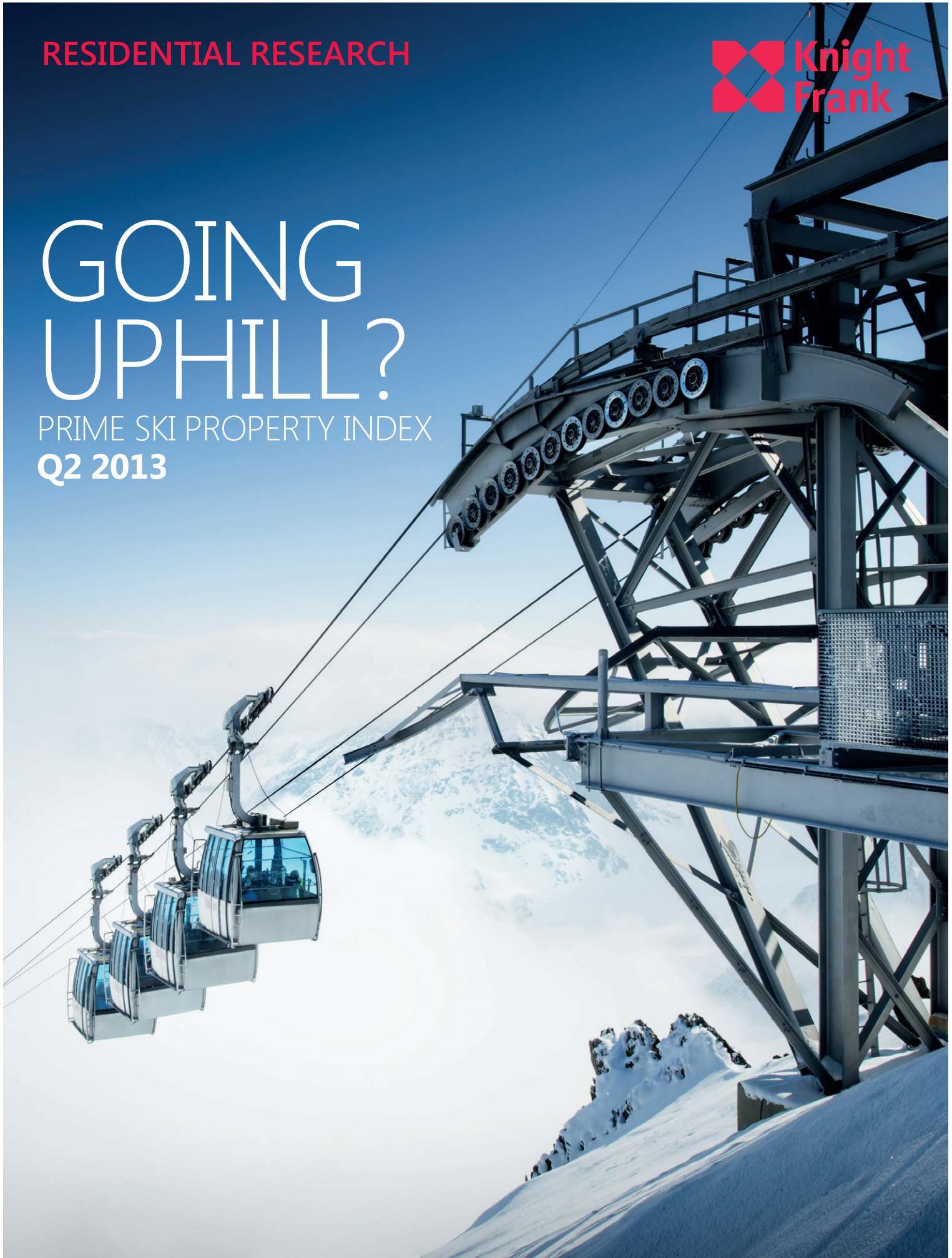


RESIDENTIAL RESEARCH



# GOING UPHILL?

PRIME SKI PROPERTY INDEX  
**Q2 2013**



MEASURING THE PRICE PERFORMANCE OF LUXURY SKI HOMES AROUND THE WORLD

## KEY FACTS

**The price of ski homes around the world rose on average by 4.6% in the year to June**

**South Lake Tahoe, in the US, recorded the strongest price growth, up 20.9% over the 12 month period**

**Limited supply has restricted sales volumes in the French Alps**

**In the French Alps Morzine and Chamonix recorded the strongest price growth** but this was restricted to the top tier of homes

