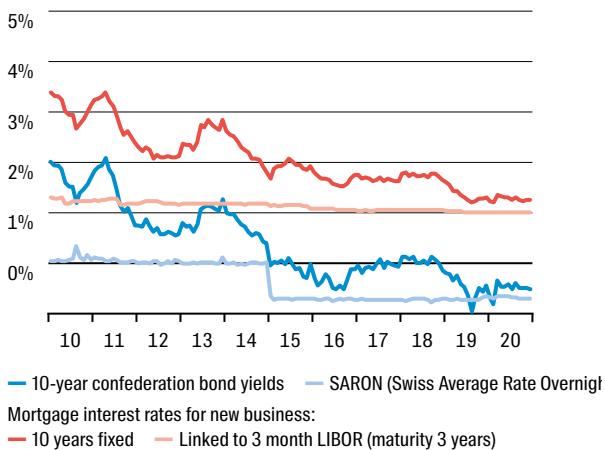


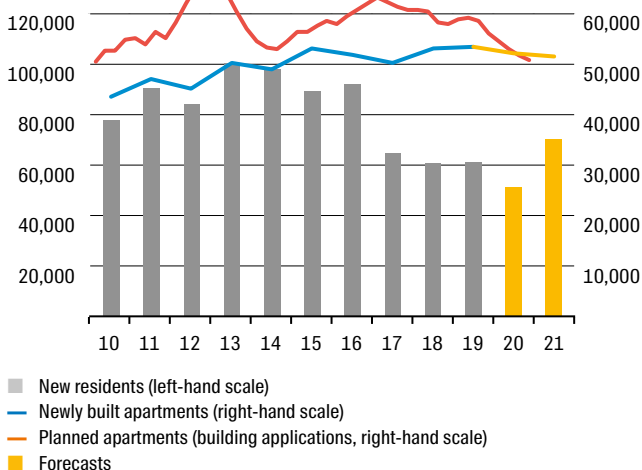
# Background

- Real GDP is likely to have fallen by 3.3% in 2020. Given that shops, hotels and restaurants were closed for part of the year and that production was temporarily limited, the Swiss economy has weathered the pandemic quite well. The Swiss economy could stage a substantial recovery from the early summer of 2021.
- At the end of last year, 260 300 people were unemployed – the highest figure since 1997. The unemployment rate stood at 3.5%, and a further increase is likely.
- As interest rates remained low, demand for direct real estate investments held steady in 2020 too. The general willingness to buy real estate has thus continued to rise, pushing down initial yields on properties. At the end of 2020, average gross initial yields across all segments amounted to 3.5%.

## 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
<b>Population</b>				
Persons (millions)	8.54	8.60	8.66 <sup>(1)</sup>	8.73 <sup>(1)</sup>
Annual change	0.7%	0.7%	0.6% <sup>(1)</sup>	0.7% <sup>(1)</sup>
<b>Economy</b>				
Annual change in real GDP	2.8%	1.0%	-3.3% <sup>(2)</sup>	3.2% <sup>(3)</sup>
Annual change in employment	1.3%	1.2%	-0.1% <sup>(2)</sup>	0.3% <sup>(2)</sup>
Unemployment rate	2.5%	2.3%	3.2% <sup>(2)</sup>	3.5% <sup>(2)</sup>
Consumer confidence index (Oct. each yr.)	-3	-10	-13	-
Annual average change in real retail turnover	-0.1%	0.6%	-1.0%	-
<b>Building construction investment</b>				
Annual change (nominal, new-build & refurb.)	-0.6%	0.8% <sup>(1)</sup>	-1.8% <sup>(1)</sup>	-0.7% <sup>(1)</sup>
<b>Money market</b>				
Annual inflation	0.9%	0.4%	-0.7% <sup>(2)</sup>	0.2% <sup>(2)</sup>
10-year fixed mortgage rate (Dec. each yr.)	1.63%	1.29%	1.25%	-
10-year confederation bonds (Dec. each yr.)	0.15%	-0.46%	-0.53%	-

<sup>(1)</sup> Wüest Partner forecast – <sup>(2)</sup> Average of Credit Suisse, KOF, SECO, UBS forecasts – <sup>(3)</sup> SECO forecast December 2020

