

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 May 23-31, 2024.

Norfolk, Virginia – Released June 5, 2024

Small Business Startup Sentiment Index™ (SSI)

Aspiring Business Owners See Near-Term Startup Conditions Staying About The Same

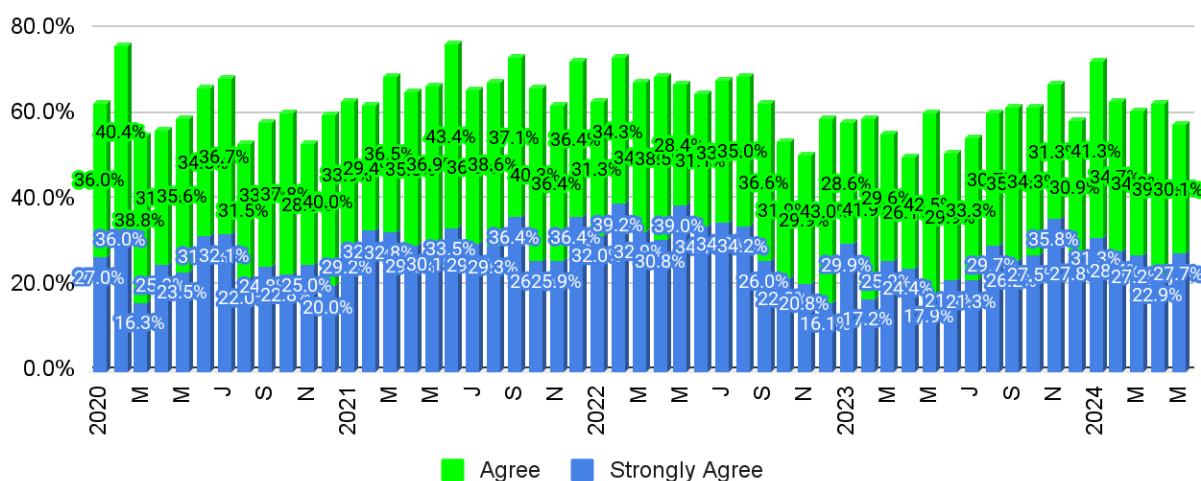
88% Say Business Conditions the Same or Better in Three Months, but Political Concerns Rise

STARTUP SENTIMENT STILL HIGH, BUT IS IT ROLLING OVER?

Almost 58% of aspiring business owners either agree or strongly agree that “*now is a good time to start a business*,” with optimism about conditions ahead. In the May survey, over 88% of respondents see conditions for business and franchise startups “*the same or better in three months*.” Of this month’s respondents, 49.4% of entrepreneurs planned their startups within the next three months, down from 60.2% last month. 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.

57.8% of Prospects Agree Now a Is Good Time for Startup

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



The survey was conducted May 23-31, 2024. These upbeat views on conditions for business startup are consistent with longer-term trends 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 on an

overall upward 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

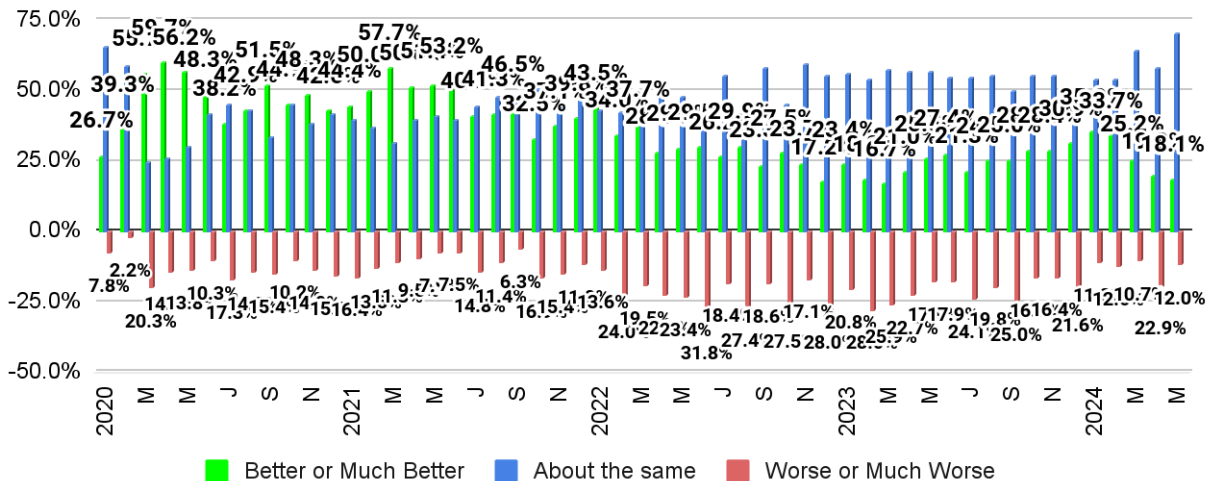
Reversing a multi-year downtrend in sentiment about future business conditions, **88% of respondents see conditions no worse – staying the same or getting better in three months**— with 69.9% seeing conditions “about the same”, trending upwards.

