



2025 Q4 Business Sentiment Insights

for the Rockford Region
Final Report | January 2026



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Our Organization



The Greater Rockford Chamber of Commerce is a member-driven organization that strives to grow, develop, and support a thriving business community in Winnebago County and the Rockford Region. In 2023, the Rockford Chamber of Commerce, Rockford Economic Development Council, and the Greater Rockford Growth Partnership merged to form the Greater Rockford Chamber of Commerce. Our mission is to deliver benefit to the community by leading in the promotion of economic growth, advocating for the interests of business, and providing services and educational opportunities that help our members grow.

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

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 Quarter 4 (Q4) Business Sentiment Survey opened on November 12 and closed December 19. The survey was designed to align with the U.S. Chamber of Commerce (USCC) Small Business Index (SBI), which was established in 2017. 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 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 Q4 2025 survey results emerged during a period of ongoing global and domestic uncertainty. International conflicts and geopolitical tensions continued to affect global markets, while trade and policy discussions contributed to volatility and longer-term planning challenges for businesses. Domestically, inflation showed signs of stabilization, and interest rates remained relatively steady, though elevated costs and borrowing constraints continued to influence business decisions. Social and political dynamics, including evolving regulatory priorities and workforce-related policies, added to an environment of uncertainty for employers. Within the Rockford Region, continued infrastructure investment and modest population growth supported economic stability; however, workforce availability, operating costs, and uncertainty around future demand remained persistent challenges as businesses looked ahead.

The report includes visual representations of survey responses, providing a detailed snapshot of the region's business climate during the fourth quarter of 2025. With a sample size yielding a 75% confidence level, the survey offers valuable benchmarks for stakeholders shaping Rockford's economic trajectory.

The Q2 2025 survey introduced a "Don't know" option for select questions, following USCC SBI methodology, including Question 6. To ensure comparability with Q1 2025 survey results, where this option was not available, "Don't know" responses have been excluded from percentage-based analysis in this report. While these responses are not factored into the statistical breakdowns because most are statistically insignificant, they are acknowledged here to preserve transparency. Question 6 asks about investment plans for the year ahead. In Q4, 12.8% of respondents selected "Don't know," compared with 7.6% in the USCC survey. Question 7 addresses the perspective on business compliance requirements. Here, 8.5% of respondents in the local area chose "Don't know," versus just 2% in the USCC survey.

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 – 2023 5-Year Estimates.

Labor Force

The regional labor force comprises 188,629 individuals aged 20 to 64, with a labor force participation rate of 78.4%, slightly below the state average of 80.3% and similar to the national average of 78.5%. However, the region's unemployment rate stands at 7%, significantly exceeding the state average of 5.5% and the national rate of 4.9%.

Industry Sectors

The region's workforce is heavily concentrated in educational services, health care, and social assistance, accounting for 22% of employment, along with a strong manufacturing presence at 20.2%. Statewide, these industries represent 23.5% and 11.6%, respectively, while nationally, they account for 23.4% and 10%.

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, 88.2% have completed high school or attained a higher level of education, compared to 90.3% statewide and 89.4% nationally. However, the region lags considerably in bachelor's degree attainment or higher, with only 24.4% holding such a degree, far below the state average of 37.2% and the national rate of 35%.

Wages and Income

In 2023 inflation-adjusted dollars, the region's median household income stands at \$66,571, falling below the national median of \$78,538 and the state median of \$81,702. According to the Bureau of Labor Statistics' Rockford Area Economic Summary, the average weekly wage across all industries in the third quarter of 2024 was \$1,110, compared to the national average of \$1,394. 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

Notably, Rockford, Illinois, has a cost of living well below the U.S. average. According to C2ER's 2024 annual averages, Rockford's cost of living index is 89. The cost-of-living index is benchmarked at 100, representing the national average, with values above or below indicating whether a region is more or less expensive relative to the U.S. as a whole. In comparison, Chicago has an index of 115.1, while Madison, WI (104.7) and Milwaukee, WI (100.5) also exceed 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 2022 Business Dynamics Statistics, the region had 5,508 firms and 6,531 establishments, with establishments representing individual business locations, although firms may operate multiple establishments. In 2022, 646 new establishments were created, while 534 closed, and 339 firms exited. New establishments generated 4,016 jobs, while expanding establishments added 12,801 jobs. Meanwhile, 10,677 jobs were lost due to contracting and closing establishments, resulting in a net job gain of 6,140.

In comparison, 2018 data provides insight into pre-COVID market fluctuations. That year, the region had 5,544 firms and 6,581 establishments, slightly higher than in 2022. While 481 new establishments were created, 492 closed and 340 firms exited. Job creation was lower than in 2022, with 14,293 jobs added by new and expanding establishments, while 13,009 jobs were lost due to contracting and closing establishments. This resulted in a net job gain of 1,284, significantly lower than the 6,140 net jobs created in 2022.

Business Applications

The Census Bureau's 2023 Business Formation Statistics reveal that the region recorded 4,009 new business applications in 2023, an increase of 418 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 Survey Results

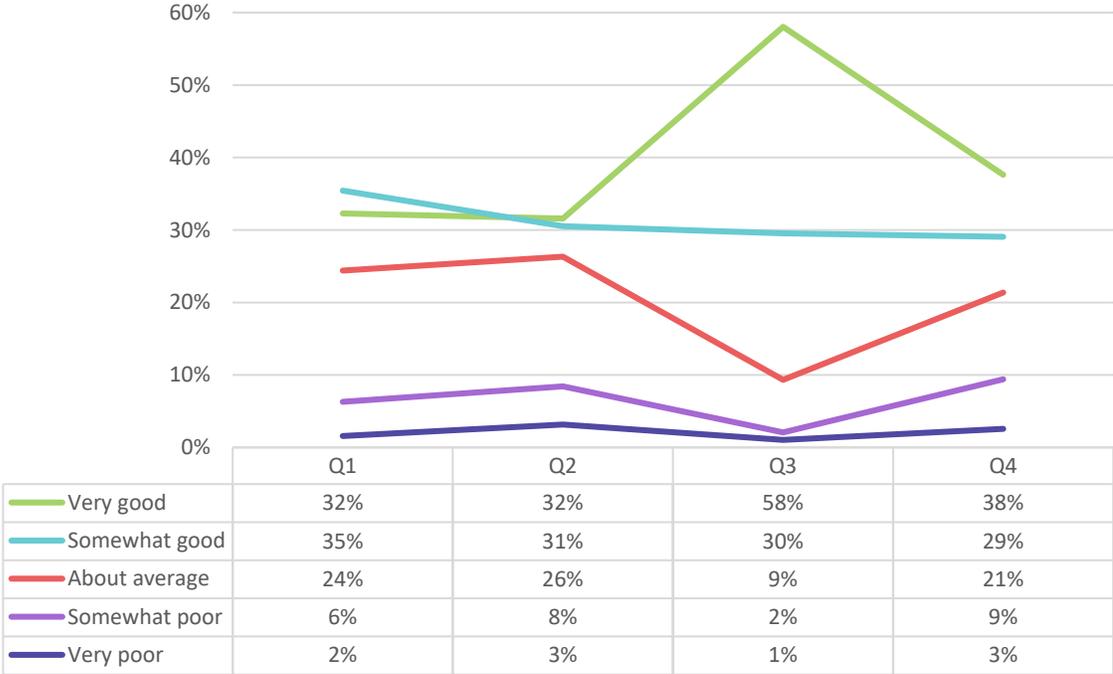
Current Sentiment

The business sentiment survey for the fourth quarter of 2025 indicates a cautiously positive outlook among businesses in the Rockford Region. While many businesses continue to report stable financial conditions and adequate cash flow, respondents signal increased caution around investment and hiring decisions. This reflects a broader environment of economic uncertainty, where businesses are prioritizing operational stability and strategic flexibility over expansion.

Responses

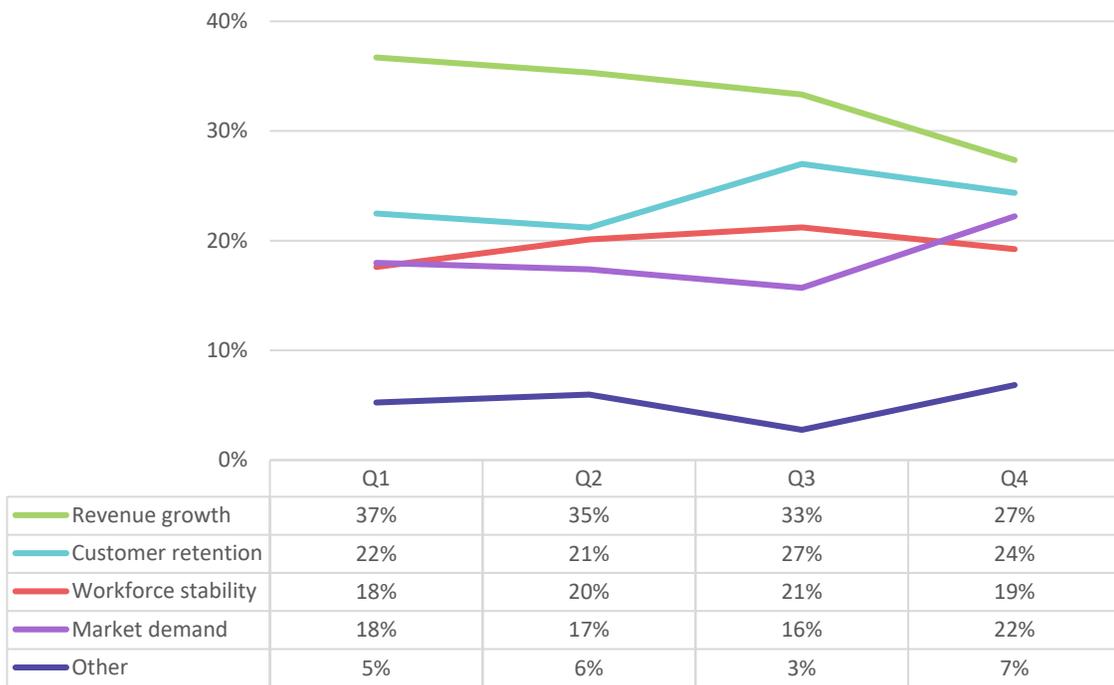
1. How would you rate the overall health of your business?

