

NEW YORK

SMALL BUSINESS

ECONOMIC TRENDS

Winter 2026



Introduction

Each month, NFIB publishes the Small Business Economic Trends (SBET) report, which tracks economic activity among small businesses in the U.S. 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 U.S. To create statistically meaningful numbers, responses from six monthly surveys are pooled together, creating summer (April-September) and winter (October-March) data points. These reports help signal the unique challenges and strengths of each state covered.

NEW YORK

New York state boasts one of the largest, wealthiest, and most diverse cities in the world—and that’s still only about half the state’s population. In other words, the state is both its iconic city and so much more—geographically, demographically, economically. But New York is not without its challenges, challenges that include notably high taxes and other weaknesses that impact the small business environment.

Contextual Data

GDP:	\$2.53 Trillion (3 rd)
Per capita income:	\$90,500 (6 th)
Unemployment rate:	4.6% (34 th)



2.4 million
small businesses



3.9 million
small business employees

New York has an enormous economy, ranking third in total GDP despite having a slightly lower ranking population (4). The higher GDP is a function of its wealth, with the sixth highest per capita income in the latest data. One weakness is its unemployment rate, which is above the U.S. average at 4.6%, and ranks 34 in the country. New York’s unemployment rate has climbed since the previous report.



Optimism Index

Last period, New York was decisively behind the U.S. in the Small Business Optimism Index. This period, the situation looks better: While still underperforming, the deficit is now small. At 98.1, the New York Index is up 2 points from its previous reading and 0.4 points below

the national level of 98.5 (Fig. 1). It is also in line with the historical national average of 98.0. This is the third straight month the New York Index has underperformed the U.S. Index after several years of sameness.

Small Business Optimism Index Seasonally Adjusted (1986=100)

