



The Small Business Economy

Overall Sentiment in the Sacramento Region, as measured by our proprietary Small Business Confidence Index (SBCI), came down from the recent highs of the past couple of years. Both Credit and Hiring showed a decline of approximately 20% relative to last year. Credit is even lower than the 2020 low; the other indicators (Economic Outlook, Local Support, Future Revenue Prospects, Hiring) are higher than the 2020 lows by an average of 51%. The Manufacturing Sector has the weakest sentiment in Access to Credit and Hiring, with results coming in 33% and 50% lower than the 2020 low, respectively. Hiring showed the largest decline, with sentiment decreasing 28% relative to the mid-year update. All data points (Economic Outlook, Local Support, Future Revenue Prospects, Hiring) are lower than the 5-year pre-pandemic numbers by an average 26%.

Figure 1
Overall Sentiment (January 2011 - January 2024)

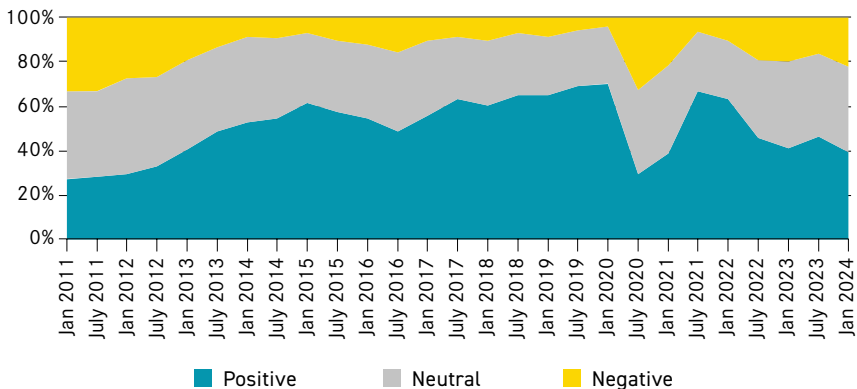
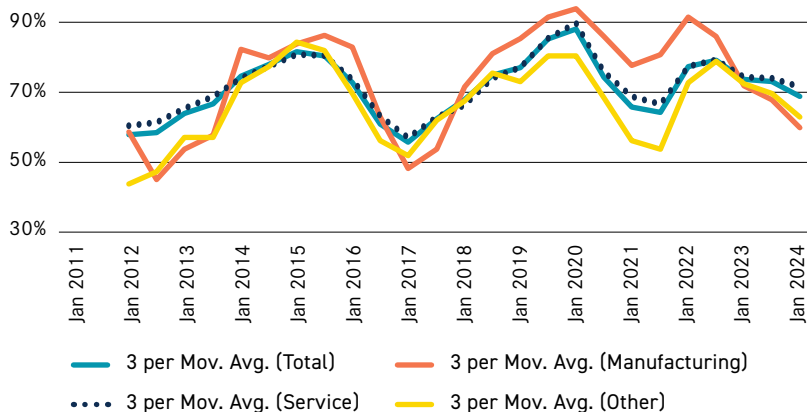
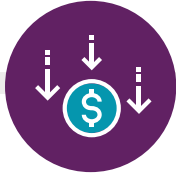


Figure 2
SBCI Hiring by Sector (18-month Moving Average)



CREDIT ACCESS IS STILL VERY WEAK IN ALL AREAS BUT PARTICULARLY IN THE MANUFACTURING SECTOR.



TOTAL SBA LOAN APPROVALS ESTIMATED TO END 11% LOWER VERSUS LAST YEAR; SLOWDOWNS IN PLACER AND YOLO COUNTY MAIN CAUSE.



