

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 February 22-29, 2024.

Norfolk, Virginia – Released March 6, 2024

Small Business Startup Sentiment Index™ (SSI)

Aspiring Franchisees Expecting Startup Within Three Months Reaches Record

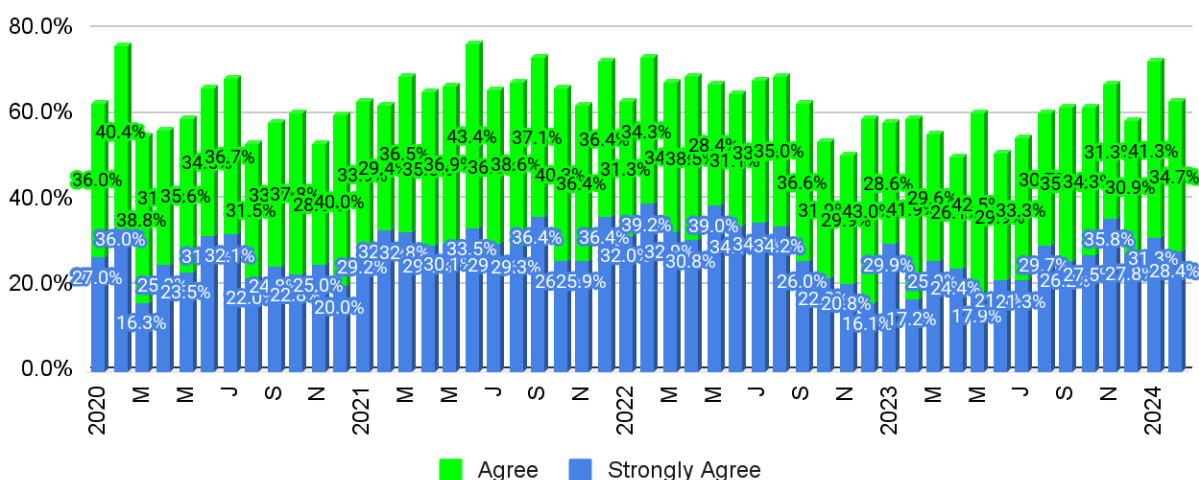
62.1% of Respondents Plan Their Startups by End of May 2024

STARTUP SENTIMENT HIGH

Over 63% of aspiring business owners either agree or strongly agree that **"now is a good time to start a business,"** on an upward trend beginning a year ago. In the February survey, 87.4% of respondents see conditions for business and franchise startups **"the same or better in three months."** **A record 62.1% of entrepreneurs planned their startups within the next three months,** and 75.8% within the next six months. **Further,** 67.4% of entrepreneurs surveyed say they are **"more or much more likely to launch their startups than three months ago."** [FranchiseInsights.com](#) compiles a monthly **Small Business Startup Sentiment Index™** (SSI) of individuals who have recently inquired about franchises or businesses for sale.

63.2% of Prospects Agree Now a Is Good Time for Startup

Source: FranchiseInsights.com Startup Sentiment Index™, Feb 2024



The survey was conducted February 22-29, 2024. These upbeat views on conditions for business startup are consistent with longer-term trends and recent spikes upward 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](#), with both measures on an improving trend since June 2022. This continuing

trend in entrepreneurial optimism also parallels the ongoing [surge in new business applications](#) since September 2020 as reported by the US Census Bureau.

