

# BUSINESS FORECAST

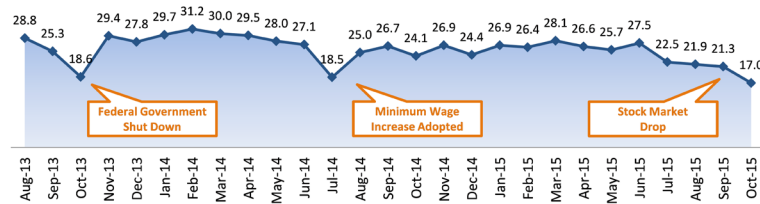
November 2015

## San Diego County's Business Outlook Index At All-Time Low

San Diego County businesses foresee ending the year in a slower lane. This month's Business Forecast, sponsored by Silvergate Bank, shows the mild economic "breather" first identified in July has gained downward momentum. The current BOI of only 17 is now the least optimistic in 28 months of surveys.

A look at the BOI's components shows that revenue projections and the outlook for industry conditions have fallen since the previous quarter. While last month half of the county's business community projected that future revenues would increase, 41 percent feel that way now. Although 48 percent previously said business conditions would be improving for their industry, that has dropped to 40 percent.

Business Outlook Index Over Time



Small firms are bearing the brunt of the downturn and have been hit hardest by poor revenue projections. The BOI for large and medium firms is well below the overall historical average of 26.2, but the BOI among one-person firms went from 19 in the previous three months to only five in October.

The one bright spot in revenues is retail. As they look forward to the holidays, retail firms break with the pack, as 62 percent in our sample predict more robust revenues through January.

As another indication that times are changing, 64 percent of county businesses now say they are facing some type of new challenge. In the recent

### Highlights

With the BOI sinking to 17, optimism is waning

Business conditions and revenue projections are biggest downward movers

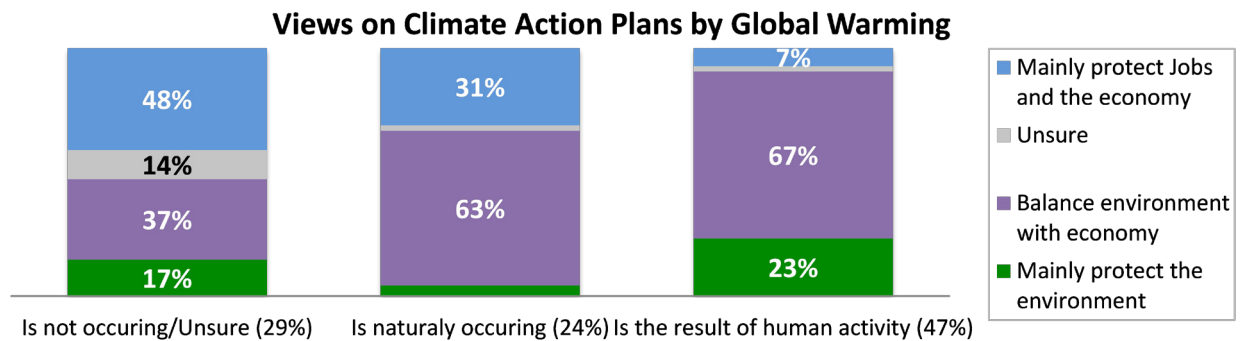
Small businesses are the most skittish

Overwhelming percentage think climate change is real and harmful

Most firms want government solutions that balance environmental and economic concerns

*Note: Data for this report was collected October 14-30, 2015.*

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A challenge for local government is addressing climate issues as each is now required by the State to adopt a Climate Action Plan. Most business people believe detrimental global warming is occurring. When it comes to solutions, most firms (58 percent) want local governments to balance economic considerations with environmental considerations when they craft their plans. Of the remaining 37 percent who have an opinion on these plans, two-thirds want government to side with jobs and the economy. Climate change skeptics, rejecting the premise of global warming entirely, are primarily driving the jobs and economy over environment line of thinking. If global warming gains more acceptance, the desire for balance in Climate Action Plans will increase further.

*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 October 14-30, 2015 by Competitive Edge Research & Communication using responses from 202 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 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/about/foundation/business-forecast-report-archive/> to see past Business Forecasts.*