

homebase

# Main Street Health Report



Context for July:

The Fed resumed interest rate hikes amid strong economic indicators such as low unemployment and housing market stability. **But what about Main Street?**

**Homebase data reveals that small businesses continue to battle labor shortages by increasing wages—even as summer slow downs and heat waves slow business.**

**The good:**

- [From Taylor Swift, to Beyonce, to Barbenheimer, big name experiences are boosting local consumer spending](#)

**The bad:**

- [Volatile inflation could lead to a full employment recession](#)
- [Small businesses grapple with extreme heat](#)

**The uncertain:**

- [The Federal Reserve resumes rate hikes but for how much longer?](#)
- [Could recession woes be in the rear view as the economy continues to weather rising interest rates?](#)

The Fed has resumed its wage hikes amid seasonal dips in employment activity on Main Street. Meanwhile, small businesses owners are tackling the labor shortage with wage increases for workers, while extreme heat hampers consumer spending in the South and Southwest. Homebase seeks to understand how the broader economic environment is affecting small businesses and their employees during the beginning of Q3 by analyzing behavioral data from more than two million employees working at more than one hundred thousand SMBs.

## Summary of findings:

**Main Street businesses seeing an expected seasonal dip in activity for summer.**

**Team growth slows as wages increase.**



**Small businesses saw an expected seasonal dip in people working.**



**Entertainment and Hospitality grew their teams but less than in previous years**, while Retail and Food & Drink declined more than in previous years.



**It's too hot to work in the South and Southwest** amid the heat waves.



**Hourly wages increased again**—and even more aggressively than in June—led by summer demand in entertainment.

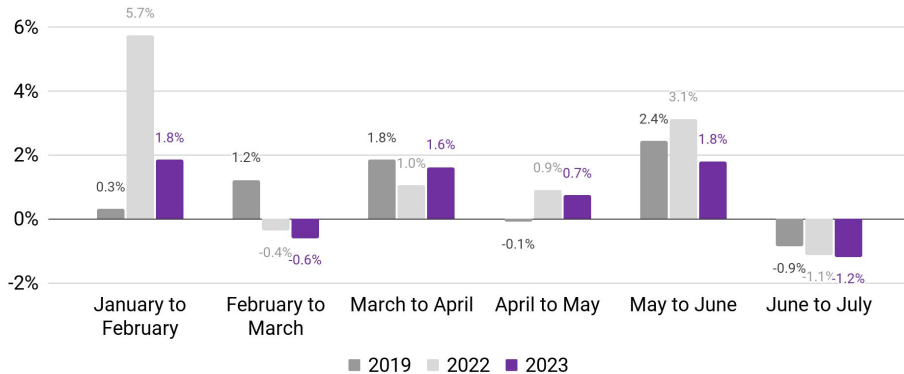


# Summertime means less activity for Main Street businesses.

Small businesses saw an expected dip in July in people working and hours worked. This is a consistent seasonal trend every year.

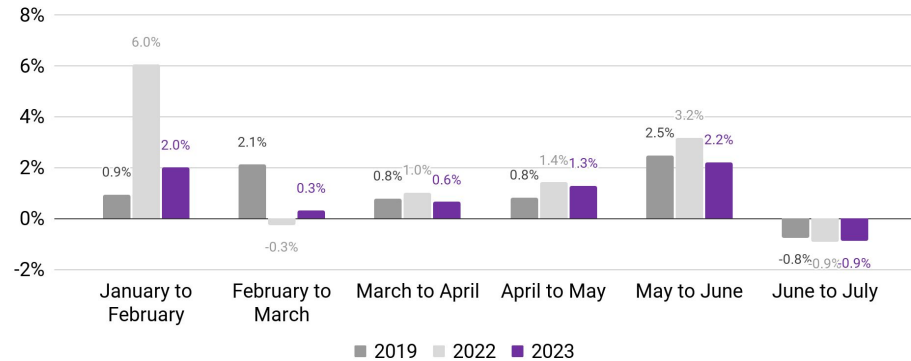
## Employees working

(Monthly change in 7-day average, relative to January of reported year)



## Hours worked

(Monthly change in 7-day average, relative to January of reported year)



Data compares rolling 7-day averages for weeks encompassing the 12th of each month; April data encompasses the subsequent week to account for Easter holiday. [Source: Homebase data.](#)

