

# Eastern Shore Business Sentiment Survey

## Summary Report Winter 2025



## Survey Shows Eastern Shore Businesses Expectations About the Economy Have Declined

Eastern Shore business leaders' view of the economy has declined for both the short term and long term compared to the July 2024 survey responses, according to a survey conducted in January 2025 by the Business Economic and Community Outreach Network (BEACON) at Salisbury University. On several measures the responses are better from the survey a year ago in December 2023. One of the areas that showed the largest decline is business leaders' predictions for the business conditions in their county over the next twelve months. The percentage predicting better or much better dropped to 40% from the July 2024 reading of 66%, though the number is above the December 2023 reading of 27%. Business leaders are also less optimistic about the standard of living locally and nationally with just 36% predicting that it will rise in their county/Eastern Shore, compared to 61% in July of last year and 43% in December 2023. Likewise, 29% feel that the standard of living will fall in the state/nation, compared to 16% in July 2024, though it is slightly lower than the 32% who predicted a decline in December 2023.

Survey responses came from company leadership on the Eastern Shore with business owners, presidents, CEOs, managing partners, and senior executives making up 62 percent of the participants and an additional 14% that are other senior (C-Level) executives. The majority of firms, 75%, were small firms of 49 or fewer employees.

The impact of inflation was noted in several areas, but most clearly in response to the question of how household income has changed relative to the cost of living. The winter 2025 survey saw 84 percent saying that average household incomes have fallen behind the cost of living for Americans. This compares to 79 percent in December 2023 and 41 percent in July 2024.

The decline in optimism corresponds to trends seen in the January 2025 NFIB Small Business Economic Trends report, which showed the national Small Business Optimism Index declining 2.3 points from December, after increasing optimism in November and December. The decline was reflected most significantly in the Optimism Index's components: "*Plans to Make Capital Outlays, Plans to Increase Inventories and Expect Economy to Improve.*" The report shows additional reasons for a shift in optimism, stating "The Uncertainty Index rose 14 points to 100 (third highest reading), after two months of decline." <sup>1</sup>

Most of the respondents, 78%, believe that their firm will be operating locally in the next five years. This number is down 4% from July and 2% from December of 2023.

The top three barriers to expanding a business or starting a new firm were the same: inflation, labor force, and financing, however the order was opposite. Businesses looking to expand ranked inflation as the highest barrier, while financing was the top barrier for those looking to start. Labor force was the second highest barrier for both groups.

When asked which item's price increase has had the greatest impact on their firm in the past six months, insurance ranked the highest, followed by payroll/benefits, then utilities. The rising cost of

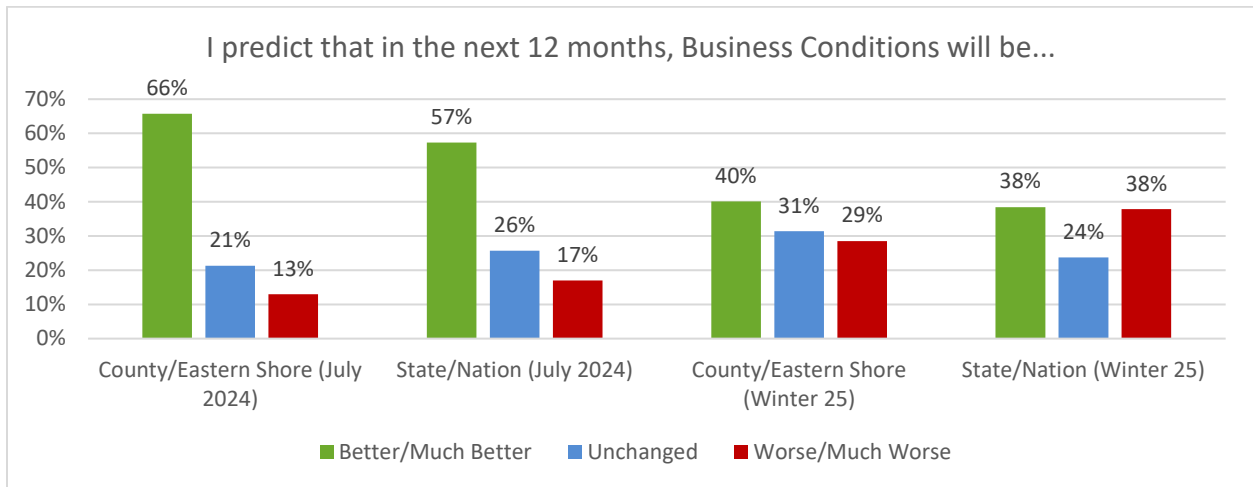
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<sup>1</sup> Dunkelberg, W. C., & Wade, H. (2025, January). Small Business Economic Trends. SBET Report. <https://www.nfib.com/wp-content/uploads/2024/08/SBET-January-2025.pdf> © NFIB Research Center. ISBS #0940791-24-2

