FREE CHAPTER

Chapter 0. America's small-business market: what you are walking into

Buying a Small Business in America

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This chapter is a map; skim it and come back. It has no story and no checklist. Those start in chapter 1. What it gives you is the market around your deal, and three questions for your first meeting with any seller, at the end.

Our own count first, because the rest of the book stands on it. From fiscal year 2020 to 30 June 2026, **40,555** loans to buy a business in the United States were approved with a guarantee from the Small Business Administration (the SBA, the federal agency for small business); 8.5 percent of them were never drawn (chapter 26). Each one is a row in a public file, with the amount, the date and the trade. In fiscal 2025 there were 7,533 of them. In 2026 to 30 June, half of those loans were above **$720,000** and half below. That is the loan, not the price; chapter 2 explains the difference.

Our count. SBA loan-level disclosure, 7(a) program, fiscal 2020 to present, data as of 30 June 2026. Details in chapter 2 and Appendix A7.

36.2 million small businesses, and the one you buy has staff

For you: if the business you are looking at pays wages, it sits in a much smaller group than the headline number.

The SBA counts 36.2 million small businesses in the United States. It calls a business small if it has fewer than 500 employees. Of those, 29,811,495 have no employees at all: one person, working alone. Businesses with a payroll, which the census calls employer firms, number 6,395,635.

Small businesses employ 45.9 percent of people working in the private sector, 62.3 million workers.

SBA Office of Advocacy, FAQs About Small Business, February 2026, and "2025 Small Business Profile — United States," June 2025 (2022 data).

Almost every employer is a firm of under twenty people

For you: the seller is not a manager of a system. In a firm this size, the owner is a large part of the business, and part of what you buy may walk out with him.

Of the 6,395,635 employer firms, 5,720,093 have fewer than twenty employees.

5,720,093 ÷ 6,395,635 = 89.4 percent.

Nine employers in ten have fewer than twenty people on the payroll: the size of a restaurant, a salon, a repair shop or a small office.

U.S. Census Bureau, Statistics of U.S. Businesses 2022, national totals.

More people are starting businesses than ever before

For you: next to every seller stands a cheaper-looking choice, to start your own. A business that is already trading has a history you can check. A new one does not.

Applications for a tax number for a new business (the EIN, the number a business gets from the Internal Revenue Service) are the earliest count of new businesses. We added up the Census Bureau's monthly figures:

Year	Applications	Of those, likely to hire staff
2019	3,498,990	1,316,191
2023	5,469,302	1,848,540
2024	5,224,176	1,715,458
2025	**5,671,836**	1,708,842

2025 is the highest year since the series began in 2004. Against 2019: 5,671,836 ÷ 3,498,990 = 1.62, so 62 percent more.

But look at the second column. Applications the Census Bureau marks as likely to become employers were lower in 2025 than in 2023. The growth is in applications the Census Bureau does not expect to hire.

The latest month, in the Census Bureau's words:

> "Business Applications for August 2026, adjusted for seasonal variation, were 531,728, a decrease of 7.8 percent compared to July 2026"

How long new businesses last: of the business locations that opened in the year to March 2020, 51.4 percent were still open five years later. Of those that opened in the year to March 2015, 34.7 percent were still open after ten. The SBA adds one line that matters to a buyer:

> "more than two thirds of businesses (69.5 percent) that reach five years reach ten"

A business past its fifth year has come through the hardest stretch. Check its age in documents, not in the seller's words.

U.S. Census Bureau, Business Formation Statistics, monthly series (totals are our sums), and release of September 11, 2026. Bureau of

Labor Statistics, Business Employment Dynamics, table 7. SBA Office of Advocacy, FAQ 2026.

More businesses are ending in court

For you: when a business in your trade fails, this is one of the doors it goes out by. It is also a reason to ask what the seller owes, before you ask what he earns.

Bankruptcy cases where business debt is the main debt, in federal courts, per twelve months:

Twelve months to	Business cases	All cases
31 December 2023	18,926	452,990
31 December 2024	23,107	517,308
31 December 2025	24,737	574,314
30 June 2026	**26,941**	608,511

From 2023 to 2025: 24,737 ÷ 18,926 = 1.307, so up 30.7 percent.

Read the word “business” in that table carefully. The courts sort a case by the kind of debt, not by who owes it. The note to their table:

> “The nature of debt is business if the debtor is a corporation or partnership, or if debt related to the operation of a business predominates”

So a person whose debts come mainly from running a business counts as a business case. The table counts cases, not closed shops.

U.S. Courts, table F-2, for the periods shown.

Owners are getting older, and older owners sell

For you: when an older owner answers “Why are you selling?” with “retirement,” that is a good reason. Check that the sales did not age along with the owner.

Owners of employer firms, by age, 2023:

Age	Share of owners
under 45	23.7 %
45–54	25.0 %
55–64	28.2 %
65 or older	23.1 %

28.2 percent + 23.1 percent = 51.3 percent: one owner in two is 55 or older. Close to one in four is 65 or older.

