

A woman with short dark hair, wearing a light-colored apron over a dark long-sleeved shirt, is focused on her work in a floral shop. She is standing at a counter, reaching into a large metal bucket filled with small white flowers. In the foreground, there is a wooden table with a tray containing a white spray bottle and some floral arrangements. The background is filled with shelves of various potted plants and flowers, creating a busy and professional atmosphere. The entire image has a blue tint and a white text overlay in the center.

# SMALL BUSINESS

UPDATED FROM 2025 RELEASE OF 2024 SURVEY | REGIONAL

Asani Sarkar

## Takeaways | Small Business

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- Small businesses in the region, especially those with fewer than 10 employees, performed worse than national firms during the COVID-19 pandemic and have continued to struggle since then. In December 2020, the net share of firms in the region reporting losses was more than twice as high as the national share, and profitable firms did not outnumber unprofitable firms again until 2022. In December 2023, the net share of firms in the region reporting profits was only 6%, below the national share of 11%.
- Revenue growth of firms in the region fell more relative to national firms during the pandemic and has yet to recover. More regional firms reported lower than higher revenues in every year since 2020, with those having 9 or fewer employees struggling the most. In 2024, a higher share of firms in the region reported weak sales. Larger shares of firms in the region expected revenues to decline in 2025 than in 2024.
- In spite of declining inflation, regional firms with 9 or fewer employees reported higher input and wage costs as a financial challenge in 2024.
- Firms in the region have struggled to generate employment since the pandemic as more firms reported negative than positive employment growth in every year since 2020, except for 2023. Firms with less than 10 employees have had the least employment growth, and a higher share of these firms downsized and had hiring difficulties in 2024 than in 2023. The share of large firms expecting to generate employment in 2025 declined.
- Contrary to national trends, debt per employee increased in 2024 for all firms. Among firms with less than 10 employees, lower shares received less than the full amount that they applied for than in 2023. The fraction of firms that did not apply on the grounds that they did not need funds also declined.
- In the region, more firms of all sizes reported difficulties with utilizing technology while, mirroring national trends, the share of firms reporting supply chain issues continued to decline.

# Full Report Highlights

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- **INFLATION**

Relative to the 2021-22 inflationary episode, inflation rates have converged across groups with different incomes, ages, and education levels. However, low-income households in the region have had higher inflation in 2025 Q4 than high-income households.

- **EARNINGS**

Average real earnings are higher in the region compared to the national average. Real earnings gaps across racial and ethnic groups, educational groups, and between men and women have generally remained in their long-run ranges.

- **EMPLOYMENT**

Labor market gaps have declined in the region at rates similar to those of the nation as a whole. However, the gender employment gap in the region has tended to decline faster and be lower than the national gender employment gap. Currently, racial and gender gaps have been decreasing, and education gaps have partially rebounded from record lows in accordance with national trends.

- **SMALL BUSINESS**

Small businesses, and particularly the very smallest firms, in the region took a bigger hit during the COVID-19 pandemic with employment and revenue growth yet to catch up to national averages. Furthermore, smaller regional firms report difficulties adapting to technology.

## Data & Methods

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- Outcomes are reported from the Small Business Credit Survey (SBCS), a national survey of firms with fewer than 500 employees administered by the twelve Federal Reserve Banks annually between September and November of each year.
- The “region” refers to the entire states of New York, New Jersey, and Connecticut for this analysis.
- Profitability questions refer to profit levels for year-end before the survey year, which is reflected in the profitability charts. For example, the 2024 survey responses refer to profit levels at the end of 2023. All other questions refer to the twelve months preceding the survey.
- Survey respondents provide a range for their debt levels. We take the mid-point of this range as the respondent's debt level.
- The core survey questions remain consistent from year to year, covering firm demographics, performance, and financing. The questionnaire follows a "branching process," in which firms are directed to complete different modules based on previous answers.
- This analysis focuses on the subsample of "employer" firms, which have at least one part-time employee on payroll, in addition to the business owner.

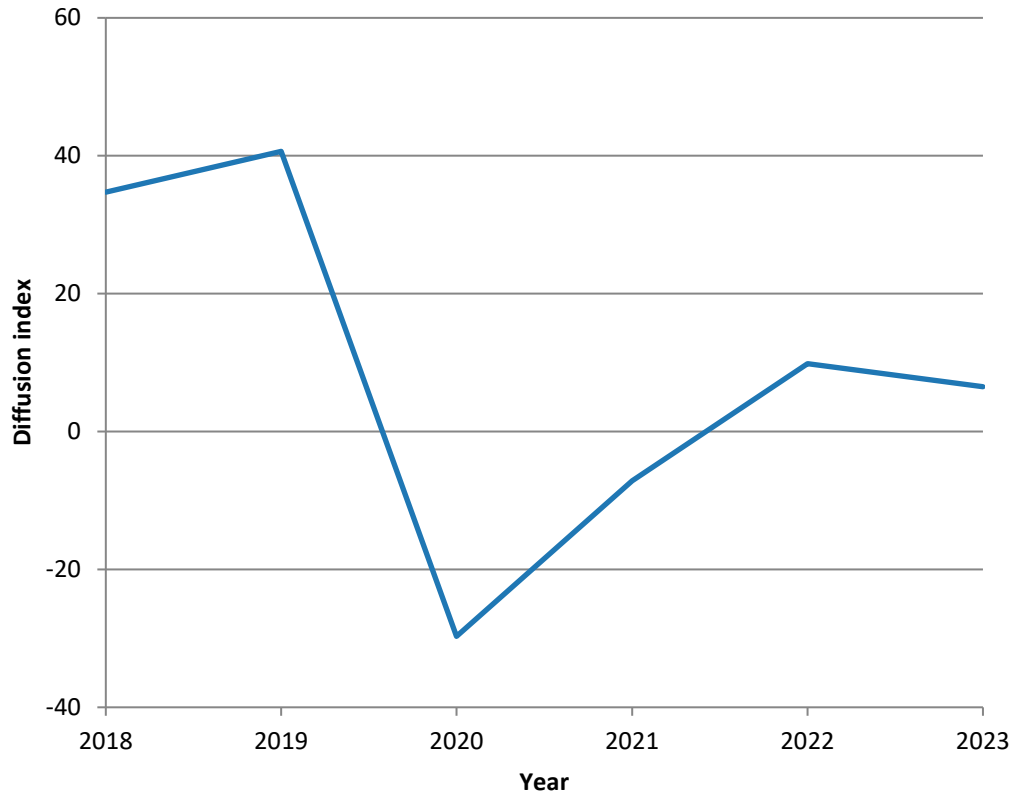
## Data & Methods (continued)

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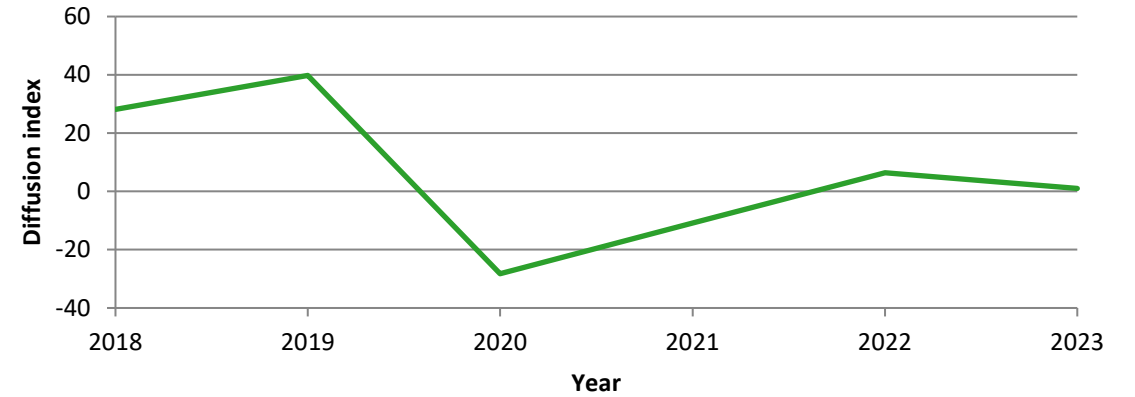
- Because the sample includes a non-random set of firms contacted directly by community organizations, the survey responses are weighted by industry, location, and demographics so that the adjusted sample distribution of firms mirrors the U.S. population of small firms.

## Profitability, End of Year

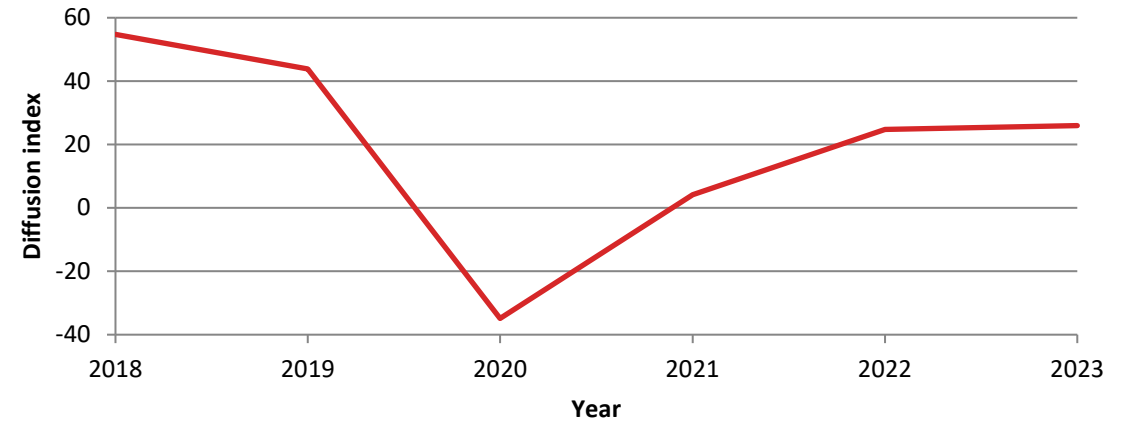
### All Businesses



### 1-9 Employees



### 10+ Employees



Sources: Federal Reserve Banks, 2019-24 Small Business Credit Surveys.

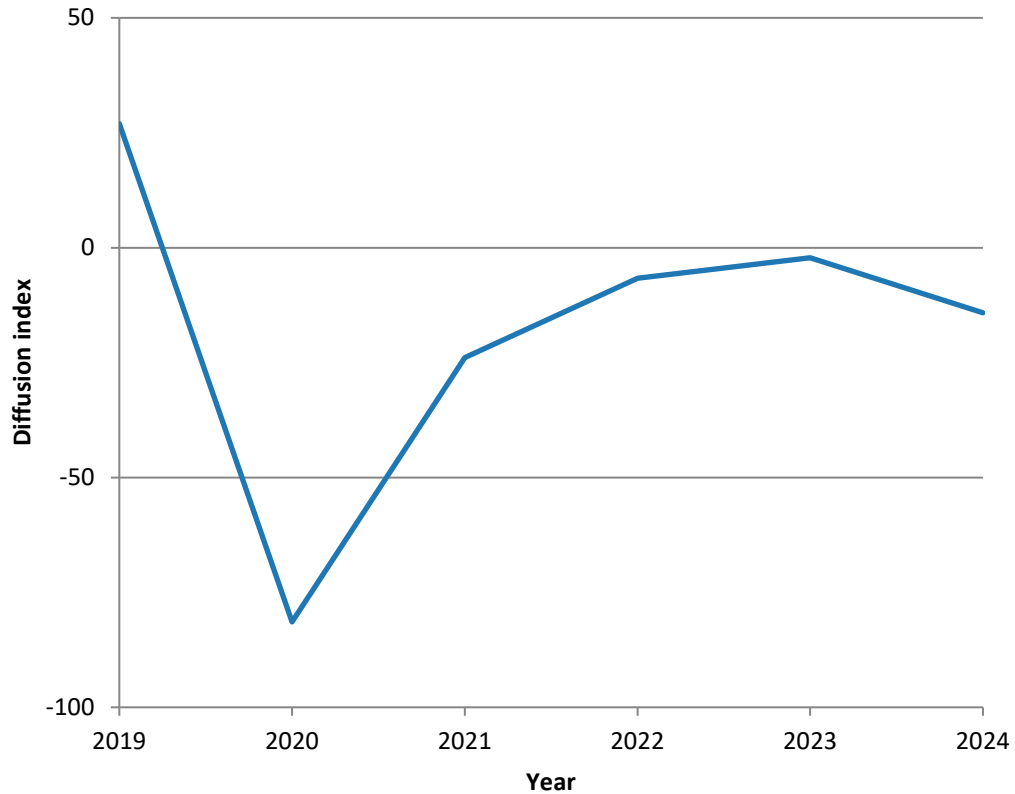
Notes: The chart plots the diffusion index (% At a profit - % At a loss) of responses to the question: "At the end of [this] year, was your business operating at a profit, break-even, or loss?"

