

Investment & Financing outlook

SME business investment and
financing outlook survey, wave 25

Research report

Research and Market Intelligence at BDC



April 2025

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Key highlights

Current state of the situation

Economic uncertainty continues to taint SMEs' outlook for the year ahead. Significantly more of them expect economic conditions to deteriorate. While negative impacts seem limited, thus far, slightly fewer SMEs are deemed bankable.



Nearly two-thirds of SMEs expect economic conditions to deteriorate over the next 12 months, which, in turn, negatively affects their cash flow outlook.



64%

believe that economic conditions will deteriorate in the next 12 months
(+17pts ↑)



22%

think that their cash flow situation will improve
(-11pts ↓)



28%

say that debt repayment is limiting business activities
(+3pts)

Many SMEs are operating below capacity, sign that the economy is slowing down

79%

Stand below full capacity operation
(unchanged)

61%

Are profitable
(-3pts)

26%

Have used or will use significant resources for growth projects
(-3pts)

There is a slight deterioration in the financial status of SMEs

52%

Are deemed bankable
(-3pts)

49%

Say that FIs totally meet their needs
(-1pt)

43%

Believe that access to financing will be difficult
(-3pts)

Note: Numbers in parentheses and arrows indicate differences between this wave and the previous one. If there is an arrow next to the percentage, it means that the difference is statistically significant.

Investment outlook

Despite the uncertainty and economic outlook, investment intentions have not collapsed. However, these intentions stand below the 50% mark and fewer SMEs are confident in their ability to pursue their intended plans.



Investment intentions are still on the agenda for many SMEs



Type of investment	Plan to invest	Same amount or more
Non-residential building	24% (+1pt)	82% (-4pts)
Machinery & equipment	34% (+1pt)	82% (-2pts)
Intangible assets	43% (+1pt)	83% (-1pt)

53%

of those planning to invest are **confident** they will pursue their investment in the next 12 months
(-6pts)

SMEs' main investment goals:



35%

Increase efficiency
(-7pts)



34%

Improve sales and marketing
(-5pts)



23%

Adopt new technologies
(+2pts)



23%

Expand into new markets
(-1pt)

What could limit SMEs' investments?

46%

High economic uncertainty
(+9pts ↑)

24%

Low demand
(+4pts)

20%

High input costs
(+1pt)

Note: Numbers in parentheses and arrows indicate differences between this wave and the previous one. If there is an arrow next to the percentage, it means that the difference is statistically significant.

Financing outlook

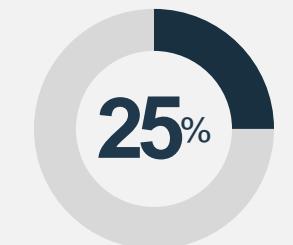
Financing demand decreased since January, and approval rates have deteriorated significantly. SMEs were less likely to have approached a traditional financial institution for support. One in five SME plans to request financing over the course of the year.



72%

of those who requested financing were approved
(-8pts ↓)

Fewer SMEs requested financing and took the traditional FI route



Requested financing in the last 3 months
(-4pts)



Those who asked for financing mainly turned to:



69%

A financial institution
(-5pts)



33%

A government program or crown corporation
(+4pts)



19%

A large tech or fintech lender
(-2pts)



12%

Private lenders / family offices
(-2pts)

Planned financing requests are back to historical trends

19%



Plan to request financing over the next 12 months
(-2pts)

71% Will need short-term financing
(-4pts)

40% For growth-related projects
(-7pts)

37% Will request up to \$100,000
(-12pts ↓)

38% To cover expenses
(+5pts)

Perceived ease of access has improved

57%

of those planning to request financing believe it will be **easy** to obtain
(+3pts)

2



Methodology

Methodology



Survey methodology

- Online tracking survey.

Respondent profile

- Business owners and business decision-makers from the Sago (formerly Schlesinger Group) panel.

Survey dates

- April 8th to 21st, 2025.

Note: Unless otherwise noted, the bases for calculation exclude respondents who chose not to answer the question. Other appropriate exclusions are detailed on the individual slides.

Margin of error

- For a probabilistic sample of 1,007 respondents, the maximum margin of error is ± 3.1 percentage points, 19 times out of 20. However, as this survey is based on a non-probabilistic sample, this information is provided for reference only.

Data processing and analysis

- Were performed by the BDC Research and Market Intelligence team.

Weighting factors

- Results were weighted by region and number of employees to be representative of the Canadian SME population.



3a

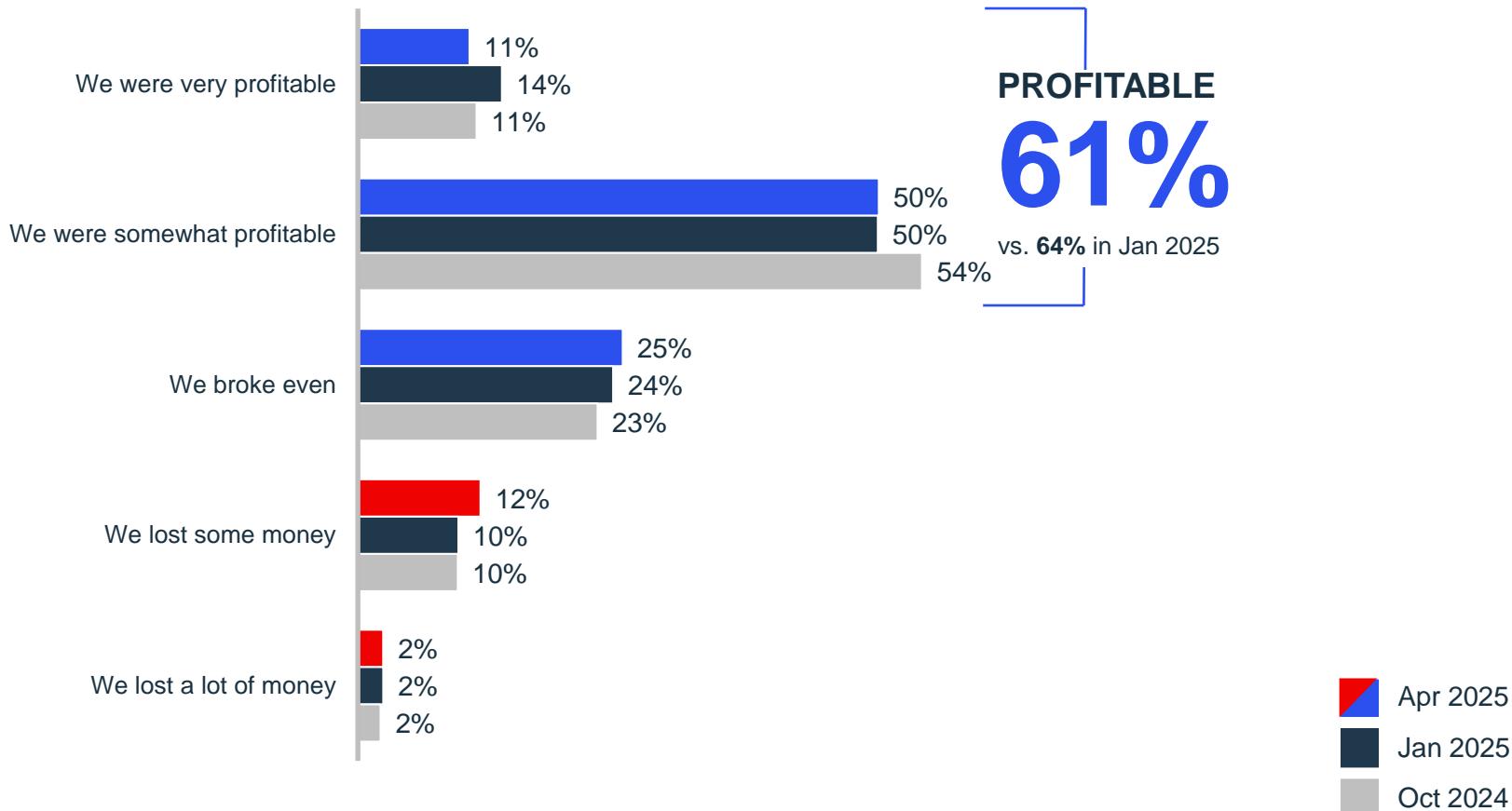
SME current state
and expectations

Business profitability profile

There is a small decrease in the proportion of SMEs who indicated being profitable.



Q4aa. Was your business **profitable in the last 12 months?**



Base: All qualified respondents (n=971).

Those who did not know or preferred not to answer were excluded from the calculation base.

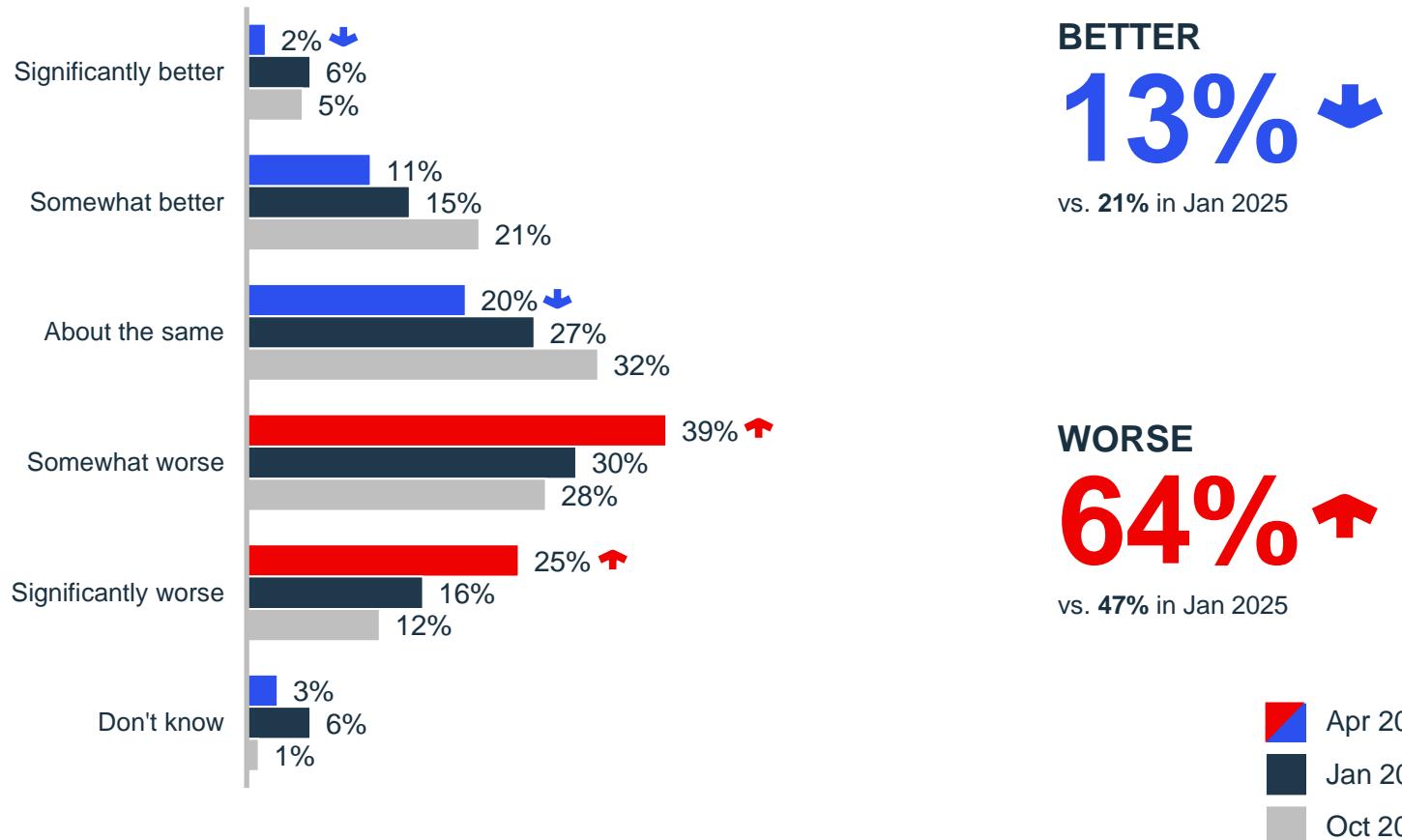
Arrows indicate statistical differences between this wave and the previous one.

Economic condition forecasts

A growing proportion of SMEs expect economic conditions to deteriorate in Canada over the next 12 months.



Q59. When you think about the next 12 months, do you expect the **economic conditions in Canada** to be better, the same, or worse than they were in the last 12 months?



Base: All qualified respondents (n=1007).

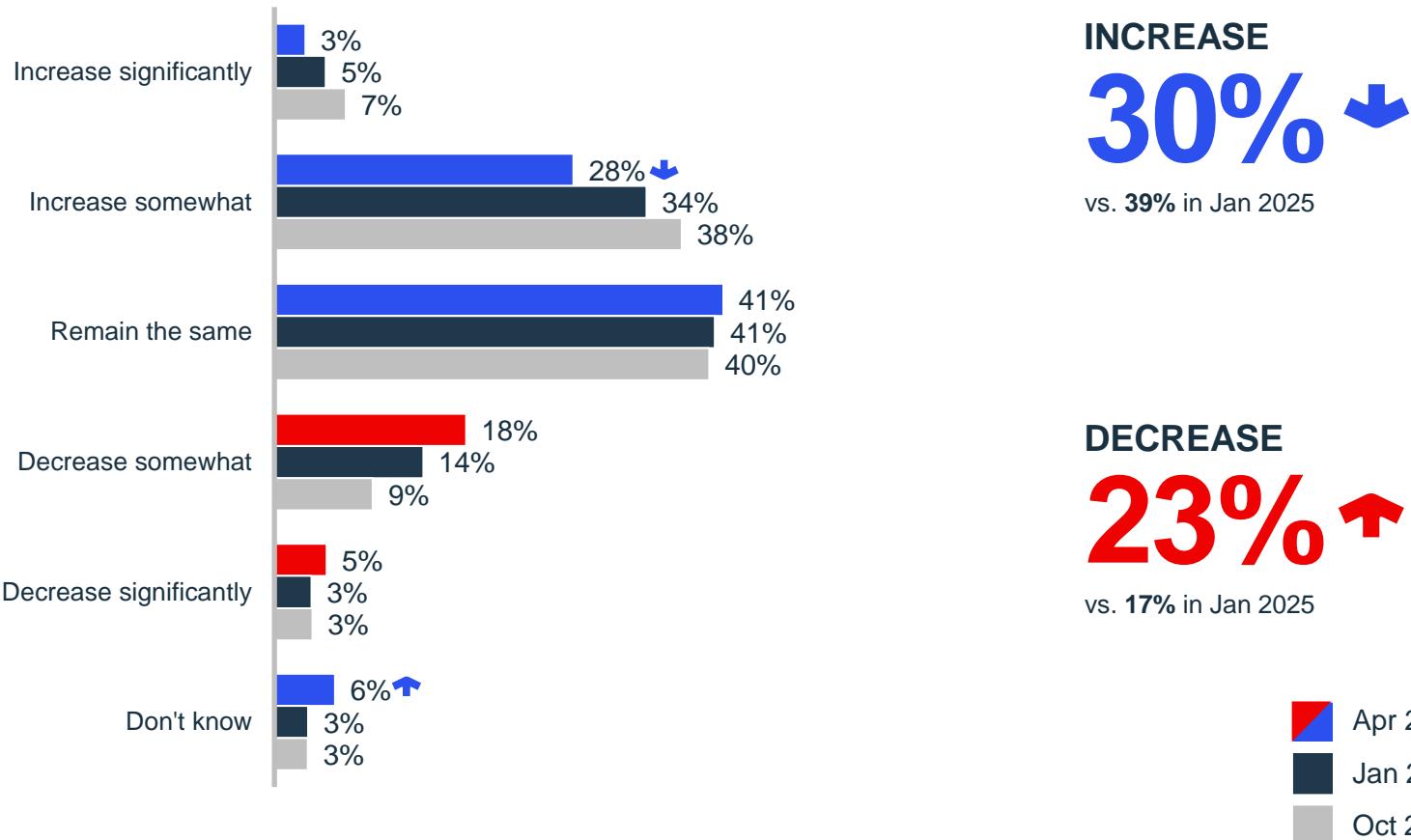
Those who preferred not to answer were excluded from the calculation base.

Arrows indicate statistical differences between this wave and the previous one.

Sales and revenue forecasts

The economic outlook for the year ahead is having a domino effect on sales expectations: fewer expect their sales to increase and more expect them to decrease. 

Q14. Over the next 12 months, do you expect your company's **total sales or revenue** to increase, remain the same, or decrease compared to the last 12 months?



Base: All qualified respondents (n=998).

Those who preferred not to answer were excluded from the calculation base.

