

RESIDENTIAL RESEARCH



# SWISS INSIGHT 2016

ASSESSING MARKET CONDITIONS ACROSS  
SWITZERLAND'S PRIME SECOND-HOME DESTINATIONS



SALE VOLUMES

PROPERTY MARKET TIMELINE

DEMAND AND SUPPLY

# Seeking security

**The stability of the Swiss franc, a return to sensible pricing and greater clarity surrounding the second home cap has boosted market sentiment.**

By Kate Everett-Allen

The Swiss housing market is unique. Not only does it demand examination from two different perspectives; 1) as a Swiss resident and 2) as a non-resident, but the prime housing markets in its French and German-speaking areas have followed markedly different trajectories over the last decade.

Add to a strong currency, a plethora of new rules, regulations and referenda in recent years adjusting who can buy what, where, and with what tax implications, and the waters have been somewhat muddled for buyers.

However, the final quarter of 2015 brought with it some clarity and stability

which has led to resurgent levels of activity. The Geneva Statistics Office reports that 23 sales above CHF 4m took place in the first six weeks of 2016, an increase of 64% compared with the same period in 2015.

The stability of the Swiss franc, the decision not to abolish the 'forfait' (lump sum form of taxation) in Geneva and Vaud, and greater clarity over the detail surrounding the cap on second homes has influenced market sentiment. But, so too has a return to sensible pricing.

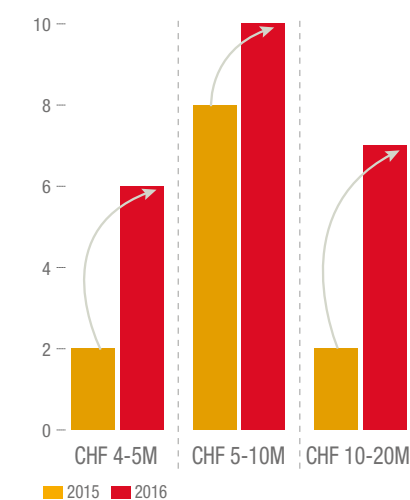
Unlike Zurich and the key German-speaking areas of Schwyz and Zug where prime prices have remained relatively steady throughout the last decade, Geneva and Vaud saw prices accelerate strongly before slipping back, by as much as 20%-30%, post-Lehman. The gap between asking and achieved prices continued to widen post-2008 as vendors tested the market. However, since mid-2015, keen to progress sales and given the volume of stock on the market, vendors have adopted a more realistic stance.

## Swiss residents

Switzerland is arguably the world's ultimate 'safe haven' and as a result continues to attract new residents drawn as much by the security, privacy and educational facilities it offers as its tax rules.

The fragility of the global economy, escalating geopolitical crises and the increased regulation and taxation of

**Geneva sees strong start to 2016**  
No. of sales, 1 Jan-19 Feb (2015 v 2016)



FAO (Geneva Statistic Office)

property in key global cities is driving wealth towards Switzerland.

More than 360,000 millionaires and 5,680 UHNWIs\* live in Switzerland, and both figures are forecast to rise by 12% in the next decade.

To put its importance to the world's wealthy in perspective, cross-border investment into Switzerland reached US\$1.1 trillion in 2015, a rise of 369% over the course of the previous decade. Even the world's largest economy, the US, saw growth of only 99% over the same period.

Education is emerging as a key driver of Swiss property investment. Along with schools in the US and the UK, Swiss

schools offer unrivalled education in a secure setting.

## Non-Swiss residents

At present the total number of homes that can be sold each year to non-residents in the whole of Switzerland is 1,440.

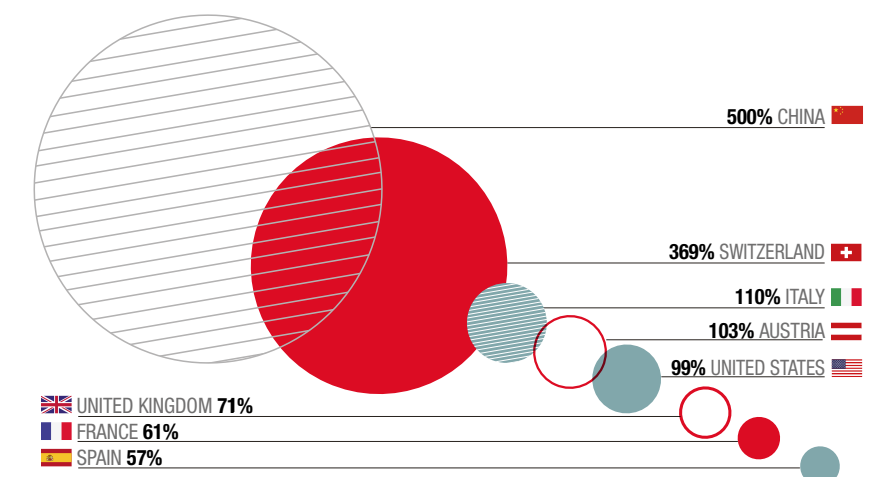
Two Swiss laws have shaped the country's second home market; Lex Koller and Lex Weber. One limited non-resident purchasers to specific holiday zones, the other introduced a 20% cap on second homes and specified that second homes should not exceed 200 sq m in size.

