

Foreword

COVID-19 has accelerated the digitalisation of working and social interactions. Global lockdowns to contain the pandemic have forced firms and workers to perform a wide range of daily functions through virtual means, and, in turn, have accelerated the uptake and acceptance of remote working, which will likely remain in its hybrid form after the pandemic.

Remote working has already revealed a number of benefits to our lives including reduced transport-related greenhouse gas emissions, greater flexibility of working and potential cost savings for firms. Yet, not everybody has been able to benefit from the virtual forms of interaction due to gaps in digital infrastructure and digital skills across places, workers and firms. Since a hybrid form of remote working is likely to be one of the lasting legacies of the pandemic, and potentially further accelerated by technological progress and investments, governments need to facilitate and enable this transition.

Remote working opens up new opportunities for regions outside large cities to attract new residents, boost economic activities and revitalise communities. In recent decades, rural regions have faced lower growth in living standards and higher population decline and ageing than cities. Attracting new workers and firms that embrace remote working offers rural regions the possibility to mitigate or reverse these trends. People with the potential to work remotely could be attracted to relocate to regions outside large cities offering affordable and suitable housing, lower costs of living and better access to environmental amenities. Firms paying high-location costs in cities could also find it profitable to change their real estate strategy either by downscaling or by relocating part or indeed all of their headquarters.

Despite these opportunities for rural regions, a big exodus from cities is not envisioned. Cities have historically attracted the bulk of workers and firms due to the benefits associated with economies of agglomeration. These benefits are likely to continue to shape firms' location strategies, including the importance of access to skilled workers, customers, networks and suppliers, even as cities continue to reinvent themselves. While a mass exodus remains unlikely, national policies will need to ensure that regional competition to attract workers and firms does not lead to worse overall outcomes, especially over the longer term.

This report proposes a number of policy takeaways to guide short- and long-term policy making to better prepare regions for what may be a 'new normal'. The report relies on real-time subnational data and national statistical surveys to analyse changes in people's mobility patterns and the determinants of remote working adoption across types of workers and places. The report also identifies different scenarios of settlement patterns that could emerge post-COVID-19, highlighting how changing patterns of work could have an impact on regional development and a range of policy areas, including infrastructure, healthcare and the environment.

Irrespective of the post-pandemic scenario and future changes driven by technology, policies need to be forward-looking and proactive to seize the potential benefits of remote working. National and subnational governments can play a decisive role in supporting the right conditions for workers and firms aiming to adopt remote working, whether hybrid or full-time, while improving people's quality of life in all types of regions.

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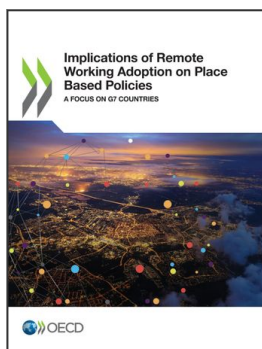
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