

Corporate Relocation: The Next Move Timed Outline

Suggested Timing

Introduction.....	20 minutes
Module 1: The Corporate Relocation Landscape.....	65 minutes
Module 2: Developing Your Relocation Business.....	75 minutes
Module 3: Working with Stakeholders.....	50 minutes
Module 4: Relo Transactions.....	90 minutes
Module 5: Dollars and Sense.....	40 minutes
Module 6: Follow Up, Follow Through.....	25 minutes
Final Exam.....	45 minutes

Suggested Schedule

Introduction.....	8:30am – 8:50am
Module 1: The Corporate Relocation Landscape.....	8:50am-9:55am
Break.....	9:55am-10:10am
Module 2: Developing Your Relocation Business.....	10:10am-11:25am
Module 3: Working with Stakeholders.....	11:25am-12:15pm
Lunch Break.....	12:15pm-1:00pm
Module 4: Relo Transactions.....	1:00pm-2:30pm
Break.....	2:30pm-2:45pm
Module 5: Dollars and Sense.....	2:45pm-3:25pm
Module 6: Follow Up, Follow Through.....	3:25pm-4:00pm
Break.....	4:00pm-4:15pm
Final Exam.....	4:15pm-5:00pm

Introduction	
Introductions	5 min
Course Learning Goals and Structure	
How to Earn NAR's Green Designation.....	5 min
Introduction Reflection	
Total	10 min

**Corporate Relocation: The Next Move
Timed Outline**

1. The Corporate Landscape	
Why Do Companies Relocate Employees?	5 min
Internet Field Trip: Executive Job Posting Sites	10 min
Corporate Relocation Trends – Looking to the Future	5 min
Relocation Follows the Business Cycle	5 min
Why Should You Follow the Business Cycle?	5 min
Where Do Job Seekers Want to Go?	5 min
Internet Field Trip: U.S. Census Flow Mapper	10 min
The Typical Transferee	5 min
Do Employees Turn Down Transfers?	5 min
Outsourcing the Mobility Function	5 min
Total 65 min	

2. Developing Your Relocation Business	
Is the Relo Business Right For You?	15 min
Compensation	10 min
Relo Advantages	5 min
Do the Homework	25 min
Breaking into the Business	15 min
Practitioner Perspective: Developing Your Business	5 min
Total 75 min	

**Corporate Relocation: The Next Move
Timed Outline**

3. Working with Stakeholders

Who are the Stakeholders?	5 min
Working Across Cultures	5 min
What do Relocation Companies Do?	20 min
Where Does the Real Estate Agent Fit?	15 min
Practitioner Perspective: Working Together	5 min
Total	50 min

4. Relo Transactions

Points of View	5 min
Working with Income Buyers	10 min
Get to Know Your Buyers	20 min
Group Moves	5 min
Time Frames	5 min
Moving Fast!	5 min
Match Your Services to the Buyer's Needs	10 min
Rent or Buy	5 min
Finding the Right Home	5 min
Selling a Property – the Listing Side	5 min
Home-Selling Assistance Packages	5 min
The Company's Perspective	5 min
Practitioner Perspective: Working with Relocating Buyers	5 min
Total	90 min

**Corporate Relocation: The Next Move
Timed Outline**

5. Dollars and Sense	
Relo Packages – What Do Companies Pay For?	10 min
Rent or Buy Decisions	10 min
Tax Considerations for the Transferee	20 min
Total	40 min

6. Follow Up, Follow Through	
Help Transferees Become Part of the Community	10 min
The Sure Thing – Repeat Business	5 min
Keep Doing Your Homework	10 min
Total	25 min

Exam	45 min
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CORPORATE RELOCATION

The Next Move 



STUDENT MANUAL

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If legal advice or other expert assistance is required, the student should seek competent professional advice.

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TABLE OF CONTENTS

INTRODUCTION	1
COURSE GOAL.....	1
LEARNING OBJECTIVES.....	1
COURSE STRUCTURE	2
PRE-QUIZ: TRUE OR FALSE	3
MODULE 1: THE CORPORATE RELOCATION LANDSCAPE	5
WHY DO COMPANIES RELOCATE EMPLOYEES?	5
WHAT TYPES OF COMPANIES RELOCATE EMPLOYEES?	6
INTERNET FIELD TRIP: EXECUTIVE JOB POSTING SITES	8
CORPORATE RELOCATION TRENDS	9
RELOCATION FOLLOWS THE BUSINESS CYCLE.....	10
CONSUMER CONFIDENCE – A LEADING INDICATOR	11
WHERE DO JOB SEEKERS WANT TO GO?	12
INTERNET FIELD TRIP: US CENSUS FLOW MAPPER	15
THE TYPICAL TRANSFEREE	16
DO EMPLOYEES TURN DOWN TRANSFERS?	16
OUTSOURCING THE MOBILITY FUNCTION	17
THE NEW CLASS OF SELF-RELOS	18
PRACTITIONER PERSPECTIVE: THE NEW SELF-RELO	19
MODULE 2: DEVELOPING YOUR RELOCATION BUSINESS.....	21
IS THE RELO BUSINESS RIGHT FOR YOU?	21
THE PERSONAL DIMENSION	21
PROFESSIONAL ATTRIBUTES	22
BROKERAGE SUPPORT	24
COMPENSATION	24
RELO ADVANTAGES.....	25
REFERRALS AND SPIN-OFF BUSINESS.....	26
DO THE HOMEWORK	26
INTERNET FIELD TRIP: RESEARCHING ON THE INTERNET	30
SELF-ASSESSMENT: IS RELOCATION REAL ESTATE THE RIGHT CAREER CHOICE FOR YOU?	31
HOW DO YOU MEASURE UP AGAINST THESE STANDARDS? IS THE RELO BUSINESS RIGHT FOR YOU?	32
PRACTITIONER PERSPECTIVE: DEVELOPING YOUR BUSINESS	34

MODULE 3: WORKING WITH STAKEHOLDERS.....	35
WHO ARE THE STAKEHOLDERS?.....	35
WORKING ACROSS CULTURES	35
PRACTITIONER PERSPECTIVE WITH MERCY STIRLING DE DUENAS	37
WHAT DO RELOCATION COMPANIES DO?.....	38
CORPORATE RELOCATION PROGRAM SERVICES	39
SPEND THE DAY WITH A RELOCATION COORDINATOR	40
WHERE DOES THE REAL ESTATE AGENT FIT?.....	40
MODULE 4: RELOCATION TRANSACTIONS—MOVING IN, MOVING ON ...	43
POINTS OF VIEW	43
WORKING WITH INCOMING BUYERS	43
TECHNOLOGY’S IMPACT ON BUYERS.....	43
GET TO KNOW YOUR BUYERS.....	45
GROUP MOVES	47
TIME FRAMES.....	47
MOVING FAST!	48
MATCH YOUR SERVICES TO THE BUYERS’ NEEDS	48
RENT OR BUY	49
FINDING THE RIGHT HOME	49
SELLING A PROPERTY – THE LISTING SIDE	49
HOME-SELLING ASSISTANCE PACKAGES	50
THE COMPANY’S PERSPECTIVE	50
PRACTITIONER PERSPECTIVE: WORKING WITH RELOCATING BUYERS	51
MODULE 5: DOLLARS AND SENSE	53
RELO PACKAGES: WHAT DO COMPANIES PAY FOR?.....	53
RENT OR BUY DECISIONS	54
TAX CONSIDERATIONS FOR THE TRANSFEREE	55
INTERNET FIELD TRIP: TAX REPORTING.....	57
MODULE 6: FOLLOW UP, FOLLOW THROUGH.....	59
HELP TRANSFEREES BECOME PART OF THE COMMUNITY	59
THE SURE THING: REPEAT BUSINESS	60
KEEP DOING YOUR HOMEWORK.....	60
RESOURCES	61
WEBSITES.....	61

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Introduction

COURSE GOAL

Corporation Relocation: The Next Move provides students with knowledge of the corporate relocation landscape that can be applied to help them recognize and take advantage of business opportunities, as well as, create methods for developing a relocation real estate niche, deliver positive results for all transaction stakeholders, and gain valuable referrals.

LEARNING OBJECTIVES

MODULE 1:

1. Use data from statistical resources and business cycle indicators to anticipate inbound and outbound relocation activity – for companies and transferees – in your market area.
2. Identify companies that transfer employees as well as attract job seekers to your market area.

MODULE 2:

1. Determine if relocation is a good business development choice for you as a real estate professional.
2. Adapt your core real estate skills to serve company relocation clients and customers.
3. Apply methods for seeking out relo business development opportunities in your market area.

MODULE 3:

1. Identify the stakeholders involved in a relocation and work to build and maintain a successful working relationship with all stakeholders.
2. Respond to the concerns and priorities of corporate relo stakeholders.

MODULE 4:

1. Provide customer and client services to help transferees, working within the parameters of their relocation benefit packages.
2. Guide a transferee through the transaction process of buying, renting, and selling a home.

MODULE 5:

1. Compare types of relo benefits packages and incentives with transferee's motivations, choices, priorities, and time frames.
2. Help transferees evaluate the pros and cons of renting or buying a home.
3. Help transferees comply with the policies and procedures of their relocation benefit packages and advise them to consult with their tax specialist for IRS tax reporting.
4. Keep up-to-date on how IRS regulations impact relocations for companies and employees including self-relos.

MODULE 6:

1. Use client follow-up and information sharing to help transferees settle into a new home and new community and enhance your value proposition.
2. Build repeat business and referrals by applying methods to follow up with past clients.
3. Apply research methods to continue seeking out relocation business opportunities in the market area.

COURSE STRUCTURE

- A. Introduction
1. The Corporate Relocation Landscape
2. Developing Your Relocation Business
3. Working with Stakeholders
4. Relocation Transactions – Moving In, Moving On
5. Dollars and Sense
6. Follow Up, Follow Through

EXAM

At the end of the course, students will take a 30-question multiple-choice exam to document achievement of course learning objectives. The exam is open-book, unless closed-book is required for continuing education credit. Successful completion is 80 percent or better, a total of 24 or more correct answers.

PRE-QUIZ: TRUE OR FALSE

Test your knowledge of the Relocation market by writing T or F next to each statement.

1.		Nearly all relocations are to hire or retain talented individuals.
2.		Usually relocation companies buy the employee's current home to make the move easier.
3.		Some relocation offers include help finding the trailing spouse a professional position in the new community.
4.		Realigning or restructuring of organizations may also be a factor in relocation of personnel.
5.		Employees never change their minds about relocating once they have been offered the option.
6.		Most relocation candidates are senior executives.
7.		Relocation is primarily used by only Fortune 500 companies.
8.		Domestic competition is one of the factors considered for relocating key employees.
9.		The state of the economy has a big impact on relocation.
10.		The usual timeframe for a transfer to be in place at their new location is 120 days.

PRE-QUIZ: ANSWER SOURCES

1. The primary reason for relocating employees is to hire or retain talent. <https://www.atlasvanlines.com/corporate-relocation/survey/2017/factors-impacting-relocation>.
2. In some cases, a corporation will “buy” the transferee’s home but these offers are increasingly scarce. <https://www.zillow.com/sellers-guide/how-to-sell-your-house-for-job-relocation/>.
3. When a spouse or partner must sacrifice their job for the benefit of the transfer, the relocation company may offer assistance in helping them get connected with potential employers. www.urbanbound.com/relocation-statistics-to-know.
4. Another major reason for relocation is when an organization realigns its structure such as in a down-sizing or acquisition. The Allied relocation survey estimates that at least 20% of the survey respondents moved for these reasons. www.allied.com/infographic/job-relocation-survey
5. It’s not uncommon for employees to change their minds about relocation after visiting the new location if they feel the cost of living is too high or it will be too much of a hardship on their family. www.fastcompany.com. <https://www.atlasvanlines.com/corporate-relocation/survey/2017/factors-impacting-relocation>.
6. While it used to be more common that executives were the primary recipients of relocation services, now any employee who is deemed vital to the organization can be offered these services.
7. Companies of all sizes in all industries utilize relocation to recruit and maintain talent. www.allied.com/infographic/job-relocation-survey.
8. Domestic competition is one of the reasons that companies are compelled to recruit talent and transfer talented employees to bolster their presence. <https://www.atlasvanlines.com/corporate-relocation/survey/2017/factors-impacting-relocation>.
9. Yes, the state of the economy plays a role in relocation. <https://www.atlasvanlines.com/corporate-relocation/survey/2017/factors-impacting-relocation>.
10. The usual timeframe for a transferee to settle into their new position is 30 days. www.urbanbound.com/relocation-statistics-to-know.



MODULE

1

The Corporate Relocation Landscape

WHY DO COMPANIES RELOCATE EMPLOYEES?

Why do companies go to the time, trouble, and expense to relocate employees? The simplest answer can be found in the competition among businesses to hire, develop, and retain talent. Companies may act assertively when they want to hire or retain employees with particular knowledge and skills. Relocations are an important component in achieving business goals and are driven by both internal and external factors. What do companies achieve by relocating employees either individually, as a group, or perhaps even entire companies?

EXPANSION AND GROWTH

- Acquiring new talent or promoting from within
- Applying workforce strength to grow a location
- Starting up a corporation
- Establishing new divisions and branches of existing companies
- Establishing foreign subsidiaries

COMPETITIVE EDGE

- Increasing competitive capacity to gain domestic or international market share
- Locating closer to suppliers or customers

STRENGTHENED CAPACITY

- Facilitating business travel
- Transferring knowledge and skills, gaining new ideas, fostering innovation

- Deploying or integrating technologies
- Replacing workers who retire or leave

As economic conditions and corporate plans evolve, various internal and external factors impact decisions on employee relocations. Take a look at the following list to see what factors are affecting decisions today.

TOP FACTORS IMPACTING EMPLOYEE RELOCATIONS IN 2017¹

INTERNAL FACTORS

- Changes in corporate structure
- Expansion efforts
- Company growth

EXTERNAL FACTORS

- Lack of local talent
- Economic conditions
- Domestic and international competition

WHAT TYPES OF COMPANIES RELOCATE EMPLOYEES?

Relocations are in the news when a major corporation announces its' intent to move to a new facility or open a new plant in another city. When cities compete to be the winning location for that move, it is also big news. Even technology start-ups get plenty of media attention. But, the majority of corporate locations never receive media attention because they involve individuals – current employees, new hires, or small groups.

Over the past few years, Aetna, General Electric, and McDonald's all relocated their offices from the suburbs into the city to make themselves more appealing to younger workers who prefer an urban setting.

According to U.S. News & World Report, 22% of people relocated for work based on a promotion while 51% of transferees moved for "personal career development."²

The next page lists some of the largest US employers in various categories. Do these companies have locations in your market area? Have they announced they are expanding operations or building a new facility? Have they developed a new technology? All of these signal the potential for relocation activity.

The Internet Field Trip that follows this list allows you to explore job posting sites for executive positions. This also provides a wealth of information for potential relocation activity.

¹ Annual survey of Corporate Relocations Policies, Atlas Van Lines, 2017, www.atlasvanlines.com/corporate-relocation/survey/2017/factors-impacting-relocation

² U.S. News & World Report, June 12, 2018, <https://money.usnews.com/careers/company-culture/articles/2018-06-12/should-i-relocate-for-my-job>

FIGURE 1.1 TOP US EMPLOYERS BY CATEGORY³

RETAILERS	Walmart, Amazon, Target, Kroger, Home Depot, Walgreens, Albertsons, Lowe's, TJX
TECHNOLOGY	IBM, Cognizant Technology Solutions, United Technologies, Dell Technologies, Oracle, Apple
RESTAURANTS/FOOD SERVICE	Yum China Holdings, Starbucks, McDonald's, Aramark, Darden Restaurants
SHIPPING	FedEx, UPS
AEROSPACE	Boeing, Lockheed Martin
FINANCE	Wells Fargo, JP Morgan Chase, Bank of America, Citigroup
AUTO MANUFACTURING	Ford Motor, General Motors, Lear
HOSPITALITY/ENTERTAINMENT	Walt Disney, Marriott International, Hilton Worldwide
TELECOMMUNICATIONS	AT&T, Verizon
FOOD PROCESSING	PepsiCo, Tyson Foods
HEALTH CARE MANAGEMENT/ BIOTECH/ PHARMACEUTICALS	United Health Group, HCA Healthcare, Johnson & Johnson, Tenet Healthcare, Abbott Laboratories
ENERGY	Exxon Mobile, Chevron
TRANSPORTATION	American Airlines, Delta Airlines
CONGLOMERATES	Berkshire Hathaway, General Electric, Comcast, Honeywell International

This is only a partial listing of employers. Check the most current Fortune 500 report for a complete list.

³ Fortune 500, 64th edition, <http://fortune.com/fortune500/list/filtered?sortBy=employees&first500>

INTERNET FIELD TRIP: EXECUTIVE JOB POSTING SITES

Job postings for executive positions point to possible relocation activity. An Internet search quickly reveals executive recruiting firms in your market area. Forbes magazine produces a "best of" list for executive recruiting firms. Here are a few sites to get you started:

- www.heidrick.com
- www.lucasgroup.com
- www.roberthalf.com

WHAT EXECUTIVE RECRUITING FIRMS ARE IN YOUR AREA?

WHAT TYPES OF COMPANIES ARE RECRUITING EXECUTIVES?

WHAT POSITIONS ARE THE COMPANIES RECRUITING?

CORPORATE RELOCATION TRENDS – LOOKING TO THE FUTURE, WITH AN EYE TO THE PAST

Business leaders experience up and down cycles of confidence in the economy which in turn affects their businesses. What lessons can be learned from the economic downturn of 2008-2009 which deflated business optimism and consequently the volume of relocations? While it's in the past, this time period is important. When surveyed during "good times" in 2006, corporate CFOs cited cost of labor as a top concern; two years later during the downturn, top personnel concerns shifted to maintaining morale and productivity.

As the economy recovered, corporate plans for growth expansion and hiring all went on the upswing too. As a result, personnel concerns shifted away from worker morale and productivity to finding ways to attract and retain qualified employees. The relocation volume ticked upward as companies competed for talent and relocated current employees to grow business and remain competitive.

How is business confidence affecting relos today? Take a look at the two graphs on the next page. You can see the variations in relocations that took place for small, medium, and large employers in 2017 and consider projections for 2018. How can you take advantage of these projections in your market area?

FIGURE 1.2 ACTUAL RELOCATIONS 2017 (AS COMPARED TO 2016)

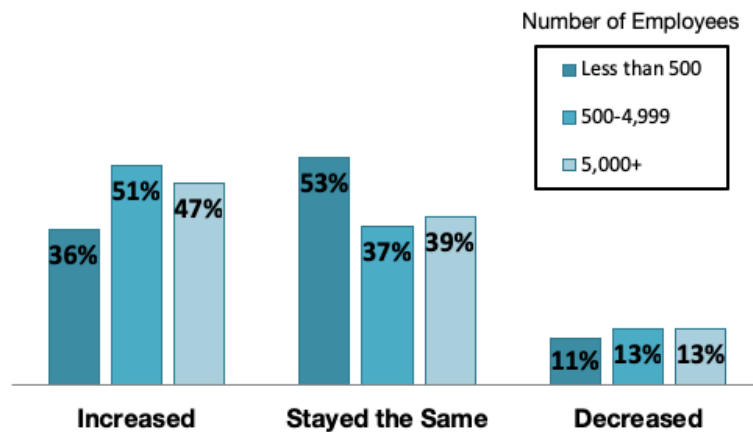
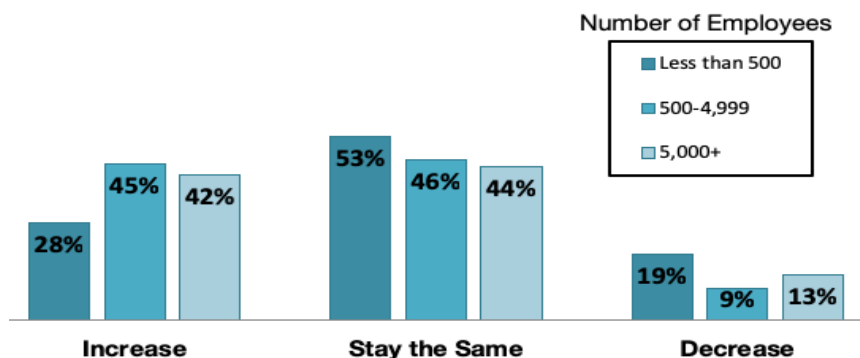


FIGURE 1.3 PROJECTED RELOCATIONS 2018 (AS COMPARED TO 2017)⁴



⁴ 2018 Corporate Relocation Survey, Atlas World Group, <https://www.atlasvanlines.com/corporate-relocation/survey>

RELOCATION FOLLOWS THE BUSINESS CYCLE

Relocation activity tends to follow the business cycle. Predictable indicators that point toward improving business optimism imply a willingness to invest in relocation activities. The classic business cycle moves through four phases.

CONTRACTION

The economy begins to slow down. Businesses lay off workers, postpone investment in growth and hold on to cash. Consumers lose jobs and spend only on the necessities. This indicates impending recession.

TROUGH

This phase indicates the economy is at its lowest point and has reached a recession.

RECOVERY

The economy begins to grow. The employment picture brightens as companies sense an uptick in business and begin hiring more employees. Consumer confidence rises and there is increased spending beyond just the necessities. This indicates expansion.

PEAK

The economy hits the maximum point and a time of “irrational exuberance” may lead to asset bubbles like an overheated stock market or housing market. Investors search for opportunities which floods markets and causes asset prices to climb to unsustainable levels.

FIGURE 1.4 RELOCATION BUSINESS CYCLE



According to Fidelity Investments, as of January 2019, further maturing in the US and global business cycles is likely to heighten uncertainty. In addition, while global growth continues to expand, the outlook has deteriorated and activity levels have likely passed their peak. Fidelity predicts that elevated volatility is likely, which leads investors to diversify their portfolios.

The US consumer is viewed as strong with low unemployment, accelerating wage growth, and manageable financial obligations. Historic trends show that consumer and business spending grow late in the cycle and fall after the onset of recession – with housing construction tending to decline ahead of recession.⁵

Are the homes in your market area following these trends? How do these trends affect the relocation industry?

Explore the various diagrams on the following pages showing consumer confidence levels and investor mentality indicators. The correlations between these business indicators and relocation activity are clear.

CONSUMER CONFIDENCE – A LEADING INDICATOR

Want to track the business cycle? The Consumer Confidence Index, released monthly by the Conference Board, is a reliable leading edge indicator of the business cycle.

Where is the US economy in the business cycle? As of December 2018, the Consumer Confidence Survey showed a decrease following a moderate decline in November. While expectations for job prospects and business conditions weakened, it was still suggested that the economy will continue expanding at a solid pace in the short-term.

FIGURE 1.5 CONSUMER CONFIDENCE INDEX⁶
(AMPLITUDE ADJUSTED, LONG-TERM AVERAGE = 100 JAN 2014-DEC 2018)



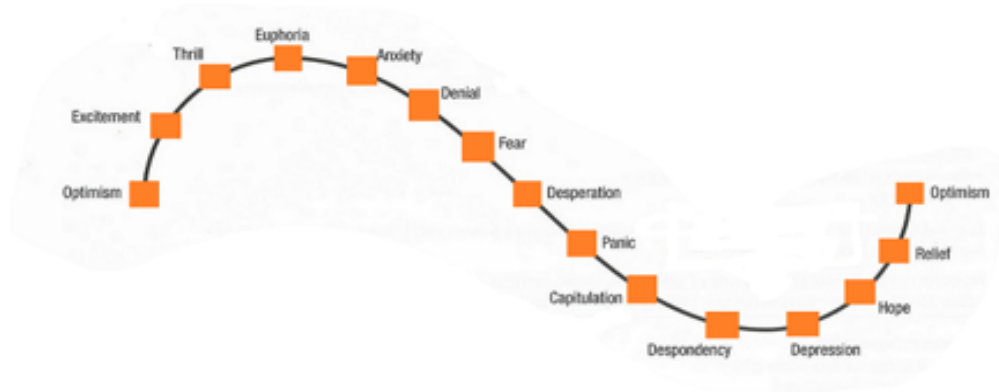
5 Fidelity Investments, January 16, 2019, Viewpoints, <https://www.fidelity.com/viewpoints/market-and-economic-insights/quarterly-market-update>

6 OECD (2019) Consumer confidence index (CCI), <https://data.oecd.org/leadind/consumer-confidence-index-cci.htm>

INVESTOR MENTALITY

Economic activity is reflected in the mentality of investors. In turn, the various levels of investor mentality affect relocation activity.

FIGURE 1.6 INVESTOR MENTALITY CYCLE



WHY SHOULD YOU FOLLOW THE BUSINESS CYCLE?

Not every area of the country is in the same place in the business cycle at the same time. Consider the difference between rural Kentucky and the city of Los Angeles in terms of local economy. The phase of the market cycle in your area (trough, recovery, peak, or contraction) impacts business decisions which includes new hires and current employee transfers.

The obvious times companies are more likely to launch expansion plans and recruit new hires is during the recovery and peak phases of the business cycle. Yet, even down times can produce relocation business opportunities as companies restructure and reposition their human resource assets.

Ironically, in times of a down business cycle, it may be the perfect opportunity to lay the groundwork for developing this business niche. When the business cycle starts going up, you will be well positioned to grow as relocation transactions increase.

