



Impact of Global Challenges on the Relocation Industry

2022 has been a busy year for K2 and our clients, which saw International and Domestic movement swing into higher than pre-pandemic levels. Recognising that companies and individuals continue to face a myriad of global challenges, we wanted to provide you with the latest commentary and forecast for Relocation, Shipping, and Immigration services, and how we are managing each element for success.

Rental Markets

Rental in the UK

As previously reported, the housing market across the UK has been heavily impacted due to the lack of available properties. Existing tenants who are looking to renew their tenancy agreements in the next few months will be affected, as landlords demand to raise rental payments to the maximum.

Those who have negotiated this increase in advance and find this documented in the renewal clause will see prices at the top end of the Retail Price Index (RPI) that the lease allows, with current rates around 12.6%. Those who no longer have the automatic option to renew will be most heavily impacted, as landlords are looking to re-negotiate the terms of leases and lock tenants in for longer periods of time; 6-month rental break clauses for tenants are no longer prevalent in the market.

Landlords in the UK are also reluctant to agree to any non-essential works to the property and K2 would not advise that this forms part of any renewal negotiation in the current market.



Rental in Europe

Throughout the majority of Europe, tenants seem to be more protected from huge rental market fluctuations. This is often due to local laws, which place a monetary cap on the amount the Landlord can request to increase the rental value by. Despite this, we are continuing to see rental prices increase across Europe, but not at the same trajectory as the UK. Certain locations remain extremely challenging, particularly Germany and The Netherlands, whereby quality housing stock is in very short supply and as such, many prospective tenants are bidding for the same property.

Rental in the Middle East

The rental market in the United Arab Emirates remains challenging, as rental rates across the city continue to increase due to lack of supply, felt particularly in the high-end villa demographic. A steady influx of expatriates, further heightened by the Russia/ Ukraine conflict, has ensured that the rental market remains dynamic throughout 2022.



Rental in APAC

Much like other regions globally, we are also facing availability issues in major cities across Asia-Pacific, such as Singapore, Seoul and Tokyo. As borders re-open in the APAC region, this has naturally led to a spike in the number of people relocating, stimulating the demand for short and long-term properties. In some locations, this has limited the availability of long-term properties, pushing up rental rates and tightening lease terms.

Rental in the Americas

In the United States, following a particularly busy spring and summer period, we are slowly beginning to see the rental market stabilise. Although rental prices remain inflated, and high interest rates continue to push potential buyers towards renting properties, we are beginning to see new stock entering the market, which will help ease some of the supply and demand issues. External factors, such as favourable state tax conditions will also continue to play a part in rental availability and pricing across the US. The rental market in Latin America continues to face unprecedented demand, which we are expecting to continue into 2023. Much like the rest

of the United States, rental prices in Latin America remain inflated, which is due to several factors, including a low inventory of housing as landlords are now preferring to sell their properties over renting, and an overall increase in the cost of living, which has naturally led to landlords pushing rental prices up.

Despite the challenges, K2 have a broad and diverse team of experts who are continuously monitoring the market and are well equipped to support your employees. Our continued advice to anyone moving is to appreciate the lack of choice and make decisions quickly; if your assignee likes a property, even in the early stages of the home search, it is best to secure it quickly to avoid disappointment! We are focusing continually on managing realistic expectations.

Temporary Accommodation

Temporary accommodation in Europe

The market continues to face unprecedented growth as we head into 2023, with high occupancy and availability levels remaining a challenge, particularly in major European cities such as London, Dublin, Paris, Munich, Berlin & Warsaw.

The largest factor impacting the temporary accommodation market continues to be the Ukraine-Russia conflict, which has seen huge numbers of civilians fleeing both countries, along with many corporate entities based in either location now relocating. It is expected that this will continue into the first two quarters of 2023, with many temporary accommodation blocks now dedicated to housing those impacted by the conflict. Other locations such as Amsterdam and Zurich continue to experience pockets of low availability but are showing signs of recovery as we head into the winter months.

Temporary accommodation rates may also be further impacted by the cost-

of-living crisis. Rising energy costs will prove a challenge for those who did not sign up to fixed deals prior to the crisis, but it is yet unclear whether this will have an impact on nightly rates. However, as a reaction to the market's low availability, new property developments are on the horizon in several European capital cities. With this surge of new properties, it is expected that demand will be better accommodated throughout 2023. This should, in turn, have a positive knock-on effect on rates, which we hope will begin to balance out into the New Year.

