

FranchiseInsights.com has reported Business Startup Sentiment Trends data with monthly surveys since January 2020. The Small Business **Startup Sentiment Index™** (SSI) is derived from a monthly survey of individuals who have recently inquired about businesses or franchises for sale on the digital assets of [FranchiseVentures](#). This survey was conducted April 20-30, 2023.

Norfolk, Virginia – Released May 3, 2023

Small Business **Startup Sentiment Index™** (SSI)

Over 77% of Aspiring Startups See Conditions In Three Months the Same or Better Than Now

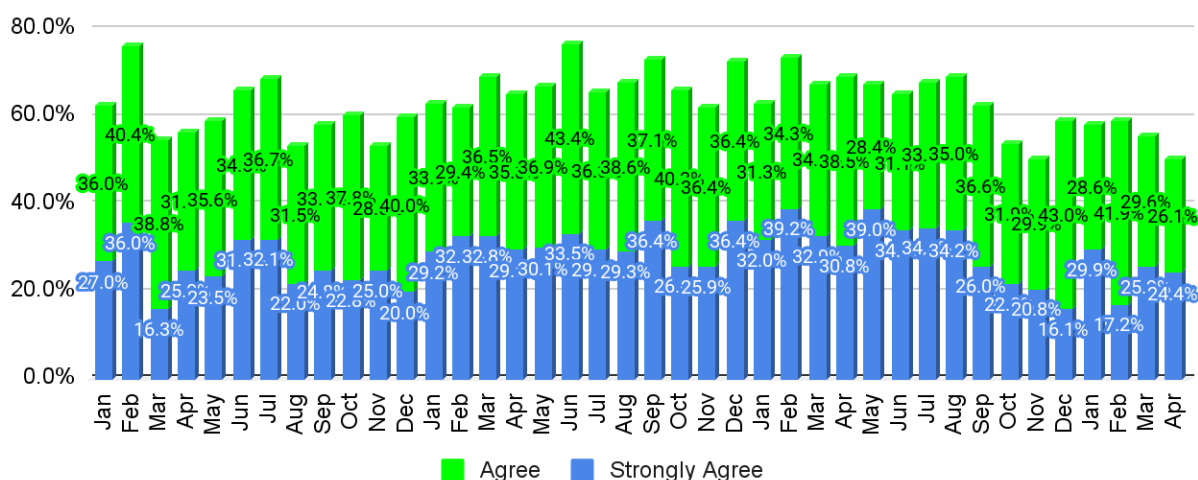
- 63% of survey respondents are more likely to launch their startups than three months ago

STARTUP SENTIMENT DIPS TO NOVEMBER LEVELS

In April 2023, 63% of entrepreneurs surveyed say they are **“more likely to launch their startups than three months ago.”** About half (50.4%) of survey respondents either agree or strongly agree that **“now is a good time to start a business”**, down slightly from last month, but significantly down from the record high of 76.9% in June 2021. [FranchiseInsights.com](#) compiles monthly the **Small Business Startup Sentiment Index™** (SSI) of individuals who have recently inquired about businesses for sale. While 22.7% see business conditions deteriorating in three months, 77.3% still see conditions for business startups **“the same or better in three months.”** In April 2023, 54.6% of entrepreneurs planned their startups for within the next three months, down from August's recent high of 69.2%.

50.4% of Respondents Agree Now Still a Good Time for Startup

Source: FranchiseInsights.com Startup Sentiment Index™, Apr 2023



The survey was conducted April 20-30, 2023. The continuing trend in entrepreneurial optimism parallels the ongoing [surge in new business applications](#) since September 2020 as reported by the US Census Bureau. These relatively optimistic views on

conditions for business startup stand in contrast with weaker consumer sentiment over the last year as seen in [The Conference Board's Survey of Consumer Confidence](#) and The University of Michigan Consumer Sentiment Surveys as seen on the [St. Louis Federal Reserve's FRED website](#), though both measures improved since June 2022.

