

System Migration: Retaining Residents in a Remote Revolution

Introduction

During the COVID-19 pandemic, a global shift towards corporate-mandated remote work occurred due to social distancing requirements. In recent years, remote work, when someone works from a location other than their employer's worksite, has not decreased to pre-pandemic levels. In fact, companies increasingly allow, and even encourage, remote or hybrid work (Levin, 2025). This paper seeks to understand the potential long-term implications of this cultural shift, and the role of government in regulating such changes using the U.S. as a primary reference point; however, many of the broader generalizations made apply to all countries.

To understand these implications, we must first address the following:

1. Current remote work trends
2. Inequalities perpetuated by remote work
3. Government regulation to address these inequalities

The Shift to Remote Work

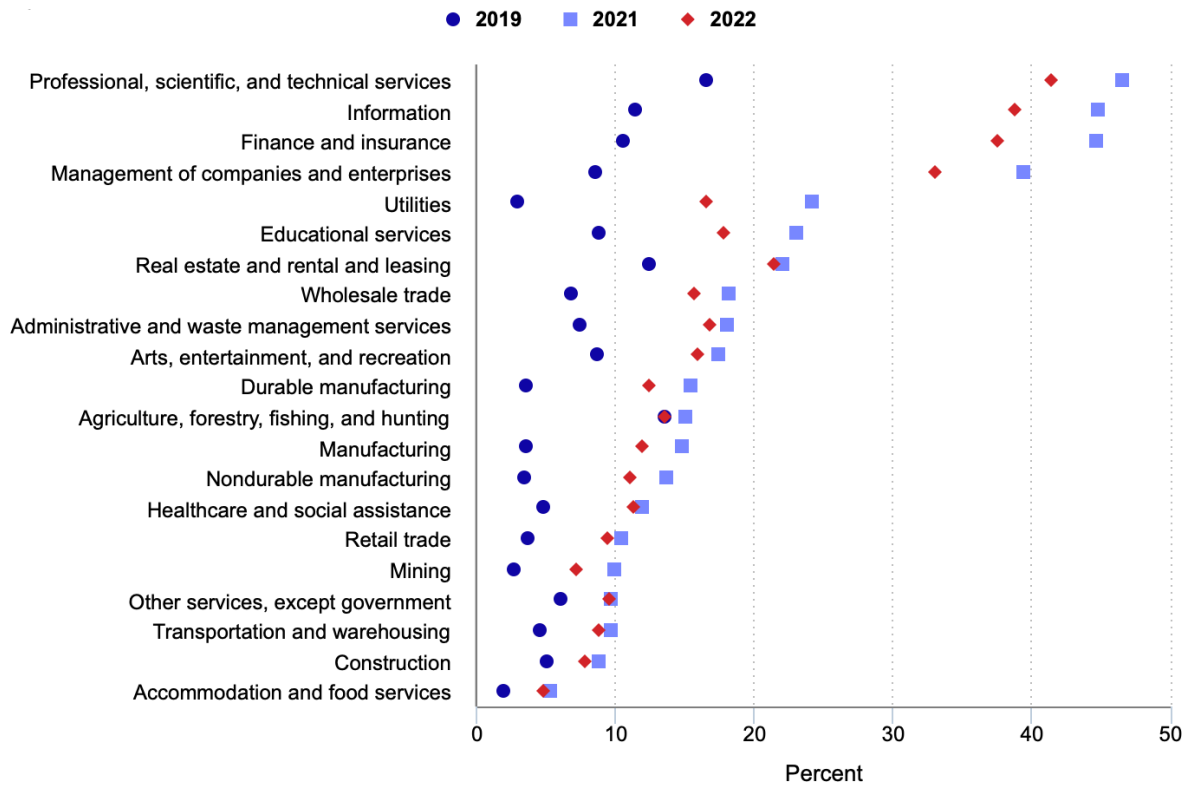
In May 2020, Americans completed 61.5% of their total paid workdays fully from home (Levin, 2025). While not as high as 61.5%, in 2024, 33.4% of full-time workers worked some amount at home on an average day, a large increase from the 24% of workers in 2019 (U.S. Bureau of Labor Statistics, 2020, 2025).

