

Business Sentiment Survey

FOR THE ROCKFORD REGION
FINAL REPORT | 2026 Q3



VERSION

09.16.2026

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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 GRCC or R1.



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 Q3 2026 business environment was influenced by high growth in technological investment with the advancement of AI and data centers. Although the U.S. war in Iran concluded in June with a fragile peace agreement, supply chain disruption has continued. Additionally, high inflation lessened the impact of recent tax cuts, lowering consumer confidence and decreasing purchasing power. The U.S. average gas price climbed to \$4.08 per gallon late in Q3 after dropping to around \$3.86 per gallon in August.

The U.S. labor market proved somewhat resilient to current events as the number of job openings increased in July to 7.27 million from 7.18 million in June, according to the U.S. Bureau of Labor Statistics. This represents a decline from Q2 when job openings reached a staggering 7.6 million in May, indicating possible instability in the national job market. A variety of industries, including healthcare and social assistance, manufacturing, and construction, saw a steady increase in hiring in July. Meanwhile, hiring slowed for industries such as retail trade, professional businesses, and transportation.

The annual inflation rate in the U.S. was 3.4% for the 12 months ending July, dropping slightly from 3.5% for the 12 months ending in June. This resulted in a sentiment gap between small and large businesses due to factors such as differing access to capital and labor costs. Large and midsize corporations reported robust growth expectations while small businesses saw a decline in cash flow. Additionally, higher interest rates made it difficult for businesses to borrow and invest, particularly in real estate and small business growth.

The Rockford region continues to benefit from a lower cost of living, particularly for housing, utilities, and groceries, although transportation costs are slightly higher than the national average. Housing remains a challenge, however. While median home values are still well below the national average, a shortage of available homes is creating a competitive market. The region's affordability is attracting new residents and outside investment, which is helping drive growth but also putting upward pressure on housing prices and making affordability more difficult for local workers.

At the same time, businesses are turning to automation and AI to improve efficiency, creating new opportunities as well as challenges related to workforce changes and cybersecurity. Together, these factors aren't slowing growth, but they are prompting businesses to plan more carefully and make more strategic decisions.

This report provides a detailed snapshot of the region's business climate during the third 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, healthcare, 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 Quarterly Workforce Indicators (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

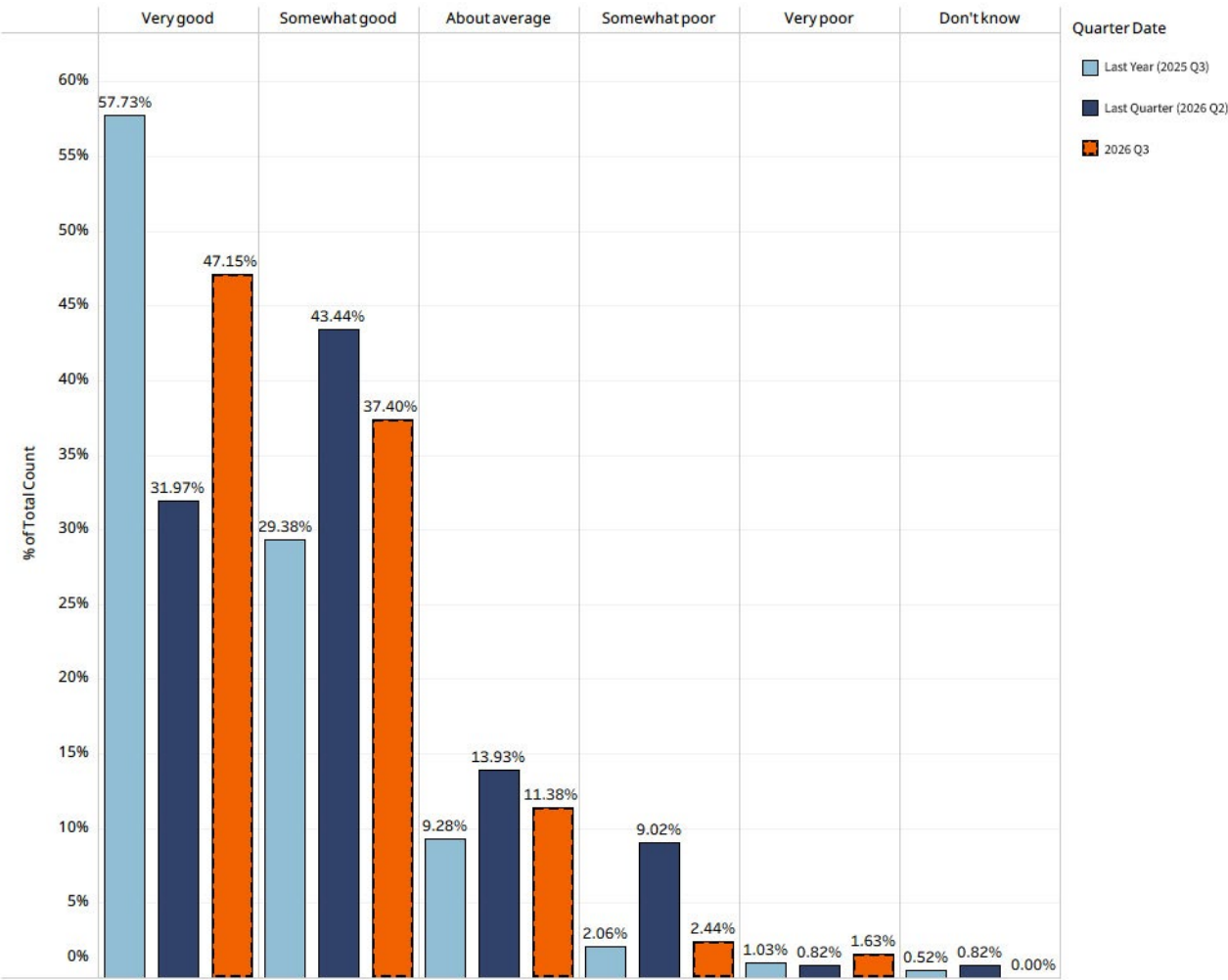
CURRENT SENTIMENT

Businesses in the Rockford region reported a much more negative perception of the local economy during the third quarter of 2026, compared to the previous quarter and the third quarter of 2025. Just 25% of survey respondents rated the health of the local economy as “somewhat good” or “very good,” compared to 43% in Q2 and 51% in Q3 of 2025. Local business perceptions of the U.S. economy were also more negative than the previous quarter. However, GRCC survey respondents provided generally positive sentiments regarding current staffing and future hiring projections, business cash flow, and future business investment.

RESPONSES

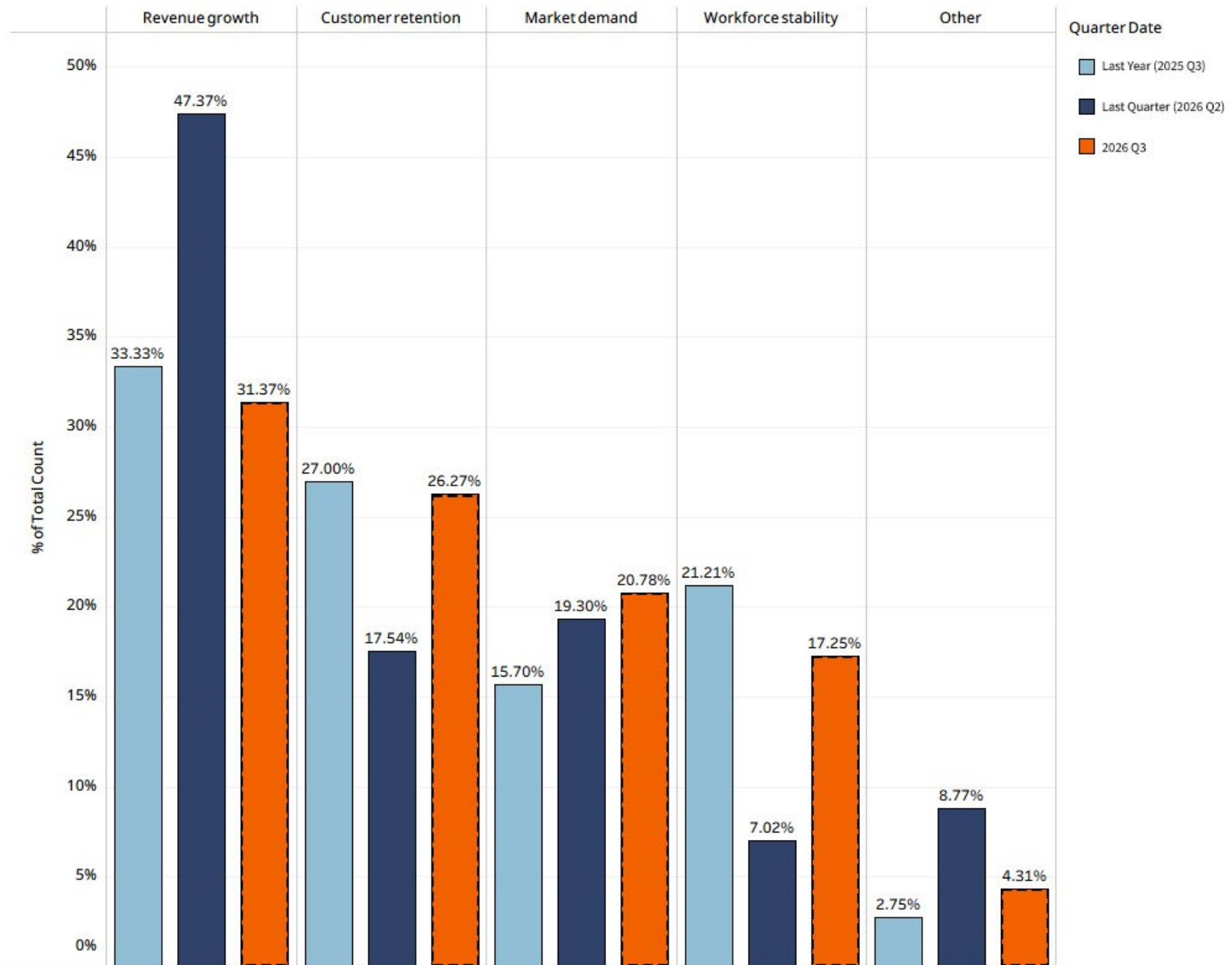
1. How would you rate the overall health of your business?

About 84% of survey respondents rated their business health as “very good” or “somewhat good,” compared to about 75% during the previous quarter.



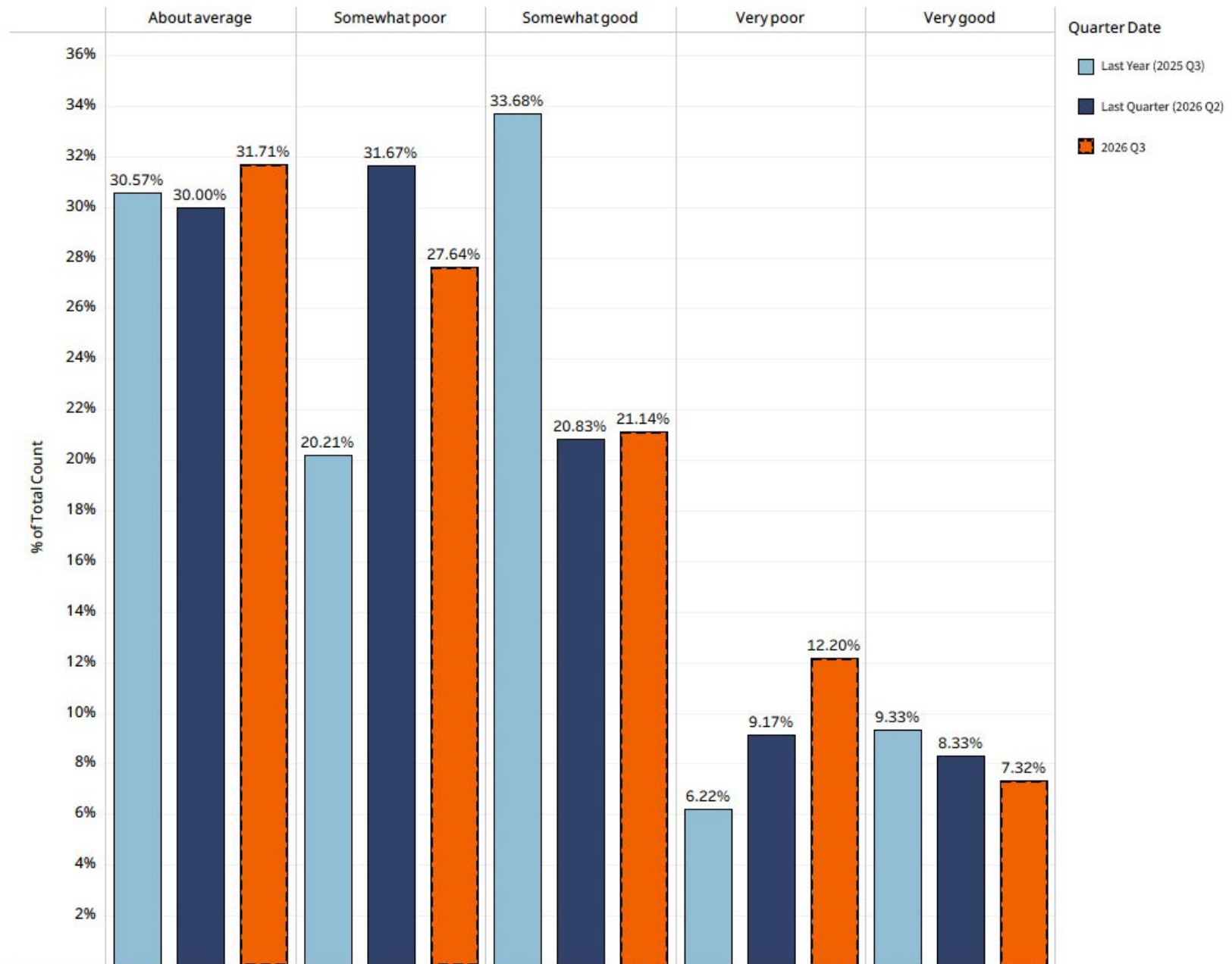
2. What factors most influence your perception of your business's overall health?

