THE RELOCATION REPORT

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We'd love to hear from you!

Contact our editor, Marcy Kogan, at **marcykog@gmail.com** with comments, questions and suggestions.

Weichert Launches Tax Services Subsidiary to Help Clients with Tax Preparation

Weichert Workforce Mobility formed Weichert Mobility Tax Services, a wholly-owned subsidiary that will provide domestic and international clients with tax preparation and tax compliance services, according to the company's press release.

Weichert Mobility Tax Services is a licensed CPA firm.

"The creation of Weichert Mobility Tax Services Inc. gets us closer to our goal of providing a holistic assignee service continuum for mobility program owners and their mobile workforces," said Aram Minnetian, president of Weichert Workforce Mobility.

"It also represents a superior value proposition featuring lower total cost of ownership, stronger global compliance, greater risk mitigation and a single point of accountability," he added.

Weichert Mobility Tax Services will leverage the resources of BDO USA, LLP — a nationwide association of independent accountants, consultants and service firms — to bring "state of the art systems, training programs and consulting to clients," Weichert said.

The international BDO network, the world's fifth largest accounting network, has offices in 151 countries and offers global tax services.

"Compliance is one of the most challenging issues facing the industry today and the stakes are getting higher for companies that are not compliant in tracking compensation and satisfying the global tax obligations of their mobile workforce," said Matthew Pascual, senior vice president of Weichert Mobility Tax Services.

"We're changing the sourcing paradigm," he added, "by integrating a comprehensive suite of mobility tax services — the same services companies might have

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Where Did America Move in 2014? Texas on Top, West Coast on the Rise

Texas again rides to the top of the 2014 Allied Van Lines Magnet States Report — marking a full decade of the Longhorn State's dominance in the annual survey, according to the company's December 30, 2014 survey.

Texas has also demonstrated strong population growth (adding 1.3 million new residents since April 2010, according to the U.S. Census Bureau) and has increased non-government jobs by 12% since 2007, according to the American Enterprise Institute. Florida had a strong showing as the next most magnetic state with 1,751 moves, well above its 2013 net gain of 1,115 moves.

Rounding out the top five magnet states in 2014 are Arizona (no. 3), South Carolina (no. 4) and Colorado (no. 5).

Biggest Movers in 2014

California maintained its status as the most mobile state, with more than 14,000 moves conducted by Allied Van Lines. California earned a spot on the inbound state list, coming in 15th, after being the 7th outbound state in 2013. Other big movers included Washington, moving from the 19th outbound to 6th inbound.

"Other than a few big changes, most states remained relatively stable," said Lesli Bertoli, general manager and vice president of Allied Van Lines. "While we've seen an increase in the number of moves overall, trends demonstrate a heavy movement toward warm-weather, retirement-friendly states."

The states with the biggest drops in magnet status include Minnesota, moving from 22nd most outbound to 11th outbound, and both Arkansas and Delaware, which each dropped eight positions.

"This year marked a significant increase in the number of moves for Allied, up more than 8 percent over last year," said Bertoli. "With more than 73,000 moves in North America, this is the largest number of moves for Allied since the start of the recession in 2008."

Outbound States

This year's survey shuffles the deck of the top five outbound states again, as the same states have claimed that position since 2010, according to the survey. Illinois claims the title as the top outbound state (1,372 net outbound moves), followed by Pennsylvania (1,127 net outbound moves).New York (847 net outbound moves) and Michigan (846 net outbound moves) were almost tied in 3rd and 4th position, and New Jersey took the 5th most outbound title with 744 net outbound moves.

Canadians on the Move

The Canadian province British Columbia again tops the list of magnet provinces, and Ontario experienced the largest net loss of moves, making it the number one outbound province.

Fewer Relocating Employees Use Corporate Housing

Only 42% of corporate housing owners said they booked employees who are relocating for their jobs in 2014, down from 63% in 2010, according to 2014 CHBO Corporate Housing Real Estate Report.

