

Eastern Shore Business Sentiment Survey

Summary Report Summer 2025



Survey Shows Eastern Shore Businesses' Expectations About the Economy Have Continued to Decline

Eastern Shore of Maryland business leaders' view of the economy has declined for both the short term and long term compared to the winter 2025 survey responses, according to a survey conducted in the summer of 2025 by the Business, Economic, and Community Outreach Network (BEACON) at Salisbury University. On several measures, the responses are worse than those from the survey conducted a year ago in the summer of 2024.

The largest decline in the respondents' outlook was business leaders' predictions for the business conditions in their county over the next twelve months, with the percentage predicting better or much better conditions dropping to 31% from 68% in the summer 2024 and 40% in the winter 2025. Business leaders are also less optimistic about the standard of living locally and nationally over the next 5 years, with only 33% predicting that it will rise in their county/Eastern Shore, and in Maryland/the US. This compares to 36% predicting a rise in the region last winter and 61% in summer 2024. Interestingly enough, when separating the data for the standard of living over the next 5 years, the majority (49%) believe it will decline in the state of Maryland; also, the majority (44%) believe it will rise for the nation, which shows respondents are more optimistic for the country rather than the state or region.

While some data was pessimistic, survey respondents have a more positive opinion on the current state of America's economy. This summer, 47% of business owners believe that America's economy is "growing rapidly/growing slowly," down 8 points from winter 2025 and 14 points from summer 2024.

BEACON conducts this economic sentiment survey of Eastern Shore business stakeholders every 6 months and has been doing so since June 2021. Survey responses came from company leadership on the Eastern Shore, with business owners, presidents, CEOs, and managing partners making up 68% of the participants, and an additional 11% who are other senior (C-Level) executives. The majority of firms, 80%, 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 summer 2025 survey saw 76% saying that average household incomes have fallen behind the cost of living for Americans. This compares to 84% in December 2025 and 41% in summer 2024.

This continuous decline of optimism does not correspond with the most recent NFIB survey on small businesses. The July 2024 NFIB Small Business Optimism Index rose 1.7 points in July to 100.3, slightly above the 52-year average of 98 (*New NFIB survey: Small Business Optimism Rises* 2025).¹ Optimism rose slightly from business owners according to the NFIB survey, with

¹ *New NFIB survey: Small Business Optimism Rises*. NFIB. (2025, August 11).

<https://www.nfib.com/news/press-release/new-nfib-survey-small-business-optimism-rises/>

the main positive expectations coming from business conditions and expansion opportunities. Small businesses still have a high uncertainty as well.

Although the findings in this summer 2025 survey included new questions on tariffs, we did not see many concerns from our respondents. Respondents noted impacts of tariffs on current business operations over the past three months. The majority of responses, 56%, stated that their business operations have no impact from current or anticipated tariffs. When asked about their expectations for the next three months, 44% of respondents predicted there will be no impact from tariffs. This was surprising due to the uncertainty and challenges noted in an August 8 article by the Federal Reserve Bank of Richmond. According to the article, businesses say tariffs have a delayed effect on inflation. The article states, “The effects of a tariff are rarely straightforward, given, among other things, competitive dynamics and the challenges of implementation, but the historically large and changing nature of these tariffs has created additional levels of uncertainty over the effects” (Bauer et al., 2025).²

Most of the respondents, 84%, believe that their firm will be operating locally in the next five years. This number is up 2% from winter 2025 and down 2% from last summer.

The top three barriers to expanding a business were regulations, labor force issues, and financing, which are slightly different than the past winter and summer surveys. The summer 2024 and winter 2025 surveys had inflation as the top barrier, followed by labor force and financing. Labor force issues were the top barrier for those looking to start. Regulations, labor force issues, financing, and regulations were the top barriers starting a business.

