

BUSINESSPULSE

Third Quarter, 2024



POWERED BY
BARLOW RESEARCH ASSOCIATES, INC.

The Live Oak BusinessPulse, fielded by Barlow Research Associates, is an invitation-only economic survey administered online or via fax, fielded for two weeks during the first month of each quarter.

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Key findings



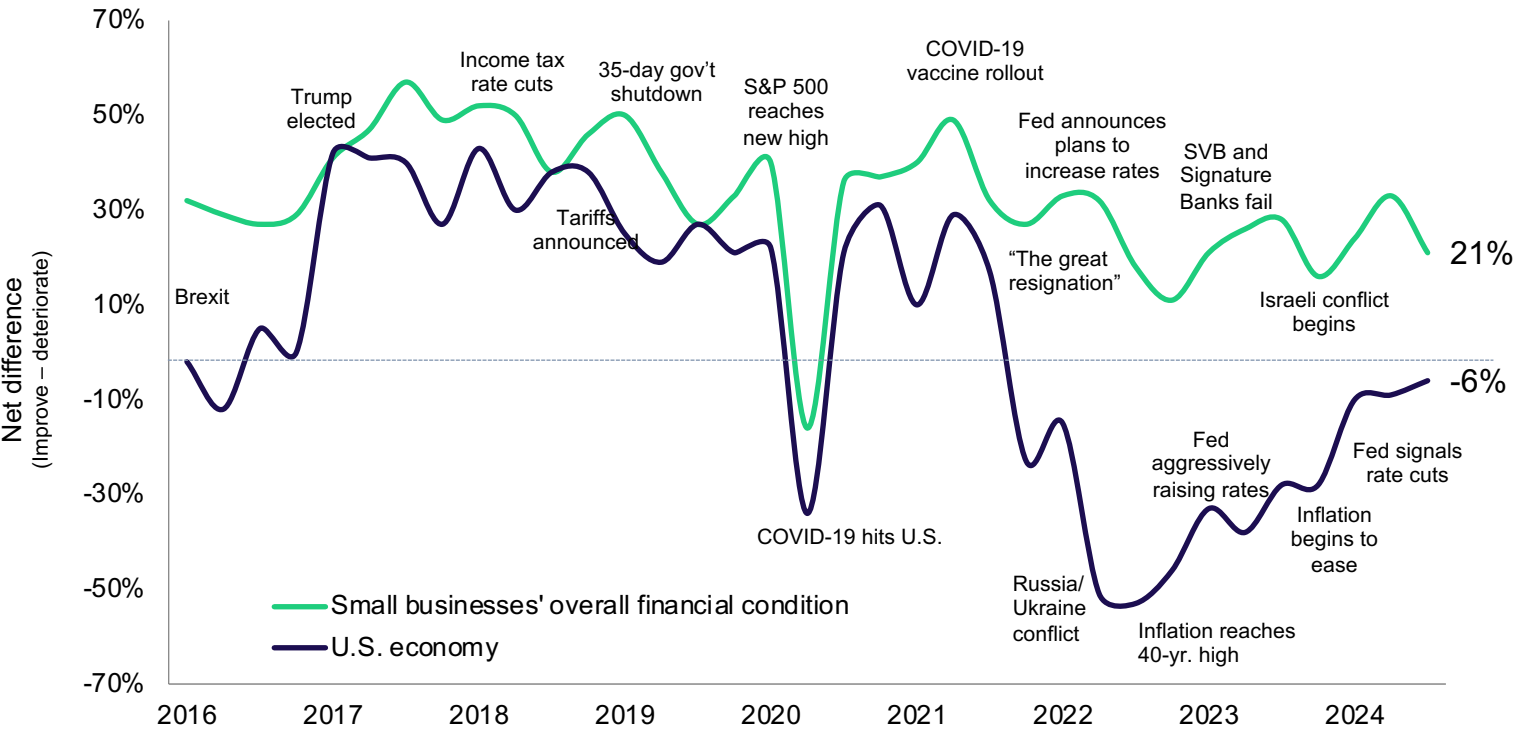
SMALL BUSINESS

Businesses with \$100K-
<\$10MM in annual sales

1. Small businesses' confidence in their overall financial condition deteriorated as many experienced poorer sales and decreased cash reserves.
2. Fewer small businesses expect to meet or exceed financial goals in the third quarter. Furthermore, small businesses expect sales challenges in the months to come.
3. Despite pulling back on capital spending, more small businesses have applied for additional credit. Expectations for credit in the next 12 months will likely be for working capital.

Small businesses grew less optimistic about their future financial condition

SMALL BUSINESS EXPECTATIONS ABOUT THEIR OVERALL FINANCIAL CONDITION & U.S. ECONOMY
Next 12 months net difference



Third quarter defining event:

Biden drops out of Presidential race

Q: During the next 12 months, do you expect...
\$100K-<10MM
BusinessPulse Quarterly Trending Data (ending 3Q2024)

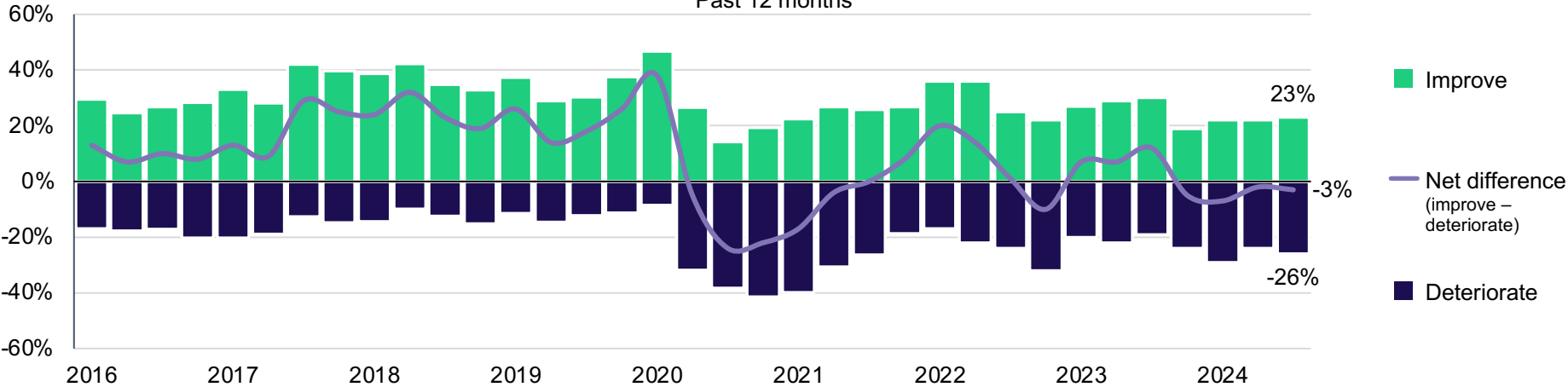
01

Retrospective economic position

Small businesses' financial conditions remain flat from the previous quarter but substantially below where they were this time last year

