NATIONAL CENTER FOR THE MIDDLE MARKET

THE OHIO STATE UNIVERSITY
FISHER COLLEGE OF BUSINESS

# Mid-Year | 2026

## MIDDLE MARKET INDICATOR

## Growth Moderates, Investment Momentum Builds

WITH FUNDING SUPPORT FROM

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# Executive Summary

Six months into 2026, the U.S. middle market continues to deliver the double-digit year-over-year revenue growth that has characterized the segment since emerging from the 2020 pandemic. For four out of five businesses, overall performance is better today than one year ago. Just over half of companies continue to expand the workforce, although hiring has moderated from the elevated pace of the previous three years. Despite an increasingly uncertain operating environment, economic confidence and expansionary activity remain stable, while investment momentum continues to build, with a strong focus on artificial intelligence. AI is an increasingly significant factor in the performance story, representing both opportunity and risk for middle market businesses.

Revenue growth remains historically strong even while showing some signs of softening, and companies continue to indicate that growing sales revenue is their number one strategic priority, followed by improving profitability. The proportion of companies reporting year-over-year revenue gains edged down from 84% to 82%, while the proportion achieving double-digit growth fell below 50% (to 49%) for the first time since Q2 2021. The rate of year-over-year growth (11%) is nearly a point below the post-pandemic average of 11.9% but remains well above the historic average of 7.7%.

Employment growth has cooled more sharply and has remained moderate since mid-2025. As with revenue, the share of companies reporting 10%+ workforce growth continues to decline, falling more than 10 points from a high of 45% in mid-2022 to 33% today. The rate of year-over-year employment growth reflects this decline, slowing to 7.2%, more than two percentage points below its post-pandemic average. At the same time, the gap between revenue and employment growth continues to widen, suggesting companies are becoming more disciplined in how they add talent. With hiring challenges continuing to ease, many businesses are actively investing in productivity through upskilling, process improvements and automation. Notably, while a growing percentage of companies (41%) report no change in headcount, only 6% report declines.

Even with more measured growth, companies continue to expand through new offerings, new locations and entry into new markets, and a growing share are using debt financing to fund growth. Economic confidence levels remain mostly stable across the global, national and local landscapes, and the share of companies willing to invest in their businesses continues to climb, with AI expanding its lead as the primary investment target. Nine of 10 middle market companies currently use AI, and most consider themselves either established or advanced, with AI operationalized across core business functions. Most companies report financial returns as well as operational wins, including cost savings, faster and better decision-making, and process automation. Future investments will concentrate on improving and scaling the impact of current AI use cases.

Middle market executives, however, retain some reservations: 83% of companies express AI-related concerns, citing issues such as data quality, privacy, implementation costs and skill atrophy within the workforce. A third of businesses rank digitalization and technology advancement, including artificial intelligence, as one of the top three risks facing their businesses today.

These concerns, along with persistent economic challenges such as rising costs and general uncertainty, may present headwinds to the middle market's growth prospects, which remain strong. Seven out of 10 companies anticipate continued revenue growth, and 59% say employment will grow through mid-2027. The forecasted rates of growth for both metrics have remained stable over the past six months.

## 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 outlooks serve as solid indicators 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.)

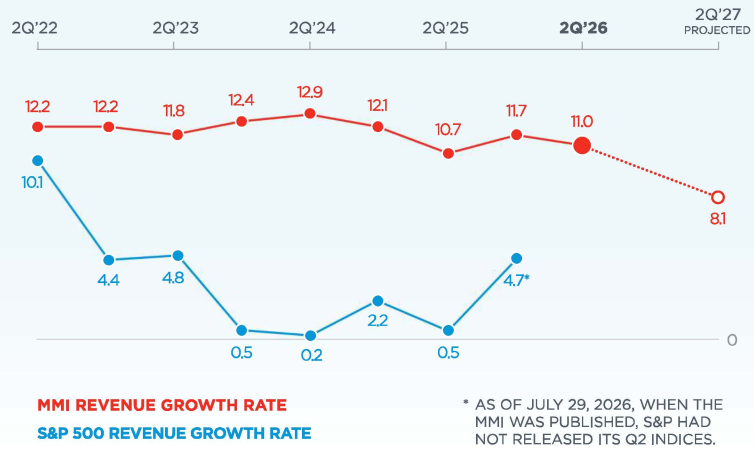
### *How is the research conducted?*

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 June 2026.

