# Mortgage Rates & Housing Costs

Weichert WORKFORCE MOBILITY

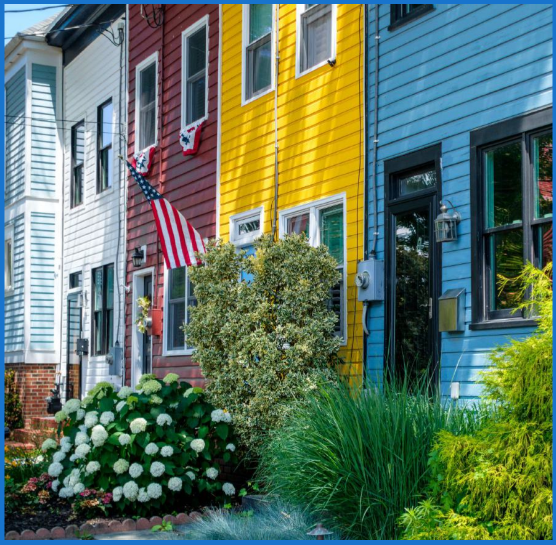
## The Issue

Employers have seen mobility costs creep upwards, from the shipment of household goods and travel expenses to enhancing packages needed to overcome reluctance to move.

**Reasons to Decline a Relocation**

**34%**
Economic Conditions

**23%**
Real estate market/ available housing



## The Mobility Impact

Rather than reduce benefit provisions, the decline in overall activity during the pandemic allowed many companies the opportunity to stay the course and keep a watchful eye on their programs. Similarly, at Weichert Workforce Mobility, we didn't see an overall reduction of benefits, as global mobility teams addressed other aspects of their program, including the rise in business travel and remote work issues.

Many areas of the U.S. experienced a significant increase in home prices, with the median list price reaching its peak in 2024 after a slight dip in 2023. While it has since started to decline, the numbers still exceed 2020 prices.

**6.75%**
30-Year Fixed-rate mortgage in 2024

**Increased to over 7% in early 2025**

The increase was steeper in already high-cost locations (we're looking at you, California!). This rise in home values has been beneficial for employees who made a profit on the sale of their home, experienced little or no hassles with inspection issues, and their employers who enjoyed minimal inventory costs.

Mortgage rates have also skyrocketed in recent years. According to Freddie Mac, the average rate on a 30-year fixed-rate mortgage hit 6.96% as of January 2025; this is a sharp contrast from 2.65% in January 2021.

The impact on transferee affordability and lifestyle equilibrium can be significant. A $300,000 mortgage at a 7% interest rate incurs a monthly mortgage payment that is $731 higher than a $300,000 mortgage at 3%.

As we all know, that see-saw has to come back down eventually. However, according to the US Bureau of Labor Statistics, the price of shelter increased 6.2% in 2023 and another 4.6% in 2024.

As inflation increases, the Federal Reserve reacts by applying more aggressive monetary policy, which leads to higher mortgage rates. Prolonged inflation has continued to impact mobility budgets, including the purchase of a home and an employee's ability to obtain a loan - both critical components in most company relocation programs.

At the time of this writing, a 30-year fixed mortgage loan is at 7.18%, the most sizable leap in nearly 30 years! Several industry experts, including Lawrence Yun, chief economist and senior vice president of research at the National Association of Realtors, indicate that this trend is not expected to cool off soon.

**How Does Inflation Impact Mobility Programs?**

For employees moving to a high-cost location, the increased cost can present serious affordability challenges — a fourfold increase in their housing cost!

Consider the increase in affordability from 2021 to 2022 when the interest rate jumped from 2.77% to 5.81%. A move from Chicago to the Bay Area jumped from $1,430 to over $5,850.

Even when accounting for slight changes to rates and home preferences, any decrease would not sufficiently close the gap for a mobile employee.

At Weichert, we're receiving an increase in requests from companies looking at affordability challenges and solutions. Up against a war for talent, companies are attuned to the reality that they need a competitive, magnetic relocation policy. But, with costs rising at an unsustainable rate, they're grappling with how to do more, with less.

A great place to start is by borrowing inspiration from organizations that have traditionally operated in high-cost areas.

This year, Weichert held roundtables throughout the U.S. and Canada -- including California and Denver -- to discuss experiences and successes in moving talent within high-cost areas. In addition to corporate mobility managers, we brought in SMEs from AIRINC, Relocity, and area real estate brokers.

These discussions focused primarily on how to improve (or protect) the employee experience for those navigating these fiercely competitive, high-cost real estate markets. Some of the most notable strategies gleaned included:

- Empower Talent Acquisition to provide additional mobility support and resources.
- Offer pre-decision assistance to inform the employee about affordability options and manage expectations (a pre-approval should be mandatory in your pre-decision program).
- Enhance destination services (even an additional day makes a difference for a family struggling to secure housing when there are limited options within their budget).
- Provide tax consultation so the employee understands the short-term financial impact.
- Consider financial consultation that gives the employee a long-term picture that includes their earning potential over 5-10 years.
- Provide policy flexibility that allows transferees to use any points covered by the corporation as a temporary buydown benefit rather than a permanent buydown feature. The temporary buydown will push all the savings to the front of the relocation. This will allow lower monthly payments in the first 24-36 months of the move. Transferees can then refinance their mortgage using Weichert Financial Services' Reduced Cost Mobility Advantage Refinance.

