



relocation focus

The Bi-annual Newsletter of the New Jersey Relocation Council Spring 2010

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Message from the Chairman

Karl Thuge, CRP

"Spring Fever"

When we met last Autumn the industry and the country was in the midst of what some believe will now be known as the "Great Recession". As we prepare to get together for our Spring 2010 meeting we are beginning to see signs of a rebound; whether you look at: the bottoming out of housing prices, in some areas even a slight increase; the flattening of unemployment numbers; or the stock market going past 11,000 its hard not to see the "shoots of green" in the media.

As many of you have no doubt experienced, keeping up with these new economic conditions has been a challenge. As an organization, NJRC has made every effort to be at the forefront of these changing times and we have brought to our membership time sensitive educational sessions. We all remember the Spring 2008 meeting when we had our Panel on "*Feeling the Market Impact - The Domino Effect*" and then at the Fall 2008 Meeting who could forget the "sobering session" by Jeff Otteau "*New Jersey Housing Forecast- The Reshaping of Suburban Housing Demand Patterns*". Hopefully, these sessions helped us to prepare for the new economic and housing environment we found ourselves facing on a daily basis.

In order for us to be successful as an organization and continue to grow, it's imperative for you our members to continue to share your thoughts, ideas and feedback with us. As always we will make every effort to continue to provide meaningful, relevant and significant updates to our colleagues within NJRC.

So as warmer sunnier weather, (90 in the beginning of April??) once again brings new energy to the country it's hard to ignore the "Spring Fever". We see it in baseball, companies announcing hiring, Open Houses - that actually result in sales and trees blooming early. Let's hope the recovery like Spring comes early this year...

"Knowing trees, I understand the meaning of patience. Knowing grass, I can appreciate persistence."

--Hal Borland

today's event

NJRC Spring Meeting

April 21, 2010

7:45 am - Registration/Breakfast

9:00 am - Opening Remarks

Fiddlers Elbow Country Club
811 Rattlesnake Bridge Road
Bedminster Township, NJ 07921
www.fiddlerselbowcc.com

2010 Worldwide ERC© President

NJRC's own Michael C. Washbourn, SCRP, GMS, was elected 2010 Worldwide ERC© President. We could not be more delighted!

Michael Washbourn, SCRP, GMS is the Senior Manager of Global Relocation Services for Pfizer, Inc. and has over 13 years in the relocation industry. Mike has been a dedicated member of NJRC, including leadership positions. He is a former Chairman of our board of directors.



Mike has a long history of involvement with Worldwide ERC©. He has served on the Board of Directors, the Finance Committee, the Audit Committee and Program Planning Committee. He has achieved the Senior Certified Relocation (SCRP) and Global Mobility Specialist (GMS) designations, as well as the Meritorious Service Award from ERC©. It is no surprise to us that his peers elected him 2010 Worldwide ERC© President. Congratulations, Mike!

Fall Meeting Highlights

Corporate Round Table

Moderators: Bruce Francis, ADP and Karl Thuge, CRP

Our corporate attendees found the round table discussions to be useful and productive. NJRC's president, Antonella Miscio, CRP of Merck & Co. outlined some of the issues that are on our corporate members' minds: All participants are concerned with inventory increases. All have seen an increase in international moves. The attendees compared best practices as related to household goods and services. Another issue discussed was talent management in terms of how it plays on the role of relocation and how to improve how corporations use talent management in day-to-day decisions regarding how they relocate people. Finally, corporate members discussed the green movement and how corporations can become more "green" in relocating employees.

Mission: Possible – Selling a Home in a declining Real Estate Market

Keynote Speaker: Earl Lee, President, Prudential Real Estate and Relocation Services

NJRC was delighted to have Earl Lee, president of Prudential Real Estate and Relocation, accept our invitation to speak at the Fall meeting. Drawing on his vast expertise and experience, Earl presented an interesting and informative look at relocation industry trends and a retrospective of how we got where we are. He discussed the recovery in the market and stimulating the economy.

Relocation Industry Trends

Earl Lee began by identifying a number of relocation industry trends that he sees as being significant in our current climate. First is the increasing cost of mobility. Real estate costs, including loss on sale, have had a major impact in the United States. Additionally, Earl sees that the volatility in the cost of oil and the impact on transportation will be a significant issue in relocations.

As second trend Earl identified is the continued erosion of margins for relocation management companies (RMCs) in the U.S. markets. Some examples affecting the RMCs are that clients are looking for greater service at lower fees, the trend toward commodity pricing, a "high touch" expectation from clients and the fact that procurement and financing departments are increasingly in control of the process.

Another trend and global demand are increasing. Earl points out that most manufacturing in the U.S. has gone overseas. A local presence is expected in key areas and relocation has become a lead generator. Demand is growing on a global level faster than in the U.S. Earl identifies the top four growth countries as China, the United Kingdom, Singapore and Germany. He predicts that inter-regional moves will continue to increase.