SENTIMENT: CONTINUED OPTIMISM THREE MONTHS OUT

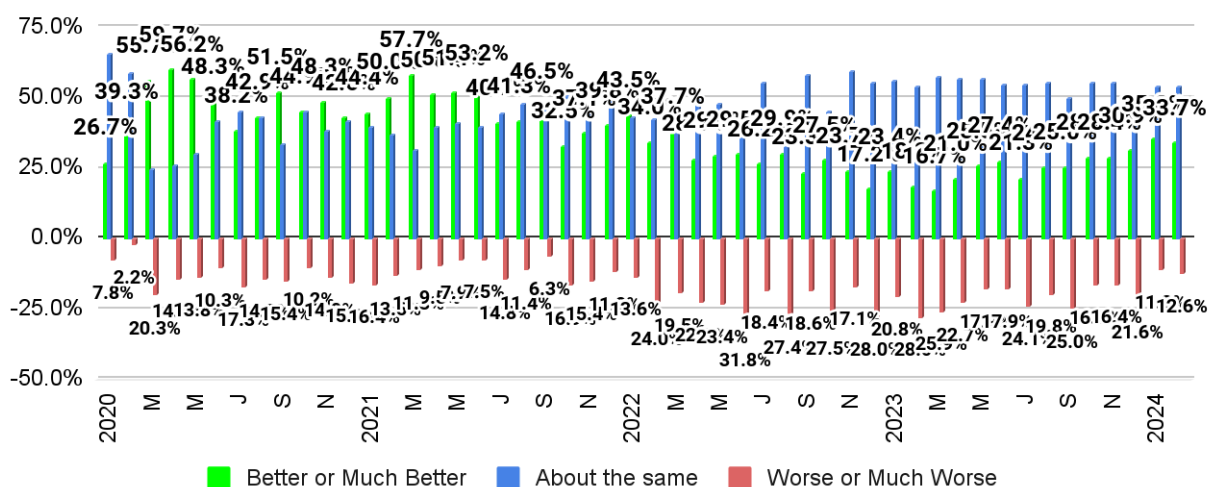
Reversing a multi-year downtrend in sentiment about future business conditions, **87.4% of respondents see conditions no worse – staying the same or getting better in three months**— with 53.7% seeing conditions “about the same”, flat with last month.

Now only 33.7% of respondents believe that in three months, conditions will be **“better or much better”** than now, trending up over the last year, and down from the 50-60% readings at the height of the pandemic. This is consistent with the year-long uptrend in measures of consumer confidence, and comfort with near-term business conditions. On the other hand, only 12.6% see conditions **“worse or much worse”** three months ahead.

87.4% See Conditions the Same or Better in Three Months

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Small Business Startup Sentiment Index™ Feb 2024



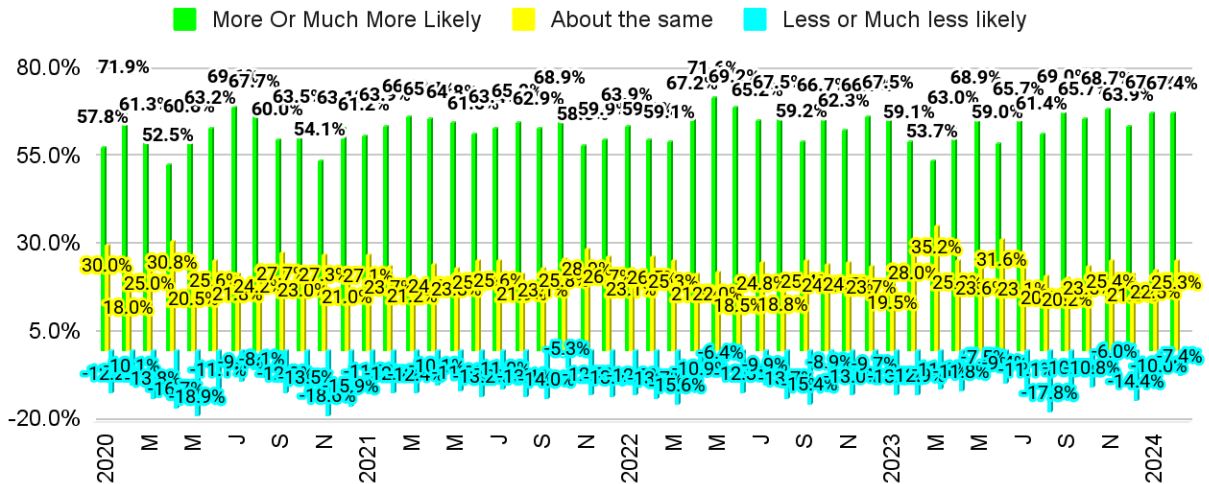
RESPONDENT SENTIMENT BETTER THAN 3 MONTHS AGO

Respondents are more upbeat now about starting or buying their business than they were three months ago. In January 2024, 67.4% of those responding indicated that they were **“more or much more likely to start a business now than three months ago.”** With 25.3% **“about the same,”** that means that 92.6% are as likely or more likely to launch their startups than they were three months ago, the highest since October 2021.

