



15th June

## The challenge of expatriate housing - managing costs and expatriates' expectations

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Geneva, Switzerland

## The challenge of expatriate housing: Managing costs and expatriates' expectations

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- Charlotte James, MercerPassport & Global HR Monitor product manager.



**The challenge of expatriate housing:  
Managing costs and expatriates' expectations**

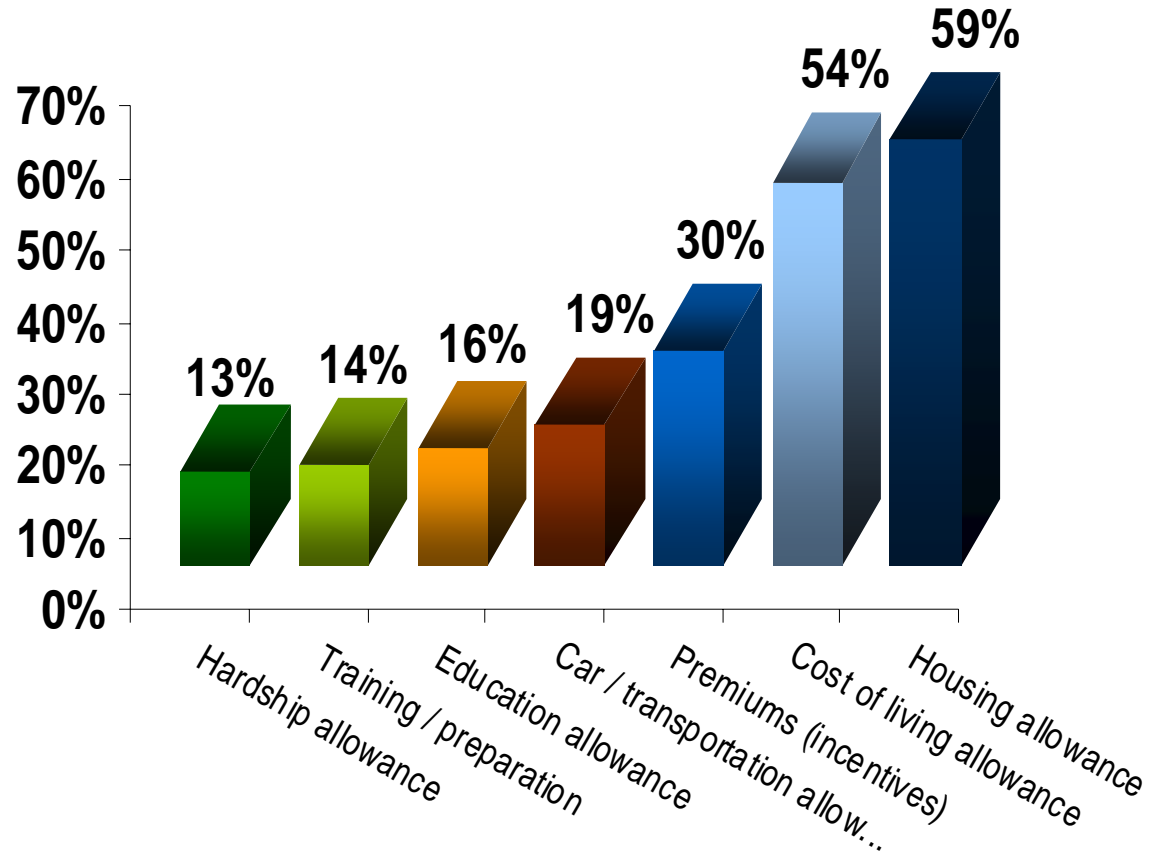
Managing Expatriate Expectations

Managing Expatriate Housing Costs

Best Practices & Conclusion

# What is the most contentious element of your international mobility package from your assignee's perspective?

Source: Participant survey



## Housing allowance contributes to a large proportion of the total expatriate compensation package cost

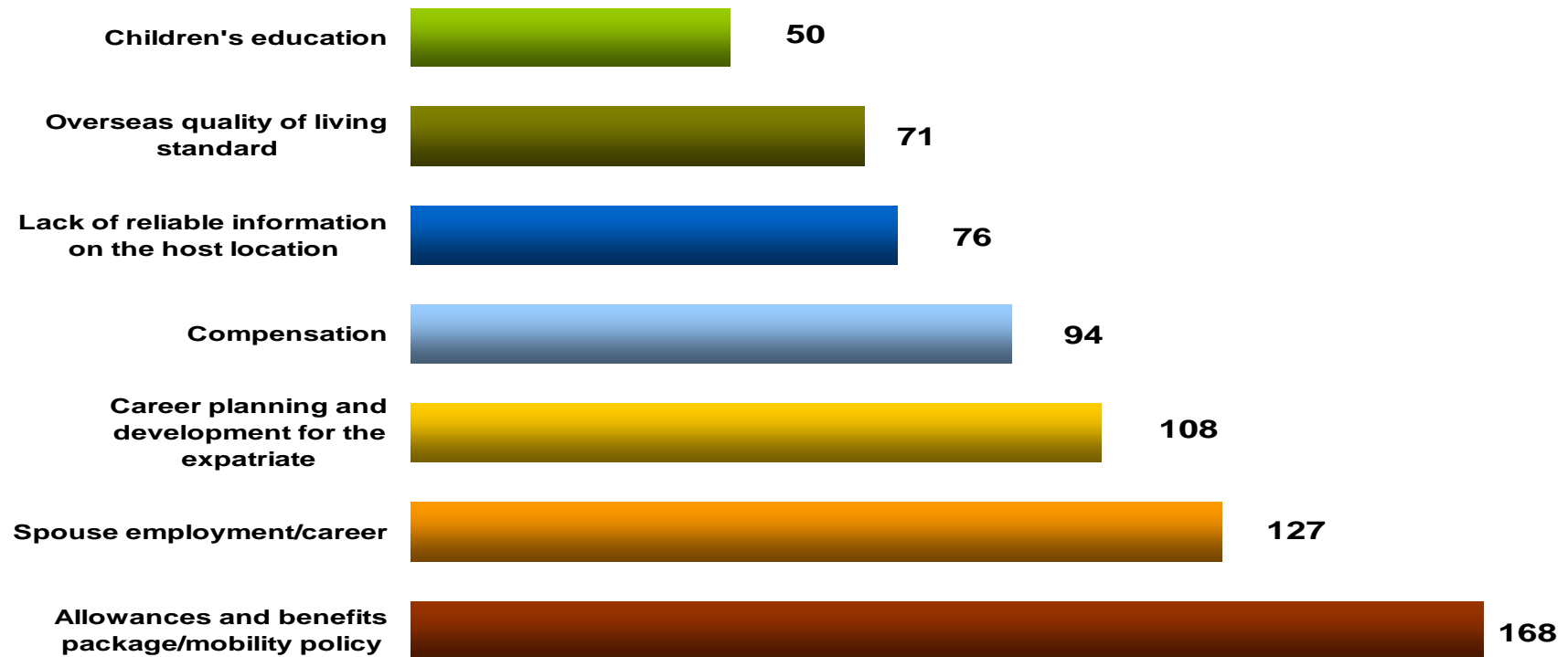
Expatriate Compensation Calculation – Paris to Mumbai  
Annual Gross Salary 100'000 Euros

