

2020 Industry Forecast



Global Mobility Solutions™



Domestic Short Term Assignments

Domestic short term assignments are on the rise in the US as companies strategically respond to corporate growth initiatives. These assignments typically last for one year or less. By offering short term assignments, companies can leverage their current pool of talent. Also, many employees enjoy visiting new locations on a regular basis. These employees often excel in challenging environments. As a result, companies benefit in several ways without incurring significant costs. Benefits for companies include:

- Increasing Productivity
- Ease in Attracting Talent from Current Employees
- Reduced or Eliminated Talent Acquisition Costs
- Skills Gap Closes as Employees Take Assignments and can Provide Training

Companies are increasingly adding specific sections to their relocation policies to address domestic short term assignments. The policy language supports the specific needs of employees who take these assignments.

Employees that fill domestic short term assignments need a different range of benefits and support, since they will return to their home after the assignment is complete. They may need assistance with travel, temporary housing options, or transportation solutions while at the new location.

Average Number of Policy Tiers

Clients prefer an average number 3 to 4 policy tiers for simplification. This is a slight reduction from past average numbers of 5 or more. Simplification helps with communication and process streamlining.

Technology

New jobs are increasingly structured around the adoption and integration of new technologies. Major technological advances in the realms of computer science and connectivity require training in technical skills to fill these new jobs. Entire industries are being reshaped to response to technological changes in the areas of:

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

Beyond technology, successful employees must have soft skills such as coaching, communication, listening, insight, empathy, critical thinking, and complex problem solving.

Lump Sum Relocation Packages

The use of lump sum relocation packages has been rising among companies. Lump sum relocation packages are a specific amount of money that employers offer to transferees or new hires. This money replaces a number of relocation benefits such as household goods moves, culture and language training, or home-finding assistance. Essentially, employers expect employees receiving a lump sum payment to manage their own relocation process.

These packages provide simplification for the company, and increase ease for budgeting and forecasting. The future trend will see an increase in the use of these packages as some employers are drawn to the ease of use and ability to budget. However, among other clients, lump sum packages may decline due to employee dissatisfaction. More than 50% of relocating employees do not receive enough lump sum cash to cover their expenses:

- 58% of homeowners report dissatisfaction
- 53% of renters report dissatisfaction

Also, companies lose control over how budget dollars are spent. Lump sum relocation packages disbursed directly to employees may result in company funds being spent on non-relocation expenses.

Recruiting

A greater number of companies are now adding new technologies and alternative methods to their talent acquisition and recruiting programs in response to continued skills and candidate shortages. The use of video, text, and automation in the recruiting process adds a measure of flexibility and often allows candidates to submit interviews during a timeframe from the location of their convenience. Companies are responding to candidates interacting with them through

social media platforms, often by way of mobile technology. Automated systems allow companies to design fair and consistent processes that all applicants can follow. Companies that initiate candidates with the RMC prior to the face to face interview taking place can positively impact the candidate experience.

Collaborative recruiting is also increasing, adding visibility and knowledge of candidates across the organization. In collaborative recruiting, HR teams engage with teams from other departments during the entire recruitment process. This improves the experience for the candidate as well as the organization. Time to hire decreases, and cultural fit is more easily assessed as other engage in the process.

More companies are actively seeking to develop environments that support diversity and inclusion in the workplace. Training and apprenticeship programs help workers become qualified to perform their job. Companies are adjusting their job outreach efforts to workers across generations, as well as for workers who require alternate arrangements. Expansive diversity efforts greatly expand a company's talent pool, and may extend to lifestyles, cultural influences, sexual orientation, past issues, and mental/physical abilities.





