SBA 7(A) MARKET INTELLIGENCE · INAUGURAL EDITION

# The Owner-Occupied CRE Quarterly

*A focused read on 25-year SBA 7(a) commercial real estate lending: approvals, pricing, pull-through, and credit performance. Calendar year 2025, with the first-quarter 2026 trend. Data as of 03/31/2026.*

## 01 What this report covers

Most lending data lumps every SBA 7(a) loan together, so a $35,000 unsecured working-capital line sits in the same average as a $1.2 million owner-occupied building purchase. This report does the opposite. It isolates the one segment that behaves like commercial real estate: 7(a) loans written on a 25-year (300-month) term, the maturity SBA reserves for loans where owner-occupied real estate is the predominant use of proceeds. What is left is a clean read on owner-occupied CRE, separated from the noise.

| GROSS APPROVALS (2025) | LOANS APPROVED (2025) | MEDIAN NOTE RATE | MEDIAN LOAN SIZE |
| --- | --- | --- | --- |
| **$8.63B** | **5,716** | **8.75%** | **$1.06M** |
| ▲ **8%** year over year | ▲ **1%** year over year | ▼ **75 bp** year over year | ▲ **9%** year over year |

## 02 The headline

> **The worst origination year in modern small-business lending was 2007. Owner-occupied CRE loans from that vintage entered distress at 0.66%. The rest of the 7(a) book ran nearly 30%.**
>
> That is not a rounding difference, it is a different asset class. Across every origination decade on record, 25-year real estate 7(a) loans have entered distress at a small fraction of the rate of the broader 7(a) portfolio. When an owner-occupied CRE loan does sour, there is a building to liquidate, so it rarely reaches a full charge-off. For a banker deciding where to send an owner-occupied real estate request, that is the entire point: the collateral does the work.

**Three things stood out this period**

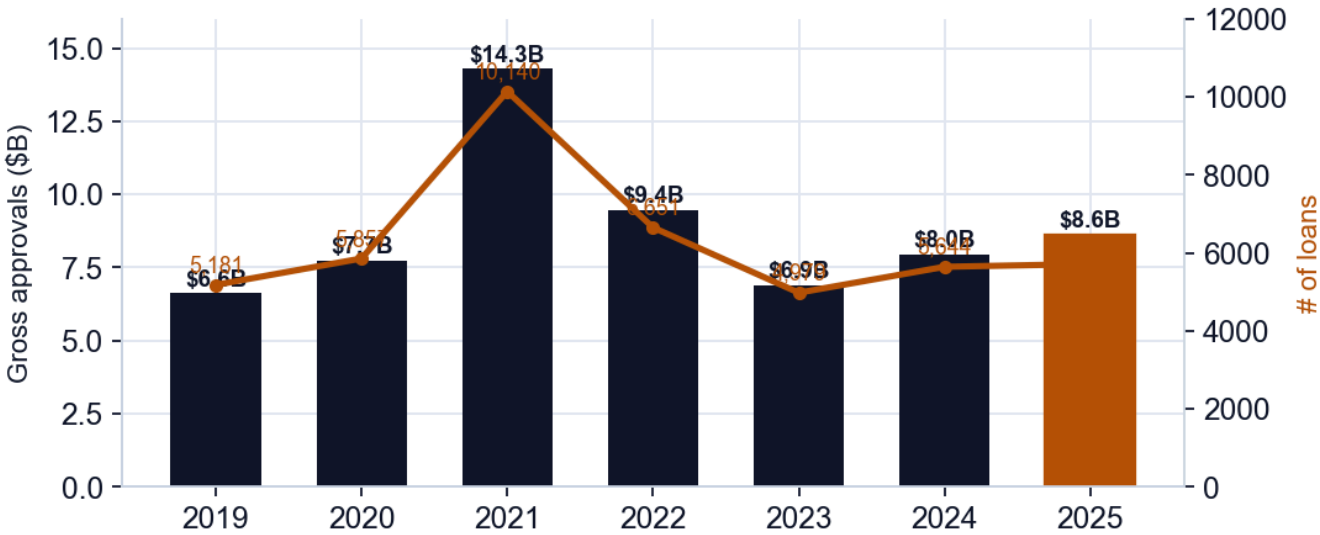
**1. Approvals held their recovery.** After bottoming in 2023, owner-occupied CRE approvals reached $8.6 billion in calendar 2025, up 8% in dollars year over year on a larger median loan, with count roughly flat. Early 2026 tracks the same way: first-quarter dollars are up 6% against a year ago even as count runs lighter.

