

2019 Small Business Profile

Arizona



571,495 Small Businesses
99.4% of Arizona Businesses

1.0 million Small Business Employees
43.7% of Arizona Employees



EMPLOYMENT
43,792
net new jobs



DIVERSITY
146,664
minority-owned
business employees



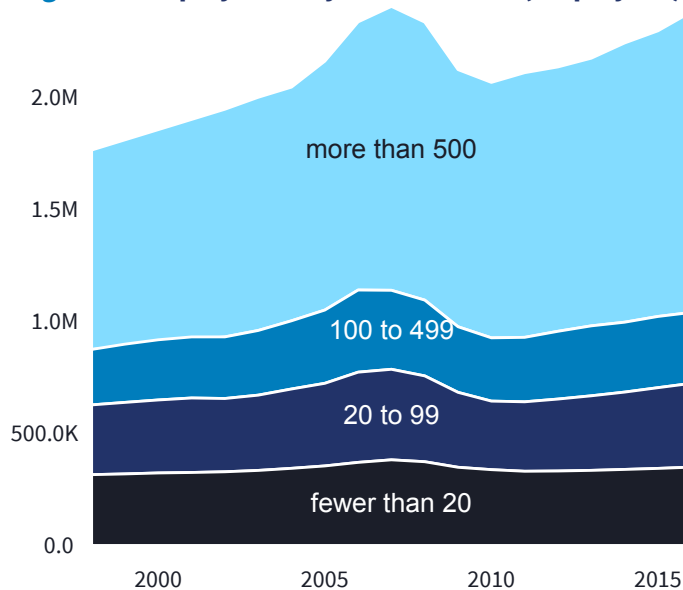
TRADE
6,462
small business
exporters

Overall Arizona Economy

- In the third quarter of 2018, Arizona grew at an annual rate of **4.3%**, which was faster than the overall US growth rate of **3.4%**. Arizona's 2017 growth rate of **3.1%** was down from the 2016 rate of **3.2%**. (Source: [BEA](#))
- In February 2019, the unemployment rate was **5.1%**, up from **4.8%** in February 2018. This was above the February 2019 national unemployment rate of **3.8%**. (Source: [CPS](#))

Employment

Figure 1: Employment by Business Size (Employees)



- Arizona small businesses employed **1.0 million** people, or **43.7%** of the private workforce, in 2016. (Source: [SUSB](#))
- Firms with fewer than 100 employees have the largest share of small business employment. Figure 1 provides further details on firms with employees. (Source: [SUSB](#))
- Private-sector employment increased **3.4%** during the 12-month period ending in February 2019. This was above the increase of **3.1%** during the prior 12-month period. (Source: [CPS](#))
- The number of proprietors increased in 2017 by **2.0%** relative to the previous year. (Source: [BEA](#))
- Small businesses created **43,792** net jobs in 2016. Firms employing fewer than 20 employees experienced the largest gains, adding **25,045** net jobs. The smallest gains were in firms employing 100 to 499 employees, which added **9,187** net jobs. (Source: [SUSB](#))

The Small Business Profiles are produced by the US Small Business Administration's Office of Advocacy (<http://advocacy.sba.gov>). Each report incorporates the most up-to-date government data to present a unique snapshot of small businesses. Small businesses are defined for this profile as firms employing fewer than 500 employees. Net small business job change, employees of minority-owned businesses, and exporter share statistics are based on the 2016 Statistics of US Businesses (SUSB), 2016 Annual Survey of Entrepreneurs (ASE), and 2016 International Trade Administration (ITA) data, respectively.

Income and Finance

- The number of banks decreased by 2 between June 2016 and June 2017 to 16 banks. (Source: FDIC)
- In 2017, 131,014 loans under \$100,000 (valued at \$1.9 billion) were issued by Arizona lending institutions reporting under the Community Reinvestment Act. (Source: FFIEC)
- The median income for individuals self-employed at their own incorporated businesses was \$50,801 in 2017. For individuals self-employed at their own unincorporated firms, this figure was \$23,631. (Source: ACS)

Median income represents earnings from all sources. Unincorporated self-employment income includes unpaid family workers, a very small percent of the unincorporated self-employed.