This workplace shift has been found to increase firm performance. A 1% increase in remote work was associated with a .09% increase in productivity from 2019-2022 (Levin, 2025; Pabilonia & Redmond, 2024). Additionally, a 2022 study found that hybrid workers at one company reported a statistically significant increase in satisfaction and a one-third reduction in quit rates (Bloom et al., 2024). Increased satisfaction can result from factors such as reduced commute and child-care burdens; furthermore, companies benefit from increased retention, which reduces costs associated with recruiting and training new employees (Bloom et al., 2024).

Inequalities Perpetuated by Remote Work

Although there has been a notable shift towards remote work across the U.S., this shift has not been uniform across industries.

Figure 1: Percent of Remote Workers by Detailed Industry Group, Ranked From Smallest to Largest in 2021



Source: Pabilonia & Redmond, 2024

As seen in Figure 1, the difference in work type progression between the four industries with the highest percentage of remote workers and other industries demonstrates their high remote work compatibility. Notably, these industries are considered high-skill, often providing high incomes while requiring high education. In 2024, 50% of respondents with a bachelor’s degree or higher worked at home on an average day compared to only 5% with less than a high school diploma and 17.8% with just a high school diploma (U.S. Bureau of Labor Statistics, 2025). Furthermore, home-based workers typically make significantly more than all workers. For example, in New York City, in 2023, the median annual earnings of a home-based worker was \$82,100 while the median annual earnings for all workers was \$58,700 (Burrows et al., 2025). Evidently, remote work disproportionately benefits highly educated, high-earning workers in high-skill industries.

There are also geographic implications associated with this remote work transition, the largest being increased outmigration from cities (Bick et al., 2024). During COVID-19, households and businesses moved from central business districts (CBDs) to surrounding suburbs and exurbs (Levin, 2025; Ramani & Bloom, 2021). From 2020-2022, the CBDs of the 12 largest U.S. metro areas displayed net population outflows of 9% and business outflows of 16% while less populated areas experienced increases in both population and business starts of 1-2% (Levin,

2025). However, COVID-19 is not the sole driver of this outflow, as these behaviors still occur following the pandemic. The total percentage of job listings originating in large central metros decreased from 46% in 2017-2019 to 38% in 2023-2024 (Audoly et al., 2024). Moreover, outmigration from large urban counties remained at double pre-pandemic rates in 2023 (O'Brien, 2024).

