

Orlando MSA Business Conditions Survey Results

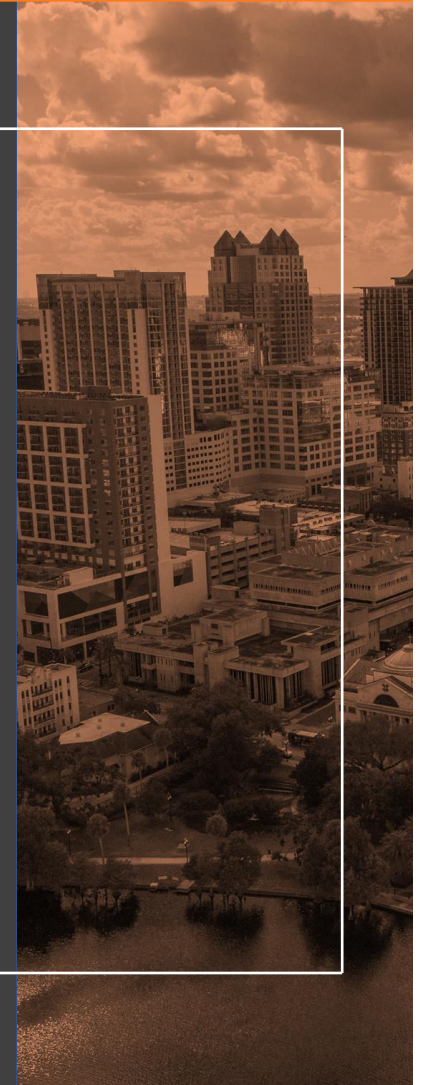
POWERED BY



The Reliable One®



ORLANDO
ECONOMIC
PARTNERSHIP



CALENDAR YEAR Q1 2025

SUMMARY

- Confidence in the national economy falls amid policy uncertainty.
- Revenue rebounds but hiring and investment retreat and future expectations weaken across all areas.
- Businesses turn to local market for growth opportunities as national events play out.
- Talent acquisition and cost efficiency emerge as key strategies to navigate uncertain outlook.



Neil Hamilton

Vice President, Research & Strategy
Orlando Economic Partnership

“ Businesses in the Orlando region appeared to re-enter a holding pattern in the first quarter of 2025. Revenue rebounded from the final quarter of 2024, but policy uncertainty saw businesses return to the same place where they spent much of 2024 - unwilling to make bold moves or invest in key priorities until greater political clarity emerges. In the short term, many are looking to opportunities in the local Orlando market to achieve their growth ambitions.

Results from our special topic on business priorities in 2025 offer a glimpse into navigating change in an uncertain environment. Businesses are prioritizing talent acquisition and cost efficiency as key strategies to maintain growth as they increasingly focus on elements within their control.