Employer Business Owner Demographics

Figure 2: Arizona Employees per Business by Owner's Demographic, 2016

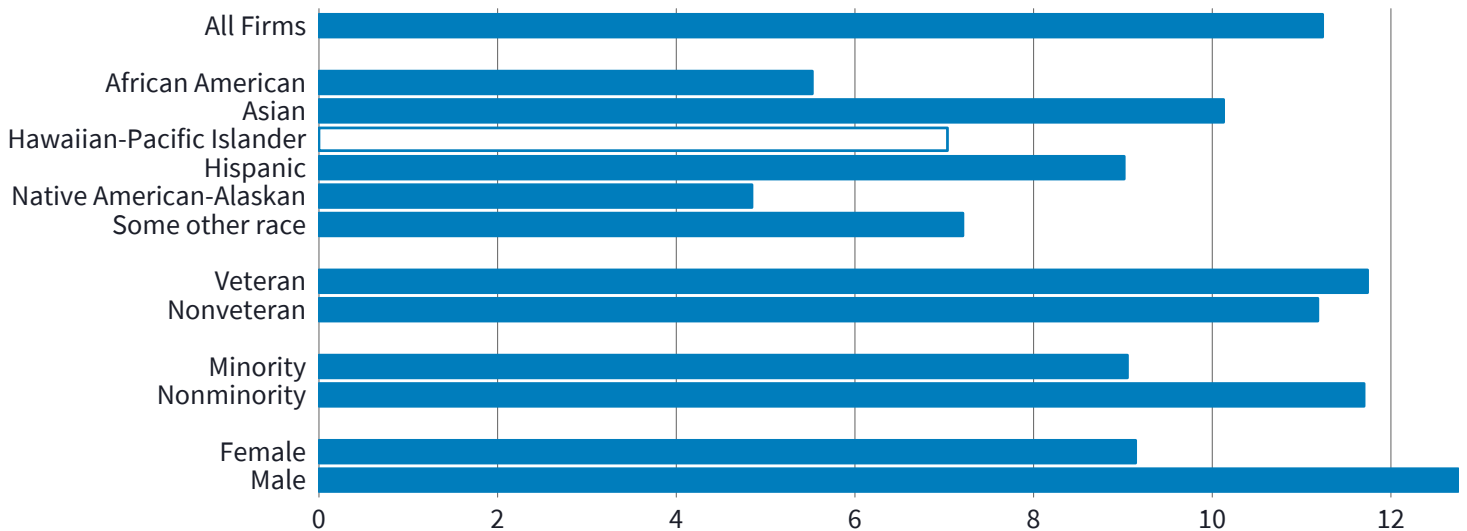
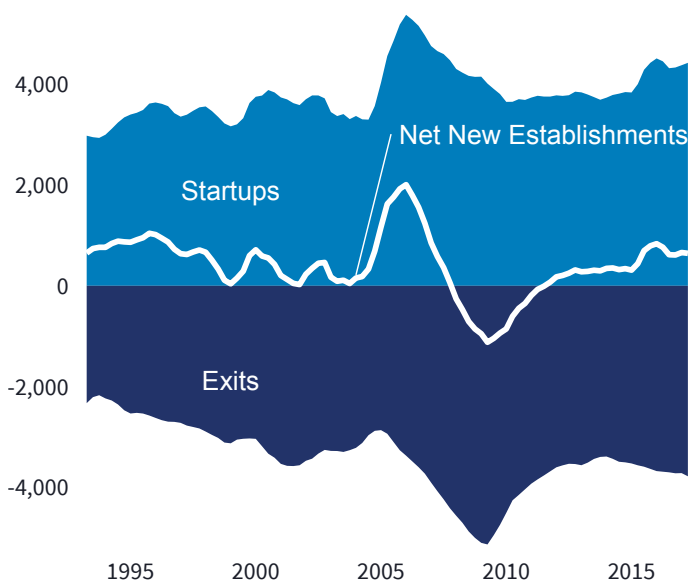


Figure 2 shows the average number of employees per employer business by owner's demographic group according to the 2016 Annual Survey of Entrepreneurs (ASE). Unshaded bars display US values; data were withheld because they do not meet Census Bureau publication standards or could disclose information regarding individual businesses.

Turnover among Establishments with Employees

Figure 3: Arizona Quarterly Startups and Exits



- In the third quarter of 2017, 4,661 establishments started up, generating 18,394 new jobs in Arizona. Startups are counted when business establishments hire at least one employee for the first time. (Source: BDM)
- In the same period, 4,027 establishments exited resulting in 13,360 jobs lost. Exits occur when establishments go from having at least one employee to having none, and then remain closed for at least one year. (Source: BDM)
- Figure 3 displays quarterly startups and exits from 1993 to 2017. Each series is smoothed across multiple quarters to highlight long-run trends. (Source: BDM)

The BLS data covers only business establishments with employees. BLS refers to startups as births and exits as deaths. These terms are distinct from the BLS openings and closings categories. Openings include seasonal re-openings and closings include seasonal shutterings. Quarterly startup and exit values may not align with Figure 3 due to smoothing.

