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THE ECONOMICS

Already, Grim Statistics for New York Consumer Sales

By LESLIE EATON and JOSEPH P. FRIED

Tidel Robinson had been thinking for weeks about buying a new DVD player, and now there was one on sale for just $99, down from $150, at the Electronics Outlet in Brooklyn's Fulton Mall.

But Mr. Robinson, a plumber, had been laid off on Wednesday. Whether it was the World Trade Center collapse or just the weakening economy, he didn't know, but business was slow. "I've got my rent to pay, the bill for my baby at the day care center," Mr. Robinson said. He left the store empty-handed.

And so it goes in stores all over the metropolitan area. People are slowly returning to shops to buy what they must: groceries, school supplies, new sneakers for the children. But the big-ticket items — cars, jewelry, huge-screen televisions — are moving slowly, if at all.

"We're doing necessary things like fixing watches," said James Yune, who with his wife, Susan, owns Rye Jewelers in Westchester. But his customers, he said, "are not making major purchases."

The direct consequences of the trade center disaster are bad enough, but the drop in consumer sales may prove drastic as well. Economists are forecasting citywide retailing losses of as much as $15 billion, according to Marc Goloven, an economist at J. P. Morgan. "There is significant concern that many small retailers, especially in Lower Manhattan, will be unable to survive," he said.

The problems ripple out from ground zero. Joe Lopane, the manager of Mayer Volkswagen in Larchmont, said that two prospective buyers had changed their minds.

"One was someone who survived the catastrophe, but he worked near the World Trade Center, and no longer has a place to work and he couldn't really be thinking of a car," Mr. Lopane said. He added that the other buyer had requested a transfer back to Tennessee because "he no longer wants to work in New York City."

Mr. Lopane said he really could have used the sales: the dealership sold only nine cars last Saturday, a day when it usually moves 15.

Across the country, consumers who were already shaken by the weakening economy and the plunging stock market seem shell-shocked at the destruction of the trade center and worried about war. As they did while awaiting the onset of the Persian Gulf War, consumers are keeping their wallets closed.

The National Retail Federation, a trade group, forecasts that sales during the quarter ending in December will rise only 2.2 percent, compared with last year; a 4 percent rise had been predicted earlier.



Joyce Dopkeen/The New York Times

Mike Wilson, the assistant sales manager at a Buick/Pontiac dealership in White Plains, N.Y., waited hopefully for customers yesterday.

While it is too soon for hard-and-fast figures or accurate predictions, economists agree with anecdotal evidence suggesting that the declines are most severe in and around New York. That fact has not been lost on Mayor Rudolph W. Giuliani, who on his weekly radio program yesterday urged New Yorkers and out-of-towners to fill up the city's empty stores, even if it means buying their Christmas presents early.

Some of what is going on has to do with Wall Street, which was in trouble long before the events of Sept. 11. Most of Wall Street's businesses, including those selling stock for companies that were merging, ground to a halt this year, and the stock market has fallen so far that it is where it was about this time in 1998.

Firms have started to shed employees (the Wall Street head count fell by 1,600 in August alone, according to the New York City comptroller's office). And most analysts expected the layoffs to accelerate unless the market rebounded or the economy picked up steam this month. Neither has happened.

That helps explain why New York consumers' confidence — their faith in the future and willingness to spend — has fallen far more sharply than that of the nation as a whole, according to the Siena Research Institute near Albany, which surveys New Yorkers in conjunction with the University of Michigan.

And that was in August; the September figures are certain to be worse, said Douglas Lonnstrom, the director of the institute. "We had a reeling economy, and this tragedy on top of it can't be good," he said. "I think it will be quite a while before we see improvement."

Not every store was empty this week. At CVS in the Garden State Plaza in Paramus, N.J., workers continued to buy "junk food and soft drinks," the assistant manager, Miguel Hernandez, said.

Which is only to be expected, said Mark Zandi, chief economist at Economy.com. Stores that sell the basics at low prices, like Wal-Mart, should do pretty well in the foreseeable future, he said. As for those that sell luxury items: "They're doomed. They're toast."

To be sure, the trade center disaster has prompted some people to splurge. Like Barbara Summers and her husband, Maurice, who last week were at a Potamkin car dealership in Manhattan signing the papers to buy a $35,000 gold Cadillac Escalade they had longed for.

"If you have the money, why not spend it?" asked Mrs. Summers, who fled her office in Lower Manhattan through smoke and ashes after the twin towers were hit by the two airliners. "You might not be able to spend it next month."

George Rios wishes there were more people like Mrs. Summers. A salesman at Potamkin, he works on commission, and the week of Sept. 11 he did not make one sale. "It hurts," he said. "I can't pay my bills."

For the most part, even people who have been spending have been doing so rather reluctantly. Rita Smith of Rye Brook was willing to buy sneakers for her 6-year-old, but she was not planning to make her usual pilgrimage to the Neiman Marcus in White Plains to pick up some fall clothes for herself. She does intend to buy bottled water and other survival items to keep at home.

The drop in sales is hard on clerks, who make some or all of their money from commissions. Three salespeople raced to help a visitor at the Bernini menswear store in the Garden State Plaza this week. Sales have fallen by about 60 percent since Sept. 11, said the manager, Aiden Swedan.

But, she said, she understood why her usual customers — businessmen looking for suits — were not shopping. "You don t want to buy," she said, "when people around you are busy crying."

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