



LOOKING TO SUMMER, COUNTY'S BUSINESS OUTLOOK REMAINS WARM

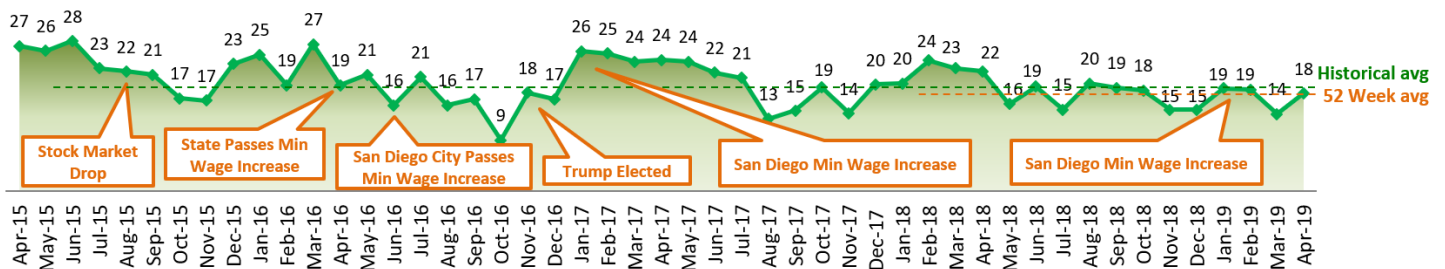
Satisfaction with millennial employees is higher when companies value their priorities

Highlights:

- The Business Outlook Index is solidly positive, with a score of 17.9
- Development/construction and advertising/promotions are bright spots
- East County firms are less optimistic than companies in other areas
- More companies consider the priorities of millennial employees important than unimportant
- When millennial priorities are valued, satisfaction with these workers is higher

This month's San Diego County Business Forecast sponsored by CalPrivate Bank shows the business community is slightly more upbeat from last month posting a healthy score of 17.9 on the Business Outlook Index. This is on par with the first quarter of 2019 and marginally better than last month's BOI of 14.1. Since last month, expectations about hiring have improved, while the outlook about hours offered to workers, revenue, and business conditions are holding steady.

BUSINESS OUTLOOK INDEX OVER TIME



Development/construction firms are a bright spot, with a BOI of 38; up strongly from their previous three-month average of 18. Development firms are most upbeat about the hours they'll be offering their workers, as well as conditions within their industry. Advertising/promotions companies are also standouts, as they have rebounded to 31 after falling into negative territory at -4 in March. They are now more optimistic about hiring and revenue.

Geographically, companies located south of Interstate 8 in the City of San Diego are significantly more optimistic about hiring and revenue in the near-term. On the other hand, East County firms are less optimistic than businesses in other areas due to fewer hours they'll offer their workers and softening business conditions. East County companies have dropped into negative territory.

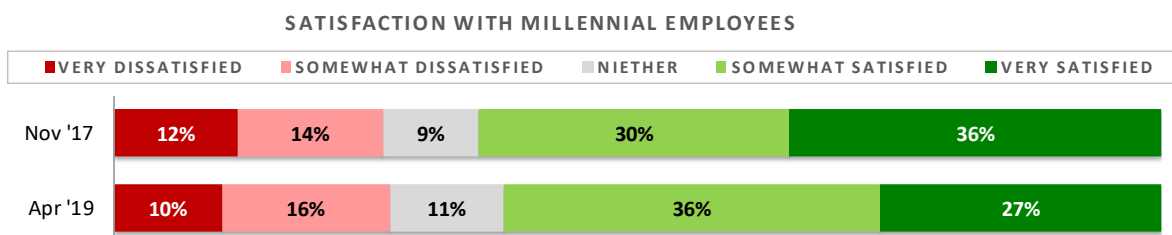
Ten percent cite government regulations as their new and challenging issue, putting it at the top for a record tenth consecutive month. Most of that concern centers on “regulations” and “laws,” as well as “changes” to current laws.

Six percent focus on staffing issues. Finding “quality” or “good” employees remains a staffing challenge, as is finding the right “expertise” or “skills” for one’s “staff.” Three percent each cite competition and the minimum wage increase. The remaining issues are minor, and those not reporting an issue reached a high 60 percent for the second straight month.

As we did in November 2017, we asked how important it is for businesses to consider the priorities and desires of millennials (workers born between 1981 and 1997 according to the Pew Research Center) in terms of employee attraction, retention, and productivity. Thirty-one percent of firms say it is important to consider millennial priorities and desires, though only 9 percent feel that’s extremely important for their business. At the same time, 31 percent say that is unimportant (15 percent “not at all important”). That leaves 33 percent in the middle, believing it is only somewhat important. The varied results show local businesses are not of one mind regarding millennials and haven’t been for at least two years. Since 2017, there has been no significant change in how San Diego businesses generally relate to millennial employees.

While the business community’s sentiment related to the younger generation of workers has not changed overall, fewer large firms see them as important now as compared to 2017. That said, larger companies continue to be more likely than small firms to cater to those born in the 80s and 90s. Thirty-nine percent of firms with 17 or more employees say it is very or extremely important to consider the needs of millennials. While a substantial portion of companies with two to 16 employees also see the needs of millennials as important, these companies are less intense about it than larger companies that, almost necessarily, employ more millennials. Micro firms (where the owner is the only employee) are less likely to consider the desires of millennials. One-person firms don’t rely on these younger workers and therefore can safely avoid catering to their needs.

The number of firms that have had experience with the millennial generation is consistent with what we found in November 2017. Among the 78 percent of firms that have experience with 22 to 38-year-olds, San Diego businesses mostly have had good experiences. More than 60 percent report satisfaction, although most of those are somewhat -- rather than very -- satisfied. On the other hand, about one-quarter have been dissatisfied with their millennials, with 10 percent being very dissatisfied. It is impossible to say how this compares to other generations, but a substantial number of firms aren’t happy with the younger generation and that hasn’t changed in two years.



The good news is that the research suggests companies can get more out of their millennial workers if the company considers their priorities. Seventy-two percent of firms who believe that is extremely important and 81 percent who see that as very important are pleased with these young employees and oftentimes very satisfied. Now, the research also shows that considering millennial needs is not a *guarantee* of satisfaction, as roughly a quarter of firms that elevate their needs are dissatisfied with their performance. Further, slightly less than half of the companies who don’t make it a practice to consider the needs of millennials are satisfied with

them. However, generally speaking, there is a clear relationship between catering to the generation and getting the most out of it.

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 April 16-30, 2019 by [Competitive Edge Research & Communication](#) using responses from 201 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. Selected members who did not respond initially 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.