

Business Creation Index

June 2017



National Association of REALTORS® Research Department

Introduction

The Business Creation Index (BCI) was created to monitor local economic conditions from the perspective of NAR's commercial members. The quarterly report offers insight from commercial real estate professionals into whether businesses are opening or closing by industry, population density, and subregion. On a monthly basis, it tracks three key questions related to local market conditions:

1. An increase of businesses opening in local communities in the last 30 days
2. An increase of businesses closing in local communities in the last 30 days
3. Net businesses opening and closing in local communities in the last 30 days

On the *2016 Profile of Commercial Members*, NAR's membership was asked the above questions over the last year from July 2015 to June 2016. The results gave way to creating the survey to gather monthly data and report changes on a quarterly basis.

Additional topics will be examined in depth on <http://economistsoutlook.blogs.realtor.org/>.

The next BCI survey releases for 2017 will be:

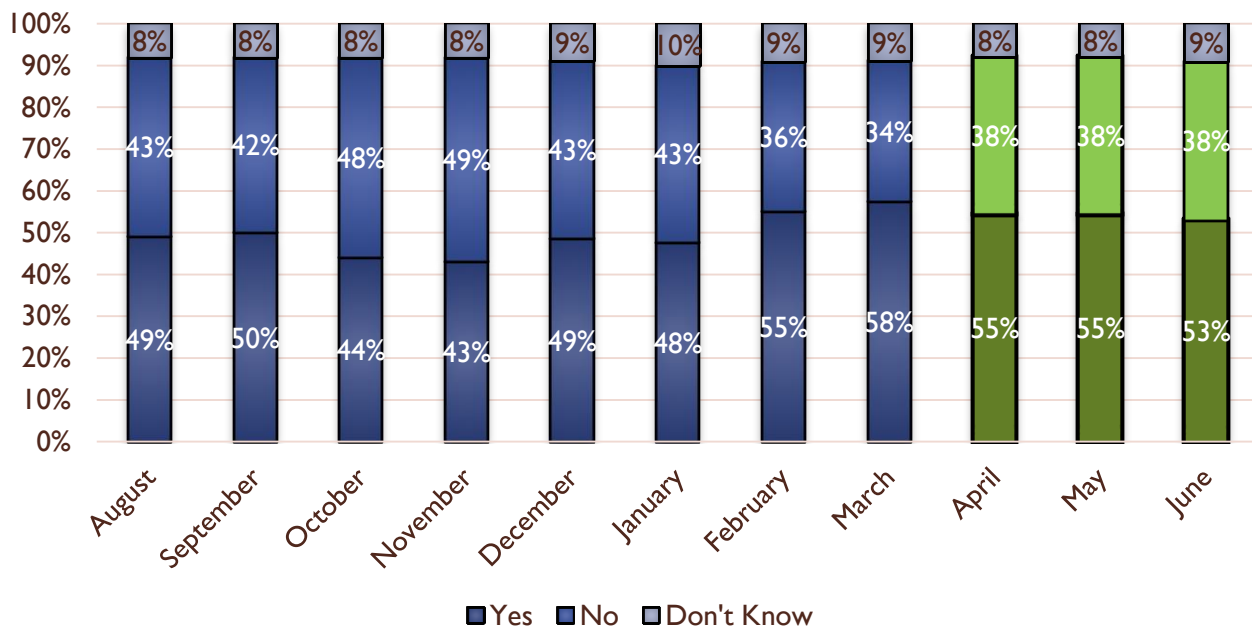
- September 2017
- December 2017

New Businesses Opening in Communities

NAR's commercial members were asked whether new businesses were opening in their communities in the previous 30 days for April through June 2017.

- Fifty-three percent of respondents said they had seen an increase in businesses opening in June of 2017, slightly down from 55 percent in April and May.
- In March 2017, 58 percent said they has seen an increase in businesses openings, the highest reported since the survey was launched last year in August 2016.
- Throughout this quarter only 38 percent of respondents said they had not seen an increase in businesses opening.

