Business Sentiment Survey

FOR THE ROCKFORD REGION
FINAL REPORT | 2026 Q2

VERSION
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Our Organization

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 great 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

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 Q2 2026 business environment was influenced by growing political and economic uncertainty. The U.S. war in Iran, which began Feb. 28 and concluded in June with a fragile peace agreement, constricted the shipment of oil, liquified natural gas, fertilizers, and other goods through the Strait of Hormuz and to key markets around the globe.

The resulting spike in fuel prices intensified inflationary pressure and escalated the cost for businesses to ship their goods to markets around the world. The U.S. average gas price recently dropped to around $3.86 per gallon but rose to more than $4.50 during the course of the war.

The U.S. labor market proved somewhat resilient to the war in Iran, as the number of job positions increased in May to 7.6 million, from 7.59 million, which is a new two-year high according to a June 30 report from the U.S. Bureau of Labor Statistics. Job openings increased across a variety of industries in May, including leisure and hospitality, wholesale trade, and construction and manufacturing, while job postings in healthcare, finance, and technology shrank, the report showed.

The annual inflation rate in the U.S. was 4.2% for the 12 months ending May, an increase from 3.8% for the 12 months ending in April. Higher interest rates made it difficult for businesses to borrow and invest, particularly in real estate and small business growth. Even as some of these pressures started to cool, they continued to shape a cautious but steady business climate.

While the Rockford 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 second quarter of 2026. With a sample size yielding a 95% confidence level, the survey offers valuable benchmarks for stakeholders shaping Rockford's economic trajectory.

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, Wisconsin (97.3), and Milwaukee, Wisconsin (96.9), stayed 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

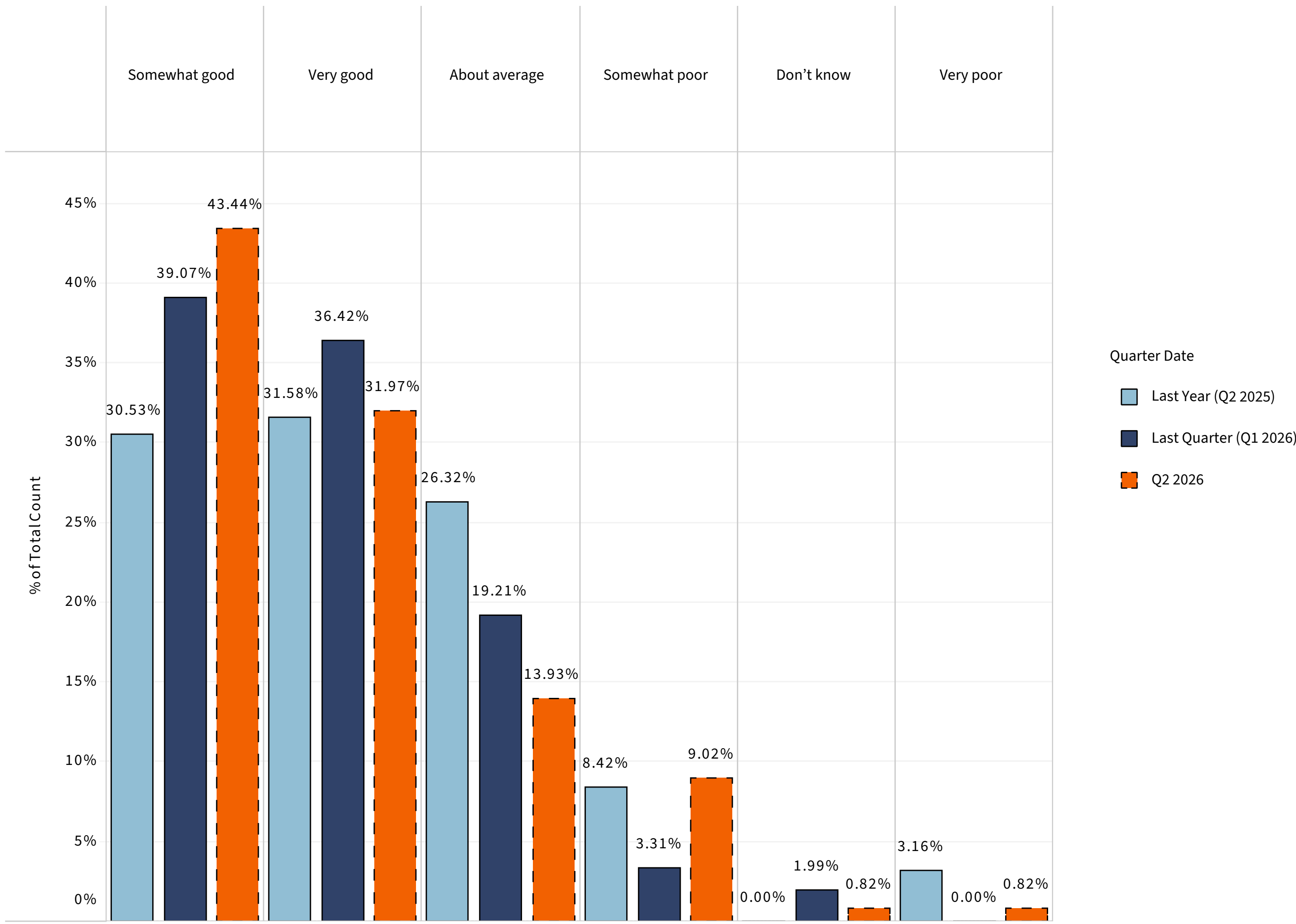
CURRENT SENTIMENT

Businesses in the Rockford region maintained a generally positive economic outlook compared to those who responded to the U.S. Chamber of Commerce survey. However, survey results drew mixed sentiment regarding specific factors that affect the business landscape. Local businesses reported their staffing levels are stable or higher compared to Q1, and they are more inclined than the previous quarter to hire workers in the year ahead. While 70% of GRCC Q2 survey respondents said they are comfortable with their business cash flow, a majority of business owners project their revenue to stay the same or increase in the year ahead.

RESPONSES

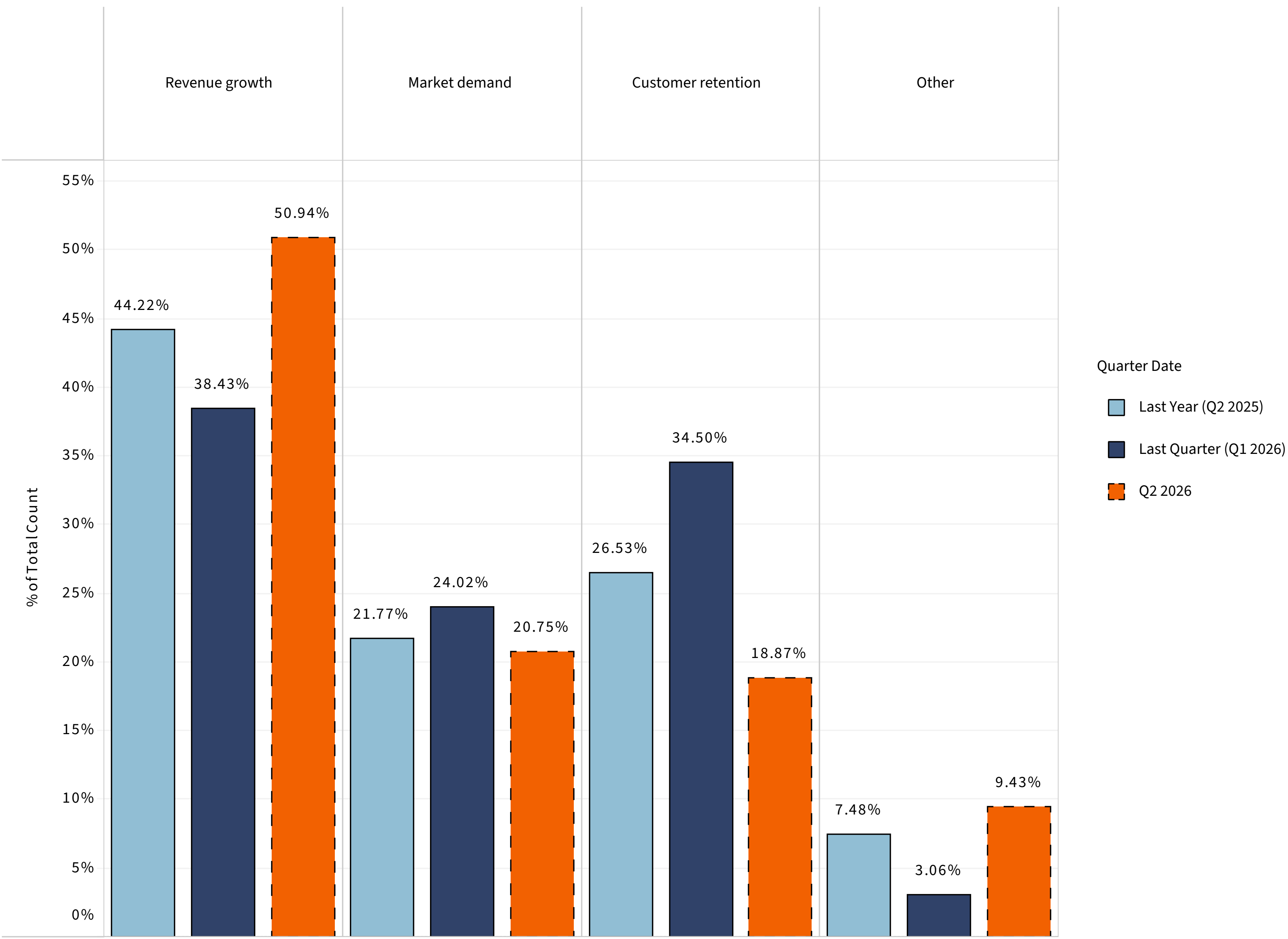
1. How would you rate the overall health of your business?

   Three-fourths of businesses responding to the survey reported their overall health as somewhat good or very good, though 9% reported their business health as “somewhat poor.” This suggests businesses were generally stable but not without some ongoing challenges.



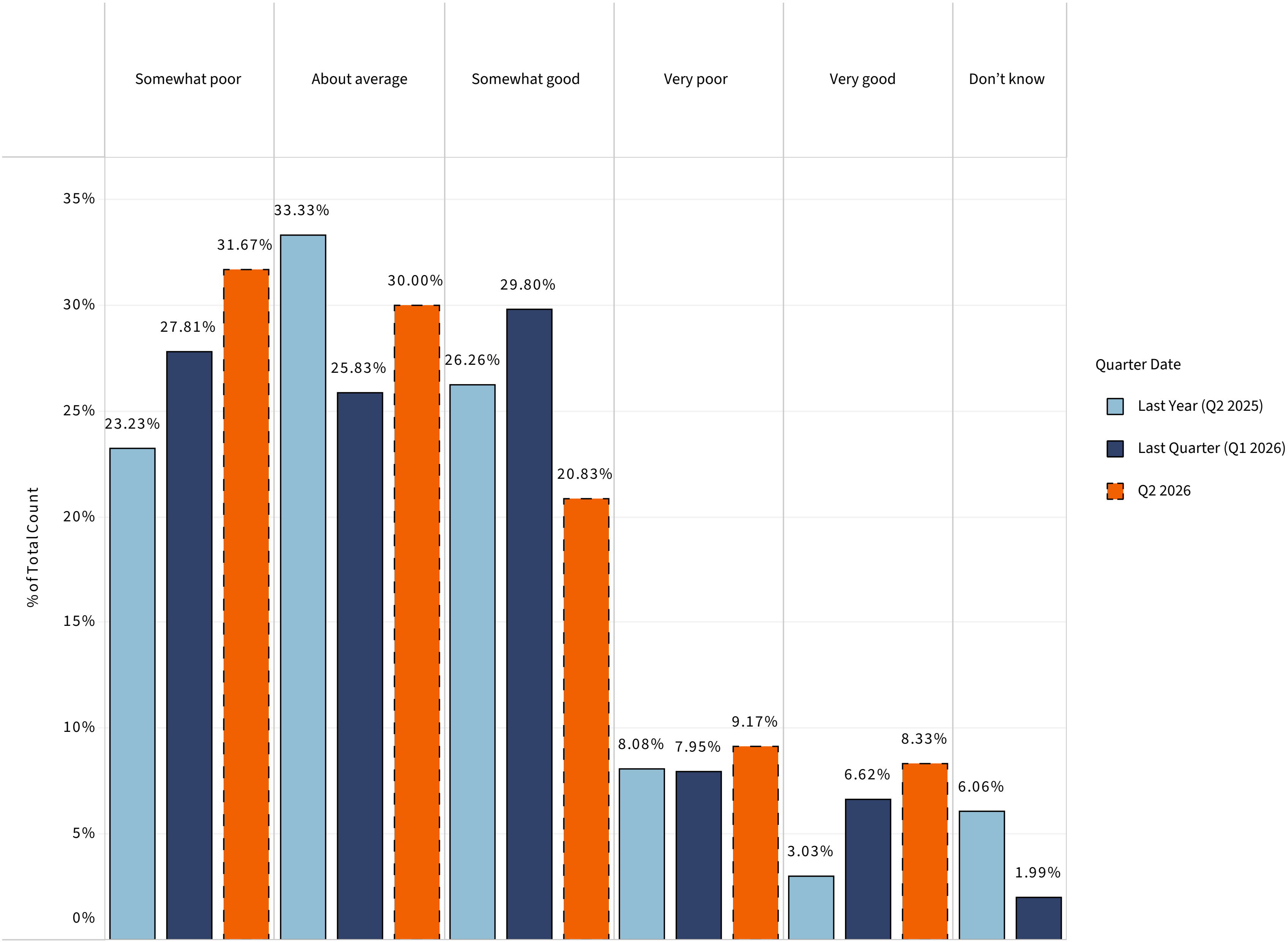
2. What factors most influence your perception of your business's overall health?

