



BUSINESS BAROMETER

2026

A nationwide survey of U.S. business owners and leaders conducted annually to assess their sentiment on the economy, key business priorities and strategic plans.

Member FDIC

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We are pleased to share the results of the 2026 **Columbia Bank Business Barometer**, our eighth annual nationwide study examining the issues shaping the outlook and decision-making of U.S. small and middle market businesses.

Our 2026 report covers a dynamic period marked by robust business tax refunds, rapid advances in artificial intelligence, ongoing tariff volatility and surging short-term energy costs. Against this backdrop, we surveyed business leaders across industries about their views on the economy, concerns and prospects for growth, investment priorities, cashflow constraints, ownership transitions and much more.

This year's central takeaway is clear: Businesses are overwhelmingly confident, while patiently waiting for the right time to act. Notably, this marks the first time that sentiment is so closely aligned between small and middle market businesses since our study began in 2019. Across both segments,

businesses are poised for growth. They are prioritizing investments and less focused on cost-cutting. They are embracing technology, especially AI and its growing impact on productivity. Many are considering expansion opportunities, including acquisitions and real estate, with a pronounced appetite for increased activity over the next 12 months.

At the same time, near-term caution remains elevated. Concerns over tariff duration, labor supply, employee retention, AI-driven cybersecurity risks and inflationary uncertainty weigh heavily on current decision-makers. Many businesses plan to delay strategic moves for now, while preparing to accelerate investments heading into 2027.

Understanding businesses in this moment requires nuance that runs counter to simple news headlines. Companies are optimistic yet cautious. Growth-minded yet measured. Action-oriented yet prudent. Leaning in yet ready to pivot. Owners and entrepreneurs continue to hold these impulses in healthy tension. In doing so, they once again demonstrate the resilience and foresight that drive our economy forward.

We hope you enjoy our 2026 Business Barometer. It offers a window into the spirit of optimism and determination that have always made small and middle market businesses worthy of our admiration and support.



Tory Nixon

Co-President



Chris Merrywell

Co-President

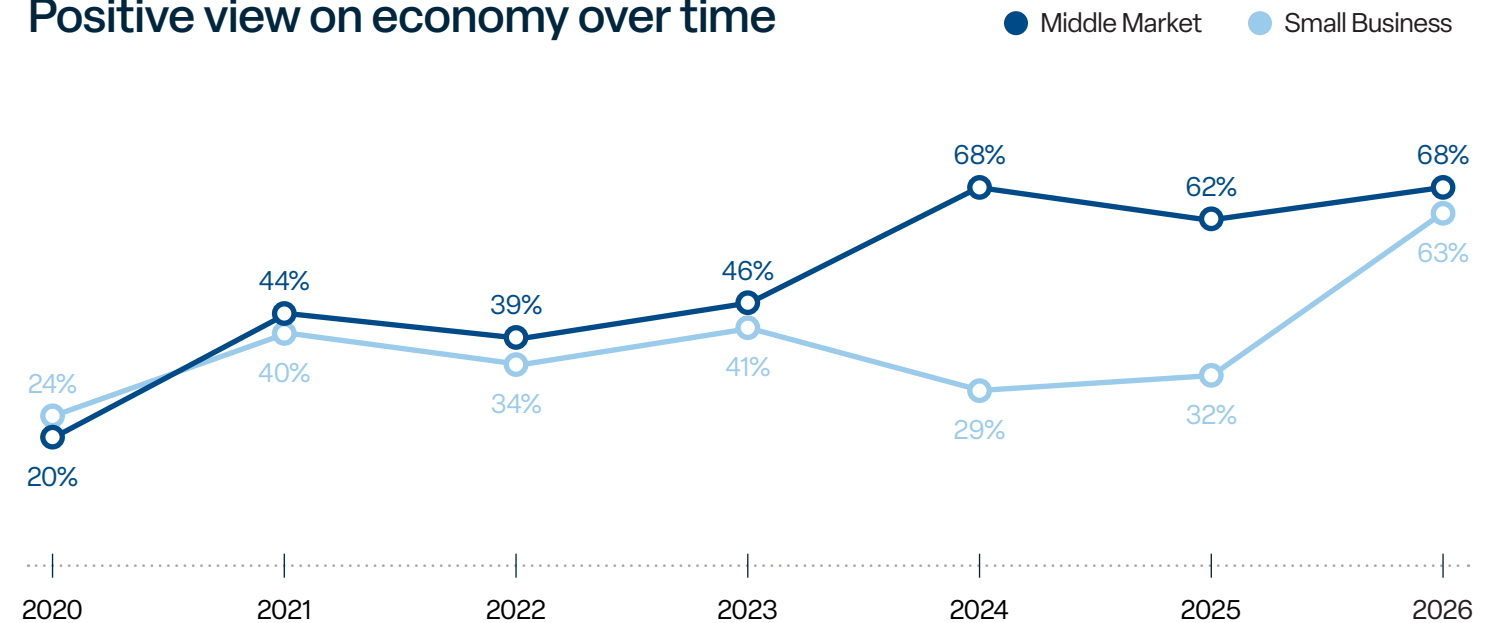
The Economy

Lingering concerns over macroeconomic headwinds and technological disruption persist, but optimism about the overall economy is remarkably strong.

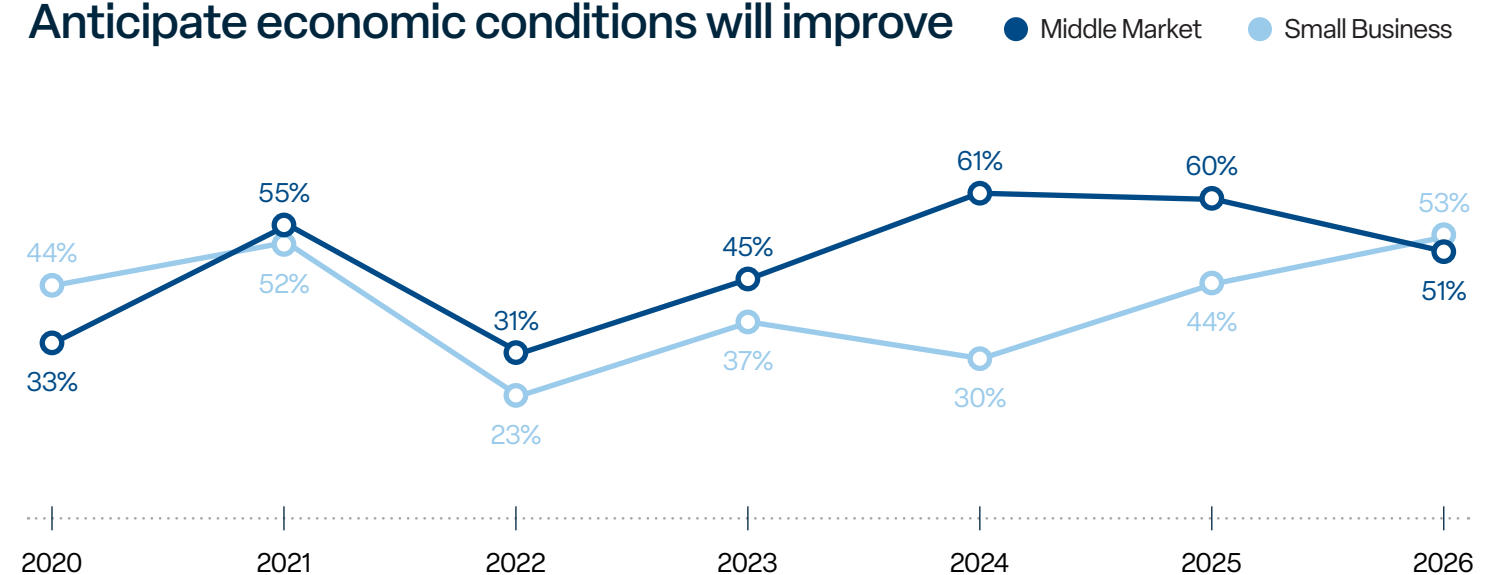
More than 6 in 10 of all businesses surveyed rate the economy as “excellent” or “good,” driven largely by a rebound in the sentiment among businesses between \$500,000 and \$5 million in annual revenue. Confidence among all small businesses nearly doubled from 2025, and a majority currently view the economy favorably for the first time since the study began. Middle market companies extended their run of economic optimism dating back to 2024. However, the largest businesses surveyed this year (\$100 million to \$500 million in revenues) are the least optimistic of any segment surveyed.

