

REPORT

Remote Workers on the Move

Understanding the impact of
remote work on American's moving
plans

Introduction

More than half a year into the pandemic, remote work continues to be the reality for businesses across the country. Even as stay-at-home orders and lockdown measures have eased, many professionals are still working from their homes. This persistence, coupled with findings from early survey results, suggest that remote work is here to stay. While remote workers are already experiencing the direct impacts of this, with fewer commutes and less meetings, there are also early indicators of some larger, indirect effects of remote work. Perhaps the most significant of these effects is around the ability to access job opportunities far beyond one's local labor market. In this analysis, we will explore how the ability to work remotely has impacted where people plan to live.

Key Findings

- **Remote work will increase migration in the U.S.:** Anywhere from **14 to 23 million Americans** are planning to move as a result of remote work. Combined with those who are moving regardless of remote work, **near-term migration rates may be three to four times what they normally are.**
- **Major cities will see the biggest out-migration:** 20.6% of those planning to move are currently based in a major city.
- **People are seeking less expensive housing:** Altogether, **more than half (52.5%)** are planning to move to a house that is significantly more affordable than their current home.
- **People are moving beyond regular commute distances:** 54.7% of people are moving over two hours away or more from their current location, which is beyond daily or even weekly commuting distances for most.
- **Housing market data confirms that the highest priced markets are taking the biggest hits:** Rental data from Apartments.com reveals that the top 10 percent most expensive markets saw a 13% percentage point larger decrease in rent prices than rental markets in the bottom 10 percent.

Home Is Not Where the Company Is

Over the past few decades, work opportunities have become increasingly concentrated in a handful of superstar cities. At the same time, a lack of new

housing supply and high building regulations in these cities have drastically risen the cost of living. In some of these expensive cities, such as San Francisco and San Jose, median house values are now well above \$1 million, making it much more difficult for workers to find affordable housing in areas with these high concentrations of job opportunities. However, remote work has presented an alternative to this by allowing us to disconnect where we work from where we live.

Paying high housing costs is no longer a requirement for accessing high paying labor markets, and the geography of where people can live greatly expands. But will professionals seize this moment as an opportunity to relocate?

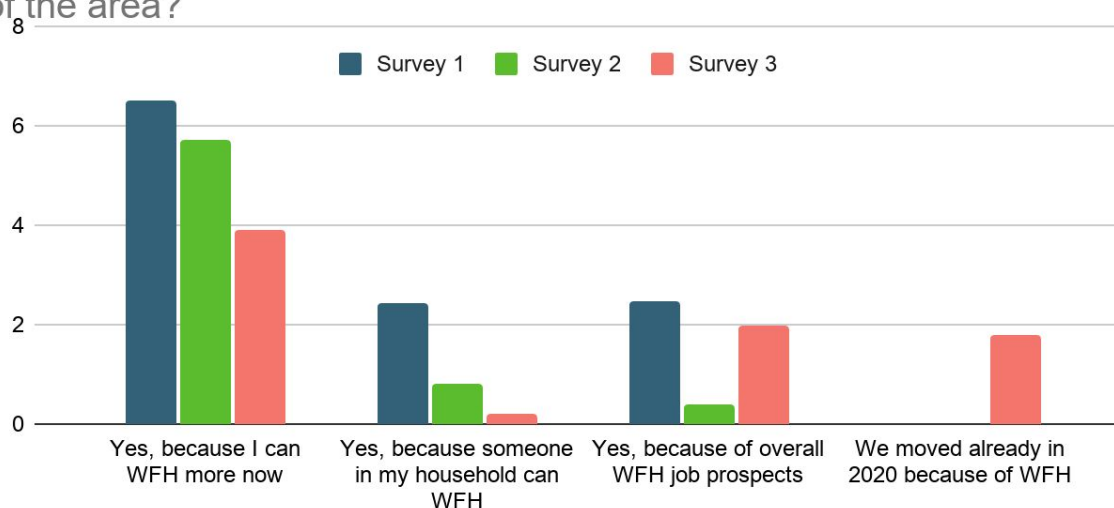
On the Move

To answer this question and to understand the impact of remote work on moving plans, we surveyed over 20,000 people to learn about their moving intentions. What we found is that the greater ability to work from home post-COVID-19 has increased the likelihood that a significant number of households will move out of the area where they currently live. **In total, between 6.9% and 11.5% of households are planning a move due to the growing availability of remote work due to COVID-19.**