The most important factors were revenue growth, market demand, and customer retention, demonstrating consistent trends with the previous quarter. This shows businesses were focused more on demand and performance than internal factors.



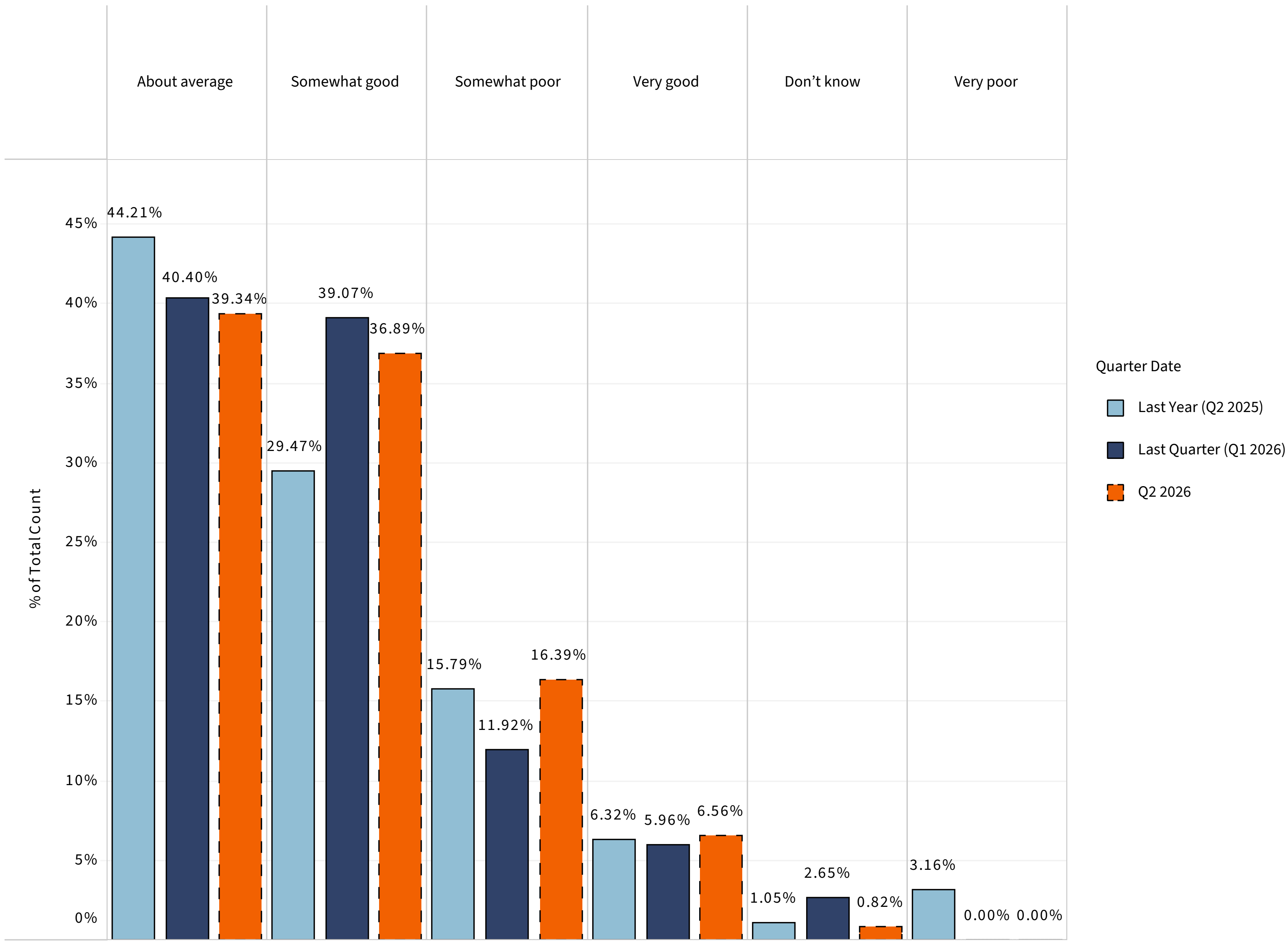
3. How would you rate the overall health of the United States economy?

Perceptions of the U.S. economy were more negative compared to Q1 2026 and Q2 2025, with a larger share of businesses rating the U.S. economy as somewhat poor, very poor, or about average. This decline also reflects broader economic uncertainty at the national level.



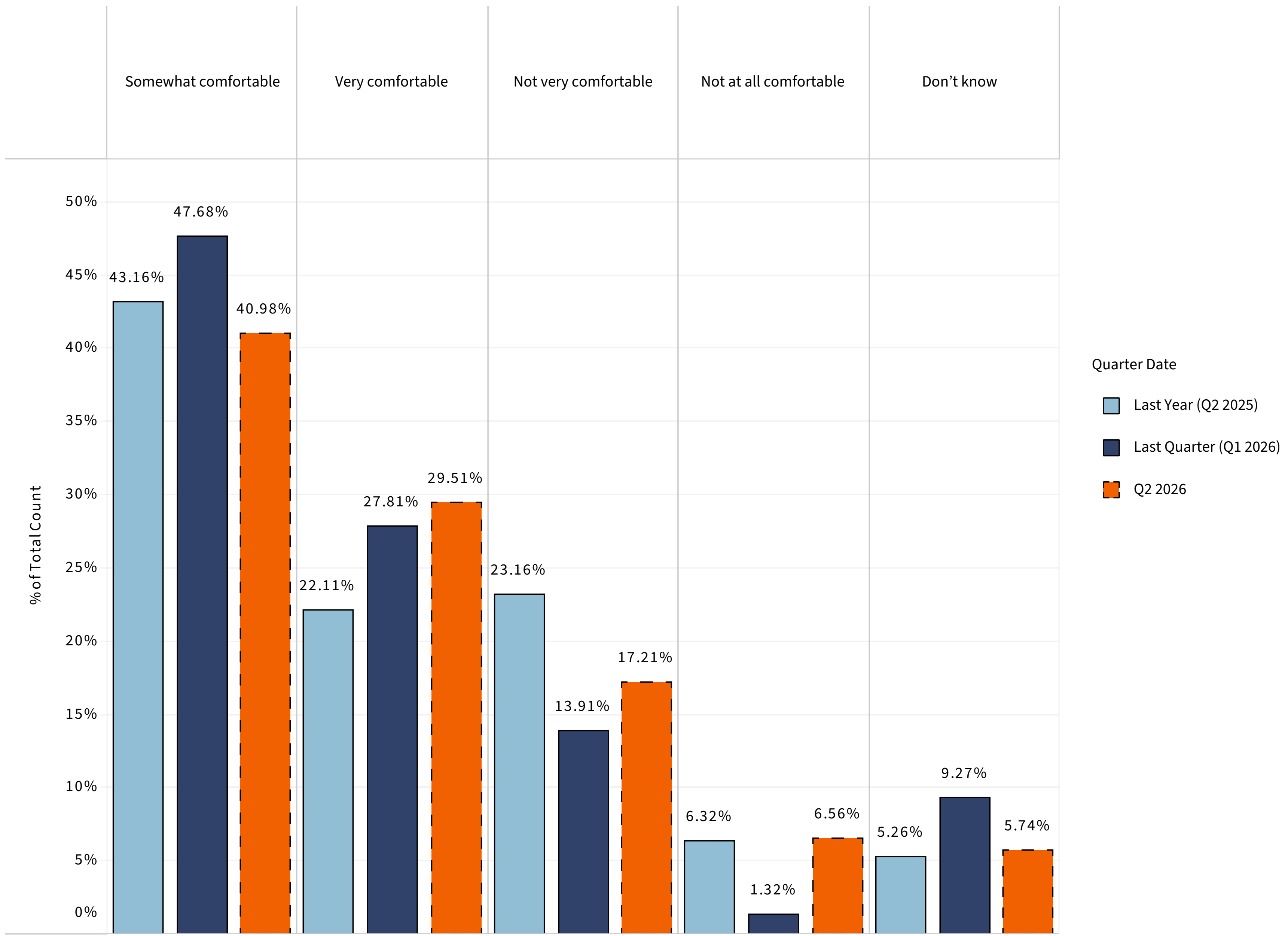
4. How would you rate the overall health of the local economy?

Ratings of the local economy were slightly more negative than the previous quarter, with many businesses still selecting somewhat good or average. This suggests the region was moderately satisfied with the local economy despite growing concerns.



