The latest results of our Prime Ski Property Index (see below) underline a broadly stable market environment with only 13% percentage points separating the strongest and weakest performer.

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For many, having decided to buy a ski home, choosing where to buy and weighing up the pros and cons of the different ski resorts can be a challenging task. On pages 4 and 5 we outline some of the key facts and figures for those looking to take the next step and highlight those resorts which sit within the crucial two-hour drive time from airport to resort.

Swiss rules on who can buy what, and where, can be complex for even the most experienced property lawyer, on pages 6 and 7 we set out the rules for residents and non-residents according to Lex Koller and Lex Weber. Finally, we examine how the French and Swiss markets compare when it comes to demand and supply indicators, property costs and wealth forecasts.

**SKI PROPERTY INDEX**

Knight Frank’s Prime Ski Property Index tracks the price performance of prime ski chalets across 15 key resorts in the French and Swiss Alps.

French resorts occupy the top five rankings this year as uncertainty surrounding Lex Weber in Switzerland dampened sales, and as a result price growth.

Home to the world’s oldest ski resorts, the French and Swiss Alps attract in excess of 80m ski visits* per annum and account for a third of the total number of ski resorts worldwide.

In the past year ski homes in Europe’s top resorts have continued on the same trajectory that they have been following since 2008; no radical acceleration or deceleration just small single digit shifts year-on-year.

Overall, the index proved largely static with only a marginal 1% fall recorded in the year to June 2015.

Val d’Isere and Meribel lead the 2015 rankings with the price of a typical 4-5 bed chalet increasing by 5.8% and 4.5% respectively.

* Based on a 4-5 bed chalet in a central location within the resort. The index tracks prime as opposed to super-prime properties.

**ALPINE FOCUS**

Demand for Alpine property is rising, spurred on by a more resilient Eurozone, greater clarity over tax and the second home cap in Switzerland, as well as a weaker euro.

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**KEY FINDINGS**

Val d’Isere and Meribel lead the 2015 Ski Property Index recording annual price growth of 5.8% and 4.5% respectively.

Prime sales activity in the French Alps is focussed between €1.5 and €2.5m with resorts such as Chamonix and Courchevel 1550 increasingly popular.

The number of sales completed in Megeve in the first half of 2015 was double the number of sales agreed during the whole of 2014.

Previous uncertainty in the Swiss market is giving way to renewed optimism as clarity emerges surrounding taxation and the second home cap.

**FIGURE 1**

The Knight Frank Prime Ski Property Index, 2015
Annual % change to Q2 2015

Source: Knight Frank Research, UBS (St Moritz, Davos & Klosters)

* Based on a 4-5 bed chalet in a central location within the resort. The index tracks prime as opposed to super-prime properties.

Please refer to the important notice at the end of this report.
The performance of the Swiss resorts in this year’s index is strongly linked to whether non-residents are able to buy in a given location and how close the local commune is to its 20% threshold for second homes (see pages 6-7). St Moritz, for example, which saw values decline by around 7.2% year-on-year has few properties available for foreign buyers.

**CURRENCY IMPACT**

The unpegged Swiss Franc has rebounded whilst the Euro has weakened leading to repercussions for foreign buyers.

British buyers looking to purchase in the French Alps are now in a stronger position than two years ago, the GBP/EUR exchange rate has moved from approximately 1.17 to 1.43 during this period.

Switzerland’s unpegging of the franc from the euro in January 2015, whilst initially unnerving for buyers, has rebounded. Prior to its unpegging the pound stood at CHF1.54, it dropped to CHF1.31 but by August it had returned to CHF1.52.

Taking account of currency movements only and focussing on the year to July 2015, a British buyer who bought a French property in July 2015 instead of a year earlier will have saved approximately 11%, whilst in Switzerland the same buyer’s budget would have shrunk marginally, by 2% (figure 3).

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*2015 International Report on Snow and Mountain Tourism*
Most buyers arriving in the Alps have a basic understanding of the region having holidayed there for several years. To aid the next stage of a buyer’s decision-making process we have drawn on the knowledge of Knight Frank’s network of 15 offices across the Alps. We have highlighted some of the key facts and figures that merit consideration, from the altitude of the resort to the average snow depth (on the upper slopes) and the length of pistes available.

For most, finding a ski home which is under a two-hour drive of Geneva or Zurich Airport is a top priority. Megeve, St Gervais, neighbouring Combloux, and Chamonix rank highly in this regard but even Verbier in Switzerland is around the 2-hour mark.