CONTENTS

BUSINESS
CONFIDENCE

RECENT
PERFORMANCE

FUTURE
EXPECTATIONS

CHALLENGES

OPPORTUNITIES

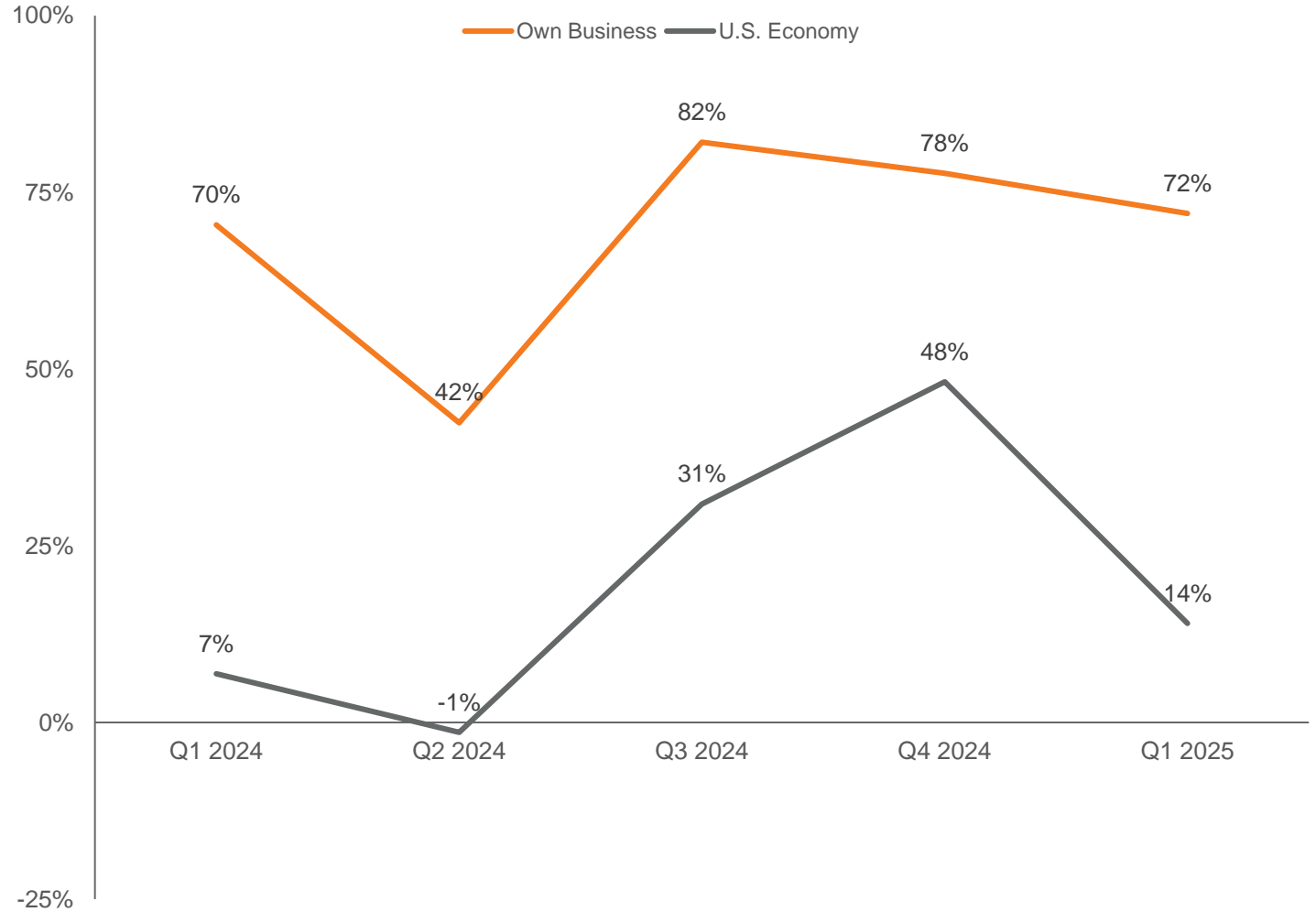
SPECIAL FOCUS
BUSINESS
PRIORITIES

METHODOLOGY

Confidence in national economy declines amid policy uncertainty.

- Just 36% of businesses in Q1 2025 indicated they were confident in the outlook for the U.S. economy over the next 3 months, down from 61% in Q4. Respondents were surveyed after Inauguration Day and during a period of uncertainty surrounding future U.S. trade policy.
- A far higher share (76%) indicated confidence in their own prospects. Recent business performance was the biggest reason highlighted by companies for their upbeat outlook, cited by 22% of respondents.
- Measured as net balances, confidence in the national economy dropped to its lowest since Q2 2024 while confidence in their own prospects fell modestly.

