

FranchiseInsights.com has reported Business Startup Sentiment Trends data with monthly surveys since January 2020. The Small Business **Startup Sentiment Index™** is derived from a monthly survey of individuals who have recently inquired about businesses or franchises for sale on the digital assets of [FranchiseVentures](https://www.franchiseventures.com). This survey was conducted February 25-28, 2021.

March 10, 2021

## Small Business Startup Sentiment Index™ (SSI)

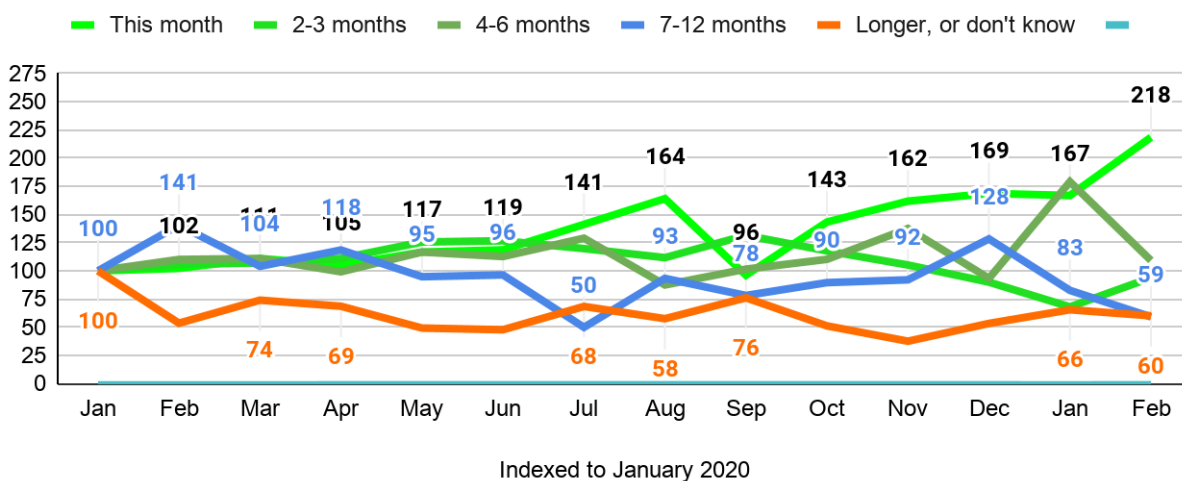
### February Startup Sentiment Index™ Shows Entrepreneurs Advancing Timelines Over 60% Surveyed Intend to Start Within Three Months

#### MIDYEAR STARTUPS INTENTIONS CONFIRMED

In February, entrepreneurs expressing intent to start or buy **“this month”** rose to a record 31.2% of respondents, by far the highest on record, and indexing at 218% of January 2020. Startups planned for the **“next 2-3 months”** grew to 28.9% in the [FranchiseInsights.com](https://www.franchiseinsights.com) Small Business Startup Sentiment Index™ (SSI) of individuals who have recently inquired about businesses for sale.

#### Leap in Startup Interest 1-3 Months Out

Source: FranchiseInsights.com Startup Sentiment Index™ Feb 2021



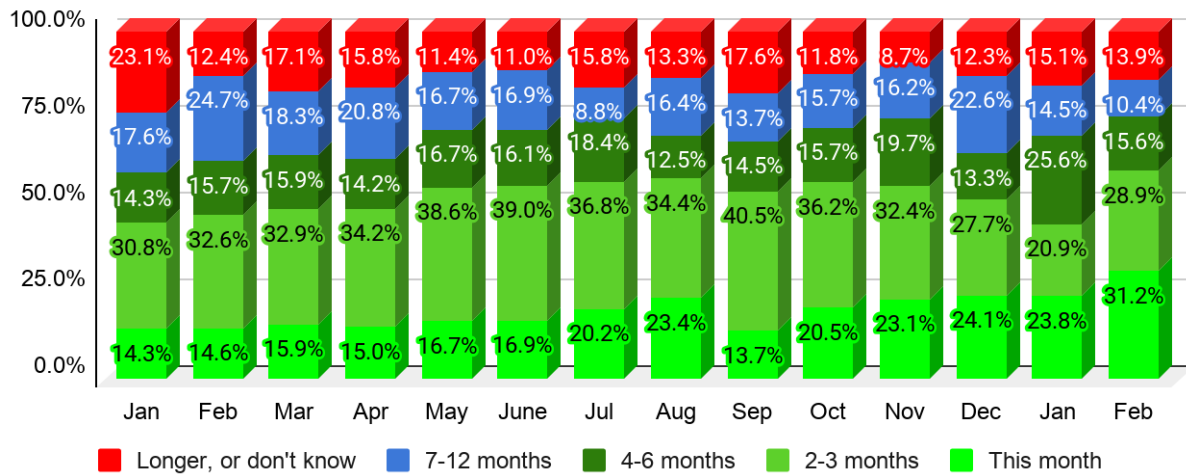
Combined, over 60% of respondents expressed **intent to start or buy their businesses within the next three months**. Startup intentions in the **“next four to six months”** dropped back in February after a surge in January, when slow vaccination progress and post-holiday death rates were in the news.