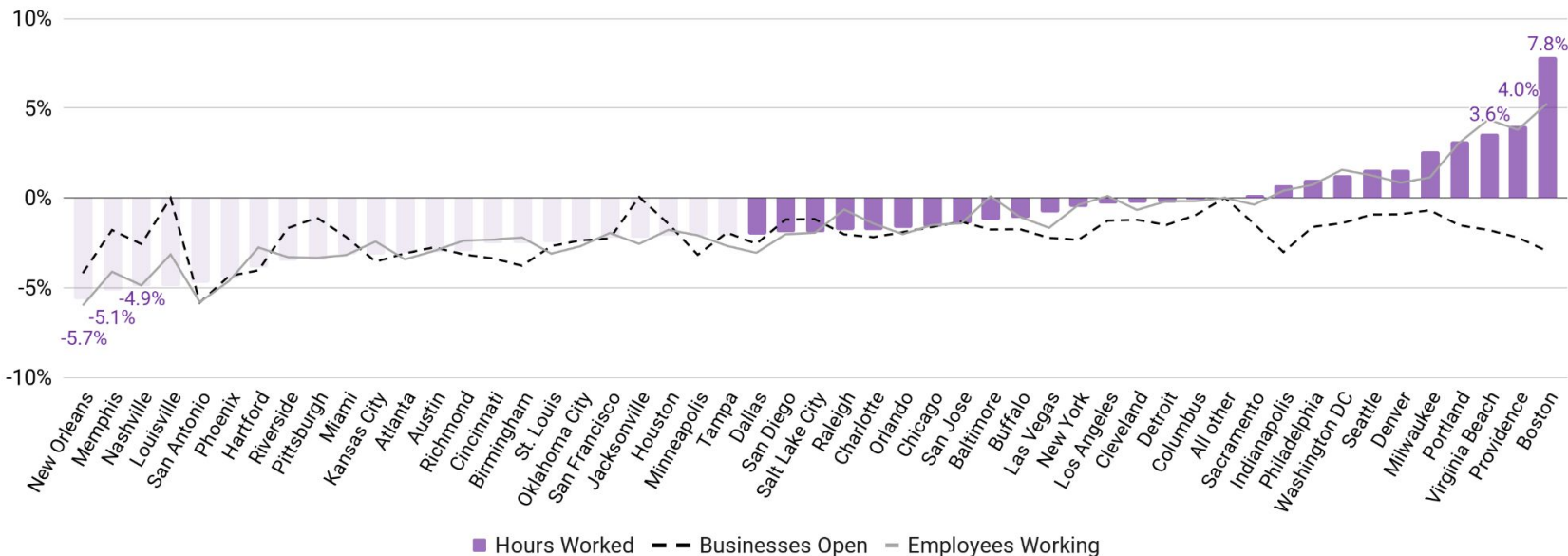


# But this year, it really is too hot to work.

Extreme heat in the South disrupted consumer habits, reduced foot traffic, and translated into people working less.

## Output by MSA

Month-over-month change in core economic indicators, by metropolitan statistical area



Note: July 6-12 vs. June 11-17. Source: Homebase data



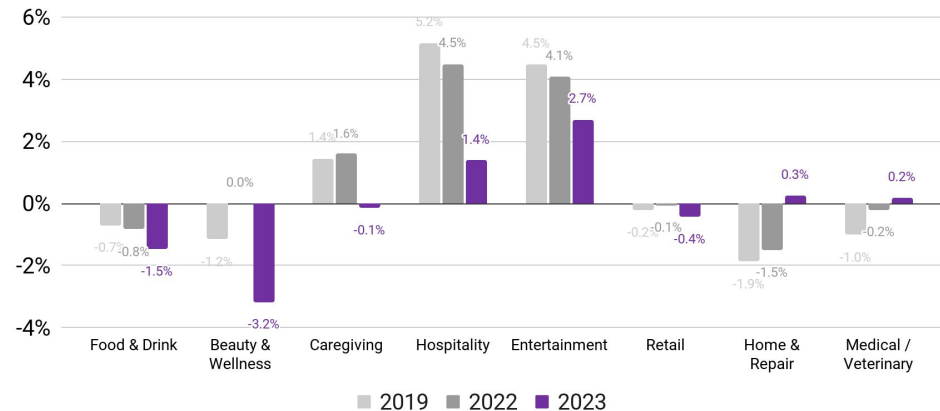
# Slower than expected team growth this year as many small businesses still face labor shortages and rising wages.

**Entertainment<sup>1</sup> and Hospitality increased their teams sizes** from June to July, but the growth was far less than in prior years for the same period.

**Food & Drink and Retail** saw modest declines in employees working from June to July, but these declines were larger than in prior years.

