



## **Superstorm Sandy: Update from Businesses in Affected Areas** **Federal Reserve Bank of New York**

As part of our ongoing efforts to understand the concerns of communities in our region, the New York Fed's Outreach Team recently reached out to businesses in areas affected by Superstorm Sandy. We asked them about the storm's impact and progress with their recovery efforts.

In total, we heard from 950 firms located in FEMA-declared disaster areas in New Jersey, New York City, the Hudson Valley, and coastal counties in Connecticut. Of these firms, 40 percent reported being financially affected by the storm, either positively or negatively.

The key takeaways for the affected firms include:

- About a third of the affected firms incurred financial losses.
- Half of the firms covered storm-related financing needs with personal resources while others increased debt levels.
- A third of the affected firms had no insurance, and only a few had business disruption or flood insurance.
- One year later, 9 in 10 of the affected firms report persisting financing needs, mostly of \$100k or less, to cover operating expenses or to reposition their business.

Firm responses were collected online between October 10, 2013 and December 31, 2013. Please note that these results likely underrepresent the storm's impact and cannot be said to be statistically representative since the experiences of firms that were closed as a result of the storm could not be captured.

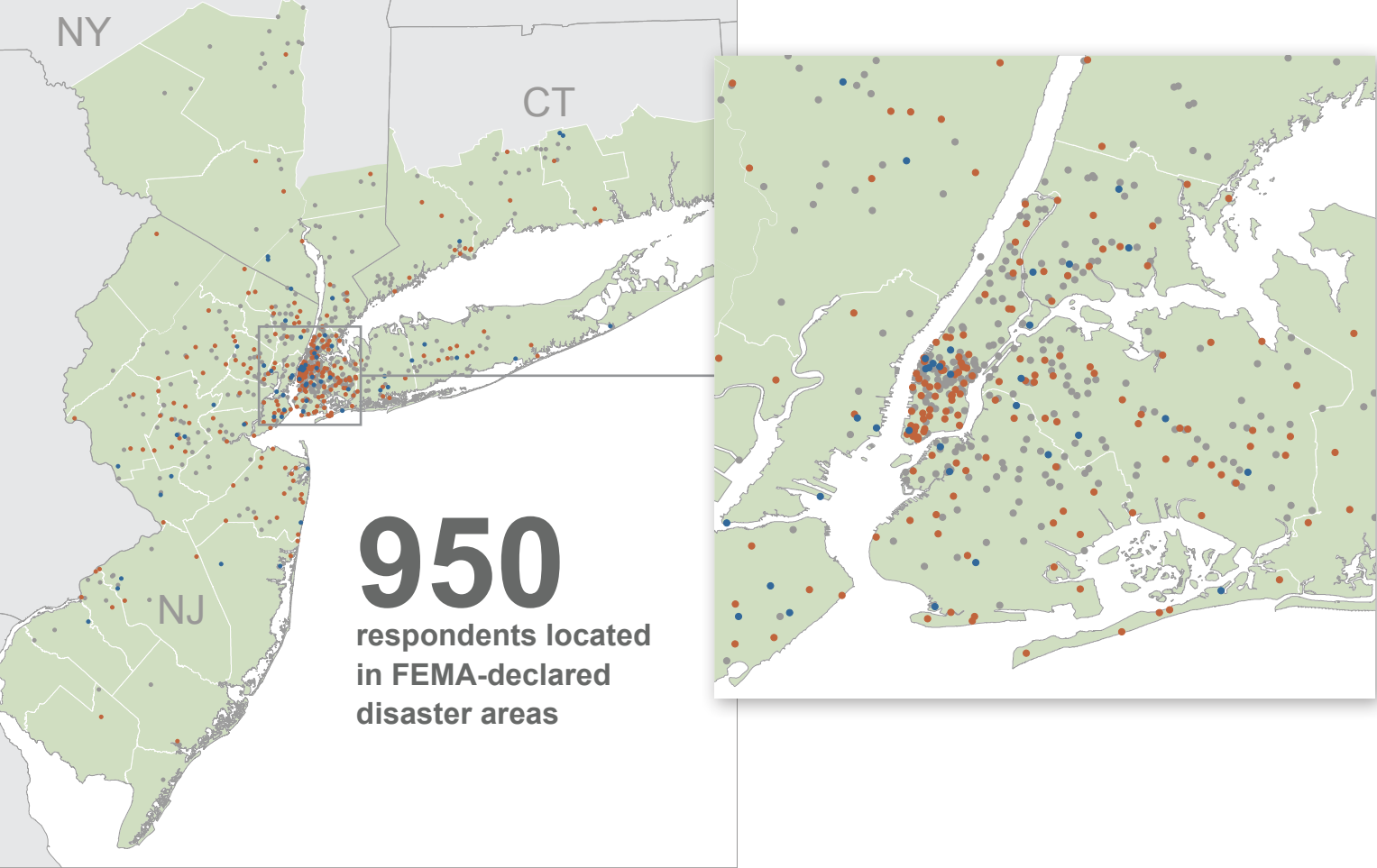
### **Outline of the presentation that follows:**