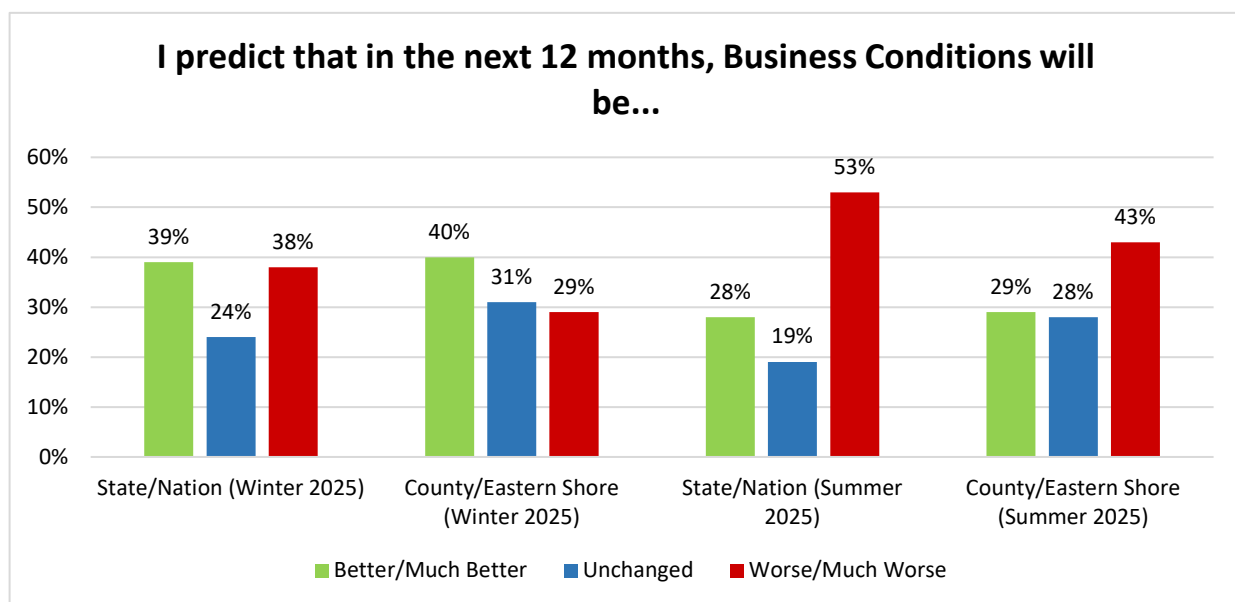
When asked which item’s price increase has had the greatest impact on their firm in the past six months, insurance ranked the highest, followed by utilities, then payroll/benefits. The rising cost of insurance was also the top item in winter 2025 and summer 2024. Payroll/benefits were in the top three in past surveys as well.

² Bauer, R. A., Haltom, R., & Martin, M. (2025, August 8). *Why businesses say tariffs have a delayed effect on inflation*. Federal Reserve Bank of Richmond.

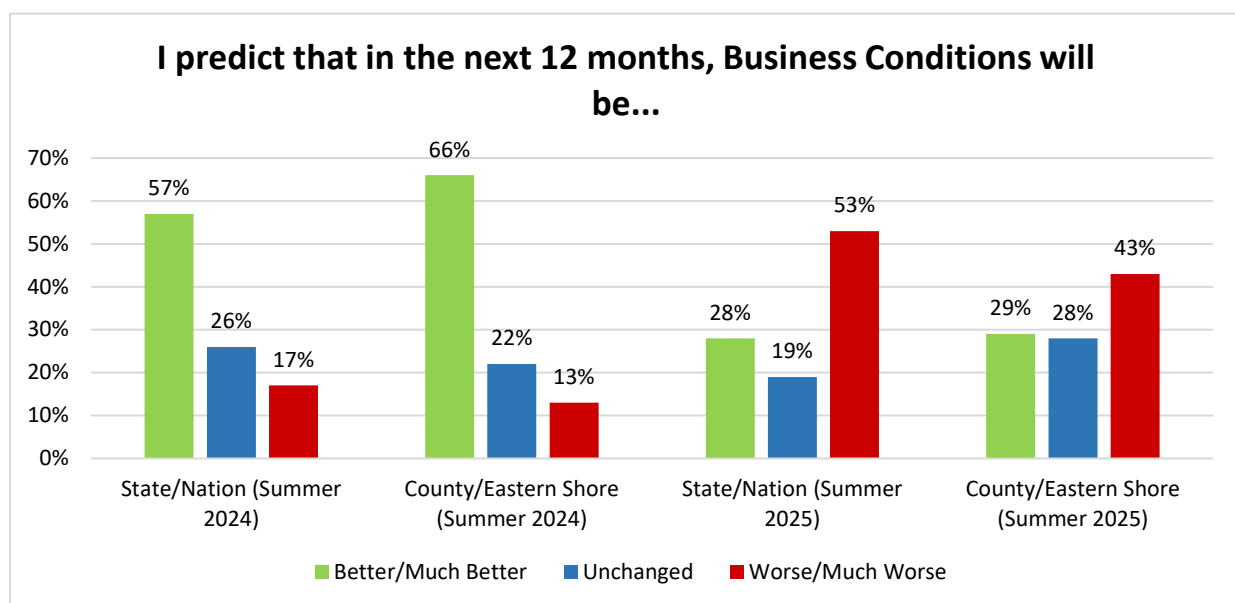
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Key Findings:

