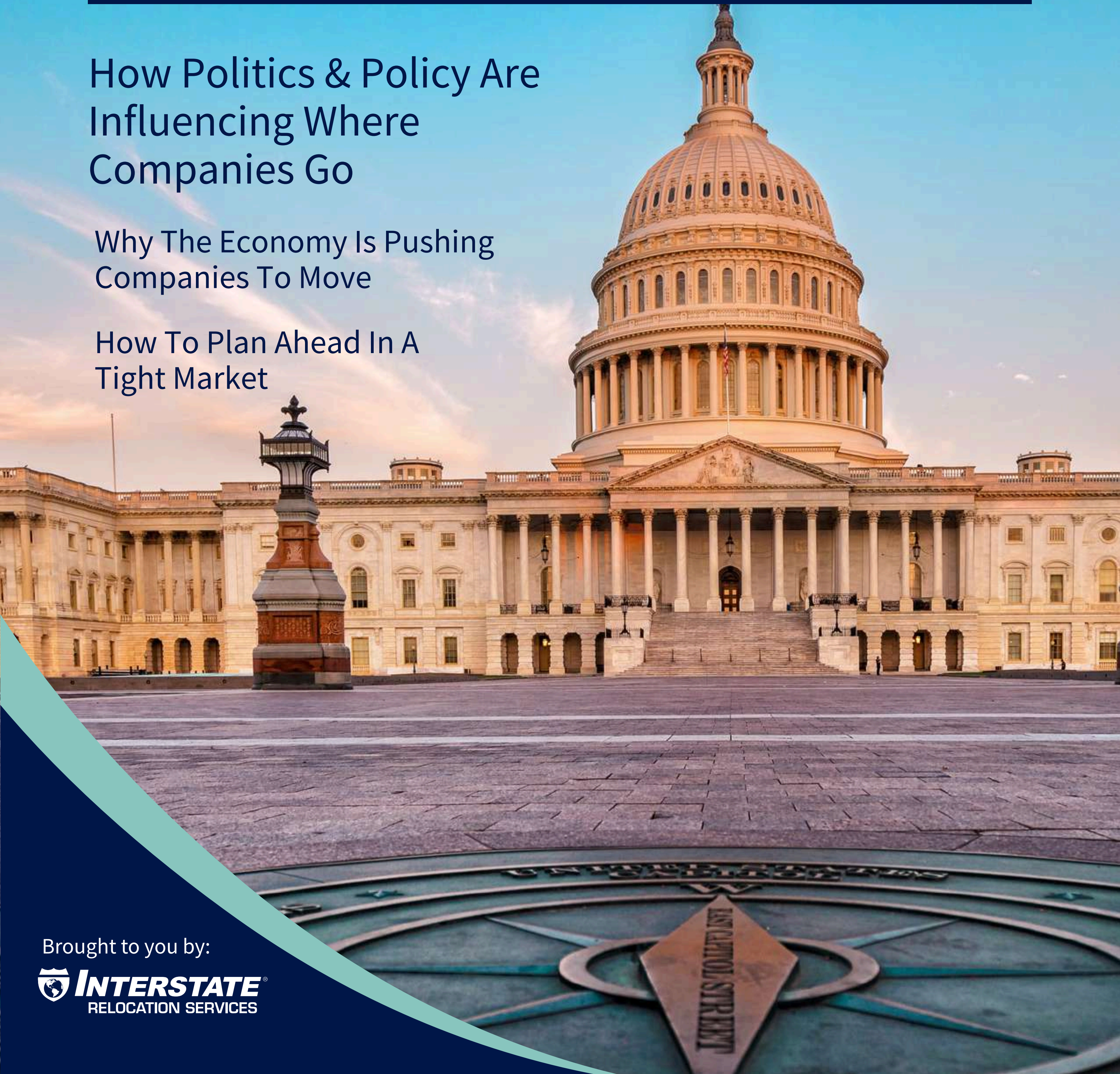
CORPORATE RELOCATION IN AN ERA OF INFLATION & POLITICAL UNCERTAINTY

A RESOURCE FOR HR LEADERS AND MOBILITY PROFESSIONALS



How Politics & Policy Are Influencing Where Companies Go

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ECONOMIC SHIFTS ARE RESHAPING WORKFORCE RELOCATION

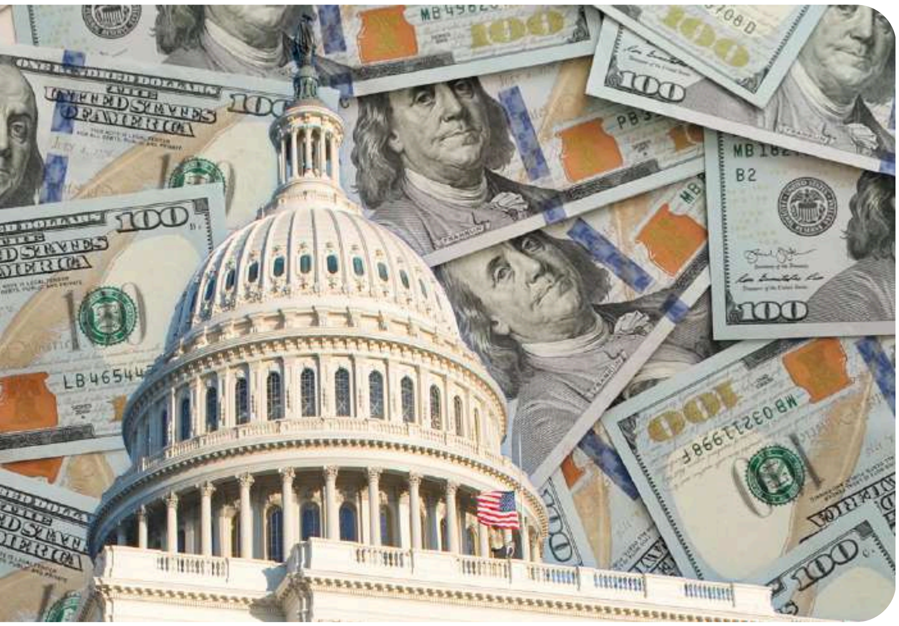
The U.S. economy in 2026 is shaped by inflation that has been slow to come down and a labor market that shed over a million jobs last year. Companies are responding by relocating operations and moving employees into markets where the economics are more favorable.

For HR leaders and mobility professionals, that means more relocation volume flowing into more competitive housing markets, under tighter timelines and higher cost pressure.

This guide looks at the forces driving those decisions, where companies are heading, and what it means for the people responsible for getting employees where they need to be.

WHY THE ECONOMY IS PUSHING COMPANIES TO MOVE

Two economic forces are doing the most to change how companies think about where they operate: inflation and a weakening labor market.



