

2012 Year-End Bankruptcy Filings Report

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December bankruptcy filings continued the declining trend that has dominated the fall, falling to 77,000 (from 86,000 in November); those filings are 24% lower than the filings last December. Looking over a longer term, filings for 2012 were about 1.15 million, down 14% from 2011. That amounts to just under 5000 filings per million adults, one for every 200 households. As Figure 1 shows, the 2012 filing total, though still markedly higher than the total from 2007, is the lowest since 2008.

Nationwide, 2012 brought about 4600 filings per million adults, one for every 200 adults. As Figure 2 shows, there is considerable variation at the State level. The States with the highest filings rates are in two clusters. The first cluster is in the industrial mid-West, where Tennessee and Georgia have the highest filing rates in the Nation. The second includes all of the States of the Pacific Southwest, led by California and Nevada (which have the third and fourth highest filing rates among the States). By contrast, the low-filing States are scattered almost randomly around the Nation. Although most of

those States are low-population States of relatively little significance to the Nation's economy, it is noteworthy to see both Texas and New York – two of the Nation's largest States by population – in the bottom quartile by filing rate.

As suggested above, although rates remain historically high, the national filing rate was considerably lower in 2012 than it was in 2011. Indeed, filings in 2012 were lower in all of the States. Still, the rate of decline varies markedly, as illustrated in Figure 3. The most telling part of that map is the Pacific Southwest. The starkness of 2011 for those States is underscored by the presence of those same States here in the group of States with the steepest decline in filings from 2011. Nevada, for example, had a 28% decline from 2011, the sharpest drop in filings nationwide, but still appears in Figure 2 beside California as one of the States with the highest filing rate in 2012. By comparison, the high-filing States in the Southeast got little relief in 2012, as their filing rates dropped only slightly.

A comparison to the pattern of foreclosure filings is instructive. Figure 4 displays the density of loans in foreclosure throughout the Nation. The contrast between that map and the map of bankruptcy rates is striking. Except for Nevada, all of the States in the upper tier of bankruptcy filings are in the lowest tier of foreclosure filings. Conversely, Florida, with a foreclosure rate of 13% (by far the highest in the Nation) has a moderate bankruptcy filing rate just above the median. Illinois is the only State in the Nation that appears in the top tier of both bankruptcy rates and foreclosure inventory.

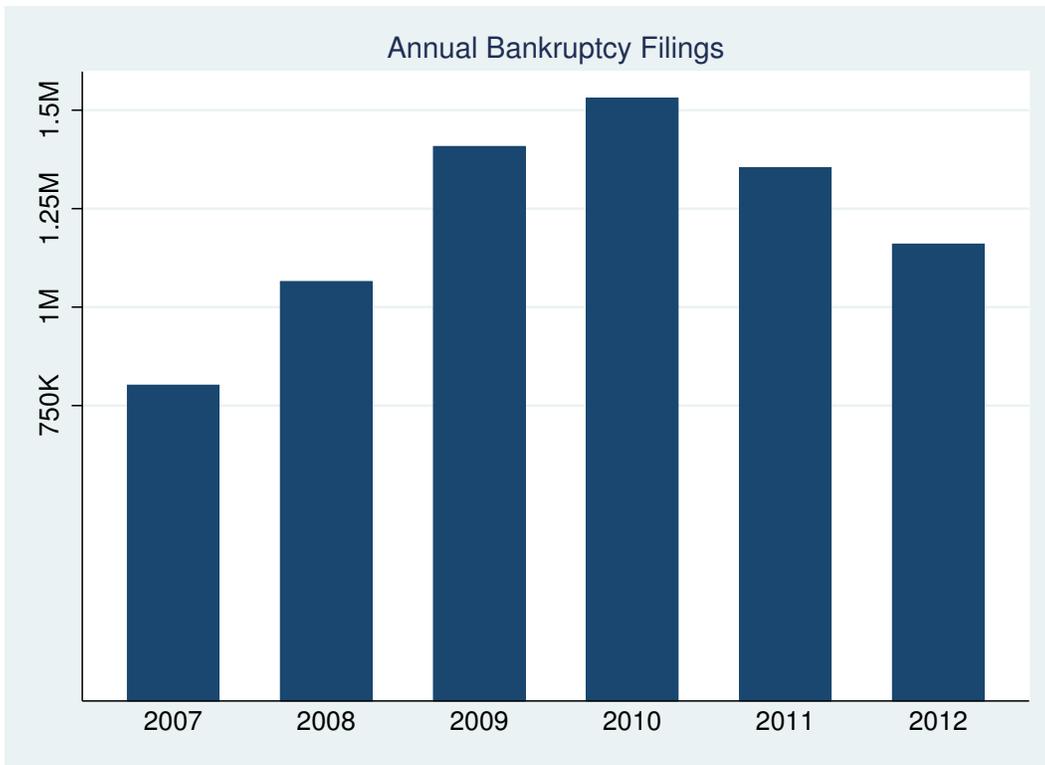


Figure 1: Annual Bankruptcy Filings.