WHERE DO JOB SEEKERS WANT TO GO?

Understanding the flow of relocations into and out of your market area gives you a valuable data tool for business planning. Is your market area near one of the top metro areas that attract job seekers? Remember, the list of top metro areas doesn't include every area that might be attractive to employees. Consider that there are major employers located far away from large population centers – Walmart is headquartered in Bentonville, Arkansas, with a population of about 50,000.

There is a rich stream of data available to you for free and it's compiled by the US Census Bureau. The Flow Mapper provides county-level data on numbers moving in and out, salary ranges, and occupations. You can highlight your county and then look at other counties around the country for a snapshot of relocation activity. The Internet Field Trip in this section provides an opportunity to test drive this powerful data tool.

TOP CITIES FOR JOB SEEKERS

The Top 15 cities are also identified on the next page and are indicated with an orange circle on the map. These cities include:⁷

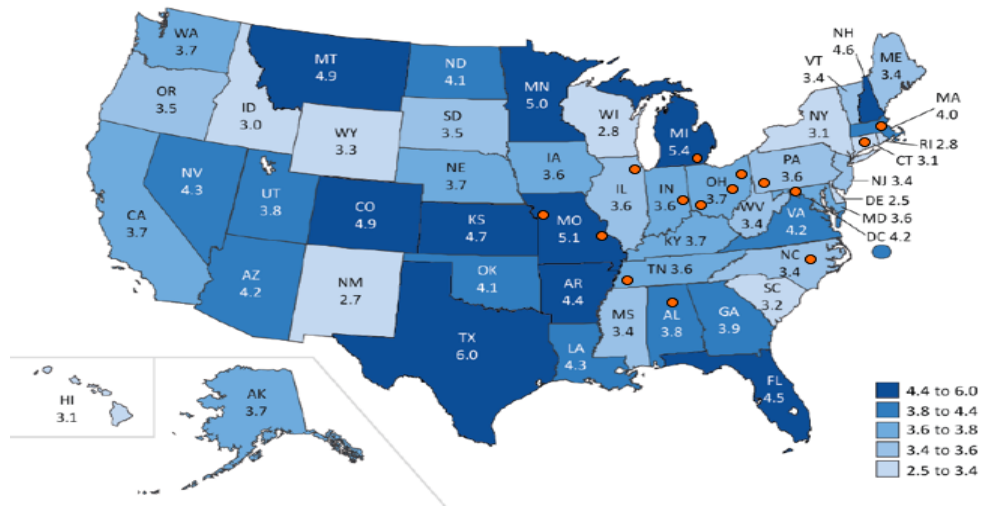
1. Pittsburgh, PA
2. St. Louis, MO
3. Indianapolis, IN
4. Cincinnati, OH
5. Hartford, CT
6. Boston, MA
7. Memphis, TN
8. Raleigh, NC
9. Cleveland, OH
10. Detroit, MI
11. Kansas City, MO
12. Washington, DC
13. Birmingham, AL
14. Chicago, IL
15. Columbus, OH

7 The Ladders, October 17, 2018, "These Are the 25 Best Cities If You Are Looking for a Job." Ladders/ Business News & Career Advice, 17 Oct. 2018, www.theladders.com/career-advice/these-are-the-25-best-cities-if-you-are-looking-for-a-job

MAP OF THE TOP CITIES

This most recent listing of the top cities indicates that the majority of popular cities are in midwest and northeastern states.⁸

FIGURE 1.7 PERCENTAGE CHANGE IN REAL GDP BY STATE, 2018

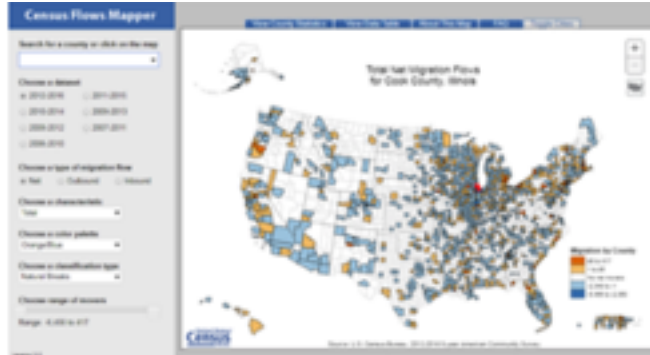


8 Map: U.S. Bureau of Economic Analysis, "Gross Domestic Product by State, 2nd quarter 2018," news release (November 14, 2018), <https://www.bea.gov/news/2018/gross-domestic-product-state-2nd-quarter-2018>

INTERNET FIELD TRIP: US CENSUS FLOW MAPPER

Map the flow of people moving into and out of your market area.

1. Go to <http://flowsmapper.geo.census.gov>



2. Fill in your county
3. Select a data set, for example, choose 2008-12 for occupation
4. Scroll over other counties, particularly those around the top cities for job seekers to see the number of movers from or to other counties.

WHAT ARE THE RELOCATION TRENDS IN AND OUT OF YOUR MARKET AREA?

WHAT ARE THE TRENDS IN THE TOP CITIES FOR JOB SEEKERS?

HOW CAN YOU USE THIS INFORMATION IN BUSINESS PLANNING?

THE TYPICAL TRANSFeree

What are the characteristics of a typical transferee? Historically, the popular image of a corporate relocation was a young, ambitious “corporate employee” working his or her way to a corner office. In reality, the types of companies and employees involved in relocations cover a wide range of fields, career stages, and skill sets.

The most recent statistics from Worldwide ERC in 2016 show that employees have an average of 14 days to accept a transfer offer and 37 days to report to a new job. In addition, home purchase transactions by type in 2015 included 41% buyer value option, 41% amended value, and 17% regular appraised value.⁹

The 2018 Allied Van Lines Corporate Relocation Survey¹⁰ provides some typical characteristics of relocated employees.

- About 25% of relocations involved female employees
- 35% of relocations involved employees with children
- Age ranges at the time of transfer included
 - ▶ 29% between 36-40 years of age
 - ▶ 28% between 30-35 years of age
 - ▶ 20% between 41-45 years of age
- 34% of transferees had up to one month to report to work at new location
- 37% of transferees had up to two weeks to accept offer
- On average, half of transferees were mid-level employees and one-third were executives

DO EMPLOYEES TURN DOWN TRANSFERS?

Do employees ever turn down relocation opportunities? The answer is yes they do and often for housing-related reasons. During the recession years, when numerous potential transferees had underwater home mortgages, relo refusals were more common. It’s a dilemma real estate professionals know well. Because the transferee can’t sell the current home and recover an adequate amount of equity, they lack the funds to buy in the new location. Sometimes, homes in the new location may be more expensive. Transferees consider renting a better option than buying “less than” their current home.

Housing cost, however, isn’t the only reason for turning down a transfer. High costs of living and family issues play a big role. A transfer may uproot children from familiar schools or compromise care for elderly relatives. Some transferees solve this problem by moving the entire extended family when they accept transfers. Another major issue is employment for an accompanying spouse or partner. Relocation can derail the career path of a spouse or partner if the new location offers few viable

⁹ Worldwide ERC U.S. Transfer Activity, Policy & Cost Survey, 2016

¹⁰ Allied Van Lines, 2018 corporate relocation survey, <https://www.atlasvanlines.com/corporate-relocation/survey/2018/charts/>

employment options. The family's failure to adjust to a new location is another leading cause for relocation failure. In addition to considering knowledge and skills, assessing a transfer candidate's suitability may involve evaluating family readiness to make the move.

Companies frequently offer incentives to alleviate some of the reasons for turning down transfers. These might include . . .

- Extended temporary housing benefits
- Relocation bonuses
- Cost of living adjustments
- Extended duplicate housing benefits
- Loss on sale protection
- Telecommuting option to cut commuting costs
- Guaranteed employment contract
- Mortgage payoff

OUTSOURCING THE MOBILITY FUNCTION

Almost all large companies that relocate employees outsource aspects of the transfer, referred to as the mobility function. Outsourcing to a relocation company alleviates the multitude of details the human resource department must handle when coordinating a move. Furthermore, outsourcing the mobility function also outsources many of the administrative costs.

The relocation company coordinates functions like packing and shipping of household goods and cars, overseeing expense documentation and reporting, making travel arrangements, arranging temporary housing, setting up house hunting trips and destination familiarization tours, clearing visas and work permits for foreign transfers, and sometimes helping an accompanying spouse find employment. Both the corporation and transferee benefit from having a single point of contact to coordinate and monitor the move. Remember, the transferee may only have about a month to make the move and be ready to report for work.

Some companies direct all of the relocation business to a single relocation company. But in large companies, different divisions may use different relocation companies. The good news for real estate professionals is that a very large slice of the relo pie—the home sale and purchase—is the more frequently outsourced aspect of the relocation. The real estate transaction is even outsourced by the relocation companies.

WHO ARE THE MAJOR PLAYERS IN THIS FIELD?

- AIRES
www.aires.com
- BROOKFIELD GLOBAL RELOCATION SERVICES
www.BGRS.com
- CARTUS
www.cartus.com
- CROWN WORLD MOBILITY
www.crownworldmobility.com
- GRAEBEL RELOCATION SERVICES
www.graebel.com
- IMPACT GROUP
www.impactgrouphr.com
- SIRVA
www.sirva.com
- THE SUDDATH COS.
www.suddath.com
- THEMIGROUP
www.themigroup.com
- UNIGROUP
www.unigroupinc.com
- WEICHERT
www.wrri.com
- XONEX
www.xonex.com

THE NEW CLASS OF SELF-RELOS

So far we have focused on corporate-paid relocation of current employees and recruits. Internet technologies have released workers from their desks and enabled a new class of relos. Empowered by advanced telecommunications and growing acceptance of telecommuting, professionals with highly-valued knowledge and skills self-relocate because they can. With no ties to a desk or particular location, they can make personal lifestyle choices about where to live. They may choose to live where the cost of living is lower and they can afford more house, or move from an urban area to an area with a smaller population. The Practitioner Perspective that follows provides insight on this new kind of self-relo.

PRACTITIONER PERSPECTIVE: THE NEW SELF-RELO

As technology continues to improve, many companies are providing opportunities for their employees to work from home or telecommute. This option helps the employer by reducing the amount of office space they need while retaining talented individuals who do not want to be in a traditional work environment.

If you are going to be on a computer or the telephone for most of the work day, it often doesn't matter where you are located. Many young professionals, as well as experienced professionals who want to work on their own terms in a more attractive environment, are choosing this route.

According to a 2017 Forbes magazine article, 65% of full-time employees feel a remote work schedule will increase productivity. This number is confirmed by more than two-thirds of managers reporting an increase in productivity from remote employees. Removing the distractions of a traditional office environment and the time spent commuting drives up productivity.¹¹

Looking at today's workforce, we can find many talented workers who continue to make valuable contributions past traditional retirement age. With the cost of living on the rise and life expectancy increasing, many people over age 65 are delaying retirement, while others may choose to continue working for intellectual stimulation. This is another source of experienced talent for employers.

These employees are less inclined to battle the weather or feel they need to spend extensive time commuting to an office. For many, it means moving to their ideal location whether that is in the mountains or a warmer climate near the water or to be closer to family. For these reasons, they are choosing to relocate on their own, without the financial assistance of an employer.

In 2017 it was reported that 3.7 million employees, or almost 3% of the US workforce, worked from home at least half of the time.¹² Considering this, it often makes it easier for the employee to find work elsewhere since it doesn't require the physical presence of a company.

All of this adds up to the evidence of more "self-relo" employees who are enriching their personal lives while providing richer talent pools for employers.

¹¹ Forbes, July 20, 2017, www.forbes.com/benefits-of-telecommuting-for-the-future-of-work

¹² Fundera, Inc. US, <https://www.fundera.com/resources/working-from-home-statistics>



MODULE

2

Developing Your Relocation Business

IS THE RELO BUSINESS RIGHT FOR YOU?

Is relocation real estate the right choice for you personally and professionally? Experienced relo professionals say it depends on a combination of your personality, real estate knowledge and skills, and professional goals.

There are a few questions you should ask yourself, and your broker, to determine the answer. Are you willing to...

- Work within the company's system and parameters?
- Do the extra paperwork required by relocation companies and the transferee's corporation?
- Work a lot of weekends and some odd hours?
- Include all of the stakeholders in the communication loop?
- Give up a big chunk of the commission income for the relocation transaction as a tradeoff for spin-off referrals and transaction volume?

THE PERSONAL DIMENSION

Patience and empathy are essential for success in the relo business. If you have experienced a relo yourself, you know how disruptive the move can be, even when it means a promotion for the transferee. Personal relocation experience—civilian or military—is a plus because you have firsthand experience of high-pressure house hunting, moving, and resettling in a new, unfamiliar community with the destination and time schedule determined by an employer.

Some experienced relo professionals say that it helps to have a “thick skin” approach toward criticism. The relocation is a very stressful time for the transferee and family and you may be the target of undue criticism. Or, a transferee who is procrastinating may use the real estate agent as a scapegoat when questioned by

the relocation company manager or the corporation about the slow progress of a home sale or purchase.

Real estate professionals commonly go to extremes to help buyers and sellers through the transaction. It's likely that every experienced real estate agent can tell stories about providing services well above and beyond. Willingness to go the extra mile is especially important for transferees because they are new to the community and may need extra hand-holding to get through the home purchase, move, and settling process. You may find yourself devoting a lot of extra, uncompensated time to making sure the relocation is a success—whether it's connecting a child with a sports team or a piano teacher or finding care for a valued pet. You become the community expert.

You must sustain the same high levels for service for every relo client referred to you. The relo business operates on recommendations and if a client has a good experience they will likely mention you when a friend, co-worker, or neighbor asks for a recommendation. But they will also remember if the experience of working with you was unsatisfactory. Build a reputation for reliability and service.

PROFESSIONAL ATTRIBUTES

Relocation companies usually prefer to work with experienced real estate agents—minimum five years—rather than someone who is just starting a real estate career. But if you have several years of real estate experience, particularly working with buyers, you probably have all of the core skills you need to serve this market segment. Here are some of the ways you can adapt your core real estate skills:

WORK FAST, SMART, AND ACCURATELY

Can you handle repeated fast-track transactions? Most relocation clients have to accomplish within 30 days what takes most home buyers several months. When transactions happen that quickly, your work systems need to be streamlined and produce reliable results. On the listing side, aggressive marketing to accomplish a quick sale may add to expenses.

FOLLOW THE RELOCATION COMPANY'S SYSTEMS

You will need to learn to work with the relocation company's systems for handling the transaction. Every company has its own system for tracking progress of the transfer. There are some companies that train real estate professionals – be sure to take advantage of this opportunity.

MAINTAIN COMMUNICATIONS WITH ALL STAKEHOLDERS

Many people have a stake in making sure the relocation is successful. The communication loop must encompass all stakeholders. Keeping the relocation company informed must be standard procedure.

QUICK RESPONSE TIME

Respond quickly to e-mails, texts, and phone calls. Are you always available? Your response time should be counted in minutes, not hours or days.

MARKET KNOWLEDGE

You must demonstrate current market knowledge on property pricing, market trends, and potential resale value. When a buyer asks about resale value, how do you formulate an answer? Do you make a “ballpark” guess or can you provide market data? Do you know the rental market? Can you help a transferee evaluate renting versus buying?

SMART HOME SHOWING

Are you adept at the art of matching properties to buyers’ needs and wants? Do you know how to sequence property showings to facilitate buyers’ decision making?

BUYERS REPRESENTATIVE

Your experience and preference should be for working with buyers. If you have earned the Accredited Buyers Representative® designation, be sure to feature the professional distinction in your marketing materials.

TENACITY

For many real estate professionals, developing a successful relocation business niche starts from a very small seed—one or two referrals. Are you willing to devote the time it will take—it could be a couple of years—to develop this business niche?

LOOK, SOUND, THINK CORPORATE

Do you present a professional image in your personal appearance, verbal communication, and demeanor? Executives are accustomed to viewing business presentations and proposals. Your marketing and presentation materials should be organized, informative, and reflect your professionalism. Take time to learn the relocation terminology and use it correctly.

FLEXIBLE HOURS

Your client may be in another time zone, across the country or on the other side of the globe. How would you react to a request for a 2:00 AM phone conference with a client who is in Asia?

COMMUNITY EXPERT

Transferees, and the relocation company, don’t have a lot of time to learn the neighborhoods and markets before they start shopping for homes. Often, a transferee will have recommendations from colleagues and bosses on where they should look for a home—which may or may not be suitable or affordable. Your knowledge of the local market, neighborhoods, and housing options can help transferees choose the neighborhoods and homes that fit both lifestyle and budget.

TECHNOLOGY SKILLS MASTERY

You must be adept at using smart phone and Internet technologies. Can you conduct a real-time tour of a property with a smart phone and FaceTime? Can you create a virtual floor plan of a property?

BROKERAGE SUPPORT

Does your broker welcome or rebuff relo business? There are a number of very experienced and very professional real estate brokers and agents who avoid relocation real estate, primarily because it usually involves giving up a large portion of the commission income to the relocation company.

Although after-the-fact referral fees are more rare today than a decade ago, real estate agents still sometimes get this unpleasant surprise. So, before you dive into developing this business niche, it's a good idea to have a conversation with your broker. Make sure you understand your broker's attitudes and know your office policies regarding relocation real estate transactions. You want to be sure that you have the support you need to build a relo business niche.

COMPENSATION

Relocation company referral fees are a concern for some brokers and sales agents. The referral fees are one of the main reasons that real estate professionals turn down relo business. There's no denying that relocation company referral fees take a big bite out of the commission income. But real estate professionals whose business mix includes relo point to the advantages. For them, the fee is part of the bigger picture and an investment in business development that real estate professionals can choose to make or forgo.

SLICING THE COMMISSION PIE

How many slices are cut from the commission pie and what portions go to the companies and people involved in the transaction?

- **Cooperating agent:**

If there is a co-op agent involved in the transaction, the first cut goes to the agent's broker per the terms of the listing.

- **Relocation management company:**

This group is next in line and collects a percentage of the commission as a referral fee. If the relocation company refers both the sell and buy transactions within the network of approved agents, a referral fee can be collected on both transactions. Relo companies look increasingly to the real estate transaction as a revenue source. Consequently, referral fee percentages have tended upward in the last few years. Corporations want to outsource not only the management of relocations, but also the cost; as a result fewer relocation companies are fully compensated by the corporations that hire them.

The relocation company may credit referral fees received from the real estate transactions, as well as from other service providers, against the fee charged to the corporation. Major relocation companies send annual blanket agreements to advise the real estate companies they work with of the expected referral percentage for the year ahead. The broker or in-house manager responsible for assigning relocation business to agents must sign and return the agreement.

- **Broker:**

Next, the broker retains a portion of the commission per office policy.

■ **In-house relocation division:**

A number of large brokerages and franchise networks have in-house divisions that handle relo business. The relo division may receive a flat fee or percentage per the policies of the broker or franchise network.

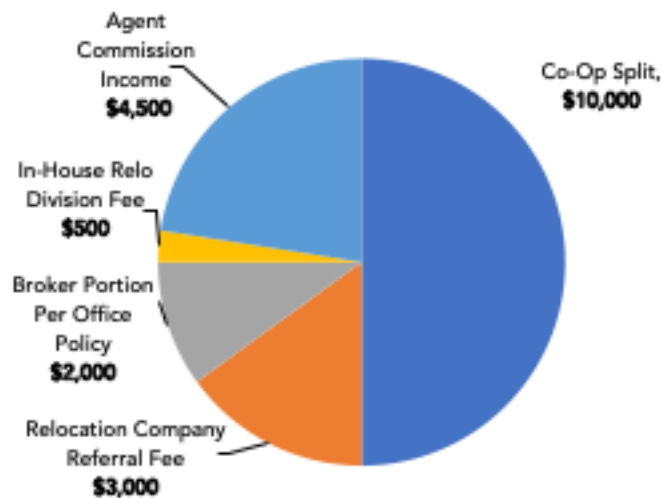
■ **Real estate agent:**

The remaining commission is available for the real estate agent. Based on the broker's office policy, the agent may pay the marketing and other transaction expenses from this portion.

HOW BIG IS YOUR SLICE OF THE PIE?

The amounts and percentages represented in the pie chart are based on a home sale price of \$400,000 and a commission of \$20,000. This is for illustration purposes only and does not reflect any industry standards or the policies of any corporation, relocation company, brokerage, or agent.

FIGURE 2.1



RELO ADVANTAGES

As we've learned, relocation real estate involves some sacrifices but there are also offsetting advantages.

HIGH INCOME

Most transferees are financially-capable buyers. Above-average incomes mean few obstacles in qualifying for a mortgage.

HIGHER-PRICED HOMES

High-income transferees, particularly upper-level executives, tend to buy larger, higher-value homes.

MOTIVATED

The pressure to find, close on, and settle into a new home makes transferees very motivated buyers.

FAST TRANSACTION

Time pressure usually compels transferees to be decisive. Your involvement will be intense, but most likely for a short time.

EDUCATED BUYERS

Most transferees are not first-time buyers. They are familiar with the process of purchasing a home and working with a real estate agent. It may be necessary to explain some state regulations, but you probably won't need to spend time educating them on the purchase process.

REFERRALS FROM OTHER AGENTS

Remember there are a number of real estate professionals who don't want to get involved in relos. Let your peers know that you welcome relo business and referrals of relo clients.

REFERRALS AND SPIN-OFF BUSINESS

The potential for referrals and spin-off business makes relocation real estate a much bigger pie than just helping one transferee at a time find and buy a home. Top-notch service for that one transferee can be the start of a stream of referral business that has no connection to the relocation company. Consider these scenarios:

- Co-workers who want to buy or sell in the local market may ask the recent transferee for a recommendation.
- Members of an extended family—often elderly parents—who move with the transferee may need to find housing.
- After transferees get acquainted with new locations, they may want to change homes – upgrade, downsize, or change neighborhoods.
- A transferee who opted initially to rent in the new location may decide they are ready to buy.
- When a transferee is ready to relocate, getting the listing is almost a sure thing if you keep in touch and ask for the business.
- Experienced relocation real estate professionals say that by over-focusing on relocation company fees, you could miss out on a rich stream of referral and spin-off business that the relocation company never touches.

DO THE HOMEWORK

How did you do the research when you were first started out in the real estate business? You can use the same skills—curiosity, observation, research, and business planning—to do the homework for developing your relocation niche. The first step is taking a good look around your market area for major employers, promising start-ups, and smaller companies with branches in other locations.

INFORMATION SOURCES FOR YOUR SEARCH:

■ **State Offices of Economic Development:**

A good place to start is with your state's office of economic development. A metropolitan area may have its own locally-focused economic development department. These offices are a great source of news and information on all types of companies. Register for newsletters and press releases.

■ **Chamber of Commerce:**

Another good source of business information is your local chamber of commerce. Check out your local chamber's website and register to receive newsletters and press releases.

■ **Business Press:**

In addition to the business section in your local newspapers, your regular reading list should include major business publications like Crain's and the Wall Street Journal, as well as specialized trade journals for area businesses.

■ **Trade Publications:**

If you want to know what relocation managers are thinking, read what they read. Consider Mobility magazine and Relocate Global magazine. You'll gain valuable insight on relo managers' current concerns. You'll also learn about trends in relocation volume, services, and corporate benefits. At the ERC website you'll also find a library of free webinars on a variety of relocation topics. Go to [www.worldwideerc.org/ Resources/Event Materials/ Pages/learning-zone-webinars-archive](http://www.worldwideerc.org/Resources/Event%20Materials/Pages/learning-zone-webinars-archive).

■ **Executive Recruiter Sites:**

Our Internet Field Trip in section one took us to executive job posting sites—a vital source of business information. These websites provide insight on how corporations recruit executives and specialized talent and how far afield they are willing to look—sometimes globally—to find the person with the right combination of knowledge and skills. Some major executive recruiters and job sites are:

- ▶ Korn Ferry, www.kornferry.com
- ▶ Signium, www.signium.com
- ▶ Slayton Search Partners, www.slaytonsearch.com
- ▶ Witt/Kiefer, www.wittkiefer.com
- ▶ Wyatt & Jaffe, www.wyattjaffe.com
- ▶ The Ladders, www.theladders.com
- ▶ Experteer, www.experteer.com
- ▶ Dice.com (technology and engineering)
- ▶ eFinancialCareers.com (finance, banking, insurance)
- ▶ HealthcareJobsite.com (medical, health care)
- ▶ MyVisaJobs.com (foreign workers)

READ WHAT THE RELO MANAGERS READ



Mobility magazine is published monthly by Worldwide ERC® and read by more than 18,000 relocation professionals. It's packed with informative articles each month and subscribers also have access to the magazine's archives.



Relocate Global magazine is published four times a year – March, June, September, and November. It focuses on relocation activity for clients in the US and all over the world.

TALK THE TALK

- **ACCEPTANCE PERIOD**
Fixed period of time during which the offer to buy a transferee's primary residence is valid.
- **ADVANCE MARKETING**
Programs designed to help a transferee sell a home.
- **AMENDED VALUE PROGRAM**
Increase of a guaranteed offer based on a bona-fide offer received during the marketing period.