The twelve-month outlook for business conditions in the local and national economy is significantly worse than in winter 2025 and summer 2024. When asked to predict the business conditions in their counties, 28% responded that they believe economic conditions will become better, compared to 31% in winter 2025. When asked to predict the business conditions in the country, 29% responded that they believe conditions will become better, compared to 33% six months earlier.

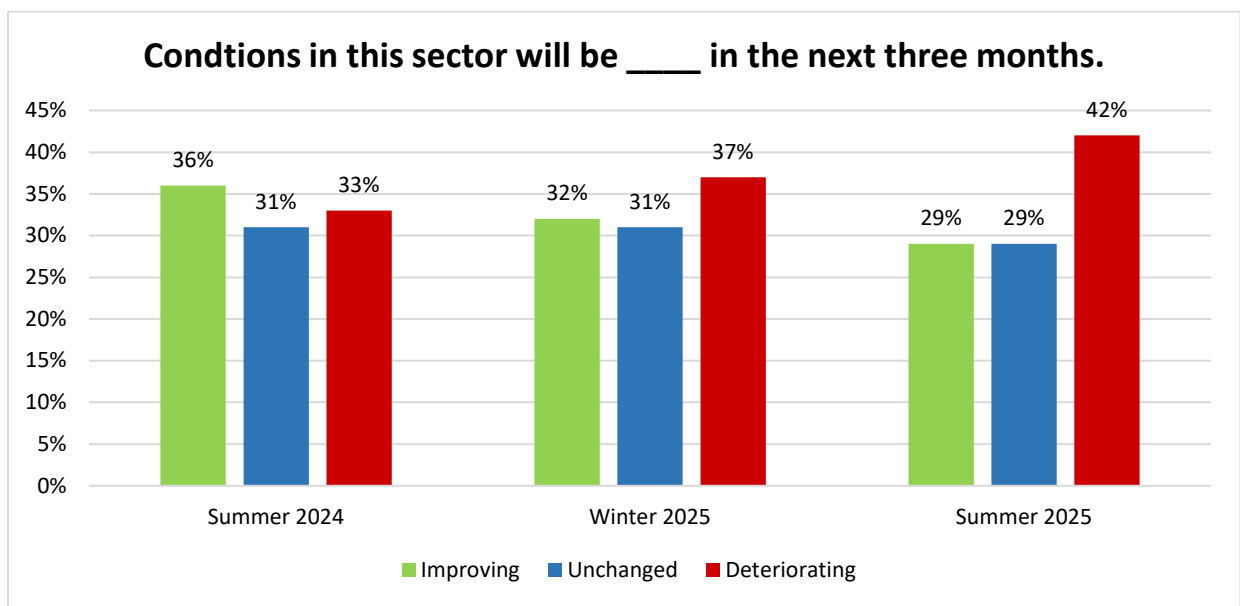
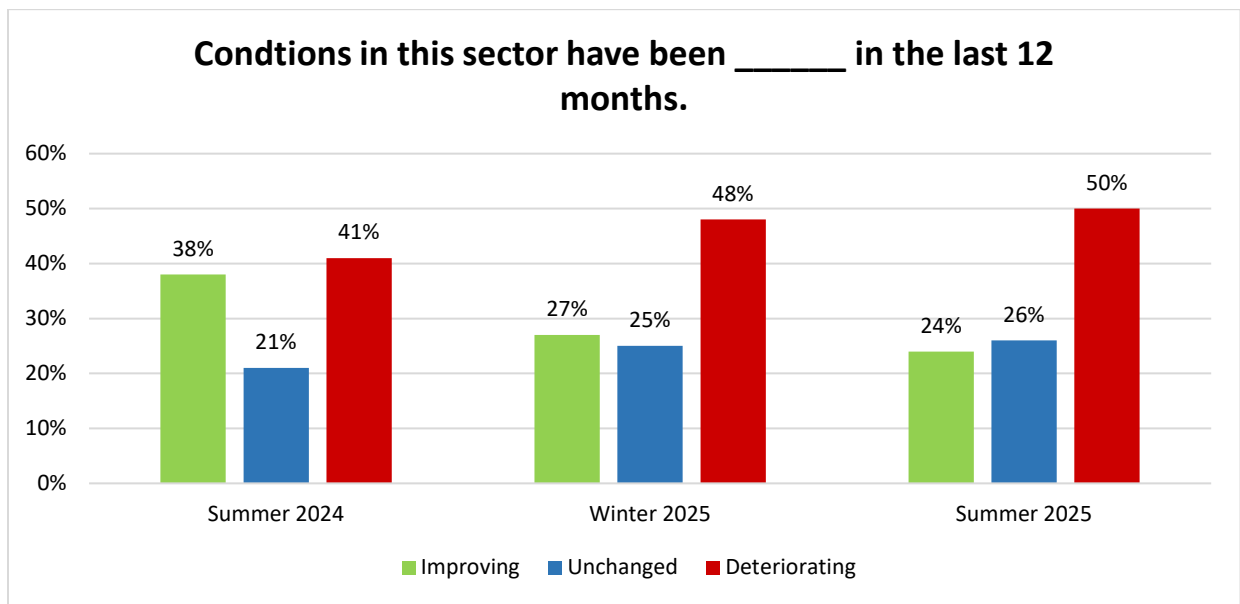