Meanwhile, nearly 71% of responders said they rented out units to travelers on business assignments.

Kimberly Smith, CEO of Corporate Housing by Owner (CHBO), the company which sponsored the survey, told Relocation Report she was surprised that such few landlords were renting to relocating employees. She expected higher demand because of increases in lump-sums and the need for bigger houses, some as large as 5 rooms.

In 2011 and 2012, the survey pointed out, respondents noted a

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decrease in renters due to relocation stays. "According to the Employee Relocation Council (ERC)," the survey pointed out, "while there has been a rebound in new hire relocations there hasn't been a return to the high volume of employees relocating within companies.

"In 2012," the survey continued, "we predicted that relocations would increase in 2013, but we only saw 1% growth. We predicted this number would increase for 2014, and we were surprised to see a slight decrease. We continue to be optimistic that renters due to relocations will go up, and based on current economic hiring demands, we expect to see this increase in 2015."

Two out of three respondents said their tenants stayed an average length of three months or more. The survey found that 28% of the properties could be rented nightly or weekly. But on average, 70% of properties were rented for at least one month.

Rental Rates

Average rental rates went up in 2014 for all property sizes, except four-bedroom units. The largest increase in rental rates were for one-bedroom units and five + bedroom units.

Consistent with the past two years, two out of three respondents said they offered discounts for longer-term leases. Most range from less than 5% off and up to 14%.

Project Management Trends

Seventy-six percent of the respondents said that they only have one to five rental units. About half of the respondents said they bought their houses as long-term investments.

About 82% said they do all their property management themselves, up 10% from 2013. Respondents also said they use property managers and corporate housing management companies.

Most respondents said they don't use any form of property management software to manage their rental properties: 24% use spreadsheets, followed by 19% who use accounting software such as QuickBooks.

Forty-four percent said they meet potential renters before leasing their properties, down from 53% in 2013. While many property owners still rely on email as the primary method of communicating with potential renters, they also use FaceTime, Skype and texting.

HomeServices Announces Formation of Regional Brokerage

HomeServices of America, a Berkshire Hathaway affiliate, announced the consolidation of Berkshire Hathaway HomeServices Northwest Real Estate (based in Seattle, WA) and Berkshire Hathaway HomeServices Northwest Real Estate (based in Portland, OR), creating a regional Pacific Northwest brokerage.

Jason Waugh, current president and CEO of Berkshire Hathaway HomeServices in Portland will assume the role of president and CEO of the combined companies, effective immediately.

Mike Gain, a 38-year real estate veteran and current president and CEO of Berkshire Hathaway HomeServices in Seattle has been named Chairman Emeritus.

The merger unites the two companies, creating an organization with more than 725 real estate professionals, the company said.

In 2014, the combined firms closed nearly $2.2 billion in sales volume.

"This merger creates a regional powerhouse within the Pacific Northwest," said Waugh. "We are combining two organizations, each with immensely talented agents, sales managers and employees and a shared commitment to delivering an exceptional real estate experience into a company that will be unmatched in their ability to serve the real estate needs of new and existing clients."

Bank Economists Predict Healthy U.S. Economic Growth Through 2015

The Economic Advisory Committee (EAC) of the American Bankers Association said it expects residential investment to be stronger this year with gains in single and multi-family starts and home sales. EAC also expects home prices nationally to rise 3.5 percent this year.

"With home prices on the rise, families are once again viewing homes as good investments," according to Ethan Harris, chairman of the group and co-head of global economics research at Bank of America Merrill Lynch.

"Even if mortgage interest rates rise some this year, more people are going to want to buy a first or larger home."

EAC's consensus is that mortgage rates will rise only from about 4% now to 4.5% by year-end. The group forecasts that consumer credit growth will be modest this year and business lending growth will be stronger, but will return to a more normal pace of growth.

In 2015 and 2016, loans to individuals are expected to grow about 6 percent and loans to businesses will grow about 10 percent.

