



# Small Business Economic Trends

October 2025

Quarterly Industry  
Report



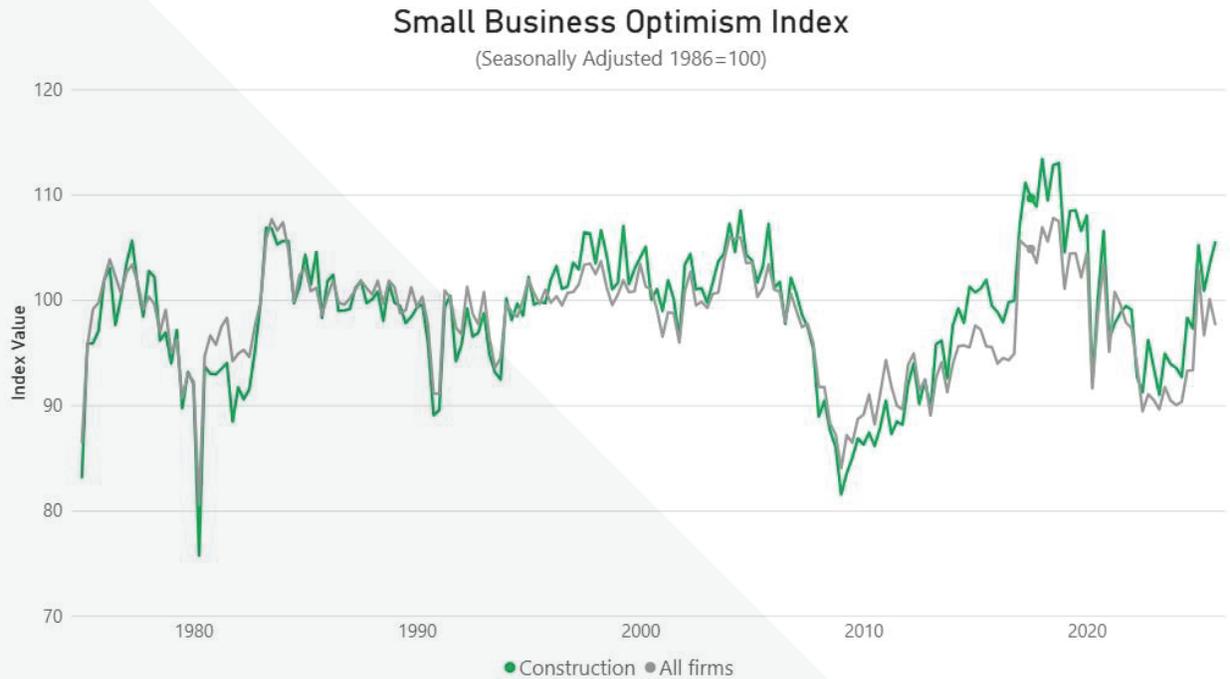
The Industry data are aggregated and seasonally adjusted through the [nfib-sbet.org](https://nfib-sbet.org) website. The “overall” (all firms) data are published here and may differ slightly from website results due to rounding and seasonal adjustment differences. “All industries” refers to the four industries reported in this report (construction, manufacturing, retail, and services).

## HIGHLIGHTS

- In October, the Optimism Index fell from the previous quarter for all reported industries except for construction. The construction industry was the most optimistic of all industries and the only industry with an Index reading above its historical average. The Index for construction was 7.3 points above the reading for all firms.
- Fifty percent (seasonally adjusted) of owners in the construction industry reported unfilled job openings, down 3 points from July but remains above the industry's historical average of 31%. The construction industry had the highest level of job openings of all industries and was 18 points above the overall level for all firms.
- The net percent of small businesses in the manufacturing industry expecting real sales to increase fell 15 points from July to a net 5% (seasonally adjusted). Sales expectations for manufacturing businesses are now below the industry's historical average of a net 20%, but are close to the reading for all firms (net 6%).
- The Optimism Index for the retail industry fell 0.4 points from July to 94.9. Small business owners in retail remain the least optimistic of all industries and have an Index 3.3 points below the level for all firms.
- A seasonally adjusted net 5% of retail businesses plan to hire in the next three months, down 4 points from July and the lowest of all industries. Hiring plans for the retail industry were 10 points lower than the reading for all firms.
- The net percent of small businesses in the services industry expecting real sales to increase fell 13 points from July to a net -3% (seasonally adjusted). Sales expectations remain below the industry's historical average of a net 19% (seasonally adjusted) and were 9 points below the level for all firms.

- Overall, 60% of all small business owners reported supply chain disruptions impacting their business to some degree (down 4 points from July). Reports of supply chain disruptions were the highest in the retail (77%) and wholesale (76%) industries, and lowest in the finance (10%) and professional services (34%) industries.
- Overall, 63% of small business owners rated the overall health of their business today as excellent or good (a decline of 2 points from July). Reports were the highest in the finance (71%) and wholesale (71%) industries, and lowest in the retail (54%) and agriculture (56%) industries.

