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### The Economics of the Flu

*Flu Season May Peak Early This Year and Will Soon Be In Full Swing*

January 7, 2012 by William L. Pittenger, MAI, SRA

The flu season is once again in full bloom. According to the Centers for Disease Control & Prevention, it arrived earlier than normal this year. It is also more widespread and promises to be among the worst seasonal flu outbreaks in recent history. Some sources opine that it could be the worst ever recorded. The good news is that the vaccine being administered this year is a good match to this year's virus and should therefore be very effective. The CDC reports that this year's vaccine will protect against several strains of influenza virus including Influenza A H3N2, Influenza B virus and Influenza A H1N1.

**The Economic Impact.** We often think of the flu only in terms of the personal misery it causes in the form of aches, pains, high fever, respiratory distress, other unpleasant symptoms and resulting complications. Looking beyond the personal misery, however, the flu can have a huge financial impact on businesses and the economy. Corporate Wellness, Inc. reported that 10-12% of all employee absences each year are due to the seasonal flu. It affects around 60 million people each year. An estimated 200,000 of those flu victims will require hospitalization and 36,000 will die.

Employees will lose 70 million workdays and employers will bear most of the cost which is estimated to be about \$10.4 billion annually. That translates to an aggregate U.S. economic impact of about \$87 billion. In addition to the direct cost of the flu there is also untold indirect cost to businesses in the form of delayed projects, disruption of production, impaired customer service, hiring and training temporary workers and a wide variety of indirect costs such as lost productivity if the employee is not able to perform some or all of his or her duties or perform to expectations.

Flu outbreaks often affect both sides of the supply and demand equation. In addition to the previously described supply side factors, outbreaks may affect the demand side too by limiting retail sales, tourism, restaurant and hotel sales and more as consumers seek to avoid the risk of infection.

The worst of all events is the pandemic which affects very large numbers of people in a very broad geography. Such events were feared in 2006 and 2009 with the spread of the bird flu and swine flu although they did not materialize. In fact, the western world has not experienced a true pandemic since 1911.

The risk of infection, though, is extraordinarily high. The distance at which the flu can be transmitted is a mere six feet. The flu is contagious 24 hours before symptoms appear and for 24 hours after symptoms disappear. The most germ-friendly spots in an office environment are the desk top, with an estimated 21,000 germs per square inch, followed by the telephone, keyboard and mouse. Break rooms also tend to harbor flu germs in such obscure places as the refrigerator handle, water faucet and microwave handle. Even vending machine buttons harbor germs.

An estimated 33% of workers report being pressured to go to work even when sick. Doing so is clearly bad practice as it may infect others including entire departments and companies.

The CDC reports that annual vaccination is clearly the best defense and even though the peak of the flu season may be early this year, it is not too late to become vaccinated. Approximately 56% of U.S. companies, both large and small, provide work place "flu shot clinics." Such clinics are estimated to result in 45% fewer lost work days and 44% fewer doctor's visits. Flu shots are free or very low cost to employees under many insurance plans as well as Medicare.



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Data Sources for this article include: Centers for Disease Control & Prevention, Challenger Gray & Christmas, Corporate Wellness, Inc., Occupational Safety and Health Administration (OSHA)