

# The “Unbonding” of a Growing Number of Creative Workers From Their Employers Can Impact Our Downtowns

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## Introduction

In recent months I have again confirmed my conclusion that remote work is here to stay, and that it will undoubtedly impact our large and suburban downtowns. In the past, I felt this was the case because:

- So many more employees now have tried and liked remote work. They also have become much better at it
- Major corporations are adapting their operations to it and investing substantial sums in equipment and programming to help assure its optimal performance.<sup>1</sup> This is even happening in major companies whose CEOs were initially opposed to remote work
- There is much wider acceptance of remote work.<sup>2</sup> Importantly, those who engage in it are far less likely to be seen as slackers or second-class employees.

Recently, I have also come to see the critical importance of remote working being a response to needs other than those related to the pandemic. This is critically important because new or heightened trends will only persist past the crisis that impacts them if non-crisis related needs are there to sustain substantial future interest in them. That critical non-crisis related need for remote work, I would argue, is related to the “unbonding” of creatives working for corporations. Just as there are forces that bond together atoms, ions, or molecules to form chemical compounds, so there are forces that make creative employees bond or unbond to the companies that employ them. The pandemic has reinforced those that press toward unbonding. This unbonding may not mean the termination of the relationship between creative employees and their employers. However, it certainly does mean a change in it, and a loosening of the bonds between them so that the workers have much more control over their work and personal lives. Remote work allows the workers to have greater control while still maintaining a meaningful relationship with their employers. In turn, remote work allows employers to retain and attract desperately needed highly talented employees.

It increasingly looks like remote work will have serious negative impacts on our large office dependent downtowns, and potential positive impacts for many suburban and some rural regional commercial centers, i.e., those at the center of small metro areas. The time has come in the downtown revitalization field to look more seriously about how the negative impacts of remote work in our major downtowns can be offset, and how its positive impacts in the suburban and rural areas can best be leveraged.

## The Argument

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<sup>1</sup> See: Jose Maria Barrero, Nicholas Bloom, and Steven J. Davis. “WHY WORKING FROM HOME WILL STICK.” Working Paper 28731. <http://www.nber.org/papers/w28731> NATIONAL BUREAU OF ECONOMIC RESEARCH. April, 2021

<sup>2</sup> Ibid.

My observations and thinking are:

- Creative workers characteristically place quality of life at the top of their lists of desirable features when deciding where to live, but when they enter the corporate world, they tend to end up working for companies that demand that their employees give the company and their jobs top priority. The leaders of these companies want their creative workers to bond themselves with hoops of steel to their company and to meeting the goals they've set for it. They want things like an esprit de corps, a kind of corporate true believerism, and a shared corporate culture that is far different than a purely transactional pay-for-work-provided kind of relationship.
- According to a Gallup report, most workers in the US are not engaged by their jobs: "two-thirds of American workers ... are either watching the clock, doing the bare minimum to get a paycheck, or worse, actively working against their employer."<sup>3</sup> There is no reason to believe that a substantial number of creatives are not among them.
- A Harris survey in 2021 found that: "The pandemic has forced many to reevaluate their lives and priorities from their pre-COVID-19 days, so it comes as no surprise that half of survey respondents say that work isn't as important to them as it was before the pandemic (50%), particularly Gen Z-ers (60%) and Millennials (57%) sharing such sentiment."<sup>4</sup> Those two age cohorts will dominate corporate workforces for years to come.
- The Covid19 pandemic unleashed a wave of popularity for remote work that to a very significant extent was due to creative workers who have long wanted to recapture much more time - particularly that required for commuting - and spend it on their families and other quality of life activities. The pandemic has taught them that remote work is a powerful tool for recapturing control over how they used their time and ran their lives. In doing so, they were effectively unbonding themselves from their corporate employers to a very significant degree. Indeed, one might argue that a major reason that the CEOs at JP Morgan Chase, Goldman Sacks, Morgan Stanley, and other major firms were initially so hostile to remote work is the potential unbonding of many of their creative workers that it will allow to surface.<sup>5</sup> They are absolutely right to worry about the maintenance of their corporate cultures, because this worker unbonding strikes at many of their culture's key elements, especially the capturing of as much of employee work time, attention and allegiance as possible. The implicit message of workers who want to work remotely to their employers is: "We don't want to spend so much time with you, and we can be happier and more productive if we work according to our own scheduling needs out of the office, and probably mostly at home."