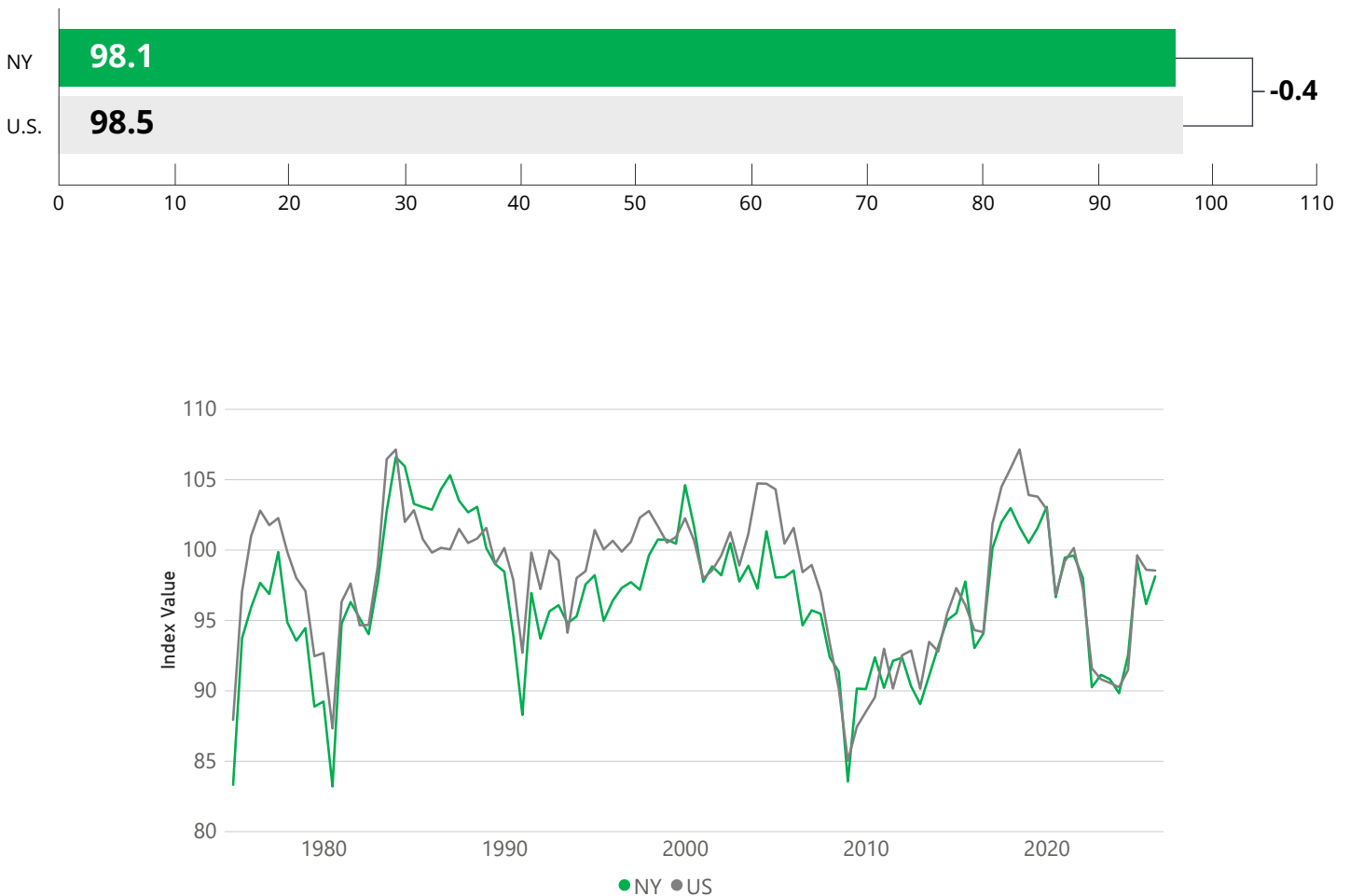


Figure 1



Optimism Index (cont.)

The underlying components of the Optimism Index show a few clear gaps but no clear story. New York has a positive gap on Plans to Increase Inventory and Expect Economy to Improve, but those advantages are counterbalanced by negative gaps on similarly forward-looking components: Good Time to Expand and Plans to Make Capital Outlays. New York is also 4 points weaker on real

sales expectations. From the 10 components altogether, it's difficult to see a unifying cause. These gaps are in the most forward-looking categories, but 2 points better and 2 points worse are generally not large enough differences to be noteworthy. Given this data, it is hard to set aside the impact of survey noise, the kind of variation you get when focusing on one (large) state among fifty.

Optimism Index Components

Component (Seasonally Adjusted)	Current (NY)	Current (U.S.)	Difference (Rounded)
Plans to Increase Employment	15.4	15.4	0
Current Openings	34.1	32.0	2
Expected Credit Conditions	-6.1	-4.2	-2
Expect Economy to Improve	21.7	18.9	3
Expect Real Sales Higher	6.9	10.6	-4
Earnings Trends	-20.7	-21.4	1
Current Inventory (Too Low)	-4.3	-2.6	-2
Plans to Increase Inventory	1.2	-2.4	4
Now a Good Time to Expand	9.2	13.2	-4
Plans to Make Capital Outlays	16.9	19.4	-3

Table 1

Business Health

While the Optimism Index shifted in a positive direction for New York, the complementary small business health metric shifted starkly negative. In early 2025, NFIB introduced a question directly about the health of the owner's business. Its purpose is to be a concrete, point-in-time complement to the more comprehensive, forward-looking Optimism Index. In general, these two metrics tend to point in the same direction. In New York this period, they do point in the same direction in that they're both worse than the U.S. overall. However, where the gap for the Optimism Index was quite small, the gap for business health is substantial.

Specifically, significantly few New York owners reported their small businesses as being in

excellent (-4 point gap) or good health (-3 point gap) compared to the U.S. Instead, 8 percentage points more owners reported their business health as fair (Fig. 2). This is a decisively worse reading for New York than the U.S. overall.

