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DOWNTOWN ALLIANCE SURVEY OF LOWER MANHATTAN RETAIL ESTABLISHMENTS

The Downtown Alliance conducted a survey of Downtown's small retail stores and restaurants to determine how these businesses were affected by the September 11th terrorist attacks. This survey was conducted between September 24, 2001 and October 5, 2001 of more than 400 retail stores and restaurants which had reopened in Lower Manhattan south of Chambers Street in the area most directly affected by the terrorist attacks.

Businesses in the so-called "frozen zone" surrounding the disaster site were not accessible to the public and therefore were not surveyed. Moreover, because this survey was conducted immediately following the events of September 11th, it does not account for ongoing losses sustained by these businesses in the present economic climate. As Lower Manhattan continues to recover, the Downtown Alliance will continue to monitor the economic impact of the terrorist attacks on the area's small retail stores and restaurants.

KEY FINDINGS

The survey found that:

- Businesses were **closed an average of 8 days following the terrorist attacks.** For the 51 percent of respondents who reported a sales loss dollar figure for the period during which their businesses were closed, the **average sales loss was $3,075 per day, with an average total of $25,123.**

- **Eighty-four percent of respondents have experienced decreases in sales activity** since reopening; less than 10 percent reported that sales activity remained constant and only 6 percent said that sales activity had increased since they had reopened. The retailers who reported decreased sales activity said that business is down **between 20 and 80 percent since they have reopened**.

- **Fifty-seven percent of respondents experienced inventory loss**. Of those, nearly 68 percent reported loss due to spoilage and 40 percent reported loss of inventory due to damage caused by debris. Other sources of inventory loss included water damage, which affected approximately 7 percent of companies. The **average value of lost inventory was $11,160.**

- **Geography played an important role** in the kinds of losses sustained by retailers in the area:
    - Stores and restaurants in the **area south of the frozen zone's border on Rector Street and west of Broadway were closed the longest, and also experienced**

physical damage. The survey found that stores in this area were closed an average of 11 days, and lost an average of $6,049 in daily sales and an average of $69,696 in total sales. Nearly 57 percent of these stores sustained physical damage, and of these, 73 percent reported interior damage in the form of dust and debris.

- Stores and restaurants in the **area north of Liberty Street and east of Broadway experienced lower sales losses, but greater physical damage.** Retailers were closed an average of 9 days, and lost an average of $2,518 in daily sales and an average of $23,633 in total sales. Nearly 68 percent of these stores sustained physical damage and 87 percent of these reported interior damage related to dust and debris.

- Stores and restaurants in the **area south of Liberty Street and east of Broadway were open sooner and experienced less physical damage, but were still affected economically.** They reported average closures of 6 days, average daily sales losses of $2,859 and average total losses of $18,314. Thirty-two percent of these retailers reported physical damage, with 74 percent of those reporting interior damage in the form of dust and debris.

Affect of disaster, by retail sector

RETAIL SECTOR (SAMPLE SIZE)	AVG DAILY SALES LOSS	AVG TOTAL SALES LOSS	AVG VALUE OF LOST INVENTORY
Food and Dining (154)	$3,518	$26,706	$11,893
Shopping (119)	$3,381	$29,123	$8,066

Affect of disaster on specific retail sub-sectors

RETAIL SUB-SECTOR (SAMPLE SIZE)	AVG DAILY SALES LOSS	AVG TOTAL SALES LOSS	AVG VALUE OF LOST INVENTORY
Food-Delis (31)	$3,486	$27,444	$13,185
Copy/Printing Services (4)	$5,000	$40,000	$0
Parking (7)	$4,981	$9,250	$0

KEY CONCERNS

Downtown retail businesses reported three primary areas of concern: access to area, loss of client base, and insurance claims.

- ***Access to area:*** For most respondents, sales were down anywhere from 20 to 80 percent in the weeks following September 11th, with variations due to location Downtown relative to the disaster site. This dramatic decrease was exacerbated by problems concerning access to the area. Restricted vehicular access to Lower Manhattan also created significant delivery problems for Downtown retailers: 43 percent of respondents reported interruptions to their deliveries, including delays, partial delivery, and/or delivery stoppage.

- ***Loss of client base:*** Respondents have also experienced a dramatic decline in their client base. In some cases, this is because their primary clients were located in and around the World Trade Center complex. In other cases, clients have been lost due to changes in pedestrian traffic around the area after subway and bus lines were rerouted, vehicular access was restricted, and certain streets around “Ground Zero” were closed. Nearly 15 percent of respondents reported that they were very concerned about the dramatic decreases in pedestrian traffic Downtown, its affect on their sales, and its affect on their ability to cover monthly costs such as rent, payroll and utilities.

- ***Insurance claims:*** Respondents were concerned about the extent of their insurance coverage, how such coverage will be interpreted during the claims process, and the speed of the claims process. A small percentage of respondents knew for certain that they had business interruption insurance; many others had basic insurance for physical damage but were unsure of whether their claims would be accepted.

Restricted access to the area, a decreased client base, and an uncertain outcome to insurance claims have had a tremendous financial impact on area retailers. Nearly all of the survey respondents reported that they had experienced significant declines in sales revenues and losses in inventory.

RECOMMENDATIONS

The Downtown Alliance recommends that the following steps be taken to address the concerns of Downtown’s retailers and assist in their economic recovery:

- ***Improved access to Downtown area for retailers, their customers, and their vendors.*** Area access must continue to improve – if the area remains restricted, retail businesses will continue to suffer. The development of clear timetables showing increased access would allow businesses to better plan for deliveries, set new schedules, and find new clients.

- ***Promotion and marketing of Downtown retailers.*** There is growing concern among retailers that potential customers do not know that the area is open for business. A comprehensive marketing campaign promoting Downtown retailers and restaurants must be launched. This campaign should let clients know which retailers are open for business, and will encourage customers to buy goods Downtown to support the area’s economic recovery.

- ***Expedited processing of insurance claims.*** Speedy resolution of pending insurance claims will provide Downtown businesses with the cash they need to repair their stores, replace their inventories, and get back to business. The Downtown Alliance is working closely with the New York State Department of Insurance to resolve retailers’ primary insurance concerns, and has urged them to ask insurance companies to expedite insurance claims processing as much as possible.

- ***Financial assistance for Downtown retailers.*** Area businesses desperately need financial assistance of all kinds; however, businesses particularly need expedited loans and/or grants to assist them in meeting the costs of rent and payroll, clean-up, and the repair of broken equipment.

The Downtown Alliance manages the Downtown-Lower Manhattan Business Improvement District (BID). The Alliance serves an area roughly from City Hall to the Battery, from the East River to West Street, for which it provides supplemental sanitation and security, economic development, streetscape and transportation improvements, marketing and enhanced tourist services.