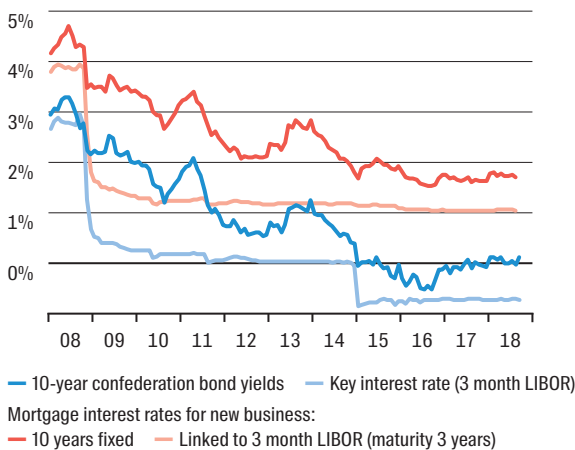


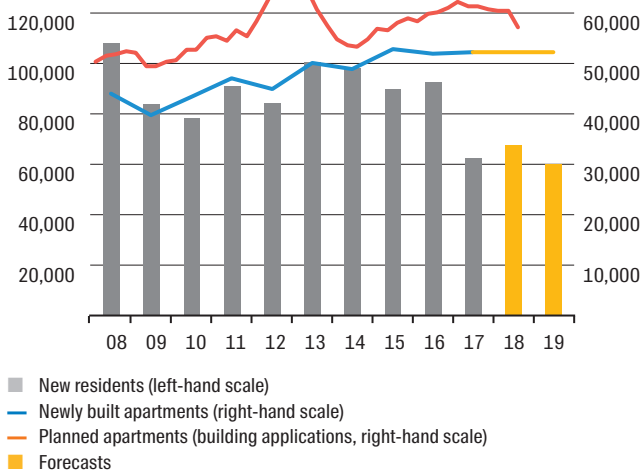
Background

- The Swiss economy has continued to soar in recent months: In the second quarter of 2018, real economic output rose by 3.4% year-on-year. For 2019, the environment remains promising, even if economic growth is likely to be somewhat weaker than this year.
- The strong economic performance is driving wage growth and boosting the Swiss labour market: between the second quarter of 2017 and the second quarter of 2018, the number of employed increased by 2.1%.
- Annual inflation stood at 0.5% in July 2018 and was thus slightly positive. Mortgage rates are expected to remain at a low level, even if some movement in the key interest rates cannot be ruled out in the coming year. Investments in the Swiss real estate market should therefore remain attractive in the coming year.

Confederation bond yields and mortgage rates



Population growth and residential construction activity



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

	2016	2017	2018	2019
Population				
Persons (millions)	8.42	8.48	8.55 ⁽¹⁾	8.61 ⁽¹⁾
Annual change	1.1%	0.7%	0.8% ⁽¹⁾	0.7% ⁽¹⁾
Economy				
Annual change in real GDP	1.4%	1.1%	2.9% ⁽²⁾	1.8% ⁽²⁾
Annual change in employment	0.5%	0.8%	1.5% ⁽¹⁾	1.1% ⁽³⁾
Unemployment rate	3.3%	3.2%	2.6% ⁽³⁾	2.4% ⁽²⁾
Consumer confidence index (July each yr.)	-15	-3	-7	-
Annual average change in real retail turnover	-1.9%	0.0%	0.1% ⁽⁴⁾	-
Building construction investment				
Annual change (nominal, new-build & refurb.)	0.3%	0.6% ⁽¹⁾	1.1% ⁽¹⁾	0.5% ⁽¹⁾
Money market				
Annual inflation	-0.4%	0.5%	1.0% ⁽²⁾	0.8% ⁽²⁾
10-year fixed mortgage rate (Aug. each yr.)	1.53%	1.61%	1.70%	-
10-year confederation bonds (Sep. each yr.)	-0.52%	0.02%	-0.11%	-

⁽¹⁾ Wüest Partner forecast - ⁽²⁾ Average of Credit Suisse, KOF, SECO, UBS forecasts - ⁽³⁾ SECO forecast September 2018 - ⁽⁴⁾ Change between January and August 2018

