

2026
**Long Island
Economic Survey**

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*The Voice of Long Island's
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PKF O'Connor Davies, in partnership with the Siena Research Institute (SRI), is proud to present the results of our annual **“Long Island Economic Survey – Outlook 2026.”** Our Firm is again proud to partner with SRI, highly regarded for its regional, statewide and national surveys on business, economic, political, voting, social, academic and historical issues. The results of the Institute’s surveys have been published in major national newspapers, scholarly journals and books, with findings regularly featured on local and national television and radio.

As we have since 1995, we’ve invited business leaders to share their experiences and opinions about the state of business in New York and the important issues that affect their ability to compete successfully in today’s economy. As you’ll see, the survey results reflect data that impacts you, the Long Island business community – including your perceptions of the economy, plans to enhance your business, workforce quality, succession planning and the impact of AI.

We thank our sponsors for their participation and support. We are also grateful to survey respondents who willingly share their perspectives to make this project meaningful. Your participation inspires us to continually search for new ways to bring greater value to our clients, our colleagues and our community.

Executive Summary – Key Findings

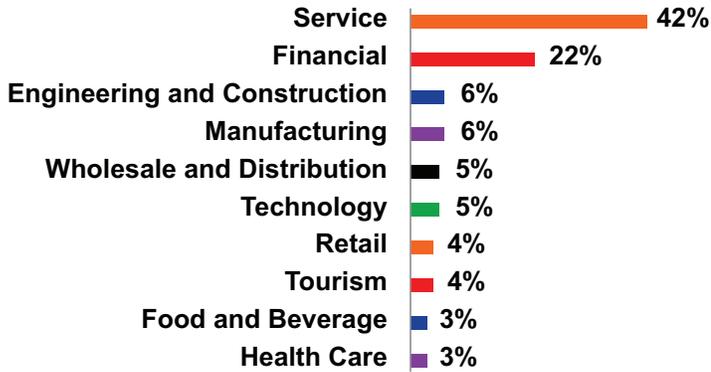
- **Confidence is softening:** Expectations for both the Long Island and national economies declined sharply, with pessimism about the LI economy doubling year-over-year (34% expect conditions to worsen vs. 16% last year).
- **Business durability is slipping:** 76% of business leaders now expect to still be in business in five years, down from 84% last year — a notable warning signal about long-term confidence.
- **Growth plans are more cautious:** Workforce expansion intentions dropped **16 points**, with most business leaders now planning to hold headcount steady rather than grow.
- **Profit optimism took a hit:** Expected profit growth fell **13 points**, signaling margin pressure even as nearly half of businesses still anticipate revenue growth.
- **AI adoption crossed a tipping point:** Nearly **60% of companies now use AI** and almost three-quarters of those users report improved efficiency — making AI the most tangible productivity lever in the survey.
- **AI governance lags adoption:** While enthusiasm for AI is high (76% say benefits outweigh risks), fewer than half have formal ethics, bias or disclosure practices in place — exposing a growing governance gap.
- **Fixed asset investment is down — except for AI:** Overall capital investment declined, but **AI and machine learning investments increased**, standing out as the lone growth area in capital spending.
- **Workforce quality remains a major constraint:** Nearly half of business leaders say there is **an inadequate supply of trained local workers** and most believe hiring will increasingly prioritize skills over degrees.
- **Cost of living dominates talent challenges:** Long Island’s cost of living and housing affordability remain the **most serious barriers** to recruiting and retaining employees, especially younger workers.
- **Policy frustration is intensifying:** Confidence in state and local governments to improve the business climate fell significantly, **while personal income tax reform, infrastructure and business incentives** surged as top legislative priorities.



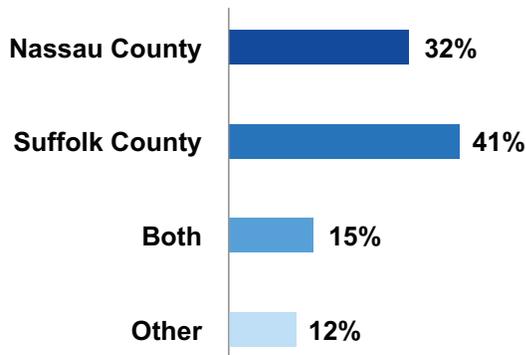
Demographics

Which of the following industry categories best describes the type of business your company is engaged in?

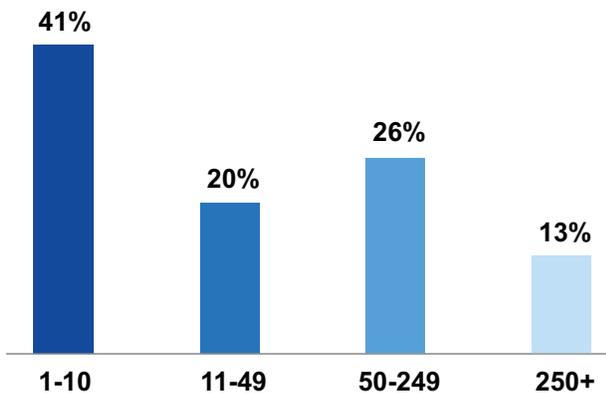
Forty-two percent of respondents say they work in a service industry.



Where is your principal place of business?



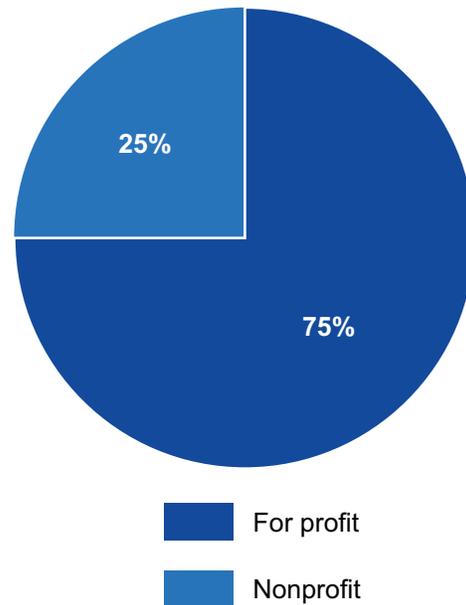
Approximately how many employees do you have in all Long Island locations?



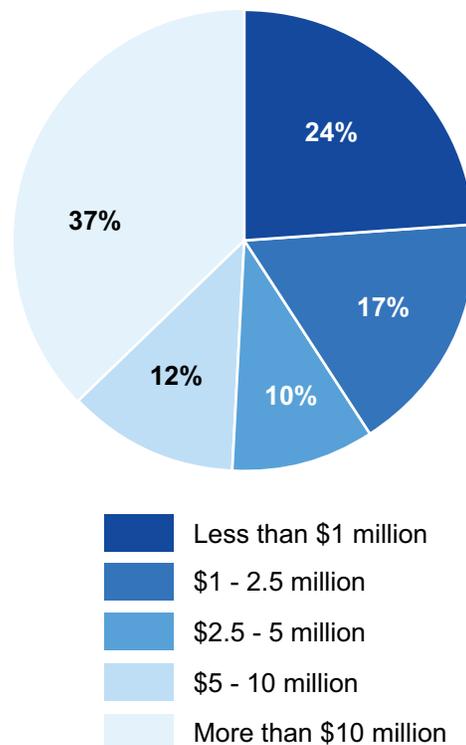
Demographics



Is your organization for profit or nonprofit?



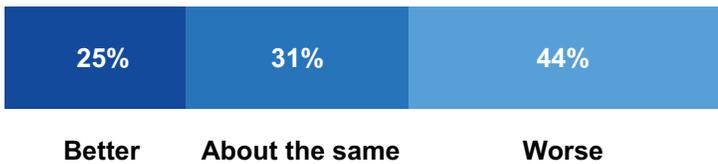
What is your approximate annual revenue?



Business Climate

As you think about the current business or economic conditions on Long Island, as compared to one year ago, would you say they are better, about the same or worse?

Twenty-five percent of business leaders think current business or economic conditions on Long Island are considerably (4%) or a little (21%) better than one year ago; a decrease from 40% last year. Just under one-third say they will remain the same, virtually the same as last year (33%).



Looking forward from today through next year, that is, the entire 2026 year, how would you describe your expectations for the economy on Long Island?

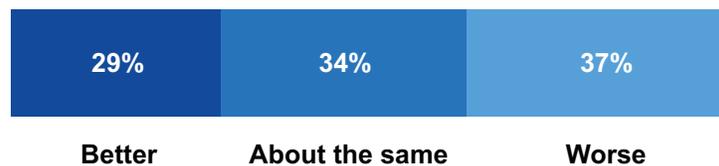
Two-thirds (66%) of business leaders say their expectations for the LI economy for the next year are better or remain the same while 34% say their expectations are worse for next year. This shows a shift toward the negative. Last year, 16% said worse and 84% said better or the same.



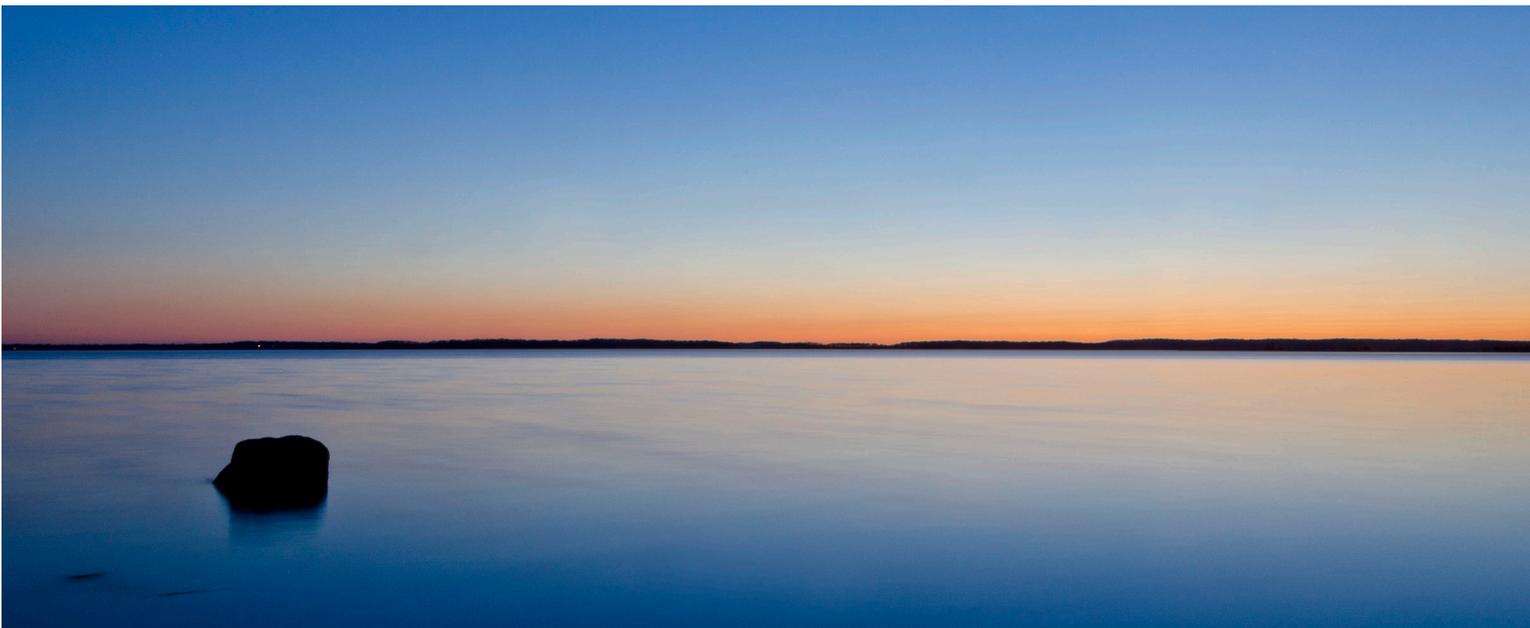
Economic Index

Thinking specifically about your industry, how would you describe the current business or economic conditions on Long Island as compared with one year ago?

Twenty-nine percent of business leaders describe economic conditions on Long Island for their industry to be better – considerably better (6%) or a little better (23%) – a decrease from 41% last year.

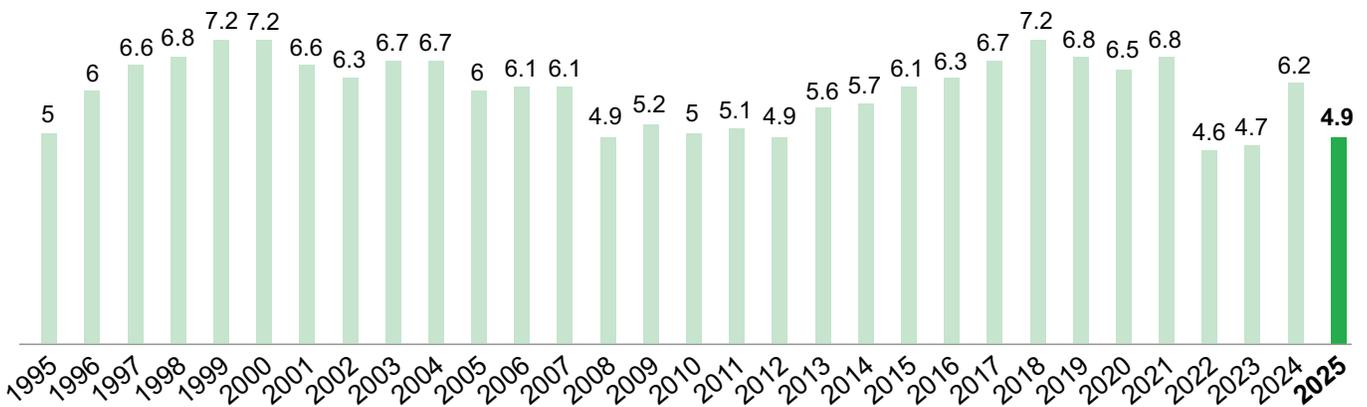


Looking forward from today through next year, how would you describe your expectations for your industry here on Long Island?



