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Expatriate accommodation costs

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When structuring expatriate housing allowances, employers usually consider the following aspects:

- **Up-to-date rental prices to determine the correct housing allowance**
- **Sufficient housing allowance to let expatriates find suitable accommodation in a convenient area**
- **How to differentiate the housing allowance of expatriates by their position level**
- **Resources for obtaining housing allowance information**

Housing remains one of the most sensitive components in the expatriate package negotiation process, not only because of its considerable cost to the company, but also because of its significant financial and social impact on the assignee and family.

To encourage mobility and manage your international assignment costs, you need precise information in order to calculate fair, consistent expatriate compensation packages.

Mercer's information on expatriate accommodation costs can help you make better informed decisions for your mobile employees. With offices in 41 countries and territories, we bring you market based, current and objective price figures.

Mercer's housing survey conducts extensive research on a regular basis in over 300 locations. The results are published twice yearly in May and November and delivered through Global HRMonitor™, our online tool.

Calculating the right housing allowance

Mercer housing survey's report provides typical monthly housing rental cost in various formats.

1. Tables by accommodation type

Available for all host locations, these tables provide data for both furnished and unfurnished apartments and houses (from one to four and more bedrooms), covering three different categories of areas:

- **Good level of accommodation in areas popular with both locals and some international assignees**
- **Excellent level of accommodation in areas preferred by international assignees**
- **Superior level of accommodation in exclusive areas**

The areas are grouped and classified according to 10 major criteria: *noise, loitering, security in the area, security of the property, convenience, pollution, public transport, social surroundings, sports facilities and the general characteristics of the area.*

In addition to the typical tables Mercer now provides, for 50 major cities around the globe, housing tables with monthly rental cost ranges for each type of accommodation surveyed. This data will allow companies further flexibility when building the assignees' housing allowance. These new tables present a better picture of the local markets and make the tables useful for all assignees at any position level and for all assignment types. The selected areas are fully described, as are the international schools' locations.

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Example City expatriate accommodation rental costs

Residential rents market trends

Residential rental costs in central Example City continue to increase. The lettings market is still booming with rising demand while sales in the housing market continue to dry up. The weaker confidence for the housing market means that many tenants go for rentals as a medium term option. The supply is increasing as many new developments have now completed. But rents start being under pressure as a result of new properties entering the market.

General comments

Example Suburb is a suburb to the south west of the city. The area attracts commuters keen to access to the wide open space of the common and surrounding parks. Example Suburb is considered to be one of the most desirable and sought-after areas within easy commuting distance of the city by rail, bus or underground.

Prices are highest on the hill, especially for the beautiful properties surrounding the common, but the whole area has become increasingly fashionable. Example Suburb has a huge variety of shops, restaurants and sports facilities.

Example City monthly rents, March 2007 – September 2008 (GBP)

Monthly average rent of unfurnished 3 bedrooms apartment

Availability	Good	Average	Bad
Furnished houses			X
Unfurnished houses		X	
Furnished apartments	X		
Unfurnished apartments	X		

1 Consulting, Outsourcing, Investments.

Monthly rent, Autumn 2008 1 USD = 0.53 GBP

Table 1: Good level of accommodation in areas popular with both locals and some international assignees

Accommodations	From		Typical		To
	GBP	USD	GBP	USD	GBP USD
Houses					
Furnished					
3 bedrooms, 200 sqm, 2150 sqf	2,800	5,303	4,000	7,576	5,400 10,227
Unfurnished					
3 bedrooms, 200 sqm, 2150 sqf	2,500	4,735	3,500	6,629	4,800 9,091
4 bedrooms, 250 sqm, 2700 sqf	3,300	6,250	5,000	9,470	7,000 13,258
4 or more bedrooms, over 250 sqm, over 2700 sqf	4,500	8,523	7,500	14,205	9,750 18,466
Name of areas for houses: Example Suburb					
Apartments					
Furnished					
1 bedroom, 50-70 sqm, 540-750 sqf	1,700	3,220	2,800	5,303	3,600 6,818
1 bedroom with services, 50-70 sqm, 540-750 sqf	NA	NA	3,180	6,023	NA NA
2 bedrooms, 80-120 sqm, 860-1290 sqf	2,000	3,788	3,600	6,818	4,800 9,091
3 bedrooms, 120-160 sqm, 1290-1720 sqf	2,500	4,735	4,000	7,576	6,000 11,364
Unfurnished					
1 bedroom, 50-70 sqm, 540-750 sqf	1,300	2,462	2,300	4,356	2,500 4,735
2 bedrooms, 80-120 sqm, 860-1290 sqf	1,850	3,504	2,800	5,303	4,000 7,576
3 bedrooms, 120-160 sqm, 1290-1720 sqf	2,350	4,451	3,300	6,250	5,400 10,227
4 bedrooms, 160-200 sqm, 1720-2150 sqf	3,000	5,682	4,500	8,523	6,600 12,500
4 or more bedrooms, over 200 sqm, over 2150 sqf	4,500	8,523	6,500	12,311	7,200 13,636
Name of areas for apartments: Example Suburb					

Availability	Good	Average	Bad
Furnished houses			X
Unfurnished houses		X	
Furnished apartments	X		
Unfurnished apartments	X		

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2. Tables by income level and number of bedrooms

Available for all host locations, these tables are calculated taking into account the employee home country salary structure and provide you with monthly rental costs for apartments with one to four bedrooms or for a house with three to four bedrooms.

3. Tables by income level and family size

Available for all host locations, in addition to employees' home country salary structure, these tables provide you with monthly rental costs by family size, including both apartments and houses.

Mercer also provides home country housing norm tables. They present the hypothetical amount of funds employees normally spend on housing in their home countries. These figures are used to determine the employees' contribution towards housing costs in the host country. Tables are broken down by income level and family size, from single employees to couples with four children.

Mercer's analysts and researchers monitor developments in the accommodation rental markets in order to capture any changes. If the situation warrants a more frequent updating, Mercer will produce quarterly updates to help you create a cost effective relocation strategy.

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Australia

Austria

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Malaysia

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New Zealand

Norway

Philippines

Poland

Portugal

Singapore

South Korea

Spain

Sweden

Switzerland

Taiwan

Thailand

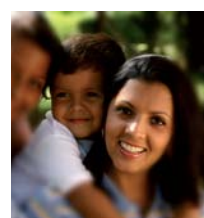
Turkey

United Arab Emirates

United Kingdom

United States

Venezuela



For more information, please
contact Client Services:

Mercer Client Services Europe
Aleje Jerozolimskie 92
00-807 Warsaw
Poland

Tel +48 22 434 5383
Fax +48 22 456 4021

client.services.europe@mercer.com

or visit

www.imercer.com