The percentage of survey respondents who were **“less or much less likely to start a business than three months ago”** dropped to 7.4%, significantly below the 11.1% 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™ Feb 2024

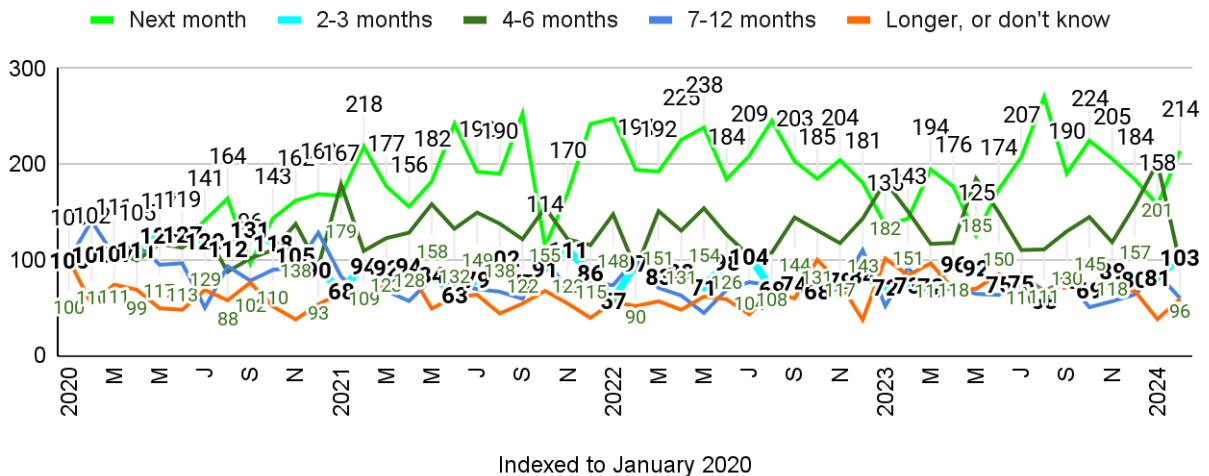


‘NEXT THREE MONTH’ TIME FRAME SETS RECORD

The index of entrepreneurs expressing intent to start or buy **“next month”** rose to 214% of January 2020 levels, at 30.5% of respondents. We do not have information about **why** timeframes have shortened, but note that they have been 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 81.25% of the January 2020 reference point.

'Next Month' Surges as Most Popular Startup Timeframe

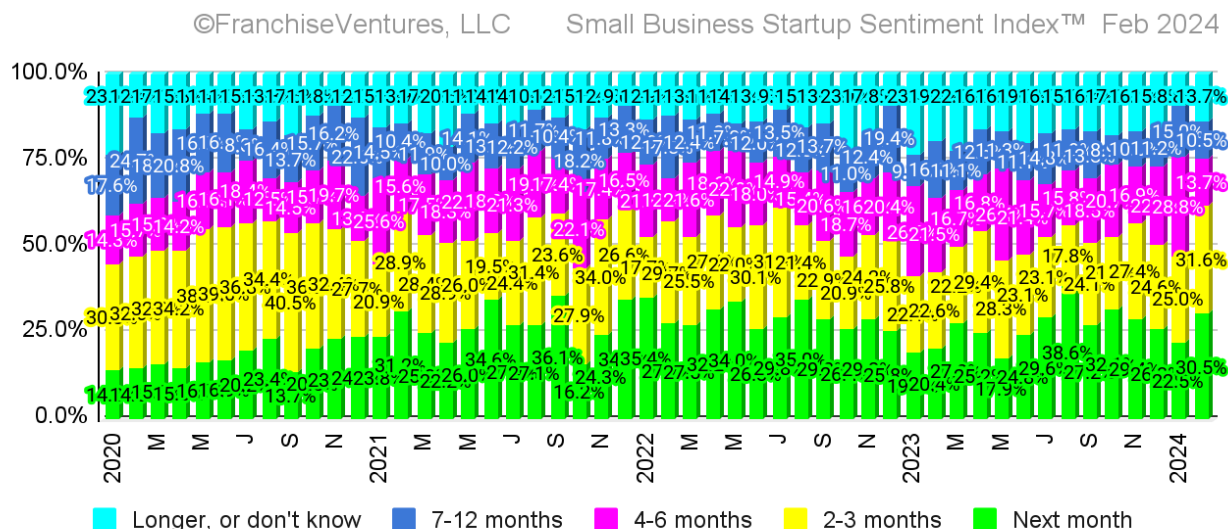
Source: FranchiseInsights.com Startup Sentiment Index™ Feb 2024



This past month, 47.5% 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.

