Fairfax County Department of economic initiatives
NAVIGATING WHAT'S NEXT

FAIRFAX COUNTY BUSINESS PULSE SURVEY

FALL 2025

Insights Summary

The Fairfax County Department of Economic Initiatives (DEI) conducted its second Business Pulse Survey in September 2025, receiving responses from 450 local businesses - a 35% increase in responses over the Spring survey.

The survey monitors how Fairfax County businesses are adapting to shifting economic conditions, with questions on business optimism, operations, federal spending impacts, future business plans, and tariffs. The Fall 2025 survey introduced new questions on the use of artificial intelligence (AI) tools.

Responses are compared across survey periods to track changes in the county's economic landscape. These insights help inform the county's programs or policies to support the business community.

The key insights from the Fall Business Pulse Survey include:

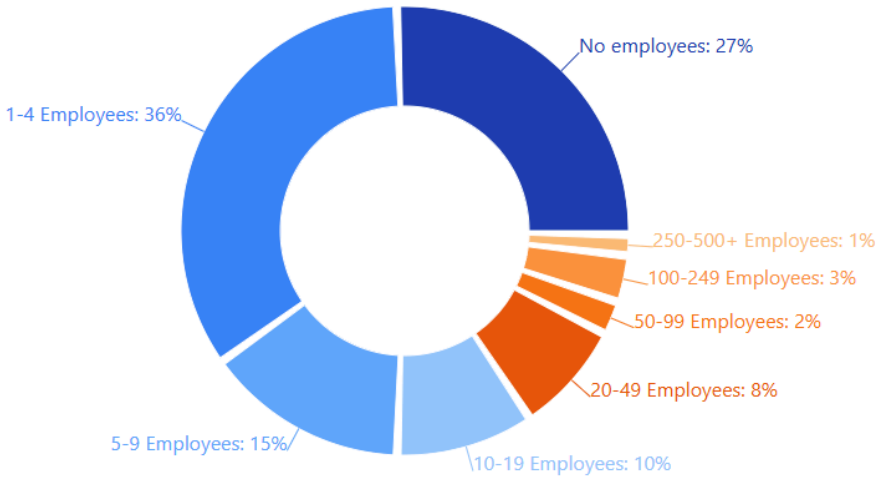
- **Optimism Drops:** 51% of businesses report they are not optimistic about the next six months, a significant drop in optimism from the Spring survey.
- **Costs Up; Sales Down**: 64% of businesses are experiencing decreased business sales. 80% are dealing with increased costs.
- **Federal Contracts Decrease:** Of those businesses that have federal contracts or revenue streams, 73% saw a decrease in the last six months.
- **Focus on growth and efficiency:** Most businesses are planning to seek new markets and cut costs, with some turning to price increases or postponing investments or expansion.
- **AI Adoption Split:** 33% of businesses regularly use AI. 43% of businesses do not use AI or are exploring but have no plans to adopt.

Business Characteristics

Respondents were predominantly very small businesses. The majority of these operations were either sole proprietorships or companies reporting 1 to 4 employees**.** Top sectors include Services (22%), Professional, Technical, and Scientific Services (21%), and Education (10%).

