

# Business Sentiment Survey

FOR THE ROCKFORD REGION  
2026 Q1 REPORT



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# Our Organization

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## GREATER TOGETHER

The Greater Rockford Chamber of Commerce (GRCC) is the region's largest and most influential network of business owners and professionals. We promote economic growth, advocate for the interests of business, and provide services and educational opportunities that help our members thrive.

The GRCC represents businesses and organizations throughout Northern Illinois and Southern Wisconsin, reaching well beyond Rockford and Winnebago County. We are the unified voice of the region's business community, driving change to make the Rock River Valley more competitive, and building the area's reputation on a regional and national level. Our efforts support all businesses in our sphere—members and nonmembers—because we know we are greater together.



## ACKNOWLEDGMENTS

This document has been prepared by Region 1 Planning Council.

Region 1 Planning Council (R1) is a government-to-government agency creating plans and devising long-range solutions that allow Northern Illinois to move forward as one region. R1 addresses concerns in transportation, economic development, sustainability, legislative policy, blight, and community health by bringing together leaders across a variety of municipalities and industries.

The contents, views, and conclusions expressed in this report are not necessarily those of the above agencies.



# Introduction

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## OVERVIEW OF THE SURVEY

In January of 2025, the Greater Rockford Chamber of Commerce (GRCC), in collaboration with Region 1 Planning Council (R1), introduced a quarterly survey to evaluate the business environment in the Rockford Region. The survey was designed to align with the U.S. Chamber of Commerce (USCC) Small Business Index (SBI). This index features 10 key questions that address topics such as economic outlook, hiring practices, investment trends, and other critical economic indicators. To provide a benchmarking opportunity between the local and national economies, GRCC incorporated nine of these questions into its survey. The U.S. Chamber of Commerce typically releases its survey results in the final two weeks of each quarter. Those comparative statistics are offered in this report or a subsequent report as they are made available.

The Q1 2026 business environment was influenced by broader political and economic conditions that had clear impacts on local businesses. Continued U.S.–China trade restrictions and global tensions led to supply issues and higher costs, especially for manufacturing and goods-based industries. At the same time, tensions involving Iran contributed to uncertainty in oil markets, which showed up locally through fluctuating fuel and transportation costs. While inflation began to ease, interest rates remained high, making it harder for businesses to borrow and invest, particularly in real estate and small business growth. Even as some of these pressures have started to cool, they continue to shape a cautious but steady business climate.

Businesses in the Rockford Region are still dealing with labor shortages, which are especially pronounced in construction and skilled trades tied to these projects. While the region’s cost of living remains lower than the national average, that advantage is starting to shift. Lower costs are drawing outside investment and new residents, pushing up housing prices and making it harder for local workers to afford housing. Businesses are also adopting automation and AI to improve efficiency, but this shift brings new challenges, including workforce changes and cybersecurity risks. Altogether, these factors are not stopping growth, but they are pushing businesses to be more careful and strategic.

The report includes visual representations and descriptions of results, providing a detailed snapshot of the region’s business climate during the first quarter of 2026. With a sample size yielding an 80% confidence level, the survey offers valuable benchmarks for stakeholders shaping Rockford’s economic trajectory.

It should be noted that the Q2 2025 GRCC survey introduced a “Don’t know” response option for select questions, consistent with USCC SBI methodology. Because this option was not available in Q1, comparisons across quarters should be interpreted with this change in mind.

## MARKET CONDITIONS

This section provides a summary of the latest data, offering context for the findings presented in this report. The focus is on the Rockford Metropolitan Statistical Area (MSA), which includes Winnebago and Boone Counties. Unless stated otherwise, the data presented here is sourced from the Census Bureau's American Community Survey – 2024 5-Year Estimates.

### LABOR FORCE

The regional labor force comprises 167,473 individuals aged 25 to 64, with a labor force participation rate of 78.6%, slightly below the state average of 81% and similar to the national average of 79.2%. However, the region's unemployment rate stands at 6.4%, significantly exceeding the state average of 5% and the national rate of 4.4%.

### INDUSTRY SECTORS

The region's workforce is heavily concentrated in educational services, health care, and social assistance, accounting for 26% of employment, along with a strong manufacturing presence at 18%, according to the most recent Q2 2025 estimates from the U.S. Census Bureau QWI Explorer. Statewide, these industries represent 24.9% and 9.6%, respectively, while nationally, they account for 19.7% and 9.6%.

### EDUCATIONAL ATTAINMENT

Educational attainment in the region closely aligns with state and national trends at the high school level, but falls significantly behind in higher education. Among residents aged 25 and older, 88.4% have completed high school or attained a higher level of education, compared to 90.5% statewide and 89.6% nationally. However, the region lags considerably in bachelor's degree attainment or higher, with only 25% holding such a degree, far below the state average of 37.8% and the national rate of 35.7%.

## WAGES AND INCOME

In 2024 inflation-adjusted dollars, the region's median household income stands at \$68,033, falling below the national median of \$80,734 and the state median of \$83,390. According to the Bureau of Labor Statistics' Rockford Area Economic Summary, the average weekly wage across all industries in the second quarter of 2025 was \$1,152, compared to the national average of \$1,436. As of May 2024, the region's average hourly wage across all occupations was \$28.43, trailing the national average of \$32.66.

### COST OF LIVING

Historically, Rockford, Illinois, has had a cost of living well below the U.S. average. Regional Price Parities (RPPs), which compare price levels across states and metro areas as a percentage of the national average, illustrate this trend. According to the Bureau of Economic Analysis 2024 RPP data for all items, Rockford has an index of 92.2, a two-point increase from 2023. In comparison, Chicago's index is 103.6, while Madison, WI (97.3), and Milwaukee, WI (96.9), both fall below the national average.

## BUSINESS STATISTICS

This section provides an overview of key business activity metrics in the region, including job creation, establishment dynamics, and trends in business applications. By analyzing data from recent years and examining shifts, it offers additional context into the region's economic performance.

### BUSINESS DYNAMICS

According to the Census Bureau's 2023 Business Dynamics Statistics, the region had 5,445 firms and 6,481 establishments, slightly lower than in 2022. New establishments generated 3,201 jobs, while expanding establishments added 10,915 jobs. Meanwhile, 9,535 jobs were lost due to contracting and closing establishments, resulting in a net job gain of 4,581.

### BUSINESS APPLICATIONS

The Census Bureau's 2024 Business Formation Statistics reveal that the region recorded 3,374 new business applications in 2024, a decrease of 638 from the previous year. However, the highest number of applications was in 2021, with 4,251. Before the pandemic, annual business applications in the Rockford MSA generally remained below 2,000.

# Local Results

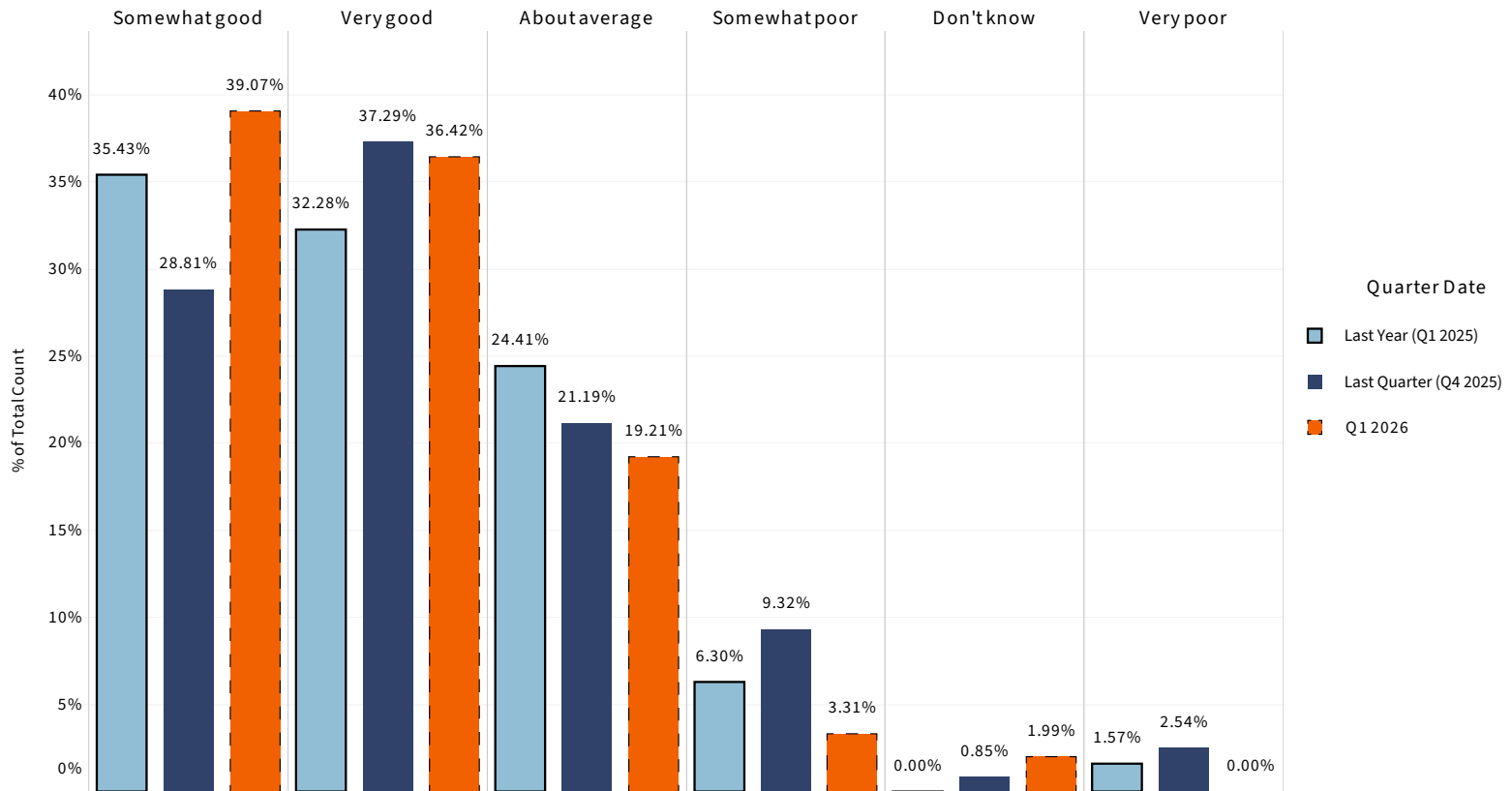
## CURRENT SENTIMENT

Rockford Region businesses maintain a generally positive outlook on the business landscape. Most report being in good or average condition and having steady cash flow. However, this stability faces ongoing pressures, especially rising costs, labor shortages, and regulatory challenges, which significantly influence decision-making. While businesses are less certain about the broader economy, the data shows they plan to retain or increase investments, whether out of necessity or confidence in their ability to adapt to current conditions.

## RESPONSES

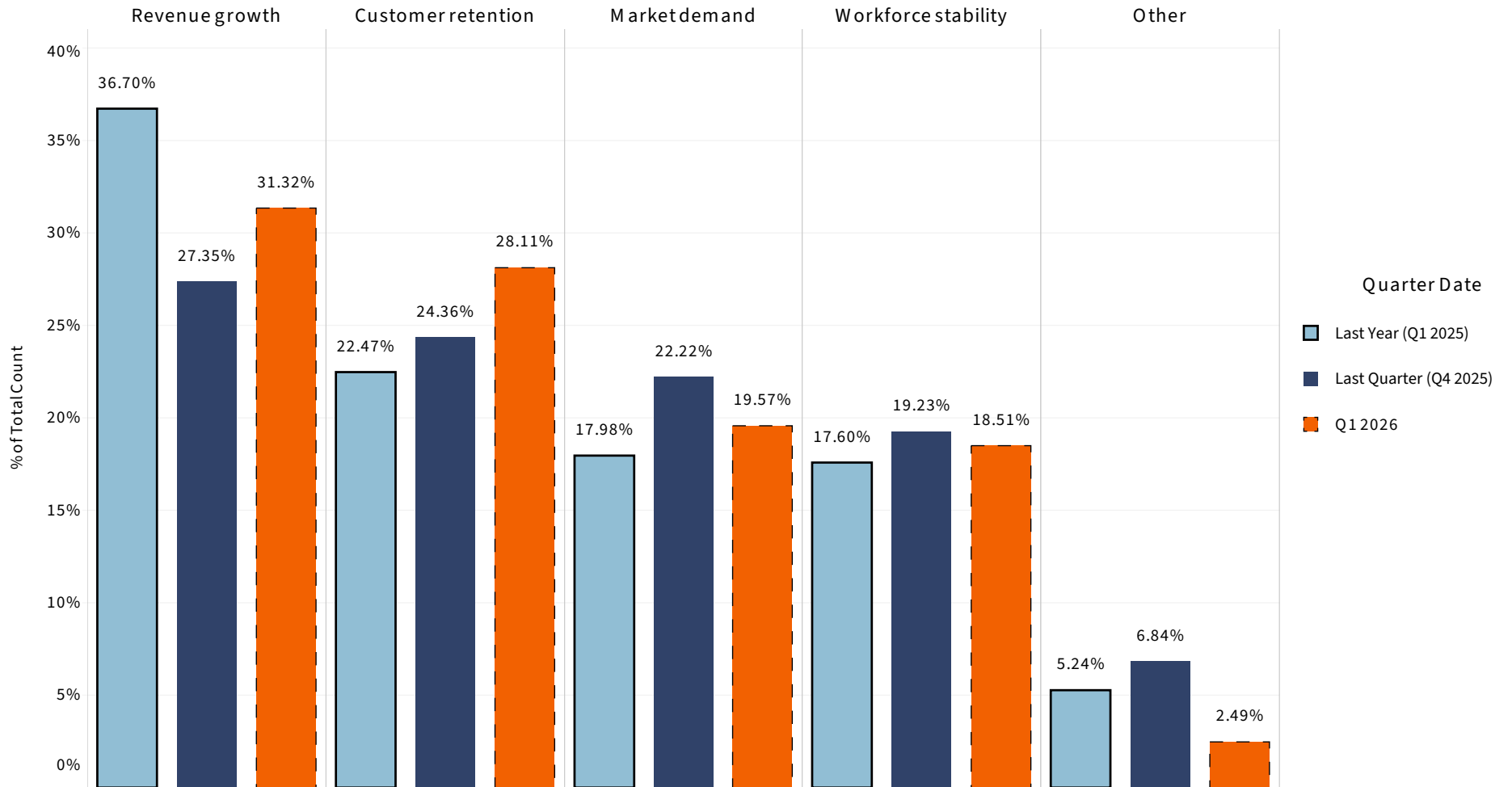
### 1. How would you rate the overall health of your business?