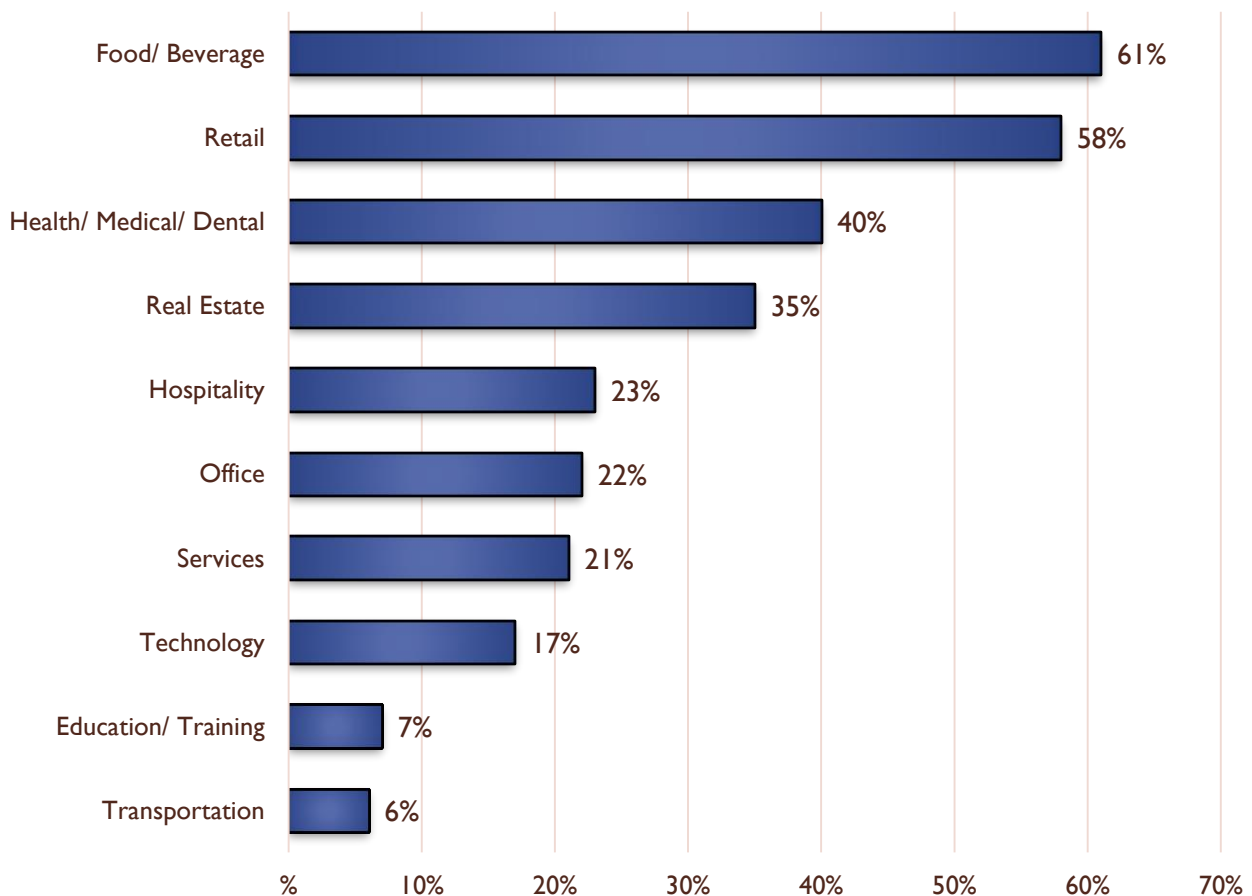
An increase of businesses opening in community in the last 30 days (August 2016 through June 2017)



Businesses Opening By Industry

- NAR's commercial members were asked the types of industries they saw opening in their communities each month between April through June 2017.

