

# Small Businesses Trending Up

by Brian Headd, Economist  
*Small Business Quarterly Bulletin*  
 First Quarter 2013

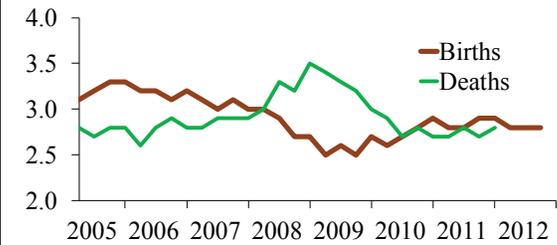
Demand for small business loans, the employment size of start-ups, employment in small firms, and proprietors' income are all on the rise. Charts 1, 4, and 6 show that small firms are rising from the depths of the most recent downturn.

The economy has also exhibited more fluidity in recent years. Not only have births and their associated employment exceeded deaths in the most recent quarters, but this turnover trend is starting to rise (Charts 2 and 3). Turnover is needed to bring "newness" to the economy and create more openings for the chronically unemployed.

There is a concern that very small businesses are still struggling, as firms with fewer than 20 employees had net employment losses in the third quarter of 2012 (the latest available, Chart 5).

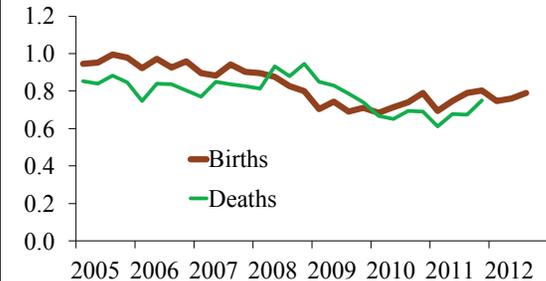
More small business data from the most recent quarters are available in Table 1.

**Chart 2: Establishment Birth and Death Rates**  
 (percent of establishments, seasonally adjusted)



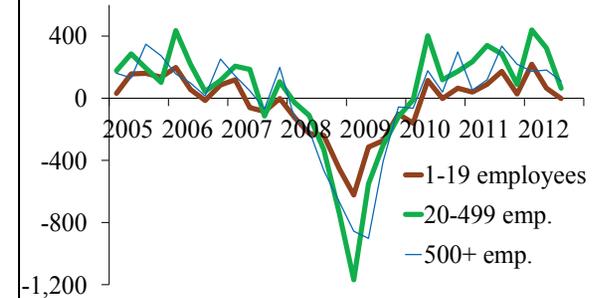
About 85 percent of estab. turnover is from small business.  
 Source: Bureau of Labor Statistics, Business Employment Dynamics.

**Chart 3: Establishment Employment Dynamics**  
 (millions of employees, seasonally adjusted)



Source: Bureau of Labor Statistics, Business Employment Dynamics.

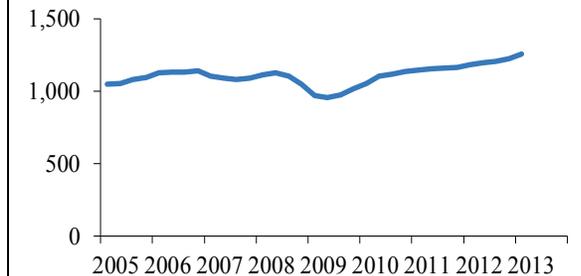
**Chart 5: Employment Change by Size of Firm**  
 (thousands, seasonally adjusted)



Source: Bureau of Labor Statistics, Business Employment Dynamics.

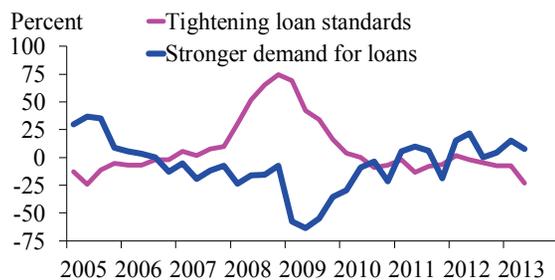
**Chart 6: Proprietors' Income**

(Billions of dollars, seasonally adjusted at annual rates)



Source: Bureau of Economic Analysis.

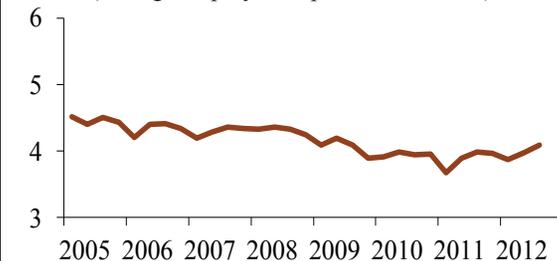
**Chart 1: Small Business Bank Lending**



Note: Change in percentage from the previous period.  
 Source: Federal Reserve Board, Senior Loan Officer Survey.

**Chart 4: Start-up Establishment Size**

(average employment per establishment)



Source: Bureau of Labor Statistics, Business Employment Dynamics.