Net balance*, confidence in next 3 months

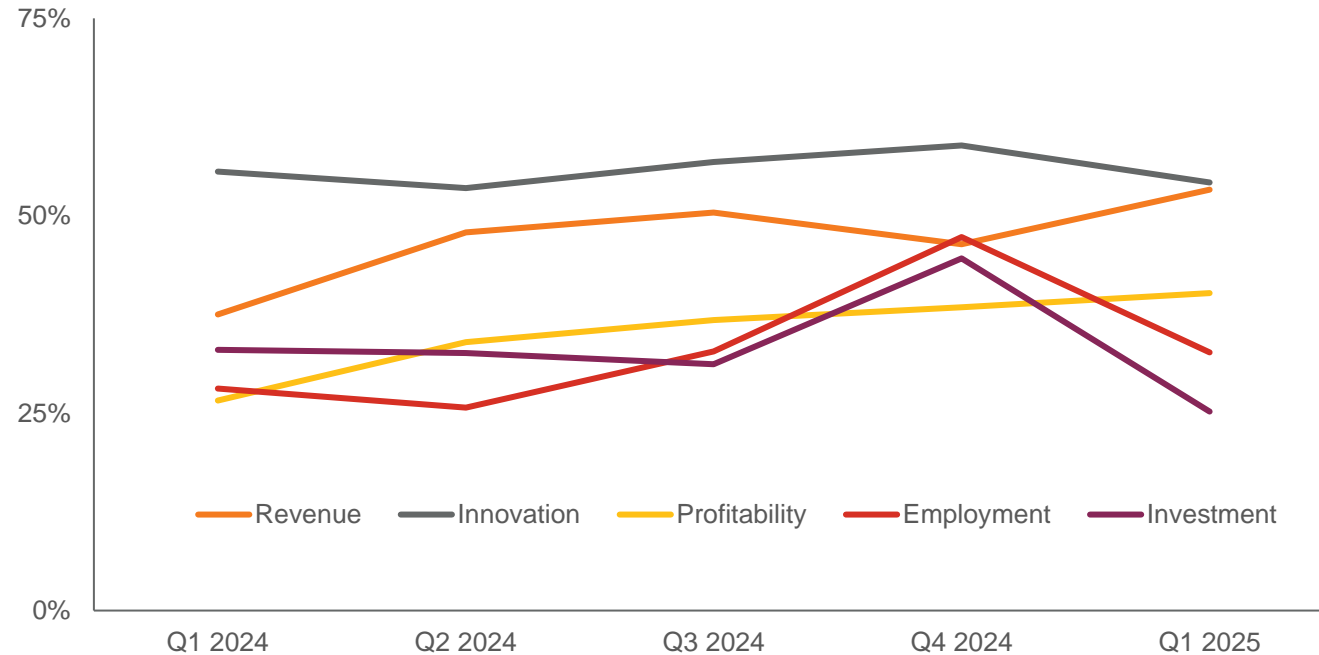


*percentage of businesses confident in economic outlook less percentage not confident

Revenue rebounds.

- 64% of respondents in Q1 2025 reported increased revenue in the last 3 months, up nominally from the 58% reported in Q4. Several businesses noted a boost from client spending delayed from Q4.
- Measured as net balances, employment and investment deteriorated significantly from Q4, surrendering the gains made in the immediate aftermath of the election. The share of businesses increasing investment in Q1 (35%) fell to a survey low, consistent with business hesitation in an unpredictable environment.
