

New Hampshire ECONOMIC CONDITIONS

January 2023

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"Unassigned" Establishments in New Hampshire Suggest an Increase in Remote Work

The Quarterly Census of Employment and Wages (QCEW) program produces a count of establishments, monthly employment, and average weekly wages for workers covered by state unemployment insurance programs. QCEW data includes the primary location where economic activity occurred, allowing data to be published at sub-state levels. Establishments without a primary location, or with a location that is not provided or known, are included in statewide employment counts, but not in sub-state areas; their location is classified as "unknown," or "unassigned."¹ This includes individuals working remotely, although only if their employer does not have a main branch or office, out of which the remote employee is supervised or based.²

In New Hampshire, the percentage of establishments with no primary location increased gradually prior to the pandemic, from 16.9 percent in 2017 to 18.3 percent in 2019. The rate of increase accelerated during the pandemic;³ by the second quarter of 2022, 25.8 percent of establishments did not have a primary location. The number of workers employed by these establishments increased as well, from 20,295 workers (3.6 percent of private employment) in 2017 to 22,830 workers (3.9 percent) in 2019, to 40,170 workers (6.9 percent) in the second quarter of 2022.

While remote work is not the only reason establishments do not have a primary location, the recent increase in unassigned establishments likely indicates an increase in remote work,

particularly since the beginning of the pandemic. The increase in remote-work establishments could be due to new remote-work establishments, or from establishments that previously had a primary location transitioning to fully remote work.

This month's edition of
Economic Conditions contains
monthly employment estimates
(*Local Area Unemployment Statistics*
and *Current Employment Statistics*)
for both October and
November 2022.

OCTOBER DATA: Seasonally Adjusted Estimates

Unemployment Rates 5
Current Employment Statistics 5

Not Seasonally Adjusted Estimates

Unemployment Rates 6
Current Employment Statistics 7
Claims Activity 10

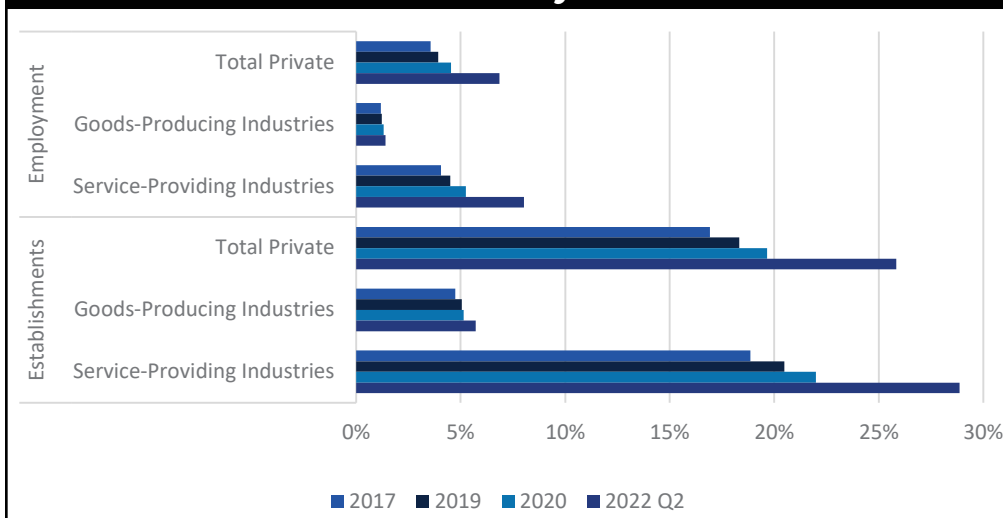
NOVEMBER DATA: Seasonally Adjusted Estimates

Unemployment Rates 11
Current Employment Statistics 11

Not Seasonally Adjusted Estimates

Unemployment Rates 12
Current Employment Statistics 13
Claims Activity 16

Percentage of Establishments and Employment with No Primary Location



Source: New Hampshire Employment Security, Quarterly Census of Employment and Wages

1 U.S. Bureau of Labor Statistics, Handbook of Methods, Quarterly Census of Employment and Wages. <https://www.bls.gov/opub/hom/cew/calculation.htm>.

