



**Worldwide ERC®**

**2011**

# U.S. Transfer Volume & Cost SURVEY

Worldwide ERC® is engaged actively in the study and benchmarking of employee mobility data, and the Worldwide ERC® Transfer Volume & Cost Survey is an annual enterprise that offers analysis of data pertaining to employees transferred domestically within the United States.

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THE WORKFORCE MOBILITY ASSOCIATION

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# Figure 1

## Respondents by Industry Type

	Percent of Respondents (%)
Aeronautics, aerospace, electronics/electricals, business machines, computers/software/services, semiconductor.....	6%
Automobiles, automotive parts, industrial machinery/equipment, metals and alloys, transportation .....	5%
Chemicals, plastics, rubber/rubber products, cement products, wood and paper products, glass/glass products .....	5%
Communications, telecommunications, publishing, printing .....	3%
Conglomerate (diversified).....	6%
Consumer products.....	15%
Financial services: insurance, banking, finance .....	14%
Government, military services, public utilities, non-profit .....	6%
Petroleum, gas, refining and distribution, pipeline construction, forestry, engineering, mining, energy, construction, agribusiness.....	13%
Pharmaceuticals, healthcare, medical devices/diagnostics .....	4%
Professional services: accounting, auditing, consulting, law, advertising .....	5%
Retail, hospitality, restaurant, food service, wholesale.....	14%
Other .....	5%
<b>TOTAL .....</b>	<b>100%</b>

(Percentages do not total 100% due to rounding)

One hundred eighteen (118) member organizations responded to this year’s survey and represented a broad range of industries (See Figure 1). On average, participants relocated 331 employees in 2010 and anticipate relocating an even greater number (364 employees on average) by the end of 2011. Forty-seven percent of the respondents relocate between 101 and 500 employees annually, while 17 percent move more than 500 transferees. Companies with 100 or fewer domestic transfers per year accounted for 36 percent of the respondents (See Figure 2).

### TRANSFER ACTIVITY

Between 2006 and 2009, transfer activity in member organizations had been on the decline (See Figure 3). The decline had been in the single digits between 2006 and 2008, hovering around 4 percentage points annually, however, between 2008 and 2009, the decline in transfer volume experienced a steep drop of 22 percent. It is encouraging to observe a reversal in trends for 2010; participants reported an increase of more than 15 percent in transfer volumes between 2009 and 2010.

Current employee activity increased more than 17 percentage points between 2009 and 2010, and new hire activity increased by about 9 percent during the same period.

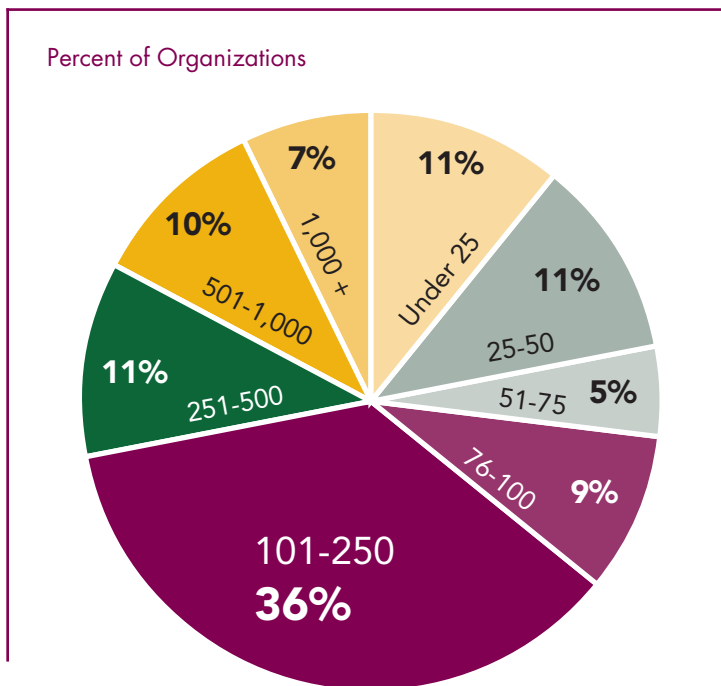
For 2011, respondents project an overall increase in transfer volume of 10 percent from 2010. This projection includes anticipated increases in both current employee transfer activity and new hire activity (10 and 11 percent, respectively).