Family Status: Married couple with 2 children

Expatriate Allowances	Minimum Euros	Minimum USD	Maximum Euros	Maximum USD	Proportion %
Cost of Living (Index 69)	0	0	0	0	0%
<b>Housing</b>	<b>76'299</b>	<b>113'880</b>	<b>87'962</b>	<b>131'287</b>	<b>46.80%</b>
Hardship	16'645	24'843	22'500	33'582	11.90%
Mobility premium	7'398	11'041	10'000	14'925	5.30%
Car Benefit			5'500	8'209	2.90%
Spouse Support			2'500	3'731	1.30%
Settling-in	10'000		10'000	14925	5.30%
Education	49'575	73'992	49'575	73'992	26.30%
<b>Total Net Value of allowances</b>	<b>159'917</b>	<b>238'682</b>	<b>188'037</b>	<b>280'652</b>	
Net Base Salary	73'978	110'414	73'978	110'414	
<b>Net Compensation in Mumbai</b>	<b>233'895</b>	<b>349'097</b>	<b>262'015</b>	<b>391'066</b>	

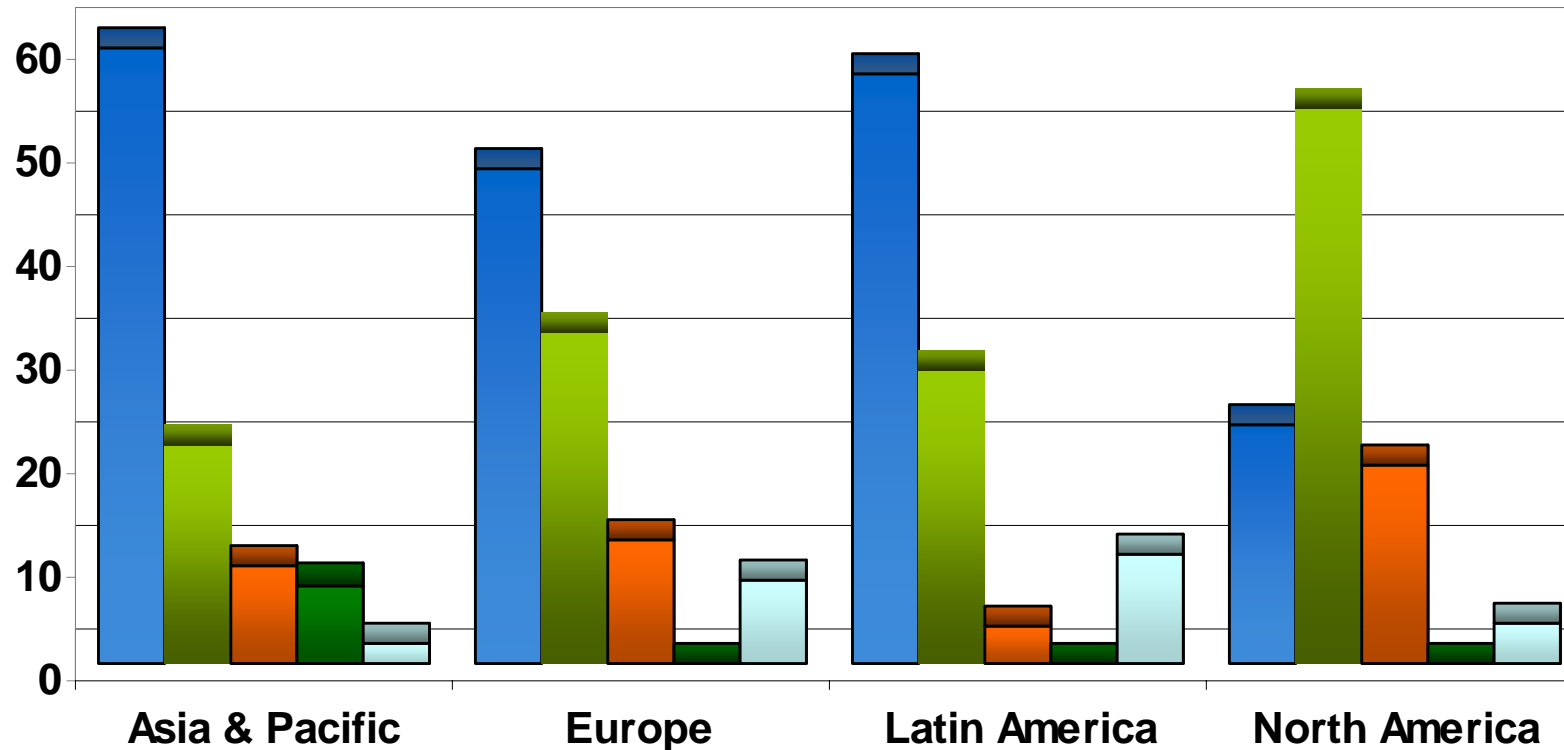
# Which of the following do you see as being a barrier to your company's mobility program?

Source: Participant survey



# Free housing? Employee contribution?

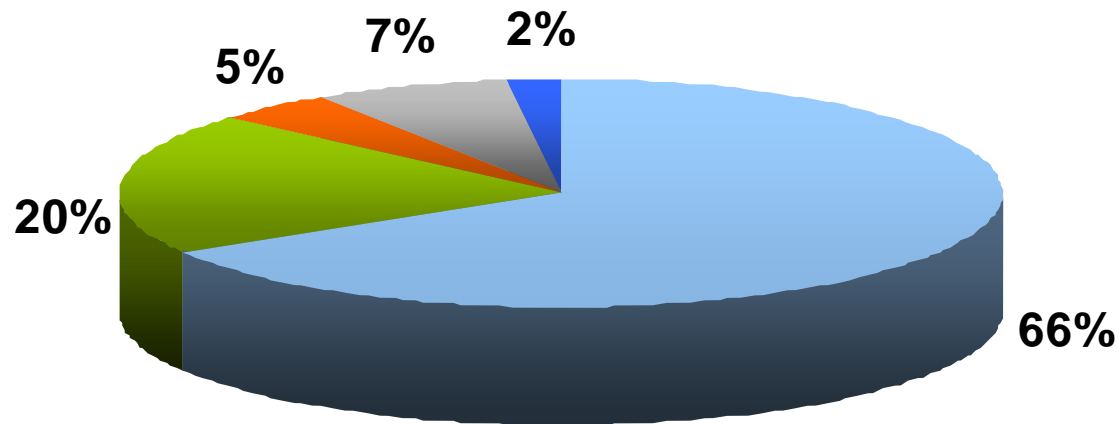
Source: IAS 2008



- We provide free Housing (no contribution required from the employee)**
- We provide a Housing Allowance with required employee contribution**
- We have several Housing policies**
- We do not provide housing**
- Other**

