

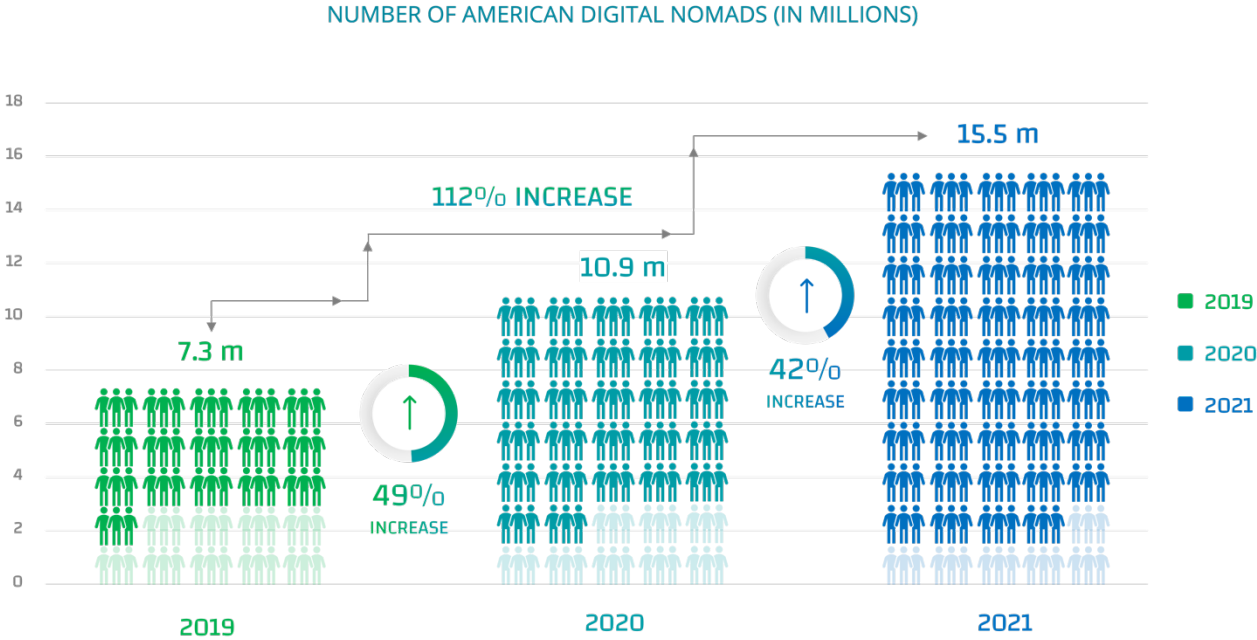
The Digital Nomad Search Continues

RESEARCH BRIEF | SEPTEMBER 2021



The seismic shift to remote work in the U.S. has resulted in a large increase in the number of digital nomads: people who choose to embrace a location-independent, technology-enabled lifestyle that allows them to travel and work remotely, anywhere in the Internet-connected world.

The **MBO Partners® 2021 State of Independence research study** found that 15.5 million American workers currently describe themselves as digital nomads, increasing 42% from 2020 and 112% from the pre-pandemic year 2019.



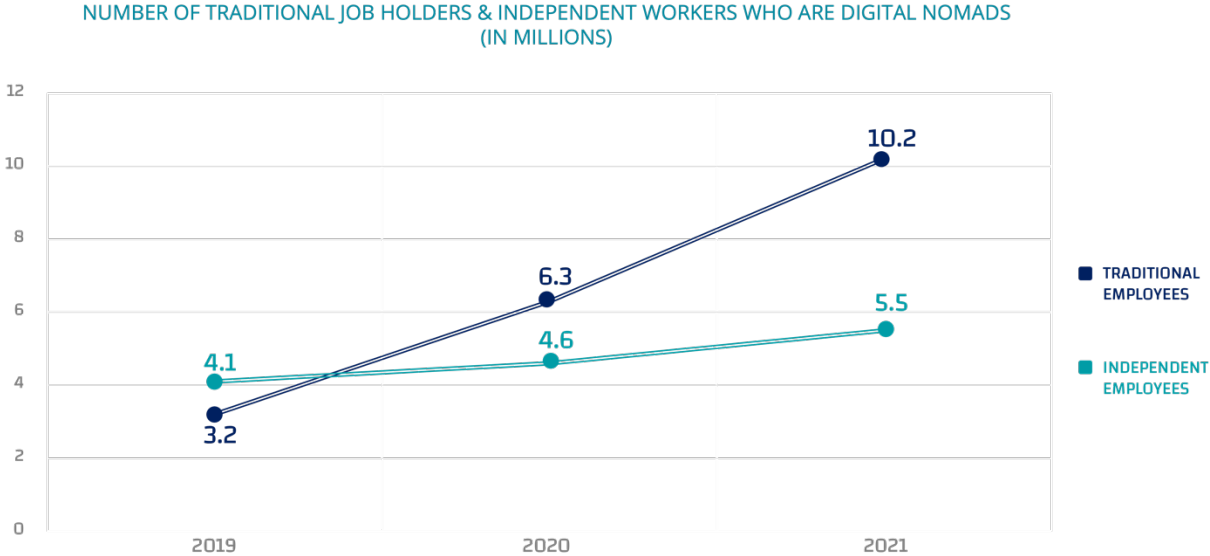
This research brief explores this growing trend and how COVID-19 has led to major changes in who the digital nomads are and how they're living and traveling.

