

A woman with short dark hair, wearing a grey long-sleeved shirt and a light-colored apron, is focused on her work in a floral shop. She is standing at a counter, reaching into a large metal bucket filled with small white flowers. In the foreground, there is a wooden table with a spray bottle and some floral arrangements. The background is filled with shelves of various plants and flowers, creating a busy and professional atmosphere. The entire image has a blue tint and a white text overlay in the center.

SMALL BUSINESS

UPDATED THROUGH APRIL 2026 | REGIONAL

Asani Sarkar

Takeaways | Small Business

- Regional firms of all sizes reported severe declines in revenues and employment growth in the 2025 survey and became more pessimistic about growth in 2026. In contrast, small firms in the rest of the nation enjoyed higher revenues and employment in 2025 and, while they also had lower expectations of future growth, the decline was smaller in magnitude.
- More regional firms reported lower than higher revenues in 2025 and lowered their expectations for revenue growth in 2026, with larger firms (with 10 or greater employees) struggling the most. These larger firms also had more difficulty raising prices and more of them reported weaker sales in 2025.
- The net share of regional firms expecting to generate employment in 2026 declined by 16 percentage points compared to 2025. Expectations of employment generation in 2026 declined markedly for all firms and, for the first time in the survey, large regional firms expected negative employment growth. Firms in the region have struggled to generate employment since the pandemic as more firms reported negative than positive employment growth in every year since 2020, except for 2023.
- In December 2024, the net share of firms in the region reporting profits was only 8%, below the national share of 13%. This is a continuation of a trend whereby regional businesses performed worse than national firms during the COVID-19 pandemic and have continued to struggle since then.
- As with national firms, debt per employee was steady in 2025 for regional firms. The fraction of firms that did not apply on the grounds that they did not need funds also declined.
- In the region, more firms of all sizes reported supply chain issues but fewer firms of all sizes reported difficulties with utilizing technology in 2025.

Full Report Highlights through April 2026

- **INFLATION**

Inflation rates have diverged following the March 2026 gasoline price shock, with Hispanic, Black, low-income and non-college households experiencing higher inflation than the regional average.

- **EARNINGS**

Average real earnings are higher in the region compared to the national average. Real earnings gaps across racial and ethnic groups, educational groups, and between men and women have generally remained in their long-run ranges.

- **EMPLOYMENT**

Labor market gaps have declined in the region at rates similar to those of the nation as a whole. However, the gender employment gap in the region has tended to decline faster and be lower than the national gender employment gap. Currently, racial and gender gaps have been decreasing, and education gaps have partially rebounded from record lows in accordance with national trends.

- **CONSUMER SPENDING**

Following the March 2026 gas price shock, higher-income groups in the region increased nominal gas spending more and cut real gas consumption less than did lower-income groups.

Full Report Highlights through April 2026 (continued)

- **SMALL BUSINESS**

Small businesses in the region struggled mightily this year, reporting large declines in revenues and employment growth more severe than those of national firms. Expectations of employment in 2026 were the most pessimistic since 2019 while anticipated revenue generation also decreased markedly for 2026.

Data & Methods

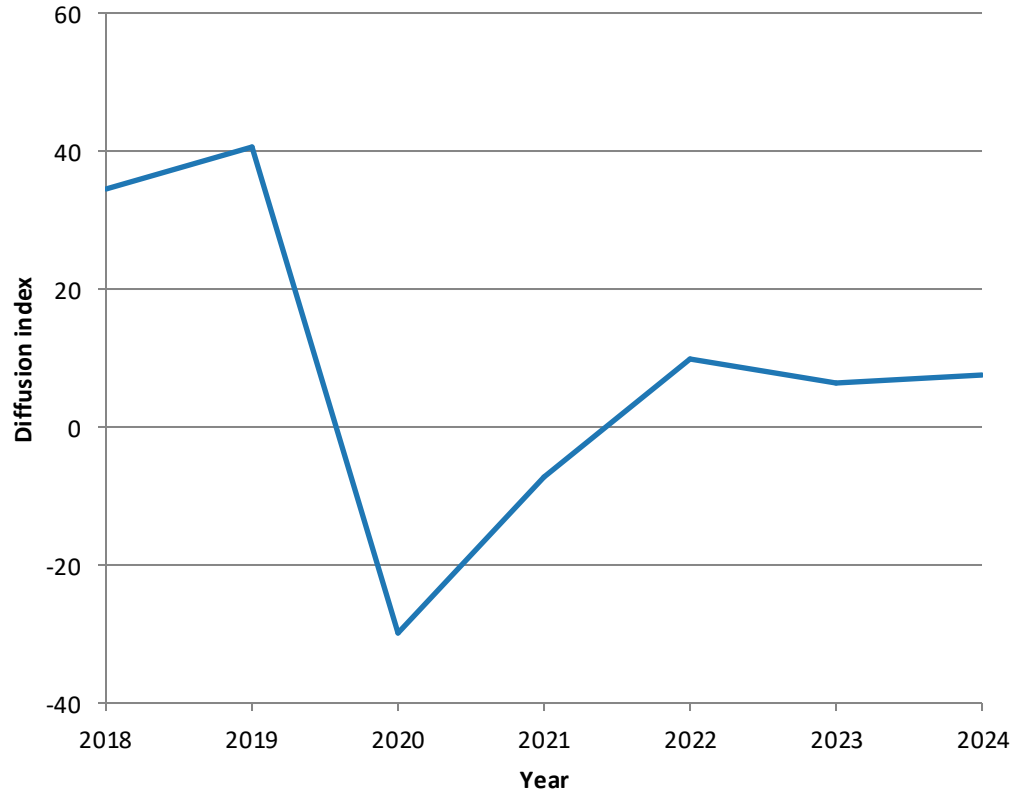
- Outcomes are reported from the Small Business Credit Survey (SBCS), a national survey of firms with fewer than 500 employees administered by the twelve Federal Reserve Banks annually between September and November of each year.
- The “region” refers to the entire states of New York, New Jersey, and Connecticut for this analysis.
- Profitability questions refer to profit levels for year-end before the survey year, which is reflected in the profitability charts. For example, the 2024 survey responses refer to profit levels at the end of 2023. All other questions refer to the twelve months preceding the survey.
- Survey respondents provide a range for their debt levels. We take the mid-point of this range as the respondent's debt level.
- The core survey questions remain consistent from year to year, covering firm demographics, performance, and financing. The questionnaire follows a "branching process," in which firms are directed to complete different modules based on previous answers.
- This analysis focuses on the subsample of "employer" firms, which have at least one part-time employee on payroll, in addition to the business owner.

Data & Methods (continued)

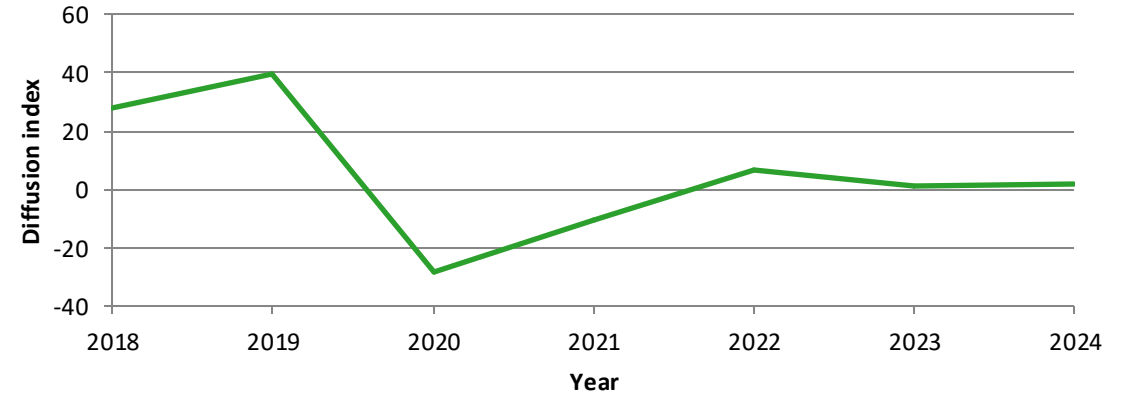
- Because the sample includes a non-random set of firms contacted directly by community organizations, the survey responses are weighted by industry, location, and demographics so that the adjusted sample distribution of firms mirrors the U.S. population of small firms.

Profitability, End of Year

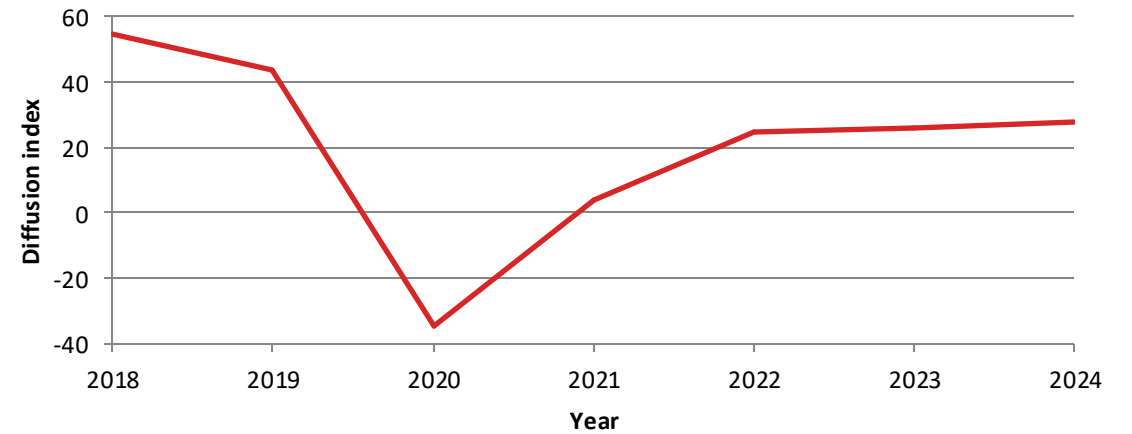
All Businesses



1-9 Employees



10+ Employees



Sources: Federal Reserve Banks, 2019-2025 Small Business Credit Surveys.

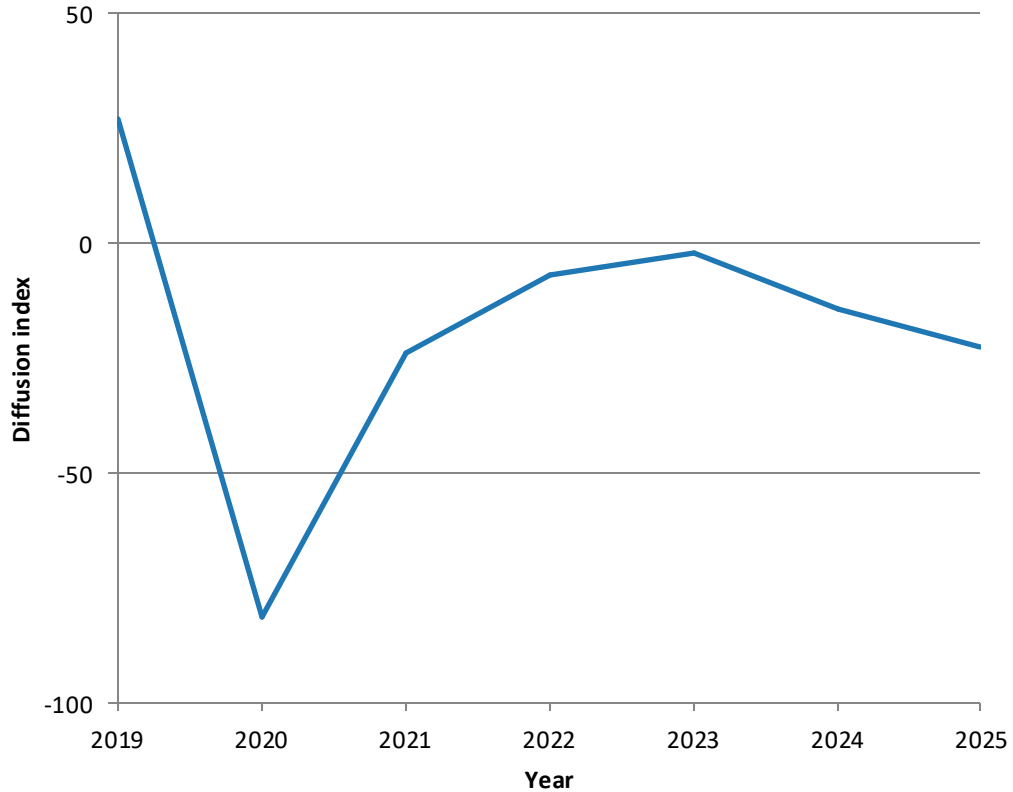
Notes: The chart plots the diffusion index (% At a profit - % At a loss) of responses to the question: "At the end of [this] year, was your business operating at a profit, break-even, or loss?"