Revenue growth remained the most important factor of business health, with customer retention and workforce stability growing in importance.



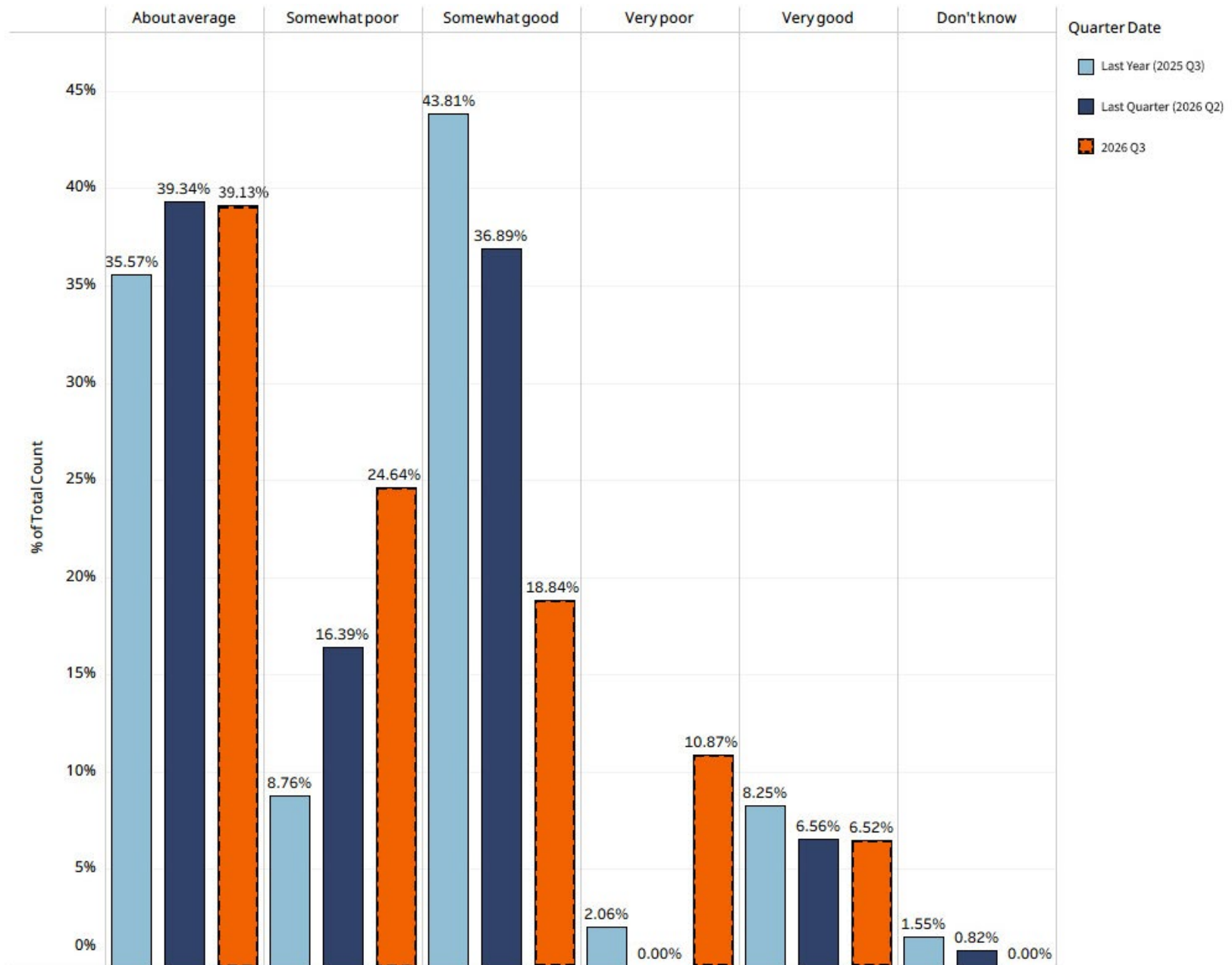
3. How would you rate the overall health of the United States economy?

Perceptions of the U.S. economy were more negative during the third quarter of 2026, compared to both a year ago and last quarter.



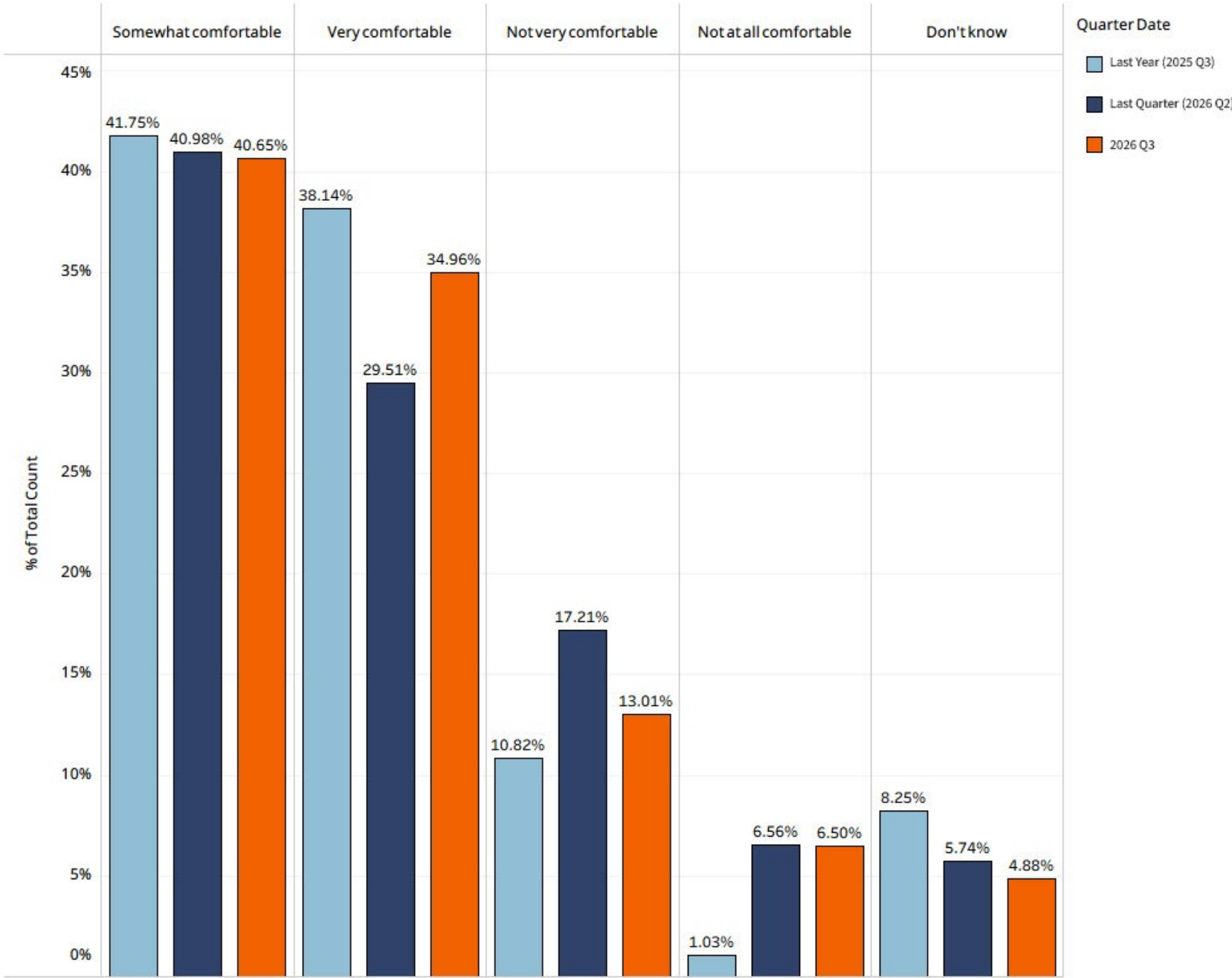
4. How would you rate the overall health of the local economy?

Perceptions of the local economy were much more negative than both last quarter and the third quarter of 2025. About 25% of respondents rated the health of the local economy as “somewhat good” or “very good,” compared to 43% in Q2 and 51% in Q3 of 2025.



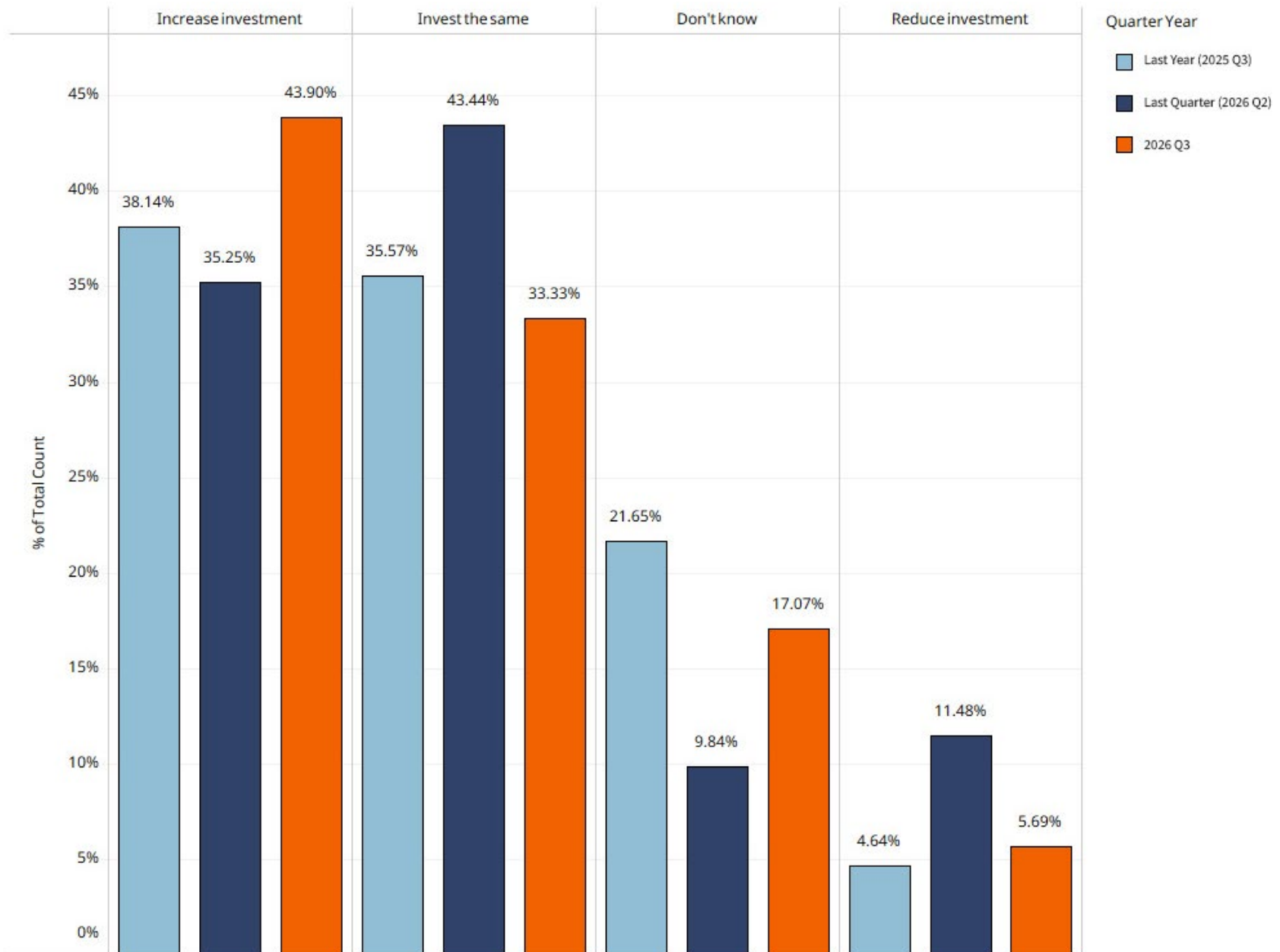
5. How comfortable are you with your company’s current cash flow situation?