Economic Confidence

The PKF O'Connor Davies data for confidence in the economy is based on one question about the economy. The Siena Research Institute (SRI) measurement of confidence is a four-question series that assesses the overall economy and industry. Since 2021 the scores represent the SRI four-question measurement normalized to be measurable against historic data.



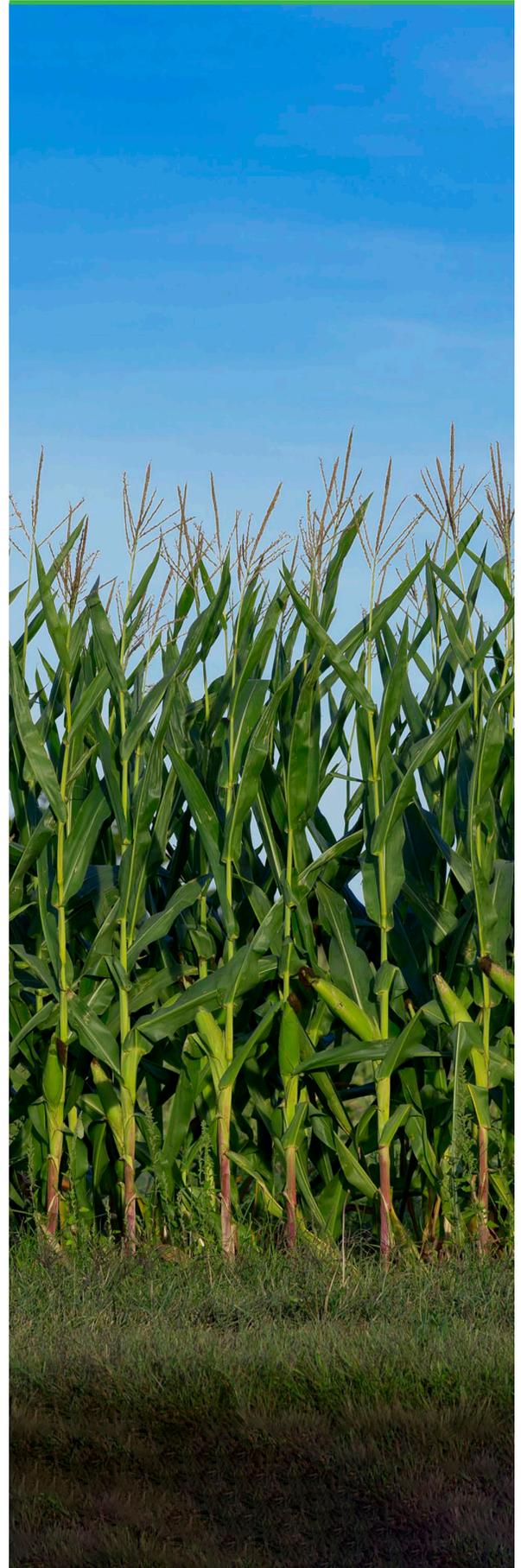
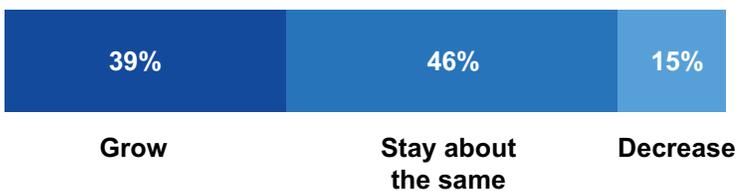
Revenue and Profitability

Thinking specifically about your company, what are your expectations for revenue through the end of the year 2026? Do you believe your revenue will...?



Continuing to focus on your company, think about profitability. Between today and the end of the calendar year 2026, do you expect your profits to...?

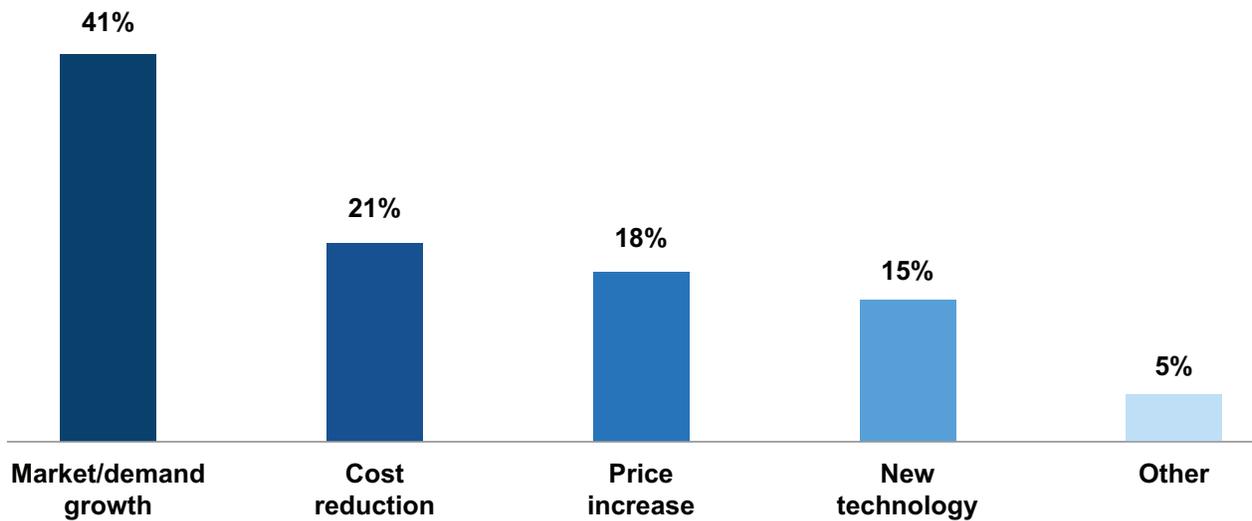
Profitability expectations have declined over last year, with 39% saying they will grow, a decrease of 13 points.



Profitability Strategies

Businesses and the executives that direct them strive to enhance profitability in many ways. Through which of the following strategies do you plan to MOST enhance your company's profitability over the next year?

Four out of 10 businesses plan to increase their profitability by market and demand growth. Price increase, 18%, is unchanged from last year.

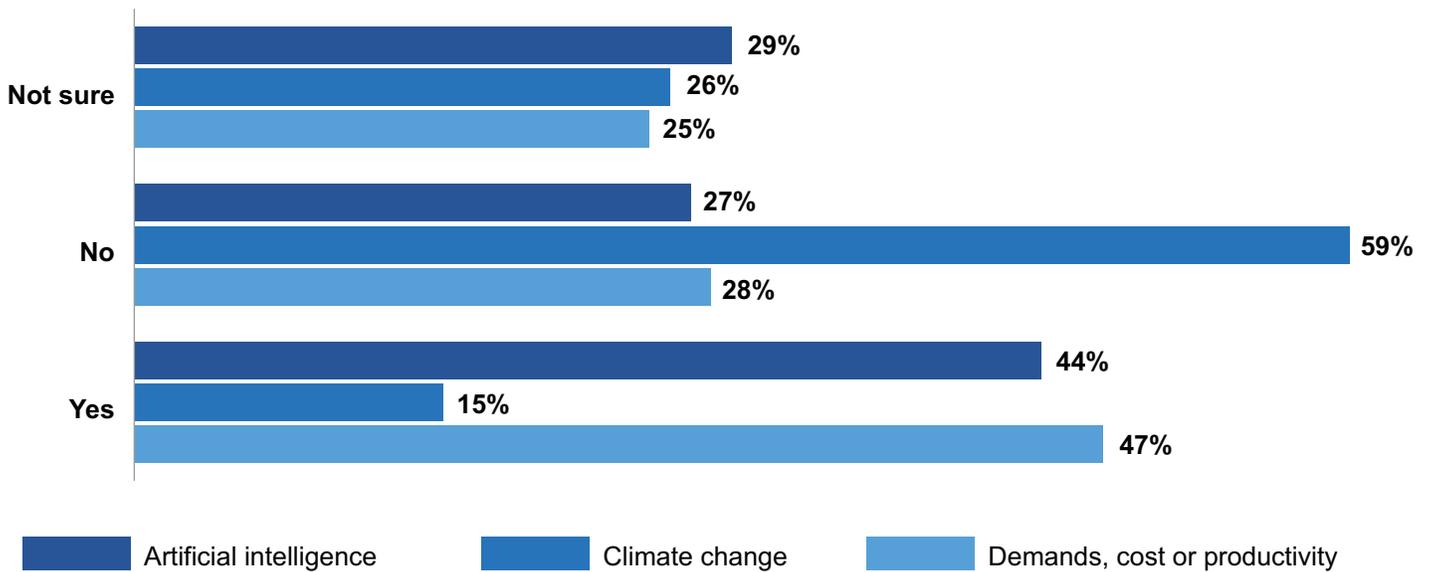


Fixed Assets

Do you intend to invest between today through 2026 in any fixed assets for your company designed to:

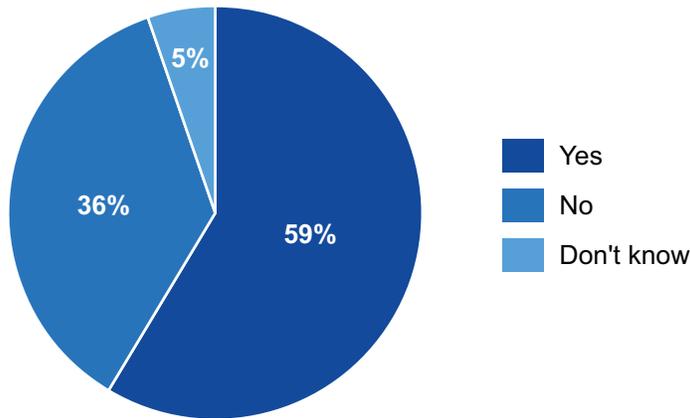
- conduct AI and machine learning?
- respond to climate change (e.g., fuel switching, energy efficiency, renewable generation, etc.)?
- meet growing demand, reduce costs or enhance productivity?

Forty-seven percent of business leaders plan to invest in fixed assets for their business to meet growing demand, reduce costs or enhance productivity, down 15 points from last year. Fifteen percent say they plan to invest in fixed assets to address climate change, a decrease of 13 points. Forty-four percent will invest in artificial intelligence (AI) and machine learning, a slight increase over last year (41%).

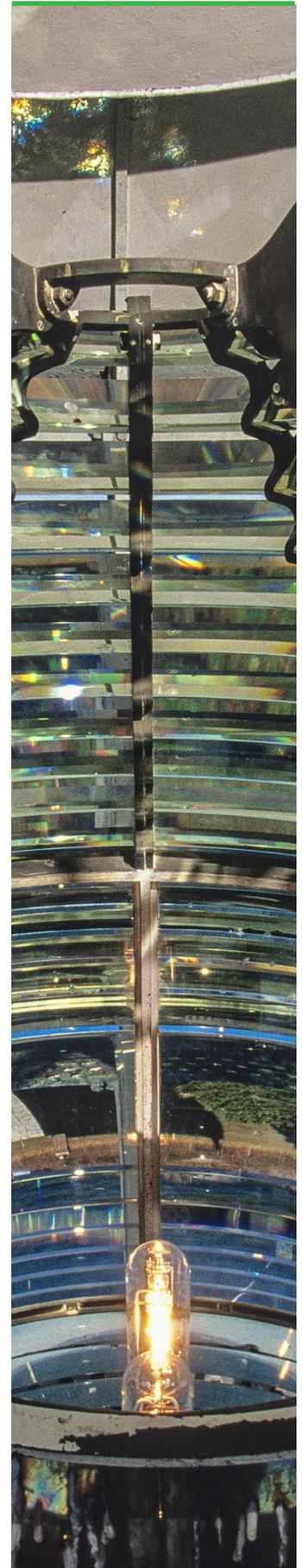
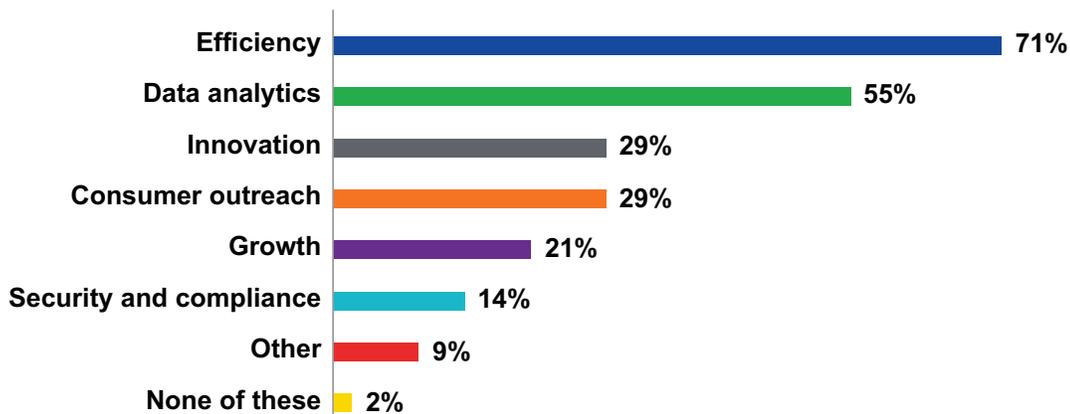


