



Economic, immigration and mobility policy trends impacting relocation

The U.S. Bank Corporate Programs team continued its series of virtual advisory forums with a panelist session on September 30, 2021. The session covered updates on key industry topics including the economy, immigration and mobility policies.

An underlying theme is that there is still much uncertainty across the board, not just from COVID but from an increasing number of external pressures. And an emphasis was placed on the mental health of employees and making efforts to minimize anxiety for both transferees and mobility professionals.

Economy on the road to recovery

Mark Zandi

Chief Economist, Moody's Analytics, and frequent guest on CNBC, NPR, Meet the Press and CNN

Zandi started our session with a baseline outlook on the economy. Looking back, the economy lost 22 million jobs at the onset of the pandemic and has since gained back an impressive 17 million jobs. Full employment is expected during 2023, Zandi predicts. He stated that even though the economy is very closely tethered to the path of the pandemic there are good reasons to be confident the recovery will continue. This is based on a couple assumptions, including the pandemic is headed in the right direction and any subsequent waves will be increasingly less impactful. This is also based on the assumption that Congress will navigate through the brinkmanship in Washington and provide additional fiscal support through the infrastructure and reconciliation plans.

While there is reason for optimism, Zandi does offer some scenarios that pose a risk to the delicate recovery. For instance, while there is a low probability of a Treasury default, if that occurs it could be cataclysmic to the economy. While the possibility of the end of forbearance relief is highly probable, the impact to the economy would be minimal. And of course, the uncertainty of the path of the pandemic continues to keep us on our toes. The risk of another wave of COVID is possible and could potentially impart damage on the economy.

With the current spike in COVID due to the Delta variant, consumer confidence has once again taken a hit. The University of Michigan Consumer Confidence Index dipped in

While there is reason for optimism, economic recovery risk factors include:

Another wave of the pandemic

Government shutdown

Flagging fiscal support

End of forbearance relief

August to its lowest rate since the pandemic started. And supply chain disruptions are impacting availability of goods. The shutdown of computer chip plants is hitting the vehicle industry particularly hard.

Zandi then turned to Washington. With the ongoing debt limit debates capturing much of the nation's attention, Zandi feels that this will be resolved soon. If not, the government will default and as he mentioned earlier, the impacts would be very damaging to the economy. But in addition to working to solve the debt limit, Congress must also reach a consensus on fiscal packages currently up for debate. To reach the sweet spot of full employment, Zandi believes it will take a mix of the American Rescue Plan, the \$555 billion infrastructure bill and the \$2.5 trillion reconciliation plan. Anything less than this could lead to job growth stagnation and full employment wouldn't be reached for years. Conversely, anything more than these packages could lead the economy to go beyond full employment which could potentially trigger inflation and could eventually wind up in a recession.

When asked about the impact of remote work on corporations, Zandi stated that there was no real impact to earnings as a result. His observation is that remote work is here to stay and it's just a matter of employers adjusting to it. He pointed out a recent statistic of net migration from urban centers. In previous years, it was close to about 250,000 more people moving out of urban centers than were moving into them. So far in 2021, through August the net migration out of urban centers has been closer to 600,000 with no sign of slowing.

From January to August 2021,
nearly

600,000

more people have move out
of urban centers than have
moved into them



The state of mobility

Bob Portale
CEO, RELO Direct

Portale started off by sharing some of the challenges he's seeing in the mobility industry, calling it an industry in crisis. The perfect storm of impacts from COVID, global economic downturns, supply chain issues, real estate and talent shortages have caused a great deal of anxiety for many mobility programs. He likens relocation professionals to crisis counselors who are managing these external forces while helping employees through the stressful time of moving. Both mobility professionals and transferees are living in a constant state of uncertainty. Employee mental health has come to the surface as a key area for corporate leaders to provide avenues to address the immense amount of stress mobility can have on all involved parties.

Earlier Zandi highlighted how supply chain disruptions are impacting the economy, and these disruptions are also negatively impacting the mobility industry as well. Portale pointed out that transferring household goods overseas is going to take a long time due to supply chain challenges. He shared an example of how his company provides relocation support for the U.S. government and as part of the contract, all employee household goods must be shipped on U.S. vessels. This adds another level of complexity for transferees if

there is no direct route to their destination on a U.S. vessel. Their goods may first be shipped to one location to board another boat to the final destination, experiencing delays at two ports instead of just one.

The talent shortage in the trucking industry is leading to additional challenges for even domestic moves. The year 2020 saw over 7 million moves up over a half a million from 2019 according to the International Association for Movers. Portale called out that this dramatic increase in moves is not only due to corporate relocations but to “consumer generated relocation.” Employers are giving employees more latitude to work from anywhere and this has led to many people self-selecting to move. And even though many companies are planning to offer a hybrid working approach, Portale is not seeing any impact to the number of corporate sponsored relocations as a result of work-from-anywhere options. This increase in moves across the board has put even more pressure on the trucking industry, using up limited bandwidth in the supply chain.

