

Returns for Domestic Nonfinancial Business

By Bonnie A. Retus and Marina Rouleau | April 22, 2025

Once a year, the U.S. Bureau of Economic Analysis (BEA) reports on sector rates of return for domestic nonfinancial corporations, for nonfinancial industries, and for 14 major nonfinancial industry sectors, including mining, utilities, construction, manufacturing, wholesale trade, and retail trade. These broad measures of profitability, based on returns on produced assets, may be useful to economists and policymakers. Industry sector and corporate business rates of return are available through 2023; these rates of return reflect revised statistics from the 2023 comprehensive and 2024 annual updates of the National Income and Product Accounts (NIPAs) and the Industry Economic Accounts (IEAs).¹ Various Tobin's Q ratios, which compare the financial market value of assets with the replacement-cost value of produced assets, are also presented in this article.

The rates of return presented in this article are calculated as the ratio of the net operating surplus to the net stock of produced assets.² The net operating surplus reflects the return to capital and is presented in table A. Produced assets are presented in table B. For nonfinancial corporations, the net operating surplus reflects statistics from the NIPAs and is defined as the sum of corporate profits from current production, net interest payments, and net business current transfer payments.³ The net operating surplus for nonfinancial industries reflects statistics from the IEAs and is a broader concept that includes proprietors' income. For both nonfinancial corporations and nonfinancial industries, the statistics on net stock of produced assets are from BEA's fixed assets accounts. To calculate the Q ratios, additional statistics on financial market values are drawn from the Federal Reserve Board's Financial Accounts of the United States.

Table A. Net Operating Surplus of Domestic Nonfinancial Corporations and Nonfinancial Industries, 2003–2013—Continues

[Billions of dollars]

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Nonfinancial corporations	830.1	988.6	1,157.5	1,297.8	1,271.8	1,217.2	1,086.0	1,358.9	1,444.0	1,572.7	1,634.5
Total nonfinancial industries	1,732.8	1,955.4	2,136.0	2,246.2	2,366.5	2,424.2	2,261.5	2,576.9	2,685.5	2,723.0	2,949.6
Agriculture, forestry, fishing, and hunting	64.7	85.9	79.3	63.0	72.9	70.1	51.8	68.3	98.4	88.1	119.8
Mining	26.6	40.0	70.2	83.7	105.3	152.2	62.5	84.5	111.1	84.8	102.0
Utilities	46.3	54.2	46.7	63.2	58.7	57.4	68.9	85.0	85.8	74.9	76.0
Construction	157.4	192.4	226.5	235.3	232.6	170.7	153.7	140.8	136.9	146.1	162.1
Manufacturing	344.4	393.7	442.2	499.6	512.1	455.2	432.4	508.7	533.1	542.3	559.7
Durable-goods manufacturing	117.6	133.1	160.1	174.7	177.4	142.9	94.5	167.0	180.8	191.1	205.8
Nondurable-goods manufacturing	226.8	260.7	282.2	324.9	334.7	312.2	337.9	341.7	352.3	351.2	354.0
Wholesale trade	118.2	141.9	161.6	179.7	199.3	219.2	213.4	250.9	257.2	288.1	311.6
Retail trade	130.2	126.0	134.0	132.9	111.9	99.0	119.3	135.0	126.7	140.6	167.0
Transportation and warehousing	40.3	53.6	63.5	85.0	68.3	78.7	70.1	96.8	97.8	100.1	109.9
Information	145.7	188.6	199.2	193.5	228.8	265.0	247.2	277.4	260.9	239.7	285.6
Real estate and rental and leasing ¹	220.0	210.1	233.1	212.3	269.7	273.3	253.9	289.8	317.3	343.6	385.3
Professional and business services ²	229.5	246.1	255.2	260.0	288.5	349.5	323.6	347.0	358.7	366.2	354.4
Educational services, health care, and social assistance	76.0	82.5	75.7	80.5	74.6	105.6	132.9	141.9	144.6	138.7	136.5
Arts, entertainment, recreation, accommodation, and food services	78.9	84.7	85.9	92.4	88.1	83.8	86.5	100.4	110.5	121.1	127.9
Other services, except government	54.5	55.7	62.9	65.0	55.7	44.5	45.2	50.4	46.7	48.6	51.8

1. The housing component of real estate and rental and leasing is excluded from these estimates to allow for better comparison with nonfinancial corporate returns.
2. To preserve the nonfinancial focus of this article, management of companies and enterprises is excluded from this sector.

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Table A. Net Operating Surplus of Domestic Nonfinancial Corporations and Nonfinancial Industries, 2014–2023—Table Ends

[Billions of dollars]

