

# BUSINESS FORECAST

October 2014

## Highlights

County's Business Outlook Index steady at 26.7



Outlook for work hours improves, but not associated with advance in hiring



Government regulations seen as #1 business issue; minimum wage still a sizeable concern



15% in business community have considered running for Congress

Note: Data for this report was collected September 18-29, 2014.

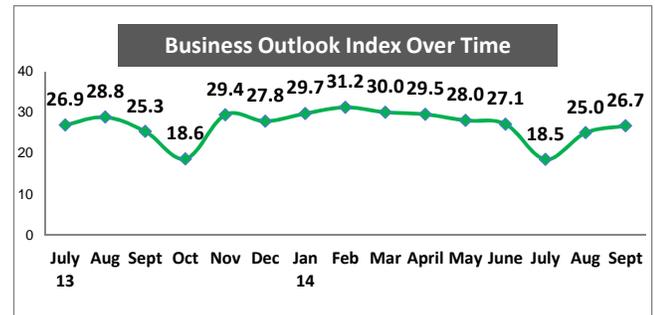
## Outlook Steady & Improved Optimism for Workforce Hours

The County's Business Outlook Index™ (BOI) has ridden its August gains to edge up slightly to 26.7 after July's serious tumble. This uptick is mainly driven by renewed optimism about increased workforce hours.

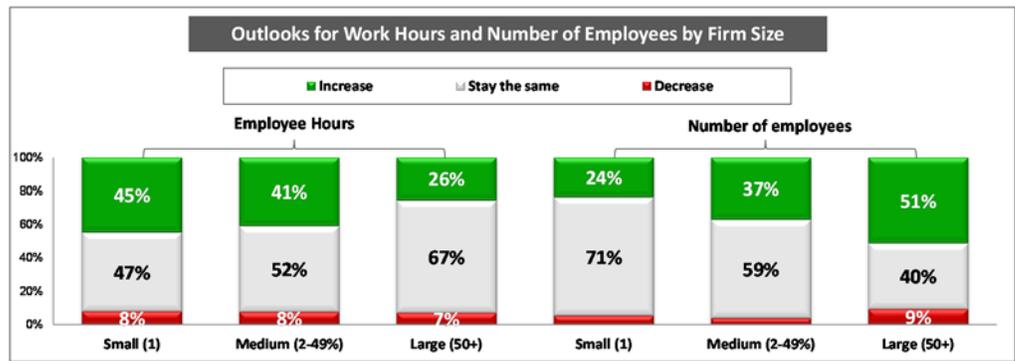
Overall, the near-term outlook is very strong for development and construction firms. That sector posts a sparkling BOI of 54.2, easily the highest we've ever measured for development companies.

Digging deeper, last month's stronger outlook for revenues sustained itself, and now 39% of firms expect to add hours for their employees during the next three months. That is a 12% improvement in one month. Development and construction companies, those in the business consulting space and firms south of Interstate 8 generally are poised to increase the number of hours worked.

However, big firms are not predicting more work hours. We find the outlook for work hours *decreases* as we move from smaller firms to larger firms (those with 50 or more employees) while the outlook for hiring *increases*.



	Business Outlook Index
Development/Construction firms	54.2
Maintenance	46.8
Business consulting services	42.9
Manufacture	39.0
Law/Legal/Security	31.2
Home/Garden	31.2
Cyber	29.5
RealEstate	29.1
Telecom	26.7
Ads/Promos	25.0
Printng/Design	25.0
Healthcare	23.2
Arts/Culture	22.7
Retail	22.7
Finance	21.2
Press Media	20.0
Beauty/Fitness	15.2
Hospitality/Retaruants	15.0
Transportation/Automotive	4.6
Education	3.7



Concerns over the City of San Diego's recently approved increase in the minimum wage continue to be hot, but concerns about government regulations have overtaken them. In response to the open-ended question "Are there any new challenging issues facing your business?" one out of every ten businesses now say that new challenge is government regulations. The word cloud shows the variety of regulations that burden local firms and that many are newly imposed by the State.



In light of the attention on the upcoming Congressional election, we also asked respondents whether they themselves have contemplated a run for Congress and 15% have, 4% seriously. Extrapolating that out to the entire business community shows that about 12,000 serious wannabe members of Congress are salted throughout local firms.

Analysis shows that the minimum wage issue may have something to do with the desire to go to Washington. A whopping 36 percent of those who say the minimum wage increase is the biggest challenge their business faces have considered a run for Congress.

