

# Spread premium tightened slightly in Q2'26

Octus | August 5, 2026

The Spread Premium Between the Smaller and Upper Middle Markets Tightened Slightly to 6 bps in Q2'26



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One bright spot for lenders in Q2 was that average spreads edged higher for the second straight quarter. The average first lien term loan/unitranche spread reached 517 bps in the second quarter, an increase of 13 bps from the first quarter. During the same period, middle-market spreads also widened by 13 bps to 521 bps, while large-cap deals had a slightly higher increase of 15 bps to 507 bps. While the widening was welcomed by lenders, many say there is currently a lot of pressure on spreads and they expect these averages to recede in the coming quarter.