

Newpoint Advisors Corporation Finds 35% Surge in Small Business Bankruptcies With Distress Across Nearly All Industries

Construction leads filings while post-COVID default trends show no signs of slowing

BRENTWOOD, TN, UNITED STATES, July 8, 2026 /EINPresswire.com/ -- Newpoint Advisors Corporation, a North American financial advisory firm released new findings from its proprietary [Lower Middle Market Business Distress Index](#) showing a 35% increase in small business bankruptcy filings compared to the same period last year.



The firm's data also show that voluntary Chapter 11 filings in the \$1 to \$10 million liabilities range grew 93% from 2024 to 2025, rising from 934 to 1,809 cases. Filings through June 30, 2026 already total 1,248, putting the year on pace to exceed 2025's totals.

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

"This 35% increase is a clear signal that lower middle market businesses are running out of runway," said Ken Yager, President of Newpoint Advisors Corporation. "Eposodic cost shocks have caught up with a lot of otherwise viable companies. Business owners need better tools to recognize the warning signs early and act before their options narrow."

Construction Emerges as an Early Warning Industry

Newpoint's analysis identifies construction as one of the earliest and most pronounced indicators of distress in the current cycle. SBA loan performance data show that construction loans originated after COVID are charging off in an average of 36.7 months, down from 57.2

months pre-COVID, a 35.9% acceleration. Construction is also named among the industries with the most elevated bankruptcy and default risk heading into the second half of 2026, alongside retail trade, manufacturing, transportation and warehousing, and health care.

"Construction is leading this cycle the same way it has led past downturns, but the speed this time is what stands out," said Yager. "We are seeing companies move from first signs of trouble to filing much faster than we saw even five years ago. That compressed timeline means owners and their advisors have less room for error."

Defaults Accelerating Across Nearly Every Industry Since COVID

Beyond construction, Newpoint's review of SBA 7(a) loan performance across 20 industry groups found that the average time to loan charge-off has fallen 33.1% since the onset of COVID, from 59.4 months pre-COVID to 39.8 months post-COVID. The trend holds across nearly every sector with sufficient post-COVID data, including manufacturing, retail trade, real estate and rental and leasing, and administrative and support services, each showing charge-off timelines compressed by 30% or more.

"What makes this cycle different is how broad it is. This is not one industry having a hard year, it is a structural shift in how quickly financial trouble turns into default across nearly the entire economy," said Scott Caruthers, Managing Director of Newpoint Advisors Corporation. "Since COVID, we have not seen this trend let up. Businesses and their lenders both need to plan around a much shorter window between the first sign of stress and a potential default."

Additional Findings

The Federal Reserve's most recent Senior Loan Officer Opinion Survey (SLOOS) shows 6.6% of banks on net still tightening commercial and industrial lending standards for small firms, an improvement from roughly 8% in Q2 2025.

Newpoint's review of SBA 7(a) originations exceeding \$1MM from December 2009 through March



Ken Yager, President at Newpoint Advisors Corporation



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2026 found a total loan volume of \$203.1 billion, with \$15.5 billion, or 7.6%, classified as problem loans.

Loans originating in 2024 and 2025 have already produced more than \$1.5 billion in problem loans as of March 31, 2026, even though most of that cohort has not yet had time to move through the full charge-off cycle.

Review [the report in full on the Newpoint website](#) plus view previous reports.

[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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