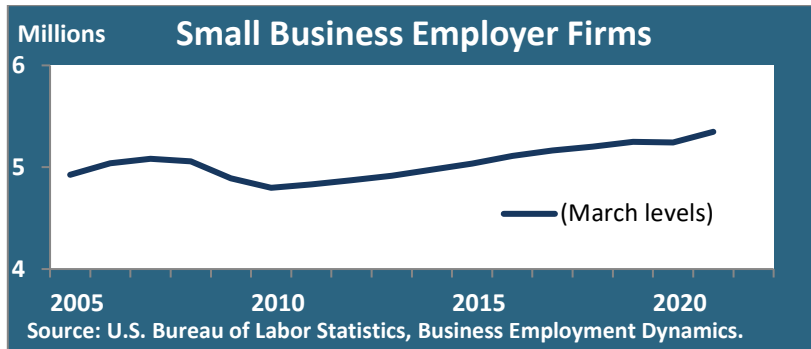


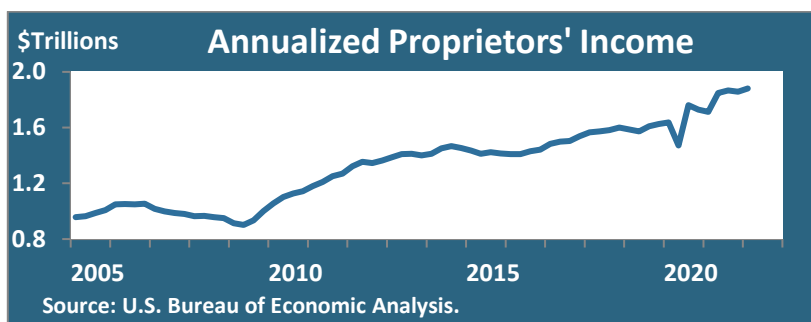
## Small Business at a Glance

Recent trends, including the number of small employer firms and proprietors' income, show small firms have weathered the COVID-19 shock. However, the demand for small business finance has outpaced supply, indicating that banks have not fully recognized this resilience yet.

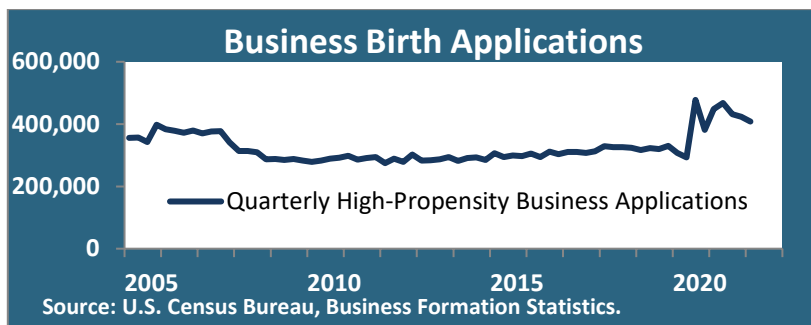
### General



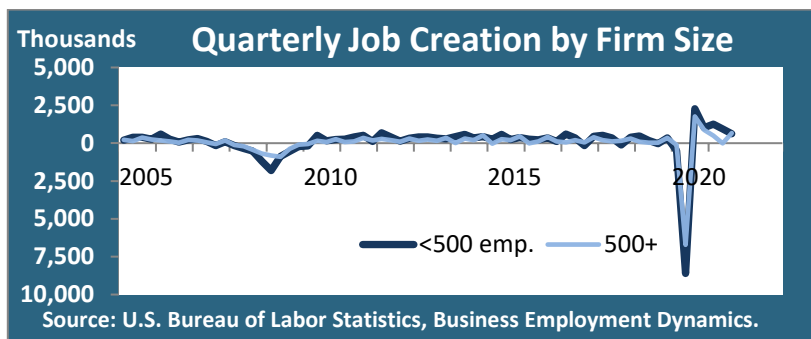
The number of small business employer firms dropped slightly in March 2020. However, the long term trend of slow annual growth resumed by March 2021.



Proprietors' income has climbed since the COVID-19 shock in March 2020. The increase in 2021 was above the inflation rate recorded by the Bureau of Labor Statistics.

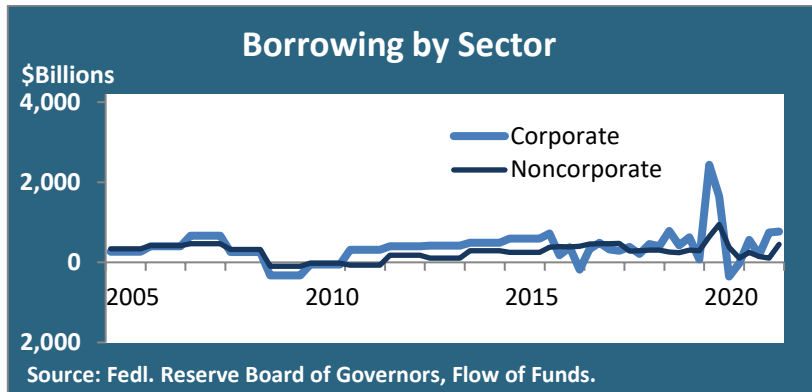


Applications to start new employer business locations have maintained a high level since 2020. Average quarterly business birth applications in 2021 were up 37 percent compared to 2019.