Of this group, **6.5% are planning on moving to a different area due to the greater ability to work from home.** However, remote considerations also extended to those beyond the current, remote capable professionals. An additional **2.5% are moving because someone in the household can work from home**, and another **2.5% are moving due to overall greater working from home job prospects.**

To further confirm these results, we ran two alternative surveys with varying ranges of possible responses. In a second survey, we found that a smaller, but substantial, 6.9% are planning on moving due to the ability to work from home. In a third version of the survey, we allowed them to indicate that they had already moved in 2020 as a result of greater ability to work from home. In this survey, a total of 7.9% said that would be moving or had already.

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?

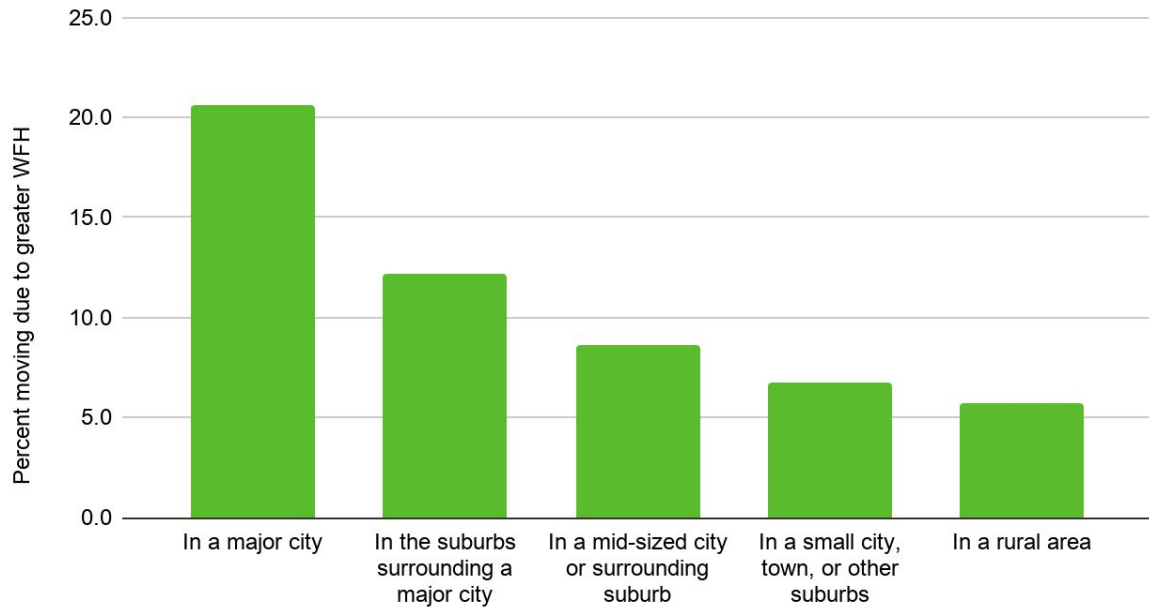


Altogether, across the main survey and two alternatives, there is a consistently significant percentage moving due to a greater ability to work from home, ranging from 6.9% to 11.5%. These estimates imply that **14 to 23 million Americans are planning to move as a result of remote work**. To contextualize this number, Census data from 2018 to 2019 suggests that 3.6% of people moved to a different county or state from 2018 to 2019. This means that between two to three times as many people are planning to move this year because of remote work than normally move in any given year for any reason. In other words, combined with people who are moving regardless of remote work, **near-term migration rates may be three to four times what they normally are**.

Where Is Everyone Moving?