For additional information visit, [www.sba.gov/advocacy](http://www.sba.gov/advocacy) or contact us at:

Office of Advocacy  
 U.S. Small Business Administration  
 409 Third Street, S.W., MC 3114  
 Washington, DC 20416  
 Phone (202) 205-6533  
 Fax: (202) 205-6928  
[advocacy@sba.gov](mailto:advocacy@sba.gov)



Table 1. Small Business Quarterly Bulletin

First Quarter 2013

												Annual Data (or Year End)							
	2010		2011				2012				2013	1995	2000	2005	2008	2009	2010	2011	2012
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1								
Self-employed (000) * †																			
Unincorporated	9,680	9,309	9,476	9,627	9,249	9,252	9,232	9,875	9,702	9,502	8,964	10,482	10,214	10,464	10,080	9,831	9,681	9,449	9,529
Incorporated	5,036	5,263	5,169	5,155	4,950	5,199	5,130	5,206	5,263	5,175	5,419	na	4,459	5,254	5,784	5,466	5,191	5,127	5,253
Businesses, turnover																			
Establishments (000)																			
Births	188	200	189	192	198	202	193	191	193	–	–	751	826	867	786	701	742	781	–
Deaths	189	186	184	190	187	191	–	–	–	–	–	651	759	737	901	877	754	–	–
Business bankruptcies*	13,957	13,030	12,376	12,304	11,705	11,149	10,998	10,374	9,248	9,231	8,512	51,959	35,472	39,201	43,533	60,837	56,282	47,806	40,075
Employment																			
Nonfarm payroll (millions)	129.97	130.28	130.66	131.32	131.73	132.29	133.06	133.51	133.92	134.46	135.11	117.34	131.75	133.48	136.44	130.35	129.27	130.71	132.81
Net private-sector job creation (000)																			
Total‡	187	609	292	603	794	389	814	582	199	–	–	2,405	1,905	2,148	-3,575	-5,473	1,264	2,078	–
<20 employees	-1	66	41	91	174	26	218	66	-4	–	–	487	275	479	-1,043	-1,312	23	332	–
20-499 employees	117	171	235	339	285	90	438	324	63	–	–	1,088	772	756	-1,212	-2,134	693	949	–
500+ employees	41	297	53	120	334	216	174	182	109	–	–	830	905	910	-1,475	-2,224	451	723	–
Finance, sales & income (\$billion unless noted)																			
Tightening lending standards (percent of responses)	-9.1	-7.1	-1.9	-13.5	-7.8	-6.3	1.9	-1.8	-4.9	-7.6	-7.7	-1.8	27.3	-5.3	74.5	16.1	-7.1	-6.3	-7.6
Loan demand (perct. of responses)	-3.6	-21.4	5.6	9.6	5.8	-18.8	15.1	21.8	0.0	4.5	15.4	7.2	-12.8	8.9	-7.4	-35.7	-21.4	-18.8	4.5
C&I loans outstanding §	1,205	1,203	1,218	1,248	1,285	1,320	1,368	1,415	1,459	1,489	1,530	691	1,056	988	1,521	1,427	1,216	1,268	1,433
C&I loan average interest rate	4.1	4.1	4.0	3.9	3.9	3.8	3.8	3.8	3.7	3.7	3.6	–	9.7	7.0	4.5	4.0	4.1	3.8	3.7
Manufacturing & trade sales §	1,079	1,116	1,163	1,188	1,209	1,223	1,240	1,240	1,250	1,267	1,275	655	833	1,004	1,150	979	1,074	1,196	1,249
Proprietors' income †	1,117	1,139	1,148	1,155	1,161	1,165	1,184	1,195	1,205	1,225	1,258	516	818	1,070	1,098	979	1,103	1,157	1,202
Economy (percent)																			
Real GDP change †	2.6	2.4	0.1	2.5	1.3	4.1	2.0	1.3	3.1	0.4	2.5	2.5	4.1	3.1	-0.3	-3.1	2.4	1.8	2.2
Chained CPI*	0.3	0.3	1.7	1.0	0.6	-0.5	1.4	0.1	0.6	-0.6	1.2	2.8	2.6	2.9	0.2	2.5	1.3	2.7	1.6
Unemployment rate †	9.6	9.4	8.9	9.1	9.0	8.5	8.2	8.2	7.8	7.8	7.6	5.6	4.0	5.1	5.8	9.3	9.6	8.9	8.1

\* Not seasonally adjusted.

† Annualized quarterly figures, from last month of quarter where applicable.

‡ Totals may not add because of indeterminate firm sizes.

§ Monthly averages.

|| Loans between \$100,000 and \$999,999.

Sources: U.S. Small Business Administration, Office of Advocacy, from data provided by the U.S. Bureau of Labor Statistics (Business Employment Dynamics), Administrative Office of the U.S. Courts, Federal Reserve Board of Governors (Senior Loan Officer Survey, Assets & Liabilities of Commercial Banks in the United States, Survey of Terms of Business Lending), U.S. Census Bureau and Bureau of Economic Analysis.