**2. Pricing eased without margin creep.** The median note rate fell 75 basis points to 8.75% as the rate environment softened, while the median spread held at Prime plus 1.50%. Borrowers got relief from the index, not from lenders cutting spread.

**3. Credit stayed pristine.** The segment's distress rate remains roughly one-ninth of the broader 7(a) book, consistent with three decades of history.

## 03 Origination volume

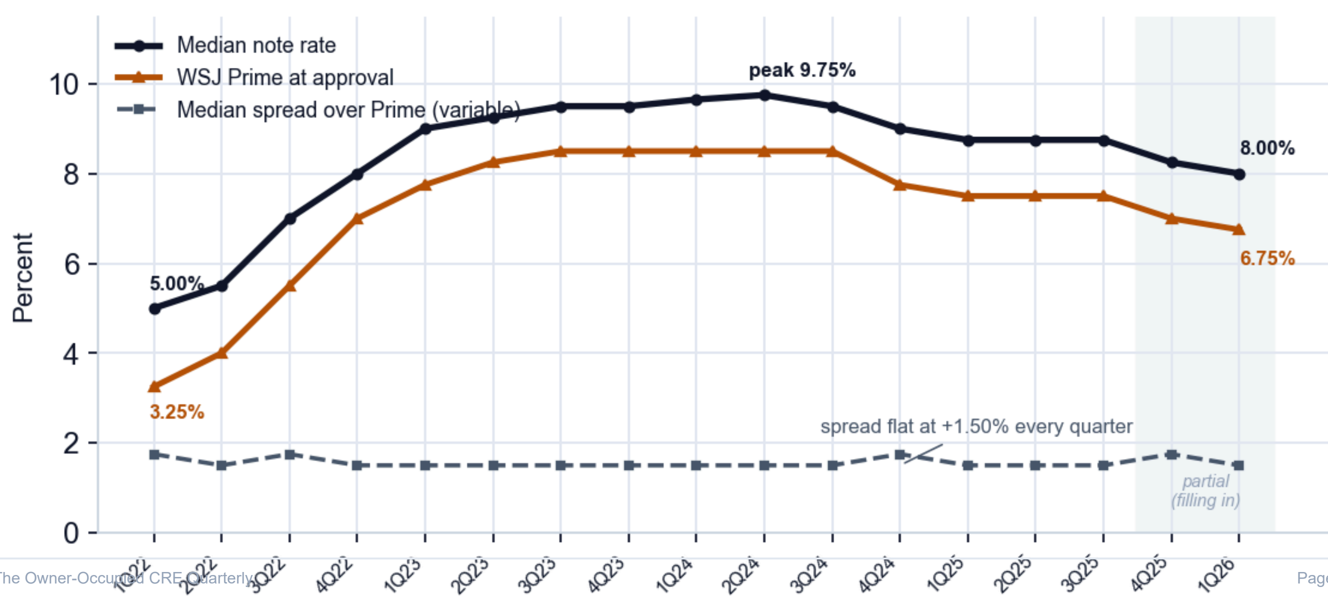
This report leads with gross approvals, the figure SBA reports and the market talks in, and presents them by calendar year so they line up with how banks track their own books (the methodology note covers calendar versus SBA fiscal year). Owner-occupied CRE 7(a) approvals peaked in 2021 at $14.3 billion across 10,140 loans, bottomed in 2023 at $6.9 billion, and have rebuilt since: $8.0 billion in 2024 and $8.6 billion across 5,716 loans in 2025, up 8% in dollars year over year. Loan count was nearly flat, up 1%, so the dollar growth came from a larger median approval, now $1.06 million. The current pulse points the same way: through the first quarter, 2026 approvals are running 6% ahead of the same period in 2025 by dollars, though lighter by count (1,445 versus 1,661 loans), a continuation of the fewer-but-larger pattern.




