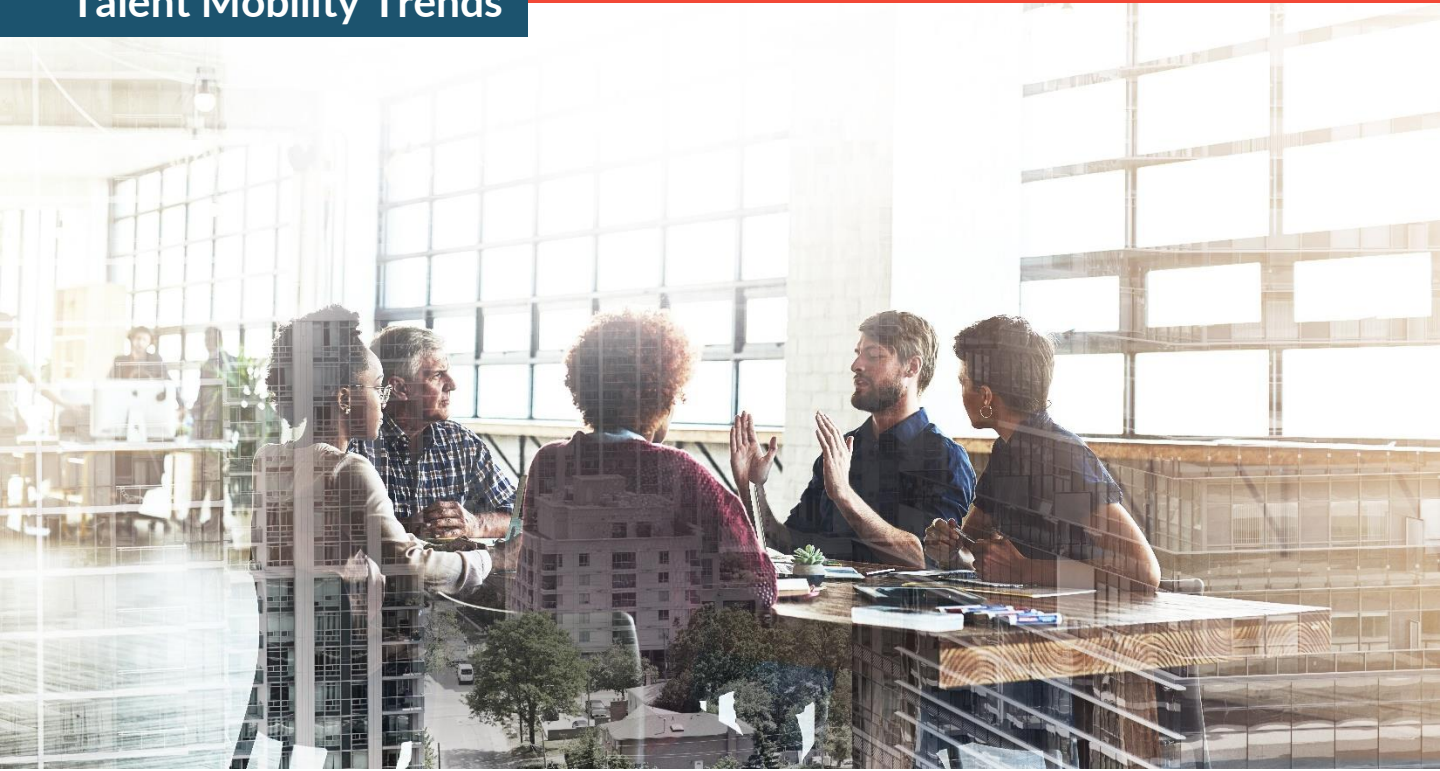


2019 Industry Forecast



Global Mobility Solutions™



Several trends will impact talent mobility in 2019. Notably, a continued skills shortage will hamper organization's abilities to hire qualified candidates. The "Fourth Industrial Revolution" includes innovative technologies that require an extensive amount of training in technical skills to fill new jobs:

- Artificial Intelligence (AI)
- Augmented Reality (AR)
- Blockchain Adoption
- Internet of Things (IoT)
- Predictive Analytics
- Robotics

Technology is changing jobs as well as how people live and work. Entire industries are undergoing radical transformations, impacting countries and economies and leading to much uncertainty and upheaval on sometimes massive scales.