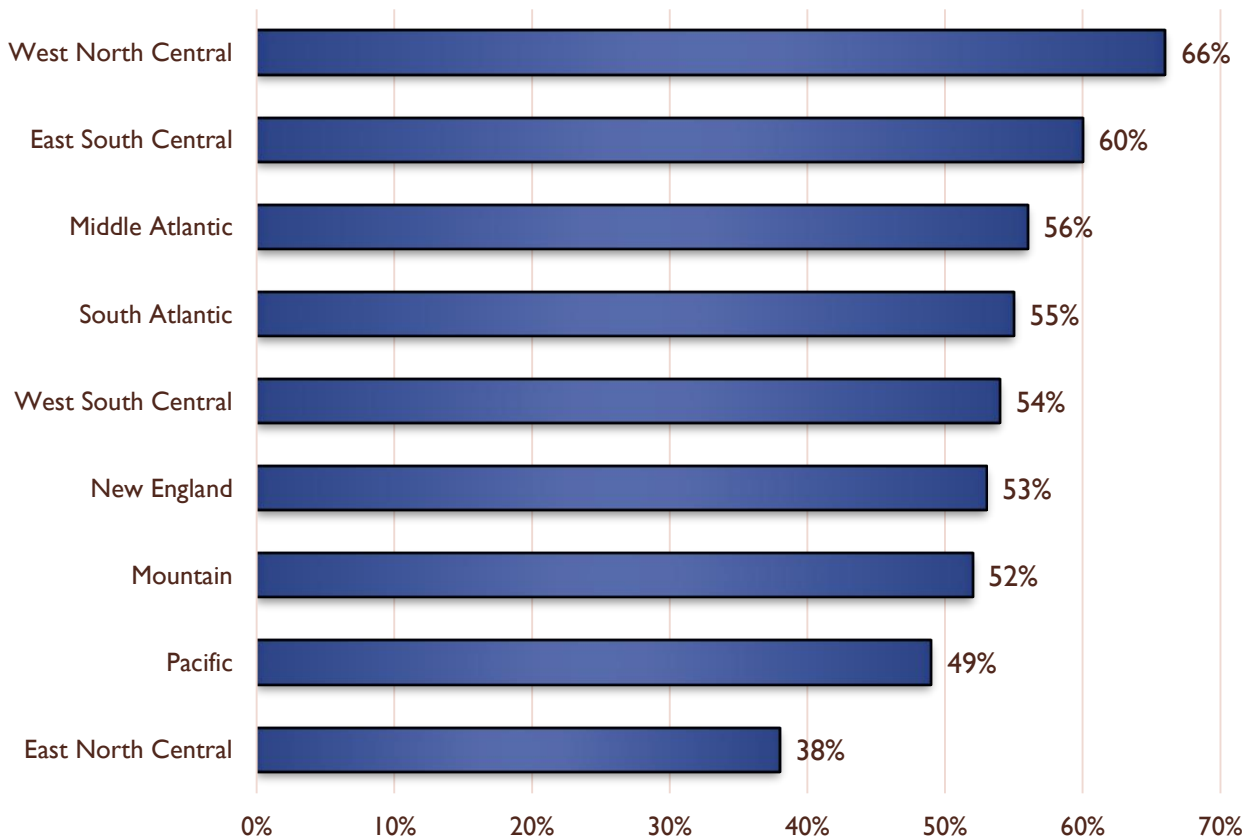
Industries Opening for April-June 2017



Businesses Opening By Subregion

- Sixty-six percent of members in the West North Central subregion saw businesses opening in the last three months, followed by East South Central (60 percent), and Middle Atlantic (56 percent).
- Thirty-eight percent of members in the East North Central saw businesses opening in the last three months.

