Optimism for County Business Outlook Continues
Business community sees San Diego Convention Center as economic driver; supports expansion

In the last quarter of 2015 the BOI was 19, well off its usual pace. Now, the Business Outlook Index (BOI) stands at 25, a significant improvement over the latter half of 2015. The increase from late 2015 to January shows the upward momentum observed in December was not a fluke.

The improvement has come mainly from a better outlook for revenue and in the number of hours employers will be offering their workers. While 45 percent of businesses were looking forward to growing revenues in the previous quarter, that figure grew to 55 percent in January. Much of this revenue optimism is driven by a strong outlook from home and garden companies.

The results for employee hours show similar improvement; last month 26 percent reported work hours would increase, compared to 37 percent reporting that this month. However, companies facing pressure from the minimum wage increase are much less likely to anticipate an increase in workforce hours. The minimum wage increase remains a major issue for 6 percent of county firms; a quarter of those companies say they will decrease the hours they offer employees.
One industry seeing a much improved outlook is hospitality and restaurants. Their meager BOI of three for the previous quarter has been replaced by a 25 this month, right in line with the county average. Time will tell if this proves to be a lasting rebound or just temporary.

Turning our attention to the San Diego Convention Center, almost all businesses consider it important to the regional economy, and 72 percent regard the Convention Center as very or extremely important. Businesses in the northern suburbs (Escondido north to the Riverside County line) are a little hesitant to label the Convention Center as extremely important. But even among them, few see it as unimportant.

When asked whether the cost associated with an expansion of the Convention Center made the project a good or bad idea, the response was overwhelmingly “good idea.” Sixty-five percent of business people think that, despite the cost, expanding the Convention Center would be a very good idea and another 25 percent call it somewhat good.

A lot of this positive sentiment flows from the perception that the Convention Center is a critical factor in the economy. As the chart shows, a very strong positive relationship exists between the perception of importance and support for expanding the Convention Center. But even those who downgrade its importance tend to think the idea has at least some merit.

The San Diego County Business Forecast, sponsored by Silvergate Bank, is a scientific look at where our region’s economy is headed. The survey for this month’s installment was fielded January 14-27, 2016 by Competitive Edge Research & Communication using responses from 201 randomly-selected members of the San Diego, East County, Alpine, Escondido, Lakeside, Vista, Santee, and National City Chambers of Commerce. All Chamber 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 http://sdchamber.org/businessforecast to see past Business Forecasts.

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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 2,500 businesses and approximately 300,000 jobs, 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.