

A Resource for HR Leaders and Mobility Professionals

THE HIDDEN COSTS OF EMPLOYEE RELOCATION

What Market Research Says HR Leaders
Need to Budget for in 2026

WHY RELOCATION COSTS CATCH HR TEAMS OFF GUARD

LUMP SUM VS. MANAGED BENEFITS:
A COST COMPARISON

A PLANNING CHECKLIST FOR HR LEADERS

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INTRODUCTION: WHY RELOCATION COSTS CATCH HR TEAMS OFF GUARD



Employee relocation remains one of the most effective tools in an HR leader's talent strategy, but also one of the most misunderstood line items in any benefits budget.

Relocation costs are layered, variable, and often invisible until they've already compounded. A relocation that looks straightforward on paper can quickly balloon when temporary housing extends, tax gross-ups stack on top of benefits, or a home sale stalls in a slow market.

For HR leaders who are new to managing a relocation program, or evaluating whether to build one, understanding the real costs based on current market data is the essential first step.

This guide compiles the most recent and reputable industry research on every major component of employee relocation cost. Every data point is sourced and linked so you can verify it, share it with leadership, and use it to build a defensible budget.

THE BIG PICTURE: WHAT DOES AN AVERAGE RELOCATION PACKAGE ACTUALLY COST?

There is no single "average" relocation cost. The number depends heavily on whether the employee rents or owns a home, their seniority level, whether they have a family, and how far they're moving. But several industry benchmarks converge on consistent ranges that give HR leaders a solid starting framework.

Most U.S. domestic relocation packages in 2026 fall between \$15,000 and \$75,000, depending on employee level and housing needs.

A competitive package for a mid-level professional typically lands in the \$15,000 to \$35,000 range with managed moving services and temporary housing, while executive packages benchmark at \$55,000 to \$90,000 or more when full home sale assistance and family support are included.

The single largest factor driving cost variation is homeownership. The gap between renter and homeowner relocation costs is consistent across multiple data sources, typically ranging from 3x to 4x.



Source	Average Renter Cost	Average Homeowner
WHR Global (2024-2025 platform data)	\$21,792	\$63,685
Business News Daily / ARC data	\$19,309 - \$24,216	\$72,627 - \$97,116
CapRelo (2026, by employee level)	\$15,000 - \$35,000 (mid-level)	\$55,000 - \$90,000+ (executive)

These individual relocation costs add up at scale. The relocation industry is worth approximately \$25 billion annually, and companies spend an average of \$16.2 million per year relocating employees across their organizations.

Key Takeaway for HR Leaders: The renter vs. homeowner distinction is the most important variable in your relocation budget. A policy that treats both groups the same will either overspend on renters or underfund homeowners. Tiered policy design should account for this from the start.

HOUSEHOLD GOODS MOVING: THE CORE EXPENSE



The physical movement of an employee's belongings is typically one of the largest single line items within a relocation package, and the one most HR leaders think of first when they hear "relocation cost."

For a corporate relocation, household goods services covering packing, transportation, and unpacking average between \$5,000 and \$20,000 for a domestic move, depending on the size of the household and distance traveled.

For renter employees specifically, the average sits around \$15,000, with companies typically setting a cap of \$20,000 for this benefit tier.

These figures are notably higher than what individual consumers pay. The gap exists because corporate moves are almost always full-service: professional packing, full-value insurance, origin and destination agents, and unpacking at delivery. Consumer moves frequently involve self-packing, partial loads, or rental trucks.

When budgeting for a corporate relocation program, the \$5,000 to \$20,000 range from industry sources is the appropriate benchmark, not the consumer averages that often appear in general search results.

If the employee also needs a vehicle shipped, expect to add approximately \$1,500 for domestic auto transport.

Move Type	Low Estimate	High Estimate
Consumer long-distance (This Old House , MoveBuddha , Angi)	\$3,060	\$5,280
Corporate full-service (WHR Global , NRI Relocation)	5000	\$20,000

TEMPORARY HOUSING: THE COST THAT KEEPS GROWING

When an employee arrives at their destination before permanent housing is available, temporary housing becomes a significant and often underestimated cost driver. This happens more often than not.