The majority of respondents rated the overall health of their business as good or very good in Q4 2025, though confidence levels softened slightly compared to earlier quarters. This suggests businesses remain resilient but are increasingly attentive to economic headwinds.



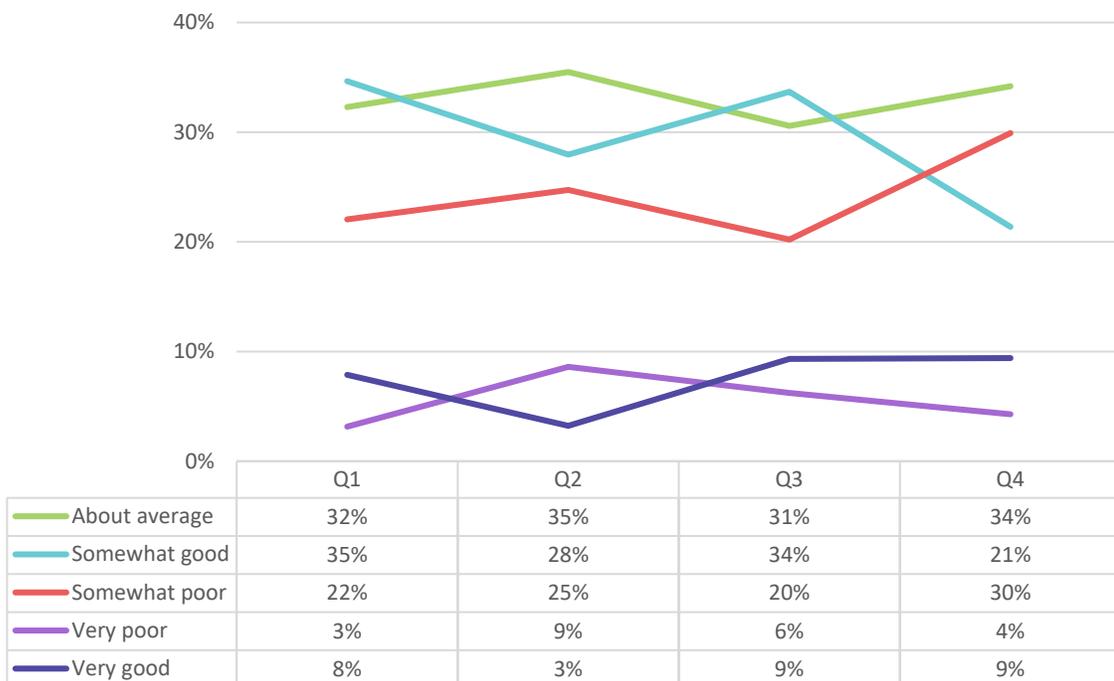
2. What factors most influence your perception of your business's overall health?

In Q4 2025, revenue growth remained the most influential factor shaping perceptions of business health, followed closely by customer retention. Workforce stability continued to emerge as an important indicator, reflecting ongoing labor market constraints and hiring challenges.



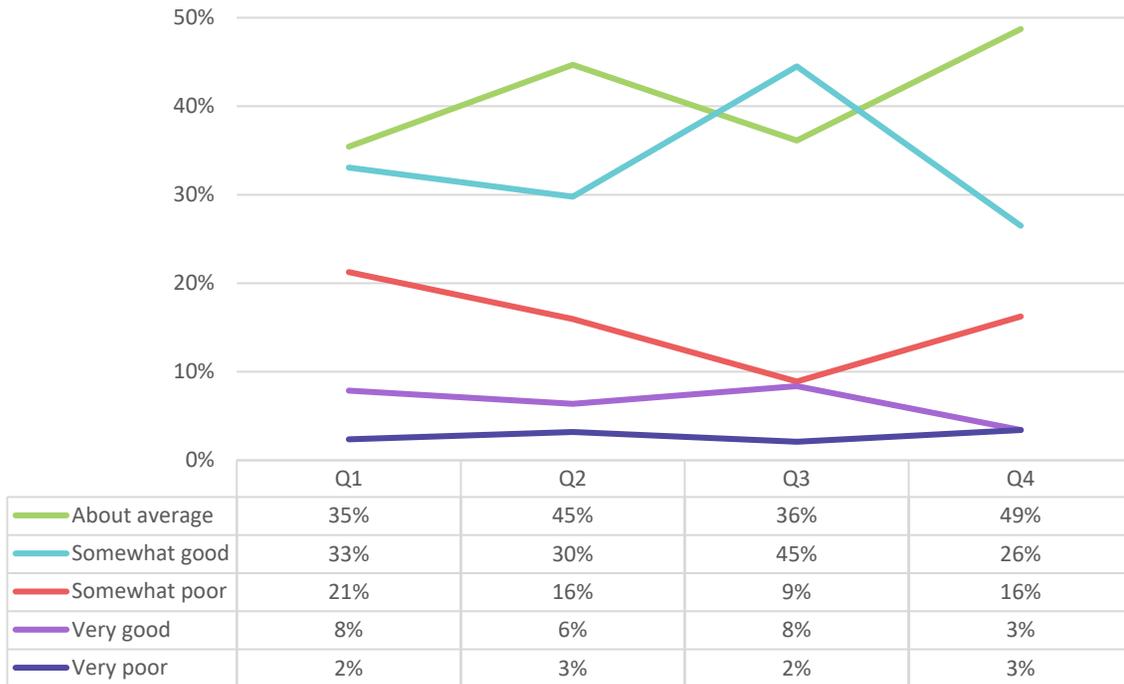
3. How would you rate the overall health of the United States economy?

Perceptions of the overall health of the U.S. economy remained mixed in Q4 2025. While pessimism increased modestly, more than half of respondents still characterized national economic conditions as average or somewhat good.



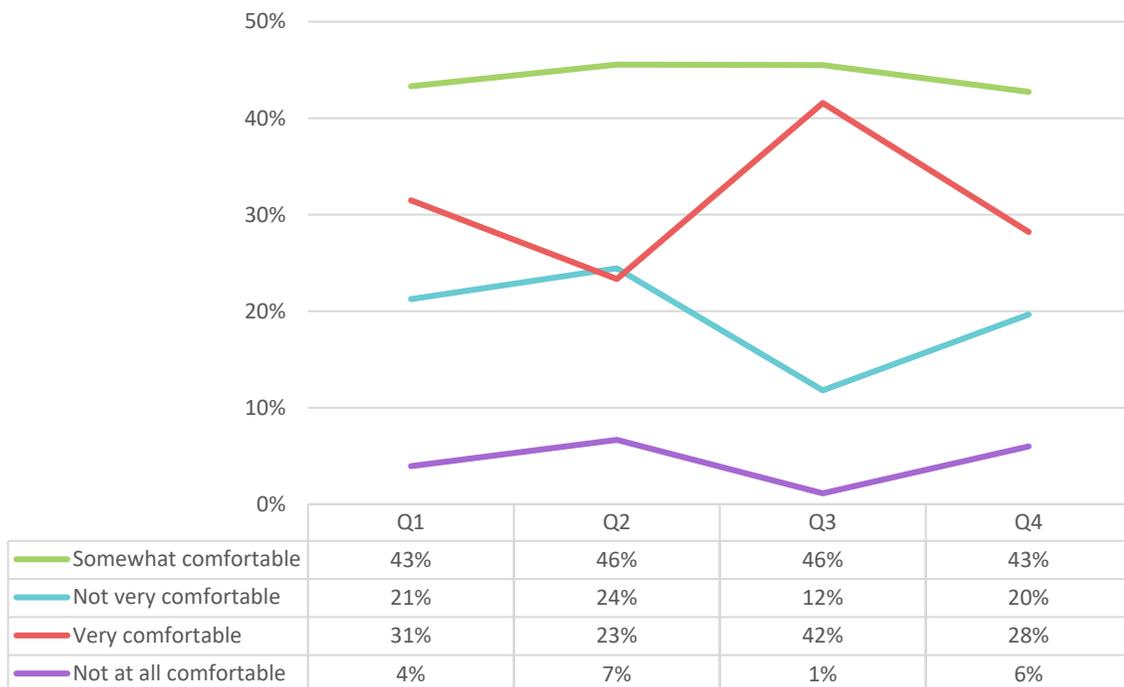
4. How would you rate the overall health of the economy in our local area?

Confidence in the local economy moderated slightly in Q4 2025, with a growing share of respondents describing conditions as average. Despite this, local sentiment remained comparatively stronger than national benchmarks.



