Fairfax County Department of economic initiatives
NAVIGATING WHAT'S NEXT

FAIRFAX COUNTY BUSINESS PULSE SURVEY

SPRING 2026

Insights Summary

The Fairfax County Department of Economic Initiatives (DEI) conducted its third semi-annual Business Pulse Survey in March 2026, receiving responses from 393 local businesses.

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 Spring 2026 survey introduced a new question on primary business location.

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 Spring Business Pulse Survey include:

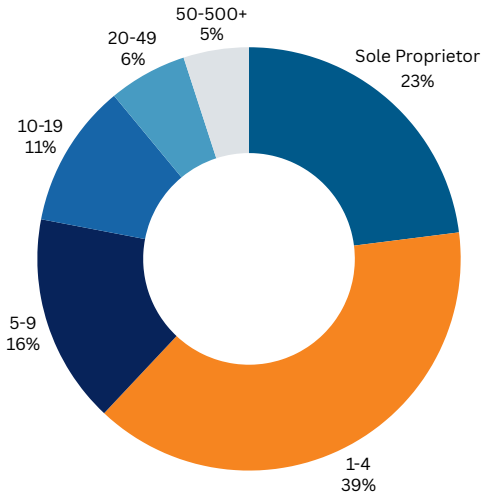
- **Optimism Improves:** 35% of respondents report that they are either "somewhat" or "very" optimistic; a 9% increase from the Fall survey.
- **Costs Up; Sales Down**: Increased business costs, diminishing business sales revenue, and decreased customer demand continue to be the top issues impacting local businesses.
- **Federal Contracts Decrease:** Of those businesses with federal revenue streams, 67% saw a decrease in the last six months, a continuing trend from the Fall survey.
- **Focus on growth and efficiency:** Most businesses plan to seek new markets and cut costs, with some exploring alternative funding sources or downsizing their workforce.
- **AI Adoption:** 31% of businesses regularly use AI while 38% have no plans to adopt, though sentiment is shifting towards cautious exploration.

Business Characteristics

Respondents were predominantly very small businesses. The majority of respondents were sole proprietors or employed 1 to 4 employees. Top sectors include Professional Services (23%), Other Services (23%), Construction (9%), Education (9%), and Retail Trade (9%).

