

Special Webcast

Remote Work: Geographical Implications

September 9, 2021



Some of the critical issues we will be covering today

- The impact of the shift to remote work on moving intentions.
- How will companies react?
- The winners and losers from the shift to remote work: the geographical context.
- The impact of remote work on business dynamism.



Today's Presenters



Gad Levanon
(Moderator)
Head of the Labor
Market Institute,
The Conference Board



Adam Ozimek
Chief Economist
Upwork



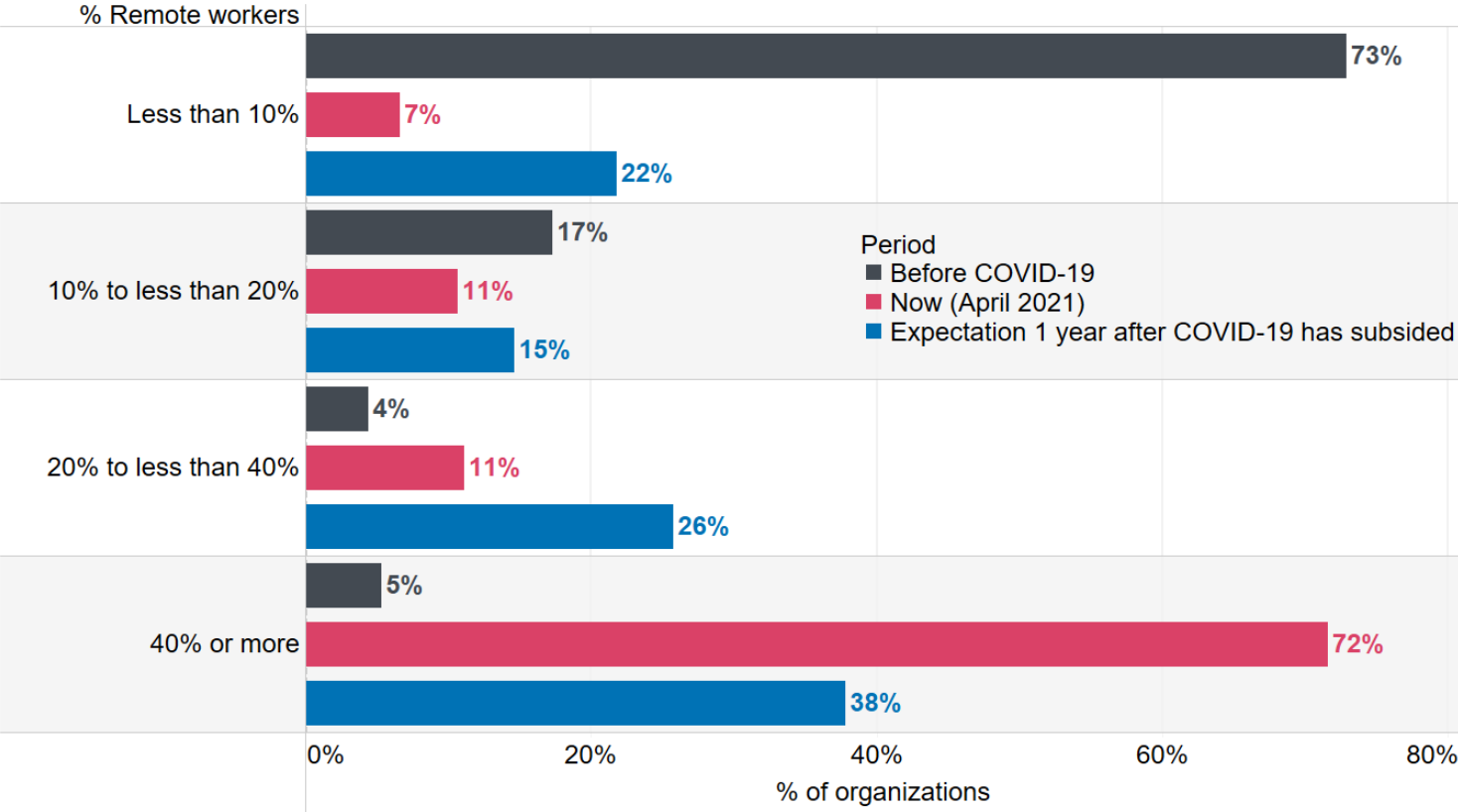
Overview

- During the pandemic, the desire of employees to work remotely, and the willingness of employers to hire remotely, increased dramatically
- The extent of the shift to remote work significantly varies by region
- With the daily commute gone, people are willing to move further from the office
- Some areas are gaining population, and some are losing
- These shifts are reflected in real estate prices
- Employers are expanding hiring outside the metro area where they are concentrated in to increase candidate pool and lower labor costs
- The shift to remote work is increasing business dynamism
- The shift to remote work may be used to increase workforce diversity



Over one-third expect that 40 percent or more of their employees will work primarily remotely postpandemic

What percent of your US full-time employees are working primarily virtually/remotely (at least three days a week)?



n=225
Source: The Conference Board



Organizations are now more willing to hire remote employees than before the pandemic

In general, how willing is your US operation to hire full-time employees who work predominantly virtually/remotely?

