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Economic impact of terrorism : Dennis G. Colie

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Economic Impact of Terrorism

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Economic Impact of Terrorism

**Decline in Economic Activity
due to Reduced Demand
at Travel-related Businesses**



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Economic Impact of Terrorism

“...long-term prospects are good -- though it's still too soon to gauge the full impact of last month's terrorist attacks.”

Fed Chairman, Alan Greenspan, speaking before Congress on Oct. 17.



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Economic Impact of Terrorism

Some Evidence of an Economic Slowdown before Sept. 11

Source: The Tampa Tribune, Moneysense, The Associated Press, September 8, 2001, page 1.

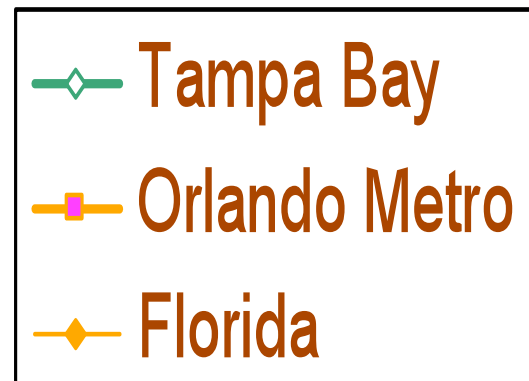
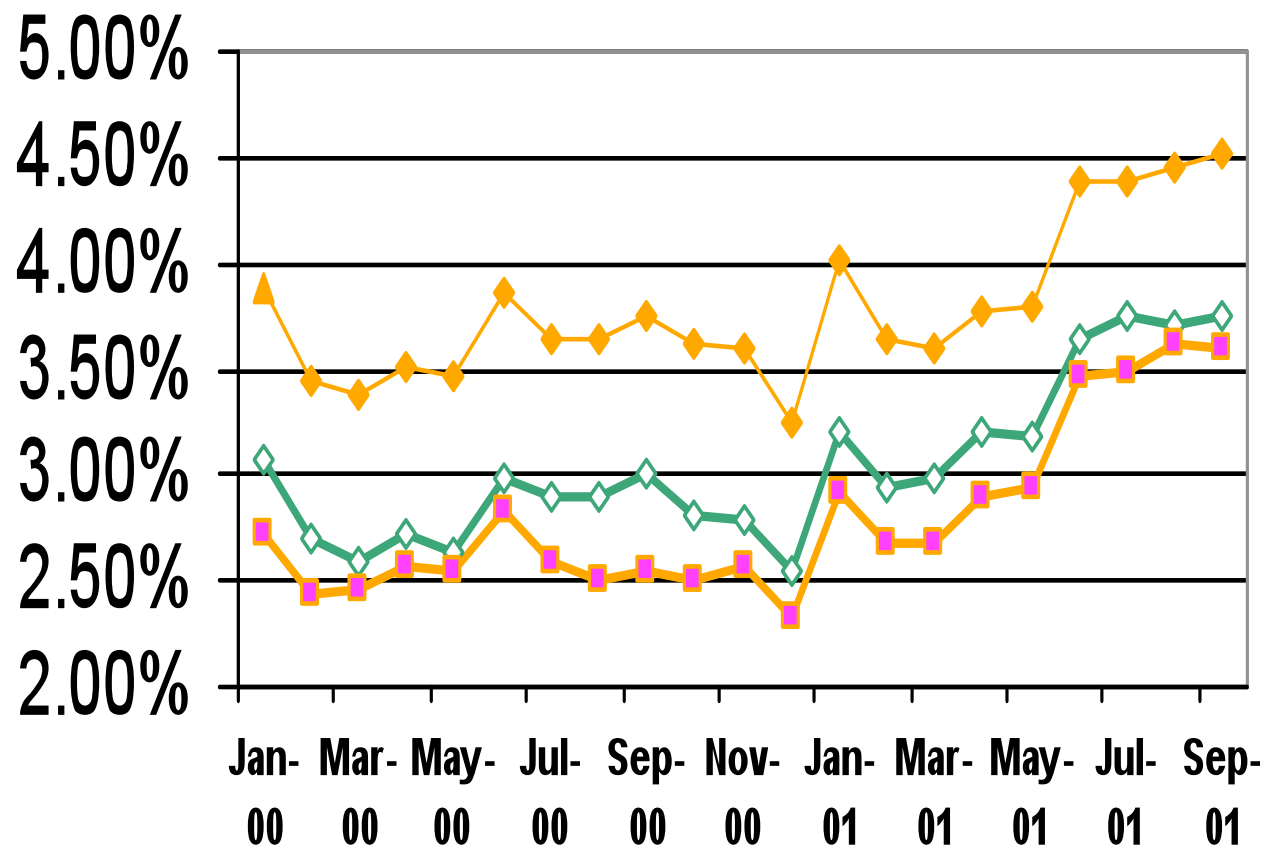
UNEMPLOYMENT DOES A JOB ON MARKET

Jobless Rate Reaches Highest Point in 4 Years

The Dow closed down 234.99 at 9,605.85, its lowest close since April 4. The S&P 500 index fell 20.62, to 1,085.78, its lowest close since October 1998. The NASDAQ composite index recorded its lowest close since April 4, down 17.94 at 1,687.70. ...

The selling Friday began early on a Labor Department report showing the **nation's unemployment rate rose to 4.9% in August - its highest level in nearly four years - and businesses cut 113,000 jobs. ...**

Unemployment Rate



Source: CNN The Financial Network at <http://www.cnnfn.com>, on August 28, 2001, 3:13 p.m.

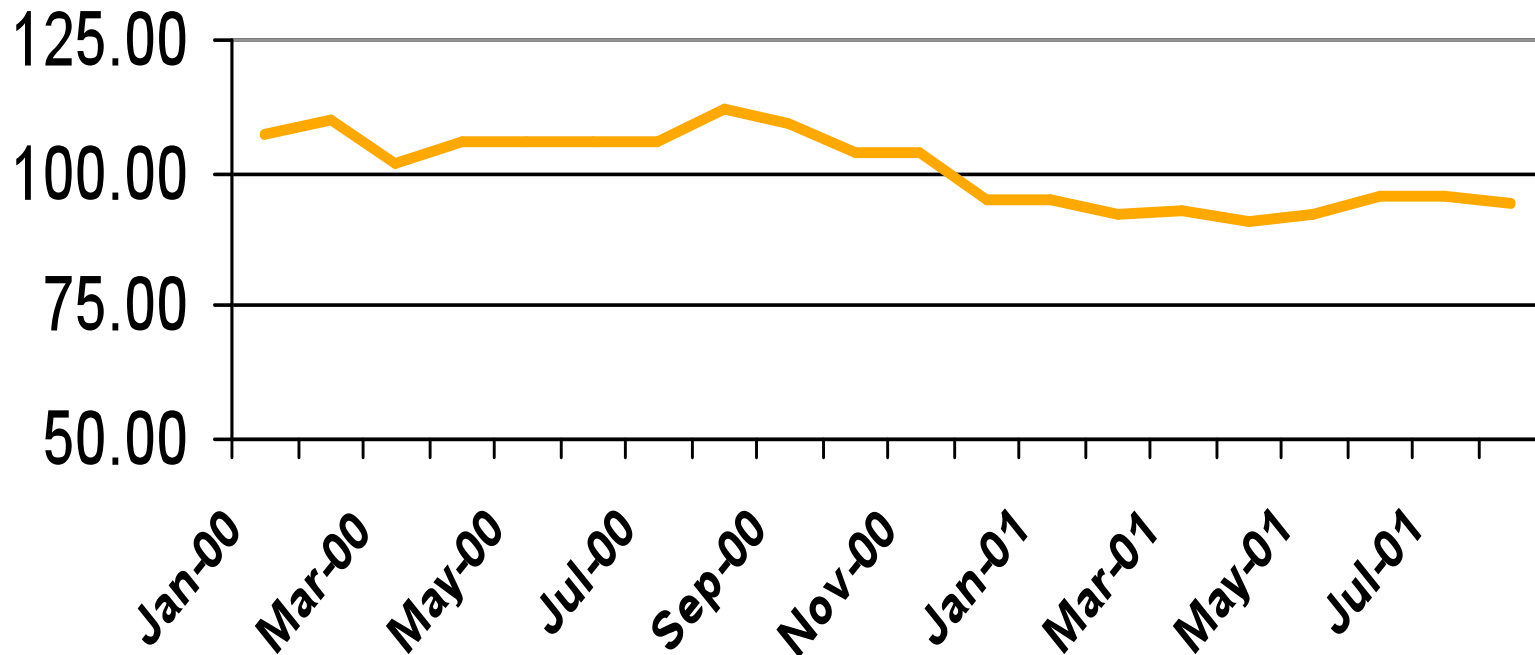
WALL ST. SHAKEN

A Slumping Sentiment Number Sends Another Jolt to Stock Investors

A closely watched report showed that **Americans' consumer confidence fell to a four-month low in August**, surprising economists, who expected gains. ... The Conference Board's index of consumer sentiment fell to 114.3 from a revised 116.3 in July.

