

**July 29, 2021**

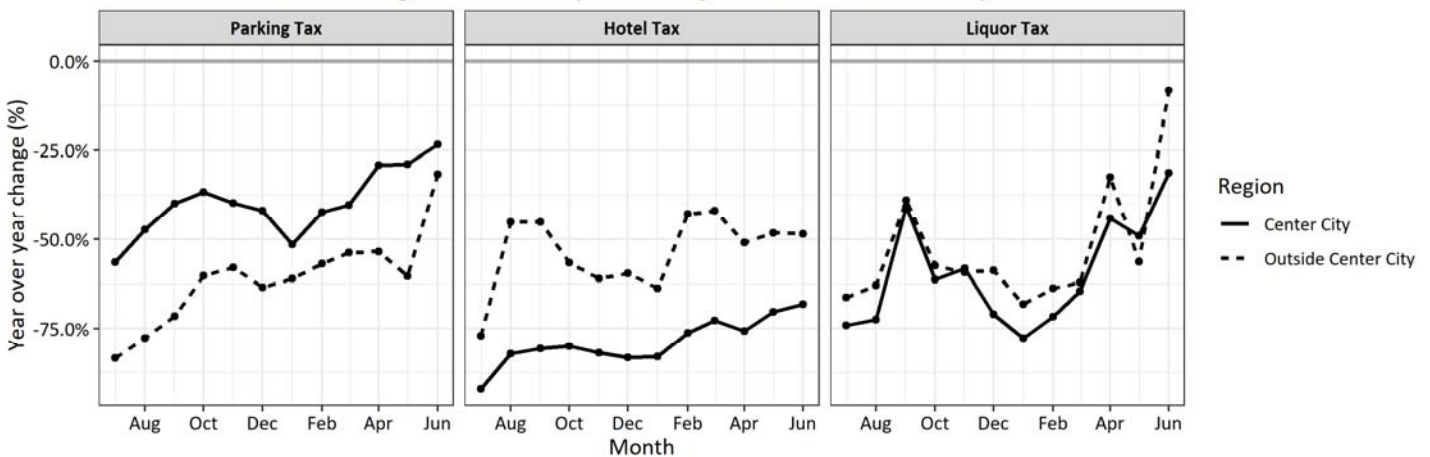
The Use and Occupancy (U&O) page of this report looks at a specific line item on the monthly tax return: the vacancy exemption. This exemption serves as a current indicator of business conditions in Philadelphia. An increase in the exemption means more space is being reported as vacant and a decrease means the opposite. There is no time lag – the tax is due on the 25<sup>th</sup> of the same month. The data is disaggregated into eight building types. The box graphs display month by month data while the table contains the fiscal year-to-date amounts for three years.

Please note that the box graphs on the U&O page and the Wage Tax page have different scales for the various boxes. The box graphs for the smaller taxes, as well as the line graph for Liquor Tax, have uniform scales.

**Center City/ Outside Center City – Smaller Taxes**

- Compared to June 2019, Center City revenue performed better than outside Center City for Parking Tax, while outside Center City performed better for the Hotel and Liquor taxes.
- While all taxes significantly improved in June 2021 over June 2020, Hotel Tax revenue from Center City was down by nearly 70% and from outside Center City by nearly half compared to FY2019. The Parking and Liquor taxes also saw declines compared to FY2019 for both Center City and outside Center City.

*Percent Change in Center City Revenue from FY2019 - FY2021 by Tax*



*June Revenue Comparison to FY2019 by Tax*

Tax Type	FY2019 Center City	FY2021 Center City	Pct Change	FY2019 Outside Center City	FY2021 Outside Center City	Pct Change
Parking Tax	\$4,341,880	\$3,326,298	-23.4%	\$3,798,735	\$2,592,361	-31.8%
Hotel Tax	\$5,372,321	\$1,714,121	-68.1%	\$2,932,636	\$1,510,120	-48.5%
Liquor Tax	\$3,970,403	\$2,727,546	-31.3%	\$3,005,209	\$2,758,009	-8.2%