While it could be said that the real estate industry has done well in 2021, it remains a challenging environment for buyers. Portale points out that fear of missing out has led to bidding wars driving home values to levels not previously seen before. And the months of home inventory continues to decline contributing additional pressure on the market. At the same time, the process of home buying is evolving. As a growing number of millennials enter the housing market, they are buying homes in great volumes, and this will continue for the foreseeable future. This is driving the use of technology in the home buying process. According to NAR, 76% of all generations used a mobile or tablet device to search for a home. But on the flip side, 87% still engaged a real estate agent, demonstrating there is still a need for an experienced professional to guide the process.

August 2021 home inventory

2.6 months

August 2020 home inventory

3.0 months



Source: National Association of Realtors

The importance of immigration and foreign national employees

Dick Burke

CEO, Envoy Global

Burke wrapped up our session by sharing some results from the Envoy Global Immigration Trends Report. The data emphasized the importance of foreign nationals in a company’s talent plans, particularly for companies with a focus in STEM (Science, Technology, Engineering and Math) industries. He began by sharing some statistics that shed light on the current STEM labor challenges. Key statistics included 79% of students getting a masters and doctorate degree in STEM fields are foreign nationals. Therefore, if your company does not have a policy in place for hiring foreign nationals, you are limited to only 21% of the eligible talent pool. And since STEM skill position unemployment rate actually dropped during COVID to around 2%, the competition for these educated workers is fierce.

Not surprisingly, in 2021, foreign nationals were deemed important to companies’ talent acquisition strategy by 96% of the survey respondents. That’s a 3% increase over last year. Burke recommends companies in

STEM fields that are experiencing talent shortages consider foreign nationals to address that deficit. And when looking to attract foreign nationals, consider how to support them through the green card application process. Many companies are launching this process earlier than in years past to retain top talent, with 81% starting before the employee's first H-1B renewal and 58% of companies beginning the process before the employee's first anniversary. Companies that wait to start the process later may find they lose top talent to these early starters.

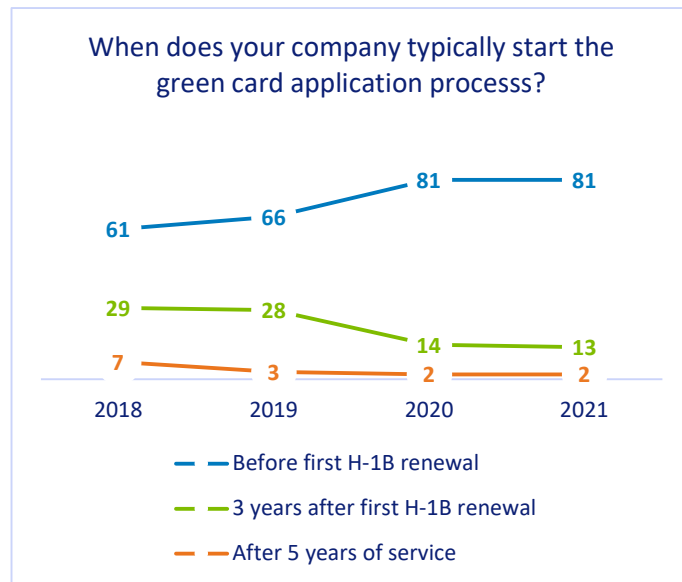
When creating a green card policy, Burke suggests working with an experienced attorney and establishing a policy that is consistent for everyone. Providing a clearly documented policy can help to eliminate some of the anxiety that often arises during this process and can eliminate uncertainties.

Key to the policy is determining if the intent is to attract talent, retain talent or both. He also offered a few points a good policy will address:

- When will the company sponsor an employee for a green card?
- Who will be an approver the sponsorship?
- What costs will be borne by the company versus the foreign national?
- Will there be a reimbursement provision?

It may be helpful to understand the competition's approach to some of these topics to ensure your green card policy is successful at accomplishing the goals and objectives. For instance, Burke shared that 86% of employers cover all green card fees, with 51% attaching a contractual stipulation for employees who leave the company within a certain time period.

Another key point from the survey results focused on the very timely topic of remote work. Managing a remote workforce can be challenging for any company. But Burke called attention to the top challenges surrounding immigration programs which were exacerbated by remote work. The number one response was the challenge of keeping track of employee locations accurately. As the pandemic raged, people scattered to be with family and loved ones. But it is critical to know where foreign national employees are located as work authorization is tied to geography. Other major challenges had to do with collaborating between attorneys, foreign nationals and HR as well as maintaining tax and I-9 compliance. These challenges are leading many companies to seek technology solutions to drive collaboration and track compliance in these unsettling times. The survey also showed that the ability to work remotely would not cut into the need for immigration and relocations.



Burke invited all attendees to download the full results from the Envoy Global Immigration Trends Report at envoyglobal.com.

During our session, all three panelists provided unique perspectives on the continuing uncertain times we find ourselves in. Understanding and managing for the external pressures in the economy and mobility industry will help minimize the anxiety and uncertainty many transferees are facing. With the background the panelists provided, and solutions offered, mobility professionals can be prepared to face these challenges with confidence. If you have additional questions about these topics, please reach out to your Corporate Programs contact.

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