



Property prices in key ski resorts hold firm

The Knight Frank Prime Ski Property Index rose by 1.5% in the three months to June, but fell by 0.9% over a 12-month period. The global financial crisis has dented buyer confidence in some of the newer resorts but long-established core markets such as Courchevel and Aspen have benefited from renewed interest

Results for Q2 2012

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Tight supply is supporting prices in the French Alps' core markets

Switzerland's forthcoming cap on second homes has led to greater market uncertainty

Sales volumes in the US ski resorts dipped slightly in 2012 but prices have proved resilient

Only 6 of the 17 ski resorts monitored recorded price growth in the year to June

Prime property prices in key ski resorts worldwide have fallen 9.1% since their peak in the third quarter of 2008 (figure 2). The index has largely plateaued since 2010 with prices remaining static or rising marginally in the best resorts due to tight supply.

Growth market

The number of individuals worth US\$100m or more is expected to increase from 63,000 to 86,000 between 2011 and 2016. With property high on their list of preferred investment classes, demand for the world's best ski homes is expected to strengthen.

A recent survey conducted by Knight Frank found 38% of ultra high net worth individuals (UHNWIs) in the US and Canada either own or would be interested in owning a ski home (figure 3). The survey also found that 11% of both Latin American and Asian UHNWIs are interested in owning a ski property. Mainland Chinese buyers are now evident in Whistler alongside the usual purchasers from Vancouver and Seattle. Brazilian and Australian buyers have been noted in Aspen, alongside UK and Canadian interest.

The motive behind the purchase of a second home varies around the world but when it comes to ski homes, lifestyle and investment motives

rank highly. Investors are interested in ski in/ski out homes which are easily rentable while lifestyle purchasers place higher value on views, accessibility and a resort's facilities.

French quality

According to Matthew Hodder-Williams, Knight Frank's French Alps expert, "Demand for prime property in France's top ski resorts held firm in the 2011/12 season. Supply, particularly in the most exclusive resorts in Les Trois Vallées, remained tight."

Matthew adds "The weakening Euro has had little impact on pricing or the volume of sales in the French Alps. British, French, Ukrainian and Swiss buyers have been active in 2012."

"We are gearing up for the 2012/13 season and hoping for another record year of snow. I expect prices and activity to mirror last season with 4-bedroom chalets attracting the most interest and the four resorts of Courchevel (1300, 1550, 1650 and 1850 or as they are now known Courchevel Le Praz, Courchevel Village, Courchevel Moriond and Courchevel) generating the highest levels of enquiries."

Swiss uncertainty

Although prices rose in many Swiss resorts in the year to June 2012 the majority of this

Figure 1
Resort performance
Average price change of a prime ski property in key resorts, 12 months to Q2 2012

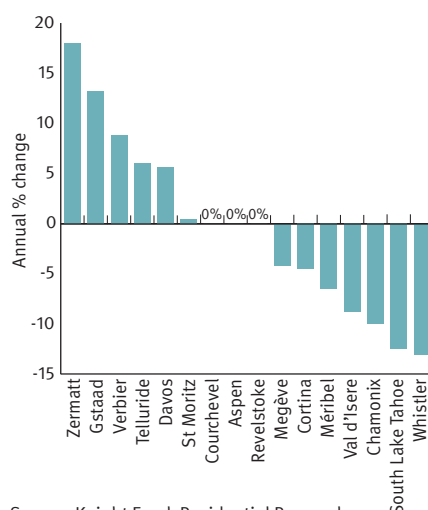
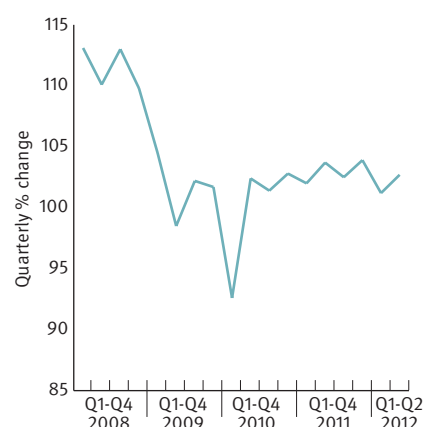


Figure 2
Prime Ski Property Index
Unweighted average change in prime ski property prices



"Prime property prices in key ski resorts worldwide have fallen 9.1% since their peak in the third quarter of 2008."



