

U.S. Latinos Drive Business & Employment Growth

New Establishments Data



Authors

Dan Hamilton, Ph.D. and Matthew Fienup, Ph.D.
California Lutheran University

David Hayes-Bautista, Ph.D. and Paul Hsu, Ph.D.
UCLA David Geffen School of Medicine

www.LatinoGDP.us

California
Lutheran
University

UCLA Health

Center for the Study of
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Prepared by:

Dan Hamilton, Ph.D., Principal Investigator, CLU

Matthew Fienup, Ph.D., Project Director, CLU

David Hayes-Bautista, Ph.D., UCLA

Paul Hsu, Ph.D., UCLA

For questions regarding this report, contact:

Matthew Fienup, Chief Economist

Center for Economic Research & Forecasting

www.clucrf.org

(805)493-3668

David Hayes-Bautista, Chief Demographer

Center for the Study of Latino Health and Culture

www.uclahealth.org/ceslac

(310)794-0663

www.LatinoGDP.us

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Introduction

The April release of the [2025 U.S. Latino GDP Report](#) revealed that the U.S. Latino GDP surged past \$4 trillion for the first time. At \$4.1 trillion, the 2023 U.S. Latino GDP is the world's fifth largest GDP, larger than the entire economy of India. The U.S. Latino GDP is also the single fastest growing among the largest economies, growing faster than China's GDP since 2019 (Hamilton et al, 2025).

Since 2019, the Latino GDP Project has documented substantial *economic premiums*, specifically growth premiums, enjoyed by Latinos relative to Non-Latinos in the United States. These premiums exist across a wide range of economic indicators. In this report, we document economic premiums in an area that we have not previously analyzed, that of new business creation. Demonstrating the incredible vitality of the U.S. Latino cohort, from 2007 to 2023 Latino-owned employer businesses grew by almost 100 percent, whereas employer businesses owned by Non-Latinos grew just 5.2 percent. In other words, Latino business creation was nearly 20 times stronger than Non-Latino.

[The Latino GDP Project](#), a multi-disciplinary initiative conducted by researchers at California Lutheran University and UCLA, provides careful, explicit, and timely documentation of the economic powerhouse represented by U.S. Latinos. Eight consecutive annual reports document the fact that Latinos living in the United States are drivers of growth and a source of resilience for the broader economy. Latino participation in the U.S. economy is more active and more intense than Non-Latino participation. Further, the *vitality* of the overall U.S. economy *depends* on the intensity of activity of U.S. Latinos.

The Establishments Data Set

In Census data, an establishment is a single physical location where one predominant business activity takes place. We will use the terms establishment and business interchangeably in this report. The Census utilizes two surveys to build a database that includes both employer and non-employer businesses. Employer businesses are those with one or more employees, whereas non-employer businesses do not have any employees. The range of time we analyze is from 2007 to 2023. We occasionally split this timeframe into three episodes: 2007 to 2012, which includes the Great Recession; 2012 to 2017, an intermediate period; and 2017 to 2023, which includes the COVID-19 pandemic.

The Vitality of Latino-Owned Businesses

Considering all Latino-owned businesses together, the number of Latino businesses grew by 158 percent from 2007 to 2023, whereas the number Non-Latino businesses grew by 23.7 percent. In other words, the number of all Latino-owned businesses, including both employer and non-employer businesses, grew nearly seven times faster. The average annual growth of Latino-owned businesses was 6.1 percent from 2007 to 2023, compared to just 1.3 percent for Non-Latino businesses. During a more recent period, 2017 to 2023, the story remains similar with Latino-

owned businesses growing an average of 6.7 percent per year, while Non-Latino businesses grew 1.8 percent per year. (See Figures 1 and 2)