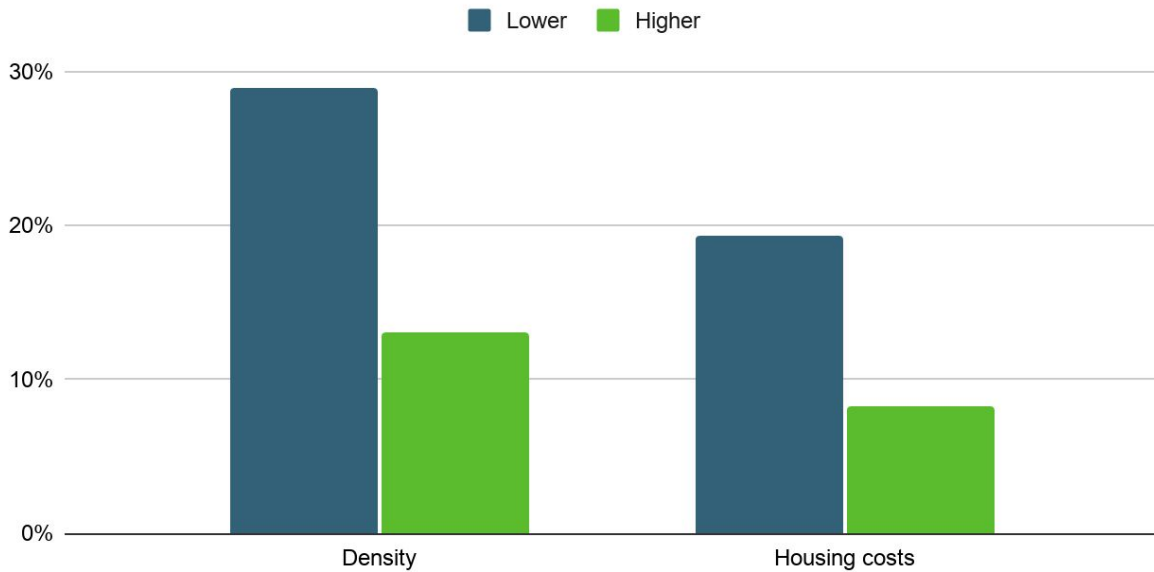
With so many people on the move, it's natural to wonder: where is everyone moving? Our survey data reveals that **people in major cities are the ones most likely to see out-migration as a result of remote work**. Among those currently living in a major city, 20.6% say they are planning to move. The next group that is most likely to relocate are those living in the suburbs surrounding cities (12.2%), followed by mid-sized cities or surrounding suburbs (8.6%). The least likely to see outmigration are small cities, towns (6.7%), or other suburbs and then rural areas (5.7%).

Percent moving due to greater WFH



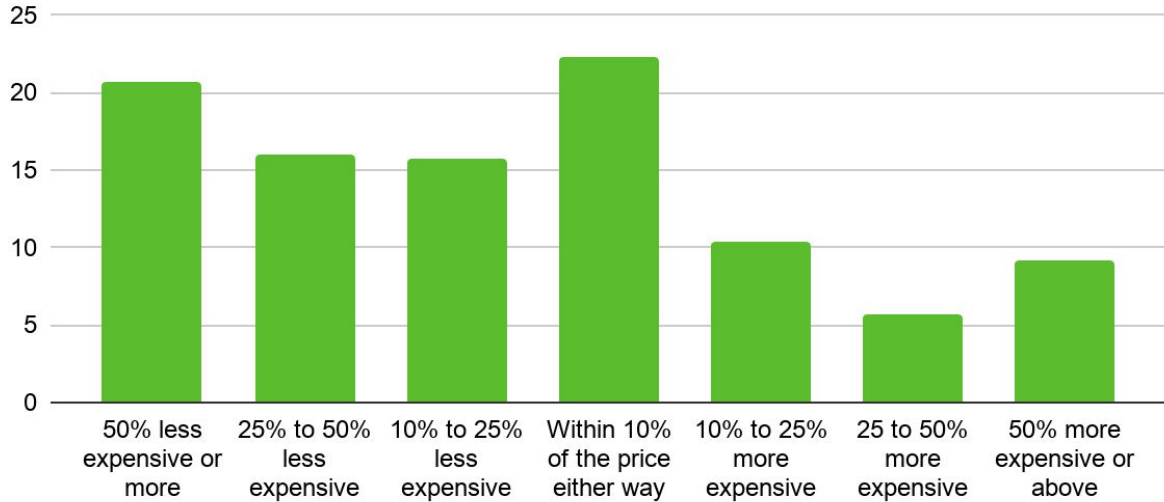
To understand the motivations for moving, our survey also asked about the type of place that people are planning to move to. In further support of this big city exodus, we found that density and housing costs play a key role in moving plans. In fact, those moving are more than twice as likely to move somewhere less dense than more dense, and are also twice as likely to move somewhere with lower housing costs than higher housing costs.

