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

WITH FUNDING SUPPORT FROM

CHUBB
VISA
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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

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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?

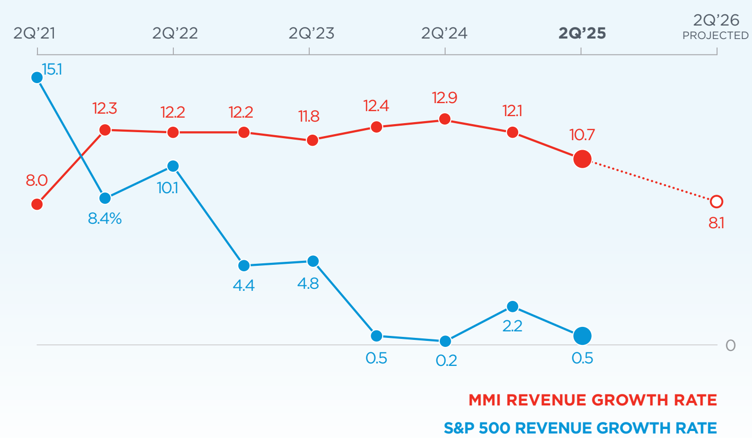
The MMI surveys 1,000 CEOs, CFOs, and other C-suite executives of America's middle market companies on key indicators of past and future performance in revenue, employment, and allocation of cash. The survey also reports middle market company confidence in the global, U.S., and local economies, and identifies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

FOR COMPLETE TRENDING, INDUSTRY & REGIONAL DATA, VISIT **MIDDLEMARKETCENTER.ORG**

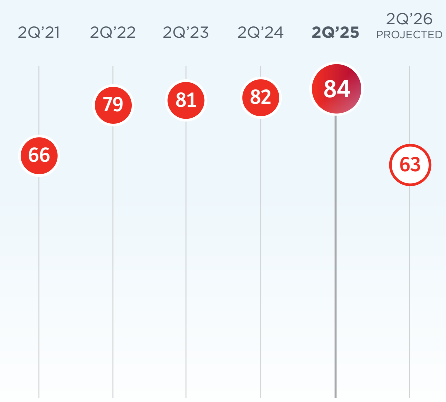
Revenue

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 (%)



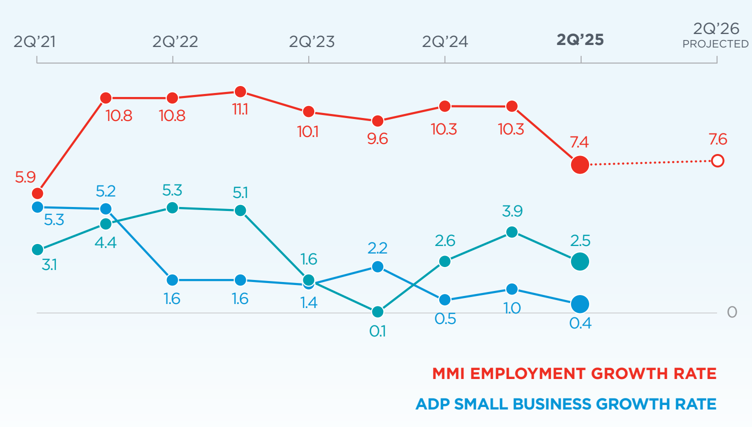
Percent of middle market companies reporting/projecting year-over-year revenue growth



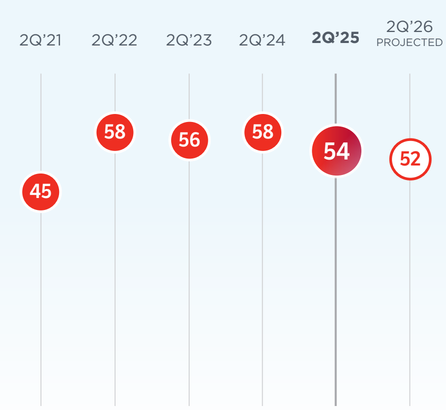
Employment

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 (%)