Most businesses rated their overall health as good or average, with fewer reporting poor conditions. This suggests businesses are generally stable, but not without some ongoing challenges.



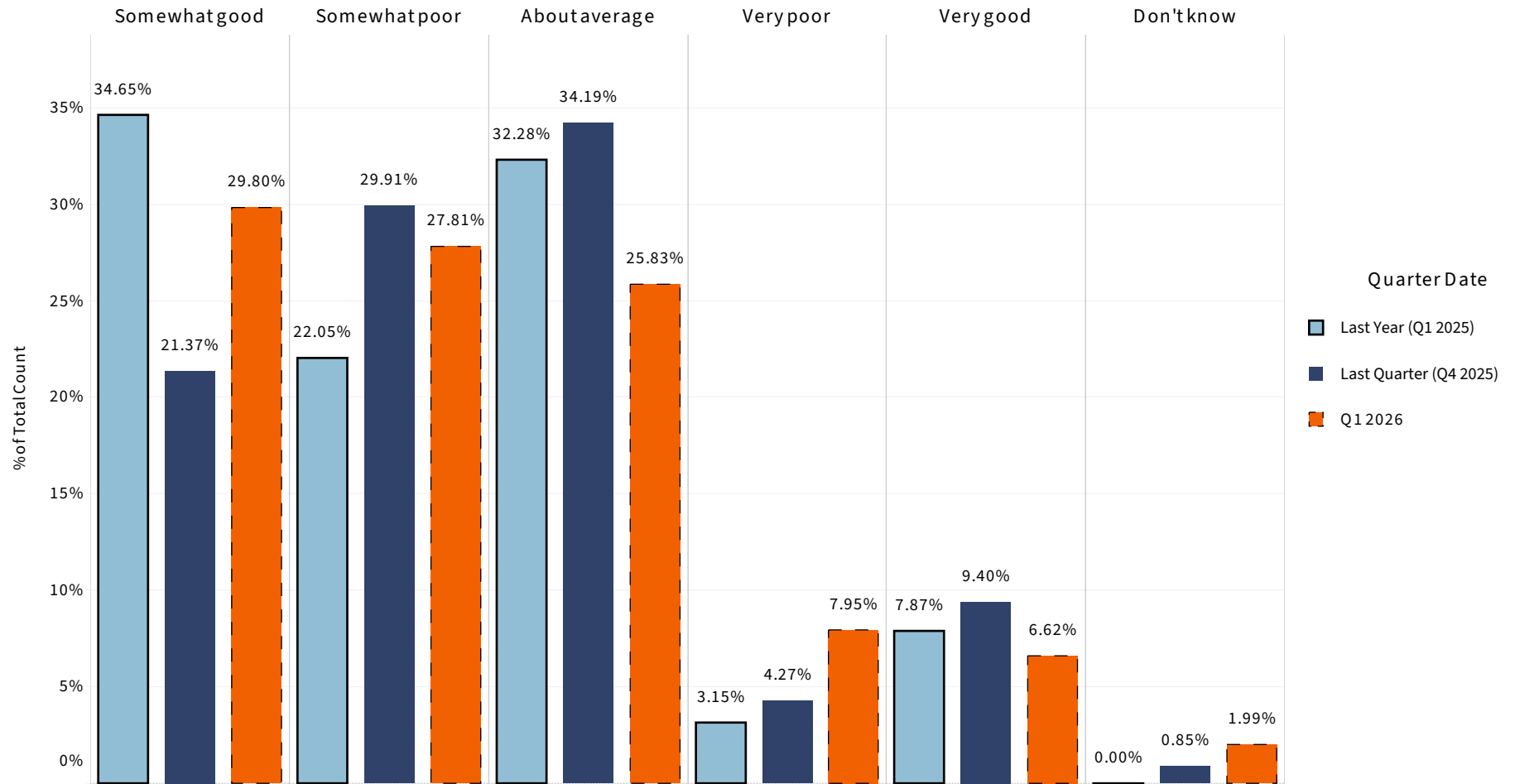
2. What factors most influence your perception of your business's overall health?

The most important factors were revenue growth, market demand, and customer retention, with workforce stability playing a smaller but still notable role. This shows businesses are focused more on demand and performance than internal factors.



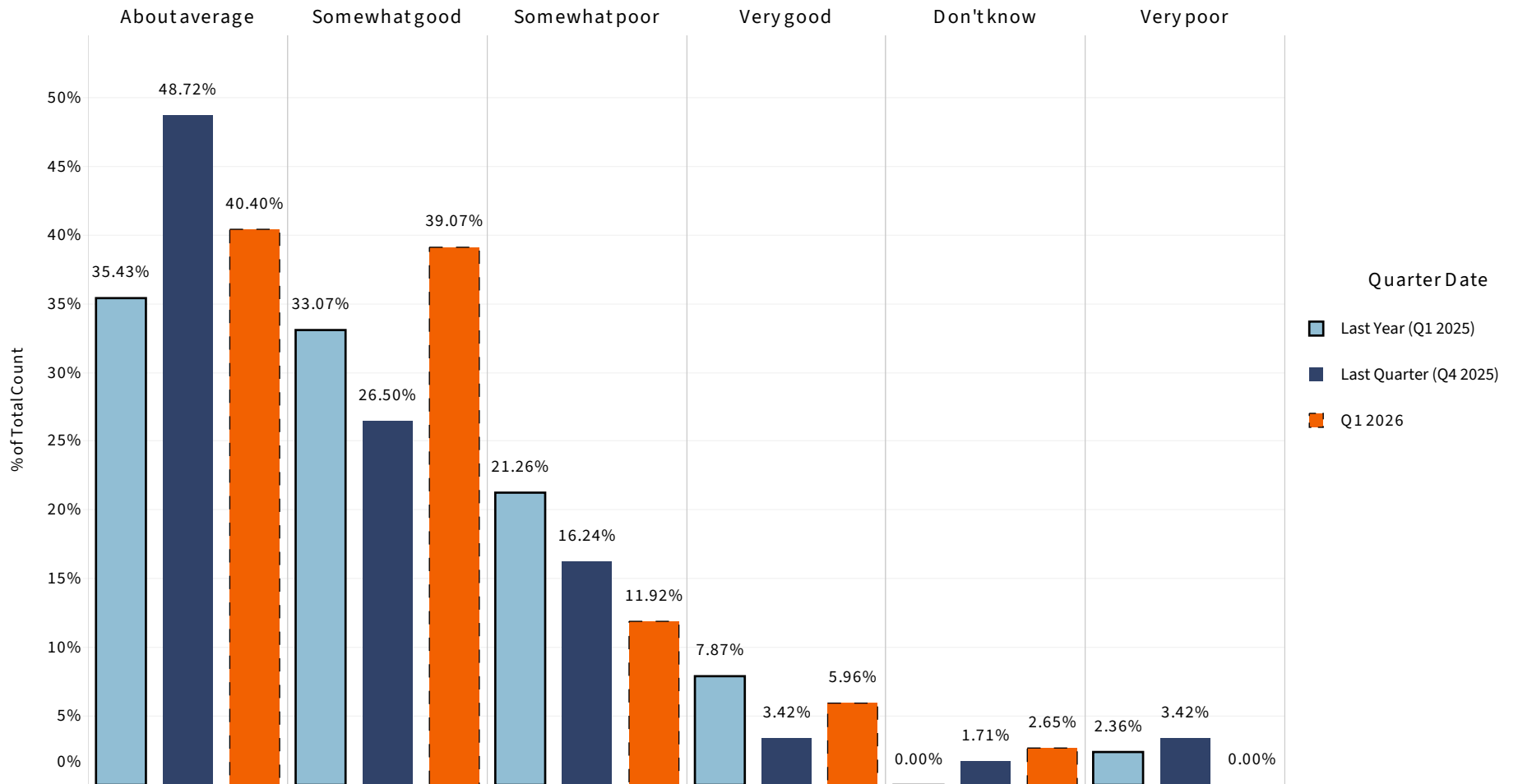
3. How would you rate the overall health of the United States economy?

Perceptions of the U.S. economy were more mixed, with a larger share of businesses rating it as average or somewhat poor. This reflects broader uncertainty at the national level.



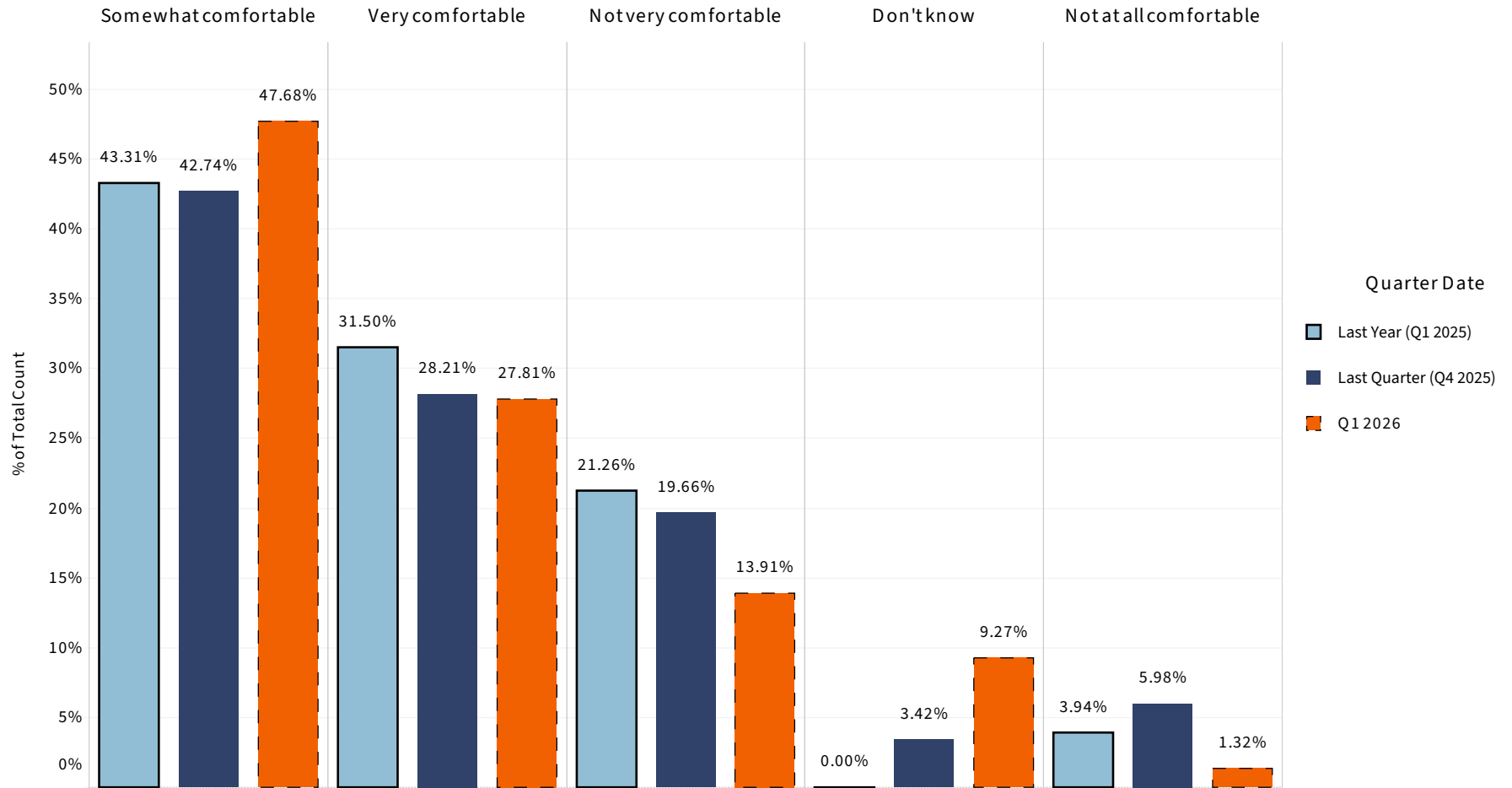
4. How would you rate the overall health of the economy in our area?