FUTURE CONDITIONS MOSTLY “MORE OF THE SAME”

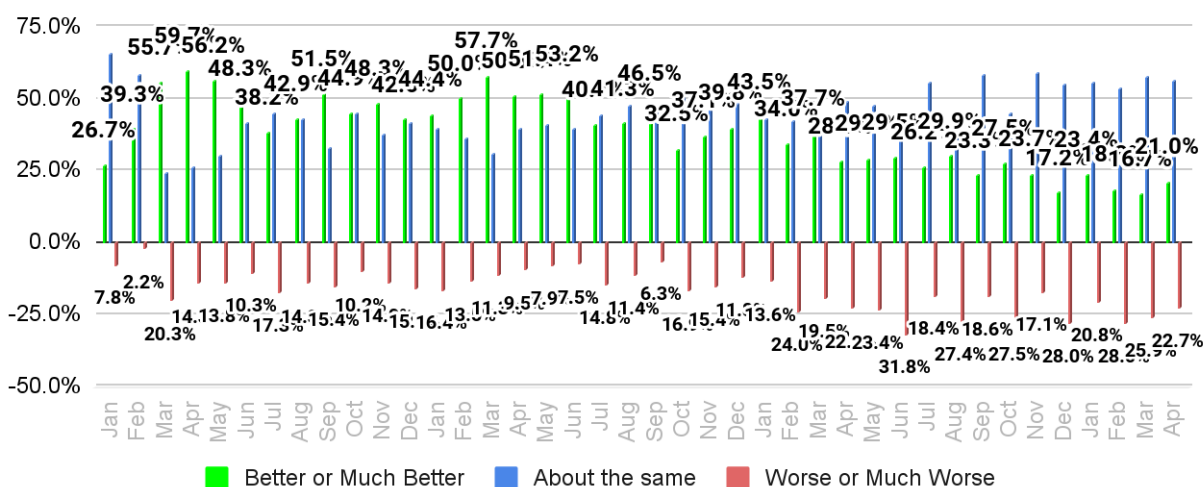
Despite the downward trend in optimism about future business conditions, in March 2023, **77.3% still see conditions no worse – staying the same or getting better in three months**– with 56.3% seeing them “about the same.”

Only 21.0% of respondents believe that in three months, conditions will be **“better or much better”** than now, down from the 50-60% readings at the height of the pandemic, but improved over the prior month. On the other hand, now 22.7% see conditions **“worse or much worse”** in the same time frame.

3-Month Outlook Softening, but 77.3% See Conditions the Same or Better

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Small Business Startup Sentiment Index™ Apr 2023



