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Real Estate Market Summary 2024 Q1



Introduction

Quarterly Real Estate Market Summary for Switzerland. This report provides an overview of the current state of the real estate industry in Switzerland, covering commercial and residential sectors, as well as key factors influencing the market such as mortgage rates and interest trends.

In this edition, we analyze the latest trends and developments shaping the Swiss real estate landscape, offering insights into market performance, demand-supply dynamics, and investment opportunities. Our report delves into key indicators such as property prices, rental yields, vacancy rates, and transaction volumes to provide a nuanced understanding of market conditions.

Additionally, we examine the impact of macroeconomic factors, regulatory changes, and global events on the Swiss real estate market, offering valuable perspectives for investors, developers, and industry stakeholders. With a focus on both quantitative data and qualitative analysis, this report aims to equip readers with actionable intelligence to navigate the evolving real estate landscape in Switzerland.

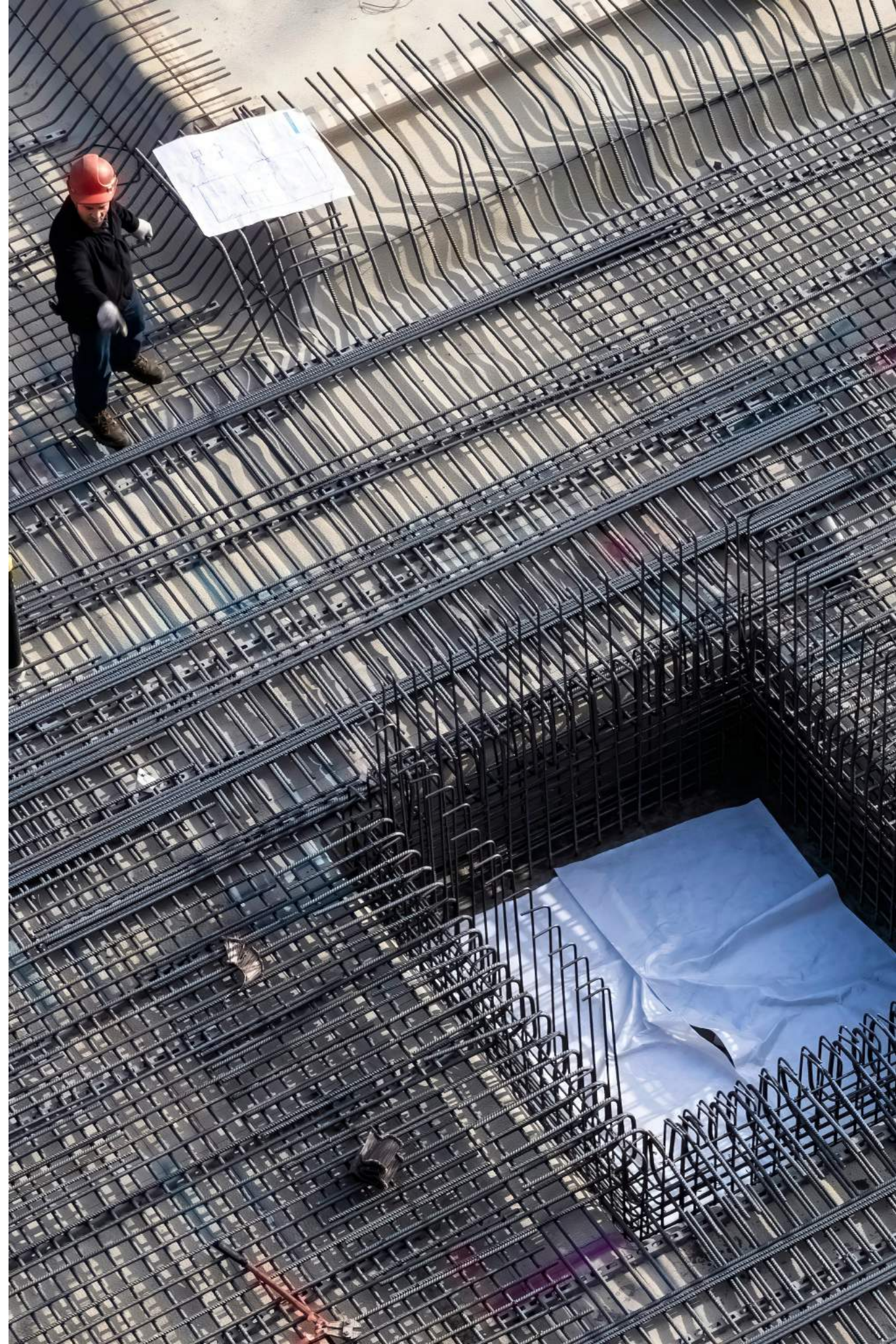
Whether you are a seasoned investor, a prospective homebuyer, or a professional in the real estate industry, we trust that this report will serve as a valuable resource to inform your decisions and strategies in the Swiss real estate market.