2 U.S. Office of Management and Budget, QCEW Operating Manual. <https://omb.report/icr/202101-1220-001/doc/107532600>.

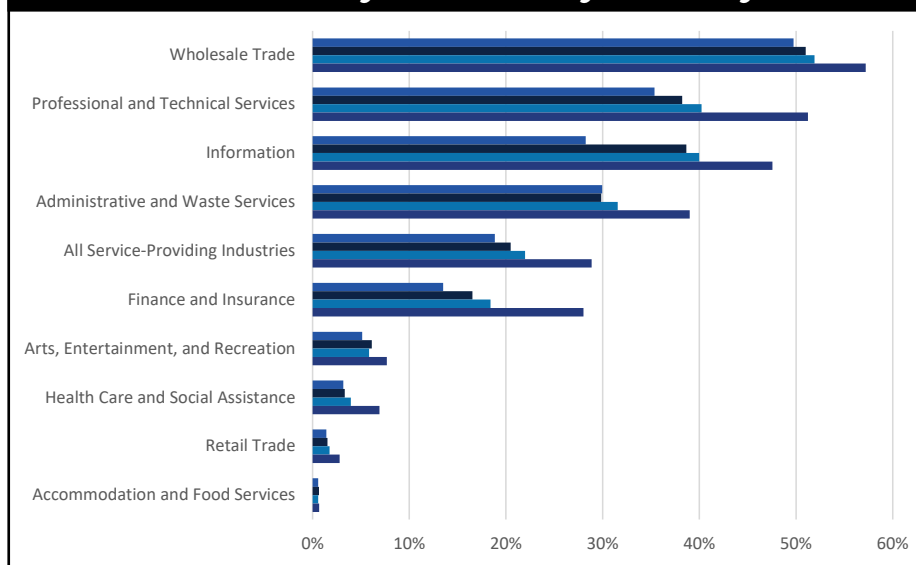
3 This does not include establishments and workers who worked remotely temporarily during the early months of the pandemic, only those working remotely on a permanent basis.

Establishments and workers with no primary location were less prevalent in goods-producing industries than in service-providing industries. In the second quarter of 2022, 5.7 percent of goods-producing establishments and 1.4 percent of employees were unassigned to a primary location, compared to 28.9 percent of service-providing establishments and 8.0 percent of employees. Two-thirds of workers with no primary location worked in three industries: professional, scientific, and technical services (10,282 workers), wholesale trade (8,653 workers) and administrative and waste services (7,578 workers).

More than ten percent of workers in these three industries were unassigned prior to the pandemic, suggesting that remote work was already prevalent. The percentage of unassigned workers increased substantially since 2020, and by the second quarter of 2022, at least 20 percent of workers in these industries did not have a primary location. In wholesale trade, 28 percent of employees, and 57 percent of establishments, did not have a primary location.

Establishments with no primary location remained rare in some service-providing industries. In the second quarter of 2022, less than one percent of workers employed in retail trade and accommodation and food services were unassigned.

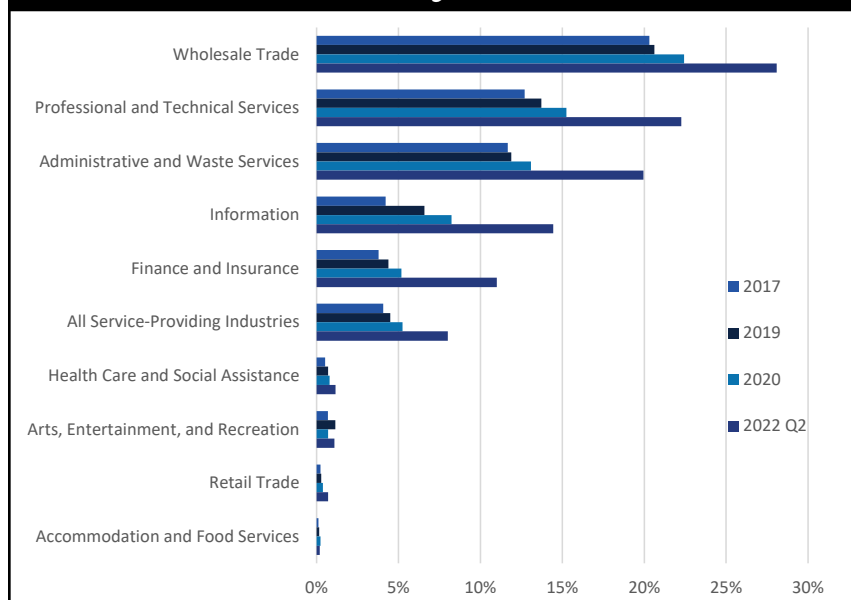
Percentage of Establishments with No Primary Location by Industry



Source: New Hampshire Employment Security, Quarterly Census of Employment and Wages

In arts, entertainment, and recreation and health care and social assistance, the percentage of unassigned workers was only slightly higher, 1.1 and 1.2 percent, respectively. These industries typically provide in-person services, making telework difficult, and requiring establishments to maintain a physical location. While online retail, which became more prevalent during the pandemic, allowed consumers to purchase goods remotely, retail establishments still require a physical space.