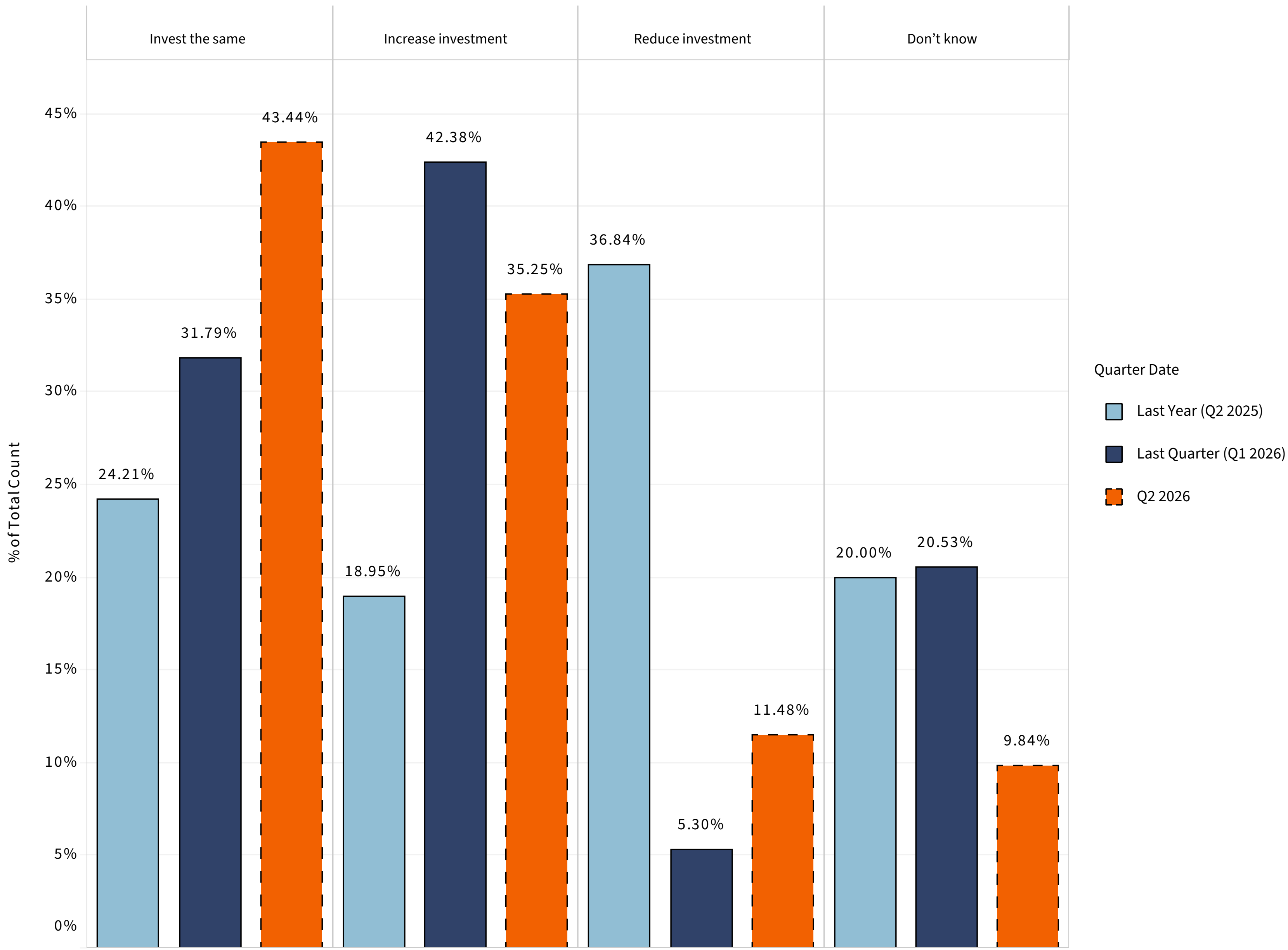
5. How comfortable are you with your company's current cash flow situation?

Most businesses reported being somewhat or very comfortable with their cash flow. This points to generally stable finances with some growing pressure.



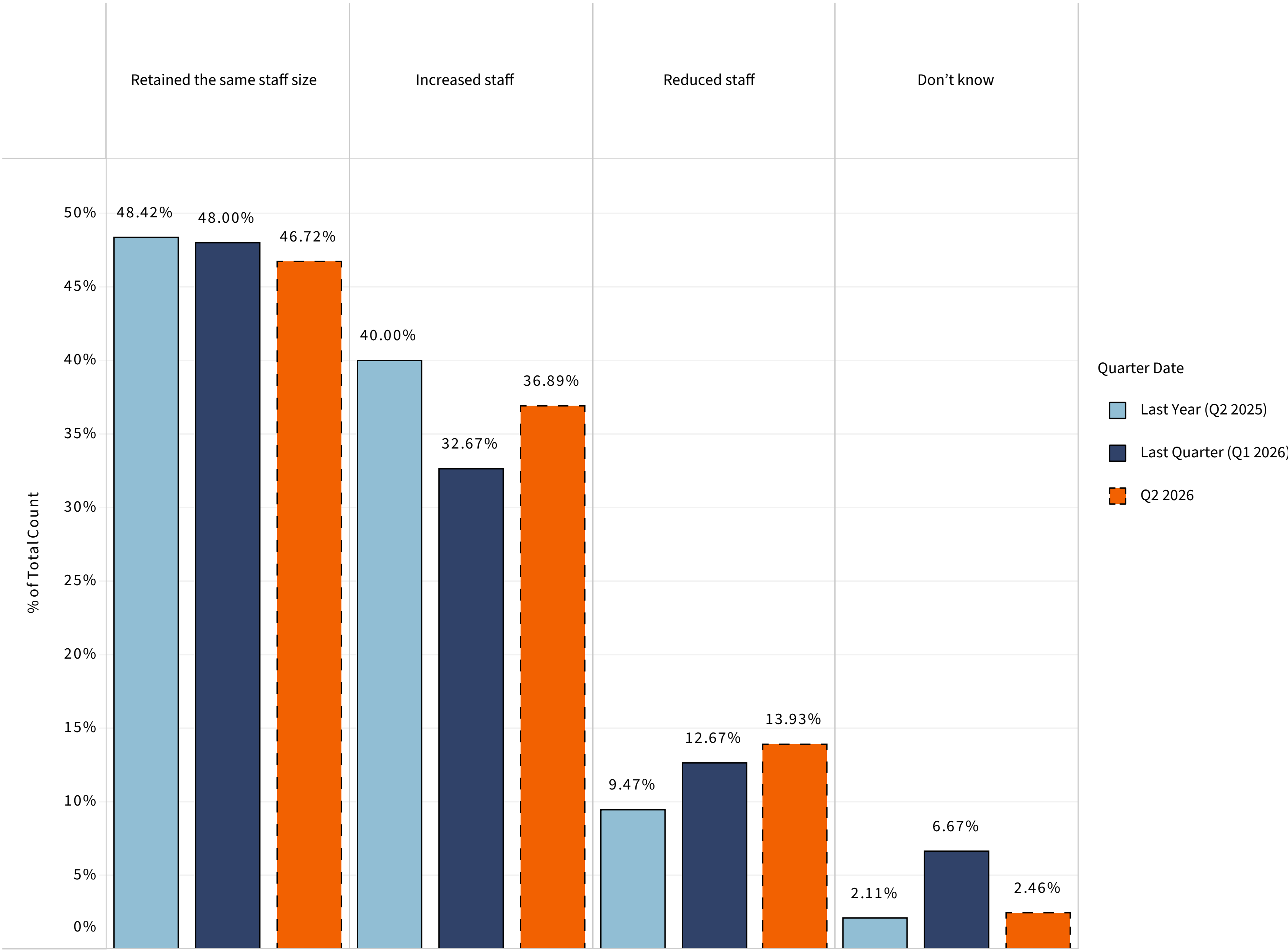
6. For the year ahead, do you plan to:

Most businesses said they plan to maintain the same investment level as the previous year with fewer planning to increase investment. This suggests increasing caution surrounding the economy, though a majority of businesses planned to maintain their investment targets.



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

Most businesses either maintained or increased the size of their staff, suggesting steady employment levels over the past year.

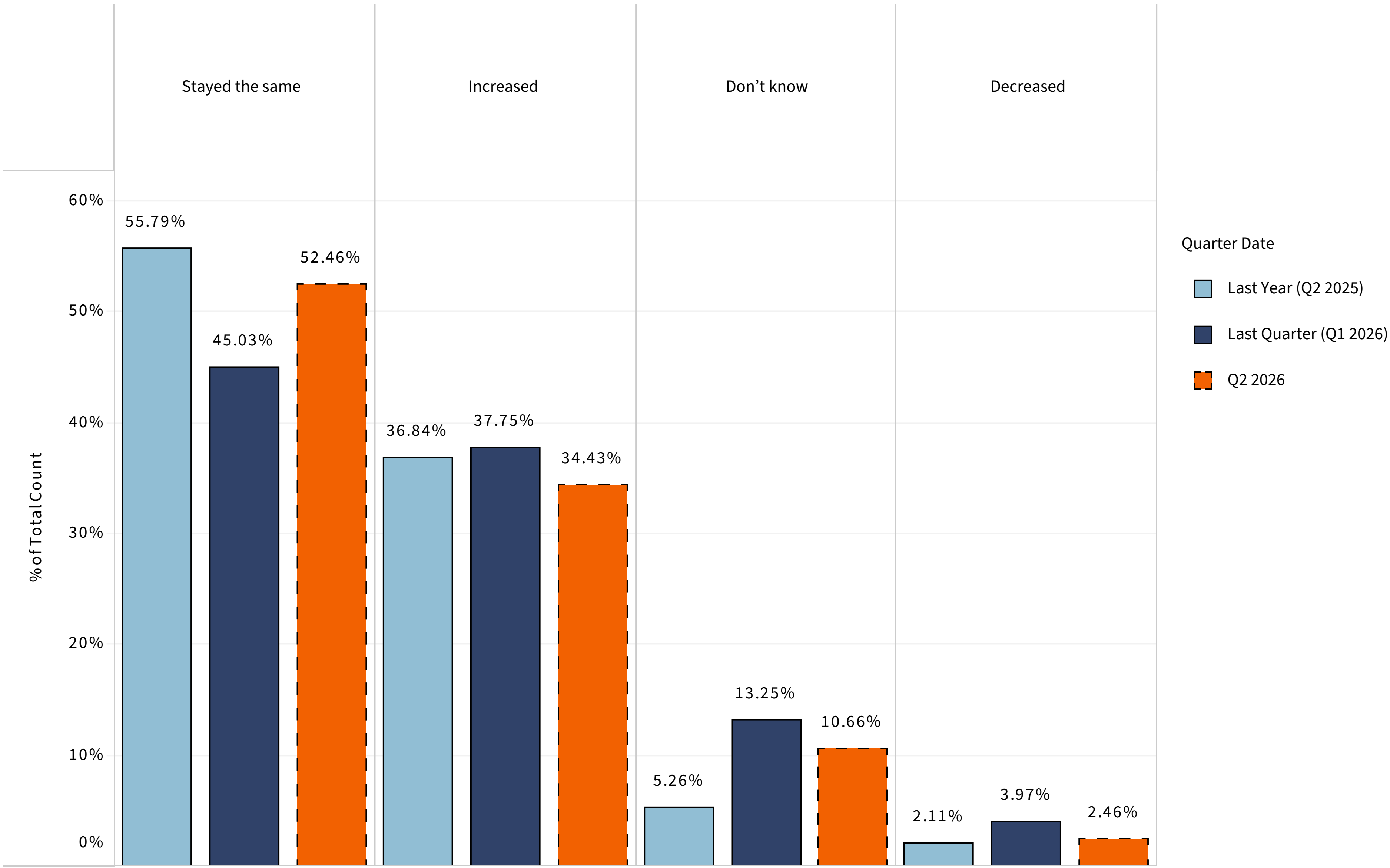


8. What government policies or regulations have had a negative effect on your business this year?
Although 21% of respondents said regulatory compliance is not a significant burden on their business, the top three negative impacts are payroll taxes, wage and hour rules, or overtime compliance; state or local business taxes; and data privacy laws/cybersecurity requirements. Overall, responses indicated that cost-related policies are making it harder for businesses to operate.