Figure 1: Overall Growth

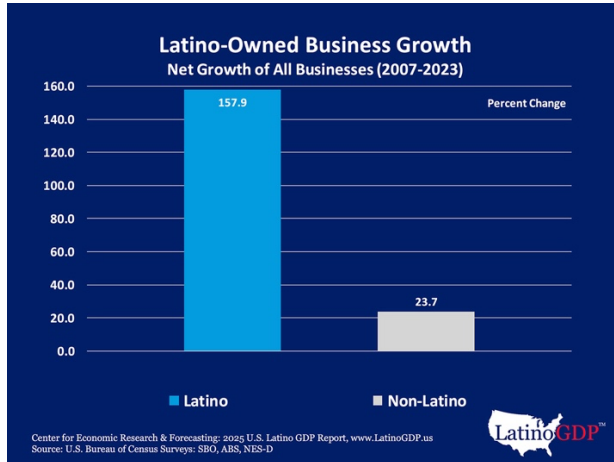
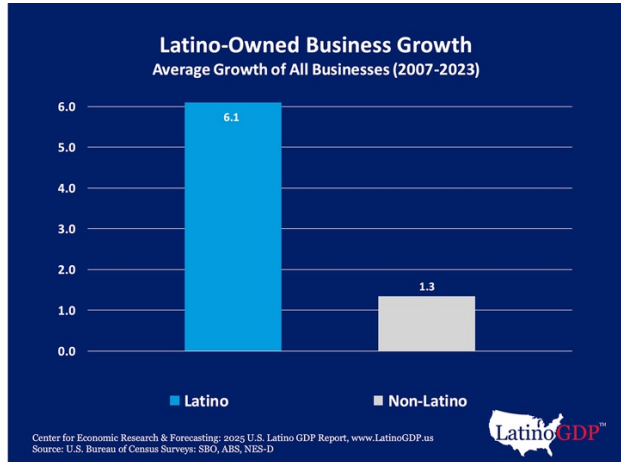
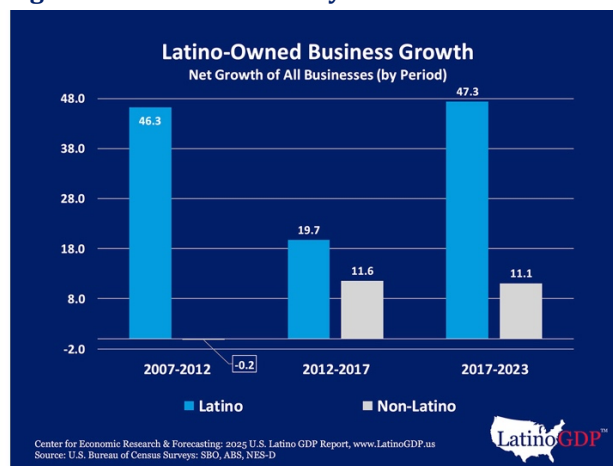


Figure 2: Average Annual Growth



Even more remarkable is the Latino contribution to overall U.S. business growth. From 2007 to 2012, which includes the Great Recession, the number of businesses owned by Non-Latinos declined by 49 thousand, whereas the number of Latino-owned businesses grew by over 1 million. In other words, if it were not for Latinos, the total number of U.S. businesses would have declined from 2007 to 2012. As the Latino GDP Project has documented in other areas of economic performance, Latinos have historically powered through the considerable challenges presented by severe recessions. In doing so, they are a critical source of resilience for the U.S. economy. Despite being just 19.6 percent of the U.S. population in 2023, Latinos are responsible for 38.8 percent of overall U.S. business growth from 2007 to 2023. During this timeframe, Latinos nearly doubled their share of U.S. businesses from 8.7 percent in 2007 to 16.5 percent in 2023.

Figure 3: Overall Growth by Time Period



The relative strength of Latino-owned business growth was a bit less strong during the middle five-year period, 2012 to 2017, compared to the earlier and later periods, consistent with the

observation that U.S. Latinos rise to whatever economic challenges the country faces.

Employer versus Non-Employer Businesses

While a few large businesses grab the headlines, small businesses form the backbone of the U.S. economy. Small businesses generate two out of every three new jobs in the United States and produce more than 43 percent of the nation's economic output.¹ Small businesses also serve as the incubators for the development of large businesses, defined by the U.S. Census as firms with 500 or more employees.

Non-employer businesses are easier to establish and maintain as they face fewer regulations and do not have to “make payroll.” Not surprisingly, from 2007 to 2023, the growth of non-employer businesses in the U.S. was substantially more rapid than the growth of employer businesses. This pattern holds across the entire country and holds for owners of all ethnicities.

