

Update on National Insolvency Statistics from Germany (June 2025)

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We learned that an optimist is a person who is not aware of the full facts. Now these days it is a challenge to be an optimist even if you are not aware of all the facts. In a world where tariffs performing rollercoaster like moves are making the headlines and we fail to bring an end to more and more inhuman warfare, a growing number of businesses is struggling. More even as the times of seemingly unlimited subsidies are over and we're seeing paradigm changes in the automotive and healthcare sector and good old High Street Retail is ailing as always.

With that in mind it goes without saying that the number of insolvencies and distressed businesses are rapidly growing in Germany where we are by tradition heavily relying on exports and the manufacturing industry.

Statistical numbers of formal business insolvencies have seen highs and lows in the century. The peak was in 2009 during the financial crisis when we had 33,000 with the low being at 13,993 at the height of the pandemic in 2021. Numbers have been on the rise since. In 2022 we were at 14,590 and the following year (2023) we reached 17,814 bringing it to 21,812 in 2024. And we are on the rise again this year. A recent study by Alvarez & Marsal reported that as much as 16.6% of the German businesses were to be classified as distressed in 2024. The highest number of all EU countries surveyed.

Total claims of creditors in corporate insolvencies in 2024 were reported to be EUR 58.1 billion (2023: EUR 26.6 billion). It can be assumed that particularly numerous major insolvencies (companies with an annual turnover of over EUR 50 m) had an impact on the increase of claims. In comparison to 2023, 314, more than double of those filed in 2024.

Preventive restructuring (StaRUG) introduced in 2021 with high expectations and a lot of publicity as the German answer to the English Scheme of Arrangement continued its very slow start. To those with more experience this does not come as a surprise as institutional lenders in Germany are very shy when it comes to innovation. Numbers here were 22 at the start in 2021 rising to 27 in 2022. Growth in 2023 was significant, bringing the number to 56 and last year we had 84 cases reported.

Looking ahead, current trends do not deliver a uniform message. While the economy grew at a rate of 0.4 % in the first quarter of 2025, which was two times what was expected, uncertainty is still prevailing about future tariffs, the development of the situation in Ukraine and the impact of the sweeping economic policy changes announced by the new government which is in office since early May. The first months of 2025 again saw a rise of clearly two digit percentages for business insolvencies. So, we are moving forward with some hopes but also some sorrows. Tough times for optimists.