



2025 Q3 Business Sentiment Insights

for the Rockford Region
Final Report | September 2025



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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 3 (Q3) Business Sentiment Survey opened on Aug. 8 and closed Aug. 29. GRCC's survey aligns with the U.S. Chamber of Commerce (USCC) Small Business Index (SBI), which is also conducted quarterly. 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 Q3 survey results emerged during a period of global tension, market volatility, shifting trade dynamics, and economic uncertainty. International news included continued wars in Ukraine and the Middle East, devastating wildfires in Spain, and a deadly earthquake in Turkey. In economic news, the U.S. ended the de minimis exemption for low-cost imports, raising prices for many online purchases. The Dow, S&P 500, and Nasdaq all posted overall monthly gains despite a late drop in tech stocks. The White House pressed ahead with new tariffs but agreed to a 90-day extension of the trade truce with China, temporarily easing some global economic tensions. The Federal Reserve's inflation gauge fueled speculation about a potential rate cut in September. Locally, the unemployment rate in Winnebago County increased slightly from August 2024, reflecting minor changes in the local job market amid broader statewide trends. Infrastructure improvements were a focus in the region, with major road and bridge repair announcements. It's also worth noting that a majority of Q3 respondents took the survey while attending GRCC's annual fundraising dinner at Hard Rock Casino on Aug. 14.

The report includes visual representations of survey responses, providing a detailed snapshot of the region's business climate during the second quarter of 2025. With a sample size yielding an 85% confidence level, the survey offers valuable benchmarks for stakeholders shaping Rockford's economic trajectory.

Note: The Q2 2025 survey introduced a "Don't know" option for select questions, following USCC SBI methodology. 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.

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 provide 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

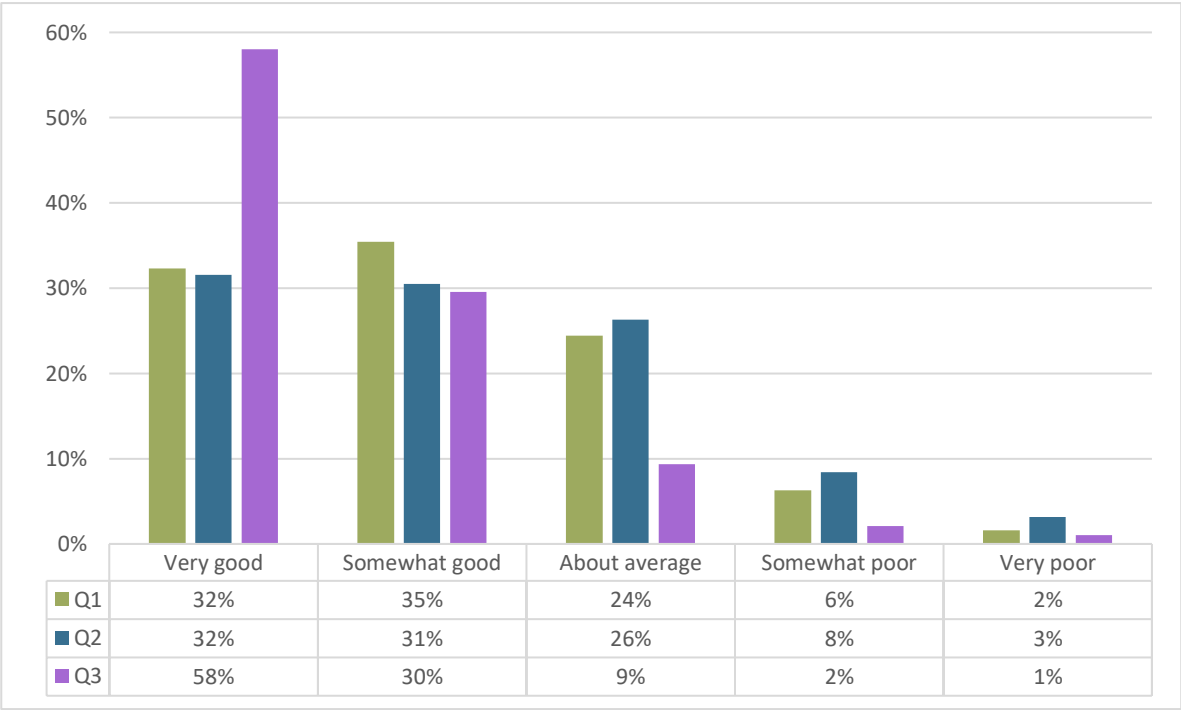
Current Sentiment

The business sentiment survey for the second quarter of 2025 indicates a generally positive sentiment among the region's business community, though results are slightly less optimistic compared to the first quarter. Businesses report strong cash flow and a healthy financial status, although they are becoming cautious with their investments. This indicates that many businesses are exercising strategic patience in light of economic uncertainties.

Responses

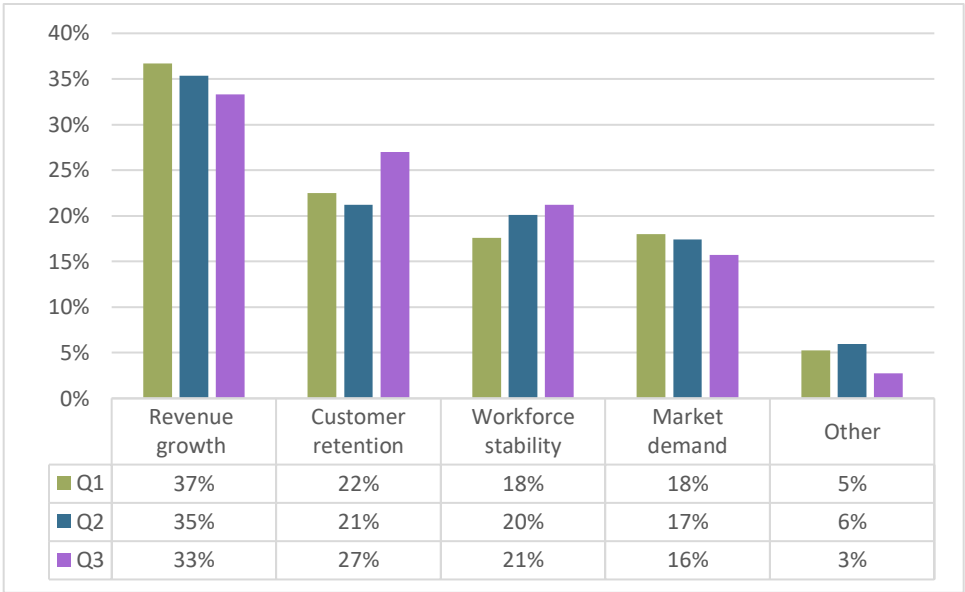
1. How would you rate the overall health of your business?

In Q3, nearly 60% of businesses considered themselves to be in a healthy position, a significant increase from the previous two quarters. The percentage of respondents that considered their business health poor or average declined.