Monthly costs for temporary housing range from \$3,500 to \$10,000, depending on location and length of stay. The type of accommodation chosen has a major impact on total cost. Furnished corporate apartments, the most common option for relocation, are substantially less expensive than extended-stay hotels over a 30-day period or longer.

Accommodation Type	Average Nightly Cost	Approximate Monthly Cost
Corporate apartment	\$110	\$3,300
Airbnb	\$125	\$3,750
Corporate hotel	\$182	\$5,449

Data from Alamo Corporate Housing's 2026 analysis of five major U.S. cities

The difference becomes dramatic when temporary housing extends beyond the standard 30 days.

Most renter relocation policies limit corporate housing to one month, with the average budgeted amount around \$5,000. But in high-growth markets where housing inventory is tight (Nashville, Raleigh, Charlotte, Austin), employees routinely need 60 to 90 days to secure permanent housing.



HOTEL

TEMPORARY HOUSING: THE COST THAT KEEPS GROWING

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Length of Stay	Corporate Apartment	Airbnb	Corporate Hotel
30 days	\$3,300	\$3,750	\$5,449
60 days	\$6,600	\$7,500	\$10,898
90 days	\$9,900	\$11,250	\$16,347



At \$3,500 to \$10,000 per month, every additional month pushes the relocation over budget. When employee belongings go into storage while waiting for housing, those costs compound as well.

For international relocations, the temporary housing timeline is even longer. Industry estimates put the cost at approximately \$15,000 for roughly 60 days of furnished accommodations plus up to \$2,500 in car rental expenses during the transition period.

HOME SALE ASSISTANCE: THE LARGEST VARIABLE

For relocating homeowners, the cost of selling their current home is often the single most expensive element of the entire relocation package, and the one with the widest range of outcomes depending on how the program is structured.

Home sale costs typically run approximately 8% of the home's value. On the median U.S. home (valued at \$405,000), that translates to roughly \$32,400 in closing costs. A structured Buyer Value Option (BVO) home sale program runs approximately \$40,000 per transaction including realtor assistance, closing costs, and related expenses.

How a company structures its home sale assistance has enormous implications for the total cost. The two primary options are the Buyer Value Option (BVO) and the Guaranteed Buyout Option (GBO), both administered through a relocation management company (RMC).



HOME SALE ASSISTANCE: THE LARGEST VARIABLE

In a BVO, the employee finds a buyer on the open market. The RMC then purchases the home from the employee and resells it to the buyer, converting the closing costs into a business expense rather than taxable income to the employee. In a GBO, the RMC guarantees a purchase at an appraised value, removing all market risk from the employee. GBOs cost more but offer greater certainty and faster timelines, making them the preferred choice in uncertain housing markets.

Both programs are tax-protected under IRS guidelines, a distinction that matters enormously because home sale programs were specifically preserved by the Tax Cuts and Jobs Act of 2017 when nearly every other relocation benefit became taxable.

Companies that reimburse home sale costs directly, without a BVO or GBO, must gross up those payments. The difference is significant.



Method	Direct Costs (8%)	Tax Gross-Up	Total
BVO Program	\$24,000	\$0	\$24,000
Direct Reimbursement	\$24,000	\$12,000	\$36,000

Data from HomeServices Relocation

About 60% of companies with relocation programs now offer home sale and/or home purchase benefits. For organizations that relocate homeowners with any regularity, a structured home sale program is one of the most impactful cost-saving decisions available.

THE TAX GROSS-UP: THE COST MULTIPLIER MOST COMPANIES UNDERESTIMATE

Of all the hidden costs in employee relocation, the tax gross-up is the one most likely to blow a budget that looked reasonable on paper. It can increase your total relocation spend by 40% to 50%.

Under the Tax Cuts and Jobs Act of 2017, nearly all employer-paid relocation expenses became fully taxable income to the employee. This change was originally set to expire in 2025, but the One Big Beautiful Bill Act signed in July 2025 made it permanent.

Every dollar a company spends on an employee's relocation, whether paying movers directly or reimbursing the employee, must appear on the employee's W-2 as taxable wages.

