

2009 U.S. TREND^{OLY}LOGY

U.S. SMALL BUSINESS EVALUATOR-REGIONAL EDITION

- Written Analysis
- 2009 Statistics
- 5-Year Trends
- 2009 State of the Economy
- Much more inside

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User's Guide

The 2009 Trendology: U.S. Small Business Evaluator-Regional Edition report is a useful tool for small business entrepreneurs trying to decide the best business in which to invest. Many entrepreneurs are trying to choose between hundreds of industries and decide which one will be the most profitable and the most successful.

The Small Business Evaluator uses the Industry Index in this report to measure the increase or decrease of the number of establishments, sales and employment in each industry for each metro area. The Industry Index scales the opportunity or over saturation of each industry in each metro area according to the following scale:

- **Large cities** (top 100 cities from New York City, NY to Spokane, WA)
 - 100%-75% index - 200-500 more companies, \$200M-1B more sales, 2000-4000 more employees
 - 74%-51% index - 10-200 more companies, \$1M-200M more sales, 100-2000 more employees
 - 50% index - industry average so no opportunity of more companies or sales or employment
 - 49%-26% index - 10-200 fewer companies, \$1M-200M fewer sales, 100-2000 fewer employees
 - 25%-0% index - 200-500 fewer companies, \$200M-1B fewer sales, 2000-4000 fewer employees
- **Medium-sized cities** (middle 300 cities from Durham, NC to Cookeville, TN)
 - 100%-75% index - 10-20 more companies, \$25M-\$100M more sales, 100-400 more employees
 - 74%-51% index - 1-10 more companies, \$500k-\$25M more sales, 1-100 more employees
 - 50% index - industry average so no opportunity of more companies or sales or employment
 - 49%-26% index - 1-10 fewer companies, \$500k-\$25M fewer sales, 1-100 fewer employees
 - 25%-0% index - 10-20 more companies, \$25M-\$100M more sales, 100-400 more employees
- **Small cities** (last 500 cities from Bay City, MI to Raymondville, TX)
 - 100%-75% index - 5-10 more companies, \$5M-\$10M more sales, 10-30 more employees
 - 74%-51% index - 1-5 more companies, \$100k-\$5M more sales, 1-10 more employees
 - 50% index - industry average so no opportunity of more companies or sales or employment
 - 49%-26% index - 1-5 fewer companies, \$100k-\$5M fewer sales, 1-10 fewer employees
 - 25%-0% index - 5-10 fewer companies, \$5M-\$10M fewer sales, 10-30 fewer employees

The Industry Index (from 0%-100%) is a useful tool to quickly determine the opportunity or over saturation in each metro area and to compare between metro areas for each industry.

Methodology

The 2009 Trendology: U.S. Small Business Evaluator-Regional Edition report was developed by researching over 500 industries and which industries are 1) small business focused, 2) performing well (sales increased in 2008-2009) and 3) growing (number of establishments increased in 2008-2009).

The 50 industries chosen for this report were then researched by over 900 metro areas. The number of establishments, sales and employment for each industry were estimated, based on our Trendology industry reports.

In an effort to provide one statistic that would measure the increase or decrease of the number of establishments, sales and employee for each industry in each metro area, the Small Business Evaluator developed the Industry Index.

The Industry Index was calculated for the number of establishments, sales and employment for each industry and each city by estimating the average per capita establishments, sales and employment for each industry in each city. An index was applied to these per capita estimates. The index is heavily weighted toward the number of establishments over sales and employment.

Note: Many of the same industries are ranked highest across many cities because these industries have significantly larger number of establishments in the U.S. For example, industries such as Offices of Real Estate Agents and Offices of Insurance Agents are often ranked number one in metro areas because they have over 100,000 establishments in the U.S. The Industry Index is weighted heavily by the number of establishments to show the opportunity or over saturation in each industry in each city. For example, if there is an opportunity for five Offices of Real Estate and two Electrical Contractors in a certain city, the Industry Index will much higher for the Offices of Real Estate industry.

