

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 December 21-31, 2023.

Norfolk, Virginia – Released January 3, 2024

Small Business Startup Sentiment Index™ (SSI)

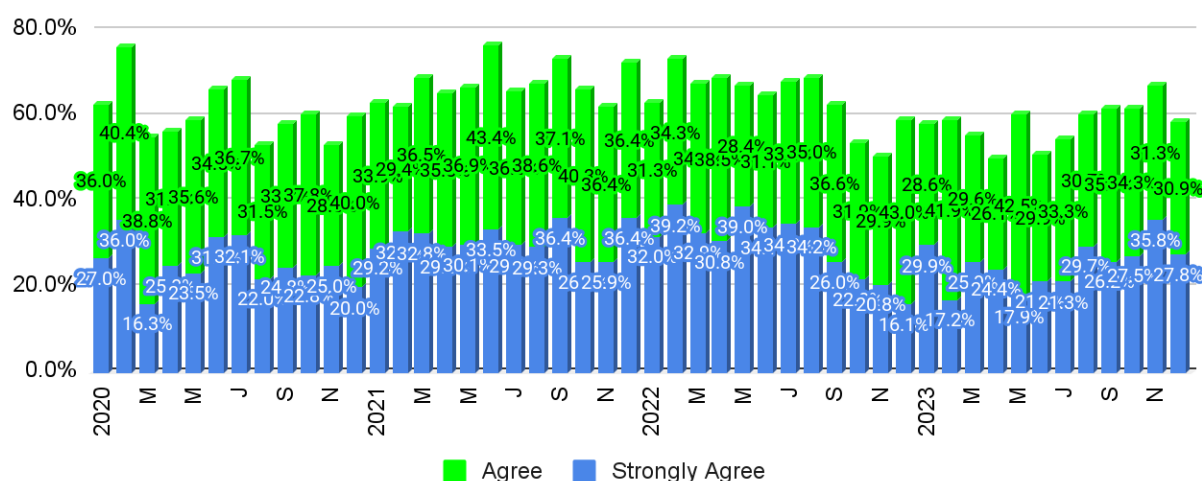
Startups Planned for Next Twelve Months Rise to One-Year High

STARTUP SENTIMENT DIPS IN DECEMBER

Almost 59% of survey respondents either agree or strongly agree that ***“now is a good time to start a business,”*** off the blistering 67.2% seen in November. Now 78.4% of respondents see conditions for business startups ***“the same or better in three months.”*** In December 2023, just over half (50.9%) of entrepreneurs planned their startups within the next three months, and 73.3% within the next six months. And 63.9% of entrepreneurs surveyed say they are ***“more or much more likely to launch their startups than three months ago.”*** [FranchiseInsights.com](#) compiles monthly the **Small Business Startup Sentiment Index™** (SSI) of individuals who have recently inquired about franchises or businesses for sale.

58.8% of Respondents Agree Now a Is Good Time for Startup

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



The survey was conducted December 21-31, 2023. This 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 sanguine views on conditions for business startup are consistent with longer-term trends of 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](#), with both measures on an improving trend since June 2022.

