



2025 Q2 Business Sentiment Insights

for the Rockford Region
Final Report | August 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 2 (Q2) Business Sentiment Survey opened on June 2 and closed June 18. 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 Q2 survey results emerged during a period of heightened global and domestic uncertainty. Conflicts continued in Ukraine and the Middle East, while ongoing tariff discussions raised fears of trade disruptions. On the domestic front, inflation started to ease and interest rates remained stable, which contributed to improved consumer confidence and relative market stability. Meanwhile, civic activism and public debate intensified as the federal government rolled back DEI and green initiatives, and continued to ramp up deportations of immigrants in the U.S. illegally. The Rockford Region saw increased infrastructure investment and population growth, but employers continued to face workforce challenges.

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 a 70% 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. For Question 6, which asks about investment plans in the year ahead, 18.9% of respondents selected "Don't know." While these responses are not factored into the statistical breakdowns, they are acknowledged here to preserve transparency.

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, Wisconsin (104.7), and Milwaukee, Wisconsin (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

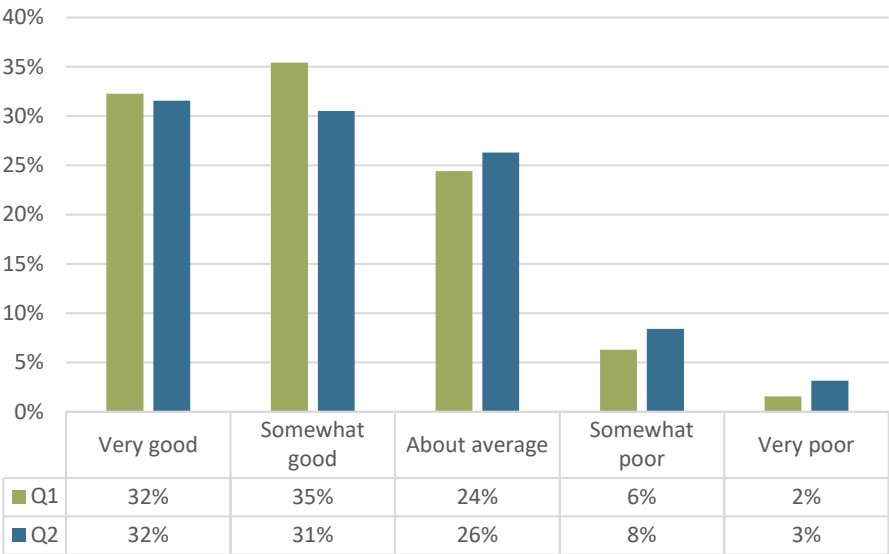
Current Sentiment

The business sentiment survey for the 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

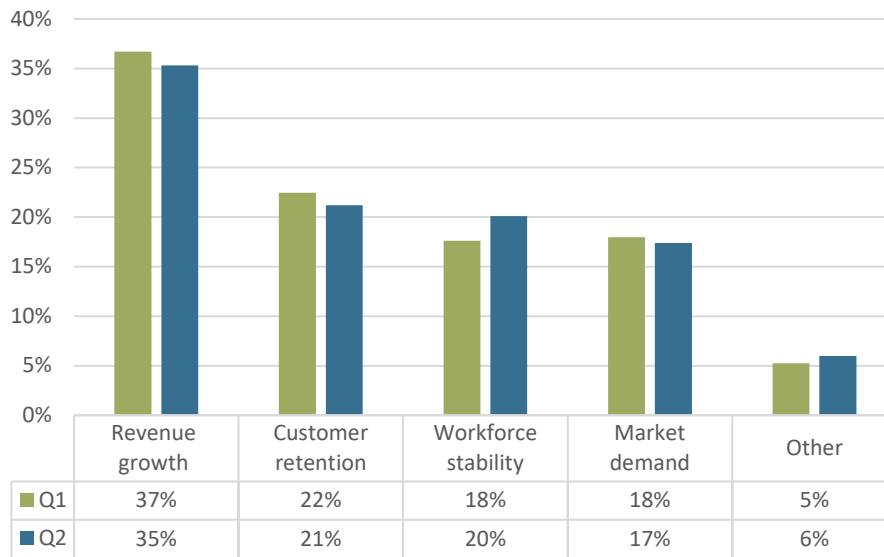
1. How would you rate the overall health of your business?

The majority of businesses considered themselves healthy but were slightly less confident than in the first quarter.



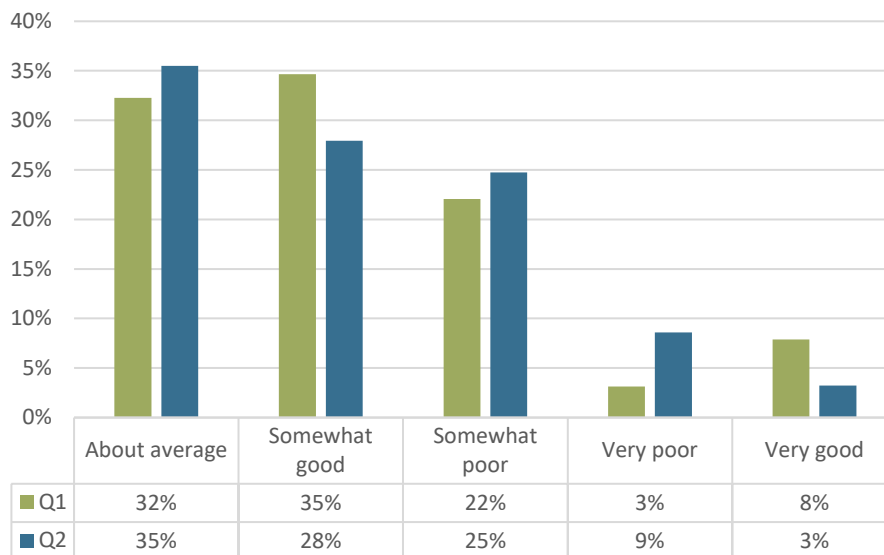
2. What factors most influence your perception of your business's overall health?