- **AREA ORIENTATION**
A familiarization tour of a local area conducted for potential transferees.
- **BUYER VALUE OPTION (BVO)**
Home-sale program in which the value for the home is established by a bona-fide offer from an outside buyer, not an appraisal. The relocation company purchases the home and sells it to the outside buyer at the offer price.
- **DESTINATION SERVICES**
Assistance to help a transferee and family settle into a new location.
- **DUPLICATE HOUSING**
Reimbursement of housing expense (PITI or rent) for a former home if not sold before the transferee must report to the new location.
- **GROSS UP**
The practice of reimbursing an employee for income tax liability on relocation payments reported as income on a W-2.
- **GROUP MOVE**
Relocating a corporation or division and all of the employees.
- **GUARANTEED BUY OUT (GBO)**
If a transferee's home does not sell within a specified time period, the relocation company purchases it at a guaranteed offer.
- **HOME MARKETING ASSISTANCE**
Proactive marketing services to help market a transferee's home through a customized marketing strategy and assistance with offer negotiations.
- **HOME MARKETING INCENTIVE PAYMENT**
A bonus payment to encourage a transferee to aggressively market a home.
- **HOME MARKETING PERIOD**
The minimum amount of time a transferee must attempt to sell a home before other options – BVO, GBO – are used.
- **PRE-DECISION SERVICES**
Detailed analysis of costs of relocating an employee, including appraised home value and cost to market and sell it.
- **RELOCATION INCENTIVE BONUS:**
Payment made to an employee to encourage acceptance of transfer.
- **TIERED PLAN**
Relocation program that offers varying levels of benefits for different categories and levels of employees.

INTERNET FIELD TRIP: RESEARCHING ON THE INTERNET

Research these information sites and uncover a vast amount of information that will help you in the relocation business.

1. Economic development departments at the state, city, and county level
2. Chamber of Commerce
3. Business and trade publications

WHAT DID YOU FIND THAT WOULD BE HELPFUL FOR DEVELOPING A RELO BUSINESS NICHE?

WHAT OTHER HELPFUL WEBSITES DID YOU FIND?

SELF-ASSESSMENT: IS RELOCATION REAL ESTATE THE RIGHT CAREER CHOICE FOR YOU?

Identify how your personality and professional outlook match up with the relo business.

ARE YOU WILLING TO...

- Give up a bigger chunk of the commission income?
- Work within the relocation company's system and parameters?
- Do the extra paperwork?
- Work many weekends and odd hours?
- Include all of the stakeholders in the communication loop?

DO YOU...

- Prefer to work with buyers?
- Accept constructive feedback and forgive unwarranted criticism?
- Expend extra effort to help buyers settle in a new home and community?
- Deliver consistently excellent service – every time?
- Have patience and empathy?

CAN YOU...

- Work fast, smart, and accurately?
- Be a team player and work within relocation company systems?
- Learn the terminology?
- Connect transferees to community resources and service providers?
- Master smartphone and Internet technologies?
- Present a professional image – look, sound, and act corporate?
- Invest time and money in business building?
- Match properties to buyers' needs and wants?
- Arrange property showings that get results?
- Respond quickly to emails, texts, and phone calls?
- Maintain communication with all stakeholders?
- Learn the tax considerations involved in a relo?
- Work with diverse clientele – culture, age, career stage, nationality?

HOW DO YOU MEASURE UP AGAINST THESE STANDARDS? IS THE RELO BUSINESS RIGHT FOR YOU?

BREAKING INTO THE BUSINESS

At first glance, prospecting for relo business can look like a closed door. The truth is that relocation management companies already have established relationships with real estate firms and seldom want to hear from prospecting agents. Corporate HR departments want to hear even less from real estate agents. Corporations outsource their relocations business so that they don't have to deal with the details. By the time a large corporation announces relocation plans—whether an individual or group move—the relocation company is already on the job. With these two pathways obstructed, how can a real estate professional break into the business?

START LOCAL, START SMALL

Experienced real estate professionals say to start by building your network through the buyers and sellers you come in contact with. Watch for opportunities to make a contact with a transferee—a friend, neighbor, family member—and ask for a referral and a recommendation to the relocation company for future business. Building your relo business may be one client at a time. But even that one client can open the door to a stream of business. You don't know when the opportunity will present itself, you have to be there and be ready.

SMALL COMPANIES AND START-UPS

Small companies and start-ups can be a more productive source of business than large corporations. Local companies with branches, divisions, affiliated businesses, and suppliers in other locales can be a prime source of relocation business. Keep in mind, they may be small companies now, but when they are ready to expand, they'll be looking for talent to help grow the corporation and looking for help in relocating employees and new hires.

These businesses often delegate responsibility for relocating transferees to a human resource (HR) department instead of outsourcing. If you have a contact—a friend or neighbor—with the HR department of a small or start-up corporation, ask for help with referrals. Prospect with HR staff of small companies through your contact. A good way to start building a business relationship is to offer a service for current employees; for example, you could offer to present a seminar on home buying, home maintenance, market update, or mortgage financing. Another way to start is by offering to do area tours for the HR staff and new recruits in order to familiarize them with various neighborhoods.

CLIENT'S CHOICE

A current trend with some relocation management companies is to let the transferee choose an agent. The transferee informs the relocation company of the choice. The relocation company, in turn, initiates contact with the agent and advises the agent of procedures, policies, and fees. If you are working with a transferee ask if there is a relocation company involved. Establish contact through the transferee – then expect a call from the relo manager.

GET THE TRAINING

Relo companies want agents who can work knowledgeably within their management and administrative systems. They may offer training programs to bring agents they work with up to speed on policies and procedures. If your firm already has relocation company relationships or a relocation division, take advantage of training opportunities.

IN-HOUSE RELO DIVISIONS

Does your firm have an in-house relocation division or participate in a network? If the answer is yes, this division is the first, and usually single, point of contact for the relocation company. Major real estate companies and franchises, recognizing the value of relocation business, have formed dedicated relo departments. These in-house departments seek out new corporate accounts and foster existing relationships with relocation companies. Often the relo division staff will include a relocation manager—counselor, coordinator, advocate—who handles a myriad of details including interfacing with the relocation company. This leaves the agent free to focus on the real estate transaction. When the relocation company refers a client, the relo division manager's job is to match the client with the right agent.

Your first step in breaking into the relo business may be researching the possibilities within your own firm. Find out your firm's relocation business relationships, affinity program participation, or networks, and learn how the in-house division decides which agents to put on the job. Participating in training sessions offered by the relo division may be a good way to show your interest and develop valuable contacts. At the same time, make it a point to find out if there is a policy about soliciting relo business if the agent is not part of the relo division. Your prospecting efforts shouldn't overstep your firm's policy.

If your firm is forming a relocation division, there may be a ground-floor opportunity to build your business niche. Start by asking the questions and finding out how to make the right contacts.

INTERNATIONAL RELOS

When you are researching companies in your market area, don't overlook foreign-owned businesses. There's a good chance that these companies periodically relocate executives and key managers in and out of your area. Keep in mind that not every foreign-owned corporation is a mega-corporation or conglomerate.

DISCUSSION QUESTION

ARE YOU ALREADY DOING RELOCATION BUSINESS? HOW DID YOU GET YOUR FIRST REFERRAL?

PRACTITIONER PERSPECTIVE: DEVELOPING YOUR BUSINESS

The first step is to consult with your Broker and determine how your company handles relocation business. In some cases a Broker will have specific relocation companies where they already have a business relationship in place. These relocation companies may require you to complete a certification course to get referrals for business. Some Brokers and relocation companies also maintain that a certain experience level in the real estate business is necessary. Check with your Broker to make sure you get started correctly.

Once you have been approved to be a relocation specialist, you need to contact various relocation companies to become a referral agent. If you are working for a national or international brokerage you will need to register with your Broker's relocation department. Once registered, you are eligible for referrals from your Broker – a great way to start.

Since most of the major corporations utilize established relocation companies, to broaden your opportunities, you will also want to contact smaller or newer companies to determine whether they have an established relocation department or resource. If they don't, you have the unique opportunity to become a resource for them.

On the sell side, putting together an impressive listing presentation is a key element in getting business. How will you market the home? What is the average time on market for the seller's area? Do you recommend "staging" the home or how can you make it more marketable? How will you communicate with all parties in the transaction?

Buyer packages are important. Setting up a transferee with an automated email update on housing as it hits the market lets them know that you are watching carefully for a fit for them. It also tells them how the market is moving from a price and time perspective.

With relocation buyers, information on the community at large and a list of resources for checking out schools, neighborhoods, and amenities is beneficial. These should only be links for the transferee to explore to avoid any violation of fair housing laws or steering.

Remember that networking with friends, business associates, former employers, and neighbors will always be a key source for business referrals. Let your business sphere know that you are a reliable and energetic relocation agent, whether that is through broad-based mailings or personal contact.



MODULE

3

Working with Stakeholders

WHO ARE THE STAKEHOLDERS?

Within a relocation transaction, there are four main stakeholders: the employer, the relocation company, the employee, and the employee's family.

Relocating an employee and family is an expensive investment, so companies want to be sure all aspects of the move are successful—for the employee and family. Corporations know that an accompanying spouse, partner, or child who can't adjust to the new location will likely cause the employee to resign or seek a reversal of the transfer. When this happens, the corporation sustains a big loss. They not only lose a valued employee but may end up paying for another relocation to return the family to a previous home or another location. By outsourcing the mobility function, companies seek to manage the costs and details as well as improve the chances of a successful relocation and, as a result, a happy employee and family.

WORKING ACROSS CULTURES

International relocations are a specialized business and require knowledge of not only current business trends and employee packages but also appreciation of cultural considerations. However, cultural considerations can also play a role in domestic relos. When you're involved in a relocation effort where culture must be taken into account, keep the list below in mind. Your client and their company will appreciate your efforts. To learn even more about international real estate activities, sign up for a CIPS designation course.

COMMUNICATION

- Is the culture direct and explicit or indirect and implicit?

NEGOTIATIONS

- Does the culture favor win-lose or win-win outcomes?

RELATIONSHIPS

- Does the culture focus on building trust or go straight to the task?

SOCIALIZING

- Every culture has do's and don'ts related to etiquette rules.

PERCEPTIONS OF TIME

- Does the culture view time strictly or allow for variances in schedules?

DECISIONS

- Does the culture always follow set rules and norms or allow for varying circumstances?

AUTHORITY

- Does the culture base authority on age, gender, or relationship or does it view expertise as the most important factor?

CULTURAL RESPONSIBILITY

- It is your job to understand the variances in culture and positively manage your own reaction to it.

EFFORT

- The real estate agent should show genuine curiosity and interest in things they don't understand and be willing to act as a student in this regard.

HUMILITY

- Above all, you should be humble and remember you are the guest in another culture. Listen more than you speak.¹³

13 Mobility magazine, October 2018, "Top 10 Things to be Mindful of When Working Across Cultures."
[http://mobility.worldwideerc.org/publication/?m=46257&l=1#{\"issue_id\":526883,\"page\":142}](http://mobility.worldwideerc.org/publication/?m=46257&l=1#{\)

PRACTITIONER PERSPECTIVE WITH MERCY STIRLING DE DUENAS

How does corporate relocation in a global setting differ than corporate relocation in the United States?

For starters we have to do everything in two languages, and another culture! Many of the expats arrive first to have a “look see” to decide if even moving to another country works for them and their families. Since we help clients from all over the world, each culture is different and how they approach moving to Mexico. Some are very adventurous and come from other relocation countries. Others are moving to another country for the first time in their life. Guadalajara is the second largest city in the country and is known as “Silicon Valley of Mexico.” We have about 5 million people. So, if you are relocating from a small town in Iowa, it is going to be a huge change for you.

What are the top three things a U.S. REALTOR® should know about the work you do in Guadalajara?

1) That I am a member of AMPI (Asociacion Mexicana de Profesionales Inmobiliarios) here in Guadalajara, and it is the equivalent of the NAR. My suggestion would be only working with AMPI professionals. AMPI National and NAR have a long-time prosperous relationship. 2) That members of AMPI are open to referrals from the USA. 3) There are real estate licenses only in 18 states in the country. Jalisco does not have licensing YET, but we are working very hard on getting a real estate law. Things are very different in Mexico in real estate laws, and you need to work with a professional.

Do you have an example of the most rewarding experience you’ve had relocating a global client?

We had a client whose wife DID NOT want to relocate to Guadalajara from Colorado. She had been previously shown housing (from another agent) and in NO way could she imagine she and her kids living here. On top of it she was pregnant and concerned about that. Her husband was distraught that she did not want to bring the family to live here while he built the Industrial park. When her husband heard about the Relocation Connection, he immediately contacted us to “please please come and meet with his wife” who was going to be in town only for a short while for the opening of his industrial park. Once she met us, and we gave her a “look see” and showed her different neighborhoods, medical care, introduced to other expats that lived here, she decided to make the move. Years later, she cried when she left and thanked us profusely for keeping her family together PLUS giving her the best experience of her life.

What are the most important things a relocation agent can do for the global client?

The most important thing they can do is put THEMSELVES in the place of client and imagine how daunting moving to a new country is, a new language, a new culture and treat them like you would want to be treated. From showing the best housing, to where Costco is located, the best schools and health care so that they have the basics met when they arrive. Instructing them on big city living, security and where they can meet new friends! Also, you need to remain a “life line” for them as they move through the different stages of relocation. Honeymoon phase does not last forever!

WHAT DO RELOCATION COMPANIES DO?

The relocation company is a corporation and may seem demanding with its requests. If things go wrong with a transfer, they are the first to get the backlash for not successfully getting the employee moved and resettled. The employee's HR department or Mobility department will have a relationship with the relocation company. Some of the titles used in relocation companies include relo coordinator, mobility department, relo counselor, and relo consultant.

Relocation companies coordinate many aspects of the move beyond the real estate transaction and closing, including: home-finding trips, packing and moving, transporting cars, child care, pet sitting, managing expenses and reporting, and coordinating the benefits package. Keep in mind: the real estate agent should not expect the relo company to divulge or discuss the transferee's benefit package.

In the past, the relo company was the single point of contact and specified who transferees could work with. Now, in most cases, it's more flexible and as long as the referral fee is paid, the transferee can choose any agent providing that agent agrees to the relo company's procedures. Relo companies do not want transferees signing buyer's rep agreements since they are responsible to the employer.

Relocation companies are not taking as much responsibility for the mechanics of the move and are more interested in fostering a relationship with the transferee. A new generation of workers has resulted in executives requesting relo companies to adapt services and approach. They expect more family support – including for the trailing spouse/partner who is often left at home to unpack and get everyone settled. The agent can be a point of contact for these efforts.

Spouses and partners must also be considered. They have careers too and the move may be disruptive for them. Companies may provide help to find job opportunities. Corporations realize that if the family is unhappy, the employee may choose to leave, or at the least be less effective in the job.

When a relocation company takes a property over (buyout or BVO), the seller can't sign any paperwork. The relocation company closes with the new buyer. This procedure defers tax liability for the individual and the corporation. It becomes a write-off for the corporation as a business expense.

In addition, the seller can't sign a listing agreement – everything is signed by the relocation company.

Companies are continuing to tailor programs for transferees to meet the needs of the employee and the corporation. According to the 2018 survey by Atlas Van Lines, the use of lump sum reimbursement has become increasingly popular. This report also notes that partial reimbursement for new hires or transferees occurs with almost half of the firms surveyed.

CORPORATE RELOCATION PROGRAM SERVICES

There are a variety of services these programs generally provide. Be sure to know exactly what's provided for the transferee you are working with.

DOMESTIC AND INTERNATIONAL

- Program administration
- Shipment of household goods
- Location orientation
- Home finding assistance
- Home sale assistance, ranges from marketing transferee's house to buying it
- Lease cancellation services
- Temporary living assistance
- Lump-sum benefits administration
- Expense payment and administration

INTERNATIONAL

- Transferee counseling
- Spouse and family counseling
- Letters of assignment
- Cost estimates
- Tax support
- Visa work permits
- Language training
- Cultural training
- Ongoing assignment administration
- Repatriation management

SPEND THE DAY WITH A RELOCATION COORDINATOR

The ultimate goal of a relocation coordinator is to provide a smooth adjustment for the transferee as he or she moves from one location to the next. How does this happen? The successful relocation coordinator combines excellent communication skills with attention to detail to get the job done.

Relocation coordinators communicate with buyers, sellers, brokers, agents, and corporate counselors. That's five different hats the coordinator wears every day. A few of the tasks the relocation coordinator is responsible for include:

- Getting to know the client and analyzing their needs
- Providing the client with an overview of the market, home prices, school choices, entertainment venues, and the community they are moving into
- Acting as a go-between for the agent and the client and making sure everyone understands the parameters of the deal
- Informing the employer of transaction details and providing continual updates on the progress of the transfer

The relocation coordinator functions as the "middleman" between the transferee and company. He or she must satisfy the needs of all the stakeholders to be successful.

WHERE DOES THE REAL ESTATE AGENT FIT?

Working with a relocation company means corporate accountability. It's similar to working with an REO management company in that they want frequent, meaningful communication and want to be kept up to date. Don't make them ask twice. Learn their system and work with it, don't try to substitute your own.

WHAT THE REAL ESTATE AGENT SHOULD DO

- Get a designation
- Contact smaller local companies and offer to do employee home buying seminars
- Keep in touch but be respectful of their time
- Provide a market overview, sales and price trends
- Be a source of information
- Get on the "list" of large relo companies
- Keep in tight, frequent communication with the relocation company
- Keep in touch with buyers, let them know the value of their house in the market

WHAT THE REAL ESTATE AGENT SHOULD NOT DO

- Don't wait for a reminder from relocation company if something significant has developed
- Don't assume that what one spouse/partner says, the other will agree with
- Don't be afraid to make appropriate contact – ask for the referral
- Don't be resentful of the relocation company fees
- Don't contact large companies to find out what their relo plans are
- Don't ask about benefit package details

Real estate agents who are contacting companies to compete for their relocation business need to get answers to some questions to come up with their strategy for getting the business...

- Main reason for relocating employees?
- Where are your current transferees located?
- Where are your emerging markets?
- What is the cost benefit of outsourcing your relocation efforts?
- What is your anticipated volume of transferees both domestically and internationally – in the next year, the next five years?
- Have you considered tiered services that offer different levels of relocation benefits based on an employee's position with the corporation?
- How do you prefer billing to be handled?
- What is the vendor's global footprint?
- Are most of your transferees renters or homeowners?
- What relocation services do you want the vendor to provide?

PRACTITIONER PERSPECTIVE: WORKING TOGETHER

What makes a successful relationship between the relocation company and a real estate agent?

Excellent communication skills and prompt response are critical to a good relationship between the agent and the relocation coordinator. The real estate agent must be a strong team player to interact effectively with the transferee and the relocation company.

It's important to the relocation company that the client (transferee) is happy with their agent. This person should be knowledgeable of the area, be well versed in the attributes of the community, and he or she should be flexible in responding to the transferee's and the relocation company's requests. Since time is of the essence in a relocation, the agent will often be called upon to respond quickly and spend evenings and weekends on the search with transferees.

Time is very important to a relocation company since they must report to the employer on the progress of finding a new home or selling an existing one. As a result, agents must be prepared for much more paperwork and reporting than in a traditional sale. As the employer pressures the relocation company, the relocation company passes on demands to the agent.

Once you have established your reputation as a strong relocation agent who understands the process, responds promptly to the relocation company, and receives positive feedback from the client, you are on your way to getting more referrals and building your relo niche.



MODULE

4

Relocation Transactions—Moving In, Moving On

POINTS OF VIEW

During the relocation process, there are three points of view you will want to keep in mind...

1. The transaction from the buyer's standpoint
2. The transaction from the seller's standpoint
3. The transaction from the company's standpoint

WORKING WITH INCOMING BUYERS

Relocation typically means a quick sale. The buyers visit for an intense tour of properties and usually make an offer during that visit. As a real estate agent, you need to know the market really well and understand if homes in your area spend a short or long time on the market.

Buyers arrive with preconceived notions of where to live. They may have spoken to friends, family members, or co-workers who suggest the “best” location for them to buy a home. It may be difficult for them to consider other areas because someone higher up the corporate ladder suggested a specific area and they feel it is important to their job success to take their advice. All of this means it might take longer to find a property—you have to have more showings to educate the buyer on other potential areas to live.

TECHNOLOGY'S IMPACT ON BUYERS

Individuals who are used to doing everything on the Internet may require a longer education process when finding a home. They often don't see the need for a real estate agent.

Tech-savvy transferees want instant response and use online tools to gain information but typically still want someone to talk to during the process.

In this situation, texting and email are appropriate but it's important for the buyer to hear your voice too. Plus, it's important for the real estate agent to hear the nuances in a buyer's voice when discussing the home purchase.

Social media has created a new forum for agent/buyer interaction and more applications are being created every day. Especially in the relocation transaction, social media can transport the buyer to their new location at the touch of a button. There are mobile apps that let them place their furniture in a room and others that provide a virtual tour of a neighborhood.

Some different social media methods you can use to accelerate the transaction include...

- Mobile apps
- Facetime live tours
- Links to local entertainment and shopping areas
- Community blogs
- Maps of the neighborhood with descriptions of property types, local amenities, and price points
- If you have a blog, provide buyers with a link

New technologies that benefit the relocation industry are plentiful and are excellent ways to help you gain competitive advantage. They can help you become more efficient and perhaps even save money all while meeting the needs of your client. Take a look at the Tech Trends on the next page and see if you can adopt any of them for your relo business.

TECH TRENDS TO USE WHEN WORKING WITH BUYERS ¹⁴

MOBILE APPS

You can find apps liked Moved and MoveAdvisor that book a mover, sell or donate household goods, and arrange furniture in a room. MyRelocation developed by Global Mobility Solutions provides resources for the relocation team and the human resource representative, as well as an extensive knowledge base of the entire industry.

VIRTUAL REALITY

While not an industry mainstay, it does have applications. There are 360-degree cameras that allow buyers to view a potential home or community through a VR headset or computer. This can be beneficial for the relo buyer who is typically working in a short turn-around time to find a new home.

RELOCATION BLOGS

There are literally hundreds of moving blogs and websites. These can provide information on what the industry is saying about your market, as well as, first-person accounts of successful and unsuccessful relocation activity.

¹⁴ Mobility magazine, October 2018, <https://www.worldwideerc.org/article/plugging-into-technology-solutions>

GET TO KNOW YOUR BUYERS

During the buyer consultation, work through pre-qualification questions to understand their price range. Ask open-ended questions about lifestyle before focusing on the style of home. Do they prefer city, suburban, or a country setting? Are they interested in specific types of schools?

The more questions you ask, the more you demonstrate that you want to get to know the buyer and are not just focused on selling a house. Share with the buyer that by getting to know them, you will be able to focus in on properties that match their needs.

- Where do they currently live?
- Is the spouse working? Where is their job in relation to the transferee's job?
- Do they have children?
- If they have children, do they walk to school?
- Do any family members have any special needs?
- Is public transportation important?
- How far are they willing to commute?
- How far do they want to be from restaurants and shopping?
- Is lot size important?
- Is the age of the home important?
- Are they willing to do maintenance or prefer maintenance-free?
- Is an energy star rating important?
- Do they need a hobby area?
- Do they travel extensively? Is proximity to the airport important?
- Do they have pets?
- Did anyone suggest areas where they should look for a home?
- Have they been to the area before?
- Have they visited any open houses or signed a representative agreement?

If market time is short with multiple offers and your clients like one of the first homes they see, you might want to encourage them to start the negotiation process, make an offer, then continue to look at other properties. Agents need to make sure buyers understand that an offer is a contract if accepted and there are consequences of backing out. Typically, there is a built-in contingency release with an inspection contingency addendum.

Never ask about the details of the buyer's relocation package or divulge anything you learn about their benefits to another transferee. You can ask about the benefits package in relation to the house and whether they are getting a buyout, BVO, or home buying assistance package.

Some employees get a lump sum to cover all of their relocation expenses – closing costs, temporary housing, fees, moving expenses. They may or may not have to provide documentation to the corporation, itemize expenses, or return unused amounts. The big buyout (BBO) appears to be on the decline and more lump sum options are being offered. They are usually easier on the real estate agent as they put the burden on the employee to manage expenses.

DISCUSSION QUESTIONS

ARE YOU SUCCESSFUL IN GETTING TO KNOW YOUR CLIENTS?

WHAT QUESTIONS DO YOU ASK TO IDENTIFY THEIR NEEDS?

GROUP MOVES

Entire divisions or companies relocating can mean a few people (less than 10) or from 30-50 or more if an entire company is relocating.

Some companies start with a stealth group move involving one or two executives. Without stating corporate intent to do a group move, it gradually occurs as more employees relocate. If an agent can get in on a group move, planned or gradual, it can lead to plenty of business. These gradual moves may happen without all the fanfare of a large move but they can lead to serial referrals and foster your business.

Remember, the first person in the group who relocates will either rave about the real estate agent's service or give them a bad reference. You want to be sure that first person gets top-notch service and demonstrate that the same service level will be provided to everyone who follows. Transferees talk to others about their experiences with homes they saw and agents they work with.

Entire groups may come for a weekend tour of a new company facility, house hunt together, and then gather for dinner to compare notes. You might want to arrange for a property tour by bus where you can point out amenities in the area and provide other pertinent information.