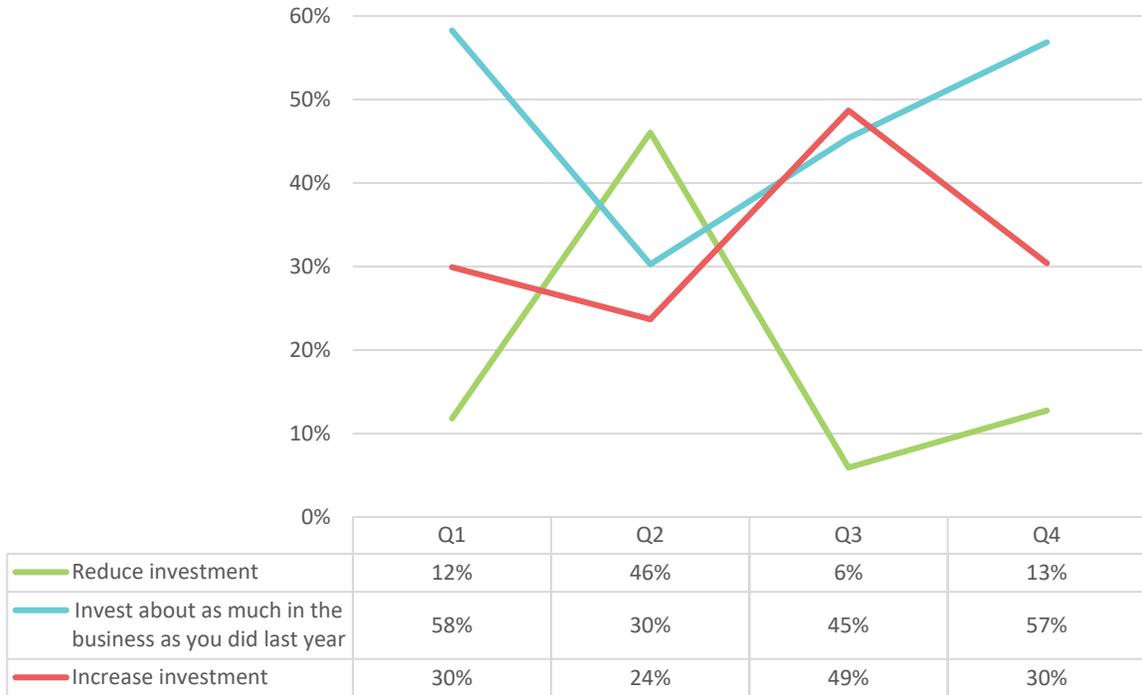
5. How comfortable are you with your company's current cash flow situation?

Comfort with current cash flow levels declined modestly in Q4 2025, though most respondents continued to report sufficient liquidity to maintain day-to-day operations.



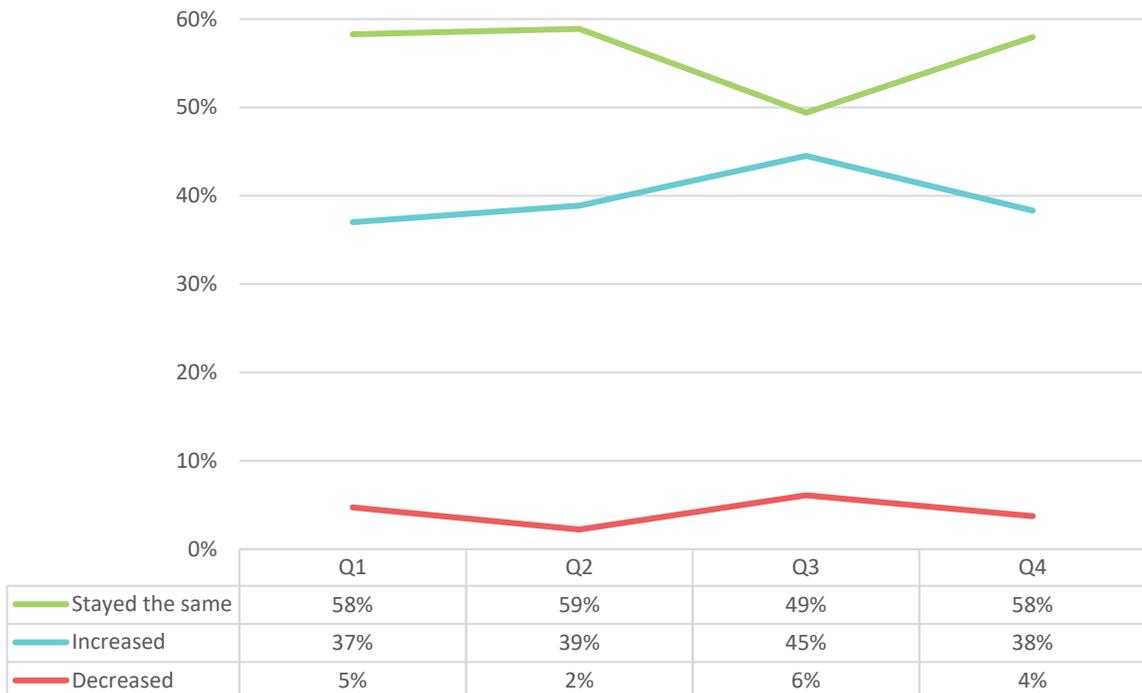
6. For the year ahead, do you plan to increase, reduce, or invest about as much as you did last year?

Businesses in Q4 2025 reported a more cautious approach to investment compared to earlier quarters. A greater share of respondents planned to maintain current investment levels rather than increase spending, reflecting uncertainty around costs, demand, and regulatory conditions.



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?

Consistent with prior quarters, most respondents indicated that the time and resources required to comply with licensing, regulatory, and government requirements either remained the same or increased over the past six months.



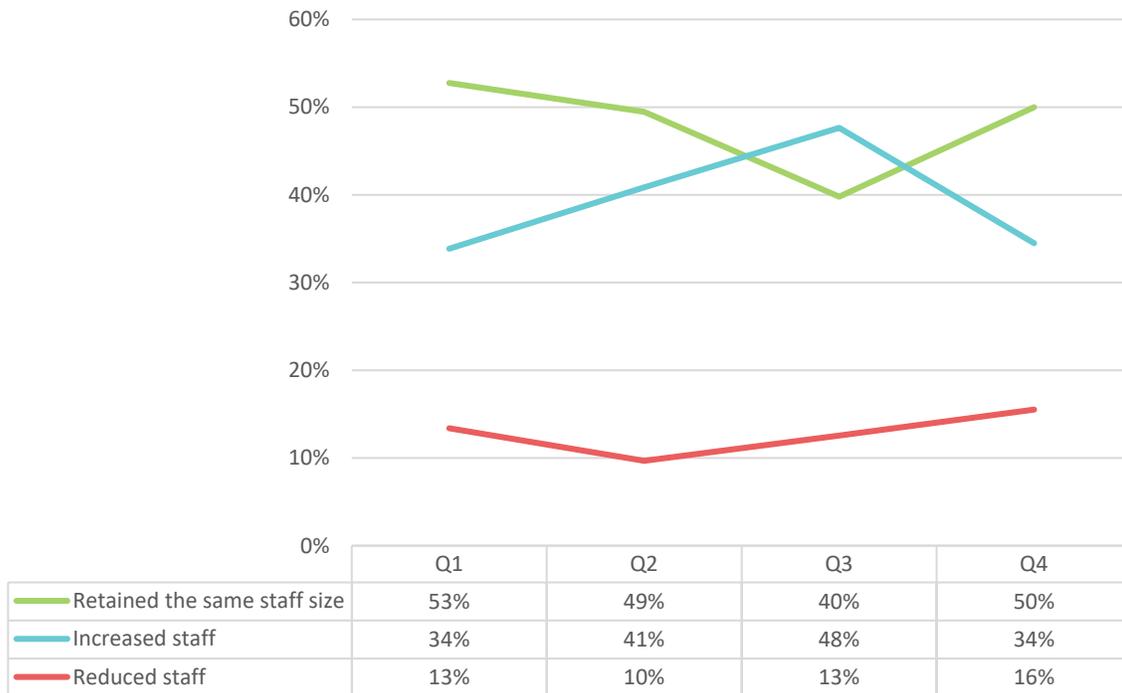
8. What government policies or regulations have had a negative effect on your business this year?

Respondents identified uncertainty, policy changes, taxes, tariffs, rising operating costs, and regulatory requirements as significant challenges impacting local businesses.



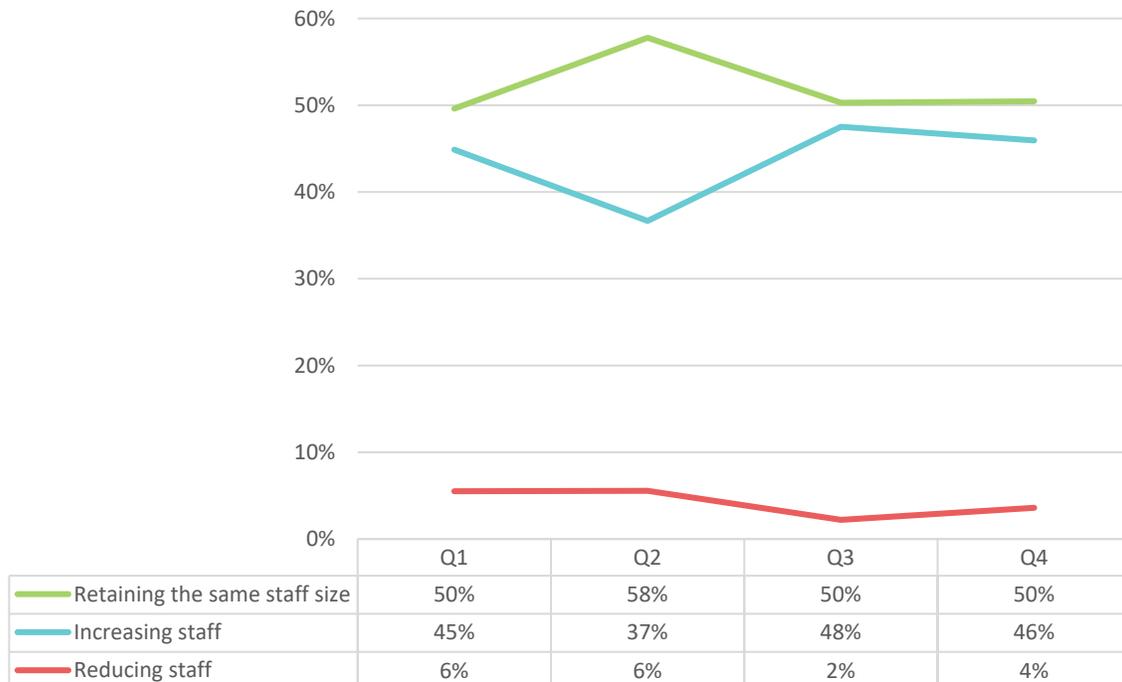
9. Over the past year, would you say you have increased, decreased, or retained the same staff size?