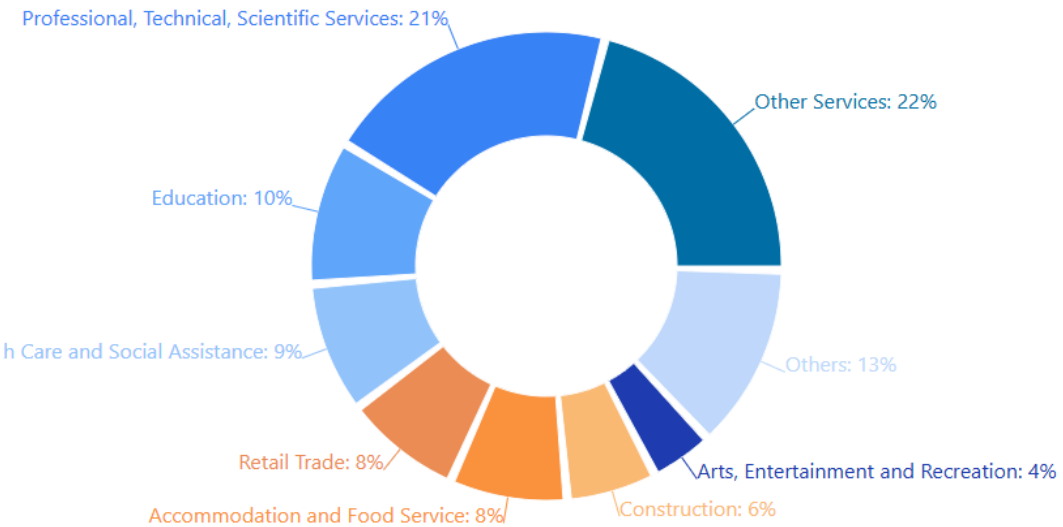
Business Size, by Employees

Question: How many full-time and part-time employees currently work for your company? If you are self-employed or do not have employees select 0.



Industry Distribution

Question: What industry is your business in?

