

BUSINESS COMMUNITY’S OPTIMISM LUKEWARM FOR START OF 2019

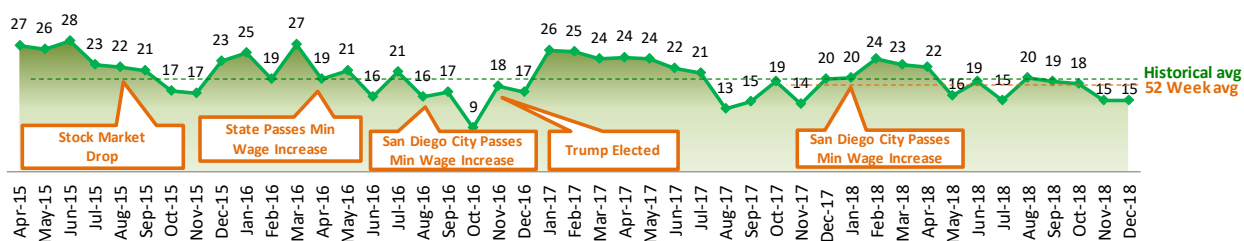
Nearly half of county businesses say child care benefits are at least somewhat helpful to the bottom line, yet they are rarely offered

Highlights:

- At 14.9, the Business Outlook Index continues its stay in positive territory
- Downturn in business conditions compared to the previous three months
- Finance and maintenance firms are upbeat; hospitality/restaurants are down
- Larger firms view childcare options as more helpful than smaller firms
- 81 percent of companies have not considered offering childcare benefits for parent employees

Forecast: The CalPrivate Bank-sponsored San Diego County Business Forecast shows the Business Outlook Index (BOI) finishing the year somewhat upbeat at 14.9 and unchanged since November. The business community is marginally less optimistic than it was this time last year and significantly less optimistic than it has been historically. Expectations about hiring and hours offered to workers have held steady throughout 2018. However, optimism about revenue is down and the short-term outlook about business conditions is even less enthusiastic, slipping significantly from the previous three-month average.

Business Outlook Index Over Time

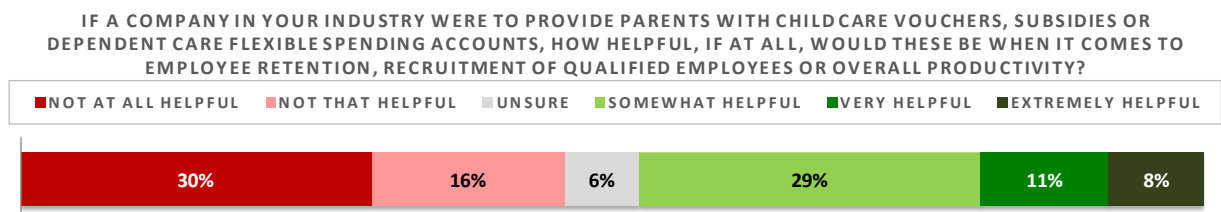


San Diego’s financial sector constitutes a particularly bright spot. It boasts a December BOI of 41, which is improved from its prior three-month average of 19. Maintenance firms are also upbeat, with a BOI of 36 due to high expectations about hours they’ll offer their workers and industry business conditions. As in 2017, hospitality/restaurants started strong in the first half of the year in anticipation of tourist season, then dipped in the third and fourth quarters.

Micro firms (where the owner is the only employee) enjoy their highest BOI of 2018 at 25. A significant increase from the previous three months, it’s only the second time this year these firms surpassed their large 50+ employee counterparts. Large firms dropped from 25 to 12 in the same time period due to lower expectations about business conditions.

Government regulations are again the business community's top new challenge. New legislative and regulatory changes that went into effect at the beginning of 2019 are mentioned across industries. Staffing is a larger concern than it was in November. Several in the development/construction sector are struggling to find "skilled and certified labor" or "good people" to hire, and one person in finance reports a "tightening labor market." Competition is a concern for 5 percent, and several are worried about competitors horning in on their territory.

This month we asked how helpful offering child care would be to promote employee retention, recruitment of qualified employees, or overall productivity. Specifically, the question is whether providing parents with child care vouchers, subsidies or dependent care flexible spending accounts helps an industry's bottom line. Responses are pretty evenly split between with 46 percent who say it would not be helpful to provide such child care options and 48 percent who say it is at least somewhat helpful, 19 percent of which see doing so as very or extremely helpful.



Larger firms view child care options as more helpful than smaller firms, likely because they rely on more employees, some of whom are undoubtedly parents. Nearly one-third of companies with 10 or more workers believe providing child care options is at least very helpful. The remaining large firms are relatively split between seeing the options as somewhat, not too, or not helpful at all. Even among San Diego's larger firms, there is no consensus as to the efficacy of parent-friendly policies. While 14 percent of companies with five to nine staff members say child care offerings are very or extremely helpful, half see them as unhelpful. The smallest firms with fewer than five employees are least convinced, as only 8 percent see child care options as very or extremely helpful. More than half of them see the efforts as unhelpful, 47 percent of whom see child care options as not at all helpful.

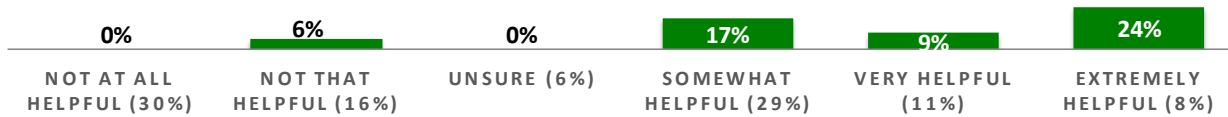
We also asked about providing child care benefits and whether one's company has considered offering on-site child care or child care vouchers, subsidies, or dependent care flexible spending accounts. Offering such child care options is relatively rare among San Diego businesses, as 81 percent of companies have not considered offering such benefits and only 8 percent currently provide them.

Whether a company provides child care options depends most on company size, with larger firms more able to sustain the additional costs of offering these types of programs. One in five firms with 33 or more employees provide child care options. Still, 81 percent of these bigger companies do not offer the benefits. Some firms with five to 32 employees participate, but this only amounts to 8 percent, and none of the smaller firms provide such child care benefits.

A company's views on the value of child care tend to correlate with whether they provide the benefits, however, results are a bit mixed even for those who find them helpful. Approximately one-quarter of companies who believe providing child care benefits is extremely helpful for employee retention, recruitment and productivity provide such options. This drops to 9 percent for those who believe they are very helpful, but increases to 17 percent for those who say child care programs are somewhat helpful. While companies that

don't believe the options are at all helpful do not participate, concluding that "increasing perceived helpfulness will lead to increased provision of the benefits" is only partly correct.

COMPANY PROVIDES CHILDCARE BY HELPFULNESS OF CHILDCARE PROGRAMS



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 December 13-20, 2018 by [Competitive Edge Research & Communication](#) using responses from 202 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.