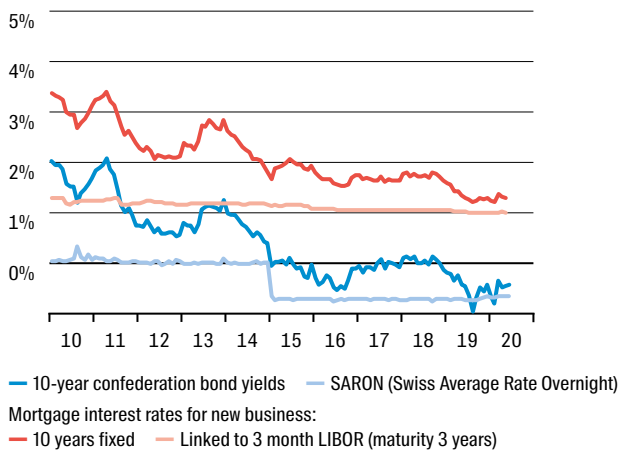


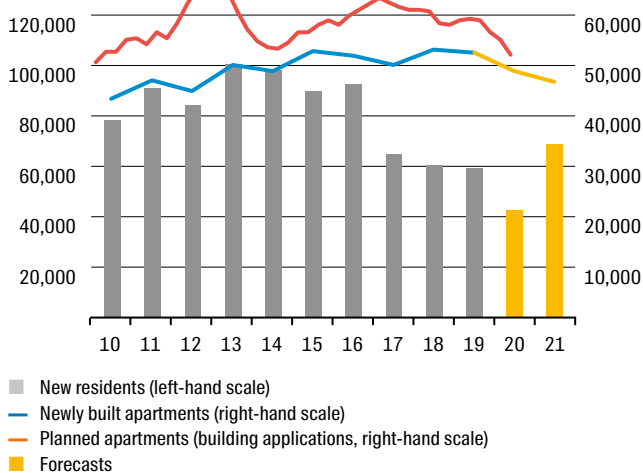
Background

- The temporary, pandemic-driven drop in consumer and investment spending plunged Switzerland into a recession. Although recovery is now under way in most sectors, the situation remains challenging for many internationally networked businesses and those that are dependent on foreign demand.
- In 2020, GDP will be an estimated 5.2 percent below last year's level. Although it is expected to pick up again in 2021, it is unlikely to equal the 2019 figure.
- The return on ten-year Swiss government bonds was -0.5 percent in July 2020. In this low-interest environment, real estate remains very popular with institutional investors.

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
Population				
Persons (millions)	8.54	8.60	8.65 ⁽¹⁾	8.72 ⁽¹⁾
Annual change	0.7%	0.7%	0.5% ⁽¹⁾	0.8% ⁽¹⁾
Economy				
Annual change in real GDP	2.8%	1.0%	-5.2% ⁽²⁾	4.3% ⁽²⁾
Annual change in employment	1.3%	1.2%	-1.5% ⁽²⁾	0.2% ⁽²⁾
Unemployment rate	2.5%	2.3%	3.7% ⁽²⁾	4.1% ⁽²⁾
Consumer confidence index (April each yr.)	-5	-9	-39	-
Annual average change in real retail turnover	-0.1%	0.6%	-2.3%	-
Building construction investment				
Annual change (nominal, new-build & refurb.)	0.2% ⁽¹⁾	0.8% ⁽¹⁾	-1.5% ⁽¹⁾	-
Money market				
Annual inflation	0.9%	0.4%	-0.4% ⁽²⁾	-0.1% ⁽²⁾
10-year fixed mortgage rate (June each yr.)	1.71%	1.29%	1.30%	-
10-year confederation bonds (July each yr.)	0.04%	-0.65%	-0.53%	-

⁽¹⁾ Wüest Partner forecast - ⁽²⁾ Average of Credit Suisse, KOF, SECO, UBS forecasts - ⁽³⁾ SECO forecast June 2020

Immo-Monitoring

Detailed analyses and an outlook for the Swiss real estate market can be found in the current Immo-Monitorings (spring edition 2020 | 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
- Home office or working in the office?
- Leisure properties: Diverse and challenging
- Transport infrastructure: Large impact on the real estate market
- 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

Wüest Partner AG
 Alte Börse, Bleicherweg 5
 CH-8001 Zurich

Rue du Stand 60-62
 CH-1204 Geneva

Münzgraben 6
 CH-3011 Bern

Via dei Solari 4
 CH-6900 Lugano

www.wuestpartner.com

W&P Immobilienberatung GmbH
 Bockenheimer Landstraße 98-100
 D-60323 Frankfurt am Main