Figure 3
SBCI Credit Access by Sector

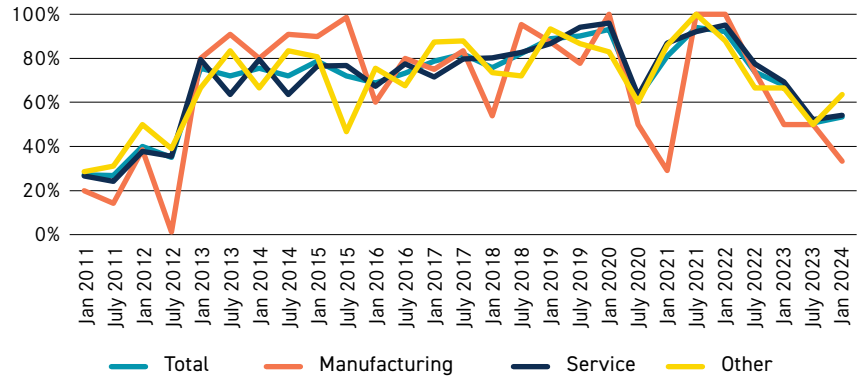


Figure 4

SBCI Total: Future Revenue Outlook (18-month Moving Average)

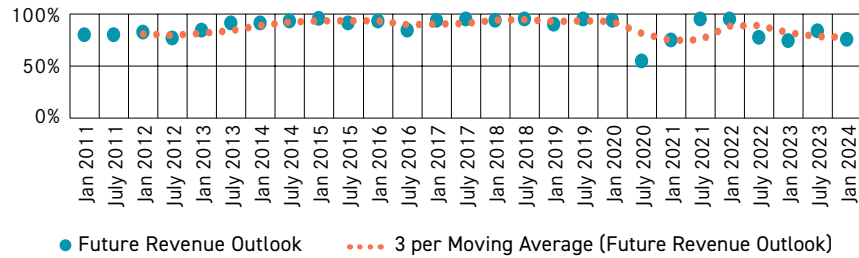


Figure 5

SBCI Total: Economic Outlook (18-month Moving Average)

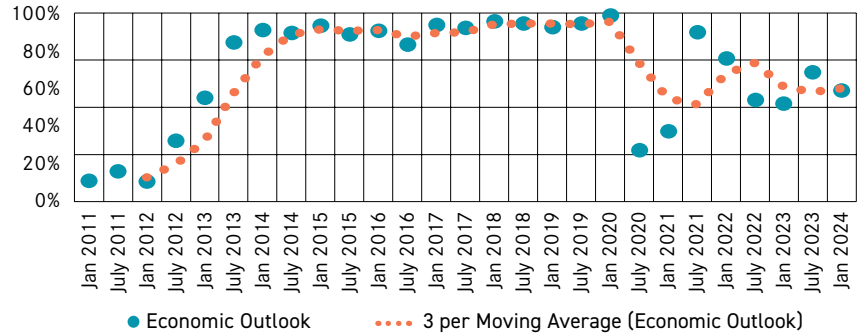
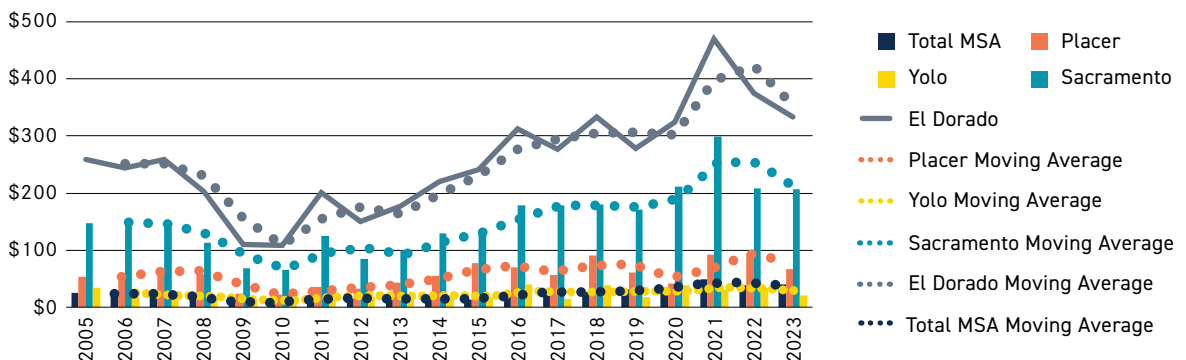


Figure 6
Total SBA Loan Approvals By County (in millions, 2-Year Moving Average)



