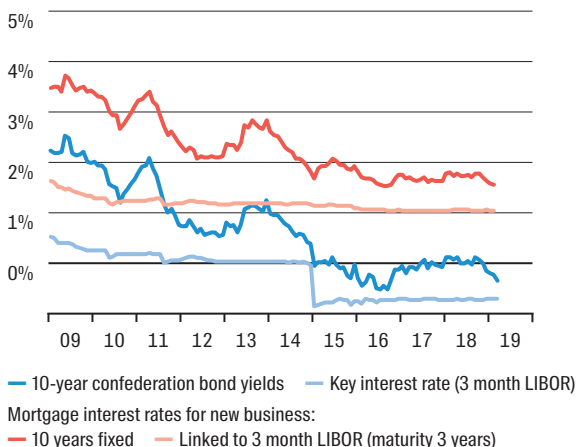


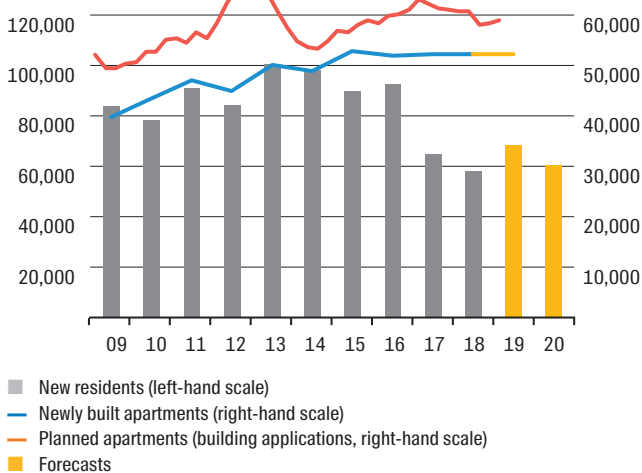
Background

- The strong economic growth of the past year has now slowed considerably. In view of the weakening global economy, reduced growth is also expected for the coming months.
- According to current forecasts, gross domestic product is expected to rise by 1.3% in 2019. By 2020 economic growth should already be higher again at 1.8%.
- Nevertheless, employment prospects remain favourable. Last year, job growth was 1.3%, and Wüest Partner expects a similar employment growth of 1.2% in 2019. Accordingly, consumer sentiment is still slightly above the long-term average.
- Confederation bond yields are once again negative. In this environment of low interest rates, real estate continues to be 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
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%	1.3% ⁽²⁾	1.8% ⁽²⁾
Annual change in employment	0.8%	1.3%	1.2% ⁽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%	-	-
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 (Nov. each yr.)	1.69%	1.72%	1.54% ⁽³⁾	-
10-year confederation bonds (March each yr.)	-0.10%	0.05%	-0.35% ⁽³⁾	-

⁽¹⁾ Wüest Partner forecast - ⁽²⁾ Average of Credit Suisse, KOF, SECO, UBS forecasts - ⁽³⁾ SECO forecast March 2019

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, 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
- 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 Zürich

Rue du Stand 60-62
CH-1204 Genève

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

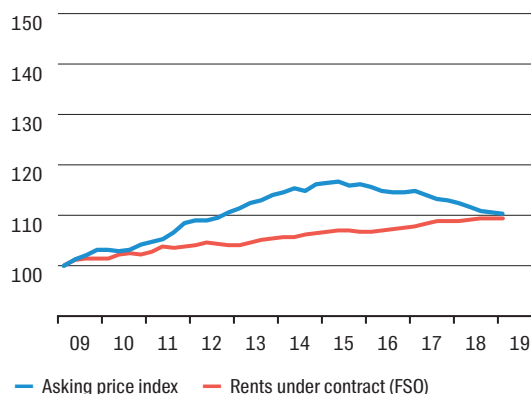
Ludwigstraße 6
D-80539 München

www.wuestpartner.com/int

Residential market

- There is currently no sign of a trend reversal in the intensive construction of rental apartments. In the first quarter of 2019, the number of planning applications for rental apartments in Switzerland was 1.5% higher than in the same quarter of the previous year. Recently, the increase was particularly pronounced in the major Swiss centres.
- The supply of available rental apartments is already significantly higher than the additional demand generated by the number of newly formed households. In view of the dynamic construction activity, both the supply and vacancy rates are likely to increase substantially again.
- Accordingly, Wüest Partner expects rents to fall again by 1.9% in 2019. The marketing of rental properties is taking more and more time: the average marketing duration is currently 40 days, compared with an average of 30 days in the previous ten years.

