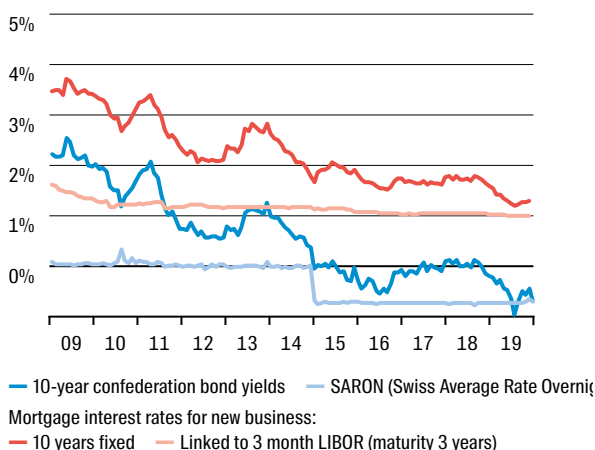


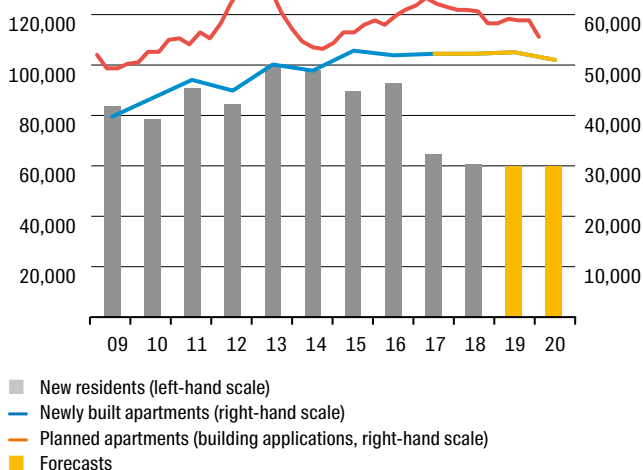
# Background

- The Swiss economy looks set to record real growth of 0.9% in 2019. The increase in gross domestic product thus remained below the average of 1.7% for the last ten years. The prospects for 2020 and 2021 are equally modest.
- Although the secondary sector accounted for much of last year's economic growth, job numbers rose primarily in service companies.
- Switzerland enjoys a very low unemployment rate: the average for 2019 stood at 2.3% and was therefore slightly lower than the previous year's figure of 2.5%. Robust employment growth is forecast for 2020, together with a similarly low jobless rate of 2.4%.
- Interest rates are very low and no substantial turnaround is anticipated on this front in 2020. As a consequence, real estate is likely to remain very popular with investors.

## 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
<b>Population</b>				
Persons (millions)	8.48	8.54	8.60 <sup>(1)</sup>	8.66 <sup>(1)</sup>
Annual change	0.8%	0.7%	0.7% <sup>(1)</sup>	0.7% <sup>(1)</sup>
<b>Economy</b>				
Annual change in real GDP	1.7%	2.5%	0.9% <sup>(2)</sup>	1.5% <sup>(2)</sup>
Annual change in employment	0.8%	1.3%	1.3% <sup>(1)</sup>	1.1% <sup>(1)</sup>
Unemployment rate	3.2%	2.5%	2.3%	2.4% <sup>(3)</sup>
Consumer confidence index (Jan. each yr.)	-1	-3	-10	-
Annual average change in real retail turnover	0.0%	-0.1%	-0.1%	-
<b>Building construction investment</b>				
Annual change (nominal, new-build & refurb.)	2.2%	0.8% <sup>(1)</sup>	0.6% <sup>(1)</sup>	-1.0% <sup>(1)</sup>
<b>Money market</b>				
Annual inflation	0.5%	0.9%	0.4%	0.3% <sup>(2)</sup>
10-year fixed mortgage rate (Dec. each yr.)	1.62%	1.63%	1.29%	-
10-year confederation bonds (Jan. each yr.)	-0.07%	0.10%	-0.21%	-0.70% <sup>(3)</sup>

<sup>(1)</sup> Wüest Partner forecast - <sup>(2)</sup> Average of Credit Suisse, KOF, SECO, UBS forecasts - <sup>(3)</sup> SECO forecast December 2019