Global Outlook

Swiss real estate market is currently witnessing notable expansion and evolution.

Renowned for its exceptional quality of life and stable economic environment, Switzerland stands as an appealing destination for both local and international buyers alike. Buyers in the Swiss real estate sector prioritize properties that offer a blend of contemporary amenities, picturesque surroundings, and convenient access to urban hubs. The demand for luxury properties, particularly in sought-after areas like Zurich and Geneva, remains robust. Moreover, there is a growing inclination towards sustainable and energy-efficient buildings, reflecting a heightened environmental awareness among buyers.

A prominent trend in the Swiss real estate landscape is the upward trajectory of residential property prices. Limited inventory coupled with heightened demand has propelled prices, resulting in a seller's market scenario. This trend is especially evident in major urban centers and popular tourist destinations. Another notable trend is the increasing allure of real estate investments as an alternative to conventional investment avenues. Investors are drawn to the stability and security offered by the Swiss property market, which promises long-term capital appreciation and rental income potential.





Switzerland boasts a unique set of circumstances that influence its real estate market dynamics. Strict zoning and building regulations curtail new construction activities, leading to a scarcity of available properties. This scarcity, combined with robust demand, contributes to escalating prices. Furthermore, Switzerland's political stability and robust legal framework position it as an attractive destination for foreign investors, further fueling demand.

Various macroeconomic factors underpin the development of Switzerland's real estate market. The nation's robust economy, low unemployment rates, and elevated disposable income levels create a conducive environment for property investments. Additionally, Switzerland's status as a global financial hub draws high-net-worth individuals and multinational corporations, bolstering demand for luxury properties. Favorable interest rates further enhance affordability, encouraging prospective buyers to enter the market.

In summary, Switzerland's real estate market is witnessing growth and evolution driven by customer preferences for high-quality properties, escalating residential prices, and unique local dynamics characterized by limited supply and heightened demand. Macroeconomic factors, including a strong economy and low interest rates, further contribute to the market's positive trajectory.

Commercial Real Estate

Switzerland, celebrated for its picturesque landscapes and esteemed standard of living, stands as a beacon of opportunity in the realm of Commercial Real Estate. The preferences driving the Swiss Commercial Real Estate sector are as diverse as they are influential, shaped by a tapestry of factors ranging from economic stability to urban development trends. In this report, we delve into the nuances of Switzerland's vibrant Commercial Real Estate market, exploring the trends, local dynamics, and macroeconomic factors that define its landscape.

At the heart of Switzerland's Commercial Real Estate market lies a discerning clientele, drawn by the nation's reputation for stability, prosperity, and innovation. Swiss and international investors alike are captivated by the country's robust political and economic framework, underpinned by a legal system



renowned for its integrity and transparency. The allure of Switzerland extends beyond its borders, with its strategic location in Europe and well-developed infrastructure presenting a compelling proposition for businesses seeking a foothold in the continent.

