

fiverr

30 Cities. Over \$150 Billion.

The 2020 Annual Freelance
Economic Impact Report

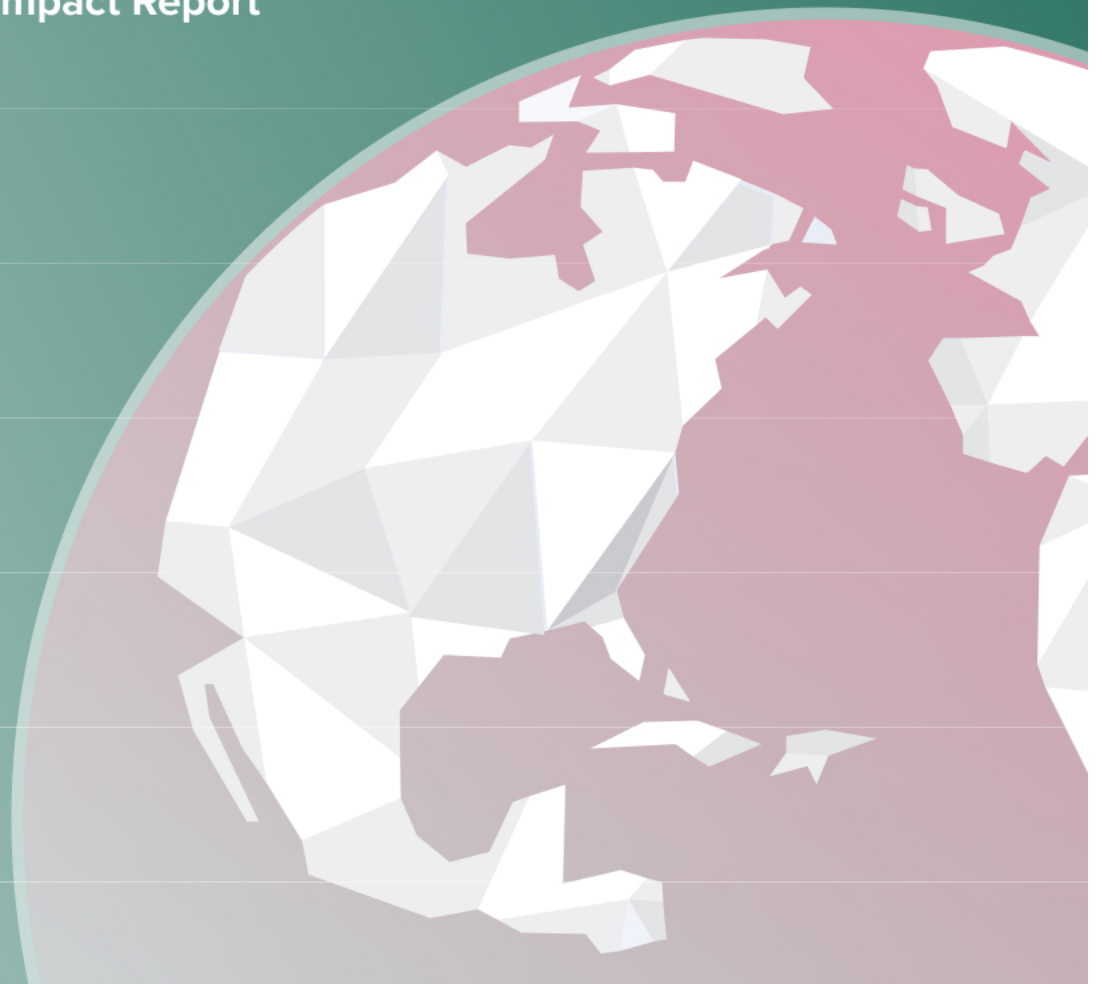


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1.0 Background and Objectives

Fiverr™, a leading online marketplace for independent professionals, just celebrated 10 years and over \$1 billion dollars earned by skilled independent workers on its platform. Fiverr™ connects these workers around the world with business opportunities while offering a range of services, from invoicing and payments to collaboration and specialty stores, to help them manage their businesses. For the third year, Fiverr commissioned Rockbridge Associates, a market research firm specializing in the services and technology sectors, 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 skilled independent workforce in the United States, in particular, in the top markets in the United States.
- Provide information on the economic impact of this workforce in the top markets in the United States.
- Uncover skilled independent worker attitudes, motivations, and behaviors, as well as demographic characteristics of this population.
- Compare the skilled independent workforce in the U.S. as a whole to those that use Fiverr's platform to sell their services.

To achieve these goals, Rockbridge first analyzed a range of secondary data sources from the U.S. Census Bureau, U.S. Federal Reserve Bank, and U.S. Department of Labor. A key data source consists of the non-employer statistics compiled annually by the U.S. Census Bureau. This data is based on over 20 million 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 revenues of independent professionals by market and by different industry categories. The most recently available data is from calendar year 2017, although this report includes estimates for 2018 and 2019.

This study specifically focuses on a segment termed here as “skilled independent workers.” This 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.

¹ North American Industrial Classification System

Second, Rockbridge conducted a survey of 800 skilled independent workers in the U.S. using a reputable online panel. Respondents must have worked as skilled independent workers in creative services, technical services, or professional services and earned at least \$1,000 in revenue from this work in 2019. Data collection took place March 18-30th, 2020. 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 U.S. 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 between January 2019 and January 2020. Data collection took place in February 2020 and resulted in 742 completed surveys from Fiverr freelancers in the U.S. Respondents were not incentivized. The data are unweighted.

2.0 Introduction

As the global COVID-19 pandemic has forced employers and workers to reexamine all aspects of the modern workplace and adopt new technologies quickly to maintain viability from the safety of home, skilled independent workers are at the forefront of this adoption curve. While 2020 will likely look very different from the past for skilled independent work, we remain optimistic that this resilient group is well-equipped to adapt to new post-pandemic economics and will continue to grow.

These workers have already been using technology to connect online with clients all over the region, state, country, or even world. While traditional workplaces may just be ramping up connectivity in response to the pandemic, independent workers can provide a service needed by others. Fiverr™ is one of the largest platforms serving this population, connecting these freelancers with clients who need their services and providing secure payment options.

This workforce has the unique ability to work from anywhere as long as they can remain connected to their clients and has myriad motivations for choosing this type of work. In this report, Rockbridge Associates describes the top markets in the United States for skilled independent workers, explores their economic impact, and uncovers their motivations, attitudes, and behaviors when it comes to their work.

3.0 Key Findings

New York, the nation's largest metro area, leads in skilled independent workforce size and revenue, but population ranking does not perfectly predict the independent workforce ranking

The nation's top three metro areas are also the largest markets for skilled independents. New York alone is home to nearly 600,000 freelancers, Los Angeles has approximately 430,000, and Chicago has nearly 200,000 projected for 2019. Smaller metro areas including Charlotte, St. Louis, Sacramento, Las Vegas, and Pittsburgh meet the cut for being among the top 30 markets by workforce size, each having fewer than 50,000 independents projected in 2019.

The number of skilled independent workers in a market generally tracks with the overall population of the market: the bigger the market, the more skilled independent workers it has. However, some markets rank higher for their skilled independent workforce relative to their population ranking, revealing that these workers play an outsized role in the local economy. Miami ranks 9th by total population, but fourth by the size of its skilled independent workforce. Similarly, San Jose, CA, and Nashville, TN, rank 35th and 36th in their total population, but 24th and 23rd by the size of their skilled independent workforces, respectively.

Miami overtakes Washington, DC, as fourth-largest market for skilled independent work

New York, Los Angeles, and Chicago are the top three markets by both overall population and number of skilled independent workers, but as of 2017 (the latest year for which data are available), Miami has overtaken Washington, DC, to become the fourth-largest market for the freelance workforce with just over 175,000 workers. It is projected to maintain this lead through 2019, growing to nearly 200,000 workers.

Miami is the fastest growing market for technical services workers and revenues and the second fastest growing market for professional services workers and revenues, behind Orlando.

California, Texas, and Florida have the most top markets for skilled independents

California is home to six of the top 30 markets for skilled independent workers (Los Angeles, San Francisco, San Diego, Riverside, San Jose, and Sacramento), while Texas and Florida each have three of the top markets (Texas is home to Houston, Dallas, and Austin and Florida contains Miami, Tampa, and Orlando). Pennsylvania is home to two of the top markets: Philadelphia and Pittsburgh. New York State only contains one of the top markets for skilled independent workers, but there are more of these freelancers in the New York metropolitan area alone compared to all three markets in Texas or the three in Florida.

Creative services are the fastest growing segment of the skilled independent workforce

Creative services workers are the smallest group compared to technical services and professional services workers, representing one in five (21%) of all skilled independent workers in the U.S. However, this workforce grew the fastest compared to the other two groups, increasing by 20 percent from 2012 to 2017. Their revenues grew by 25 percent during the same time period. In comparison, the professional services freelance workforce grew by 13 percent from 2012 to 2017 across the U.S., while their revenues grew by 17 percent. The technical services freelance workforce grew the slowest from 2012 to 2017 compared to creative services and professional services, increasing by 5 percent. Their revenues grew by 15 percent during the same time period.

Certain markets are popular hubs for creatives; in both Los Angeles and Nashville, creative skilled independents represent more than three in ten of all skilled independent workers in each market. Las Vegas, Portland, and New York also each have around a quarter of all skilled independent workers providing creative services. Nashville is the fastest growing market for revenue from skilled independent creative services workers and the third fastest for this group's workforce size.

The average growth rate for all skilled independent workers across the top 30 markets was 15% from 2012 to 2017, and the average revenue growth for the same time period was 20%. Across the United States, the growth in skilled independent workers was 12% and revenue growth was 17% for the same time period. Revenue growth outpaced the growth of the independent workforce, suggesting that skilled independent workers are growing their businesses as demand for their services outweighs supply.

Skilled independent work represents 1-2% of GDP in top markets

Revenues from skilled Independent workers in the top 30 markets account for over \$150 billion combined and represents 1-2% of GDP depending on the market. Miami's skilled independent workers contribute the most as a percentage of GDP, at 2.3%.

While most skilled independent work revenue comes from within the same metro area, this work contributes to local, state, and national economies by bringing in revenues from outside the metro area, state, and U.S. On average, nearly half (46%) of skilled independent work revenues comes from outside the metro area, thus contributing to its economic base. Forty-one cents of every dollar of revenue comes from outside the worker's state, contributing to the state economy, and a portion of the skilled independent work revenue (6%) comes from outside the U.S., thus contributing to the national economy.

“Big city” does not equate to “big” revenues for skilled independents

While bigger markets known for their high cost of living such as San Francisco, San Jose, Washington, Boston, and New York top the list of markets by revenues per skilled independent worker, workers in both Las Vegas and Nashville earn higher revenues per worker than those in New York while enjoying much lower costs of living. Skilled independents in New York earn, on average, \$44,520, while those in Nashville earn \$45,971 and those in Las Vegas earn \$48,569. The 2019 projected average across the top 30 markets is \$39,688. Given that, on average, these workers only spend 25 hours per week on their independent work, this freelance work can provide a substantial portion, if not all, of their total income. Half (49%) of skilled independent workers in the U.S. say this revenue comprises 75 percent or more of their personal income.

Skilled independent workers are highly satisfied with their work

Seven in ten (71%) skilled independent workers across the U.S. are highly satisfied with their work, compared to just over half (54%) of all workers in the U.S.² Just two percent of skilled independents are highly dissatisfied. Freelancers in the New York metropolitan area tend to be less satisfied than their peers living elsewhere in the U.S., with just six in ten (58%) reporting they are highly satisfied.

Skilled independent workers consider the top benefits to their work to be control over when and how they work, the ability to work from home if they need to, the work schedule, and the interesting nature of their work. Though the Nonemployer Statistics data series shows the average revenues from independent work in the U.S. are \$37,097 as of 2017, skilled independent workers cite the irregularity of their income, as well as the lack of adequate benefits outside of compensation (such as insurance) as the top drawbacks to their work.

Skilled independents are concerned about the COVID-19 Pandemic

Six in ten (62%) skilled independent workers are fearful about the future of independent work given the unprecedented COVID-19 pandemic, yet almost as many (59%) believe they will make at least as much or more revenue in 2020 compared to 2019. These skilled independent workers are uniquely set up to continue working during the pandemic: more than eight in ten (84%) work from home and one in ten (10%) of all skilled independent workers are only working from home due to the pandemic.

² Source: 2020 National Technology Readiness Survey by Rockbridge Associates, Inc.

4.0 Detailed Findings

4.1 Overview

From the Nonemployer Statistics data, the top 30 markets for skilled independent workers in the U.S. are all metropolitan centers with at least one million inhabitants. Across the United States, there are nearly 5.8 million of these workers in the creative, technical, and professional categories covered in the study. Those in the top 30 markets represent almost six in ten (58%) skilled independents in the U.S.

The top 11 markets each have at least 120,000 skilled independent workers and are in line with the largest population centers in the U.S. The New York metropolitan area alone has nearly 600,000 independents, while Los Angeles counts more than 430,000 among its population and Chicago and Miami trail with just under 200,000 each. At the bottom of the list, Charlotte, St. Louis, Sacramento, Las Vegas, and Pittsburgh each have fewer than 50,000 skilled independent workers (see Table 1).