Total number of respondents by year: 2018, 336; 2019, 1156; 2020, 1680; 2021, 1058; 2022, 592; 2023, 805.

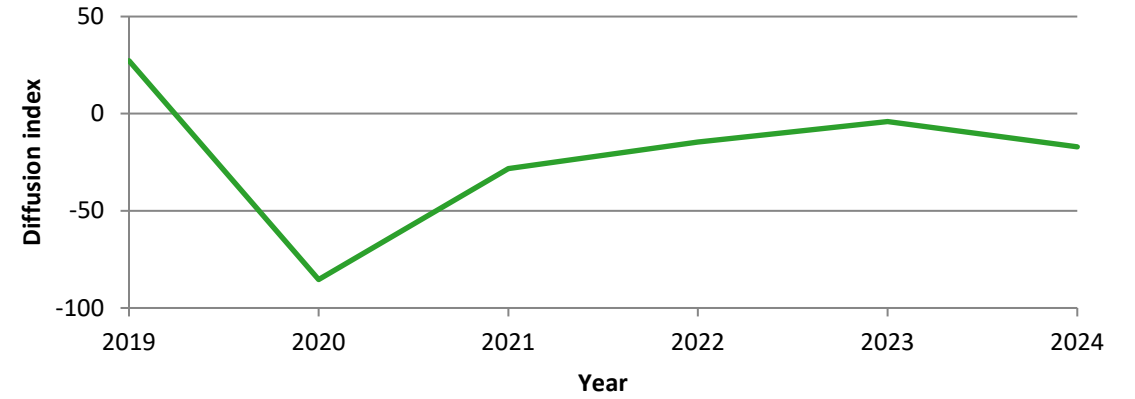
Number of respondents with 1-9 employees by year: 2018, 218; 2019, 845; 2020, 1177; 2021, 737; 2022, 409; 2023, 541.

## Revenue, Past 12 Months

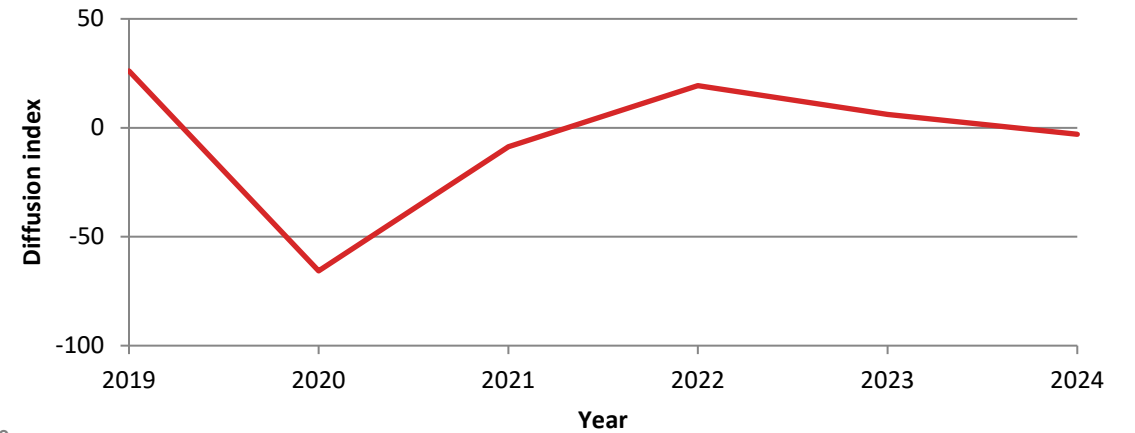
### All Businesses



### 1-9 Employees



### 10+ Employees



Sources: Federal Reserve Banks, 2019-24 Small Business Credit Surveys.

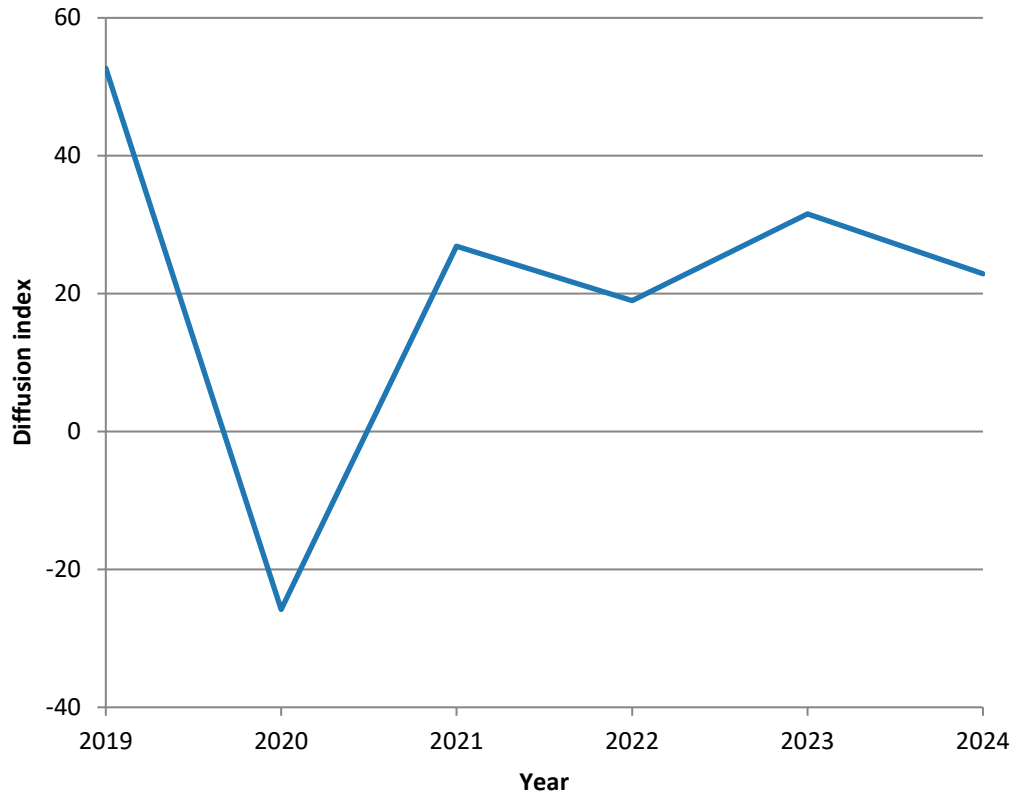
Notes: The chart plots the diffusion index (% Increase - % Decrease) of responses to the question: "How did your revenue change over the past 12 months?"

Total number of respondents by year: 2019, 336; 2020, 1213; 2021, 1745; 2022, 1074; 2023, 594; 2024, 81.

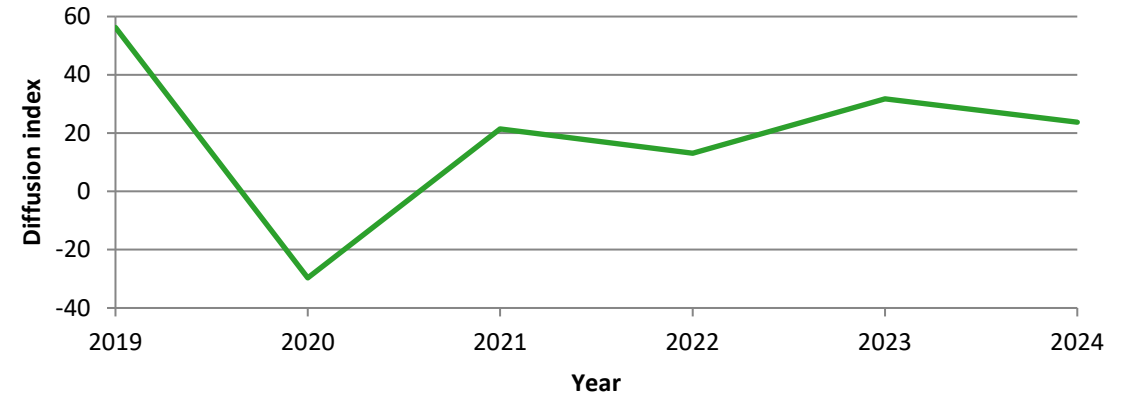
Number of respondents with 1-9 employees by year: 2019, 222; 2020, 895; 2021, 1231; 2022, 756; 2023, 412; 2024, 556.

## Revenue, Next 12 Months

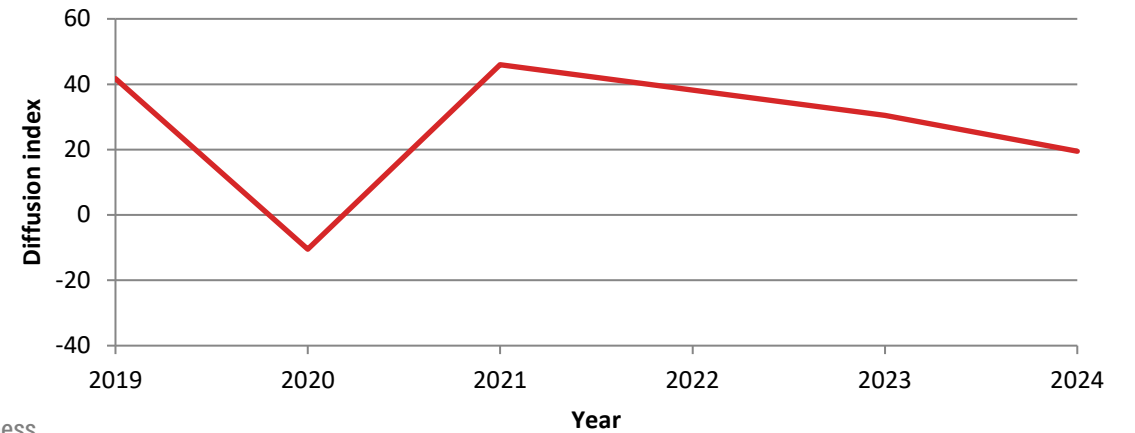
### All Businesses



### 1-9 Employees



### 10+ Employees



Sources: Federal Reserve Banks, 2019-24 Small Business Credit Surveys.

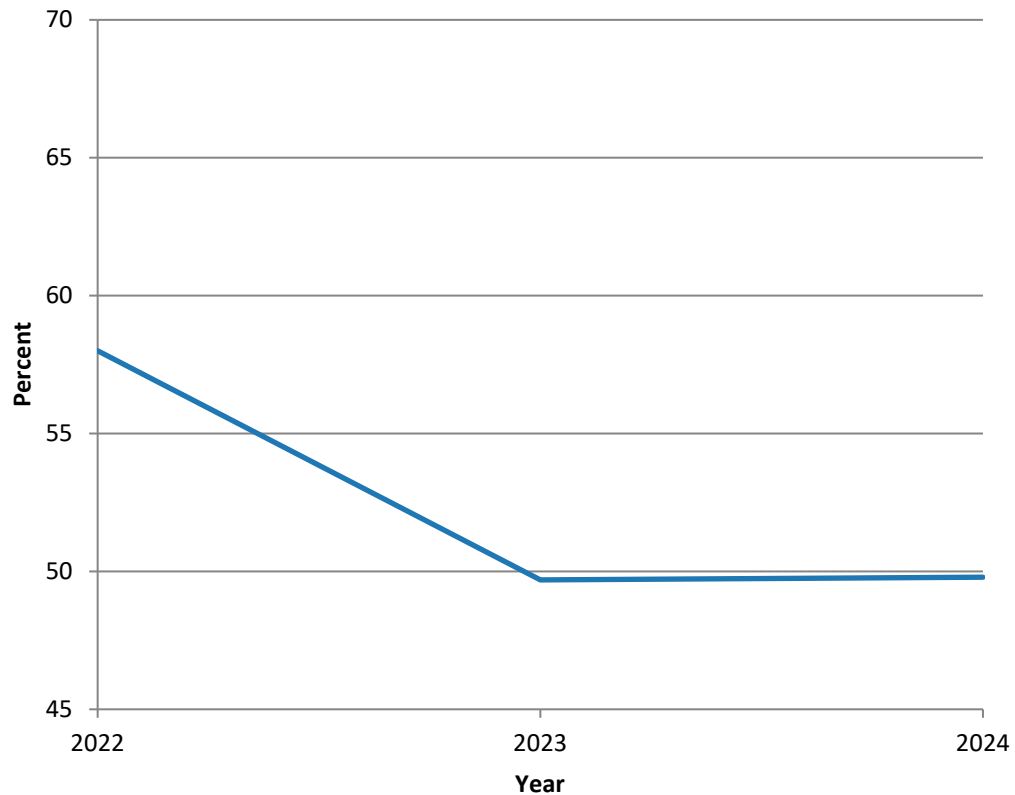
Notes: The chart plots the diffusion index (% Increase - % Decrease) of responses to the question: "How does your business expect its revenue to change over the next 12 months?"