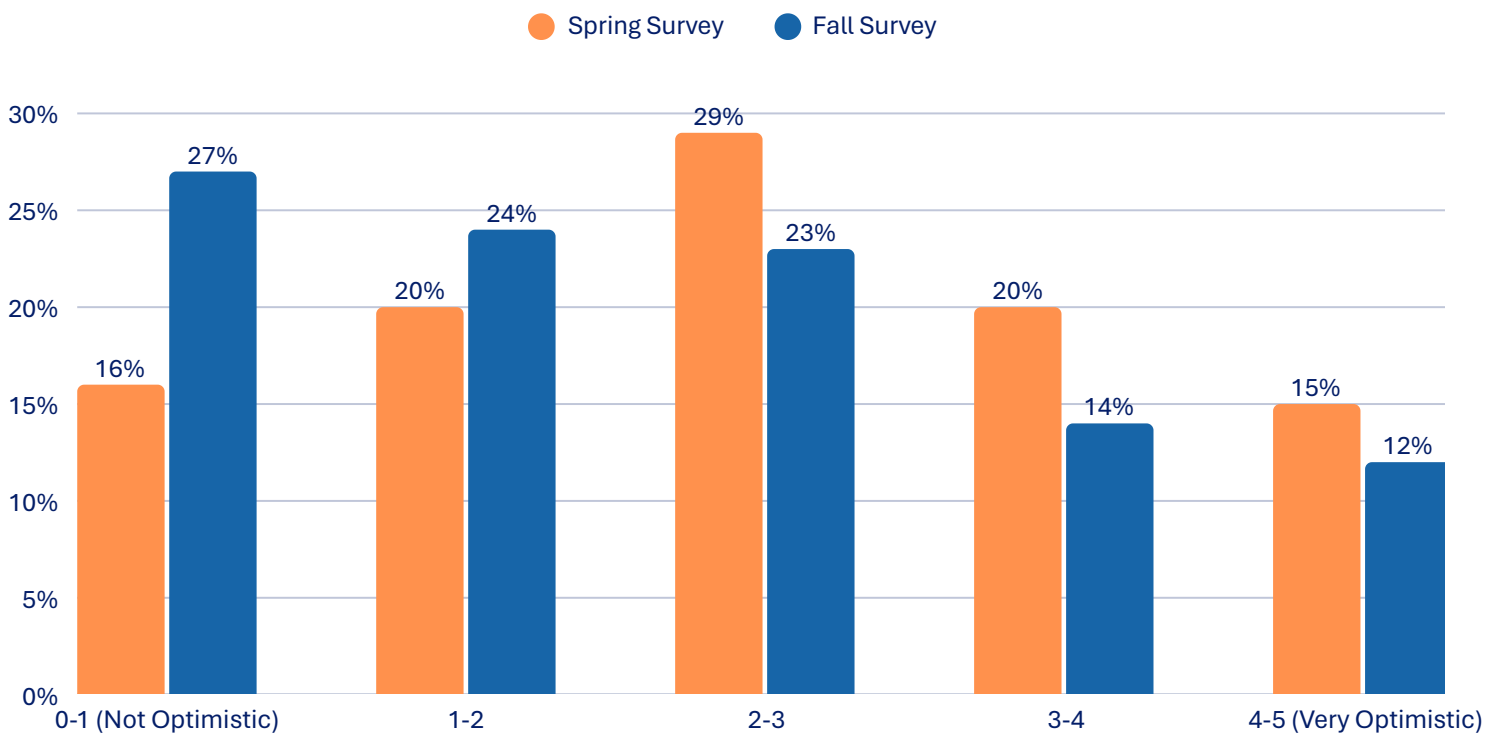


Business Optimism

Business sentiment in Fairfax County is increasingly cautious. 26% of businesses reported feeling very or somewhat optimistic about business prospects over the next six months, down by 26% from the Spring survey. However, the majority of firms were not optimistic about the next six months, and 27% reported they are not optimistic at all; a 71% increase in reports of 'not optimistic at all' from the Spring survey.

Question: On a scale of 1-5, how optimistic are you about your business prospects over the next six months? Where 5 is very optimistic and 1 is not optimistic at all.