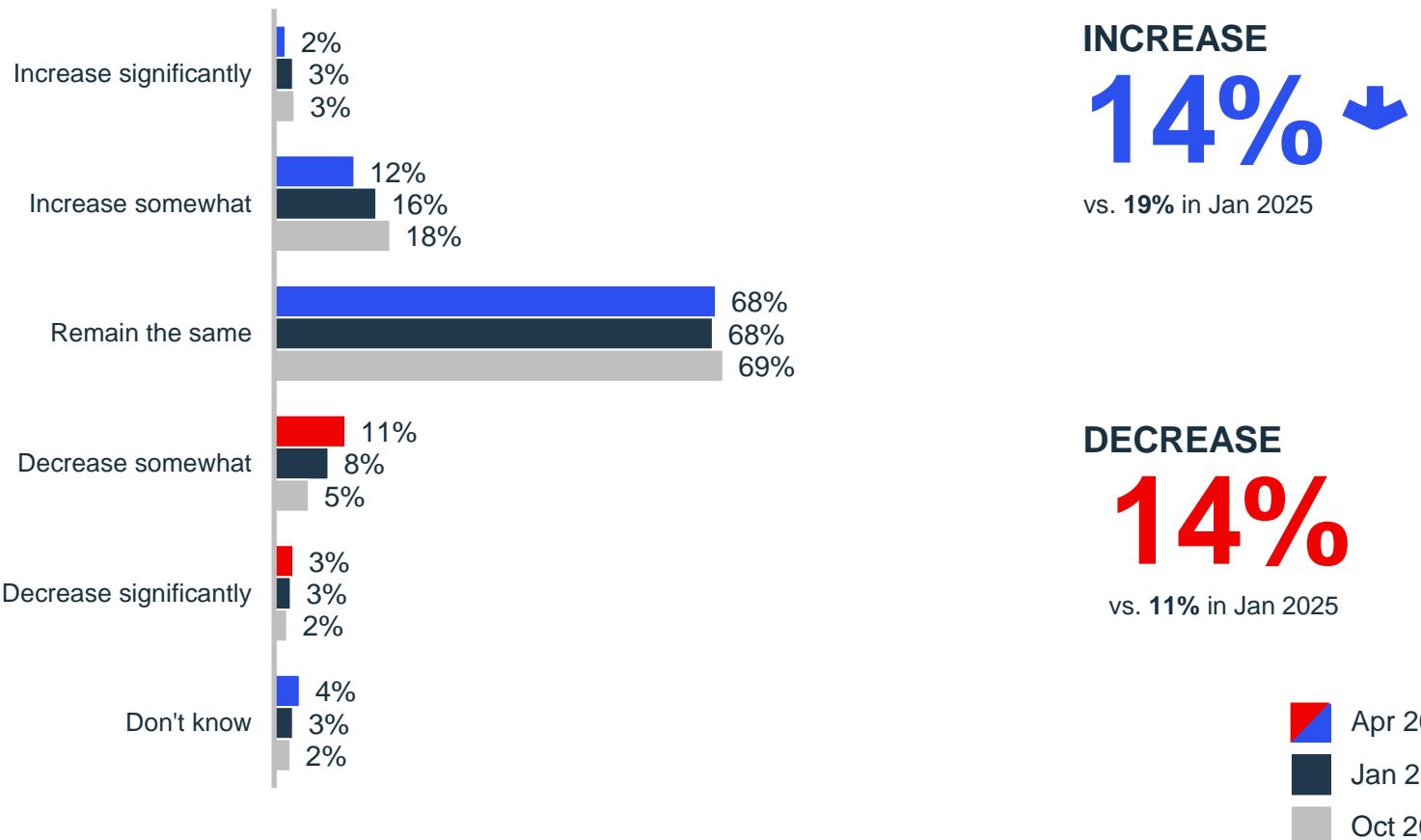
Arrows indicate statistical differences between this wave and the previous one.

Forecasted employee count

Given the uncertainty, SMEs will be treading carefully and as a result, statistically fewer SMEs plan to increase personnel over the course of the year.



Q15. Over the next 12 months, do you expect your company's **number of employees** to increase, remain the same, or decrease compared to the last 12 months?



Base: All qualified respondents (n=1003).

Those who preferred not to answer were excluded from the calculation base.

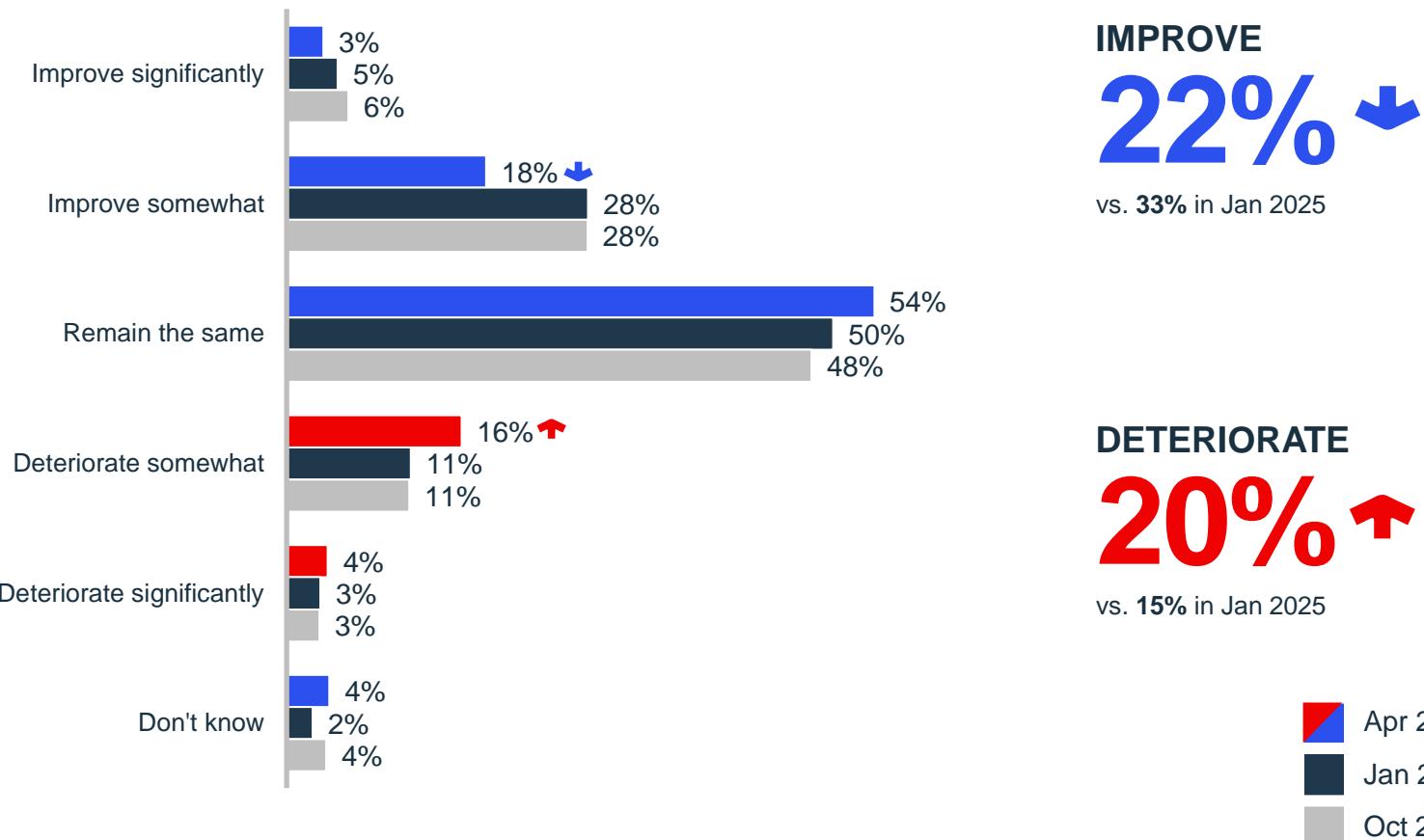
Arrows indicate statistical differences between this wave and the previous one.

Cash flow situation forecasts

With tamed expectations regarding the economy and their sales, SMEs expect their cash flow to follow a similar trend. There are statistical differences in terms of improvements and deterioration, but most expect their cash flow to remain relatively the same.



Q40. Over the next 12 months, do you expect your company's **cash flow situation** to improve, remain the same, or deteriorate compared to the last 12 months?



Base: All qualified respondents (n=997).

Those who preferred not to answer were excluded from the calculation base.

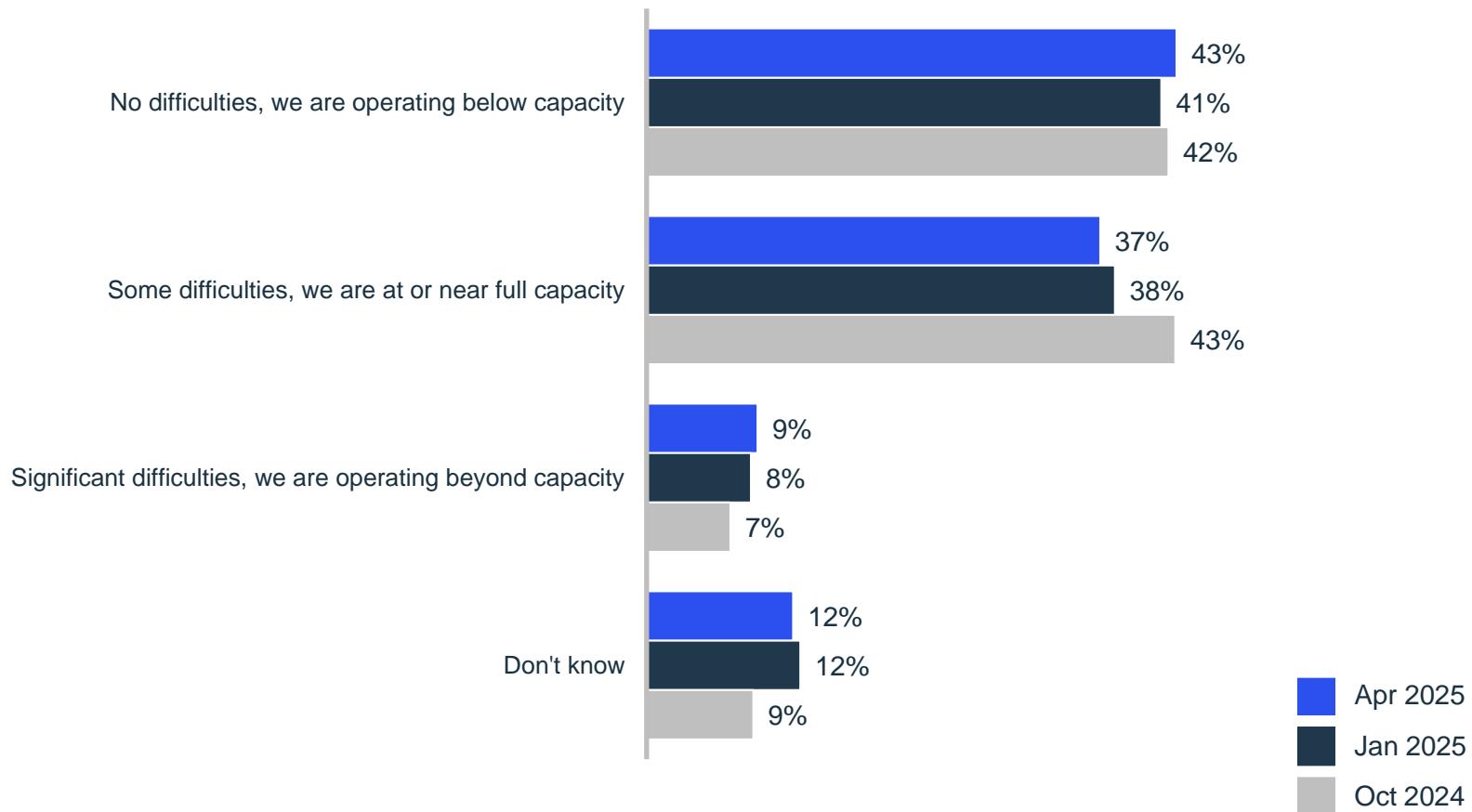
Arrows indicate statistical differences between this wave and the previous one.

Ability to meet unexpected demand

Most SMEs are operating below or near full capacity.



Q16. How would you assess your company's current **ability to meet an unexpected increase** in demand or sales?



Base: All qualified respondents (n=991).

Those who preferred not to answer were excluded from the calculation base.

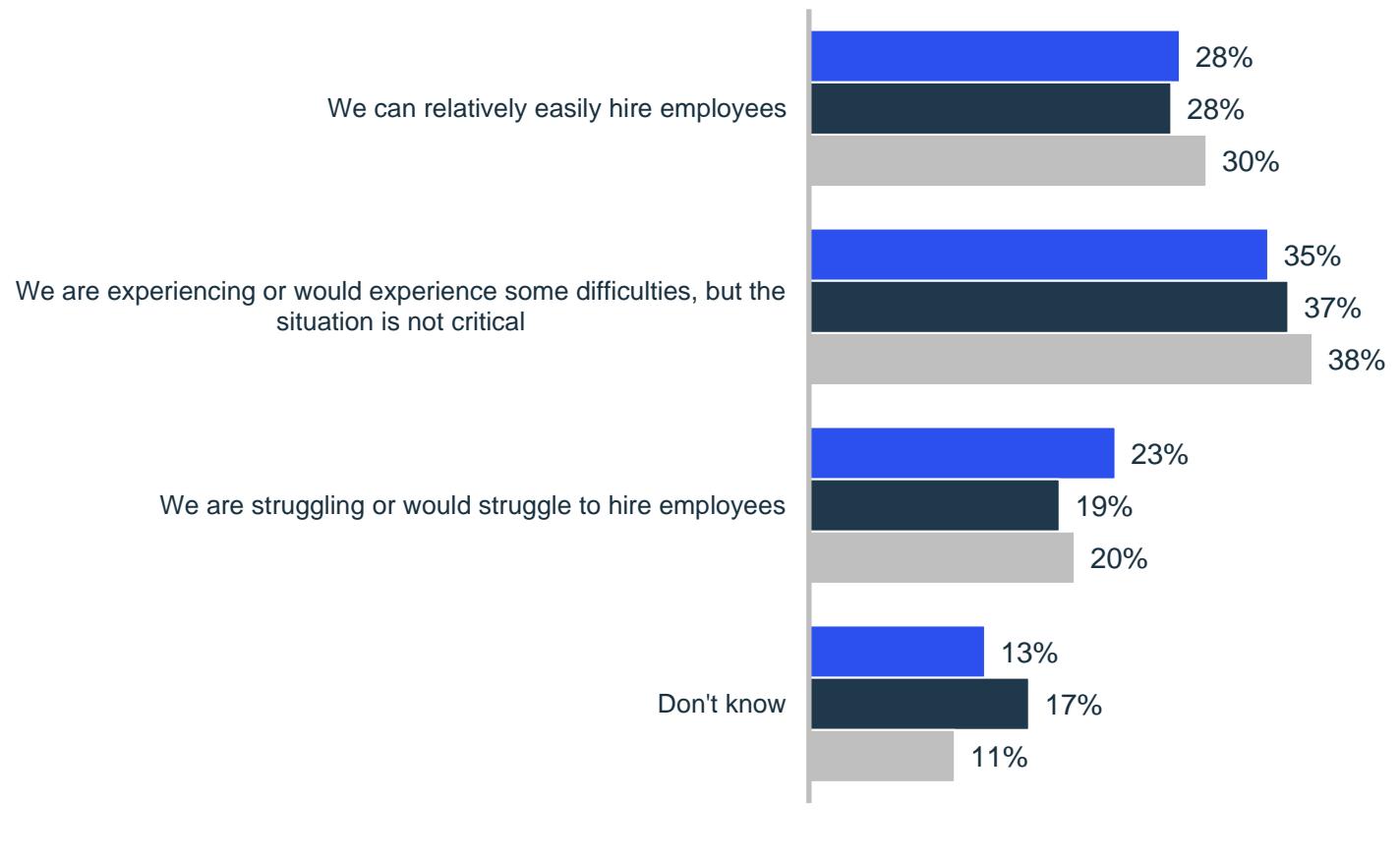
Arrows indicate statistical differences between this wave and the previous one.

Ability to hire qualified workers

Nearly one quarter of SMEs indicated that they are struggling or would struggle to hire.



Q42. How would you assess your company current **ability to hire qualified workers?**



Base: All qualified respondents (n=992).

Those who preferred not to answer were excluded from the calculation base.

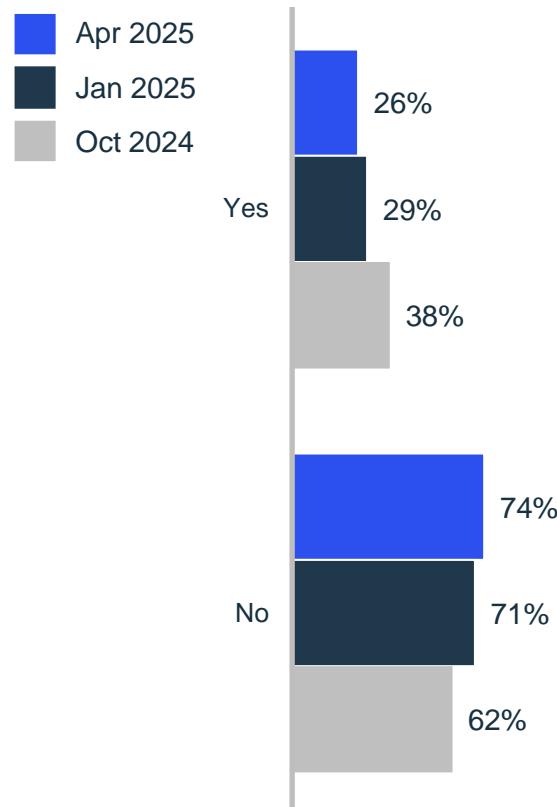
Arrows indicate statistical differences between this wave and the previous one.

Current financial and project situation

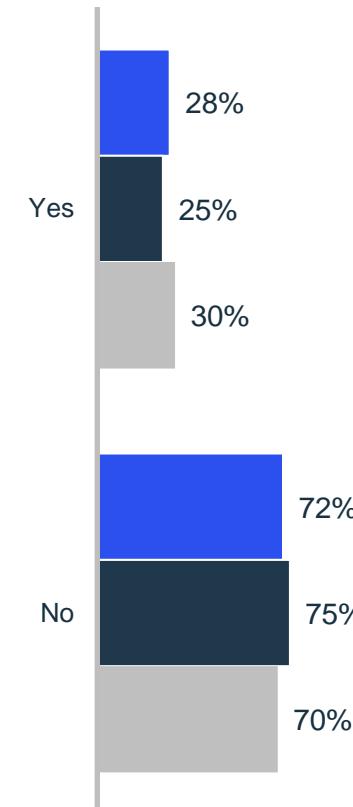
SMEs' financial burden seems relatively contained and most of them feel adequately supported or at least in part by FIs they deal with. However, the uncertainty is limiting SMEs' confidence and willingness to allocate significant resources to growth projects.



