

EXCLUSIVE: Business Bankruptcies Are Rising – Which States Are Most at Risk in 2025?

The U.S. is seeing a major wave of business bankruptcies.

In 2024 alone, **8,435 U.S. businesses filed for bankruptcy**, a **2.3% increase** from last year, equating to **64.4 bankruptcies per 100,000 businesses**.

To help businesses prepare for 2025, [DesignRush](#) analyzed bankruptcy data from 2023 and 2024, ranking states based on:

- Bankruptcy rate per 100,000 businesses
- Year-over-year (YoY) change in bankruptcies
- YoY GDP growth to measure economic stability

The findings reveal where businesses are most and least likely to survive in 2025.

Key Findings

- Georgia is the most at-risk state, with 184.04 bankruptcies per 100,000 businesses—nearly triple the national average.
- Delaware has the highest raw bankruptcy rate, at 1,796.3 per 100,000 businesses, largely due to its high concentration of corporate registrations.
- Wyoming saw the biggest YoY bankruptcy spike, with a 366.67% increase, suggesting a sharp economic downturn.
- New Jersey and Texas are improving, with YoY bankruptcy rates dropping by 48.98% and 24.15%, signaling potential recovery.
- California is an outlier, with a strong economy but 31.2 bankruptcies per 100,000 businesses, showing even large states are struggling.
- Vermont is the least at-risk state, with 12.4 bankruptcies per 100,000 businesses, showing a 10% decline from last year.

"Bankruptcy trends show us which states are facing the biggest challenges, but they also help us spot signs of recovery. For example, Georgia's bankruptcies jumped by 184% from 2023 to 2024, which means businesses there are struggling. On the other hand, Texas saw a 24% drop in bankruptcies, showing signs of improvement."

"Even with these positive changes, Texas still has a high bankruptcy rate. This tells business owners that even if things seem to be getting better, there's still risk. Business owners need to be ready for whatever comes next—whether it's growth or new challenges."

— Gianluca Ferruggia, General Manager at DesignRush

[View the Full Ranking](#)

Top 5 States Most at Risk

1. Georgia

- Bankruptcies: 184.04 per 100,000 businesses
- YoY Change: +4.70%
- GDP Change: 95.1%

Georgia's business failure rate is **nearly three times the national average**. With 605 bankruptcies in 2024, nearly three times the national average, Georgia's small businesses are facing tough competition, rising costs, and economic uncertainty. Despite a positive GDP change of 4.70%, many businesses are struggling to survive, which could signal that economic growth isn't reaching all sectors evenly.

2. Delaware

- Bankruptcies: 1,796.3 per 100,000 businesses
- YoY Change: +6.40%
- GDP Change: 86.3%

Delaware saw a sharp increase in bankruptcies, rising by 38% from 2023 to 2024. Though many businesses in Delaware are registered but not physically based there, the rise in closures is a red flag for broader economic instability. Despite the state's GDP growth of 6.4%, which suggests a healthy economy, many registered businesses are still facing severe challenges, indicating a mismatch between the growth in GDP and the business climate.

3. Wyoming

- Bankruptcies: 157.89 per 100,000 businesses
- YoY Change: +366.67%
- GDP Change: 78.5%

Wyoming experienced the largest increase in bankruptcies in 2024, with closures jumping by 366.67% from 2023 (3 to 14 bankruptcies). This dramatic rise shows a sudden economic downturn that may be impacting businesses, possibly due to a combination of fewer customers and higher operating costs. While the state's GDP grew by just 1.3%, the sharp increase in bankruptcies signals trouble for businesses trying to stay afloat.

4. New York

- Bankruptcies: 87.4 per 100,000 businesses
- YoY Change: -5.81%
- GDP Change: 80.5%

New York's bankruptcies slightly decreased by about 5.81% from 2023 to 2024 (from 930 to 876), but the bankruptcy rate is still high. While the state's GDP growth is positive at 4.7%, many businesses are struggling with high rent, labor costs, and inflation. The small decline in bankruptcies suggests some businesses are managing better, but the risk of failure remains elevated, especially in a challenging economic environment.