Organizations also reported that approximately 62 percent of relocated employees in 2010 were renters while 38 percent were homeowners in the old location. In the past, the division between renters and homeowners was more balanced; however, the real estate slump has made it more difficult for homeowners who are either upside down in their mortgages or have lost considerable equity in their homes to relocate for their jobs.

Respondents also reported that 80 percent of their U.S. domestic transfers in 2010 were interstate moves while 20 percent were intrastate.

## Figure 2

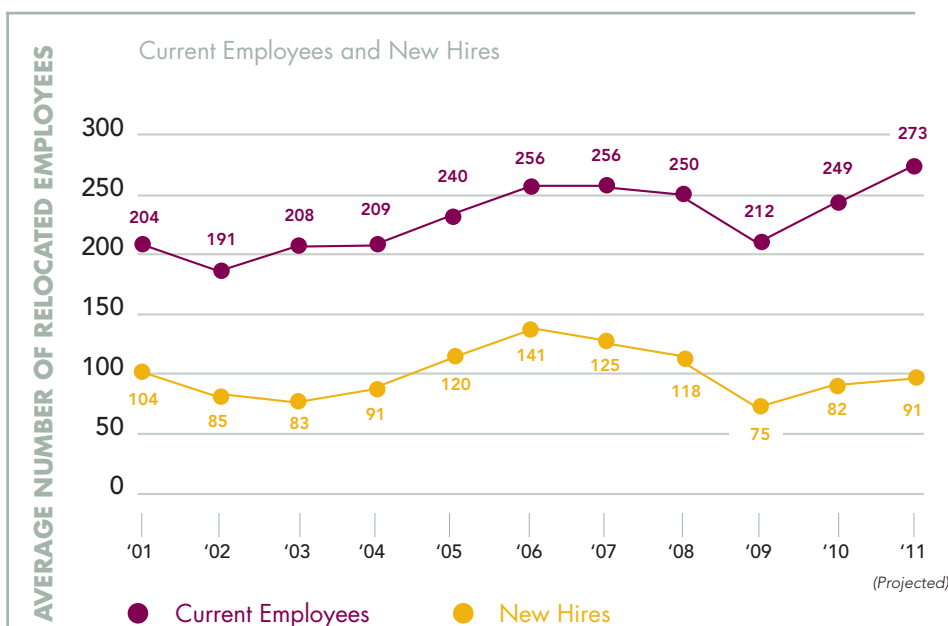
Breakdown of Companies by 2010 Transfer Volume



“Findings of this year’s Worldwide ERC® Transfer Volume & Cost Survey show that transfer activity is on the rise. In 2010, companies experienced a significant increase in move volume and anticipate continued upward movement in activity through the end of 2011.”

## Figure 3

Trends in Transfer Volume Over Time



## RELUCTANCE TO RELOCATE

Employee reluctance to relocate continues to be a challenge for companies. Nearly three-quarters of respondents have at least some minor problems with employee reluctance. Forty percent cite moderate to major problems in this area, while another 34 percent report minor difficulties.

Similar to the past few years, the top two reasons for employee reluctance to relocate are “slowed real estate appreciation/depressed housing market at the old location” (reported by 94 percent of respondents), and “transferee’s old location home is in a negative equity situation” (reported by 76 percent of member organizations). In 2009, these reasons were reported by 93 percent and 88 percent of respondents, respectively.

Other reasons cited by participants but mentioned less often were “high housing cost areas” (25 percent), “high cost-of-living areas” (25 percent), and “employee/family resistance to move” (23 percent).

