



Monthly Trends Report

January 2017

PENNSYLVANIA HOME SALES STRONG

Pennsylvania home sales continued a pattern of strong growth in 2016. The Pennsylvania Association of Realtors (PAR) releases quarterly reports on home sales and prices in the Commonwealth. The data include single-family units, townhomes and condominiums through the fourth quarter of 2016. Data from PAR indicate that there were 9,000 more homes sold in 2016 than in 2015, a growth rate of 7.2%.

Compared to prior years, houses are spending fewer days on the market. The average number of days on the market dropped from 85 days in 2013 to 75 days in 2016. Moreover, fewer homes are listed for sale. Housing inventory is measured as the number of homes listed for sale at the end of each quarter. The average quarterly housing inventory in Pennsylvania has decreased from nearly 80,000 in 2014 to slightly more than 66,000 in 2016.

Due to higher demand and lower supply of homes, the data suggest that housing prices are increasing at a faster rate. The median home sales price grew to \$173,000 (2.8%) and data from the Federal Housing Finance Agency confirm these trends in Pennsylvania (3.7% sales price growth). Other data show the months' supply of inventory has declined to 5.8 months (-6.3%) in 2016. The months' supply is the number of months it would take for current inventory to be depleted if no new homes were added to the market.

National data reflect similar trends as Pennsylvania. The National Association of Realtors estimates that the U.S. median sales price

Pennsylvania Housing Market				
Year	Median Sale Price	Number of Sales	Avg. Quarterly Inventory	Days on the Market
2013	\$165,000	114,377	n.a.	85
2014	\$164,900	115,384	79,726	83
2015	\$168,300	128,240	77,263	80
2016	\$173,000	137,526	66,153	75
Year	Growth Rates			
2014	-0.1%	0.9%	n.a.	-2.4%
2015	2.1%	11.1%	-3.1%	-3.6%
2016	2.8%	7.2%	-14.4%	-6.3%

Note: Average quarterly inventory is average of the number of homes on the market at the end of each quarter in a given year.
Source: Pennsylvania Association of Realtors.

GENERAL FUND SNAPSHOT

The Commonwealth collected \$2.64 billion in General Fund revenues for January, an increase of \$143.6 million (5.7%) compared to January 2016. Fiscal year-to-date revenues were \$16.10 billion, an increase of \$197.8 million (1.2%) from the prior year.

	General Fund	Tax Revenue	Non-Tax Revenue
Jan-17	\$2,643	\$2,569	\$73
Growth	5.7%	5.6%	10.9%
FYTD	\$16,097	\$15,877	\$220
Growth	1.2%	1.2%	4.8%

Dollar amounts are in millions.

increased by 7.7% in 2016.¹ The national inventory of homes declined by 6.9% in 2016, reaching its lowest level since 1999.² Annual home sales closed with 5.45 million sales (3.8%), the highest level since 2006. These data point to a strong housing market on the national level.

As a result of the low inventory of homes, prices may continue to rise. Compared to the nation, Pennsylvania's median sales price typically grows more slowly, resulting in a more affordable housing market. However, the recent Federal Reserve decision to increase interest rates may hinder affordability for some buyers and restrain prices, as prices typically grow more slowly with higher interest rates. In December, the average rate of a conventional 30-year mortgage increased from 3.8% to 4.2%. The Federal Reserve is expected to continue to raise rates in 2017. Due to the combination of the low inventory of homes and rising interest rates, it is unclear what the net impact on housing prices and sales will be going forward.

¹National Association of Realtors, "U.S. Economic Outlook: December 2016," December 2016.

²National Association of Realtors, "Existing-Home Sales Slide in December; 2016 Sales Best Since 2006," December 2016.

MONTHLY ECONOMIC INDICATORS

	United States				Pennsylvania			
	Oct-16	Nov-16	Dec-16	Jan-17	Oct-16	Nov-16	Dec-16	Jan-17
Unemployment Rate ¹	4.8%	4.6%	4.7%	4.8%	5.8%	5.7%	5.6%	n.a.
Net Job Gains (000s) ²	124.0	164.0	157.0	227.0	48.4	44.5	35.6	n.a.
Average Gasoline Price ³	\$2.25	\$2.18	\$2.25	\$2.35	\$2.26	\$2.31	\$2.37	\$2.49
Consumer Price Index ⁴	1.6%	1.7%	2.1%	n.a.	1.3%	1.5%	1.7%	n.a.
Retail Sales ⁵	3.2%	3.8%	4.1%	n.a.	1.9%	2.8%	2.3%	3.0%
Consumer Sentiment Index ⁶	87.2	93.8	98.2	98.1	n.a.	n.a.	n.a.	n.a.
New Building Permits ⁷	8.9%	7.5%	8.6%	n.a.	12.3%	18.8%	20.7%	n.a.

