

## Housing On Demand

*With the uncertain environment for selling homes and the benefits of a fast transition, corporate housing is taking hold as a cost-effective means of providing temporary accommodations to employees on the move.*

*By Julie Cook Ramirez*

When Todd Zgorzelski was asked to move from Scottsdale, Ariz., to West Lake Village, Calif., last year, he quickly found that his employer, St. Louis-based Anheuser-Busch Cos. Inc., expected him to assume his new position as general manager of the west region before his current home had time to sell.

Leaving his family behind until a buyer could be found, Zgorzelski considered the three corporate-housing options given to him by the company. Going out to look at the properties in person allowed him to assess the neighborhoods and determine where he would be most comfortable staying until his housing matters could be settled. In the end, he spent seven weeks in an apartment paid for by Anheuser-Busch.

Zgorzelski's situation is far from unique. Most relocations are fraught with challenges -- many of them housing-related. Employees are often expected to make the move before they can sell their current home, making it difficult, if not impossible, for them to buy a new house.

Even if they do find a buyer in time, the transferee may not be able to find a suitable home in the new location in time. This creates a need for temporary housing, a place for the employee -- and possibly his or her family -- to stay during the interim. On the surface, the simplest option may appear to be a hotel room or possibly an extended-stay hotel suite.

After all, room service and concierge assistance make it easy for new arrivals to subsist until they get into permanent accommodations. But while employees may initially revel in such luxuries, it isn't long before most start to miss the comforts of home.

"After a few days, the hotel room gets claustrophobic," says Ned Scharpf, president of Corporate Housing Providers Association in Indianapolis. "You've got the bed and the TV and if you're in extended-stay, you've got a really limited kitchen, but if you have children or if you are somebody who likes to cook, you are going to want something more."

That's where corporate housing comes in. Designed specifically for temporary stays, corporate housing consists of fully-furnished apartments, condos and occasionally even houses. Because they are fully furnished with linens, kitchenware and weekly maid service, transferees need only bring their personal effects. They are then able to live as they would at home, cooking their own meals, doing their own laundry, and entertaining guests, all while the corporation foots the bill.

Once the assignment is over or home sale/purchase matters can be resolved, the employee -- and possibly also his or her family -- move out. Because they didn't bring their household goods with them, the transition is relatively simple, not to mention low-cost, for the organization and the employee.

"Corporate housing is a turnkey type of experience in that it allows the employee to just pick up the keys and move in," says Kimberly Frost, director of housing networks for GMAC Global Relocation Services in Woodridge, Ill. "It eliminates the need to pack and repack and the anxiety that goes along with it."

It also helps foster an at-home feel, says Frost. The simple luxury of having a separate bedroom, washer and dryer, and a fully equipped kitchen helps employees feel like they are truly living, rather than just staying somewhere. As a result, they feel more quickly settled in the new location and more productive at work.

"Creating that home environment does wonders for the psyche," says Bob Portale, president and CEO of ReloDirect Inc., a Chicago-based relocation management company. "It helps get them acclimated to the new environment, lets them focus on their job and, most importantly, gives them a great first impression of the location."

### Money in the Bank

The benefits don't end there. According to corporate housing providers, their product offers significant cost savings over both traditional hotels and extended-stay properties.

"Corporate housing is a terrific value compared to the cost of a hotel," says Gavan James, senior vice president and

general manager of Oakwood Corporate Housing in Los Angeles. "In a city where you might pay \$180 a day for a one-bedroom at the Residence Inn or Homewood Suites, you can get a fully-furnished corporate apartment with more square footage for two-thirds to three-fourths of that high-end hotel-suite rate."

Corporate housing is also cheaper, James says, because it doesn't incur lodging taxes. What's more, employers are able to reduce or even eliminate common per diems, such as for meals or dry-cleaning, because the transferee has access to a full kitchen, as well as a washer and dryer.

At Anheuser-Busch, the policy requires a reduction in the per diem for meals when the employee is staying in temporary housing with cooking facilities, according to Al Blumenberg, manager of the company's global relocation department. At Houston-based Halliburton, such allowances are eliminated entirely.

"If they go into a hotel environment, their meals are expensable," says Relocation Administrator Mona Stevens. "If they go into corporate housing, they're not."

At Halliburton, temporary housing is used in a variety of instances, ranging from standard permanent relocations to short-term assignments and temporary assignments. All in all, Stevens says, the company moves about 700 to 800 families each year. Most of the time, employees are given little notice — and rarely enough time to settle their housing affairs in either the old or new locations.