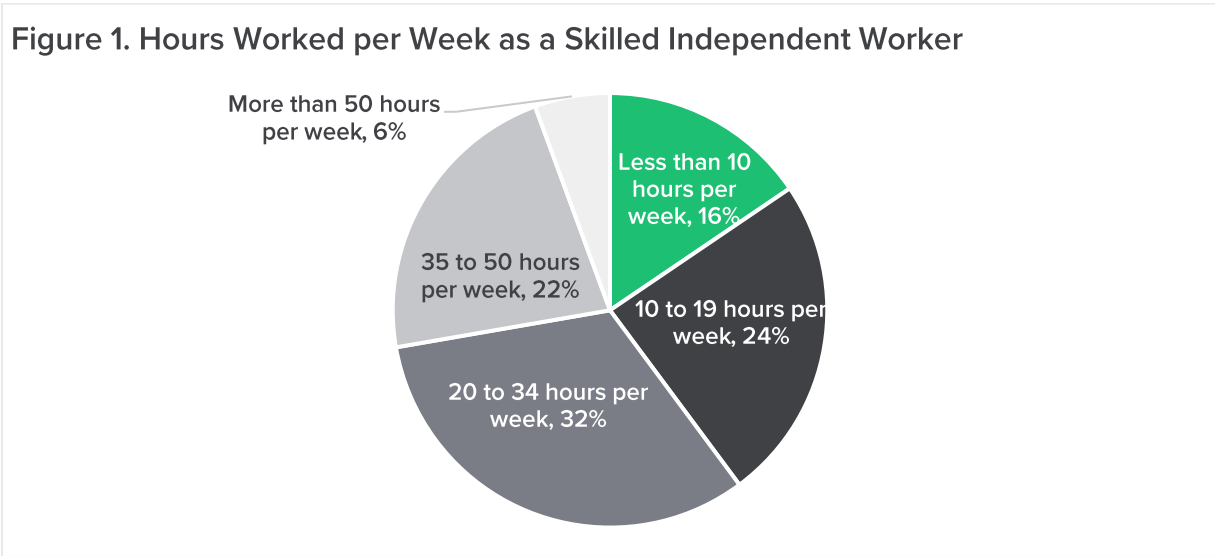
Table 1. Top Markets for Skilled Independent Workers

Market (Metropolitan Statistical Area)	Number of Skilled Independent Workers (2019 Projected)	Revenues (2019 Projected)
New York, NY	586,128	\$26,094,542,584
Los Angeles, CA	431,685	\$19,977,501,387
Chicago, IL	197,595	\$6,835,845,682
Miami, FL	193,536	\$8,376,794,173
Washington, DC	179,863	\$8,126,682,780
San Francisco, CA	170,822	\$8,718,338,816
Dallas, TX	159,879	\$6,660,630,020
Atlanta, GA	147,297	\$5,113,158,679
Houston, TX	138,795	\$5,692,078,546
Boston, MA	133,528	\$5,953,336,243
Philadelphia, PA	124,456	\$5,327,139,770
Seattle, WA	94,705	\$3,492,064,281
San Diego, CA	86,595	\$3,725,556,295
Phoenix, AZ	86,106	\$3,419,361,517
Minneapolis, MN	85,349	\$2,804,208,911
Denver, CO	81,314	\$3,107,700,537
Detroit, MI	74,145	\$2,541,727,603
Austin, TX	68,350	\$2,855,046,599
Riverside, CA	64,240	\$2,108,836,820
Portland, OR	62,842	\$2,069,172,234
Tampa, FL	60,693	\$2,251,127,835
Baltimore, MD	58,372	\$2,131,475,957
Nashville, TN	55,523	\$2,552,486,051
San Jose, CA	55,469	\$2,786,026,845
Orlando, FL	55,186	\$1,887,374,593
Charlotte, NC	46,009	\$1,514,820,435
St. Louis, MO	45,346	\$1,457,571,230
Sacramento, CA	44,720	\$1,690,232,213
Las Vegas, NV	44,155	\$2,144,565,997
Pittsburgh, PA	41,180	\$1,360,710,350

Skilled independent workers in the U.S. are often solely focused on this work: according to our national survey, 73% only have one business entity and, separately, 73% are not employed elsewhere either full- or part-time as a W-2 employee.

However, skilled independent work is not necessarily full-time for these workers. On average, they spend 25 hours a week at their work. Forty percent work fewer than 20 hours per week and just 6 percent work more than 50 hours per week (see Figure 1). The freelancers on the Fiverr

platform differ from the broader population of skilled independent workers in this regard: 72% are full-time freelancers working more than 30 hours a week.³



According to the Nonemployer Statistics data, across the top 30 markets skilled independent workers represent 2.9-6.1% of the labor force (see Table 2). San Francisco, Los Angeles, Miami, New York, Austin, and San Diego rely more heavily on the skilled independent workforce compared to the other markets. Riverside, CA, and St. Louis, Missouri rely least on skilled independent workers as a percentage of each market’s labor force at under 3% for each market. Across the U.S., skilled independent workers represent 3.6% of the labor force.

Table 2. Skilled Independent Workers as a Percentage of Labor Force in the Top 30 Markets			
<p>>5% of labor force</p>	<p>San Francisco, CA (6.1%) New York, NY (5.3%)</p>	<p>Los Angeles, CA (5.9%) Austin, TX (5.2%)</p>	<p>Miami, FL (5.6%) San Diego, CA (5.1%)</p>
<p>4-5% of labor force</p>	<p>Washington, DC (5.0%) San Jose, CA (4.6%) Portland, OR (4.4%)</p>	<p>Nashville, TN (4.9%) Boston, MA (4.5%) Seattle, WA (4.1%)</p>	<p>Denver, CO (4.6%) Atlanta, GA (4.5%) Minneapolis, MN (4.0%)</p>
<p><4% of labor force</p>	<p>Orlando, FL (3.8%) Philadelphia, PA (3.8%) Baltimore, MD (3.7%) Phoenix, AZ (3.4%) Pittsburgh, PA (3.2%)</p>	<p>Sacramento, CA (3.8%) Houston, TX (3.7%) Las Vegas, NV (3.7%) Detroit, MI (3.3%) Riverside, CA (2.9%)</p>	<p>Dallas, TX (3.8%) Chicago, IL (3.7%) Tampa, FL (3.6%) Charlotte, NC (3.2%) St. Louis, MO (2.9%)</p>

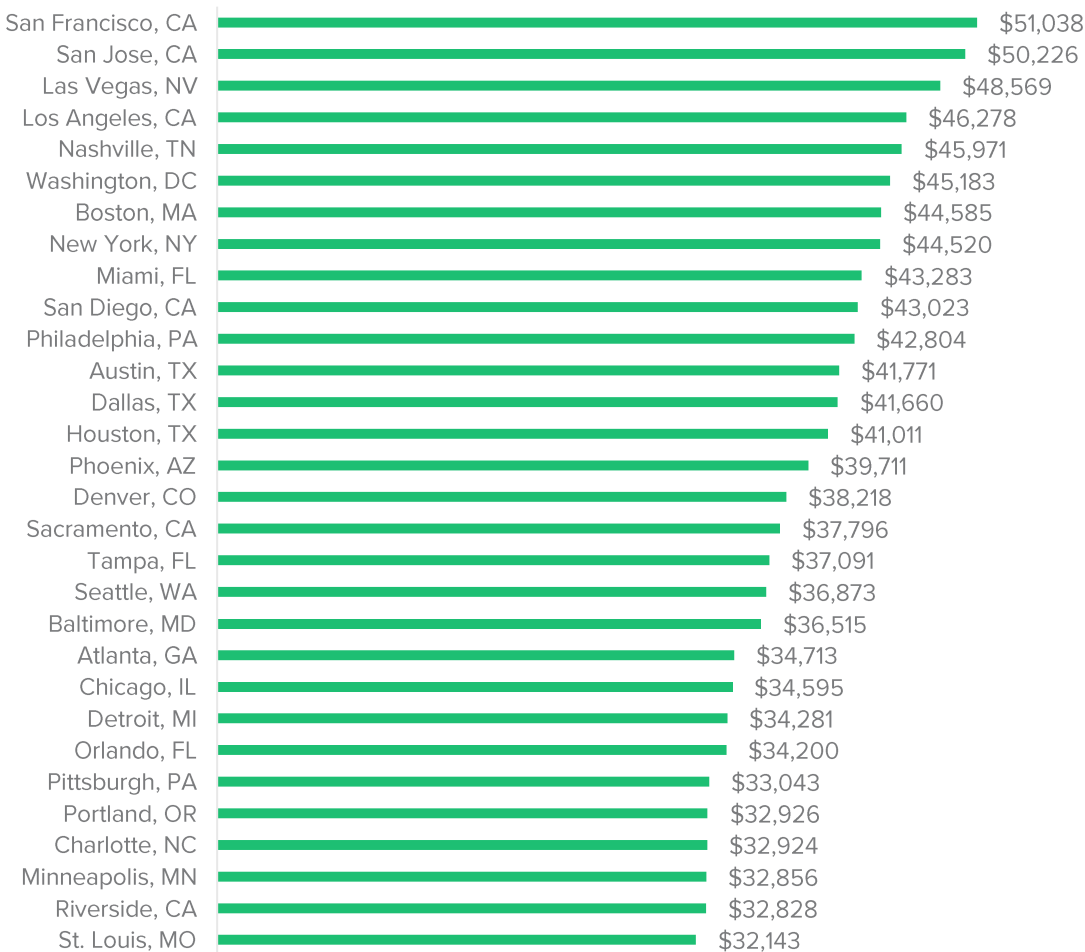
³ The national survey of skilled independent workers asked “How many hours per week do you work as a freelancer/independent contractor or owner of a business with no employees providing [creative/technical/professional] services? The survey of Fiverr platform workers asked, “Are you a full-time or a part-time freelancer?”

Independent work has a considerable impact in local market economies. Revenues from independent work are projected to exceed \$150 billion across the top 30 markets for 2019, which translates to approximately 1-2% of each market’s GDP (see Table 3). Miami’s independent workers contribute the most to the market’s GDP at 2.3%, followed by Austin, TX, Los Angeles, CA, and Nashville, TN at around 1.8%. The markets with the least economic impact from independent work revenues (at less than 1%) are a diverse group, from Chicago (the third most populous market in the U.S.) to San Jose, CA, the smallest market by total population in the top 30 markets. Skilled independent workforce revenues across the U.S. comprise 1.1% of U.S. GDP.

Table 3. Skilled Independent Work Revenue as a Percentage of GDP in the Top 30 Markets			
<p>>1.5% of GDP</p> <p>\$\$\$\$\$</p>	<p>Miami, FL (2.3%) Nashville, TN (1.8%) San Diego, CA (1.5%)</p>	<p>Austin, TX (1.8%) Las Vegas, NV (1.7%)</p>	<p>Los Angeles, CA (1.8%) San Francisco, CA (1.6%)</p>
<p>1-1.5% of GDP</p> <p>\$\$\$\$</p>	<p>Washington, DC (1.5%) Denver, CO (1.4%) Boston, MA (1.3%) Dallas, TX (1.2%) Houston, TX (1.1%) Minneapolis, MN (1.0%)</p>	<p>New York, NY (1.4%) Phoenix, AZ (1.3%) Atlanta, GA (1.3%) Portland, OR (1.1%) Sacramento, CA (1.1%)</p>	<p>Tampa, FL (1.4%) Orlando, FL (1.3%) Riverside, CA (1.3%) Philadelphia, PA (1.1%) Baltimore, MD (1.1%)</p>
<p><1% of GDP</p> <p>\$\$\$</p>	<p>Chicago, IL (1.0%) Seattle, WA (0.9%) St. Louis, MO (0.8%)</p>	<p>San Jose, CA (1.0%) Pittsburgh, PA (0.9%)</p>	<p>Detroit, MI (1.0%) Charlotte, NC (0.8%)</p>

Though skilled independent workers should be lauded for their economic impact in all markets, these freelancers vary greatly in how much revenue they earn depending on the market. Though San Jose, CA, ranks in the bottom tier of the top 30 markets on independent worker revenues as a percentage of GDP, they earn the second-most revenues per worker, after San Francisco, CA, exceeding an average of \$50,000 (see Figure 2, from the Nonemployer Statistics data). In contrast, both Tampa and Orlando, in Florida, rank in the top half of the top 30 markets by contribution to GDP, but in the bottom half by revenues per skilled independent worker, at \$37,090 and \$34,200 per year, respectively. Portland, OR, Charlotte, NC, Minneapolis, MN, and Riverside, CA, and St. Louis, MO, round out the bottom of the list of top 30 markets by revenues per worker at less than \$33,000 per year in each market. The average for skilled independent workers across the United States is \$37,097 as of 2017.

