



# Economic Report

## Financial Forecast & Snapshot

OFFICE OF THE CITY CONTROLLER

Alan Butkovitz

### Snapshot Highlights

Tax revenues (City & PICA) for September totaled \$165.3 million, an almost seven percent increase from the same month last year. A breakdown of the total revenues includes \$139.7 million into the General Fund and \$25.6 million as the PICA portion.

Wage/Earnings/NPT (City & PICA) collections for the month totaled \$110.8 million, a five percent increase compared to the same month last year. Total collections for the first three months of the fiscal year are less than one percent higher than the same period last year.

Monthly sales tax collections totaled \$20.3 million, a two percent decrease compared to September 2010, and an almost eight percent decrease from last month's collections.

Along with highlighting total tax collections, this month's economic report includes a look at Philadelphia's real estate sales through the first three quarters of this year. Since January 2011, home sales have totaled 7,591 which is a 13 percent decrease compared to the 8,723 sold over the same period in 2010.

The areas of Fitler Square and Graduate Hospital had the most home sales in 2011 with 428. Neighborhoods located in 19148, South Philadelphia, had the second most sales with 358.

Philadelphia neighborhoods with the lowest amount of home sales were in sections north of Center City, which include Fairhill(19133) and West Kensington (19122). Both of these year-to-date sales totaled 22 and 37, respectively.

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### MONTHLY FEATURE:

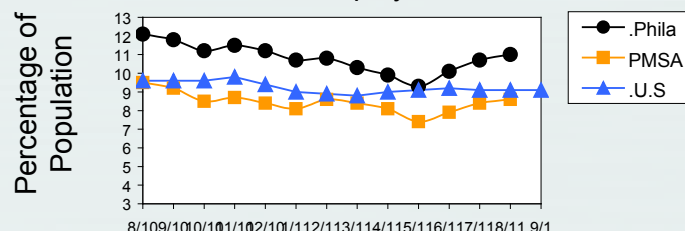
**Total home sales for the first three quarters of 2011 are 13 percent lower than sales over the same period in 2010.**

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**September  
2011**

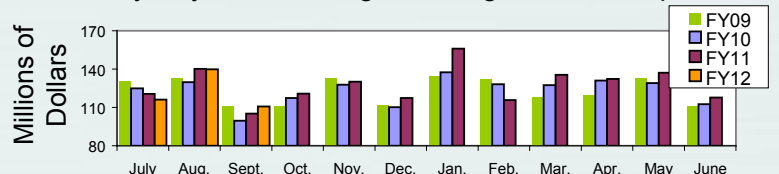


### Historical Unemployment Rate



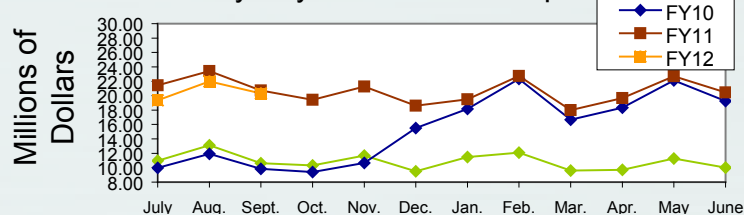
	Aug-11	July-11	Change	Aug-10
City -	11.6%	11.0%	5.45%	11.8%
MSA -	9.0%	8.6%	4.65%	9.2%
US -	9.1%	9.1%	0.00%	9.6%

### Monthly City & PICA Wage/Earnings/NPT Receipts



(in millions)	FY2012	FY2011	Change
Wage/NPT/Earnings - (City & PICA Yearly)	\$366.85	\$365.97	0.24%

### Monthly City Sales Tax Receipts



(in millions)	FY2012	FY2011	Change
Sales (Yearly) -	\$61.63	\$65.56	-5.99%

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

### Key Trends



City's latest unemployment rate increased 5.45% from previous month



Total yearly sales tax collections down 6% compared to last year



Total yearly Wage/NPT/Earnings taxes slightly above last year's collections



Total home sales for 2011 down 13 percent compared to last year



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### Forecast Highlights

September  
2011

According to the latest Business Outlook Survey from the Philadelphia Federal Reserve, manufacturing activity in the region showed signs of recovery after months of decline. Manufacturing activity ticked up, and the survey's broadest measure of manufacturing conditions, the diffusion index of current activity, increased over the last month from -17.5 to 8.7. The current new orders index, which measures the demand for manufactured goods, also rose, increasing 19 points.

The prices for manufactured goods remained fairly steady. Firms reported slight increase in manufactured goods prices, with 15% of firms reporting higher prices for their own goods and 12% reporting a drop in prices. Future activity indicators increased, such as the index for future employment, which rose by 3 points. When asked about the status of their workforces, 46% of manufacturers stated that they had increased their total workforce over the past year, while 24% stated that they had decreased their workforce. Also, a majority of firms (74%) replied that they used temporary or agency workers.

