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GLOBAL MOBILITY

**BEYOND  
BORDERS**

## **GERMANY: HOUSING INVENTORY IS LOW, RECYCLING STRICT & THE PEOPLE DIRECT**

Find out what challenges and cultural expectations you will encounter in Germany, how the Russian invasion of Ukraine is affecting business practices, and how to provide the most value to relocating employees when you are working with an on-the-ground provider in the region.

For insights into the relocation trends and challenges in Germany, Bristol spoke with BLUE global relocation in Munich. BLUE is an expert destination services provider and immigration services provider whose services span home search, area orientation and tours, settling-in assistance, visa and immigration assistance, family services, intercultural training, and more.

Bristol is an independently owned and operated global relocation management company headquartered in Phoenix, Arizona. Bristol's autonomy allows our associates to focus on delivering a complete breadth of domestic and global mobility services with our full attention and flexibility. We excel when it comes to intelligently integrating all mobility constituents in ways that create consistent value on behalf of our clients and meaningful move experiences for their relocating employees. The experience Bristol delivers isn't just fueled by the data of best practices nor the expertise gained through our 25 years in mobility, but a genuine need to connect with our clients and their relocating employees in a meaningful way. This is our relationship-centered philosophy of **Connecting with, versus Controlling People.**<sup>SM</sup>



# TRENDS & CHALLENGES

## THE HOUSING & SCHOOLING AVAILABILITY STRAIN: A SOURCE OF ASSIGNEE PAIN



Companies naturally have a history of moving into the big business hot spots in Germany: Berlin, Munich, Hamburg, Frankfurt, and Cologne. One example being IBM's move to Munich for the Watson project years ago, hiring 1,000 people. German cities are very welcoming as they benefit from taxation, but it does not make life easy for everyday residents and assignees. Housing becomes more difficult to secure (than it already is) and openings at international schools (which are few and far between) decrease. And if anyone thinks there is a chance of lessening the strain by companies opening facilities and relocating assignees to the countryside, it would not be much easier because the infrastructure is not there (e.g., international schools) to support them.

### A HOT HOUSING MARKET

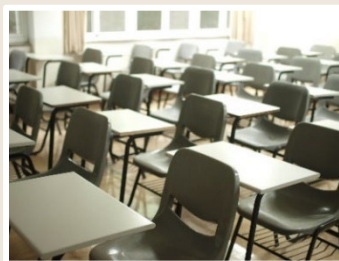
The rental housing market in Germany is a real challenge. In general, there is a very high demand and low supply, and due to the fact that the cities are not building additional properties rapidly enough to keep pace with demand, the housing market will be more challenging in the future. Berlin, for instance, decreased its building of new properties/flats for the first time in 15 years. And now with the rising interest rates and higher costs in the global market, building is expected to keep declining.

Renting is part of the culture, and renting is far above home ownership, especially in cities where assignees are moving. In Munich, there are 30,000 apartments lacking as compared to need. There are over 100,000 students in Munich as well as a large population of software engineers from India, and they are all focusing on the same kind of apartment to meet their needs (e.g., one bedrooms in the range of €800-1,000). The already tense situation of the housing market has worsened massively with the war in Ukraine. Hundreds of thousands of people have fled from Ukraine to Germany, and many of them to large cities such as the capital Berlin, where, for example, 230,000 people had arrived by the beginning of May 2022, and all of them need accommodation.

The number of rooms advertised for rent includes living rooms, dining rooms, and bedrooms but excludes bathrooms, kitchens (and hallways). A property with a bedroom, living room, and separate dining room advertises as a three-room property.

Source: wtrMobility from WTR

### A DEMAND FOR INTERNATIONAL SCHOOLS



There are not enough international schools in Germany, but it does depend where one is looking. In Munich, there are more or less 4-5 international schools, which is a very small amount for such a big city. (In other cities, there are some more schools as compared to populations.) To add to the difficulty, the cost of private international schools in Germany is incredibly high. It can cost €20,000 euros a year (excluding transport), which can be a deal breaker. Price and demand are high with kindergarten specifically as well, as there are not enough kindergarten teachers. (In Germany, kindergarten is an early-childhood education institution where children go from the ages of three to six.) The public kindergartens do not always boast a bilingual system, so families often need to seek private schools, but there is a big cost again that is involved, as enrollment can range from €600-1,020 a month.