Who are Digital Nomads?

Digital nomads defy a single definition, yet all choose to combine working remotely and traveling for various reasons and lengths of time. Some digital nomads travel for years, regularly moving across countries and continents. Others are nomadic for shorter periods, taking “workcations” and working sabbaticals lasting from several weeks to many months. Some travel the globe, but many never cross a border, choosing to live and work while exploring a single area or country. United by a passion for travel and new adventures, digital nomads enjoy the ability to work anywhere they can connect to the Internet.

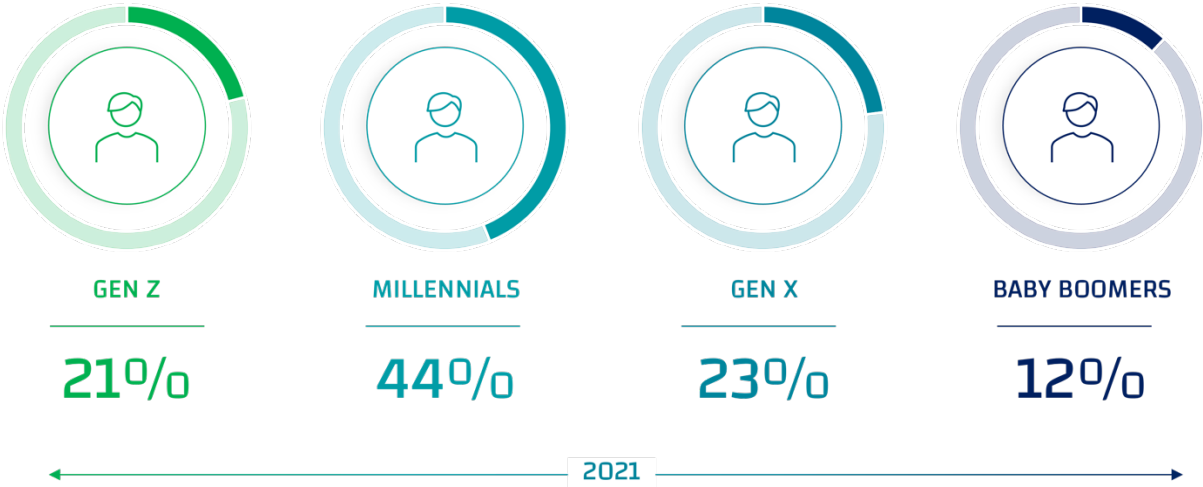
The COVID-19 pandemic resulted in major changes in the make-up of digital nomads. The biggest shift is that traditional job holders have been unleashed from their offices and many, instead of staying in one place, are taking to the road. The number of digital nomads with a traditional job increased by 42% in 2021, growing from 6.3 million in 2020 to 10.2 million in 2021. This is on top of the number of digital nomads with traditional jobs almost doubling in 2020 compared to 2019.

The number of digital nomads who are independent workers (freelancers, independent contractors, etc.) also increased in 2021, but by a relatively modest 15%. Independent workers already had substantially more location freedom than traditional job holders, so COVID-19’s impact on where they worked was less pronounced.



The demographic shifts seen in 2020 continued in 2021. After a pre-pandemic share of 27% in 2019, Baby Boomers fell to 17% of digital nomads in 2020 and declined to 12% in 2021. Interviews indicate that older workers are more concerned about COVID-19 and their greater risk of illness, making them less interested in a nomadic lifestyle while the pandemic persists. We expect to see an uptick in the number of Baby Boomer digital nomads after the global health situation normalizes.

DEMOGRAPHIC BREAKDOWN OF DIGITAL NOMADS, 2021



The younger generations, Gen Z and Millennials, increased their share of digital nomads. Gen Z's share grew from 19% in 2020 to 21% in 2021. Millennials' share increased from 42% to 44%. In addition to being less cautious than older workers, Gen Z and Millennials generally have more location flexibility due to their life stage. Gen X's share stayed stable at 23%.

