

Craze for holiday homes

UBS Alpine Property Focus 2022



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UBS Alpine Property Focus

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Editorial

Dear Reader,

The second-home initiative “Stop the rampant construction of second homes” made headlines across the country in 2012. Its adoption was the initial spark for a long period of weakness in the second-home market. At that time, an almost unexpected final spurt in construction permits caused the supply of second homes to explode. Demand was curbed by the legal uncertainty during the transitional phase up to the final entry into force of the Second Homes Act. The appreciation in the Swiss franc and associated rise in the cost of residential properties for foreign investors coupled with the trend towards short holidays abroad exacerbated the home-grown slump in the second-home markets.

This combination of factors had a direct impact on residential real estate prices in mountain regions. Between 2012 and 2020, they went up by only 3 percent overall, much weaker than the national average. But the tide has since turned. Most holiday home markets are sold out and prices per square foot are reaching new highs. They are currently around 15 percent above where they were at the start of 2020.

The recent buying frenzy has been fueled in part by coronavirus-induced demand for “living in nature,” asset inflation, and ultra-low mortgage costs. Many buyers believe the value of their holiday homes will be preserved by the de facto freezing of the supply of second homes as a result of the initiative at the time. Will the ban on “rampant construction” of second homes soon lead to “rampant prices”?

The answers to these and other questions can be found in this report. In doing so, we analyze the real estate markets in 32 Swiss holiday destinations using a broad range of indicators. In addition, we examine several top Alpine holiday destinations outside of Switzerland. We also shed light on what the current trend toward energy-efficient buildings means for owners of Swiss holiday homes.

We hope you find it interesting and informative reading.



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Craze for holiday homes

Prices for Swiss holiday homes rose by almost 10 percent last year, the most since 2008. The big price increases were fueled by coronavirus-related demand and a supply shortage. The construction freeze on second homes is currently shoring up prices in the holiday home market. But it offers no protection against corrections of excesses in prices.

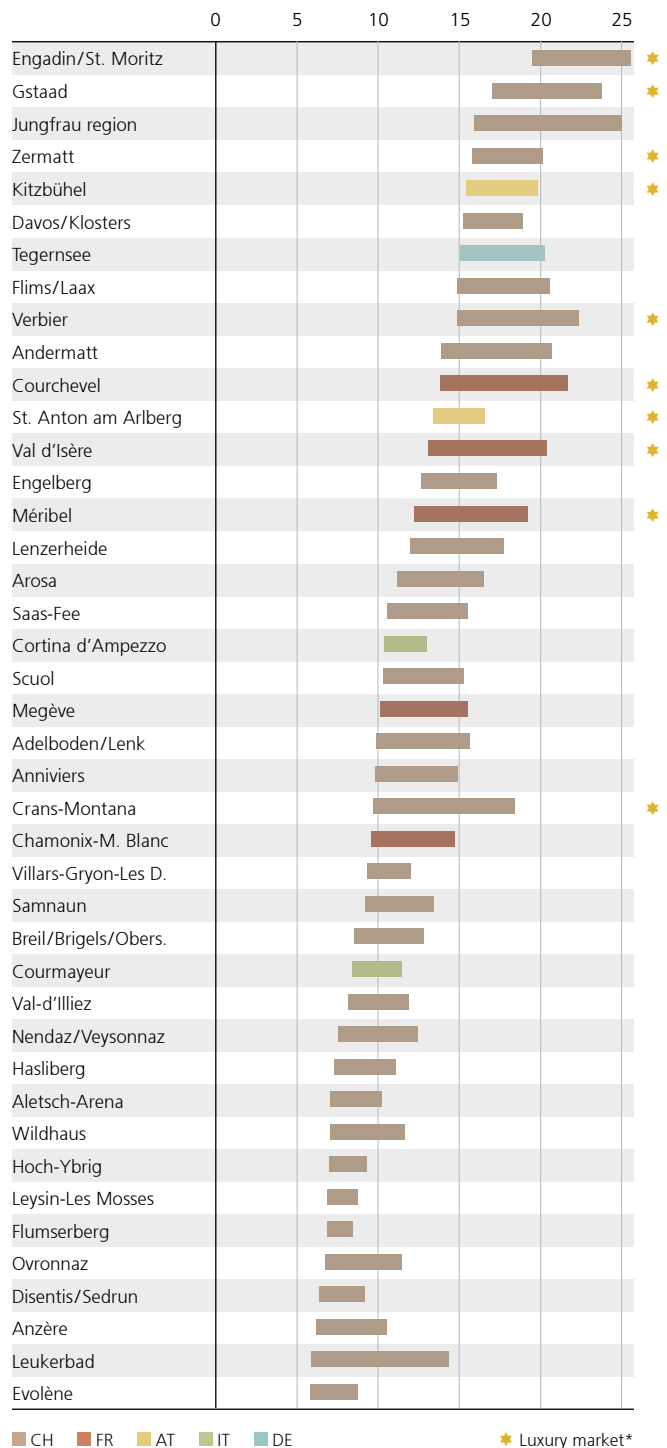
As in previous years, Engadin/St. Moritz is the most expensive second-home destination in the Alps. An upmarket second home here costs around 19,500 Swiss francs per square meter, which is nearly 11 percent above the previous year's figure. In second place is Gstaad at 17,000 Swiss francs per square meter. The Jungfrau region ranks third; here, current prices are just under 16,000 Swiss francs per square meter. Second homes in Zermatt and Davos/Klosters cost more than 15,000 Swiss francs per square meter. Prices in Kitzbühel in Austria and Tegernsee in Germany, the most expensive alpine destinations outside Switzerland, are also on par with this.

