

# Property Market Switzerland 2022 | 1

## Background

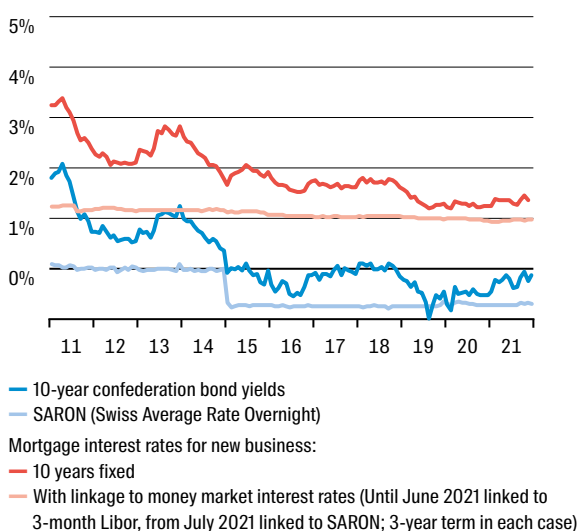
- Economic growth is expected to reach 2.9% in 2022, driven by domestic consumer spending, equipment investments and exports.
- Employment growth is therefore also likely to continue this year. In the fourth quarter of 2021, companies in Switzerland advertised as much as 39% more vacancies than in the fourth quarter of 2020.
- Wüest Partner assumes that Swiss consumer prices will rise by 1% this year. This would be above the average for the past 25 years, but nevertheless clearly within the target band for inflation of 0 to 2 per cent, which is described as price stability.
- Higher construction costs and greater optimism among the various players in the Swiss real estate market have pushed up the investment volumes for the new-build approvals granted. A slight increase in new-build activity is expected for this year.

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

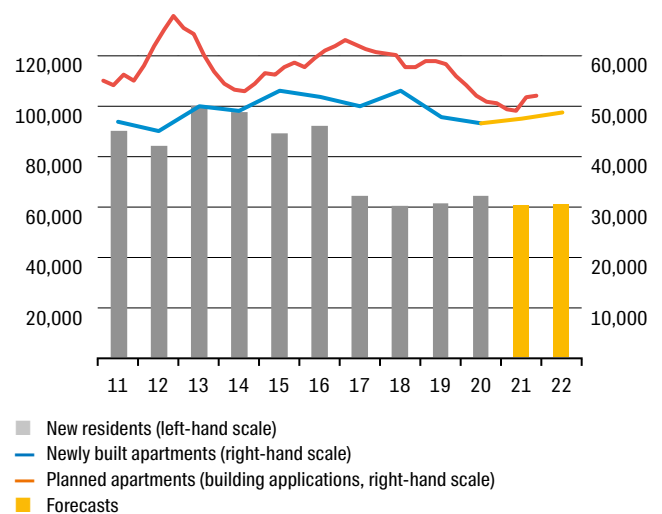
	2019	2020	2021	2022
<b>Population</b>				
Persons (millions)	8.60	8.67	8.73 <sup>(1)</sup>	8.79 <sup>(1)</sup>
Annual change	0.7%	0.7%	0.7% <sup>(1)</sup>	0.7% <sup>(1)</sup>
<b>Economy</b>				
Annual change in real GDP	1.5%	-2.5%	3.3% <sup>(2)</sup>	2.9% <sup>(2)</sup>
Annual change in employment	1.6%	-0.3% <sup>(1)</sup>	0.5% <sup>(1)</sup>	1.3% <sup>(1)</sup>
Unemployment rate	2.3%	3.1%	3.0% <sup>(2)</sup>	2.4% <sup>(2)</sup>
Consumer confidence index (Jan. each yr.)	-9	-9	-14	-4
Annual average change in real retail turnover	1.1%	2.8%	4.3%	-
<b>Building construction investment</b>				
Annual change (nominal, new-build & refurb.)	-0.7%	-1.5% <sup>(1)</sup>	1.4% <sup>(1)</sup>	1.5% <sup>(1)</sup>
<b>Money market</b>				
Annual inflation	0.4%	-0.7%	0.6%	1.0% <sup>(2)</sup>
10-year fixed mortgage rate (Nov. each yr.)	1.3%	1.3%	1.4%	-
10-year confederation bonds (Dec. each yr.)	-0.46%	-0.53%	-0.13%	-