1. Overview: map and proportion of firms affected by Sandy
2. Characteristics of surveyed firms in the disaster areas: how are they performing and what are their credit needs
3. Focus on firms reporting financial losses
4. Focus on firms reporting financial gains

### *Acknowledgements*

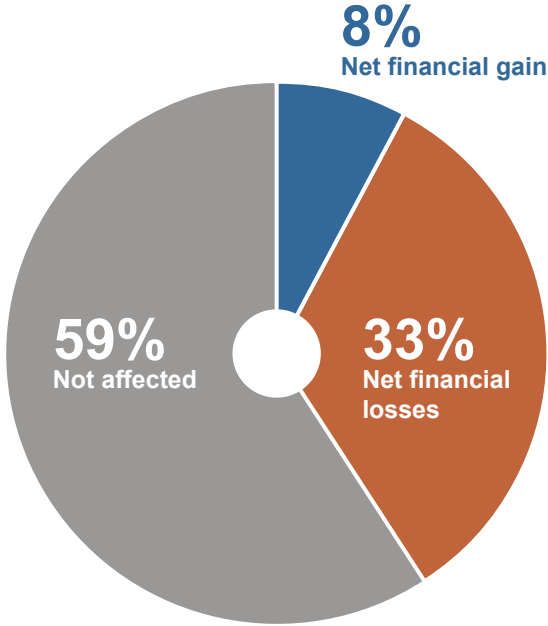
*The New York Fed's Outreach Team acknowledges and thanks the Wharton Risk Management and Decision Processes Center of the University of Pennsylvania for their help in developing the Superstorm Sandy questionnaire.*

# FIRMS IN COUNTIES AFFECTED BY SUPERSTORM SANDY, 1 YEAR LATER



● Net financial gain ● Net financial loss ● Not affected

*“Was your business financially affected by Superstorm Sandy?”*

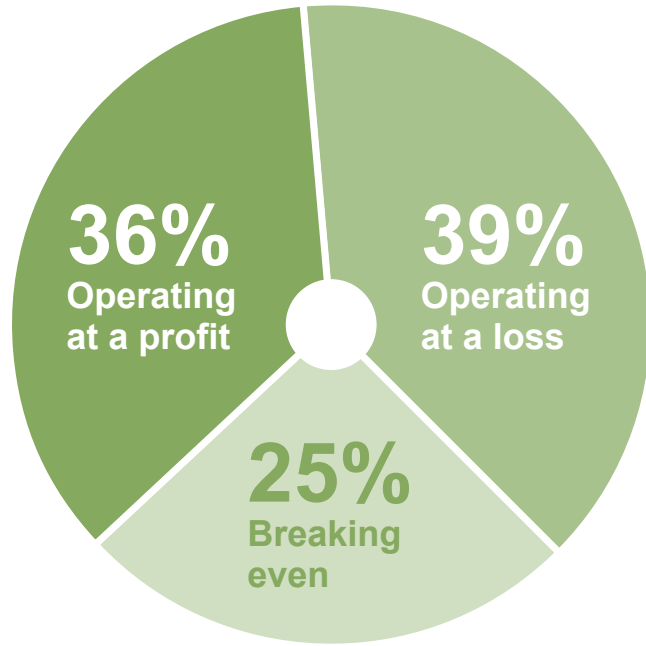


N = 843

*\*Results should not be interpreted as a statistical representation of small businesses in FEMA-declared disaster areas. Rather, they should be viewed as suggestive and analyzed with awareness of potential methodological biases.*

