



NEW YORK

SMALL BUSINESS

ECONOMIC TRENDS

January 2026



New York Small Business Economic Trends

Introduction

Each month, NFIB publishes the Small Business Economic Trends (SBET) report, which tracks economic activity among small businesses in the US. The survey measures changes in sales, employment, investment, financing, and economic sentiment. While this is a useful country-wide snapshot, no state can be defined by national numbers alone. Therefore, the NFIB Research Center has produced state-specific numbers in our new, semi-annual "State of the States" SBET report for some of the largest states in the US. To create statistically meaningful numbers, responses from six monthly surveys are pooled together, creating summer (April-September) and winter (October-March) datapoints. These reports help signal the unique challenges and strengths of each state covered.

New York

New York is a complex state. It's home, of course, to our nation's largest and perhaps most iconic city, which sources around 55% of the state's \$2.4 trillion economic output. But that leaves over a trillion dollars in economic activity elsewhere in the state. So, while finance, professional services, and real estate are its largest industries, the state is a tremendously diverse economy all told.

Contextual Data

GDP: \$2.44 Trillion (3rd)

Per Capita Income: \$89,067 (5th)

Unemployment rate: 4.0% (29th)

2.4 million small businesses

3.9 million small business employees

New York is the third-largest economy in the US, trailing only California and Texas. It is among the highest income as well, with the fifth-ranked per capita income. Its labor market is doing reasonably well, with a 4.0% unemployment rate that ranks near the middle of the pack in the country at 29.

Optimism Index

After closely paralleling the national average for the last five years, in summer 2025, the New York Small Business Optimism Index diverged from the national number (Figure 1). Unfortunately, that divergence is negative, as the state’s Index is 95.6, 2.3 points below the national average of 97.9 (Table 1).

In the context of other data in this report, the lower Index is somewhat surprising. As we will see, the data overall draws a complex picture for small businesses in New York state, with a mix of positives and negatives.

Before digging into the details to describe the underlying complexity, some quick historical context: This is not the first time the Optimism Index in New York has lagged the national average. Indeed, that has happened during many intervals over the years. While this most recent spread could be the start of another such period, it could just as easily be a normal survey fluctuation.

Small Business Optimism Index Seasonally Adjusted (1986=100)			
	Current (NY)	Current (US)	*
Optimism Index	95.6	97.9	-2.3