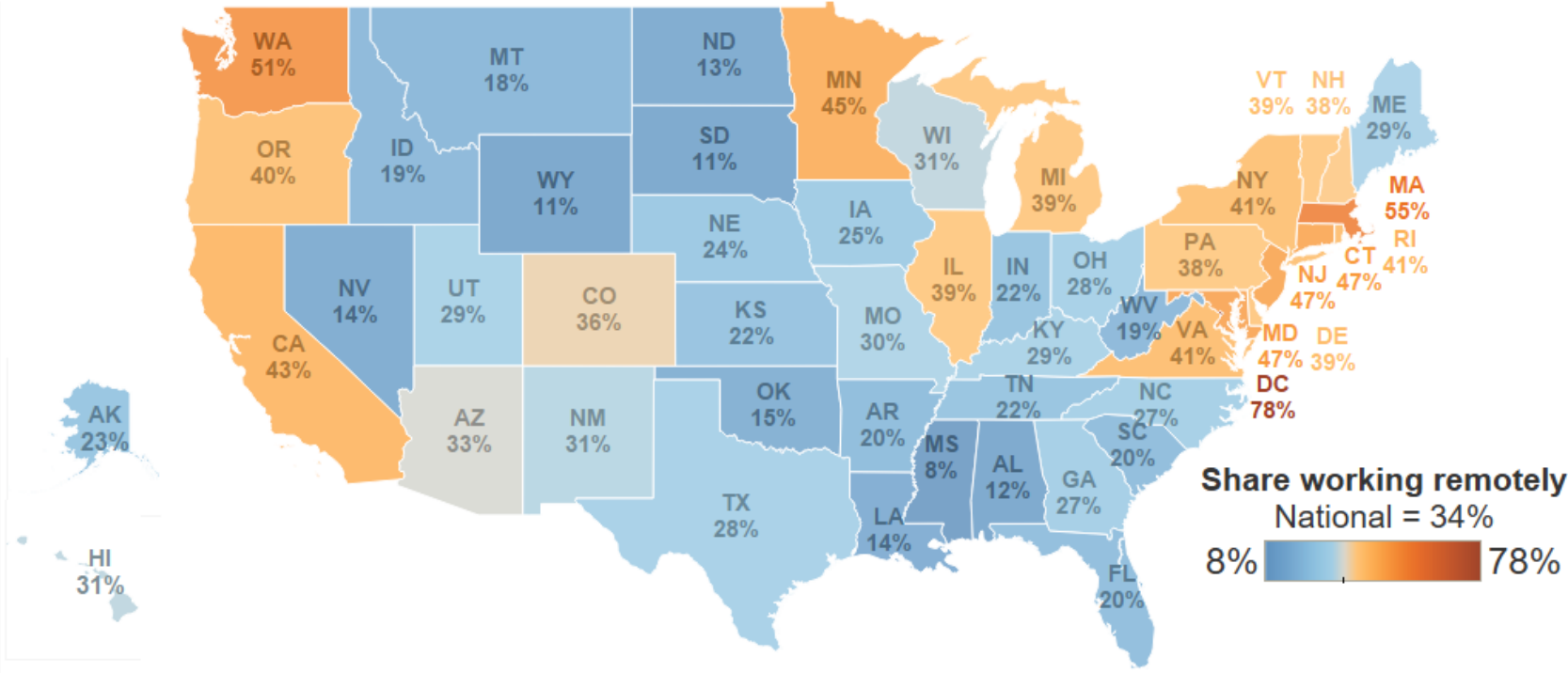


n=223
Source: The Conference Board



In March-May 2021, coastal states show higher rates of remote work. That may last beyond the pandemic.

Percentage of workers who shifted to remote working at any time in the last 4 weeks because of the pandemic, professional and office occupations, ages 25 to 54, March-May 2021



Note: Results based on the question: "At any time in the last 4 weeks, did you telework or work at home for pay because of the coronavirus pandemic?"

Source: IPUMS-CPS, University of Minnesota

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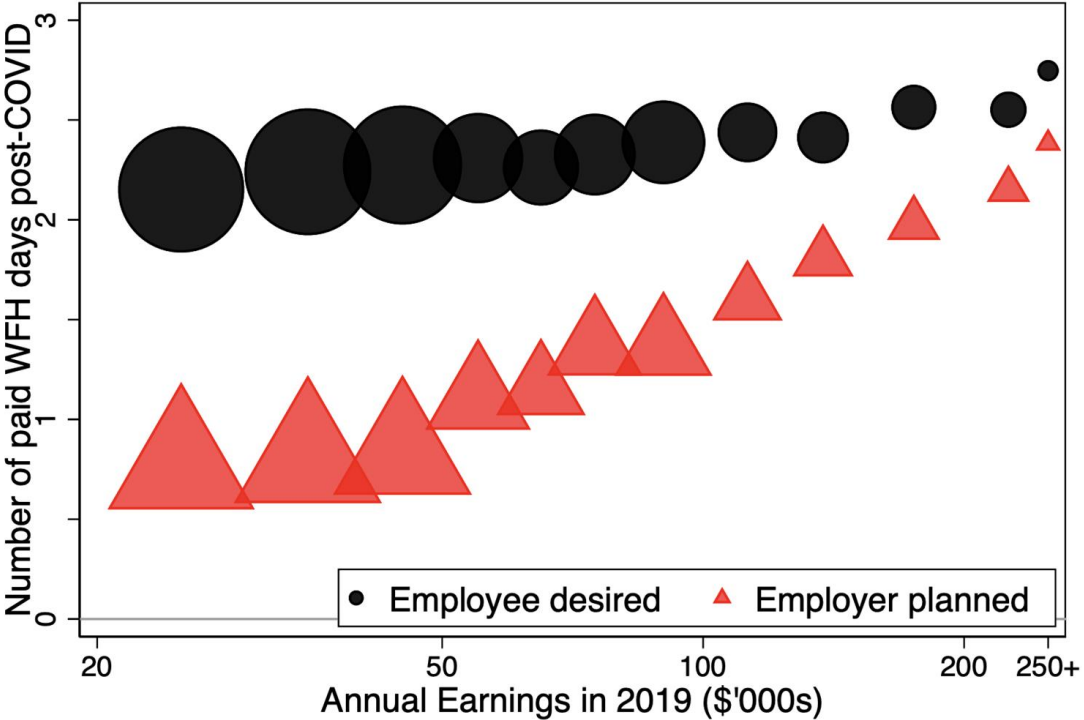
Remote work and geographic implications