TIME FRAMES

The lead time for a relocation may be a few weeks. To start, you might want to have a buyer consultation by phone and set up MLS auto searches. Ask the buyer to provide feedback on properties in the search and to send you a list of their favorites so you can organize showings when they come to the area. Try to narrow down choices to a manageable number you can show.

On average, transferees have about two weeks to accept or reject the transfer and about a month to be on the job and ready to go. For this reason, buyers are very motivated – they have to buy and want to buy.

There is a tremendous amount of stress on the transferee and their family during this time. Remember, they have not only a new job, but a new home in a new neighborhood in a new town and probably a new state. They have to re-establish contacts with physicians, dentists, auto repair shops, schools, child care, and more.

It's your job to educate the buyer about the local market before they arrive to look at homes, including how quickly the local market is moving, price trends, and available home inventory. Pull MLS statistics on the number of homes on the market and their average time on the market.

Some transferees have moved many times and already know what they want to buy. Others might want to wait to look at homes until they are on the job and stay in temporary housing on their own or with their families. While transfers can happen at any time, families with school-age children may not relocate to the new area until spring or summer.

Typically, transferees have a one-year window to use relocation benefits.

MOVING FAST!

From the moment an employee accepts a transfer offer, the clock is ticking. On average, organizations permit their employees two weeks to accept a formal transfer offer. Once an employee accepts the transfer offer, employers are allowing the transferee an average of four weeks to move and report to their new job.

Transferring buyers are often under additional time constraints and emotional pressures especially if they have families to move and they are unfamiliar with the area where they need to purchase a new home. They might need extra hand-holding before, during, and after the transaction. They will need a list of resources to help them find personal services like a doctor, dentist, pediatrician, hair stylist, veterinarian or dog walker, or daycare for children. If you help them get settled into the community more quickly, the transferee will be able to be effective in his or her new position without worrying about all of these details.

According to Worldwide ERC, 67 percent of single employees move for personal career development, but their career isn't the biggest concern when it comes to relocation. Forty-one percent indicated they worry about making friends in the new area.¹⁵ Since so many important things in life are tied to strong relationships, it's understandable why single transferees would be concerned with establishing new bonds.

Understanding these concerns and being able to provide assistance to help streamline the process of moving and getting settled is a valuable offering the real estate agent can provide.

MATCH YOUR SERVICES TO THE BUYERS' NEEDS

A strong real estate agent will demonstrate his or her value through the services they provide and by communicating effectively with their clients. Many of the characteristics you already demonstrate in a typical local transaction are the same ones you need for a relo. But, what will set you apart as an agent that a transferee or their relocation company might want to hire?

- You are technically proficient in the tools agents use to scout for properties
- You are a strong networker and able to mine opportunities before they hit the market
- You are present for inspections and help guide the buyer/seller through negotiations
- You never steer a client to a particular neighborhood or community
- You provide clients with information on areas they are interested in
- You are well versed on attributes of the community at large
- You make yourself available to clients when they need you—on their timeline
- You stay with buyers throughout the process and closing of the transaction

¹⁵ Mobility magazine, October 2018, <https://www.worldwideerc.org/article/challenging-status-quo-relocation-4-surprising-findings-about-employee-relocation>

RENT OR BUY

In locations like Silicon Valley, housing prices are appreciating so rapidly that employees who transfer out may decide to keep their existing home and rent it out because if/when they are transferred back to the area they might not be able to afford to buy again.

In addition, the amount of equity in a home may impact the rent or buy decision.

In some cases, a transferee may decide to rent if they can't qualify for a mortgage (consider entry-level employees) or because there are no homes in their price range in the area. Another reason to rent relates to insecurities about the current job or job market.

Does your firm handle rentals? Find out if they charge back to the relocation company for rental assistance.

FINDING THE RIGHT HOME

Most transferees are pragmatic about choosing a home. They expect their needs and wants to be met, but aren't necessarily looking for a dream home. They are also very concerned with future resale value because they may get transferred within a few years.

Value appreciation is a big concern when it comes time to move again. Most relocation clients are fairly sure they will get transferred again, so they want to know the back end or resale value of any home they might purchase. Be prepared with property appreciation rates and a history of properties. While real estate agents cannot predict rates, you can state your opinion on value appreciation.

Where is the buyer in their corporate life? If their relocation is associated with a promotion, they may be looking for an upgraded house compared to their current home. Is this the first move with more to come or will the buyer stay in this location for the long term?

REOs and short sales are usually not right for relocations. It depends on the market, but most are too complex with too many unknowns. The buying process for this type of sale takes longer. Does the buyer have time to wait? It might take six months to close the deal and everything will be in the hands of the REO company and lender.

SELLING A PROPERTY – THE LISTING SIDE

A transferee's corporation may provide an incentive to sell in the first 30 days. Relo clients are pressured as sellers and as buyers. They need to balance the time between sale and buying to free-up equity. For this reason, you can expect a short-term listing agreement.

In some cases, the company offers an incentive – perhaps the seller gets 1% of the sales price rebate as an incentive to sell. This incentive helps the seller price their existing home more competitively since they know there is a cushion to work with.

Relo company inventory must also be considered. Some relo companies may reimburse an agent to do upkeep and maintain the property while the house stands empty. A note of caution: if they want the utilities put in the agent's name this will be an additional liability and expense for the agent.

A relo sale isn't a typical sale. There is substantially more paperwork. The relo company—not the seller—signs all paperwork. You will need to work to maintain calm by communicating with the buyer agent and the buyer. It is similar to REOs and short sales in this regard. In some listings, you might be told not to disclose that the seller is a relo.

HOME-SELLING ASSISTANCE PACKAGES

Some companies offer loss-on-sale assistance to their employees either through their formal policy or on a case-by-case basis. Duplicate housing expenses may also be provided in instances when the employee purchases a home in the new location prior to selling their home in the old location. Most organizations impose a time limit on the assistance.

Homes that are typically excluded have extreme marketability issues or represent a legal liability or complication for the company. Mobile homes and co-ops are usually excluded from home sale programs. Many employers exclude duplexes and some exclude homes with excessive acreage.

Today, the majority of companies will accept negative equity homes into their home sale programs either on a case-by-case basis or as part of a formal policy. Of the respondents that do accept these homes as part of a formal policy, most require the employee to pay-off the balance at closing with no assistance from the corporation.

In addition, many employers with either third-party or corporate-based home sales programs assist employees with home-selling costs in instances where the employee rejects the company/third-party home buy-out offer. These employers report offering cash incentives to employees who find a buyer for their home during the self-marketing period.

THE COMPANY'S PERSPECTIVE

The relocation company and your transferee's company, by extension, will be satisfied when the employee is settled happily in their new home. Ideally, a speedy resolution and good communication among the parties will leave everyone feeling more satisfied. Keeping everyone in the loop and on track is critical to success.

Companies know that the happiness of the transferee's family is imperative and might affect employee performance or satisfaction with their employment. Anything you can do to help the transferee and family settle into their new community is beneficial.

PRACTITIONER PERSPECTIVE: WORKING WITH RELOCATING BUYERS

Working with relocation buyers can be viewed as frustrating or you can look at it as a fun challenge. The best way to reduce frustration for both you and your transferee is to take some time to get to know the client. It's important for you to listen to their needs, wants, and concerns. Try to understand the family dynamic and what it will take to find them the best possible home in your community.

Giving the transferee information in advance of a visit to review homes is vital. Once you have a feeling for what they want, set them up on an automated email notification system through the MLS in your area. Ask them to rate the listings so you can narrow down the type of home that would work for them. Educate them on the community with links to city home pages, school sites, and public transportation.

Make the home touring process as enjoyable as possible. Typically, you will be transporting the client during the search. Understand who will be traveling with you during the search. Do you need to provide a car seat for a child? Is your vehicle large enough to hold everyone who will be on the tours? Do you need to plan a lunch stop, bring water, or provide snacks?

You might consider assembling a "community welcome package," which includes information on the local arts scene, medical facilities, health clubs, educational opportunities and outdoor recreation activities (parks, walking/running paths, dog parks, pools, etc.) along with any unique insights you can provide. These details help your buyer learn about the community and what it offers to them and their family.

Be prepared to spend as much time with your transferee as he or she needs. Your attention to detail and enthusiasm about the community as you help the buyer become part of it will pay off.



MODULE

5

Dollars and Sense

RELO PACKAGES: WHAT DO COMPANIES PAY FOR?

Relocation benefit packages will vary based on a number of things including the size of the corporation, the rank of the employee, and the area of the country or world the relocation takes place in.

Depending on what type of relocation package is offered, some of the items that might be found in a defined package include...¹⁶

PACK AND/OR UNPACK SERVICES

The employee's household goods are packed by a moving company, saving the employee time and stress. If an unpack service is included, the moving company personnel unpack the household goods at the new residence.

QUALITY MOVING COMPANY PERSONNEL WITH INSURANCE COVERAGE

Not all moving companies are known for providing quality moving services. Moving charges are typically determined based on total weight. Transferees should ensure that insurance for damaged or lost goods is equal to the good's value.

HOME SALE OR LEASE-BREAKING PENALTY ASSISTANCE

Home sale assistance might come in the form of company-sponsored reimbursement or professional marketing help to accelerate the timing of sales. Some transferees might have employers who pay contractual penalties for early lease termination.

16 CapRelo Blog, May 30, 2018, <https://info.caprelo.com/blog/topic/corporate-relocation-program>

HOUSE-HUNTING TRIP

Relo packages often include one or more company-paid house hunting trips of short duration. The costs that might be covered include: transportation, lodging, and meals. In some instances, childcare might be covered.

TEMPORARY HOUSING

Many corporate relocation packages provide a minimum of 30 days temporary housing.

TRANSPORTATION TO FINAL DESTINATION

A typical benefit package includes reimbursement for transporting the transferee and his or her family to the new location. This might entail airfare or if the transferee drives, mileage reimbursement. Costs of moving a transferee's vehicle by commercial transport would also be covered.

MISCELLANEOUS

There are a host of small costs that might be covered: driver's license fees, pet registration and licenses, cleaning services at the new home, utility hook-ups, etc. Many companies will put a cap on this category.

Other popular features that might be found in a standard relocation package include...

- Short-term living expenses associated with deadlines to move
- Reimbursement for storage of household goods until move into new home
- Employment finding assistance for spouse/partner
- Child or elder care costs
- Assistance with school-related information
- Loss-on sale allowance
- Travel expenses for transferee to travel home for visits until family is relocated

RENT OR BUY DECISIONS

The decision to buy a home versus rent is as much a lifestyle decision as it is an economic one. Tim Lucas, editor-in-chief of mymortgageinsider.com, notes that most people weigh the financial benefits of owning versus renting since it is likely the biggest financial decision they will make. However, another key factor that should be considered is stress. Lucas reports that a landmark stress study lists major stress events that include switching careers as #18 and change in residence as #32.¹⁷ If you're involved in a relocation, you've hit both these marks.

When a transferee moves to a new job in a new community, stress levels can run high. Having to make the additional decision of choosing a permanent residence versus temporarily renting a space only adds to that stress. This is especially true if the transferee doesn't know much about the area.

17 U.S. News & World Report, December 13, 2013, <https://realestate.usnews.com/real/-estate/articles/renting-vs-buying-a-home-which-is-smarter>

Today's renter goes beyond the typical entry-level new hire. For instance, if a transferee has a second "vacation" home or chooses to rent their current home rather than sell it, then a rental can be an attractive option.

The rapidly growing rental market also plays a role. Economic uncertainty has created a surge in the demand for rentals. If a transferee is concerned about job security or how his or her family will adapt to their new location, then renting provides more flexibility.

Finally, transferees may choose to rent for a period of time as they get to know their new community. Gaining familiarity with the area provides a level of comfort when it's time to buy a new home.

TAX CONSIDERATIONS FOR THE TRANSFEE

Tax laws are changing rapidly. A realtor should never give tax advice or legal advice to a client but should refer them to their relocation company or their personal tax advisor to determine actual costs that are deductible and what costs the company will reimburse.

WHAT'S A QUALIFIED MOVE?

Moving expenses can be deducted when the transferee meets three tests:

- Work-related test
 - ▶ The move must be related to the start of work at a new job location within 12 months of first reporting to work.
- Distance test
 - ▶ The distance between the employee's new principle place of work and old residence must be at least 50 miles greater than the distance between the old place of work and old residence, and the employee's commuting distance must have increased by at least 50 miles.
- Time test
 - ▶ In the 12-month period following the move, the employee must be a full-time employee for at least 39 weeks in that location or meet a qualified exception to the time.

Some companies structure their program to cover taxable moving expenses, such as house hunting, temporary living, etc. and then reimburse the "non-taxable" expenses. The lump-sum reimbursement would be fully taxable to the employee, and depending on the corporate program, either the corporation or the employee would ultimately pay the associated tax of including these in the employee's wages.

Other companies have structured their lump-sum program to cover all relocation expenses. If the corporation uses this method, the lump sum would be fully taxable to the employee. The employee would want to track the non-taxable expenses, as a claim for a moving expense deduction may be available on their US federal income tax return. The applicable moving expense amount would then be a reduction to a taxpayer's adjusted gross income (AGI).

If there are “taxable” moving expenses paid by the corporation, these amounts should be reported as taxable wages in the employee’s W-2 form. Sometimes these surprising numbers on the W-2 leave employees in shock.¹⁸

The Tax Cuts and Jobs Act (TCJA) went into effect January 1, 2018, and suspends the moving expense deduction/exclusion from 2018-2025. State response to this act has varied and must be analyzed on a state-by-state basis. As of May 2018, moving expenses remain excludable from the incomes of transferees in 15 states.

The continual changes in tax law are too numerous to count and it is important to guide the buyer to their relocation counselor or tax advisor.

IRS PUBLICATION 521

The Internal Revenue Service produces Publication 521 that explains the deduction of certain expenses related to moving to a new home because of a change in job location or starting a new job.

It provides detailed information pertaining to a qualified move, explains deductible and nondeductible moving expenses, and discusses domestic and international relocations.

Since tax laws often change annually, it is best to refer the transferee to this document and their personal tax advisor regarding tax inquiries.

¹⁸ The balance small business, January 2, 2019, <https://www.thebalancesmb.com/employer-guide-employee-moving-expenses-4141194>

INTERNET FIELD TRIP: TAX REPORTING

Your relo buyer may ask you questions about reporting moving expenses, etc. on their taxes. While you should not give tax advice, you should be aware of current laws to provide general knowledge on the process. Go to the Internal Revenue Service website for Publication 521 to learn more.

- www.irs.gov/Pub521

WHAT TYPE OF INFORMATION IS INCLUDED IN PUBLICATION 521?

WHAT ASPECTS OF PUBLICATION 521 CAN YOU USE WHEN WORKING WITH RELO BUYERS?



MODULE

6

Follow Up, Follow Through

HELP TRANSFEREES BECOME PART OF THE COMMUNITY

The real estate agent's job doesn't stop when the final paperwork is signed on a new home. Helping the transferee integrate into his or her new community is an important part of your job. Keep in mind that maintaining contact can lead to an opportunity to get the listing when the employee moves on. Plus, it might result in referral opportunities in the future.

What are some ways the real estate agent can foster this relationship?

- Introduce the transferee to organizations that fit their lifestyle or interests. This might include local sports or arts camps for their children and health clubs, cooking classes, or book discussion groups for the adults.
- Share information on parks, recreation centers, walking/running paths, and dog-friendly locations for pet owners.
- Schedule a tour of the community and point out the local library, daycare centers, parks, religious institutions, theaters, museums and other entertainment choices, shopping centers, grocery stores, and hospitals.
- Provide links to online resources that will help them connect with dentists, orthodontists, medical practitioners, and other health-related sources.

Once a transferee and his or her family are settled in their new home, they will be looking for ways to meet people in the community and develop new friendships. This is your opportunity to make yourself forefront in the transferee's mind as the "go to" person for knowledge that will help the transferee become part of their new community.

THE SURE THING: REPEAT BUSINESS

A transferee who has a positive experience with a real estate agent will most likely call on that agent when it comes time to move again due to a relocation or when they want to move to another home in the same community.

The real estate agent should follow up with their client within the first few months of a move to determine how things are going and how well the transferee is settling into the new community. If it is needed, the follow-up might include new opportunities for getting to know the community and surrounding area. If merchant incentives are available, offer these as a way to connect the transferee with the community.

On the business side, the agent can provide a yearly CMA market update for the neighborhood and keep the client advised as to what is happening in their community that might affect home sales.

Ask for referrals by reminding buyers that you also list properties – they might have friends or family members who need help selling or buying a home.

Most important, you want to make sure you are “top of mind” when your client hears the words “real estate.” Provide your clients with a local calendar of events via email, send out anniversary mailings, make sure they are connected with your professional social media accounts, and deliver consistent market updates to keep your name in front of the client.

KEEP DOING YOUR HOMEWORK

To realize continued success in the relo business requires keeping up-to-date on business trends, tech improvements, and community developments.

Read local and national news to keep informed on corporate trends that can help you identify how your business might be impacted by relocations. Are there any businesses in your area that have announced corporate expansion plans? Have you heard about national companies that are opening new offices or building new facilities? Keep in touch with your relocation department to learn about new developments.

Tech trends and product development can be relocation game changers. If you hear about a company that has developed a new product, it could be your cue that staff expansion will follow. Acquisitions also signal employee changes. Even a corporate downsizing can provide relocation business.

Once you have developed a positive relationship with a corporate transferee, ask them to refer you to other employees at their company or their friends in the community. Regular communication between the two of you might create a resource for you to learn what options are being offered to relo employees.

You might want to join a local service group such as the Chamber of Commerce or Rotary to learn about other businesses in the area and develop relationships with those business leaders. Another source of information in some communities is the city development task force – this group will give you insights on future business opportunities that might be coming to the community. When you become involved in the community, you will become part of a larger communication network. The local arts or athletic groups can be excellent sources for networking.



WEBSITES

- National Association of REALTORS® Global:
www.nar.realtor/global
- Realtor.com:
www.realtor.com
- Worldwide ERC:
www.worldwideerc.org
- Internal Revenue Service:
www.irs.gov
- Atlas Van Lines:
www.atlasvanlines.com
- U.S. News:
www.usnews.com
- Fidelity:
www.fidelity.com
- Organisation for Economic Co-operation and Development—
Consumer Confidence Index
www.oecd.org/unitedstates
- The Ladders:
www.theladders.com
- U.S. Bureau of Economic Analysis:
www.bea.gov
- U.S. Census Flows Mapper:
<http://flowsmapper.geo.census.gov>

- Fundera:
www.fundera.com
- Forbes:
www.forbes.com
- Mobility Magazine:
www.worldwideerc.org/mobility-magazine
- Relocate Magazine:
www.relocatemagazine.com
- UrbanBound:
www.urbanbound.com
- CapRelo:
<https://info.caprelo.com>
- The Balance Small Business:
www.thebalancesmb.com
- Allied Van Lines:
www.allied.com
- Witt/Kieffer:
www.wittkieffer.com

Corporate Relocation: The Next Move

Course Description and Outline

Course Description

Corporation Relocation: The Next Move provides students with knowledge of the corporate relocation landscape that can be applied to help them recognize and take advantage of business opportunities, as well as, create methods for developing a relocation real estate niche, deliver positive results for all transaction stakeholders, and gain valuable referrals.

Learning Objectives

MODULE 1:

1. Use data from statistical resources and business cycle indicators to anticipate inbound and outbound relocation activity – for companies and transferees – in your market area.
2. Identify companies that transfer employees as well as attract job seekers to your market area.

MODULE 2:

1. Determine if relocation is a good business development choice for you as a real estate professional.
2. Adapt your core real estate skills to serve company relocation clients and customers.
3. Apply methods for seeking out relo business development opportunities in your market area.

MODULE 3:

1. Identify the stakeholders involved in a relocation and work to build and maintain a successful working relationship with all stakeholders.
2. Respond to the concerns and priorities of corporate relo stakeholders.

MODULE 4:

1. Provide customer and client services to help transferees, working within the parameters of their relocation benefit packages.
2. Guide a transferee through the transaction process of buying, renting, and selling a home.

MODULE 5:

1. Compare types of relo benefits packages and incentives with transferee's motivations, choices, priorities, and time frames.
2. Help transferees evaluate the pros and cons of renting or buying a home.
3. Help transferees comply with the policies and procedures of their relocation benefit packages and advise them to consult with their tax specialist for IRS tax reporting.
4. Keep up-to-date on how IRS regulations impact relocations for companies and employees including self-relos.

MODULE 6:

1. Use client follow-up and information sharing to help transferees settle into a new home and new community and enhance your value proposition.
2. Build repeat business and referrals by applying methods to follow up with past clients.
3. Apply research methods to continue seeking out relocation business opportunities in the market area.

Corporate Relocation: The Next Move
Course Description and Outline

Topic Outline

INTRODUCTION.....

COURSE GOAL

LEARNING OBJECTIVES

COURSE STRUCTURE

PRE-QUIZ: TRUE OR FALSE

MODULE 1: THE CORPORATE RELOCATION LANDSCAPE.....

WHY DO COMPANIES RELOCATE EMPLOYEES?

WHAT TYPES OF COMPANIES RELOCATE EMPLOYEES?

INTERNET FIELD TRIP: EXECUTIVE JOB POSTING SITES

CORPORATE RELOCATION TRENDS

RELOCATION FOLLOWS THE BUSINESS CYCLE

CONSUMER CONFIDENCE – A LEADING INDICATOR

WHERE DO JOB SEEKERS WANT TO GO?

INTERNET FIELD TRIP: US CENSUS FLOW MAPPER

THE TYPICAL TRANSFEREE

DO EMPLOYEES TURN DOWN TRANSFERS?

OUTSOURCING THE MOBILITY FUNCTION

THE NEW CLASS OF SELF-RELO

PRACTITIONER PERSPECTIVE: THE NEW SELF-RELO

MODULE 2: DEVELOPING YOUR RELOCATION BUSINESS.....

IS THE RELO BUSINESS RIGHT FOR YOU?

THE PERSONAL DIMENSION

PROFESSIONAL ATTRIBUTES

BROKERAGE SUPPORT

COMPENSATION

RELO ADVANTAGES

REFERRALS AND SPIN-OFF BUSINESS

DO THE HOMEWORK

INTERNET FIELD TRIP: RESEARCHING ON THE INTERNET

SELF-ASSESSMENT: IS RELOCATION REAL ESTATE THE RIGHT CAREER CHOICE FOR YOU?

HOW DO YOU MEASURE UP AGAINST THESE STANDARDS? IS THE RELO BUSINESS RIGHT FOR YOU?

PRACTITIONER PERSPECTIVE: DEVELOPING YOUR BUSINESS

MODULE 3: WORKING WITH STAKEHOLDERS.....

WHO ARE THE STAKEHOLDERS

Corporate Relocation: The Next Move
Course Description and Outline

WORKING ACROSS CULTURES

PRACTITIONER PERSPECTIVE WITH MERCY STIRLING DE DUENAS

WHAT DO RELOCATION COMPANIES DO?

CORPORATE RELOCATION PROGRAM SERVICES

SPEND THE DAY WITH A RELOCATION COORDINATOR

WHERE DOES THE REAL ESTATE AGENT FIT?

MODULE 4: RELOCATION TRANSACTIONS—MOVING IN, MOVING ON.....

POINTS OF VIEW

WORKING WITH INCOMING BUYERS

TECHNOLOGY'S IMPACT ON BUYERS

GET TO KNOW YOUR BUYERS

GROUP MOVES

TIME FRAMES

MOVING FAST!

MATCH YOUR SERVICES TO THE BUYERS' NEEDS

RENT OR BUY

FINDING THE RIGHT HOME

SELLING A PROPERTY – THE LISTING SIDE

HOME-SELLING ASSISTANCE PACKAGES

THE COMPANY'S PERSPECTIVE

PRACTITIONER PERSPECTIVE: WORKING WITH RELOCATING BUYERS

MODULE 5: DOLLARS AND SENSE.....

RELO PACKAGES: WHAT DO COMPANIES PAY FOR?

RENT OR BUY DECISIONS

TAX CONSIDERATIONS FOR THE TRANSFEREE

INTERNET FIELD TRIP: TAX REPORTING

MODULE 6: FOLLOW UP, FOLLOW THROUGH.....

