

GRAEBEL'S INNOVATIVE APPROACH

TO PROPERLY PRICING TRANSFEREES' HOMES ACHIEVES RESULTS.

CASE STUDY

A leading global telecommunications company relocates more than 100 homeowners annually. This company was seeking ways to better manage relocation costs, improve transferee satisfaction and retention, and help relocating employees successfully sell their homes despite the declining real estate market.

THE CHALLENGE

In years past, when real estate was appreciating and the market was strong, this client, like so many other corporations, gave little guidance and attention to how transferees priced their homes. Relocation policies contained mandatory listing periods, and many engaged relocation management companies to manage and drive the sales process for the employees. Oftentimes, transferees marketed and sold their homes without the assistance of experienced relocation agents. The end result – most homes sold within the listing period, and the ones that didn't usually had major marketing obstacles.

Unfortunately, times have changed. Relocations take longer to complete because homes are not selling in a declining real estate market. Corporations are incurring additional expenses including duplicate housing, temporary living, and storage costs. Furthermore, transferees are frustrated. Their properties may be underwater on the mortgages or prices have continued to decline from the ever-increasing number of short sales, foreclosures, and auctioned properties nearby. Plus, the longer their homes sit on the market, the less money they ultimately receive

from the sale. And guaranteed buy-out (GBO) programs are being offered less frequently due to high costs.

Graebel was asked by a leading global company to develop a relocation policy that addresses today's challenges in transferring employees. Key to the policy was helping employees price their homes in a way that was not chasing the market, but rather positioned the homes to sell quickly and at the highest, reasonable price.

THE SOLUTION

After reviewing the company's current relocation policy, Graebel offered a solution that would address the current real estate market. Graebel suggested the company amend its existing Buyer Value Option (BVO) program as follows.

Through the new policy, relocating homeowners were encouraged to formulate a realistic first 90-day sale price. At the onset of listing a home, two appraisals were ordered to determine the property's anticipated sale price. These appraisals were based on standards from Worldwide ERC, and were not mortgage-based appraisals.

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THE CUSTOMER

Global telecommunications company

PROJECT SCOPE

Develop an up-to-the-minute relocation policy to help a client assist transferring employees with selling their homes quickly and at the highest price possible in the worst housing market since the Great Depression.¹

PROJECT GOALS

Reduce relocation program costs, decrease time homes remain on the market, and improve transferee satisfaction throughout the relocation process.

WHY GRAEBEL

The company sought Graebel's counsel on this project because Graebel is experienced and highly knowledgeable at helping organizations streamline relocation costs and keeping relocating employees satisfied.

¹ Timiraos, Nick. "Housing Agency Reserves Fall Far Below Minimum." The Wall Street Journal, November 13, 2009.



“The BVO program Graebel devised helped save the client tens of thousands of dollars, improved employee satisfaction, and resulted in a 35-percent reduction in home sale time, from 202 days to 130 for participating employees.”

Additionally, two Graebel pre-qualified real estate brokers – each with experience and proven skills in selling homes in the down market – prepared Broker Market Analyses (BMA) for comparison to the appraisals and were asked to provide further marketing input.

The new policy required that the home was listed within 102-percent of the average of the two ERC appraisals. Transferring employees participating in the new program were eligible for benefits such as additional temporary housing allowances, home selling bonuses, and home acceleration allowances for cosmetic home improvements, repair issues, buyer concessions, and selling agent bonuses.

An opt-out of the listing cap guideline was allowed; however, transferees were then ineligible for the home sale bonus and additional temporary housing benefits.

THE RESULTS

After 18 months, the new BVO program proved successful at achieving all of the company’s goals – from reduced costs to faster home sales to more satisfied employees. The average time homes spent on the market for employees who participated in the new program was 130 days versus the 202 days experienced by those employees who opted out and listed their homes at their own prices. This 72-day reduction in marketing time resulted in less stress for

transferees, which was evident in their greatly improved overall satisfaction with the relocation process. Plus, with homes selling faster, the company was able to decrease temporary housing, household goods storage, and other relocation expenditures by tens of thousands of dollars.

Based on the results from Graebel’s recommendations, the company now requires all relocating employees follow the new program to be eligible for relocation benefits.

To learn how Graebel can help your organization, contact us today.