



# CONVERSATIONS WITH MOBILITY LEADERS

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Impact of the US  
Housing Market on  
Employee Mobility

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**sirva**



In our continuing series, “Conversations with Mobility Leaders”, Sirva explores current trends in the U.S. housing market and the impact on employee mobility. In this edition, we focus on U.S. housing market trends impacting mobility programs, including the:

- Current housing market’s impact on organizations’ ability to move talent
- Need for program flexibility to adapt to today’s housing environment
- Strategies that Mobility leaders are deploying to support relocating employees

Following are highlights of our discussions in which mobility leaders weigh in on the ways they are navigating the evolving U.S. housing landscape and supporting their relocating employees.

## CURRENT STATE OF THE U.S. HOUSING MARKET

Today’s Mobility leaders are faced with navigating the complexities presented by challenging U.S. housing market conditions. Forward-thinking companies are seizing the opportunity to redefine the parameters of their relocation programs and are actively adopting innovative solutions to address the various housing issues faced by their employees. This proactivity not only underscores a commitment to talent retention, but also reflects a strategic understanding of the interconnected nature of housing market dynamics and employee satisfaction. Companies are employing creative solutions to ensure the well-being and effectiveness of their mobile workforce.

Sirva engages global mobility thought leaders to share insights and strategies on navigating the intricate landscape of mobility amidst the challenging conditions of today’s U.S. housing market. Our conversations often explore the inventive ways mobility leaders are demonstrating flexibility within their relocation programs, acknowledging the critical intersection of talent retention, employee satisfaction, and the ever-shifting dynamics of the U.S. housing market.

**INTEREST RATES  
ARE EXPECTED TO  
REMAIN AROUND 7%  
THROUGH 2023, THEN  
RETURN TO 5.5-6%  
WITHIN TWO YEARS.**



# EMBRACING FLEXIBILITY IN TODAY'S HOUSING MARKET



Hybrid work schedules are becoming the norm, which will likely sustain strong suburban housing markets.

Current housing market conditions present challenges for both organizations and relocating employees. For example, accommodating temporary living for employees can be challenging. While organizations strive to be flexible, the struggle lies in addressing housing long term. The difficulty arises when employees, despite being well-compensated, grapple with the daunting task of finding available and affordable housing post-temporary living, leaving both the employer and the employee in a quandary.

Complicated decisions on renting versus selling and the reluctance to forfeit low-interest rates on current homes reveal the delicate balance between personal financial considerations and career advancement aspirations. It is clear employees are adopting a wait-and-see approach for the housing market in 2024, adding another layer of uncertainty to the relocation equation. While a company's relocation policy may support the sale of homes, it may not cover expenses in the new location. This caveat has spurred both mobile employees and organizations to explore creative solutions, including an informal needs analysis to determine the requisite support for a successful transition.

For companies relocating employees to high cost of living areas, some are encouraging their employees to utilize their relocation benefits in a more strategic manner. For example, employees are granted the flexibility to rent in an area initially, deferring the activation of benefits for a period of time. This approach provides employees with time to navigate the housing market in the new location and make more informed purchase decisions.

Also, rather than offering mortgage subsidies, some companies provide home sale incentives of up to 3% to address the financial challenges employees encounter in expensive markets. The flexibility may include the consideration of relocation and benefit extensions, assessed on a case-by-case basis. This type of tailored approach, which may mean extending the relocation period by one year and providing a home sale bonus, underscores organizations' commitment to meeting the unique needs of each employee and family.

It is worth noting that the emphasis is on providing each mobile employee with individualized support. By taking a holistic approach to each relocation scenario, the company ensures that its support is not only flexible, but also informed, and dedicated to fostering an environment where employees can make sound choices in the face of a dynamic housing market.