The pulse of the Swiss Commercial Real Estate market beats with the

rhythm of evolving trends, reflecting the dynamic needs of businesses and consumers. Notably, there is a surge in demand for office spaces in key urban hubs such as Zurich and Geneva, driven by the expansion of industries such as finance, technology, and pharmaceuticals. Concurrently, mixed-use developments have emerged as a prominent trend,

offering a harmonious blend of commercial, residential, and retail spaces to cater to diverse lifestyle preferences.

Switzerland's Commercial Real Estate landscape is shaped by a unique interplay of local dynamics, including stringent zoning regulations, limited land availability, and a commitment to sustainability. These factors contribute to a scarcity of prime real estate, driving up demand and prices while ensuring adherence to high standards of quality and environmental responsibility. Moreover, Switzerland's reputation as a global financial hub further elevates its appeal, attracting foreign investment and fostering a climate of growth and innovation.

Underpinning the vibrancy of Switzerland's Commercial Real Estate market are robust macroeconomic fundamentals, including a strong economy, low unemployment rates, and high purchasing power. These factors create a conducive environment for investment, bolstered by favorable financing conditions and a stable currency. Switzerland's position as a magnet for high-net-worth individuals and multinational corporations further fuels demand for commercial properties, contributing to the market's resilience and upward trajectory.

In conclusion, Switzerland's Commercial Real Estate market is a testament to the nation's enduring allure and economic dynamism. As businesses and investors flock to its shores in pursuit of opportunity, the market continues to

evolve, driven by changing consumer preferences, local dynamics, and macroeconomic forces. With its solid foundation, strategic positioning, and unwavering commitment to excellence, Switzerland remains a beacon of stability and prosperity in the global Commercial Real Estate arena.



Residential Real Estate

Residential Real Estate sector in Switzerland is undergoing a series of transformations and advancements that are reshaping the industry.

Swiss homebuyers are exhibiting a pronounced inclination towards properties imbued with sustainable and energy-efficient attributes. This inclination is propelled by a burgeoning consciousness surrounding environmental concerns and a fervent aspiration to curtail carbon footprints. Moreover, there is an escalating demand for residences boasting contemporary amenities and premium-quality finishes, reflecting evolving lifestyle preferences.

A prominent trend discernible in the Swiss Residential Real Estate landscape is the burgeoning allure of urban living. A multitude of individuals are gravitating towards city life, enticed by the convenience and



