



PerchPeek Cost of Living Report - Q2 2023

The Impact of Inflation on
Relocating Employees

June - 2023



Introduction

The cost of living surge is something that's been on everyone's minds over the last year, all over the world, and has been one of the most important topics for HR and Global Mobility. Consumer inflation has soared, putting a real strain on real people.

When it comes to relocating employees, flight costs and rental prices have skyrocketed since 2021, and rising inflation has meant relocation allowances are being stretched a lot more.

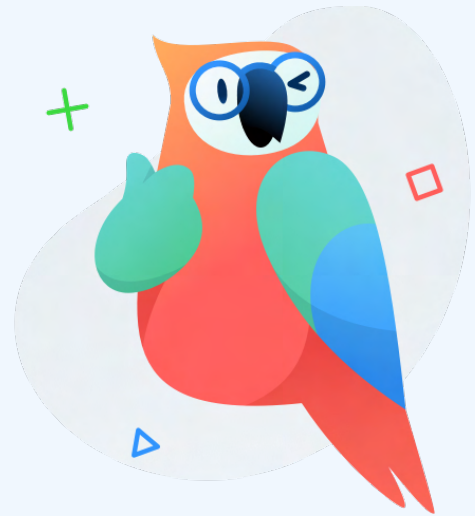
As an HR or Global Mobility Leader supporting relocating staff, it's not only crucial to be on top of the latest stats and trends affecting their experience - which differs by market - but also to know if and how relocation packages should be adjusted as a result of the changing landscape.

That's why we're bringing you PerchPeek's Cost of Living Review for Q2 2023, hot off the press!

- ✓ Key trends and magnitude of price changes in the past year
- ✓ Global, country- and city-level data
- ✓ What these figures mean for your global mobility strategy
- ✓ Effects on the different services a relocation policy may incorporate
- ✓ How you can help employees

Read on for the full details!

Note: We've been through a huge amount of data to bring headline stats and visibility across multiple countries, but if you'd like more information on a specific location, please reach out!



1 - Global Price Changes- Flights & Shipping

Global service cost trends

Flights



The price of jet fuel has increased nearly **150%** in the last year - IATA



US Consumer Price Index for airline tickets has increased by **25%** YoY



This is the largest jump since index tracking began in **1989**



UK ONS data shows a **44%** increase in flight prices - highest in **30 years**.

Shipping



Hugely elevated logistics costs during the pandemic caused global shipping prices to rise by **180%** YoY in 2021



But global shipping costs are now returning to pre-pandemic levels



Rates to ship a 40-ft container from Asia to the US West Coast have dropped by more than **80%** since the end of April 2022

Why have some service costs soared?

This is of course a big, complicated question, but it's possible to pinpoint some major triggers:

- Oil and gas were in greater demand as life got back to normal post-Covid
- The Russian invasion of Ukraine has led to less available oil and gas from Russia
- Weather conditions and the war in Ukraine have affected the growth and supply of crops



What's the effect?

The increase in demand versus decrease in supply of oil and gas has pushed up food and energy prices all over the world, and has also affected prices of relocation services like flights. At the moment, there are simply not enough airline seats available versus the number of people who wish to fly, meaning that business travel budgets have had to be increased.

While flight prices are hugely elevated right now, shipping is no longer as steep as it was at the height of the pandemic, and is a more accessible benefit to employees from a cost perspective.

However, PerchPeek has noticed a considerable rise in movers that avoid shipping entirely. Employees are prioritising other relocation services ahead of shipping, which has always been a relatively expensive service compared to purchasing furniture on arrival.

2 - Country-by-Country Consumer Inflation (Food, Energy and Other Goods/Services)

Inflation trends 2022-2023

● **Consumer costs** are goods and services purchased by a household, including food and energy

● **Consumer inflation** is the level at which consumer costs have risen on a year-on-year basis

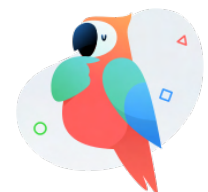
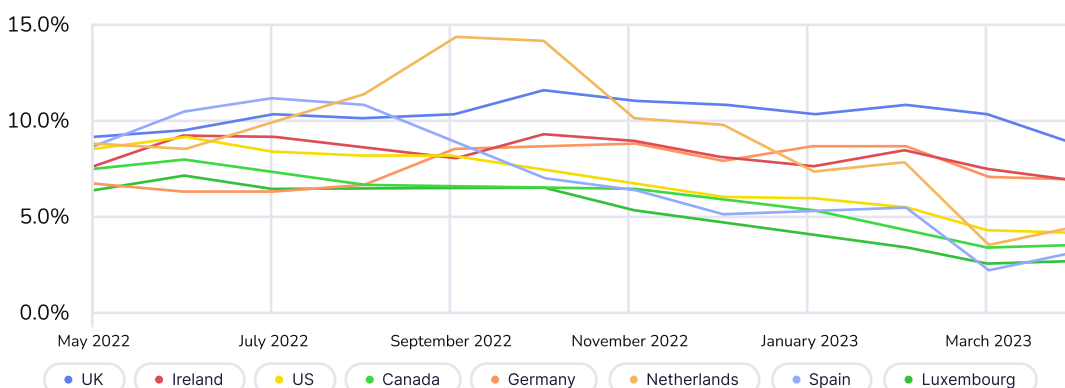
After many years of very low inflation - approximately +0% to +2% per year over the previous 10 years in our major markets - it has soared over the last year to +7% to +10% and beyond. This has largely been triggered by supply shortages, leading to the cost of food and energy surging.