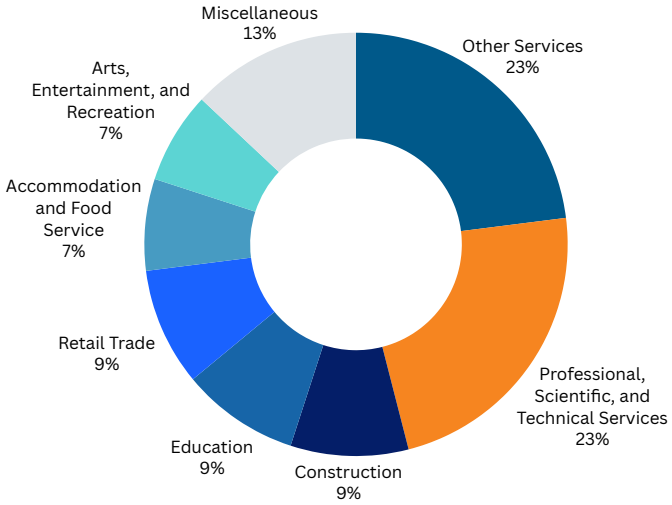
Business Size, by Employees

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

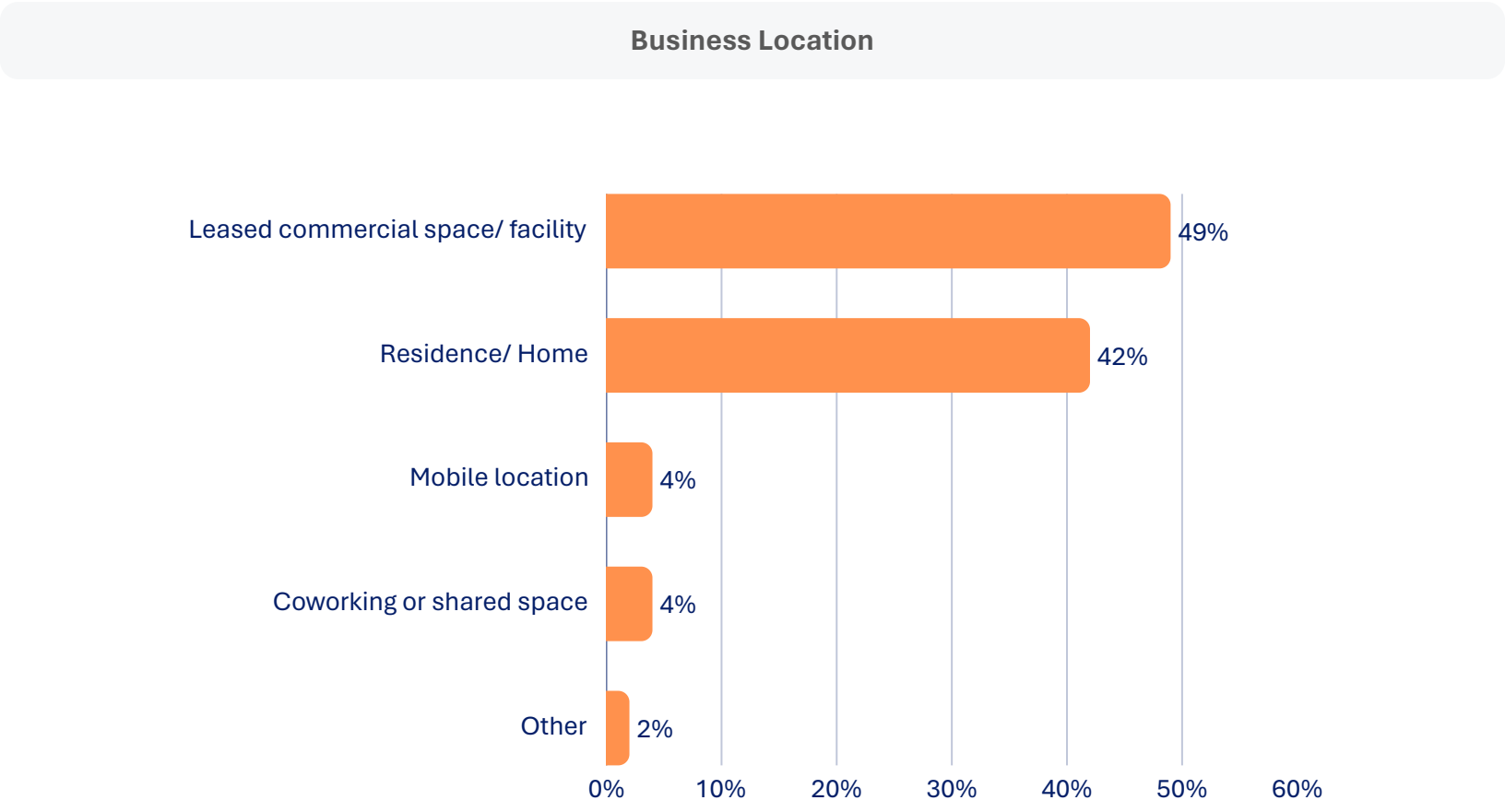
Question: What industry is your business in?



Business Location

The survey introduced a question about primary business location to better understand where respondents operate. Nearly half of respondents (49%) work out of leased commercial facilities, while a significant share (42%) are home-based businesses. For both of these business location types, the most represented sector was Professional, Technical, and Scientific Services.

Question: Which best describes your primary business location?

