

# Monthly Economic Update

October 2021

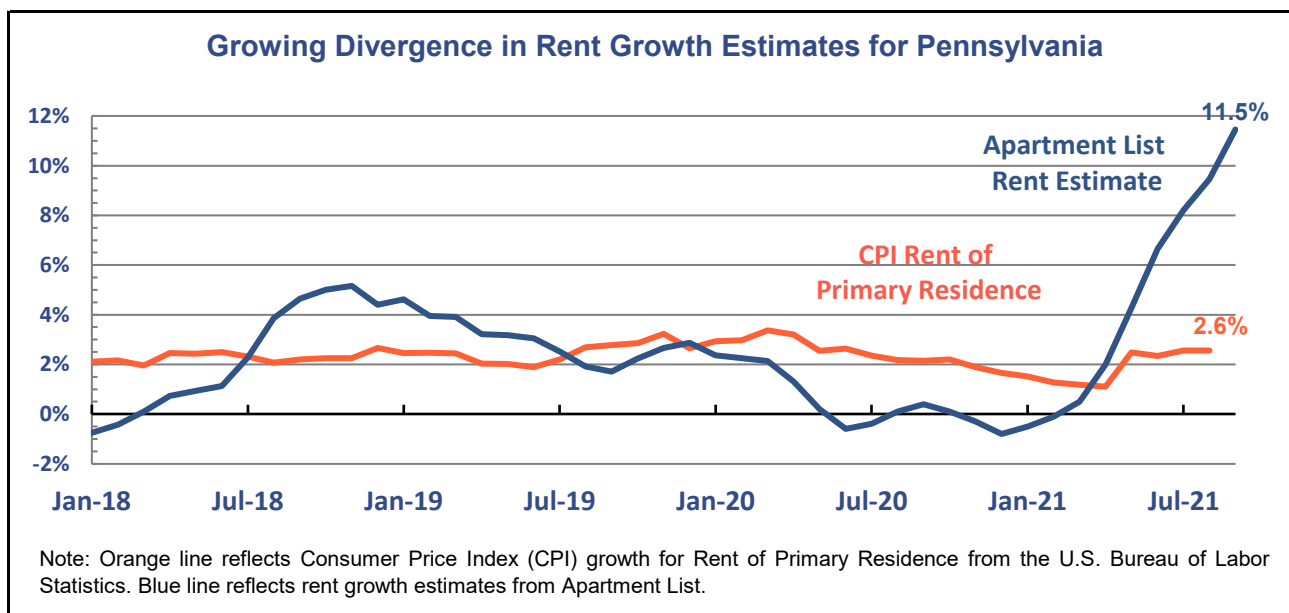


## Impact Fee Likely to Increase by Nearly \$75 Million in 2022

The near-month settlement price of natural gas on the New York Mercantile Exchange (NYMEX), upon which Pennsylvania's Impact Fee is based, is \$5.84 per MMBtu for October. This is the highest monthly price recorded since enactment of the fee in 2011. National and regional prices recorded significant gains in 2021 due to the combination of weaker-than-usual supply growth and demand rebounding from closures and mitigation efforts related to the COVID-19 pandemic in 2020. Through October, the NYMEX average price is \$3.41 per MMBtu, which represents an increase of \$1.33 (+64.1%) over 2020 and would be the highest full-year average price since 2014. In June, the IFO [estimated](#) that if the average NYMEX price for 2021 ranged from \$3.00 to \$4.99, then Impact Fee collections (remitted April 2022) would be \$221 million, an increase of \$74 million (+51%) over the prior year. Because only two months remain to determine the final average price for calendar year 2021, natural gas prices would need to collapse to \$0.95 per MMBtu for that scenario to not hold. Given current market conditions, that outcome is highly unlikely. Futures markets [suggest](#) that prices will remain elevated for the remainder of the year due to global supply and demand pressures.

## Renter Eviction Filings Remain Subdued as Average Rents Surge

On September 27, Apartment List released [rent estimates](#) for September 2021 that reveal an overall monthly rental price in Pennsylvania of \$1,129, an 11.5% increase from the prior year (based on five metro areas, weighted average for studios to 4 bedroom apartments). Rents in Philadelphia increased 12.4% on a year-over-year (YOY) basis, while rents in Pittsburgh increased 9.5%. Due to a lag in data collection and different methodologies, this rental price surge is not yet reflected in the official data used to compute the regional Consumer Price Index (see graph). The latest data also suggest that surging rents have not yet translated into more evictions. A [recent article](#) notes that many housing analysts had expected a wave in the number of renter eviction filings after the federal eviction moratorium expired on August 26, 2021. However, in many metropolitan areas, eviction filings declined or remained unchanged from August. Data from [Eviction Lab](#) reveal a 71% decline in eviction filings in Philadelphia and a 55% decline in Pittsburgh from historical levels (based on 2016 to 2019). For September 2021, there were 535 eviction filings in Philadelphia and 504 in Pittsburgh, compared to 1,843 and 1,131 for that month in a typical year, respectively. The article notes that renter evictions could still surge but might be delayed due to backlogs at some courts.