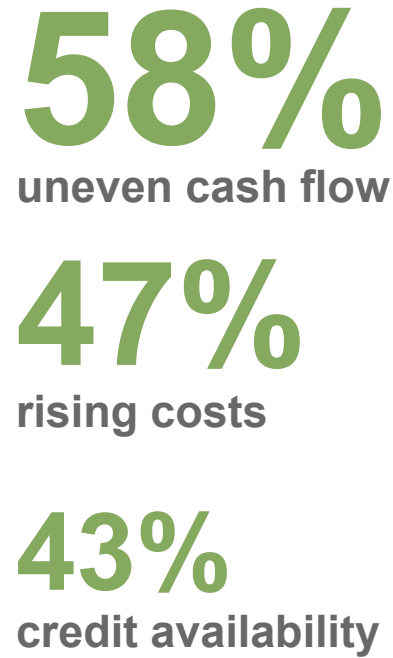
# HOW ARE FIRMS PERFORMING?—1 YEAR LATER

## PROFITABILITY, % OF FIRMS



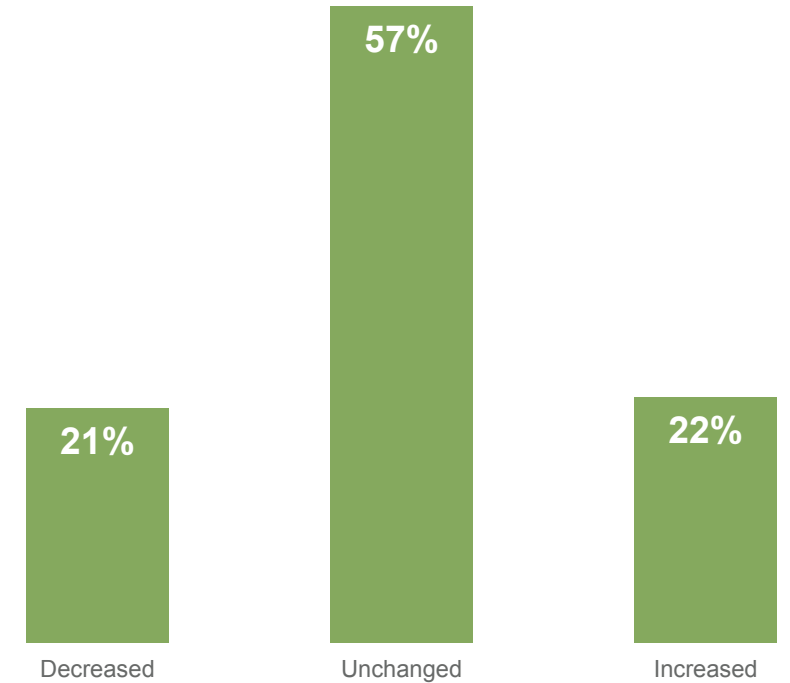
N = 915

## KEY BUSINESS CHALLENGES, % OF FIRMS



N = 898

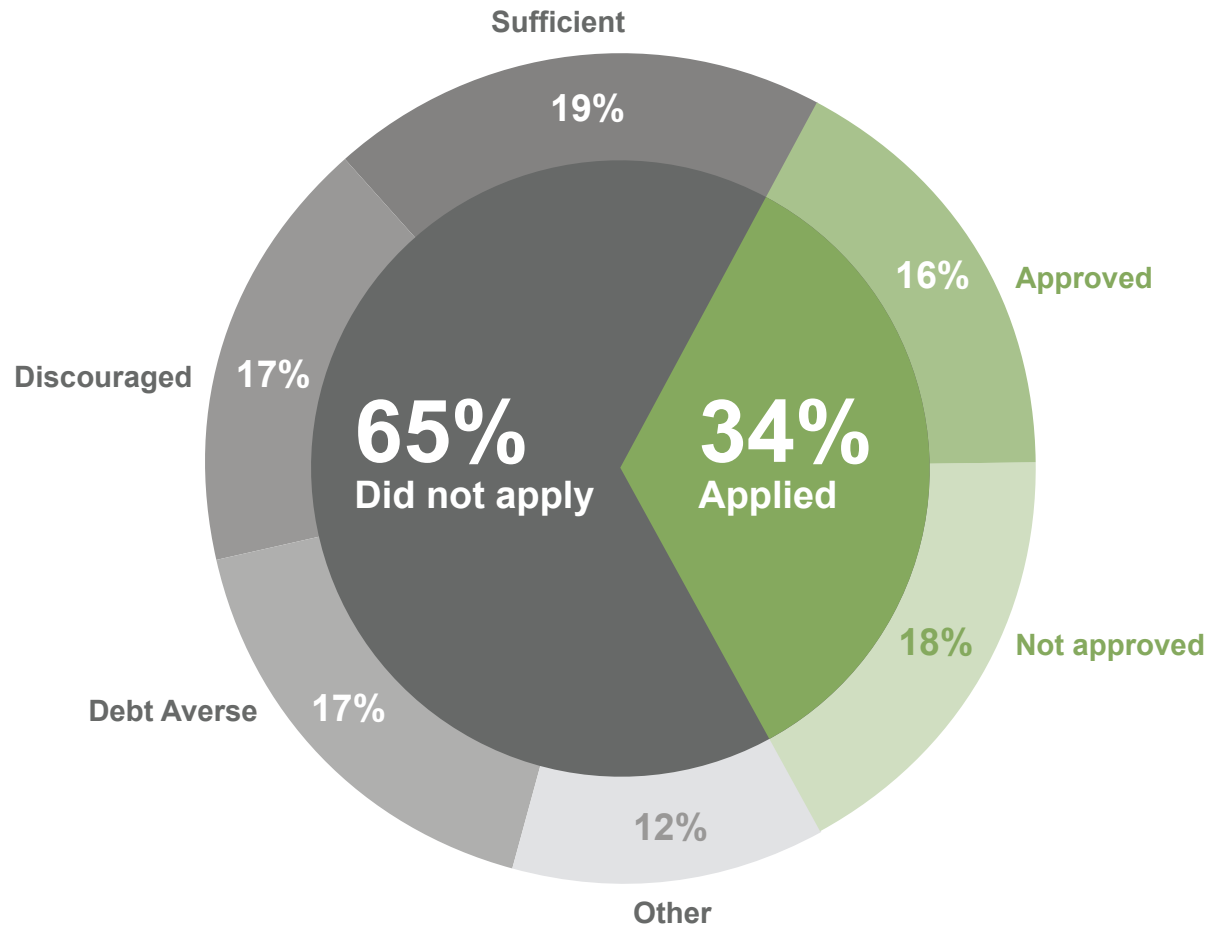
## CHANGE IN EMPLOYEES, % OF FIRMS



N = 853

