

Paragon Pulse



There's No Place Like Home...

May 2008

Supply and Demand

Under the guidance of FannieMae, mortgage lenders are reinstating stricter underwriting guidelines and returning to conservative product offerings. Markets, as well as buyers are subject to scrutiny. In January 2008, most lenders instituted a Declining Markets policy requiring purchasers to come up with an additional down payment in designated markets. Lenders are also instituting additional fees and/or higher interest rates for those with credit scores less than 720, posing additional challenges for buyers and sellers forcing many to turn to rentals as the only viable housing option.

Approximately 41% of companies we surveyed this month noted an increase in the number of transferees opting to rent in the new location. However, rental inventory is limited, due in part to the number of condominium conversions which occurred earlier in the decade to keep up with the demand of first-time homebuyers. With limited rental choices available, prices on units are increasing.

In comparing a study posted on USAToday.com conducted by Marcus & Millichap Research Services, 7 of the top 10 cities with the highest rent burden (as measured by vacancy rate and rental cost increases) are ranked on Worldwide ERC's list as having the highest amount of relocation transfer volume, and not surprisingly also appear on many designated-declining markets lists.

Allowing the transferee a choice to reallocate relocation dollars from a new home purchase benefit to support enhanced rental offerings such as fee-based Rental Assistance and reimbursement for a Security Deposit may be a sound investment; facilitating the transferee to quickly settle in the new location without the need for extended temporary living and storage periods.



Survey Participation

May's Pulse data represents results from 22 corporate relocation professionals in the following industries:

| | |
|--------------------------|-----|
| Retail | 27% |
| Industrial Manufacturing | 23% |
| Financial Services | 18% |
| Consumer Products | 9% |
| Education / Non-Profit | 5% |
| Energy | 5% |
| Other | 5% |
| Healthcare / Pharma | 4% |
| Communications | 4% |

Final survey results are included in this document.



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Survey Results

May 2008

What types of Rental Assistance does your program provide?

| | |
|------------------------------------|-----|
| Free Rental Assistance | 28% |
| Web-Based Support | 13% |
| Escorted Field Tour | 41% |
| Broker-Based Assistance | 55% |
| Settling-In / Destination Services | 41% |
| Other | 9% |

Have you seen an increase in the number of transferees opting to rent in the new location?

| | |
|-----|-----|
| Yes | 41% |
| No | 59% |

Would you consider covering a security deposit in lieu of new home closing costs for existing homeowners choosing to rent?

| | |
|-----|-----|
| Yes | 68% |
| No | 32% |

Do you cover a second move in the new location for employees choosing to rent initially in the new location, and then subsequently purchasing within a year of transfer?

| | |
|-----|-----|
| Yes | 14% |
| No | 86% |

Do you anticipate any changes to your renter benefits?

| | |
|-----|-----|
| Yes | 18% |
| No | 82% |

Questions or comments? Email us at consultingservices@paragondri.com or visit the News section of our website at www.paragondri.com

