

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 January 25-31, 2024.

Norfolk, Virginia – Released February 7, 2024

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

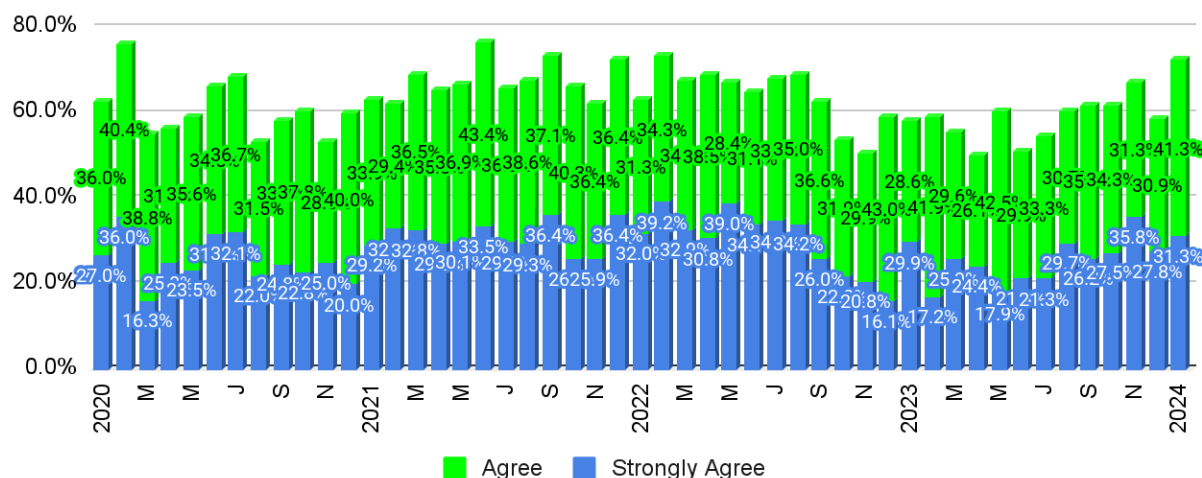
Startup Sentiment Surges to 13-Month High
Over 91% of Aspiring Franchisees Expect 2024 Launch
Gen-Z Age Cohort Surges to Highest in Thirteen Months

STARTUP SENTIMENT HIGHEST SINCE DECEMBER 2023

Almost 73% 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. Now 89% of January survey respondents see conditions for business and franchise startups ***“the same or better in three months.”*** In January 2024, 47.5% of entrepreneurs planned their startups within the next three months, and 76.3% within the next six months. **Further**, 67.5% 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.

72.5% of Prospects Agree Now a Is Good Time for Startup

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



The survey was conducted January 25-31, 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

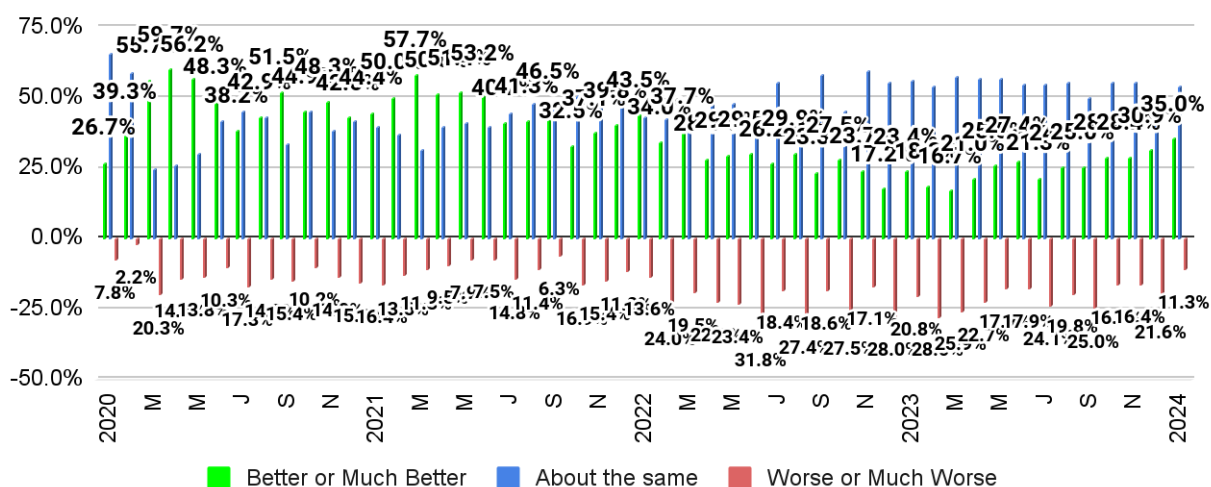
Reversing a multi-year downtrend in sentiment about future business conditions, **88.8% of respondents see conditions no worse – staying the same or getting better in three months**— with 53.8% seeing conditions “about the same.”