Now only 18.1% of respondents think 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 uptrends in measures of consumer confidence, and comfort with near-term business conditions. On the other hand, 12% see conditions **“worse or much worse”** three months ahead.

88% See Conditions the Same or Better in Three Months

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Small Business Startup Sentiment Index™ May 2024



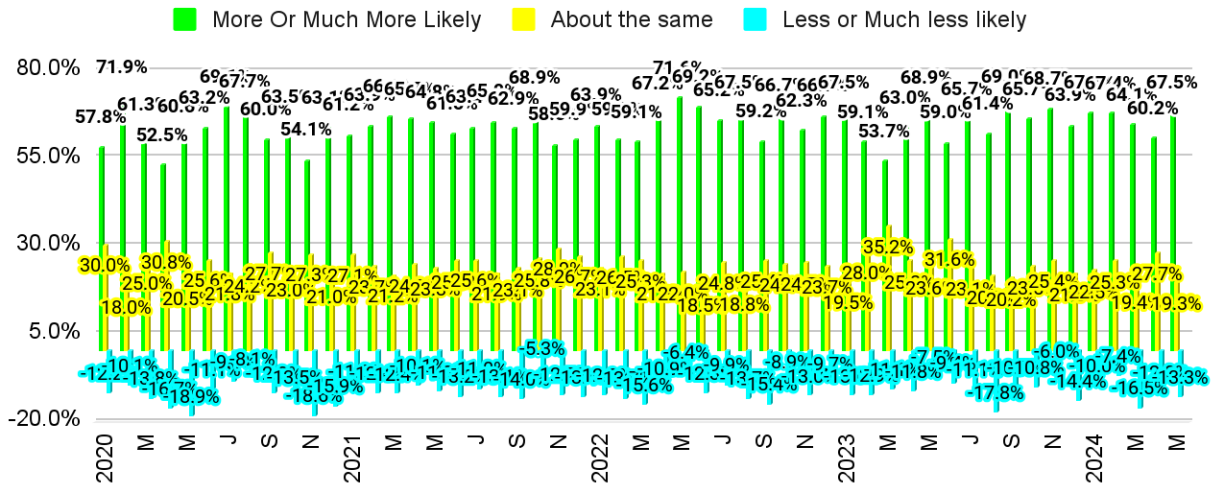
RESPONDENT SENTIMENT BETTER THAN 3 MONTHS AGO

Respondents are more upbeat now about starting or buying their business than they were three months ago. In May 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 19.3% **“about the same,”** that means that 86.7% are as likely or more likely to launch their startups than they were three months ago.

On the other hand, the percentage of survey respondents who were **“less or much less likely to start a business than three months ago”** rose to 13.3%, a few ticks up from 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™ May 2024

