

DatabaseUSA Releases 2025 Annual Report Ranking the States with the Highest Business Growth and Decline

OMAHA, NE, UNITED STATES, December 11, 2025 /EINPresswire.com/ -- DatabaseUSA, a national leader in [business and consumer intelligence](#), has released its annual State [Business Growth](#) and Decline Report, offering a comprehensive look at where business formation accelerated in 2025 and where closures outpaced new activity. The findings illustrate significant shifts in the [U.S. business landscape](#) as states adapt to demographic, economic, and industry-level changes.

Top States for Business Growth in 2025

DatabaseUSA's analysis shows strong momentum in several Mountain West and Sunbelt states. When ranked by overall net business growth, the top five fastest-growing states were:

1. Utah
2. Montana
3. Florida
4. Colorado
5. Arizona

These states benefited from steady population inflows, diverse and expanding service sectors, business-friendly environments, and broad economic resilience. Many continued to attract entrepreneurs, new investment, and remote workers, contributing to dynamic local business ecosystems.

States With the Steepest Declines in 2025

The report also identifies states where business closures exceeded new formations. Ranked by overall decline, the five states with the most significant net losses were:

1. Maine
2. Washington, D.C.
3. Alabama
4. Idaho
5. Illinois

While each state faces a unique economic context, DatabaseUSA's analysis shows consistent themes among states experiencing contraction, reflecting broader pressures affecting business sustainability in 2025.

Key Factors Contributing to Business Decline

Across declining states, four primary factors were most commonly associated with elevated closure rates:

1. High Operating Costs

Businesses reported increasing costs related to energy, insurance, fuel, and commercial rent. For small and midsize firms, rising operating expenses reduced profitability and made long-term survival more difficult.

2. Regulatory and Tax Environment

Complex compliance requirements and comparatively heavier tax burdens limited competitiveness in several markets. These conditions often discouraged new business formation and placed additional pressure on existing establishments.

3. Structural Shifts in Legacy Industries

States heavily dependent on traditional manufacturing, natural resources, or production-based sectors continued to face long-term industry contraction. Automation, competition, and shifting consumer demand contributed to higher business turnover in these areas.

4. Workforce and Cost-of-Living Challenges

Labor availability and affordability influenced business performance across many declining states. Housing shortages, rising living costs, and wage pressures made it difficult for employers to hire and retain the workforce needed to sustain operations.

A Changing Economic Map

The contrast between rapidly growing states and those experiencing sharper declines reflects ongoing transformation in the national economy. States welcoming new residents, fostering innovation, and maintaining competitive operating conditions continue to outperform. Meanwhile, states grappling with higher costs, structural industry changes, or workforce shortages face greater business churn.

“Our annual state-level analysis highlights the evolving patterns of business formation across the country,” said DatabaseUSA. “These rankings provide important insight into where economic ecosystems are strengthening and where targeted policy or economic development efforts may be most needed.”

About DatabaseUSA

DatabaseUSA provides one of the most accurate and up-to-date U.S. business databases available, compiled from multiple sources and triple verified for quality. Our data supports market research, business development, site selection, customer acquisition, email marketing, sales intelligence, and other essential growth strategies. With advanced AI data enrichment and tools for both public and private sector leaders, DatabaseUSA helps organizations target the right audiences and uncover new opportunities.

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