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<sup>3</sup> Jim Harter and Vipula Gandhi, "7 Things We Learned About U.S. and Canadian Employees in 2020" *Gallup WORKPLACE*, JUNE 15, 2021 <https://www.gallup.com/workplace/350123/united-states-canada-workplace-trends.aspx>

<sup>4</sup> *The Harris Poll*. "NEWS RELEASE: "The Great Resignation" - Pandemic fuels career shifting motives, study shows 66% of American workers are on the move.". Sept 13, 2021. <https://www.personalcapital.com/company/news/the-great-resignation>

<sup>5</sup> These corporate leaders changed their tune as it became evident it was weakening their ability to maintain and recruit top talent.

- As heavily covered in the media, the pandemic seems to have caused many people to reconsider the jobs they were holding or seeking, and/or the careers they were pursuing. YOLO – you only live once – considerations came strongly into play. While this trend has been most often mentioned regarding lower paying service jobs such as restaurant workers, there is no reason to believe that substantial numbers of creative workers were immune to such considerations. Indeed, one recent study found that: “While resignations actually decreased slightly in industries such as manufacturing and finance, 3.6% more health care employees quit their jobs than in the previous year, and in tech, resignations increased by 4.5%.”<sup>6</sup> That study also found that mid-career employees had the highest resignation rates. These workers are also discovering if their climb up the corporate ladder has “petered out,” and consequently are prone to become career satisficers who feel freer to be concerned about their quality of life outside of work.<sup>7</sup>
- Moreover, the pandemic has made remote work much more acceptable and respectable to both workers and their employers, and it is proving to be the easiest path for workers to achieve some significant unbonding that enables them to have more control over their lives and to engage significantly more in quality-of-life activities.
- Perhaps the most important factor behind unbonding is the creative workers’ wanting to have more control over their time and when they do things. As one recent report by PwC stated: “Time is the new currency: Workers equate personal time with pay.”<sup>8</sup>
- *Remote work has gained popularity because it allows unbonded workers to still maintain their jobs and seems to reduce their alienation from their jobs.* As one Gallup report notes: “Put it all together, and it very much appears that remote work is an antidote to engagement and wellbeing problems.”<sup>9</sup>
- There are signs that, as a consequence of their pandemic experiences, major employers are shifting their concerns more to their employees’ overall quality of life. A 2021 article in the *Harvard Business Review* claims that an important emerging trend is: “Employers will shift from managing the employee experience to managing the life experience of their employees.” Doing so reportedly not only improves employee health, but also increases the number of high performing employees.<sup>10</sup> The above analysis suggests that remote work may be an important mechanism by which that will be accomplished.

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<sup>6</sup> Ian Cook. “Who Is Driving the Great Resignation?” *Harvard Business Review*, September 15, 2021.

<https://hbr.org/2021/09/who-is-driving-the-great-resignation>

<sup>7</sup> Satisficers are satisfied with things that are good enough and do not strive for things that are maximal in some respect, like biggest, best, highest. The term was created by Herbert Simon in his book *Administrative Behavior*.

