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Now, New York face

Economic loss almost too much to bea

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The immediate toll of terror on New York's economy approaches a staggering $60 billion, with shock waves felt from Wall Street giants to the smallest mom-and-pop store.

In years to come, the devastation could be measured in the trillions.

The insurance industry has set the total loss in the city at $40 billion to $60 billion, the equivalent of the annual gross domestic product of Hungary.

Insurance payouts are expected to total more than $25 billion. Before that, the largest insurance payout ever was $19 billion after Hurricane Andrew in 1992.

And as New York reels, so does the nation. The city's $500 billion annual gross product accounts for 5% of the nation's economic output.

Since the Sept. 11 attack, investors have watched the meltdown of their retirement accounts and other holdings in what amounted to near-panic selling on Wall Street.

In the week after the attack, the Dow Jones industrial average had its second-biggest weekly loss since 1915, with 29 of the index's 30 members falling. Stocks declined all five days of the first week of trading following the attack, erasing a mind-boggling $1.38 trillion in market value.

Since then, the market has rebounded a bit. The Dow Jones closed Friday up 10% from its post-attack low. The NASDAQ composite, which also had plummeted, bounced back more than 20% off its low.

But 32 Nasdaq member companies had offices in the twin towers.

Since Sept. 11, trucks have hauled more than 130,000 tons of shattered concrete and twisted steel from Ground Zero. Estimates run as high as $1 billion for the total debris removal and cleanup, which could take up to a year to complete.

But that is just bricks and mortar.

The cost in in blood and bone will be felt for generations.

High insurance tab

Life insurance payouts are expected to be between $2 billion and $5 billion, according to the American Council of Life Insurers.

The federal government also will pay $151,635 to the families of each of the more than 400 firefighters, emergency medical technicians and police officers who died in the catastrophe. The cost of replacing their experience is immeasurable.

The loss of life will have a swift impact. The average Manhattan worker has an economic output of $150,000 a year, compared with $116,000 in the rest of the metropolitan region, according to Robert Hartwig, chief economist of the Insurance Information Institute.

"Multiply that by the number of deaths, and this is a tremendous loss of human capital and intellectual output," Hartwig said. "Many of those killed were highly educated, highly compensated and extremely productive."

Although the city's trial lawyers have agreed to hold off for now, survivors of those who perished are expected to seek more than $5 billion in damages, according to several of the city's top litigators.

To gauge the impact of the suits, consider this: Next of kin of the victims of Pan American Flight 103, blown up by terrorists in 1988, received on average $18.3 million each, said Manhattan attorney Lee Kreindler, who represented the families of 104 passengers in that case.

About 108,000 New Yorkers will be left unemployed — including 2,000 security guards, window cleaners and janitors who worked in the World Trade Center and surrounding buildings. About 75,000 are expected to file for unemployment insurance, according to Assistant U.S. Labor Secretary Emily DeRocco.

Federal officials say at least 700,000 of the city's 4 million jobs will be affected in some way.

The state already has secured $25 million in federal aid to provide temporary jobs as part of the disaster relief. But that will hardly meet the need. Workers' compensation costs alone are expected to top $1.3 billion, according to the New York Compensation Insurance Rating

And the human suffering ex beyond adult wage earners: The Education envisions spending lion — $100 a child — for dis counseling. The board also has an additional $100 million to sessions to make up class time ruption.

