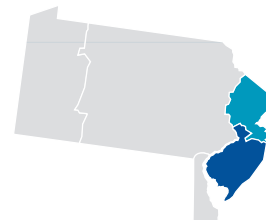


Small Business Credit Survey: New Jersey Insights

by Alaina Barca¹

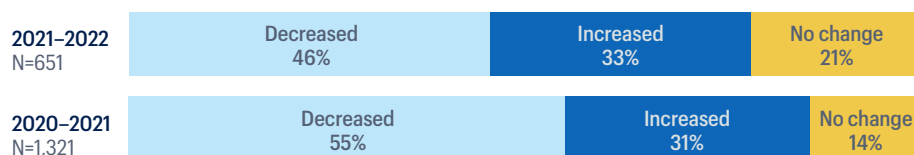
Owners of small employer firms (firms with at least one but fewer than 500 employees) were surveyed in the fall of 2022 for the Small Business Credit Survey.² This brief highlights key findings for 671 New Jersey small employer firms.³



Firm Conditions

More than two-thirds of the firms had not seen revenue improvements since 2021, while 33 percent experienced an increase in revenue. Nearly three-quarters of the firms also reported that 2022 financial conditions were poor or fair. As more pandemic assistance programs were phased out in 2022, about half of the firms did not apply for pandemic-related financial assistance. Still, the firms continued to demonstrate demand for funding. More than one-third (35 percent) of the firms applied for nonemergency loans, lines of credit, or merchant cash advances, the most popular of which were business loans, lines of credit, and Small Business Administration (SBA) loans.

Revenue Change in the Last 12 Months

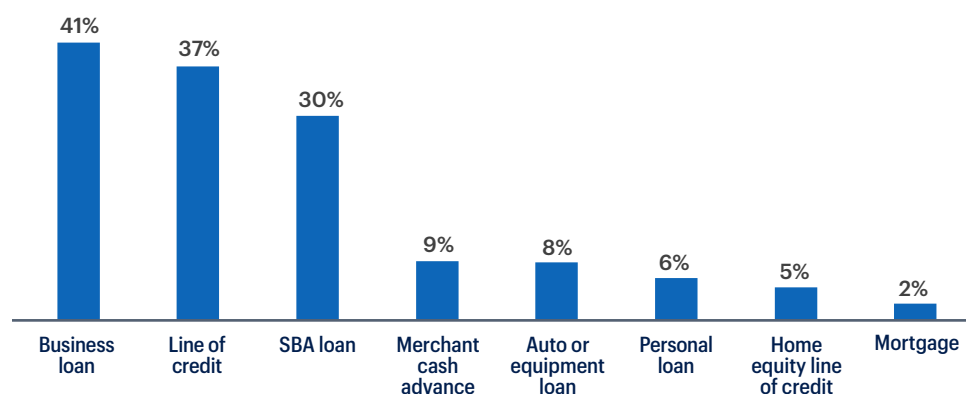


72%

Reported that 2022 financial conditions were poor or fair
N=671

Application Rate by Type of Loan, Line of Credit, or Merchant Cash Advance⁴

N=227



49%

Did not seek pandemic-related financial assistance
N=671

¹ The views expressed here are those of the author and do not necessarily represent the views of the Federal Reserve Bank of Philadelphia or the Federal Reserve System.

² The Small Business Credit Survey is a national sample of small businesses focused on firms' financing and debt needs and experiences. The national report and corresponding data used for this brief are available at www.fedsmallbusiness.org/survey.

³ See more demographic details on page 2. Note that data are weighted to be representative of all New Jersey small businesses and that not all yearly comparisons included are statistically significant, partly owing to sample size. Last year's New Jersey Insights brief is available at www.philadelphiafed.org/community-development/credit-and-capital/2021-small-business-credit-survey-new-jersey-insights.

⁴ Among the 35 percent of the firms that applied for loans, lines of credit, or merchant cash advances.

Firm Demographics

68%

Male-owned

20%

Female-owned

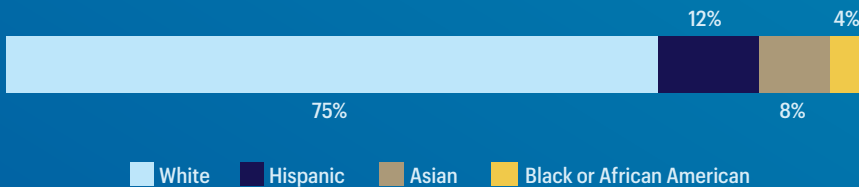
11%

Equally owned

N=671

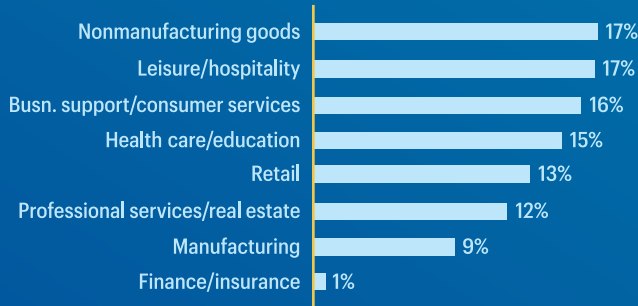
Race/Ethnicity of Owner(s)

N=671



Industry

N=671



56%

Earn <\$500K in annual revenues
N=662

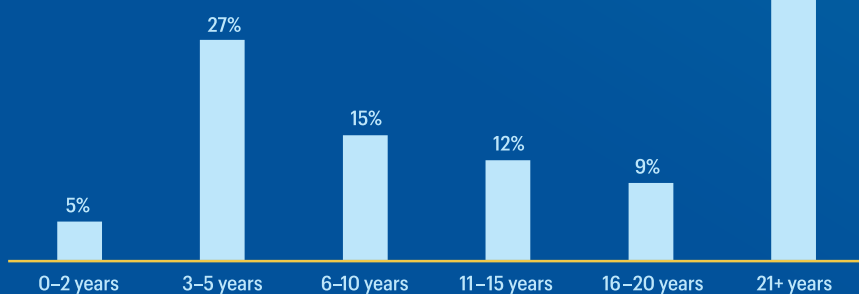


56%

Have 1-4 employees
N=671

Age of Firm (Years)

N=671



Age of firm, employment size, gender of owner(s), industry, and race and ethnicity of owner(s) are among the variables used to weight the Small Business Credit Survey. The figures shown here reflect proportions derived from U.S. Census Bureau population data.

Challenges in 2022

The most widely cited operational challenges among New Jersey small businesses were supply chain issues, hiring or retaining qualified staff, and reaching customers or growing sales. Other operational challenges included complying with government regulations (29 percent), utilizing technology (27 percent), and ensuring the health and safety of customers or employees (21 percent). The most severe financial challenges experienced were increased costs of goods, services, and/or wages; paying operating expenses; and uneven cash flow. Other financial challenges included weak sales (54 percent), making payments on debt/interest rates (38 percent), and credit availability (25 percent).

Top Operational Challenges

N=665



61%

Supply chain issues



59%

Hiring or retaining qualified staff



50%

Reaching customers / growing sales

Top Financial Challenges

N=669



86%

Increased costs of goods, services, and/or wages



69%

Paying operating expenses



55%

Uneven cash flow