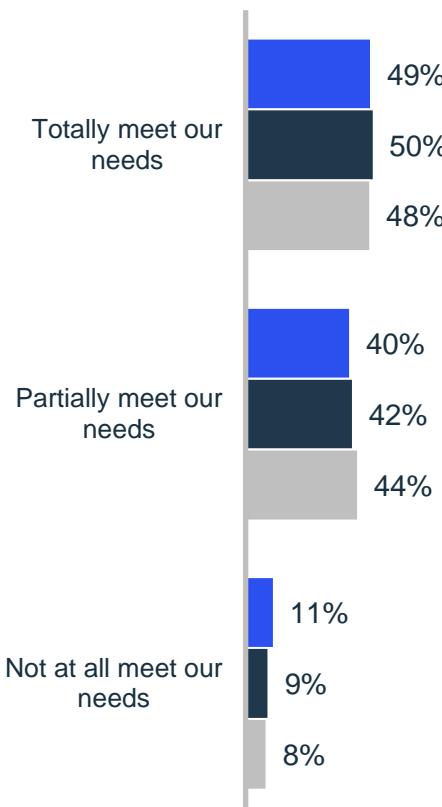
BA1. In the past or next 12 months, has your business used or will use **significant resources** for growth projects?



BA2. Does the **repayment** of your company's debts **limit its activities, growth or borrowing capacity**?



BA3. To what extent do the financial institution(s) you are currently dealing with effectively **meet your financing needs in the short -term**?



Base: BA1 (n=1007). Those who preferred not to answer at BA2 (n=960) and BA3 (n=936) were excluded from the calculation base. Arrows indicate statistical differences between this wave and the previous one.

3b



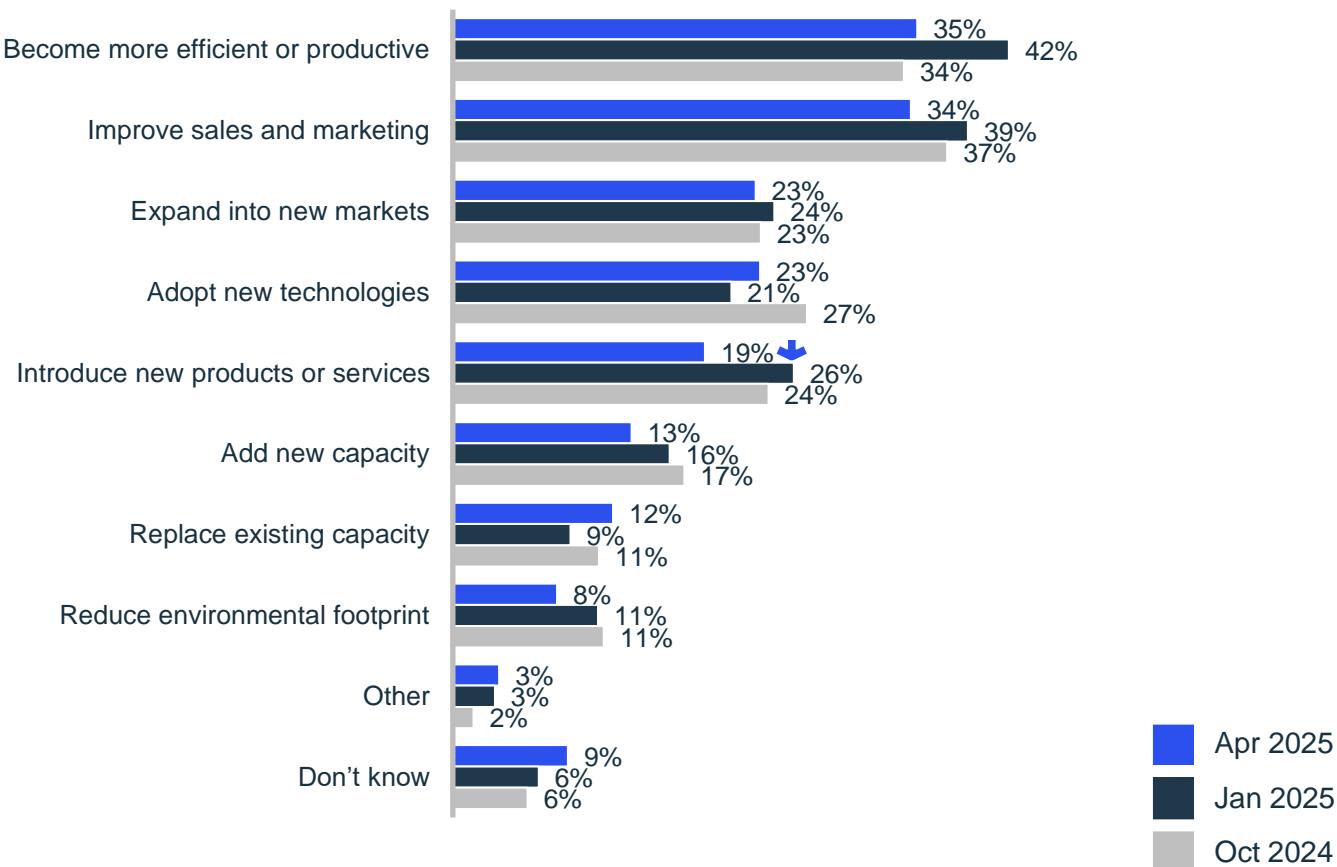
Investment outlook

Investment goals for the next 12 months

Most SMEs in nearly all sectors are prioritizing efficiency along with sales and marketing.



Q55. What are your main **investment goals** for the next 12 months?



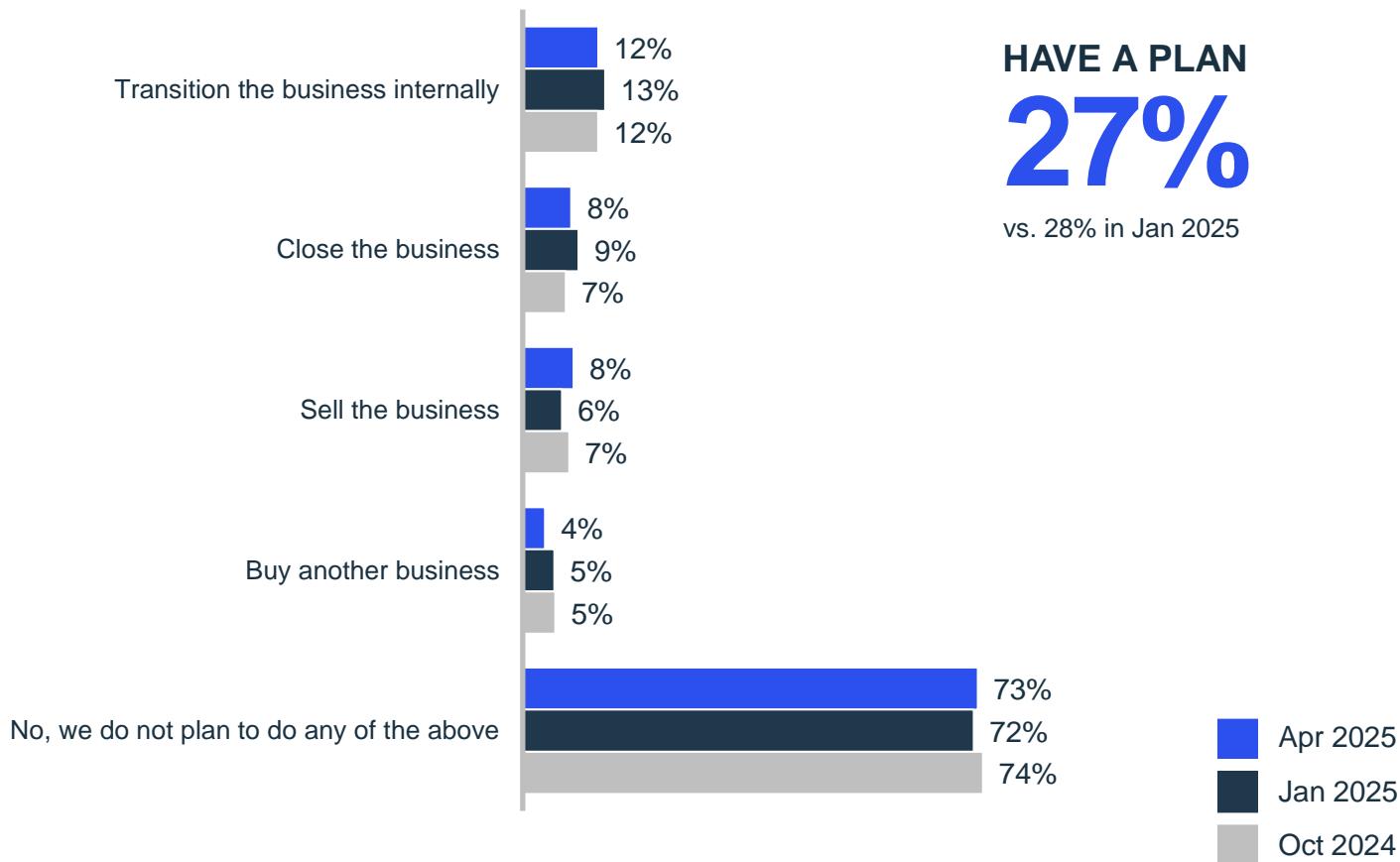
Base: Respondents planning to invest (n=504). Those who preferred not to answer were excluded from the calculation base. Multiple mentions were allowed; therefore, total exceeds 100%. Arrows indicate statistical differences between this wave and the previous one.

Transition plans

Just over a quarter of SMEs have some plan to transition the business.



Q80. Over the next 12 months, do you **plan to pursue any of the following actions?**



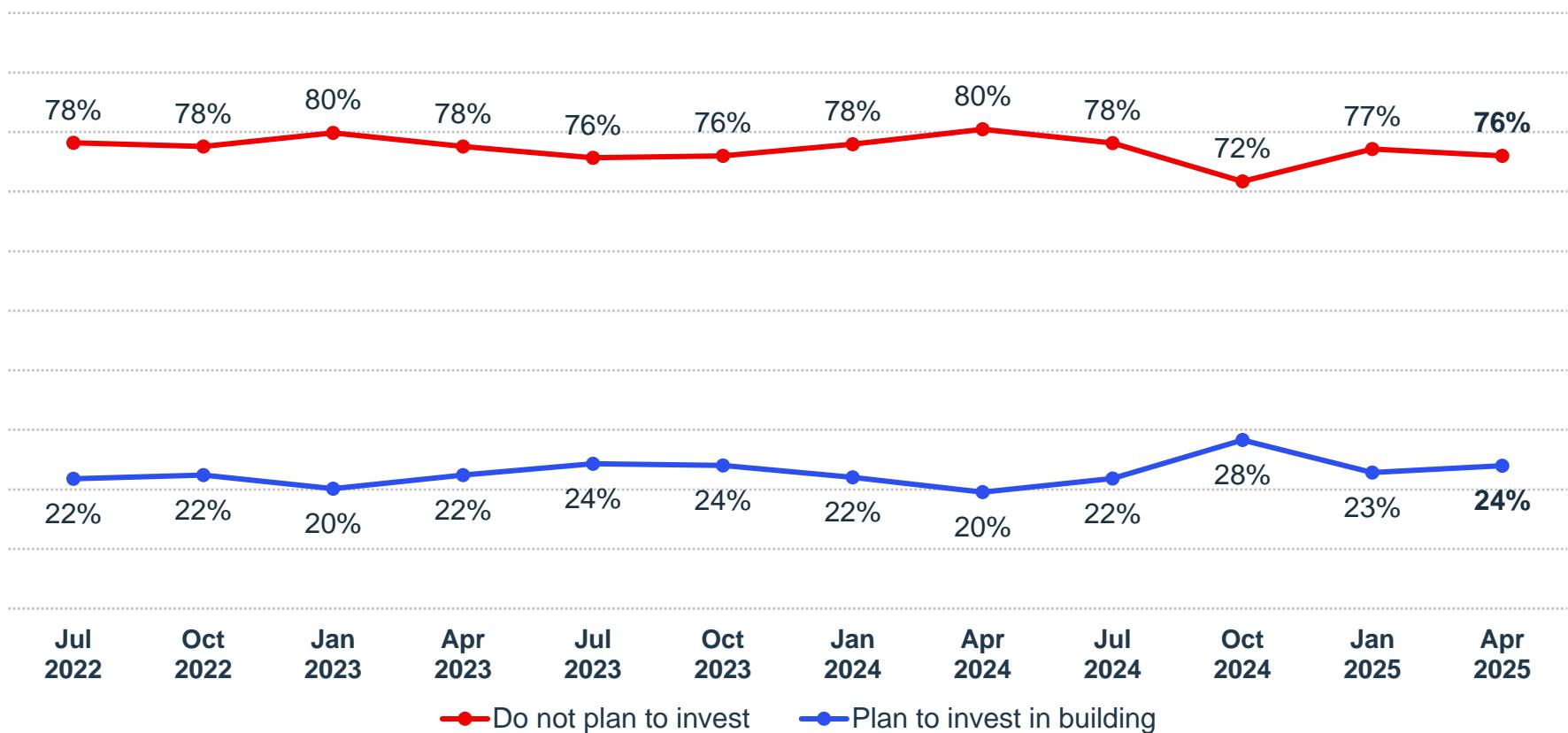
Base: All qualified respondents (n=905). Those who did not know or preferred not to answer were excluded from the calculation base.
Multiple mentions were allowed; therefore, total exceeds 100%. Arrows indicate statistical differences between this wave and the previous one.

Investment intentions in non-residential building

Nearly one quarter of SMEs plans to invest in this category.



Q57a. Investment intentions in **non-residential building, including renovations** over the next 12 months.



Base: All qualified respondents (n=899).

Those who preferred not to answer were excluded from the calculation base.

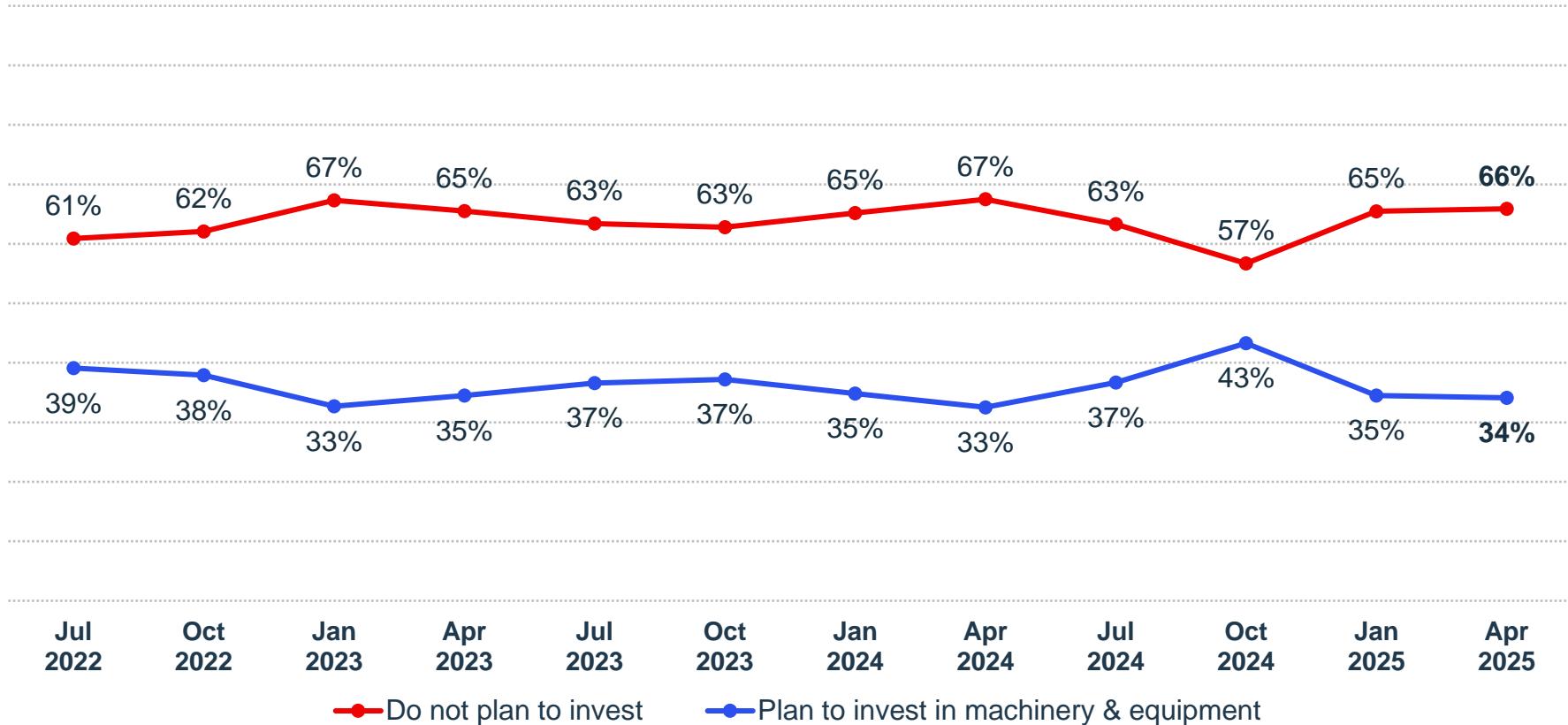
Arrows indicate statistical differences between this wave and the previous one

Investment intentions in machinery and equipment

Despite the context, one third of SMEs indicated planning to invest in machinery and equipment in the next year.



Q57b. Investment intentions in **machinery and equipment** over the next 12 months.



Base: All qualified respondents (n=898).

Those who preferred not to answer were excluded from the calculation base.