After rising in April and May, retail sales held steady this summer, keeping alive hopes that the economy can avoid recession.

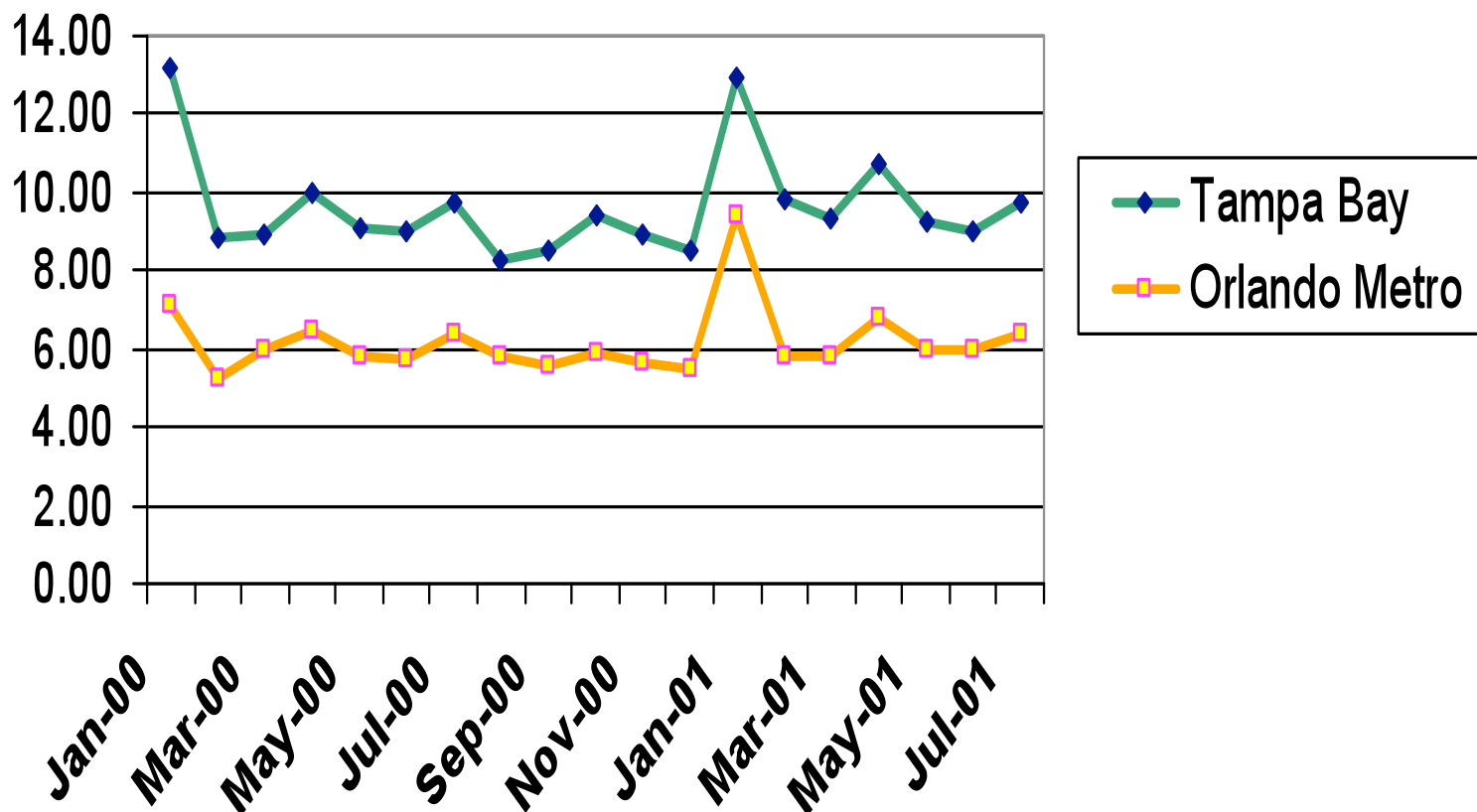
Florida Consumer Confidence



UF's Consumer Confidence Index, 1996 = 100

Gross Sales

\$ billions





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Post-attack Scenarios Provide Range of Economic Impacts -

- Quick Recovery
- Slow Recovery



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Quick Recovery Scenario

TRAVELING ON THE REBOUND, Sept. 11
Attacks' Effect Waning in Southeast, Tampa
Tribune, Oct. 4, 2001, Moneysense page 1.

- 37.5% decline in travel-related sales in week after attacks
- average 6.25% recovery in each of the following two weeks



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Quick Recovery Scenario

Reduction in Demand

Week 37 - 37.50%

Week 38 - 31.25%

Week 39 - 25.00%

Week 40 - 18.75%

Week 41 - 12.50%

Week 42 - 6.25%

Week 43 - full recovery



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Slow Recovery Scenario

AAA Ticket Sales Up, Tampa Tribune, Oct. 26, 2001, Moneysense page 1.

- attraction ticket sales at AAA Southeastern offices return to 80% of last year's level during week ended Oct. 19



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Slow Recovery Scenario

Travel Activity Rebounding after Attacks, The Business Journal of Tampa Bay, Nov. 7, 2001, at <http://tampabay.bcentral.com>.

From AAA Auto Club South for the week ending Nov. 2:

- Cruise & tour sales 70% of 2000 levels
- Customized maps at 101% of last year
- Theme park sales at 63% of a year ago
- Hotel reservations at 86% of last year



