# Pandemic Fad or Here to Stay? Impacts of Remote Work on Employees, Businesses and Communities

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#### Employees Age 16 and Over Working at Home – 2019 vs 2021



Data Source: U.S. Census Bureau 2019, 2021 American Community Survey 1-year estimates.

#### Employees Primarily Working at Home by State – Change in Share 2019 to 2021



Data Source: U.S. Census Bureau 2019, 2021 American Community Survey 1-year estimates.

## **Working from Home - Implications for Workers**

- Greater flexibility;
- Opportunity to trade commuting time for other activities;
- Potential positive or negative impacts on career progressions:
  - Remote work may create greater access to career opportunities without having to relocate.
  - Working from home may hamper onboarding or networking that influence promotions or project assignments (May be especially important for new or young workers);
- Individual Work Satisfaction Preference for social interaction or personal autonomy?
- Socio-economically divisive A large share of work from home opportunities are in higher paid occupations that require a college degree;

#### Percent of Jobs that can be Done from Home by Occupation



120%

#### State of Wisconsin Workers who Worked at Home - 2019 vs 2021 by Occupation



Data Source: U.S. Census Bureau 2019, 2021 American Community Survey 1-year estimates.

#### Percent of Jobs that can be Done from Home by Industry Sector



Source: Dingle and Neiman 2020

#### State of Wisconsin Workers who Worked at Home - 2019 vs 2021 by Industry



Data Source: U.S. Census Bureau 2019, 2021 American Community Survey 1-year estimates.

#### State of Wisconsin Workers who Worked at Home - 2019 vs 2021 by Annual Earnings



### State of Wisconsin Workers who Worked at Home - 2019 vs 2021 by Race and Ethnicity



Data Source: U.S. Census Bureau 2019, 2021 American Community Survey 1-year estimates.

## **Working from Home - Implications for Businesses**

- Employee Retention and Attraction Challenges and Opportunities Do Businesses need to offer work from home options in a tight labor market?
- **Does Working from Home Impact Productivity?** Limited research shows positive and negative impacts on productivity (see Aksoy et al., 2022 for a summary of this research);
- Equity in the Workplace How do employers balance who can and cannot work from home? Should workers be fully work from home or should a hybrid approach be adopted?
- Does working from home reduce knowledge spillovers and personal interaction? Some research suggests remote collaborations have been increasing before the pandemic (Chen, Frey and Presidente, 2022) while other research demonstrates reduced interactions (Gibbs, Mengel and Siemroth, 2021; Yang et al., 2021)
- Rent and locational considerations Do businesses decide to reduce office space or move to lower cost locations?

#### State of Wisconsin Job Openings – January 2001 to August 2022



#### State of Wisconsin Monthly Quits - January 2001 to July 2022 (Seasonally Adjusted)



## Reasons Why U.S. Workers Left a Job in 2021 (Pew Research Center)



\*Among those with children younger than 18 living in the households \*\*Question provided health insurance and paid time of as examples

Source: Parker, K. and Menasce Horowitz, J. (2022). "Majority of workers who quit a job in 2021 cite low pay, no opportunities for advancement, feeling disrespected" Pew Research Center



Data Source: Bureau of Labor Statistics JOLTS

## **Working from Home - Implications for Communities**

- Re-sorting of workers Do communities gain or lose residents due to remote work opportunities?
- Housing costs Does an influx of remote workers create pressure on the housing market?
- Tensions between new and long-time residents Does the character of the community change due to in-migrants?
- Land use Do communities need to reallocate land devoted to office space, parking, housing or other uses?
- Negative impacts on businesses dependent on an inflow of commuters Reduced service jobs and revenues in downtowns or central business districts;
- Mass Transit Reduction in funding;





## **Working from Home and Residential Location Decisions**

- "Vast migration of over 14 million Americans coming due to rise in remote work, study shows" – CNBC. October 29, 2020. <u>https://www.cnbc.com/2020/10/28/vast-migration-of-over-14-million-americans-coming-due-to-remote-work.html</u>
- "Coronavirus is making some people rethink where they want to live" CNN. May 2, 2020. <u>https://www.cnn.com/2020/05/02/us/cities-population-coronavirus/index.html</u>
- "Cities offer cash as they compete for new residents amid remote work boom" *Fast Company*. June 22, 2020. <u>https://www.fastcompany.com/90517270/cities-offer-cash-as-they-compete-for-new-residents-amid-remote-work-boom</u>

#### Mobility Rates 1950 to 2021 Percent of United States Population Moving (Age 1 and Over)



Data Source: U.S Census Bureau/Bureau of Labor Statistics Current Population Survey

## Inter-State and Inter-County Mobility 1950 to 2021 Percent of United States Population Moving Across State or County Lines (Age 1 and Over)



Data Source: U.S Census Bureau/Bureau of Labor Statistics Current Population Survey





## What are some Potential Relationships between Net Domestic Migration and other Regional Characteristics?



Data Source: U.S. Census Bureau and Author's Calculations

County Net Domestic Migration Rate 2020-2021











## **Rural-Urban Continuum Codes**

Code Description

#### **Metro Counties**

- 1 Counties in metro areas of 1 million population or more
- 2 Counties in metro areas of 250,000 to 1 million population
- 3 Counties in metro areas of fewer than 250,000 population