Percentage of Workers with No Primary Location

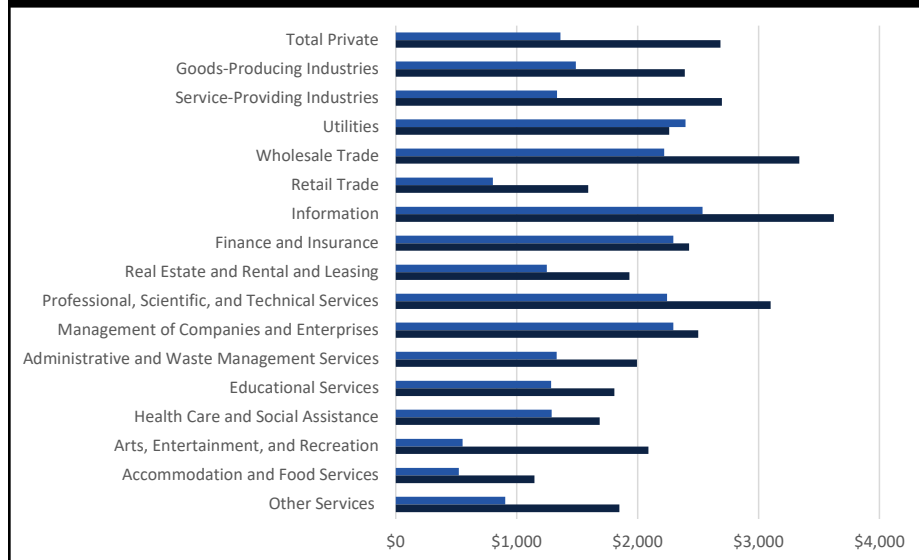


Source: New Hampshire Employment Security, Quarterly Census of Employment and Wages

Establishments with no primary location were likely to be small, with an average of 2.9 employees, compared to 11.0 employees for all private establishments. Employees of establishments with no primary location had higher average wages than employees with a primary location. In the second quarter of 2022, the average weekly wage for workers with no primary location was \$2,686 (\$139,672 annually), nearly twice the average wage of \$1,362 (\$70,824 annually) for all privately employed workers.⁴ Part of this was due to industry mix, with high-paying industries such as information and professional, scientific, and technical services, over-represented among employees of unassigned establishments. But within industries, average wages for employees with no primary location were higher than average wages for all privately employed workers, with utilities—employing fewer than 100 unassigned workers—the lone exception.

⁴ Average weekly wage can be skewed by high-earning employees.

Average Weekly Wage, Second Quarter 2022



Source: New Hampshire Employment Security, Quarterly Census of Employment and Wages

Evidence of Firms Transitioning to Remote Work

The number of unassigned workers in the finance and insurance and information industries more than doubled between 2019 and the second quarter of 2022. In both industries, the increase in workers without a primary location coincided with a decline in employment in some New Hampshire counties, suggesting that a portion of this increase was the result of firms and workers transitioning from a primary location to fully remote work.

Between 2020 and the second quarter of 2022, employment by information establishments with no primary location increased by approximately 750 workers, while employment in Hillsborough and Rockingham Counties declined by approximately 550 workers.

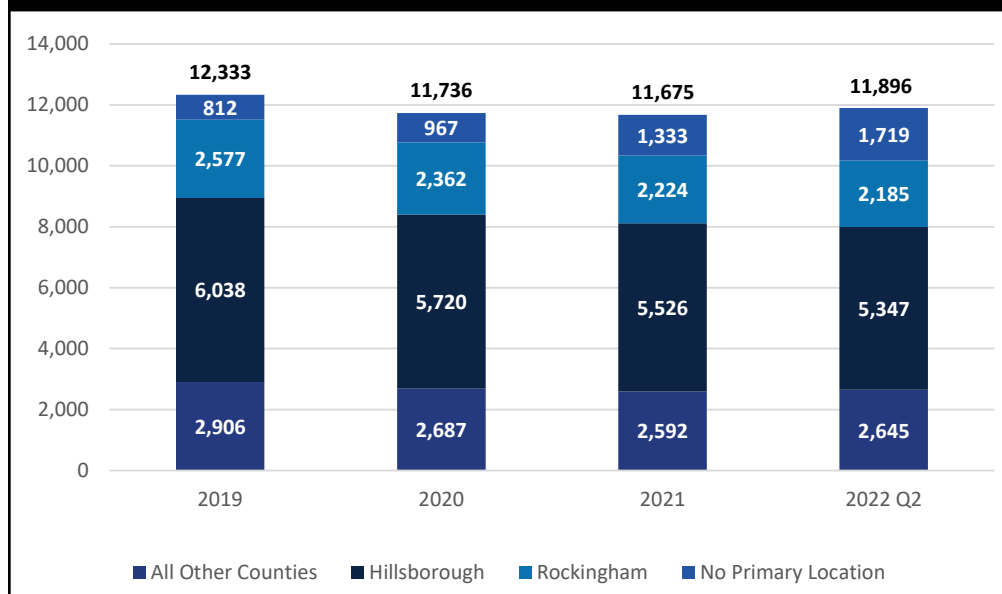
In the finance and insurance industry, the number of workers with no primary location increased by approximately 1,650 workers between 2020 and the second quarter of 2022. Employment in Merrimack County decreased by nearly 900 workers over that time, more than 20 percent of all finance and insurance workers in the county. Employment in Rockingham County decreased by 140 workers, while employment in all other counties decreased by 200 workers.