In addition to technical skills, employees require training in soft skills. Successful employees will need soft skills such as coaching, communication, listening, insight, empathy, critical thinking, and complex

problem solving—all within the realm of Science, Technology, Engineering, and Mathematical (STEM) disciplines.

Companies are responding to the increasing need for technical and soft skills by enhancing and expanding programs including:

- Education and Training
- Global Relocation
- Talent Acquisition
- Talent Management
- Talent Retention
- Workforce Mobility

Workforce changes will impact how companies structure assignments to attract and retain new hires. Millennials and GenZ workers tend to be more comfortable with technology, desire global work experience, and often have a strong entrepreneurial drive linked to their experience with rapidly changing technologies. Lifestyles help define their preferences, so work, products, and services are all changing as companies respond accordingly.



Housing Indicator	2019 Forecast
Home price appreciation	2.2% increase
Mortgage rates	5.3% average; rising to 5.5%/30 year fixed
Existing home sales	2% decline; rising inventories
Housing starts	8% growth in single family home starts
New home sales	Decrease, varying by region ¹
Home ownership rate	Stabilized at 64.6%

Sources: Realtor.com, Bloomberg.com¹

Tax Law

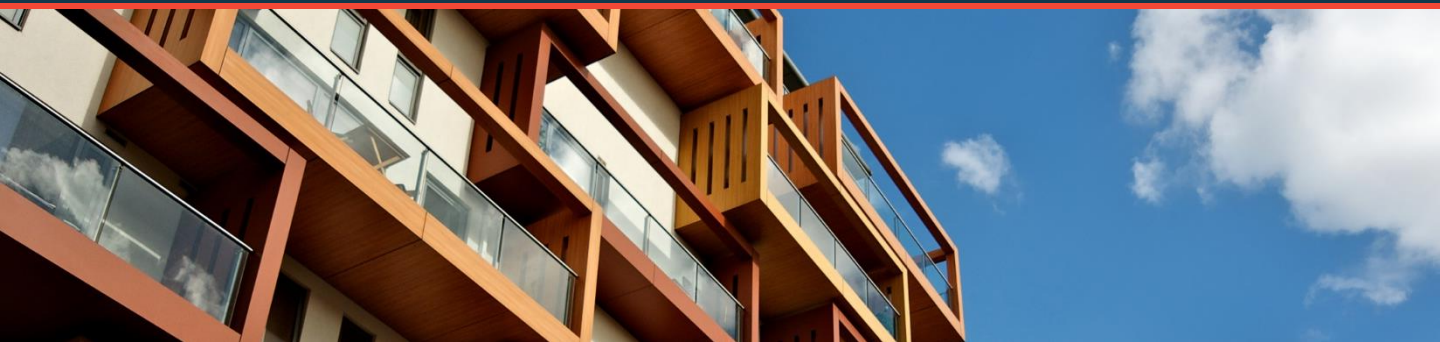
The new tax law effects are unknown. Since it is slated to go into effect in April 2019, the tax law impact may lead to higher tax bills for those who own or are buying higher-priced homes, and lower tax bills for renters. Incomes will continue to lag behind home sale prices, thereby reducing home affordability. For 2019, home prices will continue to rise, and mortgage rates will increase from 5% to nearly 5.5% by the end of the year. Expected monthly mortgage payments will increase by 8%, while income will increase by only 3%. Rising monthly mortgage payments will put home ownership further out of reach especially for younger Gen-Z, Millennial, and other first-time home Buyers.

Inventory

Inventory is expected to continue increasing at a modest pace of less than 7%. However, most of the increase in inventory growth will be luxury homes. Gains may exceed double digits in markets such as:

- Boston, MA
- Nashville, TN
- San Jose, CA
- Seattle, WA
- Worcester, MA

Inventory will continue to increase in 2019, but unless there is a major shift in the economic landscape, a Seller’s market will continue to prevail for the next several years. Unfortunately for Buyers, it’s only going to get more costly to buy in 2019, especially within the most in-demand entry level real estate. Buyers should develop a strategy to determine how they can adapt to higher interest rates and prices, if they want to become successful homeowners.



Price Appreciation

Home price growth will continue to slow in 2019, with a forecast of 2.2% growth compared to the average 3.2% in 2018. Entry-level homes will likely continue to see price gains due to a large potential Buyer pool and a more limited number of homes available for sale in this price range.