The most recent **Startup Sentiment Index™** survey was collected February 25-28, 2021, after consecutive weeks of declining hospitalization and death rates being widely reported. News of the FDA Emergency Use Authorization of the single-dose Johnson &

Johnson vaccine was reported on February 26th, adding to the likelihood that most Americans would have access to vaccinations before summer.

## Startup Intentions 1-3 Months Out Advance in February

Source: FranchiseInsights.com Startup Sentiment Index™ Feb 2021

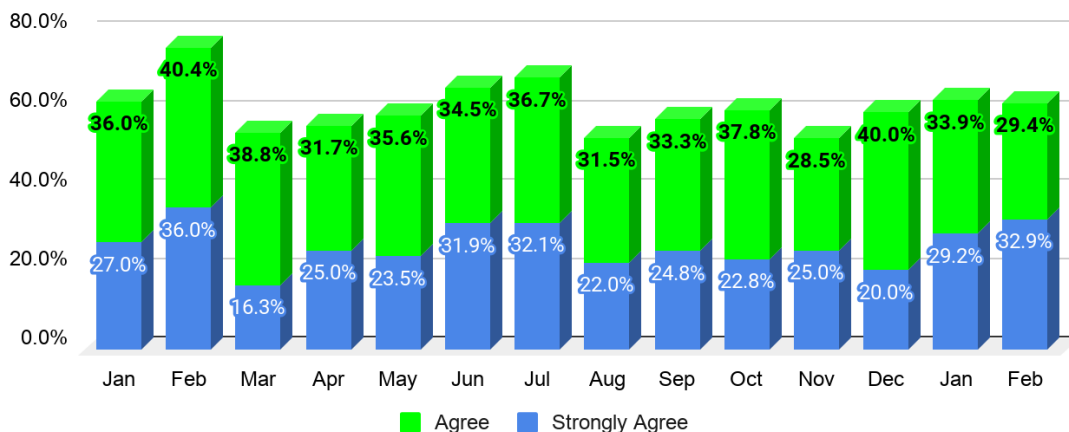


## STARTUP INVESTOR TIMING SENTIMENT

The number of respondents who agree or strongly agree that "now is a good time to start a business" dropped only slightly in February to 62.4% from 63.2% in January, which was the highest since July 2020, before the impact and persistence of .Covid infections and lockdowns were fully understood.

