

How Global Mobility Can Avert a Summer of Discontent

The visible signs of Covid are now waning with the lifting of restrictions in many economies, the resumption of travel and workers returning to offices for at least part of the week. As global mobility teams gear themselves up for the busiest period of the year, it's worth bearing in mind that the legacy of Covid and war in Europe have created an imbalance in supply and demand in many areas which may well impact the experience of relocating employees this summer.

Our Sterling Lexicon teams are prepared with agile, flexible solutions to support your program. We've identified the key sticking points in the relocation process and offer our guidance on how to partner with your RMC to facilitate a smooth transition for your employees.

International shipping challenges have not abated

Sterling Lexicon continues to see delays to shipments being transported by ocean freight, however both road and air transportation are not without their challenges. Port congestion remains an issue in both U.S. and European ports, while driver and crew shortages may affect packing and delivery. The arrival of peak season for container volumes means congestion issues may continue to be problematic.

In addition, European road direct deliveries will become less available over the course of the summer, as trucks are given over to consolidation or part-load movements to ensure maximum coverage.

Sterling Lexicon offers the following suggestions:

- Initiate as far in advance as possible – this will allow movers to accommodate preferred packing dates.
- Give your Account Manager a heads-up of potential VIP or large moves requiring multiple days for packing.
- Help manage expectations with your employees that alternative dates will be provided if their preferred dates are not available for packing or delivery.
- Consider pre-approving extensions for temporary accommodation or rental furniture; your Account Manager can assist with process design, tracking cost and reporting.
- Consider approval for larger air shipments or increased excess baggage as there is a chance that your employee might be without the majority of their possessions for an extended period.
- If your policy provides a relocation or disruption allowance, reinforce the potential while the shipment is in transit.



Shortage of serviced accommodations

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During the pandemic, many serviced accommodation operators reduced inventory or leased their properties for other uses. The post pandemic resurgence of business travel and relocation has resulted in demand significantly outweighing supply. An influx of refugees brought about by the conflict in Ukraine has further exacerbated the supply and demand imbalance in Europe. As a result, relocating employees are encountering a lack of choice in their preferred location due to availability; meanwhile, global mobility is seeing a need to revise budgets due to the rapid increase in rates.

The below examples are representative of how many markets have been adversely affected*:

Dublin, Ireland – The Irish Government allocated 5000 hotel rooms for refugees, resulting in a 92% occupancy rate for serviced apartments an additional 1000 units opening in 2022. Rates have increased as suppliers look to recoup losses from the previous two years and absorb some of the higher costs of labor, utilities, and the spike in demand.

Berlin, Germany – The German government has taken 22,000 different accommodation types in the city, resulting in fewer 2- and 3- bedroom apartments available.

Barcelona, Spain - The number of refugees taken in is unknown, however, the city is experiencing higher than usual demand for temporary accommodations.

London, UK - The number of refugees taken in is unknown, however, the city is experiencing higher than usual demand for temporary accommodations.

Sterling Lexicon offers the following suggestions:

- Initiate as far in advance as possible – this will allow a higher likelihood that accommodation will be available.
- Be prepared to approve accommodations quickly as options presented are often snapped up within a matter of hours.
- Be aware that more than one search may be required which may involve an additional cost.
- Work with your Account Manager to review your temporary accommodation budgets in your key locations to make sure they are still adequate.
- Discuss any significant volume going into a particular location with your Account Manager so that a market assessment can be undertaken, and relevant recommendations presented.



Shortage of rental properties and rising rents

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A result of changing work strategies allowing Work from Home or Work from Anywhere, many residents left cities for other locations, creating excess supply and sending rents plummeting. For instance, the median asking rent in Manhattan fell by 21%, while rents in London dropped by 24%.

The lifting of pandemic restrictions in all but a few countries across the globe has prompted many to return to urban areas with companies requiring employees to be in the office for at least part of the week. Now, demand is outweighing supply in many major cities, causing rents to rise steeply.

