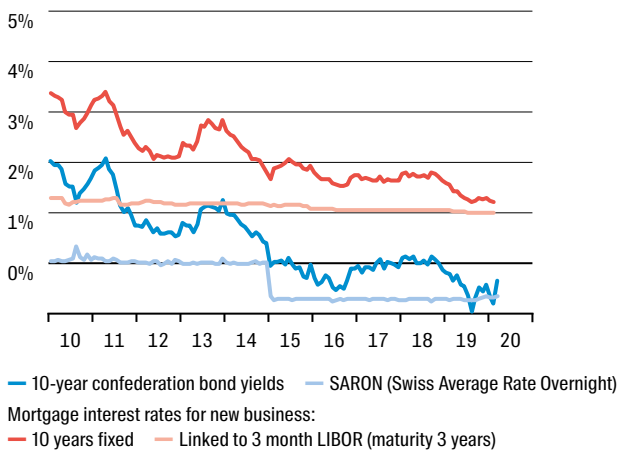


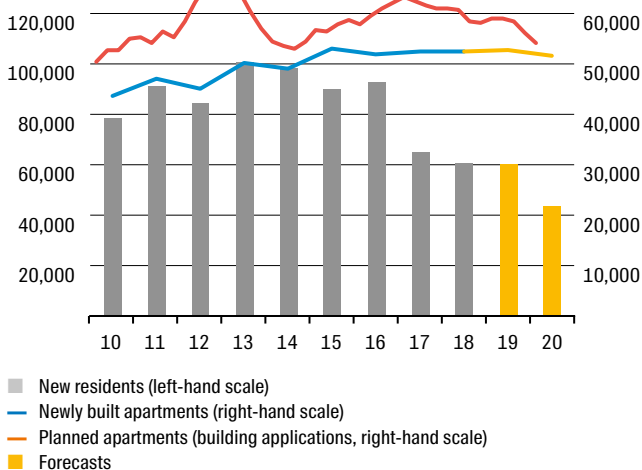
# Background

- The coronavirus is putting the Swiss economy to a difficult test this year. With both manufacturing and trade subject to restrictions globally, economic growth will be badly hit and a marked recession now looks unavoidable.
- Efforts to prevent the spread of the pandemic are having a particularly severe impact on certain branches of industry. These primarily include retail (except for food retailing), catering and tourism plus aviation and a whole range of export businesses in the manufacturing sector.
- Switzerland, however, is relatively well placed. For one thing, it can look back on a decade of steady economic growth and low unemployment; for another, government coffers are well filled. Thus both the federal and the cantonal administrations should be able to finance massive support programmes.

## 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
<b>Population</b>				
Persons (millions)	8.48	8.54	8.60 <sup>(1)</sup>	8.65 <sup>(1)</sup>
Annual change	0.8%	0.7%	0.7% <sup>(1)</sup>	0.5% <sup>(1)</sup>
<b>Economy</b>				
Annual change in real GDP	1.9%	2.7%	0.9%	-6.7% <sup>(2)</sup>
Annual change in employment	0.8%	1.3%	1.2%	-1.0% <sup>(1)</sup>
Unemployment rate	3.2%	2.5%	2.3%	3.9% <sup>(2)</sup>
Consumer confidence index (April each yr.)	-6	-5	-9	-40
Annual average change in real retail turnover	0.0%	-0.1%	0.1%	-
<b>Building construction investment</b>				
Annual change (nominal, new-build & refurb.)	2.2%	0.2% <sup>(1)</sup>	0.8% <sup>(1)</sup>	-0.7% <sup>(1)</sup>
<b>Money market</b>				
Annual inflation	0.5%	0.9%	0.4%	-1.0% <sup>(2)</sup>
10-year fixed mortgage rate (Feb. each yr.)	1.67%	1.80%	1.54%	1.20%
10-year confederation bonds (March each yr.)	-0.10%	0.05%	-0.35%	-0.37%

<sup>(1)</sup> Wüest Partner forecast - <sup>(2)</sup> SECO forecast April 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, 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
- 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](http://www.wuestpartner.com/publications)