5. Texas

- Bankruptcies: 86.7 per 100,000 businesses
- YoY Change: -24.15%
- GDP Change: 79.1%

Texas saw a decrease in bankruptcies in 2024, dropping by nearly 24% from 1,801 in 2023 to 1,366. While this improvement suggests businesses are faring better, the state still has a high bankruptcy rate. Despite a healthy GDP growth of 4.9%, many businesses continue to struggle with competitive pressures and rising costs, showing that economic recovery may not be reaching all businesses equally.

5 Least At-Risk States

1. Vermont

- Bankruptcies: 12.4 per 100,000 businesses
- YoY Change: -10.2%
- GDP Change: 102.3%

Vermont is one of the safest states for businesses, with a very low bankruptcy rate of just 12.4 per 100,000 businesses. The state has seen a slight decrease in bankruptcies by -10.2% year-over-year, and its strong GDP growth of 102.3% suggests a thriving economy. Vermont's business-friendly environment allows companies to survive and prosper, making it a great place for entrepreneurs to start and maintain their businesses.

2. Maine

- Bankruptcies: 14.9 per 100,000 businesses
- YoY Change: -8.3%
- GDP Change: 99.7%

Maine's business closures are low, with a bankruptcy rate of just 14.9 per 100,000 businesses. The state has experienced a small decrease in bankruptcies (-8.3% YoY) and continues to see steady economic

growth, reflected in its GDP change of 99.7%. This combination of stable economic growth and manageable business risks makes Maine an ideal state for long-term business stability.

3. South Dakota

- Bankruptcies: 15.2 per 100,000 businesses
- YoY Change: -5.6%
- GDP Change: 98.9%

South Dakota has maintained low bankruptcy rates for years, with just 15.2 per 100,000 businesses facing closures. The state saw a small drop in bankruptcies by -5.6% year-over-year, and its GDP change of 98.9% indicates a solid economy. South Dakota's business-friendly policies and low operating costs continue to help companies avoid financial difficulties, ensuring a healthy business environment for entrepreneurs.

4. North Dakota

- Bankruptcies: 16.8 per 100,000 businesses
- YoY Change: -3.4%
- GDP Change: 97.5%

North Dakota's business environment remains stable, with a bankruptcy rate of 16.8 per 100,000 businesses. Bankruptcies have barely changed, decreasing by -3.4% from the previous year, while the state's GDP growth of 97.5% supports its steady economy. North Dakota's stable economy and low bankruptcy rates make it a reliable state for businesses seeking resilience in fluctuating markets.

5. Montana

- Bankruptcies: 17.5 per 100,000 businesses
- YoY Change: -4.1%
- GDP Change: 96.8%

Montana's bankruptcy rate stands at 17.5 per 100,000 businesses, with a year-over-year decrease of -4.1%. The state's GDP growth of 96.8% further reflects its stable economic situation. Businesses in Montana benefit from a supportive local economy, and despite some challenges, the state offers a safe and sustainable environment for business owners.

Expert Insight: What This Means for Businesses in 2025

Methodology

To understand the business climate in each state, we looked at three key factors: the bankruptcy rate, the year-over-year (YoY) change in bankruptcies, and the YoY change in GDP.

1. **Bankruptcy Rate**

This is the number of bankruptcies per 100,000 businesses in each state. We calculated it by dividing the number of bankruptcies by the number of businesses in that state.

a. *Sources:*

- i. 2024 Bankruptcy Data: [U.S. Courts](#)
- ii. Number of businesses (latest): [NAICS](#)

2. **Bankruptcy YoY Change**

This shows how much bankruptcies have increased or decreased from 2023 to 2024. It's calculated by finding the percent change in the number of bankruptcies between the two years.

a. *Source:* [U.S. Courts](#)

3. **GDP YoY Change**

This measures the change in a state's GDP from 2023 to Q3 2024. It helps us understand the economic growth or decline in each state.

a. *Source:* [Bureau of Economic Analysis](#)

How We Calculated the Final Score

Each of these metrics was given a weight:

- Bankruptcy Rate: 60%
- Bankruptcy YoY Change: 30%
- GDP YoY Change: 10%

We then normalized the data on a scale from 50 to 100 and calculated a weighted average to come up with the final score, which reflects the overall business climate in each state.