Sales volumes suffered more than prices in 2015 as the market awaited news of the exact interpretation of Lex Weber. Swiss residents, are also reviewing the implications, keen not to limit their pool of potential future buyers to residents only.

We expect supply within the second home market to become constrained in the next five years, particularly in areas such as Verbier and Montreux where

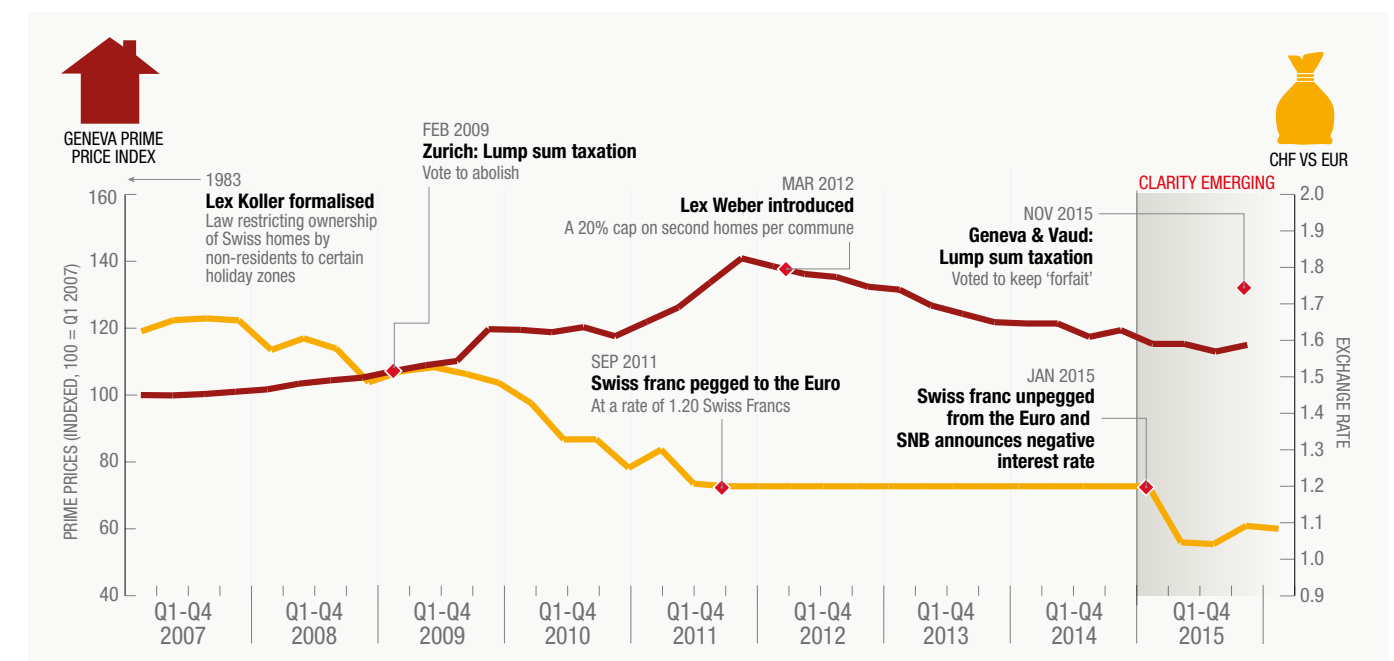
construction will effectively be halted, and non-residents will only be able to buy from non-residents, effectively producing a two-tier market.

**Switzerland as a safe haven** Ten-year shift in global wealth movements (US\$)\*



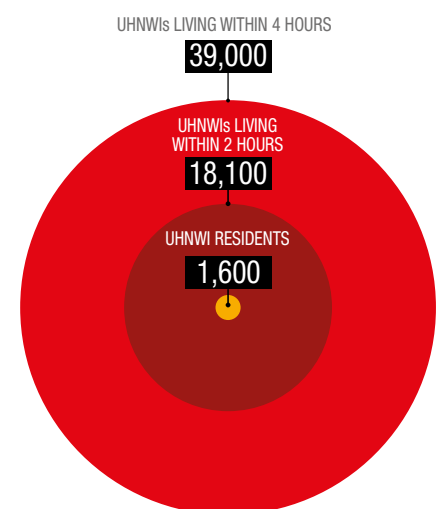
IMF IFS, Balance of Payments, International Investment Positions  
\*Year to Q2 2015

**Swiss property market timeline**  
Q1 2007-Q4 2015



Knight Frank Research

**Geneva's good connections**  
No. of UHNWIs\*



New World Wealth  
\*UHNWIs = individuals with net assets of US\$30m+



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## MARKETING PUBLICATIONS



[Switzerland Buying  
Guide 2016](#)



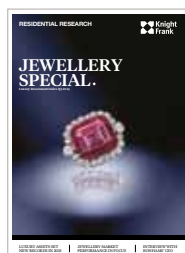
[Why Switzerland  
2015/16](#)

The Research data provided in this report was originally published within **France: Inside View**

## RESEARCH PUBLICATIONS



[The Wealth Report  
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- Jewellery Special Q3  
2015](#)



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