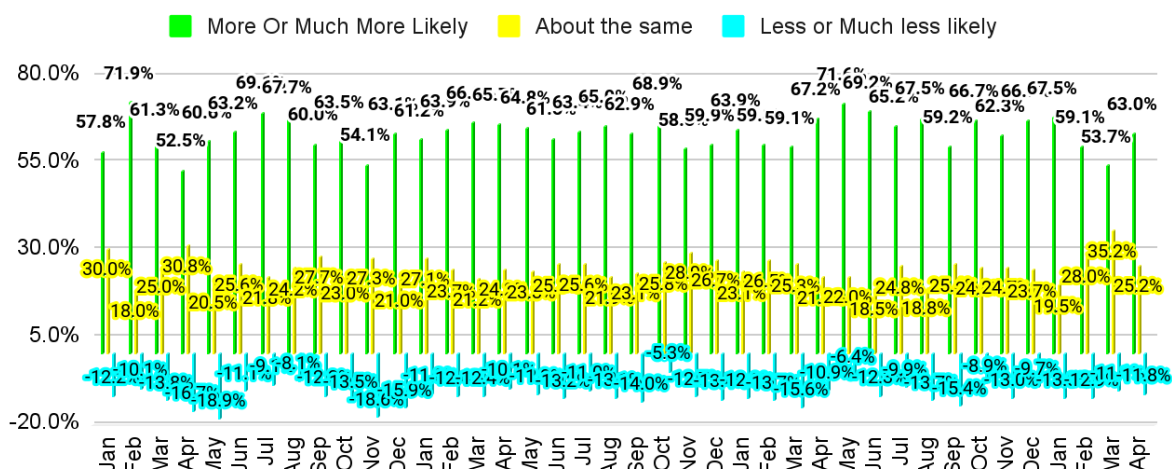
RESPONDENT SENTIMENT BETTER THAN 3 MONTHS AGO

Despite continuing headlines of war, inflation, higher interest rates, bank failures and a potential recession, most respondents are more upbeat now about starting or buying their business than they were three months ago. In April 2023, 63.0% of those responding indicated that they were **“more or much more likely to start a business now than three months ago.”** With 25.2% **“about the same,”** that means that 88.2% are as or more likely to launch their startups than they were three months ago.

The percentage of survey respondents who were **“less or much less likely to start a business than three months ago”** came in at 11.8%, down from the 11.4% average over the prior 12 months.

How likely are you to start a business now compared to 3 months ago?

Source: FranchiseInsights.com Startup Sentiment Index™ Apr 2023



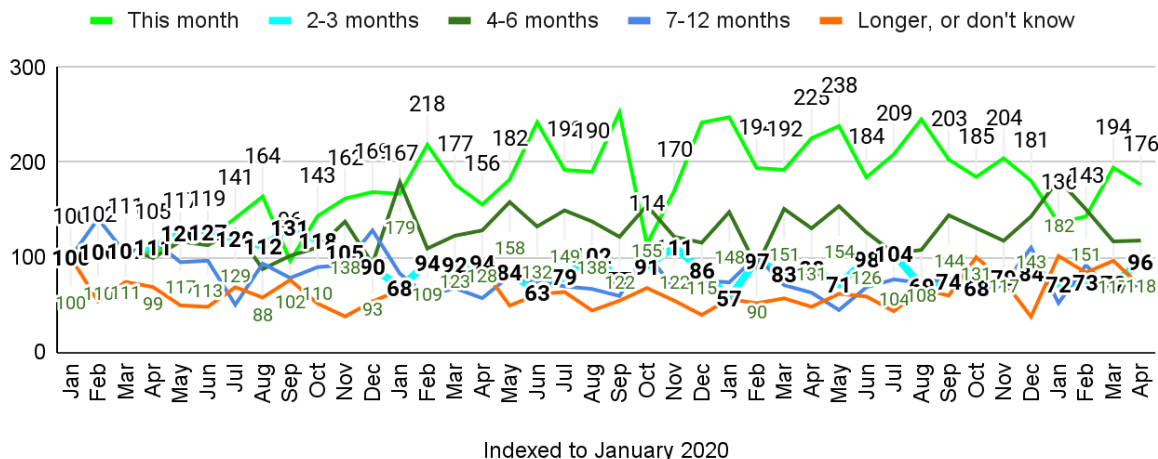
3-MONTH STARTUP TIME FRAMES PUSHED BACK TO RECORD LOW

In April 2023, entrepreneurs expressing intent to start or buy **“this month”** indexed to January 2020 rose slightly to 176% of responses (almost doubled). The index of aspiring business owners planning startups in the **“next 2-3 months”** dipped to 95.59%, slightly down from the January 2020 reference point. Now 16% of respondents expect to delay startup for more than 12 months.

In April, 54.6% of respondents expressed **intent to start or buy their businesses** within the next three months, up from January’s record low of 41.6% and the previous record low reading of 44.2% during the height of the Omicron wave in October 2021. Startup intentions in the **“next four to six months”** are at 16.8%, bringing the total with intent to start within 6 months to 71.4% of respondents.

