SAN DIEGO (July 17, 2015) – A year ago, a state mandated minimum wage increase had just taken effect and the City of San Diego had its own larger minimum wage increase on the horizon and talk of businesses fleeing California permeated the news. With the city increase now tabled and an improving economy, San Diego’s business outlook has become much brighter with companies feeling more confident and content to stay in San Diego County.

The current Business Outlook Index is at 27.5, up almost two points from last month and nearly ten points from the same time last year. In addition, the number of businesses considering leaving has dropped by almost half. This turnaround is partly due to the stronger BOI, but a more important factor is the perception of how business-friendly local officials are.

This month’s survey shows a wide majority of county businesses (59 percent) see their local government as friendly to business, up from 53 percent last year. Friendliness being a key indicator of a business’ potential move is illustrated in the chart below which shows 28 percent of firms who see government as “very unfriendly” are thinking about moving out of the county, 14 percent are seriously considering it. Fortunately, only 7 percent of all San Diego County businesses see local government as very unfriendly. The large majority who do not see local government as unfriendly to businesses are staying put.
“The Chamber understands that for businesses to succeed, government has to put the right policies in action and this is why we continue to bring together like-minded businesses and organizations to advocate for the issues that are critical to the business community,” said Jerry Sanders, President and CEO of the San Diego Regional Chamber of Commerce. “Looking ahead, 2016 will be a big year for politics in San Diego and we plan to continue to lead the way for business-friendly policies and candidates.”

The two core drivers of San Diego’s optimism have come from firms being more confident that conditions in their industry are improving and in the number of hours employers are offering their workers. A year ago about 9 percent of companies were cutting hours, but that’s shrunk to only 3 percent this month. Similarly, 56 percent of firms now see conditions in their industry improving. That compares favorably to the 48 percent who perceived things as getting better back in June of 2014. Only 8 percent of area companies now say business conditions will worsen over the next three months, and that is an all-time low.

“Businesses throughout the county continue to make positive gains as our economy rebounds, and by providing more hours to employees that positivity will continue to strengthen the region’s economy,” said Dino D’Auria, Executive Vice President and Chief Banking Officer at Silvergate Bank.

The hospitality sector is one industry showing a big improvement this month, mainly based on a clear expectation that the industry will offer more hours to their employees in the coming months. That industry’s BOI, which has long underperformed compared to the rest of San Diego’s economy, shot up to 48 this month with 57 percent of these types of businesses indicating they will be expand hours for their current workers. However, optimism for the BOI’s other three components is not significantly greater, so there has not been a broad turnaround for the hospitality industry. This indicates that the strong BOI is likely seasonally related and we expect the industry will revert to a below average outlook in the fall.

The business outlook has also increased significantly in San Diego’s eastern suburbs -- El Cajon, Santee, Lakeside, La Mesa, and Spring Valley -- as the BOI there went from 18 in the previous quarter to 30 currently. That’s a major turnaround for an area that is usually less than optimistic.

Silvergate Bank’s San Diego County Business Forecast is a scientific look at where our region’s economy is headed. The survey for this month’s installment was fielded June 18-30, 2015 by Competitive Edge Research using responses from 204 randomly-selected members of the San Diego, East County, Alpine, Escondido, Lakeside, Vista, Santee, and National City Chambers of Commerce.

Visit sdchamber.org/forecast to see this month’s Forecast or previous San Diego County Business Forecasts.

About The San Diego County Business Forecast
The San Diego County Business Forecast is a monthly report that compiles insights and analysis on survey responses from local business executives from the San Diego Regional, East County, Alpine, Escondido, Lakeside, Santee and Vista Chambers of Commerce. It is sponsored by Silvergate Bank and conducted by Competitive Edge Research. Non-profit organizations are excluded from the results and all members are invited to complete the survey either online or over the phone. The Business Outlook IndexTM (BOI) is comprised of four self-reported assessments regarding the next three months: Will a respondent’s business increase or decrease its number of employees, experience an increase or a decrease in revenue, increase or decrease the number of hours its employees work, and experience an improvement or a worsening of business conditions. For each assessment, definite and positive responses are scored 100, probable and positive responses are scored 50, neutral responses are scored 0, probable and negative responses are scored -50 and definite and negative responses are scored -100. The scores are summed and divided by 4 to get a range for the BOI of -100 to +100, with zero being a neutral outlook. Visit www.sdchamber.org/forecast to see past Business Forecasts.

About Silvergate Bank, Business Banking Redefined
For over 25 years, as a San Diego based community bank, Silvergate provides a rewarding banking experience where the client’s needs always come first. Our business banking experts listen to needs and work to provide customized solutions to support your
company’s growth and profit objectives. Our bankers are committed to superior responsiveness, local decision making, and the agility that allows our clients to choose the way they want to bank with us. To learn more, visit www.silvergatebank.com or contact Dino D’Auria at ddauria@silvergatebank.com.

About The San Diego Regional Chamber
The San Diego Regional Chamber is the hub for connections and collaboration among the regional business community, and uses that clout to advocate for public policies and candidates that support economic growth and the creation of jobs for all businesses. As the largest Chamber on the West Coast, representing more than 3,000 businesses and 400,000 employees, the San Diego Regional Chamber is fighting to make San Diego the most business-friendly region in California. For more information, please visit SDChamber.org or call 619-544-1300.