

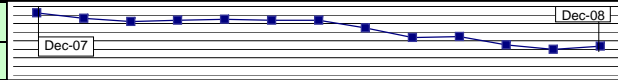


Economic Forecasts

December 2008

Arrows (↔ ↗ ↘ ↙ ↚) indicate the change of the forecast over time, not the direction of the forecast itself.

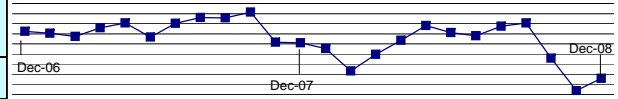
United States		Updates per Year	Last Update	Current GDP	2008 GDP		2009 GDP		2008 Consumer Price		Current Unemployment		2008 Unemployment		2009 Unemployment	
1	American Bankers Association, ABA — Forecast and Outlook	2	Jun-08	4th Quarter 2008 -1.1%	3.5%	↘	4.5%	↗	3.7%	↘	Dec 2008 6.8%	5.3%	↗	5.7%	↗	
2	economy.com — Précis: Metro/US	3	Jun-08		1.5%	↘	3.0%	↗	n/a	○		5.4%	↗	6.0%	↗	
3	FRB Philadelphia — Livingston Survey	2	Dec-08		-2.2%	↘	1.8%	↗	-2.2%	↘		6.8%	↗	7.6%	↗	
4	FRB Philadelphia — Survey of Professional Forecasters	4	Nov-08		-2.9%	↘	-1.1%	↘	2.1%	↘		6.6%	↗	7.0%	○	
5	National Association for Business Economics — NABE Outlook	4	Nov-08		0.2%	↘	0.7%	↘	4.2%	○		5.7%	↗	7.3%	↗	
6	The Conference Board — U.S. Leading Indicator *	12	Jan-09	Level of Business Activity	Dec-08 99.5		↗		↗		↗		↗		↗	



This chart tracks the Indicator for the last 12 months. *In March 2008, base year data changed from 1996=100 to 2004=100, limiting the availability of historical data to 11 months.

Narrative: With a steady decline in consumer confidence over the past year, economists anticipate further contraction in the US Economy during 2009. The spectre of job losses compounded with further lost capital in homes and investments are expected to keep consumer spending at or below 2008 levels. Retailers and commercial real estate firms are expecting to close significant numbers of stores and malls in 2009, while analysts expect real GDP to fall through the end of the year. Concerns of inflation in recent months have calmed, with forecasters expecting Consumer Price Inflation of 0.5% in 2009, down from a previous estimate of 2.6%. The stock market is expected to continue its volatile slide downward.

Regional (U.S. Northeast) & Local (Phila. Metro)		Updates per Year	Last Update	Current GRP/GMP	2008 GRP/GMP (percent change)		2009 GRP/GMP (percent change)		2008 Personal Income Growth		2009 Personal Income Growth		2007 Net Migration (thousands)		2008 Net Migration (thousands)	
7	economy.com — Précis: Metro/NORTHEAST	3	Jun-08	N/A	N/A	○	N/A	○	2.9%	↘	3.2%	↘	-82.1	↘	-99.9	↘
8	economy.com — Précis: Metro/Philadelphia	3	Jun-08	1.8%	1.2%	↘	1.7%	↗	3.2%	↗	2.4%	↗	-8.5	↗	-9.9	↗
				Current (2007) Employment	2008 Employment		2009 Employment		Cost of Doing Business (U.S. = 100)	Current (2007) Unemployment		2008 Unemployment		2009 Unemployment		
7	economy.com — Précis: Metro/NORTHEAST	3	Jun-08	29,394	10.0%	↗	20.0%	↘	108	↗	4.3%	5.1%	↗	5.6%	↗	
8	economy.com — Précis: Metro/Philadelphia	3	Jun-08	1,919	50.0%	↗	30.0%	↗	119	↗	4.4%	5.3%	↗	5.7%	↗	
9	FRB Phila — Regional Employment Forecasts	4	Jun-08	N/A	40.0%	↘	-2.0%	↘	N/A	○	N/A	5.6%	↗	7.2%	↗	
10	FRB Philadelphia — Business Outlook Survey	12	Jan-09	Leading Indicator	Dec-06 to Dec-08 -24.3		↗		↗		↗		↗		↗	



This chart tracks the Indicator for the last 24 months.

Narrative: While the Philadelphia area has weathered the economic storm relatively well, the region's outlook remains soft. Manufacturers, retailers, auto dealers, residential and commercial real estate firms all expect low sales volume in 2009, while bankers and service industry firms expect similarly reduced activity throughout the year. Announcing an upwardly revised 5-year budget shortfall of \$2 billion, Mayor Nutter said that he will call for sacrifices from all city departments as well as from citizens. Likewise, Governor Rendell revised the state's estimated FY2009 shortfall to \$1.9 billion from an earlier estimate of \$1.6 billion.