Artificial Intelligence (AI)

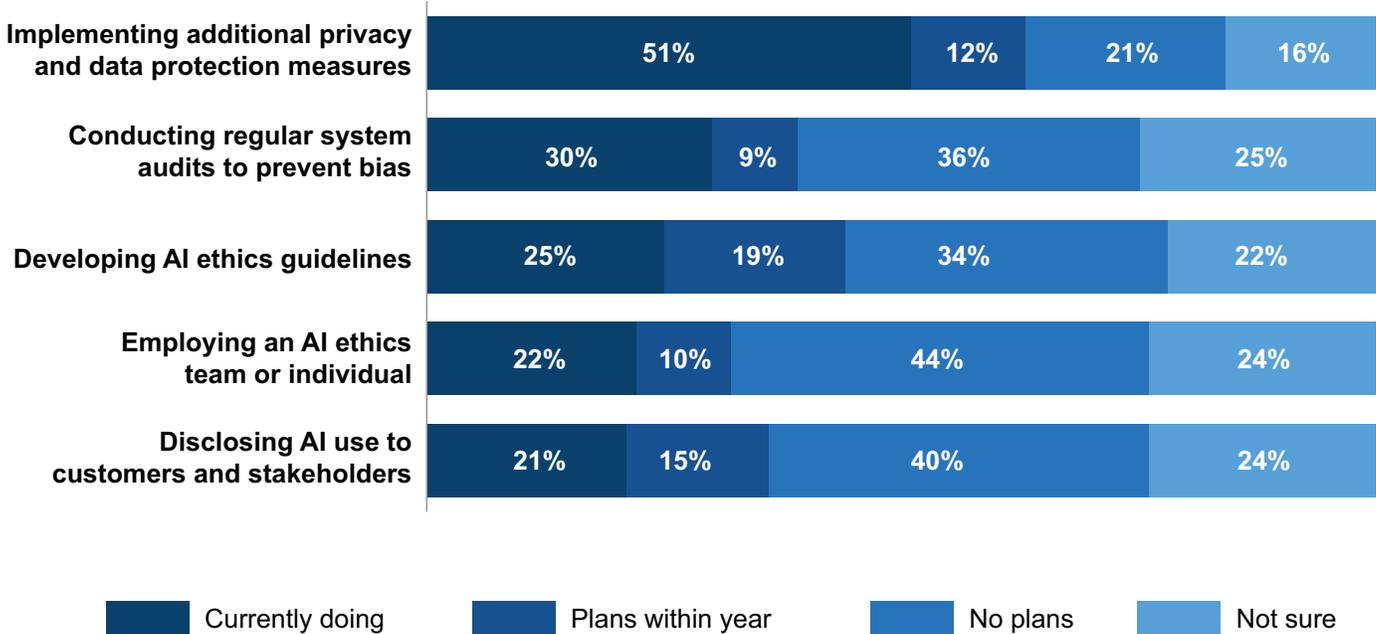
Does your company/business currently utilize AI?



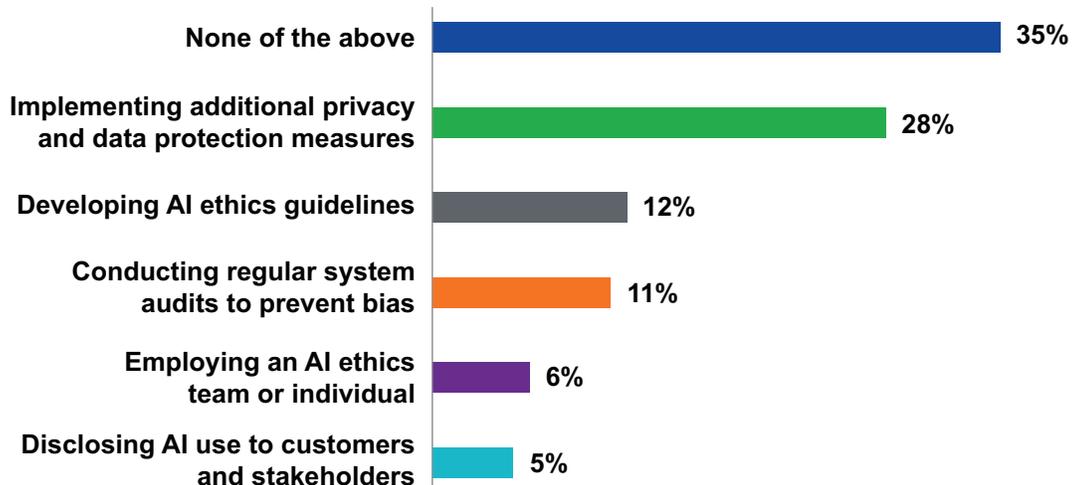
[If use AI] In which, if any, of these has AI helped your company? Please check ALL that apply.



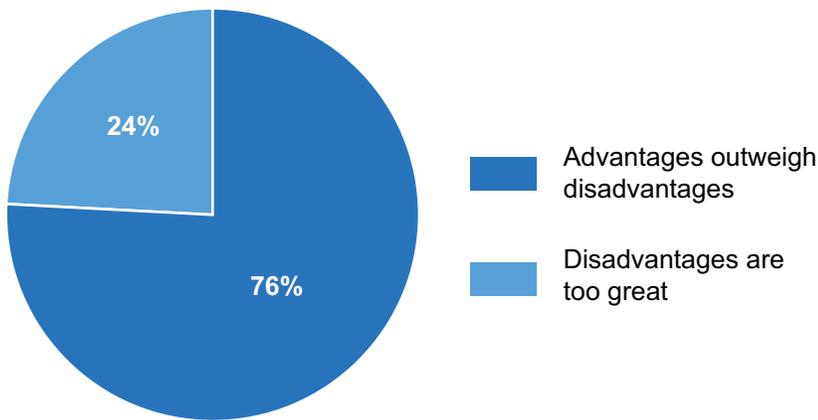
[If use AI] For each of the following, please indicate whether your company is currently doing this, plans to do it within the next year or has no plans to do so.



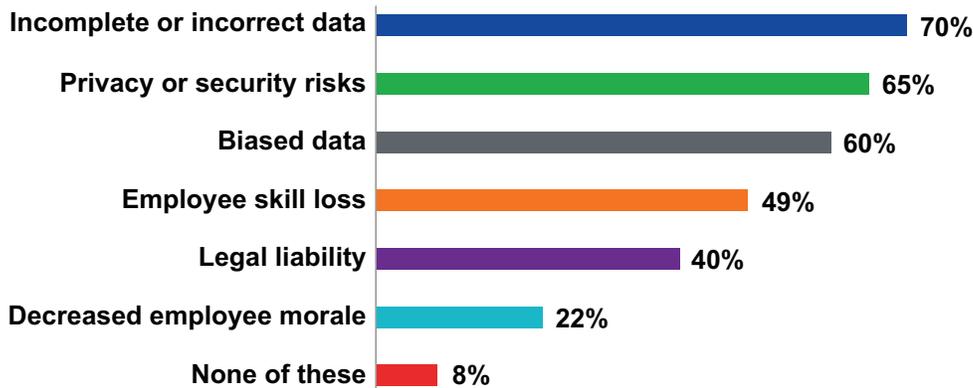
[For those currently or planning to use AI] Will your company utilize an outside agency to assist with any of the following? Please select ALL that apply.



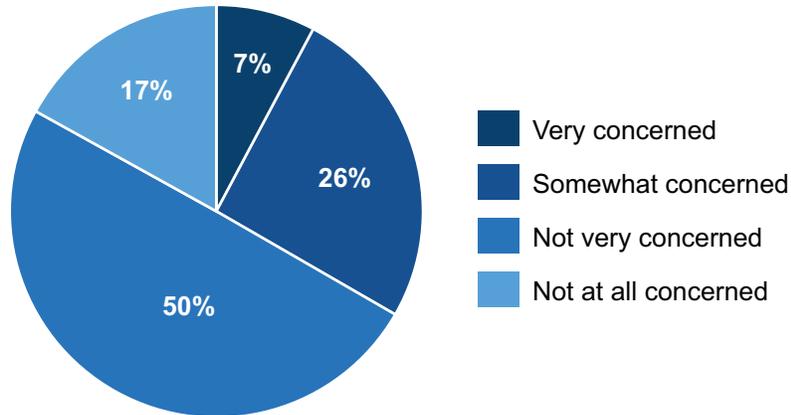
Thinking about the use of AI in business, do you believe the advantages outweigh the disadvantages of AI or are the disadvantages too great?



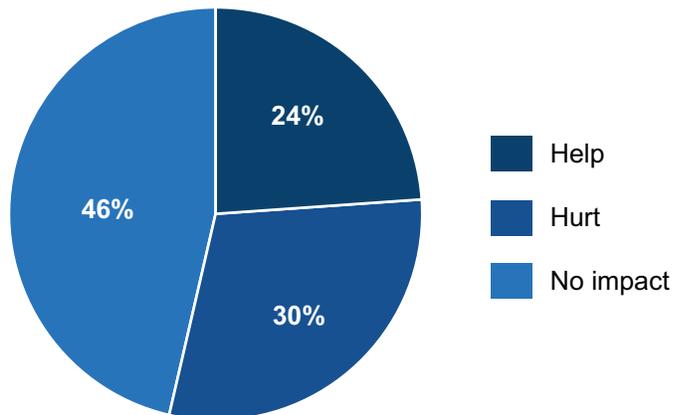
Whether you use AI or not, which, if any, of the following concerns do you have about AI use? Please check ALL that apply.



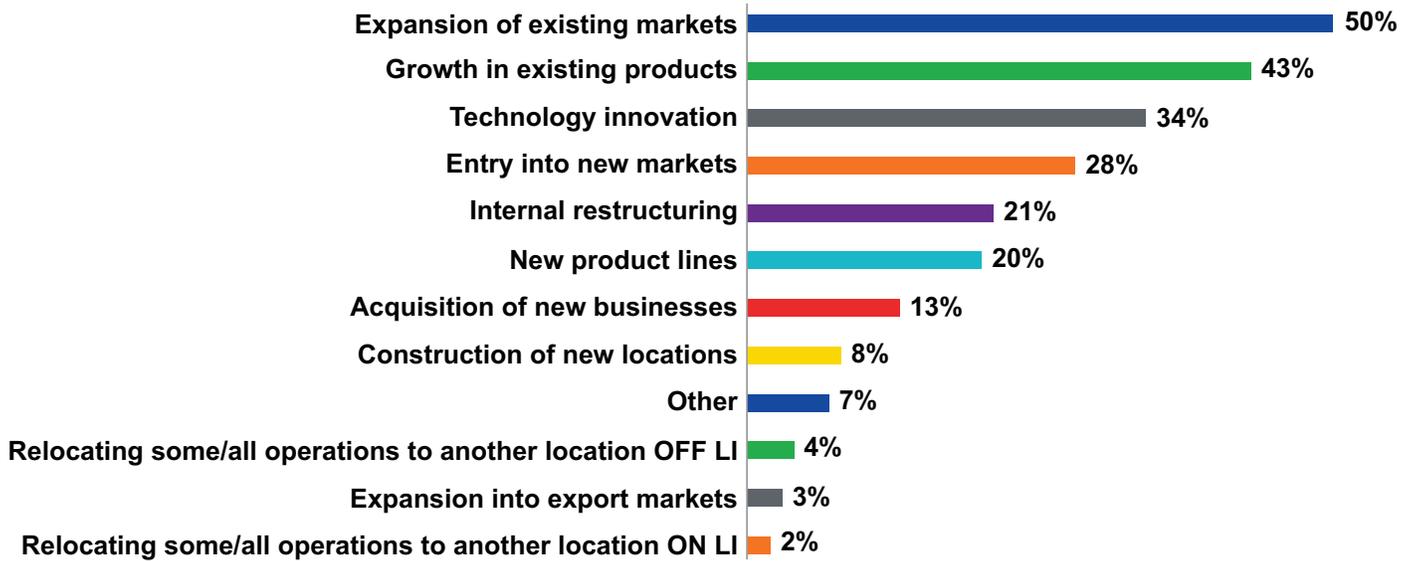
How concerned are you that government regulation will hinder your ability to utilize AI?



If significant government regulation is placed on AI, do you feel it will help, hurt or have no impact on your company?

