



NATIONAL CENTER FOR
THE MIDDLE MARKET



THE OHIO STATE
UNIVERSITY

FISHER COLLEGE
OF BUSINESS

Mid-Year | 2025

MIDDLE MARKET INDICATOR

**Growth, Confidence,
and Investment Decline
due to Uncertainty**

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Executive Summary

At the halfway point of 2025, the U.S. middle market continues to report robust, but weakening, growth numbers. Nearly four out of five companies say performance is improved compared to one year ago, and most companies report – and continue to project – growth. However, the rates of both year-over-year revenue and year-over-year employment growth have dropped notably for middle market companies across all revenue bands. Expansionary activity, economic confidence and investment appetites have dipped as well, with some of these metrics declining for the first time in several years. The primary issues behind the softening numbers include inflation and rising costs, the impact and potential impact of current and future tariffs and trade policies, and overall economic uncertainty that may be causing many middle market executives to adopt a “wait-and-see” mindset.

Throughout the post-pandemic period (Q4 2021 – Q5 2025), middle market companies have reported an average year-over-year revenue growth rate of 12.4%. After rising steadily for many consecutive reporting periods, the rate of growth slipped below that average at the end of 2024. It has declined further over the past six months, but it remains in double digits at 10.7%, well above the overall average revenue growth rate of 7.5%. While 84% of companies report revenue growth, and just 7% of companies experienced revenue losses this reporting period, the proportion of companies experiencing double-digit year-over-year growth fell four percentage points, from 55% to 51%.

The rate of year-over-year employment growth fell even more sharply, from 10.3% recorded at the close of 2024 to 7.3% midway through 2025. As with revenue, the current growth rate is below the average employment growth rate for the post-pandemic period (10.1%) but above the overall average rate of 5.1%. The proportion of companies reporting employment growth declined this period as well, with the

number of companies expanding the workforce by 10% or more falling notably from 44% to 36% over the past six months. Two out of five companies say the size of the workforce has stayed the same, while just 8% report workforce reductions.

As growth rates slow, middle market leaders signal more conservative attitudes toward reinvesting profits in their business, with more companies indicating a desire to hold onto their cash. Weakening economic confidence, particularly in the U.S. economy, may also be contributing to an apparent hesitancy to spend on growth. All types of expansionary activity have declined over the past 12 months, including new product introductions and expansion into new domestic markets. Interest in mergers and acquisition is reduced as well, with fewer middle market leaders expecting a transition in ownership over the next 24 months.

Still, leaders say that growing revenues and increasing sales is their number one strategic objective and that customer acquisition is a leading area of focus and investment for their businesses. Indeed, nearly two-thirds of businesses anticipate year-over-year revenue growth into 2026, but at a slowing rate of 8.1%.

As companies look to realize their growth projections, they will contend with ongoing economic uncertainty as well as the impacts of inflation and new tariffs and trade policies. For nearly half of companies, the potential business impact of future changes in tariffs or trade policy presents a significant concern. Increased customer prices are the leading outcome of trade and tariffs, followed by reduced profit margins and increased input and material costs.

Middle Market Indicator

from the National Center for the Middle Market

THE MIDDLE MARKET INDICATOR (MMI) FROM THE NATIONAL CENTER FOR THE MIDDLE MARKET IS A BUSINESS PERFORMANCE UPDATE AND ECONOMIC OUTLOOK SURVEY CONDUCTED AMONG 1,000 C-SUITE EXECUTIVES OF COMPANIES WITH ANNUAL REVENUES BETWEEN \$10 MILLION AND \$1 BILLION.

There are nearly 200,000 U.S. middle market businesses that represent one-third of private sector GDP, employing approximately 48 million people. These businesses outperformed through the last financial crisis (2007–2010) by adding 2.2 million jobs across major industry sectors and U.S. geographies, demonstrating their importance to the overall health of the U.S. economy. They are private and public, family-owned and sole proprietorships; geographically diverse; and found across almost all industries. The health of these businesses and their respective outlook serves as a solid indicator for the greater U.S. economy as a whole. (See www.middlemarketcenter.org: “The Market That Moves America,” seminal research on the definition, significance, and role of the middle market, October 2011.)