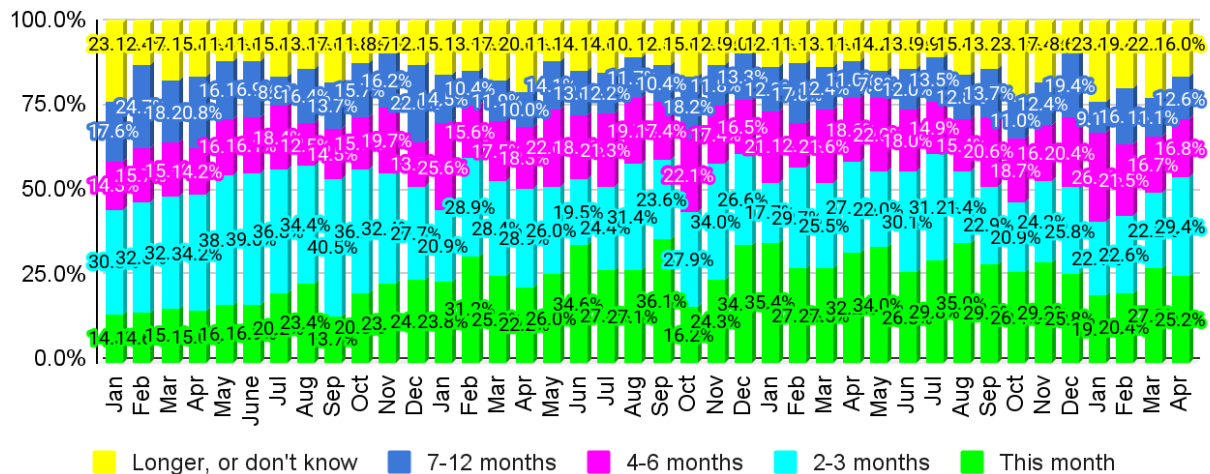
Timelines Return to Pre-Covid Jan 2020 Levels (except 'This Month')

Source: FranchiseInsights.com Startup Sentiment Index™ Apr 2023



54.6% of Startups Planned Within Next Three Months

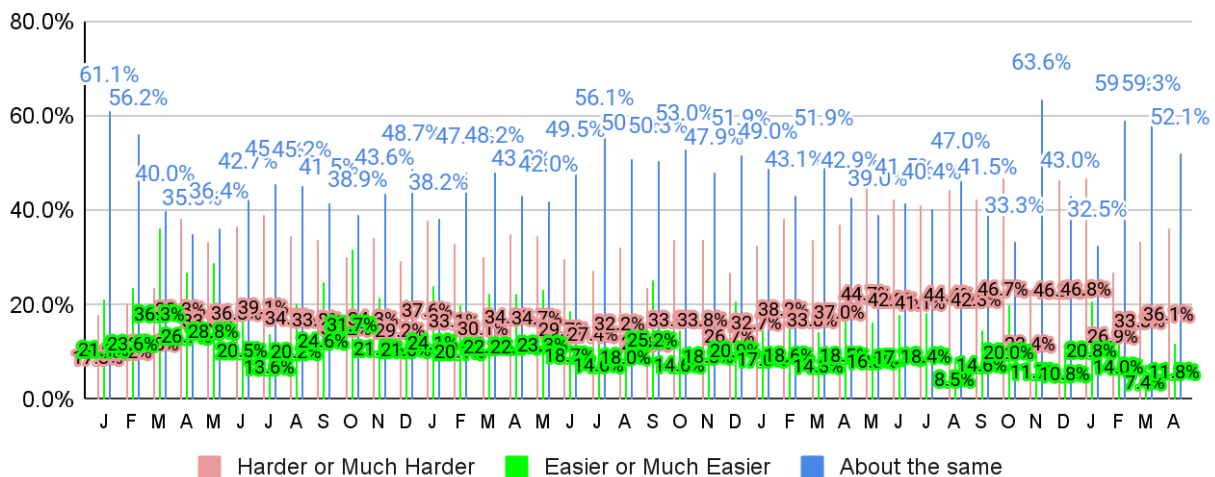
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FUNDING SEEN HARD, BUT ABOUT THE SAME IN THREE MONTHS