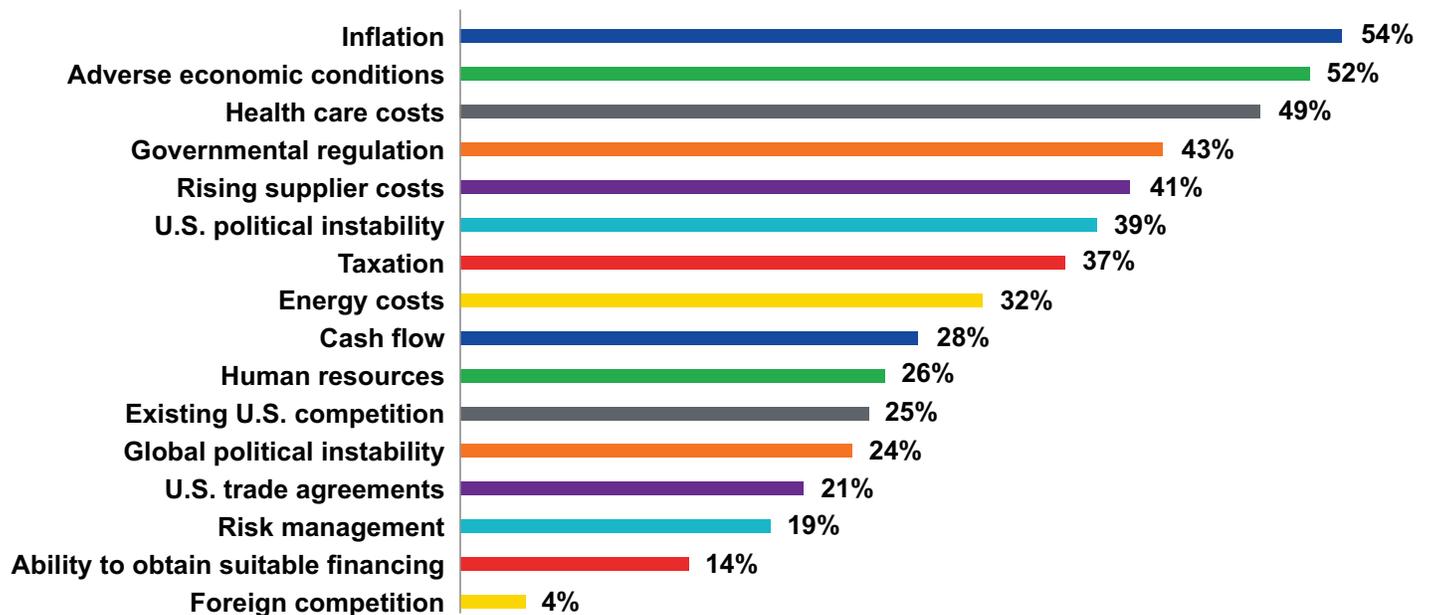


Which of the following are major areas of concentration for your company now and through 2026?



Asked to name both their areas of concentration and challenges for the coming year, half indicated plans to expand their existing markets. Inflation, included for the second year, remained the most often cited challenge that concerns business leaders at a rate of 54%, followed closely by adverse economic conditions at 52%.

Thinking about other challenges that your company faces, which of the following are you concerned with?



Employment Outlook & Workforce

Thinking about the people that work for your company, between today and the end of 2026, do you plan to...?



- Substantially increase your workforce
- Moderately increase your workforce
- Remain about the same
- Decrease your workforce

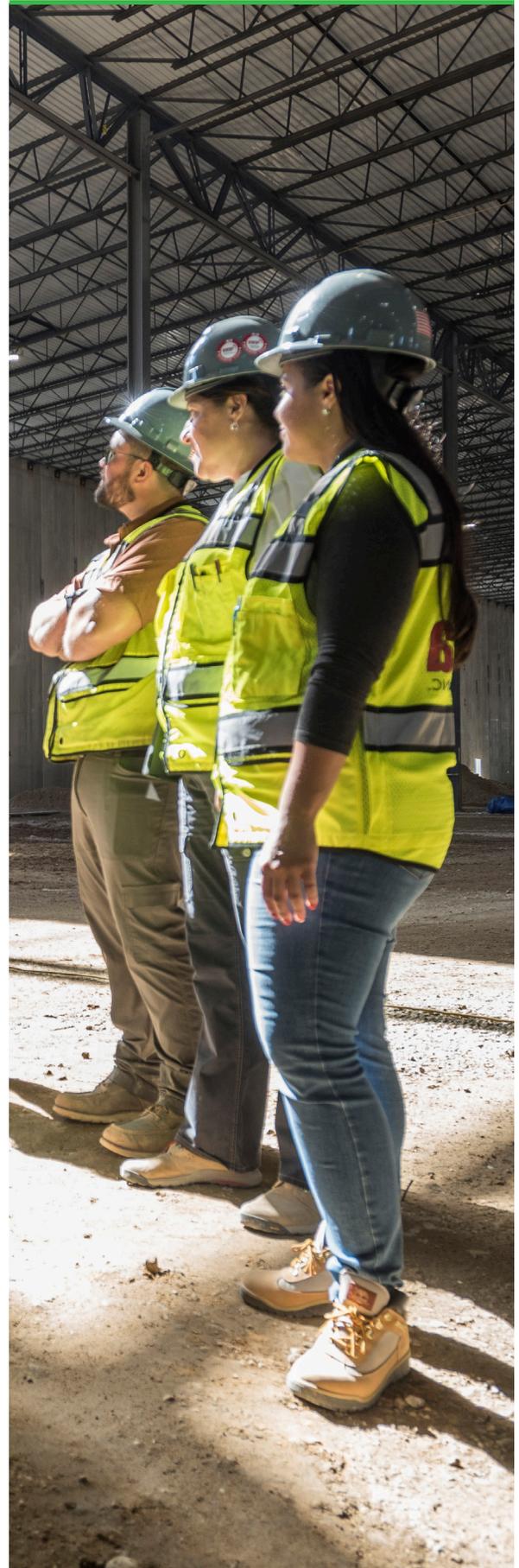
Twenty-seven percent of business leaders plan to increase their workforce, a 16-point decrease from last year and 7% plan to decrease.

Turning to your impressions of the Long Island workforce, is there an ample supply of local workers who are appropriately trained for your employment needs?

Forty-six percent of Long Island business leaders say there is not an ample supply of local workers trained for their needs, an increase of 6 points since last year.



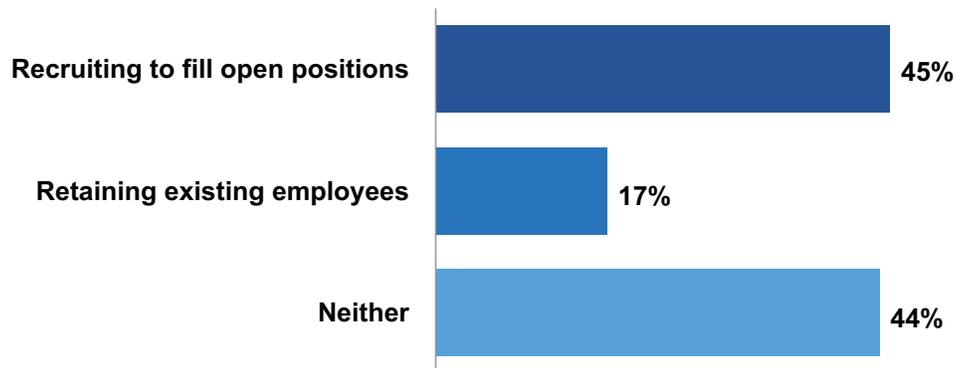
Yes No Don't know



Employment Outlook & Workforce

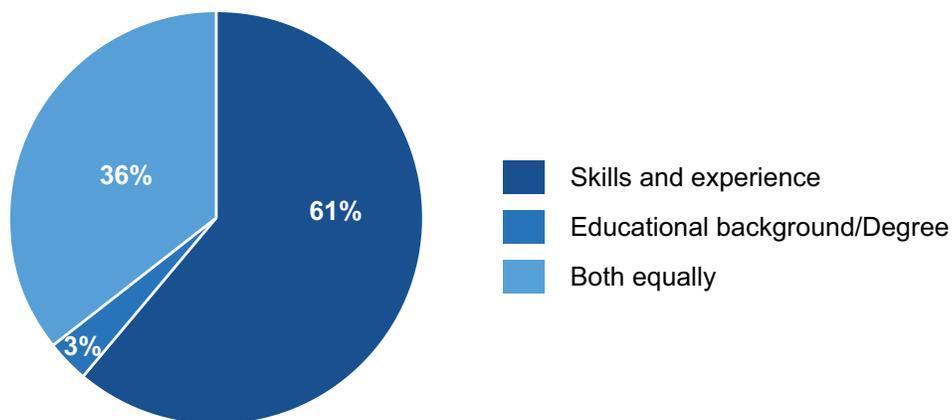
Which, if any, of the following are you currently having difficulty with?

There was little change in challenges recruiting, while challenges retaining employees decreased by 9 points.



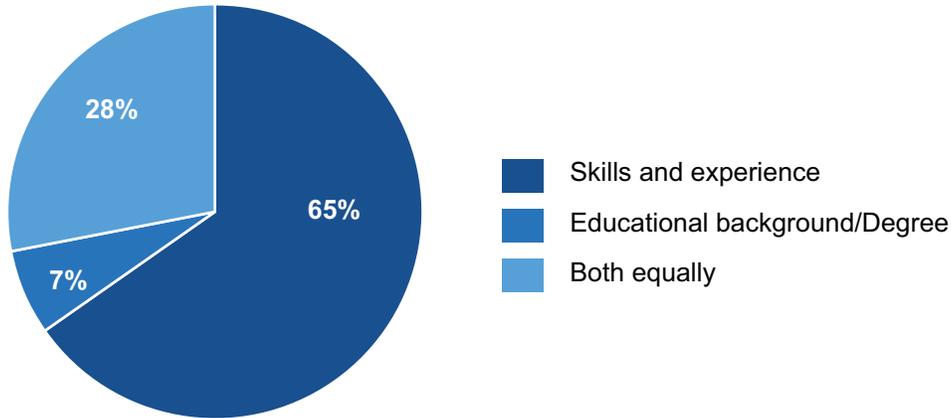
When recruiting to fill open positions which do you consider more valuable: a candidate's skills and experience or their educational background or degree?

Slightly less than last year, 61% percent of executives find skills and experience more valuable when recruiting to fill open positions, however, slightly more (36%) believe both are equally valuable. They anticipate this to remain unchanged in the next decade.



Employment Outlook & Workforce

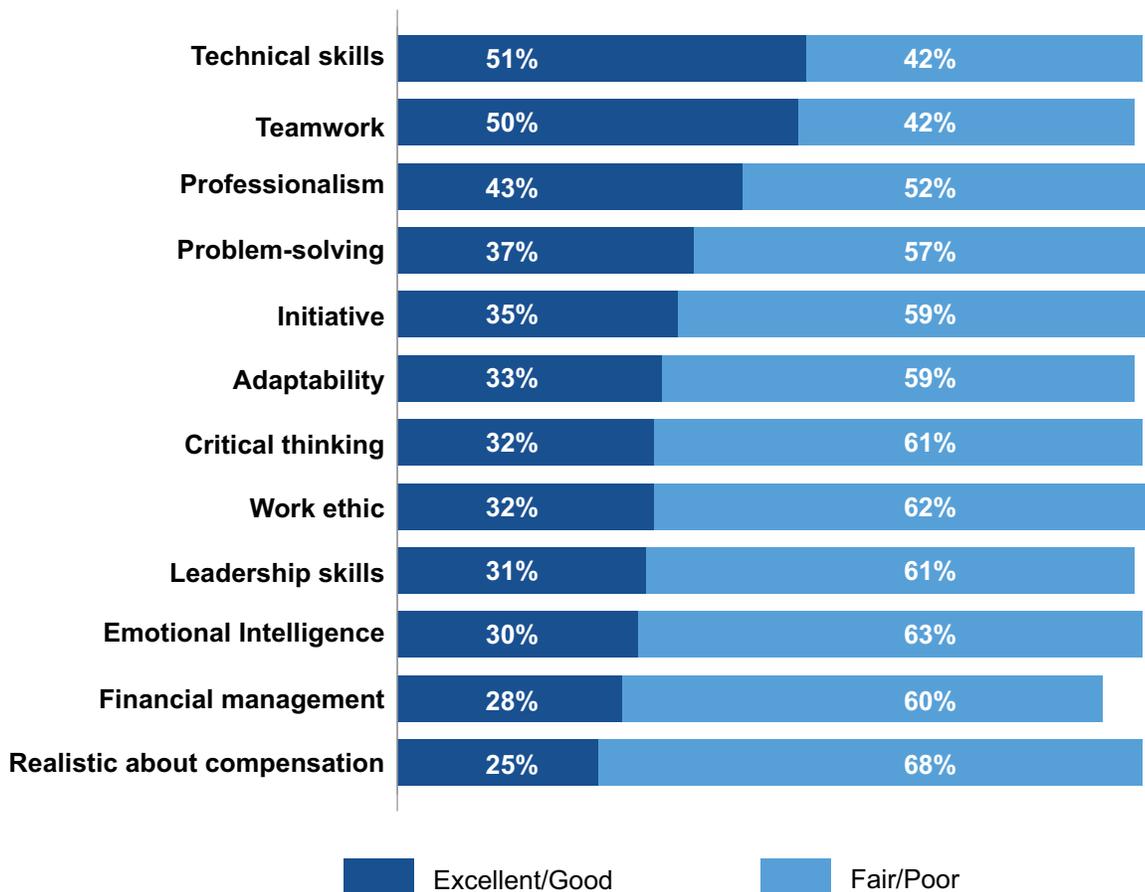
In general, in the next decade, do you believe employers will hire based more on a candidate's skills and experience or more on a candidate's educational background or degree?