## Immo-Monitoring

Detailed analyses and an outlook for the Swiss real estate market can be found in the current Immo-Monitorings (autumn edition 2020 | 1 and winter 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
- Affordable living: a fact check
- Bricks-and-mortar retail trade: future prospects
- Property stock: Identifying hidden potentials
- 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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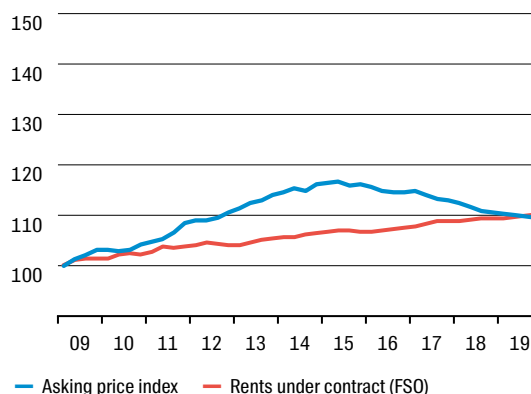
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# Residential market

- The downtrend in the rents for advertised apartments persists, with last year witnessing an average drop of 0.9%. As a result, Switzerland now looks back on nearly five successive years of rental decline.
- This development is due to the gulf between supply and demand. The number of advertised properties remains relatively high compared to previous years: the number of rental apartments on offer at the end of 2019 totalled 159,600 – this is 12.7% higher than the average for the period 2015–18.
- The supply-side expansion is gradually losing pace. While new-build volumes are slowly inching down, the demand for apartments is being fuelled by new single-person households.
- Nonetheless, 2020 looks set to see a further slide in asking rents. Tenants with existing leases are also likely to benefit from rent reductions in the coming months.

Development of rents (index 2009 Q1 = 100)

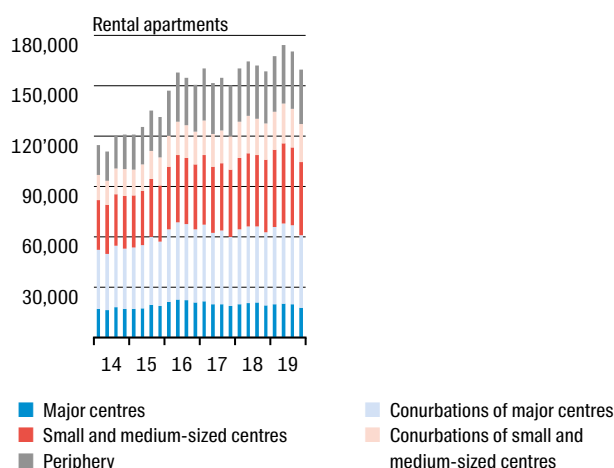


## Key indicators for Switzerland

	2017	2018	2019
<b>Rental apartments</b>			
Market value (bn CHF, excl. parking spaces)	–	–	1,156
Planning applications (bn CHF) <sup>(1)</sup>	12.0	11.8	12.3
Vacancy rate (June)	2.3%	2.6%	2.7%
Supply rate	6.6%	6.9%	6.9%
Asking price index (year-on-year change in rents)	-1.5%	-2.1%	-0.9%
Current asking rent (CHF/sqm per year, median)	–	–	190
Marketing duration (days, median, Q3)	36	39	39

<sup>(1)</sup> Apartments in multi-family houses.  
As at Q4 unless otherwise stated

Number of apartments on offer (per quarter)



## Key indicators for the major centres

	Apartments (number, 2017)	Planning appl. (m CHF)	Vacancy rate (June 2019)	Supply rate	Asking rent (median)	Prime rent (2019 Q3)	Prime yield (2019 Q3)	Total return (MSCI, 2018)
<b>Rental apartments</b>								
<b>Zurich</b>	188,800	1,388.7	0.1%	2.6%	330	660	1.5%	7.8%
<b>Berne</b>	60,500	90.8	0.7%	4.2%	240	390	2.0%	6.2%
<b>Basel</b>	78,900	124.5	1.2%	5.4%	230	365	2.1%	6.5%
<b>Lausanne</b>	62,900	165.8	0.4%	5.3%	270	445	2.1%	7.0%
<b>Geneva</b>	85,000	321.2	0.7%	3.2%	370	625	2.0%	6.2%
<b>Switzerland</b>	2,309,600	12,309.1	2.7%	6.9%	190	–	–	6.9%

As at 2019 Q4 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.

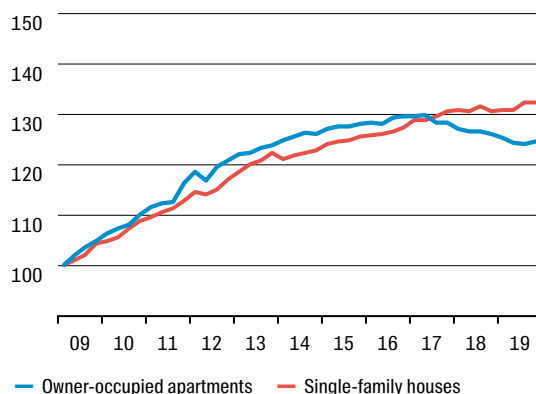
**Commercial and residential properties:** Asking rents and prime rents in CHF per sqm usable area; prime yields = net initial yields (net earnings/gross purchase price) for fully let prime properties at top locations. **Single-family houses:** Asking prices per house in CHF; transaction and top prices 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.