Total number of respondents by year: 2019, 332; 2020, 1215; 2021, 1758; 2022, 1085; 2023, 603; 2024, 826.

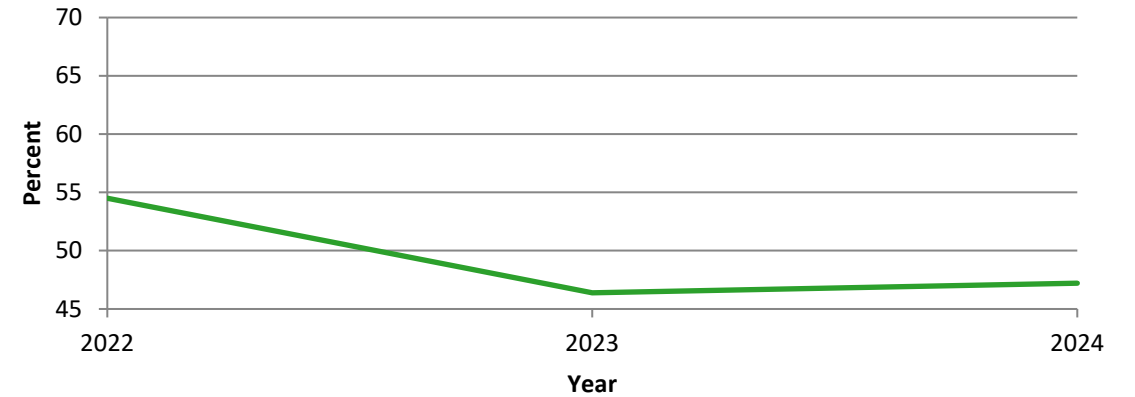
Number of respondents with 1-9 employees by year: 2019, 217; 2020, 897; 2021, 1239; 2022, 765; 2023, 419; 2024, 566.

## Raised Prices

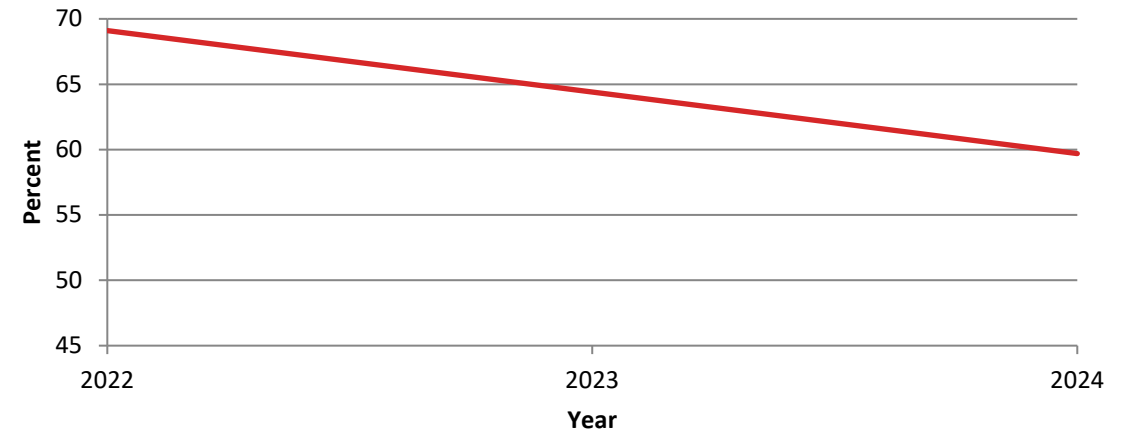
### All Businesses



### 1-9 Employees



### 10+ Employees



Sources: Federal Reserve Banks, 2022-24 Small Business Credit Surveys.

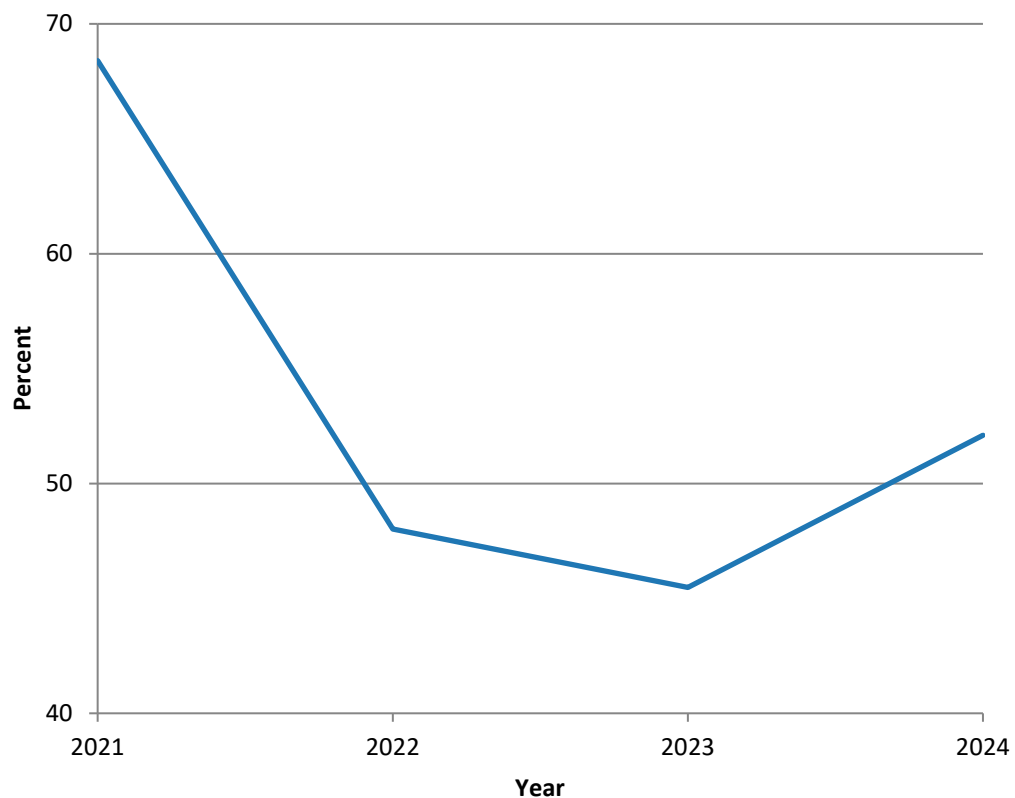
Notes: The chart plots the percentage of firms selecting “raised prices the business charges” as an action taken to deal with financial challenges during the past 12 months.

Total number of respondents by year: 2022, 1073; 2023, 585; 2024, 792.

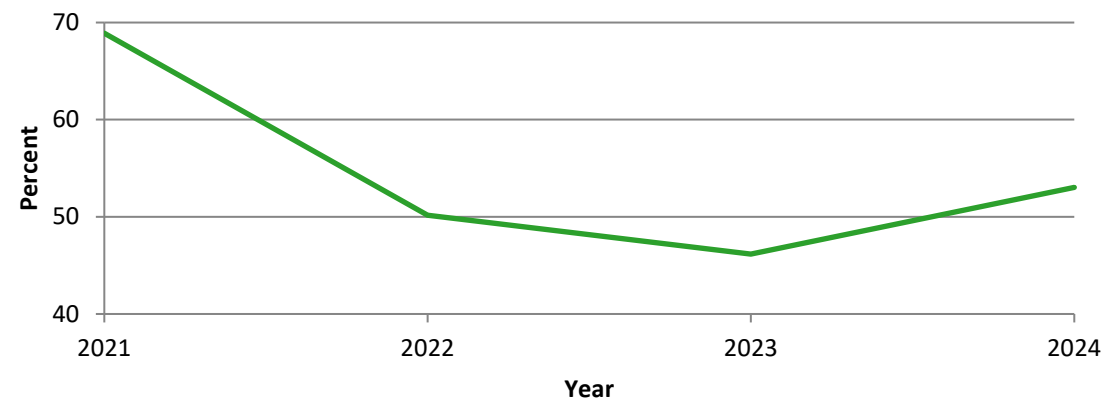
Number of respondents with 1-9 employees by year: 2022, 754; 2023, 412; 2024, 543.

## Weak Sales

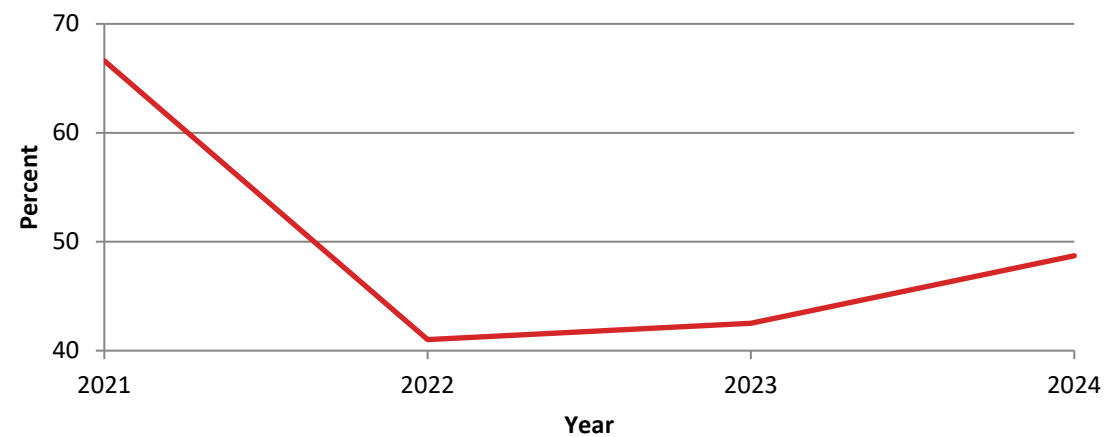
### All Businesses



### 1-9 Employees



### 10+ Employees



Sources: Federal Reserve Banks, 2021-24 Small Business Credit Surveys.