Respondents' Level of Business Optimism



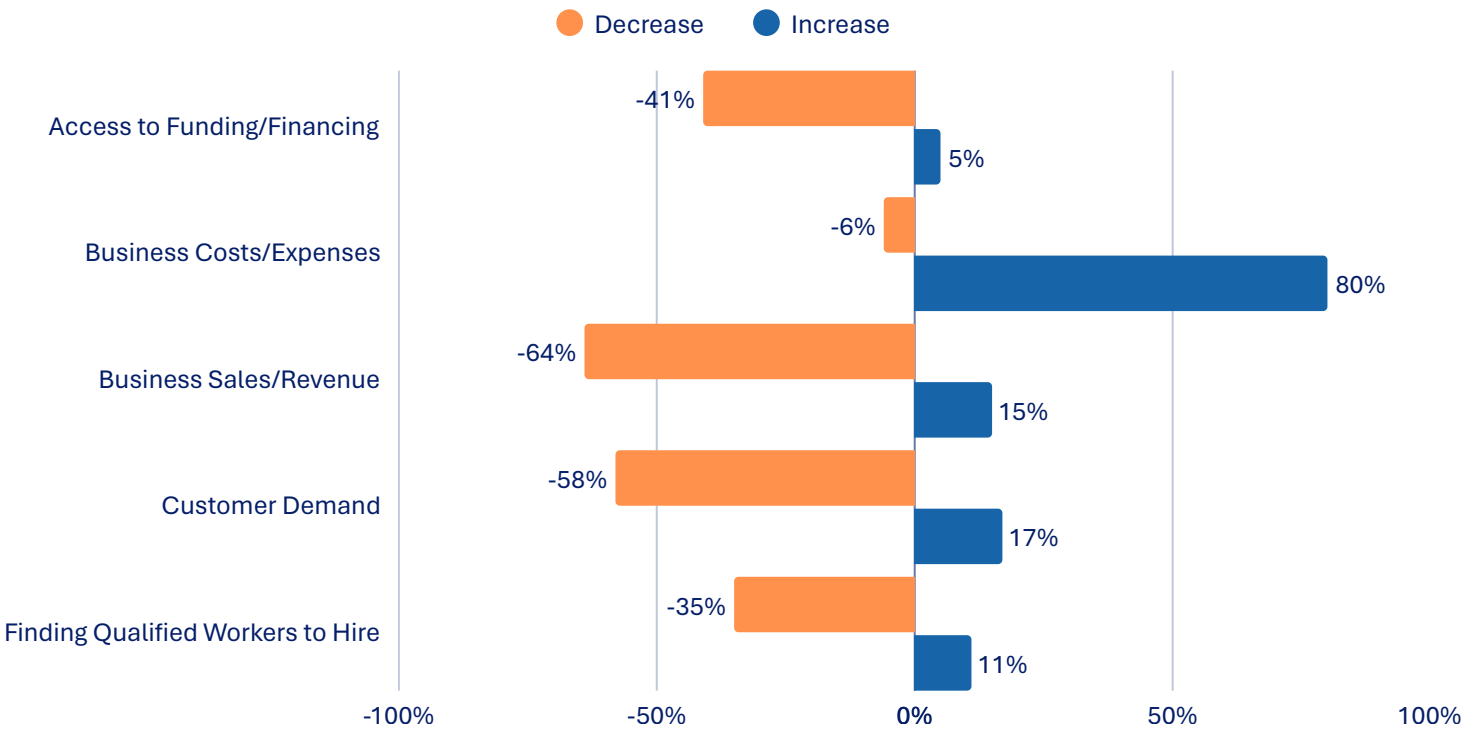
Business Operations

(Customer Demand, Business Sales/Revenue, Business Costs/Expenses)

The financial pressure on local businesses has intensified. 80% reported an increase in business costs, 64% reported a decrease in sales/revenue, and 58% reported a decrease in customer demand. The top reported change that businesses are experiencing was “increase in business costs or expenses”, a change from the Spring survey where “decrease in customer demand” was the most common response.

Question: For each of the following areas, please indicate whether your business is experiencing an increase, decrease, or no significant change*