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Nonfinancial corporations	1,711.4	1,739.0	1,671.8	1,708.5	1,835.1	1,861.9	1,912.2	2,535.2	2,775.2	2,858.1
Total nonfinancial industries	2,975.4	3,001.1	3,048.5	3,200.0	3,417.5	3,492.5	3,600.5	4,382.2	4,617.5	5,061.7
Agriculture, forestry, fishing, and hunting	96.2	77.6	62.2	66.6	69.3	62.6	81.6	124.0	156.9	128.7
Mining	100.2	–44.9	–64.1	–10.3	35.3	9.8	–50.0	88.6	177.1	116.1
Utilities	82.2	78.0	72.8	76.4	74.0	72.8	74.8	104.6	133.3	124.1
Construction	180.8	208.0	239.9	266.9	275.7	296.1	365.2	348.1	347.1	398.1
Manufacturing	541.6	554.5	504.4	514.9	594.7	552.8	484.6	628.9	732.1	790.4
Durable-goods manufacturing	192.6	199.3	190.0	188.0	191.4	195.7	180.3	186.1	198.3	241.8
Nondurable-goods manufacturing	349.0	355.3	314.4	327.0	403.4	357.1	304.4	442.9	533.9	548.6
Wholesale trade	330.4	361.6	349.7	347.0	352.5	377.0	428.0	429.9	505.2	536.5
Retail trade	174.6	203.3	232.1	243.7	251.7	262.5	340.0	407.1	386.9	470.2
Transportation and warehousing	125.4	143.6	145.0	151.7	155.7	148.5	129.8	202.0	229.5	219.1
Information	264.8	295.1	332.2	322.0	295.0	351.7	357.0	371.4	361.2	396.7
Real estate and rental and leasing ¹	388.9	390.8	401.8	424.6	481.9	491.8	524.6	607.5	655.4	726.4
Professional and business services ²	362.4	376.4	394.7	412.2	442.7	452.8	485.5	517.2	524.6	613.4
Educational services, health care, and social assistance	135.9	146.1	159.1	158.3	154.2	164.6	187.2	205.6	151.1	201.7
Arts, entertainment, recreation, accommodation, and food services	133.2	150.1	157.0	160.8	165.3	177.6	125.6	263.3	186.2	252.6
Other services, except government	58.8	61.1	61.6	65.4	69.4	71.8	66.7	83.9	70.9	87.7

1. The housing component of real estate and rental and leasing is excluded from these estimates to allow for better comparison with nonfinancial corporate returns.
2. To preserve the nonfinancial focus of this article, management of companies and enterprises is excluded from this sector.

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**Table B. Produced Assets of Domestic Nonfinancial Corporations and Nonfinancial Industries, 2003–2013—
Continues**
[Billions of dollars]

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Nonfinancial corporations	10,227.7	10,829.7	11,772.8	12,761.8	13,636.3	14,408.6	14,556.2	14,562.7	15,202.7	15,888.9	16,495.3
Total nonfinancial industries	13,448.6	14,608.1	15,926.5	17,213.7	18,243.7	19,249.9	18,638.2	19,279.5	20,274.4	20,992.5	21,899.4
Agriculture, forestry, fishing, and hunting	530.7	567.2	606.9	633.6	674.1	688.7	658.6	693.3	746.5	767.3	813.6
Mining	792.7	946.3	1,241.2	1,442.6	1,536.3	1,673.6	1,518.0	1,603.6	1,784.0	1,909.7	2,045.8
Utilities	1,205.0	1,334.9	1,426.0	1,521.4	1,643.0	1,800.5	1,783.9	1,911.5	2,034.0	2,123.1	2,180.7
Construction	205.9	228.2	251.4	275.7	288.5	302.9	278.8	272.3	277.0	283.1	292.5
Manufacturing	2,860.0	3,008.6	3,187.5	3,356.4	3,585.0	3,734.1	3,685.0	3,794.9	3,976.7	4,084.3	4,274.6
Durable-goods manufacturing	1,583.9	1,653.8	1,741.6	1,830.8	1,921.8	2,015.7	1,952.8	1,997.4	2,094.2	2,155.1	2,235.1
Nondurable-goods manufacturing	1,276.1	1,354.9	1,445.9	1,525.6	1,663.2	1,718.4	1,732.2	1,797.5	1,882.5	1,929.1	2,039.5
Wholesale trade	718.0	783.6	863.7	939.3	997.5	1,032.4	968.5	1,034.9	1,111.6	1,172.4	1,205.7
Retail trade	1,212.0	1,337.3	1,431.4	1,535.6	1,616.4	1,667.3	1,570.2	1,601.4	1,667.8	1,729.3	1,800.3
Transportation and warehousing	873.8	924.8	966.0	1,014.7	1,047.5	1,109.4	1,082.4	1,106.7	1,149.0	1,184.8	1,223.9
Information	1,331.6	1,409.8	1,499.2	1,632.2	1,681.6	1,749.2	1,742.8	1,846.5	1,923.2	1,962.2	2,022.9
Real estate and rental and leasing ¹	1,023.4	1,122.0	1,231.1	1,350.2	1,435.4	1,518.1	1,442.4	1,444.6	1,489.9	1,539.5	1,603.7
Professional and business services ²	567.9	615.6	669.6	724.7	767.8	815.4	821.0	846.6	883.4	914.7	949.6
Educational services, health care, and social assistance	1,102.7	1,213.1	1,334.4	1,467.2	1,570.7	1,680.7	1,662.4	1,701.8	1,777.8	1,832.9	1,925.3
Arts, entertainment, recreation, accommodation, and food services	608.4	660.3	718.3	779.4	830.9	886.7	860.1	857.1	877.0	902.2	949.7
Other services, except government	416.6	456.4	499.6	540.7	569.0	590.8	564.2	564.6	576.4	587.0	611.0

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Table B. Produced Assets of Domestic Nonfinancial Corporations and Nonfinancial Industries, 2014–2023—Table Ends

[Billions of dollars]