It will take years for the city

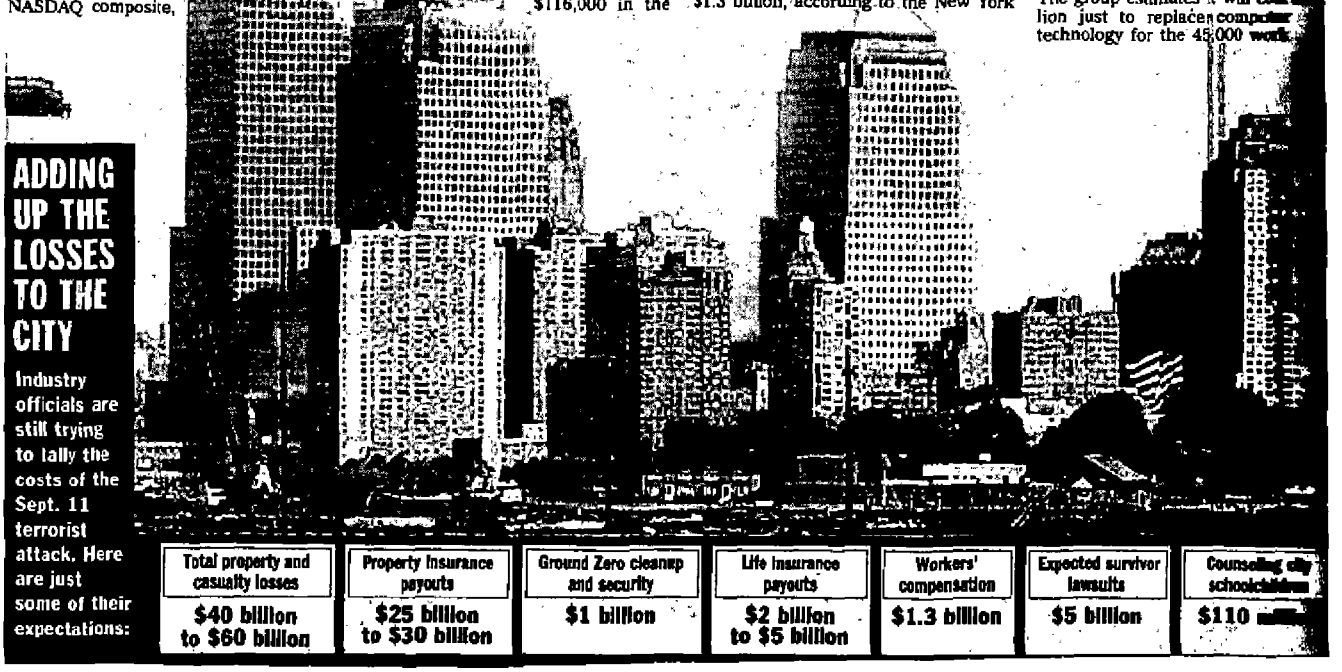
20% drop in area real

The World Trade Center out 15 million square feet Manhattan real estate — about area's total — of which only abo square feet will be usable wi according to experts at Jones L one of the country's top real e

The worth of the World Tra buildings alone is estimated at to $8 billion, according to Bordeau, president of the New Insurance Association. But course, is just the beginning.

"Property claims will be tre said Bernie Heinze, chief of the Association of Managing A addition to the incalculable los how do you account for 220 office space in the twin towers the computers, valuable papers, age and backup systems? How put a price tag on that?"

TowerGroup, a technology company, has attempted to do The group estimates it will cost lion just to replace computer technology for the 45,000 work



ADDING UP THE LOSSES TO THE CITY

Industry officials are still trying to tally the costs of the Sept. 11 terrorist attack. Here are just some of their expectations:

Total property and casualty losses	Property insurance payouts	Ground Zero cleanup and security	Life insurance payouts	Workers' compensation	Expected survivor lawsuits	Counseling city schoolchildren
$40 billion to $60 billion	$25 billion to $30 billion	$1 billion	$2 billion to $5 billion	$1.3 billion	$5 billion	$110

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$60B disaster tab

ons at securities companies that in the seven Trade Center buildings the adjacent World Financial Center. ne implosion of the twin towers cked out more than 400 megawatts of tricity in lower Manhattan — enough ower 400,000 homes. Two key Con on substations, both in the WTC, e knocked out. Gas and steam mains e ruptured. Con Ed estimates the , including laying 33 miles of cable repairing the two substations, at 0 million.

'erizon suffered damage to five cen- switching offices, affecting nearly ,000 phone lines, and AT&T took big to its network as well. Neither com- y has put a price tag on repair costs. First we fix it, then we add up all the ts," said Jim Smith a spokesman for izon.

out for nearly 14,000 companies in er Manhattan, 5,000 of them in the ren zone below Canal St., the disaster ant no light, no refrigeration, no ones — and no customers. And even er power was restored, security pre- utions kept clientele away.

As of Wednesday, the Federal nergency Management Agency had ferred 3,263 companies and 2,414 meowners to the federal Small siness Administration for disaster sistance. The SBA also has fielded nearly 5,000 walk-in requests for aid. So far, the agency had approved 68 loans totalling $6.53 million.

That's just a beginning. After the Northridge, Calif., earthquake in 1994, the SBA made 125,000 loans totaling $4.1 billion. Loans in New York are expected to total at least that and likely much more, according to SBA spokeswoman Carol Chastang.

Tourism, hotels suffer

Among the hardest hit sector of the city's economy was the city's $25 billion tourism industry and its linchpin, the hotel trade.

The Jacob Javits Convention Center canceled three major trade shows.

Broadway was forced to close five plays, laying off more than 100 actors and scores of musicians and stage crew. It took a $5 million loss in just one week.

The Marriott World Trade Center hotel was destroyed in the attack, two other hotels were damaged and a third was closed, forcing 1,000 people out of work. Elsewhere in the city, 2,200 more hotel workers — waiters, desk clerks, room attendants and bell staff — have been laid off as fear of terrorism kept visitors at bay, according to John Turchiano of the Hotel Trades Council.

Occupancy rates, normally 90%, dropped to 30%, and the industry is taking in $7 million a day less than normal, said John Fox of PKF consulting, an international hotel advisory firm. And that does not not include food, beverages, telephone, gift shop and other revenues, Fox said.

Although the total cost of lost business has not been tallied, just one company — Windows on the World, the famed restaurant at the top of the Trade Center — had revenues last year of $37.5 million. No longer.

