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2022 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

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1.0 Foreword

From the pandemic to the Great Resignation to the rise in new business formation we saw in 2021, freelancers continue to grow in strength and numbers. Independent workers currently make up over thirty percent of the U.S. workforce, contributing hundreds of billions of dollars to the country's economy.

We are proud to have collaborated with Fiverr on the release of their fifth annual Freelance Economic Impact Report. Since 1995, the Freelancers Union's mission has been to unite independent workers to build a better system together. We cannot be ignored by policymakers when data and research identify the economic and professional contributions freelancers provide to our communities. This report serves as a valuable tool to promote independent workers' voices for progress.

The data analyzed throughout the report demonstrates not only the sheer size and growth of this important workforce, but more importantly, the need to ensure this workforce has what they need to succeed in the greater U.S. economy. As a whole, freelancing has become more widely accepted due to its ability to provide more flexibility and autonomy for those who choose this type of work and therefore it has never been more important to ensure their success, protection and ultimately, their future.

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 with a variety of tools to serve independent professionals and the businesses that need their services, maintained its growth trajectory in 2021, with professionals around the country reconsidering their career options in light of the Great Resignation. Fiverr™ connects independent professionals around the world with business opportunities in myriad areas primarily including creative, technical, and professional services. For the fifth 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 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 two 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, We examined many secondary government 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 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 2018. We produced estimates for 2019 and 2020 for last year's report and has updated the 2020 estimates and produced estimates for 2021 based on more recent macroeconomic data.

This study specifically focuses on a workforce referred to here as "independent professionals." 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 codes[1], which define this market.

In addition to profiling independent professional workforce characteristics for the top 30 markets, we also conducted a market commonalities analysis among the top 50 markets. In this analysis, the markets were statistically assigned to nine distinct clusters of markets with common characteristics.

Next, we conducted a survey of 800 skilled independent workers in the U.S., drawing participants from an online research 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 2021. Data collection took place March 15th - March 31st, 2022. 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, we 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 three months. Data collection took place in March 2022 and resulted in 730 completed surveys from Fiverr freelancers in the U.S. The data are unweighted.

[1] North American Industrial Classification System

3.0 Key Findings

Independent professional work continues to be a powerful economic force as the economy rebounds from the downturn brought on by the pandemic

There are an estimated 6.3 million independent professionals in the U.S. as of 2021. This workforce is estimated to have earned $247 billion in revenue in 2021, up from an estimated $234 billion in 2020. They represent 3.9% of the U.S. labor force and their earnings comprise 1.1% of total U.S. gross domestic product (GDP) in 2021.

2021 was a growth year for this workforce, and a full four-in-ten (40%) independent professionals earned more revenue compared to 2020, while only around one-in-five (22%) experienced a decrease in revenue. These workers are focused on their independent work more so now than in the past, with six-in-ten (61%) not holding employment elsewhere, up from 53% last year.

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 (61%) of all independent professionals in the U.S., up from 58% last year, and 69% of the revenue, up from 65% last year. They are estimated to have earned a combined revenue of $170 billion in 2021.

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 ($44,328 compared to $39,254). The differential is similar regardless of the type of services these independent professionals provide—technical, creative, or professional—though it represents a larger percentage of revenues for creative professionals than for those providing technical or professional services as they tend to earn less, on average.

Demand for independent professionals increased in 2021

Half (50%) of independent professionals in the U.S. experienced increased demand for their services in 2021 compared to 2020, while one-in-six (17%) saw a decrease in demand. Those providing technical services were most likely to face increased demand (61%) compared to professional services (46%) and creative services (23%). The likelihood of experiencing an increase was higher for men (55%), younger independent professionals (57% for those under age 35) and those in urban areas (57%). Fiverr freelancers were even more likely to see demand for their services rise: 61% reported an increase.

In response, these professionals are becoming more selective in the types of projects they take on and the types of clients they work with and are raising their rates. More than a quarter (28%) of independent professionals in the U.S. increased their rates in the past 12 months, and the average rate increase was 21%.

The labor shortage and inflation in the economy are impacting independent professionals

Despite having a lot of flexibility to set their own parameters for work, the independent professional workforce is also feeling the effects of the broader labor shortage and inflation in the U.S. economy. Three-in-ten (31%) believe the labor shortage has resulted in increased demand for their work. Last year, 20% raised their rates and 22% reported working more hours, with most attributing these changes to the increasing demand.

For those who have raised their rates or are planning to in the next six months, more than half cite general inflation in the economy (58%) and higher costs of living for them personally (53%). Their clients seem to understand – more than half (58%) indicate their clients have not pushed back on the rate increases and nearly all (86%) didn't lose any business or even gained business when they raised their rates.

Work and life priorities are evolving for this workforce

With increased demand for their services and pressures from the labor shortage and inflation in the broader economy in addition to the pandemic of the past two years, work and life priorities are evolving for independent professionals in the U.S. Around two-thirds of this workforce have realized it is more important to be fulfilled in their work than just hold a job (68%), have changed their work/career priorities since 2019 (66%), and have begun to place more priority on enjoying life over their careers (64%).

Independent professionals show a clear preference for control and flexibility in their work and life—nearly all value being able to manage their work and personal lives the way they want (90%) and having flexibility about where and when they work (89%). These priorities have become increasingly important over the past two years as well.

Independent professionals prefer to stay home

Nearly all independent professionals work from home at least some of the time, and working at home is so popular that independent professionals will give up income to remain at home instead of working full-time at a client's location. The top advantages, in their eyes, are that working from home provides a pleasant work environment, allows them to care for family members, and saves them time commuting.

Half of independent professionals (49%) would never consider working at a client's location full-time, even if the compensation were higher. Over a third (36%) would consider working at a client location full-time if the compensation were better, although the price is high – the average increase it would take to make the change worthwhile to these professionals is 47%. Despite the potential advantages of working from home, 15% of independent professionals would prefer to work at a client's location full-time instead of home without an increase in compensation.

Independent professionals in the U.S. are satisfied and optimistic about their work

Even with evolving priorities, independent professionals in the U.S. are highly satisfied with their work, more so than their employed counterparts. A full three-quarters (75%) of this workforce is highly satisfied with freelancing this year, up from 70% last year.

Working independently plays a significant role in the work-life balance and meeting career goals. Seven-in-ten (71%) are highly satisfied that their independent work allows for good work-life-balance, and 84% believe they are more satisfied in their current situation than they would be working in a traditional full-time job. Half (51%) are highly satisfied that they can meet their long-term career goals through their independent work, while two-thirds (66%) believe they are more satisfied than if they were in a traditional full-time job. The impact on satisfaction with earning a sufficient income depends on the individual, with nearly half (47%) indicating they are satisfied with their ability to earn a sufficient income.

4.0 Detailed Findings

Introduction

Two years into the global COVID-19 pandemic, the world has changed in numerous social and economic ways that have impacted independent professionals and the workforce as a whole. However, as we've learned from the past two years reporting the Freelance Economic Impact report during the pandemic, independent professionals are resilient and well-equipped to adjust to the circumstances.

Now, these skilled workers are in high demand, as organizations became more flexible and open to freelance workers to meet their needs. Independent professionals have taken on new clients, expanded offerings, and in some cases even raised their rates, but at the end of the day they are motivated by their entrepreneurial spirit and the flexibility of setting their own work conditions.

In this report, we explore the challenges faced by independent professionals and the changes they've made in their independent work over the past two years, describes the top markets in the United States for these workers, and uncovers similarities in these top markets.

Overview

Based on the most recent Nonemployer Statistics data and data from the Bureau of Labor Statistics and St. Louis Federal Reserve, we estimate that there were 6.3 million skilled independent workers in creative, technical, and professional services in the U.S. earning $247 billion in revenues last year.

We categorize the independent professional workforce into three groups to uncover distinctions between them in the U.S. and the top 30 markets: Professional Services, Technical Services, and Creative 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 3.9% of the civilian labor force.

Figure 1. Creative, Technical, and Professional Skilled Independent Workforce in the U.S. (2021 Projected)

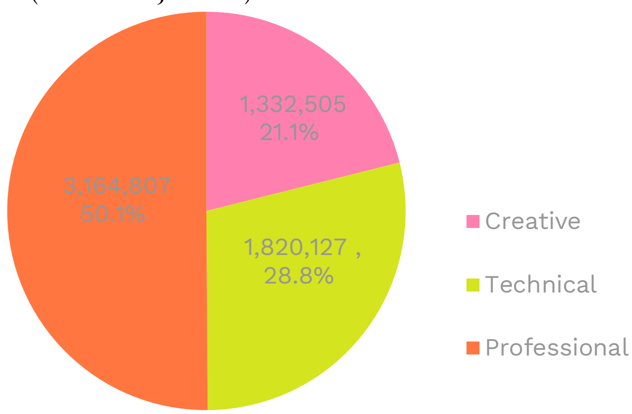
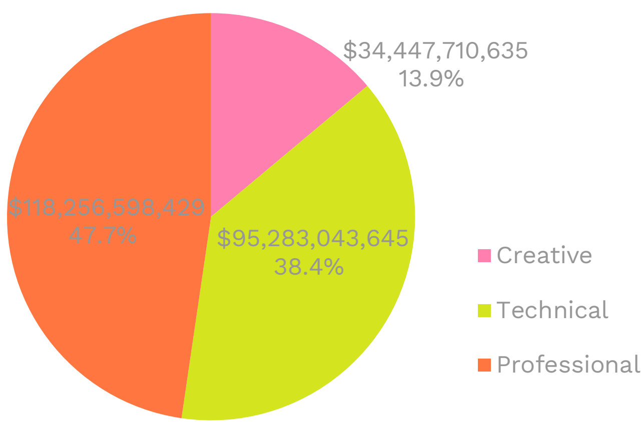


Figure 2. Creative, Technical, and Professional Skilled Independent Revenues in the U.S. (2021 Projected)



While it is possible to work independently and hold traditional employment, independent professionals in the U.S. tend to focus on their independent work, more so now than in the past: six-in-ten (61%) independent professionals are not employed elsewhere, compared to 53% last year. Those workers who provide technical services are most likely to have a permanent full-time job in addition to their independent work (40%), and those who provide professional services are most likely to not have any other employment (68%). Similarly, among Fiverr sellers, half (51%) are not employed elsewhere. Independent professionals in the U.S. are also expanding the breadth of their independent work: a third (33%) have another independent enterprise, up from 27% last year.

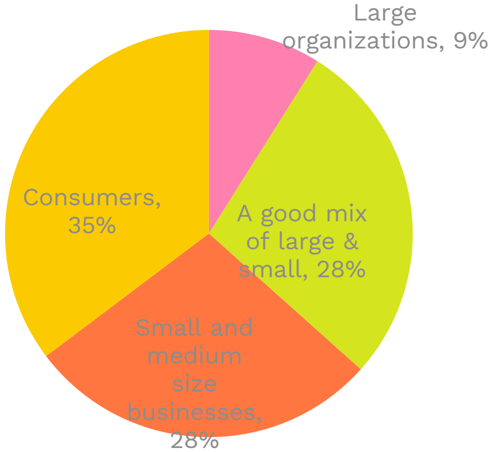
Most (65%) independent professionals rely on word-of-mouth referrals and the reputation they've built over the years to earn new business from clients. Social media is also a reliable source of new business to 45% of independent professionals, and about a third (34%) use online job marketplaces like Fiverr to find new clients and assignments, slightly more than last year (31%).

Methods of getting assignments from clients differ by the services these professional independents provide. Those who provide professional services are more likely than others to rely on word-of-mouth referrals (70%) and their former employers (16%) for business, while those who provide technical services are more likely to use online job marketplaces (48%) and Craigslist (20%). Independent professionals providing creative services are more likely than others to use social media (66%) and to advertise (25%).

The clients of professional independents vary based on the type of work they do but tend to be businesses rather than consumers. Those who provide technical services are more likely than others to have a good mix of large, medium, and small businesses as clients, while those who provide creative services are more likely to have clients who are consumers (51%).

Figure 3. Typical Clients/Customers of Independent Professionals

Total | n=800



Independent professionals in our survey have an average of seven years of experience working on their own, and a quarter (25%) have more than ten years of experience. One-fifth started freelancing in the past two years. Six-in-ten (63%) of these workers were employed full-time before starting to freelance, and a quarter (26%) continue to work in permanent full-time employment elsewhere. Among Fiverr freelancers, four-in-ten (43%) were employed full-time before freelancing, one-in-seven (14%) were students, and a similar share (13%) started their careers freelancing, without prior employment experience.

Most (68%) independent professionals in the U.S. started freelancing completely by choice, and their reasons for taking up independent work vary. Wanting to have their own business (52%), wanting to work from home (48%), and lack of flexibility in their work schedule (34%) are the most cited reasons for starting to work independently. Women are more likely to be motived by a lack of schedule flexibility (41% versus 25% for men). Among Fiverr freelancers, the reasons for freelancing are similar: half (49%) wanted to have their own business and four-in-ten (44%) wanted to be able to work from home. Only one-in-five (20%) independent professionals in the U.S. took up freelancing because they were unhappy with their pay, though this is significantly higher among those who provide professional services (24%) and significantly lower for those providing technical services (11%). Those providing creative services are more likely than the others to have taken up freelancing because they did not like the work they were doing (30%) or wanted to work in a community of their choice (34%).

Figure 4. Top Reasons for Taking Up Freelancing

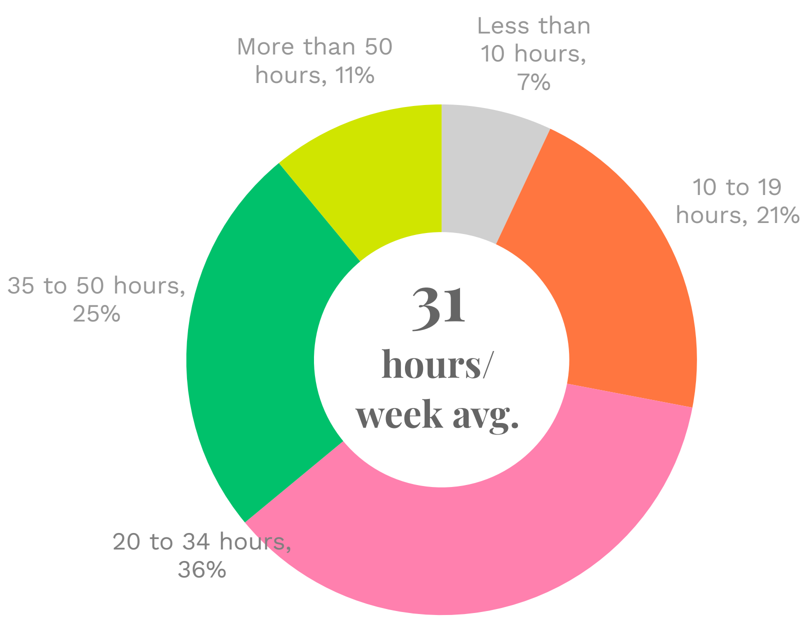
Among those who had a permanent job & made the decision to start freelancing | n=624

Changes in Working Climate Over the Past Year

Independent professionals have had to adapt to a lot in the past two years between the pandemic and global social and economic changes. These workers are working slightly more now compared to 2020. On average, they spend 31 hours a week at their independent work, up from 28 hours in last year's report. Twenty-eight percent work fewer than 20 hours per week and 11 percent work more than 50 hours per week. Those providing creative services work the least, clocking an average of 28 hours per week.