HELP TRANSFEREES BECOME PART OF THE COMMUNITY

THE SURE THING: REPEAT BUSINESS

KEEP DOING YOUR HOMEWORK

CORPORATE RELOCATION

The Next Move 



STUDENT AND INSTRUCTOR MANUAL

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TABLE OF CONTENTS

INTRODUCTION	1
COURSE GOAL.....	1
LEARNING OBJECTIVES.....	1
COURSE STRUCTURE	2
PRE-QUIZ: TRUE OR FALSE	3
MODULE 1: THE CORPORATE RELOCATION LANDSCAPE	5
WHY DO COMPANIES RELOCATE EMPLOYEES?	5
WHAT TYPES OF COMPANIES RELOCATE EMPLOYEES?	6
INTERNET FIELD TRIP: EXECUTIVE JOB POSTING SITES	8
CORPORATE RELOCATION TRENDS	9
RELOCATION FOLLOWS THE BUSINESS CYCLE.....	10
CONSUMER CONFIDENCE – A LEADING INDICATOR	11
WHERE DO JOB SEEKERS WANT TO GO?	12
INTERNET FIELD TRIP: US CENSUS FLOW MAPPER	15
THE TYPICAL TRANSFEREE	16
DO EMPLOYEES TURN DOWN TRANSFERS?	16
OUTSOURCING THE MOBILITY FUNCTION	17
THE NEW CLASS OF SELF-RELOS	18
PRACTITIONER PERSPECTIVE: THE NEW SELF-RELO	19
MODULE 2: DEVELOPING YOUR RELOCATION BUSINESS.....	21
IS THE RELO BUSINESS RIGHT FOR YOU?	21
THE PERSONAL DIMENSION	21
PROFESSIONAL ATTRIBUTES	22
BROKERAGE SUPPORT	24
COMPENSATION	24
RELO ADVANTAGES.....	25
REFERRALS AND SPIN-OFF BUSINESS.....	26
DO THE HOMEWORK	26
INTERNET FIELD TRIP: RESEARCHING ON THE INTERNET	30
SELF-ASSESSMENT: IS RELOCATION REAL ESTATE THE RIGHT CAREER CHOICE FOR YOU?	31
HOW DO YOU MEASURE UP AGAINST THESE STANDARDS? IS THE RELO BUSINESS RIGHT FOR YOU?	32
PRACTITIONER PERSPECTIVE: DEVELOPING YOUR BUSINESS	34

MODULE 3: WORKING WITH STAKEHOLDERS.....	35
WHO ARE THE STAKEHOLDERS?.....	35
WORKING ACROSS CULTURES	35
PRACTITIONER PERSPECTIVE WITH MERCY STIRLING DE DUENAS	37
WHAT DO RELOCATION COMPANIES DO?.....	38
CORPORATE RELOCATION PROGRAM SERVICES	39
SPEND THE DAY WITH A RELOCATION COORDINATOR	40
WHERE DOES THE REAL ESTATE AGENT FIT?.....	40
MODULE 4: RELOCATION TRANSACTIONS—MOVING IN, MOVING ON ...	43
POINTS OF VIEW	43
WORKING WITH INCOMING BUYERS	43
TECHNOLOGY’S IMPACT ON BUYERS.....	43
GET TO KNOW YOUR BUYERS.....	45
GROUP MOVES	47
TIME FRAMES.....	47
MOVING FAST!	48
MATCH YOUR SERVICES TO THE BUYERS’ NEEDS	48
RENT OR BUY	49
FINDING THE RIGHT HOME	49
SELLING A PROPERTY – THE LISTING SIDE	49
HOME-SELLING ASSISTANCE PACKAGES	50
THE COMPANY’S PERSPECTIVE	50
PRACTITIONER PERSPECTIVE: WORKING WITH RELOCATING BUYERS	51
MODULE 5: DOLLARS AND SENSE	53
RELO PACKAGES: WHAT DO COMPANIES PAY FOR?	53
RENT OR BUY DECISIONS	54
TAX CONSIDERATIONS FOR THE TRANSFEREE	55
INTERNET FIELD TRIP: TAX REPORTING	57
MODULE 6: FOLLOW UP, FOLLOW THROUGH.....	59
HELP TRANSFEREES BECOME PART OF THE COMMUNITY	59
THE SURE THING: REPEAT BUSINESS	60
KEEP DOING YOUR HOMEWORK.....	60
RESOURCES	61
WEBSITES.....	61

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Introduction

COURSE GOAL

Corporation Relocation: The Next Move provides students with knowledge of the corporate relocation landscape that can be applied to help them recognize and take advantage of business opportunities, as well as, create methods for developing a relocation real estate niche, deliver positive results for all transaction stakeholders, and gain valuable referrals.

Slide 1:
Opener Title Slide

Slide 2:
Welcome

LEARNING OBJECTIVES

MODULE 1:

1. Use data from statistical resources and business cycle indicators to anticipate inbound and outbound relocation activity – for companies and transferees – in your market area.
2. Identify companies that transfer employees as well as attract job seekers to your market area.

Slides 3 and 4:
Learning Objectives

MODULE 2:

1. Determine if relocation is a good business development choice for you as a real estate professional.
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3. Apply research methods to continue seeking out relocation business opportunities in the market area.

COURSE STRUCTURE

- A. Introduction
1. The Corporate Relocation Landscape
2. Developing Your Relocation Business
3. Working with Stakeholders
4. Relocation Transactions – Moving In, Moving On
5. Dollars and Sense
6. Follow Up, Follow Through

Slide 5:
Course Structure

EXAM

At the end of the course, students will take a 30-question multiple-choice exam to document achievement of course learning objectives. The exam is open-book, unless closed-book is required for continuing education credit. Successful completion is 80 percent or better, a total of 24 or more correct answers.

PRE-QUIZ: TRUE OR FALSE

Test your knowledge of the Relocation market by writing T or F next to each statement.

1.		Nearly all relocations are to hire or retain talented individuals. (True)
2.		Usually relocation companies buy the employee's current home to make the move easier. (False)
3.		Some relocation offers include help finding the trailing spouse a professional position in the new community. (True)
4.		Realigning or restructuring of organizations may also be a factor in relocation of personnel. (True)
5.		Employees never change their minds about relocating once they have been offered the option. (False)
6.		Most relocation candidates are senior executives. (False)
7.		Relocation is primarily used by only Fortune 500 companies. (False)
8.		Domestic competition is one of the factors considered for relocating key employees. (True)
9.		The state of the economy has a big impact on relocation. (True)
10.		The usual timeframe for a transfer to be in place at their new location is 120 days. (False)

I-Notes:

CHALLENGE students to answer the pre-quiz questions on the next page. ALLOW a few minutes for students to mark their answers. REVIEW the questions and PROVIDE correct answers. RECOGNIZE students who answer the most questions correctly.

ADVISE students not to turn the page until instructed. ANSWER SOURCES are found on the next page for discussion purposes.

I-Note:

BRIEFLY REVIEW quiz answers and ADVISE students that these topics will be covered in more depth during the course.

PRE-QUIZ: ANSWER SOURCES

1. The primary reason for relocating employees is to hire or retain talent. <https://www.atlasvanlines.com/corporate-relocation/survey/2017/factors-impacting-relocation>.
2. In some cases, a corporation will “buy” the transferee’s home but these offers are increasingly scarce. <https://www.zillow.com/sellers-guide/how-to-sell-your-house-for-job-relocation/>.
3. When a spouse or partner must sacrifice their job for the benefit of the transfer, the relocation company may offer assistance in helping them get connected with potential employers. www.urbanbound.com/relocation-statistics-to-know.
4. Another major reason for relocation is when an organization realigns its structure such as in a down-sizing or acquisition. The Allied relocation survey estimates that at least 20% of the survey respondents moved for these reasons. www.allied.com/infographic/job-relocation-survey
5. It’s not uncommon for employees to change their minds about relocation after visiting the new location if they feel the cost of living is too high or it will be too much of a hardship on their family. www.fastcompany.com. <https://www.atlasvanlines.com/corporate-relocation/survey/2017/factors-impacting-relocation>.
6. While it used to be more common that executives were the primary recipients of relocation services, now any employee who is deemed vital to the organization can be offered these services.
7. Companies of all sizes in all industries utilize relocation to recruit and maintain talent. www.allied.com/infographic/job-relocation-survey.
8. Domestic competition is one of the reasons that companies are compelled to recruit talent and transfer talented employees to bolster their presence. <https://www.atlasvanlines.com/corporate-relocation/survey/2017/factors-impacting-relocation>.
9. Yes, the state of the economy plays a role in relocation. <https://www.atlasvanlines.com/corporate-relocation/survey/2017/factors-impacting-relocation>.
10. The usual timeframe for a transferee to settle into their new position is 30 days. www.urbanbound.com/relocation-statistics-to-know.



MODULE

1

The Corporate Relocation Landscape

WHY DO COMPANIES RELOCATE EMPLOYEES?

Why do companies go to the time, trouble, and expense to relocate employees? The simplest answer can be found in the competition among businesses to hire, develop, and retain talent. Companies may act assertively when they want to hire or retain employees with particular knowledge and skills. Relocations are an important component in achieving business goals and are driven by both internal and external factors. What do companies achieve by relocating employees either individually, as a group, or perhaps even entire companies?

Slide 6:
Section 1 Opener

Slide 7:
Why do Companies Relocate Employees?

I-Note:
APPLY Learning Objective 1-2

Slide 8:
Achieving Goals

EXPANSION AND GROWTH

- Acquiring new talent or promoting from within
- Applying workforce strength to grow a location
- Starting up a corporation
- Establishing new divisions and branches of existing companies
- Establishing foreign subsidiaries

COMPETITIVE EDGE

- Increasing competitive capacity to gain domestic or international market share
- Locating closer to suppliers or customers

STRENGTHENED CAPACITY

- Facilitating business travel
- Transferring knowledge and skills, gaining new ideas, fostering innovation

- Deploying or integrating technologies
- Replacing workers who retire or leave

As economic conditions and corporate plans evolve, various internal and external factors impact decisions on employee relocations. Take a look at the following list to see what factors are affecting decisions today.

TOP FACTORS IMPACTING EMPLOYEE RELOCATIONS IN 2017¹

Slide 9:

Internal and External Factors

I-Note:

LINK the internal and external factors to the preceding bullet points to show current corporate relocation priorities.

INTERNAL FACTORS

- Changes in corporate structure
- Expansion efforts
- Company growth

EXTERNAL FACTORS

- Lack of local talent
- Economic conditions
- Domestic and international competition

WHAT TYPES OF COMPANIES RELOCATE EMPLOYEES?

Slide 10:

What types of companies relocate employees?

I-Note:

COMMENT that a wide variety of types of companies relocate employees. NOTE the categories and list of top US employers. HIGHLIGHT any companies that have local market presence.

Relocations are in the news when a major corporation announces its' intent to move to a new facility or open a new plant in another city. When cities compete to be the winning location for that move, it is also big news. Even technology start-ups get plenty of media attention. But, the majority of corporate locations never receive media attention because they involve individuals – current employees, new hires, or small groups.

Over the past few years, Aetna, General Electric, and McDonald's all relocated their offices from the suburbs into the city to make themselves more appealing to younger workers who prefer an urban setting.

According to U.S. News & World Report, 22% of people relocated for work based on a promotion while 51% of transferees moved for "personal career development."²

The next page lists some of the largest US employers in various categories. Do these companies have locations in your market area? Have they announced they are expanding operations or building a new facility? Have they developed a new technology? All of these signal the potential for relocation activity.

The Internet Field Trip that follows this list allows you to explore job posting sites for executive positions. This also provides a wealth of information for potential relocation activity.

¹ Annual survey of Corporate Relocations Policies, Atlas Van Lines, 2017, www.atlasvanlines.com/corporate-relocation/survey/2017/factors-impacting-relocation

² U.S. News & World Report, June 12, 2018, <https://money.usnews.com/careers/company-culture/articles/2018-06-12/should-i-relocate-for-my-job>

FIGURE 1.1 TOP US EMPLOYERS BY CATEGORY³**I-Note:**

APPLY Learning Objective 1-2

RETAILERS	Walmart, Amazon, Target, Kroger, Home Depot, Walgreens, Albertsons, Lowe's, TJX
TECHNOLOGY	IBM, Cognizant Technology Solutions, United Technologies, Dell Technologies, Oracle, Apple
RESTAURANTS/FOOD SERVICE	Yum China Holdings, Starbucks, McDonald's, Aramark, Darden Restaurants
SHIPPING	FedEx, UPS
AEROSPACE	Boeing, Lockheed Martin
FINANCE	Wells Fargo, JP Morgan Chase, Bank of America, Citigroup
AUTO MANUFACTURING	Ford Motor, General Motors, Lear
HOSPITALITY/ENTERTAINMENT	Walt Disney, Marriott International, Hilton Worldwide
TELECOMMUNICATIONS	AT&T, Verizon
FOOD PROCESSING	PepsiCo, Tyson Foods
HEALTH CARE MANAGEMENT/ BIOTECH/ PHARMACEUTICALS	United Health Group, HCA Healthcare, Johnson & Johnson, Tenet Healthcare, Abbott Laboratories
ENERGY	Exxon Mobile, Chevron
TRANSPORTATION	American Airlines, Delta Airlines
CONGLOMERATES	Berkshire Hathaway, General Electric, Comcast, Honeywell International

This is only a partial listing of employers. Check the most current Fortune 500 report for a complete list.

³ Fortune 500, 64th edition, <http://fortune.com/fortune500/list/filtered?sortBy=employees&first500>

I-Note:

DIVIDE the class into small groups.

MAKE sure each group has Internet access.

INSTRUCT students to follow the instructions to access the various sites and view the data.

LEAD a discussion of how this information can be used for business planning.

INTERNET FIELD TRIP: EXECUTIVE JOB POSTING SITES

Job postings for executive positions point to possible relocation activity. An Internet search quickly reveals executive recruiting firms in your market area. Forbes magazine produces a "best of" list for executive recruiting firms. Here are a few sites to get you started:

- www.heidrick.com
- www.lucasgroup.com
- www.roberthalf.com

WHAT EXECUTIVE RECRUITING FIRMS ARE IN YOUR AREA?

WHAT TYPES OF COMPANIES ARE RECRUITING EXECUTIVES?

WHAT POSITIONS ARE THE COMPANIES RECRUITING?

CORPORATE RELOCATION TRENDS – LOOKING TO THE FUTURE, WITH AN EYE TO THE PAST

Business leaders experience up and down cycles of confidence in the economy which in turn affects their businesses. What lessons can be learned from the economic downturn of 2008-2009 which deflated business optimism and consequently the volume of relocations? While it's in the past, this time period is important. When surveyed during "good times" in 2006, corporate CFOs cited cost of labor as a top concern; two years later during the downturn, top personnel concerns shifted to maintaining morale and productivity.

As the economy recovered, corporate plans for growth expansion and hiring all went on the upswing too. As a result, personnel concerns shifted away from worker morale and productivity to finding ways to attract and retain qualified employees. The relocation volume ticked upward as companies competed for talent and relocated current employees to grow business and remain competitive.

How is business confidence affecting relos today? Take a look at the two graphs on the next page. You can see the variations in relocations that took place for small, medium, and large employers in 2017 and consider projections for 2018. How can you take advantage of these projections in your market area?

FIGURE 1.2 ACTUAL RELOCATIONS 2017 (AS COMPARED TO 2016)

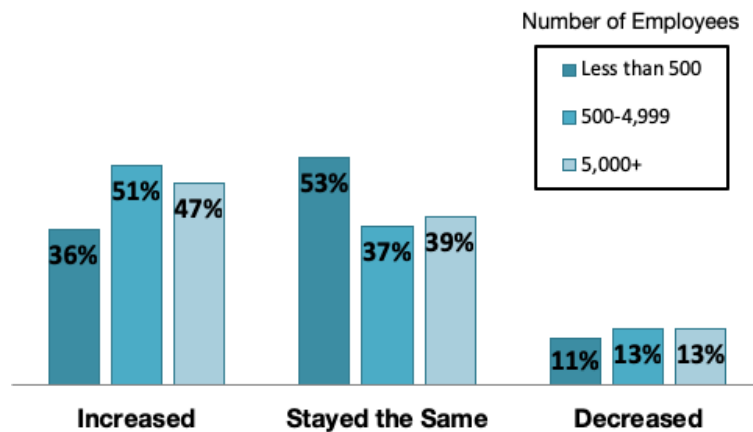
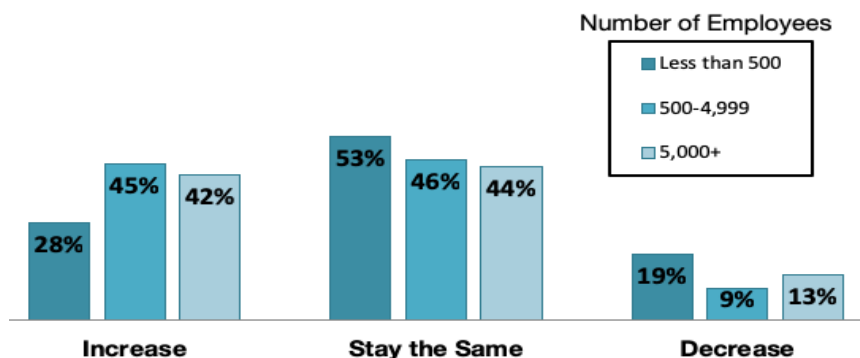


FIGURE 1.3 PROJECTED RELOCATIONS 2018 (AS COMPARED TO 2017)⁴



Slide 11:

Corporate Relocation Trends – past and present

I-Note:

ASK how many students were in business in 2008. ASK how confident they felt about their business prospects then. ASK if they are more confident now. COMMENT that business leaders feel the same ups and downs in confidence. Relate the charts on the next page to relocation volume.

APPLY Learning Objective 1-1

I-Note:

COMPARE the statistics from the two charts. IDENTIFY trends in relocations. ASK what factors affect this activity.

Slide 12:

Projected Relocations 2018

⁴ 2018 Corporate Relocation Survey, Atlas World Group, <https://www.atlasvanlines.com/corporate-relocation/survey>

Slide 13:

Relocations follow the business cycle

I-Note:

DISCUSS the correlations between the business cycle and relocation activity. RECOMMEND that students follow business cycle progression by checking the Consumer Confidence Index. SUGGEST students try comparing this index with the REALTORS® Confidence Index.

RELOCATION FOLLOWS THE BUSINESS CYCLE

Relocation activity tends to follow the business cycle. Predictable indicators that point toward improving business optimism imply a willingness to invest in relocation activities. The classic business cycle moves through four phases.

CONTRACTION

The economy begins to slow down. Businesses lay off workers, postpone investment in growth and hold on to cash. Consumers lose jobs and spend only on the necessities. This indicates impending recession.

TROUGH

This phase indicates the economy is at its lowest point and has reached a recession.

RECOVERY

The economy begins to grow. The employment picture brightens as companies sense an uptick in business and begin hiring more employees. Consumer confidence rises and there is increased spending beyond just the necessities. This indicates expansion.

PEAK

The economy hits the maximum point and a time of “irrational exuberance” may lead to asset bubbles like an overheated stock market or housing market. Investors search for opportunities which floods markets and causes asset prices to climb to unsustainable levels.

I-Note:

EXAMINE the Consumer Confidence Index indicators and Investor Mentality graph on the next pages. EXPLAIN the correlations between these business indicators and relocation activity.

FIGURE 1.4 RELOCATION BUSINESS CYCLE



According to Fidelity Investments, as of January 2019, further maturing in the US and global business cycles is likely to heighten uncertainty. In addition, while global growth continues to expand, the outlook has deteriorated and activity levels have likely passed their peak. Fidelity predicts that elevated volatility is likely, which leads investors to diversify their portfolios.

The US consumer is viewed as strong with low unemployment, accelerating wage growth, and manageable financial obligations. Historic trends show that consumer and business spending grow late in the cycle and fall after the onset of recession – with housing construction tending to decline ahead of recession.⁵

Are the homes in your market area following these trends? How do these trends affect the relocation industry?

Explore the various diagrams on the following pages showing consumer confidence levels and investor mentality indicators. The correlations between these business indicators and relocation activity are clear.

CONSUMER CONFIDENCE – A LEADING INDICATOR

Want to track the business cycle? The Consumer Confidence Index, released monthly by the Conference Board, is a reliable leading edge indicator of the business cycle.

Where is the US economy in the business cycle? As of December 2018, the Consumer Confidence Survey showed a decrease following a moderate decline in November. While expectations for job prospects and business conditions weakened, it was still suggested that the economy will continue expanding at a solid pace in the short-term.

Slide 14:
Consumer confidence

FIGURE 1.5 CONSUMER CONFIDENCE INDEX⁶
(AMPLITUDE ADJUSTED, LONG-TERM AVERAGE = 100 JAN 2014-DEC 2018)



5 Fidelity Investments, January 16, 2019, Viewpoints, <https://www.fidelity.com/viewpoints/market-and-economic-insights/quarterly-market-update>

6 OECD (2019) Consumer confidence index (CCI), <https://data.oecd.org/leadind/consumer-confidence-index-cci.htm>

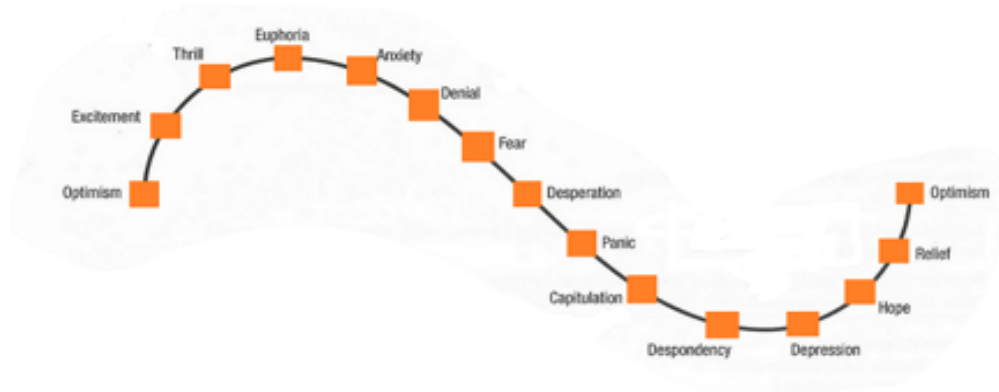
Slide 15:

Investor Mentality

INVESTOR MENTALITY

Economic activity is reflected in the mentality of investors. In turn, the various levels of investor mentality affect relocation activity.

FIGURE 1.6 INVESTOR MENTALITY CYCLE



Slide 16:

Why should you follow the business cycle?

WHY SHOULD YOU FOLLOW THE BUSINESS CYCLE?

Not every area of the country is in the same place in the business cycle at the same time. Consider the difference between rural Kentucky and the city of Los Angeles in terms of local economy. The phase of the market cycle in your area (trough, recovery, peak, or contraction) impacts business decisions which includes new hires and current employee transfers.

The obvious times companies are more likely to launch expansion plans and recruit new hires is during the recovery and peak phases of the business cycle. Yet, even down times can produce relocation business opportunities as companies restructure and reposition their human resource assets.

Ironically, in times of a down business cycle, it may be the perfect opportunity to lay the groundwork for developing this business niche. When the business cycle starts going up, you will be well positioned to grow as relocation transactions increase.

Slide 17:

Where do job seekers want to go?

WHERE DO JOB SEEKERS WANT TO GO?

Understanding the flow of relocations into and out of your market area gives you a valuable data tool for business planning. Is your market area near one of the top metro areas that attract job seekers? Remember, the list of top metro areas doesn't include every area that might be attractive to employees. Consider that there are major employers located far away from large population centers – Walmart is headquartered in Bentonville, Arkansas, with a population of about 50,000.

There is a rich stream of data available to you for free and it's compiled by the US Census Bureau. The Flow Mapper provides county-level data on numbers moving in and out, salary ranges, and occupations. You can highlight your county and then look at other counties around the country for a snapshot of relocation activity. The Internet Field Trip in this section provides an opportunity to test drive this powerful data tool.

TOP CITIES FOR JOB SEEKERS

The Top 15 cities are also identified on the next page and are indicated with an orange circle on the map. These cities include:⁷

1. Pittsburgh, PA
2. St. Louis, MO
3. Indianapolis, IN
4. Cincinnati, OH
5. Hartford, CT
6. Boston, MA
7. Memphis, TN
8. Raleigh, NC
9. Cleveland, OH
10. Detroit, MI
11. Kansas City, MO
12. Washington, DC
13. Birmingham, AL
14. Chicago, IL
15. Columbus, OH

I-Note:

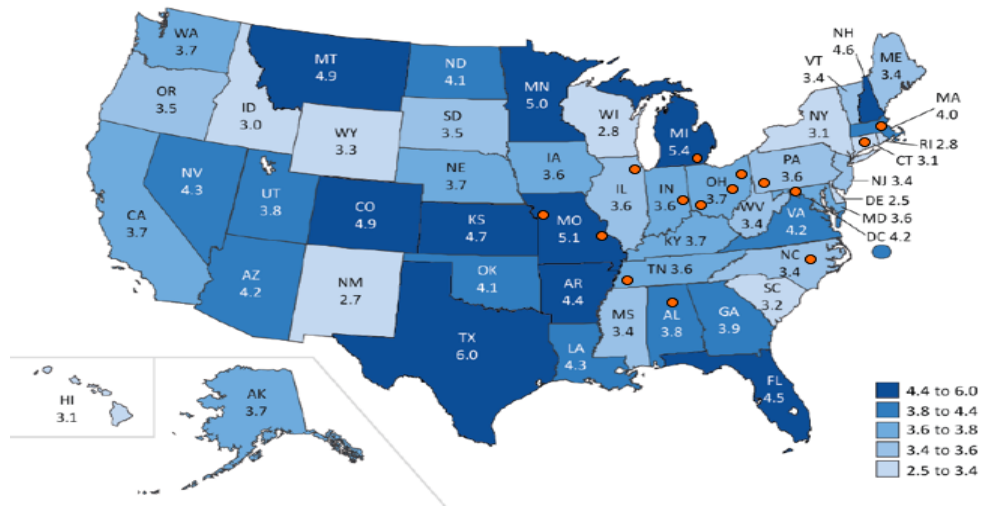
CALL attention to the list of top 15 cities for job seekers. ACKNOWLEDGE that the list does not include every vibrant metro area. INFORM students that the US Census Flow Mapper provides valuable relocation data they can use in planning. NOTE that the Internet Field Trip will focus on activity in and out of the local market area.

