SBA 7(a) OWNER-OCCUPIED CRE · Q3 2026 EDITION

# The Owner-Occupied CRE Quarterly

*SBA 7(a) 25-year owner-occupied CRE loans approved July 1 through September 30, 2026.*

| Q3 GROSS APPROVALS | MEDIAN LOAN SIZE | MEDIAN NOTE RATE | Q3 LOANS APPROVED |
|---|---|---|---|
| $3.25B | $1.35M | 8.0% | 1,804 |
| ▲ 13% year over year | ▲ 12% year over year | ▼ 75 bp year over year | ▲ 2% year over year |

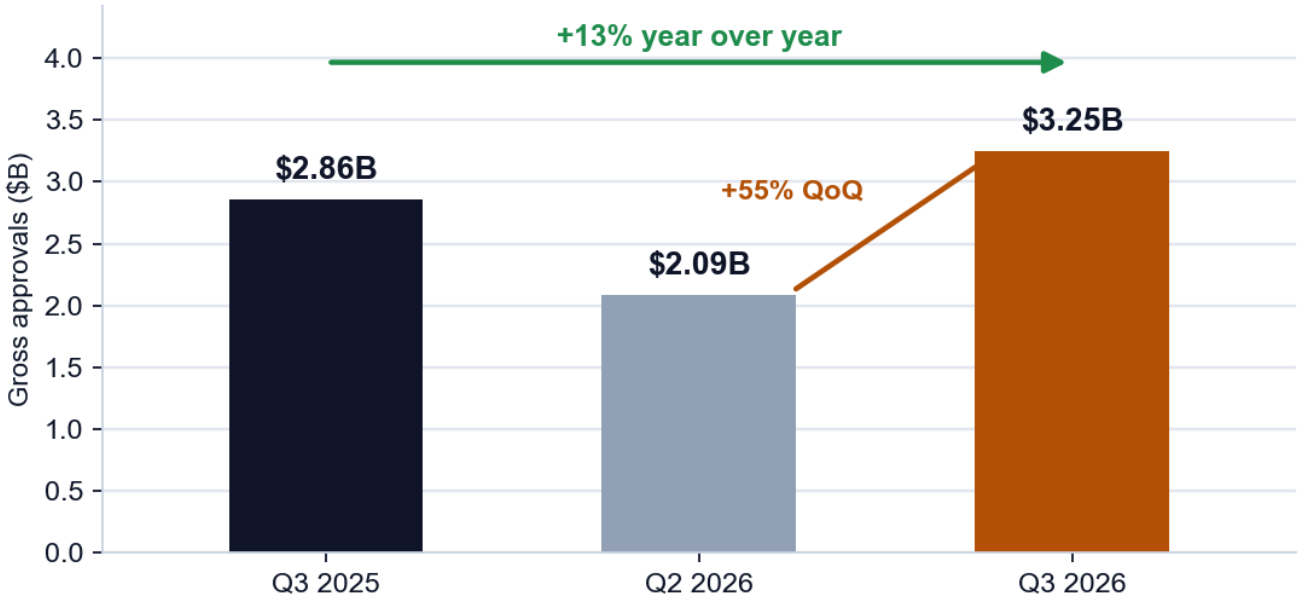
## KEY FINDINGS

- **The biggest quarter since 2021.** Gross approvals reached $3.25 billion, up 13% year over year, the largest quarter since the 2021 surge. September, the last month of SBA's fiscal year, more than accounted for the growth.
- **About a third of deals were $2 million and up.** Deals of $2 million and up rose to 34% of approvals from 29% a year earlier, lifting the median deal 12% to $1.35 million.
- **Early exits from the March distress list lean toward payoffs.** Of the 1,517 owner-occupied CRE loans in distress on March 31, 99 paid off in full and 19 charged off from April through August, about 5 to 1, and nearly 9 in 10 are still active. Of the 41,437 loans current in March, none of those we could trace has a recorded charge-off through September 30.
- **Live Oak back on top, and no one at 7%.** Live Oak returned to first with 6.6% of the quarter's dollars. No lender captured even 7%, so the field stays open.