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



When asked specifically about housing costs, the importance of lower costs became even clearer. By broad majorities, people are planning on moving into less expensive homes. More than one in five are planning on moving into homes that are 50% less expensive or more. And **altogether 52.5% are planning to move to a house that is 10% or more cheaper than their current home, compared to only 25% are planning on moving into a more expensive home.**

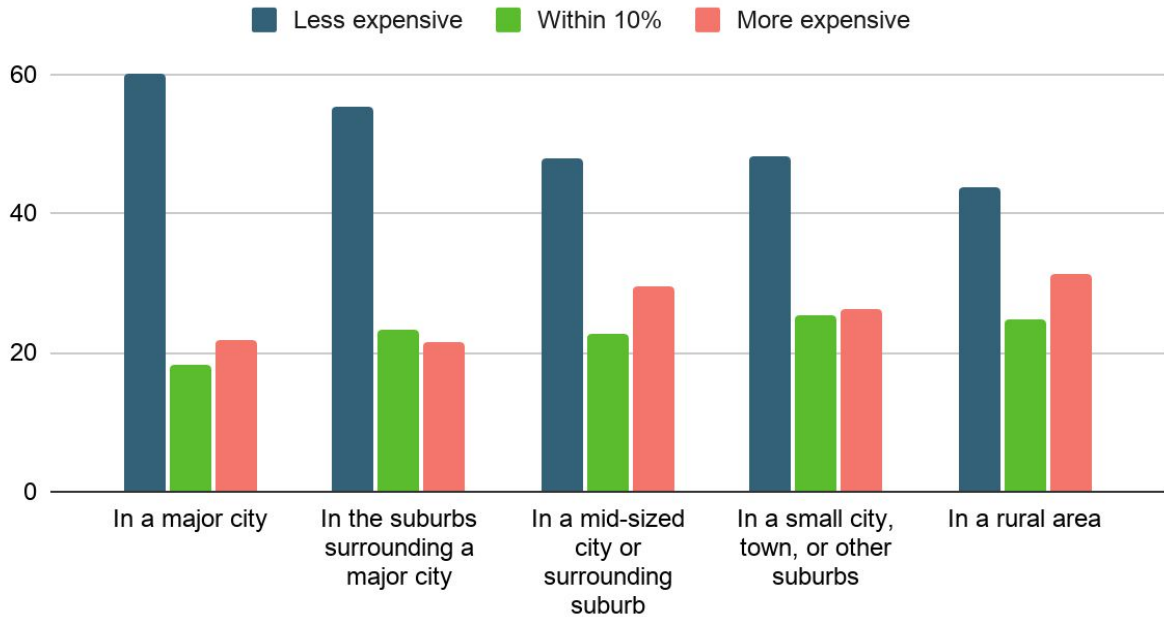
Compared to where you currently live, are you planning on moving into a home that is...?



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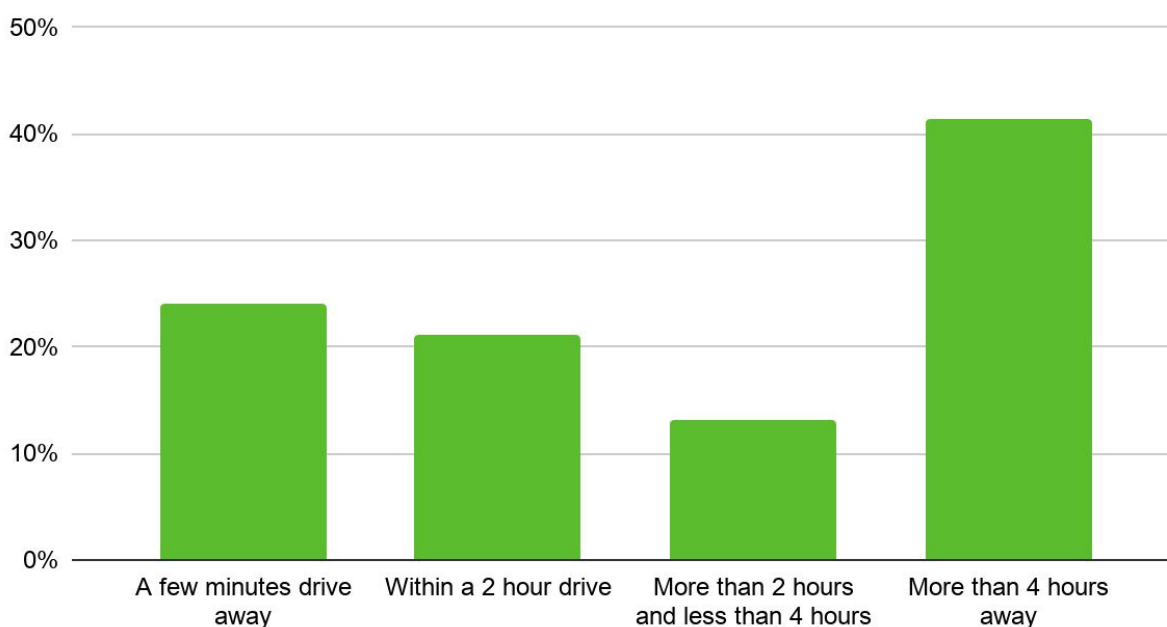
The plan to move to less expensive housing is also more common for those who are leaving major cities.