How is the research conducted?

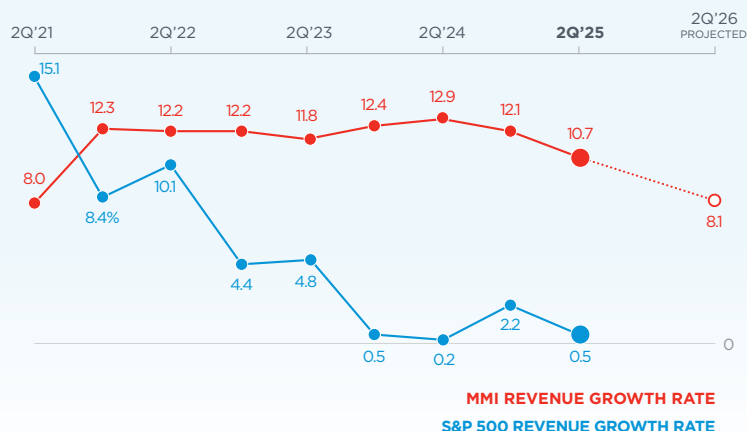
The MMI surveys 1,000 CEOs, CFOs, and other C-suite executives of America’s middle market companies on key indicators of past and future performance in revenue, employment, and allocation of cash. The survey also reports middle market company confidence in the global, U.S., and local economies, and identifies key business challenge areas. The survey was designed to accurately reflect the nearly 200,000 U.S. businesses with revenues between \$10 million and \$1 billion, the lower and upper limits of middle market annual revenue. The survey is designed and managed by the National Center for the Middle Market. The most recent survey reflected in this report was fielded in June 2025.



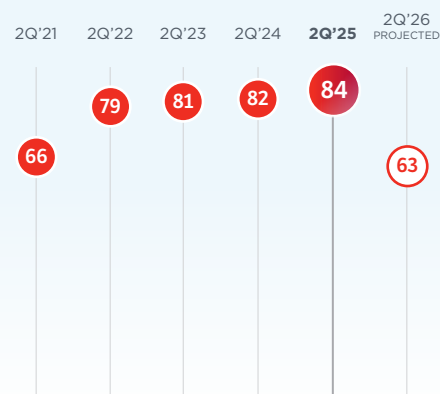
Revenue

Most companies continue to report strong year-over-year revenue growth but at a declining rate. At 10.7%, the rate of growth is at its lowest point in the post-pandemic era. Looking forward, increasing sales is a top strategic objective, but fewer businesses anticipate revenue growth over the next 12 months.

Past, current and projected revenue growth rates for the middle market and the S&P 500 (%)



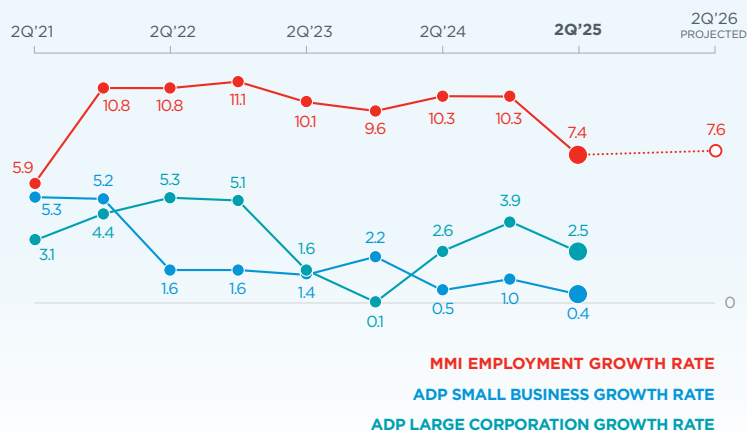
Percent of middle market companies reporting/projecting year-over-year revenue growth



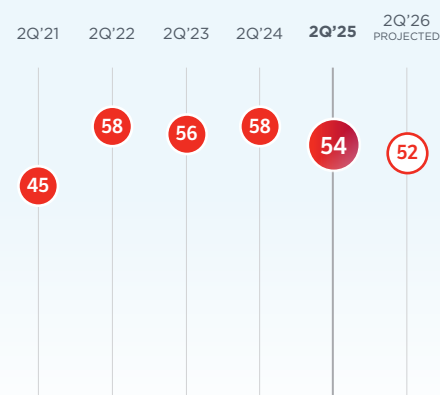
Employment

Fewer companies report increasing the size of the workforce compared to one year ago. Among the 54% of companies that added headcount, the rate of employment growth dropped nearly three points to 7.4%. Companies expect to continue to grow the workforce at this same slower rate into 2026.

