

Bulletin Board: Weak housing market affects relocation opportunities

by Amy Winter

The weak housing market may have an impact on companies trying to find workers in the competitive labor market. Job candidates are no longer as willing to relocate as they once were now that home values have dropped.

Only 16.6 percent of job seekers in the first quarter moved for a job offer, according to the most recent Challenger Job Market Index, a quarterly survey of 3,000 job-hunters by Challenger, Gray & Christmas, a global outplacement agency. Not being able to draw in job seekers could cost employers as well as the economy. Companies may have to pay more for the desired candidates in order to make up for the candidate's loss in home value.

"Even in a strong housing market, convincing candidates to relocate for a new position is a challenge for corporate recruiters," said John A. Challenger, chief executive officer. "While large companies have the financial ability to increase their relocation budgets, small and medium-size companies, where most of the job growth occurs, will probably be unable to cover the costs of relocation and make up for a candidate's lost home values.

"When companies ask someone to relocate, they are basically asking the candidate to leave his or her social and professional safety net. The individual is taking a risk by relocating. There is always the chance that the new job in the new city will not work out. Then the individual and his family are in a situation where they have not had the opportunity to build a strong network of friends and business contacts, which is critical to finding a new job quickly," Challenger said.

According to interviews completed by Challenger, several employers have been affected by the current housing market. Some have paid higher costs for relocation, lost desired candidates and repaid the new recruits for the lost home values.

This year's housing market has not enhanced the situation. New home sales have decreased by 23.4 percent, compared to 2006, when sales fell by 16 percent. If sales continue to fall, job-hunters will be even more unwilling to move, according to Challenger.

"New companies are asking candidates to take the risk and also sell their homes for a loss," said Challenger. "It is not hard to imagine that this is a very tough sell for hiring managers."

A Wisconsin insurance company has had recruiting hardships in finding managers because of the housing market, according to Challenger researchers. The company offers this relocation package:

- Repayment of the real estate fee to a maximum of \$12,000.

- Reimbursement of up to \$3,000 for other closing costs on the sale and purchase of a home (transfer fee, loan closing amount).

- Packing and moving the family.

- Temporary housing for three months.

A human resources firm in Oklahoma City tried to hire an executive living in Detroit, where the housing market is especially weak. The hiring company agreed to protect the candidate against a loss on his current home as well as help him buy a new home in Oklahoma.

"Many companies may not be able to afford increased relocation incentives," said Challenger. "For these companies, the only option may be to find someone in the local labor pool, which in smaller towns may require lowering hiring standards. If the out-of-town recruits were critical to fulfill expansion plans, then in some cases these plans will have to be put on hold.

"Postponing expansion plans due to a lack of skilled workers could have larger ramifications on the overall economy. Slowdowns in housing-related industries, not to mention automobile and durable goods manufacturing, could quickly spread to other areas," he said.

The high gasoline prices are also hurting some companies. Those that need gasoline and oil in order to stay in business will see their costs rise quickly. If these companies can't pass the higher costs to the consumers, it will most likely lead to job cuts.

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