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Slow Recovery Scenario

Reduction in Demand

Year 2001

Week 37 - 37.50%

Week 38 - 31.25%

Weeks 39 through 52 - 25.00%

Year 2002

Weeks 1 through 13 - 18.75%

Weeks 14 through 26 - 12.50%

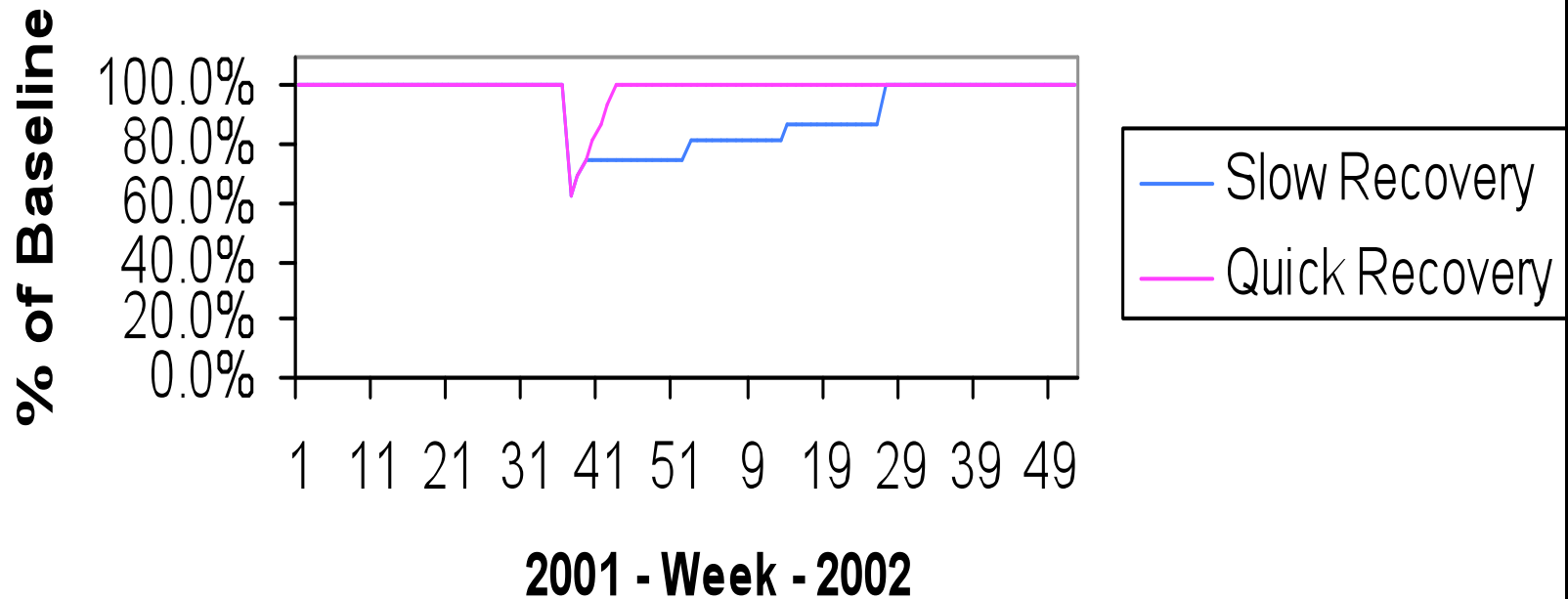
Week 27 - full recovery



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Scenario Timelines





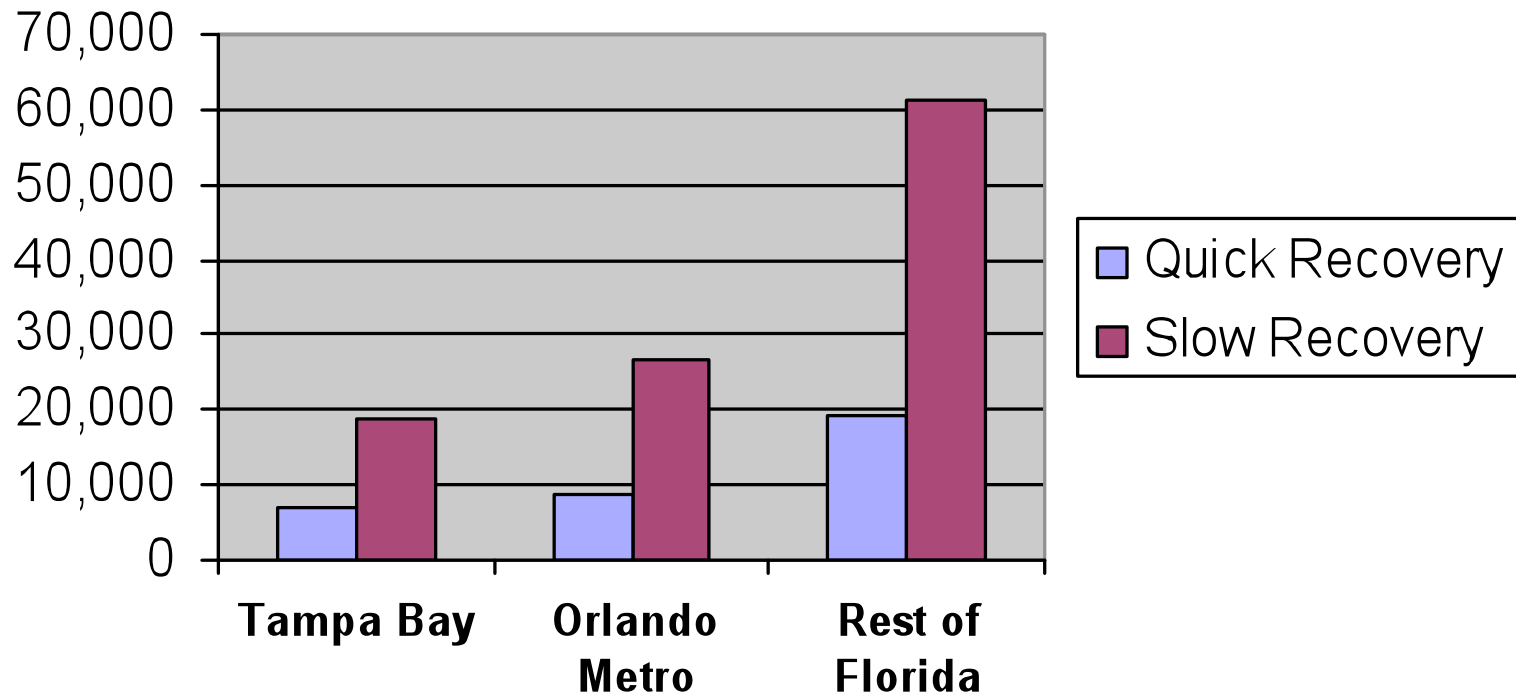
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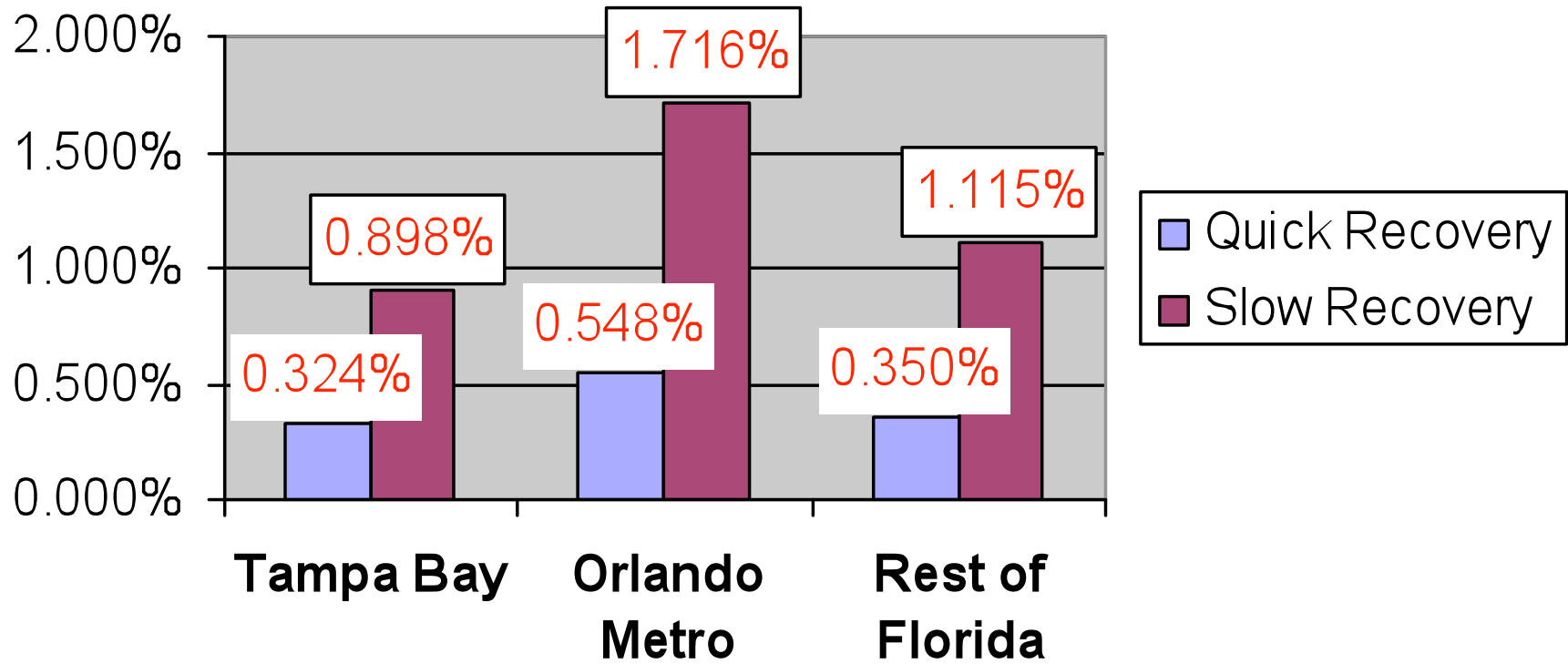
Findings -- Measures of Economic Impact

- Jobs
- Personal Income
- Output
- Investment - Residential
- Investment - Non Residential
- FIRE: Demand & Output