- Respondents in Q1 were again most likely to report a decrease in profitability (16%), underscoring the stubborn cost pressures businesses continue to face following a lengthy period of above-target inflation.

Net balance*, performance in last 3 months



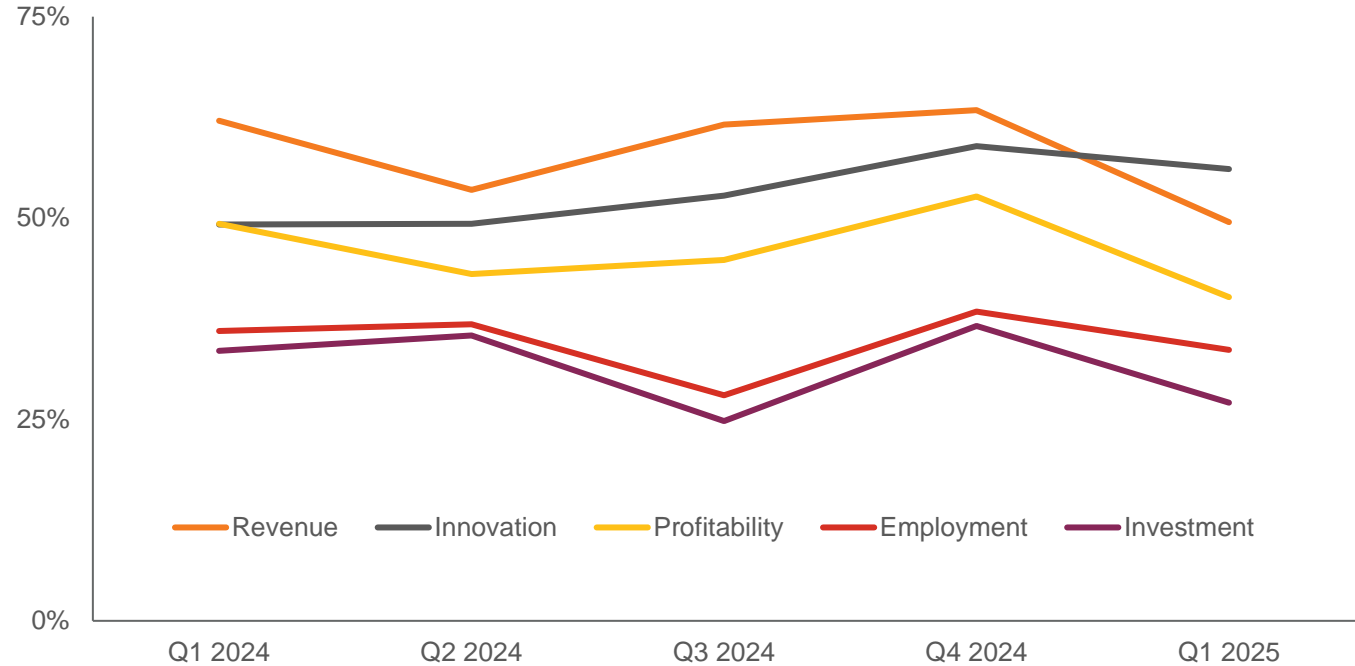
	Net balances				
	Revenue	Innovation	Profitability	Employment	Investment
Q1 2025	53%	54%	40%	33%	25%
Q4 2024	46%	59%	38%	47%	45%
Q3 2024	50%	57%	37%	33%	31%
Q2 2024	48%	54%	34%	26%	33%
Q1 2024	38%	56%	27%	28%	33%
Change	7%	-5%	2%	-15%	-19%