Now only 35% 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 11.3% see conditions **“worse or much worse”** three months ahead.

89% See Conditions the Same or Better in Three Months

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Small Business Startup Sentiment Index™ Jan 2024



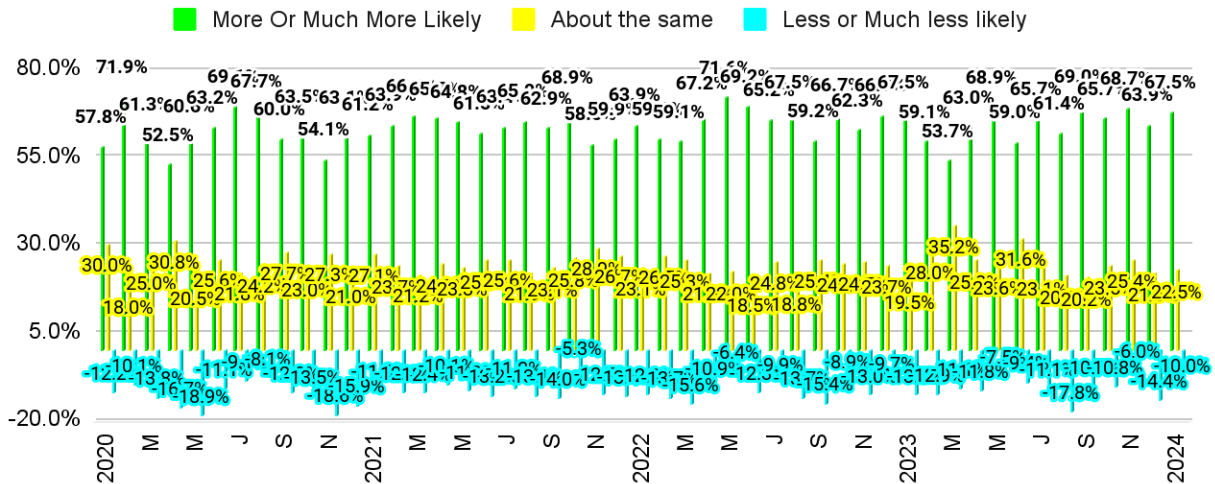
RESPONDENT SENTIMENT BETTER THAN 3 MONTHS AGO

Respondents are more upbeat now about starting or buying their business than they were three months ago. In January 2024, 67.5% of those responding indicated that they were **“more or much more likely to start a business now than three months ago.”** With 22.5% **“about the same,”** that means that 90% 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”** dropped to 10%, below 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™ Jan 2024

