



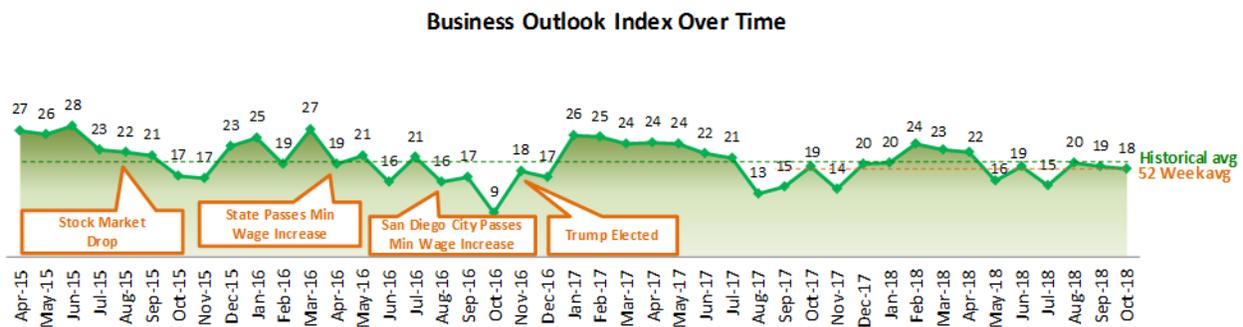
SAN DIEGO'S BUSINESS COMMUNITY IS CHEERY THROUGH HOLIDAY SEASON

Flexible schedules most frequent employer-offered solution to help alleviate employee commute time issues

HIGHLIGHTS:

- Business outlook remains good, with a BOI score of 18.4
- All four metrics of the index continue to hold steady
- Retail firms are upbeat, while financial and manufacturing firms have dipped
- 27 percent of local companies find commute times a problem
- When commute times are a problem, offering flexible schedules is the main solution

The Business Outlook Index (BOI) in this month's San Diego County Business Forecast sponsored by CalPrivate Bank, sits in healthy territory at 18.4, unchanged from the previous month. The index ranges from -100 to +100 with zero being neutral.



While the outlook remains positive and all metrics are holding steady, a close examination of the BOI's four components reveals slight cracks forming in the county's economic foundation. Six percent of firms report they'll reduce their number of employees in the next three months, which is higher than we've seen during the past year. Eight percent believe their revenues will decrease, which is on the high side. And, 14 percent believe business conditions will worsen, which is also higher than observed at any time in 2018. Overall expectations remain steady and positive, but these negative blips may point to decreased optimism ahead.

Retail firms have gained optimism since last month, increasing from a BOI of 11 to a very positive 38. Fewer in this industry are concerned about competition since last month, and they are more upbeat about hiring, work hours, and revenue as they look to the holiday shopping season. Maintenance firms are down to 9 points from 31 last month because they are less optimistic about hours they'll offer to workers, revenue and business conditions. Financial firms also trended down. They sat at a healthy 28 last month, but dropped by half due to decreased expectations about industry conditions, with several concerned about government regulations at

the state level and tax reform. Further, manufacturing/fabrication firms are in negative territory and are down from the previous two months led by less optimism about revenue and hiring.

Government regulations are the top challenging issue for 13 percent of businesses, taking the top spot for the fourth consecutive month. Concerns include a general dislike of government, inhibitive regulations, specific policies that affect one's own business, and taxes.

Worries about "rising interest rates" are mentioned by 4 percent, making their first appearance as a new concern. Together with other issues such as increasing costs of gas and electric and raw materials, rising costs are a concern for 7 percent within the business community. A respondent in the manufacturing/fabrication sector shared that "pricing of raw materials" is an issue and another in advertising/promotions is focused on "print costs" rising.

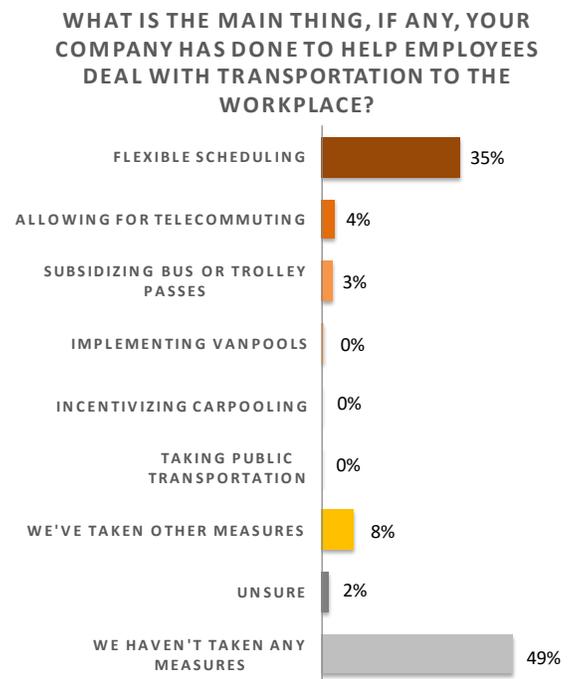
Tariffs are a top-of-mind concern for 3 percent. One person in development/construction explains, "tariffs affecting cost of products" are worrisome, while in advertising/promotions one concern is that "we have a lot of products that come from China so we will probably lose a lot of business after the first of the year from the 25 percent tariff increase." Competition also comes in at 3 percent, as well as staffing issues in which a main focus is finding "qualified," "good," or "competent" workers.

This month, we asked how much of a problem commute times are when it comes to attracting and retaining employees. We asked this question differently depending on the size of the company. For micro firms (where the owner is the only employee) we asked only about their personal commutes. How long it takes to get to work is generally not a serious problem for San Diego County businesses. About three-quarters rate it at most a minor problem while 27 percent are affected by long commutes.

We also asked about what employers have done, if anything, to help employees deal with transportation to the workplace. Company size matters most here, as only 31 percent of micro firms have taken measures to reduce commute times, but 56 percent of their larger counterparts have.

For companies that do take measures, offering flexible scheduling is by far the most frequent solution, as more than one-third of companies implement such policies. Company size is again the main factor, with larger firms more likely to offer this option. Having more employees typically means more variability in distances traveled to work and a greater need to accommodate travel times via such polices as flexible work schedules.

Another key factor influencing whether companies offer flexible schedules is industry type. Real estate and business consulting firms offer flexible scheduling less often. Instead, real estate firms have opted for other solutions such as telecommuting. Allowing for telecommuting is the main approach for 4 percent of businesses, but 11 percent of real estate firms are trying that approach.



Commute times vary by industry and are a very serious or major concern for 24 percent of business consulting firms. Despite business consulting firms experiencing more commute time problems than any other industry, companies in this field typically haven't taken any measures to address the issue.

Subsidizing a bus or trolley pass is the preferred solution for 3 percent, only 1 percent implement vanpools and no companies in our survey incentivize carpooling. Another 8 percent have taken other measures to address commute times.

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 October 15-29, 2018 by [Competitive Edge Research & Communication](#) using responses from 200 randomly-selected members of the San Diego, East County, Alpine, Escondido, Lakeside, Vista, Santee, Encinitas, National City, and Coronado 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 Please contact Paul Azzi, EVP and Market President at 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.