Strongest price increases since 2008

In 2021, no region in the Alpine region experienced falling second-home prices – the first time this has happened since we started collecting data 15 years ago. On average across all Swiss destinations, prices soared by almost 10 percent year on year, the biggest increase in prices for more than a decade. Arosa, Engelberg, Flims/Laax, and the Jungfrau Region posted the highest price increases: at more than 15 percent. In contrast, prices in Adelboden/Lenk climbed by less than 1 percent, the weakest of all regions. Second homes also became more expensive in Austria. Kitzbühel even recorded the highest price increase of all the Alpine destinations analyzed: 19 percent. In the top French and Italian locations, prices increased by an average of 8 percent. In Tegernsee, annual price rises came in a little under 3%.

Price overview of the holiday destinations

Bars show the range of prices for holiday homes in the upmarket segment, in thousand CHF/m²



* Locations with a high-end segment with no price ceiling

Source: UBS

The lure of the mountains

There is huge potential demand for second homes in Switzerland. That is because the age group of typical second-home buyers – between 50 and 60 – has jumped by around 220,000 people over the past decade. Meanwhile, travel restrictions and working from home requirements during the pandemic have triggered a major rush to holiday homes. The aspiration to own a home in the mountains was fueled by the good economic environment in 2021, as household incomes and assets also increased in parallel. With the locations of work and home merging, many households have made the mountains their primary residence.

As a result, the population in the mountain cantons grew 1 percent in 2021, twice the rate of that prior to the coronavirus pandemic. For the first time in over 15 years, population growth in the mountain cantons was higher than the average for all other cantons.

Empty market

The Second Homes Act has forbade the construction of almost all new second homes in tourist regions since 2012. Consequently, last year only around 0.25 percent of the existing stock—primarily primary residences—was approved for construction in the holiday destinations, which is a long-term low. One limiting factor is that in recent quarters, many holiday home owners have post-

poned or even abandoned a prospective sale as they were able to use their property much more frequently by working from their home.

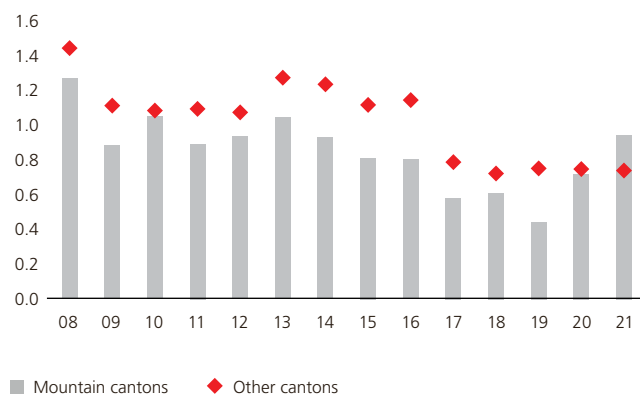
The supply of available properties has therefore fallen further. In Graubünden, Bernese and Central Swiss holiday regions, less than 1.5 percent of the housing stock is currently on the market. In Valais and Vaud, supply ratios are significantly higher at an average of 6 percent, but this is still well below the previous year's figures. In these two cantons, many holiday home properties do not meet today's standards and are therefore difficult to sell without undergoing extensive and expensive renovation work. Overall, the average vacancy rate in the Swiss regions analyzed fell from 2.9 percent to 2.1 percent over the course of the year.