Most respondents reported either retaining or modestly increasing their workforce over the past year, signaling stability despite ongoing hiring challenges.



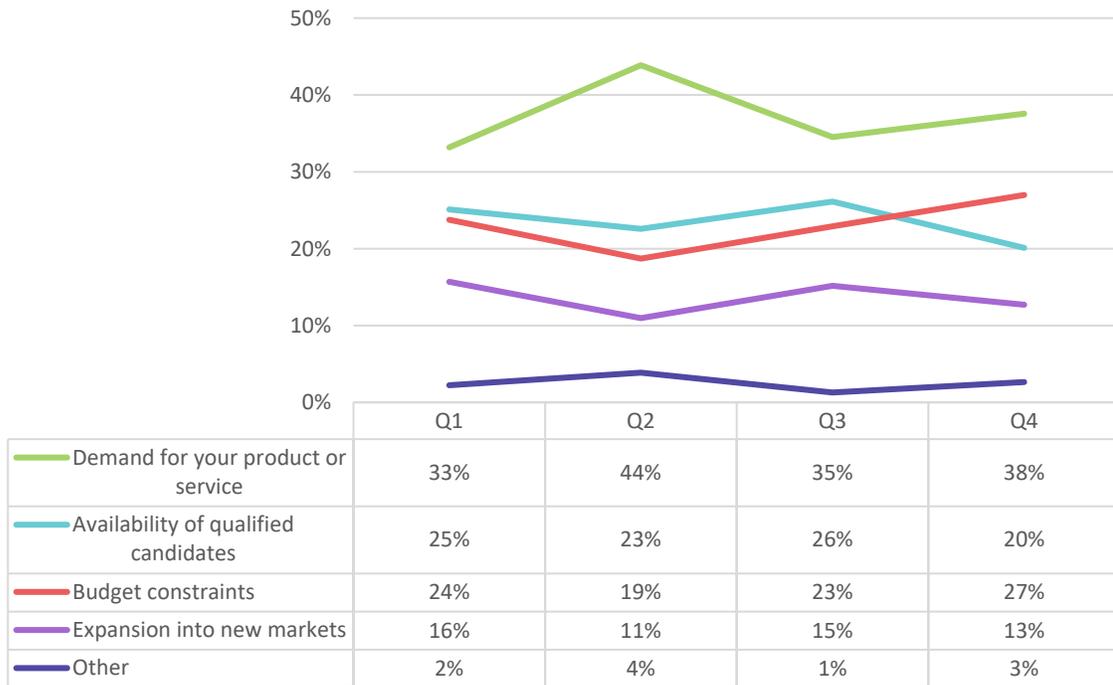
10. In the next year, do you anticipate increasing, reducing, or retaining the same staff size?

Looking ahead, the majority of respondents in Q4 2025 anticipated maintaining their current staffing levels. Fewer businesses expected to expand their workforce compared to earlier quarters, reflecting cautious growth expectations.



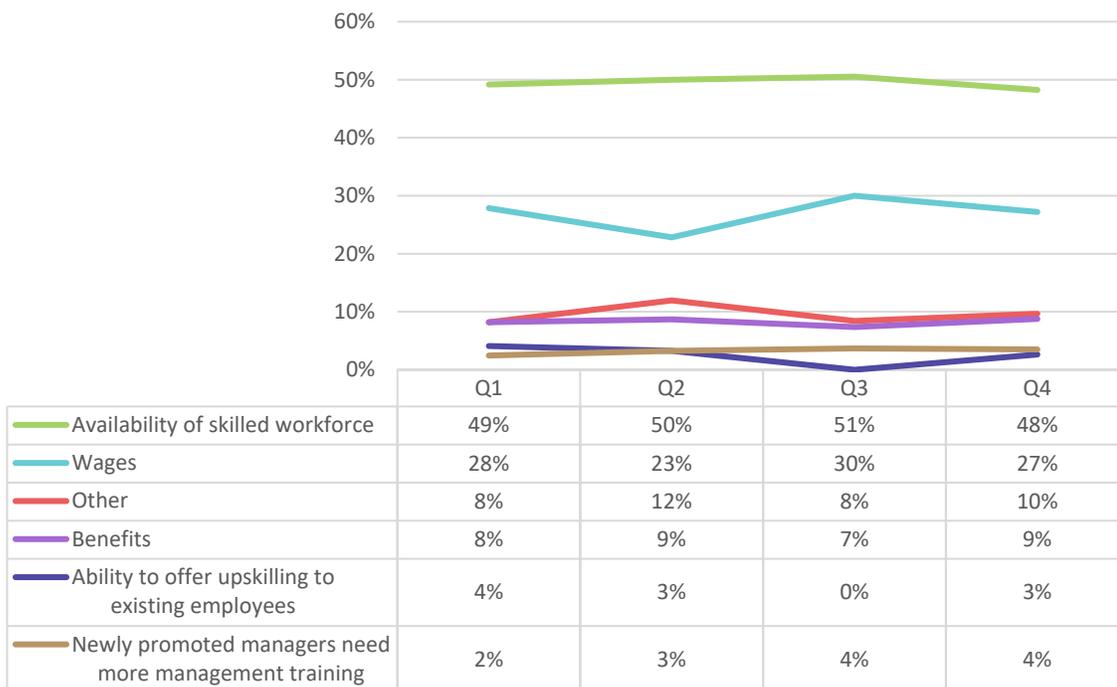
11. What factors will most influence your staffing decisions in the year ahead?

A majority respondents (65%) expected product/service demands and budget constraints to influence their staffing decisions in the year ahead.



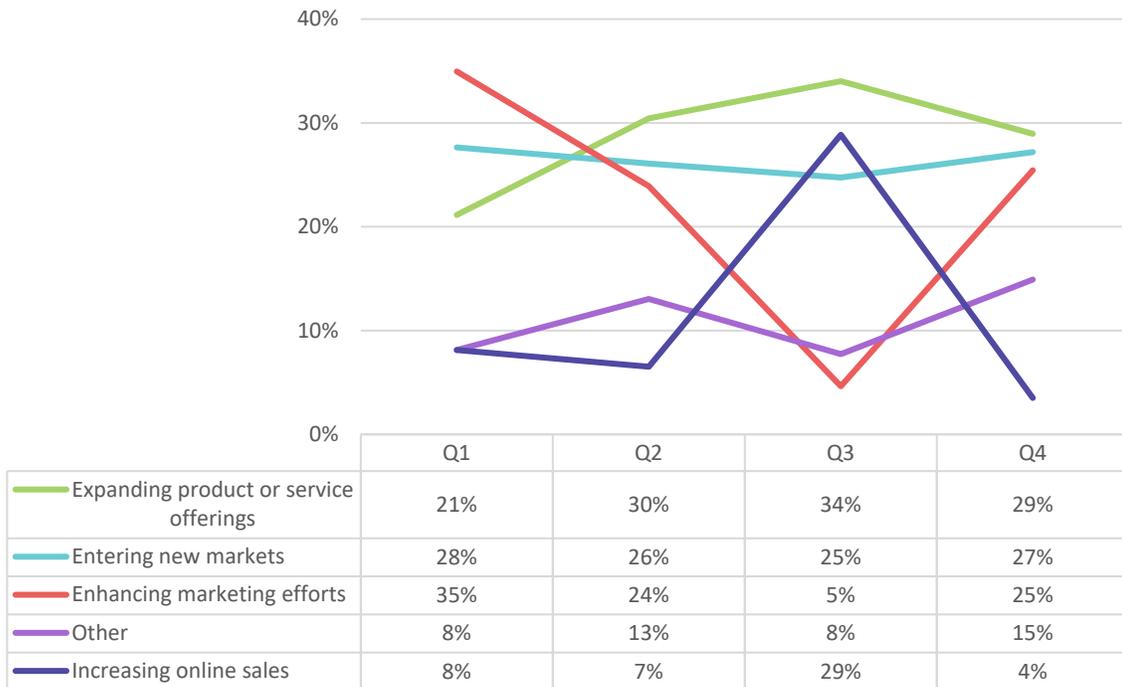
12. What is the biggest barrier to attracting or retaining employees for your business?

The availability of a skilled workforce continued to be identified as the most significant barrier to business growth in Q4 2025, consistent with trends observed throughout the year.



