



NATIONAL CENTER FOR
THE MIDDLE MARKET

Year-End | 2024

MIDDLE MARKET INDICATOR

**Growth Fuels
Confidence and Investment**

IN COLLABORATION WITH



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Executive Summary

The U.S. middle market finished 2024 on a strong note, with a record-high 80% of companies indicating that overall company performance is improved compared to one year ago. The middle market continues to post double-digit year-over-year revenue and employment growth numbers with the largest-ever proportions of companies reporting growth—85% of companies say revenue grew this reporting period while 63% of businesses increased the size of the workforce. National and local economic confidence levels are up; so is companies' willingness to reinvest profits into their businesses. Even some ongoing challenges, including the ability to hire skilled talent, appear to be abating for some companies. Middle market leaders project ongoing growth while continuing to express concerns related to inflation and interest, as well as talent acquisition, retention and keeping up with the newest technologies. Some middle market leaders cite regulatory uncertainty, and voice concerns about changes in tariffs and other shifting government policies that could impact business operations.

Overall, sentiment and outlook are decidedly positive, yet some signs of potential softening around key performance indicators are emerging. Despite a larger proportion of companies indicating the introduction of new offerings and entry into new markets, the rate of year-over-year revenue growth slipped nearly a full percentage point from its high of 12.9% last reporting period to 12.1%, just below the average revenue growth rate of 12.3% for the post-pandemic period (Q4 2021-Q4 2024). The largest middle market companies (annual revenues between \$100 million and \$1 billion) saw the largest decline in the growth rate.

While the year-over-year employment growth rate holds steady at a strong 10.3%, core middle market companies (annual revenues between \$50 million and \$100 million) are driving the growth. Companies on both the upper and lower ends of the middle market revenue spectrum

report slight decreases in the rate of employment growth. Nearly all companies continue to point to at least some degree of challenge finding and hiring employees with the right skills for available jobs. However, the proportion of companies indicating this as a major challenge fell by seven percentage points compared to six months ago.

Looking forward, most companies signal that strong revenue and employment growth will continue throughout 2025, but at slower rates. While a quarter of companies continue to express significant concerns related to the global economy, domestic economic confidence is nearing record highs. National economic confidence is up six points to 84%, with local confidence increasing to 90%. Investment appetites are strong as well, with 65% of companies willing to put an extra dollar immediately to work within their businesses as opposed to stashing it in savings.

As middle market companies look to drive ongoing growth, they continue to prioritize digitization and move further along in their adoption journeys of new technologies, such as artificial intelligence (AI). Overall, information technology is the top investment area for companies looking to put extra dollars back into the business. Human resources, too, is a key target for reinvestment, and the focus appears to be shifting from hiring more people to investing in developing and training existing staff.

As middle market companies move further into 2025, they will need to adjust to a new administration's policies in order to achieve their growth goals, and they will have to stay on top of their costs, their talent and their technology. Leaders perceive inflation and recession as the greatest risks on the horizon, followed by cybersecurity issues. Yet they are decidedly confident in their ability to continue driving the U.S. economy forward in the year ahead.

Middle Market Indicator

from the National Center for the Middle Market

THE MIDDLE MARKET INDICATOR (MMI) FROM THE NATIONAL CENTER FOR THE MIDDLE MARKET IS A BUSINESS PERFORMANCE UPDATE AND ECONOMIC OUTLOOK SURVEY CONDUCTED AMONG 1,000 C-SUITE EXECUTIVES OF COMPANIES WITH ANNUAL REVENUES BETWEEN \$10 MILLION AND \$1 BILLION.

There are nearly 200,000 U.S. middle market businesses that represent one-third of private sector GDP, employing approximately 48 million people. These businesses outperformed through the last financial crisis (2007–2010) by adding 2.2 million jobs across major industry sectors and U.S. geographies, demonstrating their importance to the overall health of the U.S. economy. They are private and public, family-owned and sole proprietorships; geographically diverse; and found across almost all industries. The health of these businesses and their respective outlook serves as a solid indicator for the greater U.S. economy as a whole. (See www.middlemarketcenter.org: “The Market That Moves America,” seminal research on the definition, significance and role of the middle market, October 2011.)