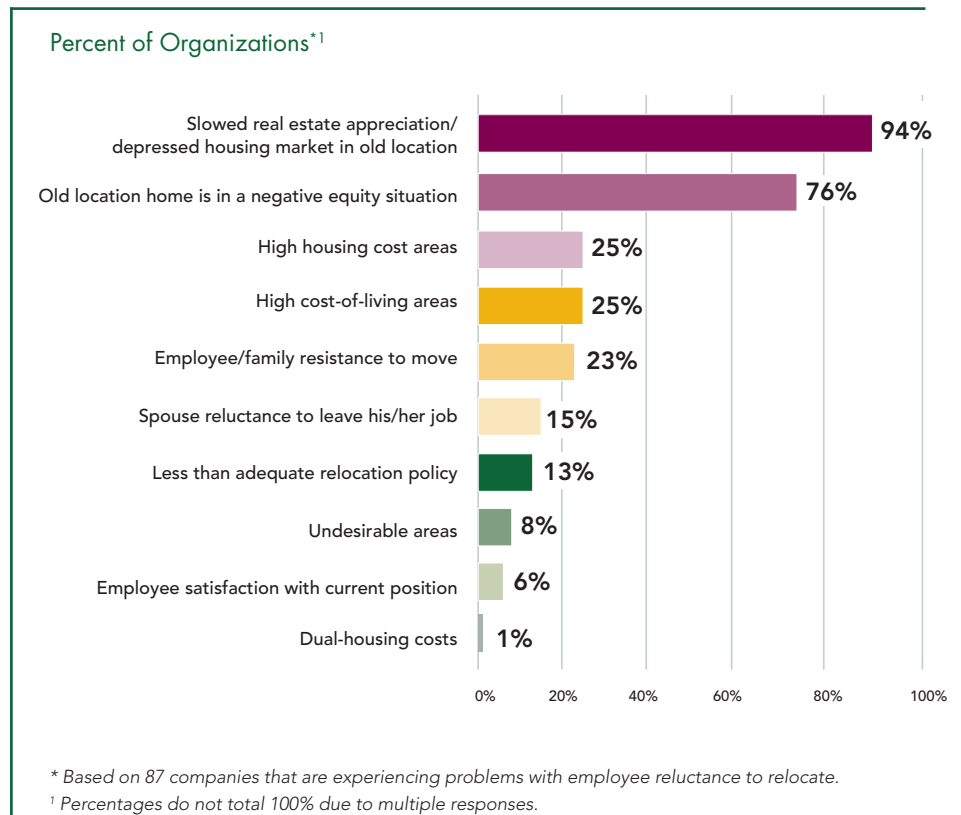
## TIME ALLOWED TO ACCEPT A TRANSFER OFFER AND REPORT TO THE NEW JOB

This year, the average amount of time employers allow for transferees to consider and accept a transfer offer, as well as to make the move to the new location, is six weeks (42 days)—slightly less than the 45 days allowed in 2010.

On average, organizations permit their employees less than two weeks (12 days) to consider a formal transfer offer—a decrease of four days from last year. Responses ranged from two to 30 days, with seven days being the most common response (the most common response last year was 14 days).