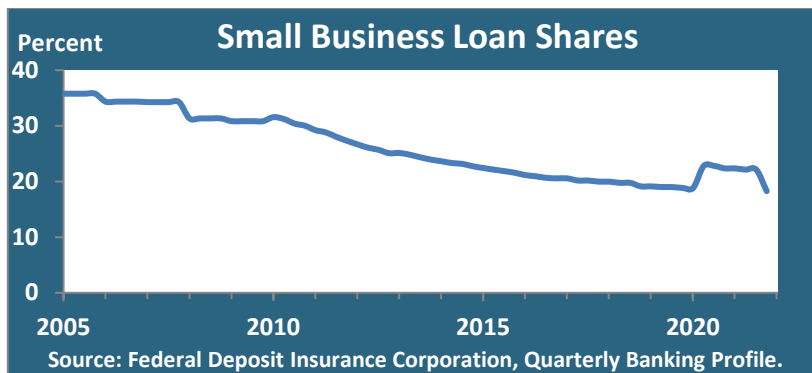


As of the third quarter of 2021, small firms (<500 employees) had recovered 67 percent of the net jobs lost in the first half of 2020 while large firms had recovered a much lower 55 percent. In April 2022, private sector employment was about half a million jobs shy of the peak reached in February 2020. Forthcoming data may show that small firms have already recovered all or nearly all of their job losses from the 2020 economic shock.

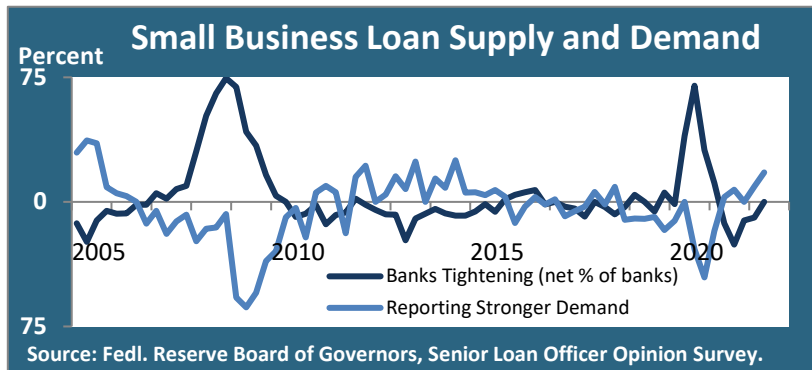
## Finance



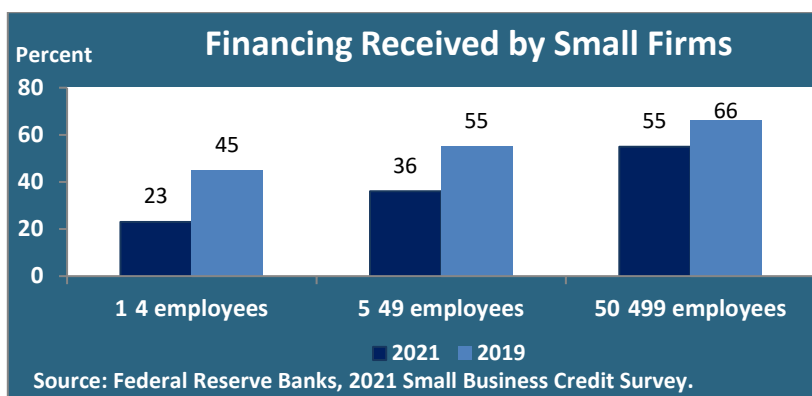
Borrowing for nonfinancial corporate and noncorporate (mostly comprised of small businesses) business sectors was lower in 2021 after a spike in 2020. The corporate business sector tends to have more financing options compared to the noncorporate business sector.



In the second half of 2021, small business loan shares (loans \$1 million or less) decreased. This decrease is largely due to the end of the Paycheck Protection Program.



Demand for small business loans is gradually increasing while banks continue to tighten supply, albeit at a slowing pace. Small business lending demand has a trend that mostly inversely mirrors tightening.



The share of small firms that received the full amount of debt financing requested declined across all firm sizes in 2021 compared to 2019. The largest decline was in firms that have 1-4 employees.

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U.S. Small Business Administration

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