<sup>8</sup> PwC. “What’s next for America’s workforce post-COVID-19? PwC’s Workforce Pulse Survey findings for March 24, 2021” <https://www.pwc.com/us/en/services/consulting/workforce-of-the-future/library/workforce-pulse-survey.html>

<sup>9</sup> Jennifer Robison. “The Emotional State of Remote Workers: It’s Complicated” *WORKPLACE* December 15, 2020 <https://www.gallup.com/workplace/327569/emotional-state-remote-workers-complicated.aspx>

<sup>10</sup> Brian Kropp. “9 Trends That Will Shape Work in 2021 and Beyond.” *Harvard Business Review*. January 14, 2021. <https://hbr.org/2021/01/9-trends-that-will-shape-work-in-2021-and-beyond>

## For Downtowns, This Unbonding Can Have Positive and Negative Consequences.

So, you might ask, why would this creative worker unbonding be important for downtown leaders and others concerned about the well-being and growth of our downtowns? One simple reason is that: “Cities in the 21st century exhibit a paradox. Despite being the densest and most expensive places to live, a disproportionate fraction of their inhabitants work jobs that could be done from anywhere.”<sup>11</sup> Unbonding, by fostering remote work, will probably mean the reduction in the office work forces in our larger downtowns by at least 15% to 20%, with probable commensurate negative impacts on office space demand and retail sales.<sup>12</sup> For example, one study suggests that remote work will mean about a \$12 billion loss in Manhattan, equivalent to about 13% of its retail sales.<sup>13</sup> The same study also found that workers whose workplaces were in locations with greater population densities spend more per week in the bars, restaurants, and other entertainment venues near their workplaces, and that the companies were likely to allow more days of working remotely per worker.

### Some CSD Components:

(EN = entertainment niche)

- Movie theaters (EN)
- PACs (EN)
- Concert Halls(EN)
- Museums (EN)
- Art galleries (EN)
- Arenas (EN)
- Stadiums (EN)
- Senior centers, community centers (EN)
- Pamper niche venues (gyms, nail & hair salons)
- Restaurants and drinking places (EN)
- Parks/public spaces (EN)
- Ice cream parlors; pizza, hot dog sausage joints (EN)
- Places of worship
- Social clubs, (EN)
- Catering halls (EN)
- Public markets (EN)
- Housing

Most importantly, one of the potentially strongest strategic paths large downtowns may have for compensating for the loss of remote workers as daily users/visitors is precisely to leverage the attractiveness of their Central Social District (CSD) venues (see chart nearby) *for those creatives who do prefer urban lifestyles and appreciate districts rich in assets for living, playing, and socializing with other people*. In other words, they should be recruiting as residents urban loving remote

workers who are not attached to organizations located in their districts, as well as to urban loving reverse commuters. *They will need to focus more on attracting people, and less on firms with lots of employees*. Remote work increases a worker’s freedom to relocate, and that can work both ways: suburban lifestyle lovers can move to the suburbs and urban lifestyle lovers can move to the big cities. Of course, strong CSD assets will also help downtowns keep those critically important people who are already living and working in or near them. *Two other factors, however, will influence the effectiveness of such a strategy: the maintenance of public order (as examples – low rates of crime, riots, vagrancy, litter, graffiti) and the availability of affordable housing for a wide range of household incomes*.

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<sup>11</sup> Althoff, Lukas, Fabian Eckert, Sharat Ganapati and Conor Walsh, 2020. “The City Paradox: Skilled Services and Remote Work,” CESifo working paper no. 8734.

<sup>12</sup> See: Jose Maria Barrero, Nicholas Bloom, and Steven J. Davis. “WHY WORKING FROM HOME WILL STICK.” Working Paper 28731. <http://www.nber.org/papers/w28731> NATIONAL BUREAU OF ECONOMIC RESEARCH. April, 2021 and David Milder, (2020, December 1). “Remote work: An example of how to identify a downtown-related trend breeze that probably will outlast the COVID-19 crisis.” In the *Journal of Urban Regeneration and Renewal*, Volume 14, Issue 2.

<sup>13</sup> See Barrero et al in footnote 1.

