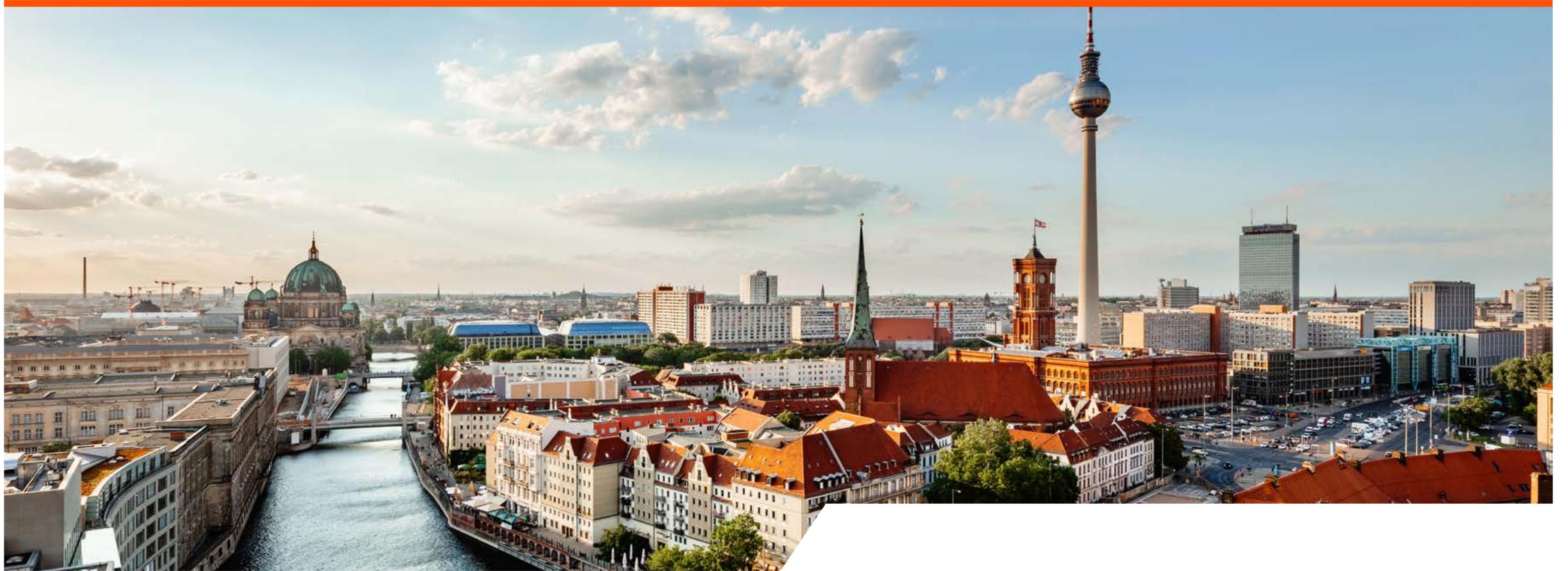




Global Insolvency: 2025 Reflections and 2026 Projections

Germany



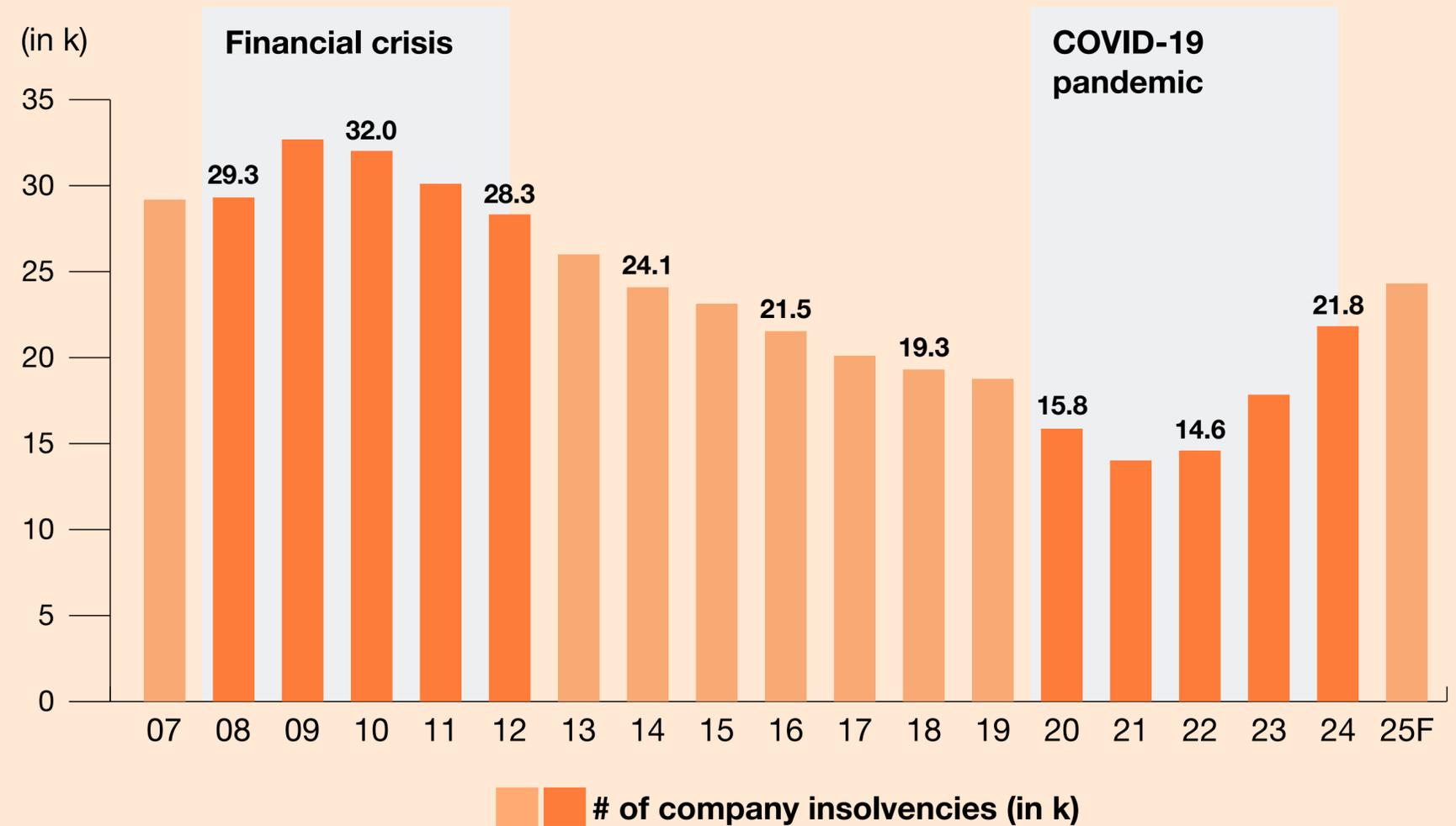
Germany

Germany – Insolvency Year in Review 2025

Insolvency volumes

Germany saw a continued increase in corporate insolvencies in 2025, with Creditreform's analysis revealing 23,900 insolvencies across various company sizes. This figure marks a decade-high, showing an 8.3% rise from 2024. The trend, which began post-pandemic, persists, highlighting ongoing challenges within Germany's industrial sector. Insolvency rates remain significantly above the 2016–2019 average, underscoring the sustained pressures faced by businesses.

Annual company insolvencies in Germany (2007 to 2025FC)



Source: PwC analysis, Capital IQ Data | Note: 1) As of Q3-25

Sector trends

The increase in corporate insolvencies has been widespread, with construction, retail, services, hospitality, and manufacturing leading the way:



Construction

Construction companies are seeing high insolvency rates even as macroeconomic conditions stabilise. Investors are cautious due to ongoing global trends, strategic shifts in capital, and geopolitical uncertainties. This caution has led to selective, low-level investments and ongoing market consolidation.



Retail

Retail, including clothing, and wholesale businesses are grappling with rising costs and weakened demand, driven by lower consumer confidence and purchasing power. The low-cost segment continues to feel the heat from Chinese competitors like SHEIN and Temu.



Services

In the **services** sector, insolvency rates are high as clients cut back on discretionary spending amid economic uncertainty. The shortage of skilled labour adds to the pressure, leading to recruitment challenges and increased wage costs.



Hospitality