1. Payroll taxes, wage and hour rules, or overtime compliance – 28.4%
2. Regulatory compliance is not a significant burden for my business – 21.1%
3. State or local business taxes – 18.3%
4. Data privacy laws or cybersecurity requirements – 18.3%
5. Responding to audits, notices, or regulatory inquiries – 17.4%
6. Business licenses or professional certifications – 15.6%
7. Building codes, inspections, or fire safety compliance – 14.7%
8. Local permits, zoning, or use approvals – 13.8%
9. Ongoing reporting, filings, or disclosures – 12.8%
10. Unemployment insurance or workers' compensation requirements – 11.9%
11. Website, digital accessibility, or online compliance issues – 11.9%
12. Regulations specific to my industry – 11.9%
13. Record retention or information security obligations – 11.0%
14. Workplace safety and OSHA compliance – 10.1%
15. Environmental regulations (waste disposal, emissions, water, chemicals) – 8.3%
16. Health department requirements (food service, healthcare, inspections) – 5.5%

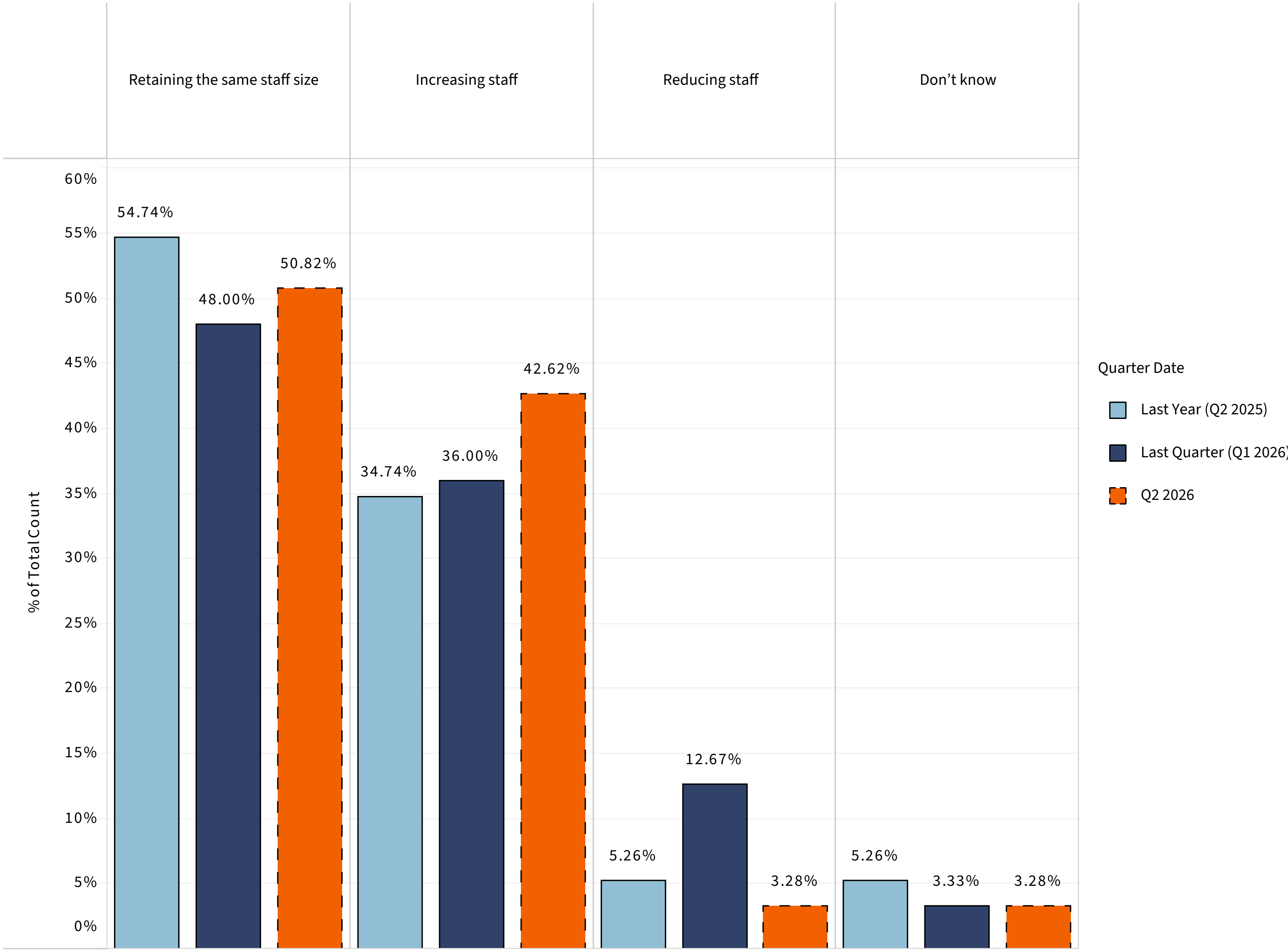
9. Compared to six months ago, has the time or resources you spend completing licensing, compliance, or other government requirements increased, decreased, or stayed the same?

More businesses reported that time spent on licensing, compliance, or other government requirements stayed the same or increased. This is consistent with survey responses from the previous quarter and from a year ago, indicating ongoing business regulatory pressure.



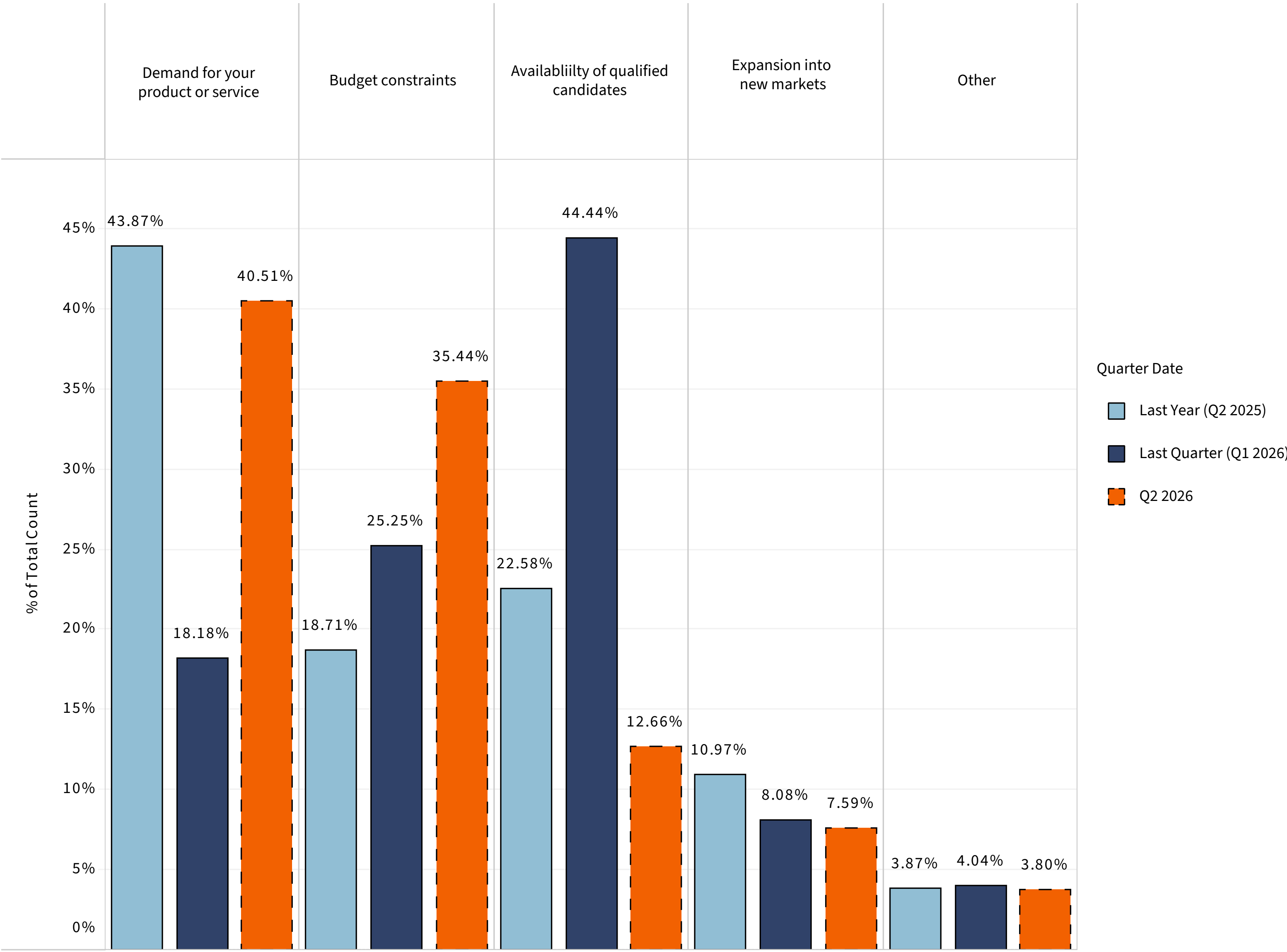
10. In the next year, do you anticipate:

More than 90% of businesses reported that they plan to maintain or increase staff, and significantly fewer businesses said they plan to reduce staff. This indicates a strong and stable outlook for the job market.



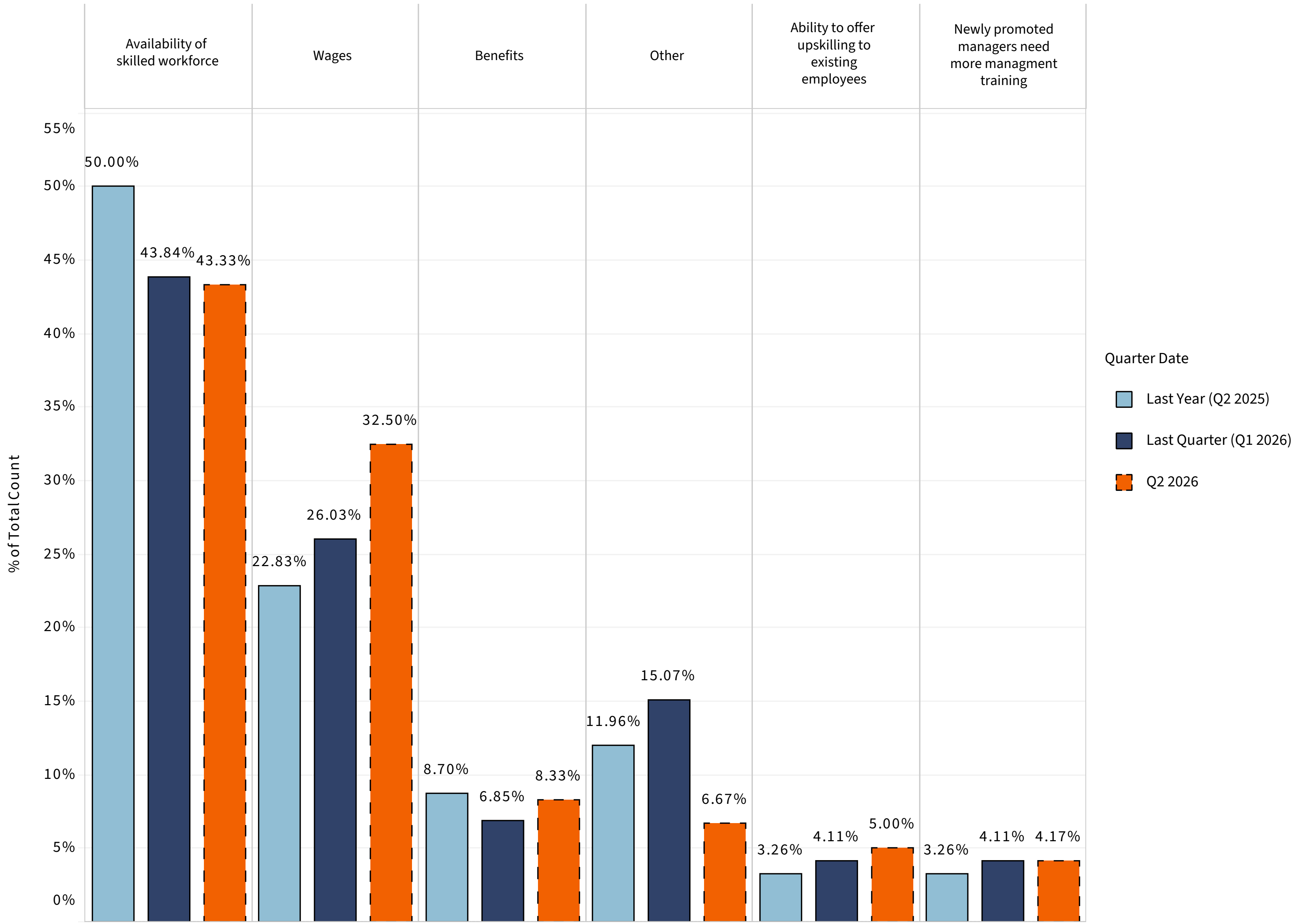
11. What factors will most influence your staffing decisions in the year ahead?

Businesses reported that staffing decisions in the year ahead will be primarily driven by customer demand for their products or services and budget constraints. Significantly fewer businesses said hiring decisions will be driven by the availability of qualified candidates, which indicates that workforce availability strengthened and will weigh less on future hiring decisions.