<sup>(1)</sup> Wüest Partner forecast – <sup>(2)</sup> Average of Credit Suisse, KOF, SECO, UBS forecasts –  
<sup>(3)</sup> SECO forecast December 2021

### Confederation bond yields and mortgage rates



### Population growth and residential construction activity



- Liquidity has declined on the rental apartment market overall. In the fourth quarter of 2021 there were 139,200 properties on the market – 10.4% fewer than the average for the five previous years.
- Nowhere did market liquidity decline more sharply in the rental apartment segment in 2021 than in Switzerland’s tourist areas. The supply rate in the tourist municipalities is currently 5.3%, which is below the average for all Swiss municipalities for the first time since 2014.
- Given the current tightness of supply, asking rents should only fall slightly (Wüest Partner forecast up to the end of 2022: -0.8%). Rents decreased more sharply last year (-2.6%).



30

Marketing duration (days, median, Q4)

-2.6%

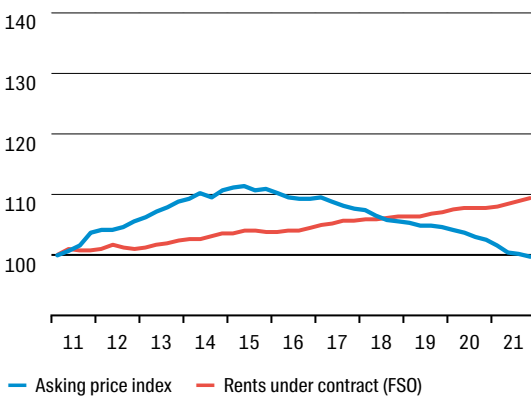
Change in asking rents (2020 Q4 to 2021 Q4)



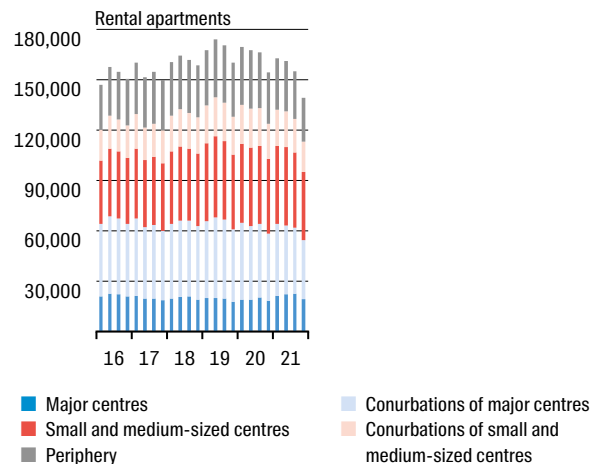
1,280

Market value (bn CHF, excl. parking spaces)

Development of rents (index 2011 Q1 = 100)



Number of apartments on offer (per quarter)



Key indicators for the major centres

	Apartments (number, 2019)	Building permits (Number of res. units *)	Vacancy rate (June 2021)	Supply rate	Asking rent (median)	Prime rent	Prime yield	Total return (MSCI, 2020)
<b>Rental apartments</b>								
Zurich	193,400	2,631 ↗	0.2%	3.0%	340	700	1.2%	8.2%
Berne	61,400	69 ↓	0.7%	4.7%	240	395	1.5%	6.2%
Basel	80,300	759 ↗	1.4%	6.5%	240	360	1.5%	6.6%
Lausanne	64,300	633 →	0.9%	4.5%	280	450	1.6%	7.3%
Geneva	86,300	432 →	0.8%	3.2%	380	650	1.5%	5.9%
Switzerland	2,386,500	27,141 →	2.4%	5.8%	190	–	–	7.0%

\*The direction of the arrow shows the change compared to the average of the previous 5 years. As at 2021 Q4 unless otherwise stated

- The market for owner-occupied property is also seeing a continuing decline in supply, with demand levelling off slightly but still at a high level. Within a year, this has led to price rises of 6.7% for a mid-sized privately owned apartment and 8.3% for a mid-sized single-family house.
- However, purchasing a residential property remains attractive, also in view of living costs, as mortgage rates are still very low despite having risen slightly.
- Prices are set to increase again in 2022 as the market will still be dominated by a shortage of supply. An average rise of 2.5% is expected for owner-occupied apartments across all the sub-segments, and price growth of 3.0% is expected for single-family houses.