Looking at the next 12 months, more than half of all companies also expect overall economic conditions to improve, with only 1 in 10 anticipating worse conditions. There’s growing confidence among business leaders that gains in efficiency and productivity over the next 12 months will translate to increased revenue, improved profitability and greater opportunities to invest in technology, expand operations and hire skilled workers between now and the middle of 2027. Inflationary pressures and AI’s acceleration are among many businesses’ top concerns this year.

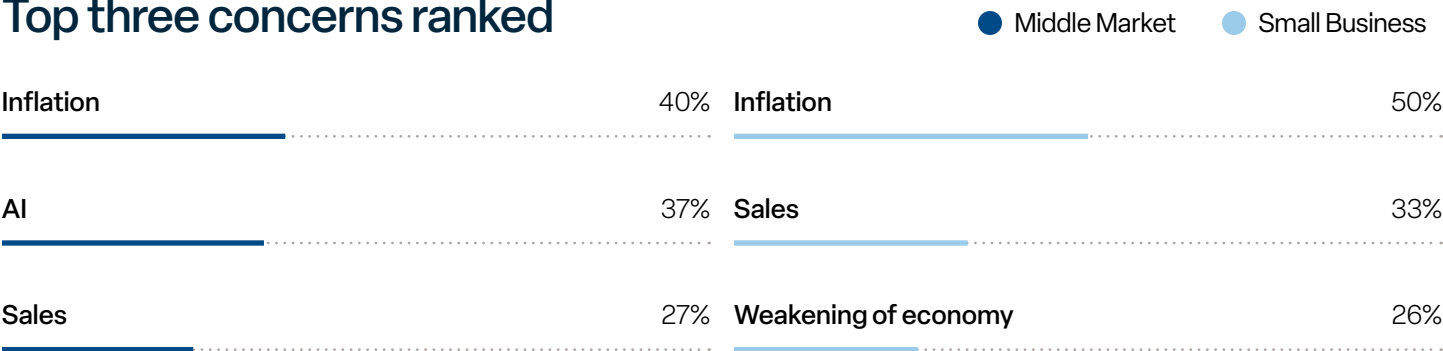
Positive view on economy over time



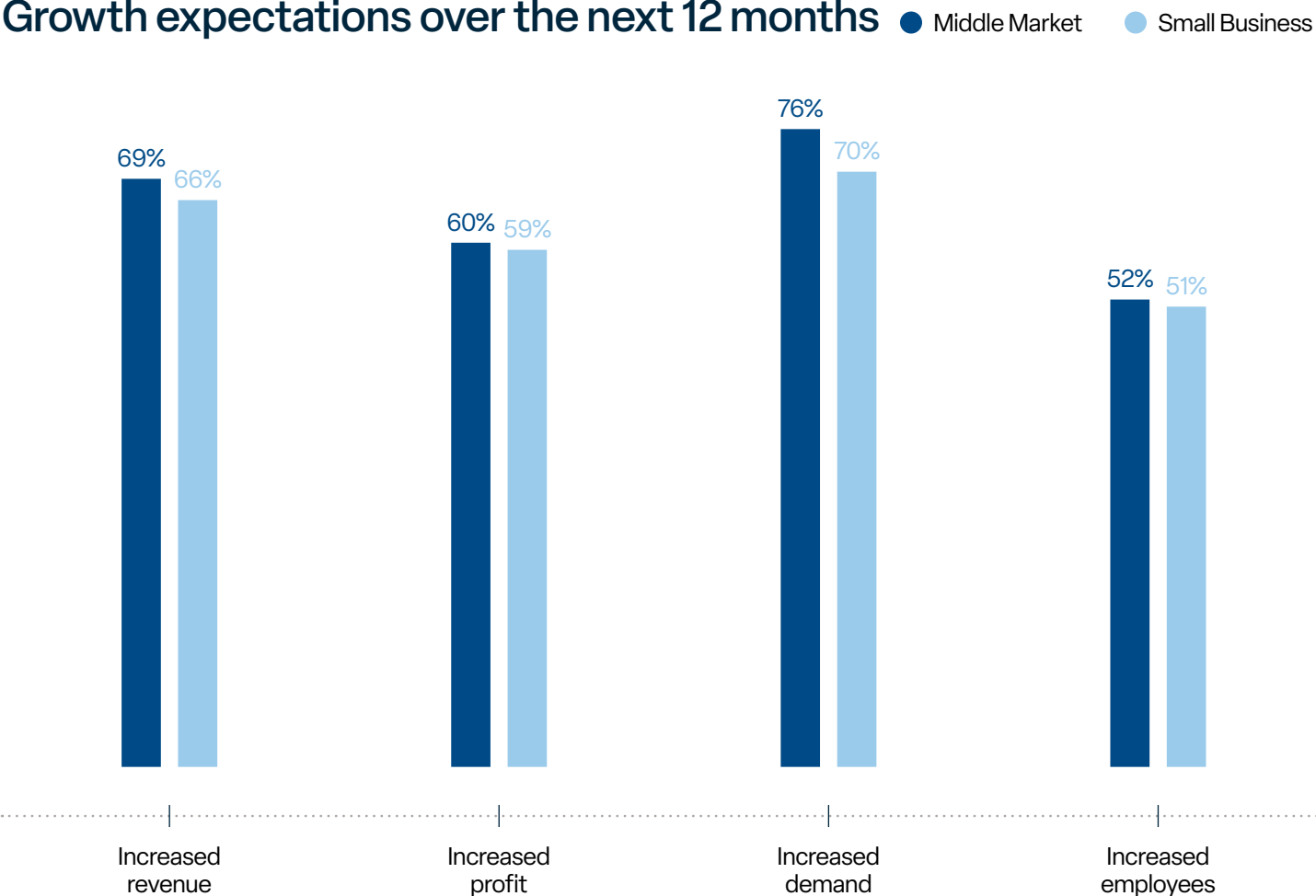
Anticipate economic conditions will improve



Top three concerns ranked



Growth expectations over the next 12 months



“Timing matters when it comes to success in business. This year’s data confirms what we see in the market: Many companies are ready to put resources behind growth plans, but they’re closely monitoring developments beyond their control before making strategic moves.”

— Dave Hansen
Head of Retail Banking at Columbia Bank



Leaders on the year ahead

Columbia Bank held multiple small group conversations to dive deeper into the mood and mindset of business leaders. Here's a snapshot of what some said:

“Every decision over the next 12 months will be more focused and strategic — how we invest in growth, engage customers and build the brand. We're moving with clarity, prioritizing what drives impact and scaling thoughtfully toward long-term goals.”

—— Founder, retail trade

“I'm fully integrating AI into everything that I do. I've literally tripled my ability to deliver things.”

—— Chief of Operations, apparel manufacturer

“Some businesses don't make it in this environment, but it creates opportunities — literally physical space — for expansion opportunities for us.”

—— Owner, restaurant group

“Our current clients are trending toward renewal, and we are launching new products for the marketplace.”