Business Operations Areas of Increase and Decrease

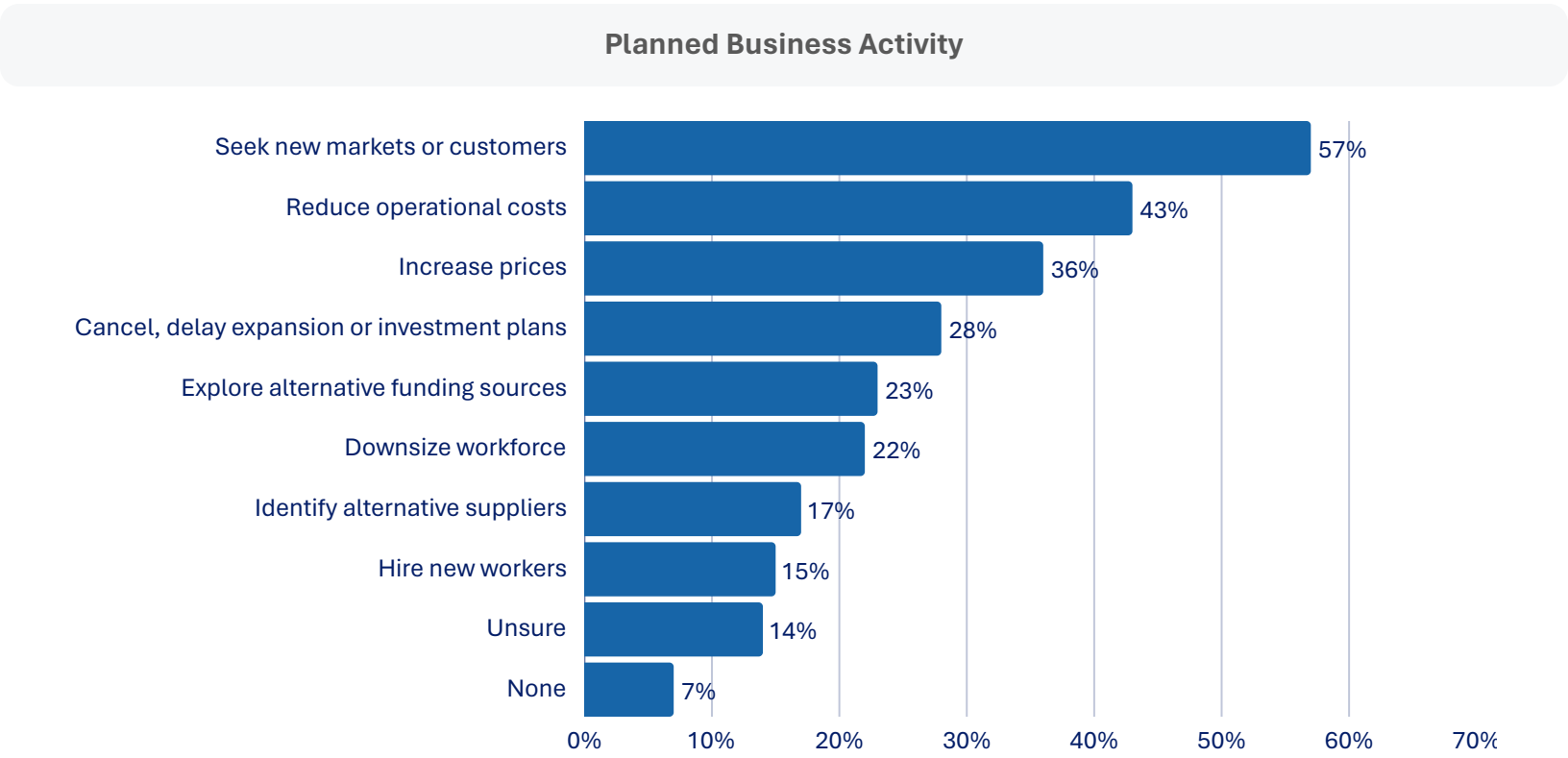


* Note: “No significant change” has been omitted from chart visualization.

Future Business Actions

The top planned business action for the next six months is "seeking new markets or customers," which was selected by 57% of respondents. The next most noted planned actions were reducing operational costs and increasing prices. While these three actions were also the most prevalent in the Spring Survey, more businesses in the spring reported that they would focus on reducing operational costs.

Question: Over the next six months, is your business planning to do any of the following (Select all that apply)

