



Business Establishments in Boston: Detailed Industry Profiles

December 1, 2023
Research Division

Outline of topics

- Overall trends for employer and non-employer businesses in Boston
 - How did COVID-19 disrupt and reshape business dynamics?
- Detailed industry profiles and trends
 - Employer and non-employer establishments relative to total jobs and payroll
 - Employment size
 - Employer establishments by zip code
 - Employer establishments by subsector
 - Openings and closings



Some vocabulary for how the Census reports on businesses



Non-employer establishment

Single-person business



Employer establishment

Business location that employs people



Firm / enterprise

Can consist of 1 or more establishments

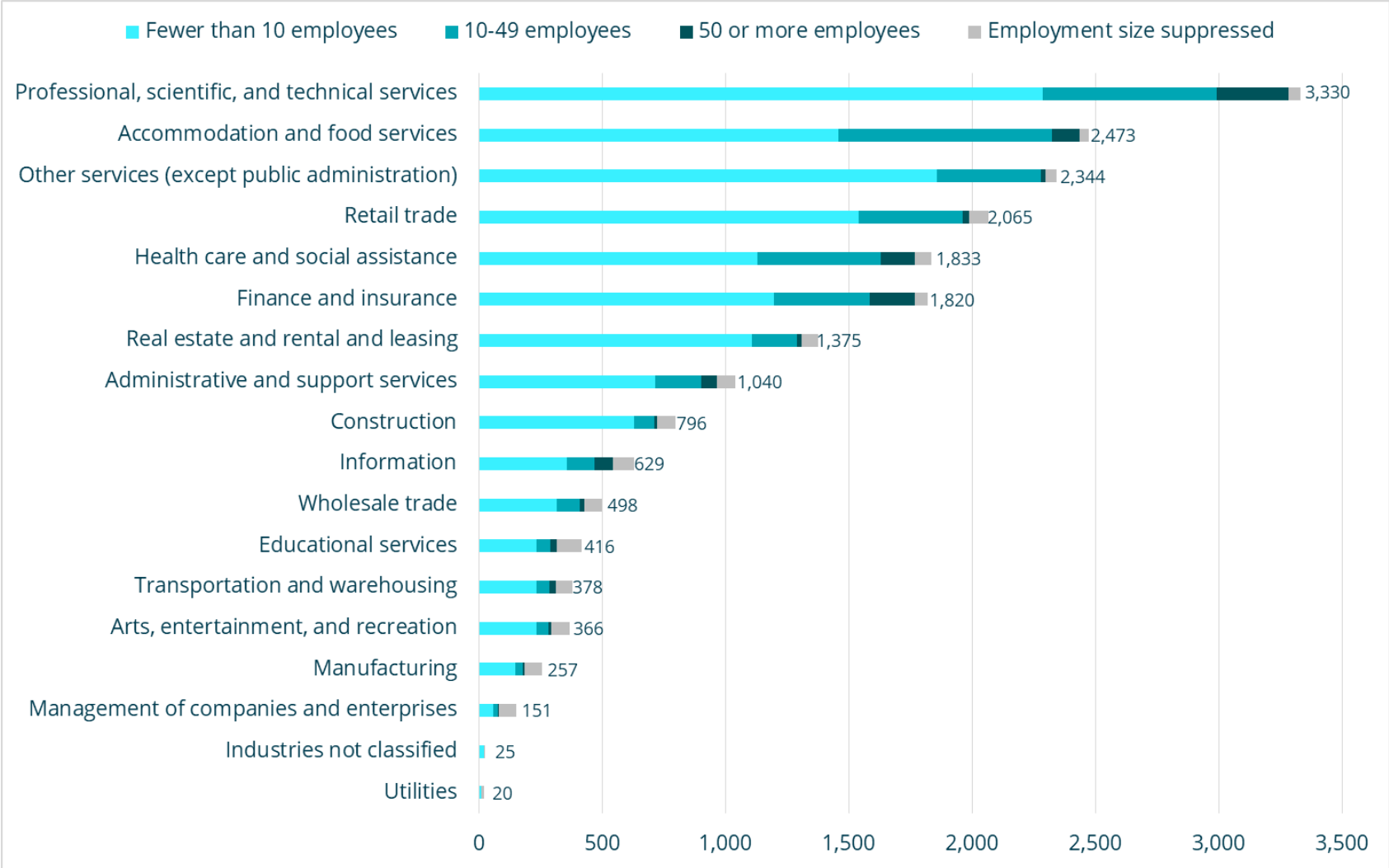


1.

Overall trends



Small employers are an important share of all industries, but larger employers are a larger share of the health care and professional and financial services sectors.



Almost a third of total jobs in both real estate and transportation are non-employer businesses.



Total non-employer businesses



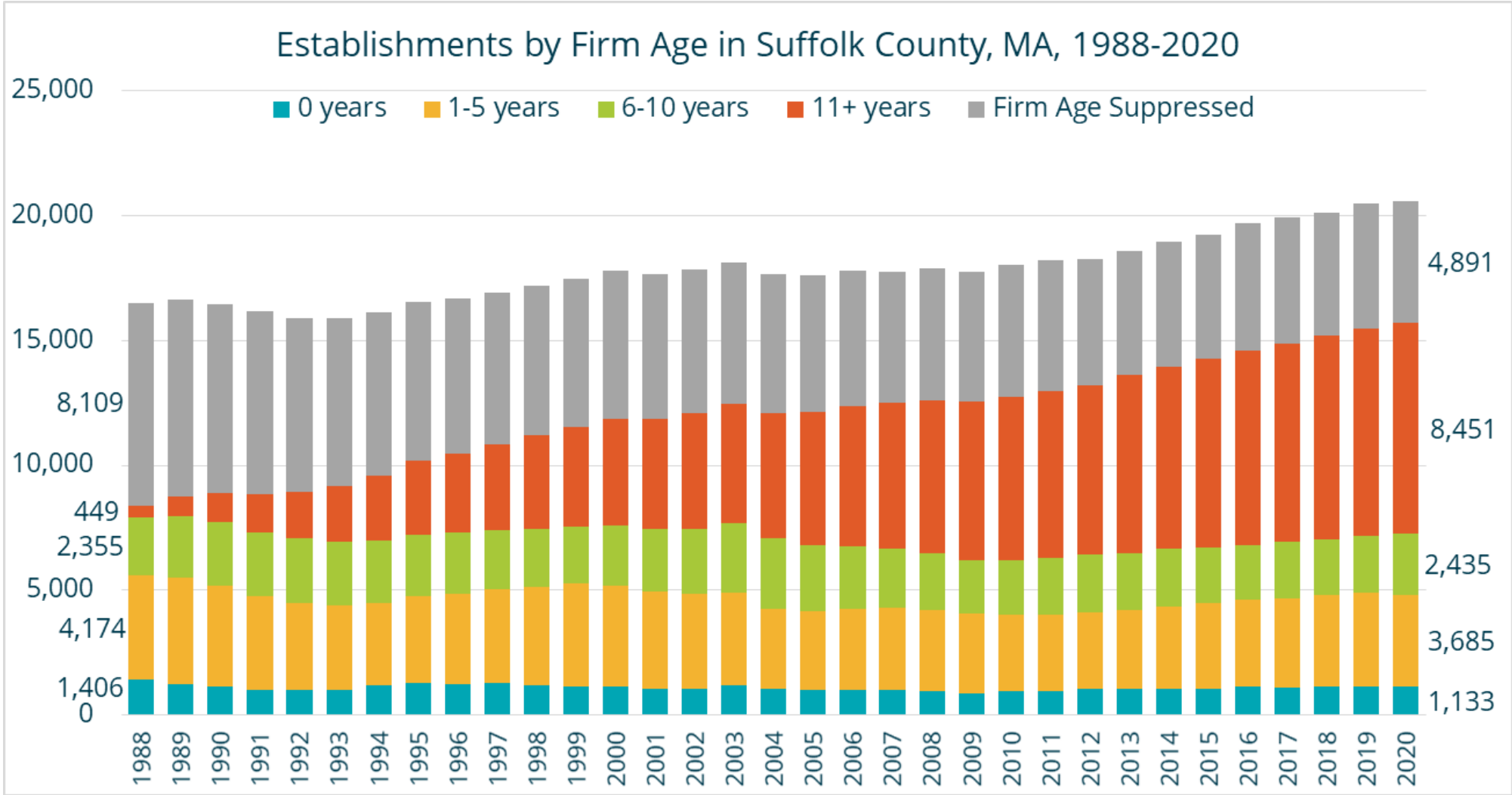
Non-employer share of jobs within sector



Share of total non-employer businesses

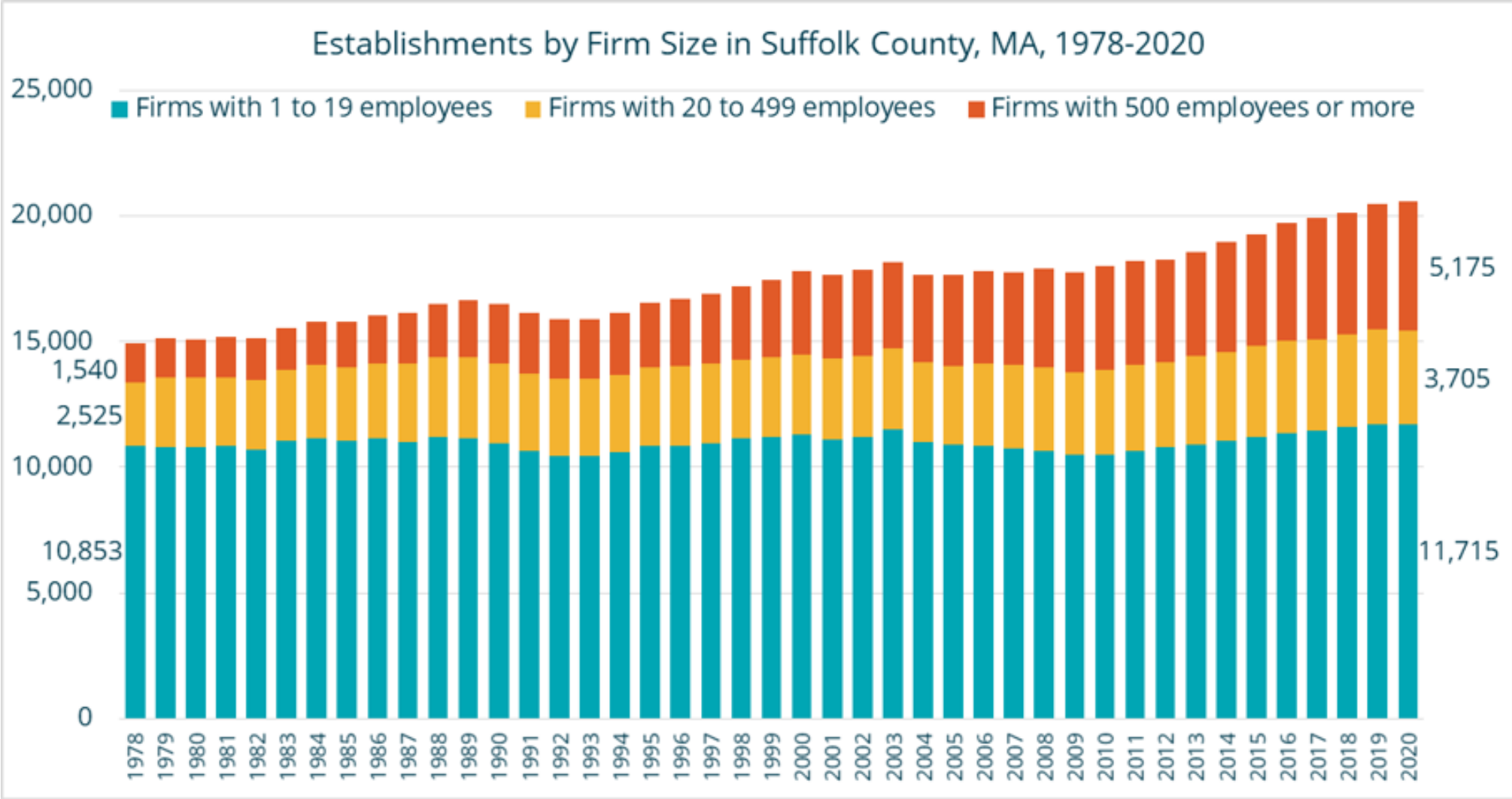
	Total non-employer businesses	Non-employer share of jobs within sector	Share of total non-employer businesses
Real estate and rental and leasing	7,300	33%	12%
Transportation and warehousing	12,460	32%	21%
Construction	4,023	21%	7%
Arts, entertainment, and recreation	3,819	21%	6%
Administrative and support and waste management and remediation services	3,538	11%	6%

Long-term trends prior to COVID-19 favored older firms. In 2020, 41% of establishments belonged to firms more than 10 years old.



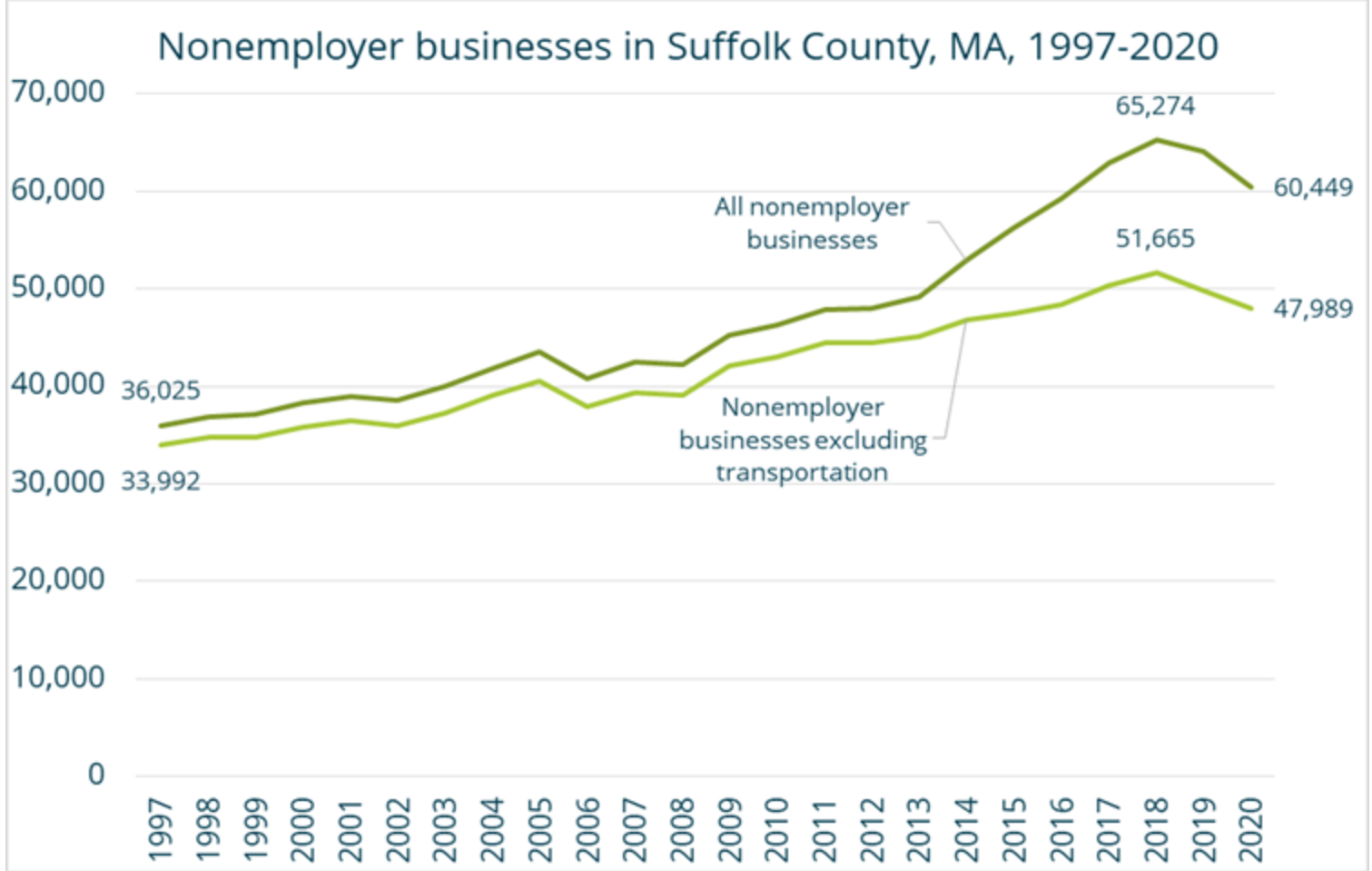
Note: annual figures represent conditions on March 12 of each year.

Long-term trends prior to COVID-19 favored larger firms. In 2020, 25% of business establishments belonged to firms with 500+ employees.



Note: annual figures represent conditions on March 12 of each year.

Boston added non-employer businesses rapidly from 1997 to 2017, with the rise of the gig economy having a particular impact on transportation, but their numbers peaked in 2018 and started falling prior to COVID-19.

