

Business Creation Index

March 2017



OPEN

SHOP

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:

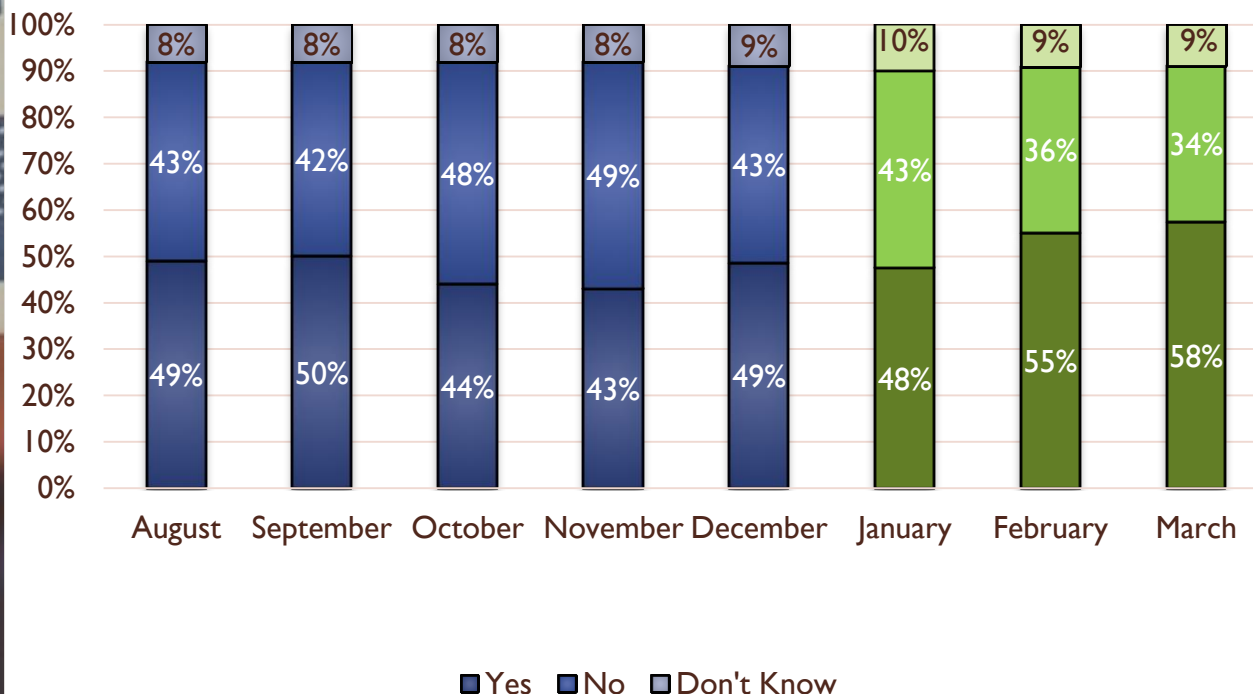
- June 2017
- September 2017
- December 2017

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 January through March 2017.

- Fifty-eight percent of respondents said they had seen an increase in businesses opening in March 2017. Compared to November 2016, only 43 percent said they has seen an increase in businesses openings, the lowest reported since the survey was launched in August 2016.
- Thirty-four percent of respondents said they had not seen an increase in businesses opening in March 2017, the lowest reported since the inception of the survey.