## Different policies for different types of assignment? Different policies for different assignees?

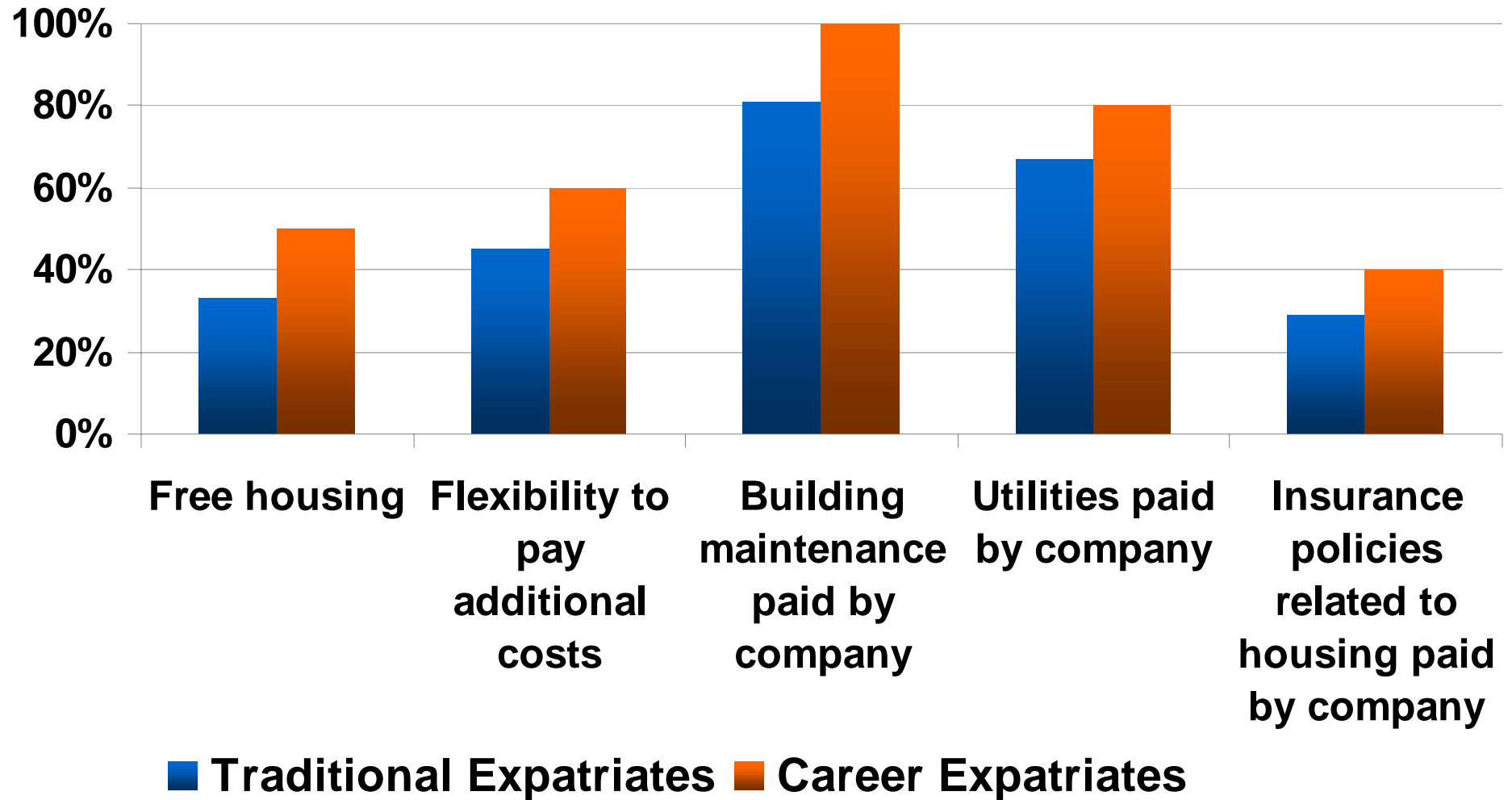
Source: Mercer private benchmarking study 2007



- Yes, we apply the same Housing policy to all transfers
- No, it depends entirely on the type of assignment
- No, it depends entirely on the position level
- No, it depends on type of assignment and position level
- No it depends, other