"We're optimistic that business lending will grow at a double-digit rate this year to finance healthy business investment," said Harris. "Stronger growth in business lending will be critical for the economy. Banks are ready to meet demand as businesses take the next step forward."

U.S. Economy Expected to Grow by Nearly 3%

The U.S. economy will grow nearly 3% on an inflation-adjusted basis this year compared to 2.5% last year, EAC said.

EAC sees an improved fundamental backdrop for growth. Sectors that were severely damaged during the 2008-2009 crisis have healed significantly.

In particular, the banking and real estate sectors are in much better health. Household balance sheets have also improved, with strong gains in asset prices and a dramatic drop in debt service burden, said EAC.

EAC forecasts the federal budget deficit will stabilize at $470 billion in fiscal year 2015. The committee expects the Federal Reserve to maintain near-zero interest rates through mid-2015. Thereafter, the bank economists see a very gradual normalization of interest rates over the next several years.

"We expect the Fed to calibrate its policy to minimize any shock to growth," said Harris.

EAC sees falling energy prices as a net positive for the economy. Low prices will hurt the oil patch, cutting into mining employment and capital spending. However, this will likely be more than offset by the boost to energy consumers.

"Gas at about $2 a gallon is like an across-the-board tax cut," said Harris. "Cash savings at the pump leave more money for consumers to save or spend elsewhere."

Despite the weakness in energy sector investment, the group sees business investment as a strong point for the economy. The consensus forecast is that business investment will rise 5% on an inflation-adjusted basis this year.

The Committee to EAC sees continued monthly job gains of 200,000 or higher through this year. However, the bank economists expressed concerns that job gains had not yet triggered healthy wage growth.

"Top earners have fared well since the last recession, but the same can't be said for middle and lower-income families," said Harris. "Wages have barely kept up with inflation over the last six years, straining household budgets."

Nonetheless, the Committee believes the ongoing drop in unemployment will start pushing wage growth higher.

"Solid job growth, improving wages and lower energy costs

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Bank Economists Predict Healthy U.S. Economic Growth Through 2015

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should encourage more families to spend," said Harris.

EAC believes the greatest near-term risks to the U.S. economy come from outside the country. "Disappointing growth in Europe, China and Japan is a reminder that the global economy still faces major challenges," said Harris.

EAC also sees major long-run budget challenges. "As the baby boom generation retires, the federal budget deficit will balloon again, posing a major challenge to future generations," said Harris.

Nonetheless, EAC sees a generally positive U.S. economic outlook for 2015 with above-trend growth, low inflation and a go-slow Fed.

Former Employee Sued SIRVA for Alleged Violation of Fair Labor Standards Act

Laura Obertal, Lakewood, Ohio, is suing SIRVA for alleged violation of the Fair Labor Standards Act, claiming the company did not pay her overtime wages at the rate of one and one-half her regular pay for the hours she worked beyond the 40-hour workweek.

The lawsuit was filed December 13, 2014, with the United States District Court, Northern District of Ohio, Eastern Division.

SIRVA denied the allegations, according to court documents.

Obertal said she was a household goods auditor at SIRVA, in its Independence, Ohio office, between 2007 and August 2014. SIRVA, according to the lawsuit, classified her as a non-exempt employee, and paid her an hourly wage.

Obertal said she regularly worked overtime but wasn't paid for it. According to the lawsuit, Obertal was instructed to report that she worked only 40 hours per week

"By requiring Plaintiff to record 40 hours per week instead of the actual hours she worked for numerous workweeks, Defendant failed to make, keep and preserve accurate records of all the hours worked by Plaintiff," the document states. "As a result of Defendant's record-keeping practices, the overtime work performed by Plaintiff is unrecorded in Defendant's time and earnings' records."

SIRVA, the lawsuit stated, "willfully, knowingly and/or recklessly violated the provisions of the FLSA."

The plaintiff requested that SIRVA award her damages for unpaid overtime compensation, and liquidated damages equal in amount to the unpaid overtime compensation found due to her under the FLSA.