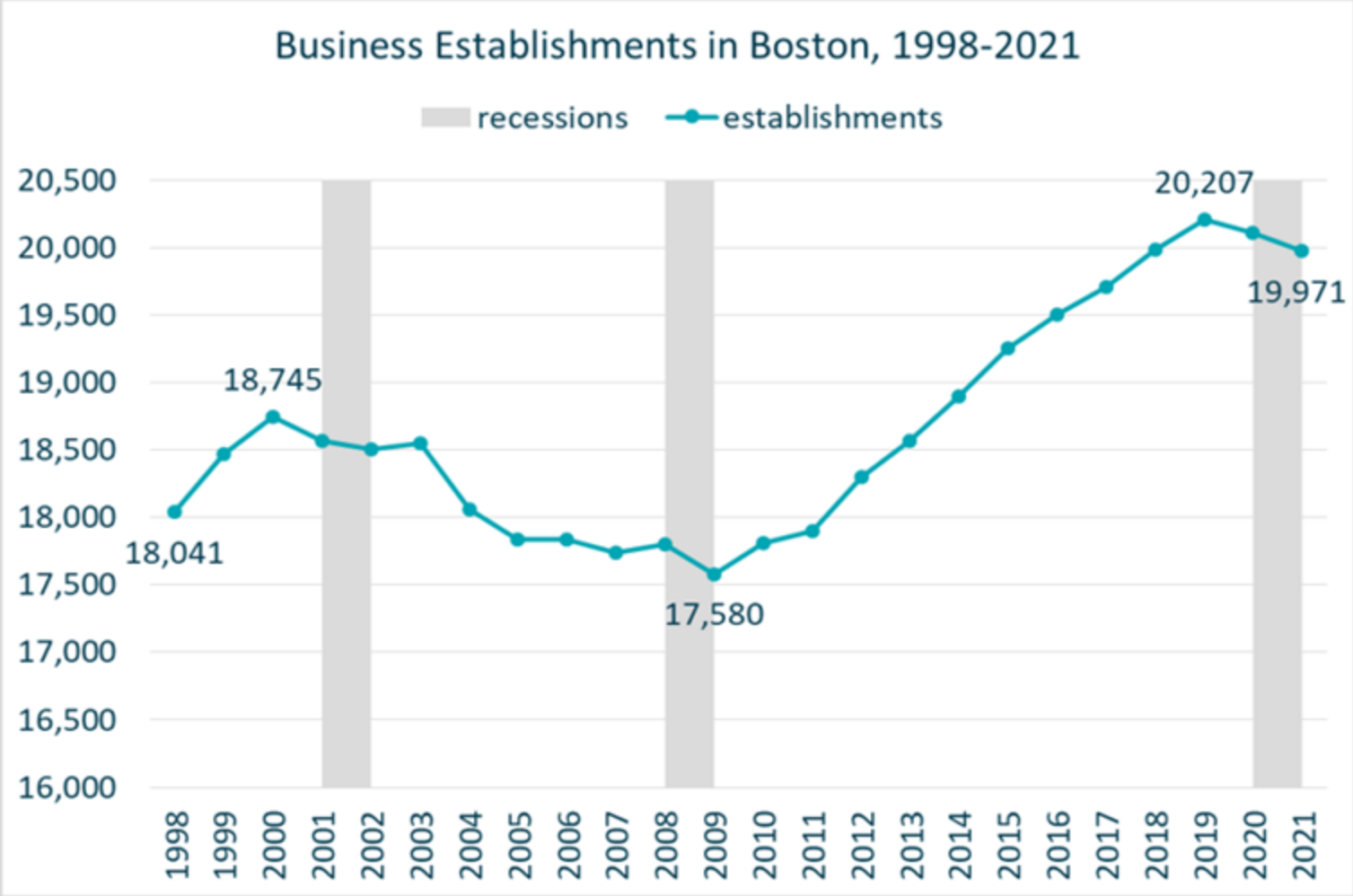


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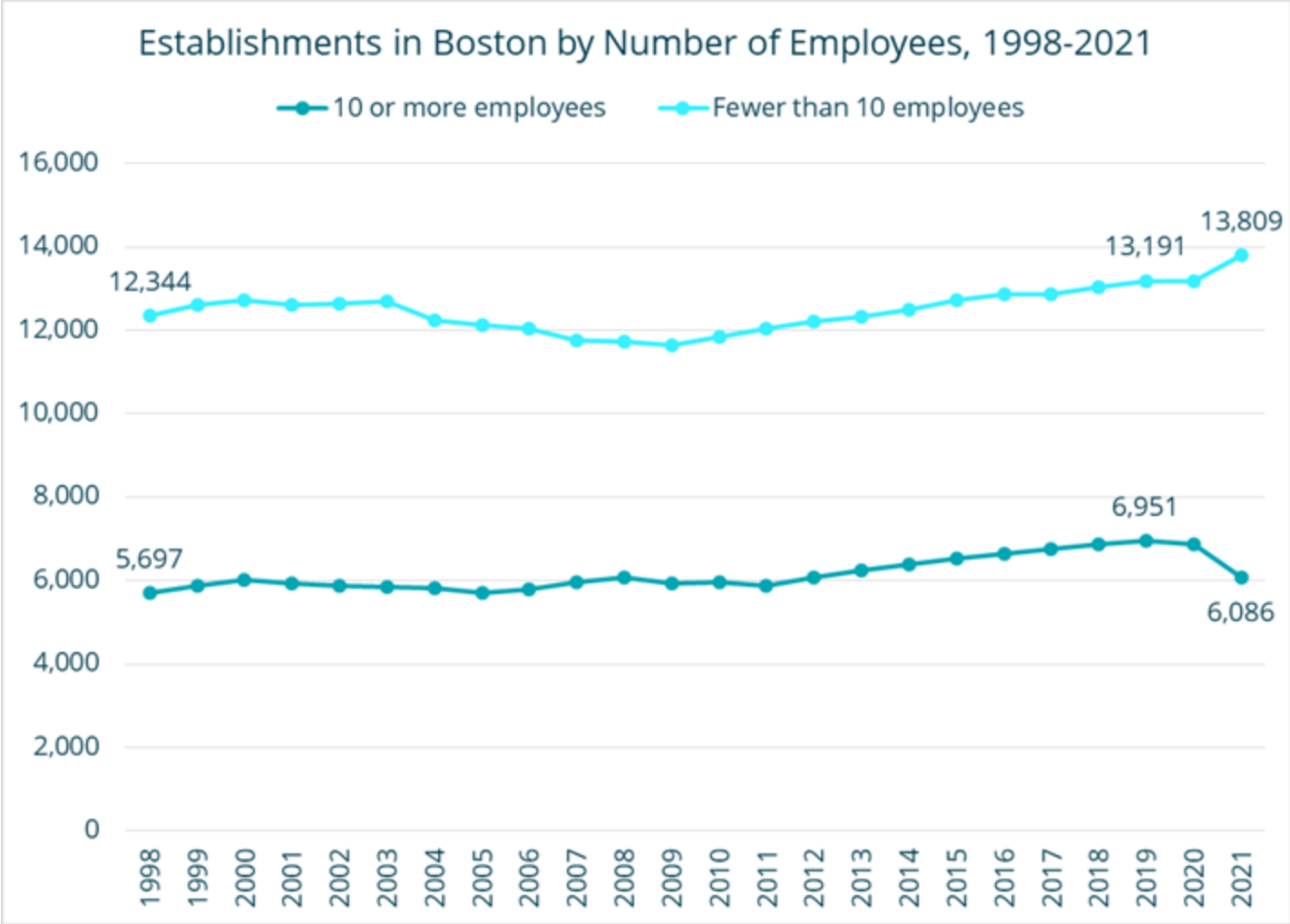
Source: U.S. Census, 1997 - 2020 Non-employer Statistics; BPDA Research Division Analysis.

Boston lost several hundred employer establishments from 2019 to 2021 after a decade of growth.



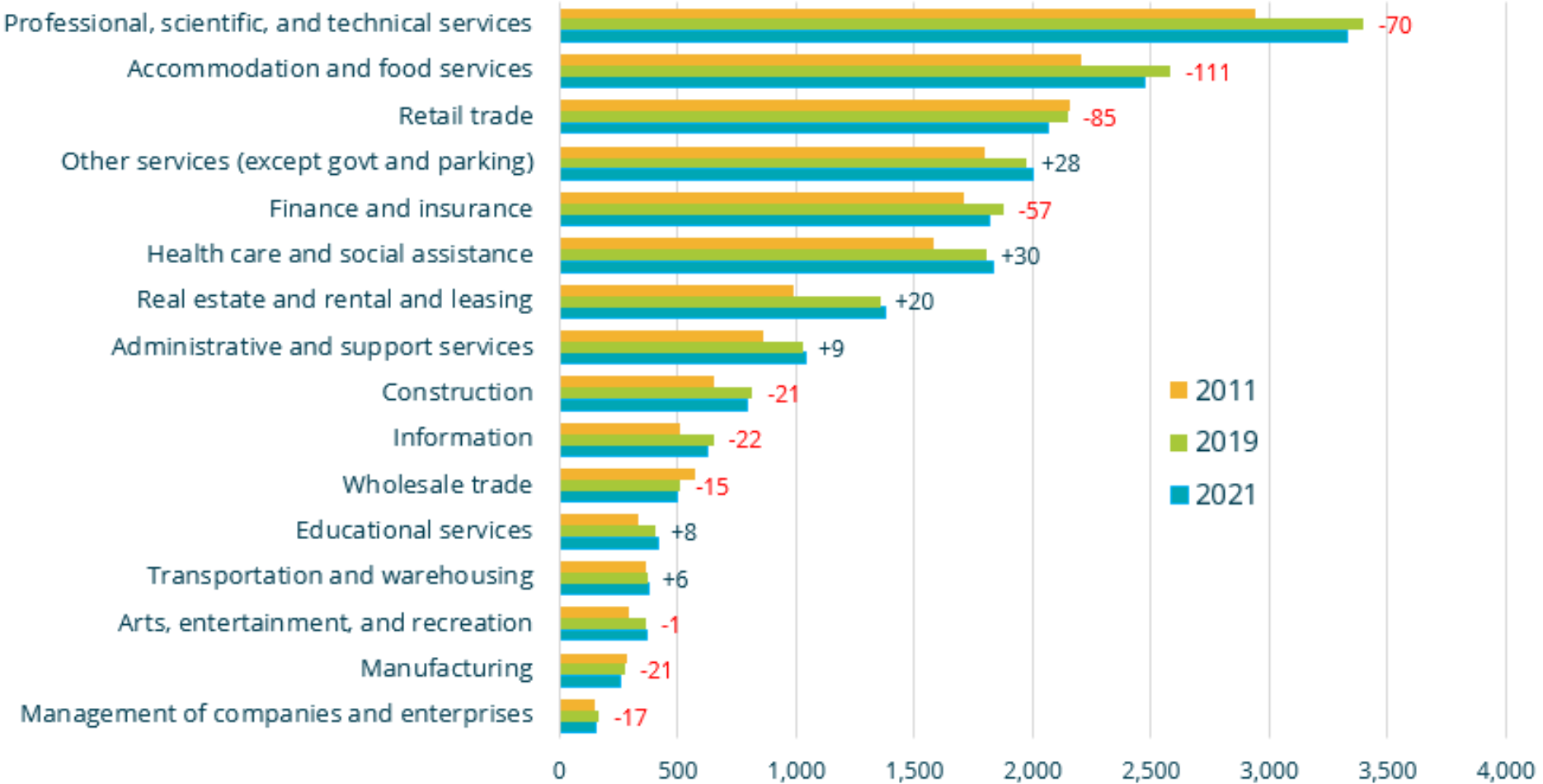
Note: annual figures represent conditions on March 12 of each year.

From 2019 to 2021, Boston's employer establishments got smaller. This partially reflects job cuts, but also reflects new small businesses.



Some of Boston's biggest sectors lost employer establishments from 2019 to 2021.

Business Establishments by Sector in 2011, 2019, and 2021
 Labels show change from 2019 to 2021



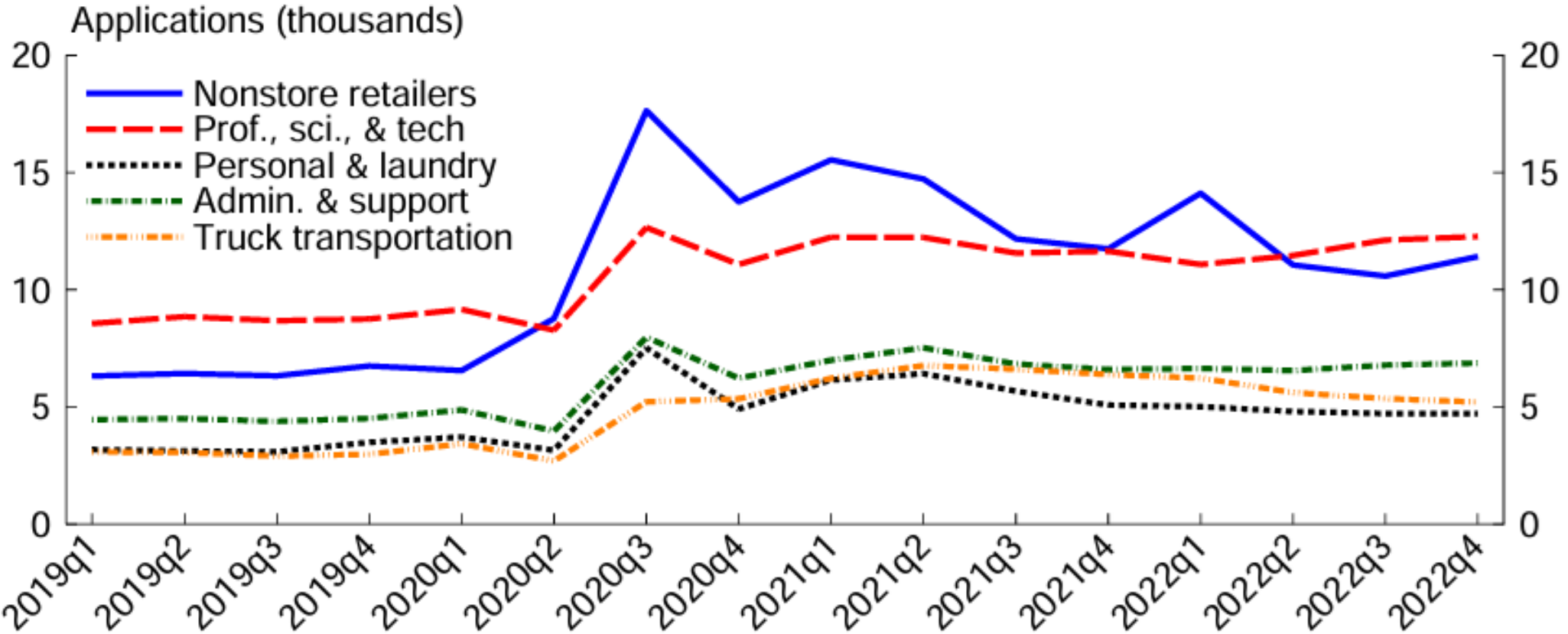
However, some of Boston's neighborhoods added employer establishments from 2019 to 2021 as COVID-19 reshuffled economic activity away from city centers.

Dorchester Business Establishments by Sector in 2011, 2019, and 2021
 Labels show change from 2019 to 2021



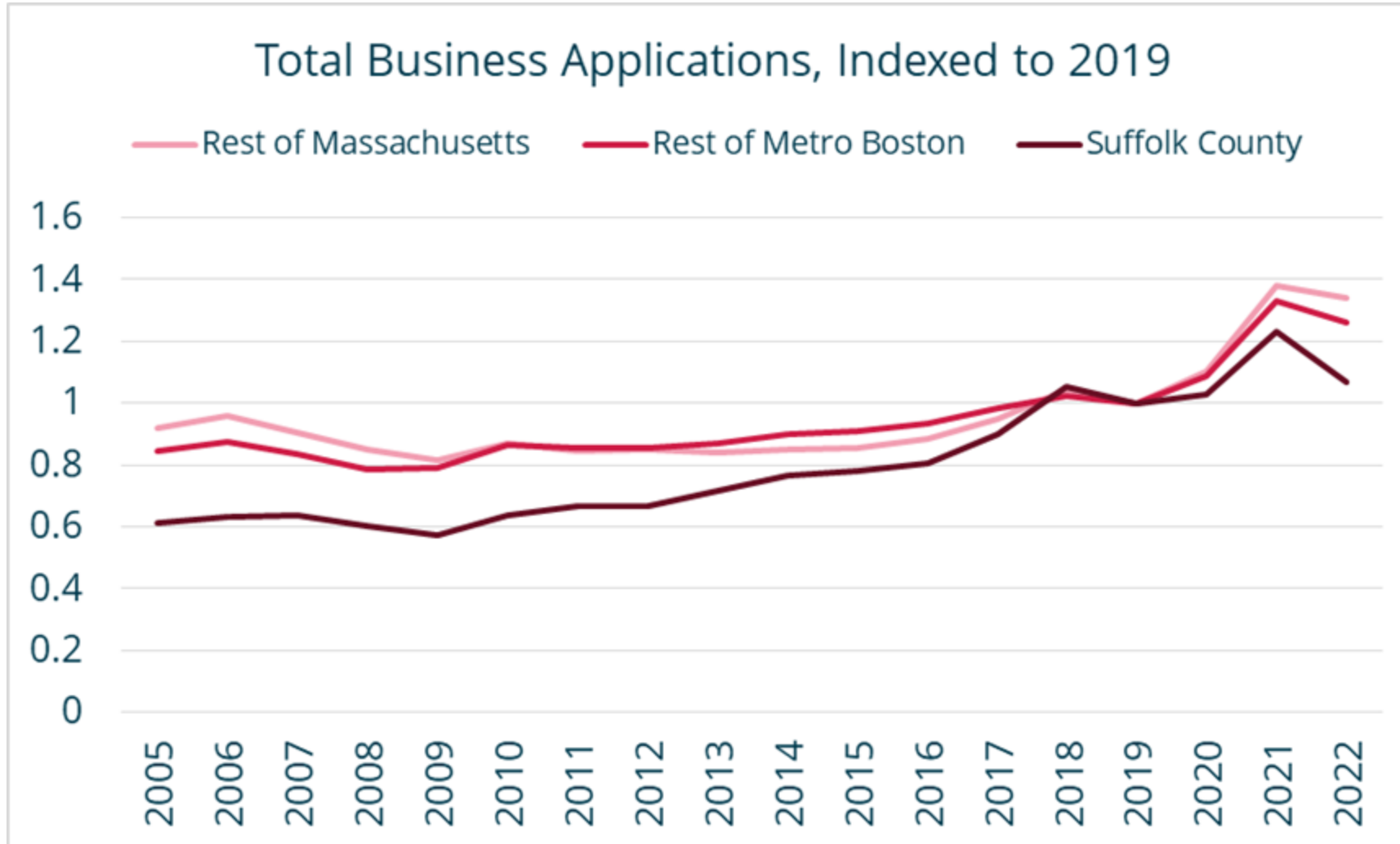
Source: U.S. Census, 2011 – 2021 Zip Code Business Patterns, BPDA Research Division Analysis. The neighborhood of Dorchester is approximated using zip codes 02122, 02124, and 02125.

Nationally, new business applications surged in 2020 and 2021, with gains concentrated in a handful of industries like retail and professional services.