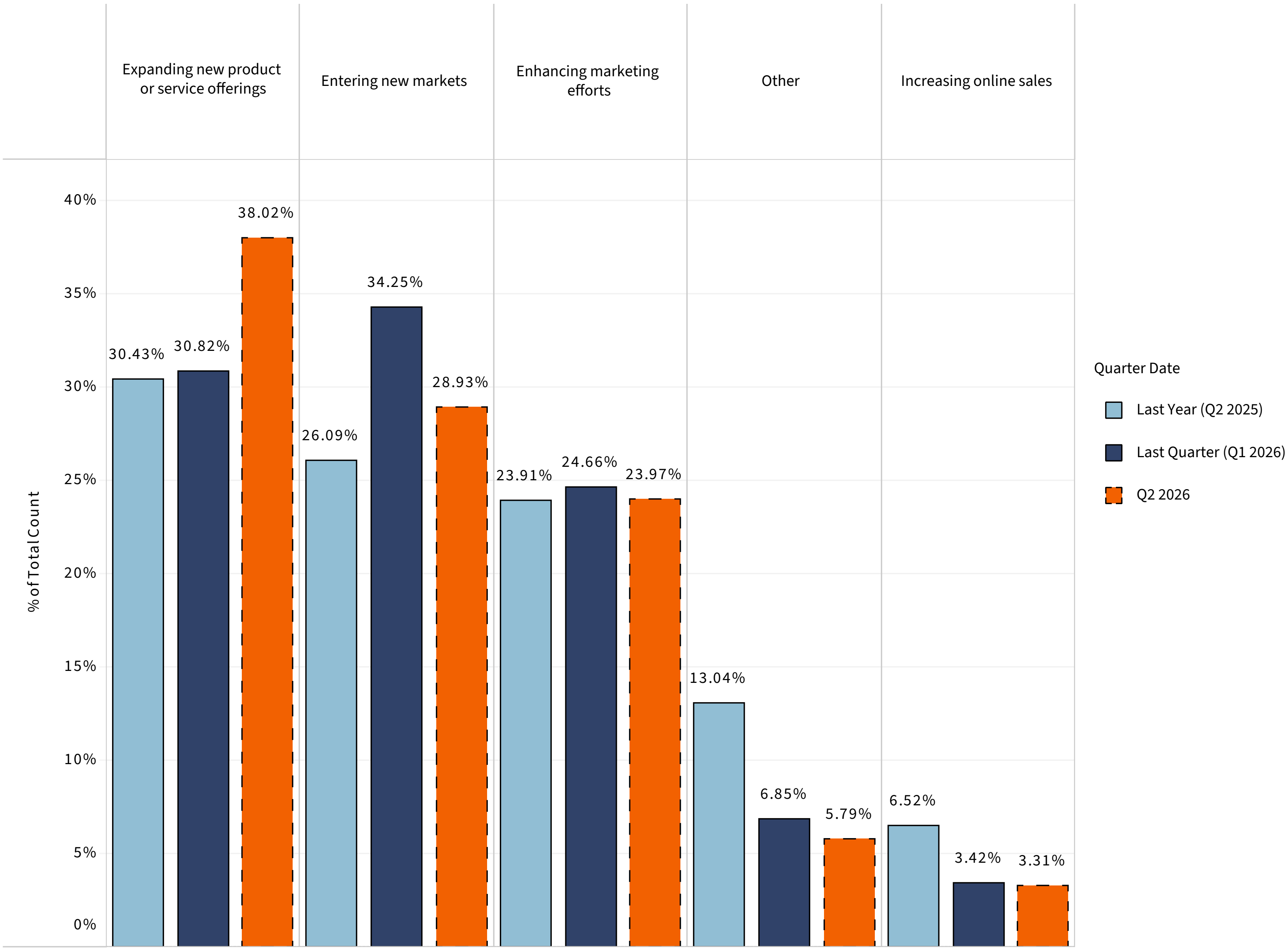
12. What is the biggest barrier to attracting or retaining employees for your business?

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



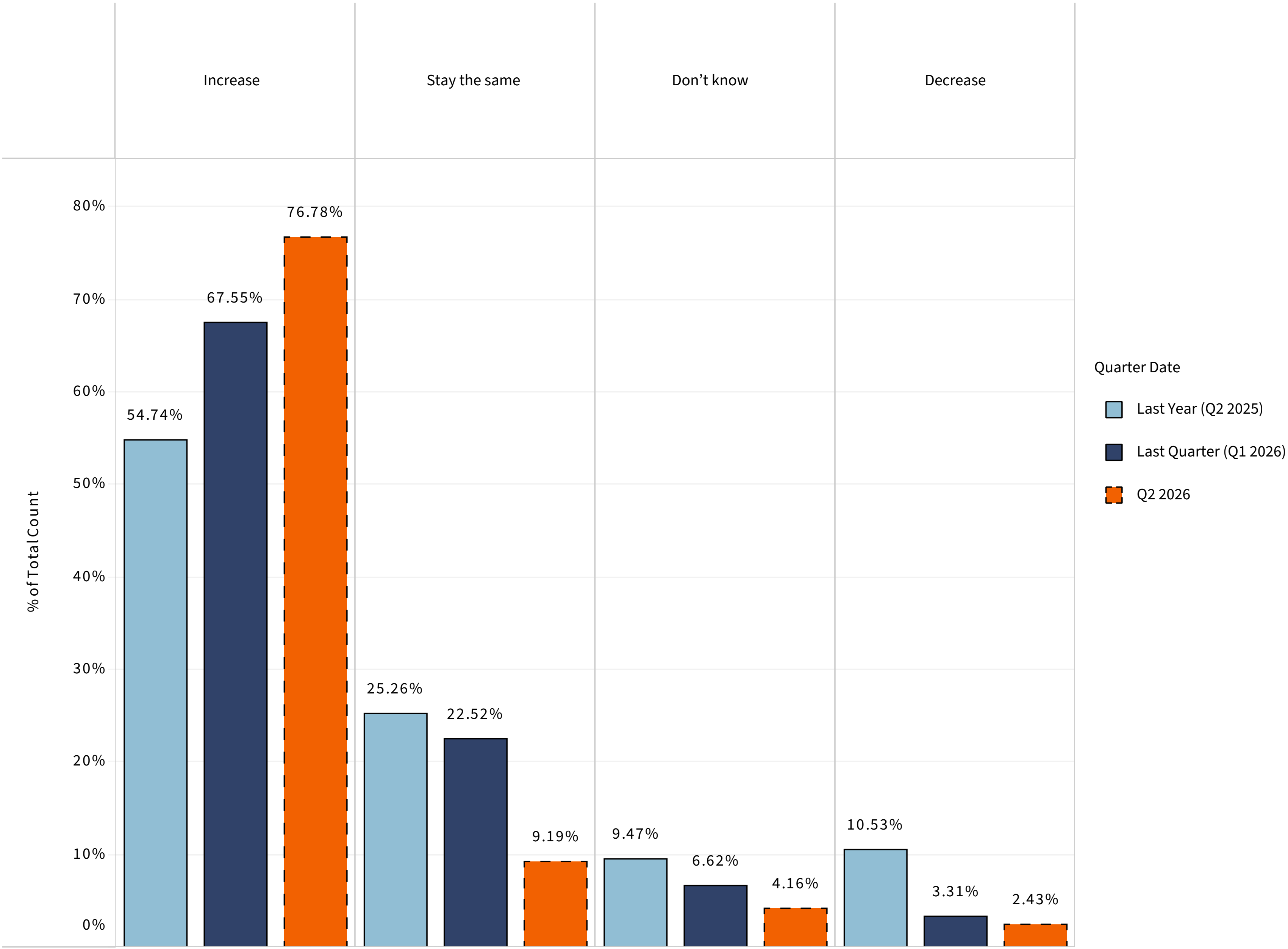
13. What do you see as the biggest opportunity for revenue growth in the year ahead?

Businesses reported that expanding products or services and entering new markets remained the biggest opportunities for revenue growth in the year ahead, while marketing and online sales were less critical strategies.



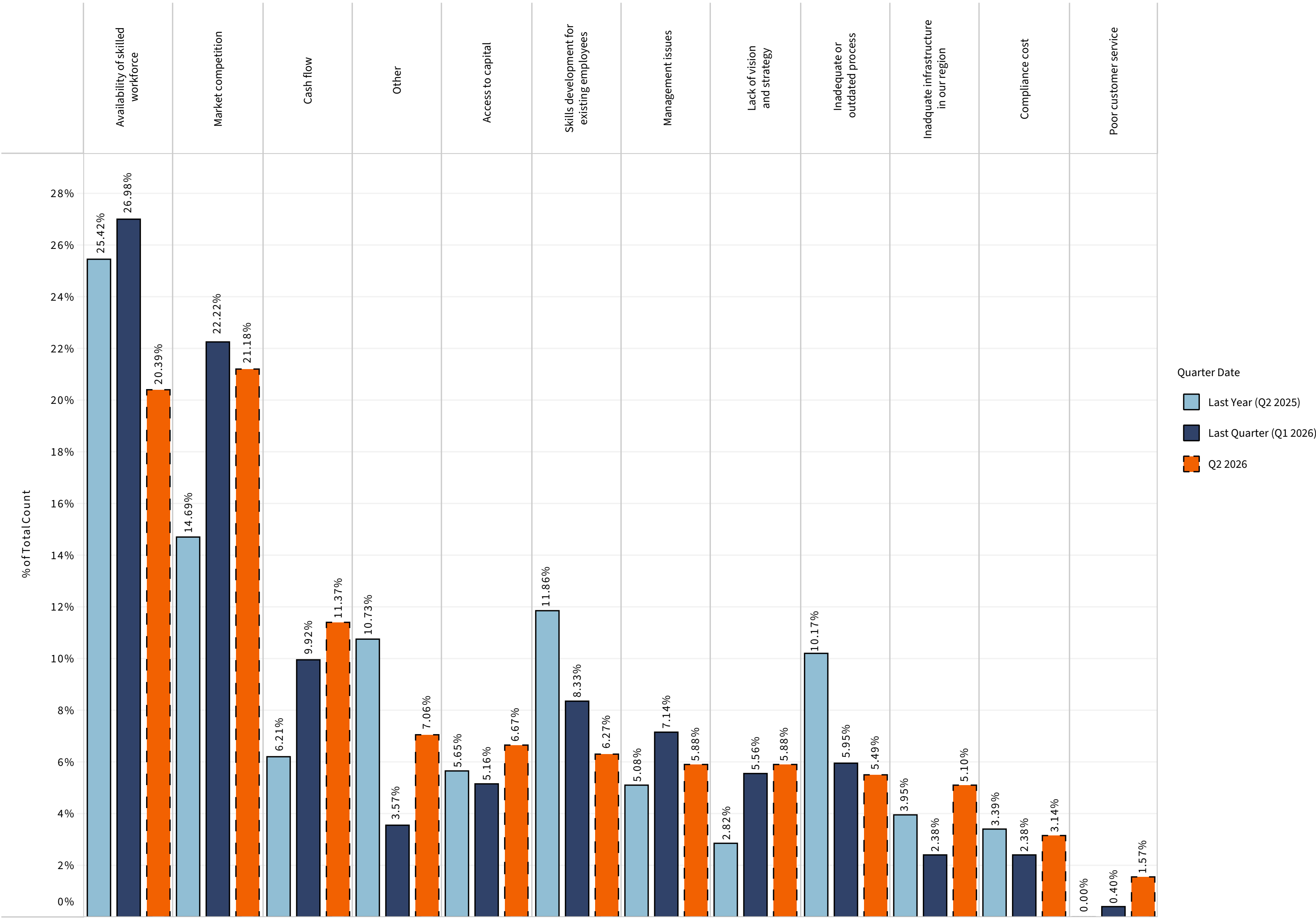
14. For the year ahead, do you expect revenue to increase, decrease, or stay the same?

Nearly 77% of businesses reported they expect revenue to increase in the year ahead, which was a significantly higher rate compared to last quarter and a year ago. This reflects a very positive outlook for the year ahead.



15. What are your top barriers to business growth?

The most common barriers to business growth included market competition, availability of a skilled workforce, and cash flow. Overall, businesses were constrained by financing and labor challenges amid a more competitive business environment.