**CONSTRUCTION**

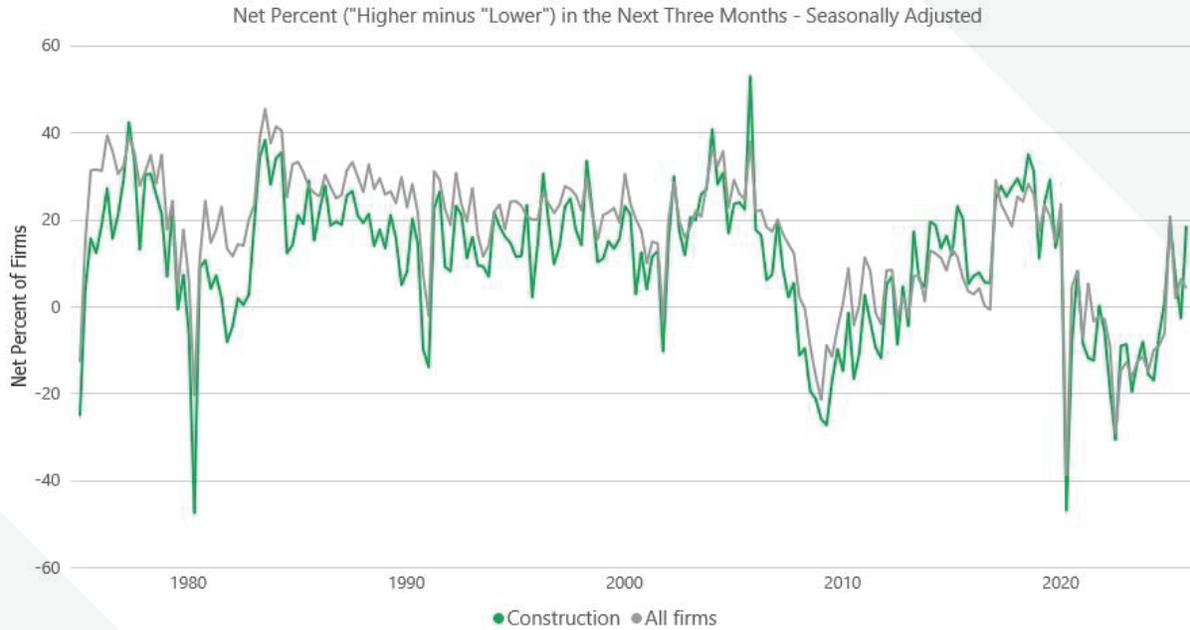


| Index Components<br>(Seasonally Adjusted) | Construction | Change from<br>Last Quarter | All Firms |
|---|--------------|-----------------------------|-----------|
| Plans to Increase Employment              | 35%          | 15                          | 15%       |
| Plans to Make Capital Outlays             | 23%          | 0                           | 23%       |
| Plans to Increase Inventories             | -1%          | 1                           | -2%       |
| Expect Economy to Improve                 | 24%          | -14                         | 20%       |
| Expect Real Higher Sales                  | 18%          | 21                          | 6%        |
| Current Inventory (Too Low)               | 2%           | 2                           | -4%       |
| Current Job Openings                      | 50%          | -3                          | 32%       |
| Expected Credit Conditions                | -3%          | 1                           | -3%       |
| Now a Good Time to Expand                 | 20%          | 1                           | 13%       |
| Earnings Trends                           | -15%         | 2                           | - 5%      |
| <b>Optimism Index</b>                     | 105.5        | 2.2                         | 98.2      |

In October, the Optimism Index for the construction industry increased by 2.2 points from the previous quarter to 105.5, remaining above the industry's historical average of 98.7. Construction was the only industry with an Index reading above its historical average. Higher sales expectations and hiring plans largely drove the rise in the Index. The construction industry was the most optimistic of all industries and was 7.3 points above the overall Index. Construction was the only reported industry with an Index that rose from the last quarter.

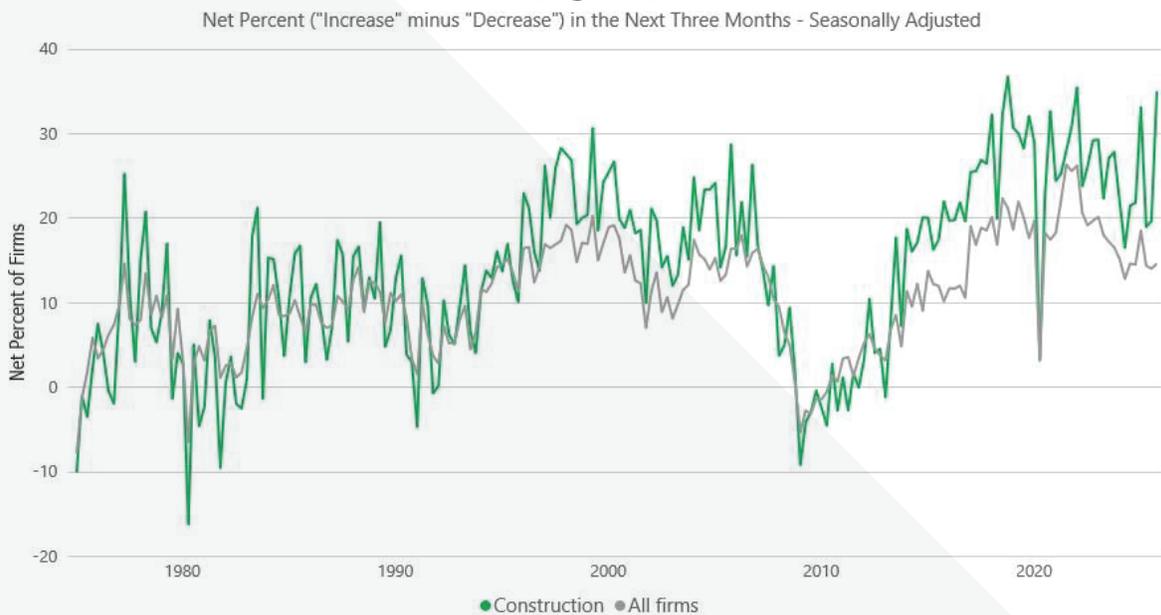
The net percent of owners in the construction industry expecting higher real sales volume rose 21 points from July to a net 18% (seasonally adjusted). This was the highest of all industries and 12 points higher than for all firms.

**Real Sales Expectations**



A seasonally adjusted net 35% of small businesses in the construction industry plan to hire in the next three months, up 15 points from July. The construction industry had the highest reading of all industries and was 20 points higher than for all firms.