## Owner-occupied apartm.

↑  
+6.7%

Price development  
(2020 Q4 to 2021 Q4)



71

Marketing duration  
(days, median, Q3)

## Single-family houses

↑  
+8.3%

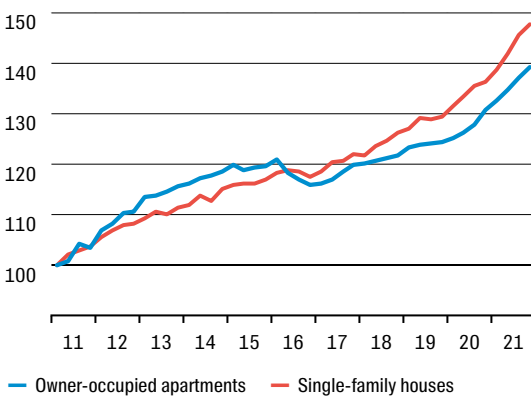
Price development  
(2020 Q3 to 2021 Q4)



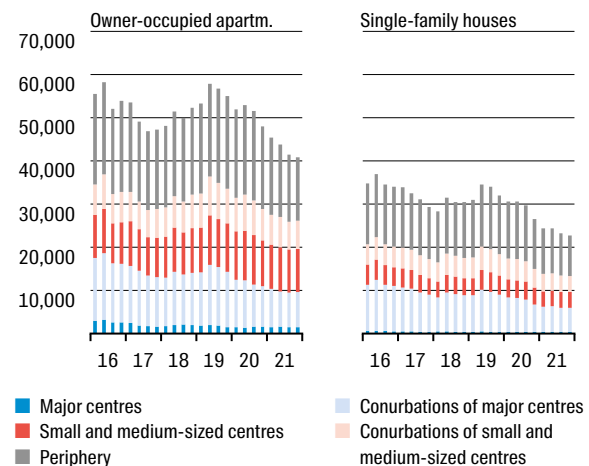
60

Marketing duration  
(days, median, Q3)

## Transaction price development (Index 2011 Q1 = 100)



## Number of properties on offer (per quarter)



## Key indicators for the major centres

	Properties (2019)	Market value <sup>(1)</sup> (m CHF)	Building permits (Number of res. units *)	Vacancy rate (June 2021)	Supply rate	Asking price <sup>(2)</sup> (median)	Transaction price <sup>(2)</sup>	Price high-end segment <sup>(2)</sup>
<b>Owner-occupied</b>								
Zurich	25,500	47,120	195 →	0.1%	1.2%	14,540	17,070	34,500
Berne	11,800	13,190	3 ↓	0.0%	0.8%	8,700	10,230	19,000
Basel	15,000	19,660	47 →	0.1%	0.8%	10,430	11,860	19,200
Lausanne	11,400	17,290	43 ↘	0.0%	2.5%	11,380	13,580	27,600
Geneva	21,400	44,300	27 ↘	0.4%	3.4%	15,790	18,900	41,400
<b>Switzerland</b>	<b>1,030,600</b>	<b>1,059,880</b>	<b>12,394 →</b>	<b>0.5%</b>	<b>4.0%</b>	<b>8,000</b>	<b>7,900</b>	<b>–</b>
<b>Single-family houses</b>								
Zurich	8,900	29,520	20 ↗	0.1%	0.6%	2,383,060	3,341,000	4,730,000
Berne	3,900	7,770	5 →	0.2%	0.6%	1,414,940	2,072,000	2,775,000
Basel	5,900	14,390	7 ↑	0.1%	1.2%	1,562,800	2,456,000	3,234,000
Lausanne	2,200	4,810	20 ↑	0.1%	4.4%	1,800,710	2,247,000	3,230,000
Geneva	800	2,350	0 →	0.0%	8.3%	2,223,870	3,082,000	4,474,000
<b>Switzerland</b>	<b>1,001,300</b>	<b>1,444,310</b>	<b>7,018 →</b>	<b>0.6%</b>	<b>2.3%</b>	<b>1,290,000</b>	<b>1'165'000</b>	<b>–</b>

<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. – \* The direction of the arrow shows the change compared to the average of the previous 5 years. As at 2021 Q4 unless otherwise stated.