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Nonfinancial corporations	17,202.5	17,732.4	18,133.0	18,754.6	19,564.8	20,456.7	21,071.6	22,505.8	25,105.7	26,875.7
Total nonfinancial industries	22,904.0	23,306.9	23,997.8	24,947.1	26,142.2	27,308.1	27,859.2	31,178.0	34,844.1	35,921.3
Agriculture, forestry, fishing, and hunting	874.1	846.2	842.4	861.3	877.5	886.0	876.3	993.4	1,081.7	1,105.4
Mining	2,302.9	2,200.5	2,121.7	2,092.1	2,043.3	2,085.4	1,820.1	1,835.1	2,043.2	2,127.1
Utilities	2,284.6	2,343.6	2,473.0	2,554.2	2,647.6	2,822.1	2,957.8	3,353.4	3,653.5	3,690.4
Construction	303.1	314.8	324.7	332.8	348.7	369.1	379.0	418.3	478.6	513.3
Manufacturing	4,380.9	4,425.7	4,554.2	4,746.1	4,989.6	5,191.3	5,412.1	6,010.2	6,566.1	6,771.3
Durable-goods manufacturing	2,302.6	2,320.8	2,351.4	2,424.5	2,551.6	2,633.4	2,723.8	3,022.7	3,280.5	3,387.6
Nondurable-goods manufacturing	2,078.3	2,105.1	2,202.8	2,321.6	2,438.0	2,557.9	2,688.3	2,987.5	3,285.8	3,383.9
Wholesale trade	1,258.5	1,285.9	1,335.0	1,418.0	1,505.0	1,558.9	1,570.0	1,857.6	2,139.4	2,154.4
Retail trade	1,855.0	1,915.1	1,982.4	2,067.4	2,169.4	2,258.6	2,294.3	2,711.2	3,095.4	3,159.5
Transportation and warehousing	1,291.9	1,338.7	1,386.6	1,447.2	1,538.1	1,608.1	1,640.0	1,811.0	1,958.8	2,019.4
Information	2,096.1	2,160.5	2,247.9	2,391.4	2,547.0	2,660.5	2,788.0	3,069.6	3,458.6	3,712.5
Real estate and rental and leasing ¹	1,667.8	1,735.4	1,803.9	1,889.0	2,004.4	2,094.3	2,124.8	2,419.5	2,746.4	2,799.6
Professional and business services ²	972.9	999.8	1,035.0	1,084.3	1,160.4	1,243.2	1,326.8	1,493.1	1,696.7	1,796.5
Educational services, health care, and social assistance	1,987.8	2,050.4	2,106.1	2,204.2	2,343.4	2,465.9	2,552.4	2,839.3	3,287.3	3,363.8
Arts, entertainment, recreation, accommodation, and food services	994.7	1,036.6	1,099.3	1,153.5	1,227.8	1,296.1	1,326.9	1,486.1	1,664.9	1,713.2
Other services, except government	633.9	653.8	685.4	705.9	740.0	768.5	790.8	880.2	973.6	994.6

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Corporate Returns

Nonfinancial corporate rates of return decreased on a before- and after-tax basis in 2023. The after-tax rate of return was 8.8 percent in 2023, a decrease of 0.4 percentage point from 2022 (chart 1 and table C). The before-tax rate of return was 10.6 percent in 2023, a decrease of 0.5 percentage point. Since 1970, before-tax rates of return have ranged from 6.9 percent in both 1982 and 2001 to 11.3 percent in 2021. In the 1960s, average rates of return were higher, peaking at 13.6 percent in 1965 and 1966. Net operating surplus as a share of net value added decreased on a before- and after-tax basis in 2023 (table D).

Other measures of profitability—such as BEA's measure of corporate profits from current production—increased in 2023. The measures presented in this article exclude the volatile financial sector and compare returns of nonfinancial corporations with their assets rather than with gross domestic product.

Chart 1. Rates of Return and Shares of Net Value Added for Nonfinancial Corporations, 1960–2023