Plaintiff demanded a jury trial.

Who's Where?

Ron Dunlap is named **Graebel Companies'** COO. He was formally with **Prudential, Intel** and **HP.**

Simon Mason has returned to **Graebel** as its business development vice-president in the EMEA region. He was previously with **John Mason International** and **British-American Council Chicago ERC.**

Patrick Cacho joins **CapRelo** as vice-president of global business development. He was previously with **Challenger, Gray & Christmas, NeXperts** and **NuCompass Mobility Services.**

Robert Fletcher, formerly Santa Fe's group director of relocation, is now director of relocation and assignment management services. **Ruth Lockwood**, in Hong Kong, will be transferred to South Africa, where she will serve as director, relocation services in Africa. **Janine Barnes** will become director, relocation services, in Asia.

Technology, Social Media Play Big Role in Global Relocation Process

To remain competitive, companies are always looking for better ways to integrate technology and use social media to engage employees, according to Michelle Sandlin, 2014 president of Houston Relocation Professionals and columnist.

Sandlin interviewed Shawn Sweeney, from Orion Mobility, to discuss how technology and social media are integrated. Excerpts of the interview, which appeared in the October 9, 2014, issue of the Houston Chronicle, are featured below.

MS: What are the top challenges that your customers are facing and how does technology answer the call?

SS: There are three main challenges:

Centralization of data from service providers.

1. In the past, corporate clients and many RMCs (relocation management companies) used many different systems to manage the relocation process. We now are asked to feed data from many different providers into one centralized system, so the end client has access to all of the data in one spot, and gives companies access to that data 24/7/365.
2. ***Self-service options***

As clients continue to contain costs, more are moving toward capped dollar amount relocations or managed lump sums. Companies want to give transferees the ability to self-manage their move and money. Through technology, companies can give their transferees vendor options, while allowing them to manage their own move online, submit expenses and print year-end reports, all at their own pace. This is especially important as more millennials relocate, because they like to manage their own processes;

3. ***Security***

The more we relocate around the globe, the more data security will become a daily concern.

MS: What role do you see social media playing in relocation from the corporate side, for the RMCs, and for the employee?

SS: Social media will continue to play a larger role in the relocation process as companies grow globally and as the need increases for transferees to be in their new roles even faster. The need for immediate and continuous information between the corporation, RMC and transferees is a perfect fit for social media. Communication is the key to a successful relocation, and social media has the ability to connect the dots of the many moving parts involved in the process. Corporations, RMCs and transferees are beginning to see the advantage of integrating social media in their programs.

MS: What technological advances over the past few years have had the greatest impact on the relocation industry?

SS: Instant, on-demand products and services, and the ability to feed data between multiple systems are the two greatest technological advances in recent years for the industry. Today, the entire relocation process is authorized and managed online. Before the transferee accepts the relocation, the estimated cost is generated and approved through a centralized technology platform. As the transferee moves through the relocation process, everyone involved has immediate access to data and information. Current technology now allows service providers to work together instead of independently.

MS: Do you see Big Data playing an important role in relocation now and in the future?

SS: Yes I do. Companies today are being asked to control costs, so budgeting relocations is more important than ever before. Running cost projections based on the individual needs of each transferee and then tracking expenses against the approved pro-

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Technology, Social Media Play Big Role in Global Relocation Process

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jection are now the norm. Using Big Data to forecast relocation costs and then holding suppliers to their guaranteed price is the wave of the future. Also, the cost to relocate someone is a major expense, so clients have to decide if the return on investment of relocating someone is worth the cost. Knowing the true cost up front is now a must.

MS: How do you see technology and social media intersecting in the relocation process, or is it more about the integration of the two?