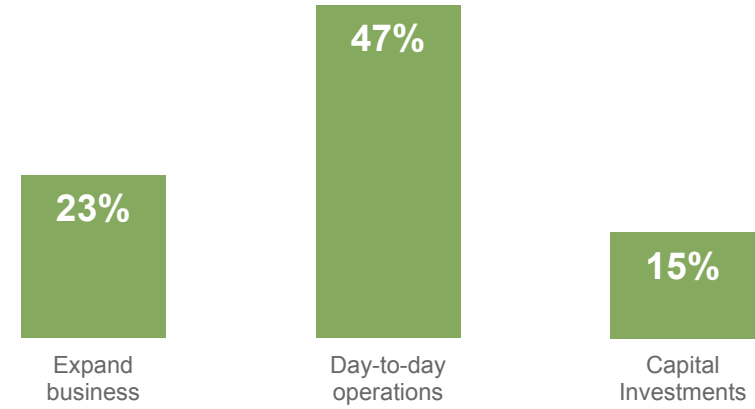
# WHAT ARE FIRMS' CREDIT NEEDS?—1 YEAR LATER

CREDIT BEHAVIOR, % OF FIRMS



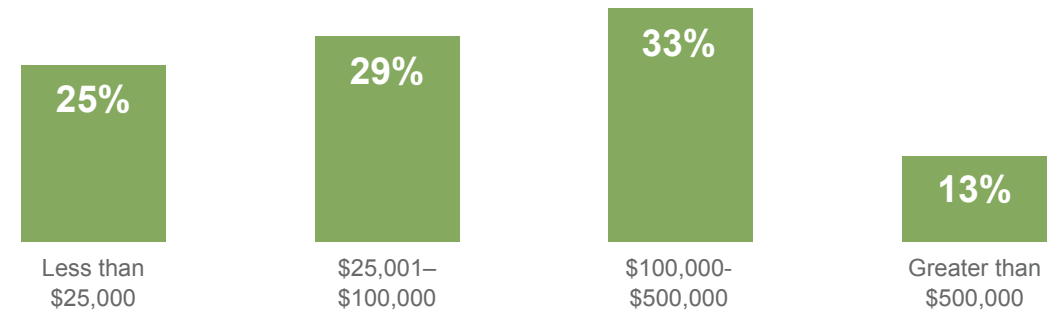
N = 950

REASON FOR SEEKING CREDIT, % OF FIRMS



N = 285

AMOUNT OF CREDIT SOUGHT, % OF FIRMS



N = 285

