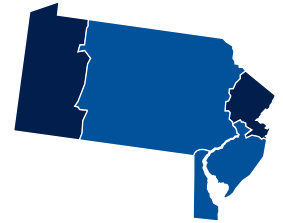


# Small Business Credit Survey:

## 2025 Third District Insights

by Alaina Barca<sup>1</sup>

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).<sup>2</sup> The Federal Reserve's Third District is a region that includes eastern Pennsylvania, southern New Jersey, and Delaware (see map). This brief highlights key findings for 917 small employer firms ("firms") from Third District states — all of Pennsylvania, New Jersey, and Delaware.<sup>3</sup>



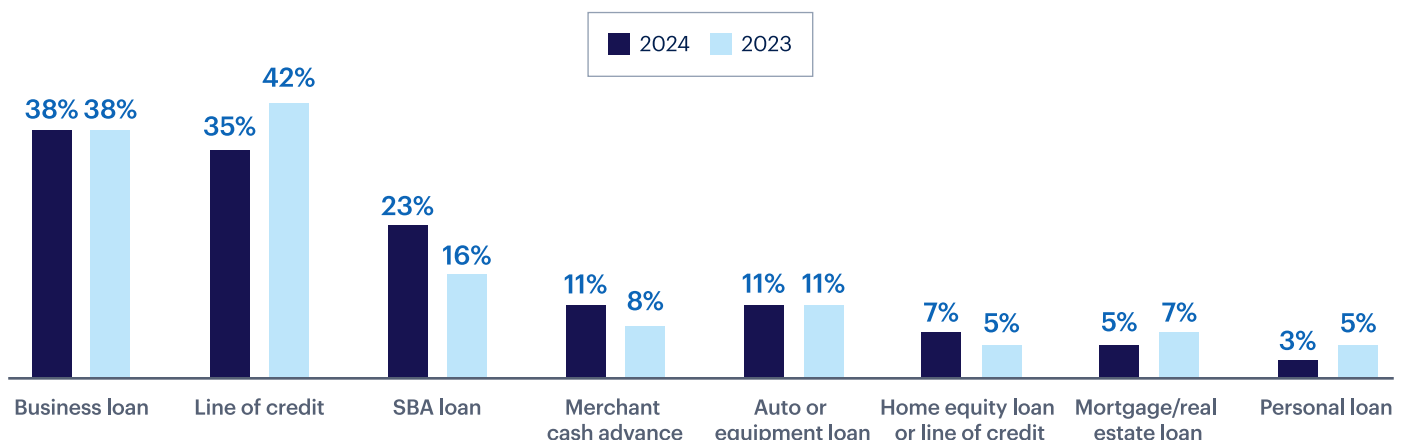
## Firm Conditions

In the fall of 2024, firms in Third District states reported an uptick in poor or fair financial conditions. Fewer firms experienced increases in revenues compared with the previous year, and more firms experienced revenue declines. More firms carried debt in 2024 compared with 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 Small Business Administration (SBA) loans, merchant cash advances, or home equity loans or lines of credit compared with those that applied in 2023, while fewer firms applied for lines of credit, mortgages, or personal loans.<sup>4</sup>

### REVENUE CHANGE IN THE LAST 12 MONTHS



### APPLICATION RATE BY TYPE OF LOAN, LINE OF CREDIT, OR MERCHANT CASH ADVANCE<sup>5</sup>



<sup>1</sup> 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.

<sup>2</sup> 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](http://www.fedsmallbusiness.org/survey).

<sup>3</sup> See more demographic details on page 2. Note that data are weighted to be representative of all small businesses in Third District states 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 Third District Insights brief is available at [www.philadelphiafed.org/-/media/FRBP/Assets/Community-Development/Briefs/SBCS/2024/2024-sbcs-third-district-brief.pdf](http://www.philadelphiafed.org/-/media/FRBP/Assets/Community-Development/Briefs/SBCS/2024/2024-sbcs-third-district-brief.pdf).

<sup>4</sup> Figure sample sizes vary based on survey responses. The sample size for revenue change is 893 firms in 2024 and 793 firms in 2023, poor or fair financial conditions is 917 firms in 2024 and 828 firms in 2023, outstanding debt is 905 firms in 2024 and 822 firms in 2023, and application rate is 306 firms in 2024 and 319 firms in 2023.