When comparing opinions from a year ago, the responses showed a declining outlook locally. When asked to predict the business conditions in their counties, 34% responded that they believe economic conditions will get worse, compared to only 10% in summer 2024.



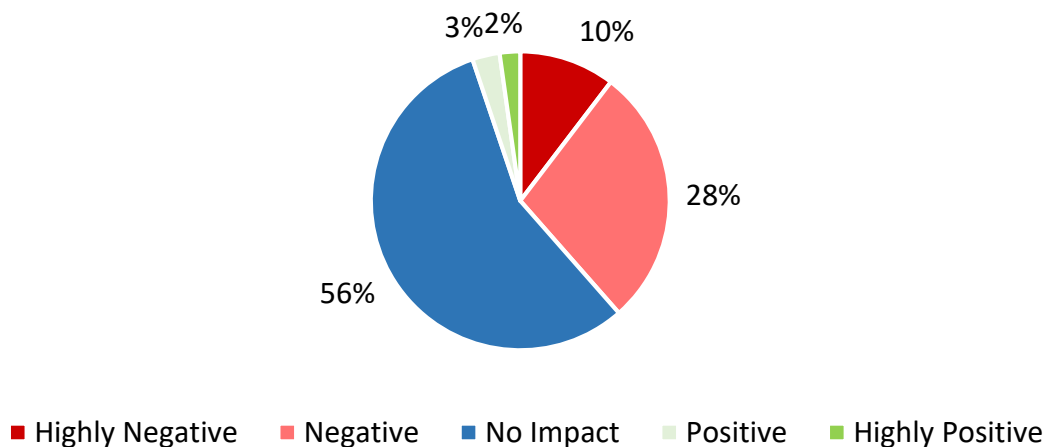
Looking ahead to the next 12 months, 40% of respondents predict that regional unemployment will remain unchanged, while 43% expect it to worsen. At the state and national levels, 56% anticipate higher unemployment over the coming year.

When reflecting on their own sectors, business leaders’ outlook has declined since summer 2024, with a 9% increase in those reporting that conditions have significantly deteriorated compared to 12 months ago. Looking forward, expectations are mixed: 31% predict conditions will deteriorate slightly over the next three months, 29% expect conditions to remain the same, and 27% anticipate slight improvement.

