What is the future and impact of WFH?

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building on work with Jose Barrero, Steve Davis and Arjun Ramani

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My Data on Working From Home

• Research on WFH starting in 2004
• Ongoing surveys of 5,000 US working age adults per month
• Ongoing surveys of 1,000 US firms per month
• Discussions and consulting with 100+ organizations
WFH is sticking: from 5% (pre-COVID) to 25% (post-COVID) of days

WFH days were doubling every 12 years pre-pandemic.

In March 2020 they increased 12-fold – equal to 50 years of pre-pandemic growth.

Post COVID employees will split into three groups: fully on site, hybrid and fully WFH

Planned Post-COVID Working Arrangements

- Fully on site: 55.6%
- Hybrid: 29.0%
- Full WFH: 15.4%

Front-line employees, mostly non-graduates, lower paid,

Professionals and managers, mostly graduates, higher paid

Specialized roles - IT support, payroll etc, often contractors

Hybrid (e.g. 3-2) Combines the Benefits of Office and Home

Working In the Office
1. Good for creativity
2. Good for culture

Working From Home
1. Quiet
2. Saves on Commute
Saved commute time WFH averages about 70 minutes a day, of which about 40% (30 minutes) goes into extra work.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Percentage of Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working more on my job</td>
<td>40.7</td>
</tr>
<tr>
<td>Indoor leisure (TV, games etc)</td>
<td>19.7</td>
</tr>
<tr>
<td>Outdoor leisure or exercise</td>
<td>13.5</td>
</tr>
<tr>
<td>Chores and home improvements</td>
<td>16.2</td>
</tr>
<tr>
<td>Childcare</td>
<td>9.9</td>
</tr>
</tbody>
</table>

Source: Data from 32,461 respondees who can work from home, reweighted to match the US population. Details on [https://wfhresearch.com/](https://wfhresearch.com/)
Research finds hybrid WFH increases average productivity ≈5%, and this is growing as firms and employees improve on this.

Source: Data from 42,240 US responses in through 2021, reweighted to match the US population. Details on [https://wfhresearch.com/](https://wfhresearch.com/).
Employees also really value hybrid WFH, at about the same as an 8% pay increase on average (and more so in tech and finance).

Source: Data from 17,087 responses through 2021, reweighted to match US population. Industries with 1000+ respondents. Details on [https://wfhresearch.com/](https://wfhresearch.com/)
So not surprisingly employers are increasing shifting to hybrid working models.

Responses to the question:
- After COVID, in 2022 and later, how often is your employer planning for you to work full days at home?

Sample: Data are from all SWAA waves, covering July 2020 to March 2022. The sample includes all respondents who reported their employer’s plans for post-COVID WFH and who have work-from-home experience during the pandemic (thus able to work from home). We exclude respondents who report having no employer.

N = 46,345 (able to work from home)
The Big Challenge of Hybrid WFH for Management

Choice of:

- How many days
- Which days
Choice vs coordination issue is tricky – employees want both!

Share of workers who would like to:

- Choose their own WFH days
- Coordinate with coworkers on worksite days

Responses to the questions:
- Which of the following would you prefer?
  - Being able to choose which days you work from home (if any)
  - Your employer sets a policy that determines who works from home on which days
- Would you like your co-workers to come into work on the same days as you?

Notes: The sample for the blue bar includes employed respondents from the July and December 2021 SWAA waves who passed the attention check questions (for December respondents) and worked from home at some point since the start of the COVID-19 pandemic. The SWAA samples US residents aged 20 to 64 who earned $10,000 or more in 2019. \( N = 3,949 \) (blue bar).

The sample for the red bar includes employed respondents from the February 2022 SWAA who reported their employer is planning them to work from home 1 or more days per week after the end of the pandemic. \( N = 1810 \) (red bar).
There is huge variation in what employees want, so let them choose?

“How often would you like to have paid work-days at home post-COVID?”

- Rarely or never: 22.7%
- 1 day a week: 9.8%
- 2 days per week: 14.2%
- 3 days per week: 13.9%
- 4 days per week: 7.4%
- 5 days per week: 32.0%

Hybrid total is 45.3%

Source: Data from 55,179 respondees who can WFH, reweighted to match the US population. Details on https://wfhresearch.com/
I have become concerned with the risks of full employee choice.
The problem with choice – noisy, low-energy offices

Mixed mode – great in stock-photos, but I hear many complaints
Indeed, the key benefits of being in the office is time with colleagues.

What are the top 3 benefits of working on your employer's business premises?