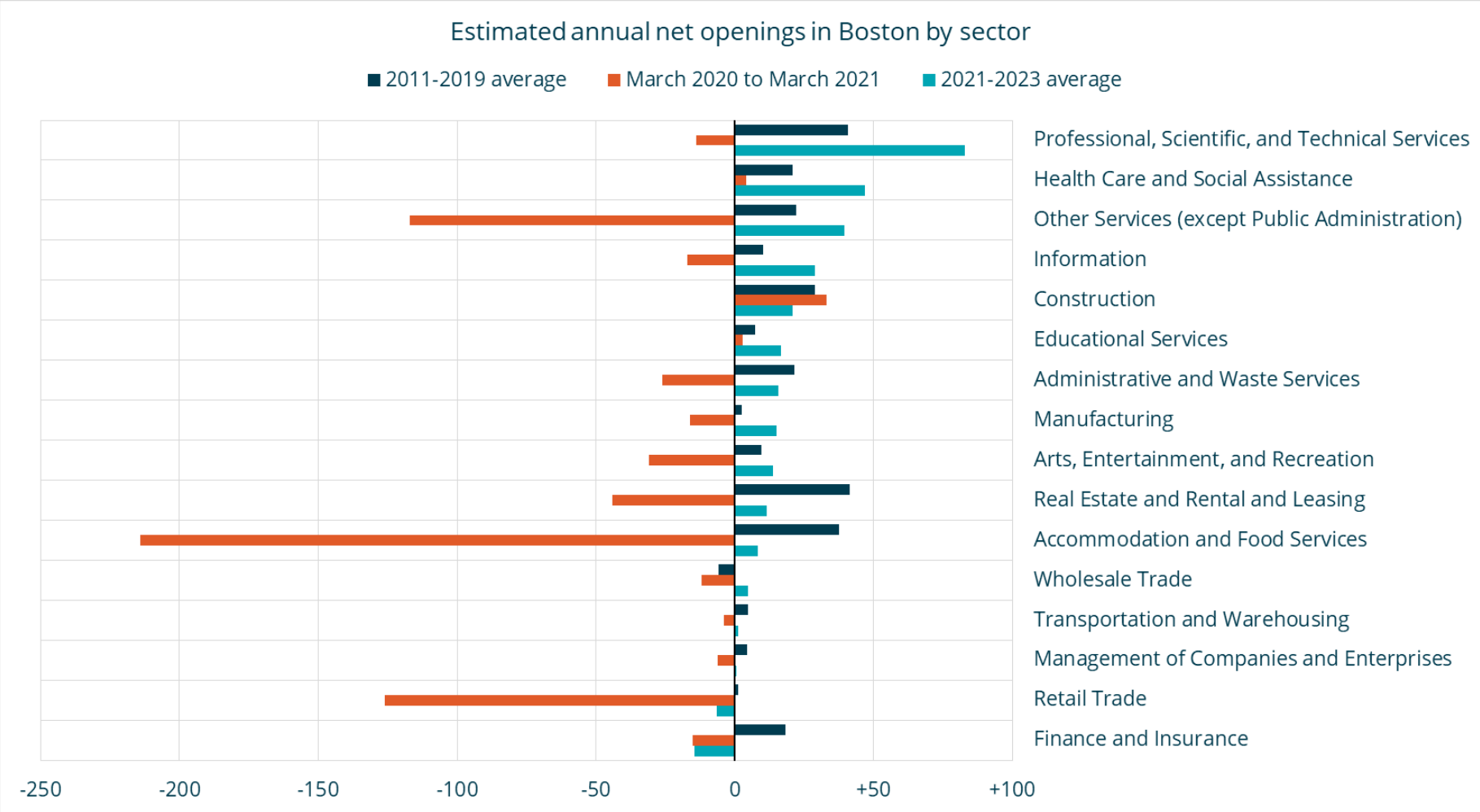


Note: All applications. Average weekly pace by quarter (seasonally adjusted).
Source: Census Bureau Business Formation Statistics.

The surge in new business applications during COVID-19 was greater and more sustained outside of central cities.



After experiencing sharp disruptions during year 1 of COVID-19, most sectors have resumed adding establishments in Boston.



Source: US Census, 2011-2021 Business Dynamics Statistics; 2021-2023 BPDA Research Division business database (Data Axle, Yelp, Bing, Yellow Pages, Boston Licensing Board); BPDA Research Division Analysis

Main takeaways for overall business trends

- Boston lost employer establishments during the first year of COVID-19 in both in-person services and in finance / insurance / tech. However, some neighborhoods and industries added new small businesses during this time.
- Since 2021, Boston has resumed adding employer establishments in almost every sector. However, the 2021 surge in new business applications was concentrated outside of the urban core.
- It remains to be seen whether the COVID-era surge in new business applications will alter business dynamics in Boston over the long term.

2.

Accommodation and food services



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Accommodation and food services businesses make up 12% of employer establishments in Boston, but these jobs are only 2% of total payroll.

Accommodation and food services
2,473 employer establishments in Boston



12% of employer establishments



9% of private employment



2% of annual private payroll

Few accommodation and food services establishments are non-employers, and a small share of non-employer businesses are in this sector.

Accommodation and food services

844 non-employer businesses in Suffolk County



1.3% of jobs in this sector

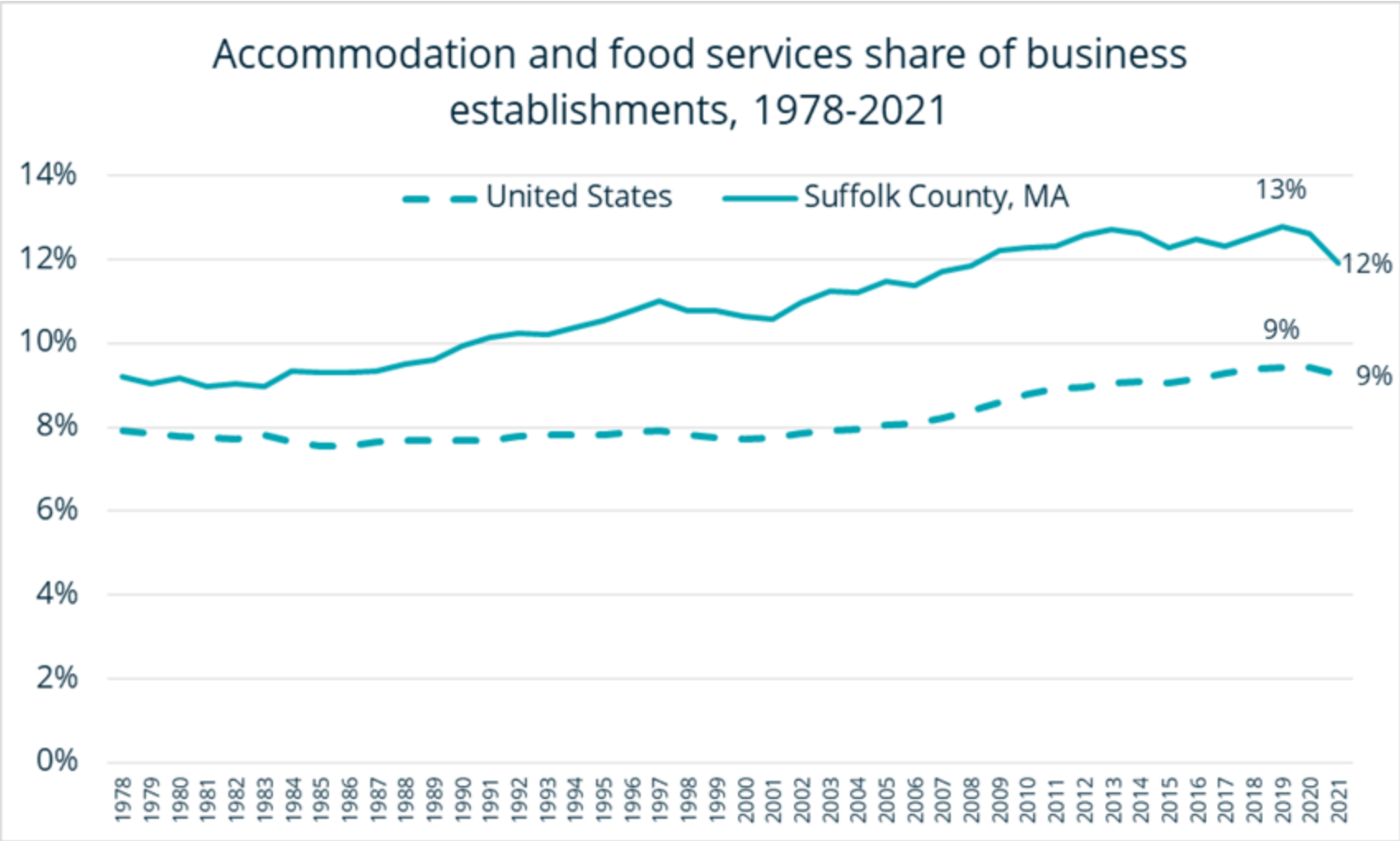


1.4% of all non-employer businesses



1.2% of all non-employer receipts

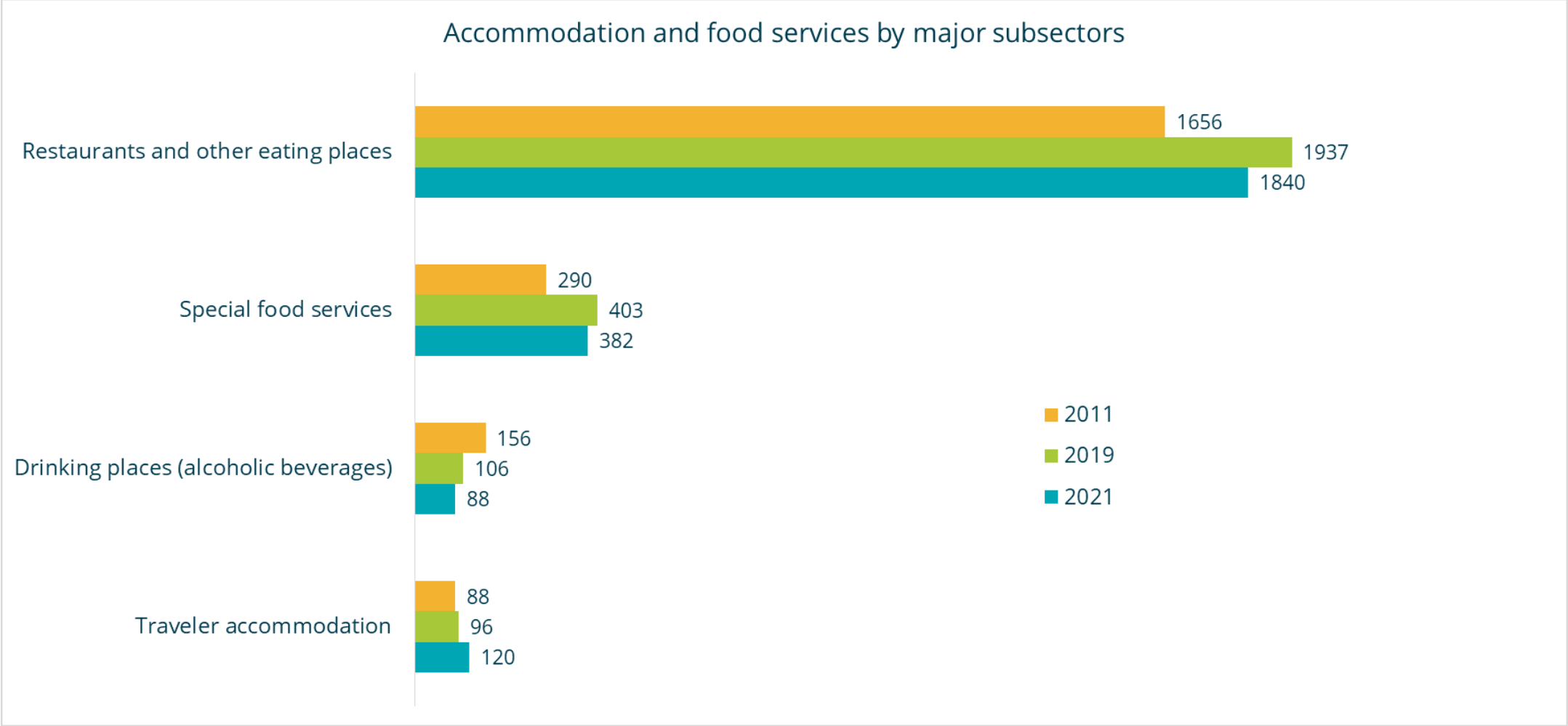
Accommodation and food services have a higher share of businesses in Boston than in the US as a whole, but Boston saw steeper 2019-2021 losses.



Many accommodation and food services establishments in Boston reduced their employment and became smaller from 2019 to 2021.

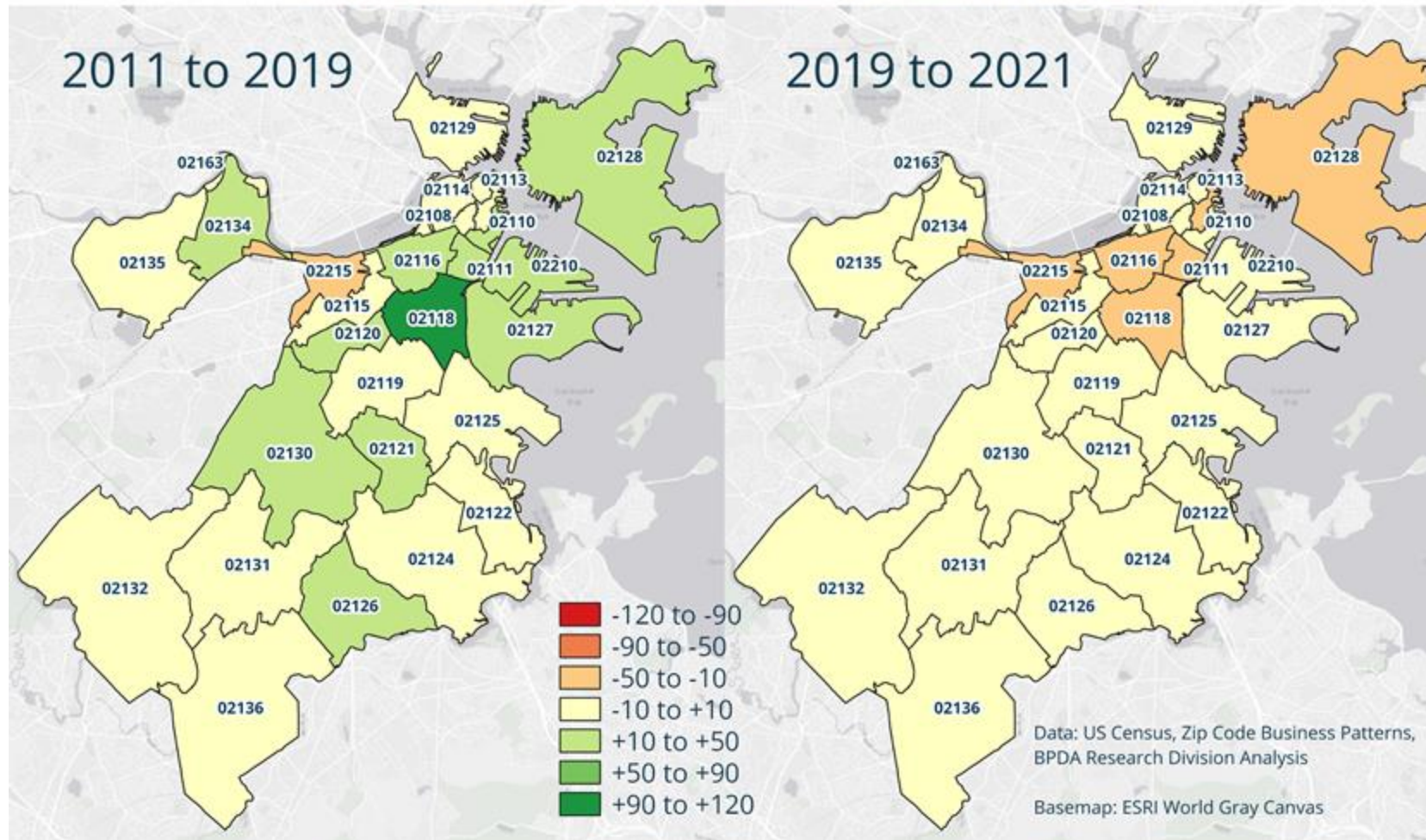


Most of the net closures were restaurants and bars. Hotels & motels cut employment but generally stayed in operation in some form.

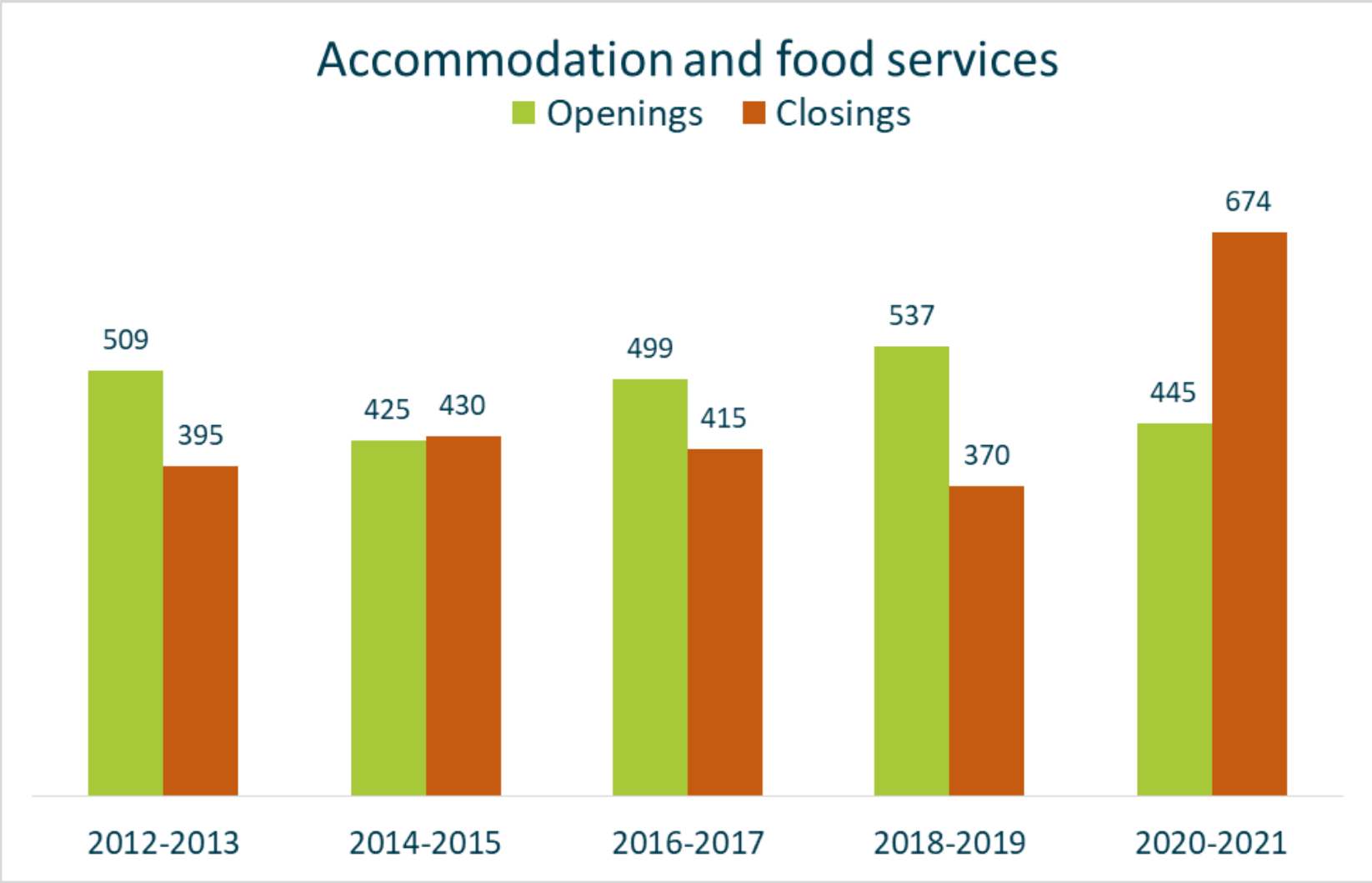


Accommodation and food services establishment losses from 2019 to 2021 were concentrated in Boston's commercial core.

