

Tourism News

Phoenix Metro Overall Occupancy Level	
May 2011	55.4
May 2010	52.1
Y-Y Change	+3.3 pts

Source: Smith Travel

PHX Sky Harbor Traffic Passenger Boardings	
April 2011	3,443,988
April 2010	3,305,001
Y-Y Change	+4.2%

Source: Phoenix Sky Harbor International Airport

Arizona Economy

“Arizona’s economy shows evidence that it has finally entered the recovery stage, but serious headwinds will restrain progress. Only in the past few months has evidence begun to appear that the recovery has finally arrived.”

-- Marshall Vest

Increased seasonally adjusted retail sales, strong auto sales, improving initial unemployment claims and incredible housing affordability are all signs that point towards the improvements that the local economy has already been experiencing.

Source: University of Arizona Eller College of Management

Unemployment

Phoenix Unemployment	
May 2011	8.5%
May 2010	9.3%
Y-Y Change	-0.8 pts

Average monthly initial unemployment claims in Arizona continue to improve. In May 2011, initial claims declined by 10% to last year and 9% YTD.

Employment

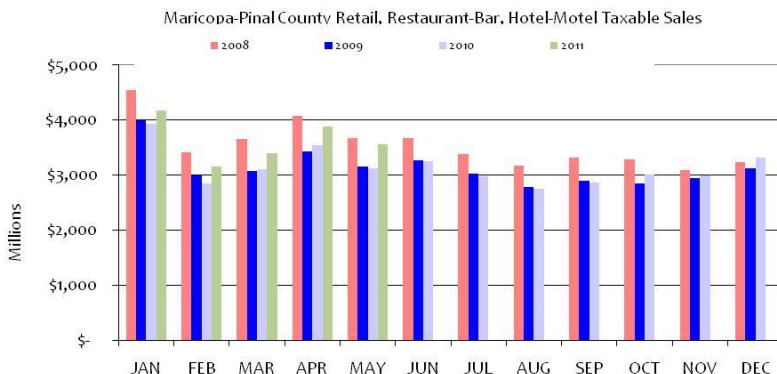
Total PHX Non-farm Payroll Employment	
May 2011	1,714,200
May 2010	1,708,100
Y-Y Change	0.4%

In May, Phoenix metro non-farm employment levels increased, adding 6,100 positions, or 0.4%, to payrolls over last year.

Phoenix metro employment gains were lead by Health Care (+10,100) followed by Accommodation and Food Services (+6,600), Education Services (+3,200), Wholesale Trade (+2,400), Transportation and Warehousing (+2,100), Manufacturing (+1,700), Real Estate and Rental and Leasing (+1,200), Financial Activities (+900) and Retail Trade (+900).

Source: Arizona Department of Commerce

Maricopa-Pinal Retail, Restaurant-Bar, Hotel-Motel Taxable Sales



May 2011, Maricopa-Pinal County total retail, restaurant-bar and hotel-motel taxable sales were up 9.5% from the previous year, and up 7.3% on a year-to-date basis.

Restaurant-Bar taxable sales in May 2011 increased by 7.3% compared to the prior year and 5.6% on a year-to-date basis. Retail sales reported a 15.7% increase to 2010 and 10.8% on a year-to-date basis.

Source: Arizona Department of Revenue (includes restaurant-bars, hotel-motels, wholesale, motor vehicle dealers, misc. automotive, furniture & furnishings, building hardware, food & liquor stores, misc retail, clothing/accessories, and general merchandise; Phoenix Business Journal

PHOENIX MARKET ALERT

Arizona Business News

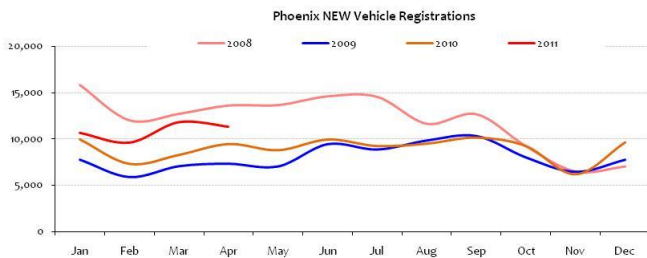
- Orange Leaf Yogurt opened their latest self-serve yogurt shop in Ahwatukee, the Valley's sixth location.
- Tucson-based Cyracom, a provider of over-the-phone interpretation services for Healthcare, is opening a call center in Phoenix. Currently Cyracom also operates out of Las Cruces, New Mexico.
- Manufacturer, Phoenix Packaging Operations, LLC, a subsidiary of Grupo Phoenix from Bogota Colombia, has signed a lease for 104,000 square feet and will create 100 jobs in Chandler.
- Downtown Phoenix development, Cityscape welcomed Oakville Grocery recently and has added 45 employees to payroll.