SENTIMENT: POSITIVE NOW – AND GROWING

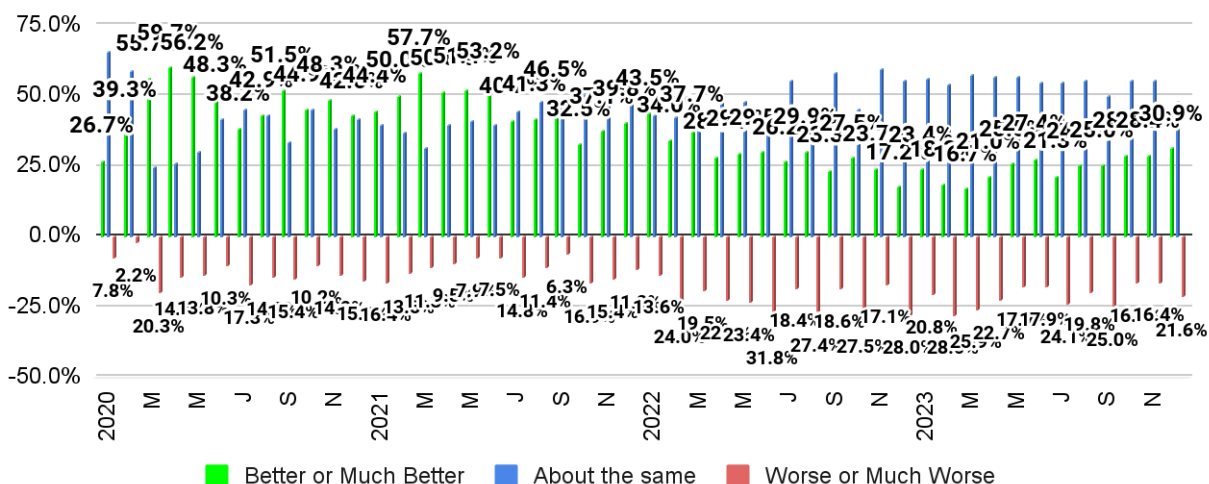
Reversing a multi-year downtrend in sentiment about future business conditions, **78.4% of respondents see conditions no worse – staying the same or getting better in three months**– with 47.4% seeing conditions “about the same.”

Now only 30.9% of respondents believe that in three months, conditions will be **“better or much better”** than now, up from November, and down from the 50-60% readings at the height of the pandemic. This is consistent with the yearlong uptrend in consumer confidence, and comfort with near-term business conditions. On the other hand, only 21.6% see conditions **“worse or much worse”** three months ahead.

78.4% See Conditions the Same or Better in Three Months

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Small Business Startup Sentiment Index™ Dec 2023



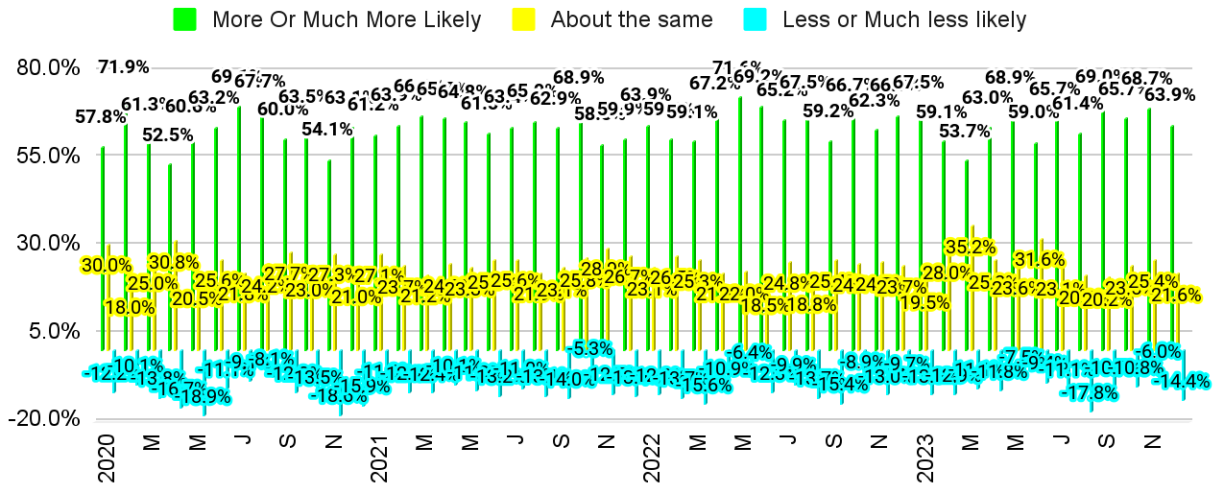
RESPONDENT SENTIMENT BETTER THAN 3 MONTHS AGO

Respondents are more upbeat now about starting or buying their business than they were three months ago. In December 2023, 63.9% of those responding indicated that they were **“more or much more likely to start a business now than three months ago.”** With 21.7% **“about the same,”** that means that 85.6% are as likely 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”** jumped to 14.4%, above the 11.0% average over the most recent 12 months.