**Businesses Opening by Subregion
for April-June 2017**

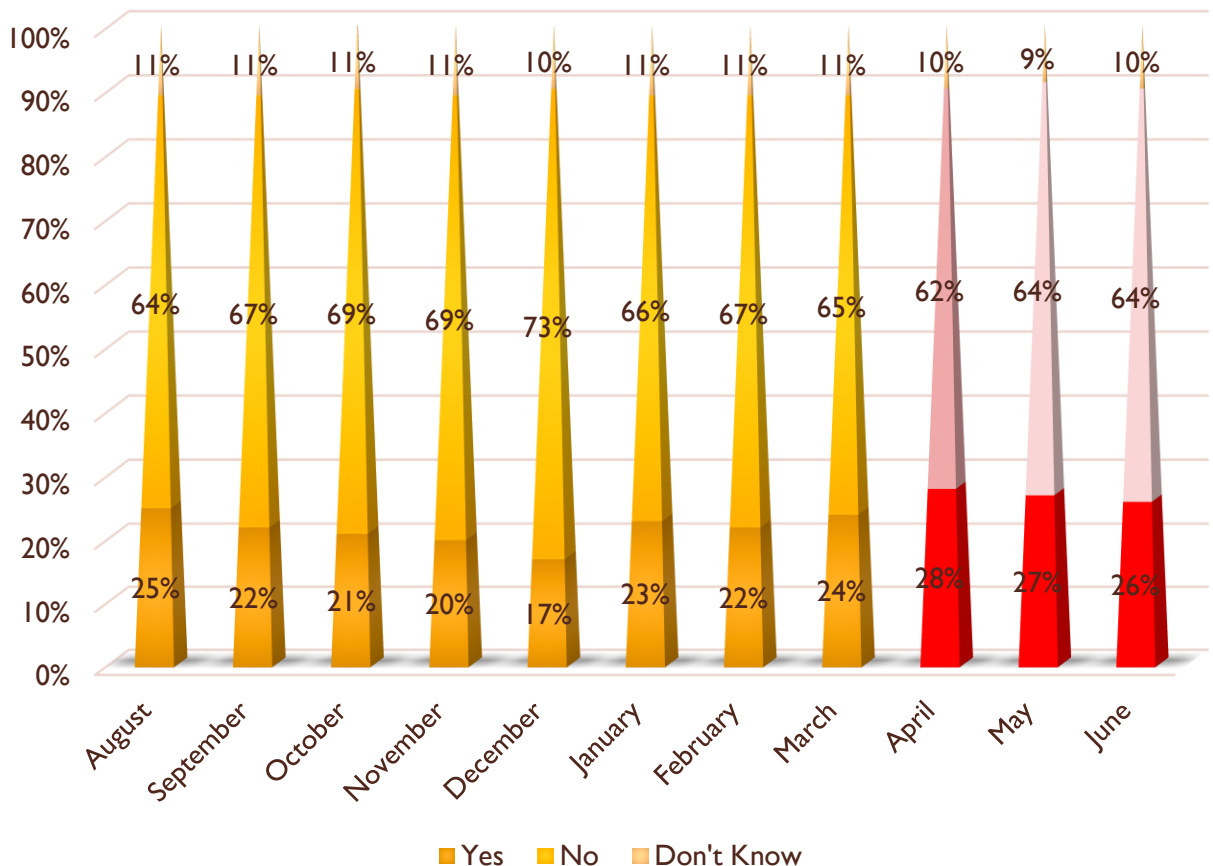


Businesses Closing in Communities

NAR's commercial members were asked whether businesses were closing in their communities in the previous 30 days for April through June 2017.

- Sixty-four percent of respondents said they had not seen an increase in businesses closing in May and June 2017.
- Twenty-six percent of respondents said they had seen an increase in businesses closing in June 2017. The highest it has been since the survey's inception in August 2016 was at 28 percent in April 2017.