Excessive prices

Demand for holiday homes is likely to weaken due to the current high prices. Generally speaking, the higher the price, the smaller the potential demand group who can meet the affordability criteria for taking out a loan. For example, if a second home cost 860,000 Swiss francs before the coronavirus pandemic, it would be 1 million Swiss francs at today's prices. At a 60 percent loan-to-value, this means an average of CHF 55,000 more equity and CHF 20,000 more income is needed than before the coronavirus pandemic.

Popular mountain regions

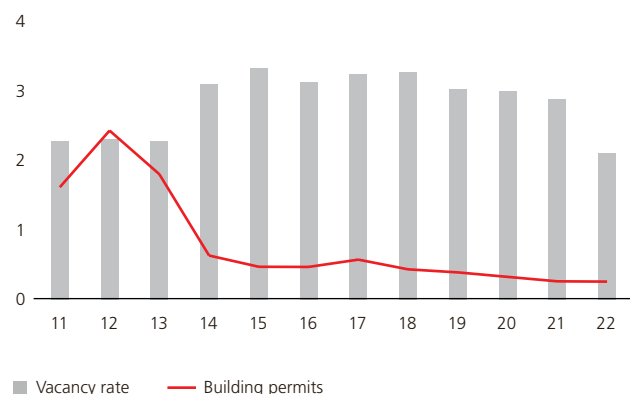
Population growth in the mountain cantons (UR, SZ, OW, NW, GL, AI, AR, VS, and GR) and in all other cantons, as a percentage versus previous year



Sources: FSO and UBS

Meager supply in the mountains

Vacant apartments and building permits for apartments in the resorts analyzed, as a percentage of housing stock



Sources: Docu Media, FSO, Wüest Partner, Comparis, and UBS

Interest rates have also risen significantly in recent months, so that the cost of capital for purchasing a holiday home has almost doubled since the start of the year. In the above example of a property at 1 million Swiss francs, this amount would currently be 20,000 Swiss francs per year. Buying a holiday home as an investment is therefore a significantly less attractive proposition.

And if higher and still rising energy prices are factored in, the total occupancy costs (capital, operating, maintenance, and investment costs) of an average holiday home are likely to be at least a third higher as soon as next year than they were before the start of the second-home boom in 2020. If the annual effective period of use is about eleven weeks, then a holiday home in our example would cost about 2,300 to 3,500 Swiss francs per week to use.

Illusion of the preservation of value

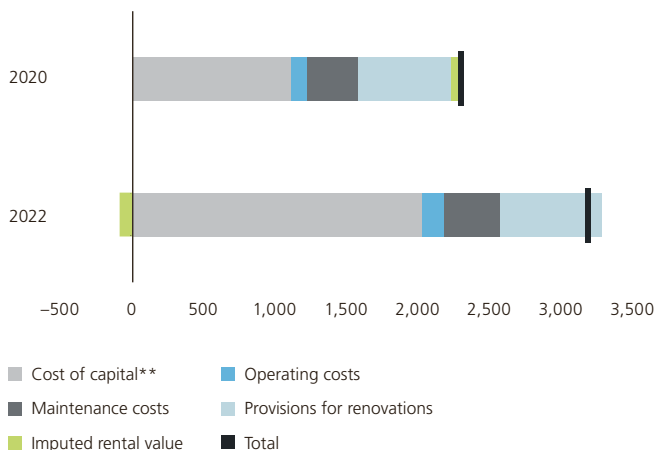
The de facto freeze on construction imposed by the Second Homes Act can preserve long-term value on the second-home market. But this should not obscure the fact that, even in the current high-demand environment the law affords neither protection against corrections of excess prices nor fluctuations in supply.