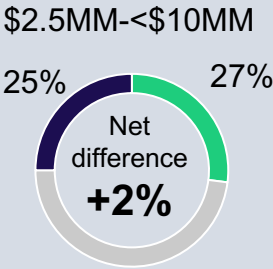
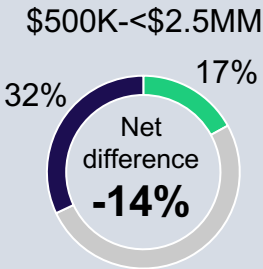
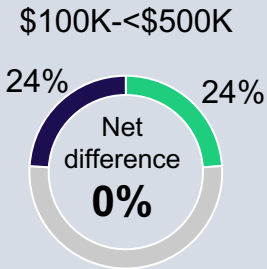
SMALL BUSINESS FINANCIAL CONDITION

Past 12 months



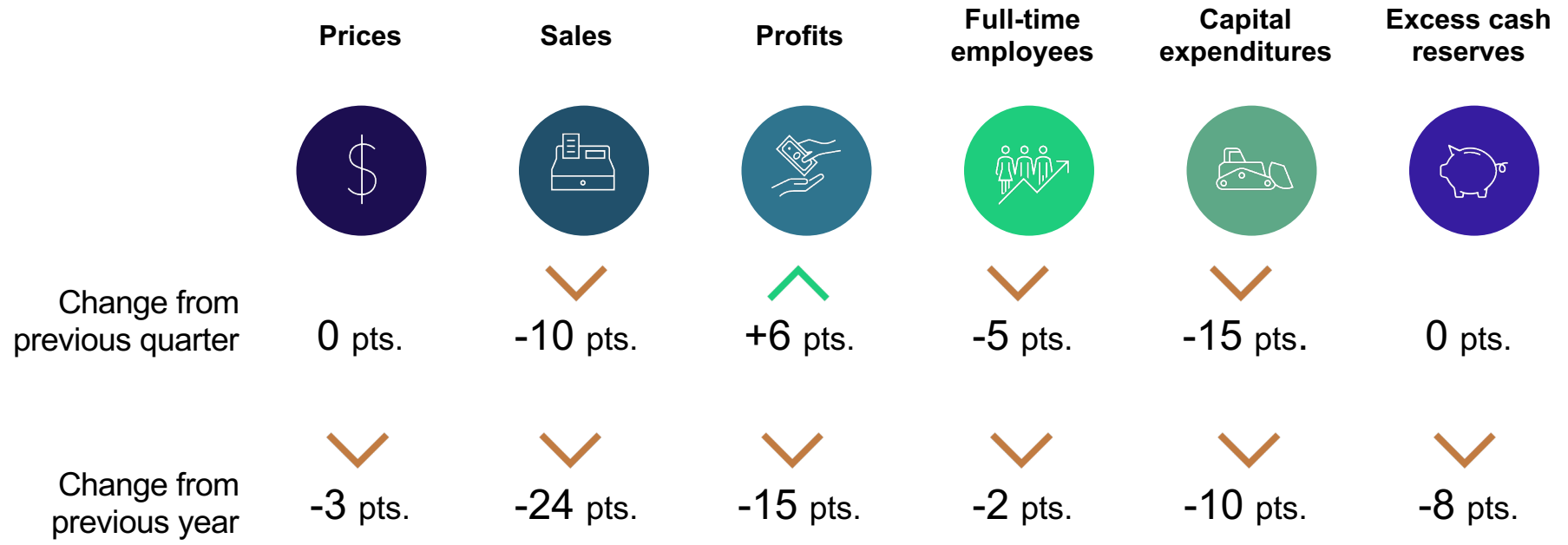
Net difference
-3%

✓ -1 pts. from last quarter
✓ -15 pts. from one year ago



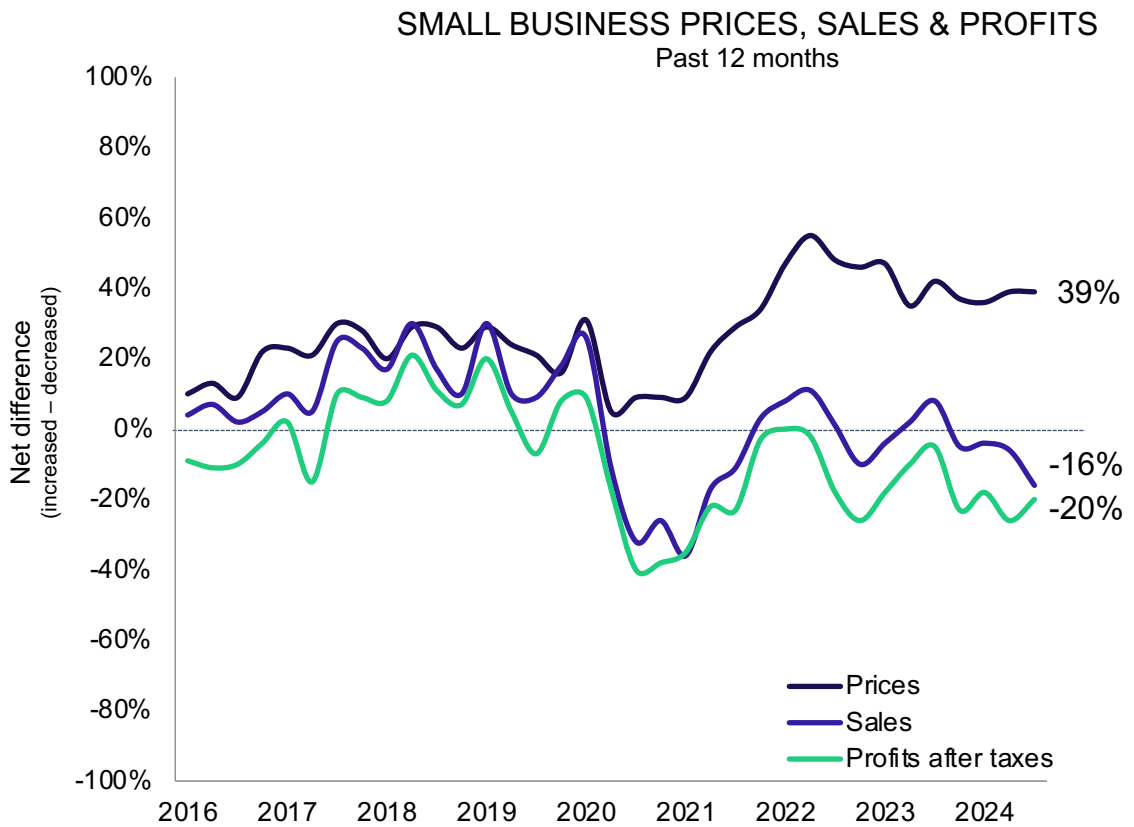
Small businesses have been challenged with sales and have limited capital spending