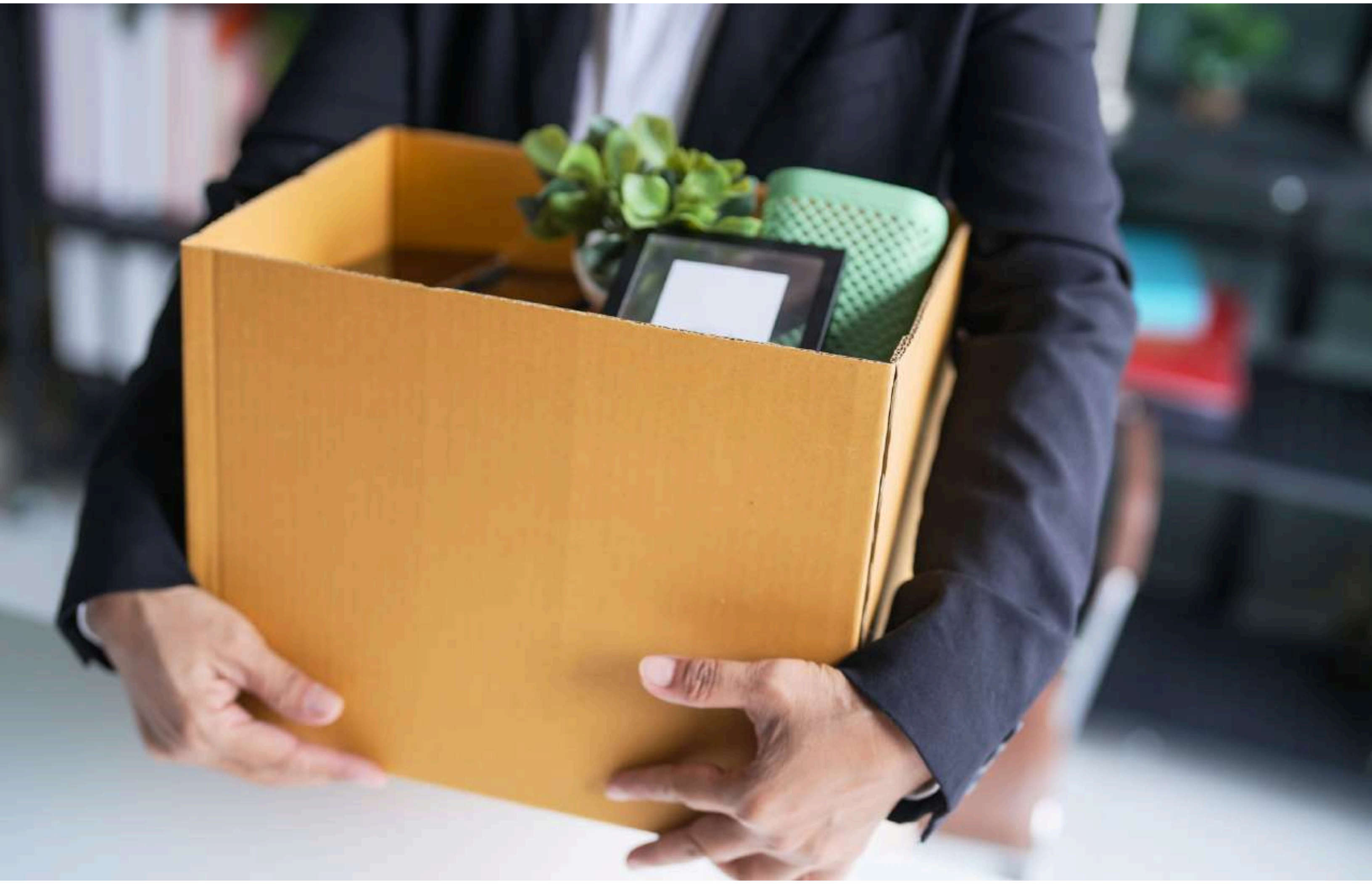
INFLATION

Prices have been rising faster than normal since the pandemic, and they have not yet come back to the level the Federal Reserve considers healthy (2% per year). As of February 2026, prices were rising at 2.8% annually according to the Fed's preferred measure, the PCE price index. The Dallas Fed confirms the same number. Morningstar expects inflation to average about 2.7% for the full year.

For businesses, this means higher wages, higher rent, higher materials costs, and higher operating expenses across the board. Companies that were comfortable absorbing those costs in expensive coastal cities a few years ago are now looking at the numbers differently.

Tariffs on imported goods have added to the problem. When the government places tariffs on imports, the cost of those goods goes up for the businesses buying them and, eventually, for the consumers purchasing the final product. The Tax Foundation estimates that tariffs cost the average American household roughly $1,000 in 2025, with another $600 expected in 2026.

For companies that depend on imported materials to make their products, the costs are higher still, because tariffs hit at every stage of production. That kind of ongoing cost pressure is part of what's driving companies to look for cheaper places to operate.



JOBS & LAYOFFS

The job market weakened considerably in 2025. Employers announced over 1.2 million layoffs during the year, a 58% increase over 2024 and the highest level since the pandemic. Technology companies were hit especially hard, with over 153,000 job cuts through November alone. Government positions also saw significant reductions.

Manufacturing lost 108,000 jobs over the course of the year, marking the third consecutive year of negative job growth in the sector.

When companies are cutting costs and restructuring their workforce, one of the first questions they ask is whether their employees and offices are in the right place. Increasingly, the answer is no, and that is what sets relocation in motion.