Employment Outlook & Workforce

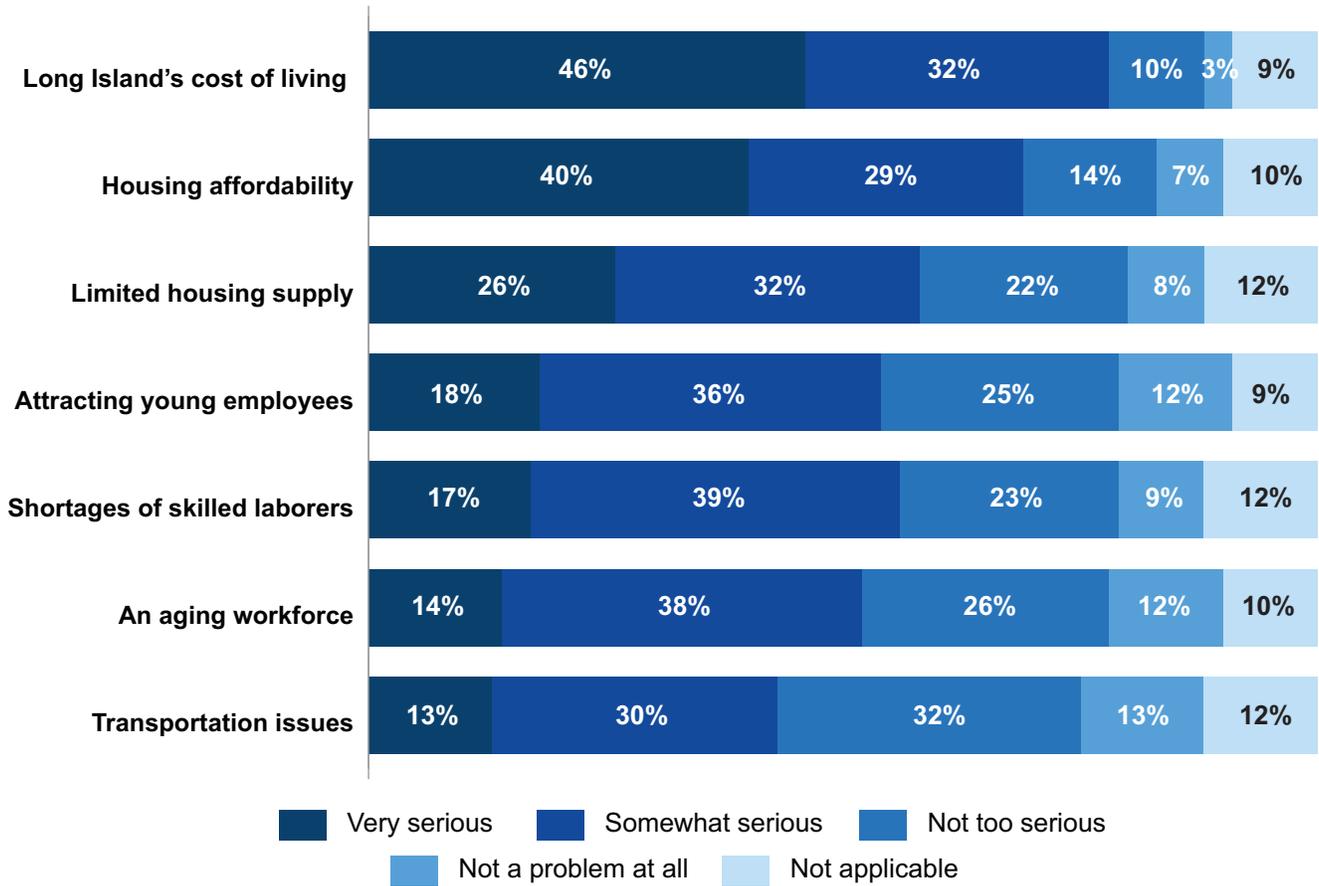
Thinking about specific skills job applicants may or may not have, please indicate your assessment of job applicants on the following skills.

Assessing job applicants on a variety of skills, at least 50% of business leaders rate applicants as excellent or good for teamwork and technical skills. Over 50% find applicants' remaining skills fair or poor with being realistic about compensation lowest at 68% fair or poor.



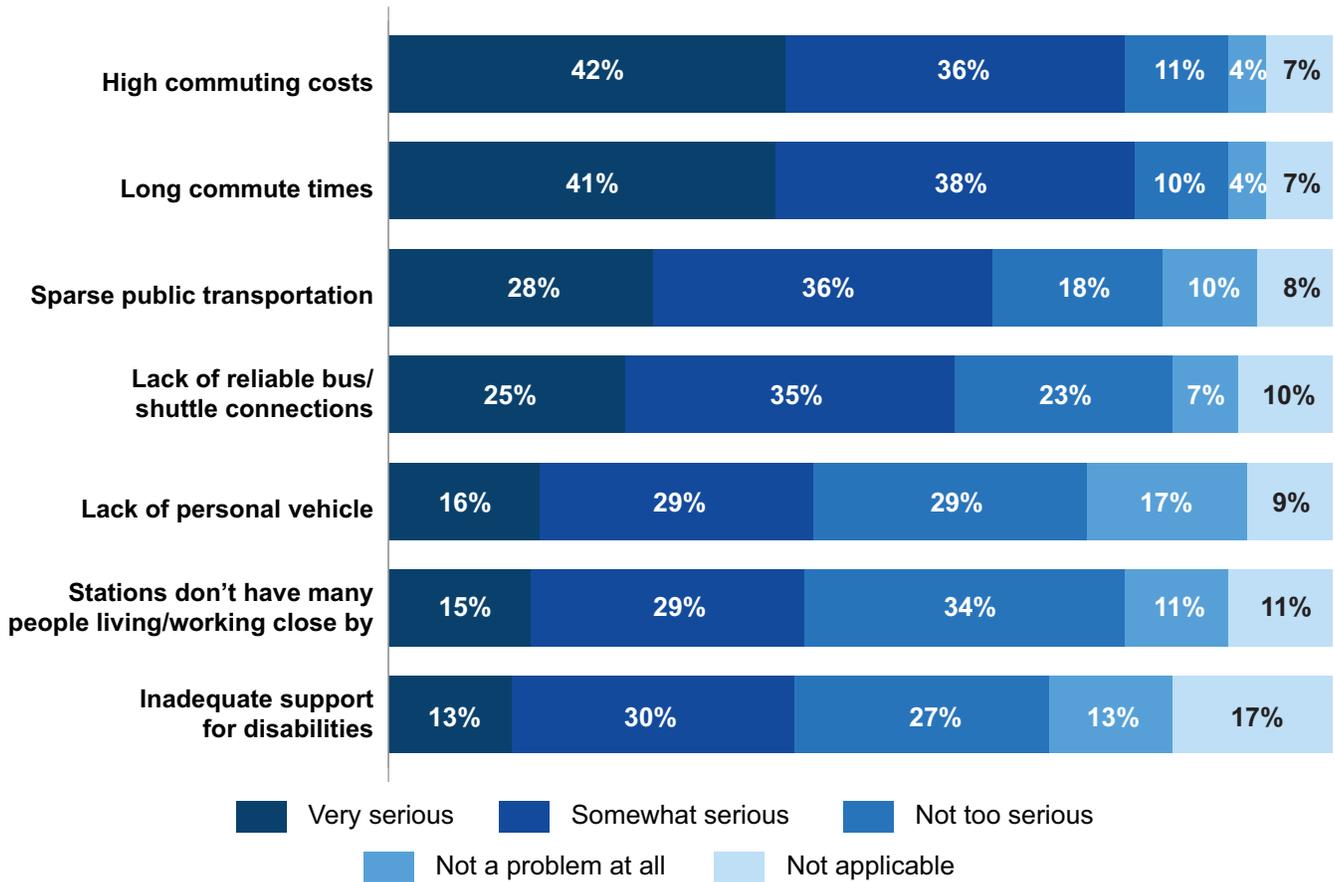
Employment Outlook & Workforce

How serious a challenge are each of the following for your company in recruiting and retaining employees?



Employment Outlook & Workforce

Thinking more about one challenge in particular, transportation, how serious a problem are each of the following related to employee transportation?



State Government

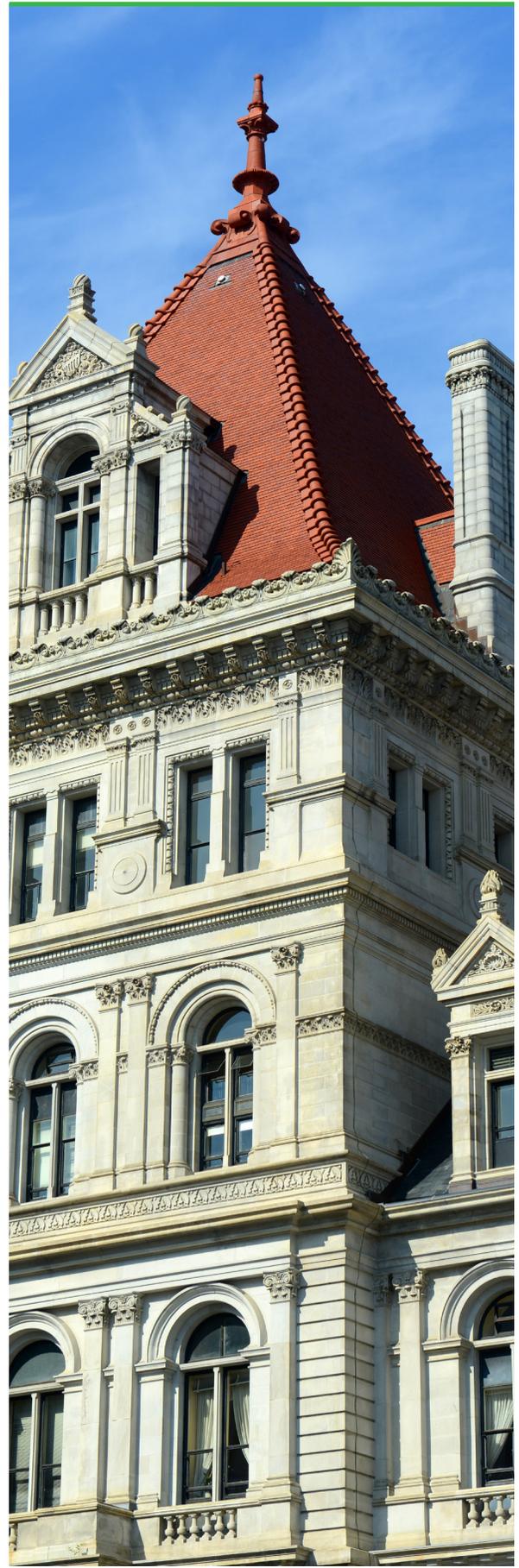
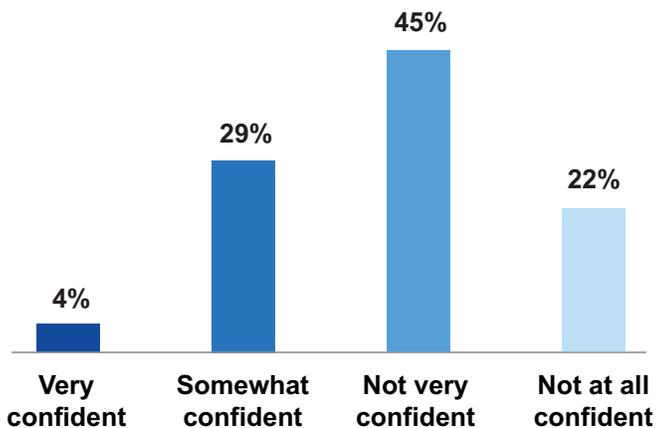
Overall, would you say the government of the State of New York is doing an excellent, good, fair or poor job of creating a business climate in which companies like yours will succeed?



Excellent Good
Fair Poor

Thirty percent say that the state government is doing an excellent (5%) or good (25%) job; a decrease of 14 points from last year. Similarly, when asked how confident they are in the state's ability to create a climate where businesses like theirs can succeed, 33% of business leaders say they are very confident (4%) or somewhat confident (29%). Sixty-seven percent are not confident in the state government's ability to create a climate where businesses can succeed.