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# FIRMS REPORTING LOSSES: IMMEDIATE AFTERMATH

**33% of firms reported net financial losses**

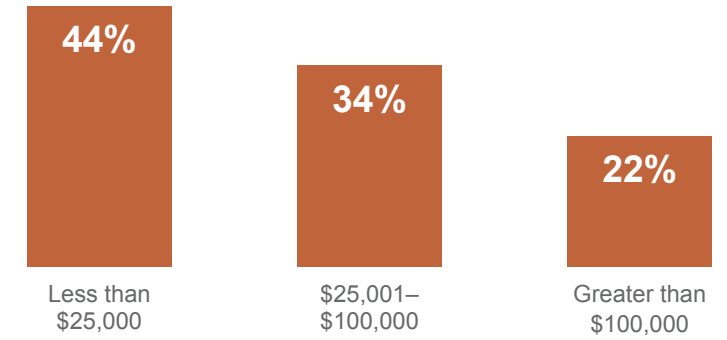
**1 in 2**

used personal resources to meet immediate needs

**2 in 5**

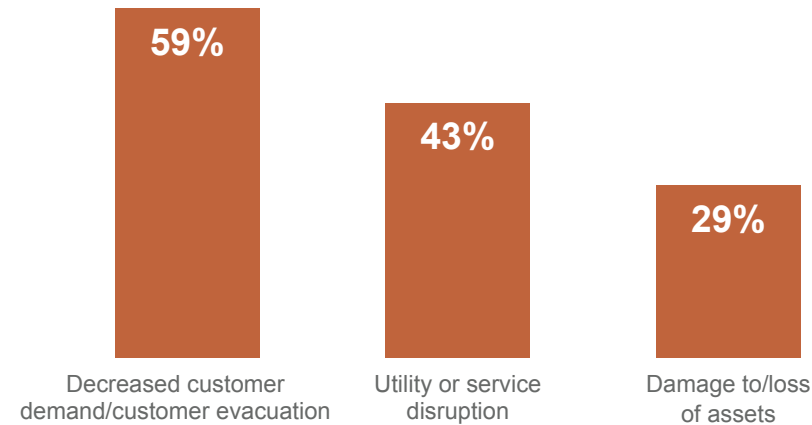
increased debt levels to meet financing needs