1	American Bankers Association, ABA — Forecast and Outlook	This outlook delivers a one-year forecast for mostly banking-related indicators as well as general economic measures.
2,7,8	economy.com — Précis: Metro/US/Northeast/Philadelphia	These outlooks include five-year forecasts of eleven key indicators. There are separate tables for the US, the US-Northeast, and the Philadelphia area.
3,4,9,10	FRB Philadelphia	Federal Reserve Bank, 3rd district, Philadelphia — covers eastern Pennsylvania, southern New Jersey, and the state of Delaware.
3	FRB Philadelphia — Livingston Survey	The Livingston Survey was started in 1946 by the late columnist Joseph Livingston. It is the oldest continuous survey of economists' expectations. It summarizes the forecasts of economists from industry, government, banking, and academia.
4	FRB Philadelphia — Survey of Professional Forecasters	The Survey of Professional Forecasters is one of the oldest (since 1968) quarterly survey of macroeconomic forecasts in the US.
9	FRB Philadelphia — Regional Employment Forecasts	This is a regional indicator predicting job growth and unemployment rate one year from now.
10	FRB Philadelphia — Business Outlook Survey	The Business Outlook Survey is a monthly survey of manufacturers in the Philadelphia area indicating the change in expected business activity six months from now. The index represents a percentage of respondents predicting an increase.
5	National Association for Business Economics — NABE Outlook	The NABE Outlook presents the consensus of macroeconomic forecasts made by a panel of 37 professional forecasters from the membership of the National Association for Business Economics. The survey originated in 1965.
6	The Conference Board — U.S. Leading Indicator	The Leading Indicator gauges the whereabouts of the US economy in nine months.



City Controller's Office Monthly Economic Snapshot (December)

31-Dec-08

Total Non-Farm Employment (in thousands)

	Dec-08	Dec-07	Change	Nov-08
City Total	660.9	668.1	-1.08%	664.8
Manufacturing	26.5	28.0	-5.36%	26.8
Wholesale & Retail	65.5	66.8	-1.95%	65.2
Services	623.2	628.4	-0.83%	626.1
Construction & Mining	11.2	11.7	-4.27%	11.9
MSA Total	2820.2	2856.4	-1.27%	2825.1
Manufacturing	210.5	219.6	-4.14%	211.5
Wholesale & Retail	446.1	457.1	-2.41%	441.9
Services	2490.8	2508.4	-0.70%	2491.5

Source: BLS

Unemployment Rate (%)

	Nov-08	Nov-07	Change	Oct-08
City	7.9	5.6	41.07%	7.6
MSA	5.9	3.9	51.28%	5.6
US	6.8	4.7	44.68%	6.5

Source: BLS

City Tax Collections (millions)

Through 12/31/08	FY2009	FY2008	Change	% Budget
Sales	\$66.23	\$67.46	-1.82%	47.6%
Wage/NPT/Earnings (City & PICA)	\$737.11	\$745.71	-1.15%	48.8%
Tot City & PICA Tax Revs	\$1,003.39	\$1,022.06	-1.83%	27.6%

Source: Philadelphia Revenue Commissioner

Office Availability Rate (%)

	4Q-08	4Q-07	Change	3Q-08
Central Bus. District	12.2	12.6	-3.02%	11.8
Philadelphia Suburbs	19.1	17.4	9.52%	18.0

Source: CB Richard Ellis

Demographic And Socio-Economic Snapshot 2006 (Population/Demographics - 2006 Census American Community Survey)

	Population	Male	Female	White	Af. Amer.	Asian	Other	Hispanic	Pov. Rate	Under 18	Over 65	Md Hse Inc
City of Philadelphia	1,448,394	46.78%	53.21%	41.83%	44.33%	5.30%	8.50%	10.46%	25.10%	25.58%	13.00%	\$ 33,229

Highlights of Note: The global recession continued to deepen in December, nationwide and locally. Nationwide unemployment leaped in December, bringing the total number of claimants to 4.5 million, and the rate to nearly 7%, a 15-year high. Unemployment in the Philadelphia area hit 5.9%, up from 3.9% a year ago; Philadelphia's rate is higher still, at nearly 8% from 5.6% last year. Consumer confidence nationwide fell in December, reflected in some of the worst holiday-season retail sales in decades. Nationwide, home prices fell by 15.3% and sales were down 3.5% from December 2007. The drop in prices locally was less dismal, at 6.8%, although a 21.4% drop in sales volume may indicate steeper price reductions to come. The effects of the global recession continue to be felt locally, notably in Philadelphia's budget. Mayor Nutter, in early January, announced that the \$1 billion 5-year shortfall has doubled to \$2 billion, largely due to weaker than expected tax collections and the ever-worsening stock market.

