

Small Business Facts

ESTABLISHMENT DYNAMICS

August 2019 · By Daniel Wilmoth, PhD



One million establishments opened in 2018

In 2018, openings of establishments with employees surpassed one million for the first time.¹ The number of openings rose from 973,000 in 2017 to 1,003,000 in 2018. The number of closings also rose, from 858,000 in 2017 to 888,000 in 2018. The net increase in establishments for 2018 was 115,000, the same as the net increase for 2017. While the number of openings reached a new high in 2018, the share of establishments that had opened in the previous year, 12.3 percent, remained below the share in 1998, 13.7 percent. Almost all of the establishments that open and close each year have fewer than 20 employees.

Annual openings have exceeded closings for eight consecutive years

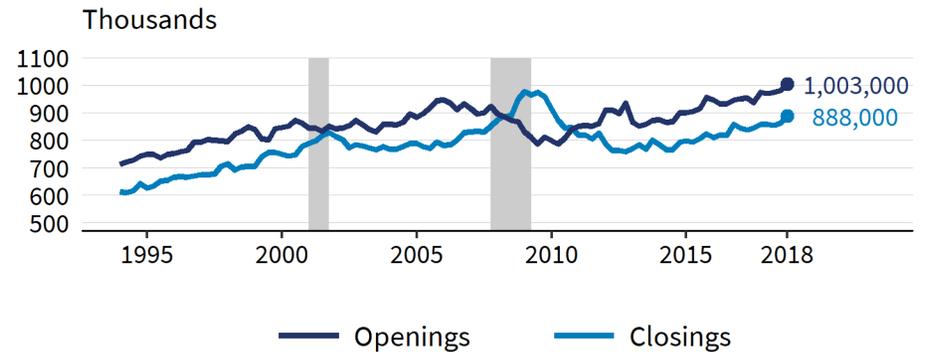
Washington, South Carolina, and Idaho led in growth

With eight percent growth in number of establishments, the state of Washington led the nation for the second consecutive year. South Carolina² and Idaho also exhibited growth rates in excess of five percent. Nine states experienced small net losses. California grew at a rate of 1.9 percent and, because of its size, experienced the largest net increase in number of establishments, almost 25,000. California accounted for more than one out of every five establishments added in the country. Puerto Rico, which experienced a 5.1 percent net loss of establishments in 2017, grew at a rate of 4.2 percent in 2018.

¹ The most current data on business dynamics describe the opening and closing of establishments. A single firm may operate establishments at multiple locations. For information on of the opening and closing of firms, see the Office of Advocacy publication “What’s New with Small Business.”

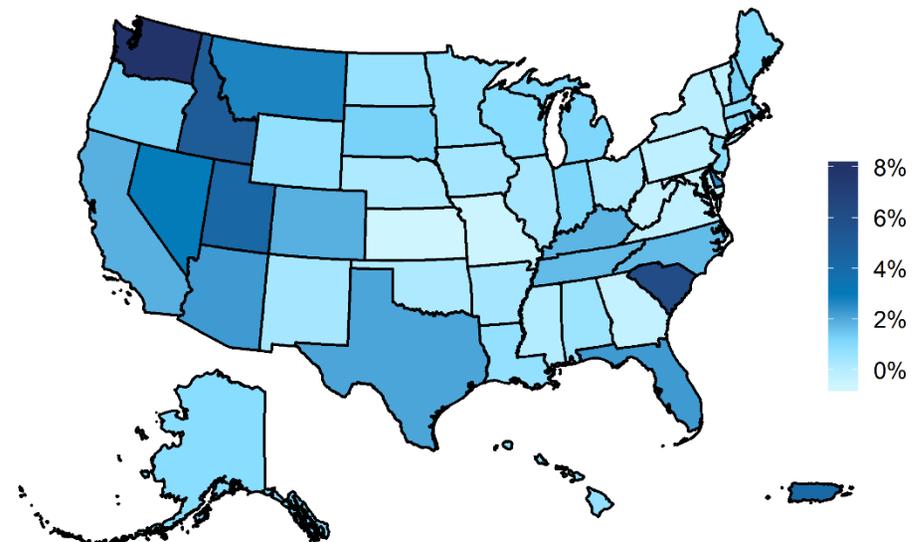
² The growth rate exhibited by South Carolina may have been influenced by changes in reporting.

Annual establishment openings and closings



Source: Business Employment Dynamics, Bureau of Labor Statistics

Percentage change in number of establishments



Source: Business Employment Dynamics, Bureau of Labor Statistics