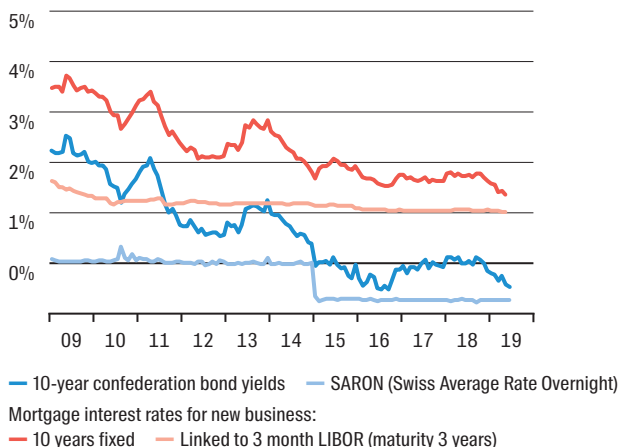


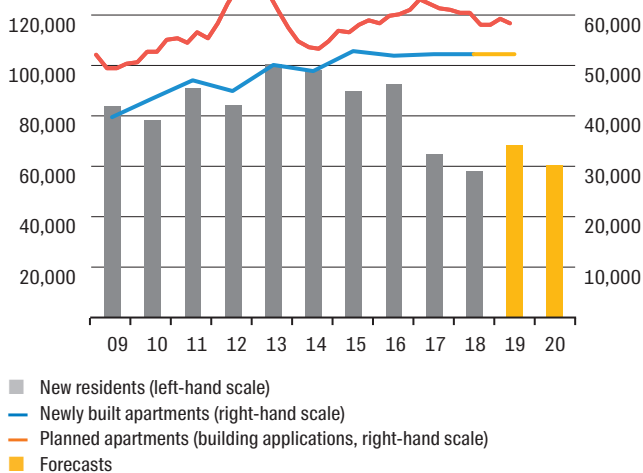
Background

- Even though the Swiss economy performed well at the beginning of 2019, prospects for the future remain modest. An increase in the economic output of 1.4% in real terms is expected in the current year and growth of 1.9% in 2020.
- The situation on the labour market is encouraging. Employment is growing and the unemployment rate was 2.1% in June 2019, the lowest level since 2001.
- The resident population is growing at a slower pace. Wüest Partner expects the number of inhabitants to increase by 0.7 to 0.8% in 2019. This means that the expected growth is below the average of the past ten years.
- The low-interest period seems to be continuing. Consequently, investments in real estate remain high in demand. Investors show a high willingness to pay for commercial properties, but also for residential properties with relatively low vacancy rates.

Confederation bond yields and mortgage rates



Population growth and residential construction activity



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

	2017	2018	2019	2020
Population				
Persons (millions)	8.48	8.54	8.61 ⁽¹⁾	8.67 ⁽¹⁾
Annual change	0.8%	0.7%	0.8% ⁽¹⁾	0.7% ⁽¹⁾
Economy				
Annual change in real GDP	1.7%	2.5%	1.4% ⁽²⁾	1.9% ⁽²⁾
Annual change in employment	0.8%	1.3%	1.3% ⁽¹⁾	0.8% ⁽³⁾
Unemployment rate	3.2%	2.6%	2.4% ⁽³⁾	2.6% ⁽³⁾
Consumer confidence index (Apr. each yr.)	-8	2	-6	-
Annual average change in real retail turnover	0.0%	-0.1%	-0.8% ⁽⁴⁾	-
Building construction investment				
Annual change (nominal, new-build & refurb.)	0.8% ⁽¹⁾	0.9% ⁽¹⁾	0.6% ⁽¹⁾	-
Money market				
Annual inflation	0.5%	0.9%	0.6% ⁽²⁾	0.7% ⁽²⁾
10-year fixed mortgage rate (May each yr.)	1.63%	1.72%	1.35%	-
10-year confederation bonds (June each yr.)	-0.03%	-0.01%	-0.48%	-

⁽¹⁾ Wüest Partner forecast – ⁽²⁾ Average of Credit Suisse, KOF, SECO, UBS forecasts – ⁽³⁾ SECO forecast June 2019 – ⁽⁴⁾ Change between January and May 2018

Immo-Monitoring

Detailed analyses and an outlook for the Swiss real estate market can be found in the current Immo-Monitoring (spring edition 2019 | 2, and summer update, 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 hotel industry between success and competitive pressure
- The real estate market of France
- The «broad» footprint of spatial planning
- 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