Conversely the remote workers not living in or near downtowns are very likely to be valuable assets for the downtowns in the suburban and rural communities they live in. As I have written elsewhere, many urbanized suburban downtowns may be entering an era of robust post pandemic prosperity.<sup>14</sup> The challenge for them will be to respond effectively to the needs and wants of their remote workers as new and important elements of their daytime populations and workforces. Places of social interaction – e.g., coffee houses, bars, libraries, public spaces, etc. -- may be as important as those for the sales of food and merchandise.

Downtown leaders who see remote work as a major problem probably are mistaken in their focus – the real problem has been the failure of major corporations to give adequate attention to facilitating their creative workers’ ability to have more control over their lives and to satiate their quality-of-life needs. *Moreover, the remote work ship has already sailed, and the key issues now appear to be how to deal with its positive and negative impacts.*

Another reason for paying attention to this unbonding is that the corporate world’s desire to capture as much work time, attention, and allegiance of their creative workers as possible often meant keeping them in the buildings where they worked as much as possible with such amenities as free/cheap food, fitness facilities, and evening limo rides home. Their rates of going out for lunch and time spent away from the office decreased over time, and the use of out-of-office venues such as bars, restaurants, coffeeshops, and public spaces for internal work purposes was also probably constrained. With the decline of the open office model for organizing work and the spaces it occurs in, corporations will not be as able to capture as much time of their creative workers within their buildings. Longer lunch hours and more lunchtime activities might mean more creative worker foot traffic and spending. It also may mean that more internal work-related meetings are done in downtown bars, eateries, coffeeshops and public spaces. For example, Richard Florida has noted in an article about CBDs:

“As Dror Poleg put it in his book *Rethinking Real Estate*, ‘the office of the future is not a single location; it is a network of spaces and services.... tied together with technology.... People no longer have to be there, which doesn't mean they'll all leave. But it does mean that cities/buildings will have to compete more fiercely and along new dimensions.’ As I like to say, a day at the office will be spent less in a single building and become more like a localized business trip, with maybe an onsite meeting, checking some emails at an outdoor workspace, doing a group fitness session with colleagues, taking some offsite meetings over lunch or coffee.”<sup>15</sup>

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<sup>14</sup> N. David Milder. “Will Urbanized Suburban Downtowns Attain New Levels of Comparative Strength as the Economy Recovers?”. *The Downtown Curmudgeon* blog, December 5, 2020. <https://www.ndavidmilder.com/2020/12/will-urbanized-suburban-downtowns-attain-new-levels-of-comparative-strength-as-the-economy-recovers-from-the-covid19-crisis>

<sup>15</sup> Richard Florida, “The Death and Life of the Central Business District: Offices are not going back to the way they were pre-pandemic, and neither are the downtown neighborhoods that house them.” *CityLab*. May 14, 2021. <https://www.bloomberg.com/news/features/2021-05-14/the-post-pandemic-future-of-central-business-districts>

*The net result of the unbonding of downtown creative workers might well mean they are somewhat fewer in number, but the remaining contingent will be far more engaged in downtown activities, thereby helping maintain its vibrancy and magnetism.*

Far from every creative working for a corporation is seeking some significant measure of unbonding. Those who do not feel work is the sole major source for giving their lives meaning, or have nested, or have child or senior care responsibilities, or whose promotion prospects have petered out, or are career satisficers, or those with long commutes, or are burned out or burning out from long work hours are the most likely to unbond from their companies. The youngest and newest employees, those who derive most of their meaning and pleasure in life from their work, those with strong aspirations for promotions and higher incomes, especially those with C-Suite dreams, are far less likely to unbond. I have been unable to come up with a firm data-based estimate of how many creatives have unbonded or want to, but I would argue that about 20% to 35% of office-using creatives is a decent ballpark estimate based on a number of those who are expected to be happily working remotely, either fulltime or halftime, after the pandemic.<sup>16</sup> While these are not very high numbers, their importance is amplified by the fact that many employers are finding it increasingly difficult to find and keep the kinds of employees they need and want. A national survey of 2,025 workers in 2020 found that: “If working from home was no longer an option after COVID-19, almost 70% of respondents would be less happy and almost half would look for another role that allowed remote work.”<sup>17</sup> Even if the survey had a 50% error factor, the number of disaffected workers would still be important. Indeed, today, many labor experts are seeing a possible changing balance of power between employers and employees. Such a change in the power balance would both facilitate and reflect unbonding.