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

Source: FranchiseInsights.com Startup Sentiment Index™ Dec 2023

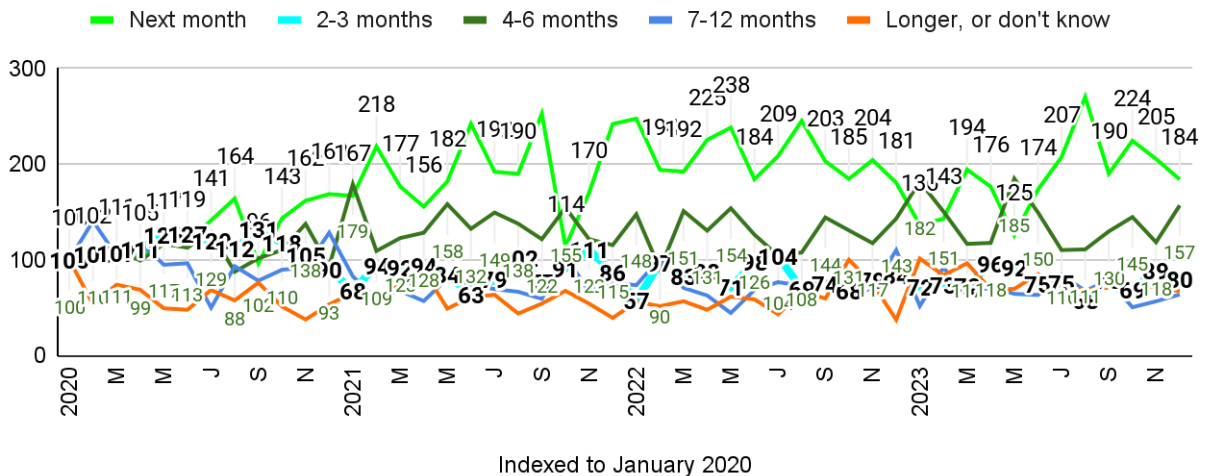


INDEX FOR 'NEXT MONTH' TIME FRAME RISES

The index of entrepreneurs expressing intent to start or buy **“next month”** dipped back to 184% of January 2020 levels, or 26.3% of respondents. We do not have information about **why** timeframes have shortened and stayed that way since the pandemic ensued. On the other hand, the index of aspiring business owners planning startups in the **“next 2-3 months”** was 88.9% of the January 2020 reference point.

