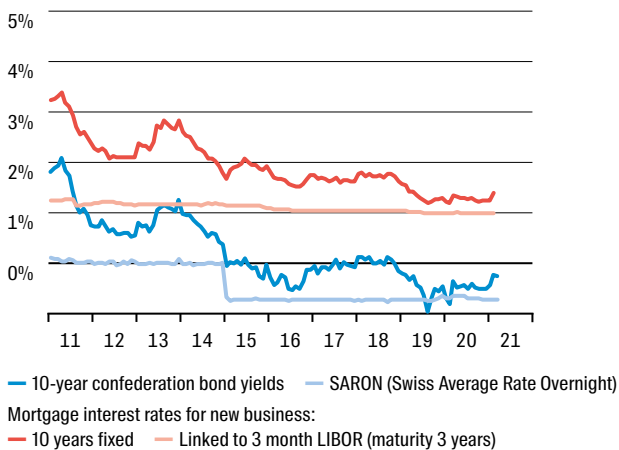


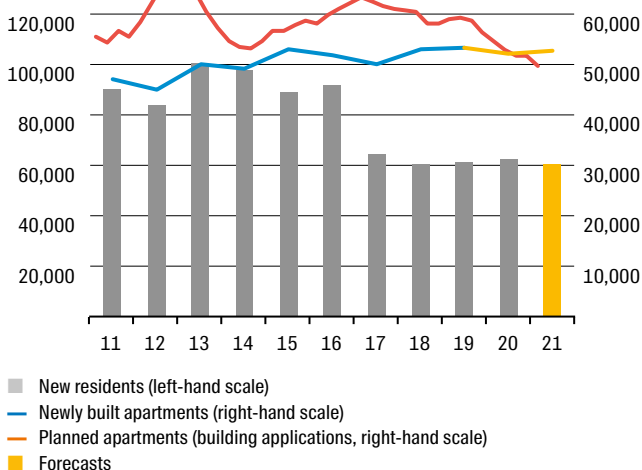
# Background

- Following last year's significant losses, the economy as a whole should grow strongly in 2021. If the economic rebound is around 3 percent as forecast, it would almost completely offset last year's downturn.
- Growth should also slow the rise in the unemployment rate, which was 3.1 percent in 2020, compared with 2.3 percent in the previous year. Thanks to state support measures, the feared wave of insolvencies has not materialised to date.
- At present, everything suggests that investment in real estate will continue to attract much interest this year. As long as yields on Swiss Confederation bonds remain negative, there will be a lack of alternative investment options. Therefore, the initial returns on real estate transactions could still be very low in the coming months.

## Confederation bond yields and mortgage rates



## Population growth and residential construction activity



## Key indicators on the Swiss economy (yellow numbers: forecasts)

	2018	2019	2020	2021
<b>Population</b>				
Persons (millions)	8.54	8.60	8.67	8.73 <sup>(1)</sup>
Annual change	0.7%	0.7%	0.7%	0.7% <sup>(1)</sup>
<b>Economy</b>				
Annual change in real GDP	2.8%	1.6%	-3.0% <sup>(2)</sup>	3.0% <sup>(3)</sup>
Annual change in employment	1.3%	1.2%	-0.3% <sup>(4)</sup>	0.6% <sup>(4)</sup>
Unemployment rate	2.5%	2.3%	3.1%	3.3% <sup>(5)</sup>
Consumer confidence index (Jan. each yr.)	-2	-10	-9	-15
Annual average change in real retail turnover	0.7%	1.2%	2.6%	-
<b>Building construction investment</b>				
Annual change (nominal, new-build & refurb.)	-0.6%	0.0% <sup>(1)</sup>	-0.9% <sup>(1)</sup>	0.3% <sup>(1)</sup>
<b>Money market</b>				
Annual inflation	0.9%	0.4%	-0.7% <sup>(2)</sup>	0.3% <sup>(2)</sup>
10-year fixed mortgage rate (Feb. each yr.)	1.80%	1.54%	1.20% <sup>(2)</sup>	1.39% <sup>(2)</sup>
10-year confederation bonds (March each yr.)	0.05%	-0.35%	-0.37% <sup>(2)</sup>	-0.27% <sup>(2)</sup>