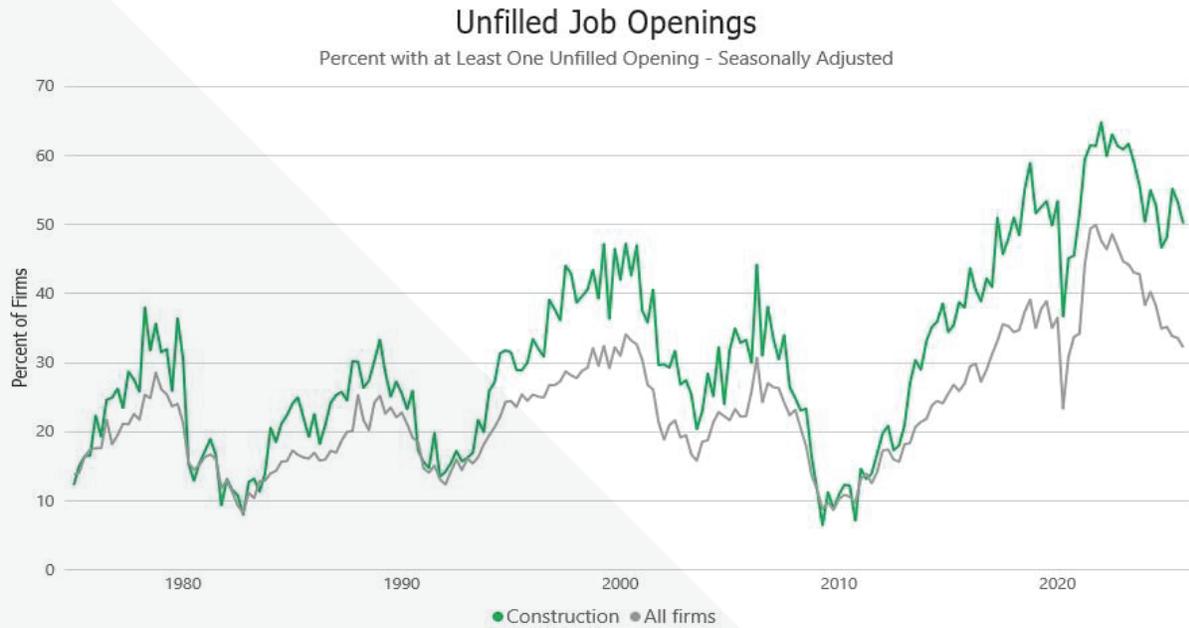
**Hiring Plans**



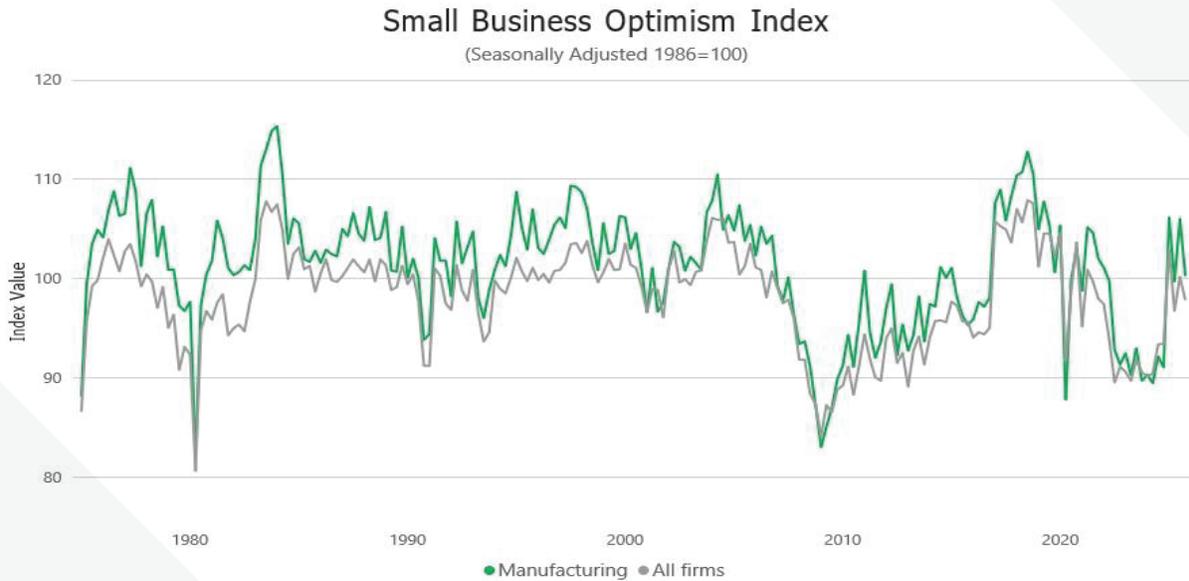
Fifty percent (seasonally adjusted) of owners in the construction industry reported unfilled job openings, down 3 points from July but remaining well above the industry's historical average of 31%. The construction industry had the highest level of job openings of all industries and was 18 points above the overall level for all firms. Nearly half (49%) of these openings are for skilled workers (up 4 points from July), and 14% are for unskilled workers (unchanged).

Finding qualified workers remains a challenge for small businesses in the construction industry. Sixty percent of construction firms reported few or no qualified applicants, down 1 point from July and 11 points higher than reported for all firms.

Nearly half (49%) of small businesses in the construction industry reported labor quality as their single most important problem, up 13 points from July. Construction was the highest of all industries and 22 points higher than for all firms.



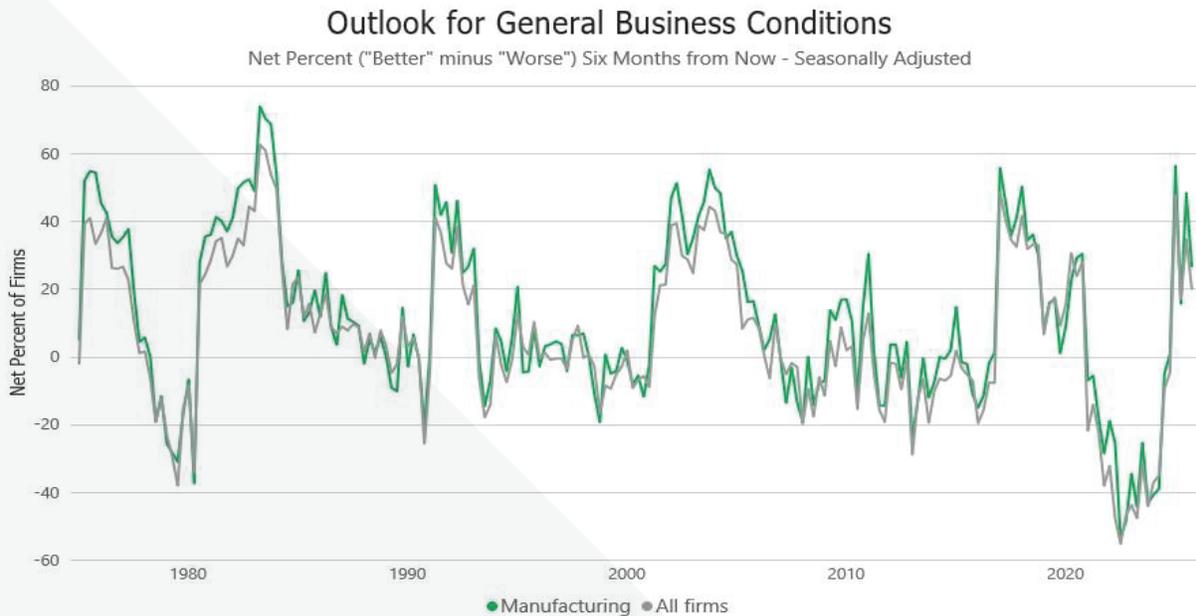
**MANUFACTURING**



| Index Components<br>(Seasonally Adjusted) | Manufacturing | Change from<br>Last Quarter | All Firms |
|---|---------------|-----------------------------|-----------|
| Plans to Increase Employment              | 24%           | -2                          | 15%       |
| Plans to Make Capital Outlays             | 34%           | 3                           | 23%       |
| Plans to Increase Inventories             | -8%           | -9                          | -2%       |
| Expect Economy to Improve                 | 26%           | -22                         | 20%       |
| Expect Real Higher Sales                  | 5%            | -15                         | 6%        |
| Current Inventory (Too Low)               | -5%           | 0                           | -4%       |
| Current Job Openings                      | 33%           | -6                          | 32%       |
| Expected Credit Conditions                | -4%           | 0                           | -3%       |
| Now a Good Time to Expand                 | 14%           | -5                          | 13%       |
| Earnings Trends                           | -24%          | -8                          | -25%      |
| <b>Optimism Index</b>                     | 100.1         | -5.8                        | 98.2      |

