

# 2018 SMALL BUSINESS PROFILE

## OFFICE OF ADVOCACY

REGULATION • RESEARCH • OUTREACH

### NEW JERSEY

**861,373** Small Businesses  
**99.6%** of New Jersey Businesses

**1.8 million** Small Business Employees  
**49.8%** of New Jersey Employees



**EMPLOYMENT**  
**33,072**  
net new jobs



**DIVERSITY**  
**237,187**  
minority-owned  
businesses



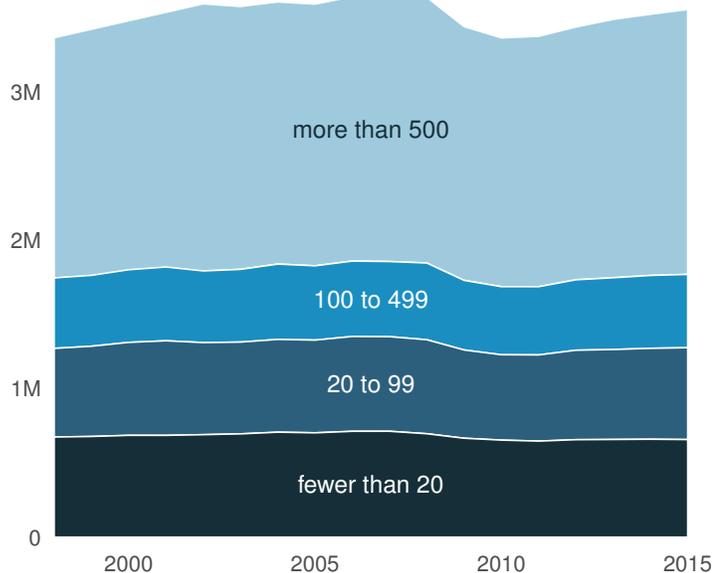
**TRADE**  
**18,304**  
small business  
exporters

#### OVERALL NEW JERSEY ECONOMY

- In the third quarter of 2017, New Jersey grew at an annual rate of **2.7%**, which was slower than the overall US growth rate of **3.4%**. New Jersey's 2016 growth rate of **0.7%** was down from the 2015 rate of **1.1%**. (Source: [BEA](#))
- In January 2018, the unemployment rate was **4.7%**, up from **4.6%** in January 2017. This was above the January 2018 national unemployment rate of **4.1%**. (Source: [CPS](#))

#### EMPLOYMENT

Figure 1: New Jersey Employment by Business Size (Employees)



- New Jersey small businesses employed **1.8 million** people, or **49.8%** of the private workforce, in 2015. (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 decreased **0.4%** during the 12-month period ending in January 2018. This was below the increase of **0.2%** during the prior 12-month period. (Source: [CPS](#))
- The number of proprietors increased in 2016 by **2.7%** relative to the previous year. (Source: [BEA](#))
- Small businesses created **33,072** net jobs in 2015. Firms employing fewer than 20 employees experienced the largest gains, adding **22,698** net jobs. The smallest gains were in firms employing 20 to 99 employees, which added **1,423** net jobs. (Source: [SUSB](#))

The Small Business Profiles are produced by the US Small Business Administration's Office of Advocacy. 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, minority small business ownership, and exporter share statistics are based on the 2015 Statistics of US Businesses (SUSB), 2012 Survey of Business Owners (SBO), and 2015 International Trade Administration (ITA) data, respectively.

## INCOME AND FINANCE

- The number of banks decreased by 4 between June 2016 and June 2017 to 85 banks. (Source: FDIC)
- In 2016, 210,048 loans under \$100,000 (valued at \$3.2 billion) were issued by New Jersey lending institutions reporting under the Community Reinvestment Act. (Source: FFIEC)
- The median income for individuals self-employed at their own incorporated businesses was \$60,462 in 2016. For individuals self-employed at their own unincorporated firms, this figure was \$30,032. (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: New Jersey Employees per Business by Owner's Demographic, 2015