Figure 2. Skilled Independent Workforce Receipts per Entity (2019 estimated)

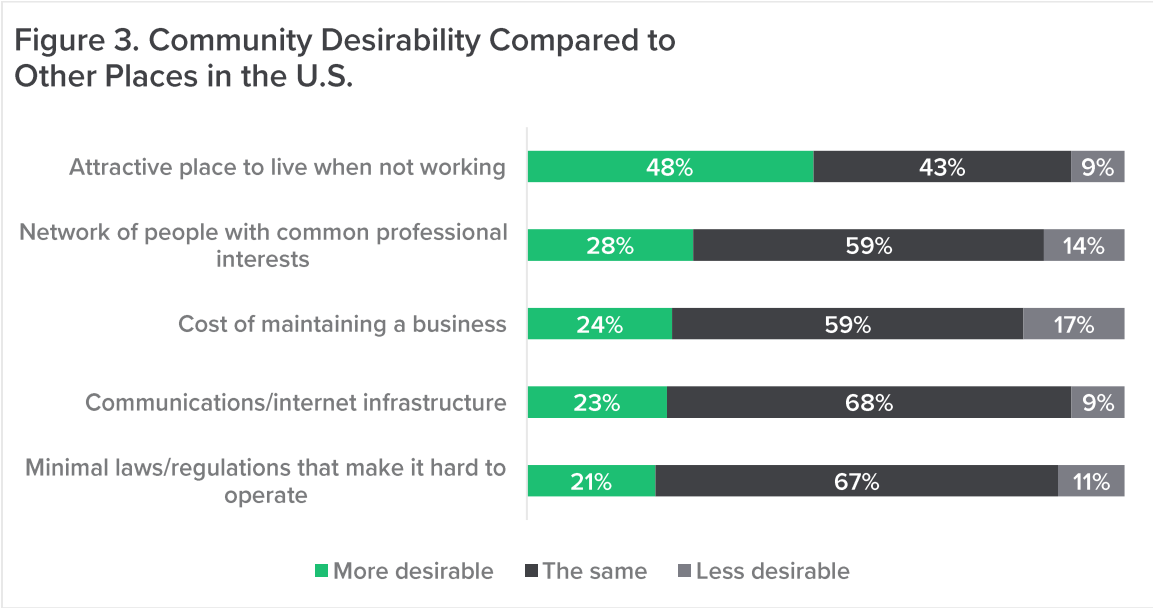


While earning ability may make certain markets more attractive, skilled independent workers may choose to live and work in a particular metro area for other reasons as well. More than half (56%) live in a suburban locale, while one in five (20%) live in an urban area and a quarter (24%) live in a rural area or small town/village. Similarly, half (49%) of Fiverr freelancers tend to live in suburban areas, while a third (31%) live in more urban areas (31%) and much fewer live in rural areas (13%).

State and local laws may make it easier (or more difficult) for skilled independent workers to operate, such as California AB 5, which classifies most workers as employees based on specific criteria (the ABC test) as of January 1, 2020.⁴ Similarly, the costs of maintaining a business and the infrastructure available, such as communications/ internet service, may make some markets easier to work in compared to others. And last, that the area has a network of people with common professional interests and is an attractive place to live when not working may play a role in their decision to be based there. Nearly half (48%) of skilled independents in the U.S. think

⁴ Source: https://www.edd.ca.gov/payroll_taxes/ab-5.htm

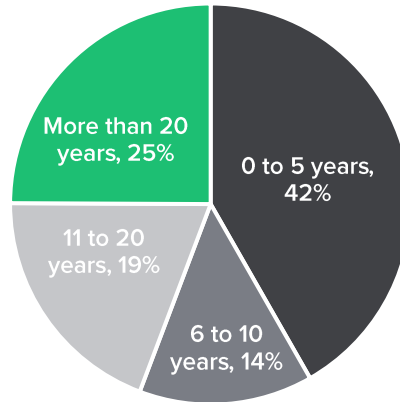
their community is more desirable as an attractive place to live when not working compared to other places in the U.S. (see Figure 3).



For about half (49%) of all skilled independent workers in the U.S., their earnings from their work comprise 75 percent or more of their personal income, and 35 percent say it comprises 75 percent or more of their household income, according to our national survey. Around half (52%) of Fiverr freelancers also say their work on Fiverr’s platform represents 75 percent or more of their total freelance income.

While the cost of living in each market may play a role in the prices these workers set for themselves and thus the revenues they earn, so may their experience in their field. Our national survey of skilled independent workers shows that they have an average of 10 years of experience freelancing, and a full quarter have more than twenty years of experience (see Figure 4). According to our survey of Fiverr freelancers in the U.S., Fiverr’s platform workers are slightly newer to skilled independent work with 3.8 years of experience on average as a freelancer, indicating that younger freelancers may be more likely to eagerly adopt online platforms to obtain work.

Figure 4. Years of Experience as a Skilled Independent Worker

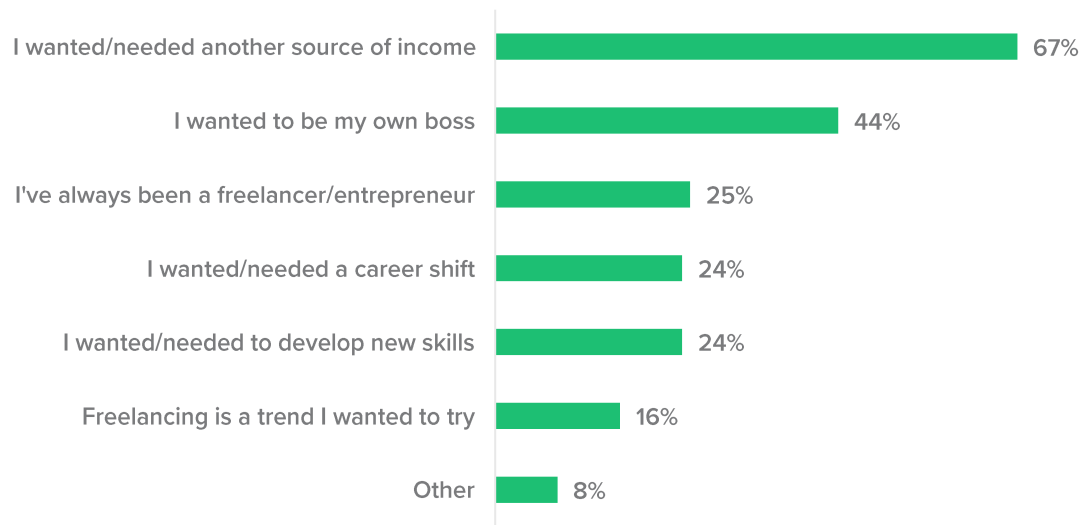


Our national survey reveals that most skilled independent workers (63%) became independent completely on their own volition. Fiverr’s freelancers have a variety of motivations for moving into freelance work, but a majority wanted or needed another source of income (see Figure 5). Just over half (54%) of Fiverr freelancers in the U.S. started their freelancing careers online and remained only online, while a third (34%) started offline and moved online, and 12 percent started online and expanded offline.

“[I] started as a volunteer at a service for the blind reading textbooks and training manuals. [A] firm looking for voice talent approached the organization and I became a professional voice talent.”

-Skilled Independent Worker, Creative Services, Arizona

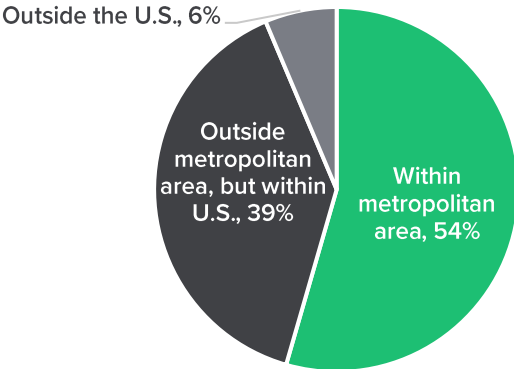
Figure 5. Fiverr Freelancers' Motivations for Becoming a Freelancer



Our national survey shows that most skilled independent workers had between 1 and 4 clients (44%) or 10 or more clients (41%) in 2019. These workers gain clients in a multitude of ways, but the most common is through word of mouth/referrals/reputation (67%), followed by social media (23%), and online marketplaces such as Fiverr (18%). Among freelancers on Fiverr, eight in ten (82%) rely on online marketplaces like Fiverr, nearly half (46%) get work from repeat clients, four in ten (42%) find clients through referrals/word of mouth, and 26% use social media.

Our national survey reveals that nearly half the revenue from skilled independent work comes from outside the local area, thus contributing to the economic base of their communities. On average, just over half (54%) comes from clients within the same metropolitan area, but nearly four in ten dollars (39%) in revenue come from outside their metro area but within the U.S., and six percent of revenues come from outside the U.S. (see Figure 6). Similarly, for 85 percent of Fiverr freelancers in the U.S., their clients come from the same continent.

Figure 6. Mean Percentage of Revenue from Each Geographic Area



Of course, revenue is not everything to these independents. Our national survey reveals that seven in ten (71%) skilled independent workers in the U.S. are very satisfied with their independent work and just two percent are very dissatisfied. In comparison, just over half (54%) of all workers in the U.S. are highly satisfied with their work.⁵ For more than half (54%) of Fiverr freelancers, freelancing has turned out as they expected, while it exceeded expectations for a third (34%).

“I am very pleased in my occupation and the level of compensation that I receive from it as well as the recognition I receive as an independent Certified Public Accountant.”

-Skilled Independent Worker, Professional Services, California

“No boss. Able to work the hours I want in the way I want, from home, with no commute. Able to take vacations when I want and on the spur of the moment.”

-Skilled Independent Worker, Technical Services, Florida

⁵ Source: 2020 National Technology Readiness Survey by Rockbridge Associates, Inc.

Our national survey shows that the top benefits of skilled independent work are control over when and how they work, ability to work from home if they need to, that they like their work schedule, interesting work, and that clients appreciate their work (see Figure 7). More than half (56%) of Fiverr freelancers agree that flexibility over their working hours is a benefit, and two-thirds (63%) agree that the flexibility to work from home if needed is a benefit. The ability to work from home may be especially beneficial in light of the current pandemic, but it is a normal place of work for nearly all skilled independent workers in the U.S. (84%) and Fiverr freelancers in the U.S. (89%). Only 10 percent of skilled independent workers in the U.S. are currently working from home only because of the pandemic.

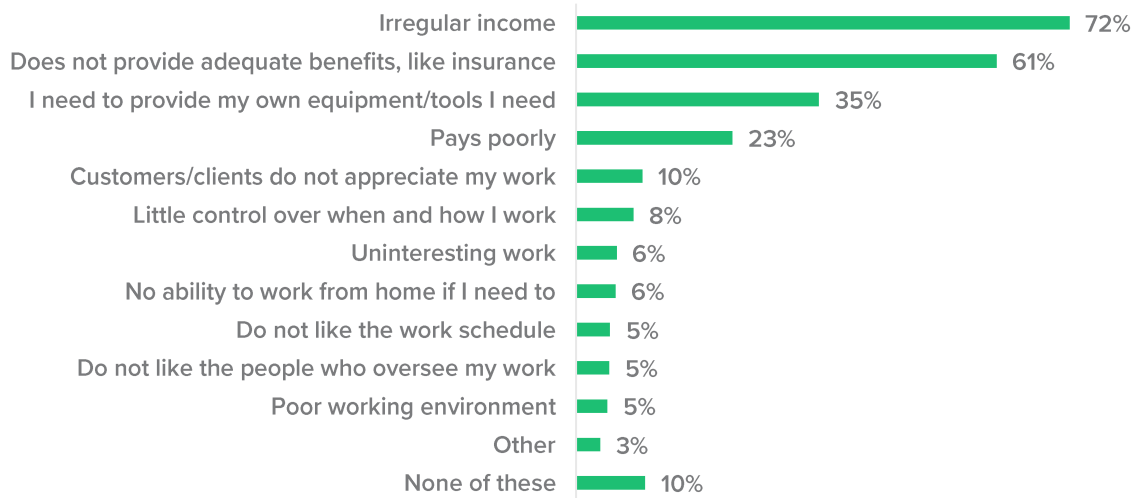
“As a freelancer you have a lot of flexibility and freedom. You can make your own schedule and you are in charge of managing your life.”
-Skilled Independent Worker, Creative Services, New Jersey



These workers also recognize drawbacks to their work. Top drawbacks among skilled independent workers in the U.S. include irregular income (72%) and the lack of adequate benefits like insurance (61%), followed by having to provide their own equipment/tools (35%) (see Figure 8). By contrast, on Fiverr just over half of freelancers (53%) see unsteady income as a drawback.