HOW POLITICS & POLICY ARE INFLUENCING WHERE COMPANIES GO

Beyond the economy, political and regulatory conditions are playing a growing role in where companies choose to operate.

Immigration enforcement has created staffing concerns for a number of large employers. Wired reported that over 40 major companies have formally warned regulators about labor shortages and disruption tied to immigration crackdowns. When companies start disclosing workforce risks in their SEC filings, it signals that the issue has moved from a political debate to a business planning problem.

At the same time, the differences between states in terms of taxes, regulations, and legal climate have become a bigger factor in corporate decision-making. States that are attracting the most corporate investment tend to share a few characteristics.

LOWER TAXES

States like Texas, Florida, Tennessee, and Wyoming have no state income tax, which reduces costs for both the company and its employees.

SIMPLER REGULATIONS

Faster permitting and fewer compliance requirements mean companies can get up and running more quickly.

BUSINESS-FRIENDLY LEGAL ENVIRONMENTS

Lower litigation risk and clearer laws reduce the chance of costly surprises.

FLEXIBLE LABOR MARKETS

Right-to-work laws and lower unionization rates give employers more room to manage their workforce.

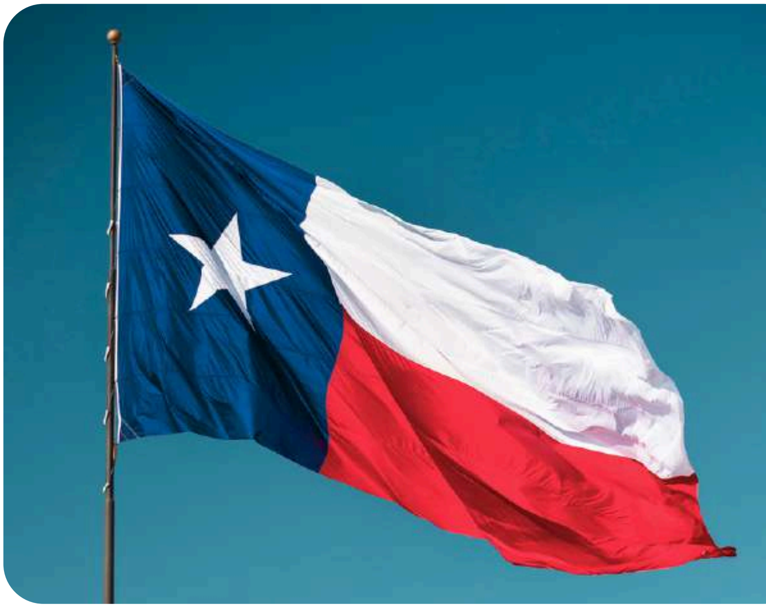
WHERE COMPANIES ARE HEADING

The clearest trend in corporate relocation right now is movement toward the South and Southwest, with Texas leading the way.

Since 2020, over 200 companies have relocated to Texas, including well-known names like Tesla, Chevron, SpaceX, Oracle, and Coinbase, according to data from the Texas Governor's office. In 2024, 24 more companies announced plans to establish headquarters there.

This is a long-running trend. The Federal Reserve Bank of Dallas found that Texas was the number one state for business relocation between 2010 and 2019, gaining over 7,200 firms and nearly 103,000 jobs on a net basis during that decade. The pace has only picked up since.

In early 2026, The Houston Chronicle reported that multiple major firms relocated or expanded in Texas, creating thousands of jobs and billions in new investment. Dallas in particular is drawing financial firms, with The Guardian reporting that the city is positioning itself as a competitor to New York's financial sector.



Texas is the most prominent example, but similar patterns are playing out in **Florida, Tennessee, North Carolina, South Carolina, Idaho, and parts of the Midwest**. The common thread is lower operating costs, a favorable tax structure, and growing local economies that make it easier to attract and retain employees.

The important thing for HR leaders to understand is that these corporate moves almost always involve moving people. A headquarters relocation might get the headline, but behind it there are employees packing up their homes, families enrolling in new schools, and mobility teams managing the logistics.

Read our previous Ebook to learn more about migration trends and how they will continue to effect relocation in 2026.