Development of rents (index 2009 Q1 = 100)

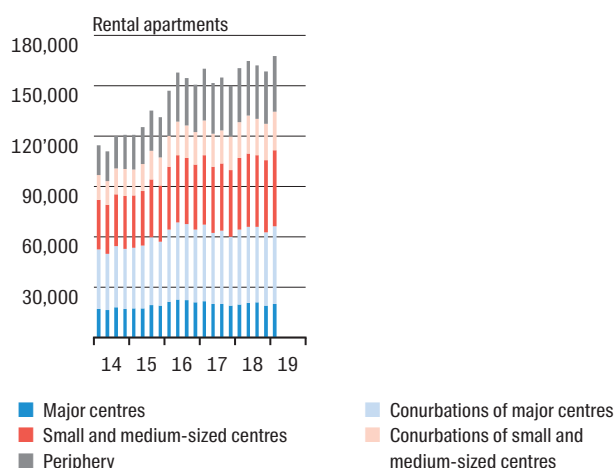


Key indicators for Switzerland

	2017	2018	2019
Rental apartments			
Market value (bn CHF, excl. parking spaces, Q4)	—	1,068	—
Planning applications (bn CHF) ⁽¹⁾	12.1	12.3	12.3
Vacancy rate (June)	2.3%	2.6%	—
Supply rate	7.0%	7.1%	7.4%
Asking price index (year-on-year change in rents)	-0.7%	-2.0%	-1.9%
Current asking rent (CHF/sqm per year, median)	—	—	190
Marketing duration (days, median, Q4)	42	40	—

⁽¹⁾ 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, 2016)	Planning appl. (m CHF)	Vacancy rate (June 2018)	Supply rate	Asking rent (median)	Prime rent (2018 Q4)	Prime yield (2018 Q4)	Total return (MSCI, 2018)
Rental apartments								
Zurich	186,900	775.0	0.2%	3.3%	320	620	1.7%	7.8%
Berne	60,100	64.2	0.6%	4.7%	240	390	2.1%	6.2%
Basel	78,700	209.3	0.9%	6.0%	230	380	2.2%	6.5%
Lausanne	62,500	140.4	0.8%	5.0%	280	440	2.3%	7.0%
Geneva	84,400	454.7	0.7%	3.6%	370	610	2.2%	6.2%
Switzerland	2,273,100	12,318.6	2.6%	7.4%	190	—	—	6.9%

As at 2019 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.

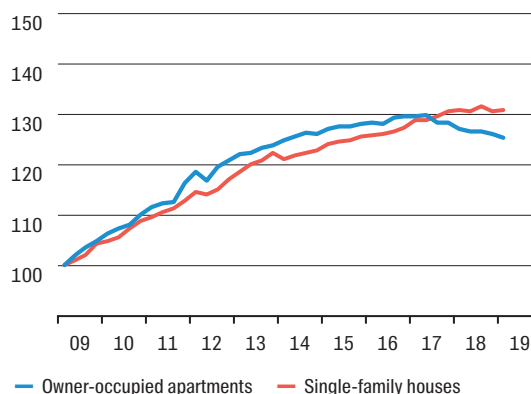
Commercial and residential properties: Asking rents and prime rents in CHF per sqm usable area; prime yields = net initial yields (net earnings/gross purchase price) for fully let prime properties at top locations. **Single-family houses:** Asking prices per house in CHF; transaction and top prices in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

- Interest in condominium ownership is supported not only by the attractive financing environment, but also by the recent fall in the price level of advertised properties: between the first quarter of 2018 and the first quarter of 2019, the average asking prices for owner-occupied apartments fell by 1.5% because the supply in the lower price categories increased at an above-average rate.
- In the single-family house segment, the scarcity of supply is driving the willingness to pay – and thus the selling prices – higher and higher. As a result, peripheral areas have regained greater attention among prospective buyers, as more affordable offers are sometimes to be found there.
- Since no interest rate increases are to be expected for the time being, the financial side should also contribute to lively demand for owner-occupied housing in the current year.