*Gross approvals in dollars (bars) and loan count (line), by calendar year of approval. Includes loans later cancelled. 2025 is the most recent complete year; 2026 is in progress.*

## 04 Pricing: rate and spread

Quarter by quarter, the chart decomposes the note rate into its two parts: the WSJ Prime index, which the lender does not control, and the spread, which the lender does. The full rate cycle is visible in one frame. WSJ Prime at approval climbed from 3.25% in early 2022 to an 8.50% plateau that held across all of 2024, then eased to 6.75% by early 2026. The median note rate rode it almost tick for tick, from 5.00% up to a 9.75% peak in the second quarter of 2024 and back down to roughly 8.00%. The spread is the line that does not move. The median spread over Prime on variable-rate paper has sat at plus 1.50% essentially every quarter since the start of 2023. The takeaway for a banker: across a violent rate cycle, the index did all the moving and the spread did almost none. Borrowers' rate relief came entirely from Prime, not from lenders discounting risk. Roughly 77% of originations are variable-rate.

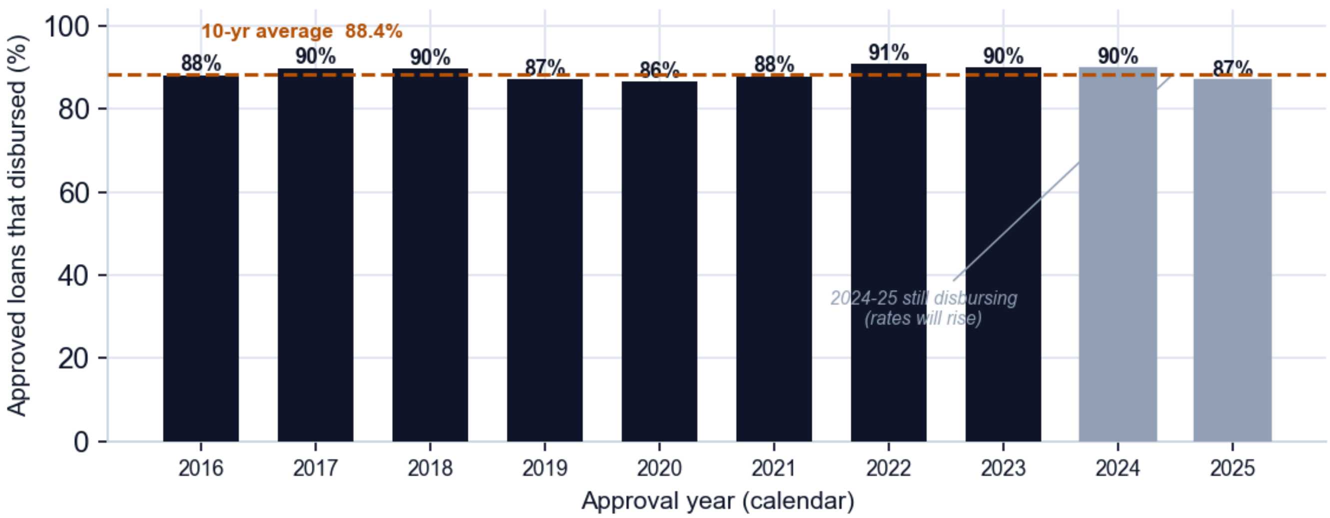





*Median note rate (all loans), median WSJ Prime at approval, and median spread over Prime (variable-rate loans), by calendar quarter of approval. The two most recent quarters are*

## 05 Pull-through: how many approvals actually fund

An approval is not a closing. Of every owner-occupied CRE loan SBA approves, some share never disburses: the borrower walks, the appraisal comes up short, the financing falls through, or the deal simply dies. That fallout is invisible in approval headlines, but it is a real measure of how solid the pipeline is. Over the past decade, roughly nine in ten approved owner-occupied CRE loans actually funded, and the rate has held in a tight 87% to 90% band through the entire rate cycle.

