



2023 Freelance Economic
Impact Report

The Independent Workforce: Sizing the Top Markets in the United States for Creative, Technical, and Professional Services



Prepared by Rockbridge Associates

April 21, 2023



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1.0 Foreword

In recent years, we have witnessed a dramatic shift in the American workforce, propelled by factors such as the pandemic, the Great Resignation, and a surge in new business formation. Freelancers have emerged as a formidable force, constituting over thirty percent of the U.S. workforce and contributing hundreds of billions of dollars into the nation's economy. Independent work is no longer a fringe phenomenon but a viable alternative to traditional corporate roles, offering individuals increased autonomy and flexibility.

As the Executive Director of the Freelancers Union, I am proud of our collaboration with Fiverr on their sixth annual Freelance Economic Impact Report. Since our inception in 1995, we have been committed to uniting independent workers to collectively forge a better system. Policymakers cannot afford to overlook the valuable economic and professional contributions freelancers make to our society. This report serves as a critical tool for elevating the voices of independent workers and advocating for progress.

The data presented in this report not only underscores the scale and expansion of the freelance workforce, but also unveils a growing number of women transitioning from traditional employment to freelancing. The flexibility and autonomy afforded by this mode of work make it an appealing choice for women and other independent professionals. Additionally, freelancers possess the unique ability to adjust their rates in response to inflation, something traditional corporate jobs cannot offer.

Freelancing represents the future of work, making it all the more crucial to ensure the protection, success, and advancement of this workforce. Freelancers have demonstrated their undeniable impact on the economy and professional landscape, and it is time for policymakers to recognize and support their contributions. We hope this report serves as a clarion call for all stakeholders to work towards a brighter future for freelancers and the U.S. economy at large.

Rafael Espinal,
Executive Director, Freelancers Union

About Freelancers Union

With a national network of 500,000 members and swiftly growing, Freelancers Union proves working independently no longer means working alone. We have fought for and won protections for freelance workers, including Unincorporated Business Tax reform, expansion of local Human Rights Laws to include independent contractors, COVID-19 Pandemic Unemployment Assistance, and fairer healthcare models. In 2016, Freelancers Union also led a victorious campaign to enact first-of-its-kind Freelance Isn't Free legislation in New York City, giving freelancers unprecedented protections from non-payment. Our fight does not stop with New York City and we are working tirelessly to bring these crucial protections to other cities and ultimately, federally, so that freelancers nationwide are protected.

2.0 Background and Objectives

Fiverr™, a leading online marketplace connecting businesses ranging from small businesses to Fortune 500 companies with freelance talent offering services across 600 categories, has partnered with Rockbridge Associates, a market research firm specializing in the services and technology sectors, for its sixth annual Freelance Economic Impact Report. For the sixth year, Fiverr commissioned Rockbridge Associates to conduct a study to identify and profile the largest markets in the United States for skilled independent workers. The goals of this study were to...

- Estimate the size and growth of the independent professional workforce in the United States and in top markets for these professionals.
- Provide information on the economic impact of this workforce in the top markets in the United States.
- Uncover independent professional work habits, motivations, and future plans in light of the social and economic changes of the past three years.
- Compare the independent professional workforce in the U.S. as a whole to those that use Fiverr's platform to sell their services.

To achieve these goals, Rockbridge examined multiple secondary government data sources from the U.S. Census Bureau, the Bureau of Economic Analysis, and the Bureau of Labor Statistics. A key data source consists of the Non-Employer Statistics compiled annually by the U.S. Census Bureau. This data aggregates millions of tax returns for non-employer entities with at least \$1,000 in annual receipts, classified by geography and industry, thus providing an estimate of the size and revenue of independent professionals by market and industry categories. Due to availability issues with the source data, the most recently available data the Census Bureau has compiled is still calendar year 2019. Rockbridge produced estimates for 2020 and 2021 for last year's report and has updated these estimates as well as produced estimates for 2022 based on more recent macroeconomic data.

This study specifically focuses on a workforce referred to here as “independent professionals”, “independent worker” or “freelancers”. This group consists of individual business entities that earn income outside of traditional employment, do not employ others, and are in the following industries:

- creative services (e.g., artists, video producers),
- skilled technical services (e.g., architecture, computers)
- skilled professional services (e.g., legal, accounting, marketing).

The appendix identifies the specific industries, based on NAICS codes¹, which define this market.

In addition to profiling independent professional workforce characteristics for the top 30 markets, Rockbridge also profiles nine distinct clusters of markets with common characteristics. This exploration is based on a market commonalities analysis that Rockbridge conducted last year to statistically align the top 50 markets based on common characteristics.

Next, Rockbridge conducted a survey of 815 skilled independent workers in the U.S., drawing participants from an online research panel. Respondents must have worked as independent professionals in creative services, technical services, or professional services and earned at least \$1,000 in revenue from this work in 2022. Data collection took place March 6th - March 17th, 2023. The data from this survey was weighted by geographic region and type of independent work as defined above to be representative of skilled independent work based on the Nonemployer Statistics data series from the Census Bureau.

Last, in conjunction with Fiverr's Market Research and Insights team, Rockbridge analyzed data from an internal survey of Fiverr sellers in the U.S. Respondents must have been active sellers on the Fiverr platform in the past six months. Data collection for the Fiverr sellers survey took place in March 2023 and resulted in 738 completed surveys from Fiverr freelancers in the U.S. Respondents were not incentivized. The data are unweighted.

¹ North American Industrial Classification System

3.0 Key Findings

Independent professional work continues to be an influential economic force, with freelancers poised for continued success in a post-pandemic world

There are an estimated 6.7 million independent professionals in the U.S. as of 2022, up 2.2% from 2021. This workforce is estimated to have earned \$286 billion in revenue in 2022, up 9.2% from 2021. They represent 4.1% of the U.S. labor force, and their earnings comprise 1.1% of total U.S. gross domestic product (GDP) in 2022.

Despite uncertainty in the U.S. economy, the independent workforce prospered in 2022, with many enjoying a continued increase in revenues and choosing to focus more time on their independent professional endeavors. Nearly half (48%) made more money from their independent work in 2022, up from 40% reporting an increase in 2021. Roughly four-in-ten (38%) worked more hours in 2022, again up from the 32% who reported an increase in their working hours in 2021. Freelancers continue to focus on their independent work, with nearly two-thirds (64%) not employed elsewhere. Independent professionals also continue to grow the scale of their independent business; 37% report operating two or more independent business entities in 2022, an increase from 31% in 2021. Those providing technical services are particularly likely to have increased scale, with 51% operating more than one business entity in 2022 compared to only 39% in 2021.

Independent professionals are increasingly concentrated in the top 30 markets in the U.S.

Most of the skilled independent professionals are located in the top 30 MSAs, which tend to have populations of at least a million residents. The top 30 markets for these workers represent six-in-ten (58%) of all independent professionals in the U.S. and 65% of the revenue. They are estimated to have earned a combined revenue of \$185 billion in 2022. The top markets in terms of total number of independent professionals and revenue are New York, Los Angeles and Miami. The top 30 freelance markets are concentrated among metro areas with populations of at least one million residents, with this list of top 30 remaining unchanged in the past until the most recent available data from the census showed that San Antonio overtook Pittsburgh. The fastest growing markets in total workers from 2017 to 2022 include Austin, Nashville, Orlando, Charlotte, Phoenix, and Tampa, while the two fastest growing in total receipts are Nashville and Miami.

There is a wide earnings gap between independent professionals in the top 30 markets and the U.S. as a whole. Among all types of independent professionals, those living in the top 30 markets earn on average \$5,000 more than the total U.S. average (\$47,436 compared to \$42,429). The differential is similar regardless of the type of services these independent professionals provide—technical, creative, or professional. The markets with the highest

annual receipts per professional are San Jose, San Francisco, and Los Angeles, while the lowest is Riverside, California.

Despite challenging economic factors, independent workers continue to be highly satisfied with their careers and are optimistic about the future

Roughly three-in-four (73%) U.S. independent workers continue to be highly satisfied (6 or 7 rating on a 7-point scale) with their independent work as well as its ability to provide a good work/life balance. Only 1% are highly dissatisfied (1 or 2 rating on a 7-point scale) with their independent work and the work/life balance that it provides. Although the majority (72%) are at least somewhat concerned about a potential recession in 2023, two-thirds (66%) strongly or somewhat agree they are financially secure working independently, and nearly eight-in-ten (78%) agree they are confident their independent career will be successful during the year ahead.

Independent work makes many independent professionals feel more financially secure and confident in an environment of economic uncertainty

Despite a volatile U.S. macroeconomic environment, working independently makes most independent professionals feel financially secure and confident. More than eight-in-ten (84%) strongly or somewhat agree having multiple sources of income provides a greater level of security than relying on a single employer, and nine-in-ten (89%) agree having control over their work life allows them to adjust to changing economic conditions rather than being tied to the decisions of an employer. In fact, among those who also hold a permanent job, six-in-ten (60%) believe they would be very likely to continue working as a freelancer and not look for another permanent job if they were to be laid off.

Freelancers who provide technical services are most likely to feel optimistic about their career prospects in 2023 and confident about their decision to work independently

In the current environment of cost cutting and layoffs among technology employers, many skilled professionals providing technical services view independent work as an arrangement that offers enhanced job security. Those providing technical services are the most likely of the three groups surveyed to agree somewhat or strongly that they feel financially secure working independently (71% versus 66% in total) and that working independently is less risky than permanent employment (50% versus 41% overall). They are also most likely to *strongly* agree that having control over their work life allows them to better adjust to changing economic conditions (60% versus 51% in total), that having multiple sources of income provides a greater level of security than relying on a single employer (62% versus 52% overall), and that they are confident about their independent career's success in 2023 (54% vs 45% in total). Eight-in-ten (79%) technology professionals somewhat or strongly agree that more people they know are becoming self-employed or starting their own business than in the past, a possible indicator that they are responding to recent lay-offs by becoming independent.

Inflation continues to impact the way independent professionals choose to live and work, as well as how they price their services

Although the inflation rate has declined from its peak of 9.1% in June of 2022, many economists expect it to remain elevated in 2023, and independent workers are taking steps to counter its impact. Although one-in-five (20%) independent workers haven't changed their work approach to combat inflation, 45% have cut personal expenses, 31% have taken on more clients and projects, and 26% have raised their rates/fees. Among freelancers who have increased their rates/fees or are likely to do so, the top reasons are general inflation in the economy (56%) and higher personal costs of living (54%).

Whether in response to inflation or for other reasons, four-in-ten (40%) U.S. independent workers raised their rates/fees in 2022. In addition to boosting their rates/fees to counter the effects of inflation, independent professionals also frequently did so based on developing more experience in their field (39%) and experiencing more demand for their services (39%). Most clients continue to be understanding regarding rate/fee increases, but one-third (33%) of independent professionals who raised their rates/fees experienced some or a lot of complaints/pushback this year, indicating there may be a limit to the rate hikes some clients are willing or able to bear. Still, two-thirds (64%) of those who raised their rates in 2022 believe they didn't lose any business as a result, and 17% think they obtained more business because of their rate changes.

Women see a clear advantage to independent work over traditional permanent employment

As the U.S. workforce emerges from the upheaval and stress of the last several pandemic years, women especially are burned out and seeking more fulfilling work, a trend the management consulting firm McKinsey & Company has termed "the great breakup". While independent workers of both genders have an entrepreneurial spirit and are most likely to have taken up independent work due to a desire to be their own boss (49%) and have their own business (42%), women are much more likely than men to have done so because they prefer to work from home (41% versus 31% men), want more flexibility in their schedule (39% versus 22% men), feel burned out (25% versus 17% men), want to avoid an unpleasant or toxic work environment (26% versus 15% men), and experience a lack of enjoyment in their work (22% versus 13% men).

Among independent workers who also hold a permanent job, satisfaction with independent work is strong and similar for both genders, with 76% of women and 82% of men reporting they are highly satisfied (rating of 6 or 7 on a 7-point scale) with their experience as an independent professional. However, when it comes to their permanent job, a much smaller proportion of women are highly satisfied, with only 54% reporting so versus 69% of men. This finding represents a 22-point advantage for independent work among women compared to a 13-point advantage among men when comparing satisfaction with independent work to permanent employment. Women see a clear advantage to independent

work over traditional permanent employment, and this could cause them to pursue independent work in greater numbers in the years ahead.

Independent professionals value the flexibility of working from home and most are unwilling to give it up, although fewer report working from home nearly all of the time in 2022

Independent professionals value the flexibility and convenience of working from home and most are unwilling to work in an office full-time. Only 16% of independent professionals would prefer to work at a client's location full-time instead of at home if the compensation were comparable. While four-in-ten (40%) would consider working at a client's location full-time if the compensation were better, 44% would *never* consider it. Additionally, more than one-third (36%) took up independent work specifically to facilitate a "work from home" arrangement, so it is clear independent professionals value the freedom it provides.

Despite this strong preference for remote work, fewer independents report working from home nearly all the time in 2022, although most still believe their clients/customers are not intent on having them work in an office. Over a third (36%) of U.S independent professionals worked from home at least 90% of the time in 2022, down from 46% who said they did so in 2021. Although roughly half (47%) believe their clients/customers do not have a preference about whether they work from home or at their office location, one-quarter (25%) think their clients prefer them to work from home, and three-in-ten (29%) report their clients want them to work at their location part or full-time.

Many independent professionals find the ability to "work from anywhere" while traveling important, and more of them plan to do so in the coming year

The ability to "work from anywhere" while traveling is a major factor or somewhat of a factor in the decision for nearly three-in-four (73%) freelancers who work independently to do so. Working remotely while traveling is becoming more common, with one-third (32%) of independent professionals reporting they did at least some work from remote locations like hotel rooms or RVs in 2022 compared to only 23% in 2021. Among those who did some work while traveling, nearly all (93%) did so less than 30% of the time. However, 57% of independent workers expect the amount of time they spend working remotely while traveling to increase in 2023, and more than 44% report they are very likely to work remotely while traveling at least part of the time during the year ahead.

Independent professionals are more hopeful than fearful about artificial intelligence, while those offering technical services are most likely to feel their work will be impacted in the future

Workers in the U.S. are increasingly anxious about the impact of artificial intelligence (AI) on their jobs, a sentiment fueled by recent publicity about ChatGPT. Despite these concerns, the share of skilled independent professionals who are hopeful about AI outnumbers the share who are fearful by three to one (75% versus 25%). Independents who offer technical services are most likely to feel their jobs will be impacted in the future by AI. Over a third (37%) believe their work is at risk of being replaced in the short or long run, but 24% believe

their work will be complemented by AI and made more secure. More technology professionals who are independent are hopeful than other skilled independents (82% versus 75% in total).

Markets where independent professionals live can be categorized into 9 groups based on their freelance workforce, revenues, economy and demographic make-up

The top 50 metro areas in the U.S. fall into nine groupings that differ from each other in many ways. Diverse Professional Markets like New York and Creative Destinations like Los Angeles and Nashville have a high concentration of creative professionals who earn high average revenues. Upscale Brain Markets like Boston and Big Tech Centers like Seattle have highly educated populations and technology oriented freelance workforces. The fastest growing freelance market groups in the past 5 years have been the Sunbelt Professional Havens like Miami, Rising Tech Hubs like Atlanta, and Lone Star Boom Towns like Houston, markets that tend to be rich in sunshine and diversity, have a high representation of financial service jobs, and whose freelancers are skewed towards professional services.

4.0 Detailed Findings

Introduction

Our Freelance Economic Impact reporting finds these independent workers are optimistic about and in control of their careers, even in the face of high inflation and economic uncertainty. Independent professionals continue to increase the amount of time they devote to their independent endeavors and expect their revenues to continue climbing over the next year. While they remain strongly motivated to work from home, skilled independents are ready to increase the amount of time they spend traveling while working and to take full advantage of the “work from anywhere” freedom that their independent status provides. We also explore the unique needs of women independent professionals, many of whom have turned to independent careers seeking more flexibility and meaning in their work as well as to avoid burnout and toxic work environments.