National Results

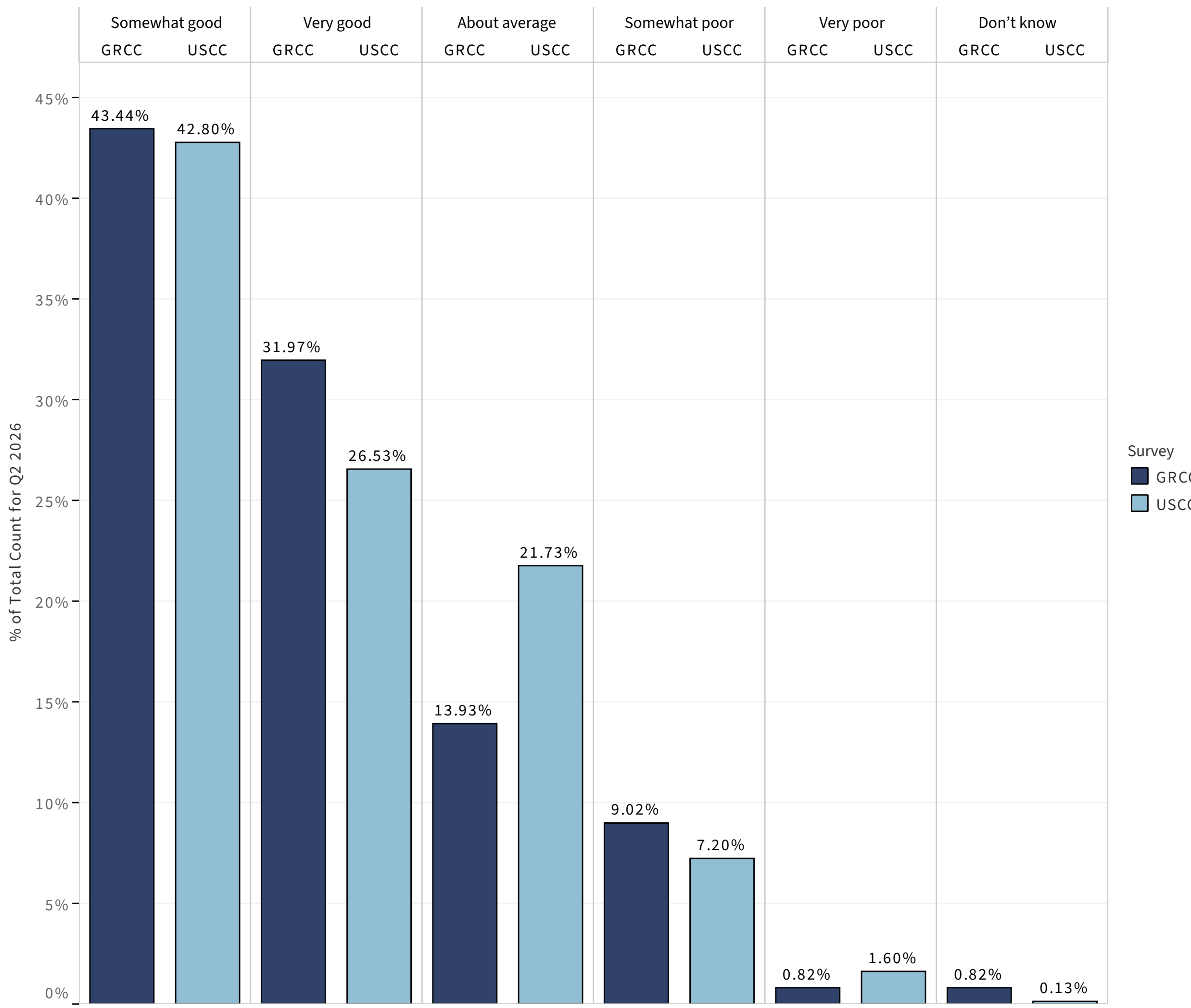
CURRENT SENTIMENT

Compared to national trends, businesses in the Rockford region appeared 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 remained high, local businesses continued to operate from a position of relative stability, supporting steady but measured growth.

RESPONSES

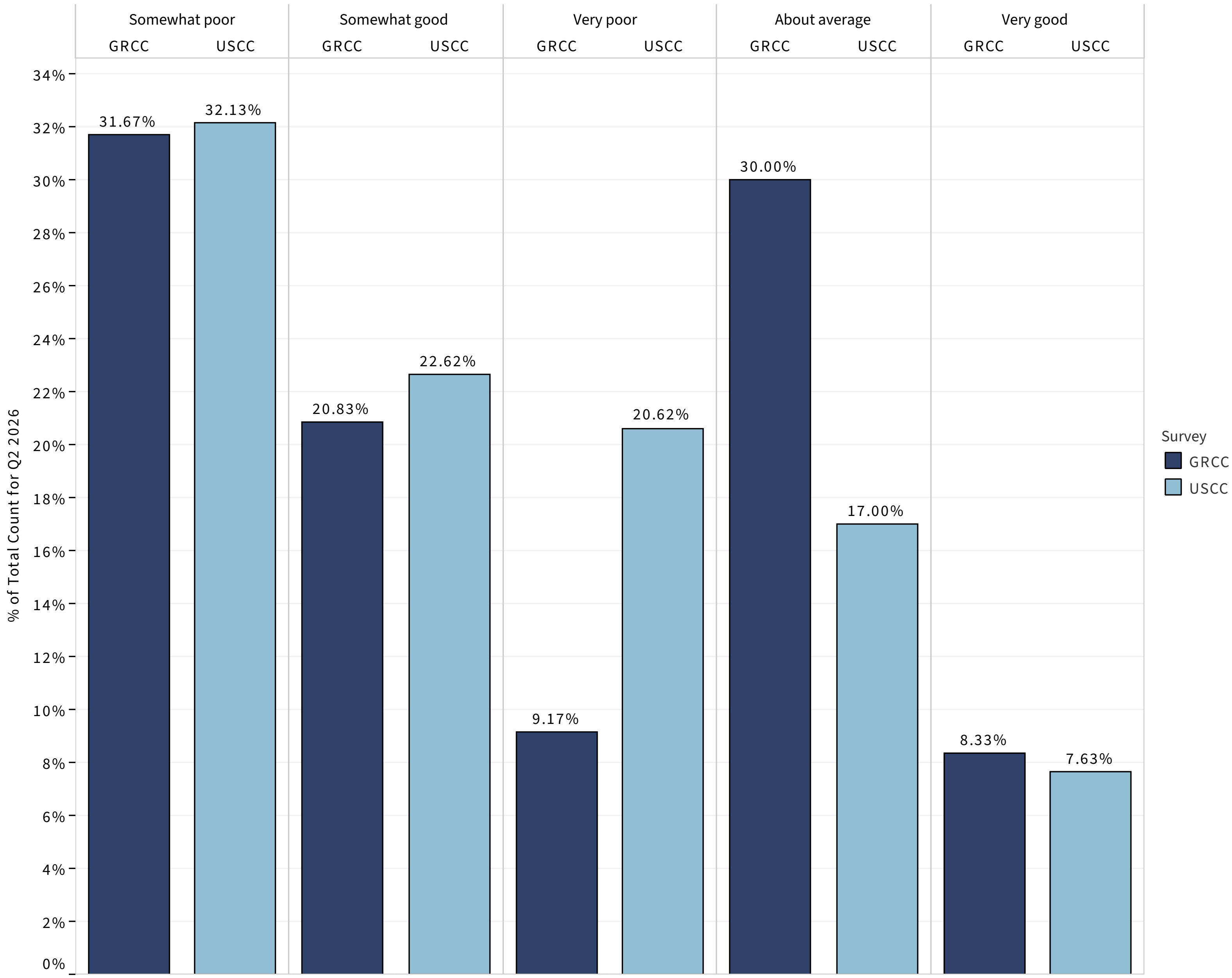
1. How would you rate the overall health of your business?

   Local respondents were more upbeat about the overall health of their business compared to those responding to the U.S. Chamber of Commerce Small Business Index. About 75% of GRCC survey respondents rated their business as “somewhat good” or “very good,” compared to about 69% of businesses that completed the USCC survey.



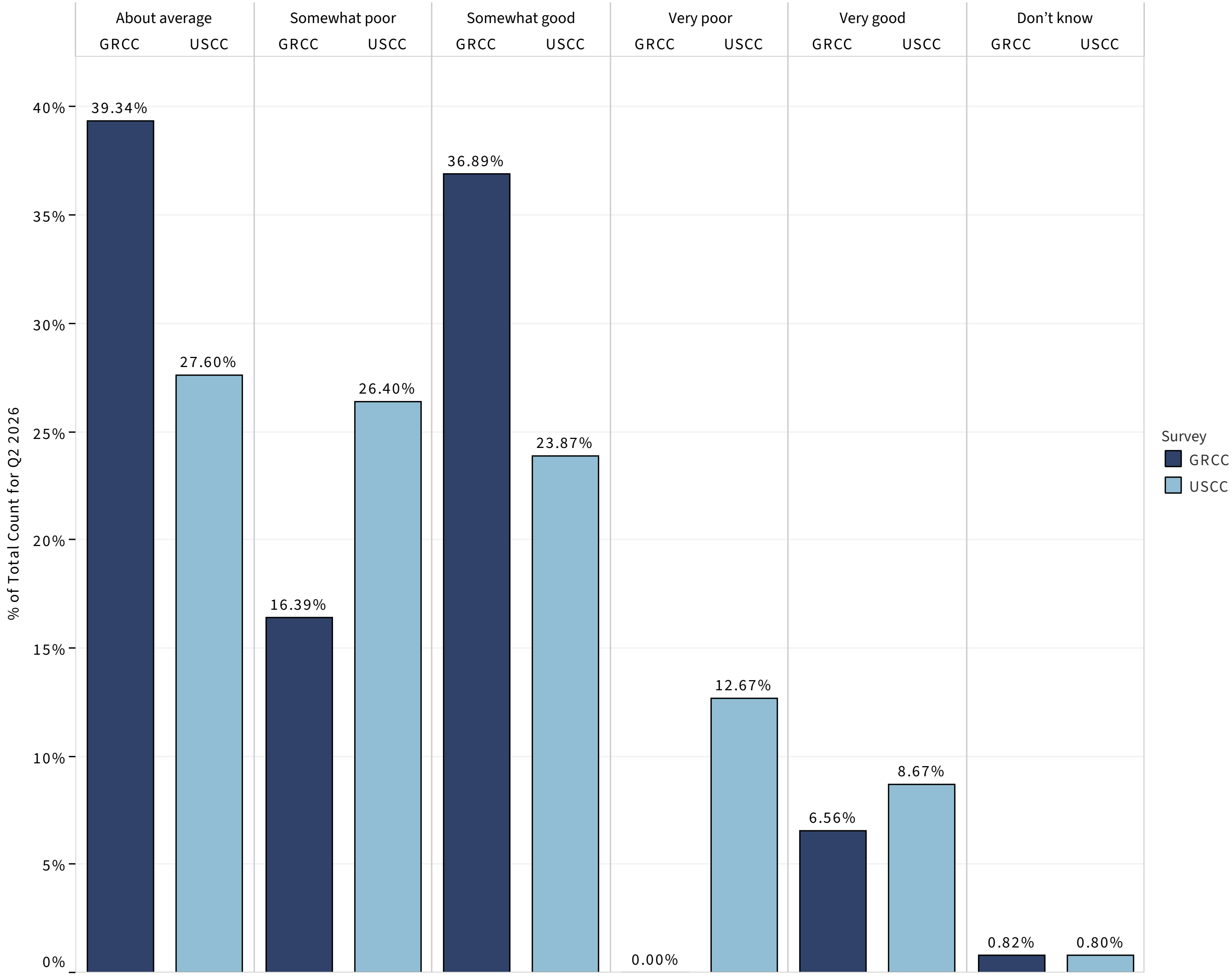
2. How would you rate the overall health of the United States economy?

Businesses in the Rockford region were less pessimistic about the national economy. About 52% of businesses responding to the USCC survey rated the national economy as “somewhat poor” or “very poor,” compared to about 40% of GRCC survey respondents.