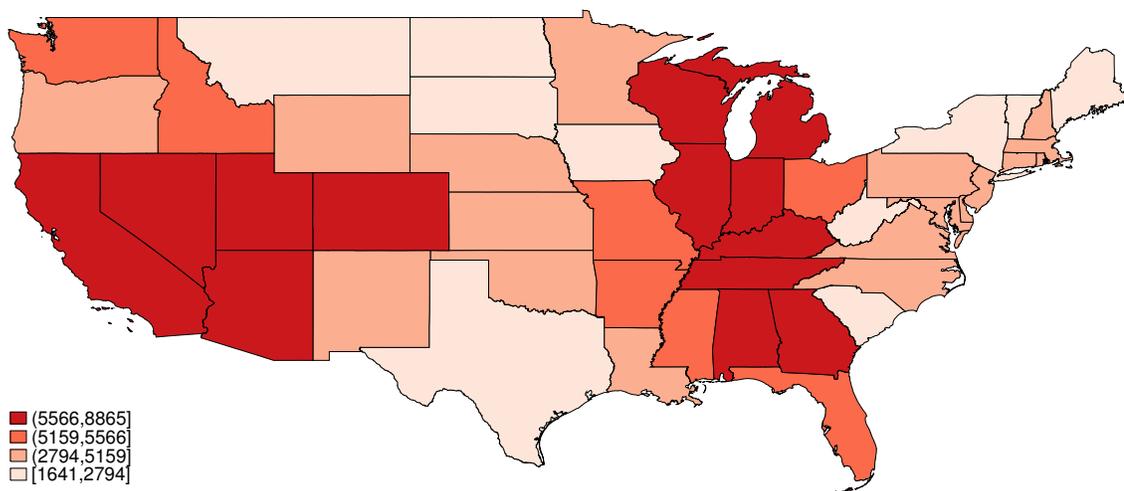


Figure 2: 2012 Filings Per Million Adults (By State)

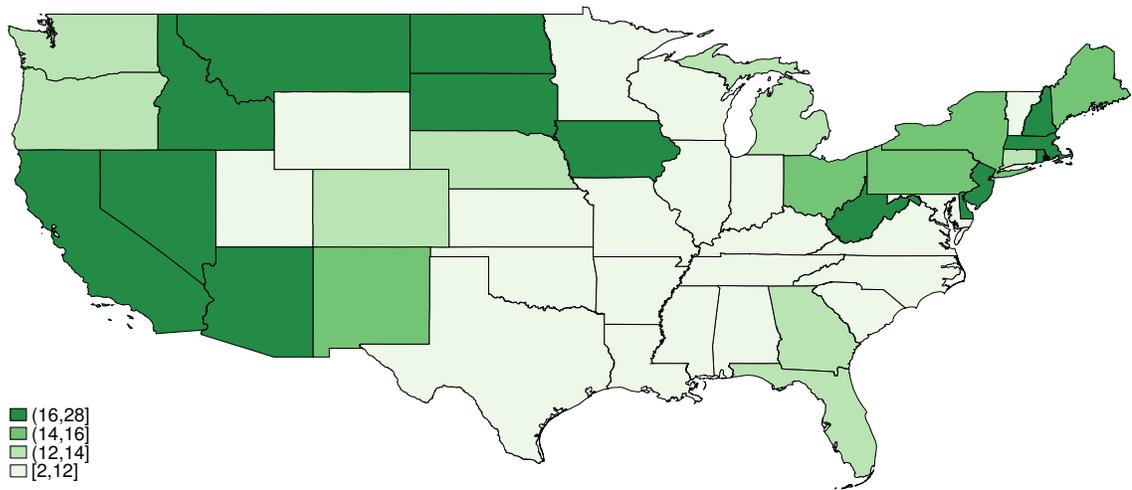


Figure 3: % Decline in Filing Rate from 2011 to 2012 (by State)

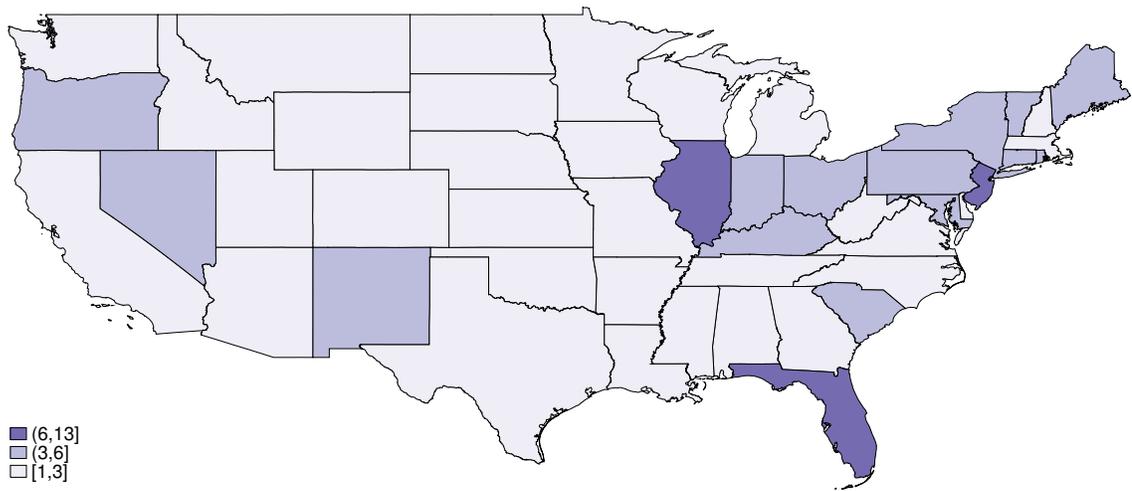


Figure 4: % of Mortgage Loans in Foreclosure (by State). From Mortgage Bankers Association Data for the Third Quarter of 2012.