Past, current and projected employment growth rates for middle market, small and large companies (%)



Percent of middle market companies reporting/projecting year-over-year employment growth



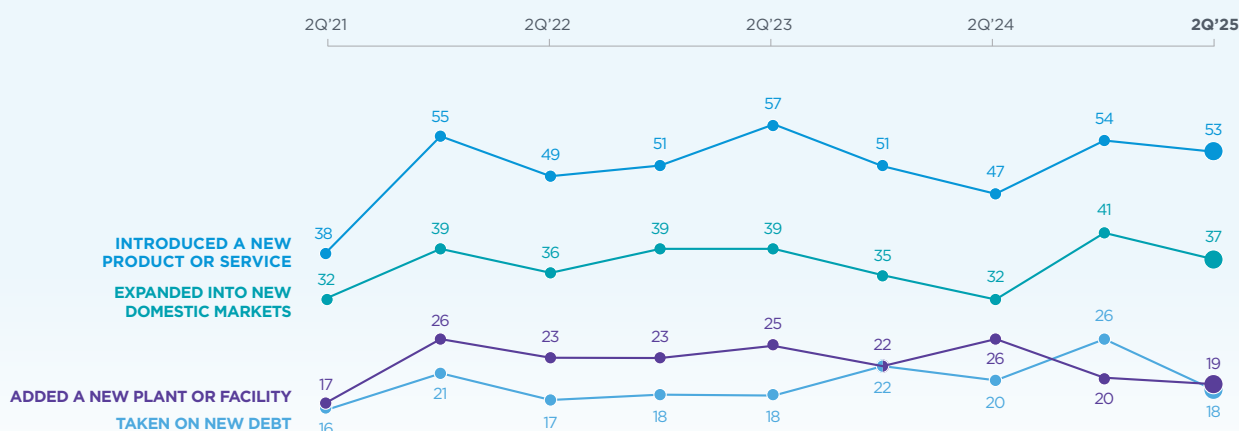
KEY FINDINGS



Expansion

Following an uptick last reporting period, expansionary activity declined over the past 12 months with the sharpest drop in the proportion of companies looking to take on new debt.

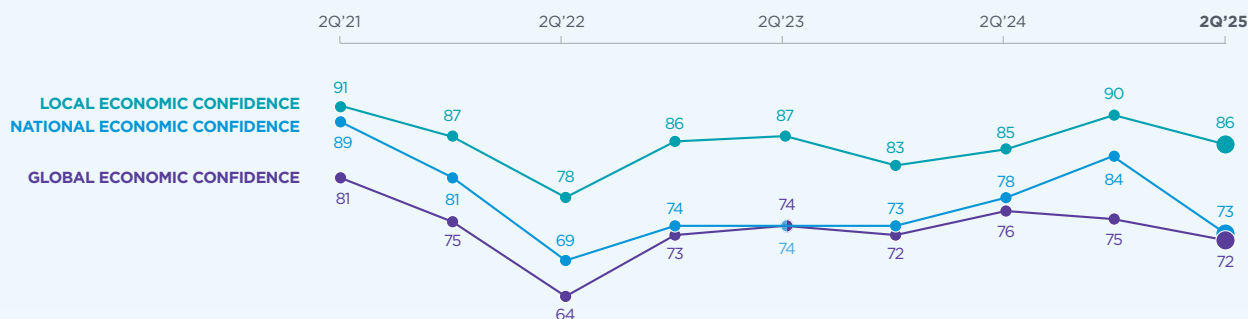
Percent of middle market companies engaging in expansion activities over the past 12 months



Economic Confidence

Global economic confidence continues to ease while confidence in the national economy plummeted 11 points since the close of 2024.

