

Hurricane Ike Service Sector Impacts



Texas Engineering Extension Service

Knowledge Engineering

800-541-7149

KE@teexmail.tamu.edu

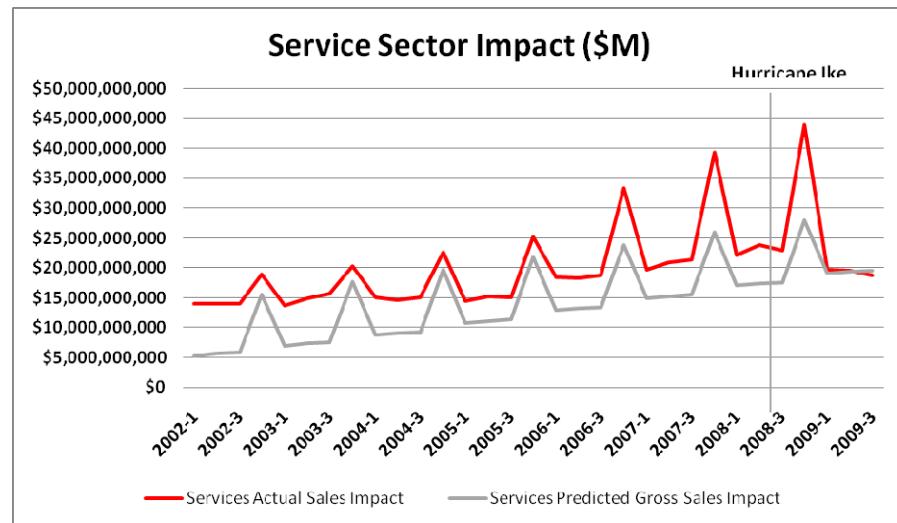
HURRICANE IKE IMPACT REPORT

Impact on Services Sectors

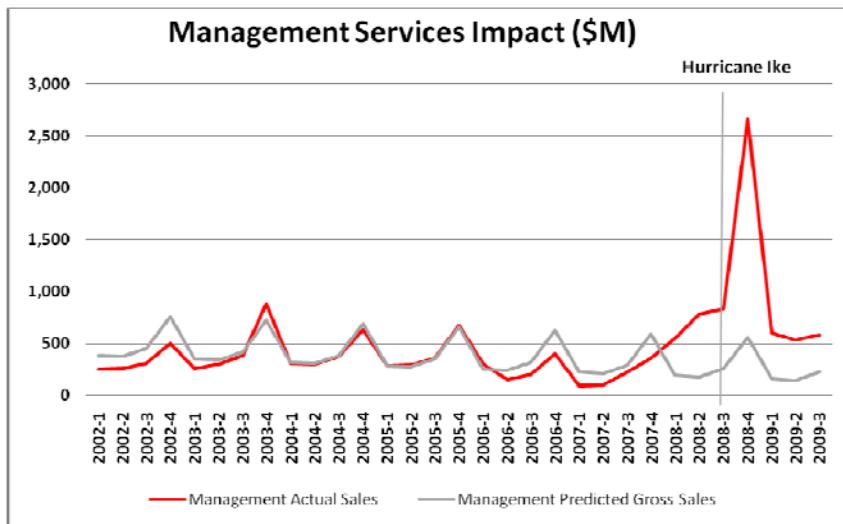
For most industries, county-level sales data from the Texas Comptroller of Public Accounts (Combs, 2010) was used to produce sales trends for each industry. Quarterly sales for each county were available from 2002 until the third quarter of 2009.

Service Sectors:

- Information
- Finance/Insurance
- Real Estate
- Professional Services
- Management
- Administration
- Education
- Health Services
- Entertainment
- Hotel/Food Service
- Other Services
- Public Administration



The impact of the sales sector has grown over time. However, despite the attention afforded the high-tech service economy, the study area's service sector is both smaller and experiences slower growth than the industrial sector. In recent years, services growth has exceeded fourth quarter predictions. End of year accounting and the reporting of annual sales by some businesses result in service sector impact spikes in the fourth quarter. This process probably accounts for continued strong performance by the service sector Q4-2008. The drop in the actual economic contribution of the service sector beginning in Q1-2009 likely reflects recessionary effects as well as the economic impact of Hurricane Ike. In that quarter, the service sector's contribution to the regional economy declined by 12 percent and fell 25 percent short of predictions. The service sector's contribution has continued to decline as the economy remains stagnant.



Not all industries are uniformly harmed by a hurricane. The management industry was temporarily bolstered following Hurricane Ike as companies and consultants entered the region to assess damage and aid recovery. The economic contribution of the management industry has since subsided. Information services were also bolstered in some counties.

The entertainment industry also showed a small immediate decline in economic contribution, probably attributable in large part to the hurricane.

The finance industry was one of two service industries to show a decreased contribution immediately in 2008. Finance firms were likely also affected by the national recession.