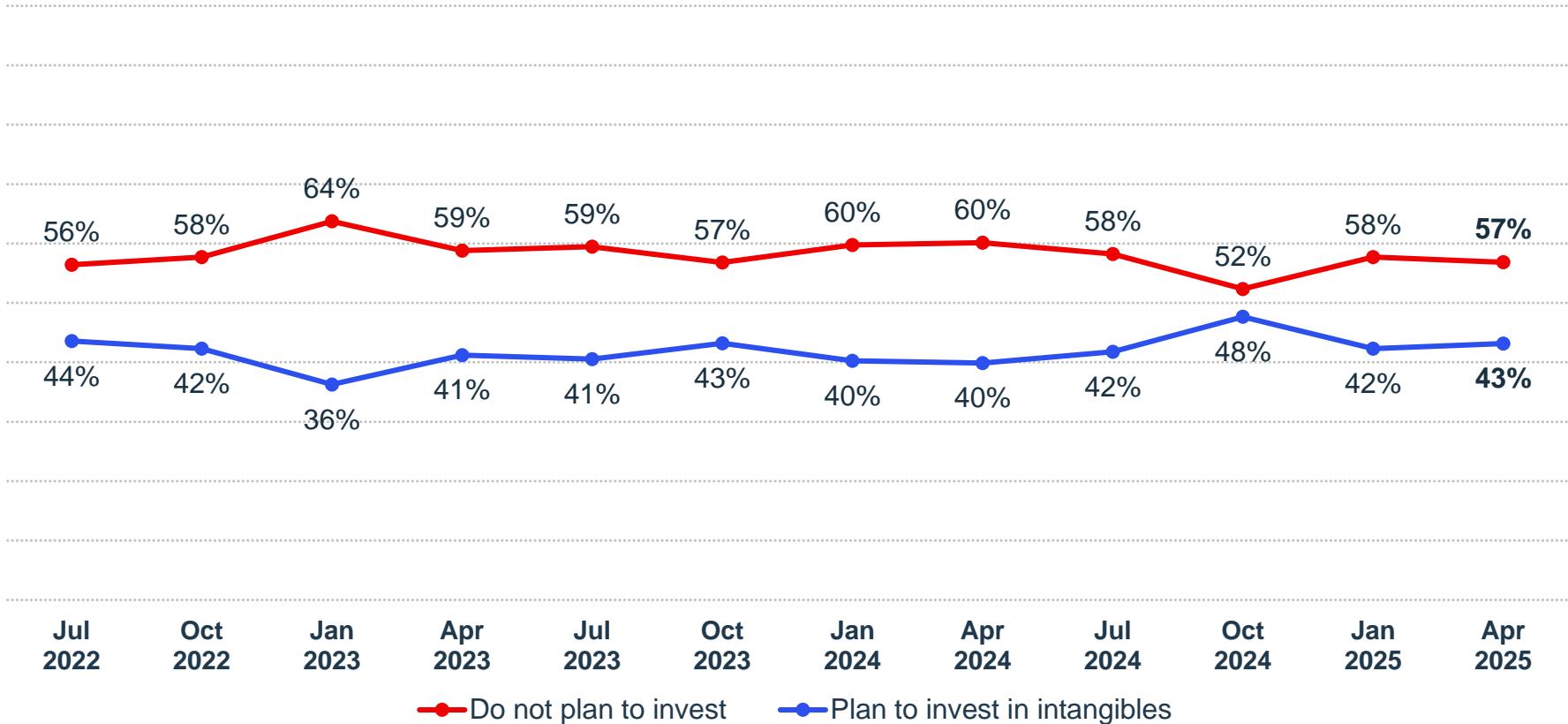
Arrows indicate statistical differences between this wave and the previous one

Investment intentions in intangibles

Investment in intangibles historically obtain the highest intent of the three categories measured but amounts to be allocated tend to be the smallest.



Q57c. Investment intentions in **software, IP protection, R&D, marketing, and employee training** over the next 12 months.



Base: All qualified respondents (n=884).

Those who preferred not to answer were excluded from the calculation base.

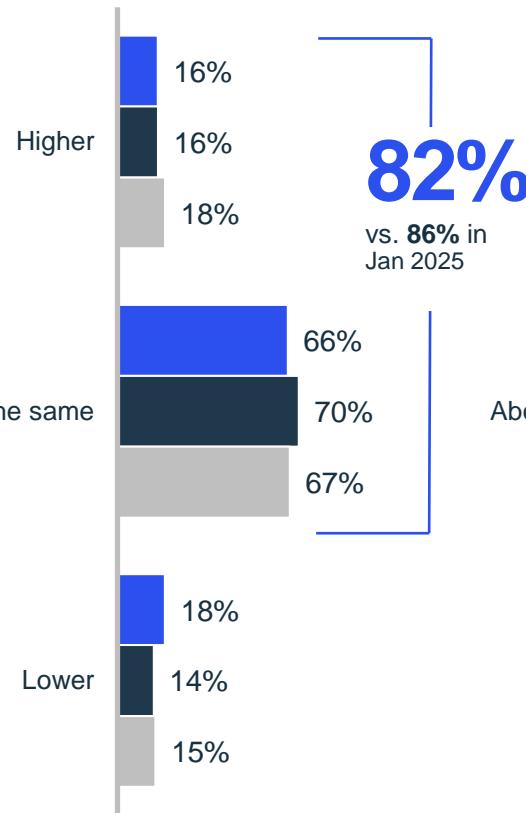
Arrows indicate statistical differences between this wave and the previous one

Amounts to be invested

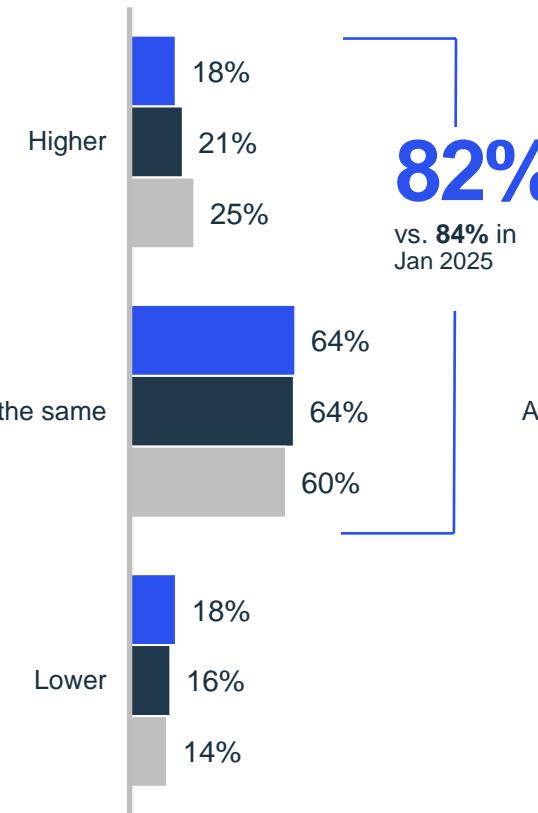
Although we see investment intentions holding relatively steady and even showing a small uptick, amounts to be invested will probably be smaller than in the past year.



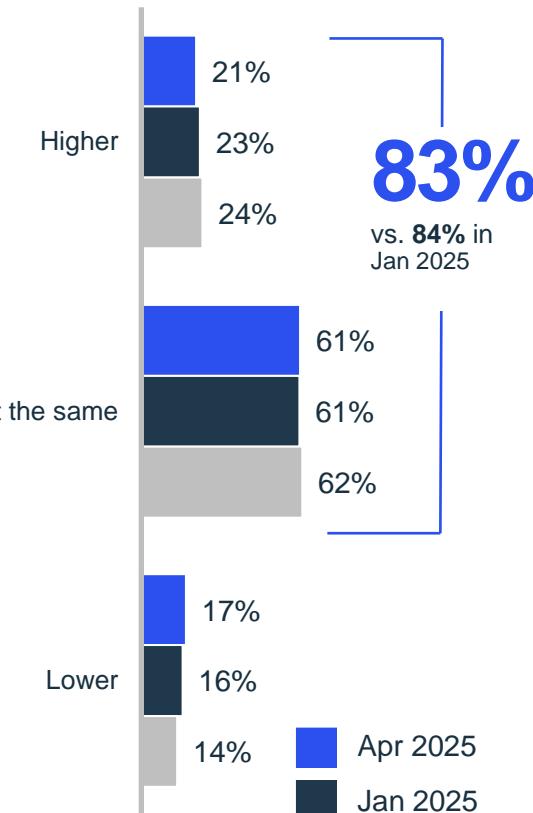
Q58a. Non-residential building, including renovations



Q58b. Machinery and equipment



Q58c. Software, IP protection, R&D, marketing, and employee training



Base: All qualified respondents (n Q58a=891, n Q58b=918 and n Q58c=926).

Those who did not know were excluded from the calculation base.

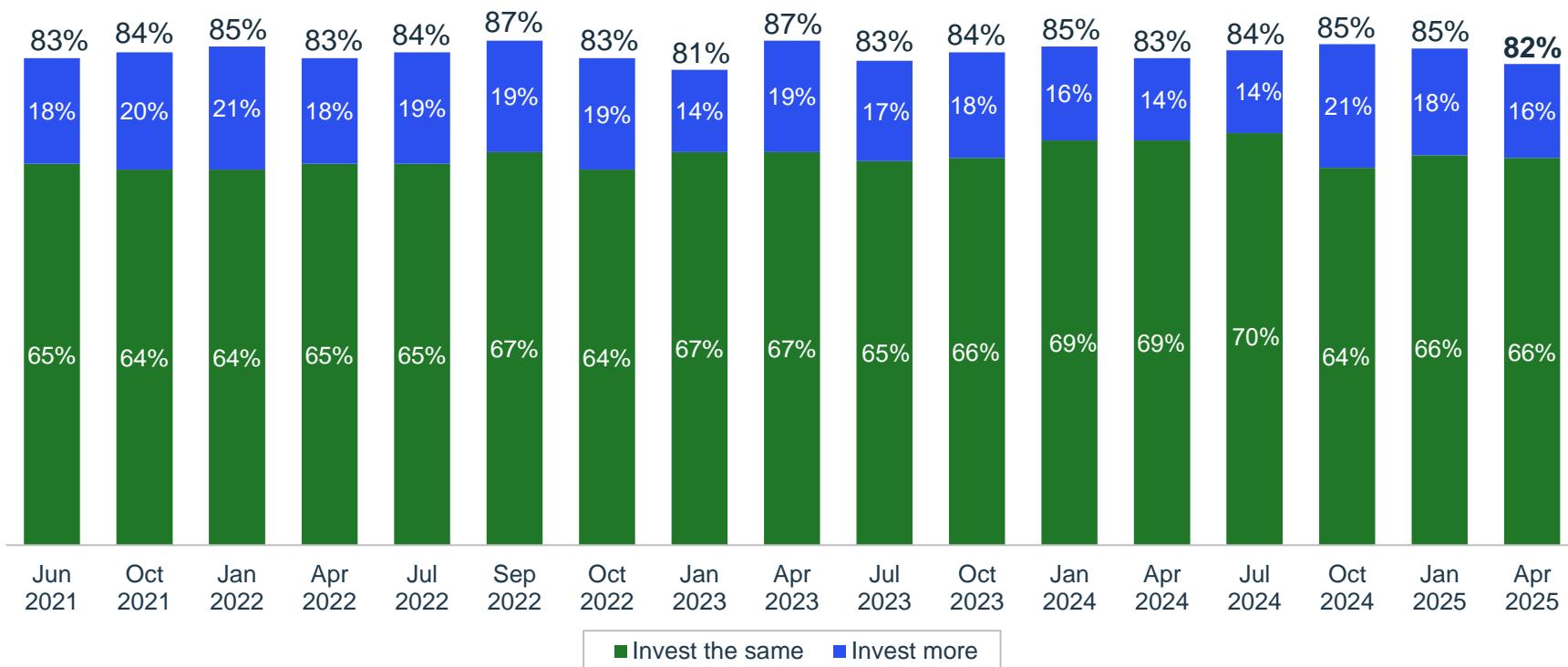
Arrows indicate statistical differences between this wave and the previous one.

Investment plans (aggregate average of the three categories)

Aggregate results show a slight decrease in SMEs planning to invest more and stable results regarding investing the same amount as last year.



Q58. Percentage of SMEs planning to invest “**about the same amount or more**”.
This variable is based on an aggregate average of investment intentions.



Base: All qualified respondents (n=945).

Those who preferred not to answer were excluded from the calculation base.

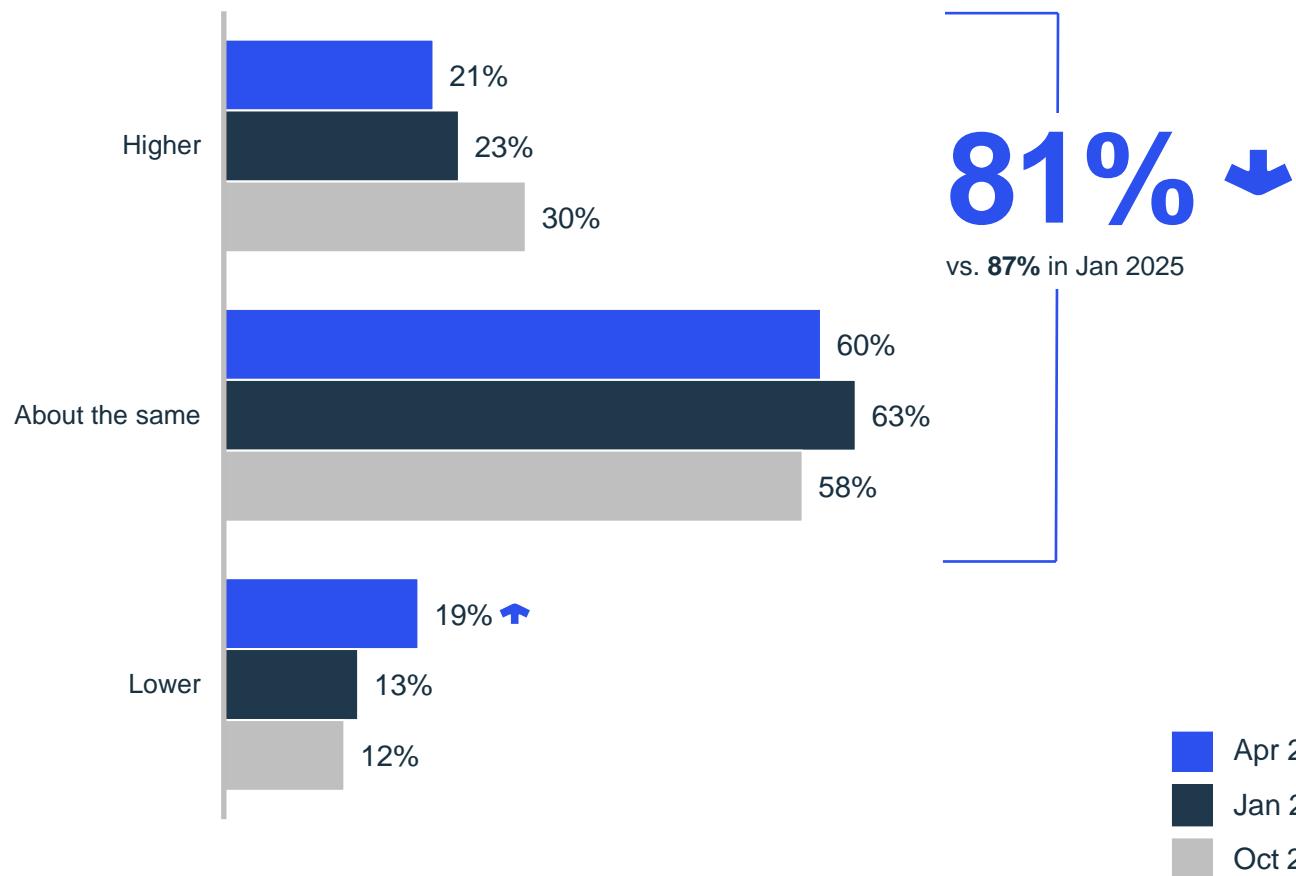
Arrows indicate statistical differences between this wave and the previous one.

Investment plans (direct question about all investments)

Compared to January, the proportion of SMEs that will invest about the same amount or more in their business has dropped significantly.



Q58b. Overall, over the next 12 months, what do you expect your company's **investment spending** to be compared to the last 12 months?



Base: All qualified respondents (n=939). Those who did not know were excluded from the calculation base.
Arrows indicate statistical differences between this wave and the previous one.

