

2018 SMALL BUSINESS PROFILE

OFFICE OF ADVOCACY

REGULATION • RESEARCH • OUTREACH

WASHINGTON



590,908 Small Businesses
99.5% of Washington Businesses

1.3 million Small Business Employees
51.5% of Washington Employees

EMPLOYMENT
62,095
net new jobs

DIVERSITY
92,772
minority-owned
businesses

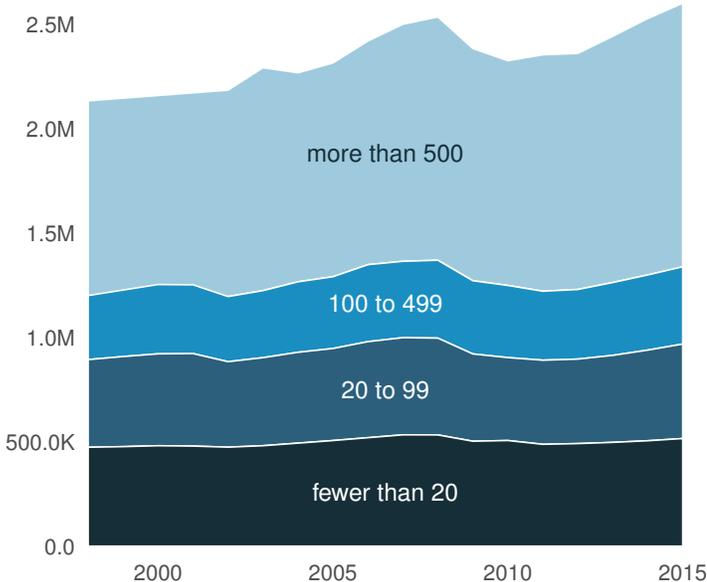
TRADE
10,901
small business
exporters

OVERALL WASHINGTON ECONOMY

- In the third quarter of 2017, Washington grew at an annual rate of **4.3%**, which was faster than the overall US growth rate of **3.4%**. Washington's 2016 growth rate of **4.2%** was up from the 2015 rate of **3.7%**. (Source: [BEA](#))
- In January 2018, the unemployment rate was **4.7%**, down from **4.9%** in January 2017. This was above the January 2018 national unemployment rate of **4.1%**. (Source: [CPS](#))

EMPLOYMENT

Figure 1: Washington Employment by Business Size (Employees)



- Washington small businesses employed **1.3 million** people, or **51.5%** of the private workforce, in 2015. (Source: [SUSB](#))
- Firms with fewer than 100 employees have the largest share of small business employment. Figure 1 provides further details on firms with employees. (Source: [SUSB](#))
- Private-sector employment increased **2.4%** during the 12-month period ending in January 2018. This was below the increase of **3.0%** during the prior 12-month period. (Source: [CPS](#))
- The number of proprietors increased in 2016 by **2.6%** relative to the previous year. (Source: [BEA](#))
- Small businesses created **62,095** net jobs in 2015. Firms employing fewer than 20 employees experienced the largest gains, adding **37,689** net jobs. The smallest gains were in firms employing 100 to 499 employees, which added **10,770** net jobs. (Source: [SUSB](#))

The Small Business Profiles are produced by the US Small Business Administration's Office of Advocacy. Each report incorporates the most up-to-date government data to present a unique snapshot of small businesses. Small businesses are defined for this profile as firms employing fewer than 500 employees. Net small business job change, minority small business ownership, and exporter share statistics are based on the 2015 Statistics of US Businesses (SUSB), 2012 Survey of Business Owners (SBO), and 2015 International Trade Administration (ITA) data, respectively.

INCOME AND FINANCE

- The number of banks decreased by 4 between June 2016 and June 2017 to 48 banks. (Source: FDIC)
- In 2016, 129,625 loans under \$100,000 (valued at \$1.8 billion) were issued by Washington lending institutions reporting under the Community Reinvestment Act. (Source: FFIEC)
- The median income for individuals self-employed at their own incorporated businesses was \$50,668 in 2016. For individuals self-employed at their own unincorporated firms, this figure was \$24,405. (Source: ACS)

Median income represents earnings from all sources. Unincorporated self-employment income includes unpaid family workers, a very small percent of the unincorporated self-employed.