Ratings of the local economy were generally more positive than the national outlook, with many businesses selecting somewhat good or average. This suggests the region is holding steady despite broader concerns.



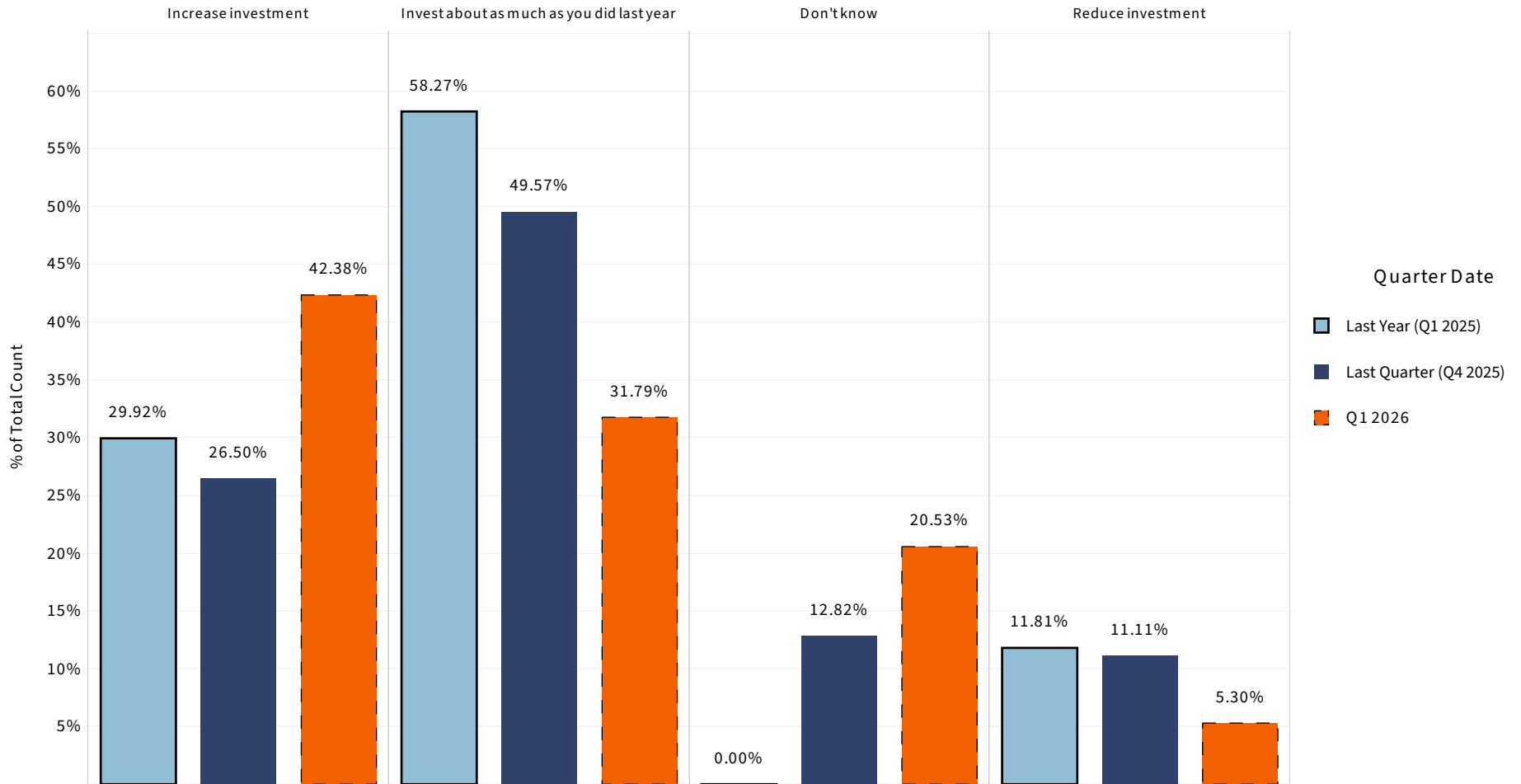
5. How comfortable are you with your company's current cash flow situation?

Most businesses reported being somewhat or very comfortable with their cash flow, though a noticeable share still expressed discomfort. This points to generally stable finances with some lingering pressure.



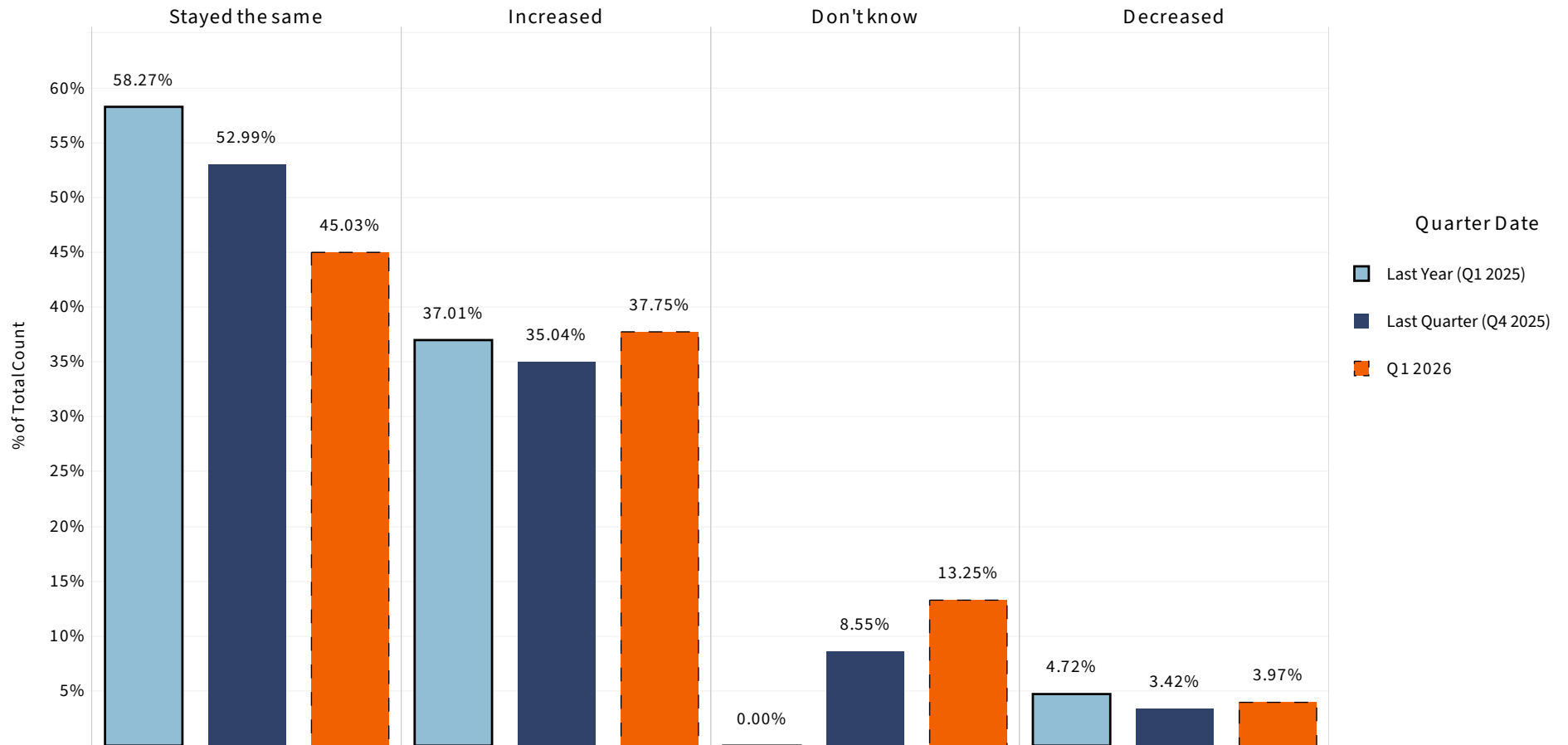
6. For the year ahead, do you plan to:

Most businesses said they plan to increase or maintain investment levels, with fewer planning to reduce spending. This suggests cautious confidence, with businesses still willing to invest despite uncertainty.



7. Compared to six months ago, has the time or resources you spend completing licensing, compliance, or other government requirements increased, decreased, or stayed the same?

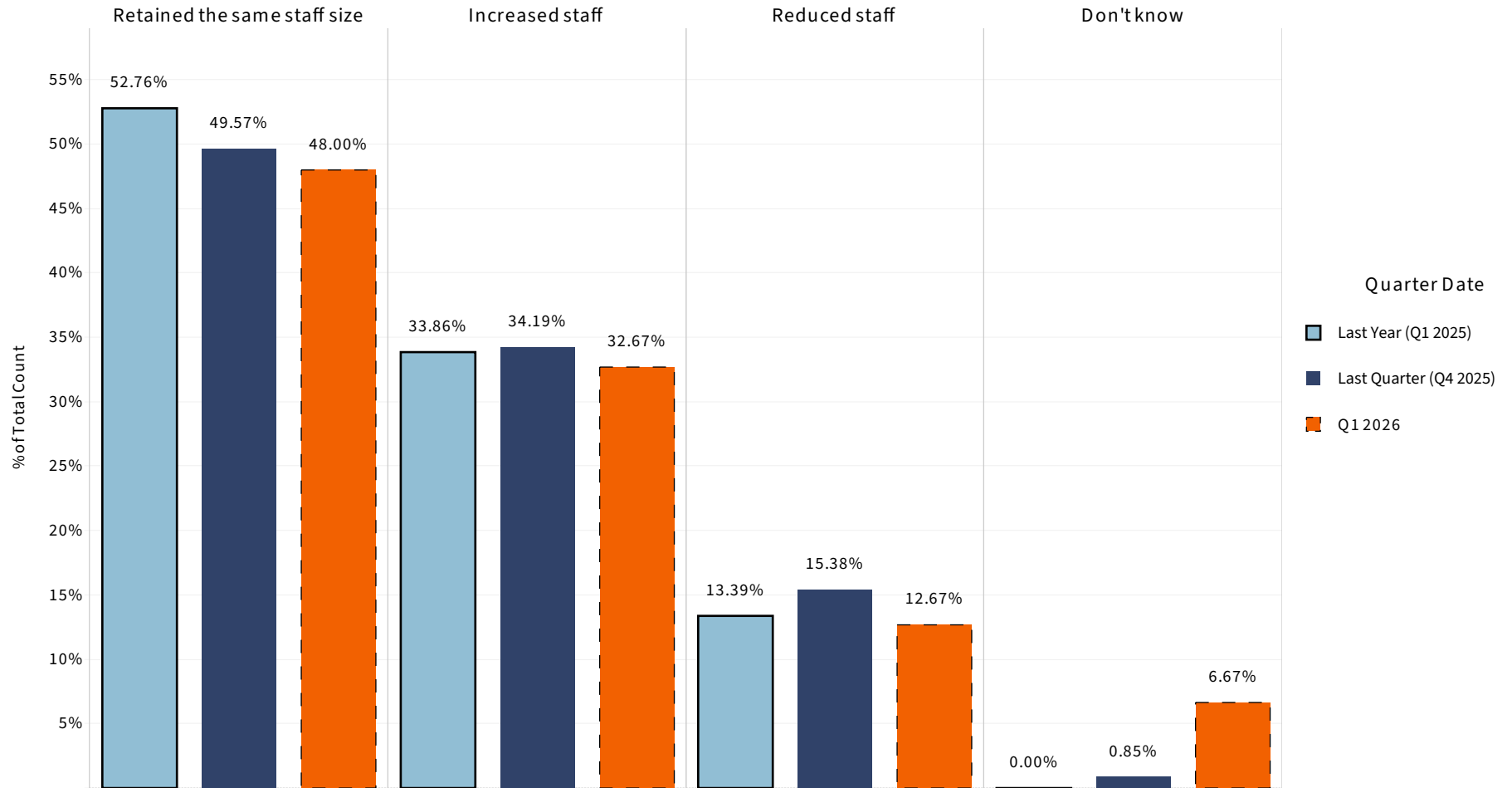
A large share of businesses reported that time spent on compliance has increased or stayed the same. This indicates ongoing regulatory pressure without much relief.