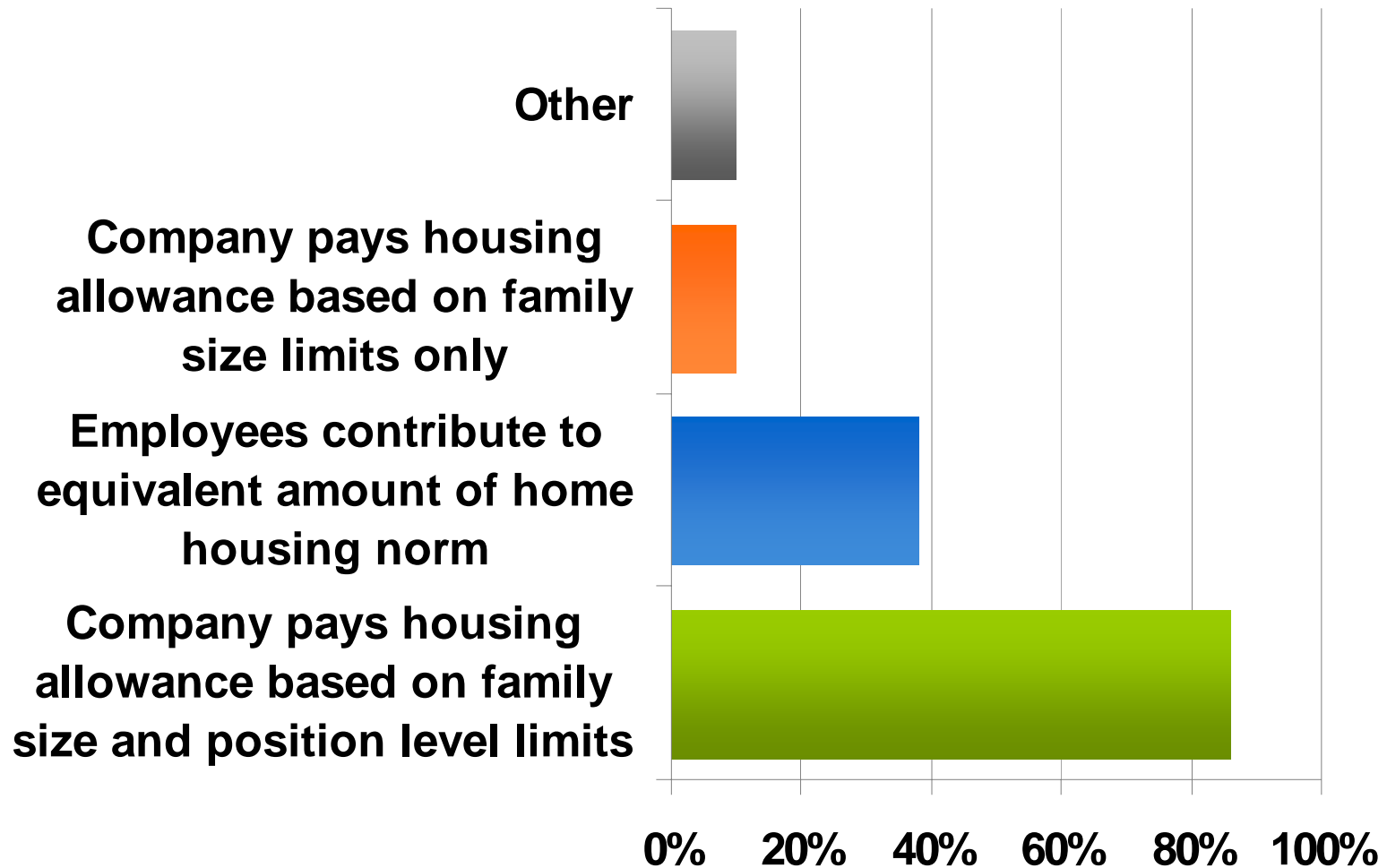
# Traditional vs. career expatriates

Source: Mercer private benchmarking study 2007



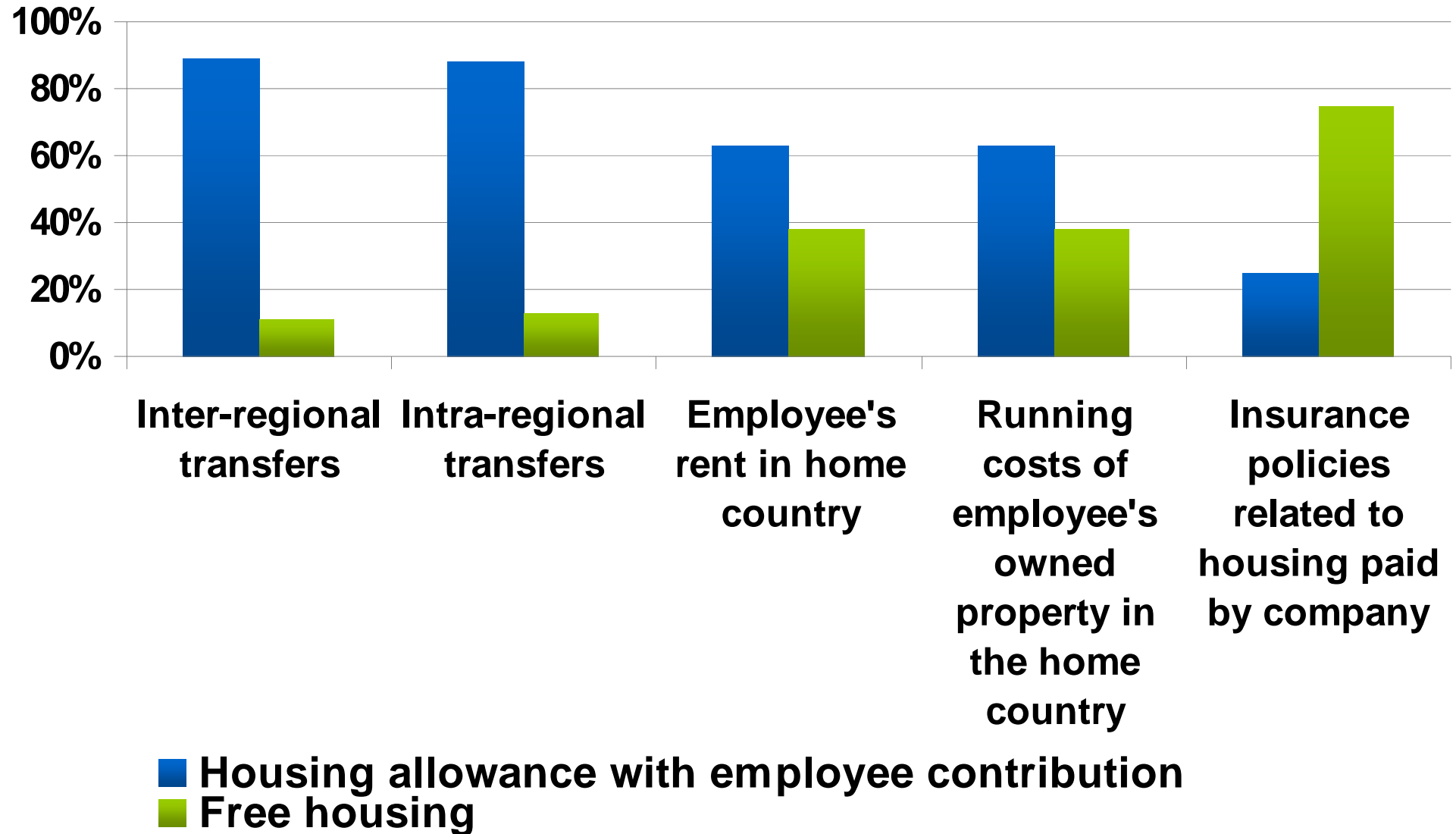
# How is housing allowance determined?