Number of Jobs Lost in 2001



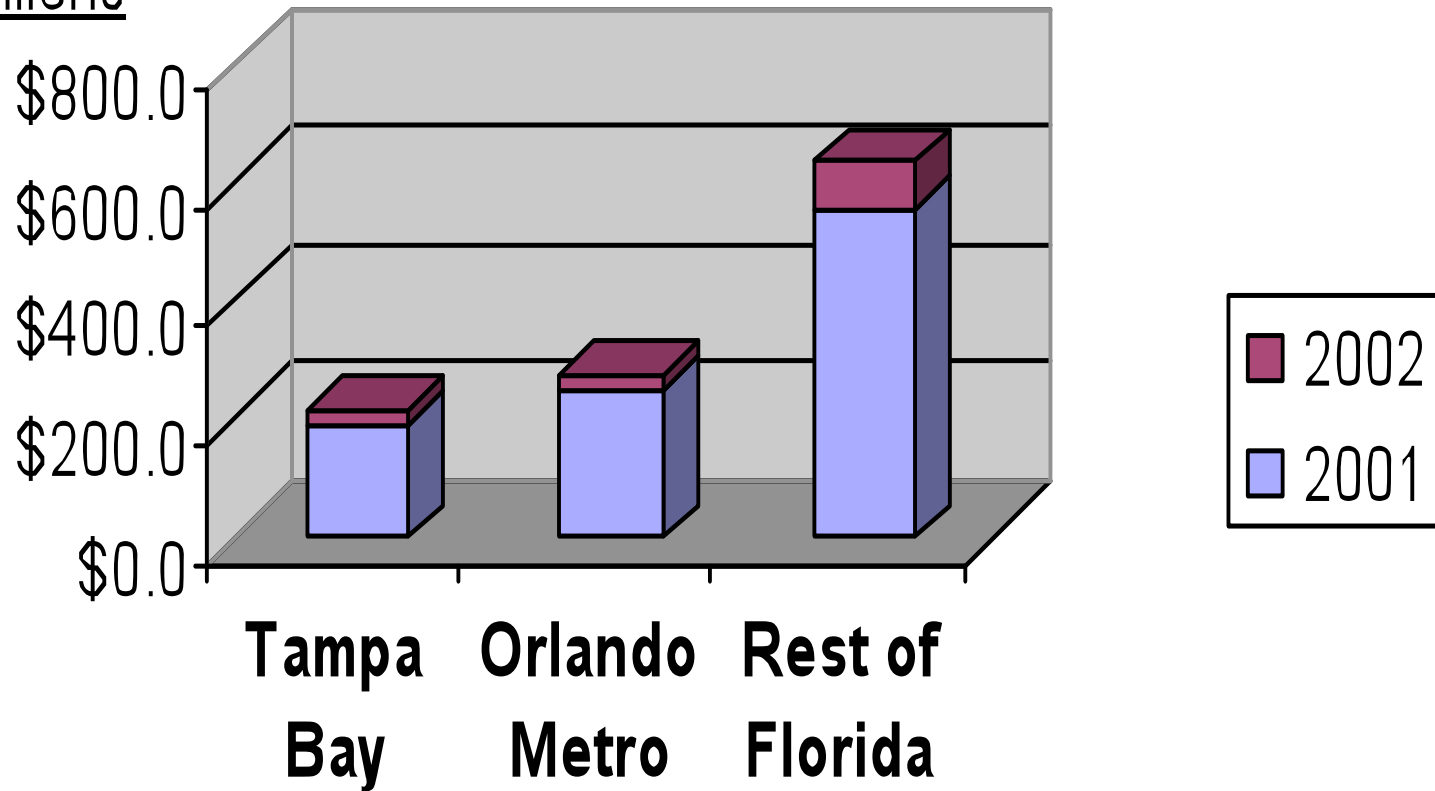
Percent of Jobs Lost in 2001



Quick Recovery Scenario					
Location	Jobs 2001	% Change		Jobs 2002	% Change
Tampa Bay	6,853	0.324%		159	0.007%
Orlando Metro	8,555	0.548%		156	0.010%
Rest of Florida	19,310	0.350%		131	0.002%
Florida	34,718	0.378%		445	0.005%
Slow Recovery Scenario					
Location	Jobs 2001	% Change		Jobs 2002	% Change
Tampa Bay	19,000	0.898%		19,960	0.936%
Orlando Metro	26,790	1.716%		26,640	1.678%
Rest of Florida	61,420	1.115%		60,770	1.092%
Florida	107,210	1.167%		107,370	1.156%

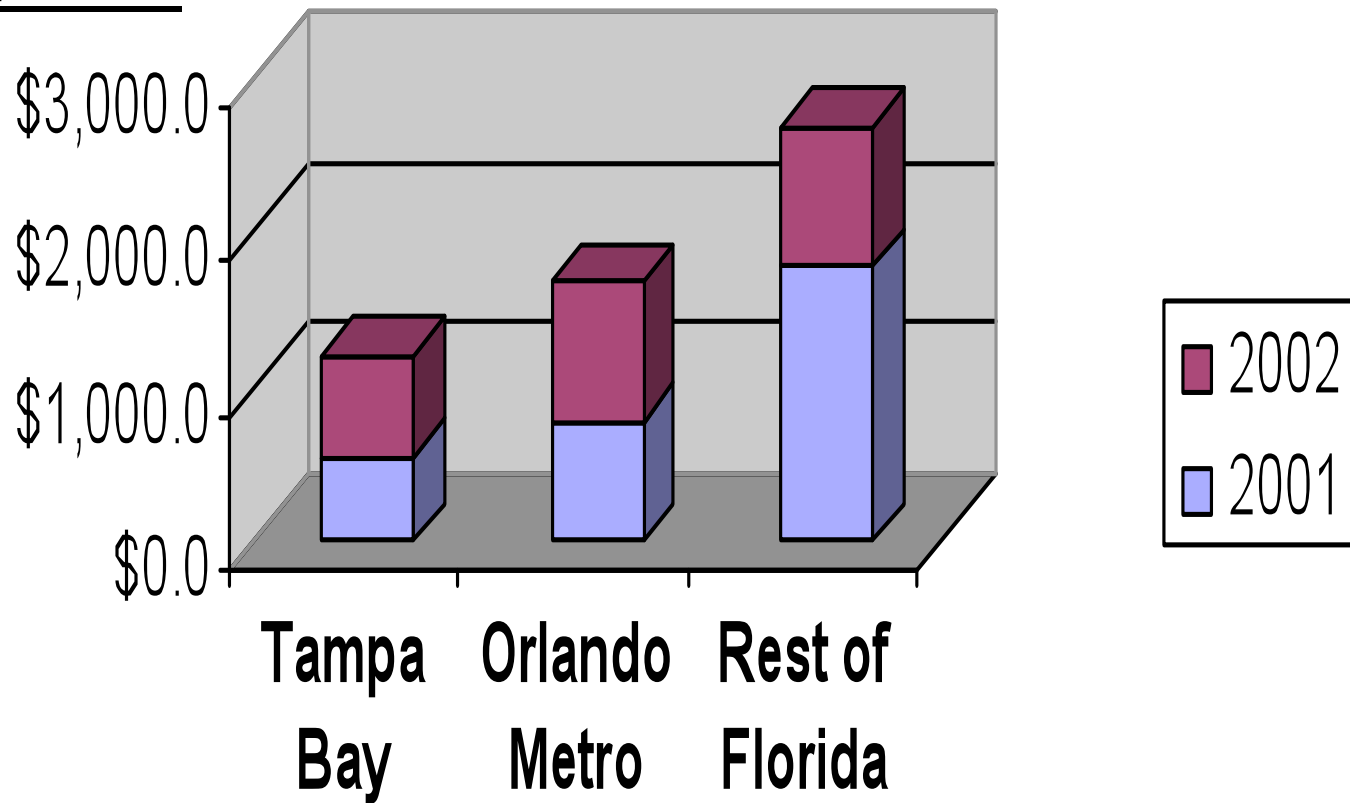
Loss of Income - Quick Recovery

\$ millions



Loss of Income - Slow Recovery

\$ millions



Quick Recovery Scenario				
	Income 2001		Income 2002	
Location	\$ mil.	% Change	\$ mil.	% Change
Tampa Bay	193.5	0.181%	21.1	0.019%
Orlando Metro	249.2	0.349%	27.2	0.036%
Rest of Florida	560.2	0.189%	77.5	0.025%
Florida	1,002.9	0.211%	125.8	0.025%
Slow Recovery Scenario				
	Income 2001		Income 2002	
Location	\$ mil.	% Change	\$ mil.	% Change
Tampa Bay	546.3	0.511%	661.4	0.592%
Orlando Metro	777.5	1.089%	901.8	1.194%
Rest of Florida	1,778.0	0.600%	901.8	0.674%
Florida	3,101.8	0.654%	2,465.0	0.735%

