

Small Business Bankruptcies Jump 46% as Bank Metrics Stay Calm, Newpoint Advisors Distressed Business Index Finds

Small business bankruptcy filings and private credit defaults hit new highs as stress concentrates in construction, healthcare and manufacturing

BRENTWOOD, TN, UNITED STATES, October 22, 2026 /EINPresswire.com/ -- [Newpoint Advisors Corporation](#) released its quarterly [Distressed Business Index](#). The report tracks financial stress among U.S. businesses with \$5 million to \$50 million in annual revenue. This quarter's findings show distress building among smaller companies, even as overall bank lending numbers look stable.



Newpoint Advisors Corporation Logo

Newpoint's own data on voluntary Chapter 11 filings in the \$1 million to \$10 million liabilities range counted 1,660 filings through September 30, 2026. That puts 2026 on track to well exceed 2025. Construction and healthcare are showing the highest and fastest-growing volatility. Retail trade, wholesale trade, manufacturing, and transportation and warehousing also remain areas of concern.

“

The Distressed Business Index continues to show us industry and trend risks that simply aren't visible anywhere else, and that gives lenders and stakeholders a head start on problems”

Kenneth R. Yager, President of Newpoint Advisors Corporation

“Even in a policy environment that has generally favored lighter regulations, healthcare providers are still navigating real pressure on compliance and operating costs,” says Managing Director Scott Caruthers. “The numbers reflect this with private credit defaults among healthcare providers reaching 9.9%, up from 6.9% a year ago. For lower middle market practices and providers, that kind of

pressure adds up quickly, and it's an area we're watching closely heading into 2027.”

Key findings from the October 2026 Index:

Small business reorganizations are surging. Subchapter V elections, the reorganization path built for small businesses, reached 2,442 in the first nine months of 2026. That is up 46% from the same period in 2025, according to Epiq AACER and American Bankruptcy Institute data. Commercial Chapter 11 filings rose 11% year to date to 6,560.

Private credit defaults hit a record. Fitch's U.S. Private Credit Default Rate reached 6.3% for the 12 months ended August 2026, the highest on record. Defaults among industrial and manufacturing companies nearly doubled to 9.9%, and healthcare providers also reached 9.9%. Both line up with the industries Newpoint has flagged.

Credit is available, but it costs more. Commercial and industrial loans at U.S. banks grew about 9.5% year over year to \$2.95 trillion. At the same time, the average rate small businesses paid on short-term loans climbed to 8.2% in September, up 0.7 points from August, according to the NFIB.

Banks are easing, but slowly. The latest Federal Reserve Senior Loan Officer Opinion Survey shows 6.6% of banks are still tightening lending standards for small firms, down from about 8% in the second quarter of 2026.

A possible missed signal:

Newpoint also tracks job postings for bank special assets officers, the specialists who manage troubled loans. Postings spiked in the second and third quarters of 2025 and have tapered since. Newpoint is monitoring whether this reflects a temporary pattern or an early warning that lenders may be underestimating risk.

Newpoint points to persistent high prices, rising borrowing costs, inflation and geopolitical uncertainty as the main pressures behind the trend. Agriculture, construction, manufacturing, retail and restaurants, real estate rental and leasing, and healthcare are the industries Newpoint



expects stakeholders to watch most closely through late 2026 and early 2027.

"The Distressed Business Index continues to show us industry and trend risks that simply aren't visible anywhere else, and that gives lenders and stakeholders a head start on problems before they reach the headlines," said Ken R. Yager, President of Newpoint Advisors Corporation.

The full October 2026 Lower Middle Market Business Distress Index, including charts and source data, is available on the Newpoint website.

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 to \$50 million for a fixed fee and on a fixed timeline. Since 2013, Newpoint has recovered \$2.1 billion in debt and helped save 17,162 jobs nationally.

Allison Schmidt

Get Online NOLA

+1 504-482-1096

Visit us on social media:

[LinkedIn](#)

This press release can be viewed online at: <https://www.einpresswire.com/article/951294219>

EIN Presswire's priority is source transparency. We do not allow opaque clients, and our editors try to be careful about weeding out false and misleading content. As a user, if you see something we have missed, please do bring it to our attention. Your help is welcome. EIN Presswire, Everyone's Internet News Presswire™, tries to define some of the boundaries that are reasonable in today's world. Please see our Editorial Guidelines for more information.

© 1995-2026 Newsmatics Inc. All Right Reserved.