

2020 Small Business Profile

U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF ADVOCACY

REGULATION • RESEARCH • OUTREACH

District of Columbia



78,313 Small Businesses
98.2% of District of Columbia Businesses

250,345 Small Business Employees
47.5% of District of Columbia Employees



EMPLOYMENT
5,480
net new jobs



DIVERSITY
14,471
self-employed
minorities



TRADE
459
small business
exporters

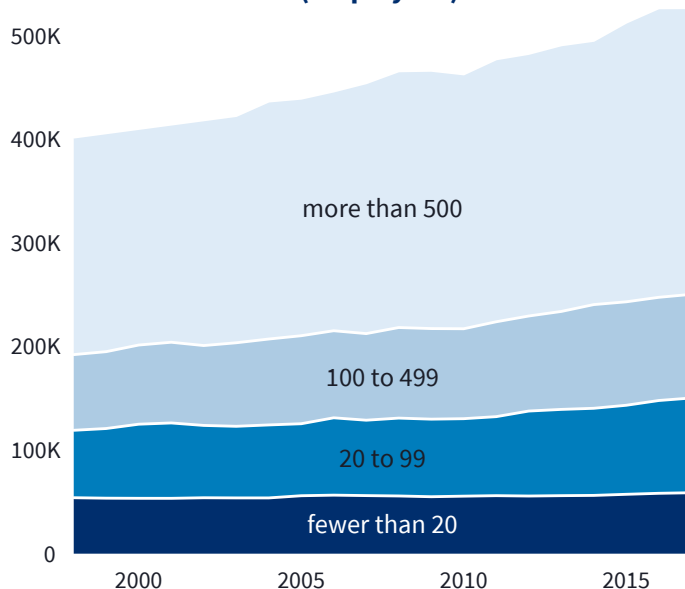
A note on COVID-19: This report uses the most up-to-date government data to present a unique snapshot of small businesses. The BLS employment estimates capture the early stages of the pandemic. All other sources reflect data collected prior to the pandemic.

Overall Economy

- In the fourth quarter of 2019, the District of Columbia grew at an annual rate of **2.0%**, which was slower than the overall US growth rate of **2.1%**. The District of Columbia's 2019 overall growth rate of **1.6%** was down from the 2018 rate of **2.5%**. (Source: [BEA](#))
- In April 2020, the unemployment rate was **11.1%**, up from **5.6%** in April 2019. This was below the April 2020 national unemployment rate of **14.7%**. (Source: [CPS](#))

Employment

Figure 1: District of Columbia Employment by Business Size (Employees)



- District of Columbia small businesses employed **250,345** people, or **47.5%** of the private workforce, in 2017. (Source: [SUSB](#))
- Firms with 100 to 499 employees have the largest share of small business employment. Figure 1 provides further details on firms with employees. (Source: [SUSB](#))
- Private-sector employment decreased **11.4%** during the 12-month period ending in April 2020. This was below the increase of **0.9%** during the prior 12-month period. (Source: [CES](#))
- The number of proprietors increased in 2018 by **4.1%** relative to the previous year. (Source: [BEA](#))
- Small businesses created **5,480** net jobs in 2019. Firms employing fewer than 20 employees experienced the largest gains, adding **5,011** net jobs. The largest losses were in firms employing 100 to 499 employees, which lost **554** net jobs. (Source: [BDM](#))

The Small Business Profiles are produced by the US Small Business Administration's Office of Advocacy (<http://advocacy.sba.gov>). These profiles define small businesses as firms with fewer than 500 employees. Net small business job change, self-employed minorities, and exporter share statistics are based on 2019 Business Employment Dynamics (BDM), 2018 American Community Survey (ACS), and 2018 International Trade Administration (ITA) data, respectively.

Income and Finance

- The median income for self-employed individuals at their own incorporated businesses was **\$100,019** in 2018. For self-employed individuals at their own unincorporated firms, median income was **\$36,099**. (Source: [ACS](#))
- The total number of banks was unchanged at **3** between June 2018 and June 2019. During the same period, the number of banks with assets under \$1 billion was unchanged at **3**. (Source: [FDIC](#))
- In 2018, District of Columbia lending institutions reporting under the Community Reinvestment Act issued **16,073** loans under \$100,000, a total value of **\$226.6 million**. (Source: [FFIEC](#))

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

Self-Employment Demographics

Figure 2: District of Columbia Self-Employment Rates by Gender & Demographic, 2018