Where remote work is going and a few implications, including geography

Adam Ozimek

Chief economist @ Upwork

Gap between remote work plans for firms and workers



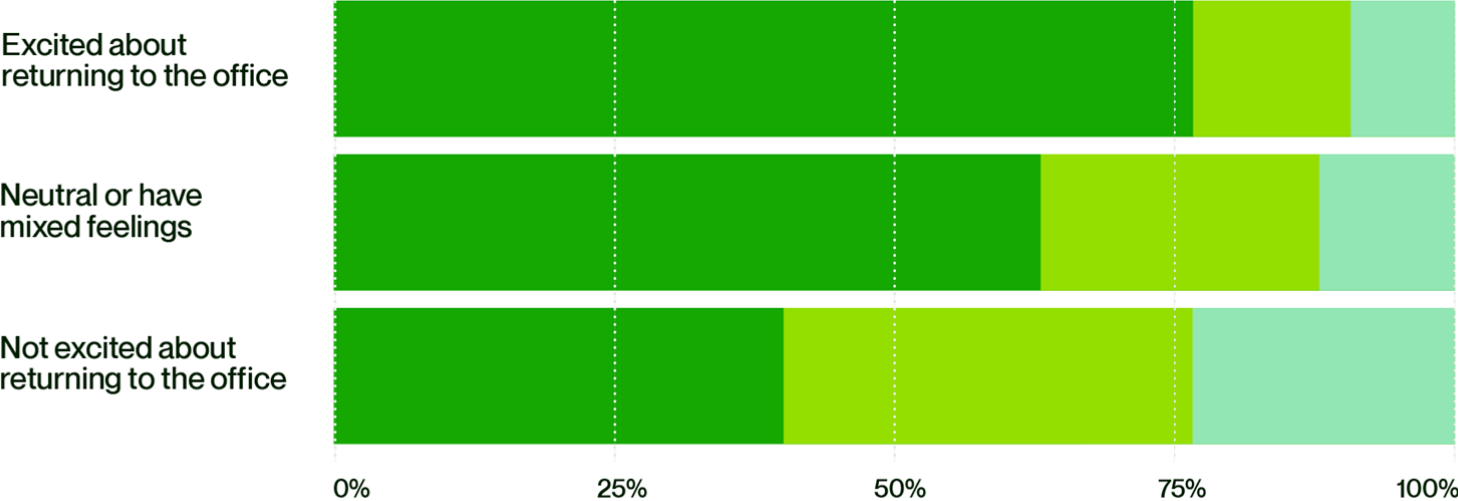
Note: Marker size is proportional to the number of respondents per income level.

Source: Barrero, Bloom, Davis, 2021

Who is in the driver's seat though?

Willingness to Pay for Remote Related to Excitement

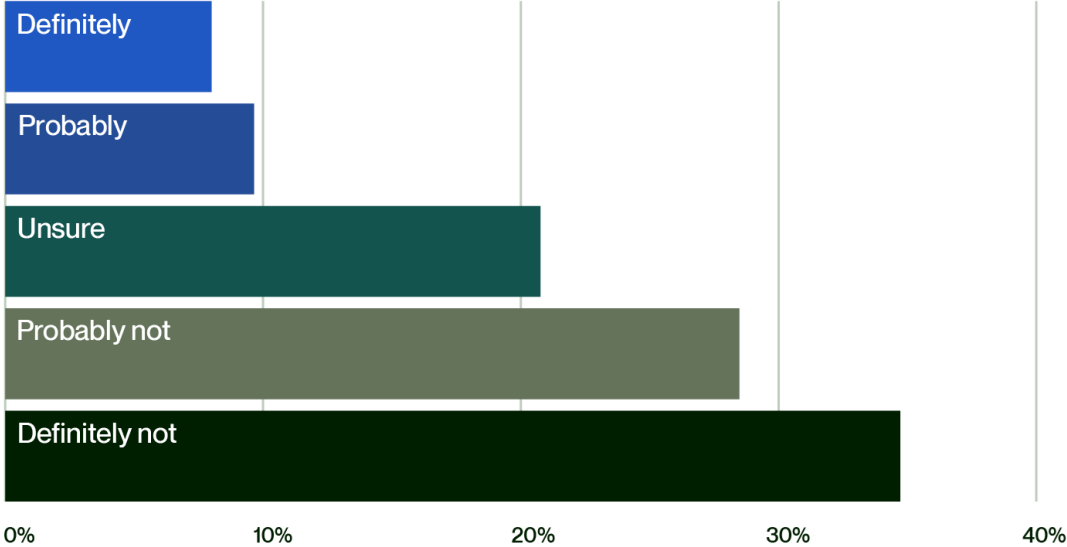
● No ● Maybe ● Yes



Over one third (34%) of workers who were remote are not excited about returning to the office

Who is in the driver's seat though?

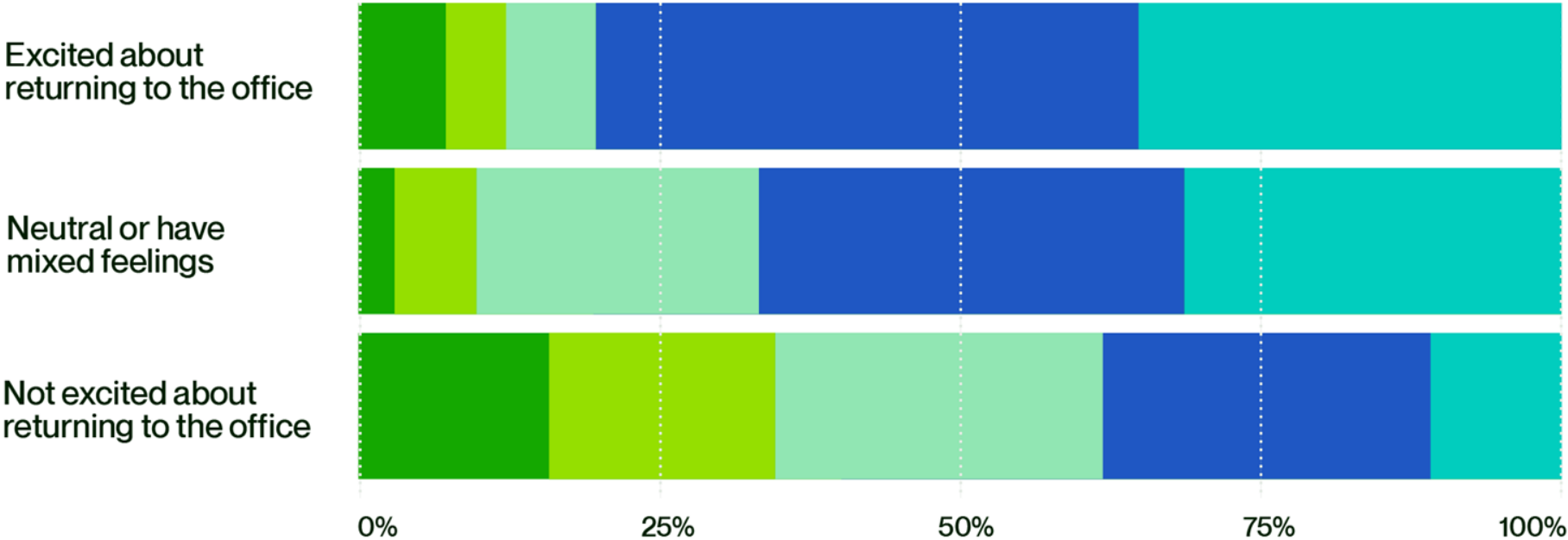
Please indicate the level of agreement with the following statement: If I have to go to the office I will consider looking for another job



Who is in the driver's seat though?