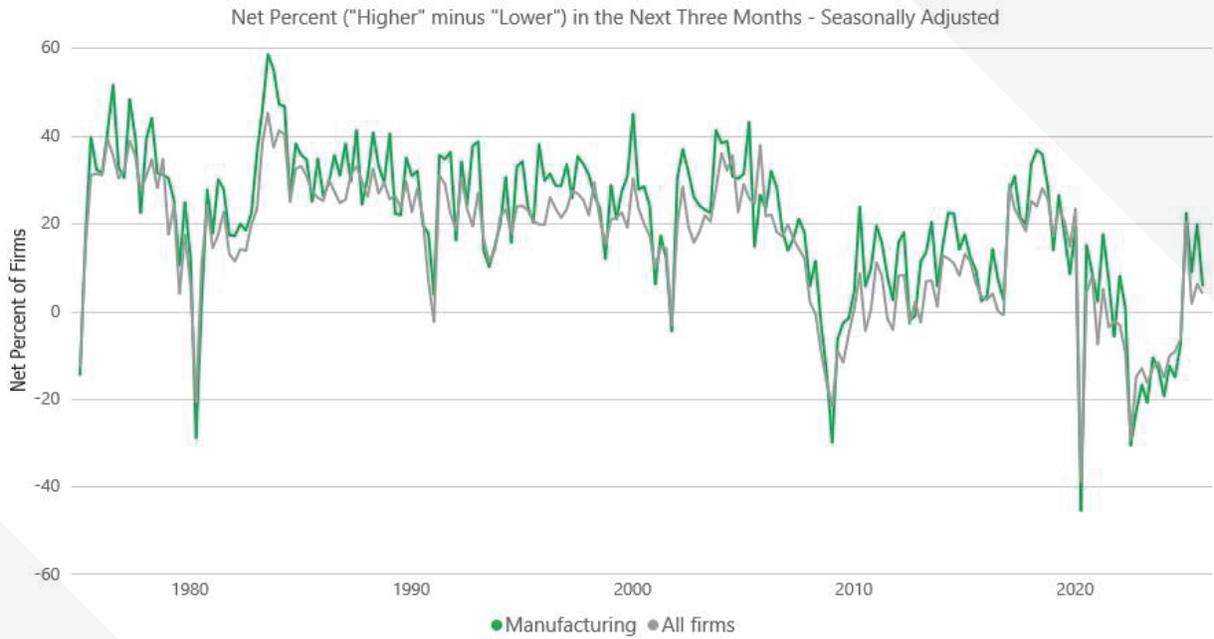
Small business owners in the manufacturing industry were the second most optimistic of all industries, with an Optimism Index of 100.1. The Index for manufacturing was 1.9 points higher than for all firms. Although the Index declined by 5.8 points from the prior quarter, it is close to the industry’s historical average of 101.1. The Index fell primarily due to a deterioration in expectations for better business conditions and real sales expectations. This marked a reversal from the improvement in better business conditions and higher real sales expectations between April and July.

A net 26% (seasonally adjusted) of firms in the manufacturing industry expect better business conditions in the next six months, down 22 points from July and contributing the greatest to the Index’s decline. The manufacturing industry experienced the largest quarterly decline of all industries; however, the outlook for better business conditions remains the highest of all industries and is above the reading for all firms (net 20%).



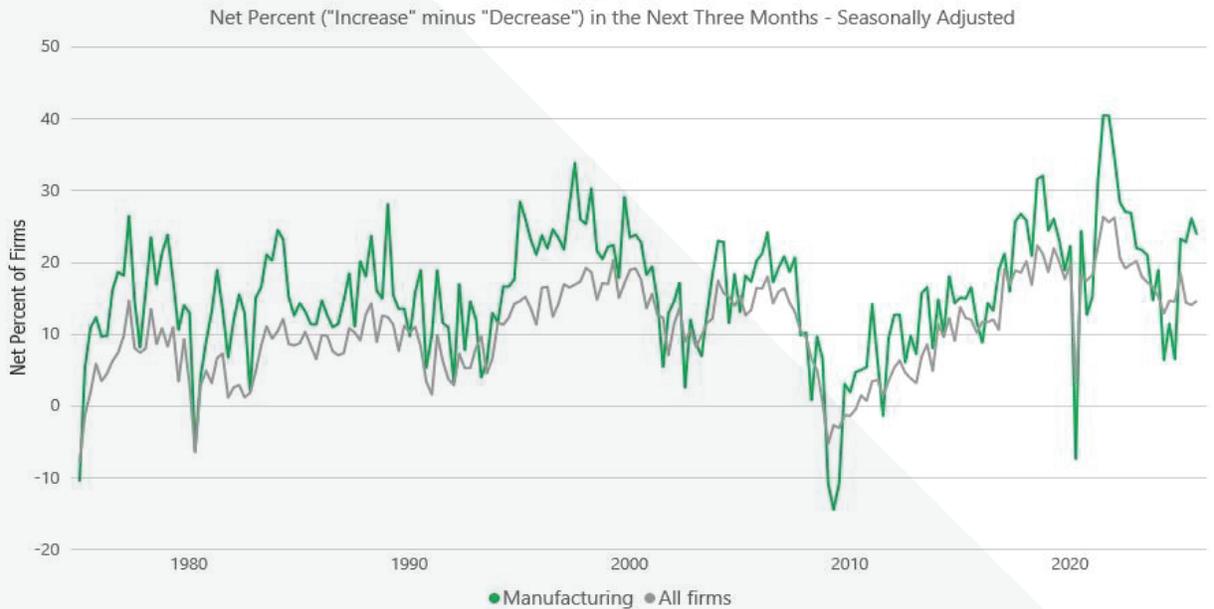
The net percent of small businesses in the manufacturing industry expecting real sales to increase fell 15 points from July to a net 5% (seasonally adjusted). Sales expectations for manufacturing businesses are below the industry’s historical average of a net 20% but are close to the reading for all firms (net 6%).

**Real Sales Expectations**

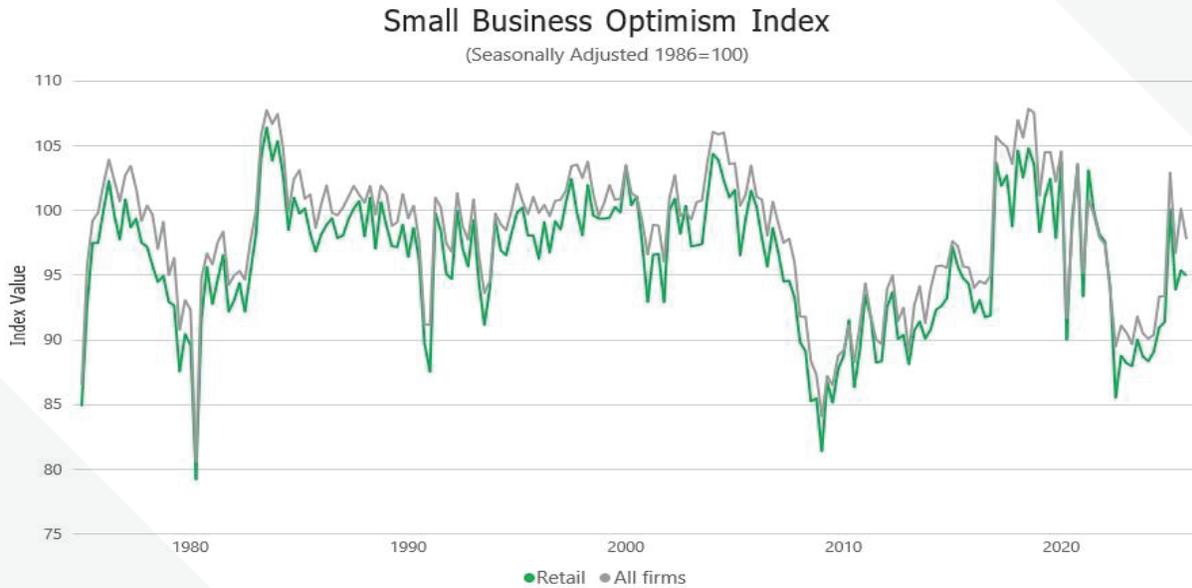


In October, a seasonally adjusted net 24% of manufacturing businesses plan to hire in the next three months, down 2 points from July. As with the construction industry, firms in the manufacturing industry reported higher levels of hiring plans than for all firms (net 15%) and were the second highest of all reported industries.