Source: Mercer private benchmarking study 2007



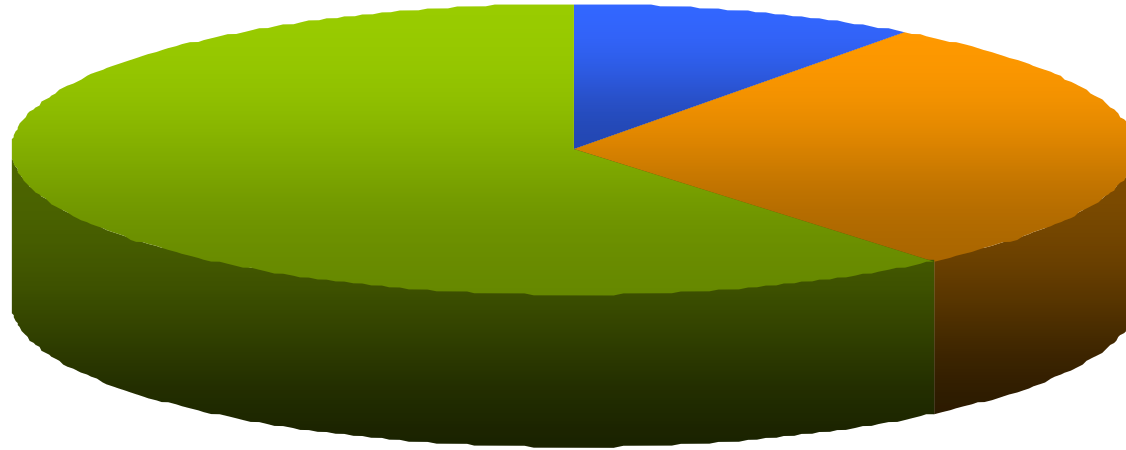
## Housing allowance in specific cases

Source: Mercer private benchmarking study 2007



## Moving and settling-in allowances

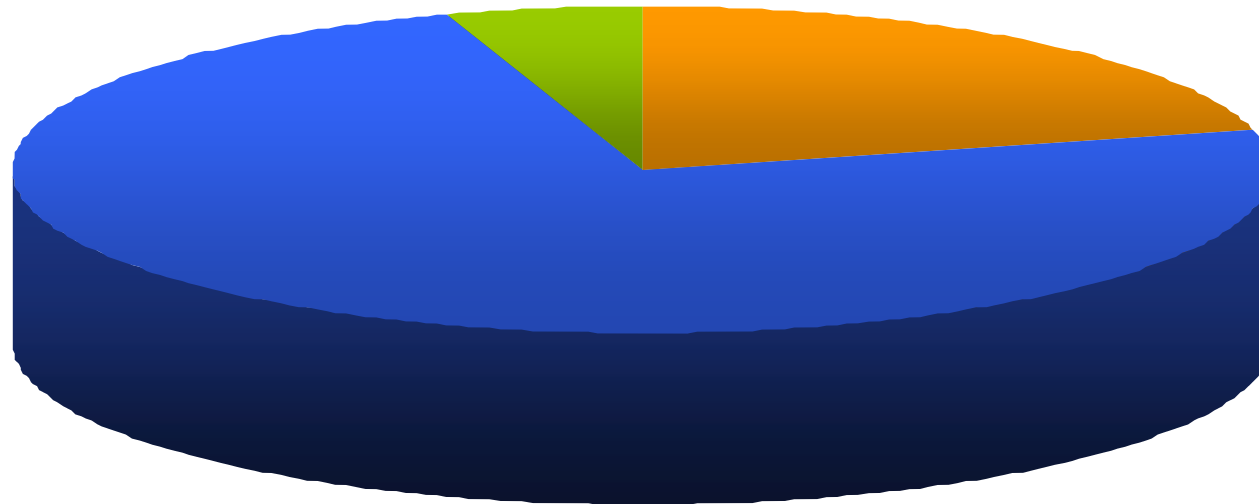
Source: Mercer private benchmarking study 2007



- **Transfer/Moving allowance only (10%)**
- **Both Transfer/Moving and Settling-in/Relocation/Installation allowance (29%)**
- **Settling-in/Relocation/Installation allowance only (61%)**
- **No allowance (0%)**

## Settling-in allowance defined as...

Source: Mercer private benchmarking study 2007



- Lump sum/Fixed amount (21%)
- Percentage of base salary (74%)
- Reimbursement of actual expenses (5%)

## Do companies update the housing allowance during the assignment? (to reflect real estate market changes)

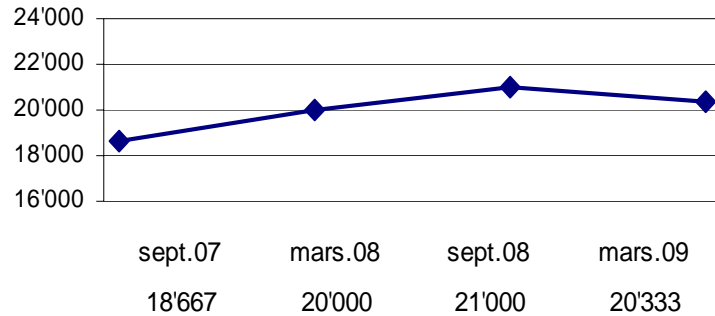
Source: Mercer private benchmarking study 2007



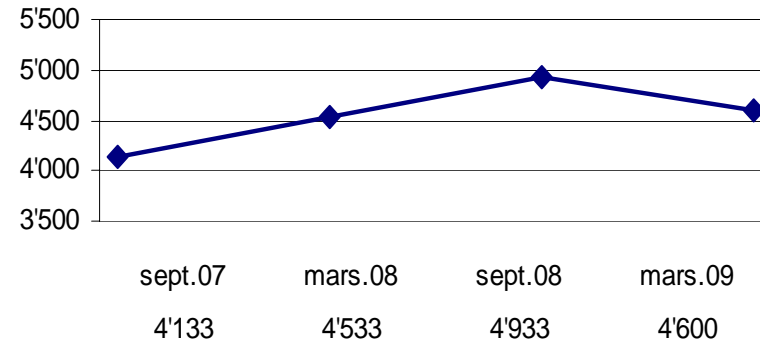
■ No (52%)    ■ Yes (48%)