Two limits on that table. It counts **people**, not firms: a firm can have more than one owner in the survey. And it covers only firms with staff. So it is a sign of sellers to come, not a count of businesses for sale.

The share of owners aged 55 or older is not the same in every trade (55–64 plus 65 or older):

- wholesale: 30.7 + 32.7 = 63.4 percent
- manufacturing: 30.9 + 30.7 = 61.6 percent
- retail: 28.1 + 26.1 = 54.2 percent
- professional services: 28.9 + 23.9 = 52.8 percent
- construction: 29.2 + 19.9 = 49.1 percent
- other services, such as repair shops, salons and dry cleaners: 29.5 + 18.9 = 48.4 percent
- restaurants, bars and hotels: 26.7 + 17.9 = 44.6 percent

An owner who has run the place for thirty years may carry it in his head: which supplier to call, which customer pays late, how the old machine really works. Before you sign, agree in writing how long he stays to show you. Chapter 23 covers what the rules allow.

U.S. Census Bureau, Annual Business Survey, "Characteristics of Business Owners," 2023 data, released January 2, 2026. Shares by trade are our sums of two age groups.

What is growing, what is shrinking

For you: in a shrinking trade, the seller may be selling his way out, not a business. In a growing one, expect new competitors to open near you.

Change in the number of business locations, whole country, 2019 to 2023:

- **Growing:** general freight trucking +33.6 percent (87,718 to 117,181); home health care +18.8 percent; salons and other personal care +14.1 percent; cleaning and landscaping +9.3 percent; plumbing, heating and electrical contractors +8.1 percent; restaurants +6.0 percent (583,446 to 618,476); auto repair +4.6 percent.
- **Shrinking:** dry cleaners and laundries −10.4 percent (32,380 to 29,017); clothing stores −10.5 percent; gas stations −3.1 percent; doctors' offices −2.2 percent.
- **Flat or down:** retail as a whole −0.2 percent, wholesale −3.8 percent, manufacturing −1.1 percent.

All business locations together went from 7,959,103 to 8,361,342, up 5.1 percent.

These are national counts, not the health of any one business. A shrinking trade can hold a good shop; a growing one can hold a bad one. In a shrinking trade, ask why this seller is still standing when others are not, and whether that reason stays after he leaves.

U.S. Census Bureau, County Business Patterns, 2019 and 2023. Changes are our calculation from the two files.

Where new businesses register

For you: a price, a rent or a pace of growth in one state says little about another. And a company's paperwork can live in a different state from its shop.

Share of 2025 applications for a new business tax number, by region: the South 44.4 percent, the West 24.5 percent, the Midwest 17.0 percent, the Northeast 14.2 percent.

The five states with the largest counts: Florida 647,734 (11.4 percent), California 553,931 (9.8 percent), Texas 544,146 (9.6 percent), New York 301,047 (5.3 percent), Georgia 254,582 (4.5 percent).

Wyoming stands far above the rest (+302 percent against 2019); New Mexico (+133 percent) and Delaware (+132 percent) follow. Our reading, which the source does not state, is that in Wyoming and Delaware these are registrations made for tax and company-law convenience rather than new storefronts. If the seller's company is registered in one of them, find out where the business really trades. Appendix A8 sets out purchases by state.

U.S. Census Bureau, Business Formation Statistics, 2025 (our sums of the monthly series).

Money and help: narrower than you may hope

For you: before you plan the money, know three things.

- **The SBA gives no grants for buying a business.** Its own page says it gives none for starting or expanding one, and its few grants to businesses are for research and exporting. Anyone offering you “an SBA grant to buy a business” is not telling you the truth.
- **The main federal route is a bank loan with an SBA guarantee.** Chapter 21 covers what the bank requires. Chapter 21b covers the smaller SBA programs, what each can and cannot pay for, and the free advice the SBA’s partners give.
- **SBA loans are for US citizens and US nationals who live in the United States.** For loans numbered, or applications filed with the SBA, from 1 March 2026, that rule covers every owner of the business. A green card is not enough. If that is you, chapter 23b is your chapter.

What to take from this chapter

Three questions to carry into your first meeting with any seller, before you talk about price:

1. **Why are you selling?** Retirement and tiredness are reasons. A falling trade, a new competitor next door or a landlord problem are reasons too, of a different kind.
2. **How old is this business, and can you show me?** Tax returns and bank statements, not a story.
3. **How long will you stay to hand it over?** Especially if the seller has run it alone for decades.

In the words you can use at the table:

> “Why are you selling now? And how long will you stay to work alongside me after we close?”

The first answer tells you what you are buying. The second tells you how much of it walks out the door with him.

The whole book — 34 chapters, 24 states and every source with its address — is on Amazon.

https://www.amazon.com/dp/B0HJRDTSDX