SMALL BUSINESS NET DIFFERENCE CHANGES
Past 12 months



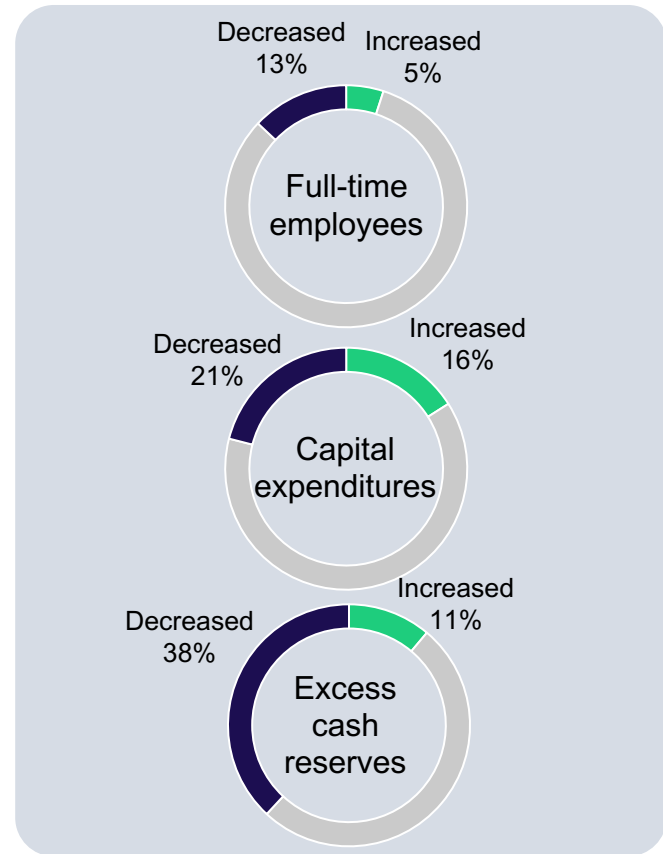
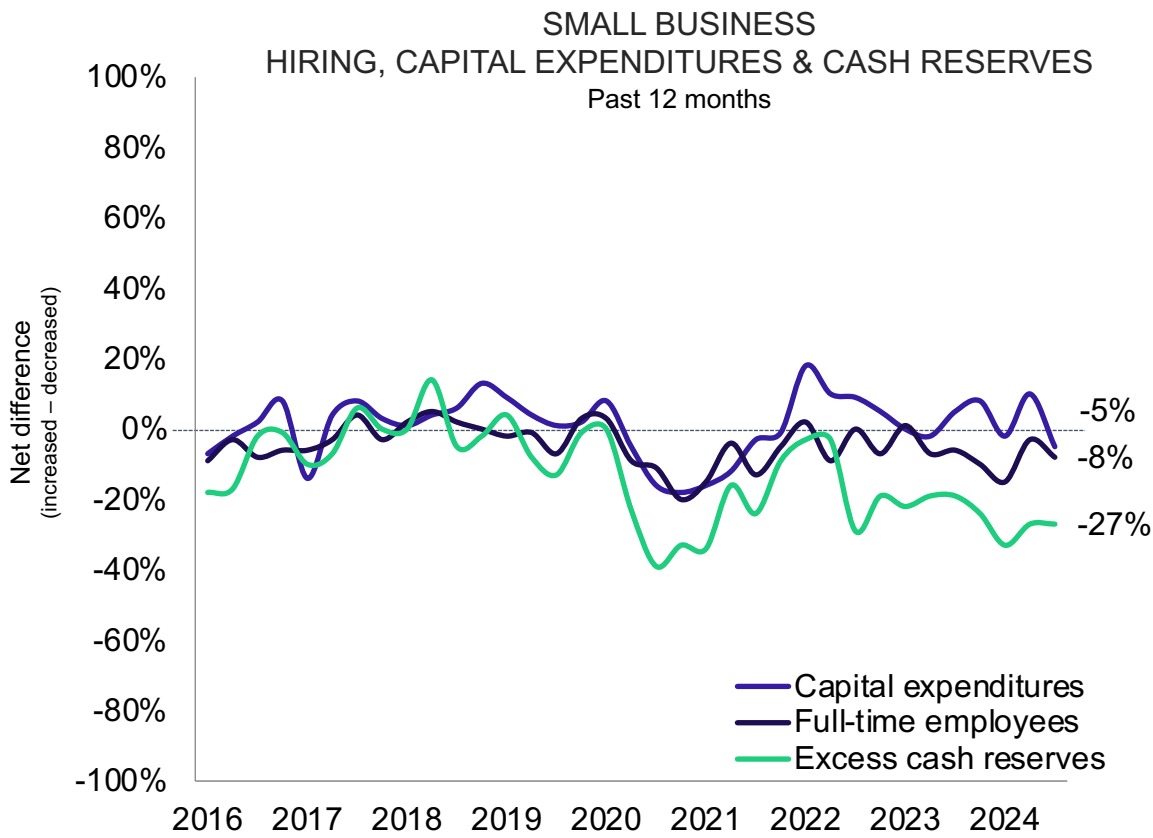
Net difference: increased – decreased

Net difference sales have decreased 24 points in the past year



Q: During the last 12 months, did your company's...
\$100K-<\$10MM
BusinessPulse Quarterly Trending Data (ending 3Q2024)

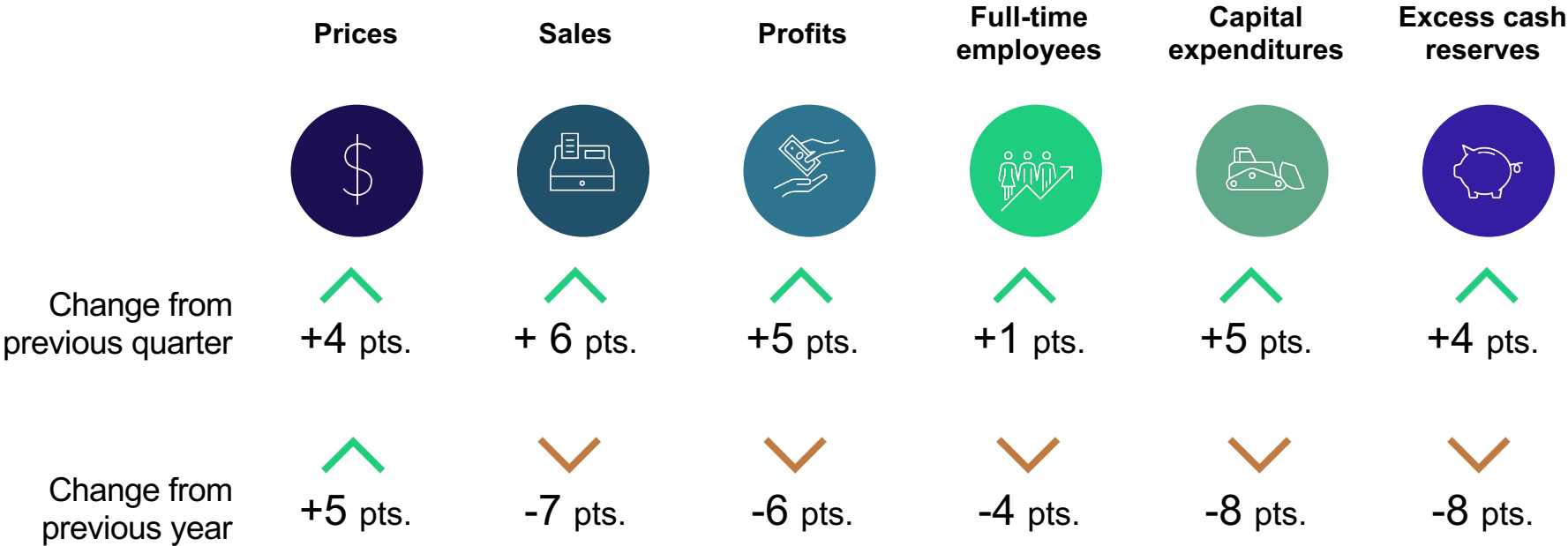
After improvements in the second quarter of 2024, net difference hiring and capital expenditures ticked down