How is the research conducted?

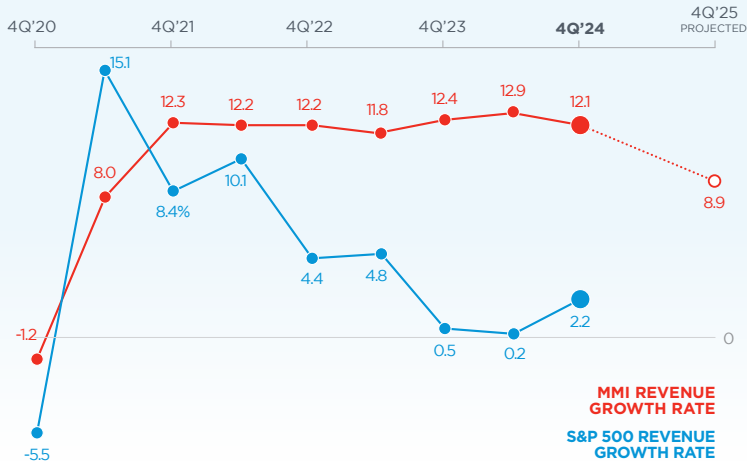
The MMI surveys 1,000 CEOs, CFOs and other C-suite executives of America's middle market companies on key indicators of past and future performance in revenue, employment and allocation of cash. The survey also reports middle market company confidence in the global, U.S. and local economies, and identifies key business challenge areas. The survey was designed to accurately reflect the nearly 200,000 U.S. businesses with revenues between \$10 million and \$1 billion, the lower and upper limits of middle market annual revenue. The survey is designed and managed by the National Center for the Middle Market. The most recent survey reflected in this report was fielded in December 2024.



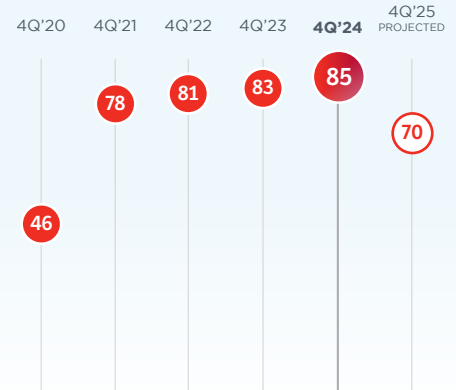
Revenue

With 85% of companies reporting year-over-year revenue growth at an average rate of 12.1%, the middle market finished 2024 on a strong note. The slight downtick in the rate of growth accompanied by fewer companies anticipating continued growth could signal headwinds on the horizon.

Past, current and projected revenue growth rates for the middle market and the S&P 500 (%)



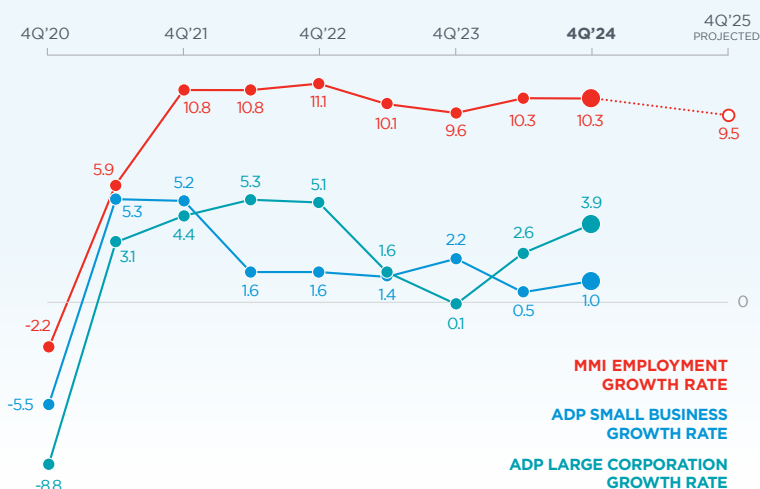
Percent of middle market companies reporting/projecting year-over-year revenue growth



