



NATIONAL CENTER FOR
THE MIDDLE MARKET



THE OHIO STATE
UNIVERSITY

FISHER COLLEGE
OF BUSINESS

Year-End | 2025

MIDDLE MARKET INDICATOR

Revenue Growth
and Investment Rebound

WITH FUNDING SUPPORT FROM

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Executive Summary

The U.S. middle market finished 2025 with a rebound in revenue growth and investment appetites coupled with strong growth projections for the year ahead. However, several key indicators, including employment growth rate and economic confidence, remain flat. While most companies continue to report improved year-over-year performance—85% report revenue growth for the year, and 56% say they increased headcount—this growth is not universal. Core and upper middle market companies with annual revenues of \$50M or more are driving the increases in both revenue and hiring while lower middle market businesses (\$10M - \$50M in annual revenues) have remained at the muted growth rates reported mid-year. Across the board, companies appear to be leaning into technology more intentionally than ever—AI is both a key investment area and a key challenge as companies look to achieve their growth goals for the year ahead.

The year-over-year revenue growth rate of 11.7% represents a full point increase from mid-year while remaining slightly below the post-pandemic average. More than half—53%—of companies continue to report growth of 10% or more. Notably, upper middle market companies (\$100M - \$1B in annual revenues) are significantly more likely than lower middle market businesses to report growing at these robust rates.

The difference between upper and lower firms is more pronounced in employment growth rates. Compared to one year ago, when 44% of all middle market companies reported employment growth of 10% or more, just 36% are currently increasing headcount at these elevated levels: 40% of upper companies, 44% of core companies and just 31% of lower companies. Across all revenue segments, hiring remains muted at 7.8% year-over-year employment growth—notably below the post-pandemic average of 9.8%. As hiring softens, the delta between the revenue growth rate and employment growth rate widens. While

there is little evidence of workforce reduction, companies do report significantly less difficulty in finding qualified talent compared to previous years.

National and local economic confidence remains largely guarded. Nevertheless, willingness to invest an extra dollar in the business as opposed to saving it has surged back to levels seen at the close of 2024, signaling confidence in growth opportunities. AI is the leading destination for investment dollars, and the gap between AI and other investment priorities is spreading. More than half of companies—53%—say they will invest in intelligence tools in the near term, up from 44% six months ago. At the same time, digital transformation has moved up the list of top strategic objectives, and more companies are citing technology upgrades and upskilling employees as key areas of operational focus as they look to improve productivity and save time. On average, companies say AI has replaced or reduced the need for human employees by 18%.

Challenges with new technology adoption and integration will be more of a headwind than ever as companies continue to figure out how best to leverage capabilities to drive business outcomes. Cybersecurity will be part of this equation, especially protecting data privacy and cloud security. Cost concerns continue to escalate, and economic uncertainty persists; however, fewer companies report apprehensions over the impact of tariffs and geopolitical instability.

Looking ahead, projections for both future revenue growth and employment growth rates are elevated. Despite some lingering economic misgivings, nearly two-thirds (65%) of companies are very confident that their industries will grow in 2026, with technology sector businesses in particular anticipating a strong year ahead.

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 outlooks serve as solid indicators 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?

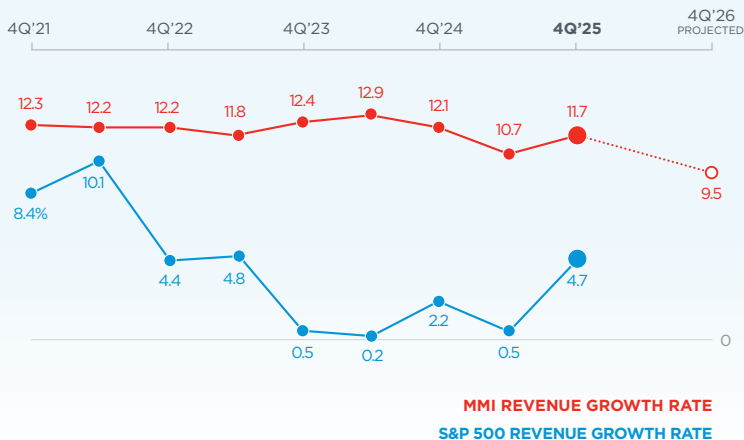
The MMI surveys 1,000 CEOs, CFOs and other C-suite executives of America’s middle market companies on key indicators of past and future performance in revenue, employment and allocation of cash. The survey also reports middle market company confidence in the global, U.S. and local economies, and identifies 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 December 2025.