Table 1

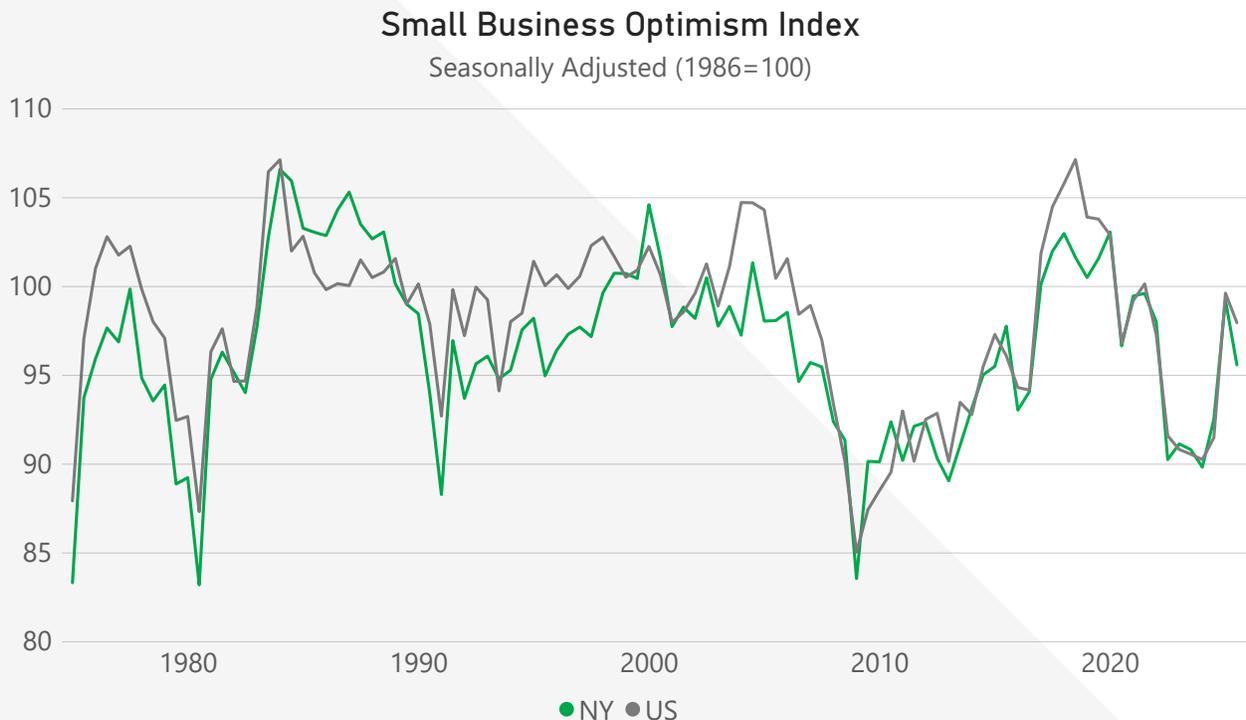


Figure 1

The Optimism Index is a function of ten components, which are tabulated in Table 2. The levels for the New York components are perhaps more different from the levels for the US overall, given the relatively small gap in Index levels. Three of the Index components are much more negative in New York than in the US, headlined by sales expectations, which are fully 12 points more negative in New York. Employment plans and economic expectations were the other two major negative discrepancies (-9 and -8, respectively).

The scale of discrepancy is not the only surprise here, as there are also some unexpected contrasts among other Index components. For example, small businesses in New York report more job openings, which suggests higher demand for labor than the rest of the country. But that's the opposite of the employment plans, which show much lower job investment. That could suggest near-term investments accompanied by pessimism for the future—but there's also a meaningful positive discrepancy in plans to make capital outlays. That contrast between optimism for future capital investment and non-optimism in labor investment is a disconnect worth additional attention.

Optimism Index Components			
Component (Seasonally Adjusted)	Current (NY)	Current (US)	*
Current Inventory (Too Low)	0%	-4%	4
Current Job Openings	35%	33%	2
Earnings Trends	-23%	-21%	-2
Expect Economy to Improve	17%	25%	-8
Expect Real Sales Higher	-7%	5%	-12
Expected Credit Conditions	-6%	-5%	-1
Now a Good Time to Expand	10%	12%	-2
Plans to Increase Employment	5%	14%	-9
Plans to Increase Inventories	-3%	0%	-3
Plans to Make Capital Outlays	18%	13%	5

Table 2

The latter discrepancy in planned employment investment vs planned capital investment can possibly be reconciled by assuming that businesses are seeking to replace labor with capital. Rising minimum wages and expanding leave laws are possible contributing factors. Altogether, the results still present a complex and surprising mosaic.

Business Health

In 2025, NFIB added a direct question about members’ business health to our monthly survey. The Optimism Index is more comprehensive, including broader questions such as economic expectations, if it is a good time to expand, and plans for the future. As such, a concrete, point-in-time question on business health can serve as a complementary second measure of the small business environment.

Here is perhaps the biggest surprise of the report: New York small businesses reported substantially better small business health than those in the rest of the country. As shown in Table 3, the discrepancy is driven mostly by more New York small business owners characterizing the health of their business as excellent and fewer characterizing their health as fair (though there were also differences in “Good” and “Poor” both in New York’s favor as well).

Overall Health of Business - NY			
Rating	Current (NY)	Current (US)	*
Excellent	18%	11%	7
Good	57%	54%	3
Fair	22%	29%	-7
Poor	3%	5%	-2

Table 3

The contradiction between the Optimism Index and business health can be partially explained by the conceptual difference of these metrics, as the Index is more forward-looking while business health is present-focused. However, other states typically see Index and health aligned (i.e., either both ahead of, both the same as, or both behind the national average), so this is clearly a gap to watch in the next data release.

Single Most Important Problem

Another useful question to understand the landscape for small businesses is owners identifying the top problem they currently face. For the most recent period, the share of New York small businesses report their top problem is similar to those in the rest of the country, with a few differences (Table 4).

The biggest difference is in cost of labor, which comes in as the second most reported top problem in New York and just fifth in the rest of the country (15% vs 9%). This could certainly be an underlying cause for the previously discussed low planned investment in labor as opposed to capital. Again, policy restrictions could be contributing to the labor cost issues small business owners are reporting.