—— Director, professional services

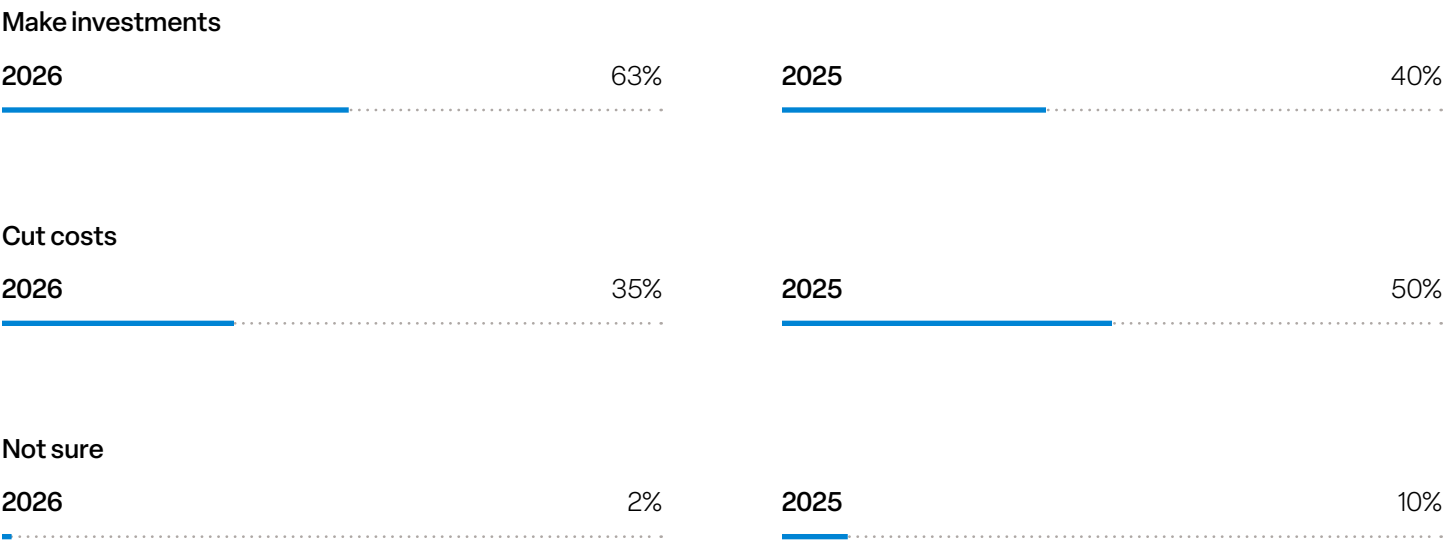
Investment & Growth

Fueled by a notable year-over-year improvement in the outlook of smaller enterprises, a strong majority of businesses surveyed say they are prioritizing making investments over cutting costs. Across key growth indicators that include their likelihood to pursue acquisition, add real estate, invest in digitization and finance expansion, businesses of all sizes indicate a strong growth trajectory.

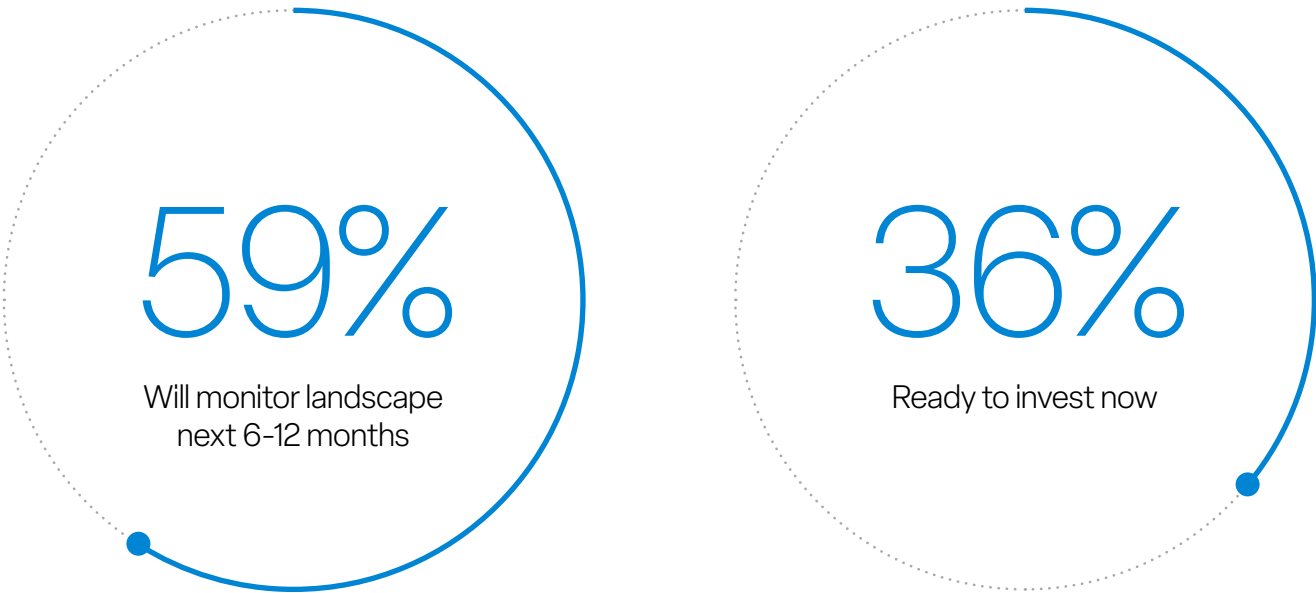
While businesses are confident in their 12-month outlook, they are also factoring current volatility and uncertainty into their strategic plans, which will impact how quickly they are willing to make

significant moves. Nearly 3 in 5 indicate they plan to delay major decisions for at least six months as they monitor near-term pressures from tariffs, inflation and rising energy costs.

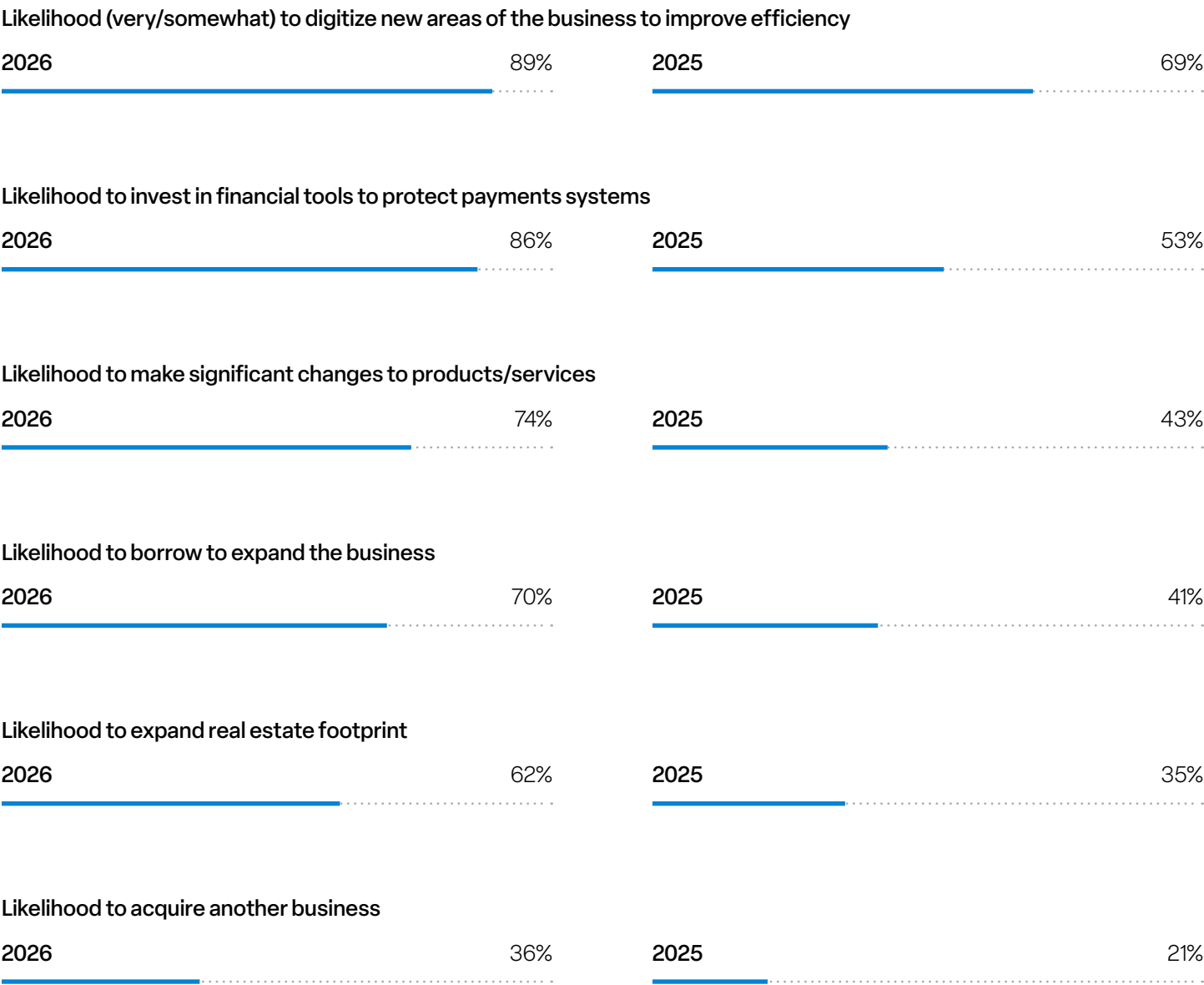
12-month focus: Make investments or cut costs?



