



Highlights

The County's Business Outlook Index™ improves for third straight month, hitting a **new high of +31.2**

More than half of businesses predict industry conditions will improve with **23%** believing conditions will definitely improve

Words like “**regulations**” and “**taxes**” are prominent in the local San Diego business lexicon

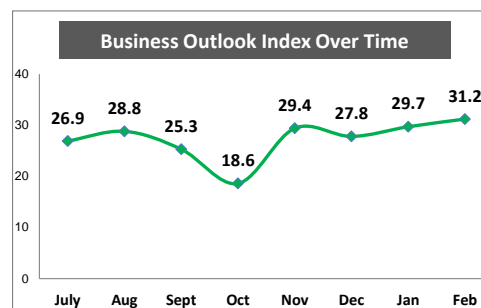
43% of firms say raising the **minimum wage** will have a negative impact on the state's economy

**Note: Data for this report was collected February 13-25, 2014.*

SAN DIEGO COUNTY'S BUSINESS OUTLOOK KEEPS IMPROVING

Since January 2013, optimism among San Diego County businesses has continued to improve hitting a new high of +31.2 in March 2013. The County's Business Outlook Index™ (BOI) has been on a roll since July 2013, only to be seriously interrupted by a dip in October 2013 related to the federal government shutdown and the rollout of the Affordable Care Act.

This month's report shows the biggest change coming from an improved outlook regarding industry business conditions. The outlook related to employment, work hours and revenue have all remained steady, but compared to the previous three months, significantly more firms now say business conditions within their industry are poised to get better. Last quarter only 58% of businesses predicted conditions in their industry would improve. This month's report shows that figure has jumped to 64%, with 23% believing conditions will definitely improve.



	Prior Quarter	Current Quarter
Business Conditions in Next 3 Months		
Definitely worsen	1%	1%
Probably worsen	6%	4%
Remain unchanged	36%	31%
Probably improve	39%	41%
Definitely improve	19%	23%

Government regulations have taken over ACA as the top spot in terms of new challenging issues facing local businesses. While ACA is still cited as a big hurdle for businesses, regulations imposed by government is getting more attention from local companies. In total, 26% of businesses see the actions of government as their biggest challenge with words like “regulations” and “taxes” in the local business lexicon.

In addition, business consulting and staffing firms have bucked the increasingly optimistic trend. The BOI in that space had been a healthy +33.6 in the previous quarter, but has now dropped to only +8.3.

This month's report also asked businesses about the impact of raising the minimum wage which varied depending on the employer's perspective. Smaller firms with fewer than seven employees see the increase as a benefit to the state's economy as opposed to firms with seven or more employees. Fifty-five percent of larger firms say the minimum wage increase will have a negative impact and only 25% see it as positively affecting on California's economy.

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. Responses are collected from San Diego Regional Chamber of Commerce and East County Chamber of Commerce businesses. Learn more at www.sdchamber.org.