

Small Business Credit Survey:

2025 Insights for the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metropolitan Statistical Area

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 279 small employer firms ("firms") in the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD metropolitan statistical area ("Philadelphia metro").³

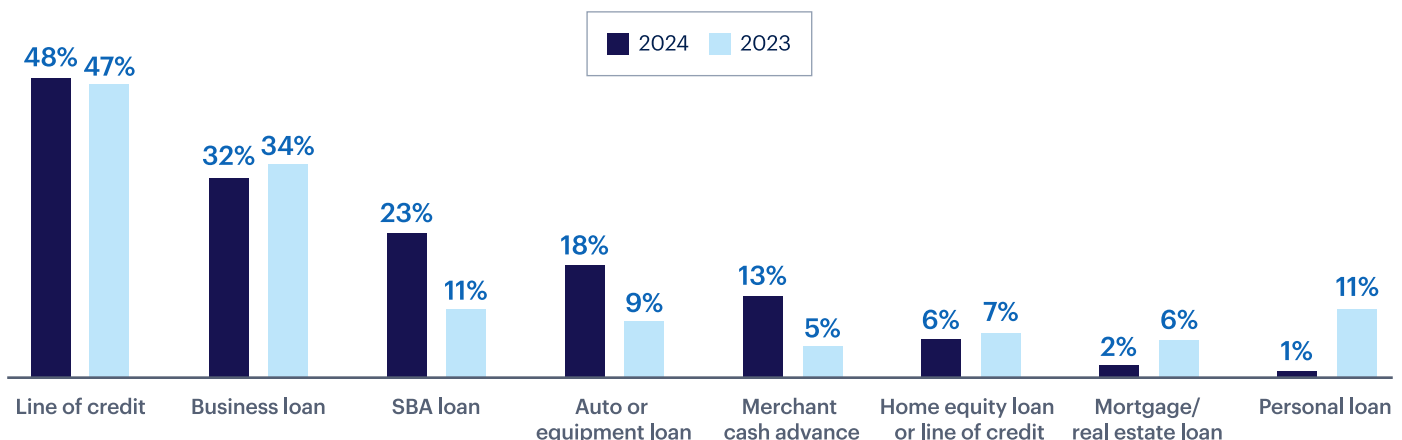
Firm Conditions

In the fall of 2024, Philadelphia metro firms reported an uptick in poor or fair financial conditions despite generally similar revenue trends compared with the previous year. More firms carried debt in 2024 than in 2023, and more than a quarter of firms applied for loans, lines of credit, or merchant cash advances. Among firms that applied for financing in 2024, more sought lines of credit, Small Business Administration (SBA) loans, auto/equipment loans, or merchant cash advances compared with those that applied in 2023, while fewer firms applied for business loans, home equity loans or lines of credit, mortgages, or personal loans.⁴

REVENUE CHANGE IN THE LAST 12 MONTHS



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.fedsmallbusiness.org/survey.

³ See more demographic details on page 2. Note that data are weighted to be representative of all the small businesses in the Philadelphia metro, a U.S. Census Bureau-defined geography that includes 11 counties surrounding Philadelphia across Pennsylvania, Delaware, New Jersey, and Maryland. 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 Philadelphia metro brief is available at www.philadelphiafed.org/-/media/FRBP/Assets/Community-Development/Briefs/SBCS/2024/2024-sbcs-msa-brief.pdf.

⁴ Figure sample sizes vary based on survey responses. The sample size for revenue change is 270 firms in 2024 and 227 firms in 2023, poor or fair financial conditions is 279 firms in 2024 and 239 firms in 2023, outstanding debt is 275 firms in 2024 and 239 firms in 2023, and application rate is 90 firms in 2024 and 94 firms in 2023.

⁵ Among the 30 percent of firms that applied for loans, lines of credit, or merchant cash advances in 2023 and the 28 percent that applied in 2024.

Challenges in 2024

Since 2023, the portion of Philadelphia metro firms that reported operational challenges of reaching customers or growing sales and supply chain issues increased, while the portion that cited issues hiring or retaining qualified staff decreased slightly.⁶ Firms continued to face financial challenges with increased costs, and more firms reported issues with paying operating expenses and weak sales compared with the previous year.⁷ About half of firms with financial challenges responded by using personal funds, using cash reserves, or raising prices.⁸ Compared with 2023, the portion of firms that used personal funds increased, while the portion that used cash reserves or raised prices decreased slightly.⁹



Firm Demographics¹⁰

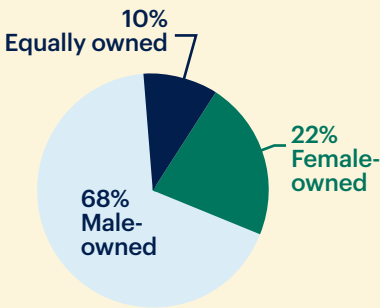
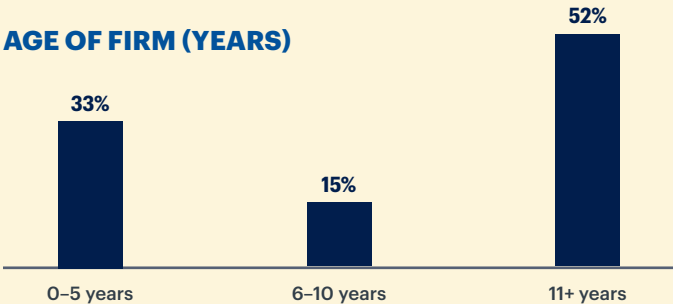
RACE/ETHNICITY OF OWNER(S)



INDUSTRY



AGE OF FIRM (YEARS)



⁶ Other operational challenges included utilizing technology (37 percent), complying with government regulations (22 percent), and ensuring the health and safety of customers or employees (8 percent).

⁷ Other financial challenges included uneven cash flow (48 percent), making payments on debt/interest rates (40 percent), and credit availability (31 percent).

⁸ Other actions taken in response to financial challenges included cutting staff or hours or downsizing operations (36 percent), obtaining funds that must be repaid (32 percent), making a late payment or not making a payment (26 percent), and obtaining funds that do not have to be repaid (9 percent).

⁹ Figure sample sizes vary based on survey responses. The sample size is 276 firms for operational challenges; 279 firms for financial challenges; 262 firms for actions taken in response to financial challenges; 279 firms for gender, race, industry, number of employees, and age of firm; and 273 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 SBCS. The demographic figures shown represent SBCS sample respondents weighted based on U.S. Census Bureau population data.