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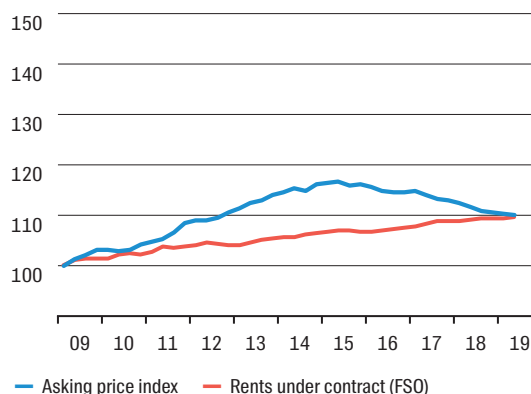
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Residential market

- Due to the expected residential construction activity and based on the foreseeable formation of households, a further increase in vacancies of up to residential 9000 units must be expected in 2019. Significantly more than 80% of the vacancies are again expected to be in the rental apartment segment.
- The fact that the rental apartment market is currently even more liquid than last year is reflected in the increased number of advertised apartments. In the second quarter of 2019, 173,600 properties were offered, an increase of 5.5% on the same quarter last year.
- There is a particularly high number of properties (in relation to the respective stock) advertised in the Lower Valais (Sierre, Martigny, Monthey, Sion) and in the La Broye and Mutschellen regions.
- The large selection of rental apartments and the simultaneously stagnating additional demand are the main reasons why average rents remain under pressure.

Development of rents (index 2009 Q1 = 100)

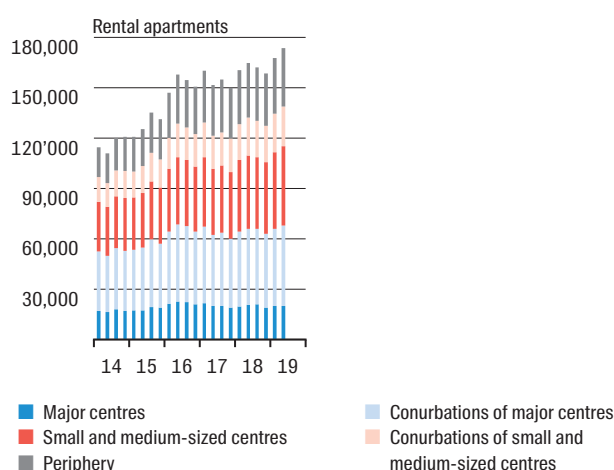


Key indicators for Switzerland

	2017	2018	2019
Rental apartments			
Market value (bn CHF, excl. parking spaces, Q4)	—	1,068	—
Planning applications (bn CHF) ⁽¹⁾	11.6	12.6	12.3
Vacancy rate (June)	2.3%	2.6%	—
Supply rate	6.7%	7.2%	7.6%
Asking price index (year-on-year change in rents)	-0.5%	-2.2%	-1.5%
Current asking rent (CHF/sqm per year, median)	—	—	190
Marketing duration (days, median, Q1)	36	36	39

⁽¹⁾ Apartments in multi-family houses.
As at Q2 unless otherwise stated

Number of apartments on offer (per quarter)



Key indicators for the major centres

	Apartments (number, 2016)	Planning appl. (m CHF)	Vacancy rate (June 2018)	Supply rate	Asking rent (median)	Prime rent	Prime yield	Total return (MSCI, 2018)
Rental apartments								
Zurich	186,900	1,061.7	0.2%	3.2%	320	660	1.6%	7.8%
Berne	60,100	76.2	0.6%	4.8%	240	390	2.1%	6.2%
Basel	78,700	187.5	0.9%	6.0%	230	370	2.2%	6.5%
Lausanne	62,500	140.3	0.8%	5.5%	280	445	2.3%	7.0%
Geneva	84,400	633.7	0.7%	3.5%	370	620	2.2%	6.2%
Switzerland	2,273,100	12,307.6	2.6%	7.6%	190	—	—	6.9%

As at 2019 Q2 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.

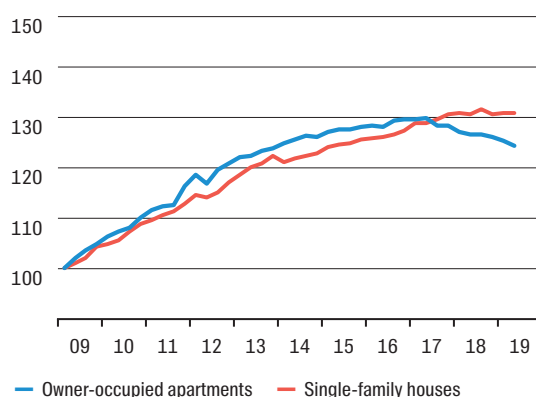
Commercial and residential properties: Asking rents and prime rents in CHF per sqm usable area; prime yields = net initial yields (net earnings/gross purchase price) for fully let prime properties at top locations. **Single-family houses:** Asking prices per house in CHF; transaction and top prices in 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 planning applications are moving annual totals per quarter (sum of current quarter + 3 preceding quarters). 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.