**Demand is strong in the Swiss resort of Verbier** where prices rose 6.2% in the last 12 months



KATE EVERETT-ALLEN  
International Residential Research

*"Ski homes are appealing to a growing pool of wealthy investors who are seeking a relatively finite asset, one with lifestyle advantages and the potential for long-term capital growth."*

Follow Kate at [@keverettkf](https://twitter.com/keverettkf)

# SKI HOMES: PRICES RISE BUT SALES ARE SLOWING

The average price of ski homes around the world rose by 4.6% in the year to the end of June 2013 outperforming luxury homes in many cities and second home locations around the world.

Knight Frank's Prime Ski Property Index (PSPI) tracks the price performance of luxury homes located across 18 ski resorts worldwide. The index tracks capital value movements.

The PSPI has started to follow an upward trajectory in the last 12 months, rising by 4.6% compared to a fall of 0.9% a year earlier. The index now stands 11.9% above its trough in the second quarter of 2009.

The PSPI's recent performance suggests ski homes are increasingly in demand amongst wealthy investors, who are competing for an asset which is in relatively limited supply and which has lifestyle advantages and the potential for long-term capital growth.

Ski homes in South Lake Tahoe (US) and Queenstown (New Zealand) recorded the strongest price growth, rising on average by 20.9% and 18.6% respectively in the year to the end of June.

In previous years the PSPI results were relatively clear cut with Swiss resorts at

the top of the rankings for price growth, the French Alps mid-table and the North American and Russian resorts towards the bottom.

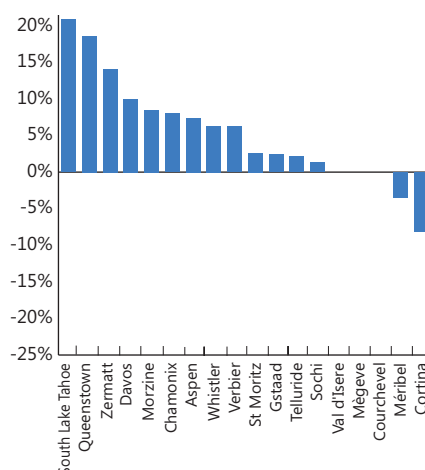
In 2013 however, the resorts and their respective world regions are interspersed throughout the rankings.

The Swiss resorts of Zermatt and Davos recorded the strongest annual price growth in Europe, up 14.1% and 10% respectively, but were closely followed by top tier properties in the resorts of Morzine and Chamonix which saw prices rise by 8.5% and 8% respectively.

Despite record snowfalls in the Alps during the 2012/13 season, the volume of property sales in the Les Trois Vallées has been limited – partly due to tight supply. The ski property market does not function along the normal laws of supply and demand. Ski property owners are usually discretionary sellers with no pressing need to sell unless the 'right' price is achieved.

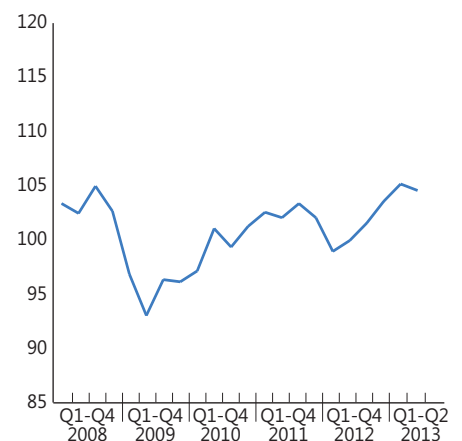
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FIGURE 1  
**Price performance by ski resort**  
12 months to Q2 2013



Source: Knight Frank Residential Research

FIGURE 2  
**Knight Frank Prime Ski Property Index**



Source: Knight Frank Residential Research

A consistent performer in relation to price growth has been the Swiss resort of Verbier recording annual price growth of 6.2% and 8.2% over the last two years. However, even here the volume of prime properties sold declined significantly in 2012 (figure 3).

We expect sales activity to improve during the 2013/14 season as interest in ski homes spreads beyond Europe and North America to emerging centres of wealth.

