

CRIF STUDY: CORPORATE INSOLVENCIES INCREASED BY MORE THAN 20% IN GERMANY IN 2023 AND THE 2024 FORECAST IS TO REACH PRE-CORONAVIRUS LEVEL



Last year, 17,847 companies filed for insolvency in Germany. This represents a 22.4% increase in company insolvencies compared to the same period in the previous year (2022: 14,578 company insolvencies). These are the key findings of the analysis of corporate insolvencies in 2023 by information service provider CRIF

Despite the increase, it is not possible to speak of a "wave of insolvencies" in terms of the nationwide figures, even though double-digit year-on-year growth rates have been observed consistently since June 2023. From a regional perspective, the number of cases is sometimes rising at an alarming rate, for example in Bremen (up 53.9%) and Schleswig-Holstein (up 34.2%).

In Germany, it is more a case of a return to normality in the insolvency situation after extensive support programs worth billions were implemented in recent years. The current figure is also low compared to previous years. The average since 1999 has been just under 26,200 company insolvencies per year, with the previous record year of 2003 being 39,320.



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"The year 2023 was characterized by numerous challenges for companies, including high energy costs, supply chain problems, geopolitical uncertainties, higher interest rates and persistent inflation. Consumers' reluctance to spend due to increased costs has also led to a reduction in their disposable income, which in turn hurts companies. The resulting loss of purchasing power is an additional burden on companies. The financial situation of many companies is also being negatively impacted by increased production costs, higher personnel expenses and high-interest rates. All in all, the existence of not just one, but several parallel crises is leading to greater financial instability for companies. The majority of companies are still in a good financial position, even if an increasing number of major insolvencies may lead to further insolvencies. In some cases, domino effects will ensure that insolvent companies will drag other companies into insolvency with them," says CRIF Germany Managing Director Dr Frank Schlein.

Bremen with the highest insolvency rate

The highest insolvency density in 2023 was in Bremen with 113 insolvencies per 10,000 companies. The national average was 59 insolvencies per 10,000 companies. In addition to Bremen, Berlin (100 insolvencies per 10,000 companies), Hamburg (78), North Rhine-Westphalia (76), Saarland (70), Schleswig-Holstein (64) and Hesse (60) also ranked above this figure. The fewest company bankruptcies in 2023 were in Thuringia (38 insolvencies per 10,000 companies), Brandenburg (41), Bavaria (44) and Baden-Württemberg (45). In absolute terms, the federal states of North Rhine-Westphalia (4,639), Bavaria (2,492) and Baden-Württemberg (1,862) reported the most company insolvencies.

Strongest increase in Bremen and Schleswig-Holstein

In all 16 federal states, the insolvency figures have risen compared to the previous year - most strongly in Bremen with an increase of 53.9 per cent. Schleswig-Holstein (up 34.2 %), Berlin (up 31.2%), Saarland (up 29.1%) and Mecklenburg-Western Pomerania (up 28.1%) also saw significantly more corporate insolvencies. The increase in company insolvencies was lower than the national average (plus 22.4%), particularly in Brandenburg (plus 1.1%), Thuringia (plus 6.3%) and Saxony-Anhalt (plus 10.6%).

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Strong growth in the care facilities, call centres, gastronomy, fitness studios and private security services sectors

The manufacturing industry was particularly hard hit by insolvency, with an increase of 29.2 per cent, followed by trade with a rise of 26.2 per cent. An increase of 20.9 per cent was recorded in the construction industry. The service sector recorded an increase of 22.9 per cent compared to the previous year.

A closer look at the various sectors shows that the following industries in particular were affected by insolvencies in terms of percentage growth: Care facilities, call centres, catering, fitness studios and private security services. In contrast, the shipping, law firms excluding notaries, legal advice, electricity and energy supply sectors recorded significantly fewer insolvencies compared to the previous year.