

# RESOLUTE INDEX

BANKRUPTCY | RECEIVERSHIP

**Q1 2022**  
Middle Market  
Workout Business  
Review

All 10 states in the Rocky Mountain West Region reported fewer business bankruptcy filings in 2021 than they have in more than a decade. Results for the first quarter of 2022, however, are mixed. Some states continue to see fewer middle market bankruptcies, while others experienced a dramatic increase.

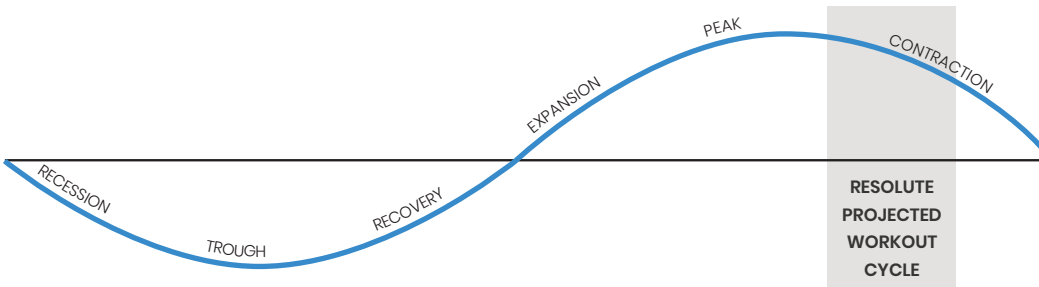
Arizona businesses filed only two middle market bankruptcies and one middle market receivership in the first quarter.

## WORKOUT TREND



## State of the Workout Environment

Projected outlook for the turnaround industry



## ARIZONA MIDDLE MARKET BANKRUPTCY

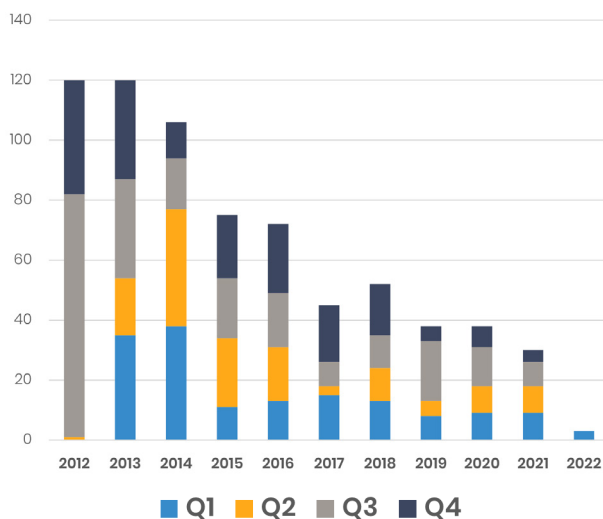
2  
Q1  
**-2**  
(As compared to Q4 2021)

## ARIZONA MIDDLE MARKET RECEIVERSHIP

1  
Q1  
**-4**  
(As compared to Q4 2021)

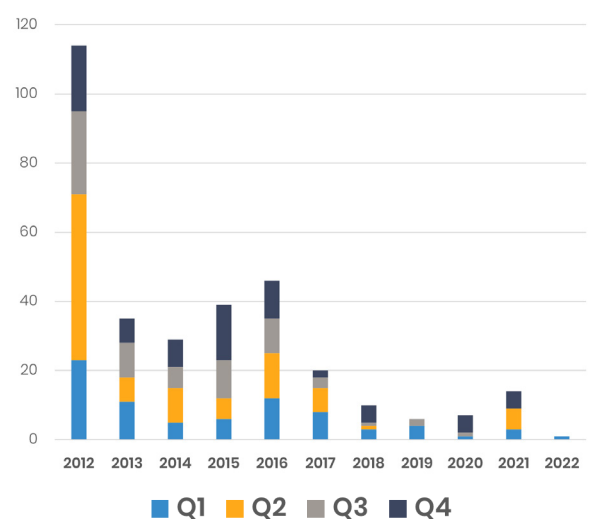
## Arizona Middle Market Bankruptcies by Year

In business filings with \$1MM+ in liabilities



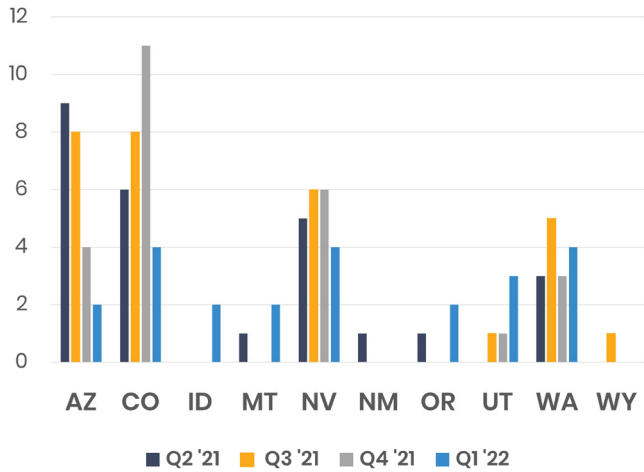
## Arizona Middle Market Receiverships by Year