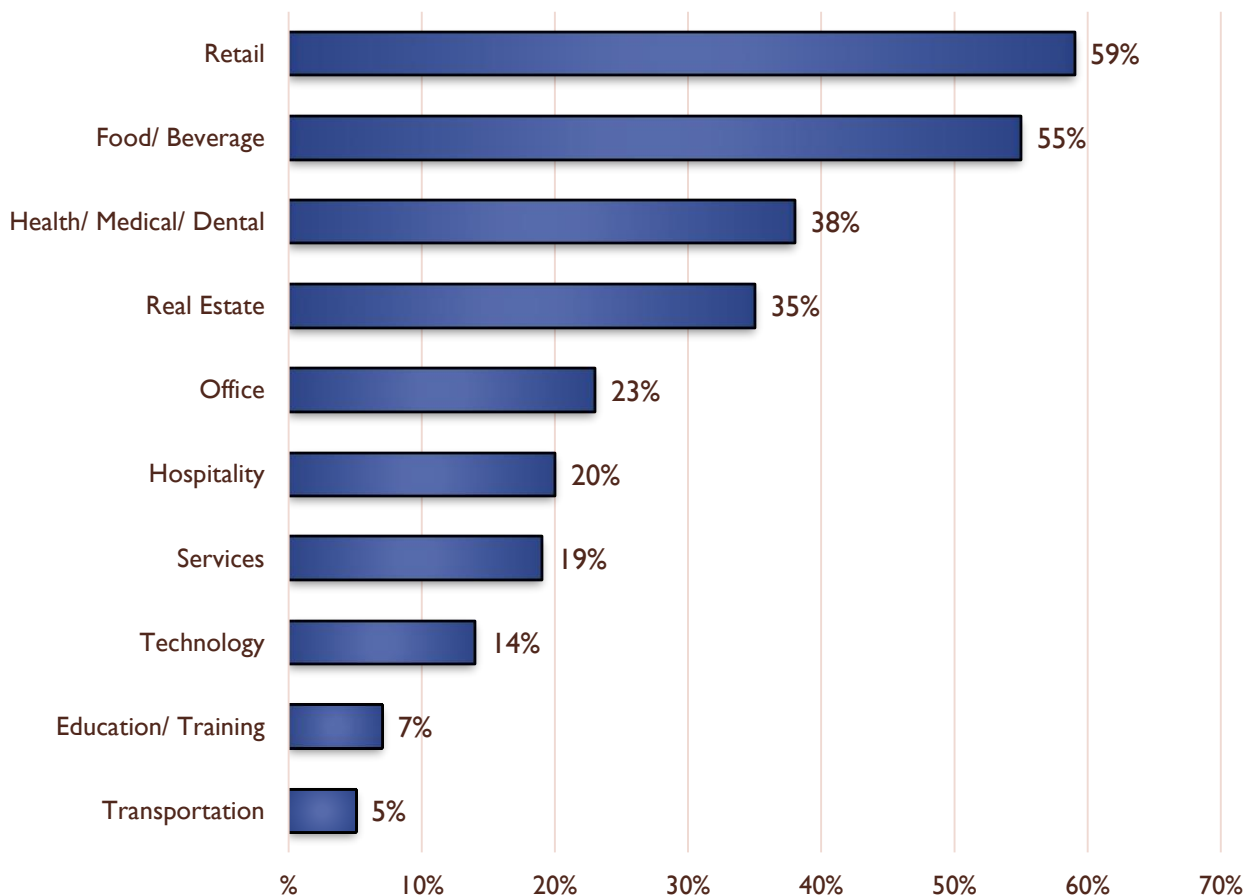
An increase of businesses openings in community in the last 30 days (August 2016 through March 2017)