International Trade

- A total of 7,405 companies exported goods from Arizona in 2016. Of these, 6,462, or 87.3%, were small firms; they generated 24.7% of Arizona's \$19.6 billion in total exports. (Source: ITA)

Small Business Employment by Industry and Self-Employment by County

Table 1: Arizona Employment by Industry, 2016

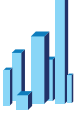



 Industry	 Small Business Employment	 Total Private Employment	 Small Business Employment Share
Health Care and Social Assistance	163,158	359,183	45.4
Accommodation and Food Services	161,202	290,496	55.5
Construction	115,559	141,740	81.5
Retail Trade	83,493	320,561	26.0
Professional, Scientific, and Technical Services	82,386	148,267	55.6
Administrative, Support, and Waste Management	78,313	270,730	28.9
Other Services (except Public Administration)	74,969	89,232	84.0
Manufacturing	65,118	144,208	45.2
Wholesale Trade	46,866	93,790	50.0
Educational Services	29,971	60,892	49.2
Real Estate and Rental and Leasing	28,924	46,609	62.1
Finance and Insurance	28,118	147,682	19.0
Arts, Entertainment, and Recreation	28,017	47,840	58.6
Transportation and Warehousing	26,208	89,655	29.2
Information	12,965	48,161	26.9
Management of Companies and Enterprises	7,984	54,879	14.5
Utilities	2,437	12,388	19.7
Mining, Quarrying, and Oil and Gas Extraction	1,776	11,178	15.9
Agriculture, Forestry, and Fishing and Hunting	1,367	1,521	89.9
Industries not classified	397	397	100.0
Total	1,039,228	2,379,409	43.7

Figure 4: Arizona Self-Employment Rates by County, 2017

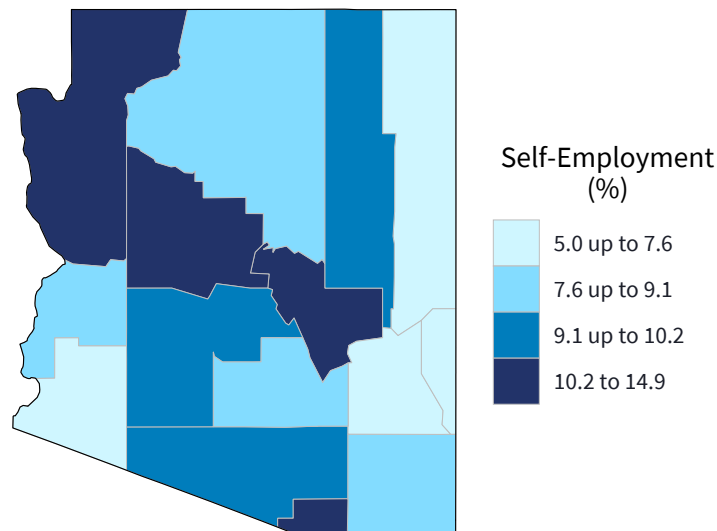


Table 2: Arizona Small Businesses by Industry and Firm Size, 2016

Industry	1-499 Employees	1-19 Employees	Nonemployer Firms	Total Small Firms
Professional, Scientific, and Technical Services	15,771	14,701	66,495	82,266
Other Services (except Public Administration)	9,968	9,163	67,540	77,508
Real Estate and Rental and Leasing	7,249	6,918	61,422	68,671
Construction	11,618	10,265	39,010	50,628
Health Care and Social Assistance	13,430	11,852	36,753	50,183
Retail Trade	9,440	8,448	39,782	49,222
Administrative, Support, and Waste Management	6,840	5,949	40,649	47,489
Transportation and Warehousing	2,566	2,155	33,654	36,220
Arts, Entertainment, and Recreation	1,619	1,304	24,449	26,068
Finance and Insurance	4,786	4,462	14,563	19,349
Educational Services	1,809	1,395	13,097	14,906
Accommodation and Food Services	8,431	6,055	6,312	14,743
Wholesale Trade	4,667	3,791	7,759	12,426
Manufacturing	3,768	2,872	7,289	11,057
Information	1,167	971	6,006	7,173
Agriculture, Forestry, and Fishing and Hunting	204	185	2,366	2,570
Mining, Quarrying, and Oil and Gas Extraction	143	110	344	487
Utilities	132	109	325	457
Total	103,680	91,032	467,815	571,495

Tables 1 and 2 display data from the 2016 SUSB. Table 2 includes additional data from the 2016 Nonemployer Statistics (NES). Figure 4 provides estimates of the rate of self-employment among employed civilians, 16 years and over, including both incorporated and unincorporated businesses, from the 2017 American Community Survey (ACS).

References

The Small Business Profiles, source data, and methodology are available at <https://go.usa.gov/xmb5R>.

- ACS American Community Survey, US Census Bureau
- ASE Annual Survey of Entrepreneurs, US Census Bureau
- BEA Bureau of Economic Analysis, US Department of Commerce
- BDM Business Employment Dynamics, BLS
- BLS Bureau of Labor Statistics, US Department of Labor
- CPS Current Population Survey, BLS
- FDIC Call Reports, Federal Deposit Insurance Corporation
- FFIEC Federal Financial Institutions Examination Council
- ITA International Trade Administration, US Department of Commerce
- NES Nonemployer Statistics, US Census Bureau
- SUSB Statistics of US Businesses, US Census Bureau