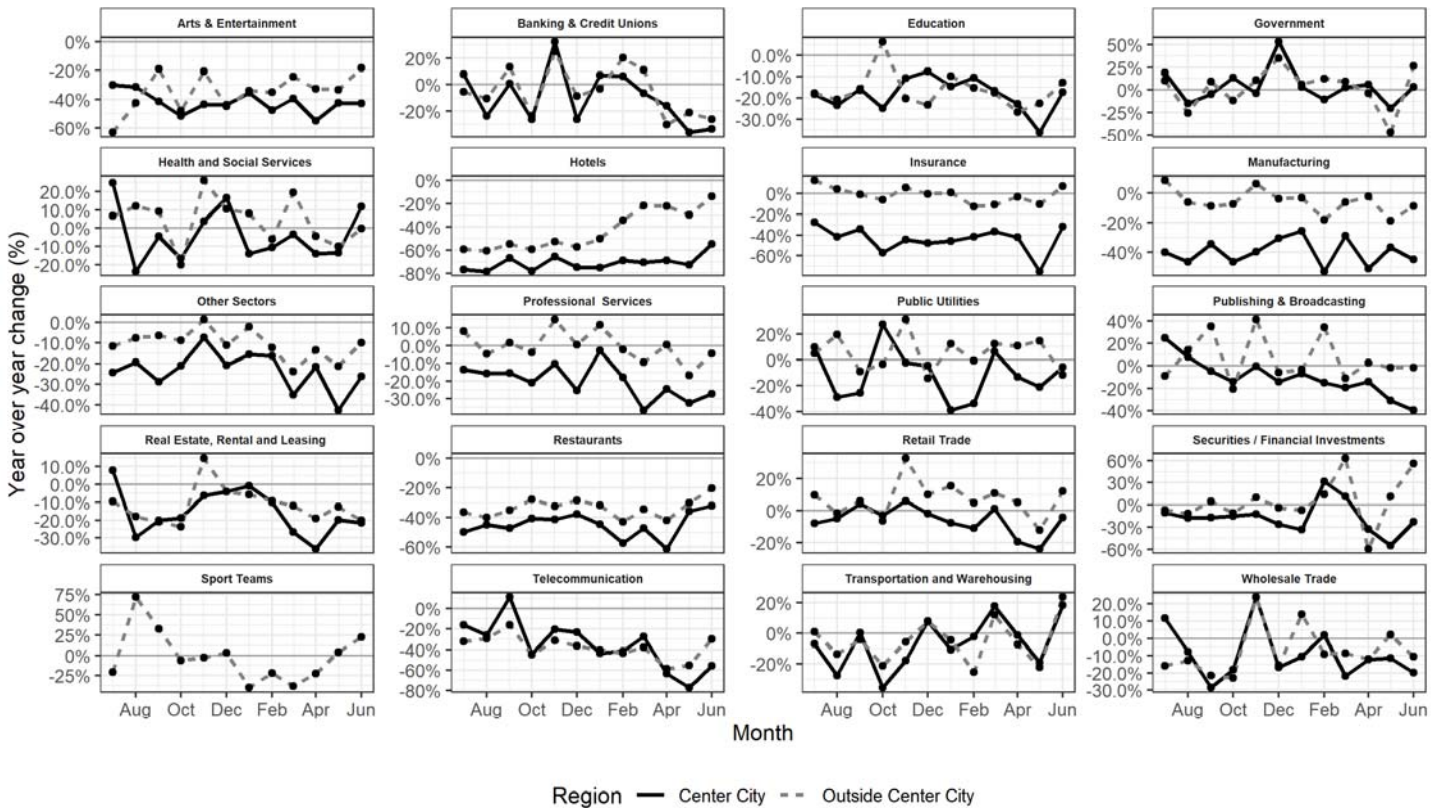
*June Revenue Comparison to FY2020 by Tax*

Tax Type	FY2020 Center City	FY2021 Center City	Pct Change	FY2020 Outside Center City	FY2021 Outside Center City	Pct Change
Parking Tax	\$1,277,439	\$3,326,298	160.4%	\$214,550	\$2,592,361	1108.3%
Hotel Tax	\$182,600	\$1,714,121	838.7%	\$241,930	\$1,510,120	524.2%
Liquor Tax	\$529,182	\$2,727,546	415.4%	\$917,141	\$2,758,009	200.7%

**Center City/ Outside Center City - Wage Tax<sup>1</sup>**

- For Center City, Wage Tax collections were down fiscal year to date 20.8% compared to FY2019 and 21.8% compared to FY2020; outside Center City, collections were down 3.7% and 6.6%, respectively.
- For June, Center City Wage Tax collections were down 20.5% compared to FY2019 and down 1.9% compared to FY2020; outside Center City, collections were up 11.3% and 29.0%, respectively.
- Compared to FY2019, the top four industries (Health and Social Services, Government, Professional Services, and Education) are down 12.0% fiscal year to date in Center City and 3.0% outside Center City. Compared to FY2020, these industries are down 12.9% in Center City and 6.6% outside Center City.

