

Chapter 11, Health Care and Real Estate Distress Indices Reach Highest Levels in Years

The Polsinelli-TrBK Distress Indices Monitor on Rolling Four-Quarter Basis

(Nov. 9, 2023) In the newest [Polsinelli-TrBK Distress Indices Report](#), levels of distress continue to increase, hitting new, multi-year highs for all three tracked indices in Q3, including record-breaking distress levels in the health care sector. The Chapter 11, Real Estate and Health Care Distress Research Indices all increased in Q3 2023, resulting in the highest Chapter 11 Index since Q2 2021, the highest Real Estate Index in five years and the highest Health Care Index in the report's history.

"What we saw in Q2 has only further solidified across all indices," said [Jeremy Johnson](#), a bankruptcy and restructuring attorney at Polsinelli and co-author of the report. "What we are seeing is the continued stress of the post-pandemic world with real estate and health care starting to drive results. They account for over 20% of new filings. Many professionals anticipate that those filing numbers will increase. Interest rate pressure impacts all businesses, and there is no immediate solution and I think we will see continued stress on real estate. For the second quarter in a row, the health care signals extremely high levels of distress. It is at highest level of distress since the indices started tracking (breaking the record set last quarter) and since the beginning of the pandemic."

Commenting on the significant distress in the health care sector, Johnson remarked:

"The health care sector continues to grapple with the effects of the pandemic and significant market disruptions that are rapidly changing the sector. This change leads to both opportunity and distress, and we often see bankruptcies necessary to implement or clean up after such a change in market forces. Senior living continues to suffer from significant distress, but the distress is becoming more widespread, impacting hospitals, both urban and rural, and other health care providers."

The report, released today by Am Law 100 firm [Polsinelli](#) included the following updates:

- The Chapter 11 Distress Research Index was 57.41 for the third quarter of 2023, up over five points since the last quarter, up over 22 points over last year and down over 42 points compared with the benchmark period of the fourth quarter of 2010.
- The Real Estate Distress Research Index was 31.29 for the third quarter of 2023, up over four points since the last quarter, up over 11 points over last year and down nearly 68 points compared with the benchmark period of the fourth quarter of 2010.
- The Health Care Services Distress Research Index was 650.00 for the third quarter of 2023, up over 61 points since the last quarter, up over 463 points over last year and up over 550 points compared with the benchmark period of the fourth quarter of 2010.

The Polsinelli-TrBK Distress Indices are the backbone of a quarterly research report series that uses Chapter 11 filing data – bankruptcies with more than \$1 million in assets – as a proxy for measuring financial distress in the overall U.S. economy and breakdowns of distress specifically in the real estate and health care services sectors. It is the only current measurement that tracks both Main Street and Wall Street statistics.

The Polsinelli-TrBK Distress Indices track the increase or decrease in all Chapter 11 filings with more than \$1 million in assets since the fourth quarter of 2010. Unlike the public markets, the Polsinelli-TrBK Distress Indices include both public and private companies, creating a broader economic view and one that may show developing trends on Main Street before they appear on Wall Street.

To access the full report, graphs and all past analyses, visit www.distressindex.com

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