In Q2, revenue growth remained the strongest perceived indicator of business health among respondents, followed by customer retention. New this quarter, workforce stability ranked third.



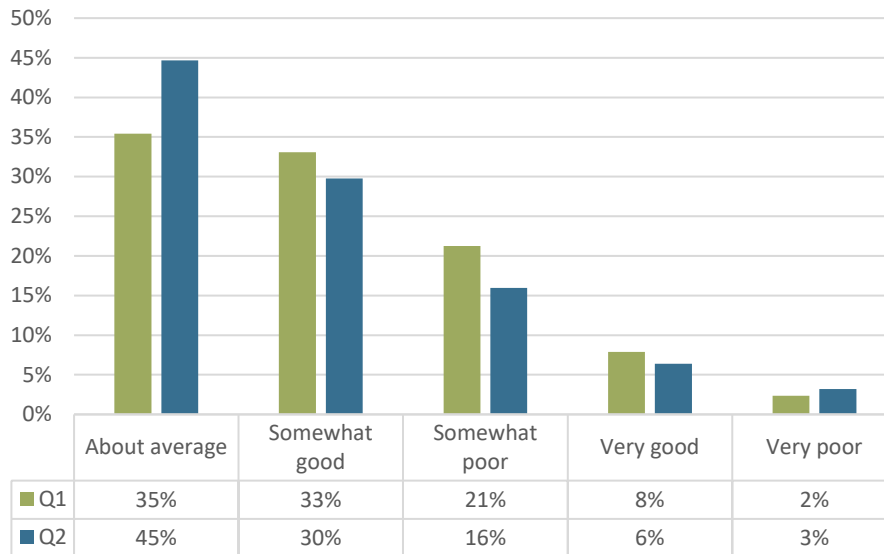
3. How would you rate the overall health of the United States economy?

In Q2, perceptions of the U.S. economy's health declined. However, more than half of respondents believed that the overall condition of the nation's economy was either average or somewhat good.



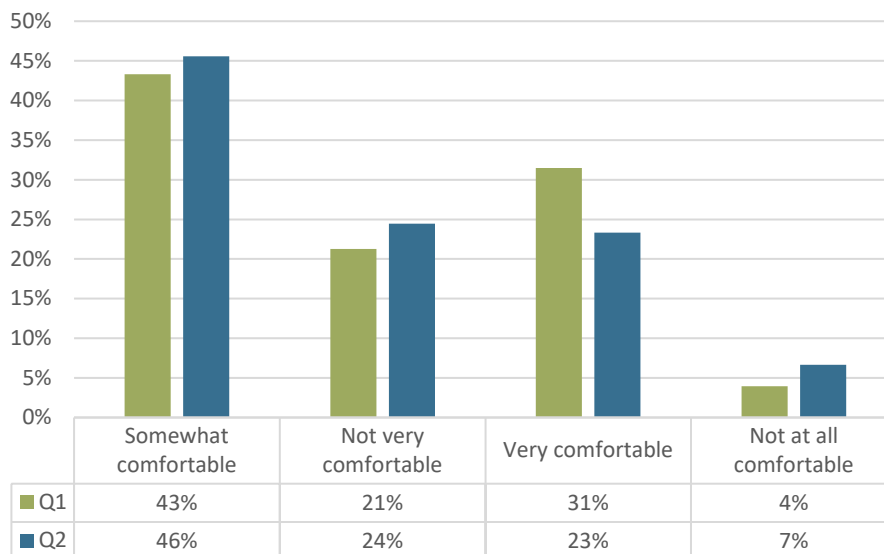
4. How would you rate the overall health of the economy in our local area?

Confidence in the regional economy slipped slightly in the second quarter, where more respondents viewed it as average.



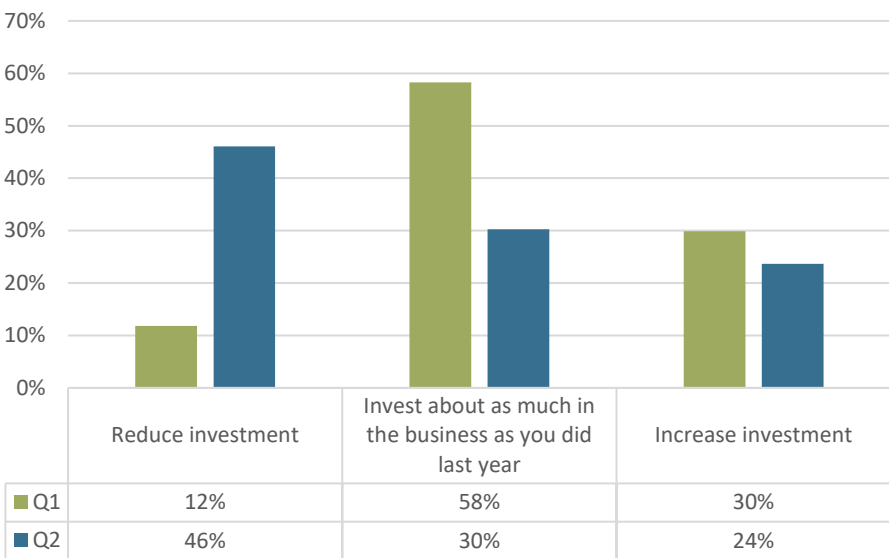
5. How comfortable are you with your company's current cash flow situation?

Comfort with available cash flow dipped modestly among respondents in the second quarter.