Businesses Opening By Industry

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

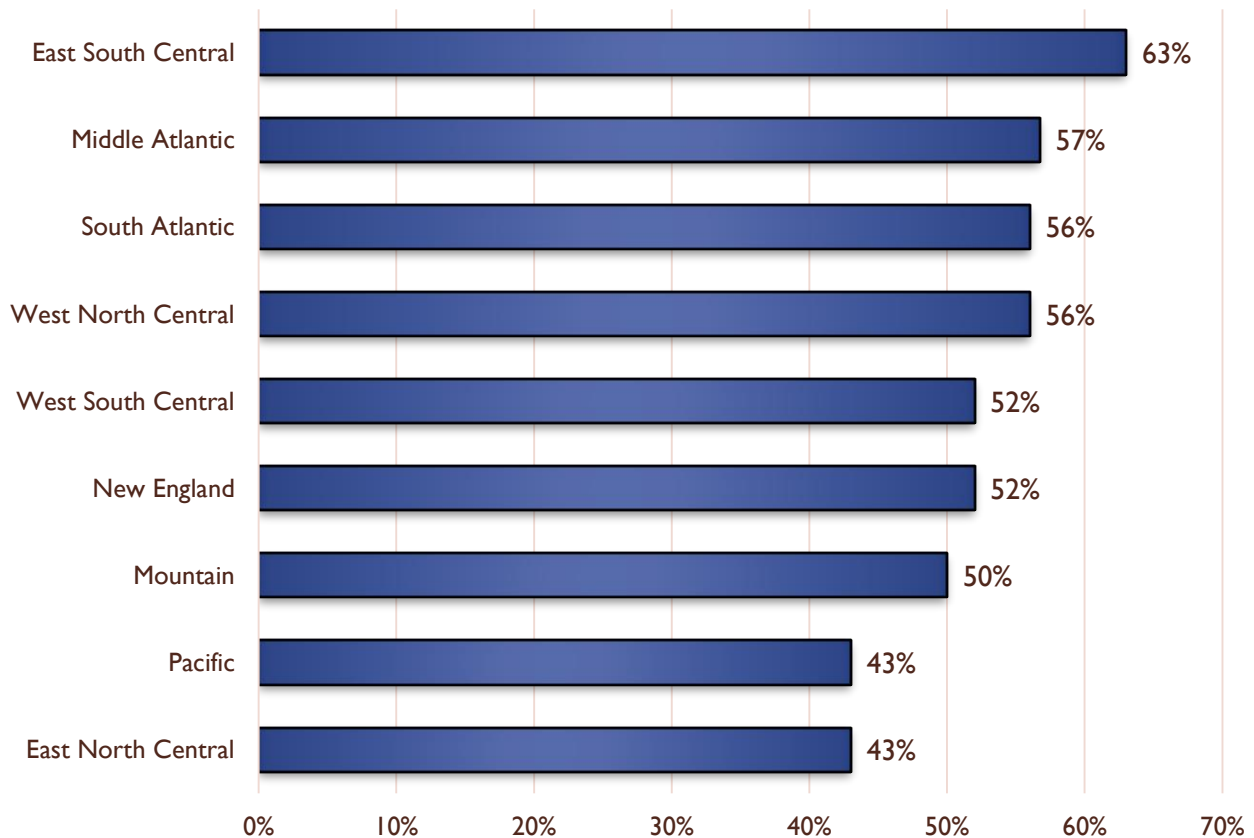
Industries Opening for January-March 2017



Businesses Opening By Subregion

- Sixty-three percent of members in the East South Central subregion saw businesses opening in the last three months, followed by Middle Atlantic (57 percent), South Atlantic and West North Central (56 percent), and West South Central (52 percent).