Three-fourths of survey respondents remained “somewhat comfortable” or “very comfortable” with their business cash flow.



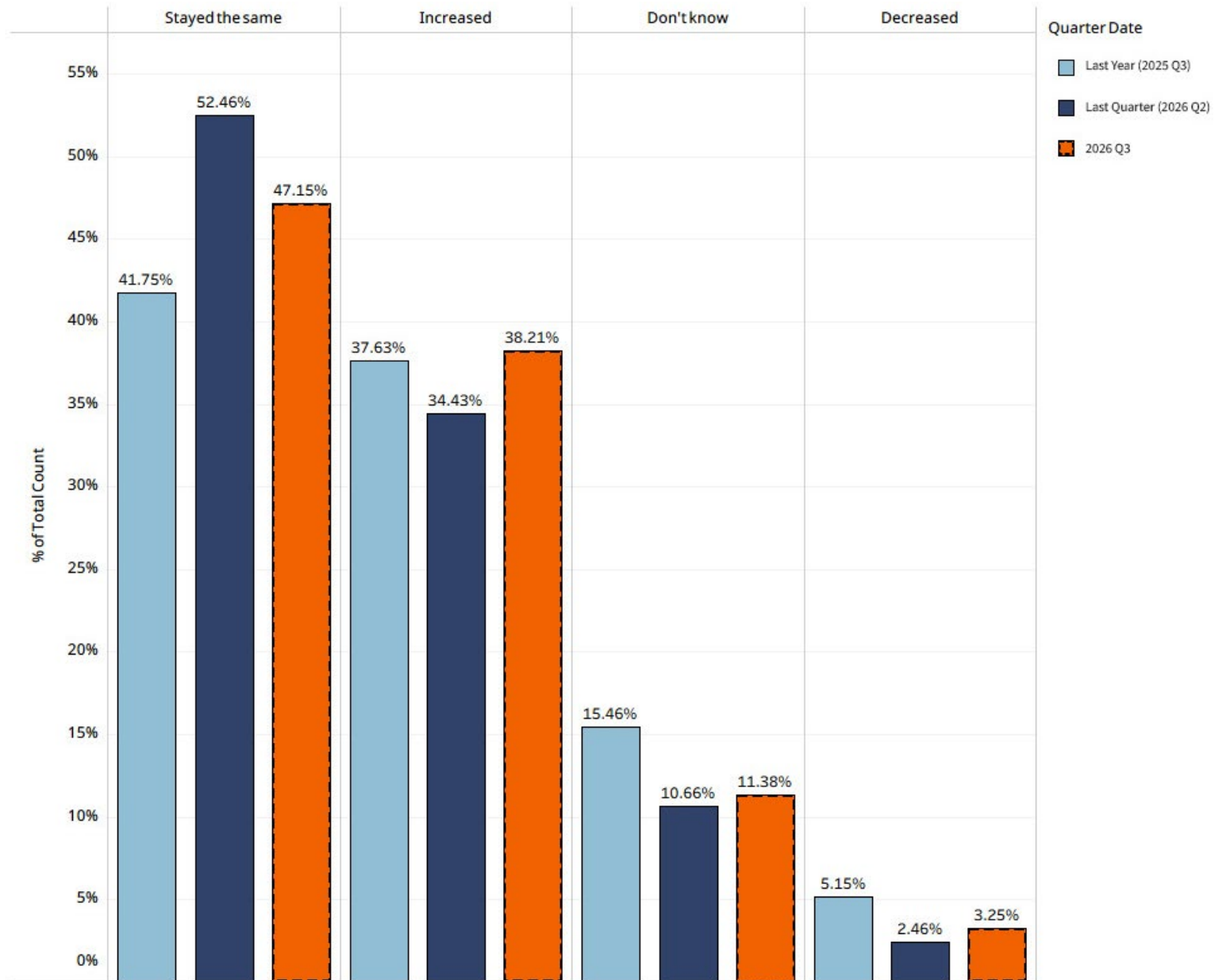
6. For the year ahead, do you plan to increase investment, invest the same, or reduce investment?

About 77% of survey respondents reported that they plan to increase or maintain their level of business investment in the year ahead, which is similar to sentiments expressed in the previous quarter and in Q3 of 2025.



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?

Most businesses reported that time spent on compliance stayed the same or increased. This demonstrates ongoing regulatory pressure without much relief.



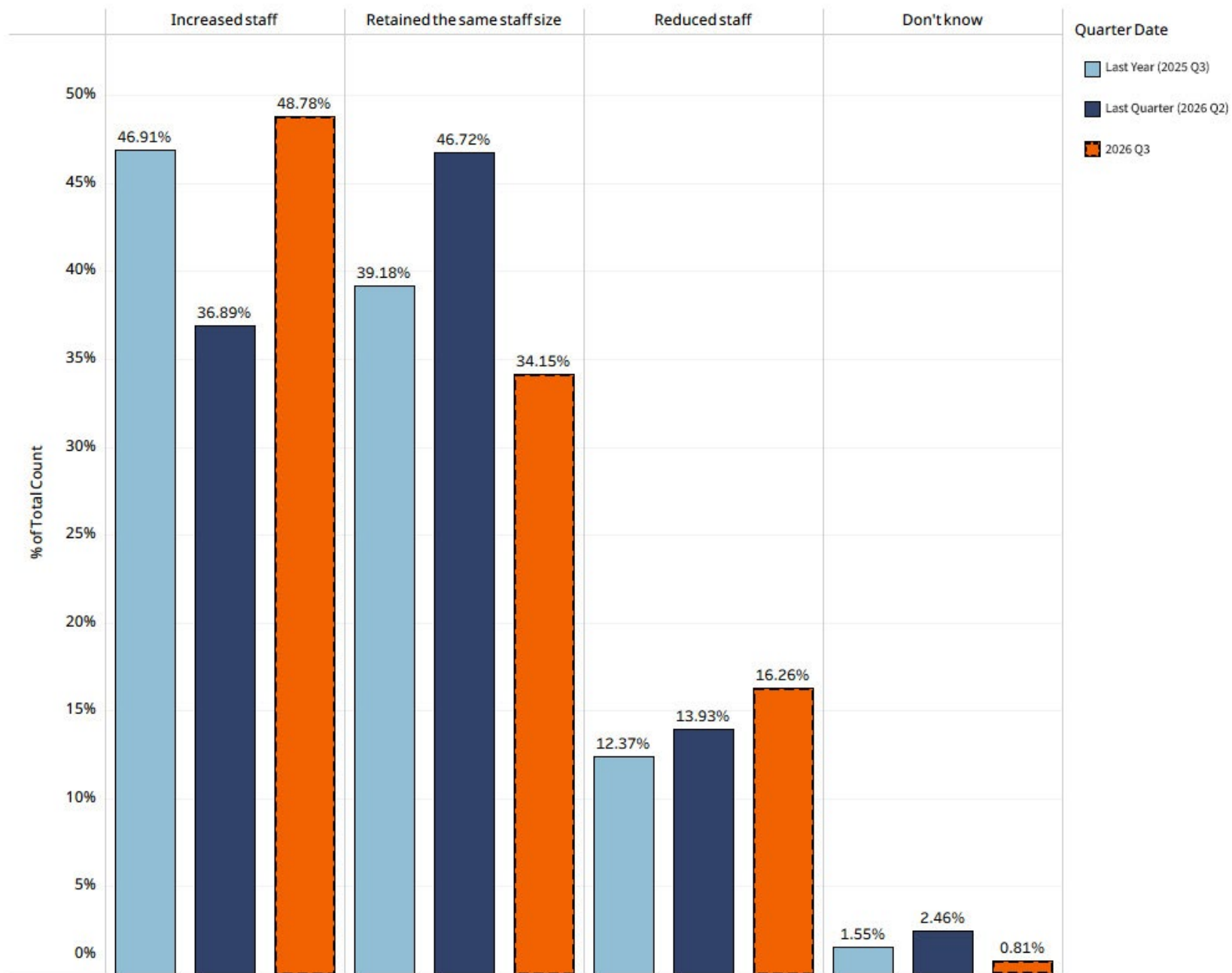
8. What government policies or regulations have had a negative effect on your business this year?

Payroll taxes, wage and hour rules, and overtime compliance continue to have the most negative effect on businesses this year.

- Payroll taxes, wage and hour rules, or overtime compliance: 11.24%
- Regulatory compliance is not a significant burden for my business: 9.36%
- Ongoing reporting, filings, or disclosures: 7.50%
- Responding to audits, notices, or regulatory inquiries: 6.72%
- Data privacy laws or cybersecurity requirements: 6.37%
- Record retention or information security obligations: 5.99%
- Website, digital accessibility, or online compliance issues: 5.99%
- Regulations specific to my industry or other (Please specify): 5.99%
- Local permits, zoning, or use approvals: 5.62%
- Business licenses or professional certifications: 5.24%
- Federal income tax compliance: 5.24%
- State or local business taxes: 4.87%
- Building codes, inspections, or fire safety compliance: 4.12%
- Sales tax collection, filing, or audits: 4.12%
- Workplace safety and OSHA compliance: 3.75%
- Unemployment insurance or workers' compensation requirements: 3.37%
- Health department requirements (food service, healthcare, inspections): 2.25%
- Environmental regulations (waste disposal, emissions, water, chemicals): 2.25%

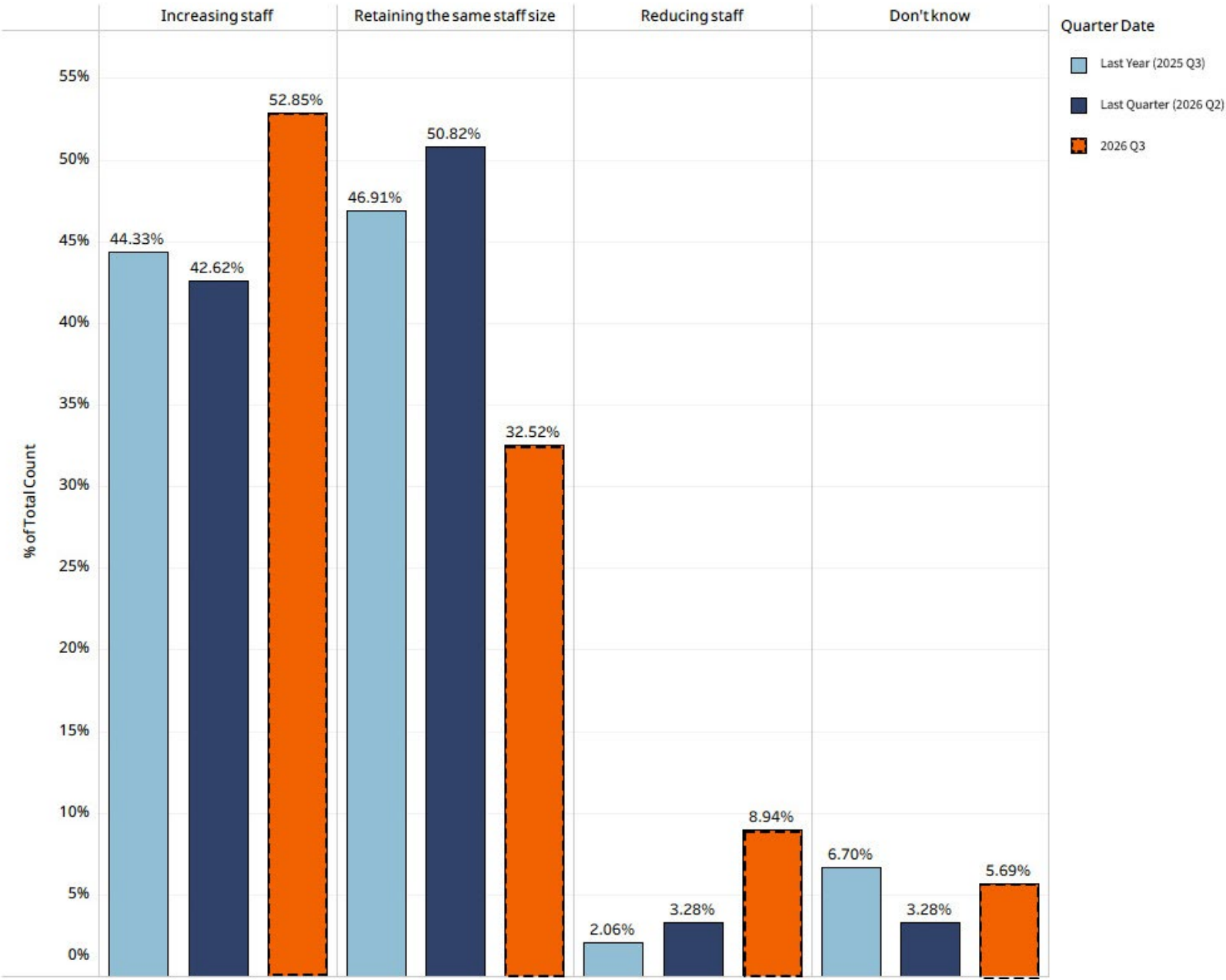
9. Over the past year, would you say you have increased staff, retained the same staff size, or reduced staff?

