

**Is New Orleans Ready to Celebrate After Katrina?
Evidence from Mardi Gras and the Tourism Industry**

This project will examine tourism data on Mardi Gras over the past five years to determine the economic effect Hurricane Katrina had on this year's celebration.

Modeling Area: Economic Analysis
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Institution: The Ohio State University
Project Mentors: Peter Gordon and Jim Moore,
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Brief Description:

Since Hurricane Katrina hit New Orleans, the city has been trying to rebuild both physically and economically. One of the main aspects of economic growth for New Orleans is the continued flow of tourists to the area. Many viewed the 2006

Mardi Gras celebration as a way to gauge the economic rebirth of New Orleans. This paper will examine data on Mardi Gras over the past five years to determine the effect Hurricane Katrina had on this year's celebration. Additionally, we will compare Mardi Gras findings to analyses of other New Orleans events popular with tourists, such as the Jazz Festival. This comparison will reveal whether the Mardi Gras data is a true representation of the economic growth of New Orleans. Additionally, this project will have a cross-sectional component. We will look at other cities damaged by hurricanes last season and compare the recovery time of New Orleans to those cities to assess the impact of Mardi Gras.

Objectives:

In analyzing the recovery of New Orleans, it is important to both examine the actions of residents and tourists. According to the University of New Orleans, tourism is Louisiana's largest industry, and as such, will play a major role in the economic recovery of New Orleans and the Louisiana Gulf Coast. Therefore, we will be collecting and analyzing data from the Louis Armstrong International Airport, hotels located in and around New Orleans, the length of time visitors stay in New Orleans, and the average expenditure per visitor to see how Hurricane Katrina has affected the tourism industry. Additionally, to examine the impact Hurricane Katrina had on local residents, we will gather key indicators of economic recovery and examine both the current pre Katrina level of activity and the percent change in growth since Hurricane Katrina. With this information, our objective is to predict how long it will take New Orleans to return to its pre Katrina level of activity.

Interfaces to other Center Projects:

This work will maintain a close interface with Peter Gordon and Jim Moore's research on the state-by-state economic impacts of Hurricane Katrina and other research being presented at the August CREATE Symposium on Katrina.

Interfaces to non-Center Projects:

We are receiving hotel information from two major sources. The first is the Smith Travel Research Group. The second is a group led by John Williams at the University of New Orleans. This group collects hospitality data for Louisiana.

Technical Approach:

With the damage to downtown New Orleans, we consider which hotels were able to open, and of those, how many were able to hold capacity. Taking the capacity constraint into consideration, we then will look at whether people are still staying in the city, or if the crowd has moved to suburban areas. The main indicator that Mardi Gras is as big this year as ever, and that New Orleans is on the road to recovery, is the amount of money people spend while there. In order to look at the full spectrum of the New Orleans economy, revenue is considered from many different sectors including: hotel rooms, bars and restaurants, transportation, and casinos. However, the fact that some establishments might not have reopened yet should be taken into consideration when drawing conclusions from this data.

One of the most celebrated features of Mardi Gras is the parades. These parades are run primarily by those living in and around New Orleans who are members of social clubs called Krewes. If we examine the number of parades and the number of floats in each parade, we will garner information about the number of Louisiana natives coming to Mardi Gras. With this information, we will be able to breakdown the effect natives and tourists have on the economy of New Orleans during Mardi Gras.

The data collected will be examined using time-series econometrics techniques. We will run forecasts to determine how the data would have looked if Hurricane Katrina did not occur. We will also find deviations from past means, and use that data to forecast the amount of time it will take New Orleans to approach its pre-Katrina levels of tourism and Mardi Gras participation.

Major Milestones and Dates:

2. Contact John Williams at UNO to discuss using his data and the limitations of his data – June 2006.
3. Gathered parade and Krewe information from past New Orleans newspapers -- June 2006.
4. Received airport passenger data from Louis Armstrong International Airport in New Orleans – June 2006.
5. Ordered data in New Orleans hotels from Smith Travel Research – July 2006.
6. Analyzed airport data to determine how long it will take for passenger flight activity to reach pre Katrina levels – July 2006.
7. Created Key Indicators of economic recovery for Orleans Parrish and New Orleans MSA – July 2006.
8. Conduct time series econometrics – ongoing.
9. Deliver presentation at the CREATE Symposium on Hurricane Katrina – August 18-19, 2006.