The COVID19 labor market and the future of work

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Chief economist, Indeed
Agenda

• Where we are now
• This recession really was different
• The rise and effect of remote work
Hit to employment by industry sector
Jan 2021, employment, % chng since Feb 2020

Leisure & Hospitality -22.9%
Mining & Logging -11.7%
Information -11.7%
Other Services -8.3%
Government -7.8%
Education & Health Services -5.8%
Manufacturing -5.4%
Wholesale Trade -4.5%
Professional & Business Services -4.5%
Construction -4.5%
Transportation and Warehousing -4.4%
Retail Trade -3.3%
Utilities -2.8%
Financial Activities -2.5%

Source: U.S. Bureau of Labor Statistics
The four pandemic sectors

• **Winning**
  • Delivery, online retail, some tech services

• **Rebounding**
  • Restaurants, personal services

• **Damaged**
  • Hospitality & tourism, arts & entertainment, and sports

• **Paused**
  • Tech, finance, and professional services
Employment up in high WFH sectors in January
% change in payrolls since Feb 2020, by industry work-from-home score

Source: BLS; Dingel and Neiman NAICS3 work-from-home measures
How this recession was different

- Services hurt first and hardest
- Huge jump in temporary unemployment
- Labor supply shock, too
- Worse in big cities
Core vs headline unemployment

Core=U-5 minus temporary unemployment; Headline=U-3; to Jan 2021

Source: BLS
Core: Unemployed (excl. temporary) plus marginally attached, divided by labor force plus marginally attached
Parental gender gap in employment still wide

%pt change in prime-age employment-population ratio vs Feb 2020

Source: CPS microdata, seasonally adjusted
Adults age 25-54 with own kids in household
# Metros with slowest job growth during COVID19

Employment change, Feb to Dec 2020, seasonally adjusted

<table>
<thead>
<tr>
<th>#</th>
<th>Metro</th>
<th>Employment change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Springfield, MA-CT</td>
<td>-11.9%</td>
</tr>
<tr>
<td>2</td>
<td>Urban Honolulu, HI</td>
<td>-11.5%</td>
</tr>
<tr>
<td>3</td>
<td>Detroit-Warren-Dearborn, MI</td>
<td>-11.2%</td>
</tr>
<tr>
<td>4</td>
<td>Syracuse, NY</td>
<td>-10.7%</td>
</tr>
<tr>
<td>5</td>
<td>Rochester, NY</td>
<td>-10.5%</td>
</tr>
<tr>
<td>6</td>
<td>New York-Newark-Jersey City, NY-NJ-PA</td>
<td>-10.4%</td>
</tr>
<tr>
<td>7</td>
<td>San Francisco-Oakland-Hayward, CA</td>
<td>-10.1%</td>
</tr>
<tr>
<td>8</td>
<td>Youngstown-Warren-Boardman, OH-PA</td>
<td>-10.0%</td>
</tr>
<tr>
<td>9</td>
<td>Orlando-Kissimmee-Sanford, FL</td>
<td>-10.0%</td>
</tr>
<tr>
<td>10</td>
<td>Albany-Schenectady-Troy, NY</td>
<td>-9.6%</td>
</tr>
</tbody>
</table>

Among metropolitan areas with at least 500,000 people

Data subject to later revisions, sometimes significant

Source: BLS
### Metros with fastest job growth during COVID19

Employment change, Feb to Dec 2020, seasonally adjusted

<table>
<thead>
<tr>
<th>#</th>
<th>Metro</th>
<th>Employment change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Ogden-Clearfield, UT</td>
<td>2.8%</td>
</tr>
<tr>
<td>2</td>
<td>Provo-Orem, UT</td>
<td>0.5%</td>
</tr>
<tr>
<td>3</td>
<td>Boise City, ID</td>
<td>-0.6%</td>
</tr>
<tr>
<td>4</td>
<td>Salt Lake City, UT</td>
<td>-0.6%</td>
</tr>
<tr>
<td>5</td>
<td>Palm Bay-Melbourne-Titusville, FL</td>
<td>-1.2%</td>
</tr>
<tr>
<td>6</td>
<td>Knoxville, TN</td>
<td>-1.4%</td>
</tr>
<tr>
<td>7</td>
<td>Austin-Round Rock, TX</td>
<td>-1.4%</td>
</tr>
<tr>
<td>8</td>
<td>Greenville-Anderson-Mauldin, SC</td>
<td>-1.6%</td>
</tr>
<tr>
<td>9</td>
<td>Chattanooga, TN-GA</td>
<td>-1.6%</td>
</tr>
<tr>
<td>10</td>
<td>Indianapolis-Carmel-Anderson, IN</td>
<td>-1.8%</td>
</tr>
</tbody>
</table>

Among metropolitan areas with at least 500,000 people
Data subject to later revisions, sometimes significant
Source: BLS
The rise and effect of remote work

- Labor markets
- Housing demand
- Location
Working from home remains steady

% teleworking or working from home because of pandemic

May 2020: 35%
Jun: 31%
Jul: 26%
Aug: 24%
Sep: 23%
Oct: 21%
Nov: 22%
Dec: 24%
Jan 2021: 23%

Source: BLS, not seasonally adjusted
The inequity of remote work
% teleworking or working from home because of pandemic, Jan 2021

- Graduate degree: 51%
- Bachelor's degree: 37%
- Associate's degree or some college: 16%
- High school degree only: 8%
- No high school degree: 3%

Source: BLS, not seasonally adjusted
### Projected Job Growth by Education Level

In a "strong" impact scenario, job growth is about zero or negative for those with no college experience or no high school diploma.

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Original baseline projection</th>
<th>Strong pandemic impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>No high school diploma</td>
<td>3.3%</td>
<td>-2.3%</td>
</tr>
<tr>
<td>High school diploma only</td>
<td>1.5%</td>
<td>0.1%</td>
</tr>
<tr>
<td>Associate’s degree or some college</td>
<td>4.4%</td>
<td>4.3%</td>
</tr>
<tr>
<td>Bachelor’s degree</td>
<td>6.4%</td>
<td>6.7%</td>
</tr>
<tr>
<td>Graduate degree</td>
<td>9.3%</td>
<td>9.7%</td>
</tr>
</tbody>
</table>

Source: B.L.S. • By The New York Times
Remote work, housing demand, and location

• In-sourcing: higher demand for larger homes
• Suburbanization, not death of distance
  • Stay within labor market, but with longer, rarer commutes
  • Few people can truly move anywhere
  • Potentially big changes to downtowns