#### Non-Metro Counties

- 4 Urban population of 20,000 or more, adjacent to a metro area
- 5 Urban population of 20,000 or more, not adjacent to a metro area
- 6 Urban population of 2,500 to 19,999, adjacent to a metro area
- 7 Urban population of 2,500 to 19,999, not adjacent to a metro area
- 8 Completely rural or less than 2,500 urban pop., adjacent to a metro area
- 9 Completely rural or less than 2,500 urban pop., not adjacent to a metro area

## Percent of Jobs that can be Done from Home by Rural-Urban Continuum Code (2016-2020 5-Year Estimates)



50.0%

Data Source: U.S. Census Bureau American Community Survey, based on occupational distributions calculated by Dingle and Neiman (2020)

## **Correlation Coefficients for County Domestic Net Migration Rates and Selected**

**County Characteristics – Counties in Metro Areas of One Million Population or More** 

County Characteristic	Domestic Net Migration Rate 2018 - 2019	Domestic Net Migration Rate 2020 - 2021
Domestic Net Migration Rate 2020 - 2021	0.841	
Share of Population with Access to Broadband (25/3)	-0.033	-0.164
Share of Population with Access to Broadband (100/20)	-0.144	-0.251
Share of Housing Units as Seasonal or Recreational	0.139	0.211
Share of Employed Residents in a WFH Occupation	-0.048	-0.207
Median Owner-Occupied Housing Value	-0.181	-0.371
Median Gross Rent	-0.141	-0.284

Correlation Coefficients for County Domestic Net Migration Rates and Selected County Characteristics – *Counties in Metro Areas of 250,000 to One Million Population* 

County Characteristic	Domestic Net Migration Rate 2018 - 2019	Domestic Net Migration Rate 2020 - 2021
Domestic Net Migration Rate 2020 - 2021	0.762	
Share of Population with Access to Broadband (25/3)	0.045	-0.010
Share of Population with Access to Broadband (100/20)	0.077	-0.019
Share of Housing Units as Seasonal or Recreational	0.292	0.439
Share of Employed Residents in a WFH Occupation	0.095	-0.043
Median Owner-Occupied Housing Value	0.173	0.102
Median Gross Rent	0.148	0.015

### Correlation Coefficients for County Domestic Net Migration Rates and Selected County Characteristics – *Counties in Metro Areas of Fewer than 250,000 Population*

County Characteristic	Domestic Net Migration Rate 2018 - 2019	Domestic Net Migration Rate 2020 - 2021
Domestic Net Migration Rate 2020 - 2021	0.373	
Share of Population with Access to Broadband (25/3)	0.042	0.049
Share of Population with Access to Broadband (100/20)	0.021	-0.134
Share of Housing Units as Seasonal or Recreational	0.033	0.256
Share of Employed Residents in a WFH Occupation	0.032	0.036
Median Owner-Occupied Housing Value	0.213	0.219
Median Gross Rent	0.138	0.142

## Correlation Coefficients for County Domestic Net Migration Rates and Selected County Characteristics – *Non-Metro, Adjacent Counties*

County Characteristic	Domestic Net Migration Rate 2018 - 2019	Domestic Net Migration Rate 2020 - 2021
Domestic Net Migration Rate 2020 - 2021	0.569	
Share of Population with Access to Broadband (25/3)	0.046	0.071
Share of Population with Access to Broadband (100/20)	-0.029	-0.083
Share of Housing Units as Seasonal or Recreational	0.243	0.342
Share of Employed Residents in a WFH Occupation	0.166	0.155
Median Owner-Occupied Housing Value	0.395	0.370
Median Gross Rent	0.296	0.199

Correlation Coefficients for County Domestic Net Migration Rates and Selected County Characteristics – Counties in non-metro, non-adjacent counties

County Characteristic	Domestic Net Migration Rate 2018 - 2019	Domestic Net Migration Rate 2020 - 2021
Domestic Net Migration Rate 2020 - 2021	0.225	
Share of Population with Access to Broadband (25/3)	-0.017	-0.018
Share of Population with Access to Broadband (100/20)	0.019	-0.077
Share of Housing Units as Seasonal or Recreational	0.215	0.397
Share of Employed Residents in a WFH Occupation	0.074	0.006
Median Owner-Occupied Housing Value	0.238	0.230
Median Gross Rent	0.176	0.043

## **Other Considerations**

- What other factors influence these changes in addition to the ability to work from home?
- Are net migration rates driven by inflow or outflow? Did people choose to move to a county as a result of the pandemic or did people who would have left a county remain in place?
- Are these moves permanent or temporary?



Location of Non-Local Residential Property Owners by County – Share of Property Owners Located Outside the County



## Analysis of USPS Change of Address Requests – Harvard Joint Center for Housing Studies





https://www.jchs.harvard.edu/blog/have-more-people-moved-during-pandemic

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## Several Thoughts Going Forward...

- Work from home is here to stay, but the number of opportunities may vary in the future;
- Businesses will likely find ways to improve interactions among employees working from home that could improve career progressions and collaborations;
- Many downtowns and central business districts will adapt to changing consumer demand;
- Work from home opportunities likely exacerbated migration trends that were already emerging pre-pandemic (but more research is needed);
- High amenity areas continue to be preferred destinations;
- Relocation incentives for remote workers are inefficient and will have limited success.

## **Contact Information**

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