⁷ The Ladders, October 17, 2018, "These Are the 25 Best Cities If You Are Looking for a Job." Ladders/ Business News & Career Advice, 17 Oct. 2018, www.theladders.com/career-advice/these-are-the-25-best-cities-if-you-are-looking-for-a-job

MAP OF THE TOP CITIES

This most recent listing of the top cities indicates that the majority of popular cities are in midwest and northeastern states.⁸

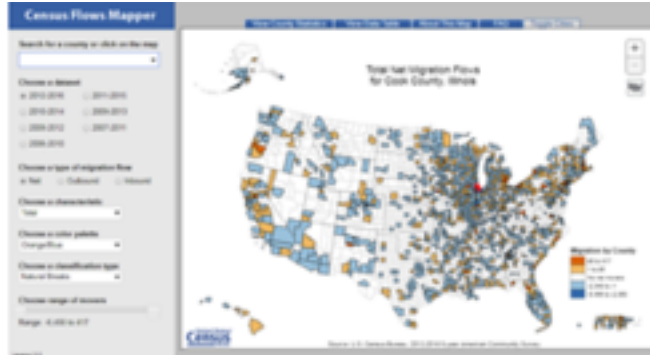
FIGURE 1.7 PERCENTAGE CHANGE IN REAL GDP BY STATE, 2018



INTERNET FIELD TRIP: US CENSUS FLOW MAPPER

Map the flow of people moving into and out of your market area.

1. Go to <http://flowsmapper.geo.census.gov>



2. Fill in your county
3. Select a data set, for example, choose 2008-12 for occupation
4. Scroll over other counties, particularly those around the top cities for job seekers to see the number of movers from or to other counties.

WHAT ARE THE RELOCATION TRENDS IN AND OUT OF YOUR MARKET AREA?

WHAT ARE THE TRENDS IN THE TOP CITIES FOR JOB SEEKERS?

HOW CAN YOU USE THIS INFORMATION IN BUSINESS PLANNING?

I-Note:

DIVIDE the class into small groups.

MAKE sure each group has Internet access.

INSTRUCT students to follow the instructions to access the site and view the data.

LEAD a discussion of relocation trends in the local area and how the data can be used in business development planning.

Slide 18:

The typical transferee

I-Note:

REVIEW characteristics of a typical transferee.

THE TYPICAL TRANSFEE

What are the characteristics of a typical transferee? Historically, the popular image of a corporate relocation was a young, ambitious “corporate employee” working his or her way to a corner office. In reality, the types of companies and employees involved in relocations cover a wide range of fields, career stages, and skill sets.

The most recent statistics from Worldwide ERC in 2016 show that employees have an average of 14 days to accept a transfer offer and 37 days to report to a new job. In addition, home purchase transactions by type in 2015 included 41% buyer value option, 41% amended value, and 17% regular appraised value.⁹

The 2018 Allied Van Lines Corporate Relocation Survey¹⁰ provides some typical characteristics of relocated employees.

- About 25% of relocations involved female employees
- 35% of relocations involved employees with children
- Age ranges at the time of transfer included
 - ▶ 29% between 36-40 years of age
 - ▶ 28% between 30-35 years of age
 - ▶ 20% between 41-45 years of age
- 34% of transferees had up to one month to report to work at new location
- 37% of transferees had up to two weeks to accept offer
- On average, half of transferees were mid-level employees and one-third were executives

DO EMPLOYEES TURN DOWN TRANSFERS?

Do employees ever turn down relocation opportunities? The answer is yes they do and often for housing- related reasons. During the recession years, when numerous potential transferees had underwater home mortgages, relo refusals were more common. It’s a dilemma real estate professionals know well. Because the transferee can’t sell the current home and recover an adequate amount of equity, they lack the funds to buy in the new location. Sometimes, homes in the new location may be more expensive. Transferees consider renting a better option than buying “less than” their current home.

Housing cost, however, isn’t the only reason for turning down a transfer. High costs of living and family issues play a big role. A transfer may uproot children from familiar schools or compromise care for elderly relatives. Some transferees solve this problem by moving the entire extended family when they accept transfers. Another major issue is employment for an accompanying spouse or partner. Relocation can derail the career path of a spouse or partner if the new location offers few viable

Slide 19:

Do employees turn down transfers?

I-Note:

DISCUSS factors that cause transferees to turn down relocation offers. NOTE that housing is the number one reason, followed by family issues, and spouse/partner employment. DESCRIBE common incentives. ASK students if they think turning down a transfer impacts a career.

⁹ Worldwide ERC U.S. Transfer Activity, Policy & Cost Survey, 2016

¹⁰ Allied Van Lines, 2018 corporate relocation survey, <https://www.atlasvanlines.com/corporate-relocation/survey/2018/charts/>

employment options. The family's failure to adjust to a new location is another leading cause for relocation failure. In addition to considering knowledge and skills, assessing a transfer candidate's suitability may involve evaluating family readiness to make the move.

Companies frequently offer incentives to alleviate some of the reasons for turning down transfers. These might include . . .

- Extended temporary housing benefits
- Relocation bonuses
- Cost of living adjustments
- Extended duplicate housing benefits
- Loss on sale protection
- Telecommuting option to cut commuting costs
- Guaranteed employment contract
- Mortgage payoff

Slide 20:

Company incentives

OUTSOURCING THE MOBILITY FUNCTION

Almost all large companies that relocate employees outsource aspects of the transfer, referred to as the mobility function. Outsourcing to a relocation company alleviates the multitude of details the human resource department must handle when coordinating a move. Furthermore, outsourcing the mobility function also outsources many of the administrative costs.

The relocation company coordinates functions like packing and shipping of household goods and cars, overseeing expense documentation and reporting, making travel arrangements, arranging temporary housing, setting up house hunting trips and destination familiarization tours, clearing visas and work permits for foreign transfers, and sometimes helping an accompanying spouse find employment. Both the corporation and transferee benefit from having a single point of contact to coordinate and monitor the move. Remember, the transferee may only have about a month to make the move and be ready to report for work.

Some companies direct all of the relocation business to a single relocation company. But in large companies, different divisions may use different relocation companies. The good news for real estate professionals is that a very large slice of the relo pie—the home sale and purchase—is the more frequently outsourced aspect of the relocation. The real estate transaction is even outsourced by the relocation companies.

Slide 21:

Outsourcing the mobility function

I-Note:

EXPLAIN why companies outsource the mobility function. COMMENT on the benefits for the corporation, employee and real estate professional. NOTE the list of major relocation companies. IF time permits, CONDUCT an Internet Field Trip to relocation company sites. INFORM students that working with relocation companies is covered later in the course.

WHO ARE THE MAJOR PLAYERS IN THIS FIELD?

- AIRES
www.aires.com
- BROOKFIELD GLOBAL RELOCATION SERVICES
www.BGRS.com
- CARTUS
www.cartus.com
- CROWN WORLD MOBILITY
www.crownworldmobility.com
- GRAEBEL RELOCATION SERVICES
www.graebel.com
- IMPACT GROUP
www.impactgrouphr.com
- SIRVA
www.sirva.com
- THE SUDDATH COS.
www.suddath.com
- THEMIGROUP
www.themigroup.com
- UNIGROUP
www.unigroupinc.com
- WEICHERT
www.wrri.com
- XONEX
www.xonex.com

THE NEW CLASS OF SELF-RELOS

Slide 22:
The new class of self-relos

I-Note:
DESCRIBE the new type of remote-work self-relo. PROVIDE or ASK students for an example. ALLOW 2-3 minutes for students to read the Practitioner Perspective. LEAD the discussion.

So far we have focused on corporate-paid relocation of current employees and recruits. Internet technologies have released workers from their desks and enabled a new class of rels. Empowered by advanced telecommunications and growing acceptance of telecommuting, professionals with highly-valued knowledge and skills self-relocate because they can. With no ties to a desk or particular location, they can make personal lifestyle choices about where to live. They may choose to live where the cost of living is lower and they can afford more house, or move from an urban area to an area with a smaller population. The Practitioner Perspective that follows provides insight on this new kind of self-relo.

PRACTITIONER PERSPECTIVE: THE NEW SELF-RELO

As technology continues to improve, many companies are providing opportunities for their employees to work from home or telecommute. This option helps the employer by reducing the amount of office space they need while retaining talented individuals who do not want to be in a traditional work environment.

If you are going to be on a computer or the telephone for most of the work day, it often doesn't matter where you are located. Many young professionals, as well as experienced professionals who want to work on their own terms in a more attractive environment, are choosing this route.

According to a 2017 Forbes magazine article, 65% of full-time employees feel a remote work schedule will increase productivity. This number is confirmed by more than two-thirds of managers reporting an increase in productivity from remote employees. Removing the distractions of a traditional office environment and the time spent commuting drives up productivity.¹¹

Looking at today's workforce, we can find many talented workers who continue to make valuable contributions past traditional retirement age. With the cost of living on the rise and life expectancy increasing, many people over age 65 are delaying retirement, while others may choose to continue working for intellectual stimulation. This is another source of experienced talent for employers.

These employees are less inclined to battle the weather or feel they need to spend extensive time commuting to an office. For many, it means moving to their ideal location whether that is in the mountains or a warmer climate near the water or to be closer to family. For these reasons, they are choosing to relocate on their own, without the financial assistance of an employer.

In 2017 it was reported that 3.7 million employees, or almost 3% of the US workforce, worked from home at least half of the time.¹² Considering this, it often makes it easier for the employee to find work elsewhere since it doesn't require the physical presence of a company.

All of this adds up to the evidence of more "self-relo" employees who are enriching their personal lives while providing richer talent pools for employers.

¹¹ Forbes, July 20, 2017, www.forbes.com/benefits-of-telecommuting-for-the-future-of-work

¹² Fundera, Inc. US, <https://www.fundera.com/resources/working-from-home-statistics>

MODULE

2

Developing Your Relocation Business

IS THE RELO BUSINESS RIGHT FOR YOU?

Is relocation real estate the right choice for you personally and professionally? Experienced relo professionals say it depends on a combination of your personality, real estate knowledge and skills, and professional goals.

There are a few questions you should ask yourself, and your broker, to determine the answer. Are you willing to...

- Work within the company's system and parameters?
- Do the extra paperwork required by relocation companies and the transferee's corporation?
- Work a lot of weekends and some odd hours?
- Include all of the stakeholders in the communication loop?
- Give up a big chunk of the commission income for the relocation transaction as a tradeoff for spin-off referrals and transaction volume?

THE PERSONAL DIMENSION

Patience and empathy are essential for success in the relo business. If you have experienced a relo yourself, you know how disruptive the move can be, even when it means a promotion for the transferee. Personal relocation experience—civilian or military—is a plus because you have firsthand experience of high-pressure house hunting, moving, and resettling in a new, unfamiliar community with the destination and time schedule determined by an employer.

Some experienced relo professionals say that it helps to have a “thick skin” approach toward criticism. The relocation is a very stressful time for the transferee and family and you may be the target of undue criticism. Or, a transferee who is procrastinating may use the real estate agent as a scapegoat when questioned by

Slide 23:
Section 2 Opener

Slide 24:
Is the relo business right for you?

I-Note:
HIGHLIGHT the conditions that make developing a relo business the right choice.

I-Note:
APPLY Learning Objective 2-1

Slide 25:
The Personal Dimension

I-Note:
DISCUSS personality traits that help a real estate professional work with transferees and relo management companies.

the relocation company manager or the corporation about the slow progress of a home sale or purchase.

Real estate professionals commonly go to extremes to help buyers and sellers through the transaction. It's likely that every experienced real estate agent can tell stories about providing services well above and beyond. Willingness to go the extra mile is especially important for transferees because they are new to the community and may need extra hand-holding to get through the home purchase, move, and settling process. You may find yourself devoting a lot of extra, uncompensated time to making sure the relocation is a success—whether it's connecting a child with a sports team or a piano teacher or finding care for a valued pet. You become the community expert.

You must sustain the same high levels for service for every relo client referred to you. The relo business operates on recommendations and if a client has a good experience they will likely mention you when a friend, co-worker, or neighbor asks for a recommendation. But they will also remember if the experience of working with you was unsatisfactory. Build a reputation for reliability and service.

PROFESSIONAL ATTRIBUTES

Relocation companies usually prefer to work with experienced real estate agents—minimum five years—rather than someone who is just starting a real estate career. But if you have several years of real estate experience, particularly working with buyers, you probably have all of the core skills you need to serve this market segment. Here are some of the ways you can adapt your core real estate skills:

WORK FAST, SMART, AND ACCURATELY

Can you handle repeated fast-track transactions? Most relocation clients have to accomplish within 30 days what takes most home buyers several months. When transactions happen that quickly, your work systems need to be streamlined and produce reliable results. On the listing side, aggressive marketing to accomplish a quick sale may add to expenses.

FOLLOW THE RELOCATION COMPANY'S SYSTEMS

You will need to learn to work with the relocation company's systems for handling the transaction. Every company has its own system for tracking progress of the transfer. There are some companies that train real estate professionals – be sure to take advantage of this opportunity.

MAINTAIN COMMUNICATIONS WITH ALL STAKEHOLDERS

Many people have a stake in making sure the relocation is successful. The communication loop must encompass all stakeholders. Keeping the relocation company informed must be standard procedure.

QUICK RESPONSE TIME

Respond quickly to e-mails, texts, and phone calls. Are you always available? Your response time should be counted in minutes, not hours or days.

Slide 26:

Professional attributes 1

I-Note:

HIGHLIGHT professional attributes for success in relocation real estate.

APPLY Learning Objective 2-1 and 2-2

MARKET KNOWLEDGE

You must demonstrate current market knowledge on property pricing, market trends, and potential resale value. When a buyer asks about resale value, how do you formulate an answer? Do you make a “ballpark” guess or can you provide market data? Do you know the rental market? Can you help a transferee evaluate renting versus buying?

SMART HOME SHOWING

Are you adept at the art of matching properties to buyers’ needs and wants? Do you know how to sequence property showings to facilitate buyers’ decision making?

BUYERS REPRESENTATIVE

Your experience and preference should be for working with buyers. If you have earned the Accredited Buyers Representative® designation, be sure to feature the professional distinction in your marketing materials.

TENACITY

For many real estate professionals, developing a successful relocation business niche starts from a very small seed—one or two referrals. Are you willing to devote the time it will take—it could be a couple of years—to develop this business niche?

Slide 27:
Professional attributes 2

LOOK, SOUND, THINK CORPORATE

Do you present a professional image in your personal appearance, verbal communication, and demeanor? Executives are accustomed to viewing business presentations and proposals. Your marketing and presentation materials should be organized, informative, and reflect your professionalism. Take time to learn the relocation terminology and use it correctly.

FLEXIBLE HOURS

Your client may be in another time zone, across the country or on the other side of the globe. How would you react to a request for a 2:00 AM phone conference with a client who is in Asia?

COMMUNITY EXPERT

Transferees, and the relocation company, don’t have a lot of time to learn the neighborhoods and markets before they start shopping for homes. Often, a transferee will have recommendations from colleagues and bosses on where they should look for a home—which may or may not be suitable or affordable. Your knowledge of the local market, neighborhoods, and housing options can help transferees choose the neighborhoods and homes that fit both lifestyle and budget.

TECHNOLOGY SKILLS MASTERY

You must be adept at using smart phone and Internet technologies. Can you conduct a real-time tour of a property with a smart phone and FaceTime? Can you create a virtual floor plan of a property?

Slide 28:

Brokerage Support

I-Note:

ADVISE students to be sure they are in sync with their broker's business policies.

I-Note:

APPLY Learning Objective 2-1

I-Note:

ACKNOWLEDGE the sensitivity of the compensation issue. STATE that relo real estate professionals view it as a business investment.

APPLY Learning Objective 2-1

Slide 29:

Slicing the commission pie

I-Note:

DISCUSS division of the real estate commission. CAUTION that numbers and percentages discussed are only for illustration purposes.

BROKERAGE SUPPORT

Does your broker welcome or rebuff relo business? There are a number of very experienced and very professional real estate brokers and agents who avoid relocation real estate, primarily because it usually involves giving up a large portion of the commission income to the relocation company.

Although after-the-fact referral fees are more rare today than a decade ago, real estate agents still sometimes get this unpleasant surprise. So, before you dive into developing this business niche, it's a good idea to have a conversation with your broker. Make sure you understand your broker's attitudes and know your office policies regarding relocation real estate transactions. You want to be sure that you have the support you need to build a relo business niche.

COMPENSATION

Relocation company referral fees are a concern for some brokers and sales agents. The referral fees are one of the main reasons that real estate professionals turn down relo business. There's no denying that relocation company referral fees take a big bite out of the commission income. But real estate professionals whose business mix includes relo point to the advantages. For them, the fee is part of the bigger picture and an investment in business development that real estate professionals can choose to make or forgo.

SLICING THE COMMISSION PIE

How many slices are cut from the commission pie and what portions go to the companies and people involved in the transaction?

- **Cooperating agent:**

If there is a co-op agent involved in the transaction, the first cut goes to the agent's broker per the terms of the listing.

- **Relocation management company:**

This group is next in line and collects a percentage of the commission as a referral fee. If the relocation company refers both the sell and buy transactions within the network of approved agents, a referral fee can be collected on both transactions. Relo companies look increasingly to the real estate transaction as a revenue source. Consequently, referral fee percentages have tended upward in the last few years. Corporations want to outsource not only the management of relocations, but also the cost; as a result fewer relocation companies are fully compensated by the corporations that hire them.

The relocation company may credit referral fees received from the real estate transactions, as well as from other service providers, against the fee charged to the corporation. Major relocation companies send annual blanket agreements to advise the real estate companies they work with of the expected referral percentage for the year ahead. The broker or in-house manager responsible for assigning relocation business to agents must sign and return the agreement.

- **Broker:**

Next, the broker retains a portion of the commission per office policy.

■ In-house relocation division:

A number of large brokerages and franchise networks have in-house divisions that handle relo business. The relo division may receive a flat fee or percentage per the policies of the broker or franchise network.

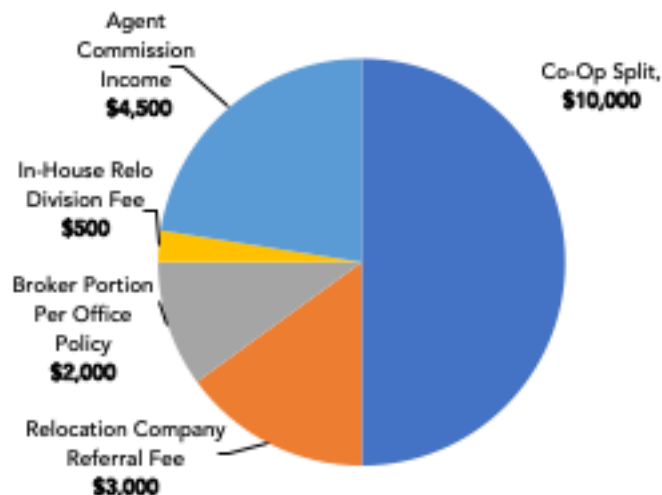
■ Real estate agent:

The remaining commission is available for the real estate agent. Based on the broker's office policy, the agent may pay the marketing and other transaction expenses from this portion.

HOW BIG IS YOUR SLICE OF THE PIE?

The amounts and percentages represented in the pie chart are based on a home sale price of \$400,000 and a commission of \$20,000. This is for illustration purposes only and does not reflect any industry standards or the policies of any corporation, relocation company, brokerage, or agent.

FIGURE 2.1



RELO ADVANTAGES

As we've learned, relocation real estate involves some sacrifices but there are also offsetting advantages.

HIGH INCOME

Most transferees are financially-capable buyers. Above-average incomes mean few obstacles in qualifying for a mortgage.

HIGHER-PRICED HOMES

High-income transferees, particularly upper-level executives, tend to buy larger, higher-value homes.

MOTIVATED

The pressure to find, close on, and settle into a new home makes transferees very motivated buyers.

Slide 30:

Relo advantages

I-Note:

DISCUSS advantages of relo business.

APPLY Learning Objective 2-1

FAST TRANSACTION

Time pressure usually compels transferees to be decisive. Your involvement will be intense, but most likely for a short time.

EDUCATED BUYERS

Most transferees are not first-time buyers. They are familiar with the process of purchasing a home and working with a real estate agent. It may be necessary to explain some state regulations, but you probably won't need to spend time educating them on the purchase process.

REFERRALS FROM OTHER AGENTS

Remember there are a number of real estate professionals who don't want to get involved in relos. Let your peers know that you welcome relo business and referrals of relo clients.

REFERRALS AND SPIN-OFF BUSINESS

The potential for referrals and spin-off business makes relocation real estate a much bigger pie than just helping one transferee at a time find and buy a home. Top-notch service for that one transferee can be the start of a stream of referral business that has no connection to the relocation company. Consider these scenarios:

- Co-workers who want to buy or sell in the local market may ask the recent transferee for a recommendation.
- Members of an extended family—often elderly parents—who move with the transferee may need to find housing.
- After transferees get acquainted with new locations, they may want to change homes – upgrade, downsize, or change neighborhoods.
- A transferee who opted initially to rent in the new location may decide they are ready to buy.
- When a transferee is ready to relocate, getting the listing is almost a sure thing if you keep in touch and ask for the business.
- Experienced relocation real estate professionals say that by over-focusing on relocation company fees, you could miss out on a rich stream of referral and spin-off business that the relocation company never touches.

DO THE HOMEWORK

How did you do the research when you were first started out in the real estate business? You can use the same skills—curiosity, observation, research, and business planning—to do the homework for developing your relocation niche. The first step is taking a good look around your market area for major employers, promising start-ups, and smaller companies with branches in other locations.

Slide 31:

Referrals and spin-off business

I-Note:

APPLY Learning Objective 2-3

STATE that additional referrals and spinoffs are a big advantage because these are business opportunities that the relocation company doesn't touch.

Slide 32:

Do the homework

I-Note:

DESCRIBE the various resources to consider when searching for relo information. ASK students for any other examples they have used.

INFORMATION SOURCES FOR YOUR SEARCH:

■ **State Offices of Economic Development:**

A good place to start is with your state's office of economic development. A metropolitan area may have its own locally-focused economic development department. These offices are a great source of news and information on all types of companies. Register for newsletters and press releases.

■ **Chamber of Commerce:**

Another good source of business information is your local chamber of commerce. Check out your local chamber's website and register to receive newsletters and press releases.

■ **Business Press:**

In addition to the business section in your local newspapers, your regular reading list should include major business publications like Crain's and the Wall Street Journal, as well as specialized trade journals for area businesses.

■ **Trade Publications:**

If you want to know what relocation managers are thinking, read what they read. Consider Mobility magazine and Relocate Global magazine. You'll gain valuable insight on relo managers' current concerns. You'll also learn about trends in relocation volume, services, and corporate benefits. At the ERC website you'll also find a library of free webinars on a variety of relocation topics. Go to [www.worldwideerc.org/ Resources/Event Materials/ Pages/learning-zone-webinars-archive](http://www.worldwideerc.org/Resources/Event%20Materials/Pages/learning-zone-webinars-archive).

■ **Executive Recruiter Sites:**

Our Internet Field Trip in section one took us to executive job posting sites—a vital source of business information. These websites provide insight on how corporations recruit executives and specialized talent and how far afield they are willing to look—sometimes globally—to find the person with the right combination of knowledge and skills. Some major executive recruiters and job sites are:

- ▶ Korn Ferry, www.kornferry.com
- ▶ Signium, www.signium.com
- ▶ Slayton Search Partners, www.slaytonsearch.com
- ▶ Witt/Kiefer, www.wittkiefer.com
- ▶ Wyatt & Jaffe, www.wyattjaffe.com
- ▶ The Ladders, www.theladders.com
- ▶ Experteer, www.experteer.com
- ▶ Dice.com (technology and engineering)
- ▶ eFinancialCareers.com (finance, banking, insurance)
- ▶ HealthcareJobsite.com (medical, health care)
- ▶ MyVisaJobs.com (foreign workers)

Slide 33:

Read What the Relo Managers Read

I-Note:

VIEW the online versions of these publications.

READ WHAT THE RELO MANAGERS READ



Mobility magazine is published monthly by Worldwide ERC® and read by more than 18,000 relocation professionals. It's packed with informative articles each month and subscribers also have access to the magazine's archives.



Relocate Global magazine is published four times a year – March, June, September, and November. It focuses on relocation activity for clients in the US and all over the world.

Slides 34 & 35:

Talk the Talk

I-Note:

NOTE that learning the terminology of the relo business is important.

TALK THE TALK

- **ACCEPTANCE PERIOD**
Fixed period of time during which the offer to buy a transferee's primary residence is valid.
- **ADVANCE MARKETING**
Programs designed to help a transferee sell a home.
- **AMENDED VALUE PROGRAM**
Increase of a guaranteed offer based on a bona-fide offer received during the marketing period.