<sup>(1)</sup> Wüest Partner forecast - <sup>(2)</sup> Average of Credit Suisse, KOF, SECO, UBS forecasts - <sup>(3)</sup> SECO forecast March 2021

## Immo-Monitoring

Detailed analyses and an outlook for the Swiss real estate market can be found in the current Immo-Monitorings (fall edition 2021 | 2, only in German and French). In addition to current market assessments and comprehensive data, the following topics are discussed:



- Economic background
- Residential and commercial market outlook
- The impact of climate change on the real estate market
- Economic explanation of rental price development
- Price developments of investment properties explained economically
- Direct and indirect real estate investments
- Market and regional data

Learn more about the comprehensive publication on the Swiss real estate market. [www.wuestpartner.com/publications](http://www.wuestpartner.com/publications)

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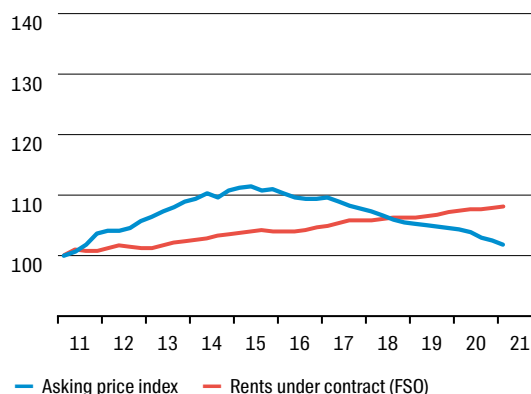
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# Residential – rental

- The number of homes advertised for rent remains high but is declining slightly. In the first quarter of 2021, there were 4% fewer properties on the market than a year previously. Choice mainly decreased in conurbations around major centres and in rural areas.
- The slight upturn in new-build activity could increase market liquidity in the coming months. Therefore, average rents for advertised apartments will probably continue to drop, having declined by 2.1% last year.
- In the longer term, the ageing population could push up demand as per capita housing requirements increase considerably for the elderly. In major centres, in particular, demand should therefore continue to outstrip supply.

Development of rents (index 2011 Q1 = 100)

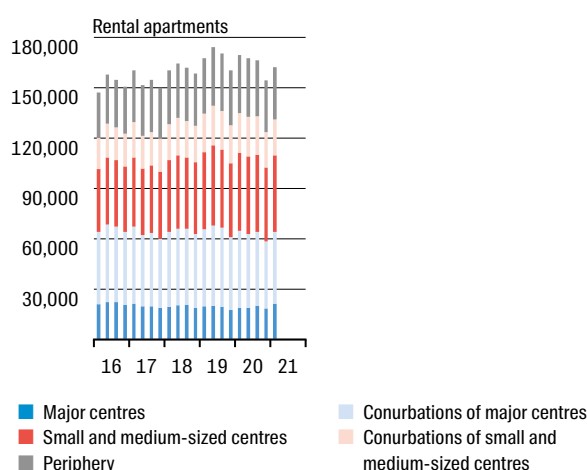


## Key indicators for Switzerland

	2019	2020	2021
<b>Rental apartments</b>			
Market value (bn CHF, excl. parking spaces)	—	—	1,165
Planning applications (bn CHF) <sup>(1)</sup>	12.1	11.5	11.4
Vacancy rate (June)	2.6%	2.7%	—
Supply rate	7.1%	7.2%	6.9%
Asking price index (year-on-year change in rents)	-1.9%	-1.1%	-2.4%
Current asking rent (CHF/sqm per year, median)	—	—	190
Marketing duration (days, median, Q4)	42	33	—

<sup>(1)</sup> Apartments in multi-family houses.  
As at Q1 unless otherwise stated

Number of apartments on offer (per quarter)