The supply of second homes is expected to rise again in the course of the year. Some holiday home owners will take advantage of the current bull market to realize capital gains and dodge the cost of upcoming renovations. Foreign owners of Swiss holiday homes are also benefiting from the strong Swiss franc. There are also indications that locals are increasingly selling apartments under the old law as holiday homes. This is because an average premium of about 15 percent can be expected when a previous primary residence is sold as a secondary residence. At the same time, a generational shift is taking place in the second-home market, so original holiday home buyers from the 1970s and 1980s are putting their properties on the market.

We therefore expect the pace of price increases to slacken during the course of this year. On average across all holiday regions, prices are likely to rise by a mid-single-digit percentage. In the medium term, a larger supply of second homes and therefore a correction in the current overheated prices can be expected.

Higher costs

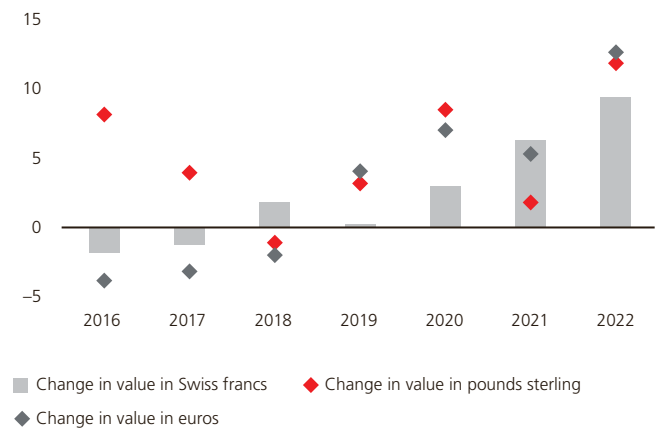
Estimate of current costs for the purchase of a good-quality second home for 1 million Swiss francs with 60 percent occupancy per week of use*



Sources: Docu Media, FSO, Wüest Partner, Comparis, and UBS
 *Assuming property used eleven weeks per year
 **Mortgage interest and opportunity cost of equity capital

Foreign owners benefit twice over

Estimate of the change in value of an average second home* by buyer's reference currency, in percent per year



Sources: SNB and UBS. *before tax
 Reading example: Prices for Swiss second homes increased by almost 10 percent in 2022. As the Swiss franc has appreciated against the euro and the pound since the start of the year, the gains in value are higher in foreign currencies than in Swiss francs.

Sustainability in focus

One of three heating systems in mountain communities is powered by renewable energy sources. This means the mountain regions are in line with the Swiss average. The Valais municipality of Evolène ranks first among all tourist destinations with a renewable heating systems share of almost 55 percent, according to data from Energie Reporter. The regions of Breil/Brigels/Obersaxen and Arosa are in second and third place. The lowest renewable heating systems share is found in Saas-Fee at 16 and Engadin/St. Moritz at 12 percent.

Rising operating costs

The available data does not show a distinction between primary and secondary residences in terms of renewable heating systems. As second homes tend to be older properties, the renewable heating systems share is likely to be below the Swiss average. This means second homes are more exposed to rising energy prices than first homes. The higher energy prices for fossil-fuel heated and poorly insulated second homes are likely to generate additional operating costs of up to 1,000 Swiss francs per year, according to our calculations. In the case of refurbished second homes, this is likely to be an average of up to 500 Swiss francs.