Three years into the global COVID-19 pandemic, the world has changed in numerous social and economic ways that have impacted not only independent professionals but the entire U.S. workforce. The public health emergency related to the pandemic is expected to expire on May 11, 2023, and independent professionals are poised to emerge from the turmoil of the last few years ready to make changes in how they live and work in a post-pandemic world.

In this report, Rockbridge Associates explores how freelancing working habits have changed in the past year in light of the post-pandemic and U.S. macroeconomic environment, describes the top markets in the United States for these workers, and uncovers similarities in these top markets.

Overview

Based on the 2019 Nonemployer Statistics data and additional more recent data from the Bureau of Labor Statistics, we estimate that there were 6.7 million skilled independent workers in creative, technical, and professional services in the U.S. earning \$286 billion in revenues last year. The number of independent workers increased 2.1% since 2021, and the total revenue increased by 9.2%, though the revenue growth is most certainly driven by inflation which in turn led many to increase their rates.

Rockbridge categorizes the independent professional workforce into three groups to uncover distinctions between them in the U.S. and the top 30 markets: Creative Services, Technical Services and Professional Services. The NAICS industry codes associated with each category are listed in the Appendix, Table A. Professional services continue to make up the largest portion of the services in this market while creative services account for the smallest. Altogether, these skilled independents are estimated to earn about 1.1% of the U.S.’s GDP in revenue and make up 4.1% of the civilian labor force.

Figure 1. Creative, Technical, and Professional Skilled Independent Workforce in the U.S. (2022 Projected)

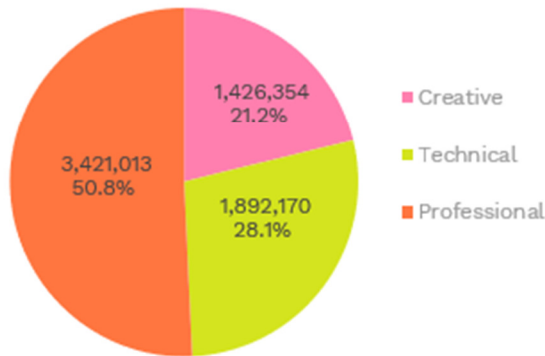
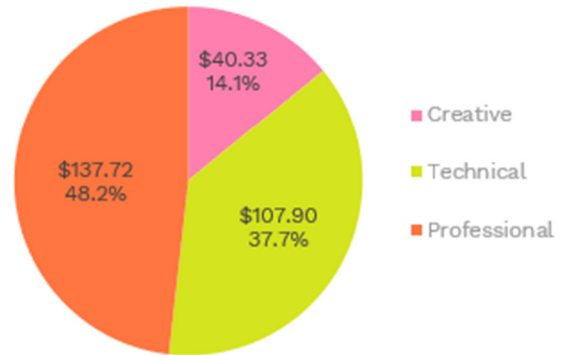


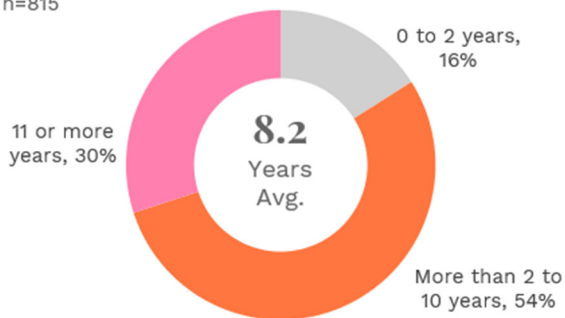
Figure 2. Creative, Technical, and Professional Skilled Independent Revenues in the U.S. (2022 Projected in Billions)



Most independent professionals in the U.S. focus on their independent career; however, 36% also hold a permanent job, with one-quarter (25%) working a full-time job and one-in-ten (11%) holding a part-time position. At nearly half (48%), Fiverr freelancers are even more likely to be employed in a permanent job alongside freelancing, with 29% holding a full-time job and 18% working a part-time job. U.S. independent professionals providing technical services are most likely to hold a permanent job in addition to their independent work (52%), whereas those who provide professional services are most likely to only freelance (71%). Directly prior to beginning work as an independent professional, 62% of independent workers held a permanent full-time job.

Independent professionals in the U.S. continue to grow the scale of their independent work; nearly four-in-ten (37%) have more than one business entity, up from 31% in 2021. Independent professionals providing technical services are most likely to have multiple business entities, with half (51%) operating two or more. U.S. Freelancers in our survey have an average of 8.2 years of experience working independently. Fiverr freelancers surveyed have 4.8 years of experience, on average. U.S. independent workers providing technical services tend to have shorter business tenure; 17% have more than 10 years of experience (versus 30% in total).

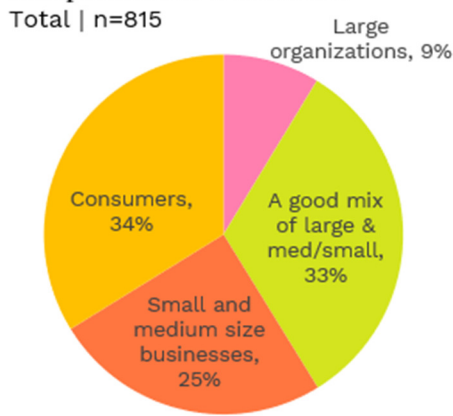
Figure 3. Number of Years Worked Independently
Total | n=815



Independent professionals work with a variety of clients and customers; individuals and families (34%) and a mix of large and medium to small organizations (33%) are most common. Creatives (45%) and those providing professional services (39%) are more likely to

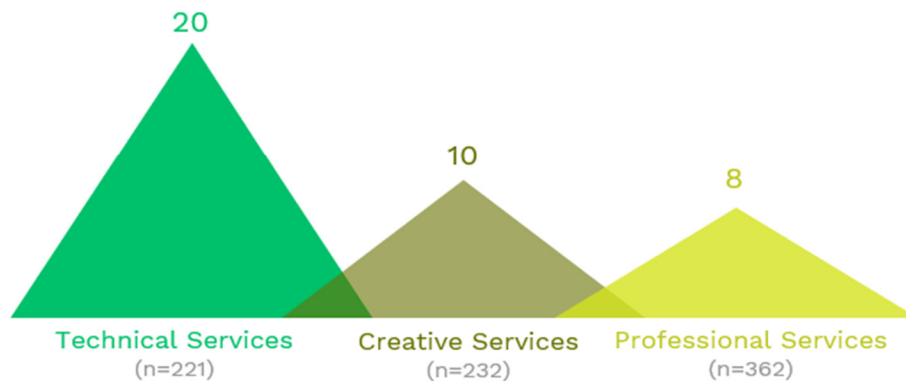
work with individuals and families, while technical services professionals most commonly work with a good mix of large and medium/small organizations (44%).

Figure 4. Typical Clients/Customers of Independent Professionals



The number of clients and projects on which independent professionals work also varies by type of work. Those providing professional services have a median of 8 clients and are more likely to work on 5 or fewer projects per year (34% versus 28% total), whereas those providing technical services have a median of 20 clients and are more likely to work on 50 or more projects (30% versus 23% total). Creatives have a median of 10 clients with significant variation in the number of projects worked.

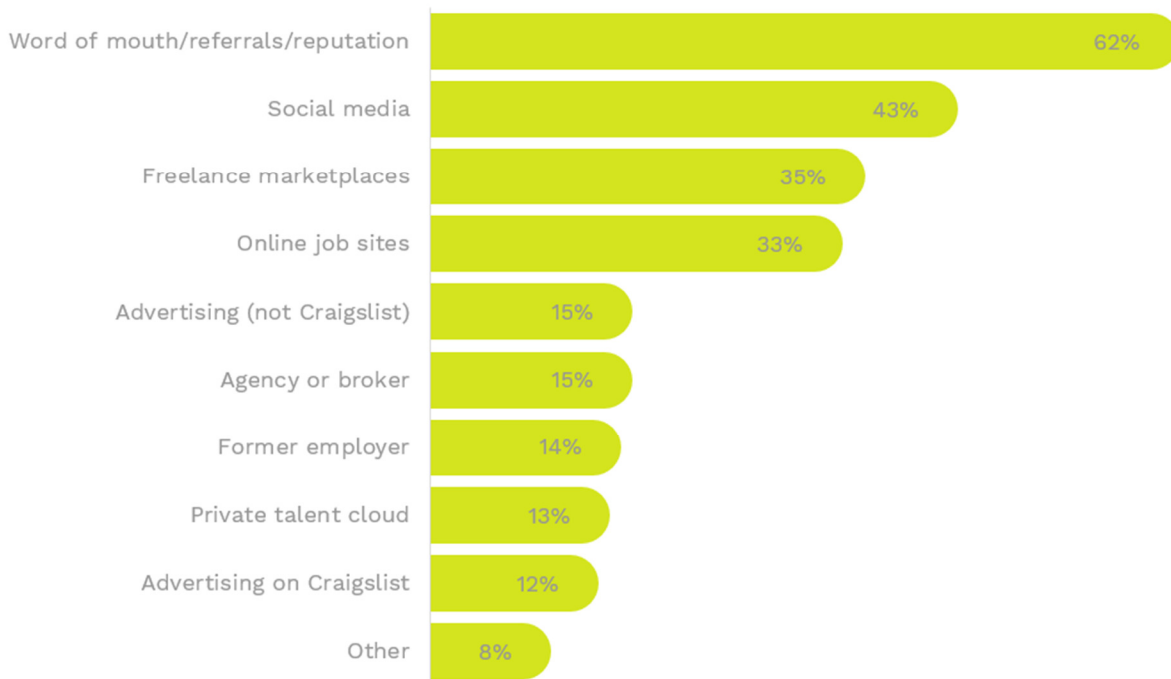
Figure 5. Median Number of Clients in 2022



Word of mouth/referrals/reputation continues to be the most common way independent professionals acquire work assignments (62%), especially among those providing creative services (73%). Social media (43%), freelance marketplaces (35%) and online job sites (33%) are also productive sources for many freelancers looking to obtain new work. Those providing technical services are most likely to leverage a variety of methods to generate business, with particularly strong usage of freelance marketplaces (57%) and online job sites (49%) among this group.

Figure 6. How Independent Professionals Get Work Assignments

Total | n=815



Seven-in-ten (69%) independent workers started using their primary freelance marketplaces in 2020 or after, roughly corresponding with the start of the COVID-19 pandemic. While the proportion of independent workers using freelance marketplaces to generate business is consistent year over year, the three most frequently used platforms, Fiverr, Freelancer.com and Upwork, are all growing in popularity. Nearly two-thirds (63%) of independent professionals report using Fiverr in 2022 (versus 48% in 2021) and half are using Freelancer.com (53%) or Upwork (52%) (versus 44% and 41% in 2021, respectively). Among the 35% of independent professionals who currently use an online marketplace, Fiverr is more likely to be the primary platform for those providing creative (47%) and technical services (40%) versus 15% of those providing professional services.

Most independent professionals in the U.S. are in full control of the direction their careers take and highly satisfied (rating of 6 or 7 on a 7-point scale) with their independent work. Two-thirds (66%) took up independent work based on their own choice completely, while one-quarter (26%) did so based on a combination of their choosing and factors beyond their control. Only 7% began independent work solely due to factors outside their control. Roughly three-in-four (73%) U.S. independent workers continue to be highly satisfied with their independent work and its ability to provide a good work/life balance. In fact, only 1% are highly dissatisfied (rating of 1 or 2 on a 7-point scale) with their independent work and its work/life balance.

Figure 7. Satisfaction with Freelancing
Percent responding 6 or 7 on 7 pt scale
Total | n=815



Figure 8. Satisfaction with Work/Life Balance
Percent responding 6 or 7 on 7 pt scale
Total | n=815



Satisfaction rates related to a permanent job are lower than they are for independent work. Among freelancers who also have permanent employment, 64% of U.S. independent professionals² are highly satisfied with it. Lower satisfaction with permanent work may be contributing to a shift towards freelancing; one-in-five (21%) U.S. freelancers with a permanent job decided to take a role at their permanent organization that requires less time and/or responsibility, and nearly four-in-ten (38%) increased their working hours as a freelancer in 2022.

It seems that despite significant economic challenges over the past year, including a looming recession and historically high inflation, independent workers are highly satisfied with their independent careers and, as we'll discuss next in this report, optimistic about their career outlook in the coming year.

Among those who are highly satisfied, in their own words:

"I love what I do! I have a great network of colleagues and have no trouble finding work.

- Male, Age 54, Providing Technical Services in Virginia

"I make my own schedule, and I am in charge of my own vacations. I do not have to request a day off to have a day off, and I still make a good amount of money. I also get to attend a lot of interesting events in the process."

-Female, Age 32, Providing Professional Services in California

"I have great freedom as to work hours and work locations. I'm doing exactly what I love and am well-rewarded for my hard work and initiative."

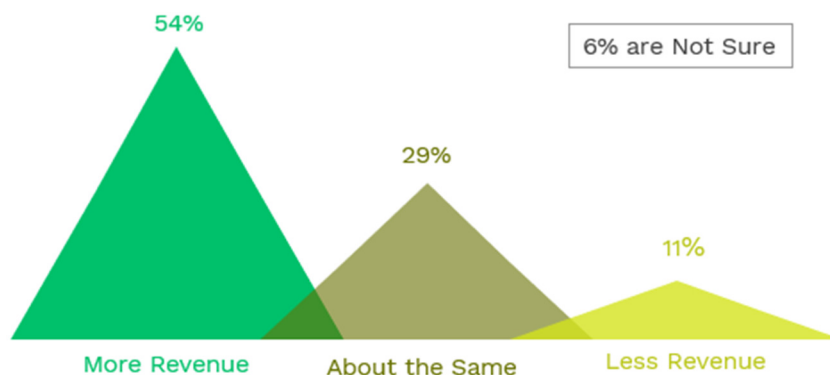
- Male, Age 60, Providing Creative Services in Utah

² Another comparison that included people who do not have independent work found that the average satisfaction with one's job or business is 63% in the U.S. in 2022. Source: 2022 National Technology Readiness Survey by Rockbridge Associates and the Responsible Business Coalition at Fordham University, based on a representative sample of 318 working adults.

Career Outlook in a Time of Looming Recession and the Rise of Artificial Intelligence (AI)

There has been significant uncertainty as to the health of the U.S. economy over the past year, and many economists predict this volatility will continue, with a possible recession starting later this year. Despite this economic uncertainty, independent workers continue to have a positive outlook about their careers and feel well-positioned to withstand an economic downturn. Nearly half (48%) experienced an increase in revenues from their independent work in 2022, up from 40% reporting an increase in 2021. Only one-in-five (21%) experienced a decrease in revenues, which is comparable to the 22% who reported a decrease in 2021. When looking ahead to 2023, more than half (54%) expect to earn more revenue and only one-in-ten (11%) anticipate earning less revenue; both findings are similar to last year. Among Fiverr freelancers, a full two-thirds (67%) expect to earn more revenue in 2023 and only 8% expect a decrease. U.S. freelancers providing creative services (62%) and technical services (65%) are more likely to believe they will earn more in the upcoming year. These two groups are also even more optimistic about future revenue growth prospects than they were in 2021, when 48% of creatives and 51% of technical professionals believed they would earn more.

Figure 9. Expectation for Revenue in 2023 compared to 2022
Total | n=815



Independent workers also increased their hours spent working independently in 2022 and expect this trend to continue in the year ahead. The average number of hours per week spent on independent work in 2022 is 29 for U.S. freelancers and 22 for Fiverr freelancers. Nearly four-in-ten (38%) U.S. independent workers report spending more hours on freelancing in 2022, up from 32% reporting an increase in working hours in 2021. U.S. independent workers are even more bullish when looking ahead, with nearly half (47%) expecting to devote more hours to their independent work in 2023. Among Fiverr freelancers, a full six-in-ten (60%) expect to increase their hours spent freelancing in 2023. U.S. independent workers providing technical services are most likely to have increased their hours in 2022 (45%) and to expect a further increase in 2023 (54%). Freelancers who hold both an independent and a permanent job are more likely to report increases in the hours they spend freelancing compared to those who only freelance. Among those with a permanent job in addition to freelancing, 56% spent more hours on their independent work

in 2022 than in 2021, and 63% expect a further increase in 2023. Among those with a permanent job, 42% worked more hours at their permanent job in 2022, and 43% expect to work more hours in 2023, indicating that U.S. freelancers with both independent and permanent employment are spending more hours working in both areas.