"Most corporations want the relocating employee in the new position 'yesterday,'" says Stevens. "The new division is anxious to move forward and have the employee productive in the new location. As a result, [the employee] usually needs to make the move, and the move notice comes later."

In cases where the demand for immediate, temporary accommodations is high, such as at Halliburton, the length of stay typically dictates the type of facility, according to providers. If an employee only needs a place to stay for a week or less, a traditional hotel room is usually the way to go. Stays lasting one week to one month call for an extended-stay suite. But when it comes to 30 days or more, corporate housing is clearly the choice that makes the most sense.

"If it's anything from one to three or even one to six months, corporate housing provides one of the better options going out there," says Mark Koepsell, senior vice president of CORT, a Fairfax, Va.-based rental relocation service company.

"It's reasonably priced, it's convenient, it's easy to put together and it certainly does provide a soft transition."

Surprisingly, Stevens says this uncertainty does not create much of a challenge.

The only significant challenge she cites involves remote locations where there simply is no corporate housing available. In those instances, Halliburton simply puts an employee up in the nearest hotel.

According to the Corporate Housing Industry Report 2007, compiled by The Highland Group on behalf of the CHPA, the average length of stay in corporate housing is 77 days. Some corporate housing providers dip into the less-than-30-day market, says James, but for the most part, the minimum stay is considered to be 30 days. Industry revenue rose 22 percent from 2005 to 2006, while the number of corporate housing units increased 13 percent, the report states.

### **A Matter of Time**

With the current sluggish real estate market plaguing would-be sellers, the amount of time a transferee may require temporary housing is on the rise. "With many of our customers, the length of stay is going up," says James. "Because the home sale is taking longer than they anticipated, many companies are changing their relocation policies to allow for a longer temp stay."

Halliburton's policy allows for 30 days of corporate housing. While the company has not officially expanded that allowance, Stevens says an extension is typically granted when requested, as long as a vice president is willing to sign off on it.

The same is true for Anheuser-Busch, where transferees are granted 30 days of temporary housing. Blumenberg says the company will usually extend it another 30 days, "depending on the individual's situation." Most commonly, he says, difficulties in finding and moving into a new house result in requests for an extension.

Although Portale isn't surprised by this approach, he would like to see more actual policy changes to reflect the struggling real-estate market.

"There's been somewhat of a lag in terms of corporations adjusting their policies to meet the increasing needs of the relocating employee," he says. "If it's more difficult for them to sell their home, the employee needs some sort of adjustment in their policy to accommodate for that."

While transferees may be spending more time in temporary housing, that's not necessarily a bad thing, according to Portale, who says that time can actually be quite valuable, if used wisely. Specifically, he says, transferees and their families can use those weeks or months to scout out the city, look at different neighborhoods and figure out where they would ultimately like to live.

According to Stevens, Halliburton's relocation department advises its transferees to keep that in mind from their very first communication. "If they have not settled on a location yet, we make them aware of all the things they should think about, such as how close they want to live to the office," she says. "Those 30 days gives them an opportunity to get to know the neighborhoods and see where they want to be."

That was the case for Anheuser-Busch's Zgorzelski. While living in a corporate apartment in West Lake Village, Calif., he spent his non-work time "out scouting locations with my real-estate agent to find a suitable place for myself and my family," he says.

While temporary accommodations during relocations remain the focus of corporate housing, Portale cites extensive growth in project-based temporary housing. Anheuser-Busch, for example, has been using temporary housing increasingly for individuals brought to St. Louis from the company's overseas operations either for training purposes or best-practices exchange programs.

Last year, the beer giant provided housing to several people from China visiting St. Louis for an "extended learning tour." Blumenberg has secured accommodations adjacent to the brewery, making commuting a breeze for foreign visitors.

That type of communal set-up is particularly useful when dealing with overseas visitors, says Koepsell, because they may not be completely comfortable venturing out on their own. "If you have someone coming in from a foreign country who really isn't familiar with the area, you may want a more structured environment for that individual," he says.

Interns provide another area of growth for the corporate housing industry, according to CHPA Executive Director Mary Ann Passi. In Fairfield, Conn., General Electric Co. recently switched from Embassy Suites to corporate apartment complexes for its interns. As Manager of Recruiting and Staffing Services Steve Canale explains, it's a matter of practicality.

"We pull in kids from all over the country to come here," he says. "It's hard for somebody from Indiana to make plans to live for a summer in Fairfield, Conn., so we simplify the process for them, making sure it's a safe environment we wouldn't mind living in ourselves."

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