Immo-Monitoring

Detailed analyses and an outlook for the Swiss real estate market can be found in the current Immo-Monitoring (autumn edition 2019 11, 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
- 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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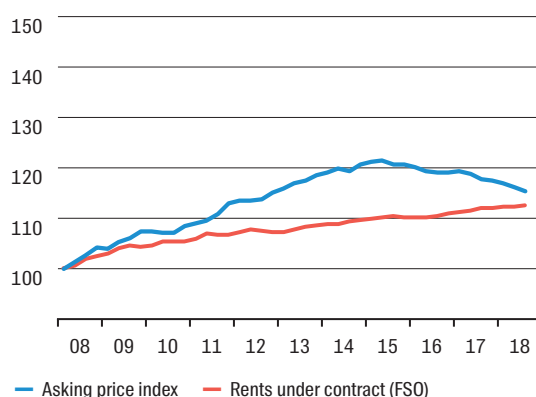
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Residential market

- As residential real estate continues to be in high demand as an investment, the production of rental apartments is outstripping the demand for additional properties. In the summer of 2018, around 60,000 rental apartments were vacant in Switzerland, which is 13% more than in the previous year.
- Due to the large supply of apartments, advertised rents are under pressure: in the third quarter of 2018 they were on average 2.1% below the previous year's level, and a further nationwide decline of 1.5% is expected for the coming year.
- Especially in the conurbations and at peripheral locations, apartment rents are likely to fall further. The major centres, where demand is still very high, are less affected by declining rents. In general, smaller rental properties also have good marketing opportunities – one can currently observe excess demand in this market segment.

Development of rents (index 2008 Q1 = 100)

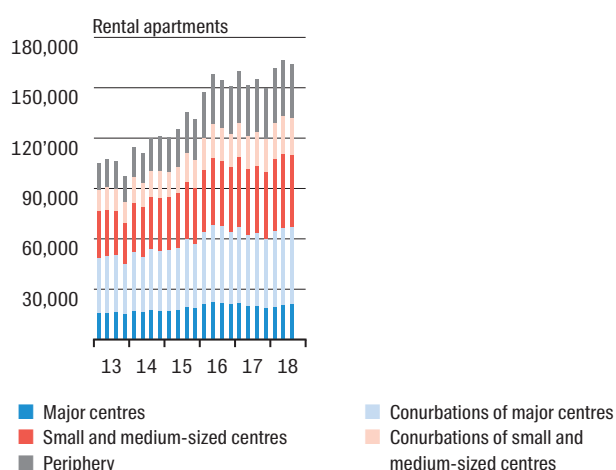


Key indicators for Switzerland

	2016	2017	2018
Rental apartments			
Market value (bn CHF, excl. parking spaces, Q2)	–	–	1'052
Planning applications (bn CHF) ⁽¹⁾	12.2	12.4	11.5
Vacancy rate (June)	2.0%	2.3%	2.6%
Supply rate	6.9%	6.8%	7.2%
Asking price index (year-on-year change in rents)	-1.3%	-1.1%	-2.1%
Current asking rent (CHF/sqm per year, median)	–	–	190
Marketing duration (days, median, Q2)	31	34	36

⁽¹⁾ Apartments in multi-family houses.
As at Q3 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, 2017)
Rental apartments								
Zurich	186,900	696.4	0.2%	3.7%	320	640	1.7%	7.0%
Berne	60,100	17.2	0.6%	4.7%	230	400	2.2%	5.7%
Basel	78,700	361.4	0.9%	5.8%	230	370	2.2%	6.9%
Lausanne	62,500	213.5	0.8%	5.5%	280	440	2.4%	7.5%
Geneva	84,400	107.5	0.7%	3.7%	360	610	2.2%	8.1%
Switzerland	2,273,100	11,492.3	2.6%	7.2%	190	–	–	6.8%

As at 2018 Q3 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.

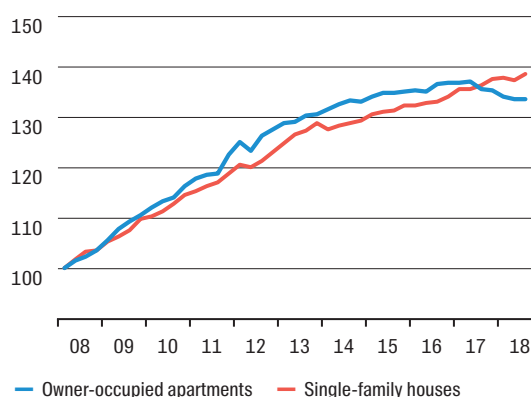
Commercial and residential properties: Asking rents and prime rents in CHF per sqm usable area; prime yields = net initial yields (net earnings/gross purchase price) for fully let prime properties at top locations. **Single-family houses:** Asking prices per house in CHF; transaction and top prices in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