**Hiring Plans**



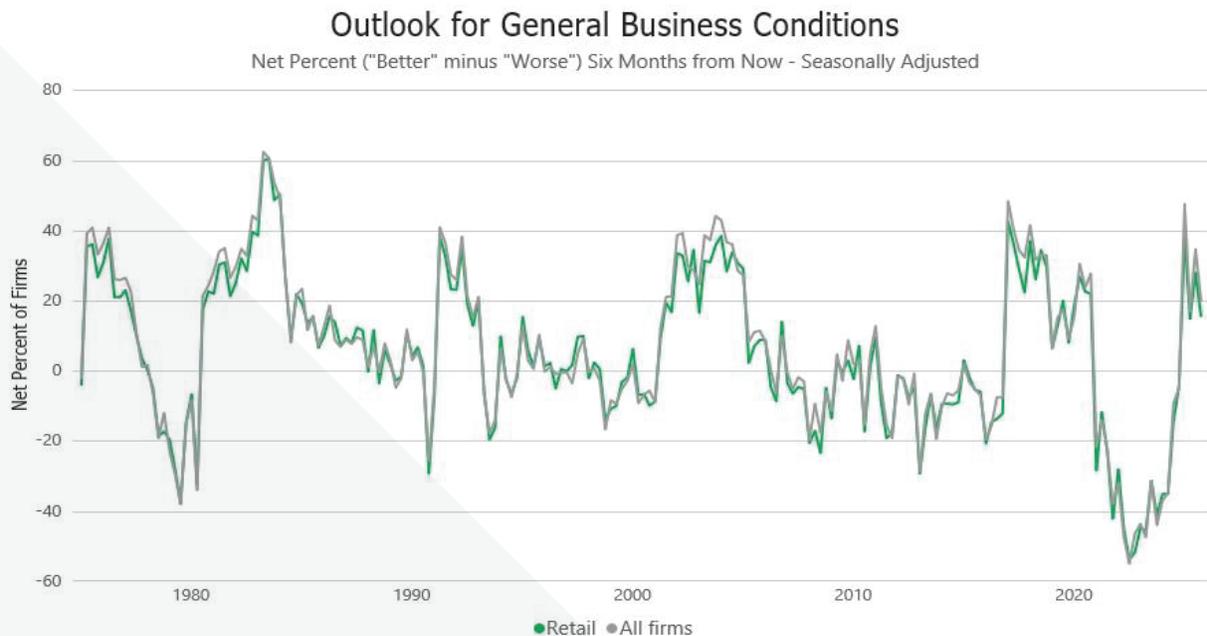
**RETAIL**



| Index Components<br>(Seasonally Adjusted) | Retail      | Change from<br>Last Quarter | All Firms   |
|---|-------------|-----------------------------|-------------|
| Plans to Increase Employment              | 5%          | -4                          | 15%         |
| Plans to Make Capital Outlays             | 22%         | 7                           | 23%         |
| Plans to Increase Inventories             | -4%         | 3                           | -2%         |
| Expect Economy to Improve                 | 15%         | -13                         | 20%         |
| Expect Real Higher Sales                  | 5%          | 2                           | 6%          |
| Current Inventory (Too Low)               | -11%        | 3                           | -4%         |
| Current Job Openings                      | 30%         | 2                           | 32%         |
| Expected Credit Conditions                | -3%         | 0                           | -3%         |
| Now a Good Time to Expand                 | 8%          | -1                          | 13%         |
| Earnings Trends                           | -29%        | -3                          | -25%        |
| <b>Optimism Index</b>                     | <b>94.9</b> | <b>-0.4</b>                 | <b>98.2</b> |

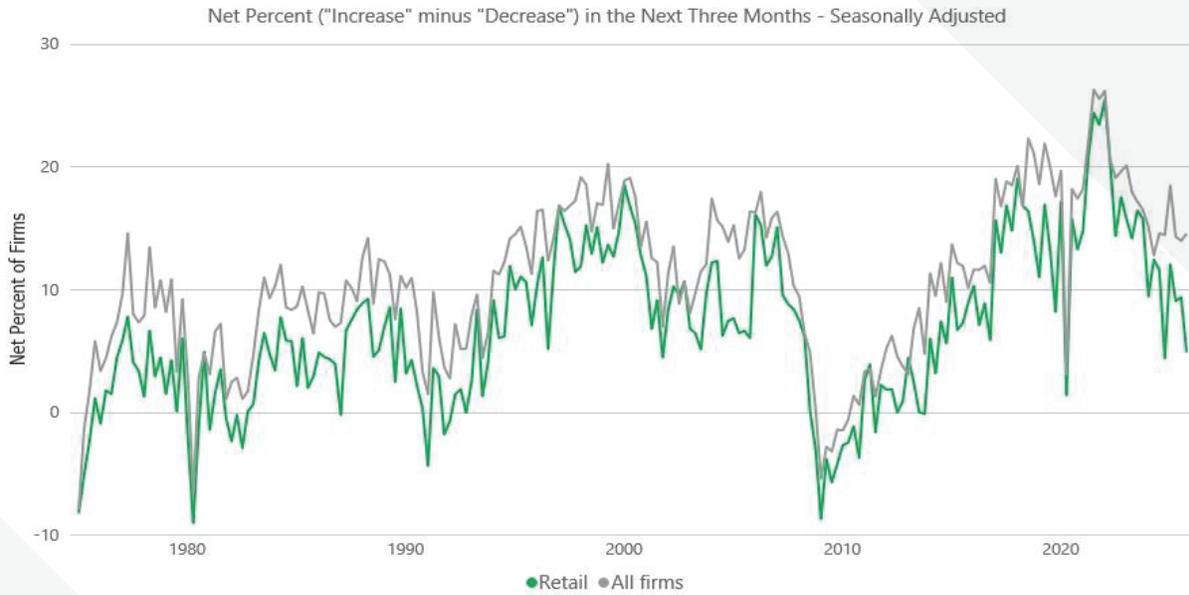
The Optimism Index for the retail industry fell 0.4 points from July to 94.9. Small business owners in retail remain the least optimistic of all industries and have an Index 3.3 points below the level for all firms. The quarterly change in the retail industry's Index was the smallest of all industries. A decline in expectations for better business conditions, hiring plans, and earnings primarily drove the Index's decline.

Expectations for better business conditions fell by 13 points from the previous quarter to a net 15% (seasonally adjusted), contributing the most to the fall in the Index. This marked a reversal from the increase in expectations for better business conditions between April and July. The retail industry's reading was lower than that for all firms (net 20%), and for all reported industries.