# Owner-occupied market

- The second half of 2019 saw more moderate price rises for owner-occupied apartments than the first half-year with its much sharper increases. The average whole-year growth in transaction prices for medium-sized properties stood at 2.1%.
- Trends in the upmarket segment were surprisingly buoyant: the 3.4% increase recorded here was the biggest annual jump since 2014.
- In the single-family house segment too, the price surge of recent years is losing momentum: average transaction prices edged up by only 0.2% in the second half of 2019, with annual growth running to 2.4%.
- This is mainly due to the diminishing number of prospective buyers for whom single-family house prices are still manageable.

Development of asking prices (index 2009 Q1 = 100)

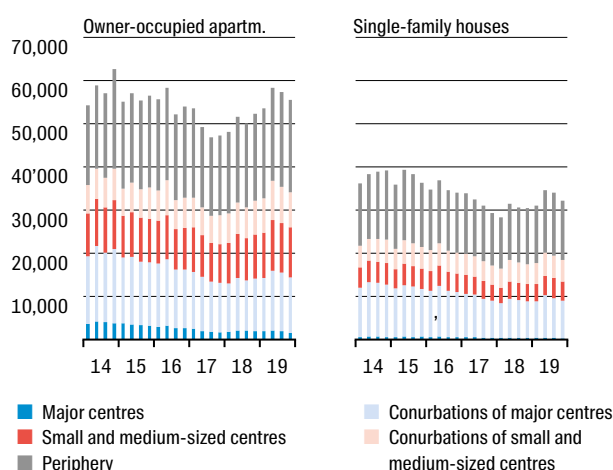


## Key indicators for Switzerland

	2017	2018	2019
<b>Owner-occupied apartments</b>			
Market value (bn CHF, excl. parking spaces)	—	—	895
Supply rate	4.7%	5.2%	5.5%
Vacancy rate (June)	0.5%	0.6%	0.6%
Asking price index (year-on-year change)	-1.0%	-1.7%	-1.2%
Current asking price (CHF/sqm, median)			6,680
Marketing duration (days, median, Q3)	75	73	66
<b>Single-family houses</b>			
Market value (bn CHF)	—	—	1,226
Supply rate	3.0%	3.1%	3.2%
Vacancy rate (June)	0.7%	0.7%	0.8%
Asking price index (year-on-year change)	2.6%	-0.1%	1.4%
Asking price (CHF per 6-6.5 room house, median)	—	—	1,180,000
Marketing duration (days, median, Q3)	69	62	61

As at Q4 unless otherwise stated

Number of properties on offer (per quarter)



## Key indicators for the major centres

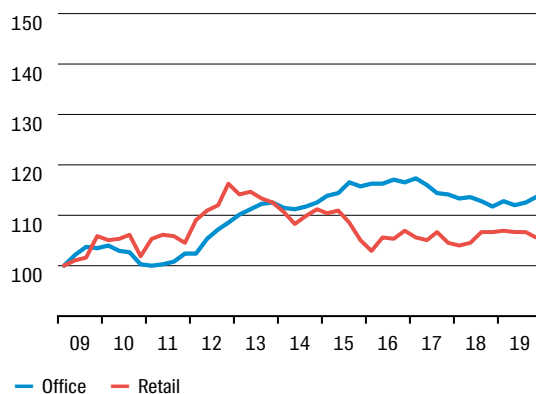
	Properties (2017)	Market value <sup>(1)</sup> (m CHF)	Planning appl. (m CHF)	Vacancy rate (June 2019)	Supply rate	Asking price <sup>(2)</sup> (median)	Transaction price <sup>(2)</sup>	Top price <sup>(2)</sup>
<b>Owner-occupied</b>								
Zurich	25,200	41,550	167.7	0.1%	1.0%	12,950	14,890	30,700
Berne	11,700	11,730	30.2	0.0%	0.8%	7,610	8,950	17,100
Basel	15,000	17,250	23.9	0.1%	1.1%	9,070	10,220	17,200
Lausanne	11,300	14,940	32.1	0.0%	3.0%	10,070	11,700	23,900
Geneva	21,300	38,600	44.9	0.3%	2.9%	14,010	16,160	37,100
Switzerland	1,013,100	895,220	7,358.3	0.6%	5.5%	6,680	7,200	—
<b>Single-family houses</b>								
Zurich	8,900	25,470	27.5	0.1%	0.7%	2,029,000	2,786,000	4,228,000
Berne	3,900	7,140	2.6	0.2%	0.8%	1,268,560	1,805,000	2,647,000
Basel	5,900	13,080	3.1	0.2%	0.9%	1,422,170	2,123,000	3,060,000
Lausanne	2,200	4,210	5.5	0.0%	4.0%	1,530,720	1,892,000	2,903,000
Geneva	800	2,110	7.4	1.5%	6.0%	1,886,330	2,646,000	4,018,000
Switzerland	988,900	1,226,370	5,596.0	0.8%	3.2%	1,180,000	1,020,000	—

As at 2019 Q4 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.