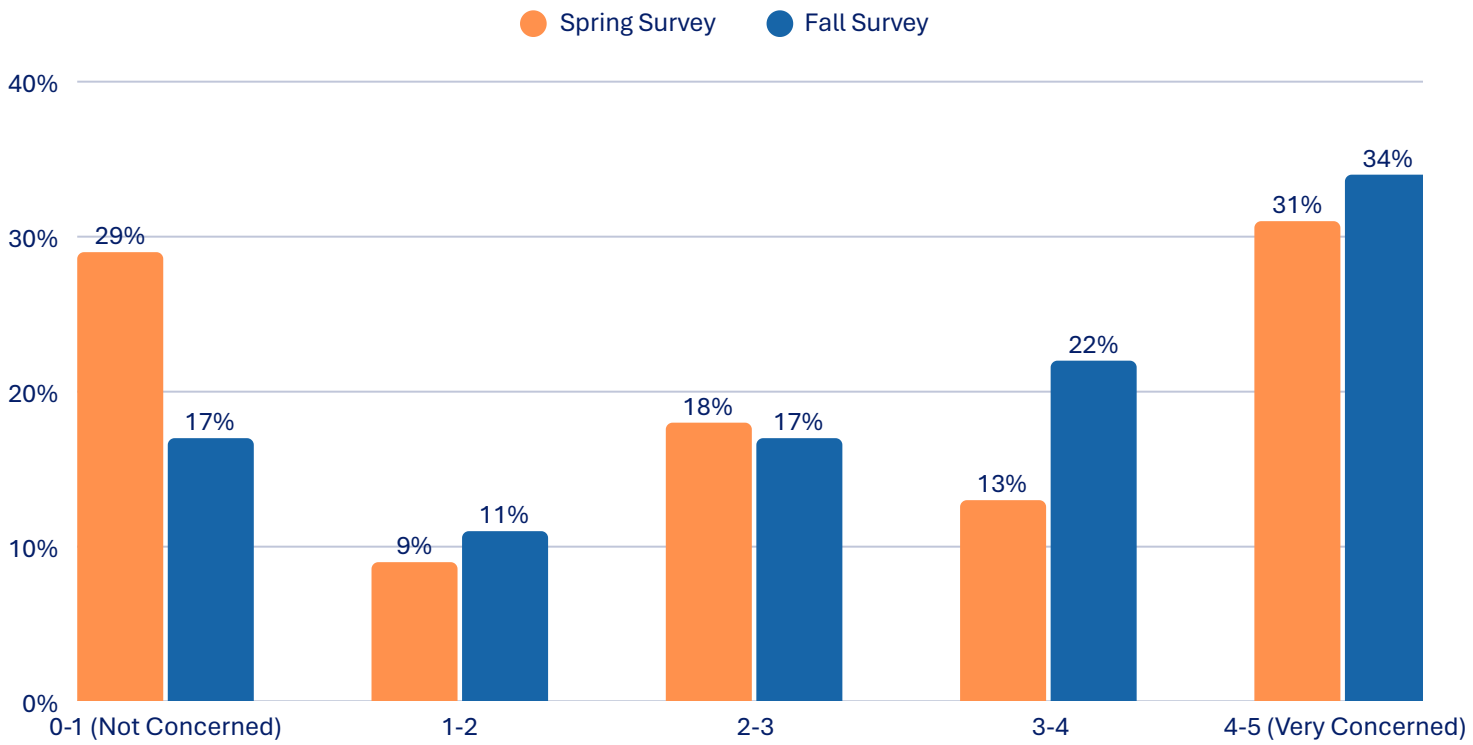


Tariffs

About 56% of businesses identified that they are very concerned or somewhat concerned about tariffs negatively impacting their business. This is an 27% increase in concern from the Spring survey. 17% of businesses indicated that they were not concerned at all, which was 41% lower than the Spring survey.

Question: On a scale of 1-5, how concerned are you about tariffs negatively impacting your business, where 5 is very concerned and 1 is not concerned.

Respondents' Level of Tariff Concern

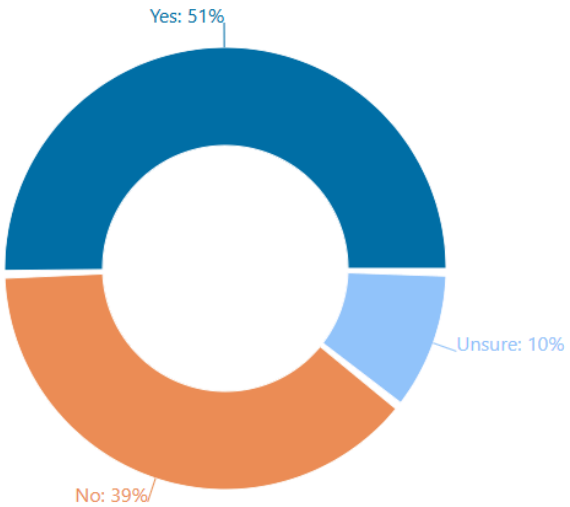


Federal Revenue Streams

Approximately 51% of survey respondents have contracts or revenue streams directly or indirectly tied to federal spending, while 39% do not.

Businesses with Federal Contracts or Revenue Streams

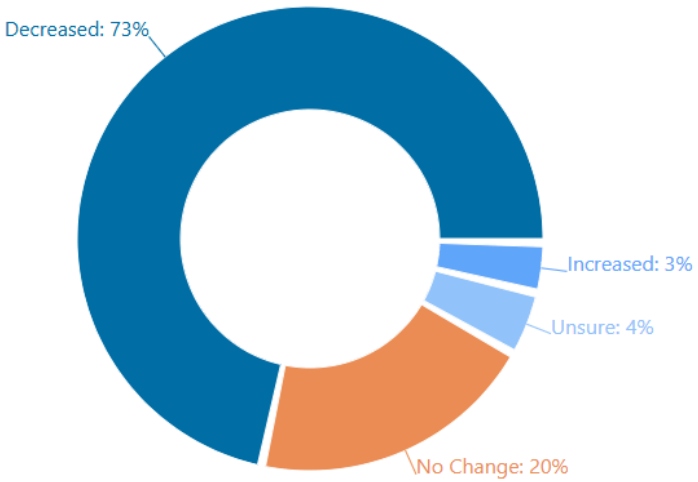
Question: Does your business have contracts or revenue streams that are directly or indirectly tied to federal spending?