Figure 10. Hours Per Week Worked as Independent Professional
Total | n=815

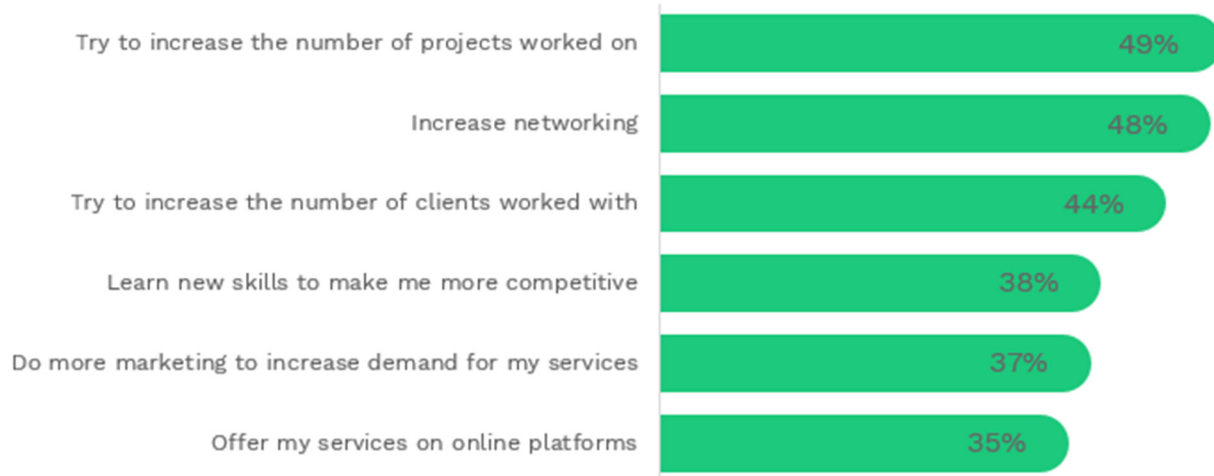


Given the trends toward increasing revenues and time spent on independent work endeavors, it is no surprise that two-thirds (66%) of U.S. independent professionals agree strongly or somewhat that they feel financially secure working independently. Additionally, 78% agree they are confident that their independent career will be successful in 2023. Those providing technical services are most likely to *strongly* agree that they feel confident their independent career will be successful in the coming year (54% vs 45% in total). This statistic stands out in an environment in which technical professionals engaging in traditional, permanent work have been experiencing sizeable layoffs. Perhaps as a direct result of job cuts in the technical sector, a full eight-in-ten independents providing technical services say they know more people who are becoming self-employed or starting their own business than in the past.

Although U.S. independent workers have a positive outlook about the state of their independent careers in 2023, they are concerned about a potential recession but are not sitting idly by in this environment of economic uncertainty. The majority (72%) are at least somewhat concerned about a potential recession in 2023, whereas 21% are a little concerned and only 7% are not at all concerned. Among those who are at least a little concerned about a recession, the most common steps they are taking to prepare are increasing the number of projects they work on (49%), expanding their networking (48%), growing the number of clients they work with (44%), learning new skills (38%), doing more marketing (37%), and offering their services on online platforms like marketplaces and online job sites (35%). Freelance marketplace users are more likely than non-users to be taking actions to prepare for a potential recession, including expanding their networking (54% versus 45% non-users), learning new skills (49% versus 32% non-users), doing more marketing (43% versus 34% non-users), and adding new services to diversify their portfolios (40% versus 27% non-users). Those offering creative services are more likely than the other

two groups to try to boost the number of clients they work with (55%) and the number of projects they work on (58%) as well as to increase their marketing efforts (50%). Those providing professional services are the least likely of the three groups to be taking steps to prepare for a potential economic downturn.

Figure 11. Most Common Steps Taken to Prepare for Recession
 Among those at least a little concerned about a recession | n=758



However, despite the uncertain U.S. macroeconomic environment, working independently makes most independent professionals feel financially secure and confident. More than eight-in-ten (84%) agree strongly or somewhat that having multiple sources of income provides a greater level of security than relying on a single employer, and nine-in-ten (89%) agree having control over their work life allows them to adjust to changing economic conditions rather than being tied to the decisions of an employer. Those providing technical services are more likely than those providing creative or professional services to *strongly* agree with both statements (62% and 60% versus 52% and 51% in total, respectively). Among those with a permanent job in addition to freelancing, two-thirds (65%) would be very likely to increase the amount of time they spend freelancing if they were to be laid off from their permanent job. Additionally, 60% believe they would be very likely to continue working as a freelancer and not look for another permanent job if they were to be laid off.

Figure 12. Would Increase Amount of Time Spent Freelancing if Laid Off
 % Very Likely
 Among those with a permanent job currently | n=301

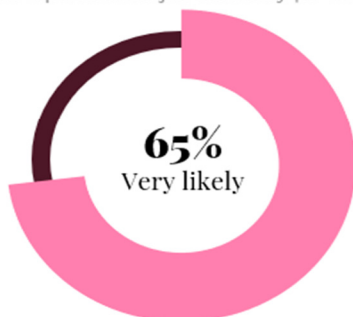
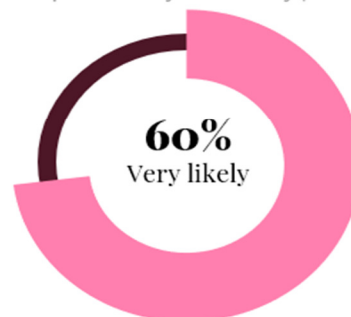
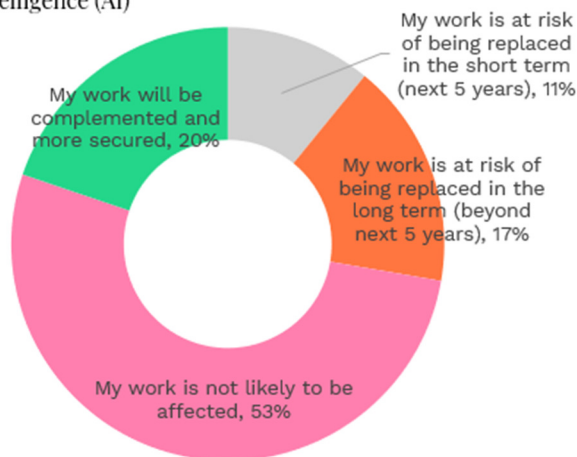


Figure 13. Would Only Do Independent Work and Not Look for Another Permanent Job if Laid Off
 % Very Likely
 Among those with a permanent job currently | n=301



Another area causing uncertainty and concern among some workers, both in the U.S. and globally, is the rise of artificial intelligence (AI), machine learning, large language models, and deep learning as well as the question of how these technologies may impact the job market in the future. One-in-ten (11%) independent workers are concerned that these technologies will replace their work in the short-term (next five years), and 17% are concerned about their work being replaced in the longer-term (beyond the next five years). However, the majority (53%) think their work is unlikely to be impacted, and one-in-five (20%) feel their work will be complemented and therefore made more secure. Those providing technical services are more likely to feel their work is at risk of being impacted in the short-term (18%), while those who provide professional services are more likely to believe their work will not be impacted at all (59%). On the whole, independent professionals are three times as likely to be hopeful than fearful (75% versus 25%) about these new technologies. Interestingly, despite those providing technical services being more likely to feel their work may be impacted by these technologies in the short-term, 82% feel more hopeful than fearful. This may indicate some technical professionals recognize the new technologies may replace a portion of their work while simultaneously freeing them up to boost productivity in other areas and obtain new job-related skills.

Figure 14. How Freelancers Think Work Will be Impacted by Artificial Intelligence (AI)
Total | n=815



In summary, although there is much uncertainty about the state of the economy and job market over the coming year, independent professionals seem highly optimistic about their professional prospects and believe they are well positioned to weather any looming economic downturn. Many expect to prosper in 2023 and are taking steps to ensure their own continued success as an independent professional.

Inflation and Rate Setting in the Freelance Economy

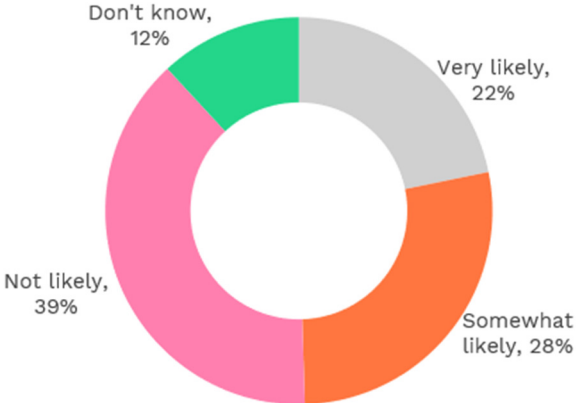
Inflation in the U.S. economy began to increase in mid-2021 and continued to climb during the first half of 2022, peaking at 9.1% in June. Although the inflation rate has declined from this peak, many economists expect it to remain elevated in 2023. High inflation has spurred U.S. independent workers to make changes in their personal and professional lives as a way to counter its effects. Although one-in-five (20%) freelancers haven't changed the way they

work to combat inflation, 45% have cut personal expenses, 31% have taken on more clients and projects and 26% have raised their rates/fees. Among U.S. independent professionals increasing their rates/fees, the top reasons for doing so are general inflation in the economy (56%) and higher personal costs of living (54%).

Overall, four-in-ten (40%) U.S. independent workers raised their rates/fees in 2022. Rate increases are most common among those providing technical services, with nearly six-in-ten (58%) raising their rates. Fiverr freelancers are even more likely to have raised their rates in 2022, with half (49%) reporting an increase. In addition to raising their rates/fees to counter the effects of inflation, U.S. independent professionals also commonly made increases based on developing more experience in their field (39%) and experiencing more demand for their services (39%). Those who provide professional services are more likely to report raising their rates due to increased demand for their services (45%), whereas those providing creative services are more likely to have raised their rates based on having developed more experience (49%). Fiverr freelancers report similar reasons for raising their rates, but they are more likely to have done so based on developing more experience (67%) and due to increased demand (52%), with these reasons being even more common than reactions to general inflation in the economy (45%) and higher personal costs of living (39%).

Among U.S. independent workers who raised their rates/fees in 2022, the average increase was 29%. By comparison, Fiverr freelancers raised their rates by an average of 36% in 2022. Looking ahead to 2023, half (49%) of U.S. freelancers are at least somewhat likely to raise their rates in the next six months, with those providing technical services again most likely to increase them (33% very likely versus 22% overall).

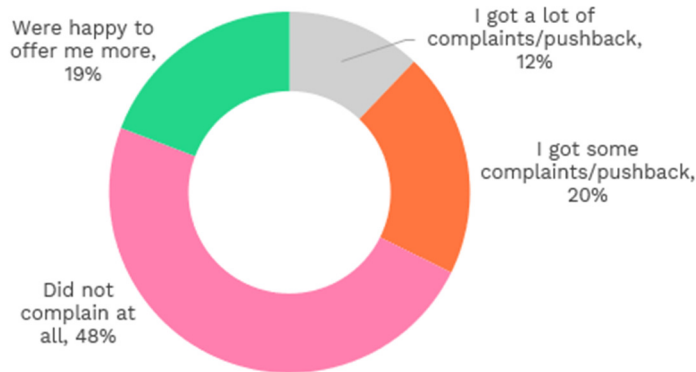
Figure 15. Likelihood of Raising Rates in Next 6 Months
Total | n=815



Most clients continue to be understanding regarding rate/fee increases. However, some independent workers are starting to experience some complaints and pushback, indicating there may be a limit to the amount of increase some clients are willing or able to bear. About half (48%) of independent workers did not receive any complaints when they increased their rates in 2022, and one-in-five (19%) believe clients were happy to offer them more. The proportion receiving at least some complaints or pushback increased to one-third

(33%), which is an upward trend from a fifth (21%) reporting so in 2021. Still, most independent workers who raised their rates in 2022 avoided losing business. Almost two-thirds (64%) believe they didn't lose any business due to the increase, and 17% think they actually obtained more business because of their rate changes.

Figure 16. Impact of Raising Rates on Client Relationships
Among those who raised rates/fees in 2022 | n=334



Independent professionals are likely to emphasize their skills (50%), value delivered to clients (46%), and years of experience (43%) when pricing their services. Fiverr freelancers are particularly likely to emphasize their skills (61%), in addition to value delivered (45%) and years of experience (40%). This approach is consistent with U.S. freelancers' beliefs that their clients are also most likely to consider value delivered (48%) and skills (45%) as important when setting and negotiating rates, as well as prior experience working with them (34%). Those with over five years in business are more likely to think their clients consider years of experience important (32%) whereas only 19% of those who began independent work in the last two years think so.

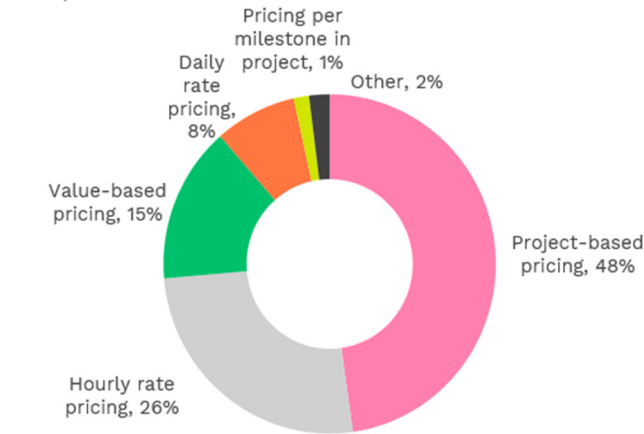
Figure 17. What Independent Workers Consider When Setting Rates/Fees
Total | n=815



In terms of how they are paid for their services, independent workers are most likely to charge by the project and to prefer this project-based payment arrangement. The three most common payment arrangements among U.S. independent workers are project-based

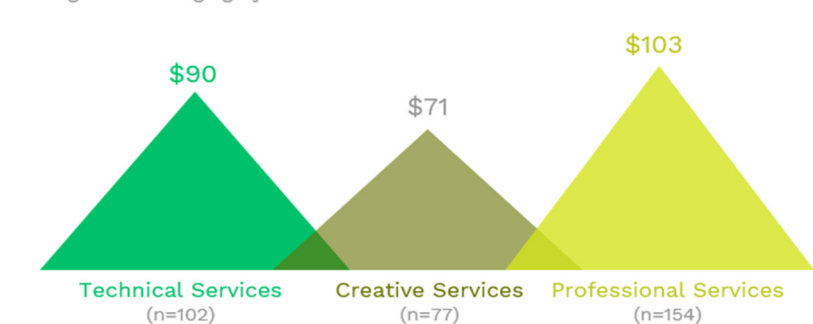
pricing (66%), hourly rate pricing (42%), and value-based pricing (31%), which is a fixed fee based on the value the service or deliverables bring to the client. Value-based arrangements are more common among those who provide technical services (37%). Roughly half (48%) of independent workers prefer project-based pricing, while one-quarter (26%) prefer to set an hourly rate. Creatives most strongly prefer project-based pricing for their services, with 58% favoring this arrangement.

Figure 18. Most Preferred Pricing Approach



Among independent professionals charging by the hour, the average hourly rate is \$93. Those residing in an urban location tend to charge a higher hourly rate, at \$115 per hour. On average, creatives charge less per hour (\$71), than those providing technical services (\$90) or professional services (\$103). Unsurprisingly, hourly rates tend to increase with business tenure. Those in business for more than five years charge the highest average rate, at \$115 per hour, compared to \$86 per hour among those with two to five years of experience and \$54 per hour among those new to independent work within the last two years.