- Interest in owner-occupied housing remains high in Switzerland. The fact that prices of advertised owner-occupied apartments are nevertheless falling is due to the changed structure of supply. For example, there is a declining supply of large apartments with an attractive, although not superior, fit-out standard.
- The quality-adjusted analysis of transaction prices shows that owner-occupied apartments remain in great demand: over the past twelve months, these have increased by an average of 2.3%.
- However, excess demand is still particularly large for single-family houses. In the third quarter of 2018, asking prices were 1.7% higher than in the same quarter of the previous year, while transaction prices rose even more sharply by 3.3%.
- Even though the number of advertised houses has recently increased slightly, choice remains very limited. In view of the further decline in construction activity, this will not change for the time being.

Development of asking prices (index 2008 Q1 = 100)

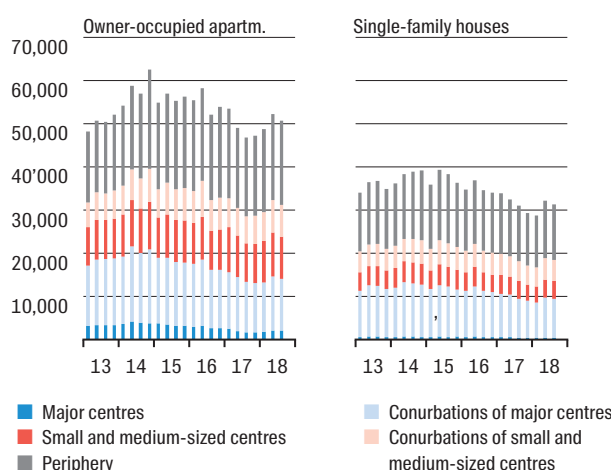


Key indicators for Switzerland

	2016	2017	2018
Owner-occupied apartments			
Market value (bn CHF, excl. parking spaces)	—	—	829
Supply rate	5.2%	4.7%	5.1%
Vacancy rate (June)	0.5%	0.5%	0.6%
Asking price index (year-on-year change)	1.4%	-0.8%	-1.5%
Current asking price (CHF/sqm, median)	—	—	6,530
Marketing duration (days, median, Q2)	71	60	61
Single-family houses			
Market value (bn CHF)	—	—	1,115
Supply rate	3.5%	3.2%	3.2%
Vacancy rate (June)	0.7%	0.7%	0.7%
Asking price index (year-on-year change)	1.4%	2.4%	1.7%
Asking price (CHF per 6-6.5 room house, median)	—	—	1,200,000
Marketing duration (days, median, Q2)	77	58	60

As at Q3 unless otherwise stated

Number of properties on offer (per quarter)



Key indicators for the major centres

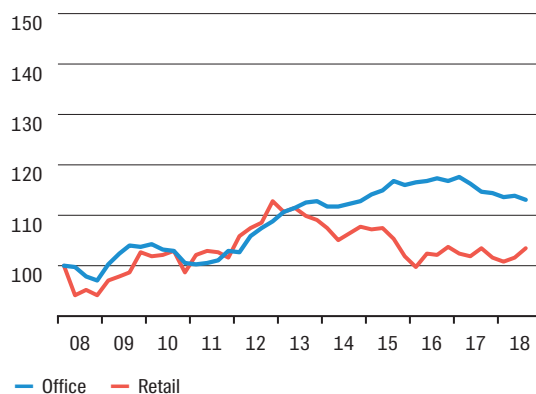
	Properties (2016)	Market value ⁽¹⁾ (m CHF)	Planning appl. (m CHF)	Vacancy rate (June 2018)	Supply rate	Asking price ⁽²⁾ (median)	Transaction price ⁽²⁾	Top price ⁽²⁾
Owner-occupied								
Zurich	25,100	36,960	72.5	0.1%	1.9%	12,660	13,750	28,200
Berne	11,700	10,580	17.0	0.0%	1.3%	7,260	8,450	16,000
Basel	14,900	15,590	59.1	0.1%	2.1%	8,670	9,650	15,600
Lausanne	11,300	13,170	28.1	0.1%	2.7%	9,570	11,020	22,500
Geneva	21,300	33,200	79.9	0.4%	3.8%	12,620	14,440	32,600
Switzerland	1,003,700	828,810	7,721.1	0.6%	5.1%	6,530	7,200	—
Single-family houses								
Zurich	8,900	21,930	5.6	0.1%	1.1%	1,767,940	2,593,000	3,907,000
Berne	3,900	6,670	5.5	0.1%	0.6%	1,196,060	1,803,000	2,667,000
Basel	5,900	11,770	1.0	0.1%	1.2%	1,357,540	2,073,000	3,062,000
Lausanne	2,100	3,600	4.3	0.0%	5.4%	1,357,480	1,772,000	2,717,000
Geneva	800	1,690	3.9	0.5%	8.2%	1,619,060	2,312,000	3,535,000
Switzerland	982,300	1,114,860	5,567.6	0.7%	3.2%	1,200,000	995,000	—