## Key indicators for the major centres

	Apartments (number, 2018)	Planning appl. (m CHF)	Vacancy rate (June 2020)	Supply rate	Asking rent (median)	Prime rent (2020 Q4)	Prime yield (2020 Q4)	Total return (MSCI, 2020)
<b>Rental apartments</b>								
Zurich	191,700	1,169.0	0.2%	3.6%	340	705	1.4%	8.2%
Berne	60,800	61.4	0.7%	5.0%	240	390	1.8%	6.2%
Basel	79,600	148.8	1.2%	6.1%	240	380	1.8%	6.6%
Lausanne	63,500	414.1	0.6%	5.2%	280	440	1.9%	7.3%
Geneva	85,600	189.2	0.7%	3.8%	380	630	1.8%	5.9%
Switzerland	2,349,800	11,414.9	2.7%	6.9%	190	—	—	7.0%

As at 2021 Q1 unless otherwise stated

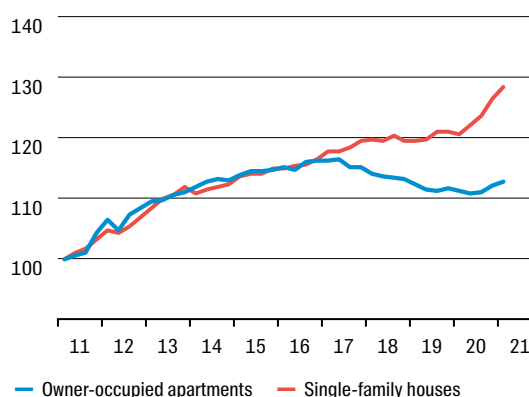
**Notes:** This market report has been produced by Wüest Partner with due care. It is intended as general guidance only. Reliance should not be placed upon the information, forecasts and opinions set out herein for any purpose whatsoever, and Wüest Partner accepts no liability, whether in negligence or otherwise, arising from such use.

**Commercial and residential properties:** Asking rents and prime rents in CHF per sqm usable area; prime yields = net initial yields (net earnings/gross purchase price) for fully let prime properties at top locations. **Single-family houses:** Asking prices per house in CHF; transaction and top prices in CHF for an average/upmarket house. **Owner-occupied apartments:** Asking prices (median), transaction and top prices (average/upmarket property) in CHF per sqm usable area. **All market segments:** The supply rate indicates the number of properties/floorspace on offer as a percentage of total stock. The change in the asking price index shows the development of roughly quality adjusted asking prices and asking rents.

**Sources:** This market survey is based on a broad Wüest Partner data pool. It also draws on the following public sources: Federal Statistical Office (FSO) as well as cantonal and local statistical offices, Baublatt Info-Dienst, KOF Swiss Economic Institute, State Secretariat for Economic Affairs SECO, Swiss National Bank and MSCI.

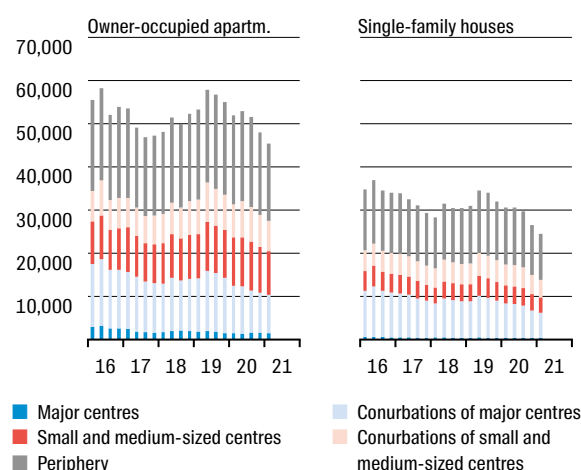
## Residential – owner-occupied

- Demand for owner-occupied housing increased noticeably during the coronavirus pandemic in 2020. Thus prices of owner-occupied apartments and houses rose even more sharply than in the previous years.
- Assuming that the Swiss economy recovers at least partially from last year's downturn, prices of owner-occupied housing are likely to rise further. Wüest Partner anticipates a rise of 1.6% by year-end.
- Single-family houses are particularly sought-after at present as they tend to be more spacious than apartments and have private outdoor spaces. However, choice has become even more restricted: in the first quarter of 2021, the number of properties for sale was lower than at any time since 2004. Since demand greatly exceeds supply, prices are likely to rise further in 2021 (forecast: 2.5%).

