



March 2019

BUSINESS COMMUNITY’S SPRING OUTLOOK IS SUNNY

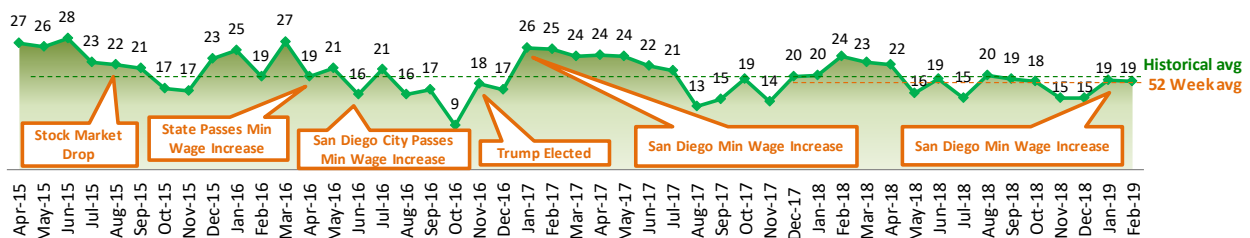
Many San Diego County businesses see freelancers as integral to success, with providing access to specialized skills the most common benefit

HIGHLIGHTS:

- The Business Outlook Index remains solidly positive with a score of 18.6
- Printing/design and hospitality/restaurants are emerging bright spots
- 65% of San Diego County businesses employ independent contractors/freelancers
- A huge 88% of firms that employ freelancers believe they are important to their company’s success
- One-third of all companies say the main benefit of hiring freelancers is access to specialized skills

The business community remains comfortably optimistic in this month’s San Diego County Business Forecast sponsored by CalPrivate Bank with a Business Outlook Index (BOI) score of 18.6. The BOI runs from +100 to -100, with zero indicating a completely neutral outlook. All four components of the index—expectations about hiring, hours offered to workers, revenue, and business conditions—are holding steady compared to the previous three months.

Business Outlook Index Over Time

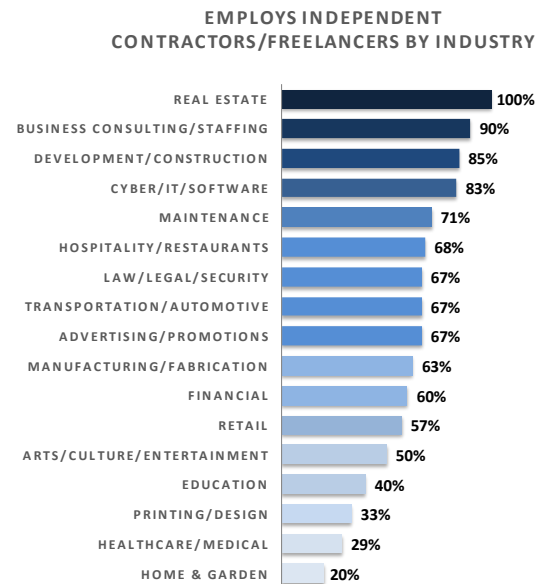


Printing/design companies post an outstanding BOI score of 51, up from 23 last month and improved since a year ago. These companies are upbeat about hiring, hours they expect to offer their workers, and business conditions. Hospitality/restaurants have been less optimistic since last year, but are more optimistic in the short-term going from a score of 6 in January to 25 this month due to cheerful expectations about hiring as spring approaches. Retail firms dipped from 29 to 1 since last month, however, due to less optimism about business conditions in their industry. Large firms with more than 50 employees are more optimistic this month than their smaller counterparts about hiring.

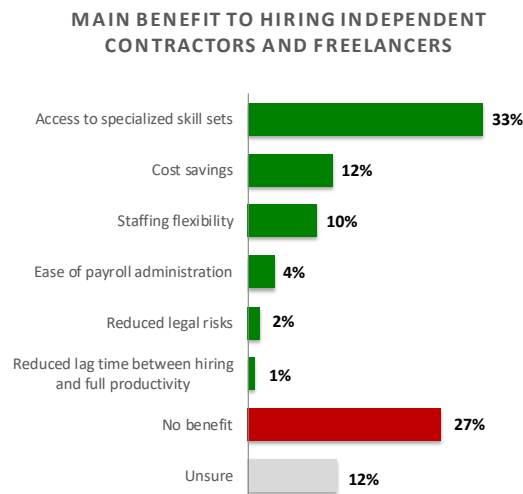
Government regulations top the list of new and challenging issues for the eighth consecutive month, with 10 percent of businesspeople citing this as their main concern. Among those in the legal field challenges include regulatory “*uncertainty*” and “*keeping up with federal regulatory requirements.*” Reflecting similar sentiment, one person in the financial sector lamented about “*more bureaucracy,*” and another mentioned “*new law changes.*” Other concerns expressed across industries include “*overregulation*” and government “*overreach.*”

Staffing issues are a challenge for 6 percent of businesspeople, marking the fourth straight month this registers as the second-most mentioned issue. One person in the transportation/automotive industry shared there are “*no young technicians,*” while another in the legal field told us, “*we need attorneys.*” Five percent are concerned about changes in the political climate and the increased minimum wage is a concern for 4 percent.

This month we asked local businesspeople about hiring independent contractors and freelancers, a topic that has gained traction recently as state legislators aim to codify a California Supreme Court ruling that set a new legal standard for worker classification. A hefty 65 percent of San Diego County companies rely on these professionals, but not all industries do so to the same degree. Segments most reliant on independent contractors and freelancers include real estate, business consulting, development/construction, and cyber/IT, while only 29 percent in healthcare and 20 percent in home/garden do so.



Gaining access to specialized skillsets is by far the benefit mentioned most often, as one-third of firms believe this is the main advantage of bringing on independent contractors and freelancers. Twelve percent of businesspeople say the main benefit is cost savings, while 10 percent say flexibility. Ease of payroll administration, reduced legal risks, and reduced lag time between hiring and full productivity are rarely cited as the main benefits. Overall, more than 60 percent cite a specific benefit provided by independent contractors.



We also asked how important independent contractors and freelancers are to the success of one’s company. Among companies employing these non-staff workers, an enormous 72 percent believe they are extremely or very important to their firm’s success and another 16 percent say they are somewhat important. Therefore,

contractors and freelancers are highly valuable to the local companies who use them, and only 10 percent see them as unimportant to their bottom line.

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 February 12 - 27, 2019 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.