Total number of respondents by year: 2018, 336; 2019, 1156; 2020, 1680; 2021, 1058; 2022, 592; 2023, 805; 2024, 952.

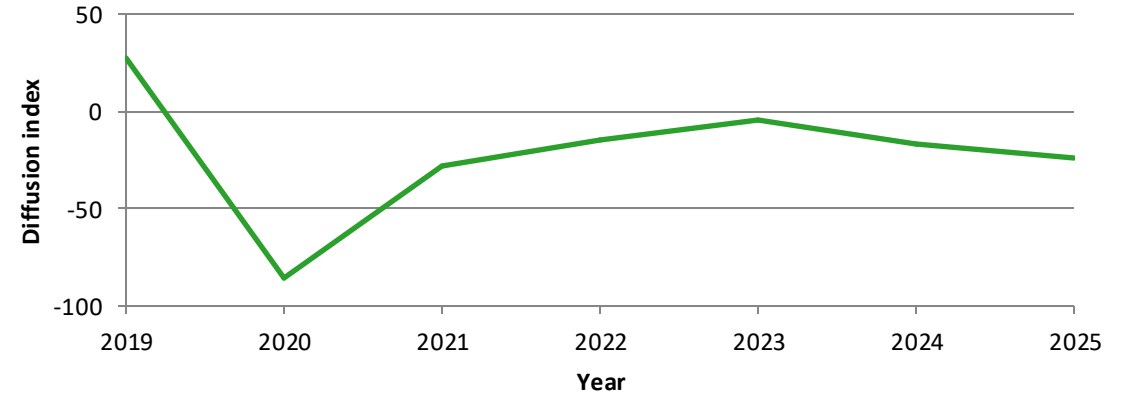
Number of respondents with 1-9 employees by year: 2018, 218; 2019, 845; 2020, 1177; 2021, 737; 2022, 409; 2023, 541; 2024, 659.

Revenue, Past 12 Months

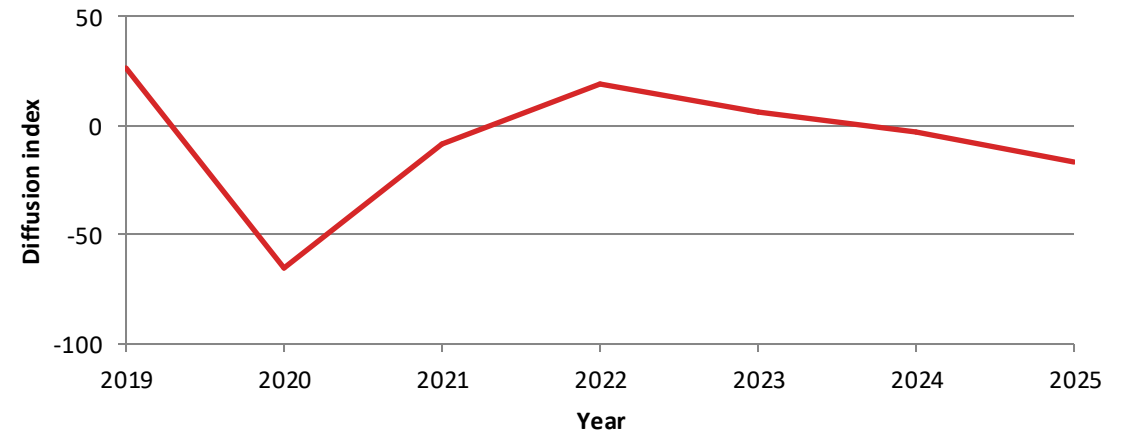
All Businesses



1-9 Employees



10+ Employees



Sources: Federal Reserve Banks, 2019-2025 Small Business Credit Surveys.

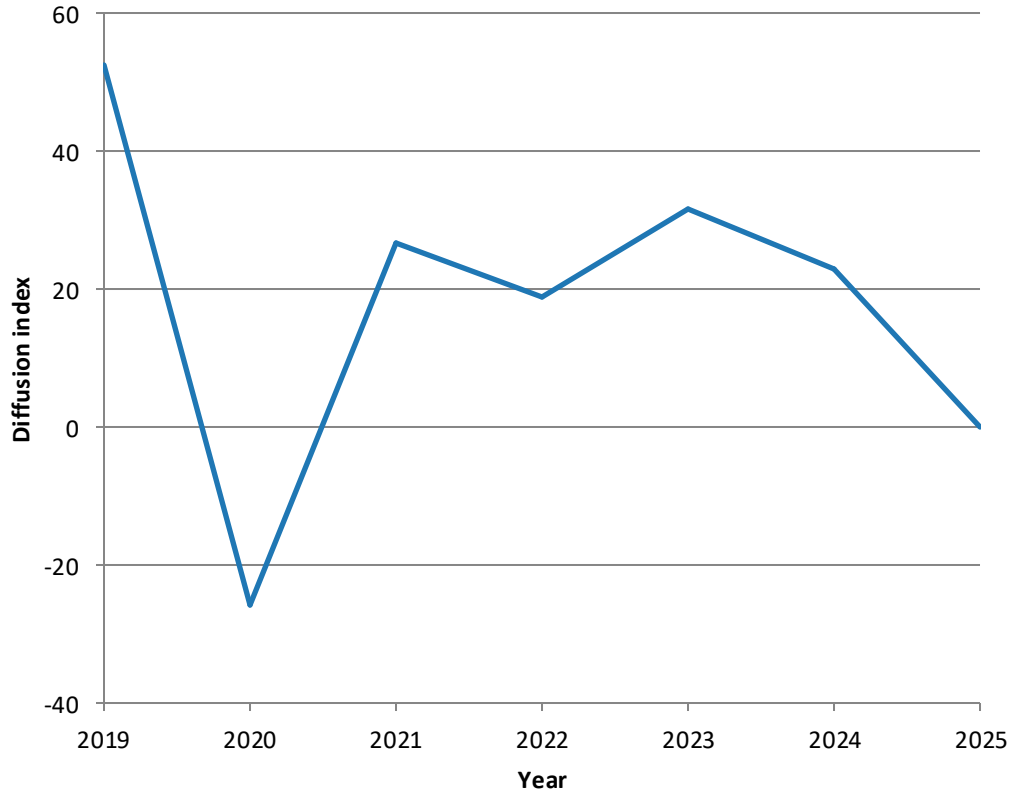
Notes: The chart plots the diffusion index (% Increase - % Decrease) of responses to the question: "How did your revenue change over the past 12 months?"

Total number of respondents by year: 2019, 336; 2020, 1213; 2021, 1745; 2022, 1074; 2023, 594; 2024, 81; 2025, 946.

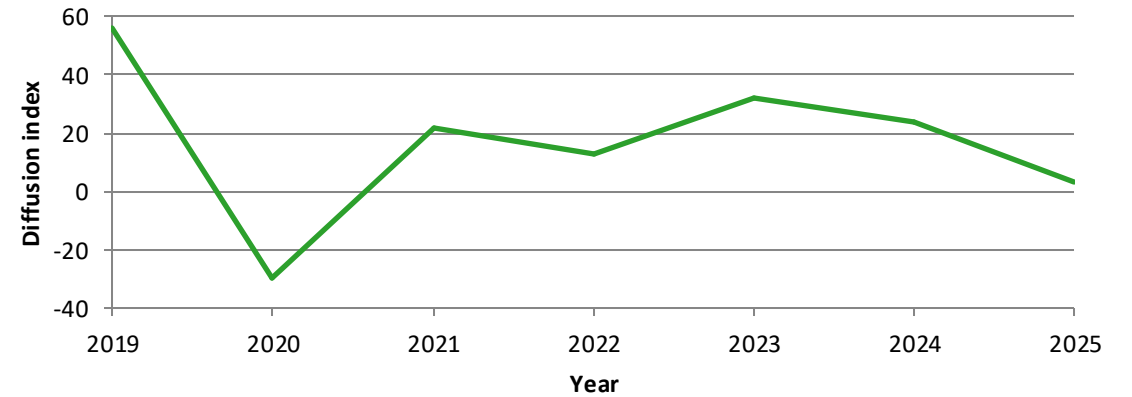
Number of respondents with 1-9 employees by year: 2019, 222; 2020, 895; 2021, 1231; 2022, 756; 2023, 412; 2024, 556; 2025, 657.

Revenue, Next 12 Months

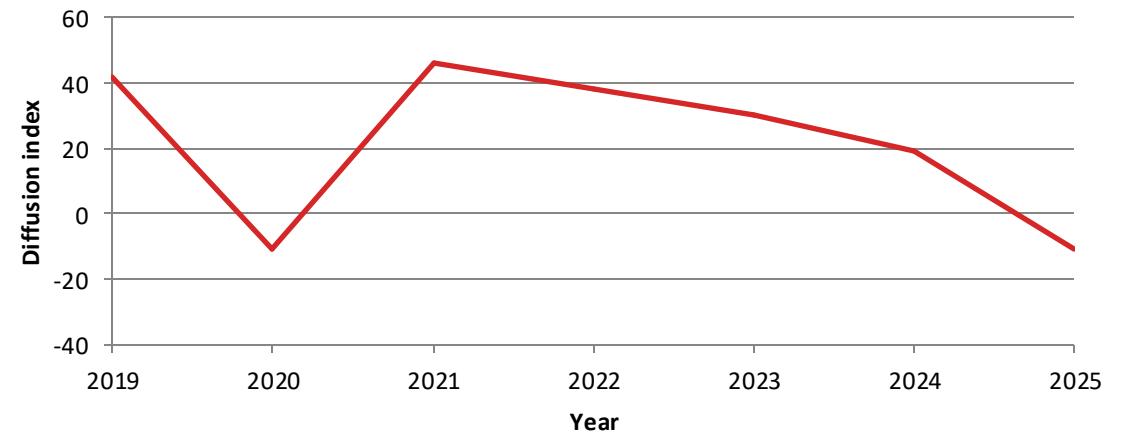
All Businesses



1-9 Employees



10+ Employees



Sources: Federal Reserve Banks, 2019-2025 Small Business Credit Surveys.

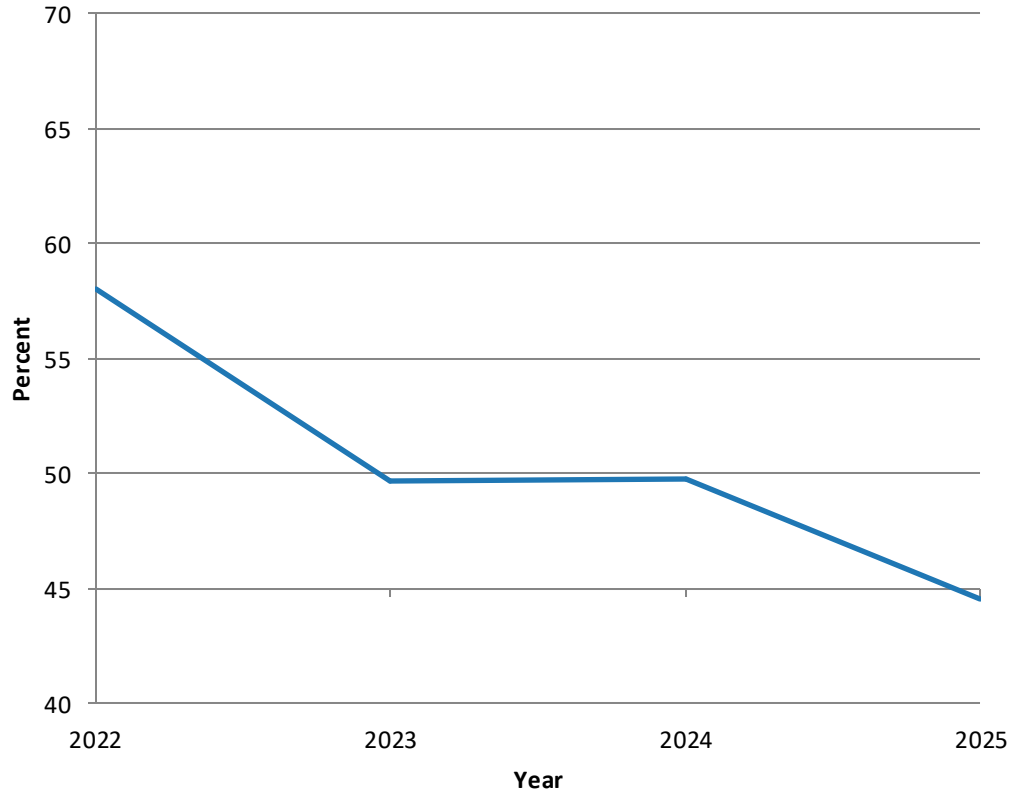
Notes: The chart plots the diffusion index (% Increase - % Decrease) of responses to the question: "How does your business expect its revenue to change over the next 12 months?"