Overall, digital nomads have gotten younger, although older age groups continue to be well represented, with 29% aged 45 or older and 11% aged 60 or older.

Digital nomads work in a wide variety of fields, including information technology (19%); creative services (10%); education and training (9%); consulting, coaching, and research (8%); sales, marketing, and PR (8%); and finance and accounting (8%), with other fields represented relatively equally. The unifying theme of these professions is that they can be performed remotely using digital tools and the Internet.

Satisfied and Financially Secure

Most digital nomads report being highly satisfied (85%) with their work and lifestyle

Only 6% said they were dissatisfied. Although many (32%) plan to be nomadic for less than one year, over half (54%) report they plan to continue as digital nomads for at least the next two years. Independents are much more likely to report planning to continue as digital nomads for at least the next two years (69%) than traditional workers (49%). Also, almost half of traditional workers (47%) report they plan to be nomadic for less than one year. Based on interviews, many in this group believe at some point over the next year they will be asked to return to the office at least part-time, which would curtail their ability to be nomadic.

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WORK
SATISFACTION

85%



INCOME
SATISFACTION

79%

Because digital nomads are a mix of full-timers (71%) and part-timers (29%) and may only do it for part of a year, their income varies widely. One in five digital nomads (21%) report earning less than \$25,000 per year. But 44%, or about 6.8 million, say they earn \$75,000 or more. The number of high earners reflects that many digital nomads work in fields where talent shortages are common, and their skills are in high demand. There could even be more correlation: when someone’s skills are in high demand, it’s possible they can be even more demanding about where they live and work.

Regardless of how much they make, most digital nomads are satisfied with their earnings. About 4 out of 5 (79%) report either being very satisfied (42%) or satisfied (37%) with their income. This is slightly higher than the income satisfaction reported by workers who aren’t digital nomads. Also, the satisfaction scores are similar across all income groups. This is likely due to digital nomads focusing not just on earnings but also on the journey. In interviews, digital nomads often say they’re satisfied with their income if they earn enough to support their travels.

To help stretch their income, most digital nomads work from places with relatively low costs of living. At the same time, they often virtually serve customers in higher-wage labor markets. By doing so, they're able to take advantage of what's known as "ge Arbitrage," or combining low-cost living with earning income at the wage rates of higher cost locations. This enables digital nomads to fund their travels and spend less time working to support themselves and more time enjoying their adventures.

In prior years, digital nomads worked from low-cost countries like Thailand or Vietnam while serving customers in the U.S. Thanks to COVID-related travel restrictions, this has shifted to traveling from higher-cost cities like New York and San Francisco to lower-cost areas in the U.S., with smaller cities like Boulder and Austin and resort areas like Lake Tahoe and Bozeman being particularly popular with digital nomads.

COVID-10 Continued Impacts

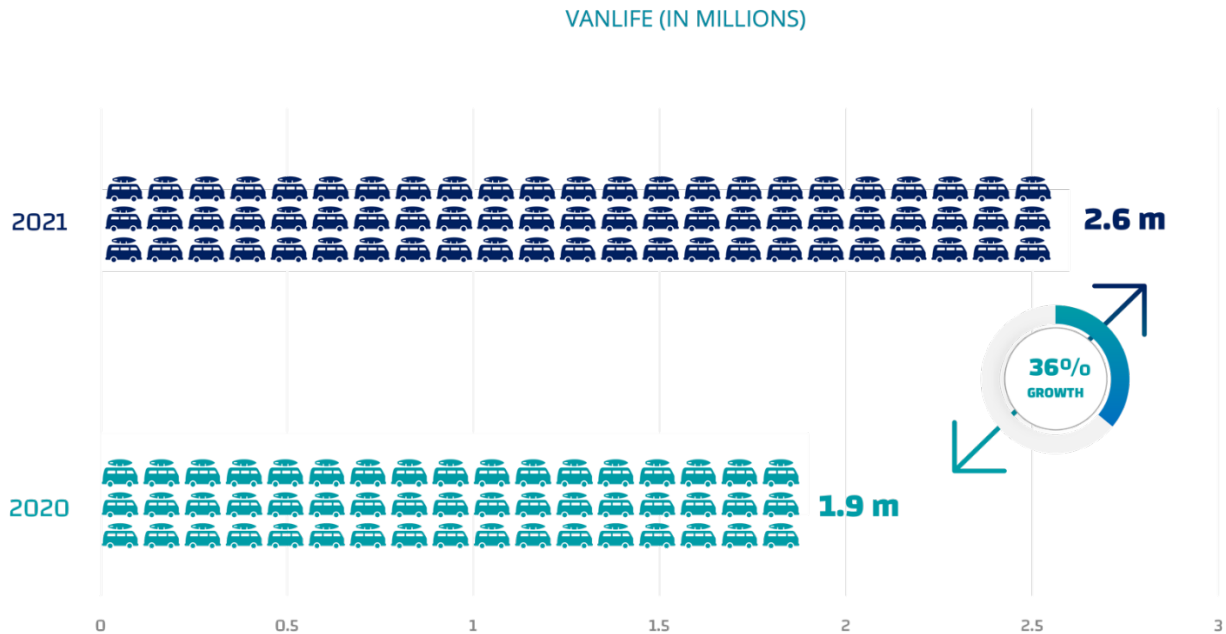
COVID-19 has changed what it means to be a digital nomad. As was the case in 2020, international flight and travel restrictions have made it much harder to travel abroad, and health concerns have made it more challenging. Despite these challenges, 48% of digital nomads say they plan to spend at least some of their time over the next year outside the U.S., while 52% plan to stay exclusively domestic.