Single Most Important Problem - NY			
Single Most Important Problem	Current (NY)	Current (US)	*
Taxes	14%	17%	-3
Quality of Labor	18%	19%	-1
Poor Sales	8%	10%	-2
Inflation	8%	13%	-5
Gov. Regulation	10%	8%	2
Fin. & Interest Rates	3%	4%	-1
Cost/Avail. of Insurance	9%	9%	0
Cost of Labor	15%	9%	6
Comp. from Large Bus.	7%	6%	1

Table 4

The second biggest difference is inflation, where New York small businesses are faring better than small businesses elsewhere (8% vs 13% identifying it as the top problem). Taxes also show a small difference, with New York a few points lower than the rest of the country. This is surprising given the (accurate) reputation of New York as a high tax state.

Much bigger than the differences between New York and the US are the differences between the current period and a year ago (Table 5). Several issues have improved, with inflation as the biggest mover as it shifted from being top issue for 18% of small businesses a year ago to 8% currently. Labor quality has also fallen substantially (from 24% to 18%), though it remains the top issue. Taxes have fallen modestly (from 17% to 14%), remaining the number three issue for small business owners in New York.

Two categories had moderate increases in severity from Summer 2024 to Summer 2025. Labor costs increased the most, up five points to 15%, moving it from fourth to second most important. Cost/availability of insurance also had a moderate increase, from 5% to 9%. Three categories had very small increases of just two points: Poor sales, government regulation, and competition from large businesses.

Single Most Important Problem - NY			
Single Most Important Problem	Current	One Year Ago	*
Taxes	14%	17%	-3
Quality of Labor	18%	24%	-6
Poor Sales	8%	6%	2
Inflation	8%	18%	-10
Gov. Regulation	10%	8%	2
Fin. & Interest Rates	3%	3%	0
Cost/Avail. of Insurance	9%	5%	4
Cost of Labor	15%	10%	5
Comp. from Large Bus.	7%	5%	2

Table 5

The single most important problem question has run for the full 50+ year history of the Small Business Economic Trends survey, creating valuable historical context. Graphing so many years of data for nine series makes for an overly complicated figure, so we split the nine categories into three graphs with three categories each.

The first of these three graphs shows three of the most consistent issues: taxes, government regulation, and competition from large businesses. While these do change over time, their evolution tends to happen at a plodding pace as the government slowly increases taxes, or the competitive landscape gradually shifts (Figure 2). That means their movement from period to period is less than the other six categories, with the highest highs and lowest lows at more similar levels. In addition, their most significant movements tend to be driven by other categories. For example, the lower levels in the last few years are most likely caused by significant inflation and labor quality issues crowding out these consistent but less severe problems.