# Rapid market changes

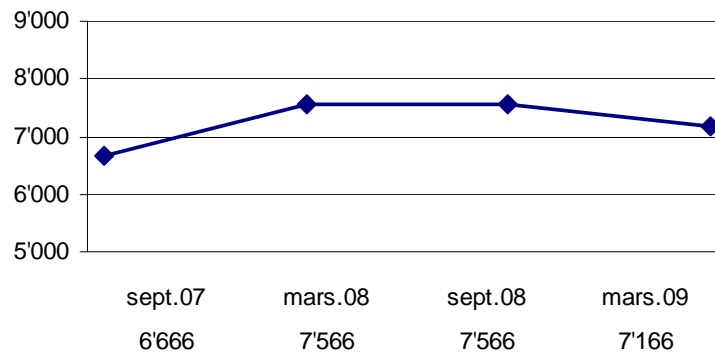
### DUBAI



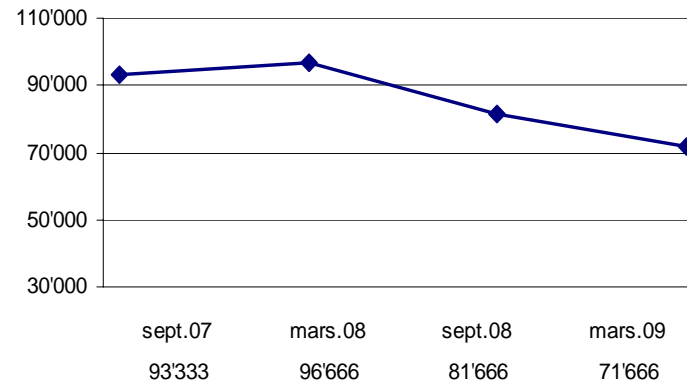
### London



### NEW YORK CITY

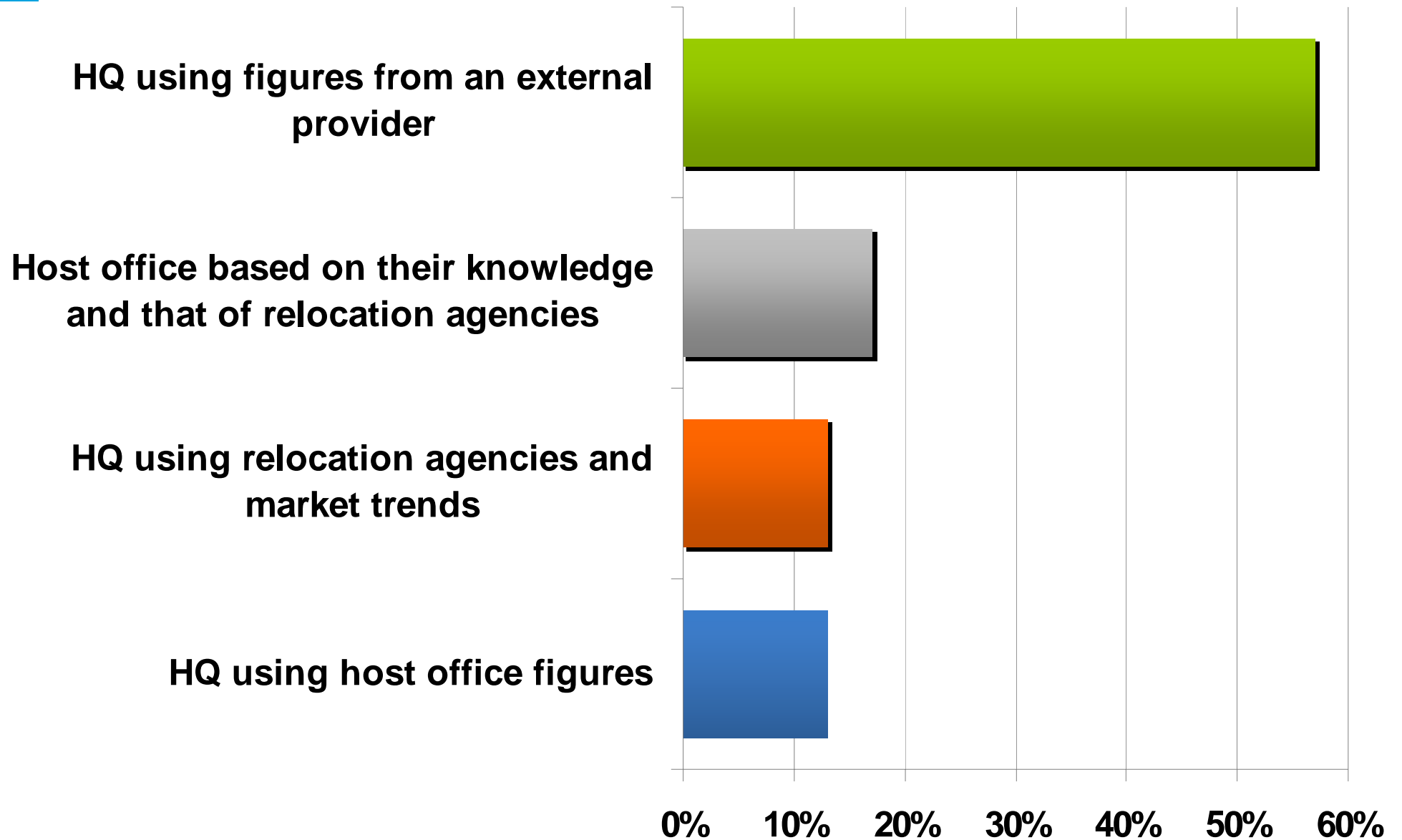


### HONG KONG



# Who determines host location housing costs?

Source: Mercer private benchmarking study 2007



## Where does the mobility information come from?

Source: Participant survey

Relocation company (in host location)

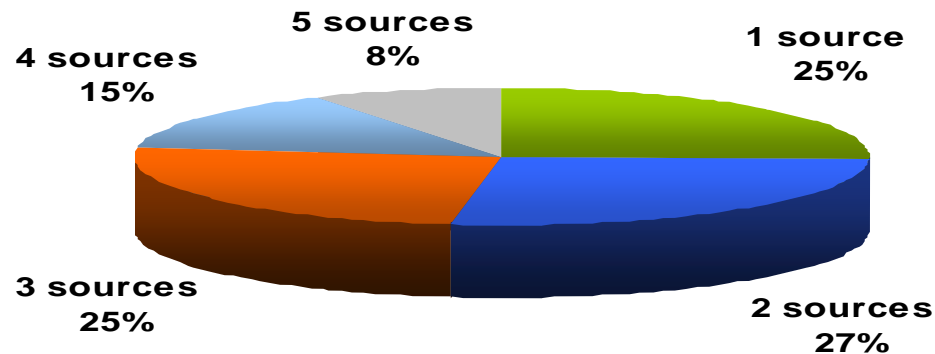
Your current expatriate data provider

Your local company offices

Expatriates themselves

General publications / newspapers / magazines / public websites

How many sources do you use for your Mobility Information?