EMPLOYER BUSINESS OWNER DEMOGRAPHICS

Figure 2: Washington Employees per Business by Owner's Demographic, 2015

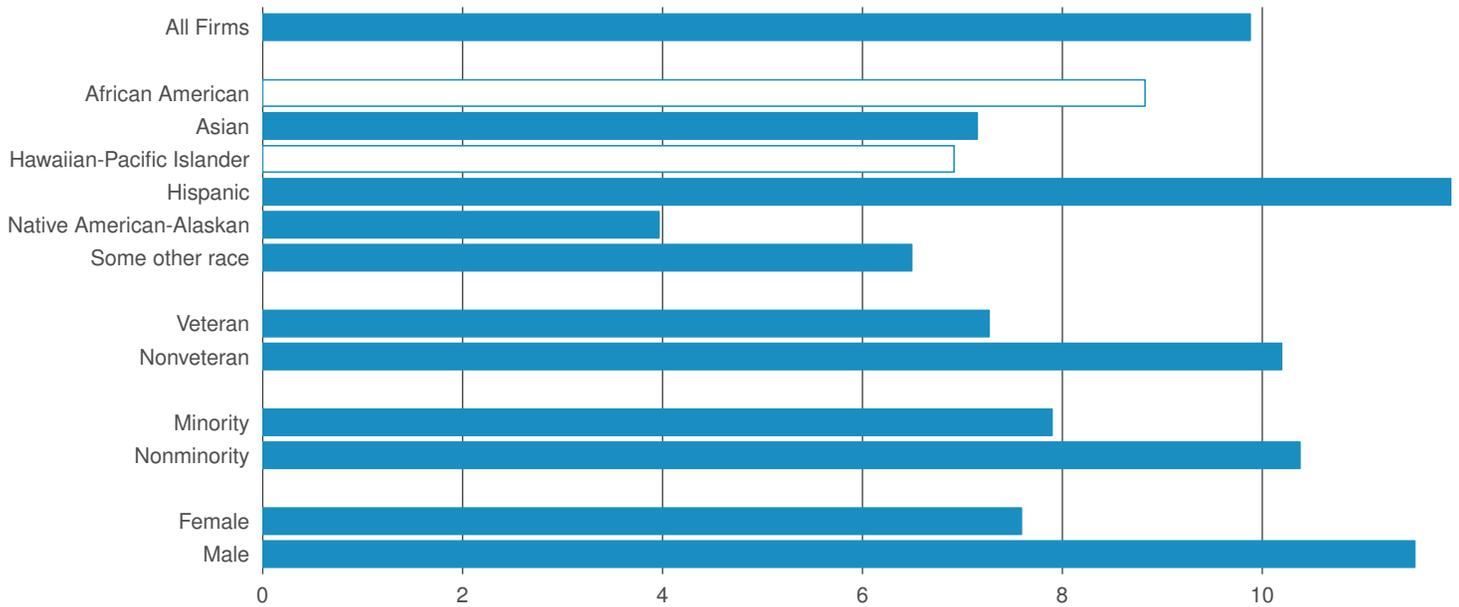
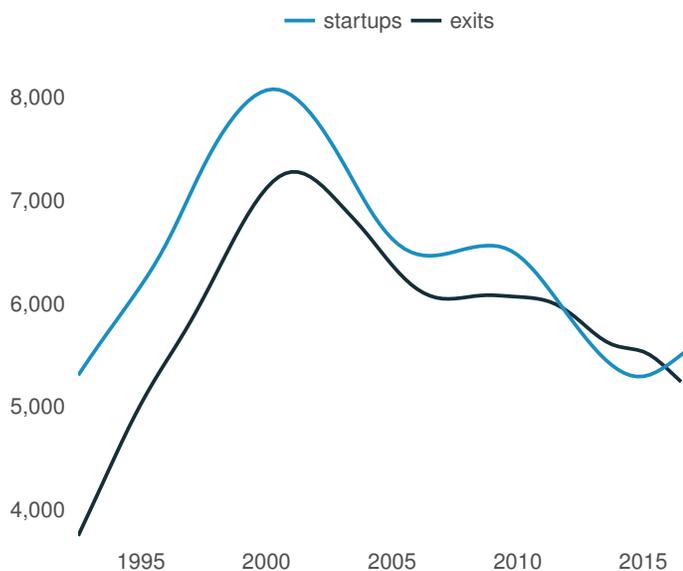


