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Bankruptcies Know No Boundaries

Posted by [Matt Quinn](#) at 2:31 PM

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In sifting through small-business bankruptcy data, it wasn't surprising to see that the hardest hit areas in terms of sheer numbers are in California. After all, not only is it our most populous state, but it was also ground zero of the subprime meltdown.

According to [recent data from Equifax](#), the three metropolitan areas with the most bankruptcies among businesses with fewer than 100 employees in the first quarter of 2010 were Los Angeles (1,035 bankruptcies), Riverside (736) and Sacramento (522) – all of which are located in the Golden State. And things are still getting worse: all three of those areas experienced a double-digit percent increase in bankruptcies compared to a year earlier.

But what was really striking in the data was the surge in bankruptcies experienced in some smaller markets.

In the first quarter of 2009, Springfield, Mass. saw just one small business bankruptcy. The first quarter of 2010? Seventeen. The number of bankruptcies in the Manchester, New Hampshire area leapt from 22 to 130, an almost 500 percent increase. Other areas with major increases: Gulfport-Biloxi, Miss., Fort Wayne, Ind., Green Bay, Wisc., Wilmington, N.C., and Anchorage, AK.

In total, small-business bankruptcies at least doubled in 14 metropolitan areas.

What this tells me is that no area has been insulated from the recession and the economy clearly isn't rebounding quickly enough. Just last week, [we saw data](#) that showed sales at small businesses eroded at an even faster pace in the first half of this year than in 2009. Businesses can only hang on for so long.

With nowhere left to cut costs and sales still spiraling downward, we should expect to see plenty more small-business owners making Chapter 7, 11 and 13 filings. And we can expect to find them pretty much anywhere and everywhere.

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Senior producer Matt Quinn looks at entrepreneurial finance, with a focus on angel investing, debt financing, venture capital, and private equity.

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