Percent Change in Wage Tax from FY2019 – FY2021 by Industry



Note: This chart only shows businesses with a location, and does not include about 22% of revenue not associated with a business location.

<sup>1</sup> July, October, and January data include quarterly payments processed late. Business location data is provided by some businesses which is supplemented by manual research and may contain inaccuracies. For businesses that have a Philadelphia and non-Philadelphia location, the Philadelphia location is weighted more heavily by a factor of three. The "Outside Center City" designation includes suburban locations. Manufacturing includes headquarter offices and factories.

# Analysis of Tax Data for Economic Information

## Top-level Industry Breakdown – Fiscal Year to Date (July to June) – Wage Tax Revenue in Millions

Industry	Center City					Outside Center City				
	FY2019	FY2020	FY2021	Pct Change FY2019	Pct Change FY2020	FY2019	FY2020	FY2021	Pct Change FY2019	Pct Change FY2020
Education	\$12.6	\$12.0	\$10.2	-18.6%	-15.0%	\$174.5	\$180.0	\$145.1	-16.8%	-19.4%
Finance & Insurance	\$99.4	\$102.4	\$69.7	-29.9%	-31.9%	\$53.3	\$55.5	\$52.2	-2.0%	-6.0%
Government	\$30.8	\$30.7	\$31.7	2.9%	3.4%	\$68.9	\$70.8	\$82.5	19.9%	16.6%
Health and Social Services	\$92.5	\$90.8	\$88.2	-4.7%	-2.9%	\$275.6	\$286.9	\$284.6	3.3%	-0.8%
Hospitality & Entertainment	\$40.6	\$37.8	\$20.5	-49.4%	-45.7%	\$62.9	\$60.3	\$47.8	-24.1%	-20.8%
Manufacturing	\$11.2	\$10.9	\$6.8	-39.3%	-37.5%	\$93.1	\$102.8	\$87.7	-5.8%	-14.7%
Other Sectors	\$58.1	\$59.5	\$46.7	-19.7%	-21.7%	\$118.0	\$118.0	\$107.7	-8.8%	-8.8%
Professional Services	\$147.0	\$152.3	\$118.9	-19.1%	-21.9%	\$56.7	\$60.6	\$56.9	0.4%	-6.0%
Publishing & Telecommunications	\$63.8	\$68.3	\$43.3	-32.2%	-36.7%	\$14.7	\$14.6	\$12.3	-16.6%	-15.8%
Retail Trade	\$20.8	\$20.4	\$19.3	-7.2%	-5.6%	\$74.7	\$74.7	\$79.7	6.7%	6.6%
Transportation and Warehousing	\$12.1	\$11.4	\$11.3	-7.0%	-1.0%	\$43.6	\$44.0	\$41.2	-5.4%	-6.3%
<b>Total Wage Tax</b>	<b>\$589.0</b>	<b>\$596.7</b>	<b>\$466.6</b>	<b>-20.8%</b>	<b>-21.8%</b>	<b>\$1,035.9</b>	<b>\$1,068.2</b>	<b>\$997.7</b>	<b>-3.7%</b>	<b>-6.6%</b>

Note: Total Wage Tax does not include about 22% of revenue not associated with a business location.

## Center City/ Outside Center City - Real Estate Transfer Tax<sup>2</sup>

- Houses and Condos have followed a similar pattern both inside and outside of Center City. Overall, condo collections are performing stronger outside of Center City, while House collections are stronger in Center City.
- The condo market is much bigger in Center City compared to outside Center City, both in terms of Transfer Tax revenue and in terms of number of sales. The market for houses, however, is the reverse; the tax revenue and the number of sales are both much higher outside Center City than in Center City.
- The percent changes in the table compare fiscal year 2021 back to fiscal year 2019.