Earl sees the demand for integrated technologies to be a big issue, recognizing that the World Wide Web has eliminated time and boundaries. Additionally, security and privacy will be a driver, relating to privacy of information, security systems (where he believes that U.S. law will prevail) and the trend toward stronger requirements for transparency. These will be important factors in determining how companies will compete globally. Finally, the continuing consolidation of the industry will continue to affect the RMCs. He encourages each company to analyze the financial stability of its organization.

Recovery in the Market

The Economy: Dark Clouds vs. Green Shoots

Earl Lee then focused on recovery in the market and provided “dark clouds” vs. “green shoots” in the economy. The dark clouds were identified as: weak job market, unemployment (10.2%), the fact that household wealth is down, consumer confidence is low, home prices are declining and distressed property sales are still substantial. Among others, the green shoots are that the U.S. stock market is up 50% since March 2009, existing home sales increased six out of the last seven months, and credit conditions are improving.

While we are on the road to recovery, the average consumer feels no change and is still struggling. For example, housing prices increased in 11 states last year, but not in high population areas. Inflation remains subdued for the time being because demand is low right now, but it has to come back. And while interest rates have remained stable, fixed rates, which Earl sees as a good thing, his concern is that there is no commercial market for purchasing mortgage backed securities. Once the government stops backing them in 2010, the rates will increase.

So how did we get where we are? Lee took the group through a retrospective in a nutshell. In 2001, we experienced rapid home appreciation due to a tight real estate market and low interest rates. Then lending practices changed from 2004-2006 which allowed the frenzy to continue and home values continued to appreciate. By 2006, gravity inevitably took over: houses stopped appreciating and Buyers could not refinance their way out of trouble. As a result consumer confidence dropped and so did their spending. The speed of the recession shocked everyone.

Today, interest rates are low and home prices are down by double digits. Earl believes that we are at the bottom of the real estate market, but that it is dependent upon several things, including the first time homebuyer/upgrade credit and globalinsight.com’s prediction that housing values in the U.S. are actually approaching “undervalued.” Earl reminded us that the 1980s were actually worse in terms of the real estate market, but that now, the public is constantly being bombarded with negative information globally from the media. Additionally, the real estate market is cyclical, with a normal cycle of 5 years. This cycle has lasted 11 years so far!

On a long-term basis, Earl predicts that we will have a runoff in prices again in our area because supply has been restricted. It takes time for building markets to recover, but building permits will increase again. The number of households in our area is still increasing, which is a good thing. Income levels have declined primarily because of unemployment, and Earl states that interest rates and unemployment rates drive the housing market and home prices. So we may see home prices decline further in the near future.

What do we do to get our houses sold in this market? Earl Lee looks at the power of your organization's relocation policies. He advises that organizations educate themselves and their transferees about the market you're in. For example, he recommends that you seek out expertise, offer pre-decision support and do not rely on the press for information. Secondly, Earl recommends that organizations provide homeowner assistance in the form of customized counseling which he defines as "doing anything you can do to make sure that the property does not go into inventory." He urges organizations to enforce home marketing guidelines. Some examples being to require broker networks to use list price restrictions, to require transferees to present all offers to the organization and/or RMC and to link the receipt of benefits to compliance of the policies. Earl suggests that organizations provide incentives to sell, which may include buyer broker incentives, and/or requiring a specific period of time that transferees must market the property before they are offered a buyout. This way, the transferees will understand their market conditions better. Finally, Earl proposes that organizations consider loss on sale assistance and of course, manage program costs.

What's in Your Basket? An International Session on how Goods and Services are Calculated

Presenters: *Sharon Byrnes, Director, International Assignments, Stryker*
Steve Nurney, SCRP, Vice President, ORC Worldwide

Sharon Byrnes and Steve Nurney extended us their extensive international relocation management expertise and provided an informative session in the international assignment arena. The presenters looked at the Market Basket, namely, what it is, what's in it, surveys on how the basket is determined, how those goods and services and how those goods and services are determined.

First the presenters discussed the COLA approach. The goal is to compare what the transferring employee spends at home versus what they spend abroad. The balance sheet includes what we spend our money on. For example, income taxes, housing, goods and services, reserves, etc. We look at goods and services as spendable income, or our family budget, organized by a list of general categories. Spendable income varies by salary and income level and family size, but not in a linear manner. COLA is determined by spendable income times the index.

International assignments are generally categorized as temporary/non-permanent assignments. The intent of the corporation during those "out and back" assignments is to protect the employee's spendable income. The goal is to try to allow the employees to maintain their home standard of living during the temporary assignment.

njrc leadership

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Congratulations 20-year (S)CRPs!