Figure 2 shows the average number of employees per employer business by owner's demographic group according to the Annual Survey of Entrepreneurs (ASE). Unshaded bars display US values; data were withheld because they do not meet Census Bureau publication standards or could disclose information regarding individual businesses.

TURNOVER AMONG ESTABLISHMENTS WITH EMPLOYEES

Figure 3: Washington Quarterly Startups and Exits



- In the third quarter of 2016, 4,636 establishments started up, generating 15,750 new jobs in Washington. Startups are counted when business establishments hire at least one employee for the first time. (Source: BDM)
- In the same period, 5,225 establishments exited resulting in 15,201 jobs lost. Exits occur when establishments go from having at least one employee to having none, and then remain closed for at least one year. (Source: BDM)
- Figure 3 displays quarterly startups and exits from 1992 to 2016. Each series is smoothed across multiple quarters to highlight long-run trends. (Source: BDM)

The BLS data covers only business establishments with employees. BLS refers to startups as births and exits as deaths. These terms are distinct from the BLS openings and closings categories. Openings include seasonal re-openings and closings include seasonal shutterings. Quarterly startup and exit values may not align with Figure 3 due to smoothing.

INTERNATIONAL TRADE

- A total of 12,211 companies exported goods from Washington in 2015. Of these, 10,901, or 89.3%, were small firms; they generated 19.3% of Washington's \$79.6 billion in total exports. (Source: ITA)

SMALL BUSINESS EMPLOYMENT BY INDUSTRY AND COUNTY

Table 1: Washington Employment by Industry, 2015

 Industry	 Small Business Employment	 Total Private Employment	 Small Business Employment Share
Health Care and Social Assistance	186,906	392,857	47.6
Accommodation and Food Services	176,276	268,482	65.7
Construction	139,221	164,222	84.8
Retail Trade	128,803	330,705	38.9
Professional, Scientific, and Technical Services	124,270	193,065	64.4
Manufacturing	112,497	262,314	42.9
Other Services (except Public Administration)	97,630	112,917	86.5
Wholesale Trade	78,847	130,798	60.3
Administrative, Support, and Waste Management	71,146	151,766	46.9
Arts, Entertainment, and Recreation	39,136	59,908	65.3
Real Estate and Rental and Leasing	34,786	46,038	75.6
Transportation and Warehousing	34,017	97,081	35.0
Finance and Insurance	33,312	96,389	34.6
Educational Services	32,700	55,107	59.3
Information	24,923	127,377	19.6
Agriculture, Forestry, and Fishing and Hunting	11,875	13,954	85.1
Management of Companies and Enterprises	9,491	87,296	10.9
Utilities	1,448	8,815	16.4
Mining, Quarrying, and Oil and Gas Extraction	1,066	2,584	41.3
Industries not classified	733	733	100.0
Total	1,339,083	2,602,408	51.5