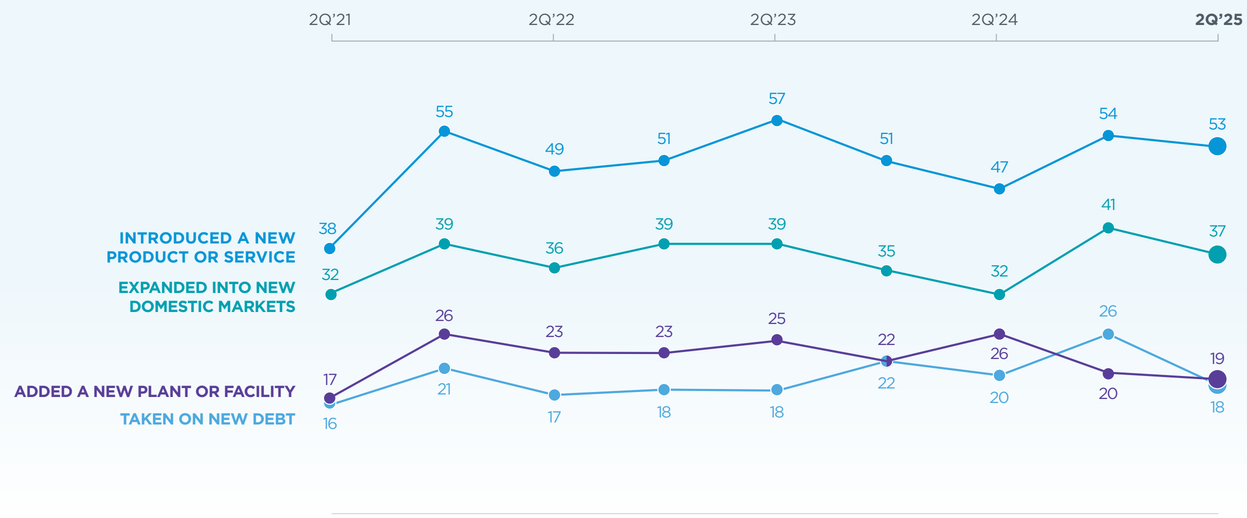
Percent of middle market companies reporting/projecting year-over-year employment growth



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.

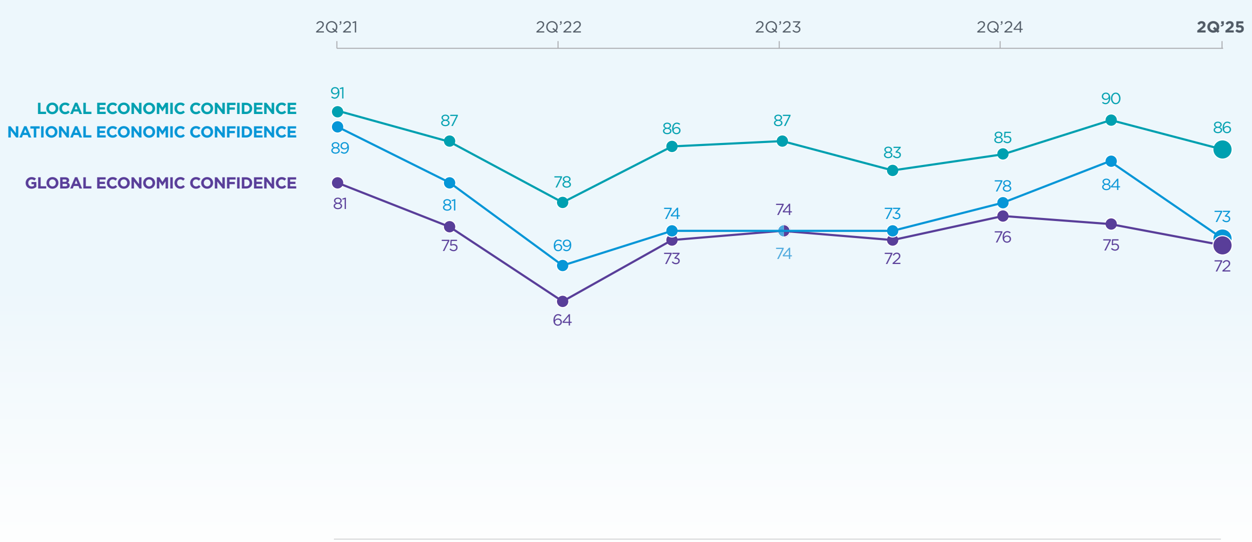
Percent of middle market companies engaging in expansion activities over the past 12 months