'Next Month' is Still the Most Popular Startup Timeframe

Source: FranchiseInsights.com Startup Sentiment Index™ Dec 2023



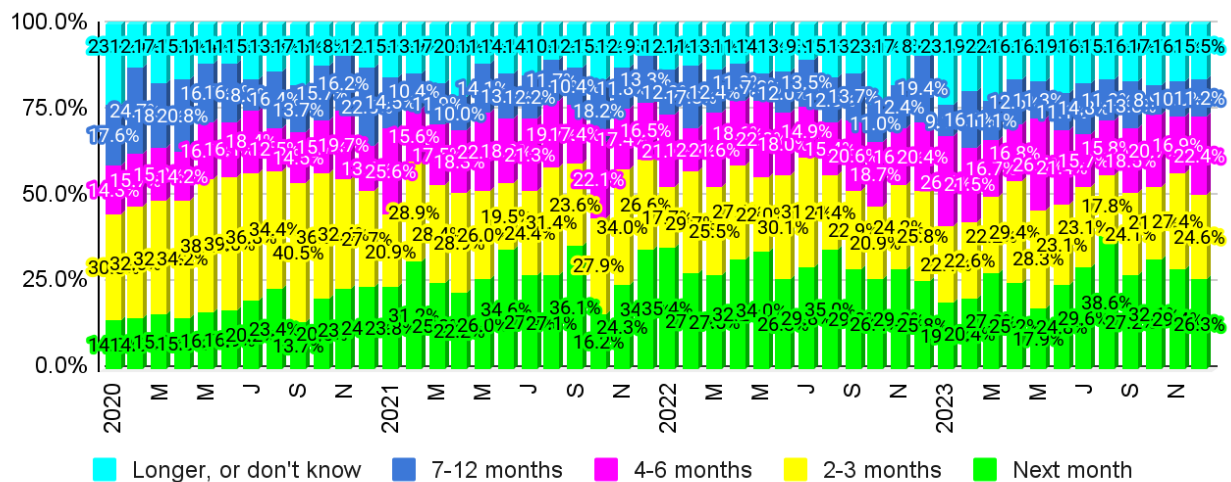
This month, 50.9% of respondents expressed **intent to start or buy their businesses within** the next three months, up from January’s record low of 41.6% and the previous record low reading of 44.2% during the height of the Omicron wave in October 2021. Startup intentions at **“4-6 months”** were 22.4%, bringing the total with intent to start within 6 months to 73.3% of respondents. Another 11.2% of respondents are planning their startups for 7-12 months out. Only 15.5% expect to wait more than twelve months

for their business launches. In December, 26.3% anticipated starting within the “next month”, likely due to the holidays.

26.3% Say Their Startup Timeframe is "Next Month"

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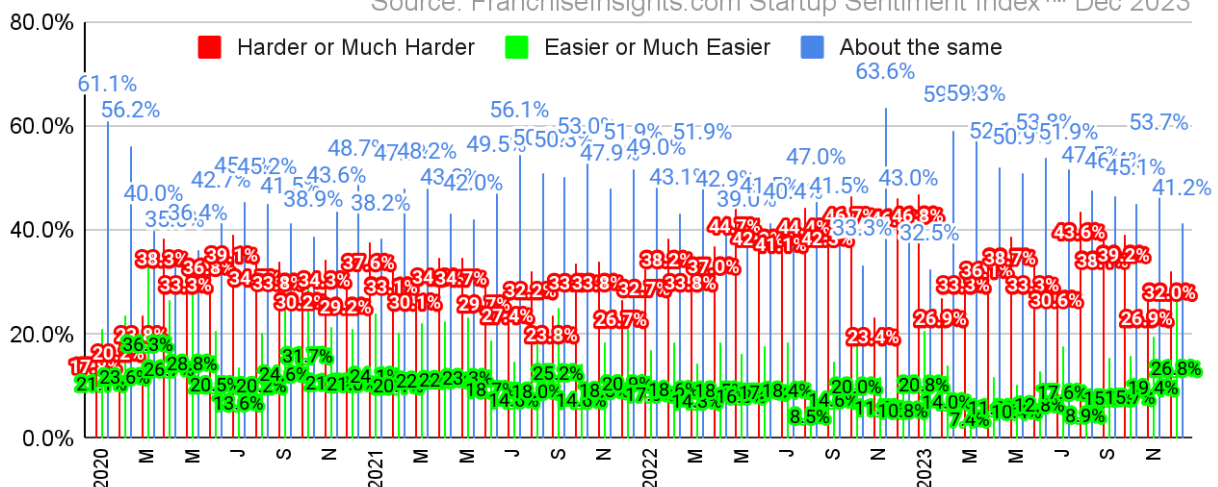
Small Business Startup Sentiment Index™ Dec 2023