Most businesses reported increasing or retaining the same staff over the past year, indicating relatively steady employment levels in the Rockford region.



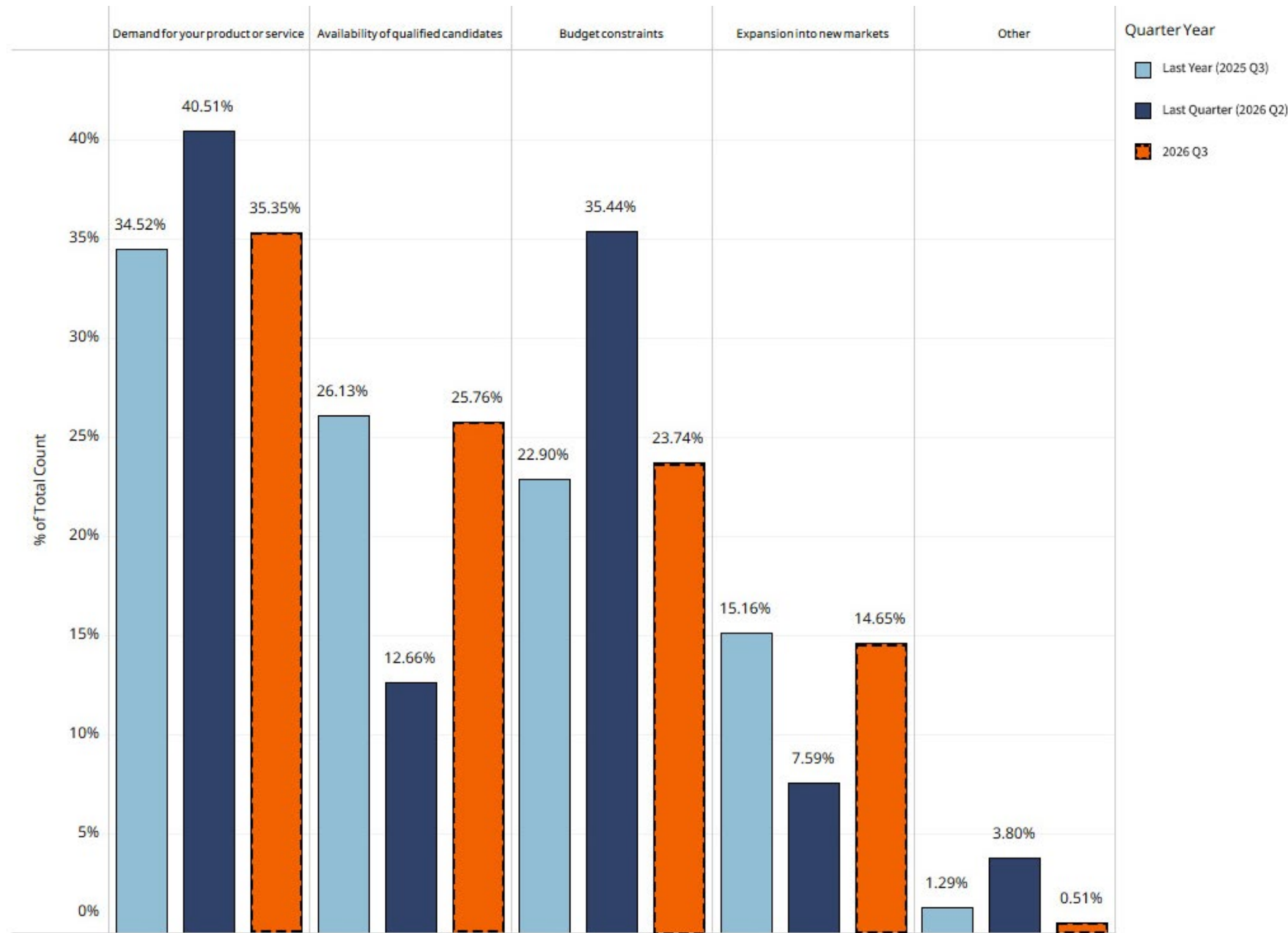
10. In the next year, do you anticipate increasing staff, retaining the same staff size, or reducing staff?

About 85% of businesses expect to retain or increase staff in the year ahead, while nearly 9% plan to reduce staff. This reflects stable but cautious hiring expectations.



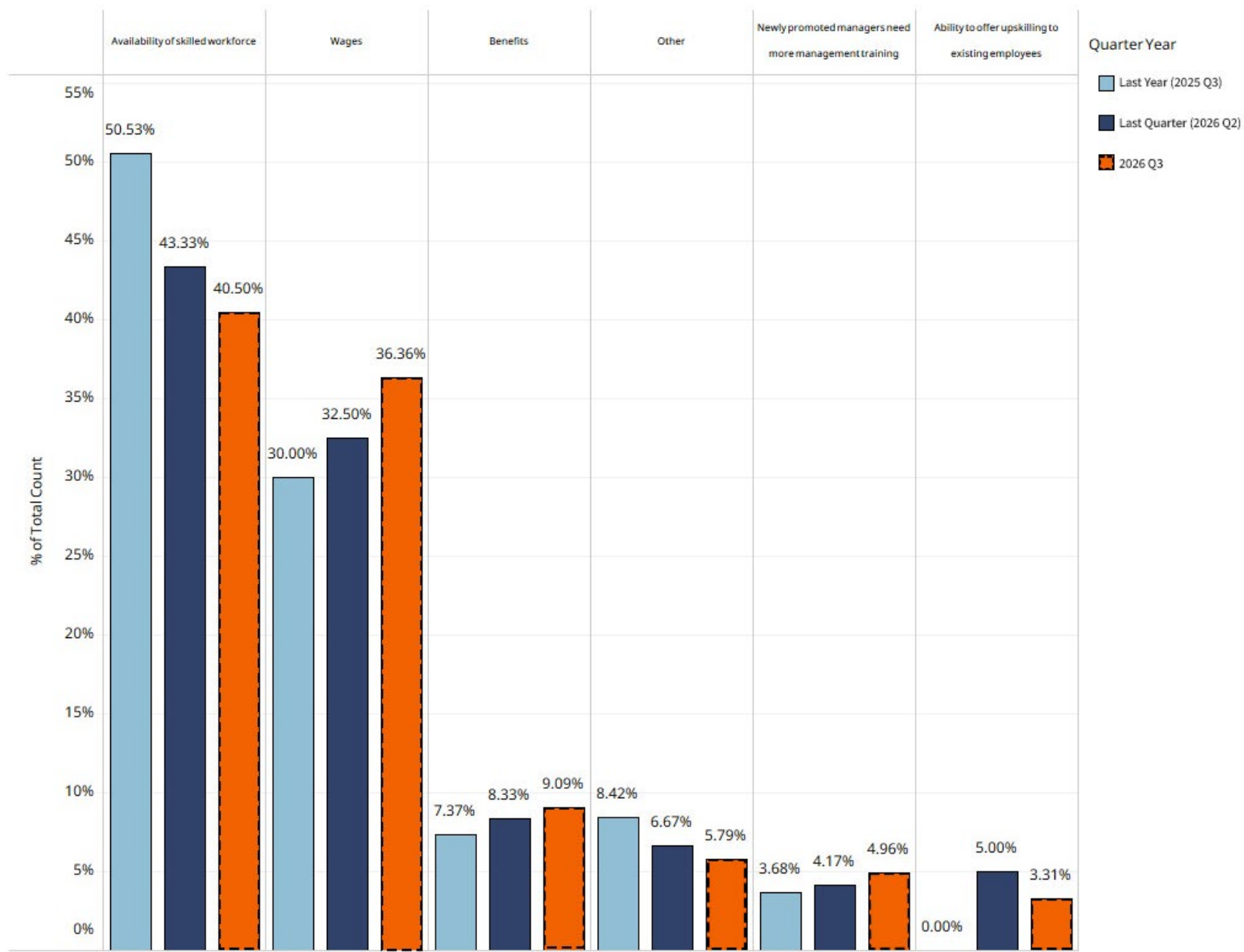
11. What factors will most influence your staffing decisions in the year ahead?

Businesses reported that staffing decisions in the year ahead are primarily driven by demand for products or services. However, the availability of qualified candidates is a growing influence on future hiring decisions.



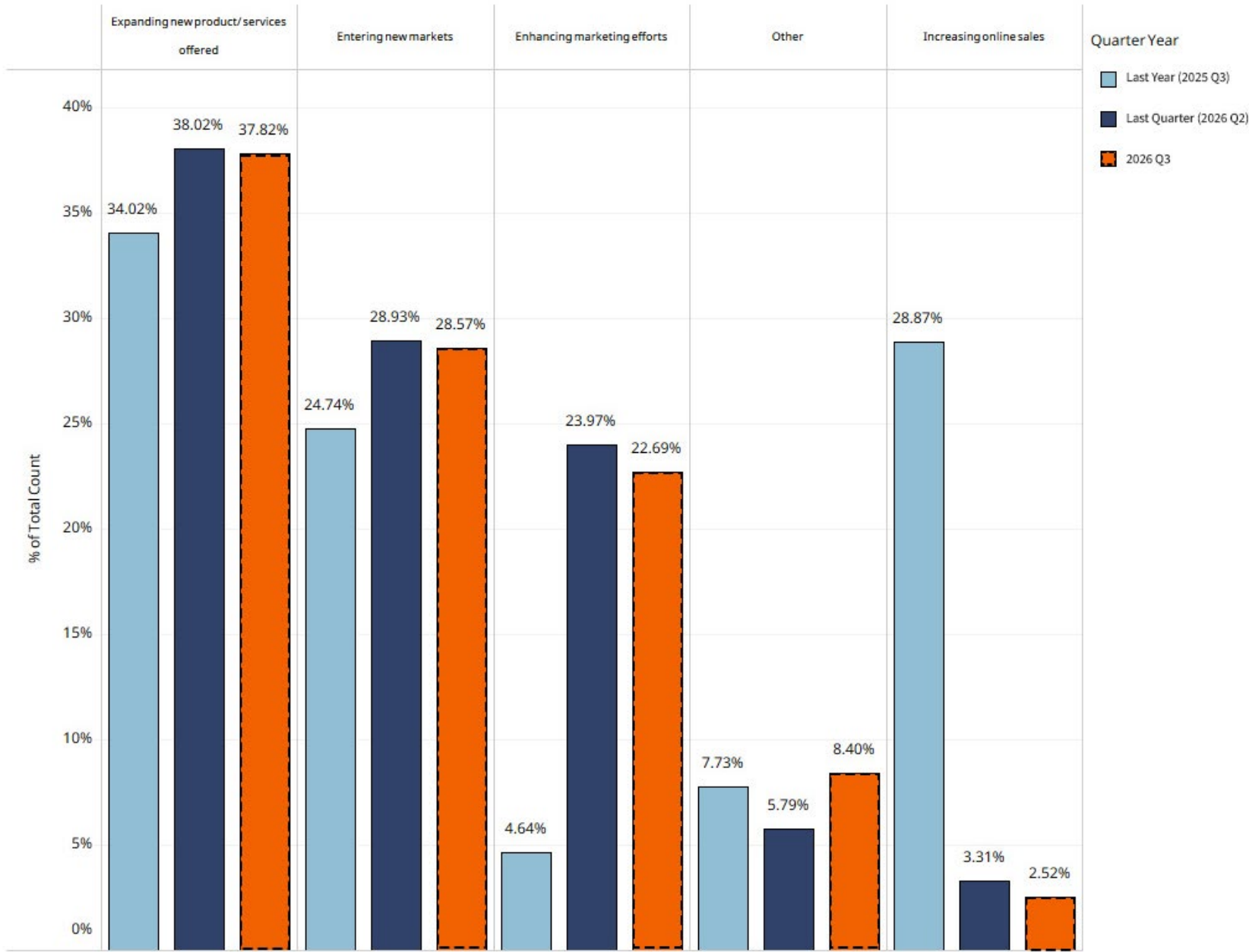
12. What is the biggest barrier to attracting or retaining employees for your business?