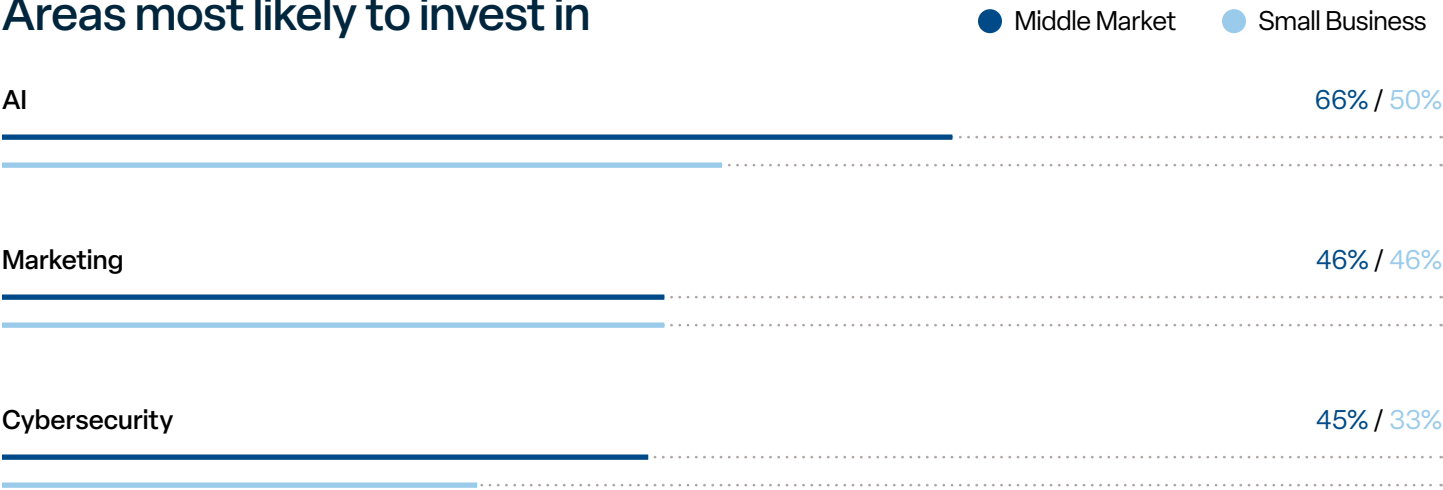
Major investment decisions



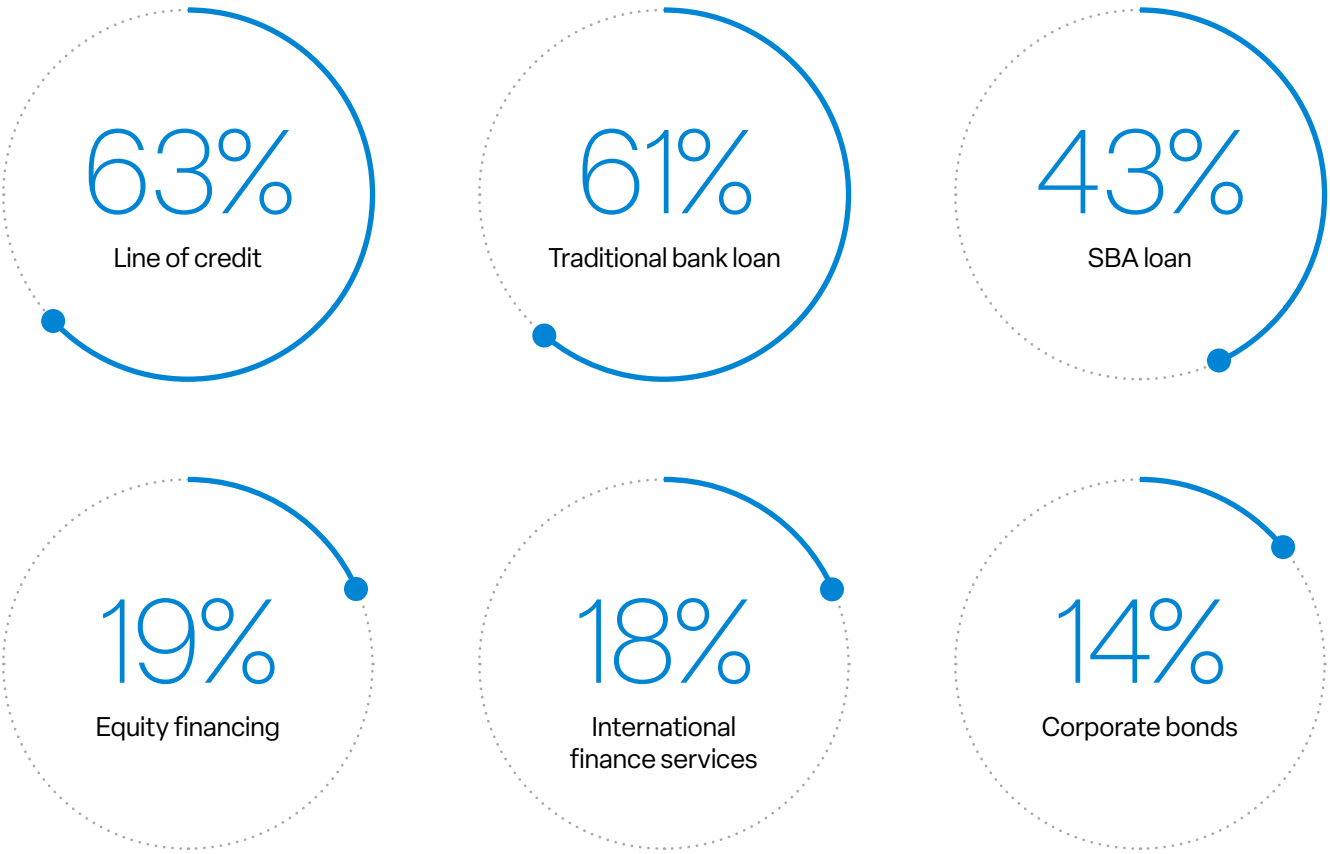
Key growth indicators advance across the board, with more businesses ready to act.