Q: During the last 12 months, did your company's...
\$100K-<\$10MM
BusinessPulse Quarterly Trending Data (ending 3Q2024)

The middle market saw upticks across all indicators compared to the second quarter 2024

MIDDLE MARKET NET DIFFERENCE CHANGES Past 12 months



Net difference: increased – decreased

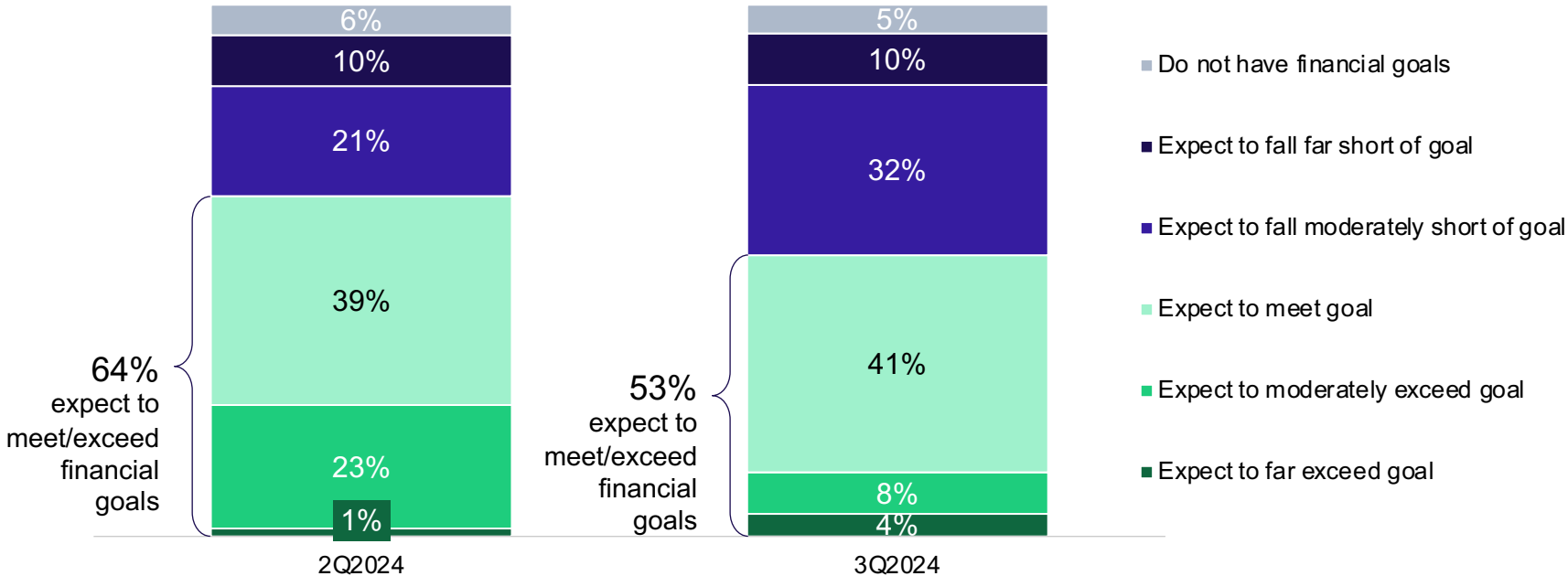
Q: During the last 12 months, did your company's...
\$10MM-<\$500MM
BusinessPulse Quarterly Trending Data (ending 3Q2024)

02

Expected economic position

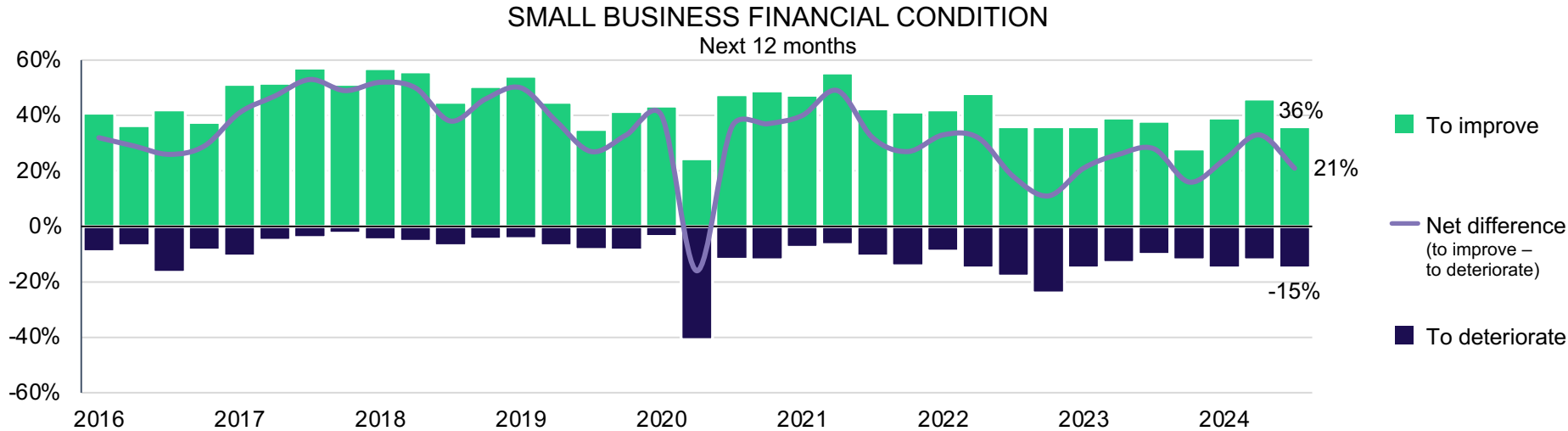
Fewer small businesses expect to meet or exceed financial goals in the third quarter

MEETING FINANCIAL GOALS: SMALL BUSINESS



Q: Do you expect that your company will exceed, meet or fall short of its financial goals by the end of your current fiscal year?
\$100K-<\$10MM
BusinessPulse Quarterly Trending Data (ending 3Q2024)

Small business confidence in the expected state of their business has decreased for the first time in 2024



