



FOR IMMEDIATE RELEASE:

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***** PRESS RELEASE *****

**Bay Area Business Confidence at Highest Level in 5 Years,
according to Bay Area Council Survey**

58% of CEO's and Top Executives in the Bay Area Think Bay Area Economic Conditions are Better than 6 Months Ago, Up 22 Points Since Last Quarter's Survey

63% Expect a Better Bay Area Economy 6 months From Now, up 16 points from Last Quarter

SAN FRANCISCO, CA — The Bay Area Council today announced that business confidence amongst the Bay Area's CEO's and top executives is at the highest level since July 2005, according to results of its quarterly *Business Confidence Survey*. The business confidence index – the number that distills the survey findings – registered at 62 out of 100, the highest in nearly 5 years.

A reading over 50 signals positive economic times, while below 50 is negative. Last quarter's *Survey* showed the index reading at 55 – making this the third positive reading in a row since the summer of 2009. One year ago, the reading registered 43, and in January 2009, the index reached its all-time low of 31.

“Slowly but surely, we’re seeing the Bay Area economy pull itself out of the recession and heading towards more job growth,” said Jim Wunderman, President & CEO of the Bay Area Council. “Even though the markets continue to fluctuate and instability remains a threat, companies are cautiously expanding their workforce, which is a good sign that the worst may be behind us.”

The responses of the 500 CEO's and top executives in the nine Bay Area counties surveyed between April 26th and May 23rd, show that overall, 58 percent think Bay Area economic conditions are better than 6 months ago, up 22 points from the last quarter's survey. In addition, 63% said they expect a better Bay Area economy 6 months from now, up 16 points from last quarter.

Reflecting the fact that optimism is on the rise, 80 percent of retail companies surveyed expect the retail industry to be better in 6 months (up from 36% in the last quarter). 64 percent of IT companies expect the IT industry to be better in 6 months (up from 47% in the last quarter) and 58 percent of financial services companies expect the financial services industry to be better in 6 months (up from 45% in the last quarter).

The *Survey* indicates that people should feel a little more confident when it comes to finding a job. 31.5 percent of executives from small companies, those with less than 100 employees, expect to increase their workforce in the next six months (up from 25% in the last quarter), while 9.5 percent expect layoffs (down from 14% in the last quarter) and 57 percent expect no change. In the largest companies surveyed, those with more than 10,000 employees, 29 percent expect new hiring (up from 8% in the last quarter), while 35 percent expect to see layoffs (down from 57% in the last quarter), and 36 percent expect no change.

“While some companies are still in the process of down-sizing their workforce to reflect the new normal of the post-recession economy, it is encouraging to see that hiring is steadily trending upward,” said Wunderman. “We need to continue focusing on policies that incentivize hiring and emphasize investments in the industries that will fuel the next major wave of economic growth.”

“The survey shows that businesses are starting to feel better about the economic climate locally,” said Lenny Mendonca, Executive Committee member of the Bay Area Council and a director at McKinsey & Company. “With the region adding jobs, the Bay Area’s economy is showing important signs of recovery.”

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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. 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.

Bay Area Council

Founded in 1945, the Bay Area Council (www.bayareacouncil.org) develops and drives regional public policy initiatives and researches critical infrastructure issues. Led by CEOs, the Bay Area Council presents a strong, united voice for hundreds of major employers throughout the Bay Area region whom employ more than 500,000 workers, or 1 of every six private sector employees in the Bay Area.

McKinsey & Company

McKinsey & Company (www.mckinsey.com) is an international management consulting firm that helps leading corporations and organizations make substantial and lasting improvements in their performance. With approximately 6,000 consultants deployed from eighty-two offices in forty-three countries, McKinsey has expertise on strategic, operational and technological issues.