Trendspotting: 2023 Global Mobility Trends Report

Let's face it: despite some slight optimism coming into 2022, last year's talent mobility environment was challenging. It presented us with, and forced us to react to, incredible global volatility. Ultimately, it was a year of unpredictable mobility trends. The pandemic continued, inflation rose, housing affordability worsened, mortgage rates ramped up, supply chain issues peaked, and mobility benefit costs increased. All the while, challenges with attracting, developing, and retaining talent persisted. The "Great Resignation" shifted into the "Great Reassessment," the "Great Regret," or the "Great Attrition," depending on your perspective. New buzzwords like digital nomad and slomads emerged, along with employee productivity terms like goblin mode and act your wage.

Despite the challenges, Plus's clients maintained a steady volume of moves last year, further reinforcing the importance of talent mobility to an organization's business strategy. Despite so much volatility, uncertainty, complexity, and ambiguity (VUCA), mobility teams rolled with the punches, from implementing experience-enhancing initiatives to rolling out cost containment and compliance measures.

To help identify and navigate what's ahead for mobility programs and the overall talent mobility industry, Plus conducted in-depth surveys and interviews with nearly three dozen leading mobility professionals, reviewing trends we had been watching over the past 12 months. We were curious to see how mobility leaders were feeling, discover what they consider the biggest challenges, and identify the highest priorities and areas of focus for 2023.

> *"In 2022, the focus was on the 'what do we do as the world re-opens' from the pandemic. We were challenged over and over by the new norm. Although we managed to stay afloat, we kept asking critical questions to determine our journey ahead."*
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> Global Mobility Director, Tech Industry

Mobility sentiment

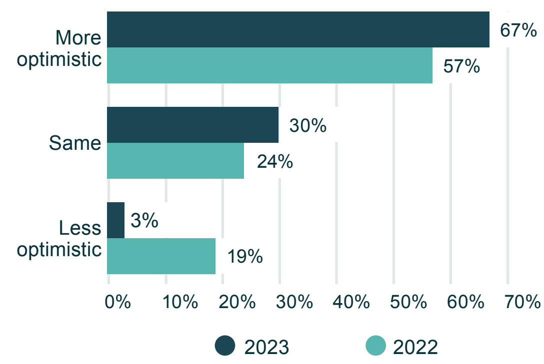
First, we wanted to gauge how mobility leaders were feeling about the next 12 months compared to the previous year. The good news is nearly 70% of survey participants expressed optimism for the mobility industry over the next 12 months, which is a 10% increase over last year.

The challenges ahead for mobility

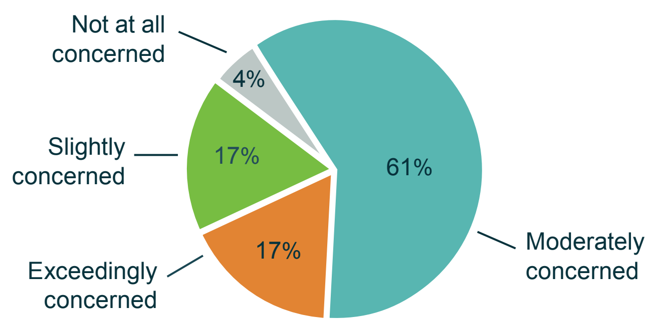
Despite the increased positivity, there are still concerns about the overall outlook. According to the U.S. Chamber's Chief Economists Committee, the U.S. will experience a mild but short recession in the middle of 2023 with even gloomier prospects for other regions such as Europe and Latin America. Our survey indicates that almost all participants are worrying about the U.S. and global economies being in or heading toward a recession, with 96% of respondents expressing some concern.

Participants anticipate that a recession would impact their mobility programs in several ways, from elevating costs per move* to reducing employee satisfaction scores. Only 6% of participants felt that a recession would not impact their programs. However, 21% of participants expressed concern that a recession would result in reduced activity, pushing back against the otherwise optimistic outlook.

