



September 2019

## **BUSINESS OUTLOOK CONTINUES STEADY STREAK OF MODERATE OPTIMISM**

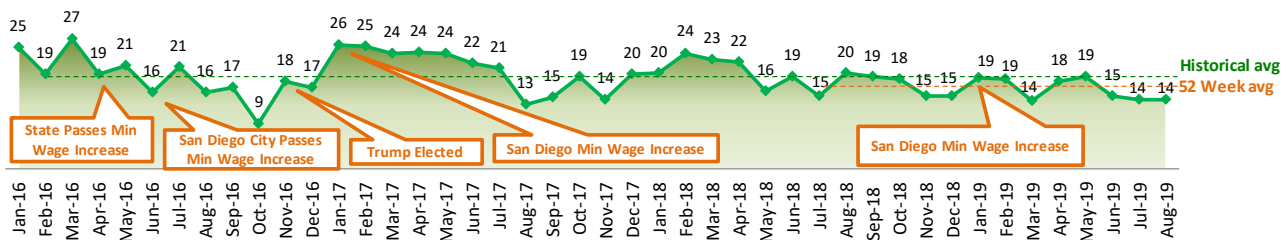
*County businesses want transportation efforts to focus on reducing traffic, improving roads to support transit*

### Highlights:

- No sign of recession locally as the Business Outlook Index posts a moderately optimistic 14.4
- Businesses in the north city are more upbeat
- Government regulations, staffing, and competition are the main challenges
- Most want regional transportation efforts to focus on reducing traffic congestion and improving roads/highways to support transit
- The business community would most support more trolleys as a specific transit mode

The San Diego County business community’s confidence remains stable with a moderately optimistic 14.4 on the Business Outlook Index (BOI). Expectations about all four components of the index—hiring, hours offered to workers, revenue, and industry conditions—are holding steady compared to last month.

BUSINESS OUTLOOK INDEX OVER TIME



Businesses located north of Interstate 8 in the City of San Diego are standouts with a strong BOI of 25, a sizeable jump from 9 last month. They are most upbeat about hours offered to workers and revenue in the coming months. East county firms are also solidly positive. However, optimism on the county’s south side is waning and, if a recession hits, it will most likely be felt south of I-8 first. With the onset of fall and cloudier days, the BOI score for north coastal businesses shows a lack of enthusiasm there as well.

Government regulations are again the top challenging issue, but at the lowest level in more than a year. Worries don’t point to any single culprit, but rather run the gamut from local to state to federal regulations. Competition and staffing are both a focus for 4 percent each. Those facing increased competition can be found in any industry, with internet sales and brick-and-mortar stores being broad concerns. Similarly, staffing concerns are not limited to one sector, with many segments of the local economy having difficulty finding “qualified” and “good” workers. New technology was not on the radar last month, but now 3 percent are feeling challenged by it. All other concerns are in the low single digits with a remarkable 70 percent reporting no new issue on the horizon.

This month's topic focuses on the ways the San Diego Metropolitan Transit System (MTS) is considering improving regional transportation. We asked local businesspeople which types of transportation programs they would most like to see implemented when thinking about companies like theirs. Sixty percent want roads or freeway improvements for transit options to be the primary focus. This includes 37 percent who would most like to see traffic congestion reduced and 23 percent who want roads and highways improved to support transit. The business community is focused on reducing the time it takes employees to get to work, which will ultimately improve their productivity.

There are, however, significant differences depending on where a business is located. Coastal businesses are much less focused on traffic and roads than their inland counterparts. Only one-third of businesspeople working along the water prioritize these programs compared to two-thirds of folks located elsewhere in the county. Because 80 percent of businesses are inland, road-centric programs capture most of the county's attention.

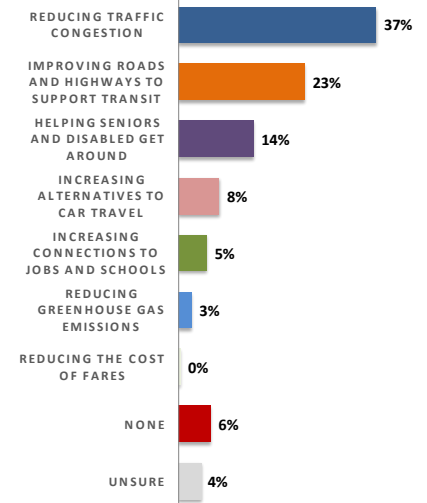
Fourteen percent would most like to see a program implemented that supports mobility for seniors and the disabled. The healthcare sector breaks with the overall trend and prefers this option over all others. Eight percent want alternatives to car travel increased and 5 percent want connections to jobs and schools increased. Focusing on reducing greenhouse gas emissions and reducing the cost of fares are unpopular in comparison. Then, 6 percent don't want any of the programs we asked about and 4 percent are unsure how to answer the question.

We also asked what transit modes businesspeople would support most and, while there is no consensus, the top choice with 30 percent is more trolleys. This is a popular choice in the south city where trolley service is most prevalent; here 42 percent are supportive. Where trolleys are absent, as in the county's north inland portion, fewer than one in 10 support more trolleys.

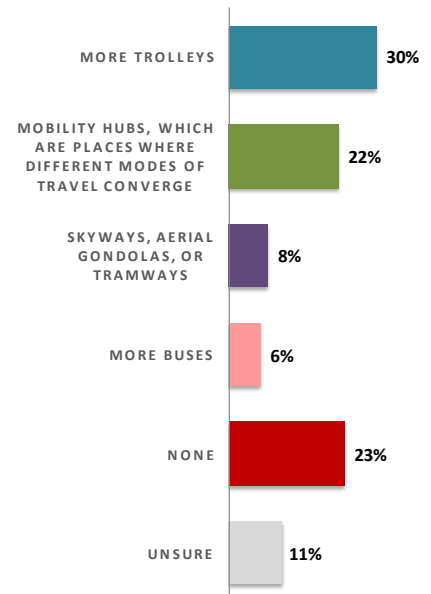
Mobility hubs are preferred by 22 percent of businesspeople. This option is most popular among San Diego city businesses north of Interstate 8, as 39 percent there would like to have mobility hubs. Skyways and more buses are less popular as just 8 percent and 6 percent, respectively, select those options.

All that said, a sizable 23 percent wouldn't support any of the transit modes we asked about. Businesspeople who work outside the City of San Diego – where there is less density – are more likely than those in the city to offer this response. And those who are focused on improving roads and highways, even to improve transit, are more likely than others to reject the modes we asked about. Rather than add transit modes, they prefer to see improvements to the roads themselves.

"THINKING OF COMPANIES LIKE YOURS, WHICH OF THE FOLLOWING TRANSPORTATION PROGRAMS, IF ANY, WOULD YOU MOST LIKE TO SEE IMPLEMENTED?"



"WHICH OF THE FOLLOWING SPECIFIC TRANSIT MODES WOULD YOU SUPPORT MOST, IF ANY?"



### **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 August 15-29, 2019 by [Competitive Edge Research & Communication](#) with 202 randomly-selected members of the San Diego, East County, Alpine, Escondido, Lakeside, Vista, Santee, Encinitas, National City, Coronado, and Carlsbad Chambers of Commerce. One-third of the members were invited to complete the survey online and over the phone.

The Business Outlook Index™ (BOI) is comprised of four self-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 industry 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 an overall 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 55 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 at [asst@encinitaschamber.com](mailto:asst@encinitaschamber.com) or give us a call at (760) 753-6041.