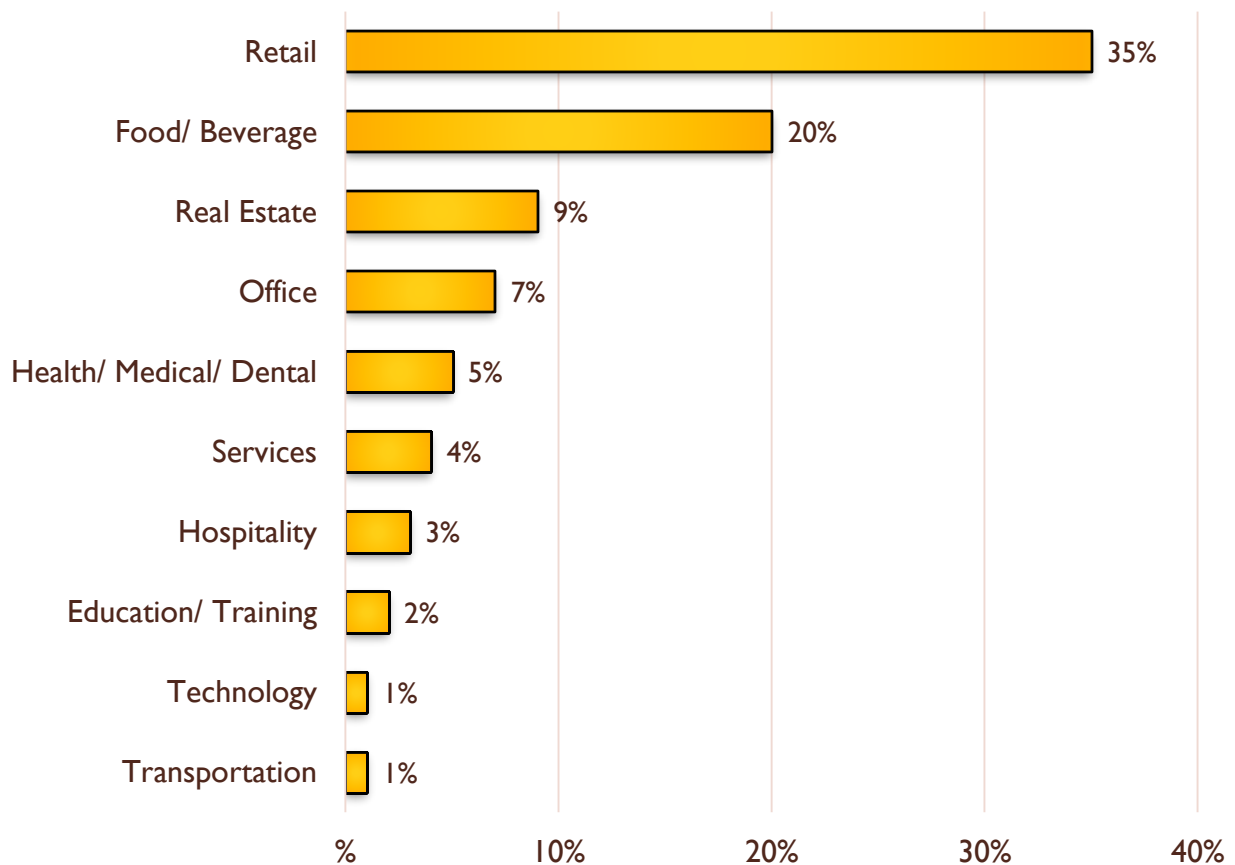
An increase of businesses closing in community in the last 30 days (August 2016 through June 2017)



Businesses Closing By Industry

- NAR's commercial members were asked the types of industries they saw closing in their communities each month between April through June 2017.

