

## Remote Work and Consumer Cities: Executive Summary

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### The question

The COVID-19 pandemic produced a durable shift in work arrangements: ~27–30% of US working hours are now performed remotely, compared with ~5% pre-pandemic. The dominant view in urban economics warns of an "urban doom loop" — that reduced commuting will permanently depress urban foot traffic, residential demand, and the local economic activity sustained by them. This view, however, treats cities primarily as centers of production and largely overlooks a parallel body of research showing that urban amenities are central to how cities are organized and how real estate is valued. Drawing on a wide array of empirical data, we examine whether and how urban amenities anchor economic activity in cities under persistent remote work.

### The Main Finding

**Remote work has produced a decoupling of two demands — the demand to *live* in cities and the demand to *visit* them.**

- **Residential demand continues to move away from city centers, with no sign of a sharp reversal.** With commuting frequency persistently below pre-pandemic levels, demand to live near workplaces continues to flatline.
- **Visit demand has moved in the opposite direction.** Foot traffic and spending at amenity-rich urban neighborhoods has strongly rebounded to or above pre-pandemic levels, and the recovery is increasingly sourced from *inbound* travelers rather than nearby residents.
- **The microdata pin down the mechanism.** Remote work raises workers' propensity to visit urban amenity hot spots primarily by relaxing their multi-day time budget — effects show up not only on remote workdays themselves but on the days immediately preceding them, suggesting the effect of a time-flexibility increase. In particular, the strongest increase in the likelihood to visit *urban* amenities come from workers who both live and work in the *suburbs*.

### Why the doom-loop story is incomplete

The doom-loop framework rests on three implicit assumptions, and the data show that all three likely fail to hold:

1. **Cities are valuable mainly as production hubs.** Wrong: cities have an intrinsic amenity premium (built environment, density, variety) that persists when workers leave.
2. **Urban amenity demand comes only from residents and commuters.** Wrong: suburban residents travel inbound — and travel farther now than before — to consume urban amenities.
3. **Time spent on amenities is fixed.** Wrong: remote work expands leisure time and flexibility, raising residents' willingness to travel far for leisure.

### What this means for real estate

- **Residential demand keeps moving out.** Suburban rents and home values continue to outpace urban centers; no reversal in sight in the data.
- **Visit demand is back — but only in the right submarkets.** Foot traffic and spending in top-amenity urban neighborhoods are at or above pre-pandemic levels, while office-heavy CBDs remain depressed.
- **Prices tell the same story:** Long-term housing (rents, home values) is suburbanizing, while short-term rentals (Airbnb) are commanding sharp premiums in urban centers — visitors will pay to stay in these neighborhoods, even if they won't pay to live there.
- **Visitors travel farther.** Urban amenity hot spots are increasingly drawing inbound visitors from the suburbs, not nearby residents — making them regional destinations.
- **Remote work is an important driver, not just a correlate.** Workers visit urban amenities more on and around their remote-work days, with the largest effects for suburban residents — meaning the demand shift is likely structural, not transitory.