



Highlights

The County's Business Outlook Index™ hit a new high of +29.7, up from +29.4 in December 2013

Nearly half of firms with **50 or more employees** report plans to add employees over the next quarter

54% of businesses say **tourism, entertainment and hospitality** are the most or second most important industry to San Diego's economy

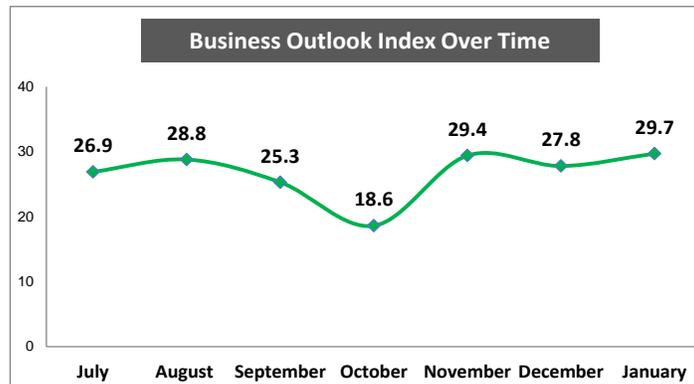
The County's Business Outlook Index™ ranked the lowest in October 2013 at +18.6

**Note: Data for this report was collected January 16-29, 2014.*

FEBRUARY'S BUSINESS OUTLOOK HITS NEW HIGH

The outlook among San Diego businesses has significantly improved since last July's launch of the San Diego County Business Forecast. With the exception of October and the federal shutdown, the trend has been one of increasing optimism.

The County's Business Outlook Index™ (BOI) hit a high of +29.7 in January, eclipsing the +29.4 registered in December 2013, showing that County businesses have maintained a fairly positive outlook for the last three months. All four components – revenue, industry conditions, number of employees and employee hours – have improved since July 2013.



The financial services industry has led the way with a steady increase, however development and construction has waned since July. Specifically on the hiring front, larger firms with more than 50 employees report a sunnier outlook than those with fewer than 50 employees. Nearly half of them say they will be adding employees in the coming three months.

This month's survey also asked business people to weigh in on how important they think different business sectors are to San Diego's regional economic prosperity. Tourism, entertainment and hospitality lead the list, with roughly 54% of business executives saying these sectors were the first or second most important industry locally.

Biotech, pharmaceutical and life science companies are regarded as the next most important industry to local prosperity. Fourteen percent say it is the top economic driver and another 25% say it is the second most important. Respondents indicated that San Diego's defense industry came in third on this list of important economic drivers.

The *San Diego Business Forecast* is sponsored by Silvergate Bank in partnership with the County of San Diego and conducted by Competitive Edge Research. The monthly report provides valuable insight into future trends of the regional business community. Learn more at www.sdchamber.org.