## Immo-Monitoring

Detailed analyses and an outlook for the Swiss real estate market can be found in the current Immo-Monitorings (fall edition 2021 | 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
- New Work: New demands on the living and working environment
- Residential properties and CO<sub>2</sub> reduction: Cantonal differences
- Price developments of investment properties explained economically
- 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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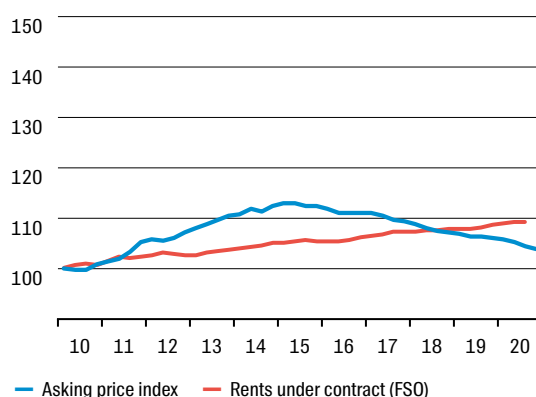
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# Residential market

- In the fourth quarter of 2020, 153 800 properties were on the market, 4.0% fewer than a year previously. In particular, the ongoing growth in the number of small (and especially single-person) households is driving the average per-person demand for residential accommodation and thus shoring up demand for rental apartments.
- In 2020, rents of advertised properties decreased by 2.1% – a somewhat sharper decline than the average of the past few years.
- A further drop of 1.2% is expected for 2021. It is possible that the population will increase again, but there are still many new buildings being constructed.
- In the medium term, residential construction may decline slightly: in 2020, applications for new-build projects with a volume of CHF 11.2 billion were submitted. That is 6.4% less than the average of the three previous years.

Development of rents (index 2010 Q1 = 100)

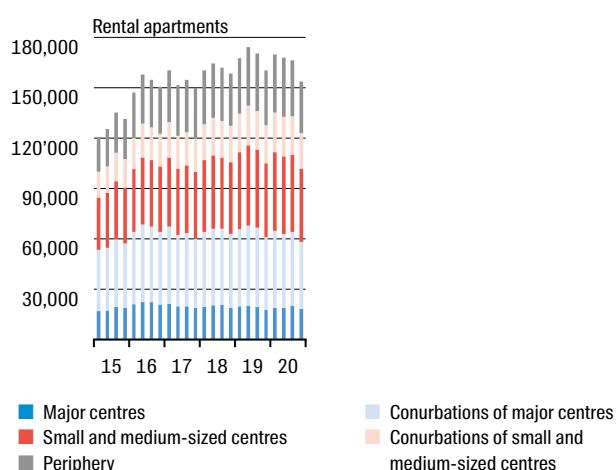


## Key indicators for Switzerland

	2018	2019	2020
<b>Rental apartments</b>			
Market value (bn CHF, excl. parking spaces)	–	–	1,165
Planning applications (bn CHF) <sup>(1)</sup>	11.8	12.2	11.2
Vacancy rate (June)	2.5%	2.6%	2.7%
Supply rate	6.9%	6.8%	6.5%
Asking price index (year-on-year change in rents)	-2.1%	-0.9%	-2.1%
Current asking rent (CHF/sqm per year, median)	–	–	190
Marketing duration (days, median, Q3)	39	39	30

<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, 2018)	Planning appl. (m CHF)	Vacancy rate (June 2020)	Supply rate	Asking rent (median)	Prime rent	Prime yield	Total return (MSCI, 2019)
<b>Rental apartments</b>								
Zurich	191,700	1,142.2	0.2%	2.6%	340	705	1.4%	7.4%
Berne	60,800	99.0	0.7%	4.2%	240	390	1.8%	6.0%
Basel	79,600	397.3	1.2%	5.4%	240	380	1.8%	7.5%
Lausanne	63,500	421.1	0.6%	5.3%	280	440	1.9%	7.0%
Geneva	85,600	142.1	0.7%	3.2%	370	630	1.8%	9.2%
Switzerland	2,349,800	11,196.9	2.7%	6.9%	190	–	–	6.9%

As at 2020 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.

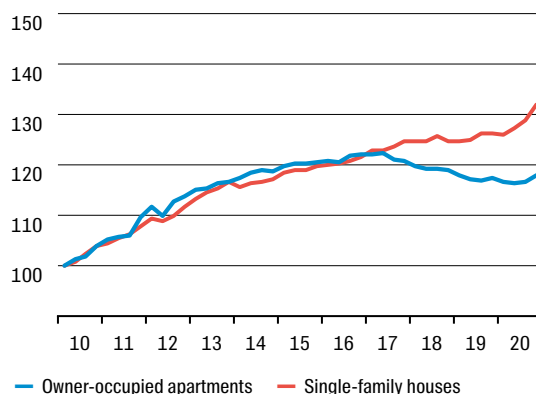
**Commercial and residential properties:** Asking rents and prime rents in CHF per sqm usable area; prime yields = net initial yields (net earnings/gross purchase price) for fully let prime properties at top locations. **Single-family houses:** Asking prices per house in CHF; transaction and top prices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

- Willingness to pay for owner-occupied housing is still high: prices for owner-occupied apartments and single-family houses have risen by 5.1% and 5.4% respectively since the beginning of 2020.
- This impressive price growth is due to a number of favourable factors: the good financing terms and relatively high pay increases at the beginning of the year, coupled with higher demand (driven by the coronavirus pandemic) for good residential quality and private living space have stimulated interest in owner-occupied housing. On the other hand, the supply of housing on the market is sparse.
- Given the difficult environment for the real economy – which is likely to result in lower wages and higher unemployment in 2021 – the pace of price rises is unlikely to be maintained this year.