Figure 19. Average Hourly Rate

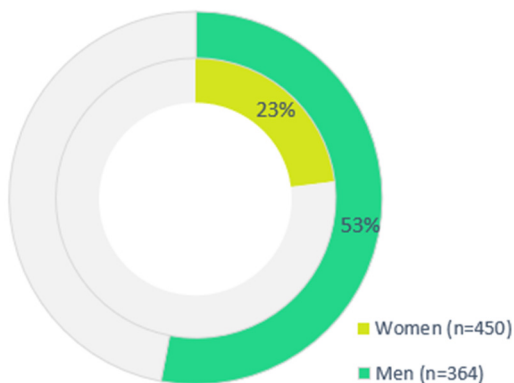


Inflation continues to be a significant factor impacting the way independent professionals price their services. However, independent work gives freelancers a significant say in how they get paid and how much they charge for their services. Although there may be a limit to what clients are willing to accept, it seems many will continue to raise their rates/fees without significant concern about client complaints and lost business.

Differences in Professional Experience by Gender

The majority of independent professionals are female (55% compared to 45% male)³. Female independent workers in the U.S. currently differ from their male counterparts in several ways. Women are more likely to provide professional services (58% versus 43% men) and creative services (24% versus 18% men), but less likely to provide technical services (19% versus 39% men). They are also much more likely to focus solely on their independent work. Only one-quarter (23%) of women independent workers versus half (53%) of men report holding a full-time or part-time job in 2022.

Figure 20. Percent Holding a Permanent Job in Addition to Independent Work By Gender

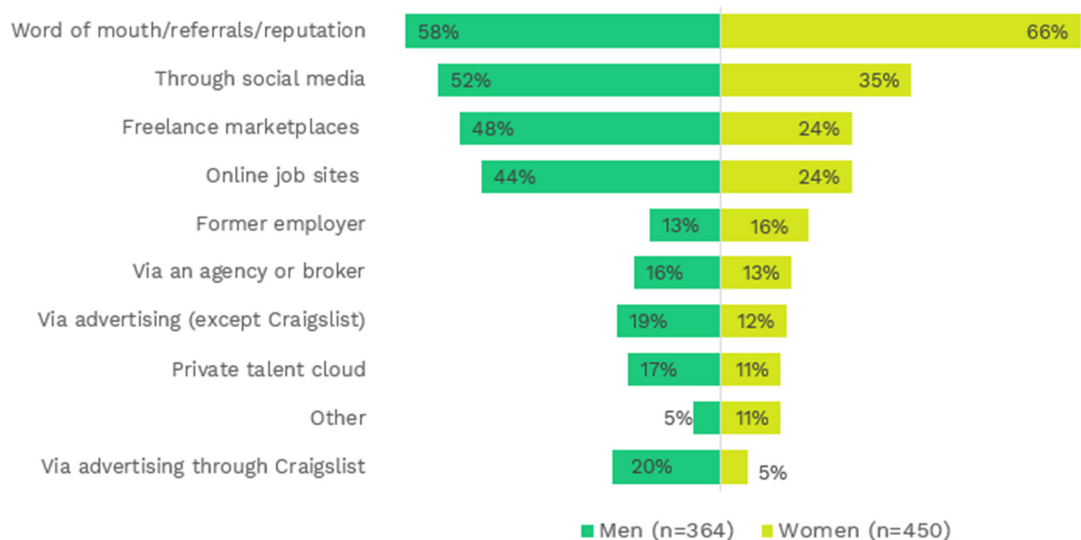


Despite their focus on freelancing, as well as their longer-term experience in independent work, women tend to have lower independent work revenues than men. Women are more likely to have worked as an independent professional for the long term, with roughly one-third (35%) having more than 10 years of experience compared to 25% of men. However, four-in-ten (38%) women report making \$10,000 or less from their primary business as an independent professional in 2022 compared to 29% of men, and only 23% of women made \$50,000 or more (versus 37% of men). Part of this difference is likely due to women spending fewer hours freelancing than men in 2022 (28.2 average hours among women versus 31.0 average hours among men).

Women also tend to differ in their client profile and to rely more heavily on word-of-mouth/referrals/reputation to generate business. They are more likely to work with five or fewer clients (42% versus 32% of men) and to operate only one business entity (69% versus 55% of men). They are also more likely to work with clients who are individuals or families (42% versus 24% of men). When it comes to obtaining assignments, two-thirds (66%) of women rely on word-of-mouth/referrals/reputation versus 58% of men, and they are less likely to diversify their lead generation efforts through other sources. In fact, men are roughly two times as likely as women to use freelance marketplaces (48% versus 24% females) and online job sites (44% versus 24% females).

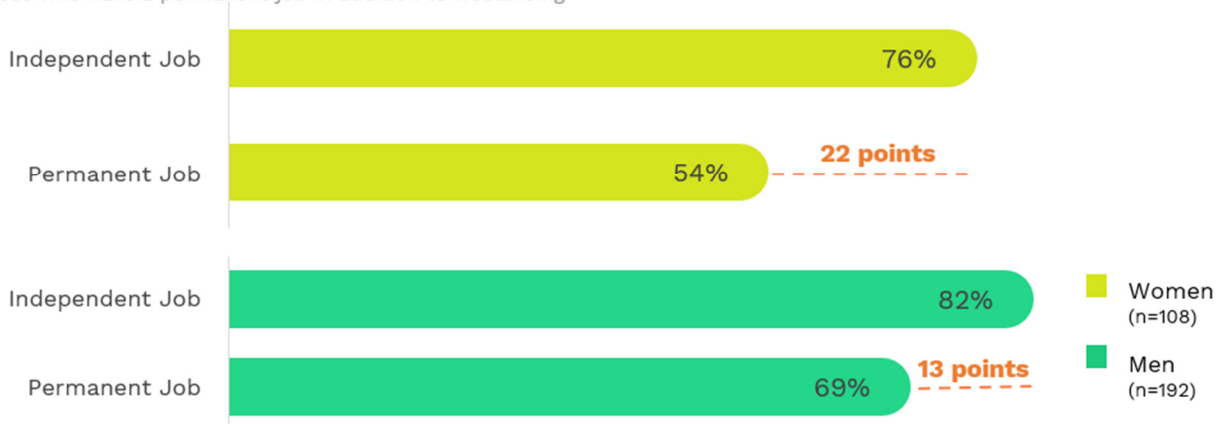
³ Less than 1% identified as non-binary or another category for gender.

Figure 21. Differences in Approach to Getting Work Assignments By Gender



As the U.S. workforce emerges from the upheaval and stress of the last several pandemic years, women especially are burned out and seeking more fulfilling work, a trend the management consulting firm McKinsey & Company has termed “the great breakup”. Among those who have both an independent and a permanent job, satisfaction with independent work is strong and similar for both genders. The vast majority (76% of women and 82% of men) who hold both an independent and a permanent job are highly satisfied with their experience as an independent professional. However, when it comes to their permanent job, a much smaller proportion of women is highly satisfied, with 54% reporting so versus 69% of men. This finding represents a 22-point advantage for independent work among women versus a 13-point advantage among men when comparing satisfaction with independent work versus permanent employment, indicating women see a clear advantage to independent work over traditional permanent employment.

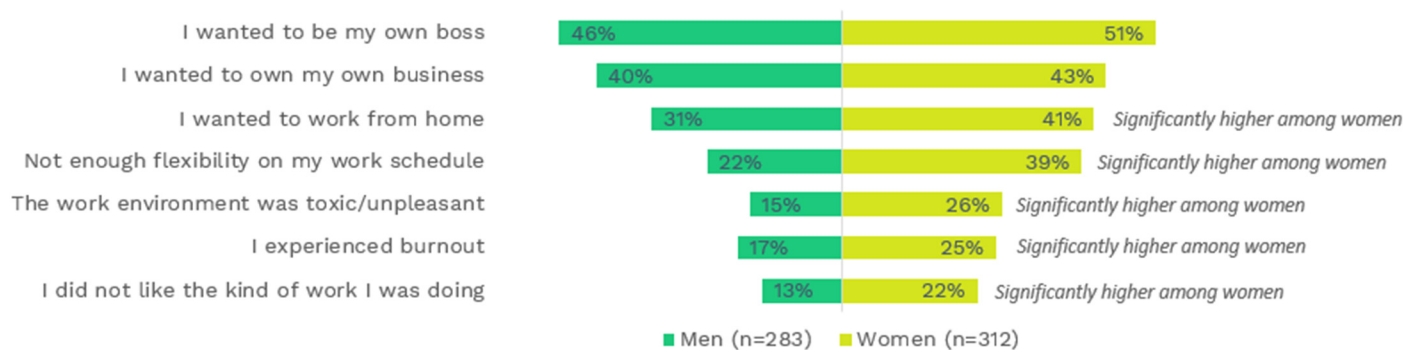
Figure 22. Satisfaction with Independent Versus Permanent Job Among Those Who Have Both
 % Rating 6-7 on a 7-point scale where 7 is Very Satisfied
 Among those who have a permanent job in addition to freelancing



Independent workers of both genders have an entrepreneurial spirit and are most likely to have taken up independent work due to a desire to be their own boss (49%) and have their own business (42%). Fiverr freelancers express the same top motivations, with half (50%)

wanting to own their own business and 48% wanting to be their own boss. However, women independent professionals in the U.S. are much more likely to have turned to freelancing for other reasons. More women report taking up independent work because they prefer to work from home (41% versus 31% men), want more flexibility in their schedule (39% versus 22% men), feel burned out (25% versus 17% men), want to avoid an unpleasant or toxic work environment (26% versus 15% men), and lack enjoyment in their work (22% versus 13% men). Gender differences related to burnout are even more pronounced among Fiverr freelancers; 27% of female Fiverr freelancers decided to take up working as a freelancer in addition to their permanent job because they felt burned out (versus only 9% of men). Many of these reasons for taking up freelancing closely align with the themes McKinsey uses to describe “the great breakup”, which finds women are taking steps to change their career situations for the better. It seems many women are turning to independent work as a way to do that.

Figure 23. Reasons for Taking Up Freelancing By Gender
Among those who have/had a permanent job



Among Women Freelancers, in their own words:

"I can make my own hours, control the amount of work I accept, and can still be a stay-at-home mom at the same time."

- Female, Age 28, Providing Professional Services in Ohio

"I have more flexibility in scheduling the hours I work. I have more satisfaction in completing my goals. I can give myself a raise each year."

- Female, Age 59, Providing Creative Services in Virginia

"I don't have to endure toxic coworkers and management. I don't have to work 60 hours a week and feel unappreciated."

- Female, Age 34, Providing Technical Services in Alabama

"I am able to arrange my schedule however I want, and I'm able to work at home so I can also take care of household tasks... I also experienced a very toxic environment at my last out of the house job, and I am healing from that. It helps to not have to report directly to a boss or work regularly with coworkers."

- Female, Age 30, Providing Technical Services in Colorado

Women in junior roles at their permanent job (entry-level/manager) as well as senior roles (senior manager or above) are more likely than their male counterparts to have taken up

independent work as a way to avoid an unpleasant or toxic work, with 30% of junior and 25% of senior women reporting so compared to only 14% of junior and 13% of senior men. However, women in junior roles are roughly twice as likely as males in junior roles to have begun their independent work based on a desire to work from home (47% versus 26% males), a lack of flexibility in their work schedules (49% versus 23% males) and a lack of experiencing enjoyment in their work (35% versus 17%).

While many freelancers of both genders value the opportunity to work from home, a larger proportion of women prefer to do so, and their independent work helps them realize that goal. Roughly half (48%) of women work from home nearly all the time (90% or more of the time) compared to only 23% of men. Women are also more likely than men to have been working from home over the long term, to have solely made the choice to work from home, and to *never* consider working full-time at a client/customer’s location. Four-in-ten (38%) women have been working from home for 6 or more years compared to only one-quarter (25%) of men. Among women working from home at least some of the time, 83% report they made the choice to do so (versus 72% of men) and 53% would never consider working full-time at a client or customer’s location if the compensation were comparable (versus only 32% of men). Among independent workers who would consider working full-time if the compensation were better, both men and women would expect a roughly 40% increase, on average, in compensation to make the switch.

Figure 24. Percent Working from Home at Least 90% of the Time By Gender

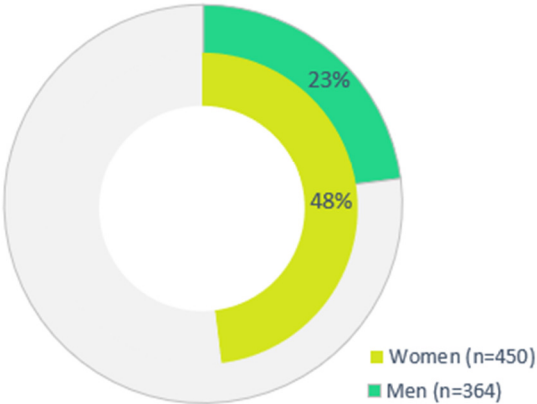
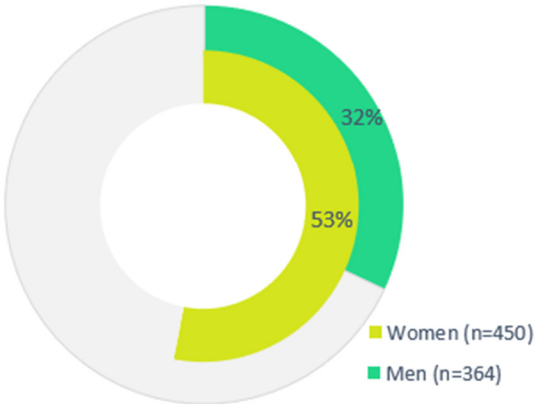


Figure 25. Would Never Consider Working Full-Time from Client’s Location By Gender



Although independent work provides a range of rewards for both genders, it seems women are even more likely to benefit from the advantages that independent work can provide as an alternative to traditional permanent employment. Looking ahead, it is possible that more women will make the shift to freelancing to leave the inflexibility, bureaucracy, and hassles of their current organization behind.

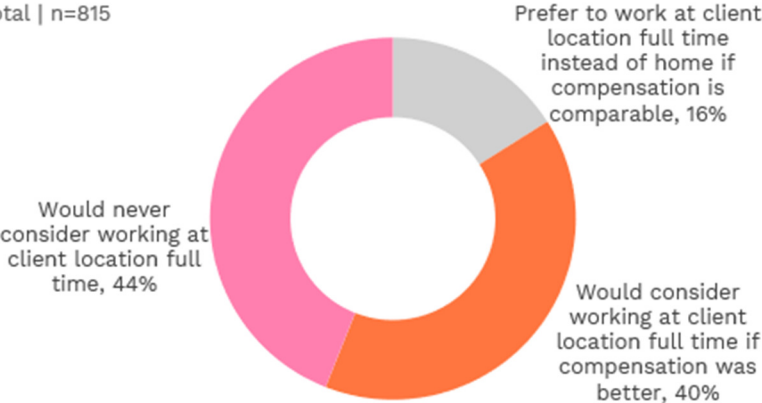
Remote Work Trends in the Post-Pandemic Environment

As pandemic-related restrictions and concerns eased in 2022, many traditional employers began requiring employees to return to the office at least part of the time. However, many employees resisted back to the office mandates and expressed a desire to retain the

flexibility and autonomy they realized during the pandemic years. Research conducted by Fiverr Business in partnership with Censuswide last year found that executives/managers at large companies (500+ employees) are most likely to want employees back in the office five days a week (67%). However, 42% of workers said they would consider quitting if forced to come back to the office full time.⁴

Our 2022 Freelance Economic Impact findings further reinforce that independent professionals value the flexibility and convenience of working from home and are unlikely to tolerate a mandate to work in an office full time. Only 16% of independent professionals would prefer to work at a client’s location full-time instead of at home if the compensation were comparable. While four-in-ten (40%) would consider working at a client’s office if the compensation were better, 44% would *never* consider working at a client’s location full time. In fact, more than one-third (36%) took up independent work specifically to facilitate a “work from home” arrangement, so it is clear independent professionals value the freedom it provides.