FUNDING STILL KEY – 67% SEE IT AS THE BIGGEST FACTOR

32.0% See Funding Harder in the Next 3 Months; 41.2% the Same

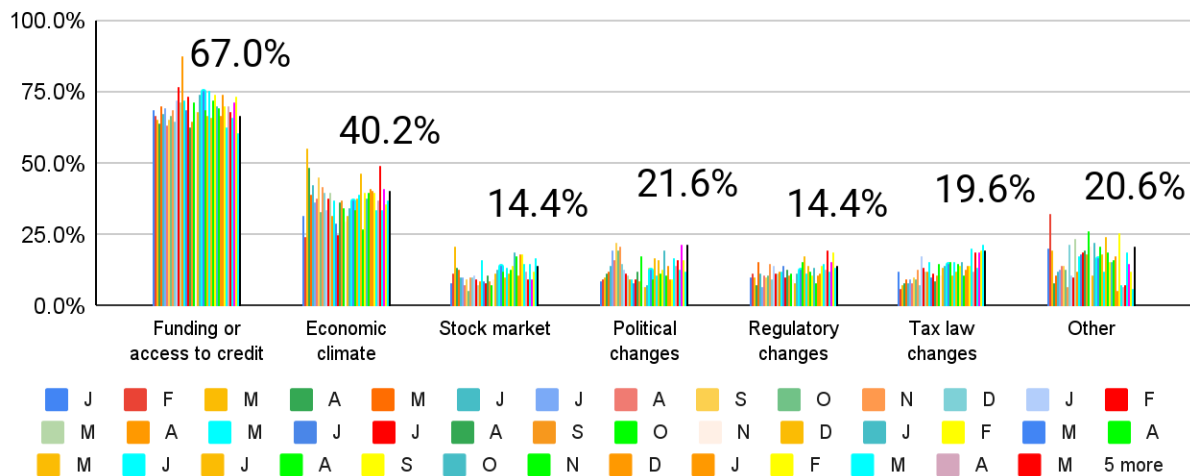
Source: FranchiseInsights.com Startup Sentiment Index™ Dec 2023



As access to funding remains a primary startup issue, prospective business owners are showing ongoing concerns about availability of startup financing in recent months, with 32% seeing it getting “**harder or much harder**” three months from now. Now 41.2% see access to funding in three months being “**about the same**” and 26.8% see it getting “**easier or much easier**” as they observe higher interest rates and tightening credit.

67.0% Say Funding or Access to Credit the Biggest Factor

Source: FranchiseInsights.com Startup Sentiment Index™ Dec 2023



With other factors returning slowly to the foreground over the last several months, now 67% 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, down significantly from the high seen in April 2021 at 87.6%. Beyond the funding concern, **“economic climate”** is next highest at 40.2% of respondents.

With stock market indexes enjoying a sharp increase since the end of October, only 14.4% of entrepreneurs cited the stock market as having a significant impact on their business startup plans.