Assumptions

The 2009 Trendology: U.S. Small Business Evaluator-Regional Edition report also made a few assumptions in the industry selection and how they relate to some U.S. regions. Most of these assumptions are based on the real estate constraints in large cities and the amount of real estate needed for certain industry companies. These assumptions include:

- New Single-Family Housing Construction in large cities
- Kitchen Cabinet and Countertop Manufacturing in large cities
- Medical Equipment and Supplies Manufacturing in large cities
- Used Car Dealers in large cities
- Gasoline Stations with Convenience Stores in large cities

These industries were marked as N/A (not applicable) in the report.

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2009 State of the Economy

The beginning of 2009 was filled with talks of the Stimulus bill and dire warnings for the coming year. However, much of this was overexaggeration by politicians. The current recession is more dire than other recessions this century but not nearly as dire as the "Great Depression". Many politicians make the comparison to increase the need for massive spending in stimulus bills and the media are happy to repeat the comparison for sensational headlines.

After looking at the current data on unemployment, the stock market and GDP growth/decline in the following sections and comparing it to previous recession trends, the recession may end by the beginning on 2010. Previous recessions have had a lifespan of twelve to eighteen months. The beginning of the current recession is in dispute, whether it begin in December 2007 or the third quarter of 2008. But the previous recessions only saw two or three consecutive quarters of GDP decline and by beginning of 2009 two quarters may have already occurred.

The wildcard is the size and composition of the Stimulus bill. If the size of the bill is too large and contains too much government spending on programs that will not impact current year job creation, the recession and unemployment may be extended. If the bill is more focused on tax cuts and supporting small businesses, the recession may mirror previous recession lifespans.

Most industries will see declines in the number of establishments and industry sales, as tight credit and poor performance will force companies to close. However, the remaining companies will benefit from less competition and lower expenses, such as cost of goods and employee costs.

Global markets and industries will mirror the U.S. market in most cases since the economy is essentially a global economy. China and India and other main low-end suppliers to U.S. manufacturers will lag in GDP growth since companies will see better sales but will be hesitant to return to previous inventory levels.

Forecasts

Looking beyond 2009, our forecast for 2010 is that the recession will technically will be over (that GDP will increase) but unemployment and inflation will be a problem for 2010.

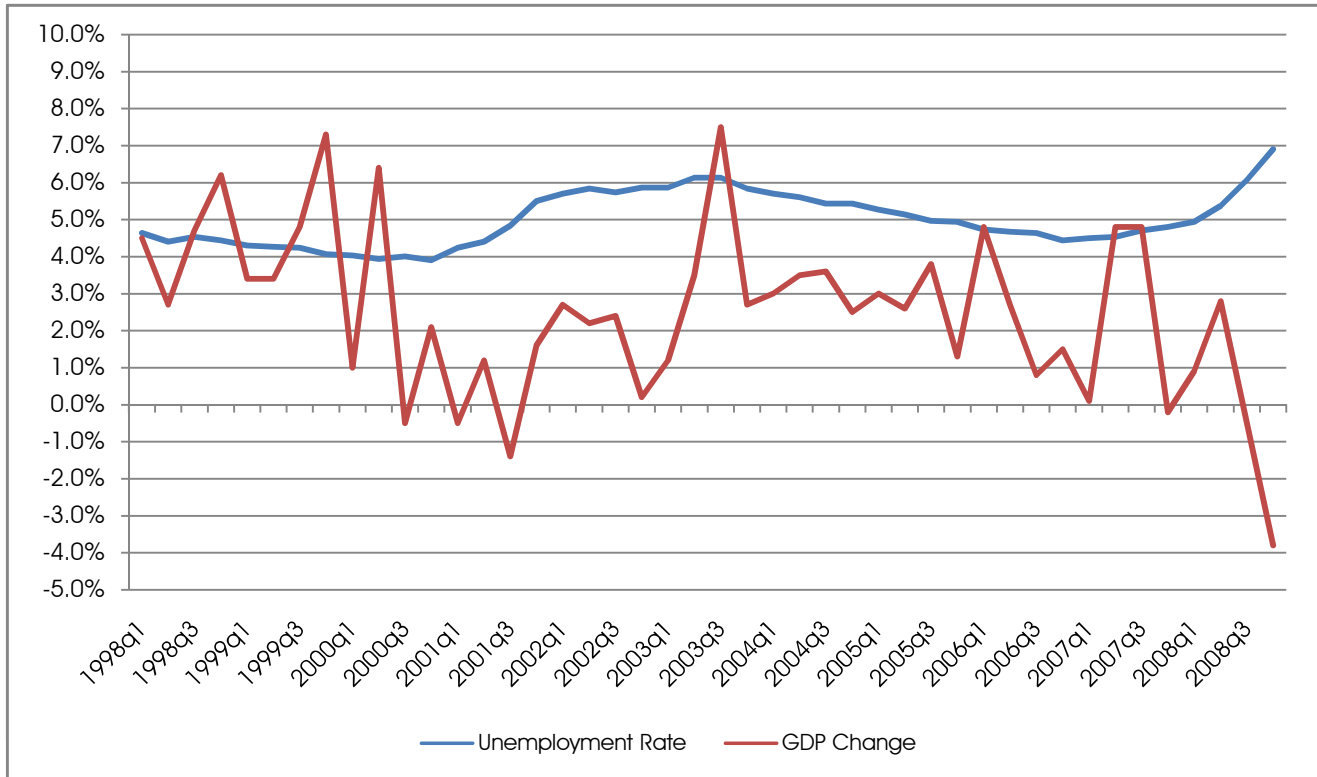
Companies will see sales improve but will be hesitant to return to their previous employment levels. Consumers will remain pessimistic based on high unemployment levels and an abundance of caution.