In business filings with \$1MM+ in liabilities



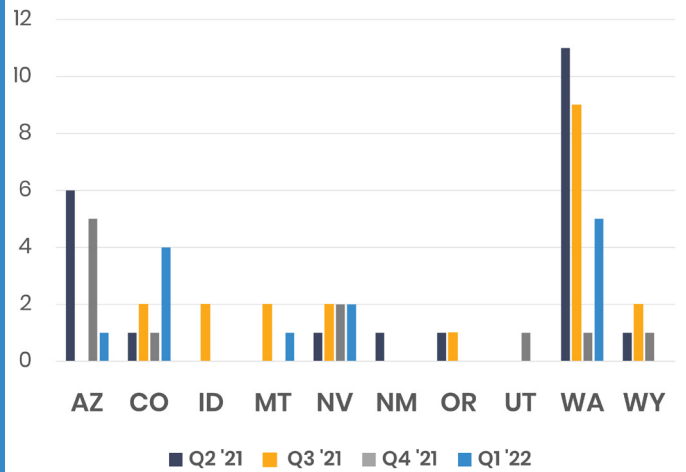
## RMW Middle Market Bankruptcies- Past 4 Quarters

In business filings with \$1MM+ in liabilities



## RMW Middle Market Receiverships - Past 4 Quarters

In business filings with \$1MM+ in liabilities



### TAKEAWAYS:

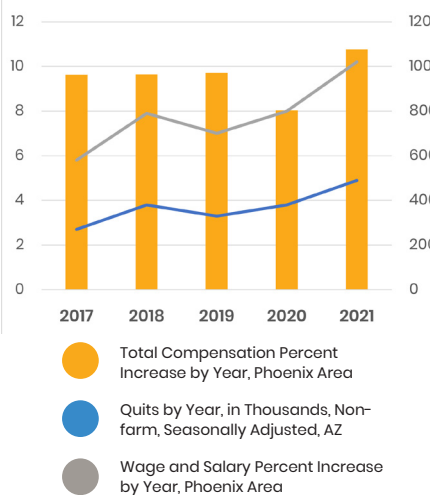
Arizona experienced a significant decline in the number of middle market business bankruptcies filed in the first quarter of 2022 compared to the first quarter of 2021. Some states with low bankruptcy

numbers in 2021, however, experienced significant increases this year. Utah and Montana both experienced the same number of bankruptcy filings in Q1 of 2022 as they did in all of 2021.

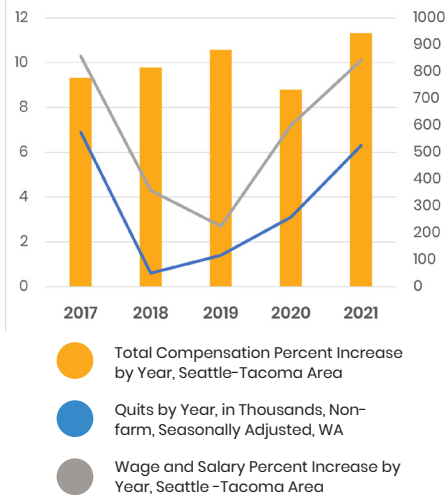
## Employment, Compensation, and Retention

Reviewing Key Developments in Arizona, Washington, and the Rocky Mountain West region