01 · APPROVALS

# The biggest quarter since 2021, built in September.

Third-quarter 2026 gross approvals reached $3.25 billion across 1,804 loans, up 13% year over year in dollars and 2% in loan count. That is the largest quarter since the 2021 surge. September, the last month of SBA's fiscal year, more than accounted for the growth: it approved $1.77 billion, up 34% from September 2025, while July and August together ran 4% below a year earlier. Against the second quarter, dollars rose 55%, but third quarters usually run hot into the fiscal year-end (Q3 2025 was up 40% on its own second quarter), so the year-over-year comparison is the cleaner read.

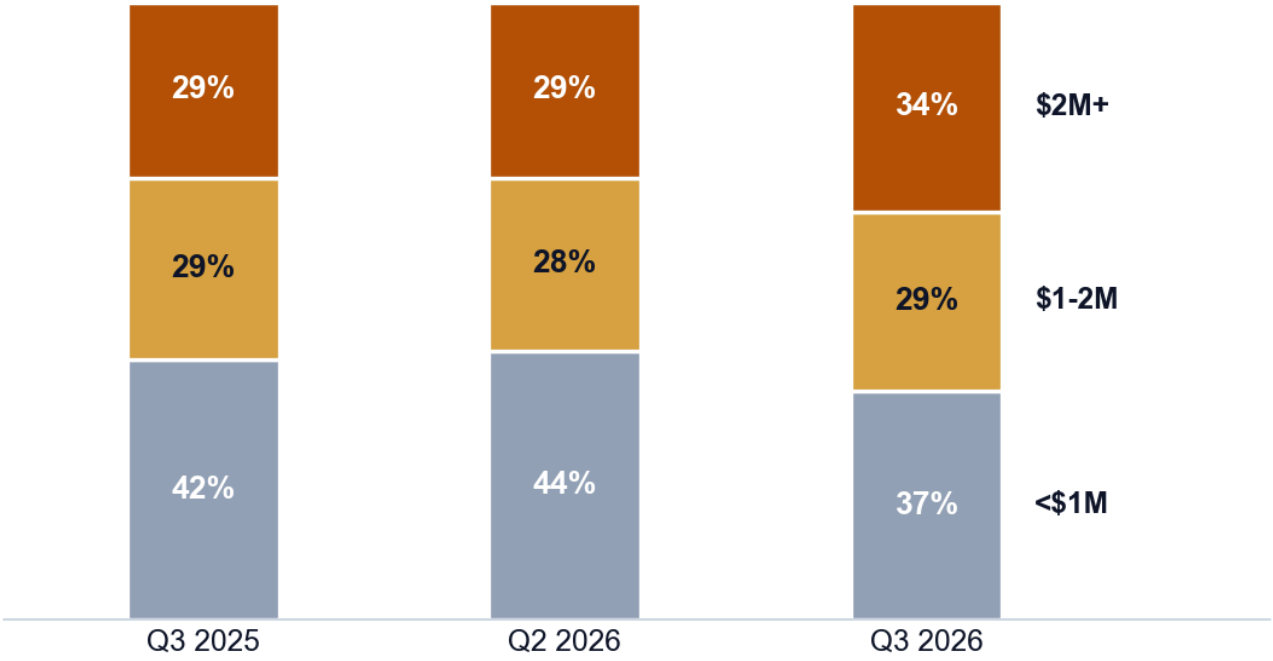



*Gross approvals: the year-ago quarter, the prior quarter, and this quarter, all from SBA's September file. Third quarters usually run high because SBA's fiscal year ends September 30.*

02 · LOAN SIZE

# The up-market shift picked back up.

Deals of $2 million and up rose to 34% of approvals, about a third of the market, from 29% a year earlier and 29% in the second quarter. Deals under $1 million fell to 37% from 42%, and the $1 to $2 million tier held at 29%. The median deal reached $1.35 million, up 12% year over year.