Major City Dwellers Moving to Less Expensive



To further understand moving intentions, we also asked about the distance of people's moves. While it could be that some people are simply moving to cheaper buildings just down the block, we attempted to rule this out by asking about moving "out of the area." We also asked how far people are considering moving. The results showed that **41.5% are moving more than 4 hours away** and another **13.2% are within 2 to 4 hours**. With **54.7%** of people moving beyond daily or even weekly commuting distances, it suggests that most people are not simply moving out to the closest suburb near the office. Instead, it further supports the notion of a growing separation of where people work and where they live.

How far away are you considering moving?



Although the greater ability to work remotely is impacting people across the country, it appears that those living in major cities and those in major city suburbs are the ones most likely to relocate. There is a clear rationale as to why the ability to work remotely would lead people to seek out lower cost of living places and leave high cost of living places. Expensive places used to have a monopoly on the access to their valuable labor markets, and as work goes remote, they no longer do.

What Housing Markets Are Telling Us

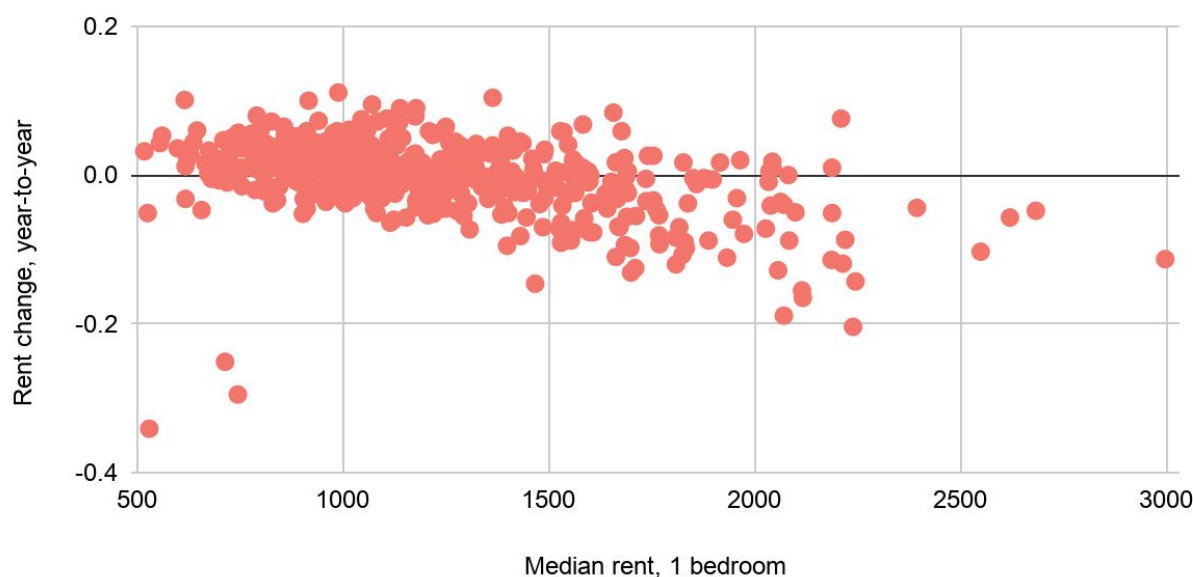
Although the survey reflects only the intent to move, other data supports that many are putting intent into action. When looking at housing market data, we confirm that the highest price housing markets are taking the biggest hits.