Many economists and investors are looking toward gold and silver and international stocks that pay dividends as safe and prosperous investments during the recession.

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Recession Unemployment

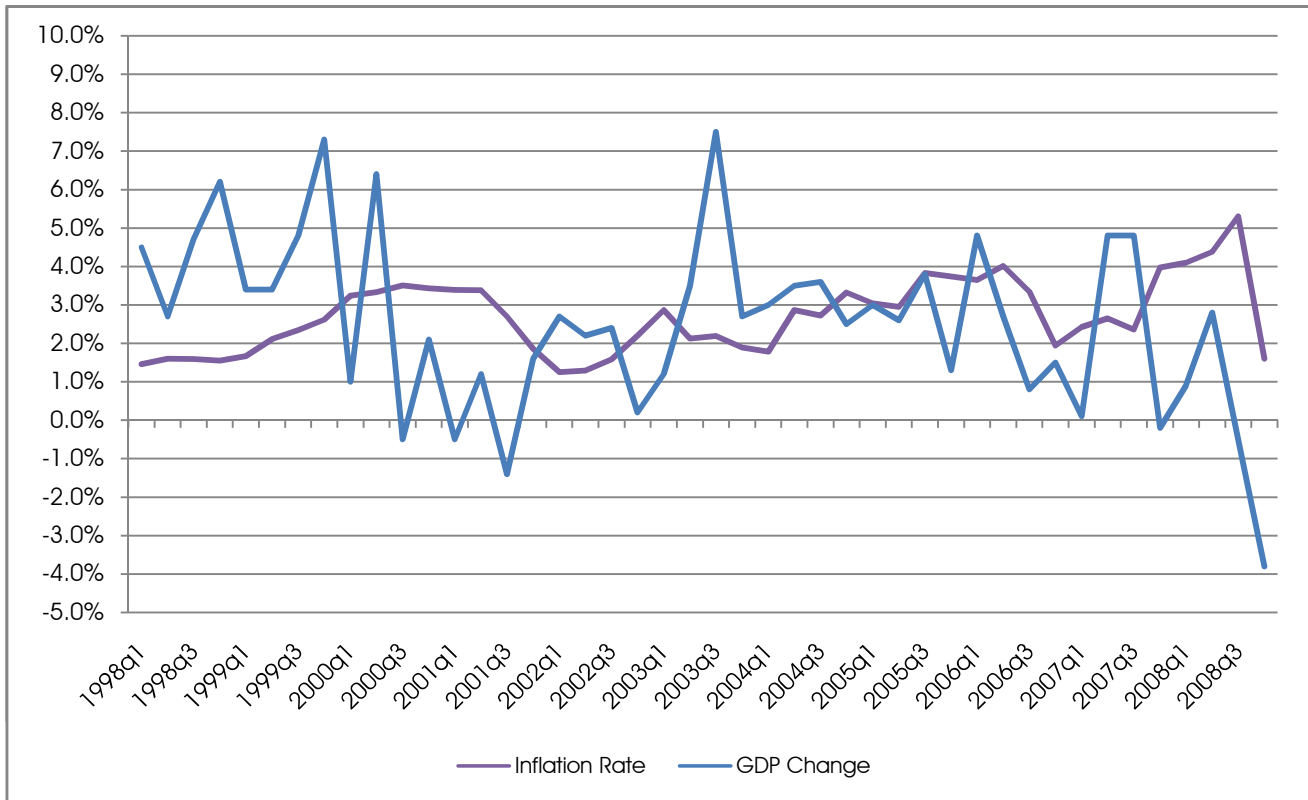


- During the economic downturn of 2000-2001, the increase of the unemployment rate lagged the GDP downturn by three months and did not begin to decline after the GDP upswing for 24 months.
- During the economic downturn of 2007-2009, the increase of the unemployment rate coincided with the GDP downturn and it is expected that unemployment will begin to decline after the GDP upswing after 12 months.
- The 2008 Economic Stimulus checks began in April (through October) but does not seem to have had a significant impact on GDP growth or decreasing the unemployment rate. It did not prevent the third quarter 2008 decline in GDP or the rising unemployment, although it cannot be proven that it did not lessen either events.
- The unemployment rate continued to decline for nine months after the "dot-com bubble" burst in the second quarter of 2000.
- The unemployment rate continued to decline for twelve months after the "housing bubble" burst in the second quarter of 2006.