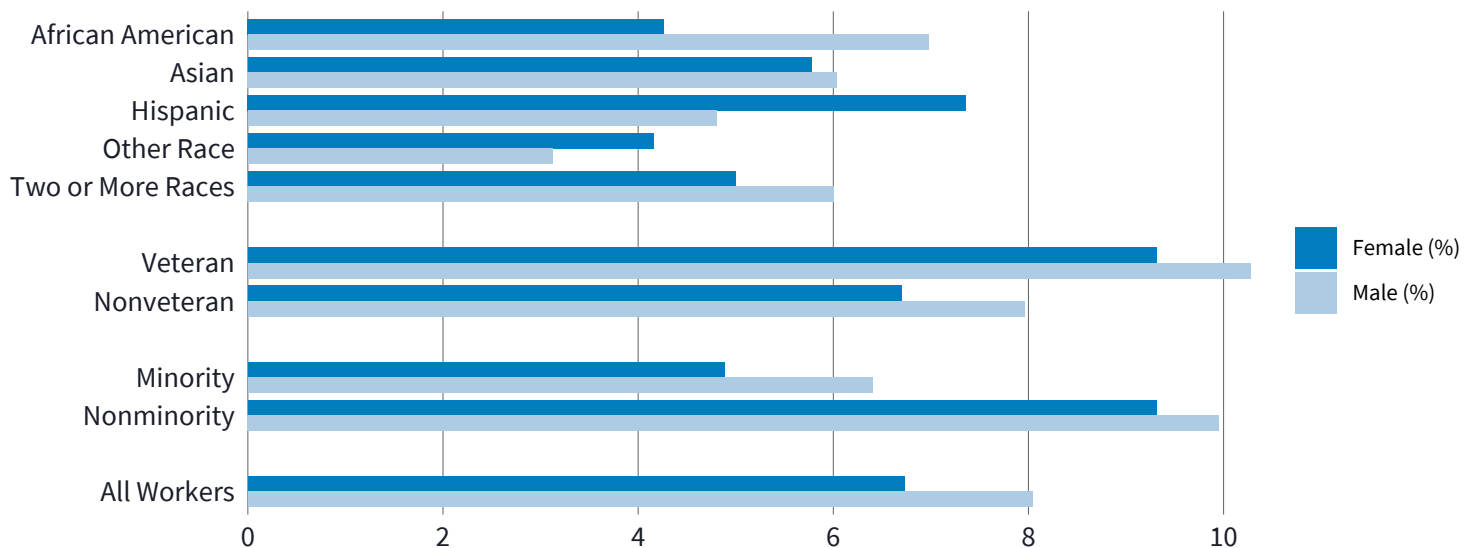
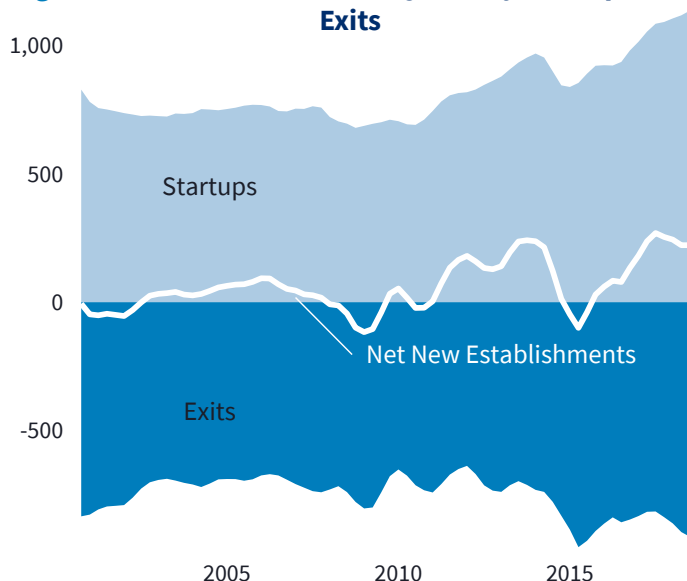


Figure 2 shows the self-employment rate for each demographic group by gender according to the 2018 American Community Survey (ACS). Other Race includes those who selected Alaska Native, American Indian, Native Hawaiian, Pacific Islander, or Some Other Race.

