

2019 Small Business Profile

North Carolina



913,398 Small Businesses
99.6% of North Carolina Businesses

1.7 million Small Business Employees
44.1% of North Carolina Employees



EMPLOYMENT
72,119
net new jobs



DIVERSITY
186,813
minority-owned
business employees



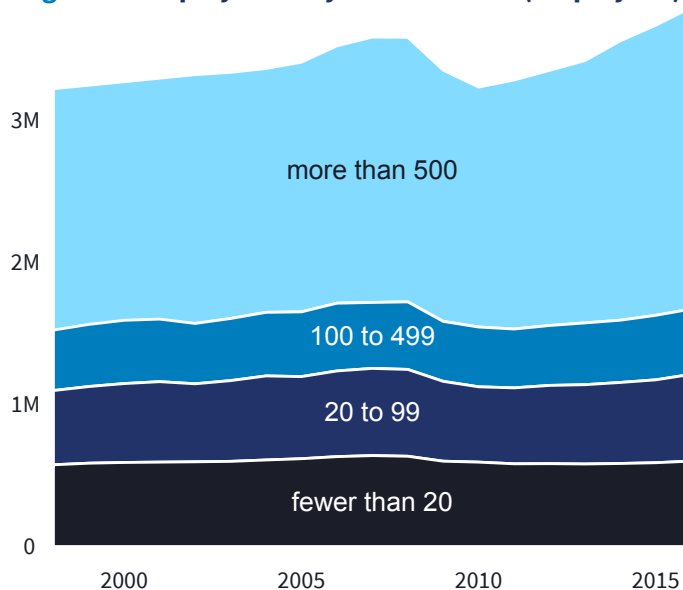
TRADE
9,339
small business
exporters

Overall North Carolina Economy

- In the third quarter of 2018, North Carolina grew at an annual rate of **1.8%**, which was slower than the overall US growth rate of **3.4%**. North Carolina's 2017 growth rate of **2.4%** was up from the 2016 rate of **1.1%**. (Source: [BEA](#))
- In February 2019, the unemployment rate was **3.9%**, down from **4.2%** 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)



- North Carolina small businesses employed **1.7 million** people, or **44.1%** 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 **1.2%** during the 12-month period ending in February 2019. This was below the increase of **1.7%** during the prior 12-month period. (Source: [CPS](#))
- The number of proprietors increased in 2017 by **1.8%** relative to the previous year. (Source: [BEA](#))
- Small businesses created **72,119** net jobs in 2016. Firms employing fewer than 20 employees experienced the largest gains, adding **42,384** net jobs. The smallest gains were in firms employing 100 to 499 employees, which added **10,760** 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 5 between June 2016 and June 2017 to 59 banks. (Source: FDIC)
- In 2017, 163,335 loans under \$100,000 (valued at \$2.7 billion) were issued by North Carolina lending institutions reporting under the Community Reinvestment Act. (Source: FFIEC)
- The median income for individuals self-employed at their own incorporated businesses was \$47,498 in 2017. For individuals self-employed at their own unincorporated firms, this figure was \$21,898. (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: North Carolina Employees per Business by Owner's Demographic, 2016