“Not getting benefits. Worried my contract may not be renewed with the COVID-19 financial problems everyone has. Never know exactly how much money [I’m] getting each month.”
-Skilled Independent Worker, Professional Services, New York

Figure 8. Drawbacks of Skilled Independent Work

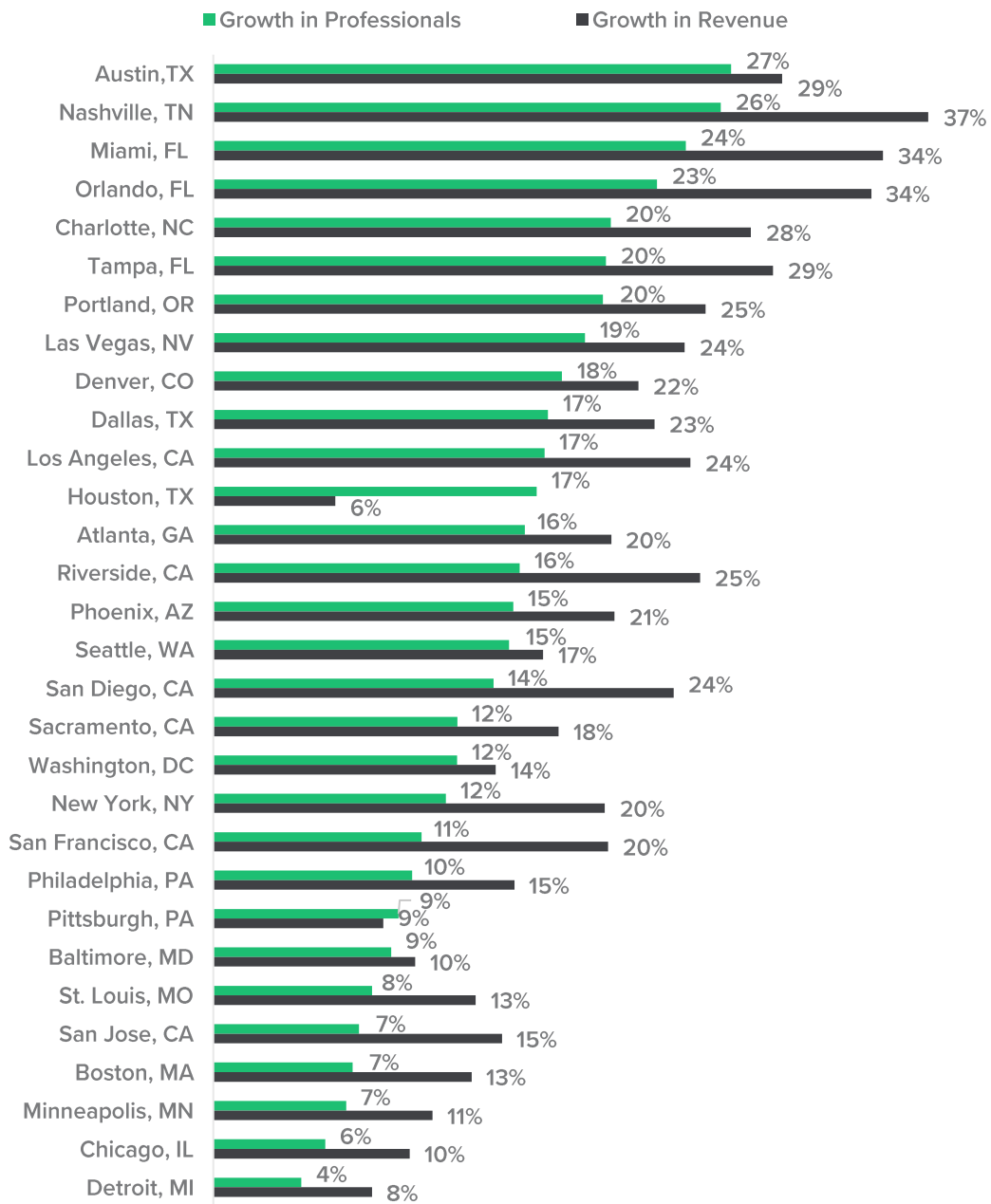


Overall, the number of skilled independent workers and their revenues have grown steadily from 2012 to 2017. Several markets within the top 30 even saw double-digit growth in the skilled independent workforce. The number of freelancers in Austin, Nashville, Miami, Orlando, Charlotte, and Tampa each grew by more than 20% during this time. Pittsburgh, Baltimore, St. Louis, San Jose, Boston, Minneapolis, Chicago, and Detroit all had single-digit gains in the number of skilled independents from 2012 to 2017, though only Pittsburgh and Detroit also had single-digit gains in skilled independent revenues. Pittsburgh, as well as Houston, also stands out for its skilled independent workforce growth outpacing revenue growth from 2012 to 2017. Pittsburgh has traditionally had slower employment growth than the rest of the U.S., perhaps causing workers to switch to or supplement employment with freelancing.⁶ Houston's economy and labor market, on the other hand, is very much tied to the ups and downs of the oil industry. In 2015 and 2016 the market hit a downturn and shed jobs primarily in the oil industry and also caused the skilled independent workforce to shrink, impacting revenue growth as well.⁷

⁶ Source: Cleveland Federal Reserve Bank, <https://www.clevelandfed.org/newsroom-and-events/publications/metro-mix/pittsburgh/mm-201909-pittsburgh.aspx>

⁷ Source: Forbes, <https://www.forbes.com/sites/uhenergy/2018/07/24/how-houston-survived-the-great-oil-bust-of-2015-16/#5dfdb83c55db>

Figure 9. Total Growth in Skilled Independent Workers and Revenues (2012-2017)



Despite concerns about the impact of the coronavirus pandemic, skilled independent workers appear confident about the future though, naturally, worried about the effects of the coronavirus pandemic. In our national survey, six in ten (62%) are more fearful than hopeful about the future of independent work in light of the coronavirus pandemic but at the same time, six in ten (59%) workers expect to make more or about the same revenue in 2020 compared to 2019. Thinking

farther down the line, six in ten (62%) Fiverr freelancers expect to expand their freelance work in the next two to three years, and nearly half (46%) expect to expand their skillset.

Demographic trends may also influence the future of skilled independent work. Skilled independent workers in the U.S. tend to be on the older side, with a full third (33%) at 65 years or older. More than half (55%) of Fiverr freelancers, on the other hand, are between the ages of 25 and 44 years old. Both skilled independent workers across the U.S. and freelancers on Fiverr's platform are fairly equally represented by males (47% across the U.S., 56% among Fiverr freelancers) and females (52% across the U.S., 44% among Fiverr freelancers). Just over half (52%) of skilled independent workers in the U.S. are married and 16 percent have children under the age of 18. This is also a highly educated workforce: seven in ten (69%) skilled independents in the U.S. have a bachelor's degree or higher.

4.2 Professional, Technical, and Creative Services

Skilled independent workers in the U.S. offer myriad unique skills so, as in previous years, Rockbridge divided the skilled independent workforce into three categories to further explore the makeup of this workforce in the U.S. and in the top 30 markets: Professional Services, Technical Services, and Creative Services. The NAICS industry codes associated with each category can be found in the Appendix, Table A.

Professional services comprise the largest share of skilled independent workers and their revenues in the U.S., at nearly half the workers and half the revenues. Technical services freelancers represent three in ten skilled independent workers in the U.S. (30%), and nearly four in ten dollars in skilled independent revenues (39%). In contrast, creative services freelancers make up one-fifth (21%) of all skilled independent workers in the U.S, but only one of every seven (14%) dollars in revenue (see Figures 10a and 10b).

Figure 10a. Professional, Technical, and Creative Skilled Independent Workforce

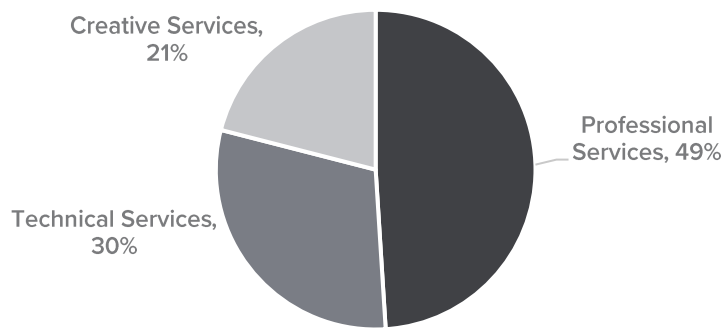
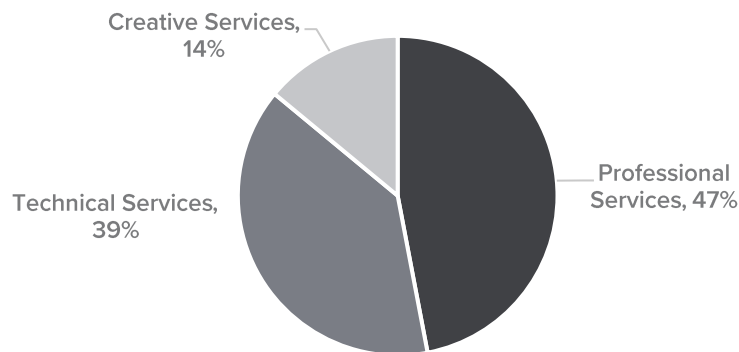


Figure 10b. Professional, Technical, and Creative Skilled Independent Revenues



4.2.1 Professional Services

Skilled independent workers who work in professional services (i.e., legal, accounting/bookkeeping, management consulting, marketing, and business support), comprise nearly half of the independent workforce (49%) and its revenues (48%) in the top 30 markets and across the United States (49% and 47%, respectively). As of 2017, there are nearly 2.8 million skilled independent workers providing professional services across the U.S., with more than half (57%) based in the top 30 markets.

Some markets within the top 30 are more of a hub for professional services skilled independent workers compared to others. These workers are more concentrated in Houston, Detroit, Miami, Tampa, and Dallas as a share of all skilled independents in each market. Though Miami has a large share of freelancers providing professional services, their share of skilled independent work revenues lags the other top markets at 49%. Interestingly, both St. Louis and Boston have slightly higher shares of revenue from professional services relative to each market's share of workers. The implication is that these markets could be particularly lucrative for freelancers who provide these services (see Table 4).

Table 4. Share of Professional Services Workers and their Revenues in Top 30 Markets (2019 Estimated)

Market (Metropolitan Statistical Area)	Share of Workers	Share of Revenues
Houston, TX	56.7%	53.4%
Detroit, MI	55.3%	52.9%
Miami, FL	54.7%	49.0%
Tampa, FL	52.7%	50.1%
Dallas, TX	52.5%	50.8%
Washington, DC	52.1%	49.5%
Atlanta, GA	52.0%	48.1%
Riverside, CA	51.7%	48.1%
Baltimore, MD	51.5%	47.5%
Chicago, IL	51.5%	51.0%
Philadelphia, PA	51.1%	49.8%
Phoenix, AZ	50.7%	49.5%
Charlotte, NC	50.5%	46.2%
Sacramento, CA	50.3%	50.2%
Pittsburgh, PA	49.8%	49.2%
San Jose, CA	49.7%	48.2%
St. Louis, MO	49.7%	51.6%
Orlando, FL	49.4%	47.3%
Boston, MA	49.3%	51.4%
Denver, CO	48.8%	47.7%
San Diego, CA	48.1%	49.2%
Austin, TX	46.7%	45.5%
Minneapolis, MN	46.2%	47.2%
San Francisco, CA	46.0%	46.5%
Las Vegas, NV	45.2%	43.5%
New York, NY	45.1%	43.1%
Seattle, WA	44.2%	45.3%
Portland, OR	40.9%	42.6%
Nashville, TN	40.2%	33.9%
Los Angeles, CA	39.1%	37.7%

*Green shading indicates top 5 markets by share of workers and share of revenues.

The professional services skilled independent workforce in the top 30 markets has grown 16 percent from 2012-2017, compared to 13 percent growth for this group across the U.S. as a whole. Similarly, revenues for professional services freelancers in the top 30 markets grew 20 percent from 2012-2017, compared to 17 percent growth for total professional services revenues in the U.S. Austin's workforce grew the fastest during this period, followed by Miami and Nashville (see Figure 11). Interestingly, three of the top five markets by growth in the professional services freelance workforce are in Florida: Miami (27%), Orlando (26%), and Tampa (25%). These three markets also saw the most growth in revenues from professional services workers from 2012 to 2017 among the top 30 markets. As professional services independents tend to be older

and more experienced than other types of skilled independent workers, this group may be reaching retirement age but continuing to work independently and relocating to Florida where retirees are driving the state's population growth.⁸

4.2.2 Technical Services

Technical service freelancers comprise the second largest group of skilled independent workers, with 1.7 million across the U.S. as of 2017. One million of them (59%) reside in the top 30 markets. They represent around a third of all skilled independents (31%) and 39 percent of revenues in the top 30 markets as well as across the United States. Technical services include data processing, architecture, design, engineering, computer/IT, and scientific professions.