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Recession Inflation

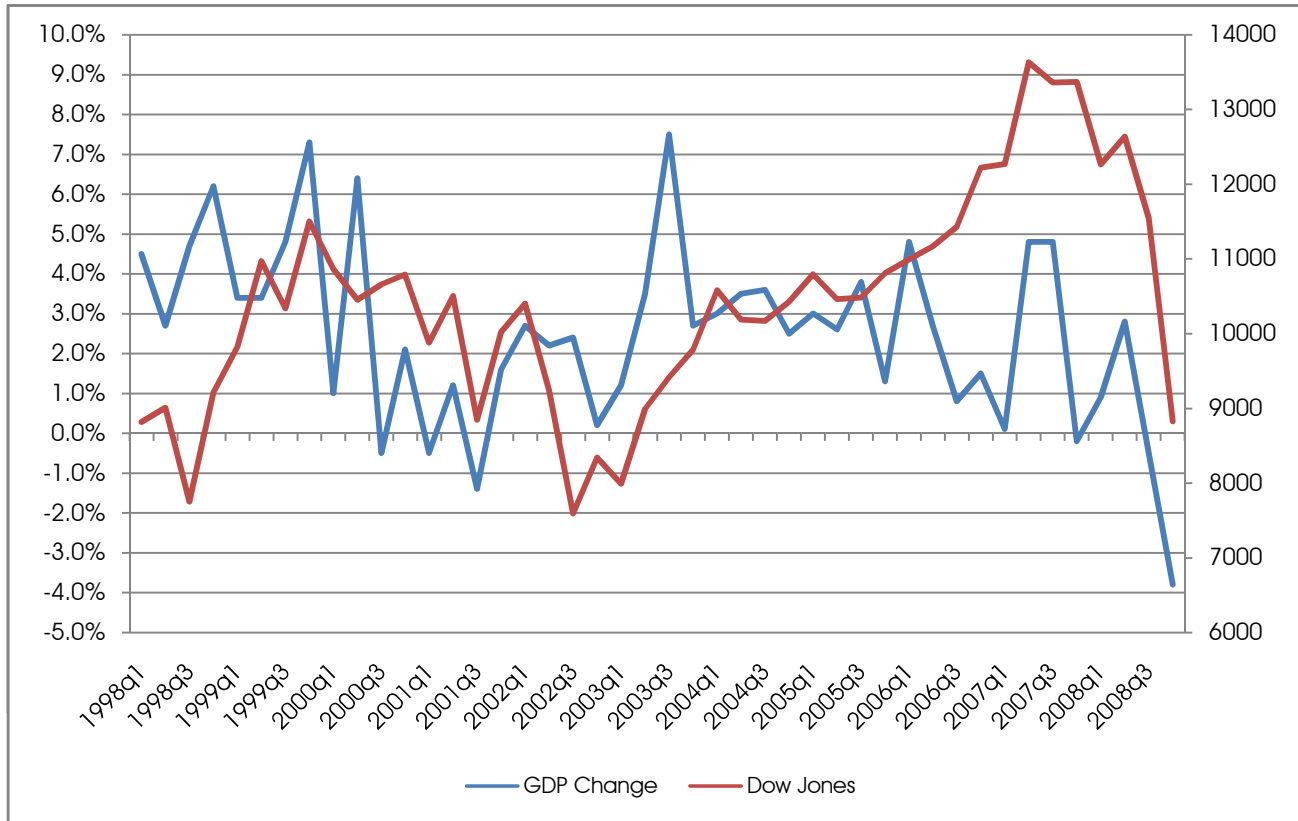


- Inflation rates decreased to nearly one percent in 2002 after the Federal Reserve lowered interest rates (federal funds target rates) from 6.5 percent in 2001 to 1.75 percent in 2002.
- Inflation rates increased to four percent in 2006 after the Federal Reserve increased interest rates (federal funds target rates) from one percent in 2004 to 5.25 percent in 2006.
- Inflation rates recently reached more than five percent in 2008 even after the Federal Reserve decreased interest rates (federal funds target rates) from 5.25 percent in 2006 to one percent in 2008. Much of this unexpected inflation was due to the peak in fuel prices in 2008, which exceeded \$4.00 a gallon for gasoline. Fuel prices have plummeted in the second half of 2008 to less than \$2.00 a gallon for gasoline.

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Recession Economic Growth/Decline