Prices in some parts of the country are growing higher than others, such as:

- Denver, CO
- Las Vegas, NV
- Los Angeles, CA
- San Francisco, CA
- Seattle, WA

Millennials

Millennials now go from the new type of Buyer in 2018 to the biggest generational group of home Buyers in 2019 – accounting for 45% of mortgages. The oldest group of Millennials that bought a home are experiencing life changes that prompt people to buy larger homes.



Rental Markets

Rising mortgage rates will limit the number of homes that Buyers can afford. Some Buyers will not be able to buy and will continue renting. While this trend places upward pressure on rents, continued apartment construction will help mute that effect so rents should not rise too far above income growth.

Another rental market trend is an increase in the number of renters at later stages in their life. Part of this is due to a shortage of affordable housing options, as home prices and rents have risen faster than income growth rates. Many real estate markets have seen an increase in the number of newly built units, keeping rents lower than demand would warrant as vacancy rates rise. Many rental owners are motivated to sell their properties as home values reach their peak in a Seller's market.

Technology in Real Estate

Technology in the real estate space is changing the way that professionals see, obtain, and use information, while improving the customer's experience. Many new tools streamline the sales and prospecting cycle. Service and follow up activities are easy to automate, track, and preserve.

Mapping tools, mortgage estimators, and virtual tours showcase properties and attract clients who can easily and quickly review properties. As the world continues to adopt data immersion through Artificial Intelligence (AI) and machine learning platforms, the real estate industry responds accordingly. Data analysis platforms can predict market trends, identify opportunities, and deliver helpful insight. Since real estate has so much data including property values, comparable pricing, taxes, and zoning, it is an ideal space for analytical tools to provide much value for agents and customers.

AI-powered platforms can combine data and constantly update so users have all the information they need to structure a real estate transaction. Aspects of the sales cycle will continue to transform on a digital basis, creating easily accessible and organized content while enhancing service levels.

Drones, also known as "Unmanned Aerial Systems" (UAS), have quickly become a new evolution in real estate marketing. Drones are becoming one of the best tools to market a property by providing aerial photos as well as an effective alternative to personal tours. This allows agents to market homes cost effectively, and gives buyers easy access to view a property without having to physically enter the home.

The Federal Aviation Administration (FAA) [operation and certification of small unmanned aircraft systems rule](#) became effective August 29, 2016. This rule eased the restrictions on UAS use for businesses by creating an FAA-issued "UAS Operator Certificate" which does not require a pilot's license.

Although you do not need a pilot's license to fly a drone, you still need to pass the [FAA Airman Knowledge Exam under Part 107](#).

However, real estate agents who do not know what they are doing can quickly run into trouble. Real estate marketers should be aware of insurance concerns and regulations that cover real estate drones.

National Association of REALTORS® (NAR) Policy:

NAR supports efforts to create new federal regulations to allow for the future commercial use of unmanned aerial vehicle technology by the real estate industry.



NAR is committed to working with the Federal Aviation Administration, and any other relevant federal agencies, during the regulatory approval process. The National Association of REALTORS® will continue its ongoing efforts to educate REALTORS® about the current and future regulatory structure for the safe and responsible operation of unmanned aerial vehicles.

Electronic Closing Platforms

Electronic Closing Platforms (eClosing) is cloud-based real estate title and closing software used by some Title Companies, their Closers, and Real Estate Attorneys to organize real estate closings and increase efficiency within the process. Some Lenders are starting to approve utilizing eClosing through Title as a way to connect with the Closer. The software allows Buyers to sign on with Title to process their closing electronically. However, some documents still require actual signatures, such as Deed of Trust, Investing Deeds, and Disclaimer Deeds.