Technical services freelancers are more concentrated on the West Coast: San Jose, San Diego, San Francisco, Seattle, and Portland are the top hubs for technical services workers as a share of all skilled independent workers in each market. However, only San Jose also ranks as a top hub by share of skilled independent revenues. Nearly half (47%) of San Jose's revenues from skilled independent workers come from those who work in technical services. Other top hubs by revenue include Charlotte, Denver, Washington, DC, and Baltimore (see Table 5). For the latter two markets, their proximity to federal government agencies likely contributes to the larger share of skilled independent revenues from technical services, while Charlotte has a large financial services sector and Denver has been flourishing as a tech hub over the past few years, with Amazon expanding tech jobs in the market as of 2019.⁹

⁸ Source: Sarasota Herald Tribune, <https://www.heraldtribune.com/news/20190619/seniors-drive-florida-population-growth-study-shows>

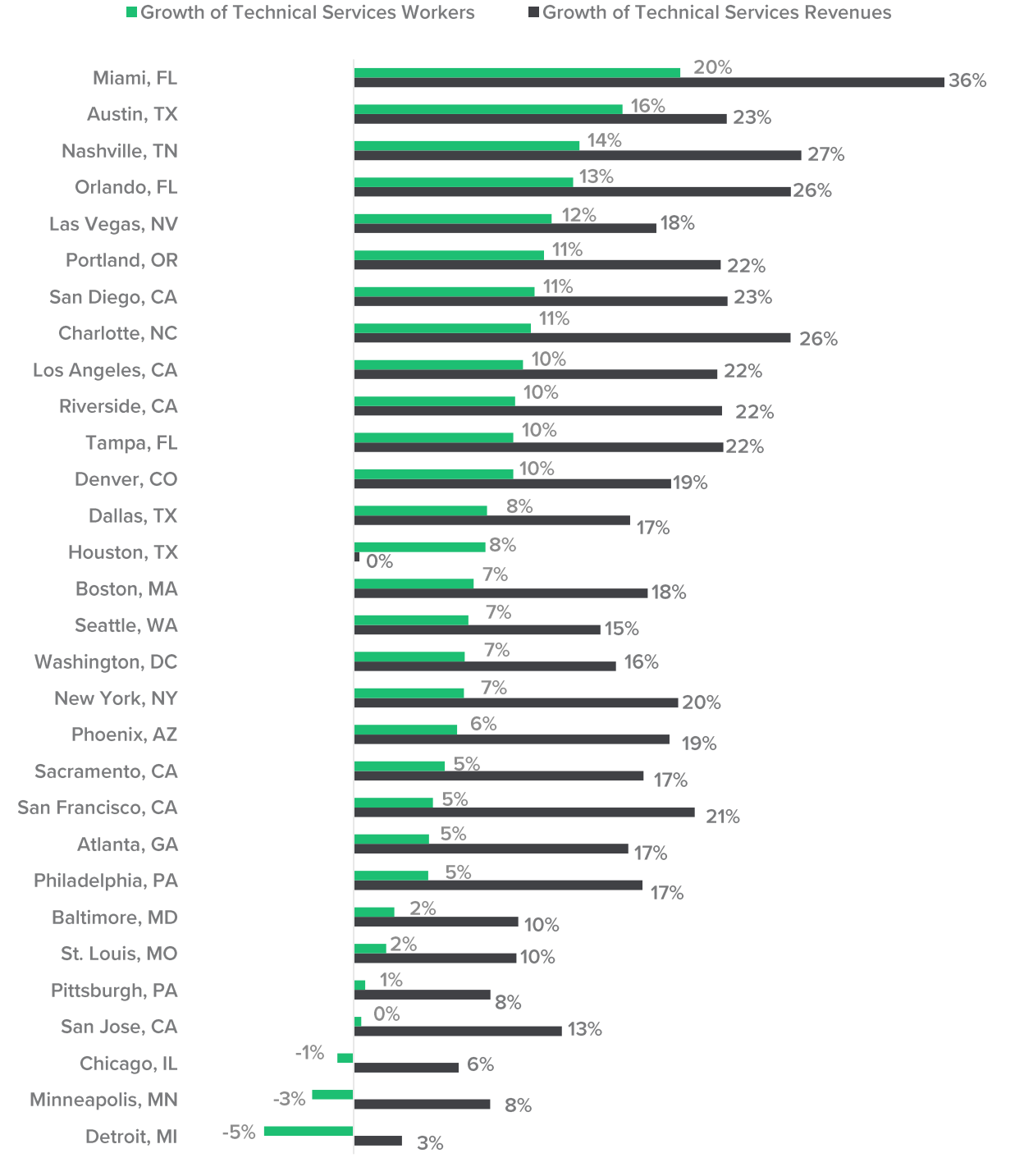
⁹ Source: <https://www.businesswire.com/news/home/20190430005625/en/Amazon-Expands-Denver-Tech-Hub-Announces-Plans>

Table 5. Share of Technical Services Workers and their Revenues in Top 30 Markets (2019 Estimated)

Market (Metropolitan Statistical Area)	Share of Workers	Share of Revenues
San Jose, CA	38.3%	46.5%
San Diego, CA	34.6%	41.3%
San Francisco, CA	34.5%	41.8%
Seattle, WA	33.6%	41.9%
Portland, OR	32.8%	39.9%
Denver, CO	32.7%	42.7%
Miami, FL	32.0%	42.3%
Washington, DC	31.9%	42.7%
Phoenix, AZ	31.9%	41.3%
Boston, MA	31.9%	39.5%
Sacramento, CA	31.4%	39.4%
Austin, TX	30.9%	40.9%
Riverside, CA	30.7%	40.1%
Charlotte, NC	30.5%	43.0%
Dallas, TX	30.3%	40.3%
Philadelphia, PA	29.9%	40.7%
New York NY	29.8%	38.0%
Orlando, FL	29.7%	39.3%
Tampa, FL	29.7%	40.2%
Minneapolis, MN	29.6%	38.1%
Pittsburgh, PA	29.4%	39.3%
Houston, TX	29.3%	40.5%
Los Angeles, CA	29.3%	33.7%
Atlanta, GA	29.2%	40.2%
Chicago, IL	29.0%	37.7%
Baltimore, MD	28.9%	42.6%
St. Louis, MO	28.6%	37.1%
Las Vegas, NV	28.1%	39.2%
Detroit, MI	26.8%	37.5%
Nashville, TN	23.6%	27.3%

Miami’s technical services freelance workforce grew from 2012 to 2017 by 20 percent, followed by Austin (16%), Nashville (14%), Orlando (13%), and Las Vegas (12%). During the same time period, Miami’s revenues from these workers grew by 36 percent, followed by Nashville (27%), Orlando (26%), and Charlotte (26%). While Houston’s workforce grew by eight percent, its revenues stagnated over the five-year period, indicating that perhaps the market is saturated with this type of freelance work. In contrast, San Jose’s workforce did not grow from 2012 to 2017 but revenues increased by 13 percent, indicating increased demand for technical services in the market during this time. Chicago, Minneapolis, and Detroit all saw their technical services freelance workforces shrink from 2012 to 2017, though revenues grew modestly.

Figure 12. Growth of Technical Services Workers and Their Revenues in Top 30 Markets (2012-2017)



4.2.3 Creative Services

One in five (21%) skilled independent workers in the U.S. are creative professionals, such as artists, writers and performers, as well as video and sound professionals, and these workers earn 14 percent of all revenues from skilled independent workers in the U.S., similar to the proportions across the top 30 markets. There are approximately 1.2 million creative services freelancers in the U.S. as of 2017, 700,000 of whom are based in the top 30 markets.

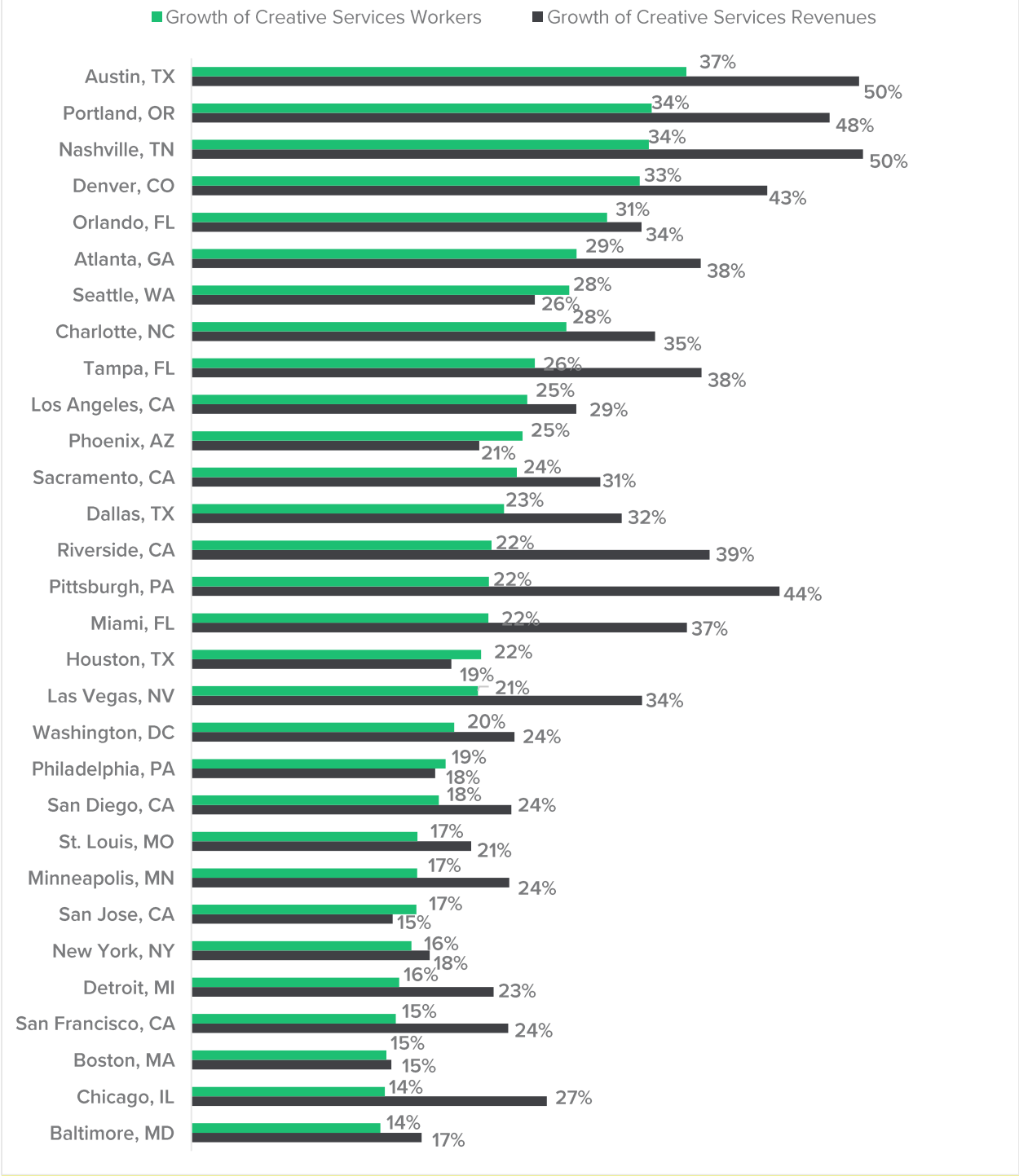
While New York and Los Angeles have the largest creative services freelance workforces at more than 100,000 workers each, Nashville, Las Vegas, and Portland also stand out because, similar to New York and Los Angeles, creative services freelancers make up at least a quarter of the skilled independent workforce. Creative services freelancers in these five markets also bring in the largest shares of creative services revenues, relative to the other markets in the top 30 (see Table 6).

Table 6. Share of Creative Services Workers and their Revenues in Top 30 Markets (2019 Estimated)

Market (Metropolitan Statistical Area)	Share of Workers	Share of Revenues
Nashville, TN	36.2%	38.7%
Los Angeles, CA	31.6%	28.7%
Las Vegas, NV	26.8%	17.3%
Portland, OR	26.3%	17.5%
New York, NY	25.1%	18.9%
Minneapolis, MN	24.2%	14.7%
Austin, TX	22.5%	13.5%
Seattle, WA	22.2%	12.8%
St. Louis, MO	21.7%	11.2%
Orlando, FL	20.9%	13.4%
Pittsburgh, PA	20.8%	11.5%
San Francisco, CA	19.6%	11.7%
Baltimore, MD	19.6%	9.9%
Chicago, IL	19.5%	11.2%
Charlotte, NC	19.0%	10.8%
Philadelphia, PA	19.0%	9.5%
Atlanta, GA	18.8%	11.6%
Boston, MA	18.8%	9.1%
Denver, CO	18.5%	9.6%
Sacramento, CA	18.4%	10.4%
Detroit, MI	17.9%	9.7%
Riverside, CA	17.7%	11.8%
Tampa, FL	17.5%	9.6%
Phoenix, AZ	17.4%	9.2%
San Diego, CA	17.3%	9.4%
Dallas, TX	17.3%	9.0%
Washington, DC	16.0%	7.8%
Houston, TX	13.9%	6.1%
Miami, FL	13.3%	8.7%
San Jose, CA	12.0%	5.3%

Creative services are the fastest growing area for skilled independent workers from 2012 to 2017, both in the U.S. as a whole, for which the creative services freelance workforce grew by 20 percent and revenues by 25 percent, and among the top 30 markets. Austin, Portland, Nashville, Denver, and Orlando’s workforces grew by at least 30 percent from 2012 to 2017, while revenues from creative services freelancers grew by around fifty percent in Austin, Portland, and Nashville during the same time period (see Figure 13).

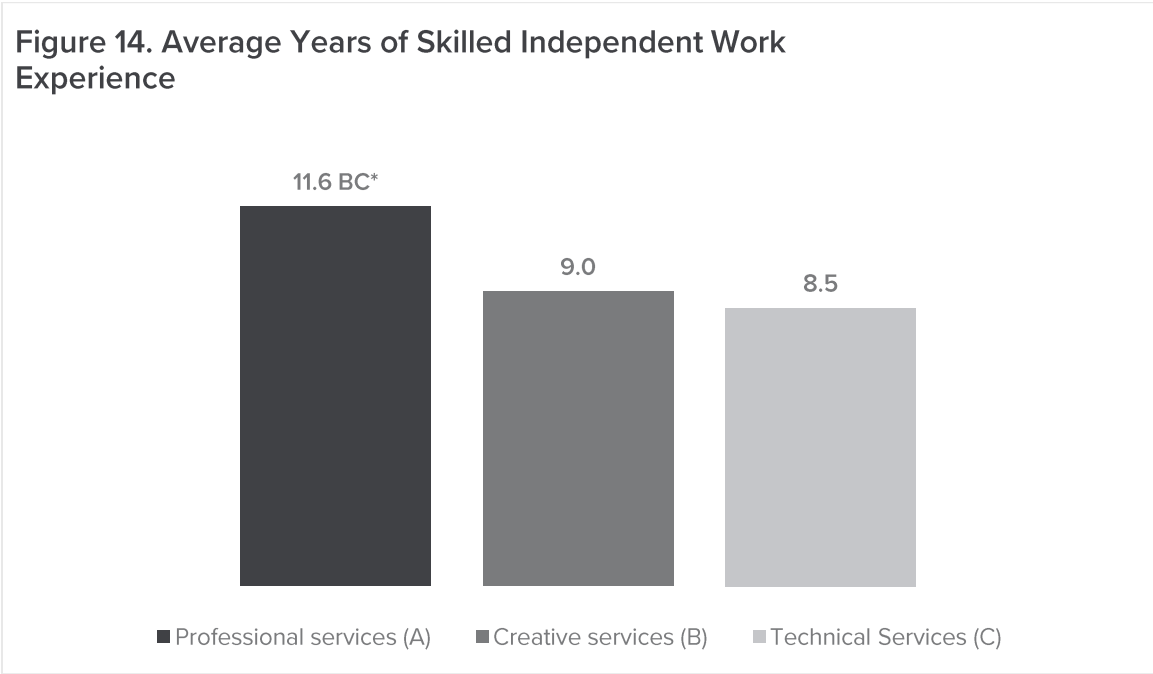
Figure 13. Growth of Creative Services Workers and Their Revenues in Top 30 Markets (2012-2017)



However, geographic concentration and growth rates are not the only differences between skilled independent workers in professional services, technical services, and creative services. These freelancers also differ in other characteristics.