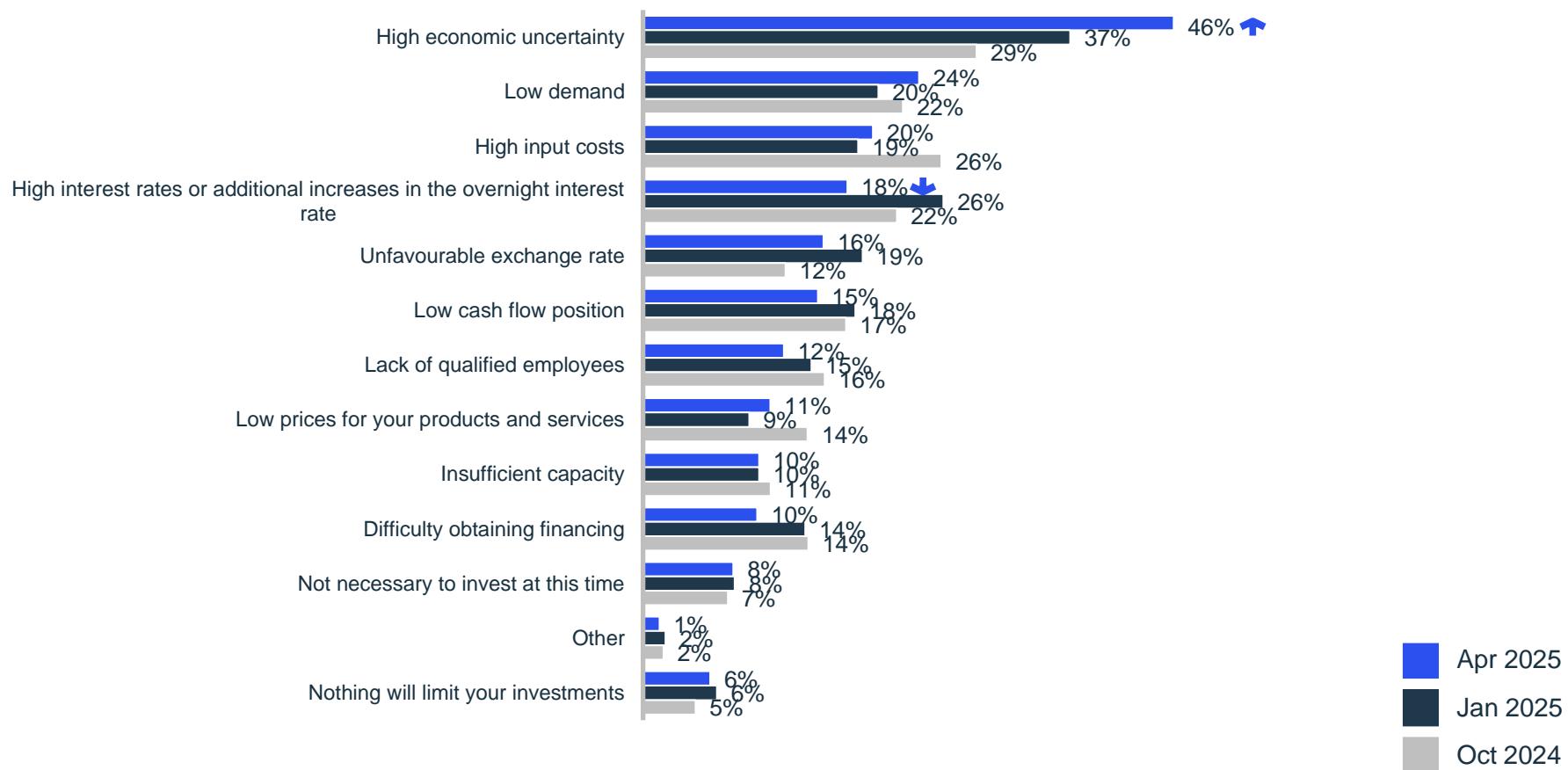
Limiting factors of those who plan to invest



High economic uncertainty is by far the most limiting factor to investment. It has increased significantly since January, while concerns around interest rates have dropped statistically. As the economy slows down, low demand and high input costs could impede investments.

Q56. Whether or not you plan to invest in the next 12 months, **what could limit your investments** in the current context?

Limiting factors among those planning to invest



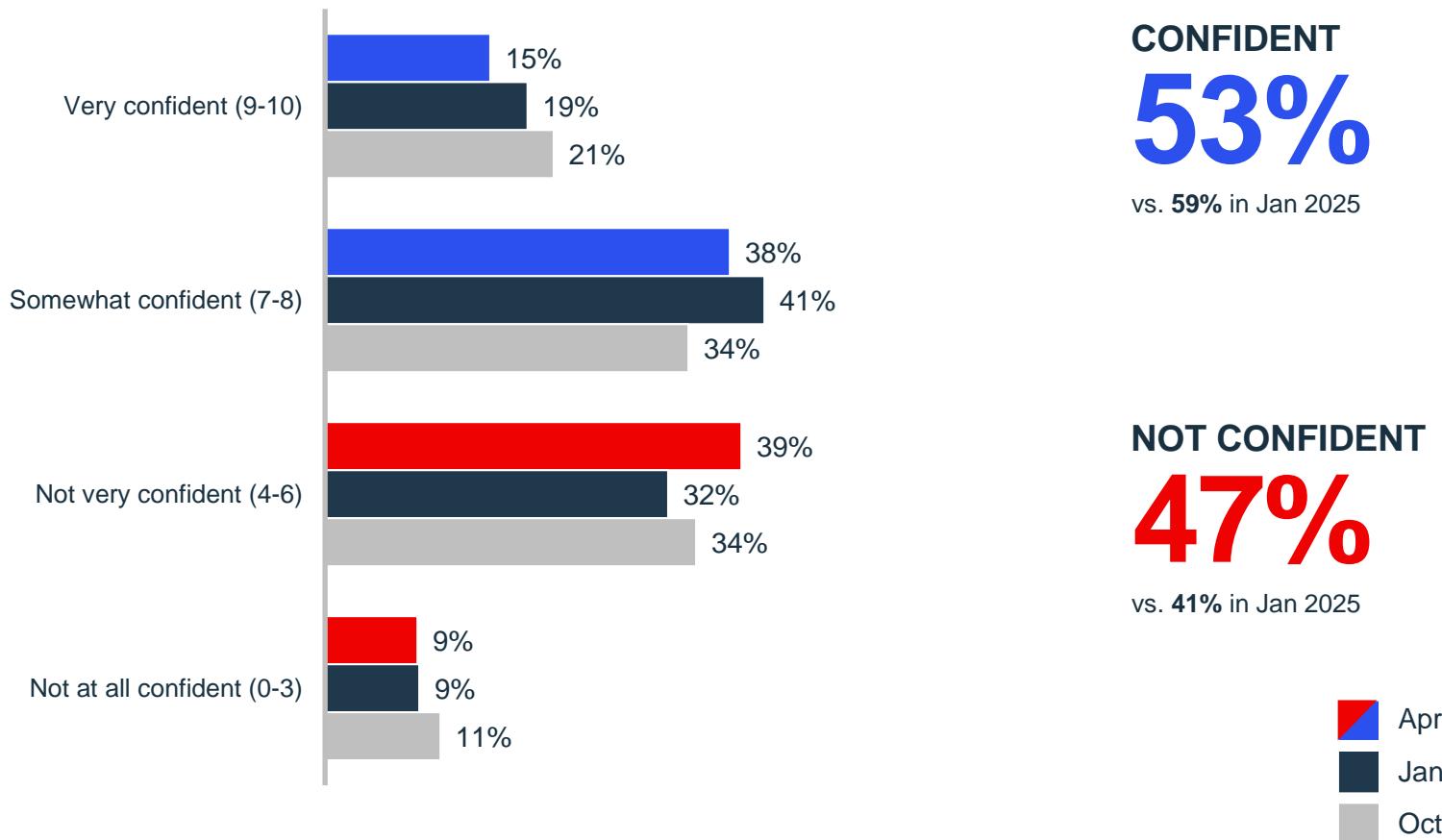
Base: Those planning to invest (n=496). Those who did not know or preferred not to answer were excluded from the calculation base. A maximum of three mentions was allowed, therefore total exceeds 100%. Arrows indicate statistical differences between this wave and the previous one.

Confidence in pursuing investments

Heightened uncertainty should dissipate eventually but, in the meantime, it is negatively affecting SMEs' confidence with investment plans. After increasing along with interest rate reductions, confidence has dipped back down and now sits just above the 50%-mark.



Q60. How **confident** are you that your business will pursue its investments in the next 12 months?



Base: Respondents planning to invest (n=487).

Those who did not know or preferred not to answer were excluded from the calculation base.

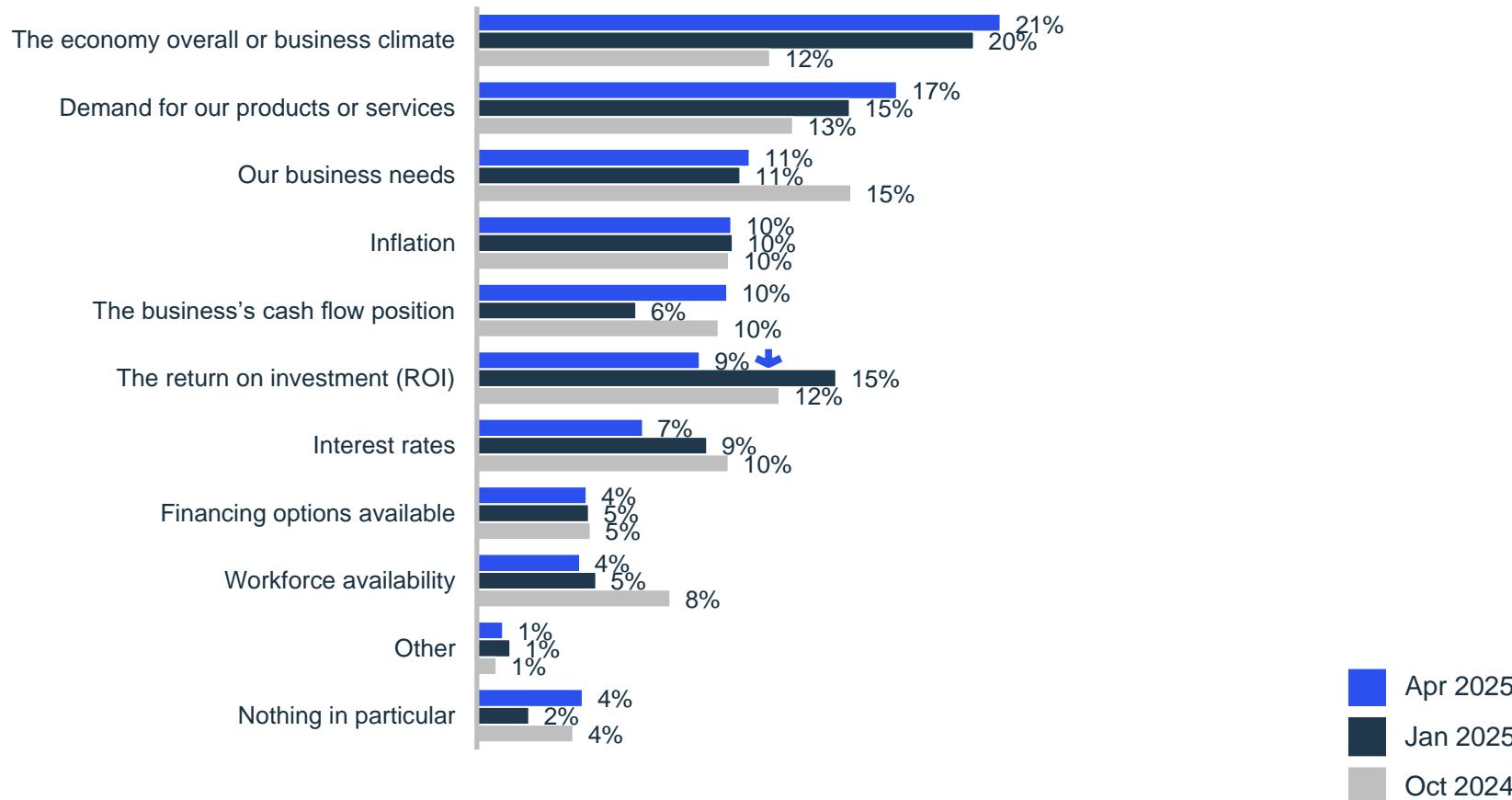
Arrows indicate statistical differences between this wave and the previous one.

Investment decisional factors

Several factors may influence SMEs' decision to invest, but the economy overall and demand for their products or services remain the most often cited elements that will weigh in the balance.



Q61. On what do you or will you primarily base your final decision to invest or not to invest as you had planned?



Base: Respondents planning to invest (n=502).

Those who did not know or preferred not to answer were excluded from the calculation base.

3c



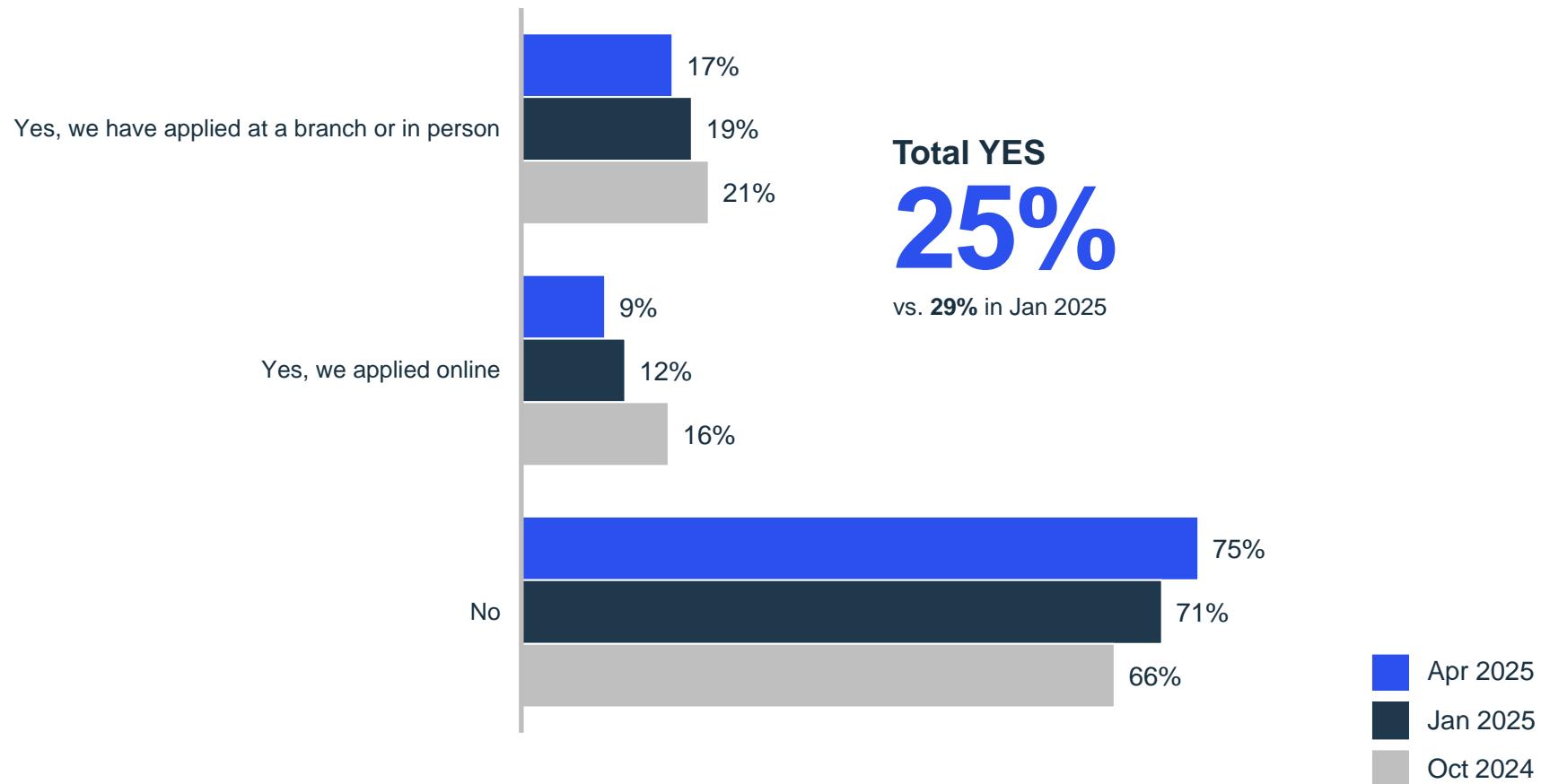
Financing supply

Past financing requests

Fewer SMEs applied for financing in the months leading into the survey.



Q30. Over the **last 3 months**, has your company **requested financing**?



Base: All qualified respondents (n=970).

Those who did not know were excluded from the calculation base. Multiple answers allowed for the "Yes" response.

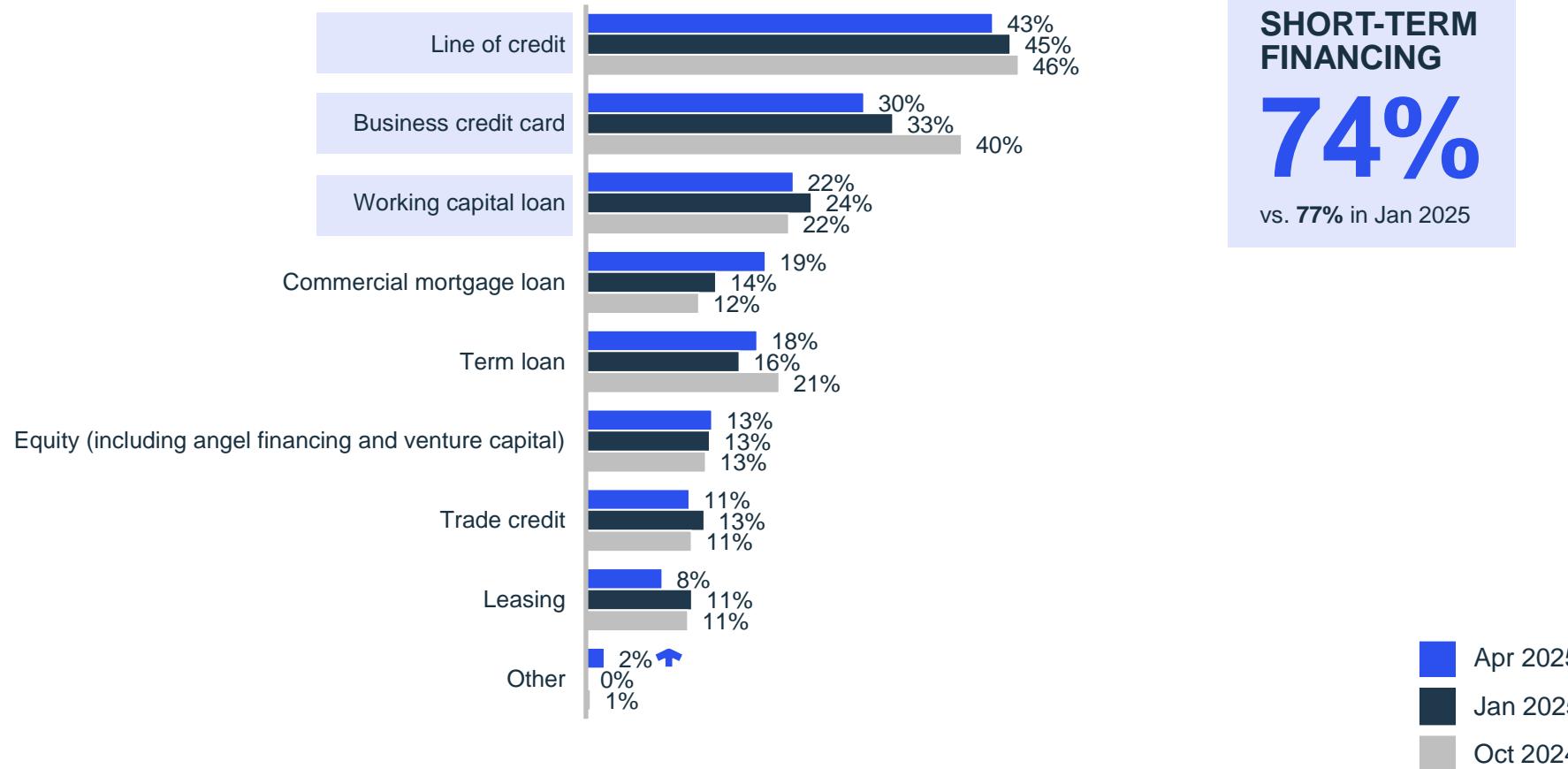
BDC – Investment and Financing Outlook Survey, April 2025

Type of financing requested

Demand for lines of credit and credit cards are trending downwards but remain the most sought-after. One in five SMEs were seeking a commercial mortgage and/or a term loan.