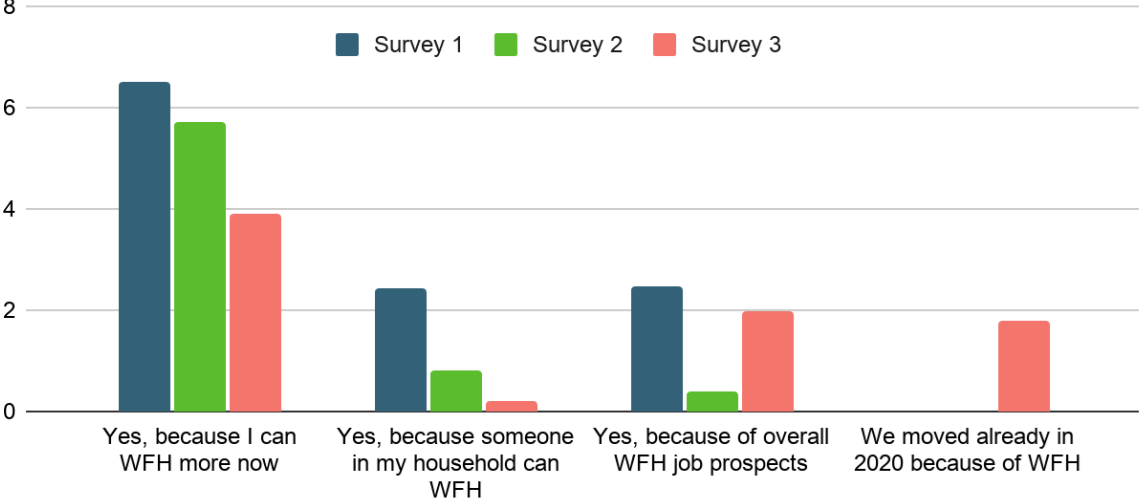
If I have to go to the office, I will consider looking for another job

● Definitely ● Probably ● Unsure ● Probably not ● Definitely not



Remote work implication #1: geography

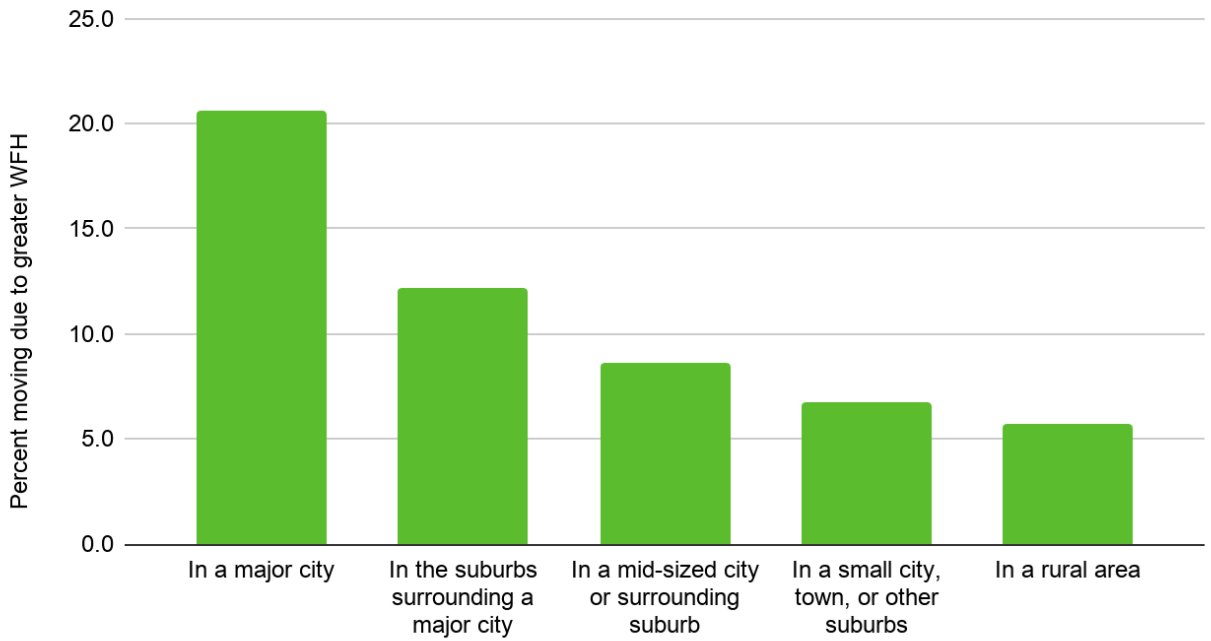
As a result of more ability to work from home (WFH) post COVID, for yourself or someone in your household, are you planning to move out of the area?