Rental data from Apartments.com illustrates a strong relationship between average apartment rents and the decline in rents over the past year.¹ **The most expensive places have seen the biggest decline in demand, while lower cost of living places have seen stronger demand.**

While the data shows the relationship between high cost and falling demand, there are a variety of caveats and complexities to this. For example, places that are relatively expensive due to factors beyond labor market access, like location or public school systems, may see growing rather than falling demand. Additionally, suburbs that are expensive, but less expensive than nearby superstar cities may also be exceptions.

Rents Falling Fastest in High Rent Cities

Source: Apartments.com



¹ The three outliers in the bottom left of the graph are energy areas, Odessa, TX, Midland, TX, and Winston, ND. Falling rents in these areas is due to the struggling energy sector, not working from home.

Regression analysis shows that the statistically significant relationship holds across cities, counties, zip codes, and states. The models also show the story remains the same if you compare places within the same states. Overall it is clear: **the most expensive housing markets are taking the biggest hits. A doubling of rents, which is a little less than going from the 10th percentile to 90th percentile of cities, is associated with 13 percentage points greater fall in rents.**²

Table 1: Rent Regressions

Geography	City	City	County	County	ZIP Code	ZIP Code	State
Log(price of 1 bedroom)	-0.063	-0.072	-0.048	-0.069	-0.081	-0.063	-0.072
p-value	0.000	0.000	0.000	0.000	0.000	0.000	0.000
State Fixed Effects		X		X		X	
Sample size	515	515	357	357	808	808	50
Adjusted r-squared	0.15	0.2	0.07	0.11	0.17	0.24	0.31

Additional models show that the relationship between higher costs and falling rents is really about the most expensive places. If the sample is divided into the 50% of lowest cost cities and 50% of highest cost cities, **the relationship between price and change in demand only holds for the most expensive places.** Being a fairly cheap place to live doesn't matter more than being a very cheap place, but being a very expensive place is a lot worse than just being a little expensive.

Table 2: High Cost, Low Cost Regressions

Geography	Low priced cities	High priced cities	Low priced cities	High priced cities
Log(price of 1 bedroom)	0.017	-0.118	0.032	-0.146
p-value	0.290	0.000	0.110	0.000

² Based on an average coefficient of -0.067 across models.

State Fixed Effects			X	X
Sample size	258	257	258	257
Adjusted r-squared	0.00	0.21	0.07	0.27

Both the survey data and housing market data suggest that major cities, especially the most expensive ones, will take the biggest demand hit from this. While this will have negative repercussions for those cities, it is important to step back and look at the wider economic meaning of this trend. A significant portion of the cost of housing in these places consists of economic rents created by regulatory constraints that limit the building of new housing. If remote work reduces those economic rents, as this analysis suggests it will, it has the potential to be a massive increase in economic efficiency. All else equal, it is better for people to live in places that actually build new housing when demand increases.

What This Means for Businesses

In addition to the impacts to cities, the results of the survey also present an important lesson for businesses on the future of remote work. In order to capture and provide professionals with the full benefits of remote work, businesses must allow full-time remote work. While a partial-remote model, a policy that requires a blend of both remote work and in office work, may have some appeal as a “best of both” choice, it also means forgoing many benefits. A professional cannot move hours and even states away if they still have to go into the office two days a week. Our survey shows that for 41% of people moving out of the area because of remote work, they are going 4 or hours farther away. This is not a weekly commute distance, and is not something workers can do easily with a partial-remote model.

Likewise, with a partial-remote model businesses forgo one of the biggest benefits of a remote workforce; the ability to hire from a larger talent pool. Businesses cannot hire workers wherever they are if weekly office visits are still required.

Conclusion

The pivot to remote work is the biggest, fastest transformation of the labor market since the World World II mobilization. The direct impacts on professionals and businesses are profound, but the indirect effects are arguably just as large, even though they are just beginning.

Both survey data and housing market data provide early evidence that these indirect effects of remote work are real and likely to be economically important. This should make us optimistic that remote work has the capacity to help lean against housing and affordability issues across the U.S. by enabling businesses and professionals to access talent and opportunities beyond their local markets.

However, to unlock the full potential economic gains from remote work, businesses and professionals have to embrace policies that enable full-time remote work as an option offered to employees. This is an important consideration for businesses considering limiting remote work to a hybrid approach.