

Lowest number of corporate insolvencies in Germany - Berlin is insolvency capital



The number of corporate insolvencies in Germany will fall again in 2019. In total, 19,005 companies filed for insolvency last year. This represents a 2.8 percent reduction in corporate insolvencies compared with the same period last year (2018: 19,552 corporate insolvencies). As a result of what is now the tenth decline in a row, corporate insolvencies in 2019 have fallen to a new low since 1994 (18,820 cases). Compared with 2003, the highest year for corporate insolvencies to date, when there were still 39,320 corporate bankruptcies in Germany, the number of insolvencies in 2019 has thus more than halved. "Companies in Germany benefit from improved equity capitalization in combination with stable economic development. Driven by the domestic economy and private consumption, companies have built up a buffer against crises in recent years", comments CRIFBÜRGEL Managing Director Ingrid Riehl on the current figures. Moreover, due to the low interest rate level, companies can take out loans at favourable conditions without any major problems.



For the coming year, however, CRIFBÜRGEL expects an increase in company bankruptcies to 19,500 cases. "The weakening of the economy in Germany will also be reflected in the insolvency figures in 2020," says Riehl. "In addition, the rising number of major insolvencies in 2019

will lead to domino effects, which in many cases ensure that insolvent companies will drag other companies into insolvency with them," Riehl analyses.

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The most prominent bankruptcies in 2019 included Thomas Cook, Germania, the fashion chain Gerry Weber and the TV manufacturer Loewe.

The damage caused by corporate insolvencies totaled almost 25 billion euros in 2019. On average, creditors suffered bad debt losses of nearly EUR 1.3 million per insolvency.

The highest insolvency density was in Berlin in 2019. In the capital, 90 out of 10,000 companies had to file for insolvency. The national average was 58 bankruptcies per 10,000 companies. In addition to Berlin, this figure is exceeded by Saarland (85 insolvencies per 10,000 companies), North Rhine-Westphalia (82), Hamburg (80), Bremen (79), Saxony-Anhalt (70) and Schleswig-Holstein (68). Thuringia had the lowest number of corporate bankruptcies in 2019 with 36 bankruptcies per 10,000 companies. But comparatively few firms also had to file for bankruptcy in Baden-Württemberg and Brandenburg (41 each) and Bavaria (43).



In absolute figures, the federal states of North Rhine-Westphalia (5,492), Bavaria (2,653), Baden-Württemberg (1,853) and Lower Saxony (1,511) top the insolvency statistics.

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In Thuringia (minus 34 percent), Bremen (23.8 percent) and Saxony (minus 17.7 percent), corporate insolvencies fell by double-digit percentages. The strongest increase compared to 2019 was in Hamburg, with a rise of 11.1 percent. Significantly more corporate insolvencies were also registered in Saarland (plus 8.1 percent) and Bavaria (plus 6.6 percent).

With 80 corporate insolvencies per 10,000 companies, logistics is at the top of the insolvency list for the main sectors. The insolvency ratios in the service sector (78) and in construction (70) are also above average (58). With 8,976 cases, service companies account for the highest absolute proportion of insolvencies in Germany. The lowest insolvency density is in the energy sector, with 14 bankruptcies per 10,000 companies.



The highest risk of insolvency with regard to the legal forms was posed by the Unternehmergeellschaft (limited liability company) in 2019. The insolvency density for the UGs was 198 corporate bankruptcies per 10,000 companies, which was significantly higher than for the stock corporations (107) and the GmbHs (89). There were considerably fewer insolvencies in relative terms among commercial enterprises and sole proprietorships (37 insolvencies per 10,000 companies).

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The insolvency scene in Germany is characterised above all by small companies. 15,502 or 81.6 percent of insolvent companies had no more than five employees. The proportion of insolvencies continues to decline as the number of employees rises. 7.8 percent of insolvent companies had between 6 and 10 employees. In the case of firms with 51 or more employees, the share of insolvencies is only 2.7 percent (508 in absolute terms).

13.7 percent of insolvent companies fail within the first two years after their foundation. The reasons for the failure of young companies are complex, but can be seen primarily in the business idea of the founders. If this is not marketable or if the products are not manufactured efficiently, the company has no chance of survival. In addition, the founders are mainly affected by market changes, strategic mistakes and a lack of professional competence. 58.2 percent of insolvent companies, including young entrepreneurs, have been on the market for no longer than 10 years.