Kate Everett-Allen, International Residential Research

Source: Knight Frank Residential Research

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RESIDENTIAL RESEARCH PRIME SKI PROPERTY INDEX

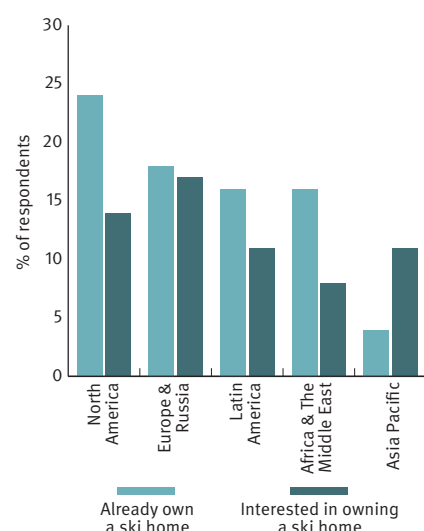
Knight Frank



Figure 3

UHNWIs and ski homes

The percentage of survey respondents owning or interested in owning a ski home by world region



Source: Knight Frank Residential Research and kind contributions from Wüest & Partner, Burrus and Partners, Turrian SA, Guinnard Immobilier & Tourisme SA, BJ Adams and Company, Telluride Properties, Sutton Group WestCoast Realty, Pinnacle Real Estate Group, Sothebys International Realty

growth occurred in late 2011. Many Swiss resorts are now largely in limbo as clarification is sought on the impending second homes cap. In March 2012 Swiss residents approved by referendum a new law, which aims to ban new secondary residences in Swiss municipalities where the level is already above 20%.

The Swiss Cabinet has recently delayed the law's introduction (from Sept 2012 to Jan 2013) and reports suggest large loopholes may be incorporated. Resort developments, for example, may be permitted, provided they ensure year-round use by tourists. Sales activity is expected to recover from the current lows once the full legislation has been published but some foresee a surge of planning applications by developers in the interim.

Exchange rates

With international demand a key driver of ski property markets, exchange rates can prove critical to demand flows. US vendors in Canada for example can now benefit from the strong Canadian dollar. A US resident that purchased a Canadian ski property between 1999 and 2006, could see a 30-45% profit due to the exchange rate alone if they were to sell today.

Four seasons

One trend all the resorts have in common is an increasing awareness of the need to market themselves as year-round resorts. Investment in ski infrastructure remains a priority but the provision of conference facilities, summer sports, festivals and luxury retail brands is increasingly evident.

The Knight Frank Prime Ski Property Index, Q2 2012

Ski Resort	Country	12-month % change (Jun 2011-Jun 2012)	3-month % change (Mar 2012-Jun 2012)
Zermatt ¹	Switzerland	18.0%	2.9%
Gstaad ¹	Switzerland	13.2%	2.9%
Verbier	Switzerland	8.8%	3.3%
Telluride	US	6.0%	17.8%
Davos ¹	Switzerland	5.6%	2.0%
St Moritz ¹	Switzerland	0.4%	0.4%
Courchevel	France	0.0%	0.0%
Aspen	US	0.0%	0.0%
Revelstoke	Canada	0.0%	0.0%
Megève	France	-4.2%	0.0%
Cortina	Italy	-4.5%	0.0%
Méribel	France	-6.5%	0.0%
Val d'Isère	France	-8.8%	0.0%
Chamonix	France	-10.0%	0.0%
South Lake Tahoe ²	US	-12.5%	2.5%
Whistler ³	Canada	-13.0%	-9.4%
Sochi ⁴	Russia	NA	2.2%

Source: Knight Frank Residential Research

¹ Data provided by Wüest & Partner ² Based on median values across entire market ³ Based on chalets only ⁴ Venue for 2014 Winter Olympic Games

Notes to Editors

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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.

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