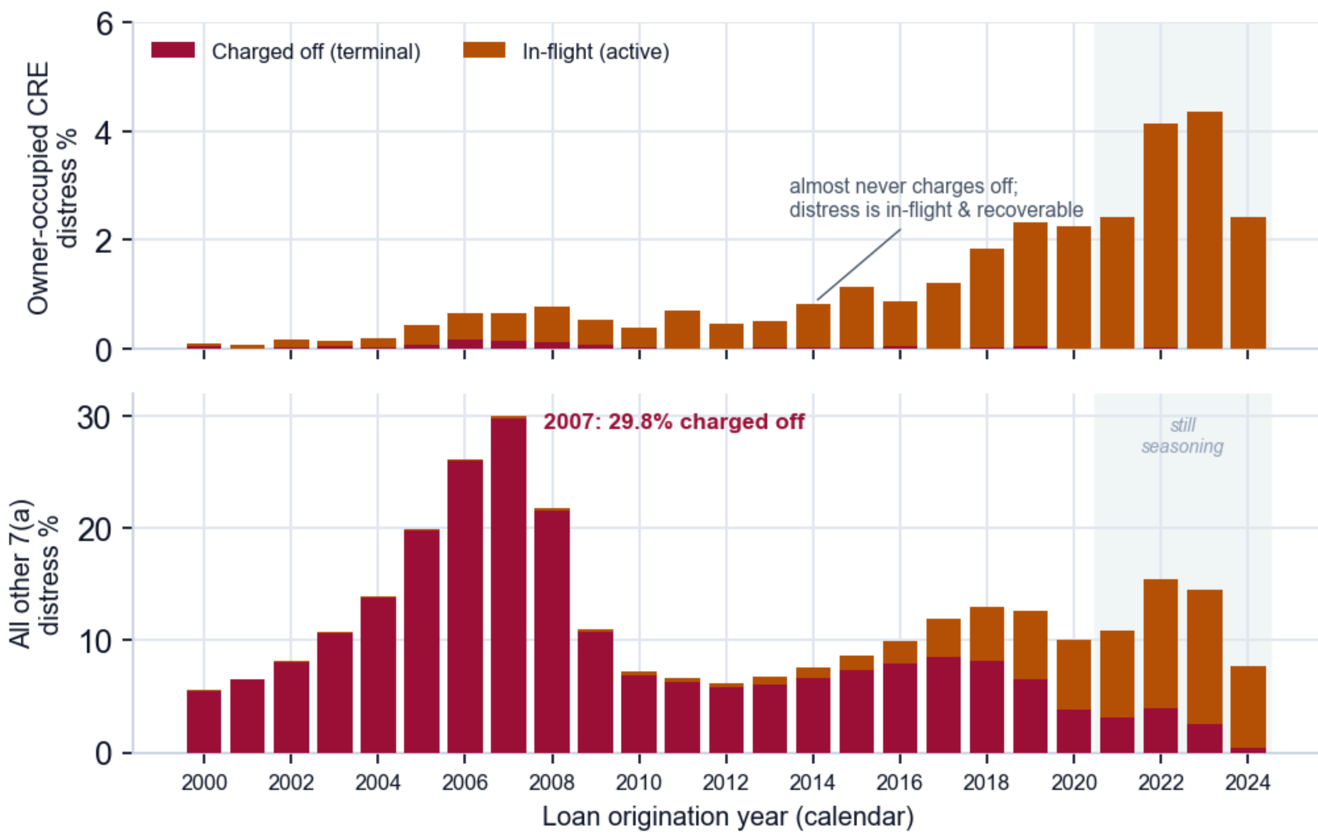



*Share of approved owner-occupied CRE loans (300-month) that reached first disbursement, by calendar approval year. The 2024 and 2025 years are still disbursing and their rates will rise as committed loans fund.*

The stability is the story. Even as rates tripled and volume swung, the share of approvals that converted to funded loans barely moved, which says the deals getting approved are real deals, not speculative applications. The two most recent years read low only because some of their approvals are still working toward closing; as those committed loans disburse, 2024 and 2025 will settle back into the high-80s to 90% range. About one in ten approvals falls out, and that is the number worth tracking, because a rising fallout rate would be an early sign of tighter credit or shakier borrowers well before it ever shows up in distress.

## 06 Credit performance: the case for the collateral

This is the chapter that matters to a referring banker. Each origination year's distress is split into the terminal piece (charged off, a realized loss) and the in-flight piece (still in liquidation, purchased, delinquent, or past due), which separates damage already done from trouble still working through the system. It shows two things at once: how owner-occupied CRE behaves versus the rest of the 7(a) book, and how each year's vintage is aging.