Litfass-Platz 2
 D-10178 Berlin

Hanse Contor Esplanade
 Stephansplatz 6
 D-20354 Hamburg

Ludwigstraße 6
 D-80539 Munich

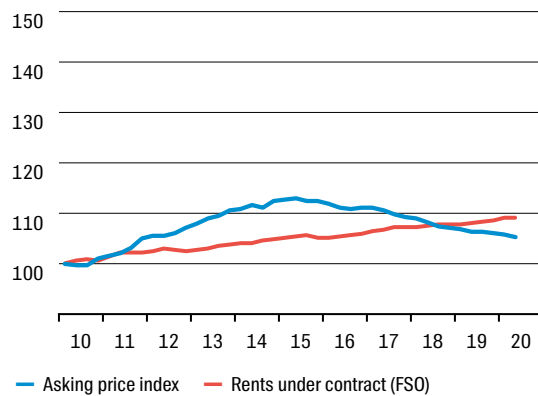
Königsallee 61
 D-40215 Dusseldorf

www.wuestpartner.com/int

Residential market

- New-build activity on the Swiss market for rented accommodation is continuing to ease. In the second quarter of 2020, the number of rental apartments for which planning applications had been submitted in the past year was 11 percent below the average for the period 2017–2019. It is therefore clear that fewer new properties will be coming onto the market in Switzerland over the next few years.
- Nevertheless, a further rise in vacancies in this sector cannot be ruled out. Due to the coronavirus pandemic, low population growth of just 0.5 percent is forecasted for this year. Consequently, demand for additional rented properties is likely to be subdued.
- The gap between supply and demand on the Swiss market will remain high, putting pressure on market rents. Marketing is likely to become more demanding, especially in the high-price segment.

Development of rents (index 2010 Q1 = 100)

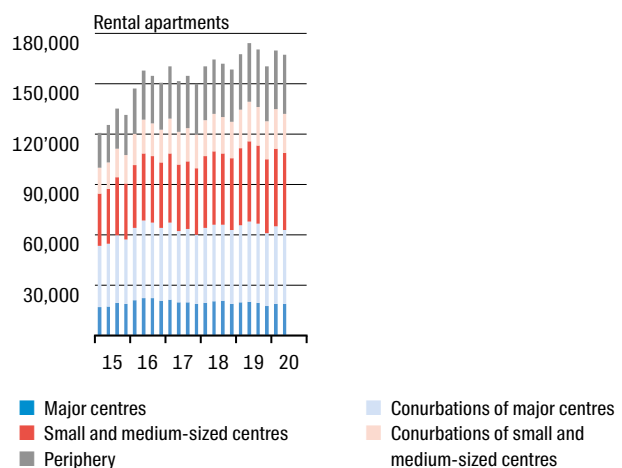


Key indicators for Switzerland

	2018	2019	2020
Rental apartments			
Market value (bn CHF, excl. parking spaces)	—	—	1,156
Planning applications (bn CHF) ⁽¹⁾	12.5	12.3	11.0
Vacancy rate (June)	2.6%	2.7%	—
Supply rate	7.1%	7.5%	7.2%
Asking price index (year-on-year change in rents)	-2.2%	-1.5%	-1.1%
Current asking rent (CHF/sqm per year, median)	—	—	190
Marketing duration (days, median, Q1)	36	37	34

⁽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, 2017)	Planning appl. (m CHF)	Vacancy rate (June 2019)	Supply rate	Asking rent (median)	Prime rent (2020 Q1)	Prime yield (2020 Q1)	Total return (MSCI, 2019)
Rental apartments								
Zurich	188,800	1,372.7	0.1%	2.8%	330	690	1.5%	7.4%
Berne	60,500	89.9	0.7%	5.1%	240	385	2.0%	6.0%
Basel	78,900	398.1	1.3%	5.4%	230	370	2.0%	7.5%
Lausanne	62,900	259.9	0.4%	5.5%	280	425	2.1%	7.0%
Geneva	85,000	153.5	0.7%	3.1%	370	630	2.0%	9.2%
Switzerland	2,309,600	10,951.3	2.7%	7.2%	190	—	—	6.9%

As at 2020 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.