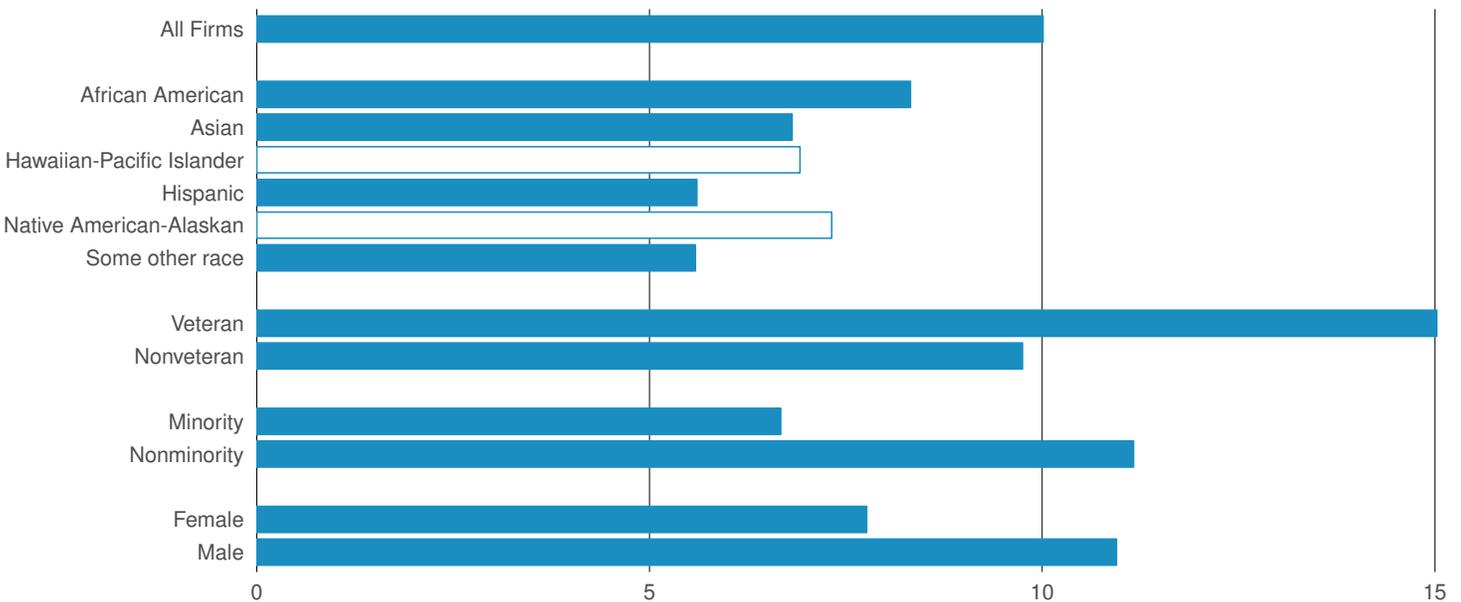
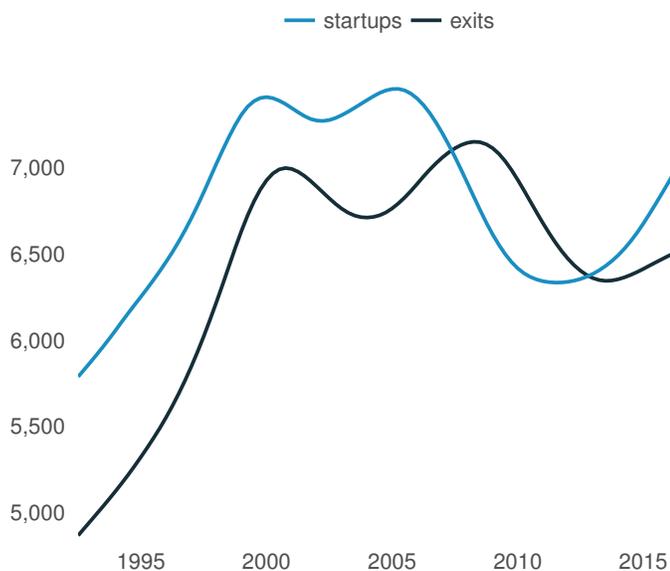


Figure 2 shows the average number of employees per employer business by owner's demographic group according to the Annual Survey of Entrepreneurs (ASE). Unshaded bars display US values; data were withheld because they do not meet Census Bureau publication standards or could disclose information regarding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

## TURNOVER AMONG ESTABLISHMENTS WITH EMPLOYEES

Figure 3: New Jersey Quarterly Startups and Exits



- In the third quarter of 2016, 6,199 establishments started up, generating 25,490 new jobs in New Jersey. Startups are counted when business establishments hire at least one employee for the first time. (Source: BDM)
- In the same period, 6,320 establishments exited resulting in 21,603 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 1992 to 2016. 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 19,970 companies exported goods from New Jersey in 2015. Of these, 18,304, or 91.7%, were small firms; they generated 43.1% of New Jersey's \$28.2 billion in total exports. (Source: ITA)