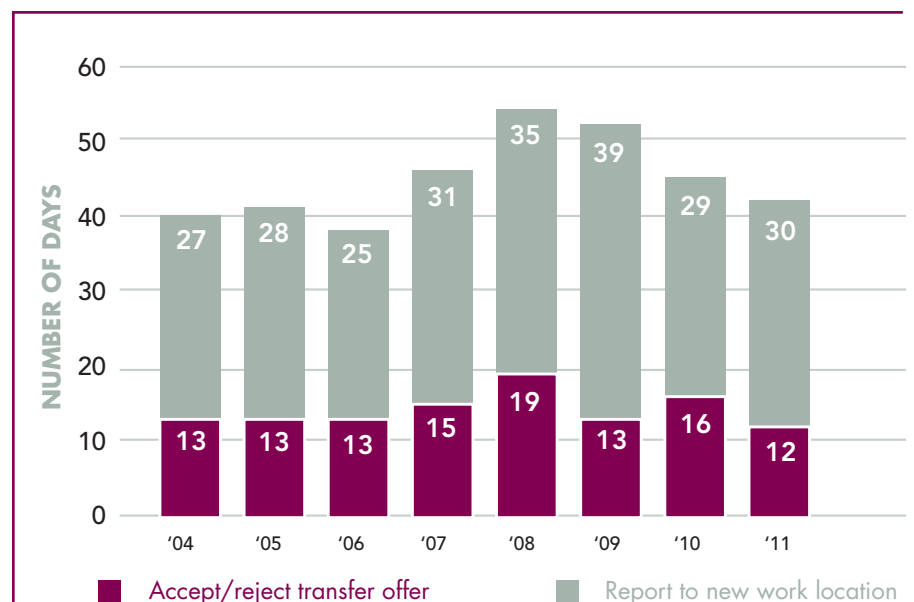
## Figure 4

### Reluctance to Relocate



## Figure 5

### Trends in Acceptance and Reporting Periods Over Time



Once the employee has accepted the transfer offer, employers allow the transferee an average of 30 days to report to the new job—one less day than last year. Responses ranged from three days to 90 days and, as in the past, the most common response was 30 days.

## RELOCATION COSTS

### HOMEOWNER COSTS

In 2010, the average cost to relocate a current employee homeowner remained almost the same as the prior year—\$90,081 in 2010 vs. \$90,017 in 2009—while the average cost to relocate a new hire homeowner increased from \$66,610 to \$69,020 for the same time period.

### RENTER COSTS

While homeowner costs remained relatively stable during the past year, the cost to relocate renters increased. The average cost to relocate a renting current employee in 2010 was \$23,497—13 percentage points more than the \$20,750 reported for 2009. There also was a 13-percentage point increase in the average cost to relocate new hire renters: from \$17,877 in 2009 to \$20,168 in 2010.

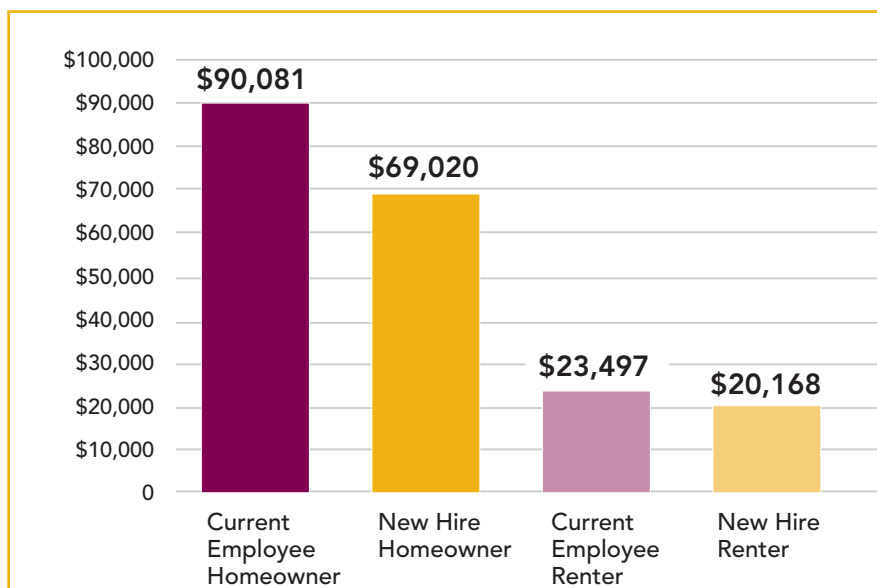
*Note:* The reported cost figures represent only general trends. In addition, costs include all industries and transfer volumes. Some industries or programs will experience higher or lower average costs than those reported here.