Q30a. What **type of financing** did you request?



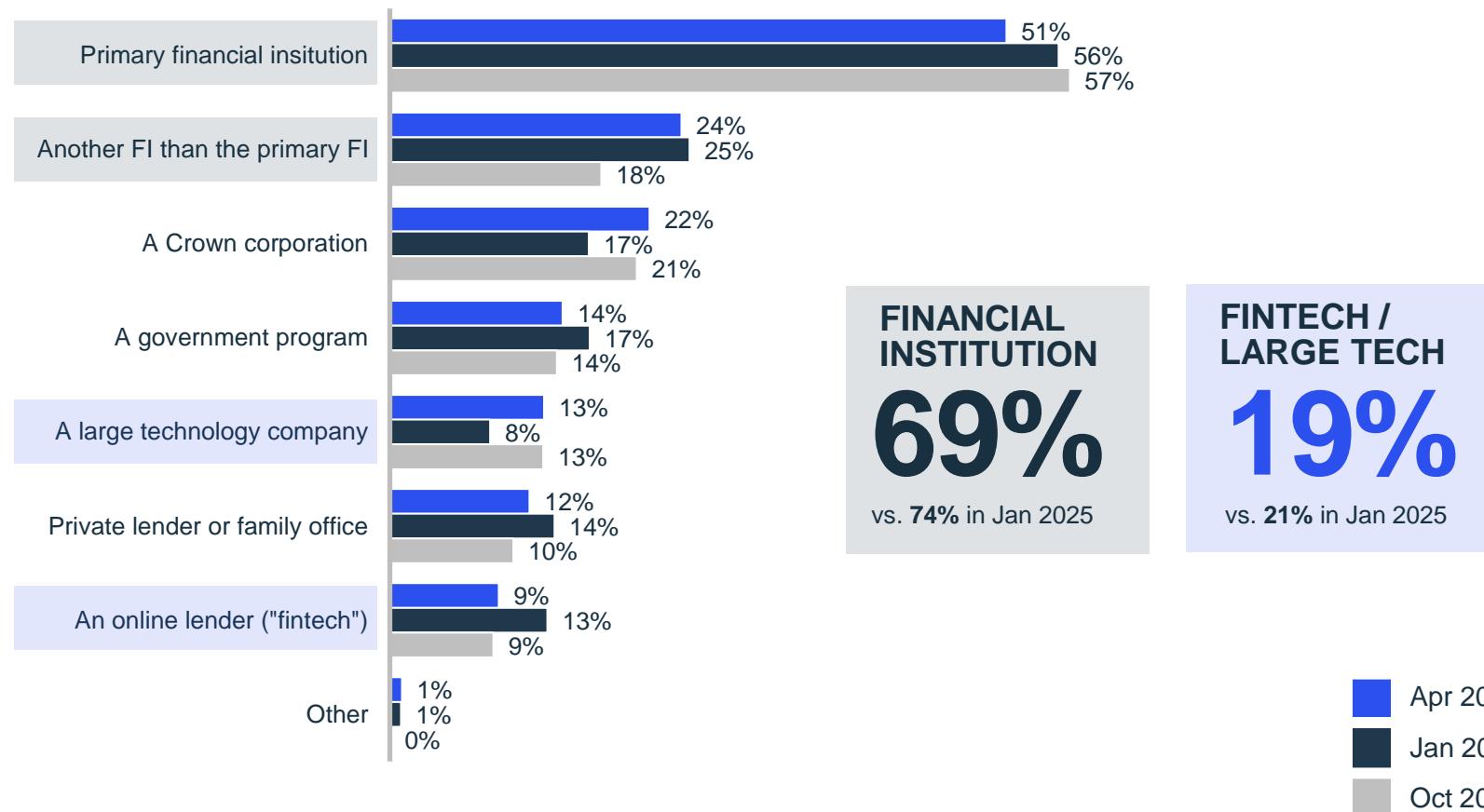
Base: Respondents who requested financing (n=313). Those who did not know were excluded from the calculation base. Multiple mentions were allowed; therefore, total exceeds 100%. Short-term options are highlighted in blue in the graph. Arrows indicate statistical differences between this wave and the previous one.

Sources of financing

Fewer SMEs approached their primary FI for financing, while Crown corps and large tech companies saw an increase over the same period.



Q30b. **Who** did you apply to for financing?



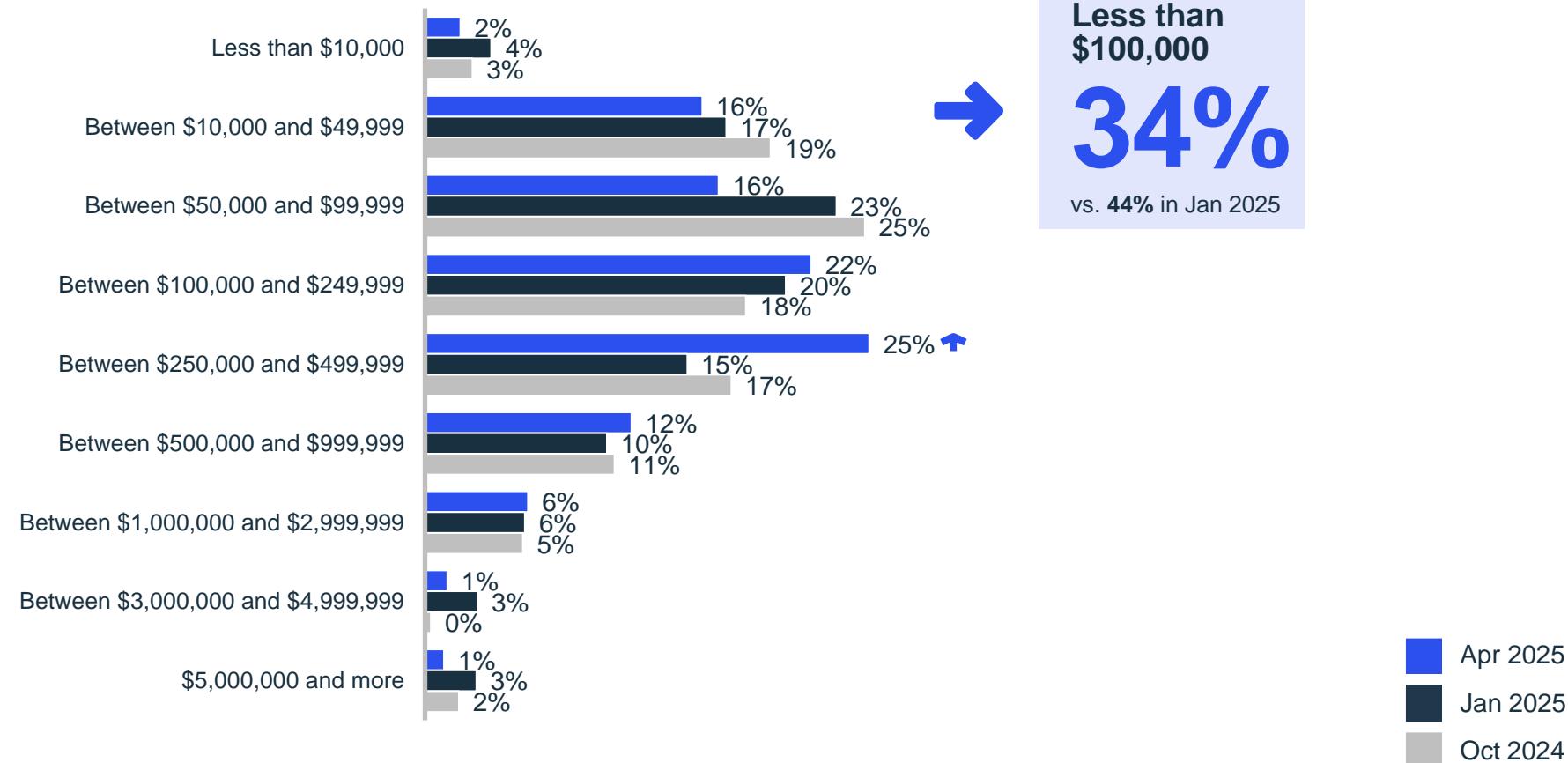
Base: Respondents who requested financing (n=311). Those who did not know were excluded from the calculation base. Multiple mentions were allowed; therefore, total exceeds 100%. Arrows indicate statistical differences between this wave and the previous one.

Amount of financing SMEs requested

Demand for up to \$100K decreased, while amounts between \$250K and <\$500K increased significantly.



Q30c. What was the **amount** of financing **requested**?



Base: Respondents who requested financing (n=308).

Those who did not know or preferred not to answer are not presented on this slide.

Arrows indicate statistical differences between this wave and the previous one.

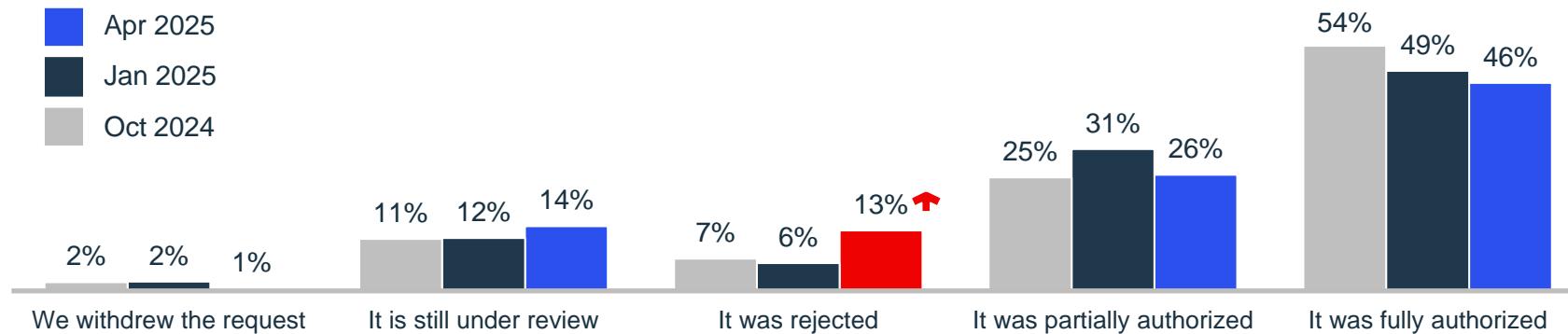
This question was added in October 2024.

Financing request outcome



Approval rates have decreased significantly in this wave of the survey. The decrease is due to an ongoing trend of fewer SMEs getting fully authorized and a statistical increase in those rejected.

Q31. What was the **outcome** of this financing request?



Base: Respondents who requested financing (n=314).
Those who did not know were excluded from the calculation base.

3d



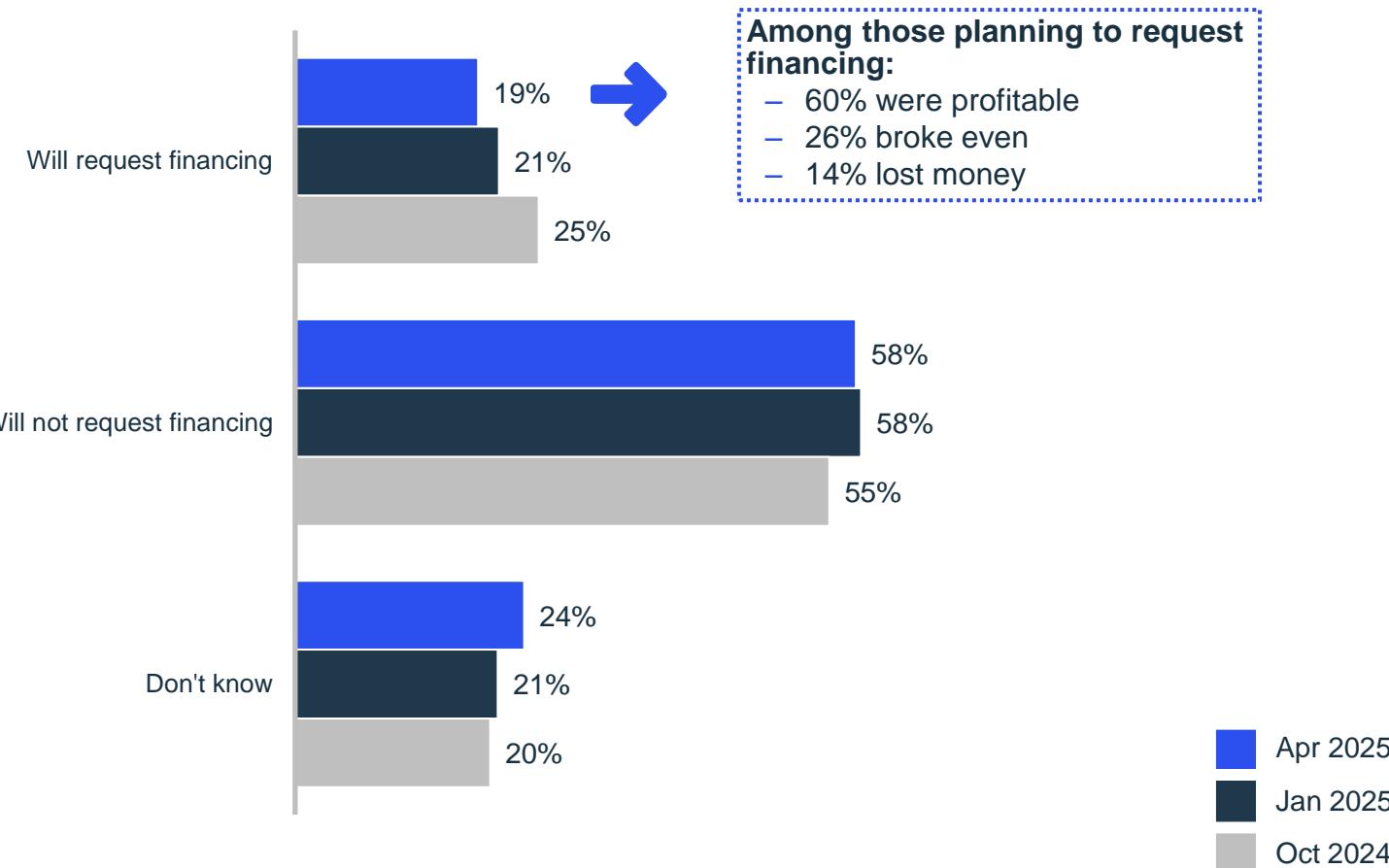
Financing demand

Planned financing requests

Fewer SMEs plan to request financing. The decrease is reflected in a growing proportion who don't know if they will make a request.



Q32. Over the **next 12 months**, is your company planning to **request financing**?



Base: All qualified respondents (n=992).

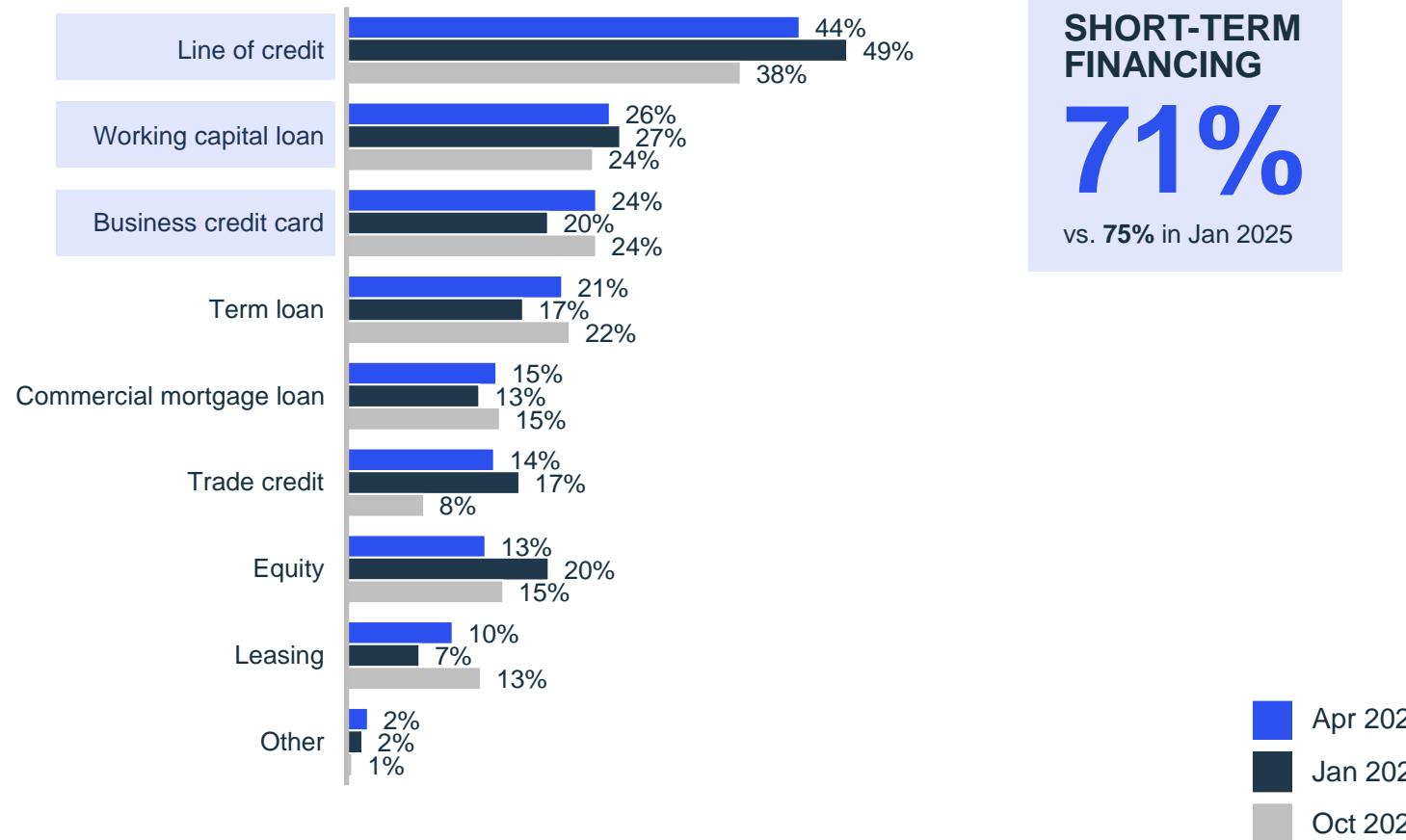
Those who preferred not to answer were excluded from the calculation base.