## Revenue

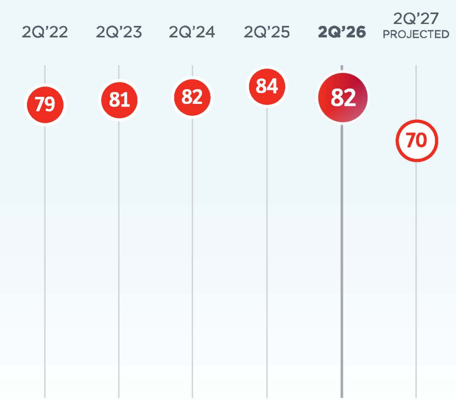
*Year-over-year revenue growth remains in the double digits, with approximately four out of five companies reporting gains. Most companies expect continued growth over the next 12 months at the mean rate of 8.1%.*

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




* AS OF JULY 29, 2026, WHEN THE MMI WAS PUBLISHED, S&P HAD NOT RELEASED ITS Q2 INDICES.

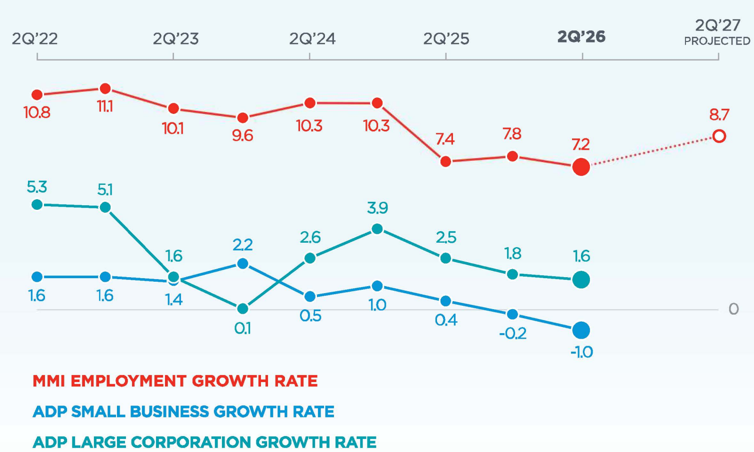
**Percent of middle market companies reporting/projecting year-over-year revenue growth**



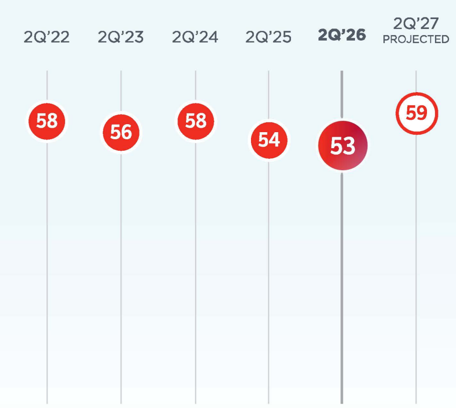

## Employment

*Employment growth remains soft for the third straight reporting period but continues to track above the historical average of 5.3%. Projections for the next 12 months are strong.*

**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**

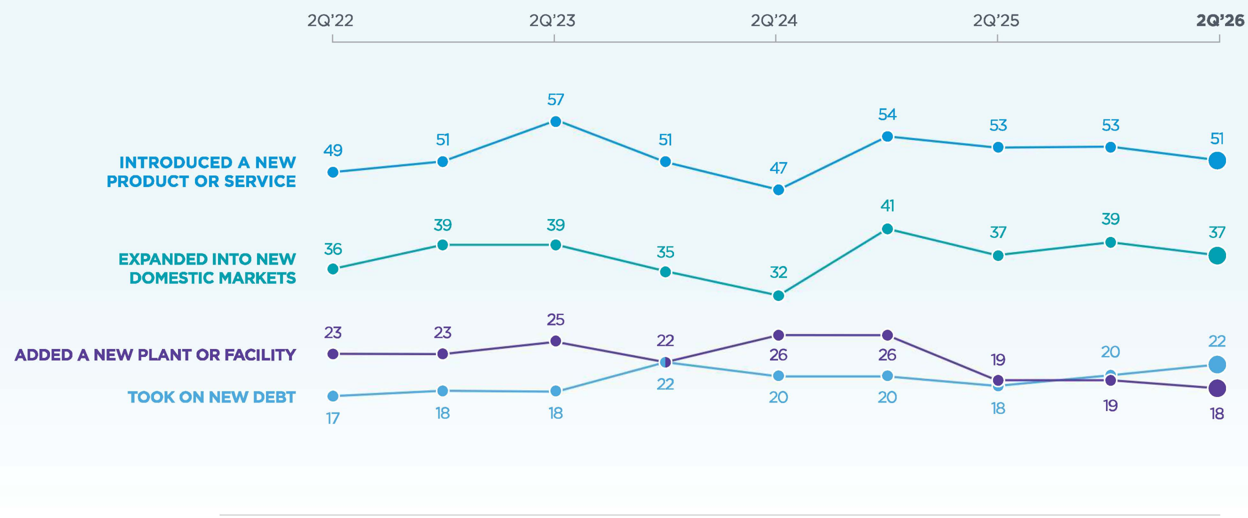


KEY FINDINGS

## Expansion

*Expansionary activity remains stable, with the proportion of companies relying on debt to fund growth continuing its uptick.*