QUARTERLY ECONOMIC INDICATORS

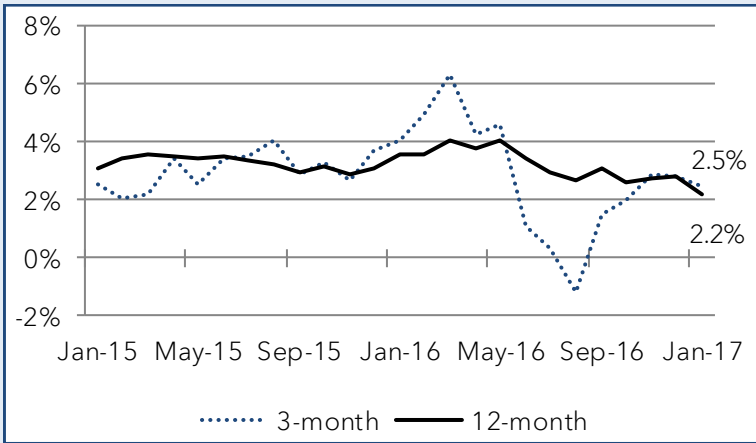
	United States				Pennsylvania			
	2016.1	2016.2	2016.3	2016.4	2016.1	2016.2	2016.3	2016.4
Gross Domestic Product ⁸	0.8%	1.4%	3.5%	1.9%	-4.5%	0.5%	n.a.	n.a.
Personal Income ⁹	3.6%	3.4%	3.5%	3.6%	2.5%	2.6%	2.9%	n.a.
Completed Home Sales ¹⁰	5.7%	4.0%	0.8%	5.6%	11.2%	11.2%	2.8%	5.2%
FHFA House Price Index ¹¹	6.1%	5.9%	6.0%	n.a.	3.7%	3.2%	4.0%	n.a.
Student Loan Debt ¹²	\$4,710	\$4,690	\$4,830	n.a.	\$5,450	\$5,430	\$5,590	n.a.
Industrial Electricity Sales ¹³	-3.9%	-6.2%	-4.9%	n.a.	-2.2%	-2.8%	-0.6%	n.a.

Notes:

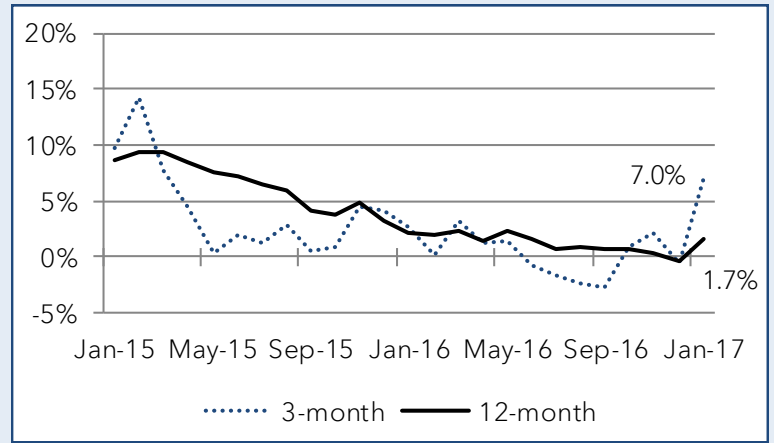
1. Source: U.S. Bureau of Labor Statistics—Survey of Households.
2. U.S.: Increase in payroll employment compared to the previous month. PA: Average year-over-year increase in payroll employment based on latest three months of data. Source: U.S. Bureau of Labor Statistics—Survey of Establishments.
3. Average price for one gallon of regular gasoline. Source: U.S. Energy Information Administration.
4. Annual change in average price level for U.S. and PA-NJ-DE-MD. Data for PA-NJ-DE-MD only published on a bi-monthly basis. For non-release months, values are an interpolation. Source: U.S. Bureau of Labor Statistics.
5. U.S.: Annual growth rate of advance retail sales based on latest three months of data. Includes purchases of gas and motor vehicles. Excludes services. Source: U.S. Dept. of Commerce. PA: Annual growth rate of sales tax revenues based on latest three months of data. Excludes transfers to or from the Enhanced Revenue Collection Account. Source: PA Dept. of Revenue.
6. A diffusion index that reflects consumer optimism. Source: UM—Survey of Consumers.
7. Annual growth of new, privately owned single-housing units authorized for construction based on latest three months of data. Source: U.S. Census Bureau.
8. The quarterly, annualized real growth rate of the economy. Excludes inflation. Source: U.S. Bureau of Economic Analysis.
9. The annual growth rate of personal income. Includes any inflationary gains. Source: U.S. Bureau of Economic Analysis.
10. The annual growth rate of sales of existing single-family properties, townhomes and condominiums. (PA data contain some new properties.) Sources: National Association of Realtors and PA Association of Realtors.
11. The annual growth rate of an index that measures the average price change of residential homes with mortgages purchased or securitized by Fannie Mae or Freddie Mac. Source: Federal Housing Finance Agency.
12. Per capita levels. Levels represent total student loan debt divided by number of consumers with a credit report. For Q4 2015, Pennsylvania has 10.8 million consumers (includes children). Source: Federal Reserve Bank of New York.
13. The annual growth rate in megawatt-hours of electricity sold to industrial customers. Source: U.S. EIA.

