The pandemic kickstarted a surge in demand for three things; space, improved health/wellbeing, and a desire to spend more time with family and friends, all factors delivered by an alpine home.

As a result, demand outweighed supply between 2020 and 2022 as mountain living was in the spotlight, resulting in strong price growth. Prime prices across the 11 French ski resorts Knight Frank operates in increased 20.2% on average in the decade to 2023, but over half of this rise (10.9%) took place during the pandemic years.

SUPPLY
The market is now entering a period of normalisation although inventory levels remain below pre-pandemic levels. With the supply of new inventory set to remain limited over the next 12 months, it is likely that an increase will coincide with improving buyer sentiment.

FINANCE
Rising inflation and higher interest rates have reduced opportunities for buyers looking to finance their property purchase. As a result, some buyers are adjusting their budgets, looking to more

Whilst the pandemic shone a light on mountain living with demand outpacing supply, the market is now slowly starting to recalibrate.

**The long view: Prime price performance**

20.2%

10-year price growth to 2022

Source: Knight Frank Research

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<th>ANNUAL CHANGE</th>
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</tbody>
</table>

Source: Knight Frank Research

**THREE REASONS TO BUY**

1. Mid-altitude resorts offer year-round rental demand

2. Relative affordability in some resorts compared to other mountain markets

3. Ease of accessibility (Geneva Airport / Eurostar to Bourg St Maurice)

**TOP 3 PRIME OVERSEAS BUYERS**

H1 2023

1. UK
2. Switzerland
3. Middle East
peripheral resorts, or planning to rent their home for longer periods to generate a stronger income.

But there is some good news. After a period of uncertainty, in part due to squeezed margins and higher mortgage rates, more French banks are reopening their doors to non-EU residents. In Q2 2023, UK and US buyers have been notably more focused and engaged in their searches as a result.

SUPER-PRIME AND DOMESTIC BUYERS

Super-prime sales are strong, the dominance of cash buyers means this segment has been unaffected by interest rate hikes.

After limited snowfall and difficult conditions at the start of the 2022/23 ski season, super-prime buyers are willing to sacrifice accessibility and convenience for the better skiing conditions in the higher snow-sure resorts such as Courchevel 1850 and Val d’Isère.

French purchasers are notably active in the market too, snapping up smaller chalets below €1.5 million as some international buyers bide their time.

OUTLOOK

Rates within the Eurozone are expected to end 2023 at 3.75%, falling to 3.0% by the end of 2024, according to Capital Economics offering some respite to the lower end of the market which is more heavily reliant on finance.

Prime prices are expected to continue rising on an annual basis in 2023 and 2024 but the rate of growth will be notably more muted.

FORECAST

Direction of prime price growth

Buy, Hold, Sell costs

Based on a non-resident buyer purchasing, owning and selling a €2 million resale property for use as a second home

TYPICAL GROSS YIELD*

Based on a 3-bedroom property in a central location

60% Overseas buyers as % of total buyers in the prime sector

4-5%

*Based on a non-resident buyer purchasing, owning and selling a €2 million resale property for use as a second home

We like questions, if you’ve got one about our research, or would like some property advice, we would love to hear from you.

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