October 2020 surveys

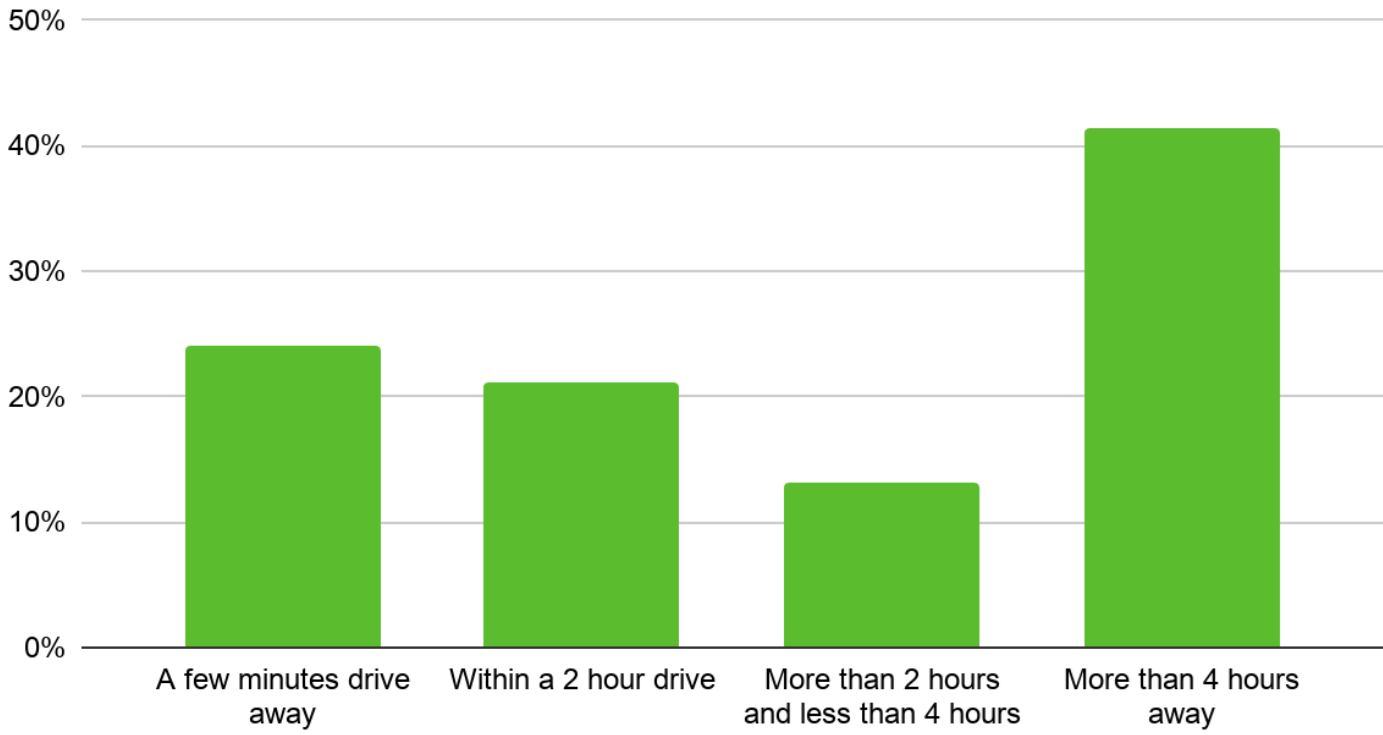
Remote work implication #1: geography

Percent moving due to greater WFH



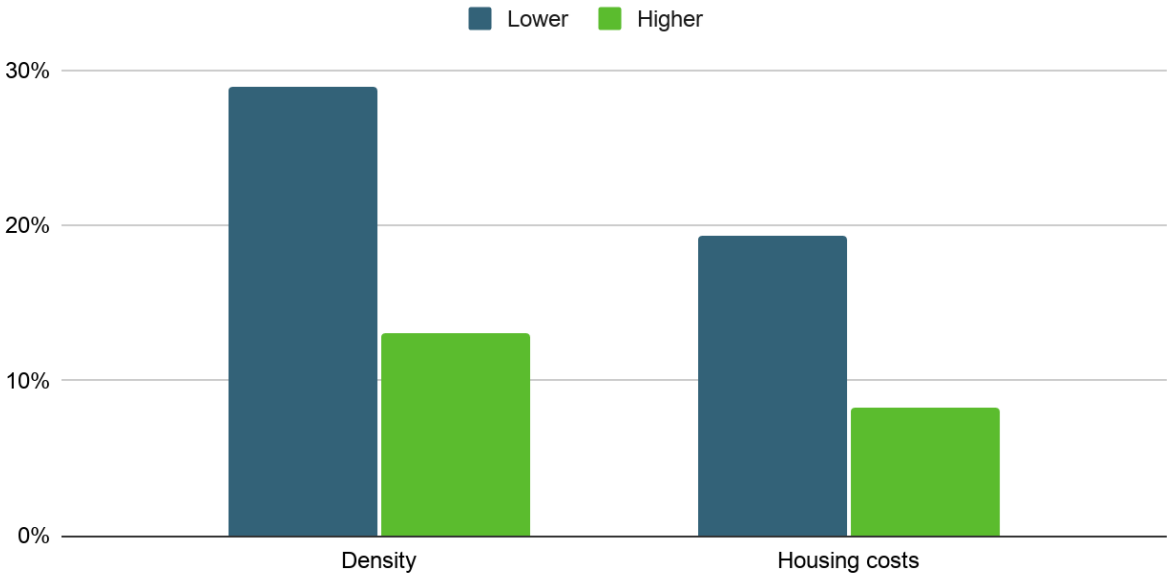
Remote work implication #1: geography

How far away are you considering moving?