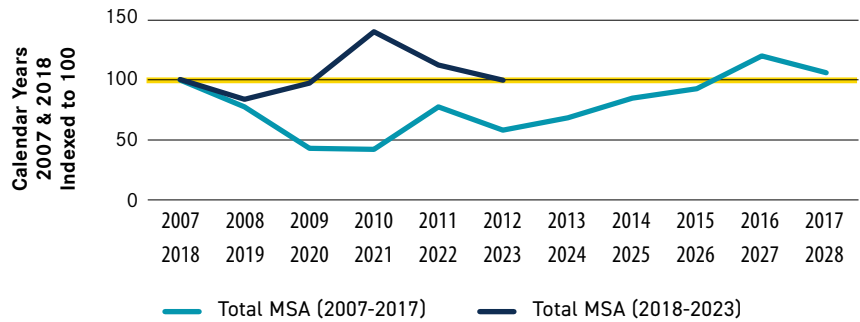
Moving Average is average of two previous data points.

SMALL BUSINESS

COMPARING RECOVERIES; GREAT FINANCIAL CRISIS VERSUS PANDEMIC



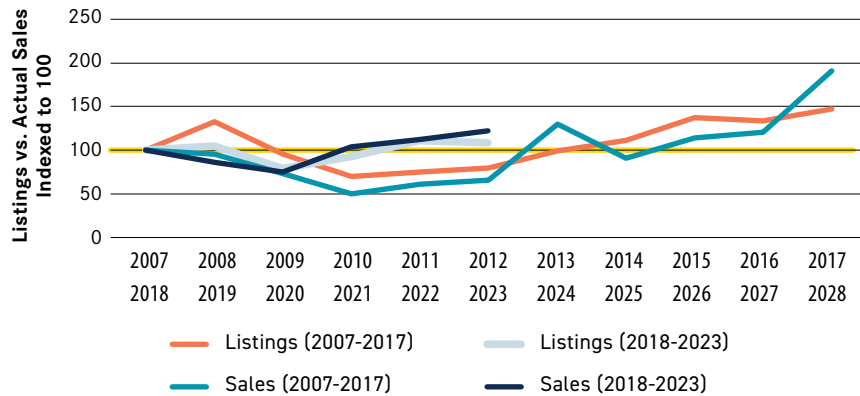
Figure 7
Total SBA Loan Approvals: Total Metropolitan Statistical Area • An Unusual Recovery; Comparing (2007-2017) vs. (2018-2023)



LISTINGS AND TRANSACTIONS DECLINED VERSUS THE MID-YEAR UPDATE.



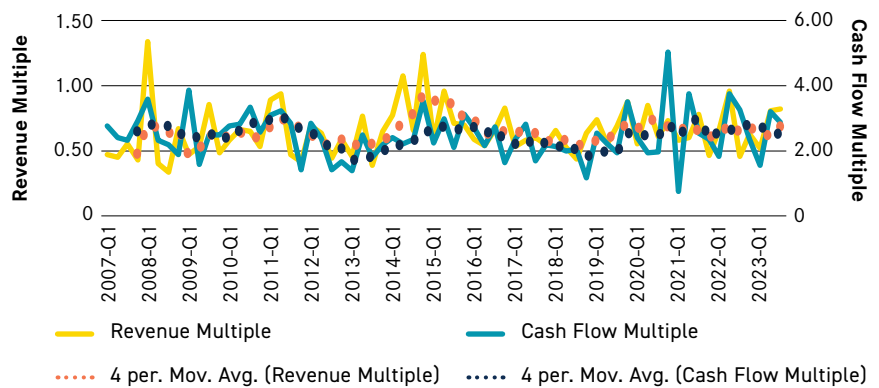
Figure 8
Total Listings vs. Actual Sales (Annually) GFC vs. COVID



REVENUE AND CASH FLOW MULTIPLES CAME IN HIGHER THAN AVERAGE MULTIPLES IN 2021 AND 2022.



Figure 9
Revenue and Cash Flow Multiples of Closed Sales (Quarterly)



Data Source (Figures 7-9): BizBuySell