## Pennsylvania Economic Indicators

<u>Monthly Data</u>	<u>May-21</u>	<u>Jun-21</u>	<u>Jul-21</u>	<u>Aug-21</u>	<u>Sept-21</u>
Unemployment Rate <sup>1</sup>	7.0%	6.9%	6.5%	6.4%	n.a.
Net Job Gains (000s) <sup>2</sup>	530.4	331.5	228.3	191.1	n.a.
Avg. Gasoline Price <sup>3</sup>	\$3.01	\$3.08	\$3.15	\$3.18	\$3.23
CPI-U All Items <sup>4</sup>	4.2%	4.9%	4.7%	4.6%	n.a.
Natural Gas Price <sup>5</sup>	\$2.03	\$2.23	\$2.87	\$3.57	\$4.18
Number of Home Sales <sup>6</sup>	-1.4%	2.8%	0.0%	-1.4%	n.a.
PA Turnpike Traffic (cars) <sup>7</sup>	81.1%	40.0%	26.6%	n.a.	n.a.
PA Turnpike Traffic (commercial) <sup>7</sup>	20.3%	11.6%	6.0%	n.a.	n.a.
<u>Quarterly Data</u>	<u>2020.2</u>	<u>2020.3</u>	<u>2020.4</u>	<u>2021.1</u>	<u>2021.2</u>
Gross Domestic Product <sup>8</sup>	-32.4%	34.8%	5.2%	3.0%	5.9%
Personal Income <sup>9</sup>	13.0%	8.8%	4.5%	16.4%	-2.8%
Wages and Salaries <sup>10</sup>	-4.5%	-0.7%	1.8%	2.2%	10.9%
FHFA House Price Index <sup>11</sup>	4.7%	8.3%	11.1%	12.2%	16.4%

## United States Economic Indicators

<u>Monthly Data</u>	<u>May-21</u>	<u>Jun-21</u>	<u>Jul-21</u>	<u>Aug-21</u>	<u>Sept-21</u>
Unemployment Rate <sup>1</sup>	5.8%	5.9%	5.4%	5.2%	n.a.
Number of Home Sales <sup>6</sup>	-1.2%	1.6%	2.2%	-2.0%	n.a.
S&P 500 <sup>12</sup>	38.1%	38.6%	34.4%	29.2%	28.1%
10-Year Note <sup>13</sup>	1.58	1.44	1.24	1.30	1.53
<u>Quarterly Data</u>	<u>2020.2</u>	<u>2020.3</u>	<u>2020.4</u>	<u>2021.1</u>	<u>2021.2</u>
Gross Domestic Product <sup>8</sup>	-31.2%	33.8%	4.5%	6.3%	6.7%
Personal Income <sup>9</sup>	10.9%	7.1%	4.8%	16.1%	1.1%
Wages and Salaries <sup>10</sup>	-3.2%	0.9%	3.4%	2.9%	12.3%
Corporate Profits <sup>14</sup>	-17.4%	6.5%	2.6%	23.3%	53.8%

Sources and Notes:

1. Source: U.S. Bureau of Labor Statistics- Survey of Households.
2. Year-over-year increase in payroll employment. 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. Source: U.S. Bureau of Labor Statistics.
5. Price is weighted average from major Pennsylvania gas hubs. Unit is dollars per MMBtu. Source: Bentek Energy.
6. Seasonally Adjusted Annual Rate. Pennsylvania figures represent northeast region. Source: National Association of Realtors.
7. Year-over-year growth rate of monthly traffic counts based on entry data. Source: Pennsylvania Turnpike.
8. The quarterly, annualized real growth rate of the economy. Excludes inflation. Source: U.S. Bureau of Economic Analysis.
9. Year-over-year growth rate of personal income. Source: U.S. Bureau of Economic Analysis.
10. Year-over-year growth rate of wages and salaries paid to all payroll employees. Source: U.S. Bureau of Economic Analysis.
11. Source: Federal Housing Finance Agency.
12. Year-over-year growth rate of S&P 500 closing price. Data as of the first of the month. Source: Yahoo! Finance.
13. Source: Yahoo! Finance.
14. Year-over-year growth rate, domestic profits only. Source: U.S. Bureau of Economic Analysis.