Development of asking prices (index 2010 Q1 = 100)

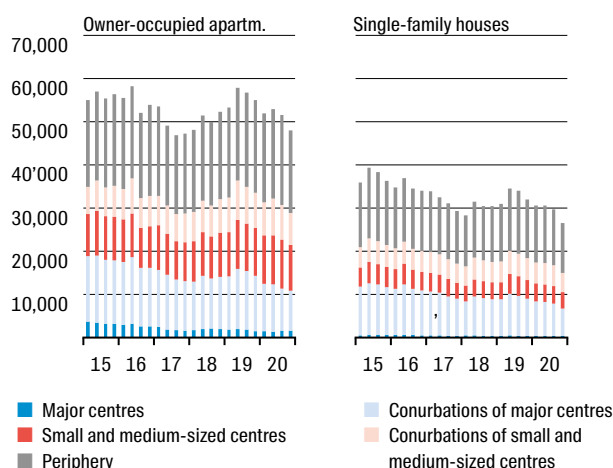


## Key indicators for Switzerland

	2018	2019	2020
<b>Owner-occupied apartments</b>			
Market value (bn CHF, excl. parking spaces)	–	–	964
Supply rate	5.2%	5.4%	4.7%
Vacancy rate (June)	0.6%	0.5%	0.6%
Asking price index (year-on-year change)	-1.7%	-1.2%	0.4%
Current asking price (CHF/sqm, median)	–	–	7,040
Marketing duration (days, median, Q3)	73	66	72
<b>Single-family houses</b>			
Market value (bn CHF)	–	–	1,308
Supply rate	3.1%	3.2%	2.7%
Vacancy rate (June)	0.7%	0.8%	0.7%
Asking price index (year-on-year change)	-0.1%	1.4%	4.4%
Asking price (CHF per 6-6.5 room house, median)	–	–	1,297,500
Marketing duration (days, median, Q3)	62	61	62

As at Q4 unless otherwise stated

Number of properties on offer (per quarter)



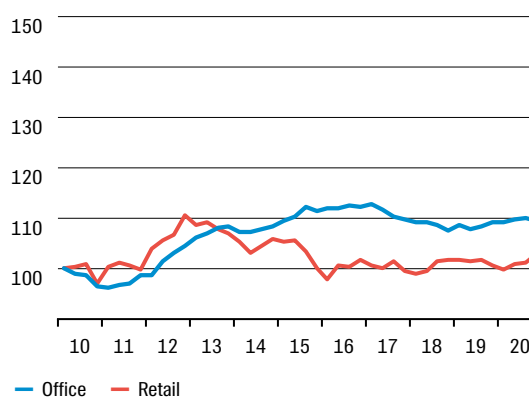
## Key indicators for the major centres

	Properties (2018)	Market value <sup>(1)</sup> (m CHF)	Planning appl. (m CHF)	Vacancy rate (June 2020)	Supply rate	Asking price <sup>(2)</sup> (median)	Transaction price <sup>(2)</sup>	Top price <sup>(2)</sup>
<b>Owner-occupied</b>								
Zurich	25,400	43,250	130.4	0.1%	1.0%	13,600	16,060	31,300
Berne	11,700	12,140	1.7	0.0%	0.8%	7,950	9,660	17,300
Basel	15,000	18,200	41.4	0.0%	1.1%	9,870	11,270	17,700
Lausanne	11,300	15,640	62.7	0.1%	3.0%	10,580	12,700	24,700
Geneva	21,400	41,480	26.8	0.3%	2.9%	14,780	18,140	38,500
Switzerland	1,022,400	963,480	7,615.5	0.6%	5.5%	7,040	7,400	–
<b>Single-family houses</b>								
Zurich	8,900	27,940	38.8	0.1%	0.7%	2,209,490	3,014,000	4,350,000
Berne	3,900	7,640	7.8	0.1%	0.8%	1,300,490	1,907,000	2,650,000
Basel	5,900	13,810	5.9	0.2%	0.9%	1,438,590	2,202,000	3,018,000
Lausanne	2,200	4,400	5.2	0.1%	4.0%	1,562,350	1,951,000	2,863,000
Geneva	800	2,280	1.6	0.5%	6.0%	2,103,650	2,834,000	4,173,000
Switzerland	995,300	1,307,890	5,599.0	0.7%	3.2%	1,297,500	1,050,000	–

As at 2020 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.

