. Hse Inc.
25.6%	39.3%	17.3%	$36,957

Demographic data was compiled from the 2013 U.S. Census Bureau and 2012 American Community Survey

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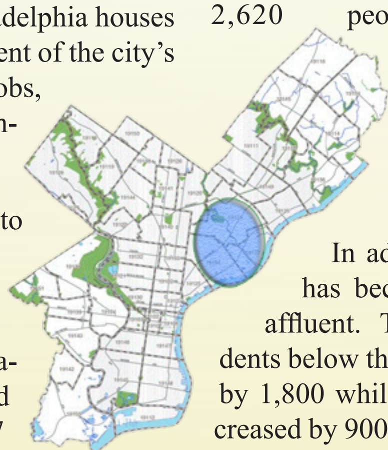
Neighborhood Spotlight

Lower Northeast: Bridesburg, Frankford & Port Richmond

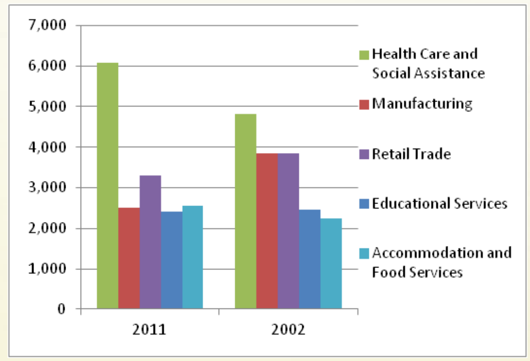
The Neighborhood Spotlight this month focuses on three neighborhoods in the Lower Northeast section of the city: Bridesburg, Frankford and Port Richmond. This area of Philadelphia houses just fewer than five percent of the city's workforce with 3,485 jobs, remaining relatively constant since 2002.

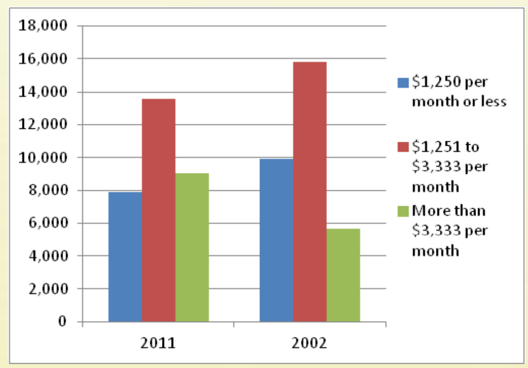


When comparing 2002 to 2011, which is the latest data available, healthcare and social assistance has been the primary employment type and has grown from 1 in 7 residents working in this field to now 1 in 5. Manufacturing dropped from second to fourth, housing 1,500 less workers.

The number of people employed in these neighborhoods has decreased by more than 2,000 and has lead to an increase of outflow to other parts of the city for work. Each day 27,862 people leave these neighborhoods to work while 21,788 commute into the neighborhoods. This is an outflow of 6,000 people each day, an increase of 1,150 people since 2002. There are 2,620 people who both live and work in these neighborhoods, which is a decline of 900 people during the same period.

In addition, the workforce has become older and more affluent. The number of residents below the age of 55 has shrunk by 1,800 while 55 and over has increased by 900. At the same time, the number of people earning more than $3,333 per month has increased by 3,500 people while those making less than $3,333 has decreased by 4,200. The level of employment in Center City for these residents has remained around 5,700 since 2002. The largest increase in destination of employment is University City, which increased by 400 workers.





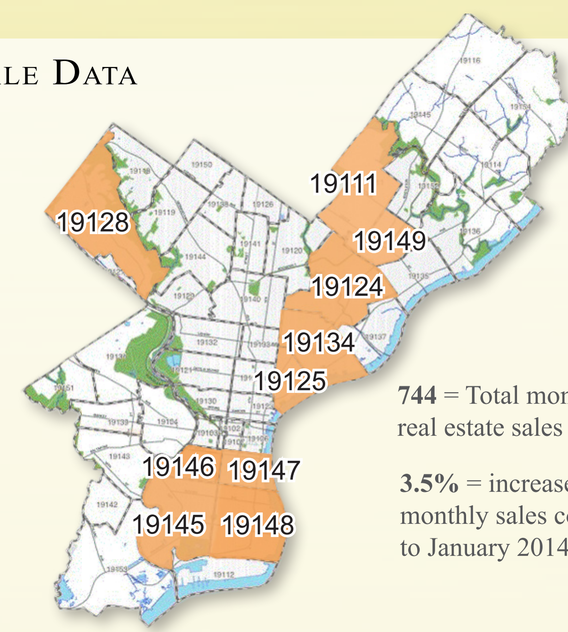
Source: U.S. Census - On the Map. 2011 is the latest data available

Monthly Home Sale Data

January 2015 - Top 10 Sales by Zipcode

ZIP Code	Sales	% of Sales from Bank Owned	% of Sales from Short Sales
19148	45	8.90%	2.20%
19128	38	5.30%	0.00%
19145	38	15.80%	0.00%
19146	37	5.40%	0.00%
19147	36	0.00%	0.00%
19134	32	12.50%	6.30%
19125	31	9.70%	6.50%
19111	30	16.70%	0.00%
19149	30	0.00%	3.30%
19124	25	20.00%	8.00%

Based on information from TREND for January 2015.



744 = Total monthly real estate sales

3.5% = increase in monthly sales compared to January 2014