*percentage of businesses reporting an increase in last 3 months (compared to the same period a year ago) less percentage reporting a decrease

Expectations weaken across all areas.

- 61% of respondents in Q1 2025 expected to increase revenue over the next 3 months, down 10 percentage points from Q4. Expectations of reduced sentiment among clients due to policy uncertainty and a possible slowdown in growth were the main drivers.
- Measured as net balances, expectations weakened across all areas from Q4, consistent with a lack of clarity in the immediate economic outlook.
- Expectations around innovation fell modestly but remained above their year-ago level. Innovation may capture process improvement and is therefore consistent with a focus on cost efficiency.

Net balance*, expectations in next 3 months



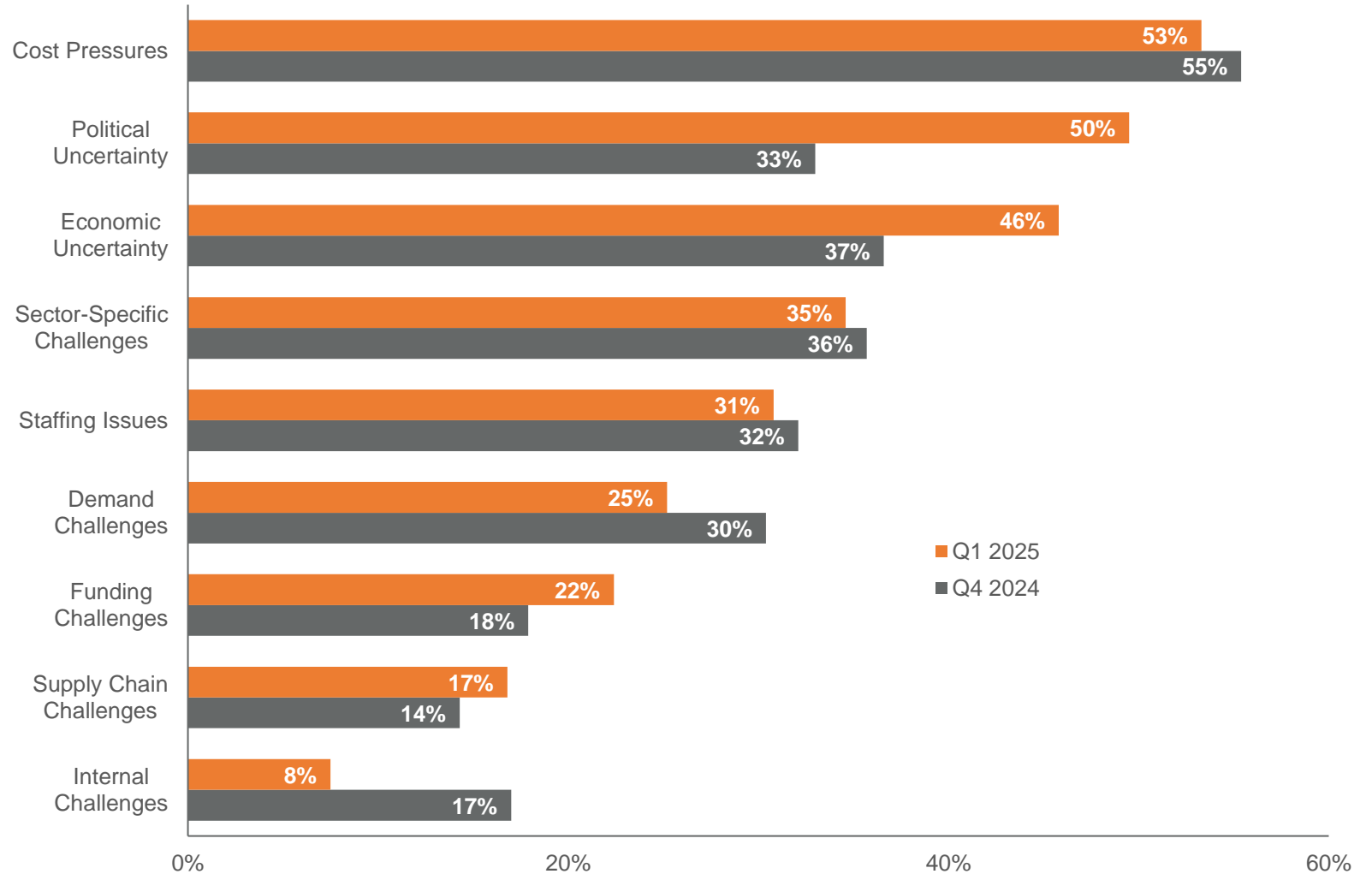
Net balances					
	Revenue	Innovation	Profitability	Employment	Investment
Q1 2025	50%	56%	40%	34%	27%
Q4 2024	63%	59%	53%	38%	37%
Q3 2024	62%	53%	45%	28%	25%
Q2 2024	54%	49%	43%	37%	35%
Q1 2024	62%	49%	49%	36%	34%
Change	-14%	-3%	-12%	-5%	-10%