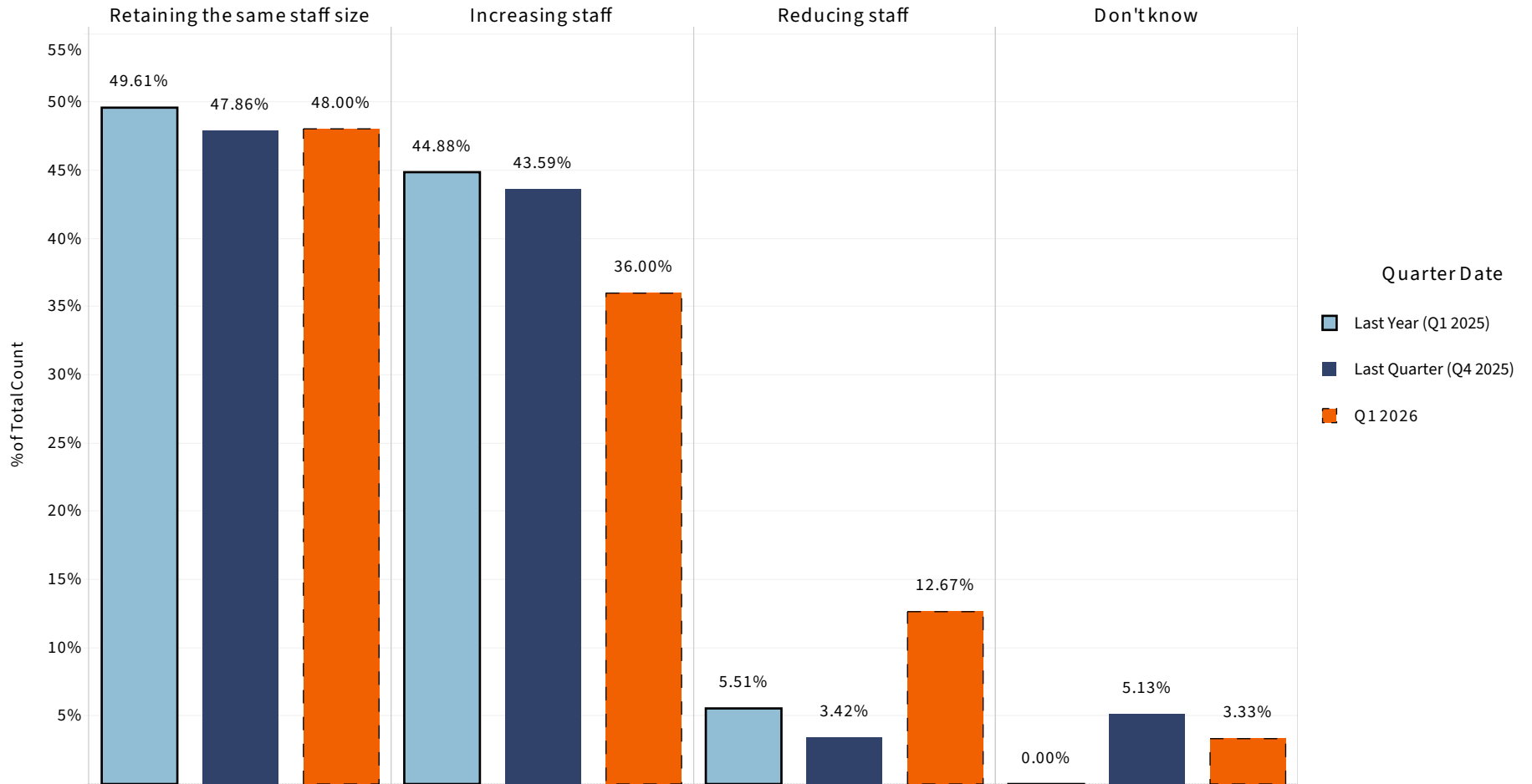
9. Over the past year, would you say you have:

Most businesses either maintained or increased their staff, with fewer reporting reductions. This points to steady employment levels over the past year.



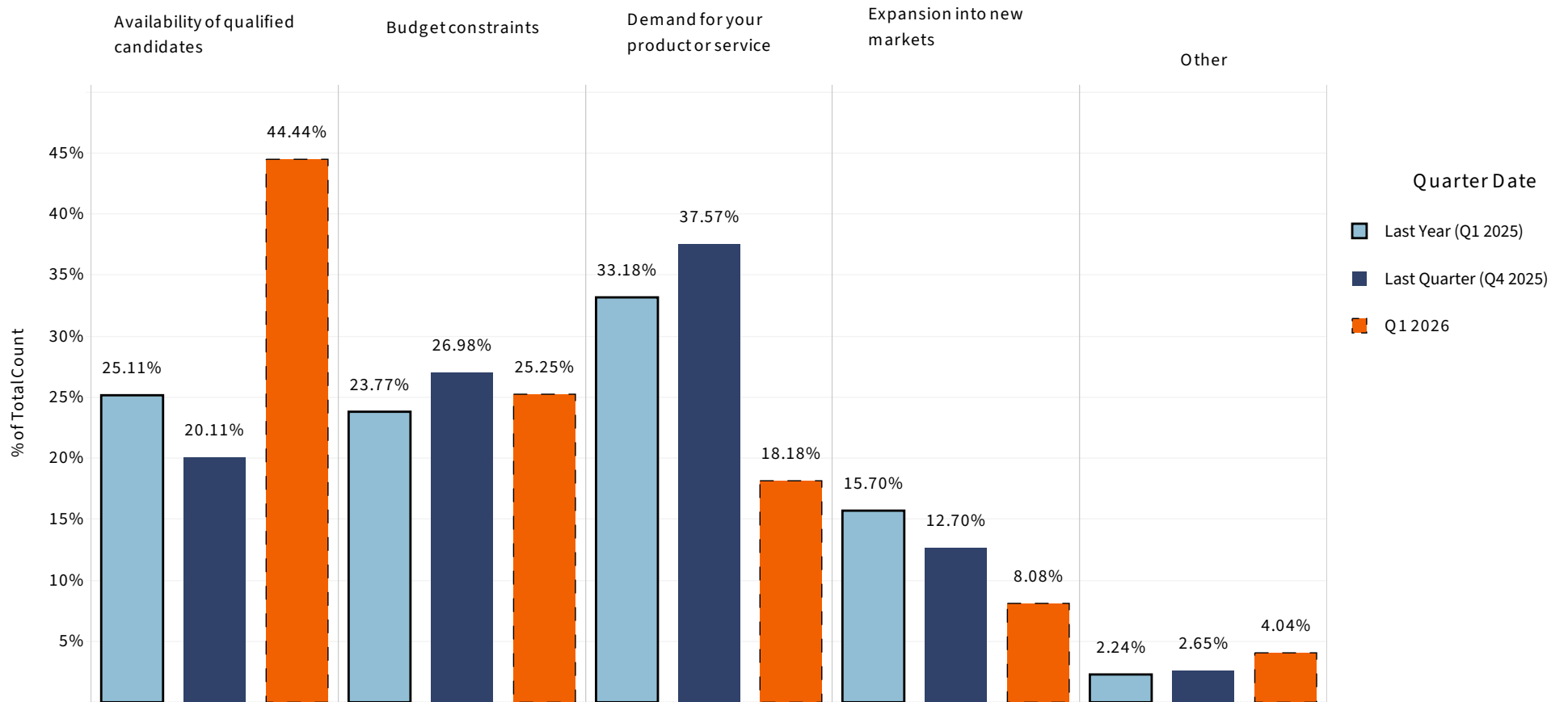
10. In the next year, do you anticipate:

Looking ahead, most businesses reported that they expect to keep staffing levels the same or increase slightly, with limited plans for reductions. This reflects stable but cautious hiring expectations.



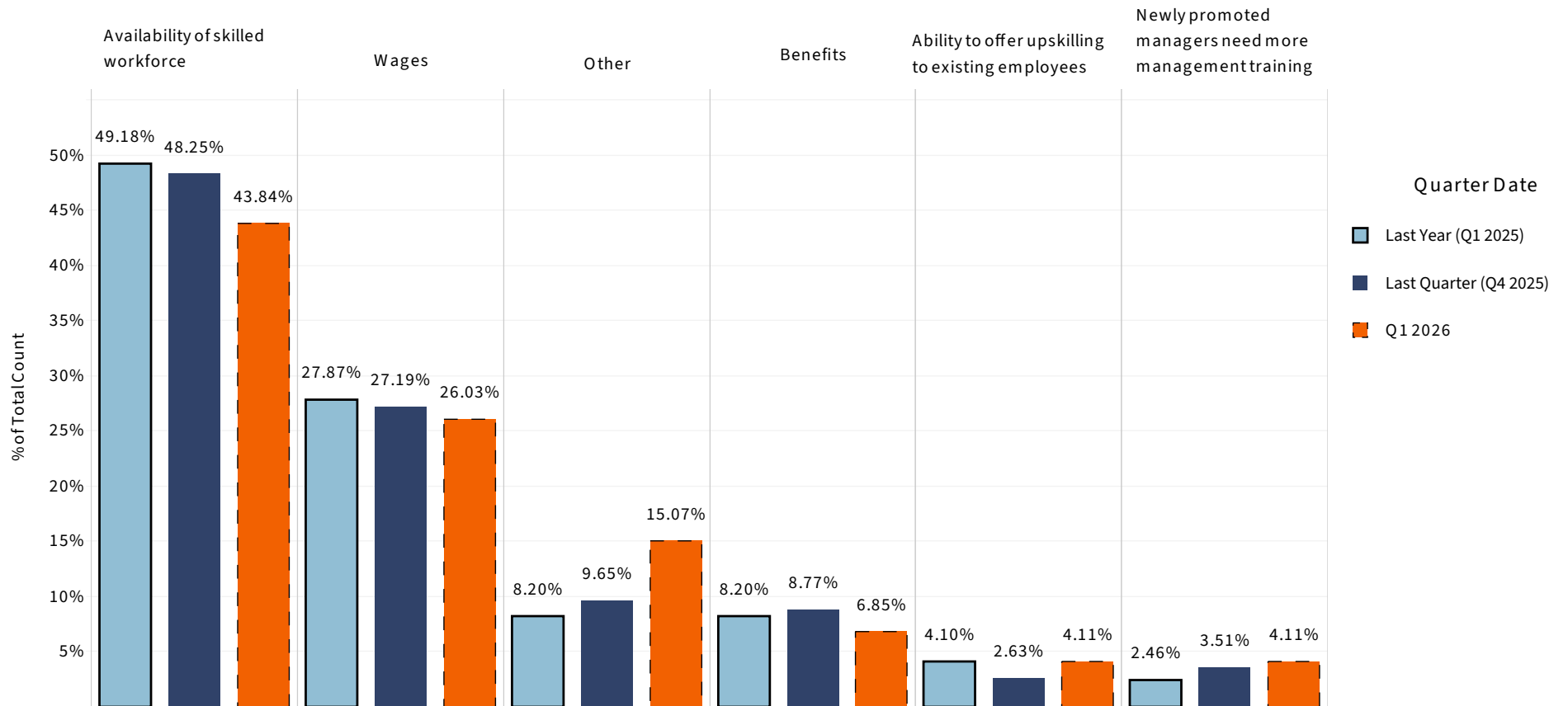
11. What factors will most influence your staffing decisions in the year ahead?

Staffing decisions are primarily driven by availability of qualified workers, demand for products or services, and budget constraints. This shows hiring is tied closely to both labor supply and business conditions. The significant increase in the importance of worker availability in Q1 2026 may signal emerging labor market pressures.