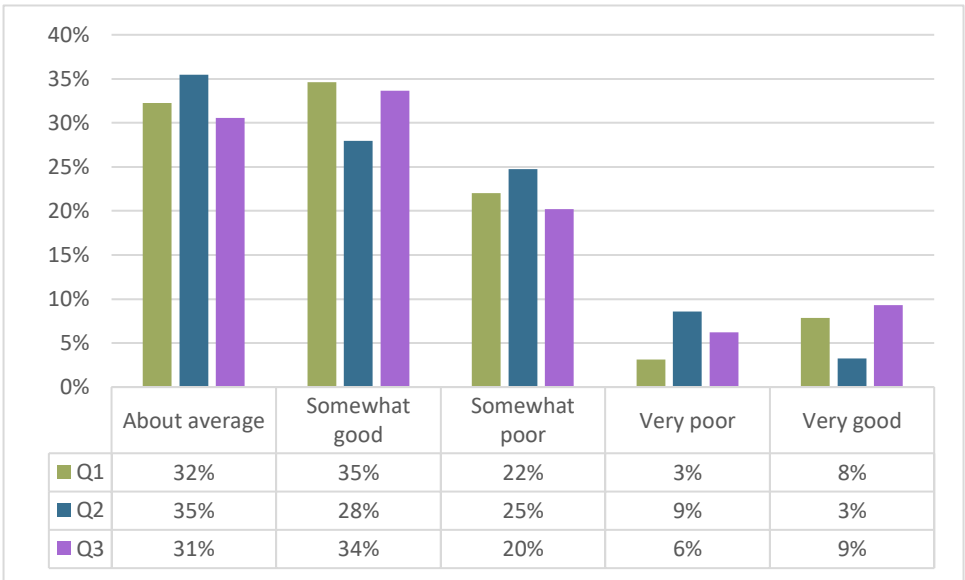
2. What factors most influence your perception of your business's overall health?

In Q3, revenue growth remained the strongest perceived indicator of business health among respondents. Customer retention continued to follow as second, with a 6% uptick in Q3.



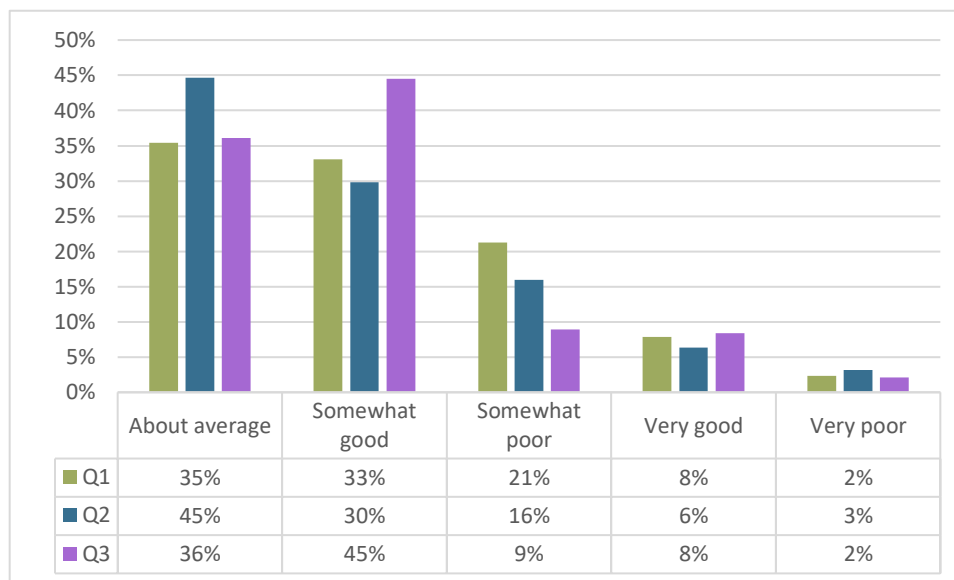
3. How would you rate the overall health of the United States economy?

Most respondents (65%) believed that the U.S. economy was average or somewhat good, with somewhat good and very good increasing in Q3.



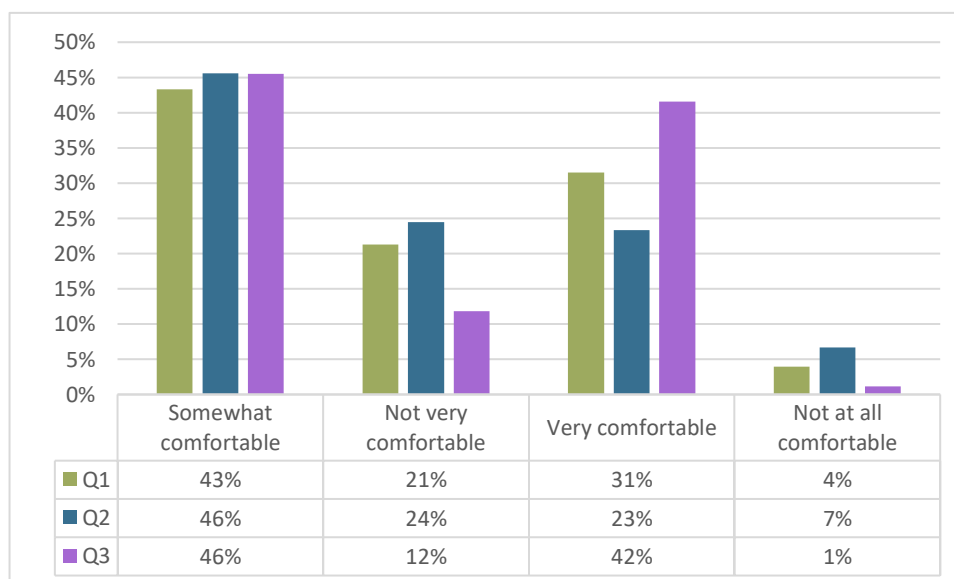
4. How would you rate the overall health of the economy in our local area?

Confidence in the regional economy increased substantially between Q2 and Q3. The share of respondents who reported the local economy was somewhat good increased by 15%, while those who believed it was very good increased by 2%.



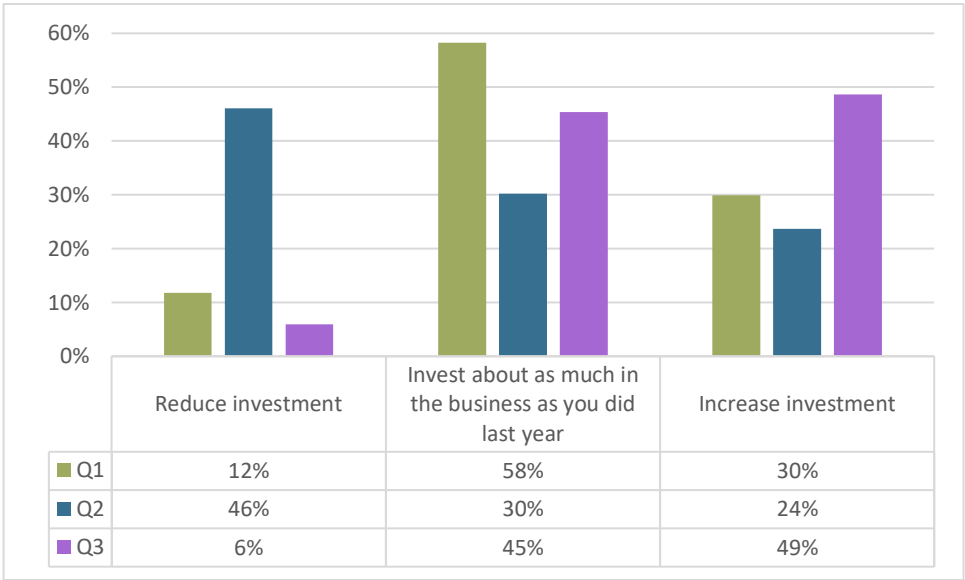
5. How comfortable are you with your company's current cash flow situation?

Concerns over cash flow dropped significantly in Q3, with respondents who were very comfortable with their cash flow spiking nearly 20%.