Figure 26. Priorities Regarding Working from Home Versus at Client’s Location
Total | n=815



In their own words:

"I can work at home and have no commute; the hours are flexible, and I can choose my customers."
- Female, Age 66, Providing Technical Services in Massachusetts

"I love being able to make my own hours, be my own boss and work from the comfort of my home."
-Female, Age 49, Providing Professional Services in Florida

"I can work at home. I can work when I have work, but if I don't, I don't have to sit in an office. I can run errands or other personal things."
- Female, Age 48, Providing Professional Services in Virginia

⁴ <https://www.businesswire.com/news/home/20221006005096/en/A-Third-of-U.S.-BossesExecutives-Want-Employees-Back-to-Keep-Track-of-Them-According-to-New-Data-from-Fiverr-Business>

Despite this strong preference for remote work, fewer independents worked from home nearly all the time in 2022, although most still believe their clients are not intent on having them work from their location. Over one-third (36%) of U.S independent professionals worked from home at least 90% of the time in 2022, down from 46% who said they did so in 2021. Roughly two-thirds (64%) worked from home at least half of the time in 2022. By comparison, eight-in-ten (79%) of Fiverr freelancers “usually worked” from home in 2022. Nearly half of U.S. freelancers (47%) believe their clients/customers do not have a preference about whether they work at home or at their location, and one-quarter (25%) believe their clients prefer them to work from home. The remaining 29% believe their clients want them to work at their location part- or full-time.

The ability to “work from anywhere” while traveling is also a major factor or somewhat of a factor in the decision to work independently for 73% of freelancers. Those who provide technical services are even more likely to value the freedom and flexibility that “working from anywhere” provides, with 85% reporting it is a major factor or somewhat of a factor in their decision to work independently. The proportion of independent professionals working remotely while traveling increased in 2022 and will continue to grow in 2023. One-third (32%) of independents worked from remote locations like hotel rooms or RVs while traveling in 2022 compared to only 23% in 2021. However, most independent workers who did some work while traveling in 2022 did so only part of the time. Among those who report doing some work while traveling, nearly all (93%) did so less than 30% of the time. Independent workers expect to increase the amount of time spent working remotely while traveling in 2023. Nearly six-in-ten (57%) of U.S. independent workers, and 69% of those providing technical services, expect the amount of time they spend working remotely while traveling to increase this year. More than four-in-ten (44%) report they are very likely to work remotely while traveling at least part of the time in 2023, which is again higher among those providing technical services (56%).

Figure 27. Expect Amount of Time Spent Working Remotely When Traveling to Increase in 2023
Among those who did some work while traveling in 2022 | n=254

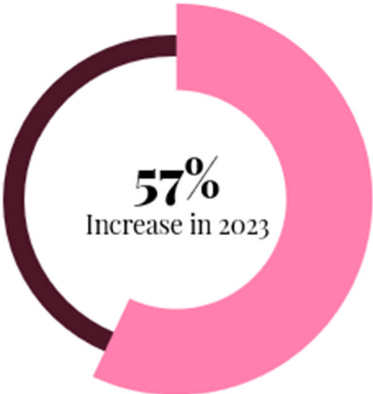
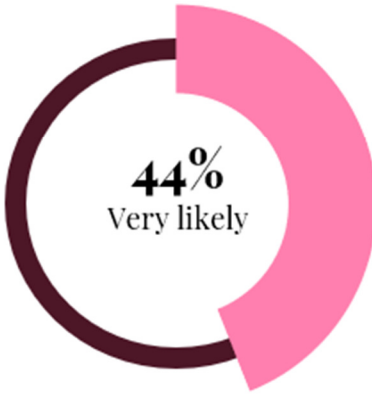


Figure 28. Are Very Likely to Work Remotely While Traveling at Least Part of the Time in 2023
Total | n=815

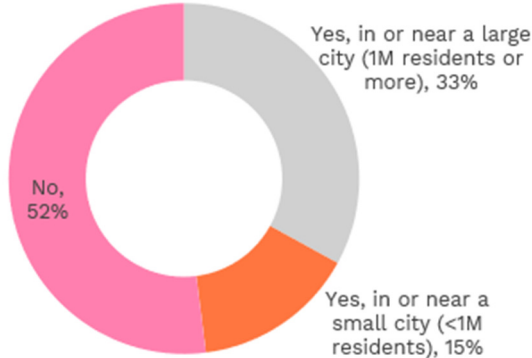


Independent professionals also value being able to choose where they live; two-thirds (67%) strongly or somewhat agree it is a main factor in their decision to work independently. This

sentiment is highest among those who provide technical services (77%). While some urban residents chose to leave city centers at the beginning of the COVID-19 pandemic, U.S. cities have begun to see occupancy rates increase. In 2022, 38% independents lived in an urban area, 40% lived in a suburban location, and 22% lived in a rural area or small village. The proportion of freelancers living in an urban area is higher in 2022 (38% versus 31% in 2021), indicating a return to urban residency or an increase in freelancing in urban areas. Those providing technical services are most likely to reside in a large city of at least one million people (32% versus 25% total).

One-in-five (16%) independent workers have moved within the last two years. Among those who relocated in the last 24 months, three-in-ten (30%) feel their independent work was a primary factor in the decision to move and another 28% think it was one of multiple factors. Nearly four-in-ten (38%) U.S. freelancers consider their current place of residence to be urban (small or large city), which matches the proportion of Fiverr freelancers living in an urban location (38%). However, half (52%) of U.S. independents report their work did not require them to live in or near a city in 2022. Those providing technical services are most likely to believe their work required them to live in or near a city (61%), while those providing professional services are least likely to believe an urban residence is required (39%). Most independent workers who did not need to reside in an urban location in 2022 do not believe their work will require them to move to one in 2023. Only 6% of those who were not required to live in or near a city in 2022 believe their work will require an urban relocation this year, while 13% feel it may or may not be required.

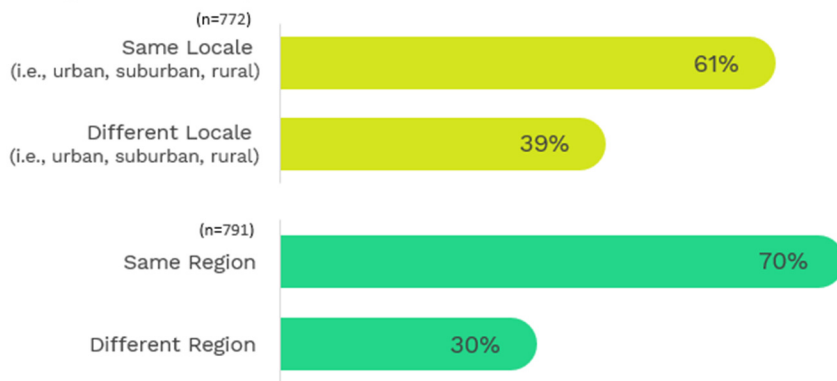
Figure 29. Did Independent Work Require Living in or Near a City in 2022
Total | n=815



More than eight-in-ten (84%) agree strongly or somewhat that their independent work gives them the freedom to live wherever they want. In fact, most independent workers are already living in the locale (i.e., urban, suburban, rural) and region they most prefer. When asked where they would prefer to reside if given the flexibility to live and work anywhere in the U.S., six-in-ten (61%) freelancers chose the locale in which they currently live and seven-in-ten (70%) chose the same region.

Figure 30. If They had the Flexibility to Live Anywhere, Independent Workers Would Live in...

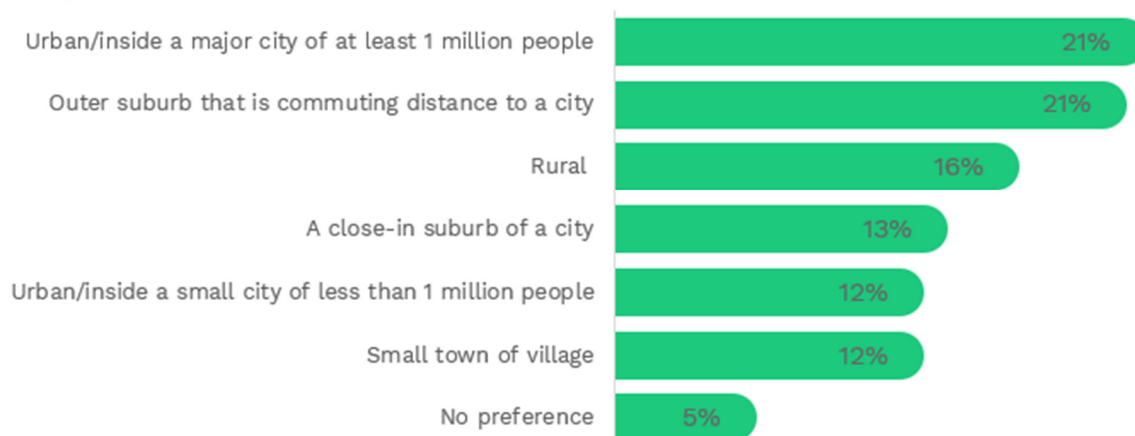
Among those who have a preference



The most preferred locales, if given the flexibility to live anywhere, are a major city of at least 1 million people (21%) or an outer suburb that is commuting distance to a city (21%). Those providing professional services are more likely to prefer an inner/outer suburb (41% versus 34% overall), while those providing technical services are more likely to prefer an urban location (46% versus 33% overall). The most preferred regions, if given the flexibility to live anywhere, are the West Pacific (AK, CA, HI, OR, WA) and the South Atlantic (DC, DE, FL, GA, MD, NC, SC, VA, WV), with 22% indicating a preference for each, perhaps driven by a desire to live in the warmer, sunnier states within each of those regions. Preferences also differ based on political beliefs. Conservative freelancers are less likely to prefer the West Pacific (17% versus 22% overall) or New England (5% versus 8% overall) and more likely to prefer the West South-Central region, which includes Arkansas, Louisiana, Oklahoma, and Texas (14% versus 10% overall). In contrast, freelancers who identify as liberal are more likely to prefer New England (13% versus 8% overall).

Figure 31. Preferred Locale If Given the Flexibility to Live Anywhere

Total | n=815



It is clear that independent professionals value having the freedom of choice and flexibility to decide where they want to live and how they want to work. Freelancing provides many with control over decisions about where to live and whether to work from home or “work from anywhere” while traveling. This autonomy seems to be a key factor in the decision to pursue independent work over traditional permanent employment.

Top 30 Markets

In 2022, there are an estimated 6.7 million independent professionals in the U.S. engaging in creative, technical, and professional business activities, up 2.1% from 2021. Their combined receipts are estimated to be \$286 billion, up 9.2% from 2021, with inflation accounting for much of this increase. The average annual receipts for these independent professionals in the U.S. are estimated to be \$42,429.

Independent professionals in the U.S. tend to congregate in metropolitan areas with at least one million inhabitants with a high degree of concentration in the top 30 markets. It is estimated that in the U.S. in 2022, there were 3.9 million independent professionals in the top 30 markets (up 2.2% from 2021) with a combined revenue of \$185 billion (up 9.3% from 2021).⁵ The top 30 markets for these workers represent nearly six-in-ten (58%) of all independent professionals in the U.S. and accounts for 65% of the revenue.

The top markets by both number of independent professionals and their revenues are New York, Los Angeles, and Miami. Based on most recent census data for 2019, San Antonio overtook Pittsburgh⁶ to be included among 30 largest market for independent professionals in the U.S. and is estimated in 2022 to rank 28th in total number of professionals.

**Table 1. Top Markets for Independent Professionals
(by order of size of workforce)**

Market (Metropolitan Statistical Area)	Number of Independent Professionals (2022 Projected)	Rank by Number of Independent Professionals	Revenues (2022 Projected)	Rank by Revenues
New York, NY	567,845	1	\$30,459,869,689	1
Los Angeles, CA	425,052	2	\$23,173,881,407	2
Miami, FL	235,673	3	\$12,566,461,260	3
Chicago, IL	201,699	4	\$8,117,190,589	7
Dallas, TX	196,795	5	\$8,860,703,540	6
Washington, DC	188,722	6	\$9,556,064,166	4
Atlanta, GA	177,169	7	\$6,559,789,666	10
Houston, TX	153,974	8	\$6,883,928,550	8
San Francisco, CA	153,774	9	\$8,987,412,900	5
Boston, MA	131,444	10	\$6,747,801,924	9
Philadelphia, PA	126,650	11	\$6,143,029,445	11
Phoenix, AZ	109,224	12	\$4,786,848,599	12
Seattle, WA	91,359	13	\$3,838,661,606	16

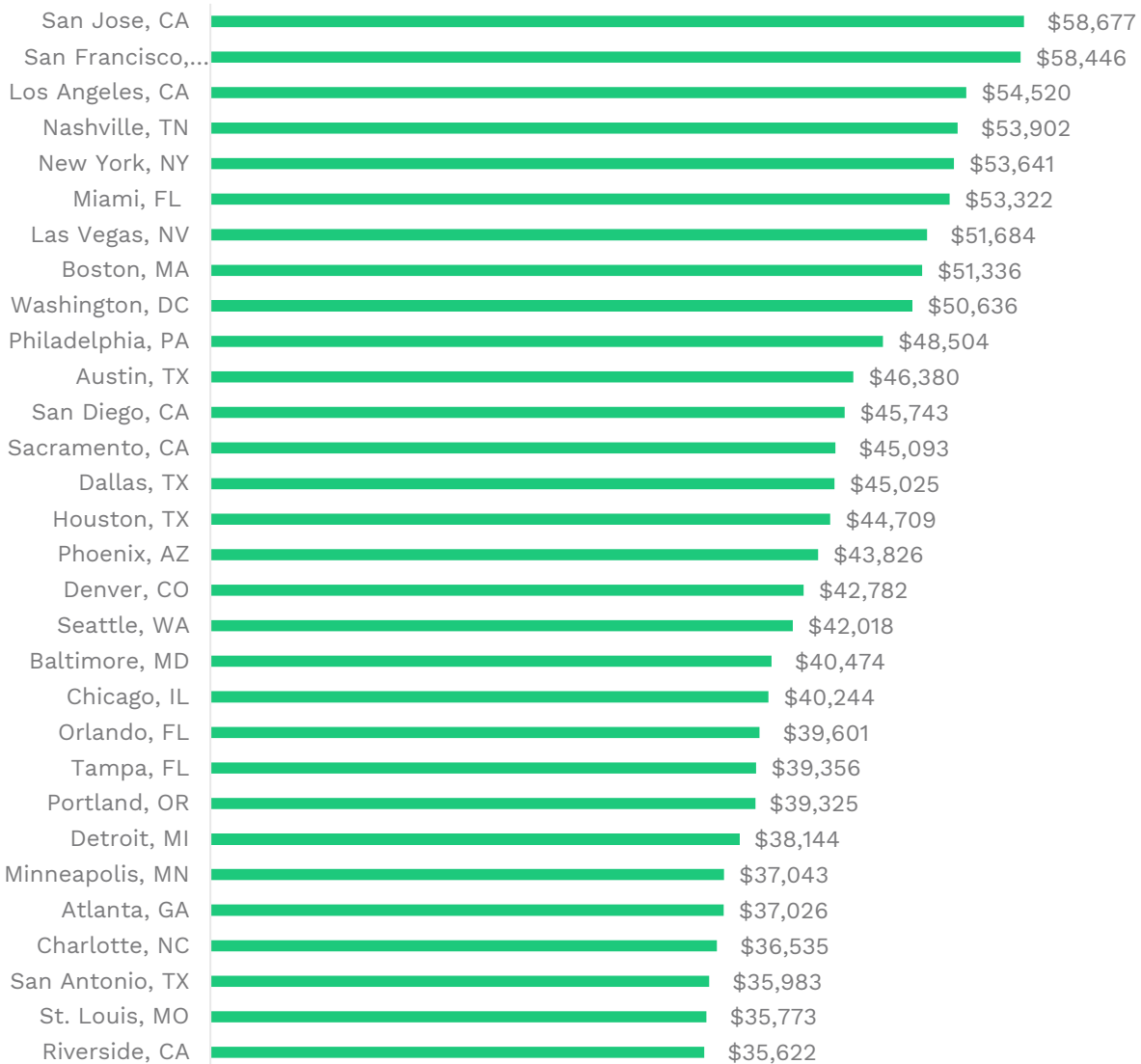
⁵ These are estimates because the release of the NES is delayed and numbers have not been released since 2019.

⁶ While no longer in the top 30, Pittsburgh has a vibrant freelance economy with 39 thousand independents with combined receipts of \$1.4 billion in 2022.