Lost Output - 2001

\$ millions

\$4,000.0

\$3,000.0

\$2,000.0

\$1,000.0

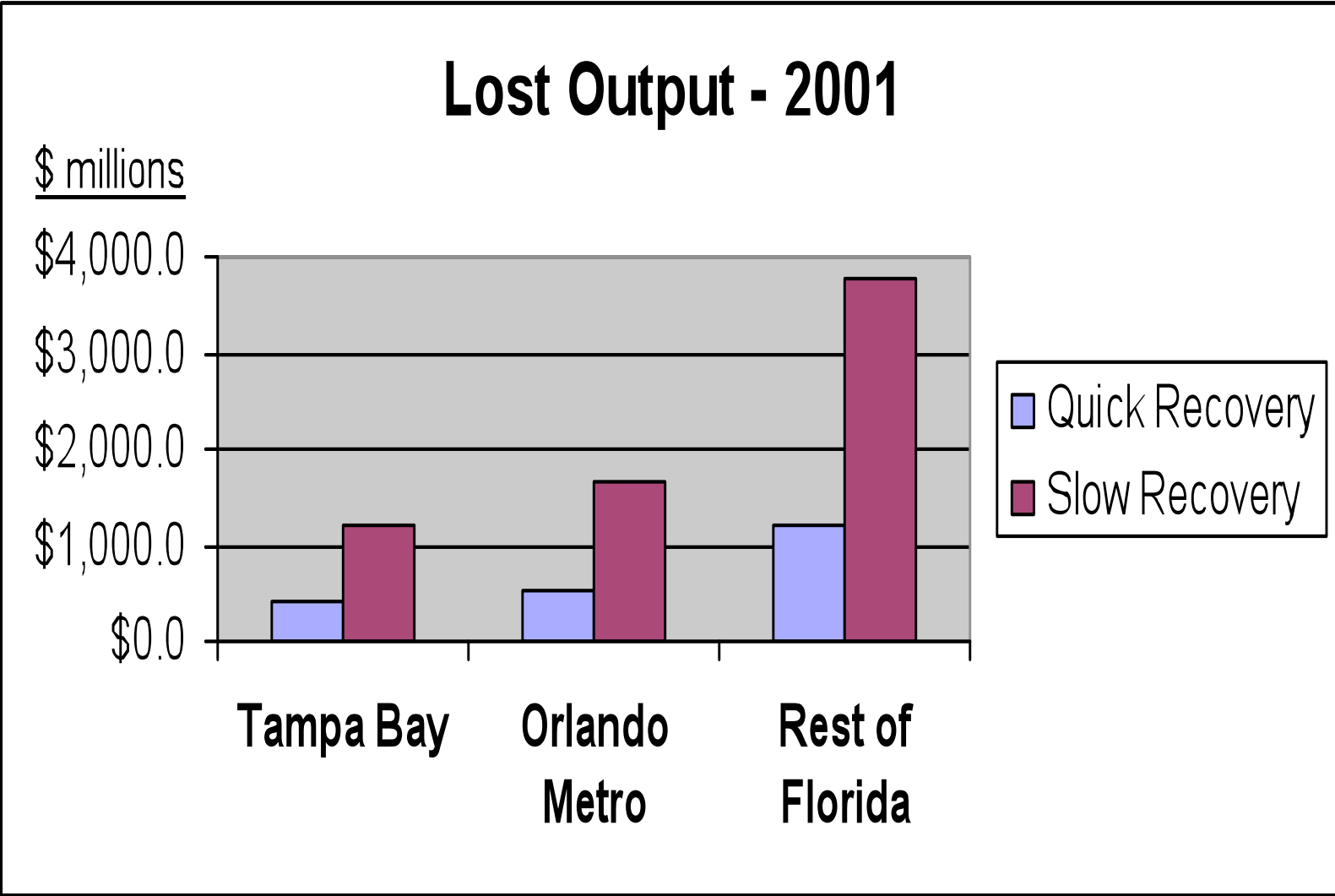
\$0.0

- Quick Recovery
- Slow Recovery

Tampa Bay

Orlando
Metro

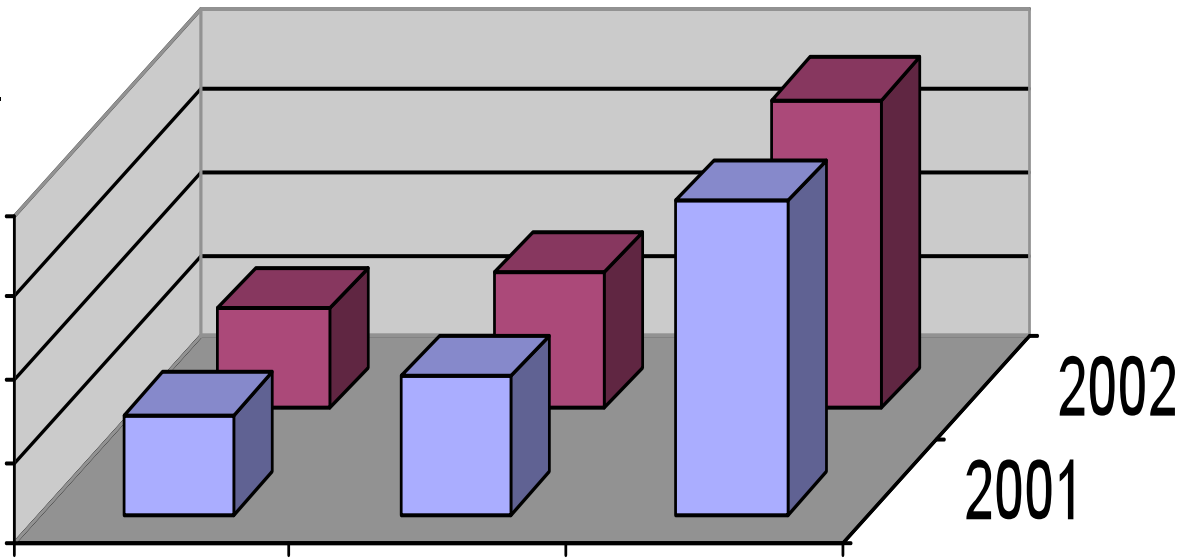
Rest of
Florida



Lost Output - Slow Recovery

\$ millions

\$4,000.0
\$3,000.0
\$2,000.0
\$1,000.0
\$0.0



**Tampa
Bay**

**Orlando
Metro**

**Rest of
Florida**

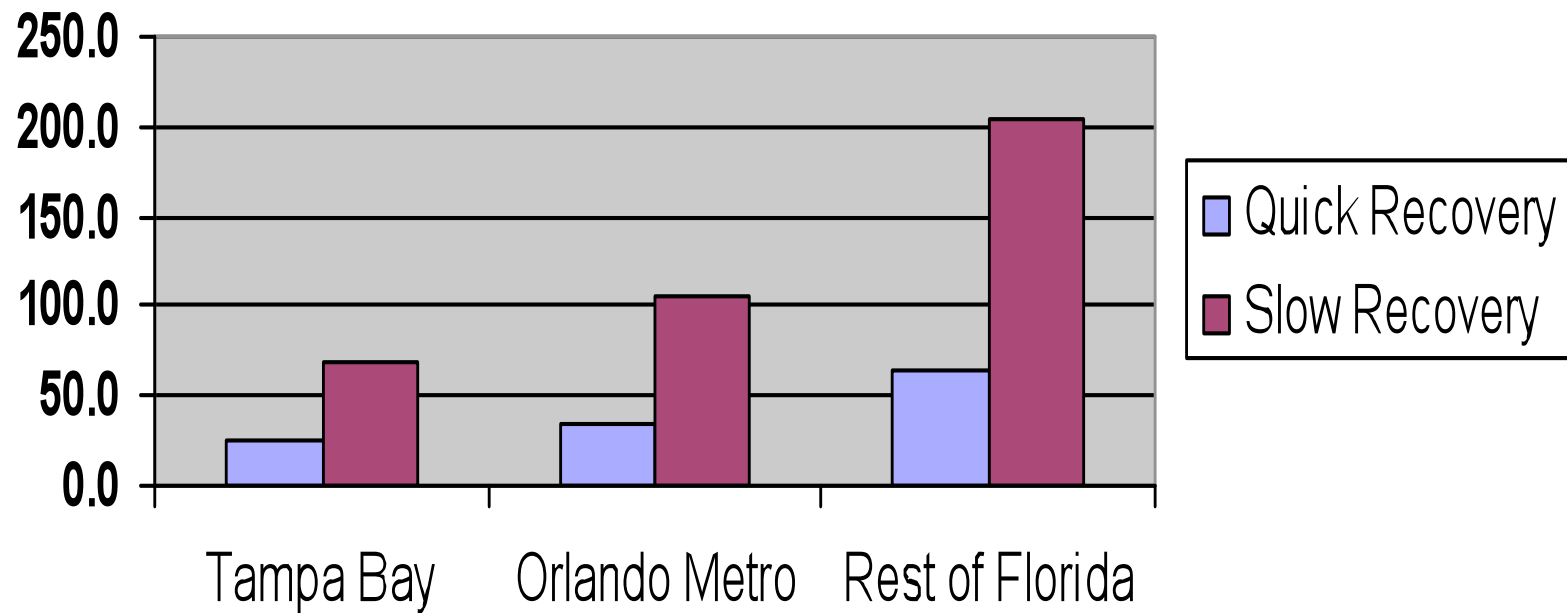
2001

2002

Quick Recovery Scenario				
	Output 2001		Output 2002	
Location	\$ mil.	% Change	\$ mil.	% Change
Tampa Bay	416.9	0.181%	18.9	0.019%
Orlando Metro	532.3	0.349%	19.8	0.036%
Rest of Florida	1,192.1	0.189%	29.9	0.025%
Florida	2,141.4	0.211%	68.5	0.025%
Slow Recovery Scenario				
	Output 2001		Output 2002	
Location	\$ mil.	% Change	\$ mil.	% Change
Tampa Bay	1,192.4	0.511%	1,222.0	0.592%
Orlando Metro	1,660.6	1.089%	1,660.6	1.194%
Rest of Florida	3,784.0	0.600%	3,772.9	0.674%
Florida	6,637.0	0.654%	6,655.5	0.735%