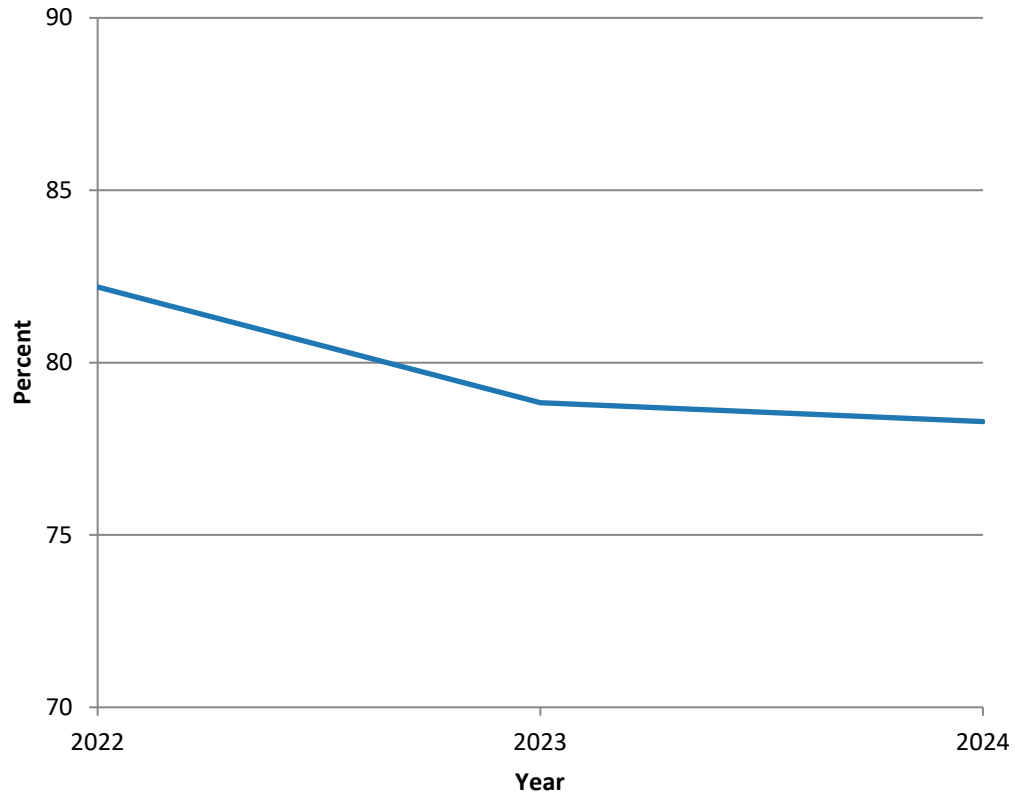
Notes: The chart plots the percentage of firms selecting "weak sales" as a challenge experienced during the past 12 months.

Total number of respondents by year: 2021, 1779; 2022, 1107; 2023, 611; 2024, 841.

Number of respondents with 1-9 employees by year: 2021, 1257; 2022, 779; 2023, 424; 2024, 571.

## Increased Costs

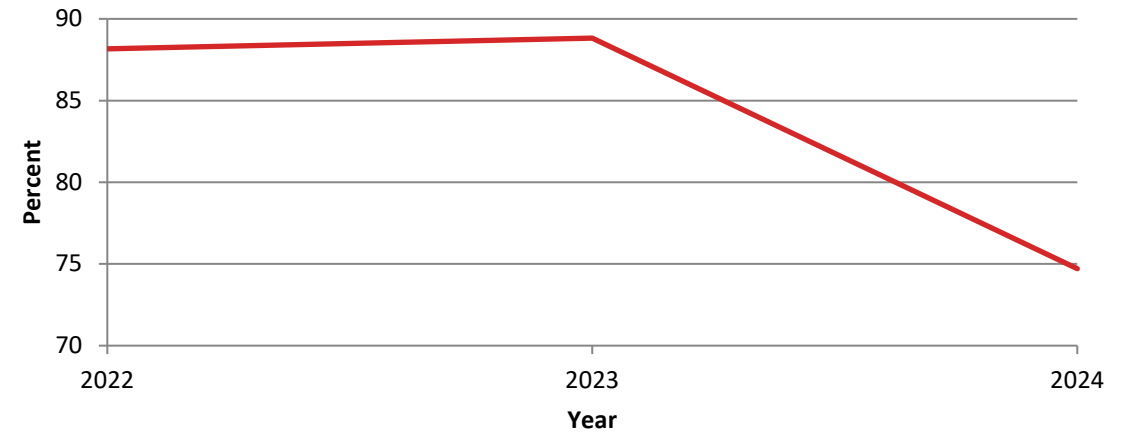
### All Businesses



### 1-9 Employees



### 10+ Employees



Sources: Federal Reserve Banks, 2022-24 Small Business Credit Surveys.

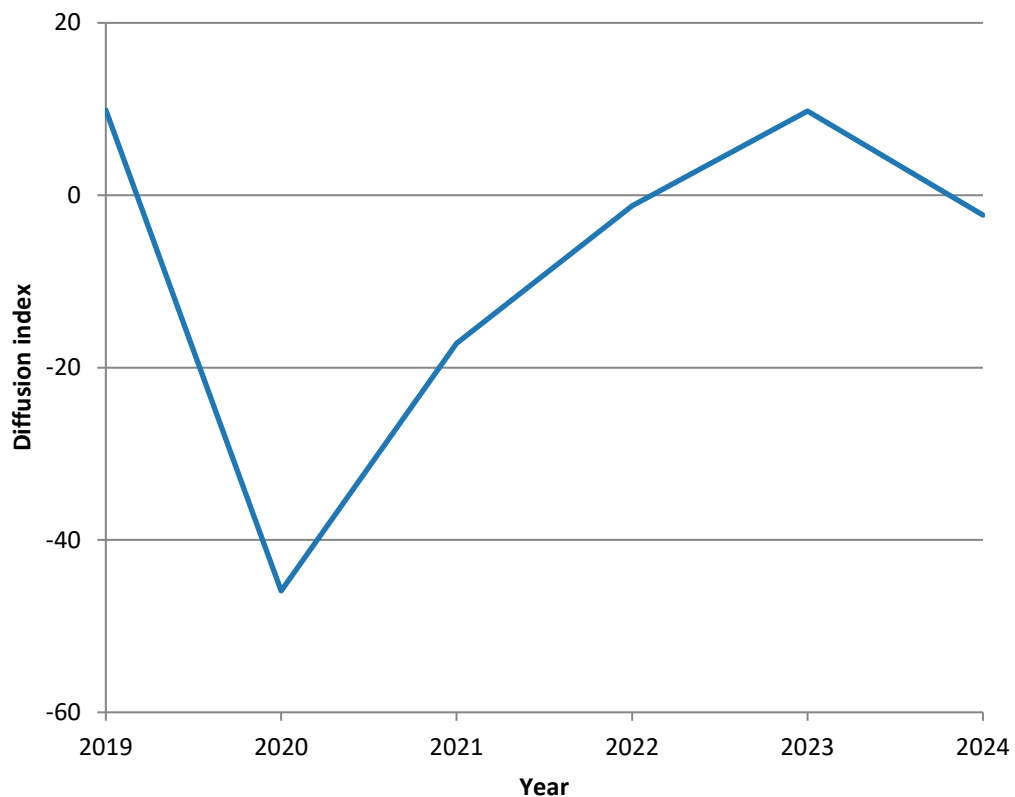
Notes: The chart plots the percentage of firms selecting “increased cost of goods, services, and/or wages” as a challenge experienced during the past 12 months.

Total number of respondents by year: 2022, 1107; 2023, 611; 2024, 841.

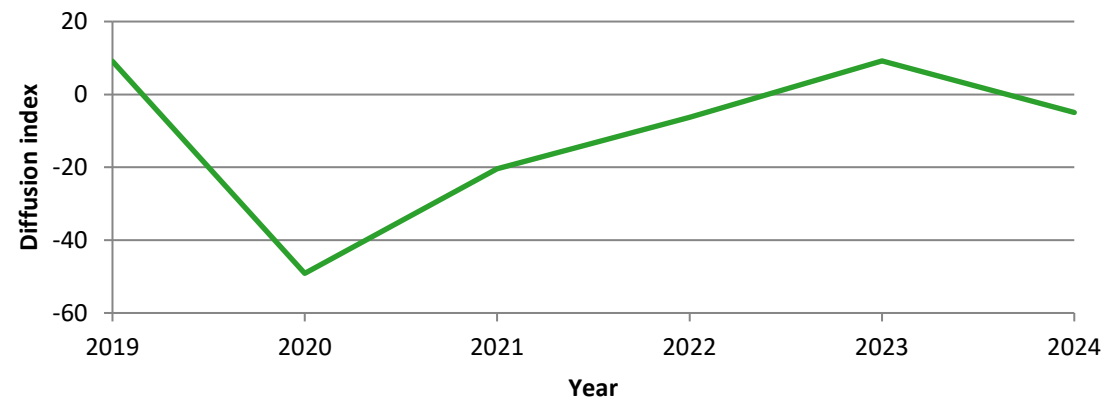
Number of respondents with 1-9 employees by year: 2022, 779; 2023, 424; 2024, 571.

## Employment, Past 12 Months

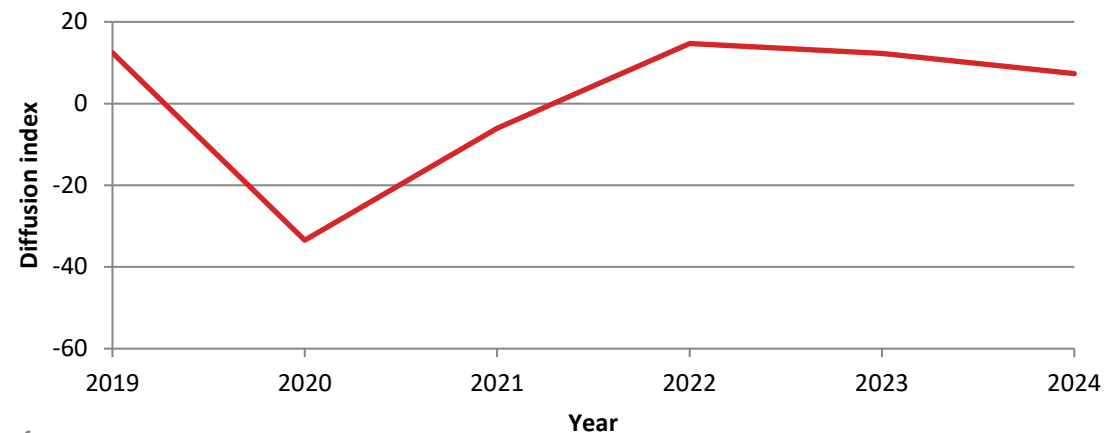
### All Businesses



### 1-9 Employees



### 10+ Employees



Sources: Federal Reserve Banks, 2019-24 Small Business Credit Surveys.

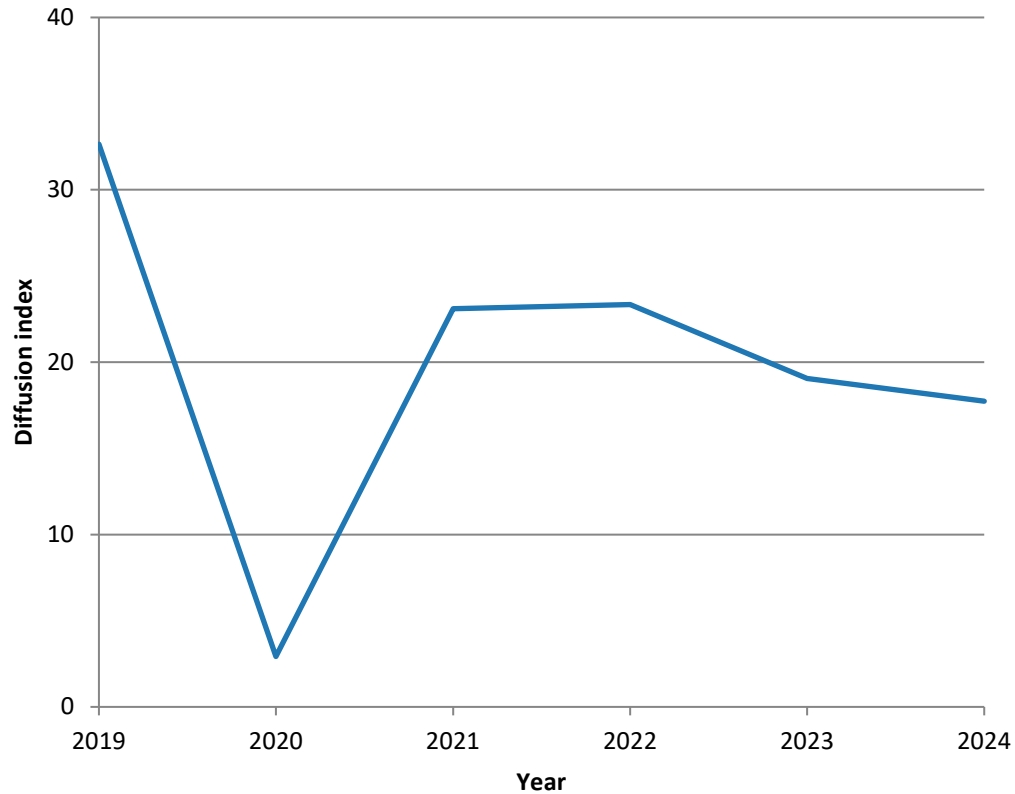
Notes: The chart plots the diffusion index (% Increase - % Decrease) of responses to the question: "How did your number of employees change over the past 12 months?"