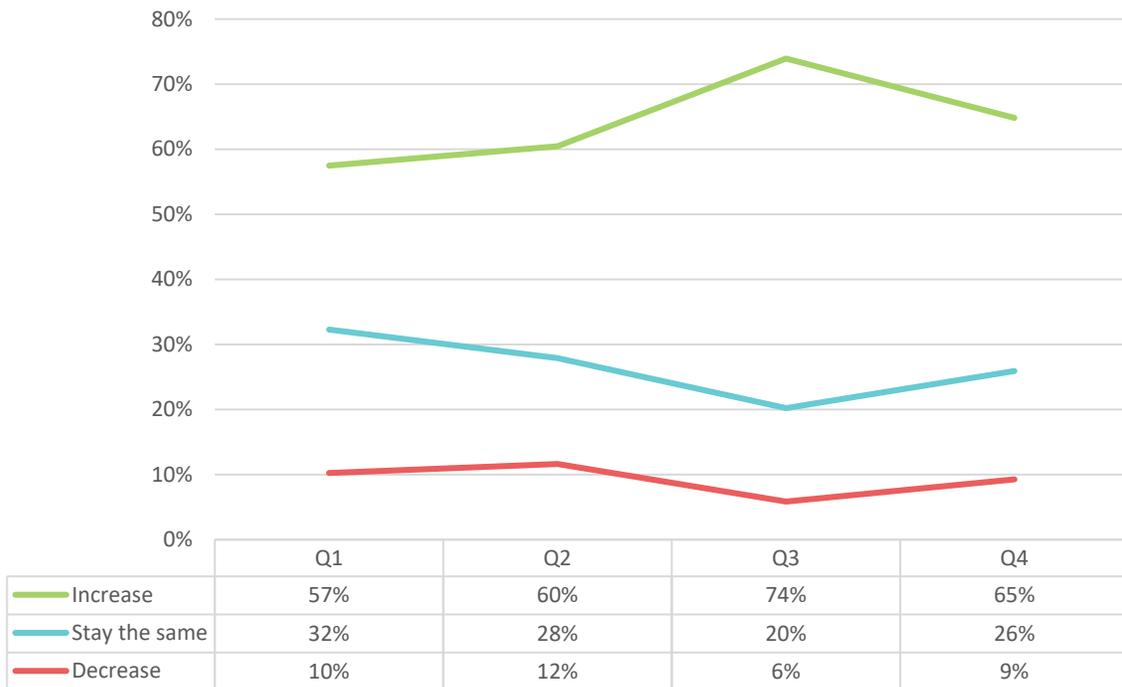
13. What do you see as the biggest opportunity for revenue growth in the year ahead?

In Q4 2025, respondents most frequently identified expanding product or service offerings and entering new markets as key opportunities for revenue growth in the year ahead.



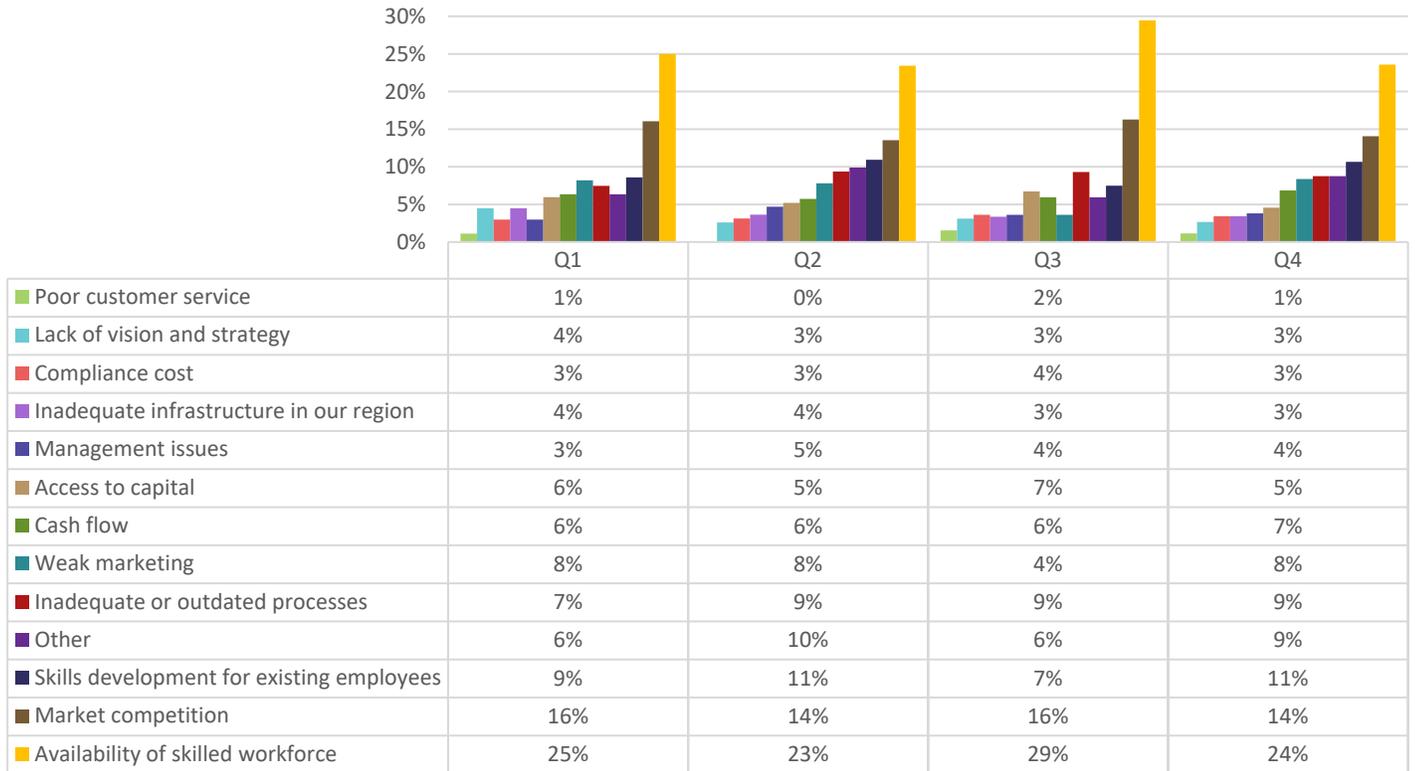
14. For the year ahead, do you expect revenue to increase, decrease, or stay the same?

Revenue expectations remained positive in Q4 2025, with most respondents anticipating that revenues will either increase or remain stable over the next year.



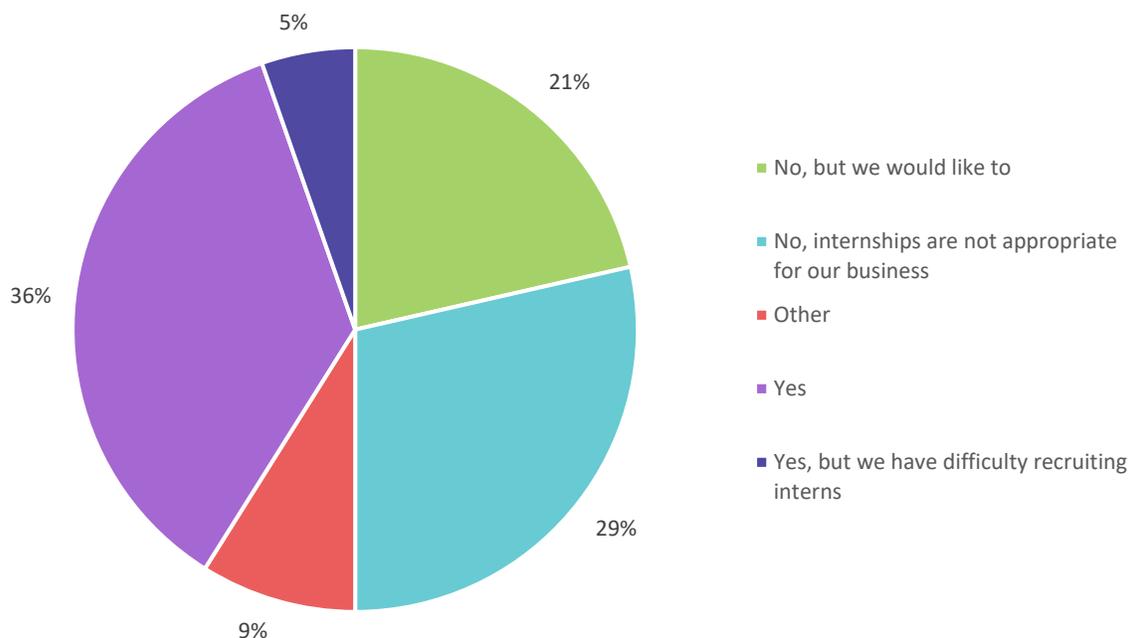
15. What are your top barriers to business growth?

The availability of a skilled workforce continued to be identified as the most significant barrier to business growth in Q4 2025, consistent with trends observed throughout the year.



16. Does your company offer internships?

While internships are not yet a standard practice for most respondents, results point to an opportunity to strengthen regional talent pipelines through targeted support, partnerships, and program coordination.



National Survey Results

Small Business Index

The MetLife and U.S. Chamber of Commerce Small Business Index (SBI) was conducted on Oct. 9-29, 2025. The Ipsos poll surveyed a sample of 754 small business owners and operators from the continental U.S., Alaska, and Hawaii. Small businesses are defined in this study as companies with 500 or fewer employees that are not sole proprietorships.