The **hospitality** industry is struggling with rising costs for energy, food, and labour, with limited ability to pass these costs onto customers. A shift towards more cautious consumer spending has further weakened demand. Regulatory requirements add to the burden, especially for small businesses.



Manufacturing

Manufacturing, a key part of the German economy, continues to face high insolvency levels due to cost disadvantages. Energy and labour costs are about 30% higher than the EU average, compounded by rising CO₂ costs from EU-ETX/CBAM. International price competition, particularly from Asian exports, overcapacity, and China's robotics capabilities, is putting pressure on margins. Geopolitical tensions and protectionist measures, like US tariffs, are further challenging export-reliant sectors such as machinery, which has over 80% export rates. Declining foreign direct investment is reducing financing options and hindering modernisation efforts.



Automotive & Industrial Products

German automotive **exports** to the US declined by **14%** in 2025.

Project margins tightened where pass-through to US customers is limited.



Chemical

Asian overcapacity increasingly **rerouted to Germany**.

German producers **face margin pressure and inventory build-ups**.



Healthcare & Pharma

Pricing risk and supply re-routing considerations for EU exporters.

Hospitals under distress.



Legislative changes

Germany is making strides in enhancing its insolvency framework by refining the StaRUG – the corporate stabilisation and restructuring regime – in 2025. We're actively evaluating StaRUG and collaborating with the EU Commission to assess the implementation of the EU Directive on preventive restructuring frameworks across member states. Our focus on improving access to preventive restructuring for SMEs and digitising judicial processes is boosting transparency and efficiency. And, as we continue broader discussions on competitiveness, labour-market flexibility, and the regulatory environment, we're shaping the dynamics of insolvency in meaningful ways.