Total number of respondents by year: 2019, 310; 2020, 1173; 2021, 1722; 2022, 1057; 2023, 600; 2024, 812.

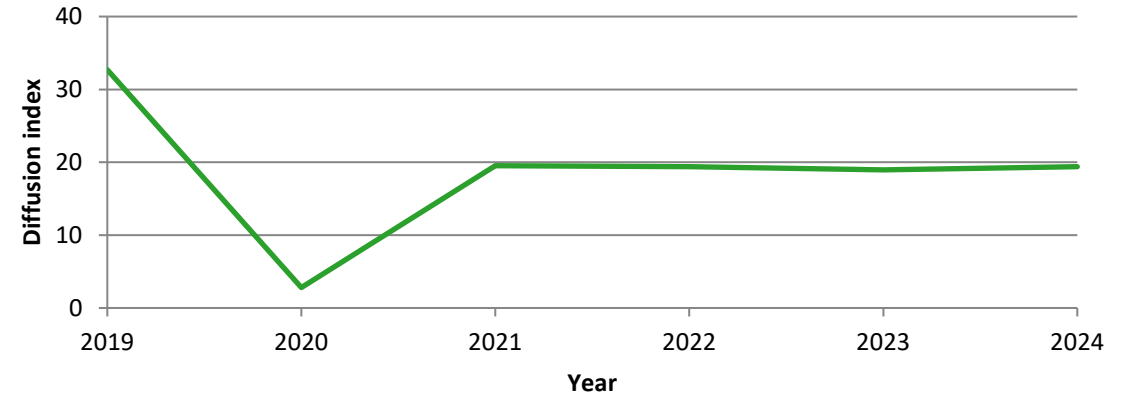
Number of respondents with 1-9 employees by year: 2019, 202; 2020, 859; 2021, 1206; 2022, 733; 2023, 415; 2024, 547.

## Employment, Next 12 Months

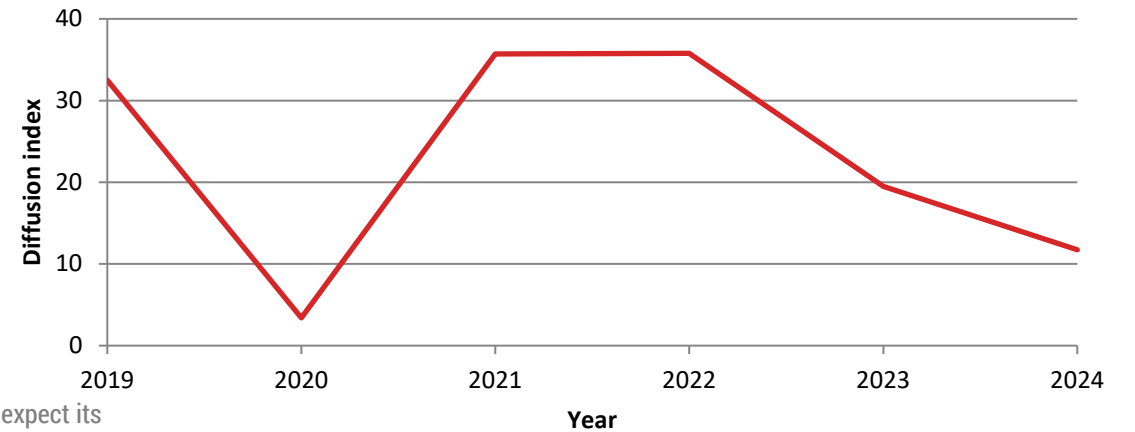
### All Businesses



### 1-9 Employees



### 10+ Employees



Sources: Federal Reserve Banks, 2019-24 Small Business Credit Surveys.

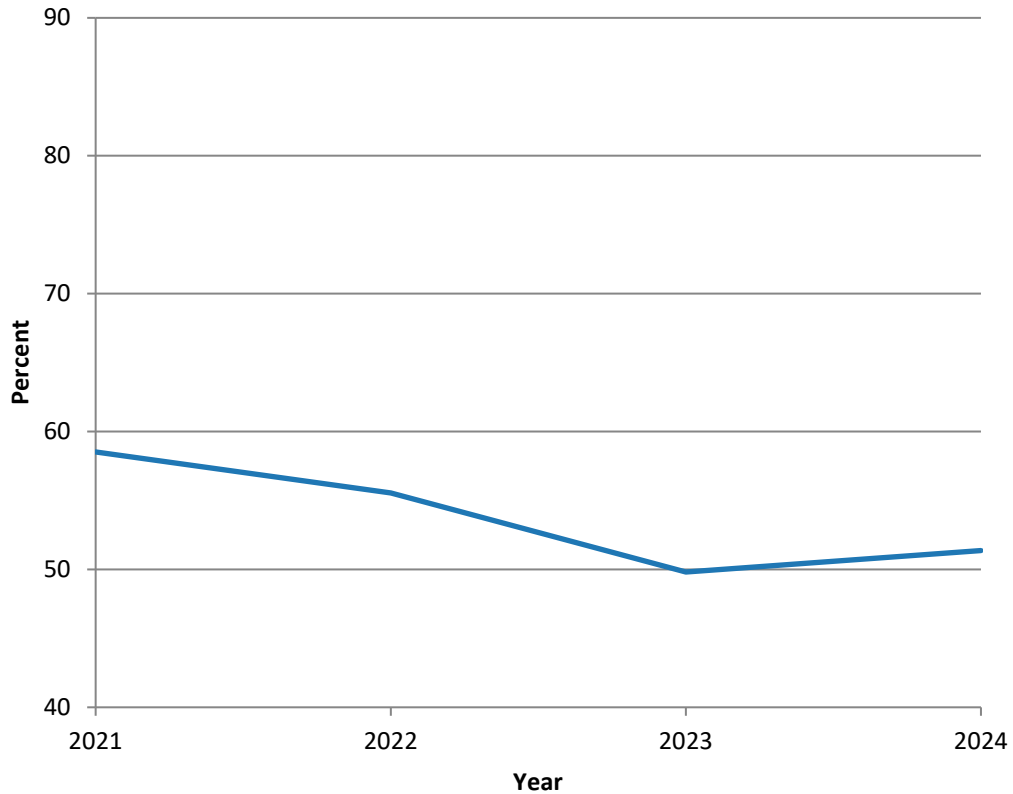
Notes: The chart plots the diffusion index (% Increase - % Decrease) of responses to the question: "How does your business expect its number of employees change over the next 12 months?"

Total number of respondents by year: 2019, 333; 2020, 1177; 2021, 1737; 2022, 1069; 2023, 605; 2024, 812.

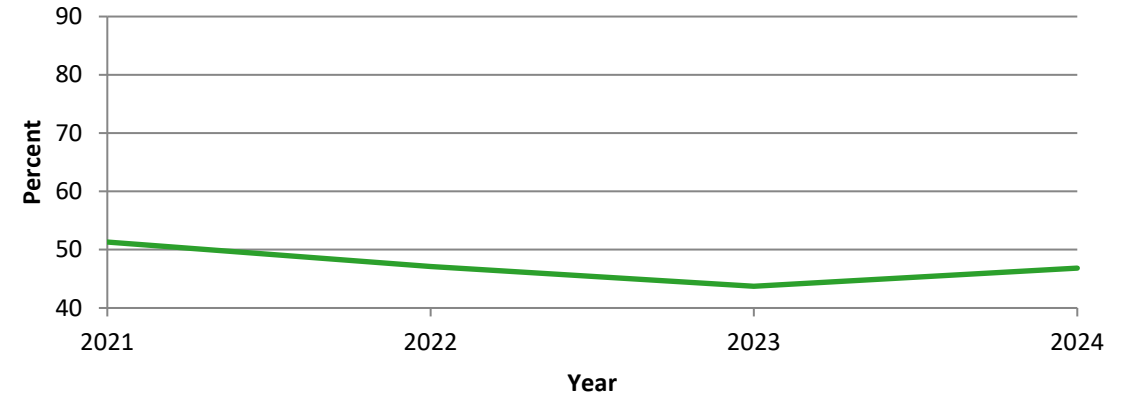
Number of respondents with 1-9 employees by year: 2019, 217; 2020, 863; 2021, 1219; 2022, 744; 2023, 420; 2024, 547.

## Difficulty Hiring Staff

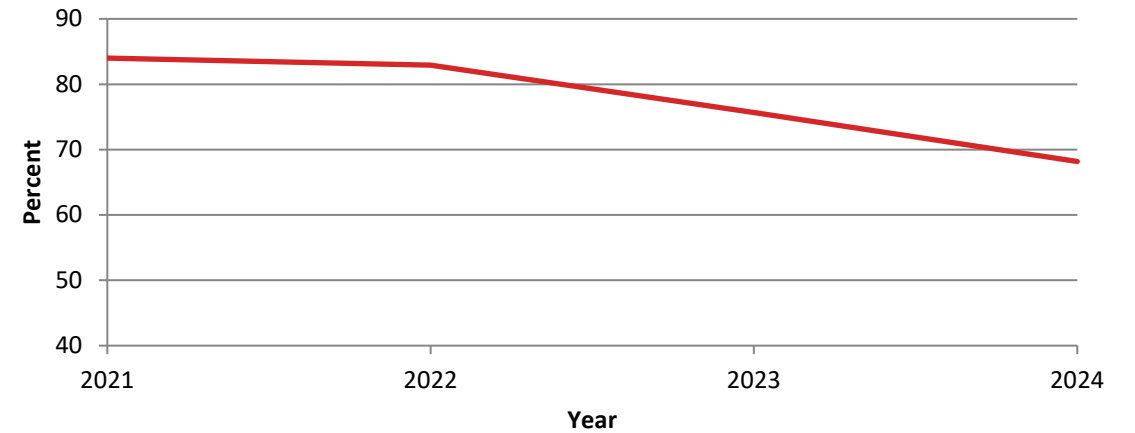
### All Businesses



### 1-9 Employees



### 10+ Employees



Sources: Federal Reserve Banks, 2021-24 Small Business Credit Surveys.

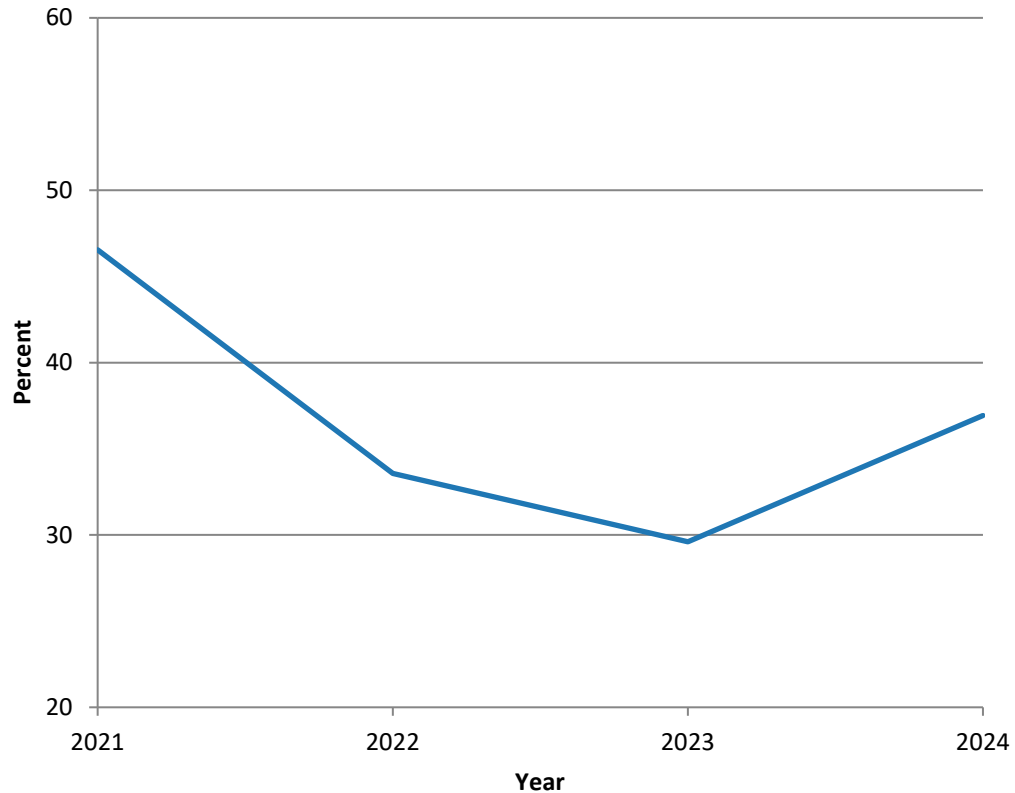
Notes: The chart plots the percentage of firms selecting "hiring or retaining qualified staff" as a challenge experienced during the past 12 months.