But even those saying they plan to travel internationally (69%) say they will spend most of their travel time exploring domestically.

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Another change from before the pandemic is that digital nomads are visiting fewer locations but spending more time at each stop. About half (54%) of digital nomads report this is their plan for the next year. This is partially due to the pandemic because digital nomads see travel time as increasing COVID-19 exposure risks, and also due to the logistical challenges of moving from place to place. For example, location-specific testing and other requirements prevent people from easily crossing borders compared to pre-pandemic times. But digital nomads also report they're more productive at work if they travel less and say they learn more about local cultures by staying in locations for longer periods.

The #VanLife Movement



VanLifers are digital nomads who travel, live, and work in RVs or vans and other vehicles converted into roaming residences. The number of VanLifers grew 37% in 2021, reaching 2.6 million. This is up from 1.9 million in 2020. Driving around in a van or RV has several clear advantages during a pandemic. You don't have to get on airplanes, and you don't have to stay in hotels or other places where you risk exposure to the virus. Vans and RVs can also access national parks, and other outdoor or remote areas, where infection risk is low. VanLife has a large presence on social media, with millions of people following VanLife posts and videos. This raises awareness and attracts new VanLife participants.

Nomads: Technically Savvy, Skills-Oriented, and Well Educated

Since most digital nomads rely on digital tools and the Internet in their work, it's not surprising that they report having stronger technical skills than those who aren't digital nomads. Seventy-seven percent report they use technology to make themselves more competitive in their work, versus 41% of those who are not digital nomads.

Digital nomads are also more likely to be early adopters of technology (76%) than non-nomads (36%).

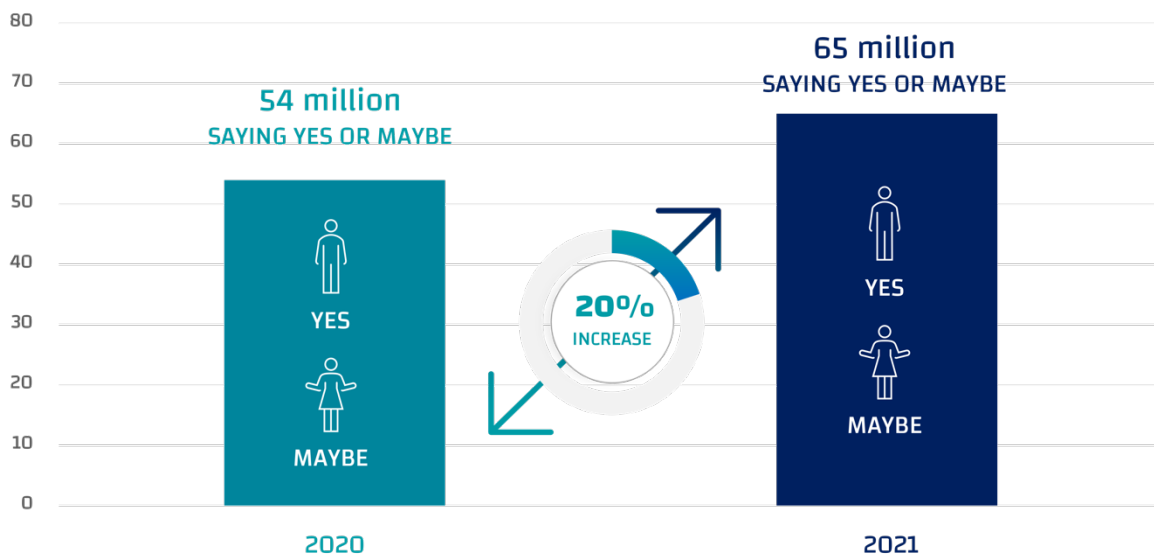
Specialized skills are important to most digital nomads, as is learning new skills. Sixty-four percent say their work requires specialized training, education, or expertise versus 48% for non-nomads. Sixty-eight percent also report participating in work-related skills training over the past year as compared to 49% of non-nomads.

