

SMALL BUSINESS PULSE

Payroll grows, but cost pressures continue

23 APRIL 2026

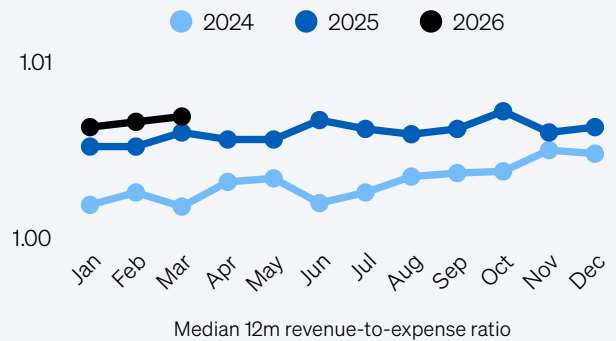
The Big Picture

The share of businesses growing payrolls year-over-year edged up in March, reversing the January downturn. But even as profitability holds steady and hiring picks up, cost pressures persist—especially along the coasts. We also take a closer look at long-lived businesses’ outsized role in providing jobs and community identity.

What We’re Seeing

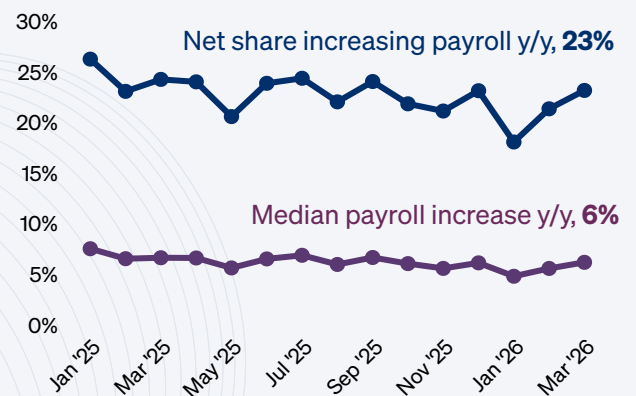
- **Profitability stabilizes:** Our proxy for business profitability is above March 2025 levels, indicating solid financial footing.
- **Payroll growth increases:** Continuing February’s rebound, more businesses expanded payrolls y/y and the typical payroll increase improved m/m, suggesting businesses are open to hire after an early-year slowdown.
- **Cost pressures remain widespread,** with 60% of businesses reporting overall cost increases, primarily from input costs. The gap between cost increases and revenue increases is largest in the Northeast and California.
- **Long-lived businesses provide community, stability, and jobs.** Just 1 in 6 established businesses are older than 20 years, but they are responsible for 1 in 3 payroll dollars. Supporting business longevity is as important as supporting business formation.

Business profitability remains strong, with modest m/m increase



Source: Chase business deposit account data

Small business payrolls climb in March



Source: Chase business deposit account data

Payroll expansions line up across economic headlines

Chase small business data reflected the upbeat jobs report in March, with acceleration in both the share of businesses increasing payroll y/y as well as the median payroll increase, hinting at a possible rebound after a few months of decelerating payroll performance. The largest m/m movers among business expanding payroll y/y include:

- **Outpatient Care Services** in Health Care, a nod to the continued focus on elective procedures and cost-savings driving health care business models;
- **Consumer Goods Rentals** in Rental and Leasing, and **Building Materials and Supplies** in Retail, hinting at seasonal spending on home improvement and spring parties;
- Wholesale **Trade Agents and Brokers**, suggesting that the impacts of changing tariff rules remain despite the SCOTUS decision in February; and
- **Personal and Household Goods and Maintenance**, pointing to household desires to hold onto their durable goods just a little longer under the pressures of inflation and uncertainty

Labor demand accelerates for Health Care, Home Improvement and Backyard Parties, Repair and Maintenance, and B2B trade services

M/M change (%) in Net Share of Businesses Expanding Payroll, y/y (%)



Source: Chase business deposit account data

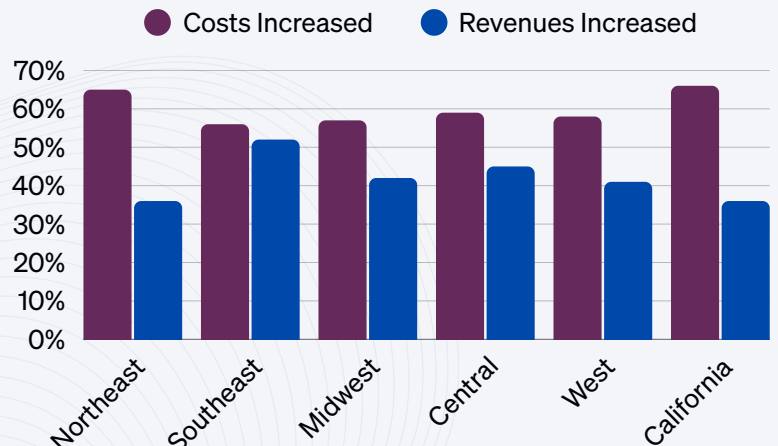
Profits broadly steady but cost pressures differ across regions

Despite steady m/m profitability, cost pressures continue for business owners across the board, with substantial variability across the US. There may be one economy, but experiences differ.