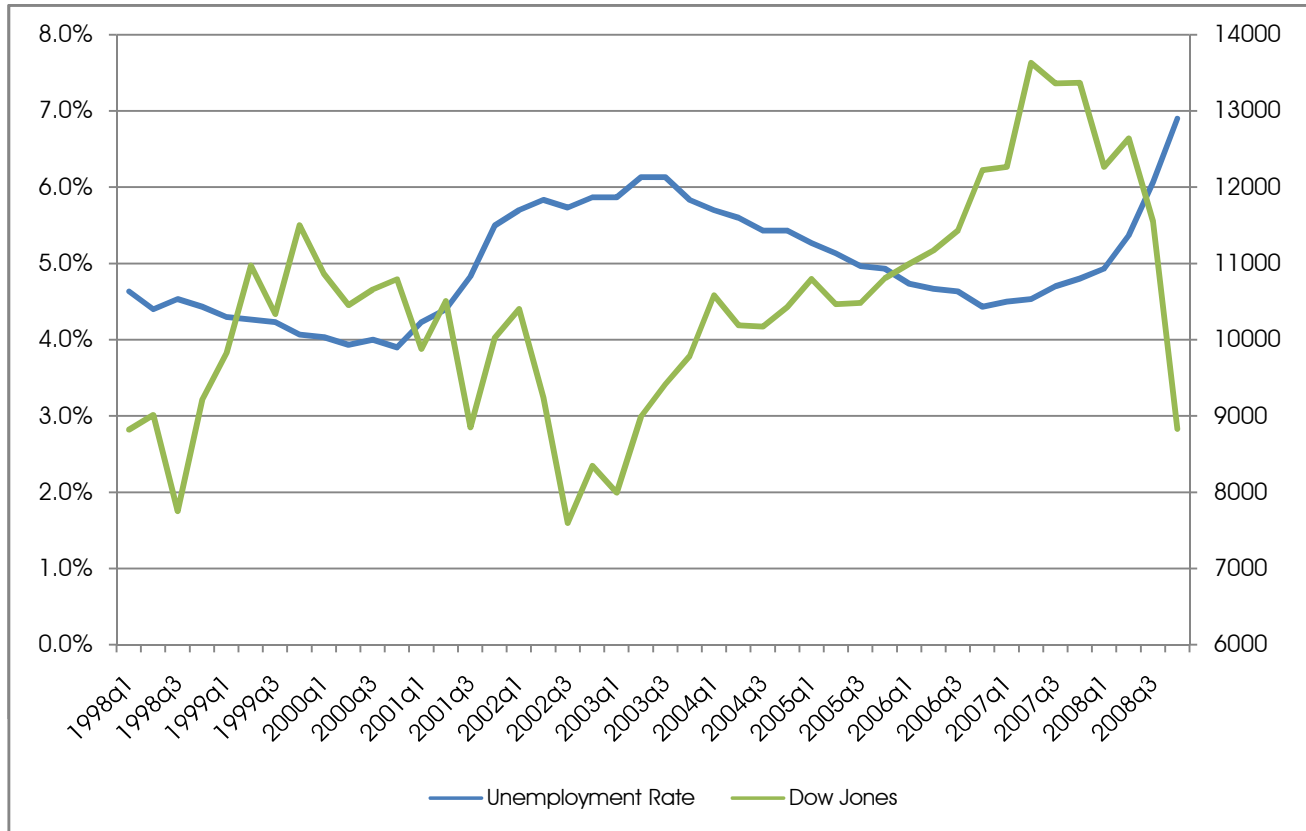


- The beginning of the 2000-2001 GDP downturn began in the third quarter of 2000 as "dot com bubble" burst and the stock market fell from nearly 12000 to 10000.
- The U.S. experienced an unexpected GDP downturn in the third quarter of 2001 after September 11th attacks. The stock market was shocked by the event and fell below the 9000 mark.
- The Federal Funds rates were dropped to 2 percent and lower from 2002 to 2004, to spur the economy.
- Lower interest rates created a "housing boom", with an explosion in housing prices and refinancing mortgages.
- The 3.8 percent decline in the fourth quarter of 2008 was significant, however it was not as bad as many experts expected (a survey of economists by MarketWatch produced an expected decline of 5.5 percent). This is the largest contraction since the first quarter of 1982.