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On average, digital nomads are also well educated, with 59% having a college degree or higher (versus 35% for adult Americans) and 26% holding an advanced degree (versus 13% for adult Americans).

Digital Nomad Aspirations

The digital nomad trend has long attracted traditional media attention and a strong social media following. Popular digital nomad and #VanLife blogs, videos, and Instagram accounts have created a spectator sport inspired by pictures and stories of faraway places, exotic locations, and happy nomads—often with dogs—in beautiful and/or culturally exciting places. Additionally, the shift to remote work over has created the opportunity, or at least the possibility, that becoming a digital nomad is an achievable goal. Combined with many people’s natural interest to travel, millions more Americans are now aspiring to become digital nomads.



We asked adult Americans who aren’t currently digital nomads if they plan on becoming digital nomads over the next 2-3 years and 24 million said yes, and 41 million said maybe. This is a 20% increase compared to 2020.

Despite their aspirations, we estimate that only 9% to 11% will become digital nomads over the next 2-3 years. The rest will continue to be what we call “armchair digital nomads,” those who follow the exploits of others instead of becoming digital nomads themselves. However, this data shows how extensive the interest is in this lifestyle. It also shows how the shift to remote work, especially for traditional jobholders, is making the idea of becoming a digital nomad more popular.

Once a Digital Nomad, Always a Digital Nomad?

Digital nomads are quite satisfied with their lifestyle choice while traveling. But few continue their nomadic life for long periods of time. As pointed out above, 54% plan to continue as digital nomads for the next two to three years.

This means 46% plan to stop over the next couple of years; it's likely an even greater share of current nomads will not continue for more than 3 years.

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In our survey we asked former digital nomads why they discontinued the lifestyle. The top three reasons are: they got tired of traveling, it was too expensive, and the logistics were too challenging. Other reasons included loneliness, the difficulties of combining work and full-time travel, and missing family and friends. The reality is that constant travel combined with work is complicated and challenging. But even when they've stopped, our interviews with former digital nomads indicate many will return to digital nomadism sometime in the future.

Digital Nomads: A Bright Future

The pandemic-induced shift in how work gets done has taught businesses of all sizes about the advantages and achievability of remote work. This has led to broad support from executives, managers, and workers to continue flexible work schedules and remote work arrangements after the pandemic ends. This shift is impacting the digital nomad trend in 3 major ways:

1. More traditional employees will become digital nomads:

In the past, corporations have been hesitant to allow their employees to become nomadic. This has now changed, and a large and growing number of companies have announced plans to allow a much greater degree of long-term remote work. Millions of people now or will soon have the ability to become more nomadic—and as this year's data shows, many have already become digital nomads. Many more will join them in the coming years.

2. Closer-to-home travel:

While the end of the pandemic will see the return of digital nomads flying from country to country, a significant number will instead choose to stay closer to home. Many companies will likely adopt hybrid work models, and even nomadic workers will be expected to show up at the office on at least an occasional basis. Nomads may also choose relative proximity to be aligned with coworker time zones and schedules, for collaboration purposes. These two location criteria open the door for increases in the numbers of #VanLifers and RV-based nomads.

3. Longer stays, less travel:

Due to the pandemic, digital nomads are staying put more in one destination and traveling less from place to place. We expect this trend to continue even after the pandemic ends, as nomads learn the advantages of in-depth exploration of a different place and culture. Additionally, a longer stay in one location is typically associated with a less frenetic lifestyle and increased productivity.

COVID-19 and the global pandemic have accelerated and amplified existing trends towards remote and flexible work. As a subset of these trends, digital nomadism has also been accelerated and amplified. While we don't expect the number of digital nomads to continue to grow at the rapid pace we've seen over the past two years, we believe strong growth will continue in the coming years, allowing millions of Americans to achieve their dream of becoming digital nomads.

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Methodology

The findings in this research brief come from the 2021 MBO Partners State of Independence in America study survey, which was fielded in July of 2021. This is the 11th consecutive year this study has been conducted. For the 2021 study, Emergent Research and Rockbridge Associates surveyed 6,240 residents of the U.S. (aged 18 and older). The survey results were weighted to reflect the demographics of the U.S.