The gap between the share of businesses that saw cost increases and raised prices is highest in the Northeast and California, indicating businesses are either facing more value-seeking customers or are in businesses that operate on longer re-pricing cycles.

The gap is lowest among Southeast businesses, potentially pointing to a stronger customer base and/or faster pricing cycles.

Northeast and California look least able to pass on cost increases



Source: Chase Survey of Business Owners, March 2026

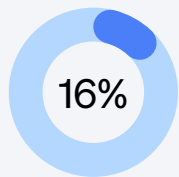
Long-lived businesses provide stability, community, and jobs

As the United States nears its 250th birthday, we're thinking about longevity. Creating a durable business is not easy. Just 16% of businesses that make it past the first two years make it to 20+ years according to Chase data. Just around 3% make it to year 40.

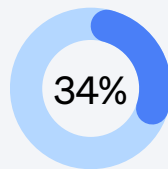
Young businesses get credit for creating jobs, but older businesses are overlooked for their important roles - sustaining jobs and creating community. Though long-lived businesses make up 16% of businesses established businesses, they are responsible for 34% of the payroll dollars.

Long-lived businesses are concentrated among civic, social and religious organizations, as well as museums and historical sites, creating spaces and activities for local communities and visitors to experience and enjoy. A large share of manufacturers are also long-lived, especially among durable goods and machinery manufacturers, creating middle-class jobs and stability in their local areas. Supporting business longevity is a key part of supporting a thriving local economy.

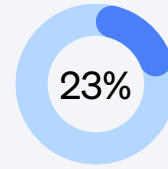
Businesses 20+ years old are...



of businesses



of payroll
>2x their share

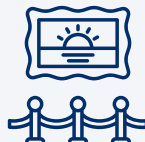


of spend at nonprofit organizations
1.4x their share



49%

of civic, social and religious organizations



48%

of museums and historical sites

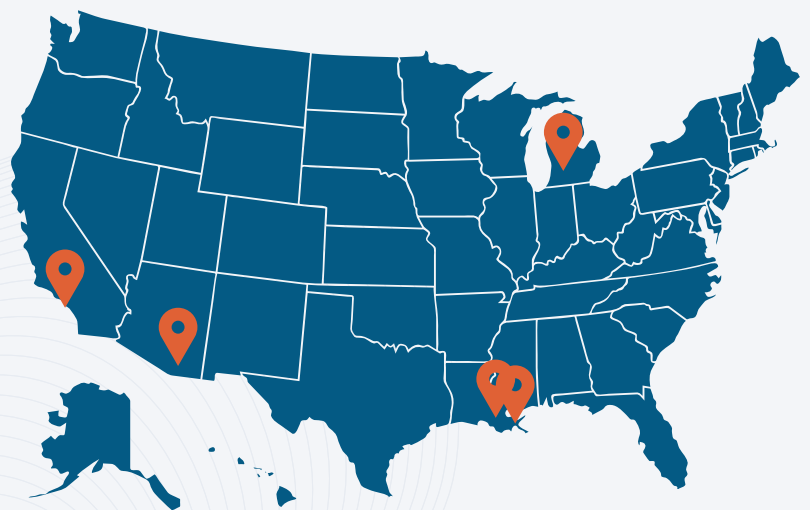


28%

of durable goods manufacturers

Cities with the highest share of long-lived businesses

- Tucson, AZ (20.1%)
- Baton Rouge, LA (18.3%)
- Oxnard-Thousand Oaks-Ventura, CA (18%)
- New Orleans, LA (17.3%)
- Grand Rapids, MI (16.3%)



Source: Chase business deposit account data

Among metros with > 10,000 Chase businesses



So What?

Payroll rebound optimism

A payroll rebound amid steady profits suggests small businesses may be betting on growth despite uncertainty—a potential leading signal for broader labor market momentum.

Uneven experiences, multiple economies

Regional cost-revenue gaps point to an uneven experience of the economy where coastal businesses risk margin erosion more than others, potentially explaining inconsistent narratives about “the economy.”

Protecting long-lived businesses in the ownership transfer

The outsized payroll contribution of long-lived businesses underscores the need to support business longevity, especially as older business owners look to retirement in the next decade.

Methodology:

Chase surveyed approximately 500 small business owners across the nation in mid-January 2026. Respondents include both Chase and non-Chase customers.

A Chase business is defined as an employer business if within the past 12 months, they had 6 or more months of observed payroll expenses. Expenses are tagged as payroll-related if they are associated with a selection of major payroll processors.

Chase business data excludes businesses that have fewer than \$500 in inflows or fewer than 10 total transactions over the last 12 months. Y/y comparisons require two years' worth of data.

Keywords:

small business performance, small business revenue growth, cash flow, cash flow volatility, inflation, labor market, small business hiring, small business owner concerns, small business economic outlook, SMB Pulse report

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