Figure 5. Hours Worked per Week as an Independent Professional

Total | n=800



A third (32%) of independent professionals indicate they worked more hours in 2021 compared to 2020 while half (49%) say they worked about the same number of hours. Those providing technical services (40%) are significantly more likely than creatives (32%) or professional service providers (28%) to have worked more in 2021 compared to 2020. Fiverr freelancers were also busier in 2021: more than four-in-ten (43%) reported working more hours than in 2020. Among this group, both part-time and full-time freelancers worked more hours in 2021 than in 2020.

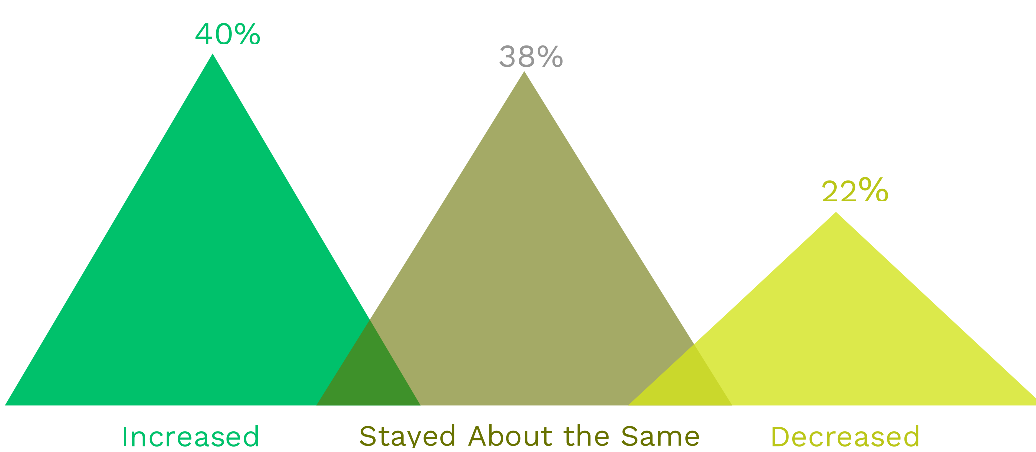
Among those working more hours than in 2020, more than three-quarters (78%) find it to be a good thing, while one in five (20%) say it's a mixed bag. In contrast, among those working fewer hours, less than half (44%) say it's good thing. This perception differs based on the nature of the work. Among those who provide technical services and are working less, more than half (58%) think it's a good thing, indicating they may have faced burnout from 2020.

The increase in work evokes a range of feelings, mostly positive. Among all independent professionals working more than the previous year, the increase in work has made them feel "successful" (64%), "secure" (44%), "fully utilized" (37%) and "prosperous" (37%). Among independent professionals providing technical services who are working more, three-quarters (74%) feel "successful" (74%), higher than for the other types of independent professionals. Increased work hours evoke similar emotions for Fiverr freelancers, two-thirds (65%) of whom feel "successful," a third (34%) of whom feel "prosperous," and three-in-ten (31%) of whom feel "secure."

Figure 6. Feelings Associated with Increased Work Hours Over Past Year
Total | n=280

The average annual revenues per independent professional in the U.S. is estimated to be $39,254 in 2021. This was a growth year for independent professionals, with 40% citing an increase in revenue over 2020 compared to only 22% experiencing a decrease. Those providing technical services were most likely to see their revenue increase in 2021 (49%), while those providing professional services were more likely than other types to have flat revenues in 2021 (42%). Among Fiverr freelancers, six-in-ten (61%) earned more revenue in 2021 compared to 2020.

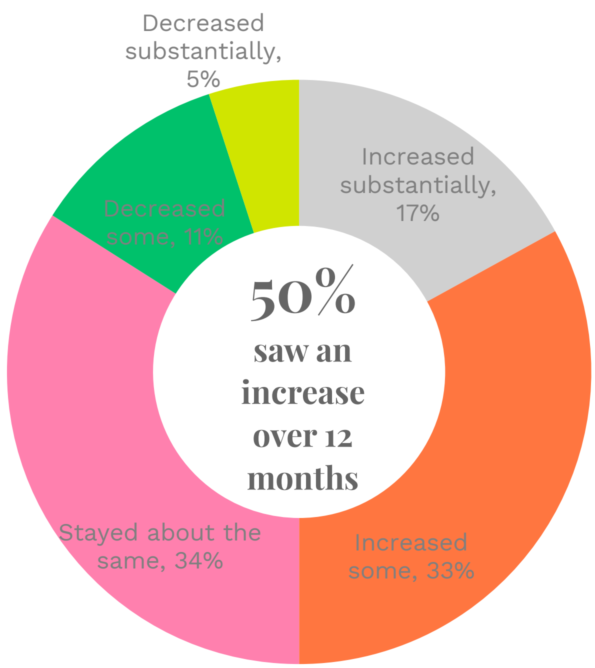
Figure 7. 2021 Revenue Compared to Earlier Years
Total | n=800



Another way of gauging change is by perceived demand for services. Half of independent professionals in the U.S. (50%) experienced increased demand for their services in the past year compared to just a sixth (17%) who experienced a decrease. A greater share of technical services providers (61%) faced increased demand in the past year compared to other types of independent professionals. In contrast, fewer than half of those providing professional services (46%) said demand increased, and one-in-five (22%) creative independent professionals saw demand decrease. For comparison, six-in-ten (62%) of Fiverr freelancers experienced increased demand for their services in 2021.

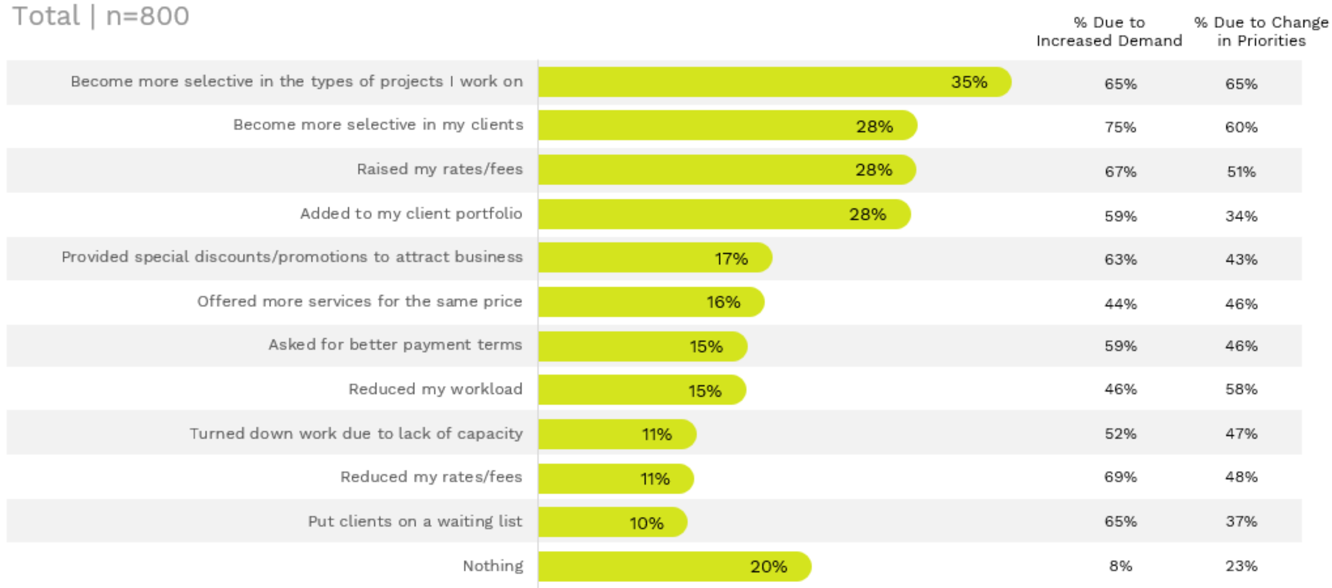
Figure 8. Demand for services compared to past 12 months

Total | n=800



Against a backdrop of increasing demand and changing priorities, independent professionals implemented many changes in their businesses over the past 12 months. These included: becoming more selective in the types of projects they work on (35%), becoming more selective in the types of clients (28%), raising rates/fees (28%) and adding to their client portfolio (28%). Common business changes that are attributed to increased demand include becoming more selective with projects (65% cited increased demand as a factor), becoming more selective with clients (75%) and raising rates (67%). Common business changes attributed to changing priorities include becoming more selective in the types of projects (65% attributed this to changed priorities) and becoming more selective in the types of clients (60%). It appears that increased demand is fueling rate increases, but the greater selectivity in projects and clients is a result of changing priorities in addition to higher demand. Independent professionals want to enhance the nature of their work and have taken advantage of a better marketplace to make this happen.

Figure 9. Changes Implemented in Past 12 Months
Total | n=800



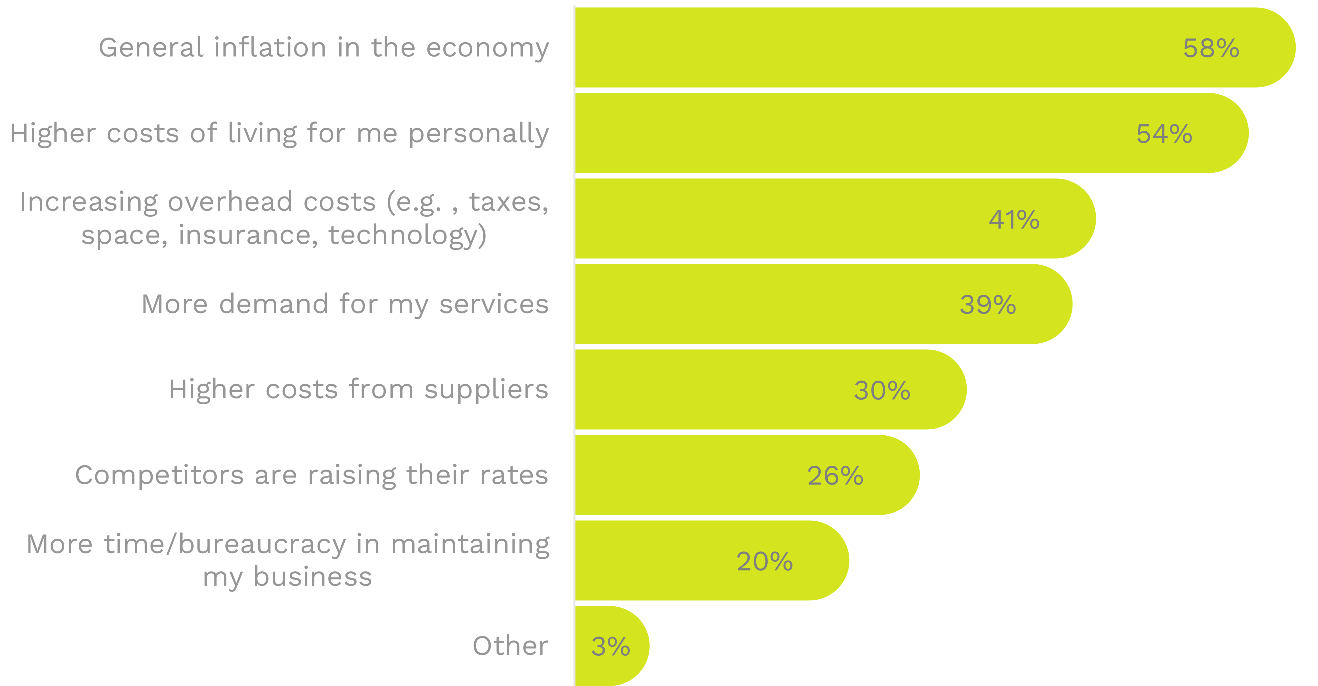
As noted earlier, 28% of independent professionals raised their rates last year. Independent professionals providing technical services were even more likely to have raised their rates (34%). Of the independent professionals who raised their rates in the past year, the average increase was 21%. In comparison, Fiverr freelancers were more apt to raise rates. Nearly half (48%) of Fiverr freelancers raised their rates over the past 12 months, and the average increase was 35%. Four-in-ten (41%) did so in direct response to the increased demand for their services.

More changes are on the horizon for this class of workers. Aside from the pandemic, the ongoing labor shortage in the U.S. has also impacted independent professionals. Three-in-ten (31%) believe the shortage has resulted in increased demand for their work, and around one-in-five have been able to raise their rates (20%), negotiate the terms of their work (20%), and work more hours in response (22%). Independent professionals providing technical services are more likely to have increased demand due to the labor shortage (38%) and more likely than others to raise their rates (27%) and work more (30%) because of it.

For those who have raised their rates or are planning to, the primary reasons for doing so are general inflation in the economy (58%), higher costs of living for them personally (53%), increased overhead costs (41%), and more demand for their services (39%). Those providing technical services are more likely than others to face increased overhead costs (48%) and higher costs from their suppliers (40%).

Figure 10. Reasons for Raising Rates/Fees

Among those who raised or are likely to raise their rates | n=523

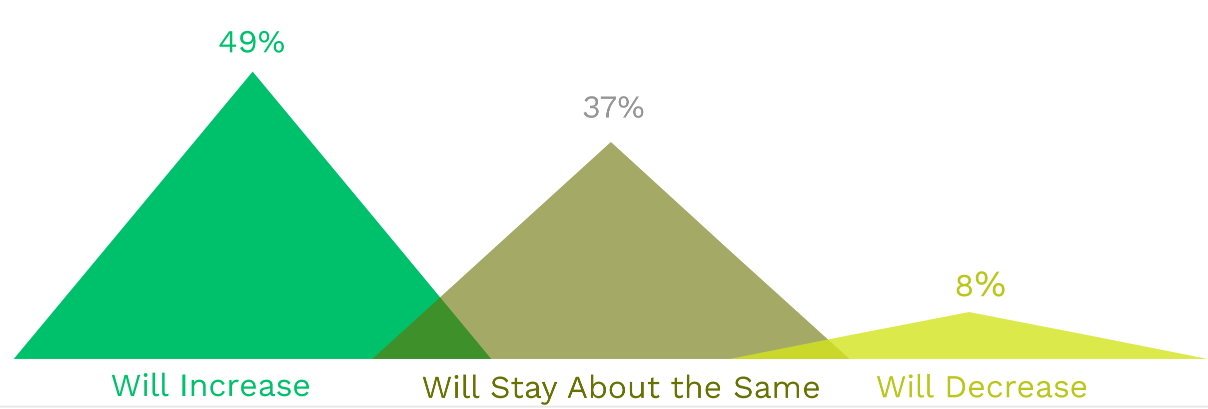


The clients of these independent professionals are taking these changes in stride. Among those who raised their rates in the past twelve months, more than half (58%) indicate their clients did not push back at all, and one-in-five (21%) noted their clients were happy to pay them more. Nearly all (86%) didn't lose any business or even gained business when they raised their rates. Sixty-three percent of independent professionals in the U.S. have clients who have had a hard time finding enough help recently, and the problem is particularly prevalent among those who need technical services.

