How did Main Street fare in September?

For the third continuous month since June, Main Street economic indicators have remained flat, with 20% of businesses still closed across the nation.

For the first time since the onset of the pandemic, our employment metrics fell, ending the 6-month period of recovery and likely signaling worsening conditions ahead for the small business economy.

With declines across states and in industries more sensitive to end-of-summer headwinds, we expect conditions to decline further next month as businesses face reduced outdoor options for their operations.
Third continuous month of stagnation for the small business economy

Main Street Health Metrics
(Relative to January)

Observations

For the third month in a row, metrics have stayed effectively flat vs. the end of June as **20% of small businesses remain closed**.

However, all three metrics on average are 1-2 percentage points lower than they were a month ago, indicating that **conditions are beginning to slightly worsen** as this week officially kicked off the autumn season.

As cooler weather sets in, we expect these **metrics to slow even further** in October.

Source: Homebase data
Decline in number of employees working; first decline since the onset of the pandemic

Change in employees working
(Relative to January)

<table>
<thead>
<tr>
<th>Month</th>
<th>Change</th>
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</thead>
<tbody>
<tr>
<td>Apr</td>
<td>-60%</td>
</tr>
<tr>
<td>May</td>
<td>-42%</td>
</tr>
<tr>
<td>Jun</td>
<td>-27%</td>
</tr>
<tr>
<td>Jul</td>
<td>-22%</td>
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<tr>
<td>Aug</td>
<td>-21%</td>
</tr>
<tr>
<td>Sep</td>
<td>-25%</td>
</tr>
</tbody>
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Observations

In our data, the September reference period (week of 9/6) saw a 4 percentage point decline vs. the August reference period.

While part of this decline is attributed to decreased staffing during Labor Day weekend, the fact remains that fewer employees worked in September vs. August (sample period week of 9/13 at -22%).

1. Survey sample period is the calendar week that contains the 12th day of the month (BLS) | Source: Homebase data
80% of states saw a decline in hours worked, signaling that the slowdown is widespread

Change in hours worked
(Difference between mid-September and mid-August)

-30% decline (N = ~250)
COVID cases have flared up in South Dakota in the last 2 weeks

1. Average of August 12th – 18th vs. average of September 12th – 18th; only includes states with >100 Homebase users Source: Homebase data
Roughly equal split among top 50 MSAs between those that saw declines vs. improvements in last month

Change in hours worked
(Difference between mid-September and mid-August')

1. Average of August 12th – 18th vs. average of September 12th – 18th | Source: Homebase data
While some MSAs saw slight improvements last month, all 50 remain below pre-COVID levels

Change in hours worked
(Difference between first week of March and most recent week in September)
We typically see a decline in employment at the end of summer, but this year’s decline has not been as sharp.

Change in employees working (Relative to January)

Expected end-of-summer decline

Observations

In a “normal” world, we usually expect a decline in activity at the end of summer, due to cooler weather and students heading back to school.

Yet, we haven’t seen as steep of a decline this year, potentially because businesses are operating with leaner than normal teams and avoided extra hiring for the summer.

We may, however, see a delayed decline this year that will make more noticeable impacts in October as temperatures dip even further.

Source: Homebase data
However, it looks like the leisure & entertainment industry has been buffeted by end-of-summer headwinds

While other industries have largely moved in tandem throughout the last 6 months, the leisure & entertainment industry stands out as an anomaly.

While the sector experienced faster recovery at the beginning of the summer, it also saw an accelerated decline in the last month.

With families and students heading back to school, summertime recreational activities (mini-golf, waterparks, arcades) have largely ended, likely contributing to this decline.
How has Homebase data been validated?

We’ve partnered with academics, researchers, and policy makers to validate and improve Homebase data.

- The St. Louis Federal Reserve has named Homebase data as one of the top economic indicators for the current crisis and used Homebase data to predict unemployment.
- Researchers at Yale used Homebase data to determine the impact of expanded UI benefits on employment.
- Researchers at Drexel used Homebase data to estimate the “true” unemployment rate.
- A team at UChicago and Berkeley used Homebase data to show disparate impacts across different groups.
Methodology and definitions

This dataset is based on Homebase data gathered from over 60,000 businesses and 1 million hourly employees active in the US in January 2020.

All the rates compare that day vs. the average for that day of the week for the period Jan 4, 2020 – Jan 31, 2020.

- “Hours worked” is calculated from hours recorded in Homebase timecards.
- “Locations open” is based on whether a business had at least one employee clock-in.
- “Employees working” is based on the distinct number of hourly workers with at least one clock-in.
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homebase

Homebase makes work easier for 100,000+ small (but mighty) businesses with everything they need to manage an hourly team: employee scheduling, time clocks, team communication, hiring, onboarding, and compliance. We are not Human Capital Management.

We are not HR Software.

We’re tools built for the busiest businesses, so owners and employees can spend less time on paperwork and more time on what matters.

Please reach out for comment or if interested in additional data
If you use any Homebase content, please kindly consider including a link to:

https://joinhomebase.com/data