Worldwide ERC© celebrates the 20th anniversary of its first graduating class of Certified Relocation Professionals (CRPs) this year. As it turns out, we have quite a few of them in our very own NJRC membership. Congratulations to the following NJRC members:

Ruth Davis, SCRIP

Sylvia Ehrlich, SCRIP – The Intrepid New
Yorker LLC

Carol Filippi, SCRIP – The Linde Group

Alana Middleton, CRP – Pricewaterhouse
Coopers, LLC

Elizabeth Mills, CRP – Prudential New Jersey
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Fall Meeting Highlights (continued)

The market basket consists of approximately 200 goods and services, and is a tool used to establish price relationships between home and assignment locations. There are numerous challenges involved. It needs to be determined where surveys should be conducted and how often. What happens if an item is not available in a particular location? How does one account for prices in high inflation areas such as Zimbabwe? Companies such as ORC try to obtain permission for pricing from store managers. This has proven to be a huge issue. Another challenge is matching item specifications, meaning literally apples to apples. This can be difficult as units of measurements vary. Outlets used are not necessarily what one would expect.

The survey must obtain a representative sample of all locations so that the results may be used to establish multiple index levels. Price comparisons must ensure consistency in brands, locations surveyed, etc. Those prices must be converted to common (the home country) currency. The calculation takes the current exchange rate into account.

The presenters discussed the types of indexes used. The highest level is the Expatriate Standard Index, which assumes the typical purchasing patterns of recently arrived expatriates. The Efficient Purchaser Index (EPI) accounts for the fact that, over time, people tend to gravitate toward stores with the best prices and comparable quality. Finally, the Modified Index, which is available for both the Expatriate and EPI, adjusts for categories which are company-provided separately or which the company does not want to subsidize, such as transportation, medical care or tobacco and alcohol.

Are you smarter than a Relocating 5th Grader?

Moderator: Jennifer Chandler, CRP, GMS, Director, Global Mobility Consulting, Altair Global Relocation

Jennifer Chandler, CRP, GMS of Altair Global Relocation moderated this global mobility interactive session. Jennifer called on the audience and tested our knowledge of relocation terms, trends and procedures. Our participating members of the audience certainly flexed its relocation IQ!



Take advantage of sponsorship opportunities

The NJRC sponsorship committee extends our gratitude to of the sponsors who continue to contribute to the development of our organization and the tremendous success of our programs. Without you, our meeting would not be possible.

We strive to ensure that our sponsors receive outstanding recognition, and that NJRC provides an excellent source for regional relocation networking and information for of our members. NJRC is pleased to offer three levels of sponsorship per conference:

Platinum Sponsorship - \$1,000

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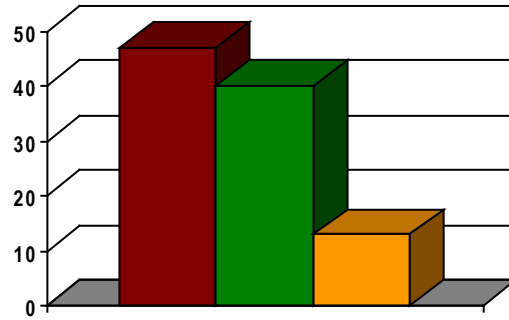
Newsletter Sponsorship - \$250

Please visit us at njrc.com for more details.

NJRC 2009 fall meeting survey results:

Total responses: 59

- Excellent: 28 (47%)
- Very Good: 23 (40%)
- Good: 8 (13%)
- Fair: -0-
- Poor: -0-



comments:

Good domestic and international mix. Fun facts are always good and the 5th grader game was really a good fun and learning activity.

Everyone on the board does an outstanding job of ensuring a very informative, useful and excellent conference.

I thought the spirit and camaraderie of the meeting was excellent.

Really enjoyed the networking round table -- great way to benchmark and learn how others are handling the same issues.

We're LinkedIn! Be sure to join our networking group!



"Never doubt that a small group of thoughtful, committed people can change the world. Indeed. It is the only thing that ever has."

--Margaret Mead

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ROBERT J. NISH, P.C.

Spring meeting agenda



NJRC spring 2010 meeting April 21, 2010

location

Fiddler's Elbow Country Club
811 Rattlesnake Bridge Road
Bedminster Township, NJ 07921
<http://www.fiddlerselbowcc.com/>

agenda

- 7:45- 9:00 am** **Registration & Continental Breakfast**
- 9:00 - 9:30 am** **Opening Remarks/Welcome**
- Antonella Miscio, CRP President- NJRC
Manager, Domestic Relocation
Merck & Co., Inc.
- 9:30 - 10:30 am** **Keynote Presentation**
- "Feast or Famine? The Economy and Real Estate in 2010 and 2011"*
Presenters:
John Tuccillo, Ph.D, CAE- Real Estate & Housing Economist
John Tuccillo & Associates, Inc.
- 10:30- 10:45AM** **Break**
- 10:45- 12:15PM** **Session**
- "Putting the Pieces Together"*
Corporate and Service Provider moderators lead groups through issues and solutions for these pieces of the relocation puzzle.
- 12:15- 1:15PM** **Lunch**
- 1:15- 2:15PM** **Closing Session**
- "From Expat to Flexpat - The mobilization of talent in the modern global economy"*
Presenter:
Rick Schwartz
President
Brookfield Global Relocation Services
- 2:15- 2:30PM** **Closing Remarks**
- CRP/SCRIP Credits TBA

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