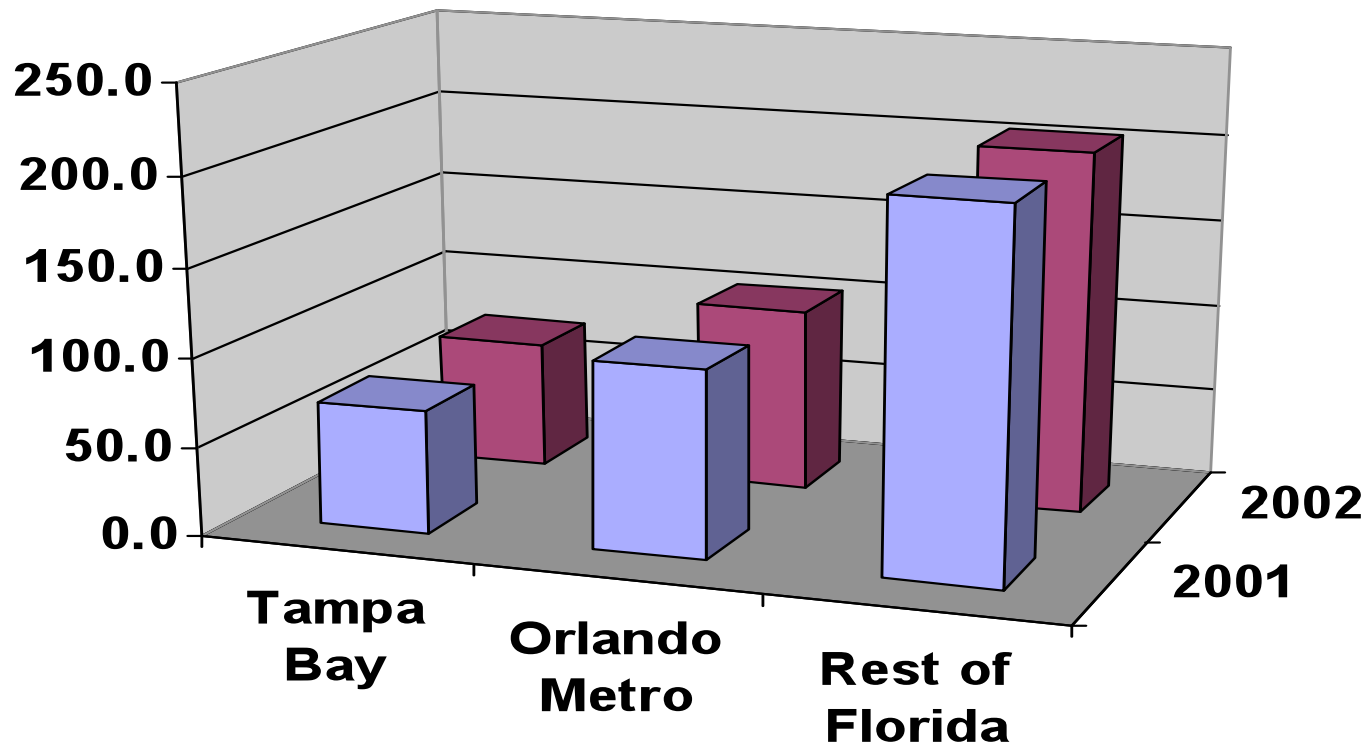
Decline in Investment - Residential Structures - 2001

\$ millions



Decline in Residential Investment - Slow Recovery

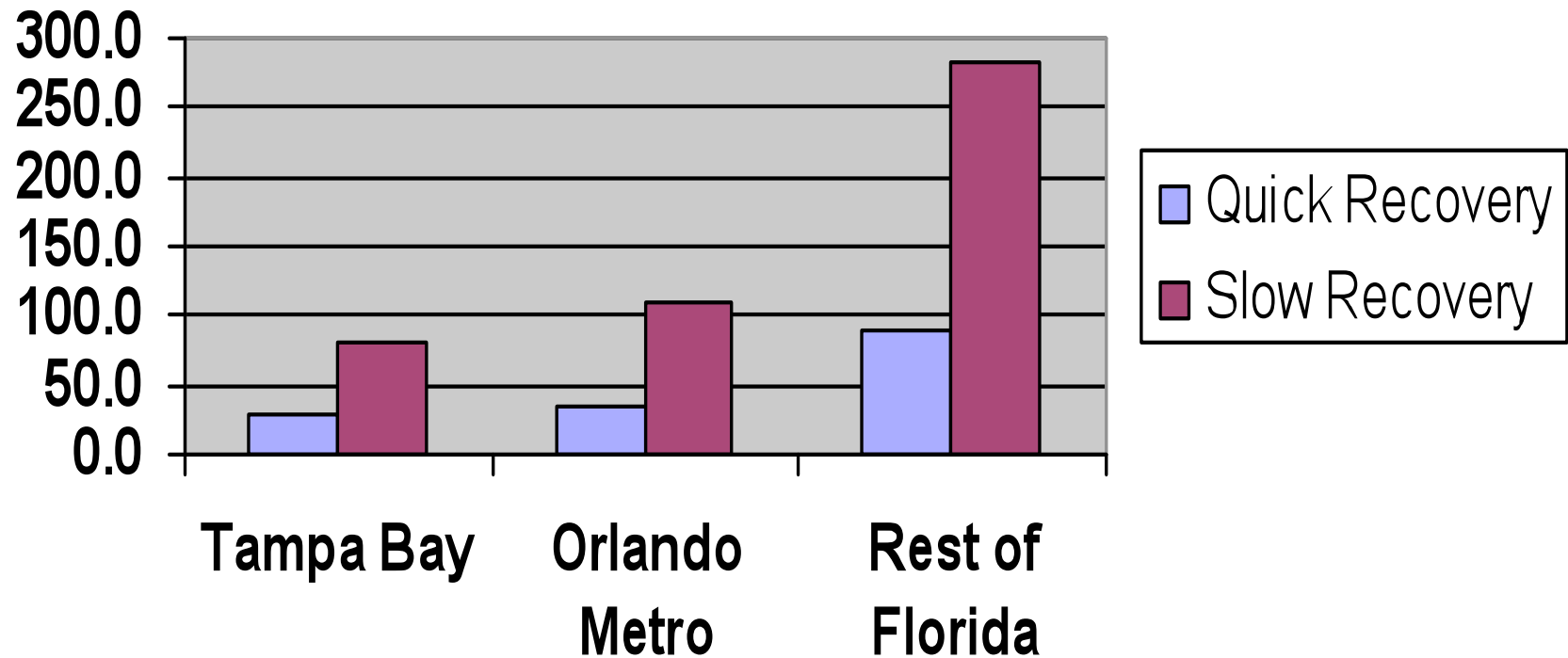
\$ millions



Quick Recovery Scenario					
Fixed Investment Residential 2001			Fixed Investment Residential 2002		
Location	\$ mil.	% Change		\$ mil.	% Change
Tampa Bay	24.4	0.485%		1.4	0.027%
Orlando Metro	33.8	0.861%		1.9	0.043%
Rest of Florida	64.5	0.490%		1.9	0.024%
Florida	122.8	0.555%		5.3	0.023%
Slow Recovery Scenario					
Fixed Investment Residential 2001			Fixed Investment Residential 2002		
Location	\$ mil.	% Change		\$ mil.	% Change
Tampa Bay	69.4	1.377%		72.5	1.402%
Orlando Metro	105.4	2.686%		103.8	2.519%
Rest of Florida	204.8	1.556%		205.1	1.526%
Florida	379.7	1.715%		381.4	1.678%

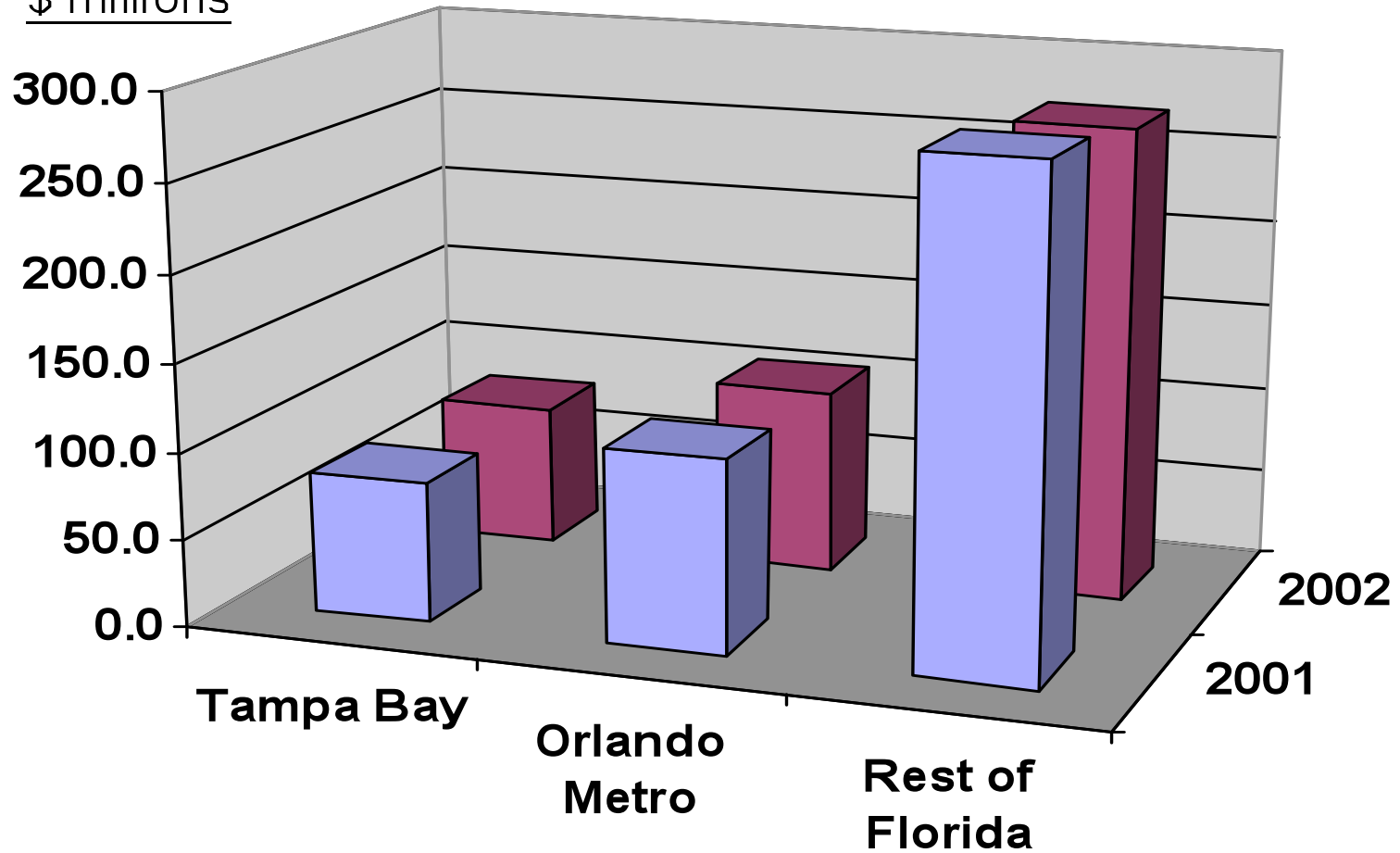
Decline in Investment - Non Residential Structures - 2001