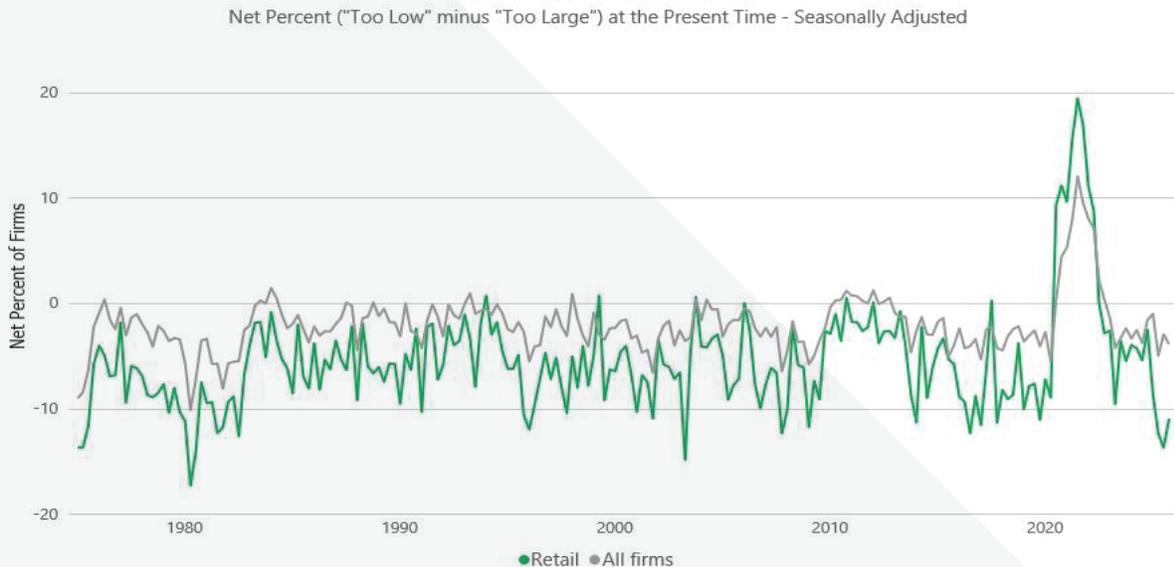
In October, the retail industry had the lowest level of hiring plans of all industries. A seasonally adjusted net 5% of retail businesses plan to hire in the next three months, down 4 points from July. Hiring plans for the retail industry were 10 points lower than the reading for all firms.

**Hiring Plans**



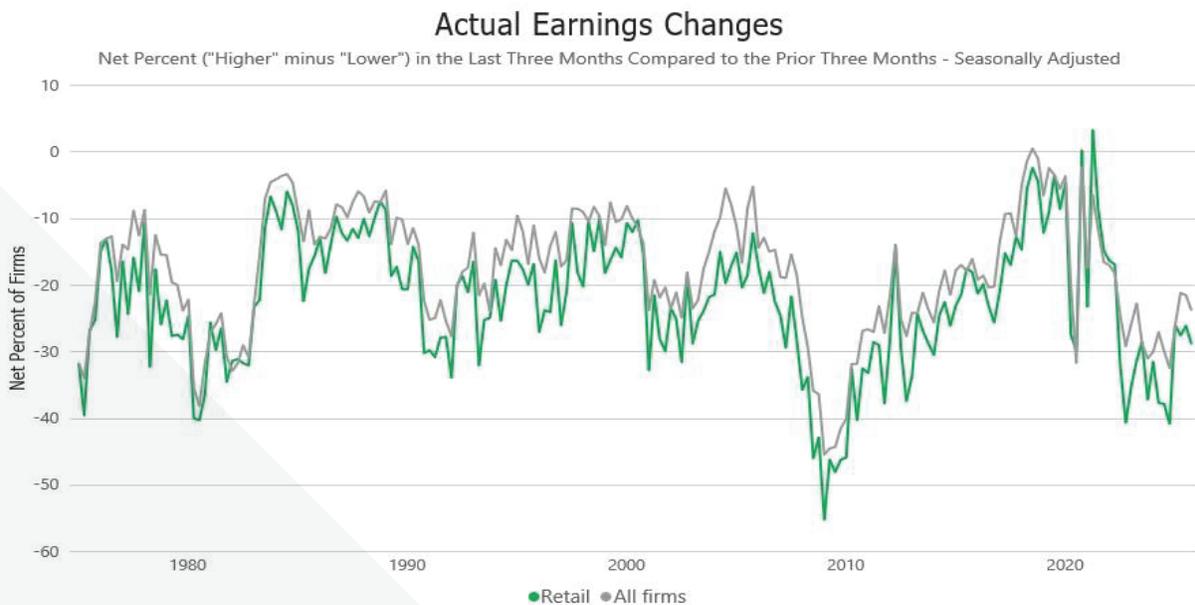
A net -11% (seasonally adjusted) of retailers reported current inventory levels as “too low” (up 3 points from July) indicating “too high” characterized most firms’ stocks. Despite the improvement from July, October’s reading remains below the retail industry’s historical average of a net -6%. The retail industry had the poorest reading of all reported industries and was 7 points worse than that for all firms.

**Inventory Satisfaction**

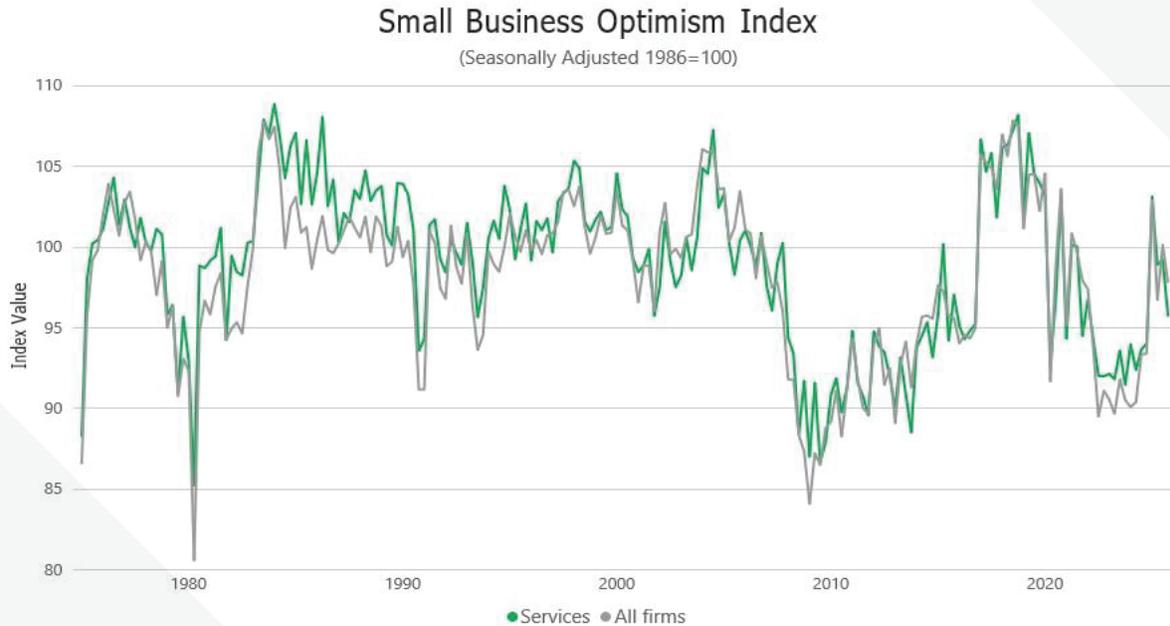


In October, earnings trends in the retail industry fell 3 points from July to a seasonally adjusted net -29%. This means that 29% of retail businesses reported lower earnings during the last calendar quarter compared to the percent reporting better earnings.