### COMPONENT COSTS

Given a list of cost components for current employee relocation assistance, companies were asked to indicate the average cost of each component and base the figures only on the number of employees who actually received such assistance. 2010 cost comparisons have been made with those for 2009.

## Figure 6

### 2010 Average Relocation Costs



## Figure 7

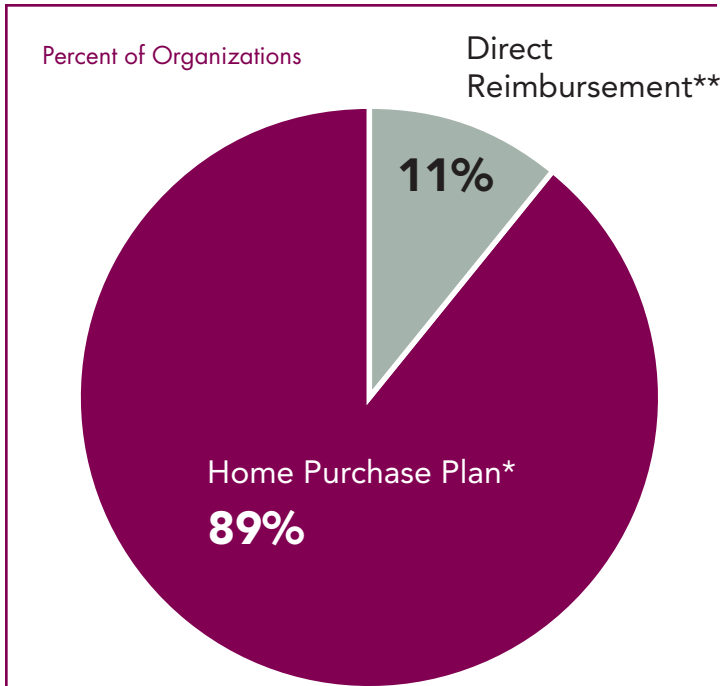
### Average Component Costs\*

COMPONENT COSTS	2010	2009	% CHANGE
Loss-on-sale assistance	\$32,600	\$30,671	6%
Federal tax liability	\$12,854	\$12,046	7%
Shipping household goods	\$12,230	\$11,900	3%
Bonuses/incentives given for employee-generated homesales	\$7,058	\$6,280	12%
Purchase closing costs	\$6,251	\$7,815	-20%
Miscellaneous expense allowance	\$6,235	\$6,464	-4%
Duplicate housing assistance	\$5,462	\$4,995	9%
Temporary living at new location	\$5,312	\$5,515	-4%
Homefinding trips	\$2,227	\$2,056	8%
Travel and lodging at the time of the move	\$1,519	\$1,392	9%
Spouse employment assistance	\$1,485	\$1,485	--

\* Averages based on transferees who actually received assistance.

## Figure 8

### Primary Homesale Assistance



\*Company (or third party on company's behalf) makes an offer to purchase employee's home at market value and then resells the home. Programs may include regular (appraised value), amended value, assigned sale or BVO transactions.

\*\*Company does not guarantee or purchase the employee's residence at the market value but does reimburse some or all of the direct selling expenses.

Averages for seven major component costs increased—i.e., loss-on-sale assistance, federal tax liability, shipping household goods, bonuses/incentives given for employee-generated homesales, duplicate housing assistance, homefinding trips, and travel and lodging at the time of move. The components that decreased include purchase closing costs, miscellaneous expense allowance, and temporary living at the new location. Spouse employment remained the same.

Amid the current real estate scenario, it is not surprising that the bonuses/incentives given for employee-generated homesales increased fairly significantly in the past year.

#### HOMESALE ASSISTANCE

Nearly 90 percent of this year's respondents use a home purchase plan as the primary form of homesale assistance. The remaining respondents offer their transferees a direct reimbursement program (11 percent).

