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Greater Phoenix Building Permits

Single-Family Homes - NSA

	Total	Y-Y Change
June-07	4,095	
June-08	2,341	-42.8%
July-07	2,574	
July-08	1,783	-30.7%

Source: U.S. Census Bureau NSA = not seasonally adjusted

Maricopa County Home Sales

Single-Family Homes

	Jul-08	Aug-08
Inventory	38,529	44,096
Under contract	4,702	5,744
Sales	4,562	5,117
Sales volume (000s)	\$1,227,135	\$1,246,967

Source: Arizona Regional Multiple Listing Service

Greater Phoenix Employment

National Unemployment Average 6.1% - August 2008 - NSA

	Employment Change*	Unemployment Rate
June-07	+8,401	3.1%
June-08 (r)	-1,753	4.3%
July-07	-6,023	3.3%
July-08	+3,624	4.7%

Source: Bureau of Labor Statistics NSA = not seasonally adjusted
*Change from prior month (r) = revised data

Carlson Index

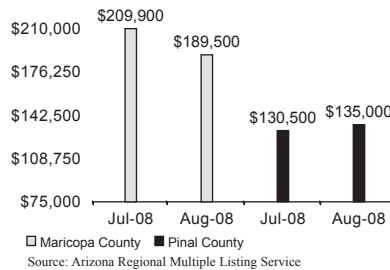
In the month of July, each job in the Greater Phoenix area generated an average of \$519 in retail sales expenditures. That is a 16% decrease from July 2007.

Source: The Carlson Group Ltd.

Greater Phoenix* Economic Benchmarks

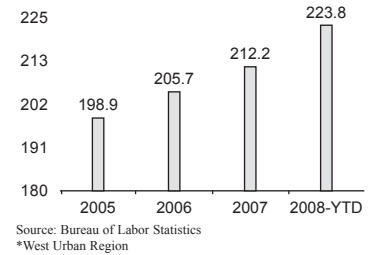
Maricopa and Pinal County Median Home Prices

Current U.S. Median: \$212,400



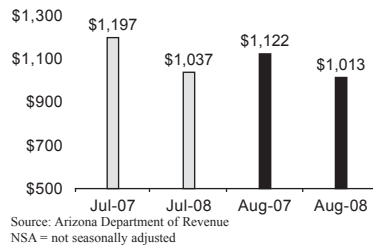
Greater Phoenix* Consumer Price Index

1982-84 = 100 (U.S. Avg 219.0)



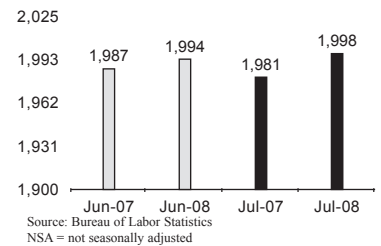
Greater Phoenix Retail Sales

In Millions (000,000s) NSA



Greater Phoenix Employment

In Thousands (000s) NSA



Inside the Economy

A Blinding Flash of the Obvious

One thing we can conclude, given the evidence over the past year or so, is that dramatic increases in energy prices can have a devastating effect on the economy. Not only the increases, but price volatility makes investment and consumption decisions by individuals and firms very difficult. For example, in August 2008, imported oil dropped in price by 12.8%. However, the price of oil dropped 1% in July, but increased more than 9% in both May and June.

Hurricanes cause real havoc or anticipated havoc, damaging oil platforms and refineries, thus driving volatility in the oil and stock markets. Oil firms are investing tremendous resources in new exploration and oil field development, but world demand for oil keeps rising (e.g., China). Coal has its environmental downsides – it's very difficult to get permits for new coal generation plants, let alone for the transmission lines necessary to get electricity to market. Renewables, however environmentally sexy they seem to appear, will be expensive and, frankly, a drop in the bucket when it comes to meeting existing or new power demands.

So, what's a country to do? Well, like France, which generates more than 75% of its electricity from nuclear power plants, we need to "go nuclear." Nuclear energy is not without its problems. However, on balance, it is more environmentally friendly and technologically achievable for large-scale generation relative to other options. Even Patrick Moore, cofounder of Greenpeace, argues that nuclear generation is the lesser of many evils. As we consider fossil fuel replacement for automobiles – the battery-powered car or the hydrogen car – both require significant amounts of electricity which will come from... ?

The information economy relies on the electricity economy, and if the electricity economy continues to grow, constrained by the "environmentally friendly" economy, the practical choices for future generations narrow quickly to nuclear power, which also presents an opportunity for the long-term investor.

