



July 2019

DECREASED OPTIMISM FOR INDUSTRY CONDITIONS GOING INTO LATE SUMMER

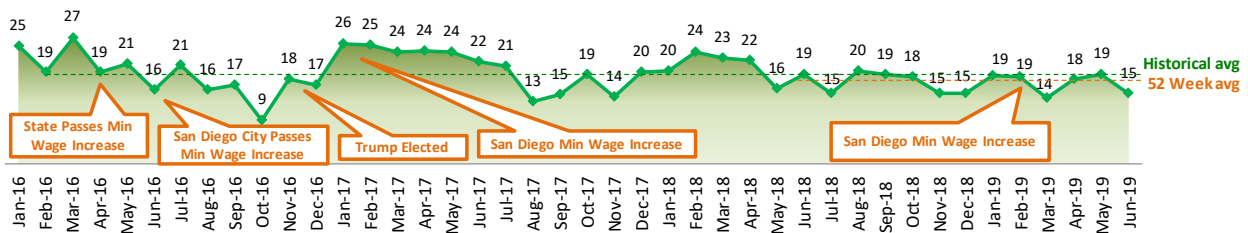
Seven percent of businesses seriously weighing leaving San Diego County, a number doubled since 2018

Highlights:

- The Business Outlook Index holds steady with a score of 14.9
- Cyber/IT and development/construction firms are bright spots
- Nearly half of businesses concerned about government regulations point to Sacramento
- 62 percent view their *local government* as business-friendly

Business confidence in San Diego County remains healthy through the summer looking to the fall, with a Business Outlook Index score of 14.9, in this month's San Diego County Business Forecast sponsored by CalPrivate Bank. While the outlook is solid, it is marginally below the 19.1 posted both this time last year and last month. Compared to May, companies are now less optimistic about business conditions within their industries, but expectations about the index's other components – hiring, hours offered to workers, and revenue – are holding steady.

BUSINESS OUTLOOK INDEX OVER TIME



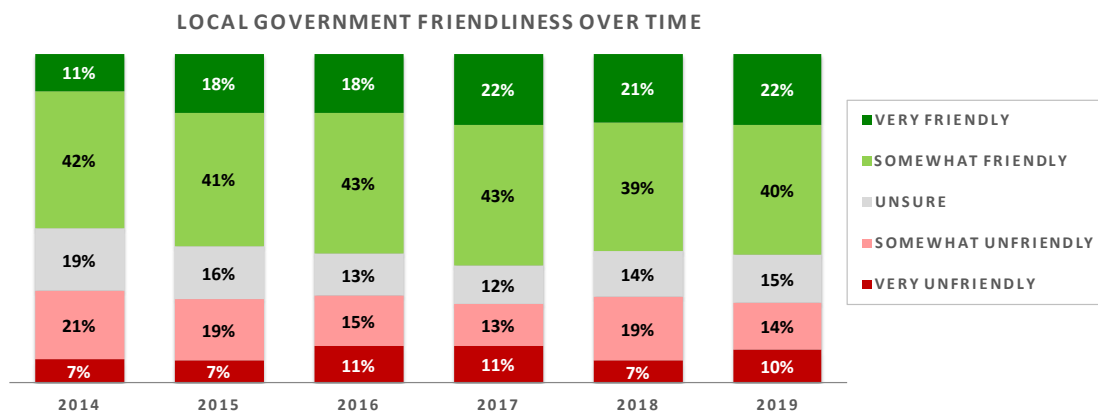
Cyber/IT firms are a bright spot this month, with a robust BOI of 34 powered by strong revenue and hiring expectations. Development/construction firms are another stand out, as they are upbeat about business conditions in their industry and score a solid 26 on the Index. However, those in the hospitality/restaurant industry were stand outs last month with a BOI of 52, but are now not as optimistic looking to the end of the summer tourism swell. Although their BOI has decreased by more than half, they remain above the overall outlook at a BOI of 22, a more regular position on the index for this industry. Business consulting firms are down about hiring and now sit at a 14. Advertising/promotions companies are not optimistic about hours offered to their workers and score a mediocre 12.

