7 Specialist Relocation Companies

This chapter examines how specialist relocation firms can help an employer move staff within Britain and abroad, the services that are available together with an analysis of the advantages and disadvantages of contracting-out relocation to an outside specialist.

WHY USE A SPECIALIST?

When an employee is transferred by a firm to a new area and the move results in the employee having to sell old property and buy another house in the new location, both the employer and employee face a number of problems.

The employer expects the relocated employee to start work in the new location as soon as possible or on a specified date. The employee, therefore, is subject to time constraints with regard to disposing of the old home and finding and moving into the new one. The employer also wants the employee to concentrate on work not on outside problems. But buying and selling houses is a time consuming affair which is made especially difficult if the employee is not only unfamiliar with the new area which is many miles away but also needs to complete the moving process within a specified time.

Housing ‘chains’ can become long and complex as each property sale depends upon others being completed before anyone can move. Employees linked in the middle of such chains may find, through no fault of their own, that they lose the chance of buying property in the new area within the time specified by their employers.

But what if the employee has been unable to find a buyer for the property before he or she is due to start work in the new location? The employer does have some options here. The company can pay for a bridging loan enabling an employee to buy property in the new location; the company can buy an employee’s property and sell it itself; or the employee can be put up in a local hotel during weekdays and commute to and from the old home at weekends. However, there are disadvantages to the company whichever option is chosen.
BRIDGING LOANS

Bridging loans are very expensive. It is quite common practice for employers to pay for interest-free bridging loans, typically for three or six months. But if the employee has not sold the old home by the end of this period, the employer faces the problem of either trying to force the sale through (which is not under the company's control) or continue to support the loan.

The company can refuse to continue the loan on an interest-free basis but, as it is generally valued employees who are relocated, most firms are loath to upset their staff by demanding interest payments. The question arises how long can such loans continue?

Employees who are settled in the new location have less incentive to try to sell old property if they are benefiting from a company bridging loan. Also, if the old property is not lived in or properly maintained it will deteriorate and probably devalue. The employee, however, may not be prepared to lower the asking price for the house and so it is less likely to be sold.

The employer could put pressure on the employee to dispose of the old house. But, if this is done, an employee may not only feel antagonistic towards the company but also suffer from reduced morale and concentration at work as he or she worries about paying back the bridging loan and selling the old home.

BUYING THE PROPERTY

It could be better for the company to buy the employee's house outright so that the latter becomes a cash buyer at the end of the housing chain in the new location, knows exactly how much he or she can afford to pay for the new house and so can move in and get on with the job. This sounds fine in theory but in practice there are a number of problems.

First of all, how much should the employer offer for the property? Companies are not, in the main, experts in the house buying and selling field. The firm may hire valuers to determine a reasonable offer which can be made to the employee. The problem here is that employees may over value their properties and so may not trust whatever valuations are presented to them. Also once the company has acquired the property what does it do with it? Companies can end up with considerable sums of money tied up in employees'