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THE CHALLENGE AFTER CHARLEY

Scorecard for businesses is mixed, with big losses and potential gains

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For insight into the economic effect of Hurricane Charley look no further than the back yard and home of David Scott, economics professor at the University of Central Florida.

His yard in Oviedo east of Orlando is littered with big trees that must be cut and hauled away. The kitchen was ground zero for life after the storm, where three ice chests held Scott's food during 80 hours without power. He will spend thousands, eventually, to have the downed trees removed; and he's already helped fill Publix Super Market's cash registers by buying everything from ice to extra pet food.

Scott's spending will ripple through the economy along with that of thousands of homeowners and businesses as they clean up, repair, re-roof, rebuild and get back to some degree of normalcy.

"The impact in Central Florida will be perversely positive," said Scott, director of the Dr. Phillips Institute for the Study of American Business Activity.

Despite the pain and loss of life and property on an unprecedented scale for the region — surpassing any previous devastation from freezes, fires, floods and other storms — the economy will bounce back stronger, Scott and other business experts said.

Mainly, it's a matter of a huge amount of construction spending. As permits for repair work and new-home construction are pulled in the coming weeks, the numbers will be a leading indicator for the benefits that will be felt in the months to come, Scott said.



DENNIS WALL/ORLANDO SENTINEL

Digging out. Economist David Scott, with his dog Zeke, surveys the uprooted trees around his Oviedo home on Friday.

And the dollar numbers, no doubt, will range from the thousands for family-home repairs to the tens of millions it is expected to cost to fix damage at Tupperware Corp.'s headquarters in south Orange County.

One aspect that will not be measurable in terms of the region's balance sheet, but will be positive nonetheless, is the bonding between workers and companies and the community overall, from enduring a crisis that will be remembered for generations.

"This storm touched a lot of our employees' lives," said Jim Grebey, chief operating officer of DocuLex, a small document-imaging company in Winter Haven.

About 40 of the company's 50 employees live in the path the storm cut through Polk County with winds of 100 mph or more.

"A lot of companies do team building. This was our team building," said Grebey, who clipped a map of the storm's path from the newspaper and had his employees mark the location of their homes. "We hope to post it on our Web site, to show our customers what we went through."

Stephen Caruso, a third-generation citrus grower with deep roots in Orlando, said his children will remember the steamy nights in their home with no power the way he remembers Hurricane Donna as a child in 1960. "We had no A/C back then anyway," Caruso said.

Until Charley, Donna was the benchmark for storm stories in Central Florida.

Donna dumped more rain on Central Florida, but Charley had stronger winds and ripped across a region that has grown more densely populated in the past 44 years. Killer freezes have been the major economic shock to the region through the decades, but with those devastating hits, last seen in the 1980s,

workers at least did not deal with smashed homes and businesses and blocked roads.

"Our employees got clobbered pretty good" by Hurricane Charley, said Caruso, chief executive officer of Florida's Natural Growers in Lake Wales, one of the state's largest citrus juice-processing and packaging plants. Despite the hit, the plant was gearing up to run.

Preliminary estimates put statewide citrus losses at about 20 percent, or \$150 million. "It's hard to guess," Caruso said, noting that juice supplies in storage are so high anyway that the increase in crop prices likely won't benefit growers all that much for all that long.

Throughout Central Florida, there will be pluses and minuses industry by industry, with hiring here and job losses there, some businesses prospering and others suffering even within the same industry.

The rundown by sector and the scorecard, so far:

Tourism and hospitality: Neutral

The region's largest sector, accounting for about a fourth of all jobs in metro Orlando, bore up well in most respects. The major players — Disney, Universal and SeaWorld — with top-of-the-line construction, infrastructure and crisis planning — barely skipped a beat. Likewise, major hotels fared relatively well, with mostly minor structural or water damage. Hotel occupancy rates have soared closer to 100 percent, from less than 80 percent, as out-of-state work crews and displaced families crowd alongside tourists.

But the potential long-term effects are still leaning to negative. It's unclear, for example, to what extent the images of a badly battered Port Charlotte and Punta Gorda on the west Florida coast will cost Central Florida in lost business during the next three to six months. A statewide emergency ad campaign is being prepared.

Real estate: Mostly positive

There are negatives, such as delays in finishing some new homes. A shortage of labor and construction supplies will provide challenges for contractors and could boost prices, adding to the spiraling costs of homes. But the re-

building effort will boost state construction to record levels, generating billions in revenues.

Retail: Positive

The initial burst of spending on everything from flashlight batteries and ice chests to generators and lumber for emergency repairs gives a short-term pop to the sector. Retailers who were better prepared and more efficiently resupplied could take market share from competitors. The long-term effects could turn negative, however, as disposable income is pinched when homeowners dip into savings or borrow to meet deductibles or out-of-pocket expenses.

Construction: Positive

Any company that can find workers — and many will flood in from other states — will be filling work orders as fast as possible for months to come. "Anyone who wants to work will be able to find work," Scott said. Many of the jobs will be for unskilled labor. Contractors and subcontractors will be scrounging hard for skilled labor, and electrical and plumbing support. The shortage in supplies will slow the process and give an edge to more-established firms with deeper pockets and ties to vendors. Unlicensed contractors and fly-by-night operators will be a problem for regulators and the industry's long-term reputation.

Banking: Positive

The industry is taking a short-term hit to cash reserves, as some loans will have to be restructured and payments deferred. A number of bank branches need repairs and many employees are taking time off to deal with their own damages. But insurance checks are trickling in and will boost deposits; lending also will increase to homeowners and businesses, giving banks a chance to win new customers with low-interest loans.

High tech/manufacturing: Neutral

Among the region's fastest-growing job categories in recent years, technology and small manufacturing were relatively insulated against damage in part because they are small in percentage terms, and scattered through the Inter-

state 4 corridor. Major players such as Lockheed Martin in Orlando, Harris Corp. in Brevard County, and the high-tech-laser companies near UCF were relatively unscathed except in terms of the toll on workers.

Media: Positive

Though the storm disrupted our wired world, the outlook is upbeat for the media and communications segment of the economy. From the printed to the spoken word, the media relayed critical information to residents in the aftermath of Charley. Though radio and television have seen some loss of ad revenue, experts foresee a speedy return to normal.

Health care: Neutral

A rise in emergency-room patients put an extra strain on the area's hospital system, but by late in the week the number of such visits was slowing down. Lack of power and damage displaced some doctors and forced others to close their practices temporarily, but resourcefulness wasn't in short supply. One doctor's staff handed out ice water and Popsicles in rooms illuminated by scented candles and battery-powered lanterns.

Agriculture: Negative

Citrus took a huge punch, particularly in key producing counties such as Polk, Hardee and DeSoto. Another main sector that was damaged was foliage, with at least 80 nurseries statewide sustaining some losses to plants or buildings. But the two primary foliage areas — the Apopka area and southeast Florida — were relatively unharmed.

"From the big picture, the [foliage] industry fared well, unless you were right in the path," said Ben Bolusky, executive director of the Florida Nursery Growers and Landscape Association in Orlando. Hard hit areas include Pine Island, Lake Wales, Zolfo Springs, St. Cloud, Geneva and unincorporated areas of Volusia County.

Long-term, the benefits could turn positive as landscape demand increases prices for trees and shrubs.