Housing Indicator	2020 Forecast
Home price appreciation	3.6% increase ¹
Mortgage rates	3.8% average; rising to 4.0%/30 year fixed ¹
Existing home sales	1.8% decrease ¹
Housing starts	3.4% growth in single family home starts ⁴
New home sales	11% increase ³
Home ownership rate	Stabilize at 64.50% ²

Sources: Realtor.com¹, TradingEconomics.com², HousingWire.com³, NAHB.org⁴

Inventory

The 2020 National Housing Forecast from Realtor.com shows that the national housing shortage will continue for 2020. Inventory of housing could reach the lowest level in history. Market fundamentals driving this shortage include:

- Continuing strong demand
- Low levels of current supply
- Insufficient levels of new housing construction
- Measured financial underwriting keeping demand in check

Currently just 10% of markets are experiencing any kind of inventory growth. This is a decline from early 2019 when 67% of markets saw inventory growth. Also, aging homeowners who decided to stay in their homes are leading to an increase in the length of how long people stay in their primary residence. Existing home sales will decline by 1.8% in 2020, as the continuing supply shortage and moderating price growth will hamper buyers and tamp down sellers' expectations.

Growth in housing inventory will continue to be mostly luxury homes. Gains may exceed double digits in markets such as:

- San Jose, CA
- Provo, UT
- Seattle, WA
- Salt Lake City, UT
- Ogden, UT
- Colorado Springs, CO
- Stockton, CA
- Los Angeles, CA
- San Francisco, CA
- San Diego, CA

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 2020. The most in-demand entry level real estate has not seen much appreciable growth. As a result, First-Time Home Buyers will continue to face significant challenges finding and buying homes at this level.



Price Appreciation

Home price growth will increase in 2020 as the economy continues its expansion, with a forecast of 3.6% growth compared to the average of 2.2% in 2019. 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 due to strong job growth and a net inflow of new residents. These markets include:

- Charleston, SC
- Charlotte, NC
- Colorado Springs, CO
- Columbus, OH
- Fort Collins, CO
- Las Vegas, NV
- Ogden, UT
- Raleigh-Durham-Chapel Hill, NC
- Tampa-St. Petersburg, FL



Rental Markets

Lenders continue to subject mortgage applicants to stricter criteria, making it difficult for some home Buyers to obtain lending. As a result, some Buyers will not be able to buy and will continue renting. Those that can buy will still face limited inventories of homes, so many will also continue renting.

Apartment demand is projected to experience a mild slowdown for 2020. However, demand will be sufficient to take up most of the new supply coming onto the market, and to let owners reduce the number and amount of concessions they are offering in markets that have an oversupply of units.

Technology in Real Estate

Technology in the 2020 real estate space will continue to change the way that professionals see, obtain, and use information, while improving the customer's experience. Social media platforms and visual recording devices help create virtual tours. These tours showcase properties and attract home Buyers who can easily and quickly review properties.

Artificial Intelligence (AI)

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. These new tools streamline the sales and prospecting cycle. Service and follow up activities are easy to automate, track, and document.

Social Media

Real estate agents are increasingly leveraging social media to share live videos. Facebook Live streaming video is seen as an effective marketing tool. Agents can use this platform to create and share in a number of ways, including:

- Virtual open house tours
- Neighborhood tours
- Broadcasting pleased clients when good news is shared
- Livestream auctions to show the action
- Interview a specialist to discuss topics
- Highlight local amenities like coffee shops
- Interview home stagers working at the property
- Share industry knowledge and tips
- Describe successful sale stories
- Sponsor local activities
- Personal life moments to highlight your interests

Drones

Drones, also known as "Unmanned Aerial Systems" (UAS), continue to increase in use, and have quickly become one of the best tools to market a property. Up to 35% of drone users work in the real estate industry. Drones provide aerial photos of properties as well as an effective alternative to personal tours by providing a virtual tour. This allows agents to market homes cost effectively, and gives buyers easy access to view a

property without having to physically enter the home.

Average costs for drones to provide usable footage are relatively inexpensive:

- 1 to 10 still images: \$150 to \$300
- 1 to 5 minutes of video: \$300 to \$1,000

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](#) in order to charge clients for this service.

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.