SIZE OF LOSSES, % OF FIRMS



N = 272

SOURCE OF LOSSES, % OF FIRMS



N = 273

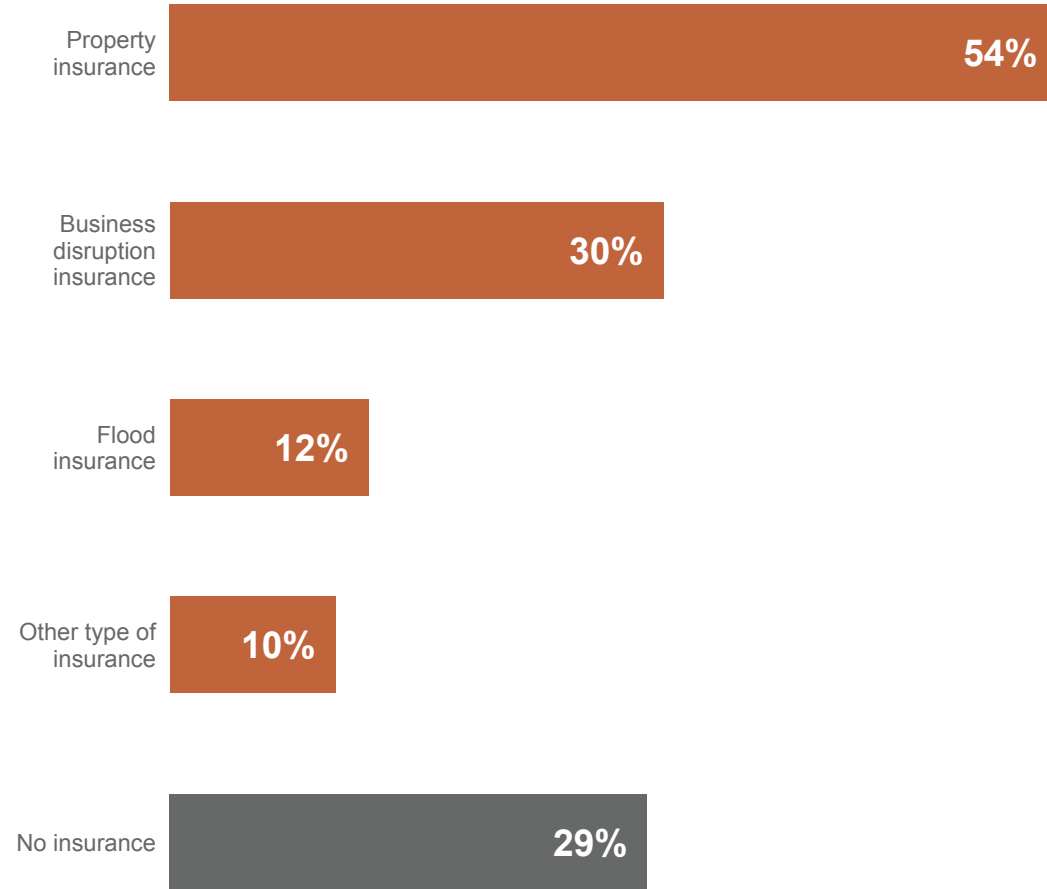
FINANCING NEEDS, % OF FIRMS



N = 270

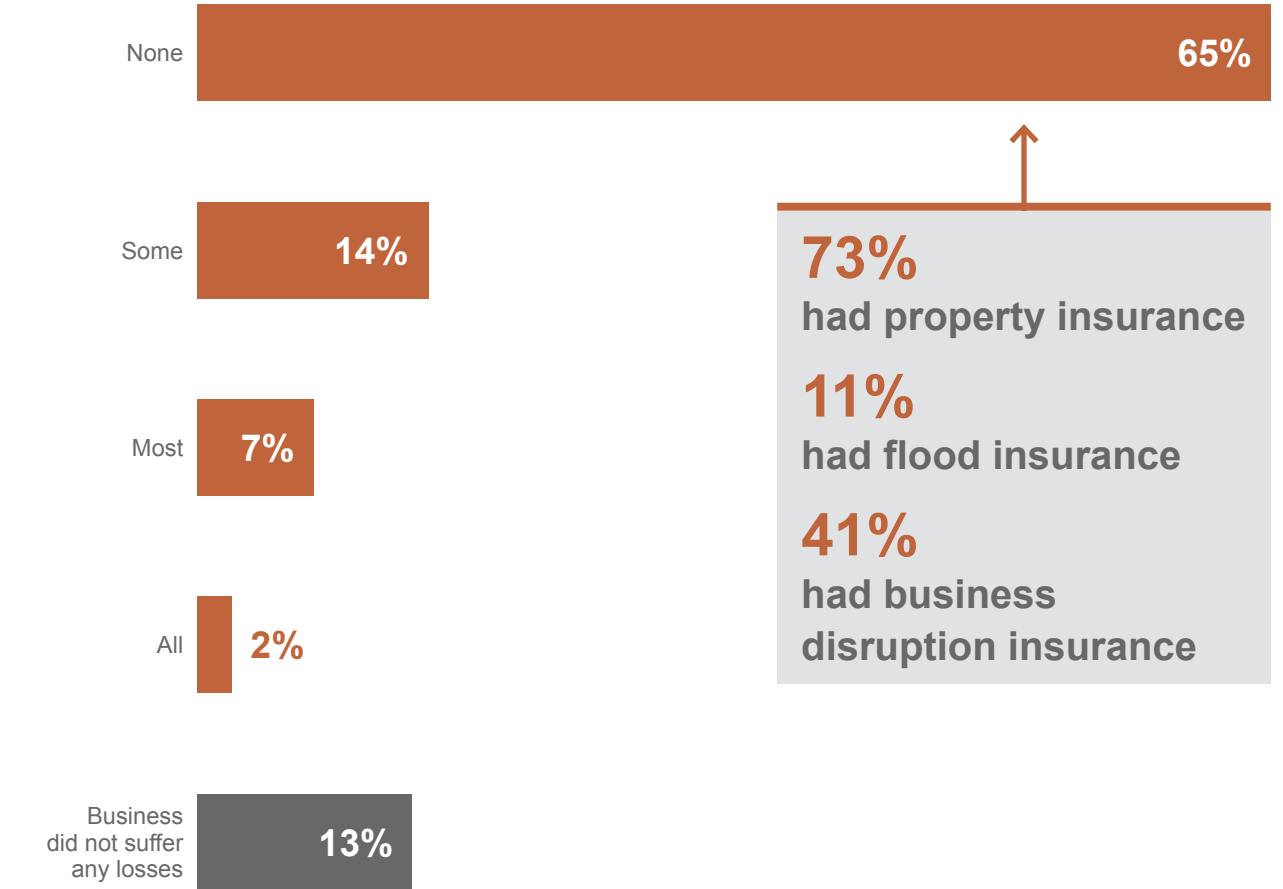
# FIRMS REPORTING LOSSES: INSURANCE COVERAGE

## INSURANCE HELD AT TIME OF STORM, % OF FIRMS



N = 273

## LOSSES RECOVERED THROUGH INSURANCE, % OF FIRMS



N = 198

# FIRMS REPORTING LOSSES: 1 YEAR LATER

**44%**

applied for credit in the first half of 2013, and

