

## Highlights

At 14.7, Business Outlook Index unchanged since hitting 2017 low last month

North Coastal region is county's only truly bright spot

40 percent of San Diego's firms believe the U.S. labor workforce will be hurt by DACA reforms

28 percent of county businesses believe reforms will negatively impact their industry locally

Education and hospitality expect to be hit very hard by visa reductions

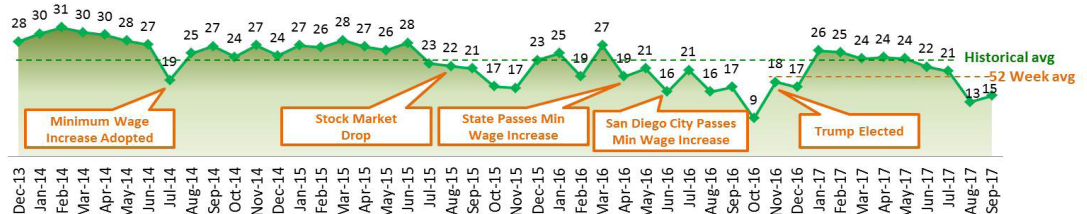
*Note: Data for this report was collected September 14-28, 2017*

## San Diego County Business Confidence Remains Moderate

Many county businesses believe ending visa programs like DACA would negatively impact U.S. workforce; only 12 percent see a positive effect

The San Diego County Business Forecast, sponsored by San Diego Private Bank, shows confidence has not significantly rebounded since last month when the Business Outlook Index (BOI) hit its lowest point of the year. The BOI stands at 14.7, which is about where it was this time last year.

Business Outlook Index Over Time



Despite lower confidence recently, expectations about revenue in the near future are good. This rosier outlook on revenue is keeping the BOI in moderately positive territory. The outlook remained steady across almost all industries since last month, so there is no evidence that faith within the broad business community is slipping further. The exceptions are development and construction companies, which fell from a BOI of 27 in the previous quarter to only 5 in September. Although still on the positive side of the ledger, optimism in this industry is close to the index's neutral position. One developer complained about state legislators saying, "Sacramento continues to work on ways to make it harder to have a business" and, in a similar vein, another cited "government intervention" as their challenge.

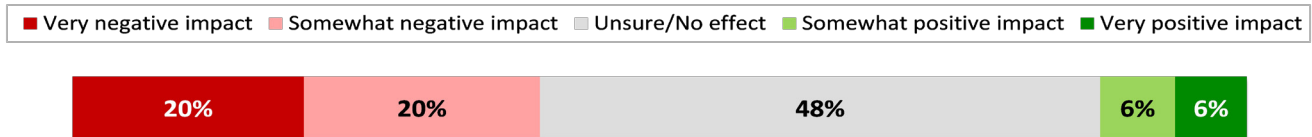
North Coastal businesses are the bright spot in the county. With a BOI of 23, most businesses there are looking forward to revenues increasing over the next three months, while enthusiasm related to income in the rest of the county is muted.

Government regulations top the list of new, challenging issues again this month, with 8 percent of businesses citing this as a concern. When problems with minimum wage increases, taxes and fees and Obamacare are included, one out of six county businesses say their challenge is coming from government.

Recently, the Trump administration announced plans to revise visa programs which would reduce the number of visas issued and potentially end programs like Deferred Action for Childhood Arrivals (DACA). This month’s survey asked county businesses whether the labor workforce in the United States would be positively or negatively impacted by such action. Forty percent of local businesses say the U.S. workforce will be harmed, with that sentiment evenly split between somewhat negative and very negative. Thirty two percent say there will be no effect and 12 percent believe the changes will help the workforce, though only 6 percent say the impact will be very positive. While 16 percent are unsure what the effects will be, far more businesses see the reforms as harmful than helpful.

*“The Federal administration is revising visa programs which would reduce the number of visas issued and potentially end programs like DACA, or the Deferred Action for Childhood Arrivals program. Will the labor workforce in the United States be positively impacted or negatively impacted by a reduction of visas or will that have no effect?”*

**DACA Impact on U.S. Workforce**



San Diego firms believe the impact of visa reforms will be less widespread when it comes to their own companies. More than half, 59 percent, believe such a policy will not affect their businesses or businesses like theirs. Five percent see the reforms as having a positive effect. However, that leaves 28 percent of the county’s businesses convinced they will yet again be harmed by a governmental change, and 10 percent see themselves being very negatively impacted.

By industry, the education and hospitality sectors are likely to be hit hardest by DACA reforms. Three-quarters of education companies and two-thirds of businesses in the hospitality/ restaurant industry believe the effect of visa reduction will hurt them and their industry. No firms in these industries expect the reforms to help them.

## About the Business Forecast

The San Diego County Business Forecast, sponsored by San Diego Private Bank, is a scientific look at where our region's economy is headed. The survey for this month's installment was fielded September 14-28, 2017 by Competitive Edge Research & Communication using responses from 208 randomly selected members of the San Diego, East County, Alpine, Escondido, Lakeside, Vista, Santee, Encinitas and National City Chambers of Commerce. One-third of the members were invited to complete the survey online. Those members who initially did not respond were invited to complete the survey over the phone.

The Business Outlook Index™ (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.

## About San Diego Private Bank and Private Bancorp of America, Inc.

Private Bancorp of America, Inc. (OTCQX:PBAM), is the holding company for San Diego Private Bank. San Diego Private Bank, provides a Distinctly Different banking experience through unparalleled service and creative funding solutions to high net worth individuals, professionals, locally owned businesses and real estate entrepreneurs. Clients are serviced by experienced personal bankers through offices in Coronado, San Diego, La Jolla, Beverly Hills and Newport Beach as well as efficient electronic banking offerings. The Bank also offers various portfolio and government guaranteed lending programs, including SBA and cross-border Export-Import Bank programs. San Diego Private Bank is a SBA Preferred Lender and provides a full array of sophisticated treasury management and deposit products. [www.sandiegoprivatebank.net](http://www.sandiegoprivatebank.net) Please contact Paul Azzi, EVP and Market President at [Paul@sandiegoprivatebank.net](mailto:Paul@sandiegoprivatebank.net) to discuss your financial service needs.

## 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 approximately 2,500 businesses and an estimated 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](http://SDChamber.org) or call 619-544-1300.