

August 2014

COUNTY'S BUSINESS OUTLOOK AT LOWEST POINT

Highlights

County's Business Outlook Index™ drops to 18.5; lowest point registered

Concerns about workforce hours have biggest influence

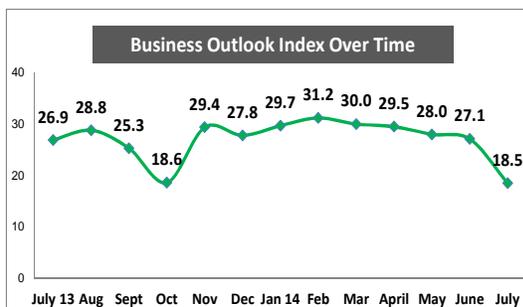
Firms seeing government challenges are far less positive

Firms feel CA headed down wrong track; San Diego on right track

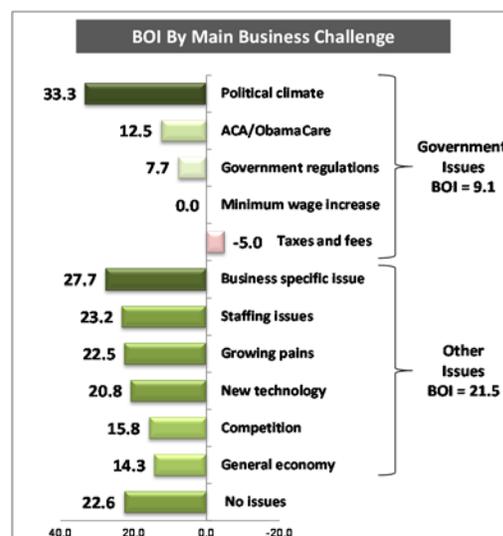
*Note: Data for this report was collected July 15-25, 2014.

The County's Business Outlook Index™ (BOI) has dropped dramatically to 18.5 - down more than eight points from last month - to the lowest BOI ever registered. Concerns mainly about workforce hours are responsible for the fallen outlook.

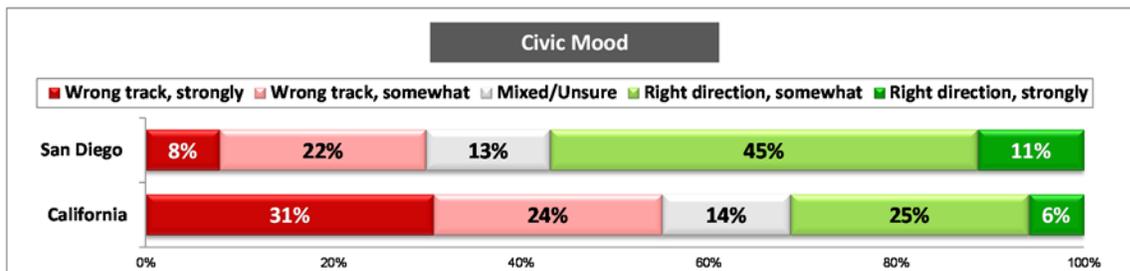
In the previous quarter, 36 percent of firms said they would add hours, but that is down to 23 percent now. Those saying they will cut back employee hours have gone from five percent previously to a current nine percent. Challenges posed by government are another significant factor driving the local business outlook lower. Firms citing issues with government have the weakest outlook. Those identifying minimum wage and taxes and fees as challenges are projecting the bleakest outlook for the next quarter. In comparison, businesspeople who report only non-governmental challenges or no new challenges at all show no inclination toward negativity.



Source: Competitive Edge Research



This month's survey also asked business owners to weigh in on the overall trend in California and San Diego. The state is widely perceived to be heading down the wrong track while the mood related to San Diego is fairly positive. More than half of those businesspeople with issues related to government *strongly* believe California is off on the wrong track; another 25 percent say the state is somewhat on the wrong track. San Diego's real estate community largely thinks things in the city are going well. Conversely, only firms that identify the minimum wage increase as their main challenge see things as going poorly in San Diego.



The *San Diego Business Forecast* is sponsored by Silvergate Bank and conducted by Competitive Edge Research. The monthly report provides valuable insight into future trends of the regional business community. Responses are collected from more than 200 local business executives from the San Diego Regional Chamber of Commerce and the East County Chamber of Commerce. Learn more at www.sdchamber.org.