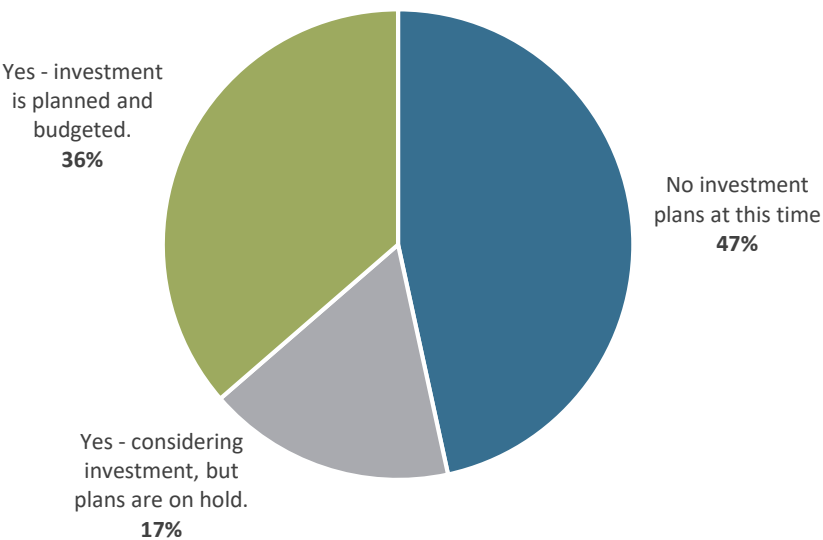
6. For the year ahead, do you plan to increase, reduce, or invest about as much as you did last year?¹

Businesses seemed to be more cautious about investing in the second quarter compared to the first quarter.



7. Do you plan to make any significant capital investments (e.g., equipment, technology, property improvements) to support your business growth within the next six months?

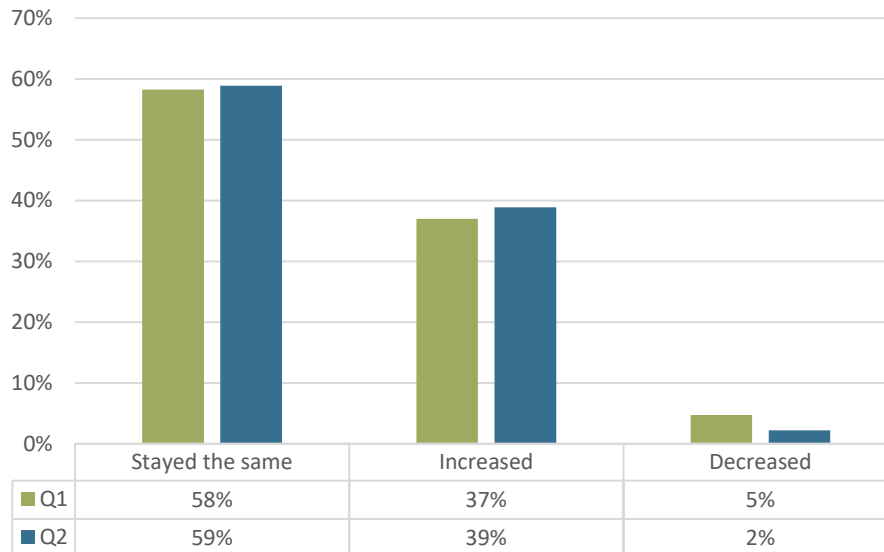
More than half of respondents plan to make a short-term capital investment, with 36% indicating that the investment is both planned and budgeted.



¹ 18.9% of survey respondents selected that they did not know about their plans for investment in the year ahead.

8. 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 line with the first quarter, the perceived regulatory burden among respondents stayed the same or increased compared to six months ago.



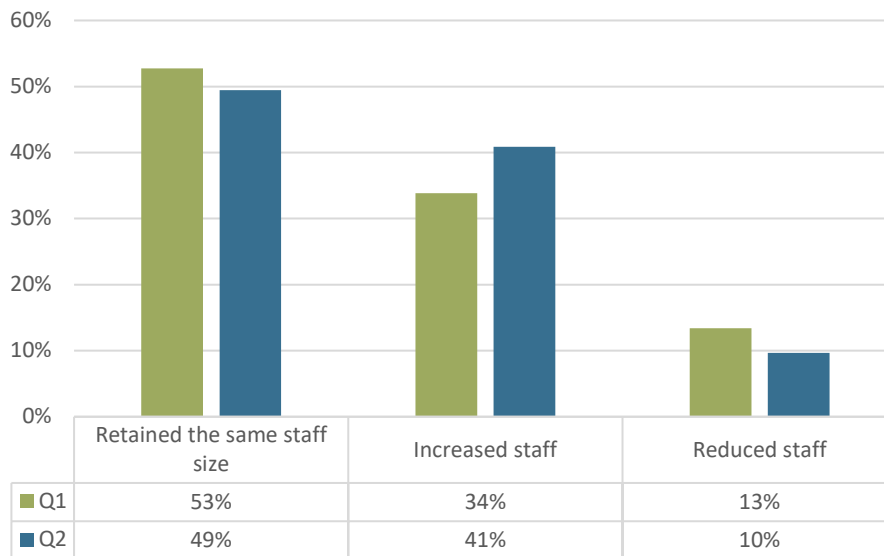
9. What government policies or regulations have had a negative effect on your business this year?

Taxes, tariffs, and increased state and federal regulations were identified as significant barriers affecting local businesses negatively.



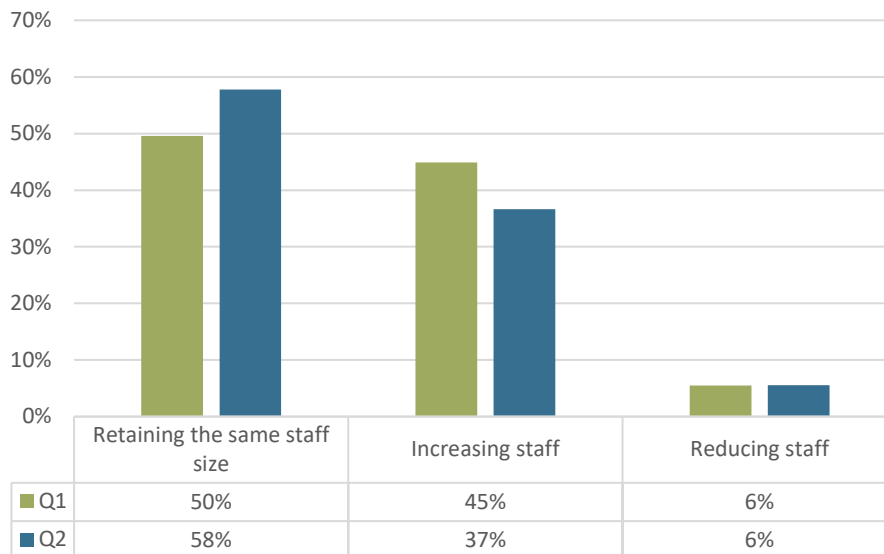
10. Over the past year, would you say you have increased, decreased, or retained the same staff size?