**Businesses Opening by Subregion
for January-March 2017**

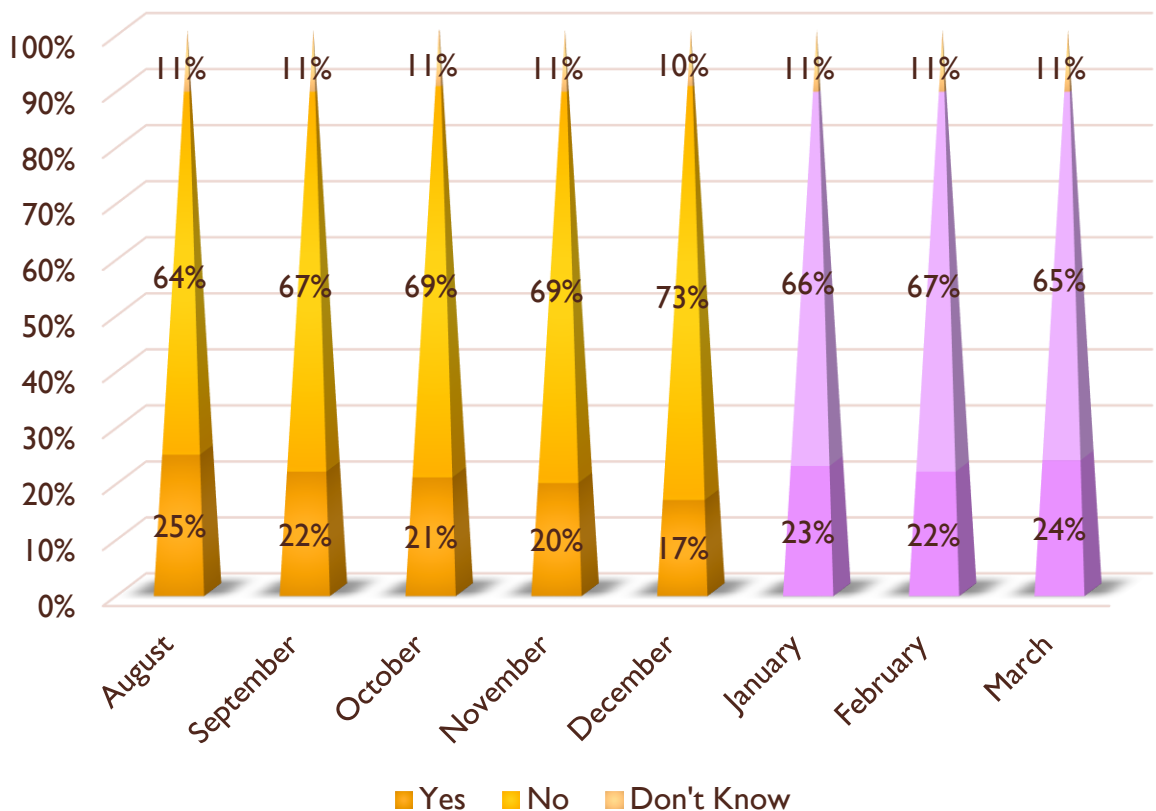


Businesses Closing in Communities

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

- Sixty-five percent of respondents said they had not seen an increase in businesses closing in March 2017, which is a decrease from 73 percent reported in December 2016.
- Twenty-four percent of respondents said they had seen an increase in businesses closing in March 2017, the highest since the survey's inception in August 2016 at 25 percent.

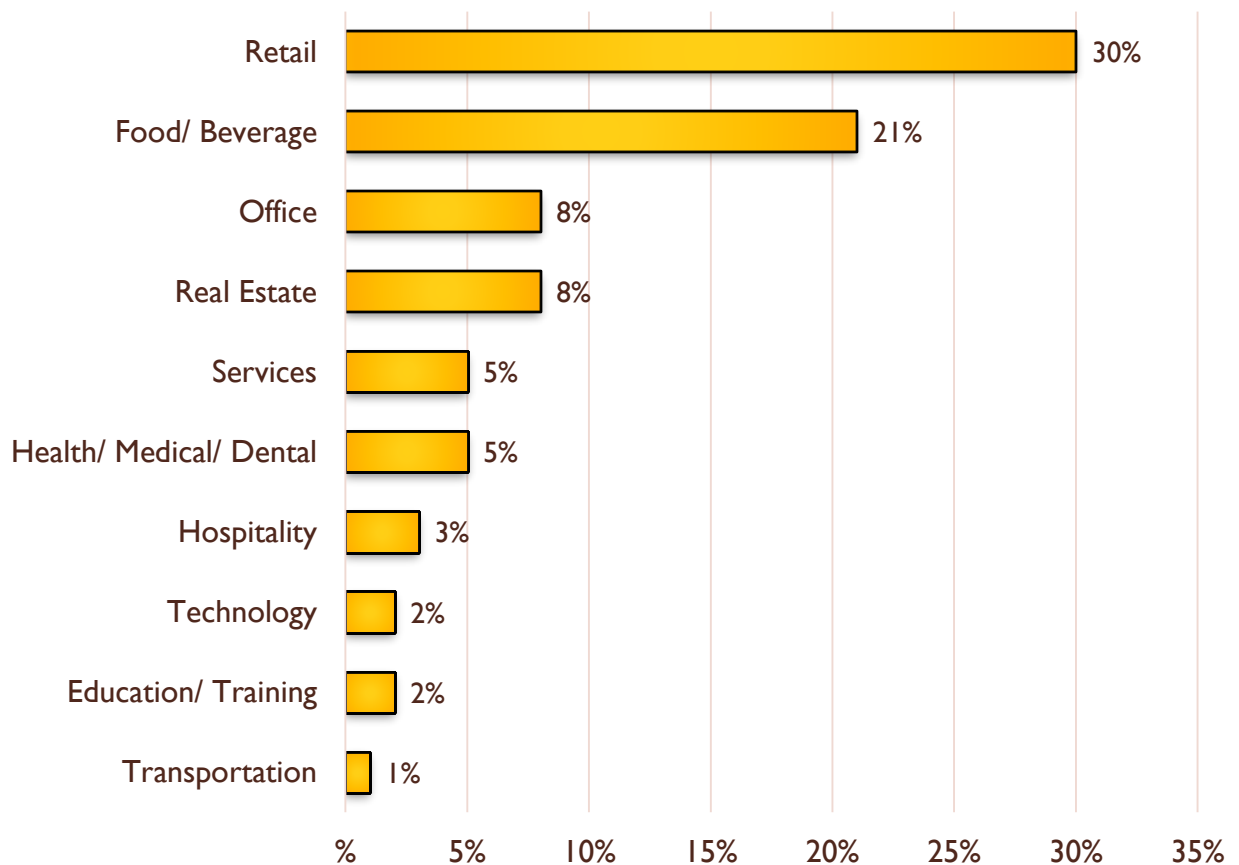
An increase of businesses closing in community in the last 30 days (August 2016 through March 2017)



