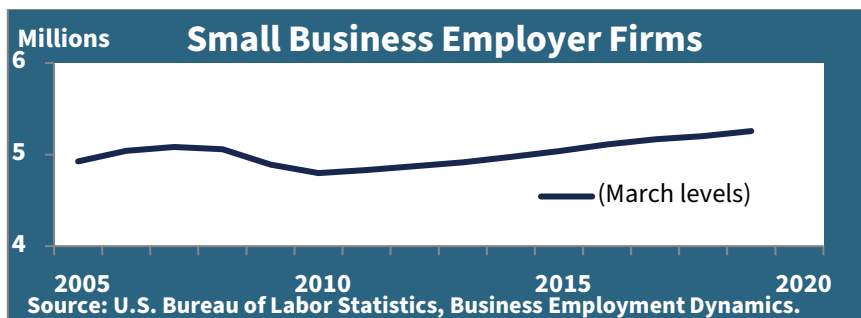


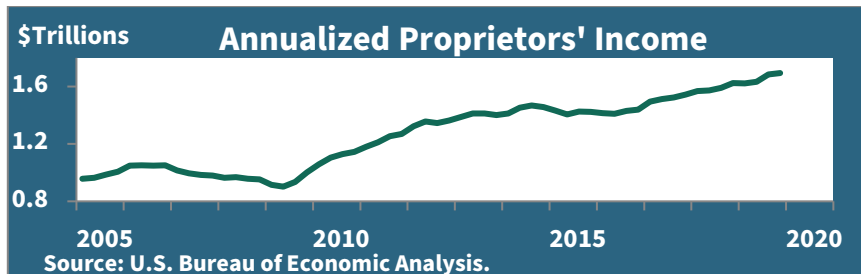
Small Business at a Glance

Prior to the COVID-19 pandemic, small businesses were increasing in number and outpacing large firms in net job creation. Today, small businesses face historic challenges and severe financial vulnerability from the crisis. This economic bulletin reflects conditions prior to the onset of the pandemic. While high-frequency current economic data is limited, early signs indicate that small businesses have been disproportionately affected across industries, especially those in the accommodation and food services industry.

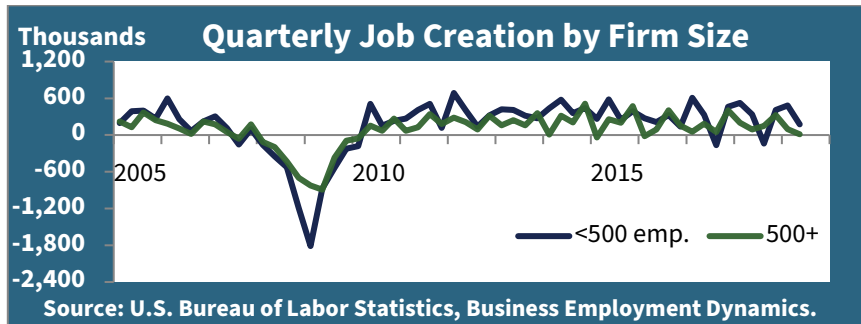
General



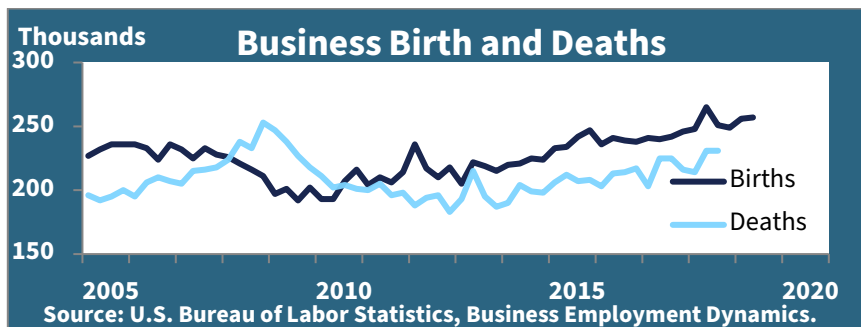
The number of small business employer firms (fewer than 500 employees) grew above the pre-Great Recession peak four years ago and steadily increased through 2019. Entrepreneurs created nearly 500,000 more new employers compared to the nadir in 2010.



Proprietor's income increased by 85 percent from 2009 to 2019.

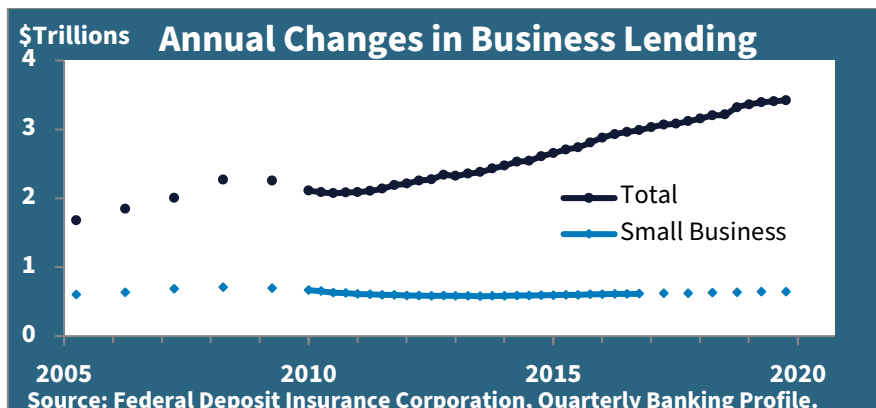


Small firms (fewer than 500 employees) accounted for 9.3 million net new private-sector jobs from 2005 to 2019, or 64 percent of the total. While job creation tends to fluctuate from one quarter to the next, small firms created more jobs than large firms in 8 of the last 12 quarters of available data.