Areas most likely to invest in



How businesses plan to finance expansion



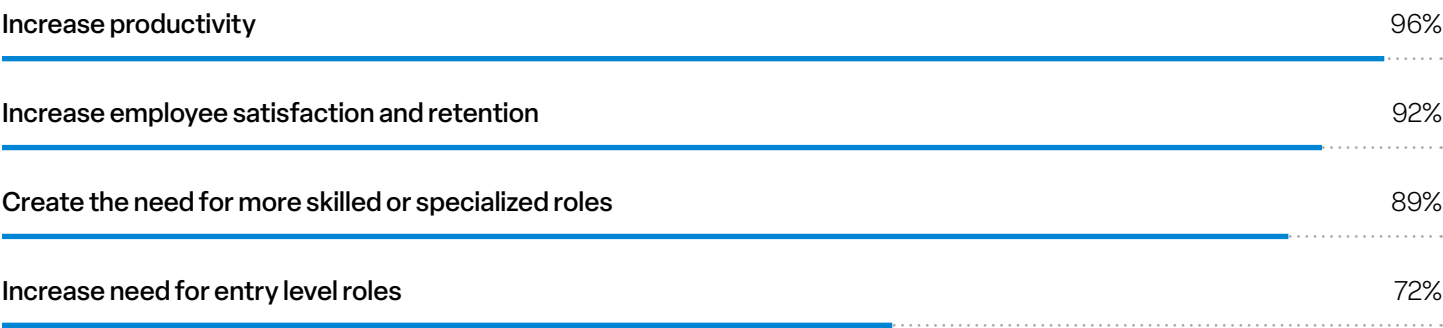
AI Progress & Impact

Based on survey data and focus groups, it’s clear that recent AI advances are helping to drive the strong 12-month outlook for businesses. AI is no longer an abstract goal on a company’s wish list. It’s now having a meaningful impact on operations and is shaping where businesses allocate capital.

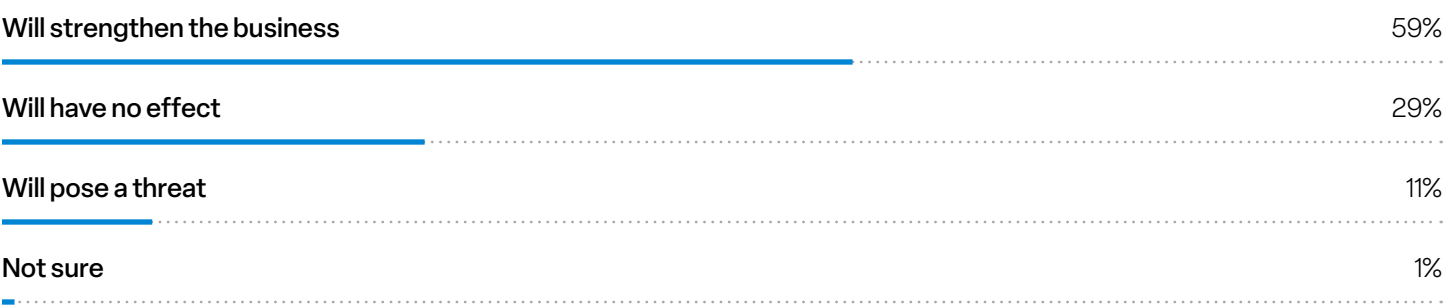
For the first time since Columbia Bank began tracking AI, the technology is now the top investment priority for both small businesses and middle market leaders. There’s a growing realization among all businesses of AI’s potential to harness productivity, create opportunities and drive efficiencies.

At the same time, AI as a top concern spiked for businesses of all sizes, indicating that many likely view its fast-emerging capabilities as critical to their viability and competitiveness. Most businesses currently believe AI will have an overall positive impact on employees’ work experience and the ability to add jobs as they grow. However, roughly a quarter concede that AI will likely reduce the need for entry-level positions.

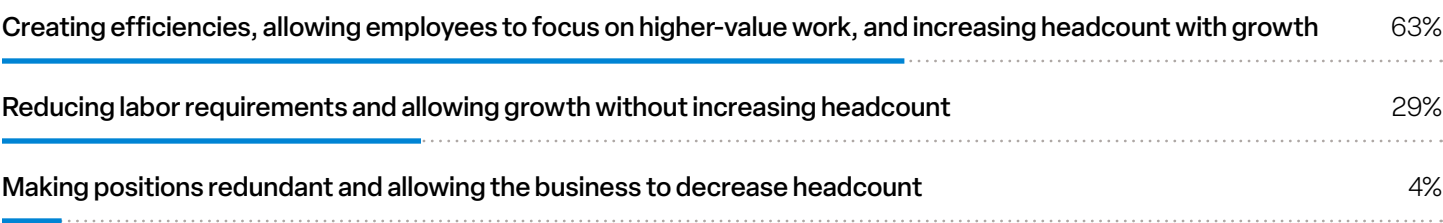
Over the next 12 months, AI and related advances will (significantly/somewhat):



Effect of advances in AI capabilities on their business’s viability:



AI will in the next 12 months impact workforce strategy by:



Leaders on AI usage

“AI is definitely going to increase productivity internally across all the business operations: accounting to finance, operations, engineering and IT.”

Corporate Controller, software company

“AI is freeing us up to be able to grow our team, because now we’re putting in force more contracts and partnerships.”

Founder, e-commerce retailer

“I’m personally working on leveraging an AI solution to compare vendor prices on a weekly basis and make our orders based on that data.”

VP Operations, restaurant group

“We do a lot of consulting, coaching, training and facilitation work. AI cannot handle that level of complexity yet.”

Founder and CEO, strategy and organizational consulting company

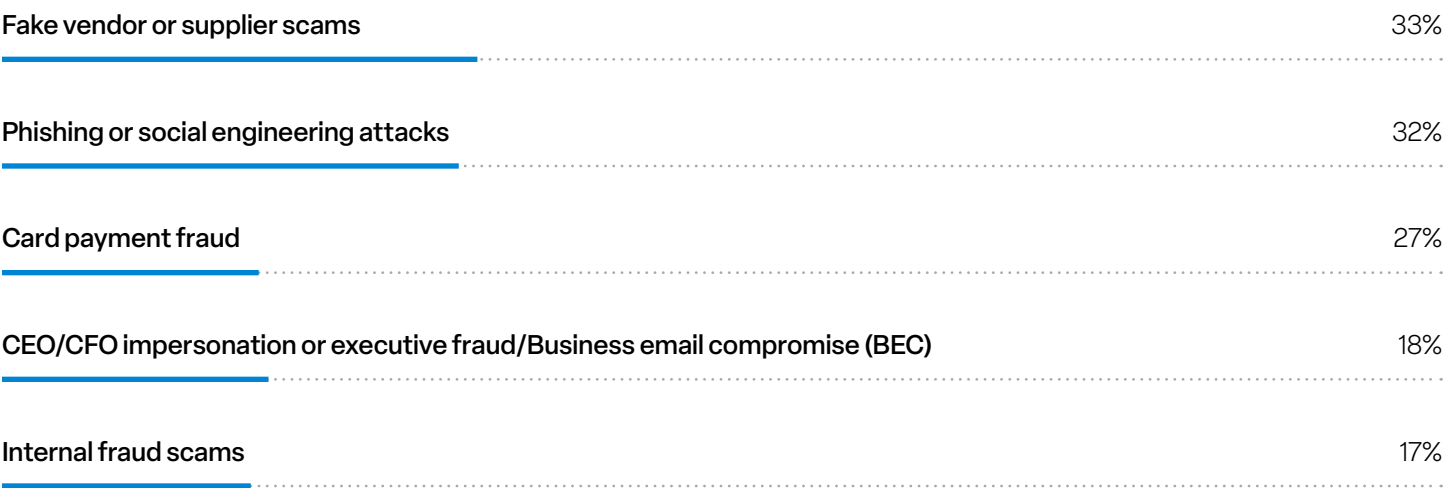
Cybersecurity & Fraud

More businesses are stepping up efforts to protect their operations as fraud risks evolve and exposures increase with scale. From sophisticated cyberattacks to routine check fraud, businesses are paying the price. In the past 12 months, more than 7 in 10 report having experienced financial loss from fraud, with fake vendor scams and phishing attacks the most common schemes.