Austin, TX	90,432	14	\$4,194,202,964	13
Denver, CO	87,808	15	\$3,756,594,690	17
San Diego, CA	87,607	16	\$4,007,437,445	14
Minneapolis, MN	86,947	17	\$3,220,778,426	18
Detroit, MI	80,661	18	\$3,076,739,461	20
Tampa, FL	76,574	19	\$3,013,662,763	21
Riverside, CA	71,312	20	\$2,540,305,852	24
Nashville, TN	71,303	21	\$3,843,363,034	15
Orlando, FL	70,515	22	\$2,792,460,009	22
Portland, OR	63,280	23	\$2,488,532,661	25
Charlotte, NC	59,127	24	\$2,160,188,518	27
Baltimore, MD	58,891	25	\$2,383,599,381	26
San Jose, CA	53,776	26	\$3,155,420,710	19
Las Vegas, NV	51,436	27	\$2,658,410,164	23
San Antonio, TX	46,905	28	\$1,687,801,586	29
St. Louis, MO	46,838	29	\$1,675,551,246	30
Sacramento, CA	43,122	30	\$1,944,533,746	28

Independent professionals in the top 30 markets earn \$47,436 on average, roughly \$5,000 more than the U.S. average across the different types of independent professionals. When comparing markets, independent professionals earn anywhere from \$35,622 to \$58,677 annually from their work, with receipts being the highest in San Jose, San Francisco, Los Angeles, Nashville, New York, and Miami. Independent professionals providing technical services in San Jose earned the most in 2022 at \$73,806 on average, while creative professionals in St. Louis earned the least at \$18,994, on average.

Figure 32. Skilled Independent Workforce Receipts per Entity
(2022 estimated)

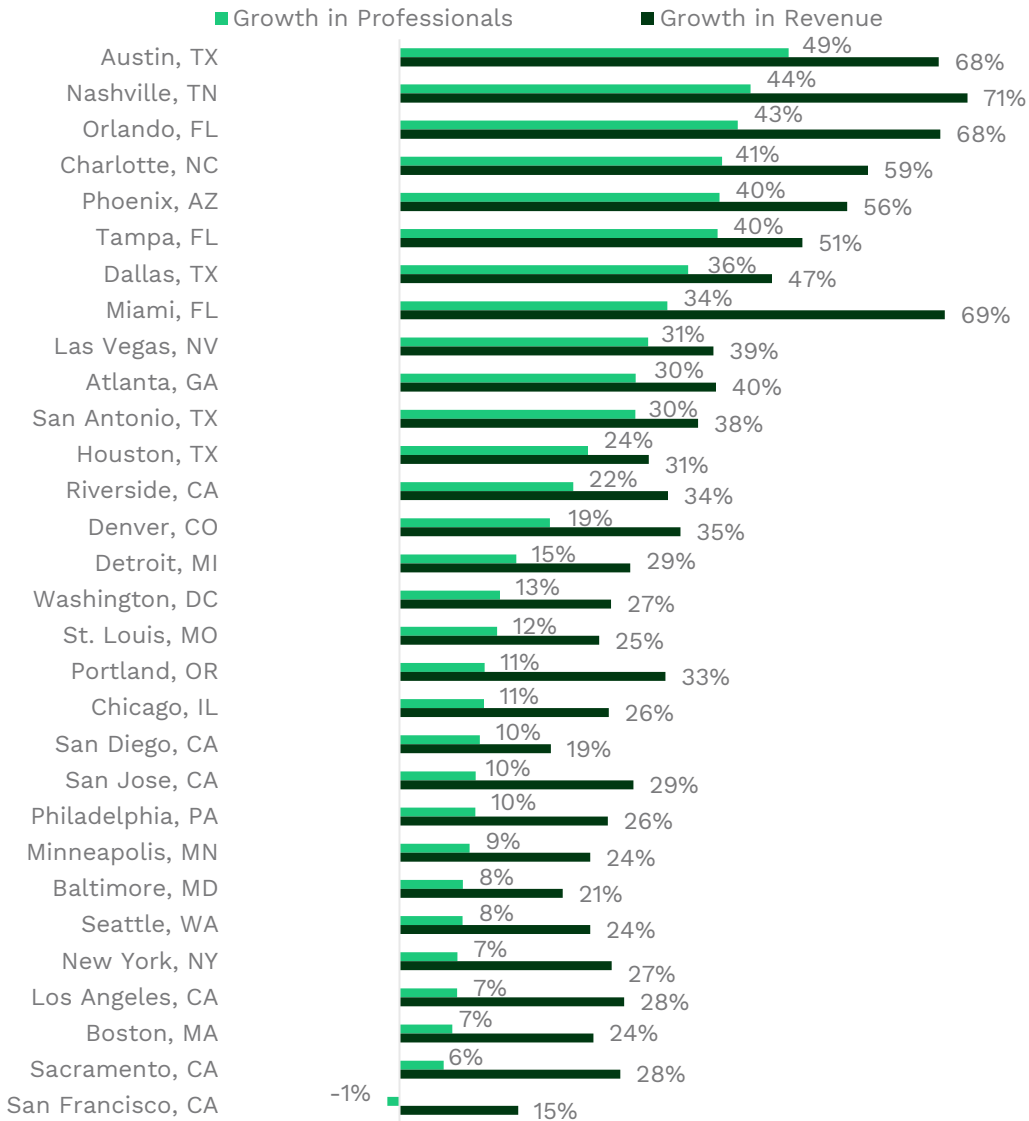


The advantage in earnings in the top 30 markets is consistent across occupations. Independents providing creative services in the top 30 markets earn an estimated \$33,443 on average compared to the U.S. as a whole at \$28,276. Independents in the top 30 markets who provide technical services earn \$62,209, compared to \$57,027 in the U.S. as a whole. Finally, independents in the top 30 markets providing professional services earn an estimated \$44,847 annually, compared to \$40,256 for the U.S.

The number of independent professionals increased between 2017 and 2022 in all markets except San Francisco. Most markets experienced double digit growth, the fastest growing including Austin, Nashville, Orlando, Charlotte, Phoenix, and Tampa. All markets within the top 30 experienced double-digit growth in revenues from the skilled independent workforce from 2017 to 2022, fueled by a combination of natural growth and general inflation that led to increased service prices. San Francisco experienced negative growth in independent

professionals during this period, which may have been a result of the downturn in the tech economy and high costs of living that drove independent professionals to move to more affordable regions. However, independent professionals in San Francisco have not suffered much revenue-wise since they earn the second most, on average, among the top 30 markets.

Figure 33. Total Growth in Skilled Independent Workers and Revenues (2017-2022 Estimated)



Creative, Technical, and Professional Services

Independent professionals fall into three categories, creative, technical, and professional (see Appendix for definitions). In the top 30 markets, professional services comprise the largest share of skilled independent workers and their revenues, at half the workers (50%) and nearly half the revenues (47%) estimated for 2022, which is similar to the U.S. (51% and

48%, respectively). Technical services workers represent three-in-ten skilled independent workers in the top 30 markets (29%), and nearly four-in-ten dollars in skilled independent worker revenues (38%) in 2022, compared to 28% and 38% respectively for the U.S. The smallest group, independent professionals who provide creative services, make up an estimated one-fifth (21%) of skilled independent workers in the top 30 markets in 2022, but only about one of every seven (15%) dollars in revenue, compared to 21% and 14% respectively for the U.S. The following discussion delves into greater detail for the three independent occupations in order of their size: professional services, technical services, and creative services.

Professional Services

For 2022, we estimate that there are 3.4 million skilled independents providing professional services (i.e., legal, accounting/bookkeeping, management consulting, marketing, and business support) in the U.S., earning combined revenues of \$138 billion and an average \$40,256 annually from their independent work. The top 30 markets capture 57% of independents who provide professional services and 63% of the revenues in the U.S. New York, Los Angeles and Miami are the top professional independent markets in terms of number of workers and revenues.

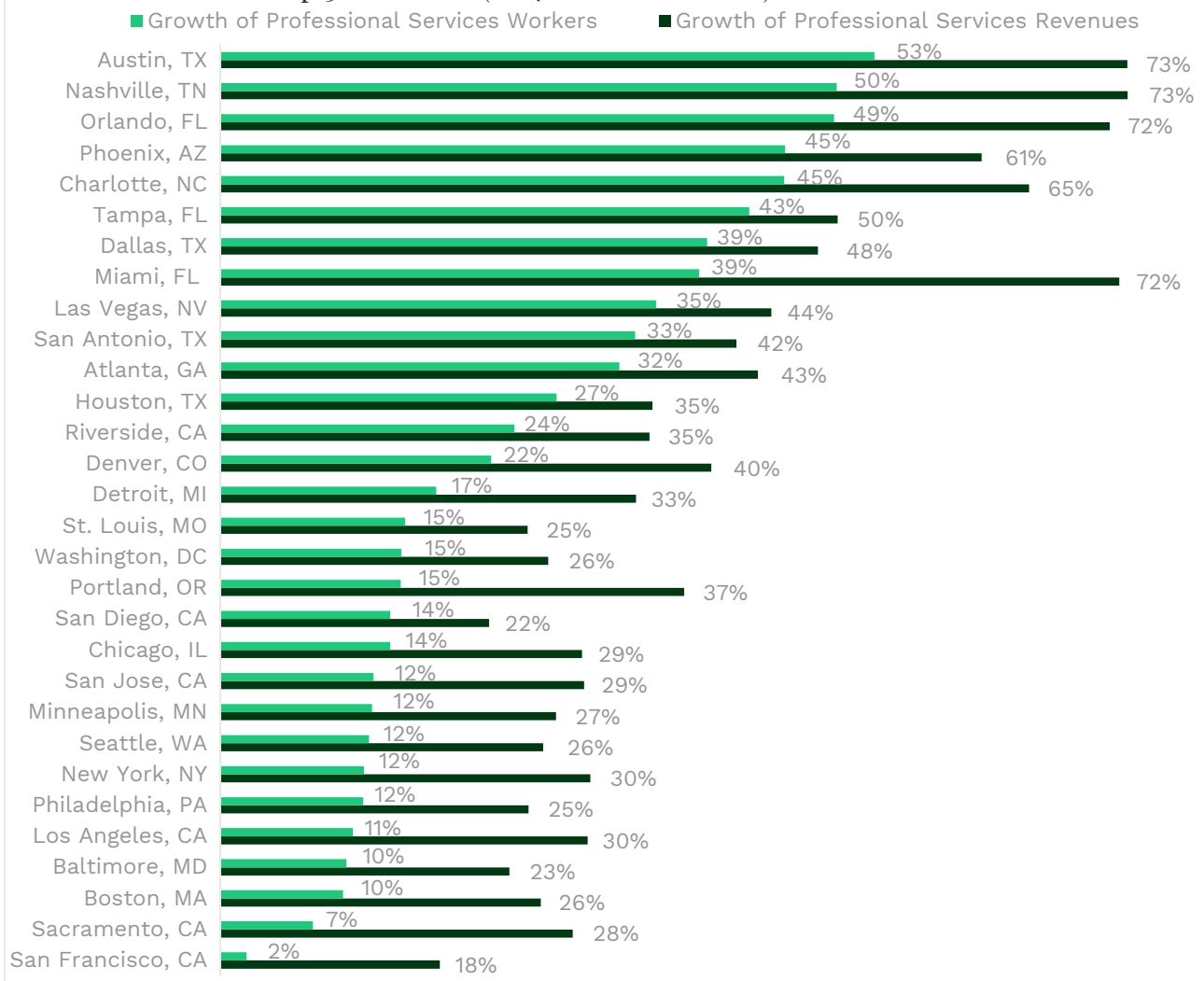
Table 2. Top Markets for Professional Services

Market (Metropolitan Statistical Area)	Number of Independent Professionals (2022 Projected)	Rank by Number of Independent Professionals	Revenues (2022 Projected)	Rank by Revenues
New York, NY	266,156	1	\$13,453,961,428	1
Los Angeles, CA	171,527	2	\$8,817,404,629	2
Miami, FL	133,600	3	\$6,291,467,555	3
Chicago, IL	106,767	4	\$4,234,069,714	7
Dallas, TX	105,504	5	\$4,536,499,381	5
Washington, DC	100,024	6	\$4,720,218,402	4
Atlanta, GA	93,842	7	\$3,237,136,875	10
Houston, TX	89,748	8	\$3,772,924,908	8
San Francisco, CA	73,270	9	\$4,274,836,639	6
Boston, MA	66,809	10	\$3,508,362,985	9
Philadelphia, PA	65,829	11	\$3,027,126,223	11
Phoenix, AZ	57,489	12	\$2,444,308,085	12
Seattle, WA	41,922	13	\$1,768,408,579	16
Austin, TX	43,274	14	\$1,969,733,414	14
Denver, CO	43,932	15	\$1,847,689,406	15
San Diego, CA	43,457	16	\$2,015,739,829	13
Minneapolis, MN	41,416	17	\$1,557,902,538	18
Detroit, MI	45,654	18	\$1,682,140,310	17
Tampa, FL	41,130	19	\$1,501,227,547	20
Riverside, CA	37,408	20	\$1,228,658,351	23
Nashville, TN	29,728	21	\$1,317,227,801	22
Orlando, FL	36,492	22	\$1,350,014,090	21
Portland, OR	26,753	23	\$1,090,327,244	26
Charlotte, NC	30,860	24	\$1,037,844,358	27

Baltimore, MD	30,950	25	\$1,157,915,569	25
San Jose, CA	27,415	26	\$1,518,099,139	19
Las Vegas, NV	23,896	27	\$1,195,686,920	24
San Antonio, TX	26,583	28	\$931,283,054	29
St. Louis, MO	23,799	29	\$862,575,331	30
Sacramento, CA	22,063	30	\$980,117,009	28

Austin, Nashville, and Orlando are estimated to have grown the fastest from 2017 to 2022, followed by Phoenix and Charlotte. All but Sacramento and San Francisco are estimated to have had double digit growth in numbers of independents offering professional services in the last five years. Revenues are estimated to have grown at an even faster pace, increasing beyond 70% for Nashville, Austin, Miami, and Orlando. In all markets, revenue growth in the professional services category far outpaced growth in the number of independents, attributed primarily to inflation and consequently, increasing service prices. However, the difference in growth rates varies by market suggesting that the ability to increase fees is not consistent.