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Percent of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Face-to-face collaboration</td>
<td>54.8</td>
</tr>
<tr>
<td>Work/personal life boundaries</td>
<td>54.0</td>
</tr>
<tr>
<td>Face time w/ manager</td>
<td>44.4</td>
</tr>
<tr>
<td>Socializing</td>
<td>39.2</td>
</tr>
<tr>
<td>Better equipment</td>
<td>30.6</td>
</tr>
<tr>
<td>Quiet</td>
<td>15.5</td>
</tr>
</tbody>
</table>

**Notes:** The sample includes respondents to the February 2022 SWAA who passed the attention check questions and worked from home at some point since the start of the COVID-19 pandemic. The SWAA samples US residents aged 20 to 64 who earned $10,000 or more in 2019. \( N = 2,973 \).
Large US firms mostly planning team or company organized hybrid

Qu: “Who decides which days and how many days employees work remotely?”

Source: Survey of Business Uncertainty conducted by the Federal Reserve Bank of Atlanta, Stanford University, and the University of Chicago Booth School of Business.
Broad suggestions

1) Try something low risk like Hybrid 3-2 for the rest of 2022

2) Acknowledge this is a six-month plan – there is incredible uncertainty

3) Survey and collect feedback from all potential WFH employees in late 2022

4) Update to a longer-run plan for 2023 onwards
Three Implications of hybrid WFH for the Office

1) Size
2) Location
3) Design
1) Firms are not planning to cut office space

Why?

Scheduling – employees want to WFH on Monday and Friday

2) Location: people are leaving city centers (e.g. NY and SF)

Cumulative net flows (moves in – moves out) from Feb 2020-Jul 2021 as a % of the zipcode population

Offices are not moving - but they are focusing on quality space

City Centers (SF and NY)

Office Parks (Texas and Cupertino)
3) Design: Zoom rooms, more meeting rooms and lounge seating

Individual office corridors are out

Cubicles, meeting rooms and open plan (lounge) seating are in
What about the impact on New York?
Long-run NY may lose 5% to 10% of city center population from WFH

Monthly net population inflows as a percent of total


Data until December 2021
Is this bad - rent and property prices have softened, but the city will continue to thrive, with a little less bustle but greater affordability….

Notes: Zillow zip-code rent and home value data for NY, LA, SF, Chicago, Dallas, Houston, Miami, Philadelphia, Washington, Atlanta, Boston and Phoenix by zip-code population density. Source: “The Donut Effect” by Arjun Ramani and Nicholas Bloom (2021)
...and less office workers in the city center, spending less

Source: January to March 2022 SWAA data for working plans (N=7,787) and July 2020 to January 2021 for pre-pandemic spending data (N=14,527). Only respondees who have WFH at some point during the pandemic. Reduction in spending estimated from proportional reduction in office days (vs baseline of 5% of WFH days pre-pandemic). Details in www.wfhresearch.com
Conclusions

• WFH is here to stay – typically 2.5 days a week for the average office worker
• Some employees are moving out of the city center dropping rents and values a little
• Retail spending is also down while office demand is soft but has not collapsed

New York will definitely survive, but it will reduce tax take (particularly for the subway)
Further information:

www.wfhresearch.com

www.sternspeakers.com
Back-Up
Finally, WFH will increase outsourcing and offshoring.
Saved time and flexibility the key benefits employees like with WFH

What are the top 3 benefits of working from home?

<table>
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<tr>
<th>Benefit</th>
<th>Percent of Respondents</th>
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<tbody>
<tr>
<td>No commute</td>
<td>60.4</td>
</tr>
<tr>
<td>Less time getting ready for work</td>
<td>49.1</td>
</tr>
<tr>
<td>More time with friends/family</td>
<td>46.9</td>
</tr>
<tr>
<td>Flexible work schedule</td>
<td>37.8</td>
</tr>
<tr>
<td>Quiet</td>
<td>36.7</td>
</tr>
<tr>
<td>Fewer meetings</td>
<td>15.7</td>
</tr>
</tbody>
</table>

Notes: The sample includes respondents to the February 2022 SWAA who passed the attention check questions and worked from home at some point since the start of the COVID-19 pandemic. The SWAA samples US residents aged 20 to 64 who earned $10,000 or more in 2019. N = 2,973.
Firms not offering graduates hybrid risk losing 40% of employees

If I was told to return 5-days a week in person to my office I would:

- Return: 57%
- Return, but look for a WFH job: 36%
- Quit: 7%

Source: Data from 12,410 US responses from June to November 2021 re-weighted to match the US population. Details on https://wfhresearch.com/
Offering Hybrid-WFH is also important for supporting diversity

Source: Data from 10,000 US responses in through 2021, reweighted to match the US population. Details on [https://wfhresearch.com/](https://wfhresearch.com/)

Source: Survey of 10737 knowledge workers in US, Australia, France, Germany, Japan and the U conducted November 1-30, 2021. Details on [https://futureforum.com/](https://futureforum.com/)