More respondents reported an increase in staff in the second quarter, while a similar number retained staff.



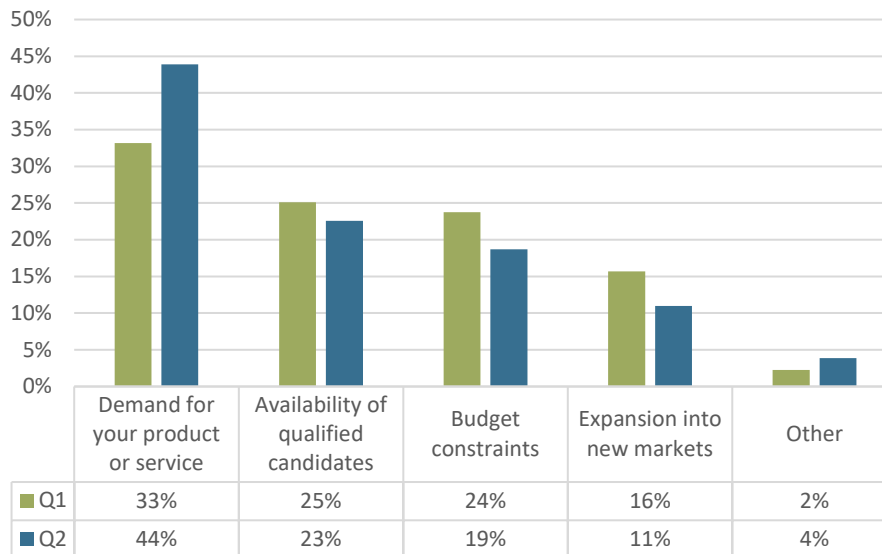
11. In the next year, do you anticipate increasing, reducing, or retaining the same staff size?

Over half of respondents intend to maintain their current staff size, while only 37% plan to increase their workforce, a decrease compared to first quarter results.



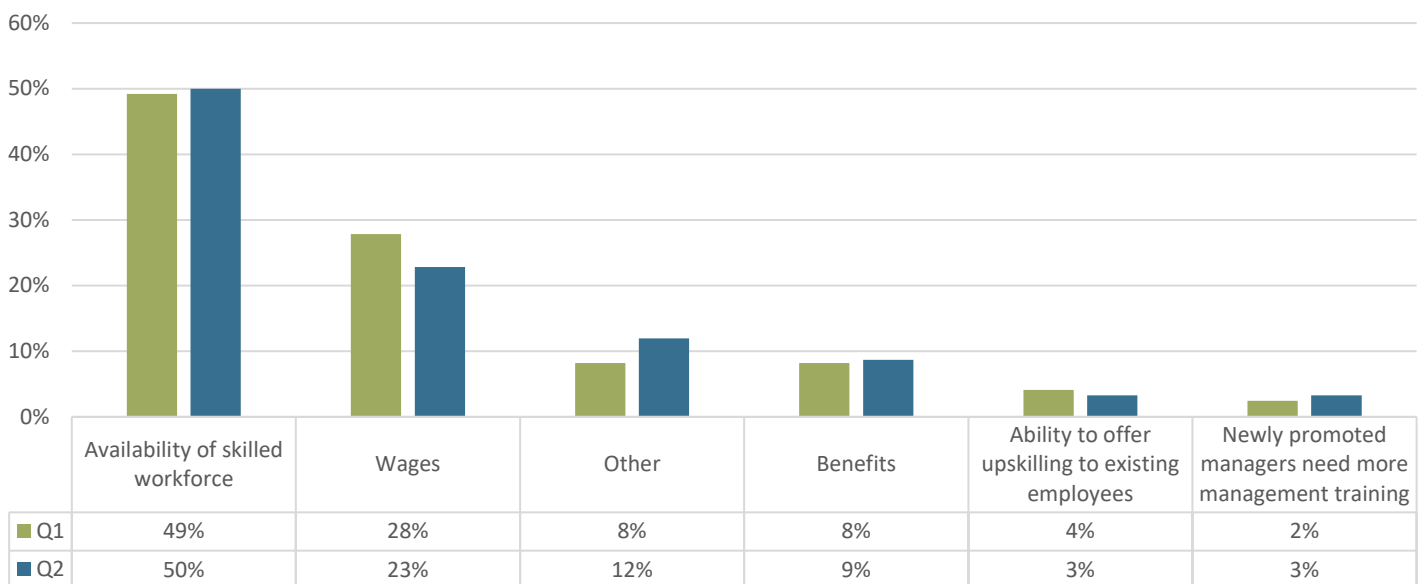
12. What factors will most influence your staffing decisions in the year ahead?

The main variable affecting staffing decisions next year was demand for products and services.