Skilled independent professional services freelancers are significantly more likely than those in technical services or creative services to only have one business entity that they focus on. Eighty percent of professional services freelancers only have one business entity, compared to 69 percent of creative services freelancers and 64 percent of technical services freelancers.

Professional services workers are significantly older than their creative services and technical services counterparts, with 41 percent being 65 years or older. They also have significantly more years of experience, with nearly 12 years on average (see Figure 14). This group is also the most educated: nearly half (45%) hold a graduate or professional degree.

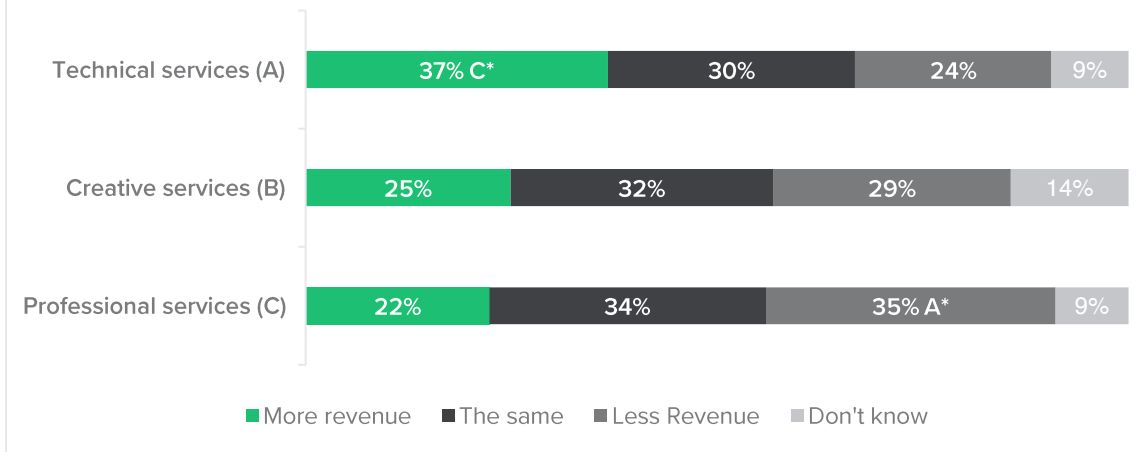


*Letters indicate significant difference between lettered groups.

Both technical services freelancers and professional services freelancers are significantly more likely than creative services freelancers to have had a single client in 2019. Half (51%) of those in creative services had ten or more clients in 2019, compared to 40 percent of professional services workers and 36 percent of technical services workers. Creative services workers are significantly more likely to have consumers as clients (45%) compared to professional services workers (32%) or technical services workers (23%), whose clients are mostly small and medium size businesses.

Those in technical services are the most likely to also have permanent full-time employment (where they receive a W-2) compared to professional services freelancers or creative services freelancers: a full 30 percent of skilled independent technical freelancers hold permanent full-time employment. As a result, a smaller share of their personal income comes from their independent work, compared to professional services workers and creative services workers. However, they are most likely to believe that they will earn more revenue in 2020 compared to 2019 (see Figure 15).

Figure 15. Revenue Expectations for 2020 Compared to 2019

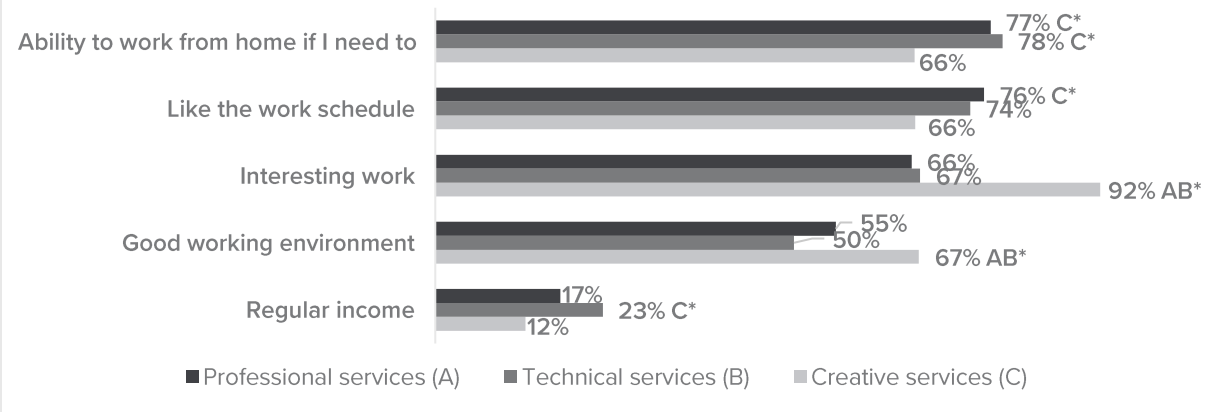


*Letters indicate significant difference between lettered groups.

These workers also differ in how they obtain work and the benefits and drawbacks they perceive from their skilled independent work. Creative services and technical services freelancers are significantly more likely to gain work through social media (47% and 25%, respectively) compared to professional services freelancers (11%). These workers are also more likely to obtain work through online marketplaces like Fiverr (21% for creative services and 32% for technical services) than professional services workers (9%). Technical services freelancers are significantly less likely to obtain work through word of mouth/referrals/reputation (57%) compared to creative services freelancers (73%) and professional services freelancers (70%).

Creative services freelancers are significantly more likely to point to interesting work and a good work environment as benefits of their independent work compared to professional and technical services workers. However, they are least likely to like their work schedule, regularity of pay, and ability to work from home if they need to, compared to other skilled independent workers (see Figure 16, only benefits with significant differences between groups shown).

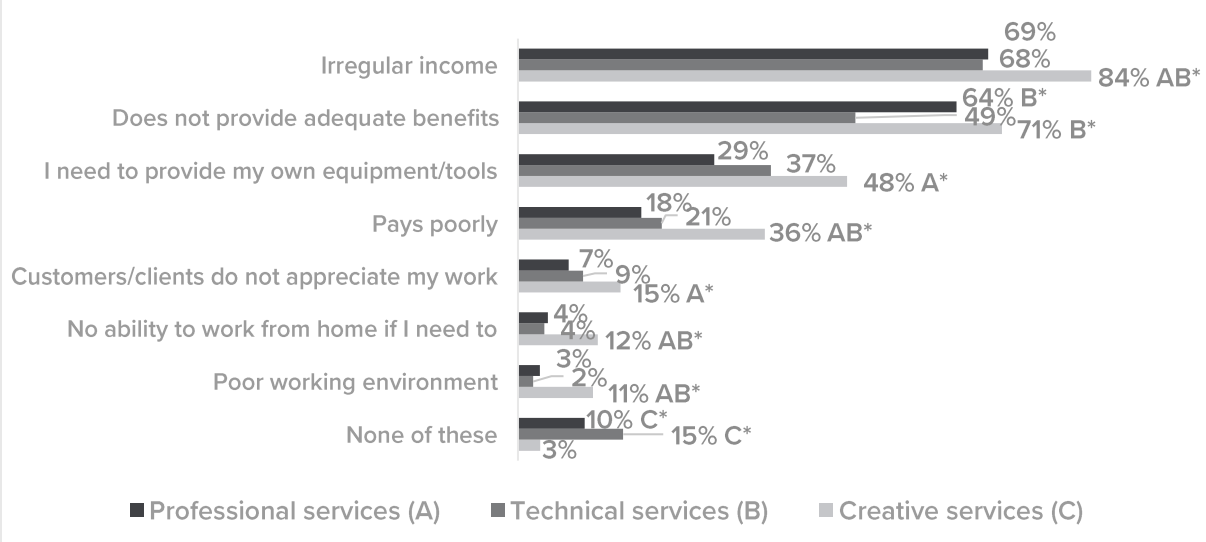
Figure 16. Benefits of Skilled Independent Work Among Skilled Independent Professional, Technical, and Creative Services Workers



*Letters indicate significant difference between lettered groups.

In contrast, creative services freelancers also see more drawbacks to their work compared to professional and technical freelancers. These workers are significantly more likely consider their pay and its regularity, benefits, appreciation from clients, providing their own equipment/tools, ability to work from home, and working environment as drawbacks compared to professional services freelancers, technical services freelancers, or both (see Figure 17, only drawbacks with significant differences between groups shown).

Figure 17. Drawbacks of Skilled Independent Work Among Skilled Independent Professional, Technical, and Creative Services Workers



4.3 Select Market Snapshots

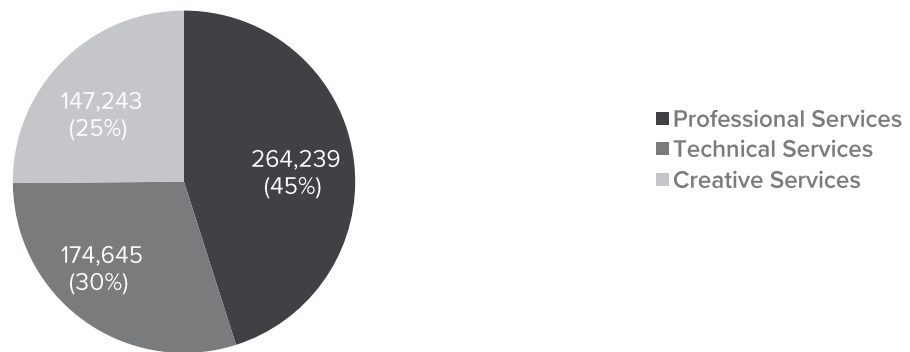
The Nonemployer Statistics data series shows that the New York metropolitan area, the Los Angeles metropolitan area, and the Chicago metropolitan area are the largest markets for skilled independent workers in the U.S. by number of workers. To shed more light on these uniquely large markets, our national survey oversampled for skilled independent workers from these markets in order to provide the more detailed insights below.

4.3.1 New York

The New York metropolitan area is the largest market for skilled independent workers by both number of workers and their revenues. There are nearly 600,000 of these freelancers in the New York metro area projected for 2019 and they bring in approximately \$26 billion in revenue.

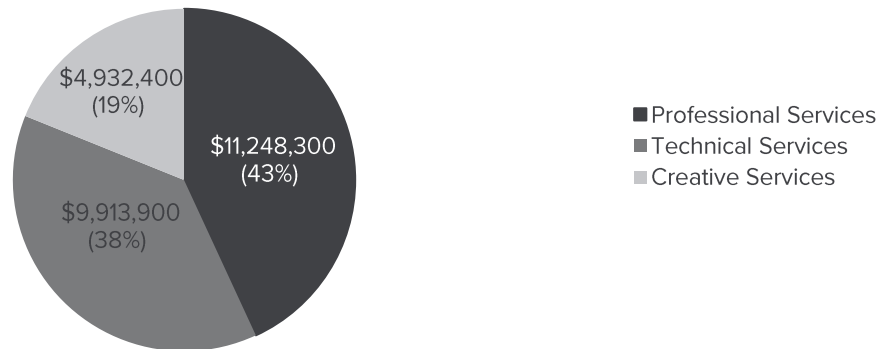
Nearly three of every ten (28%) dollars of New York's \$26 billion in skilled independent revenues come from outside the metro area and therefore contribute \$7.3 billion to its economic base.¹⁰ Further, three of every ten (30%) dollars of revenue comes from outside the worker's state and thus contributes to their state's economy (the New York metropolitan area includes counties in New York, Connecticut, New Jersey, and Pennsylvania). Around one in every twelve dollars (6%) of revenue comes from outside the U.S., contributing to the national economy.