Development of asking prices (index 2009 Q1 = 100)

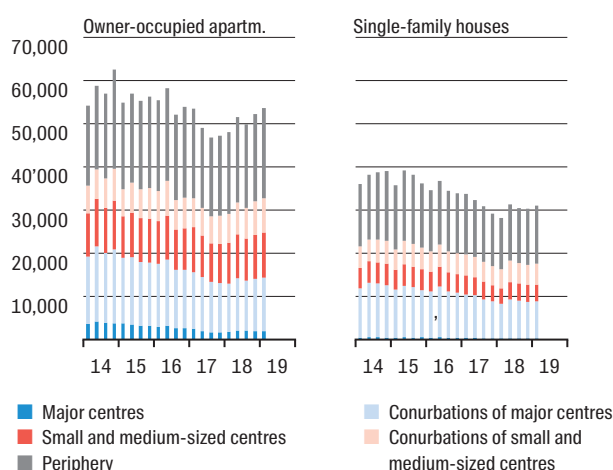


Key indicators for Switzerland

	2017	2018	2019
Owner-occupied apartments			
Market value (bn CHF, excl. parking spaces)	–	–	846
Supply rate	5.3%	4.8%	5.3%
Vacancy rate (June)	0.5%	0.6%	–
Asking price index (year-on-year change)	1.1%	-2.0%	-1.5%
Current asking price (CHF/sqm, median)	–	–	6,390
Marketing duration (days, median, Q4)	74	70	–
Single-family houses			
Market value (bn CHF)	–	–	1,153
Supply rate	3.5%	2.9%	3.2%
Vacancy rate (June)	0.7%	0.7%	–
Asking price index (year-on-year change)	2.4%	1.6%	-0.1%
Asking price (CHF per 6-6.5 room house, median)	–	–	1,200,000
Marketing duration (days, median, Q4)	77	61	–

As at Q1 unless otherwise stated

Number of properties on offer (per quarter)



Key indicators for the major centres

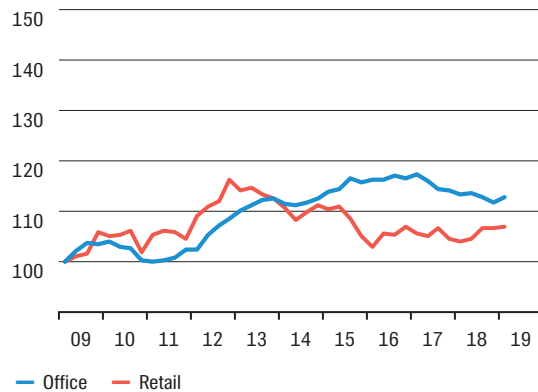
	Properties (2016)	Market value ⁽¹⁾ (m CHF)	Planning appl. (m CHF)	Vacancy rate (June 2018)	Supply rate	Asking price ⁽²⁾ (median)	Transaction price ⁽²⁾	Top price ⁽²⁾
Owner-occupied								
Zurich	25,100	38,720	102.3	0.1%	1.7%	12,970	14,370	29,400
Berne	11,700	10,890	7.9	0.0%	1.4%	7,300	8,650	16,600
Basel	14,900	15,960	31.0	0.1%	1.7%	8,910	9,900	16,500
Lausanne	11,300	13,790	14.5	0.1%	2.6%	9,870	11,430	23,300
Geneva	21,300	35,190	145.7	0.4%	3.6%	12,910	15,330	34,900
Switzerland	1,003,700	845,780	7,352.6	0.6%	5.3%	6,390	7,200	–
Single-family houses								
Zurich	8,900	22,960	22.0	0.1%	0.6%	1,856,590	2,650,000	3,993,000
Berne	3,900	6,940	12.2	0.1%	0.7%	1,160,840	1,825,000	2,672,000
Basel	5,900	12,420	1.9	0.1%	1.1%	1,345,740	2,147,000	3,077,000
Lausanne	2,100	3,680	7.3	0.0%	5.6%	1,429,200	1,767,000	2,706,000
Geneva	800	1,860	6.3	0.5%	11.0%	1,725,610	2,424,000	3,667,000
Switzerland	982,300	1,152,760	5,466.1	0.7%	3.2%	1,200,000	998,000	–