### **Many of Our Largest Downtowns Will Have to Consider New Ways of Maintaining Their Success.**

In a very important way, the above argument also means that downtown leaders and stakeholders will have to shift from being primarily concerned about where people want to work to where they want to live. As Arpit Gupta noted about NYC: “New York needs to prepare for a future in which workers live in the city not because they simply have to but because they actively choose to do so.”<sup>18</sup> Increased interest in attracting remote workers and reverse commuters will be novel for them. Also, more than ever, housing and other Central Social District venues and functions that create a highly desirable live, play and work environment will

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<sup>16</sup> Their percentage of hours worked remotely may be lower given that many will be parttime remote workers. See also: ND Milder. “Remote work: An example of how to identify a downtown-related trend breeze that probably will outlast the COVID-19 crisis.” *Journal of Urban Regeneration & Renewal*, 2020

<sup>17</sup> OWLLabs and Global Workplace Analytics. “State of Remote Work 2020: Covid Edition”  
<https://resources.owllabs.com/state-of-remote-work/2020>

<sup>18</sup> Arpit Gupta, “Keeping New Yorkers in the City.” *City Journal*. October 1, 2021. <https://www.city-journal.org/keeping-remote-workers-in-new-york-city>

be more important than ever before. The pandemic crisis showed that downtowns with strong residential assets, like the Center City District in Philadelphia, are reviving much more quickly than those without such assets. Attracting even more downtown residents may become a critical strategic thrust. In turn, that might mean also paying attention to the rapidly growing senior market segment for housing. Many seniors not only will be looking for new housing, but they also have the financial resources to pay for it. One concern here is that any growing sense of public disorder will dampen the interest of seniors in downtown locations.

Many nesting millennials are moving to the suburbs not because they prefer the lifestyle the suburbs offer, but because they can find affordable housing there that offers a lot more living space and access to excellent free schools for their children. How to make the residential areas in and near the downtown district more competitive for these nesting millennials may also be a critical strategic thrust. However, the use of charter schools or working to improve local public schools will not be easy, nor will the provision of affordable housing. It will also require a changing mindset for many downtown leaders and stakeholders: they cannot just look at business functions or ignore what is happening in abutting neighborhoods.

### **Looking to the Future**

Remote work has often recently been seen as hurting our major CBDs where office workers and the spaces they occupy are so important. That remote work can have such negative impacts is undeniable. What has been overlooked are the positive opportunities that remote work offers them. To grasp those opportunities, however, requires downtown leaders and stakeholders to think of remote workers more as residents and people who want meaningful social interactions, to play, have fun, and to be entertained, than as people who hold jobs.

*The need to adapt work to the threats imposed by Covid19 certainly made remote work grow by leaps and bounds, but if this trend is to persist well into the future, it needs to have people engaging in it for non-pandemic related reasons. That is why the unbonding of the corporate creatives is so important. Remote work can allow these creatives to have more control over their lives both at home and at work, while maintaining now meaningful connections to their employers.*

Remote work can also make it easier for people to live in the types of areas they prefer, be it urban suburban, or rural -- not where their jobs might force them to. Remote work may thus facilitate a kind of needed residential realignment. It also should be kept in mind that creatives at different times of their lives may prefer urban living. For example, many nesting millennial creatives were moving from our large cities to the suburbs even before Covid19, and some of them may well return when they become empty nesters.