Looking to the year ahead, half (49%) of independent professionals in the U.S. believe their revenue will increase in 2022 compared to 2021, while only 8% believe their revenues will decrease this year. Fiverr's freelancers are more optimistic about this year: 73% of these freelancers believe their revenue will increase in 2022.

Figure 11. Expected 2022 Revenue Compared to 2021

Total | n=800

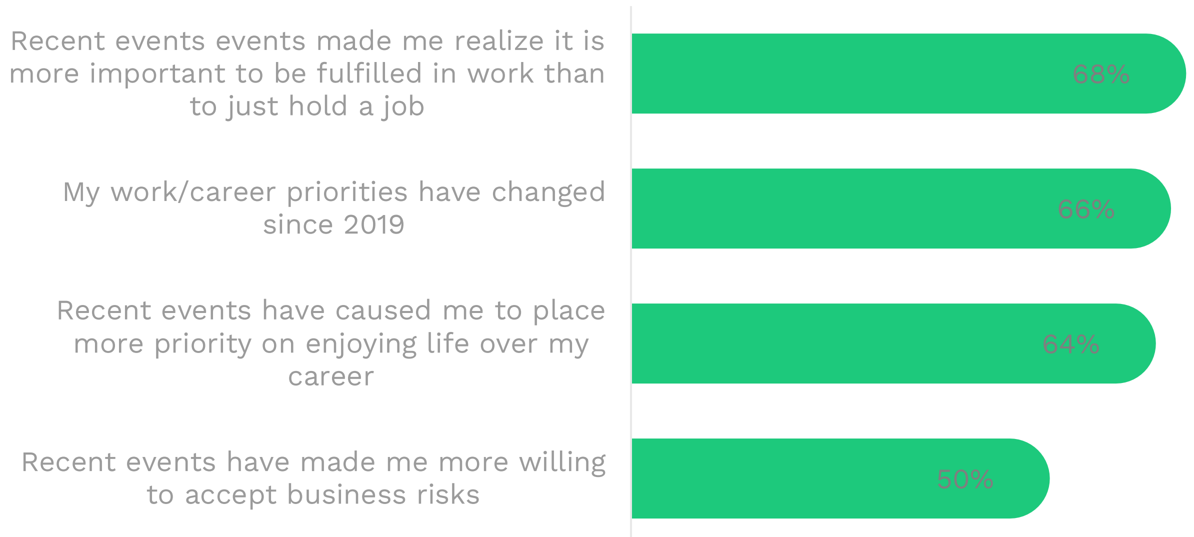


Changes in Professional and Personal Priorities

The past two years have been eventful, resulting in changes in the mindset of independent professionals in the U.S. Approximately two-thirds (66%) of independent professionals in the U.S. agree that their work/career priorities have changed since 2019. Along these lines, two-thirds feel recent events have made them realize it is more important to be fulfilled in their work than to just hold a job (68%) and that they now place higher priority on enjoying life over their careers (64%). Compared to other independent professionals, those providing creative services are more likely to have changed their priorities (73%) and realize that their work needs to be fulfilling (74%). Half (50%) of independent professionals feel recent events have made them more willing to accept business risks, but this is higher among those providing technical services (57%).

Figure 12. How independent professionals perceive their work and career goals to have changed | % Strongly/Somewhat agree

Total | n=800

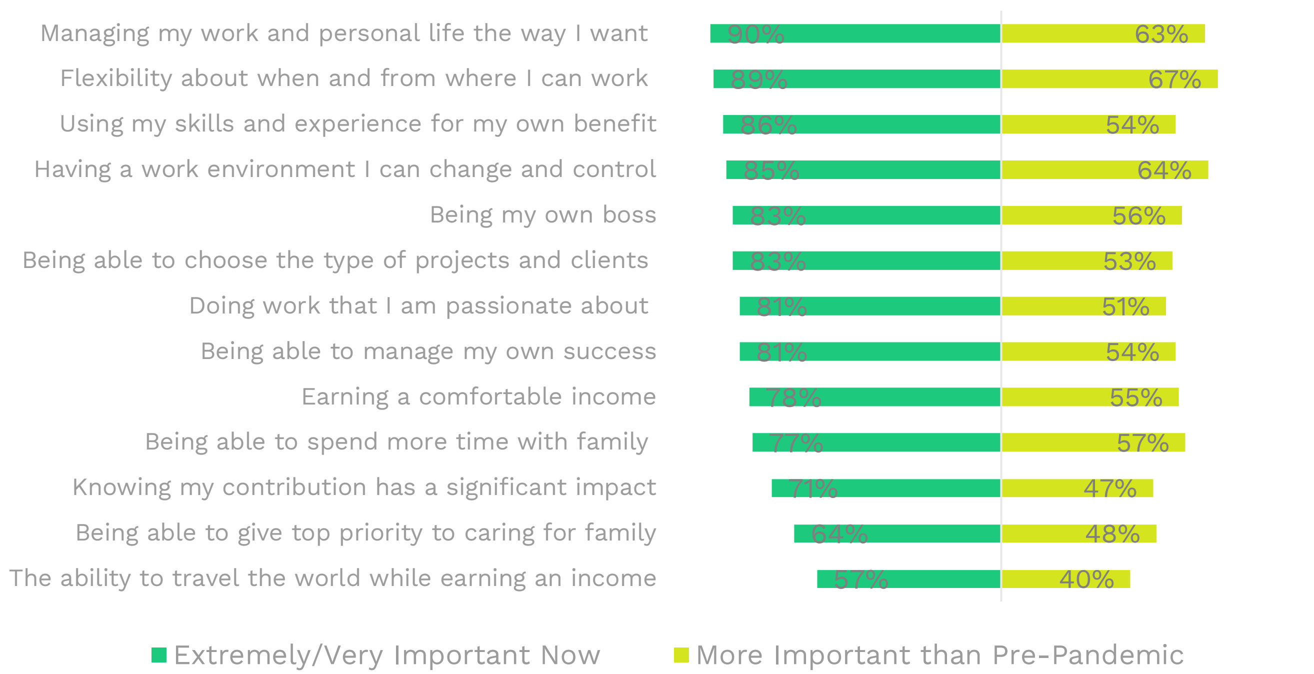


When asked to rate the importance of over a dozen work priorities, independent professionals show a preference for control and flexibility, while income falls near the bottom of the list (but is still important). Around nine-in-ten independent professionals in the U.S. value being able to manage their work and personal lives the way they want (90% extremely/very important) and having flexibility about when and where they work (89%). Those providing creative services are more likely than others to place high importance on being able to choose the type of projects and clients they work on and do work that they are passionate about (both 88%), while those providing technical services also want to be passionate about their work (86%), be able to manage their own success (88%), and earn a comfortable income (86%), more so than other types of independent professionals.

These and other priorities have evolved over the past two years, growing increasingly important. Independent professionals' work/career priorities that are most likely to have increased in importance, according to the professionals, include having flexibility on when and where they work (67% feel this has become more important), having a work environment they can change and control (64%), and managing their work and personal lives the way they want (63%). Those providing professional services are more likely than other types of independent professionals to say these priorities hold the same importance as they did pre-pandemic, indicating that they may have had a better balance of work and life priorities and goals all along. And, most independent professionals, regardless of the services they provide, say that their independent work helps them, rather than holds them back, in attaining their goals. It seems that goals such as a comfortable income and time with family have always been important, but the events of the past two years have increased the value independent professionals now place on the degree of control they have over what, when, where and how they work.

Figure 13. Importance of Work Priorities and Needs Now & Compared to Pre-Pandemic

Total | n=800



Satisfaction with independent work

Despite the challenges of the past few years, independent professionals continue to be highly satisfied with their work. A full three-quarters (75%) of these workers are highly satisfied with their work this year, significantly higher than last year (70%). More than eight-in-ten (83%) believe they are also more satisfied than they would be in traditional employment. These workers are also more satisfied with their independent work compared to their employed counterparts, of whom only six-in-ten (61%) are highly satisfied with their traditional employment.[2]

Figure 14. Satisfaction with Freelancing
Total | n=800

In their own words:

"I love being able to express my creativity without having the restrictions of a corporation, schedule flexibility and my success is determined by my dedication."

-Independent Professional for 6-10 Years, Technical Services, North Carolina

"I only work with clients who are committed to the project. As an independent I can choose what I want to take on. I pick my own schedule and can work remotely."

"It allows me a lot of freedom to perform my work how and where I choose. I do however find the tax and health issues a hassle to deal with on my own."

-Independent Professional for More than 20 Years, Creative Services, North Carolina

[2] The 2021 National Technology Readiness Survey by Rockbridge Associates, Inc.

Independent professionals' satisfaction with specific aspects of their work varies. Seven-in-ten (71%) are highly satisfied that their work ensures a good work-life balance, and 84% believe they are more satisfied in their current situation than they would be working in a traditional full-time job. Half (51%) of these workers are highly satisfied with their ability to meet their long-term career goals with their independent work, while two-thirds (66%) believe they are more satisfied in this goal than if they were in a traditional full-time job. Nearly half (47%) are also highly satisfied with their ability to earn a sufficient income wile a similar share (48%) believe they do better on this goal as an independent than if they had a traditional full-time job. It seems that being independent greatly augments work/life balance and goal achievement, while the income potential depends on the individual. Independent professionals providing technical services tend to be more satisfied with their ability to earn a sufficient income (55%) and meet their long-term career goals (58%) compared to other independent professionals.

Figure 15. Ensuring a Good Life/Work Balance
Total | n=800

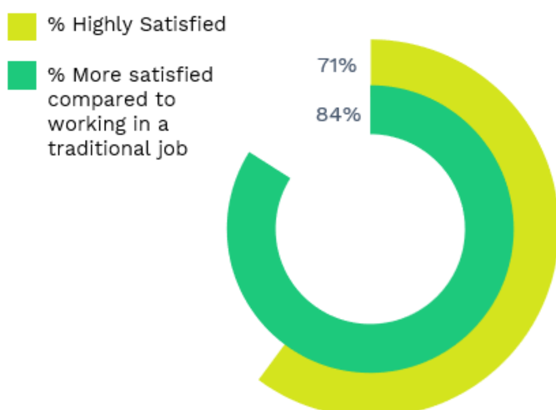


Figure 16. Meeting My Long-Term Career Goals
Total | n=800

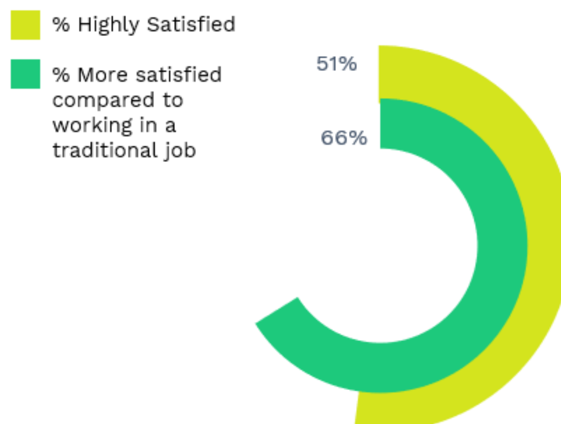
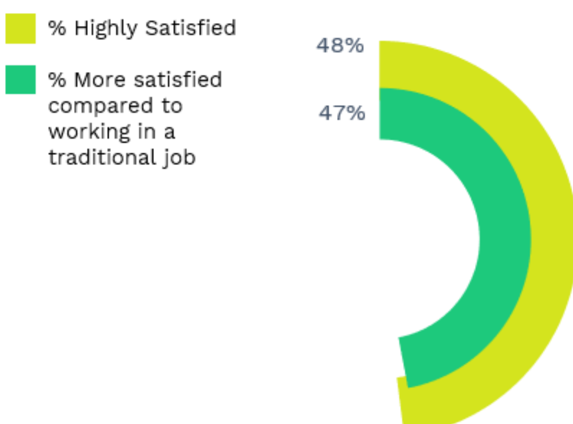


Figure 17. Ensuring a Sufficient Income
Total | n=800



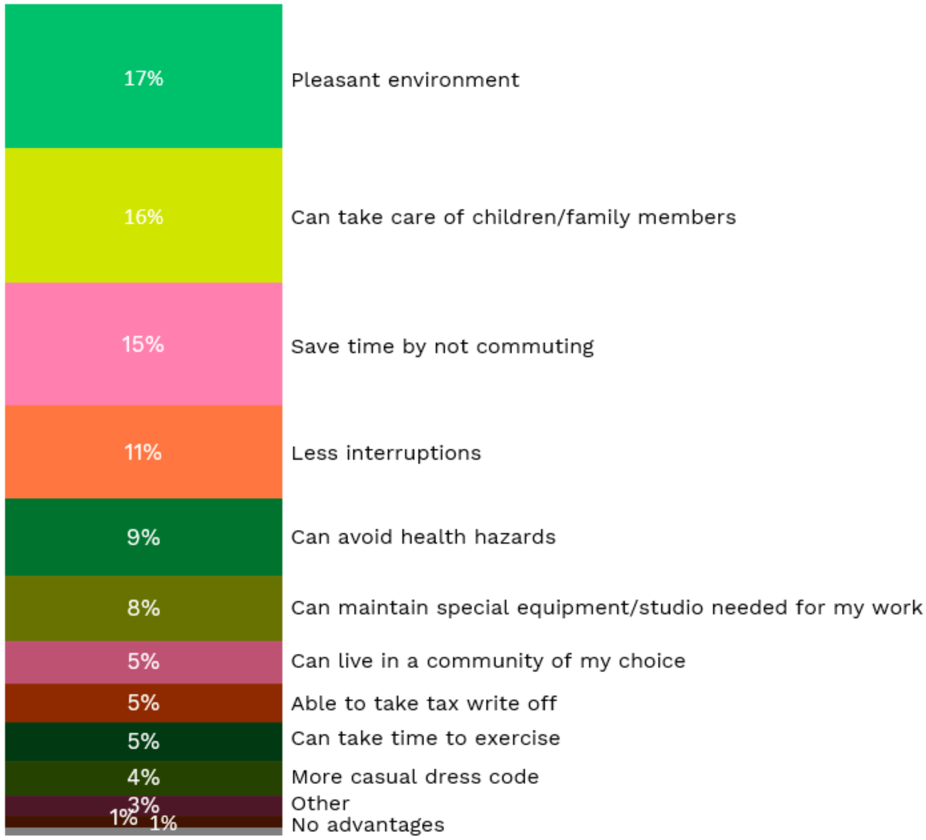
Choosing Where to Live and Work

Independent professionals generally have more flexibility in when and where they work compared to the traditionally employed, and nearly all (96%) work from home at least part of the time. Just under half (47%) work at their client's location, and three-in-ten (29% and 30%, respectively) have an office outside of their home or work in public spaces like libraries or coffee shops. Nearly a quarter (23%) work remotely when traveling, and one-in-six (15%) work in a coworking space. Most independent professionals (80%) choose to work at home, while a sliver (2%) say it's their client's preference that they work from home and 18% have made a joint decision with their client. Slightly fewer than four-in-ten (38%) of independent professionals started working from home within the past two years, while the majority's work-from-home status pre-dates the pandemic. Among Fiverr freelancers, more than three-quarters (78%) usually work from home.