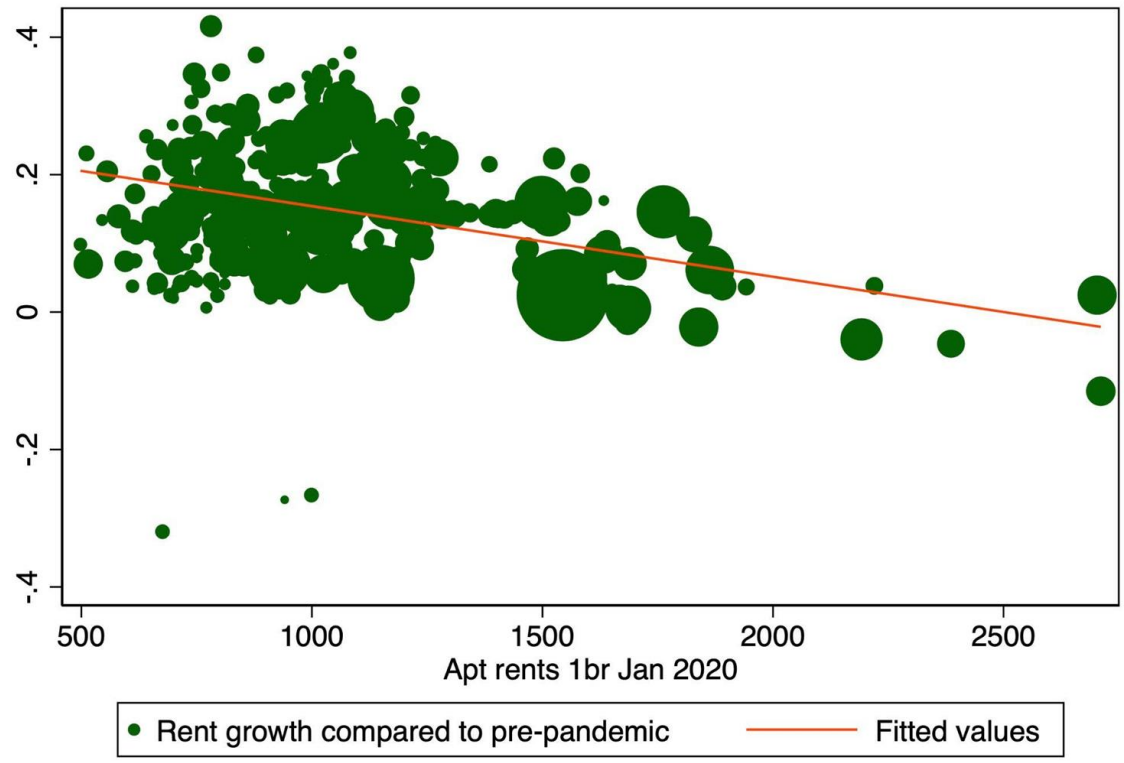


Remote work implication #1: geography

Compared to where you currently live, what kind of place are you planning on moving to? Somewhere....



Remote work implication #1: geography

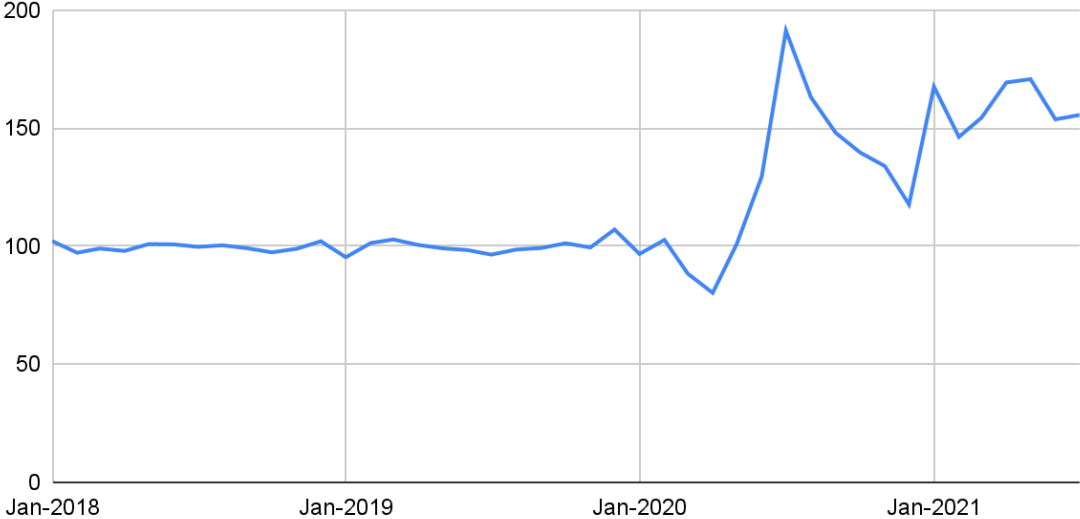


Source: ApartmentList

Remote work implication #2: more dynamism

New business registrations

Index: 2019 = 100



Remote work implication #2: more dynamism

Upwork freelancers and business registrations

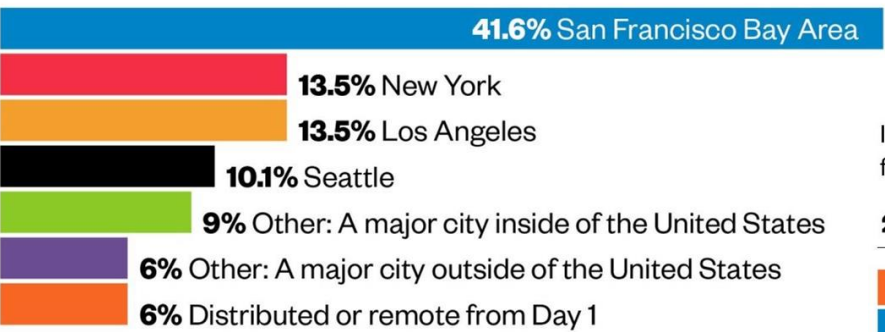
By state, 2020



Remote work implication #2: more dynamism

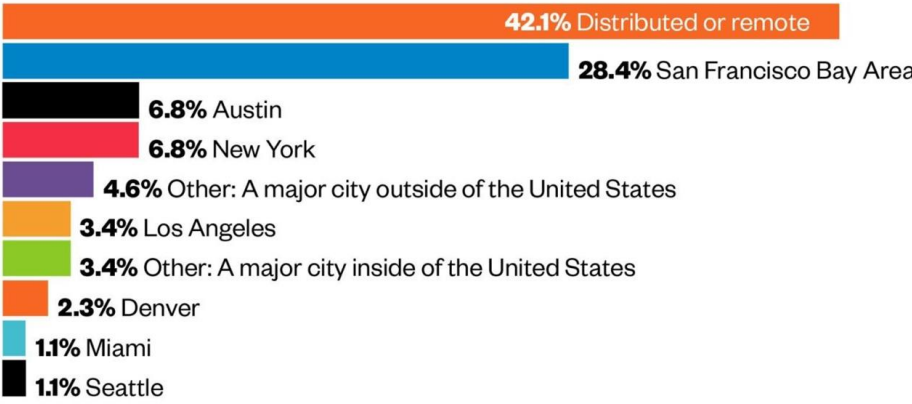
If you were to start a company today, where would be the most beneficial place to found it in the interest of the company's long-term success?

2020



If you were to start a company today, where would be the most beneficial place to found it in the interest of the company's long-term success?