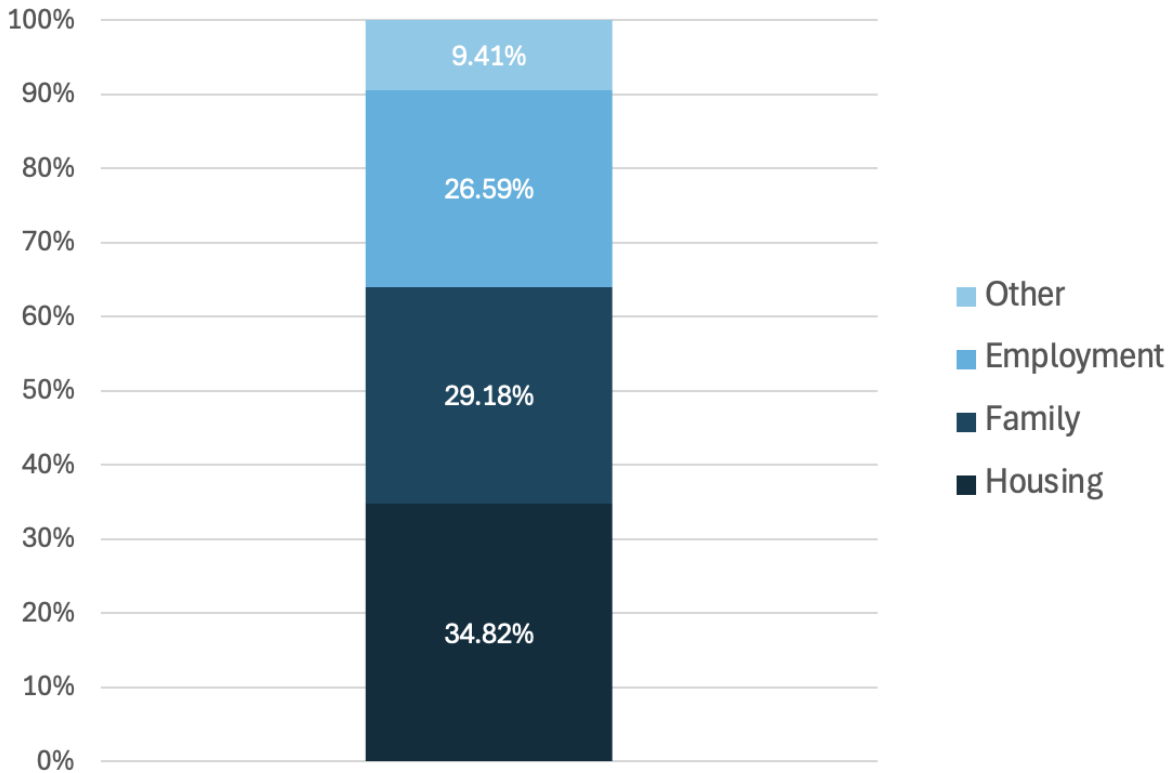
Remote worker outmigration especially harms large cities because of cities' unique economies that predominantly feature high-skill workers and less-educated consumer service workers (Althoff et al., 2022). Unequally, consumer service workers' livelihoods strongly depend on high-skill workers' spending habits, whereas the converse is not true (Althoff et al., 2022). Exacerbating these impacts is the multiplier effect, the phenomenon in which a change in spending has a larger effect on the whole economy, as a single increase in expenditure for one entity leads to an increase in revenue for another, resulting in further expenditure (Annamalah & Paraman, 2023). Thus, as high-skill workers leave large cities, a negative multiplier effect amplifies decreasing demand for non-tradables provided by consumer service workers and lowers sales tax revenue (Annamalah & Paraman, 2023). Additionally, outmigration reduces the tax base and decreases property tax revenue (Das, 2024).

However, although large cities are vulnerable to the harmful effects of outmigration associated with increases in remote work, many suburbs and smaller cities have actually seen benefits (Levin, 2025). This conflicting dynamic presents unique challenges in regulating remote work practices.

Migration Trends Among Remote Workers

Although large cities have experienced negative net migration partially driven by remote work, the data suggest that additional factors push workers from cities. Using the Current Population Survey (CPS) and its Annual Social and Economic Supplement (ASEC), we evaluate survey responses from outmigrants from principal cities, defined as the largest city in each metropolitan area and any additional city which reaches certain population and employment criteria, unlocking valuable insight into personal migration behavior (U.S. Census Bureau, 2023, 2025).

Figure 2: General Reason for Move for Remote Working Outmigrants From Principal Cities in 2025



Source: U.S. Census Bureau, 2025

In 2025, 30.82% of outmigrants from principal cities reported teleworking in the last week (U.S. Census Bureau, 2025). Of these remote working outmigrants, 19.29% claimed that the primary reason for their move was “new job or job transfer.” However, this percentage would likely be mostly hybrid workers, as hybrid jobs concern home location, whereas remote jobs are largely independent from place of residence (Carlson et al., 2023; U.S. Census Bureau, 2025). In total, employment-related reasons make up only 26.59% of responses, whereas 34.82% of responses are housing-related and 29.18% are family-related (U.S. Census Bureau, 2025). As demonstrated, working remotely impacts migration decisions, but other pressing factors drive remote worker outmigration. This aligns with previous research identifying housing prices, educational quality, safety, environment, and health as key outmigration drivers (Das, 2024).