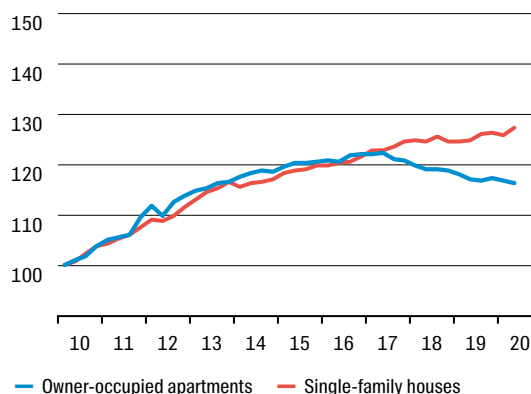
Commercial and residential properties: Asking rents and prime rents in CHF per sqm usable area; prime yields = net initial yields (net earnings/gross purchase price) for fully let prime properties at top locations. **Single-family houses:** Asking prices per house in CHF; transaction and top prices in 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 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 Swiss market for owner-occupied property has held up well despite the coronavirus pandemic. Interest in home ownership is generally high and financing terms – one of the main demand drivers – have become even more attractive.
- In many places, potential home buyers face limited supply. Moreover, new-build activity is likely to decline in both segments.
- In mid-2020, asking prices for single-family houses were up 2.0 percent year-on-year, while there was a slight (0.6 percent) decline in the price of owner-occupied apartments.
- A sharp drop in prices is unlikely at present. However, since the economic downturn is expected to impact on incomes, greater emphasis will probably be placed on the price/benefit ratio of owner-occupied properties.

Development of asking prices (index 2010 Q1 = 100)

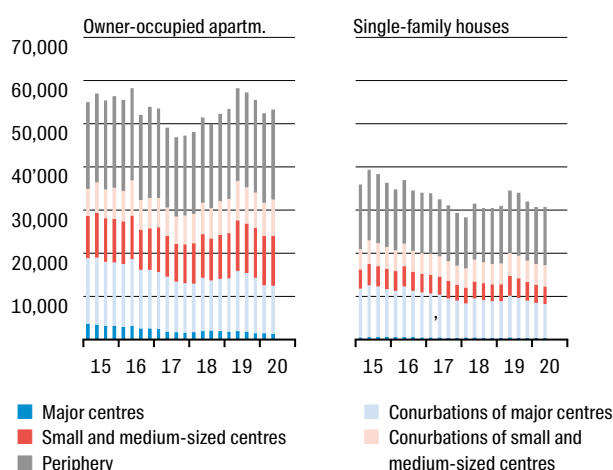


Key indicators for Switzerland

	2018	2019	2020
Owner-occupied apartments			
Market value (bn CHF, excl. parking spaces)	–	–	936
Supply rate	5.1%	5.7%	5.3%
Vacancy rate (June)	0.6%	0.6%	–
Asking price index (year-on-year change)	-2.6%	-1.9%	-0.6%
Current asking price (CHF/sqm, median)	–	–	6,770
Marketing duration (days, median, Q1)	61	67	79
Single-family houses			
Market value (bn CHF)	–	–	1,255
Supply rate	3.2%	3.5%	3.1%
Vacancy rate (June)	0.7%	0.8%	–
Asking price index (year-on-year change)	1.3%	0.2%	2.0%
Asking price (CHF per 6-6.5 room house, median)	–	–	1,150,000
Marketing duration (days, median, Q1)	60	63	68

As at Q2 unless otherwise stated

Number of properties on offer (per quarter)



Key indicators for the major centres

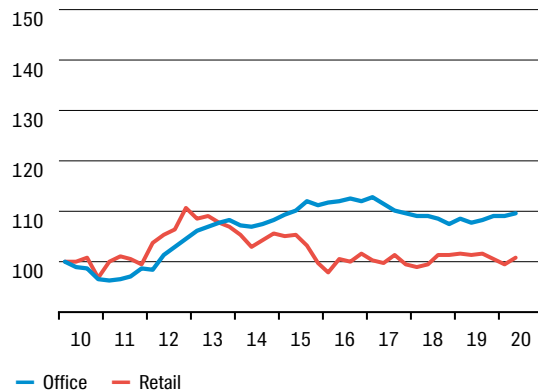
	Properties (2017)	Market value ⁽¹⁾ (m CHF)	Planning appl. (m CHF)	Vacancy rate (June 2019)	Supply rate	Asking price ⁽²⁾ (median)	Transaction price ⁽²⁾	Top price ⁽²⁾
Owner-occupied								
Zurich	25,200	41,910	193.6	0.1%	0.8%	13,090	14,960	30,600
Berne	11,700	11,840	14.9	0%	0.9%	7,740	9,040	17,100
Basel	15,000	17,650	29.3	0.1%	1.1%	9,450	10,460	17,300
Lausanne	11,300	15,030	58.6	0.0%	2.6%	10,140	11,960	24,300
Geneva	21,300	39,350	21.2	0.3%	2.9%	14,040	16,800	37,900
Switzerland	1,013,100	902,210	7,594.5	0.6%	5.3%	6,770	7,300	–
Single-family houses								
Zurich	8,900	26,240	23.8	0.1%	0.6%	2,081,770	2,951,000	4,346,000
Berne	3,900	7,260	4.6	0.2%	0.7%	1,310,330	1,873,000	2,697,000
Basel	5,900	13,500	4.4	0.2%	1.2%	1,405,110	2,197,000	3,064,000
Lausanne	2,200	4,380	0.6	0.0%	4.3%	1,514,260	1,978,000	2,916,000
Geneva	800	2,130	3.2	1.5%	8.3%	2,001,250	2,739,000	4,117,000
Switzerland	988,900	1,233,090	5,502.0	0.8%	3.1%	1,150,000	1'045'000	–