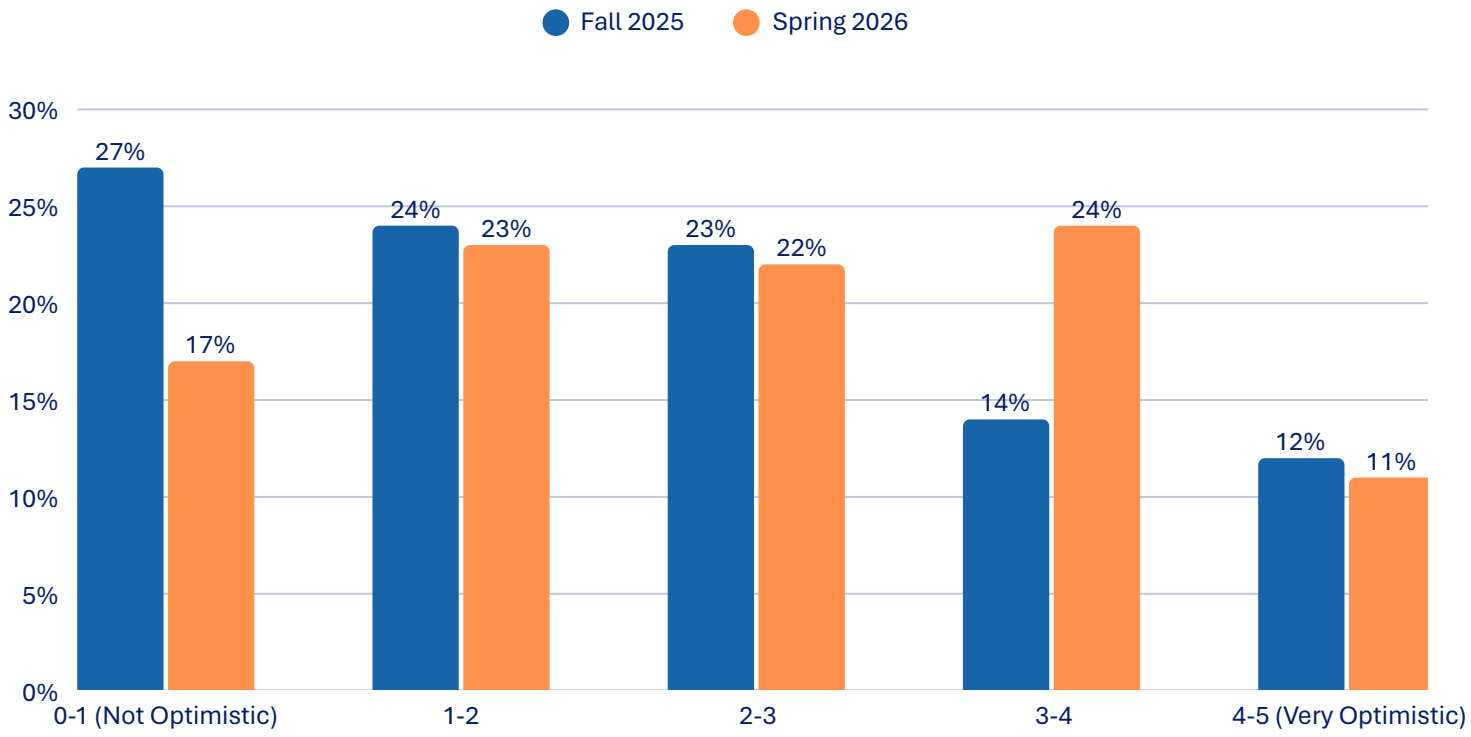


Business Optimism

Business sentiment showed moderate improvement since the Fall survey. The share of respondents feeling very or somewhat optimistic about the next six months rose 9 percentage points to 35%, while those reporting being not optimistic at all fell 10 percentage points to 17%.