Net difference

+21%

-12 pts. from last quarter

-7 pts. from one year ago

\$100K-<\$500K

15%

37%

Net difference **+21%**

\$500K-<\$2.5MM

17%

34%

Net difference **+18%**

\$2.5MM-<\$10MM

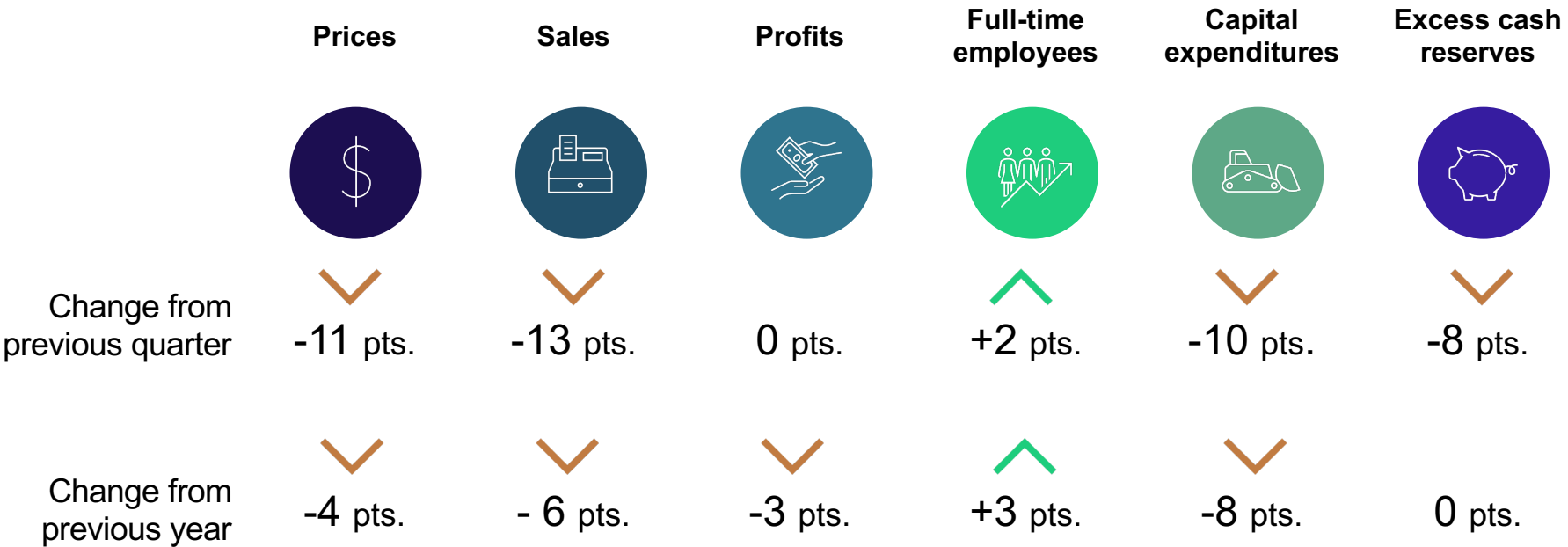
10%

38%

Net difference **+28%**

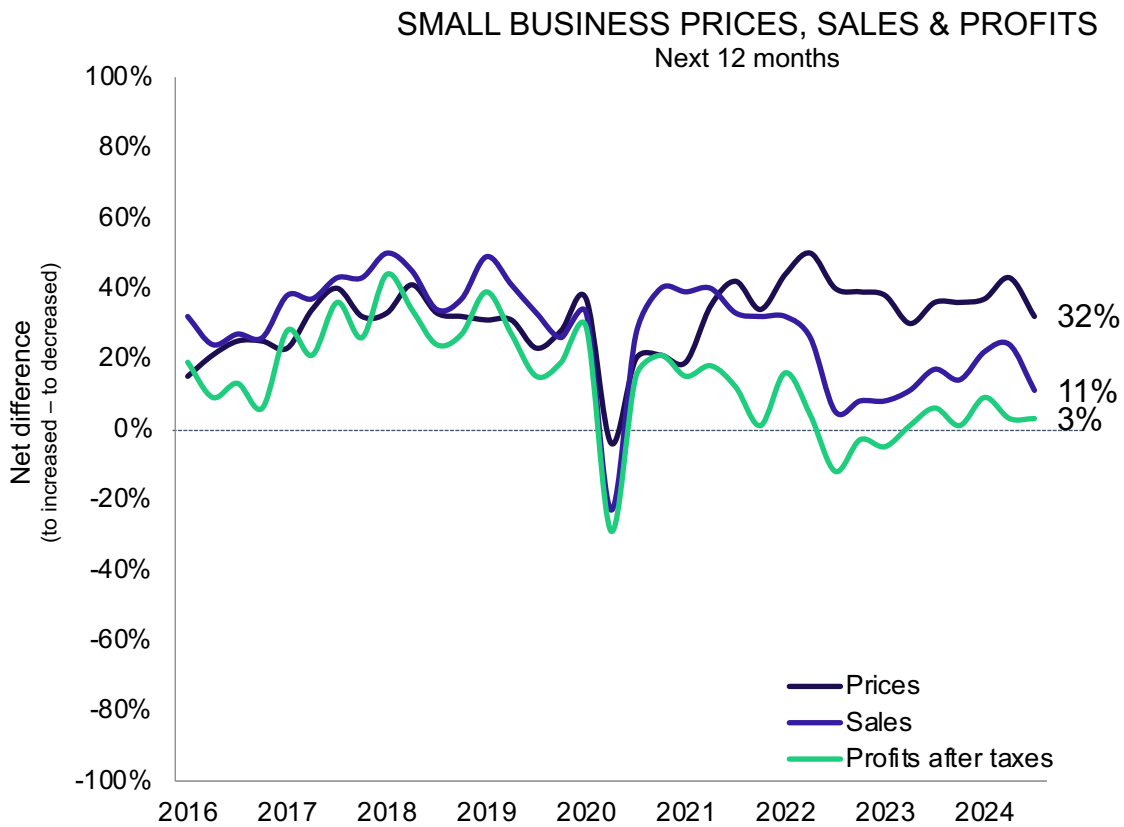
As small businesses expect sales to decrease, many also anticipate capital expenditures and excess cash reserves to decrease