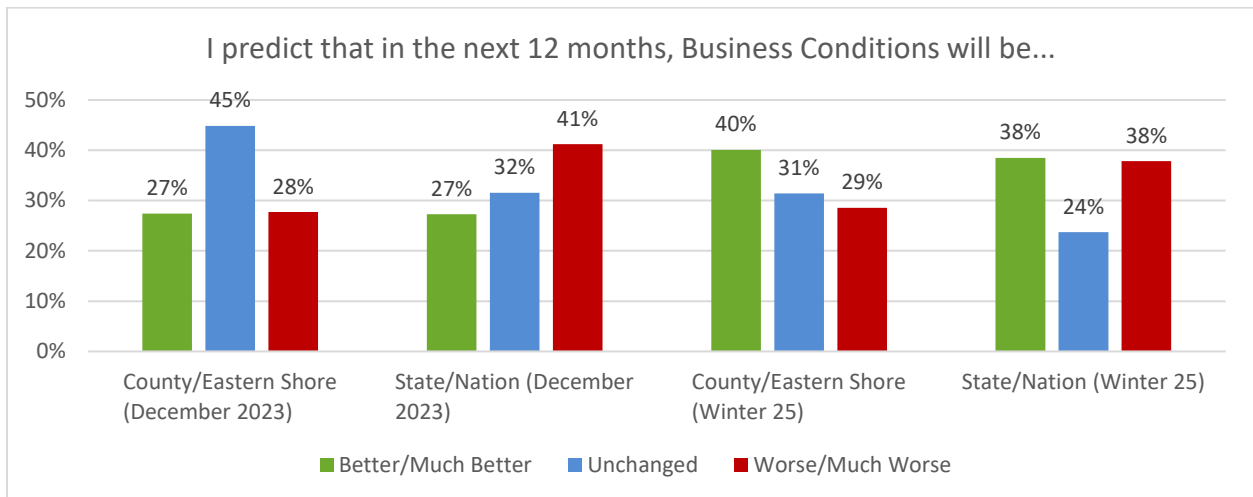
insurance was also the top item in July 2024 and December 2023. Payroll/benefits was in the top three in the past surveys also.

**Key Findings:**

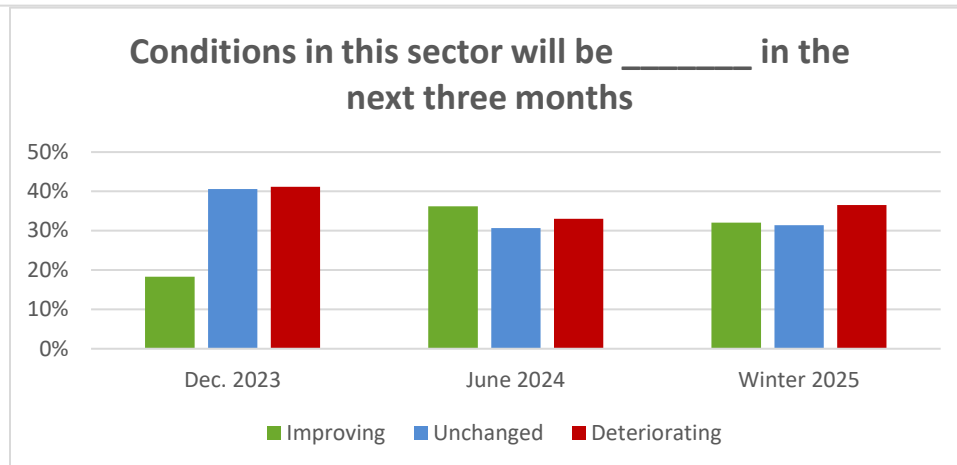
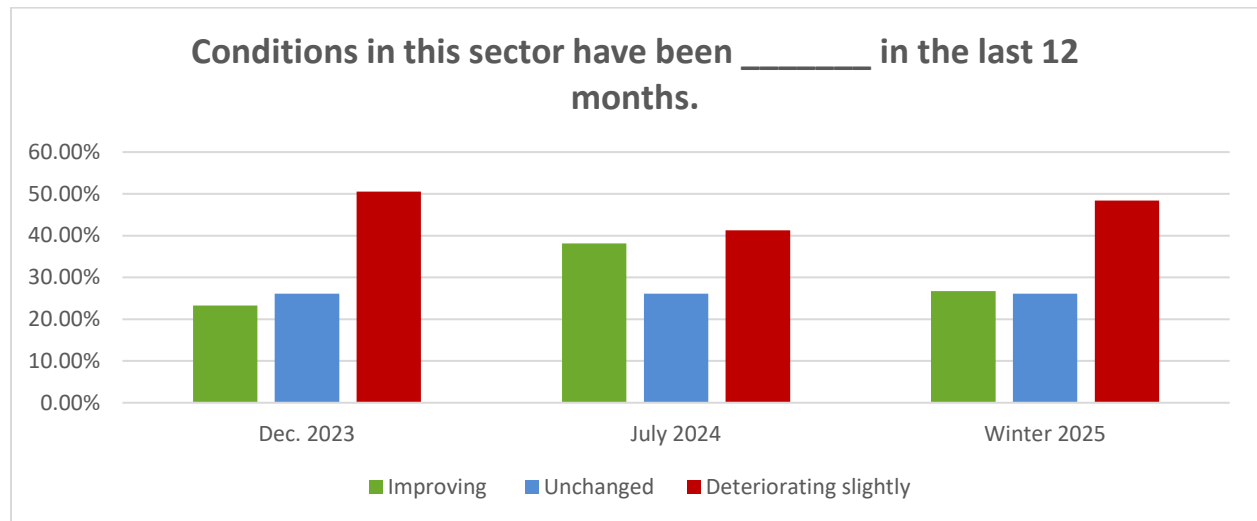
- The twelve-month outlook for business conditions in the local and national economy is significantly worse than in July 2024. When asked to predict the business conditions in their counties and on the Eastern Shore, 40% responded that they believe economic conditions will improve, compared to 66% in July of 2024. When asked to predict the business conditions in Maryland and the country, 38% responded that they believe conditions will improve, compared to 57% six months earlier.