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



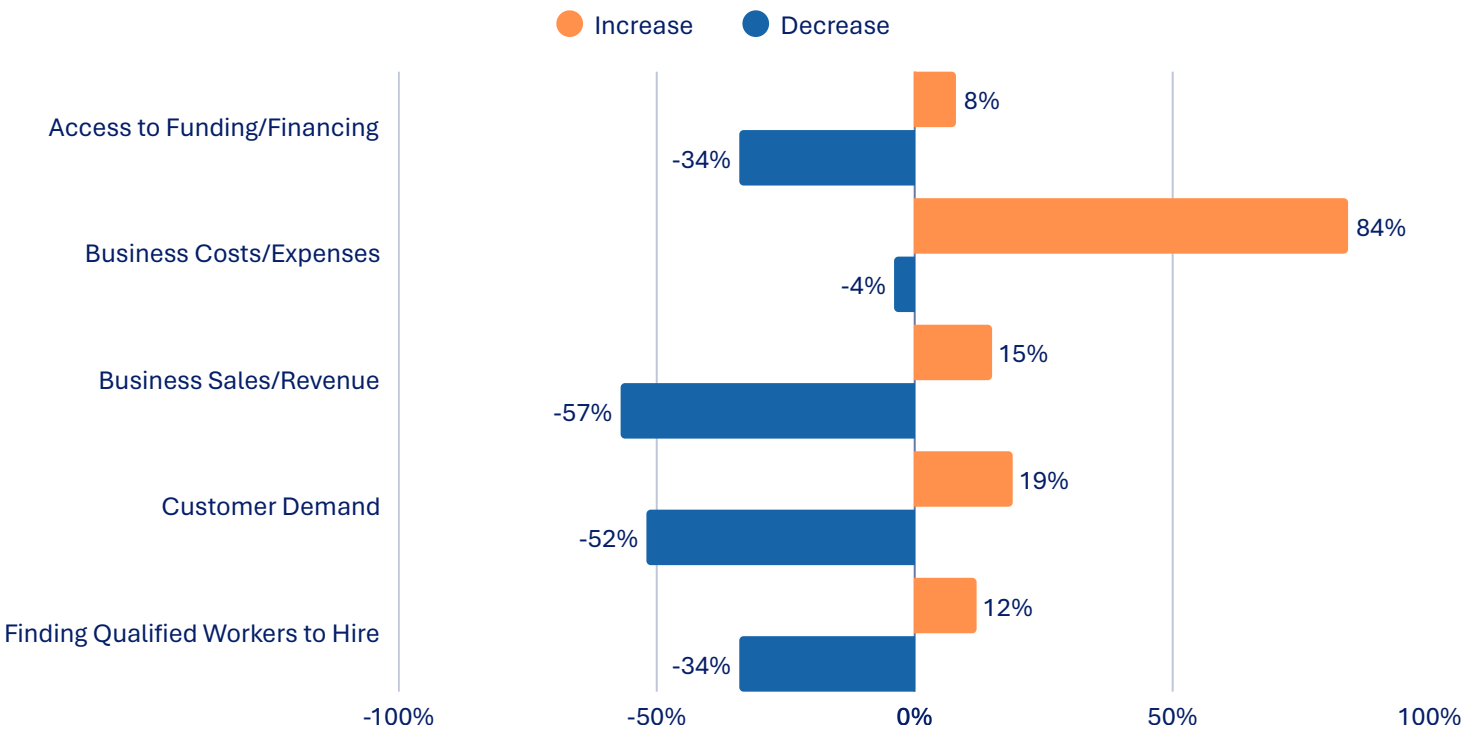
Business Operations

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

The financial pressure on local businesses remains constant. The vast majority of respondents (84%) reported increased business costs, while more than half cited declining sales/revenue (57%) and decreased customer demand (52%).

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

Looking forward, the top planned business action for the next six months is seeking new markets or customers, which was selected by 45% of respondents. The next most noted planned actions were reducing operational costs (39%) and increasing prices (36%). No respondents reported plans to hire new workers - a notable shift from the Fall survey.