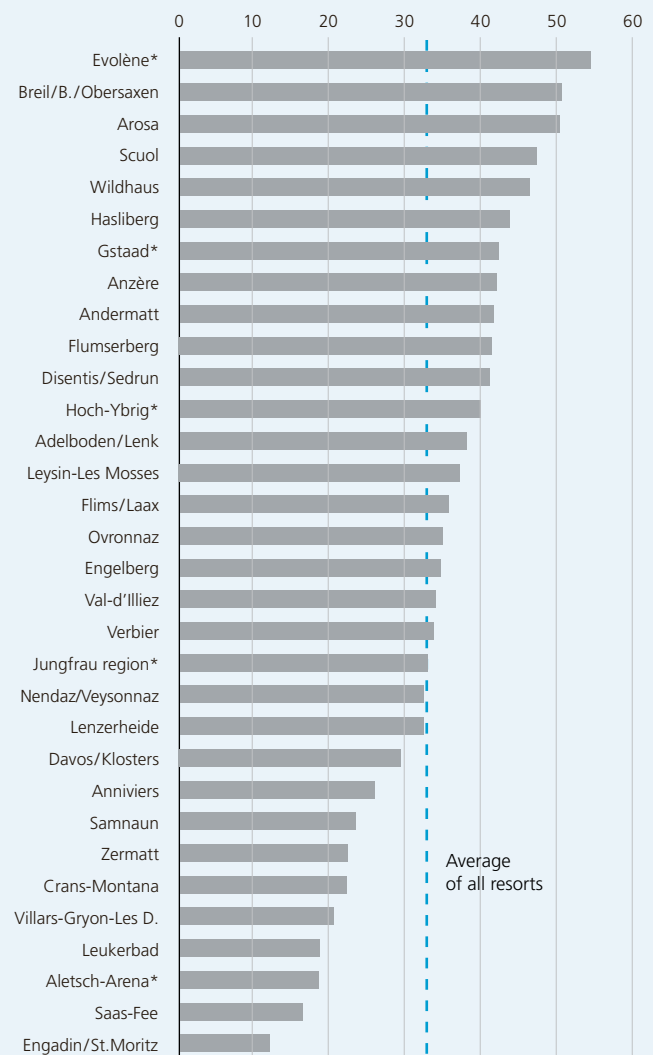
The overall increase in operating costs is less than that for primary residences, as holiday home properties are used only sporadically. As a result, the energy cost savings made by switching to sustainable energy sources for a second home are too low to recoup the cost of the investments needed in renewable energy sources within a reasonable period of time. Besides replacing heating systems, it is not always financially worthwhile paying for other energy-efficient renovations of second homes, despite higher energy prices and possible subsidies.

Capital gains on refurbished properties

Second-home owners should, however, not kick any energy renovations into the long grass. Sensible refurbishment work can preserve or even increase value. The higher quality of living and lower operating costs make potential buyers more willing to pay. Banks also offer advantageous renovation loans. Savings on energy costs can even effectively finance these loans. But the bottom line is that it is hard to make a purely arithmetical calculation of the profitability of energy-efficient refurbishments across the board. It will depend a lot on the specific measures taken in the specific property.

High level of dependence on fossil energy sources

Share of buildings with a renewable heating system** (air, geothermal energy, water, waste heat, wood or sun) of the total of all buildings, as a percentage



Sources: Energie Reporter, geoimpact, WWF Switzerland, SwissEnergy, UBS.

*There is insufficient data available for the survey of the heating systems in these resorts as less than 80 percent of all heating systems are documented.

**The data is constantly updated by the provider using the best available data source. The current share of renewable heating systems may therefore be higher in individual municipalities than shown.

Key results



The overview table of the holiday homes markets (see page 9) covers 32 destinations in Switzerland. It is complemented by a total of ten top mountain holiday destinations in France, Austria, Italy and Germany. The list is not exhaustive. The holiday homes markets are sorted by price level. Other selection criteria are market size and data availability.

The price level is expressed in Swiss francs (EUR/CHF exchange rate 1.04), price changes on the other hand are reflected in local currency. Due to the limited data availability, the analysis of the indicators for renting perspective, population growth and restrictive supply is only carried out for Swiss destinations.