Total number of respondents by year: 2019, 332; 2020, 1215; 2021, 1758; 2022, 1085; 2023, 603; 2024, 826; 2025, 960.

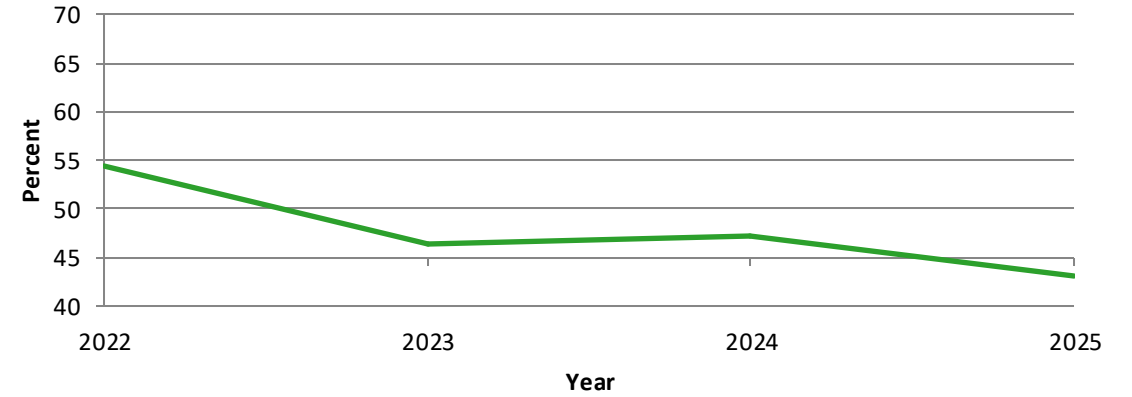
Number of respondents with 1-9 employees by year: 2019, 217; 2020, 897; 2021, 1239; 2022, 765; 2023, 419; 2024, 566; 2025, 665.

Raised Prices

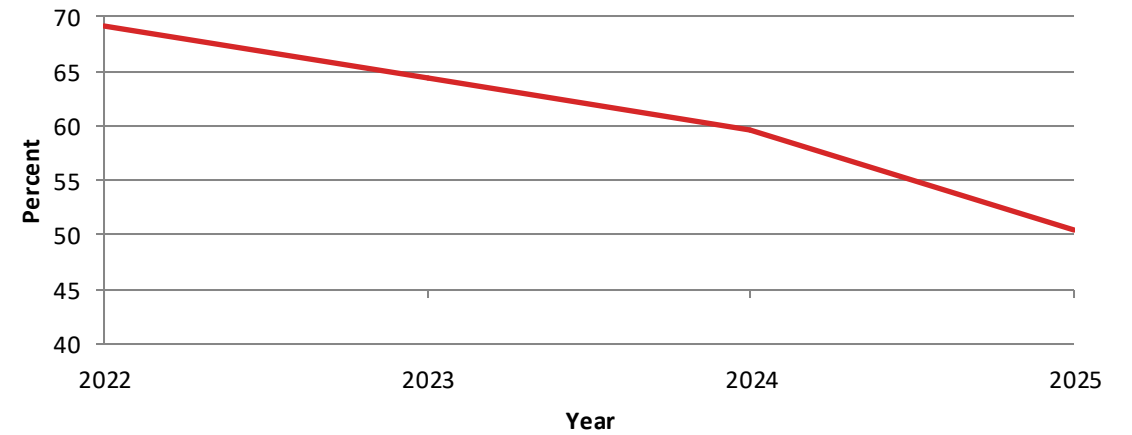
All Businesses



1-9 Employees



10+ Employees



Sources: Federal Reserve Banks, 2022-2025 Small Business Credit Surveys.

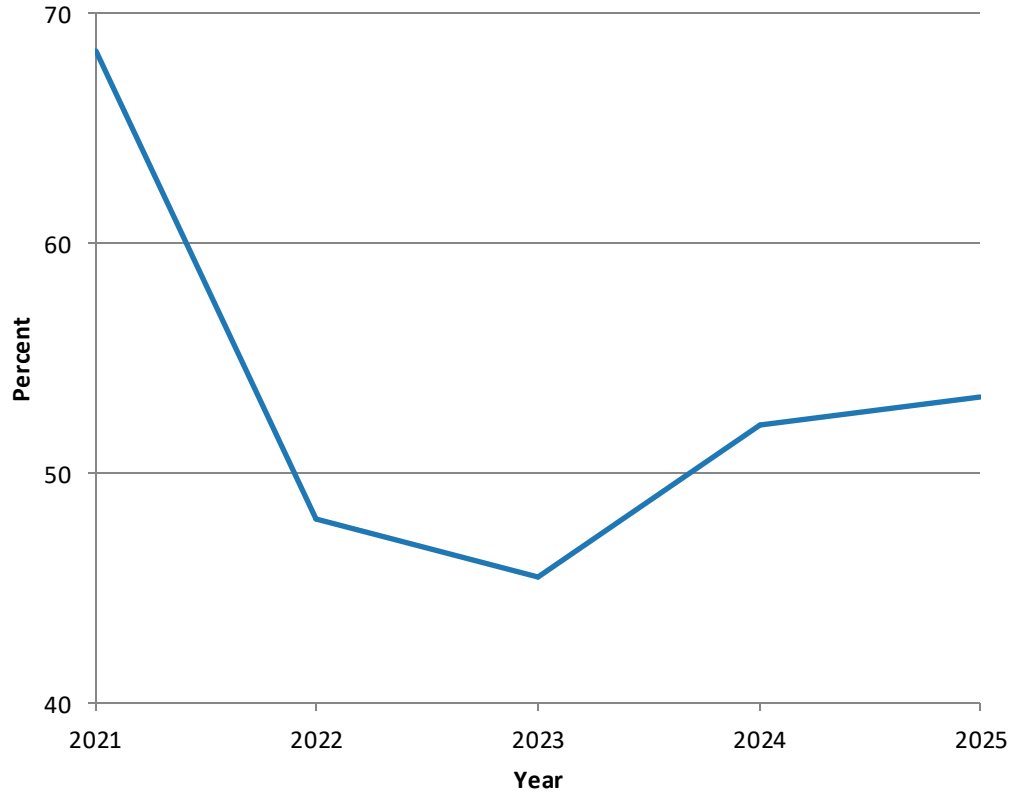
Notes: The chart plots the percentage of firms selecting "raised prices the business charges" as an action taken to deal with financial challenges during the past 12 months.

Total number of respondents by year: 2022, 1073; 2023, 585; 2024, 792; 2025, 944.

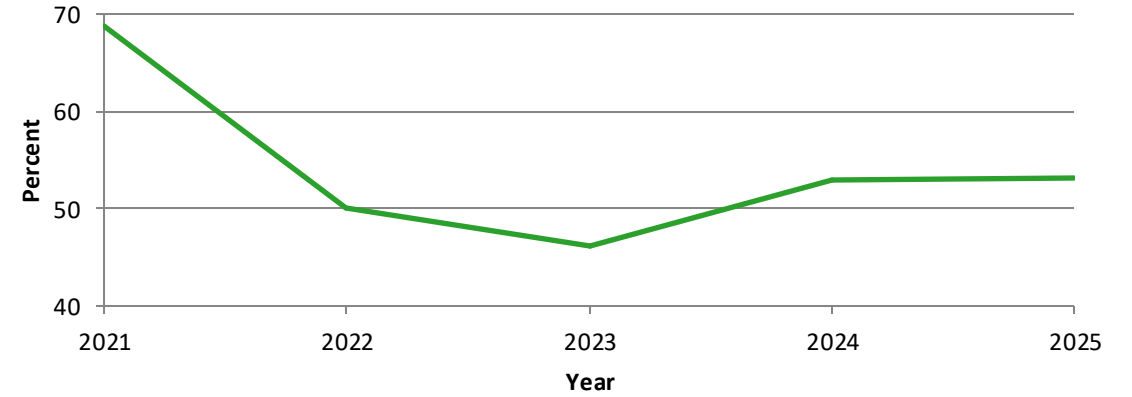
Number of respondents with 1-9 employees by year: 2022, 754; 2023, 412; 2024, 543; 2025, 656.

Weak Sales

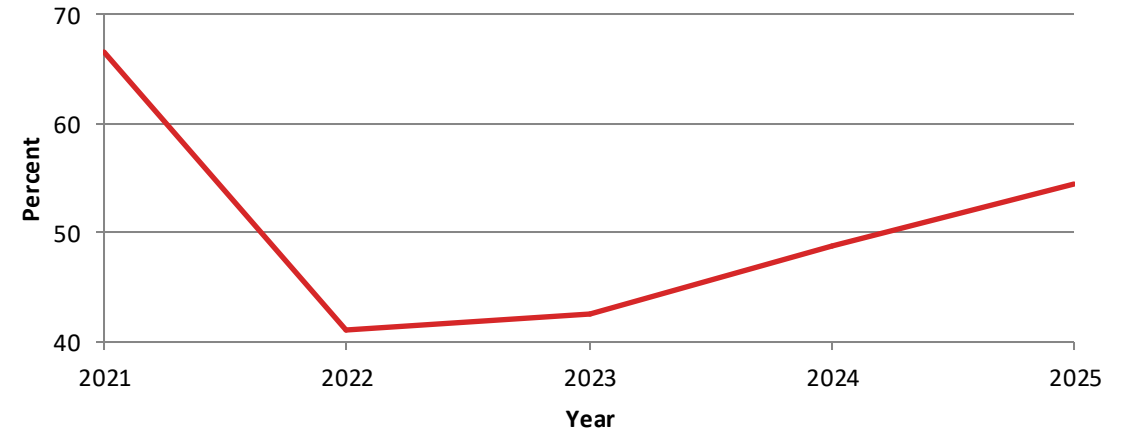
All Businesses



1-9 Employees



10+ Employees



Sources: Federal Reserve Banks, 2021-2025 Small Business Credit Surveys.

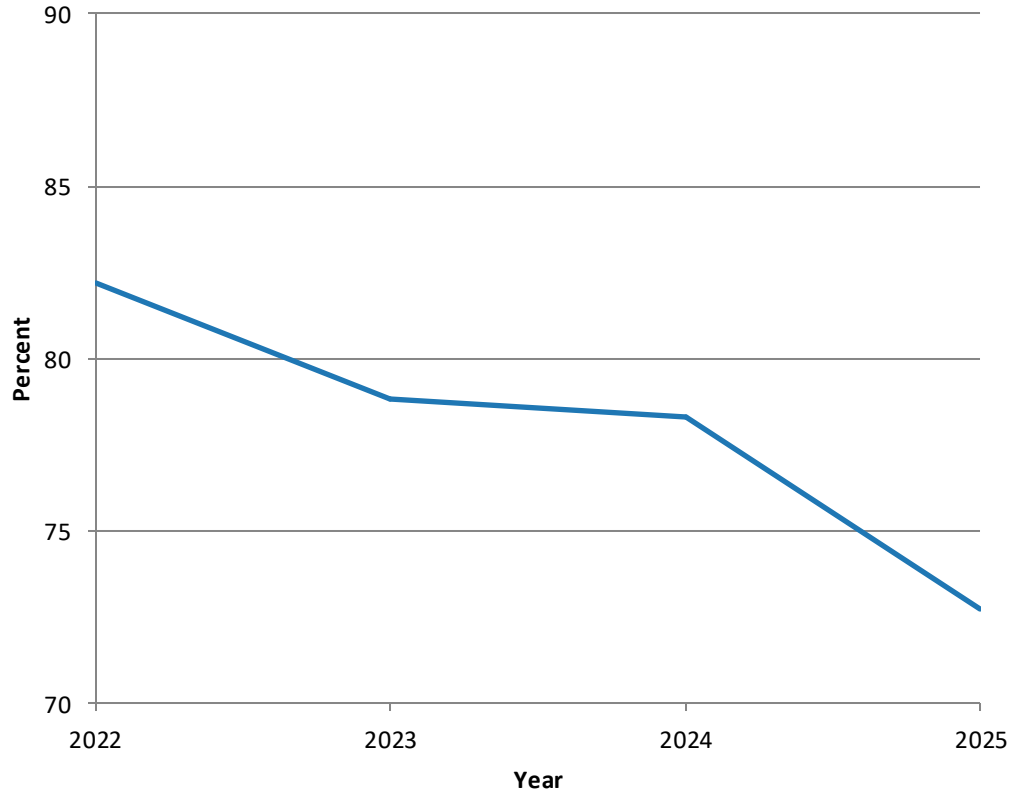
Notes: The chart plots the percentage of firms selecting "weak sales" as a challenge experienced during the past 12 months.