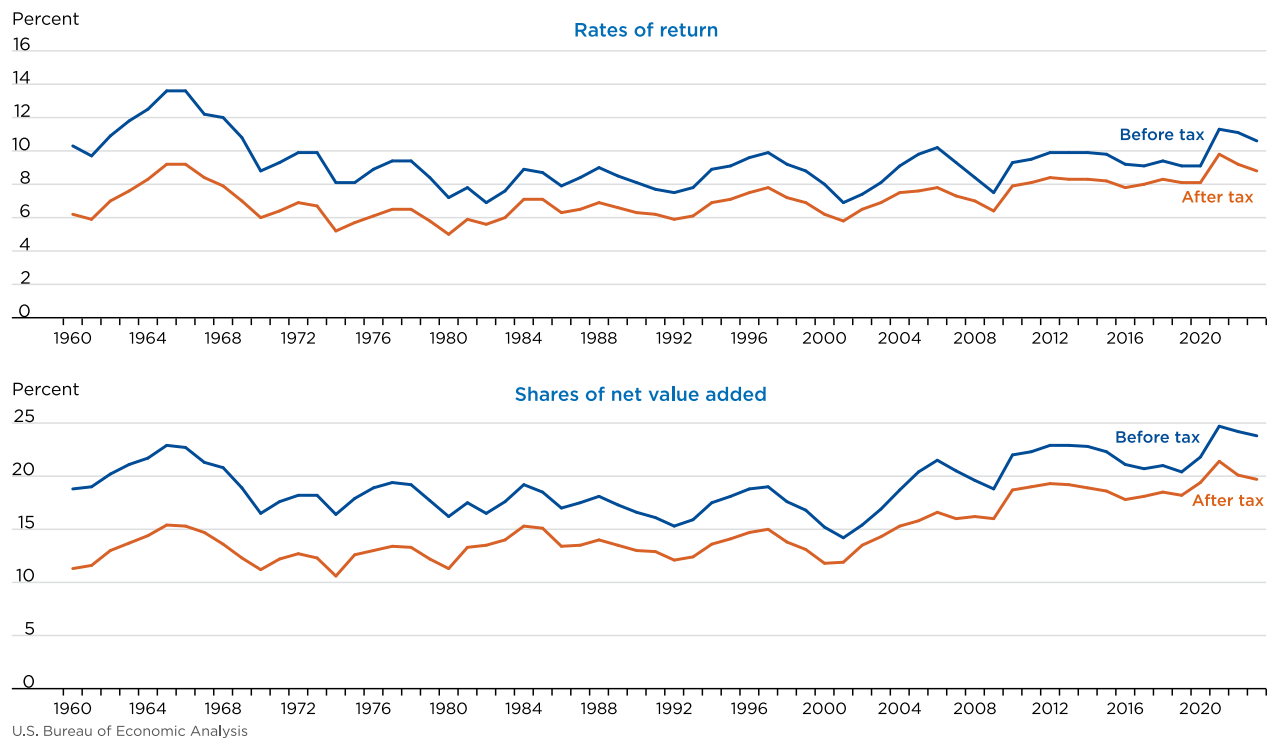


Table C. Rates of Return for Domestic Nonfinancial Corporations and Nonfinancial Industries, 2003–2013—Continues

[Percent]

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Nonfinancial corporations—after tax	6.9	7.5	7.6	7.8	7.3	7.0	6.4	7.9	8.1	8.4	8.3
Nonfinancial corporations—before tax	8.1	9.1	9.8	10.2	9.3	8.4	7.5	9.3	9.5	9.9	9.9
Total nonfinancial industries	13.1	13.9	14.0	13.6	13.3	12.9	11.9	13.6	13.6	13.2	13.8
Agriculture, forestry, fishing, and hunting	12.5	15.6	13.5	10.2	11.2	10.3	7.7	10.1	13.7	11.6	15.2
Mining	3.5	4.6	6.4	6.2	7.1	9.5	3.9	5.4	6.6	4.6	5.2
Utilities	3.9	4.3	3.4	4.3	3.7	3.3	3.8	4.6	4.3	3.6	3.5
Construction	77.5	88.6	94.4	89.3	82.5	57.7	52.8	51.1	49.8	52.2	56.3
Manufacturing	12.1	13.4	14.3	15.3	14.8	12.4	11.7	13.6	13.7	13.5	13.4
Durable-goods manufacturing	7.4	8.2	9.4	9.8	9.5	7.3	4.8	8.5	8.8	9.0	9.4
Nondurable-goods manufacturing	18.0	19.8	20.1	21.9	21.0	18.5	19.6	19.4	19.1	18.4	17.8
Wholesale trade	16.7	18.9	19.6	19.9	20.6	21.6	21.3	25.0	24.0	25.2	26.2
Retail trade	11.0	9.9	9.7	9.0	7.1	6.0	7.4	8.5	7.7	8.3	9.5
Transportation and warehousing	4.6	6.0	6.7	8.6	6.6	7.3	6.4	8.8	8.7	8.6	9.1
Information	11.0	13.8	13.7	12.4	13.8	15.4	14.2	15.5	13.8	12.3	14.3
Real estate and rental and leasing ¹	21.8	19.6	19.8	16.5	19.4	18.5	17.2	20.1	21.6	22.7	24.5
Professional and business services ²	41.6	41.6	39.7	37.3	38.7	44.2	39.6	41.6	41.5	40.7	38.0
Educational services, health care, and social assistance	7.1	7.1	5.9	5.7	4.9	6.5	7.9	8.4	8.3	7.7	7.3
Arts, entertainment, recreation, accommodation, and food services	13.3	13.3	12.5	12.3	10.9	9.8	9.9	11.7	12.7	13.6	13.8
Other services, except government	13.5	12.8	13.2	12.5	10.0	7.7	7.8	8.9	8.2	8.4	8.6

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Table C. Rates of Return for Domestic Nonfinancial Corporations and Nonfinancial Industries, 2014–2023—Table Ends
[Percent]

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Nonfinancial corporations—after tax	8.3	8.2	7.8	8.0	8.3	8.1	8.1	9.8	9.2	8.8
Nonfinancial corporations—before tax	9.9	9.8	9.2	9.1	9.4	9.1	9.1	11.3	11.1	10.6
Total nonfinancial industries	13.3	13.0	12.9	13.1	13.4	13.1	13.1	14.8	14.0	14.3
Agriculture, forestry, fishing, and hunting	11.4	9.0	7.4	7.8	8.0	7.1	9.3	13.3	15.1	11.8
Mining	4.6	-2.0	-3.0	-0.5	1.7	0.5	-2.6	4.9	9.1	5.6
Utilities	3.7	3.4	3.0	3.0	2.8	2.7	2.6	3.3	3.8	3.4
Construction	60.7	67.3	75.0	81.2	80.9	82.5	97.6	87.3	77.4	80.3
Manufacturing	12.5	12.6	11.2	11.1	12.2	10.9	9.1	11.0	11.6	11.9
Durable-goods manufacturing	8.5	8.6	8.1	7.9	7.7	7.5	6.7	6.5	6.3	7.3
Nondurable-goods manufacturing	16.9	17.0	14.6	14.5	16.9	14.3	11.6	15.6	17.0	16.4
Wholesale trade	26.8	28.4	26.7	25.2	24.1	24.6	27.4	25.1	25.3	25.0
Retail trade	9.6	10.8	11.9	12.0	11.9	11.9	14.9	16.3	13.3	15.0
Transportation and warehousing	10.0	10.9	10.6	10.7	10.4	9.4	8.0	11.7	12.2	11.0
Information	12.9	13.9	15.1	13.9	11.9	13.5	13.1	12.7	11.1	11.1
Real estate and rental and leasing ¹	23.8	23.0	22.7	23.0	24.8	24.0	24.9	26.7	25.4	26.2
Professional and business services ²	37.7	38.2	38.8	38.9	39.4	37.7	37.8	36.7	32.9	35.1
Educational services, health care, and social assistance	6.9	7.2	7.7	7.3	6.8	6.8	7.5	7.6	4.9	6.1
Arts, entertainment, recreation, accommodation, and food services	13.7	14.8	14.7	14.3	13.9	14.1	9.6	18.7	11.8	15.0
Other services, except government	9.4	9.5	9.2	9.4	9.6	9.5	8.6	10.0	7.7	8.9