As at 2019 Q1 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

- From a bird's eye view, the Swiss office space market is robust. Despite the recent increase in construction activity, available space remained at the previous year's level in the first quarter of 2019. The development of asking rents has also recently stabilised again.
- In some regions of Switzerland, however, the marketing of office space remains challenging. Especially in the periphery of the major centres, supply is continuing to expand.
- The most important drivers for retail trade – consumer sentiment, wages and the labour market – are developing favourably. Nevertheless, the rents that can currently be obtained on the retail space market are under strong pressure. While numerous new spaces are likely to come onto the market this year again, the crowding out of brick-and-mortar retailers by online retail is continuing.

Development of asking rents (index 2009 Q1 = 100)

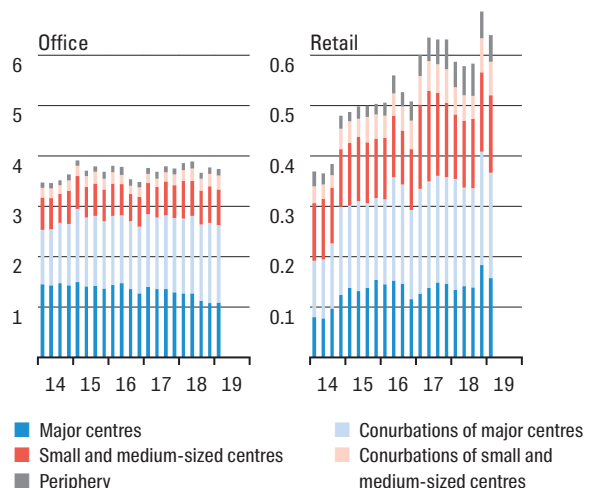


Key indicators for Switzerland

	2016	2017	2018
Office space			
Market value (bn CHF, excl. parking spaces; Q4)	–	295	–
Planning applications (bn CHF)	2.7	1.9	1.5
Supply rate	6.7%	6.9%	6.7%
Asking price index (year-on-year change in rents)	0.9%	-3.3%	-0.5%
Current asking rent (CHF/sqm and year, median)	–	–	210
Marketing duration (days, median, Q4)	81	70	–
Retail space			
Market value (bn CHF, excl. parking spaces, Q4)	–	160	–
Planning applications (bn CHF)	0.5	0.6	0.7
Supply rate	1.7%	1.7%	1.8%
Asking price index (year-on-year change in rents)	2.6%	-1.4%	2.8%
Current asking rent (CHF/sqm and year, median)	–	–	210

As at Q1 unless otherwise stated

Commercial space on offer (million sqm per quarter)



Key indicators for the major centres

	Stock (sqmGFA, 2016)	Planning appl. (m CHF)	Vacancy rate (June 2018)	Supply rate	Asking rent (median)	Prime rent (2018 Q4)	Prime yield (2018 Q4)	Total return (MSCI, 2018)
Office space								
Zurich	9,795,000	33.1	1.8%	4.6%	340	920	2.1%	8.4%
Berne	2,206,200	0.0	3.6%	4.0%	250	380	2.3%	6.0%
Basel	4,551,800	10.5	1.7%	2.3%	240	340	2.5%	3.7%
Lausanne	2,164,400	3.1	2.1%	4.2%	300	500	2.6%	3.7%
Geneva	3,569,300	190.0	4.9%	10.2%	430	920	2.4%	4.4%
Switzerland	55,770,200	1,451.0	–	6.7%	210	–	–	6.8%
Retail space								
Zurich	1,911,800	16.8	0.4%	1.4%	410	8,700	2.5%	4.9%
Berne	992,400	0.1	0.4%	1.1%	300	2,400	2.6%	3.9%
Basel	952,000	0.0	1.7%	2.5%	290	3,300	2.9%	-1.3%
Lausanne	487,700	32.1	0.9%	6.2%	310	2,400	3.1%	3.2%
Geneva	657,800	23.5	1.5%	9.9%	450	5,200	2.8%	3.1%
Switzerland	34,767,800	735.0	–	1.8%	210	–	–	3.4%

As at 2019 Q1 unless otherwise stated