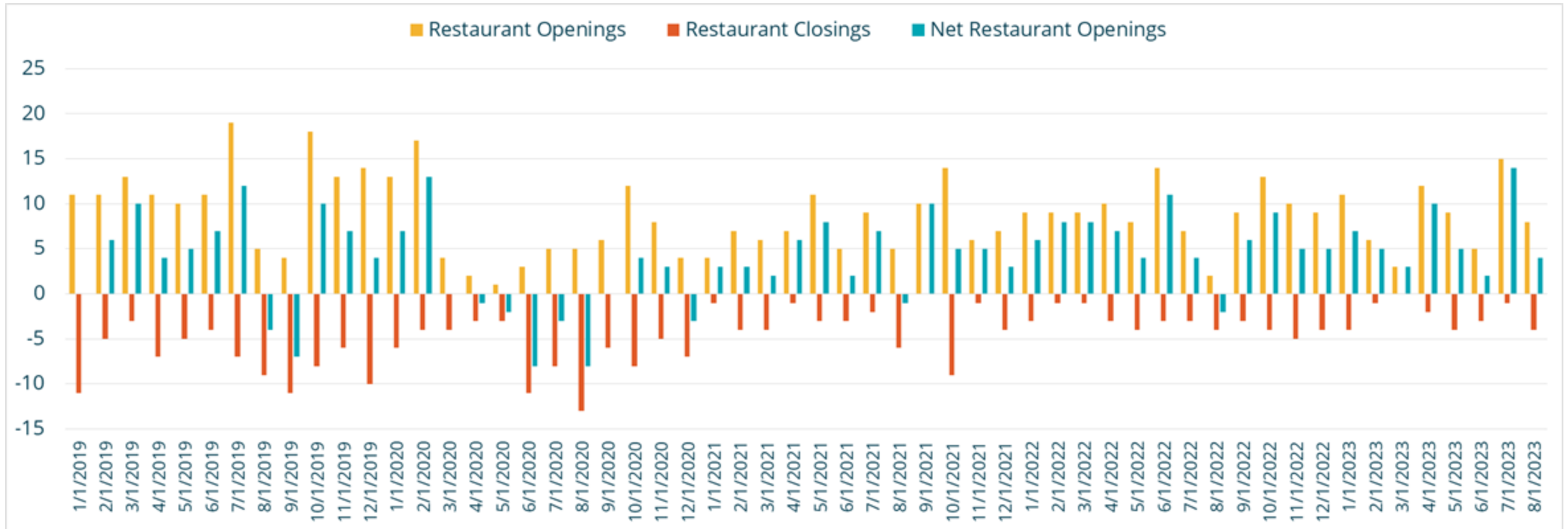
Accommodation and food services



Establishment losses in Suffolk County were driven by a large increase in closings in 2020 and early 2021.

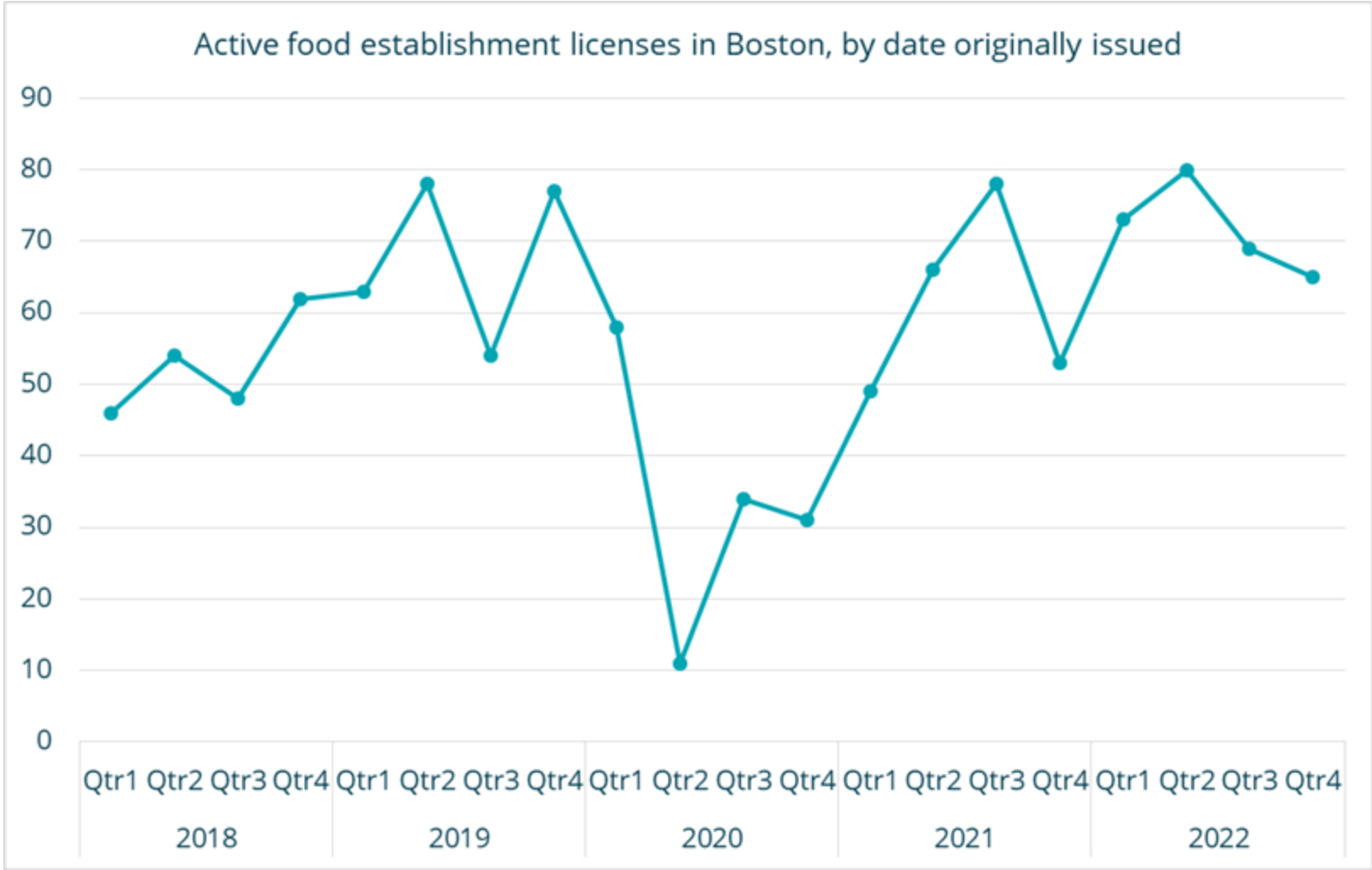


Net restaurant openings in Boston have recovered to pre-pandemic levels.



Year	Openings	Closings	Net
2019	140	86	54
2020	80	78	2
2021	91	38	53
2022	109	38	71

Licenses for restaurants in Boston are being issued at pre-pandemic rates.



Year	Licenses issued
2018	210
2019	272
2020	134
2021	246
2022	287

These data reflect licenses that were active as of September 13, 2023.



Source: Boston Inspectional Services Department and Department of Innovation and Technology, BPDA Research Division Analysis

Main takeaways for accommodation and food services

- Accommodation and food services saw widespread job cuts and closures from 2019 to 2021, mainly in more central neighborhoods.
- Since 2021, new restaurant formation in Boston has returned to pre-pandemic levels.

3.

Retail trade



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Retail trade businesses make up a larger share of employer establishments in Boston than they do of employment or payroll.

Retail trade

2,065 employer establishments in Boston



11% of employer establishments



6% of private employment



4% of annual private payroll

In 2020, there were 3,260 non-employer retail trade businesses operating in Suffolk County, making up 7.5% of all retail trade jobs.

Retail trade

3,260 non-employer businesses in Suffolk County



7.5% of jobs in this sector

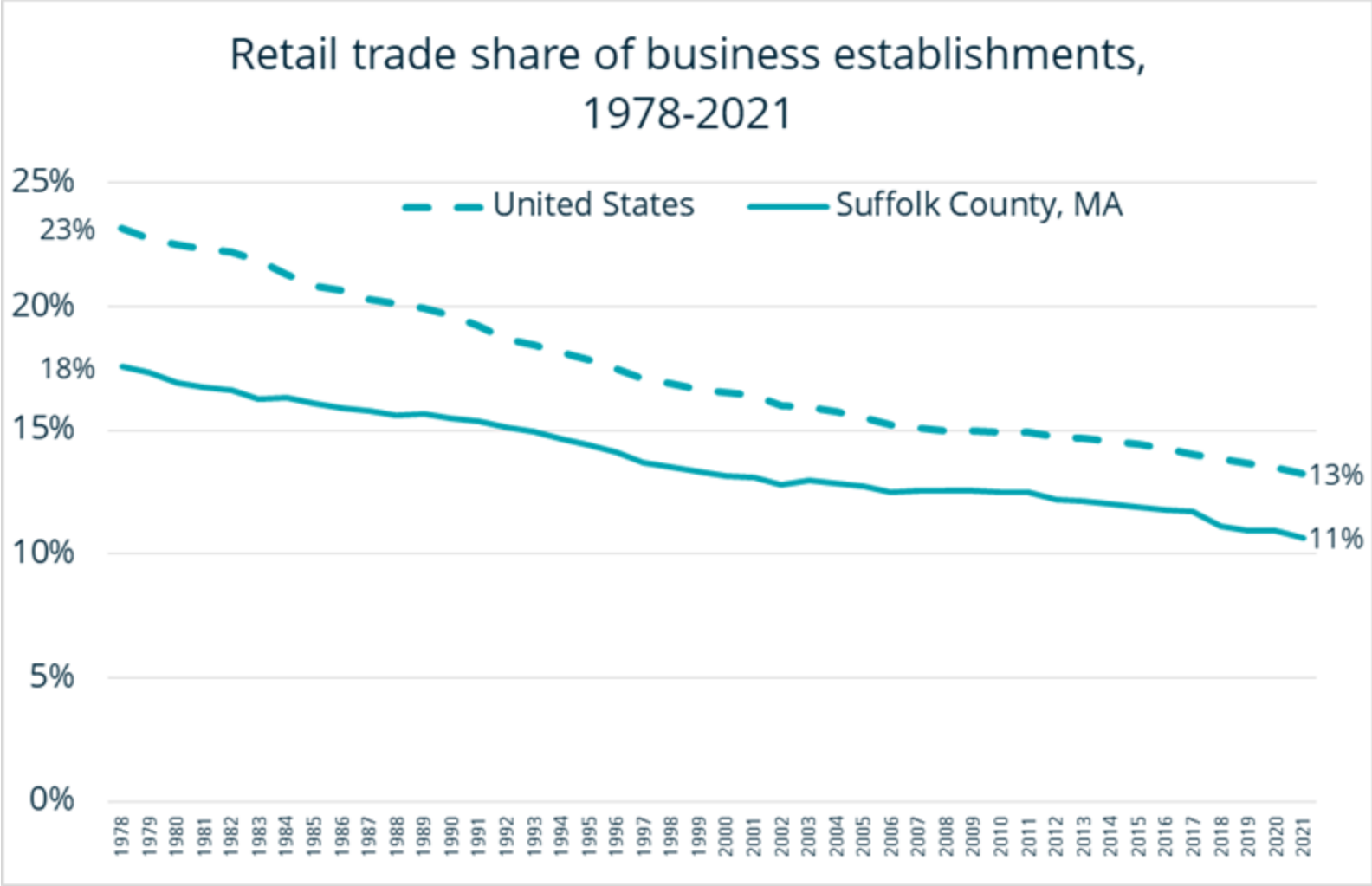


5.4% of all non-employer businesses



3.6% of all non-employer receipts

Retail trade represents a lower share of businesses in Boston than in the US as a whole, and retail's shares have been declining over the long term.

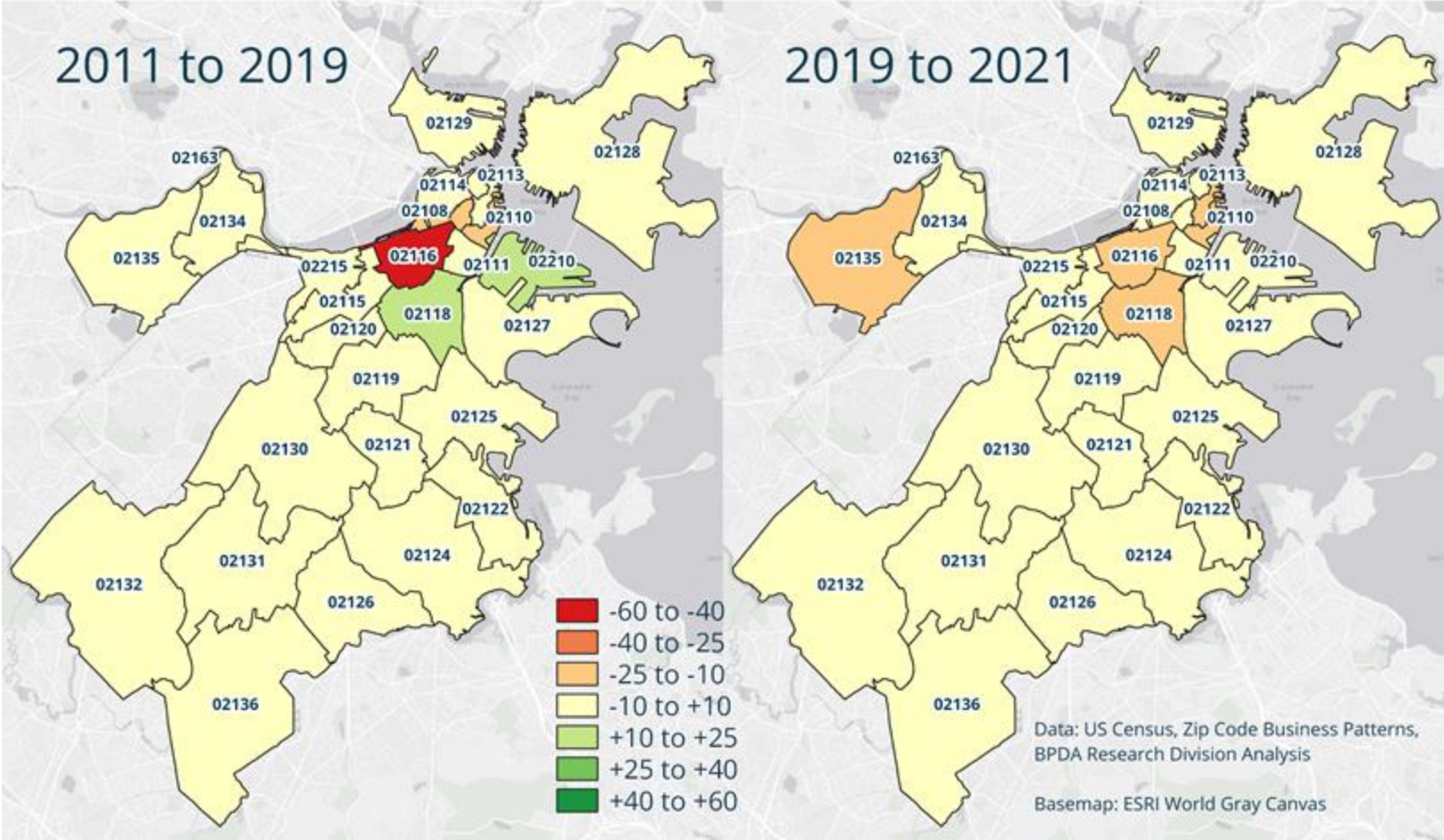


Boston's retail industry lost establishments of all sizes from 2019 to 2021.



Losses of retail trade establishments have been concentrated in parts of Downtown and Back Bay, both before and during the start of COVID-19.

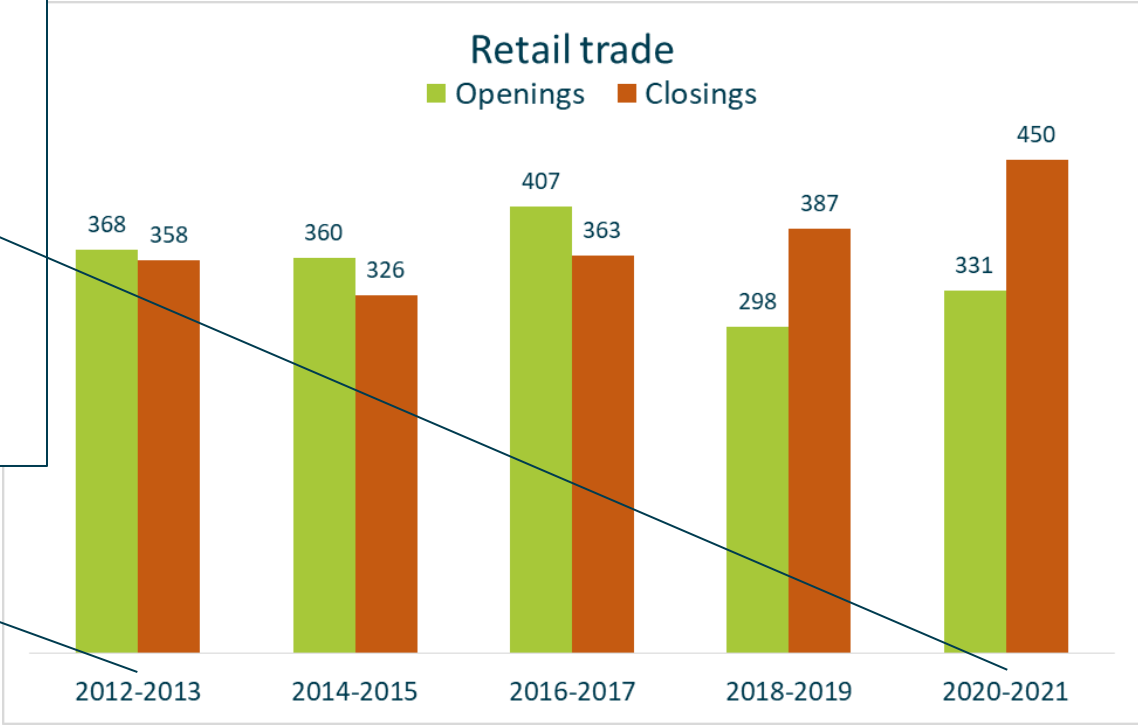
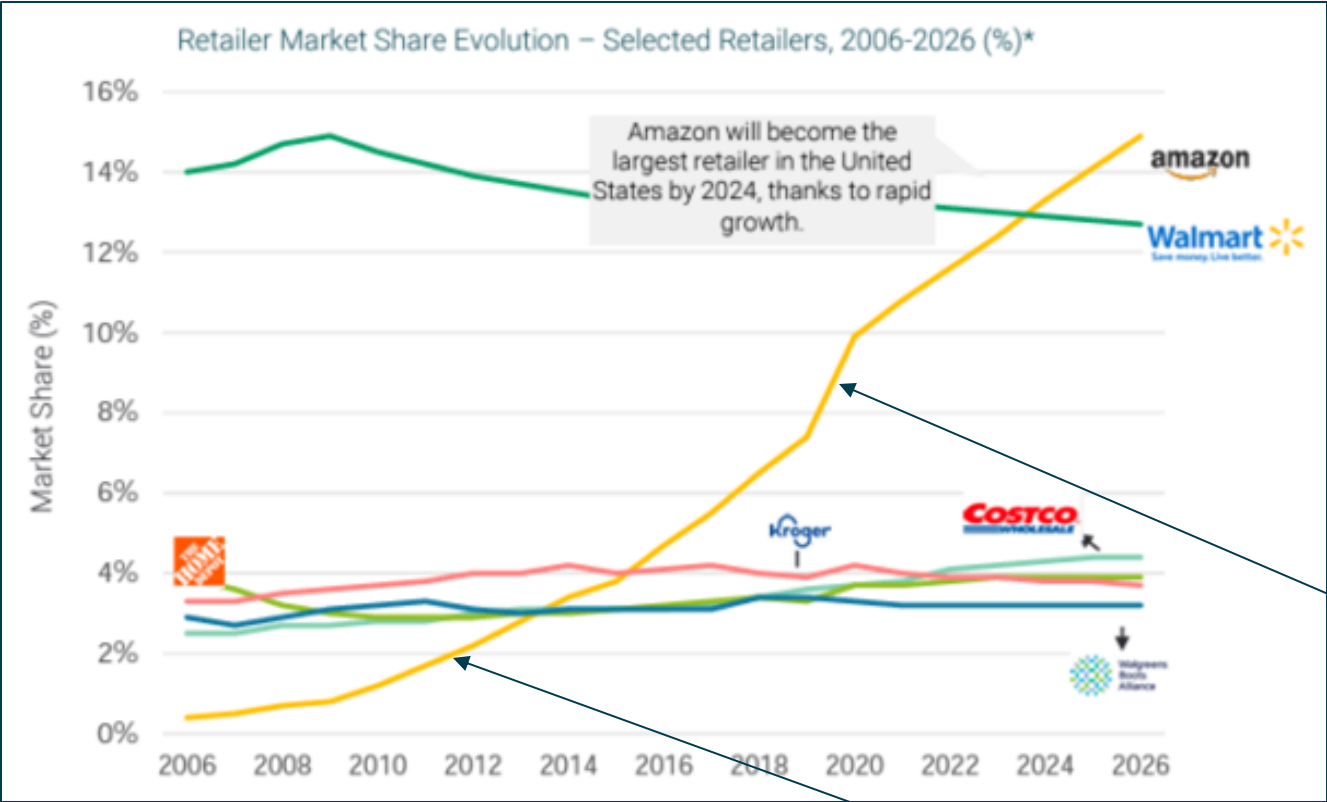
Retail trade