*percentage of businesses expecting an increase in next 3 months (compared to the same period a year ago) less percentage expecting a decrease

Political uncertainty re-emerges.

- For the fifth consecutive quarter, cost pressures were the most common challenge facing area businesses, referenced by 53% of businesses.
- There was a notable resurgence in Q1 in businesses highlighting political uncertainty (+17 percentage points) and economic uncertainty (+9 percentage points). Both increases appear closely correlated with the policy volatility that characterized much of the quarter.
- Demand challenges was the other major issue to see significant movement in Q1, decreasing 5 percentage points from Q4. This is consistent with the finding of spending being reallocated from Q4.
- Although less prevalent than cost pressures, political and economic uncertainty appear more *acute*, with higher percentages of businesses rating them as their single biggest challenge.

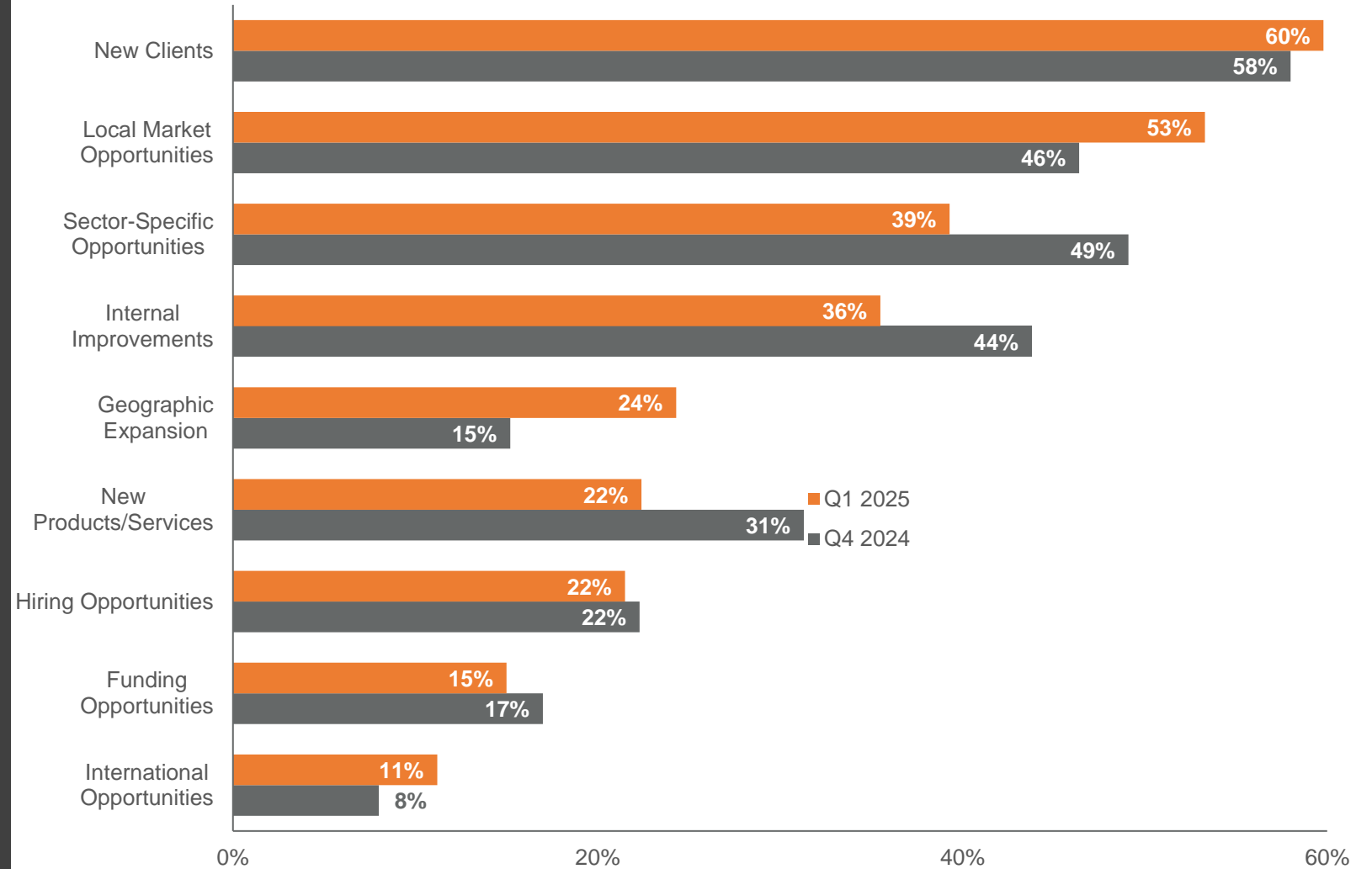
What would you say are your company's biggest challenges in the next 3 months?
% of businesses referencing challenge



Local growth opportunities come into focus.

- Securing new clients remained the most common opportunity identified in Q1 2025, referenced by 60% of businesses. Businesses continued to acknowledge the need to grow revenue to offset higher costs.
- Much of this new revenue may logically come from the Orlando market. The share of businesses citing local market opportunities rose 7 percentage points from Q4, with several respondents predicting the region’s organic growth will offset wider headwinds.
- The shares of businesses highlighting sector-specific opportunities and new products and services both declined from Q4. The former may be related to policy confusion; the latter a result of the natural passage of time as businesses move further into the year.

What would you say are your company's biggest opportunities in the next 3 months?
% of businesses referencing opportunity



Revenue growth seen as highest priority.