36.1% of Prospects See Funding Harder in the Next 3 Months; 52.1% the Same

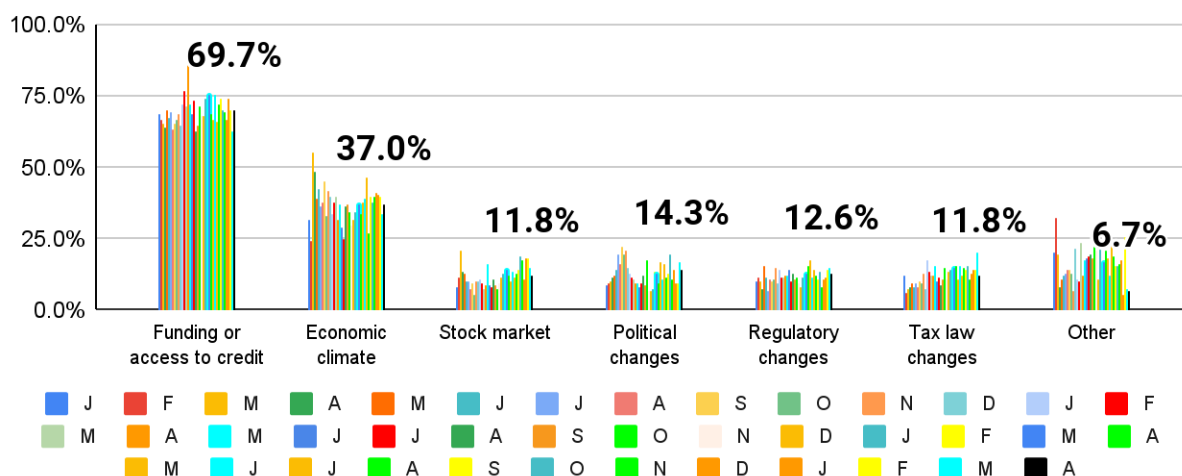
Source: FranchiseInsights.com Startup Sentiment Index™ Apr 2023



While access to funding remains a primary startup issue, prospective business owners are showing ongoing concerns about availability of startup financing in recent months, with 36.1% seeing it getting **“harder or much harder”** three months from now. Now 52.1% see access to funding in three months being **“about the same”** and 11.8% see it getting **“easier or much easier”** despite all the news about higher lending rates and a potential economic slowdown..

69.7% Say Funding or Access to Credit the Biggest Factor

Source: FranchiseInsights.com Startup Sentiment Index™ Apr 2023



Despite other factors returning slowly to the foreground over the last several months, still 69.7% of prospective business buyers cited **“funding or access to credit”** as the factor having the biggest impact on their decisions to buy or start a business, but down significantly from the high seen in April 2021 at 87.6%. Beyond the funding concern, **“economic climate”** is next highest, at 37.0%.

Despite the overall decline in stock market indexes over the preceding fourteen months, only 11.8% of entrepreneurs cited the stock market as having a significant impact on their business startup plans. A guess is that more of their business startup assets are in home equity and ready sources of cash than equities or other long term assets.

