

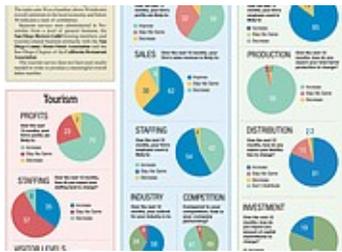
Defense, Tourism, Taxes To Be Economic Pluses

By [John Cox](#)

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San Diego — Restaurateur Sami Ladeki has a hard time being optimistic about 2018 after his chain, Sammy's Woodfired Pizza, recently outsourced accounting and maintenance operations as a way of coping with higher food and labor costs.

Nevertheless, he plans to open two new locations this year, expanding the San Diego-based chain to 18, in expectations that stockmarket gains and business-friendly changes in Washington, D.C., will put more money in people's pockets.



“We haven’t seen it yet. We want to see it,” he said. “I don’t think we’re quite there.”

Just wait. Local economists say the year ahead looks strong for San Diego County, with expansion on par with the moderate growth seen in 2017. They share a sense the defense sector and tourism will do particularly well, and that discretionary spending will rise despite mixed impacts from the new federal tax overhaul.

But don’t count on the same level of growth seen as recently as 2015, when San Diego County added nearly 40,000 jobs. About half that many positions will be created countywide in 2018, a handful of economists contacted by the Business Journal predicted.

“It does seem we’re reaching a plateau of sorts,” said economist Sean Karafin, vice president of public policy and research at the San Diego Regional Chamber of Commerce. He predicted moderate growth in 2018, slightly less than 2017’s pace, which was positive but by some projections slower than 2016’s growth.

At Full Employment

With joblessness at a 17-year low in November, at a seasonally adjusted 3.4 percent, the county is effectively at full employment. Therein lies a problem for coastal areas like San Diego: Growth businesses will need to attract talent from outside the area — but there aren’t enough homes and apartments workers can afford to live in.

University of San Diego economist Alan Gin sees irony in the way job growth is being inhibited by housing affordability. He predicted continuing slow growth of about 20,000 jobs in 2018, or 1.5 percent, but warned the region’s housing imbalance remains its “major economic problem.”

John Asdell, San Diego-based regional vice president for professional staffing company Robert Half, said employers have long relied on the area’s high quality of life to help them attract talent from

outside the area, especially when wages are the same or lower than in other areas. But that's starting to change.

"We're seeing that professionals who have lived and worked throughout Southern California are clear that they would prefer to live and work in San Diego," he said by email, "but the opportunities in markets like Orange County and Los Angeles are very attractive from a compensation perspective."