

NEWS

SMALL BUSINESS

# SBA lending rises in metro Atlanta

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From the dentist ready to start her own practice to the senior manager of a wholesale distributing company prepared to take over the business, **Alan Thomes** is seeing entrepreneurs in Georgia achieve their business goals with help from bank loans guaranteed by the **U.S. Small Business Administration**.

Dentist **Jennifer Dillon**, and the manager, both of whom sought their SBA-backed loans from **State Bank & Trust Co.** – where Thomes is president of SBA Banking – represent a broader current picture.

“We’ve seen the request volume increase,” Thomes said. “It’s interesting, very recently it seemed to have leveled off a bit. As a whole it has been a steady climb. There’s pent up demand.”

In the dental practice example, Thomes said Dillon worked at an existing practice and felt she had built enough of a client base to go out on her own.

“She’s in the process of building out and installing equipment,” Thomes said. “There’s every reason she should be successful, but she hadn’t had the opportunity to accumulate what she needed with a traditional loan.” That’s where the SBA-backed loans saved the day.

Dillon has bought the property and is doing a startup, but that means her costs were higher than traditional loans for dentists.

“It’s a startup,” she said. “I have nothing.”

The SBA loan is helping to get her practice started. She expects to open **Decatur Smiles** in early March in downtown Decatur.

**Terri Denison**, district director, U.S. SBA, Georgia district office, said the state is brimming with many other small business go-getters.

“Georgia is the most entrepreneurial market I have worked in, which makes the job a real joy and exciting,” she said.

## Gaining some momentum

In fiscal year 2015, SBA Georgia had a record year with \$1.4 billion in SBA-backed loans, both the 7(a) and 504 programs. Among the top industries are: accommodation and food services, retail, health care and social assistance. Denison said retail has fairly recently broken into the top five.

“I think for the immediate future, things will continue to go as they are,” Denison said. “It seems we are gaining some momentum.”

Denison said the agency is also working internally to process the SBA loan guarantees more efficiently. “The idea of leveling the playing field in terms of the effort and cost to process the SBA loan guarantee, that would incentivize lenders to make smaller loans and meet that niche as well,” Denison said.

**Jennifer Dillon is using an SBA-backed loan to open her own dental practice in Decatur.**



JOANN VITELLI

## Meeting small and large credit needs

Thomes said State Bank increased SBA 7(a) loans to \$63.9 million in Georgia in fiscal year 2016, up from \$43.5 million in fiscal 2015.

Overall, State Bank made more SBA 7(a) loans in 2016 than 2015, and its

average loan size also increased in 2016 versus 2015.

And according to information Thomes provided from the **National Association of Government Guaranteed Lenders**, 143 institutions made 1,851 loans totaling \$1.2 billion in Georgia in 2015. In 2016, 147 institutions made 1,868 loans totaling

## BY THE NUMBERS

### SBA metro Atlanta loan stats

FY 2015	1,198 loans	\$703.3 million	Avg. \$587,061
FY 2016	1,227 loans	\$814.6 million	Avg. \$663,896

Note: The federal fiscal year is Oct. 1-Sept. 30

Note: FY 2015, SBA Georgia had a record year with \$1.4 billion in SBA backed loans (SBA 7a and 504 loan programs). Number of SBA-backed loans (2,023) was the most loans since 2006.

County	FY 2015 Total #	FY 2015 Total \$	FY 2016 Total #	FY 2016 Total \$
Cherokee	67	\$40.6 million	59	\$45.9 million
Clayton	48	\$32.5 million	26	\$15.1 million
Cobb	196	\$87.9 million	201	\$110.2 million
DeKalb	187	\$93.3 million	203	\$111.8 million
Douglas	20	\$13.8 million	21	\$13.9 million
Fayette	31	\$20.1 million	27	\$33.9 million
Fulton	381	\$244.7 million	380	\$242.8 million
Gwinnett	221	\$130.3 million	265	\$206.6 million
Henry	25	\$18.6 million	31	\$25.3 million
Rockdale	22	\$21.3 million	14	\$9.1 million

Note: Individual dollar totals are rounded.

## CLOSER LOOK

Atlanta area loans as a percentage of SBA-backed loans statewide

### Total number of SBA-backed loans

FY 2015	60.5 percent
FY 2016	60.6 percent

### Total SBA-backed loan dollars

FY 2015	54.1 percent
FY 2016	58.2 percent

SOURCE: U.S. SMALL BUSINESS ADMINISTRATION

\$1.25 billion. Fifteen banks, including State Bank, accounted for more than half of the 2016 volume, or roughly \$700 million.

**Wells Fargo** in Georgia approved 384 7(a) loans totaling more than \$62.2 million in federal fiscal year 2016, a 17 percent increase in loans year-over-year, said **Jon Kaye**, East Area regional sales manager, Wells Fargo SBA Lending, via email.

Nationally, Wells Fargo approved 8,737 SBA 7(a) loans totaling more than \$1.97 billion. The bank also approved 189 SBA 504 loans totaling more than \$242.5 million.

“We continue to make both small and big SBA loans to meet the credit needs of our customers, ranging from small lines of credit for working capital to large fixed-rate loans for commercial real estate,” Kaye said.

“In terms of the number of SBA loans Wells Fargo has extended, we are meeting the credit needs of even more business owners, particularly smaller, newer businesses and diverse-owned businesses,” Kaye said. “It also means we are helping more American business owners succeed financially and grow their business.”

Other trends Kaye has noted:

- Expansion. “With low interest rates this year, many business owners are making the decision to expand into larger facilities or purchase their own land and buildings instead of leasing or renting.”

- Construction and renovations. “There has been a shortage of properties that are meeting business customer’s expansion needs, so more customers are doing more ground-up construction or major renovations to accommodate their business growth needs.”

- Acquisitions. Like Thomes, Kaye is also seeing acquisitions on the upswing. “Numerous customers are using SBA financing to acquire businesses. They are identifying businesses today they can buy from sellers who waited to sell until their business financials and the economy showed improvement,” Kaye said.

- Strength and confidence. “The economy is gradually improving. That means healthier businesses in stronger industries are in a better position to get approved for credit, and business owners are more confident to pursue financing for their businesses.”

– Industry Focus Editor Lisa R.

Schoolcraft contributed to this story.