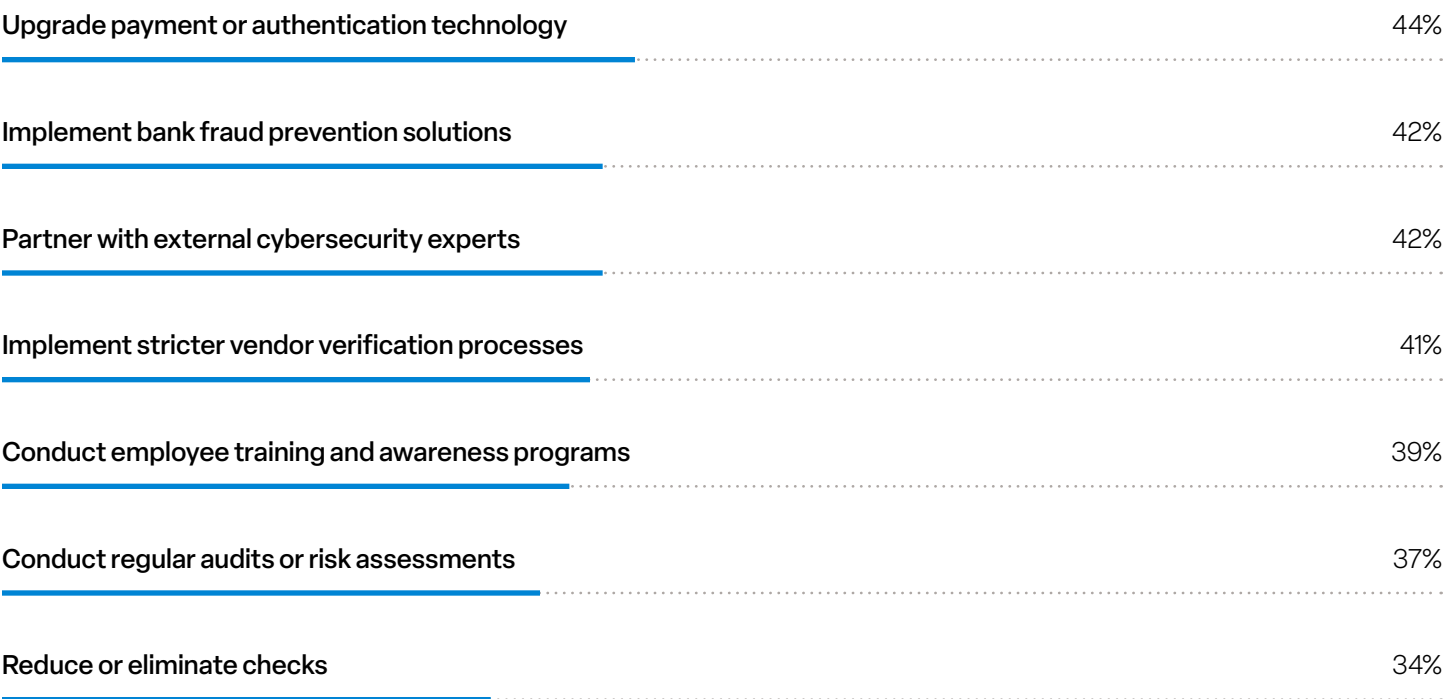
While cybersecurity and fraud are significant concerns and investment priorities, only half have implemented many of the most common fraud prevention tools such as stronger authentication safeguards and eliminating physical checks from their payment processes. Roughly 4 in 10 say they

will take these steps in the next 12 months. Leaders also cite several challenges combating threats, including keeping up with evolving fraud techniques, limited budgets, difficulty verifying third-party vendors and lack of employee awareness or training.

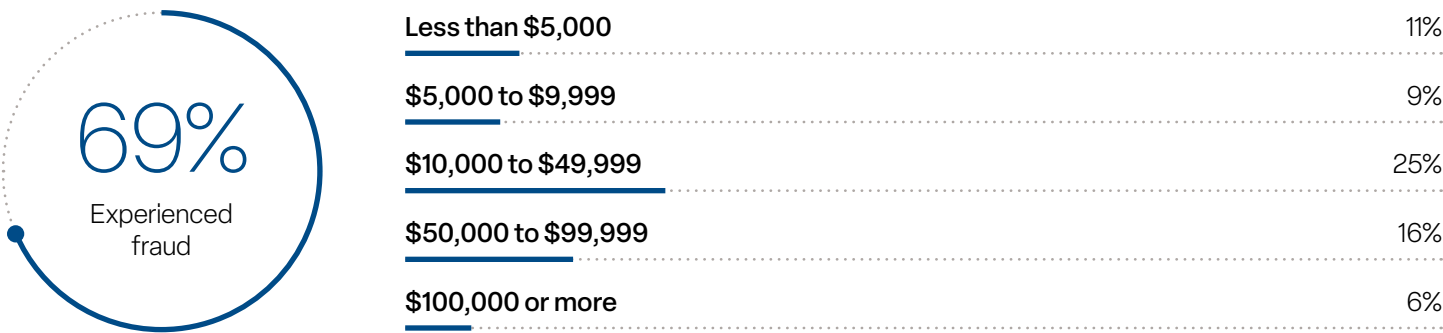
Scams encountered over the last 12 months



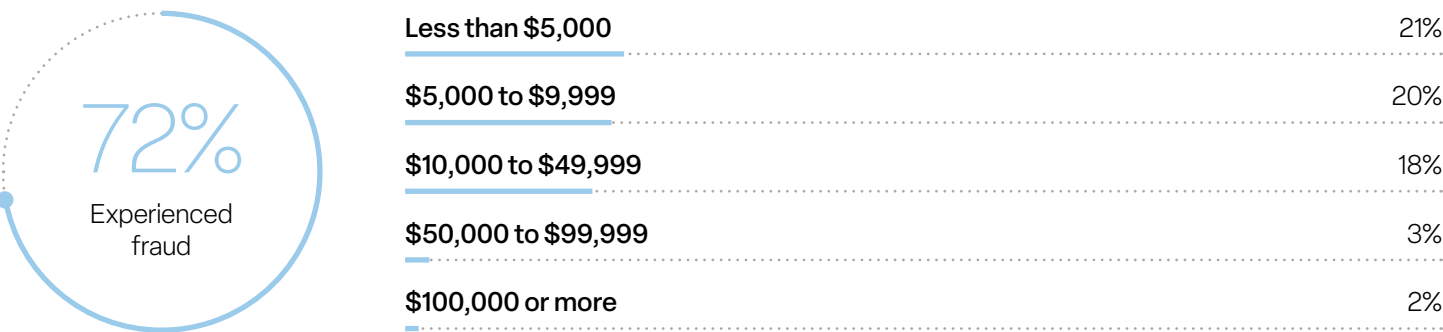
Steps businesses will take over the next 12 months



Estimated total loss to fraud in the last 12 months/Middle Market:



Estimated total loss to fraud in the last 12 months/Small Business:



Speed of detection and response after the most recent fraud attempt:

Within hours	23%
Within one business day	35%
Within one week	16%
More than one week	3%
Not applicable; there has not been a fraud attempt in the past 12 months	23%

“Greatest challenges” combating fraud

Rapidly evolving fraud techniques	46%
Limited budget for fraud prevention tools	41%
Difficulty verifying third-party vendors	36%
Lack of employee awareness or training	32%
Insufficient technology or system integration	30%

“As companies prepare to invest in growth, it’s imperative they also allocate resources to protect their operations, strengthen payment systems and enhance their ability to manage increasingly complex fraud risks.”

