



# GREATER WASHINGTON PARTNERSHIP

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## **New Report Finds Long-Term Shift to Remote Work Could Present Uneven Impact on Capital Region, Further Exacerbating COVID-19 Inequities**

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**Washington, D.C.** – Today, Ernst & Young LLP (EY US), on behalf of the Greater Washington Partnership, released a report, "[Remote work in the Capital Region](#)," examining the implications of what a long-term shift to remote work may mean for the Capital Region's families, jurisdictions, transport systems, small businesses, and essential and frontline workers.

As demonstrated by the [Capital COVID-19 Snapshot](#), employers expect fewer than 30 percent of their employees to be physically at worksites the first quarter of this year, increasing to 75 percent by the fall. This study sought to understand the impacts of different remote work scenarios, including a moderate and substantial shift to elevated levels of remote work. The Capital Region is second only to the San Francisco Bay Area in terms of the share of the workforce in remote capable jobs, so any shift to long-term remote work may have large implications for the region. Further, many employers are planning to deploy a hybrid strategy regarding remote work post-pandemic (e.g., employees may work some days on-site and other days at home or in a non-worksites location).

While remote capable workers may benefit from a more flexible work environment and time saved on their commute, the study found that the benefits will not be felt evenly across the region or its residents. Public transit, smaller businesses in central business districts, and frontline and essential workers – especially minorities and those with lower educational attainment levels – may be severely impacted.

"A large shift to more permanent remote work will affect the way we do business and our quality of life," said **EY Greater Washington Managing Partner, Kevin Virostek**. "The impact of increased remote work in the Capital Region may be positive for some but detrimental for others. This report helps provide a foundation from which our region's leaders can devise targeted strategies to serve the unique needs of our communities."





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"A strong recovery from the pandemic requires all of us to prepare for shifting commute and workplace decisions," said **JB Holston, CEO of the Greater Washington Partnership**. "We must bolster programs to ensure that our most vulnerable communities have the skills needed to thrive in a changing economy and that our diverse small businesses have access to capital to adapt to new market demands. Remote work may forever change rush hour, so it is crucial for our transit systems to prioritize more frequent, all day service on key routes, not just during peak commute hours."

The study analyzed two remote work scenarios relative to baseline pre-pandemic levels – a "moderate shift" and a "substantial shift". A substantial shift would represent a five-fold increase from pre-pandemic remote work levels where 28 percent of the region's remote capable workers work remotely one day per week and 18 percent of the region's workforce (more than a million residents) work remotely 3-5 days per week. The study's key findings include:

## Potential for remote work in the Capital Region

- The Capital Region has the nation's second largest pool of potential remote workers among major metros in the U.S., with 49 percent of jobs considered remote capable.
- Remote work opportunities are clustered in higher-wage and higher-skill industries, with nearly 75 percent of the region's STEM professionals in remote capable jobs.
- Remote capable workers could save 11-days per year on average by avoiding daily commutes to the physical worksite – 30 million days per year across the entire workforce – allowing for improved work-life balance and reduction in transportation emissions.\
- The District's downtown/urban core has the highest share of remote capable employees in the Washington metro, but suburban communities in Baltimore (i.e., Anne Arundel and Howard Counties) and Richmond (i.e., Henrico County) metro areas have the greatest share of remote capable employees.
- Opportunities to work remotely disproportionately disadvantage minorities in the workforce, with Black and LatinX workers less likely to work from home under the substantial shift scenario (41 percent of Black workers and 28 percent of LatinX workers compared to 56 percent of White workers).
- 67 percent of remote capable workers have a bachelor's degree or above, posing challenges to many of the region's Black and LatinX workers, as two-thirds of Black employees and three-quarters of LatinX employees do not have a college degree.

## Remote work impacts by areas of the Capital Region

- A large-scale exodus from the Capital Region, as witnessed in San Francisco and New York, does not appear on the horizon, but data points to potential shifts within the region. Year-over-year real estate market demand shows a decline for downtown D.C. and an increase for suburbs in the Washington metro area, while downtown Baltimore and Richmond have both seen slight upticks in demand.





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## Transport demand and mobility changes

- Trips taken for non-work purposes represent a large majority of trips taken in the region. These are unlikely to change significantly under a future remote work scenario.
- A shift toward remote work may have a disproportionate impact on some modes – particularly transit– that are used more frequently for commuting than they are for non-commute trips. Without changes to service patterns or farebox revenue strategies, the region’s subway, rail and bus systems could see reductions of up to 5 percent in overall operating revenues.

## Smaller business impacts

- Smaller businesses – those with fewer than 50 employees – make up 80 percent of all companies and employ more than 1 million workers in the region. Of these employers, approximately a third are in sectors with a low potential for remote work.
- Spending by commuters around their workplace may decrease by up to 29 percent across the Capital Region, adversely impacting smaller businesses in downtowns and central business districts.
- LatinX and Black-owned businesses entered the pandemic facing elevated liquidity concerns, and more than 80 percent of minority-owned small businesses view additional COVID-aid as vital, a 12-point increase over other small businesses.

## Essential, Frontline, Retail, Restaurant and Entertainment Workers Impact

- Roughly 45 percent of the region’s essential workers are on the frontlines, without the option for remote work. Only 50 percent of these essential workers had access to health insurance prior to the pandemic.
- 1.2 million workers are considered non-essential but unable to work remotely. Minorities account for 61 percent of the region’s non-essential, non-remote workers while accounting for only 46 percent of the overall workforce. Unemployment remains high for workers in these occupations.
- Frontline workers and non-essential, non-remote-capable workers generally have lower levels of educational attainment, with 39 percent and 16 percent, respectively, holding a bachelor’s degree or above, compared with 46 percent of overall workers. Given the correlation between remote work potential and educational attainment, non-remote workers may be in highest need of targeted upskilling and retraining programs for help transitioning to remote-capable occupations.

The Greater Washington Partnership – through this study and the Capital COVID-19 Snapshot – is focused on increasing regional information and data sharing so employers and government leaders can make more informed decisions about reopening and addressing equity gaps that have only widened during the COVID-19 pandemic. The COVID-19 pandemic will be with us to varying degrees through much of 2021. We must use this time to reduce the inequitable impacts stemming from





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future remote work offerings to ensure that we recover as one region, stronger and more inclusive.

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## **About the Greater Washington Partnership**

The Greater Washington Partnership is a first-of-its-kind civic alliance of CEOs in the region, drawing from the leading employers and entrepreneurs committed to making the Capital Region—from Baltimore to Richmond—one of the world's best places to live, work and build a business. Working in collaboration with leaders across our communities, the Partnership connects and leverages the region's extraordinary assets to advance inclusive, actionable solutions that strengthen Capital Region as a leading global region and center for commerce and innovation.



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