

BUSINESS FORECAST

November 2014

Highlights

BOI remains in healthy territory at 24.8

Downward shift in employment hours as businesses look past the holidays

Anxiety over minimum wage has dissipated

Government-related challenges at all-time low

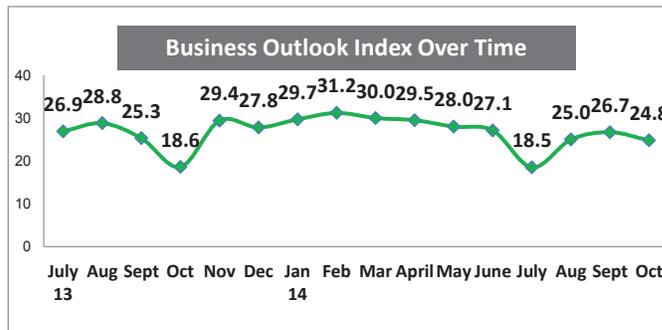
Two-thirds think Port of San Diego is vital to region's prosperity

No consensus on prioritizing the "Blue Tech" economy

Note: Data for this report was collected October 17-28, 2014.

County's Positive Business Outlook Continues for Q4, 2014

This month's Business Forecast, sponsored by Silvergate Bank, shows a positive outlook for 2014's fourth quarter with the County's Business Outlook Index™ (BOI) at 24.8. The BOI has a range of -100 to +100 with zero indicating a neutral outlook, and the 1.9 point difference between September and October is insignificant.

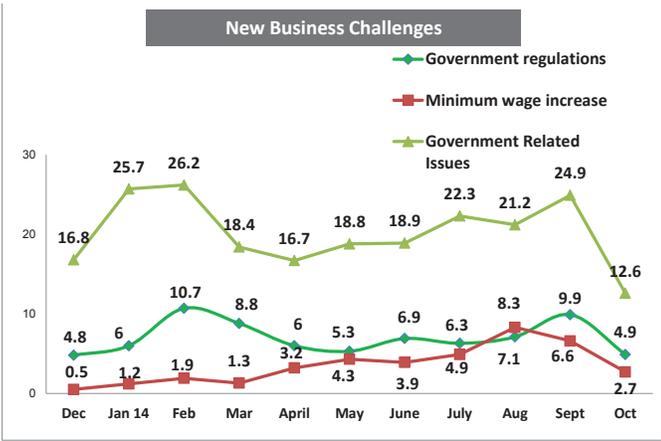


This month saw a slight downward shift in the employee hours component of the Index. Last month, 39 percent anticipated an increase in the hours they would be offering their employees and only 8 percent expected a decrease. This month only 29 percent figure they will increase their employees'

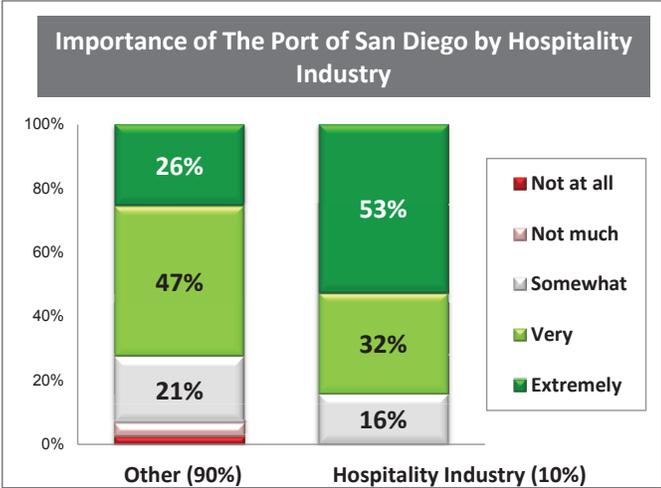
workload during the next three months and 10 percent say they will decrease hours. As business owners now start to look past the holidays, a slight downward shift in the hours available to employees can be expected.

	BOI
South City	23.3
North City	27.2
South Burbs	28.1
East Burbs	12.9
North Inland	41.1
North Coastal	40.0
East County	15.0

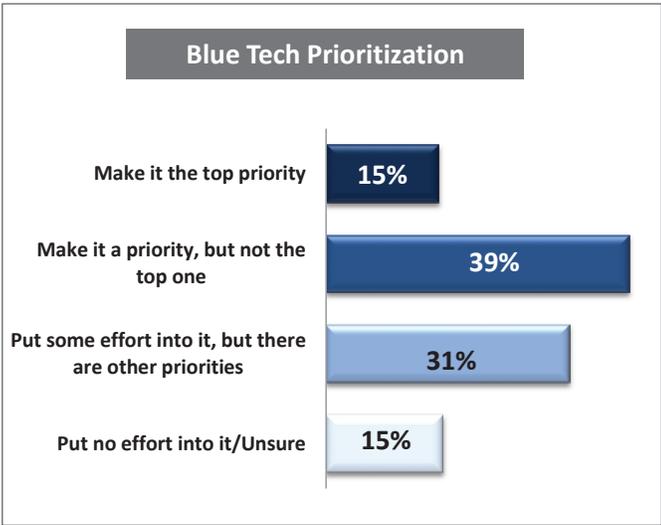
Companies based east of the city of San Diego post significantly lower BOI figures than those in the rest of the County. Businesses located in the eastern suburbs of La Mesa, El Cajon, Santee, Lakeside, and the backcountry report relatively poor BOIs. While firms in both the County's north coastal and north inland areas are bullish, mostly because they anticipate increasing their workforce in the coming three months.



Increasing the minimum wage began 2014 as a non-issue, but took over as a top concern in August. Now that focus has dissipated and concerns over government-related issues in general have also abated with only 13 percent saying government is the problem - an all-time low. The chart below shows the ebb and flow of the minimum wage increase as an issue and that very few businesses now see it as a new challenge they must overcome.



This month's survey also asked about maritime industry issues related to the Port of San Diego and "Blue Tech". When asked how important the Port is to the region's economic prosperity, two-thirds of local business people think the Port of San Diego is at least very important to the region's prosperity. The hospitality/restaurant sector places much greater emphasis on the Port as a local economic driver, valuing its ability to bring more visitors to the area.



There is little consensus within the business community when it comes to whether local officials should prioritize "Blue Tech" — the economic sector centered on maritime technology. Although 54 percent believe that local officials should make positioning San Diego as a leader in "Blue Tech" a priority, only 15 percent believe it should be the top priority. Further, 15 percent do not believe it is worth pursuing at all. Examining response by gender finds that only 8 percent of women feel it should be made a top priority and 46 percent do not see it as a priority at all. On the other hand, one-in-five men think local officials should devote a lot of effort to making the San Diego region the world leader in "Blue Tech."