As with the April to July period, the retail industry had the lowest level of earnings trends of all industries. Earnings trends for retail businesses were 4 points worse than for all firms and remains below the industry's historical average of a net -23%.



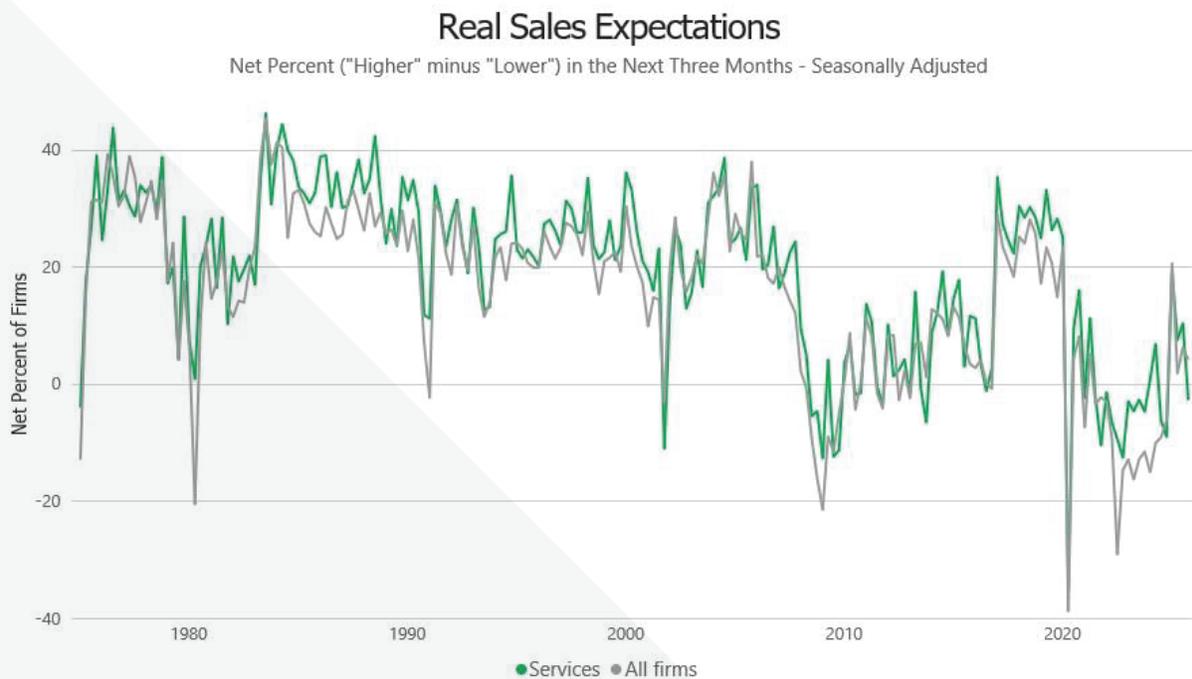
**SERVICES**



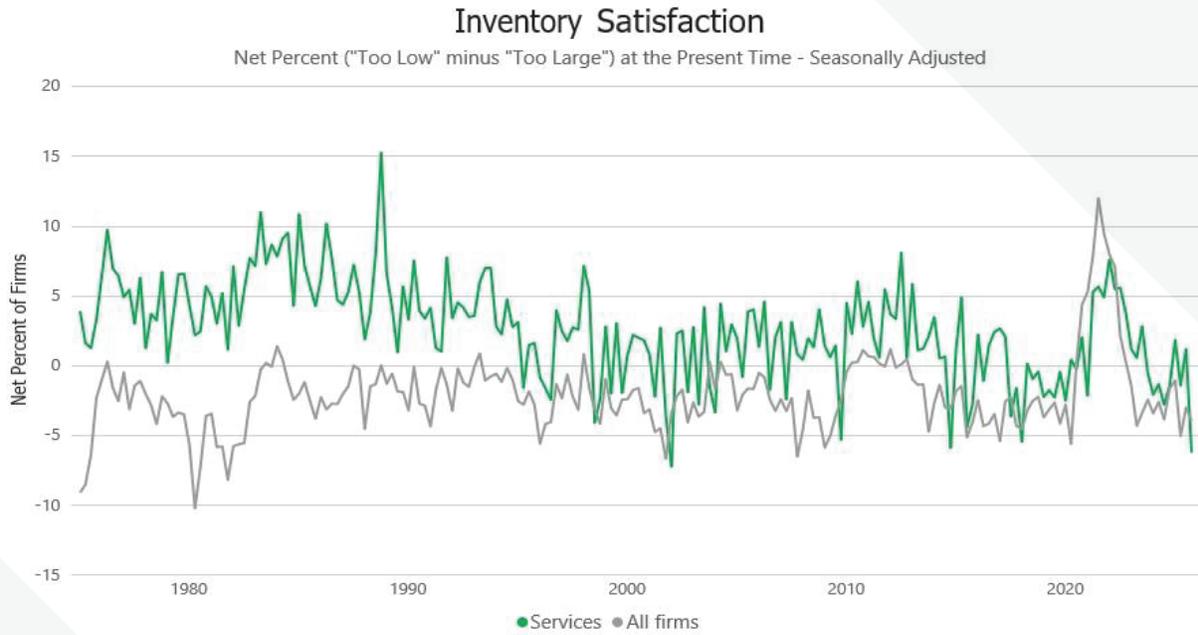
| Index Components<br>(Seasonally Adjusted) | Services    | Change from<br>Last Quarter | All Firms   |
|---|-------------|-----------------------------|-------------|
| Plans to Increase Employment              | 14%         | 0                           | 15%         |
| Plans to Make Capital Outlays             | 17%         | -3                          | 23%         |
| Plans to Increase Inventories             | -7%         | -2                          | -2%         |
| Expect Economy to Improve                 | 18%         | -6                          | 20%         |
| Expect Real Higher Sales                  | -3%         | -13                         | 6%          |
| Current Inventory (Too Low)               | -6%         | -7                          | -4%         |
| Current Job Openings                      | 34%         | -4                          | 32%         |
| Expected Credit Conditions                | -4%         | 0                           | -3%         |
| Now a Good Time to Expand                 | 9%          | -4                          | 13%         |
| Earnings Trends                           | -26%        | -1                          | -25%        |
| <b>Optimism Index</b>                     | <b>95.6</b> | <b>-3.6</b>                 | <b>98.2</b> |

In October, the Optimism Index for the services industry decreased 3.6 points from July to 95.6, falling below its historical average. All Index components declined from the previous quarter, except for hiring plans and expected credit conditions, which remained unchanged. The decline in optimism was primarily due to a decrease in real sales gains expectations, inventory satisfaction, and expectations for better business conditions. Small businesses in the services industry were less optimistic than the overall small business community, with an Index reading 2.6 points lower than that of all firms.