### Is NOW is a good time to start a business?

Source: FranchiseInsights.com Startup Sentiment Index™ Feb 2021



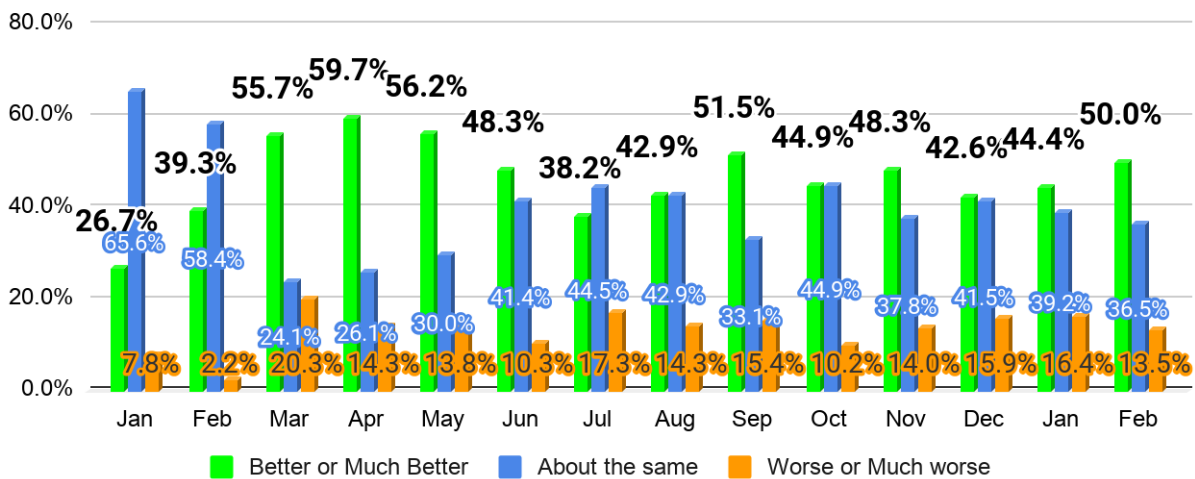
## OUTLOOK ON BUSINESS CONDITIONS THREE MONTHS OUT

Respondents remain optimistic about business conditions in the coming months, correlating with their time frames for starting or buying their businesses. Over 50% of

respondents believe that in three months, conditions will be “better” or “much better” than now, as the percentage seeing conditions worse dropped to 13.5%.

## Business Conditions Seen Getting Better

Source: FranchiseInsights.com Startup Sentiment Index™ Feb 2021

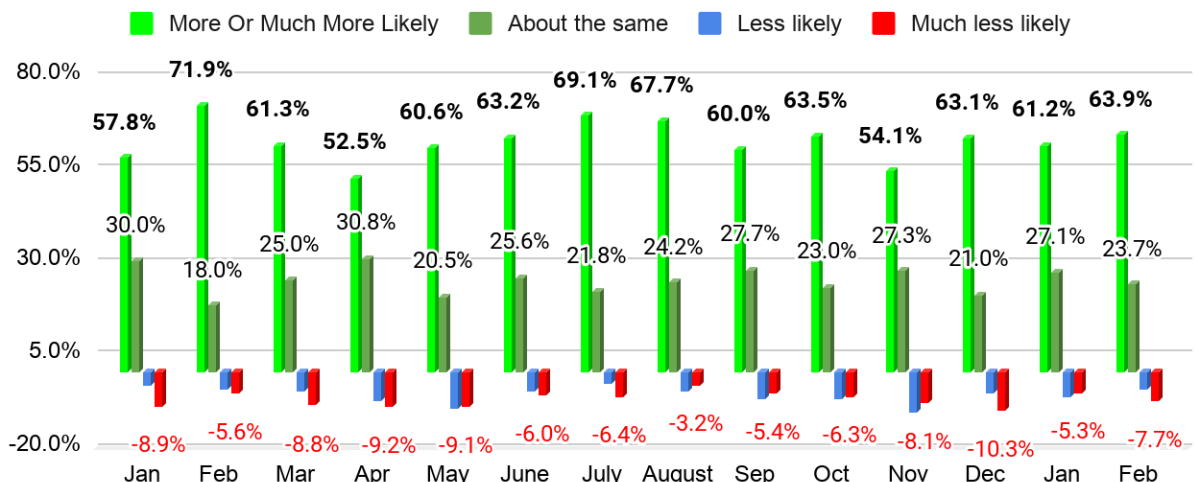


## SENTIMENT IMPROVED FROM THREE MONTHS AGO

A clear majority of respondents are more sanguine about starting or buying their business now. In February, 63.9% of respondents indicated they are **“more or much more likely to start a business now than three months ago.”** On the other hand, survey respondents who were “less or much less likely to start a business than three months ago” rose slightly to 12.4%, from 11.8% in January 2021.