Analyzing growth over the entire period from 2007 to 2023, we see that there was a dramatic acceleration of the growth of Latino-owned employer businesses during the 2017 to 2023 timeframe. During this period, the growth of Latino-owned employer businesses even surpassed the growth of Latino-owned non-employer businesses, completely upending the typical pattern. From 2017 to 2023, the growth of Latino-owned employer businesses was an average of 7.3 percentage points per year faster than the growth of Non-Latino employer businesses. This growth premium is dramatically larger than the 3.3 and 1.1 percentage point premiums of the earlier periods. Quite remarkably, from 2017 to 2023, the growth of Latino-owned employer business exceeded the growth of Latino non-employer businesses by an average of 4.5 percentage points per year.

Figure 4: Employer Business Growth

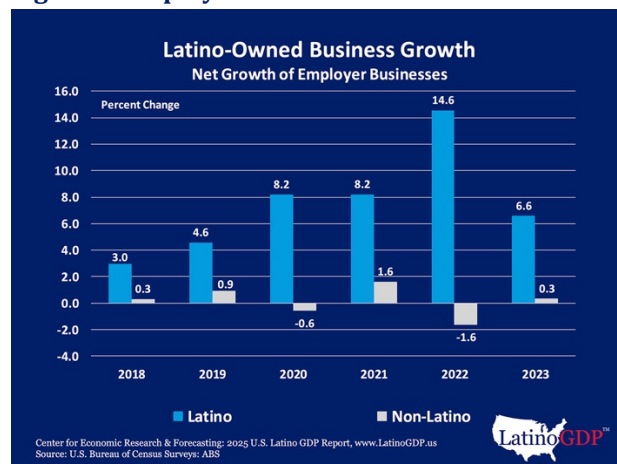
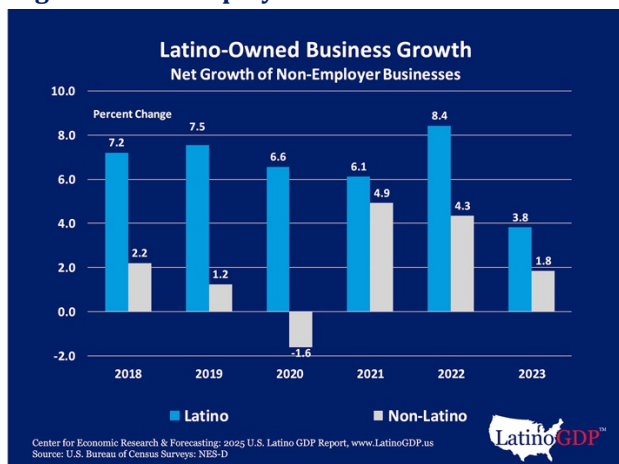


Figure 5: Non-Employer Business Growth



Consistent with the remarkable performance of Latino-owned businesses during the Great Recession, the number of Latino-owned employer businesses showed strong, increasing annual growth before, during and after the COVID-19 pandemic. The growth of Latino-owned employer businesses increased steadily from 3.0 percent growth in 2018 to 14.6 percent growth in 2022. In 2023, the growth rate

¹ <https://nationalbusiness.org/the-impact-of-small-businesses-on-the-united-states-economy/>

slowed to just 6.6 percent but was still more than 20 times stronger than the growth of Non-Latino employer businesses. By contrast, non-Latino employer businesses showed either anemic growth (as in 2018, 2019, 2021 and 2023) or negative growth (as in 2020 and 2022). In essence, the growth of U.S. jobs over this period was driven in large part by the growth of Latino-owned employer businesses.

Latinos as Employers

The Latino net creation premium of employer firms is important in light of two considerations. An employer firm is a deeper commitment to the economy as well as to their employees, since in this case, they “have to make payroll”. Secondly, an employer firm not only provides a needed good or service to the economy, as all successful firms do, they also add to labor supply, a very important, yet *separate* contribution to the economy. The U.S. Latino cohort contributes to the labor market as workers, in an outsized manner, and they contribute substantially to employer firm creation, in recent years especially. Employer firm creation provides a place to work for all households, Latino and Non-Latino. This is an important and far-reaching economic role that Latinos are demonstrating.