Total number of respondents by year: 2021, 1783; 2022, 1102; 2023, 602; 2024, 833.

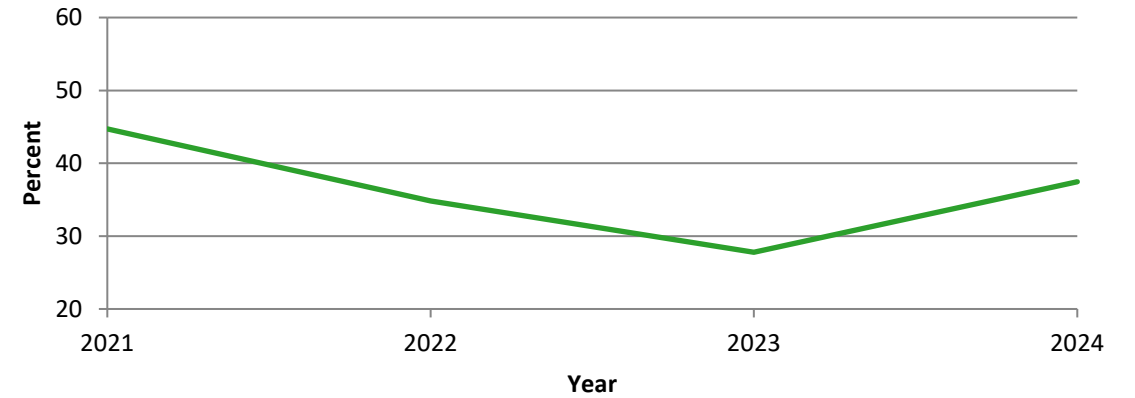
Number of respondents with 1-9 employees by year: 2021, 1257; 2022, 774; 2023, 416; 2024, 566.

## Downsized

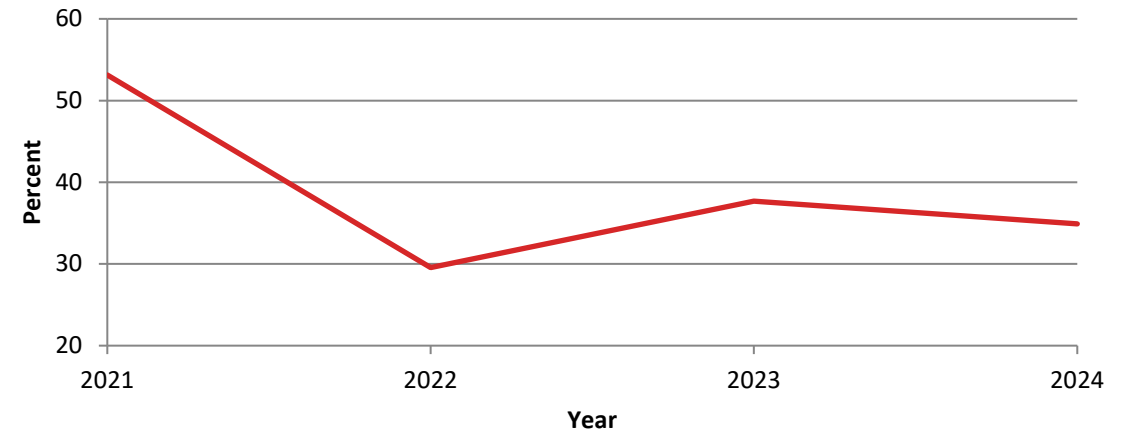
### All Businesses



### 1-9 Employees



### 10+ Employees



Sources: Federal Reserve Banks, 2021-24 Small Business Credit Surveys.

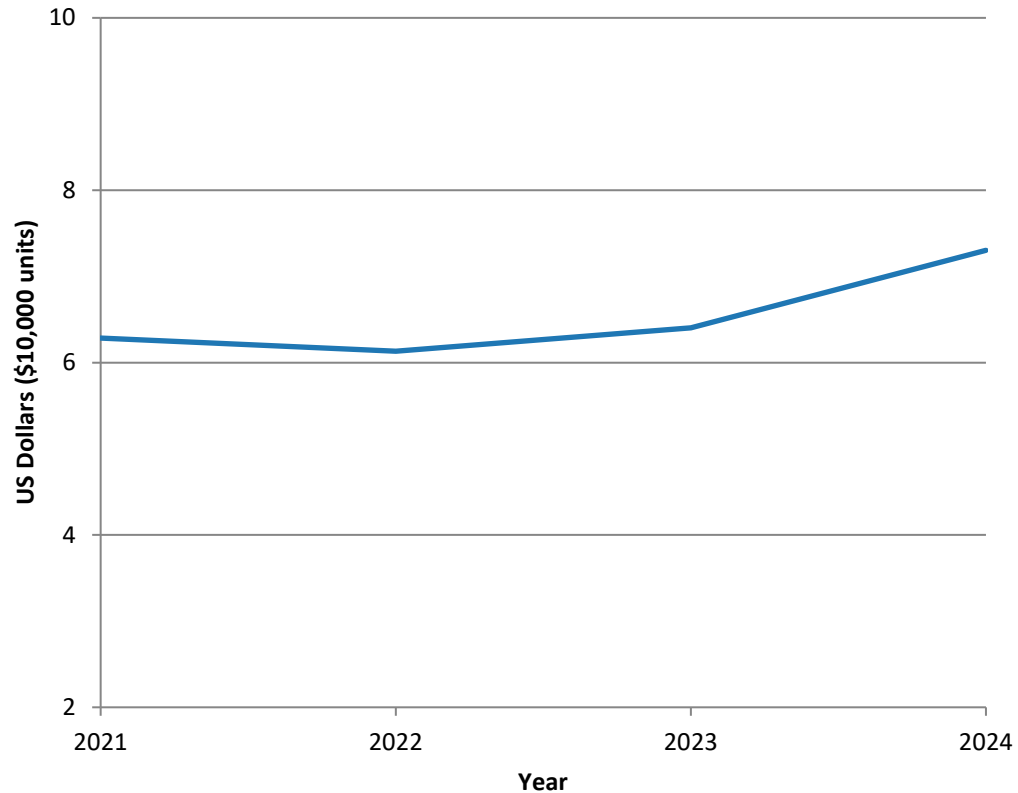
Notes: The chart plots the percentage of firms selecting “cut staff, hours, and/or downsized operations” as an action taken to deal with financial challenges during the past 12 months.

Total number of respondents by year: 2021, 1660; 2022, 1073; 2023, 585; 2024, 792.

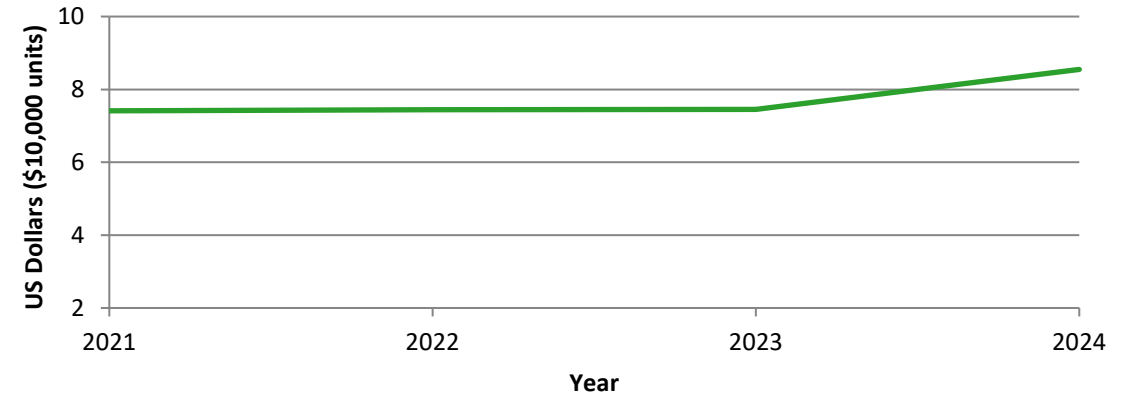
Number of respondents with 1-9 employees by year: 2021, 1181; 2022, 754; 2023, 412; 2024, 543.

## Debt Per Employee

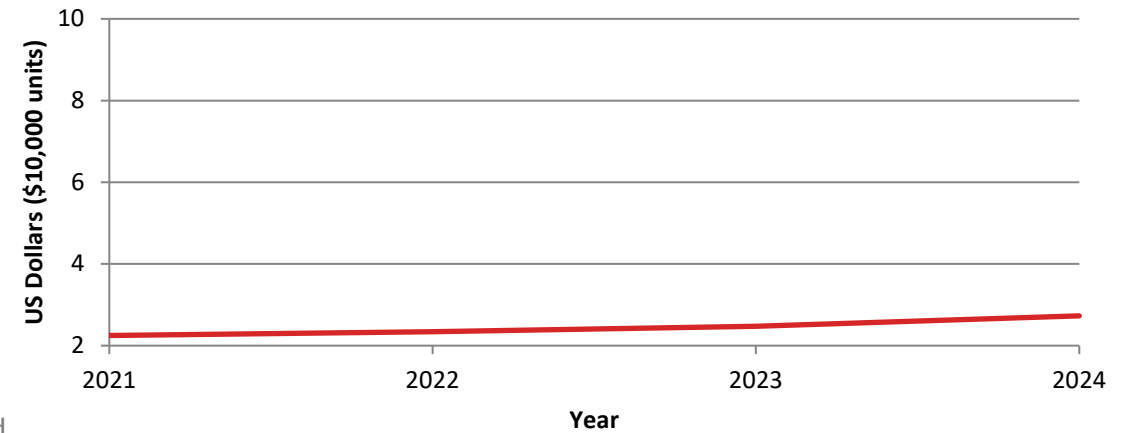
### All Businesses



### 1-9 Employees



### 10+ Employees



Sources: Federal Reserve Banks, 2021-24 Small Business Credit Surveys.