## SMALL BUSINESS EMPLOYMENT BY INDUSTRY AND COUNTY

Table 1: New Jersey Employment by Industry, 2015

 Industry	 Small Business Employment	 Total Private Employment	 Small Business Employment Share
Health Care and Social Assistance	278,774	568,289	49.1
Professional, Scientific, and Technical Services	187,155	321,642	58.2
Accommodation and Food Services	186,308	296,362	62.9
Retail Trade	158,519	460,856	34.4
Wholesale Trade	144,162	255,379	56.5
Other Services (except Public Administration)	137,247	152,771	89.8
Manufacturing	135,893	218,549	62.2
Construction	128,591	146,153	88.0
Administrative, Support, and Waste Management	118,816	316,537	37.5
Transportation and Warehousing	69,398	165,343	42.0
Educational Services	59,483	110,934	53.6
Finance and Insurance	49,204	192,320	25.6
Arts, Entertainment, and Recreation	45,913	60,001	76.5
Real Estate and Rental and Leasing	38,828	56,523	68.7
Information	20,369	87,708	23.2
Management of Companies and Enterprises	10,351	126,898	8.2
Utilities	1,138	19,746	5.8
Agriculture, Forestry, and Fishing and Hunting	893	900	99.2
Mining, Quarrying, and Oil and Gas Extraction	528	1,246	42.4
Industries not classified	462	462	100.0
<b>Total</b>	<b>1,772,032</b>	<b>3,558,619</b>	<b>49.8</b>

Figure 4: New Jersey Small Business Employment by County, 2015

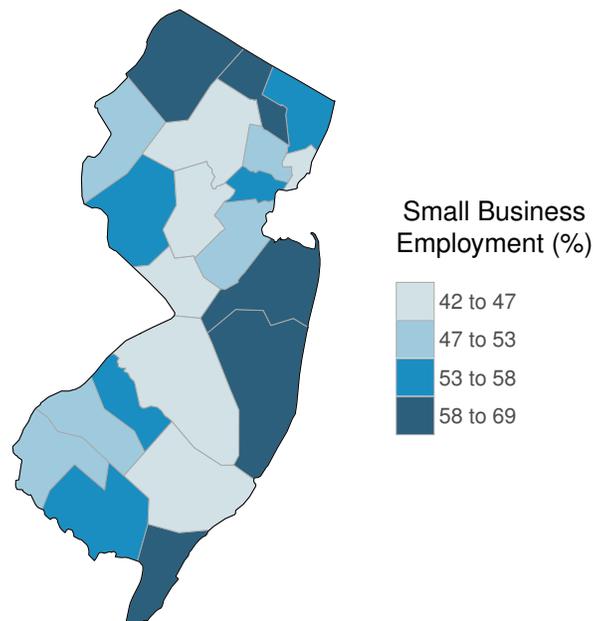


Table 2: New Jersey Small Businesses by Industry and Firm Size, 2015

Industry	1-499 Employees	1-20 Employees	Nonemployer Firms	Total Small Firms
Professional, Scientific, and Technical Services	27,168	24,885	114,931	142,099
Other Services (except Public Administration)	22,501	21,149	76,680	99,181
Retail Trade	21,741	20,069	50,024	71,765
Health Care and Social Assistance	21,433	18,532	54,086	75,519
Construction	20,874	19,576	54,731	75,605
Accommodation and Food Services	17,761	15,096	10,478	28,239
Wholesale Trade	12,116	10,056	14,362	26,478
Administrative, Support, and Waste Management	12,005	10,721	43,273	55,278
Real Estate and Rental and Leasing	7,077	6,637	96,358	103,435
Manufacturing	6,739	4,977	7,000	13,739
Transportation and Warehousing	6,343	5,406	52,379	58,722
Finance and Insurance	5,827	5,188	23,009	28,836
Educational Services	3,469	2,750	23,607	27,076
Arts, Entertainment, and Recreation	3,304	2,755	36,723	40,027
Information	1,796	1,493	10,365	12,161
Agriculture, Forestry, and Fishing and Hunting	200	188	2,054	2,254
Utilities	75	56	656	731
Mining, Quarrying, and Oil and Gas Extraction	56	42	49	105
<b>Total</b>	<b>190,608</b>	<b>170,012</b>	<b>670,765</b>	<b>861,373</b>

Figure 4 and Tables 1 and 2 display data from the 2015 SUSB. Table 2 includes additional data from the 2015 Nonemployer Statistics (NES).

REFERENCES

The Small Business Profiles, source data, and methodology are available at <https://go.usa.gov/xQT4w>.

- 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
- SBO Survey of Business Owners, US Census Bureau
- SUSB Statistics of US Businesses, US Census Bureau