# How you can help

## What the expats need to know

The screenshot shows the Mercer Passport website interface. The browser window title is "MercerPassport - Microsoft Internet Explorer". The address bar shows "http://www.globalhrmonitor.com/MP/index.php". The website header includes the Mercer logo, "Welcome Charlotte", and "Mercer Passport" with a globe icon. The navigation menu includes "Country Facts", "Before You Go", "Travel", "Settling In", "Health & Safety", "Business", and "Family Corner". The "Settling In" menu is expanded, showing sub-items: "Arrival Procedures", "Accommodation", "Communication", "Shopping", "Social Etiquette", "Social Clubs", "Eating out", "Entertainment", "Sports", and "Money and Banking". The "Accommodation" sub-menu is further expanded, listing: "Finding Accommodation", "Real Estate Agencies", "Lease and Rental Conditions", "Districts", "Availability & Costs", "Utilities and Services", and "Domestic Services". A red circle highlights the "Settling In" menu and its sub-menu. Below the navigation menu, there are links for "View French Translation with Google Translate" and "View Spanish Translation with Google Translate". The main content area features a "Welcome to MercerPassport" message and a "Did you know ..." section with a photo of a mine. The footer includes a "Select Country" dropdown menu with "Switzerland" selected.

# How you can help

## What you need to know

MERCER

MARSHY MERCER KRULL  
GUY CASPENTER OLIVER WYMAN

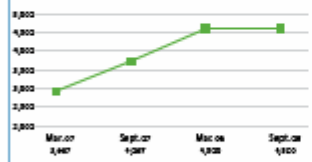


### Paris expatriate accommodation rental costs

#### Residential rents market trends

Rental prices have been stabilizing in 2008 mainly due to the limited foreign investments in the general economical crisis environment. The lettings market is still strong 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.

Paris monthly rents, March 2007 – September 2008 (EUR)



Monthly average rent of a furnished 2 bedrooms apartment

#### Housing availability

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

#### General comments

Rueil-Malmaison is in the western suburbs of Paris, 12.6 kilometres (7.8 miles) from the city centre. Many international companies have their base here, as they prefer this location to the more central La Défense. Esso was one of the first companies to make this move. The main campus of the French Institute of Petroleum is in this area. Good public transport makes the area a good option for residing outside the city centre. The town centre is large and bustling and offers good shopping facilities and a regular street market. Residential properties on the edges of the town consist of modest housing and more modern apartments. The residential districts are relatively quiet, but the surrounding area is more industrial with heavier traffic.

The Candolle area is a very popular, prosperous area on the outskirts of the city centre. There are some beautiful parks, good shopping facilities and a good infrastructure. The close proximity of the [American School of Paris](http://www.apsparis.org) ([www.apsparis.org](http://www.apsparis.org)) and the [German School of Paris](http://www.detschschuleparis.com) ([www.detschschuleparis.com](http://www.detschschuleparis.com)) makes this area very popular with foreign-national families. Trains and buses connect frequently with the La Défense business district. The area consists of individual houses as well as apartment blocks.

Monthly rent, Autumn 2008

1 USD = 0.67 EUR

Table 2: Excellent level of accommodation in areas preferred by international assignees

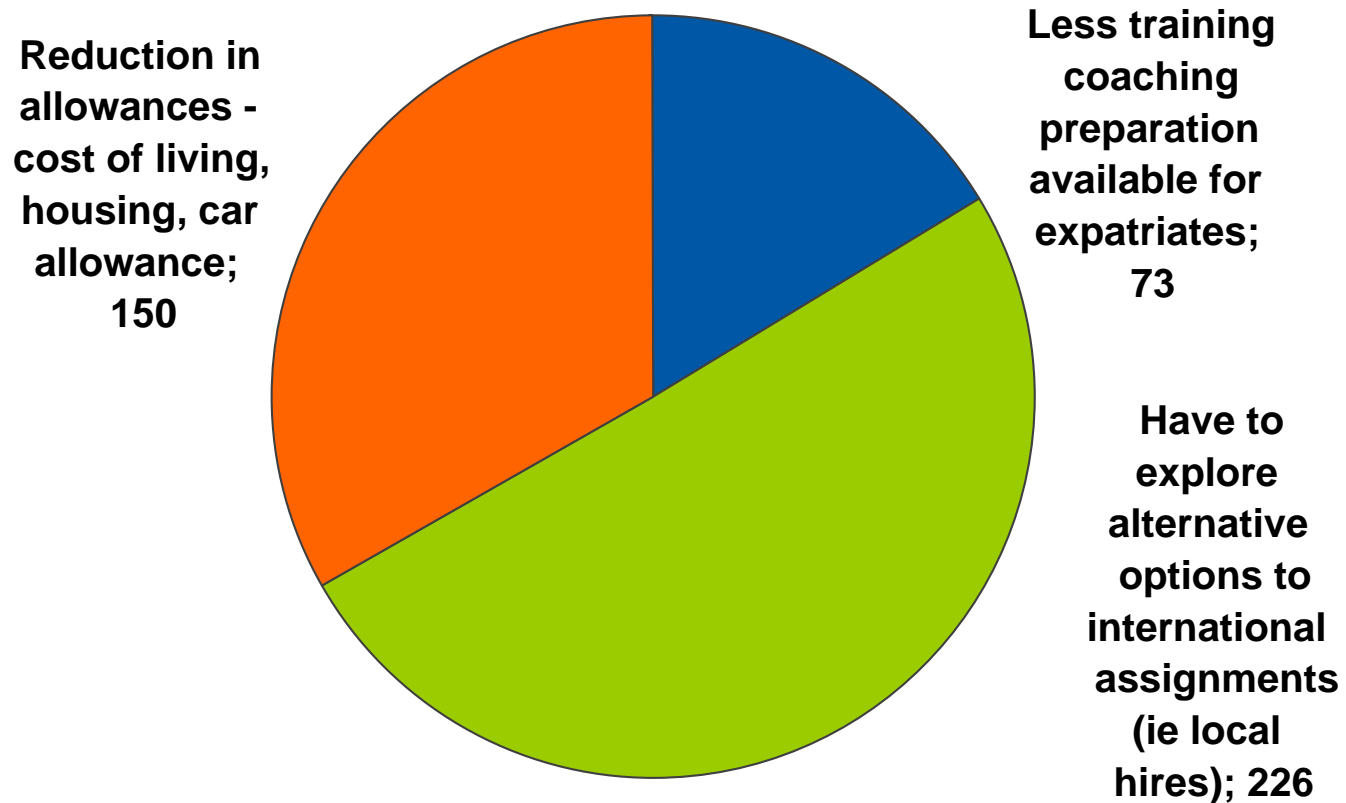
Accommodations	From		Typical		To	
	EUR	USD	EUR	USD	EUR	USD
<b>Houses</b>						
<b>Furnished</b>						
3 bedrooms, 200 sqm, 2150 sqf	4,700	7,046	5,500	8,246	8,000	11,994
<b>Unfurnished</b>						
3 bedrooms, 200 sqm, 2150 sqf	2,500	3,748	4,000	5,997	4,500	6,747
4 bedrooms, 250 sqm, 2700 sqf	3,000	4,498	5,200	7,796	6,000	8,996
4 or more bedrooms, over 250 sqm, over 2700 sqf	NA	NA	NA	NA	NA	NA
Name of areas for houses: Vauzelles, St. Cloud, St. Germain						
<b>Unfurnished</b>						
1 bedroom, 50-70 sqm, 540-750 sqf	1,300	1,949	2,400	3,598	3,000	4,498
1 bedroom with services, 50-70 sqm, 540-750 sqf	NA	NA	4,650	6,972	NA	NA
2 bedrooms, 80-120 sqm, 860-1290 sqf	3,000	4,498	4,000	5,997	5,500	8,246
3 bedrooms, 120-160 sqm, 1290-1720 sqf	3,800	5,697	5,000	7,496	6,500	9,745
<b>Unfurnished</b>						
1 bedroom, 50-70 sqm, 540-750 sqf	1,100	1,649	2,000	2,999	2,400	3,598
2 bedrooms, 80-120 sqm, 860-1290 sqf	1,500	2,249	3,100	4,648	3,500	5,247
3 bedrooms, 120-160 sqm, 1290-1720 sqf	2,200	3,298	4,500	6,747	5,000	7,496
4 bedrooms, 160-200 sqm, 1720-2150 sqf	3,200	4,798	5,000	7,496	6,500	9,445
4 or more bedrooms, over 200 sqm, over 2150 sqf	4,100	6,147	6,000	8,996	8,000	11,994
Name of areas for apartments: 6ème, 7ème, 16ème, 17ème, Neuilly						