- When comparing opinions from a year ago the responses showed an improved outlook locally. When asked to predict the business conditions in their counties and on the Eastern Shore, 38% responded that they believe economic conditions will improve, compared to 27% in December of 2023.



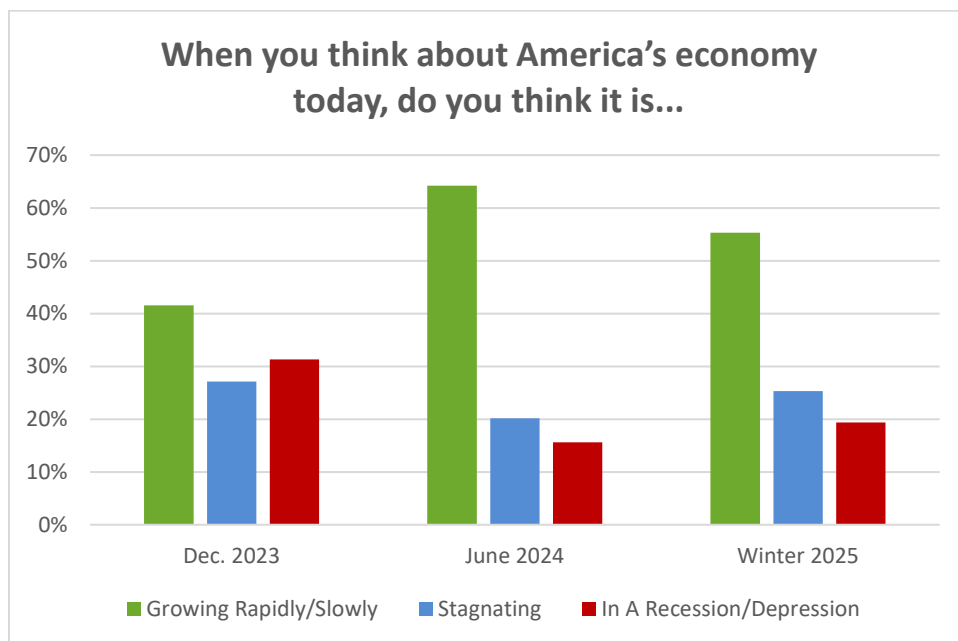
- Regarding unemployment, 50% predict that it will be unchanged locally, with the remaining almost evenly split between better or worse. When predicting unemployment at a state and national level, the responses were almost tied with 32% expecting better, and 34% each expecting it to be the same or worse.
- Reflecting on their individual sectors, business leaders' expectations have declined from July but are slightly better than December 2023 with 3% more saying that conditions are improving. Looking forward, opinions are mixed with 32% expecting conditions to improve in the next three months, while 31% expect conditions to remain the same and 37% expecting conditions to deteriorate over the same time period.