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Table D. Net Operating Surplus Share of Net Value Added for Domestic Nonfinancial Corporations and Nonfinancial Industries, 2003–2013—Continues

[Percent]

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Nonfinancial corporations—after tax	14.3	15.3	15.8	16.6	16.0	16.2	16.0	18.7	19.0	19.3	19.2
Nonfinancial corporations—before tax	16.9	18.7	20.4	21.5	20.5	19.6	18.8	22.0	22.3	22.9	22.9
Total nonfinancial industries	25.5	26.7	27.4	27.2	27.3	27.4	27.0	29.3	29.3	28.5	29.5
Agriculture, forestry, fishing, and hunting	73.2	74.0	79.8	66.6	65.0	63.3	56.1	63.1	70.1	64.2	70.4
Mining	33.0	39.3	48.9	49.1	52.2	57.0	39.9	45.3	48.5	39.4	43.0
Utilities	33.6	35.9	31.9	36.7	33.9	32.4	36.2	40.6	39.9	36.9	36.6
Construction	31.5	34.5	36.4	35.4	34.2	27.9	29.0	28.6	27.9	28.1	29.1
Manufacturing	27.7	29.7	31.7	33.6	33.7	31.3	32.2	35.5	35.7	35.3	35.5
Durable-goods manufacturing	17.1	18.3	20.7	21.5	21.4	18.2	14.3	22.6	23.0	23.3	24.3
Nondurable-goods manufacturing	40.7	43.8	45.2	48.4	48.5	46.7	49.5	49.3	49.7	49.0	48.6
Wholesale trade	19.8	21.8	23.0	23.8	24.9	26.5	27.5	30.1	29.3	30.7	31.8
Retail trade	18.1	17.0	17.2	16.5	14.0	12.7	15.7	17.0	15.6	16.6	18.6
Transportation and warehousing	15.1	18.0	20.0	24.3	19.5	21.8	20.8	26.3	25.4	24.8	25.9
Information	34.6	39.9	40.7	39.4	42.6	46.7	45.6	48.6	46.1	43.1	46.1
Real estate and rental and leasing ¹	68.6	65.7	66.6	62.6	67.0	67.6	67.1	69.9	71.3	71.6	73.1
Professional and business services ²	23.6	23.6	22.6	21.6	22.2	25.0	24.6	25.3	24.9	24.1	22.8
Educational services, health care, and social assistance	9.5	9.6	8.5	8.4	7.5	9.7	11.4	11.7	11.6	10.7	10.3
Arts, entertainment, recreation, accommodation, and food services	20.0	20.1	19.6	19.8	18.2	17.1	18.0	19.9	20.9	21.3	21.4
Other services, except government	20.6	20.2	21.8	21.6	18.3	14.7	15.2	16.8	15.4	15.3	15.7

1. The housing component of real estate and rental and leasing is excluded from these estimates to allow for better comparison with nonfinancial corporate returns.
2. To preserve the nonfinancial focus of this article, management of companies and enterprises is excluded from this sector.

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Table D. Net Operating Surplus Share of Net Value Added for Domestic Nonfinancial Corporations and Nonfinancial Industries, 2014–2023—Table Ends

[Percent]

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Nonfinancial corporations—after tax	18.9	18.6	17.8	18.1	18.5	18.2	19.4	21.4	20.1	19.7
Nonfinancial corporations—before tax	22.8	22.3	21.1	20.7	21.0	20.4	21.8	24.7	24.2	23.8
Total nonfinancial industries	28.6	27.8	27.6	27.6	27.8	27.3	29.3	31.0	29.4	30.2
Agriculture, forestry, fishing, and hunting	63.9	59.7	54.2	53.8	56.2	57.2	76.0	72.8	69.8	62.4
Mining	40.5	-51.7	-134.3	-9.8	21.5	7.0	-88.7	43.6	55.2	43.9
Utilities	38.0	36.4	34.0	34.8	33.2	32.0	31.9	38.8	43.6	41.2
Construction	29.6	30.8	32.6	33.5	32.6	32.7	40.2	36.3	32.9	34.4
Manufacturing	33.9	33.7	31.5	31.1	33.3	31.2	29.7	33.7	34.9	35.6
Durable-goods manufacturing	22.4	22.3	21.5	20.6	20.0	20.1	20.0	19.1	18.6	20.8
Nondurable-goods manufacturing	47.3	47.1	43.8	44.0	48.5	44.7	41.7	49.6	51.7	51.7
Wholesale trade	32.1	33.4	32.6	31.5	30.8	31.0	35.1	32.3	33.7	34.6
Retail trade	18.7	20.5	22.3	22.5	22.4	22.4	27.9	28.9	26.1	29.2
Transportation and warehousing	27.5	28.7	28.2	27.9	26.9	24.6	24.4	30.4	28.9	26.9
Information	42.8	44.1	46.3	44.2	40.2	43.1	42.7	39.6	38.3	39.6
Real estate and rental and leasing ¹	72.1	70.7	70.5	70.4	71.6	71.0	74.4	74.2	72.5	73.7
Professional and business services ²	22.2	21.7	22.0	21.8	21.9	21.2	22.9	21.6	19.8	21.6
Educational services, health care, and social assistance	9.9	10.1	10.4	10.0	9.4	9.5	10.9	11.2	7.7	9.4
Arts, entertainment, recreation, accommodation, and food services	21.0	21.8	21.5	21.0	20.6	21.0	20.4	31.9	19.1	22.7
Other services, except government	16.7	16.6	16.2	16.6	16.6	16.5	16.4	19.2	14.3	16.4

1. The housing component of real estate and rental and leasing is excluded from these estimates to allow for better comparison with nonfinancial corporate returns.
2. To preserve the nonfinancial focus of this article, management of companies and enterprises is excluded from this sector.