PANDEMIC WORRIES FADE

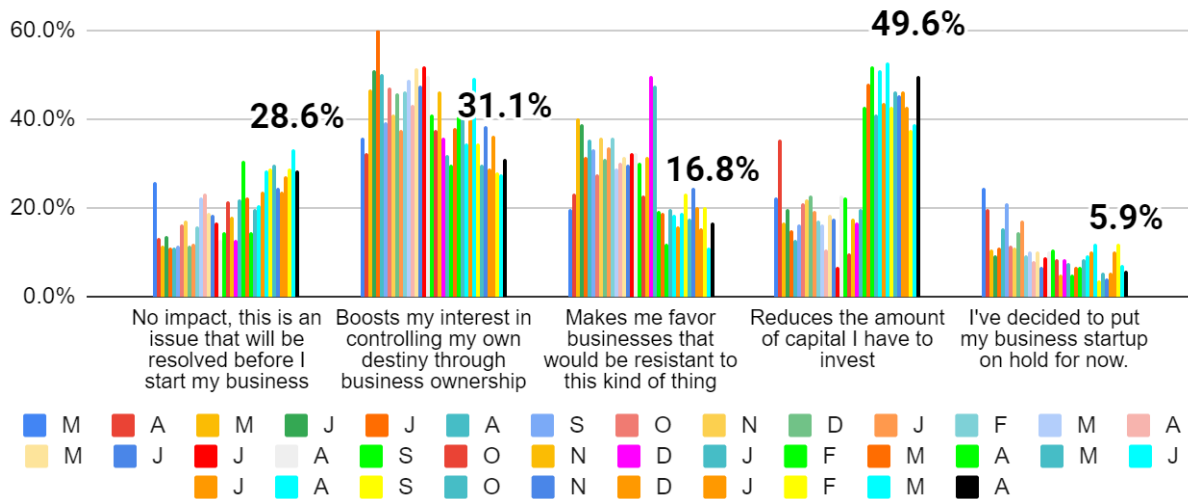
For more than two years, when asked how the pandemic had affected their interest in starting a business or opening a franchise, respondents to the FranchiseInsights.com Small Business Startup Sentiment Index™ most often cited the desire for **“controlling my own destiny through business ownership.”** That sentiment stands now at 31.1%, even though the pandemic has receded from the news headlines.

A few months into the pandemic, more respondents began indicating a preference for **“businesses that would be resistant”** to shocks like Covid-19. This sentiment stood at 16.8%, up from a record low 11.1% in March, and significantly down from the spikes in December 2021 and January 2022 during the Omicron variant surges. The effectiveness of vaccines and the fading headlines about deaths are clearly factors in recent monthly polls.

The percentage putting their plans on hold in April at 5.9% was up from the September 2022 3.9% record low. Conversely, those indicating that **“this is an issue that will be resolved before starting”** their businesses stood at 28.6%.

How does the pandemic affect your interest in business ownership?