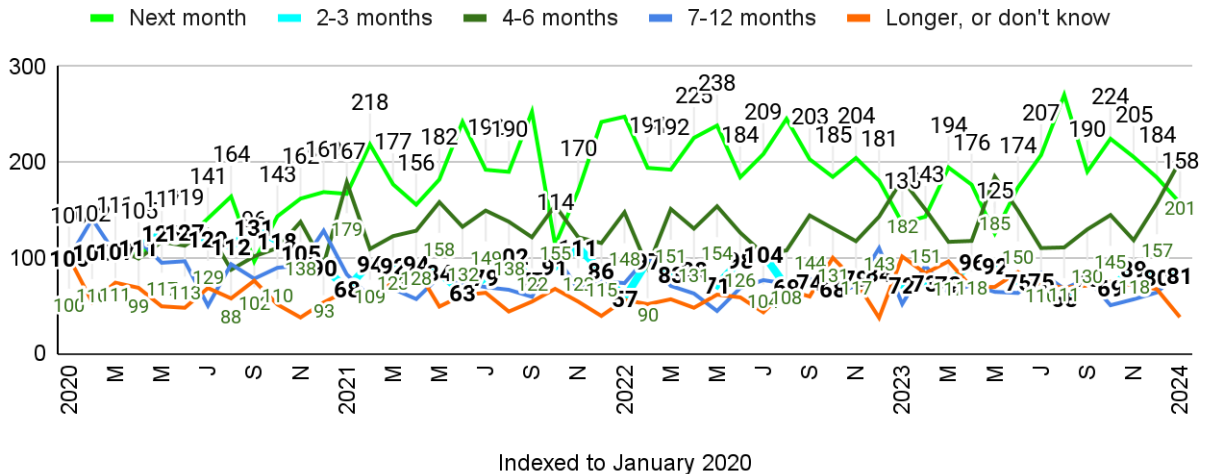


‘NEXT TWELVE MONTH’ TIME FRAME HIGHEST IN OVER A YEAR

The index of entrepreneurs expressing intent to start or buy **“next month”** dipped back to 158% of January 2020 levels, or 22.5% 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' is Still the Most Popular Startup Timeframe

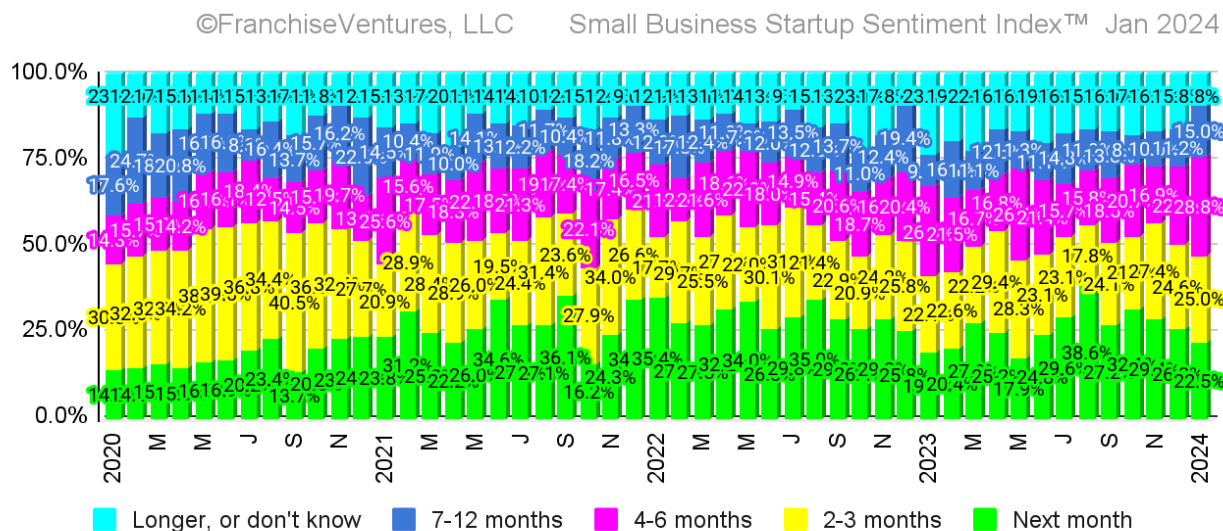
Source: FranchiseInsights.com Startup Sentiment Index™ Jan 2024



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.