Author: Ken Maxey

Local Trends

Home Valuation Quarterly Change* in Phoenix Home Prices		Government Jobs Arizona Government Employees		Arizona Businesses Total Private Establishments	
Q4-06	8.66%	2002	390,400	2001	116,748
Q1-07	3.93%	2003	393,500	2002	118,870
Q2-07	1.07%	2004	399,400	2003	123,825
Q3-07	-1.79%	2005	402,900	2004	126,348
Q4-07	-4.13%	2006	408,500	2005	135,167
Q1-08	-6.78%	2007	422,700	2006	147,540
Q2-08	-11.0%	2008-YTD	389,600	2007	156,381

Source: Office of Federal Housing Oversight
*Change from prior year during that quarter

Source: Bureau of Labor Statistics

Source: Bureau of Labor Statistics

Quick Fact

\$4,660 | The amount of money spent on public education per student in Phoenix. The national average per student is \$6,058.

Source: Sperting

Arizona Population Projections

Projections for 2015 and 2025 - In Thousands (000s)

Age	2000 Total	2015 Forecast	Change 2000 to 2015	2025 Forecast	Change 2000 to 2025
0-4	348	417	19.8%	445	27.9%
5-17	965	1,015	5.2%	1,130	17.1%
18-24	466	565	21.2%	571	22.5%
25-64	2,384	2,844	19.3%	2,898	21.6%
65 and over	635	967	52.3%	1,368	115.4%
Total	4,798	5,808	21.1%	6,412	33.6%

Source: U.S. Census Bureau

National Trends

United States Employment Outlook

	Increase	Decrease	No Change	Don't Know	Net Employment Outlook
Fourth quarter 2008	22%	13%	59%	6%	9%
Third quarter 2008	26%	10%	58%	6%	16%
Second quarter 2008	26%	9%	60%	5%	17%
First quarter 2008	22%	12%	60%	6%	10%
Fourth quarter 2007	27%	9%	58%	6%	18%

Source: Manpower Survey Q4-2008.
Data is based on interviews with 16,000 employers, who were asked how the current employment situation will change in the next three months.

U.S. Job Openings

Survey Date	Job Openings (000s)
July 2008	3,416
June 2008 (r)	3,497
May 2008	3,631
April 2008	3,612
March 2008	3,672
February 2008	3,799
January 2008	3,889
December 2007	3,974
November 2007	3,972

Source: Bureau of Labor Statistics (r) = revised Seasonally adjusted rate

Housing Starts, SAAR

	Units (000s)	Percent Change
June-07	1,458	
June-08 (r)	1,084	-25.6%
July-07	1,371	
July-08	965	-29.6%

Source: U.S. Census Bureau SAAR = seasonally adjusted annual rate (r) = revised

Personal Income

In Billions of Dollars, SAAR

	Feb-08 (r)	Mar-08 (r)	Apr-08 (r)	May-08 (r)	Jun-08 (r)	Jul-08
Personal income	11,952 ▲	11,999 ▲	12,026 ▲	12,244 ▲	12,251 ▲	12,161 ▼
Disposable personal income	10,418 ▲	10,458 ▲	10,494 ▲	11,090 ▲	10,882 ▼	10,767 ▼
Personal consumption expenditures	9,982 ▼	10,039 ▲	10,077 ▲	10,153 ▲	10,219 ▲	10,243 ▲

Source: Bureau of Economic Analysis SAAR = seasonally adjusted annual rate (r) = revised

New Home Sales, SAAR

	Units (000s)	Percent Change
June-07	793	
June-08 (r)	503	-36.5%
July-07	796	
July-08	515	-35.3%

Source: U.S. Census Bureau SAAR = seasonally adjusted annual rate (r) = revised

Domestic Automotive Units (000s)

	U.S. Production	Unit Sales	Inventory Level
June-07	333.1	436.8	977.8
June-08 (r)	312.0	406.3	791.2
July-07	344.4	416.1	884.4
July-08	389.8	369.9	738.7

Source: Bureau of Economic Analysis (r) = revised

Gross Domestic Product

Q2-07 (r)	4.8%
Q3-07 (r)	4.8%
Q4-07	-0.2%
Q1-08	0.9%
Q2-08 (r)	3.3%

Source: Bureau of Economic Analysis Percent change from prior qtr. (r) = revised

Consumer Confidence Index

Apr-08	62.8
May-08	58.1
Jun-08	51.0
Jul-08	51.9
Aug-08 (p)	56.9

Source: The Conference Board 1985 = 100 (p) = preliminary (r) = revised