SELECT GENERAL FUND TAX REVENUES - ANNUAL GROWTH RATES

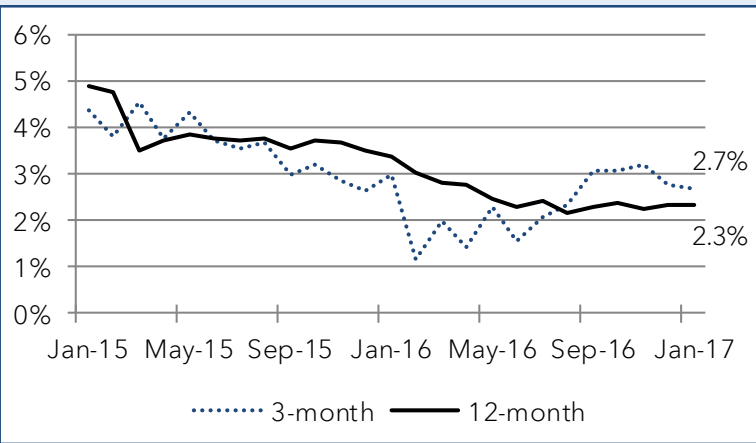
Sales and Use Tax – Non-Motor



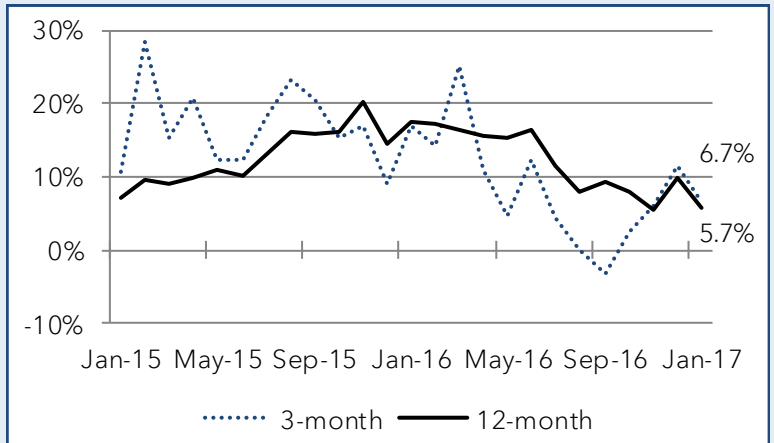
Sales and Use Tax – Motor



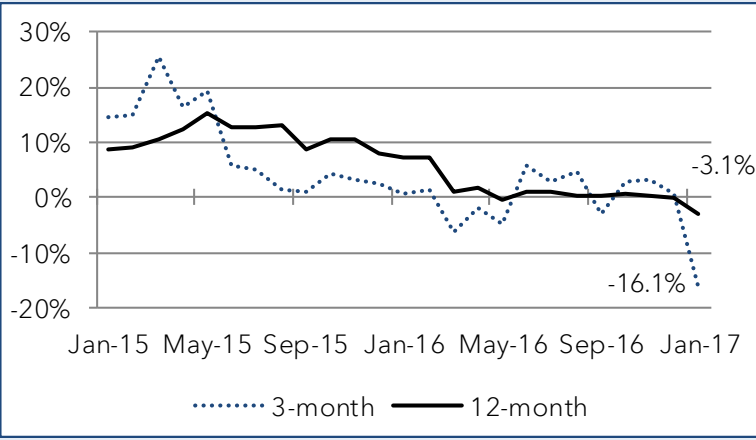
Personal Income Tax – Withholding



Realty Transfer Tax



Corporate Net Income Tax



Technical Notes (for revenue graphs and table on next page):

- ↳ Transfers from the General Fund to the Enhanced Revenue Collection Account were \$21.1 million including: \$7.8 million from personal income tax; \$6.2 million from sales and use tax; and \$5.2 million from corporate net income tax. (The graphs above correct for these transfers.)
- ↳ The personal income tax withholding collections year-over-year growth rate was impacted by (1) a weekly filer due date (extra Friday) that occurred in January last year and in December this year, and (2) a quarterly filer due date that occurred in February last year and in January this year. (The personal income tax withholding graph above corrects for this difference.)