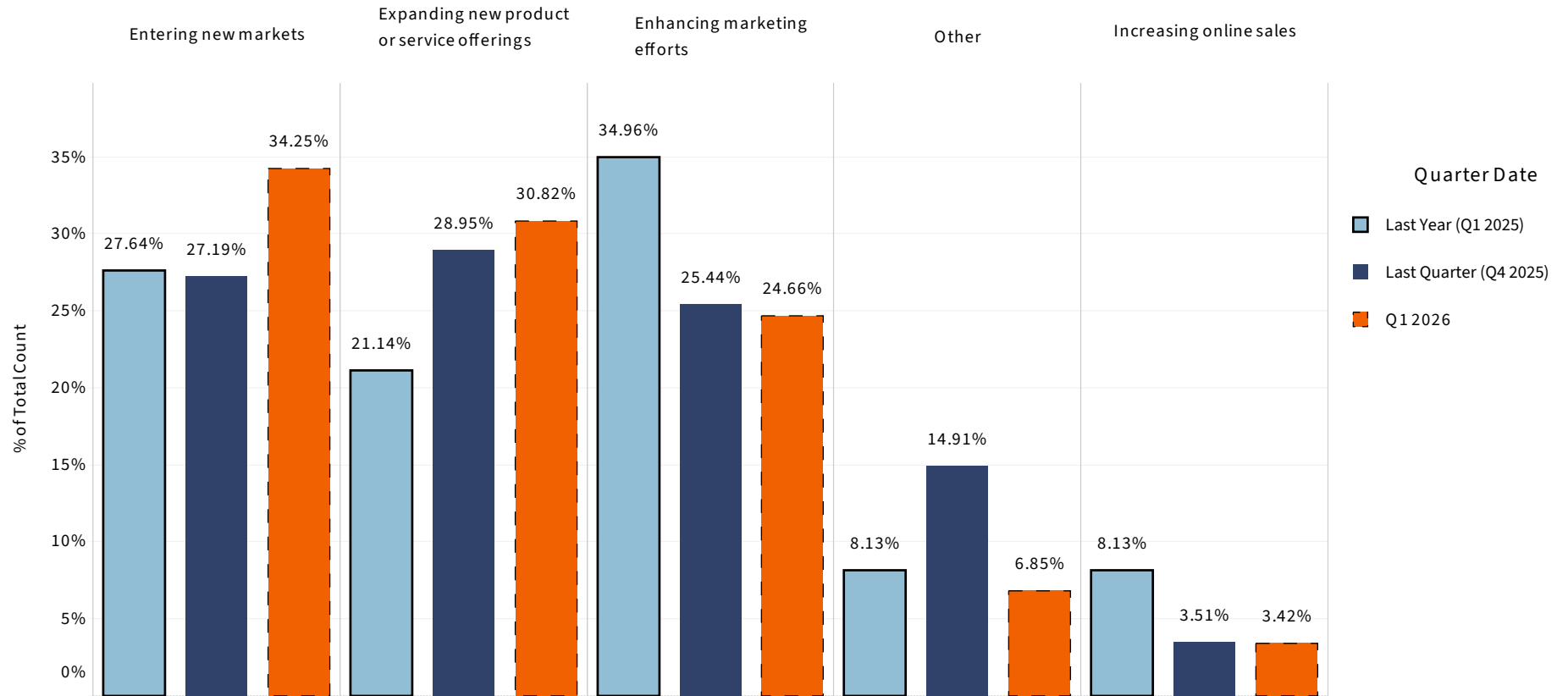
12. What is the biggest barrier to attracting or retaining employees for your business?

The biggest challenges were wages and the availability of a skilled workforce, with benefits and training playing a smaller role. This highlights ongoing labor market constraints.



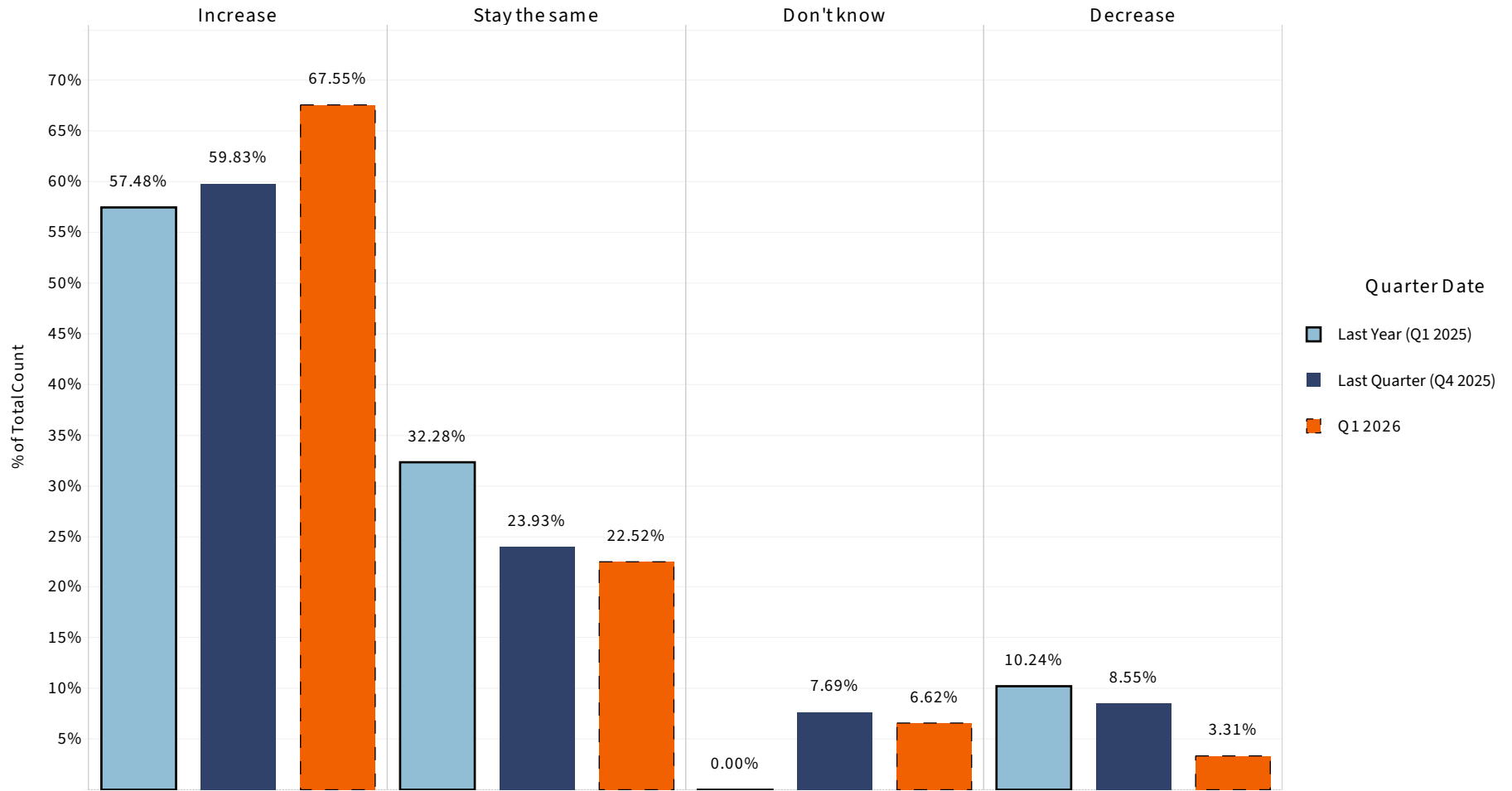
13. What do you see as the biggest opportunity for revenue growth in the year ahead?

Businesses saw the greatest opportunities in expanding products or services, entering new markets, and improving marketing efforts. Growth strategies are focused on expansion rather than cost-cutting.



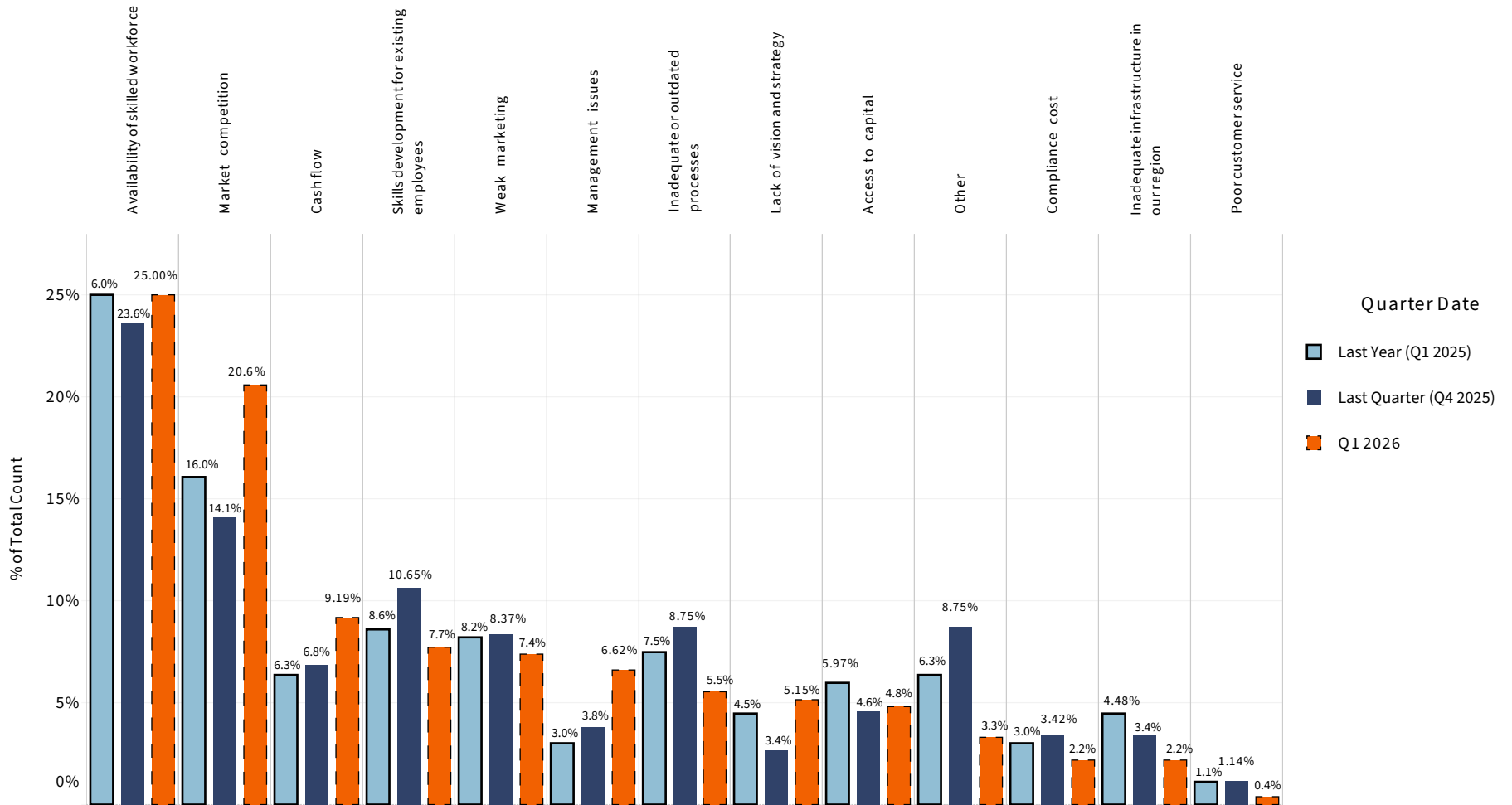
14. For the year ahead, do you expect revenue to increase, decrease, or stay the same?

Most businesses expected revenue to increase or stay the same, with relatively few anticipating declines. This reflects a generally positive outlook for the year ahead.



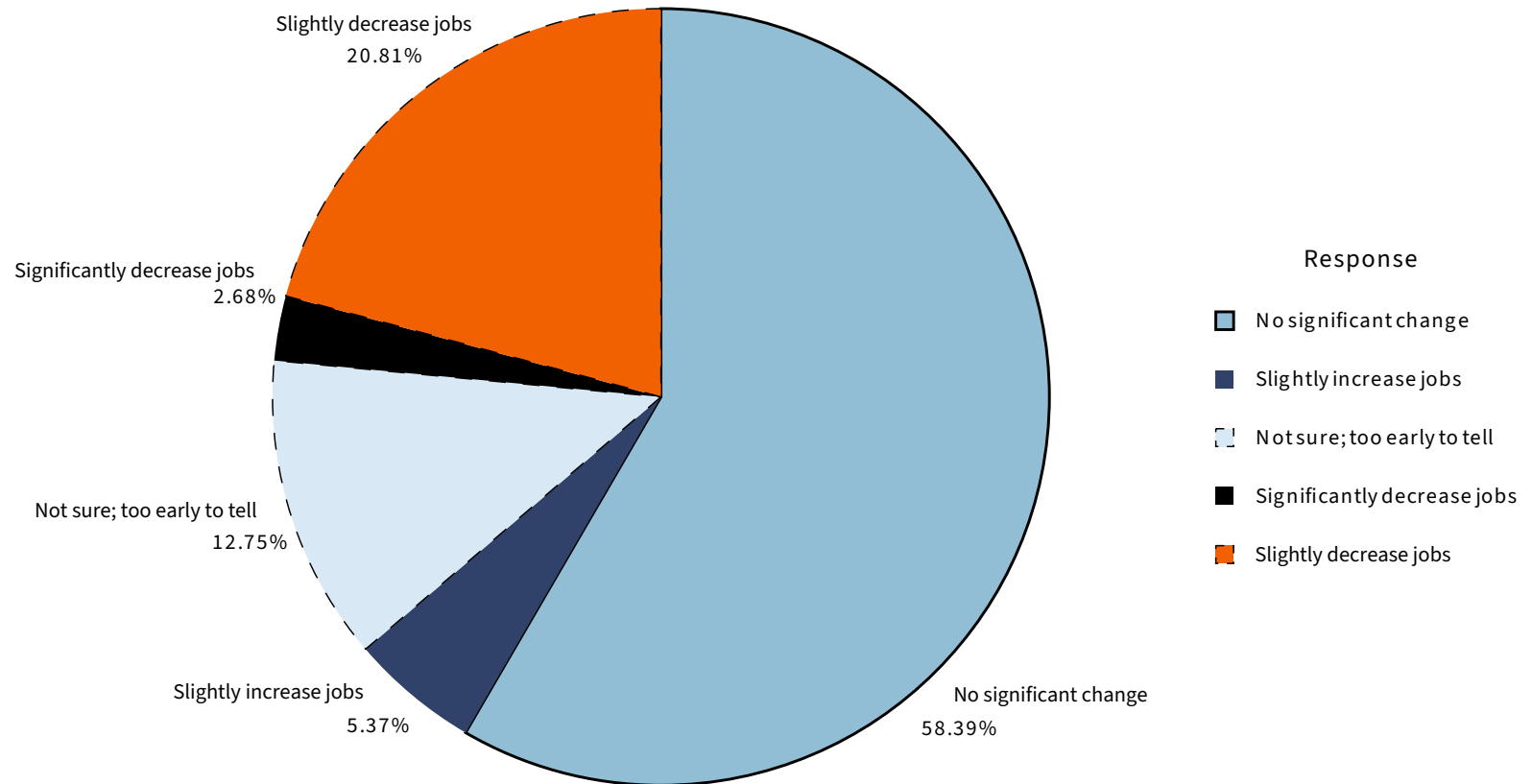
15. What are your top barriers to business growth?