PANDEMIC STILL ANIMATES OVER 35% OF ASPIRING OWNERS

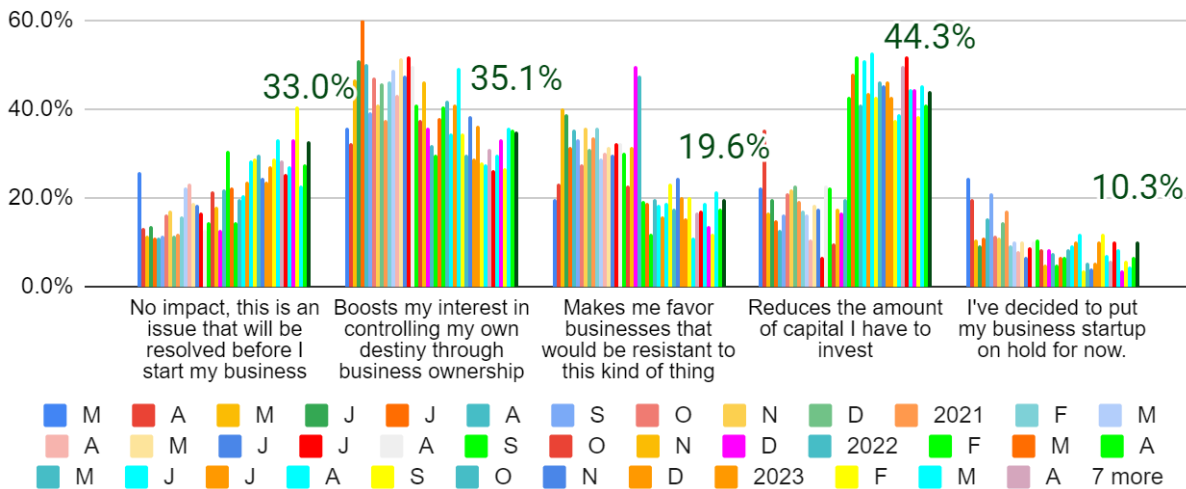
For more than two years, when asked how the pandemic had affected their interest in starting a business or opening a franchise, respondents to the [FranchiseInsights.com](https://www.franchisainsights.com) Small Business Startup Sentiment Index™ often said that it ***“boosts my interest in controlling my own destiny through business ownership.”*** That sentiment fell to a record low 26.4% in May 2023, the same month that the US Government declared the Covid public health emergency over. It has slowly crept back to 35.3% in October and 34.3% in November and 35.1% in December 2023.

Looking back to when the pandemic emerged, more respondents began indicating a preference for ***“businesses that would be resistant”*** to shocks like Covid-19. This sentiment is back down to 19.6%, well above the record low of 11.1% in March, but significantly down from the prominent spikes in December 2021 and January 2022 during the Omicron surges.

The percentage putting their plans **“on hold”** at 10.3% was up from the record low of 3.7% in July 2023. Those indicating that **“this is an issue that will be resolved before starting”** their businesses rose to 33%, down from a record high of 40.6% as recently as August 2023.

How does the pandemic affect your interest in business ownership?

Source: FranchiseInsights.com Startup Sentiment Index™ Dec 2023



FULL-TIME WORKERS AND GEN-X DOMINATE

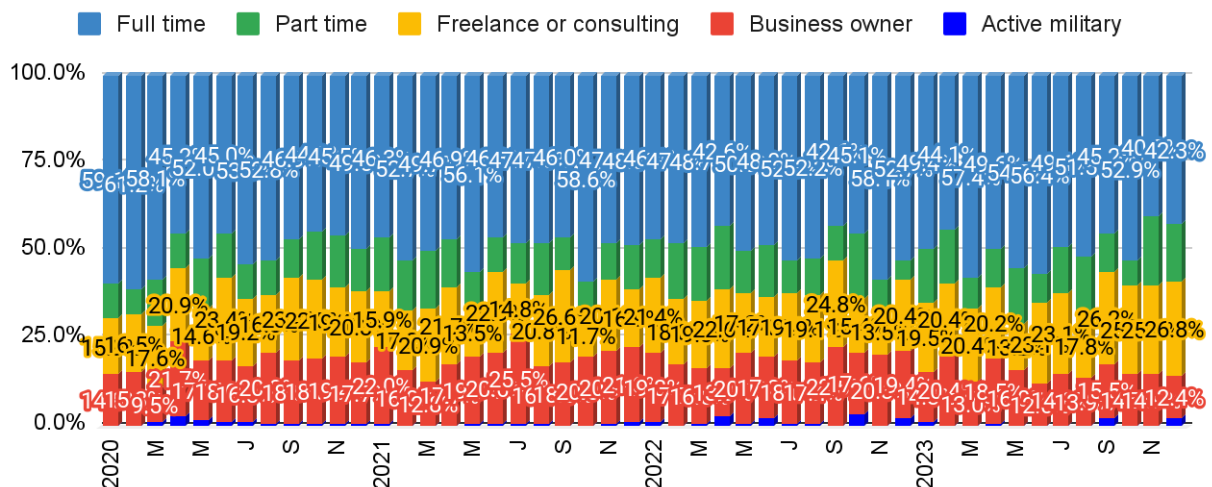
Of the survey respondents, 42.3% are currently employed full-time, down from the high of 58.6% seen in October 2021. Current business owners made up 12.4% of respondents, suggesting a desire to upgrade or complement their existing businesses. Combined, full-time workers and current business owners stood at 54.6%.