Federal Revenue Change (for Businesses with Federal Contracts or Revenue Streams)

For those businesses with ties to federal government spending, 73% of respondents indicated that those revenue streams had decreased over the last six months.

Question: If yes (to either directly or indirectly), have these contracts or revenue streams increased, decreased, or stayed about the same over the last six months?

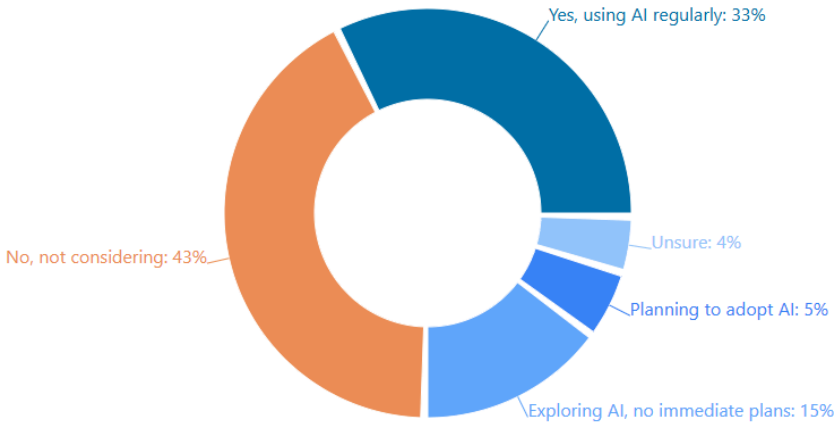


Artificial Intelligence Adoption

The Fall Survey introduced questions on artificial intelligence (AI) adoption. A large portion of businesses, 43%, reported they have not adopted AI and have no plans to implement it in their operations. Meanwhile, 33% of respondents are currently utilizing AI tools in one or more areas and another 5% plan to adopt AI within the next six months.

Artificial Intelligence Adoption

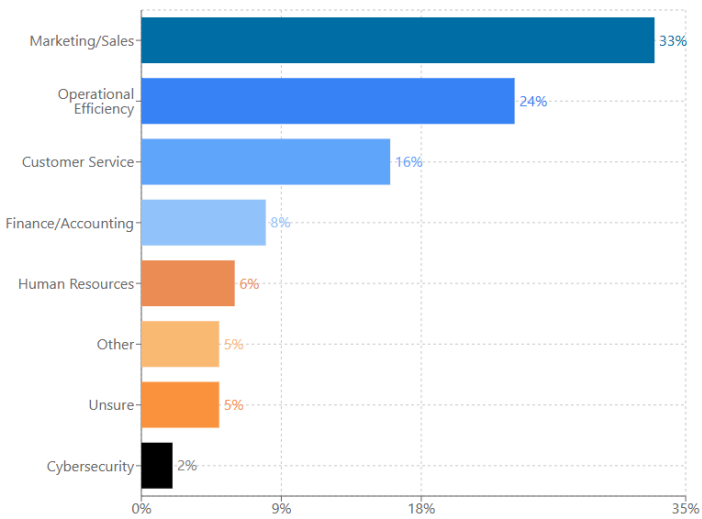
Question: Has your business adopted artificial intelligence (AI) tools or technologies in any part of its operations?



For the businesses that are planning to implement AI, or have already implemented the technologies, the majority indicate it will be used for Marketing/Sales, Operational Efficiency, and Customer Service. The least common area planned for AI adoption is Cybersecurity.

Areas for Planned Use of Artificial Intelligence (AI)

Question: In which areas are you using or planning to use AI? Select all that apply



Methodology

This survey was conducted and analyzed by the Fairfax County Department of Economic Initiatives (DEI). Survey outreach included direct email and social media promotion to the business community. Responses were collected between September 24th, 2025, and October 25th, 2025. Individual responses are anonymous, and results are reported in aggregate.

About the Department of Economic Initiatives

The Department of Economic Initiatives (DEI) positions Fairfax County to be economically competitive with prosperous businesses, workers and communities through advancing development, supporting a competitive business environment, and strengthening vibrant commercial areas.

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