Mobility outlook vs. previous year

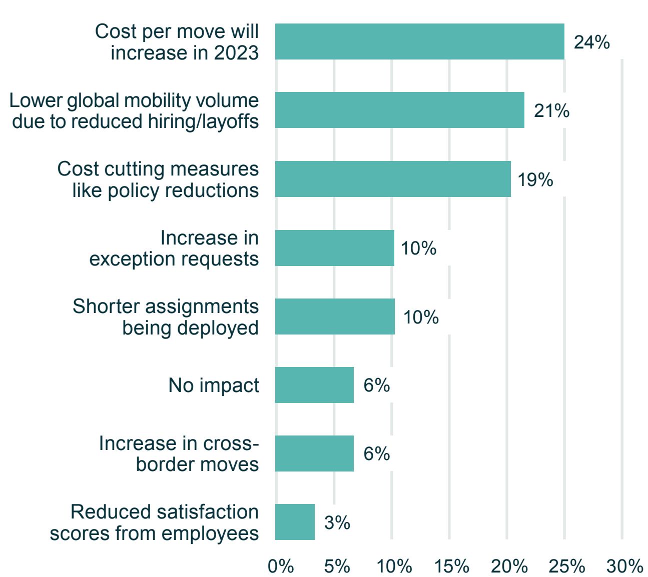


Concern about recession



Values have been rounded to the nearest whole number

Anticipated impacts of a recession



When listing the biggest challenges to employee mobility, participants indicated:

- The number of offers to relocate or sponsor assignments will be limited due to company budgets.
- There will be less of a need to relocate as more people work remotely.
- There will be ongoing cost-of-living challenges in destination locations.

In addition to heightened cost concerns for 2023, many survey respondents expressed worry about the ongoing volatility and its impact on the employee experience. With housing prices dropping, mortgage rates increasing, rents remaining at record highs, and general inflation continuing, mobility leaders fear these obstacles could cause hesitation among relocating employees.

Overall, while there are some bright spots in the forecast for global mobility programs, economic concerns have now become the primary source of worry, replacing the pandemic as the proverbial dark cloud that looms over them.

* Relocation costs hit an all-time high in 2022 of $85,466 for an average U.S. domestic homeowner and $35,532 for a renter per Worldwide ERC.

Top priorities for global mobility programs in 2023

1. **Streamlining efficiencies:** Restructuring processes and creating more efficient practices.
2. **Revisiting and creating policies:** Re-evaluating policies to meet new needs and support company initiatives like new business opportunities, self-initiated relocations, and requests for remote work.
3. **Improving employee experience:** Addressing obstacles that may hinder the employee experience, like high mortgage rates, rent, cost of living, family concerns, remote work, dual career support, global volatility.
4. **Containing cost:** Implementing innovative ways to reduce spend through money- and time-saving technologies that add to the customer experience.
5. **Aligning with talent strategy:** Supporting professional development, talent recruitment, and employee retention by creating career development, leadership development, and rotational programs.

Anticipating activity

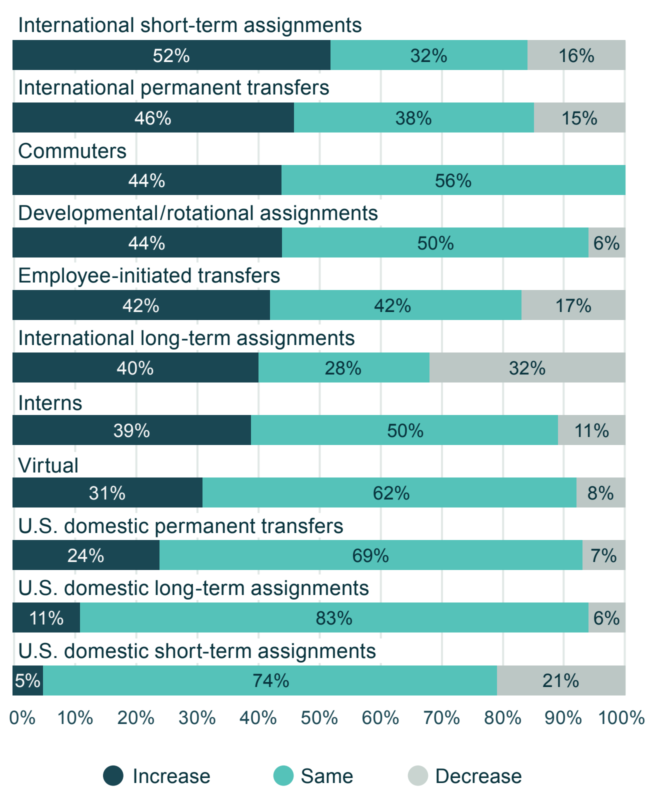
While few companies are suggesting they will have pre-pandemic mobility volumes, the majority expect increasing or maintaining activity across all types of moves, with a particular emphasis on cross-border mobility in the next 12 months.