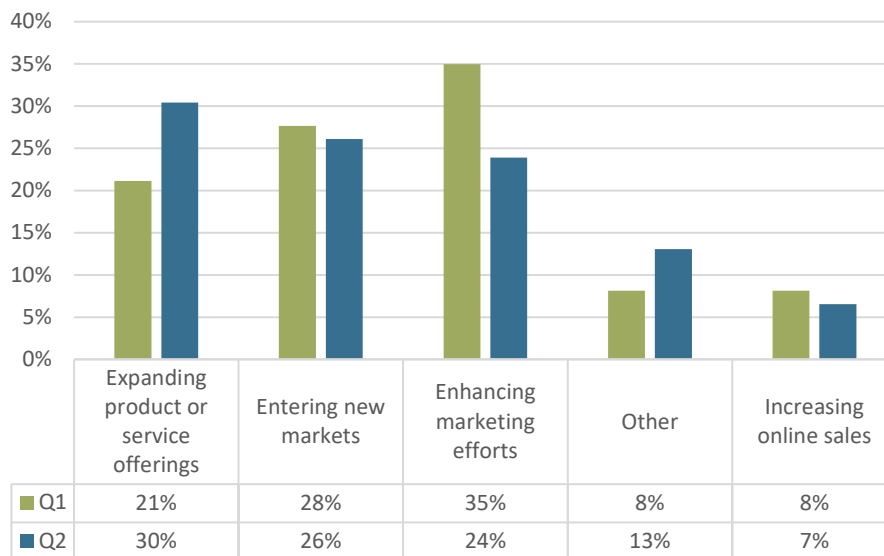
13. What is the biggest barrier to attracting or retaining employees for your business?

The main challenge identified by respondents in attracting or retaining employees is the perceived lack of a skilled workforce, following first-quarter trends.



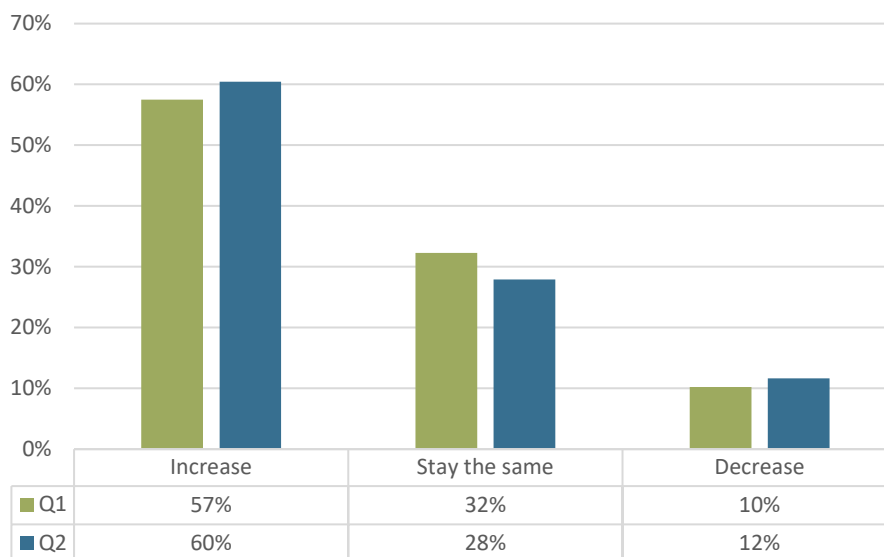
14. What do you see as the biggest opportunity for revenue growth in the year ahead?

In Q2, respondents identified expanding product or service offerings and entering new markets as the most significant opportunities for revenue growth in the year ahead. This differs significantly from the first quarter, where enhancing marketing efforts was the primary focus.



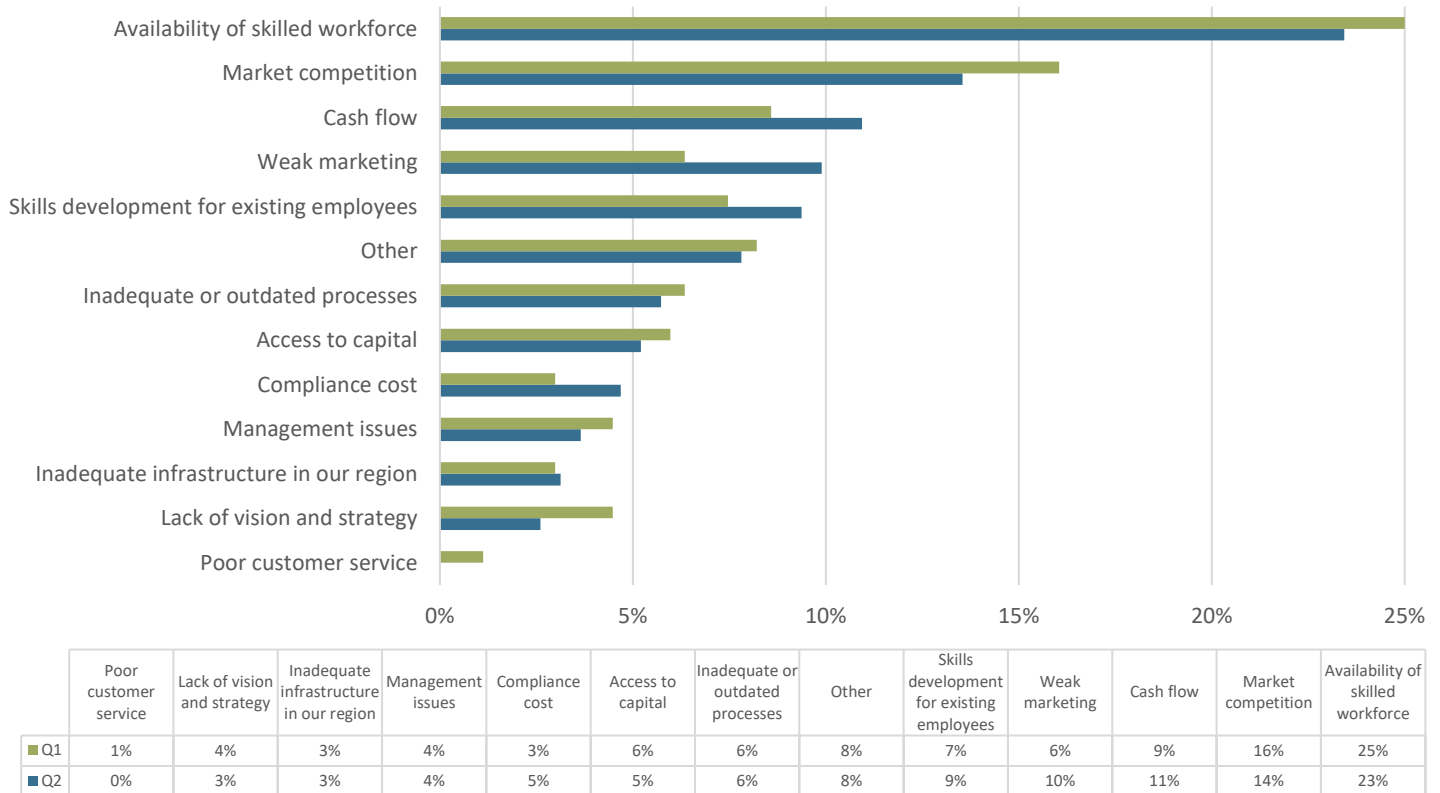
15. For the year ahead, do you expect revenue to increase, decrease, or stay the same?