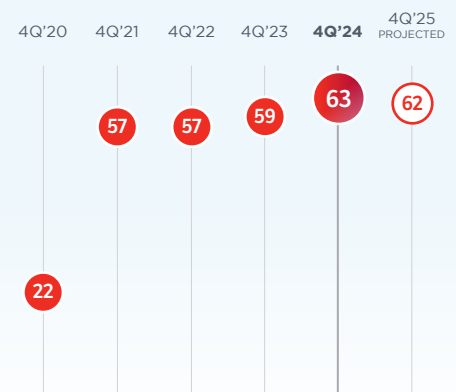
Employment

Nearly two-thirds of middle market companies expanded the size of the workforce over the past year. Companies say their staff is 10% larger today than one year ago, and a majority of companies expect to continue growing their teams at a similar pace in 2025.

Past, current and projected employment growth rates for middle market, small and large companies (%)



Percent of middle market companies reporting/projecting year-over-year employment growth



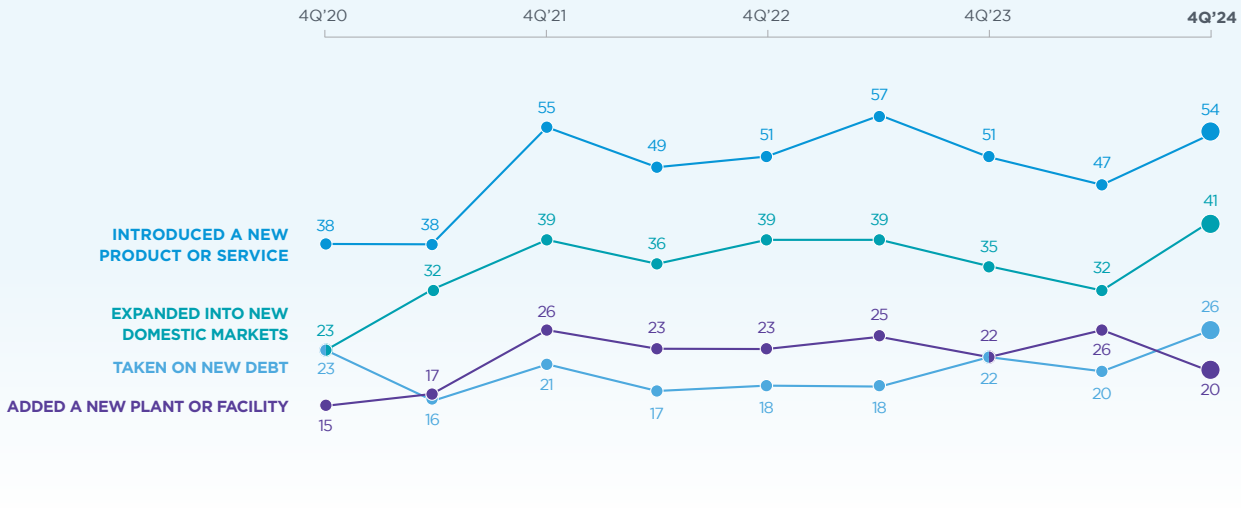
KEY FINDINGS



Expansion

After slowing for several consecutive periods, expansionary activity surged back with more companies introducing new offerings, entering new markets and borrowing to fuel growth.

Percent of middle market companies engaging in expansion activities over the past 12 months



Economic Confidence

Local and national economic confidence climb while global confidence remains flat, indicating cautious optimism among middle market leaders.

Percent of middle market leaders expressing confidence in the global, national and local economies