Percent of middle market leaders expressing confidence in the global, national and local economies

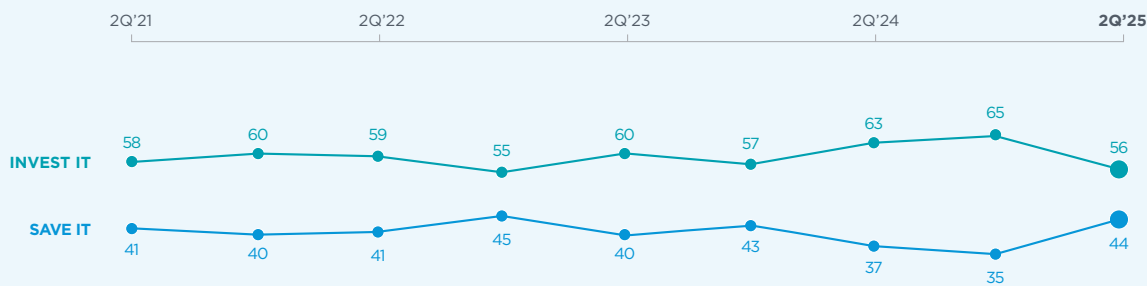




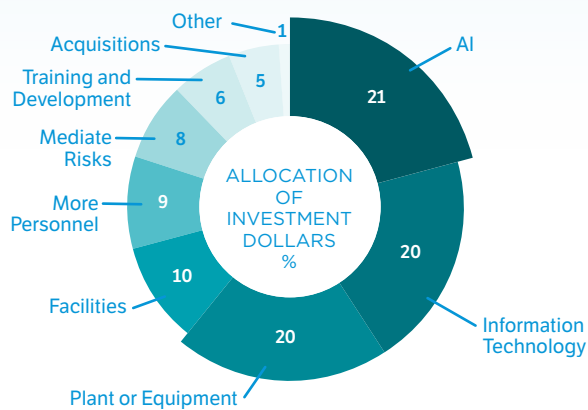
Capital Investment

Investment appetites notably contract as middle market leaders contend with economic uncertainty and rising costs.

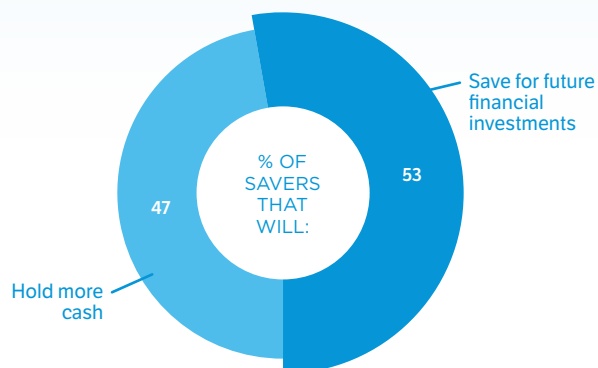
Percent of middle market executives who would invest vs. save an extra dollar



Artificial intelligence and other technologies are prime targets for investment dollars.



An increasing proportion of companies is inclined to stockpile cash.



Key Challenges

Leaders are most focused on inflation, economic uncertainty, and the impact of trade policy.

ECONOMIC & FINANCIAL CHALLENGES

- Inflation, rising costs of materials, services and inputs, economic uncertainty

WORKFORCE & TALENT CHALLENGES

- Attracting and hiring qualified talent, rising labor costs, wage pressure and compensation demands

OPERATIONAL & TECHNOLOGY CHALLENGES

- Data privacy and cybersecurity threats, maintaining operational efficiency

MARKET & REGULATORY CHALLENGES

- Impact of tariffs and trade policies and competitive pressure



The National Center for the Middle Market is the leading source of knowledge, leadership and innovative research focused on the U.S. middle market economy. The Center provides critical data, analysis, insights and perspectives to help accelerate growth, increase competitiveness and create jobs for companies, policymakers and other key stakeholders in this sector. Stay connected to the Center by contacting middlemarketcenter@fisher.osu.edu.



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