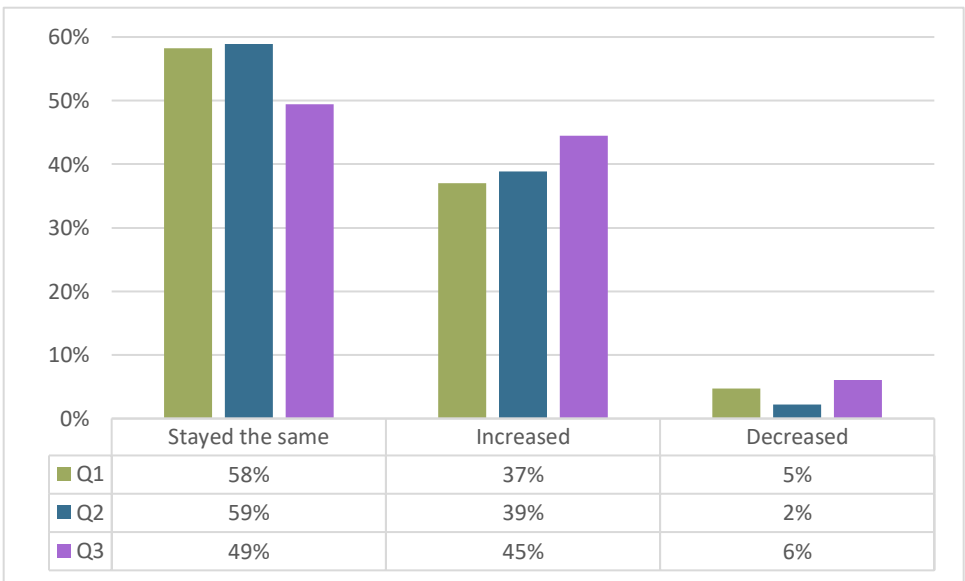
6. For the year ahead, do you plan to increase, reduce, or invest about as much as you did last year?

Businesses appeared to be far more confident moving into the third quarter. The share of respondents planning to increase investment more than doubled.



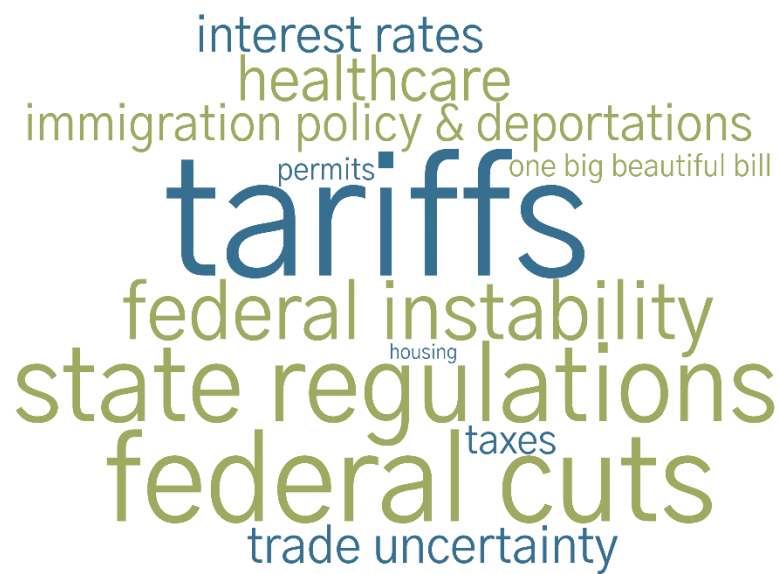
7. Compared to six months ago, has the time or resources you spend completing licensing, compliance, or other government requirements increased, decreased, or stayed the same?

In a departure from the first and second quarters, the perceived regulatory burden among respondents increased compared to six months ago.



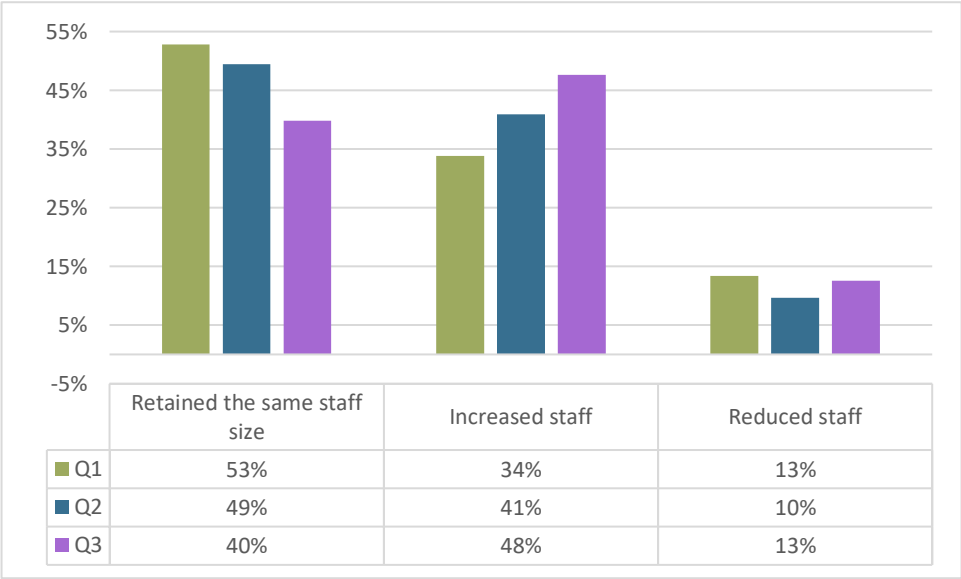
8. What government policies or regulations have had a negative effect on your business this year?

Tariffs remain the primary barrier affecting business, while cuts to federal programs and state regulations were growing concern.



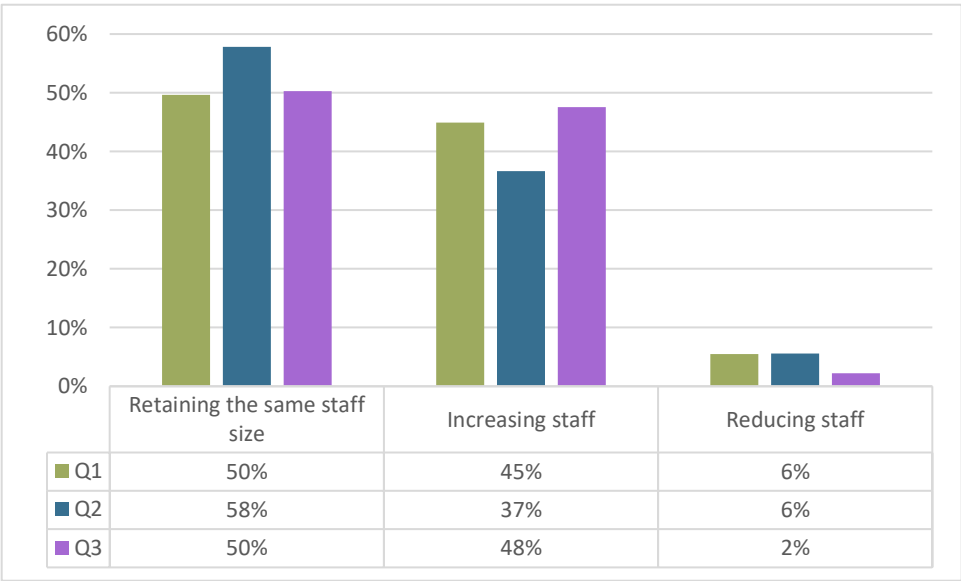
9. Over the past year, would you say you have increased, decreased, or retained the same staff size?

More respondents reported an increase in staff in the third quarter, continuing the upward trend from the previous two quarters. The number of respondents who reported reducing their staff increased slightly.