# Commercial market

- The additional demand for office space has been bolstered by employment growth. This demand, however, is meeting with high overall supply levels: in Q4 2019, 7.1% of all office premises were on offer. The outlying municipalities of the major conurbations have been particularly affected by rising supply rates while some parts of the core cities still experience shortages.
- Office rents are predicted to creep up only slightly in the course of 2020, with an average nationwide rise of 0.2% expected.
- The retail market is suffering from the ongoing structural change. Last year's slide in the average rents for advertised units looks set to continue, with a further drop of 2.5% expected for the coming year.
- Recently, even the top rents commanded by prime locations in the major Swiss cities have mostly been in decline.

Development of asking rents (index 2009 Q1 = 100)

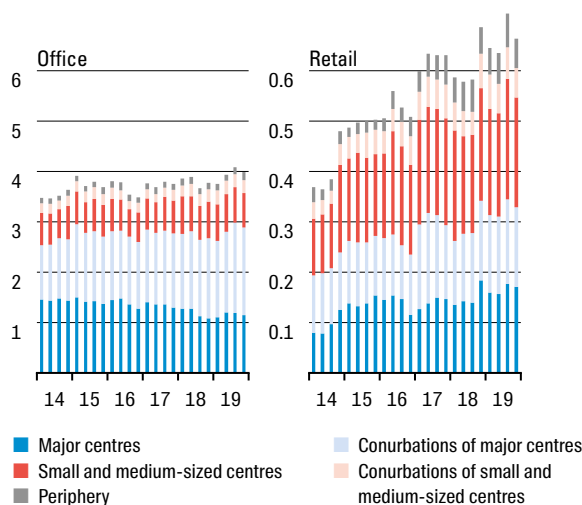


## Key indicators for Switzerland

	2017	2018	2019
<b>Office space</b>			
Market value (bn CHF, excl. parking spaces)	—	—	316
Planning applications (bn CHF)	1.7	1.9	1.6
Supply rate	6.7%	6.7%	7.1%
Asking price index (year-on-year change in rents)	-2.2%	-2.0%	1.6%
Current asking rent (CHF/sqm and year, median)	—	—	210
Marketing duration (days, median, Q3)	77	89	76
<b>Retail space</b>			
Market value (bn CHF, excl. parking spaces)	—	—	159
Planning applications (bn CHF)	0.6	0.7	0.8
Supply rate	1.8%	2.0%	1.9%
Asking price index (year-on-year change in rents)	-2.1%	2.0%	-1.1%
Current asking rent (CHF/sqm and year, median)	—	—	260

As at Q4 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 2019)	Supply rate	Asking rent (median)	Prime rent (2019 Q3)	Prime yield (2019 Q3)	Total return (MSCI, 2018)
<b>Office space</b>								
Zurich	9,900,500	285.8	1.4%	4.6%	360	950	2.0%	8.4%
Berne	2,216,100	0.0	2.2%	3.3%	260	360	2.2%	6.0%
Basel	4,583,000	216.1	1.8%	2.9%	240	340	2.4%	3.7%
Lausanne	2,181,200	31.5	2.0%	4.1%	300	440	2.5%	3.7%
Geneva	3,602,400	84.3	5.0%	10.8%	460	930	2.2%	4.4%
Switzerland	56,471,800	1,610.1	—	7.1%	210	—	—	6.8%
<b>Retail space</b>								
Zurich	1,922,800	104.2	0.5%	1.4%	400	8,400	2.4%	4.9%
Berne	993,800	0.1	0.4%	1.0%	340	2,400	2.5%	3.9%
Basel	955,800	2.0	1.5%	2.4%	290	3,100	2.8%	-1.3%
Lausanne	491,100	23.7	1.8%	6.0%	280	2,300	3.0%	3.2%
Geneva	662,100	31.8	1.5%	12.2%	400	5,500	2.7%	3.1%
Switzerland	35,122,100	831.7	—	1.9%	260	—	—	3.4%

As at 2019 Q4 unless otherwise stated