### House and Condo Transfer Tax Collections for Center City

Fiscal Quarter	Local Tax Amount (in millions)								# of Sales							
	Condo				House				Condo				House			
	FY 19	FY 20	FY 21	% Change (21 / 19)	FY 19	FY 20	FY 21	% Change (21 / 19)	FY 19	FY 20	FY 21	% Change (21 / 19)	FY 19	FY 20	FY 21	% Change (21 / 19)
Quarter1	\$6.4	\$6.6	\$4.2	-34.3%	\$8.9	\$9.4	\$9.7	9.2%	505	504	400	-20.8%	759	740	745	-1.8%
Quarter2	\$5.0	\$5.0	\$5.7	14.2%	\$7.6	\$7.3	\$10.1	32.7%	379	403	460	21.4%	680	667	794	16.8%
Quarter3	\$5.6	\$4.9	\$3.0	-46.9%	\$6.0	\$7.9	\$7.7	28.4%	440	373	266	-39.5%	592	683	592	0.0%
April	\$1.9	\$1.5	\$2.1	11.7%	\$3.0	\$2.7	\$4.0	35.7%	131	121	160	22.1%	242	186	287	18.6%
May	\$2.4	\$1.0	\$0.2	-90.4%	\$3.1	\$2.2	\$2.8	-12.5%	194	88	23	-88.1%	275	165	201	-26.9%
<b>FYTD Total</b>	<b>\$21.4</b>	<b>\$19.0</b>	<b>\$15.3</b>	<b>-28.6%</b>	<b>\$28.6</b>	<b>\$29.6</b>	<b>\$34.3</b>	<b>19.8%</b>	<b>1,649</b>	<b>1,489</b>	<b>1,309</b>	<b>-20.6%</b>	<b>2,548</b>	<b>2,441</b>	<b>2,619</b>	<b>2.8%</b>

### House and Condo Transfer Tax Collections Outside of Center City

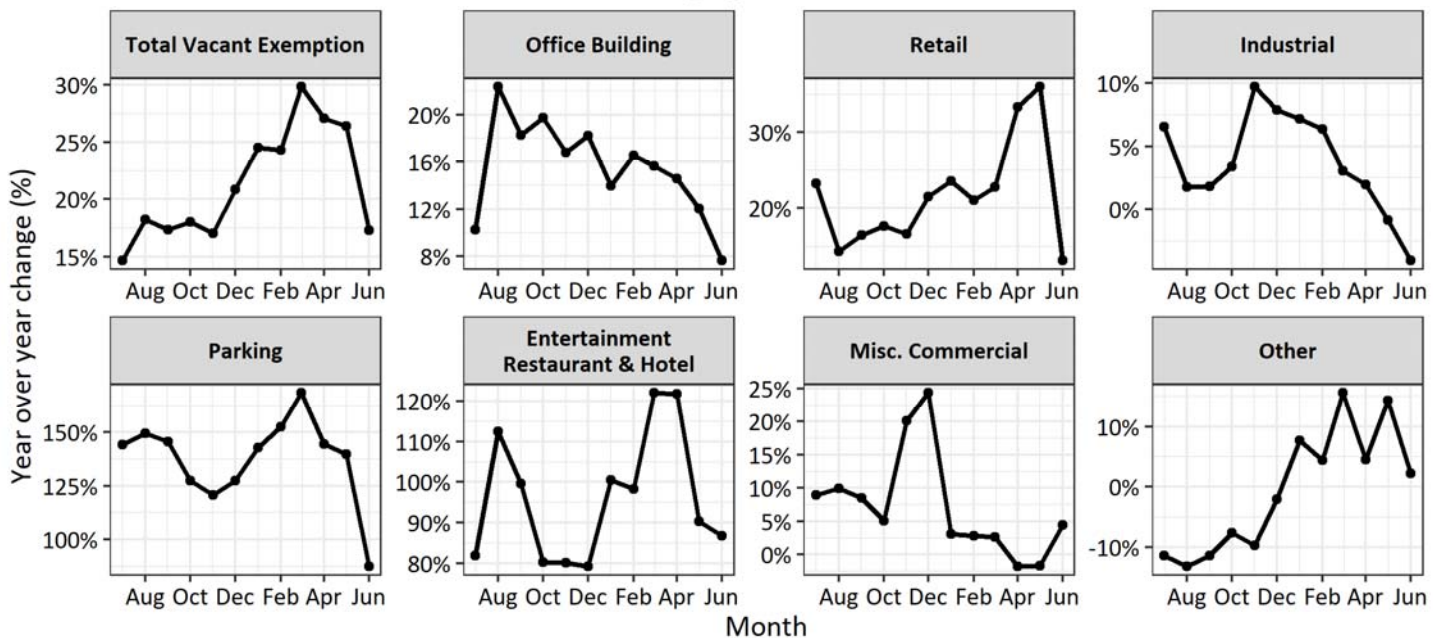
Fiscal Quarter	Local Tax Amount (in millions)								# of Sales							
	Condo				House				Condo				House			
	FY 19	FY 20	FY 21	% Change	FY 19	FY 20	FY 21	% Change	FY 19	FY 20	FY 21	% Change	FY 19	FY 20	FY 21	% Change
Quarter1	\$1.0	\$1.1	\$1.0	1.4%	\$28.8	\$31.0	\$30.3	5.6%	193	200	175	-9.3%	7,384	7,552	6,066	-17.8%
Quarter2	\$0.8	\$0.9	\$1.5	88.4%	\$25.9	\$27.2	\$35.8	38.2%	168	213	235	39.9%	7,222	6,910	7,157	-0.9%
Quarter3	\$0.9	\$1.0	\$0.8	-5.0%	\$20.1	\$24.6	\$23.6	17.2%	155	216	148	-4.5%	5,991	6,330	5,049	-15.7%
April	\$0.3	\$0.3	\$0.4	47.6%	\$8.2	\$5.9	\$9.5	15.5%	45	42	63	40.0%	2,263	1,072	2,091	-7.6%
May	\$0.4	\$0.2	\$0.2	-60.2%	\$10.9	\$5.6	\$8.9	-18.4%	68	37	32	-52.9%	2,678	1,128	1,764	-34.1%
<b>FYTD Total</b>	<b>\$3.3</b>	<b>\$3.5</b>	<b>\$3.9</b>	<b>16.7%</b>	<b>\$93.9</b>	<b>\$94.2</b>	<b>\$108.1</b>	<b>15.2%</b>	<b>629</b>	<b>708</b>	<b>653</b>	<b>3.8%</b>	<b>25,538</b>	<b>22,992</b>	<b>22,127</b>	<b>-13.4%</b>