Businesses reported that the availability of a skilled workforce remained the biggest barrier to attracting and retaining talent. However, wages represent a growing workforce barrier.



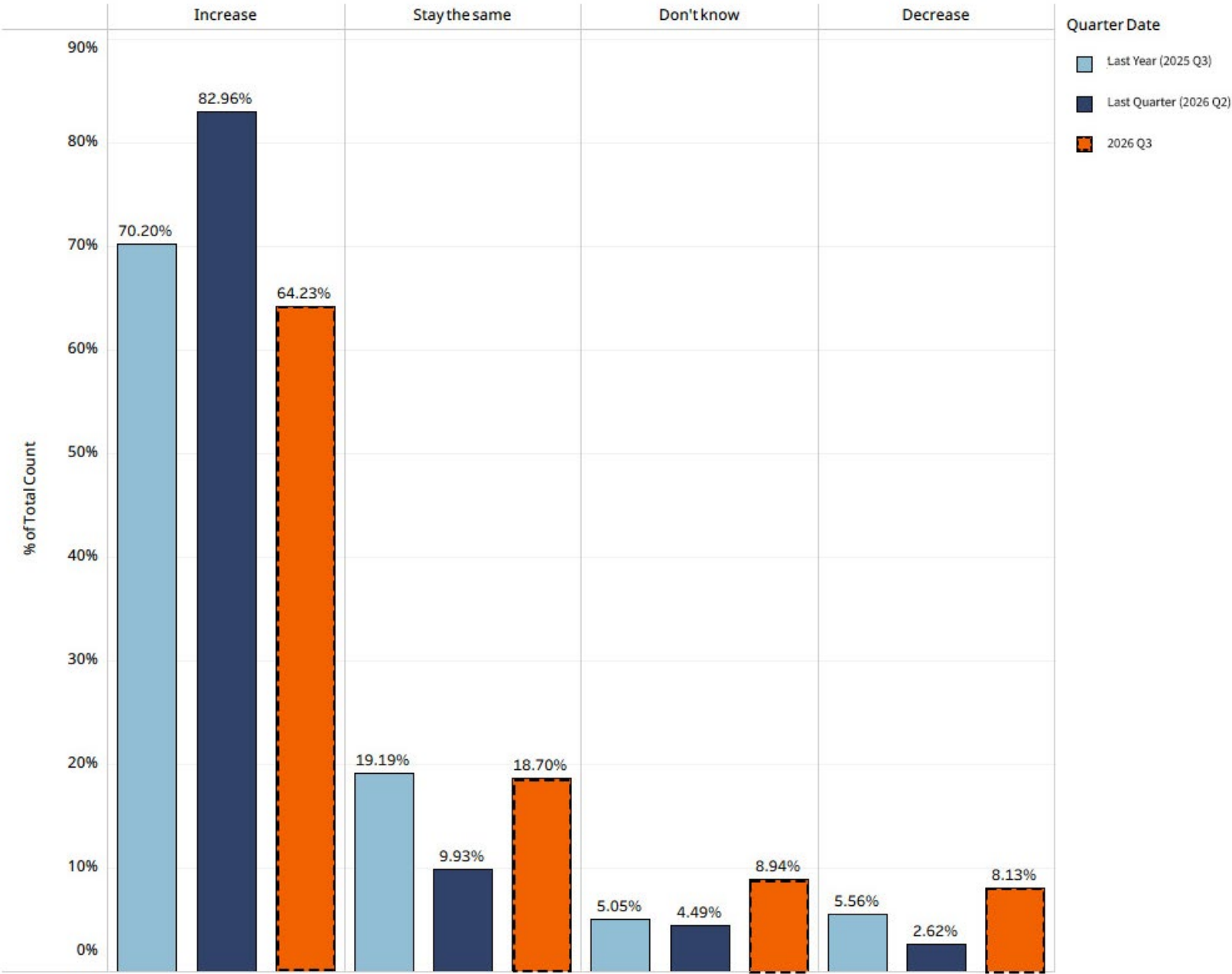
13. What do you see as the biggest opportunity for revenue growth in the year ahead?

Businesses reported that expanding products or services and entering new markets remained the biggest opportunities for revenue growth in the year ahead.



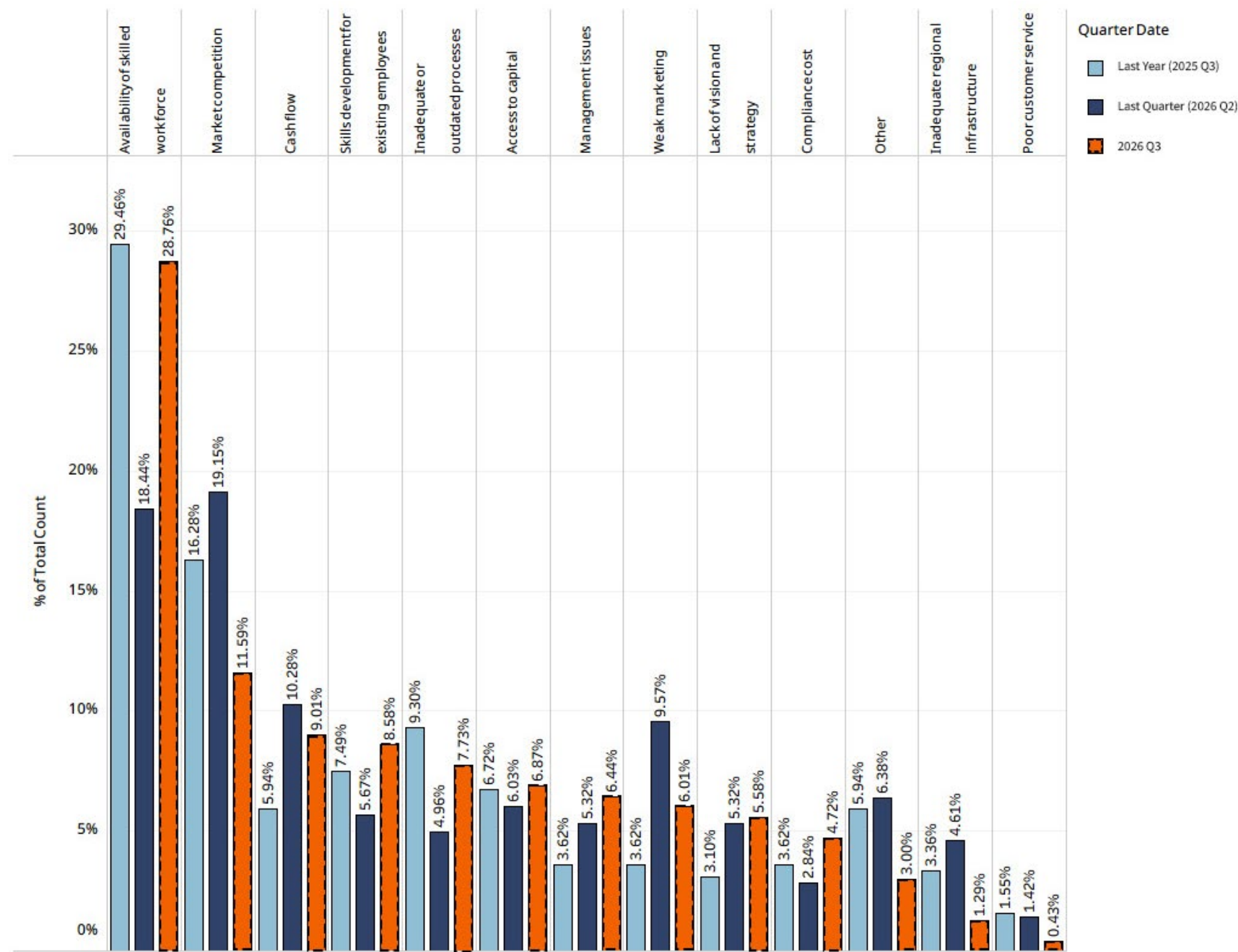
14. For the year ahead, do you expect revenue to increase, decrease, or stay the same?

Nearly 93% of businesses reported they expect revenue to increase or stay the same in the year ahead, which is similar to sentiments expressed during the last quarter and Q3 of 2025.



15. What are your top barriers to business growth? (Choose up to 3)

Similar to last quarter, the most common barriers to business growth were availability of skilled workforce, market competition, and cash flow.



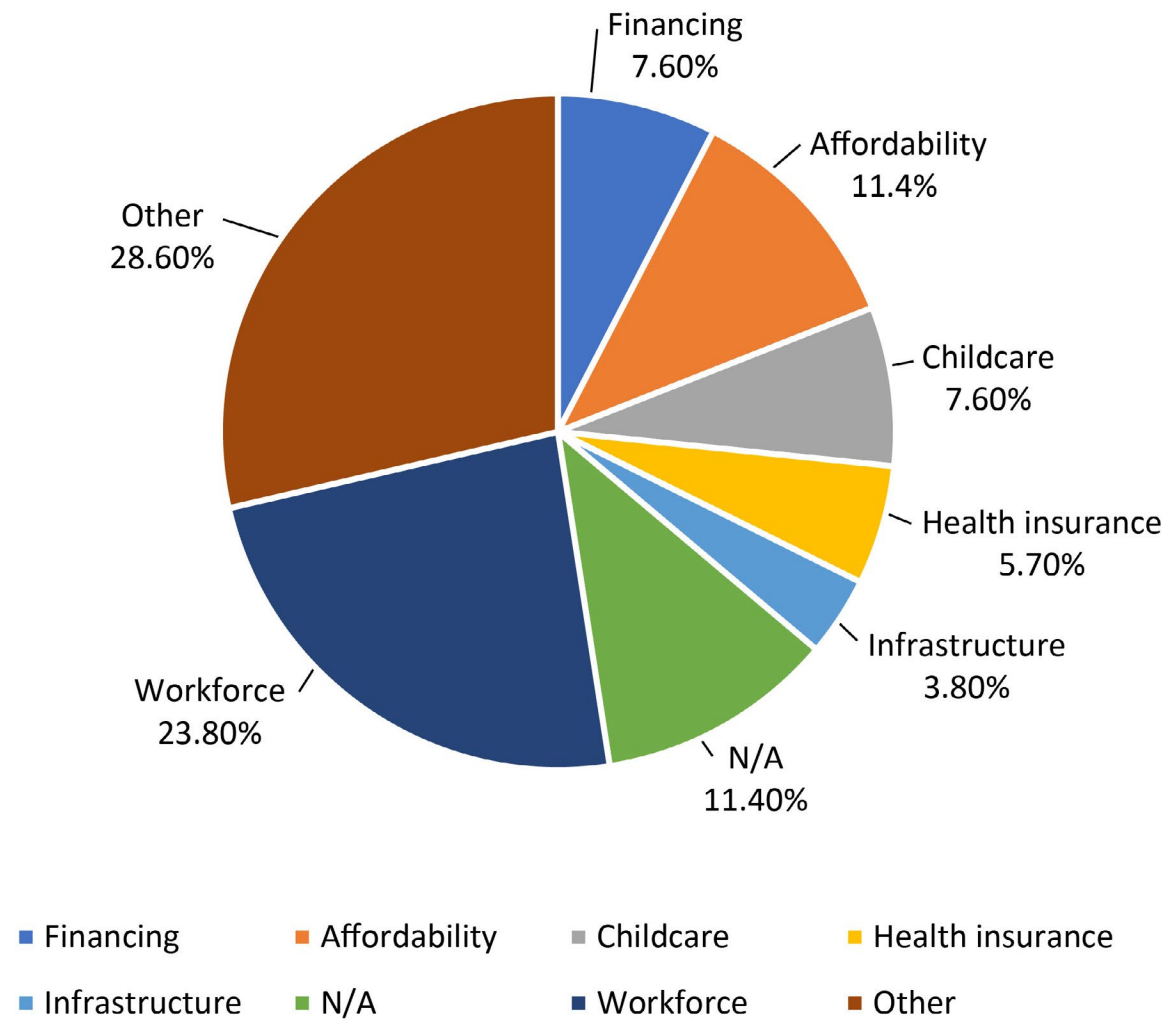
16. Based on your business expertise and regardless of the size of your organization, which changes do you believe would most improve the environment for small businesses in the Rockford region? Select all that apply.