Economic Confidence

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

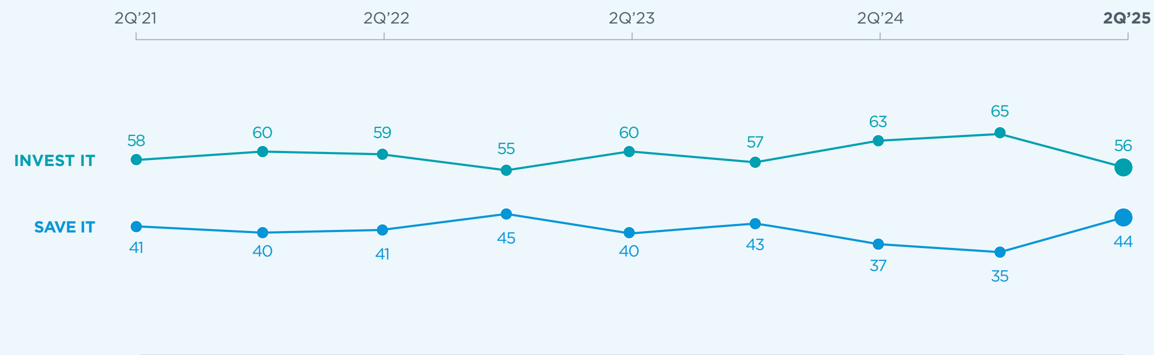
Percent of middle market leaders expressing confidence in the global, national and local economies



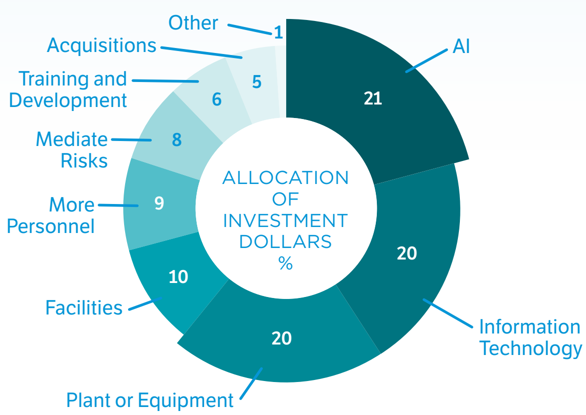
Capital Investment

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

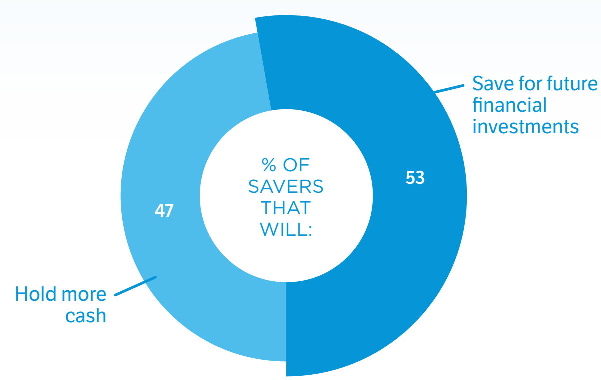
Percent of middle market executives who would invest vs. save an extra dollar



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

NATIONAL CENTER FOR THE MIDDLE MARKET

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**.