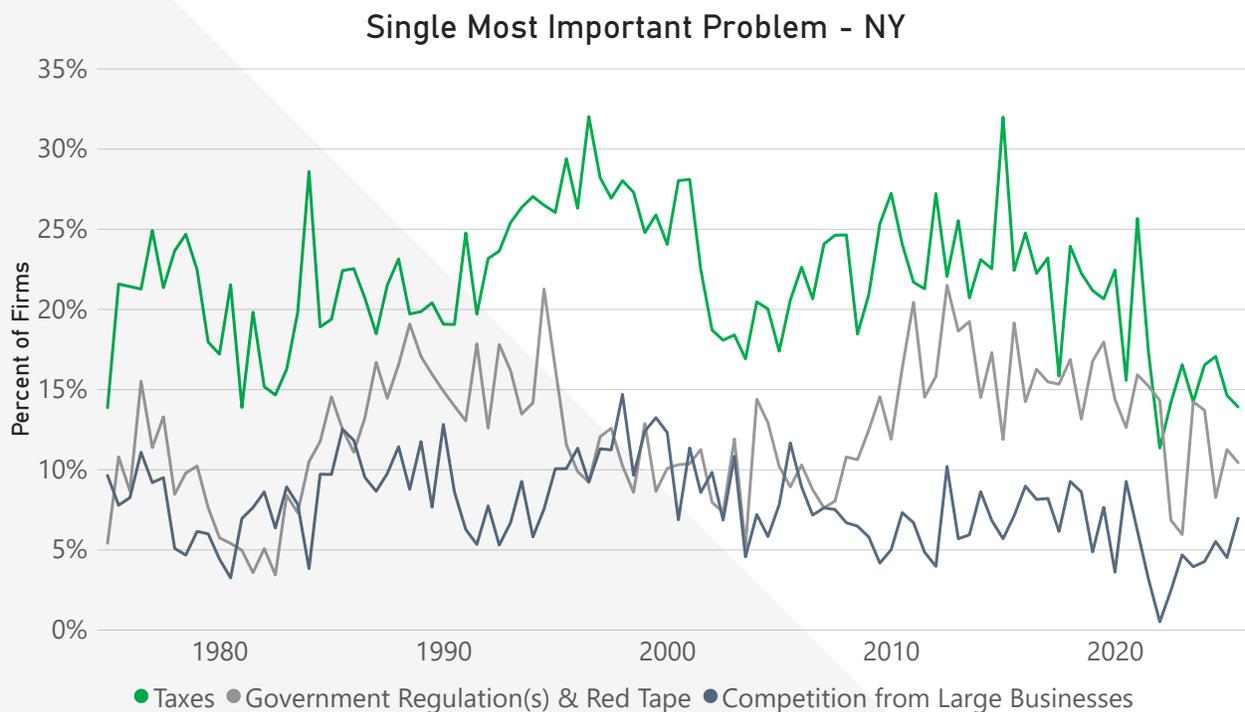


Figure 2

The next trio are the three categories most affected by the business cycle (the booms and busts of the economy): Labor quality, labor costs, and poor sales (Figure 3). The poor sales issue tends to spike in recessions (e.g., the 2008-09 Great Recession), when labor issues fall to the background. When the economy is strong, (such as in the post-pandemic boom) poor sales are a background issue and labor troubles come to the forefront. Interestingly, while these three categories fluctuate accordingly in New York, their fluctuations are less substantial than other states NFIB has analyzed (CA, OH, TX, and FL).