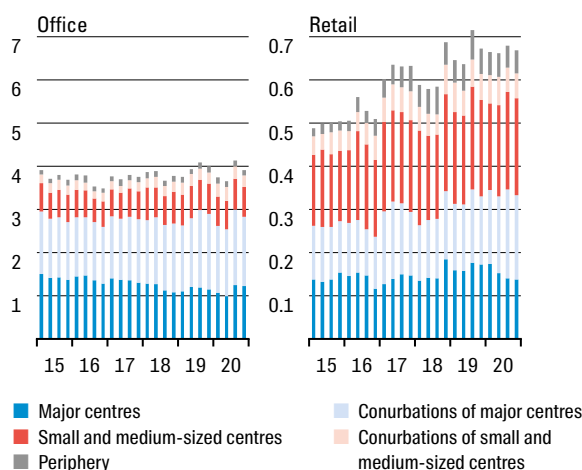
# Commercial market

- From the beginning of 2020 and through the third quarter, the number of full-time and part-time positions in service-sector enterprises declined by a total of 23 500. However, traditional office sectors posted a slight rise in the number of jobs, such that demand for office space is not likely to fall off for the foreseeable future.
- By the end of the year, advertised rental prices for offices remained stable, posting a rise of 0.2%. Given the economic uncertainty and because the volume of approved projects has recently risen sharply again, prices could, however, come under pressure in the future.
- Bricks-and-mortar retail business has remained stable overall. The non-food segment had to cope with substantial declines in sales in 2020 – in contrast to significant gains in the food segment. The environment is likely to remain challenging, however, so the downward pressure on rents looks set to increase.

**Development of asking rents** (index 2010 Q1 = 100)

**Key indicators for Switzerland**

	2018	2019	2020
<b>Office space</b>			
Market value (bn CHF, excl. parking spaces)	–	–	310
Planning applications (bn CHF)	1.9	1.6	1.8
Supply rate	6.7%	7.0%	6.8%
Asking price index (year-on-year change in rents)	-2.0%	1.6%	0.2%
Current asking rent (CHF/sqm and year, median)	–	–	240
Marketing duration (days, median, Q2)	89	77	83
<b>Retail space</b>			
Market value (bn CHF, excl. parking spaces)	–	–	171
Planning applications (bn CHF)	0.7	0.7	0.4
Supply rate	2.0%	1.9%	1.9%
Asking price index (year-on-year change in rents)	2.0%	-1.1%	2.3%
Current asking rent (CHF/sqm and year, median)	–	–	240

As at Q4 unless otherwise stated

**Commercial space on offer** (million sqm per quarter)

**Key indicators for the major centres**

	Stock (sqmGFA, 2018)	Planning appl. (m CHF)	Vacancy rate (June 2020)	Supply rate	Asking rent (median)	Prime rent	Prime yield	Total return (MSCI, 2019)
<b>Office space</b>								
<b>Zurich</b>	10,038,200	12.0	1.1%	4.6%	360	890	1.7%	8.3%
<b>Berne</b>	2,240,400	0.0	1.7%	3.3%	250	360	2.1%	7.4%
<b>Basel</b>	4,633,800	12.1	2.2%	2.9%	250	340	2.2%	5.9%
<b>Lausanne</b>	2,204,500	57.8	1.5%	4.1%	300	440	2.3%	3.8%
<b>Geneva</b>	3,633,000	1.4	5.0% <sup>(1)</sup>	10.8%	480	900	2.0%	4.1%
<b>Switzerland</b>	57,230,600	1,835.4	–	7.1%	240	–	–	6.9%
<b>Retail space</b>								
<b>Zurich</b>	1,932,000	10.7	0.3%	1.4%	430	8,100	2.3%	5.7%
<b>Berne</b>	995,500	22.3	0.3%	1.0%	380	2,100	2.5%	4.2%
<b>Basel</b>	960,100	2.9	1.3%	2.4%	320	2,800	2.8%	-1.8%
<b>Lausanne</b>	494,800	39.5	1.9%	6.0%	300	2,200	2.9%	6.6%
<b>Geneva</b>	665,000	10.6	1.5% <sup>(1)</sup>	12.2%	430	5,000	2.6%	3.0%
<b>Switzerland</b>	35,486,900	426.7	–	1.9%	240	–	–	3.9%

 As at 2020 Q4 unless otherwise stated – <sup>(1)</sup> June 2019