2021



Source: Kim Mai Cutler, Jan 2021

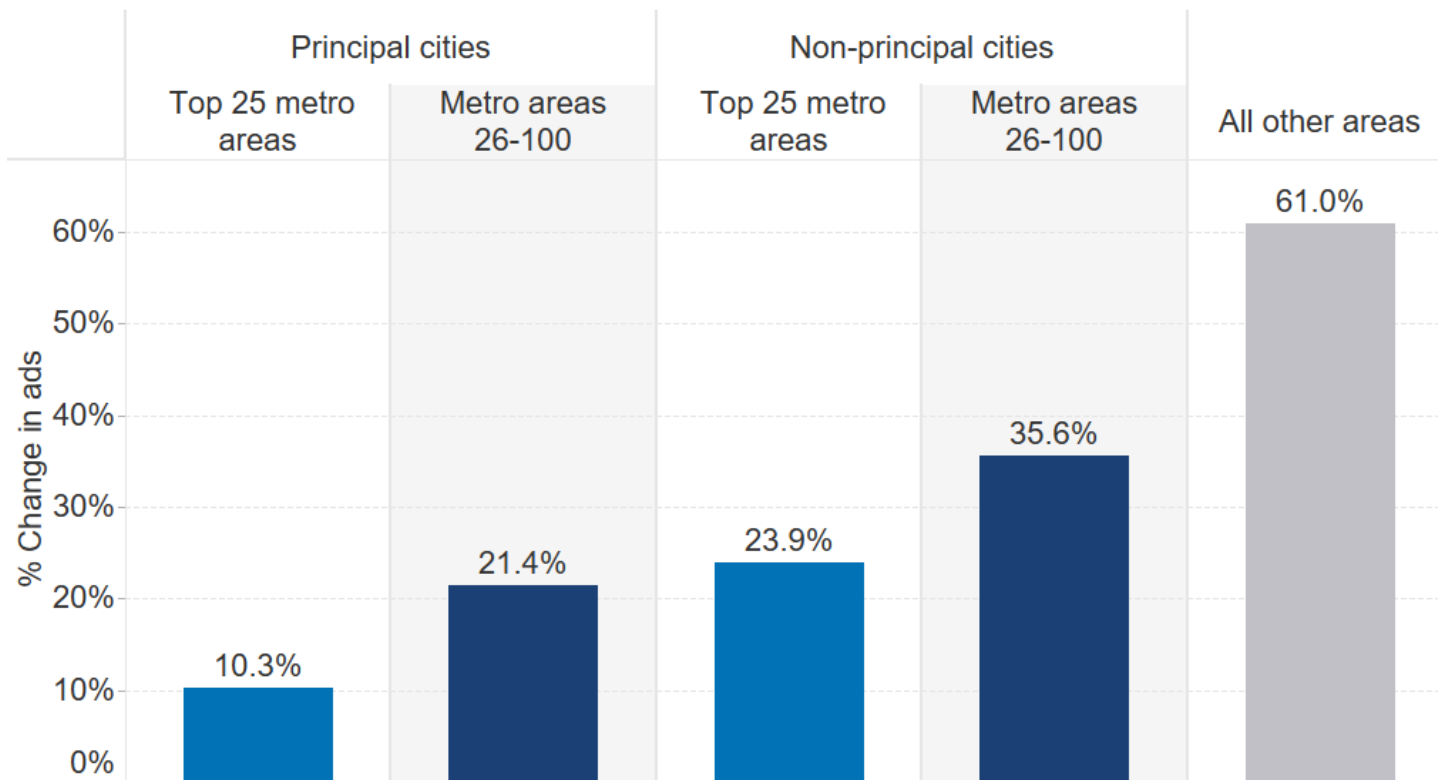
Impacted Geographies

- City centers – the donut effect
- Suburbs
- Zoom towns
- Expansive/cheap housing markets



The Donut Effect: City centers struggle. Other areas flourish.

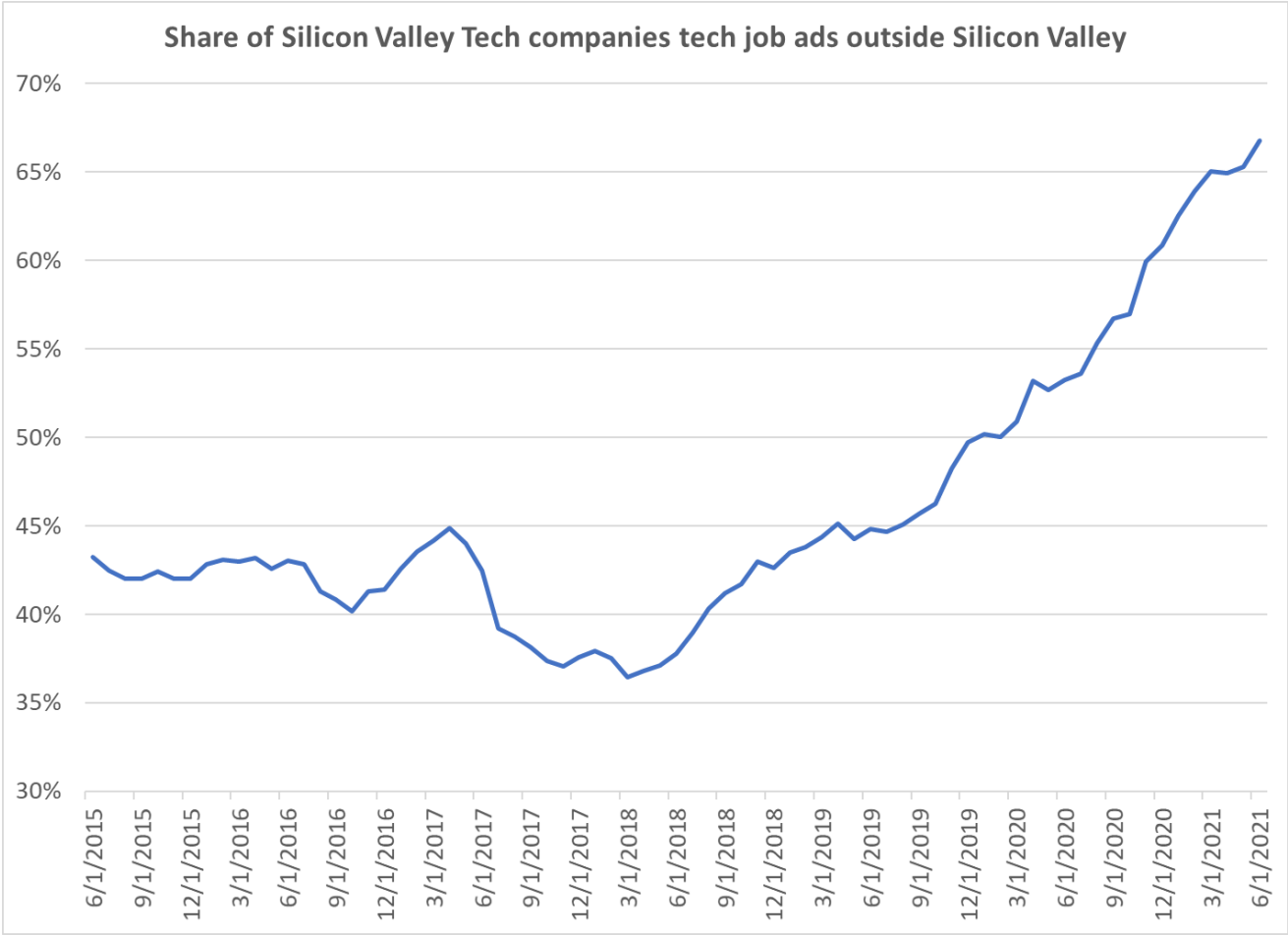
Percent change in the number of online job ads, February 2020 to May 2021
Metro areas ranked by population size, 1-100
(Example: Chicago metro area is ranked 3rd)



