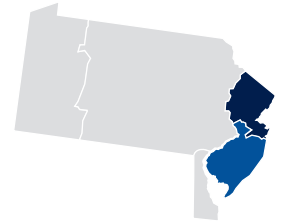


Small Business Credit Survey:

2024 New Jersey Insights

by Alaina Barca¹



Owners of small employer firms (firms with one to 499 employees) were surveyed in the fall of 2023 for the Small Business Credit Survey (SBCS).² This brief highlights key findings for 262 New Jersey small employer firms (“firms”).³

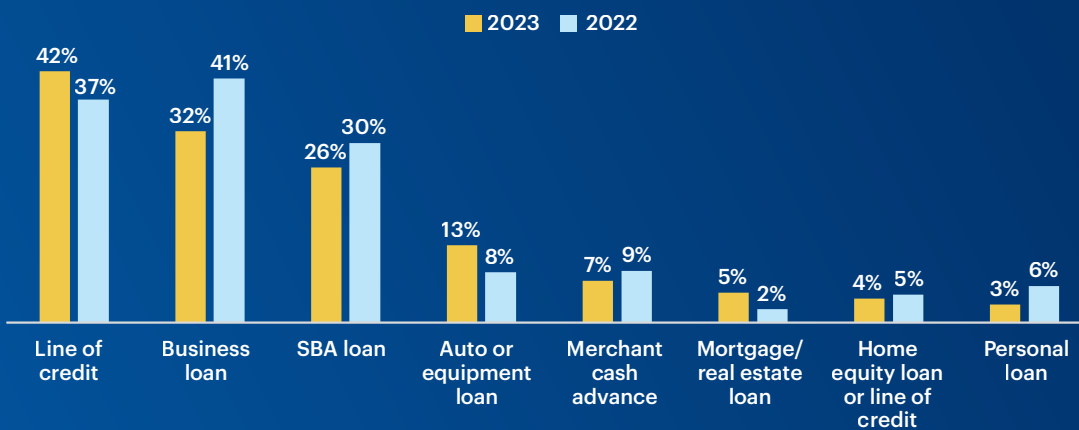
Firm Conditions

For the third year in a row, more than half of New Jersey’s firms reported poor or fair financial conditions. More firms said they experienced an increase in their revenues between 2022 and 2023 than did between 2021 and 2022, while fewer said revenues decreased or did not change. About the same number of firms carried debt or applied for loans, lines of credit, or merchant cash advances compared with the previous year. Among the firms that did apply in 2023, more sought lines of credit and auto/equipment loans than those that applied in 2022, and fewer sought business loans or Small Business Administration (SBA) loans.⁴

Revenue Change in the Last 12 Months



Application Rate by Type of Loan, Line of Credit, or Merchant Cash Advance⁵



63%

Reported that 2023 financial conditions were poor or fair

20%

Had no outstanding debt, compared with 22% in 2022

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 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/2023-sbc-s-nj-insights-brief.pdf.

⁴ Figure sample sizes vary based on survey responses. The sample size for revenue change is 253 firms in 2023 and 651 firms in 2022, poor or fair financial conditions is 262 firms, outstanding debt is 259 firms in 2023 and 654 firms in 2022, and application rate is 103 firms in 2023 and 227 firms in 2022.

⁵ Among the 35 percent of firms that applied for loans, lines of credit, or merchant cash advances in 2022 and the 34 percent that applied in 2023.

Challenges in 2023

In 2023, the most commonly reported challenges of New Jersey firms were similar to those in 2022, although most were reported less frequently in 2023. The most widely cited operational challenges were reaching customers or growing sales, hiring or retaining qualified staff, and supply chain issues. Other operational challenges included complying with government regulations (23 percent), utilizing technology (21 percent), and ensuring the health and safety of customers or employees (8 percent). The most common financial challenges were increased costs of goods, services, and/or wages; paying operating expenses; and weak sales. Other financial challenges included uneven cash flow (49 percent), making payments on debt/interest rates (39 percent), and credit availability (24 percent).⁶



Top Operational Challenges

53%

Reaching customers/
growing sales

47%

Hiring or retaining
qualified staff

40%

Supply chain issues



Top Financial Challenges

81%

Increased costs of goods,
services, and/or wages

60%

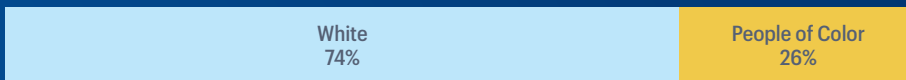
Paying operating
expenses

53%

Weak sales

Firm Demographics⁷

Race/Ethnicity of Owner(s)



Industry



58%

Have 1-4 employees



55%

Earn <\$500K in annual revenues

68%

Male-owned

22%

Female-owned

10%

Equally owned

Age of Firm (Years)



⁶ Figure sample sizes vary based on survey responses. The sample size is 258 firms for operational challenges and annual revenues and 262 firms for financial challenges, gender, race, industry, number of employees, and age of firm.

⁷ 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. Some figure categories are broader than they were in previous years because of sample size limitations.