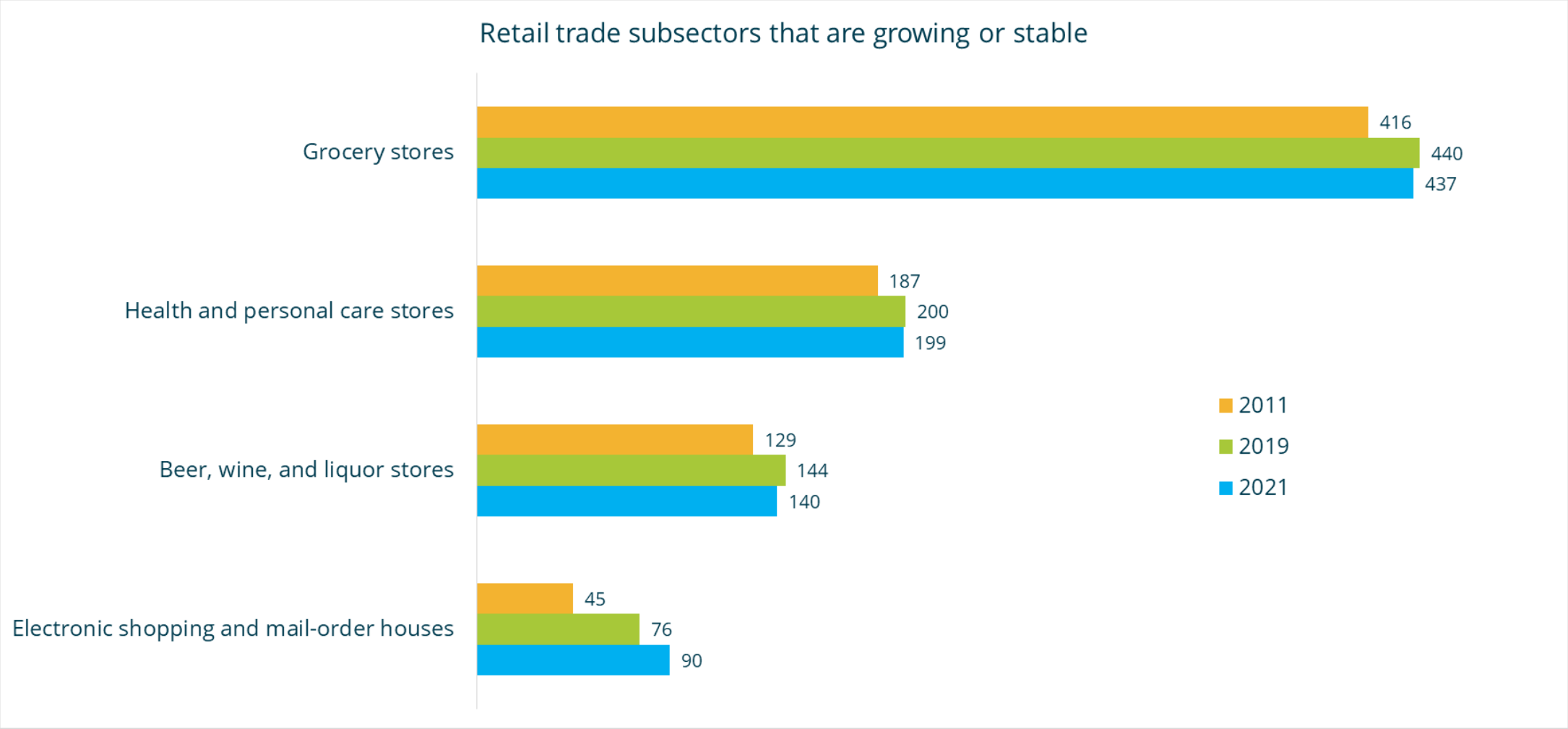
Retail trade in Suffolk County saw both an increase in closings and a decrease in openings starting in 2018-2019, before the pandemic.



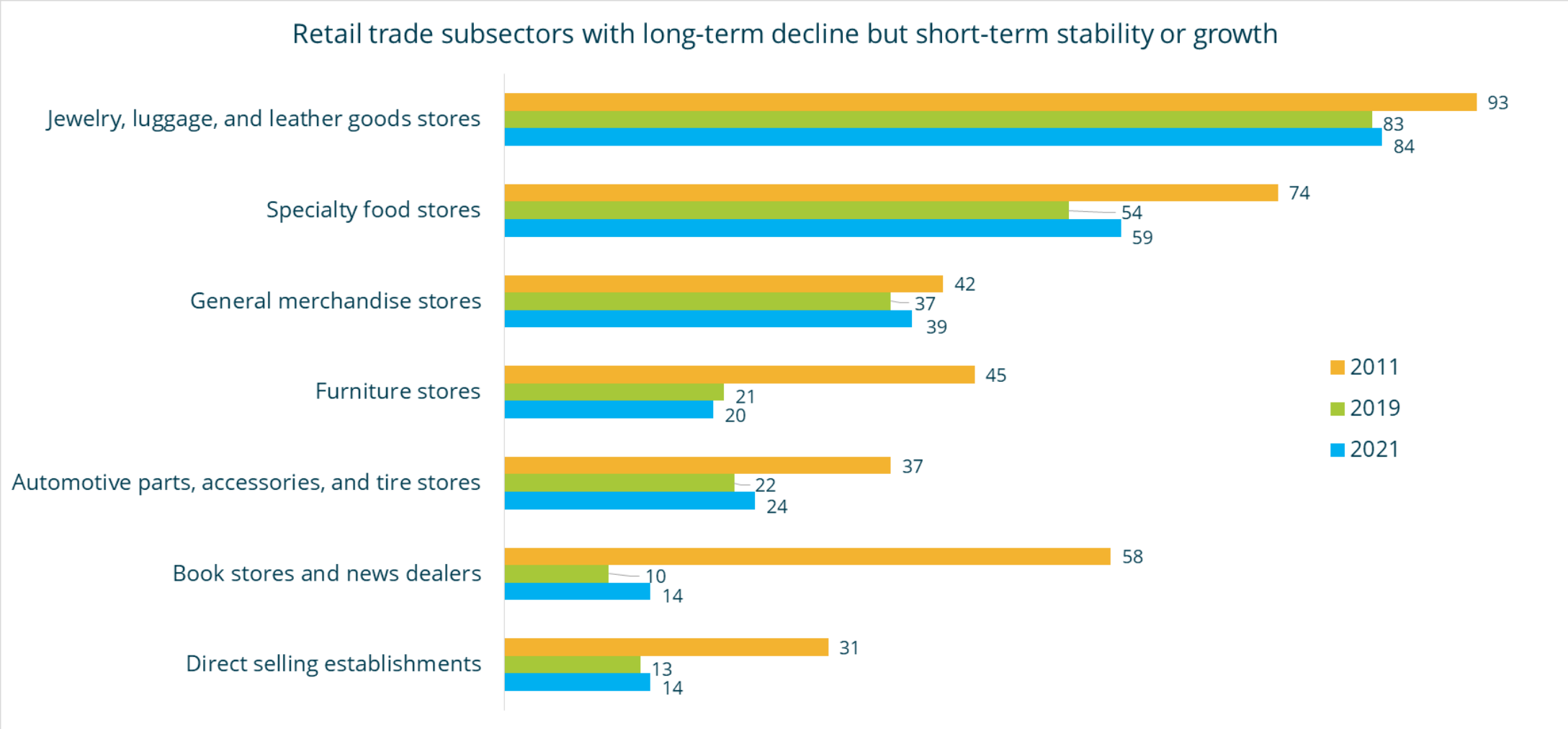
The pandemic accelerated retail's pre-existing shift toward e-commerce.



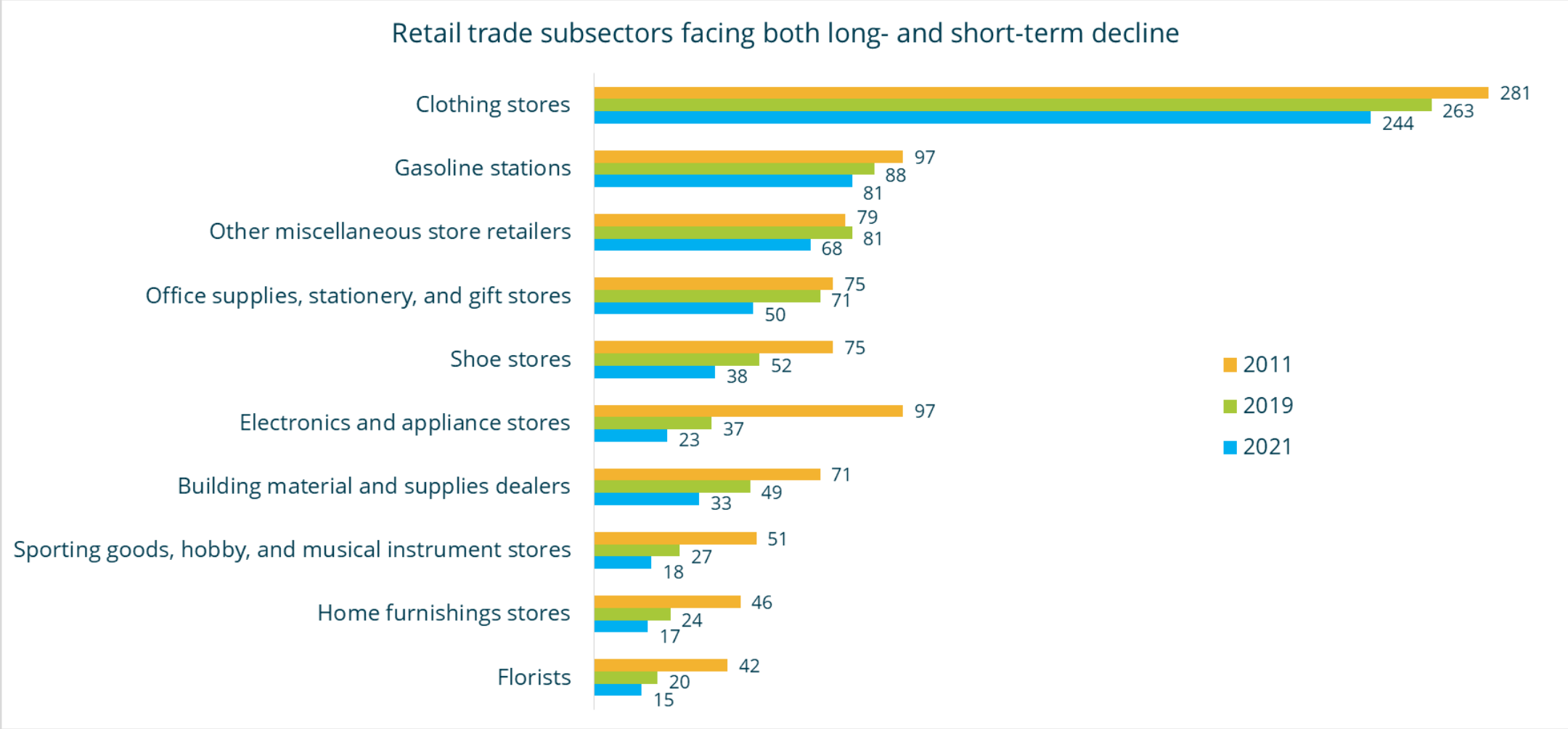
Some subsectors within retail trade have been growing in Boston over the long term and fared relatively well during the first year of COVID-19.



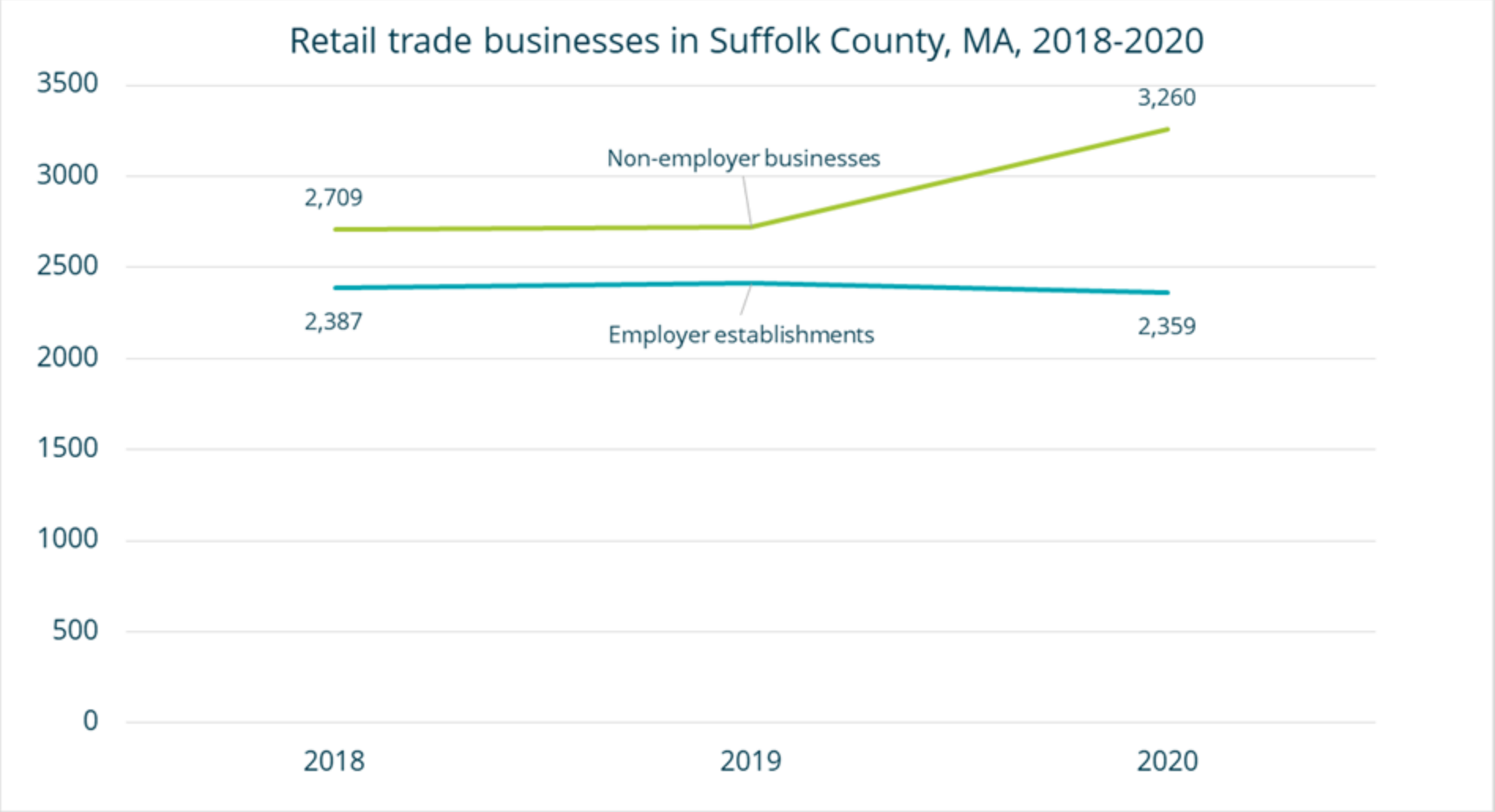
Other subsectors within retail trade have been in decline in the long term, but didn't lose employer establishments in Boston from 2019 to 2021.



A third group of retail trade subsectors in Boston saw heavier losses during COVID-19. Most of these had already lost establishments since 2011.



From 2018 to 2020, the number of non-employer retail trade businesses in Suffolk County increased by 551. This number likely went up again in 2021.



Main takeaways for retail trade

- Many subsectors of retail trade saw accelerated losses of employer establishments from 2019 to 2021 in Boston, but some subsectors have been stable or growing.
- Boston added hundreds of single-person retail businesses from 2018 to 2020, and likely added even more with the surge of business applications in 2021.
- E-commerce continues to reshape retail nationally.

4.

Other services

Other services (e.g. salons, pet care, mechanics, laundromats) make up a large share of establishments but a small share of employment.

Other services (except public administration)

2,344 employer establishments in Boston



12% of employer establishments



3% of private employment



2% of annual private payroll

Non-employer businesses represent 15% of jobs in Other Services. They take in a small share of receipts relative to their share of self-employment.