Large firms (50+ employees) were more optimistic than their smaller counterparts last month, but weakening labor expectations have brought them back to an average outlook. Medium-sized firms (11 to 49 workers) are upbeat, while small (2 to 10 workers) and micro companies (where the owner is the only employee) are least optimistic.

Now at -5 on the BOI due to low hiring and revenue expectations, east suburban firms have drifted into negative territory. City of San Diego companies are less optimistic about hours offered to workers, hiring, and business conditions than in May. Their BOI score receded from 26 to 15 now.

Government regulations remain the top new challenge for local firms. “Government,” “California,” “regulation,” and “Sacramento” are frequently mentioned, and nearly half who focus on regulation point to Sacramento as the culprit. It’s no one state policy that stands out above the rest, but rather myriad issues. Despite all the objections to state regulations, no companies specifically reference *city or county* government rules as a top concern.

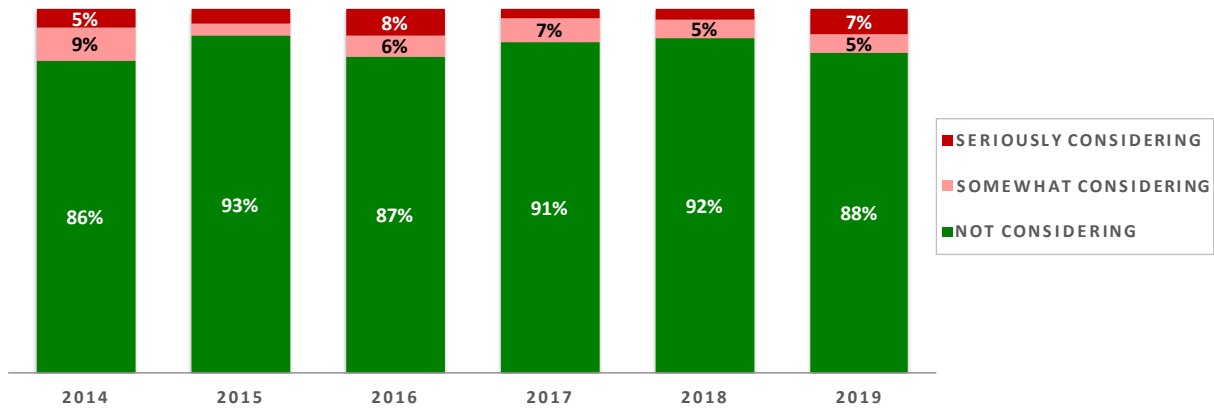
This month’s Forecast also took the annual measurement of perceived business-friendliness of local government and whether firms are considering moving out of the county. For the fifth consecutive year, about 60 percent of San Diego companies see their local government as business-friendly. Sixty-two percent of firms now believe this, which is better than the historic low point in 2014 when about half said the same. Further, 22 percent believe local government is *very* friendly toward business, which is twice as many as 2014. On the other side of the ledger, 24 percent see government as unfriendly, with 10 percent of that sentiment intense. Dissatisfaction with local government has remained low over the years and those governments have become slightly friendlier to county businesses.



Businesses facing a new challenging issue – whether the issue is governmental or not – are more likely to see local government as inhospitable. Thirty-eight percent of them believe local government is unfriendly compared to only 16 percent for firms not experiencing an issue. Government appears friendlier when challenges, in general, are fewer.

Twelve percent of businesses are considering moving at least part of their company outside of San Diego County. Those *seriously* considering relocating have shot up significantly, doubling from only 3 percent last year to 7 percent now to hit the second highest mark ever. That equates to about 26,000 businesses seriously weighing relocation. Despite friendly local governments, business conditions – possibly due to *state* actions – have eroded so that more companies are now seriously looking at breaking local ties.

RELOCATION SENTIMENT OVER TIME



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 June 17-27, 2019 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. 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.