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

Planned Business Activity

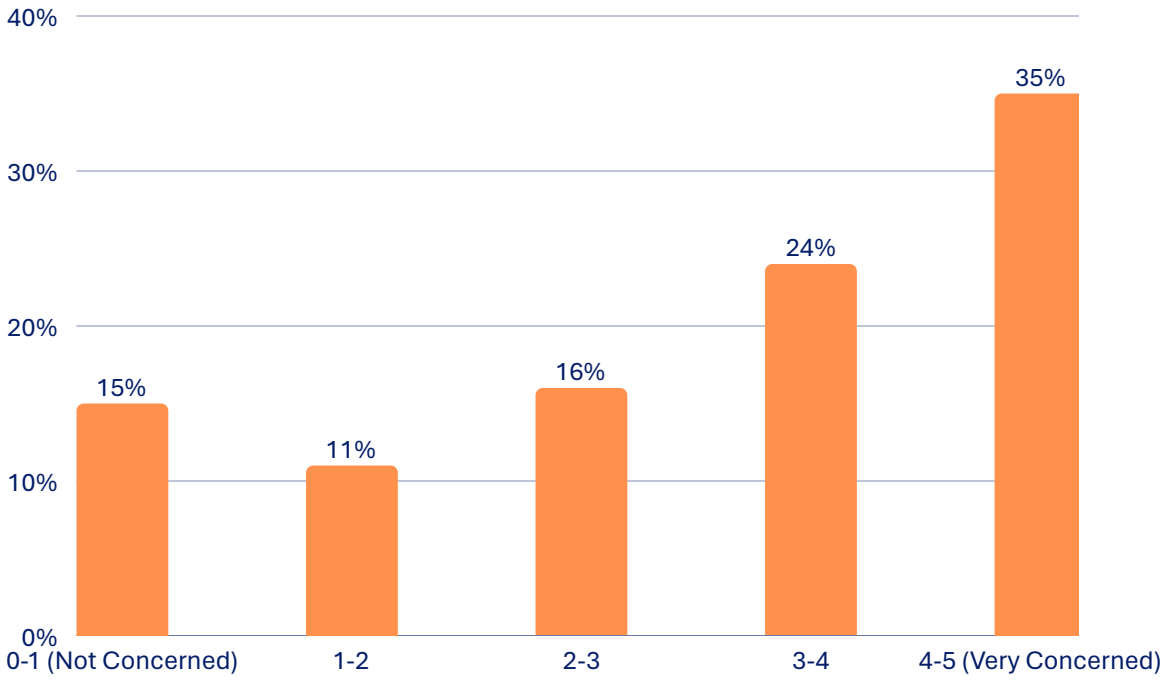


Tariffs

Tariff concerns remain elevated. Nearly three in five respondents (59%) reported being very or somewhat concerned about tariffs negatively impacting their business, up 3 percentage points from the Fall survey. Those expressing no concern fell 2 percentage points to 15%.

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

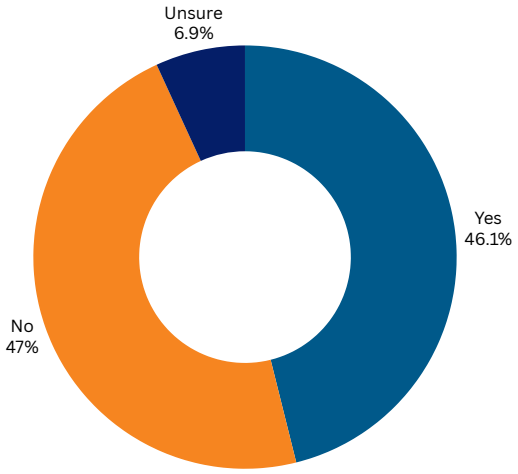


Federal Revenue Streams

The share of businesses with contracts or revenue streams tied to federal spending declined 5 percentage points since the Fall survey, from 51% to 46%. Over the same period, those reporting *no federal ties* increased 8 percentage points to 47%.

Businesses with Federal Contracts or Revenue Streams

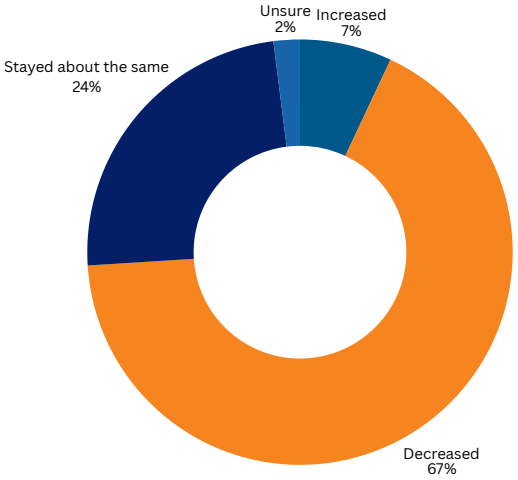
Question: Does your business have contracts or revenue streams that are directly or indirectly tied to federal spending?