Working from home has many advantages in the eyes of independent professionals. The most recognized advantages include home providing a pleasant environment (17%), being able to take care of kids or other family members (16%) and saving money (15%) or time (11%) by not having a commute. These four factors are the most important ones for over half of independent professionals. A pleasant environment and being able to maintain special equipment or a studio for their work are particular advantages for those providing creative services, while those providing technical services are more likely than others to value being able to take care of children or other family members (26%) from home.

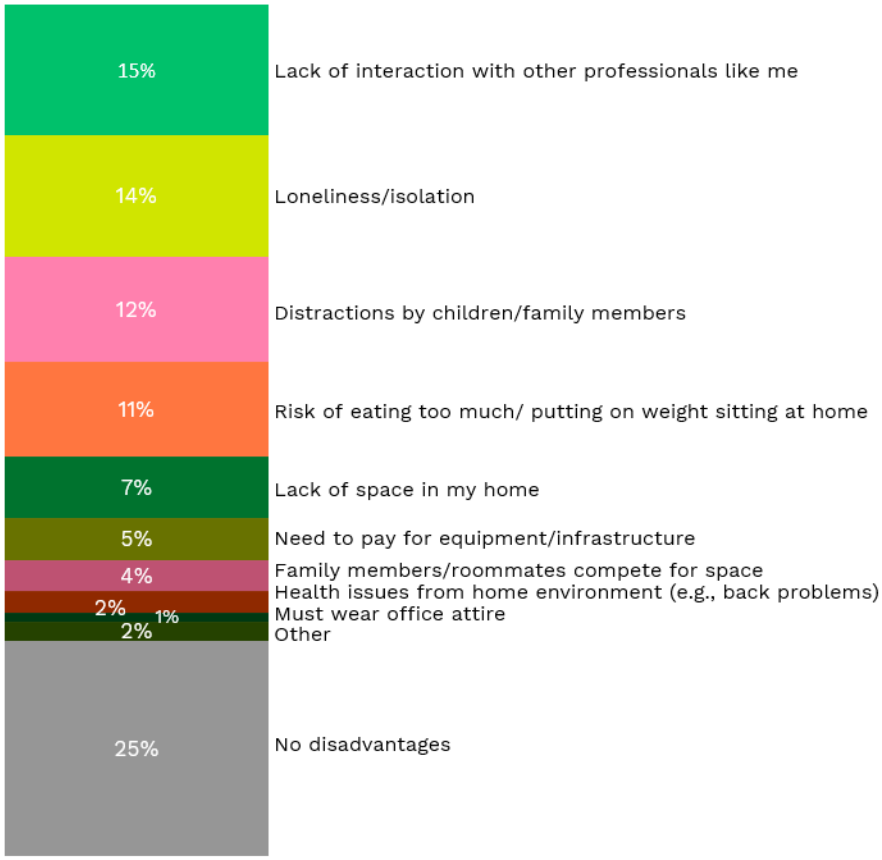
Figure 18. Advantages of Working from Home

Total | n=800



Working at home also has disadvantages, the chief ones being a lack of interaction with other professionals (15%), loneliness and isolation (14%) and distractions from children or family members (12%). A tenth (11%) cite the risk of eating too much or putting on weight from sitting around. Independent professionals providing creative services are more likely than others to cite lack of space as an issue (16%), while those providing technical services are more likely than others to have to compete for space in their home (9%). A quarter (25%) see no disadvantages to working from home.

Figure 19. Disadvantages of Working from Home
Total | n=800



In their own words:

"I feel at ease, calm and inspired in my own home. I feel encouraged to work and interact with home life, and feel my work-life balance is improved." -Independent Professional for 3-5 Years, Creative Services, Louisiana

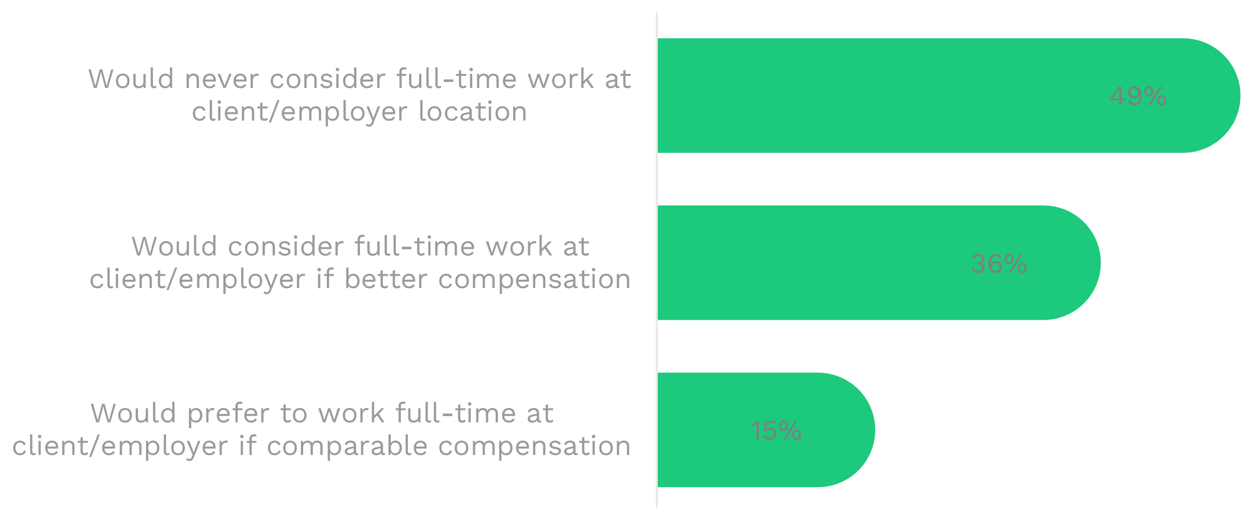
"I have control over distractions, I can be comfortable, I can take breaks when I need to and eat better/spend less money on food, I see more of the people I care about."
"I don't have to worry about paying daycare costs and am available for my children whenever I'm needed." -Independent Professional for 13-24 Months, Technical Services, Nebraska

"I can set up my environment to make it so that I can work most efficiently and comfortably. Thus, I can be more productive." -Independent Professional for 6-10 Years, Technical Services, New York

Working at home is so popular that independent professionals will give up income to remain at home instead of working full-time at a client's location. Half of independent professionals (49%) would never consider working at a client's location full-time, regardless of the compensation. Over a third (36%) would consider working at a client location full-time if the compensation were better, although the price is high – the average increase to make the change worthwhile is 47%. Despite the potential advantages of working from home, 15% of independent professionals would prefer to work at a client's location full-time instead of home without an increase in compensation.

Figure 20. Location vs. Compensation Trade-off Priorities

Total | n=800



Regardless of where they work, independent professionals tend to be well-established in their communities. On average, they have lived in their current communities for nearly 10 years, although nearly one-in-five (18%) moved to a new community in the past two years since the pandemic started. Nearly nine-in-ten (87%) independent professionals strongly or somewhat agree that working independently gives them the freedom to work wherever they want. In addition, the majority (60%) agrees that being able to live where they want is a main factor in their decision to freelance/work independently. Despite the talk of flight from cities, urban dwellers are more likely to agree that choosing their living location is a factor in being independent (67%) compared to those in suburbs (54%) and rural areas (60%). While a lot is said about individuals moving to livable communities during the pandemic, independent work also allows professionals to avoid moving at the behest of an employer. In the next section, we explore exactly where in the U.S. independent professionals are choosing to live and work.

Figure 21. Length of Time Living in Current Community

Total | n=800

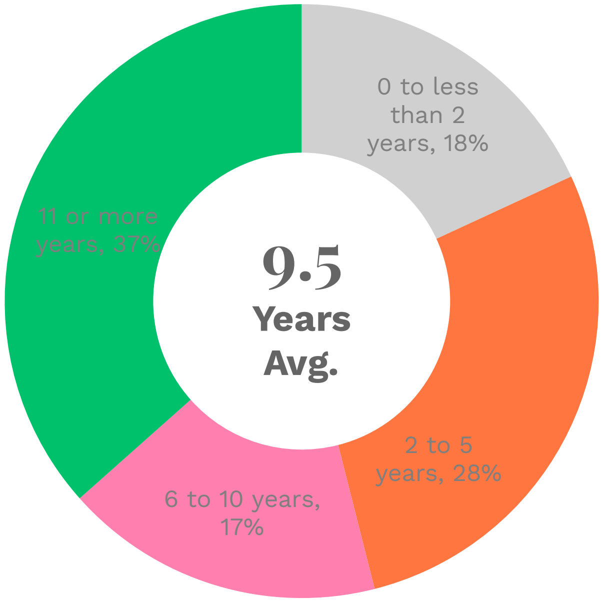
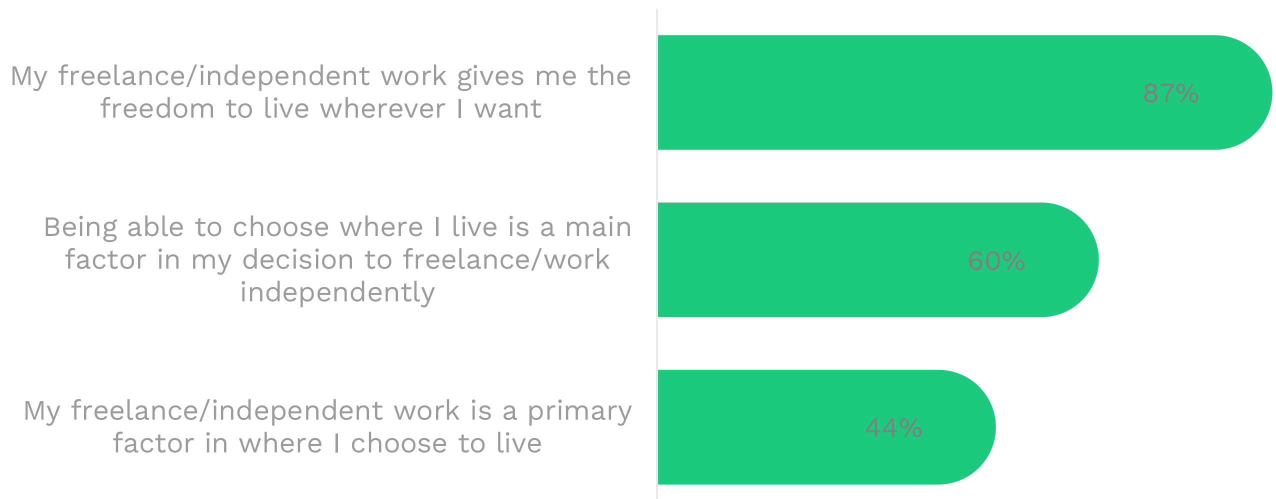


Figure 22. Beliefs about Freelance/Independent Work | % Strongly/Somewhat agree

Total | n=800



Top 30 Markets

Independent professionals in the U.S. tend to congregate in metropolitan areas with at least one million inhabitants and estimates of growth in these markets suggests that the degree of concentration is increasing. We estimate that in the U.S. in 2021, there were 3.8 million independent professionals in the top 30 markets (up 5.5% from 3.6 million in 2020) with a combined revenue of $170 billion (up 10.4% from $154 billion in 2020).[3] The top 30 markets for these workers represent six-in-ten (61%) of all independent professionals in the U.S., up from 58% last year, and 69% of the revenue, up from 65% last year. They are estimated to have earned a combined revenue of $170 billion in 2021.

The top markets by both number of independent professionals and their revenues are New York, Los Angeles, and Miami. Miami overtook Chicago last year to become the third largest market for independent professionals in the U.S., and Washington, D.C. is now just behind Chicago.