Face Value vs Gross-Up:

	Amount
Package face value	\$50,000
Actual cost to company (with gross-up)	\$70,000 - \$75,000

A \$30,000 relocation reimbursement triggers roughly \$9,600 in combined federal and state taxes. Without a gross-up, the employee absorbs that cost out of pocket, which undermines the purpose of the benefit.

Most companies address this by "grossing up" the relocation payment, adding extra money to cover the employee's tax liability so they receive the full intended value.



THE TAX GROSS-UP: THE COST MULTIPLIER MOST COMPANIES UNDERESTIMATE

The relocation industry advocated strongly for reinstating the moving expense deduction before the OBBBA was finalized, arguing that over 350,000 Americans relocate for work annually and that 72% of those who previously claimed the deduction earned under \$100,000. The deduction was not reinstated, meaning the gross-up will remain a cost factor for the foreseeable future.

Gross-up calculations can be done several ways. A flat supplemental rate approach applies 22% federal withholding uniformly, which is simple and predictable but may over- or under-compensate depending on the employee's actual bracket. A marginal rate approach uses the employee's real tax rate for more precision, but requires additional payroll coordination and year-end adjustments.

The only major area of relocation that avoids gross-up entirely is a tax-protected home sale program (BVO or GBO), as discussed in Section 05.

A small number of states still offer partial relief. California, New York, New Jersey, Massachusetts, Pennsylvania, Arkansas, and Hawaii continue to allow state-level income tax deductions for qualifying moving expenses. Massachusetts added this deduction starting in the 2026 tax year.



KEY TAKEAWAY FOR HR LEADERS:

If your relocation budget accounts only for the face value of benefits, without gross-up, it is materially understated. A \$50,000 relocation package effectively costs the company \$70,000 to \$75,000.

DESTINATION SERVICES & SETTLING-IN SUPPORT

Destination services are the smaller costs that round out a relocation package. Individually modest, they add up, and they play an outsized role in how quickly an employee becomes productive in their new location.

Travel costs for the employee and family during the move typically run \$250 to \$2,500 depending on whether the company reimburses mileage or covers flights for a family. Total domestic travel costs, including home-finding trips, incidental expenses, and the final move, generally reach around \$5,000 for renter employees and up to \$10,000 for homeowner employees under a BVO program.

Destination services like area orientation and school search typically cost \$600 to \$3,500. Rental-finding assistance runs about \$1,000. If the employee needs to break a lease, companies should budget approximately \$2,500 for lease cancellation costs.

These services represent a relatively small portion of total cost but have a direct impact on the employee's experience and how quickly everyone gets settled. Cutting them to trim the budget often backfires through longer ramp-up times, lower satisfaction, and higher risk of a failed relocation.



LUMP SUM VS. MANAGED BENEFITS: A COST COMPARISON

Many companies, especially those new to relocation, consider lump sum payments as a simpler and more affordable alternative to managed relocation benefits. The data shows this is a trade-off with real consequences.

The average lump sum amount across the industry is \$14,608. Amounts range from as low as \$1,500 for entry-level employees to \$100,000 for senior executives. For renters, the typical range is \$5,000 to \$15,000.

Package Type	Average Cost
Average lump sum	\$14,608
Average managed renter package	\$21,792
Average managed homeowner package	\$63,685

The appeal of a lump sum is administrative simplicity for the employer and spending flexibility for the employee. The risk is that employees frequently minimize spending to pocket leftover funds, which can lead to a poor move experience and downstream retention problems.

Lump sums are also fully taxable as income, which means the employee receives less than the face value unless the employer provides a gross-up. Without managed vendor relationships, employees also lose access to corporate rates on movers, temporary housing, and real estate services.

Lump sums can be appropriate for entry-level hires, short distance moves, or situations where the employee has few belongings and no home to sell. For mid-level and senior relocations involving homeownership, families, or competitive housing markets, a managed or tiered approach typically delivers better outcomes.