Total number of respondents by year: 2021, 1779; 2022, 1107; 2023, 611; 2024, 841; 2025, 976.

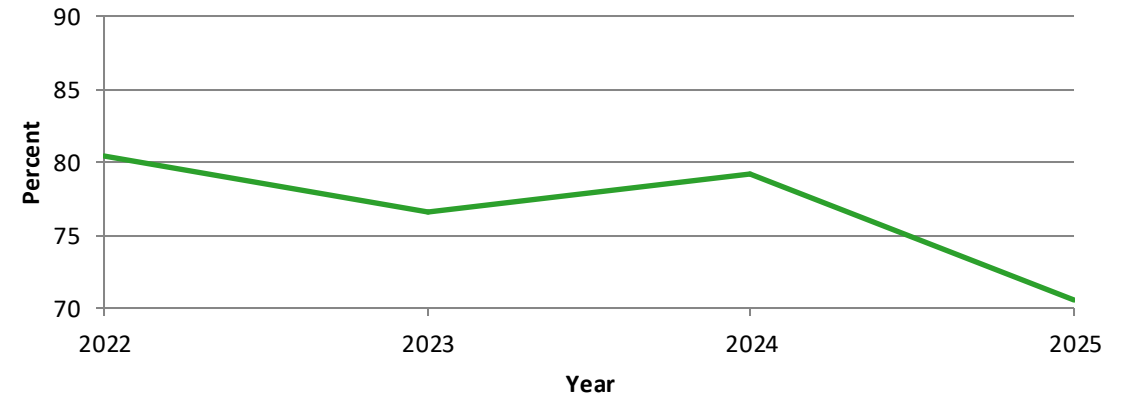
Number of respondents with 1-9 employees by year: 2021, 1257; 2022, 779; 2023, 424; 2024, 571; 2025, 675.

Increased Costs

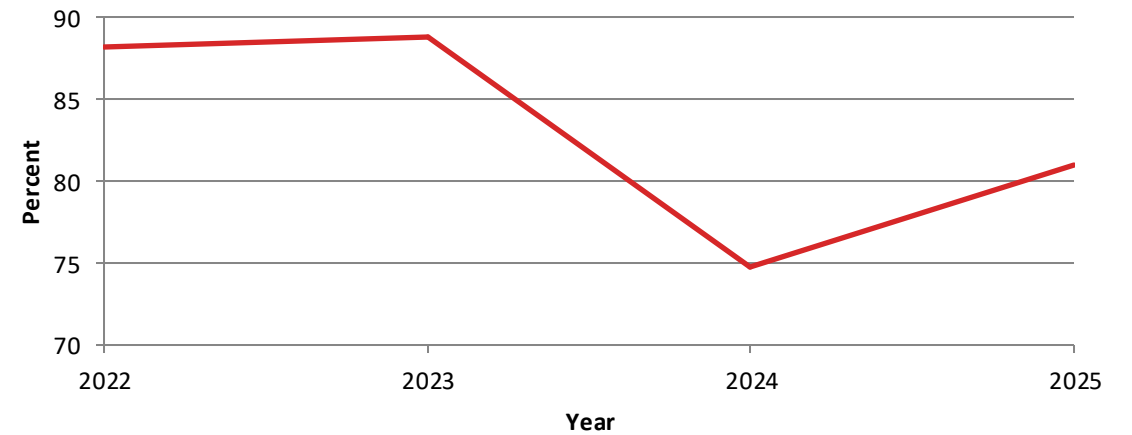
All Businesses



1-9 Employees



10+ Employees



Sources: Federal Reserve Banks, 2022-2025 Small Business Credit Surveys.

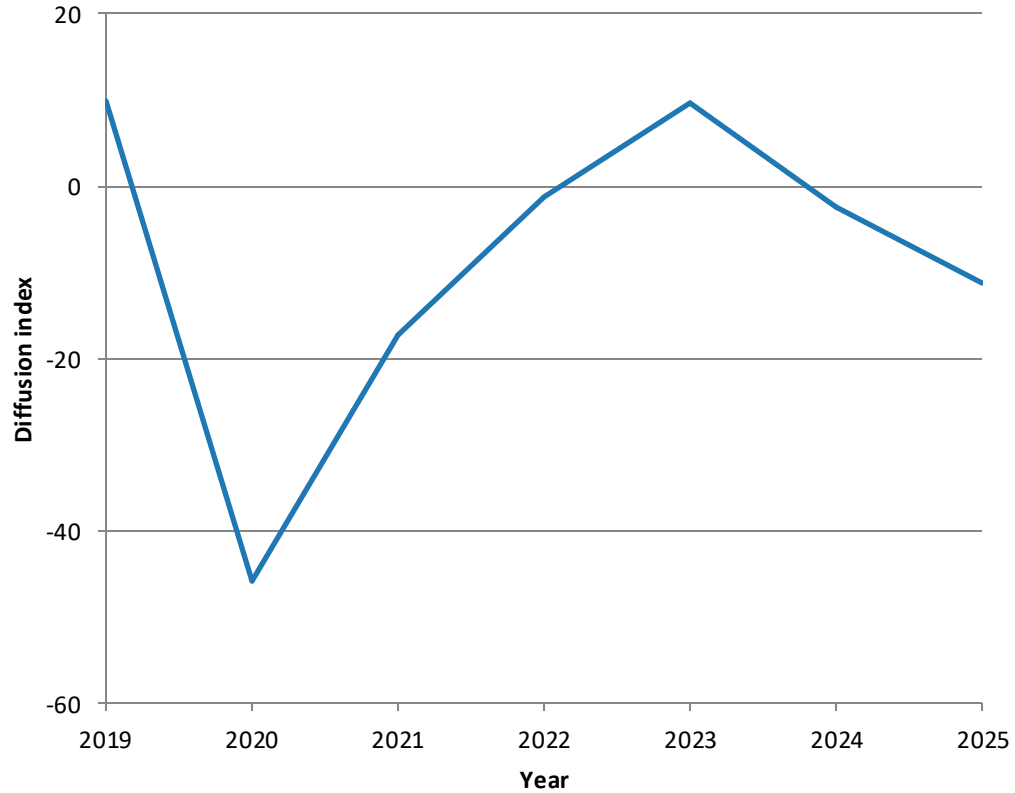
Notes: The chart plots the percentage of firms selecting “increased cost of goods, services, and/or wages” as a challenge experienced during the past 12 months.

Total number of respondents by year: 2022, 1107; 2023, 611; 2024, 841; 2025, 976.

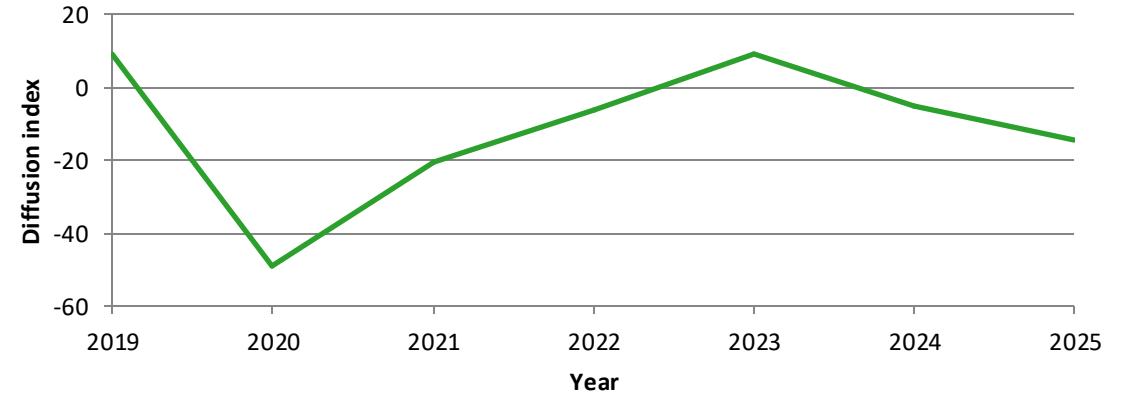
Number of respondents with 1-9 employees by year: 2022, 779; 2023, 424; 2024, 571; 2025, 675.

Employment, Past 12 Months

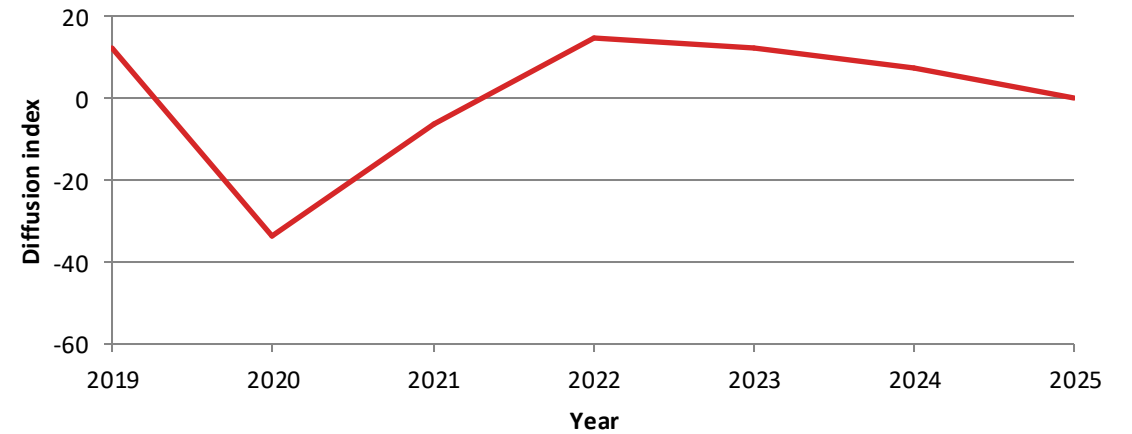
All Businesses



1-9 Employees



10+ Employees



Sources: Federal Reserve Banks, 2019-2025 Small Business Credit Surveys.

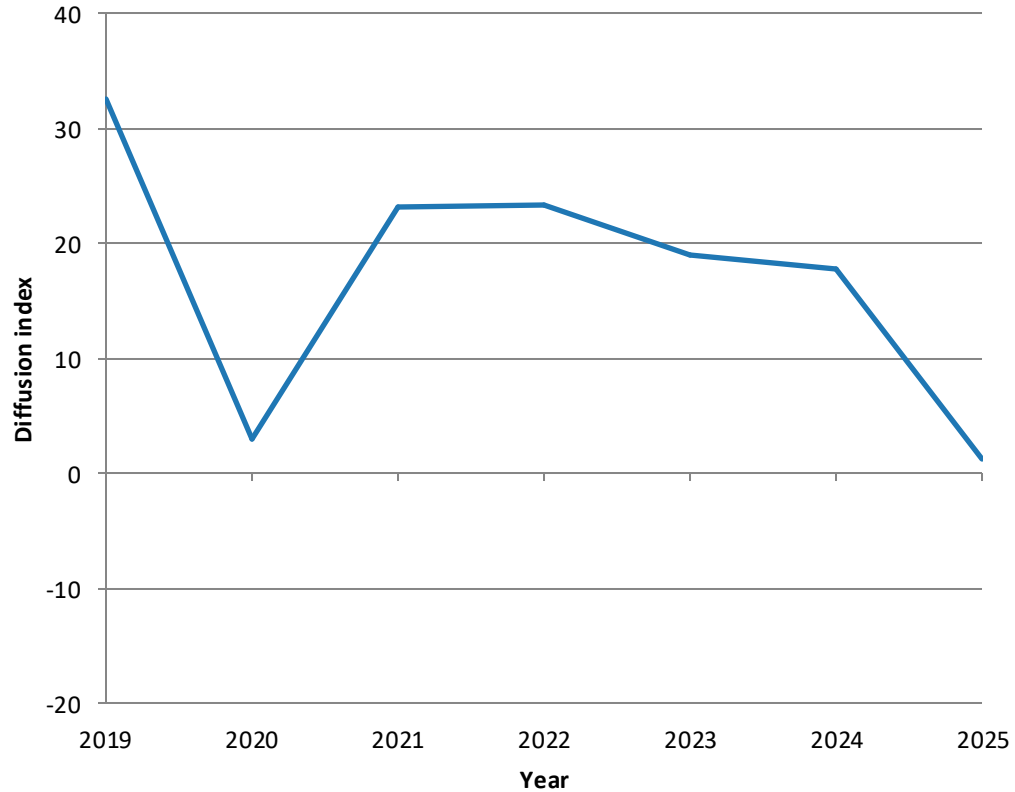
Notes: The chart plots the diffusion index (% Increase - % Decrease) of responses to the question: "How did your number of employees change over the past 12 months?"