- Inflation, labor force, and financing remain the first, second, and third highest ranked barriers for businesses expanding, the same as July 2024. Respondents ranked inflation slightly higher this time than in July. In ranking barriers to starting a business, the items were the same, but in the opposite order with financing the highest ranked, followed by labor, then inflation.
- The survey asked the businesspeople to rank impact of how price increases on certain items impacted their business over the past six months. The item's cost increase that had the largest impact was insurance, which has been highest ranked over the past three surveys. This year it was followed by payroll/benefits, then utilities as the third highest. The second highest item in

July 2024 was rent/real estate, followed by payroll. In December 2023, the second ranked cost impact was payroll, followed by fuel/transportation.

- Most firms expect to still be operating on the Eastern Shore in five years, though the percentage has dropped from 83% in July to 78% in the recent survey.
- Respondents are increasingly optimistic in their expectations for the standard of living on the Eastern Shore in the next five years with 39 percent believing it will rise and only 13 percent believing it will fall.
- Participants had a less positive view on the economy today than in July, but more positive than in December 2023. Fifty-five percent believe the economy is “Growing rapidly/growing slowly,” compared to 64% in July, and 42% in December 2023. On the other end of the spectrum, 19% believe we are “In a recession/depression” versus 16% in July, and 31% in December 2023.



This is the eighth semiannual economic sentiment survey that BEACON and the Eastern Shore Regional GIS Cooperative (ESRGC) at Salisbury University, along with the three Tri-County Councils and the economic development departments on Maryland’s Eastern Shore, have conducted. This survey is only one of the tools that was developed as part of the Eastern Shore Economic Recovery Toolkit, a venture made possible by grants from the U.S. Department of Commerce Economic Development Administration (EDA) to the Mid-Shore Regional Council and Tri-County Council for the Lower Eastern Shore.

The regional data collection provides support organizations, economic development professionals, and policymakers with information to better address the concerns of the business community. In addition to other data tools designed to gauge economic resiliency, the results of the survey are featured on the project’s website.

**To access the Eastern Shore Economic Recovery Project, visit <https://recovery.delmarvaindex.org/>.**

# Business Sentiment: Winter 2025

Respondents believe in the next 12 months:



## Conditions in primary business sector



**55%**

believe America's economy  
is growing

**37%**

believe the standard of living in the U.S.  
will rise over the next five years

**32%** of firms have remote workers  
*38% decrease*



**76%** say remote work has helped  
in recruitment and retention  
*16% decrease*

**45%** remote work has improved management

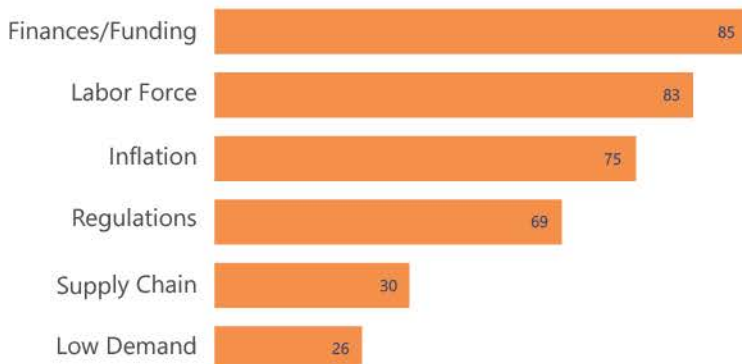
## Top Impacts of Price Increases on Business

**#1**  
Insurance

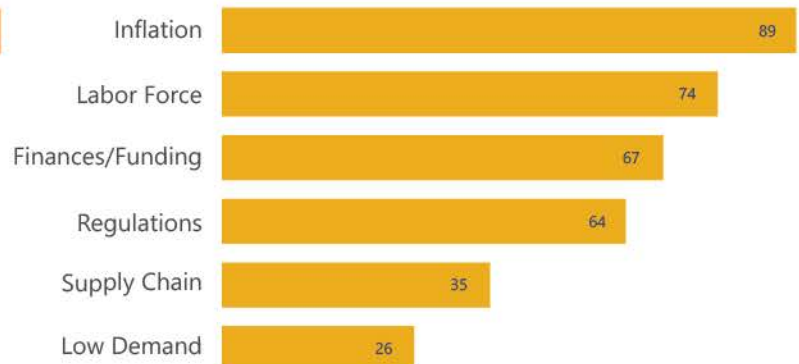
**#3**  
Payroll/Benefits

**#2**  
Rent/Real Estate

## Barriers to Starting a Business



## Barriers to Expanding a Business



We want to hear from you!  
Email us at [delmarvaindex@gmail.com](mailto:delmarvaindex@gmail.com) to participate in the next business survey.