

NBKRC Monthly Bankruptcy Filings Report (June 2012)

Ronald Mann, Columbia Law School

June 5, 2012

After a sharp drop in April, bankruptcy filings rebounded sharply in May, up to 110,000 from 102,000 in April. Because filings in May typically are lower than they are in April, this represents a seasonally adjusted increase of about 10%. Still, filings were down 5% from last May, and filings so far this year are down 13% from the elevated levels of last year.

Nationwide, there have been about 2190 filings per million adults so for this year, one for every 450 adults. Interestingly enough, as the tide of bankruptcy filings finally begins to recede, regional disparities also have started to diminish. Thus, the States with the highest filing rates this year are just above a time-and-a-half the national rate: Tennessee, Georgia, and Nevada, all with about 2900 filings per million adults. To be sure, the highest filing rates are increasingly concentrated in the Southeast. For example, eight of the ten of the highest-filing counties in the Nation are in Georgia or Tennessee – led by Shelby County, Tennessee (Memphis), with a rate of about 7,600 filings per million adults (almost three-and-a-half times the national average). More broadly, as the dark red areas in Figure 1 show, above-average filings dominate two large swathes. The first cuts across the old industrial sector from Michigan down through Ohio, Kentucky, and Tennessee to Louisiana and Georgia. The second spreads from California through much of southern Nevada and Arizona. One other noteworthy concentration surrounds Milwaukee, Wisconsin, which had by far the highest rate of bankruptcy filings in the Country in May (1700 per million filings in that month alone). At the other side of the spectrum, as Figure 1 suggests, low filing counties dominate a band running down the center of the nation from North Dakota to South Texas.

There is also considerable disparity in the rate at which overall filing rates are dropping. For the first time in years, every State has fewer filings this year than at the same time last year. As Figure 2 illustrates, the sharpest dropoffs are in the Pacific Southwest, which had the highest filing rates for much of 2010 and 2011. Although Figure 1 shows that filings remain at high levels in much of Southern California, Nevada, and Arizona, filings are down more than 20% this year in all three of those States, as they finally begin to fall back to nationally normal filing rates.

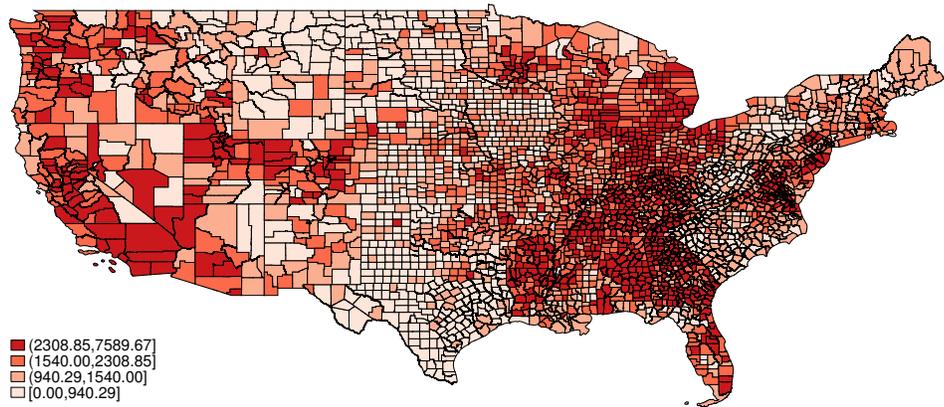


Figure 1: Filings per Million (2012 Year to Date)

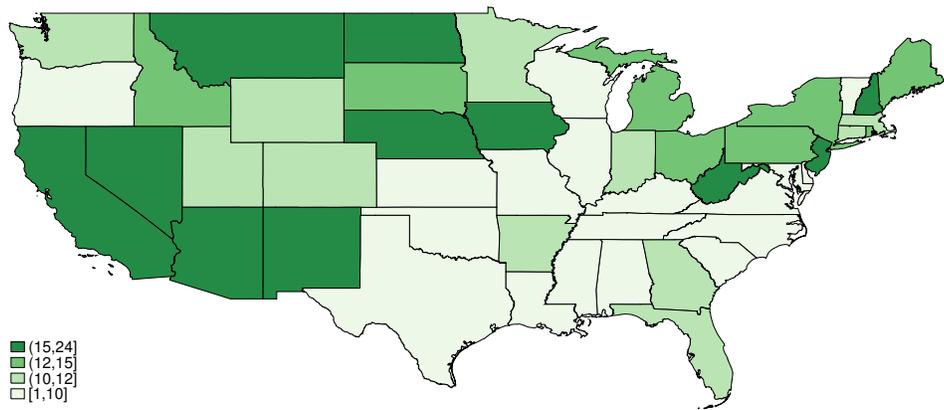


Figure 2: % Decline in Filing Rates (2012-2011)