The one piece of good news for New York is that last period, small business health in the state compared very favorably to the U.S. overall, indicating that the negative gap observed this period might be anomalous. More data is needed to better understand small business health in New York. That said, there's no avoiding the fact that the current read is bad news.

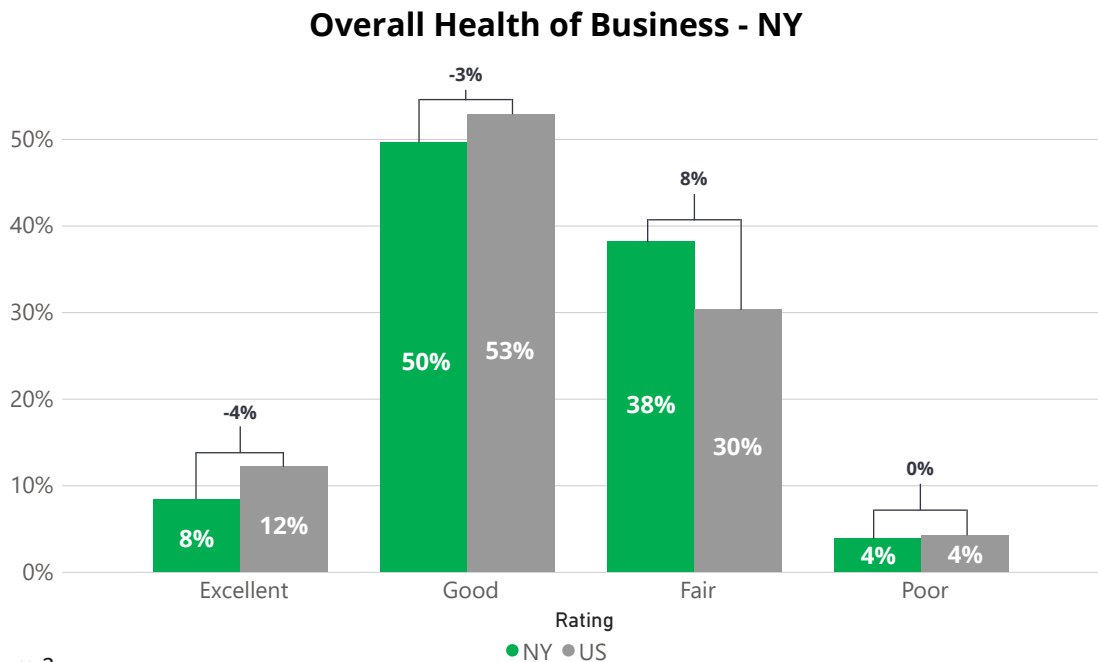


Figure 2



Employment Index

So far, we've seen 1) Okay news for New York vs. the U.S. on the Optimism Index, though less favorable after considering the recent past data and 2) Bad news on Business Health, though more favorable after considering the recent past data. Now up for consideration is the Employment Index, a new metric that combines six hiring and compensation-related components to give a pulse of the small business job market. Here, the news is starkly

bad and worsened when considering recent past data.

Right now, the New York Employment Index is nearly 5 points below the U.S. Index, at 96.9 vs 101.6. That comes on the heels of the previous period which saw another nearly 5-point gap (96.5 vs 101.2). This is alarming, especially because the negative gap is unusual in scale compared to other state-to- U.S. overall gaps.