The most common barriers included access to capital, workforce availability, and market competition, with other factors playing smaller roles. Overall, constraints are tied to both financing and labor challenges.



16. How do you expect AI adoption to impact the number of jobs at your business over the next three to five years?

Most businesses expected no significant change in jobs due to AI, though some anticipated slight decreases or remained uncertain. This suggests AI is being adopted cautiously, without major workforce shifts yet.



# National Results

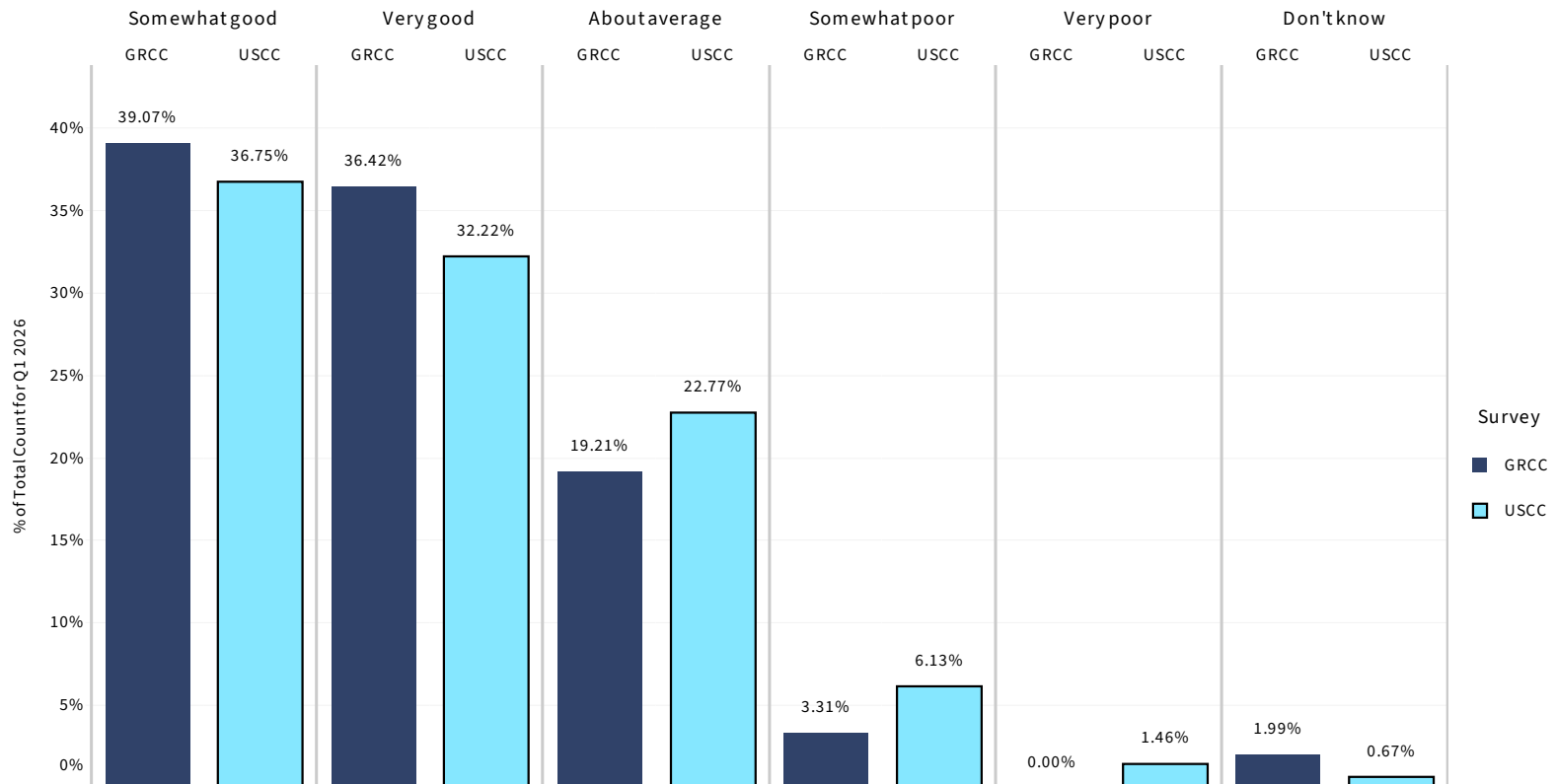
## CURRENT SENTIMENT

Compared to national trends, businesses in the Rockford Region appear more confident in their own performance and local conditions but more cautious about the broader U.S. economy. This gap suggests that, while national uncertainty remains high, local businesses continue to operate from a position of relative stability, supporting steady but measured growth.

## RESPONSES

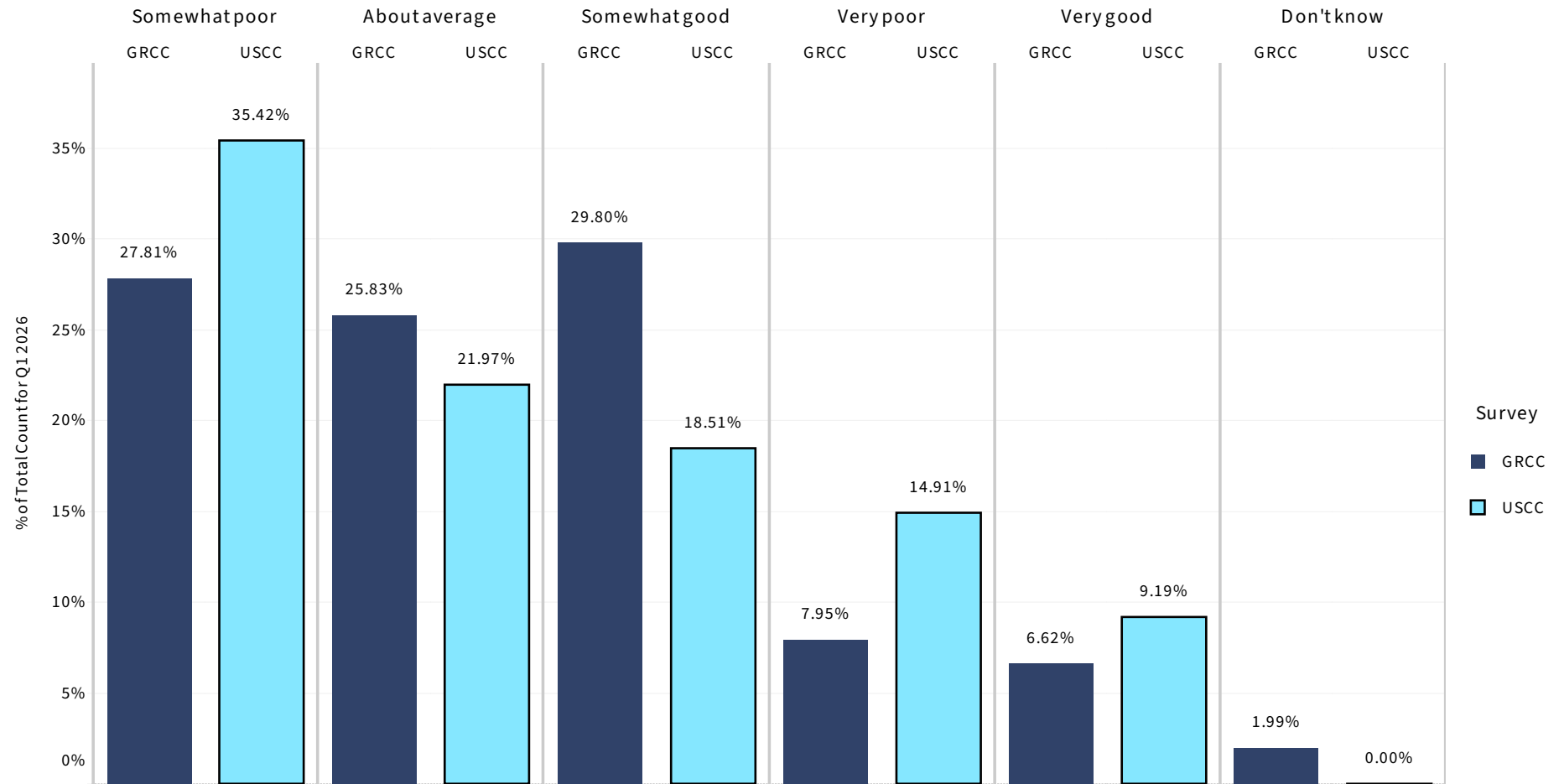
1. How would you rate the overall health of your business?

Local businesses reported slightly stronger performance, with a higher share rating their business as “good” compared to the national average, which remained more centered around “average.”



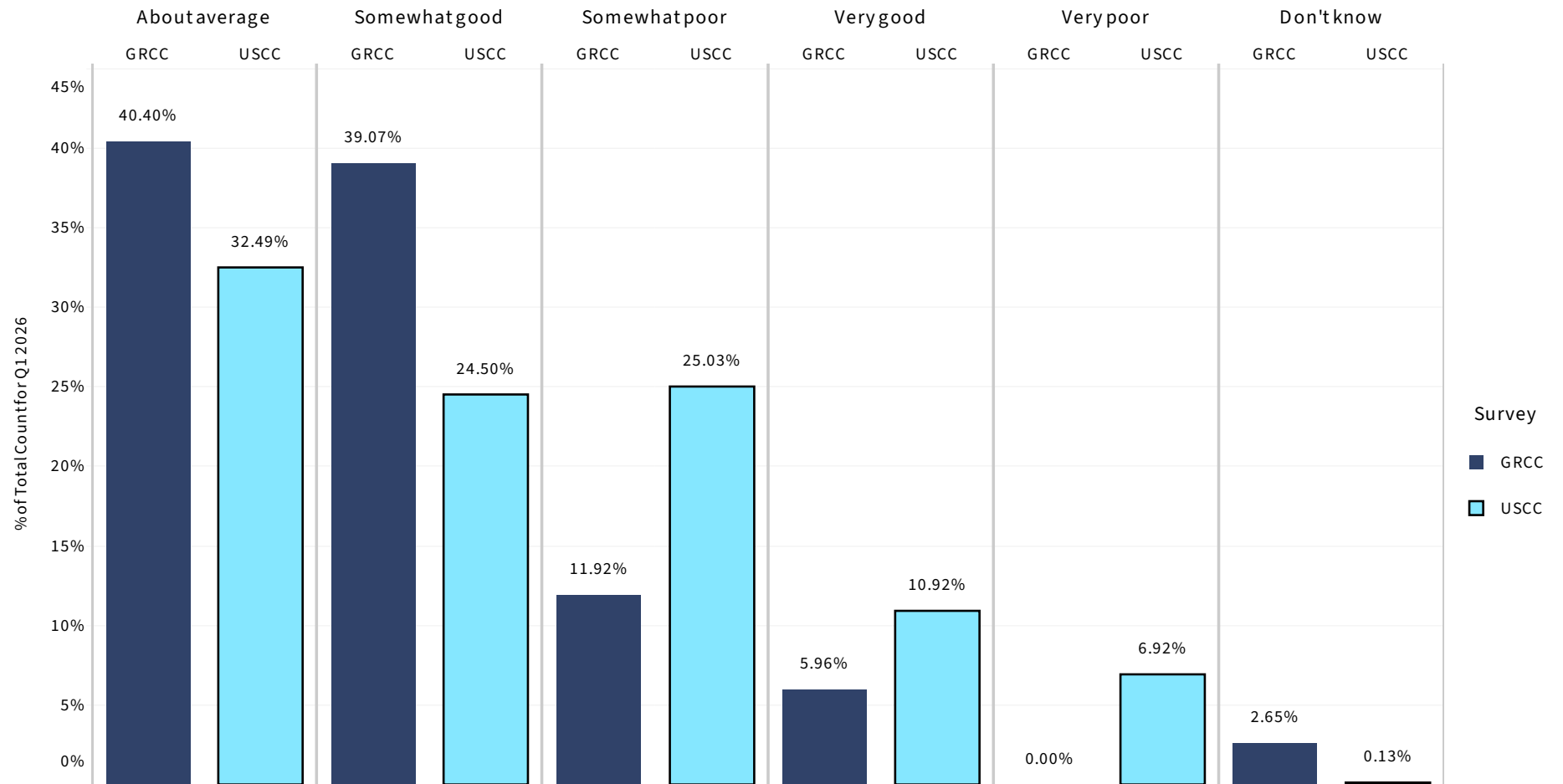
2. How would you rate the overall health of the United States economy?