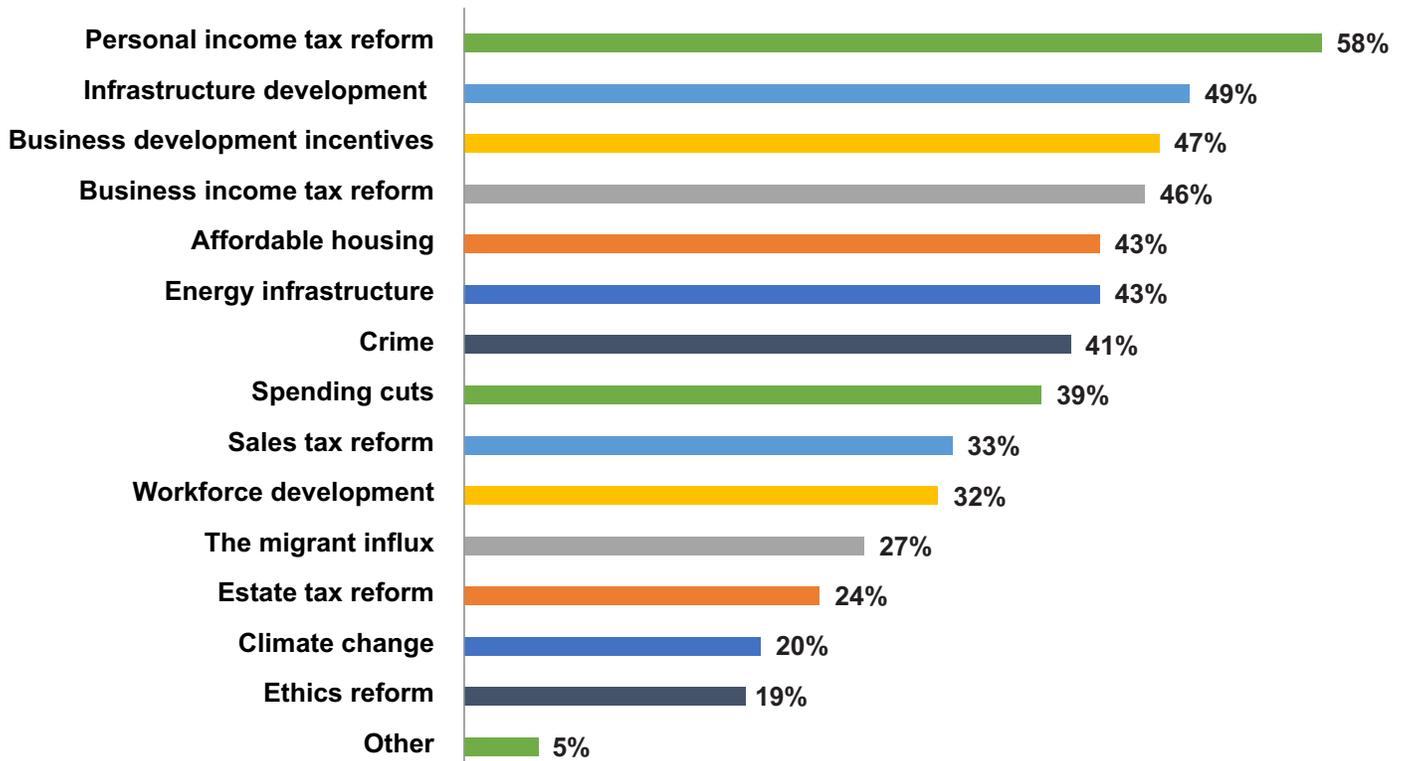
How confident are you in the ability of the government of the State of New York to improve the business climate for businesses like yours here on Long Island over the next year?



State Government

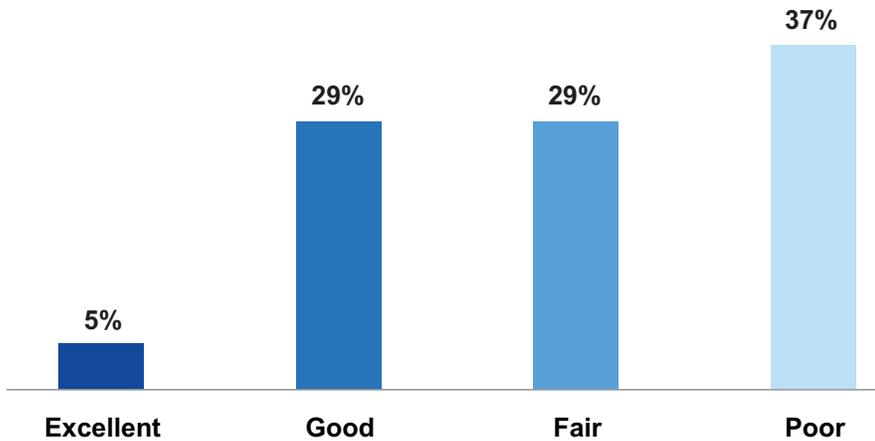
Of the following, what would you like to see the Governor and Legislature of New York focus on?

Personal income tax reform remained the top issue that business leaders would like to see the Governor and Legislature focus on, followed by infrastructure development and business development incentives.



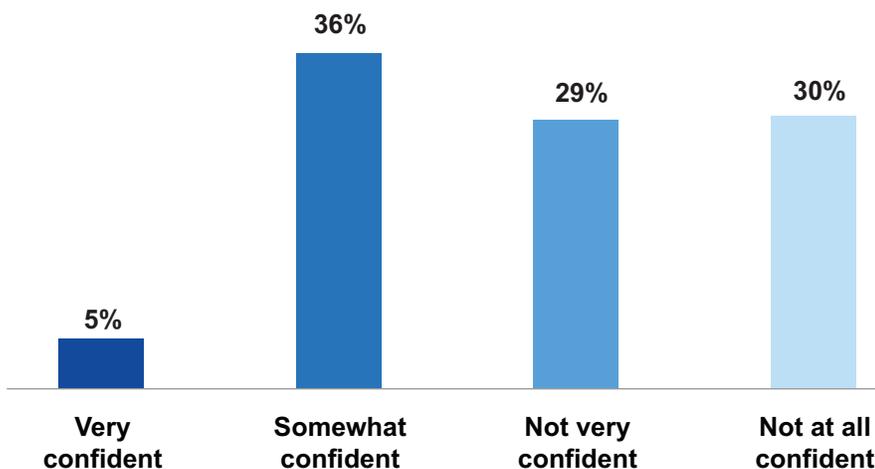
Federal Government

Overall, would you say the federal government is doing an excellent, good, fair or poor job of creating a business climate in which companies like yours will succeed?



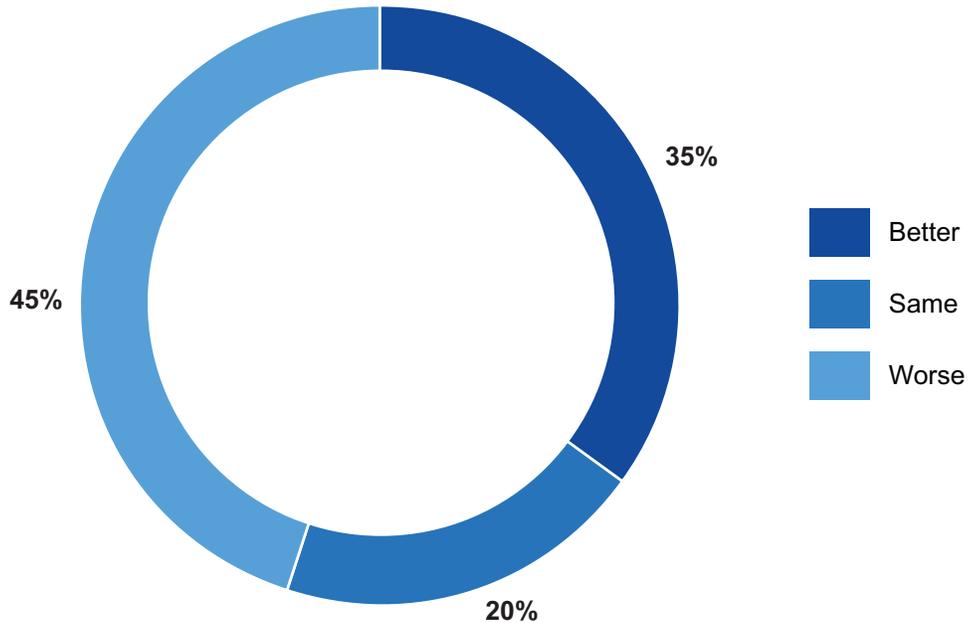
The federal government gets similar marks to the state government. Thirty-four percent say the federal government is doing an excellent (5%) or good (29%) job, a decrease of 6 points over last year. Confidence also decreased with 41% saying they are very confident (5%) or somewhat confident (36%) that the federal government can create a climate where businesses can succeed.

How confident are you in the ability of the federal government to improve the business climate for businesses like yours here on Long Island over the next year?



National Economy

Looking forward from today through the entire 2026 year, how would you describe your expectations for the National economy?



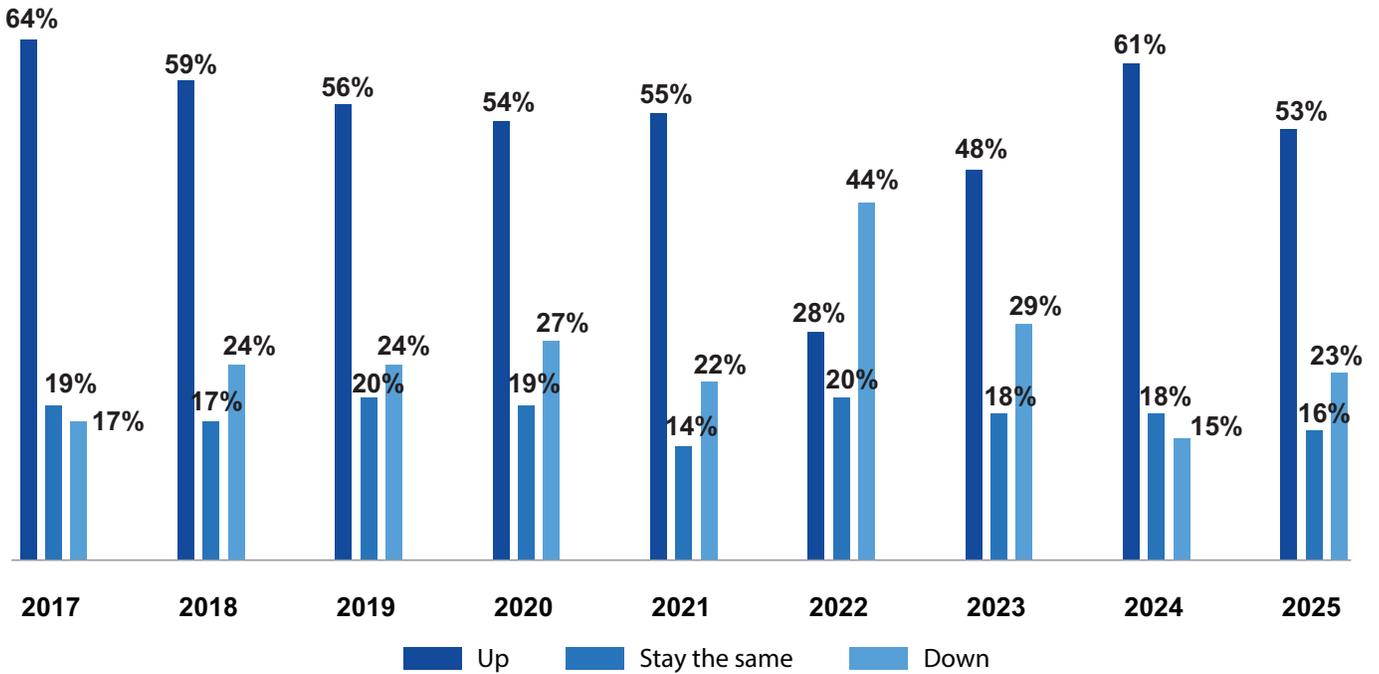
Expectations for the National economy decreased with 45% anticipating the economy will be considerably (22%) or a little worse (23%) in the coming year. Thirty-five percent say considerably (13%) or a little (22%) better compared to 48% last year.



Market Index

Where do you think the S&P 500 will go over the coming year?

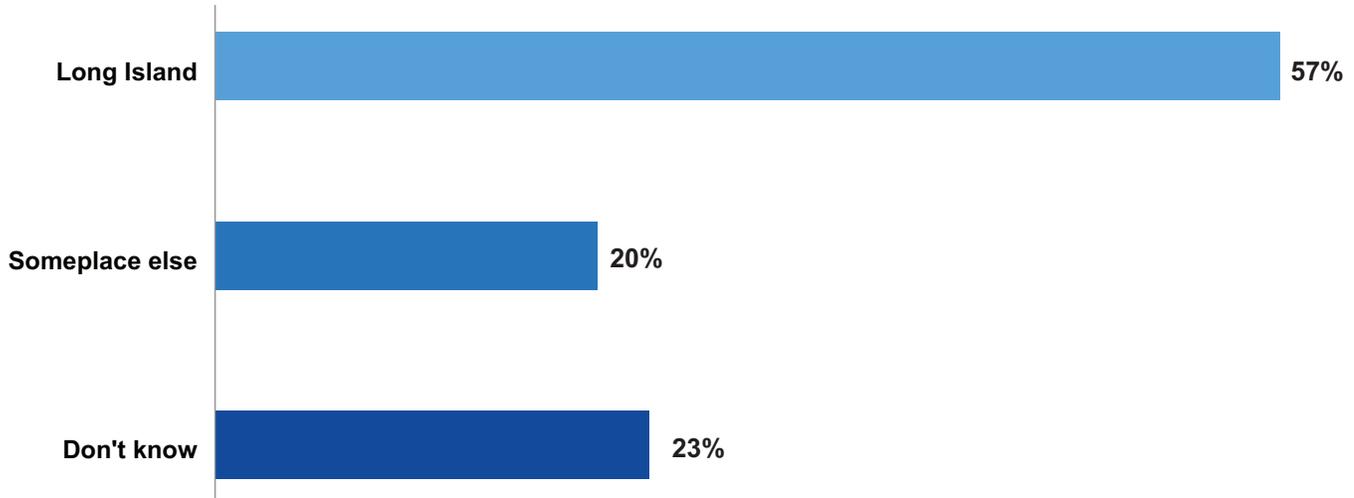
Expectations for the S&P 500 decreased with 53% believing it will go up, compared to 61% who said the same last year. Please note, for the years 2021, 2022, 2023, 2024 and 2025, some respondents did not answer this question, therefore numbers do not add up to 100.