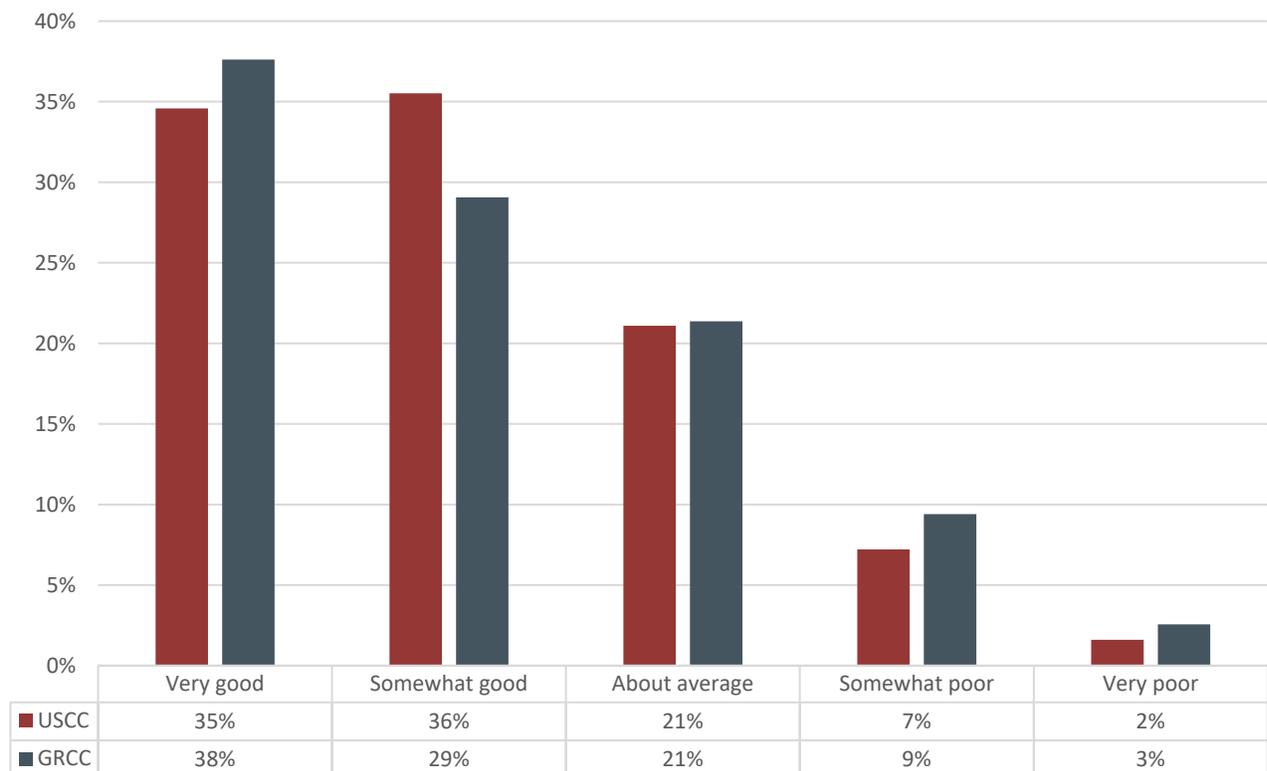
Current Sentiment

This section compares results from the Greater Rockford Chamber of Commerce Q4 2025 Business Sentiment Survey with the U.S. Chamber of Commerce Small Business Index for Q4 2025. Overall, businesses in the Rockford Region reported sentiment patterns similar to national respondents, though notable differences emerged in perceptions of the economy and investment intentions. Local respondents were generally more positive about economic conditions but expressed greater caution around future investment.

Responses

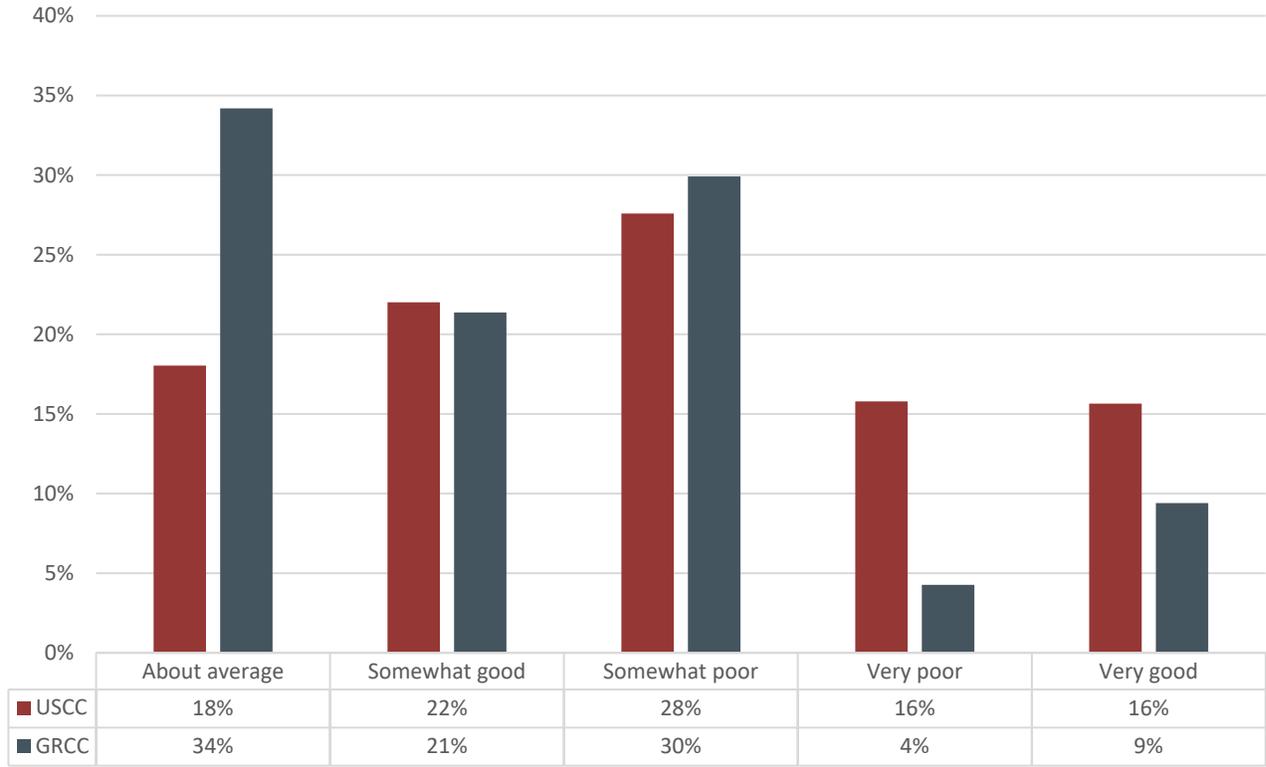
1. How would you rate the overall health of your business?

A majority of respondents at both the local and national levels rated the overall health of their businesses as good in Q4.



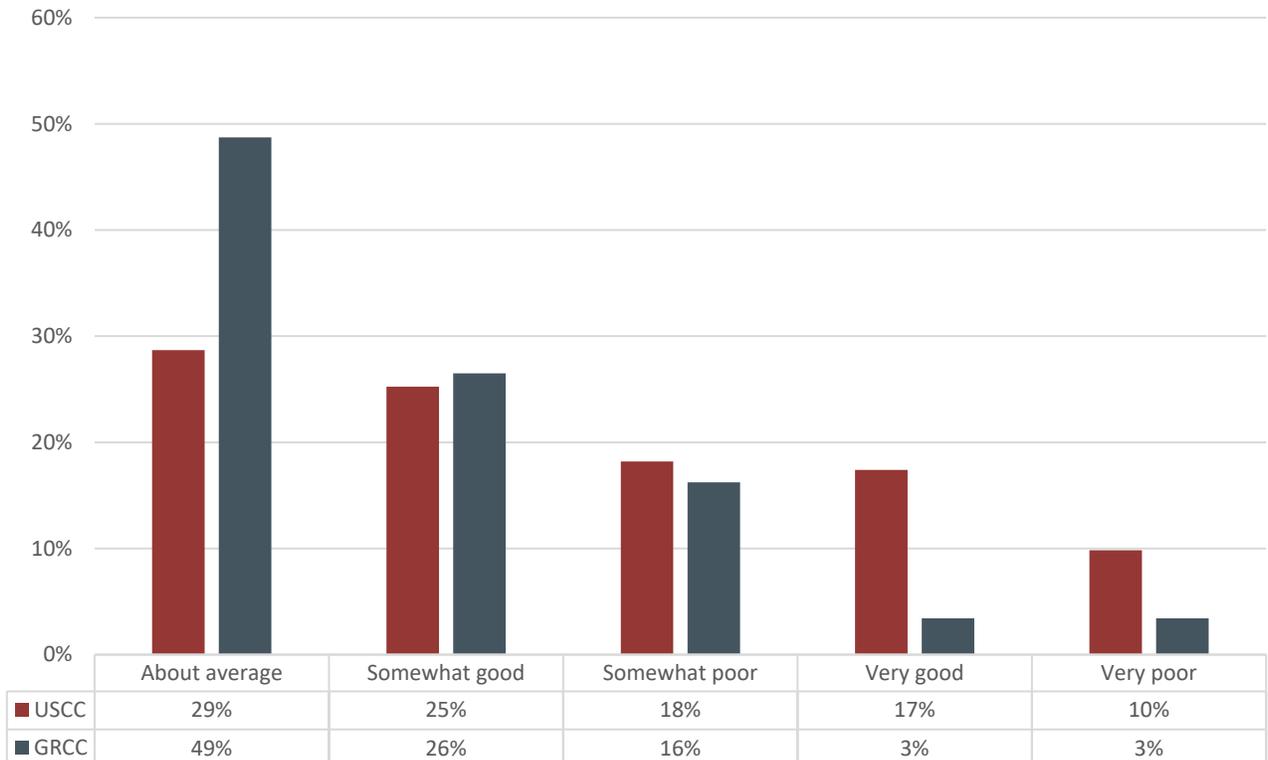
2. How would you rate the overall health of the United States economy?

Perceptions of the U.S. economy differed between local and national respondents in Q4. Businesses in the Rockford Region were more likely to describe the national economy as average.