#### HOME PURCHASE PROGRAMS

##### VOLUME AND REJECTION OF OFFERS

On average, responding member organizations with home purchase plans closed 92 files in 2010 with an offer to purchase. In total, 6,979 transactions were completed and an additional 370 offers were rejected.

Survey findings show that about two-thirds of these purchase offers in 2010 resulted in a flexible transaction (amended value, buyer value option, or assigned sale). (See Figure 10.)

##### INVENTORY TIME AND HOME PRICES

2010 data indicate that homes purchased via an appraised value transaction were in inventory, on average, 118 days. The average purchase price of these homes was \$362,775 while

## Figure 9

### Overview of Home Purchase Transactions

	AVERAGE	MEDIAN
Average number of files closed in 2010*	92	39
Home purchase price by type of transaction		
• Appraised Value	\$362,775	\$336,046
• Amended Value	\$353,252	\$322,771
• Buyer Value Option (BVO)	\$328,713	\$328,250
Number of days in inventory for homes purchased via an appraised value transaction	118	118

\* Range: 2 - 1,313 closed files.

## Figure 10

### Types of Homesale Transactions\*

	PERCENT OF TOTAL
Appraised Value	34%
Amended Value	46%
Buyer Value Option (BVO)	18%
Assigned Sale	2%
<b>TOTAL</b>	<b>100%</b>

\*Based on 6,979 transactions.

the median price was \$336,046. In comparison, the National Association of REALTORS® reported an average homesale price of \$220,000 for existing homes sold in 2010, with a median price of \$172,900. In 2010, the reported fall-through rates for home purchase plans was 3.9 percent for appraised value transactions, 3.4 percent for amended value transactions, and 2.6 percent for buyer value option transactions.

Although trends in transfer activity are hopeful, the housing markets in the U.S. continue to be unstable. Data through March 2011, released by Standard & Poor for its S&P/Case-Shiller Home Price Indices—the leading measure of U.S. home prices—show that the U.S. National Home Price Index declined by 4.2 percent in the first quarter of 2011 after having fallen 3.6 percent in the fourth quarter of 2010. The National Index hit a new recession low with the first quarter's data and posted an annual decline of 5.1 percent compared to the first quarter of 2010. Nationally, home prices are back to their mid-2002 levels. However, in June 2011, the

index reported slightly more encouraging news: homesale prices in 13 cities across the U.S. had increased by 0.7 percent in May 2011 as compared to prices in the prior month. This was the first increase since July 2010.