SS: I see social media becoming a large function of the relocation process in the next few years. As millennials begin to relocate, they will force our industry to accept social media as a positive function of the process. Connecting faster with co-workers, and/or the ability to meet people before relocating to a new country will have a positive impact. Failed assignments or employees leaving the company due to a move to a new location, costs companies millions of dollars. By embracing social media, the relocation industry can help transferees learn more about their new location, meet people with similar hobbies, or just feel more welcomed, and thus have fewer failed assignments, which could save companies millions per year.

Mercedes-Benz's Move to Atlanta Affects Nearly 1,000 Employees

Mercedes-Benz USA (MBUSA) will relocate its corporate headquarters to Atlanta, Georgia to better serve its growing customer base and strengthen the company's position for long-term growth, the company said in a January 6, 2015, press release.

MBUSA executives and staff will relocate from the company's primary facility in Montvale, New Jersey, to a temporary facility in Atlanta's Central Perimeter on an interim basis. The company will construct a new headquarters expected to be completed in early 2017. MBUSA plans to begin moving employees starting in July 2015.

The move, which will affect approximately 1,000 employees, will be phased to help minimize any disruption to business operations, the company said. Several operational areas will remain in both Montvale and Robbinsville, New Jersey.

"New Jersey has been a wonderful home to our U.S. operations for our first 50 years, and still is today," said MBUSA President and CEO Stephen Cannon. "Ultimately, though, it became apparent that to achieve the sustained, profitable growth and efficiencies we require for the decades ahead, our headquarters would have to be located elsewhere. That brought us to Atlanta.

"Atlanta," he added, "is a premier city which places us closer to our ever-growing Southeast customer base, our port in Brunswick, Georgia, and to Mercedes-Benz U.S. International, our Alabama manufacturing facility, which accounts for half of the vehicles we sell here in the U.S. For our employees, Atlanta offers a strong quality of life, terrific schools and wonderful cultural and recreational opportunities."

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Driver Shortages Forces Van Lines to Rethink Market Strategies

Driver shortages are so severe that some companies are rethinking their marketing strategies and gearing their business to their most profitable client base.

Several industry sources say that Stevens Van Line, for instance, may put less emphasis on recruiting domestic corporate clients and focus its resources on military accounts, the bulk of its business. But one of these sources said the company is likely to resume its work with corporate clients when more drivers become available.

"Everyone is dealing with driver shortages," says a household goods shipment expert. "They (van line companies) are all trying to spread drivers around. A major piece of Stevens' business is the military and they go a great job. Driver shortages sometimes means that companies have to go back to their roots and focus on what they've done a lot longer."

Stevens Van Lines did not return calls for comment.

A government agency source said he understood why Stevens may be shifting its client focus. All carriers, he said, "are dealing with severe driver shortages, fewer reliable drivers. You cover your most profitable business first."

Driver Shortage Could Grow to 239,000 over Next Decade

In 2012, the American Trucking Association (ATA) estimated the current shortage of drivers to be in the 20,000 to 25,000 range in the fore-hire truckload market, on a base of roughly 750,000 trucks. "If current trends continue," ATA, "the shortage has the potential to grow to 239,000 over the next decade."

The shortage is exacerbated by many drivers retiring or changing careers, by government regulations such as the hours-of-service changes and by the federal government's driver and carrier oversight program: Compliance, Safety, and Accountability.

"On average, trucking will need to recruit nearly 100,000 new drivers every year to keep up with demand for drivers, ATA said, "with nearly two-thirds of the need coming from industry growth and retirements."

According to the U.S. Bureau of Labor Statistics and AMA, the average tractor trailer driver wage was $40,940, as compared to 10 years ago, when the average yearly rate was $34,330.

Weichert Launches Tax Services Subsidiary to Help Clients with Tax Preparation

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thought were only available from a Big Four Accounting firm — to streamline the process and ensure better global compliance. Our new entity empowers clients to easily manage both the relocation and tax components of their mobility programs through one convenient contact point."

BDO USA also provides an "affordable" solution for mobile employees not covered under their employer's mobility policy, who seek access to professionals in multiple taxing jurisdictions, according to the press release.