Turnover among Establishments with Employees

Figure 3: District of Columbia Quarterly Startups and Exits



- In the fourth quarter of 2018, **1,185** establishments started up, generating **3,793** new jobs in the District of Columbia. Startups are counted when business establishments hire at least one employee for the first time. (Source: [BDM](#))
- In the same period, **921** establishments exited, resulting in **3,360** 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 2000 to 2018. Each series is smoothed across multiple quarters to highlight long-run trends. (Source: [BDM](#))

The BDM data covers only business establishments with employees. BDM refers to startups as births and exits as deaths. These terms are distinct from the BDM 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 632 firms exported goods from the District of Columbia in 2018. Of these, 459, or 72.6%, were small firms, which generated 86.8% of the District of Columbia's \$813.0 million in total exports. (Source: ITA)

Small Business Employment by Industry and Self-Employment by Census Tract

Table 1: District of Columbia Employment by Industry, 2017

Industry	Small Business Employment	Total Private Employment	Small Business Employment Share
Other Services (except Public Administration)	59,421	81,338	73.1
Professional, Scientific, and Technical Services	45,746	101,146	45.2
Accommodation and Food Services	42,556	74,758	56.9
Health Care and Social Assistance	29,025	72,997	39.8
Administrative, Support, and Waste Management	15,654	34,541	45.3
Educational Services	15,385	51,722	29.7
Retail Trade	7,746	22,304	34.7
Construction	7,560	10,066	75.1
Information	7,402	22,338	33.1
Real Estate and Rental and Leasing	6,331	10,670	59.3
Arts, Entertainment, and Recreation	4,832	9,756	49.5
Finance and Insurance	4,028	16,921	23.8
Wholesale Trade	2,031	4,062	50.0
Transportation and Warehousing	1,001	3,533	28.3
Manufacturing	903	1,095	82.5
Management of Companies and Enterprises	698	7,879	8.9
Industries Not Classified	18	18	100.0
Utilities	6	1,857	0.3
Total	250,345	527,004	47.5

Figure 4: District of Columbia Self-Employment Rates by Census Tract, 2018

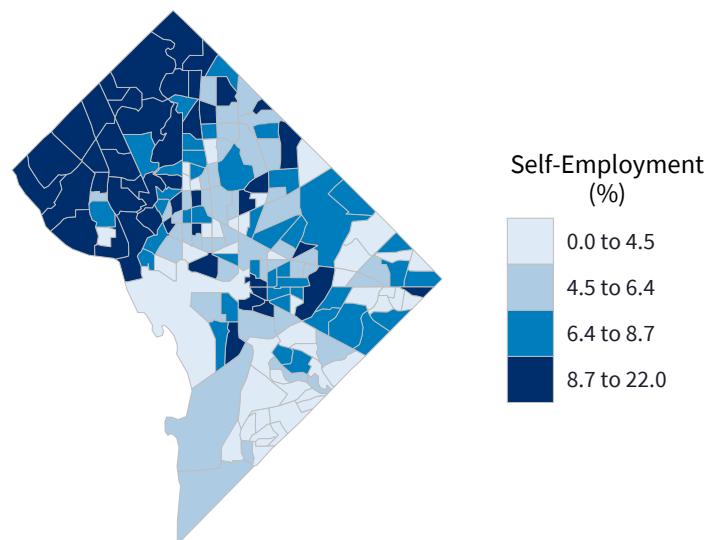







Table 2: District of Columbia Small Businesses by Industry and Firm Size, 2017

 Industry	 1–19 Employees	 1–499 Employees	 Nonemployer Firms	 Total Small Firms
Professional, Scientific, and Technical Services	3,580	4,370	16,669	21,039
Other Services (except Public Administration)	2,963	3,767	7,183	10,950
Transportation and Warehousing	92	116	7,308	7,424
Real Estate and Rental and Leasing	625	741	5,722	6,463
Health Care and Social Assistance	1,353	1,681	4,305	5,986
Arts, Entertainment, and Recreation	239	301	5,354	5,655
Administrative, Support, and Waste Management	471	685	3,392	4,077
Educational Services	330	517	3,153	3,670
Accommodation and Food Services	1,294	1,967	1,323	3,290
Retail Trade	1,089	1,234	1,883	3,117
Construction	335	429	1,927	2,356
Information	314	421	1,493	1,914
Finance and Insurance	276	387	1,003	1,390
Wholesale Trade	205	245	283	528
Manufacturing	94	106	271	377
Utilities	6	7	42	49
Total	13,303	16,966	61,347	78,313

Tables 1 and 2 display data from the 2017 Statistics of U.S. Businesses (SUSB). Table 2 includes additional data from the 2017 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 2018 American Community Survey (ACS).

References

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

ACS	American Community Survey, 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
CES	Current Employment Statistics, BLS
CPS	Current Population Survey, BLS
FDIC	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