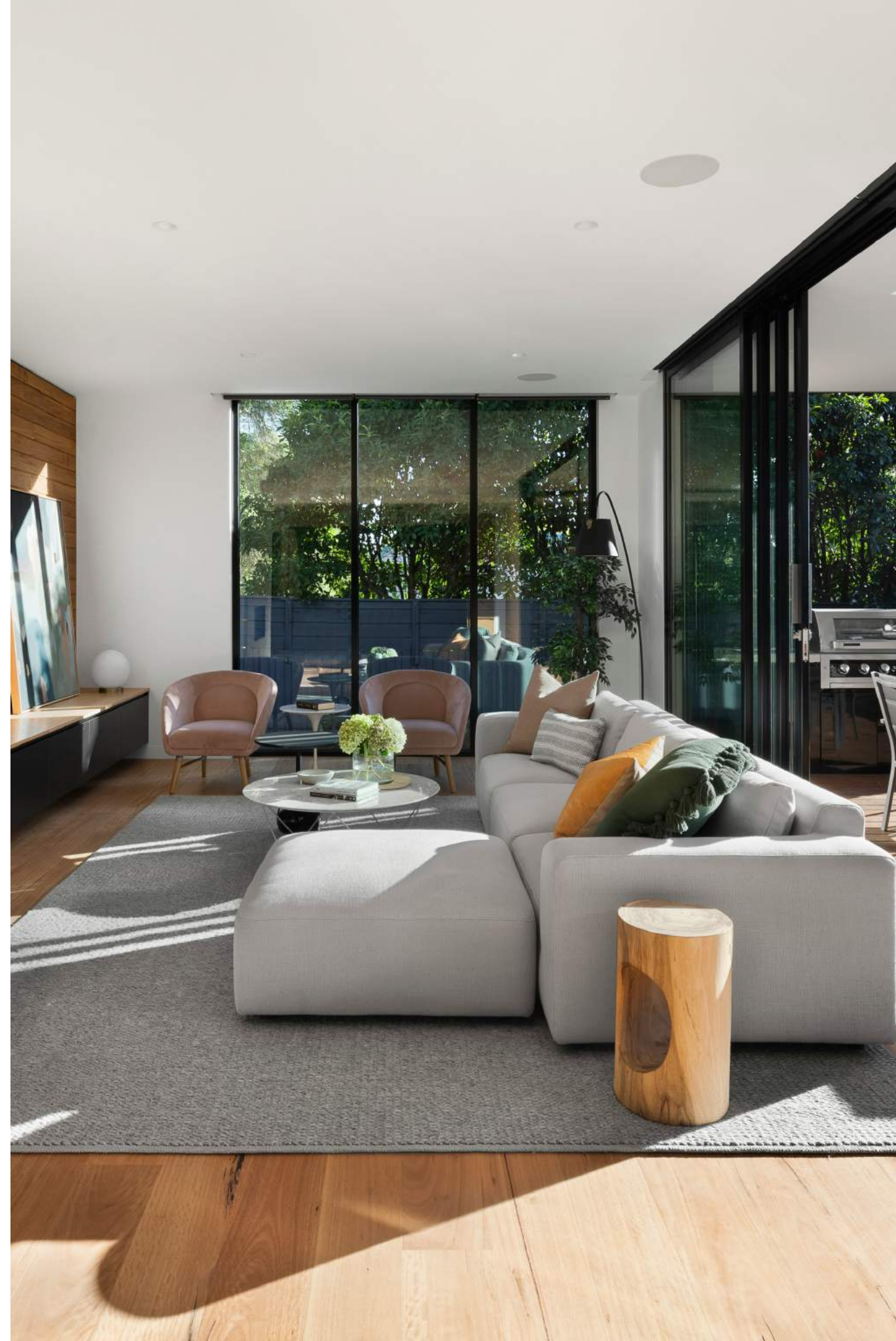
accessibility it affords. Consequently, there is a burgeoning appetite for apartments and condominiums nestled within city centers, fueled by the allure of a vibrant social milieu, proximity to employment opportunities, and accessibility to amenities. Concurrently, the surge in popularity of second homes is making waves. Switzerland's idyllic landscapes and plethora of outdoor

recreational pursuits are beckoning individuals to invest in secondary abodes in sought-after tourist enclaves like the Swiss Alps. This trend is underpinned by the yearning for respite from urban rigors and the chance to bask in nature's splendor.

Switzerland's housing market is characterized by its distinctive attributes, chiefly its high population

density and constricted land availability. This confluence of factors has engendered a scarcity of housing options, particularly within urban precincts, consequently propelling property prices skyward. Furthermore, the stringent construction regulations and zoning ordinances mandated by the Swiss government serve to further constrict housing supply, exacerbating the prevailing scarcity. These localized dynamics contribute to the elevated cost of real estate in Switzerland and the robust demand for residential properties.

The Swiss Residential Real Estate arena is underpinned by a myriad of macroeconomic drivers. Switzerland's robust and steadfast economy serves as a magnet for both domestic and international investors. Bolstered by a low unemployment rate and robust purchasing power, the country exhibits a sustained appetite for real estate investments. Additionally, Switzerland's favorable tax regime incentivizes individuals and corporations to funnel capital into the property market. These overarching factors coalesce to foster the growth and resilience of Switzerland's Residential Real Estate market.



Mortgage market trends

Switzerland's latest mortgage market trends for 2023/2024 reveal intriguing developments:

Benchmark Mortgage Rates:

In the fourth quarter of 2023, fixed-rate mortgages witnessed a notable decline in costs. Throughout the year, from the initial months to December 2023, the benchmark interest rate for 10-year fixed-rate mortgages plummeted by 0.78 percentage points, settling at 2.22%. Similarly, the benchmark interest rate for 5-year fixed-rate mortgages experienced a downturn, resting at 2.1% by December's end. However, Saron mortgages remained unchanged, as the Swiss National Bank (SNB) key interest rate stood steady at 1.75% in December.