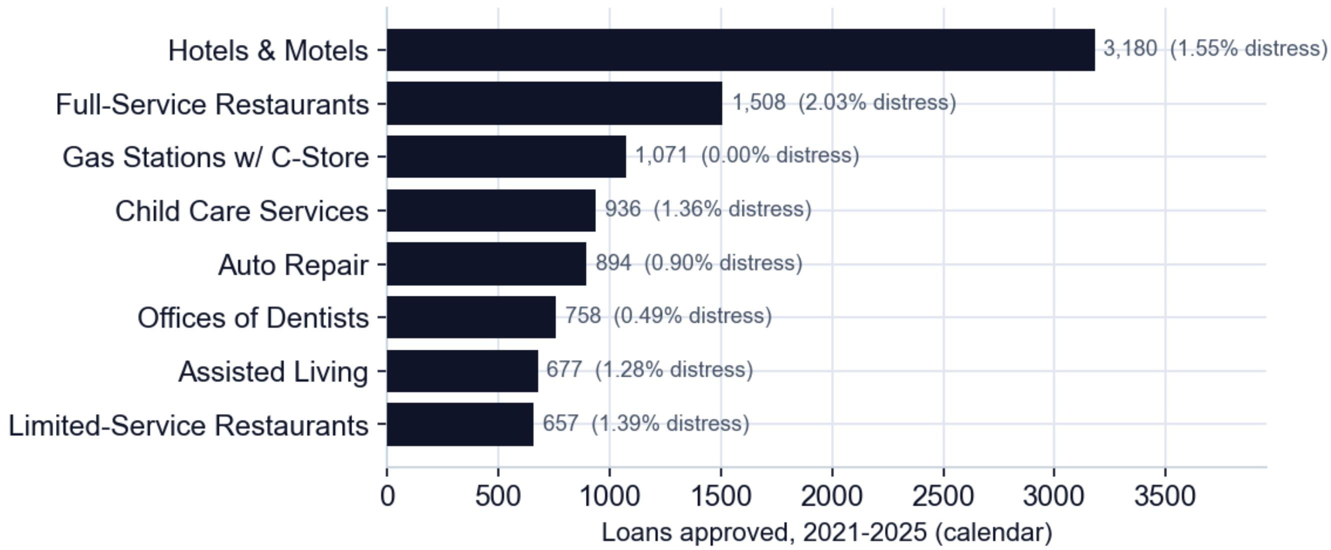

*Cumulative distress through 03/31/2026 by calendar origination year, split into charged-off (terminal) and in-flight (active). Top panel: owner-occupied CRE (300-month). Bottom panel: all other 7(a), on a different scale. Shaded years (2021 on) are still seasoning.*

**Mind the two scales, and the colors.** The bottom panel runs to 30%, the top never leaves single digits. The 2007 vintage, the worst in modern small-business lending, came through at **0.66%** distress for owner-occupied CRE while the rest of the book hit **nearly 30%**, almost all of it charged off. That split is the whole thesis: when owner-occupied CRE goes bad there is a building to liquidate, so it rarely becomes a terminal loss, while the broader book's crisis distress was overwhelmingly written off. **One honest watch-item:** the 2022 and 2023 owner-occupied CRE vintages are running hotter than any year on record, **4.1%** and **4.4%**, already above fully-seasoned older vintages despite being only two to three years old. But notice it is almost entirely in-flight, not charged off, so it is trouble in motion rather than realized loss, and given this segment's history most of it should cure or recover through collateral. It is still the number this report will watch.

> **For the conventional lender: the banking relationship stays with you. SBA carves out only the owner-occupied real estate piece, and the data above is how that piece performs.**