Type of financing SMEs will request

Funds to address liquidity needs still top the list, but we note a small increase in SMEs seeking term loans and commercial mortgages.



Q33. What **type of financing** will you request?



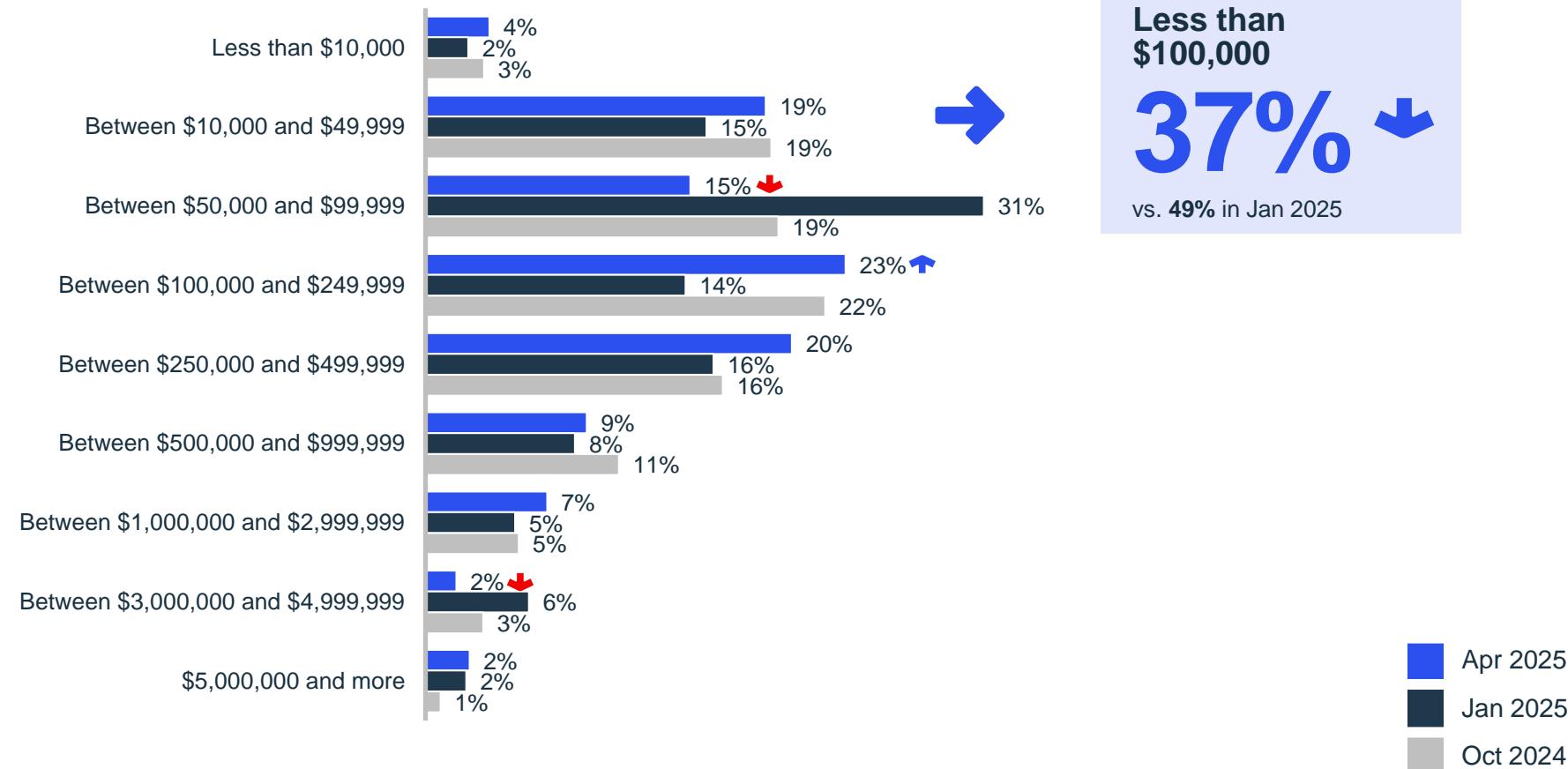
Base: Respondents who will request financing (n=247). Those who did not know were excluded from the calculation base. Arrows indicate statistical differences between this wave and the previous one. Multiple mentions were allowed; therefore, total exceeds 100%. In this graph, short-term options are highlighted in blue.

Amount of financing SMEs will request

There is a significant decrease in SMEs seeking less than \$100K, but an uptick in SMEs looking for financing between \$100K and <\$500K.



Q34. Approximately, what is the **amount of financing** you are seeking?



Base: Respondents who will request financing (n=248).

Those who did not know or preferred not to answer are not presented on this slide.

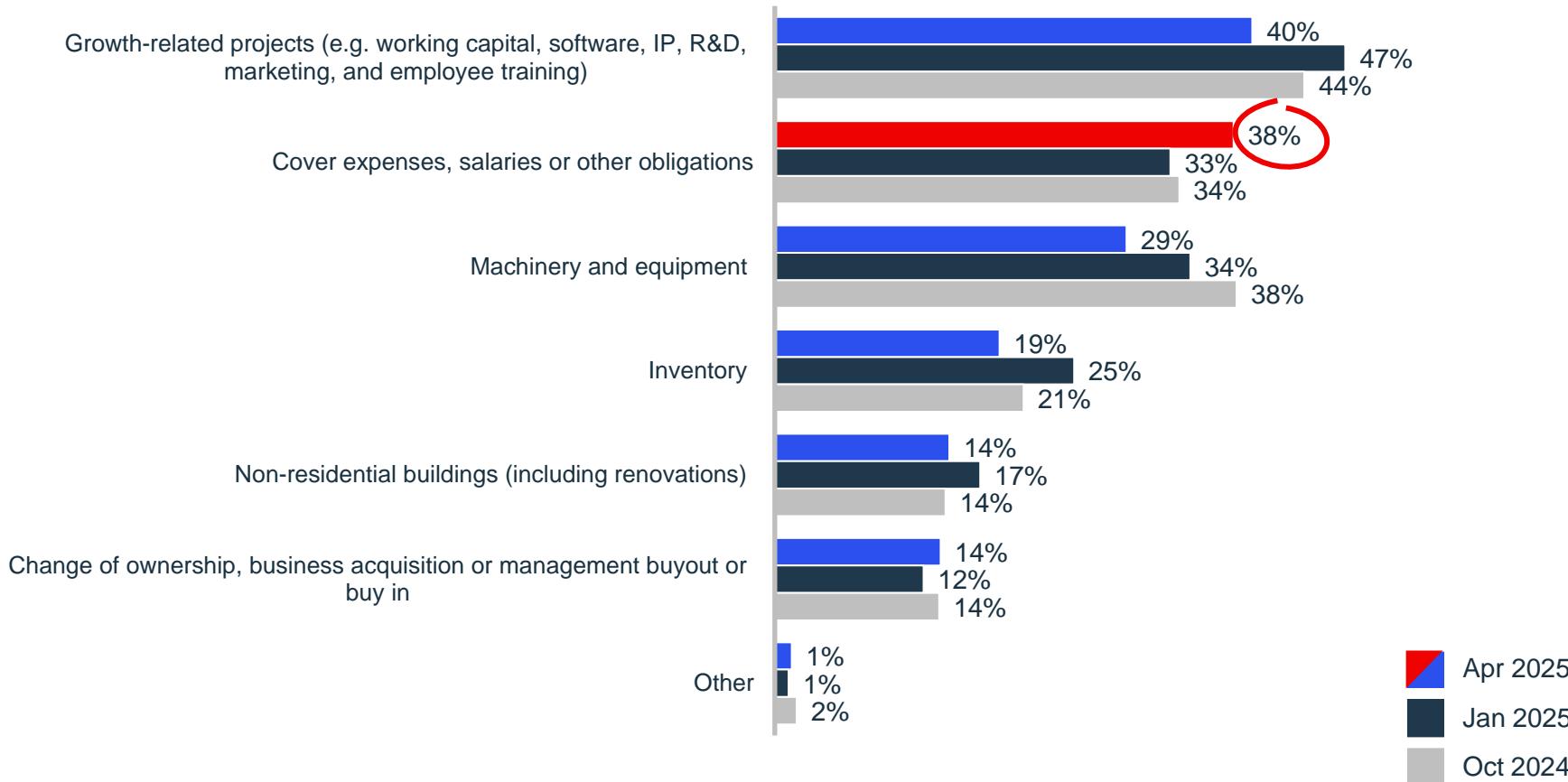
Arrows indicate statistical differences between this wave and the previous one.

Usage of financing SMEs will request

A smaller proportion of SMEs need funds for growth, machinery and equipment, and inventory. However, the proportion of those that need funds to cover expenses has gone up and is currently sitting above the historical average.



Q34b. What would this financing be **used for**?



Base: Respondents who will request financing in the next 12 months (n=245). Multiple mentions were allowed; therefore, total exceeds 100%.

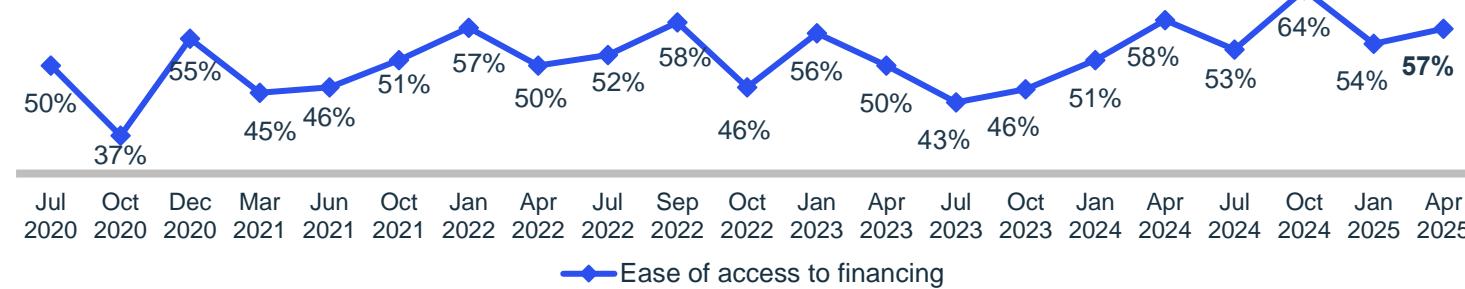
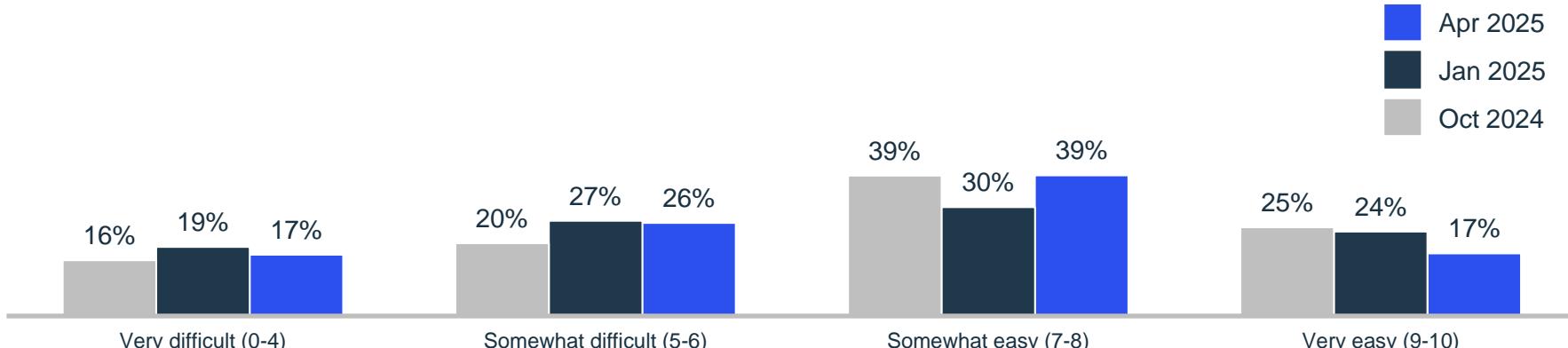
Those who did not know or preferred not to answer are not presented on this slide. Arrows indicate statistical differences between this wave and the previous one.

Predicted ease of getting financing

There is a decreasing proportion of SMEs seeking financing that believe access will be “very” easy, but overall, nearly three out of five SMEs foresee easier access. This perception is somewhat surprising, given the credit tightening observed in the market.



Q35. How easy will it be to **obtain this financing?**



**EASE OF
ACCESS**
57%

Base: Respondents who intend to request financing in the next 12 months (n=237). Those who did not know or refused to answer were removed from the calculation base. Arrows indicate statistical differences between this wave and the previous one.

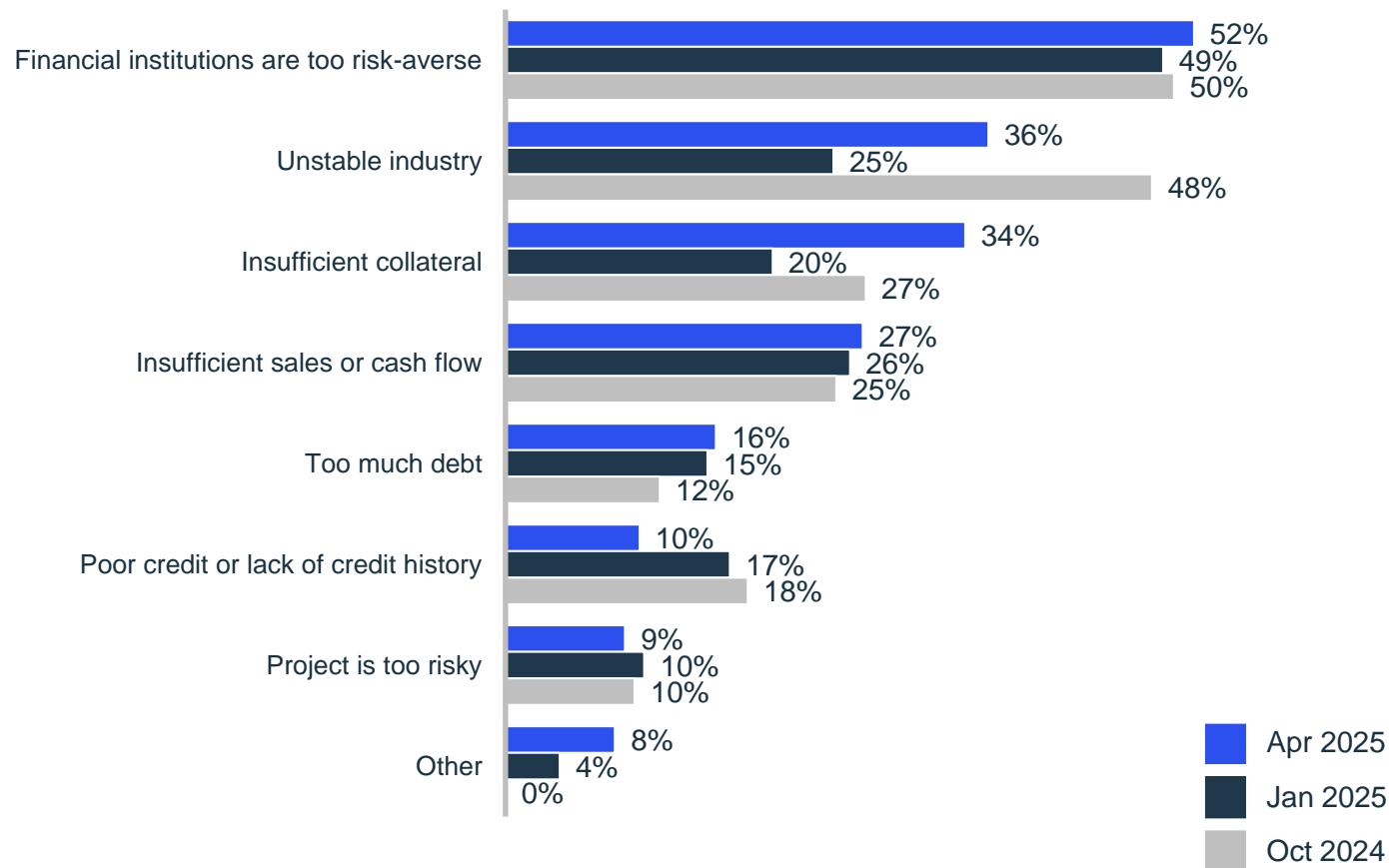
Reasons explaining a perceived difficult access

More than half of those who foresee difficult financing access indicated that FIs' risk aversion is the main reason limiting access to funds. Unstable industry and insufficient collateral round-off the top-3 reasons.