Over half of respondents expect revenue to rise in the coming year, with 90% anticipating either an increase or that revenue will remain the same.



16. What are your top barriers to business growth?

Respondents identified the availability of a skilled workforce as the top barrier to business growth in both the first and second quarters.



National Survey Results

Small Business Index

The MetLife and U.S. Chamber of Commerce Small Business Index (SBI) was conducted April 16 to May 5, 2025. The Ipsos poll surveyed a sample of 760 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.

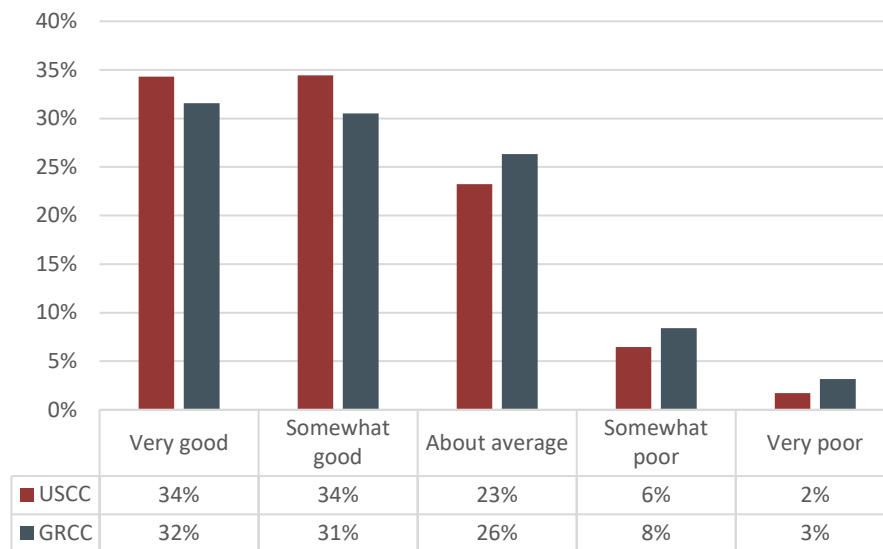
Current Sentiment

The following is a comparison of key results between the Greater Rockford Chamber of Commerce Q2 2025 Business Sentiment Survey and the U.S. Chamber of Commerce Small Business Index for Q2 2025. Compared to the SBI results, businesses in the Rockford Region were more positive about the U.S. economy than their national counterparts but less likely to increase investment in their company in the year ahead. A majority of respondents in both surveys considered the overall health of their business to be good.

Responses

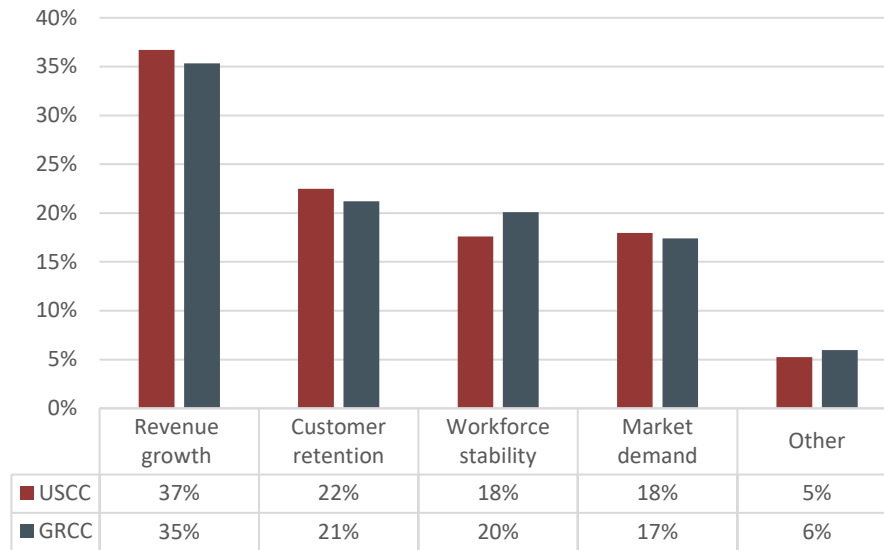
1. How would you rate the overall health of your business?

Most respondents, both locally and nationally, believe that their businesses are in good health.



