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# **Metro Milwaukee Business Outlook Survey Third-Quarter 2025**

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## **Metro Milwaukee Business Outlook Survey, Third-Quarter, 2025**

Metro Milwaukee businesses are showing guarded optimism about 2025's third quarter, according to a quarterly Business Outlook Survey conducted by the Metropolitan Milwaukee Association of Commerce (MMAC). Overall, 53% of businesses surveyed foresee real sales increases in 2025's third quarter (over year ago levels), while 55% forecast profit gains and 44% expect job growth.

"The local economy has been rather sluggish in 2025's first half, but survey results for the third quarter suggest some positive momentum. On a quarter-to-quarter basis, sales expectations held firm while profit and employment forecasts improved from second-quarter levels," said Bret Mayborne, MMAC's Vice President of Economic Research. "Annual expectations for the year overall remain tepid with one notable exception – capital spending plans improved notably from those expressed at the beginning of 2025."

Regarding current business concerns, Milwaukee area businesses ranked uncertainty toward continuing economic growth as its strongest concern. Price inflation and talent attraction/labor shortages follow as the next highest rated concerns in rank order.

MMAC conducted the Business Outlook Survey in early July. It includes responses from 75 metro Milwaukee firms, representing a wide range of sizes and industries.

### **Third Quarter 2025 Outlook**

#### **Sales Expectations**

The trend in local sales optimism is largely positive. Currently 53% of all businesses surveyed predict real sales gains in 2025's third quarter (vs. year-ago levels), 23% see sales declines and 24% expect no change. The percentage predicting third-quarter growth is up marginally from the 52% who forecast second-quarter gains three months earlier and rank as the strongest quarterly positive expectation since 2023's third quarter.

By industry, non-manufacturers were somewhat more optimistic than manufacturers. Fifty-five percent of non-manufacturers see third-quarter sales growth while 50% of manufacturers see such gains. Results also indicated a small difference in expectations among small employers (less than 100) and large employers. Fifty-five percent of small employers forecast third-quarter sales gains vs. 50% for large employers.

#### **Profit Expectations**

Profit expectations turned upward. Overall, 55% of all Milwaukee area businesses see higher profits in 2025's third quarter (vs. year-ago levels), higher than the 36% who forecast second-quarter profit gains. The 19-percentage point, quarter-over-quarter increase in profit optimism is the strongest improvement posted since 2021's second quarter.

#### **Job Expectations**

The job trend in 2025's first half has been uneven - three months up year-over-year and three months down and on average, flat for the first six months. Second-quarter expectations from three months ago reflected this with only 28% of local businesses forecasting quarterly employment increases for their local operations.

Area businesses are noticeably more optimistic toward 2025's third quarter. Forty-four percent of businesses surveyed expect job-level increases in the third quarter (year-over-year), 16 percentage points higher than second quarter optimism. In addition, those seeing third-quarter job increases outnumber those expecting declines by nearly a three-to-one margin (44% vs. 15%).

By employment size, small employers (under 100 employees) are more likely to predict third-quarter employment growth than large employers (47% vs. 39% respectively). By industry, 49% of non-manufacturers predict third-quarter job gains (vs. year-ago levels), higher than the 35% of manufacturers who forecast growth.

### **Wage & Salary Expectations**

Future wage and salary expectations rebounded over the quarter. On average, the change in per person employee wages and salaries is forecast to rise 3.1% over the next 12 months, up from the 2.6% annualized increase predicted at the start of 2025's second quarter.

## **2025 Outlook**

### **Sales/Revenue Expectations**

Fifty-five percent of metro area businesses surveyed forecast higher real sales levels in 2025. Nineteen percent predict 2025 sales declines while 27% see no change. Those currently seeing sales increases are down from the 77% predicting 2025 gains six months ago but higher than the 48% who predicted 2024 sales gains one year ago.

By industry, non-manufacturers are more likely to see 2025 sales gains than manufacturers. Fifty-nine percent of non-manufacturers see sales increases in 2025, while 10% see decreased sales levels. Conversely, 46% of manufacturers predict sales gains, while 35% expect declines. By firm size, 60% of small employers (less than 100 employees) currently see 2025 sales gains versus 46% among large employers.

### **Profit Expectations**

Forty-eight percent of companies surveyed see improved profit levels in 2025, while 27% see profit declines for the year. Twenty-five percent expect no change. Those currently expecting profit growth in 2025 rank marginally below the 49% who forecast 2024 profit gains 12 months ago but well below the 66% who saw 2025 annual profit gains at the beginning of 2025.

### **Capital Spending Plans**

Capital spending plans have improved since the beginning of 2025. Forty percent of those surveyed see capital spending increases in 2025, double the 20% who forecast declines. An additional 40% see no change. The percentage currently predicting increases is up from the 31% who opened 2025 expecting annual capital spending gains.