\$ millions



Decline in Non Residential Investment - Slow Recovery

\$ millions



Quick Recovery Scenario					
Fixed Investment Non-Residential 2001			Fixed Investment Non-Residential 2002		
Location	\$ mil.	% Change		\$ mil.	% Change
Tampa Bay	29.1	0.709%		1.1	0.028%
Orlando Metro	35.4	1.139%		1.3	0.043%
Rest of Florida	89.4	0.849%		2.4	0.024%
Florida	153.9	0.868%		4.8	0.028%
Slow Recovery Scenario					
Fixed Investment Non-Residential 2001			Fixed Investment Non-Residential 2002		
Location	\$ mil.	% Change		\$ mil.	% Change
Tampa Bay	80.8	1.972%		81.5	1.402%
Orlando Metro	110.8	3.560%		106.1	3.556%
Rest of Florida	283.9	2.696%		271.1	2.677%
Florida	475.5	2.680%		458.7	2.700%



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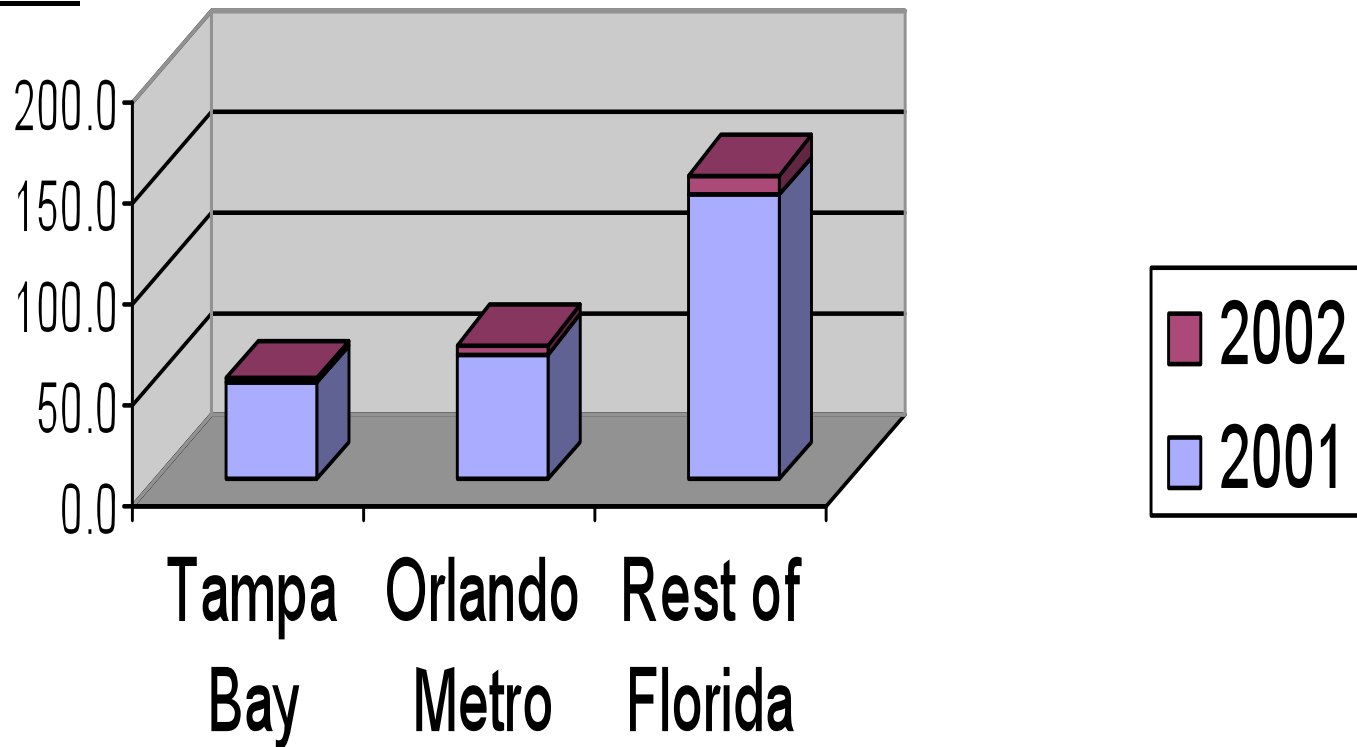
Industry Impacts

FIRE

The **F**inance, **I**nsurance, and **R**ead **E**state
Division of the Economy

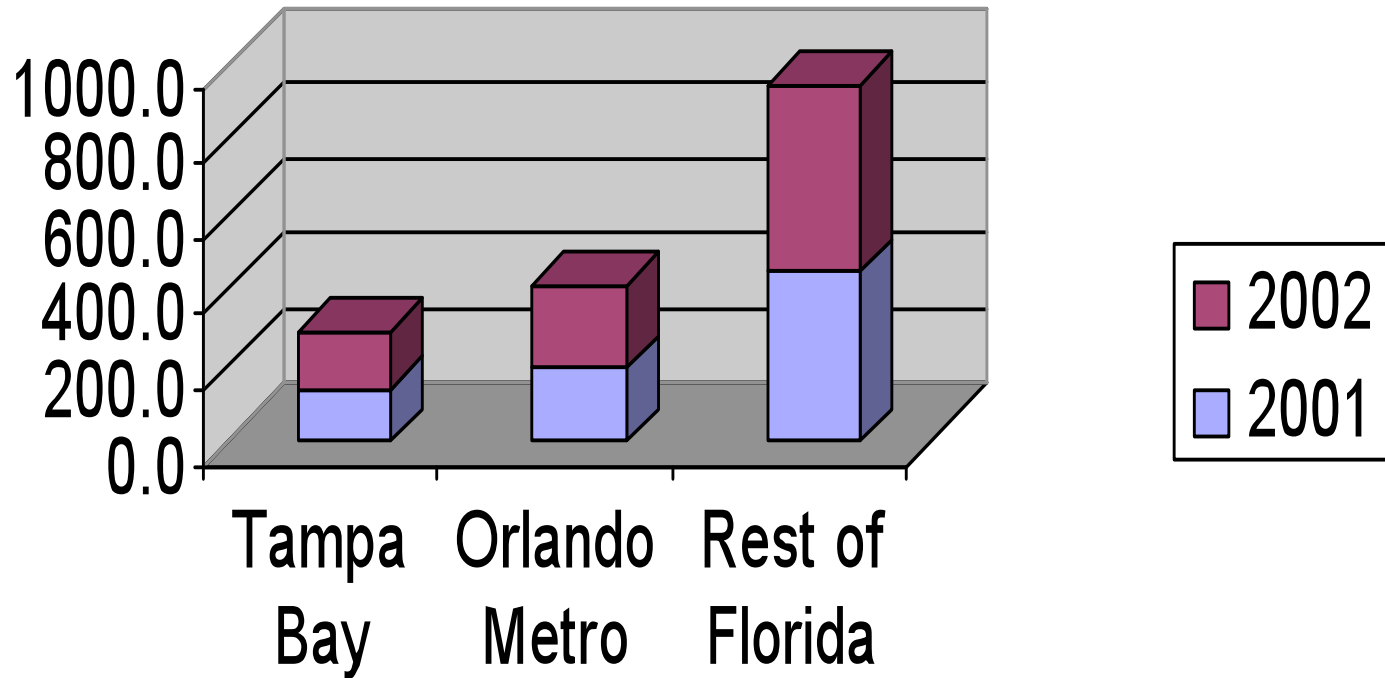
Reduction in FIRE Demand - Quick Recovery