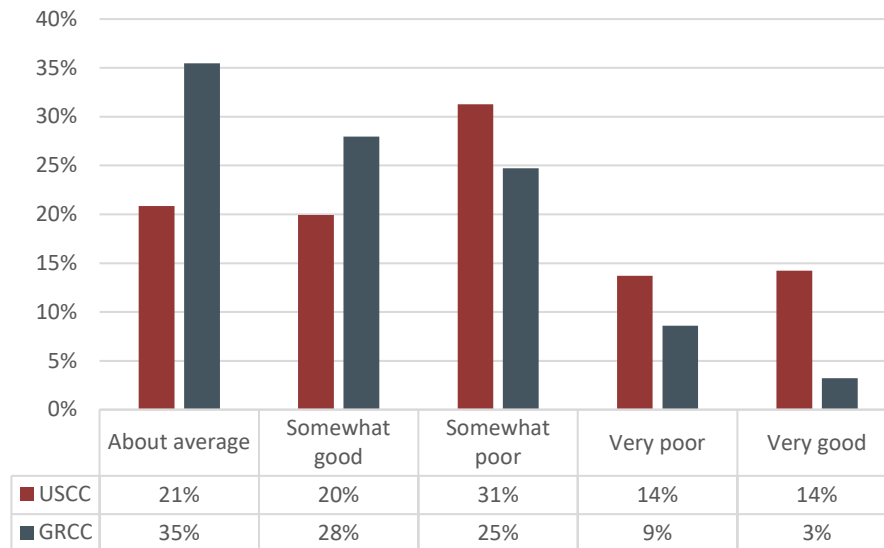
2. What factors most influence your perception of your business's overall health?

The factor that most influenced perceptions of overall business health was revenue growth, with customer retention a distant second.



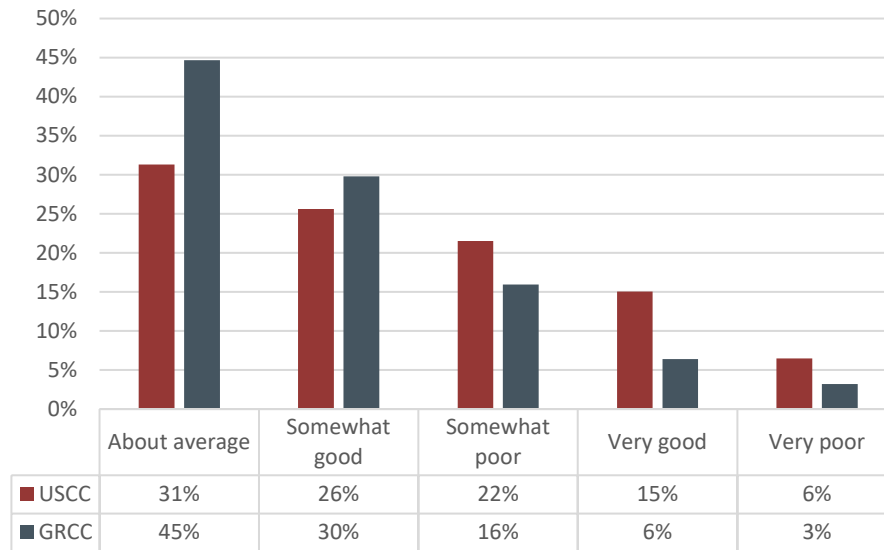
3. How would you rate the overall health of the United States economy?

In the second quarter, local respondents believed the health of the U.S. economy was stronger than that of national respondents.



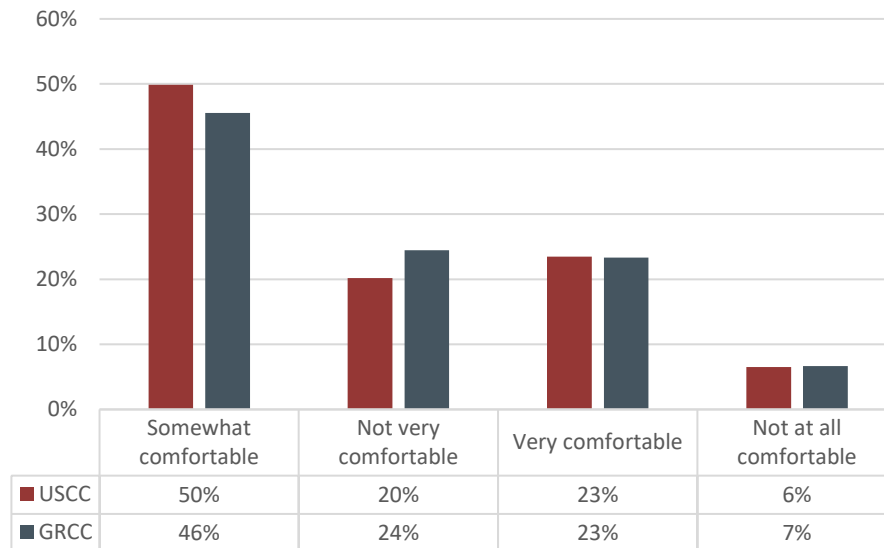
4. How would you rate the overall health of the economy in your local area?

Local respondents expressed stronger confidence in the local economy compared to national respondents.



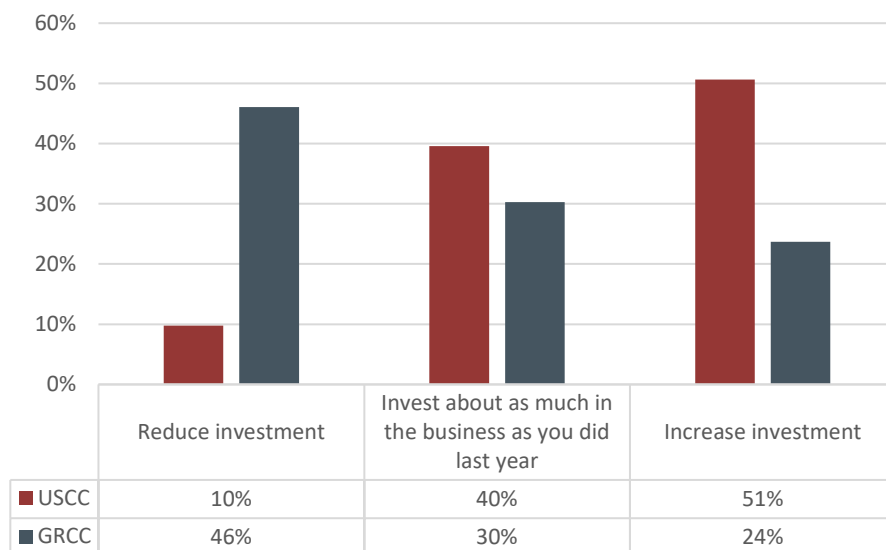
5. How comfortable are you with your company's current cash flow situation?

