

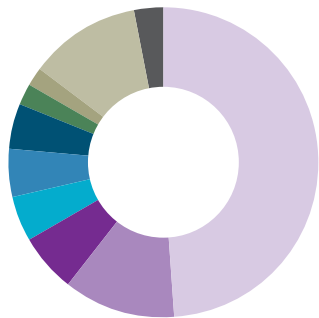
LUXURY RESIDENTIAL MARKET INSIGHT SWITZERLAND

Knight Frank



“The number of sales has increased throughout the country, allowing for small price increases in regions such as Geneva.”

Where do buyers* in Switzerland come from?



Switzerland	48%
UK	12%
Russia & CIS	6%
Germany	5%
France	5%
Asia Pacific	5%
US	2%
Italy	2%
Rest of Europe	12%
Rest of the World	3%

Source: Knight Frank Residential Research

* Buyers of properties sold for CHF 5m and above

Market overview

Switzerland has long been high on the wish list of international buyers seeking the lifestyle, privacy and appealing tax environment it offers. The continued efforts by governments around the world to increase taxes only serve to reinforce this.

With its renowned international schools, proximity to alpine locations and favourable stance on tax, Switzerland remains a destination of choice for buyers around the world. The most active interest throughout the country during 2010 stemmed from France, England and the Benelux countries, with a small number of Russian and CIS buyers also entering the market.

Much of this demand has come from a growing number of professionals whose work is not dependent on a particular location, as Swiss residents can make business trips to most international centres from either Zurich, Geneva or Milan with relative ease. These buyers are evident across all price ranges and tend to focus their attention on the consistently popular cantons of Geneva, Vaud, Zug, Schwyz and Ticino.

The lack of available property in the country's German-speaking areas in the north and central regions (including Zurich, Zug and Schwyz) ensured that prices there remained stable, while the French-speaking cantons in the east (including Geneva and Vaud) saw prices fall by between 10% and 15% in the luxury sector during the early stages of the downturn. The number of sales has since increased throughout the country, allowing for a slight price recovery in the French-speaking regions.

The average price throughout the Geneva canton is around CHF 9,500 per m², with central Geneva closer to CHF 12,000 per m², while luxury properties command between CHF 15,000 and CHF 17,000 per m², and super-prime areas such as Coligny and the old town of Geneva can reach up to CHF 35,000 per m². Lakeside property prices in the Vaud canton are

a little lower in comparison. The average price there lies between CHF 7,000 and CHF 8,000 per m²; luxury between CHF 9,000 and CHF 17,000 per m²; and super-prime areas along the Riviera can reach up to CHF 25,000 per m². Similar price differentials are mirrored in Zurich.

The second half of 2010 saw a surge in interest in the Ticino canton, around Lake Lugano in particular. The area appeals to internationals looking to pay less than they would in the German and French regions but still benefit from splendid views, excellent international schools, tax incentives, and the ease of travel from Milan. There is also an emerging market in Neuchâtel, where prices are 20% lower than in neighbouring Vaud. The cantonal authority is actively researching ways to appeal to foreign investment and business relocation, providing significant potential for growth.

To take advantage of these positive conditions, vendors are being encouraged to offer homes to international buyers in excellent condition with no improvement needed. Though buyers of Swiss property have traditionally been happy to complete refurbishment works themselves, most buyers moving for tax purposes are too busy to take on such projects and would generally prefer to pay more for the convenience of walking into a modernised home that requires little work.

Switzerland is likely to see even more of these buyers enter the market in the coming years due to the continuing pressure from governments around the world to increase tax and Switzerland's reluctance to follow suit.



Alex Koch de Gooreynd
Head of the Swiss Desk
Knight Frank

Expert insight

Most of our buyers have the same initial priorities: to improve their children's education while having easy access to the ski slopes and, of course, significantly improving their tax position.

The markets differ greatly between regions. Zurich and Geneva buyers tend to be relocating for work and are more focused – already armed with information such as which canton suits their particular tax needs.

The Vaud Riviera buyers are often lifestyle purchasers who dream of owning a home in Switzerland but are less aware of the purchase restrictions and processes. Similarly, in Ticino, and in particular the Lugano area, buyers generally see their move as a lifestyle decision that also affords them an improved tax environment.

Although those moving to Switzerland have to obtain a residence permit, any challenges in this regard are far outweighed by the opportunity to enjoy an incredible lifestyle, unrivalled privacy, reassuring security and limited tax liability.

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