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

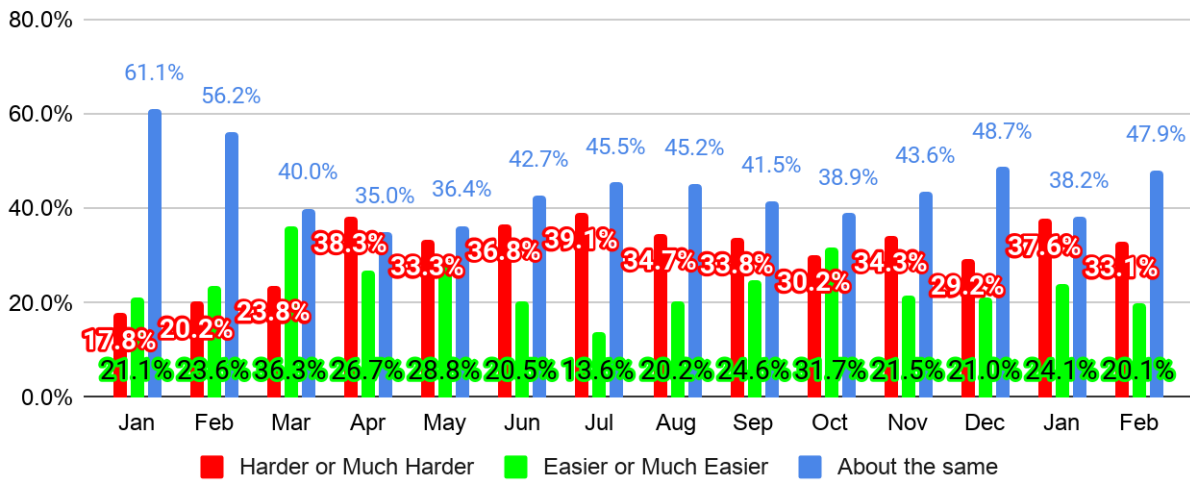
Source: FranchiseInsights.com Startup Sentiment Index™ Feb 2021



# ACCESS TO FUNDING REMAINS A TOP CONCERN

## Outlook on Funding 3 Months Out Weakens

Source: FranchiseInsights.com Startup Sentiment Index™ Feb 2021

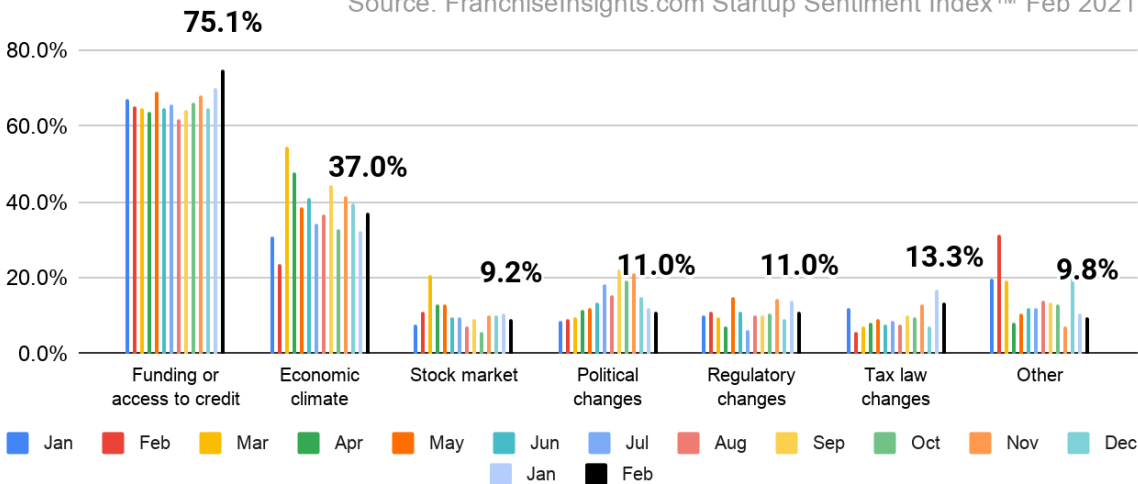


While access to funding was top of mind throughout 2020, prospective business startups are increasingly concerned about startup financing, with 33.1% seeing it “harder or much harder” three months from now. On the other hand, an encouraging 47.9% see access to funding in three months being “**about the same**” and an 20.1% seeing it getting “**easier or much easier.**”

On February 25th as the survey was launched, 10-year US Treasury rates reached 1.614% briefly after settling down. Surely, future business owners see higher interest rates and tighter credit coming, given historically low rates and loose credit conditions in recent years.