Overview of the holiday home markets in the Alps

2022 ranking	year-on-year	Holiday destination	Prices			Location characteristics			Market outlook				
			Price in CHF/m ²	Performance p.a.			Market size	Access ability	Tourist facilities	Holiday home occup.	Renting perspective	Population growth	Restrictive supply
				1Y	5Y	10Y							
1	▶	Engadin/St. Moritz	19,500	10.8	6.4	1.6	★★★★★	★★★★	★★★★★	★★★★★	★★★★	★★★★	★★★★★
2	▶	Gstaad	17,000	4.7	5.4	1.9	★★★	★★★★	★★★★★	★★★★★	★	★★★★	★★
3	+3 ▲	Jungfrau Region	15,900	16.3	8.1	4.5	★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★	★★★★★
4	-1 ▼	Zermatt	15,800	8.8	6.8	2.6	★★★	★★★★	★★★★★	★★★★★	★★★★★	★★★★	★★★
5	▶	Kitzbühel	15,400	19.1	6.6	-	★★★	★★★★★	★★★★★	★★★★	n/a	n/a	n/a
6	+1 ▲	Davos/Klosters	15,300	12.9	8.7	3.5	★★★★★	★★★★	★★★★	★★★★★	★★	★★★★	★★★★★
7	+3 ▲	Tegernsee	15,100	2.8	7.2	9.4	★	★★★★★	★★	★★★★★	n/a	n/a	n/a
8	+3 ▲	Flims/Laax	14,900	16.5	7.6	4.1	★★★★★	★★★★	★★★★	★★★★★	★★	★★★★★	★★★★★
9	-5 ▼	Verbier	14,900	3.1	4.5	1.1	★★★	★★★★	★★★★	★★★	★★	★★★★	★★★
10	+2 ▲	Andermatt	13,900	10.1	5.5	6.3	★	★★★★	★★★	★★★★	★★★★	★★★★★	★★★
11	-3 ▼	Courchevel	13,800	7.0	4.0	3.3	★★★	★★★★	★★★★★	★★★	n/a	n/a	n/a
12	-3 ▼	St. Anton am Arlberg	13,400	6.0	3.2	-	★	★★★★	★★★★	★★★★★	n/a	n/a	n/a
13	▶	Val d'Isère	13,100	6.4	4.3	2.6	★★	★	★★★★	★★★★★	n/a	n/a	n/a
14	+2 ▲	Engelberg	12,600	16.7	5.3	4.8	★★	★★★★★	★★★★	★★★★★	★★★★★	★★★★	★★★★★
15	-1 ▼	Méribel	12,200	6.7	3.4	3.2	★★★	★★★★	★★★★	★★★★	n/a	n/a	n/a
16	-1 ▼	Lenzerheide	12,000	8.9	1.4	1.7	★★★	★★★★	★★★★	★★★★★	★★	★★★★	★★★★★
17	+4 ▲	Arosa	11,200	16.8	6.2	2.8	★★	★★	★★★★	★★★★★	★★★	★	★★★★★
18	+2 ▲	Saas-Fee	10,600	9.7	5.0	2.7	★★	★★★	★★★★	★★★	★	★	★★★
19	-2 ▼	Cortina d'Ampezzo	10,400	17.2	1.4	-	★★★	★★★	★★★★	★★★★	n/a	n/a	n/a
20	+3 ▲	Scuol	10,300	12.1	4.5	2.5	★★	★★★	★★★	★★★★★	★	★★	★★★★★
21	-3 ▼	Megève	10,100	9.7	2.7	2.9	★★★★	★★★★★	★★★	★★★	n/a	n/a	n/a
22	-3 ▼	Adelboden/Lenk	9,900	0.2	1.3	1.3	★★★	★★★★	★★★	★★★★★	★★★	★★★★	★★★★★
23	+3 ▲	Anniviers	9,800	12.3	3.4	2.2	★★	★★★	★★★	★★★	★★	★★★★	★★★★★
24	+1 ▲	Crans-Montana	9,700	7.8	2.4	1.2	★★★★★	★★★★	★★★	★	★★	★★★★	★★★
25	-1 ▼	Chamonix-Mont-Blanc	9,600	9.6	4.5	3.4	★★★★	★★★★★	★★★★★	★★★★	n/a	n/a	n/a
26	+2 ▲	Villars-Gryon-Les Diablerets	9,300	7.9	3.8	0.4	★★★	★★★★	★★★	★★★	★★★	★★★★	★★★★★
27	▶	Samnaun	9,200	5.9	6.4	1.5	★	★★	★★★	★★★★	★★	★★	★★★
28	+1 ▲	Breil/Brigels/Obersaxen	8,600	7.1	3.5	2.7	★★	★★	★★	★★★★★	★★	★★	★★★★★
29	-7 ▼	Courmayeur	8,400	0.0	-1.0	-	★★★	★★★	★★★	★★★	n/a	n/a	n/a
30	▶	Val-d'Iliez	8,200	6.4	1.9	0.0	★★★	★★★★★	★★★★	★★★	★★★	★★★★	★★★
31	▶	Nendaz/Veysonnaz	7,500	8.9	2.9	0.4	★★★★	★★★★	★★★★	★★	★★	★★★★	★★★★★
32	▶	Hasliberg	7,300	8.4	3.5	2.6	★	★★★★	★★	★★★★★	★★★★★	★★★★	★
33	▶	Aletsch-Arena	7,100	6.5	3.7	1.7	★★	★★★	★★★	★★★★★	★★★	★★	★★★★★
34	+2 ▲	Wildhaus	7,000	10.7	3.2	2.1	★★	★★★★	★★	★★★★★	★★	★★★★	★★★★★
35	+4 ▲	Hoch-Ybrig	7,000	10.9	3.0	1.4	★	★★★★★	★★★	★★★★★	★	★★★★★	★
36	+1 ▲	Leysin-Les Mosses	6,900	11.1	1.5	0.4	★★	★★★★★	★★	★★★	★★★	★★★★	★★★
37	-3 ▼	Flumserberg	6,900	5.0	1.7	2.3	★★	★★★★★	★★	★★★★★	★★	★★★★	★★
38	-3 ▼	Ovronnaz	6,700	4.3	3.0	1.5	★	★★★★	★★	★	★★	★★★★	★★★
39	-1 ▼	Disentis/Sedrun	6,400	4.9	1.8	1.1	★★	★★	★★	★★★★★	★	★	★★★
40	+1 ▲	Anzère	6,200	14.8	1.8	1.2	★★	★★★★	★★	★★★	★	★★★★	★★★
41	-1 ▼	Leukerbad	5,900	7.0	2.9	-0.3	★★	★★★	★★	★★	★★	★	★★★★★
42	▶	Evolène	5,800	12.8	1.6	0.1	★	★★★★	★★	★★★★	★★★	★★★★	★★★★★

