The New York Times

October 1, 2010

Good Job Offer, but What About the House?

By PAUL SULLIVAN

GIVEN the high unemployment rate, a job offer would seem a sign of great fortune. But it's not that simple if the offer means relocating.

While choosing between the prospect of exciting new work and uprooting a family has long been part of the calculus of a job change, the current economic slump is complicating the process.

Specifically, the problem is the house, that once great sign of American success. It is not easy to sell these days and worth a lot less than it used to be.

The difficulty in selling a home has prompted many people to second-guess a move — and the job offer that precipitated it. Is the job really worth it? What if the job goes away in a year? What happens then?

Jim Carpenter, managing partner at J. Carpenter & Company, a recruiting firm based in Darien, Conn., said he recently had a candidate who would not move to another city for a job even though he was unemployed and had limited prospects where he was.

He said he had another candidate in the mid-Atlantic states who was hesitant about taking a job in New England. "It's hard for the husband to look his wife and children in the eye and say, 'We're making this move but our house is going to be 30 percent smaller,' " said Mr. Carpenter, who has done high-level searches for Unilever, Digitas and Black & Decker.

With unemployment still high, many Americans would love to have the luxury of a job offer. Still, for people whose careers are still chugging along, the home can be a problem.

So how do you address it? What options do you have in a bad housing market? The options vary from not great to pretty astonishing given the economy.

STAYING PUT There are risks to moving but there are obviously financial risks to staying put, even if your current job is a good one. For one, that job could go away.

John Archer, managing director of Catalyst Advisors, which specializes in recruiting for health care companies, said the dislocations of the last three years have left many people opposed to employment elsewhere.

Their house, in a sense, is a good excuse to stay put. Beyond the costs of selling it in a bad market, there are the challenges of uprooting their family.

Yet Mr. Archer said ambitious executives are just as game as ever to make a move. "If you look at the macro discussion, the American economy is slowing down," he said. "If someone is blocked in their current role, they could be looking several years out to a promotion. So looking at a new opportunity could be a motivator."

And that may mean taking a loss on the house but being happy to have a new opportunity.

RENTING Still, the insecurity in the housing and job markets has been a boon to people who want to rent before committing to a new area (or selling in an old one).

Kimberly Smith, chief executive of Avenue West Corporate Housing and CorporateHousingByOwner.com, said she recently worked with an executive at Kaiser Permanente who was asked to relocate from the East Coast to San Francisco. Even though it was a promotion, the executive was wary of selling his home and just as uneasy about buying something in his new city. So he rented in both places.

This is becoming more common, she said. In a recent study of the corporate rental industry conducted by her firm, only 56 percent of respondents considered themselves long-term investors. The remaining 44 percent are what Ms. Smith calls "accidental landlords," pressed into the role by the realities of the housing market.

That was the case with Anna and Noah Crossley. In 2007, she bought a condominium in Nashville, and two years later the two got married. Then, Mr. Crossley, a classically trained trombonist, received a fellowship that required them to move to Kansas City, Kan.

When they went to sell their condo, though, they found out that they literally could not: the developer of the project had never gotten proper Federal Housing Association approval, which meant that the buyer would have to come up with the entire price in cash because no bank would make a loan. They also failed to find a traditional renter. So, in the end, they listed it fully furnished on CorporateHousingByOwner .com.

Since June 2009, Ms. Crossley said there had been only one month in which the condo was not rented. "We clear our mortgage and utilities, so it's wash," she said. "But we rent here and it would be very tight if we had to pay that mortgage as well."

Some of the people renting out their homes are out-of-work executives who are now living someplace less expensive. It is a difficult option, but it has been a way for some to keep their home from dragging them under while they search for a new job.

This is what Stuart Cave, who lost his job in technology sales a year ago, has done. “I hadn’t factored in a perfect storm of real estate and rental prices falling and being unemployed for a substantial amount of time,” said Mr. Cave, who owns a condo in Hoboken, N.J., with views of New York. “I did this as an interim step so I don’t have to blow through a whole lot more of my savings.”

For most of these people, renting out their homes is a short-term solution. Ms. Smith, whose Web site charges $279 for a one-year listing, said the Kaiser executive decided he liked San Francisco and bought a home, moving his furniture out with him. He is still renting out his home on the East Coast, but that was more a reflection of the soft housing market than fears about his new job.

NEGOTIATING The reality is companies that really want someone are still putting together perk-filled relocation packages. And for certain executives, those perks have actually become sweeter, which may seem counterintuitive given the high unemployment rate.

But for many companies, this is a good business decision.

“If you’re moving a guy who’s making $300,000 a year and has a $600,000 house, you can’t say, ‘You’ve got to sit on that,’ ” Mr. Carpenter said. “It’s an enormous distraction to the guy and his family that he can’t sell his house and buy a new one.”

So if you are one of those lucky people, what can you expect? Well, if your $2 million house is down $600,000 in value, no company is going to cover that loss, but, recruiters said, you may be able to get your new employer to chip in $100,000.

For an even more fortunate few, companies may still buy your house. This practice is rare, given how many companies did this during the boom and got stuck holding houses that have plummeted in value. But Mr. Carpenter said he had seen companies use third-party relocation companies to buy the homes of senior executives.

The era of gaming the appraisal market has come to an end, though. Mr. Archer said there was a time when a company would ask you for three estimates and pay the lowest one. But executives got to pick the appraisers, and many of the values were inflated. “All of that has dissipated,” Mr. Archer said.

There is a third option that is somewhere in between. Companies are willing to help executives cover the rent on an apartment in a new city, with the expectation that they will commute there during the week. This is certainly not ideal, but it is a job.