

Missouri Economy Indicators

Business Application Trends

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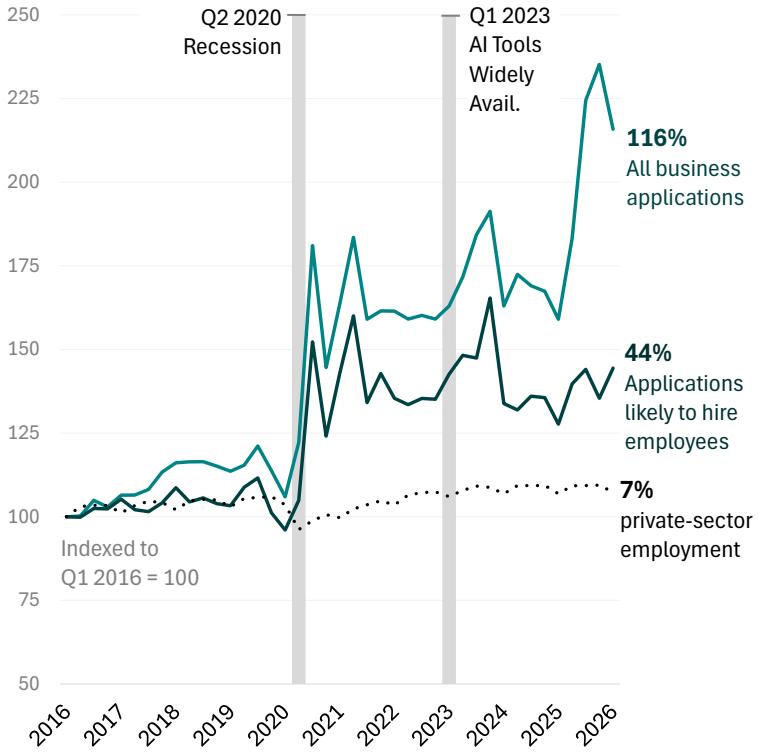
While the 2010s were a sluggish decade for business startups, the 2020s have been anything but. Business applications, which measure the intent to form a business, have surged in the state and nationwide, with Missouri averaging 7,500 applications per month this decade, up from 4,100 in the 2010s. Much of this growth has been driven by solo entrepreneurs, some of whom start businesses on the side with the goal of eventually making them their primary source of income. Turning this surge in entrepreneurship into an engine of job creation will require more of these small businesses to succeed, increase sales, and ultimately hire workers.

Missouri Business Applications Reach New Heights in 2025–26

By the first quarter of 2026, new business applications were up 116% from a decade earlier, driven by entrepreneurial activity following the pandemic recession and renewed growth beginning in summer 2025. Most of this increase reflects applications from businesses not planning to hire employees, continuing a trend toward smaller startups and solo entrepreneurs. In Missouri, average startup employment fell from 3 workers in 2016 to 2.3 by early 2026.

Applications from startups likely to hire employees grew a more modest but still substantial 44%. While growth in these applicants bodes well for future job gains, closures and layoffs at existing firms will offset many of the jobs created by new businesses.

Growth in Missouri Business Applications and Private-Sector Employment, 2016 to 2026



Source: MU Extension graphic using Q1 2016 to Q1 2026 U.S. Census business applications and Bureau of Labor Statistics payroll employment figures.

What Is Fueling the Surge in Business Applications?

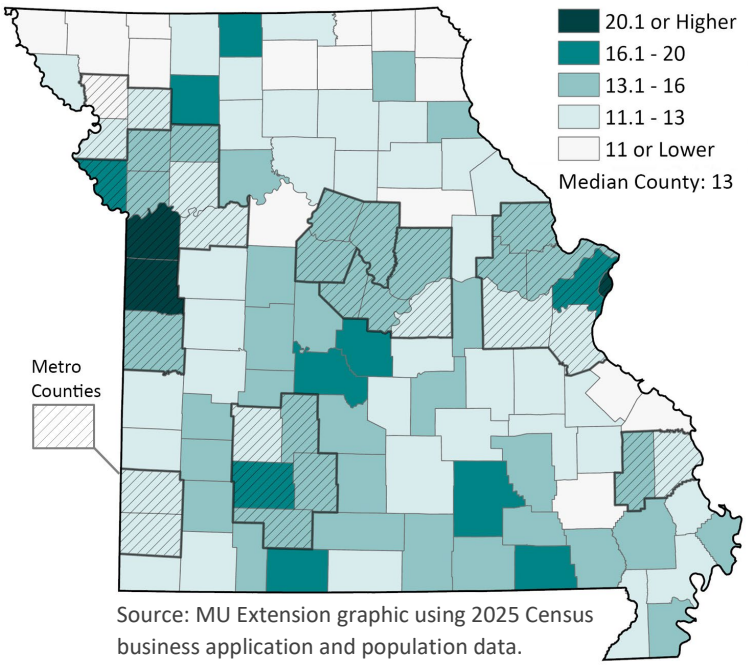
Several theories help explain the rise in business applications, as explored in a recent Center for American Entrepreneurship article. Following the pandemic recession, applications jumped and remained elevated, particularly in online retail and professional services, which benefited from shifts in shopping habits and remote work. Remote work gave some aspiring entrepreneurs the flexibility and tools to launch side businesses or pursue contract work with relatively low startup costs.

More recently, growth in applications has been driven by solo entrepreneurs, with research pointing to AI as a contributing factor. Although AI tools became widely available in early 2023, their adoption took time. By March 2026, a Census Bureau survey found that 56% of U.S. workers had used AI on the job. Growing familiarity with AI, along with its integration into business software, is making it easier to launch and operate businesses with fewer resources. Still, research suggests that many of these newer ventures are side gigs.

New Business Applications Show Pockets of Strength Across Missouri

Missouri recorded more than 101,000 new business applications in 2025, with St. Louis and Jackson counties accounting for one-third of the total. Applications tend to track population, so larger urban counties naturally generate the highest numbers. However, measuring applications per 1,000 residents reveals additional pockets of entrepreneurial activity across the state.

2025 Business Applications Per 1,000 Residents



Source: MU Extension graphic using 2025 Census business application and population data.

Some exurban counties, beyond the traditional suburbs of metro areas, posted high application rates, particularly in northwest and southwest Missouri. Many also experienced strong growth in applications since 2020, likely benefiting from an influx of remote and hybrid workers, some of whom pursued entrepreneurial opportunities.

Counties with strong tourism and recreational economies, particularly around Lake of the Ozarks and Table Rock Lake, also recorded higher application rates. Many of these counties, along with several bordering Arkansas, are attracting retirees at relatively high rates, creating demand for local businesses.

The rise in business applications since 2020 is an encouraging sign for new business creation across Missouri. However, the shift toward solo entrepreneurship suggests job growth could remain modest unless these businesses increase sales, enter new markets, and expand hiring.

Additional Notes and Resources

- Business applications come from the U.S. Census Bureau's Business Formation Statistics, while startup employment comes from the U.S. Bureau of Labor Statistics' Business Employment Dynamics program.
- Missouri's Small Business Development Centers have free resources and counseling to support both new and existing entrepreneurs interested in expanding their business.

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