As at 2020 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

- Employment is expected to drop by 1.5 percent this year according to SECO. Together with an increase in working from home, this is likely to reduce the demand for additional office space. In particular, rising vacancy rates cannot be ruled out at B and C locations outside major centres.
- The Swiss office market is, however, regarded as comparatively resilient, so the outlook is cautiously positive. Although there could be slight pressure on rents in the next 12 months, a rapid and extensive wave of defaults is not expected.
- The Swiss market for retail space has been hardest hit by the coronavirus pandemic and the structural shift towards e-commerce in the retail sector looks set to gain further momentum. Additional demand for retail premises is therefore likely to contract, especially at locations with less footfall.

Development of asking rents (index 2010 Q1 = 100)

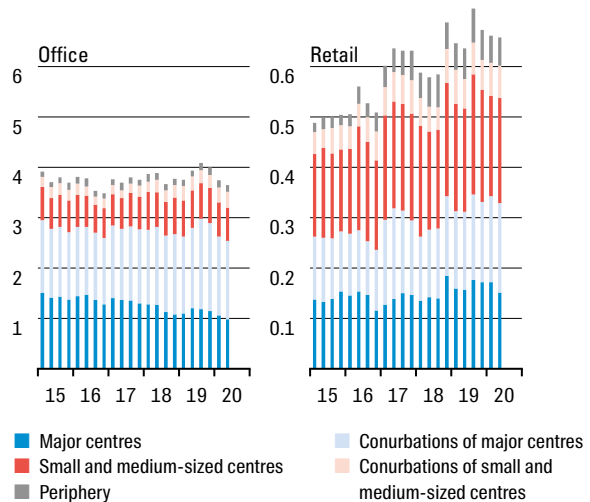


Key indicators for Switzerland

	2018	2019	2020
Office space			
Market value (bn CHF, excl. parking spaces)	—	—	312
Planning applications (bn CHF)	1.7	1.8	1.9
Supply rate	6.9%	7.0%	6.5%
Asking price index (year-on-year change in rents)	-2.0%	-1.3%	1.8%
Current asking rent (CHF/sqm and year, median)	—	—	210
Marketing duration (days, median, Q1)	73	70	82
Retail space			
Market value (bn CHF, excl. parking spaces)	—	—	161
Planning applications (bn CHF)	0.6	0.9	0.4
Supply rate	1.6%	1.8%	1.9%
Asking price index (year-on-year change in rents)	-0.3%	2.0%	-0.7%
Current asking rent (CHF/sqm and year, median)	—	—	340

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 2019)	Supply rate	Asking rent (median)	Prime rent (2020 Q1)	Prime yield (2020 Q1)	Total return (MSCI, 2019)
Office space								
Zurich	9,900,500	56.8	1.4%	3.9%	350	950	1.9%	8.3%
Berne	2,216,100	0.0	2.2%	3.1%	260	340	2.2%	7.4%
Basel	4,583,000	219.0	1.8%	3.2%	240	330	2.3%	5.9%
Lausanne	2,181,200	51.2	2.0%	3.2%	290	440	2.4%	3.8%
Geneva	3,602,400	20.0	5.0%	8.7%	460	930	2.2%	4.1%
Switzerland	56,471,800	1,869.7	—	6.5%	210	—	—	6.9%
Retail space								
Zurich	1,922,800	4.5	0.5%	1.6%	420	8,200	2.4%	5.7%
Berne	993,800	22.3	0.4%	0.8%	360	2,400	2.5%	4.2%
Basel	955,800	1.6	1.5%	1.5%	300	2,900	2.8%	-1.8%
Lausanne	491,100	10.2	1.8%	5.9%	290	2,300	3.0%	6.6%
Geneva	662,100	6.0	1.5%	10.4%	440	5,300	2.7%	3.0%
Switzerland	35,122,100	356.3	—	1.9%	340	—	—	3.9%

As at 2020 Q2 unless otherwise stated