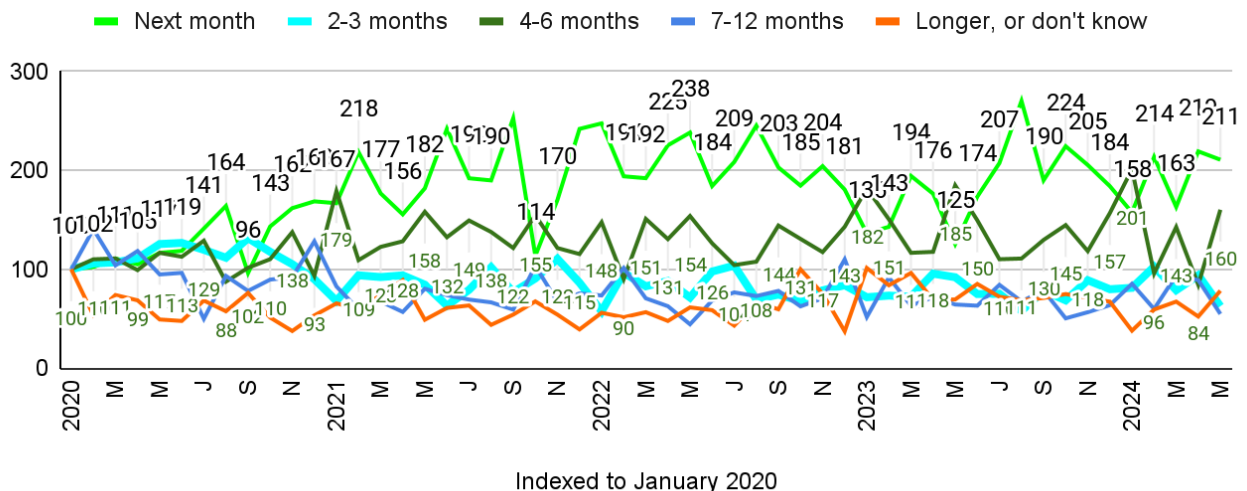


‘NEXT MONTH’ IS STILL THE MOST POPULAR TIME FRAME

In the May survey, 82% of respondents expected to start within twelve months. The index of entrepreneurs expressing intent to start or buy **“next month”** stood at 211% of January 2020 levels, at 30% of respondents. On the other hand, the index of aspiring business owners planning startups in the **“next 2-3 months”** was 62.7% of the January 2020 reference point, at 19.3%.

‘Next Month’ Time Frame Steady

Source: FranchiseInsights.com Startup Sentiment Index™ May 2024

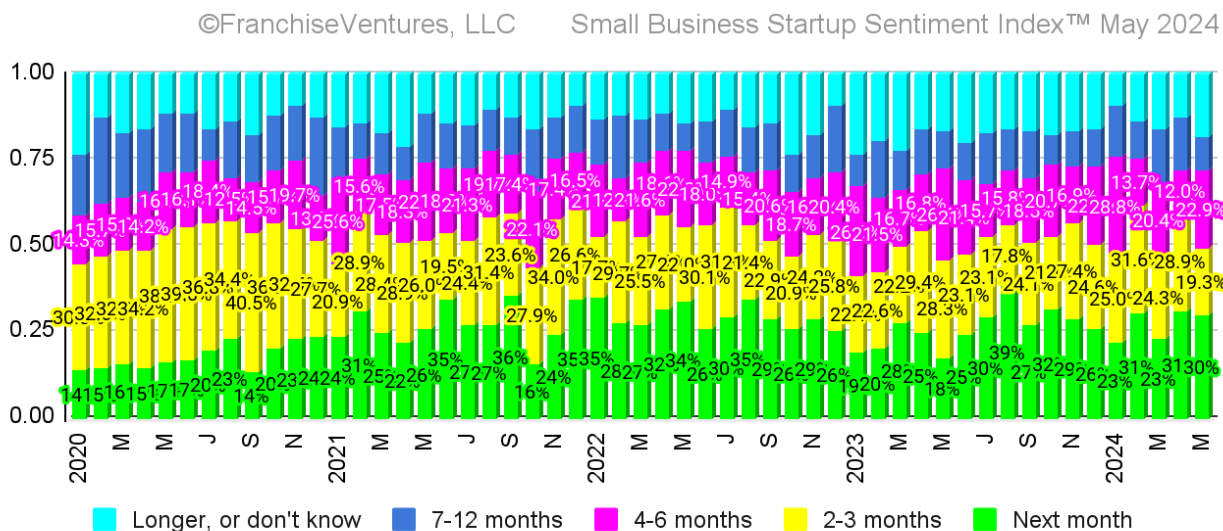


Indexed to January 2020

This past month, 49.4% 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.