Figure 34. Growth of Independents Providing Professional Services and Their Revenues in Top 30 Markets (2017-2022 Estimated)



Technical Services

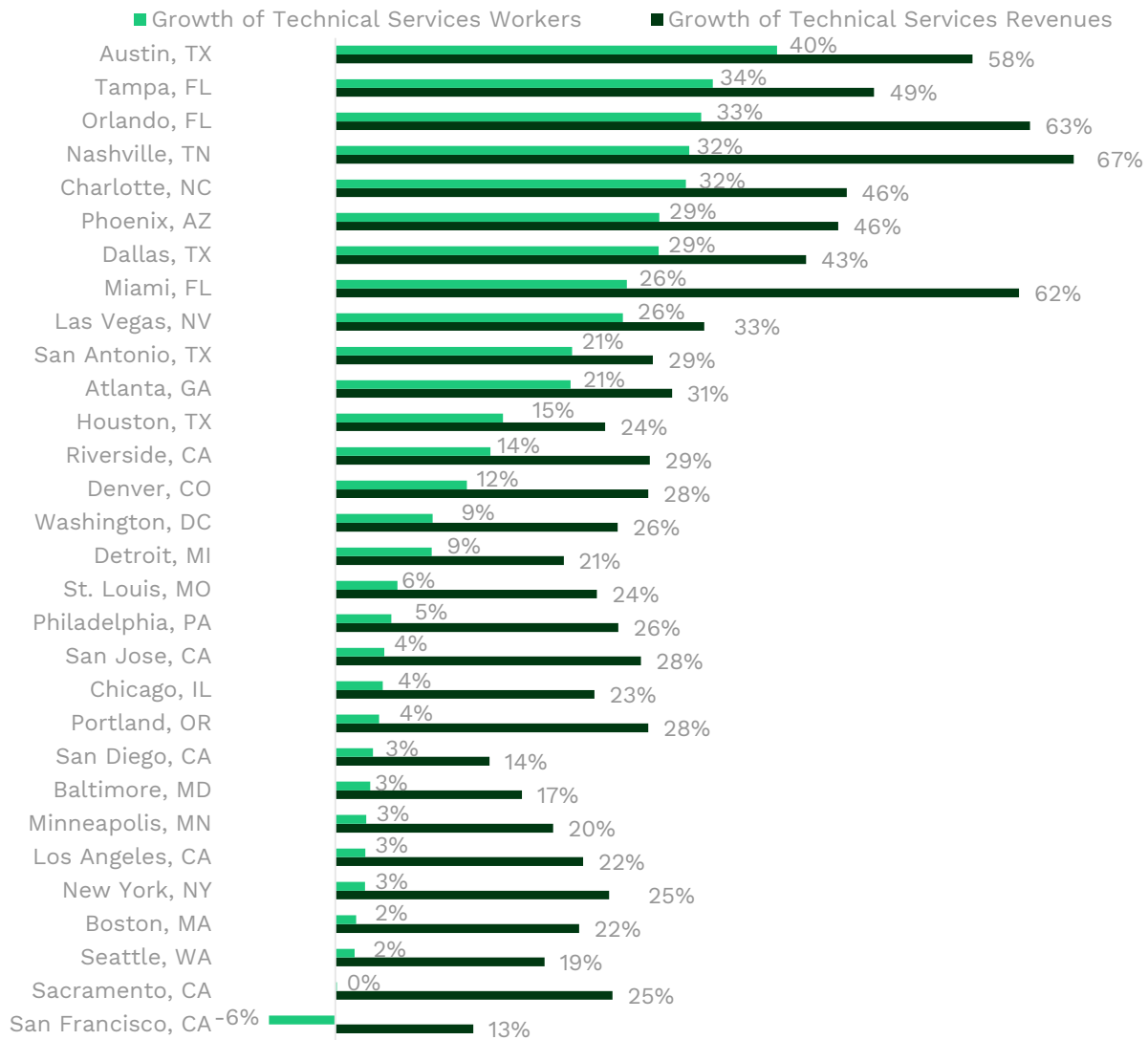
Technical services include independent professionals who provide data processing, architecture, design, engineering, computer/IT, and scientific services. This group represents the second largest share of all professional independents in the U.S., estimated at 1.9 million in 2022. These workers earn \$57,027 annually from their independent activities, more than professional services and creative services independents. Six-in-ten (60%) of technical services freelancers live in the top 30 markets, and these workers generate 65% in revenue from all similar workers in the U.S. New York, Los Angeles, Miami and Washington, DC are the top markets in terms of number of workers and revenue.

Table 3. Top Markets for Technical Services

Market (Metropolitan Statistical Area)	Number of Technical Independent Professionals (2022 Projected)	Rank by Number of Independent Professionals	Revenues (2022 Projected)	Rank by Revenues
New York, NY	161,932	1	\$11,401,245,691	1
Los Angeles, CA	119,277	2	\$7,443,960,641	2
Miami, FL	71,342	3	\$5,109,892,619	3
Washington, DC	58,170	4	\$4,044,705,029	4
Dallas, TX	56,490	5	\$3,465,513,177	6
Chicago, IL	55,211	6	\$2,993,353,426	7
San Francisco, CA	50,554	7	\$3,678,751,999	5
Atlanta, GA	48,378	8	\$2,464,088,014	11
Houston, TX	42,065	9	\$2,641,228,651	8
Boston, MA	40,017	10	\$2,614,615,038	9
Philadelphia, PA	36,346	11	\$2,486,108,319	10
Phoenix, AZ	32,125	12	\$1,841,026,381	12
Seattle, WA	28,897	13	\$1,541,610,445	15
San Diego, CA	28,502	14	\$1,585,595,680	14
Denver, CO	27,037	15	\$1,521,800,225	16
Austin, TX	26,240	16	\$1,614,145,544	13
Minneapolis, MN	24,356	17	\$1,185,323,688	19
Tampa, FL	21,829	18	\$1,197,866,560	18
Detroit, MI	20,503	19	\$1,078,533,729	20
Riverside, CA	20,472	20	\$979,155,820	25
San Jose, CA	19,630	21	\$1,448,838,662	17
Orlando, FL	19,590	22	\$1,064,167,205	21
Portland, OR	19,518	23	\$955,084,232	26
Charlotte, NC	16,911	24	\$854,811,622	27
Baltimore, MD	16,263	25	\$985,263,849	24
Nashville, TN	15,453	26	\$1,023,014,648	22
Las Vegas, NV	13,876	27	\$997,224,904	23
Sacramento, CA	12,836	28	\$750,998,219	28
St. Louis, MO	12,617	29	\$615,016,221	29
San Antonio, TX	11,540	30	\$587,893,094	31

Austin, Tampa, Orlando, Nashville, and Charlotte are estimated to have grown the fastest in their technical independent professional workforces. Sacramento’s technical independent professional workforce was stagnant compared to five years ago, while San Francisco has faced negative growth in this workforce, which may be due to technical service independents joining the labor force during the tech boom a few years ago, workers leaving the area and working remotely, or the decline in the tech economy last year.

Figure 35. Growth of Technical Independent Professionals and Their Revenues in Top 30 Markets (2017-2022 Estimated)



Creative Services

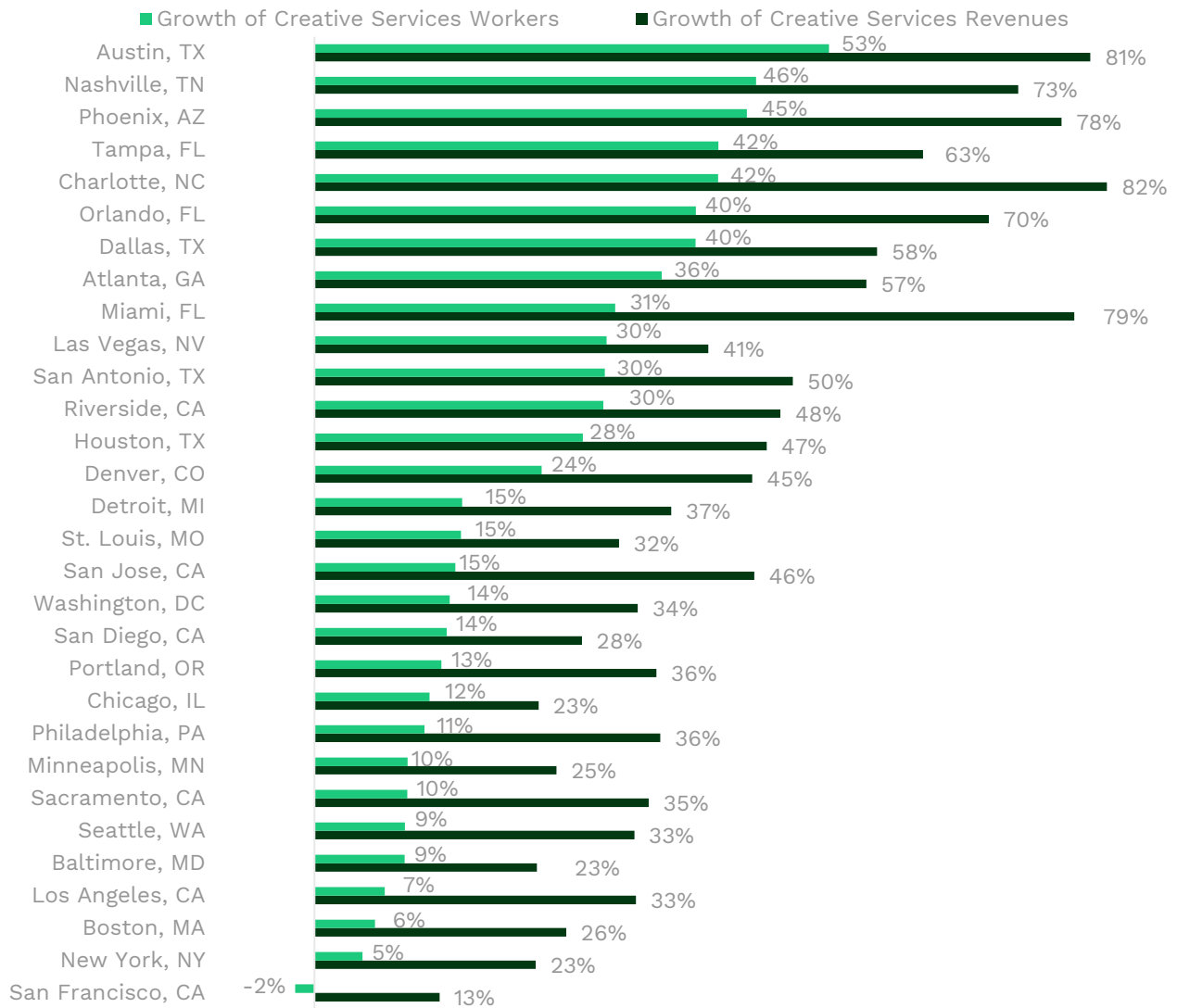
In 2022, there is an estimated 1.4 million creative independent professionals in the U.S. with combined receipts of \$40.3 billion. The creative category includes artists, writers, and performers, as well as video and sound professionals. Six-in-ten (58%) of creative independent professionals are based in the top 30 markets and 69% of the revenue comes from the top 30. Creative independent professionals earn \$28,276 on average in the U.S., but those in the top 30 markets earn an average of \$33,443. The top markets in terms of total workforce and revenue are New York and Los Angeles, both much larger than all other markets.

Table 4. Top Markets for Creative Services

Market (Metropolitan Statistical Area)	Number of Creative Independent Professionals (2022 Projected)	Rank by Number of Independent Professionals	Revenues (2022 Projected)	Rank by Revenues
New York, NY	139,757	1	\$5,604,662,570	2
Los Angeles, CA	134,248	2	\$6,912,516,137	1
Chicago, IL	39,721	3	\$889,767,450	6
Atlanta, GA	34,949	4	\$858,564,777	8
Dallas, TX	34,802	5	\$858,690,982	7
Miami, FL	30,732	6	\$1,165,101,085	4
Washington, DC	30,528	7	\$791,140,735	9
San Francisco, CA	29,950	8	\$1,033,824,262	5
Nashville, TN	26,122	9	\$1,503,120,585	3
Boston, MA	24,618	10	\$624,823,901	11
Philadelphia, PA	24,474	11	\$629,794,903	10
Houston, TX	22,160	12	\$469,774,991	16
Minneapolis, MN	21,176	13	\$477,552,212	15
Austin, TX	20,918	14	\$610,324,006	12
Seattle, WA	20,539	15	\$528,642,582	13
Phoenix, AZ	19,610	16	\$501,514,132	14
Portland, OR	17,010	17	\$443,121,186	18
Denver, CO	16,839	18	\$387,105,059	20
San Diego, CA	15,648	19	\$406,101,937	19
Detroit, MI	14,504	20	\$316,065,422	23
Orlando, FL	14,433	21	\$378,278,714	21
Las Vegas, NV	13,663	22	\$465,498,340	17
Tampa, FL	13,615	23	\$314,568,656	24
Riverside, CA	13,432	24	\$332,491,681	22
Baltimore, MD	11,678	25	\$240,419,963	26
Charlotte, NC	11,355	26	\$267,532,538	25
St. Louis, MO	10,422	27	\$197,959,694	28
San Antonio, TX	8,783	28	\$168,625,438	30
Sacramento, CA	8,224	29	\$213,418,518	27
San Jose, CA	6,731	30	\$188,482,910	29

Austin, Nashville, Phoenix, Tampa, Charlotte, Orlando and Dallas all experienced at least a 40% growth in their creative independent workforces from 2017 to 2022. Charlotte, Austin, Miami, Phoenix, Nashville and Orlando experienced the highest growth in creative independent revenues, all increasing by 70% or more. The slowest growing markets for number of creative independent professionals are Los Angeles, Boston, New York, and San Francisco.

Figure 36. Growth of Creative Independent Professionals and Their Revenues in Top 30 Markets (2017-2022 Estimated)



Commonalities Among Top Markets: The 9 Types of Freelancer Markets

Independent professionals can be found in a variety of different markets that are distinctive by the nature of independent work, growth rates, earning levels, local economy, and demographic make-up. Rockbridge classified the top 50 markets into nine groupings, each telling a story about what freelancers might expect if they lived in those markets (see Table 5). The results show that independent professional markets fall into groupings that have more in common with each other than markets in other groups – for example, Los Angeles has more in common with Nashville than Chicago, and New York has more in common with Baltimore than Boston. An example of a market group consists of Creative Destinations (including Los Angeles, Las Vegas, and Nashville) that represent magnets for creative independent professionals, whether they be actors or writers in Los Angeles, entertainers in Las Vegas, or singers and songwriters in Nashville. The Upscale Brain Markets, for example, of Boston, Bridgeport, San Francisco, and Washington, DC, present a contrast to the Creative Destinations. These markets have well-established but slower-growing independent professional workforces with higher shares providing technical and professional services. These markets also have more highly educated populations than average in the top 50 as well as higher incomes and higher living costs.

Table 5. Market Groupings

Market Grouping	Markets (MSAs)
Diverse Professional Markets	Baltimore, MD New Orleans, LA New York, NY Philadelphia, PA
Affordable Heartland Cities	Chicago, IL Cincinnati, OH Cleveland, OH Columbus, OH Detroit, MI Hartford, CT Indianapolis, IN Kansas City, MO Louisville, KY Milwaukee, WI Minneapolis-St. Paul, MN Pittsburgh, PA Providence, RI St. Louis, MO
Creative Destinations	Las Vegas, NV Los Angeles, CA Nashville, TN
Upscale Brain Markets	Boston, MA Bridgeport, CT San Francisco, CA Washington, DC
Sunbelt Professional Havens	Jacksonville, FL Miami, FL Orlando, FL Phoenix, AZ

	Tampa, FL
Rising Tech Hubs	Atlanta, GA Austin, TX Charlotte, NC Denver, CO Raleigh, NC Richmond, VA Salt Lake City, UT
Lone Star Boom Towns	Dallas, TX Houston, TX San Antonio, Tx
Middle Income Oases	Memphis, TN Oklahoma City, OK Oxnard-Thousand Oaks-Ventura, CA Riverside-San Bernardino-Ontario, CA Sacramento, CA San Diego, CA Virginia Beach-Norfolk-Newport News, VA
Big Tech Centers	Portland, OR San Jose, CA Seattle, WA

The largest grouping is Diverse Professional Markets, including Baltimore, New Orleans, New York, and Philadelphia, with over 781,000 independent professionals estimated to live in these markets in 2022. The second largest is Affordable Heartland Cities, which includes Minneapolis, Chicago, Detroit, Cleveland, and Pittsburgh, among others. There are nearly 757,000 independent professionals estimated to be living in these markets as of 2022. At the other end of the spectrum, Big Tech Centers such as San Jose, Seattle, and Portland comprise the smallest market grouping, with nearly 213,000 independent professionals estimated for 2022.