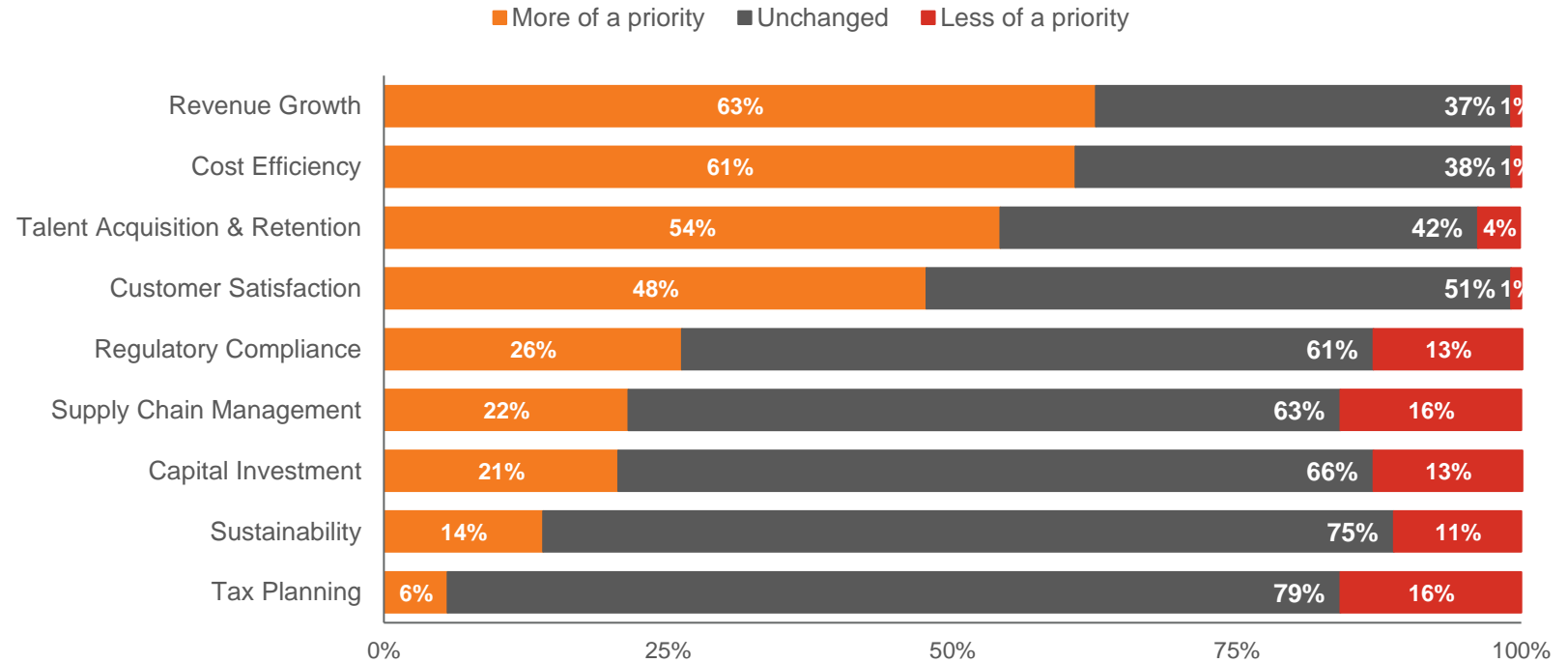
- Businesses in Q1 2025 were most likely to rank revenue growth as their highest priority in 2025, closely followed by customer satisfaction. A wider spread of rankings for more niche areas such as supply chain management and regulatory compliance, although of lower priority overall, highlight the relative importance of each to certain segments of the business base.
- Events in the first few months of 2025 appear to have helped shape business priorities for the year. The four highest priorities overall were also those whose importance has increased the most in recent months.
- Measured as net balances, only tax planning of the 9 business areas became less of a priority in recent months. The perceived greater importance of almost all areas is consistent with the pressure many businesses currently feel to maintain or even expand margins.

How important are the following to your business in 2025?

(1 = highest priority; 9 = lowest priority)

	Revenue Growth	Customer Satisfaction	Talent Acquisition & Retention	Cost Efficiency	Capital Investment	Regulatory Compliance	Sustainability	Supply Chain Management	Tax Planning
Mean	2.5	2.7	3.9	4.0	5.7	5.8	6.2	6.5	7.6
Most Common	1	1	2	4	8	8	7	9	9