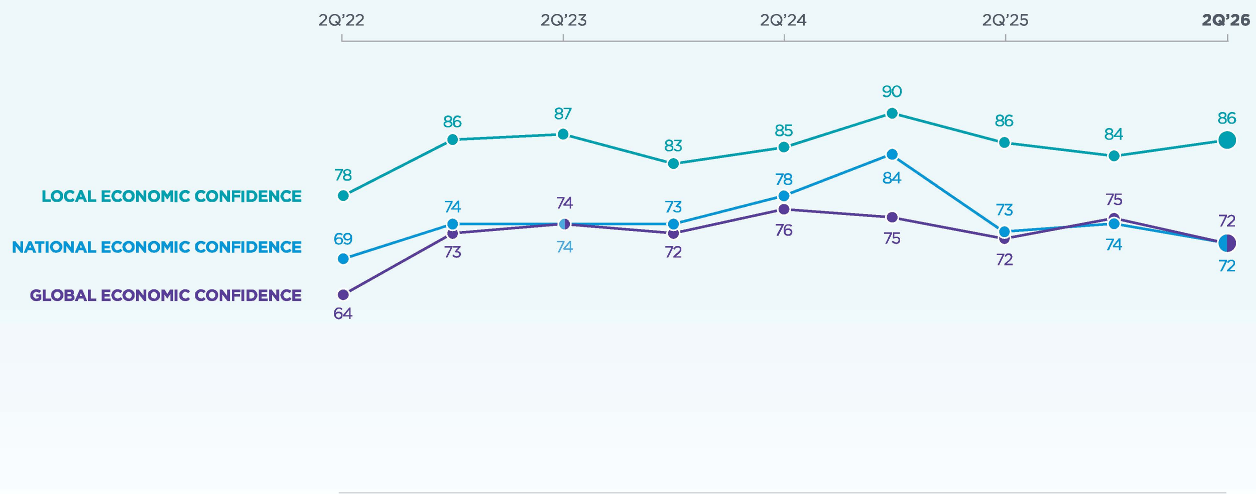
### Percent of middle market companies engaging in expansion activities over the past 12 months




## Economic Confidence

*Confidence holds strong, yet slightly softer national and global numbers reported midyear.*

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

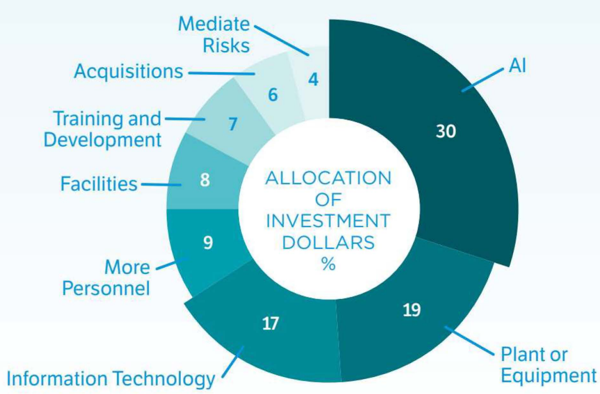


## Capital Investment

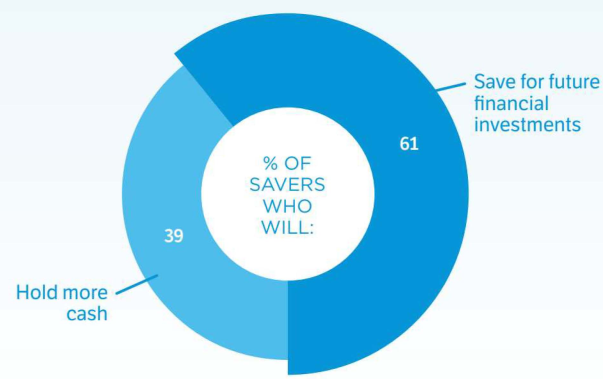
*Investment posture continues to improve since contracting one year ago.*

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


**Artificial intelligence captures a growing share of investment dollars.**




**Most savers continue to prioritize future investments.**




## Key Challenges

*Cost pressures and economic uncertainty remain the dominate headwinds.*

**ECONOMIC & FINANCIAL CHALLENGES**
- Inflation; rising costs of materials, services and inputs; economic uncertainty

**WORKFORCE & TALENT CHALLENGES**
- Attracting and hiring qualified talent, retention and turnover, rising labor cost, and wage pressures

**OPERATIONAL & TECHNOLOGY CHALLENGES**
- Cybersecurity and data privacy, adopting new technologies, maintaining operational efficiency

**MARKET & REGULATORY CHALLENGES**
- Impact of tariffs and trade policies and competitive pressure

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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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**.

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