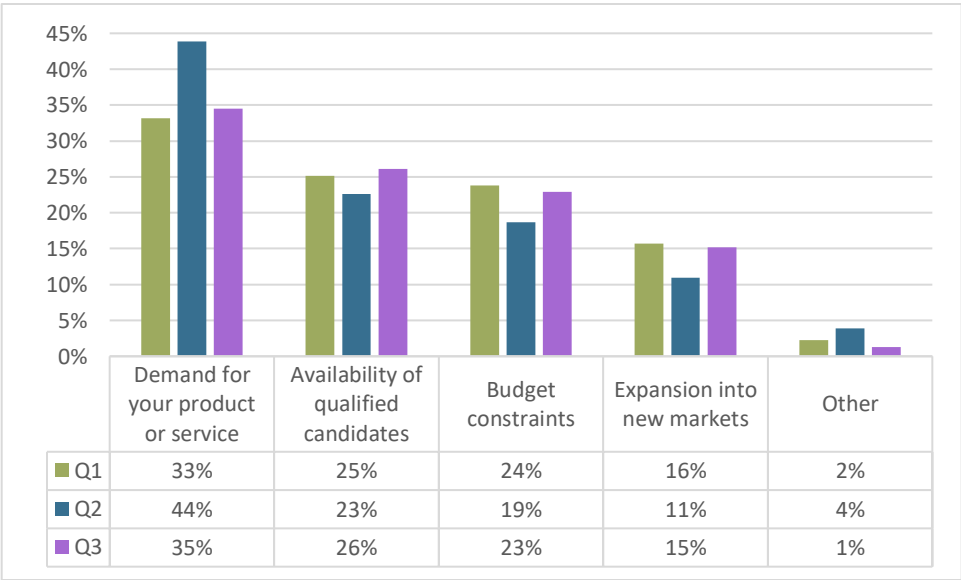
10. In the next year, do you anticipate increasing, reducing, or retaining the same staff size?

Half of respondents said they intended to maintain their current staff size, while 48% planned to increase their workforce (up 11% from Q2).



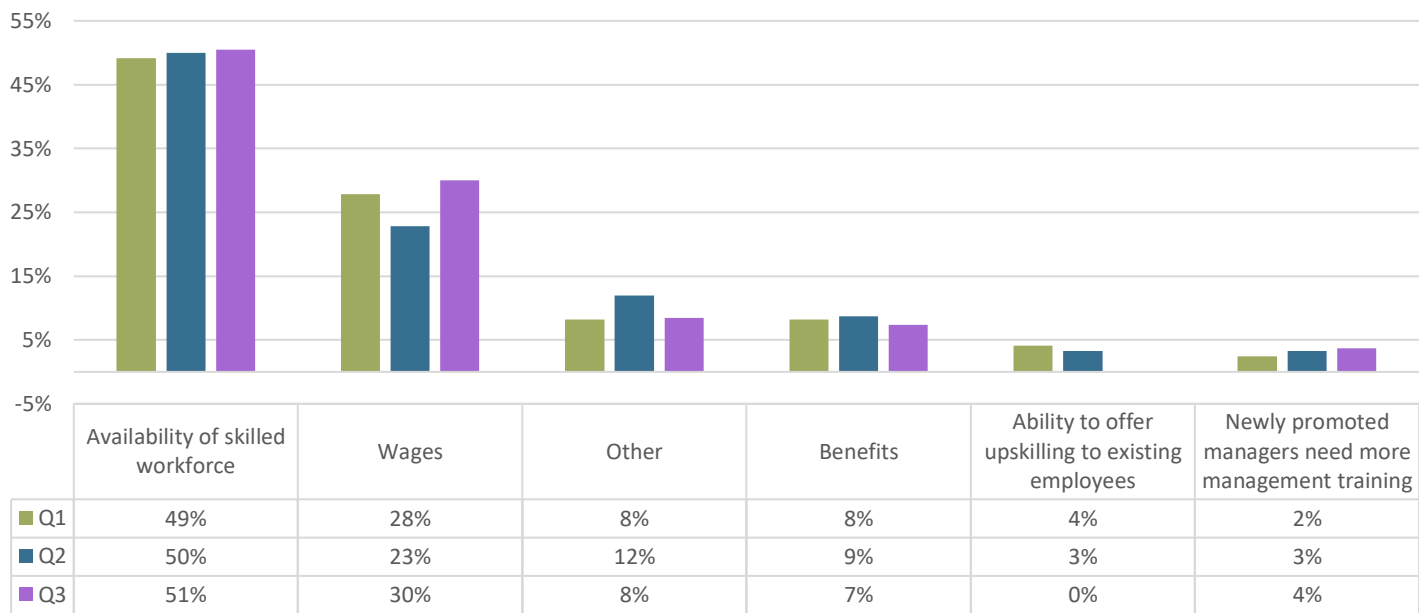
11. What factors will most influence your staffing decisions in the year ahead?

Demand for products and services remained the primary driver of staffing decisions, though it decreased in absolute importance while all other considerations increased in significance.



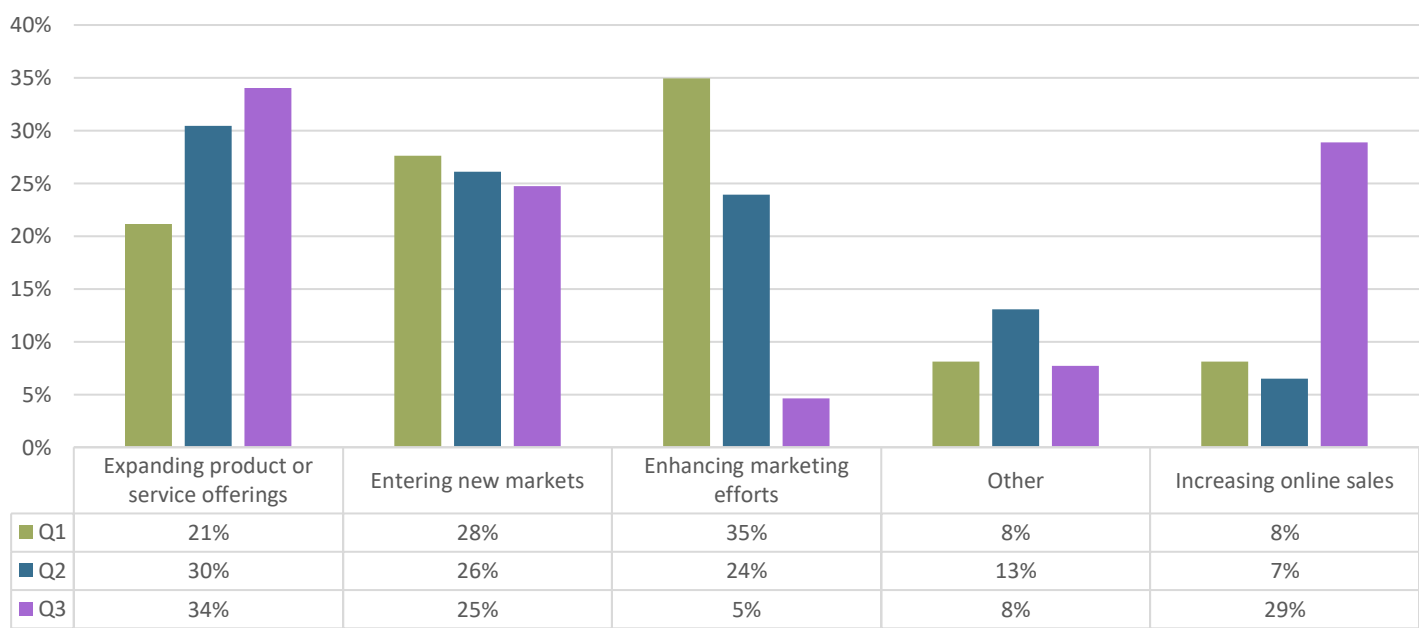
12. What is the biggest barrier to attracting or retaining employees for your business?

The main challenge identified by respondents in attracting or retaining employees was the perceived lack of a skilled workforce, mirroring Q1 and Q2. Additionally, wage barriers increased by 7% in Q3.



