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Q3 Distress Levels Decline Across U.S. Economy and Health Care as Real Estate Rises

(Oct. 20, 2026) The latest Polsinelli-TrBK Distress Indices Report shows declining distress activity across the broader U.S. economy and health care sector for the third quarter of 2026, while real estate distress continued its gradual upward trend. The quarter marks a significant pullback in health care following elevated levels earlier in the year, although the sector remains well above its historical benchmark.

“The third-quarter results demonstrate how differently distress can move across sectors,” said Trinitee G. Green, a shareholder at Polsinelli and editor of the report. “General business distress declined from the prior quarter and health care saw a significant decrease, while real estate continued to trend upward. Even after the decline, health care remains at a substantially higher distress level than the broader economy.”

Released quarterly by Polsinelli, the Polsinelli-TrBK Distress Indices track business bankruptcy filings as a measure of economic distress across the broader economy and key sectors.

Key findings from the third quarter 2026 report include:

- The U.S. Economy Distress Research Index decreased to **83.26**, falling more than 10 points from the prior quarter. Compared with the same period one year ago, the Index increased nearly 3 points and remains more than 16 points below the benchmark period of the fourth quarter of 2010.
- The Real Estate Distress Research Index increased to **58.15**, rising almost 2 points from the prior quarter and nearly 10 points from the same period one year ago. The Index remains more than 41 points below the 2010 benchmark.
- The Health Care Services Distress Research Index decreased to **516.67**, falling 760 points from the prior quarter and nearly 692 points year over year. Despite the decline, the Index remains more than 416 points above the 2010 benchmark.
- On a trailing four-quarter average, real estate filings increased from **11.99% to 13.95%** of all index Chapter 11 filings, while health care filings decreased from **15.35% to 7.01%**.

The report also shows continued geographic concentration in the Southeast, which accounted for the largest share of overall Chapter 11 filings and remained the primary venue for health care filings. Real estate activity was more broadly distributed, with the Southeast and Northeast accounting for the largest shares of filings during the quarter.

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