Owners looking to rent out their property during the summer months show a preference for the mid-altitude resorts (Chamonix, Megeve, Crans Montana) where non-snow sports proliferate resulting in longer occupancy periods. Resorts such as Chamonix and St Gervais stand out as strong buying opportunities. Here, prime prices sit at or below the average for the region (£10,000 per sq m) yet both are easily accessible, offer uncrowded ski domains and operate as dual season destinations. Those wanting a fresh challenge each visit should focus on those resorts situated in The Three Valleys (Meribel and the Courchevel resorts) or within Switzerland’s Four Valleys (Verbier) which provide 600km and 412km respectively of pistes to explore.
FRENCH VS. SWISS ALPS
The French and Swiss Alps now present buyers, both lifestyle purchasers and investors alike, with an interesting scenario, one that differs significantly from three years ago.

Switzerland remains a long-term opportunity for investors. Although foreign purchasers are faced with a higher entry cost due to the strength of the Swiss Franc, the country still offers an unrivalled level of privacy and security.

The availability of quality stock is at its highest for 3-4 years and those wanting to sell are increasingly considering offers. Switzerland, as a result, may be the closest it has been to resembling a buyer’s market for several years.

Two regulations operating in tandem have stymied the Swiss property market. Lex Koller (in force since 1983) restricts where buyers who opted to sit on the side lines until the Eurozone crisis had run its course are now active once more, too, is entering a new phase.

Going forward, we expect some of the smaller and less well-known Swiss ski resorts, where second homes are well below the 20% threshold, to see above average price inflation as Lex Weber pushes buyers off the beaten track.

By spring 2016 we expect the Swiss market to be gaining traction. Greater certainty in the market will mean a return to a simple equation between supply and demand, sales volumes will increase but asking prices will not be as open to negotiation as they currently are.

France, too, is entering a new phase. Buyers who opted to sit on the side lines until the Eurozone crisis had run its course are now active once more, buoyed by low interest rates, the upturn in foreign demand due to the weak euro and the recent low level of construction which has insulated prices.

With a general election in France expected in May 2017 the country’s adherence to its strict austerity...
programme is expected to wane, buyers are, as a result, looking more favourably on France.

The European Court of Justice’s ruling that France can no longer apply the so-called ‘social charge’ on rental income and capital gains – a measure introduced by Francois Hollande in 2012 and which equates to a saving of up to 15.5% for all non-residents – has fed through to buyer sentiment.

The number of sales completed in Megeve in the first six months of 2015 was more than double the number of sales during the whole of 2014. Chamonix has seen record prices achieved in price per sq m terms.

Where possible, especially at the top end of the market, buyers are using a level of debt against the property (in some cases 50%+) to help leverage any potential euro risk and reduce their exposure to France’s wealth tax.

Megeve and Chamonix will see demand strengthen further. Megeve, a resort developed by The Rothschilds, will see a new Four Seasons Hotel open in autumn 2016 which will cement the resort’s reputation as a prime mid-altitude resort.

Chamonix, although still at heart the true mountaineer’s resort, it has one of the largest resident populations in the Alps (10,000+) which has enabled it to raise its offer in terms of retail, sports and amenities with luxury outlets now commonplace and a large range of non-ski activities on offer.

We expect the Swiss to increase their market share in the French Alps over the next few years. Outside the jurisdiction of Lex Weber, Swiss buyers can take their pick of the French resorts, many located within a 90-minute drive of Geneva and crucially find chalets at a third of their own market’s value.

The rise of the year-round resort

Around 55% of Knight Frank’s buyers are looking to rent out their ski home. Few (around 10%) are buying solely for investment purposes; instead most want their apartment or chalet to be cost neutral. Most owners in the French Alps aim to cover their taxe foncière and taxe d’habitation, the property’s maintenance costs and ideally the flights and ski pass expenses for the family’s visit each year.

The latest passenger numbers from Geneva and Lyon Airports provide positive news for those looking to rent. During the 2014/15 season the two airports cumulatively saw a million more passengers arrive during the summer months (May to October) than they did during the winter ski season (November to April).

This deliberate re-branding of the Alps as a summer destination is also influencing buyers in Switzerland. The increasing number of top international schools, the provision of non-snow activities (hiking, cycling, golf etc), as well as cultural and music festivals has led some second home buyers to look instead at permanent residency allowing them a greater choice in terms of properties, location and size.
RECENT PUBLICATIONS

Alpine View 2015
Chamonix Market Report 2015
France Buyers Guide
Swiss Buyers Guide

RECENT RESEARCH

The Wealth Report 2015
Global Development Report 2015
Global Vineyard Index 2014
The Island Review - 2015

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