The top three changes that businesses reported would improve the environment for small businesses are workforce recruitment, health insurance/benefits affordability, and fewer regulations/faster permitting.

- Workforce recruitment: 14.53%
- Health insurance/benefits affordability: 10.73%
- Fewer regulations/faster permitting: 8.65%
- Access to financing/capital for property improvements, such as signage, facade, or interior build-outs: 8.65%
- Workforce training and upskilling: 8.65%
- Access to financing/capital for operating expenses, such as rent, hiring, marketing, or inventory purchases: 7.69%
- Affordable commercial space: 7.27%
- Childcare availability: 6.57%
- Infrastructure and transportation improvements: 4.50%
- Public safety improvements: 4.50%
- Access to financing/capital for capital expenses, such as equipment, computers, or furniture: 4.15%
- Affordable retail space: 3.81%
- Other: 3.46%
- Business support services and mentoring: 3.11%
- Local purchasing and supplier opportunities: 1.73%
- Broadband and technology access: 1.73%

17. Of the options you selected, which ONE would have the greatest positive impact in our region?

Survey respondents reported that workforce improvements would have the greatest positive impact on small businesses in the region.



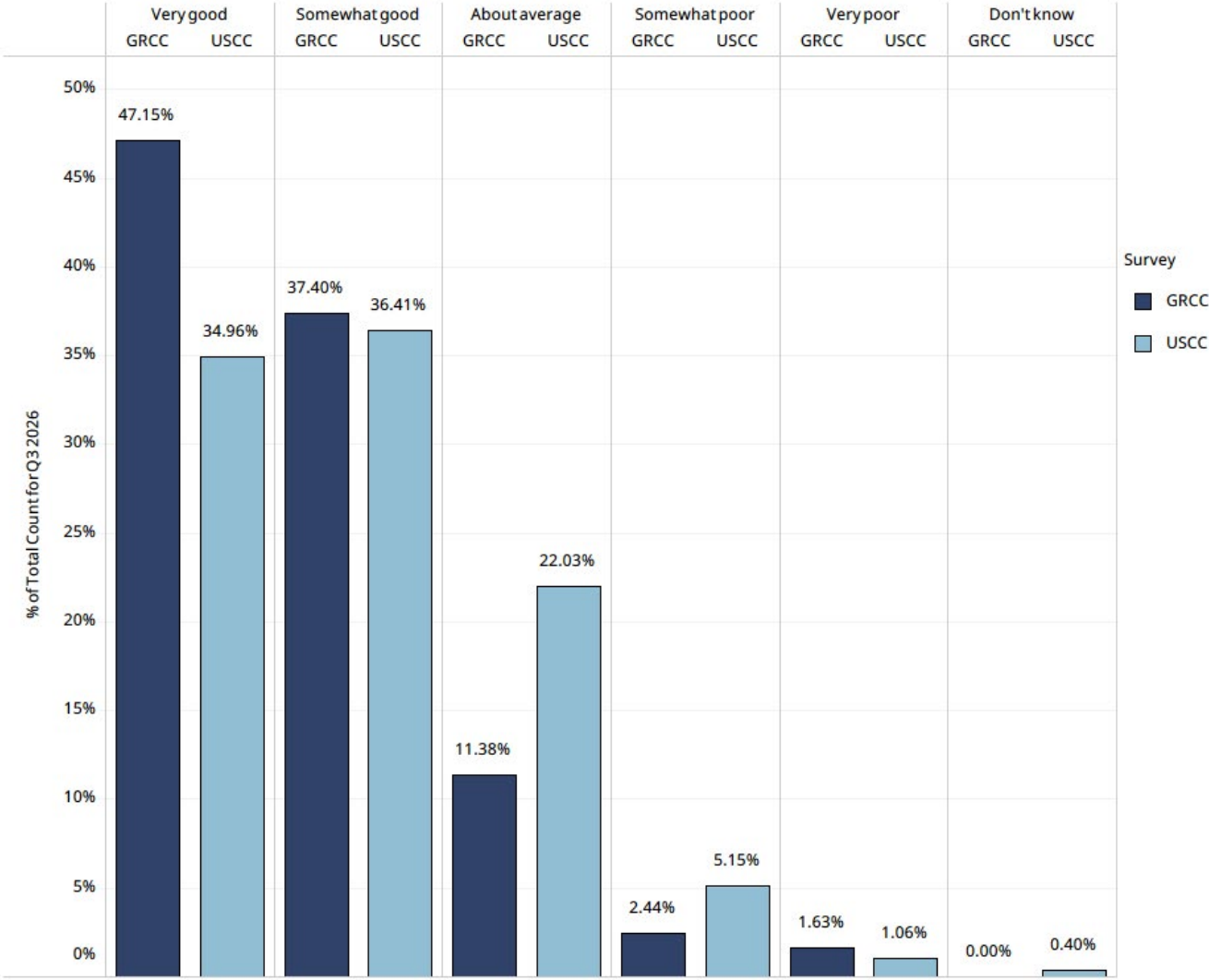
National Results

CURRENT SENTIMENT

Positive business sentiment in the Rockford region is largely mirrored in the responses of businesses that participated in the U.S. Chamber of Commerce (USCC) Small Business Index (SBI) survey, with a couple of exceptions. GRCC survey participants rated the overall health of the local economy less favorably and reported less willingness to maintain or increase business investment in the year ahead. Businesses responding to both surveys indicated overwhelmingly that they expect revenue to increase or stay the same in the year ahead.

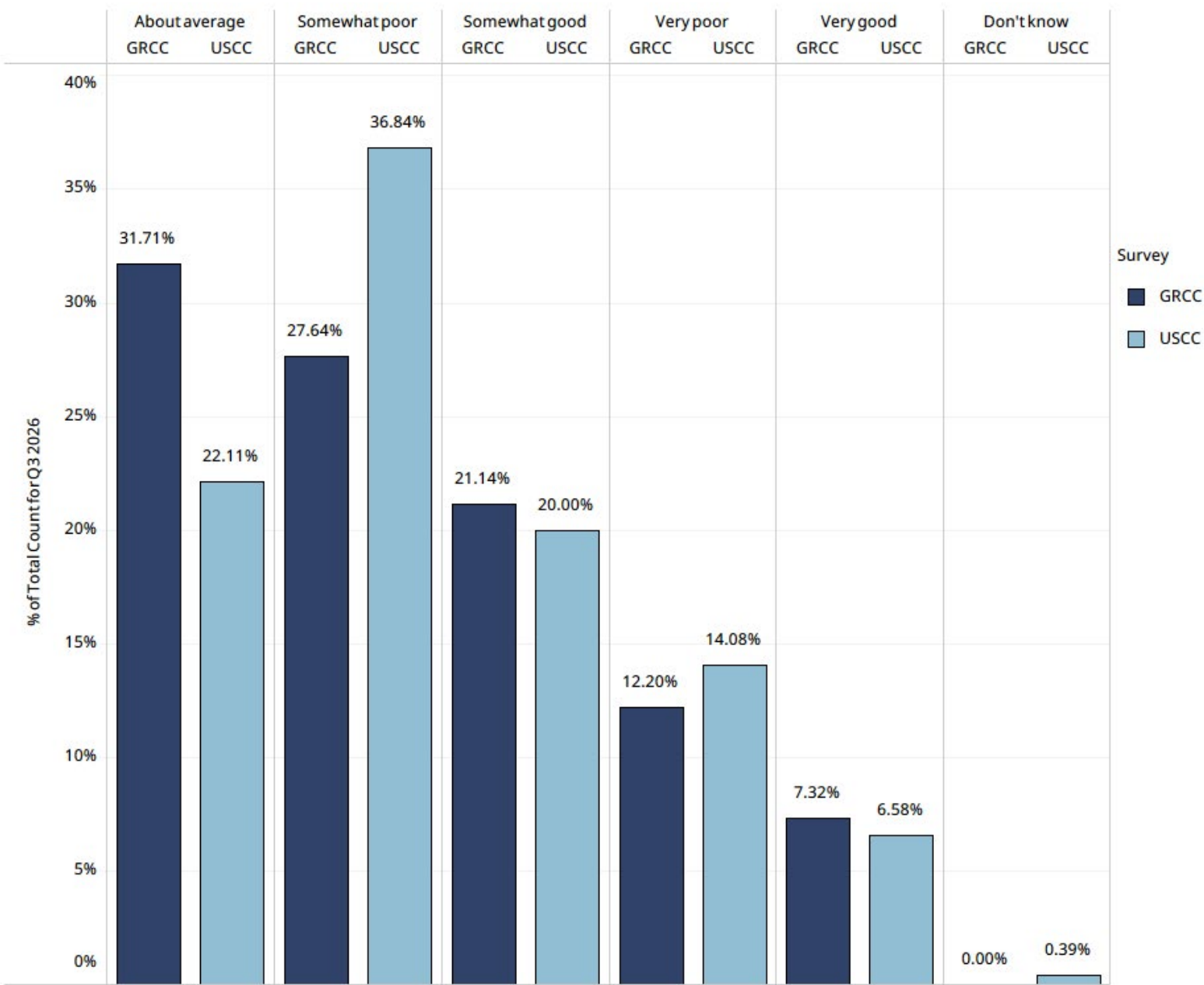
RESPONSES

1. How would you rate the overall health of your business?
- About 84% of local survey respondents rated the overall health of their business as “very good” or “somewhat good,” compared to about 71% of those responding to the USCC Small Business Index.



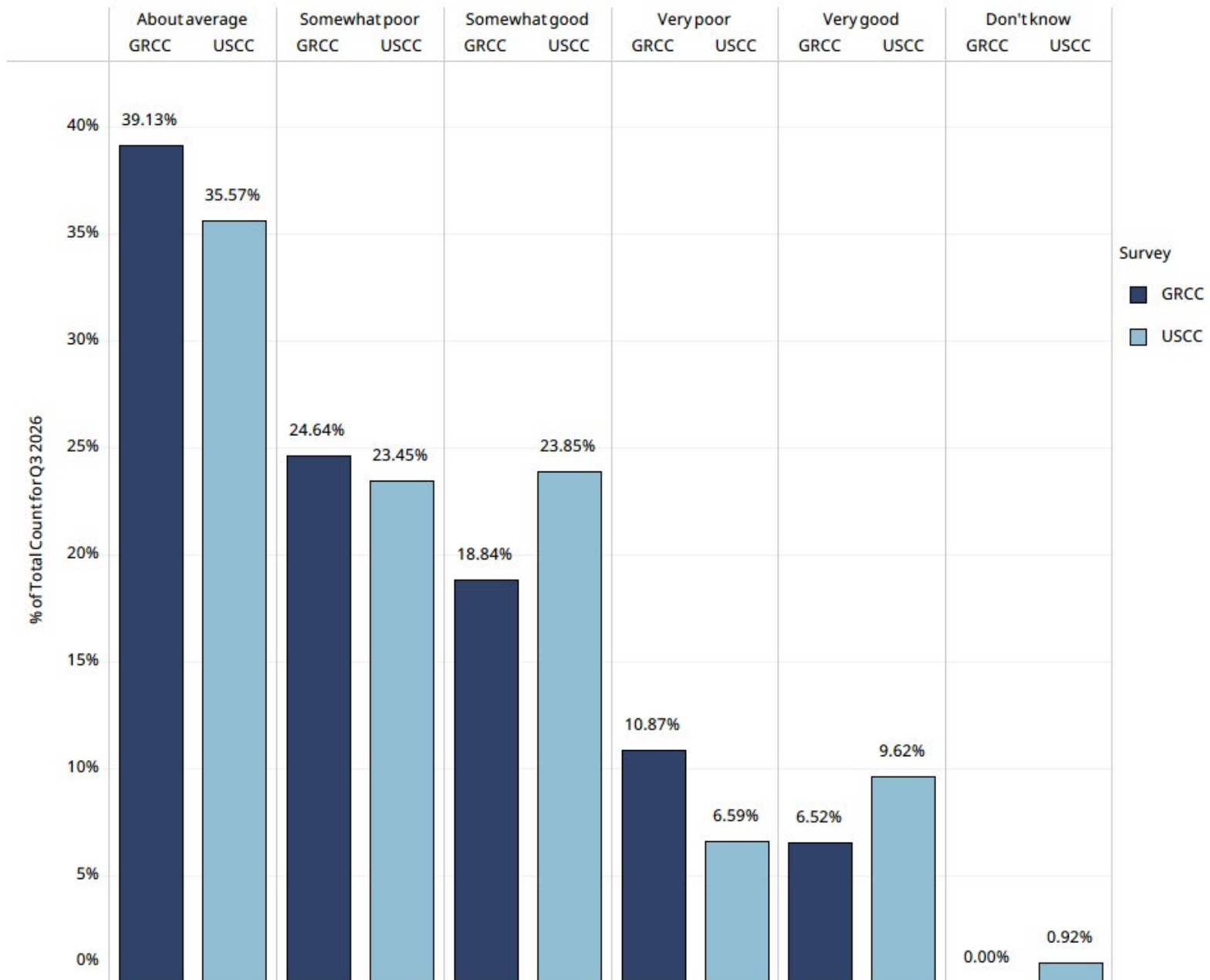
2. How would you rate the overall health of the United States economy?

