CPC
CENTRE FOR POPULATION CHANGE

CONNECTING GENERATIONS

Regional differentials, changing working patterns and high-skilled labour mobility: An overview

83 POLICY BRIEFING MAY 2025

There are ongoing policy concerns around regional inequalities, productivity weakness and the under-performance of the UK's second-tier cities. Human capital (the knowledge, skills, experiences and attributes of the workforce) is an important factor for the economic and social well-being of people and places. The geographically uneven distribution of high-skilled labour has been identified as a major contributor to regional inequalities.

The migration of young people to university, followed by job-related moves of graduates and high-skilled workers, leads to a concentration of high-skilled labour in London, the Greater South East and in large cities. The Covid-19 pandemic accelerated pre-existing trends in the take-up of remote/hybrid/home working with the potential to alter the economic geography of the UK.

This briefing reviews evidence from the UK and abroad on changing working patterns and high-skilled labour mobility, their potential for reshaping the UK's economic geography, and the associated challenges for policy.

Key Points:

- *Working from home is most common among high-skilled workers, but most employees remain tied to fixed workplaces.*
- *There is a consensus that hybrid working is here to stay. Large cities can remain hubs where high-skilled workers meet and interact, despite less frequent commuting.*
- *Hybrid working enables high-skilled workers to live in preferred locations while still accessing job opportunities. Longer distance commuting can substitute for relocation. This makes workers' locational decision-making more complex.*
- *Working from home enables employers to attract and retain high-skilled workers. The implication is that employers benefit from a geographically wider talent pool, while high-skilled workers gain greater flexibility in choosing where to live and work.*
- *Employee preferences for working from home are higher than those of employers. The impact of working from home on productivity is still unclear. There are concerns that reduced face-to-face interaction limits tacit knowledge exchange, potentially weakening organisational culture and hampering innovation.*

UKRI Economic and Social Research Council

Introduction

The Covid-19 pandemic accelerated the adoption of remote/hybrid/home working (hereafter WFH), particularly among high-skilled workers. This has raised critical questions about its long-term impact on mobility patterns, regional labour markets, and socio-economic and geographical disparities.

The ability to work remotely has disrupted conventional assumptions about where people live and work. It potentially changes the relative importance and influence of different cities and regions, as well as changing commuting patterns. As policymakers and employers navigate these changes in how and where people live and work, robust data will be essential for building an evidence base to understand the evolving geography of work and support labour market resilience and regional equality. This study captures the current picture based on the available evidence, providing insights for policymakers at national, regional and local levels to help in shaping economic growth missions.

The study

This evidence review is part of a wider project aiming to shed new light on:

1) how changes in working practices (notably WFH) affect the residential mobility, internal migration and other spatial mobility behaviour of high-skilled labour;

2) how local actors can make places attractive to such labour; and

3) the potential implications for regional economic differentials.

The wider project includes a quantitative component that maps the evolution of high-skilled workers' spatial mobility before, during and after the Covid-19 pandemic, primarily through analyses of the UK Household Longitudinal Study (UKHLS), examining the determinants and effects of these changing mobility patterns.

A companion qualitative component comprises three in-depth case studies of major regional UK cities—Glasgow, Sheffield and Birmingham—exploring the cities' experiences of attracting and retaining high-skilled labour and assessing how policy can enhance their appeal and long-term retention of such workers.

Main findings

High-skilled labour migration: Theory and trends

Traditionally, shorter moves have been seen as mainly motivated by housing factors, while longer-distance internal migration within the UK has been associated with moves to higher education and employment opportunities.

Human capital theory suggests that young people and the highly educated are most likely to move for employment reasons. They tend to move to so-called 'escalator areas' with strong labour markets, which helps them progress in their careers and increase their salaries. Crucially, such moves usually happen by choice and from a position of relative strength. They reflect people's aspirations and their ability to take advantage of job opportunities in different locations. Attracting high-skilled workers to an area is also seen as positive for regional development.

Despite a rise in highly educated professionals, evidence from the USA suggests a long-term decline in internal migration. This trend results from demographic, economic, technological, societal, environmental, and institutional influences. While human capital perspectives focus on the individual, migration decisions usually occur at the household level, particularly with the rise in dual-career households, making relocation decisions more complex.