- Rental listings in **London** for the first quarter of the year were 45% lower than the five-year average with the average rental price increasing 14% year-over-year or 4% since the start of the pandemic.
- In **Manhattan**, the scenario is starker still with equivalent figures of 20% and 10%.
- A similar picture can be painted in Western Europe: in **Berlin**, for example, apartment rental rates have risen 18% over the past year. Prices in many European locations are being inflated by entrepreneurial tenants subletting and while this practice is often illegal; it is nevertheless commonplace in many locations.
- In **Dubai**, which saw an influx of Russian nationals following the invasion of Ukraine, rents are around 10% higher overall, however like **London** and **New York**, desirable areas have seen sharper increases such the Palm 36%, Jumeirah Park 25%, and the Lakes 21%.
- According to Statista, **Paris** was the most expensive city to rent a furnished one-bedroom flat among the 22 leading European cities surveyed in Q1 this year. All 22 cities saw the average rent increase dramatically between the first quarter of 2021 and the first quarter of 2022.
- Similarly, low supply is driving higher rents in **Singapore** where withdrawal of luxury condominium rental stock by local Singaporeans who returned home to wait out the pandemic exacerbated the already tight supply situation. Analysts expect rents to rise around 8% to 15% in the coming year.

Sterling Lexicon's years of experience in delivering Home Search service has taught us that managing expectations is critical to the success of finding an assignee a suitable rental property. Our dedicated relocation consultants work with the assignee to help them narrow down the 'must-haves' and the 'nice-to-haves' and consider what they might need to compromise on. We help your relocating employees understand the market conditions in the destination and provide expert guidance on the offer and rental process, so they are ready to move quickly when they find a property they like.



Shortage of rental properties and rising rents, cont.

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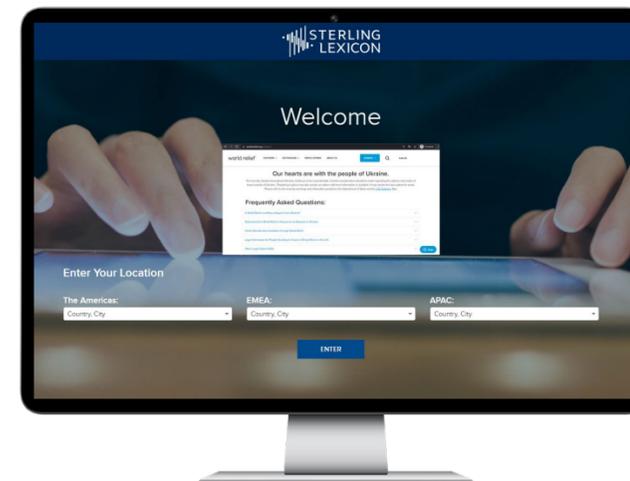
We're here to support you in setting expectations for assignees and leveraging our on-the-ground knowledge of local areas.

Sterling Lexicon offers the following suggestions:

- Provide a home search service via your RMC – especially for permanent transfers, international new hires, early-career and low-budget moves. As a matter of duty of care, this relatively low-cost service will ensure that your employee doesn't work with a disreputable agent.
- Initiate as far in advance as possible – this will allow us to accommodate preferred home finding dates.
- Consider providing your relocating employees with an orientation service so they can see the type of housing available in the destination to help make smarter decisions about shipping household goods.
- Consider reviewing your policy benefits for those employees paying for their own housing by providing some financial support for deposits and/or real estate agent fees.
- Regularly review housing allowances with your data provider or RMC to ensure they reflect current market conditions.
- Consider pre-approving extensions for temporary accommodations in tight markets where offers on rental properties may face competition.
- Be aware that additional home search support may be requested by your employees in tight markets.
- Talk with your RMC on a regular basis to evaluate the challenges relocating employees face and agree on the actions that will be taken.

Sterling Lexicon's clients and assignees can access a wealth of information on cities across the globe through the **World Trade Resource** portal which includes helpful guidance on rental practices and prevailing rental prices.

Ask your Sterling Lexicon Account Manager if you don't currently have access.



[Contact us for more assistance](#)