About 51% of businesses responding to the USCC Small Business Index viewed the national economy as “somewhat poor” or “very poor,” compared to nearly 40% of those responding to the GRCC Business Sentiment Survey.



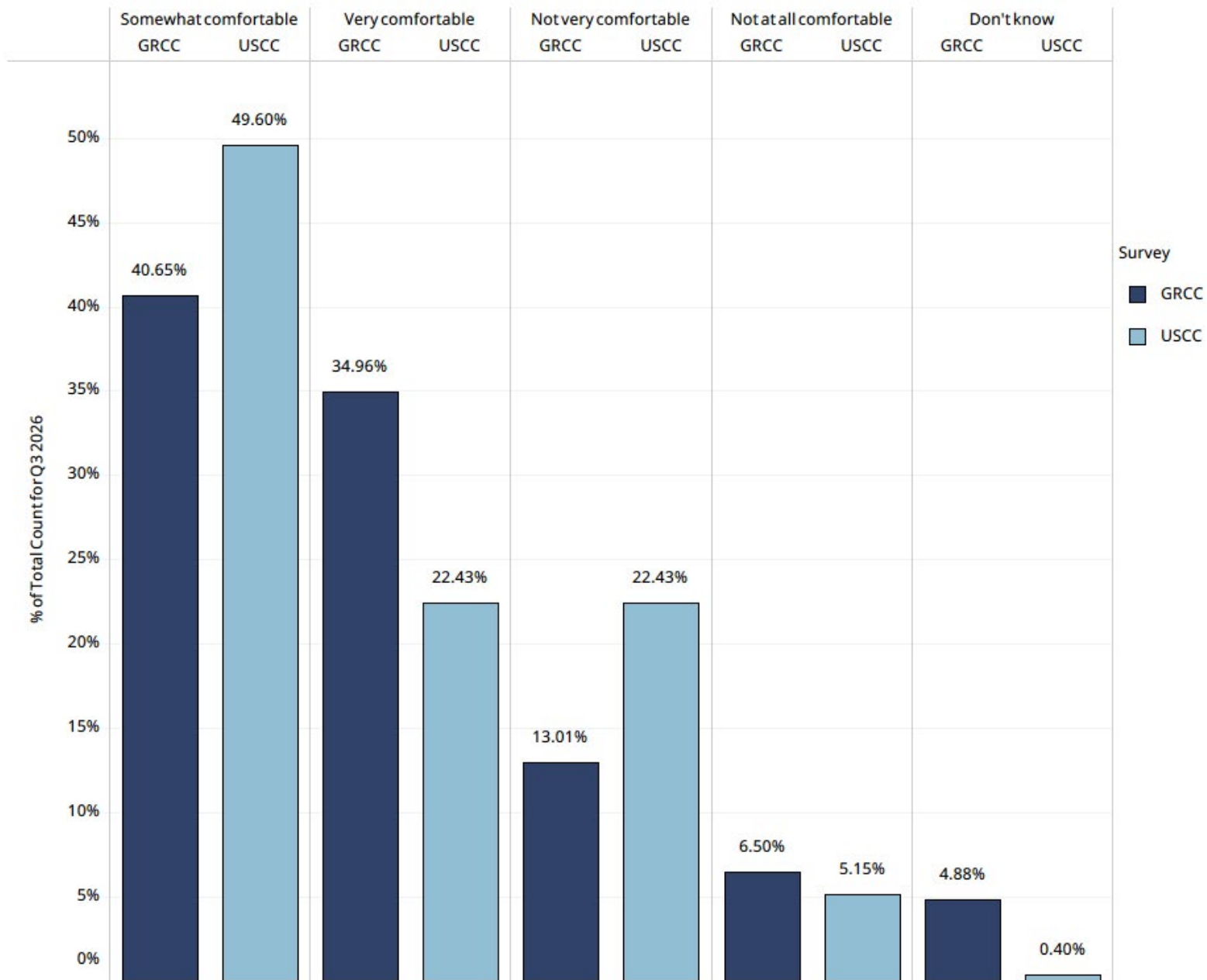
3. How would you rate the overall health of the local economy?

About 34% of respondents to the USCC survey rated the overall health of the local economy as “somewhat good” or “very good,” compared to just 26% of respondents to the GRCC survey.



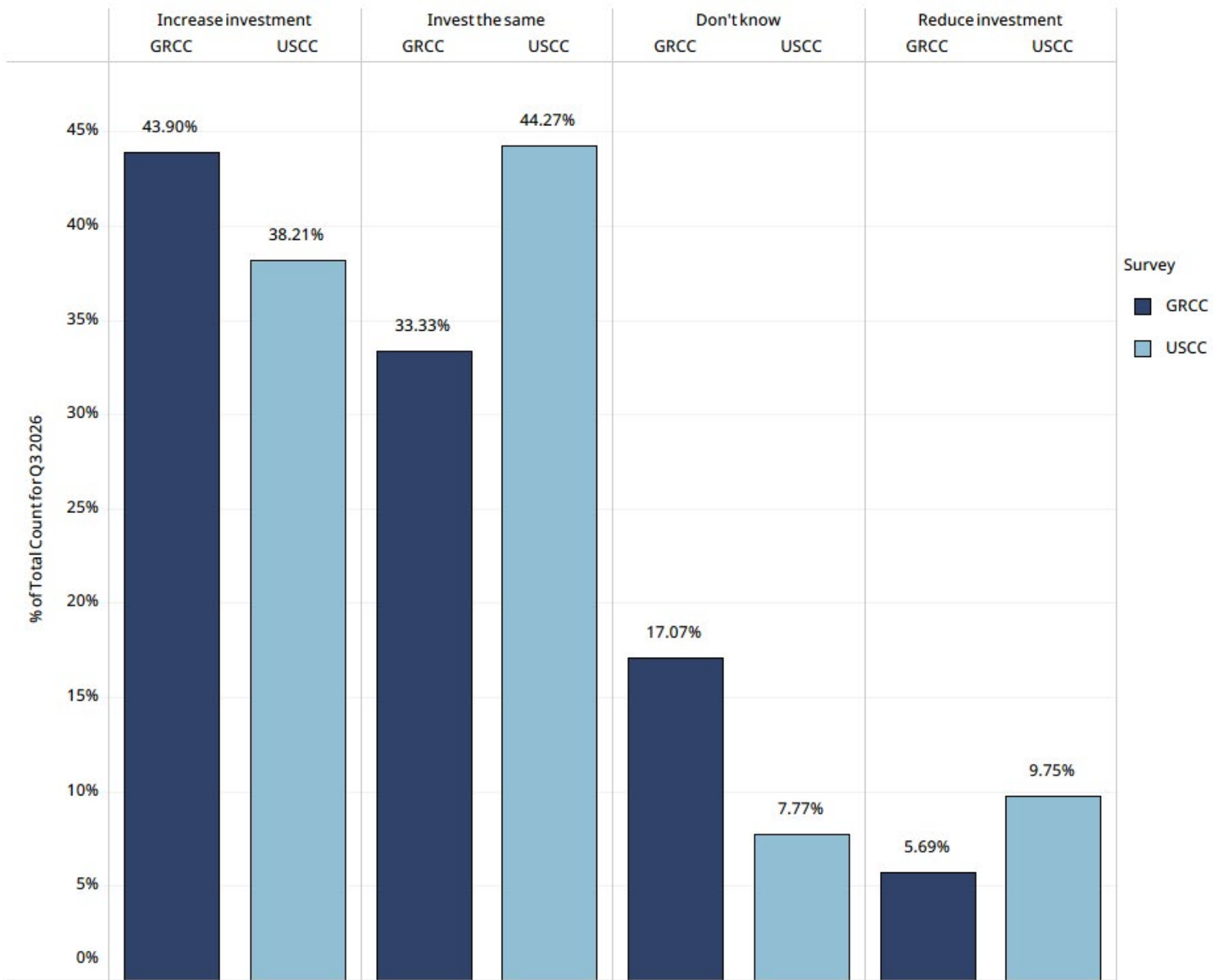
4. How comfortable are you with your company's current cash flow situation?

Nearly three-fourths of respondents to both the GRCC and the USCC surveys rated their company's cash flow situation as "somewhat comfortable" or "very comfortable."



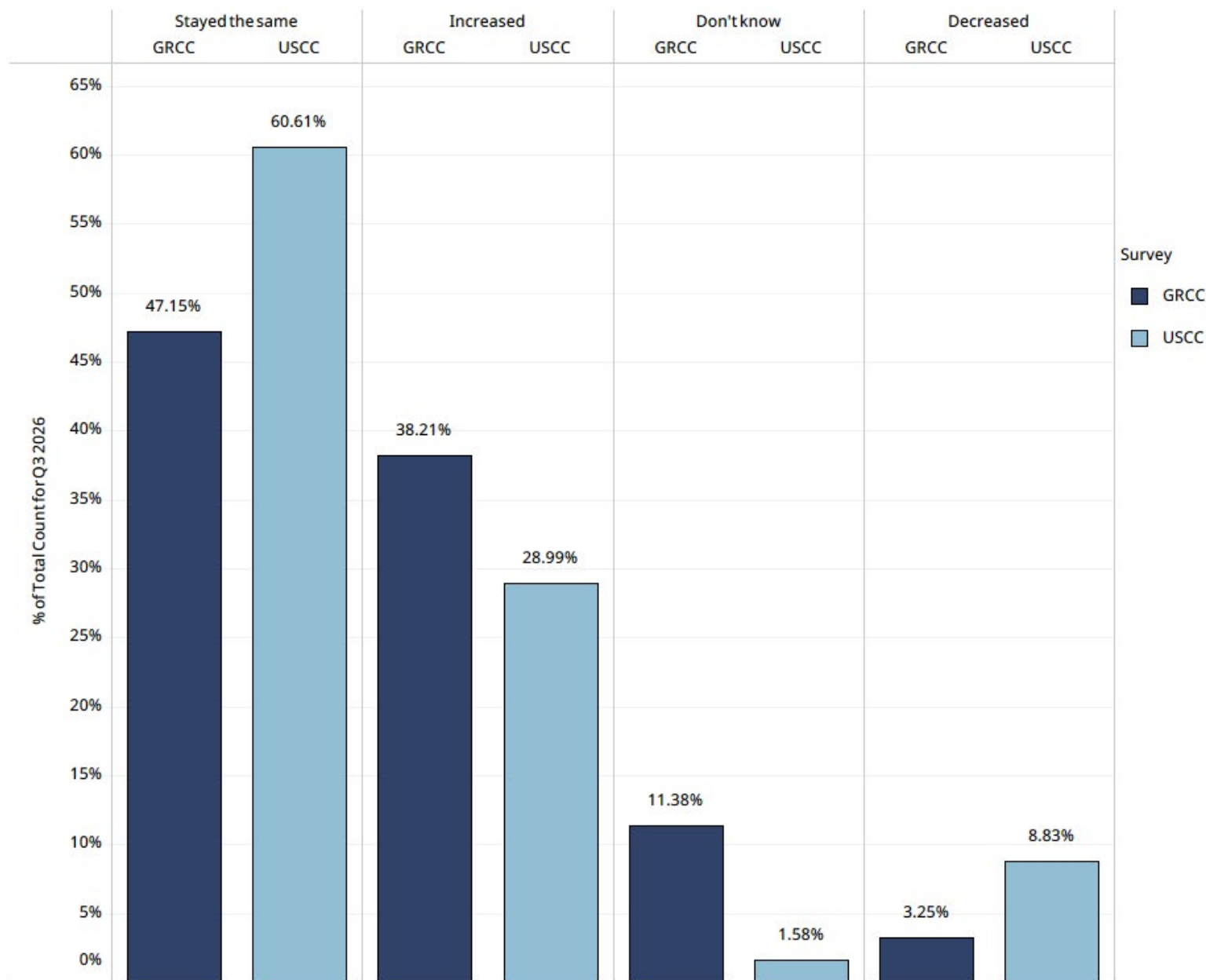
5. For the year ahead, do you plan to:

More than three-fourths of respondents to each survey reported they plan to maintain or increase their business investment in the year ahead. However, nearly 10% of GRCC survey respondents said they plan to reduce business investment in the next year.