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. Compared to traditional staging which included a monthly fee for use of the furniture, Virtual Staging™ is a cost-effective solution:

- Virtual Staging™: \$60 per image/\$325 package deal, depending on scope
- Traditional Staging: \$300 to \$500 initial consultation; \$500 to \$600 monthly cost to rent furniture

Technology Upgrades Favored by Home Buyers

Home sellers seeking to position their home for sale should consider technology upgrades. Many home Buyers look for technology to be an integral part of their new home. Features that are increasingly in demand include:

- Smart environmental controls—including thermostats, automatic shades and blinds, and sensors that can adjust heating and cooling based on occupancy.
- Video doorbells—allows homeowners to screen who is at the front door, as well as monitor package deliveries.
- Smart lighting controls—can turn lights on, off, or adjust settings based on a number of factors such as time, available light, voice commands, and sensors.
- Smart electric plug controls—voice assistants or smart phones let users control lamps, fans, decorations, or any other device, and can monitor energy usage as well as automatically turn devices on or off.

Comparison: Traditional Broker Listing Agent vs. iBuyer

Sellers who choose to use a Traditional Broker Listing Agent generally:

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.
6. Pay broker fees of 5% to 7% of the sales price.
7. Also pay some closing costs including lender related charges in the range of 1% to 3%.

Sellers who choose to use an iBuyer generally:

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 iBuyer).
5. Pay convenience fees of 6% to 9.5% of the sales price.
6. Pay fees typically paid by buyer at closing, up to 1%.
7. Are responsible for paying the cost of negotiated repairs following iBuyer home inspection.
8. Pay typical total costs in the range of 13% to 15% of the sales price due to costs of the iBuyer platform.*

*iBuyer platforms must pay carrying costs such as expenses of the house between purchase and sale. Also, homes for sale through iBuyer platforms may be at risk of vandals, and the computer models used may not reflect neighborhood challenges or unexpected market downturns that impact the iBuyer.



Virtual Household Goods Surveys

Virtual Household Goods (HHG) surveys continue to increase in popularity. These [surveys offer a level of flexibility](#) that a traditional in-home survey does not, as they can be conducted early in the morning, late in the evening, or even on a weekend.

For those transferees who are concerned about letting people unknown to them into their home, this option eliminates that worry. The high quality of video used in virtual HHG surveys means providers can still allow for Guaranteed-Not-To-Exceed pricing. Videos are typically held on record for one year. These videos are easy to share with drivers prior to the actual move, or with specialty service companies if more complicated items are present and require further review.

This platform has started to implement Artificial Intelligence (AI) into the technology. Programs and functions are currently being tested for accuracy and ease of use. For example, [Yembo](#) has implemented AI into their moving cost estimating program. The company's technology utilizes deep learning and robotics algorithms to recognize household goods, count them, and compile the information into a cost estimate. Users only need access to a mobile web browser to access the platform. The [technology calculates results](#) including percentage estimates for accuracy based on its visual perception.

California Assembly Bill 5 Legislation

On September 18, California Governor Gavin Newsome signed the [California Assembly Bill 5 Legislation](#) into law. Going into effect on January 1, 2020, the new law (known as the "gig worker bill") requires a change in employment classification of any current contractors or owner-operators that are licensed by the state of California to be reclassified as employees.

AB5 now [codifies into state law](#) a decision from the April 2018 [Dynamex Operations West, Inc. v. Superior Court of Los Angeles](#) court case. The law requires that the burden to determine if a worker is an independent contractor is upon the hiring company. To claim a worker is an independent contractor, the company

must demonstrate that the worker satisfies all three criteria of the "[ABC Test](#)" wherein the worker is:

- A. Free from control and direction in the performance of services; and
- B. Performing work outside the usual course of the business of the hiring company; and
- C. Customarily engaged in an independently established trade, occupation, or business.

The full impact of this law is unknown, but as it stands, this will have a direct impact on both domestic shipments as well as any international shipments received into any California port. The California Trucking Association, which represents 70,000 truck drivers in the state, has [filed a challenge to the law](#).