Long Island Outlook

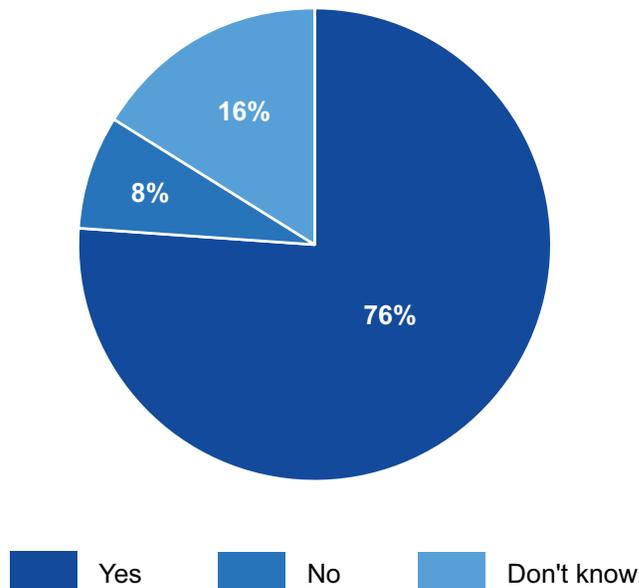
If you had to do it all over again, considering all factors, would you locate your business on Long Island or someplace else?

Down from last year, 57% of the business leaders surveyed would again choose to locate their business on Long Island; 20% say somewhere else and 23% don't know.



Do you think your company will be in business on Long Island five years from today or not?

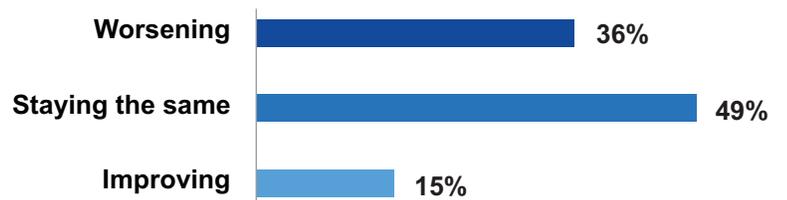
Also down from last year, 76% percent of the business leaders say they will be in business five years from now.





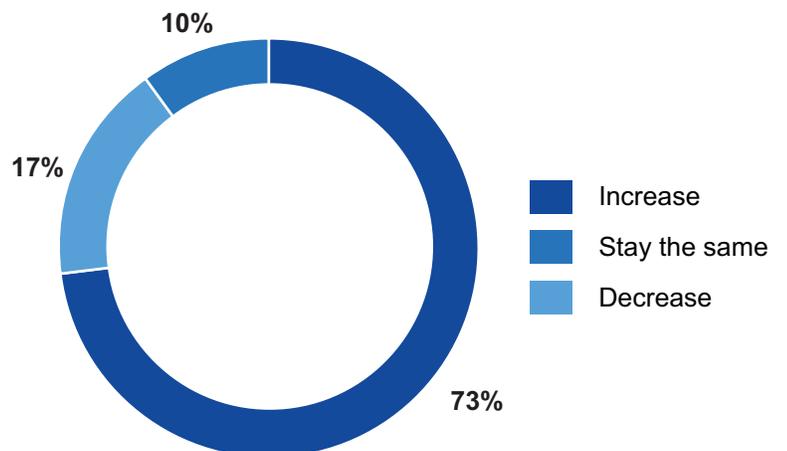
Is the general business climate on Long Island improving, staying the same or worsening?

Sentiment about the general business climate improving on Long Island decreased 17 points to 15%.



What do you project will happen to residential real estate prices on Long Island in the coming year?

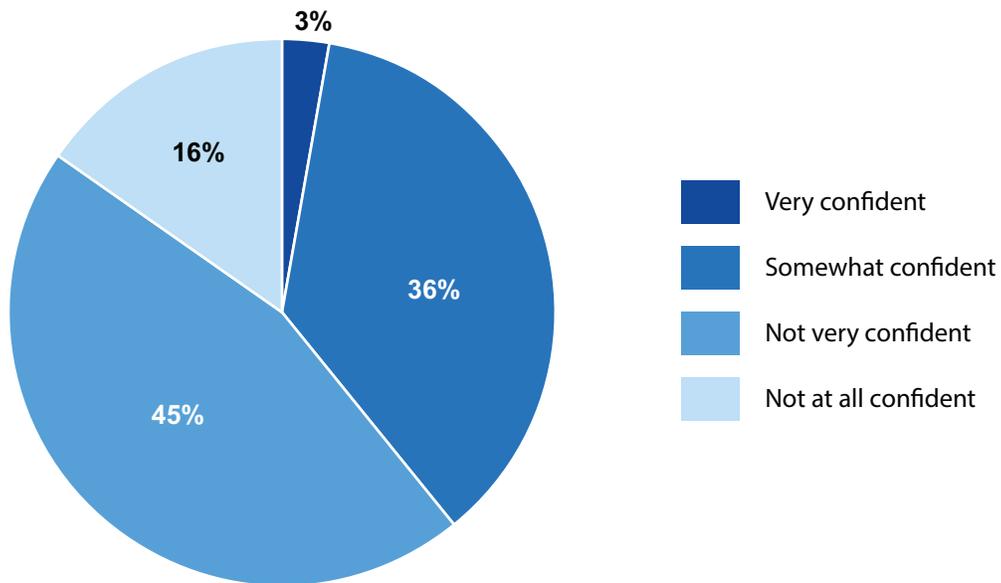
Expectations for residential real estate prices continue to increase from last year with 73% expecting increases and 10% decreases, as compared to 69% increases and 14% decreases last year.



Long Island Outlook

How confident are you in the ability of the local governments on Long Island to improve the business climate for businesses like yours here in New York over the next year?

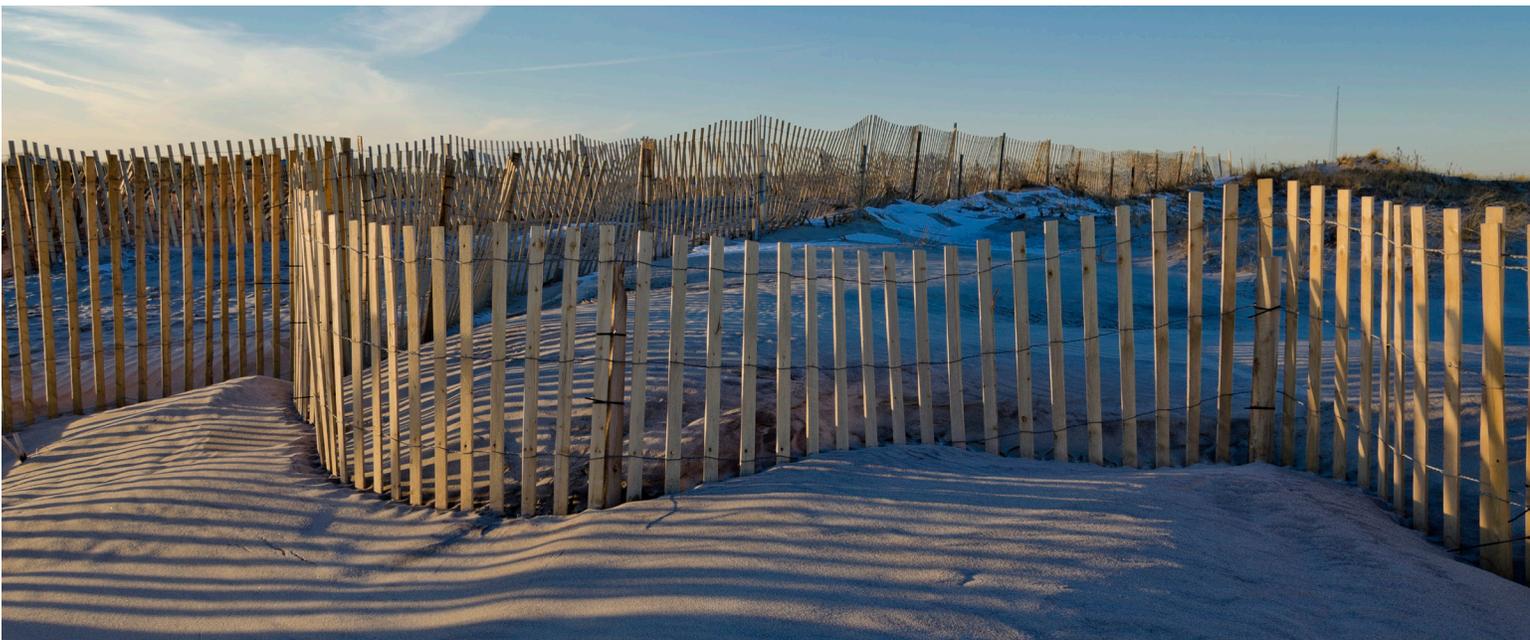
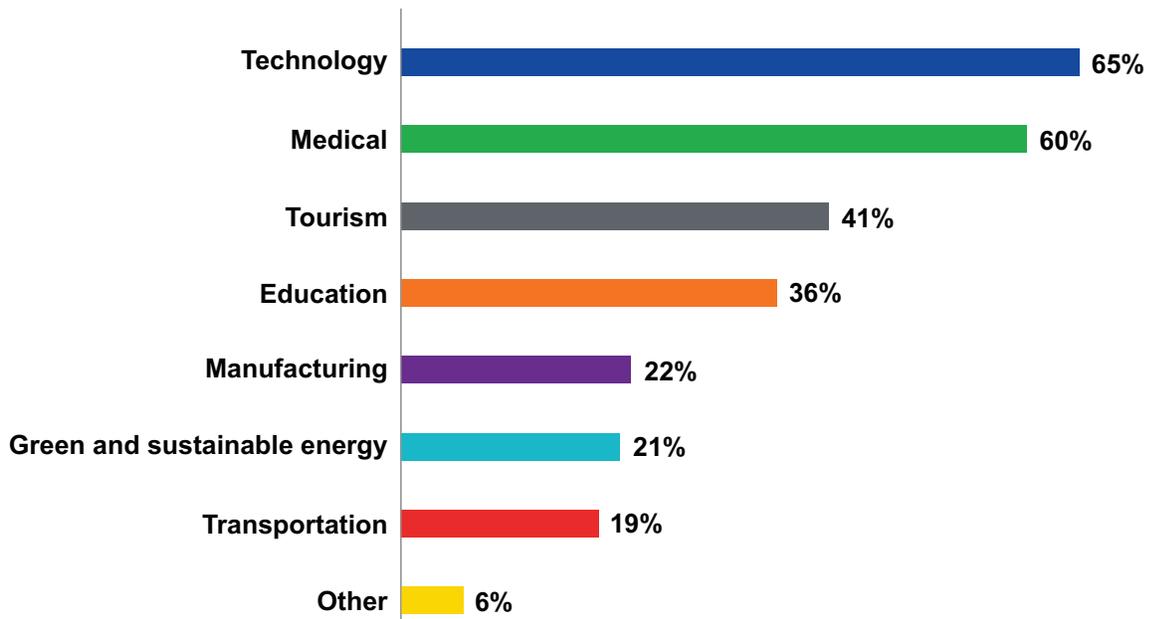
Confidence in local governments decreased 18 points with 39% saying they are at least somewhat confident in local government to improve the business climate.



Long Island Outlook

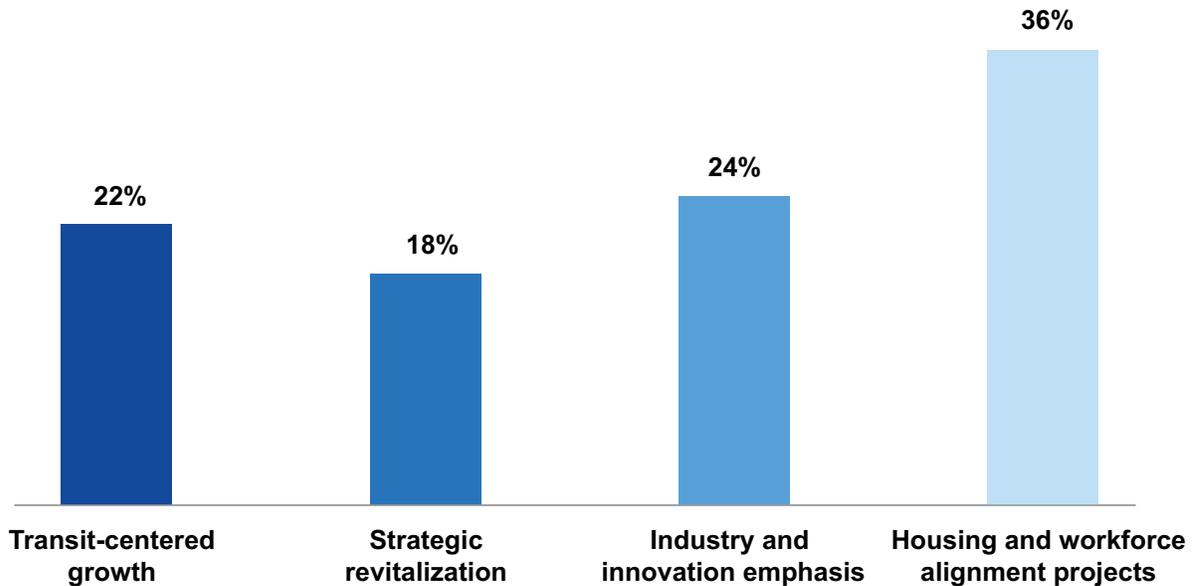
Which of the following industry sectors do you think will have a positive impact on the economic vitality of Long Island in the next three to five years?