Howard Stone, regional manager for Food Emporium, estimated the loss of spoiled food at the supermarket at Greenwich and Duane Sts. alone at "several hundred thousand dollars."

Drew Nieporent, who with film star Robert De Niro, owns Tribeca Grill, Nobu and Nobu Next Door, all located in the frozen zone, said his businesses lost more than $500,000 until they reopened last week.

"Below Chambers St. it's like a war zone," he said. "I haven't let any of my employees go. I've got 1,000 workers and I can afford to be generous. But I can't afford to bankrupt myself."

The effect, of course, is felt well beyond lower Manhattan. The Hudson newsstand chain, for example, suffered severely from the shutdown of airports and bus and rail stations. The company, which generally takes in $4 million a week, estimated that in the week after the disaster it took in no more than $500,000.

Fewer shoppers

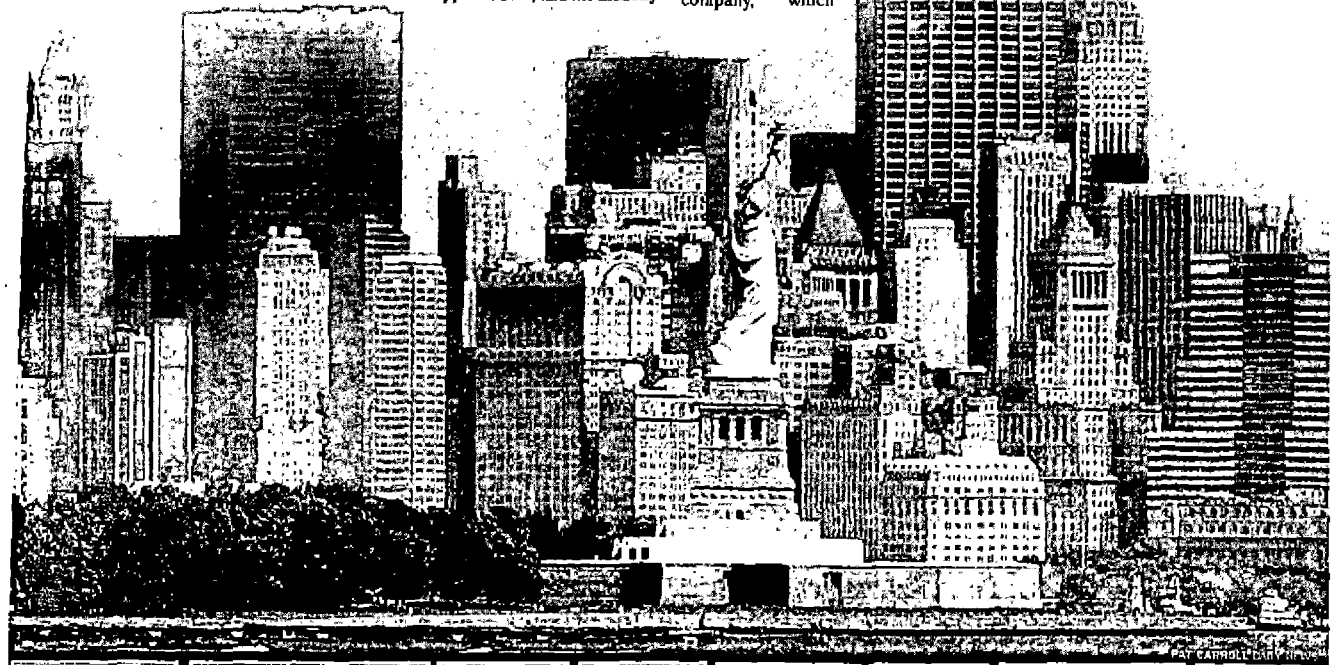
Federated, which operates Macy's and Bloomingdale's, said sales were $65 million less than expected during the week of the attack, with about half of the loss recorded on Sept. 11.

Reports of city tax revenue loss range from $1.3 billion to $3 billion. The state projects a $1 billion tax loss.

Hundreds of lower Manhattan businesses have been forced to relocate to other areas of the city, where companies that had paid as little as $23 a square foot will now have to cough up $40 to $80 a square foot depending on location, length of lease and improvements.

The city's once-imposing residential market also has tumbled.

"There is a sense of vulnerability, particularly in the upper floors of tall buildings," said Scott Durkin, chief operating officer of the Corcoran Group, which specializes in residential real estate. "In the three days after the attack we had 315 rental reductions, where the landlord reduced the rental price from $50 to $250 a month on apartments."



PAT CARROLL/DAILY NEWS

Property value of the World Trade Center	Computer replacement costs for securities companies at WTC	Con Ed initial costs	SBA loans to date	Loss to Broadway theaters	Loss to hotels	Lost revenue: Windows on the World restaurant	Lost city tax revenue
$6 billion to $8 billion	$3.2 billion	$400 million	$6.3 million	$5 million a week	$7 million a day	$37.5 million a year	$3 billion

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