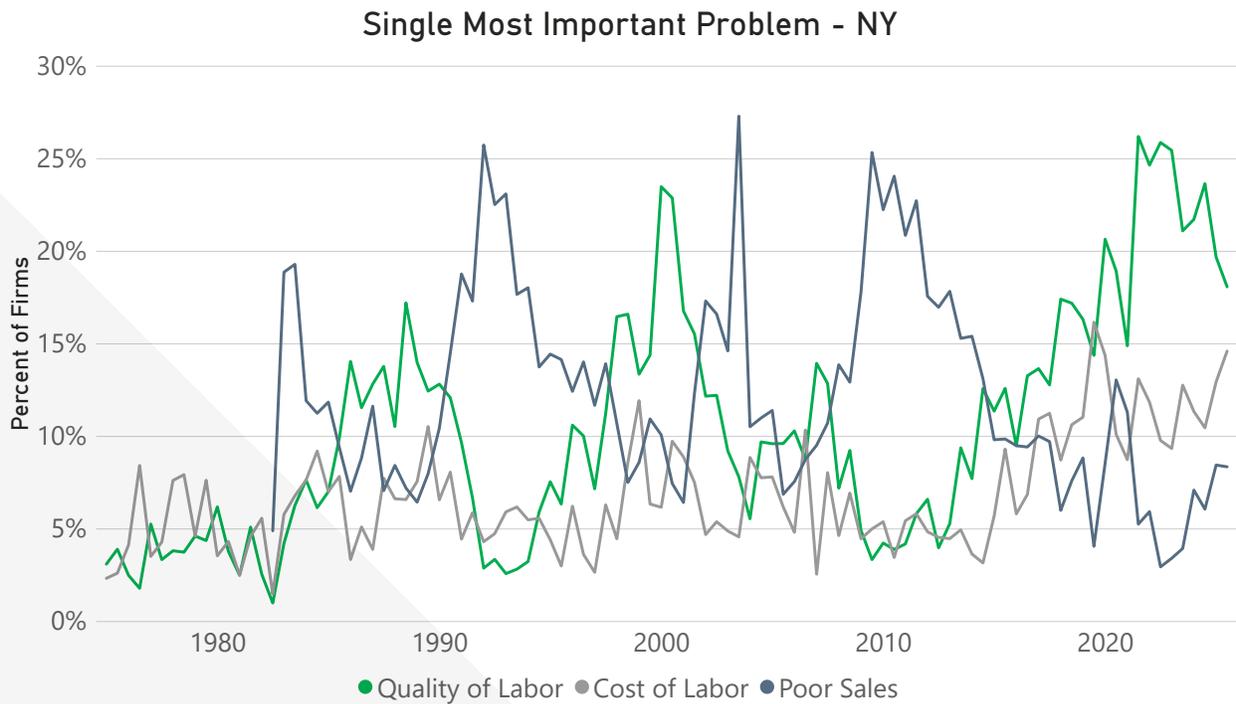


Figure 3

The final trio of issues are inflation, financing costs, and insurance costs/availability. Interestingly, for most periods over the life of the dataset, very few owners have reported inflation or financing costs as their top issue. However, inflation has seen two high periods, the first in the late 70s to early 80s (when inflation hit the highest level of any issue ever for New York), and the second in the post-pandemic inflation wave. Financing has seen just one high period, in the early 80s after the Federal Reserve spiked interest rates to fight the years of high inflation. Cost/availability of insurance has generally stayed around 10%, except for in the mid-2000s when it rose into the mid-20s.

Single Most Important Problem - NY

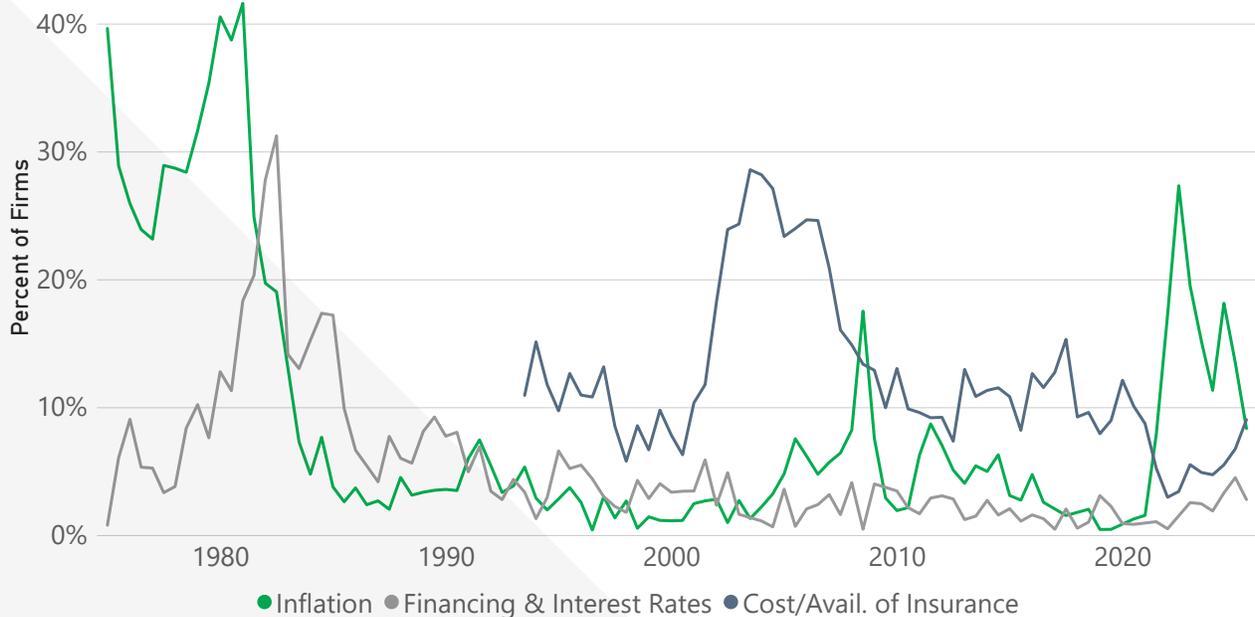


Figure 4

Uncertainty Index

Confidence in making operational decisions is one of the keys to business success, which is why NFIB created the Uncertainty Index. This index is calculated from the percent of small businesses replying “Uncertain” or “Don’t know” to six questions. As such, it is slightly different from other “uncertainty indexes” that are actually volatility indexes. Instead, this index is more a true midpoint between good and bad, indicating that business owners truly don’t know which way the wind is blowing for them.

