

NBKRC Mid-Year Bankruptcy Filings Report

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Bankruptcy filings fell from 95,000 in May to about 86,000 in June. The sharp decline reinforces the now-regularized dropoff from the high rates of 2010. Thus, the June filings are down 17% from last year; the filings for the second quarter of 2013 are down 12% from last year. Looking over a longer scale, the filings so far this year are down 14% from the first half of last year, 25% from the first half of 2011, and 31% from the first half of 2010.

Total filings this year amount to about 2250 filings per million adults (one for every 440 adults). Against that norm, a group of seven States stand out with remarkably high rates, more than 50% above the national average. Tennessee remains by far the highest (at 4300, almost twice the national average). Following, in order, are Georgia (with 4000), Utah (with 3900), Alabama and Illinois (with 3600), Indiana (with 3500), and Nevada (with 3400). No other State has more than 3000 filings per million adults this

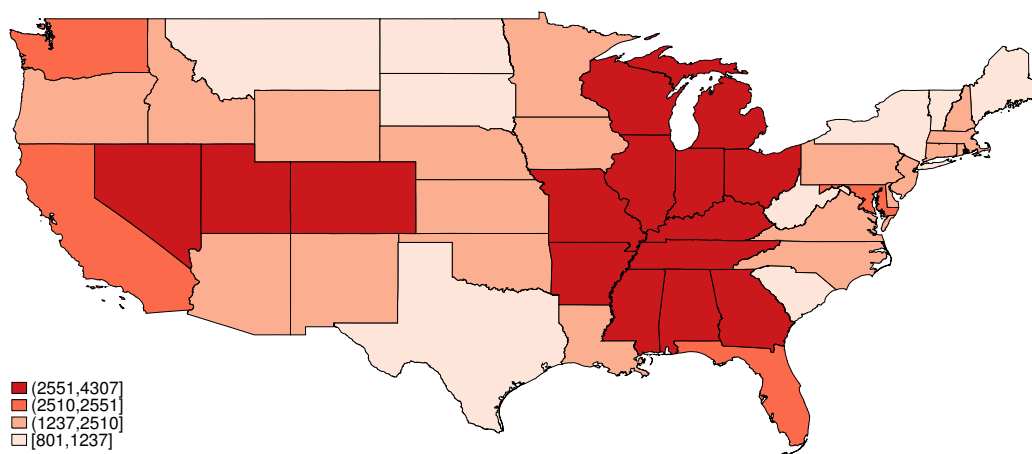


Figure 1: Year-to-Date Bankruptcy Filings per million adults. Source: Author’s calculations from data provided by the National Bankruptcy Research Center.

year. Interestingly, as the high filing rates of the Great Recession recede, the pattern of high rates is spreading out of the Southeast and Pacific Southwest where it has been concentrated for much of the last two years. This is seen most clearly at the top of the filings list, where Tennessee has now firmly replaced Nevada, which for much of 2010 and 2011 stood apart as an outlier, with rates far above those in all other States. The associated map underscores that point on a broader scale, illustrating two shifts in the highest-filing group of States: a move north from the Southeast, with the industrial heartland of the Ohio River valley replacing Florida in the top tier; and a move east from the Pacific Southwest where Utah and Colorado have replaced California in the top tier.

Filing rates in the Nation’s largest urban centers provide another illustration of the same point. The table below displays the filing rates (per million

adults) in the first six months of 2013 for the Nation's twenty largest counties – those with more than 1.2 million adults. Within that group, the two most severely hit cities are both in the Midwest – Chicago (with by far the highest filing rate, substantially more than twice the national average) and Detroit. Rates in the large counties of California and Nevada, though still high, have fallen from the top of the list (where they appeared throughout 2010 and 2011) to the middle.

The bottom of the table, by contrast, remains much as it has been since the crisis began: Houston and San Antonio (in Texas) and the three large counties in New York City, all with less than half the national filing rate. Perversely, it seems, despite the roots of the Great Recession in New York's financial industry, New York City itself (where subprime mortgages were never important) has been largely exempt from the bankruptcy crisis. Indeed, Manhattan has the lowest filing rate of any of the largest counties, only 500 filings per million adults, less than one-quarter of the national average. Similarly, Texas' relatively unscathed status doubtless reflects the failure of large money-center institutions in Texas during the late 1980's, which left Texas relatively outside (and thus insulated from) the mainstream of financial exuberance that resulted in the subprime crisis of the last decade.

County	Year-To-Date 2013 Filings (Per Million Adults)
Cook (Chicago, Illinois)	4764
Wayne (Detroit, Michigan)	4177
Miami-Dade (Florida)	4139
Riverside (L.A., California)	3813
Clark (Las Vegas, Nevada)	3791
San Bernardino (California)	3755
Broward (Ft. Lauderdale, Florida)	2927
Los Angeles (California)	2763
Maricopa (Phoenix, Arizona)	2704
San Diego (California)	2702
Orange (L.A., California)	2455
King (Seattle, Washington)	2032
Tarrant (Dallas, Texas)	1731
Santa Clara (California)	1723
Dallas (Texas)	1555
Bexar (San Antonio, Texas)	1111
Queens (New York)	1101
Harris (Houston, Texas)	984
Kings (Brooklyn, New York)	806
New York (Manhattan, New York)	588

Table 1: Year-to-Date Urban Bankruptcy Filings. Source: Author's calculations from data provided by the National Bankruptcy Research Center.