\$ millions



Reduction in FIRE Demand - Slow Recovery

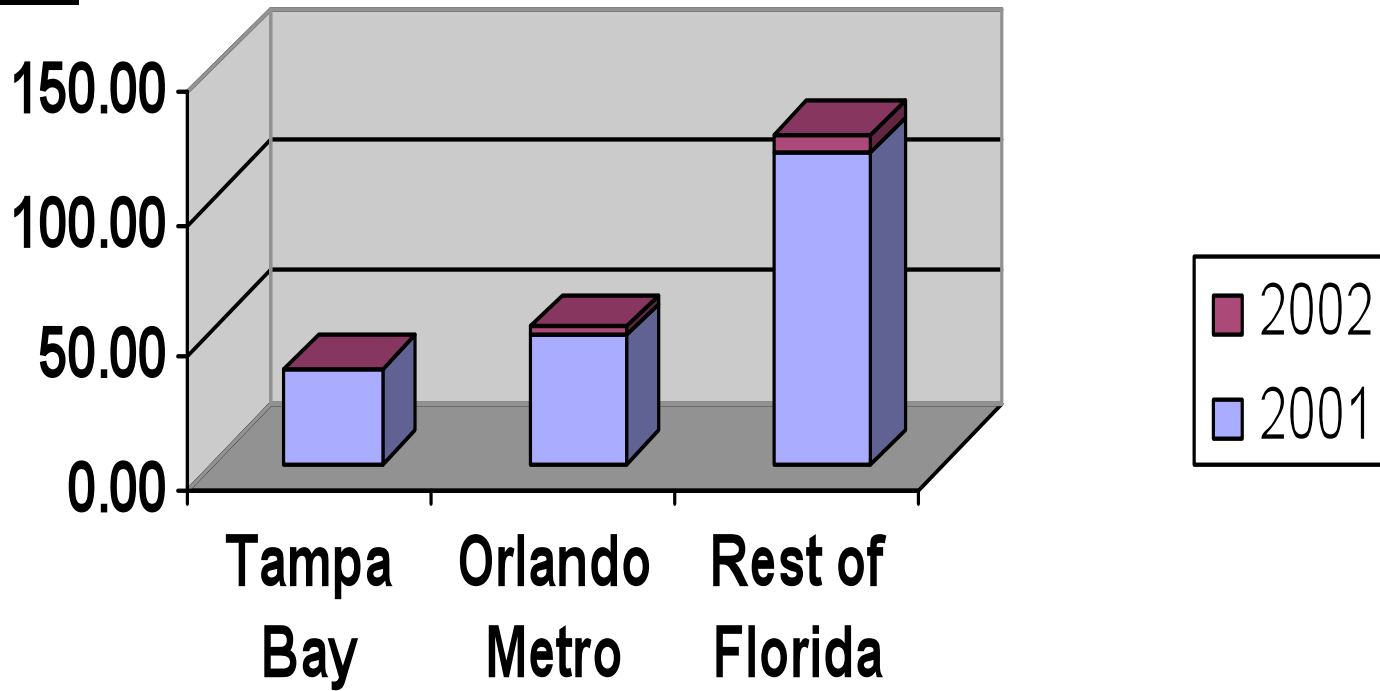
\$ millions



Quick Recovery Scenario					
FIRE			FIRE		
Demand 2001			Demand 2002		
Location	\$ mil.	% Change		\$ mil.	% Change
Tampa Bay	47.7	0.144%		2.8	0.008%
Orlando Metro	62.3	0.273%		4.6	0.019%
Rest of Florida	140.5	0.154%		11.0	0.012%
Florida	250.5	0.170%		18.4	0.012%
Slow Recovery Scenario					
FIRE			FIRE		
Demand 2001			Demand 2002		
Location	\$ mil.	% Change		\$ mil.	% Change
Tampa Bay	135.4	0.408%		155.1	0.450%
Orlando Metro	194.3	0.851%		218.0	0.910%
Rest of Florida	446.1	0.600%		496.3	0.674%
Florida	775.8	0.526%		869.5	0.568%

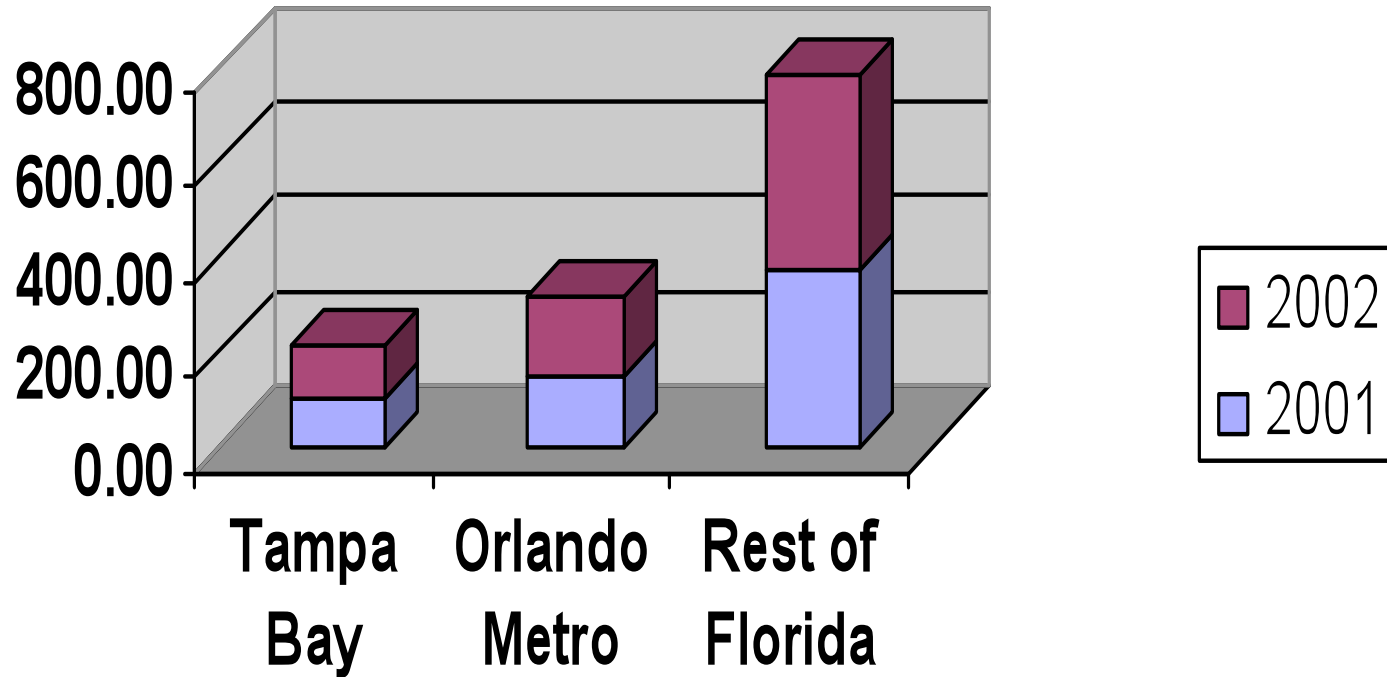
Decrease in FIRE Output - Quick Recovery

\$ millions



Decrease in FIRE Output - Slow Recovery

\$ millions



Quick Recovery Scenario					
FIRE			FIRE		
Output 2001			Output 2002		
Location	\$ mil.	% Change	\$ mil.	% Change	
Tampa Bay	35.25	0.131%	0.37	0.001%	
Orlando Metro	47.83	0.195%	3.30	0.013%	
Rest of Florida	117.75	0.128%	6.99	0.007%	
Florida	200.8	0.140%	10.7	0.007%	
Slow Recovery Scenario					
FIRE			FIRE		
Output 2001			Output 2002		
Location	\$ mil.	% Change	\$ mil.	% Change	
Tampa Bay	101.11	0.376%	110.34	0.396%	
Orlando Metro	149.25	0.607%	166.19	0.648%	
Rest of Florida	373.98	0.408%	408.84	0.430%	
Florida	624.3	0.436%	685.4	0.462%	



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Economic Impact of Terrorism

EXPECTED LOSSES FROM SEPT. 11 ATTACKS



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JOBS LOST

Tampa Bay	7,000 to 20,000
Orlando Metro	8,500 to 26,500
Rest of Florida	<u>19,000 to 61,000</u>
Florida	34,500 to 107,500
	0.4% to 1.2%



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LOST JOBS MEAN HIGHER UNEMPLOYEMNT

With pre-Sept. 11 slowdown and travel-related impacts expect *higher unemployment rates* early next year -

Tampa Bay	4.1% to 4.7%
Orlando Metro	4.1% to 5.3%
Florida	4.9% to 5.7%



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PERSONAL INCOME LOSS

Tampa Bay	\$216 million to \$1.2 billion
Orlando Metro	\$276 million to \$1.7 billion
Rest of Florida	<u>\$637 million to \$2.7 billion</u>
Florida	\$1,129 million to \$5.6 billion



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PERSONAL INCOME LOSS PER CAPITA

Tampa Bay	\$59.89 to \$332.70
Orlando Metro	\$102.31 to \$630.17
Florida	\$70.81 to \$351.24



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DECLINE in CAPITAL INVESTMENT

(Sept. 2001 through June 2002)

	<u>Residential</u>	<u>Non-residential</u>
Tampa Bay	0.5% - 1.2%	0.7% - 1.4%
Orlando Metro	0.9% - 2.2%	1.1% - 3.0%
Rest of Florida	0.5% - 1.3%	0.8% - 2.2%
Florida	0.6% - 1.4%	0.9% - 2.2%



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FINANCE, INSURANCE, and
REAL ESTATE BUSINESSES

LOST SALES

Tampa Bay	\$35.8 million to \$211.4 million
Orlando Metro	\$51.1 million to \$315.4 million
Rest of Florida	<u>\$114.7 million to \$782.8 million</u>
Florida	\$210.6 million to \$1,309.6 million



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