Total number of respondents by year: 2019, 310; 2020, 1173; 2021, 1722; 2022, 1057; 2023, 600; 2024, 812; 2025, 938.

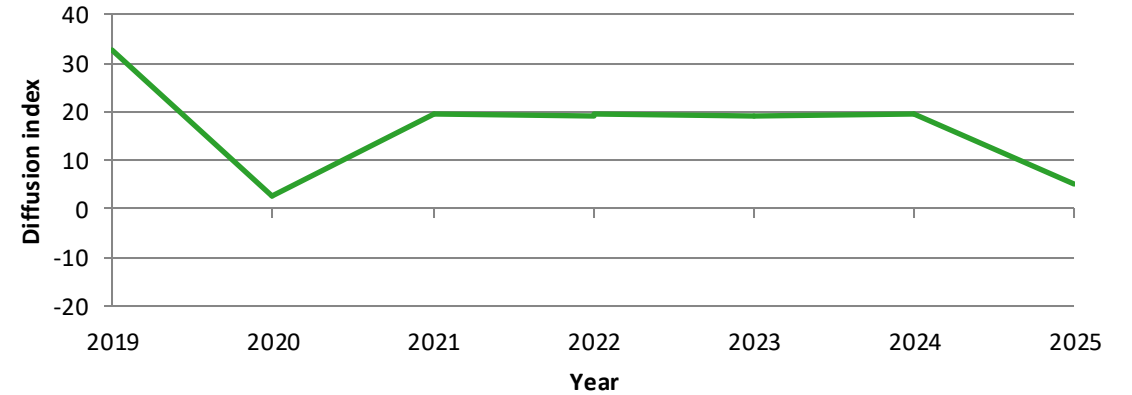
Number of respondents with 1-9 employees by year: 2019, 202; 2020, 859; 2021, 1206; 2022, 733; 2023, 415; 2024, 547; 2025, 655.

Employment, Next 12 Months

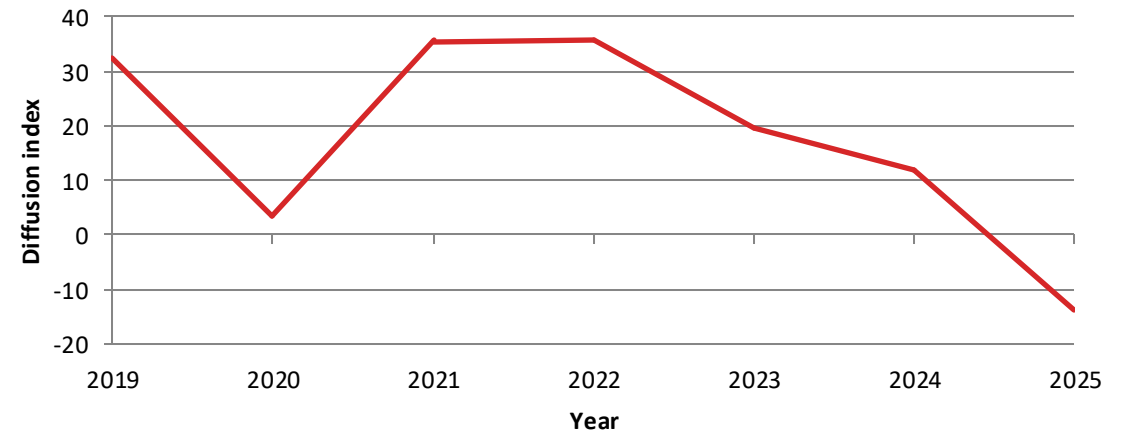
All Businesses



1-9 Employees



10+ Employees



Sources: Federal Reserve Banks, 2019-2025 Small Business Credit Surveys.

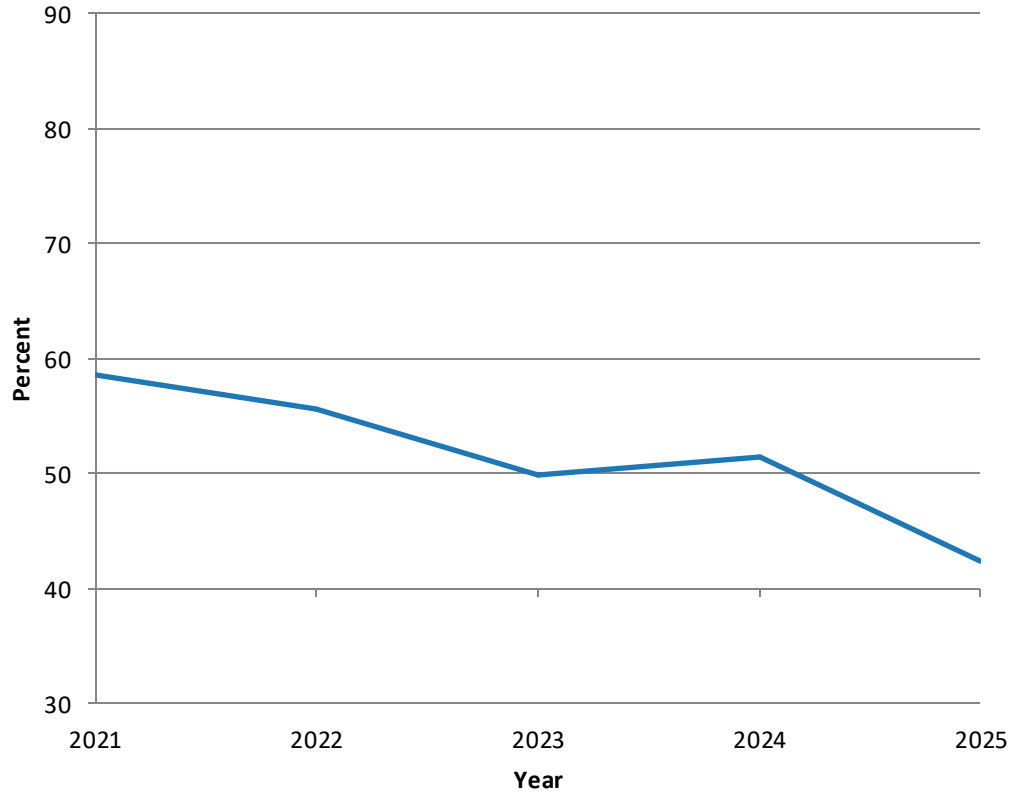
Notes: The chart plots the diffusion index (% Increase - % Decrease) of responses to the question: "How does your business expect its number of employees change over the next 12 months?"

Total number of respondents by year: 2019, 333; 2020, 1177; 2021, 1737; 2022, 1069; 2023, 605; 2024, 812; 2025, 950.

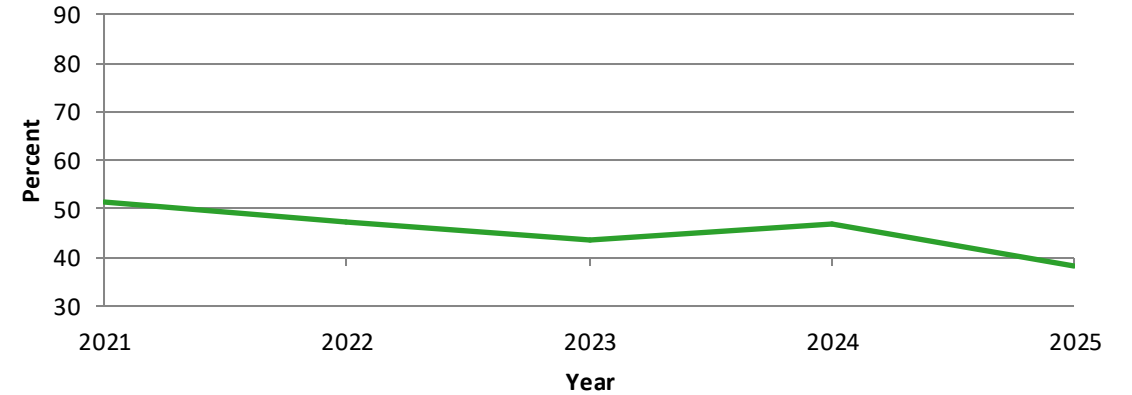
Number of respondents with 1-9 employees by year: 2019, 217; 2020, 863; 2021, 1219; 2022, 744; 2023, 420; 2024, 547; 2025, 656.

Difficulty Hiring Staff

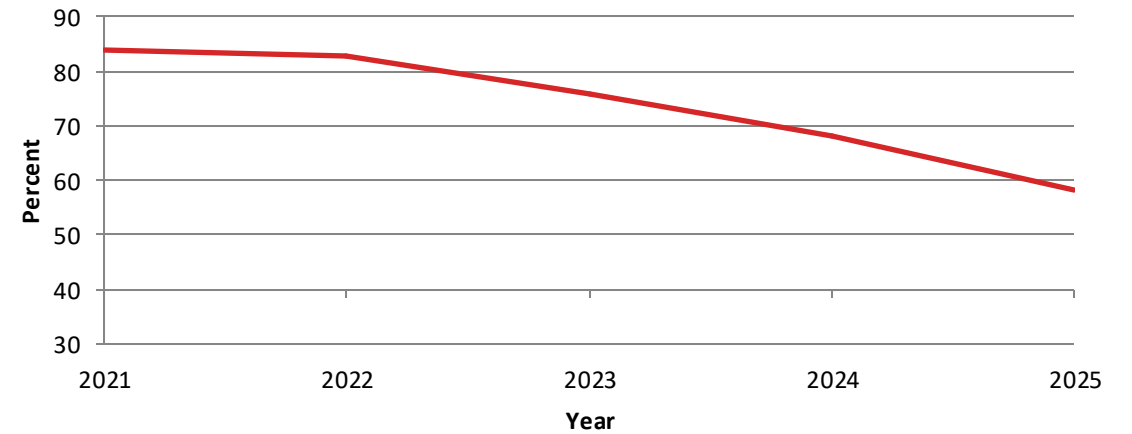
All Businesses



1-9 Employees



10+ Employees



Sources: Federal Reserve Banks, 2021-2025 Small Business Credit Surveys.