Q36. What makes you believe that it will be **difficult** to obtain financing for your company?

Small sample, interpret with caution



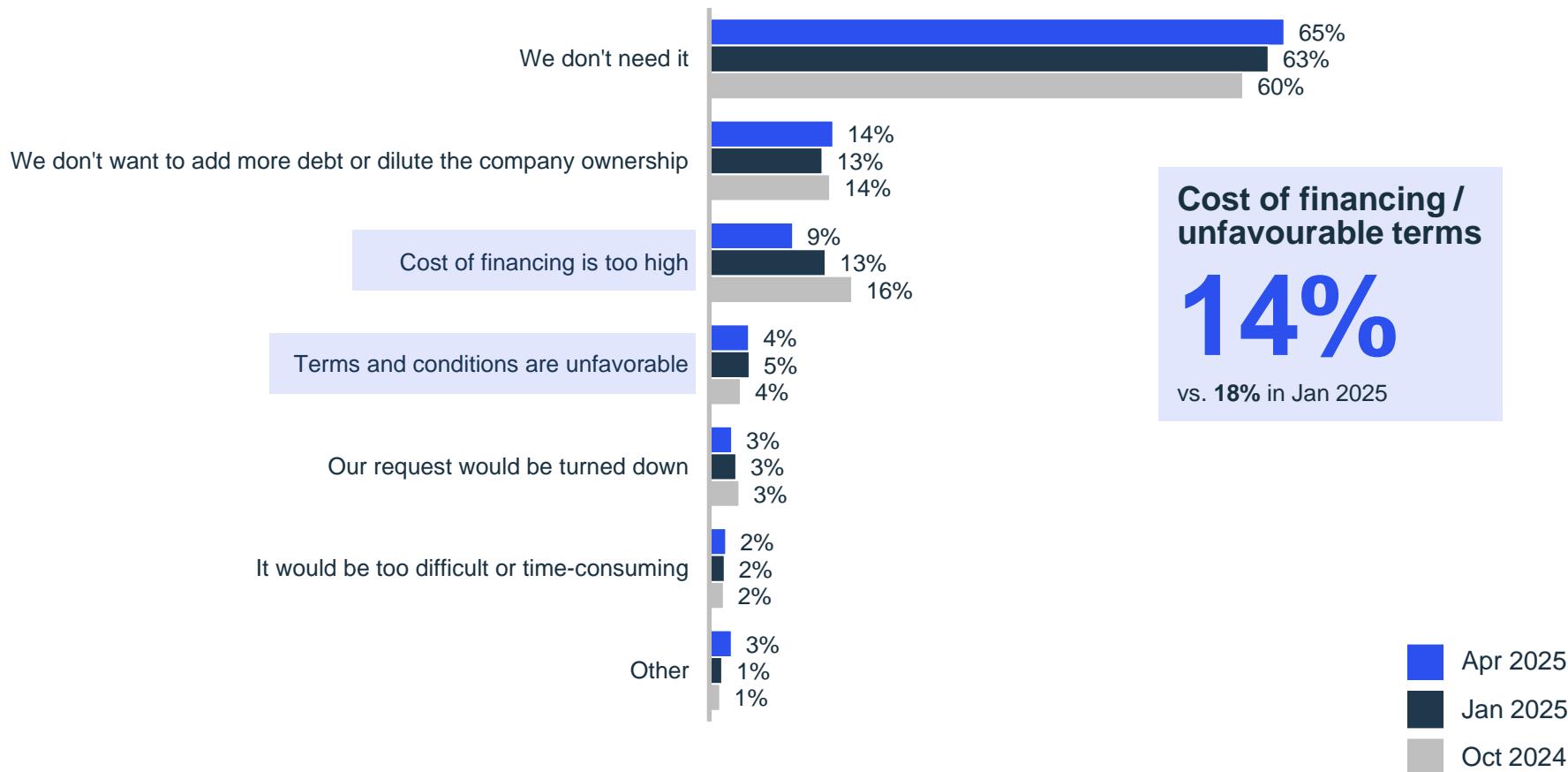
Base: Respondents who believe it will be difficult to obtain financing (n=30). Those who did not know were excluded from the calculation base. Multiple mentions were allowed; therefore, total exceeds 100%. Arrows indicate statistical differences between this wave and the previous one.

Reasons for not requesting financing

Perception that the cost of financing is too high continues its downward trend. Most SMEs indicated that they simply don't need financing. Additional funds can be viewed as a lever, but in the current context, it can easily become a ball and chain.



Q37. Why do you **not intend to request financing or would not request financing** over the next 12 months?



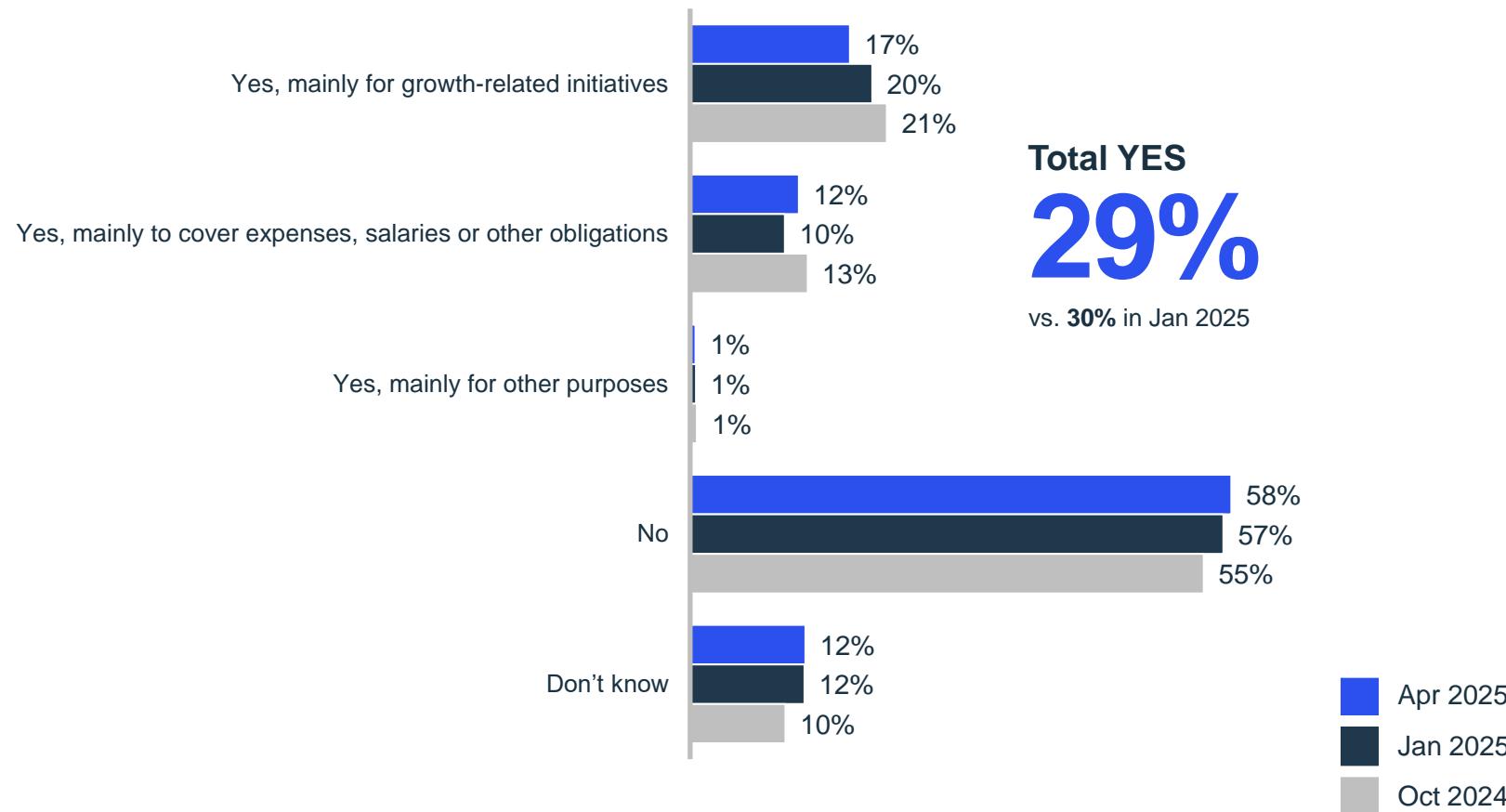
Base: Respondents who will not or who don't know if they will request financing in the next 12 months (n=692). Those who did not know or preferred not to answer were excluded from the calculation base. Arrows indicate statistical differences between this wave and the previous one. Multiple mentions were allowed; therefore, total exceeds 100%.

Helpfulness of obtaining financing

There is stability in the proportion of SMEs for whom financing would be beneficial despite not planning to request any funding.



Q37b. Would it be **helpful** for your company **to obtain financing** over the next 12 months?



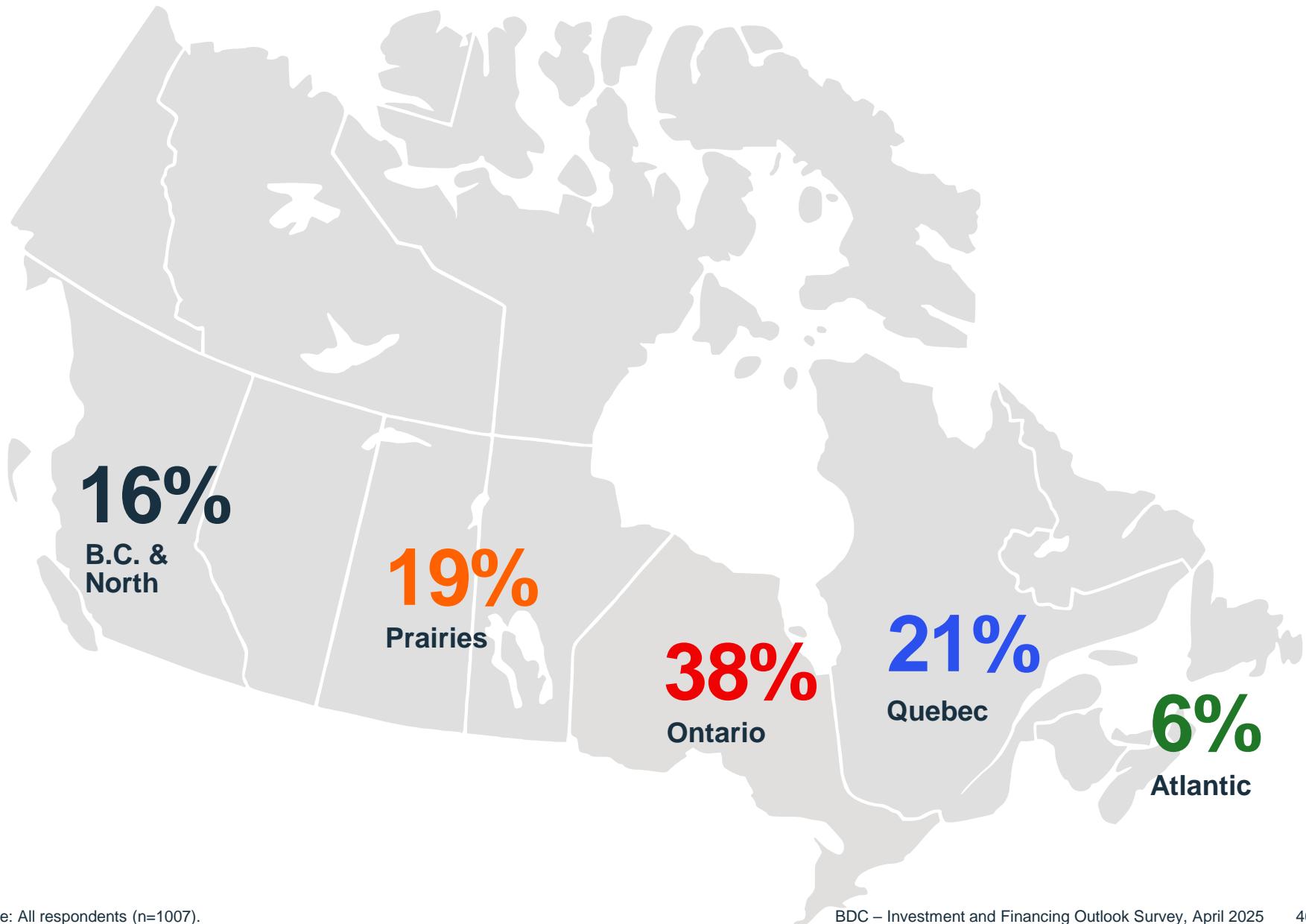
Base: Respondents who will not or don't know if they will request financing in the next 12 months (n=739).

Those who preferred not to answer were excluded from the calculation base.

4



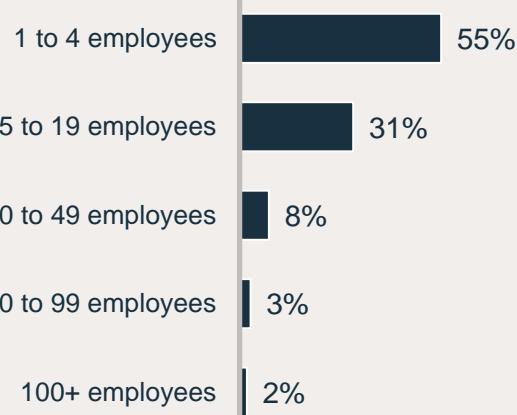
Respondent profile



Respondent profile



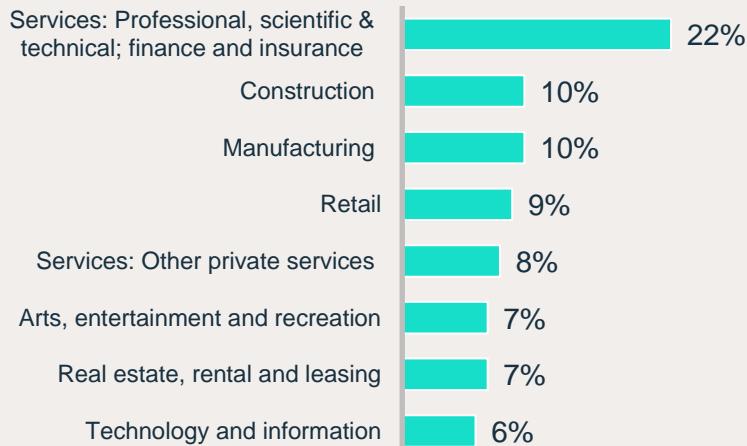
Number of employees



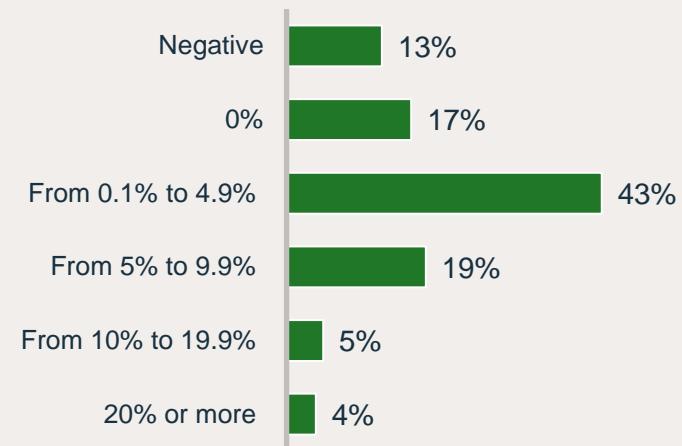
Annual sales



Sector of activity



Revenue growth

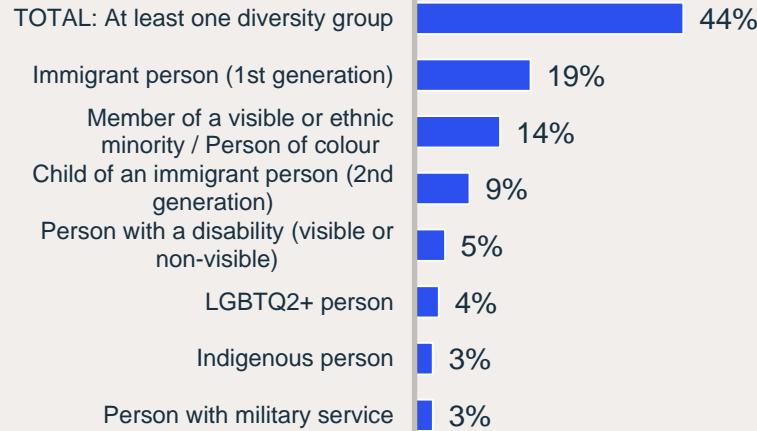


Base: Number of employees (n=1007). For annual sales (n=927). For the sectors (n=994) only those with 5%+ respondents are presented. For revenue growth = Respondents for which company existed last year (n=923). Those who didn't know were excluded from the calculation base.

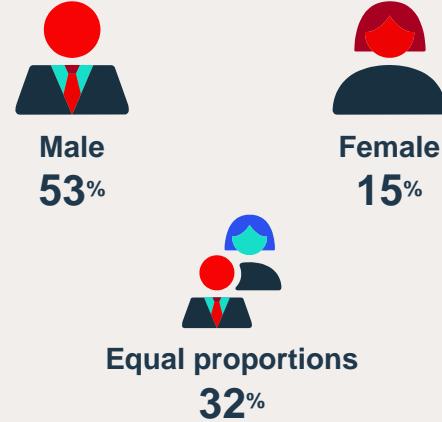
Respondent profile



Diversity*



Gender ownership



Thank you

Research and Market Intelligence team