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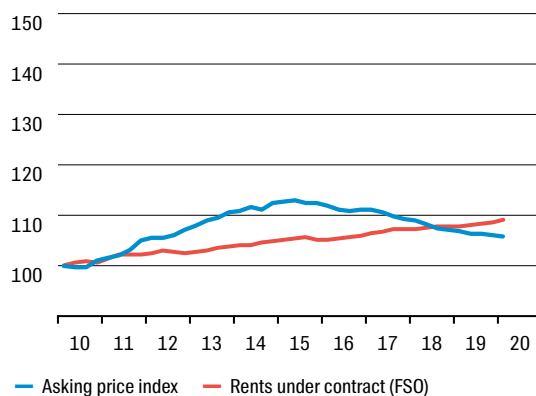
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# Residential market

- Additional demand for rented accommodation looks set to slacken off this year. With borders closed and less opportunities for finding work, immigration is likely to decrease sharply. In addition, budget restrictions may result in fewer small households being formed. In recent years, these have been a strong driving force behind the demand for rented apartments.
- A number of factors are having a stabilising effect on the market for rented accommodation: There is no fundamental substitute for housing, and the well-developed social welfare systems also act as a safety net. Moreover, there are signs that new-build activity is waning, which should partly compensate for the slump in additional demand for rental properties.
- Nevertheless, asking rents look set to decline in 2020. Thus the trend that has been observable for almost five years is continuing.

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

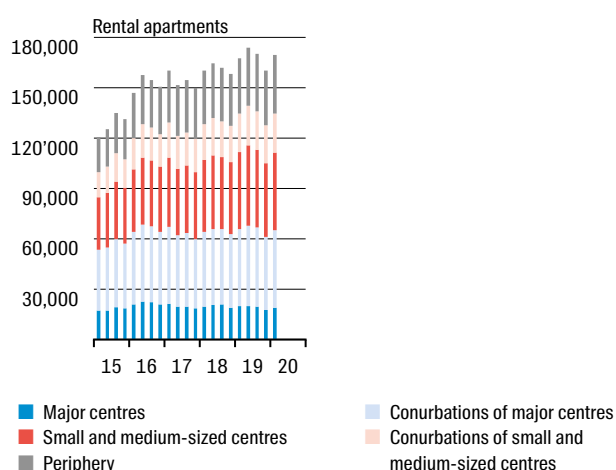


## Key indicators for Switzerland

	2018	2019	2020
<b>Rental apartments</b>			
Market value (bn CHF, excl. parking spaces, Q4)	—	1,156	—
Planning applications (bn CHF) <sup>(1)</sup>	12.2	12.1	11.5
Vacancy rate (June)	2.6%	2.7%	—
Supply rate	6.9%	7.3%	7.3%
Asking price index (year-on-year change in rents)	-2.0%	-1.9%	-1.1%
Current asking rent (CHF/sqm per year, median)	—	—	190
Marketing duration (days, median, Q4)	40	43	—

<sup>(1)</sup> 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, 2017)	Planning appl. (m CHF)	Vacancy rate (June 2019)	Supply rate	Asking rent (median)	Prime rent	Prime yield	Total return (MSCI, 2019)
<b>Rental apartments</b>								
<b>Zurich</b>	188,800	1,365.8	0.1%	2.9%	330	690	1.5%	7.4%
<b>Berne</b>	60,500	92.8	0.7%	5.1%	240	385	2.0%	6.0%
<b>Basel</b>	78,900	363.7	1.2%	5.3%	240	370	2.0%	7.5%
<b>Lausanne</b>	62,900	202.9	0.4%	5.5%	270	425	2.1%	7.0%
<b>Geneva</b>	85,000	287.3	0.7%	3.1%	380	630	2.0%	9.2%
<b>Switzerland</b>	2,309,600	11,487.7	2.7%	7.3%	190	—	—	6.9%

As at 2020 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.

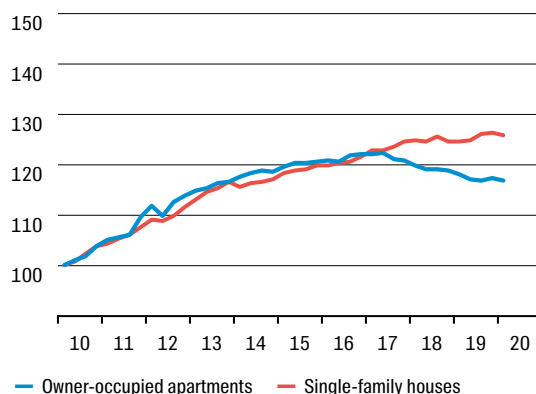
**Commercial and residential properties:** Asking rents and prime rents in CHF per sqm usable area; prime yields = net initial yields (net earnings/gross purchase price) for fully let prime properties at top locations. **Single-family houses:** Asking prices per house in CHF; transaction and top prices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

- In the near term, the economic turbulence should dampen demand for residential property. Many potential buyers will want to wait and see how the situation develops. Moreover, even people in the high income brackets – one of the key target groups for residential property – could see their overall earnings decline and their assets depreciate.
- While demand is slowing, however, the supply of property is also dwindling. This applies in particular to single-family houses, though the construction of owner-occupied apartments is also slowing.
- At the same time, financing terms remain very attractive – which will help to maintain the very high level of interest among potential home buyers.
- So although it is possible that Swiss residential property prices will decline slightly in the short term, sharp falls do not seem likely at present.