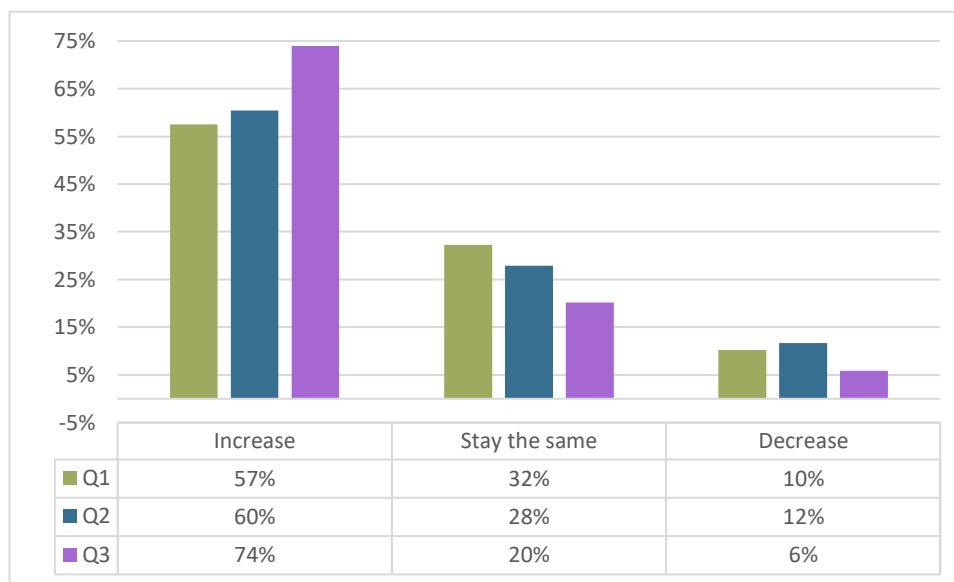
13. What do you see as the biggest opportunity for revenue growth in the year ahead?

In Q3, respondents identified expanding product or service offerings as the biggest opportunity for revenue growth. Entering new markets dropped to third as increasing online sales jumped to second place.



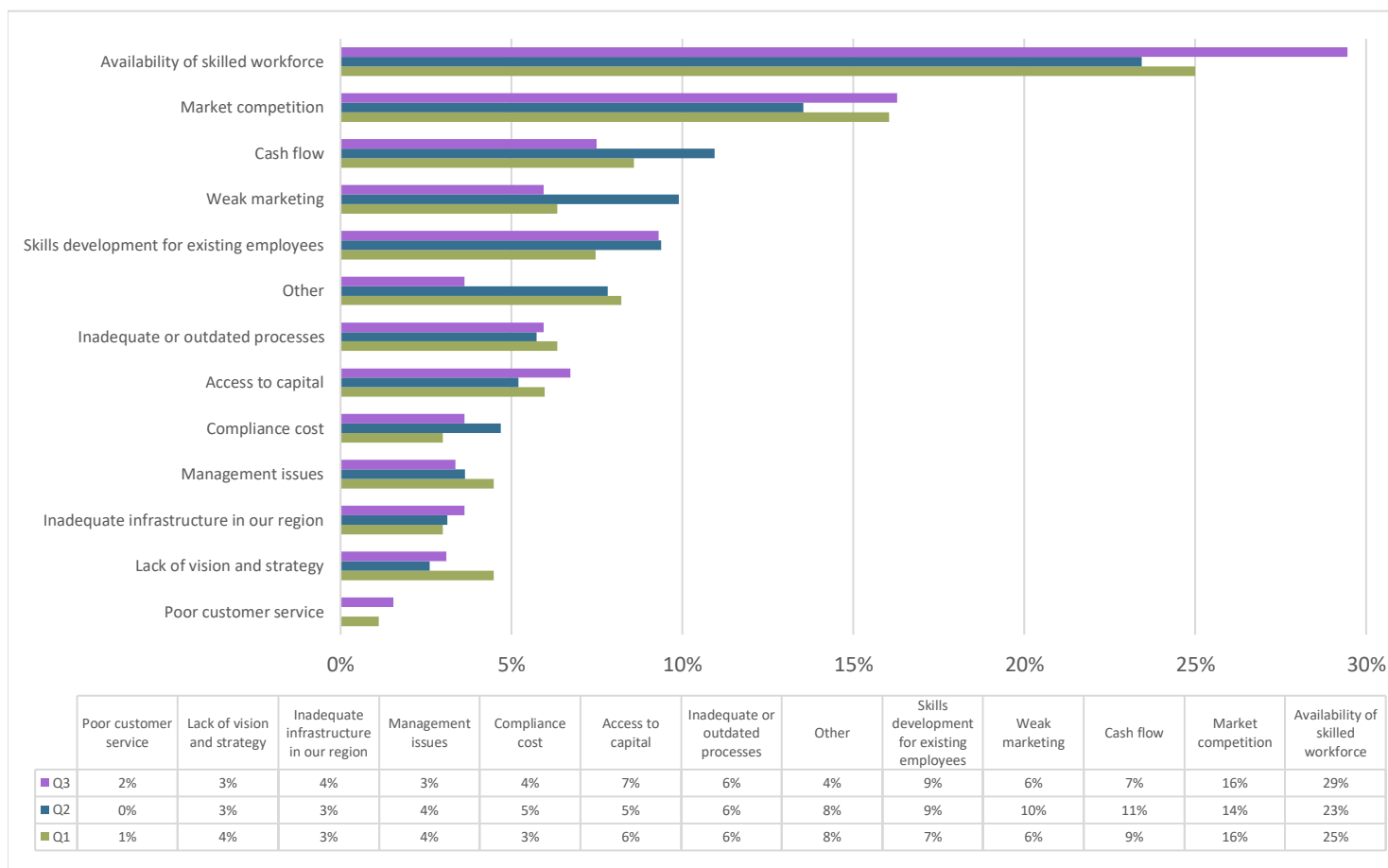
14. For the year ahead, do you expect revenue to increase, decrease, or stay the same?

Nearly three-quarters of respondents reported that they expected revenue to increase in the year ahead, a 14% jump from Q2. The share of respondents who believed that revenues would decline fell by half (6%).



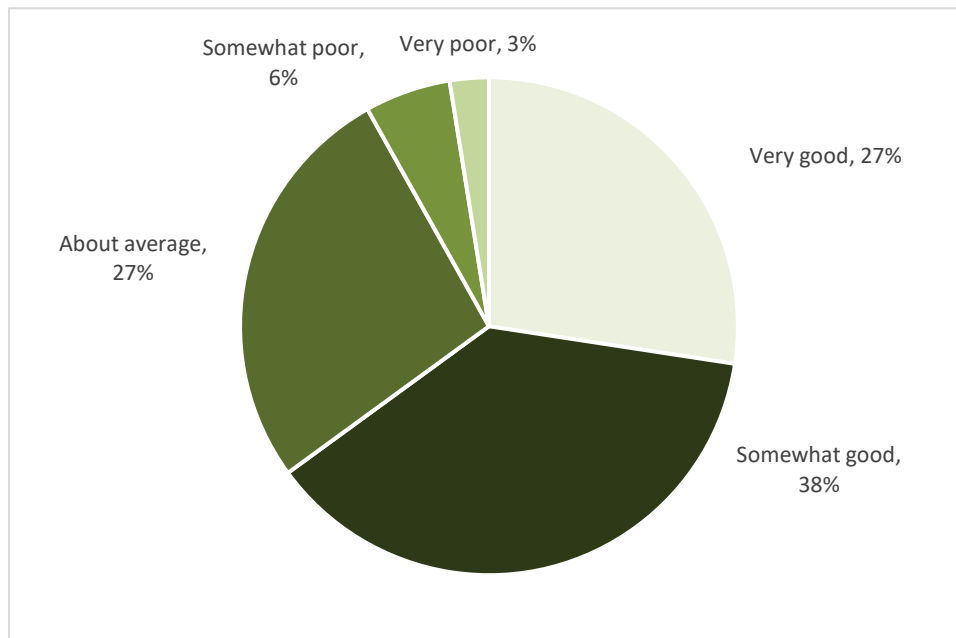
15. What are your top barriers to business growth?