What this means for people?

- Lower purchasing power for goods and services
- Higher prices for food, utilities and transportation
- Increased rental costs, as supply dwindles vs. demand

Here we focus in on our top markets for a country-by-country comparison:

Consumer inflation by country



Data source:
TradingEconomics.com

Consumer inflation - Key points by country



UK

8.7% - April 2023

- Down from 10.1% in March
- Lowest since March 2022
- But still higher than predicted



Ireland

7.2% - April 2023

- Down from 7.7% in March
- Lowest level for past year
- Annual high - 9.2% in October



USA

4.9% - April 2023

- <5% for first time in two years
- Has fallen steadily in last year
- Annual high - 9.1% in June



Canada

4.4% - April 2023

- Just above March's 19-month low
- Generally has fallen steadily
- Annual high - 8.1% in June



Germany

7.2% - April 2023

- Lowest level in 7 months
- Second consecutive MoM fall
- But still remains high



Netherlands

5.2% - April 2023

- Up from 4.4% in March
- Second-lowest level in past year
- Annual high - 14.5% in September



Spain

3.2% - April 2023

- Second-lowest since July 2021
- Up from 3.3% in March
- Annual high - 10.8% in July



Luxembourg

3.7% - April 2023

- Marginally up from 3.6% in March
- But second-lowest in past year
- Was falling steadily since October



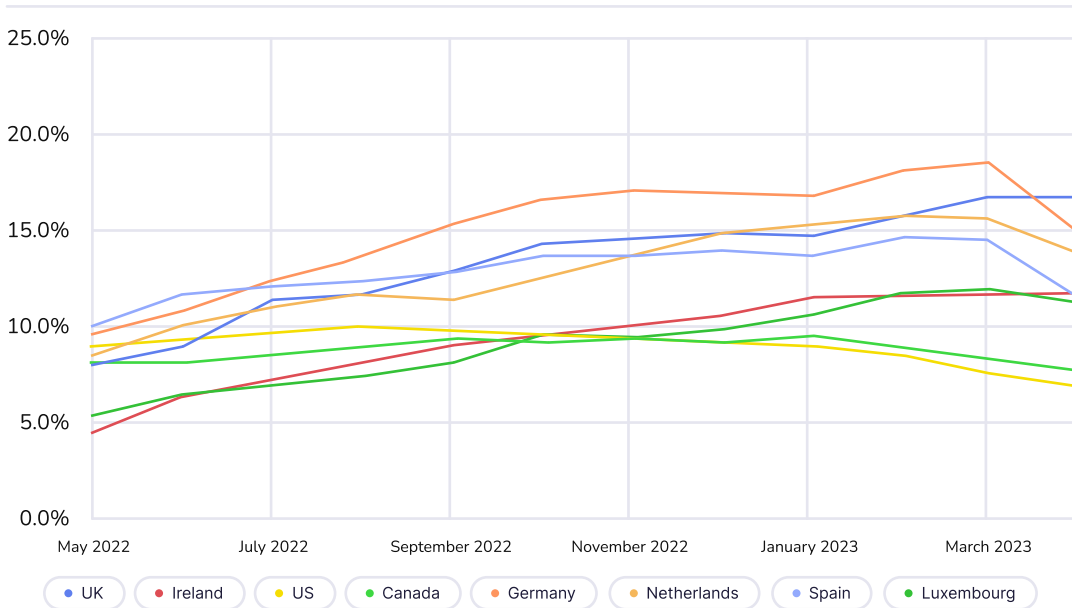
Some countries such as the UK and Ireland have been particularly affected by soaring inflation, as these countries are heavily dependent on gas supplies from overseas and food imports, and so are particularly vulnerable to fluctuations in these markets.



While super helpful as an overall guideline, consumer inflation figures don't automatically translate to the real cost increases being felt for individual living expenses.