**Development of asking prices (index 2011 Q1 = 100)**

**Key indicators for Switzerland**

	2019	2020	2021
<b>Owner-occupied apartments</b>			
Market value (bn CHF, excl. parking spaces)	–	–	983
Supply rate	5.2%	5.1%	4.4%
Vacancy rate (June)	0.5%	0.6%	–
Asking price index (year-on-year change)	-1.5%	-1.1%	1.4%
Current asking price (CHF/sqm, median)	–	–	7,130
Marketing duration (days, median, Q4)	83	76	–
<b>Single-family houses</b>			
Market value (bn CHF)	–	–	1,337
Supply rate	3.1%	3.1%	2.5%
Vacancy rate (June)	0.8%	0.7%	–
Asking price index (year-on-year change)	-0.1%	0.9%	6.5%
Asking price (CHF per 6-6.5 room house, median)	–	–	1,295,000
Marketing duration (days, median, Q4)	73	66	–

As at Q1 unless otherwise stated

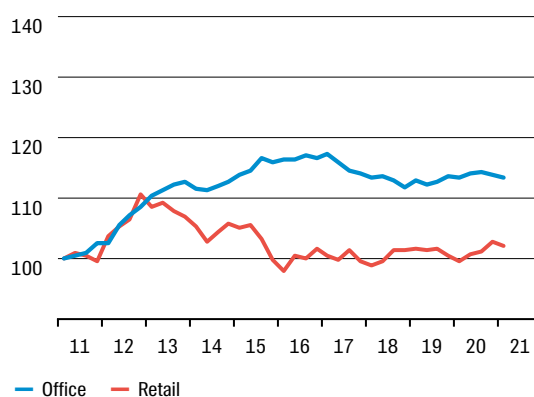
**Number of properties on offer (per quarter)**

**Key indicators for the major centres**

	Properties (2018)	Market value <sup>(1)</sup> (m CHF)	Planning appl. (m CHF)	Vacancy rate (June 2020)	Supply rate	Asking price <sup>(2)</sup> (median)	Transaction price <sup>(2, 3)</sup>	Top price <sup>(2)</sup>
<b>Owner-occupied</b>								
Zurich	25,400	44,080	129.6	0.1%	0.9%	13,950	16,290	32,000
Berne	11,700	12,360	1.9	0.0%	0.6%	8,210	9,780	17,700
Basel	15,000	18,580	39.1	0.0%	1.2%	10,190	11,440	18,100
Lausanne	11,300	15,870	65.6	0.1%	2.5%	10,920	12,800	25,100
Geneva	21,400	42,200	24.0	0.3%	3.3%	15,270	18,350	39,300
Switzerland	1,022,400	983,410	7,433.8	0.6%	4.4%	7,130	7,500	–
<b>Single-family houses</b>								
Zurich	8,900	28,760	41.3	0.1%	0.4%	2,256,970	3,304,000	4,511,000
Berne	3,900	7,770	7.5	0.1%	0.6%	1,329,570	2,094,000	2,708,000
Basel	5,900	14,080	7.0	0.2%	0.9%	1,435,660	2,424,000	3,094,000
Lausanne	2,200	4,470	7.1	0.1%	5.2%	1,613,800	2,123,000	2,930,000
Geneva	800	2,370	1.6	0.5%	8.8%	2,088,680	3,143,000	4,361,000
Switzerland	995,300	1,336,980	5,773.3	0.7%	2.5%	1,295,000	1'075'000	–

 As at 2021 Q1 unless otherwise stated. – <sup>(1)</sup> Owner-occupied apartments: Market value excl. parking spaces. – <sup>(2)</sup> Owner-occupied apartments: price in CHF/sqm; single-family houses: price in CHF per house. – <sup>(3)</sup> New calculation base.