# TRENDS & CHALLENGES

## THE RUSSIAN INVASION OF UKRAINE DRIVING PEOPLE TO GERMANY



Currently, many people from Ukraine and Russia are coming to Germany, but it is not easy for multi-national companies to handle the situation that have teams of Russian and Ukrainian team members. The higher demand for home-finding support from Ukrainians and Russians is noticed by companies like BLUE.

BLUE just received a large booking for Russians to Germany, and they anticipate it will be challenging because few to no German landlords are willing to rent to them. It can be difficult to comprehend this, because we are all human, and the Russians looking for residence have done nothing wrong, but the sentiment does not necessarily stem from sound rationale.

There is good news though, and that is for Ukrainian refugees coming to Germany. A special regulation (the Temporary Protection Directive) in place within the EU for Ukrainian refugees allows them to work soon after their arrival in Germany. The impact now is that many employers in Germany who are looking for talent are interested in Ukrainians because they can avoid the long work permit approval processes. As the Temporary Protection Directive offers expedited stay, residence, and work status for eligible Ukrainian residents fleeing Ukraine, they only need a valid passport or ID in Germany and can start working after the official registration and the appointment at the Foreigners' Registration Office as soon as they receive their provisional work and residence title there.

### Munich

- Capital city of Bavaria and the third-largest German city
- International center of business, engineering, and research
- Home to several large international corporations' headquarters
- One of the largest air transportation hubs in the country and well connected to the national rail network
- Beer is incredibly popular as are beer gardens

Source: wtrMobility from WTR

### Berlin

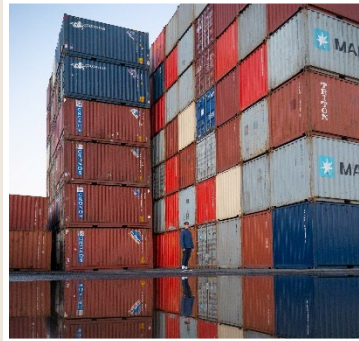
- Capital of Germany; its largest city and multicultural metropolis
- The neighborhood City West is popular with expats (especially those with young families)
- Huge range of leisure activities
- Wide range of cultural scenes
- Bars and hip clubs are open all night
- Eco-friendly city with extremely efficient public transport
- Large city that is nevertheless very green and close to nature

Source: wtrMobility from WTR



# TRENDS & CHALLENGES

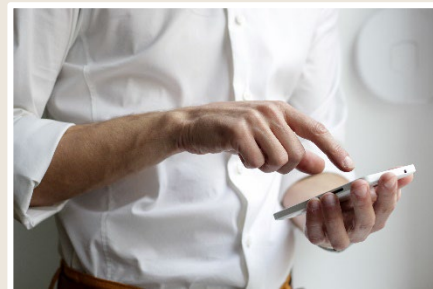
## THE DECLINE OF HOUSEHOLD GOODS SHIPMENTS



Decreased household goods moves and increased furniture rental will become more prevalent, especially in Germany, due to the lack of apartments—or if someone is coming for only seven months, it makes no sense to ship all of their belongings by sea or by air, so furniture rental will become more essential over the next couple of years. A motivation is cost savings as the costs for a sea freight move increased due to COVID-19 and are still increasing. Sea freight container rates from Asia to Europe are 4-5 times more expensive than before COVID-19. A second reason is the period of the assignment and younger people do not have many things (e.g., they have only belongings from a room in their parents' house to move).

## THE NEXT GENERATION'S DEMAND FOR IMMEDIACY & DIGITALIZATION

BLUE has seen through working with IT companies' younger employee populations that these individuals prefer communicating through an app or through WhatsApp. BLUE responded with a software that allows them to intake the assignee through an app that facilitates very straightforward, direct, short-chat-style conversations (versus longer, more formal emails).



The younger generation has an expectation of instant communication as well. When communicating over email, the expectation to receive an answer to an inquiry is within 24 hours, but when an assignee is communicating via chat with a provider, they expect an answer within 5-10 minutes. It can be a challenge for companies to manage quick and efficient communication through apps while having the necessary information and updates to convey. Also, due to the demographic being younger (e.g., 22 years old and leaving their parents' house), they do need more hand holding through the relocation process. Their lack of life experience, coupled with moving to a different country, poses a big challenge for them. While they want a different type of communication that signifies speed and efficiency, they happen to need more attention than older generations.

## THE REVERSE OF A COVID-19 NORM: NO MORE VIDEOS

It seems to BLUE that everyone has realized during COVID-19 that video meetings are nice and handy, but they do not replace meetings in person. Many companies thought that they could perhaps continue to save money by not sending people abroad and that someone could manage a company via video conferencing technology, but it seems they realized now that's not optimal. As a result, BLUE is optimistic that the number of relocations will increase—especially when the world has to be reorganized due to the events in Ukraine and Russia—the thought is that many companies are planning/will plan a completely new setup or re-setup, and this may end up in an increase in relocations.