As at 2018 Q3 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 demand-side environment for the office space market is promising: from mid-2017 to mid-2018, more than 62,000 new jobs were created in the service sector alone.
- As a result, demand for additional office space has risen, which had a stabilising effect on advertised rents in the summer of 2018: the downward trend that still prevailed last year was temporarily halted. However, rents for office space are still under slight pressure due to the renewed increase in capacity.
- Online retailing and the shift of retail trade sales abroad are placing an increasing burden on the Swiss retail space market. The consequences are falling market rents and rising supply figures: a third more retail space is currently being advertised than on average over the past ten years. Advertised rents are likely to fall by 2.5% in 2019.

Development of asking rents (index 2008 Q1 = 100)

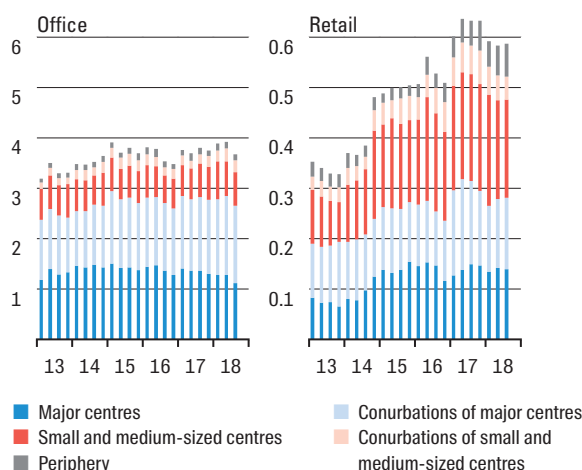


Key indicators for Switzerland

	2016	2017	2018
Office space			
Market value (bn CHF, excl. parking spaces)	—	—	294
Planning applications (bn CHF)	2.0	2.5	1.8
Supply rate	6.4%	6.9%	6.6%
Asking price index (year-on-year change in rents)	0.4%	-2.2%	-1.4%
Current asking rent (CHF/sqm and year, median)	—	—	200
Marketing duration (days, median, Q2)	66	63	75
Retail space			
Market value (bn CHF, excl. parking spaces)	—	—	160
Planning applications (bn CHF)	0.4	0.5	0.6
Supply rate	1.5%	1.8%	1.7%
Asking price index (year-on-year change in rents)	-3.1%	1.2%	0.1%
Current asking rent (CHF/sqm and year, median)	—	—	210

As at Q3 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	Prime yield	Total return (MSCI, 2017)
Office space								
Zurich	9,795,000	126.4	1.8%	4.9%	350	900	2.2%	5.9%
Berne	2,206,200	0.0	3.6%	3.6%	250	400	2.4%	5.5%
Basel	4,551,800	16.2	1.7%	3.2%	240	370	2.6%	6.6%
Lausanne	2,164,400	3.4	2.1%	3.1%	290	530	2.8%	5.1%
Geneva	3,569,300	33.5	4.9%	9.6%	430	940	2.5%	4.6%
Switzerland	55,770,200	1,795.9	—	6.6%	200	—	—	5.7%
Retail space								
Zurich	1,911,800	29.1	0.4%	1.6%	380	9,000	2.6%	5.2%
Berne	992,400	0.0	0.4%	1.2%	280	2,400	2.8%	6.6%
Basel	952,000	0.0	1.7%	2.4%	290	3,500	3.0%	-1.9%
Lausanne	487,700	23.8	0.9%	5.2%	280	2,600	3.2%	5.0%
Geneva	657,800	22.3	1.5%	7.6%	450	5,200	2.8%	5.8%
Switzerland	34,767,800	626.0	—	1.7%	210	—	—	4.3%

As at 2018 Q3 unless otherwise stated