Stable Interest Rates due to SNB Interest Rate-Hike Pause:

Following successive interest rate hikes, the Swiss National Bank (SNB) has opted for a hiatus, maintaining the key interest rate at 1.75% for two consecutive terms. This pause acknowledges a tentative peak in interest rates. Given that the inflation rate has consistently lingered beneath

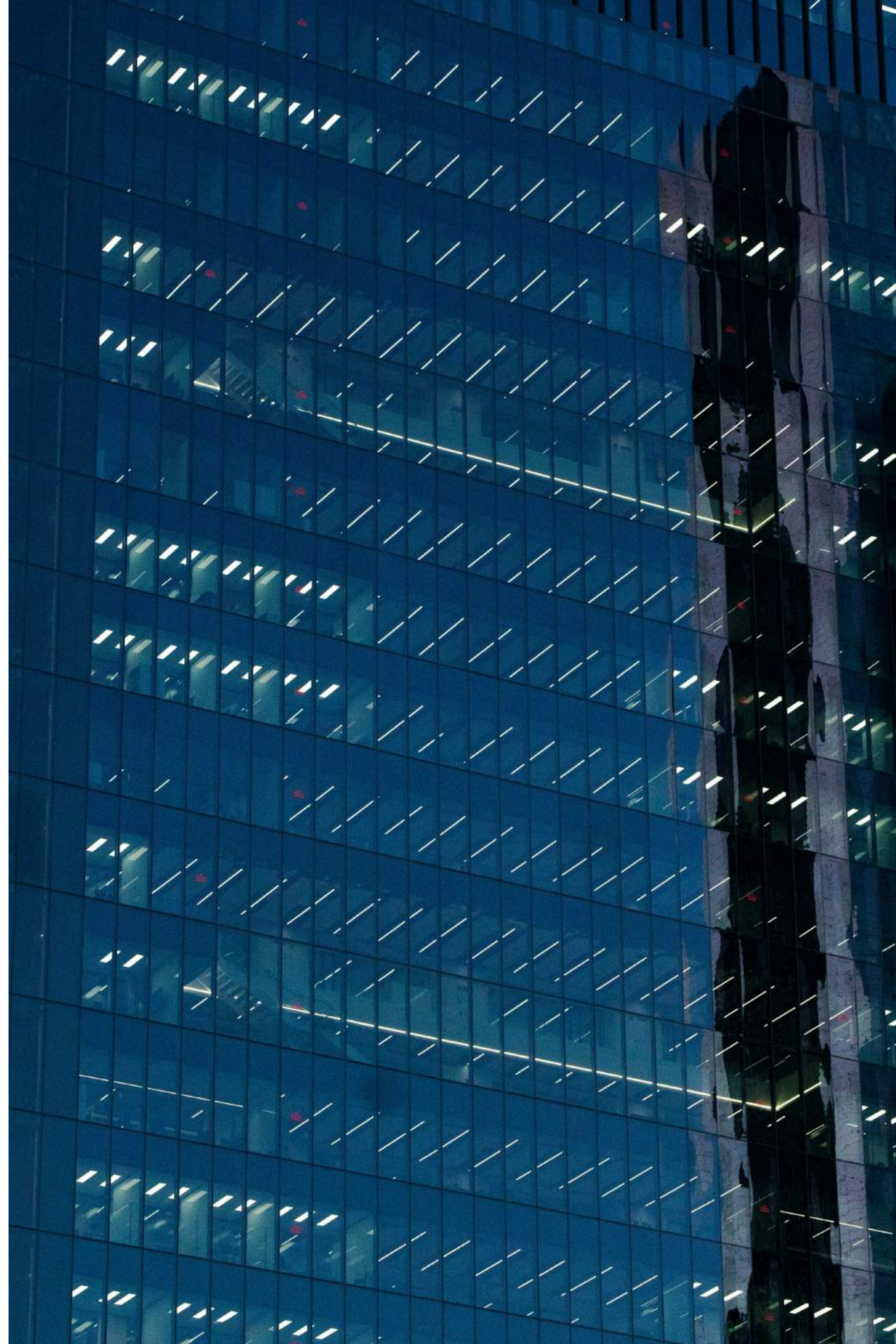
the SNB's 2% upper threshold, market speculation hints at potential rate reductions in the near future.