# LIVING & WORKING IN GERMANY: WHAT TO KNOW

## THE SERIOUSNESS OF SUSTAINABILITY



On a **macro level**, businesses are prioritizing sustainability efforts. BLUE noticed a few months ago how in requests for proposals (RFPs) the issuers' questions on sustainability initiatives come right at the beginning, looking to gauge what measurements and actions respondents have taken (e.g., what is the car fleet like, are their offices paperless). BLUE is prepared for this as they have many long-established sustainability projects in place within their company and have experience supporting sustainability projects/efforts for companies.

On a **micro level**, A BLUE coordinator was talking to a relocation management company (RMC) recently about an assignee on the verge of being kicked out of his apartment because he is "not splitting the bin." In Germany, there are recycling receptacles for paper, plastic, glass, and all the rest, and this person was disposing of all of his waste in one can. The landlord had reached out to say to the BLUE coordinator that if they don't get the assignee to start sorting all of his rubbish, then he'll be kicked out. This is a big priority in Germany and should be taken seriously when residing there.

## BLENDING IN WITH THE CULTURE

Assignees should be prepared for a communication style in Germany that is different than what they may be used to as Germans tend to be more direct than any other culture in the world. It is not meant to be rude, but the style is a way for Germans to express themselves honestly, and they do not feel themselves as being direct—for them, it is just the normal way of communicating. Awareness of this is a key aspect of preparing for communication in Germany. Fortunately, the meaning of the message can most often be taken for granted. One does not need consider if there is any other connotation behind a German's words: it is a low context culture, and what is said is meant as it is said.

Germans tend to split private and business life. An assignee should not expect on the first day in their new job that their colleagues in the office invite them out for drinks or dinner. It often takes time for Germans to become open to a new relationship. What can be especially surprising for assignees from cultures in which the social contact and the experience is key in order to develop a good business relationship, is that Germans jump directly into a meeting and talk business—lots of small talk before starting with the agenda of the day is not common. For Germans, building a good business relationship hinges on much of the opposite behavior. They tend to build trust by focusing on tasks and business. It would even be considered for many people too private to be asked many personal questions in the beginning of a relationship when the parties have not formed a bond yet. For many other cultures, this can be a key difference to note to assimilate successfully.

Of final note is that time perception is very different in Germany. Punctuality is very important and unpunctuality is considered rude. Time awareness is generally important, and time is a precious resource: one should not take too much time for something if it can be done in less time.

Germany is renowned for having one of the world's most efficient recycling systems. Colored bins signify what goes inside:

- Blue = cardboard/paper
- Brown (in some federal states, Green) = biodegradable items (Biomüll) for composting
- Green = brown, green and white glass
- Yellow/orange = plastic and recyclable materials
- Grey/black = everything else (Restmüll)

Source: wtrMobility from WTR

# MOVING EMPLOYEES TO GERMANY: WHAT TO KNOW

## BEST PRACTICES TO DELIVER AN EXCEPTIONAL EMPLOYEE EXPERIENCE

Every country has its own challenges, but with Germany's challenges being housing-related, expectation management with relocating employees is key. If the immense housing shortage is raised to the employee's attention right from the start of their relocation initiation (or even prior), the experience of home finding and liaising with a destination services provider (DSP) like BLUE will be smoother.

It is best to avoid situations of "overpromise and under deliver" as a result of expectations that employers set with relocating employees colliding with the realities of living in Germany. With many companies engaged in a war on talent and dealing with shortages, recruiters may promise a lot. It is not likely they will tell a new hire that Munich has an extremely challenging housing market when selling them on a role. When the employee accepts the job and relocation, their RMC will be the voice of reason; however, when the DSP course-corrects the employee's expectations live with realizations like, "You can't negotiate a lease contract in Munich," and, "You have to accept the offer from the landlord or you don't get the place," it may cause great disappointment and uncertainty that could have been avoided with upfront expectation management. If recruiters promise a lot, the result can be frustration for the employee and all involved parties.

BLUE always welcomes their clients reaching out proactively whenever they encounter a complex scope of work or foresee roadblocks ahead. On-the-ground DSPs know the local specifics best and can best serve relocating employees with longer lead times, which are especially helpful when dealing with the demands of shortages of housing and schools in hot-spot cities like in Germany.

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