<sup>2</sup> May 2021 data FY21 is preliminary.

**Use and Occupancy (U&O) Vacancy Exemption<sup>3</sup>**

- The total Vacant Exemption amount decreased from May (+26.4%) to June (+17.3%) compared to FY2019. All building types below showed a decrease from May to June except for miscellaneous commercial buildings.
- The Vacant Exemption amount from parking lots and garages sat at more than 100% above the FY2019 amount until June, when it decreased to +87.4%.
- For total FY2021, the total Vacant Exemption amount was 25.4% above last year, and 21.1% above FY2019. All building types were up compared to FY2020 and FY2019 (except for other types, which was -1.6% compared to FY2019), but the parking and entertainment, restaurant & hotel building types increased the most.

*U&O Vacant Exemption by Period and Building Type:  
 Percent Change from FY2019-FY2021*



*Building Type Breakdown – Fiscal Year – U&O Vacant Exemption*

Building Type	FY2019	FY2020	FY2021	Pct Change from FY2019	Pct Change from FY2020
<b>Total Vacant Exemption</b>	<b>\$65,978,802</b>	<b>\$63,700,544</b>	<b>\$79,893,527</b>	<b>21.1%</b>	<b>25.4%</b>
Office Building	\$20,204,578	\$20,114,607	\$23,338,224	15.5%	16.0%
Retail	\$8,027,201	\$8,614,312	\$9,754,367	21.5%	13.2%
Industrial	\$7,489,499	\$7,565,084	\$7,781,254	3.9%	2.9%
Entertainment, Restaurant & Hotel	\$6,604,042	\$6,843,200	\$12,886,532	95.1%	88.3%
Parking	\$2,010,953	\$2,559,497	\$4,764,269	136.9%	86.1%
Misc. Commercial	\$734,846	\$728,602	\$790,188	7.5%	8.5%
Other	\$20,907,683	\$17,275,242	\$20,578,693	-1.6%	19.1%

<sup>3</sup> "Other" building types include large apartment, nonprofit, condo, mixed usage, bank, utility, small apartment, garage, pier, and unclassified.