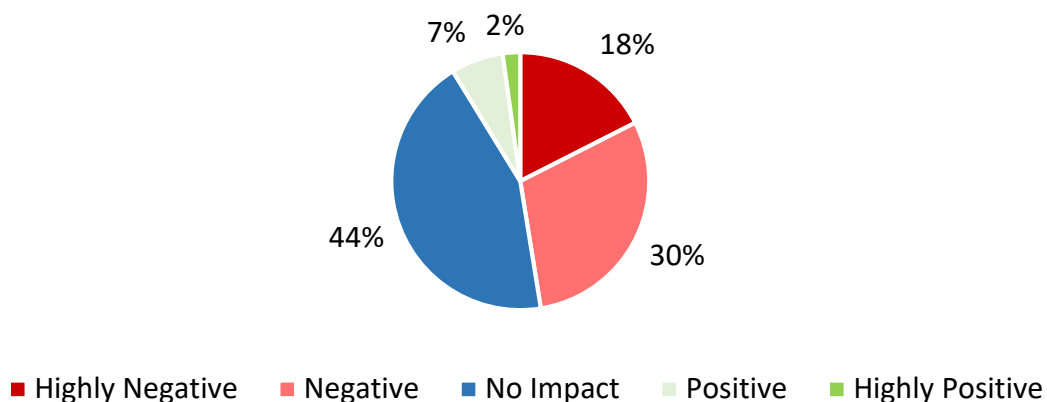


The new survey questions on the impacts of tariffs—both current and projected—produced similar results. Over the past three months, 56% of business leaders reported that tariffs had no impact on their operations. Looking ahead, 44% anticipate that tariffs will continue to have no impact on their operations over the next three months.

Over the past three months, how have current or anticipated tariffs affected your business operations?



Looking ahead to the next three months, what impact do you expect current or anticipated tariffs will have on your business?



The survey asked respondents to identify the top three ways tariffs have affected their businesses over the past three months. The most frequently reported impacts were reduced competitiveness, supply chain disruptions, and supply delays. Looking ahead, businesses anticipate that the primary effects of tariffs will include supply delays, inventory challenges, and increased raw material costs.

Top 3 Ways Tariffs Have Impacted Businesses in the Past 3 Months	Weighted Average
Reduced Competitiveness	1.5
Supply Chain Disruptions	1.61
Supply Delays	1.72
Export Challenges	1.82
Inventory Issues	1.88
Input Costs	2
Raw Material Costs	2.06
Equipment Costs	2.08
Labor	2.14
Higher Consumer Prices/Reduced Consumer Spending	2.32

Top 3 Impacts of Tariffs Anticipated in the Upcoming Months	Weighted Average
Supply Delays	1.5
Inventory Issues	1.87
Raw Material Costs	1.9
Reduced Competitiveness	2
Supply Chain Disruptions	2.07
Labor	2.11
Higher Consumer Prices/Reduced Consumer Spending	2.13
Export Challenges	2.18
Input Costs	2.19
Equipment Costs	2.27

Regulation, labor force, and inflation are the first, second, and third highest-ranked barriers for businesses expanding. Respondents ranked regulations slightly higher this time than in December 2025. In ranking barriers to starting a business, the items were labor force issues, then finances/funding, and thirdly, regulations.

Barriers for Businesses Expanding	Weighted Average
Regulations	3.52
Labor force issues	3.45
Inflation	3.42
Finances/funding	3.36
Low demand for products/services	2.63
Supply chain issues	2.47
Barriers to Starting a Business	Weighted Average
Labor force issues	3.68
Finances/funding	3.65
Regulations	3.57
Inflation	3.48
Low demand for products/services	2.72
Supply chain issues	2.64

The survey asked the businesspeople to rank the impact of price increases on certain items that impacted their business over the past six months. The item's cost increase that had the largest impact was insurance, which has been the highest ranked over the past four surveys. This year, it was followed by utilities, then payroll/benefits, as the third highest. The second-highest item in December 2025 was payroll/benefits, followed by utilities. In summer 2024, the second-ranked cost impact was rent/real estate, followed by payroll/benefits.

Answer Choices	Summer 2024	Winter 2025	Summer 2025
Insurance	2.94	3.51	3.47
Utilities	2.74	3.02	3.23
Payroll / Benefits	2.79	3.07	3.08
Rent / Real Estate	2.87	2.96	2.97
Equipment or vehicles	2.56	2.51	2.9
Fuel / transportation	2.69	2.89	2.76
Interest	2.56	2.69	2.68
Food	2.57	2.63	2.61
Raw Materials	2.62	2.66	2.57
Travel	2.25	2.31	2.36

Most firms expect to still be operating on the Eastern Shore in five years, and the percentage has increased from 78% in the winter of 2025 to 80% in the recent survey.

This is the ninth 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 were 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.