Development of asking prices (index 2010 Q1 = 100)

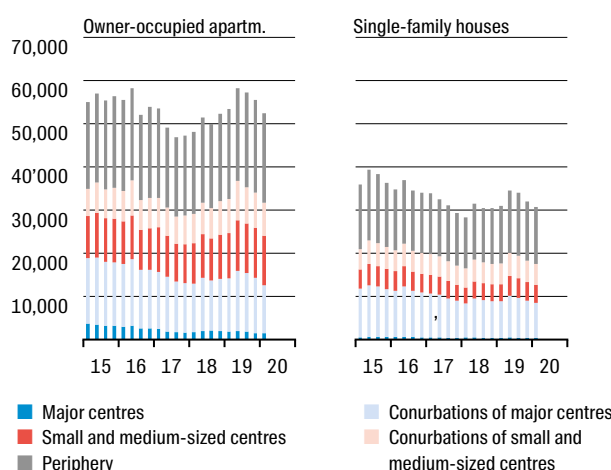


## Key indicators for Switzerland

	2018	2019	2020
<b>Owner-occupied apartments</b>			
Market value (bn CHF, excl. parking spaces)	–	–	902
Supply rate	4.7%	5.3%	5.2%
Vacancy rate (June)	0.6%	0.6%	–
Asking price index (year-on-year change)	-2.0%	-1.5%	-1.1%
Current asking price (CHF/sqm, median)	–	–	6,630
Marketing duration (days, median, Q4)	70	83	–
<b>Single-family houses</b>			
Market value (bn CHF)	–	–	1,233
Supply rate	2.9%	3.1%	3.1%
Vacancy rate (June)	0.7%	0.8%	–
Asking price index (year-on-year change)	1.6%	-0.1%	0.9%
Asking price (CHF per 6-6.5 room house, median)	–	–	1,150,000
Marketing duration (days, median, Q4)	61	73	–

As at Q1 unless otherwise stated

Number of properties on offer (per quarter)



## Key indicators for the major centres

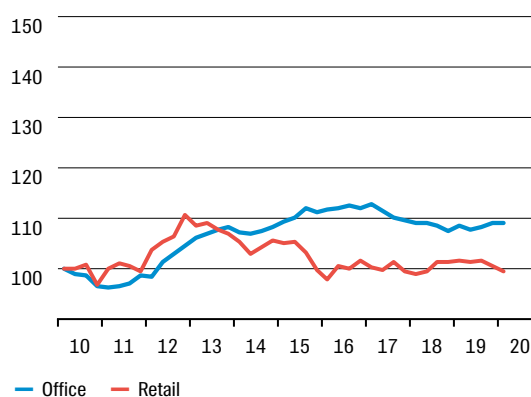
	Properties (2017)	Market value <sup>(1)</sup> (m CHF)	Planning appl. (m CHF)	Vacancy rate (June 2019)	Supply rate	Asking price <sup>(2)</sup> (median)	Transaction price <sup>(2)</sup>	Top price <sup>(2)</sup>
<b>Owner-occupied</b>								
Zurich	25,200	41,910	187.1	0.1%	0.9%	12,770	15,050	31,100
Berne	11,700	11,840	30.1	0.0%	0.9%	7,630	9,050	17,300
Basel	15,000	17,650	34.7	0.1%	1.3%	9,290	10,450	17,600
Lausanne	11,300	15,030	43.0	0.0%	2.4%	10,320	11,790	24,200
Geneva	21,300	39'350	52.0	0.3%	3.2%	13,890	16,480	37,900
Switzerland	1,013,100	902'210	7,622.2	0.6%	5.2%	6,630	7,300	–
<b>Single-family houses</b>								
Zurich	8,900	26,240	27.7	0.1%	0.7%	2,087,300	2,864,000	4,404,000
Berne	3,900	7,260	3.0	0.2%	0.7%	1,281,530	1,832,000	2,723,000
Basel	5,900	13,500	3.0	0.2%	0.8%	1,430,460	2,188,000	3,196,000
Lausanne	2,200	4,380	5.5	0.0%	4.7%	1,486,170	1,966,000	3,056,000
Geneva	800	2,130	5.0	1.5%	6.8%	1,940,640	2,667,000	4,103,000
Switzerland	988,900	1,233,090	5,612.0	0.8%	3.1%	1,150,000	1'029'000	–