**47%**

were approved

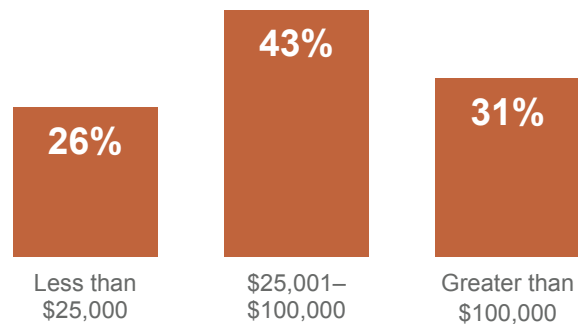
**86%**

report still needing financing, and

**39%**

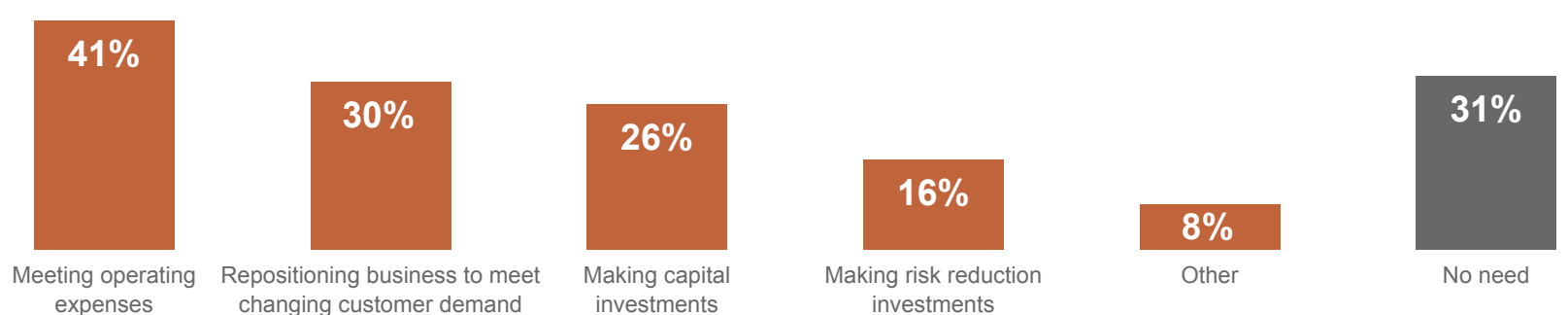
plan to apply for credit in the first half of 2014

FINANCING AMOUNT, % OF FIRMS



N = 143

FINANCING NEEDS, % OF FIRMS



N = 143

# FIRMS REPORTING GAINS: IMMEDIATE AFTERMATH

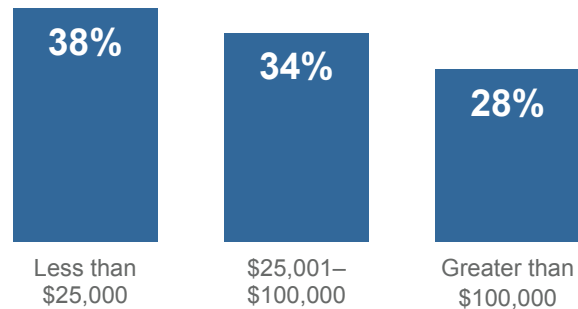
## 8% of firms reported net financial gains