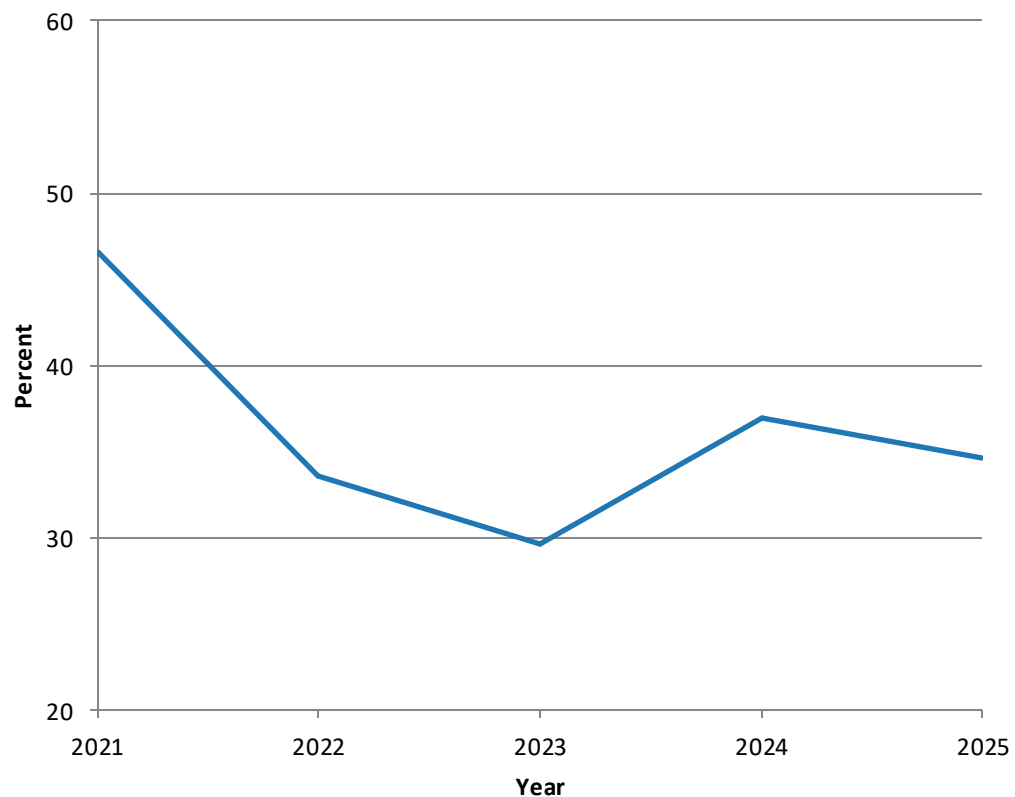
Notes: The chart plots the percentage of firms selecting "hiring or retaining qualified staff" as a challenge experienced during the past 12 months.

Total number of respondents by year: 2021, 1783; 2022, 1102; 2023, 602; 2024, 833; 2025, 961.

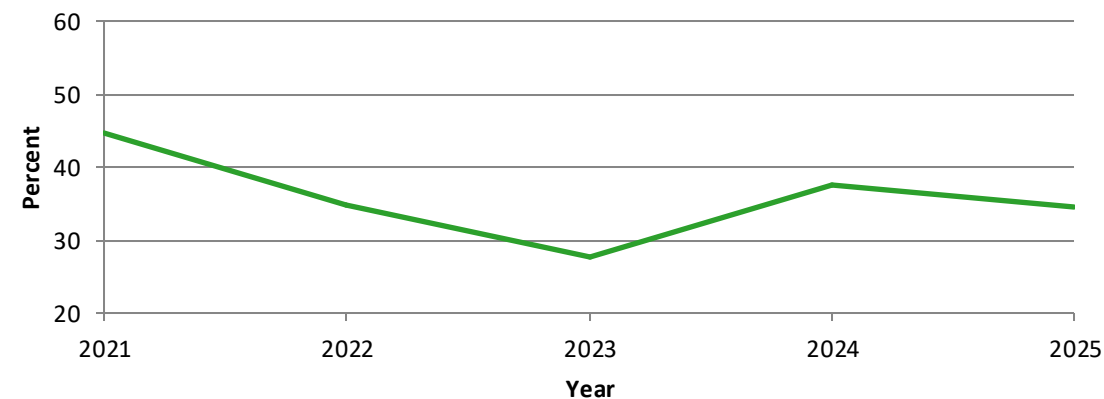
Number of respondents with 1-9 employees by year: 2021, 1257; 2022, 774; 2023, 416; 2024, 566; 2025, 664.

Downsized

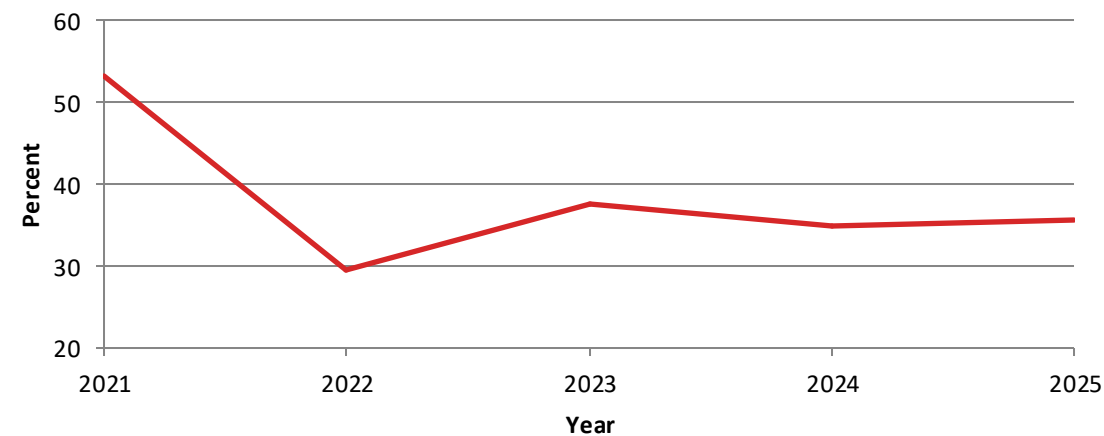
All Businesses



1-9 Employees



10+ Employees



Sources: Federal Reserve Banks, 2021-2025 Small Business Credit Surveys.

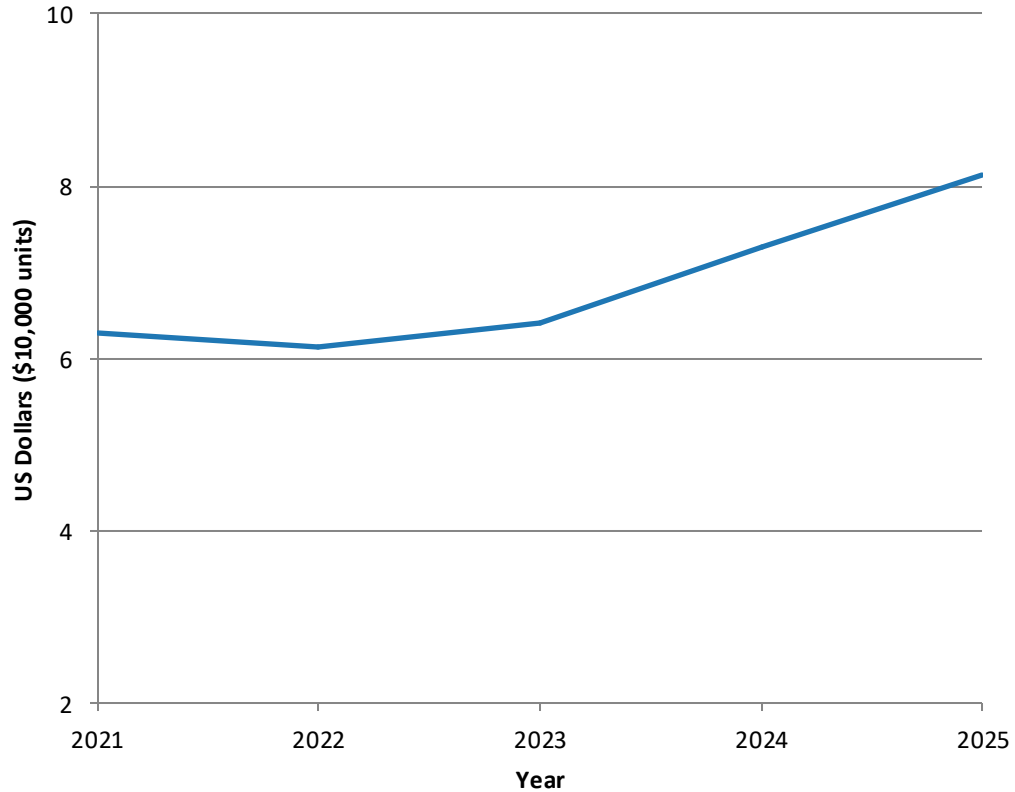
Notes: The chart plots the percentage of firms selecting "cut staff, hours, and/or downsized operations" as an action taken to deal with financial challenges during the past 12 months.

Total number of respondents by year: 2021, 1660; 2022, 1073; 2023, 585; 2024, 792; 2025, 944.

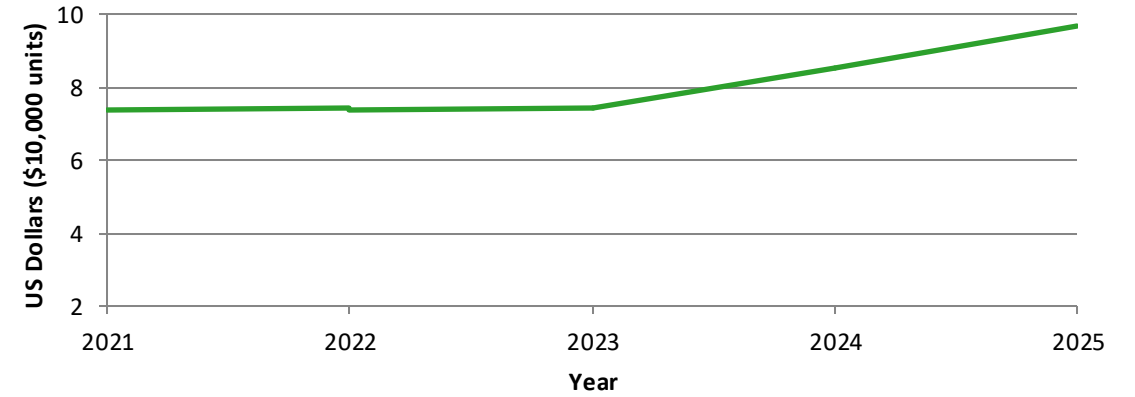
Number of respondents with 1-9 employees by year: 2021, 1181; 2022, 754; 2023, 412; 2024, 543; 2025, 656.

Debt Per Employee

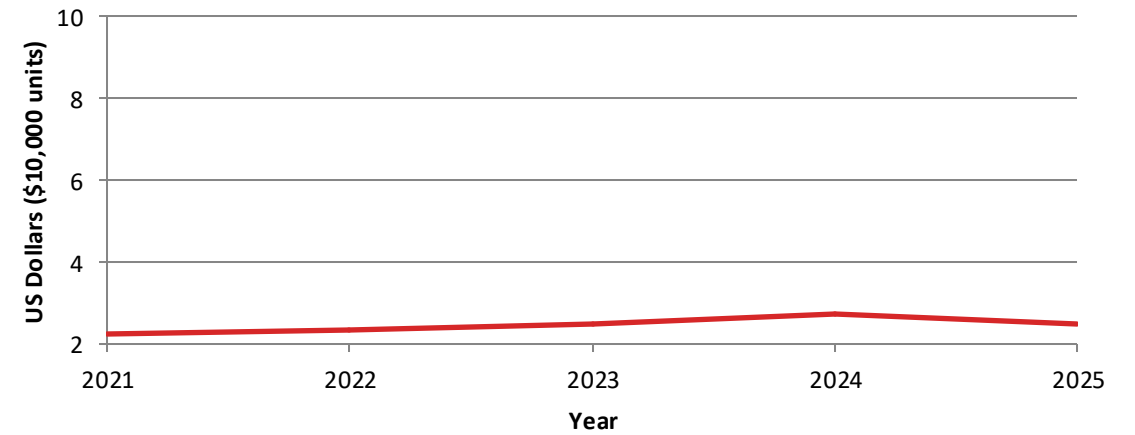
All Businesses



1-9 Employees



10+ Employees



Sources: Federal Reserve Banks, 2021-2025 Small Business Credit Surveys.