### Liquor Tax<sup>4</sup>

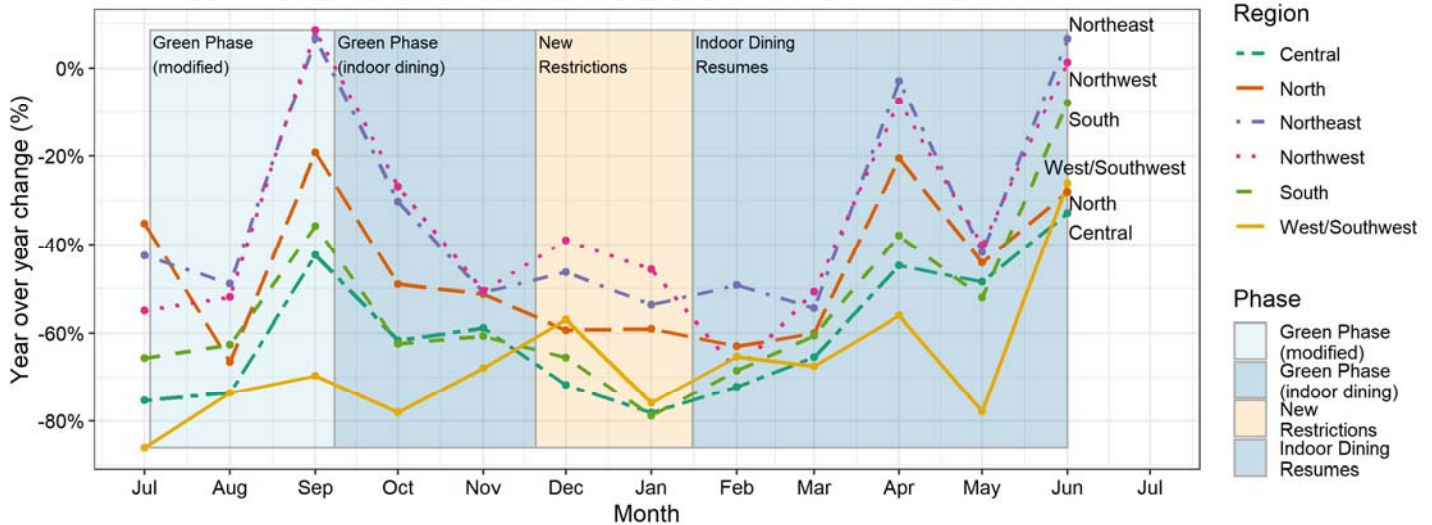
#### Key Takeaways

- Liquor Tax is collected for the prior month’s activity, so the June comparison compares activity in May.
- For fiscal year to date, Liquor Tax is down 57.0% compared to FY2019 and 49.2% compared to FY2020; for June, it is down 21.4% compared to FY2019 and up 279.3% compared to FY2020.
- Bars (+488.7%) have shown the most improvement in June compared to FY2020, as well as experiencing the least decline (-7.0%) compared to FY2019.
- Compared to FY2019, collections are up in June for both the Northeast (+6.6%) and Northwest (+1.3%) regions, with all regions showing large upticks from May to June.

Comparison of Liquor Tax Revenue: FY2019 – FY2021

Quarter	FY2019	FY2020	FY2021	Pct Change from FY2019	Pct Change from FY2020
July-September	\$18,175,522	\$20,956,021	\$6,955,981	-61.7%	-66.8%
October-December	\$20,115,123	\$21,267,674	\$7,801,409	-61.2%	-63.3%
January-March	\$19,273,238	\$17,881,181	\$6,078,653	-68.5%	-66.0%
April-June	\$21,017,572	\$6,477,231	\$12,961,228	-38.3%	100.1%
FYTD	\$78,581,455	\$66,582,107	\$33,797,271	-57.0%	-49.2%

Liquor Tax Revenue: Percent Change from FY2019 - FY2021 by Region



June Liquor Tax Revenue by Industry

Industry	FY2019	FY2020	FY2021	Pct Change from FY2019	Pct Change from FY2020
Full Service Restaurants	\$3,466,802	\$468,518	\$2,642,397	-23.8%	464.0%
Other	\$2,021,516	\$696,778	\$1,496,161	-26.0%	114.7%
Bars	\$1,149,409	\$181,555	\$1,068,777	-7.0%	488.7%
Take-Out Restaurants	\$337,884	\$99,472	\$278,221	-17.7%	179.7%

<sup>4</sup> Liquor Tax is due monthly on the 25th of the following month.