<sup>5</sup> Among the 35 percent of firms that applied for loans, lines of credit, or merchant cash advances in 2023 and the 34 percent that applied in 2024.

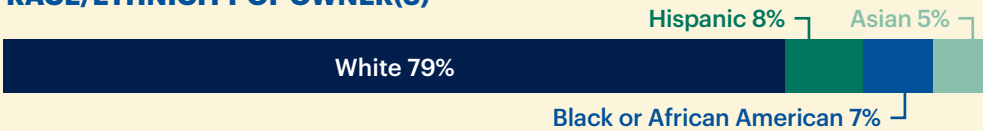
# Challenges in 2024

Since 2023, the portion of firms in Third District states that reported operational challenges with reaching customers or growing sales increased. The portion that cited supply chain issues decreased, and the portion that reported challenges with hiring or retaining qualified staff remained relatively similar.<sup>6</sup> Firms continued to face financial challenges with increased costs, and more firms reported issues with paying operating expenses and uneven cash flows than in the previous year.<sup>7</sup> Firms with financial challenges responded most often by using personal funds, raising prices, or using cash reserves.<sup>8</sup> Compared with 2023, the portion of firms that used personal funds increased, while the portion that raised prices decreased, and the share that used cash reserves remained similar.<sup>9</sup>

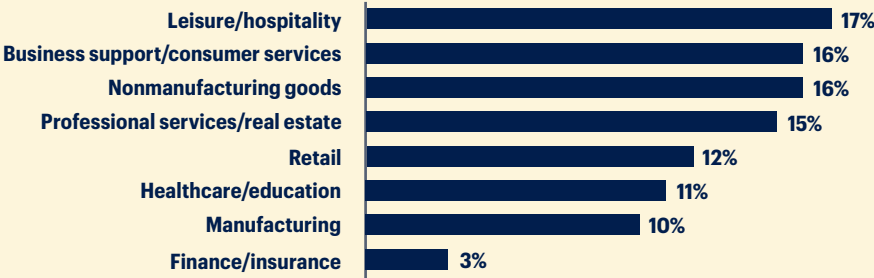


## Firm Demographics<sup>10</sup>

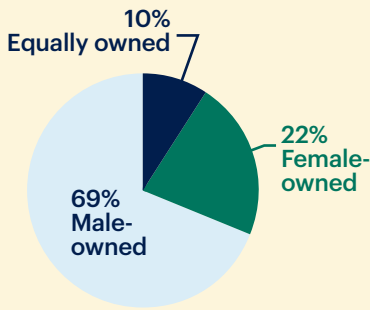
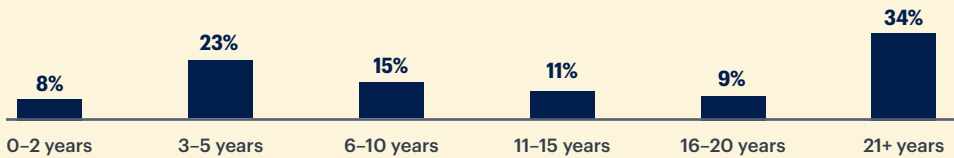
### RACE/ETHNICITY OF OWNER(S)



### INDUSTRY



### AGE OF FIRM (YEARS)



<sup>6</sup> Other operational challenges included utilizing technology (30 percent), complying with government regulations (23 percent), and ensuring the health and safety of customers or employees (5 percent).

<sup>7</sup> Other financial challenges included weak sales (47 percent), making payments on debt/interest rates (41 percent), and credit availability (29 percent).

<sup>8</sup> Other actions taken in response to financial challenges included obtaining funds that must be repaid (40 percent), cutting staff or hours or downsizing operations (35 percent), making a late payment or not making a payment (26 percent), and obtaining funds that do not have to be repaid (6 percent).

<sup>9</sup> Figure sample sizes vary based on survey responses. The sample size is 907 firms for operational challenges; 914 firms for financial challenges; 856 firms for actions taken in response to financial challenges; 917 firms for gender, race, industry, number of employees, and age of firm; and 900 firms for annual revenues.

<sup>10</sup> 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.