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

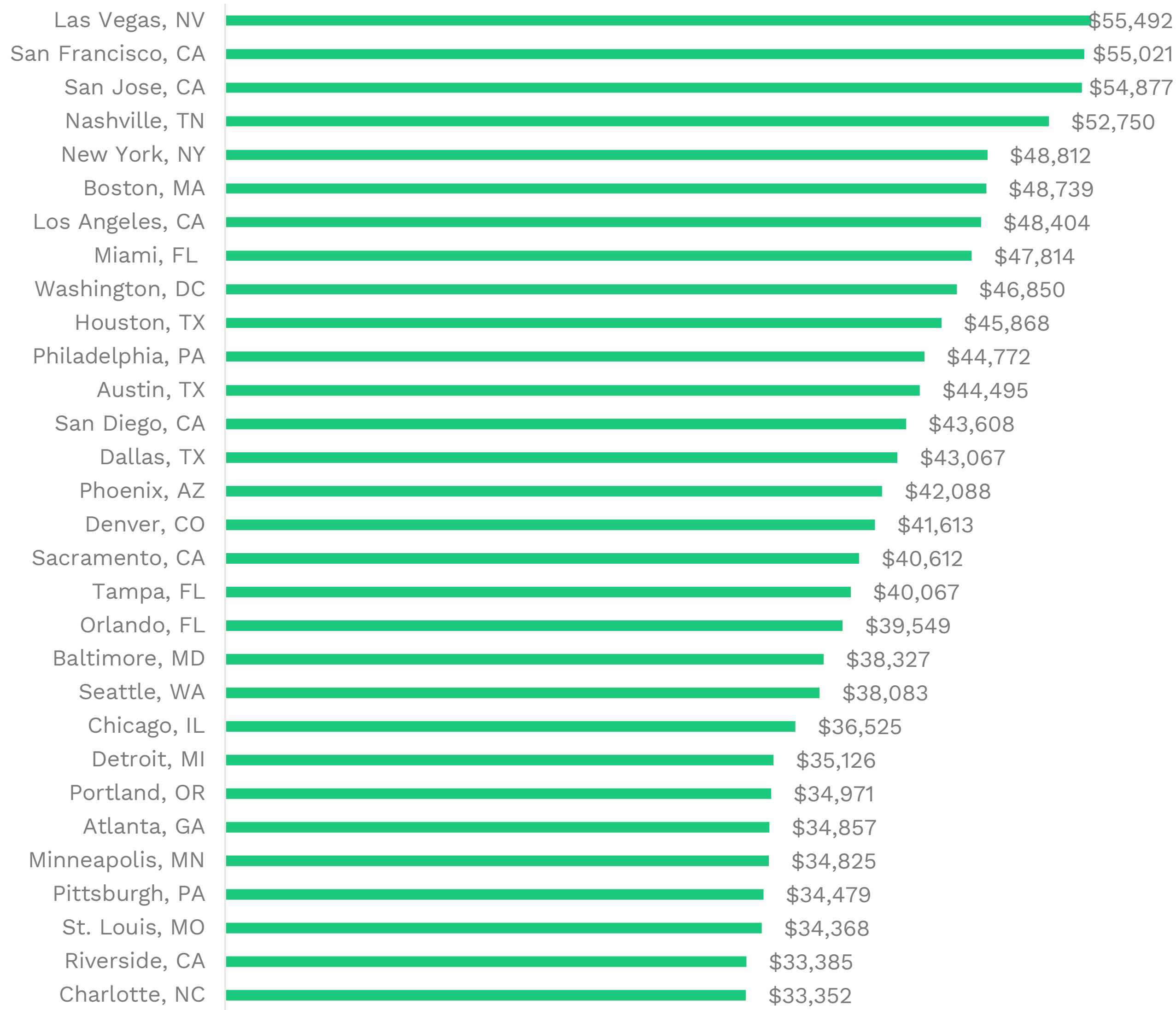
Market (Metropolitan Statistical Area)	Number of Independent Professionals (2021 Projected)	Rank by Number of Independent Professionals	Revenues (2021 Projected)	Rank by Revenues
New York, NY	596,350	1	$29,108,978,655	1
Los Angeles, CA	429,777	2	$20,803,022,284	2
Miami, FL	222,230	3	$10,625,692,446	3
Chicago, IL	205,297	4	$7,498,465,121	7
Washington, DC	195,352	5	$9,152,232,001	4
Dallas, TX	177,556	6	$7,646,787,788	6
Atlanta, GA	164,397	7	$5,730,400,866	11
San Francisco, CA	164,178	8	$9,033,204,522	5
Houston, TX	144,219	9	$6,615,055,331	9
Boston, MA	136,899	10	$6,672,277,773	8
Philadelphia, PA	131,724	11	$5,897,584,040	10
Phoenix, AZ	99,346	12	$4,181,290,511	12
Seattle, WA	96,412	13	$3,671,703,525	14
Minneapolis, MN	86,515	14	$3,012,879,152	19
San Diego, CA	86,253	15	$3,761,299,119	13
Denver, CO	84,237	16	$3,505,369,642	15
Austin, TX	77,262	17	$3,437,772,060	16
Detroit, MI	76,731	18	$2,695,245,146	21
Tampa, FL	69,353	19	$2,778,774,822	20
Riverside, CA	68,892	20	$2,299,992,958	23
Portland, OR	64,460	21	$2,254,223,559	26
Orlando, FL	60,877	22	$2,407,628,312	22
San Jose, CA	59,486	23	$3,264,423,317	17
Baltimore, MD	59,381	24	$2,275,884,665	25
Nashville, TN	57,451	25	$3,030,557,437	18
Charlotte, NC	52,495	26	$1,750,771,420	28

[3] These are estimates because the release of the NES is delayed and numbers have not been released since 2018.

St. Louis, MO	46,522	27	$1,598,882,124	29
Sacramento, CA	46,504	28	$1,888,626,167	27
Las Vegas, NV	41,091	29	$2,280,222,802	24
Pittsburgh, PA	38,167	30	$1,315,962,079	30

Independent professionals in these markets earn anywhere from $33,000-$55,000 annually from their work. Independent professionals providing technical services in San Jose are estimated to earn the most in 2021 at $68,511 on average, while creative professionals in Pittsburgh are estimated to earn the least at $17,522, on average. Independent professionals in the top 30 markets earn $44,328 on average, compared to $39,254 for independent professionals in the U.S. as a whole. This roughly $5,000 differential is consistent across the different types of independent professionals. Independents providing creative services in the top 30 markets earn an estimated $30,667 on average compared to the U.S. as a whole at $25,852. Workers in the top 30 markets who provide technical services earn $57,663, compared to $52,350 in the U.S. as a whole. Freelancers in the top 30 markets providing professional services earn an estimated $42,178 annually, while we estimate these workers in across the U.S. earn $37,366 annually, on average.

Figure 23. Skilled Independent Workforce Receipts per Entity (2021 estimated)



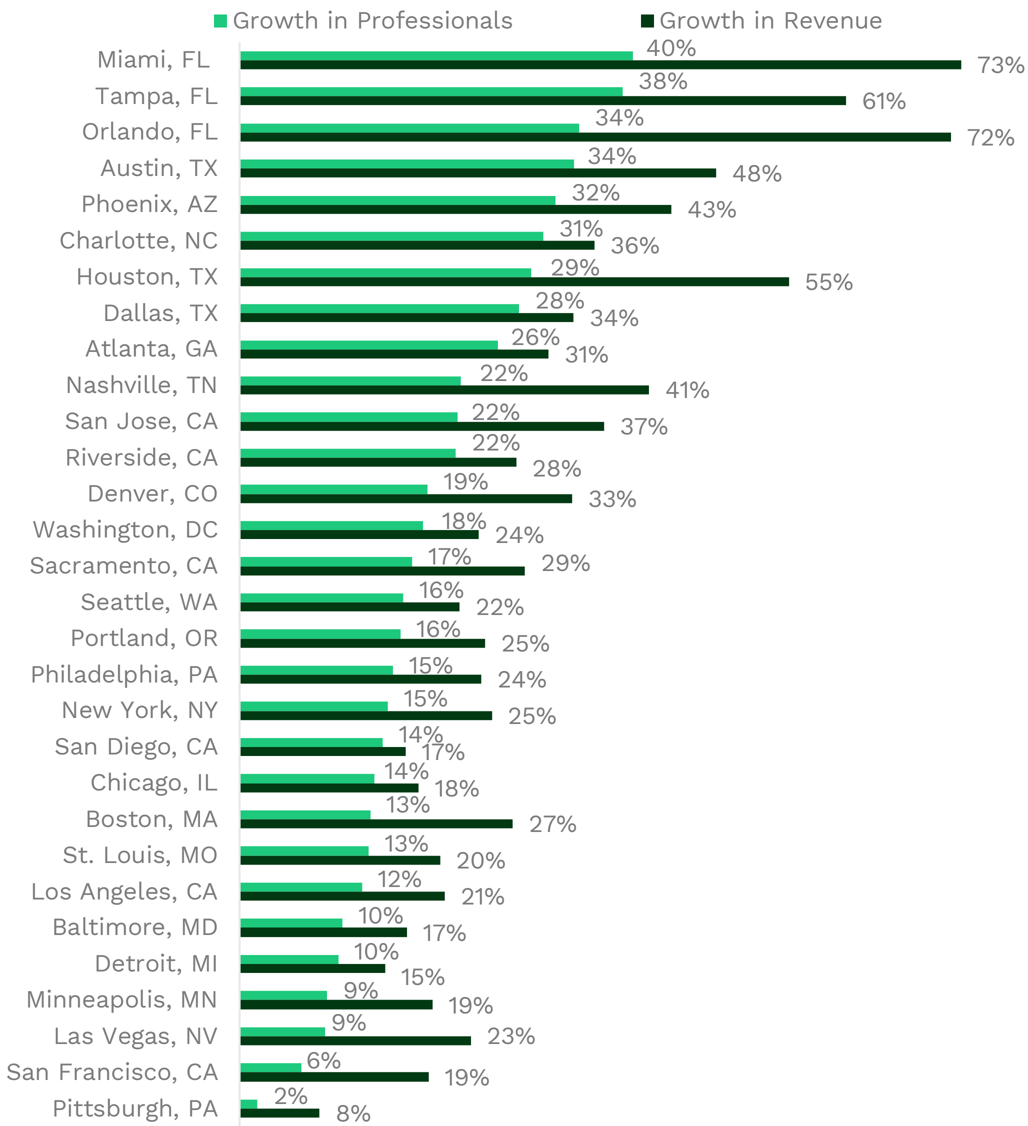
All markets within the top 30 experienced double-digit growth in revenues from the skilled independent workforce from 2016 through our estimates for 2021, with a few exceptions. Only Pittsburgh saw single-digit growth for both the number of independent professionals and their revenues.

However, San Francisco, Minneapolis, and Las Vegas also experienced single-digit growth in their numbers of independent professionals during this five-year period. Both Pittsburgh and Minneapolis have traditionally grown more slowly than other markets in the top 30, and San Francisco's tepid growth of this workforce may be due to the known high cost of living there and the exodus it faced during the height of the pandemic.[4]

[4] https://www.sfgate.com/bayarea/article/Census-data-shows-how-many-people-left-SF-in-COVID-17028430.php

Las Vegas experienced slight overall population growth from 2020 to 2021, but its population of independent professionals may have suffered more in the pandemic due to the nature of the entertainment industry there, resulting in these workers leaving the metro area or just leaving their independent work for other employment. However, they have not suffered revenue-wise, as independent professionals in Las Vegas earned the most, on average, among the top 30 markets.

Figure 24. Total Growth in Skilled Independent Workers and Revenues (2016-2021 Estimated)



Creative, Technical, and Professional Services

In the top 30 markets, professional services comprise the largest share of skilled independent workers and their revenues, at half the workers (49%) and nearly half the revenues (47%) estimated for 2021, which is similar to the U.S. as a whole. Technical services workers are estimated to represent three-in-ten skilled independent workers in the top 30 markets (30%), and nearly four-in-ten dollars in skilled independent worker revenues (39%) in 2021. 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 2021, but only about one of every seven (15%) dollars in revenue.

Professional Services

For 2021 we estimate that there are nearly 3.2 million skilled independent workers providing professional services (i.e., legal, accounting/bookkeeping, management consulting, marketing, and business support) in the U.S., earning on average $37,366 annually from their independent work. The top 30 markets capture 59% of independents who provide professional services and 67% of their revenues in the U.S., up from 57% and 63% last year, respectively. New York, Los Angeles and Miami are the top professional independent markets in terms of number of workers and revenues.

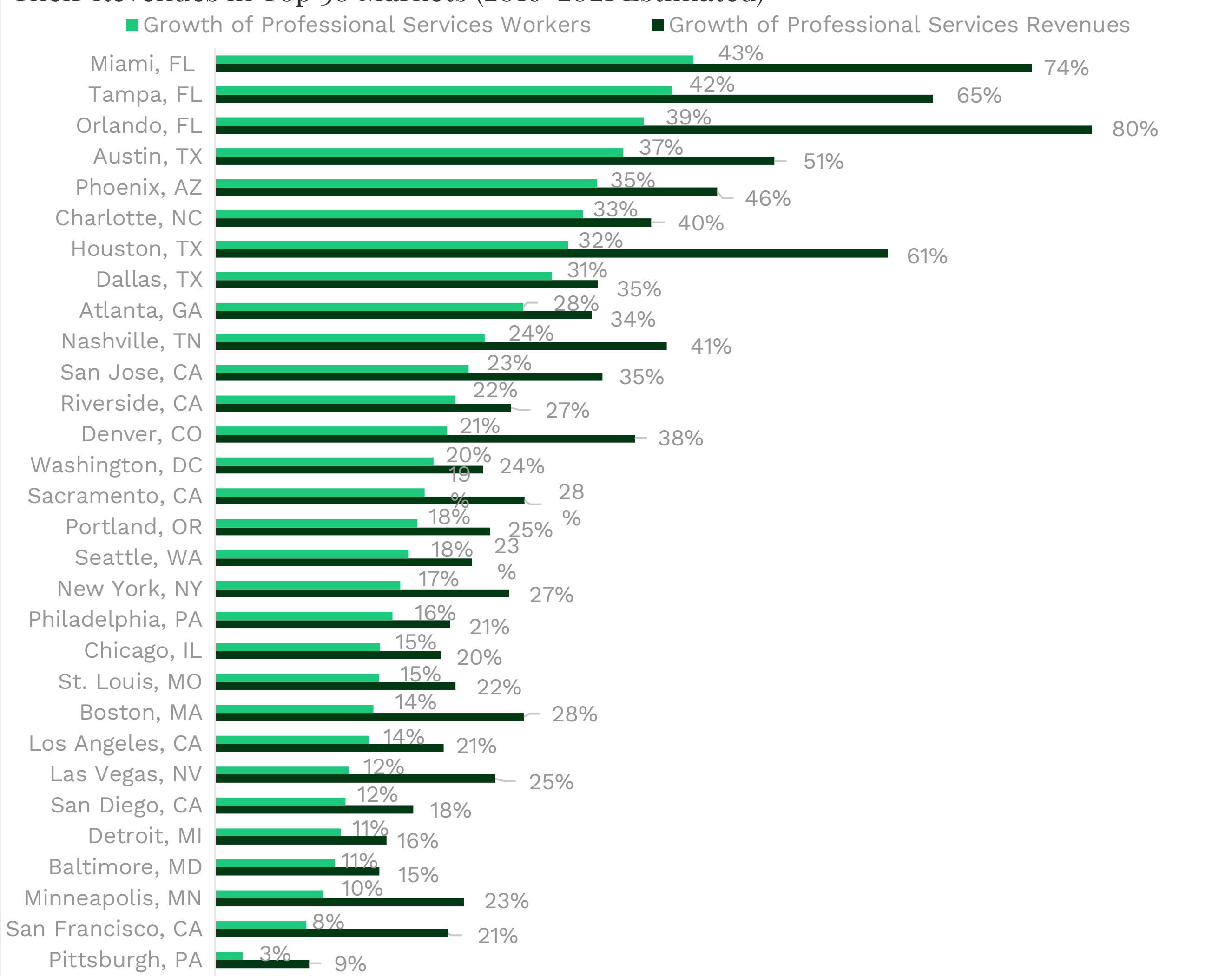
Table 2. Top Markets for Professional Services

Market (Metropolitan Statistical Area)	Number of Independent Professionals (2021 Projected)	Rank by Number of Independent Professionals	Revenues (2021 Projected)	Rank by Revenues
New York, NY	273,220	1	$12,624,343,719	1
Los Angeles, CA	171,137	2	$7,843,321,076	2
Miami, FL	124,397	3	$5,268,186,324	3
Chicago, IL	107,148	4	$3,866,908,739	7
Washington, DC	102,881	5	$4,545,497,659	4
Dallas, TX	94,357	6	$3,918,657,199	6
Atlanta, GA	86,575	7	$2,796,300,708	11
Houston, TX	83,063	8	$3,578,122,173	8
San Francisco, CA	76,431	9	$4,229,842,406	5
Boston, MA	68,576	10	$3,468,019,965	9
Philadelphia, PA	67,868	11	$2,911,939,019	10
Phoenix, AZ	51,166	12	$2,088,884,615	12
Seattle, WA	43,303	13	$1,651,311,615	15
Detroit, MI	43,212	14	$1,434,759,571	19
San Diego, CA	42,169	15	$1,849,054,066	13
Denver, CO	41,833	16	$1,690,537,687	14
Minneapolis, MN	40,764	17	$1,445,946,305	18
Tampa, FL	37,214	18	$1,412,031,542	20
Austin, TX	36,781	19	$1,582,824,559	16
Riverside, CA	35,987	20	$1,098,399,872	22
Orlando, FL	30,904	21	$1,178,418,589	21
Baltimore, MD	30,789	22	$1,074,017,352	23
San Jose, CA	29,962	23	$1,548,424,059	26

Charlotte, NC	27,004	24	$839,918,730	28
Portland, OR	26,934	25	$962,682,298	26
Sacramento, CA	23,624	26	$953,216,013	27
St. Louis, MO	23,531	27	$820,834,409	29
Nashville, TN	23,530	28	$1,044,063,380	24
Pittsburgh, PA	19,102	29	$663,167,478	30
Las Vegas, NV	18,995	30	$1,008,001,632	25

Florida's top markets for independent professionals, Miami, Tampa, and Orlando, are estimated to have grown the fastest from 2016 to 2021, followed by other sunny locales Austin, TX, and Phoenix, AZ. All but San Francisco and Pittsburgh are estimated to have had double digit growth in numbers of independent professionals in the last five years. Revenues are estimated to have grown at an even faster pace, increasing by 60-80% for Houston, Tampa, Miami, and Orlando. Other markets including San Francisco, Minneapolis, Las Vegas, Boston, and Orlando saw revenue growth outpace growth in the workforce by at least double.