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Recession Stock Market

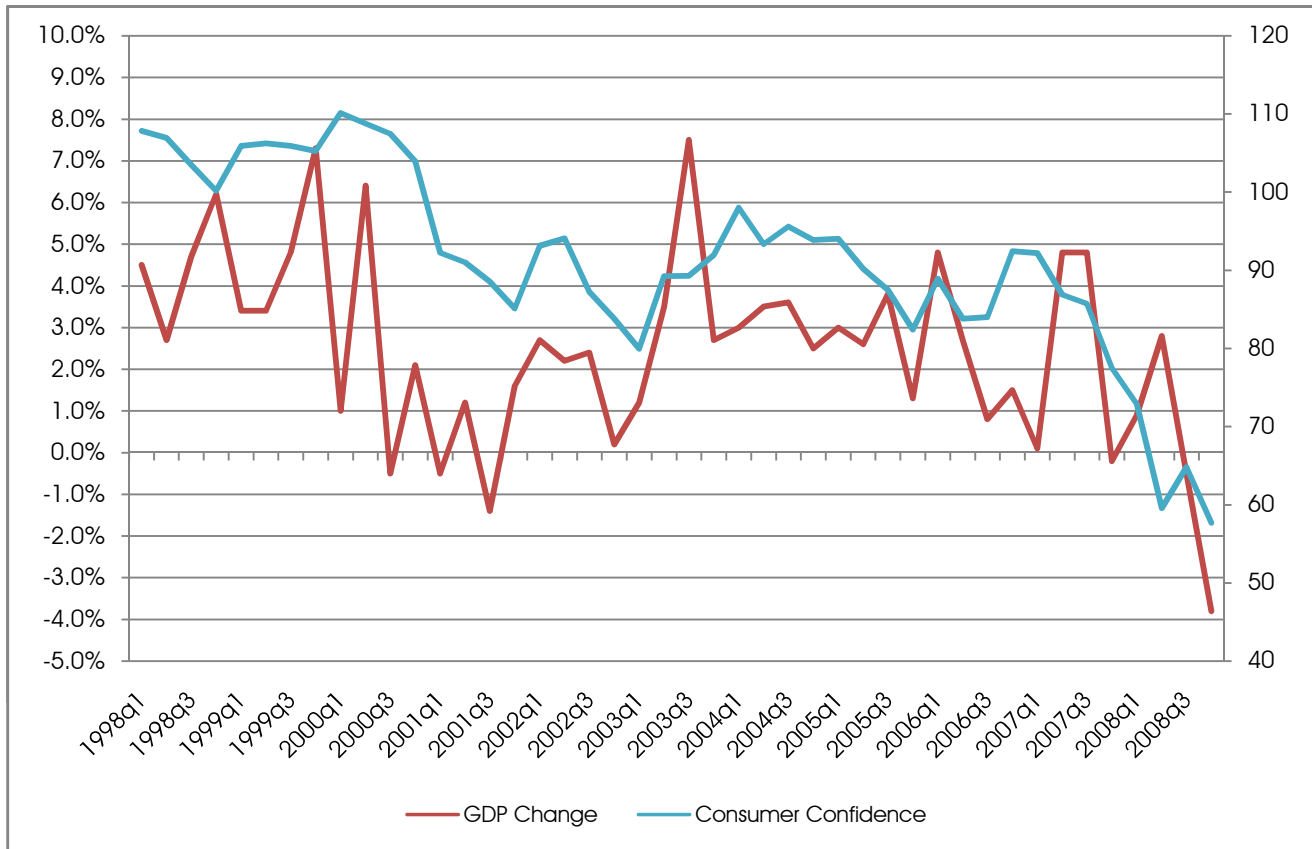


- The stock market lost nearly half of all the value created in the "dot com boom" from 1998-2000 when it collapsed in 2000.
- The stock market dropped 1500 points after September 11th 2001.
- The stock market was at its lowest point in mid-2002 before the "housing boom" which drove the market up more than 50% in 2002-2007.
- The stock market essentially collapsed in the second half of 2008 when foreclosure rates increased and banks were unable to sell sub-prime loans any longer.

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Recession Consumer Confidence



- Consumer confidence was its highest level in the last twenty years at the height of the "dot com boom".
- Consumer confidence dropped significantly after September 11th 2001.
- Consumer confidence was at its lowest point in early 2000's just before the "housing boom" in 2002-2007.
- Consumer confidence was fairly high and stable during the "housing boom" from 2004-2007.
- Consumer confidence sank to its lowest point in decades in 2008 after housing prices declined, the stock market declined and credit tightened.

AK	ALASKA