Military Single Source for HHG Moves

The Department of Defense's [United States Transportation Command](#) (USTRANSCOM) division is re-engineering the way it procures [household goods \(HHG\) relocation services](#) from the moving industry. The initiative, commonly referred to as the Global Household Goods Contract (GHC), has already moved to the point that bids have been solicited and the bidding process was closed on Nov. 12.

The Department of Defense [accounts for 20% of the nation's HHG shipments](#). This change will impact over 400,000 annual HHG moves. Currently, the Department of Defense utilizes approximately 900 transportation service partners who receive the business directly. The pricing deadline was in November 2019 with a decision on the award scheduled for April 2020. Full implementation of the GHC is planned for February 2021, when all moves will be funneled through one provider. The [International Association of Movers](#) and the [American Moving and Storage Association](#) have been advocating for changes to the program and the timeline.

The impact of this change on the HHG industry is currently unknown. As expected, major van lines are bidding on this work. However, several external players have entered the bidding process, including Amazon, JB Hunt, and Halliburton.



This topic often generates a lot of excitement and press, but the reality is that it will most likely be another 5-10 years for this technology to become a regular and integral part of the Household Goods (HHG) moving industry. Currently, the initial investment in these vehicles is comparatively high. This high cost prevents most industry participants from acquiring this technology.

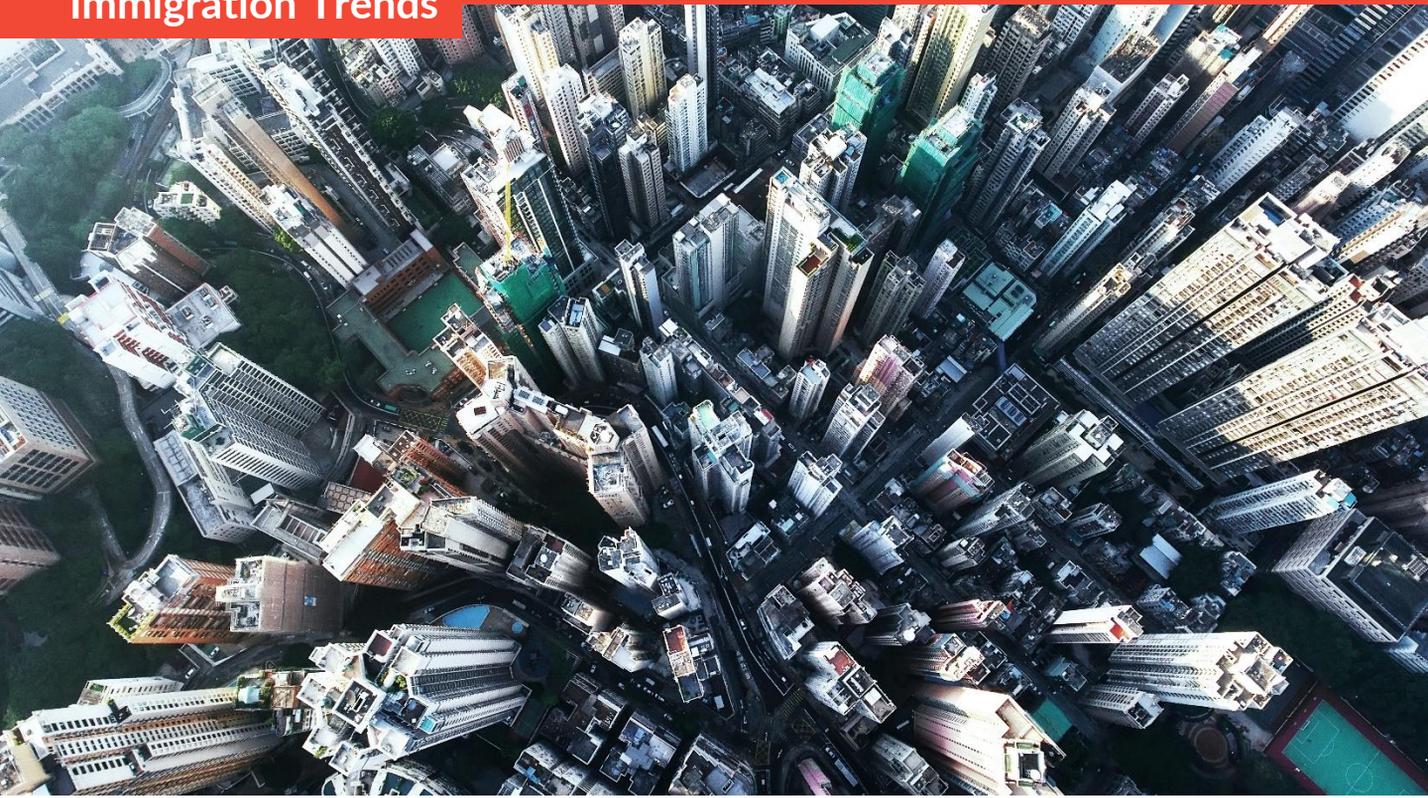
Standards for self-driving trucks are defined by a global standards agency, “SAE International.” [SAE International](#), initially established as the Society of Automobile Engineers and later becoming the Society of Automotive Engineers, is a U.S.-based, globally active professional association and standards developing organization for engineering professionals in various industries. SAE international has defined different “[Levels of Driving Automation.](#)”