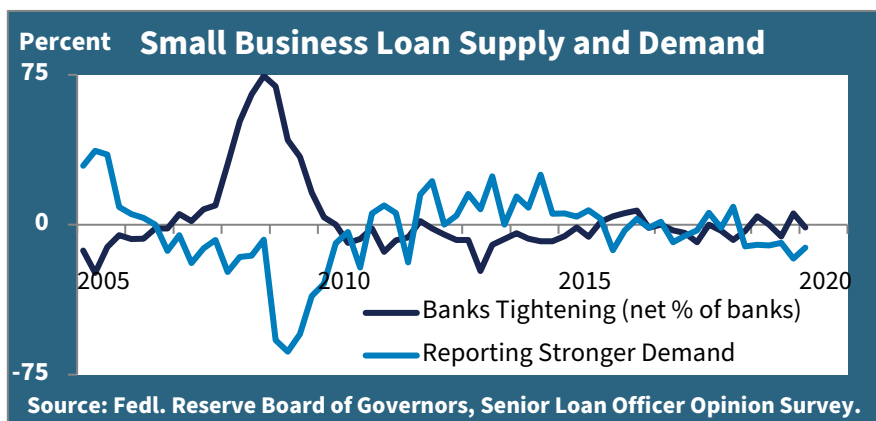


The quarterly rate of new business locations (employer births) outnumbered the rate of closed locations (employer deaths) in every quarter since mid-2010. Other than a jump in 2012, the growth in employer births remained steady.

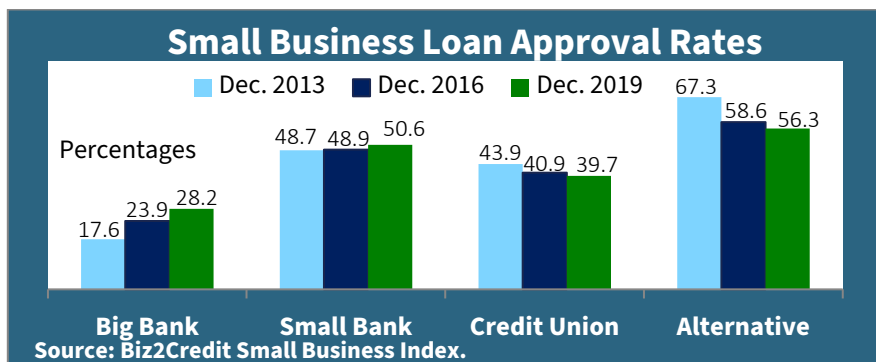
Finance



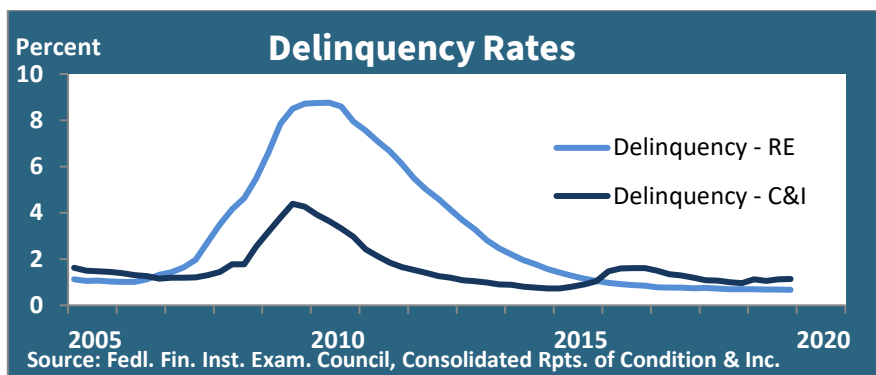
Business lending was positive in the last few years with a growth rate of roughly 7 percent from December 2018 to December 2019. Growth in small business loans (loans of \$1 million or less) was relatively flat in recent years. On the contrary, large business lending steadily increased, a trend that mirrors total business lending.



Financing conditions for small businesses remained accommodative. Bankers reported easing standards for small business loans while the demand weakened before the pandemic crisis.



Bank loan approval rates increased over the last few years. Small bank approval rates were higher when compared to big banks. Approval rates at big banks were still relatively low but inched upward as credit unions and alternative lenders became more selective.



Delinquency rates for commercial and industrial loans (C&I) and commercial real estate loans (CRE) had been low before the pandemic crisis with CRE remaining flat and below C&I.