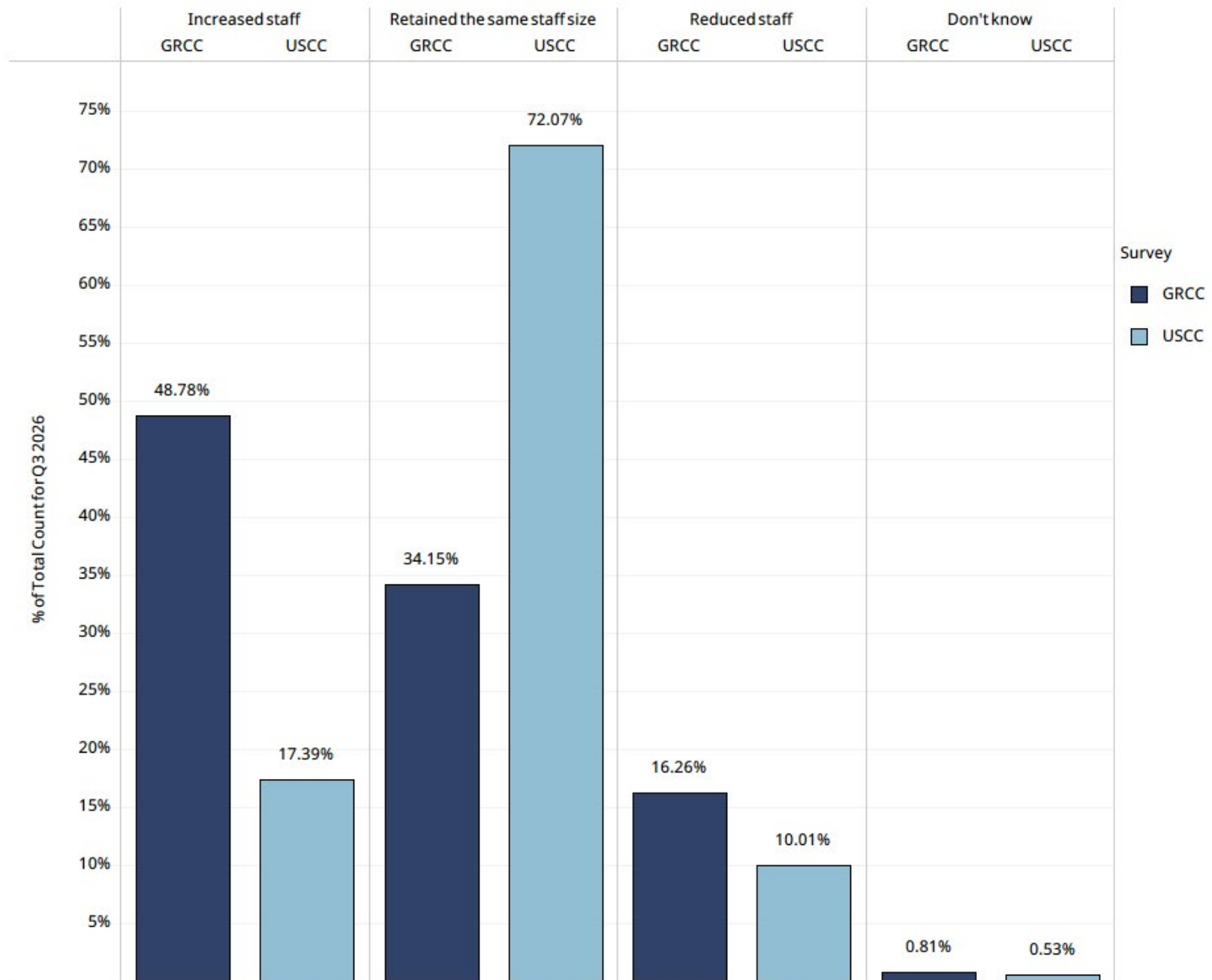
6. Compared to six months ago, has the time or resources you spend completing licensing, compliance, or other government requirements increased, decreased, or stayed the same?

Time spent completing licensing, compliance, or other government requirements overwhelmingly remained the same or increased, according to GRCC and USCC survey respondents.



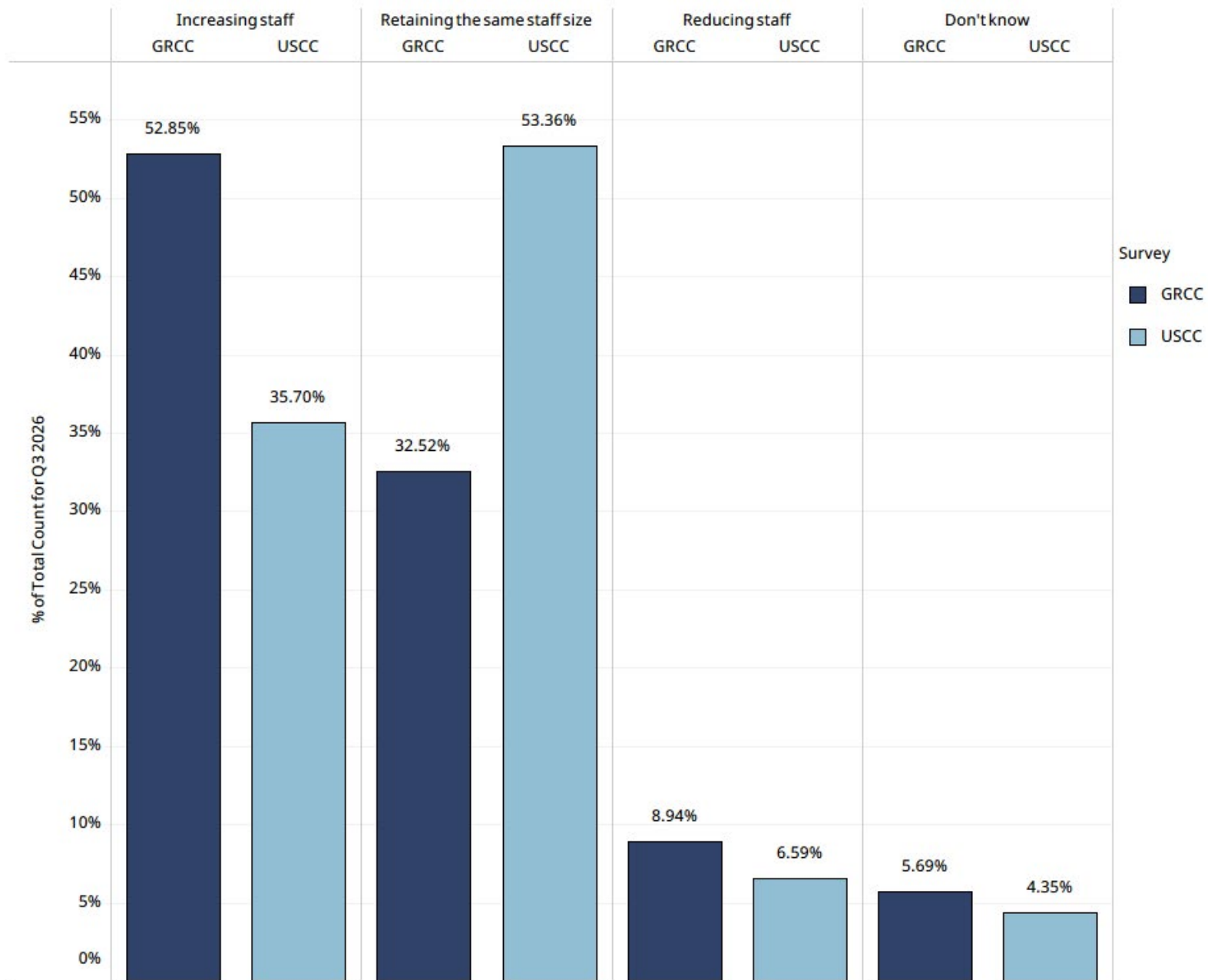
7. Over the past year, would you say you have increased staff, retained the same staff size, or reduced staff?

Nearly 83% of GRCC respondents reported retaining or increasing staff levels over the past year, compared to about 89% of USCC respondents.



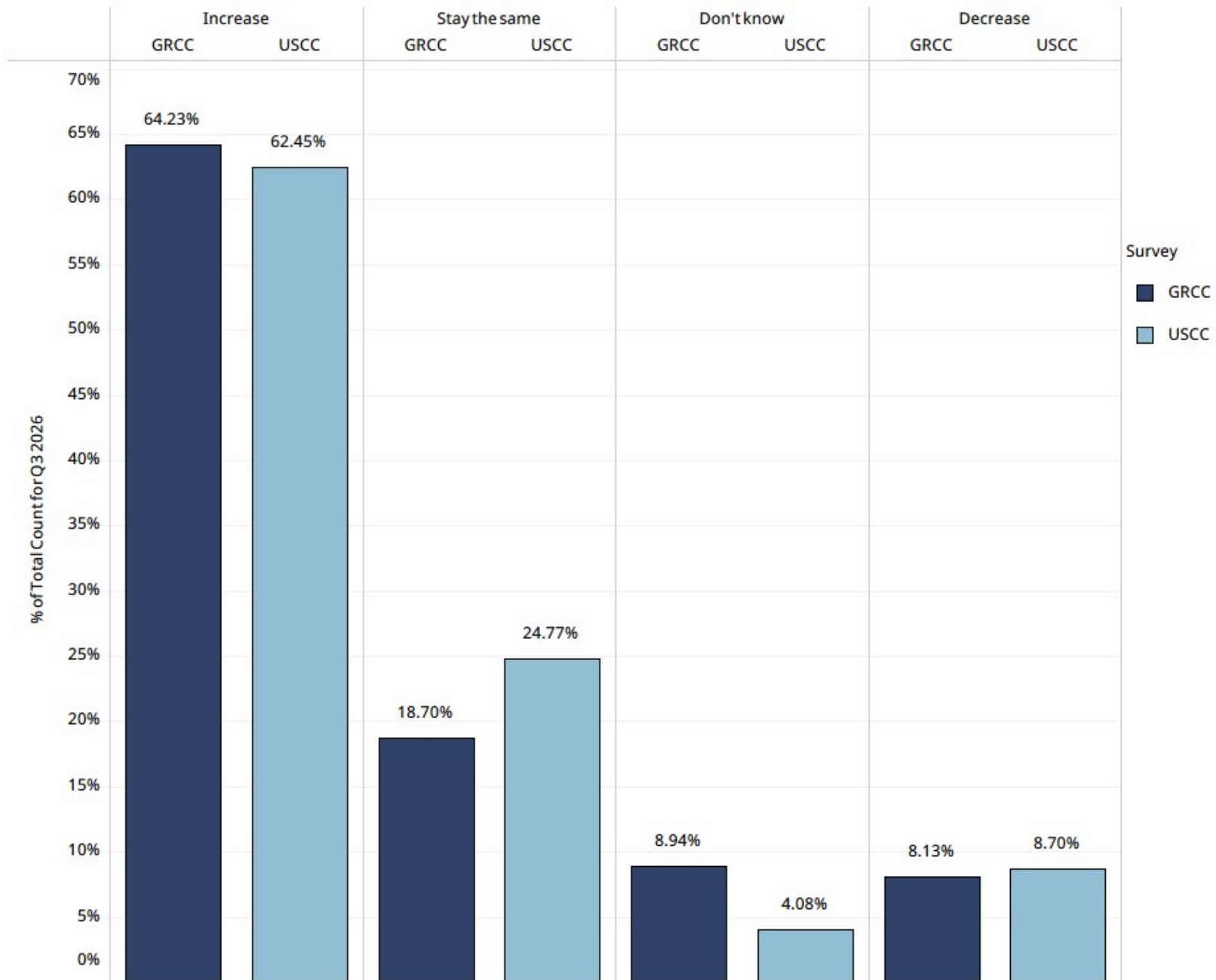
8. In the next year, do you anticipate increasing staff, retaining the same staff size, or reducing staff?

Businesses anticipate retaining or increasing staff over the next year, according to the GRCC and USCC surveys. However, nearly 52% of GRCC survey respondents expect to hire additional staff, compared to nearly 36% of those responding to the USCC survey.



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

Businesses responding to both surveys indicated overwhelmingly that they expect revenue to increase or stay the same in the year ahead.





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