



European ski resorts show signs of recovery, according to the first dedicated Prime Ski Property Index

Results for Q2 2011

The French resort of Megève displayed a relatively strong recovery in property prices, recording 4.3% growth in the year to June 2011

Although the US resorts of Telluride and South Lake Tahoe recorded a decline in prices annually, there is evidence that these markets are strengthening

In most of the Alpine resorts prices have now stabilised with some, but not all, even seeing small price rises

Overall, average annual price growth in Europe reached 1.7% in Q2 2011 compared to a fall of 3.0% across North America

Demand from Eurozone buyers has kept price growth in the French Alps in positive territory, replacing buyers from Russia and the CIS States whose presence is less evident post-2009

The launch of the Knight Frank Prime Ski Property Index will provide vendors, purchasers and investors with a clear view on the comparative price performance of luxury residential property across the world's main ski resorts.

The fact that property prices in the French Alps appear to have stabilised faster than in some of the key North American resorts can be attributed to a number of factors. Firstly, many French ski resorts are located at high altitude, which makes them generally more reliable in terms of snowfall.

Secondly, the French resorts are well-established, most offering an array of sports and activities beyond skiing. Finally, significant investment over the last five years has been ploughed into these alpine resorts which has improved the quality of skiing, accessibility and infrastructure.

The traditionally-favoured resorts of Courchevel, Megève and Val d'Isère continue to lead the market in terms of sales activity. But it is worth highlighting the key sub-markets within some of the resorts which generate the strongest interest from buyers;

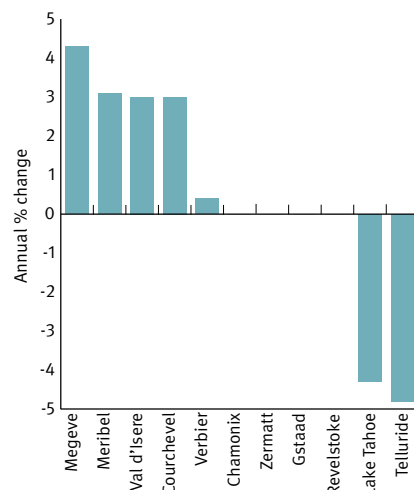
Courchevel 1850; Mont d'Arbois in Megève, and the Belvedere and Routes des Chalets/Le Reynard in Méribel all face strong demand.

Eurozone purchasers were prominent during the 2010/11 season and this heightened demand meant some more cautious UK buyers, who account for 35-40% of prime property purchasers, saw their choice of property being sold before they were able to commit to such a purchase.

Demand for property is proving less seasonal in many of the world's luxury ski resorts. Summer tourism, particularly in The Alps, has helped to increase rental incomes for many second-home owners. The Alps are now host to a number of summer festivals, concerts and sporting events attracting visitors year-round.

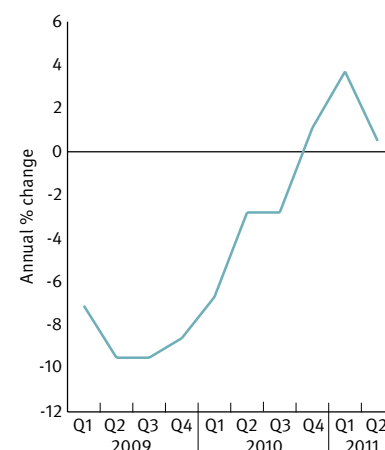
Matthew Hodder-Williams, Head of the French Desk at Knight Frank, comments "The 2010/2011 season proved to be surprisingly robust with a strong level of sales activity in the French alpine resorts. Courchevel, Méribel, Megève and Val d'Isère performed well with the best properties attracting interest from more than one buyer which enabled sales to be completed at or near the asking price."

Figure 1
12-month price change
Average residential price change to Q2 2011



Source: Knight Frank Residential Research

Figure 2
Aggregate performance
Annual residential price change to Q2 2011



Source: Knight Frank Residential Research



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Data digest

The **Knight Frank Prime Ski Property Index** has been produced to provide investors, second-home owners and developers with the definitive means to monitor and compare the performance of a luxury residential property in ski resorts globally. The index is compiled on a six-monthly basis using data from Knight Frank's network of global offices and research teams. In some instances reliable indices from third-party sources have been used.

French Alps: date of pre-recession residential price peak

Chamonix	Q4 2008
Val d'Isere	Q4 2008
Megeve	Q1 2009
Courchevel	Q3 2008
Meribel	Q3 2008

The Knight Frank Prime Ski Property Index, Q2 2011

Ski Resort	Country	Annual % change	Six monthly % change	Quarterly % change
Megève	France	4.3%	0.0%	0.0%
Méribel	France	3.1%	3.1%	3.1%
Val d'Isere	France	3.0%	0.0%	0.0%
Courchevel 1850	France	3.0%	0.0%	0.0%
Verbier	Switzerland	0.4%	0.1%	0.0%
Chamonix	France	0.0%	0.0%	0.0%
Zermatt	Switzerland	0.0%	0.0%	0.0%
Gstaad	Switzerland	0.0%	1.5%	0.4%
Revelstoke*	Canada	0.0%	0.0%	0.0%
South Lake Tahoe**	US	-4.3%	-0.6%	-0.3%
Telluride	US	-4.8%	-1.2%	-0.6%

Source: Knight Frank Residential Research

* Revelstoke Mountain Resort

** Heavenly Mountain Resort

Residential Research

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