

Hurricane Ike Tourism Case Study



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HURRICANE IKE IMPACT REPORT

TOURISM CASE STUDY -

Tourism Rebounds as Beaches, Businesses Rebuild

Storm History

1900 – Galveston
Hurricane

1961 – Hurricane Carla

1983 – Hurricane Alicia

2008 – Hurricane Ike

Galveston was once known as the “Wall Street of the South” for its booming financial district, but through the years its reputation shifted, and it eventually was renamed “The Playground of the South.” True to that title, in 1943 a major project was completed in the name of play. The Galveston Pleasure Pier extended 300 feet into the Gulf of Mexico and featured numerous attractions. It was also a main feature in Galveston’s annual Splash Day—an event held to celebrate the opening of beach season each year until 1965. In 1961 Hurricane Carla damaged many of the structures on the pier. The Flagship Hotel was built in place of the Pleasure Pier amusements shortly after as a show of strength and confidence following that devastating storm.

Case Facts

Since then, the Flagship Hotel has been a symbol of Galveston. However, on September 13, 2008, Hurricane Ike destroyed much of it along with the rest of Galveston Island. Galveston’s economy is largely based on the \$800 million tourism industry. The historic downtown district termed

“The Strand” which faced eight feet of water from the massive storm surge and the miles of beaches which were completely swept away, were main attractions for visitors who poured in every weekend from Houston and across Texas. Ike’s storm surge also struck the exhibits at Moody Gardens, another major tourist destination on Galveston Island which attracts about 2 million visitors annually. Flood waters submerged the entire basement of the Rain Forest Pyramid and killed numerous animals inside. Other buildings in the complex also suffered extensive water damage.



Key Decisions

\$800 million tourism industry was the basis of Galveston's economy prior to Ike

5.4 million tourist visited Galveston in 2007

2 million tourist a year visit the exhibits at Moody Gardens, contributing about \$100 million to the Galveston economy in 2007

A study, commissioned by the Galveston Park Board and conducted by Austin-based AngelouEconomics, determined that 5.4 million tourists visited Galveston in 2007, an impressive number given the city's relatively small size of about 60,000 residents. Tourism pumped \$808.56 million in direct and indirect spending into the island economy and accounted for about 9,300 jobs, or about 30 percent of all jobs in the city. Restoring tourism would be vital to Galveston's recovery

Disaster tourists were the first visitors to return to Galveston. It was quickly apparent that speed would be the key factor in rebuilding the Galveston tourism industry. People wanted to come back; Galveston just needed to be ready for them. Local lenders such as Moody National Bank made a rapid recovery more possible. Local banks loaned millions to help community businesses begin rebuilding and preparing for tourists even while they waited for insurance payouts and SBA loans.

Another primary element to recovery was rebuilding Galveston's beaches. While the island has historically offered tourists a number of attractions, beach access has always been at the heart of it. The Texas General Land Office and Park Board provided \$12 million in funding for emergency sand placement. Sand was collected from East Beach, Stewart Beach and dredged from the Gulf of Mexico to fill in the popular beaches along the seawall.

A significant benchmark for the island's recovery was the reopening of portions of Moody Gardens just three weeks after the storm. A major attraction was available again for tourists, signaling that Galveston was serious about a quick recovery. The Rainforest Pyramid, the 3-D theater and the Discovery Museum all remained closed with staggered reopening dates over the next year.

Other events indicated that tourism in Galveston would thrive again. Dickens on the Strand, a festival that began in the early 1970s and is held every December, was the first major community event



following Hurricane Ike. Attendance was down from the year before, but nevertheless, it was a signal that Galveston was again open for business.

Spring break 2009 was another indicator that tourism was recovering. Only a handful of Galveston's forty hotels remained closed, and the indoor portion of Schlitterbahn Water Park reopened after six months of cleaning and renovation. Then, on Memorial Day, just eight months after the storm, the 250,000 tourists equaled the number of people who made the trip the year before. It was a sign that Galveston tourism would indeed fully recover.

One of the last visual reminders of Hurricane Ike was the Flagship Hotel. With gaping holes in it and all but crumbling into the ocean, the Flagship went unrepaired as recovery and revitalization took hold in the rest of Galveston.

Conclusions

In all, initial state funding allowed for 500,000 cubic meters of sand to be restored to popular Galveston beaches. "There's new sand. There's people everywhere. Everybody's happy. Beach looks beautiful," said Leann Payne of Baytown, Texas, one of an estimated 250,000 holiday visitors to Galveston, a sliver of an island just off the coast. "Couldn't ask for anything better."

Plans are now in place to completely destroy what remains of the Flagship Hotel and build an amusement park reminiscent of the original 1943 structure in its place.

The Flagship Hotel itself was built as a show of confidence following the devastating Hurricane Carla in the 1961, and that tradition continues as the attractions to be built on the existing pier are meant to project the triumphant return of Galveston tourism following Ike.

\$12 million was provided by the Texas General Land Office and Galveston Park Board for emergency sand placement

250,000 tourist converged on Galveston Island over Memorial Day weekend 2009.