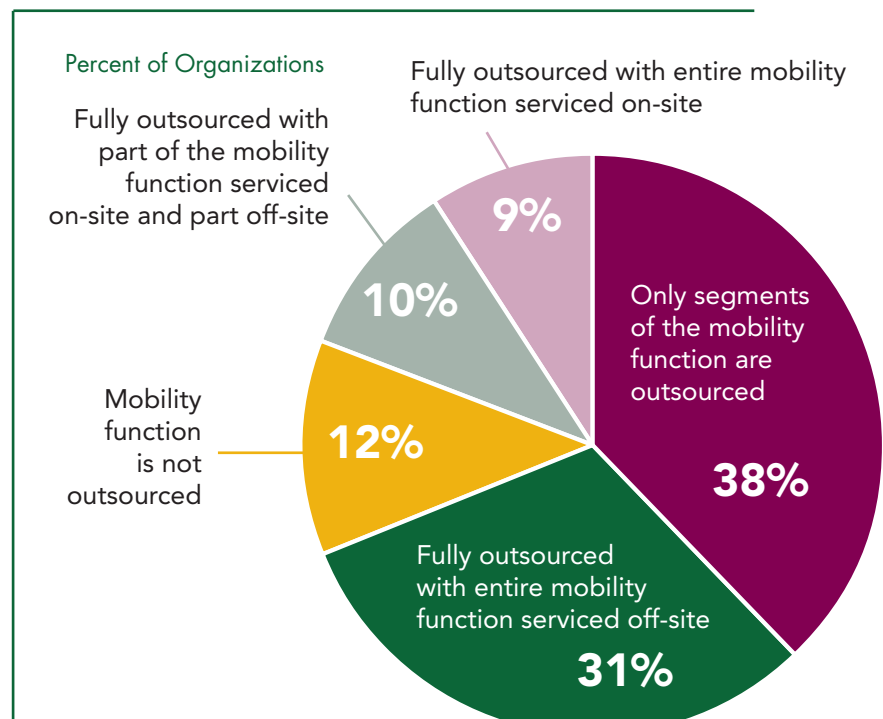
## OUTSOURCING

Half of responding organizations fully outsource the mobility function and another 38 percent outsource selected aspects of the mobility function. Of those that fully outsource mobility, nearly two-thirds reported the function was serviced off-site. Only 12 percent indicated that no aspects of the mobility function were outsourced.

The homesale program was the most commonly outsourced element of the mobility function—90 percent of organizations outsourcing one or more aspects of their mobility function outsourced the homesale program. Other segments that were outsourced by a majority of respondents included household goods shipping, destination services, and expense management.

## Figure 11

### Outsourcing of Mobility Function



## Figure 12

### Aspects of the Mobility Program That Are Outsourced

	Percent of Organizations*1 (%)
Homesale program	90%
Household goods shipping	77%
Destination services	73%
Expense management	64%
Spouse employment assistance	51%
Property management	45%
Policy development	19%
Other <sup>2</sup>	4%

\*Based on 102 companies that outsource at least part of the mobility program.  
<sup>1</sup>Percentages do not total 100% due to multiple responses.  
<sup>2</sup>Other responses include temporary housing and travel.

#### MOBILITY FUNCTION

More than half (53 percent) of participants said the responsibility for the mobility/relocation function within their organizations resided with human resources, 20 percent mentioned compensation and benefits, and 10 percent cited talent management. Only 3 percent said mobility was its own department. The rest noted other areas that included real estate, travel, finance, administrative services, and shared services.

Nearly 90 percent of respondents reported that the mobility function in their organizations was centralized at corporate headquarters. The remainder indicated the function was centralized at a non-headquarters location (4 percent), decentralized to a field location (4 percent), or that certain aspects were centralized while others were decentralized (2 percent).

#### JOB LEVEL AND AREA OF RESPONSIBILITY

“Mobility” was the principal area of responsibility for the majority of participants. Eighty percent of those who responded confirmed that mobility was their primary area of responsibility and nearly 70 percent reported spending over 75 percent of their time on mobility. Just 6 percent spend 25 percent or less of their time on mobility.

“Manager” and “senior manager” were the most commonly cited job titles held by respondents (55 percent), followed by “specialist” (13 percent; See Figure 13).

#### CONCLUSION

Though the housing markets continue to struggle, and some companies continue to experience considerable reluctance among employees to move, results from

## Figure 13

### Job Title

	Percent of Organizations (%)
Vice President	1%
Director/Associate Director	6%
Manager/Senior Manager	55%
Specialist	13%
Administrator	6%
Consultant/Senior Consultant	4%
Coordinator	4%
Supervisor	3%
Analyst	3%
Other*	5%
<b>TOTAL</b>	<b>100%</b>

\*Other includes: Officer, Advisor, Generalist and Representative.

the 2011 survey are encouraging. Organizations are relocating increasing numbers of both current employees and new hires and it is expected that these increases will continue in 2011. A similar trend was also noted by the American Moving & Storage Association (AMSA); it reports in its quarterly publication, *Industry Trends*, that corporate relocations had increased by 10.2 percent in 2010 over the prior year and for the first six months of 2011, corporate moves had increased nearly 13 percent over the same time last year. ■

The data for this survey report was collected electronically between February and April 2011. For further information, please contact Mariam Lamech, Worldwide ERC®'s manager, research and information resources, at +1 703 842 3426 or e-mail [mlamech@WorldwideERC.org](mailto:mlamech@WorldwideERC.org).