As at 2020 Q1 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

- The main economic repercussions of the coronavirus crisis will be felt on the commercial property markets. However, the impact will vary from one segment to another.
- The market for office property has stable foundations: vacancy rates have recently been falling, and new-build activity has also declined. However, a number of companies will scale back their expansion plans while others will have to reduce their headcounts. Additional demand for office space is likely to be weak in 2020, while asking rents look set to ease.
- Most challenging of all is the situation on the market for retail space. Online trading is booming more than ever before, and the fall-off in demand for non-food floorspace in particular (which has recently been closed to customers) has been accelerated. The likely result is a further decline in market rents, as well as falls in turnover-based rents.

Development of asking rents (index 2010 Q1 = 100)

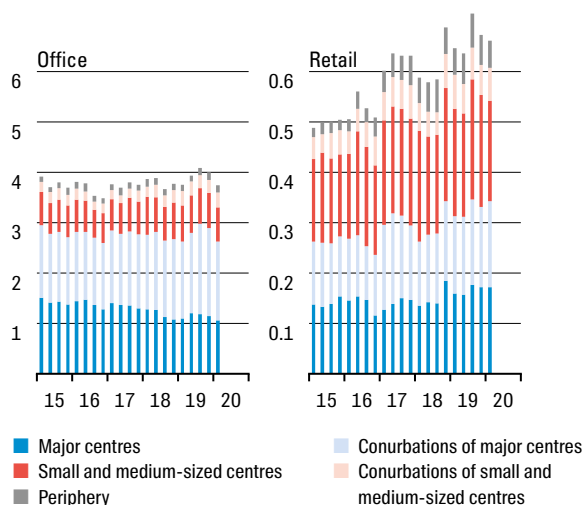


## Key indicators for Switzerland

	2018	2019	2020
<b>Office space</b>			
Market value (bn CHF, excl. parking spaces)	—	—	312
Planning applications (bn CHF)	1.9	1.5	1.9
Supply rate	6.8%	6.6%	6.6%
Asking price index (year-on-year change in rents)	-3.3%	-0.5%	0.4%
Current asking rent (CHF/sqm and year, median)	—	—	200
Marketing duration (days, median, Q4)	70	90	—
<b>Retail space</b>			
Market value (bn CHF, excl. parking spaces)	—	—	161
Planning applications (bn CHF)	0.6	0.7	0.7
Supply rate	1.7%	1.8%	1.9%
Asking price index (year-on-year change in rents)	-1.4%	2.8%	-2.1%
Current asking rent (CHF/sqm and year, median)	—	—	280

As at Q1 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	Prime yield	Total return (MSCI, 2019)
<b>Office space</b>								
Zurich	9,900,500	312.8	1.4%	4.1%	350	950	1.9%	8.3%
Berne	2,216,100	0.0	2.2%	3.5%	250	340	2.2%	7.4%
Basel	4,583,000	211.0	1.8%	3.5%	240	330	2.3%	5.9%
Lausanne	2,181,200	34.4	2.0%	3.5%	300	440	2.4%	3.8%
Geneva	3,602,400	68.9	5.0%	9.3%	440	930	2.2%	4.1%
Switzerland	56,471,800	1,871.9	—	6.6%	200	—	—	6.9%
<b>Retail space</b>								
Zurich	1,922,800	104.2	0.5%	1.3%	400	8,200	2.4%	5.7%
Berne	993,800	22.3	0.4%	1.5%	350	2,400	2.5%	4.2%
Basel	955,800	3.6	1.5%	1.9%	290	2,900	2.8%	-1.8%
Lausanne	491,100	10.5	1.8%	6.7%	300	2,300	3.0%	6.6%
Geneva	662,100	8.4	1.5%	12.2%	420	5,300	2.7%	3.0%
Switzerland	35,122,100	656.3	—	1.9%	280	—	—	3.9%

As at 2020 Q1 unless otherwise stated