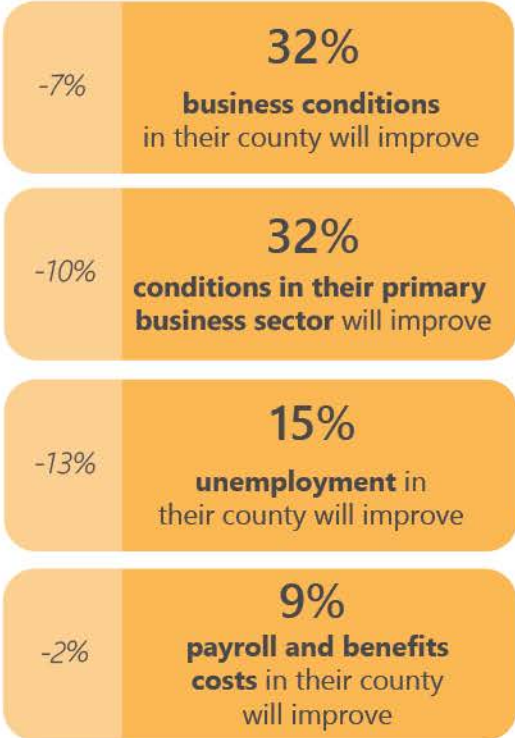
The regional data collection provides support organizations, economic development professionals, and policymakers with information to better address the concerns of the business community. In addition to other data tools designed to gauge economic resiliency, the results of the survey are featured on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

To access the Eastern Shore Economic Recovery Project, visit:

[Maryland Eastern Shore Economic Recovery](#)

Business Sentiment: Summer 2025

Respondents believe in the next 12 months:



change from last survey

Conditions in primary business sector



47%

believe America's economy
is growing

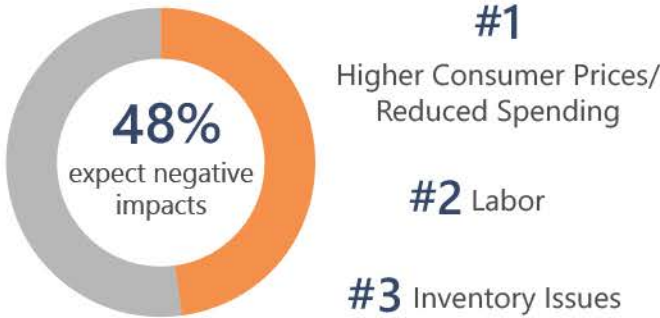
44%

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

Top Impacts of Price Increases on Business



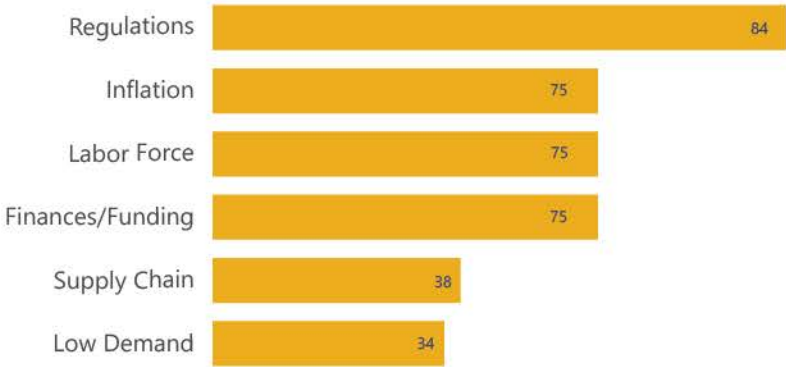
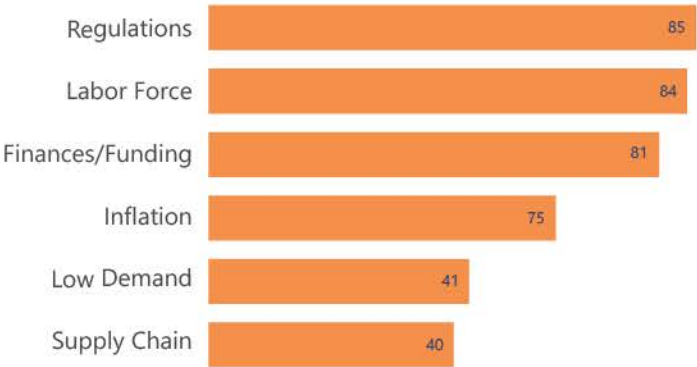
Top Impacts of Tariffs on Business



Barriers to Starting a Business

Barriers to Expanding a Business

Concern over regulations is primary barrier for those starting and expanding a business



We want to hear from you!
Email us at delmarvaindex@gmail.com to participate in the next business survey.