**Percent change in employees working**

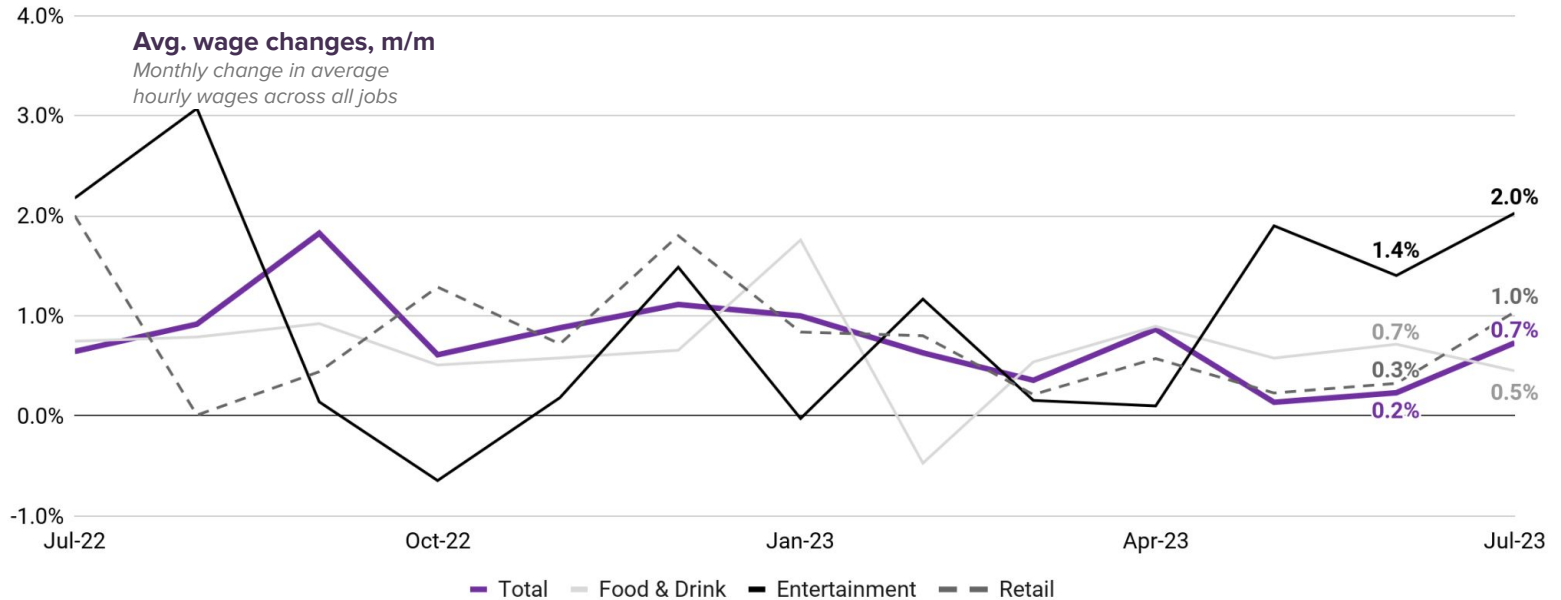
(Mid-July vs. mid-June, using Jan. '19, Jan. '22, and Jan. '23 baselines)<sup>2</sup>



1. Entertainment includes events/festivals, sports/recreation, parks, movie theaters, and other categories.  
2. July 7-13 vs. June 9-15 (2019); July 10-16 vs. June 12-18 (2022); July 6-12 vs. June 11-17 (2023). [Source: Homebase data](#)



# Wage growth re-accelerated, driven by demand in Entertainment.



Note: Data measures average hourly wages for locations that utilized Homebase to pay employees in both July 2022 and July 2023. Total includes industries not depicted here. [Source: Homebase Payroll data.](#)

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**Please reach out for  
comment or if you are  
interested in additional data**





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Homebase makes work easier for **100,000+ small (but mighty) businesses** with everything they need to manage an hourly team: employee scheduling, time clocks, payroll, team communication, hiring, onboarding, and more.

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

# Methodology and definitions

The July 2023 dataset is based on Homebase data gathered from **more than 100,000 businesses and 2 million hourly employees** active in the US on our platform in March 2023. We are one of the largest and most trusted sources of real-time, quality data on employment growth across the small business landscape.

Data from prior years (e.g., 2019, 2021, 2022) use a similar cohort-based logic. Unless indicated otherwise, daily figures are calculated relative to the median value for that specific day for the baseline month (e.g., January) net of the first 4 days of the month.



**“Hours worked”** is calculated from hours recorded in Homebase timecards.



**“Businesses 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.



**Wage inflation data** measures the monthly change in average hourly wages at businesses who ran Payroll with Homebase in July 2022 and July 2023

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