Figure 25. Growth of Independents Providing Professional Services and Their Revenues in Top 30 Markets (2016-2021 Estimated)



Technical Services

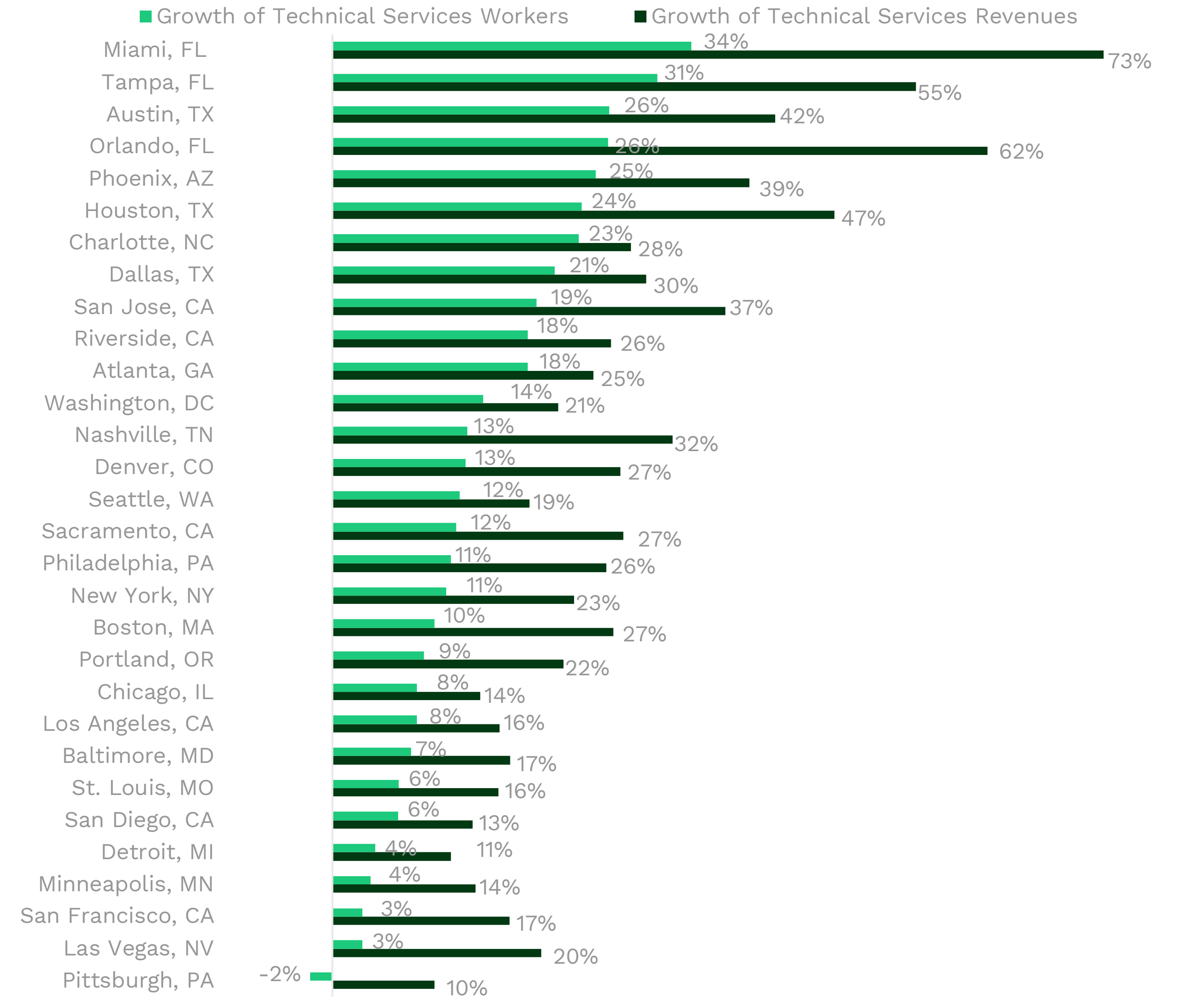
Technical services include independent professionals who provide data processing, architecture, design, engineering, computer/IT, and scientific services. This group represents the second largest share of all professional independents in the U.S., estimated at just over 1.8 million in 2021. These workers earn $52,350 annually, more than professional services and creative services independents. Sixty-three percent of technical services freelancers live in the top 30 markets, and these workers generate seven-in-ten (69%) dollars in revenue from all similar workers in the U.S., up from 65% last year. New York and Los Angeles are the top markets in terms of number of workers and revenue. Washington, DC, follows close behind in revenue with nearly $4.5 billion estimated in 2021, likely due to the large government presence and tech corridors in neighboring Virginia and Maryland.

Table 4. Top Markets for Technical Services

Market (Metropolitan Statistical Area)	Number of Technical Independent Professionals (2021 Projected)	Rank by Number of Independent Professionals	Revenues (2021 Projected)	Rank by Revenues
New York, NY	173,139	1	$10,957,404,535	1
Los Angeles, CA	123,101	2	$6,821,873,287	2
Miami, FL	68,644	3	$4,450,860,054	3
Washington, DC	61,126	4	$3,842,038,213	4
Chicago, IL	57,839	5	$2,802,923,345	7
San Francisco, CA	55,554	6	$3,760,002,862	5
Dallas, TX	52,024	7	$3,002,880,686	6
Atlanta, GA	46,218	8	$2,233,860,042	11
Boston, MA	42,743	9	$2,596,461,455	9
Houston, TX	40,696	10	$2,609,074,420	8
Philadelphia, PA	38,485	11	$2,395,828,148	10
Seattle, WA	31,619	12	$1,533,825,451	14
Phoenix, AZ	30,668	13	$1,677,655,515	12
San Diego, CA	28,988	14	$1,536,229,568	13
Denver, CO	26,712	15	$1,473,350,769	16
Minneapolis, MN	24,705	16	$1,119,719,995	18
Austin, TX	22,896	17	$1,365,161,813	17
San Jose, CA	22,365	18	$1,532,250,991	15
Riverside, CA	20,558	19	$921,123,117	22
Portland, OR	20,391	20	$895,604,944	24
Detroit, MI	19,948	21	$997,104,795	20
Tampa, FL	19,870	22	$1,095,635,743	19
Orlando, FL	17,392	23	$905,295,872	23
Baltimore, MD	16,882	24	$963,746,612	21
Charlotte, NC	15,496	25	$710,859,746	28
Sacramento, CA	14,198	26	$735,845,412	27
Nashville, TN	12,974	27	$818,794,996	26
St. Louis, MO	12,792	28	$592,470,392	29
Las Vegas, NV	11,225	29	$892,908,821	25
Pittsburgh, PA	11,049	30	$512,338,549	30

Miami, Tampa, Austin, Orlando, and Phoenix are again estimated to have grown the fastest in their technical independent professional workforces as well as in revenues. Fewer markets had double-digit growth of their technical independent workforces compared to their independent workforces providing professional services. Pittsburgh has faced negative growth in this workforce over the past five years, with technical services providers leaving the metro area. Las Vegas and San Francisco also experienced tepid growth from 2016 to 2021 in the number of technical independent professionals, perhaps indicating market saturation.

Figure 26. Growth of Technical Independent Professionals and Their Revenues in Top 30 Markets (2016-2021 Estimated)



Creative Services

Independent professionals providing creative services continue to make up the smallest group of independent professionals in the U.S. We estimate that as of 2021 one-in-five (21%), or 1.3 million, independent professionals in the U.S. are creative professionals, such as artists, writers and performers, as well as video and sound professionals. Six-in-ten (61%) creative independent professionals are based in the top 30 markets.

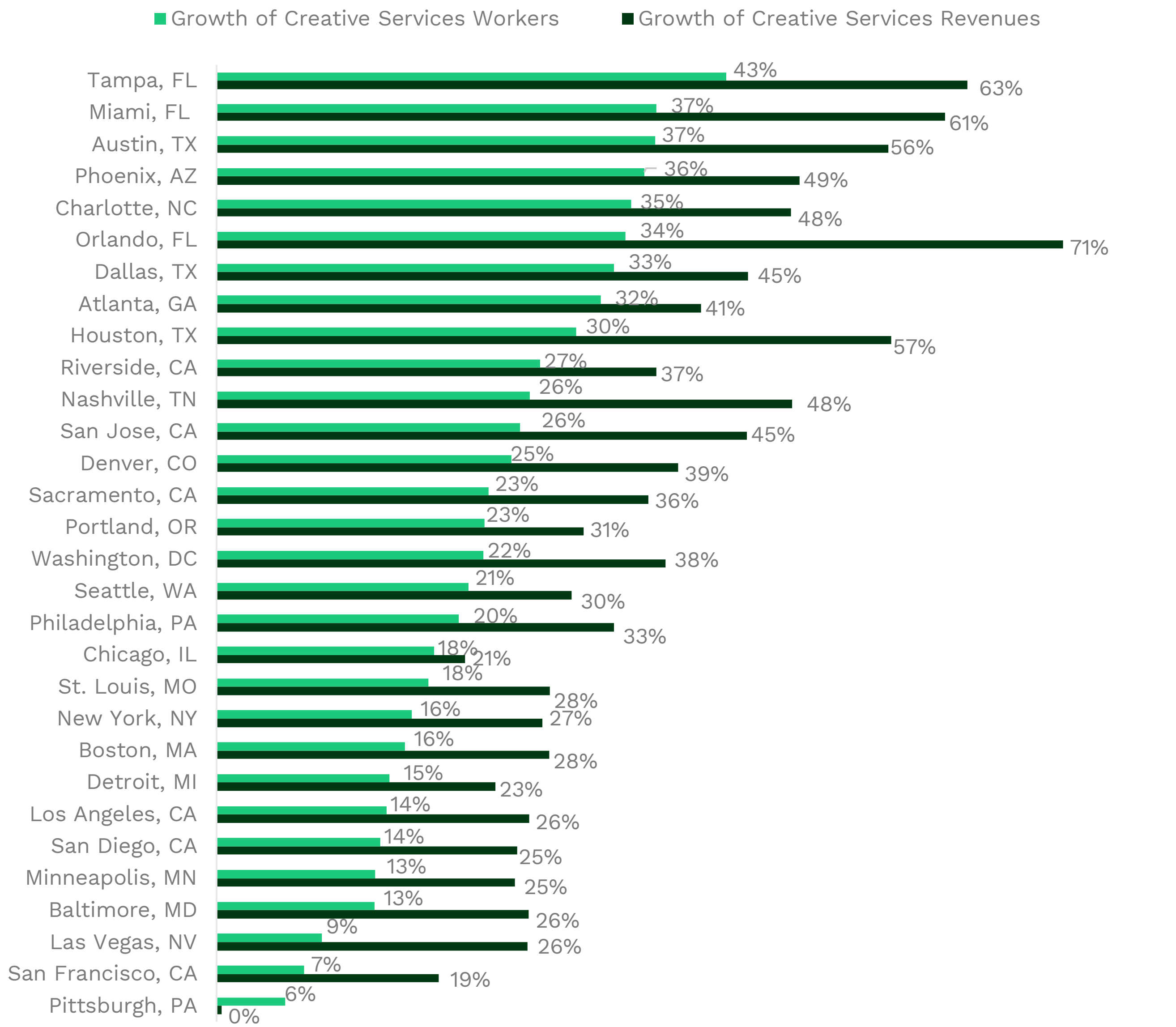
These workers earn 15 percent of all revenues from independent professionals in the U.S., or $25,852 on average. We estimate nearly three-quarters (73%) of revenue from creative independent professionals also come from the top 30 markets, a higher concentration than for either professional or technical services, and a higher concentration than last year's estimate (70%).

Table 4. Top Markets for Creative Services

Market (Metropolitan Statistical Area)	Number of Creative Independent Professionals (2021 Projected)	Rank by Number of Independent Professionals	Revenues (2021 Projected)	Rank by Revenues
New York, NY	149,992	1	$5,527,230,401	2
Los Angeles, CA	135,539	2	$6,137,827,920	1
Chicago, IL	40,310	3	$828,633,036	6
San Francisco, CA	32,194	4	$1,043,359,254	4
Atlanta, GA	31,604	5	$700,240,117	9
Washington, DC	31,345	6	$764,696,129	7
Dallas, TX	31,175	7	$725,249,903	8
Miami, FL	29,190	8	$906,646,069	5
Boston, MA	25,580	9	$607,796,352	10
Philadelphia, PA	25,370	10	$589,816,872	11
Seattle, WA	21,490	11	$486,566,459	13
Minneapolis, MN	21,046	12	$447,212,851	14
Nashville, TN	20,947	13	$1,167,699,061	3
Houston, TX	20,460	14	$427,858,737	15
Austin, TX	17,585	15	$489,785,688	12
Phoenix, AZ	17,512	16	$414,750,381	16
Portland, OR	17,135	17	$395,936,318	17
Denver, CO	15,692	18	$341,481,186	20
San Diego, CA	15,097	19	$376,015,485	19
Detroit, MI	13,571	20	$263,380,780	24
Orlando, FL	12,580	21	$323,913,851	21
Riverside, CA	12,347	22	$280,469,969	22
Tampa, FL	12,269	23	$271,107,537	23
Baltimore, MD	11,710	24	$238,120,701	25
Las Vegas, NV	10,872	25	$379,312,349	18
St. Louis, MO	10,199	26	$185,577,324	28
Charlotte, NC	9,994	27	$199,992,944	26
Sacramento, CA	8,682	28	$199,564,742	27
Pittsburgh, PA	8,016	29	$140,456,052	30
San Jose, CA	7,159	30	$183,748,267	29

Tampa, Miami, Austin, Phoenix, and Charlotte all saw their creative independent workforces grow by an estimated 35 percent from 2016-2021. Orlando's number of creative independent professionals grew by an estimated 34% during this time, while their revenues increased by an estimated 71%. Other markets that experienced revenue growth of at least 50% include Tampa, Miami, Austin, and Houston. In contrast, the slowest growing markets for these professionals are Las Vegas, San Francisco, and Pittsburgh. Pittsburgh's creative independent professionals also faced stagnant revenues over the past five years.