## Funding Grows as the Biggest Barrier to Business Startup

Source: FranchiseInsights.com Startup Sentiment Index™ Feb 2021



With other factors mostly declining over the last several months, a record high of 75.1% of prospective business buyers cited **“funding or access to credit”** as a key factor in their decision to buy or start a business. Beyond funding, **“economic climate”** at 37% overshadowed all other factors cited in February.

In what is now the fourth survey post-election, only 11% of prospective business buyers still cited **“political changes”** as a key factor, down significantly from 21.1% in November. Concerns about **“tax law changes”** decreased slightly to 13.3%, making it the third most significant concern.

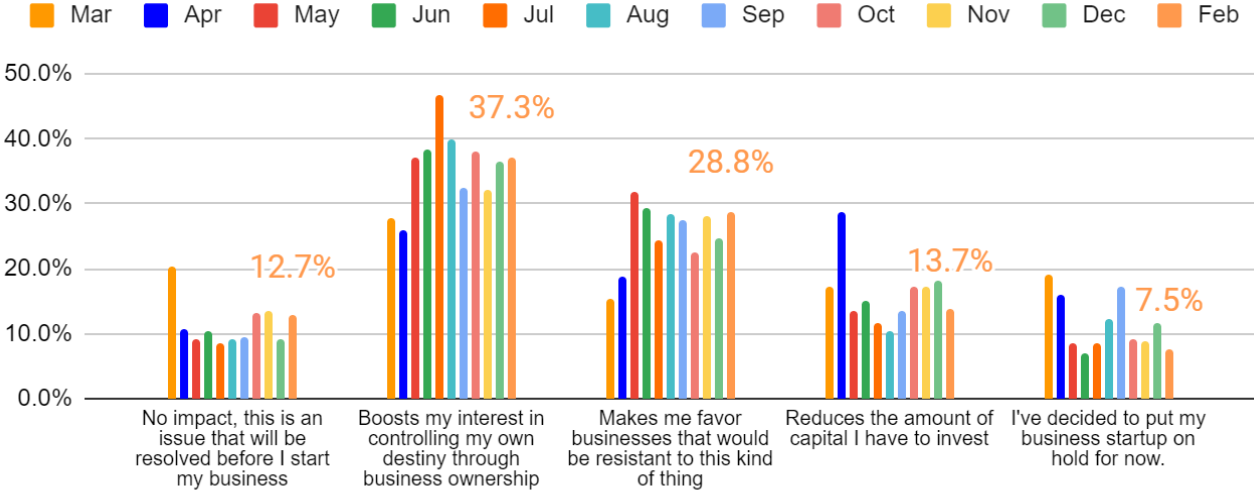
### PANDEMIC IMPACT ON STARTUP SENTIMENT

When asked how Covid-19 had affected their interest in starting a business or opening a franchise, respondents to the [FranchiseInsights.com](https://www.franchiseinsights.com) Small Business Startup Sentiment Index™ most often cite the desire for **“controlling my own destiny through business ownership,”** at 37.3% of respondents in February. About 7.5% are putting their plans on hold, and 12.7% select that **“this is an issue that will be resolved”** before starting their businesses, suggesting that some startups are proceeding before broad vaccination, consistent with the increasing share of “this month” starts.

Responses to the same question also revealed a strong orientation toward “businesses that would be resistant” to shocks like Covid-19. Aspiring owners are gravitating to franchise brands that haven’t been sidelined by social distancing measures or forced closures, as seen in [recent studies at FranchiseInsights.com](https://www.franchiseinsights.com). Indeed, 28.1% of respondents in January indicated that they are giving more consideration to the types of businesses that are more resistant to the impact of a pandemic, up from 24.7% in December 2020.