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Industry Returns

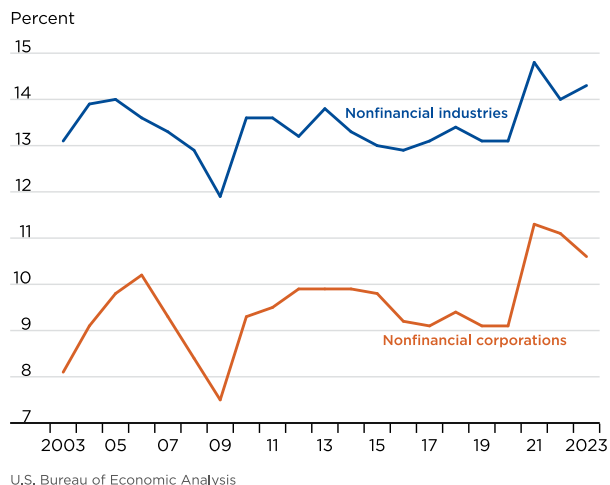
Rates of return can also be calculated for industry sectors using statistics from the IEAs, which provide annual statistics for 71 industries that together account for all U.S. economic activity. Similar to the method used to calculate the rates for nonfinancial corporations, the rates of return for industry sectors are calculated as the net operating surplus divided by the net stock of produced assets. For nonfinancial industries, net operating surplus as a share of net value added is calculated as net operating surplus divided by net value added. The balance for each published sector represents the share of net value added attributable to compensation of employees and taxes on production and imports less subsidies.

Similar to the net operating surplus of nonfinancial corporations, the net operating surplus of nonfinancial industries reflects corporate profits from current production, business transfer payments (net), and net interest payments. However, as noted, it also reflects proprietors' income, which includes the income of sole proprietorships and partnerships. For this article, the housing component of the real estate sector, which includes owner-occupied housing, is excluded from the nonfinancial industry statistics to allow for a better comparison with the nonfinancial corporate returns data, which do not reflect home ownership.

Much of the difference between the sum of the nonfinancial industries rates of return and the corresponding corporate rates of return can be attributed to the inclusion of proprietors' income in the industry net operating surplus. However, several statistical differences between the IEAs and the NIPAs also affect the estimates. Notably, all IEA statistics are presented on an establishment basis, whereas the NIPA measure of corporate nonfinancial net operating surplus is presented on a company basis. As a result, the nonfinancial industry measures reflect adjustments that (1) exclude the financial services-producing establishments of primarily nonfinancial corporations and (2) include the nonfinancial services-producing establishments of primarily financial corporations. In addition, the IEA net operating statistics also include a share of the NIPA statistical discrepancy. The annual patterns of change for the IEA nonfinancial industries aggregate rate of return and the NIPA nonfinancial corporate rate of return of each are similar but diverge for the most recent year (chart 2).

The overall rate of return for nonfinancial industries in 2023 was 14.3 percent, an increase of 0.3 percentage point from the 2022 rate (table C). Net operating surplus as a share of net value added increased 0.8 percentage point to 30.2 percent after a decrease of 1.7 percentage points in 2022 (table D).

Chart 2. Rates of Return for Domestic Nonfinancial Industries and Corporations, 2003-2023



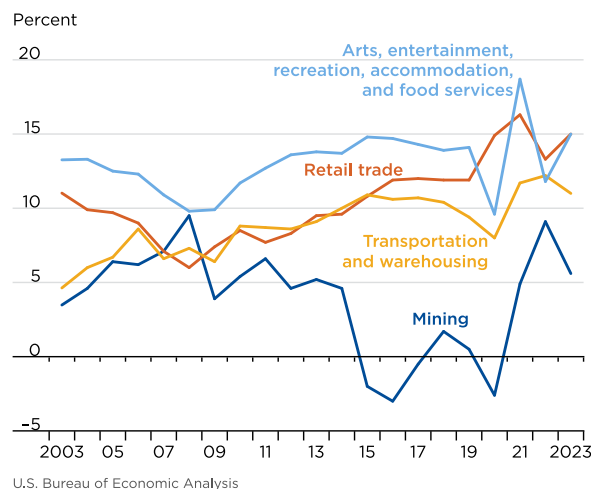
Specific Industry Groups

This article presents a disaggregation of the rates of return for several industry groups—for example, manufacturing, transportation and warehousing, information, and professional and business services, among others (table C).