SMALL BUSINESS NET DIFFERENCE CHANGES
Next 12 months



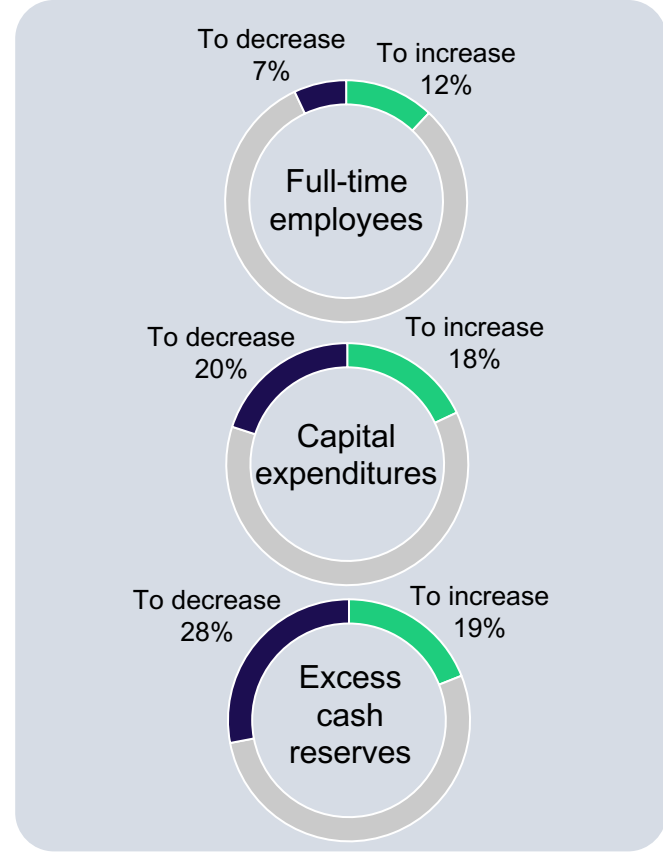
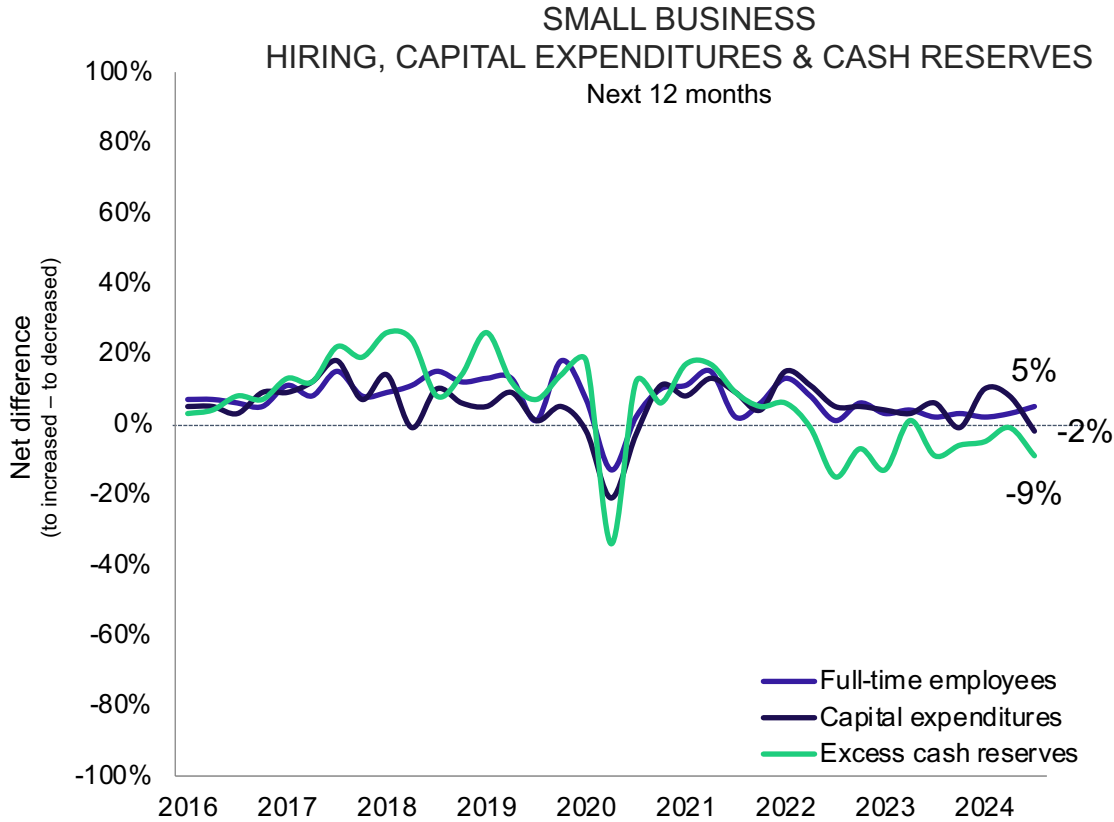
Net difference: to increase – to decrease

Net difference sales expectations fell to their lowest point in 2024



Q: During the next 12 months, do you expect your company's...
\$100K-<\$10MM
BusinessPulse Quarterly Trending Data (ending 3Q2024)

Capital expenditure expectations entered negative territory for just the second time since the COVID-19 pandemic

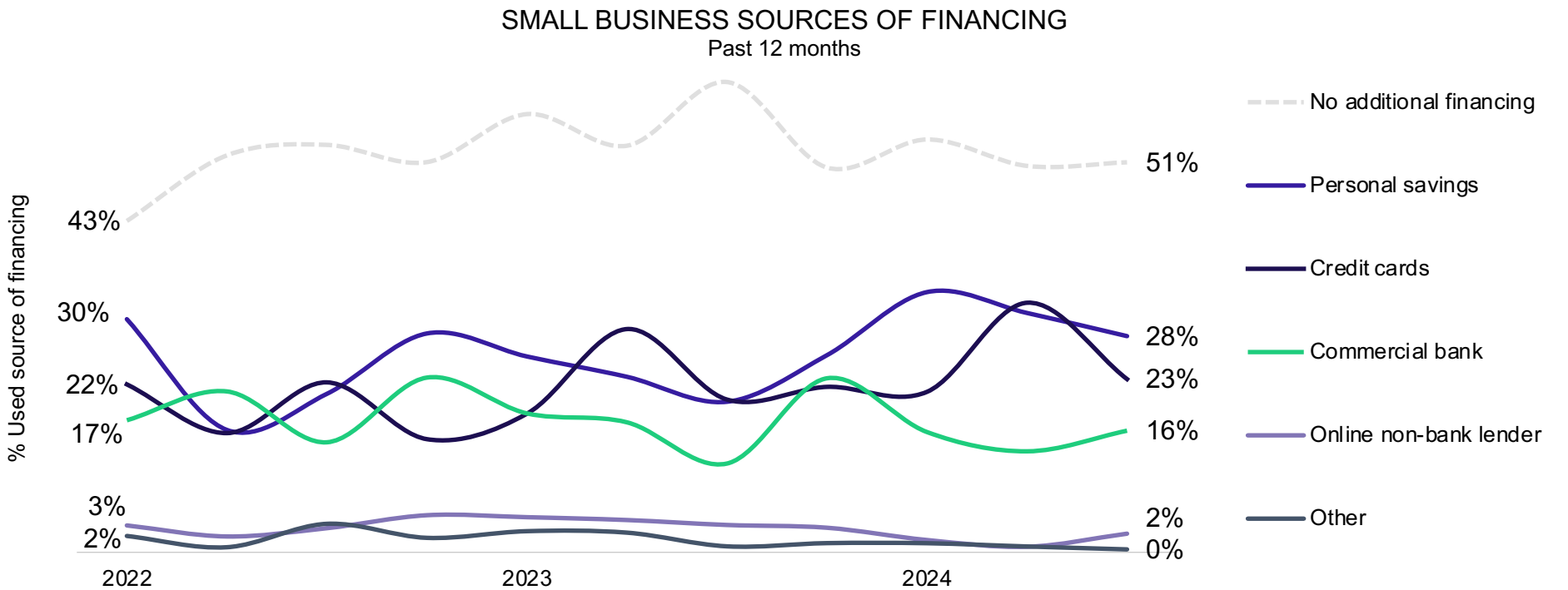


Q: During the next 12 months, do you expect your company's...
\$100K-<\$10MM
BusinessPulse Quarterly Trending Data (ending 3Q2024)