Local respondents were more cautious about the national economy, with higher shares rating it as somewhat poor, while national responses were more evenly distributed.



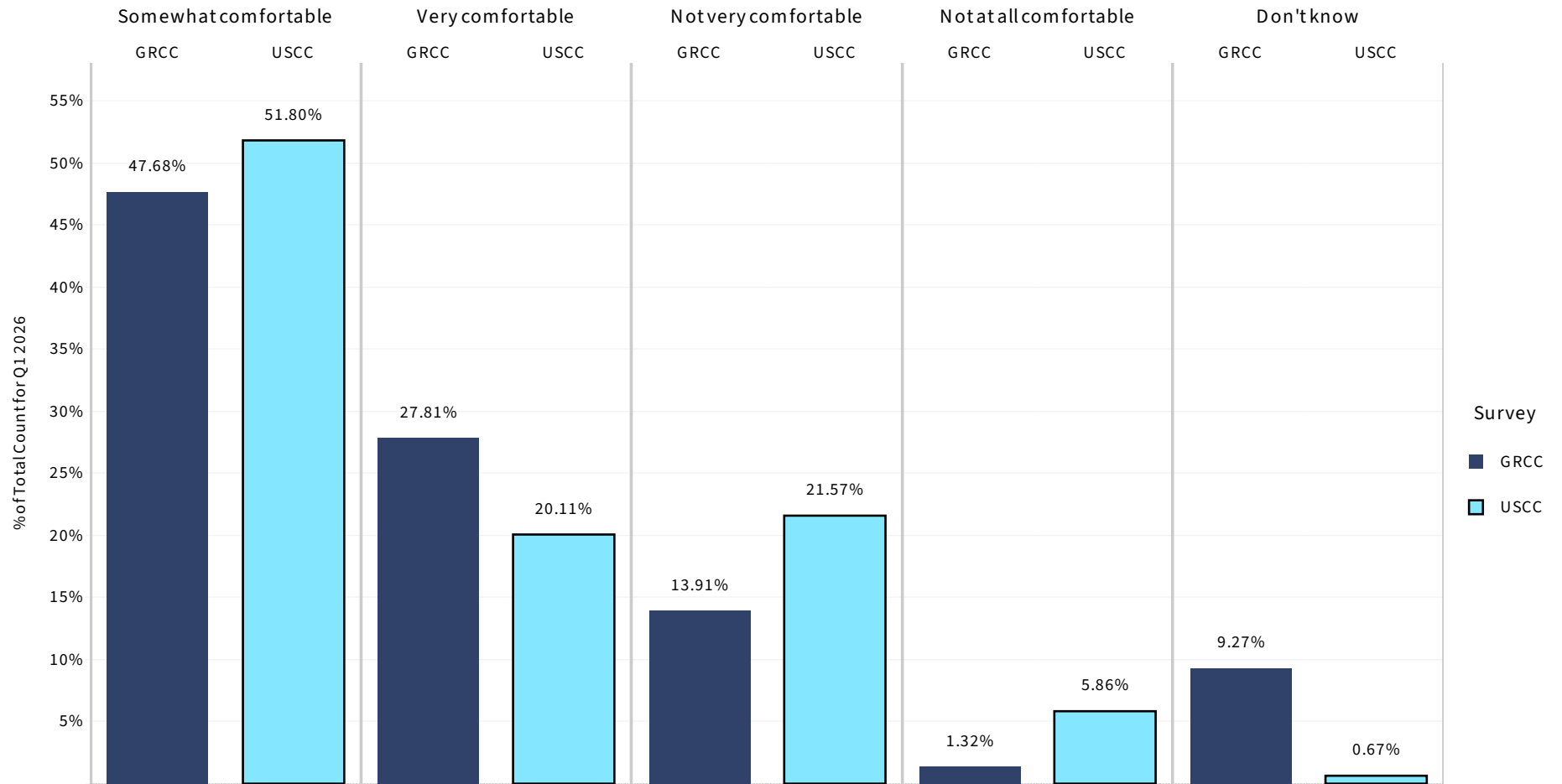
3. How would you rate the overall health of the economy in your local area?

The local economy was viewed more positively than the national outlook, with more businesses rating conditions as good compared to national perceptions of local economies.



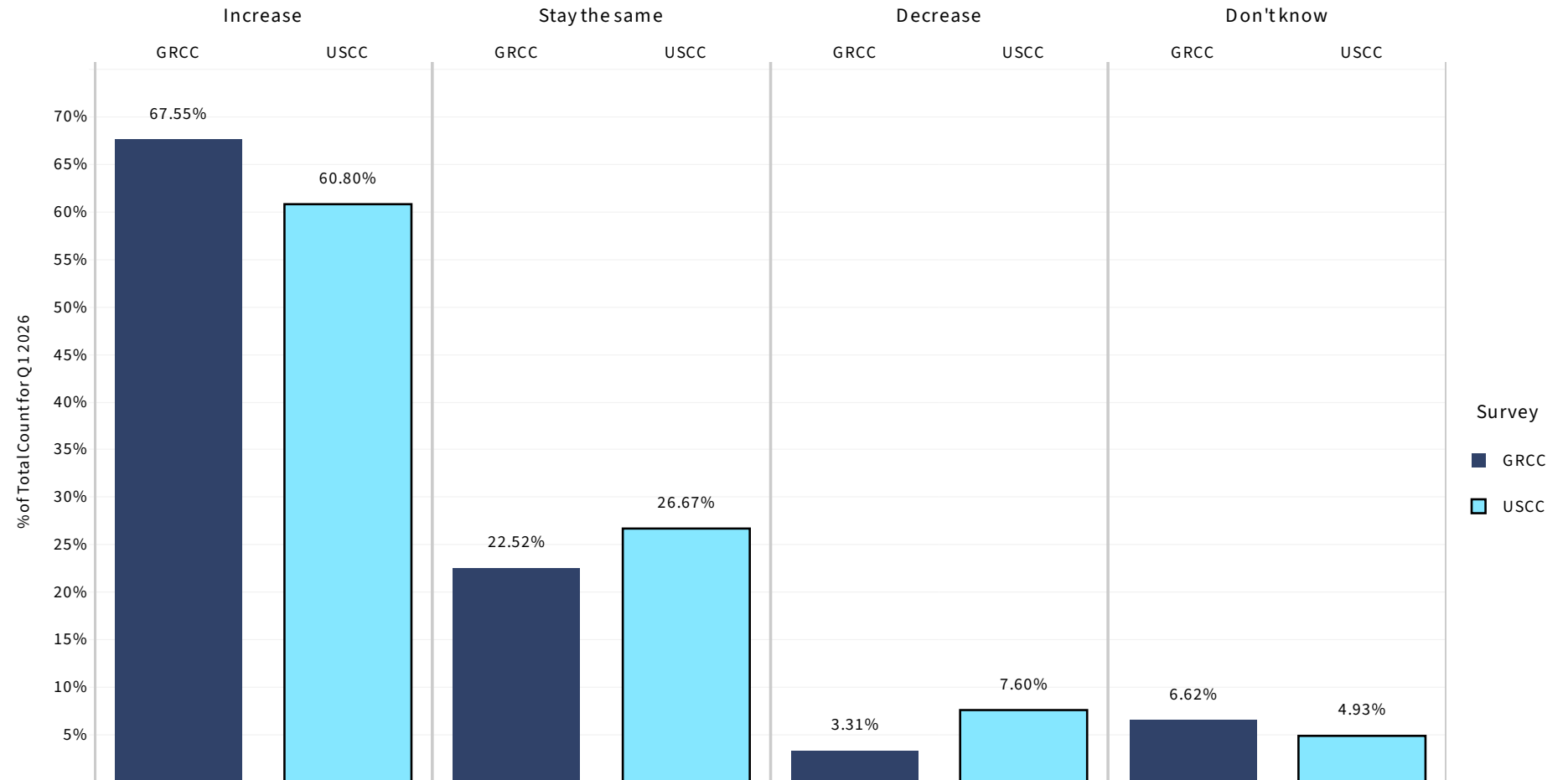
4. How comfortable are you with your company's current cash flow situation?

Local businesses reported stronger comfort with cash flow, with a higher share feeling very comfortable compared to national responses, which skewed more moderate.



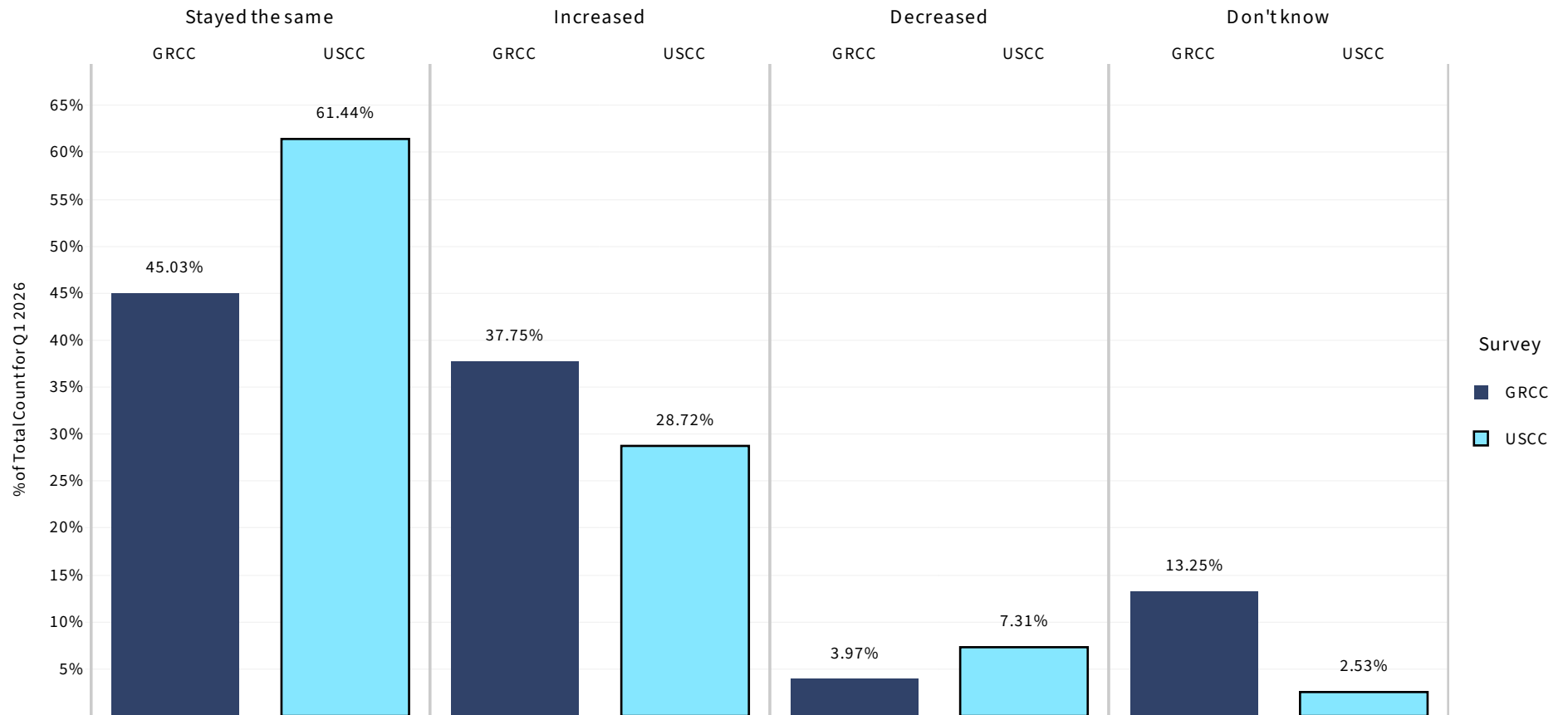
5. For the year ahead, do you plan to:

Nationally, businesses showed a more consistent intent to increase investment, while local responses were more mixed, with more planning to increase levels for the year ahead than the previous quarter.



