

Business Owners Optimistic on National and Local Economy

- 78% of small and mid-sized business owners are optimistic about prospects for their own business, near the 23-year survey high mark of 79% recorded a year ago.
- Half of owners are optimistic about the national economy, just under the survey-high level of 56% recorded last fall.
- 56% are optimistic about their local economy, compared to 62% six months ago.

PITTSBURGH, March 3, 2025 /PRNewswire/ -- PNC's latest semi-annual survey of small and mid-sized business owners, which concluded Feb. 4, indicates sustained optimism not just for their own businesses, but for the national and local economies as well.

Nearly eight in 10 (78%) business owners are optimistic about prospects for their own business, little changed from last fall (76%) and near the all-time high (79%) for the survey, recorded a year ago.

Now in its 23rd year, the survey found 50% of owners are optimistic about the national economy hovering just under the survey-high levels recorded last fall (56%) and spring (55%), while a majority (56%) are optimistic about their local economy – a drop from the survey-high mark measured a year ago (63%).

"The latest results from PNC's survey of small and mid-sized businesses demonstrate the U.S. economy remains in solid shape in the spring of 2025, with continued strong demand and a good labor market," said Gus Faucher, Chief Economist of the PNC Financial Services Group.

Higher revenue businesses are among those more likely to be optimistic about the national and local economy as well as prospects for their own business. This same tier of business owners is most likely to anticipate increasing sales in the coming months and to expect to see an increase in profits in the next six months.

"Demand from both consumers and businesses is increasing, driving solid gains in revenue and profit across industries. The U.S. economy should continue to expand through the rest of this year and into 2026, supporting small and mid-sized businesses," Faucher said.

Zooming out, the overall portion of business owners expecting increasing sales in the coming six months is unchanged since fall (65%) and up from last spring (55%). In parallel, profit expectations for the next six months remain steady with a majority (57%) expecting an increase, matching the reading last fall and near the level from a year ago (52%).

Manufacturing and construction sector businesses are among those most likely to expect sales increases while services businesses are least likely to expect an increase.

Other findings in the survey include:

- **Inflation Concern Continues:** Inflation is the predominant concern among business risks for owners, with more than four in 10 (43%) extremely concerned, unchanged from six months ago and more than double the level from last spring (20%).
- **Prices Down from Peak:** Just over half (53%) of business owners plan to increase prices in the next six months, a drop from last fall (61%) and approaching the level from a year ago (47%). Among businesses expecting to increase customer prices, two in 10 (20%) plan to raise them by 5% or more, about half as many as last fall (38%).
- **Holding off on Hiring:** Fewer than two in 10 (15%) business owners expect to increase the number of full-time employees in the next six months, similar to the level last fall (18%) and significantly less than a year ago (21%).
- **Stocking Up:** The portion of business leaders predicting an increase in inventory in the next six months is at a survey high (42%), similar to last fall (41%) and up from (34%) a year ago.
- **Forecasting Fall in Cash Reserves:** A quarter (26%) of business owners are expecting their cash reserves to be lower next year than they are now, up significantly from last fall (17%) and a year ago (7%).

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Methodology

The PNC Economic Outlook survey was conducted by telephone from 1/2/2025 to 2/4/2025, among small and mid-sized business owners/leaders with self-reported revenue of \$100,000 to \$250 million. 500 interviews were conducted nationally. Sampling error for the nationwide results is +/- 4.4% at the 95% confidence level. The survey was conducted by Artemis Strategy Group (www.ArtemisSG.com), a communications strategy research firm specializing in brand positioning and policy issues. The firm provides communications research and consulting to a range of public and private sector clients. **DISCLAIMER:** This report was prepared for general information purposes only and is not intended as specific advice or recommendations. Any reliance upon this information is solely and exclusively at your own risk. **NOTE:** The sum of percentages may not add to the total due to rounding.

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