### **Employment Expectations**

Regarding jobs for 2025 as a whole, 48% of all businesses surveyed expect job gains in their local workforces, while 15% see declines. Thirty-seven percent expect no change. Current levels of optimism rank lower than the 58% of companies that expected employment growth at the start of 2025, but higher than the 44% who saw annual job gains one year ago.

By industry, job expectations in the metro area's non-manufacturing sector are stronger than those in manufacturing. Over one-half (53%) of non-manufacturers predict job growth in 2025 for local operations, while 38% of manufacturers surveyed see gains. This marks a reversal of the trend from 2025's start when manufactures expressed a higher level of optimism on jobs.

### **Inflation Expectations**

Consumer prices nationally rose 2.7% in June and averaged an annualized 2.6% over 2025 first six months. Rates are up a bit in recent months but rank below 2024 levels.

Local businesses see price inflation as the second highest rated business concern, but quarterly expectations remain moderate. Survey results indicate most employers (58%) see price inflation falling in the 3% to 5% range in 2025. An additional 27% forecast inflation of 0% to 2%. While only 13% see price increases of 6% or higher, this percentage marks an uptick from the 8% who saw high inflation at the beginning of the year.

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Statistical table attached

# MMAC's First Quarter 2025 Business Outlook Survey\*

	Firms Expecting a:	By Size		By Industry		
		Large	Small (1)	Manuf.	Non-Mfg.	TOTAL
2025 Forecast						
Change in the dollar volume of <b>Sales</b> (net of inflationary effects) expected by 75 Milwaukee area firms for the entire year of 2025 vs. the entire year of 2024:	RISE :	46%	60%	46%	59%	55%
	DECLINE :	29%	13%	35%	10%	19%
	NO CHANGE :	25%	28%	19%	31%	27%
Change in dollar volume of <b>Profits</b> expected by 75 Milwaukee area firms for the entire year of 2025 vs. the entire year of 2024:	RISE :	39%	53%	46%	49%	48%
	DECLINE :	36%	21%	35%	22%	27%
	NO CHANGE :	25%	26%	19%	29%	25%
Change in the dollar volume of <b>Capital Expenditures</b> expected by 75 Milwaukee area firms for the entire year of 2025 vs. the entire year of 2024:	RISE :	50%	34%	27%	47%	40%
	DECLINE :	18%	21%	35%	12%	20%
	NO CHANGE :	32%	45%	38%	41%	40%
Rate of <b>Inflation</b> expected to affect 73 Milwaukee area operations for the entire year of 2025:	DEFLATION	0%	2%	0%	2%	1%
	0-2% INFLATION :	22%	30%	27%	28%	27%
	3-5% INFLATION :	67%	52%	50%	62%	58%
	6-9% INFLATION :	7%	15%	19%	9%	12%
	10% or more :	4%	0%	4%	0%	1%
Change in the level of <b>Total Employment</b> expected by 75 Milwaukee area firms for the entire year of 2025 vs. 2024:	RISE :	43%	51%	38%	53%	48%
	DECLINE :	21%	11%	19%	12%	15%
	NO CHANGE :	36%	38%	42%	35%	37%
2025 Third Quarter (Compared to Previous Quarter)						
Change in dollar volume of <b>Sales</b> (net of inflationary effects) expected by 75 Milwaukee area firms for 3rd quarter 2025 vs. 2nd quarter 2025:	RISE :	61%	47%	46%	55%	52%
	DECLINE :	11%	21%	12%	20%	17%
	NO CHANGE :	29%	32%	42%	24%	31%
2025 Third Quarter (Compared to Same Quarter One Year Ago)						
Change in dollar volume of <b>Sales</b> (net of inflationary effects) expected by 75 Milwaukee area firms for the 3rd quarter 2025 vs. 3rd quarter 2024:	RISE :	50%	55%	50%	55%	53%
	DECLINE:	29%	19%	23%	22%	23%
	NO CHANGE :	21%	26%	27%	22%	24%
Change in the dollar volume of <b>Profits</b> expected by 75 Milwaukee firms for the 3rd quarter 2025 vs. 3rd quarter of 2024:	RISE :	50%	57%	58%	53%	55%
	DECLINE :	29%	21%	23%	24%	24%
	NO CHANGE :	21%	21%	19%	22%	21%
Change in the level of <b>Total Employment</b> expected by 75 Milwaukee area firms for the 3rd quarter 2025 vs. 3rd quarter 2024:	RISE :	39%	47%	35%	49%	44%
	DECLINE :	21%	11%	19%	12%	15%
	NO CHANGE :	39%	43%	46%	39%	41%
Change in the per person, employee <b>Wages &amp; Salaries</b> expected in the next 12 months:	AVERAGE :	2.5%	3.4%	2.2%	3.7%	3.1%