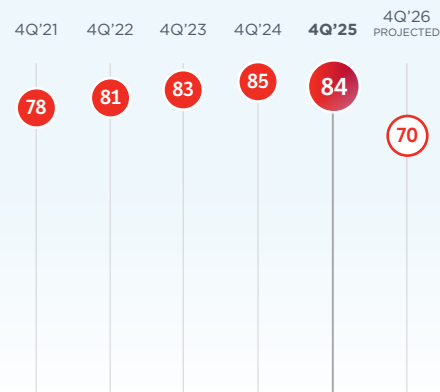
Revenue

Following a mid-year decline, the rate of year-over-year revenue growth accelerated back to 11.7%, just below the post-pandemic average of 12%. While projections for the future rate of growth are strong, fewer companies than a year ago predict growth in the year ahead.

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



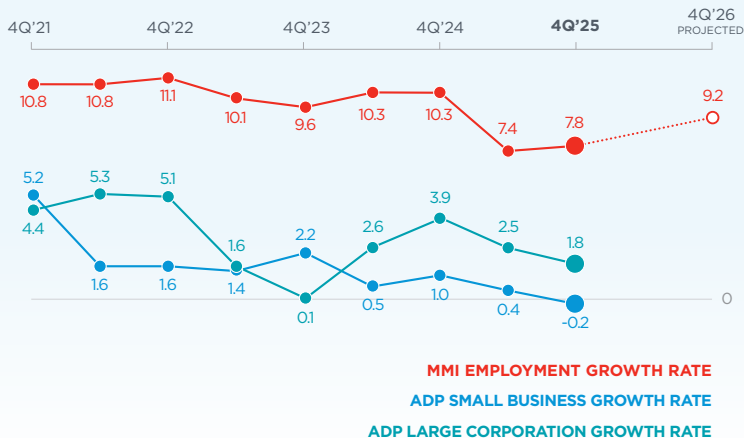
Percent of middle market companies reporting/projecting year-over-year revenue growth



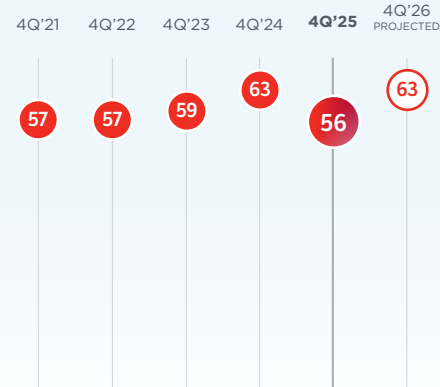
Employment

The rate of year-over-year employment growth rebounded slightly after falling sharply mid-year, but it remains soft compared to previous years. Projections for employment in 2026 are strong, with nearly two-thirds of businesses saying they will grow employment at an increasing rate.

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



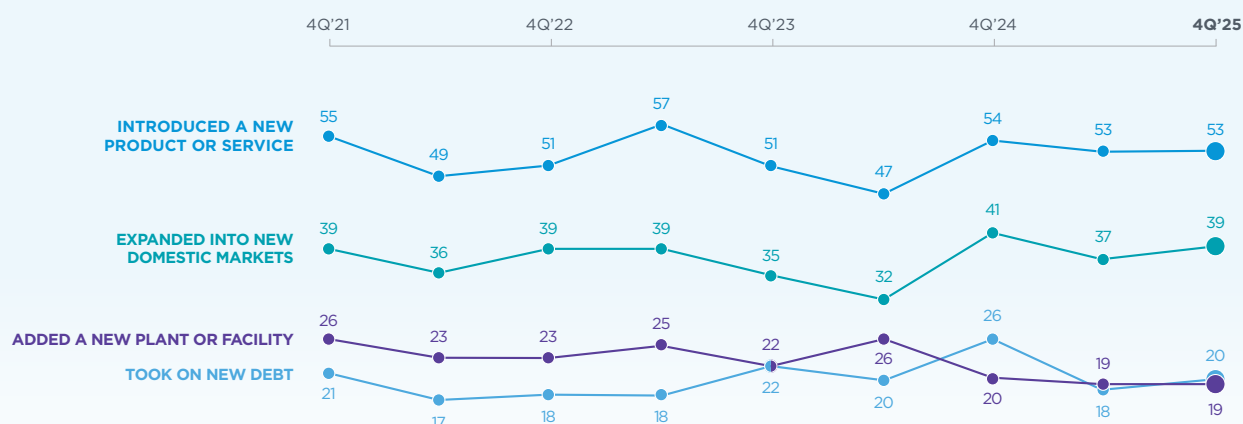
KEY FINDINGS



Expansion

Compared with mid-year, a similar proportion of companies report pursuing growth through new offerings, new markets, operational investments and/or new debt.