Large insolvencies and our involvement

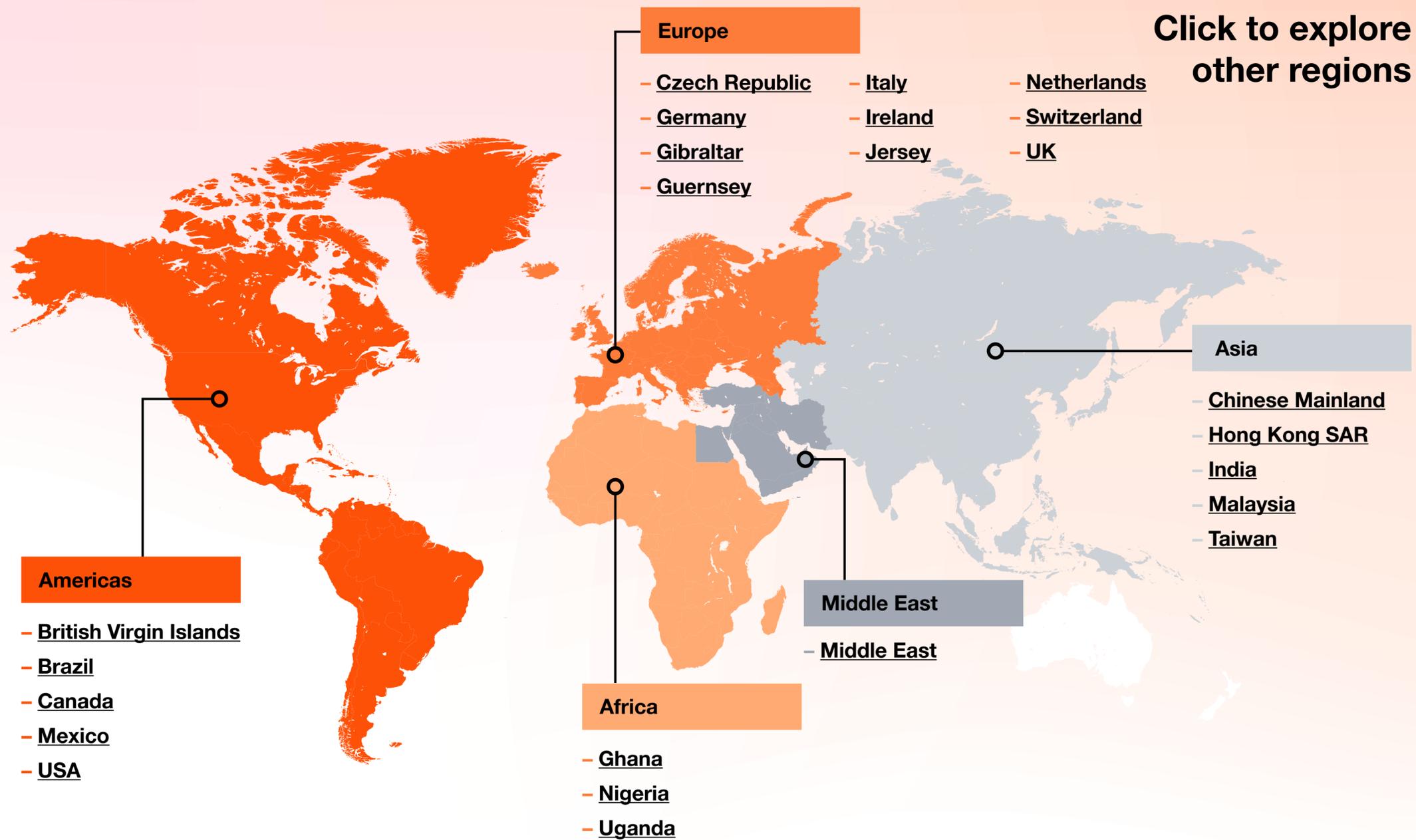
This year saw several major corporate insolvencies, notably in manufacturing, retail, construction, and healthcare. We at PwC Germany actively engaged in crucial restructuring efforts, offering creditor advice, stabilising cash flows, managing administrative tasks, and coordinating across borders within multinational groups. As business consultants, particularly in the self-administration of insolvency proceedings for the Argentum care group, we were pivotal in executing 21 insolvency processes for 41 care facilities, impacting over 3,000 employees.

Projections for 2026

Insolvencies in Germany are set to rise slightly in 2026, with a potential stabilisation in 2027. While fiscal support and better financial conditions might ease some pressures, slow economic growth and ongoing structural challenges are likely to keep insolvency levels high.

The main drivers of this trend include Germany's deepening structural issues: high energy prices, labour costs, skilled-worker shortages, increasing bureaucracy, and tax burdens. Consumer caution is holding back investments, and geopolitical tensions add to the strain. The loss of price and technology leadership to Chinese competitors and shrinking export prospects, such as those affected by tariffs, further exacerbate the situation.

The impact is already visible, with many well-known brands and companies facing insolvency or restructuring. Small and medium-sized enterprises, particularly in the chemical and automotive supply sectors, are under significant pressure. The hospital and care sectors also face potential supply shortages due to these insolvencies.



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Territory lead



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