- **AREA ORIENTATION**
A familiarization tour of a local area conducted for potential transferees.
- **BUYER VALUE OPTION (BVO)**
Home-sale program in which the value for the home is established by a bona-fide offer from an outside buyer, not an appraisal. The relocation company purchases the home and sells it to the outside buyer at the offer price.
- **DESTINATION SERVICES**
Assistance to help a transferee and family settle into a new location.
- **DUPLICATE HOUSING**
Reimbursement of housing expense (PITI or rent) for a former home if not sold before the transferee must report to the new location.
- **GROSS UP**
The practice of reimbursing an employee for income tax liability on relocation payments reported as income on a W-2.
- **GROUP MOVE**
Relocating a corporation or division and all of the employees.
- **GUARANTEED BUY OUT (GBO)**
If a transferee's home does not sell within a specified time period, the relocation company purchases it at a guaranteed offer.
- **HOME MARKETING ASSISTANCE**
Proactive marketing services to help market a transferee's home through a customized marketing strategy and assistance with offer negotiations.
- **HOME MARKETING INCENTIVE PAYMENT**
A bonus payment to encourage a transferee to aggressively market a home.
- **HOME MARKETING PERIOD**
The minimum amount of time a transferee must attempt to sell a home before other options – BVO, GBO – are used.
- **PRE-DECISION SERVICES**
Detailed analysis of costs of relocating an employee, including appraised home value and cost to market and sell it.
- **RELOCATION INCENTIVE BONUS:**
Payment made to an employee to encourage acceptance of transfer.
- **TIERED PLAN**
Relocation program that offers varying levels of benefits for different categories and levels of employees.

I-Note:

DIVIDE the class into small groups.

ASSIGN each group one of the research categories listed above.

INSTRUCT the groups to research the suggested websites.

ALLOW a few minutes for the groups to complete the assignment.

ASK each group to report its findings of the assigned or other websites.

LEAD a discussion on information sources.

ASK students what sources they use.

INTERNET FIELD TRIP: RESEARCHING ON THE INTERNET

Research these information sites and uncover a vast amount of information that will help you in the relocation business.

1. Economic development departments at the state, city, and county level
2. Chamber of Commerce
3. Business and trade publications

WHAT DID YOU FIND THAT WOULD BE HELPFUL FOR DEVELOPING A RELO BUSINESS NICHE?

WHAT OTHER HELPFUL WEBSITES DID YOU FIND?

SELF-ASSESSMENT: IS RELOCATION REAL ESTATE THE RIGHT CAREER CHOICE FOR YOU?

Identify how your personality and professional outlook match up with the relo business.

I-Note:

REVIEW the questions to ask when assessing if relo business is the right choice.

ARE YOU WILLING TO...

- Give up a bigger chunk of the commission income?
- Work within the relocation company's system and parameters?
- Do the extra paperwork?
- Work many weekends and odd hours?
- Include all of the stakeholders in the communication loop?

DO YOU...

- Prefer to work with buyers?
- Accept constructive feedback and forgive unwarranted criticism?
- Expend extra effort to help buyers settle in a new home and community?
- Deliver consistently excellent service – every time?
- Have patience and empathy?

CAN YOU...

- Work fast, smart, and accurately?
- Be a team player and work within relocation company systems?
- Learn the terminology?
- Connect transferees to community resources and service providers?
- Master smartphone and Internet technologies?
- Present a professional image – look, sound, and act corporate?
- Invest time and money in business building?
- Match properties to buyers' needs and wants?
- Arrange property showings that get results?
- Respond quickly to emails, texts, and phone calls?
- Maintain communication with all stakeholders?
- Learn the tax considerations involved in a relo?
- Work with diverse clientele – culture, age, career stage, nationality?

HOW DO YOU MEASURE UP AGAINST THESE STANDARDS? IS THE RELO BUSINESS RIGHT FOR YOU?

BREAKING INTO THE BUSINESS

Slide 36:

Breaking into the business

I-Note:

DESCRIBE methods for making contacts and breaking into the referral business. REMIND students to avoid cold calling relocation companies and large corporations.

At first glance, prospecting for relo business can look like a closed door. The truth is that relocation management companies already have established relationships with real estate firms and seldom want to hear from prospecting agents. Corporate HR departments want to hear even less from real estate agents. Corporations outsource their relocations business so that they don't have to deal with the details. By the time a large corporation announces relocation plans—whether an individual or group move—the relocation company is already on the job. With these two pathways obstructed, how can a real estate professional break into the business?

START LOCAL, START SMALL

Experienced real estate professionals say to start by building your network through the buyers and sellers you come in contact with. Watch for opportunities to make a contact with a transferee—a friend, neighbor, family member—and ask for a referral and a recommendation to the relocation company for future business. Building your relo business may be one client at a time. But even that one client can open the door to a stream of business. You don't know when the opportunity will present itself, you have to be there and be ready.

SMALL COMPANIES AND START-UPS

Small companies and start-ups can be a more productive source of business than large corporations. Local companies with branches, divisions, affiliated businesses, and suppliers in other locales can be a prime source of relocation business. Keep in mind, they may be small companies now, but when they are ready to expand, they'll be looking for talent to help grow the corporation and looking for help in relocating employees and new hires.

These businesses often delegate responsibility for relocating transferees to a human resource (HR) department instead of outsourcing. If you have a contact—a friend or neighbor—with the HR department of a small or start-up corporation, ask for help with referrals. Prospect with HR staff of small companies through your contact. A good way to start building a business relationship is to offer a service for current employees; for example, you could offer to present a seminar on home buying, home maintenance, market update, or mortgage financing. Another way to start is by offering to do area tours for the HR staff and new recruits in order to familiarize them with various neighborhoods.

CLIENT'S CHOICE

A current trend with some relocation management companies is to let the transferee choose an agent. The transferee informs the relocation company of the choice. The relocation company, in turn, initiates contact with the agent and advises the agent of procedures, policies, and fees. If you are working with a transferee ask if there is a relocation company involved. Establish contact through the transferee – then expect a call from the relo manager.

GET THE TRAINING

Relo companies want agents who can work knowledgeably within their management and administrative systems. They may offer training programs to bring agents they work with up to speed on policies and procedures. If your firm already has relocation company relationships or a relocation division, take advantage of training opportunities.

IN-HOUSE RELO DIVISIONS

Does your firm have an in-house relocation division or participate in a network? If the answer is yes, this division is the first, and usually single, point of contact for the relocation company. Major real estate companies and franchises, recognizing the value of relocation business, have formed dedicated relo departments. These in-house departments seek out new corporate accounts and foster existing relationships with relocation companies. Often the relo division staff will include a relocation manager—counselor, coordinator, advocate—who handles a myriad of details including interfacing with the relocation company. This leaves the agent free to focus on the real estate transaction. When the relocation company refers a client, the relo division manager's job is to match the client with the right agent.

Your first step in breaking into the relo business may be researching the possibilities within your own firm. Find out your firm's relocation business relationships, affinity program participation, or networks, and learn how the in-house division decides which agents to put on the job. Participating in training sessions offered by the relo division may be a good way to show your interest and develop valuable contacts. At the same time, make it a point to find out if there is a policy about soliciting relo business if the agent is not part of the relo division. Your prospecting efforts shouldn't overstep your firm's policy.

If your firm is forming a relocation division, there may be a ground-floor opportunity to build your business niche. Start by asking the questions and finding out how to make the right contacts.

INTERNATIONAL RELOS

When you are researching companies in your market area, don't overlook foreign-owned businesses. There's a good chance that these companies periodically relocate executives and key managers in and out of your area. Keep in mind that not every foreign-owned corporation is a mega-corporation or conglomerate.

DISCUSSION QUESTION

ARE YOU ALREADY DOING RELOCATION BUSINESS? HOW DID YOU GET YOUR FIRST REFERRAL?

I-Note:

INFORM students that cultural aspects of international relocations will be covered later in the course.

ASK students who already have some relocation experience to describe how they obtained their first referrals. PROVIDE examples from your own experience.

PRACTITIONER PERSPECTIVE: DEVELOPING YOUR BUSINESS

The first step is to consult with your Broker and determine how your company handles relocation business. In some cases a Broker will have specific relocation companies where they already have a business relationship in place. These relocation companies may require you to complete a certification course to get referrals for business. Some Brokers and relocation companies also maintain that a certain experience level in the real estate business is necessary. Check with your Broker to make sure you get started correctly.

Once you have been approved to be a relocation specialist, you need to contact various relocation companies to become a referral agent. If you are working for a national or international brokerage you will need to register with your Broker's relocation department. Once registered, you are eligible for referrals from your Broker – a great way to start.

Since most of the major corporations utilize established relocation companies, to broaden your opportunities, you will also want to contact smaller or newer companies to determine whether they have an established relocation department or resource. If they don't, you have the unique opportunity to become a resource for them.

On the sell side, putting together an impressive listing presentation is a key element in getting business. How will you market the home? What is the average time on market for the seller's area? Do you recommend "staging" the home or how can you make it more marketable? How will you communicate with all parties in the transaction?

Buyer packages are important. Setting up a transferee with an automated email update on housing as it hits the market lets them know that you are watching carefully for a fit for them. It also tells them how the market is moving from a price and time perspective.

With relocation buyers, information on the community at large and a list of resources for checking out schools, neighborhoods, and amenities is beneficial. These should only be links for the transferee to explore to avoid any violation of fair housing laws or steering.

Remember that networking with friends, business associates, former employers, and neighbors will always be a key source for business referrals. Let your business sphere know that you are a reliable and energetic relocation agent, whether that is through broad-based mailings or personal contact.



MODULE

3

Working with Stakeholders

WHO ARE THE STAKEHOLDERS?

Within a relocation transaction, there are four main stakeholders: the employer, the relocation company, the employee, and the employee's family.

Relocating an employee and family is an expensive investment, so companies want to be sure all aspects of the move are successful—for the employee and family. Corporations know that an accompanying spouse, partner, or child who can't adjust to the new location will likely cause the employee to resign or seek a reversal of the transfer. When this happens, the corporation sustains a big loss. They not only lose a valued employee but may end up paying for another relocation to return the family to a previous home or another location. By outsourcing the mobility function, companies seek to manage the costs and details as well as improve the chances of a successful relocation and, as a result, a happy employee and family.

WORKING ACROSS CULTURES

International relocations are a specialized business and require knowledge of not only current business trends and employee packages but also appreciation of cultural considerations. However, cultural considerations can also play a role in domestic relocations. When you're involved in a relocation effort where culture must be taken into account, keep the list below in mind. Your client and their company will appreciate your efforts. To learn even more about international real estate activities, sign up for a CIPS designation course.

Slide 37:
Section 3 Opener

Slide 38:
Who are the stakeholders?

I-Note:
APPLY Learning Objective 3-1

DESCRIBE the various stakeholders. REMIND students of cultural considerations when working with a relocation client.

COMMUNICATION

- Is the culture direct and explicit or indirect and implicit?

NEGOTIATIONS

- Does the culture favor win-lose or win-win outcomes?

RELATIONSHIPS

- Does the culture focus on building trust or go straight to the task?

SOCIALIZING

- Every culture has do's and don'ts related to etiquette rules.

PERCEPTIONS OF TIME

- Does the culture view time strictly or allow for variances in schedules?

DECISIONS

- Does the culture always follow set rules and norms or allow for varying circumstances?

AUTHORITY

- Does the culture base authority on age, gender, or relationship or does it view expertise as the most important factor?

CULTURAL RESPONSIBILITY

- It is your job to understand the variances in culture and positively manage your own reaction to it.

EFFORT

- The real estate agent should show genuine curiosity and interest in things they don't understand and be willing to act as a student in this regard.

HUMILITY

- Above all, you should be humble and remember you are the guest in another culture. Listen more than you speak.¹³

I-Note:

APPLY Learning Objective 3-1

13 Mobility magazine, October 2018, "Top 10 Things to be Mindful of When Working Across Cultures."
[http://mobility.worldwideerc.org/publication/?m=46257&l=1#{\"issue_id\":526883,\"page\":142}](http://mobility.worldwideerc.org/publication/?m=46257&l=1#{\)

PRACTITIONER PERSPECTIVE WITH MERCY STIRLING DE DUENAS

How does corporate relocation in a global setting differ than corporate relocation in the United States?

For starters we have to do everything in two languages, and another culture! Many of the expats arrive first to have a “look see” to decide if even moving to another country works for them and their families. Since we help clients from all over the world, each culture is different and how they approach moving to Mexico. Some are very adventurous and come from other relocation countries. Others are moving to another country for the first time in their life. Guadalajara is the second largest city in the country and is known as “Silicon Valley of Mexico.” We have about 5 million people. So, if you are relocating from a small town in Iowa, it is going to be a huge change for you.

What are the top three things a U.S. REALTOR® should know about the work you do in Guadalajara?

1) That I am a member of AMPI (Asociacion Mexicana de Profesionales Inmobiliarios) here in Guadalajara, and it is the equivalent of the NAR. My suggestion would be only working with AMPI professionals. AMPI National and NAR have a long-time prosperous relationship. 2) That members of AMPI are open to referrals from the USA. 3) There are real estate licenses only in 18 states in the country. Jalisco does not have licensing YET, but we are working very hard on getting a real estate law. Things are very different in Mexico in real estate laws, and you need to work with a professional.

Do you have an example of the most rewarding experience you’ve had relocating a global client?

We had a client whose wife DID NOT want to relocate to Guadalajara from Colorado. She had been previously shown housing (from another agent) and in NO way could she imagine she and her kids living here. On top of it she was pregnant and concerned about that. Her husband was distraught that she did not want to bring the family to live here while he built the Industrial park. When her husband heard about the Relocation Connection, he immediately contacted us to “please please come and meet with his wife” who was going to be in town only for a short while for the opening of his industrial park. Once she met us, and we gave her a “look see” and showed her different neighborhoods, medical care, introduced to other expats that lived here, she decided to make the move. Years later, she cried when she left and thanked us profusely for keeping her family together PLUS giving her the best experience of her life.

What are the most important things a relocation agent can do for the global client?

The most important thing they can do is put THEMSELVES in the place of client and imagine how daunting moving to a new country is, a new language, a new culture and treat them like you would want to be treated. From showing the best housing, to where Costco is located, the best schools and health care so that they have the basics met when they arrive. Instructing them on big city living, security and where they can meet new friends! Also, you need to remain a “life line” for them as they move through the different stages of relocation. Honeymoon phase does not last forever!

Slide 40:

What do relocation companies do?

I-Note:

IDENTIFY duties of the relocation company. INFORM students of the titles used for relo coordinators. REMIND students that spouses and families must also be considered.

WHAT DO RELOCATION COMPANIES DO?

The relocation company is a corporation and may seem demanding with its requests. If things go wrong with a transfer, they are the first to get the backlash for not successfully getting the employee moved and resettled. The employee's HR department or Mobility department will have a relationship with the relocation company. Some of the titles used in relocation companies include relo coordinator, mobility department, relo counselor, and relo consultant.

Relocation companies coordinate many aspects of the move beyond the real estate transaction and closing, including: home-finding trips, packing and moving, transporting cars, child care, pet sitting, managing expenses and reporting, and coordinating the benefits package. Keep in mind: the real estate agent should not expect the relo company to divulge or discuss the transferee's benefit package.

In the past, the relo company was the single point of contact and specified who transferees could work with. Now, in most cases, it's more flexible and as long as the referral fee is paid, the transferee can choose any agent providing that agent agrees to the relo company's procedures. Relo companies do not want transferees signing buyer's rep agreements since they are responsible to the employer.

Relocation companies are not taking as much responsibility for the mechanics of the move and are more interested in fostering a relationship with the transferee. A new generation of workers has resulted in executives requesting relo companies to adapt services and approach. They expect more family support – including for the trailing spouse/partner who is often left at home to unpack and get everyone settled. The agent can be a point of contact for these efforts.

Spouses and partners must also be considered. They have careers too and the move may be disruptive for them. Companies may provide help to find job opportunities. Corporations realize that if the family is unhappy, the employee may choose to leave, or at the least be less effective in the job.

When a relocation company takes a property over (buyout or BVO), the seller can't sign any paperwork. The relocation company closes with the new buyer. This procedure defers tax liability for the individual and the corporation. It becomes a write-off for the corporation as a business expense.

In addition, the seller can't sign a listing agreement – everything is signed by the relocation company.

Companies are continuing to tailor programs for transferees to meet the needs of the employee and the corporation. According to the 2018 survey by Atlas Van Lines, the use of lump sum reimbursement has become increasingly popular. This report also notes that partial reimbursement for new hires or transferees occurs with almost half of the firms surveyed.

CORPORATE RELOCATION PROGRAM SERVICES

There are a variety of services these programs generally provide. Be sure to know exactly what's provided for the transferee you are working with.

DOMESTIC AND INTERNATIONAL

- Program administration
- Shipment of household goods
- Location orientation
- Home finding assistance
- Home sale assistance, ranges from marketing transferee's house to buying it
- Lease cancellation services
- Temporary living assistance
- Lump-sum benefits administration
- Expense payment and administration

INTERNATIONAL

- Transferee counseling
- Spouse and family counseling
- Letters of assignment
- Cost estimates
- Tax support
- Visa work permits
- Language training
- Cultural training
- Ongoing assignment administration
- Repatriation management

Slide 41:

Corporate relocation program services

I-Note:

DESCRIBE the various corporate relocation program services. INFORM students that available services vary among companies and transactions.

Slide 42:

Corporate relocation program services -- international

I-Note:

IDENTIFY the various corporate relocation program services that are specific to international relocations.

Slide 43:

Corporate relocation program services -- international

I-Note:

APPLY Learning Objective 3-1

DESCRIBE a typical day for a relocation coordinator.
COMPARE these activities with those in a typical real estate transaction.

SPEND THE DAY WITH A RELOCATION COORDINATOR

The ultimate goal of a relocation coordinator is to provide a smooth adjustment for the transferee as he or she moves from one location to the next. How does this happen? The successful relocation coordinator combines excellent communication skills with attention to detail to get the job done.

Relocation coordinators communicate with buyers, sellers, brokers, agents, and corporate counselors. That's five different hats the coordinator wears every day. A few of the tasks the relocation coordinator is responsible for include:

- Getting to know the client and analyzing their needs
- Providing the client with an overview of the market, home prices, school choices, entertainment venues, and the community they are moving into
- Acting as a go-between for the agent and the client and making sure everyone understands the parameters of the deal
- Informing the employer of transaction details and providing continual updates on the progress of the transfer

The relocation coordinator functions as the "middleman" between the transferee and company. He or she must satisfy the needs of all the stakeholders to be successful.

WHERE DOES THE REAL ESTATE AGENT FIT?

Working with a relocation company means corporate accountability. It's similar to working with an REO management company in that they want frequent, meaningful communication and want to be kept up to date. Don't make them ask twice. Learn their system and work with it, don't try to substitute your own.

WHAT THE REAL ESTATE AGENT SHOULD DO

- Get a designation
- Contact smaller local companies and offer to do employee home buying seminars
- Keep in touch but be respectful of their time
- Provide a market overview, sales and price trends
- Be a source of information
- Get on the "list" of large relo companies
- Keep in tight, frequent communication with the relocation company
- Keep in touch with buyers, let them know the value of their house in the market

Slide 44:

Where does the real estate agent fit?

I-Note:

ASK students who have worked with a relo company to share what they know about what the real estate agent should and should not do.

APPLY Learning Objective 3-2

WHAT THE REAL ESTATE AGENT SHOULD NOT DO

- Don't wait for a reminder from relocation company if something significant has developed
- Don't assume that what one spouse/partner says, the other will agree with
- Don't be afraid to make appropriate contact – ask for the referral
- Don't be resentful of the relocation company fees
- Don't contact large companies to find out what their relo plans are
- Don't ask about benefit package details

Real estate agents who are contacting companies to compete for their relocation business need to get answers to some questions to come up with their strategy for getting the business...

- Main reason for relocating employees?
- Where are your current transferees located?
- Where are your emerging markets?
- What is the cost benefit of outsourcing your relocation efforts?
- What is your anticipated volume of transferees both domestically and internationally – in the next year, the next five years?
- Have you considered tiered services that offer different levels of relocation benefits based on an employee's position with the corporation?
- How do you prefer billing to be handled?
- What is the vendor's global footprint?
- Are most of your transferees renters or homeowners?
- What relocation services do you want the vendor to provide?

I-Note:

DISCUSS questions students should ask when contacting companies about their relo business.

PRACTITIONER PERSPECTIVE: WORKING TOGETHER

What makes a successful relationship between the relocation company and a real estate agent?

Excellent communication skills and prompt response are critical to a good relationship between the agent and the relocation coordinator. The real estate agent must be a strong team player to interact effectively with the transferee and the relocation company.

It's important to the relocation company that the client (transferee) is happy with their agent. This person should be knowledgeable of the area, be well versed in the attributes of the community, and he or she should be flexible in responding to the transferee's and the relocation company's requests. Since time is of the essence in a relocation, the agent will often be called upon to respond quickly and spend evenings and weekends on the search with transferees.

Time is very important to a relocation company since they must report to the employer on the progress of finding a new home or selling an existing one. As a result, agents must be prepared for much more paperwork and reporting than in a traditional sale. As the employer pressures the relocation company, the relocation company passes on demands to the agent.

Once you have established your reputation as a strong relocation agent who understands the process, responds promptly to the relocation company, and receives positive feedback from the client, you are on your way to getting more referrals and building your relo niche.

MODULE

4

Relocation Transactions—Moving In, Moving On

POINTS OF VIEW

During the relocation process, there are three points of view you will want to keep in mind...

1. The transaction from the buyer's standpoint
2. The transaction from the seller's standpoint
3. The transaction from the company's standpoint

WORKING WITH INCOMING BUYERS

Relocation typically means a quick sale. The buyers visit for an intense tour of properties and usually make an offer during that visit. As a real estate agent, you need to know the market really well and understand if homes in your area spend a short or long time on the market.

Buyers arrive with preconceived notions of where to live. They may have spoken to friends, family members, or co-workers who suggest the “best” location for them to buy a home. It may be difficult for them to consider other areas because someone higher up the corporate ladder suggested a specific area and they feel it is important to their job success to take their advice. All of this means it might take longer to find a property—you have to have more showings to educate the buyer on other potential areas to live.

TECHNOLOGY'S IMPACT ON BUYERS

Individuals who are used to doing everything on the Internet may require a longer education process when finding a home. They often don't see the need for a real estate agent.

Tech-savvy transferees want instant response and use online tools to gain information but typically still want someone to talk to during the process.

Slide 45:
Section 4 Opener

Slide 46:
Points of View

I-Note:
CALL attention to the three points of view in the relocation transaction

Slide 47:
Working with Incoming Buyers

Slide 48:
Technology's impact on buyers

I-Note:

DISCUSS the various forms of social media that can be used by the real estate agent. ACKNOWLEDGE that social media is not always an appropriate medium. ASK students to provide examples of social media they have used.

I-Note:

APPLY Learning Objective 4-1

In this situation, texting and email are appropriate but it's important for the buyer to hear your voice too. Plus, it's important for the real estate agent to hear the nuances in a buyer's voice when discussing the home purchase.

Social media has created a new forum for agent/buyer interaction and more applications are being created every day. Especially in the relocation transaction, social media can transport the buyer to their new location at the touch of a button. There are mobile apps that let them place their furniture in a room and others that provide a virtual tour of a neighborhood.

Some different social media methods you can use to accelerate the transaction include...

- Mobile apps
- Facetime live tours
- Links to local entertainment and shopping areas
- Community blogs
- Maps of the neighborhood with descriptions of property types, local amenities, and price points
- If you have a blog, provide buyers with a link

New technologies that benefit the relocation industry are plentiful and are excellent ways to help you gain competitive advantage. They can help you become more efficient and perhaps even save money all while meeting the needs of your client. Take a look at the Tech Trends on the next page and see if you can adopt any of them for your relo business.

TECH TRENDS TO USE WHEN WORKING WITH BUYERS ¹⁴

MOBILE APPS

You can find apps liked Moved and MoveAdvisor that book a mover, sell or donate household goods, and arrange furniture in a room. MyRelocation developed by Global Mobility Solutions provides resources for the relocation team and the human resource representative, as well as an extensive knowledge base of the entire industry.

VIRTUAL REALITY

While not an industry mainstay, it does have applications. There are 360-degree cameras that allow buyers to view a potential home or community through a VR headset or computer. This can be beneficial for the relo buyer who is typically working in a short turn-around time to find a new home.

RELOCATION BLOGS

There are literally hundreds of moving blogs and websites. These can provide information on what the industry is saying about your market, as well as, first-person accounts of successful and unsuccessful relocation activity.

¹⁴ Mobility magazine, October 2018, <https://www.worldwideerc.org/article/plugging-into-technology-solutions>

Slide 49:

Tech Trends

GET TO KNOW YOUR BUYERS

During the buyer consultation, work through pre-qualification questions to understand their price range. Ask open-ended questions about lifestyle before focusing on the style of home. Do they prefer city, suburban, or a country setting? Are they interested in specific types of schools?

The more questions you ask, the more you demonstrate that you want to get to know the buyer and are not just focused on selling a house. Share with the buyer that by getting to know them, you will be able to focus in on properties that match their needs.

- Where do they currently live?
- Is the spouse working? Where is their job in relation to the transferee's job?
- Do they have children?
- If they have children, do they walk to school?
- Do any family members have any special needs?
- Is public transportation important?
- How far are they willing to commute?
- How far do they want to be from restaurants and shopping?
- Is lot size important?
- Is the age of the home important?
- Are they willing to do maintenance or prefer maintenance-free?
- Is an energy star rating important?
- Do they need a hobby area?
- Do they travel extensively? Is proximity to the airport important?
- Do they have pets?
- Did anyone suggest areas where they should look for a home?
- Have they been to the area before?
- Have they visited any open houses or signed a representative agreement?