Current Mortgage Rates:

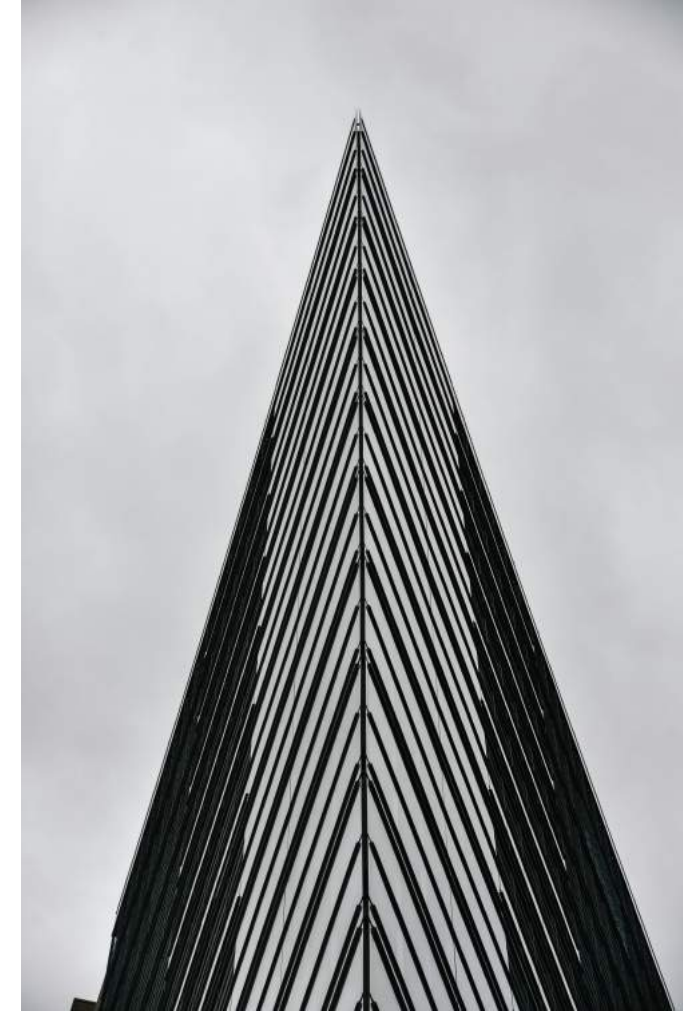
Mortgage rates exhibit substantial variation based on multiple factors, including mortgage type, duration, lender, region, loan-to-value ratio, and

and affordability. The following benchmark rates, sourced from the average quotations of 25 prominent mortgage lenders in Switzerland as of December 20, 2023, offer insights:

- 3-year fixed-rate mortgage: 2.06%
- 5-year fixed-rate mortgage: 2.09%
- 10-year fixed-rate mortgage: 2.20%
- 15-year fixed-rate mortgage: 2.29%



Disclaimer: This market report is intended for general informational purposes only and should not be construed as professional advice. While every effort has been made to ensure the accuracy and reliability of the information presented herein, no guarantee is made regarding its completeness or suitability for any particular purpose. The views and opinions expressed in this report are those of Singmar Group and do not necessarily reflect the official policy or position of the company. Readers are advised to conduct their own research and consult with qualified professionals before making any investment or business decisions based on the information contained in this report. The company disclaims any liability for errors, omissions, or damages resulting from the use of this report.



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