



The Perryman Group

Preliminary Estimate of Economic Harm from Hurricane Laura September 2020

Category 4 Hurricane Laura made landfall just after midnight on August 27, 2020 in Cameron Parish, Louisiana, about 35 miles east of the Texas border. While the damage was significant, the economic costs could have been far worse. The Perryman Group estimates that if the storm had made landfall as a direct hit on one of the nearby refining and petrochemical areas (such as Beaumont), the economic losses could have been 8 to 10 times as large as preliminary damage estimates have indicated.

Damages are only a part of the economic implications of the hurricane. Any economic stimulus, whether positive or negative, leads to additional responses and multiple rounds of business activity. Business operations have been interrupted, causing lost revenue and profits even beyond the damage to facilities. In many cases, these revenues cannot be recouped. Productivity has also been affected as workers are either absent due to problems with their homes and property or less effective on the job as they deal with those issues.

The Perryman Group utilized its impact assessment model and current property damage estimates to measure the total

economic cost of Hurricane Laura when multiplier effects are considered. The net impact could include losses to the US economy of nearly \$14.0 billion in gross product and 93,500 job-years of employment when multiplier effects are considered. (This analysis accounts for the partially offsetting economic stimulus as people spend money to repair damage.)

For Louisiana, where the bulk of the damage was sustained, The Perryman Group estimates that losses from Hurricane Laura over the next few years include \$12.2 billion gross product and about 81,800 job-years of employment when multiplier effects are considered.

In Texas, The Perryman Group estimates that losses from Hurricane Laura include \$645 million in gross product and 4,300 job-years of employment when multiplier effects are considered.

These effects would be observed over a number of years. At times such as these, alleviating human suffering due to the storm's effects should be the primary focus. Recovery from these economic losses is expected along with a return to expansion in the future.

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Region	Expenditures	Gross Product	Personal Income	Job-Years
State of Texas	-\$1.483 b	-\$0.645 b	-\$0.427 b	-4,315
State of Louisiana	-\$28.097 b	-\$12.222 b	-\$8.087 b	-81,764
United States	-\$32.121 b	-\$13.972 b	-\$9.246 b	-93,474

Source: US Multi-Regional Impact Assessment System, The Perryman Group

Notes: Based on preliminary damage estimates and The Perryman Group's measurement of associated multiplier effects across the economy. Monetary values given in billions of 2020 dollars. A job-year is one person working for one year, though it could be multiple individuals working partial years.

THE PERRYMAN GROUP



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/in/ray-perryman



www.perrymangroup.com



info@perrymangroup.com



1.800.749.8705



1.254.751.7855

M. RAY PERRYMAN, PH.D.

Dr. Perryman is the President and CEO of the Perryman Group and Distinguished Professor of Economic Theory and Method at the International Institute for Advanced Studies. Over the past 40 years, Dr. Perryman has helped recruit corporations providing tens of thousands of jobs through economic development work, resolved billion-dollar legal issues, and revamped public policy through impact assessments and other studies. His firm has measured economic impacts for corporate locations and expansions involving billions in investments, and his economic forecasts are used by corporations and government agencies alike.

He has provided economic analysis and expert testimony for civil litigation across a wide range of practice areas including antitrust and competition, patent infringement and other intellectual property disputes, securities, and commercial and complex litigation. His work combines strong expertise in economic damages calculation, asset valuation, market analysis, and statistical methods and econometrics.



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