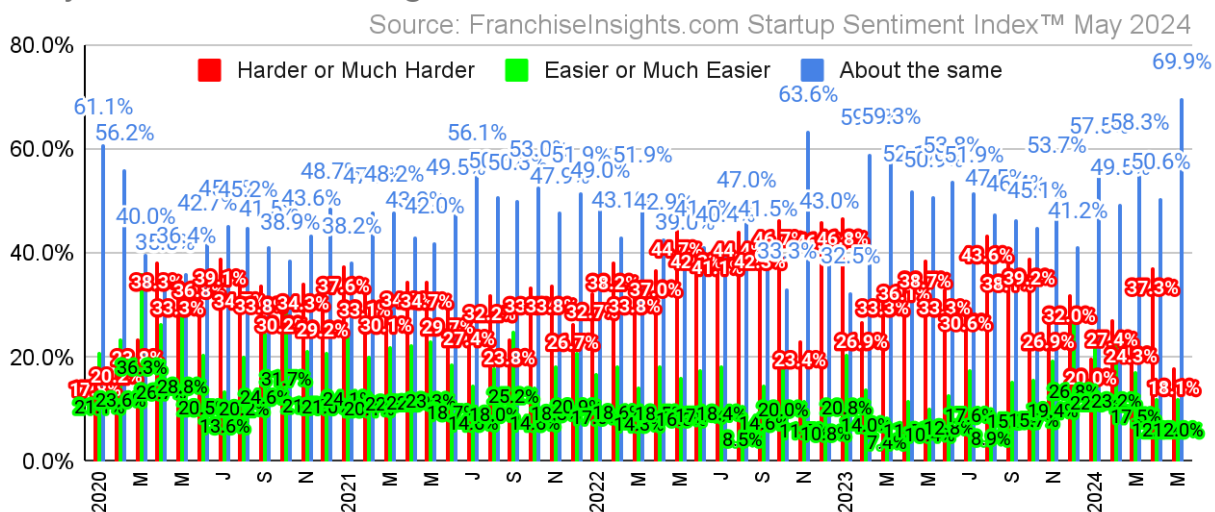
Startup intentions at “**4-6 months**” rose to 22.9%. That brings the total with intent to start within 6 months to 72% of respondents. Another 9.6% of respondents are planning their startups for 7-12 months out. Only 18.1% are “not sure” or expect to wait more than twelve months for their business launches. In May 2024, 30% anticipated starting within the “next month.”

82% Expect Their Startups Within Twelve Months



FUNDING THE BIGGEST, BUT POLITICAL CONCERNS RISING

Only 18.1% See Funding Harder in 3 Months; 70% the Same

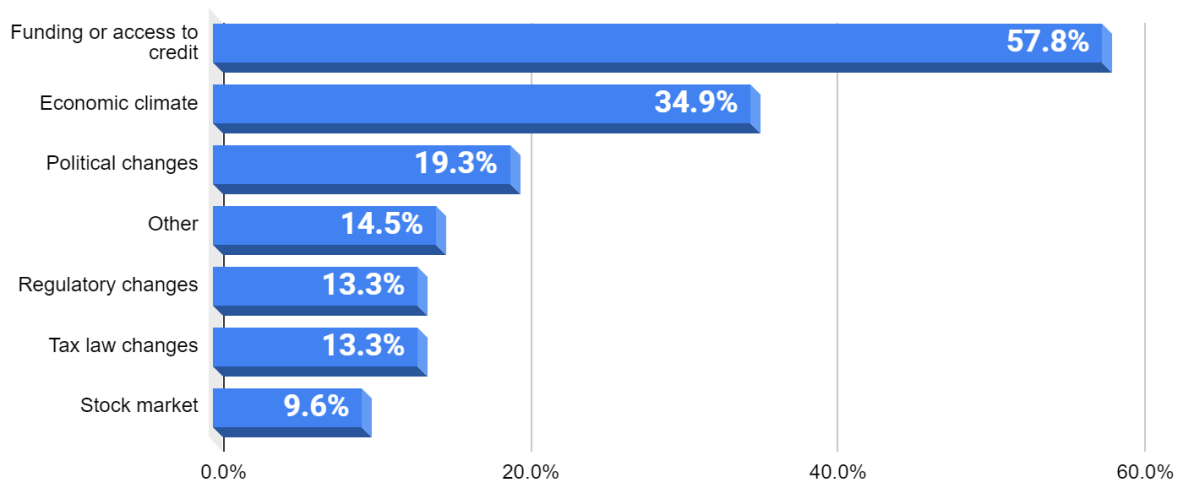


Though access to funding remains the primary startup issue, prospective business owners' concerns about availability of startup financing have been reduced in recent months, with a record low 18.1% seeing it getting “**harder or much harder**” three months from now. Now 69.9% see access to funding in three months being “**about the**

same” and only 12% see it getting **“easier or much easier”**, consistent with headlines about the Federal Reserve holding rates steady or changing them modestly in either direction 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™ May 2024



