

## Business Community’s Outlook Up Slightly Looking To End of Summer

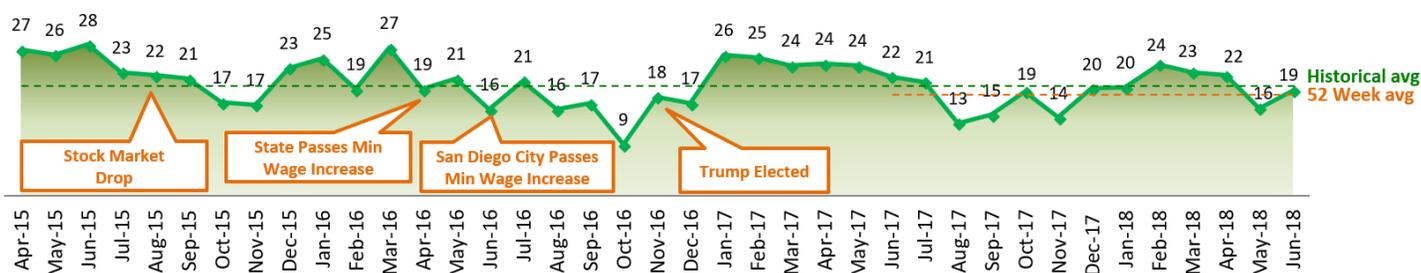
*No change in annual measure of government friendliness and those considering a move from the county*

### HIGHLIGHTS

- With a BOI of 19.1, optimism within San Diego’s business community continues
- Mid- to large companies are solidly positive
- Transportation/automotive firms are humming
- 60% view their local government as business-friendly
- Only 8% of companies are considering leaving San Diego for greener pastures

Business confidence in San Diego County remains upbeat with the Business Outlook Index (BOI) at a solid 19.1, up just slightly from last month’s 15.9 in this month’s Business Forecast sponsored by CalPrivate Bank. Expectations about all four metrics of the index—the number of employees, revenue, hours offered to workers, and business conditions—are holding steady. The Business Forecast is a forward-looking assessment of where our region’s economy is headed in the next three-months.

**Business Outlook Index Over Time**



The optimism seen this month is driven by mid- to large firms that post bright outlooks for hiring, revenue and business conditions in the coming months. Expectations from smaller firms, on the other hand, have not kept pace on these metrics. Sensing an uptick in summer business, transportation/automotive firms are cheerful with a BOI of 34 and optimistic about adding staff in the near term.

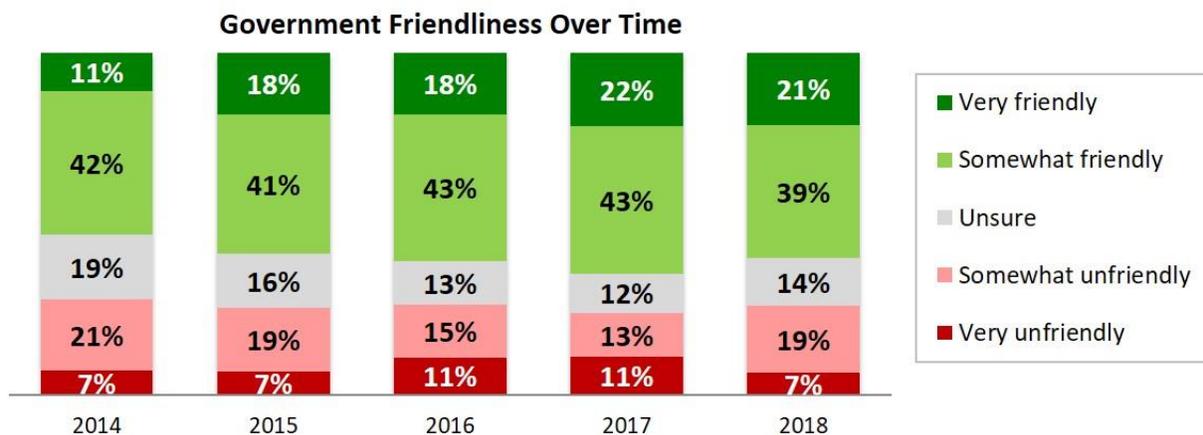
This is the fourth consecutive month that staffing is the top concern, with 7 percent of respondents prioritizing the issue. One business owner told us, "I am the owner of several quick-service restaurants. We are quite busy, which is nice. But we are starting to have staffing issues all over San Diego County." Another in the development/construction sector lamented about losing out on new, young workers and explained the issue is

"skilled labor. We're a general contractor and there's not enough kids coming in. They are all going into computers."

Government regulations—another top concern in recent months—comes in second, with 5 percent of businesses citing this as their primary challenge. The concern is with both state and local governments. One respondent in the insurance industry explained: "the continuing legislation and the attempted control of all financial services of government is making it miserable and more difficult to remain competitive," while another in hospitality/restaurants simply opined about "everything coming out of Sacramento." Locally, one respondent in advertising/promotions highlighted the burden of city regulations by telling us, "cities' permits; obtaining permits always is tedious, long, and expensive," and went on to say that "permits impact the business' ability to open the doors."