Here the data presents a bit of good news for New York. While uncertainty reached its highest level ever for the US overall in Summer 2025, it actually declined moderately in NY (though it remains historically high, at the third highest level in the index’s history). Low uncertainty accompanied by improved optimism is the ideal outcome, and history shows that the data can be noisy, so the movement will be interesting to track in the coming periods. That said, it’s a nice, positive result for NY state.

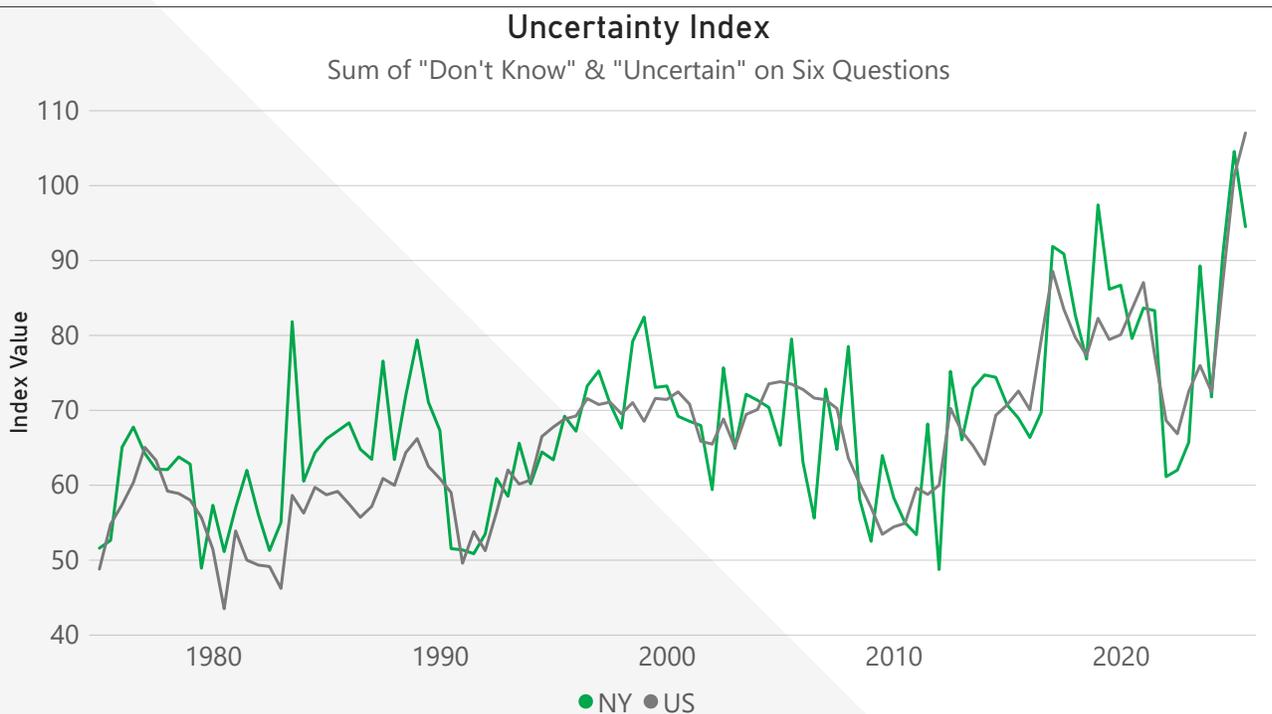


Figure 5

Conclusion

New York is led by New York City, driving it to be among the largest and highest-income economies in the country. But a huge portion of the economy happens outside the city as well, making for a tremendously diverse state overall. NFIB small business data reveals a complex, and at times surprising, picture. The Optimism Index is below the rest of the country, but the point-in-time business health data shows a more favorable picture. The details of Optimism Index components and Single Most Important Problem data reveal particular concerns related to labor investment and cost. One silver lining for New York is below-national average uncertainty. Overall, the state has an interesting data picture for small businesses, making it one to monitor in next period's data release.

Methodology

The data for this report is sourced from our Small Business Economic Trends Survey, which polls a random sample of NFIB members. The survey ran quarterly from 1973 to 1985 and monthly from 1986 through the present. As this is a national survey, the number of responses from an individual state are not necessarily statistically meaningful in a given month. To create this new state-specific report, we pooled data from multiple surveys into a weighted average for a given season (Apr-Sep for summer and Oct-Mar for winter). For summer 2025, New York had 144 total responses.