Interviews with survey participants helped to clarify the ongoing trend that companies will use international short-term assignments (STAs) increasingly rather than tapping international long-term assignments (LTAs), even more so due to the ability for remote work to minimize the need to be physically present in a location for long periods (over a year).

Despite alternatives like "Expat Lite" and "Local Plus" policy options, STAs are seen as balancing the needs of the company and the employee (including the family) while still being extremely useful for skill and career development. They also tend to result in lower tax and assignment costs for the company. Although many companies indicated they will reduce the volume of international LTAs, most companies said they'll increase volume.

This finding suggests long-term international mobility remains a staple for many global companies. Recent research from ECA International shows that 62% of companies expect the volume of international permanent

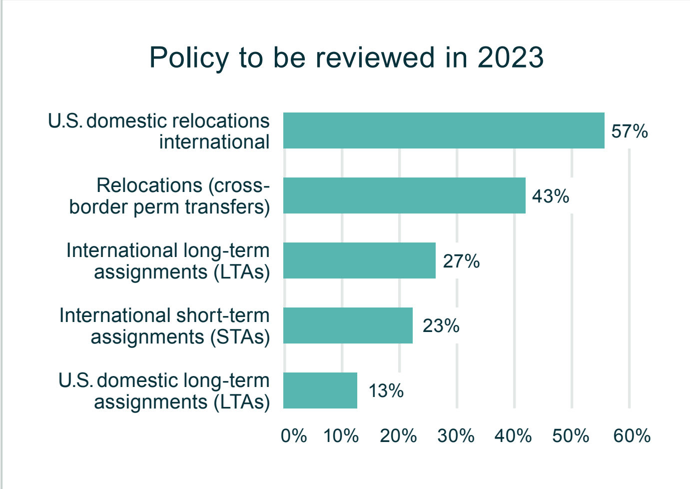
Anticipated volume change in 2023 vs. 2022



transfers to increase over the next three years. Our survey reinforced this expectation, with 85% of companies anticipating international permanent transfers to increase or remain the same.

While fewer companies expect dramatic increases in U.S. domestic activity, expectations are still high for maintenance or slight increases, reflecting recent findings from Worldwide ERC that U.S. transfers will increase overall by 5% or more for 2023.

Big picture? Most mobility programs expect the same or slightly greater mobility activity in 2023, compared to last year, especially when supporting cross-border movement for shorter-term assignments and permanent transfers.



Looking at policy

Policy benefits are the lifeblood of mobility programs. We asked survey participants if they would be adding new policies and whether they would be revising any existing policies in 2023. Nearly 60% of companies will be or are considering adding new policies to their mobility toolbox, and 80% will be (or are) considering reviewing/revising their existing policies.

Three of the top five policies companies will add are for temporary assignments rather than permanent transfers. Based on this number, we expect many policy discussions over this next year as programs attempt to balance needs.

International STAs and LTAs expect volume increases, indicating they are a crucial component of global business. Three of the top five policies identified for review support international volume; 43% of participants indicated they are revisiting their international permanent transfer policies in 2023.

U.S. domestic transfers are the cornerstone of American businesses, so it's no surprise that reviewing these policies is a priority for many programs. As teams work to attract talent in a way that aligns with their priorities, many mobility leaders will reassess and revamp what they offer for U.S. domestic relocations this year; 57% of companies identified this policy for review in the next year.

Conclusion

Despite the challenges the global mobility industry faced in 2022, mobility teams showed resilience and flexibility by adapting to the ever-changing environment. This next year, the focus is on elevating mobility!

Our trends survey shows mobility professionals feel more optimistic about the industry's future in 2023, though they still express concerns about the economy's impact.

Mobility leaders will address tactical and strategic initiatives in the year ahead, while mobility teams will focus on creating efficiencies, revising policies, improving the employee experience, containing costs, and aligning with talent strategy.

To remain competitive, mobility programs will address concerns that discourage employees from relocating, such as high mortgage rates, rent, cost of living, and family concerns. With innovative technologies, mobility teams may even reduce costs while enhancing the experience they provide the relocating employee. The mobility industry is poised to tackle the challenges of 2023 with greater optimism and clear goals.