

Newpoint Releases Distressed Business Index, Revealing Sharp Rise in Financial Trouble Across Key Sectors

New data shows Chapter 11 filings up 93% year-over-year, with continued acceleration projected in 2026

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Newpoint Advisors Corporation, a North American financial advisory firm specializing in lower middle market companies, has released its latest Distress Business Index, highlighting a significant and accelerating rise in financial distress across businesses with \$1 to \$10 million in liabilities.



Drawing on nearly a decade of proprietary data tracking voluntary Chapter 11 filings since 2016, the index provides a detailed, industry-level view of where financial pressure is building within the \$5–\$50 million revenue segment, an area often overlooked by broader bankruptcy reporting.

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*Kenneth R. Yager, President of
Newpoint Advisors
Corporation*

According to their latest findings, Chapter 11 filings in this segment surged 93% from 2024 to 2025, increasing from 934 to 1,809 cases. Early 2026 data indicates the trend is continuing, with filings on pace to reach approximately 2,840 cases by year-end, representing an additional 56% year-over-year increase.

“This segment behaves differently than large corporate restructurings, and the signals of distress tend to appear earlier and move faster,” said Ken Yager, President of Newpoint Advisors Corporation. “What we’re seeing is not

isolated disruption, it’s a pattern of sustained pressure across multiple industries over the

course of a decade.”

The proprietary report identifies construction, retail trade, manufacturing, transportation and warehousing, and healthcare as sectors experiencing the most concentrated distress. Contributing factors include elevated input costs, higher borrowing rates, constrained access to capital, and ongoing economic and geopolitical uncertainty.

In addition to bankruptcy filings, Newpoint’s analysis incorporates its proprietary Special Assets Group Officer (SAGO) Hiring Index, which tracks job postings for professionals tasked with managing distressed loans. Because lenders typically increase hiring in these roles slightly ahead of credit deterioration, the index serves as an early warning signal for emerging stress in commercial lending portfolios.

Data from the SAGO Index shows a notable spike in hiring activity throughout 2025 and Q1 2026, aligning with broader increases in bankruptcy filings and reinforcing the view that lenders anticipated rising distress levels across the lower middle market.

Despite some positive economic indicators, including modest retail sales growth and projected revenue increases across many manufacturing and service sectors, access to capital remains constrained. The Federal Reserve’s Q1 2026 Senior Loan Officer Opinion Survey indicates that a net 8.9% of banks continue tightening lending standards for small businesses, limiting flexibility for companies already under pressure.

Newpoint publishes the Distress Business Index quarterly as part of its broader lower middle market intelligence series, providing actionable insights for stakeholders navigating an increasingly complex economic environment.

To access the full report, visit: <https://newpointadvisors.us/business-insights/distressed-business-index/>

To get the quarterly update to your inbox sign up for the newsletter: <http://eepurl.com/iRG6FQ>



Newpoint Advisors Corporation Logo



Ken Yager, President at Newpoint Advisors Corporation

About Newpoint Advisors Corporation

Newpoint Advisors Corporation is a North American financial advisory firm dedicated to improving troubled and financially underperforming businesses with revenues of \$5–50 million for a fixed fee and on a fixed timeline. Since 2013, Newpoint has recovered \$1.918 billion in debt and helped save 15,754 jobs.

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