Figure 27. Growth of Creative Independent Professionals and Their Revenues in Top 30 Markets (2016-2021 Estimated)

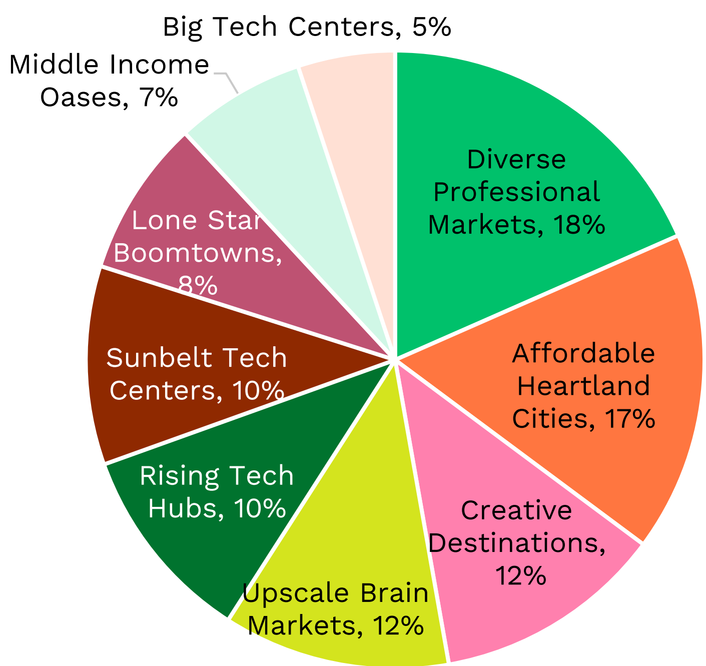


Commonalities Among Top Markets

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. We classified the top 50 markets into nine groupings, each telling a story about what freelancers might expect if they lived in those markets. For example, the Creative Destinations (including Los Angeles, Las Vegas and Nashville) 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 and also higher incomes and higher living costs.

The largest grouping is Diverse Professional Markets, including Baltimore, New Orleans, New York, and Philadelphia, with over 800,000 independent professionals estimated to live in these markets in 2021. The second largest is Affordable Heartland Cities, which includes Minneapolis, Chicago, Detroit, Cleveland, and Pittsburgh, among others. There are nearly 750,000 independent professionals estimated to be living in these markets as of 2021. At the other end of the spectrum, Big Tech Centers such as San Jose, Seattle, and Portland comprise the smallest market grouping, with approximately 225,000 independent professionals estimated for 2021.

Figure 28. Market Groupings Distribution by Number of Independent Professionals (2021 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 nearly 816,000 independent professionals living in these markets earning around $38.5 billion estimated in 2021. This group has a higher share of creative independent professionals and those providing professional services, compared to nationwide, with a fairly large number of technical professional freelancers as well. With a fairly large population base, this group has potential for growth in its independent professional workforce. This group of markets has the highest 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 744,000 independent professionals in this group, earning $27 billion in revenue (also estimated), as of 2021. Over half of the independent professional revenue in these markets is from the professional category; these markets generally are not creative or tech hubs. Collectively, these markets have had the lowest rate 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 higher share of the population who moved there within the past year, 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 533,000 independent professionals in these markets, including over 166,000 providing creative services, as of 2021. Independent professionals living in these markets are estimated to earn over $25.4 billion annually, $7.5 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 overall 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 are growing, but their future 5-year growth prospects are slowing relative to other markets in the top 50. There are an estimated 526,000 independent professionals living in these markets, earning $26.8 billion as of 2021.

Sunbelt Professional Havens *(Miami, Orlando, Tampa, Jacksonville, and Phoenix) –* Large, sun-drenched cities in Florida and Arizona comprise this group of markets. We estimate there are over 460,000 independent professionals in this group of markets, earning $20.2 billion in 2021. The Florida markets in particular stand out in this group, with rising, diverse populations, compared to other markets in the top 50, that indicate they have the potential to attract technical and professional freelancers. In general, this group of markets has a higher share of older residents, since the sunbelt also attracts retirees.

Rising Tech Hubs *(Austin, Denver, Atlanta, Charlotte, Raleigh, Richmond (VA), and Salt Lake City) –* This group represents seven rising destinations for technology freelancers, with higher-than-average numbers of technical independent professionals and a higher share of their revenues relative to other groups. 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 462,000 independent professionals who call these markets home in 2021, earning nearly $17.6 billion in revenues.

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 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 lower female populations compared to other markets in the top 50 for independent professionals. There are an estimated 363,000 independent professionals in these three markets alone in 2021, earning $15.9 billion in revenues.

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. This group of markets has a higher-than-average share of independent professionals providing technical and professional services. There are just 300,000 independent professionals residing in this group of markets estimated in 2021, earning $12.1 billion.

Big Tech Centers *(Portland (OR), San Jose, Seattle) –* This group represents the top destinations for technology and professional services 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 around 225,000 independent professionals residing in these markets in our 2021 estimates, and they earn a combined $9.7 billion annually from their independent work.

The defining and differentiating characteristics of these nine market groupings are summarized in the table below.

Table 5. Characteristics of Market Groupings

Market Grouping	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	7	Creative	Creative	**3**	Educ/Health	Diverse, Low Mobility
Affordable Heartland Cities	9	9	Average	Professional	9	Manufacturing, Educ/Health	Low Diversity
Creative Destinations	**2**	**2**	Creative	Creative	**2**	Leisure	Diverse, Low Mobility
Upscale Brain Markets	8	8	Tech	Tech	**1**	Professional, Educ/Health	Highly Educated
Sunbelt Professional Havens	**1**	**1**	Professional	Professional	6	Finance, Leisure	Diverse
Rising Tech Hubs	**3**	**3**	Average	Tech	8	Finance, Info, Professional	High Mobility
Lone Star Boom Towns	**4**	6	Professional	Professional	5	Finance	Diverse, Young
Middle Income Oases	5	5	Average	Professional	7	Government	Diverse, Lower Education
Big Tech Centers	6	**4**	Tech	Tech	**4**	Manufacturing, Info, Professional	Diverse, Highly Educated

An In-Depth Look at Rising Tech Hubs, Lonestar Boomtowns, and Sunbelt Tech Centers

This year we surveyed approximately one hundred independent professionals in each of three market groups: Rising Tech Hubs, Lonestar Boomtowns, and Sunbelt Tech Centers to better understand how independent professionals in these groups of markets uniquely stand out.

Rising Tech Hubs

Rising tech hubs are a geographically diverse group of markets that includes Denver, Austin, Atlanta, Charlotte, Richmond, VA, and Raleigh, and Salt Lake City. Revenues from independent professionals in these markets providing technical services comprise a greater share (40%) of total revenues from independent professionals compared to the U.S. as a whole (38%). These markets are fairly recently attractive to tech companies (e.g., Amazon

Web Services in Denver, Oracle in Austin), or have more established industries (e.g., financial services in Charlotte and Richmond) in need of technical expertise that these independents provide.

Figure 29. Average Share of Creative, Technical, and Professional Skilled Independent Workforce of Rising Tech Hubs (2021 Projected)

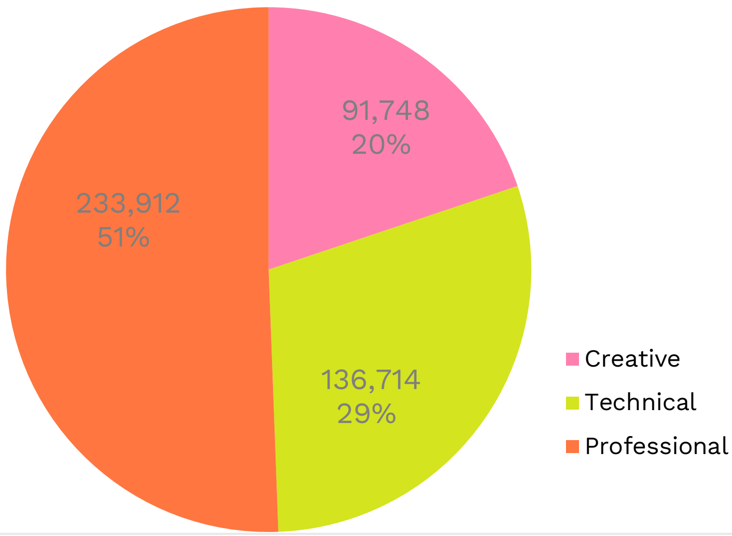
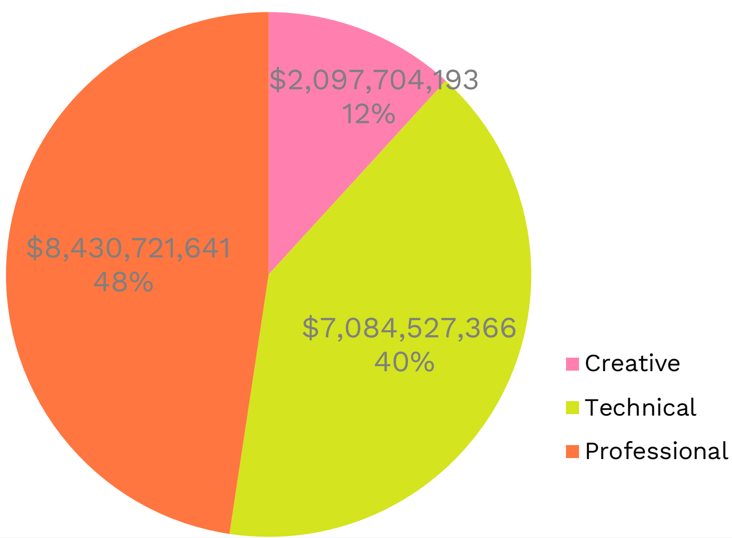
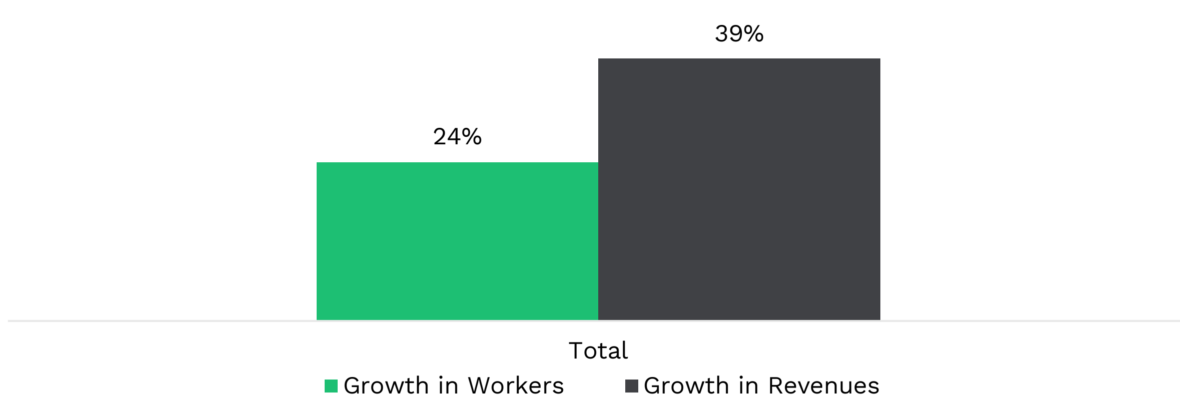


Figure 30. Average Share of Creative, Technical, and Professional Skilled Independent Revenues of Rising Tech Hubs (2021 Projected)



The estimated 5-year (2016-2021) growth rate of the technical independent workforces in each market averages 30%, faster than for the U.S. as a whole.

Figure 31. Growth in Workers and Revenue – Rising Tech Hubs (2016 – 2021 Estimated)



Independent professionals in these markets tend to be newer to freelancing, with 5.4 years of experience, compared to 7.5 for those living elsewhere. They are more likely to use online marketplaces like Fiverr (49%) as well as brokers/agencies (22%) to gain new work, and many of these workers maintain full-time (41%) or part-time (22%) employment compared to their counterparts elsewhere in the country. They are more likely to have a good mix of both large organizations and medium or small firms as clients (40% vs. 27% for those outside this grouping).

Despite their other employment, more than four-in-ten (43%) independent professionals in this market grouping worked more hours last year compared to 2020, a higher share than in the rest of the U.S. These workers are also more likely to have turned down work in the past 12 months (19% vs. 11%). However, they were also more likely to report an increase in revenue in 2021 (51%) than their peers elsewhere in the U.S. and, due to the labor shortage, were more likely to be able to negotiate the terms of their work arrangements (30% vs. 20%).

Independent professionals in Rising Tech Hubs are less likely to work from home than their counterparts elsewhere and among those that do, more than half (53%) have been working from home for less than two years. This market grouping stands out for its workers' relative preference for being at their clients' sites. Nearly a quarter (24%) would prefer to be at the client site full-time for comparable compensation, and nearly half (48%) would prefer to be at the client site full-time of the compensation were higher. This is significantly higher than among independent professionals in the U.S. as a whole.

While their overall satisfaction with their independent work is similar to that of other independent professionals in the U.S., nearly six-in-ten (58%) independent workforce in this market grouping is highly satisfied that they are able to earn sufficient income from their independent work, a higher share than independent professionals elsewhere in the U.S.

Lonestar Boomtowns

The San Antonio, Dallas, and Houston markets showcase the might of the independent professional workforce in a single state. These markets boast an outsized share of independents providing professional services relative to the nation, with Houston leading the way at nearly six-in-ten (58%) of its independent professional workforce providing these services.

However, these three locales are not nearly as hospitable to creative independents. Although they comprise a slightly larger share (16%) of independent professionals in this group compared to the U.S. as a whole (14%), their smaller-than-average share of revenues (8%) indicate there is less demand for their services compared to the other types of independent professionals. Indeed, the average annual revenue per creative independent professional in San Antonio is estimated to be just shy of $20,000 in 2021, and those in Dallas ($23,964) and Houston ($20,912) do not fare much better.