Other services (except public administration)
3,977 non-employer businesses in Suffolk County



15% of jobs in this sector

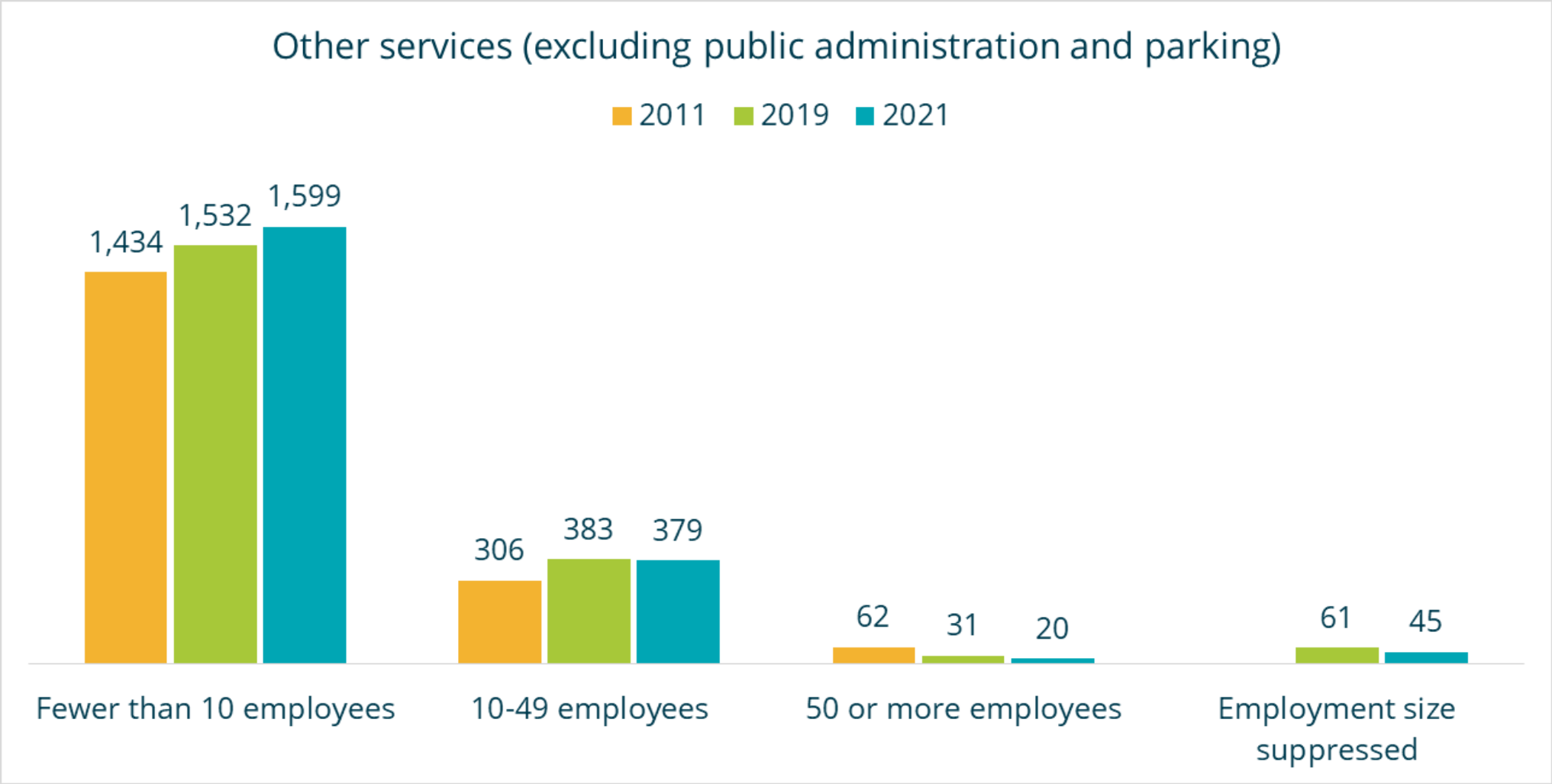


6.6% of all non-employer businesses



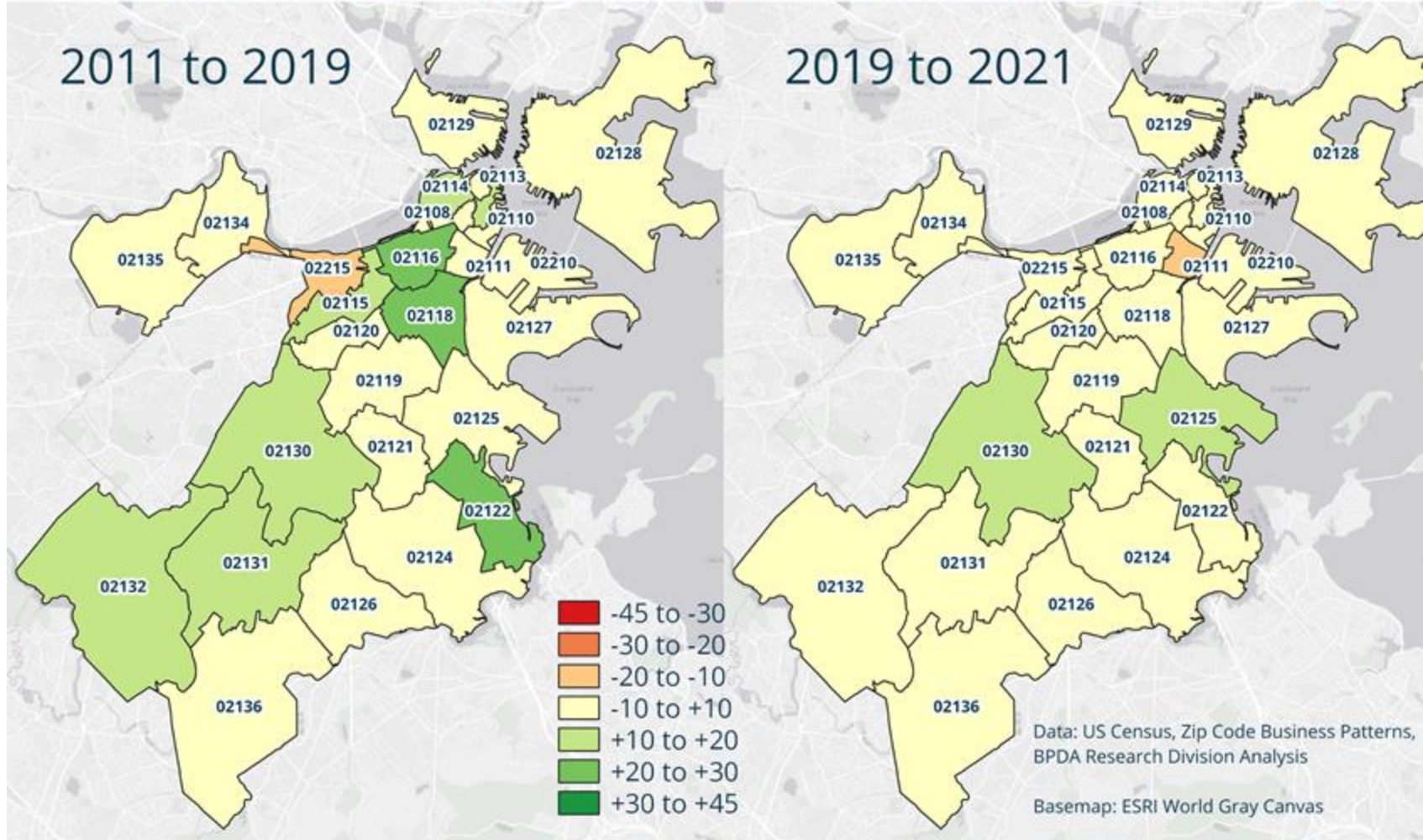
3.2% of all non-employer receipts

Some larger other services establishments cut employment or closed, but Boston also added some new small establishments from 2019 to 2021.

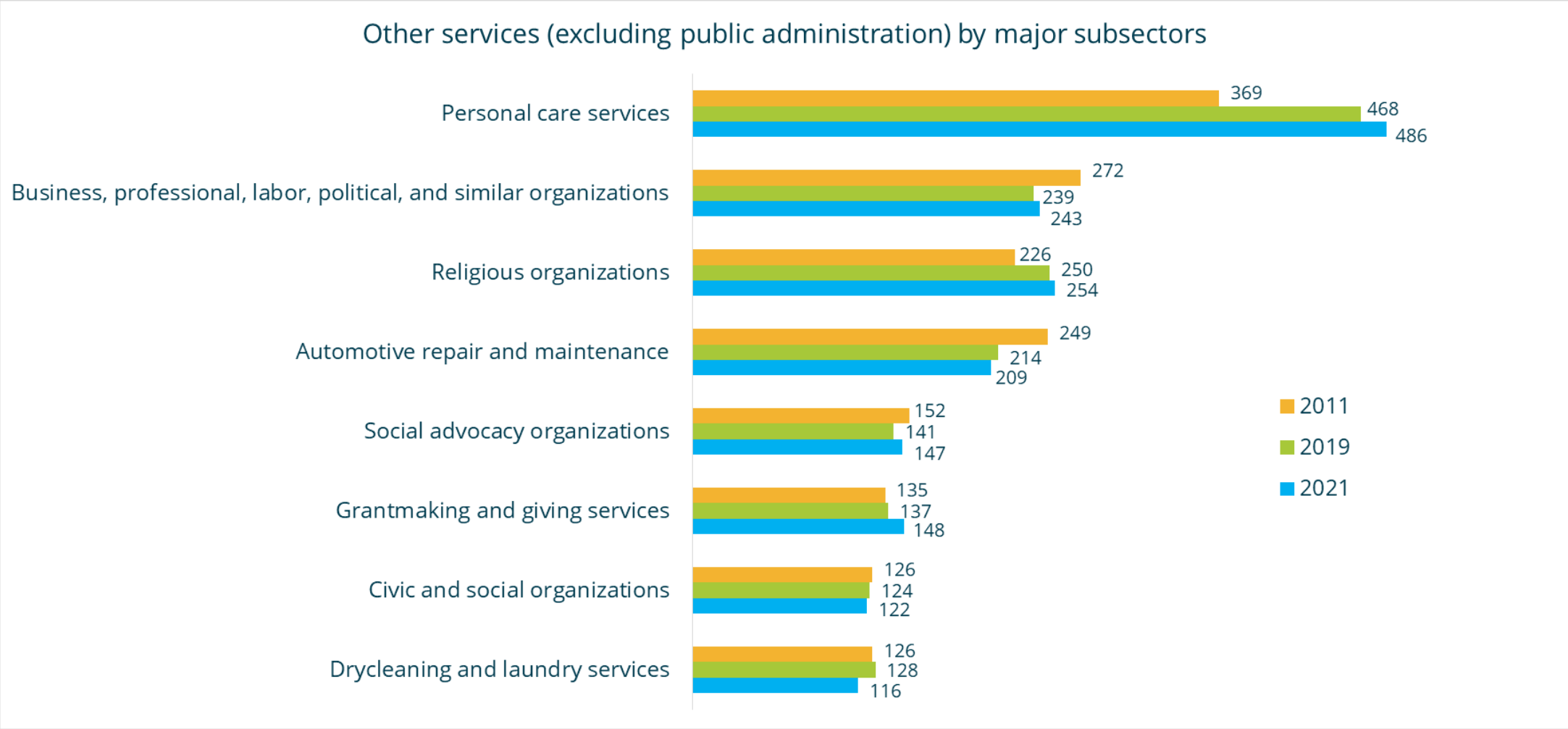


Jamaica Plain and parts of Dorchester saw notable increases in Other Services establishments from 2019 to 2021.

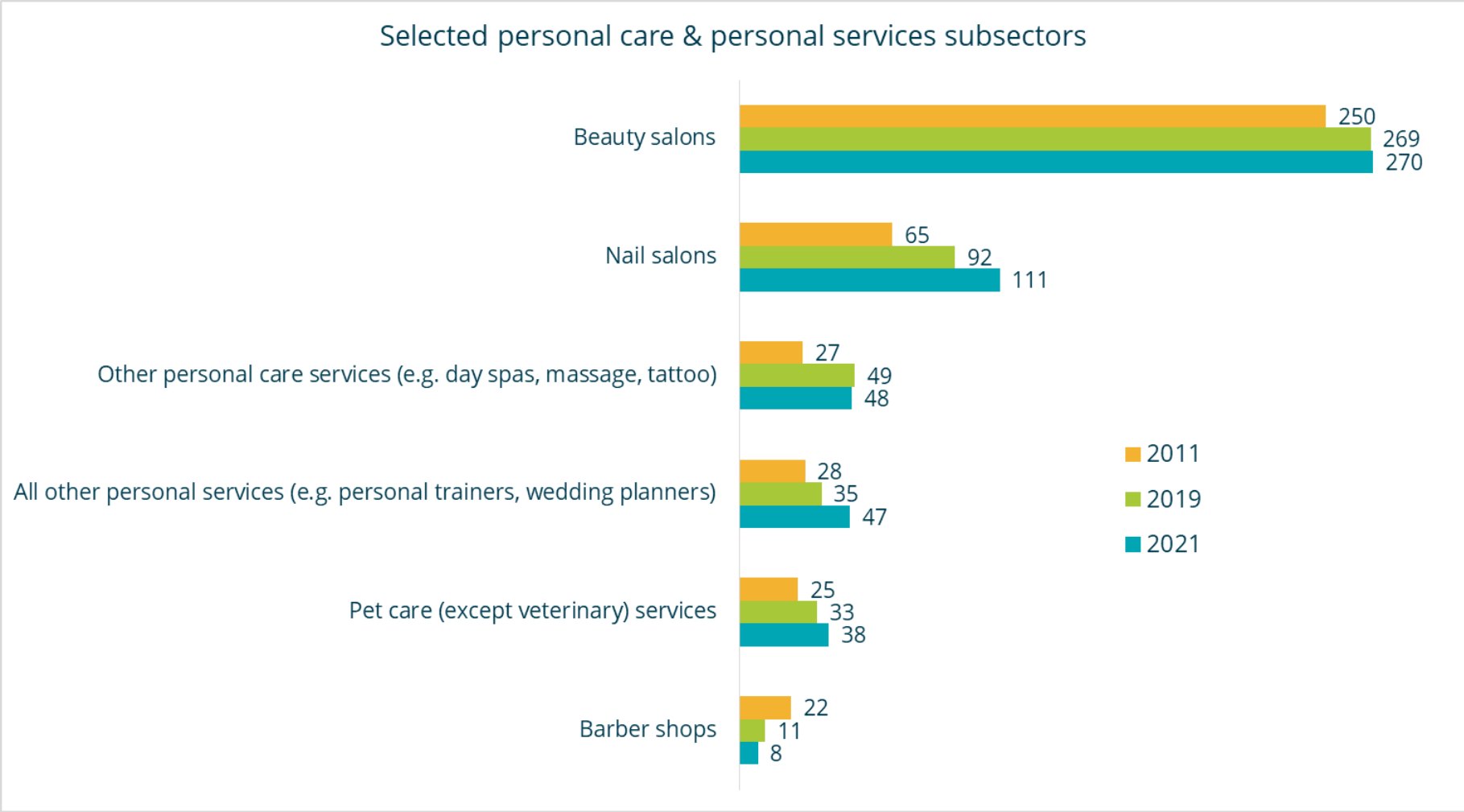
Other services (excluding public admin. + parking)



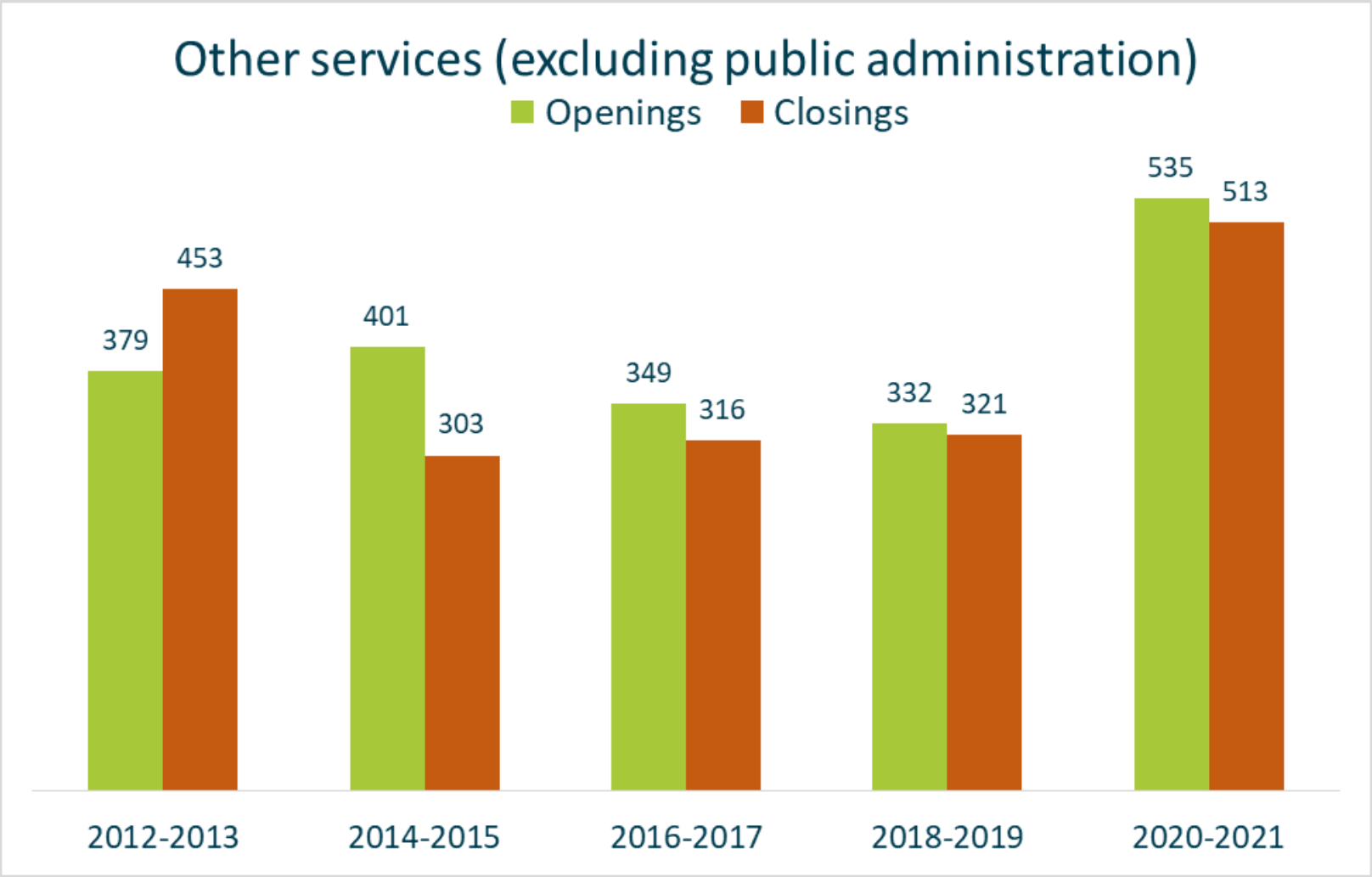
Gains in the other services sector were concentrated in personal care services, while establishment numbers in other subsectors stayed steady.



Boston added nail salons and other personal services establishments from 2019 to 2021, and numbers of beauty salons, pet care businesses, and other personal care services stayed steady.