Source: FranchiseInsights.com Startup Sentiment Index™ Apr 2023



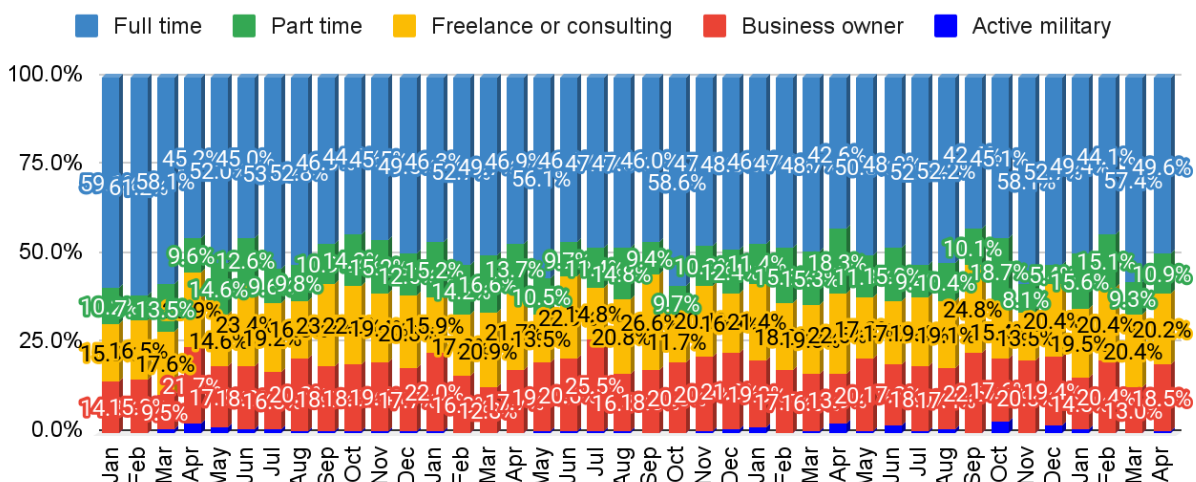
FULL-TIME WORKERS AND GEN-X DOMINATE

Of the survey respondents, 49.6% are currently employed full-time, down only slightly from the high of 58.6% seen in October 2021. Current business owners made up 18.5.0% of respondents in April 2023, suggesting a desire to upgrade or complement their existing businesses. Combined, full-time workers and current business owners stood at 68.1%, just below the high of 78.6% seen also in October 2021.

About 20.2% of respondents were working as freelancers or consultants, and this month about 1% of the aspiring entrepreneurs in the survey were on active military duty.

49.6% of Aspiring Owners Leaving a Full Time Job; 18.5% are Biz Owners

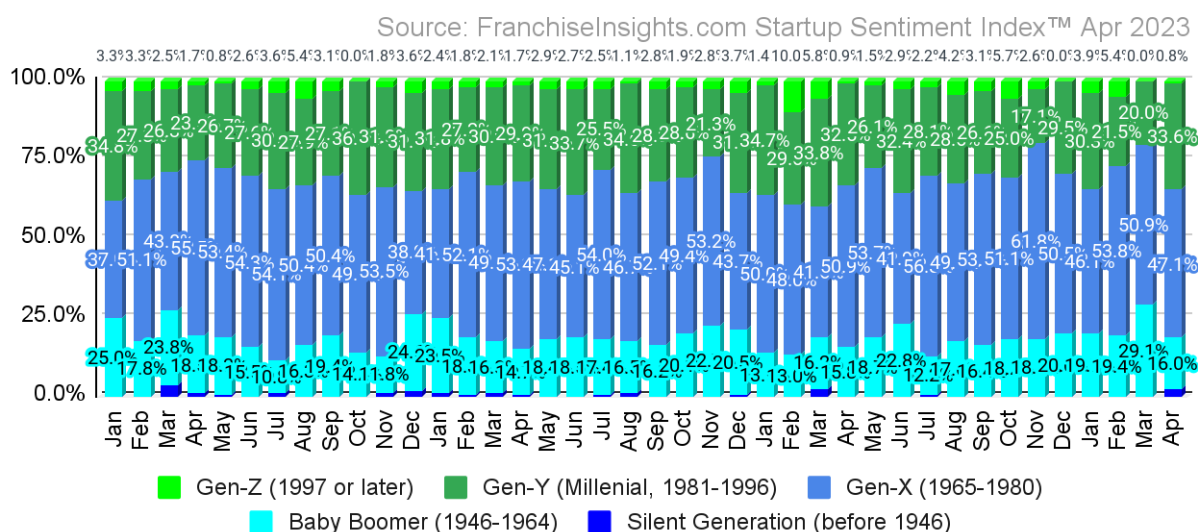
Source: FranchiseInsights.com Startup Sentiment Index™ Apr 2023



Gen-X dominated with 47.1% of respondents, while Baby Boomers fell back into third place at 16.0%, as Millennials regained the number two position at 33.6% of respondents. This month, Gen-Z was less than 0.8% of respondents, down from the

10% peak seen in February 2022, and below the [3.29% share of all respondents seen in 2022](#). For the next several years, [millennials and Gen-X will drive business startups as they reach peak business startup ages](#) and Boomers age out of the workplace.

Gen-X Leads Age Cohorts Among Business Owner Aspirants



See also a complete profile of the [generational demographics of aspiring business buyers](#) from a large demographic sample spanning 2018-2021. Further, analysis of [gender demographics of business buyers shows women making up an increasing percentage](#) of aspiring business owners, particularly in the post-Boomer age cohorts.

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