[Pavaso](#) provides an eClosing software platform that some Title Companies currently use. Elements of Pavaso's platform include:

- Digital Close Enterprise
- Remote Online Notarization
- Pavaso SMART Note & eVault
- PavasoDocs
- Pavaso eSign

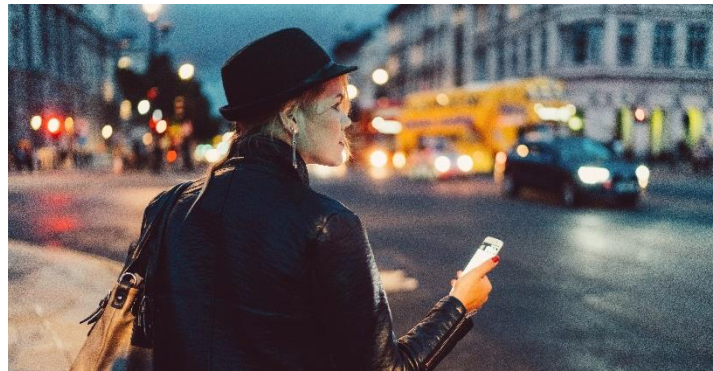
Stewart Title Company uses eClosing software. According to Stewart Title, eClosings transform the process* and provide many benefits including:

- Enhanced visibility and transparency to the settlement process for home Buyers and Sellers, Lenders and real estate agent partners
- Document collaboration and review in advance of the closing ceremony, allowing home Buyers and Sellers to be more informed prior to the signing
- Access and delivery of documents electronically to home Buyers, Sellers and Lenders
- Elimination of document execution errors
- Expedited closing timeframes and quicker funding from the Lender

**only in certain states*

Virtual Reality

In the real estate market, virtual tours provide 24/7 access to a home without any inconvenience to the current owner. Buyers can visit properties and neighborhoods, see things as they actually are, and gain valuable insights without leaving their current location. [Virtual Staging™](#) of a home lets owners and agents digitally furnish a home using only a photograph. Listings can easily stand out with stunning designs that appeal to Buyers.



Ride-Share Culture

As real estate developers look forward and begin to construct the homes of the future, they need to take into account the data-heavy, automated, and innovative advances that are changing the way new home developments are marketed and sold.

Some developers are already adapting to the ride-share culture that has emerged since Uber, Lyft, and other companies began changing the way people travel in urban centers. The rising cost of gas and increasing concerns about environmental impacts has made transit-friendly homes a major draw for many home Buyers. Some of the most forward-thinking developments of the last few years have eliminated parking in the front of buildings and have instead created drop-off and pick-up points specifically for ride-share services.

Alternative Real Estate Options

Sellers might be considering the use of an alternative company to sell their home, as opposed to using a licensed and experienced Listing Agent. This trend is driven in part by online data sources, and in part by thoughts of convenience and expediency for Sellers. There are a number of distinct differences in these approaches that a Seller should be aware of as they approach listing their home for sale.

Using a Licensed & Experienced Listing Agent	Using an Alternative Company
Available in all areas	Not available in all areas
Available to all homes	Available to some homes, contingent upon homes meeting several restrictive criteria
Direct involvement in home sale	Seller completes online application
Arranges marketing time and showings	No showings
Multi-media system with public access through Multiple Listing Service (MLS), additional marketing programs	Alternative company is the only buyer
Homes properly priced can be sold quickly	Offer is negotiated but generated from online real estate data
Listing agent assists seller with offers	Seller chooses to accept or decline; those who decline may receive telemarketer phone calls inquiring as to reason for decline
Buyer chooses inspections and inspectors	Alternative company chooses inspections and inspectors
Inspections can be negotiated with buyer	Closing statement is net of service fees (averaging 6.5%), inspection costs, repair costs
Closing date is negotiated and contingent on buyer	Seller chooses closing date, and is contingent on final walk-through

Seller may want to use a Listing Agent and not an alternative company if they:

- 1. Are cost conscious and seeking to lower any repair costs.
- 2. Are able to work with a closing date negotiated with a Buyer that is contingent on several components including appraisals and financing.
- 3. Prefer a licensed professional appraiser to determine the value of their home.
- 4. Desire a licensed real estate professional to negotiate the sale of their home for top dollar.
- 5. Feel comfortable relying on a licensed and experienced personal representative that looks out for their best interests.

Seller may want to use an alternative company and not a Listing Agent if they:

- 1. Are not cost conscious.
- 2. Desire to choose their own closing date.
- 3. Feel comfortable relying on online real estate data.
- 4. Are willing to market their home to only one buyer (the alternative company).



Driver Shortage

This trend continues to plague the industry with no great solution to solve the problem. Other options are under consideration, such as small shipment programs and containerized solutions. GMS has always had a solution in place, and now van lines have created and tested their own service offerings which GMS can utilize.