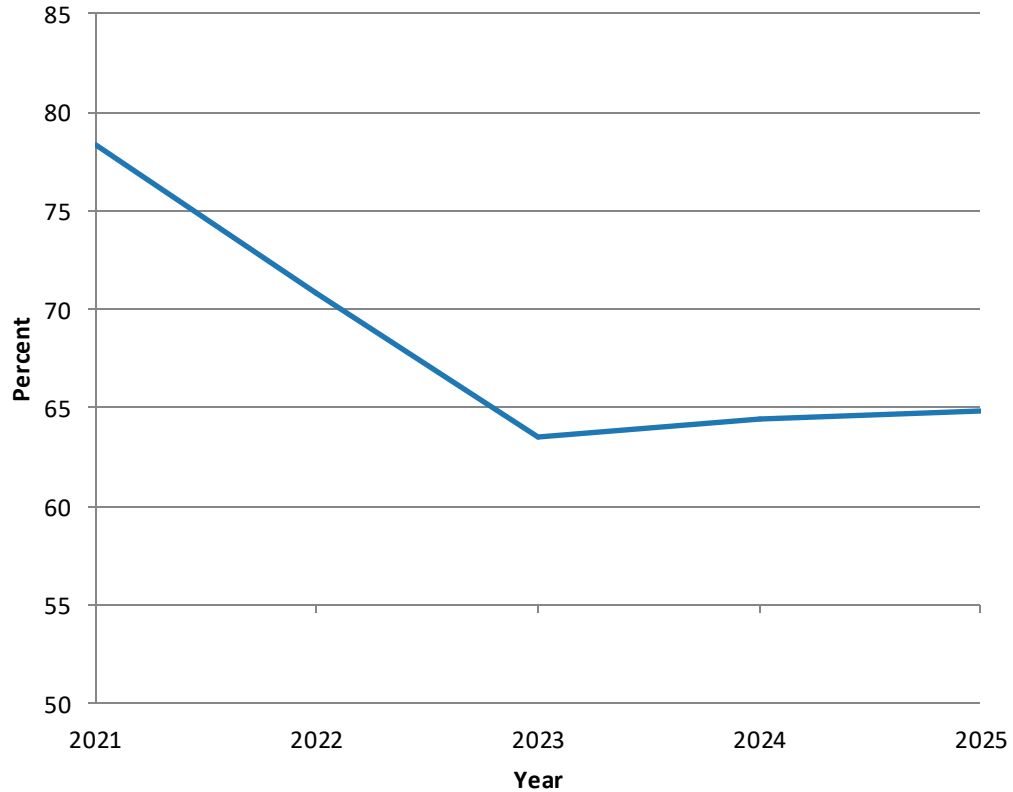
Notes: The chart plots the average total debt outstanding divided by number of employees.

Total number of respondents by year: 2021, 1361; 2022, 855; 2023, 477; 2024, 646; 2025, 721.

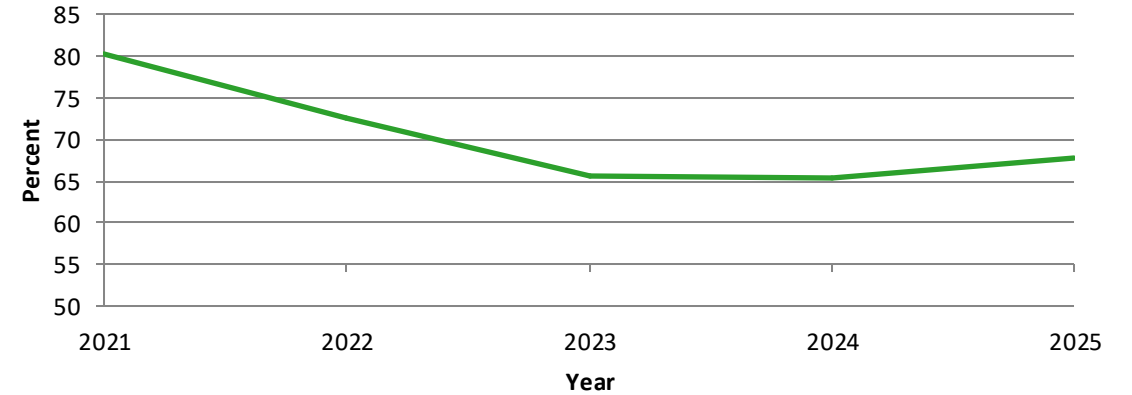
Number of respondents with 1-9 employees by year: 2021, 955; 2022, 600; 2023, 331; 2024, 440; 2025, 490.

Received Less Than Full Amount of Financing Requested

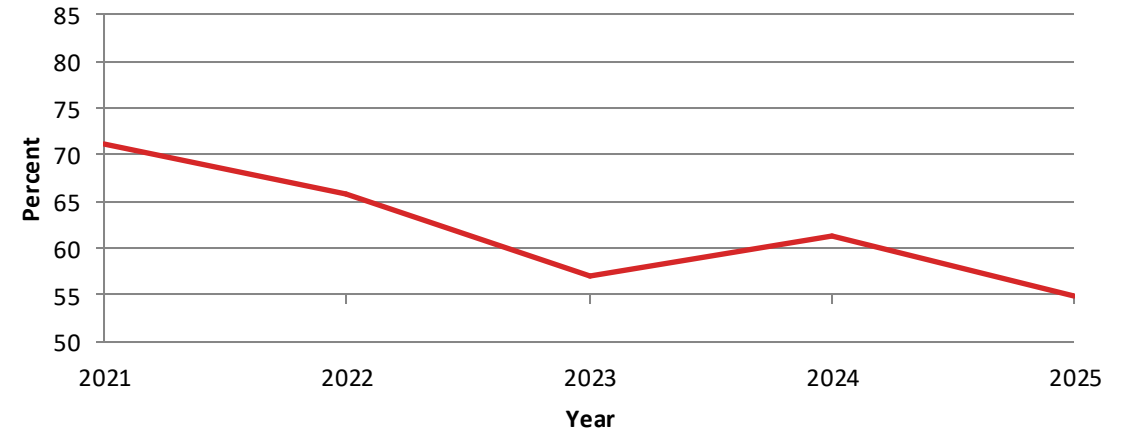
All Businesses



1-9 Employees



10+ Employees



Sources: Federal Reserve Banks, 2021-2025 Small Business Credit Surveys.

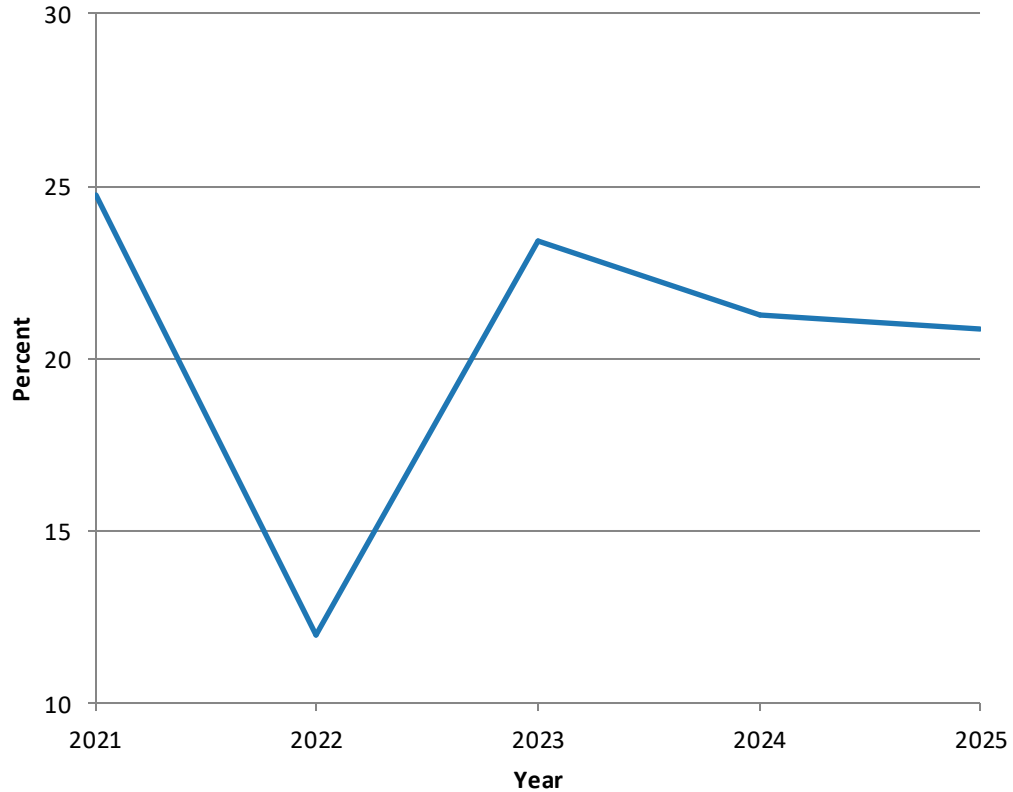
Notes: The chart plots the percentage of firms that applied for financing in the past 12 months who received less than 100% of the total financing dollars sought.

Total number of respondents by year: 2021, 528; 2022, 664; 2023, 320; 2024, 435; 2025, 520.

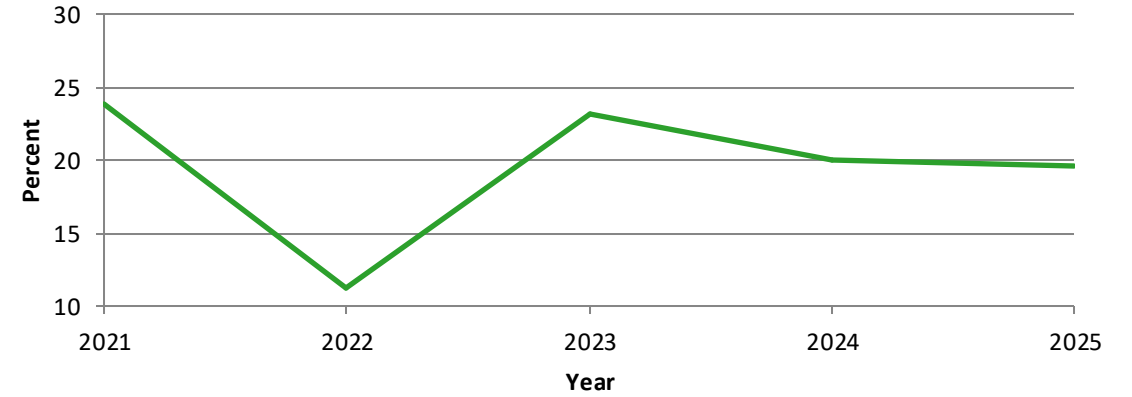
Number of respondents with 1-9 employees by year: 2021, 368; 2022, 464; 2023, 212; 2024, 290; 2025, 350.

Nonapplicants With No Need for Funds

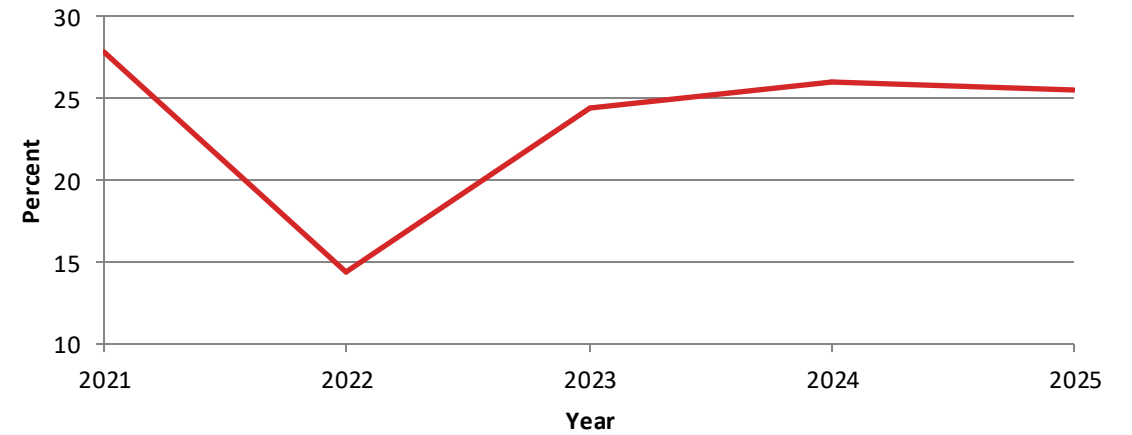
All Businesses



1-9 Employees



10+ Employees



Sources: Federal Reserve Banks, 2021-2025 Small Business Credit Surveys.

