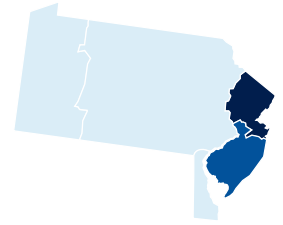


Small Business Credit Survey:

2025 New Jersey Insights

by Alaina Barca¹



Owners of small employer firms (firms with one to 499 employees) were surveyed in the fall of 2024 for the Small Business Credit Survey (SBCS).² This brief highlights key findings for 457 New Jersey small employer firms ("firms").³

Firm Conditions

In the fall of 2024, New Jersey firms reported an uptick in poor or fair financial conditions despite generally similar revenue trends compared with the previous year. The same portion of firms carried debt in 2024 as in 2023, and about one-third of firms applied for loans, lines of credit, or merchant cash advances. Among firms that applied for financing in 2024, more sought business loans, merchant cash advances, or personal loans compared with those that applied in 2023, while fewer firms applied for lines of credit, auto/equipment loans, or mortgages.⁴

REVENUE CHANGE IN THE LAST 12 MONTHS



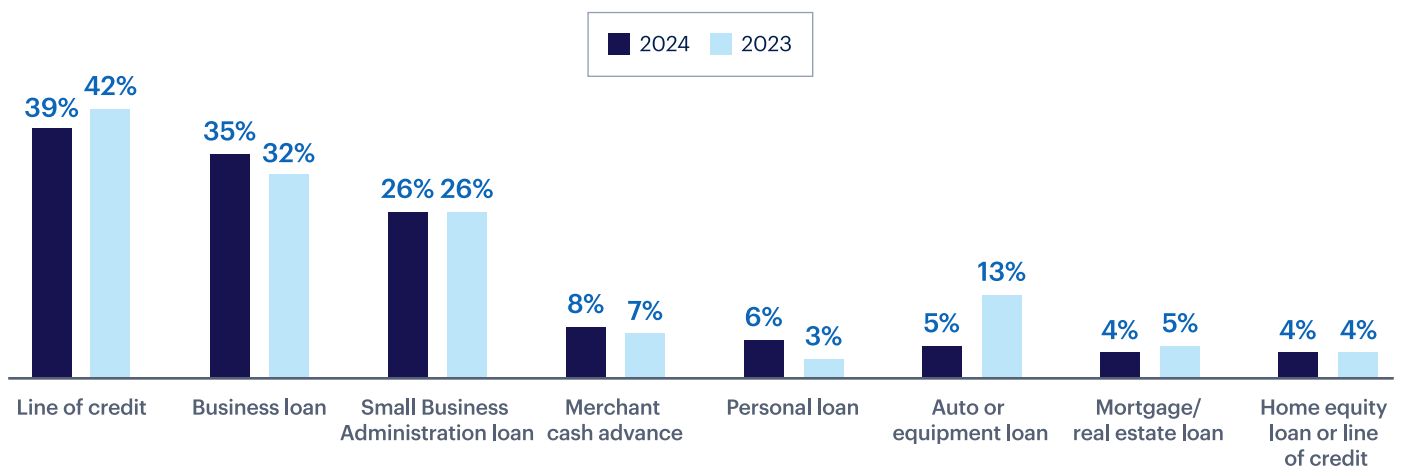
67%

Reported that 2024 financial conditions were *poor* or *fair*, compared with 63% in 2023

20%

Had *no* outstanding debt, compared with 20% in 2023

APPLICATION RATE BY TYPE OF LOAN, LINE OF CREDIT, OR MERCHANT CASH ADVANCE⁵



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 SBCS 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.fedsmbbusiness.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. Percentages may not sum to 100 because of rounding, and for some figures, respondents could select more than one option. Last year's New Jersey Insights brief is available at www.philadelphiafed.org/-/media/FRBP/Assets/Community-Development/Briefs/SBCS/2024/2024-sbcs-nj-brief.pdf.

⁴ Figure sample sizes vary based on survey responses. The sample size for revenue change is 447 firms in 2024 and 253 firms in 2023, poor or fair financial conditions is 457 firms in 2024 and 262 firms in 2023, outstanding debt is 453 firms in 2024 and 259 firms in 2023, and application rate is 156 firms in 2024 and 103 firms in 2023.

⁵ Among the 34 percent of firms that applied for loans, lines of credit, or merchant cash advances in 2023 and 2024.

Challenges in 2024

Since 2023, the portion of New Jersey firms that reported operational challenges of reaching customers or growing sales and hiring or retaining qualified staff increased, while the portion that cited supply chain issues decreased slightly.⁶ Fewer firms faced financial challenges with increased costs in 2024, but more firms reported issues with paying operating expenses and uneven cash flows than in the previous year.⁷ At least half of firms with financial challenges responded by using personal funds, raising prices, or using cash reserves.⁸ Compared with 2023, the portion of firms that used personal funds or cash reserves increased, while the portion that raised prices decreased slightly.⁹



Firm Demographics¹⁰

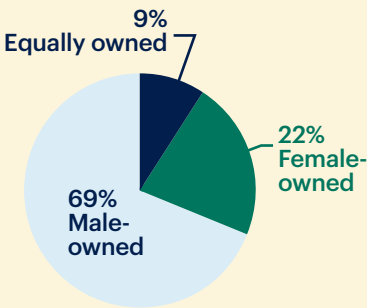
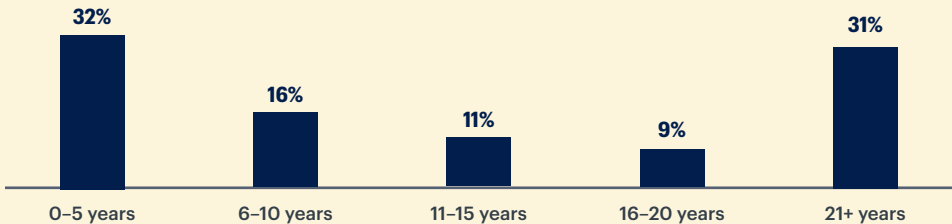
RACE/ETHNICITY OF OWNER(S)



INDUSTRY



AGE OF FIRM (YEARS)



⁶ Other operational challenges included utilizing technology (27 percent), complying with government regulations (22 percent), and ensuring the health and safety of customers or employees (4 percent).

⁷ Other financial challenges included weak sales (52 percent), making payments on debt/interest rates (43 percent), and credit availability (29 percent).

⁸ Other actions taken in response to financial challenges included obtaining funds that must be repaid (45 percent), cutting staff or hours or downsizing operations (38 percent), making a late payment or not making a payment (26 percent), and obtaining funds that do not have to be repaid (8 percent).

⁹ Figure sample sizes vary based on survey responses. The sample size is 451 firms for operational challenges; 456 firms for financial challenges; 426 firms for actions taken in response to financial challenges; 457 firms for gender, race, industry, number of employees, and age of firm; and 451 firms for annual revenues.

¹⁰ 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 SBSCS. The demographic figures shown represent SBSCS sample respondents weighted based on U.S. Census Bureau population data.