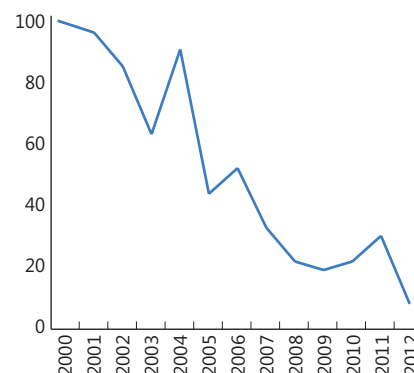
A Knight Frank survey of HNWI advisors in the 2013 Wealth Report showed that their Latin American clients were the

largest owners of ski homes and there was significant appetite for a ski property amongst their wealthy Middle Eastern clients.

The venue for the 2014 Winter Olympics, the Black Sea resort of Sochi in Russia, has seen a small rise in prices; 1.3% in the 12 months to June. The decision to host the games in Sochi was announced in 2007 and the following two years saw residential prices rise by 40%-50%. However, the global financial crisis has weakened demand and prices are expected to remain relatively static in the run up to the Games in February 2014.

FIGURE 3

#### Prime property sales in Verbier Indexed, 100 = 2000



Source: Guinnard Immobilier & Tourisme SA

### The Knight Frank Prime Ski Property Index

RANK	SKI RESORT	COUNTRY	12 MONTH % CHANGE (JUN 12-JUN 13)	6 MONTH % CHANGE (DEC 12-JUN 13)
1	South Lake Tahoe*	United States	20.9%	15.9%
2	Queenstown	New Zealand	18.6%	12.9%
3	Zermatt	Switzerland	14.1%	5.8%
4	Davos	Switzerland	10.0%	4.4%
5	Morzine	France	8.5%	5.0%
6	Chamonix	France	8.0%	4.0%
7	Aspen	United States	7.4%	2.0%
8	Whistler	Canada	6.3%	-1.6%
9	Verbier	Switzerland	6.2%	2.3%
10	St Moritz	Switzerland	2.6%	1.3%
11	Gstaad	Switzerland	2.4%	0.0%
12	Telluride	United States	2.1%	NA
13	Sochi	Russia	1.3%	-0.9%
14	Val d'Isere	France	0.0%	0.0%
15	Mègeve	France	0.0%	0.0%
16	Courchevel	France	0.0%	0.0%
17	Méribel	France	-3.5%	-1.8%
18	Cortina	Italy	-8.1%	-5.6%

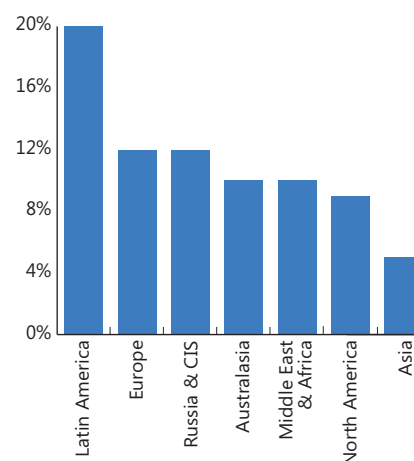
Source: Knight Frank Residential Research

\* Median sales price

FIGURE 4

#### What percentage of your HNWI clients own a ski home?

% of HNWI by world region



Source: Knight Frank Residential Research

Note: Findings from Knight Frank's Attitude Survey which analysed the views of HNWI advisors worldwide for the 2013 Wealth Report.

## DATA DIGEST

The Knight Frank Prime Ski Property Index (PSPI) tracks the performance of luxury residential property in key ski resorts worldwide. The index is compiled on a six-monthly basis using data from Knight Frank's network of global offices and research teams. Where data has been sourced from third parties, Knight Frank can take no responsibility for data accuracy.

### SOURCES AND ACKNOWLEDGMENTS:

Additional ski resort data has kindly been provided by: Wüest & Partner, Andrew Ernemann of BJ Adams and Company Real Estate, Brian O'Neill of Telluride Properties, South Lake Tahoe Association of Realtors and The Real Estate Board of Greater Vancouver.

## WEALTH REPORT

The Prime Ski Property Index forms part of the Prime International Residential Index (PIRI), a key component of The Wealth Report, which is produced annually by Knight Frank.

For more details please go to [www.knightfrankblog.com/wealthreport](http://www.knightfrankblog.com/wealthreport)



The Wealth Report 2013



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