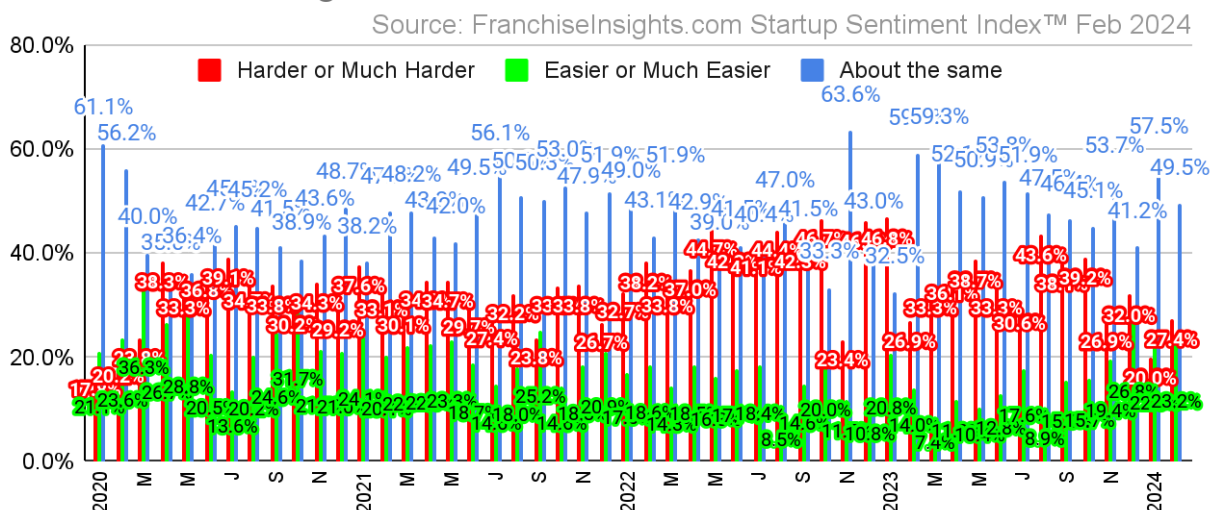
Startup intentions at “4-6 months” decreased to 13.7%. That brings the total with intent to start within 6 months to 75.8% of respondents. Another 10.5% of respondents are planning their startups for 7-12 months out. Only 13.7% expect to wait more than twelve months for their business launches. In February 2024, 29% anticipated starting within the “next month.”

86.3% Expect Their Startups Within Twelve Months



FUNDING KEY – 70% SEE IT AS THE BIGGEST FACTOR, BUT ONLY...

27.4% See Funding Harder in 3 Months; 50% the Same

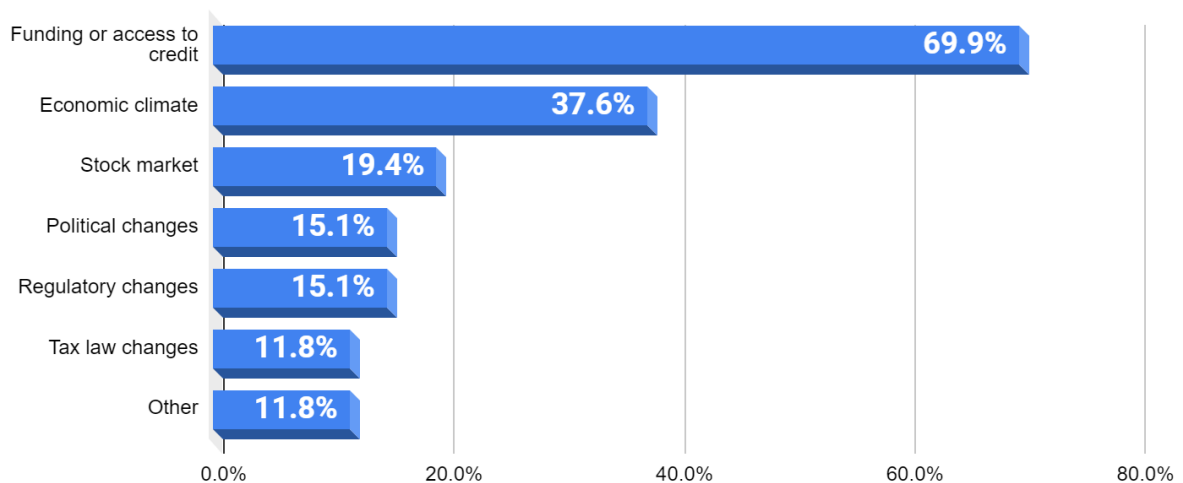


As access to funding remains a primary startup issue, prospective business owners are showing ongoing concerns about availability of startup financing in recent months, with another 27.4% seeing it getting “**harder or much harder**” three months from now. Now 49.5% see access to funding in three months being “**about the same**” and 23.2% see

it getting “**easier or much easier**” as they see lower interest rates and read about the Federal Reserve holding rates steady or lowering them in the coming months.