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Total Population	686,272
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2009 Race Breakdown	Total Population	% of Total
White alone	362,148	53%
Black alone	18,839	3%
American Indian and Alaska Native alone	87,238	13%
Asian alone	28,161	4%
Other race alone	157,811	23%
Hispanic or Latino	32,065	5%

Per Capita Income 2008	Avg. Income
White alone	\$ 34,760
Black alone	\$ 10,290
American Indian and Alaska Native alone	\$ 16,225
Asian alone	\$ 11,203
Other race alone	\$ 9,188
Hispanic or Latino	\$ 10,385

2009 Educational Attainment	Total Population	% of Total
Less than 9th grade	24,806	4%
9th to 12th grade	48,356	7%
High school graduate	180,024	26%
Some college	202,931	30%
Associate degree	50,904	7%
Bachelor's degree	116,546	17%
Graduate or professional degree	62,717	9%

2009 Occupations	Total Population	% of Total
Managerial	230,678	34%
Sales occupations	64,207	9%
Administrative support	111,414	16%
Service	118,061	17%
Farming/forestry/fishing	7,817	1%
Production	154,110	22%

Metro Area	#1 NAICS	#1 Industry Name
Anchorage, AK	44711	Gas Stations
Fairbanks, AK	44711	Gas Stations
Juneau, AK	44711	Gas Stations
Ketchikan, AK	52421	Insurance Agencies
Kodiak, AK	62111	Offices of Physicians