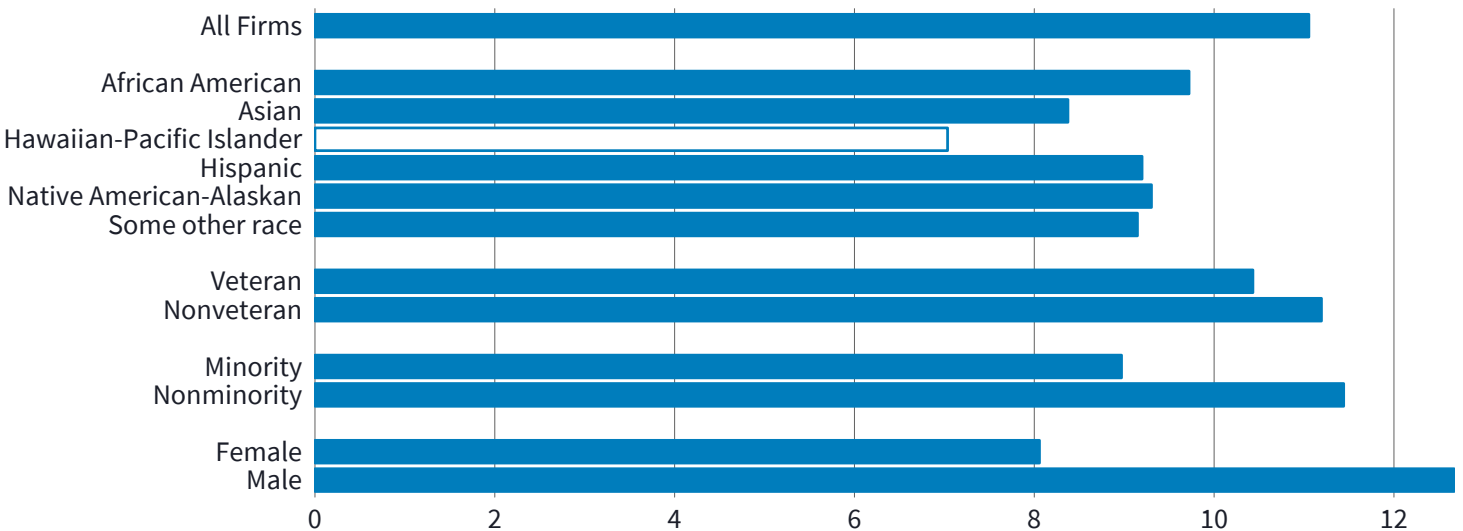
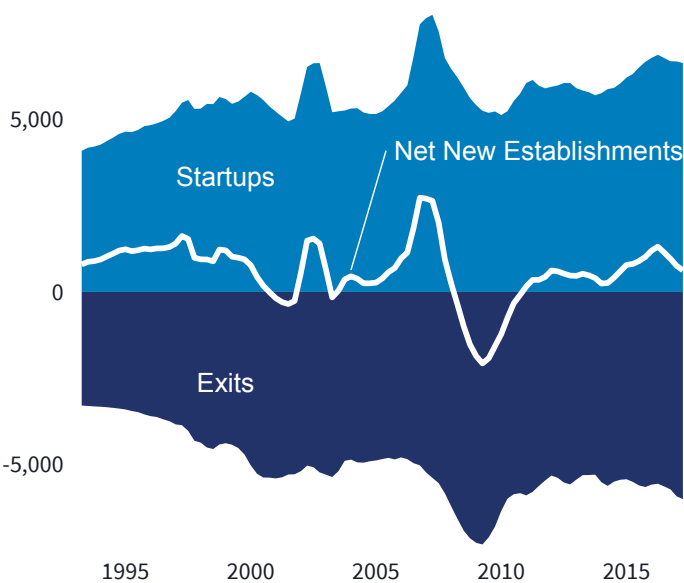


Figure 2 shows the average number of employees per employer business by owner's demographic group according to the 2016 Annual Survey of Entrepreneurs (ASE). Unshaded bars display US values; data were withheld because they do not meet Census Bureau publication standards or could disclose information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

Turnover among Establishments with Employees

Figure 3: North Carolina Quarterly Startups and Exits



- In the third quarter of 2017, 6,577 establishments started up, generating 23,578 new jobs in North Carolina. Startups are counted when business establishments hire at least one employee for the first time. (Source: BDM)
- In the same period, 5,524 establishments exited resulting in 20,143 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 **10,717** companies exported goods from North Carolina in 2016. Of these, **9,339**, or **87.1%**, were small firms; they generated **25.1%** of North Carolina's **\$26.1 billion** in total exports. (Source: **ITA**)

Small Business Employment by Industry and Self-Employment by County

Table 1: North Carolina Employment by Industry, 2016

Industry	Small Business Employment	Total Private Employment	Small Business Employment Share
Health Care and Social Assistance	255,570	582,346	43.9
Accommodation and Food Services	243,358	419,128	58.1
Construction	158,352	187,294	84.5
Retail Trade	157,009	496,375	31.6
Manufacturing	156,062	432,538	36.1
Other Services (except Public Administration)	139,518	157,474	88.6
Professional, Scientific, and Technical Services	123,519	220,467	56.0
Administrative, Support, and Waste Management	106,959	382,424	28.0
Wholesale Trade	92,525	191,054	48.4
Educational Services	44,339	98,030	45.2
Arts, Entertainment, and Recreation	41,339	65,049	63.6
Finance and Insurance	38,412	182,063	21.1
Transportation and Warehousing	37,186	123,215	30.2
Real Estate and Rental and Leasing	35,193	53,183	66.2
Information	21,136	83,205	25.4
Management of Companies and Enterprises	11,521	93,361	12.3
Agriculture, Forestry, and Fishing and Hunting	4,453	4,854	91.7
Utilities	3,563	19,579	18.2
Mining, Quarrying, and Oil and Gas Extraction	1,336	2,587	51.6
Industries not classified	700	700	100.0
Total	1,672,050	3,794,926	44.1