Which of these factors will have the biggest impact in the next six months on your decision to start a business?

Source: Franchise Insights Small Business Startup Sentiment Index™ Feb 2024



With the other factors receding into the background over the last several months, now 70% 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, though down significantly from the high seen in April 2021 at 87.6%. Beyond the funding concern, “**economic climate**” is next highest at 37.6% of respondents.

With stock market indexes enjoying a sharp increase since the end of October, only 19.4% of entrepreneurs cited the stock market as having a significant impact on their business startup plans.

PANDEMIC STILL ANIMATES OVER 45% OF ASPIRING OWNERS

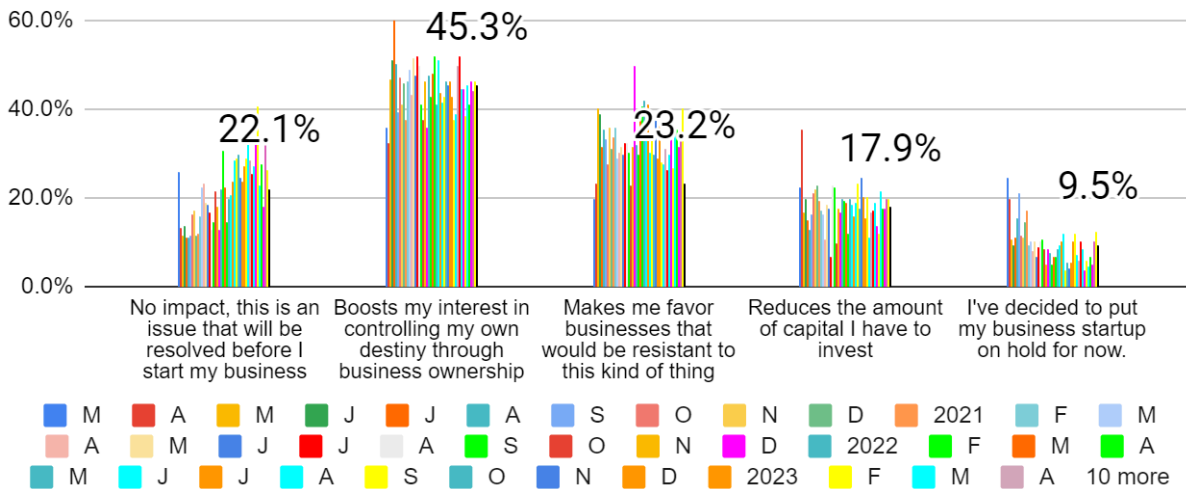
For more than two years, when asked how the pandemic had affected their interest in starting a business or opening a franchise, respondents to the FranchiseInsights.com Small Business Startup Sentiment Index™ often said that it “**boosts my interest in controlling my own destiny through business ownership.**” 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 trended upward to 45.3% in February.

Looking back to when the pandemic emerged, more respondents began indicating a preference for “**businesses that would be resistant**” to shocks like Covid-19. That sentiment has declined to 23.23%, significantly below the prominent spikes in December 2021 and January 2022 during the Omicron surges.

The percentage putting their plans “**on hold**” at 9.5% is 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 stood at 22.1%

How did the pandemic affect your interest in business ownership?