After a period of volatility in 2020 and 2021 associated with the COVID-19 pandemic, marked by a record high rate of return for total nonfinancial industries in 2021 of 14.8 percent, the statistics show continued stability.⁴ During 2023, higher rates of return can be seen in 8 of the 14 industry groups, compared to 2022. The largest increase, of 3.1 percentage points, came in arts, entertainment, recreation, accommodation, and food services, followed by construction and professional and business services, which increased 2.9 percentage points and 2.2 percentage points, respectively. Returns for mining decreased 3.6 percentage points, and agriculture, forestry, fishing, and hunting decreased 3.4 percentage points. Highlights include the following, some of which are shown in chart 3:

- Following a decline in 2020, the rate of return for arts, entertainment, recreation, accommodation, and food services increased to 18.7 percent in 2021. This is the highest level in the time series. Nonetheless, the average rate of return for 2020–2023 (13.8 percent) is in line with the average rate of return in the 10 years since 2010 (13.7 percent).
- The rate of return for transportation and warehousing, which includes air transportation and truck transportation, rebounded from 8.0 percent in 2020 and remained consistently higher than in all the previous years in the time series. The historic high rate of return in 2022 of 12.2 percent was followed by a decrease of 1.2 percentage points in 2023.
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Chart 3. Rates of Return for Selected Domestic Nonfinancial Industry Groups, 2003–2023



- The mining industry, which includes oil and gas extraction, had a negative rate of return in 2020. The rate turned positive in 2021, increasing 7.4 percentage points to 4.9 percent. In 2022 the rate increased again to 9.1 percent. This is the highest in the time series since 2008, when it was 9.5 percent. The rate has continued to stay positive through 2023.
- The rate of return for construction dampened since its peak in 2020 of 97.6 percent. In subsequent years, the rate of return decreased to 87.3 percent and 77.4 percent in 2021 and 2022, respectively, while increasing to 80.3 percent in 2023.
- Agriculture, forestry, fishing, and hunting increased 4.0 percentage points in 2021 to show a rate of return of 13.3 percent. The 2021 increase is the largest in the time series. This was followed by a near historic high of 15.1 percent in 2022. The two larger rates of return were 15.6 percent and 15.2 percent in 2004 and 2013, respectively.
- Like transportation and warehousing, the rate of return for retail trade since 2020 has remained consistently higher than in all the previous years in the time series. The average rate of return for retail trade between 2020 and 2023 was 14.9 percent, compared to an average rate of return of 9.5 percent between 2003 and 2023.

Q Ratios

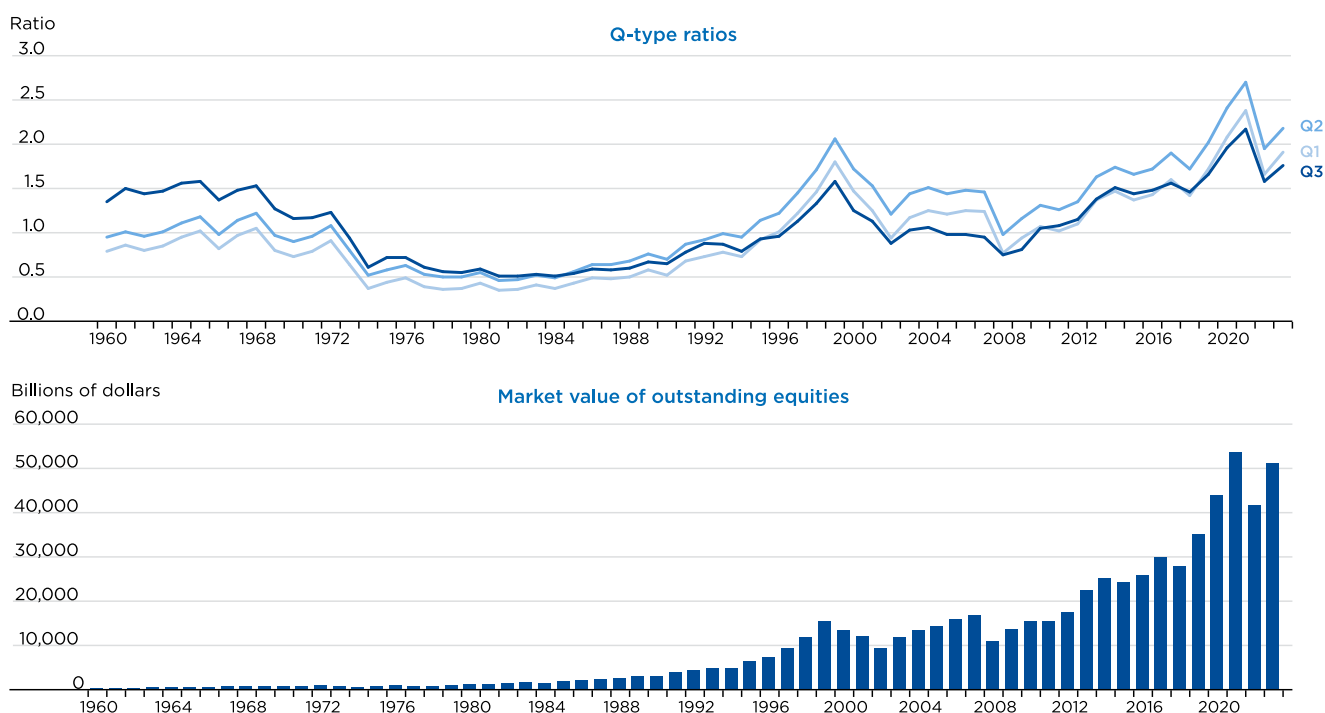
Tobin's Q, or simply "Q," is the ratio of financial-market valuation of corporate assets to the current-cost value of the assets. A Q ratio above 1 indicates that financial markets value corporate assets above their replacement cost; as a Q ratio rises above 1, companies may be more inclined to make direct investments in plant and equipment. A value of Q below 1 indicates that the financial markets value corporate assets below the replacement cost; as Q falls below 1, companies may be more inclined to buy other companies for their capacity rather than make direct investments.