Respondents identified the availability of a skilled workforce as the top barrier to business growth in all three quarters, increasing by 6% between Q2 and Q3.



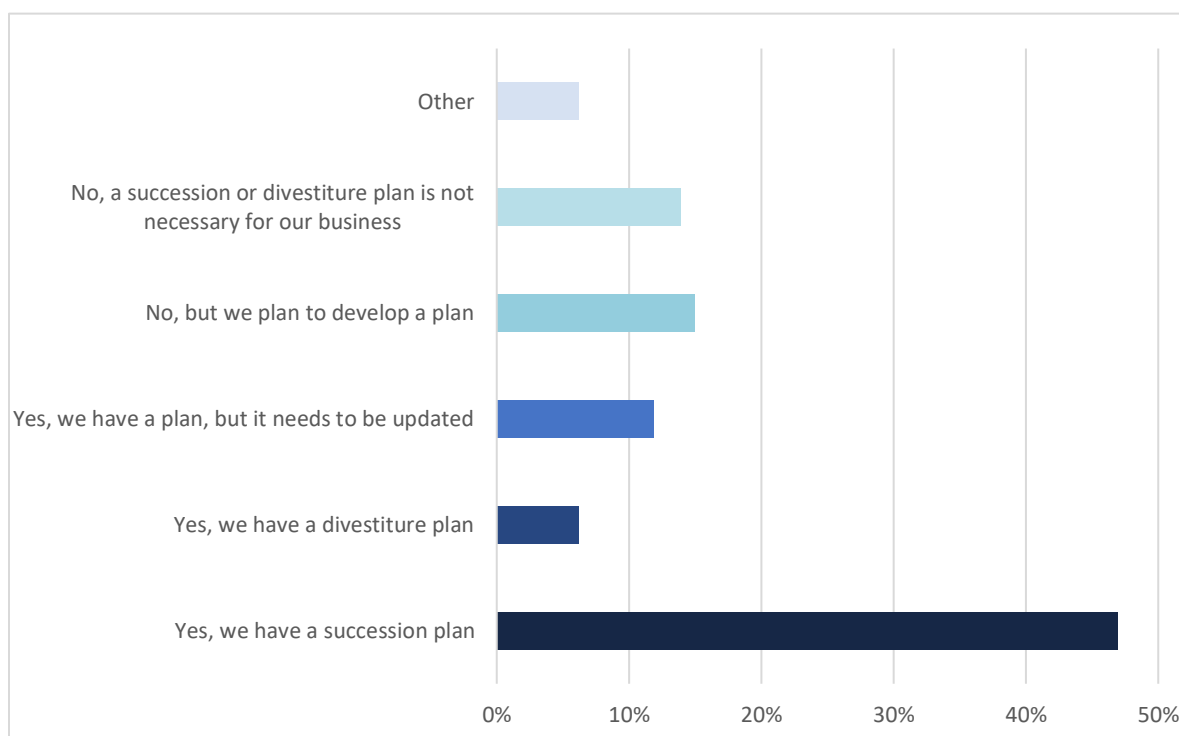
16. How would you rate our region's infrastructure in supporting your business operations?

Most respondents reported that the region's infrastructure adequately supported their business operations.



17. Do you have a succession or divestiture plan for your business?

More than half of respondents reported having a succession or divestiture plan.



National Survey Results

Small Business Index

The Q3 2025 survey was conducted online in English by Ipsos between July 24 – August 11, 2025. The survey has a sample size of 750 small business owners and operators age 18+ from the continental U.S., Alaska, and Hawaii. The survey has a credibility interval of plus or minus 4.4 percentage points for all respondents.

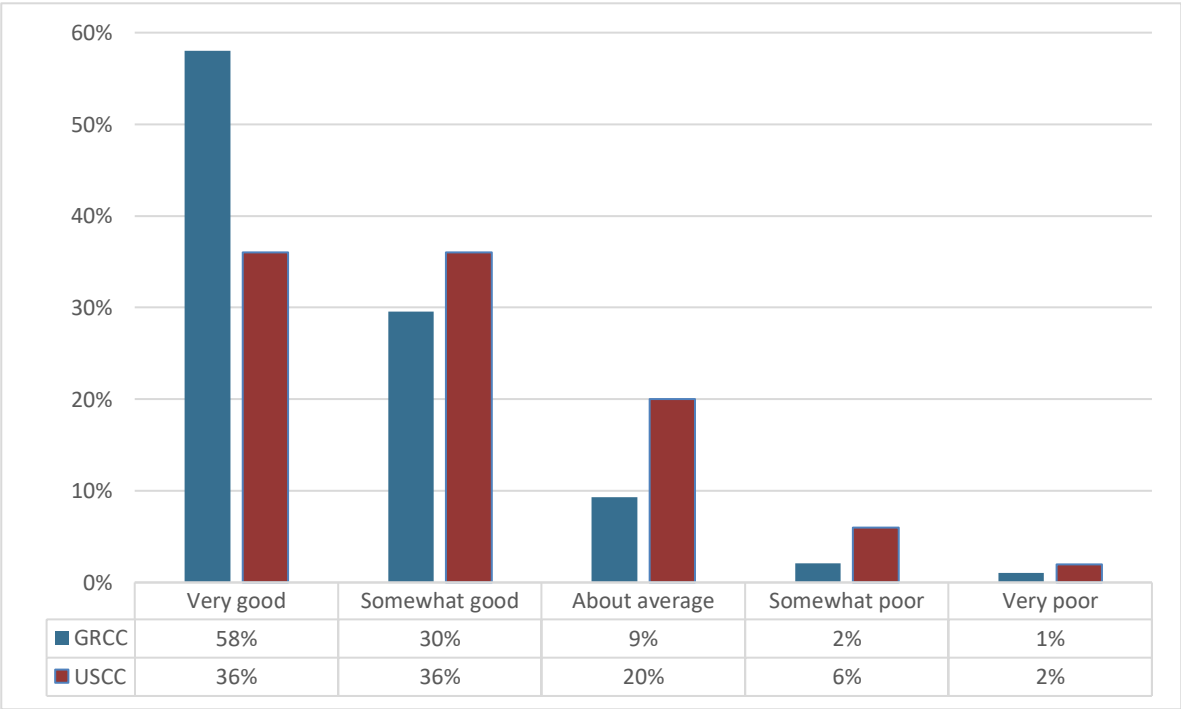
Current Sentiment

The following is a comparison of key results between the Greater Rockford Chamber of Commerce Q3 2025 Business Sentiment Survey and the U.S. Chamber of Commerce Small Business Index for Q3 2025. Compared to the SBI results, businesses in the Rockford Region were more positive about the U.S. economy than their national counterparts. A majority of respondents in both surveys considered the overall health of their business to be good.