U.S. State	Metro Area	NAICS 236115	NAICS 23821	NAICS 23822	NAICS 23835	NAICS 33711	NAICS 33911	NAICS 44112	NAICS 44211	NAICS 443111	NAICS 443112	NAICS 44531	NAICS 44612	NAICS 44711
AK	Anchorage, AK	24%	6%	65%	2%	33%	37%	84%	61%	43%	92%	20%	78%	100%
AK	Fairbanks, AK	0%	2%	84%	24%	33%	47%	45%	67%	31%	27%	65%	61%	100%
AK	Juneau, AK	2%	41%	49%	59%	31%	39%	92%	90%	35%	76%	12%	45%	100%
AK	Ketchikan, AK	16%	92%	2%	22%	45%	61%	57%	43%	27%	47%	12%	65%	86%
AK	Kodiak, AK	0%	22%	33%	12%	39%	55%	82%	31%	45%	29%	37%	61%	49%

Note: 100% = most opportunity, 50% = industry average, 0% = over saturated (see Users' Guide)

U.S. State	Metro Area	NAICS 446191	NAICS 45392	NAICS 45411	NAICS 48411	NAICS 51211	NAICS 51721	NAICS 522292	NAICS 52231	NAICS 52392	NAICS 52393	NAICS 524126	NAICS 52421	NAICS 53121
AK	Anchorage, AK	51%	16%	86%	35%	59%	45%	82%	94%	73%	53%	63%	98%	96%
AK	Fairbanks, AK	53%	37%	73%	16%	82%	14%	69%	78%	80%	49%	98%	96%	20%
AK	Juneau, AK	37%	4%	80%	82%	73%	24%	61%	88%	71%	67%	0%	98%	94%
AK	Ketchikan, AK	59%	10%	78%	24%	69%	6%	90%	39%	67%	41%	20%	100%	94%
AK	Kodiak, AK	51%	14%	6%	20%	63%	4%	86%	76%	59%	78%	90%	98%	96%

Note: 100% = most opportunity, 50% = industry average, 0% = over saturated (see Users' Guide)

U.S. State	Metro Area	NAICS 53131	NAICS 53132	NAICS 54111	NAICS 541211	NAICS 541213	NAICS 54131	NAICS 54133	NAICS 54141	NAICS 54143	NAICS 541511	NAICS 541512	NAICS 541611	NAICS 541613
AK	Anchorage, AK	80%	27%	0%	18%	47%	39%	4%	57%	90%	76%	65%	88%	71%
AK	Fairbanks, AK	59%	29%	63%	71%	18%	39%	12%	88%	76%	92%	84%	90%	51%
AK	Juneau, AK	47%	33%	18%	84%	29%	65%	6%	53%	78%	57%	49%	96%	63%
AK	Ketchikan, AK	88%	14%	63%	37%	35%	29%	80%	73%	76%	51%	84%	96%	71%
AK	Kodiak, AK	84%	27%	92%	10%	73%	71%	88%	65%	69%	53%	33%	94%	67%

Note: 100% = most opportunity, 50% = industry average, 0% = over saturated (see Users' Guide)

U.S. State	Metro Area	NAICS 541614	NAICS 54162	NAICS 54181	NAICS 54182	NAICS 54194	NAICS 62111	NAICS 62121	NAICS 62131	NAICS 72111	NAICS 72211	NAICS 72241
AK	Anchorage, AK	31%	12%	49%	41%	55%	10%	22%	8%	14%	29%	69%
AK	Fairbanks, AK	55%	10%	41%	57%	35%	94%	22%	43%	6%	8%	4%
AK	Juneau, AK	55%	16%	69%	10%	27%	86%	20%	22%	43%	8%	14%
AK	Ketchikan, AK	49%	55%	31%	53%	33%	98%	82%	18%	8%	4%	0%
AK	Kodiak, AK	41%	47%	57%	43%	18%	100%	24%	16%	8%	80%	2%

Note: 100% = most opportunity, 50% = industry average, 0% = over saturated (see Users' Guide)