## 07 Where the deals are: industry

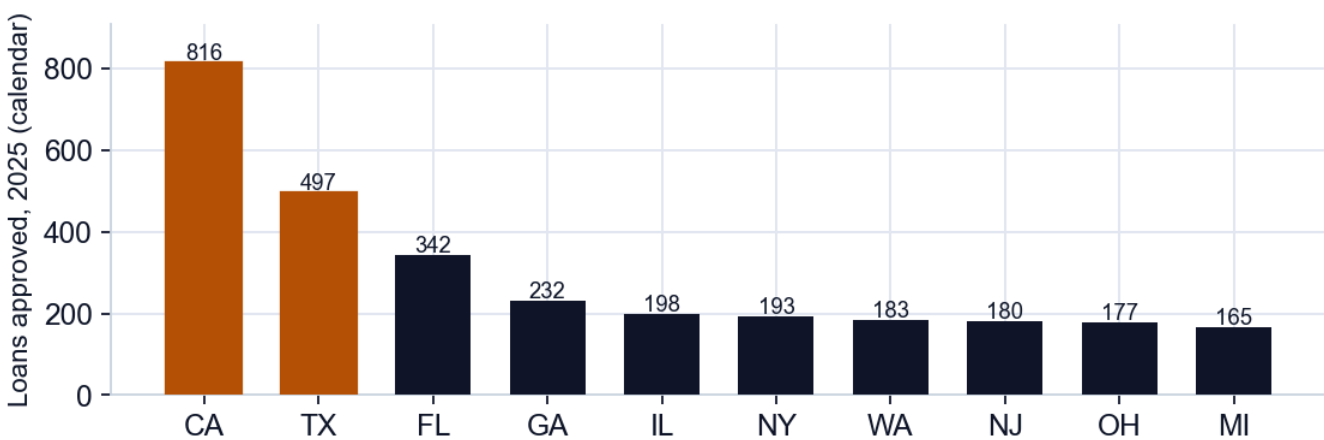
Owner-occupied CRE 7(a) concentrates in operating businesses that own their real estate. Hospitality leads (hotels and motels, plus full-service and limited-service restaurants), followed by gas-and-convenience, child care, auto repair, dental offices, and assisted living. The distress figure beside each bar is the fully seasoned 2010 to 2019 rate: even the highest sits near 2%, and dental practices are nearly bulletproof at 0.49%.




*Top owner-occupied CRE industries by loans approved 2021 to 2025 (calendar), with fully-seasoned (2010 to 2019) distress rate.*

## 08 Where the deals are: geography

California and Texas anchor the map, together roughly a quarter of 2025 owner-occupied CRE approvals, with Florida, Georgia, and the industrial Midwest rounding out the top tier.




*Loans approved by project state, calendar 2025.*

## 09 The lender landscape

The most active owner-occupied CRE 7(a) lenders over the trailing three calendar years (2023 to 2025), by loan count. The mix spans national money-center banks, the large SBA specialists, and the nonbank lenders, a reminder that borrowers have real choice in who finances the building.

| LENDER | LOANS | VOLUME ($MM) |
|---|---|---|
| Harvest Small Business Finance, LLC | 858 | $874.2 |
| U.S. Bank, N.A. | 657 | $732.5 |
| Wells Fargo Bank, N.A. | 600 | $638.4 |
| The Huntington National Bank | 596 | $720.1 |
| Bank of America, N.A. | 582 | $461.0 |
| Live Oak Banking Company | 541 | $993.1 |
| Enterprise Bank & Trust | 394 | $618.2 |
| Readycap Lending, LLC | 350 | $716.3 |
| GBank | 317 | $1,046.4 |
| Celtic Bank Corporation | 266 | $472.0 |

*Lenders grouped by institution and FDIC certificate; nonbank lenders shown at the entity level. Trailing three calendar years.*

## 10 Methodology and notes

**Universe.** SBA 7(a) loan-level data published under FOIA, as of 03/31/2026. Owner-occupied CRE is defined as loans with a 300-month (25-year) term, the maturity SBA permits only when owner-occupied real estate is the predominant use of proceeds (158,231 loans qualify). **Calendar-year basis.** All periods are calendar years and quarters, the basis banks use for their own books, not SBA's October-to-September fiscal year, so figures will not tie exactly to SBA's fiscal-year publications. **Approvals basis.** Volume and counts are gross approvals (all approved loans) by approval date, the basis SBA reports. **Funded denominators.** Pricing and distress are measured on funded loans only (cancelled, committed, and exempt records excluded). **Pull-through.** Funded loans divided by approved loans, using the first-disbursement date to mark funding. **Distress.** Cumulative through 03/31/2026: any loan ever charged off (terminal) or currently in liquidation, purchased, delinquent, or past due (in-flight), plotted by origination year; recent years are still seasoning. **Reporting lag.** Gross approvals read cleanly; funded volume and pull-through lag, because recent approvals are still disbursing.

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**SOURCE** *SBA 7(a) FOIA data as of 3/31/2026.*

**METHODOLOGY** *300-month term (SBA cap for owner-occupied CRE). Volume = gross approvals; pull-through = funded divided by approved. Distress measured on funded loans (Delinquent, Past Due, In Liquidation, SBA-Purchased, Charged Off).*