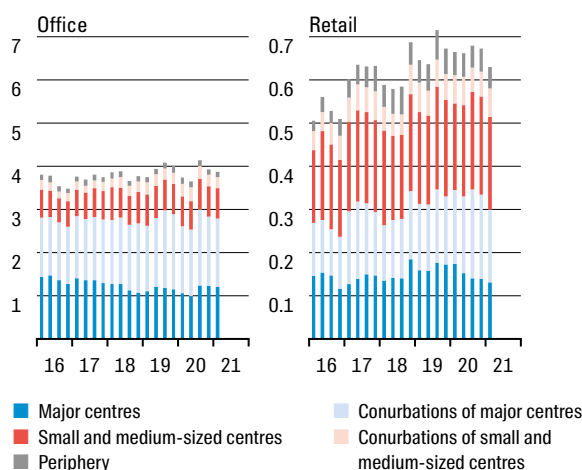
## Commercial property

- Although overall employment decreased in 2020, jobs in sectors with a high proportion of office workers increased by around 36,300. Consequently, the markets benefited from intact absorption of supply last year.
- However, rents are starting to slow: across Switzerland, rents for new contracts fell by 0.5% in 2020. Given the number of planned new-build projects, competition between suppliers is set to increase, so further price concessions are likely.
- Despite the improvement in consumer confidence, stationary retail will probably be confronted by a further reduction in value-added (especially in the non-food sector).
- Since declining sales per square metre generally make store rents less affordable, many owners of retail premises will have to reduce rents to avoid vacancies.

**Development of asking rents** (index 2011 Q1 = 100)

**Key indicators for Switzerland**

	2019	2020	2021
<b>Office space</b>			
Market value (bn CHF, excl. parking spaces)	–	–	310
Planning applications (bn CHF)	1.6	1.8	1.7
Supply rate	6.6%	6.5%	6.8%
Asking price index (year-on-year change in rents)	-0.5%	0.4%	-0.1%
Current asking rent (CHF/sqm and year, median)	–	–	260
Marketing duration (days, median, Q4)	90	85	–
<b>Retail space</b>			
Market value (bn CHF, excl. parking spaces)	–	–	178
Planning applications (bn CHF)	0.7	0.6	0.5
Supply rate	1.8%	1.9%	1.8%
Asking price index (year-on-year change in rents)	2.8%	-2.1%	2.6%
Current asking rent (CHF/sqm and year, median)	–	–	300

As at Q1 unless otherwise stated

**Commercial space on offer** (million sqm per quarter)

**Key indicators for the major centres**

	Stock (sqmGFA, 2018)	Planning appl. (m CHF)	Vacancy rate (June 2020)	Supply rate	Asking rent (median)	Prime rent (2020 Q4)	Prime yield (2020 Q4)	Total return (MSCI, 2020)
<b>Office space</b>								
<b>Zurich</b>	10,038,200	11.0	1.1%	4.7%	370	890	1.7%	6.6%
<b>Berne</b>	2,240,400	0.0	1.7%	4.5%	240	360	2.1%	2.7%
<b>Basel</b>	4,633,800	9.1	2.2%	5.4%	250	340	2.2%	4.4%
<b>Lausanne</b>	2,204,500	60.4	1.5%	4.1%	300	440	2.3%	4.6%
<b>Geneva</b>	3,633,000	1.4	5.0% <sup>(1)</sup>	7.9%	470	900	2.0%	3.1%
<b>Switzerland</b>	57,230,600	1,665.0	–	6.8%	260	–	–	5.3%
<b>Retail space</b>								
<b>Zurich</b>	1,932,000	10.7	0.3%	1.4%	450	8,100	2.3%	5.4%
<b>Berne</b>	995,500	0.0	0.3%	0.8%	390	2,100	2.5%	3.5%
<b>Basel</b>	960,100	2.7	1.3%	1.9%	330	2,800	2.8%	0.2%
<b>Lausanne</b>	494,800	46.9	1.9%	5.3%	310	2,200	2.9%	3.6%
<b>Geneva</b>	665,000	33.1	1.5% <sup>(1)</sup>	7.9%	450	5,000	2.6%	5.8%
<b>Switzerland</b>	35,486,900	527.3	–	1.8%	300	–	–	3.9%

 As at 2021 Q1 unless otherwise stated – <sup>(1)</sup> June 2019