Kathryn Albright
Head of Global Payments and Deposits at Columbia Bank



Tariffs & Trade

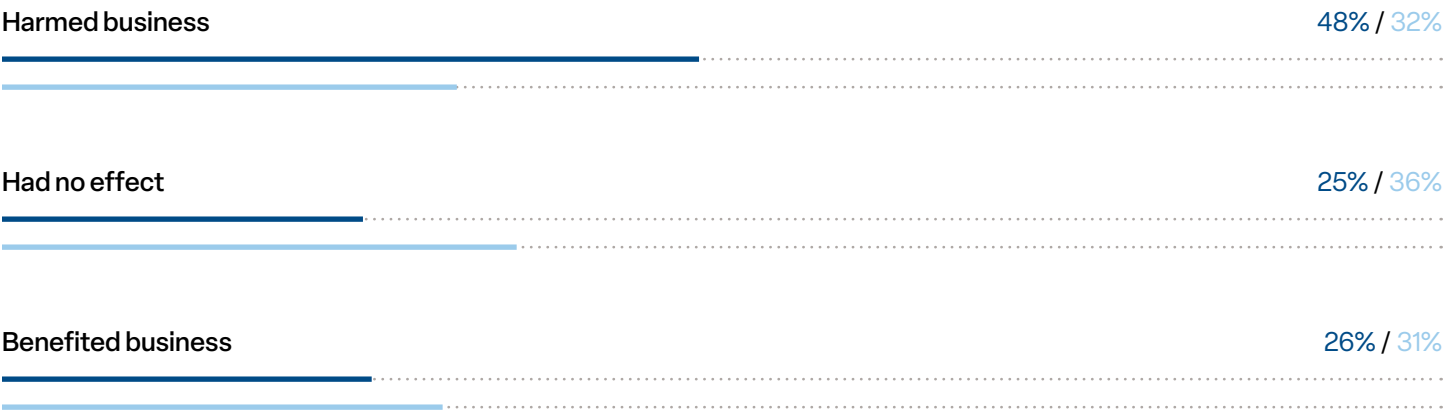
Input from small and middle market leaders indicate that the unpredictability of tariff implementation has been more challenging than direct tariff costs. In focus groups, leaders say that delays, exemptions and shifting percentage amounts have made planning especially difficult over the past 12 months.

Overall, larger middle market companies (\$100 million+) have been more negatively impacted by tariff volatility, though the issue declined significantly as a concern for the segment from a year ago. Tariffs also declined as a top concern for smaller enterprises, with two-thirds indicating positive or no impact on their business.

More than half of businesses paid tariff-related duties in the past year, and 3 in 4 of those respondents plan to seek a refund. In response to tariff-related costs, businesses employed a number of strategies. They cite price increases as the primary solution for managing higher costs. They also pulled purchases forward, changed suppliers and sought new markets. More than 4 in 5 expect heightened trade policy to remain a significant factor in their business for one to five years.

Tariffs have mostly:

● Middle Market ● Small Business



Did their business pay tariffs?



Will they seek a refund?



Past 12 months: Businesses are responding to tariffs with action

42%

Increased pricing

24%

Increased inventory or pulled purchases forward

23%

Changed suppliers

19%

Sought new markets or customers

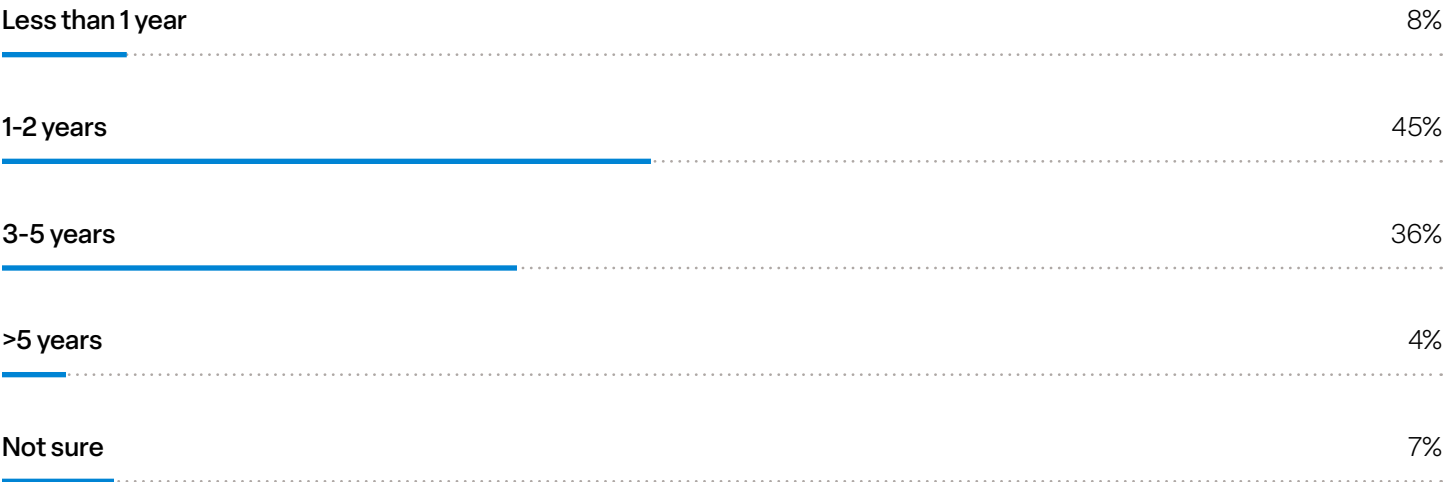
17%

Delayed or canceled investments

16%

Delayed hiring decisions or reduced headcount

How long will tariffs impact their business?



“Companies like ours can’t change our pricing structure every month. The tariff volatility almost demands that. One day, you are working with one rate. The next day, it’s gone up another 30%, then it drops down 20%, then it goes back up. It’s a rollercoaster.”

Owner/Partner
Wholesale business

Business Owners in Transition

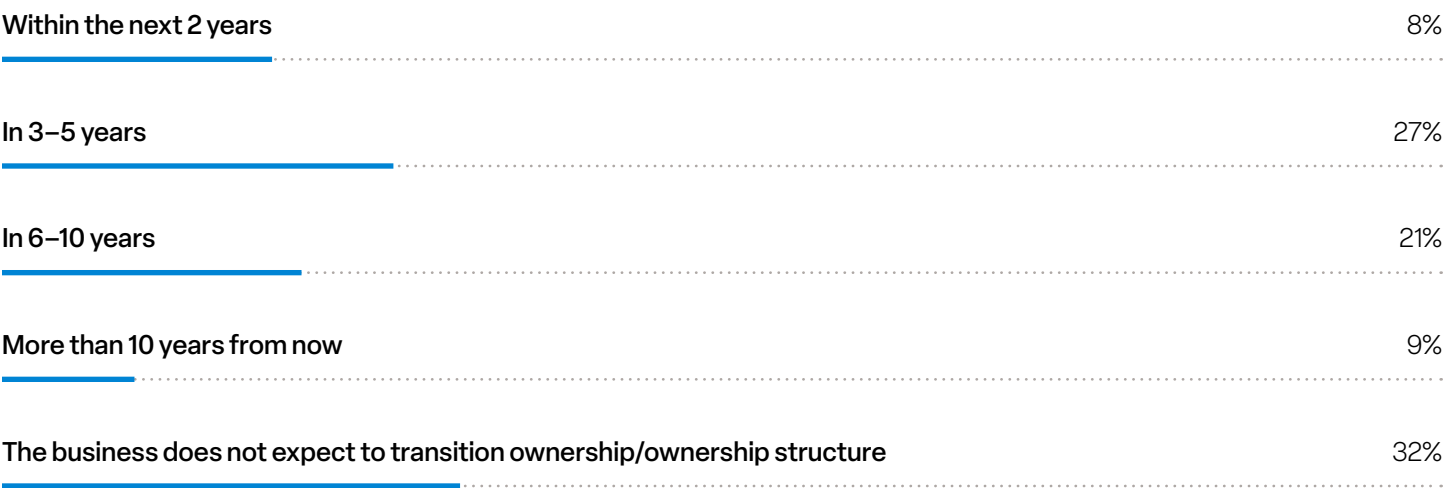
The coming wave of retiring business owners, referred to as the “The Great Transition,” has received significant research and media attention in recent months. By 2035, roughly 6 million small and medium-size businesses will encounter ownership changes as baby boomers retire.¹

This creates challenges for businesses about to undergo change, as well as opportunities for competitors to grow through acquisition. As part of this year’s study, Columbia Bank surveyed businesses about ownership transition timing and

