



June 2019

## COUNTY'S BUSINESS OUTLOOK FOR SUMMER: SUNNY

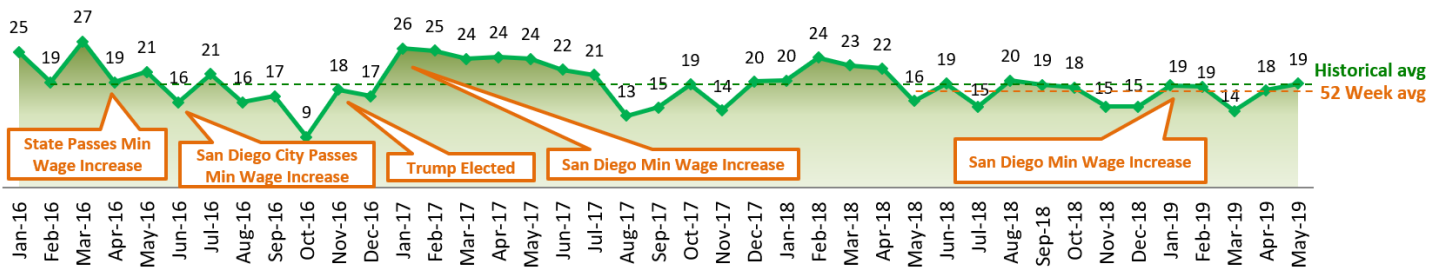
*While relatively unfamiliar with 5G tech, most local businesses see faster mobile speeds as greatest benefit*

### Highlights:

- The Business Outlook Index is healthy, with a score of 19.1
- Hospitality/restaurants and law/legal/security are very bright spots
- Large firms are more optimistic than their smaller counterparts
- Only 12 percent of county firms are very or extremely familiar with 5G
- Faster speeds on mobile devices is the most frequently anticipated benefit of 5G technology

Looking ahead through June, July, and August, San Diego County's business confidence continues to shine with a solidly positive 19.1 on the Business Outlook Index (BOI). This is on par with last month's optimism, and expectations about hiring, revenue, hours offered to workers, and business conditions are all holding steady.

BUSINESS OUTLOOK INDEX OVER TIME



Hospitality/restaurants is the standout category, boasting a BOI of 52, up from 25 last month. Law/legal/security firms are another cheerful spot with a strong BOI of 33. That's up from 17 last month due to increased optimism about hiring through the summer. Large firms with 50 or more employees are especially optimistic about hiring in the next three months. They're more hopeful on this front than smaller companies and score very well on the index at 34.

Geographically, businesses in the City of San Diego are sitting comfortably in the mid-twenties, up from 17 the previous quarter. They're positive about increasing the number of hours they'll offer their workers. However, south suburban firms are not joining in the optimism due to relatively low expectations about business conditions in the coming months. They sit in the single digits at 7.

Government regulations is the top challenging issue for a record eleventh consecutive month, with 9 percent citing this as their main concern. While issues include general frustration with "taxes" or the state or federal

government, worries about new affordable housing rules have now come into play. These concerns follow recent events in Sacramento. Despite the defeat of Proposition 10 last November, which would have expanded local governments' authority to enact rent control on residential property, the state is considering rent control legislation. Staffing is another substantial concern, with 5 percent focused on it. Difficulty finding "good" or "qualified" employees continues to be a vexing problem.

This month's topic is 5G, the next generation of cellular network technology that provides broadband access. We asked how familiar respondents are with the technology. A substantial 42 percent are unfamiliar and another 46 percent are only somewhat familiar with 5G, leaving only 12 percent very or extremely familiar. While not entirely surprising for a new technology, finding that only one-in-eight businesspeople know about 5G shows the technology is really still under-the-radar.

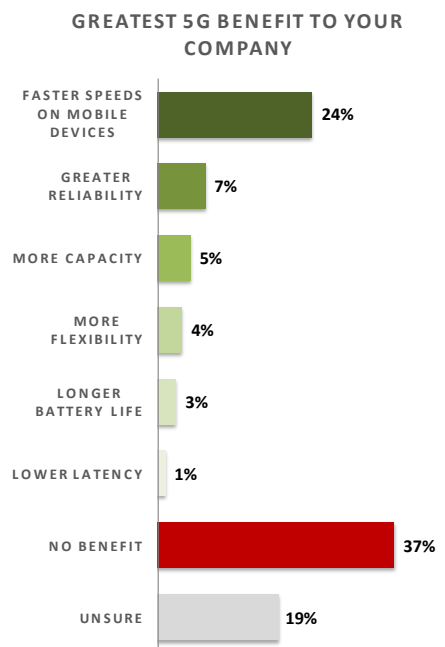
We also asked businesspeople what they think 5G's greatest benefit, if any, will be to their company. The most common anticipated benefit is that the technology will provide faster speeds on mobile devices, with 24 percent citing this advantage.

With a large amount of unfamiliarity about the new technology it's not entirely surprising to find that more than one-third (37 percent) predict 5G bringing no benefit to their company and another 19 percent are unsure what to make of the question. This means 56 percent of the business community is fuzzy, at best, on 5G's value.

As familiarity with 5G increases, folks are more likely to see its speed as its greatest advantage. Forty-two percent who are very or extremely familiar with 5G cite this benefit, as do 30 percent who are only somewhat familiar.

Other 5G benefits only make it into the single digits. Seven percent focus on greater reliability and 5 percent mention more capacity.

Businesses in the south suburbs and east county point to reliability more often, suggesting coverage is currently spottier in those areas. Firms south of Interstate-8 in the City of San Diego elevate more capacity, which suggests network traffic is currently a problem in that area. Less than 5 percent see more flexibility, longer battery life, or lower latency as the greatest 5G benefit for their company.



#### 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 May 16-31, 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](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.*