Businesses Closing By Industry

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

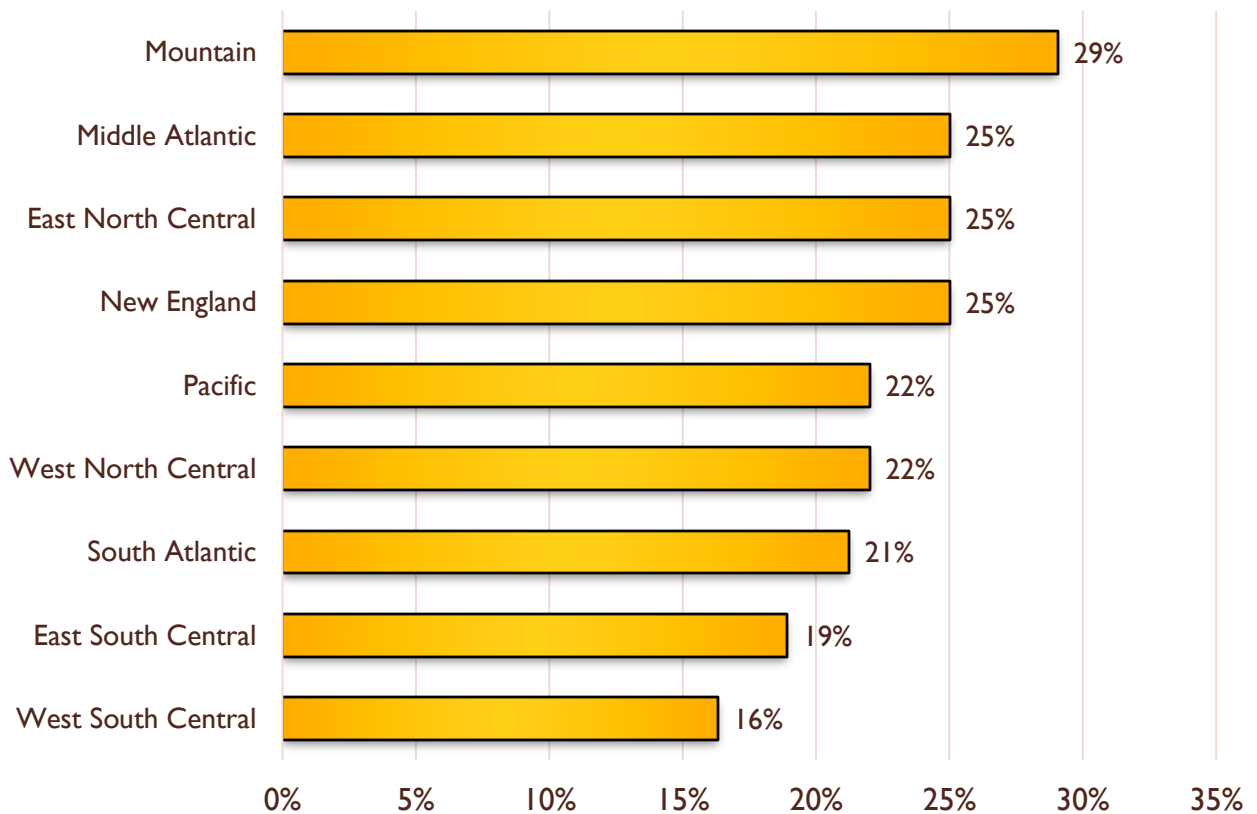
Industry Closings for January-March 2017



Businesses Closing By Subregion

- Twenty-nine percent of members in the Mountain subregion saw businesses closing in the last three months, followed by Middle Atlantic, East North Central, and New England (25 percent).