Technology (65%) and Medical (60%) remain the top two industry sectors Long Island executives think will have a positive impact on economic vitality. Education (36%) was in line with last year.

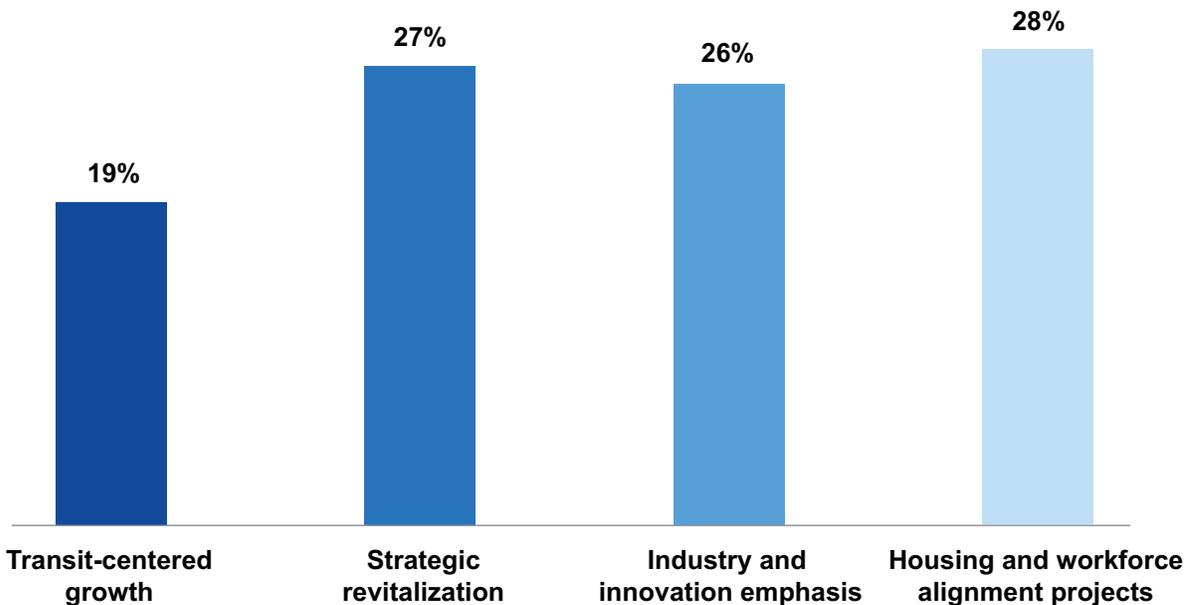


Long Island Outlook

Below is a list of development activities that are happening or may happen on Long Island. Please select the ONE that you believe should be the TOP priority.

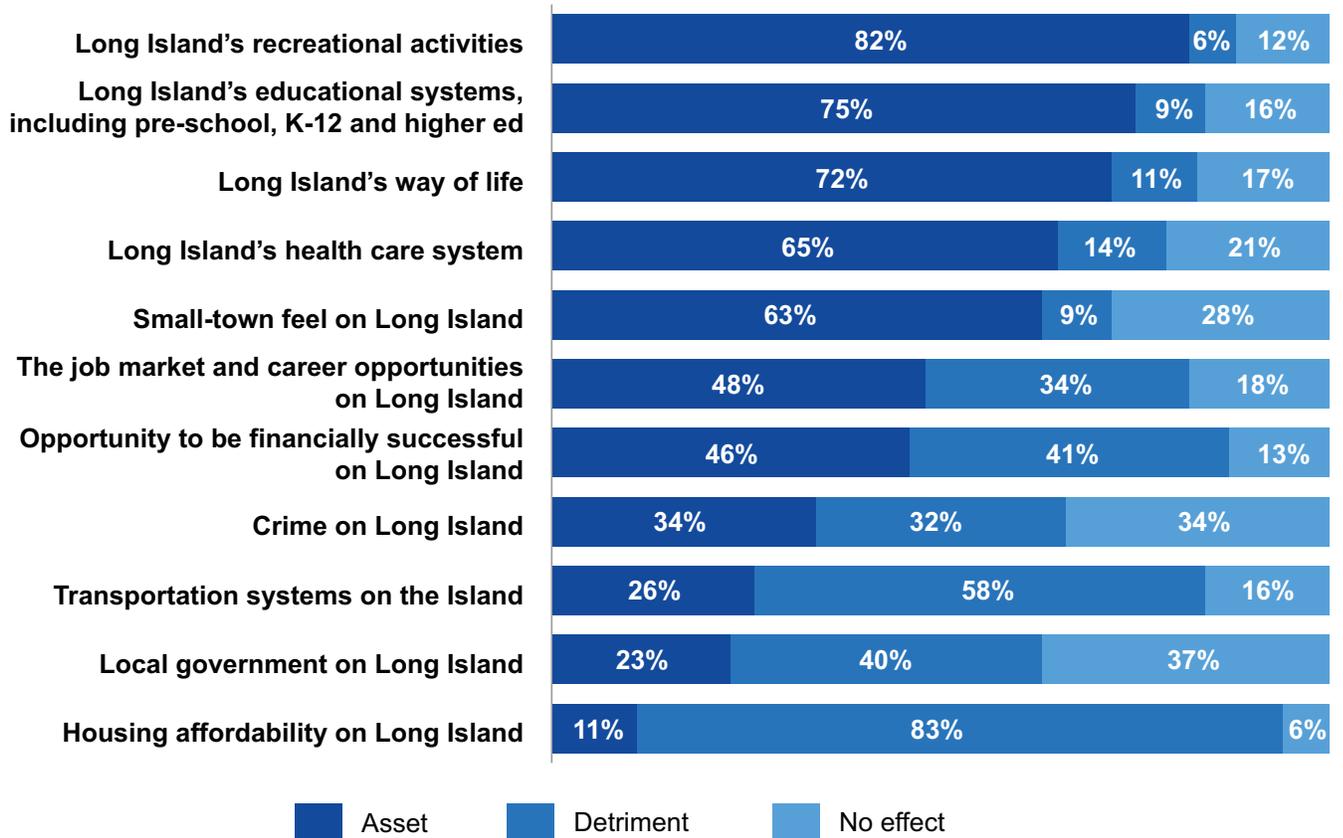


[Of those not selected above] Which ONE do you think should be the SECOND priority?



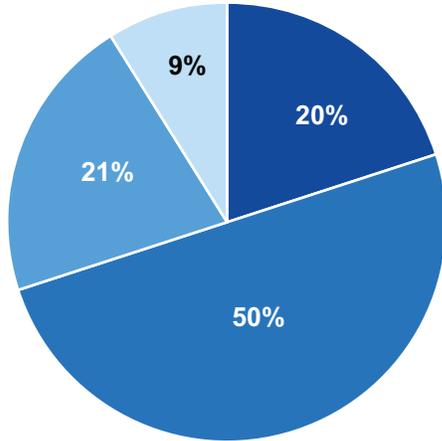
Long Island Outlook

Thinking specifically about keeping young people on Long Island, for each of the following, indicate whether it is an asset and contributes to young people staying on Long Island, it is a detriment and contributes to young people leaving Long Island or if it really doesn't have an effect one way or another.

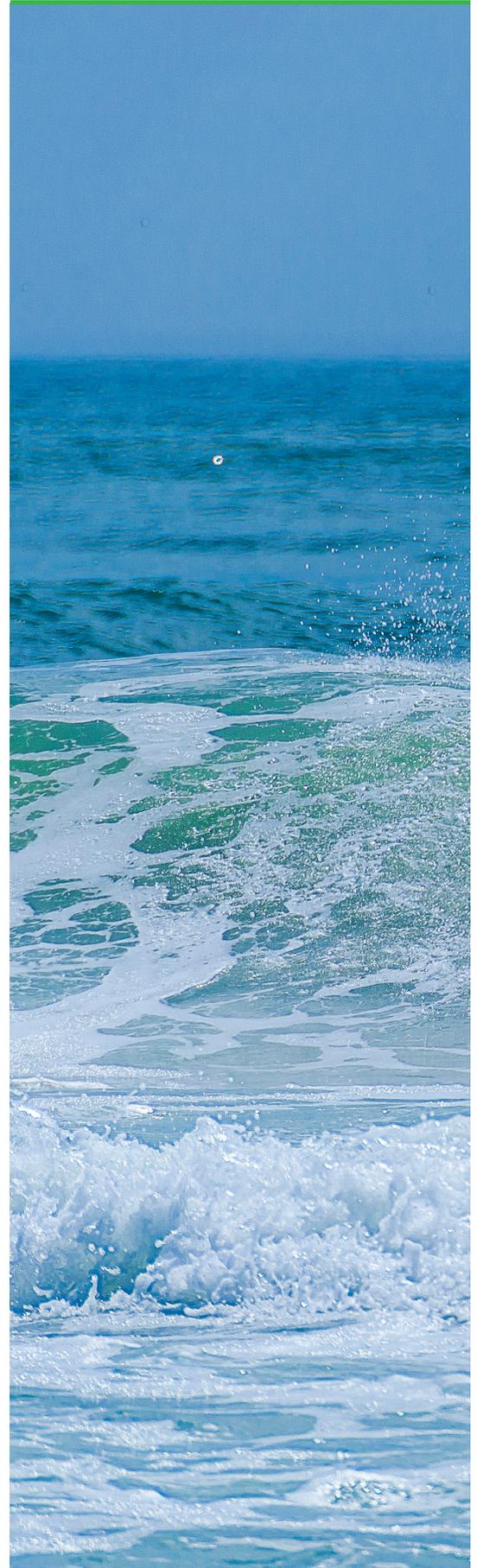
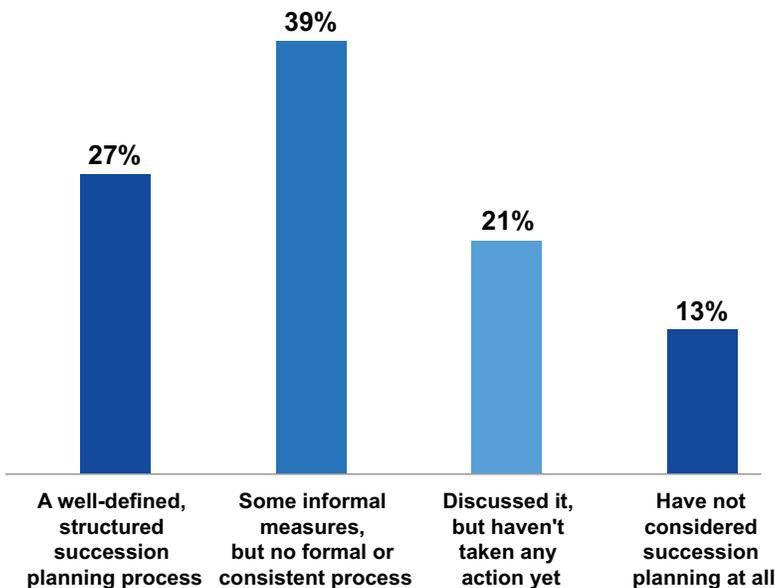


Succession Planning

Looking forward, how concerned are you about succession planning, that is, being prepared for leadership or critical personnel transitions?



Which of the following best describes your company's current approach to succession planning?



Thoughts From Our Respondents



"Good survey. It's important to evaluate sentiment and note trends."

"Our problem is that we have promoted students without capabilities. Our education system leaves no child behind. As a result, students have not learned the material for the next successive level and reach a level of incompetence. While there is a small portion who thrive, they are the one's who will succeed and get the best jobs. The rest will be ill equipped to qualify for the higher paying jobs and as a result our society is suffering. Our young people can't get jobs because they are not qualified, not because there aren't jobs. STEM jobs are not the only answer, our students simply cannot read, write and as a result lack motivation to attempt to perform work-like functions and therefore appear lazy."

"Many customers & various trades are seeing business unusually quiet for recent several months. Hoping things break shortly."

"Long Island is a beautiful place to live and raise a family. Only one out of three of my kids has remained here because of high cost of living, housing costs and job market."

"I think the current political and economic conditions are cause for concern and I think it influences my opinions as more negative than positive at this point."

"Health care cost, taxes & the cost of living on LI make it hard to compete with the rest of the country. I can't get work out of NY."

"Business has been located here on Long Island for 35 years and we find it to be a wonderful, if not a bit expensive, place to do business. Costs have risen significantly over the years but not specific to Long Island. With the advent of a remote workforce, we have the flexibility to relocate but choose to stay right here."





Special Thanks

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