THE OHIO STATE UNIVERSITY
FISHER COLLEGE OF BUSINESS

The Ohio State University Max M. Fisher College of Business provides tomorrow's business leaders with the foundation needed to succeed in business today. Fisher students experience an academically rigorous learning environment, led by world-class faculty, which fosters their development as principled leaders who possess an entrepreneurial spirit, global awareness and a commitment to social responsibility. Organizations from around the globe thrive under the leadership of Fisher alumni, who positively impact their communities and the world. Learn more at **fisher.osu.edu**.

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Chubb is a world leader in insurance. With operations in 54 countries and territories, Chubb provides commercial and personal property and casualty insurance, personal accident and supplemental health insurance, reinsurance and life insurance to a diverse group of clients. The company is defined by its extensive product and service offerings, broad distribution capabilities, exceptional financial strength and local operations globally. Parent company Chubb Limited is listed on the New York Stock Exchange (NYSE: CB) and is a component of the S&P 500 index. Chubb employs approximately 43,000 people worldwide. Additional information can be found at: **chubb.com**.

VISA

Visa (NYSE: V) is a world leader in digital payments, facilitating transactions between consumers, merchants, financial institutions and government entities across more than 200 countries and territories. Their mission is to connect the world through the most innovative, convenient, reliable and secure payments network, enabling individuals, businesses and economies to thrive. They believe that economies that include everyone everywhere, uplift everyone everywhere and see access as foundational to the future of money movement. Learn more at **Visa.com**.

WELLS FARGO

Wells Fargo & Company (NYSE: WFC) is a leading financial services company that has approximately $2.0 trillion in assets. We provide a diversified set of banking, investment and mortgage products and services, as well as consumer and commercial finance, through our four reportable operating segments: Consumer Banking and Lending, Commercial Banking, Corporate and Investment Banking, and Wealth & Investment Management. Wells Fargo ranked No. 33 on Fortune's 2025 rankings of America's largest corporations. News, insights, and perspectives from Wells Fargo are also available at Wells Fargo Stories. Additional information may be found at **www.wellsfargo.com**
LinkedIn: **https://www.linkedin.com/company/wellsfargo**

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THE OHIO STATE UNIVERSITY

FISHER COLLEGE OF BUSINESS

Year-End | 2025

MIDDLE MARKET INDICATOR

Revenue Growth and Investment Rebound

WITH FUNDING SUPPORT FROM

CHUBB® VISA WELLS FARGO

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.

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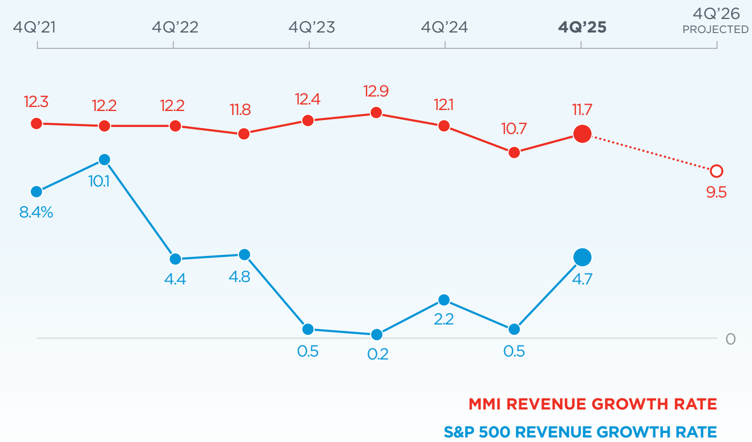
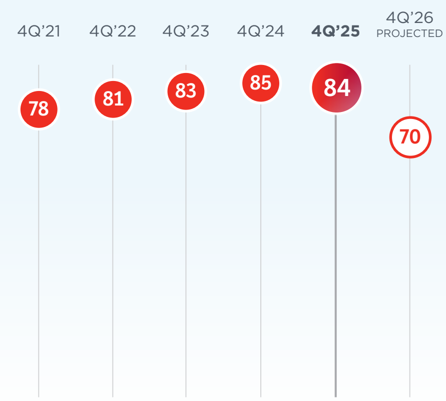
Revenue