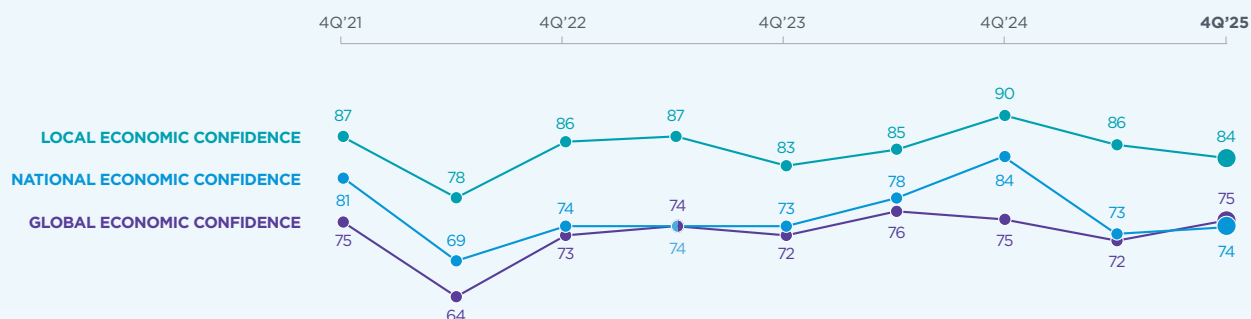
Percent of middle market companies engaging in expansion activities over the past 12 months



Economic Confidence

Economic confidence remains generally muted, with a slight uptick in global confidence, mirroring waning concerns over international trade and global instability.

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

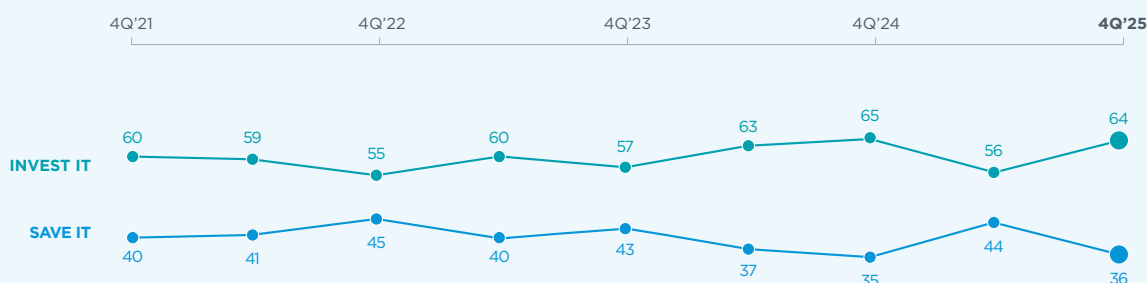




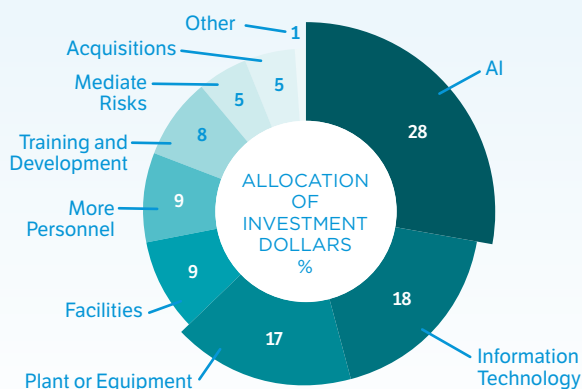
Capital Investment

Following a sharp decline mid-year, investment appetites rebounded to levels seen at the close of 2024.

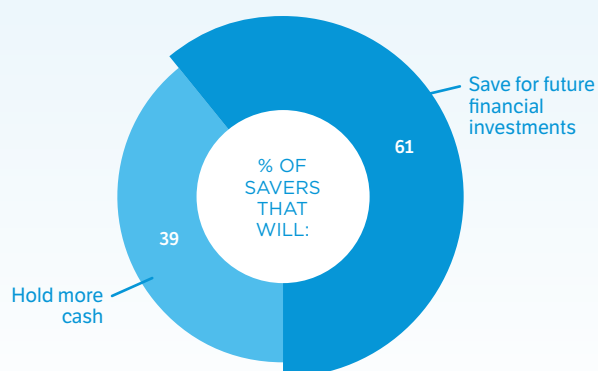
Percent of middle market executives who would invest vs. save an extra dollar



Artificial intelligence continues to increase its dominance as the leading destination for investment dollars.



The proportion of companies holding cash has dropped eight points since mid-year, with most savers earmarking funds for future investments.



SOME DATA DO NOT TOTAL 100% DUE TO ROUNDING



Key Challenges

Cost pressures and economic uncertainty persist as technology adoption and integration challenges escalate.

ECONOMIC & FINANCIAL CHALLENGES

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

WORKFORCE & TALENT CHALLENGES

- Attracting and hiring qualified talent, retaining employees, cost and availability of benefits

OPERATIONAL & TECHNOLOGY CHALLENGES

- Adopting and integrating new technology, data privacy and cybersecurity threats

MARKET & REGULATORY CHALLENGES

- Impact of tariffs and trade policies, 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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