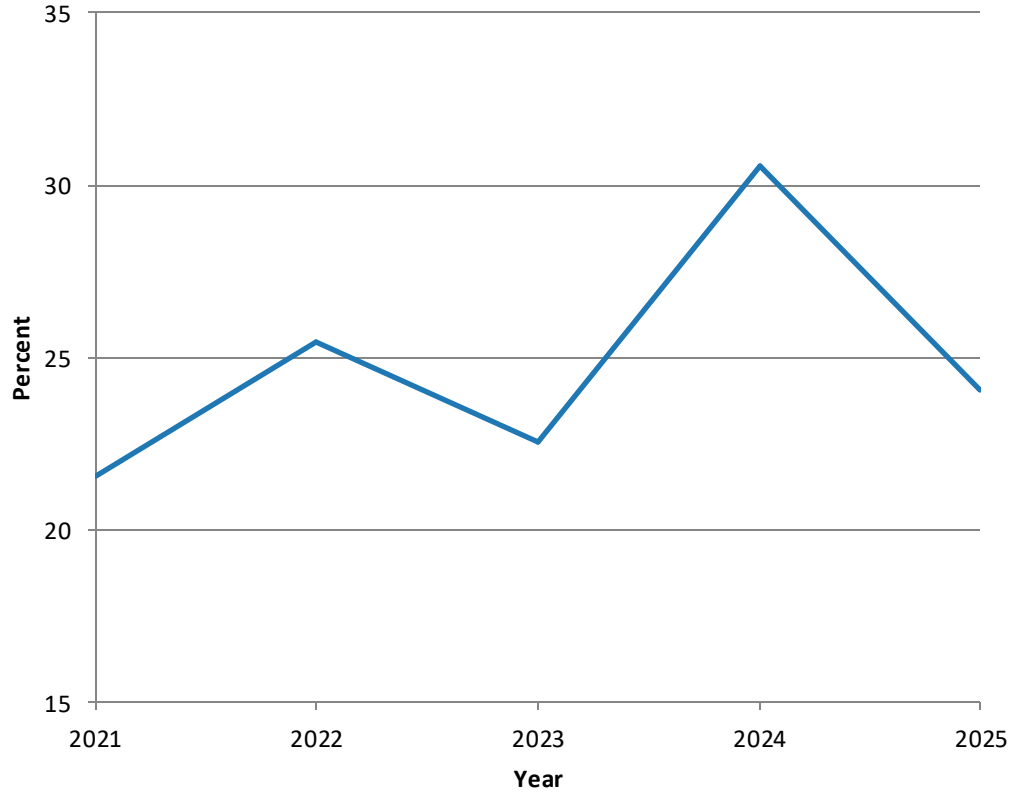
Notes: The chart plots the percentage of firms who selected that financing was “not needed” and thus did not apply for any type of financing.

Total number of respondents by year: 2021, 1790; 2022, 1112; 2023, 613; 2024, 843; 2025, 979.

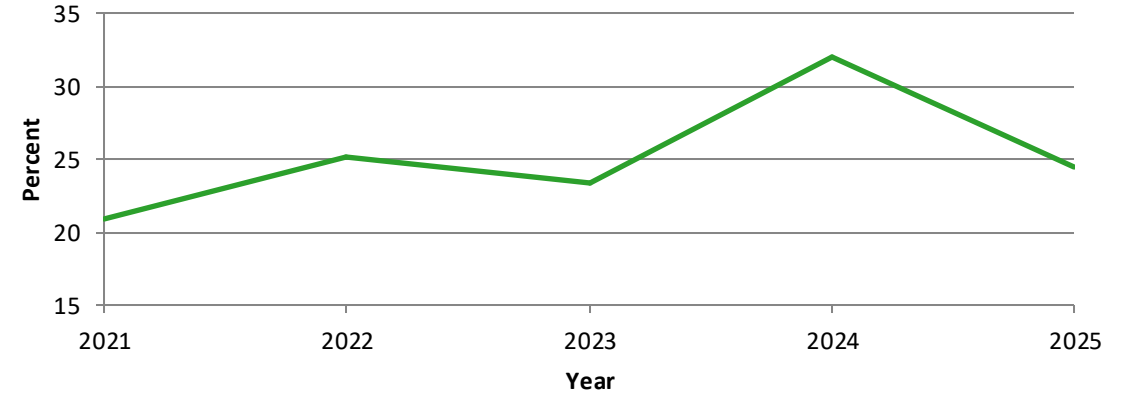
Number of respondents with 1-9 employees by year: 2021, 1263; 2022, 782; 2023, 426; 2024, 573; 2025, 678.

Technological Difficulties

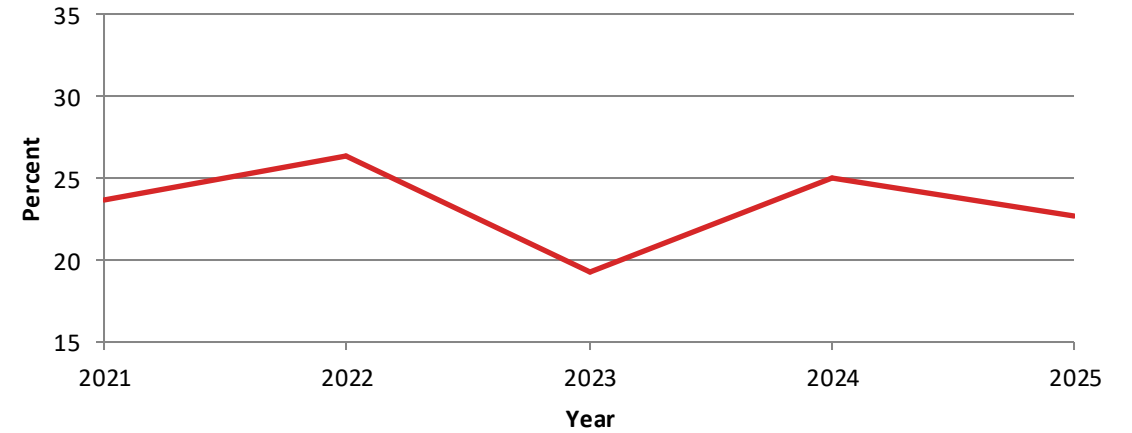
All Businesses



1-9 Employees



10+ Employees



Sources: Federal Reserve Banks, 2021-2025 Small Business Credit Surveys.

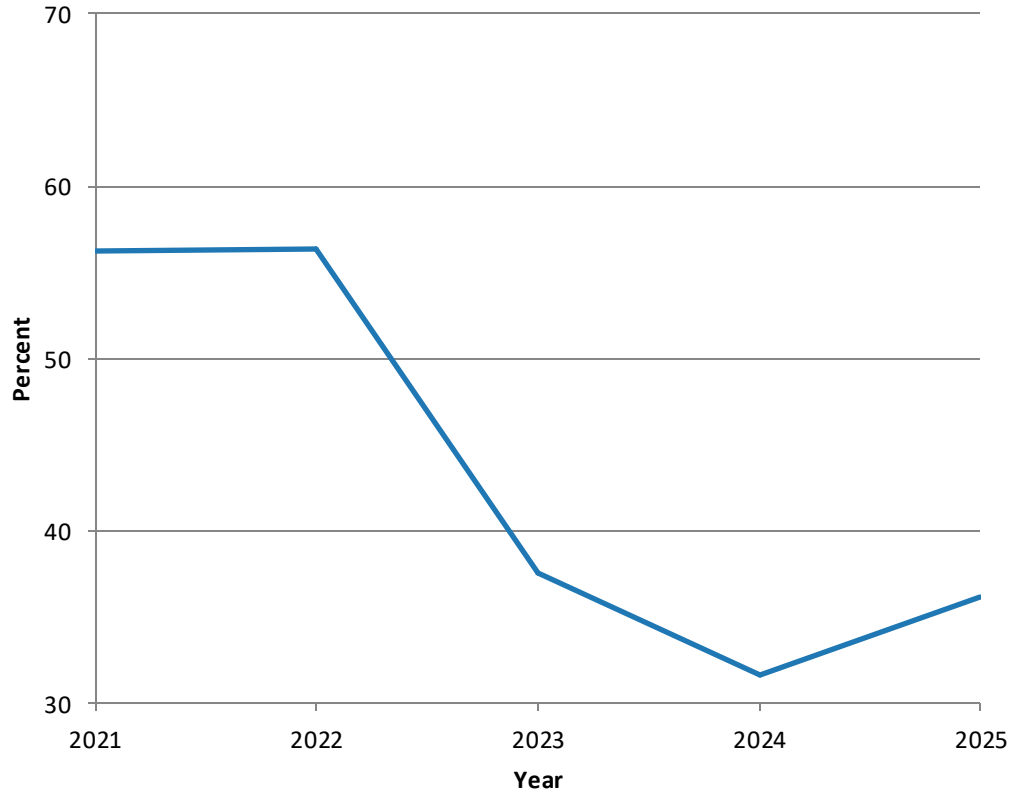
Notes: The chart plots the percentage of firms selecting “utilizing technology (e.g., website, social media, ecommerce, cybersecurity)” as a challenge experienced during the past 12 months.

Total number of respondents by year: 2021, 1783; 2022, 1102; 2023, 602; 2024, 833; 2025, 961.

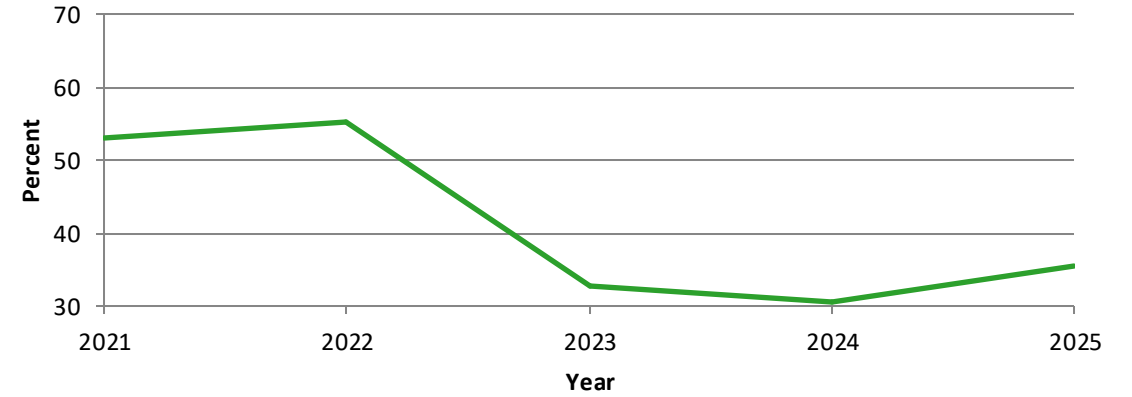
Number of respondents with 1-9 employees by year: 2021, 1257; 2022, 774; 2023, 416; 2024, 566; 2025, 664.

Supply Chain Difficulties

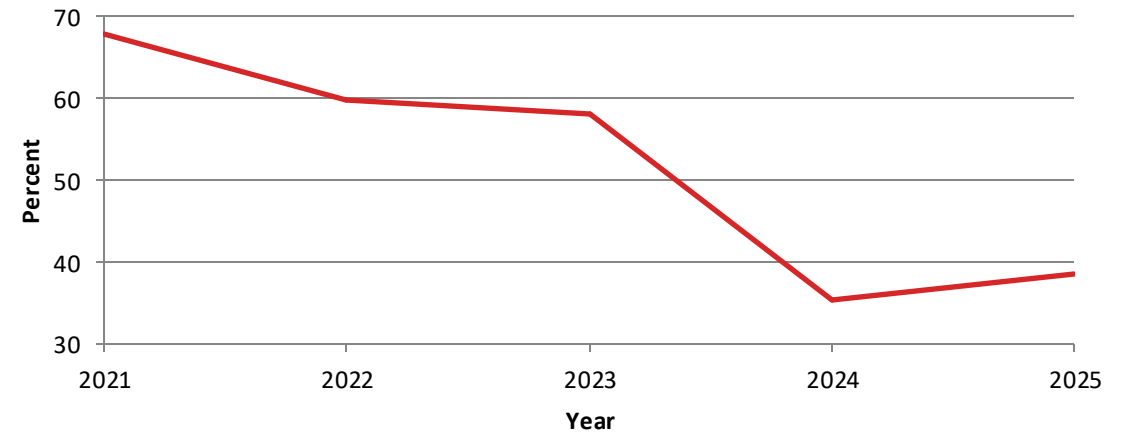
All Businesses



1-9 Employees



10+ Employees



Sources: Federal Reserve Banks, 2021-2025 Small Business Credit Surveys.

Notes: The chart plots the percentage of firms selecting "supply chain issues" as a challenge experienced during the past 12 months.

Total number of respondents by year: 2021, 1783; 2022, 1102; 2023, 602; 2024, 833; 2025, 961.

Number of respondents with 1-9 employees by year: 2021, 1257; 2022, 774; 2023, 416; 2024, 566; 2025, 664.