Note: Three- and twelve-month annual growth rates are rolling averages relative to the previous fiscal year.

Pennsylvania General Fund Revenues Summary

Revenue Source	Jan 2017	Jan 2016	Jan 2015	FYTD 2016-17	FYTD 2015-16	FYTD 2014-15	Monthly Growth	FYTD Growth
Total General Fund	\$2,642.6	\$2,499.0	\$2,398.3	\$16,097.4	\$15,899.6	\$15,697.8	5.7%	1.2%
Total Tax Revenue	2,569.2	2,432.8	2,296.8	15,877.0	15,689.3	15,219.6	5.6	1.2
Total Corporation Taxes	104.5	150.2	126.9	1,378.4	1,548.9	1,552.5	-30.4	-11.0
Accelerated Deposits	0.4	-2.3	-26.9	1.9	0.3	4.2	117.1	638.1
Corporate Net Income	59.7	132.5	121.6	1,243.4	1,367.3	1,348.5	-54.9	-9.1
Capital Stock & Fran.	3.6	11.2	13.7	33.0	98.4	111.9	-67.7	-66.4
Gross Receipts	10.6	4.9	3.7	43.1	35.8	40.0	114.3	20.4
Utility Property	0.0	0.1	0.0	2.3	2.8	2.1	-89.0	-16.3
Insurance Premium	28.6	15.1	14.7	32.9	21.0	18.3	88.9	57.0
Financial Institution	1.6	-11.3	0.1	21.7	23.5	27.6	114.0	-7.3
Total Consumption Taxes	1,045.0	963.4	919.6	6,890.5	6,583.7	6,401.2	8.5	4.7
Sales and Use - Total	913.5	890.2	844.5	5,894.2	5,829.8	5,646.7	2.6	1.1
Non-Motor	800.1	799.8	749.3	5,101.7	5,048.0	4,874.3	0.0	1.1
Motor Vehicle	113.4	90.4	95.2	792.5	781.8	772.4	25.5	1.4
Cigarette	74.5	46.2	49.7	727.8	529.2	538.7	61.2	37.5
Other Tobacco Products	30.1	0.0	0.0	35.5	0.0	0.0	n.a.	n.a.
Malt Beverage	1.9	1.8	1.7	14.7	14.8	14.1	6.3	-1.1
Liquor	24.9	25.2	23.7	218.3	209.9	201.7	-0.9	4.0
Total Other Taxes	1,419.7	1,319.3	1,250.3	7,608.1	7,556.7	7,265.9	7.6	0.7
Personal Income - Total	1,289.4	1,201.2	1,108.4	6,723.3	6,666.2	6,322.2	7.3	0.9
Withholding	834.8	758.0	727.4	5,495.7	5,387.8	5,229.4	10.1	2.0
Quarterly	439.9	431.8	370.0	1,068.1	1,096.9	941.3	1.9	-2.6
Annual	14.8	11.3	11.1	159.5	181.6	151.6	30.2	-12.1
Realty Transfer	37.7	43.4	31.1	281.9	291.8	247.1	-13.0	-3.4
Inheritance	77.1	65.6	72.9	530.1	515.3	594.6	17.6	2.9
Table Games	9.8	9.8	9.6	68.4	58.5	55.9	-0.7	17.0
Minor and Repealed	5.6	-0.7	28.3	4.3	24.9	46.1	913.8	-82.7
Total Non-Tax Revenue	73.4	66.2	101.4	220.4	210.3	478.2	10.9	4.8
State Store Fund Transfers	73.3	50.0	80.0	73.3	50.0	80.0	46.6	46.6
Lic., Fees & Misc.	-5.5	10.6	16.3	95.4	110.4	349.0	-152.1	-13.6
Licenses and Fees	8.0	7.2	10.8	62.4	62.5	61.3	10.5	-0.2
Miscellaneous	-13.5	3.3	5.5	33.0	48.0	287.7	-504.1	-31.1
Treasury	0.9	6.9	0.2	10.6	10.0	6.4	-86.4	5.7
Escheats	-18.7	-12.2	-1.2	-46.0	-5.9	15.0	-52.7	-685.2
Other Miscellaneous	4.3	8.6	6.5	68.4	43.8	266.2	-50.7	56.2
Fines, Pen. & Int. - Total	5.6	5.7	5.1	51.7	49.9	49.2	-0.4	3.8

Note: Dollar amounts in \$ millions. Growth rates computed from the same time period from the previous year.