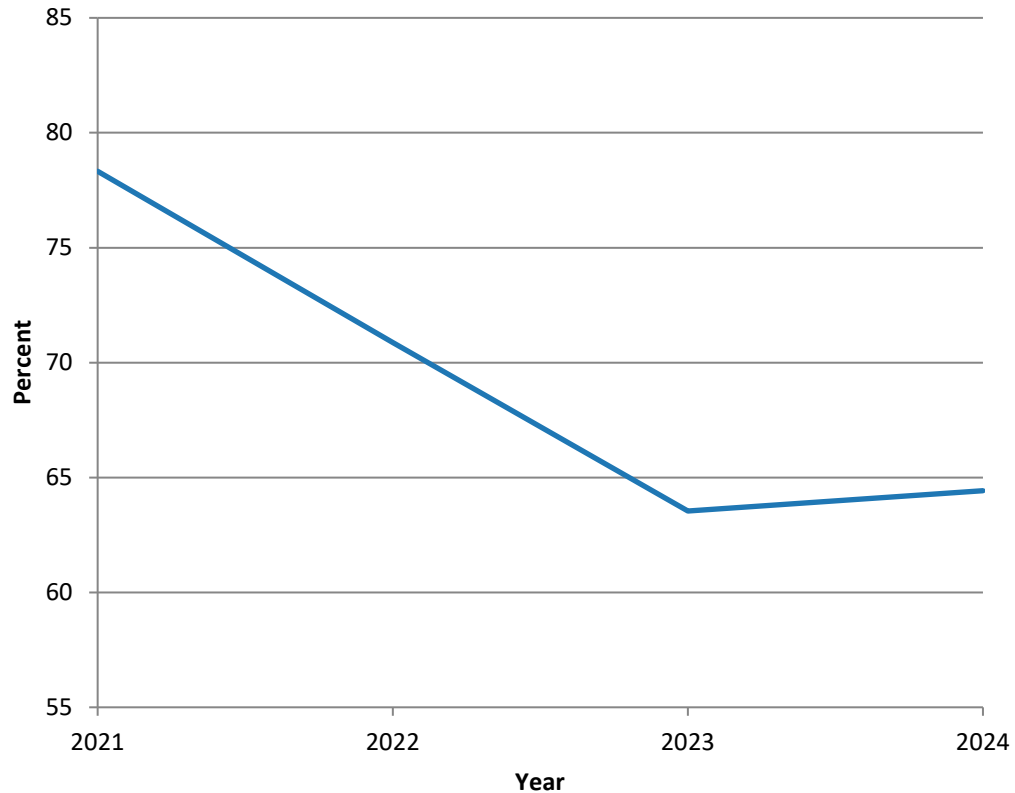
Notes: The chart plots the average total debt outstanding divided by number of employees. Debt amounts are estimated as the mid-point of the range provided by respondents.

Total number of respondents by year: 2021, 1361; 2022, 855; 2023, 477; 2024, 646.

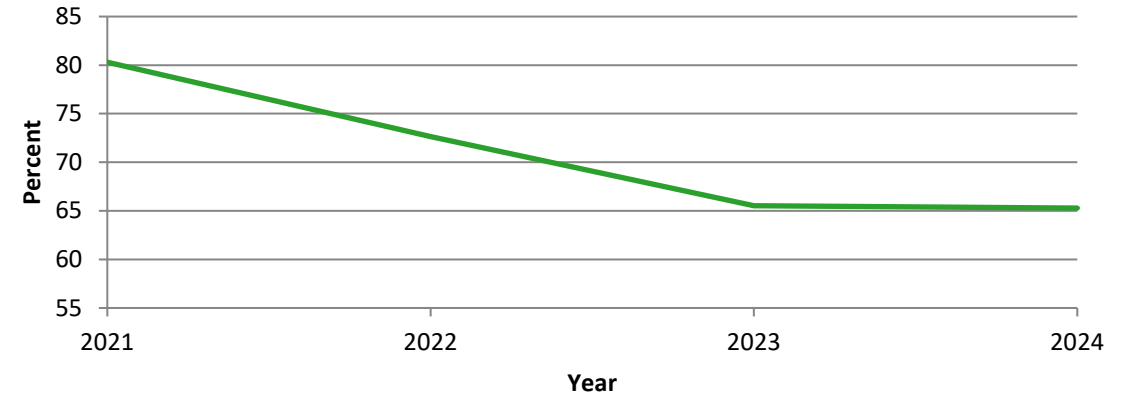
Number of respondents with 1-9 employees by year: 2021, 955; 2022, 600; 2023, 331; 2024, 440.

## Received Less Than Full Amount of Financing Requested

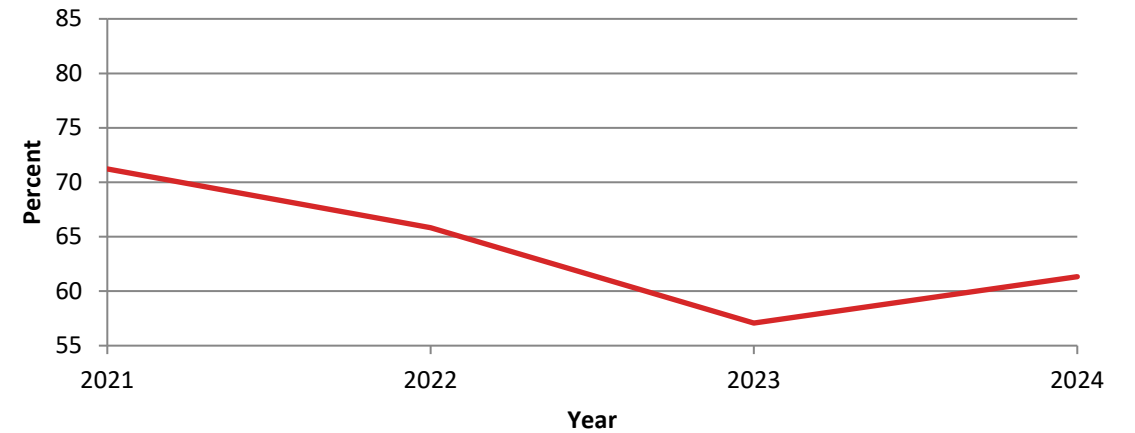
### All Businesses



### 1-9 Employees



### 10+ Employees



Sources: Federal Reserve Banks, 2021-24 Small Business Credit Surveys.

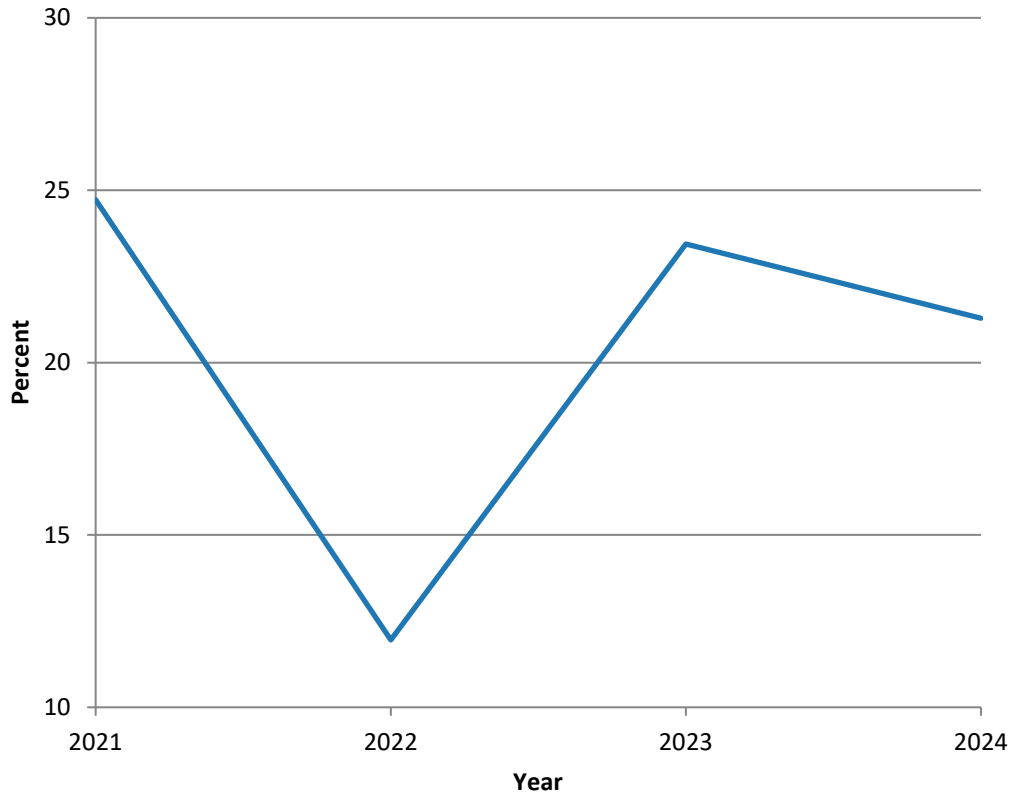
Notes: The chart plots the percentage of firms that applied for financing in the past 12 months who received less than 100% of the total financing dollars sought.

Total number of respondents by year: 2021, 528; 2022, 664; 2023, 320; 2024, 435.

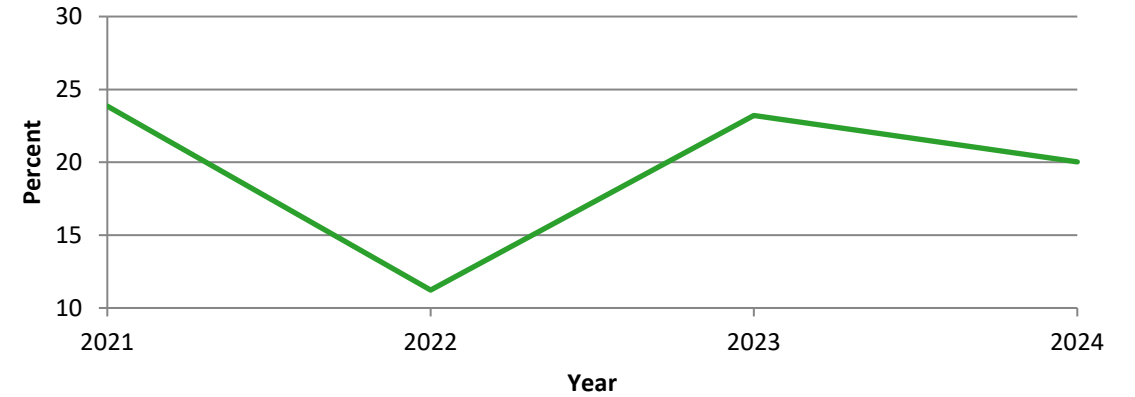
Number of respondents with 1-9 employees by year: 2021, 368; 2022, 464; 2023, 212; 2024, 290.

## Nonapplicants With No Need for Funds

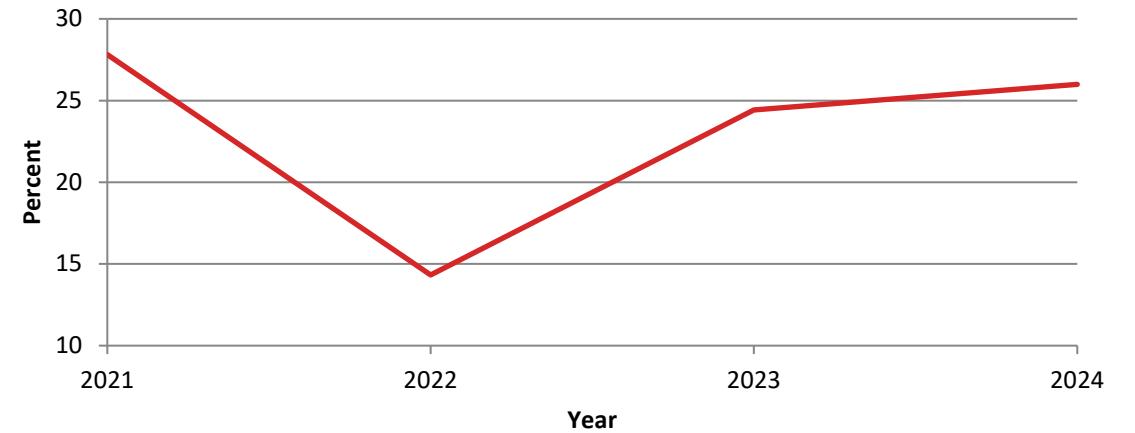
### All Businesses



### 1-9 Employees



### 10+ Employees



Sources: Federal Reserve Banks, 2021-24 Small Business Credit Surveys.