WHY THIS LEADS TO EMPLOYEE RELOCATION

When a company decides to move or expand in a new market, employee relocation follows. The reasons vary, but they generally fall into a few categories.

1. REDUCING COSTS.

When a company moves from a high-cost city to a lower-cost one, it typically needs to bring key employees along, at least initially. The savings on rent, taxes, and wages in the new location can be significant, often 15% to 25%, but only if the company can actually get its people there.

2. CONSOLIDATING OFFICES.

Many companies expanded their office footprint during the 2010s and then pulled back during the pandemic. Now, with return-to-office policies in effect, some are closing satellite offices and asking employees to relocate to a primary location. This creates relocation volume that would not have existed under pre-pandemic work models.

3. ACCESSING TALENT.

Some markets have stronger talent pipelines for specific industries. A tech company might move to Austin for the engineering talent. A logistics firm might expand in Dallas for supply chain expertise.

4. RESPONDING TO POLICY CHANGES.

Companies are increasingly choosing locations that align with their operational needs. A business that depends on a large hourly workforce, for example, may prioritize states where labor regulations are more flexible. A company sensitive to tax exposure may prioritize states with no income tax. These decisions lead to office moves, which lead to employee moves.

WHAT HAPPENS WHEN EVERYONE MOVES TO THE SAME PLACES

When large numbers of companies and employees all move to the same markets at the same time, those markets feel the pressure. This is the part of the trend that most directly affects relocation programs.

HOUSING GETS TIGHTER.

The cities attracting the most corporate investment, places like Nashville, Raleigh, Charlotte, Austin, and Dallas, are also the ones where housing supply is already stretched thin. Employees relocating into these markets may need 60 to 90 days to find permanent housing, well beyond the 30-day temporary housing window that many relocation policies assume.

COSTS GO UP.

More demand for movers, more demand for temporary housing, more competition for rental units and homes for sale. All of these push relocation costs higher, especially during peak moving season from May through September.

ORIGIN MARKETS SOFTEN.

The metro areas losing the most residents and corporate presence, including New York, Los Angeles, Miami, and Chicago, face declining demand for housing. This declining demand makes it more difficult for relocating employees to sell their homes quickly or at the price they expect. For companies offering home sale assistance, a slow sale in the origin market can extend the timeline and cost of the entire relocation.

HOW TO PLAN AHEAD IN A TIGHTER MARKET

Start planning earlier. In tight housing markets, 30 days of temporary housing is often not enough. Budget for 60 to 90 days and encourage employees to start their housing search as early as possible.

BUDGET FOR THE REAL COST.

Relocation packages often cost 40% to 50% more than their face value once you account for tax gross-ups, extended temporary housing, storage, and peak-season surcharges. If your budget only reflects the base benefits, it is likely understated. For a detailed breakdown of what these costs look like, see our companion guide, "The Hidden Costs of Employee Relocation."

KNOW YOUR DESTINATION MARKETS.