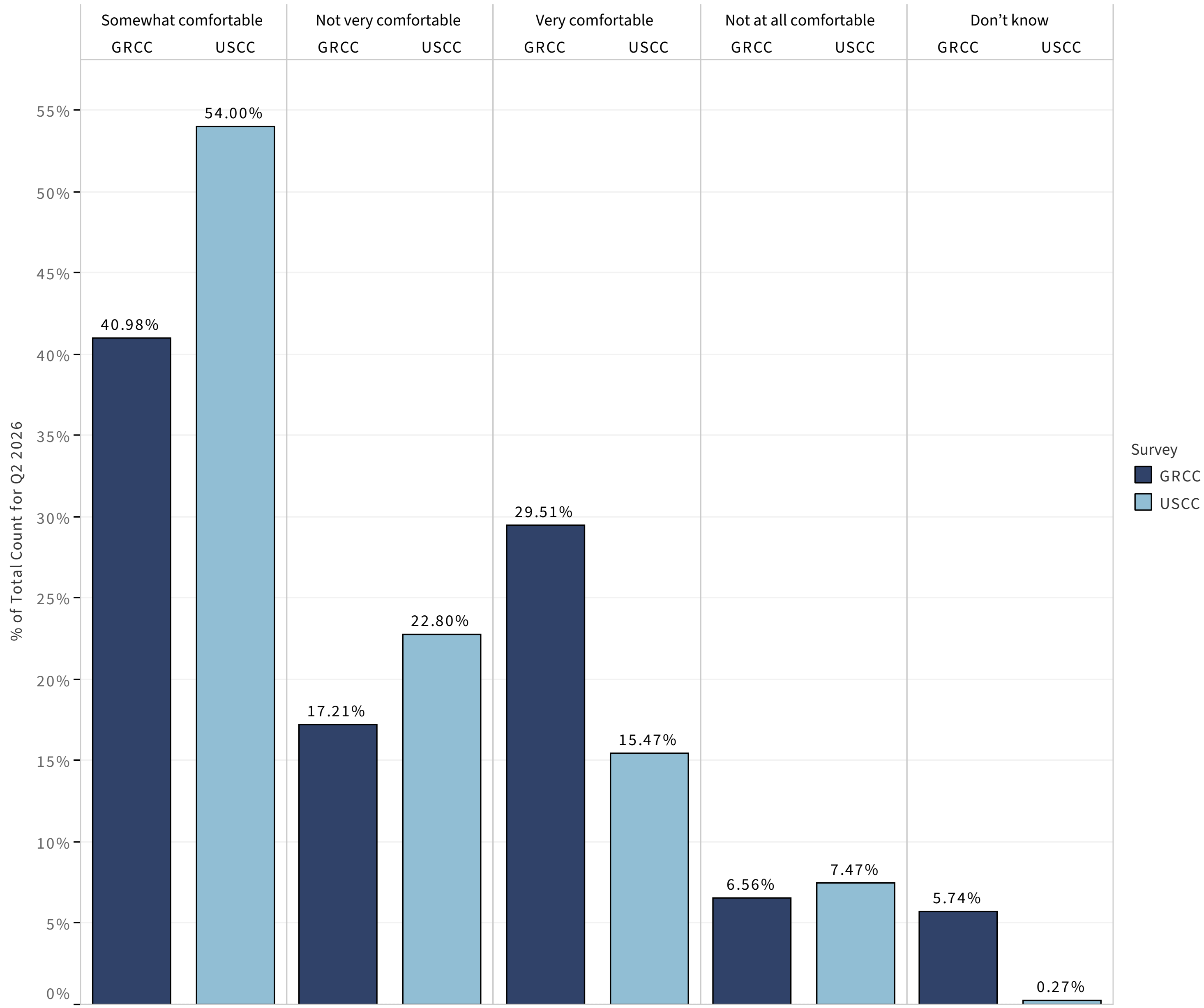
3. How would you rate the overall health of the local economy?

GRCC survey respondents reported more optimism about the local economy than those that completed the USCC survey. About 43% of businesses in the Rockford region rated the local economy as “somewhat good” or “very good,” compared to about 32% of businesses responding to the USCC survey.



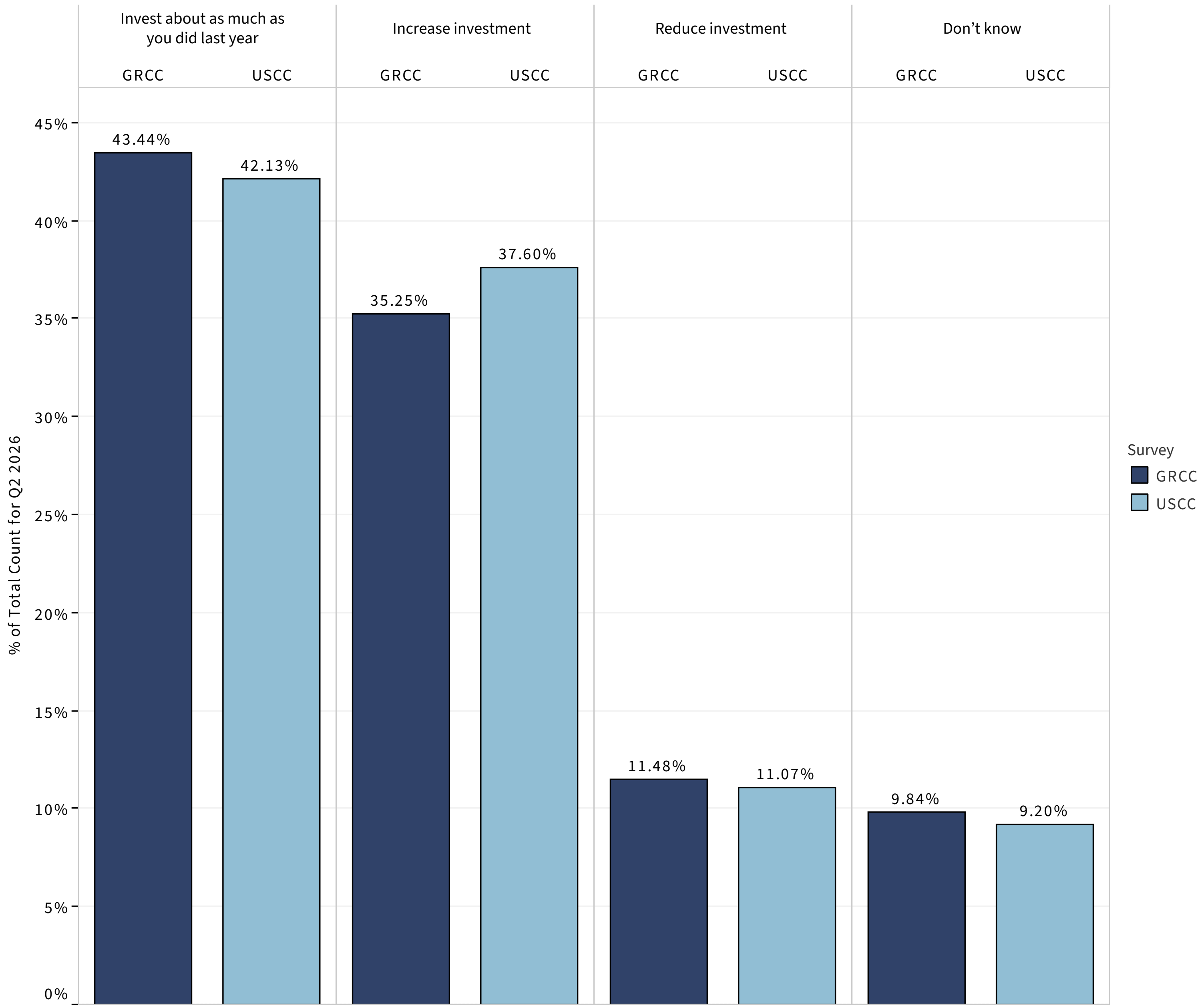
4. How comfortable are you with your company's current cash flow situation?

Roughly 70% of businesses rated their company's cash flow situation as "somewhat comfortable" or "very comfortable" in both surveys. However, businesses in the Rockford region had a rosier cash flow outlook, as nearly 30% of GRCC respondents rated their cash flow situation as "very comfortable," compared to only 15.47% of USCC survey respondents.



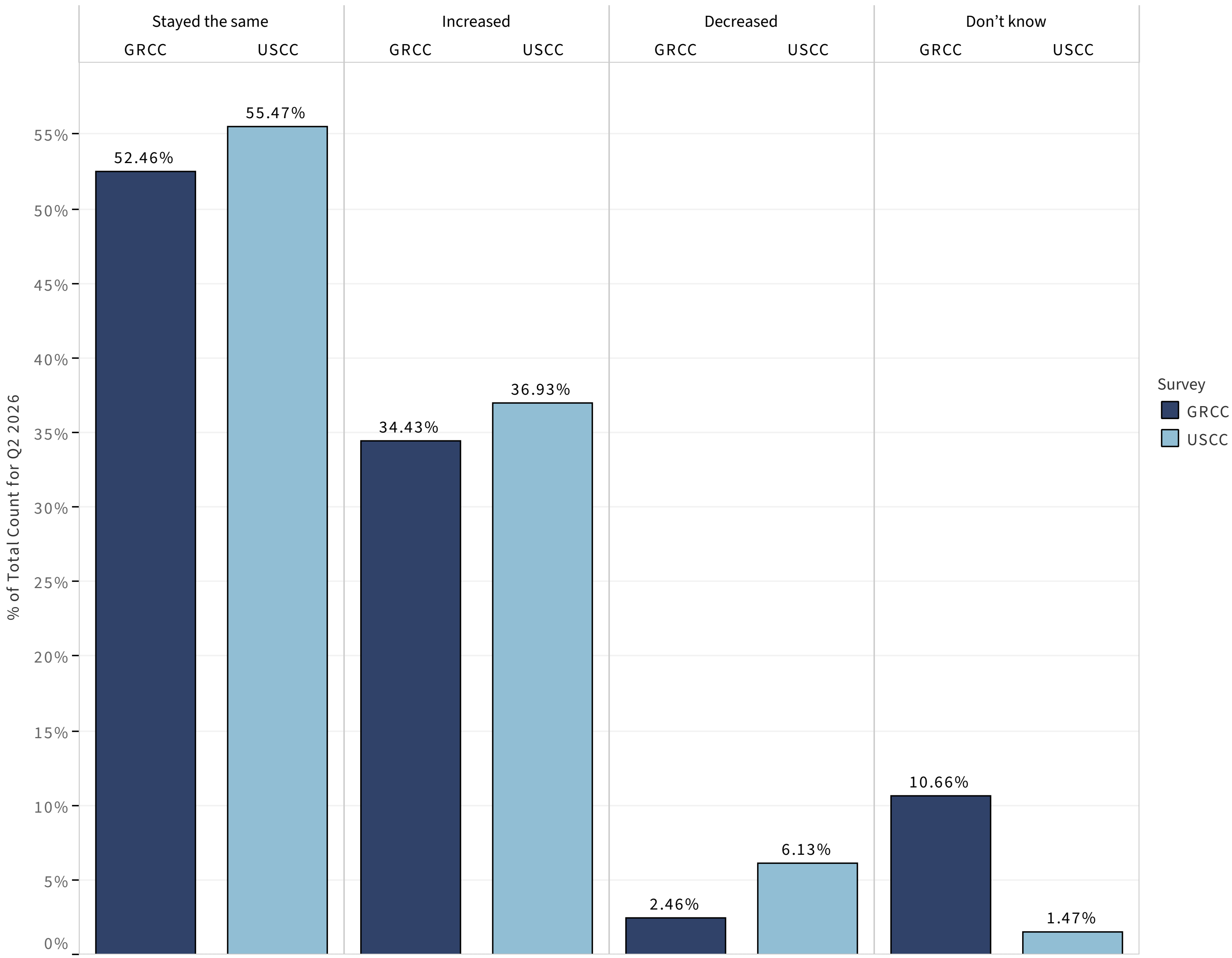
5. For the year ahead, do you plan to:

Both locally and nationally, the majority of survey respondents said that in the year ahead they plan to invest as much in their business as last year or increase their investment.