Figure 18a. Number of Workers by Category – New York, NY (2019 Projected)



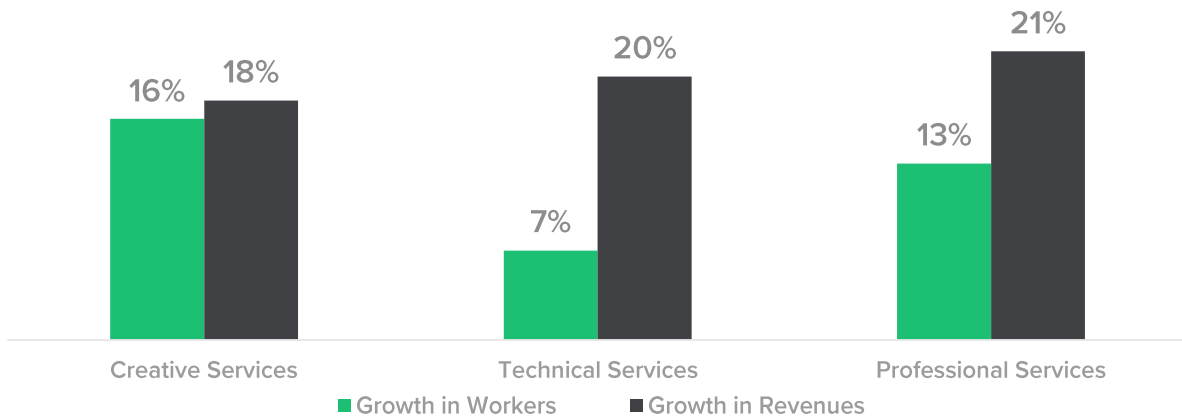
¹⁰ \$26 billion revenue x 28%

Figure 18b. Revenues (000s) by Category – New York, NY (2019 Projected)



Freelancers providing creative services and professional services grew by double digits in New York from 2012 to 2017, but growth in technical services lagged at only 7 percent. Revenue growth was more consistent among all three groups in the New York City metropolitan area. Despite lower growth in the number of skilled independents providing technical services, their revenue growth during the same time period was on par with that of those providing professional and creative services, suggesting that the technical service workforce may be more established compared to professional services and creative services in New York.

Figure 19. Growth in Workers and Revenue – New York, NY (2012 to 2017)



Skilled independent workers in the New York metropolitan area differ from those outside the area in a number of ways. First, freelancers in this metro area are less satisfied with their independent work: only 58 percent of skilled independent workers in the New York metropolitan area are highly satisfied with their work, compared to 72 percent of those outside the area. More of their revenues are local, from within the metro area, compared to those who live elsewhere in the U.S.

Despite having more work readily available within their metropolitan area, those in the New York metropolitan area are significantly more likely to feel their community is less desirable compared to others in the U.S. due to the cost of maintaining a business there. However, they recognize the New York metropolitan area for its strengths as well: significantly more freelancers who live there believe it is more attractive than other communities because of its communications/internet infrastructure and the network of people with shared professional interests that also reside there.

4.3.2 Los Angeles

The Los Angeles metropolitan area is the second largest market for skilled independent workers by both number of workers and their revenues. There are more than 430,000 of these freelancers in the metro area projected for 2019 and they bring in nearly \$20 billion in revenue. Los Angeles is the only market besides Nashville where creative services freelancers outnumber technical services workers, and these workers comprise a third (32%) of all skilled independents in the area.

Figure 20a. Number of Workers by Category – Los Angeles, CA (2019 Projected)

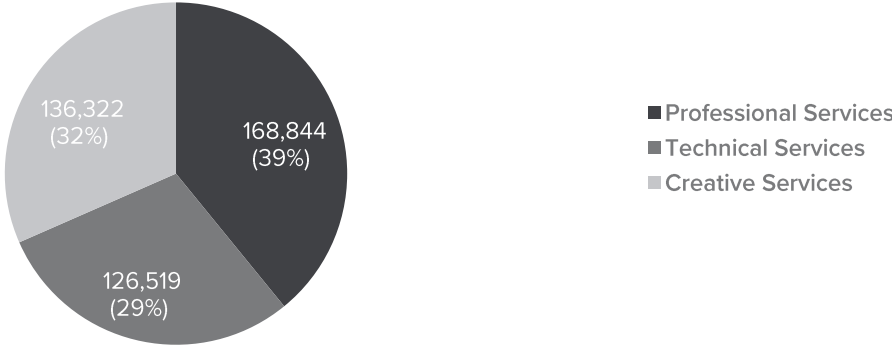
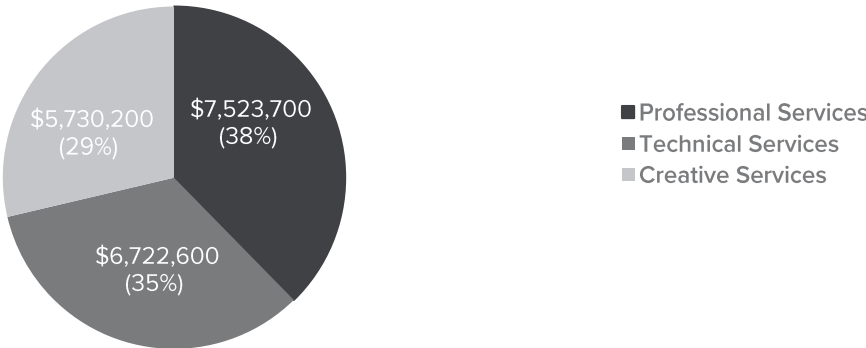
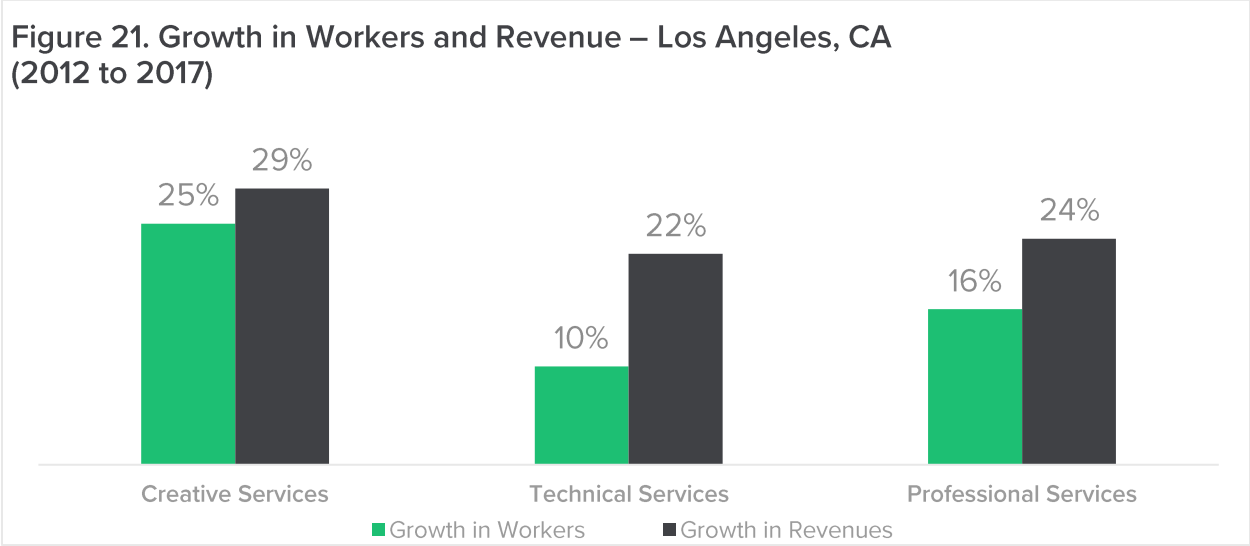


Figure 20b. Revenues (000s) by Category – Los Angeles, CA (2019 Projected)



Skilled independent workers in all three categories grew by double digits in Los Angeles from 2012 to 2017, with the workforce growing fastest for creative services (25%). That growth in revenues greatly outpaces growth in the workforce for technical and professional services in Los Angeles suggests that demand outweighs supply, whereas for creative services demand and supply may be more in lockstep (see Figure 21).



Skilled independent workers in Los Angeles earn a significantly higher percentage of both their personal and household incomes from their independent work compared to those based in the rest of the U.S. They are also significantly more likely to earn that revenue from clients within the same metro area or from clients outside the U.S. compared to skilled independents living elsewhere in the U.S.

One-third (33%) of the nearly \$20 billion in Los Angeles’s skilled independent revenues come from outside the Los Angeles metro area and therefore contribute to the metro’s economy, a contribution of \$6.6 billion.¹¹ Further, one-quarter (26%) of revenues come from outside the state of California and thus contribute to the state’s economy, and around one-tenth (11%) come from outside the U.S., contributing to the national economic base.

These freelancers are significantly more likely to believe their community is less desirable compared to others because of laws and regulations that make it difficult to operate and the costs of maintaining a business there compared to skilled independent workers living elsewhere in the U.S. However, they are also significantly more likely to believe the Los Angeles metro area is more desirable in terms of its communications/internet infrastructure, professional network it offers, and as an attractive place to live when not working.

¹¹ \$20 billion x 33%

4.3.3 Chicago

The Chicago metropolitan area, third largest by overall population and skilled independent workforce size, has about 200,000 freelancers that earn \$6.8 billion in revenues projected for 2019. Half (52%) of Chicago’s skilled independents provide professional services, three in ten (29%) provide technical services, and one in five (19%) are in creative fields.

Figure 22a. Number of Workers by Category – Chicago, IL (2019 Projected)

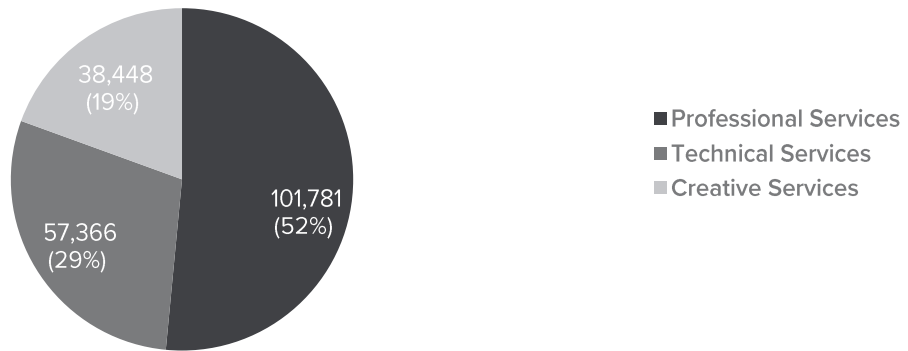
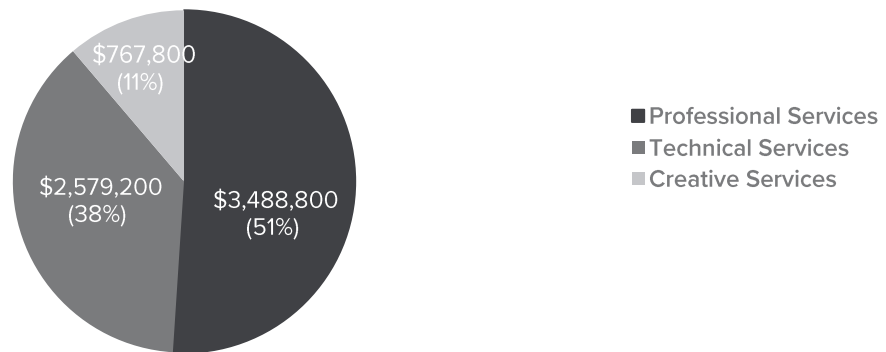
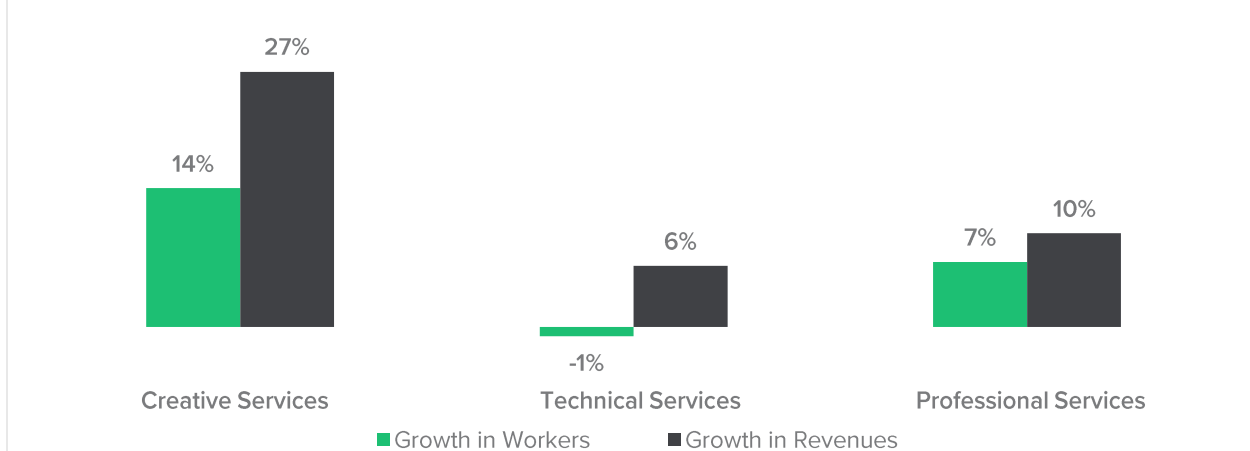


Figure 22b. Revenues (000s) by Category – Chicago, IL (2019 Projected)



The creative services freelance workforce and its revenues grew the fastest in the Chicago metro area from 2012 to 2017 compared to technical and professional services. In fact, the technical services freelance workforce shrunk slightly during that time period, and their revenues only grew by 6 percent (see Figure 23). The professional services freelance workforce grew by a modest 7 percent, and their revenues grew by 10 percent from 2012 to 2017.