Owner-occupied market

- Due to the renewed drop in mortgage rates, the financing environment remains attractive and home ownership remains sought after. Transaction prices of owner-occupied apartments have risen by 2.8% in the last twelve months. At the same time, however, there has also been an increase in advertised properties – especially in the small and medium-sized centres and their peripheries.
- In view of the positive economic developments, demand for owner-occupied apartments should remain healthy. Wüest Partner expects prices to be stable in the current year.
- Single-family houses also remain in high demand in Switzerland – despite the high prices that are now being demanded in many places. From mid-2018 to mid-2019, transaction prices for medium-sized single-family houses rose by 4.4%. This segment should continue to develop dynamically in the coming months.

Development of asking prices (index 2009 Q1 = 100)

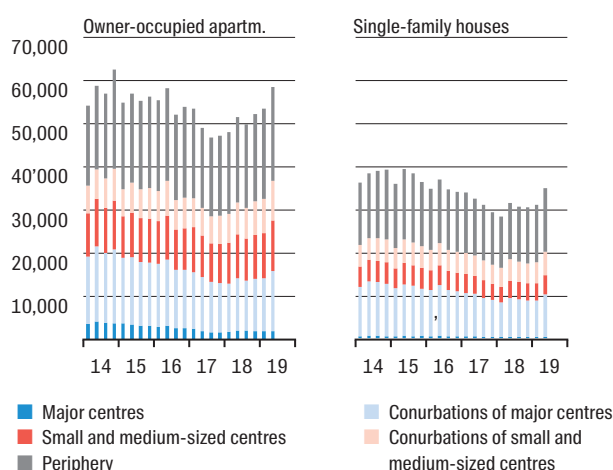


Key indicators for Switzerland

	2017	2018	2019
Owner-occupied apartments			
Market value (bn CHF, excl. parking spaces)	–	–	851
Supply rate	4.9%	5.1%	5.8%
Vacancy rate (June)	0.5%	0.6%	–
Asking price index (year-on-year change)	1.5%	-2.6%	-1.9%
Current asking price (CHF/sqm, median)	–	–	6,460
Marketing duration (days, median, Q1)	84	75	73
Single-family houses			
Market value (bn CHF)	–	–	1,171
Supply rate	3.3%	3.2%	3.5%
Vacancy rate (June)	0.7%	0.7%	–
Asking price index (year-on-year change)	2.2%	1.3%	0.2%
Asking price (CHF per 6-6.5 room house, median)	–	–	1,150,000
Marketing duration (days, median, Q1)	76	69	61

As at Q2 unless otherwise stated

Number of properties on offer (per quarter)



Key indicators for the major centres

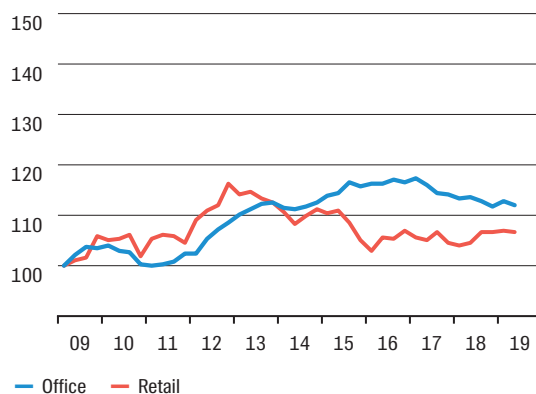
	Properties (2016)	Market value ⁽¹⁾ (m CHF)	Planning appl. (m CHF)	Vacancy rate (June 2018)	Supply rate	Asking price ⁽²⁾ (median)	Transaction price ⁽²⁾	Top price ⁽²⁾
Owner-occupied								
Zurich	25,100	39,390	95.0	0.1%	1.2%	12,990	14,650	30,000
Berne	11,700	11,110	22.8	0.0%	1.2%	7,450	8,850	16,800
Basel	14,900	16,180	19.0	0.1%	1.7%	8,800	10,040	16,800
Lausanne	11,300	13,990	8.0	0.1%	3.8%	9,770	11,650	23,600
Geneva	21,300	35,850	69.6	0.4%	4.1%	13,210	15,620	35,600
Switzerland	1,003,700	851,310	7,323.1	0.6%	5.8%	6,460	7,300	–
Single-family houses								
Zurich	8,900	23,490	35.5	0.1%	0.8%	1,914,440	2,707,000	4,092,000
Berne	3,900	7,010	8.3	0.1%	0.7%	1,196,980	1,843,000	2,690,000
Basel	5,900	12,360	2.6	0.1%	1.4%	1,374,620	2,126,000	3,058,000
Lausanne	2,100	3,790	10.9	0.0%	6.3%	1,473,860	1,827,000	2,787,000
Geneva	800	1,950	7.4	0.5%	11.1%	1,779,530	2,535,000	3,831,000
Switzerland	982,300	1,171,390	5,455.5	0.7%	3.5%	1,150,000	1,000,000	–

As at 2019 Q2 unless otherwise stated. – ⁽¹⁾ Owner-occupied apartments: Market value excl. parking spaces. – ⁽²⁾ Owner-occupied apartments: price in CHF/sqm; single-family houses: price in CHF per house.