Pricing Changes

Making pricing more accurate and up-to-date continues to be a focus of the Household Goods (HHG) industry. Over the past 10 years, labor and material costs have consistently increased at a much higher rate than HHG rates. This has resulted in less money to pay those who are doing the work. The goal in raising prices is to fairly pay HHG drivers for their work, materials used, and skill levels, while increasing the ability to recruit a larger number of new drivers.

Electronic Logging Devices (ELDs)

The federal government's ELD mandate became effective at the end of December 2017, so the industry has had a year to understand how the mandate has impacted transit times, customer satisfaction, costs, and other factors. The mandate is still in place and there are no signs of it being eliminated, so van lines continue to work within its parameters to set expectations with all clients and customers.

Brexit

With the increasingly likely scenario of a "no-deal Brexit", GMS is still unaware of the complete and total impact on HHG moves. However, there could be significant delays at ports, as well as challenges with air travel and pet passports for non-UK citizens.



Video Surveys

Video surveys for HHG moves are increasingly used in North America. The video survey is extremely convenient for customers who are moving small shipments, moving out of remote locations, or do not have time to complete a survey during the standard work week. On the operations side, information gleaned from a video survey is very detailed and can be easily shared with drivers, dispatchers, planners, coordinators, RMCs, and others who need the information.



Brexit Implications

Companies need to prepare for Brexit. The March 2019 expiration of Article 50, which states that any EU member that chooses to leave has two years to negotiate its departure, is quickly approaching. From an employer's viewpoint, the following three issues should be addressed:

1. Employee Retention
2. Reassurance and Communication
3. Outcome Preparation (Risks, Support, Potential Disruptors)

There are several Brexit scenarios that may impact global mobility.

One scenario would include a negotiated deal with the EU where the UK can continue its alignment with the EU on goods, but not for services. The UK would also like freedom to apply independent tariffs on inbound goods. However, the EU's rules do not allow countries that leave the EU to choose which rules it wants to keep and those it wants to ignore. The EU prefers a negotiated deal, as does the UK Parliament. The EU rules, and the UK's "red lines" imposed on negotiations, both hinder a strong trade deal. The current thinking is that the Canada-EU negotiated trade deal might be seen as a possible format that both the UK and the EU can find acceptable.

A second scenario is the possibility of no-deal. Both the UK and the EU are wary of such an outcome. However, the Republic of Ireland-Northern Ireland border remains a significant and divisive issue. The UK wants to control immigration, borders, customs, and trade, but does not want a hard border between the Republic of Ireland and Northern Ireland. The UK is proposing a backstop that will keep Northern Ireland and the UK in a customs union during a transitional period while a new trade settlement is negotiated. However, the EU will not compromise on the integrity of a single market.



A third scenario is the possibility that the Prime Minister is able to negotiate a deal with the EU, but is unable to get the deal approved by the UK Parliament. Such a scenario might have grave implications for the UK's government. Should the UK Parliament reject a settlement, a second referendum on Brexit may be possible. It is also possible that rejection might trigger a general election, if the Labour Party can make a convincing argument for this to occur. As of January 3, 2019, the EU is not amenable to opening further discussions on the UK's backstop proposal.³ This may increase the difficulty of getting the current deal passed by the UK Parliament. The UK government and others are proceeding with preparations for a no-deal scenario.

What Should Companies Do?

Identify UK employees currently working in the EU, and EU employees currently working in the UK.

Determine possible impacts related to these employees and their families in terms of travel documents, visas, work permits, and other necessary documents related to their work authorizations.

Prepare application guides and provide answers to frequently asked questions to assist employees.

EU nationals in the UK who plan to remain and who have not yet submitted pre-settled and settled status paperwork to the Home Office should prepare for [the March 2019 opening of the application system](#)⁴ for pre-settled and settled status. The transition period ends on January 1, 2021. Free movement between the UK and the EU will also end on that date. June 30, 2021 is the deadline for pre-settled and settled status applications in the UK.

Determine what, if any, company assistance will be provided for any government application fees.

Review all no-deal guidance issued by the UK government and the EU.

Review employment law standards in the UK. Currently many employment protection laws stem from EU legislation. The expectation is that current protections will continue, but the UK law standards may need to be updated and the possibility of disruption exists.

General Data Protection Regulation (GDPR)

The EU's General Data Protection Regulation (GDPR) requires companies to comply with data privacy legislation. Because GDPR is not a guideline or directive, it carries the weight of enforceability as a regulation. National data protection authorities across the EU are responding to its implantation with guidance.