03

Credit outlook

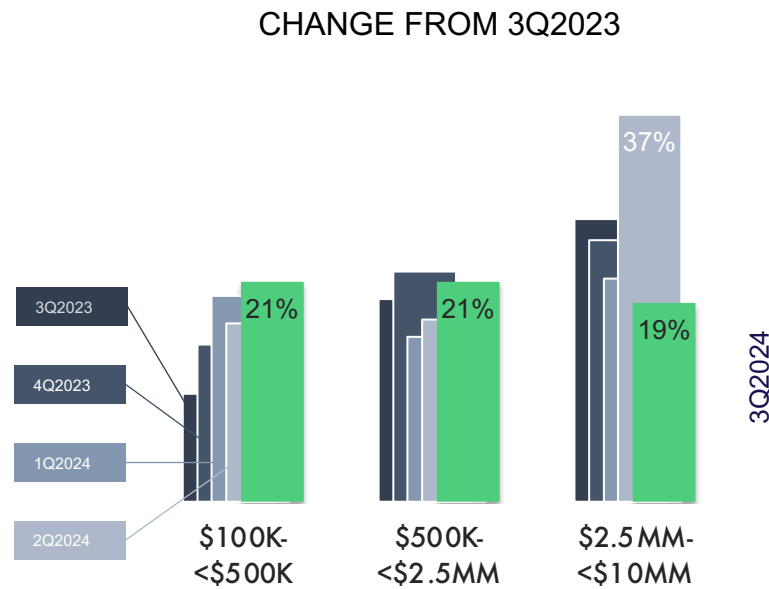
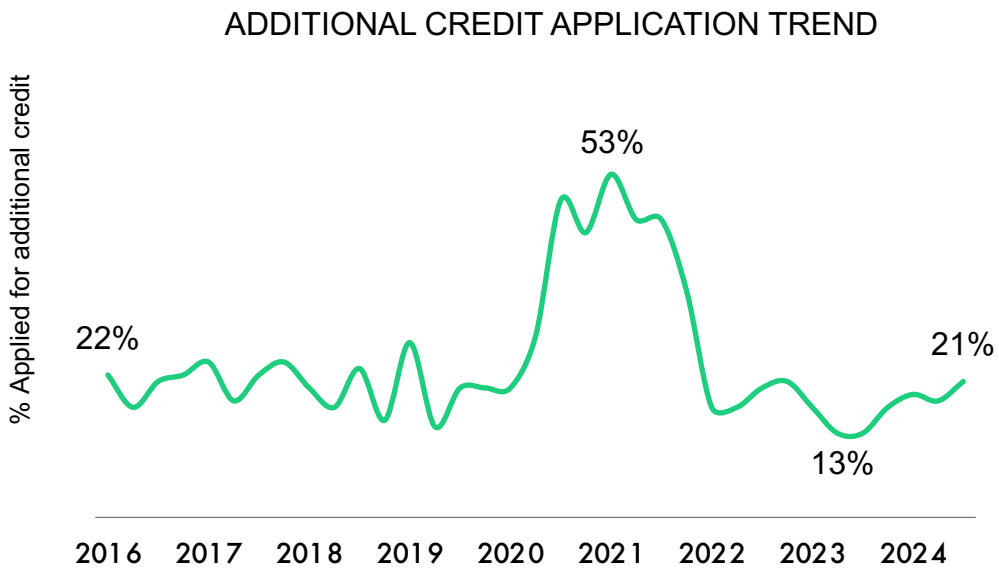
The percent of small businesses that financed their operations with credit cards has decreased, but still outpaced commercial banks



Q: During the *last 12 months*, in addition to company equity and cash flow, how has your company financed its business operations? (*select all that apply*)
\$100K-<\$10MM
BusinessPulse Quarterly Trending Data (ending 3Q2024)

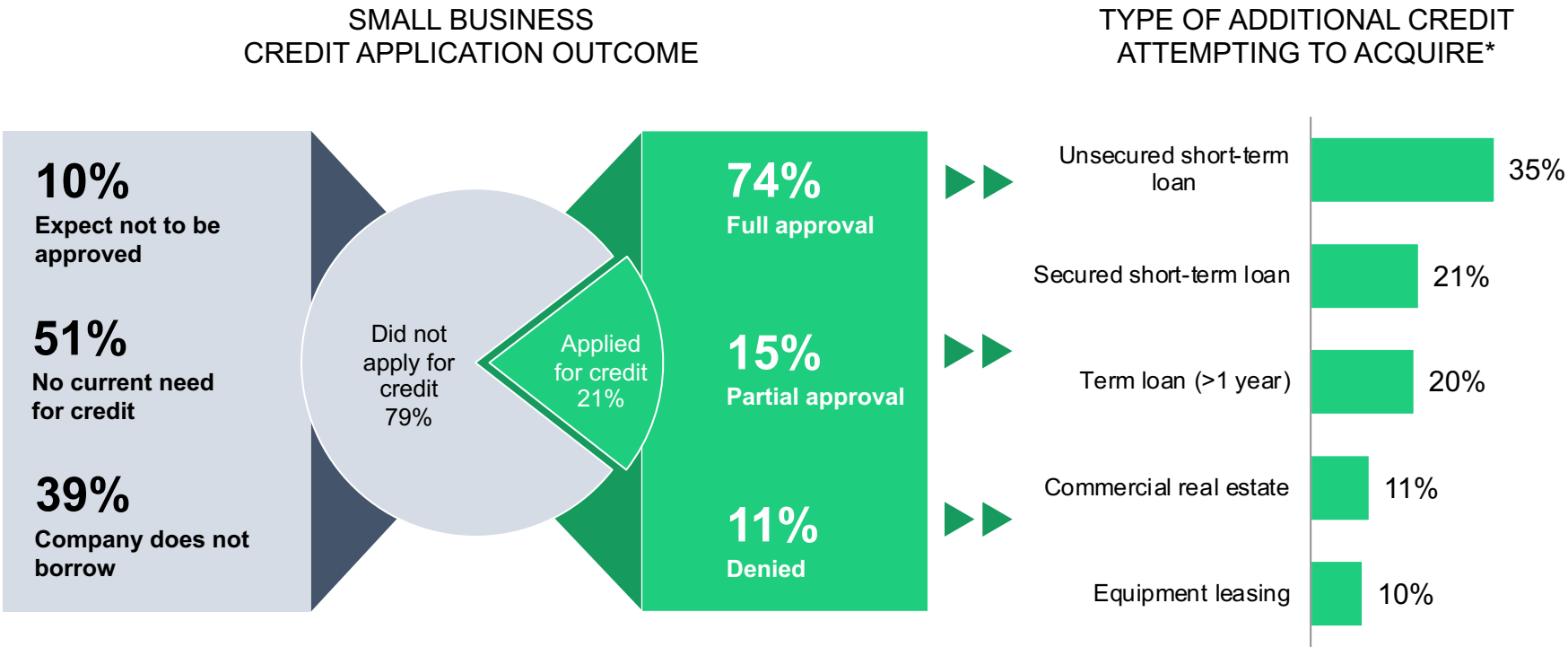
Small business demand for additional credit increased to its highest point since 4Q22

SMALL BUSINESS APPLICATIONS FOR ADDITIONAL CREDIT Past 12 months



Q: During the last 12 months, has your company applied for additional credit or loans from a financial institution?
\$100K-<\$10MM
BusinessPulse Quarterly Trending Data (ending 3Q2024)

