

BUSINESS CLIMATE LIGHTNING POLL

(A mid-quarter update to the Engineering Business Sentiment)

OCTOBER 2025

EXECUTIVE SUMMARY

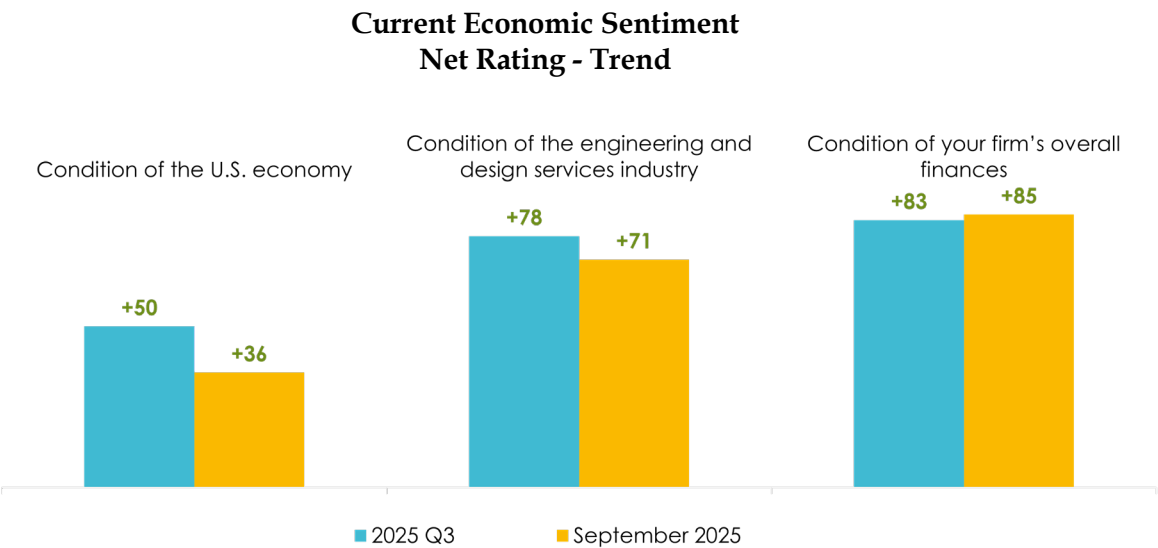
When the ACEC Research Institute last surveyed engineering firms in late July and early August for the Q3 2025 Engineering Business Sentiment, the sentiment of firm executives had dramatically improved compared to the very dire outlook from April (Q2 2025) when broad-based tariffs were announced and sentiment tanked. However, since the Q3 2025 survey, the outlook has softened somewhat. The following are key observations from the ACEC Research Institute Business Climate Lightning Poll conducted among 634 respondents from September 22-29, 2025.

Current Business Conditions

Optimism about the U.S. economy declined compared to Q3 2025, dropping to a Net Rating of +36 (was +50, the highest point on record). This most recent reading is on par with the ratings for all of 2024.

The condition of the engineering and design services industry also decreased to a Net Rating of +71, seven points lower than in Q3 2025 and now at its lowest point in the four years this survey has been conducted.

However, the condition of firms' finances remained extremely strong with a Net Rating of +85 (was +83 in Q3 2025). This metric has never fallen below +80.



Inflation and Tariff Concerns

Inflation continues to remain a top concern, and more urgent than just two months ago. Concern has risen to a Net Rating of +54, up from +44 in Q3 2025. Its lowest reading was a +33 in Q1 2025 and the highest reading was a +85 in Q2 2022 when inflation in the U.S. was raging.

The effect of tariffs is a relatively new concern for the engineering and design services profession. Last quarter, the concern received a Net Rating of +22. For this most recent poll, that figure rose slightly to +28. It remains well below Q2 2025 reading of +49.

Recession Concerns

What do the last few months of economic turbulence portend for the economy? The perceived likelihood of a recession in the next six months increased four points from the last report to 45 percent, which is now the second highest reading in the past two years. Only Q2 2025 is higher when it was 54 percent.