## Additional Ways You Can Assist Your Relocating Employees

Mobility leaders have employed the following approaches with great success:

- **Mortgage subsidies:** With more locations qualifying as high-cost locations, mortgage subsidies may be necessary to help employees purchase a home, especially with the rising interest rates.
- **Refinancing support:** Many organizations are offering refinancing support that can be used at a later date to reduce their mortgage payment if rates start to decline.
- **Rental subsidies:** Some organizations are adding rental subsidies to their programs for key locations to help employees ease into higher rental costs.
- **Cost of living allowance:** Many organizations are performing two-city comparisons more readily for domestic U.S. moves to address differences in locations.
- **Non-traditional support:** For some organizations, salaries are not rising fast enough to address recruiting obstacles to high-cost locations. Mobility may be asked to help bridge compensation gaps by providing additional financial assistance through relocation allowances or relocation lump sums that would provide more cash in pocket for employees to purchase or rent in their new location.

# POINTS AND MORTGAGE INTEREST DIFFERENTIAL ALLOWANCES



Several mobility managers have shared that, with management approval, their organizations have adopted a calculated approach to lump sums, utilizing the MIDA basis and incorporating a percentage for added flexibility. This shift has streamlined the process, with in-house teams handling the initial lump sum payments with a future transition to the relocation management company for subsequent calculations, indicating a commitment to efficiency and adaptability in managing relocation benefits.

Many companies are acknowledging the need for a comprehensive policy review to align with fluctuating interest rates and stay in tune with economic shifts. With a proactive stance, many companies are planning to reassess relocation policies in 2024, acknowledging economic unpredictability and the diverse profiles of employees. This forward-thinking approach not only reflects organizations' responsiveness to evolving market dynamics, but also highlights the importance of aligning relocation policies with the financial landscape to ensure continued support for relocating employees.



# MANAGING RENTAL ASSISTANCE TO DELIVER A POSITIVE EMPLOYEE EXPERIENCE



Some organizations are customizing their approach to renter benefits, with the level of robustness dependent on the transferee's needs and managed by the destination services provider in each individual location. Standard benefits include destination services through an Executive Management company, offering VIP services and rental tours.

Many organizations are making a deliberate effort to craft flexible packages tailored to the specific needs of employees, whether they are renters or buyers. This structure ensures that every employee receives allocated days, with destination services deemed a crucial benefit for both domestic and international relocations. This component aims to facilitate a smooth transition for employees, minimizing disruptions as they settle into their new location.

To alleviate costs for renters, some companies are providing options such as lease cancellation or coverage of the first month's rent, allowing employees to optimize their benefits where feasible. A range of choices is offered at higher levels to cater to more nuanced needs. Recognizing the significant cost of broker's fees, particularly in high-cost areas, some companies are extending assistance in these cases. However, occasional challenges arise when employees move to locations outside the norm, prompting a consideration of whether the level of support remains consistent and adequate.

There are a number of ways to provide support for relocating employees who are selling or purchasing a home given today's challenging market conditions.



## Supporting Relocating Employees In Today's Challenging Markets

### When Selling a Home

- Choose a relocation-trained agent to sell the home quickly and at the highest price in a balancing market.
- Prepare the home meticulously for showings and open houses.
- Price the home correctly based on the current market.
- Reduce the price if no offers are received within 2-3 weeks.
- Consider offering incentives to combat rising interest rates, such as a mortgage rate buy-down.

### When Purchasing a Home

- Choose a relocation-trained agent to navigate the low inventory and affordability challenges.
- Obtain loan approval before embarking on a house hunting trip.
- Watch for new and "coming soon" listings, plan to visit homes quickly, and extend an offer as soon as possible if there is interest in a home.
- Discuss local market conditions with your agent to formulate an effective offer strategy.

# CONCLUSION

Given today's tumultuous U.S. housing market conditions, the imperative for companies to think innovatively and respond proactively to the unique needs of their mobile workforce cannot be overstated. It is critical for organizations to venture outside traditional paradigms and offer creative solutions for relocating employees.

As the workforce landscape and relocation programs continue to evolve, embracing new strategies becomes not just a competitive edge, but a necessity. Employers who demonstrate flexibility, adaptability, and a commitment to understanding the diverse challenges faced by their employees in the ever-changing market position themselves not only as leaders in talent management, but as architects of resilient and supportive work environments. In these uncertain times, companies that dare to think outside the box will be poised to attract, retain, and empower their mobile workforce for sustained future success.

*If you are interested in joining Sirva's "Conversations with Mobility Leaders" program, please reach out to your Sirva representative or email us at [marketing@sirva.com](mailto:marketing@sirva.com).*



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