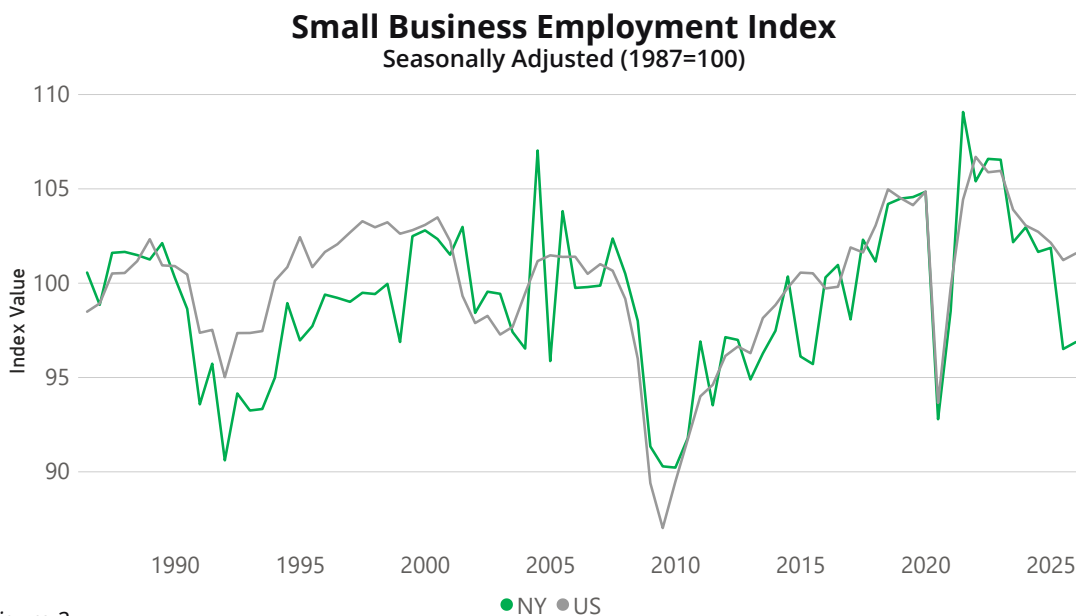


Figure 3

Adding more historical context offers a small degree of mitigation. Prior to the wide negative gaps in the New York Employment Index compared to the U.S. in the past year, the gaps had been small. That said, they have also been persistent: It is three years since the New York Employment Index outperformed the U.S.

The U.S. BLS unemployment data adds to the bearish job market picture. In the past year, the New York unemployment rate has increased significantly faster than the national rate (which has been nearly steady). That

reinforces the bad news in the Small Business Employment Index, suggesting there is true weakness in the New York jobs market over the past year.

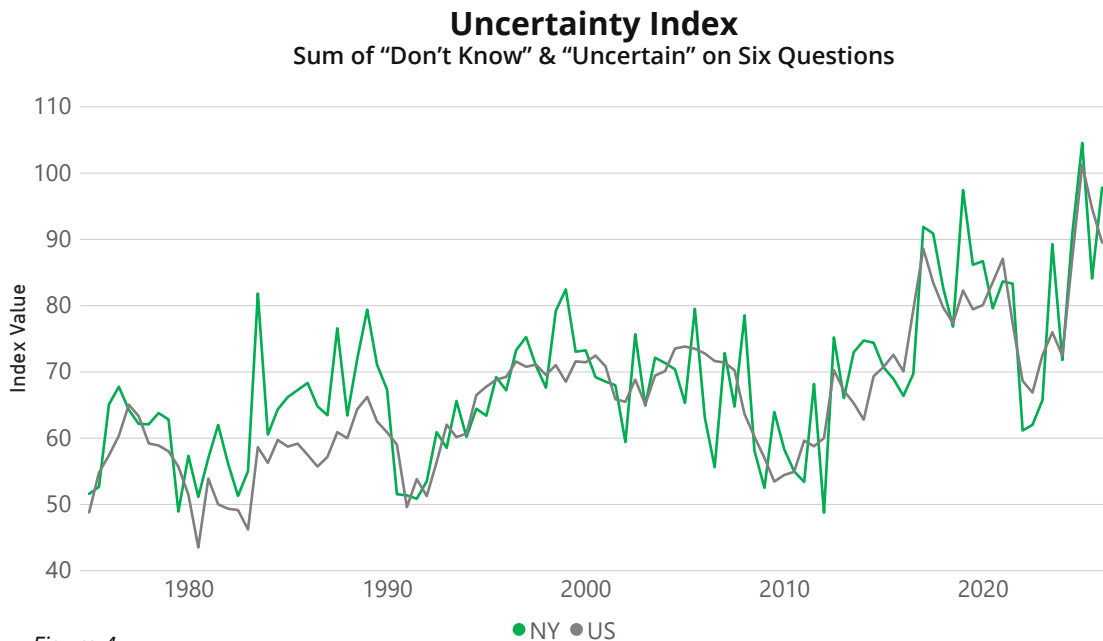
Looking at the full history of the Index shows one period of prolonged underperformance in New York, the 1990s. That decade started off with a recession, and it took a long time for the small business job market to bounce back. Now, New York hasn't experienced a recession in the past year, so there's good reason to be optimistic about a rebound in the index — at least to a smaller deficit than the current one.