Source: FranchiseInsights.com Startup Sentiment Index™ Feb 2024



FULL-TIME WORKERS AND GEN-X DOMINATE, GEN-Z RISES

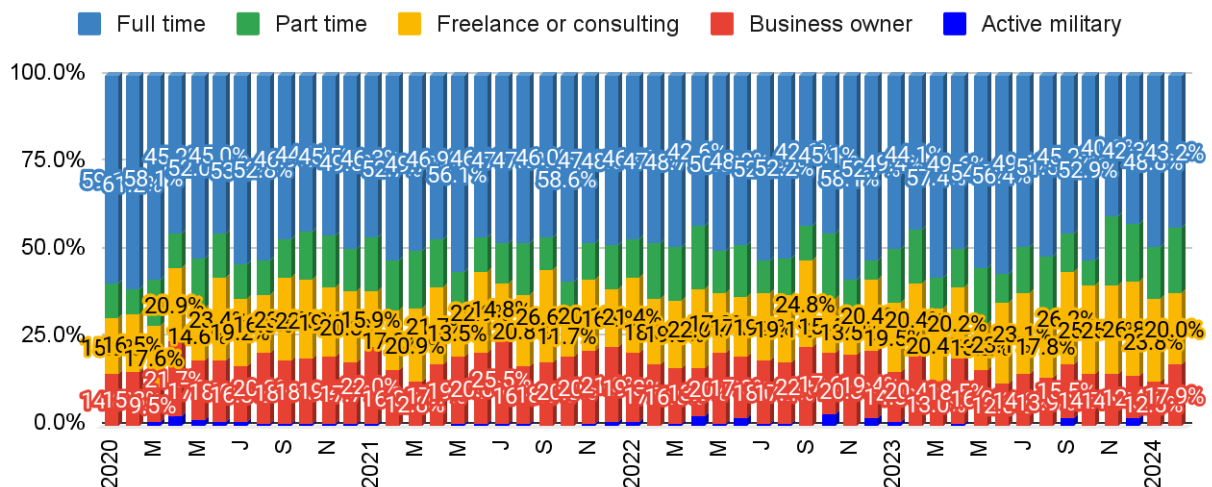
Of the survey respondents, 43.2% are currently employed full-time, down from the high of 58.6% seen in October 2021. Current business owners made up 17.9% of respondents, who may be pursuing a desire to upgrade or complement their existing businesses. Combined, full-time workers and current business owners stood at 61.1%.

Part-time workers made up 18.9% of respondents, way up from 6.9% in October.

About 20% of respondents were working as freelancers or consultants, and this month less than 1% of the aspiring entrepreneurs in the survey were on active military duty.

43.2% of Aspiring Owners Leaving a Full Time Job; 17.9% are Biz Owners

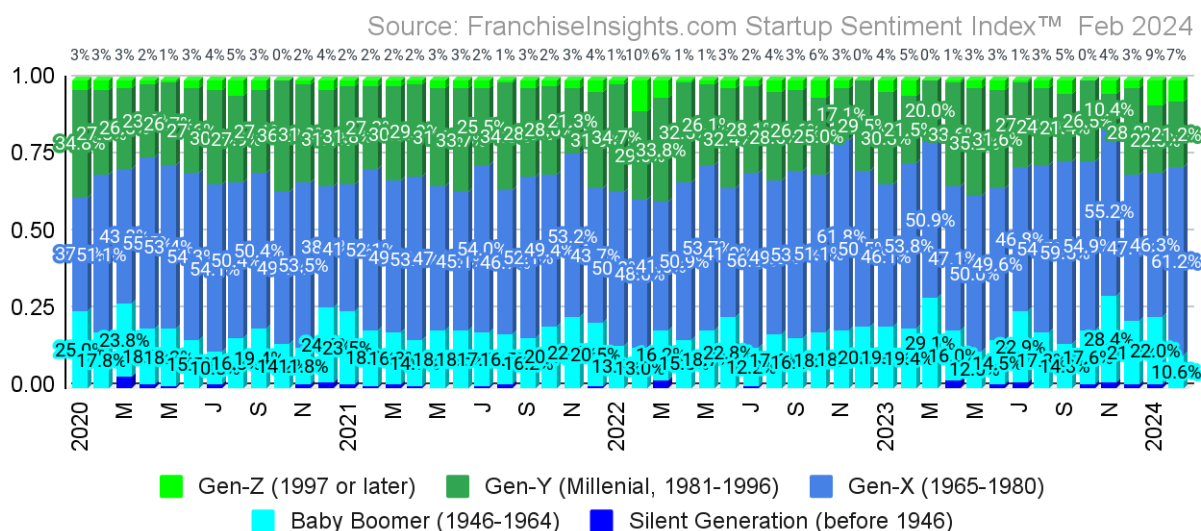
Source: FranchiseInsights.com Startup Sentiment Index™ Feb 2024



Gen-X dominated with 46.3% of respondents, while Baby Boomers tied with the Millennial age cohort at 22.0% of respondents. This month, Gen-Z rose to 9% of respondents, the highest percentage since February 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 Dominates, but Gen-Z Makes up 7.1% of Respondents



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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