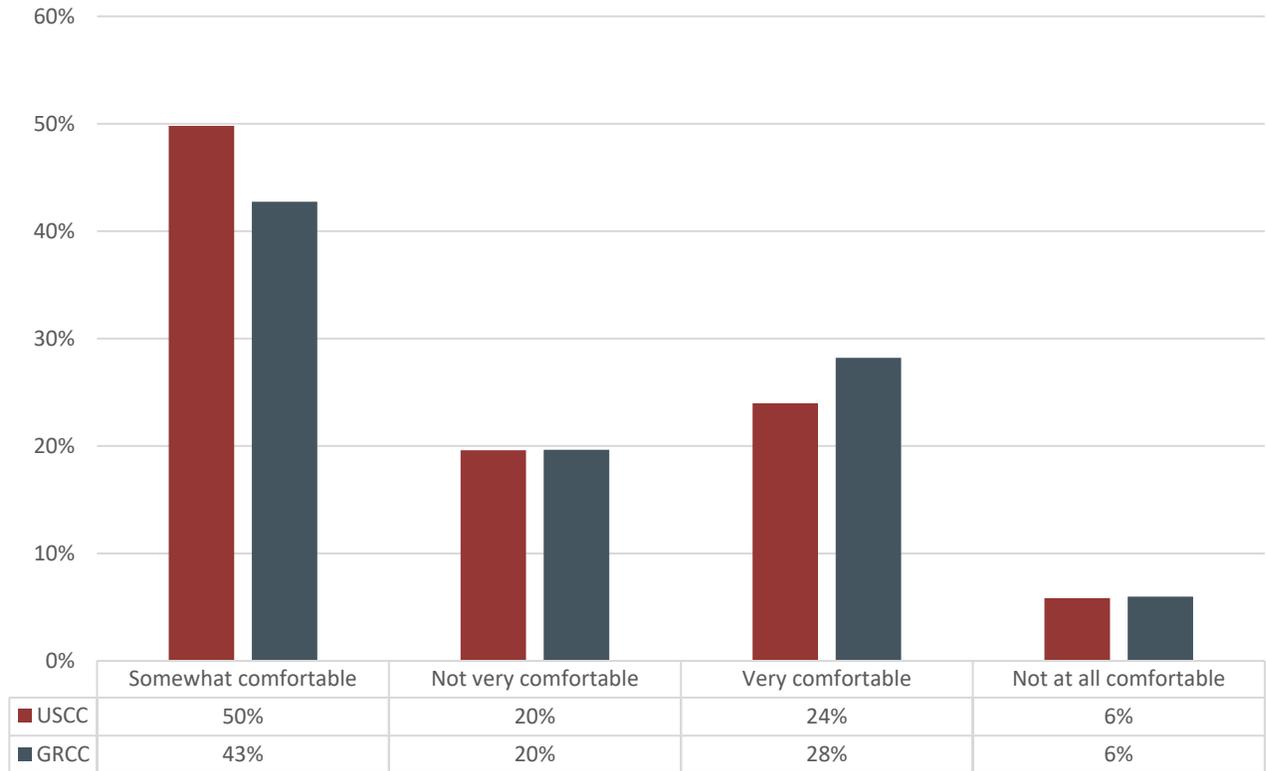
3. How would you rate the overall health of the economy in your local area?

Regional businesses viewed their local economy as average at a much higher rate compared to the national average. Fewer local businesses cast votes for the two extremes, "very poor" or "very good," indicating uncertainty.



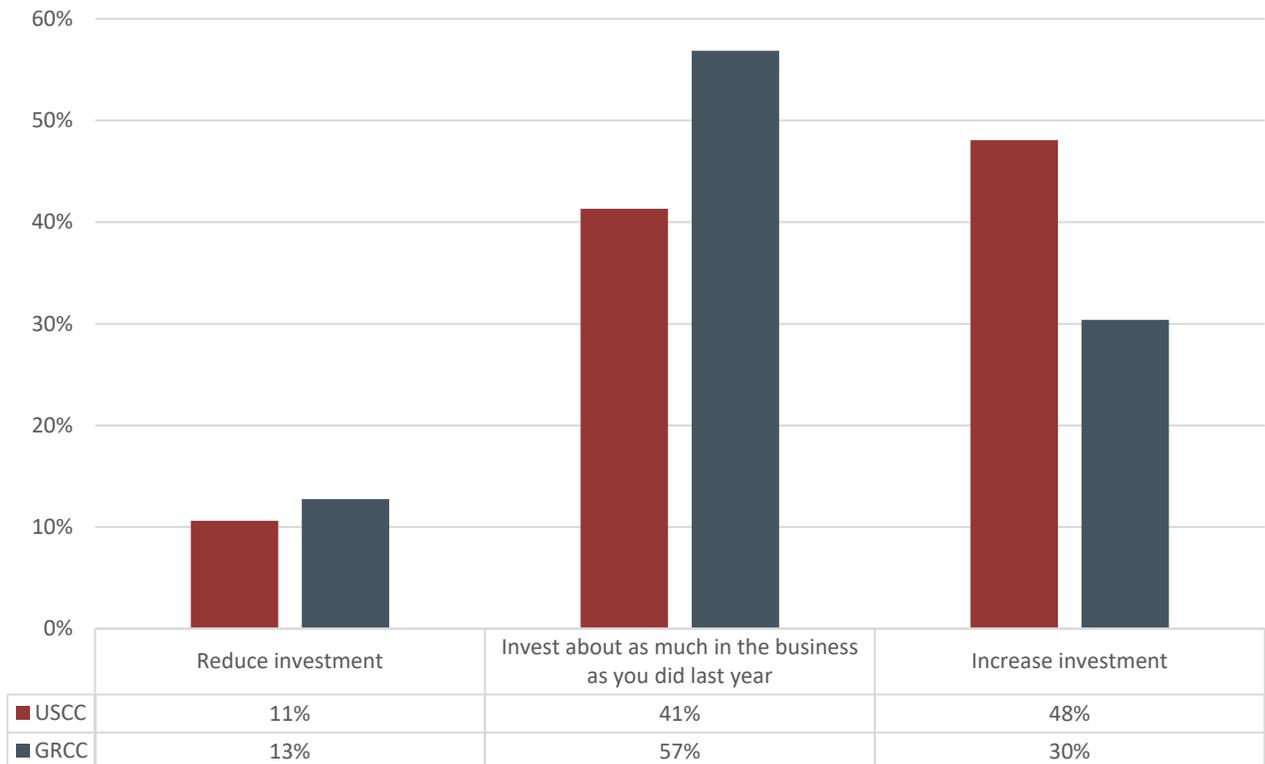
4. How comfortable are you with your company's current cash flow situation?

Participants expressed comfort with cash flow in Q4 at both national and local levels, though this comfort was slightly lower in the local context.



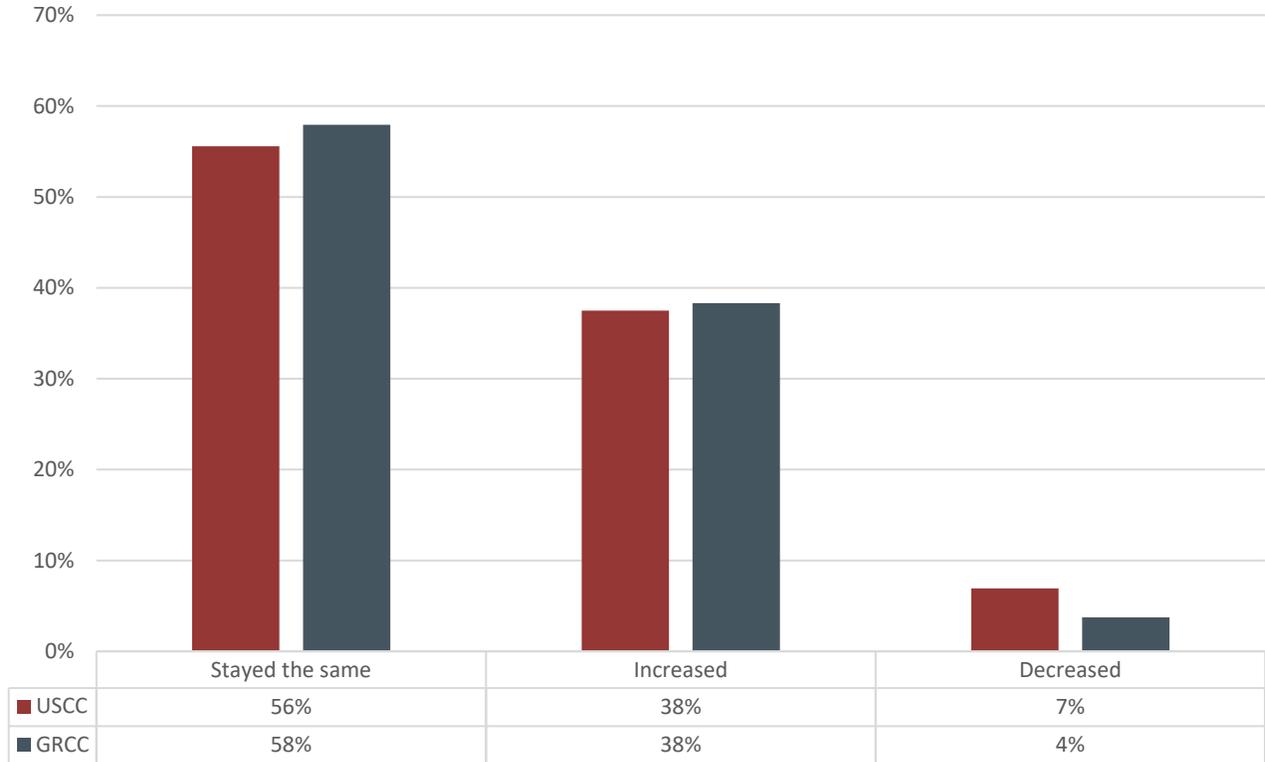
5. For the year ahead, do you plan to increase, reduce, or invest about as much as you did last year?

Local businesses are less confident about increasing investments next year compared to national respondents.