Features such as automated braking, acceleration, and steering, which together are defined by SAE International as “Level 2” automated driving, will enhance safety, increase driver comfort, and reduce driver stress. These types of [features will soon be coming to the HHG moving industry.](#) This type of [onboard driver-assist technology](#) will become the most widespread application of automated driving in the industry.

“Level 3” automated driving permits the feature to request a human to take over driving. However, “Level 4” and higher automated driving will not require any assistance from a human driver. As a result, the technology for driverless vehicles must be far more advanced in its decision-making capabilities when navigating congested metropolitan areas.

The industry may begin to utilize 3rd party carriers with these higher level self-driving trucks to pull loaded HHG trailers. Additionally, self-driving trucks will most likely be put into first use by hauling between two different metropolitan areas. Once the loaded HHG trailer is at the destination metropolitan area, individual shipments would then be delivered by a local driver to each shipment’s final destination.

Over time, self-driving trucks will hopefully provide some relief to the HHG moving industry’s capacity issues. This technology will enable better utilization of van line equipment. Also, there will be no federally mandated rest period as is required of human drivers. As a result, the industry could potentially move more goods with less trucks on the road.



Immigration Drives Political Agendas

Following recent trends, immigration will continue to be a significant issue that drives political agendas. Many countries are revising their immigration policies in a bid to shape both the inflow of migrants as a whole, and increase their qualifications for entry. Many new policies promote the entry of highly skilled and educated workers that have job offers in industries seeking qualified workers. Countries such as Australia that have implemented such policies are seen as models for other countries to follow. Major points of these policies often include:

- Specifically identified occupations and industries
- Minimum salary levels
- Residency period waiting time increases for permanent residency
- Significant work experience requirements for applicants
- Specific age limits
- Fees and levies for training funds to assist local residents
- Lowered caps on migration
- Programs to encourage migrants to settle in cities outside of major metropolitan areas

Other countries have experienced significant shifts in political dynamics that often hinge at least in part on immigration policies. For example, the United Kingdom's recent December 2019 election was successful for Prime Minister Boris Johnson of the Conservative party. The Conservative's campaign tagline of "[Get Brexit Done](#)" helped bring an end to several years of delay and confusion as the "remainers" worked against the "leavers" to prevent the nation's departure from the European Union. Brexit is seen as a [response to concerns about the European Union becoming a super-state](#) that impinges on national sovereignty issues, including immigration and [free movement](#).

Strong Economic Performance Results in Skilled Worker Shortages

Continuing strong economic performance in major industrialized countries will leave employers looking to find ways to fill open positions. As many countries work to change immigration policies, employers are increasingly unable to leverage migrants as a source of workers. Historically low levels of unemployment combined with a lack of qualified candidates with STEM ([Science, Technology, Education, and Mathematics](#)) education and skills will hold back corporate performance.