### How does Covid-19 affect your interest in business ownership?

Source: FranchiseInsights.com Startup Sentiment Index™ Feb 2021

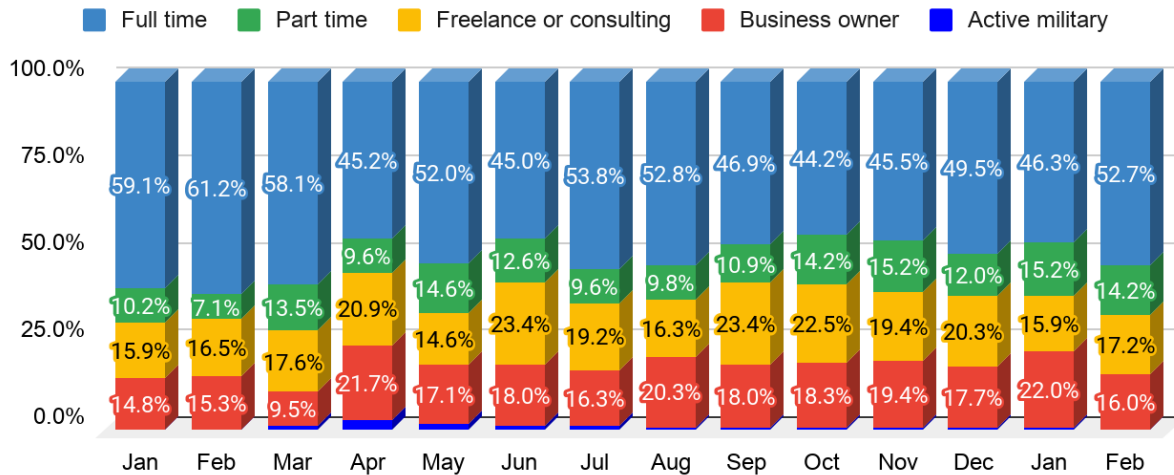


## RESPONDENT DEMOGRAPHICS

Of the survey respondents, 52.7% are currently employed full-time -- this is the highest percentage since July, 2020. Current business owners made up 16% of respondents, suggesting a desire to grow or diversify. Over 31% were either working part-time or in a freelance capacity, and none in the February survey were active military personnel.

### More Aspiring Business Owners Are Currently Employed

Source: FranchiseInsights.com Startup Sentiment Index™ Feb 2021

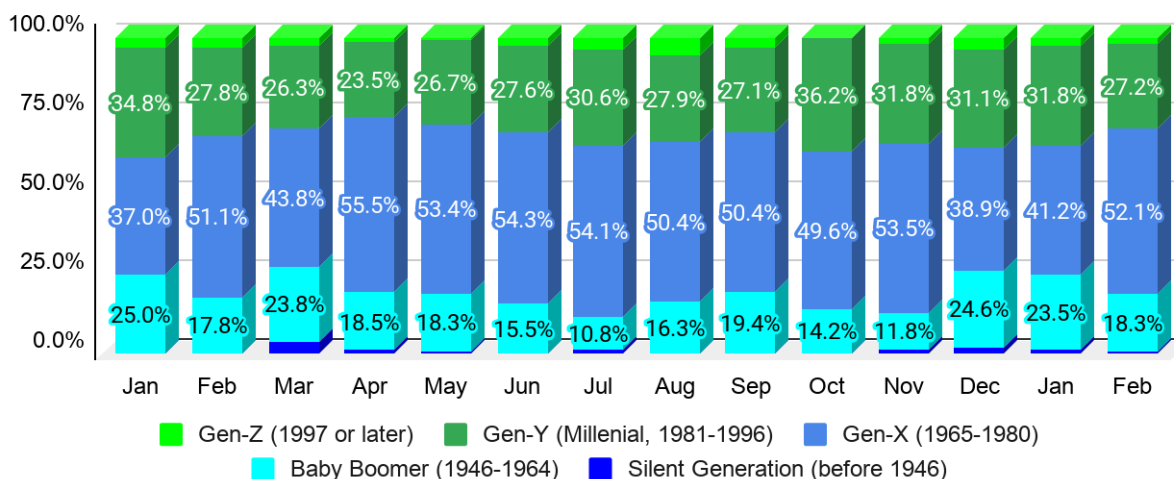


Gen-X (52.1%) and Gen-Y (27.2%) accounted for the highest percentages of survey respondents, consistent with prior surveys. Baby Boomers returned to 18.3% of respondents in February, down from near 24% in December and January.

See also a complete profile of the [demographics of aspiring business buyers](#) from a large demographic sample January to December 2020 compared to the prior full year.

### Gen-X and Gen-Y Dominate Startup Interest, but Boomers Jump

Source: FranchiseInsights.com Startup Sentiment Index™ Feb 2021



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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 lead generation 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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