Figure 4: Washington Small Business Employment by County, 2015

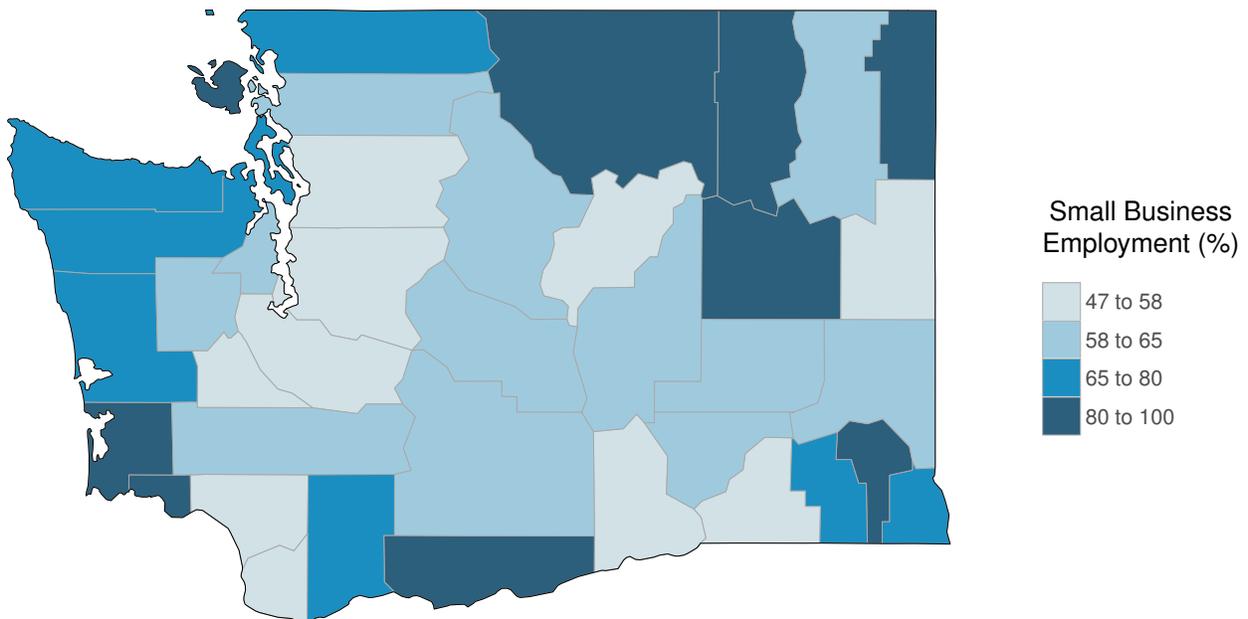


Table 2: Washington Small Businesses by Industry and Firm Size, 2015

Industry	1-499 Employees	1-20 Employees	Nonemployer Firms	Total Small Firms
Construction	21,066	19,536	30,896	51,962
Professional, Scientific, and Technical Services	19,421	17,922	81,936	101,357
Health Care and Social Assistance	16,221	14,475	32,595	48,816
Other Services (except Public Administration)	15,397	14,397	51,817	67,214
Retail Trade	14,155	12,614	39,740	53,895
Accommodation and Food Services	13,102	10,598	5,700	18,802
Administrative, Support, and Waste Management	8,190	7,407	28,226	36,416
Real Estate and Rental and Leasing	8,094	7,691	55,084	63,178
Wholesale Trade	6,926	5,572	7,818	14,744
Manufacturing	6,279	4,903	9,013	15,292
Finance and Insurance	4,702	4,333	11,206	15,908
Transportation and Warehousing	4,126	3,558	28,617	32,743
Arts, Entertainment, and Recreation	2,674	2,226	29,753	32,427
Educational Services	2,584	2,166	16,357	18,941
Information	1,914	1,552	7,226	9,140
Agriculture, Forestry, and Fishing and Hunting	1,376	1,255	7,559	8,935
Utilities	168	147	357	525
Mining, Quarrying, and Oil and Gas Extraction	118	101	235	353
Total	146,773	131,142	444,135	590,908

Figure 4 and Tables 1 and 2 display data from the 2015 SUSB. Table 2 includes additional data from the 2015 Nonemployer Statistics (NES).

REFERENCES

The Small Business Profiles, source data, and methodology are available at <https://go.usa.gov/xQT4w>.

- ASE Annual Survey of Entrepreneurs, US Census Bureau
- BEA Bureau of Economic Analysis, US Department of Commerce
- BDM Business Employment Dynamics, BLS
- BLS Bureau of Labor Statistics, US Department of Labor
- CPS Current Population Survey, BLS
- FDIC Call Reports, Federal Deposit Insurance Corporation
- FFIEC Federal Financial Institutions Examination Council
- ITA International Trade Administration, US Department of Commerce
- NES Nonemployer Statistics, US Census Bureau
- SBO Survey of Business Owners, US Census Bureau
- SUSB Statistics of US Businesses, US Census Bureau