*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	
	Aug-11(P)	July-11	% Change	Aug-10
<b>City Total</b>	647.3	653.9	-1.0%	647.9
Manufacturing	24.2	24.1	0.4%	24.8
Wholesale & Retail	61.2	61.2	0.0%	62.4
Services	612.6	619.3	-1.1%	612.6
Construction & Mining	10.5	10.5	0.0%	10.5
<b>MSA Total</b>	2666.5	2676.2	-0.4%	2677.7
Manufacturing	183.9	182.3	0.9%	187.4
Wholesale & Retail	410.2	412.6	-0.6%	411.2
Services	2383.1	2395.8	-0.5%	2385.7
Construction & Mining	99.5	98.1	1.4%	104.6

#### 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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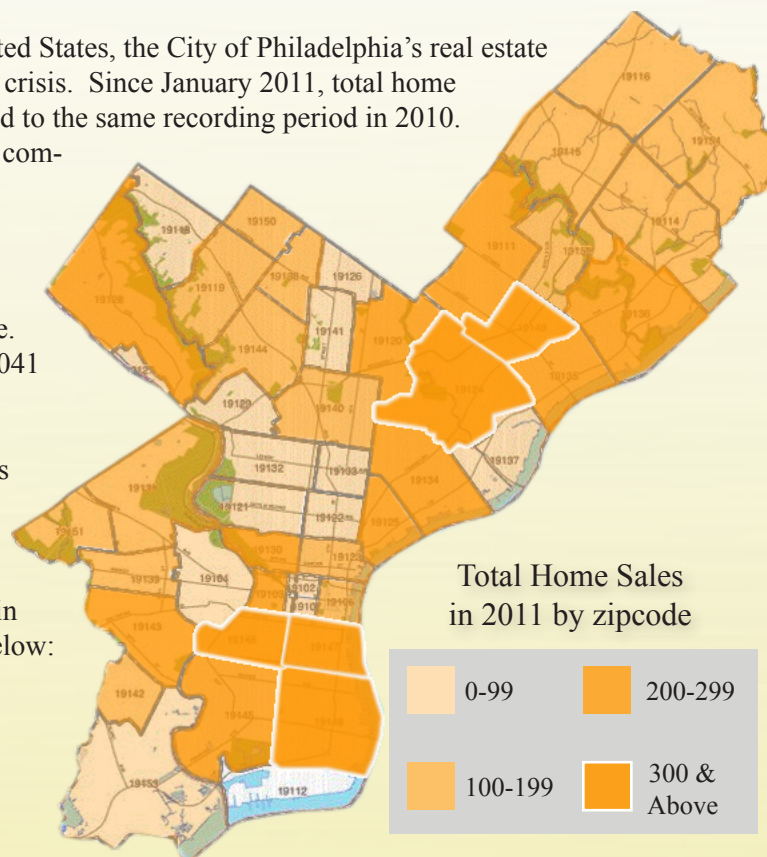
## PHILADELPHIA'S REAL ESTATE MARKET: Yearly Home Sales Below 2010 Totals

Just like many large cities and metropolitans across the United States, the City of Philadelphia's real estate market has felt the adverse effects of the ongoing economic crisis. Since January 2011, total home sales in Philadelphia have decreased by 13 percent compared to the same recording period in 2010. In the first three quarters of 2011, home sales totaled 7,591, compared to 8,723 sales in 2010.

During the peak home-buying season from late spring and into the summer, Philadelphia realized the largest decreases in total sales; -21% in April, -30% in May, and -33% in June. In June 2010, home sales totaled 1,563 compared to only 1,041 in June 2011.

While overall sales are down for the first nine months of this year compared to last, there has been an upward trend in sales over the last three months (July - September). The 2011 third-quarter sales have outpaced the 2010 third-quarter by an average increase of 12 percent. The increase in total sales during the third quarter is reflected in the table below:

Total Real Estate Sales: 2010 vs. 2011			
	2010	2011	% Change
January	681	638	-6.3%
February	629	593	-5.7%
March	1,002	829	-17.3%
April	1,136	899	-20.9%
May	1,365	960	-29.7%
June	1,563	1,041	-33.4%
July	785	894	13.9%
August	821	921	12.2%
September	741	816	10.1%
<b>Total</b>	<b>8,723</b>	<b>7,591</b>	



The sections of the City that have realized the most home sales in 2011 were south of Rittenhouse Square, a portion of South Philadelphia, and locations in the Lower Northeast, including Mayfair and Juniata Park. As shown above on the Philadelphia real estate map, the most real estate sales for the current year by zipcode were 428 in the areas of Fitler Square and Graduate Hospital (19146). Neighborhoods located in 19148, South Philadelphia, had the second most home sales with 358. Through the first three quarters of 2011, both of these neighborhoods realized decreases of less than 10 percent in total sales when compared to last year.

Philadelphia neighborhoods with the lowest homes sales were in sections north of Center City, which include Fairhill (19133) and West Kensington (19122). These year-to-date sales totaled to 22 and 37, respectively. Other areas with low sales included Center City (19102), Southwest Philadelphia (19153) and Bridesburg (19137).

All real estate data included in this report has been provided by TREND MLS as of the September 2011 reporting period.