★★★★★ Well above average ★★★★ Above average ★★★ Average ★★ Below average ★ Well below average n/a No information

Source: UBS



Prices

The prices stated per square meter (single-family houses and condominiums) are offer prices and relate to an upmarket standard. The data cannot distinguish between the use of a property as a primary residence or holiday home. The prices in Switzerland and Austria are as of the end of the first quarter of 2022. The price data in Germany, France, and Italy are as of the end of 2021.

The rates of change in prices are annualized and are also based on the upmarket residential property segment. Historical price data is widely available in Switzerland, France and Germany. Price performance in Austria and Italy is estimated for the last five years only because of a lack of data. Due to a change in methodology, the price data cannot be compared with previous editions of the study.

For the first time since the start of our calculations, none of the analyzed holiday destinations recorded a fall in year-on-year property prices. The biggest annual increase of almost 20 percent compared was reported by Kitzbühel in Austria. Italy's Cortina d'Ampezzo was in second place, at over 17 percent. In Switzerland, price change rates of more than 15 percent were measured in Arosa, Engelberg, Flims/Laax and Jungfrau Region. Ten other Swiss destinations had double-digit price increases. In contrast, the weakest price increases were seen in Adelboden/Lenk and Courmayeur, Italy, where they stagnated compared with the previous year.

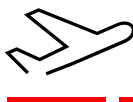
Prices in Swiss destinations with square meter prices of over 12,000 Swiss francs rose by 11 percent year-on-year, on average, more than in the less expensive destinations. As a result, the gap between the high-price and other regions has widened further in the last four quarters. But the difference between the rates of change was 2 percentage points lower than in the previous year. The boom was broad-based in 2021.



Market size

The number of existing holiday homes determine the market size. On average, the market size is around 4,500 units in all regions.

The total number of holiday homes ranges from just over 11,000 units in Davos/Klosters to just over 550 in Samnaun. Crans-Montana, with about 10,500 second homes, as well as Chamonix-Mont-Blanc and Engadin/St. Moritz, with around 9,000 properties, are among the largest holiday home markets.



Accessibility

The indicator measures how long it takes to travel to airports or airfields, regional centers and large metropolitan areas, using private transport as well as with public transport. The trend towards shorter, and therefore more frequent, holiday and weekend trips generally favors easily accessible destinations. Proximity to regional centers makes it easier to rent a second home to locals as well as being a great location for a home office, while a local airfield is important for demand in the luxury segment.