Figure 37. Market Groupings Distribution by Number of Independent Professionals (2022 Estimated)

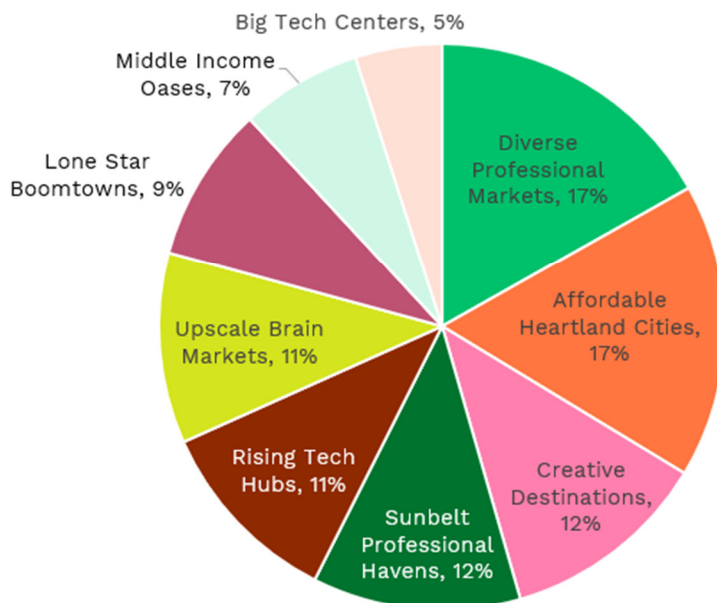
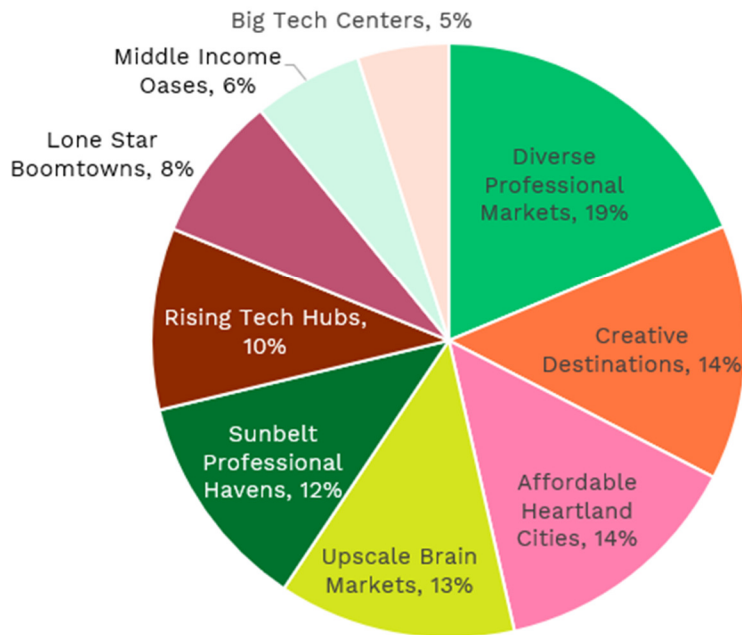


Figure 38. Market Groupings Distribution by Revenue (2022 Estimated)



Diverse Professional Markets (*Baltimore, New Orleans, New York, and Philadelphia*) – Four large metropolitan areas make up this group, with some of the largest cities in the U.S. There are over 781,000 independent professionals living in these markets earning nearly \$40 billion estimated in 2022. These markets have seen growth in their independent professional workforce in the past 5 years, but at a slower rate than other market categories. This group has a higher share of creative independent professionals and revenue, compared to nationwide. With a large population base, this group has potential for growth in its independent professional workforce. Further, this group of markets has a higher-than-average concentration of jobs in the health and education sector and is one of the most ethnically diverse.

Affordable Heartland Cities (*Cincinnati, Columbus, Cleveland, Kansas City, Minneapolis, St. Louis, Chicago, Detroit, Indianapolis, Louisville, Milwaukee, Hartford (CT), Pittsburgh, and Providence (RI)*) – This group of markets is comprised of fourteen mid-size metro areas in the Midwest and Eastern United States. There are an estimated 757,000 independent professionals in this group, earning over \$28 billion in revenue (also estimated), as of 2022. These markets have a higher-than-average concentration of workers and revenues in the professional services category, account for more than half of revenue among independents; these markets generally are not creative or tech hubs. Collectively, these markets have had lower rates of growth in independent professional establishments and revenues and the lowest per capita revenue for independent professionals. With some exceptions, they are the least ethnically diverse, are among the lowest in population mobility and have a higher concentration of manufacturing employment. Despite lower growth rates and revenues, these markets are important because they are home to a large share of independent professionals, so they clearly have something to offer. These heartland cities, traditionally

manufacturing centers, have lower costs of living and the potential to attract future talent as independents, unshackled by the need to work in physical locations, seek places that are affordable and have room to live.

Creative Destinations (Los Angeles, Las Vegas, Nashville) – These markets represent the United States’ entertainment meccas, where creative- and entertainment-related opportunities for independent professionals abound. The markets sport diverse populations, growing and changing landscapes with a high mobility rate, and large leisure-dominated economies, making them attractive to creative freelancers. Future growth for freelancers shows great promise for these cities. There are an estimated 546,000 independent professionals in these markets, including over 173,000 providing creative services, as of 2022. Independent professionals living in these markets are estimated to earn over \$29.3 billion annually, \$8.7 billion of which comes from those providing creative services, a higher-than-average share among the top markets and compared to the nation as a whole.

Upscale Brain Markets (Boston, Bridgeport (CT), San Francisco, Washington, DC) – These markets are characterized by their highly educated populations, higher costs of living, and higher per capita income. Comprised of some large cities like Boston, San Francisco, and Washington, DC, on both coasts, their independent workforces for technical and professional services grew in the past, but they have had the lowest growth rate in independent professionals and revenues among all the market groups. There are an estimated 503,000 independent professionals living in these markets, earning nearly \$27.2 billion as of 2022.

Sunbelt Professional Havens (Miami, Orlando, Tampa, Jacksonville, and Phoenix) – Large, sun-drenched, rapidly growing metro areas in Florida and Arizona comprise this group of markets. We estimate there are nearly 534,000 independent professionals in this group of markets, earning \$24.3 billion in 2022. They have a higher-than-average share of independent workers and revenues in the professional services category. These markets stand out for their rising, diverse populations, compared to other large MSAs, and their economies have a higher-than-average representation of leisure and financial service jobs. In general, this group of markets has a higher share of older residents, since the sunbelt also attracts retirees. Among the nine market groups, this group experienced the fastest growth in number of independent professionals and revenues over the past 5 years.

Rising Tech Hubs (Austin, Denver, Atlanta, Charlotte, Raleigh, Richmond (VA), and Salt Lake City) – This group represents seven fast growing metro areas with economies driven by financial services, information services and professional jobs. With a highly educated, relatively young population with kids in household, this group may be the next tech-hub for freelancers as the tech economy in general shifts from the large tech centers to smaller cities. There are an estimated 505,000 independent professionals who call these markets home in 2022, earning nearly \$20.0 billion in revenues. This market group was the second fastest growing among the nine groups in independent workers and revenue.

Lone Star Boomtowns (Houston, Dallas, and San Antonio) – This group contains Dallas, Houston, and San Antonio, which are among the largest cities in Texas and includes two of the largest cities in the U.S. Each is a quickly expanding market for independent

professionals, and a large base particularly for those providing professional services. These markets are also young, with higher percentages of their total population falling under the age of 35 compared to other markets, and more diverse, but have slightly fewer females in the general population compared to other markets. There are an estimated 396,000 independent professionals in these three markets alone in 2022, earning nearly \$17.3 billion in revenues. These are the third fastest growing markets in number of independent professionals and revenue.

Middle Income Oases (Memphis, Oklahoma City, Oxnard, Riverside, Sacramento, San Diego, and Virginia Beach) – This group is defined by its smaller population centers with more diverse, less educated, and female-dominated populations. Their economies depend more on jobs in the government sector, including two that are state capitals. In 2022, this group of markets had a higher-than-average share of revenue from professional services. There are just 302,000 independent professionals residing in this group of markets estimated in 2022, earning \$12.2 billion.

Big Tech Centers (Portland (OR), San Jose, Seattle) – This group represents the top destinations for technology freelancing opportunities. Highly educated, more diverse, and relatively younger populations make these markets a big draw for freelancers. Among the total population (not just independent professionals), these markets boast a higher-than-average per capita income. There are nearly 213,000 independent professionals residing in these markets in our 2022 estimates, and they earn a combined \$9.6 billion annually from their independent work. However, these markets experienced lower than average growth in independent workers and revenues in the past 5 years, and the recent downturn in the technology sector coupled with high costs of living does favor their growth in the near term. The defining and differentiating characteristics of these nine market groupings are summarized in the table below.

**Table 6. Characteristics of Market Groupings
(2022 Estimated)**

Market Grouping	5 Year Growth Rate (Rank, 1=fastest)		High Indexing Categories		Average Revenue (Rank, 1=highest)	High Indexing Employers	High Indexing Demographics
	Number of Workers	Revenue	Number of Workers	Revenue			
Diverse Professional Markets	7.8% (8)	25.1% (8)	Creative	Creative	\$50,986 (3)	Educ/Health	Diverse, Low Mobility
Affordable Heartland Cities	12.0% (6)	25.4% (7)	Professional	Professional	\$37,410 (9)	Manufacturing, Educ/Health	Low Diversity
Creative Destinations	12.6% (5)	32.2% (4)	Creative	Creative	\$53,753 (2)	Leisure	Diverse, Low Mobility
Upscale Brain Markets	6.0% (9)	20.8% (9)	Tech	Tech	\$53,969 (1)	Professional, Educ/Health	Highly Educated
Sunbelt Professional Havens	39.6% (1)	62.0% (1)	Professional	Professional	\$45,559 (4)	Finance, Leisure	Diverse
Rising Tech Hubs	30.5% (2)	45.9% (2)	Average	Average	\$39,573 (8)	Finance, Info, Professional	High Mobility
Lone Star Boom Towns	30.0% (3)	38.1% (3)	Professional	Professional	\$43,541 (6)	Finance	Diverse, Young
Middle Income Oases	16.0% (4)	28.7% (6)	Average	Professional	\$40,383 (7)	Government	Diverse, Lower Education
Big Tech Centers	11.5% (7)	29.5% (5)	Tech	Tech	\$45,043 (5)	Manufacturing, Info, Professional	Diverse, Highly Educated

5.0 Appendix: Methodology

Nonemployer Statistics Data Series Analysis

At the outset of the project, Rockbridge Associates and Fiverr jointly defined the skilled independent workforce based on the type of work being done independently, capturing work that is creative, technical and professional in nature. The 26 NAICS industry codes that make up the study’s skilled independent worker definition are represented in table A below. These NAICS codes are further classified by type of independent work: creative (C), technical services (TS), and professional services (PS), noted in parentheses below.

Table A. Independent Workforce NAICS Codes

5121 – Motion Picture and Video Industries (C)	54151 – Computer Systems Design and Related Services (TS)
5122 – Sound Recording Industries (C)	5416 – Management, Scientific, and Technical Consulting Services (PS)
518 – Data Processing, Hosting, and Related Services (TS)	5418 Advertising, Public Relations, and Related Services (PS)
5191 - Other Information Services (TS)	54191 Marketing Research and Public Opinion Polling (PS)
5411 – Legal Services (PS)	54192 Photographic Services (C)
5412 – Accounting, Tax Preparation, Bookkeeping, and Payroll Services (PS)	54193 Translation and Interpretation Services (TS)
54131 – Architectural Services (TS)	54199 All Other Professional, Scientific, and Technical Services (TS)
54132 – Landscape Architectural Services (TS)	5611 Office Administrative Services (PS)
54133 – Engineering Services (TS)	56141 Document Preparation Services (PS)
54134 – Drafting Services (TS)	56149 All Other Business Support Services (PS)
54136 – Geophysical Surveying and Mapping Services (TS)	611 Educational Services (PS)
54137 – Surveying and Mapping (except Geophysical) Services (TS)	7115 Independent Artists, Writers, and Performers (C)
5414 – Specialized Design Services (TS)	81292 Photofinishing (C)

Rockbridge then analyzed annual datasets from 2013-2019 from the Non-Employer Statistics (NES) data series, published by the U.S. Census Bureau annually approximately 18 months after the end of the reference year. This data series compiled by the Census Bureau is based on tax filings from nearly 30 20 million businesses among 450 NAICS industries that have no paid employment or payroll, are subject to federal income taxes, and have receipts of \$1,000 or more. The data are available at the national, state, county, metropolitan statistical area, and combined statistical area geography levels.⁷ The data set is based on the number of “establishments,” or individual tax filings, based on the address of the entity. It should be noted that the unit in the NES dataset is not exactly the same as skilled independent workers but can be considered a good approximation.

⁷ <https://www.census.gov/programs-surveys/nonemployer-statistics/about.html>

To identify the top 30 markets for skilled independent workers, Rockbridge first identified and analyzed the most populous metropolitan statistical areas in the United States, defined as those with at least one million residents as identified by the U.S. Census Bureau's Population Division. This ensured that the top markets for independent professionals would not be missed, and the range in size of the skilled independent workforce in each of those top metropolitan areas varies widely enough to ensure confidence that none are missing from the top 30 identified.

NES data for particular NAICS codes may be withheld from publication in the NES datasets for two reasons. Starting with the 2018 data, the number of firms and receipts in a data cell can be published for any level of geography only if the cell contains three or more non-employer businesses. In all other cases, the cell is removed from publication. However, this data is included in higher level totals⁸, and thus did not meaningfully impact our analysis. For 2013-2017 data, the data are suppressed if there are fewer than three non-employer businesses for any level of geography or if more than 40 percent of either the receipts or establishments are from firms with an imputed industry classification.⁹ When data for a particular NAICS industry were withheld from publication in the NES datasets for either reason, Rockbridge imputed the data using the percentage that the NAICS industry code makes up nationwide in the NES dataset.

Starting in 2018, the Census Bureau updated the methodology used to assign NAICS codes in the NES data. This change resulted in a large number of sole proprietorships being reclassified from NAICS Sector 81 (Other Services, except Public Administration) to other NAICS sectors for 2018.¹⁰ While the Census Bureau cautions that data users should use caution when making comparisons between 2018 and other reference years, we do not believe this change fundamentally impacted our analysis.

Recently, there have been delays in NES data being released, the result being that the latest available data is from 2019. To address lags in the release of data, our report provides estimates of total number and revenues for 2020, 2021 and 2022. Each year, we update the numbers for years that are estimated to reflect the most recently available data; for example, numbers in this year's report use revised estimates for 2020, 2021, while 2019 in last year's report is replaced with actual numbers from the NES. We should note that estimating the impact for the past few years without recent data from the Census Bureau is more challenging than in the past due to the impact of the pandemic. Rockbridge utilized the most recently available market-level and U.S. GDP data to apply a balancing weight to the growth rates for skilled independent workers from 2017-2019 to predict 2020-2022 growth rates, and then applied that to the actual number of workers and their receipts from 2019, the most recent year data are available. We have calibrated our estimates as carefully

⁸ <https://www.census.gov/data/datasets/2019/econ/nonemployer-statistics/2019-ns.html>

⁹ https://www.census.gov/programs-surveys/nonemployer-statistics/technical-documentation/methodology.html#par_textimage_245304869

¹⁰ https://www.census.gov/programs-surveys/nonemployer-statistics/technical-documentation/methodology.html#par_textimage_379462313

as possible by refining our estimation models and incorporating other data sources, including GDP growth and Bureau of Labor Statistics (BLS) data on labor force size.¹¹

Table B. Sources

Independent workforce establishments and receipts (2013-2019)	U.S. Census Bureau. <i>Non-Employer Statistics (NES)</i> . Retrieved from https://www.census.gov/programs-surveys/nonemployer-statistics.html .
Top 50 metropolitan statistical areas by population (2019)	U.S. Census Bureau. <i>Population Division, Estimates of Resident Population Change and Rankings: July 1, 2016 to July 1, 2017</i> . Retrieved from https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=bkmk .
FIPS codes for metropolitan statistical areas	U.S. Census Bureau. <i>Metropolitan and Micropolitan</i> . Retrieved from https://www.census.gov/programs-surveys/metro-micro.html .
GDP for metropolitan statistical areas by year	U.S. Department of Commerce. <i>Total Gross Domestic Product (MSA)</i> . Retrieved from https://fred.stlouisfed.org/categories/27281 .
United States GDP by year	U.S. Department of Commerce. <i>Current-dollar and “real” GDP</i> . Retrieved from https://www.bea.gov/national/index.htm#gdp .
2017 NAICS codes definitions¹²	U.S. Census Bureau. <i>North American Industry Classification System</i> . Retrieved from https://www.census.gov/cgi-bin/sssd/naics/naicsrch?chart_code=51&search=2017%20NAICS%20Search .

¹¹ Quarterly Census of Employment and Wages, Bureau of Labor Statistics, December 2022.

¹² The NES data series uses the 2017 NAICS codes definitions for years 2017 and 2018, and 2012 for years 2013-2016. There were no changes to the NAICS codes used in this analysis from the 2012 definitions to the 2017 definitions.



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