Bay Area Business Confidence Index Rebounds from Steep Drop, With Increasing Optimism for Next Six Months

SAN FRANCISCO, CA — The Bay Area Council today released its latest Business Confidence Survey, with CEOs and executives sounding increased optimism for the Bay Area economy over the next six months and registering a modest uptick in their outlook for job growth.

On the jobs front, 25 percent of executives surveyed said they expect to see hiring increase in the next six months, while 55 percent say hiring will remain unchanged and 17 percent expect hiring will decrease. That’s a slight improvement over the previous survey when 60 percent of executives said hiring would remain stagnant.

The outlook for hiring is the strongest in San Francisco, Santa Clara and Alameda counties, while expected job growth remains grim in Contra Costa and Solano counties. In San Francisco, 40 percent of executives surveyed expect hiring to increase in the next six months, up 15 points from the previous survey. In Alameda County, the number of executives who expect to increase hiring jumped 12 points, from 16 percent to 28 percent.

“The results overall show a number of bright spots and provide reason for optimism that our region’s economic recovery is gaining traction and even picking up speed,” said Jim Wunderman, President and CEO of the Bay Area Council. “However, they also highlight the fragility and unevenness geographically of our recovery and the imperative for doing everything we can to foster an economic and policy climate that encourages investment and hiring.”

The overall business confidence index registered 54 for the fall survey period, up 3 points from the previous survey and marking a steadying of attitudes from last summer when the index sank 11 points -- the largest quarterly decline since 2002. The survey was completed November 30.

The responses of the almost 450 CEOs and top executives in the nine Bay Area counties surveyed show that overall, 43 percent think economic conditions will improve over the next six months while 39 percent say conditions will remain the same and 18 percent expect conditions to worsen. Executives also have seen improvement from six months ago, with 36 percent indicating economic conditions are better, 44 percent the same and 20 percent worse.

San Francisco, the Peninsula and Silicon Valley and Alameda County offered the most optimistic outlook, with 57 percent of those surveyed in San Francisco and San Mateo counties expecting
economic conditions to be better in the next six months, 50 percent in Santa Clara County and 45 percent in Alameda County.

Across industries, the outlook for hiring is generally mixed, with the biggest jump in optimism occurring in the construction/transportation sector. Among those surveyed in this sector, 36 percent expect more hiring in the next six months, up from just 20 percent in the previous poll.

“The signs are good that we’re turning the corner on our economic recovery,” said Lenny Mendonca, a member of the Council’s Executive Committee and a director at McKinsey & Company. “What we can’t afford to do is forget that California competes in a global marketplace that isn’t waiting for us to recover. We must address the fiscal and economic challenges that remain, but we also must be looking ahead and setting high goals for ensuring the region and California remain a global economic power.”

Data, Charts and Graphs
Survey Results Overall
Survey Graphs
Results by Industry
Results by County
Results by Workforce Size

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Bay Area Business Confidence Survey
The Bay Area Council developed the Bay Area Business Confidence Survey to measure employer expectations of the Bay Area economy. The confidential survey of Bay Area business executives is conducted quarterly by EMC Research of Oakland. All members in the database were invited to participate through e-mail and the Internet. The Survey results are weighted to reflect the approximate percentage of employees in each Bay Area county. The index is an aggregate calculation drawn from responses to survey questions and past results. A reading over 50 generally signals positive economic times, while below 50 is considered negative.

The Bay Area Council
The Bay Area Council is a business-sponsored, public-policy advocacy organization for the nine-county Bay Area. The Council proactively advocates for a strong economy, a vital business environment, and a better quality of life for everyone who lives here. Founded in 1945, the Bay Area Council is widely respected by elected officials, policy makers and other civic leaders as the voice of Bay Area business. Today, approximately 275 of the largest employers in the region support the Bay Area Council and offer their CEO or top executive as a member. Our members employ more than 4.43 million workers and have revenues of $1.94 trillion, worldwide.

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