? Uncertainty Index

Uncertainty has been a major challenge for small businesses across the U.S. over the past year and a half, and New York has not been spared. New York’s peak uncertainty aligned with the national peak, taking place in the winter 2024-25 period. This was the all-time highest reading for both geographies. Both have seen lower uncertainty since then, but the course has not at all been the same. For the U.S., there has been a steady decline (though the current level would still have been a record before the recent spike). For New York, there was a major, rapid decline in the Index last period before the current period

kicked back up substantially. Right now, the level is the second highest on record, but comfortably below the previous winter mark (Fig. 4).

What do we make of the dramatically fluctuating New York data? Cautiously, the rapid, major shifts are not alarming. Analyzing the whole historical series reveals that it is par for the course to see dramatic period-to-period swings in the New York Uncertainty Index. There’s rarely one right way to interpret data, and certainly not here. But the best conclusion seems to be that uncertainty is trending downwards in New York just as it is in the rest of the country—though perhaps not as steadily.





Top Issues

The metrics so far paint a picture of a state with a series of challenges for small businesses, from a slightly below national average Optimism Index to a more seriously below national business health to very substantially below national Employment Index. What is going on with businesses that is creating these differences? A useful data point to answer that question is the most important problem for small businesses. Interestingly, the data on the top issues for New York small businesses shows substantial similarity with the U.S. overall (Table 2).

Amidst the similarities, only three issues have even somewhat meaningful gaps between New York and the rest of the

country: Taxes, Inflation, and Competition from Large Businesses. Taxes are a major issue in the New York and the U.S. overall, but New York small businesses are struggling more with their tax burden (by a 3-point gap). Inflation and Competition from Large Businesses are both better in New York (both by 3-point gaps).

Overall, this top issue data isn't a clear smoking gun. Yes, taxes rate as a more challenging issue in New York, and no, that is not surprising given the rates and breadth of the state's taxation system (as well as localities within the state). However, the gap is fairly small, suggesting the reasons for New York's underperformance are more broad based.

Single Most Important Problem	Current (NY)	Current (U.S.)	Difference (Rounded)
Competition from Big Business	2.3	5.7	-3
Labor Cost	10.6	8.5	2
Financing & Interest Rates	1.5	2.9	-1
Government Regulation	8.3	8.2	0
Inflation	9.8	12.6	-3
Labor Quality	21.2	19.9	1
Taxes	20.5	17.3	3
Poor Sales	9.8	9.8	0
Cost or Availability of Insurance	9.1	9.9	-1

Table 2

Conclusion

New York is a special state, with a surprising balance between its famous southeastern city and the rest of the state. In the latest small business data from NFIB, challenges for its small business community stand out. There is a bit of good news in the Optimism Index, since its underperformance compared to the U.S. overall was small and much less than in the

previous period. Other data points are more negative, with the new Employment Index a particular point of concern. Top issue data points the finger at taxes, but only weakly. It will be important to monitor the data closely in the coming periods, hoping for improvement in its core metrics and seeing if causation for the current difficulties becomes clearer.



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 winter 2025-26, New York had 132 total responses.