Figure 23. Growth in Workers and Revenue – Chicago, IL (2012 to 2017)



Skilled independent workers in Chicago are significantly more likely to rely on word of mouth/referrals/reputation to obtain work compared to those who live elsewhere in the U.S., and they are significantly more likely to earn their revenue from clients within the same metro area. Sixty-eight percent of their revenue, on average, comes from clients within the Chicago metro area.

One-third (32%) of Chicago’s \$6.8 billion in skilled independent revenues come from outside the metro area, contributing \$2.2 billion to its economic base¹². Further, three of every ten (29%) dollars of revenue comes from outside the worker’s state and thus contributes to their state’s economy (the Chicago metropolitan area includes counties in Illinois, Wisconsin, and Indiana). Around one in every twelve dollars (6%) of revenue comes from outside the U.S., contributing to the national economy. However, skilled independent workers in the Chicago area are significantly more likely than their peers based elsewhere in the U.S. to believe they will earn less revenue in 2020 compared to 2019.

These freelancers are significantly less likely to believe their community is more desirable compared to others because of the costs of maintaining a business there compared to skilled independent workers living elsewhere in the U.S. However, they are also significantly more likely to believe the Chicago metro area is more desirable in terms of its communications/internet infrastructure and the professional network it offers.

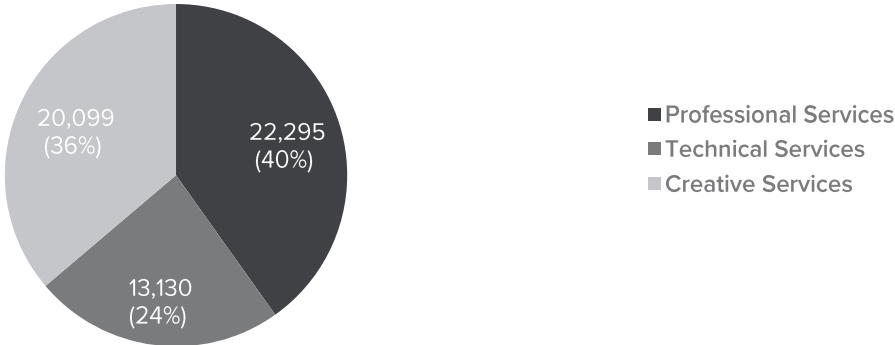
4.3.4 Nashville

The Nashville metropolitan area ranks 36th in the nation by overall population but 23rd by the size of its skilled independent workforce, with 55,523 freelancers earning \$2.5 billion in revenues projected for 2019. Nashville, with its long established and booming music industry, has the largest share of skilled independents providing creative services at 36 percent. In contrast, those

¹² \$6.8 billion x 32%

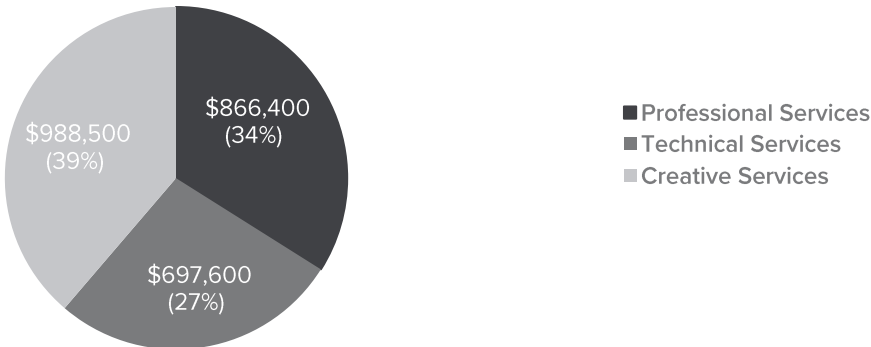
providing professional and technical services in Nashville make up the smallest shares of skilled independent workers among the top 30 markets at 40 percent and 24 percent, respectively.

Figure 24a. Number of Workers by Category – Nashville, TN (2019 Projected)



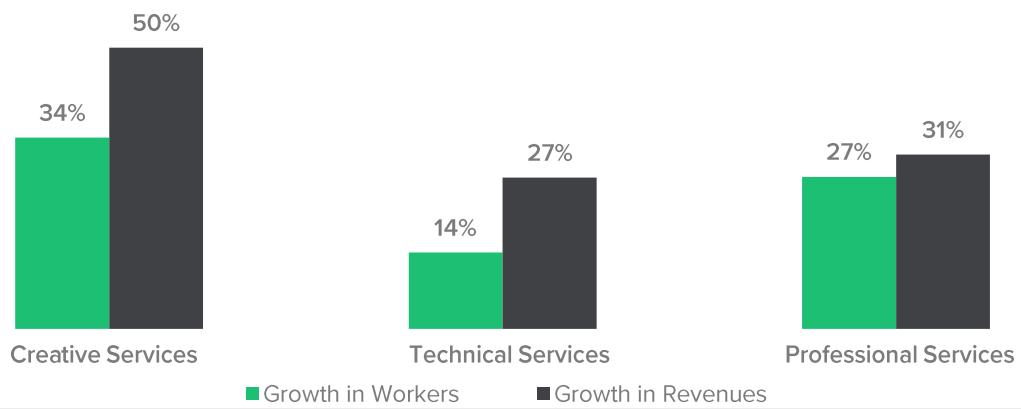
Similarly, Nashville’s creative services freelancers contribute a greater share of skilled independent revenues than in any other market within the top 30, and that share is growing. Compared to 2018’s projections, Nashville’s share of skilled independent revenues from creative services has ticked up two percentage points to 39 percent, an indicator of just how much this area is growing.

Figure 24b. Revenues (000s) by Category – Nashville, TN (2019 Projected)



As in most of the top 30 markets, the creative services freelance workforce and their revenues grew the fastest in the Nashville metro area from 2012 to 2017 compared to technical and professional services. Growth in revenues outpaced growth in the workforce for all three categories of work, suggesting that established skilled independent workers are growing their businesses even as new freelancers enter the market.

Figure 25. Growth in Workers and Revenue – Nashville, TN (2012 to 2017)

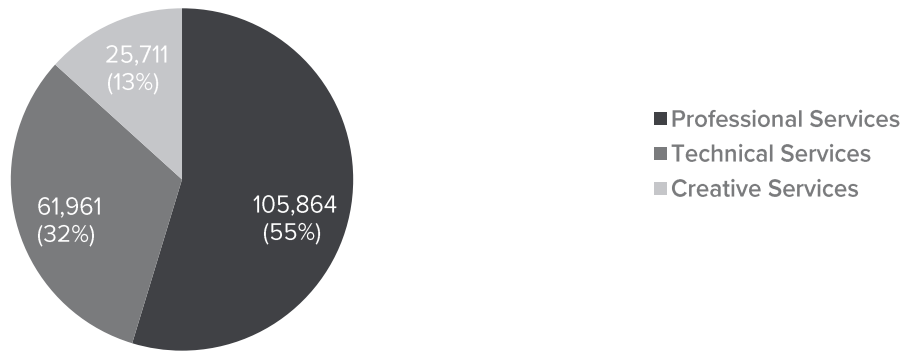


4.3.5 Miami

Miami overtook Washington, DC, in 2017 to become the fourth largest market in the U.S. by the size of its skilled independent workforce, increasing by 11 percent to 176,211 workers. It is projected to retain that lead through 2019 with nearly 200,000 freelancers (just behind Chicago) earning \$8.4 billion in revenues for 2019.

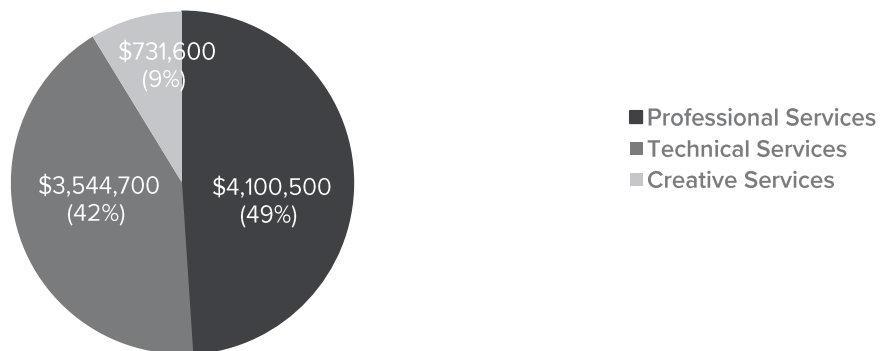
More than half (55%) of Miami's skilled independents provide professional services, making it the third most concentrated market by share of skilled independent workers among the top 30 markets, behind Houston and Detroit. Three in ten (32%) provide technical services, and nearly one in seven (13%) are in creative fields.

Figure 26a. Number of Workers by Category – Miami, FL (2019 Projected)

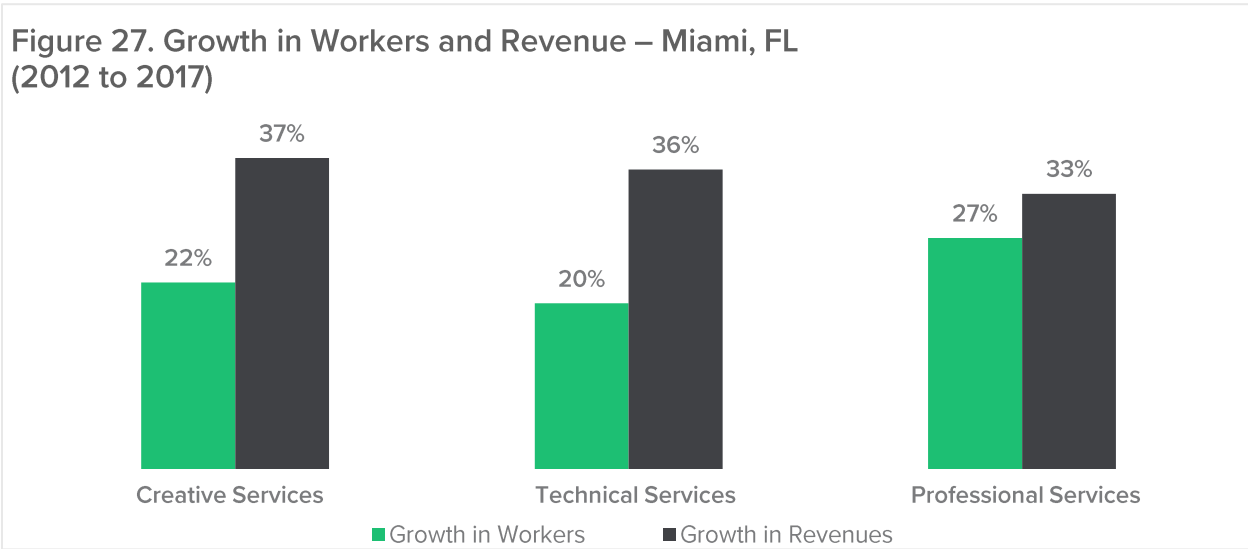


Around half of Miami's revenues from freelancers come from those providing professional services, followed by 42 percent of revenues coming from skilled independent technical services workers. Less than one dollar out of every ten dollars in skilled independent revenues (9%) comes from those in creative fields.

Figure 26b. Revenues (000s) by Category – Miami, FL (2019 Projected)



Miami saw consistently high growth across skilled independent creative, technical, and professional services freelancers and their revenues from 2012 to 2017. Miami was one of two markets (the other Las Vegas) where growth in the professional services freelance workforce outpaced growth in the creative services freelance workforce, which may be due to demographic factors, as professional services workers tend to be older and Florida is an attractive locale for retirees. Nonetheless, the creative services and technical services workforces also grew by at least 20 percent during this timeframe, while revenues for all three groups increased by at least a third.



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 1. 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 2012-2017 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 over 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.¹³ 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

¹³ <https://www.census.gov/programs-surveys/nonemployer-statistics/about.html>

NES dataset is not exactly the same as skilled independent workers but can be considered a good approximation.

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. First, the data will be suppressed if there are fewer than three non-employer businesses for any level of geography. Second, the data will be suppressed if more than 40 percent of either the receipts or establishments are from firms with an imputed industry classification.¹⁴ For the years that Rockbridge examined in this analysis, the percentage of records that were suppressed ranged from 7% (2017) to 15% (2013-2014). Less than one percent of records were suppressed due to imputed industry classifications. 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.

Because NES data are released approximately 18 months after the end of the reference year, 2018 data will not be available until June 2020, and 2019 data will not be available until June 2021. To estimate the number of skilled independent workers and their receipts in 2018 and 2019, Rockbridge utilized the most recently available market-level and US GDP data to apply a balancing weight to the growth rates for skilled independent workers from 2015-2017 to predict 2017-2019 growth rates, and then applied that to the actual number of workers and their receipts from 2017, the most recent year data are available.

¹⁴ https://www.census.gov/programs-surveys/nonemployer-statistics/technical-documentation/methodology.html#par_textimage_245304869

Table B. Sources

Independent workforce establishments and receipts (2012-2017)	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 (2017)	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 .
Labor force size for metropolitan statistical areas	U.S. Department of Labor (2019). <i>Civilian labor force and unemployment by state and metropolitan area</i> . Retrieved from https://www.bls.gov/news.release/metro.t01.htm .
2012 NAICS codes definitions¹⁵	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 .

¹⁵ The NES data series uses the 2012 NAICS codes definitions.



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