This trend is likely to continue, as more establishments decide to transition to remote work, rather than renew an office lease. Since commercial offices are typically leased for three to five years, this will likely be a gradual change. This transition will also likely remain largely isolated to industries that already have a relatively high percentage of unassigned workers. While many workers across all industries may be able to work remotely, establishments with no primary location require all workers employed by the establishment to work remotely; this will be less common outside of wholesale trade, professional, scientific, and technical services, information, finance and insurance, and administrative and waste services.

In addition, firms generally prefer hybrid work, where workers perform duties both in the office and at home, over fully remote work. A Gallup study from February 2022 estimated that, among workers whose work could be performed remotely, 53 percent anticipated a hybrid work arrangement in the near future, while just 24 percent expected fully remote work.⁵ Since office space is required for hybrid work (although it may require less office space than fully in-person work), hybrid work would not contribute to an increase in establishments with no primary location.

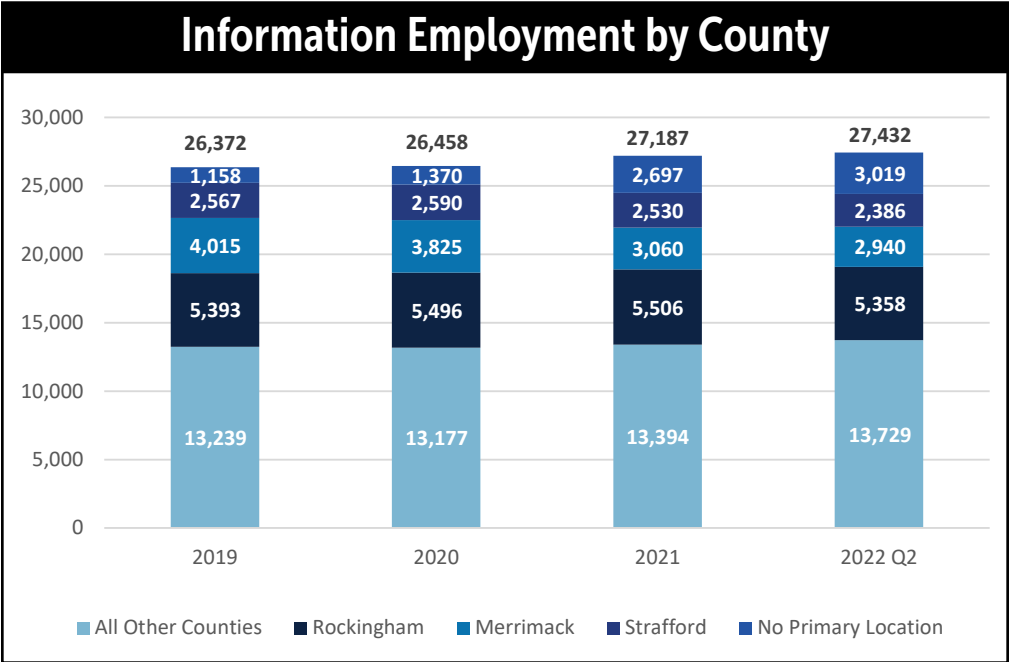
– Greg David, Economist

Information Employment by County



Source: New Hampshire Employment Security, Quarterly Census of Employment and Wages

5 Ben Wigert, Gallup, "The Future of Hybrid Work: 5 Key Questions Answered With Data." <https://www.gallup.com/workplace/390632/future-hybrid-work-key-questions-answered-data.aspx>.



Source: New Hampshire Employment Security, Quarterly Census of Employment and Wages