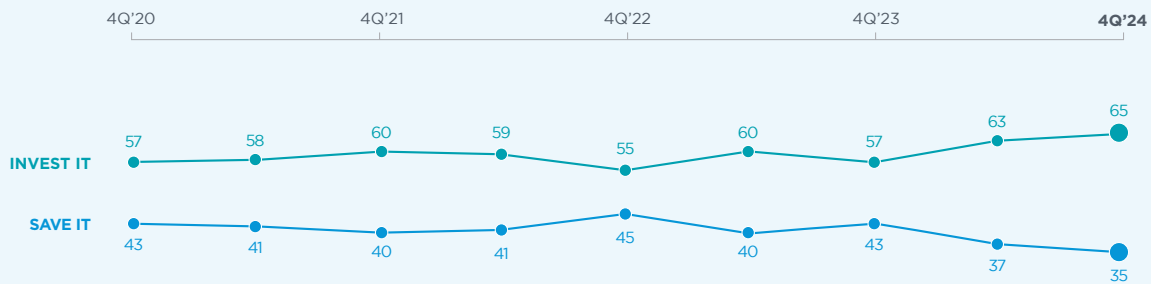




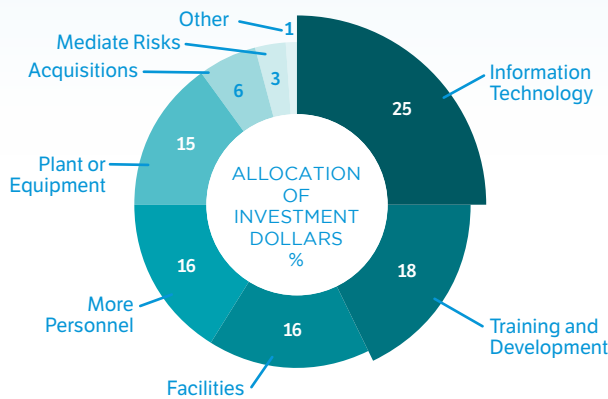
Capital Investment

The gap between investors and savers continues to widen, with nearly two-thirds of companies willing to immediately put an extra dollar to work in their businesses.

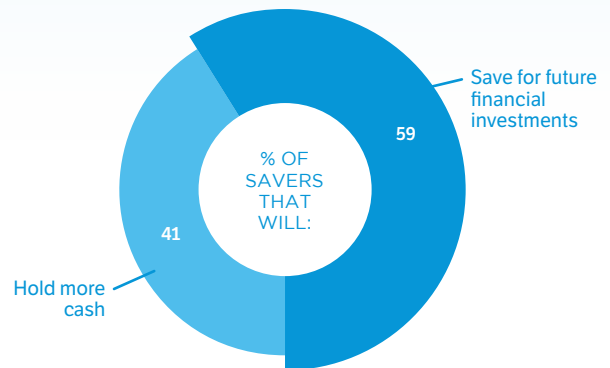
Percent of middle market executives who would invest vs. save an extra dollar



A quarter of investors would allocate dollars toward IT initiatives.



The majority of savers have future financial investments in mind.



Key Challenges

In 2025, companies expect to continue to contend with costs, staffing and operational challenges as they adapt to changes in government policies.

ECONOMIC CHALLENGES AND RISING COSTS

- Inflation, interest rate volatility and escalating costs for materials, labor and energy

WORKFORCE AND STAFFING ISSUES

- High turnover, talent shortages and difficulties in hiring, retaining and training skilled employees

TECHNOLOGY AND OPERATIONAL ADAPTATION

- Supply chain disruptions and adopting AI to enhance efficiency, manage rising costs and maintain competitiveness

MARKET AND REGULATORY PRESSURES

- Competition, challenges in market expansion, regulatory uncertainty and shifting government policies



NATIONAL CENTER FOR
THE MIDDLE MARKET

The National Center for the Middle Market is the leading source of knowledge, leadership and innovative research focused on the U.S. middle market economy. The Center provides critical data, analysis, insights and perspectives to help accelerate growth, increase competitiveness and create jobs for companies, policymakers and other key stakeholders in this sector. Stay connected to the Center by contacting middlemarketcenter@fisher.osu.edu.



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CHUBB®

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VISA

Visa (NYSE: V) is a world leader in digital payments, facilitating transactions between consumers, merchants, financial institutions and government entities across more than 200 countries and territories. Their mission is to connect the world through the most innovative, convenient, reliable and secure payments network, enabling individuals, businesses and economies to thrive. They believe that economies that include everyone everywhere, uplift everyone everywhere and see access as foundational to the future of money movement. Learn more at Visa.com.