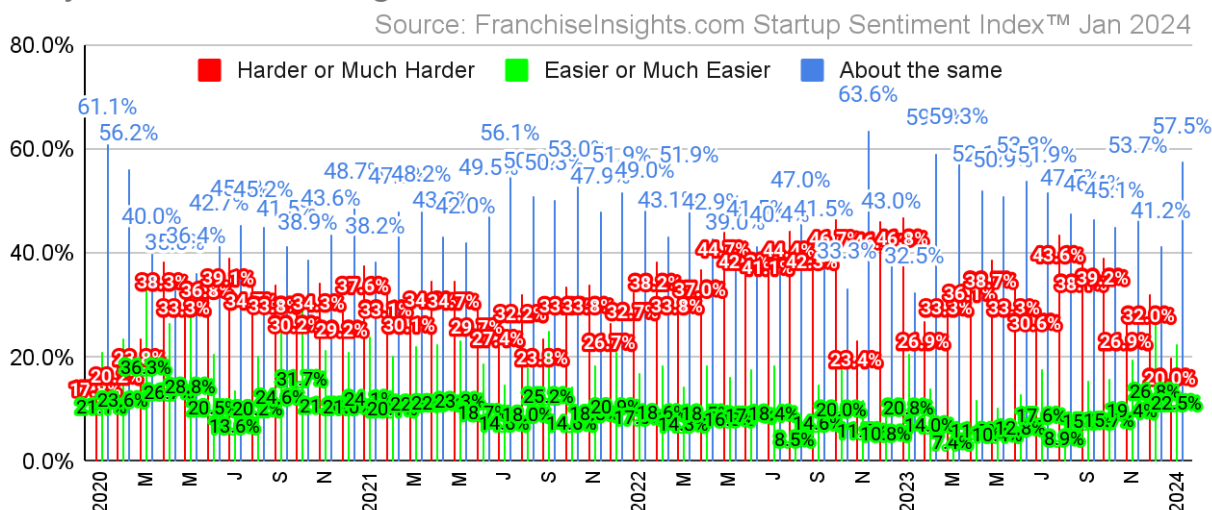
Startup intentions at **“4-6 months”** were 28.8% and indexing the highest since January 2021. That brings the total with intent to start within 6 months to 76.3% of respondents. Another 15% of respondents are planning their startups for 7-12 months out. Only 8.8% expect to wait more than twelve months for their business launches. In January 2024, 22.5% anticipated starting within the “next month.”

91.3% Expect Their Startups Within Twelve Months



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

Only 20% See Funding Harder in 3 Months; 57.5% 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 20% seeing it getting **“harder or much harder”** three months from now. Now 57.5% see access to funding in three months being **“about the same”** and 22.5% see it