Suffolk County saw an unprecedented number of other services closings from 2019 to 2021, but new openings increased at the same time.



Main takeaways for other services

- Boston largely maintained or increased the overall number of other services employer establishments from 2019 to 2021.
- Increases in both closings and openings from 2019 to 2021 suggest that the effects of COVID-19 brought both disruptions and new opportunities in the other services sector.
- Personal care & services and the Jamaica Plain & Dorchester neighborhoods saw notable increases in other services businesses.

Conclusion

- Accommodation and food services saw closures and employment cuts from 2019 to 2021, but new restaurant formation has since returned to pre-pandemic levels.
- Boston saw net closures of retail employers in many subsectors from 2019 to 2021 and added hundreds of non-employers as e-commerce reshapes the industry.
- Boston's overall numbers of other services businesses remained steady from 2019 to 2021, but increases in both closings and openings during this time reflect disruptions and reshuffling that played out differently by subsector and neighborhood.
- Overall business formation trends in Boston have largely recovered to pre-pandemic levels, but COVID-19 has transformed the economic landscape.

Appendix

Other industry profiles



5.

Professional, scientific, and technical
services



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Large shares of Boston's business establishments, employment, and total payroll are in professional, scientific, and technical services.

Professional, scientific, and technical services

3,330 employer establishments in Boston



16% of employer establishments



14% of private employment



19% of annual private payroll

Single-person businesses make up 10% of employment in professional, scientific, and technical services and almost a fifth of all self-employment.

Professional, scientific, and technical services

10,038 non-employer businesses in Suffolk County



10% of jobs in this sector

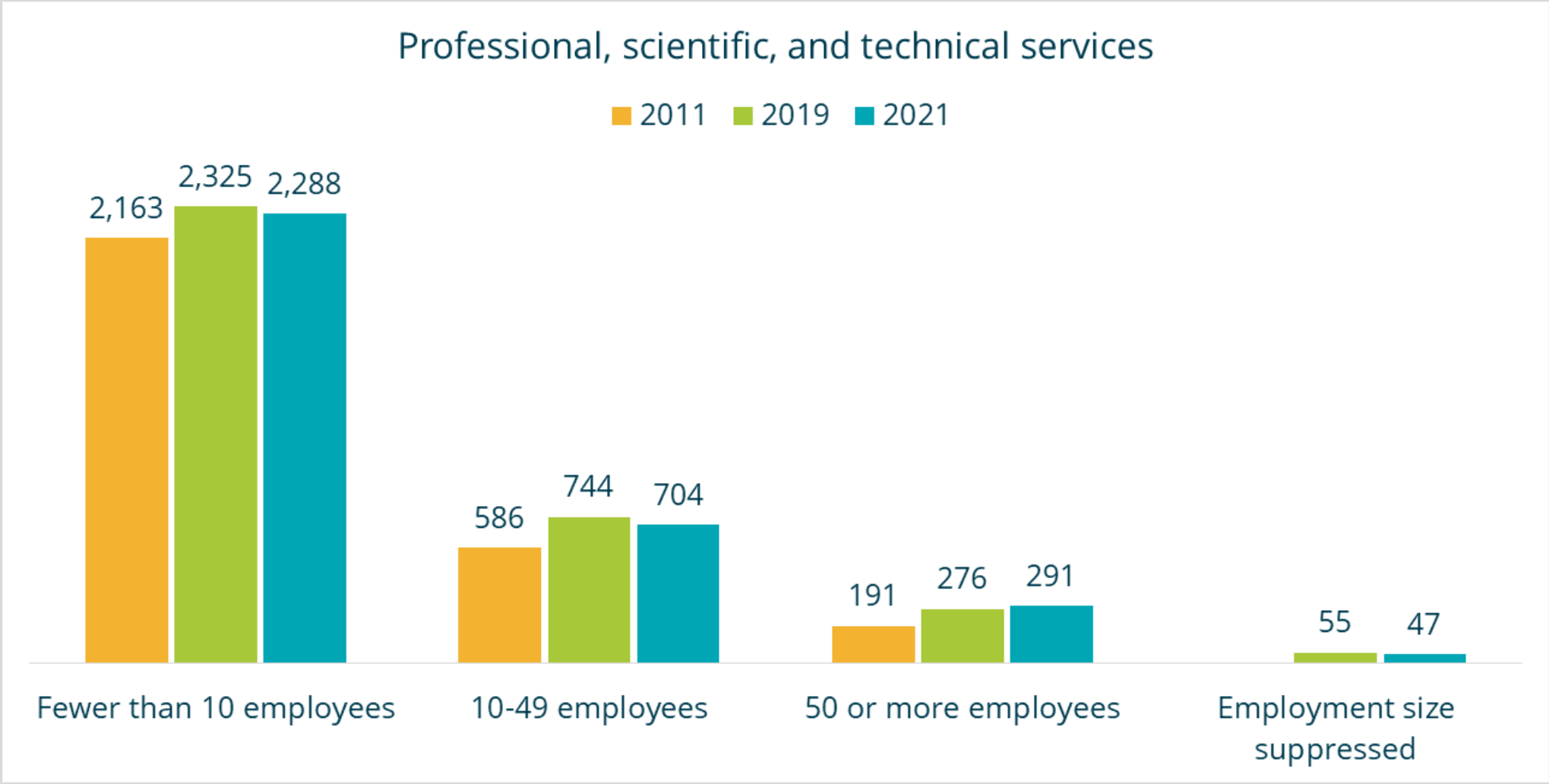


17% of all non-employer businesses



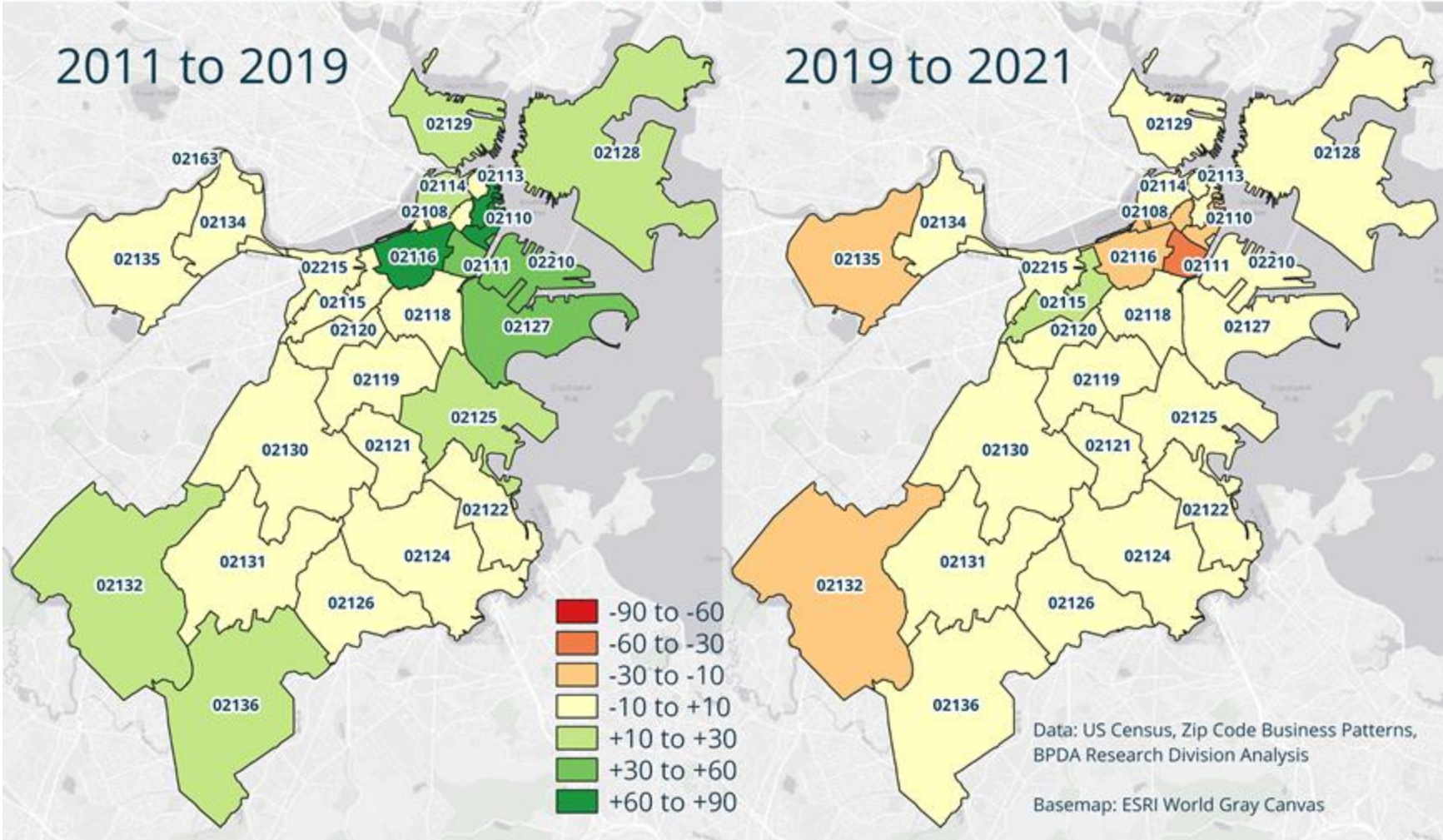
18% of all non-employer receipts

Boston lost some smaller professional services employers after a strong decade of growth for establishments of all sizes.

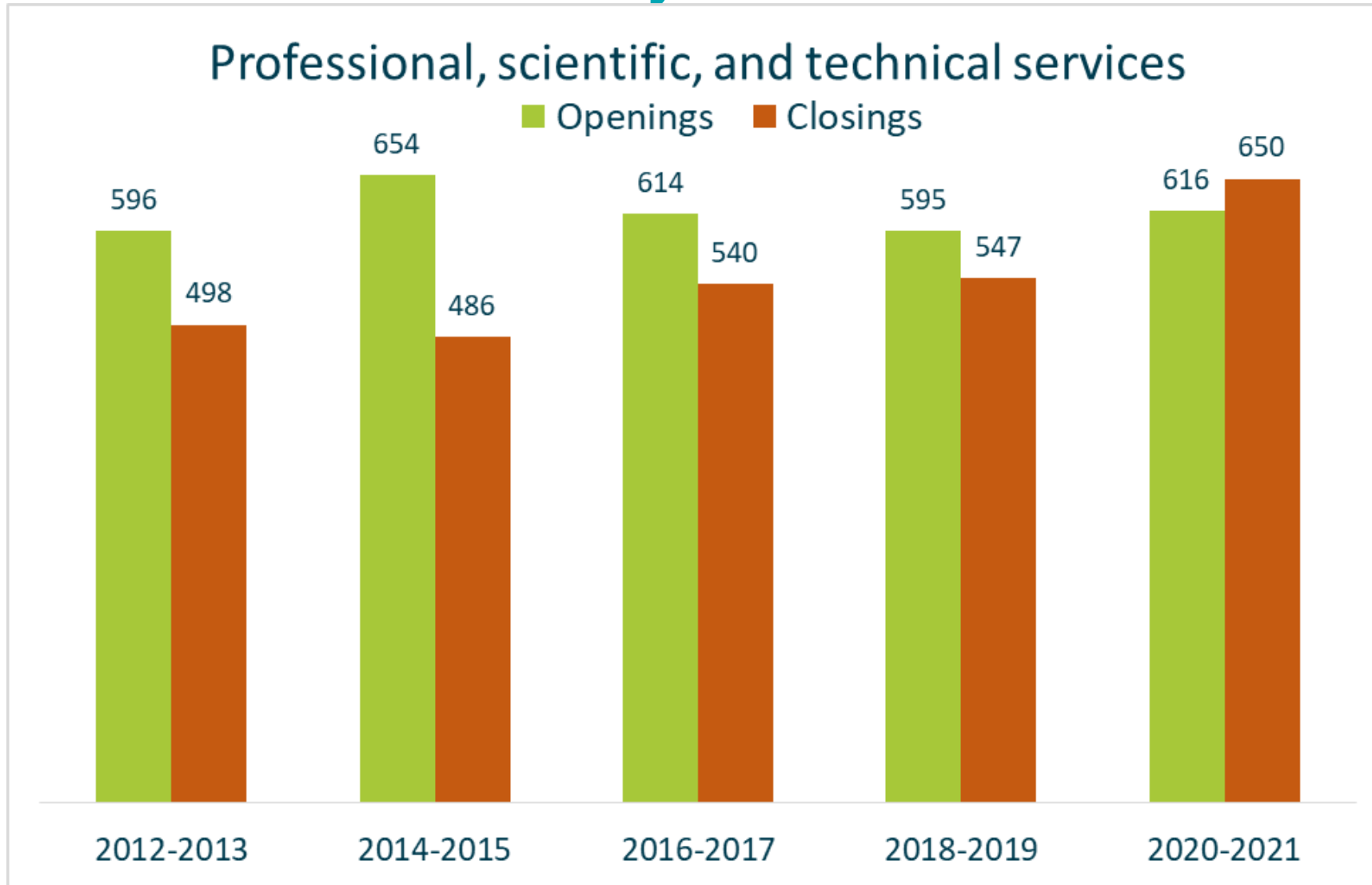


The greatest losses in professional services were in parts of downtown.

Professional, scientific, and technical services



Establishment losses were driven by a moderate increase in closings.



Main takeaways for professional, scientific, and technical services

- Professional, scientific, and technical services saw modest losses of establishments in Boston from 2019 to 2021, mostly in downtown commercial hubs.

6.

Finance and insurance



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Finance and insurance jobs make up an outsized portion of total payroll compensation dollars in Boston.

Finance and insurance

1,820 employer establishments in Boston



9% of employer establishments



12% of private employment



25% of annual private payroll

Single-person finance and insurance businesses make up small shares of both total non-employer businesses and total finance and insurance jobs.

Finance and insurance

2,536 non-employer businesses in Suffolk County



3.3% of jobs in this sector

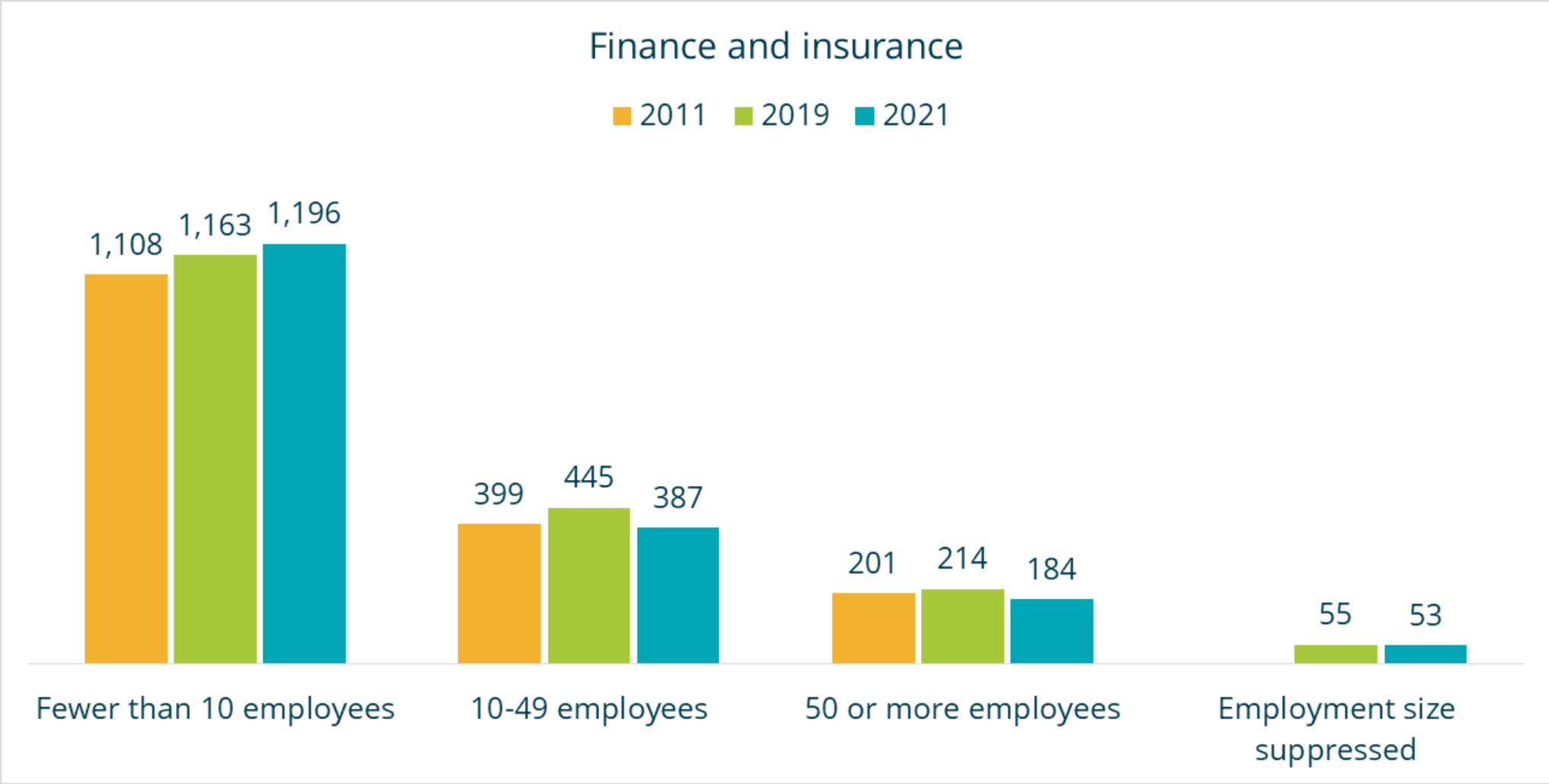


4.2% of all non-employer businesses



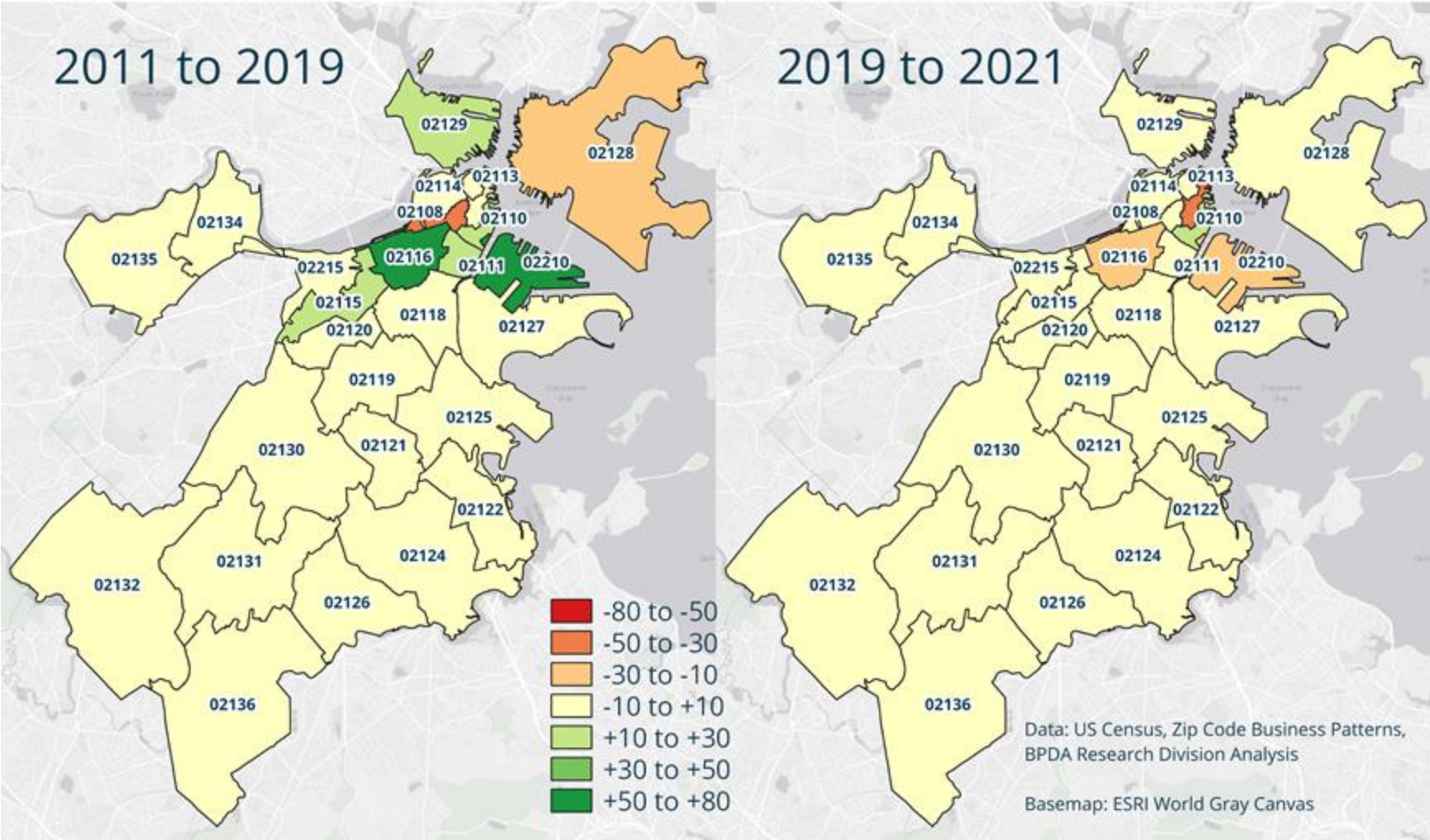
9.0% of all non-employer receipts

Decreases in large finance & insurance establishments more than offset the increase in small establishments from 2019 to 2021.