- Provide flexibility for renters to become homeowners and vice versa, opening up more housing options.
- Communication is key. Begin conversations early with candidates and educate internal stakeholders that may need to be brought into the discussion on certain situations.
- Leverage the power of storytelling. Word of mouth will reinforce the company's position to support employees and overcome some of the reluctance to move to high-cost areas.

**On the ground experts make a difference.** In overcoming the high cost of housing, real estate experts emphasize the importance to not only find the right house but also the opportunities in the new location, which may reflect the lifestyle, weather, access to great schools or professional opportunities for the accompanying partner.

## Our Recommendations

At Weichert, we've certainly seen an increase in requests from companies looking for solutions to their affordability challenges. Some companies allow employees to rent for a defined period prior to purchasing a home (typically within one year). Others have begun to dust off their Mortgage Subsidy programs and Mortgage Interest Differential Assistance (MIDA), and are looking at newer products to support the initial purchase:

- Mortgage Interest Differential Assistance (MIDA) programs provide temporary subsidized payments to make up the difference in mortgage rates for a limited period (usually three to five years). This assistance is either provided as a lump sum, a uniform payment over a pre-determined time, or a graduated payment.

"A MIDA benefit may help ease employee concerns related to the financial impact of accepting a move at a time when the cost of financing could be considerably higher. With the ability to customize a MIDA program/benefit, employers have the ability to set cost-containment parameters that align with their overall mobility program, while enticing key talent by offsetting some initial negative financial impact associated with the purchase of a new home."

\- Michael Baldyga, Vice President, Mobility, Weichert Financial Services

- Whereas MIDA payments are paid directly to the employee, Mortgage Subsidy or Buydown payments are advanced directly to the lender to reduce monthly mortgage payments. While temporary buydown qualification criteria have become more restrictive, there are a number of benefits. The buydown can be long-term, covering the life of the loan, or it can be short-term, reducing mortgage payments for a certain period. A mortgage subsidy program can utilize a predetermined benefit dollar amount or focus on a tiered annual interest rate reduction for the employee.

Recent developments in consumer products include finance arrangements that allow the buyer to present an all-cash offer in order to help them stand out among multiple buyers in a full-throttle market. Following the sale, they must secure financing and buy back the home from the provider. This comes with risks and additional costs, and while it helps the employee to initially purchase the home, it doesn't address the increase in the ongoing mortgage payments.

"A subsidy benefit can also be transferred to a new loan should market conditions improve and the employee refinances into a lower note rate during the benefit period. This flexibility can help further offset the overall financial impact of increased finance costs."

- Michael Baldyga, Vice President, Mobility, Weichert Financial Services

### The Best of the Best Practices

If you're thinking about adding a formal approach to high housing costs, here's the real secret sauce - based on research and anecdotal evidence from our Advisory Services Team – to conquering affordability concerns, helping your mobile talent navigate these sticky markets successfully, and overcoming a reluctance to relocate.

- Define the need for assistance in obtaining a home in the new location with a minimum differential (threshold) for the benefit to apply.
- Develop language that can be utilized within the policy or as an addendum to the policy. Do not specify locations or amounts in the policy/addendum - this ensures it is flexible enough to accommodate changes to the cost of living.
- Consider a longer payout (5 years vs. 3 years) and a higher threshold to qualify (15-25%). This may help to overcome a reluctance to move to areas considered significantly more expensive.
- Don't overlook renters who may need assistance with higher rental costs. At a minimum, a one-time payment to assist with security deposits can be helpful. Alternatively, consider renter differentials for up to three years.
- Present the benefit as assistance intended to offset increased costs of housing (implies shared responsibility) and the funds will be applied in the most effective way, based on the employee's situation.

What goes up, must come down, bringing hope that the rate of inflation and mortgage rates will eventually slow. But a nationwide drop is unlikely to happen without a substantial economic shift.

## The Bottom Line

Until the national housing market quits acting less like an irrational toddler (and more like us sophisticated mobility professionals), it's worth getting in front of Weichert Financial Services (WFS).

While we have provided great tips and best practices in this paper for navigating this frenzied market, there are even more creative solutions that our WFS team can offer based on your unique needs, timeline, and budget.

*Weichert Workforce Mobility has prepared this information from the most current data available. However, the client is advised to consult with their own tax and legal counsel with regard to any interpretation of IRS regulations or subsequent changes in policy.*

*References:*
*Atlas Corporate Relocation Survey 2024*
*Bankrate.com*
*consumerfinance.gov*
*realtor.com*

**Looking for more information on this or any mobility topic?**
Email us at [solutions@weichertwm.com](mailto:solutions@weichertwm.com)
Or visit us at [weichertworkforcemobility.com](https://weichertworkforcemobility.com)