Advances in information and communications technologies (ICTs) and remote work options, particularly for high-skilled workers, may expand migration opportunities and promote a more balanced geographical distribution of the highly-skilled. But they could also encourage people to stay put instead of moving. Analyses of US data suggest that greater ICT use is linked to lower inter-state migration. In the UK, however, there is no clear evidence that internet use affects people's migration preferences or expectations to move.

WFH trends, productivity and innovation

While WFH surged during the Covid-19 pandemic, it remained inaccessible to most workers due to job constraints. WFH is most common among highly educated, high-status professionals living in prosperous areas, particularly in knowledge-intensive business services and office-based roles.

Internationally, uptake of WFH has been lower in Europe than in the USA. In Europe, uptake of WFH has been highest in capital regions and large cities, partly due to these areas' WFH-conducive industrial structure. Cultural individualism also influences WFH, with uptake being higher in the USA, the UK and Australia than in Asia.

The consensus from the evidence is that hybrid working—combining fixed workplace and remote working—is here to stay due to cultural and organisational acceptance accelerated by the Covid-19 pandemic. It is likely to remain more prevalent than fully remote working. It is evident in patterns that show a peak in transport use and office occupancy levels on Tuesdays, Wednesdays and Thursdays in many cities.

Employees' attitudes and preferences for WFH vary depending on their personal and household arrangements, including non-work obligations, but evidence suggests that employees want to work from home more than they expect to be allowed to. Employers generally prefer fewer WFH days than employees.

Employers are increasingly recognising that WFH reflects a good practice approach, though their application varies. Some require employees to be onsite for a set number of days or on specific dates, creating a predictable routine, while others allow more flexibility. In the future, employer-related factors influencing their WFH policies and practice include the type of work and whether it can be done fully or partly remotely, shifts in the balance of power between employers and employees (influenced by macroeconomic circumstances), and concerns about productivity and innovation.

Evidence on whether WFH means employees are more or less productive is inconclusive. Use of ICTs enables greater spatial and temporal autonomy, allowing more blurring between 'work' and 'home'. Some evidence suggests that employees working from home devote more time to work in the absence of a commute, aligning with social exchange theory which proposes that employees are willing to make sacrifices in return for WFH.

More time invested can but does not always mean greater productivity. There are concerns that virtual meetings may be less productive than in person ones. Theories of learning by participation and situated learning highlight that tacit knowledge exchange, on-the-job training, and office interactions support innovation, company culture and networking. The importance of these factors varies by job role and career stage. Some evidence suggests that remote work makes it harder for new recruits (especially those at the start of their careers) to gain organisational knowledge, build connections with colleagues, and develop professional skills.

There have been some recent employer mandates for a greater 'return to the office', underpinned by concerns about WFH inhibiting innovation. This has perhaps become more evident over time with some employers worrying about loss of control and ability to monitor workers' efforts, though this may be less pronounced where flexibility and responsible autonomy are integral to the role.

WFH is a means to both attract and retain talent. Analyses of job vacancy postings from Australia, Canada, New Zealand, the USA and the UK (all countries with a relatively high prevalence of WFH) found that the percentage of postings offering hybrid or remote work increased between three- and five-fold between 2020 and 2023, giving employers access to a geographically wider talent pool.

However, as employers rely less on local and regional workers for some roles, there are implications for inclusion, as this may reduce opportunities for local communities and create barriers for those who cannot work remotely.

A new geography of work, residential preferences and commuting?

The geography of jobs has evolved over time, shaped by changes in industrial structure and supply chains, technological developments and, increasingly, sustainability agendas. WFH has the potential to further change the geography of jobs, residential preferences and commuting. But will regional inequalities narrow, widen or remain much the same?

During Covid-19, 'Zoomshock' shifted economic activity from city cores, reducing demand for consumer services in these hubs and heralding the prospect of the return of the suburbs, smaller cities, towns and rural areas. It also threatened tax bases in central areas if jobs did not return.

Despite concerns about the decline of major cities they have remained key hubs for interaction, especially in sectors reliant on face-to-face contact. Hybrid working reduced commuting frequency but may have increased incentives for businesses to locate to cities. Evidence shows that employers in larger cities have a preference for high quality office accommodation in accessible central areas to maximise commuting potential.