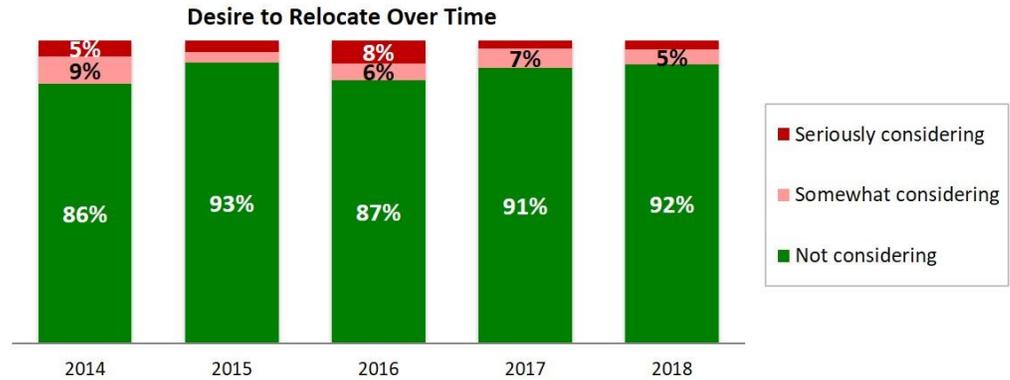
Changes in the political climate, competition, and tax or fee increases comprise a second tier of issues, followed by less frequently mentioned concerns.

This month's Forecast also took the annual measurement of perceived business-friendliness of local government and whether firms are considering moving out of the county. The results for friendliness are consistent with the previous three years in showing that 60 percent view government favorably, with 21 percent saying the climate is very friendly. The historic low point was 2014 when only 11 percent believed local government was very friendly. On the other end of the scale, this year only 7 percent say local government is very unfriendly, though this is just nominally lower than the 11 percent who felt the same last year. Overall, the San Diego County business community views local government as friendly toward businesses, a trend that has held steady since 2015.



Where a business is located impacts attitudes on business climate. Only 5 percent of northern San Diego city firms see their local government as very friendly, lagging behind other areas of the County. That's not to say north city businesspeople are up in arms. Half of firms in that area still view their government as friendly, but feelings are much less intense. Businesses in the north inland region – Bonsall, Valley Center, San Marcos, Vista, Escondido, and Poway – view their local government as friendlier than those in other locales. The south county suburbs – Chula Vista, National City, Imperial Beach and southern San Diego enclaves of Otay Mesa and San Ysidro – express the most polarized opinions: while 37 percent see government as very friendly, one-in-six in that area say government is very unfriendly.

This year, 8 percent of businesses are considering moving at least a portion of their company out of San Diego County, with 3 percent seriously considering such a move. In total, that means roughly 24,000



businesses are thinking about relocating. The desire to move remains on the low side compared to some previous years when it reached double digits. However, the business environment is dynamic and the relatively low desire to leave the County could reflect that those most desirous of leaving have already moved out.

By industry, retail firms are more likely to seriously consider relocating, followed by manufacturing firms, advertising/promotions, and healthcare/medical firms. Industries such as real estate and business consulting, because they are more geographically tied to the area, are not considering a move.

**About the Business Forecast**

The San Diego County Business Forecast, sponsored by [CalPrivate Bank](#), is a scientific look at where our region's economy is headed. The survey for this month's installment was fielded June 18-27, 2018 by [Competitive Edge Research & Communication](#) using responses from 201 randomly selected members of the San Diego, East County, Alpine, Escondido, Lakeside, Vista, Santee, Encinitas and National City Chambers of Commerce. One-third of the members were invited to complete the survey online. Those members who initially did not respond were invited to complete the survey over the phone.

The Business Outlook Index™ (BOI) is comprised of four self-reported assessments regarding the next three months: Will a respondent's business increase or decrease its number of employees, experience an increase or a decrease in revenue, increase or decrease the number of hours its employees work, and experience an improvement or a worsening of business conditions. For each assessment, definite and positive responses are scored 100, probable and positive responses are scored 50, neutral responses are scored 0, probable and negative responses are scored -50 and definite and negative responses are scored -100. The scores are summed and divided by 4 to get a range for the BOI of -100 to +100, with zero being a neutral outlook. Visit <http://sdchamber.org/businessforecast> to see past Business Forecasts.

**About CalPrivate Bank and Private Bancorp of America, Inc.**

Private Bancorp of America, Inc. (OTCQX:PBAM), is the holding company for CalPrivate Bank, the new name for San Diego Private Bank. CalPrivate Bank provides a Distinctly Different banking experience through unparalleled service and creative funding solutions to high net worth individuals, professionals, locally owned businesses and real estate entrepreneurs. Clients are serviced by experienced personal bankers through offices in Coronado, San Diego, La Jolla, Beverly Hills and Newport Beach as well as efficient electronic banking offerings. The Bank also offers various portfolio and government guaranteed lending programs, including SBA and cross-border Export-Import Bank programs. CalPrivate Bank is a SBA Preferred Lender and provides a full array of sophisticated treasury management and deposit products. [www.calprivate.bank](http://www.calprivate.bank) Please contact Paul Azzi, EVP and Market President at [Paul@calprivate.bank](mailto:Paul@calprivate.bank) to discuss your financial service needs.

**About the Encinitas Chamber of Commerce**

*The Encinitas Chamber has been powering the business community in Encinitas for over 50 years. We are the gateway to local networking and community events. We hope you have enjoyed reading the San Diego Business Forecast. For more information about our Chamber, send us an email or give us a call at (760) 753-6041.*