- The retail market continues to recover. One explanation for this is that more international visitors are spending money in Switzerland again. In contrast, the effects of the structural change in the retail sector, particularly due to online trade, are still present.
- Most surveys indicate that in the long term people will continue to work around 30% of their hours outside the office. On the other hand, the current positive employment trend is boosting demand for office space.
- These various developments are currently driving up volatility in asking rents for commercial property. In the coming year too, the advancing structural shift is likely to put pressure on rents and increase market liquidity in some areas.

## Office space



316

Market value (bn CHF, excl. parking spaces)



-2.6%

Change in asking rents (2020 Q4 to 2021 Q4)

## Retail space



172

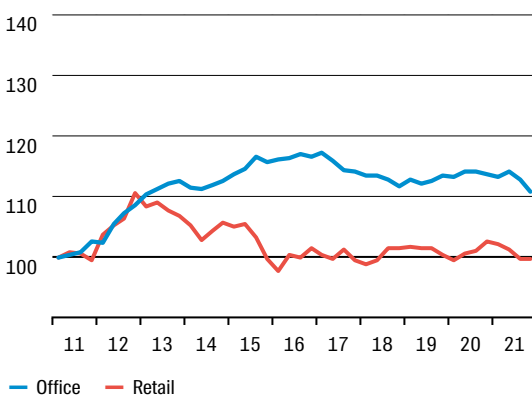
Market value (bn CHF, excl. parking spaces)



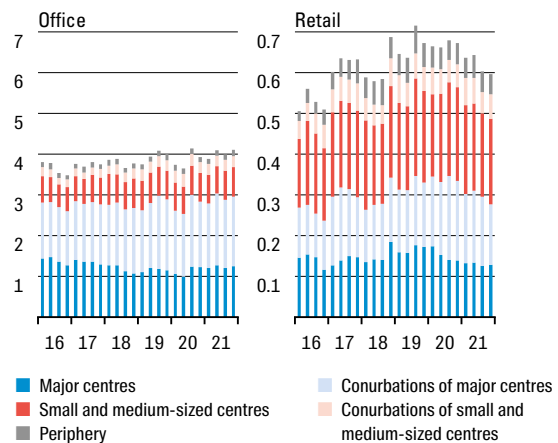
-2.9%

Change in asking rents (2020 Q4 to 2021 Q4)

Development of asking rents (index 2011 Q1 = 100)



Commercial space on offer (million sqm per quarter)



Key indicators for the major centres

	Stock (sqm GFA, 2019)	Building permits (Mio. CHF *)	Vacancy rate (June 2021)	Supply rate (median)	Asking rent	Prime rent	Prime yield	Total return (MSCI, 2020)
<b>Office space</b>								
Zurich	10,148,100	61 ↘	1.3%	5.4%	350	860	1.3%	6.6%
Berne	2,258,000	0 ↓	2.6%	3.8%	250	360	1.8%	2.7%
Basel	4,695,600	0 ↓	3.4%	4.8%	250	395	1.9%	4.4%
Lausanne	2,219,700	6 →	3.1%	4.5%	300	500	2.0%	4.6%
Geneva	3,663,800	32 ↘	4.2%	7.9%	460	860	1.7%	3.1%
Switzerland	57,960,400	1,507 →	–	7.1%	240	–	–	5.3%
<b>Retail space</b>								
Zurich	1,940,900	110 ↘	0.3%	1.0%	420	9,200	2.1%	5.4%
Berne	997,900	0 ↓	0.2%	0.8%	340	2,100	2.4%	3.5%
Basel	965,900	1 →	2.2%	2.6%	280	2,800	2.7%	0.2%
Lausanne	498,400	9 ↗	3.0%	4.7%	300	2,400	2.8%	3.6%
Geneva	668,800	13 ↗	1.5%	7.6%	430	5,400	2.4%	5.8%
Switzerland	35,895,100	610 →	–	1.7%	260	–	–	3.9%

\*The direction of the arrow shows the change compared to the average of the previous 5 years. As at 2021 Q4 unless otherwise stated



## Immo-Monitoring

Detailed analyses and an outlook for the Swiss real estate market can be found in the current Immo-Monitorings (fall edition 2022 | 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
- The impact of sustainability on property values
- Natural hazards and their impact of the real estate markets
- Office space demand: A glimpse into the year 2030
- 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/ch-de/insights/publikationen](http://www.wuestpartner.com/ch-de/insights/publikationen)

- **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.



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