Some countries, organizations, and employers develop internship and apprentice programs in these disciplines as a path toward developing qualified employees. For example, the German Integration Foundation has [several campaigns](#) to help immigrants between the ages of 18 and 29 successfully integrate into the workforce.

Other unique solutions include [development of incentives](#) for qualified employees to move to locations where employers need candidates. Several US cities and states have specific programs designed to draw new residents, or to keep current residents from leaving. These incentives can take many forms, including:

- State income tax waivers
- Student loan repayments
- Tax credits
- Cash incentives to cover moving costs
- Higher cash incentives for those moving to smaller cities and towns
- Low cost and/or forgivable loans to improve older housing stock and increase energy efficiency
- Free building lots
- Home building rebates

While these incentive programs may provide short-term benefits, the underlying issue of not enough highly skilled and qualified candidates remains in place. Without a steady and sustainable stream of qualified candidates, employers will continue to face critical talent shortages. Also, other locations without incentives to keep their residents may be at risk of population decline. [Declining population](#) often generates local stagnation and loss of property values. It also negatively impacts the ability of local governments to provide services.

Emerging Talent Hubs and Countries Increasing Immigration

While some countries focus on limiting immigration, other countries recognize their need for migrants as key to their nation's successful future development. For example, Canada has significantly [increased its target levels for admitting immigrants](#). As a nation, Canada is facing an aging workforce as well as a declining birthrate. The government's economic advisory council has been advocating increasing immigration in order to support economic growth and reduce the strain on the social services budget. The government of Ontario Canada plans to create a new immigration pilot initiative. The initiative has a goal to attract highly skilled immigrants to smaller cities and towns throughout the Ontario province. As part of the initiative, the province will create a new immigration stream for technology workers. These initiatives are part of a four-pronged approach to immigration priorities that the province plans to pursue. These four priorities include:

1. New immigration pilot initiative to draw immigrants to smaller cities and towns
2. Focused stream for technology workers
3. Expansion of eligible in-demand occupations to include workers such as personal support providers and truck drivers
4. Changing the thresholds for net worth and personal investments in the entrepreneur immigration program

The city of Toronto, Canada has risen to the third spot in the top ranking for technology talent. Over the past five years, over 80,000 new technology jobs have been created in Toronto. Technology industry companies benefit from the Canada's progressive immigration policies. As a result of these policies, Toronto's pool of highly skilled and qualified technology talent will continue to grow. Also, a pool of qualified workers is readily available to support corporate growth initiatives.

Improving Internal Immigration Processes

With changes to immigration policies and procedures at the government level are becoming a continual challenge, more companies are focusing on improving their internal immigration processes. Companies examine their immigration processes to eliminate any issues that would negatively impact their employee's experience. They also identify improvements that increase efficiencies, reduce internal processing time, and facilitate the budgeting process.

Training programs on the company's immigration processes helps increase employee's knowledge of their role within the process. It may also help set realistic expectations regarding timing and the impact of external factors that can lengthen the decision on a specific immigration case.

The Future: How Work Gets Done, Not Where Work Gets Done

For many companies, the application of technological innovation to work processes has freed employees from being tied to a specific location. Companies that need highly skilled and qualified candidates may continue to find talent far from the company's physical locations, even within the same country. If immigration is not a viable and sustainable option, companies might look at alternative solutions. These solutions may include:

- Remote work arrangements
- Corporate relocation to alternate locations
- Leverage a Professional Employer Organization (PEO) to test international markets and create local base of operations
- Development of [corporate entities in alternate locations](#)
- Global relocation of current employees to international locations

In these instances, companies should utilize [Pre-Hire Assessments](#) to determine a pool of qualified candidates, and [Pre-Decision Services](#) to help ensure candidates are more likely to accept job offers. Companies should also invest in resources for all employees to [learn new languages and cultures](#).



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