Here's a closer look at food inflation, to bring to light the scale of grocery price hikes:

Food inflation by country

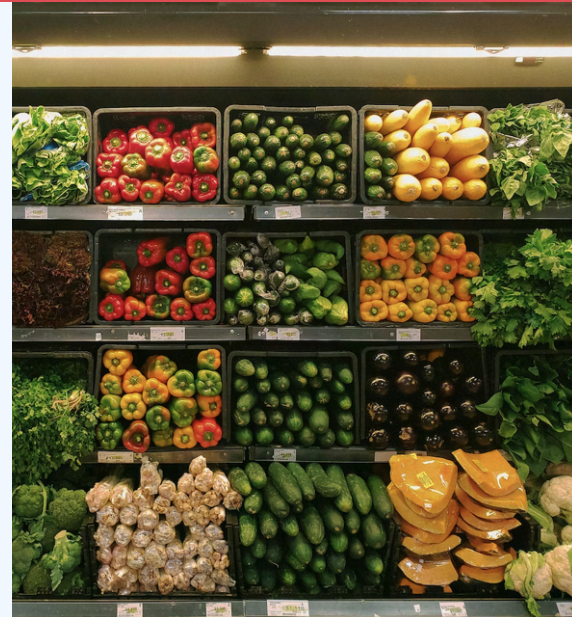


Data source: TradingEconomics.com

Food inflation - Key insights

- In all countries analysed, inflation has risen steadily over the last year
- Most countries analysed have seen an annual increase of +10% to +20%
- As of April 2023, it's finally starting to fall in most countries
- This doesn't mean food prices are falling - they're just not rising as fast as previously
- They're still much higher than last year - over +12% in most countries

Next up we take a deep dive into how relocating employees are affected in major cities around the world, when you factor in other living costs such as rent, utilities and transport.



3 - City-Level Cost of Living - Housing, Transportation & Utilities

We've been seeing incredibly competitive rental market conditions worldwide, with insufficient supply of properties versus huge demand. This has pushed up rental prices by upwards of +20% since 2021 in some cities, and makes it much harder for employees to secure a home.

High inflation just makes things worse, as we're seeing more and more landlords selling up in response to increased mortgage rates, putting more pressure on the supply issue. And of course, utility bills and transport costs are rising significantly too.

Salaries and relocation packages are heavily tied to the cost of renting property and living in a city; therefore it's super important to be up-to-date on the actual living costs that relocating employees are facing, to be able to accurately review and adjust packages as needed.



Here's a snapshot of the current living costs in 10 of our most popular destination cities:

Average costs per city							
City	Monthly rent - 1 - bed	Change vs. 2021	Monthly rent - 3 - bed	Change vs. 2022	Utilities (/ month - 85m ² apt.)	Change vs. 2021	Public transport - monthly pass
London, UK (GBP)	£2,070	+21.0%	£3,815	+11.3%	£306	+55.3%	£160
Dublin, Ireland (EUR)	€1,915	+14.8%	€3,545	+20.3%	€233	+56.4%	€120
New York City, USA (USD)	\$3,740	+21.7%	\$7,385	+7.8%	\$169	-3.4%	\$129
San Francisco, USA (USD)	\$3,335	+19.3%	\$6,005	-2.7%	\$269	+51.1%	\$89
Toronto, Canada (CAD)	\$2,465	+24.1%	\$3,955	+14.2%	\$195	+25.0%	\$156
Berlin, Germany (EUR)	€1,245	+20.2%	€2,360	+15.8%	€338	+31.5%	€80
Munich, Germany (EUR)	€1,335	+3.2%	€2,400	+2.2%	€302	+14.8%	€63
Amsterdam, Netherlands (EUR)	€1,635	+5.5%	€2,720	+0.9%	€215	+20.8%	€89
Madrid, Spain (EUR)	€995	+9.0%	€1,675	+5.5%	€138	+10.4%	€52
Luxembourg City, Luxembourg (EUR)	€1,590	-2.9%	€2,730	-12.3%	€242	-2.8%	€0

Data source: Numbeo.com



If you'd like to see this data for any other cities, please don't hesitate to ask PerchPeek!



Summary

Though inflation is finally largely easing in most major markets, it'll take time for any changes in consumer prices to take effect. In the meantime, costs for key relocation services such as flights, and vital living expenses like groceries, utilities and transport, remain very high.

As People Leaders, it's incredibly important to be in the loop when it comes to these figures. This way you can adjust your relocation packages accordingly, and make sure they're sufficient when taking the current market conditions into account.



PerchPeek top tips for helping employees:



Be aware of rental cost increases in your operating cities, and review salaries and packages in line with these changes



Know the renting rules and regulations in these cities, and make sure assignees are aware of their rights and responsibilities



Implement Core-Flex relocation policies in order to make allowances stretch as far as possible (find out more in our 'Cost-Efficient Relocation Policy Guide' below!)



Speak to employees before their move, to understand their individual requirements and make sure they'll be able to afford the cost of living comfortably



Educate employees on best practices in cost savings, such as checking out recommended comparison sites for utilities, and the cheapest supermarket chains



Provide guidance on lower cost neighbourhoods or areas to live



Be flexible - offer hybrid or remote working opportunities to help employees save on transport costs and/or enable them to live further from the office in a cheaper location



Need help making your relocation policy more cost-efficient? Check out our 'How to Build a Cost-Efficient Relocation Policy' guide!

[Download guide](#)



Give us a shout!

Finally, if you have any questions around the cost of living, or you'd like help reviewing your current relocation policy, please don't hesitate to reach out! PerchPeek are always happy to lend a wing to help support your relocating employees.

You may also wish to sign up to the PerchPulse - our monthly email report with the latest news and trends around housing, cost of living and other topics relevant to your teams.

[Sign up](#)