Conclusion

The analysis of Latino businesses data paints a factual picture that is consistent with seven years of research and thirty separate reports produced by the Latino GDP Project team. As with labor force growth, labor force participation, educational attainment growth, and a host of other measures, businesses data demonstrate that Latinos participation in the U.S. economy is more *active*, more *intense* than Non-Hispanic participation. The vitality of the *overall* U.S. economy *depends* on the intensity of the economic activity of U.S. Latinos.

Technical Notes

The businesses data is provided from various Bureau of Census surveys, where the most recent data is for the year 2023. The Census has established an important growth point in the life of a small business: when it has grown large enough to hire at least one paid employee it becomes an “employer establishment.” Prior to this point, the business was considered to be a “non-employer” establishment. We conduct the analysis in this chapter by utilizing data that is confirmed as either Latino (Hispanic) or Non-Latino (Non-Hispanic). I.e. we do not use the data from the surveys for which we do not have clear distinction as to ethnicity. This creates a U.S. universe of both ethnicities that is about 3 percent smaller (using 2023 as an example) than the survey universe of all firms, where the loss is due to a lack of clear ethnic distinction.

In any given year, the stock of firms in America is the stock in the prior year plus new firms created, minus those that close down. We sometimes refer to *net creation* or *net new business growth* by which we mean the number of firms created over and above the destruction. If the number of new firms created is greater than the number that close, then *net creation* or *net new business growth* is positive.

References

Hamilton, D., M. Fienup, D. Hayes-Bautista, and P. Hsu. 2025. “2025 U.S. Latino GDP Report: Hard-Working, Self-Sufficient, Optimistic.” Community Partners, April 2025. www.LatinoGDP.us



ABOUT THE AUTHORS

Dan Hamilton, Ph.D. – Principal Investigator

Director of Economics, Center for Economic Research & Forecasting California Lutheran University

Matthew Fienup, Ph.D.

Executive Director, Center for Economic Research & Forecasting California Lutheran University

David Hayes-Bautista, Ph.D.

Director, Center for the Study of Latino Health & Culture UCLA David Geffen School of Medicine

Paul Hsu, M.P.H., Ph.D.

Faculty, Department of Epidemiology UCLA Fielding School of Public Health

Center for Economic Research & Forecasting (CERF)

CERF is a nationally recognized economic forecasting center. CERF economists Matthew Fienup and Dan Hamilton are members of the Wall Street Journal Economic Forecasting Survey, the National Association of Business Economics (NABE) Economic Outlook survey, and the Fannie Mae (formerly Case-Schiller) Home Price Expectations Survey. They were recipients of 2019, 2020, 2021 and 2024 Crystal Ball Awards for the Fannie Mae forecast survey. CERF's 2-year ahead forecast of U.S. home prices was the single most accurate among more than 100 competing forecasts. CERF is housed at California Lutheran University, a federally designated Hispanic Serving Institution.

Center for the Study of Latino Health & Culture (CESLAC)

Since 1992, CESLAC has provided cutting-edge research, education and public information about Latinos, their health and their impact on California's economy and society. CESLAC is a resource for community members, business leaders and policy makers who want to gain insightful research and information about Latinos. It offers unparalleled insight into Latino issues through an approach that combines cultural research, demographic trends, and historical perspective. In addition, it has helped the University of California meet its public service goal by increasing the effectiveness of their outreach to the Latino community.

History of the Latino GDP Project

The effort to calculate the Latino GDP began with David Hayes-Bautista around 2004. His idea was to use established government data programs to calculate a robust summary statistic for the economic performance of U.S. Latinos. The original U.S. Latino GDP algorithm was developed by Hayes-Bautista with Werner Schink, former Chief Economist of the California Labor Department. They produced the inaugural Latino Gross Domestic Product (GDP) Report in 2017. After Schink's untimely passing in 2018, Hayes-Bautista found new collaborators in Dan Hamilton and Matthew Fienup, of California Lutheran University. Hayes-Bautista, UCLA colleague Paul Hsu, Hamilton, and Fienup made refinements to the Latino GDP methodology and have produced annual U.S. Latino GDP Reports every year since 2019. With generous support from Bank of America, the Latino GDP Project was significantly expanded beginning in 2021 and now includes calculation of the Latino GDP for targeted states and major metropolitan areas as well as the inaugural U.S. *Latina* GDP Report. For more information and to access reports, visit www.LatinoGDP.us and www.LatinaGDP.us