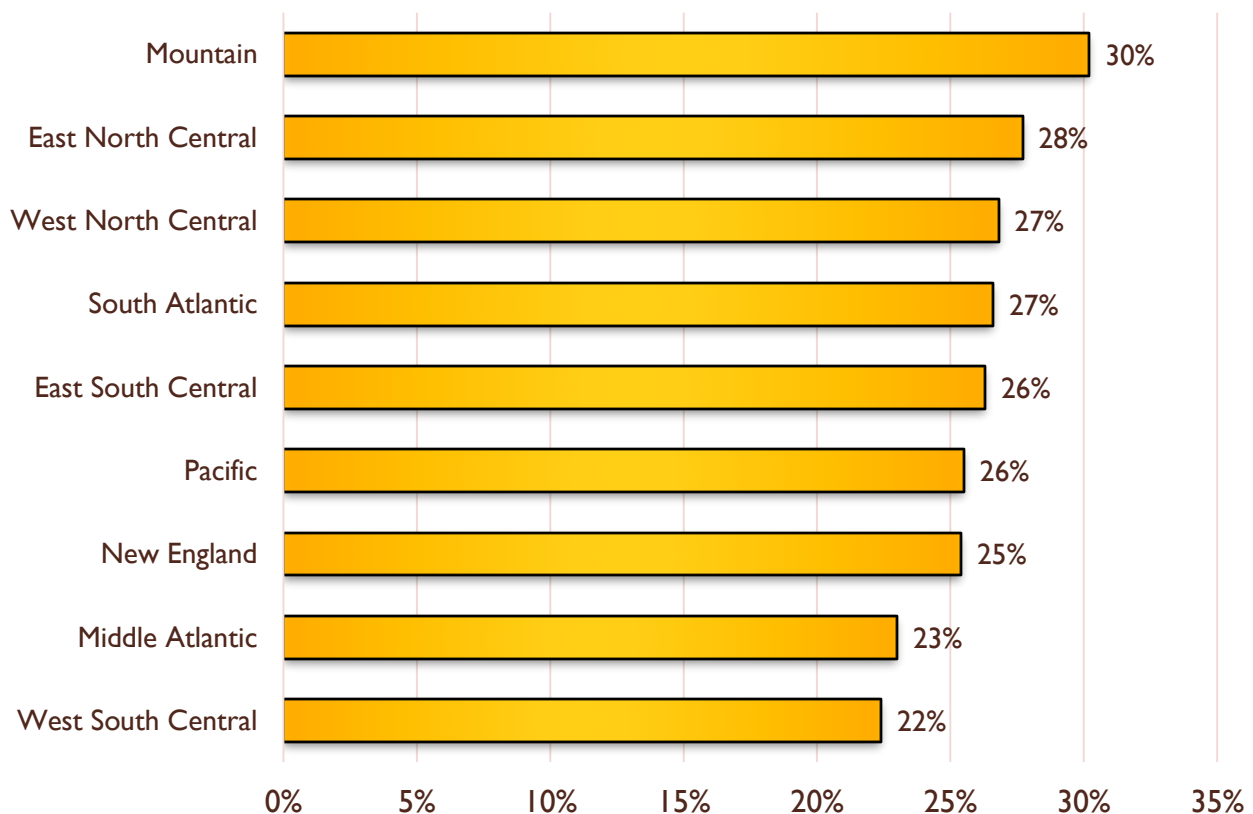
Industry Closings for April-June 2017



Businesses Closing By Subregion

- Thirty percent of members in the Mountain subregion saw businesses closing in the last three months, followed by East North Central (28 percent), and West North Central and South Atlantic (27 percent).
- Twenty-two percent of members in the West South Central saw businesses closing in the last three months.