Role of Government

Although large cities are negatively affected, rural and suburban areas experience great benefits. Thus, it may be difficult for national governments to assist large cities without harming smaller cities and suburbs (Levin, 2025). Therefore, most of the legislation addressing remote work’s drawbacks would likely be implemented by local governments. Currently in the U.S., states such

as New Jersey offer tax breaks to employers that partially depend on workers returning to the office (New Jersey Business & Industry Association, 2024). However, many employers choose to ignore these mandates and forfeit millions in tax breaks to keep employees remote (Constantz & Holder, 2023). Employers likely forgo these benefits because return-to-office (RTO) mandates significantly decrease employee satisfaction without augmenting financial performance or firm values (Ding & Ma, 2024). Even if firms implement RTO mandates, employees are likely to resist and ignore these mandates (Bloom, 2022).

Therefore, to address outmigration from major cities, regulators must take a multifaceted approach. Traditional methods, such as stringent tax credits, do not adequately incentivize employers to implement RTOs, and the prevailing sentiment among employees is that they do not wish to return to the office (Bloom, 2022). For large cities to thrive, they must be able to co-exist with remote work.

This multifaceted approach should address employers and employees. 69.94% of remote outmigrants of principal cities moved within their state, and 48.47% within their county, suggesting that a majority of these outmigrants are hybrid workers as hybrid work is associated with short-distance moves (Carlson et al., 2023; U.S. Census Bureau, 2025). Since hybrid workers are location bound, business growth in cities will attract these workers.

Migration and income patterns indicate that individuals primarily move to cities for lifestyle benefits rather than monetary reasons, such as not being able to afford suburban housing (Weinstein & Partridge, 2011; Whitaker, 2019). Although declines in housing and office real estate prices have made cities more affordable, this has not incited a return (Levin, 2025; Ramani & Bloom, 2021). Notably, only 5.18% of remote working city outmigrants cited cheaper housing as the primary reason for moving, demonstrating how affordable housing is not the only factor (U.S. Census Bureau, 2025). As remote work becomes increasingly prominent, is primarily available to individuals with high education, and is often tied to higher-income positions, education will become increasingly valued and impactful towards migration behavior. Areas with a highly educated labor force, which cities can achieve through improving school systems and offering job training, attract firms and increase entrepreneurship (Weinstein & Partridge, 2011). Although increasing education funding can be expensive in the short-run, individuals returning to cities will grow tax bases and induce a positive multiplier effect.

Cities can also expand internet access to make remote work more accessible and improve amenities to increase housing demand and residents' acceptance of taxation (Levin, 2025; Weinstein & Partridge, 2011). These improvements increase jobs for low-skill workers and spending for high-skill workers, benefiting the city economy as a whole. Cities should focus on supporting business, upgrading amenities and improving public services such as education.

Conclusion

Although remote work benefits both firms and employees, with employers experiencing increased productivity and reduced costs, and employees receiving greater flexibility and increased satisfaction, it exacerbates income inequality and contributes to outmigration from large cities.

Governments have tried to return remote workers to the office, but firms are reluctant to implement RTOs and forfeit the advantages of remote work. Remote work does benefit higher-skill workers and the economy as a whole, increasing output with fewer inputs; however, its negative impacts on low-skill workers cannot be understated. By returning remote workers to cities, lower-skill consumer service workers can still reap the benefits of higher-skill workers' spending, and higher-skill workers retain remote benefits. Considering previous policy shortcomings, governments must seek to incentivise remote workers and businesses to return to cities themselves. In the long run, to prevent rising education, urban, and income inequality, it is crucial to not force workers back to cities but instead to incentivize their return with quality education, enhanced amenities and strong infrastructure.

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