

Press Release

Less business start-ups in the construction industry, more in the health and social services sector

IfM Bonn: Support measures at federal and state level lead to a decline in business start-ups

2.3.2021: The Corona pandemic and its consequences for the economy and society have had different effects on business start-up activity in the various sectors of the economy: In the construction sector, for example, the number of start-ups fell by 23.6% in 2020 when compared to 2019, although an increase in start-ups might have been expected due to the increased demand in construction sector. The main reason for this is probably the reintroduction of regulations that a founder of a crafts company is required to hold a master craftsman certificate (Meisterpflicht) in the spring of 2020. Usually, foreign entrepreneurs are strongly represented in this particular sector.

Due to the pandemic, the number of start-ups also decreased in the hospitality industry (-20.6%), in other person-related services (-20.2%) and in the arts, entertainment and recreation sector (-19.7%). In contrast, the health and welfare sector recorded a significant increase in business start-ups of 21.3 %.

Overall, the number of business start-ups amounted to 235,000, 11.7 % below the previous year's level. Since the number of business closures (224,000) even fell by 18.9%, a positive business start-up balance, which describes the difference between business start-ups and closures, was recorded in 2020 for the first time since 2011. The initially expected wave of business closures in 2020 has not occurred due to the diverse support measures at federal and state level.

Since 1973, the IfM Bonn has been calculating the numbers of business start-ups and closures from the basic population of business registrations. The figures from the business registration statistics of the Federal Statistical Office are corrected for non start-up or liquidation-relevant components such as company moves, reorganisations or legal form changes.

→ **Start-up and closure of business**

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