**Businesses Closing by Subregion
for January-March 2017**

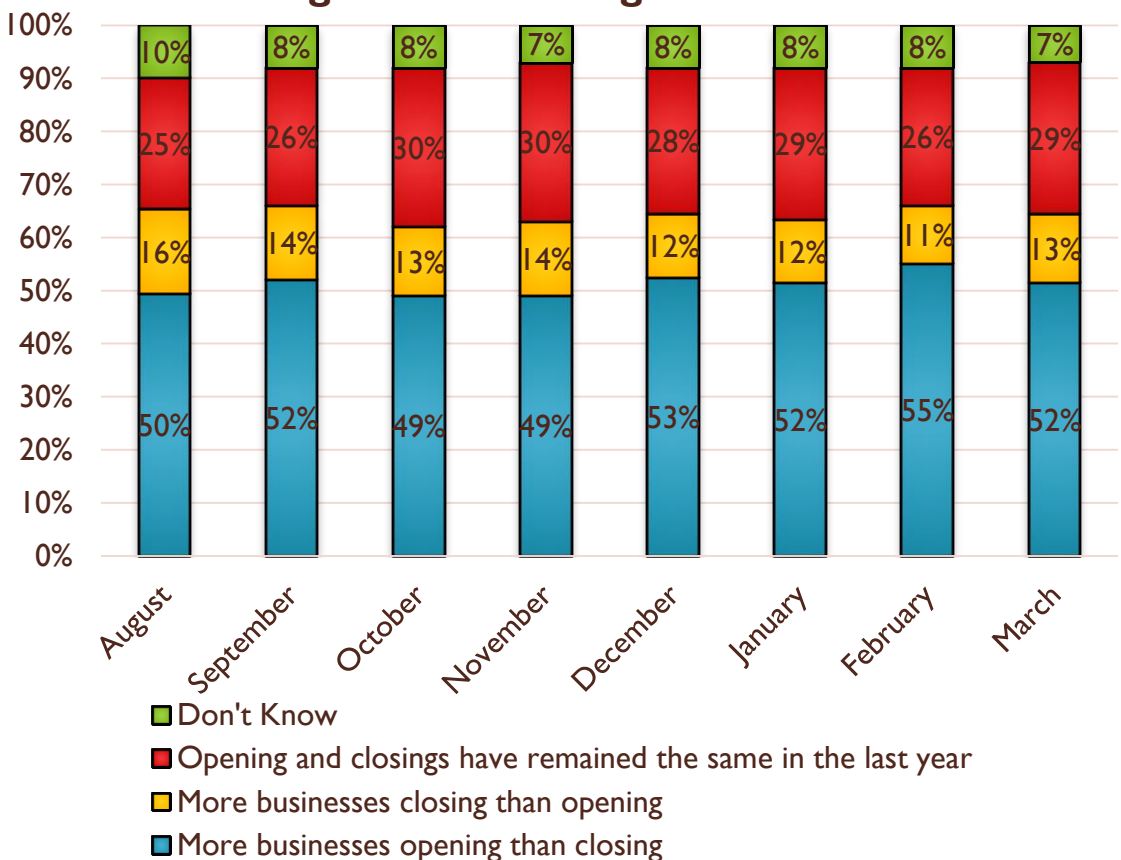


Net Change in Openings to Closings

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

- Fifty-two percent of respondents said they had seen more businesses opening than closing in March 2017, a decrease from 55 percent the previous month in February 2017 but an overall increase from 2016.
- Twenty-nine percent of respondents said they had seen the ratio of businesses opening to closing had stayed the same in March 2017, an increase from 26 percent the previous month in February 2017.

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



Methodology

The survey was conducted by the National Association of REALTORS® Research Department. Each month, August through December 2016, 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 3,140 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



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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.

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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.

To find out about other products from NAR’s Research Division, visit www.REALTOR.org/research-and-statistics.

NATIONAL ASSOCIATION OF REALTORS®

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