As has been the case for over four years now, 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, at 57.8% in May, though this has been declining in recent months and far below the high seen in April 2021 at 87.6%. Beyond the funding concern, **“economic climate”** is next highest at 34.9% of respondents, down from 41% last month.

The biggest shift this month was “political changes”, which rose to third as a concern, up from fifth last month.

PANDEMIC EXPERIENCE ANIMATES 43% OF ASPIRING OWNERS

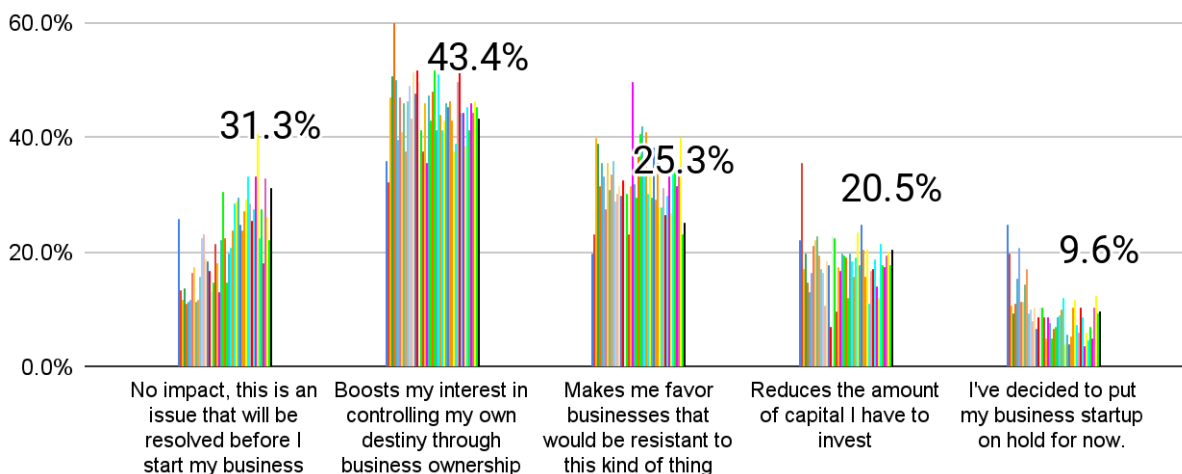
For more than two years, when asked how the pandemic had affected their interest in starting a business or opening a franchise, respondents to the FranchiseInsights.com Small Business Startup Sentiment Index™ often said that it **“boosts my interest in controlling my own destiny through business ownership.”** 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 seems to be rising at 43.4% in May 2024.

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 25.3%, significantly below the prominent spikes above 45% in December 2021 and January 2022 during the Omicron surges.

The percentage putting their plans **“on hold”** at 9.6% is up from the record low of 3.7% in July 2023. Those indicating **“no impact – this is an issue that will be resolved before starting”** their businesses are at 31.3%.

How did the pandemic affect your interest in business ownership?