INTERNATIONAL RELOCATION: A DIFFERENT COST TIER

Organizations considering international assignments face a fundamentally different cost profile. The average starting cost for an international employee relocation is approximately \$77,000, a figure confirmed across multiple industry sources. That is roughly 3x to 5x the cost of a domestic relocation.



Cost Component	Estimated Amount
Household goods move (air and sea shipment)	\$25,000
Temporary housing (approx. 60 days)	\$15,000
Relocation management fees	\$10,000
Home-finding and orientation trip	\$7,500
Visa and immigration services	\$5,000
Tax services (two-country preparation)	\$5,000
Miscellaneous allowance	\$5,000
Return trip(s) for employee	\$1,500
Total:	\$74,000

Note: Remaining balance to the \$77,000 average reflects variability in incidental and administrative costs across assignments.

The household goods move, covering both air and sea shipment, accounts for roughly a third of the total and is the largest single expense.

Temporary housing adds about \$15,000. Relocation management fees, home-finding trips, visa services, tax preparation, and miscellaneous allowances make up the balance.

These figures do not include cost-of-living adjustments (COLA) or duplicate housing costs that arise when an employee maintains two residences during a prolonged transition, or repatriation expenses when the assignment ends.

At roughly 3x to 5x the cost of a domestic relocation, international moves require specialized budgeting, compliance expertise, and vendor management that goes well beyond what a standard domestic policy can accommodate.

HOW MIGRATION TRENDS ARE INFLATING COSTS IN HIGH-GROWTH MARKETS

The costs outlined in this guide represent national averages, but where your employees are moving matters enormously. Current U.S. migration patterns are concentrating demand, and inflating costs, in a handful of fast-growing markets.

A study of over 122,000 people who expressed interest in moving between March 2024 and March 2025 found that nearly 46% intend to relocate to a Southern state, while the West and Northeast are experiencing net losses. The metro areas losing the most domestic residents are also the areas from which relocating employees are most likely to originate.

Metro Area	Annual Net Domestic Loss
New York	119,198
Los Angeles	99,979
Miami	67,418
Chicago	42,844

Source: Interstate Relocation Services, "Where Is Everyone Going?" (Census data)

The destination metros, places like Nashville, Raleigh, Charlotte, and Austin, are where housing supply is tightest. The nation needs roughly 2.8 million more housing units to match demand, according to J.P. Morgan estimates.

Between 2019 and 2024, median single-family home prices rose by 48% nationally. The average U.S. home value stands at \$357,445 as of January 2026, up nearly 33% over five years according to the U.S. Chamber of Commerce.

The average 30-year fixed mortgage rate sits near 6.10% as of early 2026, and buyers in tight markets need to start their housing search at least 90 days out.

KEY TAKEAWAY FOR HR LEADERS:

When you relocate an employee into a high-growth market, plan for longer temporary housing timelines, higher storage costs, and increased competition for quality movers during peak season (May through September).

The companies that manage relocation costs most effectively in 2026 will be the ones that build market-specific assumptions into their budgets.

A PLANNING CHECKLIST FOR HR LEADERS

Use this checklist to ensure your relocation budget accounts for the full scope of costs.

BEFORE THE MOVE

- Determine whether the employee is a renter or homeowner. This is the single biggest cost variable.
 - Identify the destination market and research local housing conditions.
 - Decide on policy structure: lump sum, managed benefits, tiered, or managed cap.
 - Budget for tax gross-up at 40% to 50% above the value of taxable benefits.
 - If the employee is a homeowner, evaluate BVO or GBO home sale programs to reduce gross-up costs.
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DURING THE MOVE

- Obtain competitive bids from qualified household goods carriers.
 - Account for peak season pricing (May through September). Costs can be 20% to 30% higher.
 - Plan for temporary housing of at least 30 days. Budget for 60 to 90 days in competitive markets.
 - Include storage costs in the event permanent housing is delayed.
 - If applicable, budget for vehicle shipment (approximately \$1,500).
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AFTER THE MOVE

- Budget for destination services: area orientation, school search, settling-in support.
- Account for lease cancellation or home purchase closing costs at the destination.
- Track all costs against the original budget and document variances for future planning.
- Collect employee feedback to improve the program for future relocations.



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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