Responses

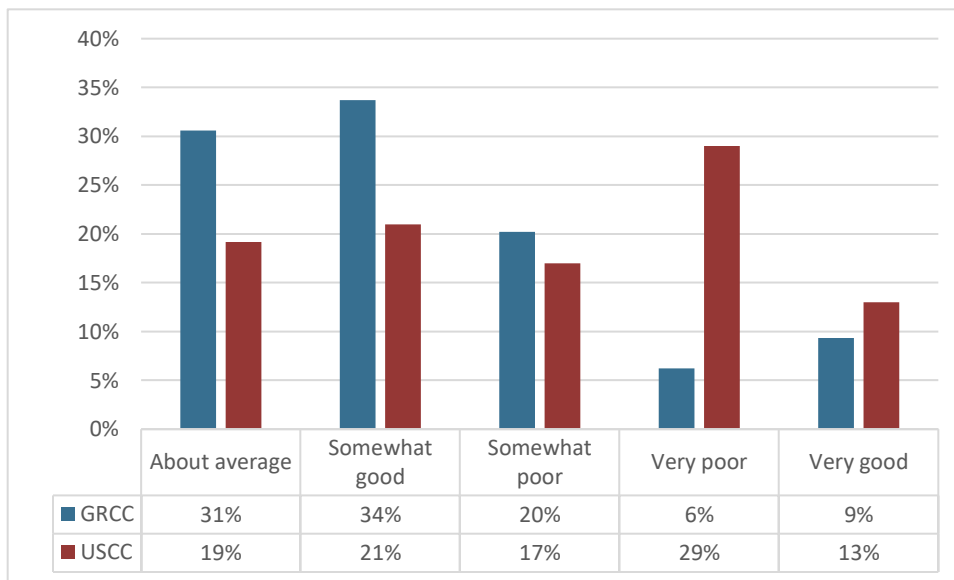
1. How would you rate the overall health of your business?

Most respondents, both locally and nationally, believed that their businesses were in good health. A far greater share of local respondents reported that their business was in very good health.



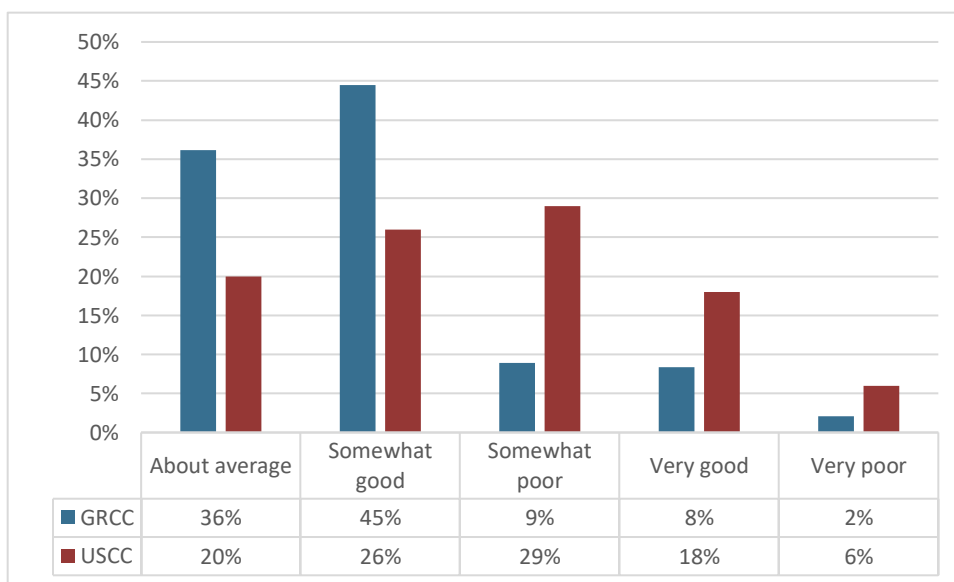
2. How would you rate the overall health of the United States economy?

In the third quarter, local respondents believed the health of the U.S. economy was stronger than that of national respondents, though more national respondents believed the U.S. economy was very good.



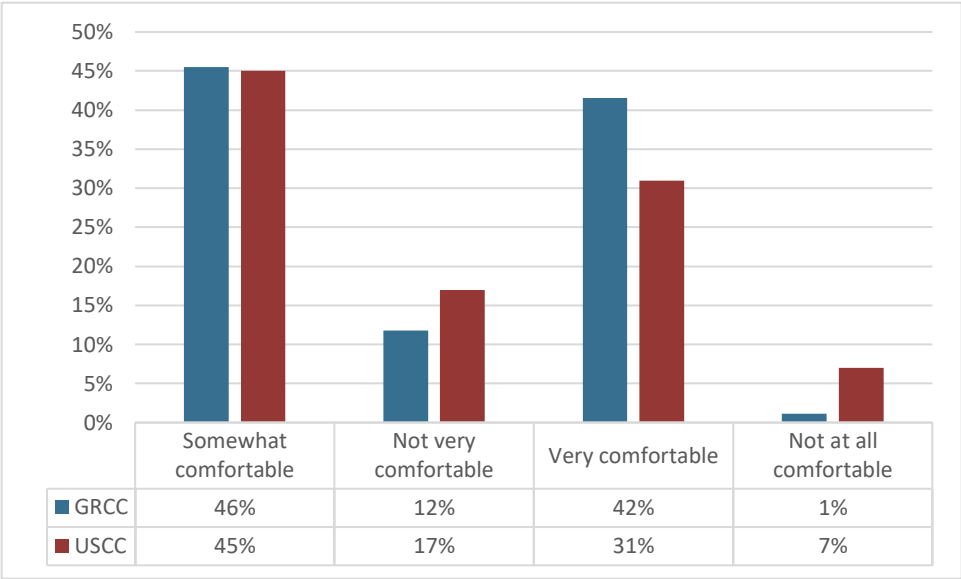
3. How would you rate the overall health of the economy in your local area?

Overall, local respondents expressed stronger confidence in the local economy compared to national respondents, though more national respondents believed that the health of their local economies was very good.



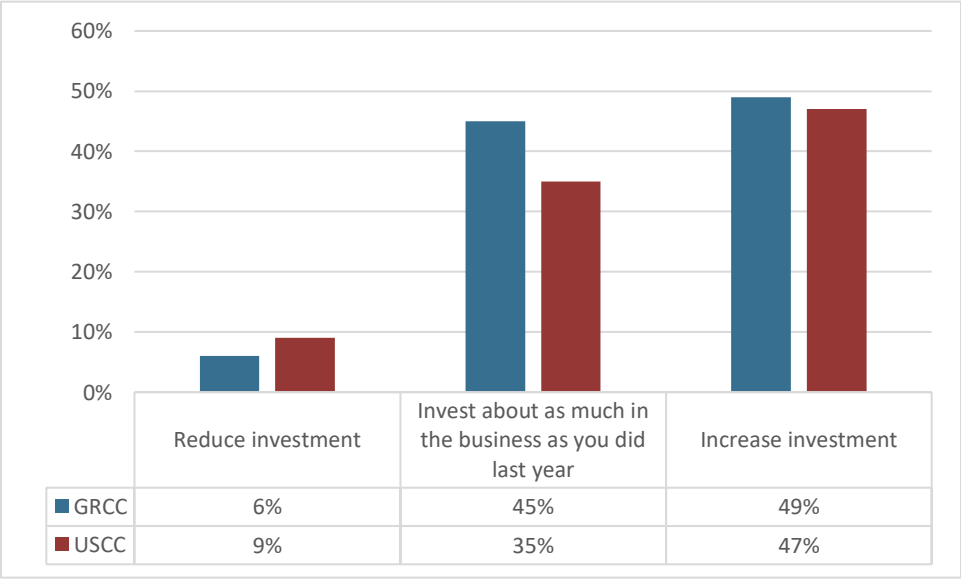
4. How comfortable are you with your company's current cash flow situation?

Both groups felt comfortable with cash flow in general. However, very comfortable with cash flow scored much higher with local respondents.