The three Q-type ratios for domestic nonfinancial corporations presented here are defined as follows:

- Q1 is calculated as the market value of outstanding equity divided by the net stock of produced assets.
- Q2 adds the book value of outstanding corporate bonds to the numerator used in Q1. The inclusion of bonds makes Q2 a more complete measure of invested capital, but including them at historical cost is clearly inconsistent with the underlying rationale for Q, which is to provide a comparison of market valuation with replacement cost.
- Q3 adds an estimate of the market value of outstanding corporate bonds and net liquid assets to the numerator used in Q1.⁵

All three Q ratios increased in 2023 (chart 4 and table E) after decreasing in 2022, remaining above their lows reached in 2008, when they fell below 1, partly reflecting recession-related stock market declines. In this year's calculation of the Q3 ratio, net liquid assets was revised due to the revised treatment of "Nonfinancial corporate business unidentified miscellaneous assets and liabilities" in the Federal Reserve Board's financial accounts.^{6, 7}

Chart 4. Q-Type Ratios and Market Capitalization of Domestic Nonfinancial Corporations, 1960–2023



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Table E. Q-Type Ratios, 1960–2023

	Q1 ¹	Q2 ²	Q3 ³
1960	0.79	0.95	1.35
1961	0.86	1.01	1.50
1962	0.80	0.96	1.44
1963	0.85	1.01	1.47
1964	0.95	1.11	1.56
1965	1.02	1.18	1.58
1966	0.82	0.98	1.37
1967	0.97	1.14	1.48
1968	1.05	1.22	1.53
1969	0.80	0.97	1.27
1970	0.73	0.90	1.16
1971	0.79	0.96	1.17
1972	0.91	1.08	1.23
1973	0.64	0.80	0.94
1974	0.37	0.52	0.61
1975	0.44	0.58	0.72
1976	0.49	0.63	0.72
1977	0.39	0.53	0.61
1978	0.36	0.50	0.56
1979	0.37	0.50	0.55
1980	0.43	0.55	0.59
1981	0.35	0.46	0.51
1982	0.36	0.47	0.51
1983	0.41	0.52	0.53
1984	0.37	0.49	0.51
1985	0.43	0.56	0.54
1986	0.49	0.64	0.59
1987	0.48	0.64	0.58
1988	0.50	0.68	0.60
1989	0.58	0.76	0.67
1990	0.52	0.70	0.65
1991	0.68	0.87	0.78
1992	0.73	0.92	0.88
1993	0.78	0.99	0.87
1994	0.73	0.95	0.79
1995	0.92	1.14	0.93
1996	1.01	1.22	0.96
1997	1.22	1.45	1.13
1998	1.46	1.71	1.33
1999	1.80	2.06	1.58
2000	1.47	1.72	1.25
2001	1.25	1.53	1.13
2002	0.94	1.21	0.88
2003	1.17	1.44	1.03
2004	1.25	1.51	1.06
2005	1.21	1.44	0.98
2006	1.25	1.48	0.98
2007	1.24	1.46	0.95
2008	0.77	0.98	0.75
2009	0.94	1.16	0.81
2010	1.07	1.31	1.05
2011	1.02	1.26	1.08
2012	1.10	1.35	1.15
2013	1.37	1.63	1.38
2014	1.47	1.74	1.51
2015	1.37	1.66	1.44
2016	1.43	1.72	1.48
2017	1.60	1.90	1.56
2018	1.42	1.72	1.46
2019	1.72	2.02	1.66
2020	2.08	2.41	1.96
2021	2.38	2.70	2.17
2022	1.66	1.95	1.58
2023	1.91	2.18	1.76

1. Q1 is the market value of outstanding equity divided by the net stock of produced assets valued at current cost.
2. Q2 is the market value of outstanding equity plus book value of outstanding corporate bonds divided by the net stock of produced assets valued at current cost.
3. Q3 is the market value of outstanding equity plus market value of outstanding corporate bonds plus net liquid assets divided by the net stock of produced assets valued at current cost.

1. See Lisa S. Mataloni and Stephanie H. McCulla, "[The 2024 Annual Update of the National Economic Accounts](#)" *Survey of Current Business* (October 31, 2024).
2. Produced assets refer to the net stock of capital plus inventories valued at current (replacement) cost.
3. Corporate profits and net interest are based on tabulations of "company" data rather than "establishment" data. As a result, net operating surplus of nonfinancial corporations includes the income earned by the corporation's financial services-producing establishments, and it excludes income earned by the nonfinancial establishments of financial corporations.
4. The National Bureau of Economic Research (NBER) Business Cycle Dating Committee has determined the peak to trough of the last three business cycles: February 2020 to April 2020, December 2007 to June 2009, and March 2001 to November 2001. The NBER business cycle reference dates are available on [NBER's website](#).
5. The market value of bonds outstanding is approximated by a procedure developed by James Tobin and Dan Sommers. In brief, the process begins with published book values of bonds outstanding and the assumption that a bond matures in 10 years and carries a coupon rate equal to the Baa rate that prevailed in the year the bond was issued. Net liquid assets are estimated as financial assets less liabilities other than municipal securities, corporate bonds, and mortgages. The data are from the Federal Reserve Board of Governors, Flow of Funds Accounts of the United States, [statistical release Z.1](#) and [Moody's Seasoned Baa Corporate Bond Yield](#) (BAA), retrieved from FRED, Federal Reserve Bank of St. Louis.
6. Due to these revisions, the Q3 ratio is revised upward notably in the 1960s and early 1970s. See Federal Reserve Board of Governors, "Release Highlights Fourth Quarter 2022," [Financial Accounts of the United States - Z.1](#).
7. Additional revisions to the Q3 ratio reflect the reclassification of the equity real estate investment trust (eREIT) sector. See Federal Reserve Board of Governors, "Release Highlights Third Quarter 2023," [Financial Accounts of the United States - Z.1](#).



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