Source: azcentral.com, The Phoenix Business Journal

Automotive

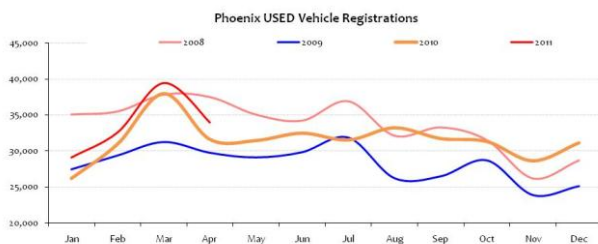
New Auto Market

Phoenix new vehicle registrations were up 19.7% in April 2011– 11,327 compared to 9,459 in April 2010.



Used Auto Market

Phoenix used vehicle registrations were up 7.4% in April 2011– 33,969 compared to 31,627 last year.



Source: Polk

National Housing

Existing-home sales declined in May by 3.8%. Total housing inventory at the end of May fell marginally by 1.1% to 3.72 million homes, representing a 9.3-month supply.

The national median existing-home price for all housing types was \$166,500 in May – 4.6% lower than a year ago. Distressed homes – typically sold at a discount of about 20% – accounted for 31% of sales in May, down from 37% in March; they were 31% in May 2010.

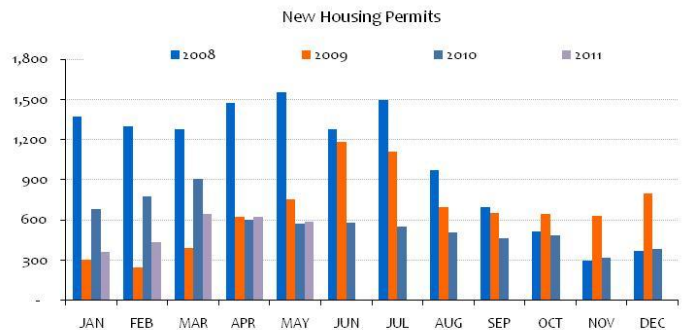
Existing-home sales in the West were unchanged at an annual pace of 1.17 million in May but are 10.0% lower than a year ago. The median price in the West was \$192,300, which is 12.6% below May 2010

Source: National Association of Realtors, Realtor.org; The West includes, AK, AZ, CA, HI, ID, MT, NV, NM, OR, UT, WA, WY

Phoenix Housing

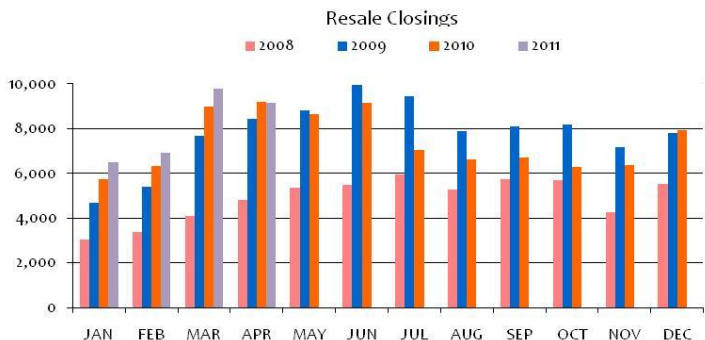
New Home Permits

New home permits for May 2011 totaled 589; a 6% decrease from the previous month, however an increase of 3.2% from the same period last year.



Resale Closings

Resale closings were 9,086 in May 2011; up 4.9% from the same period last year. Foreclosures represent 42% of resale home sales.



Source: RL Brown June 2011, Hanley Wood Market Intelligence