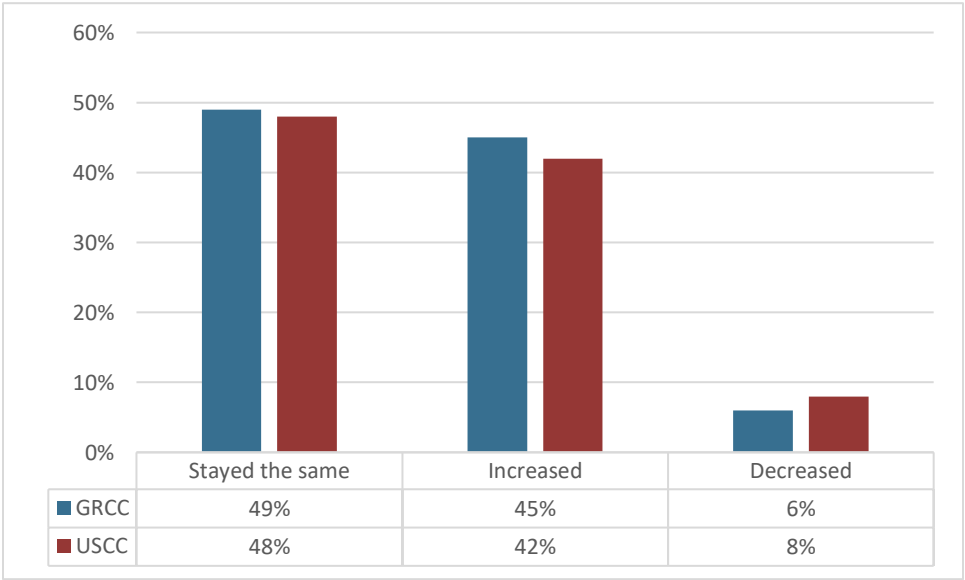
5. For the year ahead, do you plan to increase, reduce, or invest about as much as you did last year?

Businesses in the Rockford Region were slightly more confident about increasing investment in the coming year compared to national respondents.



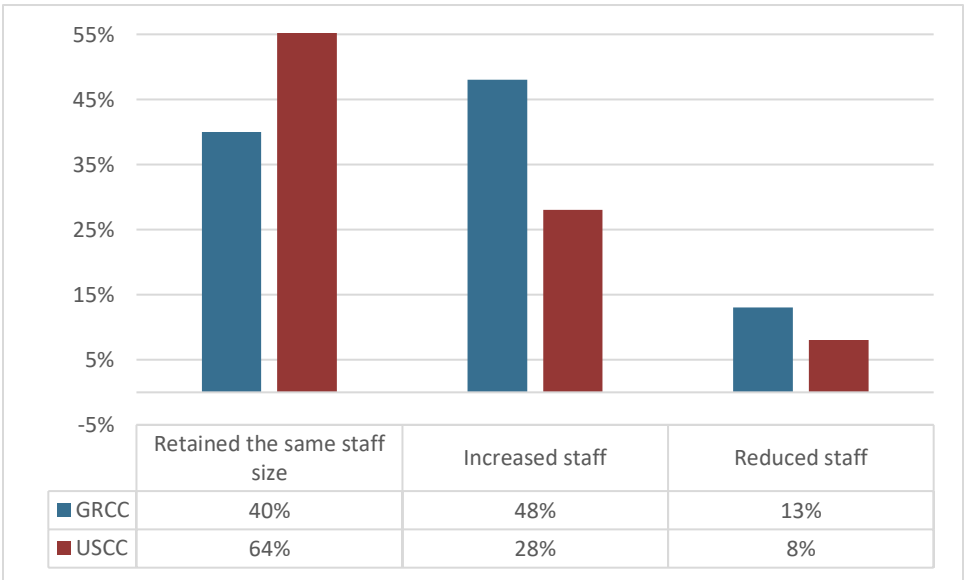
6. Compared to six months ago, has the time or resources you spend completing licensing, compliance, or other government requirements increased, decreased, or stayed the same?

Half of respondents nationally and locally believed the time or resources they spent completing business requirements stayed the same.



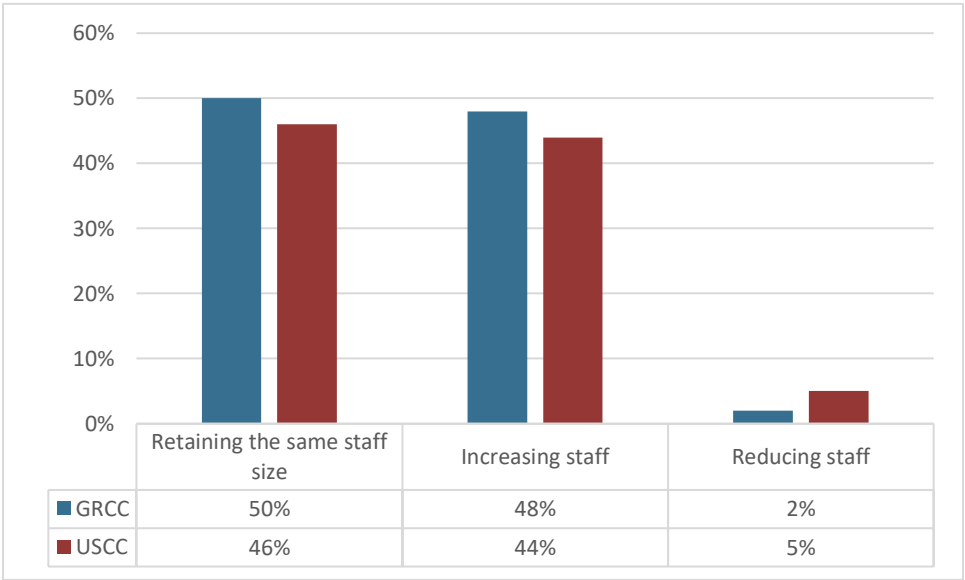
7. Over the past year, would you say you have increased, decreased, or retained the same staff size?

More local respondents (20%) reported an increase in staff compared to national respondents. However, more local companies also reported a reduction in staff compared to national respondents.



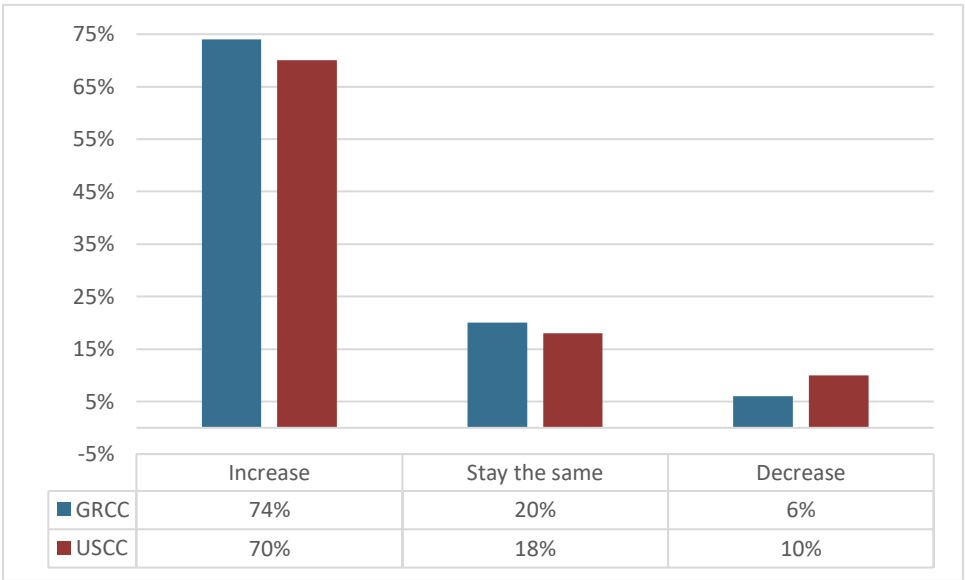
8. In the next year, do you anticipate increasing, reducing, or retaining the same staff size?

A significant number of local and national respondents said they intend to increase or maintain their staff size in the coming year.



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

Most respondents, both nationally and locally, expected revenue to increase in the year ahead.





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