Source: The Conference Board®-Burning Glass® Help Wanted OnLine® (HWOL) data series
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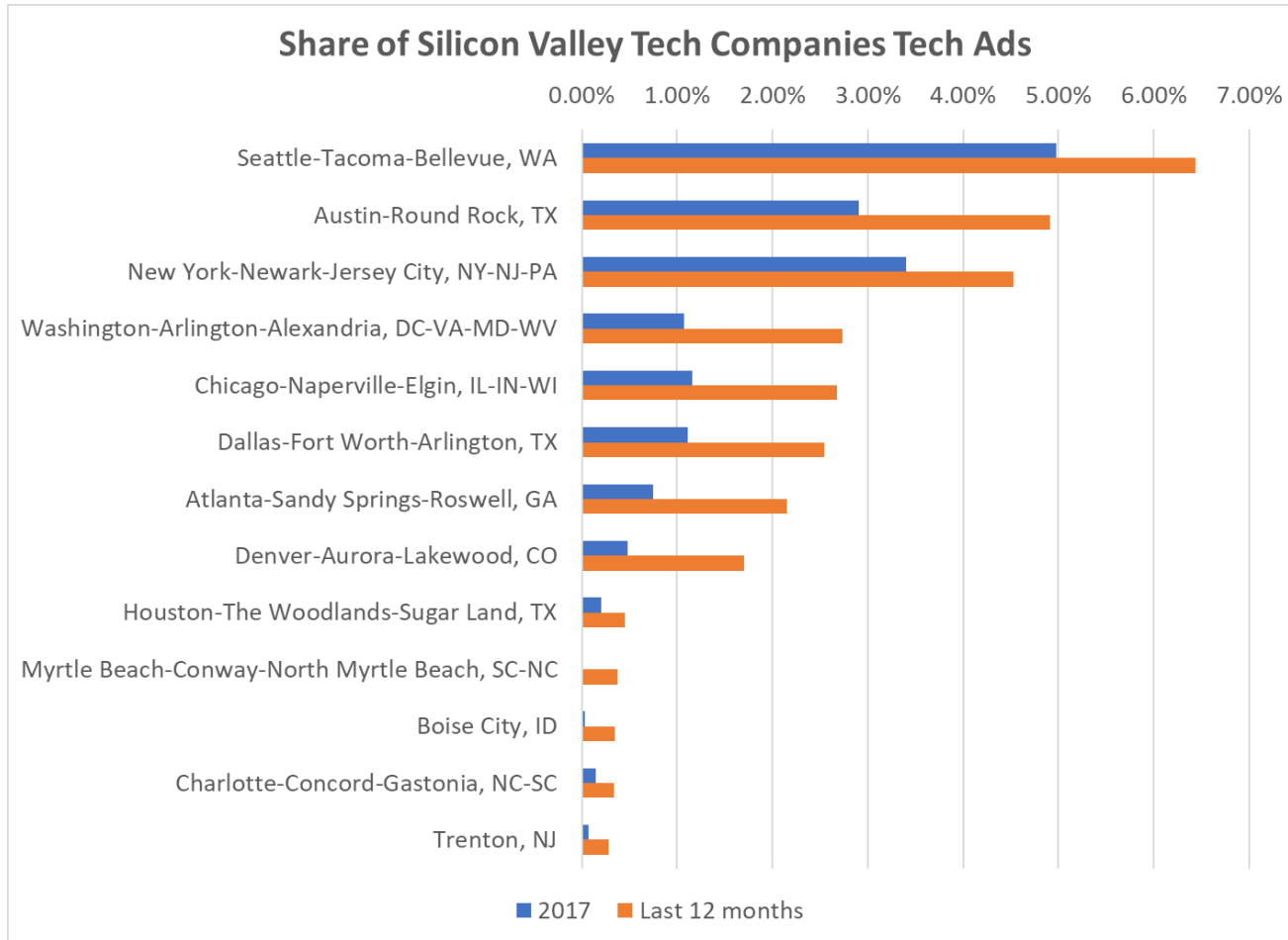
Silicon Valley tech companies are increasingly hiring outside Silicon Valley



Source: The Conference Board®-Burning Glass® HWOL Data Series



...And here is where they are shifting to:



Source: The Conference Board®-Burning Glass® HWOL Data Series



The willingness to hire remote workers has several potential implications for wages

- Employers can now shift some of their payroll to cheaper labor markets, thus reducing overall labor cost.
- Employees moving from high wage locations to lower wage locations may face downward adjustments to wages. Thus far, anecdotal evidence suggests that few compensation adjustments have been made in such situations, but more employers may consider making such adjustments in the future.
- Anecdotally, companies that had been firmly committed to “national” structures as part of their strategy, are now more willing to consider variations by geography.
- For many workers, remote work option is equivalent to the value of a significant share of their salary. As a result, in the coming years, workers in jobs that cannot be done remotely may experience faster wage growth than workers in jobs that could be done remotely.



The shift to remote work may be used to increase worker diversity

Share of Black workers among tech top earners and in total employment, by metro area, 2015-2019 average