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 (%)



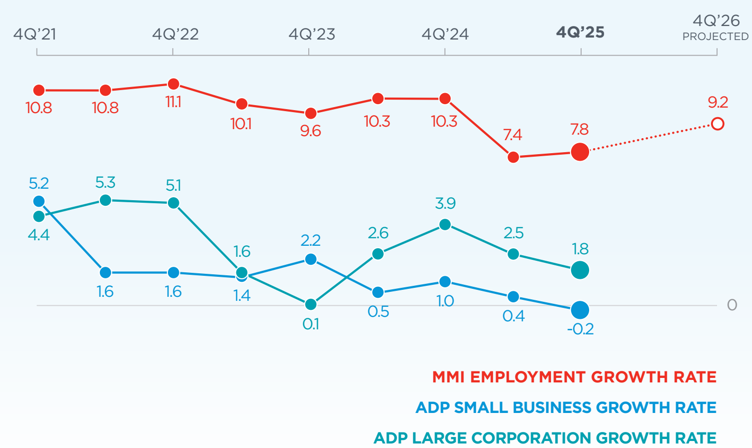
Percent of middle market companies reporting/projecting year-over-year revenue growth



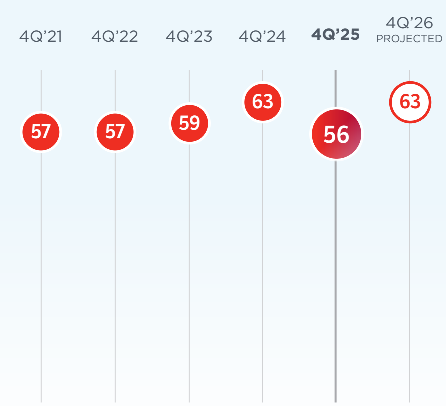
Employment

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 (%)



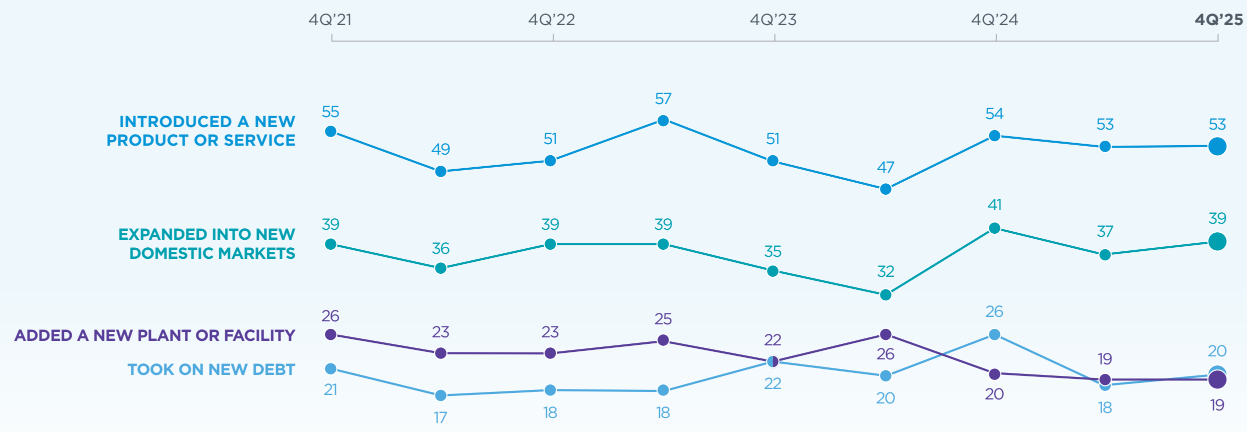
Percent of middle market companies reporting/projecting year-over-year employment growth