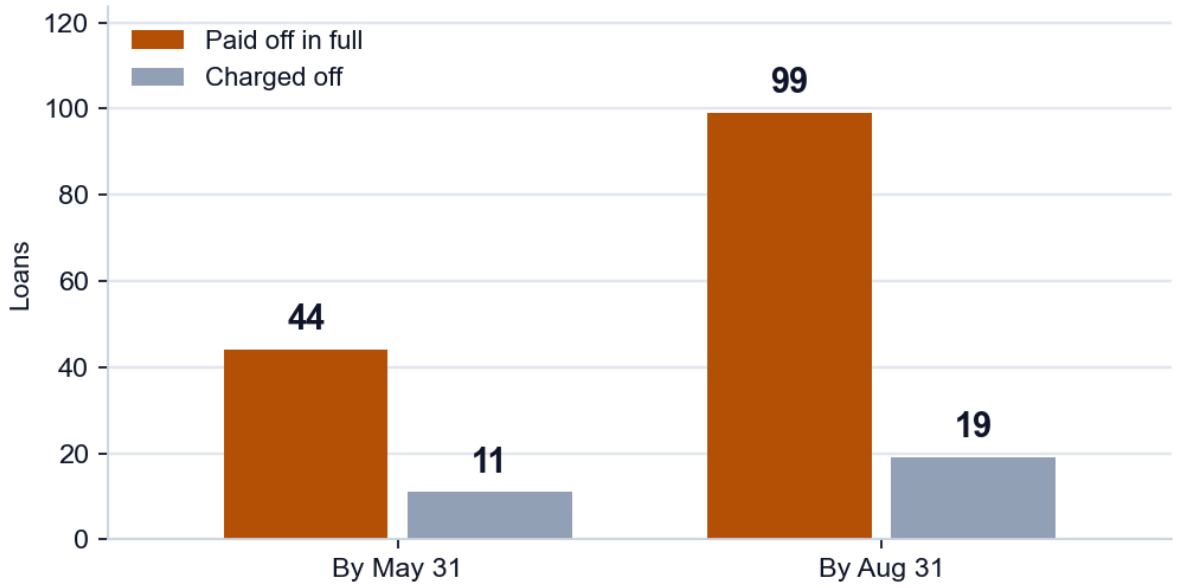



*Loan-size mix by quarter, share of approvals by loan count. Each tier is rounded on its own, so a column can add to 99% or 101%.*

03 · PORTFOLIO HEALTH

# Early exits from the March distress list lean toward payoffs.

SBA has not republished detailed loan statuses since March, so this report follows the same loans forward. Of the 1,517 owner-occupied CRE loans in distress on March 31, SBA's September file shows 99 paid off in full and 19 charged off with dates from April through August: about 5 payoffs for every charge-off, or 84% of the exits. Across the rest of the 7(a) book, payoffs were fewer than a third of the exits over the same five months. In July and August alone, 37 owner-occupied loans paid off and 8 charged off, and nearly 9 in 10 of the 1,517 were still listed as active in the September file. Of the 41,437 owner-occupied loans current in March, none of those we could trace has a recorded charge-off through September 30, and about 1,900 paid off in full from April through August.

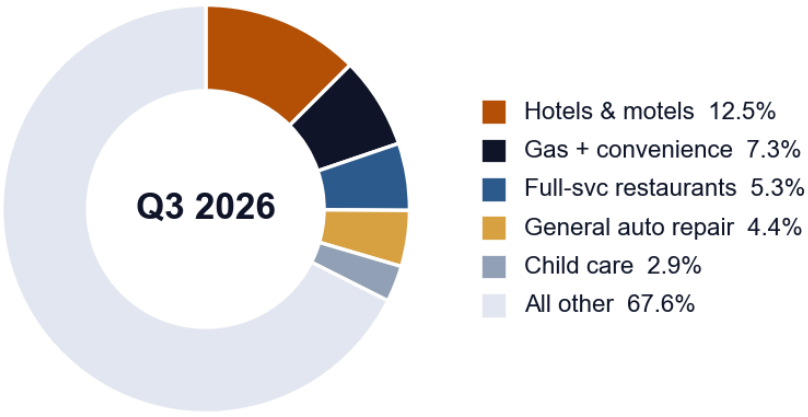



*Owner-occupied CRE loans in distress on 03/31/2026 that paid off in full or charged off, cumulative, by recorded date. Each file carries payoffs only through the month before its date, so each count stops there on both sides; 7 more charge-offs dated September are left out until September payoffs appear.*