70% Say Funding or Access to Credit the Biggest Factor

Source: FranchiseInsights.com Startup Sentiment Index™ Jan 2024

60.0%

40.0%

20.0%

0.0%

26.3%

46.3%

40.0%

20.0%

12.5%

No impact, this is an issue that will be resolved before I start my business

Boosts my interest in controlling my own destiny through business ownership

Makes me favor businesses that would be resistant to this kind of thing

Reduces the amount of capital I have to invest

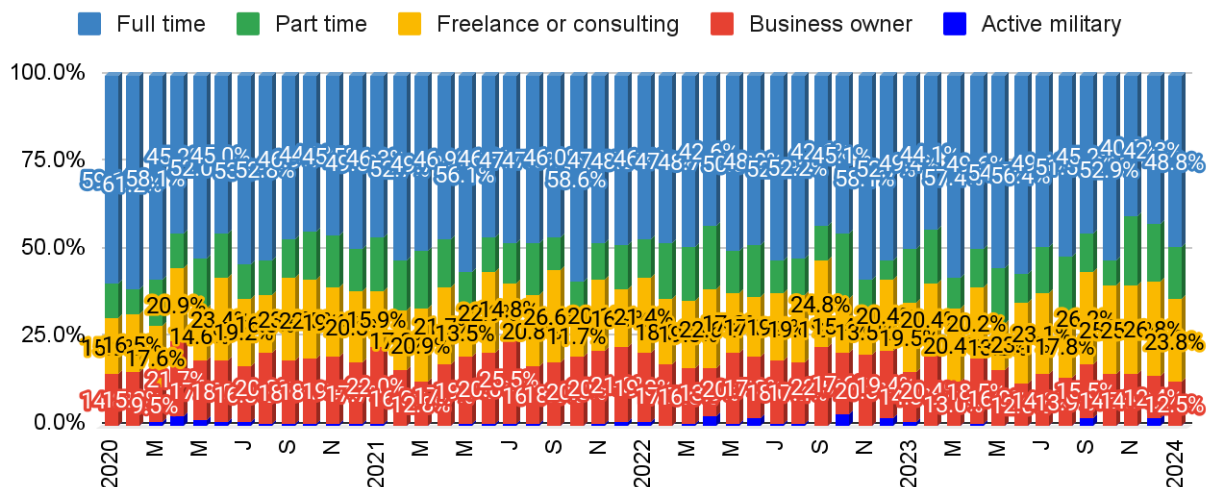
I've decided to put my business startup on hold for now.

M A M J J A S A O N D 2021 F M A M J J A S O N D 2022 F M A M J J A S O N D 2023 F M A 9 more

Of the survey respondents, 48.8% are currently employed full-time, down from the high of 58.6% seen in October 2021. Current business owners made up 12.5% of respondents, suggesting a desire to upgrade or complement their existing businesses. Combined, full-time workers and current business owners stood at 61.3%.

About 23.8% 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.

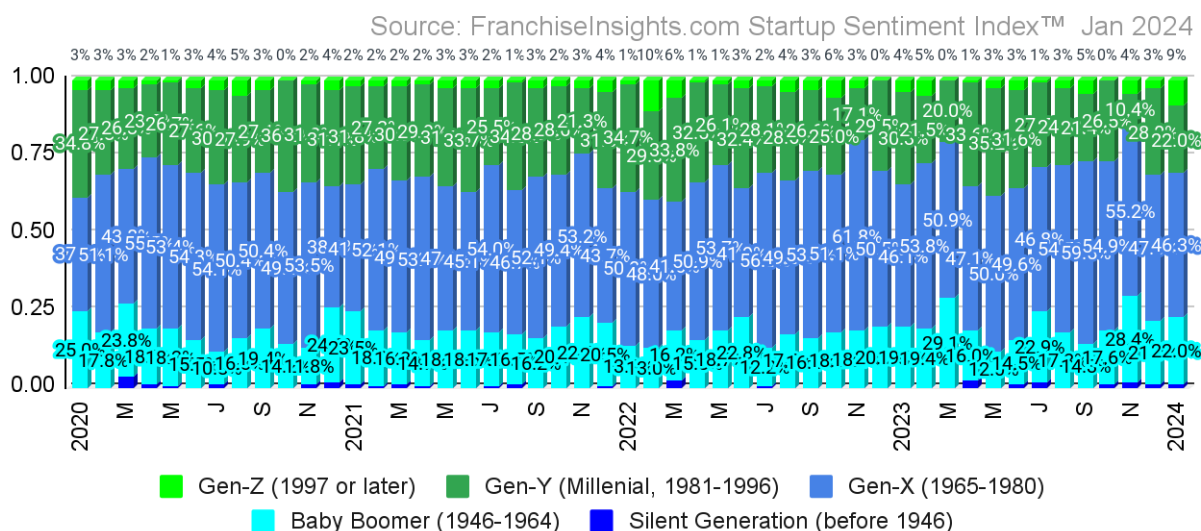
Source: FranchiseInsights.com Startup Sentiment Index™ Jan 2024



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-Z Cohort Soars to 8.5% 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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