

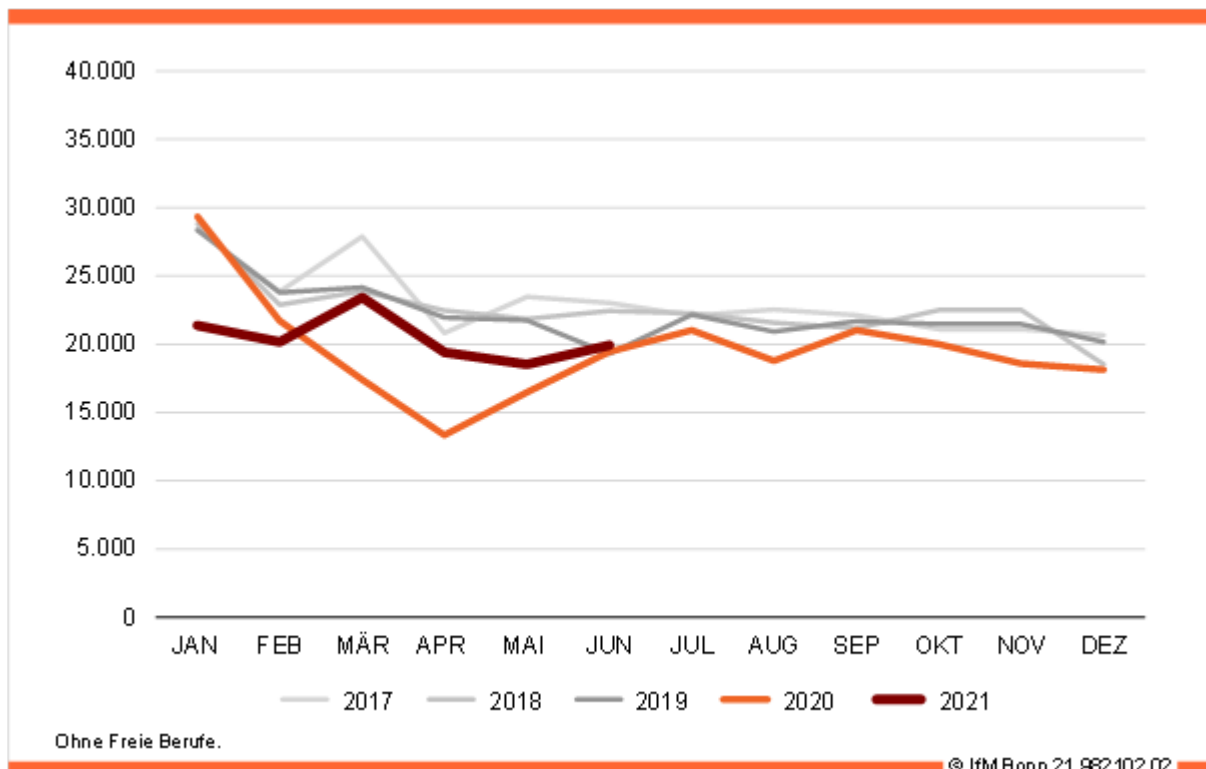
Press release

More start-ups in the first half of 2021 despite lockdown

IfM Bonn does not expect a wave of company closures

Bonn, 11/11/2021. The second lockdown of November 2020 and the third lockdown of April 2021 have slowed down start-up activity in the commercial sector significantly less than the first lockdown in spring 2020. Nevertheless, start-up activity has not yet reached the pre-pandemic level. Only the health and social services sector and financial/insurance services significantly increased in the first half of 2021 compared to the first half of 2019. This is the conclusion reached by the IfM Bonn researchers in their analysis of start-up activity during the past pandemic months based on the Federal Statistical Office's business registration statistics.

Monthly number of business start-ups (2017-2021)



A total of 123,000 start-ups were registered in the first half of 2021; that is 4.3% more than in the same period of the previous year. "The 15% increase in the number of start-ups in main branches compared to spring 2020 is particularly significant from an economic perspective, as these businesses usually create additional jobs. Their share of all business start-ups has risen to 40%. In contrast, the share of small business start-ups has fallen below 50% for the first time in many years," reports Dr Rosemarie Kay, IfM Bonn Deputy Director. At the same time, the pandemic has strengthened the trend towards start-ups alongside a main job. With 176,000 sideline start-ups, in comparison to the previous year, 25% more people took up commercial activity in addition to their dependent employment. This means that their number now exceeds that of commercial start-ups by more than 40%.

New businesses are also being set up in the hotel and restaurant sector

In the first half of 2021, most commercial start-ups took place in trade and construction, followed by start-ups in the business-related service sectors and in the hospitality industry.

Prospects until the end of 2021

Overall, IfM Bonn's researchers estimate that start-up activity will continue to develop positively in the second half of 2021. This also applies to those sectors that have suffered long-lasting restrictions, such as tourism, culture and the event sector. Nevertheless, the pre-pandemic level of commercial start-ups is unlikely to be reached this year. This is also because the decline in the construction sector will be permanent as the compulsory master craftsman training has been reintroduced in some trades at the beginning of 2020. In addition, the labour market is hardly providing any impetus for business start-ups. Since the motive for starting a business, "impending unemployment", is currently not of great significance because of the short-time work regulations.

Contrary to occasional speculation, the researchers do not expect a wave of company closures in the second half of the year. After all, most companies are now able to carry out their business activities mainly without pandemic-related restrictions. However, shortages of inputs and labour as well as price increases could threaten the existence of some companies.

The background paper "Commercial business start-ups and closures in the first half of 2021 - The effects of the pandemic continue to weaken" is available on the Institut für Mittelstandsforschung website (www.ifm-bonn.org).