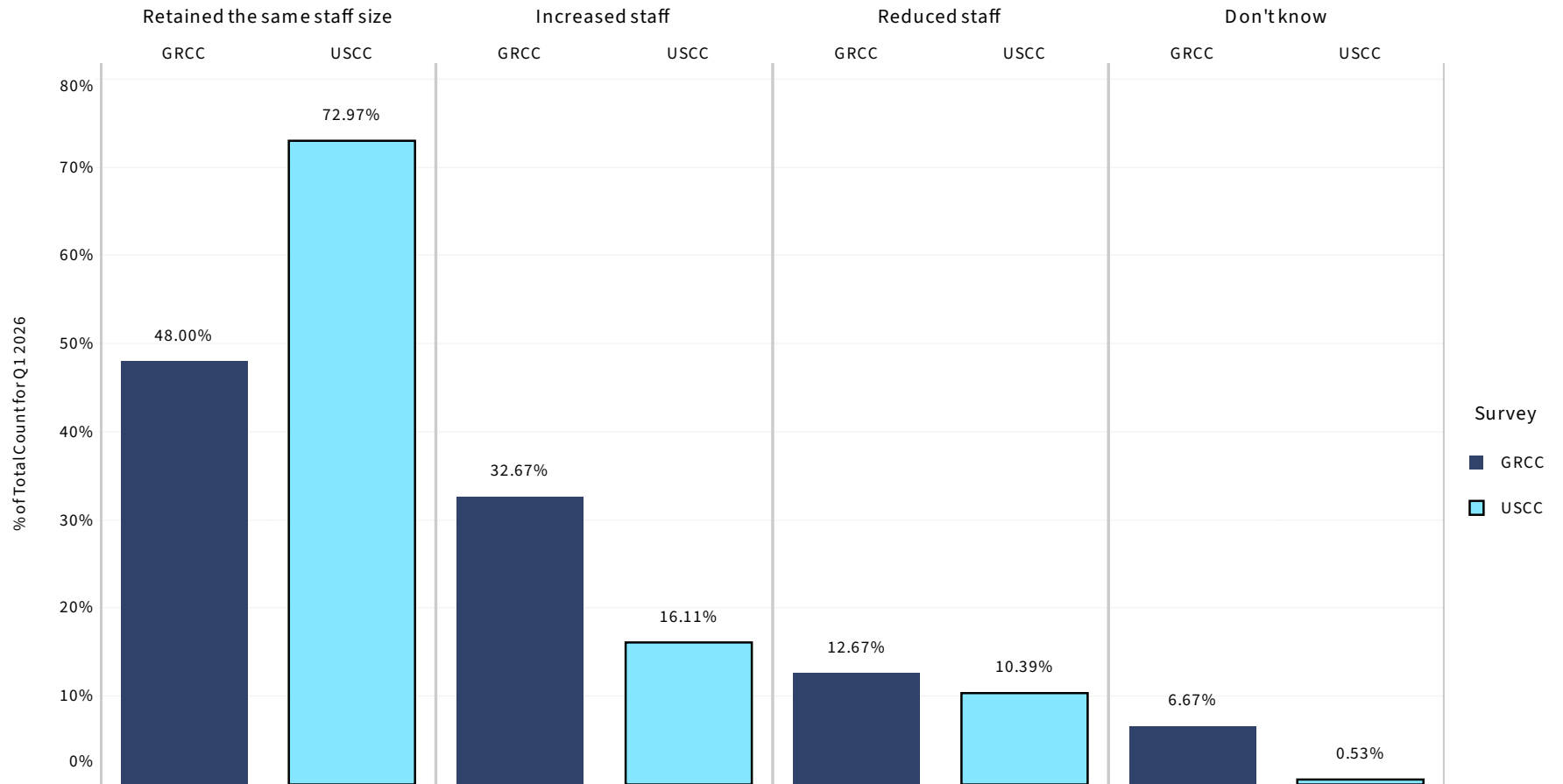
6. Compared to six months ago, has the time or resources you spend completing licensing, compliance, or other government requirements increased, decreased, or stayed the same?

Both local and national businesses reported increased time spent on compliance, though local businesses showed slightly more pressure from rising requirements.



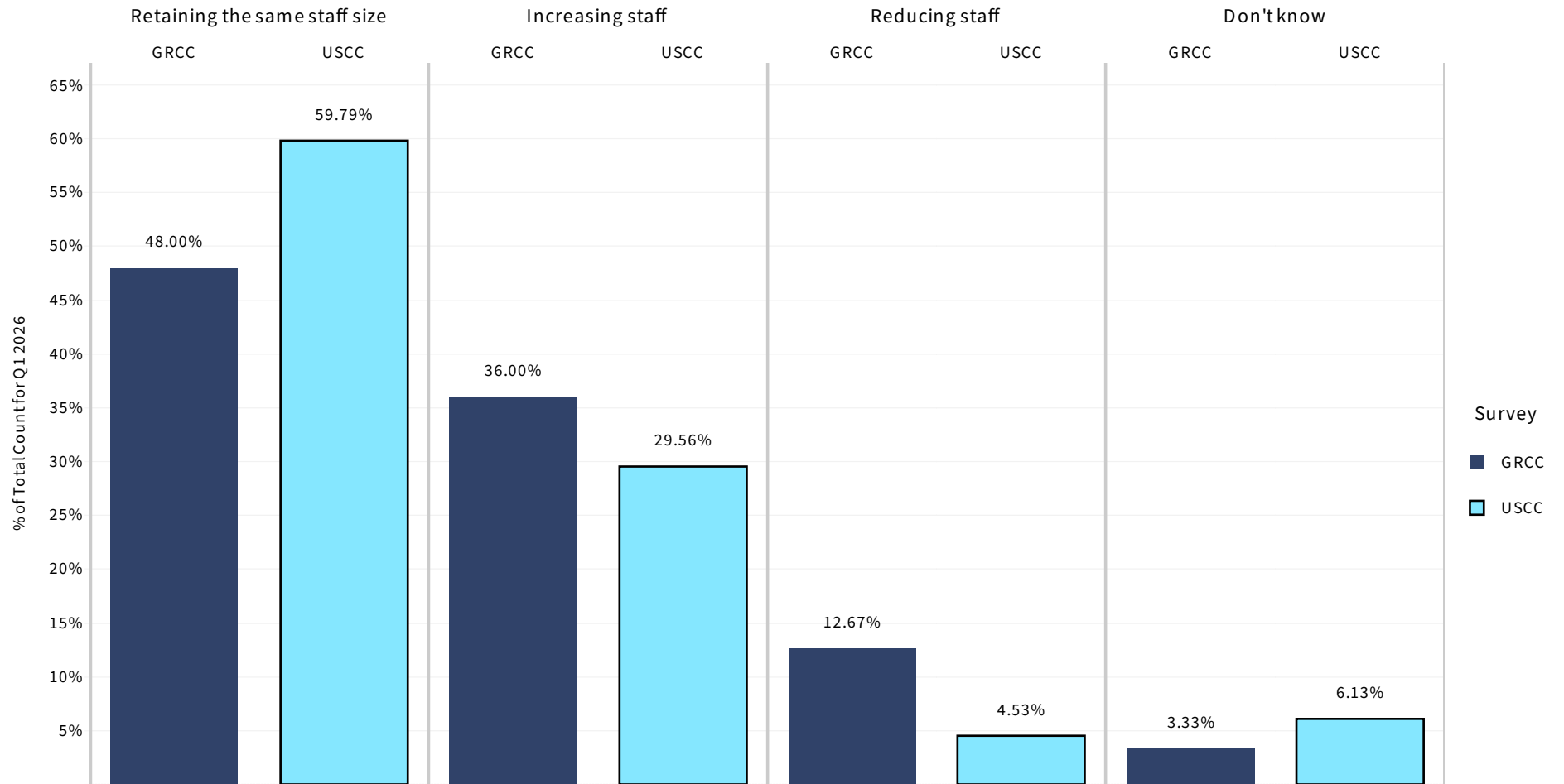
7. Over the past year, would you say you have:

Local businesses were more likely to increase staffing, while nationally, businesses were more likely to hold staffing levels steady.



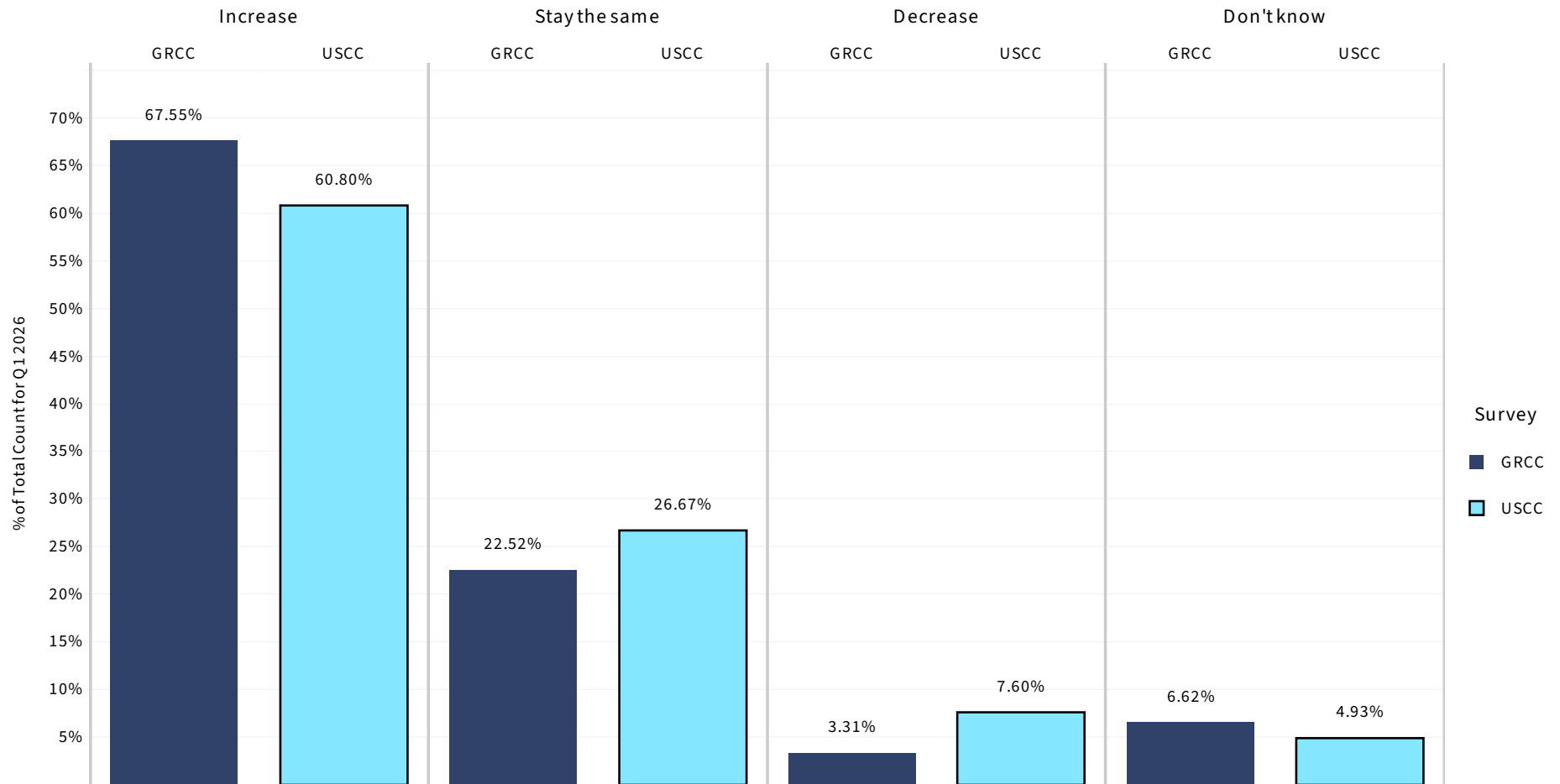
8. In the next year, do you anticipate:

Local businesses showed a greater tendency to increase staff, while national responses leaned more toward maintaining current staffing levels.



9. For the year ahead, do you expect revenue to increase, decrease, or stay the same?

Both local and national businesses expected revenue growth, though local businesses showed slightly more optimism in expecting increases.





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