One in ten small businesses that applied for additional credit were denied

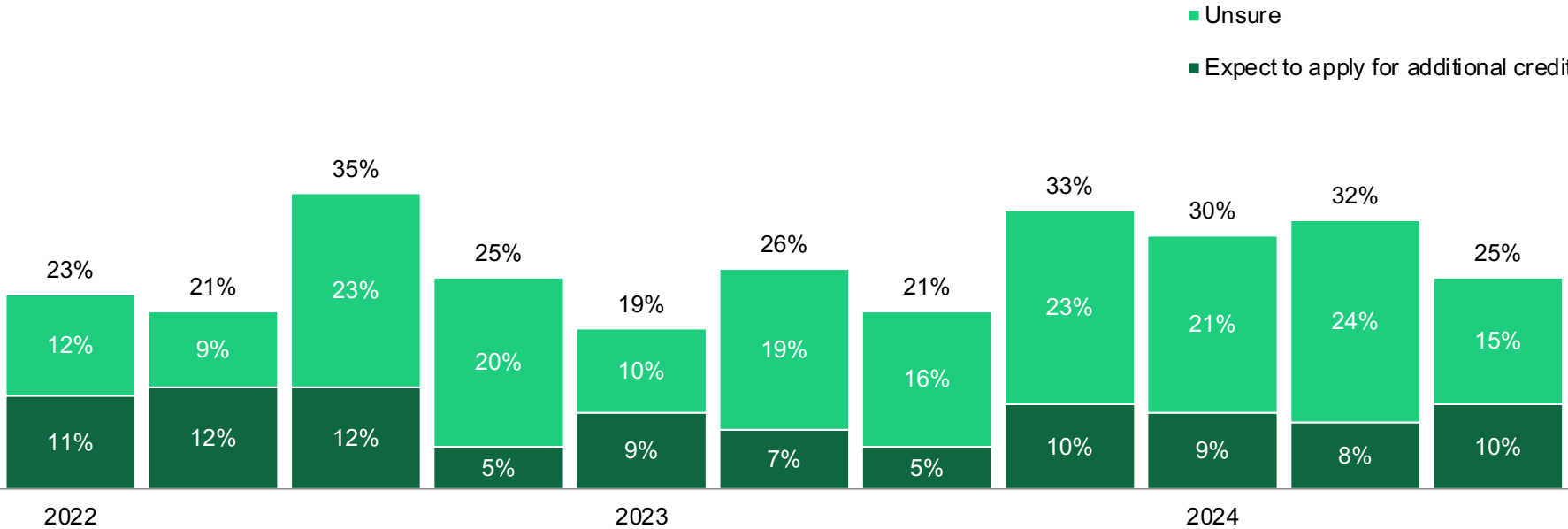


Q: During the last 12 months, has your company applied for additional credit or loans from a financial institution?
Q: What kind(s) of additional credit was your company attempting to acquire?

*Base: those that applied for additional credit
\$100K-<\$10MM
BusinessPulse Quarterly Data (3Q2024)

One in four small businesses expect to apply for additional credit or were unsure

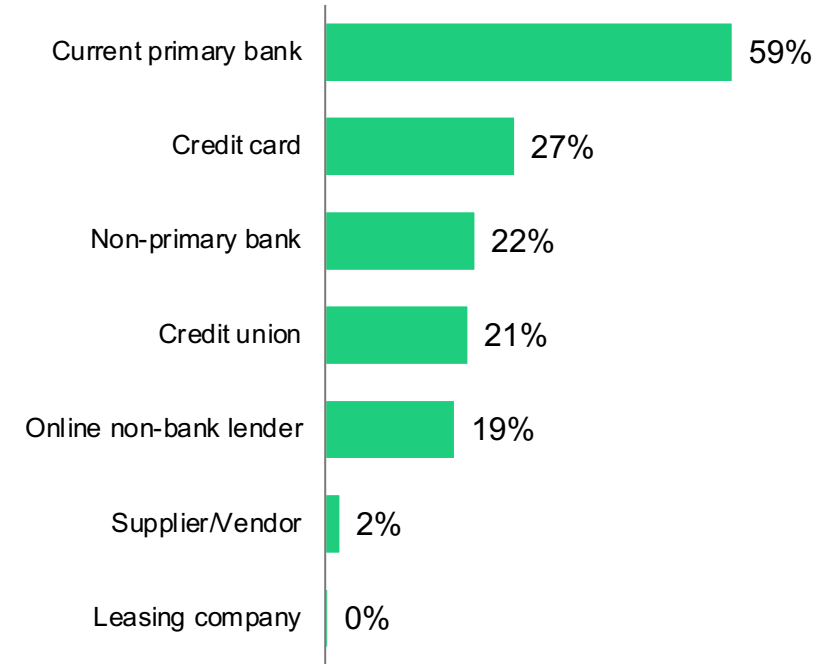
SMALL BUSINESS EXPECTATIONS TO APPLY FOR ADDITIONAL CREDIT



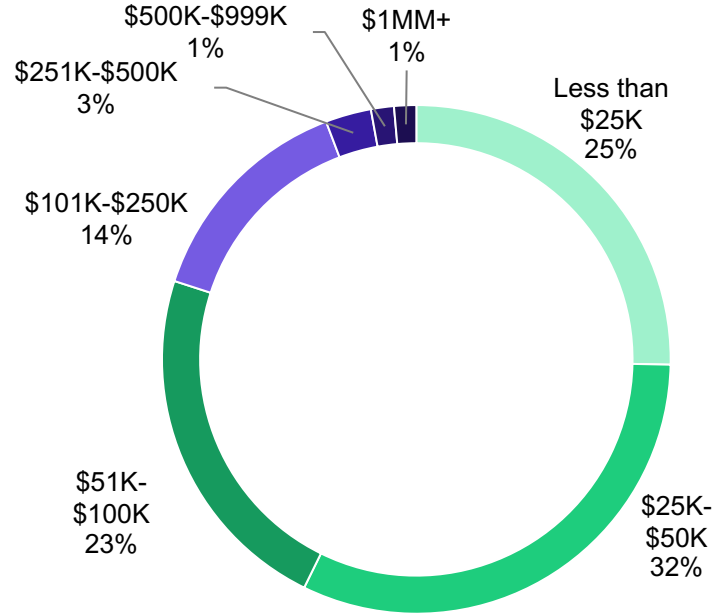
Q: During the next 12 months, do you expect your company to apply for additional credit or loans from any financial institution?
\$100K-<\$10MM
BusinessPulse Quarterly Trending Data (ending 3Q2024)

Most small businesses that anticipate applying for additional credit will likely go to their primary bank and seek <\$50K

WHERE SMALL BUSINESSES EXPECT TO APPLY FOR ADDITIONAL CREDIT*



AMOUNT OF ADDITIONAL CREDIT SMALL BUSINESSES ANTICIPATE BORROWING*



Q: Where do you expect to apply for additional credit? (select all that apply)
Q: If you expect your company to apply for additional credit or loans in the next 12 months or are unsure, approximately how much do you anticipate borrowing?

*Based to those that expect to apply for additional credit or are unsure
\$100K-<\$10MM
BusinessPulse Quarterly Data (3Q2024)

Working capital remained the primary reason small businesses expect to apply for additional credit

SMALL BUSINESSES' REASONS FOR EXPECTING TO APPLY FOR ADDITIONAL CREDIT*



Q: For what reason(s) would you expect to borrow? (select all that apply)

*Based to those that expect to apply for additional credit or are unsure
\$100K-<\$10MM

BusinessPulse Quarterly Data (3Q2024)

Methodology

This BusinessPulse report contains data from surveys conducted in the third quarter of 2024 by Barlow Research, involving a sample of 380 small businesses and 366 middle market companies. Companies surveyed include all SIC categories except depository institutions, U.S. postal services, private households, bank holding companies and commercial non-physical research. (All Pulse Survey respondents previously participated in Barlow Research's small business or middle market banking surveys.)

Small Business
(\$100K-<\$10MM)

380

Respondents
by mail or online

33.3%

Response rate

±5.03% at 95%
Max error factor

Fielding period
July 7 – July 17, 2024