Temporary accommodation in the Middle East

The United Arab Emirates continues to feel the knock-on impact from the number of expatriates entering the country as a direct result of the Ukraine-Russia conflict. The availability of temporary accommodation is generally low across major cities, and short-term rental rates remain inflated. Further to this, the pending FIFA World Cup 2022 has led to additional shortages of short-term rentals and accommodation, particularly in Qatar and Dubai.

The few short-term housing options available in Qatar are currently fully



booked and many property owners who typically rent their properties on an annual basis have switched temporarily to short-term leases to capitalise on the World Cup.

Temporary accommodation in APAC

Along with a shortage of long-term rentals, the temporary accommodation market across APAC also remains a challenge, with a lack of available stock in major cities. As Covid regulations relax across APAC, both mobility activity and domestic demand continues to increase, resulting in a shortage of short-term serviced accommodation.

Temporary accommodation in the Americas

The temporary accommodation market across the Americas has become increasingly dynamic, with limited availability leading to a high turnover of properties. Exchange rate fluctuations also have a knock-on impact on assignees securing temporary accommodation, as budgets set can quickly change into lower local currency amounts, making it unrealistic in some cases to find a property which sits within the agreed bracket.

Examples of low inventory driving costs to the high levels we have been seeing throughout the year in the US include New York City, Boston, Miami, Houston, Austin, and San Francisco.

Inventory shortages in LATAM: Rio and Sao Paulo (Brazil), Mexico City and Monterrey (Mexico), and Bogota (Columbia).



Immigration updates

Immigration in Europe

In Europe, it is still possible for Russian citizens to obtain work permits, but we are anticipating that this may become increasingly difficult if the Ukraine-Russia conflict continues without resolution. Dependant on the outcome of this, we do expect more European countries to begin implementing both entry and tourist visa bans for Russian citizens.

Russian citizens are still welcome to enter several non-European countries

without obtaining a visa or work permit prior, some of which include Argentina, Brazil, South Africa, Thailand, and Malaysia.

Immigration in the UK

In positive news, the UK visa application process is slowly recovering from the impact of both Covid and the Ukraine-Russia conflict. As a result of this, priority processing services have now been re-introduced for visa applications made outside of the UK, Biometric appointments are more readily available, and English language/ TB test centres are processing increasing numbers of applications. In addition to this, all pre-entry covid testing requirements for the UK have been removed, regardless of vaccination status.

Where services are available, Priority visa and Super Priority visas can now be purchased. However, please note that these are at a reduced volume in some visa application centres. The volume of priority visa appointments for immigration routes continues to be limited to enable UK Visa and Immigration (UKVI) to process more standard applications and therefore reduce the overall processing time for customers.

However, Priority and Super Priority services for new family applications remain suspended, with the current processing time at 24 weeks – this continues to be closely monitored and reported on by UKVI.

Immigration in Sweden

From the 1st of November, the Swedish Mitigation Agency has implemented a new requirement that states those applying for a Swedish work permit must personally present their passport at one of the Migration Agency's service offices, or a Swedish Embassy, before the application can be concluded.



This new procedure is in place to increase security and reduce the risk of irregularity, and will impact all on-going, and future applications for a Swedish work permit, unless applying for a permanent residence permit.

Immigration in the Middle East

Since being announced in April 2022, several visa changes have now been implemented by the United Arab Emirates government, which should lead to the easing of pressure on the current immigration process and improve the experience of those living and working in the UAE.

Under new guidelines, many tourist visas have been extended from 30 days validity to 60 days. In addition, a new five-year multi-entry visa was announced which allows visitors to stay for up to 90 days in the United Arab Emirates.

Golden Visa requirements have also been updated and simplified, making it far easier for United Arab Emirates residents to obtain. Several visas, including the one-year remote working visa, five-year retirement visa and two-year real estate owner visa now require no sponsor and can be renewed for the same

time period. Residents will also now be able to sponsor their unmarried sons until the age of 25 (if studying) and unmarried daughters with no age limit.