#### Housing availability

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

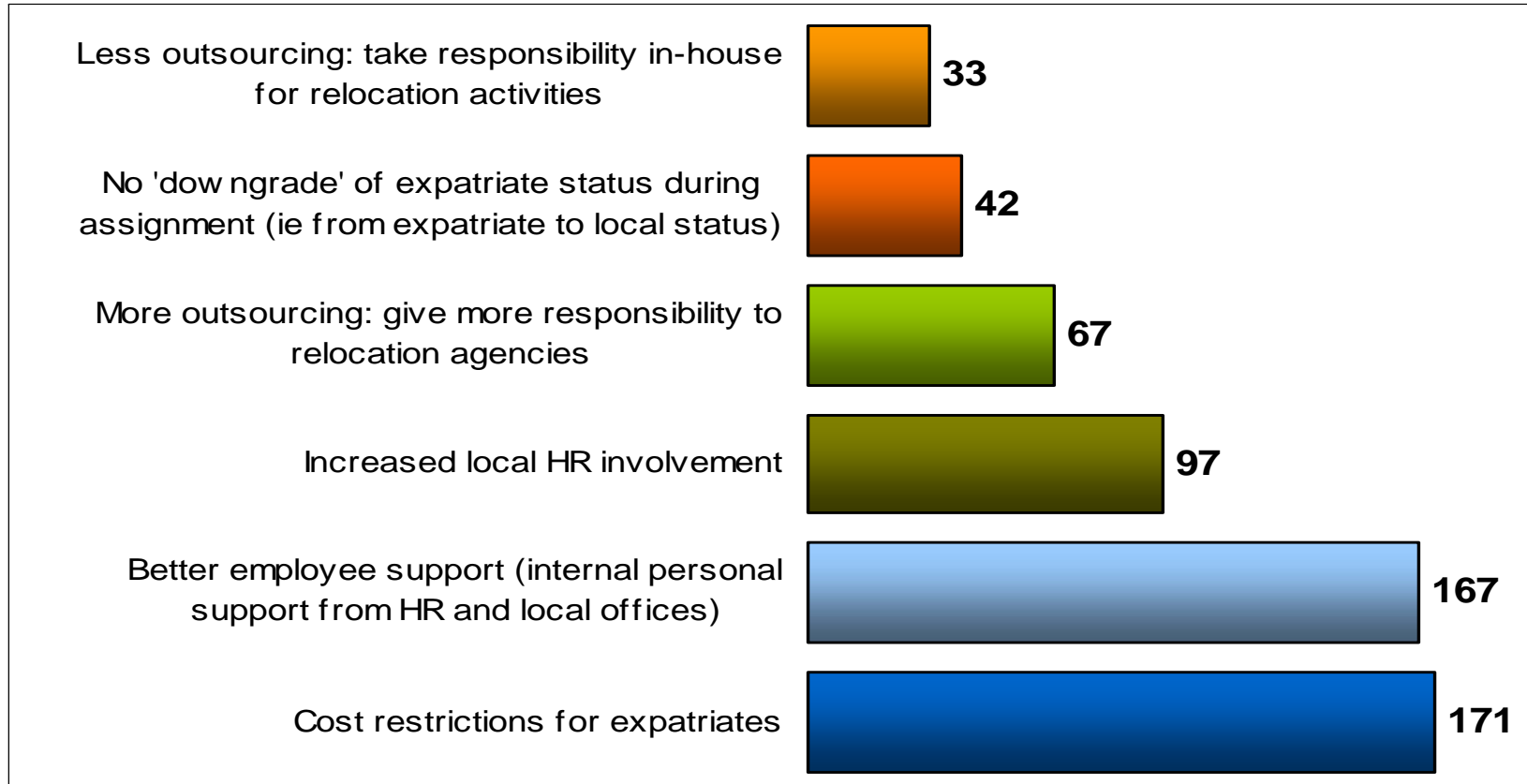
**As a result of the current economic crisis, what effects have you already experienced within your role in international HR?**

Source: Participant survey



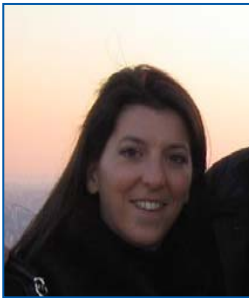
# What would you like to see change?

Source: Participant survey



## Questions and contacts

### Contacts



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### Questions

Please type your questions in the Q&A section of the toolbar and we will do our best to answer as many questions as we have time for.

To submit a question while in full screen mode, use the Q&A button on the bottom right-hand side of your screen.

To submit a question while in half screen mode, use the Q&A panel on the bottom right-hand side of your screen.

Click here to ask a question  
to "All panelists"



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