Expansion

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

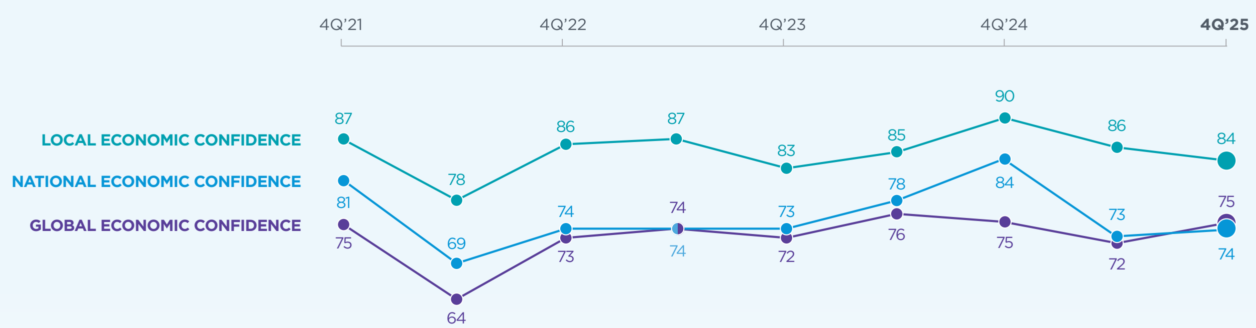
Percent of middle market companies engaging in expansion activities over the past 12 months



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



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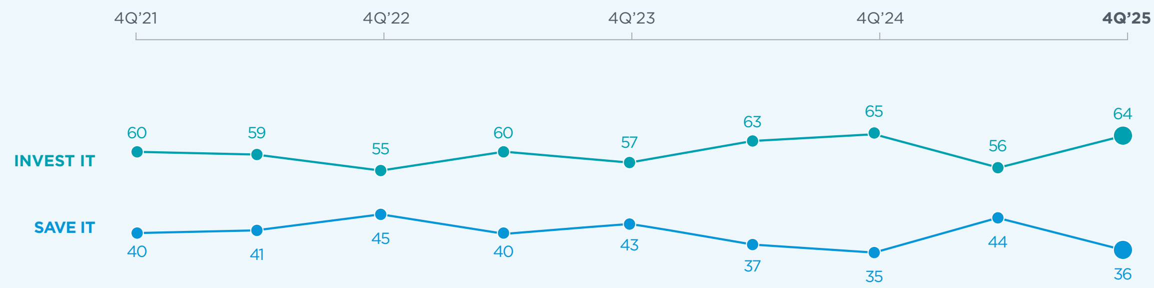
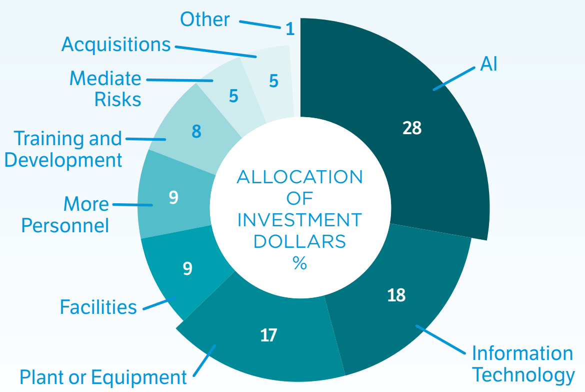
Capital Investment

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

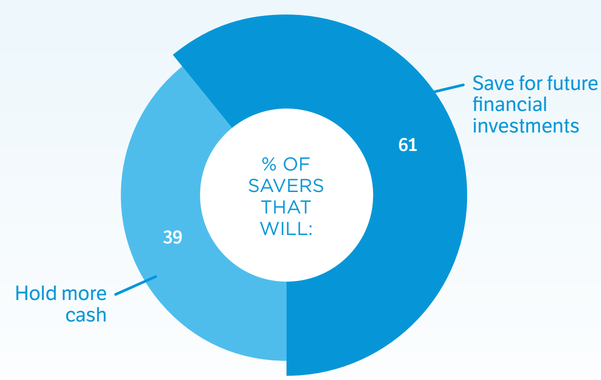
Percent of middle market executives who would invest vs. save an extra dollar



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

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