Respondents in both surveys showed a similar comfort level with cash flow, although local results were slightly lower.



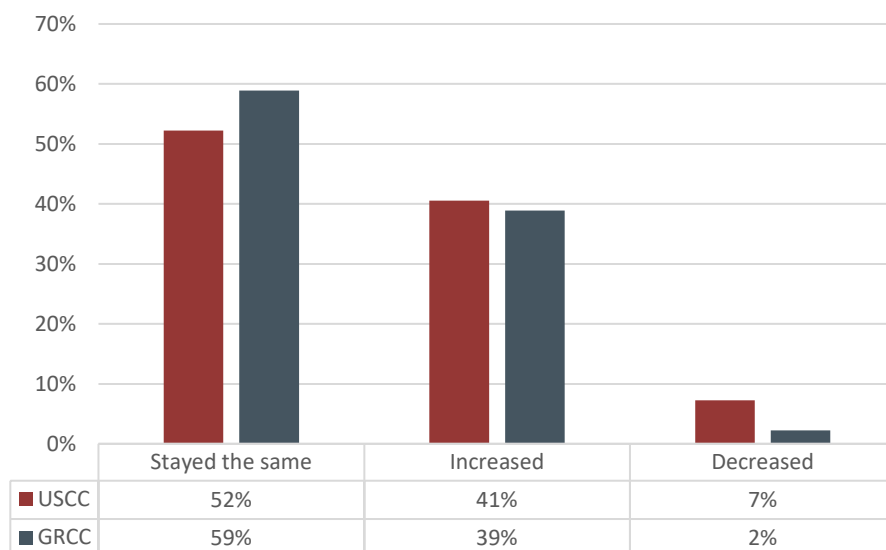
6. For the year ahead, do you plan to increase, reduce, or invest about as much as you did last year?

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



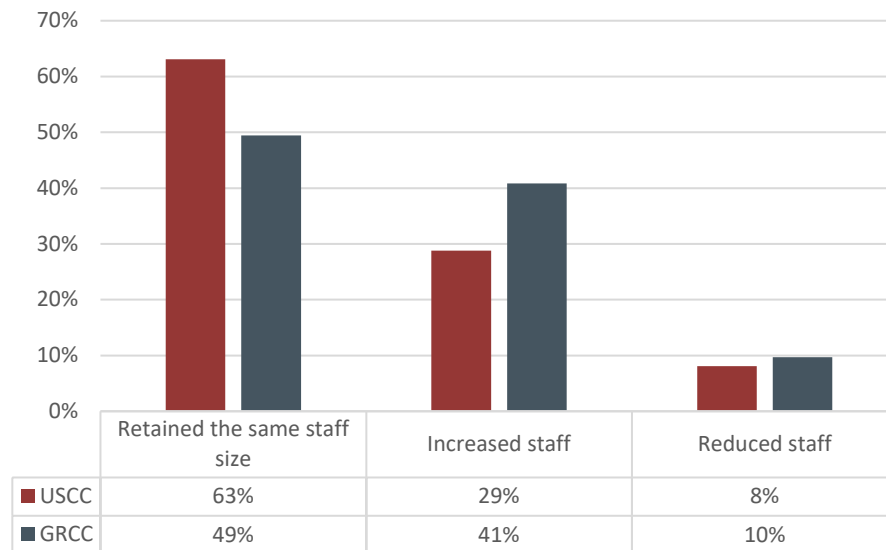
7. Compared to six months ago, has the time or resources you spend completing licensing, compliance, or other government requirements increased, decreased, or stayed the same?

More than half of respondents nationally and locally believed the time or resources they spent complying with government requirements stayed the same.



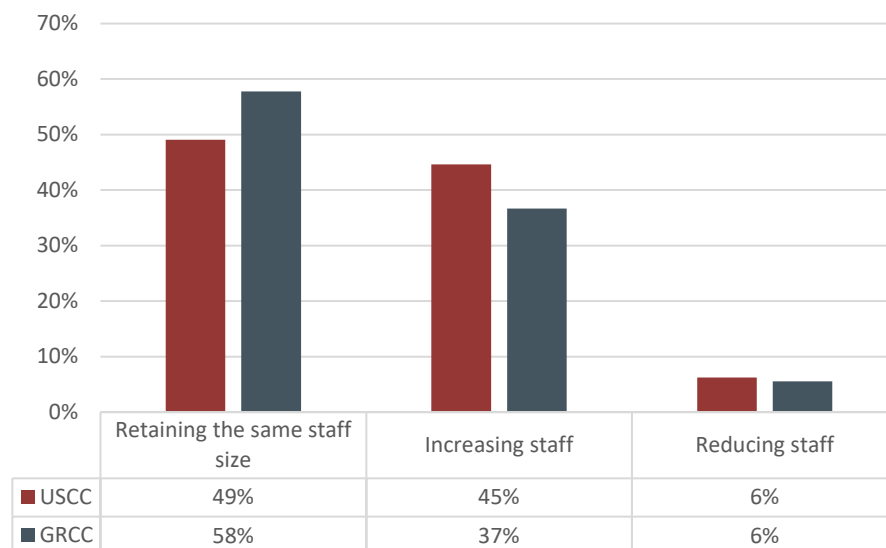
8. Over the past year, would you say you have increased, decreased, or retained the same staff size?

Over the past year, 91.9% of national respondents and 90.3% of local respondents reported increasing or retaining the same staff size.



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

In the coming year, a significant number of local (94.4%) and national (93.8%) respondents intend to increase or maintain their staff size.





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