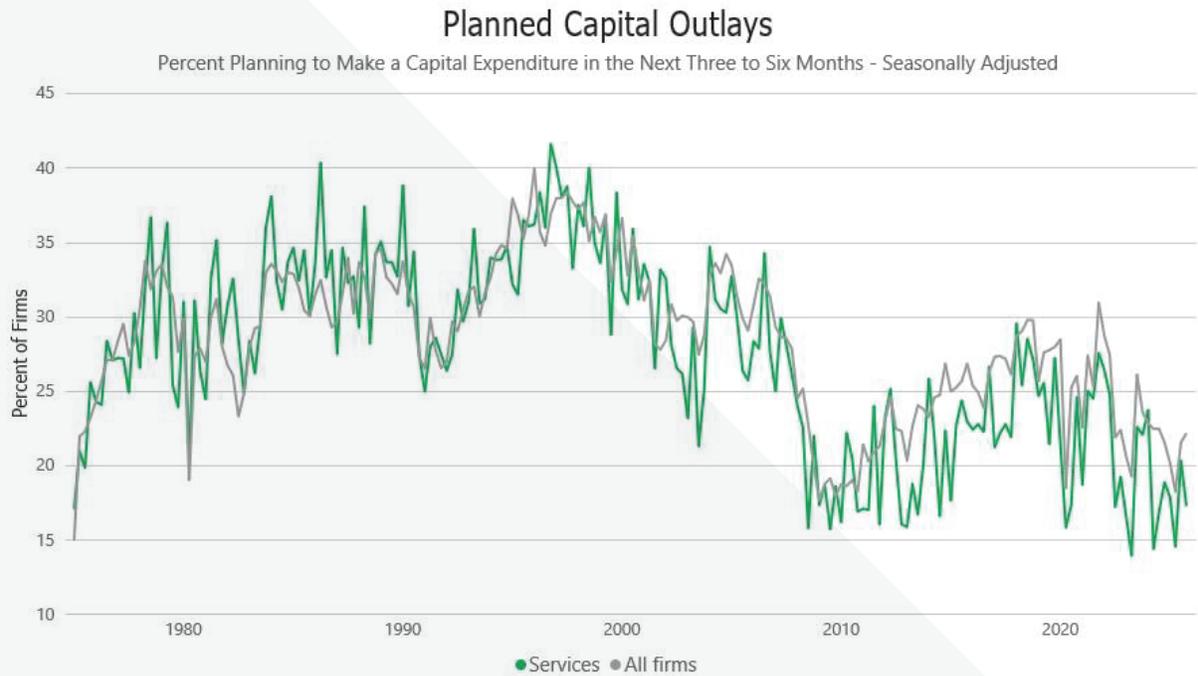
The net percent of small businesses in the services industry expecting real sales to increase fell 13 points from July to a net -3% (seasonally adjusted). Sales expectations remain below the historical average of a net 19% (seasonally adjusted). Sales expectations were the poorest in the services industry, and were 9 points below the level for all firms.



A net -6% (seasonally adjusted) of small business owners in the services industry reported their current inventory as “too low,” down 7 points from July. Services was the only industry in which inventory satisfaction decreased from the previous quarter.



Seventeen percent (seasonally adjusted) of small business owners in the services industry plan capital outlays in the next six months, down 3 points from July. This was 10 points below the historical average and 6 points below the level of all firms.



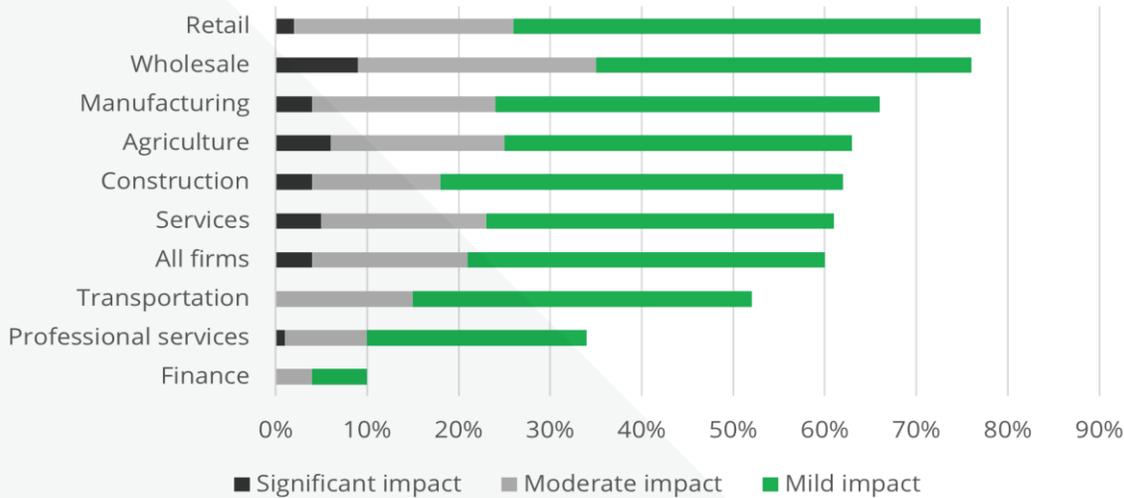
**ADDITIONAL**

In October, there was a slight improvement in supply chain disruptions compared to the prior quarter. Overall, 60% of all small business owners reported supply chain disruptions impacting their business to some degree (down 4 points from July). Four percent reported a significant impact (unchanged), 17% a moderate impact (unchanged), 39% a mild impact (down 4 points), and 39% reported no impact (up 3 points).

The retail and wholesale industries continued to lead with the highest percent of small business owners experiencing some level of supply chain disruptions (77% and 76% respectively). These industries are highly import-dependent.

Only 10% of small business owners in the finance industry and 34% in the professional services industry reported some degree of impact on their business. Ninety percent of finance businesses reported no impact compared to 39% of all firms.

Are Supply Chain Disruptions Impacting Your Business?



Overall, 63% of small business owners rated the overall health of their business today as excellent or good (a decline of 2 points from July). Twelve percent rated the overall health of their business as excellent (down 1 point), and 51% rated it good (down 1 point). Thirty-three percent rated it fair (up 2 points), and 4% rated it poor (unchanged).

All industries had over half of small business owners reporting their overall business health as excellent or good. Seventy-one percent of small business owners in the finance and wholesale industries evaluated their business as excellent or good, the highest of all industries. The retail (54%) and agriculture (56%) industries exhibited the fewest in excellent or good condition.

### How Would You Rate The Overall Health of Your Business Today?