Figure 32. Average Share of Creative, Technical, and Professional Skilled Independent Workforce of Lonestar Boomtowns (2021 Projected)

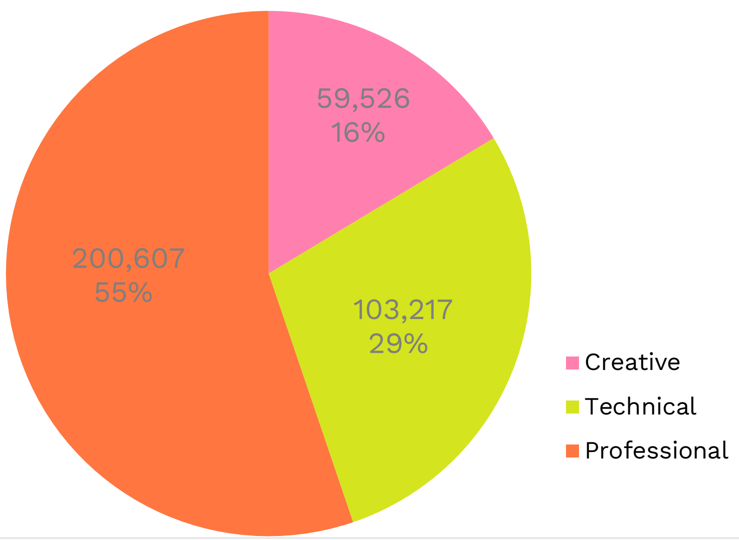
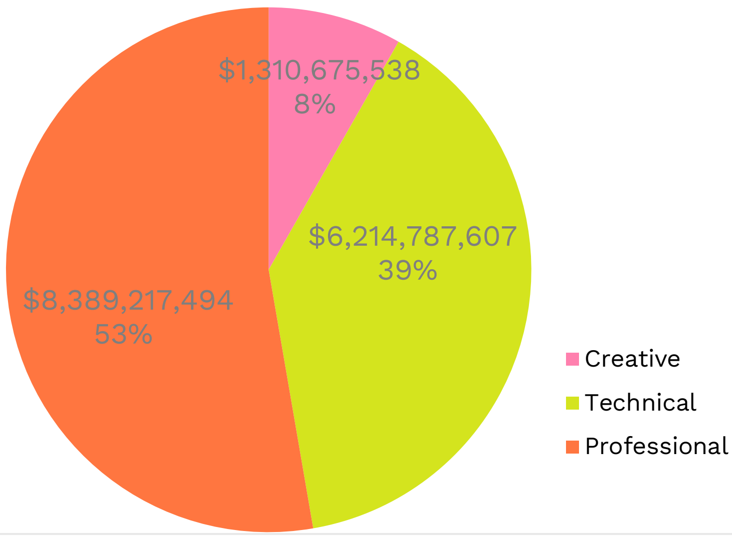
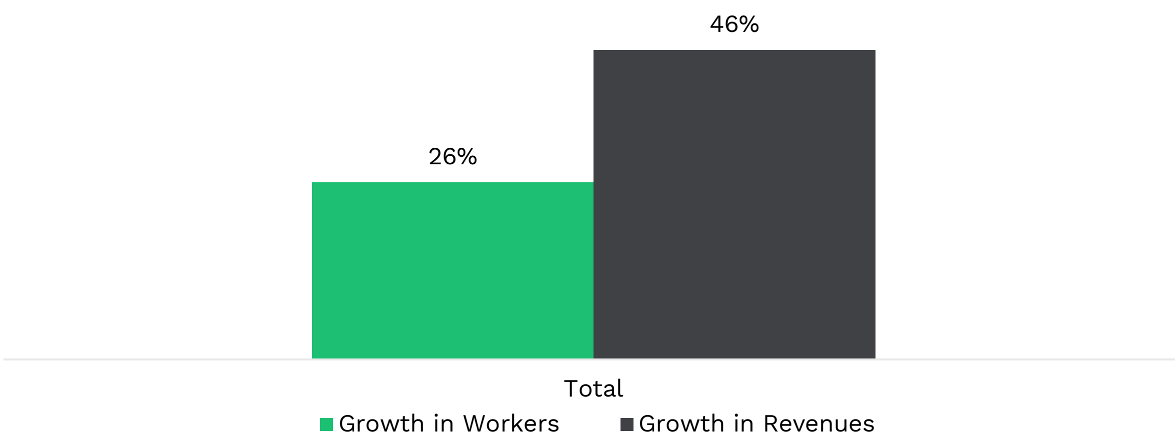


Figure 33. Average Share of Creative, Technical, and Professional Skilled Independent Revenues of Lonestar Boomtowns (2021 Projected)



These markets' independent professional workforces increased by an estimated average of 26 percent from 2016-2021, while their revenues increased by 46% during the same period.

Figure 34. Growth in Workers and Revenue – Lonestar Boomtowns (2016 – 2021 Estimated)



Independent professionals in these markets make up for the sometimes lower than average revenues by being more likely to have another independent business entity in 2021 (51%) compared to those elsewhere in the U.S. (32%). They are also more likely to continue to have full-time employment (51%) alongside their independent work compared to their peers around the country (25%), but they are more likely to say they took up freelancing to be able to work in a community of their choice (36% vs. 22% of those living elsewhere) or because they were inspired by the Great Resignation (19% vs. 5%). And, on the whole, they are more satisfied with their ability to earn a sufficient income (61%) compared to their peers nationwide (47%).

Independent professionals in this group are more likely to prioritize being able to care for a family member (73%) compared to those elsewhere (63%) and are less focused on being their own boss (69% vs. 83%). However, they are also more likely to agree (63%) that being passionate about their work has become more important since the start of the COVID-19 pandemic, relative to independent professionals living elsewhere (50%).

Demand for these workers' services has increased over the past 12 months, more so than in the rest of the U.S., perhaps because they are more likely than others in the U.S. to have large organizations as clients. Three-in-ten (31%) say their clients are having a hard time finding people to help.

More than half (56%) of independent professionals in Lonestar Boomtowns saw their revenues increased compared to previous years, a higher share than among those living elsewhere (39%), despite nearly one-in-five (18%) of having to reduce rates to assuage objections from clients due to the impact of economic inflation. Still, three-in-ten (29%) are very likely to raise their rates in the next six months, and six-in-ten (59%) expect their revenues in 2022 to exceed those from 2021, higher shares than for independent professionals nationwide.

Sunbelt Professional Havens

The Miami, Orlando, Tampa, Jacksonville, and Phoenix markets are some of the fastest growing destinations for independent professionals in the U.S. These markets skew older compared to the U.S. as a whole; independent professionals may be located here as they ready to retire, though these workers are still more likely to also hold full-time employment compared to those living elsewhere in the U.S. These markets have slightly larger-than-average shares of independent professionals providing technical and professional services, but less of a creative independent workforce compared to nationwide.

Figure 35. Average Share of Creative, Technical, and Professional Skilled Independent Workforce of Sunbelt Tech Centers (2021 Projected)

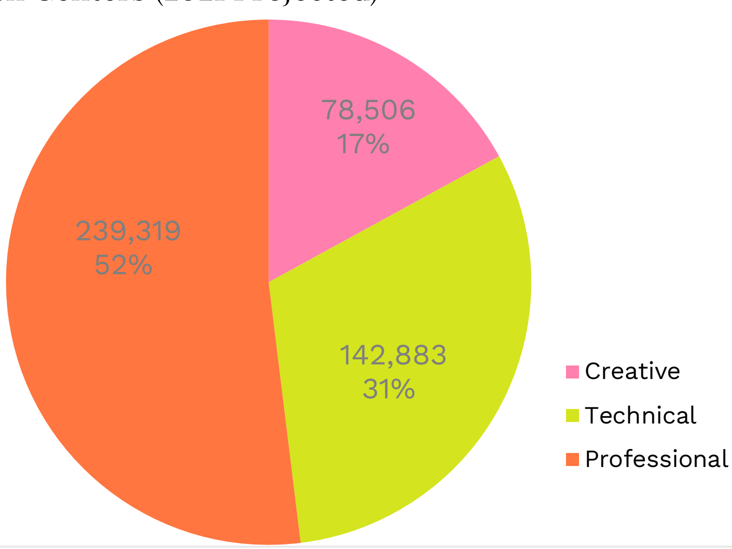
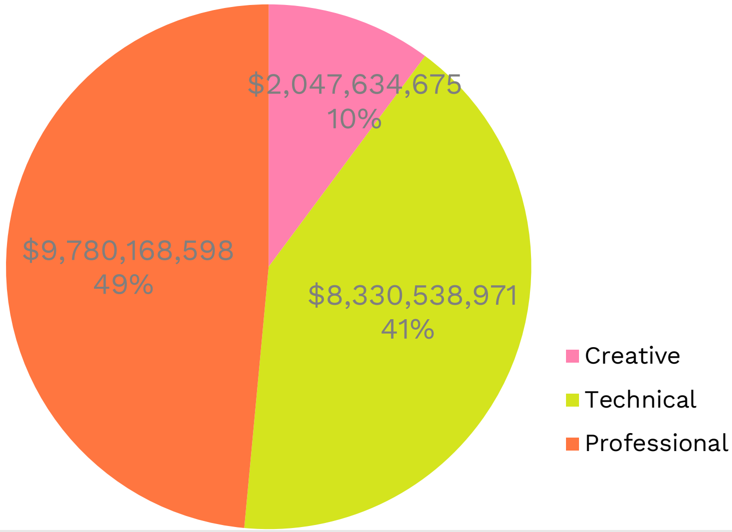
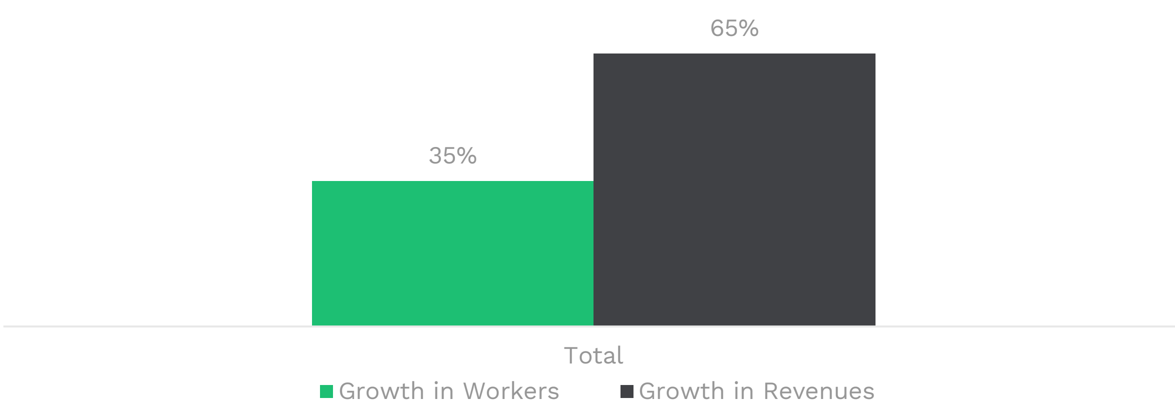


Figure 36. Average Share of Creative, Technical, and Professional Skilled Independent Revenues of Sunbelt Tech Centers (2021 Projected)



Markets in this group saw their independent workforces grow by an average of 35% over the past five years, while their revenues grew by almost double at 65% during the same timeframe. They are more likely than independents elsewhere in the country to use online marketplaces to find work (46% vs. 33%), and they have seen demand for their services increase due to the labor shortage more so than their counterparts elsewhere in the country (42% vs. 30%).

Figure 37. Growth in Workers and Revenue – Sunbelt Tech Centers (2016 – 2021 Estimated)



In response to increased demand from the labor shortage, they are more likely to have asked for better terms and conditions for their work and reduced their workload to maintain balance and prevent burnout.

These workers tend to be more highly satisfied (85%) with their independent work than their peers elsewhere in the country (75%). They also have differing priorities when it comes to their independent work: more workers in this group of markets place importance on using their skills for their own benefit, controlling their work environment, managing their own success, spending more time with family, earning a sufficient income, having the ability to travel, and being passionate about their work, compared to their counterparts living elsewhere. And, during the pandemic, they are more likely to have placed a higher priority on just enjoying life, perhaps necessitating the reduced workloads.

Despite the evolving importance of enjoying life over working, independent professionals in this group continue to do well for themselves. The revenues for workers in these markets are more likely to have increased in 2021 versus earlier years, compared to their counterparts elsewhere, and nearly half (46%) are somewhat likely to increase their rates in the next 6 months. Six-in-ten (60%) believe their revenues will increase in 2022, a higher-than-average share compared to the rest of the U.S.

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 2013-2018 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.[5] 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.

[5] 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 totals[6], 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.[7] For the years that Rockbridge examined in this analysis, the percentage of records that were suppressed ranged from virtually none in 2018 to 15% (2013-2014). 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.

For 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.[8] 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 2018. To address lags in the release of data, our report provides estimates of total number and revenues for 2019, 2020 and 2021. We should note that estimating the impact for the past year 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 2016-2018 to predict 2018-2021 growth rates, and then applied that to the actual number of workers and their receipts from 2018, the most recent year data are available. We have calibrated our estimates as carefully as possible by refining our estimation models, and incorporating other data sources including GDP growth, the Current Population Survey Market Economic Supplement, and

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[6] https://www.census.gov/data/datasets/2018/econ/nonemployer-statistics/2018-ns.html
[7] https://www.census.gov/programs-surveys/nonemployer-statistics/technical-documentation/methodology.html#par_textimage_245304869
[8] https://www.census.gov/programs-surveys/nonemployer-statistics/technical-documentation/methodology.html#par_textimage_379462313

Bureau of Labor Statistics (BLS) data on wage growth among the creative, professional and technical labor categories in the top markets.[9]

Table B. Sources

Independent workforce establishments and receipts (2013-2018)	U.S. Census Bureau. *Non-Employer Statistics (NES)*. Retrieved from https://www.census.gov/programs-surveys/nonemployer-statistics.html.
Top 50 metropolitan statistical areas by population (2018)	U.S. Census Bureau. *Population Division, Estimates of Resident Population Change and Rankings: July 1, 2016 to July 1, 2017*. Retrieved from https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=bkmk.
FIPS codes for metropolitan statistical areas	U.S. Census Bureau. *Metropolitan and Micropolitan*. Retrieved from https://www.census.gov/programs-surveys/metro-micro.html.
GDP for metropolitan statistical areas by year	U.S. Department of Commerce. *Total Gross Domestic Product (MSA)*. Retrieved from https://fred.stlouisfed.org/categories/27281.
United States GDP by year	U.S. Department of Commerce. *Current-dollar and "real" GDP*. Retrieved from https://www.bea.gov/national/index.htm#gdp.
Labor force size for metropolitan statistical areas	U.S. Department of Labor (2019). *Civilian labor force and unemployment by state and metropolitan area.* Retrieved from https://www.bls.gov/news.release/metro.t01.htm.
2017 NAICS codes definitions[10]	U.S. Census Bureau. *North American Industry Classification System.* Retrieved from https://www.census.gov/cgi-bin/sssd/naics/naicsrch?chart_code=51&search=2017%20NAICS%20Search.
Quarterly Census of Employment and Wages	U.S. Bureau of Labor Statistics, 2021 Third Quarter. Retrieved from www.bls.gov.

[9] Quarterly Census of Employment and Wages, Bureau of Labor Statistics, 2021 Third Quarter.

[10] 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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