**Businesses Closing by Subregion
for April-June 2017**

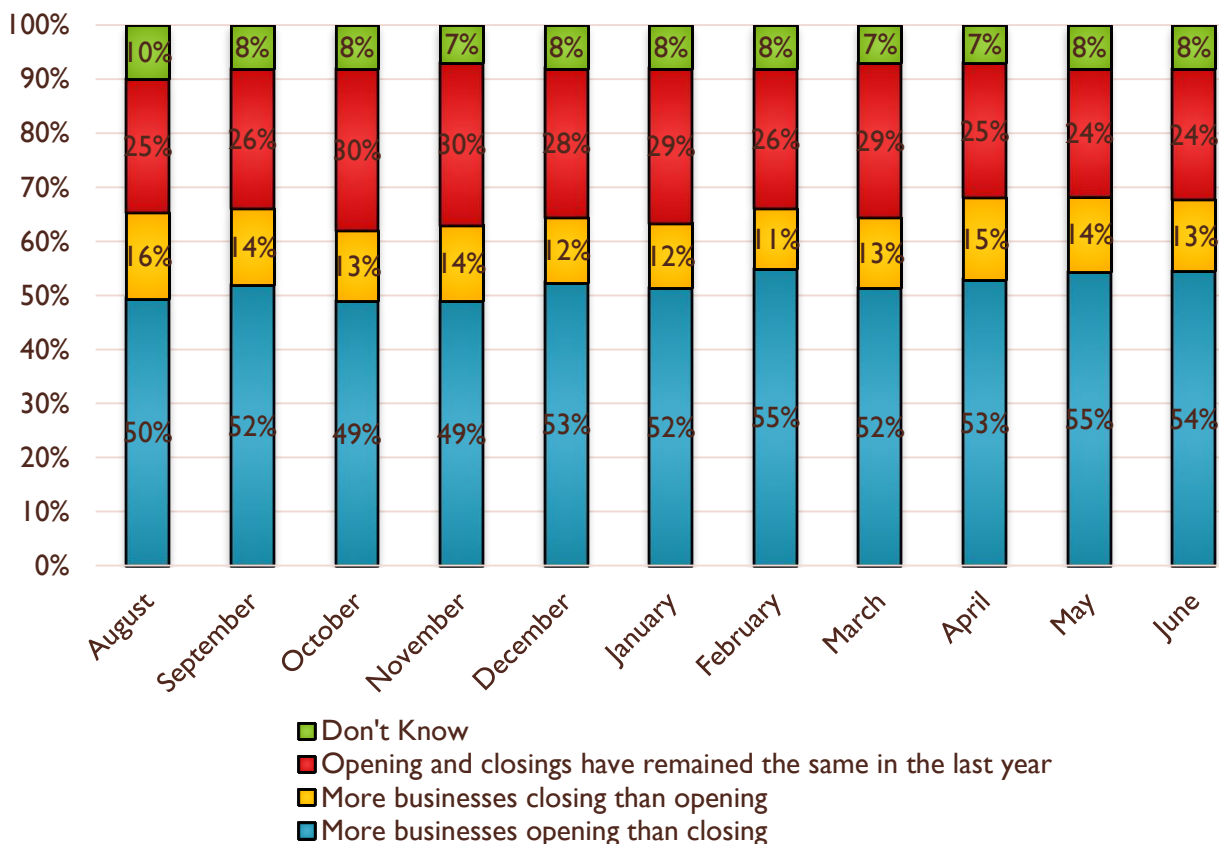


Net Change in Openings to Closings

NAR's commercial members were asked to compare businesses opening to closing in their communities in the previous 30 days for August 2016 through June 2017.

- Fifty-four percent of respondents said they had seen more businesses opening than closing in June 2017, the median of April to the June months.
- Twenty-four percent of respondents said they had seen the ratio of businesses opening to closing had stayed the same in June 2017, an decrease from 29 percent in April 2017.

**Net Openings and Closings
for August 2016 through June 2017**



Methodology

The survey was conducted by the National Association of REALTORS® Research Department. Each month, August 2016 through June 2017, a sample of NAR's commercial members were surveyed via email sampling.

Each month roughly 1,000 commercial members responded to the survey. The data compiled for this report and was based on a total of 2,732 completed surveys.

Subregions are defined as follows:

- New England
 - – Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, and Connecticut
- Middle Atlantic
 - – New York, Pennsylvania, and New Jersey
- East North Central
 - – Wisconsin, Illinois, Indiana, Michigan, and Ohio
- West North Central
 - – North Dakota, South Dakota, Nebraska, Kansas, Minnesota, Iowa, and Missouri
- South Atlantic
 - – Delaware, Maryland, Washington D.C., West Virginia, Virginia, North Carolina, South Carolina, Georgia, and Florida
- East South Central
 - – Kentucky, Tennessee, Mississippi, and Alabama
- West South Central
 - – Texas, Oklahoma, Arkansas, and Louisiana
- Mountain
 - – Montana, Idaho, Nevada, Wyoming, Utah, Arizona, Colorado, and New Mexico
- Pacific
 - – Washington, Oregon, California, Alaska, and Hawaii



NATIONAL
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The National Association of REALTORS®, “The Voice for Real Estate,” is America’s largest trade association, representing 1.2 million members, including NAR’s institutes, societies and councils, involved in all aspects of the real estate industry. NAR membership includes brokers, salespeople, property managers, appraisers, counselors and others engaged in both residential and commercial real estate.

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Working for America’s property owners, the National Association provides a facility for professional development, research and exchange of information among its members and to the public and government for the purpose of preserving the free enterprise system and the right to own real property.

NATIONAL ASSOCIATION OF REALTORS® RESEARCH DIVISION

The Mission of the National Association of REALTORS® Research Division is to collect and disseminate timely, accurate and comprehensive real estate data and to conduct economic analysis in order to inform and engage members, consumers, and policymakers and the media in a professional and accessible manner.

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NATIONAL ASSOCIATION OF REALTORS®

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