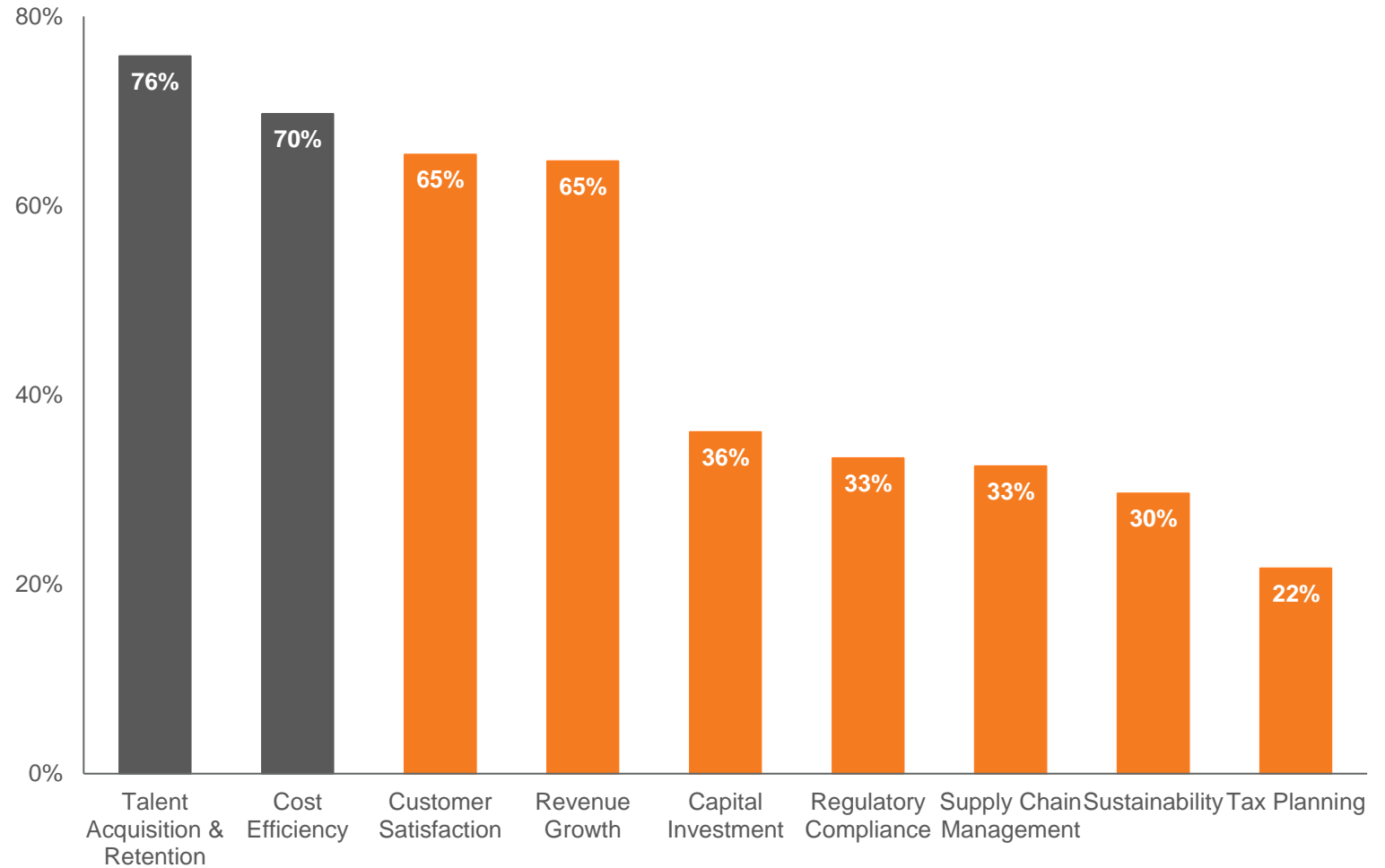
Have the same areas become more or less of a priority for your business in recent months?



Talent optimization, cost efficiency emerge as key tactics.

- Talent acquisition/retention and cost efficiency are the areas where businesses are most likely to change their approach in 2025.
- 76% of businesses for whom talent acquisition/retention has changed in importance are considering a change in that area. Several cited the importance of adding top-tier, revenue-producing staff to drive future growth.
- 70% of businesses for whom cost efficiency has changed in importance are considering action. Many are seeking greater technology integration to improve operational efficiency, with the adoption of AI a common theme.
- In an uncertain environment, both areas appear to reflect businesses looking inward and focusing on elements within their control.

For those areas whose importance has changed, are you considering a change in approach?
% of businesses citing a change in importance in factor



ABOUT THE Q1 2025 ORLANDO MSA BUSINESS CONDITIONS SURVEY

- 107 business responses collected between January 1, 2025, and March 31, 2025
- Responding businesses employ more than 125,000 people in the Orlando region
- Orange, Osceola, Seminole and Lake counties all represented
- 14 different industries represented

METHODOLOGY

The Orlando MSA Business Conditions Survey asks businesses in Orange, Osceola, Seminole and Lake counties a series of questions relating to their confidence, recent and expected business performance, challenges, and opportunities. The survey is administered by Stetson University's Center for Public Opinion Research (CPOR), with responses collected throughout the quarter. Each quarter, businesses are also asked a series of questions on a topical issue of regional significance.

Survey results are often presented as a **net balance** - the percentage of businesses who report an increase in any given measure minus the percentage who report a decrease. For example, if 50% of businesses indicate their revenue increased and 18% said their revenue decreased, the net balance for the quarter would be +32% (an overall expansion). If 32% indicate revenue increased and 33% said revenue decreased, the net balance would be -1% (an overall contraction).

ADD YOUR VOICE



Improve your understanding of the Orlando economy while helping to shape the region's economic future.

www.orlando.org/survey



STETSON UNIVERSITY
CENTER FOR PUBLIC
OPINION RESEARCH

For more information on the Orlando MSA Business Conditions Survey, contact Neil Hamilton, Vice President of Research & Strategy
neil.hamilton@orlando.org