If market time is short with multiple offers and your clients like one of the first homes they see, you might want to encourage them to start the negotiation process, make an offer, then continue to look at other properties. Agents need to make sure buyers understand that an offer is a contract if accepted and there are consequences of backing out. Typically, there is a built-in contingency release with an inspection contingency addendum.

Slide 50:

Get to Know Your Buyers

I-Note:

COMMENT that buyer consultations are important. HIGHLIGHT some key questions the real estate agent should ask

APPLY Learning Objective 4-1.

I-Note:

STATE that relocation packages are private and the details of such should not be requested unless they relate to the home buying process.

Never ask about the details of the buyer's relocation package or divulge anything you learn about their benefits to another transferee. You can ask about the benefits package in relation to the house and whether they are getting a buyout, BVO, or home buying assistance package.

Some employees get a lump sum to cover all of their relocation expenses – closing costs, temporary housing, fees, moving expenses. They may or may not have to provide documentation to the corporation, itemize expenses, or return unused amounts. The big buyout (BBO) appears to be on the decline and more lump sum options are being offered. They are usually easier on the real estate agent as they put the burden on the employee to manage expenses.

DISCUSSION QUESTIONS

I-Note:

ASK students to describe how they learn more about their clients. PROVIDE examples from your own experience.

ARE YOU SUCCESSFUL IN GETTING TO KNOW YOUR CLIENTS?

WHAT QUESTIONS DO YOU ASK TO IDENTIFY THEIR NEEDS?

GROUP MOVES

Entire divisions or companies relocating can mean a few people (less than 10) or from 30-50 or more if an entire company is relocating.

Some companies start with a stealth group move involving one or two executives. Without stating corporate intent to do a group move, it gradually occurs as more employees relocate. If an agent can get in on a group move, planned or gradual, it can lead to plenty of business. These gradual moves may happen without all the fanfare of a large move but they can lead to serial referrals and foster your business.

Remember, the first person in the group who relocates will either rave about the real estate agent's service or give them a bad reference. You want to be sure that first person gets top-notch service and demonstrate that the same service level will be provided to everyone who follows. Transferees talk to others about their experiences with homes they saw and agents they work with.

Entire groups may come for a weekend tour of a new company facility, house hunt together, and then gather for dinner to compare notes. You might want to arrange for a property tour by bus where you can point out amenities in the area and provide other pertinent information.

TIME FRAMES

The lead time for a relocation may be a few weeks. To start, you might want to have a buyer consultation by phone and set up MLS auto searches. Ask the buyer to provide feedback on properties in the search and to send you a list of their favorites so you can organize showings when they come to the area. Try to narrow down choices to a manageable number you can show.

On average, transferees have about two weeks to accept or reject the transfer and about a month to be on the job and ready to go. For this reason, buyers are very motivated – they have to buy and want to buy.

There is a tremendous amount of stress on the transferee and their family during this time. Remember, they have not only a new job, but a new home in a new neighborhood in a new town and probably a new state. They have to re-establish contacts with physicians, dentists, auto repair shops, schools, child care, and more.

It's your job to educate the buyer about the local market before they arrive to look at homes, including how quickly the local market is moving, price trends, and available home inventory. Pull MLS statistics on the number of homes on the market and their average time on the market.

Some transferees have moved many times and already know what they want to buy. Others might want to wait to look at homes until they are on the job and stay in temporary housing on their own or with their families. While transfers can happen at any time, families with school-age children may not relocate to the new area until spring or summer.

Typically, transferees have a one-year window to use relocation benefits.

Slide 51:
Group Moves

I-Note:
IDENTIFY the difference between individual relos and group moves. NOTE that group moves imply large amounts of business.

APPLY Learning Objective 4-1

Slide 52:
Time Frames

I-Note:
DISCUSS the difference in lead time for a relo. IDENTIFY the things transferees must consider that go along with the move. STATE what the real estate agent can do to assist the transferee.

APPLY Learning Objective 4-1

Slide 53:
Moving Fast

I-Note:
IDENTIFY the resources transferees need to locate when moving. ASK students to describe ways to obtain and provide this information.

APPLY Learning Objective 4-1

MOVING FAST!

From the moment an employee accepts a transfer offer, the clock is ticking. On average, organizations permit their employees two weeks to accept a formal transfer offer. Once an employee accepts the transfer offer, employers are allowing the transferee an average of four weeks to move and report to their new job.

Transferring buyers are often under additional time constraints and emotional pressures especially if they have families to move and they are unfamiliar with the area where they need to purchase a new home. They might need extra hand-holding before, during, and after the transaction. They will need a list of resources to help them find personal services like a doctor, dentist, pediatrician, hair stylist, veterinarian or dog walker, or daycare for children. If you help them get settled into the community more quickly, the transferee will be able to be effective in his or her new position without worrying about all of these details.

According to Worldwide ERC, 67 percent of single employees move for personal career development, but their career isn't the biggest concern when it comes to relocation. Forty-one percent indicated they worry about making friends in the new area.¹⁵ Since so many important things in life are tied to strong relationships, it's understandable why single transferees would be concerned with establishing new bonds.

Understanding these concerns and being able to provide assistance to help streamline the process of moving and getting settled is a valuable offering the real estate agent can provide.

MATCH YOUR SERVICES TO THE BUYERS' NEEDS

A strong real estate agent will demonstrate his or her value through the services they provide and by communicating effectively with their clients. Many of the characteristics you already demonstrate in a typical local transaction are the same ones you need for a relo. But, what will set you apart as an agent that a transferee or their relocation company might want to hire?

- You are technically proficient in the tools agents use to scout for properties
- You are a strong networker and able to mine opportunities before they hit the market
- You are present for inspections and help guide the buyer/seller through negotiations
- You never steer a client to a particular neighborhood or community
- You provide clients with information on areas they are interested in
- You are well versed on attributes of the community at large
- You make yourself available to clients when they need you—on their timeline
- You stay with buyers throughout the process and closing of the transaction

Slide 54:
Match Your Services to the Buyer's Needs

I-Note:
DISCUSS the value proposition for transferees. DESCRIBE services the real estate agent can provide to meet the relo buyer's needs.

¹⁵ Mobility magazine, October 2018, <https://www.worldwideerc.org/article/challenging-status-quo-relocation-4-surprising-findings-about-employee-relocation>

RENT OR BUY

In locations like Silicon Valley, housing prices are appreciating so rapidly that employees who transfer out may decide to keep their existing home and rent it out because if/when they are transferred back to the area they might not be able to afford to buy again.

In addition, the amount of equity in a home may impact the rent or buy decision.

In some cases, a transferee may decide to rent if they can't qualify for a mortgage (consider entry-level employees) or because there are no homes in their price range in the area. Another reason to rent relates to insecurities about the current job or job market.

Does your firm handle rentals? Find out if they charge back to the relocation company for rental assistance.

FINDING THE RIGHT HOME

Most transferees are pragmatic about choosing a home. They expect their needs and wants to be met, but aren't necessarily looking for a dream home. They are also very concerned with future resale value because they may get transferred within a few years.

Value appreciation is a big concern when it comes time to move again. Most relocation clients are fairly sure they will get transferred again, so they want to know the back end or resale value of any home they might purchase. Be prepared with property appreciation rates and a history of properties. While real estate agents cannot predict rates, you can state your opinion on value appreciation.

Where is the buyer in their corporate life? If their relocation is associated with a promotion, they may be looking for an upgraded house compared to their current home. Is this the first move with more to come or will the buyer stay in this location for the long term?

REOs and short sales are usually not right for relocations. It depends on the market, but most are too complex with too many unknowns. The buying process for this type of sale takes longer. Does the buyer have time to wait? It might take six months to close the deal and everything will be in the hands of the REO company and lender.

SELLING A PROPERTY – THE LISTING SIDE

A transferee's corporation may provide an incentive to sell in the first 30 days. Relo clients are pressured as sellers and as buyers. They need to balance the time between sale and buying to free-up equity. For this reason, you can expect a short-term listing agreement.

In some cases, the company offers an incentive – perhaps the seller gets 1% of the sales price rebate as an incentive to sell. This incentive helps the seller price their existing home more competitively since they know there is a cushion to work with.

Relo company inventory must also be considered. Some relo companies may reimburse an agent to do upkeep and maintain the property while the house stands empty. A note of caution: if they want the utilities put in the agent's name this will be an additional liability and expense for the agent.

Slide 55:

Rent or Buy

I-Note:

STATE the various reasons transferees would prefer to rent. ASK students if their firm handles rentals.

Slide 56:

Finding the Right Home

I-Note:

APPLY Learning Objective 4-2

DISCUSS the transferee's focus on value appreciation.

Slide 57:

The Listing Side

I-Note:

HIGHLIGHT the possible company incentives for selling a property. DISCUSS the additional paperwork involved in a relo sale.

A relo sale isn't a typical sale. There is substantially more paperwork. The relo company—not the seller—signs all paperwork. You will need to work to maintain calm by communicating with the buyer agent and the buyer. It is similar to REOs and short sales in this regard. In some listings, you might be told not to disclose that the seller is a relo.

HOME-SELLING ASSISTANCE PACKAGES

Some companies offer loss-on-sale assistance to their employees either through their formal policy or on a case-by-case basis. Duplicate housing expenses may also be provided in instances when the employee purchases a home in the new location prior to selling their home in the old location. Most organizations impose a time limit on the assistance.

Homes that are typically excluded have extreme marketability issues or represent a legal liability or complication for the company. Mobile homes and co-ops are usually excluded from home sale programs. Many employers exclude duplexes and some exclude homes with excessive acreage.

Today, the majority of companies will accept negative equity homes into their home sale programs either on a case-by-case basis or as part of a formal policy. Of the respondents that do accept these homes as part of a formal policy, most require the employee to pay-off the balance at closing with no assistance from the corporation.

In addition, many employers with either third-party or corporate-based home sales programs assist employees with home-selling costs in instances where the employee rejects the company/third-party home buy-out offer. These employers report offering cash incentives to employees who find a buyer for their home during the self-marketing period.

THE COMPANY'S PERSPECTIVE

The relocation company and your transferee's company, by extension, will be satisfied when the employee is settled happily in their new home. Ideally, a speedy resolution and good communication among the parties will leave everyone feeling more satisfied. Keeping everyone in the loop and on track is critical to success.

Companies know that the happiness of the transferee's family is imperative and might affect employee performance or satisfaction with their employment. Anything you can do to help the transferee and family settle into their new community is beneficial.

Slide 58:

Home-Selling Assistance Packages

I-Note:

DISCUSS items that might not be included in the assistance package.

APPLY Learning Objective 4-2

Slide 59:

The Company's Perspective

I-Note:

RELATE the company perspective to the real estate agent's actions.

PRACTITIONER PERSPECTIVE: WORKING WITH RELOCATING BUYERS

Working with relocation buyers can be viewed as frustrating or you can look at it as a fun challenge. The best way to reduce frustration for both you and your transferee is to take some time to get to know the client. It's important for you to listen to their needs, wants, and concerns. Try to understand the family dynamic and what it will take to find them the best possible home in your community.

Giving the transferee information in advance of a visit to review homes is vital. Once you have a feeling for what they want, set them up on an automated email notification system through the MLS in your area. Ask them to rate the listings so you can narrow down the type of home that would work for them. Educate them on the community with links to city home pages, school sites, and public transportation.

Make the home touring process as enjoyable as possible. Typically, you will be transporting the client during the search. Understand who will be traveling with you during the search. Do you need to provide a car seat for a child? Is your vehicle large enough to hold everyone who will be on the tours? Do you need to plan a lunch stop, bring water, or provide snacks?

You might consider assembling a "community welcome package," which includes information on the local arts scene, medical facilities, health clubs, educational opportunities and outdoor recreation activities (parks, walking/running paths, dog parks, pools, etc.) along with any unique insights you can provide. These details help your buyer learn about the community and what it offers to them and their family.

Be prepared to spend as much time with your transferee as he or she needs. Your attention to detail and enthusiasm about the community as you help the buyer become part of it will pay off.



MODULE

5

Dollars and Sense

RELO PACKAGES: WHAT DO COMPANIES PAY FOR?

Relocation benefit packages will vary based on a number of things including the size of the corporation, the rank of the employee, and the area of the country or world the relocation takes place in.

Depending on what type of relocation package is offered, some of the items that might be found in a defined package include...¹⁶

PACK AND/OR UNPACK SERVICES

The employee's household goods are packed by a moving company, saving the employee time and stress. If an unpack service is included, the moving company personnel unpack the household goods at the new residence.

QUALITY MOVING COMPANY PERSONNEL WITH INSURANCE COVERAGE

Not all moving companies are known for providing quality moving services. Moving charges are typically determined based on total weight. Transferees should ensure that insurance for damaged or lost goods is equal to the good's value.

HOME SALE OR LEASE-BREAKING PENALTY ASSISTANCE

Home sale assistance might come in the form of company-sponsored reimbursement or professional marketing help to accelerate the timing of sales. Some transferees might have employers who pay contractual penalties for early lease termination.

Slide 60:
Section 5 Opener

Slide 61:
Relo Packages – what do companies pay for?

I-Note:
APPLY Learning Objective 5-1

DISCUSS the various items that might be in a relocation package. NOTE that packages vary and should be individually evaluated. HIGHLIGHT how this can affect the buyer.

¹⁶ CapRelo Blog, May 30, 2018, <https://info.caprelo.com/blog/topic/corporate-relocation-program>

HOUSE-HUNTING TRIP

Relo packages often include one or more company-paid house hunting trips of short duration. The costs that might be covered include: transportation, lodging, and meals. In some instances, childcare might be covered.

TEMPORARY HOUSING

Many corporate relocation packages provide a minimum of 30 days temporary housing.

TRANSPORTATION TO FINAL DESTINATION

A typical benefit package includes reimbursement for transporting the transferee and his or her family to the new location. This might entail airfare or if the transferee drives, mileage reimbursement. Costs of moving a transferee's vehicle by commercial transport would also be covered.

MISCELLANEOUS

There are a host of small costs that might be covered: driver's license fees, pet registration and licenses, cleaning services at the new home, utility hook-ups, etc. Many companies will put a cap on this category.

Other popular features that might be found in a standard relocation package include...

- Short-term living expenses associated with deadlines to move
- Reimbursement for storage of household goods until move into new home
- Employment finding assistance for spouse/partner
- Child or elder care costs
- Assistance with school-related information
- Loss-on sale allowance
- Travel expenses for transferee to travel home for visits until family is relocated

RENT OR BUY DECISIONS

The decision to buy a home versus rent is as much a lifestyle decision as it is an economic one. Tim Lucas, editor-in-chief of mymortgageinsider.com, notes that most people weigh the financial benefits of owning versus renting since it is likely the biggest financial decision they will make. However, another key factor that should be considered is stress. Lucas reports that a landmark stress study lists major stress events that include switching careers as #18 and change in residence as #32.¹⁷ If you're involved in a relocation, you've hit both these marks.

When a transferee moves to a new job in a new community, stress levels can run high. Having to make the additional decision of choosing a permanent residence versus temporarily renting a space only adds to that stress. This is especially true if the transferee doesn't know much about the area.

¹⁷ U.S. News & World Report, December 13, 2013, <https://realestate.usnews.com/real-estate/articles/renting-vs-buying-a-home-which-is-smarter>

I-Note:

DISCUSS additional expenses that might be covered.

Slide 62:

Other expenses that might be included in the relo package

Slide 63:

Rent or Buy decisions

I-Note:

APPLY Learning Objective 5-2

DISCUSS the correlations between lifestyle and rent or buy decisions. IDENTIFY how economic uncertainty plays a role in this decision. ASK students if they have seen a trend in rent versus buy in their relo business.

Today's renter goes beyond the typical entry-level new hire. For instance, if a transferee has a second "vacation" home or chooses to rent their current home rather than sell it, then a rental can be an attractive option.

The rapidly growing rental market also plays a role. Economic uncertainty has created a surge in the demand for rentals. If a transferee is concerned about job security or how his or her family will adapt to their new location, then renting provides more flexibility.

Finally, transferees may choose to rent for a period of time as they get to know their new community. Gaining familiarity with the area provides a level of comfort when it's time to buy a new home.

TAX CONSIDERATIONS FOR THE TRANSFEE

Tax laws are changing rapidly. A realtor should never give tax advice or legal advice to a client but should refer them to their relocation company or their personal tax advisor to determine actual costs that are deductible and what costs the company will reimburse.

WHAT'S A QUALIFIED MOVE?

Moving expenses can be deducted when the transferee meets three tests:

- Work-related test
 - ▶ The move must be related to the start of work at a new job location within 12 months of first reporting to work.
- Distance test
 - ▶ The distance between the employee's new principle place of work and old residence must be at least 50 miles greater than the distance between the old place of work and old residence, and the employee's commuting distance must have increased by at least 50 miles.
- Time test
 - ▶ In the 12-month period following the move, the employee must be a full-time employee for at least 39 weeks in that location or meet a qualified exception to the time.

Some companies structure their program to cover taxable moving expenses, such as house hunting, temporary living, etc. and then reimburse the "non-taxable" expenses. The lump-sum reimbursement would be fully taxable to the employee, and depending on the corporate program, either the corporation or the employee would ultimately pay the associated tax of including these in the employee's wages.

Other companies have structured their lump-sum program to cover all relocation expenses. If the corporation uses this method, the lump sum would be fully taxable to the employee. The employee would want to track the non-taxable expenses, as a claim for a moving expense deduction may be available on their US federal income tax return. The applicable moving expense amount would then be a reduction to a taxpayer's adjusted gross income (AGI).

Slide 64:

Tax considerations for the transferee

I-Note:

APPLY Learning Objective 5-3

STATE that agents should refer clients to their tax advisor or relo company for tax considerations. STRESS that an agent should not provide tax advice.

Slide 65:

What's a qualified move?

I-Note:

DEFINE a qualified move. EXPLAIN how this definition is used in the relo transaction.

Slide 66:

The Tax Cuts and Jobs Act

I-Note:

REMIND students that federal tax laws change. Briefly DISCUSS the Tax Cuts and Jobs Act.

If there are “taxable” moving expenses paid by the corporation, these amounts should be reported as taxable wages in the employee’s W-2 form. Sometimes these surprising numbers on the W-2 leave employees in shock.¹⁸

The Tax Cuts and Jobs Act (TCJA) went into effect January 1, 2018, and suspends the moving expense deduction/exclusion from 2018-2025. State response to this act has varied and must be analyzed on a state-by-state basis. As of May 2018, moving expenses remain excludable from the incomes of transferees in 15 states.

The continual changes in tax law are too numerous to count and it is important to guide the buyer to their relocation counselor or tax advisor.

IRS PUBLICATION 521

Slide 67:

IRS Publication 521

I-Note:

APPLY Learning Objective 5-4

The Internal Revenue Service produces Publication 521 that explains the deduction of certain expenses related to moving to a new home because of a change in job location or starting a new job.

It provides detailed information pertaining to a qualified move, explains deductible and nondeductible moving expenses, and discusses domestic and international relocations.

Since tax laws often change annually, it is best to refer the transferee to this document and their personal tax advisor regarding tax inquiries.

¹⁸ The balance small business, January 2, 2019, <https://www.thebalancesmb.com/employer-guide-employee-moving-expenses-4141194>

INTERNET FIELD TRIP: TAX REPORTING

Your relo buyer may ask you questions about reporting moving expenses, etc. on their taxes. While you should not give tax advice, you should be aware of current laws to provide general knowledge on the process. Go to the Internal Revenue Service website for Publication 521 to learn more.

- www.IRS.gov/Pub521

WHAT TYPE OF INFORMATION IS INCLUDED IN PUBLICATION 521?

WHAT ASPECTS OF PUBLICATION 521 CAN YOU USE WHEN WORKING WITH RELO BUYERS?

I-Note:

DIVIDE the class into small groups.

MAKE sure each group has Internet access.

INSTRUCT students to follow the instructions to access the site and view the publication.

LEAD a discussion of information included in the publication and how it can be used when working with clients.

APPLY Learning Objective 5-3



MODULE

6

Follow Up, Follow Through

HELP TRANSFEREES BECOME PART OF THE COMMUNITY

The real estate agent's job doesn't stop when the final paperwork is signed on a new home. Helping the transferee integrate into his or her new community is an important part of your job. Keep in mind that maintaining contact can lead to an opportunity to get the listing when the employee moves on. Plus, it might result in referral opportunities in the future.

What are some ways the real estate agent can foster this relationship?

- Introduce the transferee to organizations that fit their lifestyle or interests. This might include local sports or arts camps for their children and health clubs, cooking classes, or book discussion groups for the adults.
- Share information on parks, recreation centers, walking/running paths, and dog-friendly locations for pet owners.
- Schedule a tour of the community and point out the local library, daycare centers, parks, religious institutions, theaters, museums and other entertainment choices, shopping centers, grocery stores, and hospitals.
- Provide links to online resources that will help them connect with dentists, orthodontists, medical practitioners, and other health-related sources.

Once a transferee and his or her family are settled in their new home, they will be looking for ways to meet people in the community and develop new friendships. This is your opportunity to make yourself forefront in the transferee's mind as the "go to" person for knowledge that will help the transferee become part of their new community.

Slide 68:
Section 6 Opener

Slide 69:
Help transferees become part of the community

I-Note:
APPLY Learning Objective 6-1

COMMENT on the various ways to help transferees identify with their new community. ASK students to discuss other methods they have used.

Slide 70:

The Sure Thing – Repeat Business

I-Note:

APPLY Learning Objective 6-2

RECOMMEND that students follow-up with clients. IDENTIFY why this is an important step. SUGGEST they ask for referrals.

THE SURE THING: REPEAT BUSINESS

A transferee who has a positive experience with a real estate agent will most likely call on that agent when it comes time to move again due to a relocation or when they want to move to another home in the same community.

The real estate agent should follow up with their client within the first few months of a move to determine how things are going and how well the transferee is settling into the new community. If it is needed, the follow-up might include new opportunities for getting to know the community and surrounding area. If merchant incentives are available, offer these as a way to connect the transferee with the community.

On the business side, the agent can provide a yearly CMA market update for the neighborhood and keep the client advised as to what is happening in their community that might affect home sales.

Ask for referrals by reminding buyers that you also list properties – they might have friends or family members who need help selling or buying a home.

Most important, you want to make sure you are “top of mind” when your client hears the words “real estate.” Provide your clients with a local calendar of events via email, send out anniversary mailings, make sure they are connected with your professional social media accounts, and deliver consistent market updates to keep your name in front of the client.

KEEP DOING YOUR HOMEWORK

Slide 71:

Keep Doing Your Homework

I-Note:

APPLY Learning Objective 6-3

COMMENT that keeping up-to-date is necessary to succeed. RECOMMEND that students stay informed on corporate trends including tech advancements and product development. SUGGEST students foster relationships with current transferee clients to gain referrals. HIGHLIGHT other resources: Chamber of Commerce, Rotary, arts and athletic groups.

To realize continued success in the relo business requires keeping up-to-date on business trends, tech improvements, and community developments.

Read local and national news to keep informed on corporate trends that can help you identify how your business might be impacted by relocations. Are there any businesses in your area that have announced corporate expansion plans? Have you heard about national companies that are opening new offices or building new facilities? Keep in touch with your relocation department to learn about new developments.

Tech trends and product development can be relocation game changers. If you hear about a company that has developed a new product, it could be your cue that staff expansion will follow. Acquisitions also signal employee changes. Even a corporate downsizing can provide relocation business.

Once you have developed a positive relationship with a corporate transferee, ask them to refer you to other employees at their company or their friends in the community. Regular communication between the two of you might create a resource for you to learn what options are being offered to relo employees.

You might want to join a local service group such as the Chamber of Commerce or Rotary to learn about other businesses in the area and develop relationships with those business leaders. Another source of information in some communities is the city development task force – this group will give you insights on future business opportunities that might be coming to the community. When you become involved in the community, you will become part of a larger communication network. The local arts or athletic groups can be excellent sources for networking.



WEBSITES

- National Association of REALTORS® Global:
www.nar.realtor/global
- Realtor.com:
www.realtor.com
- Worldwide ERC:
www.worldwideerc.org
- Internal Revenue Service:
www.irs.gov
- Atlas Van Lines:
www.atlasvanlines.com
- U.S. News:
www.usnews.com
- Fidelity:
www.fidelity.com
- Organisation for Economic Co-operation and Development—
Consumer Confidence Index
www.oecd.org/unitedstates
- The Ladders:
www.theladders.com
- U.S. Bureau of Economic Analysis:
www.bea.gov
- U.S. Census Flows Mapper:
<http://flowsmapper.geo.census.gov>

- Fundera:
www.fundera.com
- Forbes:
www.forbes.com
- Mobility Magazine:
www.worldwideerc.org/mobility-magazine
- Relocate Magazine:
www.relocatemagazine.com
- UrbanBound:
www.urbanbound.com
- CapRelo:
<https://info.caprelo.com>
- The Balance Small Business:
www.thebalancesmb.com
- Allied Van Lines:
www.allied.com
- Witt/Kieffer:
www.wittkieffer.com