Figure 4: North Carolina Self-Employment Rates by County, 2017

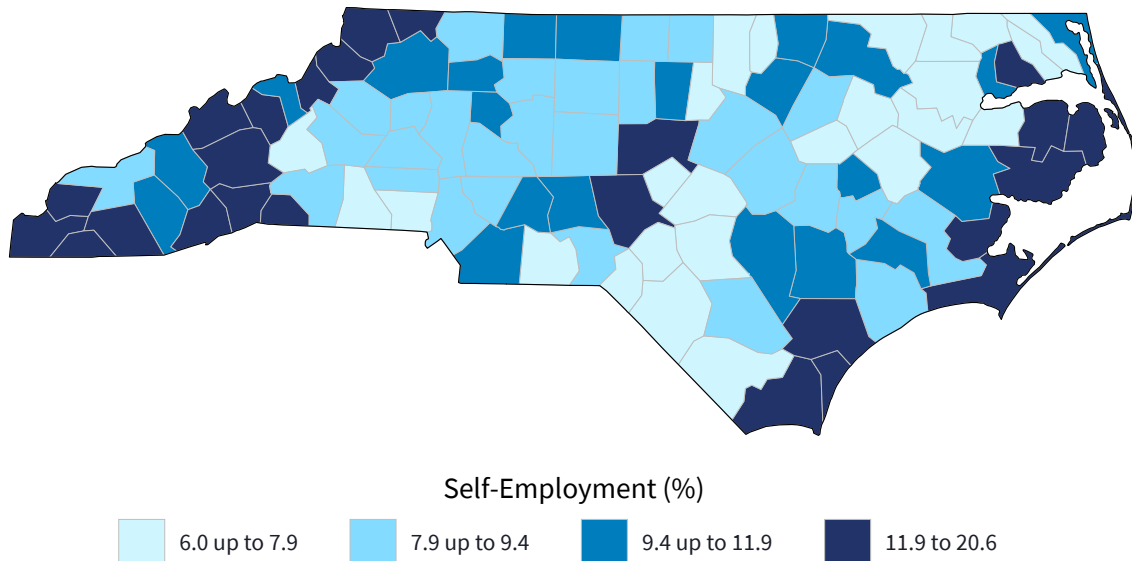


Table 2: North Carolina Small Businesses by Industry and Firm Size, 2016

Industry	1-499 Employees	1-19 Employees	Nonemployer Firms	Total Small Firms
Other Services (except Public Administration)	21,826	20,404	123,738	145,564
Professional, Scientific, and Technical Services	21,783	20,299	91,224	113,007
Construction	21,815	20,011	87,752	109,567
Real Estate and Rental and Leasing	8,493	8,057	79,014	87,507
Administrative, Support, and Waste Management	10,464	9,254	75,604	86,068
Retail Trade	19,544	17,725	62,619	82,163
Health Care and Social Assistance	16,760	13,939	51,144	67,904
Transportation and Warehousing	4,679	4,129	41,258	45,937
Arts, Entertainment, and Recreation	3,460	2,941	38,892	42,352
Finance and Insurance	6,243	5,806	19,708	25,951
Accommodation and Food Services	14,660	10,844	10,383	25,043
Educational Services	2,634	2,141	22,356	24,990
Wholesale Trade	8,430	6,858	11,521	19,951
Manufacturing	7,136	5,115	10,676	17,812
Information	1,688	1,413	8,505	10,193
Agriculture, Forestry, and Fishing and Hunting	772	736	7,658	8,430
Utilities	132	88	662	794
Mining, Quarrying, and Oil and Gas Extraction	96	76	144	240
Total	170,540	150,239	742,858	913,398

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