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

For those businesses with ties to federal government spending, 67% 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?

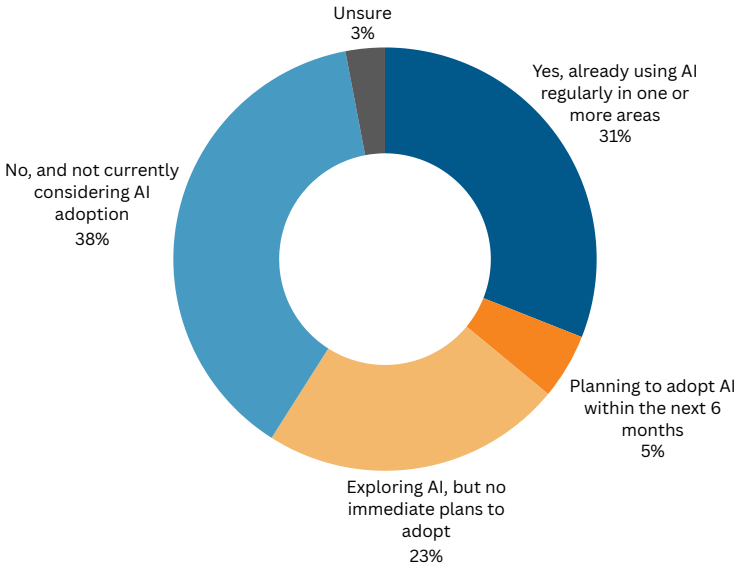


Artificial Intelligence Adoption

AI sentiment among local businesses is shifting towards cautious exploration. The share of businesses with no plans to adopt AI fell 5 percentage points to 38%, while those actively exploring AI grew 8 percentage points to 23%. Current users held relatively steady at 31%, with another 5% planning to adopt within six months — unchanged from Fall.

Artificial Intelligence Adoption

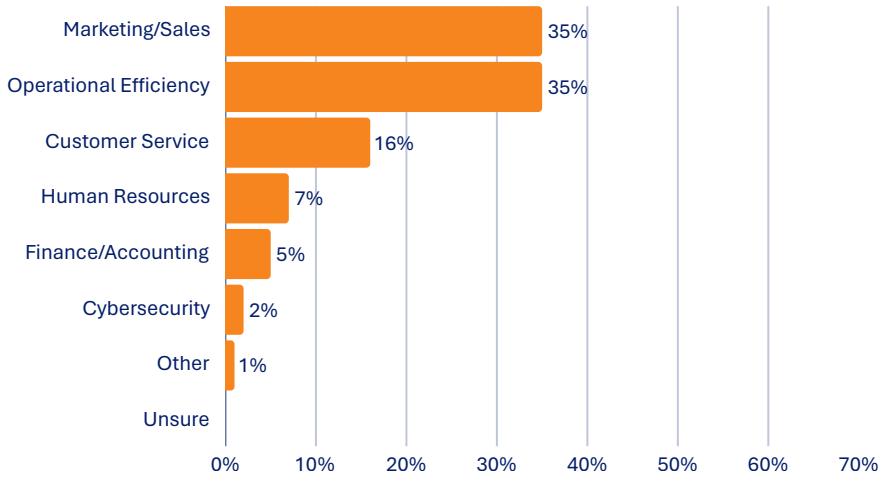
Question: Has your business adopted artificial intelligence (AI) tools or technologies in any part of its operations?



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.

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 March 23rd, 2026, and April 20th, 2026. 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.

Contacts:
Rebecca Moudry, Director, Department of Economic Initiatives
rebecca.moudry@fairfaxcounty.gov

Wendy Lemieux, Marketing Coordinator, Department of Economic Initiatives
wendy.lemieux@fairfaxcounty.gov

www.fairfaxcounty.gov/economic-initiatives