Commercial market

- The lively absorption of office space on the Swiss market continued in the first half of 2019. The average marketing duration is stable at around 70 days and the advertised supply has recently declined slightly.
- Good absorption and a slight increase in asking rents of office space were recently reported in the Basel and Bern regions. By contrast, the Zurich region (excluding the city of Zurich) and the Lake Geneva region have relatively high space capacities.
- The prospects for the Swiss retail space market remain measured, even though the general conditions for the retail trade have improved.
- It is not only the changing shopping habits that pose challenges to owners of retail space. Further growth in the supply of space must also be expected in the future, which will make marketing even more difficult.

Development of asking rents (index 2009 Q1 = 100)



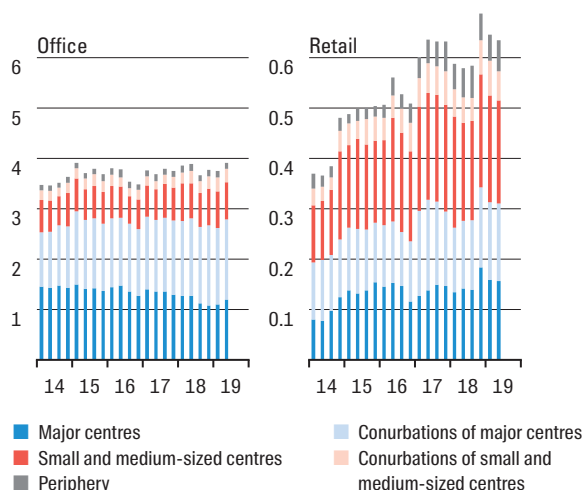
Key indicators for Switzerland

	2017	2018	2019
Office space			
Market value (bn CHF, excl. parking spaces, Q4)	—	295	—
Planning applications (bn CHF)	2.7	1.7	1.7
Supply rate	6.6%	7.0%	7.0%
Asking price index (year-on-year change in rents)	-0.4%	-2.0%	-1.3%
Current asking rent (CHF/sqm and year, median)	—	—	200
Marketing duration (days, median, Q1)	91	77	88

Retail space			
Market value (bn CHF, excl. parking spaces, Q4)	—	160	—
Planning applications (bn CHF)	0.5	0.6	1.0
Supply rate	1.8%	1.7%	1.8%
Asking price index (year-on-year change in rents)	-0.7%	-0.3%	2.0%
Current asking rent (CHF/sqm and year, median)	—	—	210

As at Q2 unless otherwise stated

Commercial space on offer (million sqm per quarter)



Key indicators for the major centres

	Stock (sqmGFA, 2017)	Planning appl. (m CHF)	Vacancy rate (June 2018)	Supply rate	Asking rent (median)	Prime rent	Prime yield	Total return (MSCI, 2018)
Office space								
Zurich	9,900,500	289.1	1.8%	4.9%	340	930	2.0%	8.4%
Berne	2,216,100	0.0	3.6%	3.8%	250	360	2.3%	6.0%
Basel	4,583,000	10.5	1.7%	2.8%	240	350	2.5%	3.7%
Lausanne	2,181,200	17.6	2.1%	4.3%	300	450	2.6%	3.7%
Geneva	3,602,400	238.9	4.9%	11.5%	450	940	2.3%	4.4%
Switzerland	56,471,800	1,724.8	—	7.0%	200	—	—	6.8%
Retail space								
Zurich	1,922,800	114.0	0.4%	1.5%	410	8,500	2.4%	4.9%
Berne	993,800	0.1	0.4%	0.9%	310	2,400	2.5%	3.9%
Basel	955,800	2.0	1.7%	2.2%	290	3,200	2.9%	-1.3%
Lausanne	491,100	32.4	0.9%	6.4%	310	2,300	3.1%	3.2%
Geneva	662,100	29.8	1.5%	10.1%	430	4,800	2.8%	3.1%
Switzerland	35,122,100	1,008.3	—	1.8%	210	—	—	3.4%

As at 2019 Q2 unless otherwise stated