Since coming into effect on May 25, 2018, GDPR:

1. Provides new rights for EU citizens:
 - a. To be informed about any data a company holds about the individual, wherever those citizens and the data are located
 - b. To obtain this personal data
 - c. To have this data erased
 - d. To move this data
2. Applies to all organizations established in the EU and those organizations outside the EU that offer goods and services to EU residents and/or process personal data of EU citizens, or monitor the behavior of EU residents
3. Requires compliance even if organizations do not have sales in the EU
4. Organizations must have a legal basis for processing data related to EU citizens and:
 - a. Know what data is held
 - b. Perform necessary audits
 - c. Act on all rights exercised by individuals
5. Requires organizations to issue a notification within 72 hours of any data breach discovery
6. Provides for significant fines that may be imposed for non-compliance

In order to fully understand and comply with GDPR, organizations should:

- Examine their work practices and processes for compliance
- Understand their relationships with their supply chains and data
- Implement responses for data breach discoveries
- Consider minimizing their data holdings
- Update contracts specifically related to GDPR compliance issues
- Update privacy notices and policies for GDPR compliance
- Educate all employees on GDPR, its implications, and compliance requirements
- Understand that every party in the chain of accountability is responsible for personal data
- Review case law for emerging best practices related to data privacy

Importantly, companies should be aware of other EU data protection measures that may impact their organizations. These include the status of Privacy Shield (the framework governing the flow of data between the EU and the US for commercial purposes), any Brexit impacts on data privacy for the UK, the EU ePrivacy Directive which focuses on opt-outs and cookies in electronic communications, and any flow of non-personal information that might be permissible under GDPR.

There are other data privacy regulations outside the EU that companies should prepare for, including US federal regulation, the California Consumer Privacy Act, other US state's data security laws, and other international data privacy regulations.

U.S. Immigration Issues

Even with several changes implemented by the US administration, employer's demand for international talent remains strong. A greater number of employers indicate sourcing foreign national employees is important to their talent acquisition strategy. Additionally, employers plan to increase their demand for global work authorizations in other countries. This in turn leads more employers to focus on employee experience as a key issue for determining their approach to immigration processes and the partners they choose to implement their programs.

In order to attract foreign national employees, many employers are increasing immigration related perks, such as relocation expenses, housing, and visas for dependents. Employers are also sponsoring more green cards than they have in the past, which allows the holder to live permanently in the US provided they remain in compliance with immigration law, and work at any legal work of their qualification and choosing. Employers are increasingly investing in technology to manage their immigration processes, as well as for their data security.

Immigration remains challenging in the US. The current government shutdown prevents employers from using the government's E-Verify website to check the immigration status of potential hires.⁵

Also, high H1-B Petition denial rates are expected to continue through 2019. The Trump Administration's "Buy American and Hire American" executive order led to higher rates of petition denials from 2017 into 2018. Reasons vary from jobs not being in a specialty occupation, to the petition not meeting the definition of an employer-employee relationship. Spouses of H-1B visa holders who currently have employment authorization documents (H-4 EAD) may risk losing their work authorization if the US Department of Homeland Security rescinds the rule that grants these authorizations.⁶

However, the incoming Democratic majority in the US House of Representatives will likely exert more oversight of the Administration's immigration policies. Reviews of migration issues, asylum policy, immigrant entrepreneurs, and international student policy could affect immigration trends.⁷



Destination Services Trends

Destination Services continue to experience shorter bundled service requests of 1.5 to 3 days of full service. Robust 5 to 7 days of full service programs are often reserved for VIP expatriates. Requests for desktop and virtual home search programs continue to increase.

Global Trends Across Services

Clients continue to provide CORE services to transferees, and those clients seeking to attract the highest quality talent are expanding their services with additional flexible benefit packages. CORE services include visa and immigration assistance, Household Goods move tax considerations, corporate housing, and destination services which account for everything necessary at the transferring employees' new location. These may include home finding assistance, settling in services that help employees acclimate to their new location, and vehicle lease or purchase.

Additional flexible benefit packages are determined on a case by case basis, with consideration for specific country nuances and requirements. Clients are also focused on providing a broad range of pre-decision services as well as other business services including outplacement and employment assistance for spouses and partners.



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