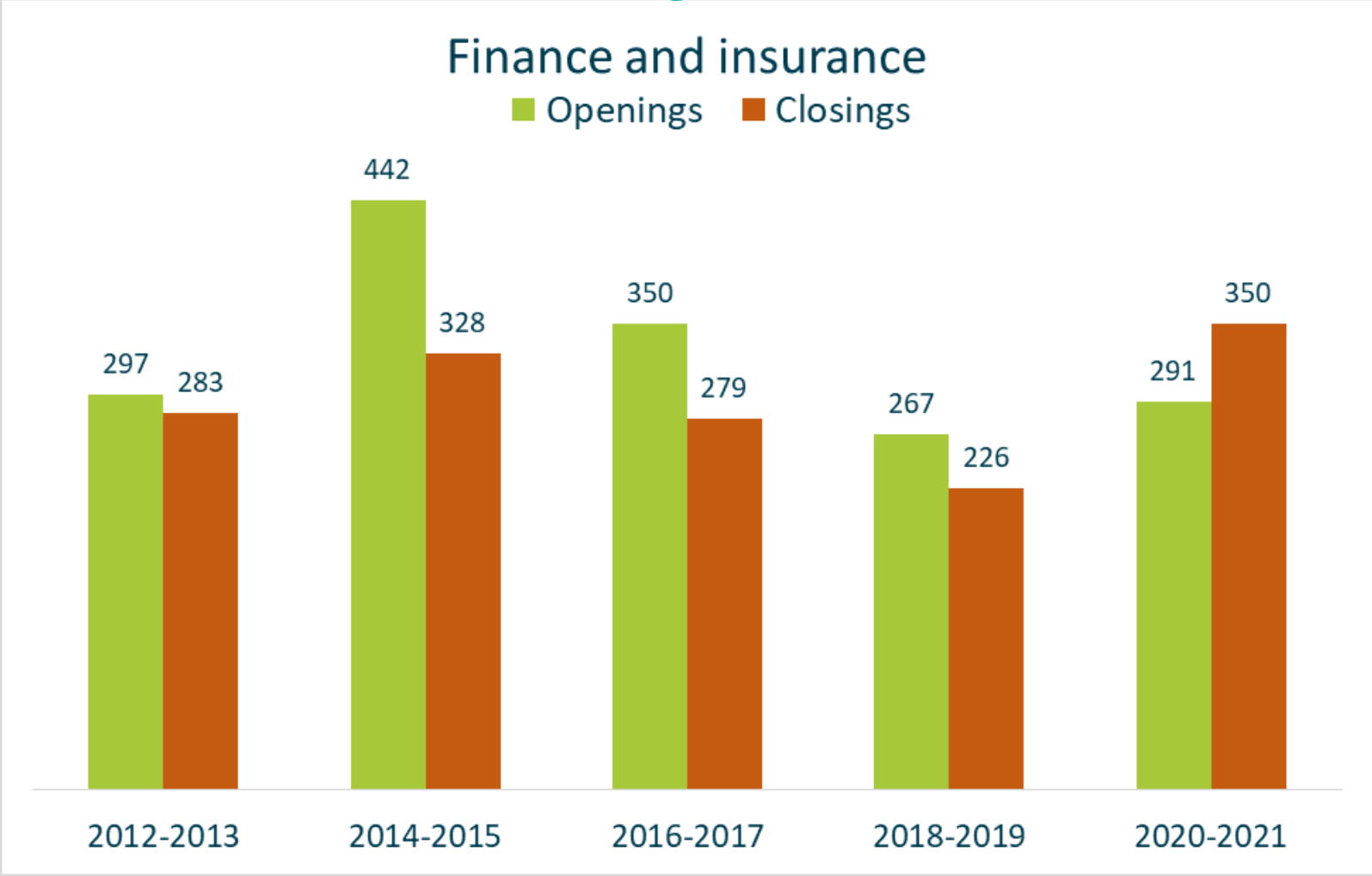


Gains and losses in finance & insurance were concentrated downtown.

Finance and insurance



Finance and insurance establishment losses in Suffolk County were driven by a small increase in closings.



Main takeaways for finance and insurance

- Finance and insurance saw modest losses of establishments in Boston from 2019 to 2021, mostly in downtown commercial hubs.

7.

Health care and social assistance



Health care and social assistance represents almost a quarter of private employment in Boston, even though it only represents 9% of businesses.

Health care and social assistance 1,833 employer establishments in Boston



9% of employer establishments



24% of private employment



16% of annual private payroll

Single-person health care and social assistance establishments represent small shares of the sector's jobs and of self-employment more generally.

Health care and social assistance

4,329 non-employer businesses in Suffolk County



2.9% of jobs in this sector

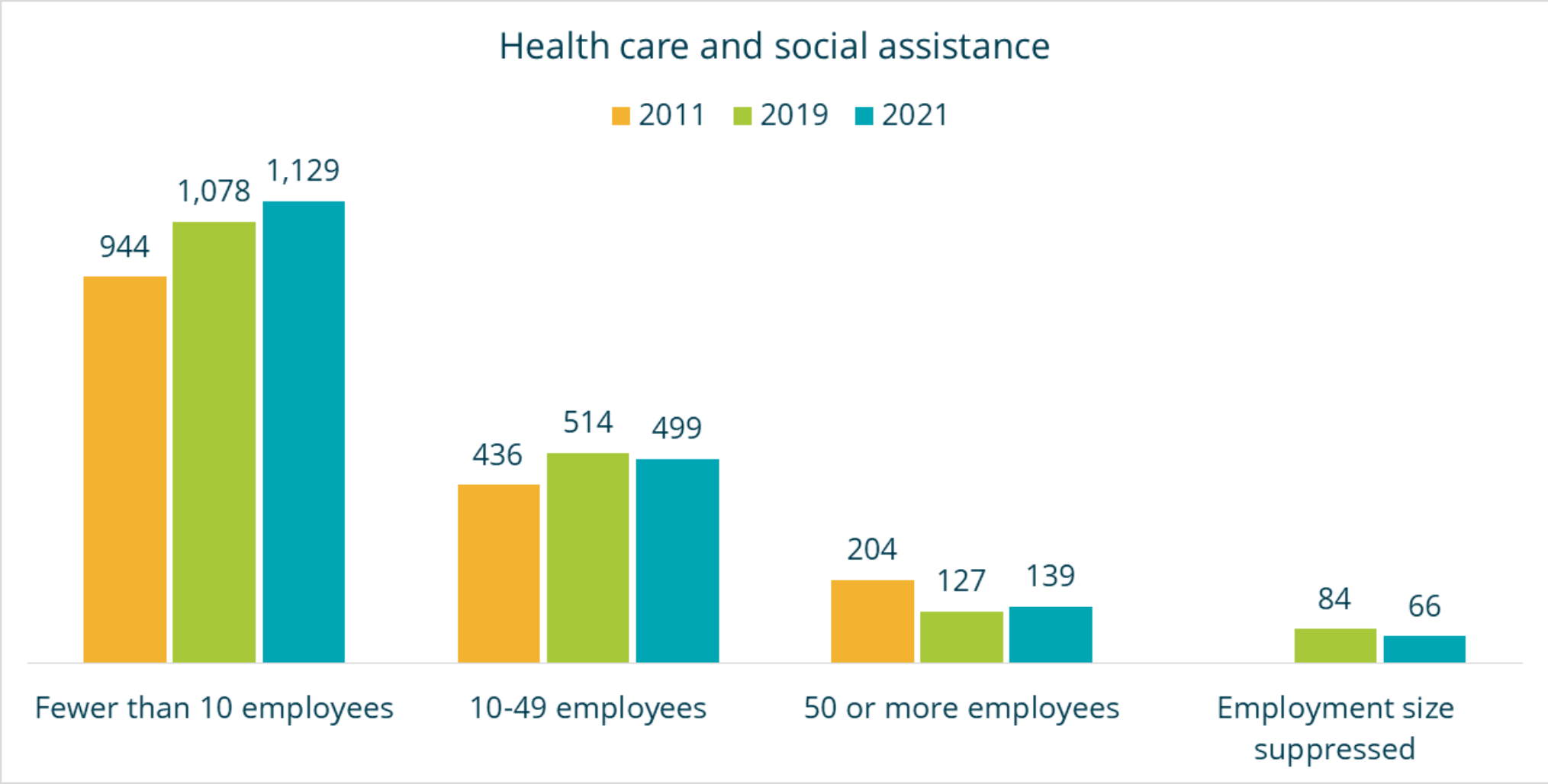


7.2% of all non-employer businesses



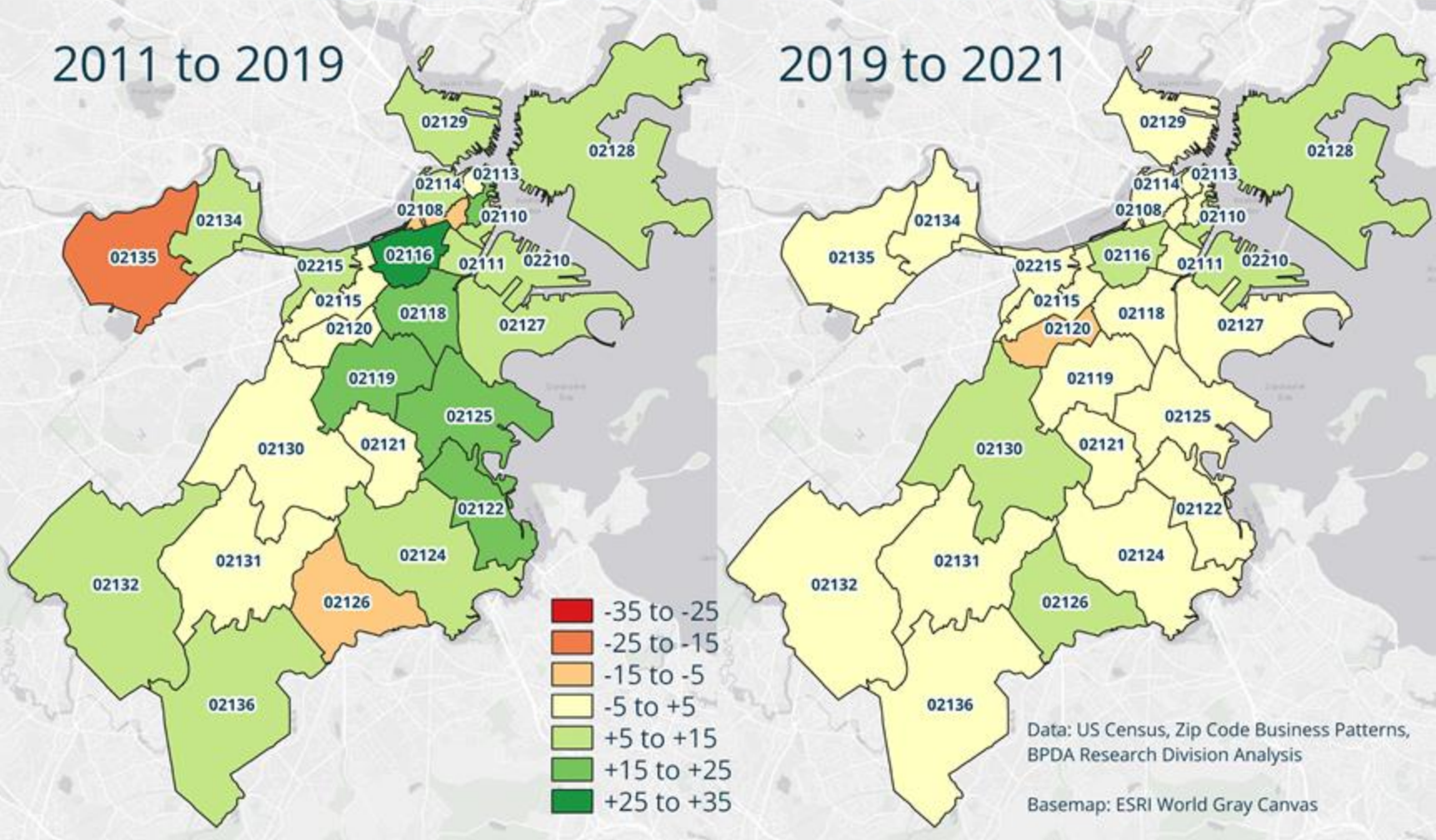
5.6% of all non-employer receipts

Boston added health care & social assistance establishments from 2019 to 2021 - mostly locations with fewer than 10 employees.

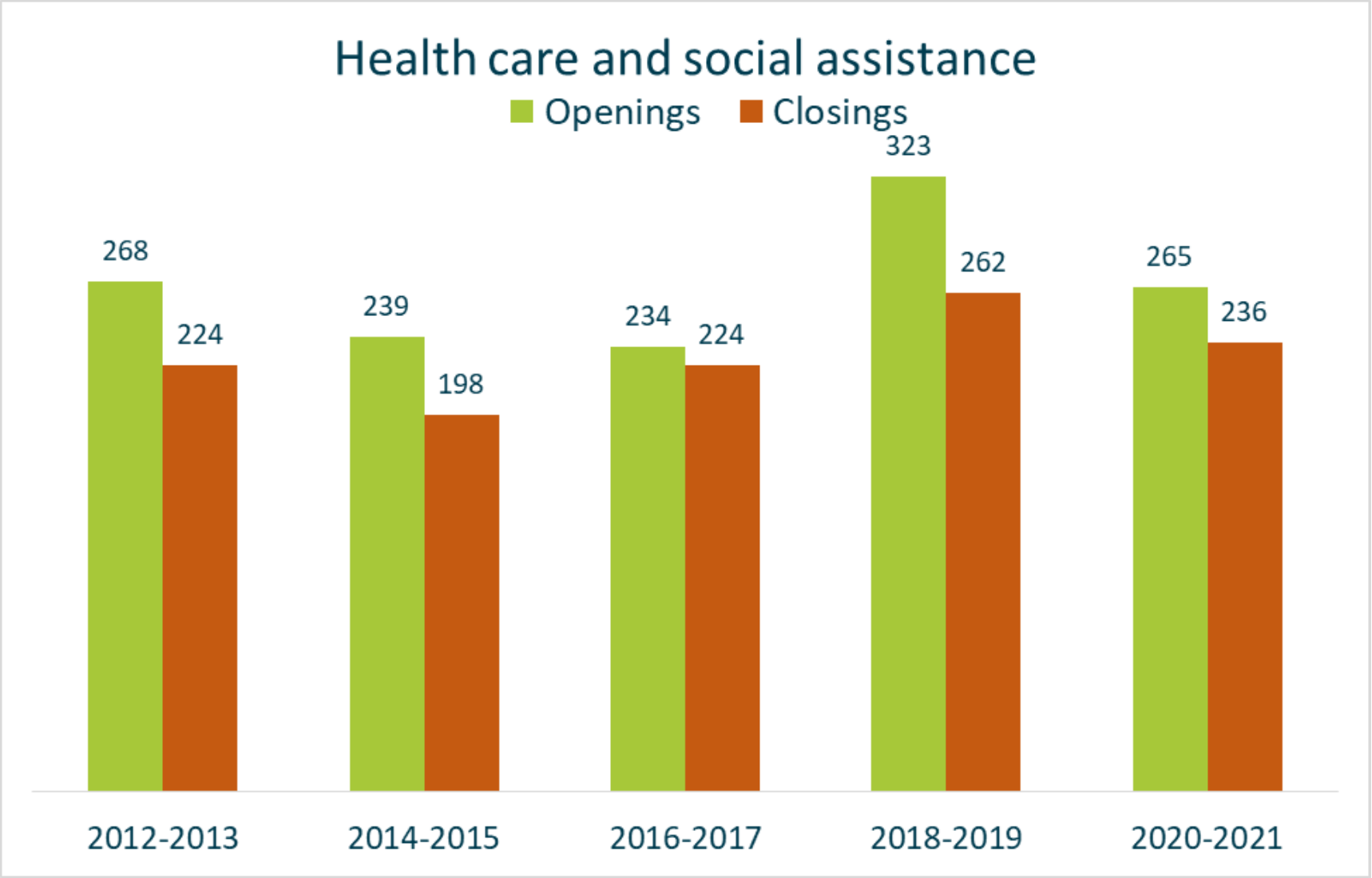


Growth in health care & social assistance has been widespread in Boston.

Health care and social assistance



Openings and closings stayed within their pre-pandemic ranges.



Main takeaways for health care and social assistance

- Boston largely maintained or added health care and social assistance establishments from 2019 to 2021 across multiple neighborhoods.