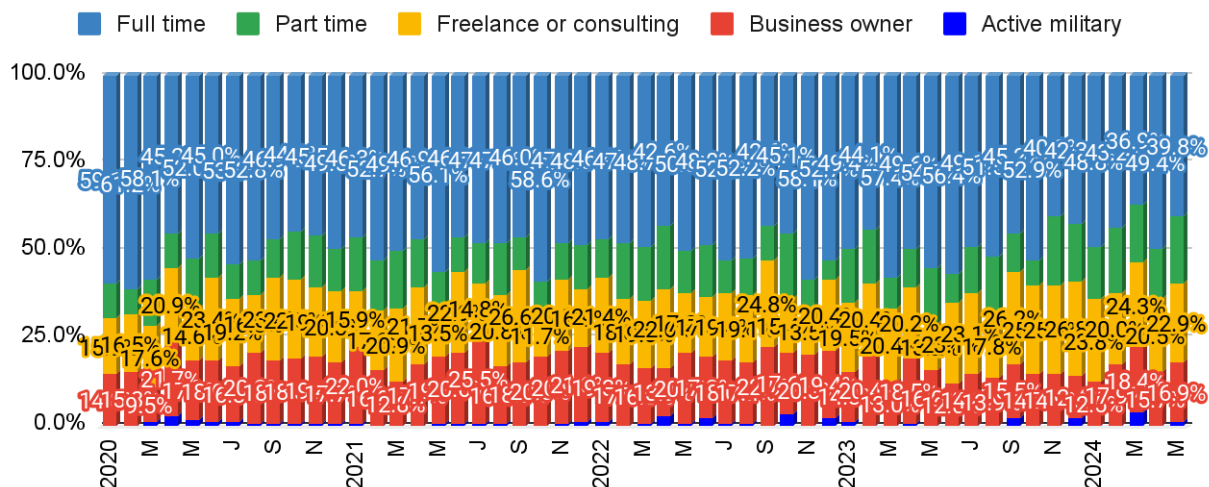
Source: FranchiseInsights.com Startup Sentiment Index™ May 2024



FULL-TIME WORKERS, GEN-X DOMINATE, BOOMERS/GEN-Z RISE

39.8% of Aspiring Owners Leaving a Full Time Job; 16.9% are Biz Owners

Source: FranchiseInsights.com Startup Sentiment Index™ May 2024



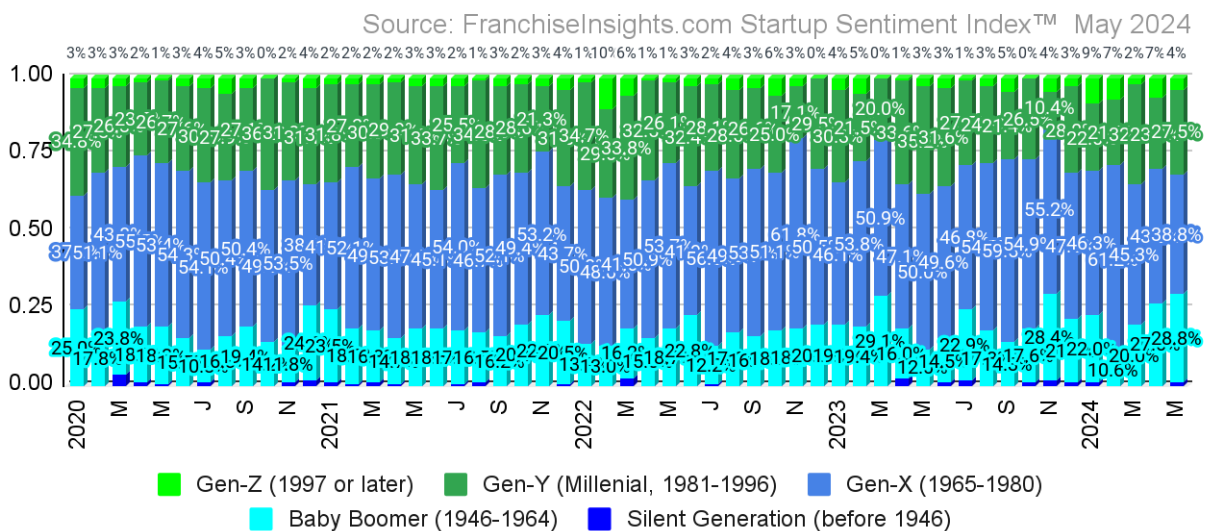
Of the survey respondents, 39.8% are currently employed full-time, down from the high of 58.6% seen in October 2021. Current business owners made up 16.9% of respondents, who may be pursuing a desire to upgrade or complement their existing businesses. Combined, full-time workers and current business owners stood at 56.6%.

About 22.9% of respondents were working as freelancers or consultants. Part-time workers made up 19.3% of respondents, way up from 6.9% in October. This month 1.2% of the aspiring entrepreneurs in the survey were on active military duty.

Gen-X is the largest share, at 38.8% of respondents, and the Millennial age cohort represented 27.5% of respondents. Baby Boomers grew for the second month to 28.8% in May, and Gen-Z were just under 4% of respondents. 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 at 38.8%, Followed by Baby Boomers at 28.8%



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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