Part-time workers made up 16.5% of respondents, up from 6.9% in October.

About 26.8% of respondents were working as freelancers or consultants, and this month 2.1% of the aspiring entrepreneurs in the survey were on active military duty.

42.3% of Aspiring Owners Leaving a Full Time Job; 14.9% are Biz Owners

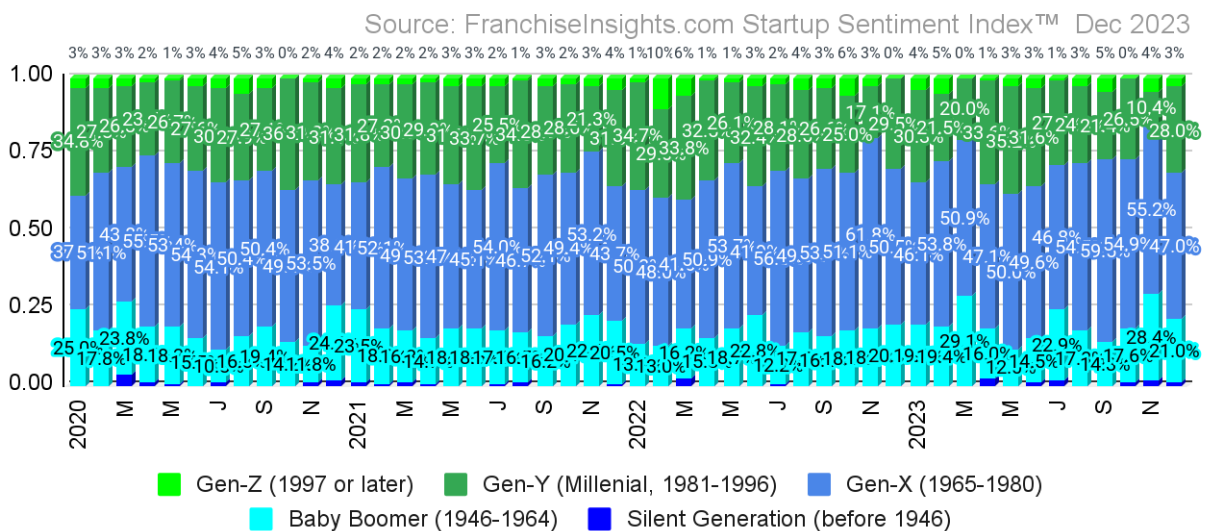
Source: FranchiseInsights.com Startup Sentiment Index™ Dec 2023



Gen-X dominated with 47% of respondents, while Baby Boomers dropped back to 21 from 28.4% in November. Millennials rose to 28% of respondents. This month, Gen-Z was 3% of respondents, comparable to 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.

In earlier demographic studies of aspiring franchise and business owners, we learned that the [age distribution of franchise seekers](#) varies little over time. The late forties and early fifties are the peak ages when budding entrepreneurs take interest in business ownership. Gen-X, in the 43-58 age bracket, is the most active franchise-seeking cohort.

Gen-X Leads Age Cohorts, Followed by Millennials



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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[FranchiseVentures](#) is the leading demand- and lead-generation platform for potential franchisees to thousands of growing franchise systems in the United States and Canada. Its franchise directory brands include [Franchise.com](#), [Franchise Solutions](#), [Franchise Gator](#), [Franchise Opportunities](#), [Franchise For Sale](#), [SmallBusinessStartup.com](#) and [BusinessBroker.net](#), and together they provide the largest aggregation of prospective franchise buyers in the U.S.

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