Further to this, a five-year green visa has been announced, which, when implemented, will allow an individual to sponsor themselves for a 5-year period without the need for company sponsorship, as well as offering an array of benefits to family members. There will be three categories of United Arab Emirates residents who can apply for the green visa once the program has been launched:

- Freelancers, or those who are self-employed
- Investors or partners in commercial businesses
- Highly skilled workers

Immigration in APAC

Most countries within APAC have relaxed their border and quarantine measures, allowing both short-term tourist and business travellers to return to the region. However, residents in mainland China still face Covid outbreaks and regional lockdowns continue in certain major cities. As of the 12th of November, quarantine entry requirements have now been relaxed somewhat, with arrivals facing 5 days of central quarantine, and 3 days of home quarantine. However, if an arriving passenger does not have a registered lease and an address in China, they will still face a total of 8 days in a central quarantine facility. In positive news, visa and immigration services within the country are fully operational and are working to clear some of the backlog built up during the pandemic.

Immigration in the Americas

U.S Citizenship and Immigration Service, in coordination with Department of State (DOS), is revising the procedures for determining visa availability

for applicants waiting to file for employment-based or family-sponsored preference adjustment of status. The revised process will better align with procedures DOS uses for foreign nationals who seek to become U.S. permanent residents by applying for immigrant visas at U.S. consulates and embassies abroad. No deadline has been set, nor has it been mentioned if the revisions will come all at once or piece-meal. Announcements will be made once revisions are implemented.

On Oct. 12, 2022, the United States announced a new process that allows Venezuelan nationals and their immediate family members to come to the United States. This provides a safe and orderly way for nationals of Venezuela who are outside the United States and lack U.S. entry documents to be considered, on a case-by-case basis, for advance authorization to travel and a temporary period of parole for up to 2 years for urgent humanitarian reasons and significant public benefit.

US Consulates in the entire Latin American region are experiencing severe delays in obtaining visa appointments due to lack of resources and high volume of applications. The US Department of Labor has recently approved additional budget spending on resources for consulates world-wide, however, they have yet to take place or make any impact on appointment scheduling delays.

As we move towards a busy festive holiday season, the volume of visa applications leading up to December typically increases, so additional time should be allowed to ensure processes are completed in time for planned travel. We encourage clients to file applications as soon as possible to mitigate expected delays.

Global shipping and logistics

Sea and air freight

Some good news relating to household goods is that we are beginning to see both sea and air freight rates start to fall in some lanes due to the easing in supply chain disruptions that built up during the pandemic. Global trade volume has slowed, with reduced port congestion levels and weaker cargo arrivals (including a drop in demand for goods) being amongst the key factors that have led to the significant decrease in freight rates.

In the US, particularly around the East Coast, we are still facing issues with port congestion, as containers continue to be delayed when entering or exiting US ports. This is primarily due to backlogs which have been seen since the pandemic, with the shipment of consumer goods taking preferential treatment over household goods.

Although globally we have seen some reductions, freight rates for the UK to the US are still significantly higher compared to other routes, however, this is still a reduction from the prices seen during the peak of summer and we are expecting this to slowly decrease over coming months.

As we head towards the festive period, we should expect airfreight delays to become more common, with an increase in the amount of cargo moving between countries. However, K2 are working closely with our partners to minimise disruption where possible and will continue to be fully transparent about any expected delays to your shipment.

Port strikes

Following several port strikes held throughout August and September, Liverpool port was the most recent to claim industrial action, with the

latest strike ending on November 7th. Thus far, we haven't heard of plans for further strikes in either London Gateway or Southampton but we will continue to keep our clients updated with any new information received. As documented in the press, strike action due to the cost of living crisis and pay issues is becoming more commonplace, and we therefore anticipate more strike action this year and into 2023.



Services in Ukraine

Within our partner network, we are now able to carry out a full range of services in the following areas/ cities within Ukraine; Kiev (plus the surrounding area), Odessa, Dnipro, Kharkiv, Lvov, and all locations West, East, and East/South from Kiev. Due to the release of restrictions for Ukrainian and Polish trucks crossing either border, goods no longer need to travel via the Baltic states, meaning we should see a decrease in transit time. At the time of publication, the wait time at the Polish/Ukrainian border was between approximately 2-3 days (both ways), subject to any delays outside of border control.

K2 are also able to raise insurance policies for moves out of Russia, Belarus, and Ukraine. All policies raised will be subject to a clear sanction check on the assignee and the account. Please note, moves going into any of these territories will not be covered by K2's insurers.

In these challenging times, preparation remains crucial, so we do ask that you inform K2 as soon as possible of any upcoming relocations so we can begin working on background logistics.

Despite any challenges faced, K2 will continue to strive to provide you with the very best service possible, ensuring your employees encounter a smooth and seamless process. To discuss any elements of this communication further, or if you require additional information on any location, please reach out to your dedicated Account Manager.



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