Commuting has long influenced where workers live, with patterns evolving and trips lengthening as transport and work modes change. Despite increased WFH, especially for high-skilled workers, a strong geographical relationship between home and workplace proximity remains intact. Yet in aggregate terms, traditional daily commuting patterns to fixed workplaces at fixed times are weakening.

Remote working severs the traditional home-workplace distinction. In theory, this means a worker can choose to reside anywhere. In the immediate aftermath of the Covid-19 pandemic, WFH hotspots emerged in three types of areas: (1) those with occupational structures amenable to WFH; (2) those with good accessibility but with lower housing costs than large cities, and (3) aesthetically attractive remoter areas.

Hybrid working also weakens the home-workplace link, allowing longer but less frequent commutes and greater flexibility in where to live. Previously, individuals and households had to make trade-offs between where to work and where to live, but now moves away from central and inner cities to suburbs and areas beyond, often for lower housing costs, are a possibility for some. Such an expansion of commuting zones can create a 'donut effect' as central and inner areas are hollowed out.

Rather than more economically disadvantaged and remote areas gaining more highly skilled residents, a reduction in commuting frequency can enhance the desirability of large cities and their hinterlands even if commutes are longer. Longer-distance commuting may replace internal migration, reducing the need to relocate for work. For some, third space co-working hubs can offer social and collaborative aspects of office life, allowing them to work alongside others, and build local relationships. This further reshapes work geographies.

Policy implications

With hybrid working now more prevalent, places must consider their function and desired future role. For large cities, the evidence suggests that accessibility is a key element of attractiveness, making continued investment in digital and transport infrastructure essential. To attract businesses and high-skilled workers, large cities need to offer public and consumer services, amenities, and a quality of public realm that can sustain collaboration and provide desirable experiences. For residents, these factors are equally important, alongside housing, schools, healthcare, liveable neighbourhoods, and so on.

With the continued preference for WFH among many high-skilled employees and economic growth remaining a policy priority, employers must reassess the balance between flexibility, autonomy, and control.

The most sought after high-skilled workers can often seek employment over extensive geographical areas, making it crucial for employers to offer competitive working conditions while striving for enhanced productivity and innovation.

While the shift to WFH, accelerated by the Covid-19 pandemic and supported by advances in ICTs, offers opportunities to reshape work geographies and influence residential preferences, the evidence suggests that it may exacerbate rather than reduce existing regional inequalities.

Any changes to the distribution of high-skilled workers will not, on their own, deliver inclusive growth or resolve productivity problems. Skills are important, but they are just one part of the policy mix needed to address the UK's intertwined spatial inequalities and productivity problems.

Policymakers must be alert to the inclusion challenges posed by these shifts. Collaboration with businesses, careers services, education and training providers and other stakeholders can ensure that local residents are aware of and connected to local employment opportunities while equipping them with necessary job skills.

As these changes unfold, policymakers and employers will need evidence based on robust data to track evolving geographical mobility and working patterns, and identify what the implications could be for regional differentials and labour market resilience.

Authors

Anne Green
(University of Birmingham, City-REDI)

Jackline Wahba
(University of Southampton, CPC-CG)

David McCollum
(University of St Andrews, CPC-CG)

Jonathan Payne
(De Montfort University, Institute for Responsible Business and Social Justice)

Ian Taylor
(University of the Arts London)

Armine Ghazaryan
(University of Southampton, CPC-CG)

Edited by Teresa McGowan and Becki Dey
(University of Southampton, CPC-CG)

ESRC Centre for Population Change
Connecting Generations

Building 58
Faculty of Social Sciences
University of Southampton
SO17 1BJ

Tel: +44 (0)23 8059 2579
Email: cpc@southampton.ac.uk

@CPCpopulation @ConnectingGens
/CPCpopulation
@cpc-cg.bsky.social
/company/esrc-centre-for-population-change-and-connecting-generations

Acknowledgements
This work was funded by the Ministry of Housing, Communities and Local Government, through a grant to the Economic and Social Research Council, as part of a research programme initiated by the former Levelling Up Advisory Council, [Grant Number ES/Z000165/1]. This is independent research and does not represent government policy