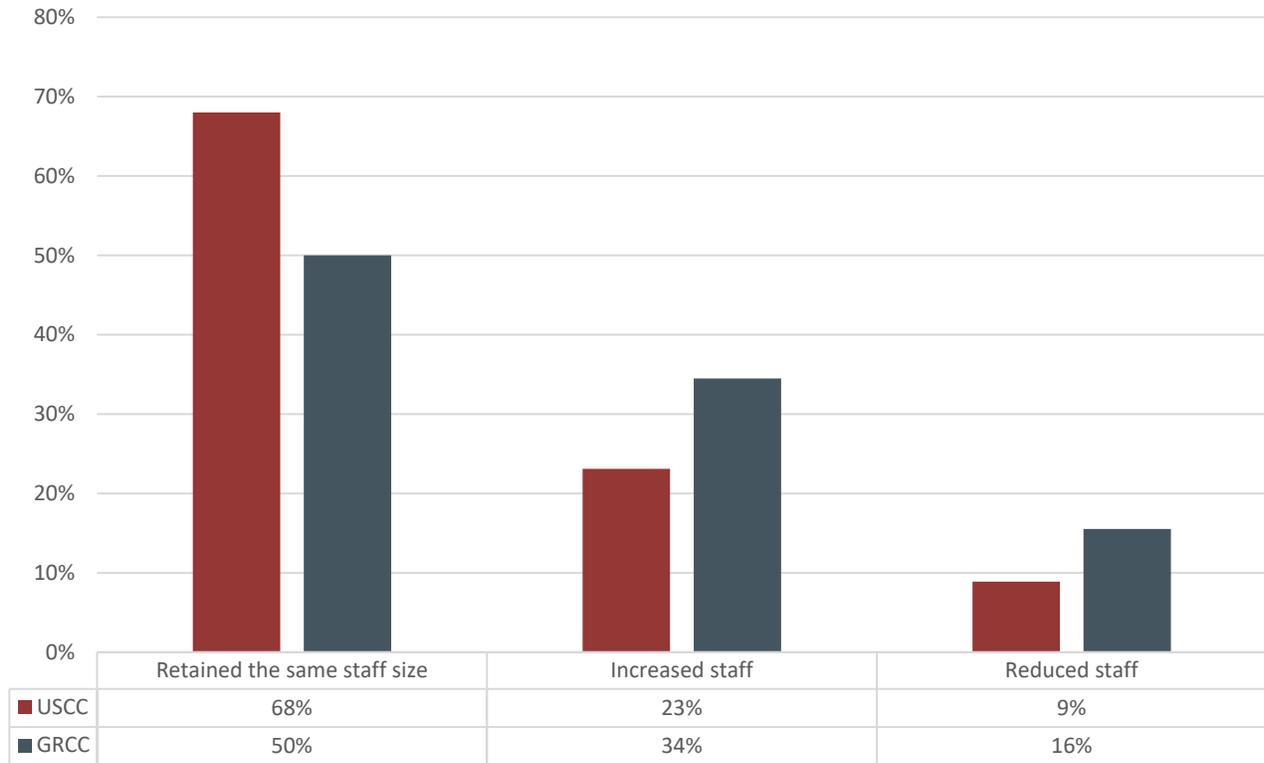
6. Compared to six months ago, has the time or resources you spend completing licensing, compliance, or other government requirements increased, decreased, or stayed the same?

Both local and national respondents reported that the time or resources required to meet licensing, compliance, or other government requirements had remained the same over the past six months.



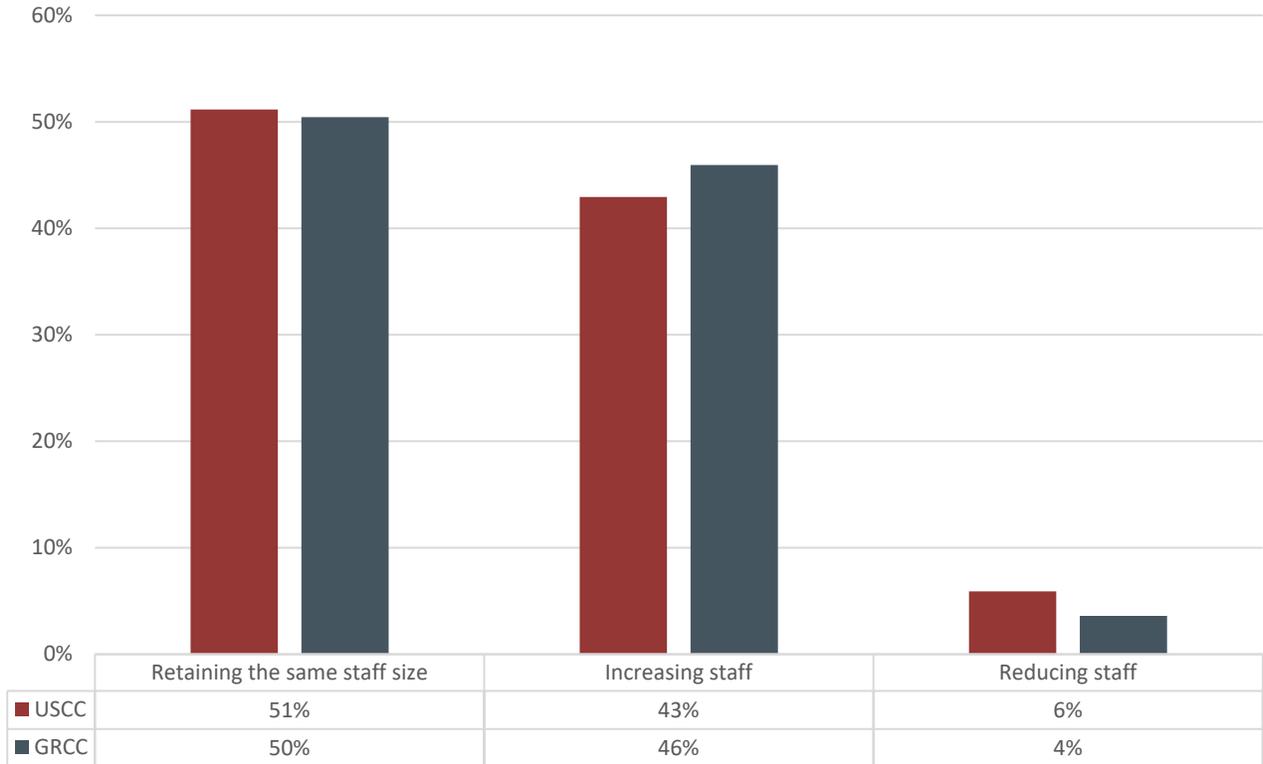
7. Over the past year, would you say you have increased, decreased, or retained the same staff size?

Over the past year, 84% of local respondents and 91% of national respondents reported either retaining or increasing staff. These results suggest broad workforce stability despite persistent hiring challenges.



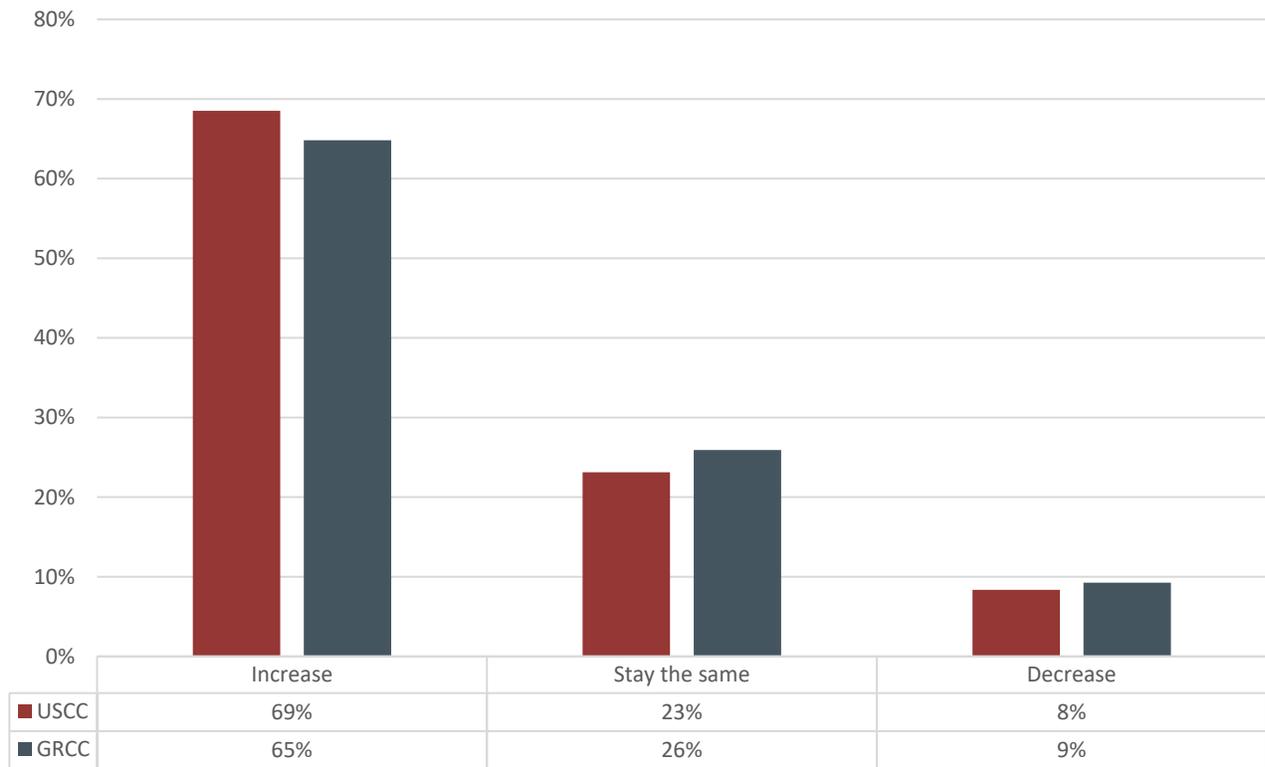
8. In the next year, do you anticipate increasing, reducing, or retaining the same staff size?

Staffing expectations remained steady in Q4 2025. Nearly all respondents locally and nationally anticipated maintaining or increasing their workforce over the next year.



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

Revenue outlooks remained positive in Q4 2025. Most respondents at both the local and national levels expected revenues to increase in the year ahead, indicating continued confidence in demand despite broader uncertainty.





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