

# Press Release

**Corona Year 2020: The construction industry had the highest number of insolvencies despite its boom**

**IfM Bonn: Increased number of insolvencies among larger companies indicates a crisis in the sector**

Institut für  
Mittelstandsforschung

**IfM**  
BONN

[www.ifm-bonn.org](http://www.ifm-bonn.org)

Das IfM Bonn ist eine Stiftung  
des privaten Rechts.

Gefördert durch:



Bundesministerium  
für Wirtschaft  
und Energie

aufgrund eines Beschlusses  
des Deutschen Bundestages

Ministerium für Wirtschaft, Innovation,  
Digitalisierung und Energie  
des Landes Nordrhein-Westfalen



**30.04.2021.** In 2020, the construction industry was the most affected by insolvencies. Although demand for construction was generally high in the pandemic year, most insolvencies were registered in this particular sector, followed by trade, hotels and restaurants, and providers of professional, scientific, technical and business services. The number of insolvencies in the manufacturing sector decreased less when compared with other sectors.

Overall, the number of insolvency petitions for companies fell by 15.5 % compared to 2019: the decline is highest for companies in the legal form of a sole proprietorship (-29.1 %), followed by public limited companies (-27.0 %) and private limited companies (-12.6 %). In contrast, the number of insolvency applications for GmbHs fell by only 6.3 %.

The decline in insolvency applications might be due to the suspension of the obligation to file for insolvency for companies in the Corona year or might be explained by changes in the legal framework about residual debt discharge for self-employed persons who became insolvent as "natural persons" due to their chosen legal form. Also, the Corona support reduced the risk of insolvency. Large companies have become insolvent particularly frequently. "It is remarkable that in 2020 the number of insolvency applications from companies with more than 100 employees rose by more than 38 %. The comparatively small decline in the number of limited liability companies, for which there has been no strict obligation to file for insolvency since the beginning of the Corona pandemic, also indicates that sector-related causes are often responsible for the insolvencies" explains IfM researcher Peter Kranzusch.

Crisis hit companies are reacting to shifts in their customer base by attempting to restructure on their own initiative. This can explain why the number of insolvency proceedings with self-administration by the debtor rose to 382 (2019: 302) in 2020. The majority of affected companies has the legal form of a

GmbH (limited liability company). For sole proprietorships, this restructuring option continues to be small: only 17 sole proprietorships conducted insolvency proceedings in self-administration.

### **The survival rate of companies before the Corona pandemic**

According to calculations by the IfM Bonn, the average survival rate of newly founded companies after 5 years is 37%. However, clear differences depending on the size of a company: among the set of companies with no employees at the start-up, only a third still existed 5 years later. In contradiction, among the companies with employees, almost half are still in existence.

The highest survival rate for the years 2013 to 2018 was in the economic sector of health and social services. In contrast, the survival rate of self-employed activities in the arts, entertainment and recreation sector, for example, was considerably below the overall average.