## Business Concerns going into 2025's Third Quarter

Average ranking of concern level ranked 1 to 7. 1 being rated most concerning, 7 being lowest rated concern.	Continuing economic growth & recovery	2.37
	Price inflation	3.03
	Talent attraction/Labor shortages	3.76
	Healthcare costs	4.01
	Tariffs	4.45
	Taxes and regulation	5.07
	Supply chain issues	5.31

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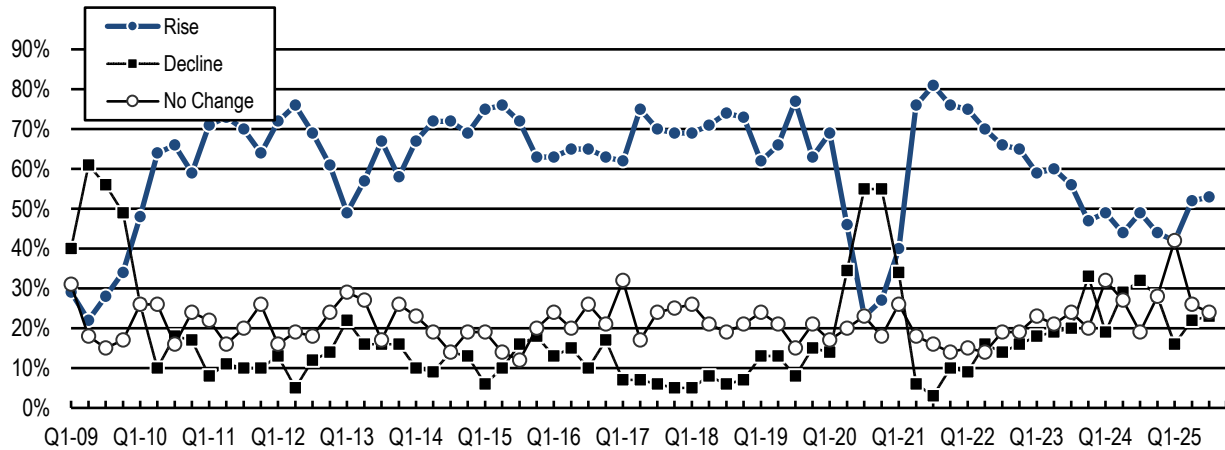
\* Percentages may not sum to 100 due to rounding.

(1) Employment of less than 100 persons

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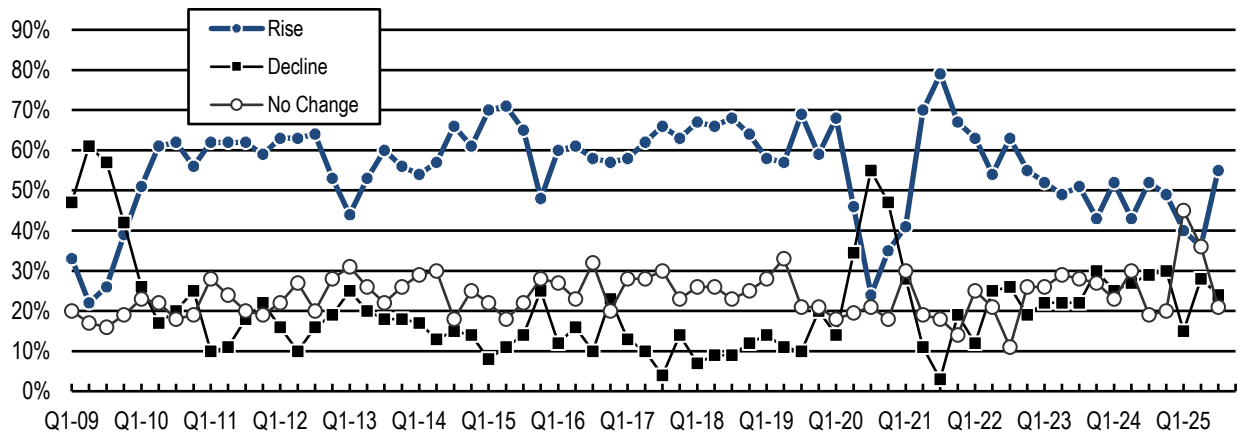
### Quarterly Real Sales Expectations - Metro Milwaukee

(% of businesses expecting rise, decline or no chg. from same quarter one year ago)



### Quarterly Profit Expectations - Metro Milwaukee

(% of businesses expecting rise, decline or no chg. from same quarter one year ago)



### Quarterly Employment Expectations - Metro Milwaukee

(% of businesses expecting rise, decline or no chg. from same quarter one year ago)