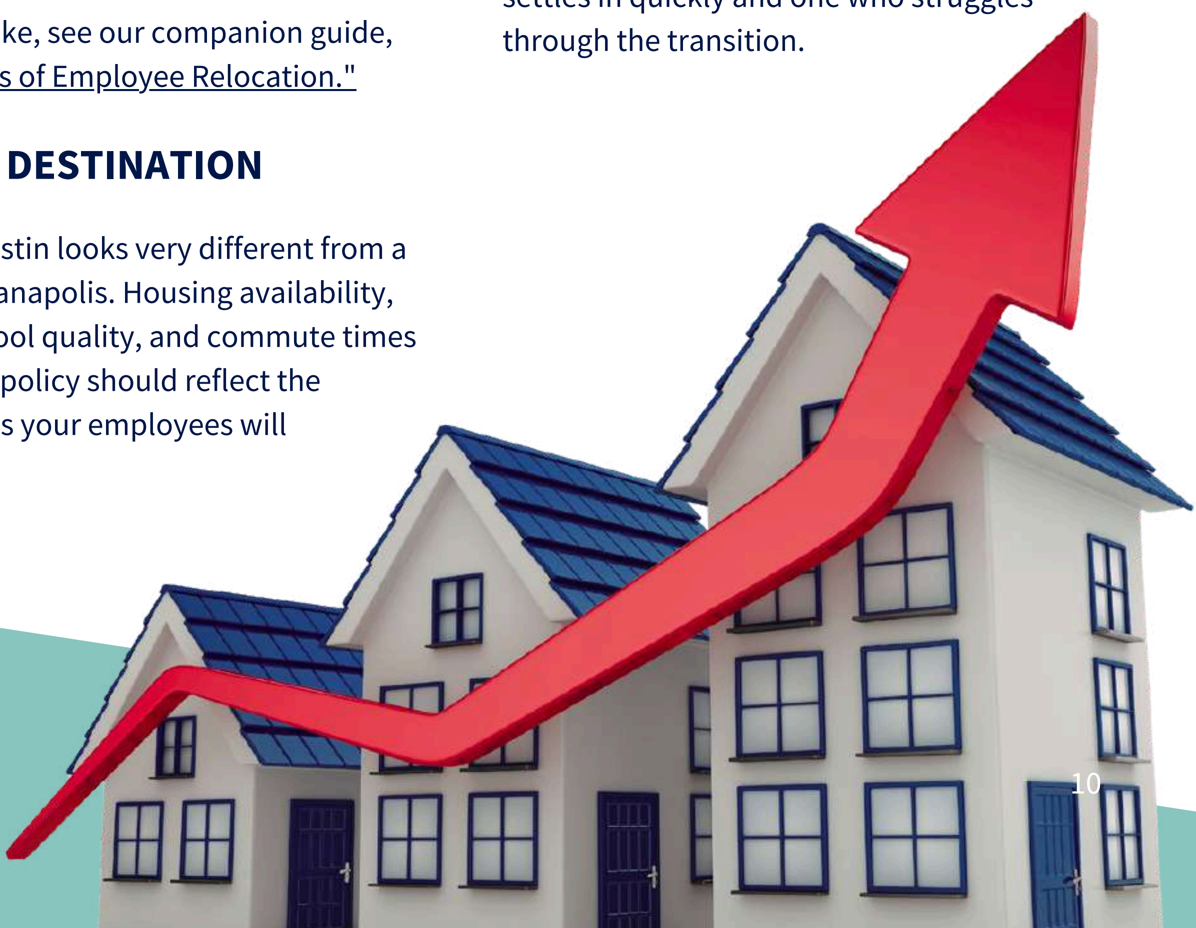
A relocation to Austin looks very different from a relocation to Indianapolis. Housing availability, cost of living, school quality, and commute times all vary, and your policy should reflect the specific conditions your employees will encounter.

PREPARE FOR HOME SALE CHALLENGES.

Employees leaving markets with declining populations may face slower sales and lower offers. Structured home sale programs, such as Buyer Value Option (BVO) or Guaranteed Buyout Option (GBO) programs, reduce risk for both the employee and the company. If you are unfamiliar with these programs, a relocation management partner can walk you through how they work.

TAKE CARE OF YOUR PEOPLE.

In an environment where employees are already uncertain about job security and the economy, the relocation experience matters more than usual. Clear communication, responsive support, and a well-managed process can make the difference between an employee who settles in quickly and one who struggles through the transition.



INTERSTATE® RELOCATION SERVICES

HOW INTERSTATE CAN HELP

Interstate Moving | Relocation | Logistics is a three-generation, family-owned company founded in 1943. For over 80 years, we have built our reputation on moving people with care, and today that legacy extends to helping companies and employees navigate every aspect of corporate relocation.

We work with HR teams, mobility managers, and business leaders across the country to design and execute relocation programs that control costs while delivering an outstanding employee experience.

Our relocation services include household goods moving (domestic and international), move management and coordination, relocation program design and policy consulting, home sale assistance, tax liability navigation, expense management and reporting, regulatory compliance, school search assistance, and executive and white-glove relocation services.

Ready to build or strengthen your relocation program?

Contact Interstate to learn how we can help you create a policy and partnership that supports your talent strategy and your people.

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