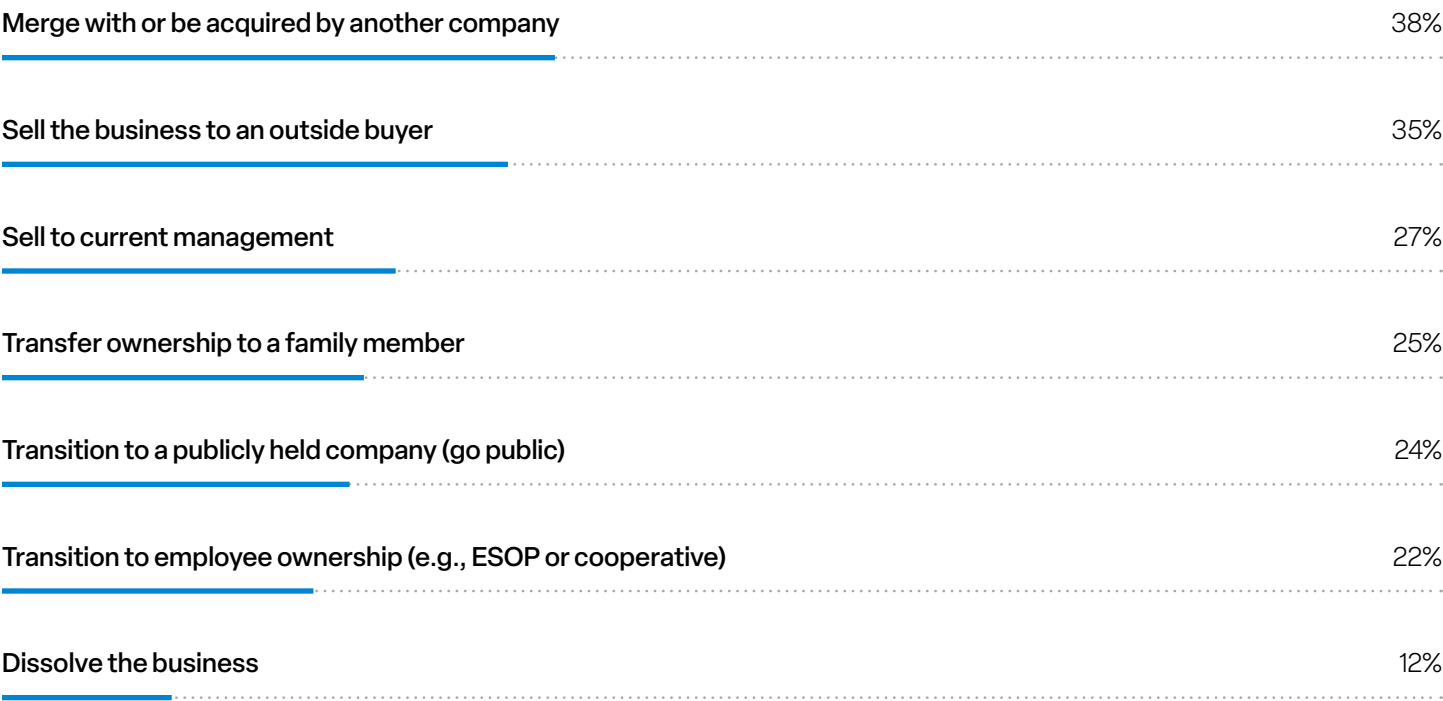
plans. While more than half of all businesses expect to transfer ownership within the next 10 years and are considering a variety of options, fewer than half say they have a written plan in place.

¹ “The Great Ownership Transfer: A New Era of Business Stewardship.” McKinsey & Co., February 2026.

Timeframe for ownership transition:



Ownership transfer options being considered:



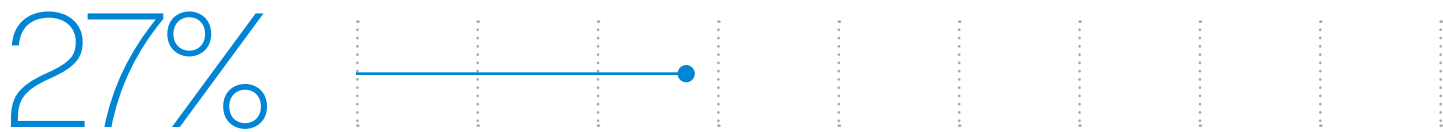
Does their business currently have a succession plan?



Yes, a formal written plan

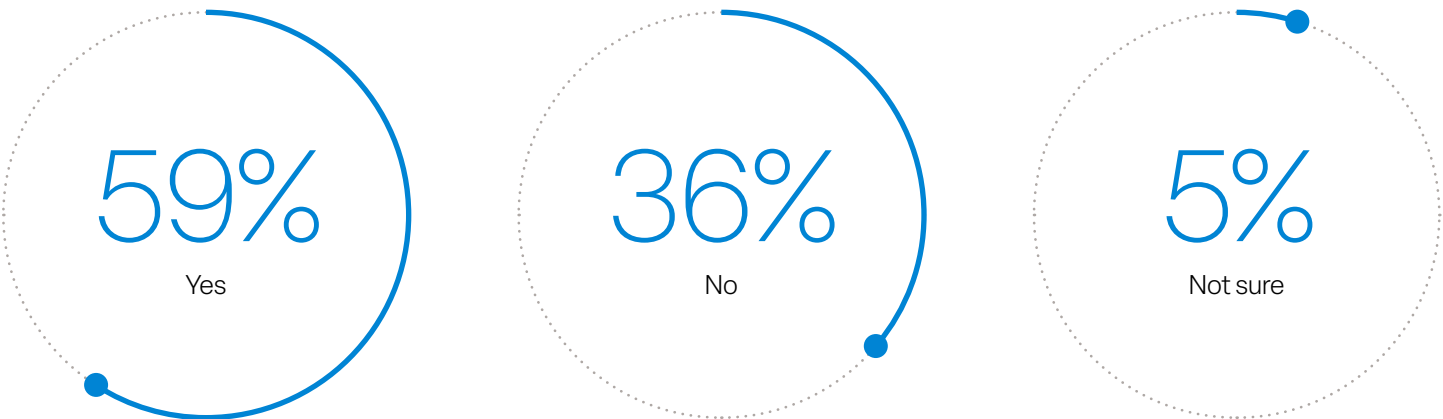


Yes, an informal or unwritten plan



No plan

Does their business have an executive retention plan as part of the transition?



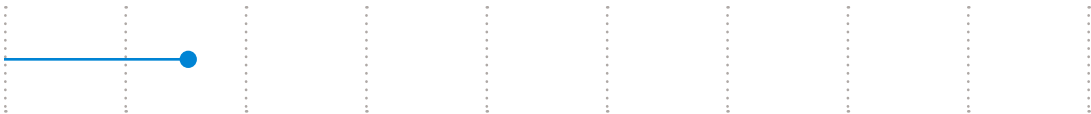
“The coming wave of retirement among business owners means leadership change is inevitable for many enterprises in the coming years. Having a documented succession plan in place and a strategy for ensuring leadership continuity are critical pieces for long-term survival and success.”

Andrew McKechnie
Head of Wealth Management at Columbia Bank



2026 Business Barometer: Distribution by Industry

15%



Food Services, Hospitality or Accommodation

13%



Retail

12%



Healthcare

10%



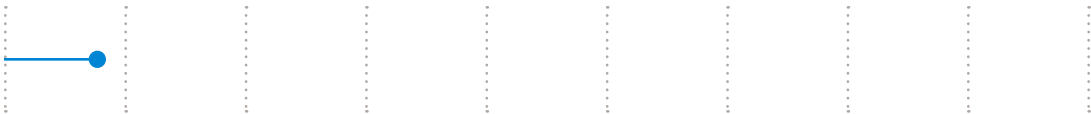
Financial and Real Estate

9%



Construction

7%



Professional Services

5%



Wholesale Trade

5%



Technology-IT

24%



Other

Methodology

On behalf of Columbia Bank, DHM Research conducted an online survey of 1,186 owners, executives and financial decision makers at U.S. small and middle market businesses (\$500,000 to \$500 million in annual revenue) between April 28 and May 7, 2026. The margin of error is $\pm 2.8\%$.

Columbia Bank offers a premier banking experience for customers across the West. Our team of expert bankers act as financial partners, working closely to understand business customers' needs, goals and opportunities. We craft solutions and build relationships that last.



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can help your business.**

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