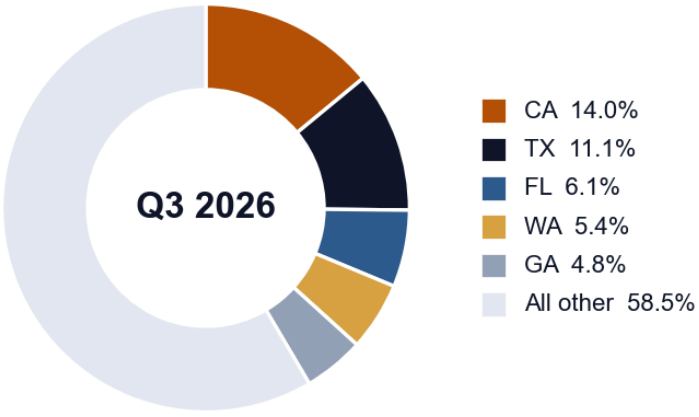
04 · WHERE THE DEALS ARE

## Hotels held the top spot; California's share slipped.

Hotels and motels took 12.5% of approvals by loan count, level with a year earlier and still the largest single industry in the segment. Gas stations with convenience stores rose to 7.3% from 6.8%, and full-service restaurants took 5.3%. California remained the largest state at 14.0%, but that is its smallest third-quarter share of loans in five years (it ran 16 to 19% from 2022 through 2025). Texas took 11.1%, and Washington ranked fourth at 5.4%. California and Texas together still took about a quarter of the market.




*By industry, share of Q3 2026 approvals by loan count.*




*By state, share of Q3 2026 approvals by loan count.*

05 · LENDERS

# Live Oak back on top, and the field stays open.

Live Oak Banking Company returned to first with 6.6% of gross approval dollars, up from 5.0% in the second quarter, followed by GBank (6.1%) and US Metro Bank (5.4%). Harvest Small Business Finance, narrowly first in the second quarter, fell to sixth at 3.8%. No lender captured even 7% of the quarter's 300-month dollars; across the rest of 7(a), Live Oak alone took 9.7%. Among loans of 300 months or longer, a wider group than this report covers, Live Oak took 10.3%. Ranked by Q3 2026 gross approval volume.




*Top 10 lenders by Q3 2026 owner-occupied CRE market share. Each arrow runs from the lender's Q2 2026 share (hollow dot) to Q3 2026 (arrowhead); green = gained share, red = lost. Q2 2026 shares come from SBA's September file.*

**Methodology.** SBA 7(a) FOIA data as of 09/30/2026. Owner-occupied CRE = 300-month (25-year) term loans, SBA's maximum for real estate loans, available on mixed-purpose loans when real estate is 51% or more of proceeds. Loans with added time for construction or renovation, and shorter real estate loans, are not included. Calendar-year basis, not SBA fiscal year. Approvals by approval date. Volume, loan-size, and lender shares are on a gross-approval basis (including cancelled and approved-but-not-yet-disbursed loans). Prior-quarter figures come from the same September file. Portfolio health follows the loans in distress or current on 03/31/2026, identified by their March term, and counts exits dated April through August 2026, in loans, not dollars. SBA later changes the term on some purchased and charged-off loans; following the March cohort avoids missing them after March, but loans re-termed before March are still counted with the rest of 7(a). SBA publishes no loan ID, so loans are matched across files on name, ZIP, approval date and amount; more than 99% traced. Lenders are the bank currently assigned the loan in SBA's file.



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SOURCE *SBA 7(a) FOIA data as of 09/30/2026.*

METHODOLOGY *300-month term (SBA's maximum for real estate loans). Calendar-year basis. Approvals by approval date; lender shares quarter over quarter; distress follow-up on the 03/31/2026 cohort.*

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