**1 in 4**  
firms was in  
construction  
sector

**2 in 3**  
saw revenues  
increase as a result  
of the storm

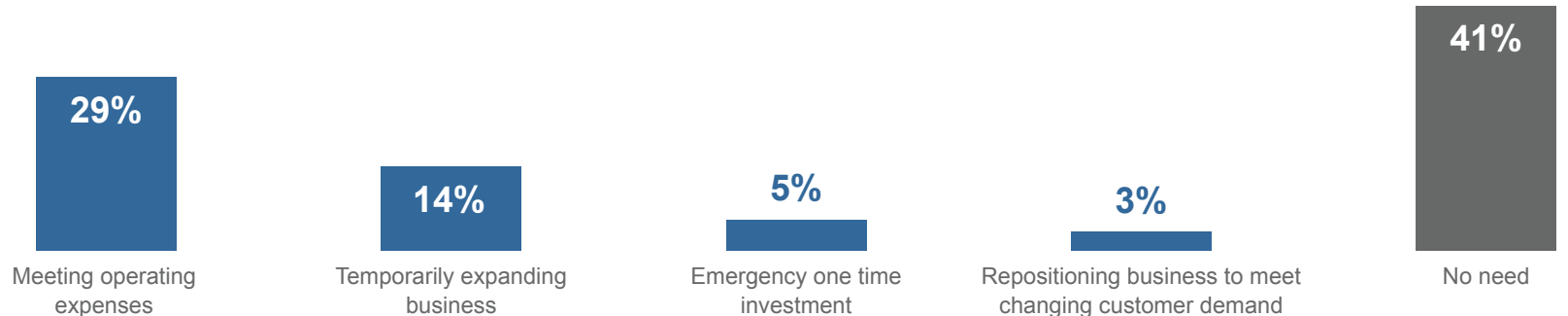
**2 in 5**  
addressed immediate  
needs through  
business earnings

SIZE OF GAINS, % OF FIRMS



N = 61

FINANCING NEEDS, % OF FIRMS



N = 63



# FIRMS REPORTING GAINS: 1 YEAR LATER

**28%**

applied for credit in the first half of 2013, and

**44%**

were approved

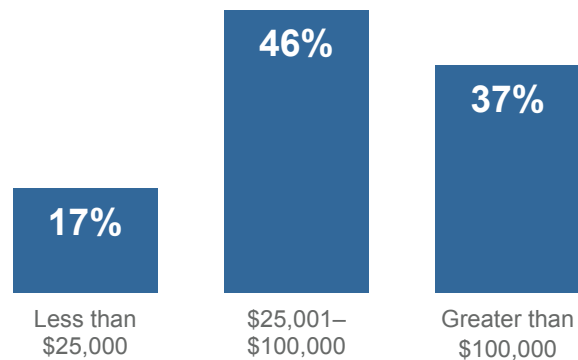
**92%**

report still needing financing, and

**45%**

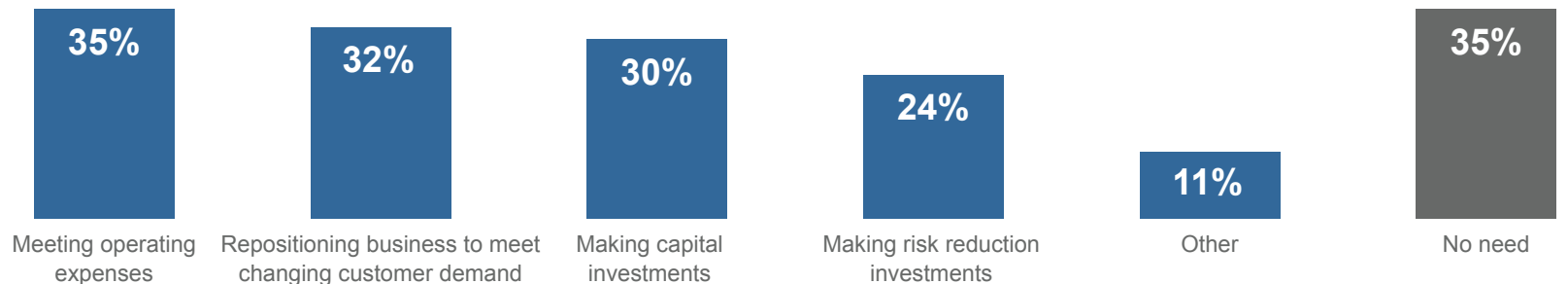
plan to apply for credit in the first half of 2014

FINANCING AMOUNT, % OF FIRMS



N = 24

FINANCING NEEDS, % OF FIRMS



N = 37