



The Perryman Group

Preliminary Estimate of the Economic Costs of Hurricane Ida Include \$125 Billion in US Output and Could Go Higher September 2021

On August 29, Hurricane Ida made landfall near New Orleans causing wind damage and flooding. Its remnants have caused significant issues across the eastern United States. The human suffering is of paramount importance and should be the primary concern, as well as enormous emotional losses. In addition, the storm will have a significant impact on the economy.

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. On the other hand, the act of repairing buildings and infrastructure damaged by wind and water leads to an increase in spending in the construction sector. Suppliers of the goods and services needed to get things back to normal will see additional opportunities due to Ida. Replacing personal items, vehicles, furniture, and everything else will increase retail activity in the region. These benefits partially offset the overall losses. In the current situation, the supply chain is already disrupted due to the COVID-19 pandemic, which would cause losses from the storm to be even higher than they would be in normal times.

Based on the modeling system that we have developed over the past 40 years and used to assess numerous natural disasters and current property damage estimates, when multiplier effects and the various positive and negative aspects of the economics of the storm are considered, the net impact of Hurricane Ida could include losses to the US economy (which would be observed over an extended period of time) of \$125.3 billion in gross product and about 838,100 job-years of employment. For Louisiana, estimated losses include \$84.2 billion in gross product and 563,000 job-years when multiplier effects are considered. (A job-year is equivalent to one person working full-time for one year.)

However, supply chain issues, logistical challenges, and cost escalation associated with the pandemic and its aftermath could push these baseline losses even higher. The Perryman Group estimates that the upper bound on losses to the US economy over the next few years includes \$174.0 billion in gross product and 1.16 million job-years of employment, with losses in Louisiana over time of \$116.9 billion in gross product and 782,000 job-years.

In addition to the enormous human costs, Ida will have a significant negative impact on the economy. However, the area will recover over time and likely resume a pattern of expansion in the future.

Preliminary Estimate of Economic Costs of Hurricane Ida

	Total Expenditures	Gross Product	Personal Income	Job-Years of Employment
Baseline				
United States	\$288.0 b	\$125.3 b	\$82.9 b	838,089.5
Louisiana	\$193.5 b	\$84.2 b	\$55.7 b	563,048.8
Upper Bound*				
United States	\$400.0 b	\$174.0 b	\$115.1 b	1,164,013.2
Louisiana	\$268.7 b	\$116.9 b	\$77.3 b	782,012.2

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

Notes: Upper bound accounts for potential effects from supply chain issues, logistical challenges, and cost escalation associated with the pandemic and its aftermath. Monetary values given in billions of 2021 dollars. A job-year is one person working for one year, though it could be multiple individuals working partial years.

METHODOLOGY

In order to offer an early perspective on potential losses, The Perryman Group's US Multi-Regional Impact Assessment System and econometric models were used to measure the dynamic effects of Hurricane Ida on the economy based on the most current preliminary estimates of damages and losses. The Impact Assessment System essentially measures the economic responses to a stimulus; in other

words, it counts the successive rounds of business activity set off by the initial activity (in this case, the hurricane). The system has been in use for more than 40 years (with updates and refinements) and has been utilized on hundreds of occasions by clients ranging from large government agencies to private sector firms; it has also been peer reviewed. In this analysis, estimated property losses were translated into likely

long-term losses in business activity (including the offsetting net effects of the subsequent rebuilding activity and the best information available regarding insurance coverage) using techniques previously developed by Dr. M. Ray Perryman, founder and president of the firm, and used in the assessment of prior storms (including Hurricanes Ike, Rita, Katrina, Harvey, and Irma).

THE PERRYMAN GROUP



The Perryman Group is a focused team of analysts who know how to address complex economic information tasks and present our findings effectively.

Our in-house professionals bring expertise in **economics, finance, statistics, mathematics, real estate, valuation, systems analysis, engineering, technical communications, and marketing.** Dr. Ray Perryman, President and CEO, has 40 years of experience in developing systems, analyzing complex problems, and communicating effectively. We have considerable pride in what we do. Our enthusiasm is both unbridled and contagious; every day brings a new opportunity for us to tackle a different problem or create a product or service specifically tailored to our clients.

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FORECASTING

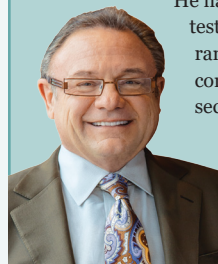
We are at the cutting edge of econometrics and other advanced statistical methods and have provided innovative approaches for many complex applications.

SPEECHES


Dr. Perryman addresses dozens of audiences throughout the world every year, catering to a wide variety of events.


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, 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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