

CIRCUIT CITY'S BANKRUPTCY HAS WIDE REACHING CONSEQUENCES



Circuit City's bankruptcy will likely effect the United States economy for years to come. When the electronics retailing giant shutter its last 567 stores this year, 18.71 million square feet of vacant space will be available in an already unsteady real estate market and more than 40,000 former employees will be without jobs. Circuit City is biggest retailer to go under in the current recession. And unlike other bankruptcies in recent history, such as Kmart in 2002, and Macy's in 1992, this one will not end with reorganization or a buyout. It will end with liquidation. Most of the chain's debt, nearly \$625 million, is to vendors who supplied the electronics that filled Circuit City stores. The timing is bad for these electronics manufacturers. Hewlett-Packard is shedding 8 percent of its employees. Samsung posted its first ever quarterly loss recently. Sony saw its net profit fall 95 percent in the last quarter. Circuit City owes Sony \$60 million. The company also owes Samsung \$115 million, and it owes Hewlett-Packard \$120 million. Circuit City's liquidation proves problematic for many, but it may be good business for Best Buy. Analysts suspect that Best Buy could capture 30 percent of Circuit City's business. This is especially possible since the soon-to-be vacant Circuit City locations are all within 10 miles of a Best Buy. Follow which companies are still hiring at [Employment Crossing](#).

<https://blog.granted.com/>