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Vacant Rooms, Empty Tables, Scared Tourists

By CHARLES V. BAGLI

At the New York Palace Hotel on Madison Avenue, more than three-quarters of the 1,058 rooms sat empty yesterday. The Plaza Hotel, a Fifth Avenue landmark, is considering closing its famed Oak Room and Oyster Bar because business is so bad.

Other restaurants are also suffering; cancellations have turned the catering business at the Rainbow Room, an Art Deco landmark high above Rockefeller Center, into a *ghost town.*

Beyond that, producers and union representatives spent part of yesterday scrambling to help the theater industry, which has seen four Broadway shows announce that they will close on Sunday, with half a dozen others in serious trouble after last week's terrorist attack on the World Trade Center. [Page E1.]

Tourism in New York is reeling a week after the attack. Hotels, restaurants and much of the city's $25 billion tourism industry were already in a slump because of the softening economy. While it is not surprising that business would be bad a week after the attack, the drop was so sharp and the signs are so troubling that people in the industry fear that the problem may go on for weeks, if not months.

"We're being decimated," said Ian Schrager, the chairman of Ian Schrager Hotels, which owns the Royalton and Paramount Hotels, where the highly stylized lobbies and restaurants that are usually packed with a noisy crowd of movie stars and publishing executives were strangely quiet. "People have been spooked by this. I've never seen a drop in occupancy like what happened after the attack."

Although it is hard to know the exact situation nationally, a spot check of hotels across the country showed that other cities were also suffering.

While the tourism industry often gets short shrift in comparison with Wall Street or the communications industry, NYC & Company, the city's convention and visitors bureau, estimates that the industry employs 280,000 people, when museums, Broadway theaters and other cultur-

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al institutions are included with hotels, restaurants and retailing.

Peter Ward, president of the Hotel Trades Council, an alliance of hotel unions, said 3,000 members have already been laid off, including about 1,000 workers at four downtown hotels: one was destroyed in the attack, two were damaged and the other one was closed. Some hotel owners say half the city's 30,000 hotel workers may be laid off. Mr. Ward said hotels were calling every day to discuss layoffs or short work weeks.

"We're getting hit with massive layoffs," Mr. Ward said. "We expect a significant downturn."

Mayor Rudolph W. Giuliani expressed his concern yesterday. "We are specifically going to reach out to restaurants and to Broadway plays to see if they need some transitional help because we may be going through a period in which people might just not feel like going to a Broadway play or a restaurant," he said. Mr. Giuliani added, "Things are going to be obviously different two, three and four weeks from now."

The nation's airports closed on the afternoon of the attack. Many travelers and parties began canceling reservations. Airlines are still flying only limited schedules.

"The airlines are the vehicle, for the most part, for delivering guests and business travelers to our doors," said Jonathan M. Tisch, the chief executive of Loews Hotels. "If the people are not flying, they are not staying in our hotels. If they are not in hotels, then they are not eating in restaurants or shopping in retail."

Few of the city's hotels are faring much better, with the percentage of full rooms, called the occupancy rates, in the 20's and even the teens.

Mr. Tisch said the city's hotel association hopes to meet with the mayor and Governor George E. Pataki soon to talk about what can be done. "The mayor and the governor are keenly aware," he said, "of how important our industry is to the economic fiber of the city and the country."

Many hotel owners said they had been hoping for a strong fourth quarter to offset a decline in business because of a soft economy, a drop in business travel budgets and a strong dollar. The industry was coming off a record-setting year, when the average occupancy was about 84 percent.

The Essex House Hotel, for one, expected to be full last week and this week. But on Monday, occupancy was 35 percent.

Tim Zagat, who publishes the Zagat restaurant surveys, said the city's restaurants had also been feeling the economic downturn before the attacks. The steak houses and restaurants that depend on executives wielding expense accounts are hurting the most. So are the expensive catering halls where $800 a plate events are not unusual.

"We're all taking a beating," said Giuseppe Cipriani, whose family operates the Rainbow Room and Cipriani 42nd Street. "People that lost employees don't want to party now."

Some hotel owners have sent prepared food to rescue workers and offered to turn over as many as 25,000 of Manhattan's 70,000 hotel rooms for displaced office workers.

"It's great help for businesses that have been displaced," said Mr. Zagat, who is also the chairman of NYC & Company. "On the other hand, it's a reflection that some hotels would just as soon have their rooms rented for a year."

The Sheraton Manhattan on Seventh Avenue is being converted into a temporary home for Lehman Brothers, an investment bank uprooted by the terrorist attack.

The convention business was also hurt, both by the cancellation of events scheduled for last week and the postponement of ones to be held in the next few weeks.

The United Nations also postponed a two-week General Assembly meeting that had been planned to start next Monday and had been expected to bring scores of foreign leaders and their entourages to the city.



Ting-Li Wang/The New York Times

The normally busy lobby of the Plaza Hotel was all but empty.

At the Jacob K. Javits Convention Center, three major trade shows originally scheduled for September and October have been postponed.

The national signs were not good, although it was not clear if the immediate drop in hotel bookings would continue. Four conventions that would have brought more than 10,000 people to Boston were canceled, according to the Greater Boston Convention and Visitors Bureau.

Hotel industry officials in a sampling of cities, including Boston, Chicago, San Francisco, Minneapolis and New Orleans, reported sharply lower occupancy rates. Patrick B. Moscaritolo, the president of the Boston Convention Bureau, said that he had spoken yesterday to counterparts across the country, and that other cities, including Las Vegas and Philadelphia, were reporting drops of 40 to 60 percent.

Los Angeles appeared to be a mixed bag. The Los Angeles Downtown Marriott, which has many business travelers, said occupancy had dropped to 28 percent when normally it would be 75 percent to 100 percent. Rates, however, were reported to be holding steady at several hotels in Santa Monica.

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