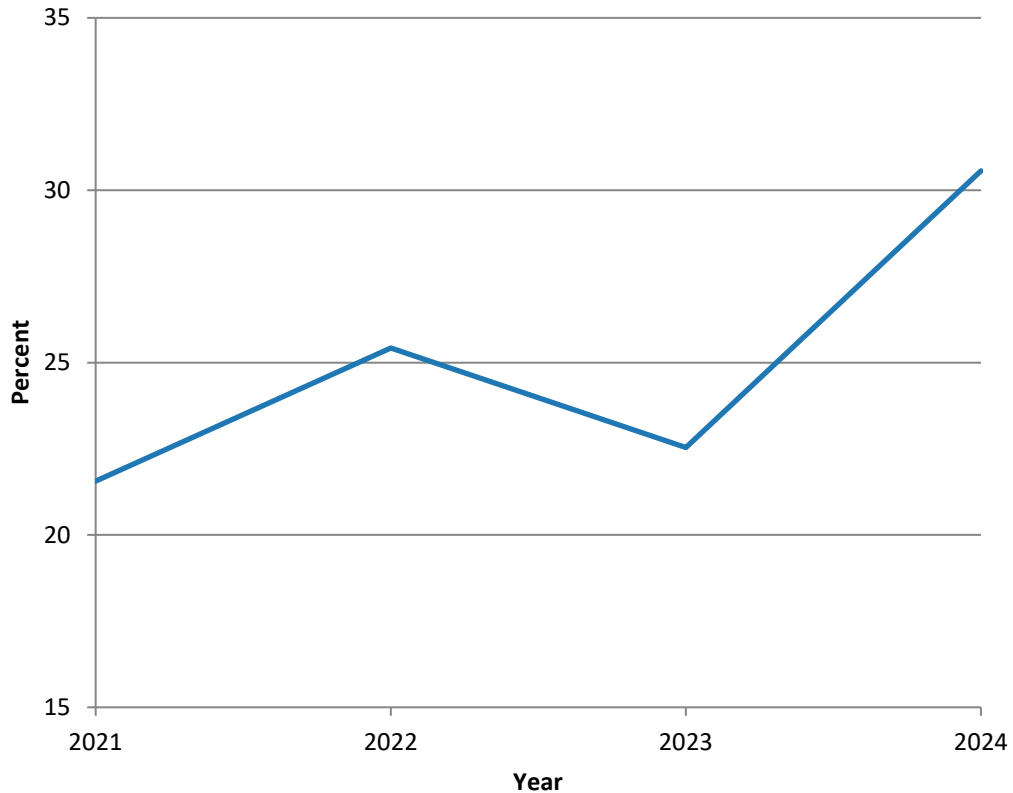
Notes: The chart plots the percentage of firms who selected that financing was “not needed” and thus did not apply for any type of financing.

Total number of respondents by year: 2021, 1790; 2022, 1112; 2023, 613; 2024, 843.

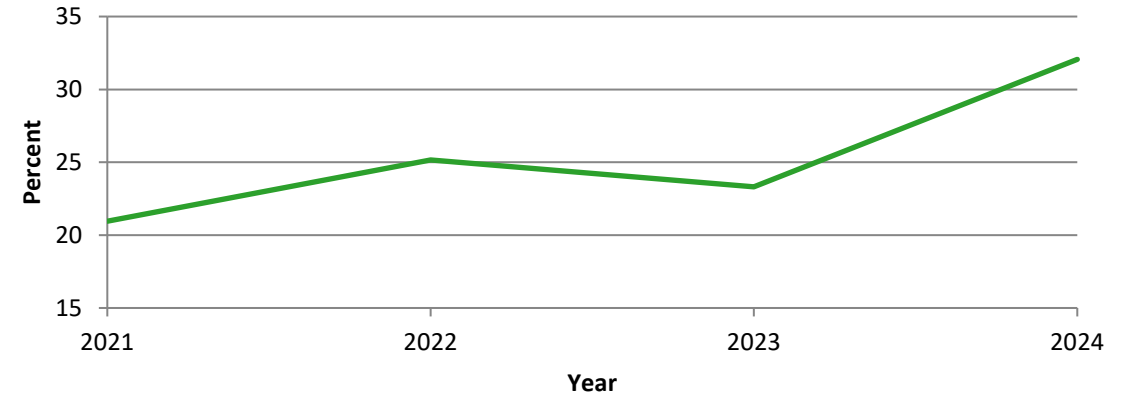
Number of respondents with 1-9 employees by year: 2021, 1263; 2022, 782; 2023, 426; 2024, 573.

## Technological Difficulties

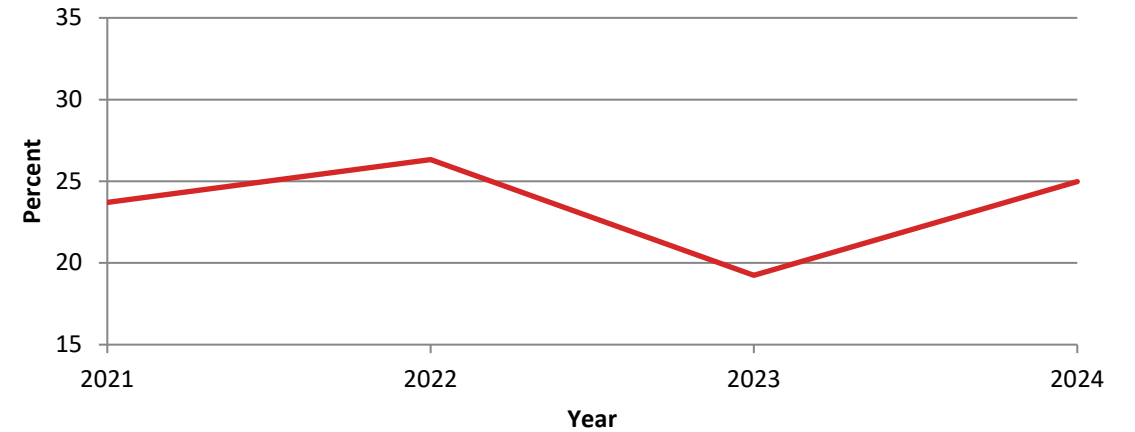
### All Businesses



### 1-9 Employees



### 10+ Employees



Sources: Federal Reserve Banks, 2021-24 Small Business Credit Surveys.

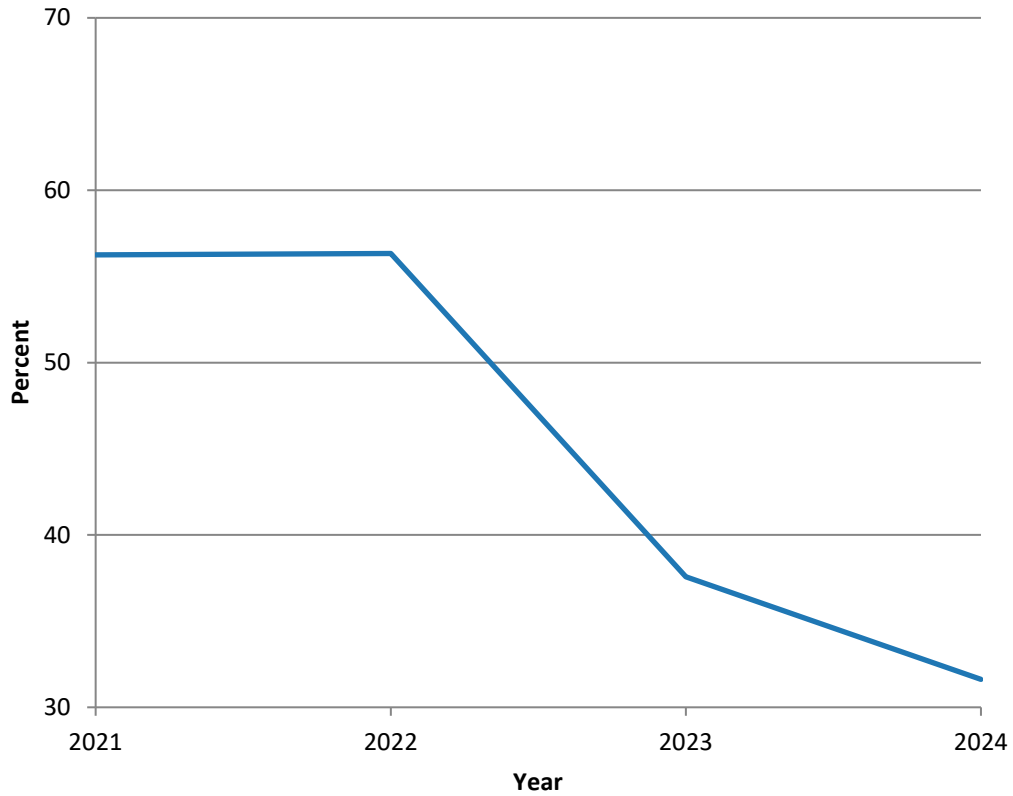
Notes: The chart plots the percentage of firms selecting “utilizing technology (e.g., website, social media, ecommerce, cybersecurity)” as a challenge experienced during the past 12 months.

Total number of respondents by year: 2021, 1783; 2022, 1102; 2023, 602; 2024, 833.

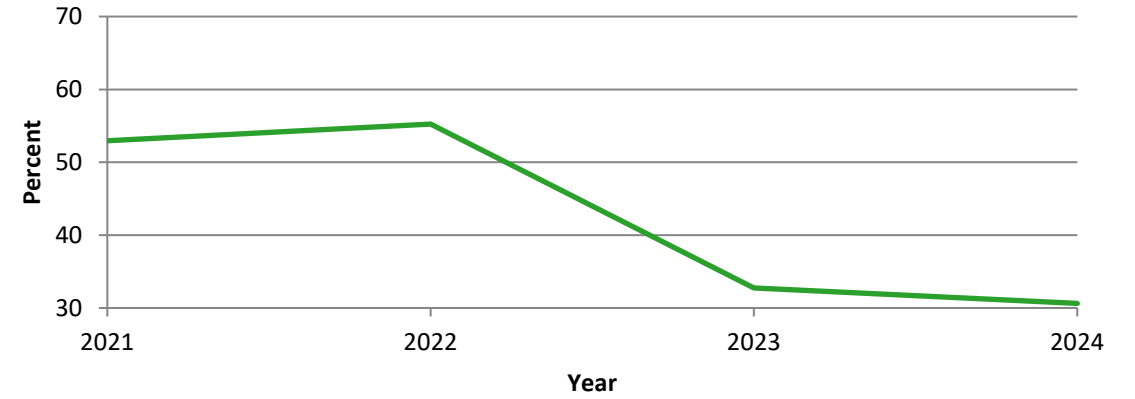
Number of respondents with 1-9 employees by year: 2021, 1257; 2022, 774; 2023, 416; 2024, 566.

## Supply Chain Difficulties

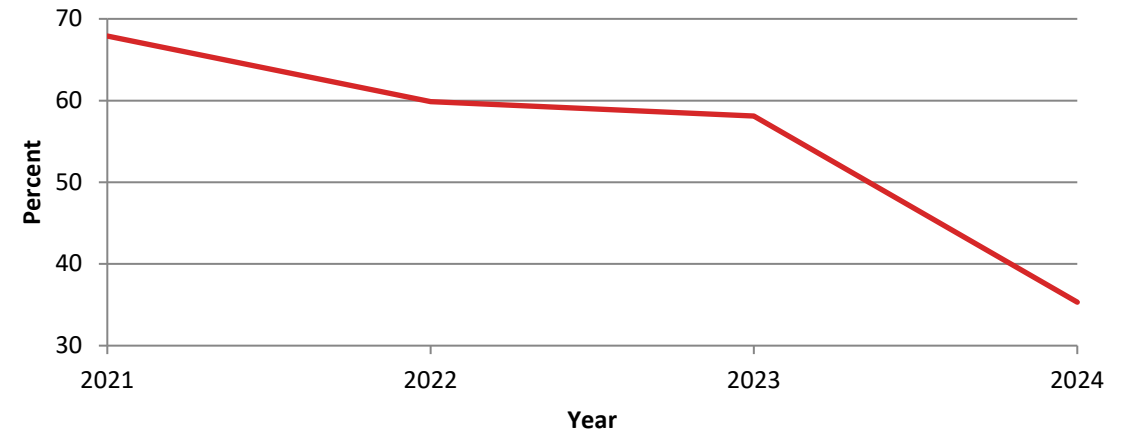
### All Businesses



### 1-9 Employees



### 10+ Employees



Sources: Federal Reserve Banks, 2021-24 Small Business Credit Surveys.

Notes: The chart plots the percentage of firms selecting “supply chain issues” as a challenge experienced during the past 12 months.

Total number of respondents by year: 2021, 1783; 2022, 1102; 2023, 602; 2024, 833.

Number of respondents with 1-9 employees by year: 2021, 1257; 2022, 774; 2023, 416; 2024, 566.