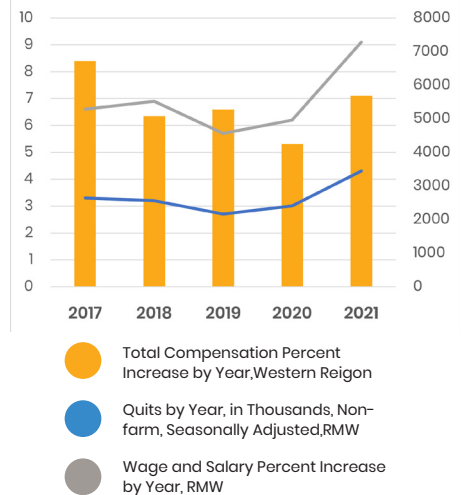
### Arizona and Phoenix



### Washington and Seattle-Tacoma



### Rocky Mountain West



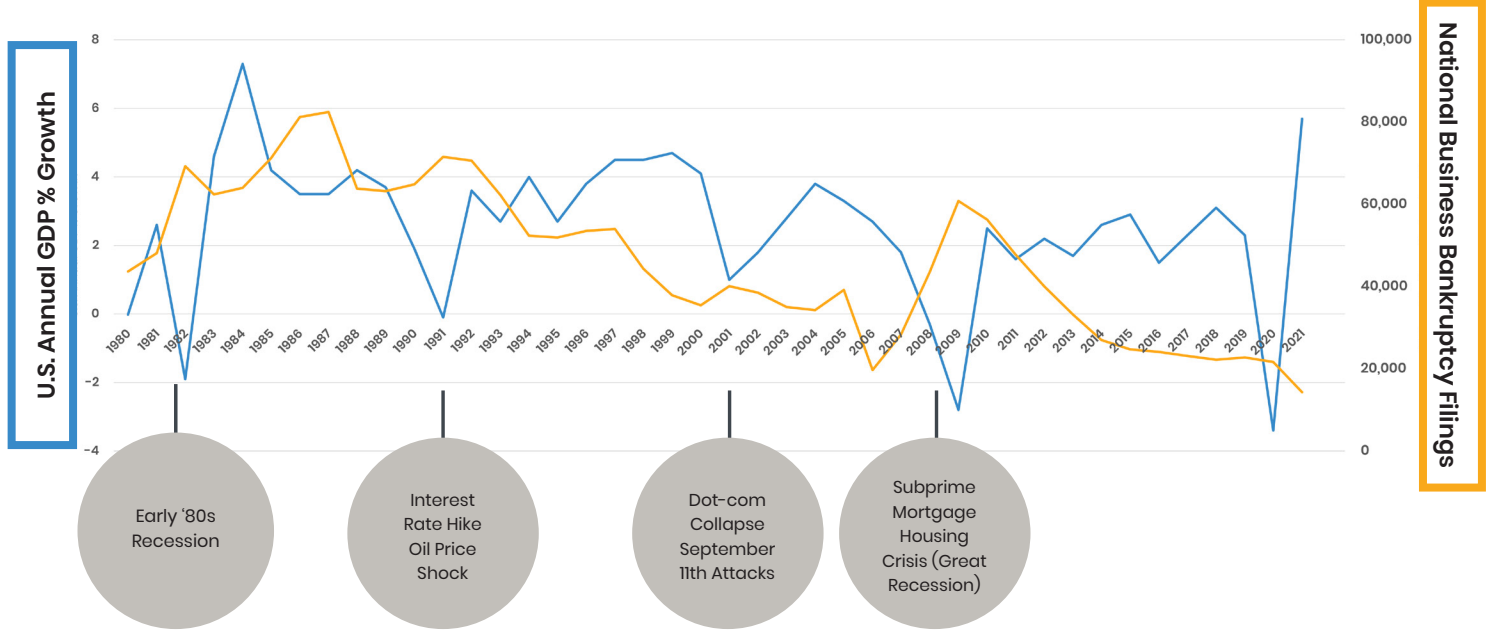
### TAKEAWAYS:

Nationwide, total compensation costs rose 4.4% and wages and salaries rose 5% in 2021, according to the U.S. Bureau of Labor Statistics. Seattle experienced the largest growth in compensation in the country at 6.3% in 2021.

The Phoenix-area came in third in the nation for compensation growth in 2021, with total compensation costs growing by 4.9% and wages growing by 5.3% last year. Even with increased compensation, turnover remained high, as more Americans participated in the Great Resignation.

# Current Industry Trend Forecast

Contrasting GDP % growth with national business bankruptcy filings



## TAKEAWAYS:

For the last 40 years, bankruptcies have spiked when Gross Domestic Product (GDP) in the United States has fallen dramatically. This was not the case during the COVID-19 pandemic.

While GDP experienced its largest drop in more than 40 years, bankruptcies continued a steady decline. Year-over-year overall business bankruptcy filings in the United States fell 33.7%, from 21,655 in 2020 to 14,347 in 2021. In fact, the United States recorded fewer business bankruptcies than it has in more than 40 years.

Will this trend of decreased bankruptcies last? It's hard to tell. S&P Global Market Intelligence, along with other industry insiders we've spoken with expect bankruptcies to remain low until at least later this year or early 2023, with companies opting to restructure their debt out of court.

## ABOUT THE RESOLUTE INDEX

The Resolute Index was created to provide an overall interpretation of Arizona's workout industry trends. This report analyzes the individual workout dynamics at play in the State of Arizona and its comparison with those same metrics on a regional level. In addition, the Resolute Index measures noteworthy trends in bankruptcy filings and the overall business climate in the Rocky Mountain West region of the United States, which includes Washington, Oregon, Idaho, Montana, Wyoming, Nevada, Utah, Colorado and Arizona.

Our proprietary database of receivership and bankruptcy filings for entities with assets over \$1MM creates unique insights. The Resolute Index shares our assessment of the overall workout environment as it relates to the data compiled in our research.

## ABOUT RESOLUTE

Since 2008, Resolute has been providing solution-oriented financial advisory services including corporate renewal, receivership, forensic accounting and litigation support. Resolute has provided services in 36 states across the country and has been involved with more than 350 distressed engagements with assets totaling over \$1 Billion. Resolute's ability to maximize value in entangled business situations has been utilized by financial institutions, corporations, law firms, state courts, and federal courts.

The information and any statistical data contained herein were obtained from sources that we believe to be reliable, but we do not represent that they are accurate or complete, and they should not be relied upon as such. All estimates and opinions expressed herein constitute judgments as of the date of this report and are subject to change without notice.