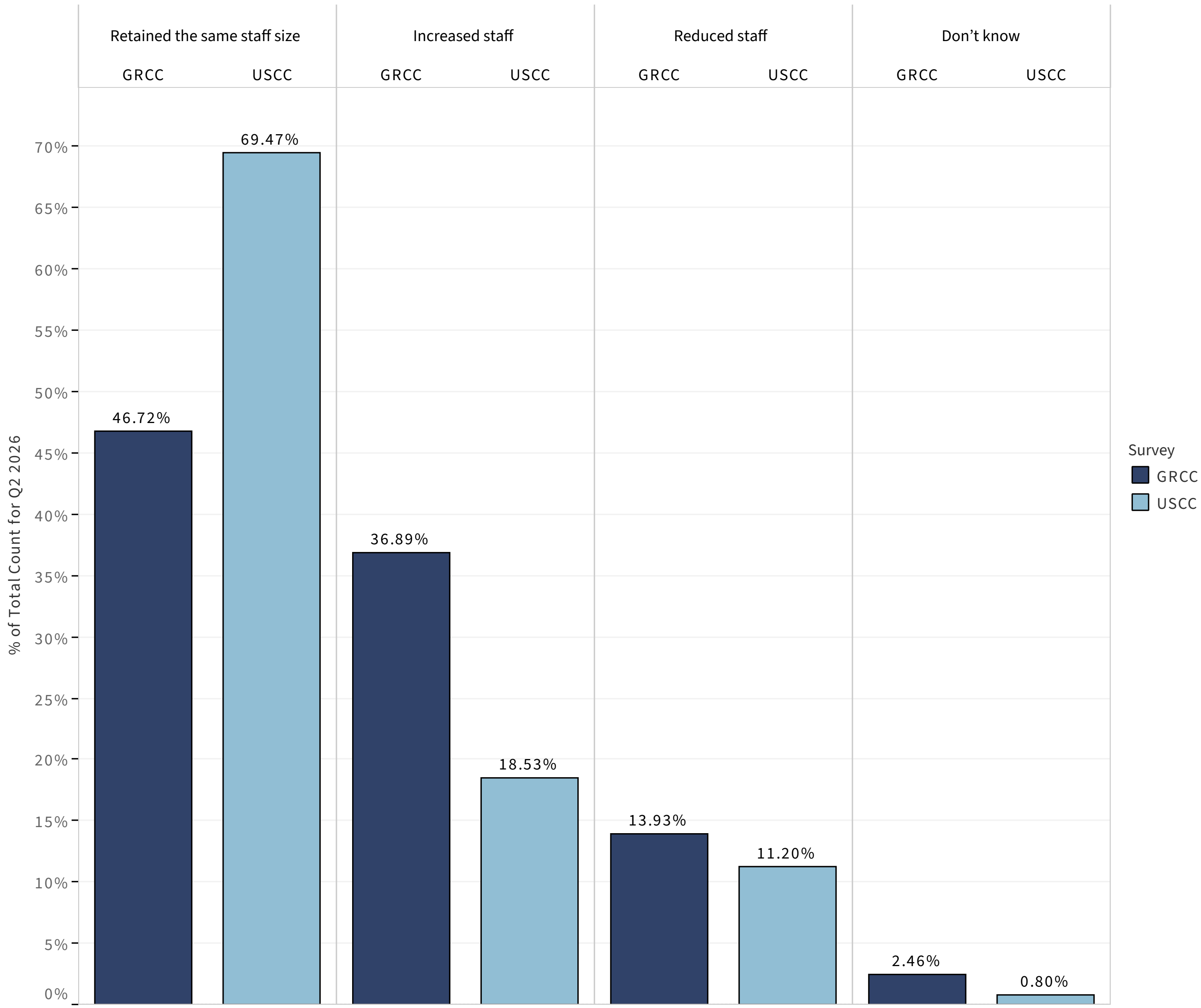
6. Compared to six months ago, has the time or resources you spend completing licensing, compliance, or other government requirements increased, decreased, or stayed the same?

Both locally and nationally, businesses reported that the time spent completing licensing, compliance, or other government requirements remained the same or increased compared to six months ago.



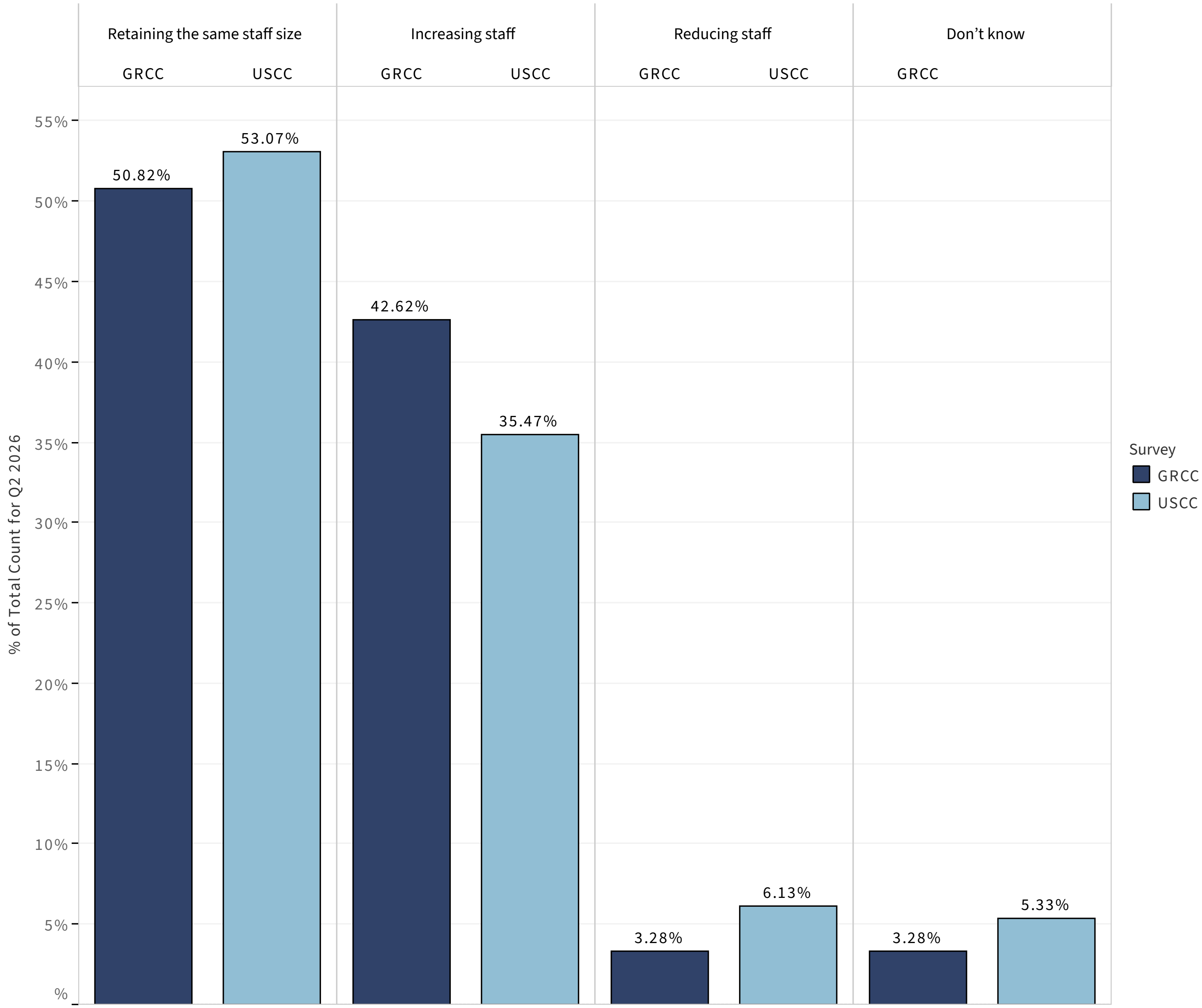
7. Over the past year, would you say you have:

Over the past year, nearly 37% of businesses in the Rockford region reported increasing staff, compared to 18.53% of USCC survey respondents. However, more than 69% of USCC respondents and nearly 47% of GRCC respondents reported they maintained the same staff size over the past year.



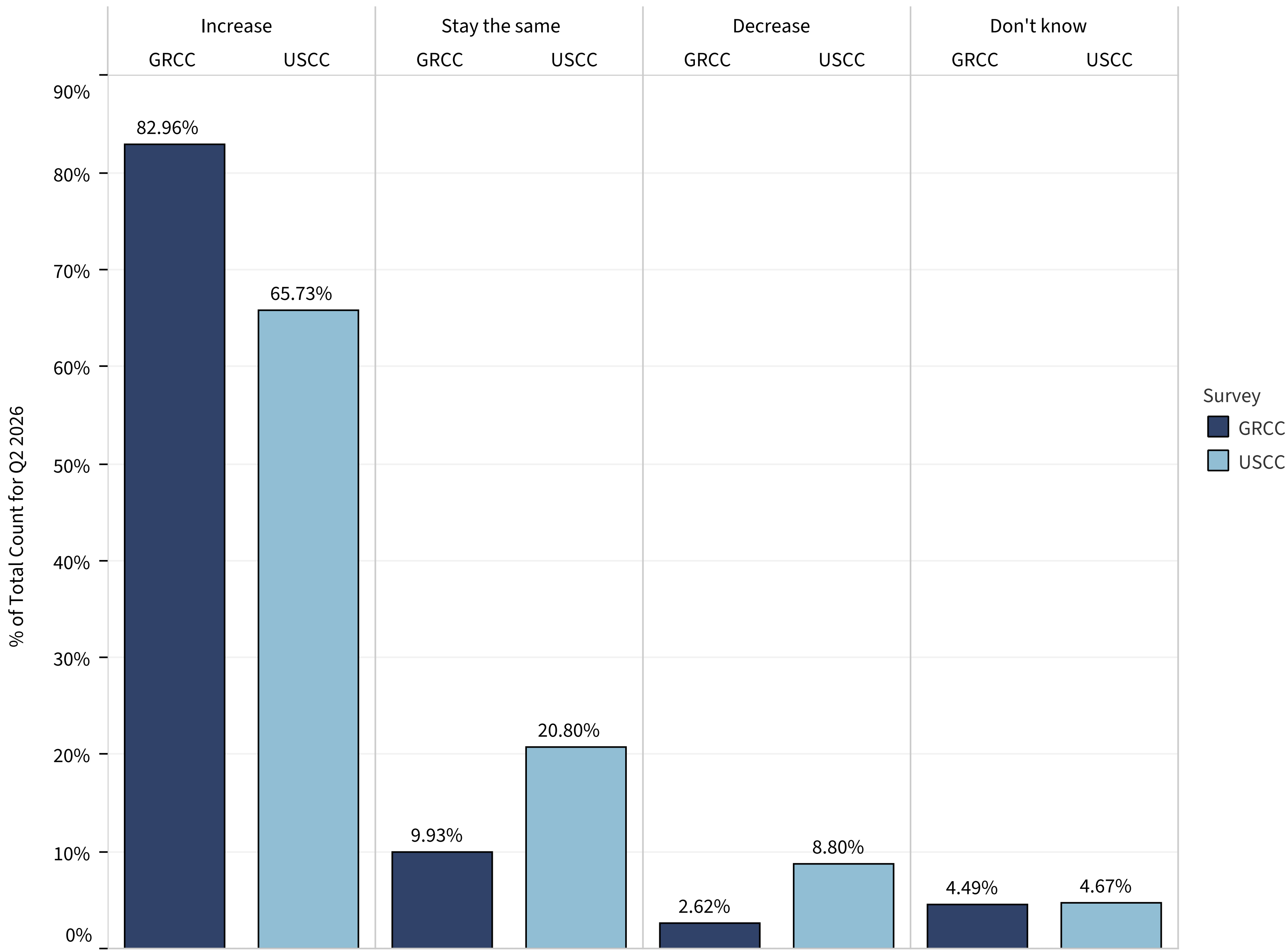
8. In the next year, do you anticipate:

Roughly 93% of GRCC survey respondents reported they anticipate maintaining or increasing staff in the year ahead, compared to 88% of USCC survey respondents.



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

Nearly 83% of GRCC survey respondents reported they expect business revenue to increase in the year ahead, compared to about 66% of USCC survey respondents.



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