Hoch-Ybrig, Kitzbühel, Megève, Tegernsee, Chamonix, Leysin, Engelberg, Val d'Iliez, and Flumserberg have the best accessibility thanks to their proximity to major centers and airports. These destinations are also easily reached using public transport. Traveling to Val d'Isère on the other hand involves a relatively long journey.



Tourist facilities

The indicator measures the number of ski slopes and facilities, as well as cross-country ski trails, and also takes into account the certainty of snow in the regions. The indicator is positively influenced by the choice of summer activities (lifts open in the summer, golf courses, range of water sports or proximity to a glacier). The same applies to outstanding tourist attractions, such as the Jungfrauoch, the Matterhorn or Aiguille du Midi/Mont-Blanc.

The tourist facilities help to classify the destination but is not a decisive argument for or against buying a holiday home. While a broad range of tourist facilities is important for some buyers of holiday homes, others prefer quieter locations. When calculating the indicators, the short distances in part between the individual destinations are not taken into account, so that the tourist facilities could be much greater depending on the location.

The broad variety of tourist facilities varies only moderately among the destinations and is high in all top destinations. Engadin/St. Moritz, Zermatt, Chamonix. and Courchevel offer the widest range of tourist facilities, while Tegernsee has relatively the least. The less expensive destinations can hardly match the top destinations in this category.

The average skiing area of this group of lower-priced holiday homes markets, for example, is typically half the size as in the top locations.



Occupancy

The term occupancy refers to the residential vacancy rate in the respective municipalities and not to the second homes' bed capacity utilization. The indicator is calculated using the vacancy rates (number of advertised properties) and the official vacancy rates, if these are available. Second homes advertised as for sale or for long-term rental are counted as being empty.

In the Alpine holiday destinations we analyze, the strong demand for holiday homes drove down vacancies sharply from 3.0 percent to 2.1 percent over the course of the year. In the top locations in the French Alps, around 2 percent of the housing stock is currently advertised, while the average vacancy rate in both Italian holiday home markets is 2.7 percent. On average, around 1.2 percent of the housing stock in Austria is currently vacant. The supply ratio is lowest in the German region of Tegernsee, at less than 0.5 percent.

The vacancy rate in all Swiss holiday resorts has fallen significantly on average, from 2.9 percent to 2.1 percent. Vacancies were highest in the Valais and Vaud Alps, where 3.7 and 3.0 percent, respectively, of all homes are empty or looking for new buyers. However, this is where vacancy rates fell the most, by 1.3 percentage points year on year. Ovronnaz and Crans-Montana stand out, with vacancy rates of around 8 percent and 6 percent, respectively.

The risk of vacancies in Graubünden in the Bernese Oberland, on the other hand, is considerably lower. The average vacancy rates in these regions are just below one percent and declined slightly last year. Samnaun and Gstaad have the highest vacancy rates, at around 1.5 percent. In the destinations of central and eastern Switzerland, vacancy rates are also below the 1 percent mark and the previous year's figures. Andermatt is the only market with higher vacancy rates year on year.

All in all, vacancy rates tend to be lower in the high-priced areas than in the cheaper destinations. However, the decline was stronger in the less expensive destinations last year.



Renting perspective

The renting perspective is assessed on the one hand on the basis of the attainable return on a home offered for short-term holiday rental. The indicator uses figures from the Airbnb booking platform, while average tourist frequencies and hotel prices are used to complement the analysis. On the other hand, the option of permanent renting to locals is taken into account, using return indicators and population trends. The analysis has a medium-term time horizon and assumes tourist flows will recover once coronavirus-related travel restrictions are lifted.

Engelberg, Zermatt, and the Jungfrau region – locations with top international attractions – offer above-average yields on short-term rentals. Yields are also attractive in Andermatt and Hasliberg. However, high revenues and occupancy rates cannot be expected for rentals in typical one-day destinations such as Hoch-Ybrig and Flumserberg. In general, high and rising prices are denting the profitability of rental properties.



Population growth

A growing population generally supports a municipality's finances. This in turn raises the scope for infrastructure investments, which in turn makes a destination more attractive for owners of second homes. Generally speaking, the current population trend is likely to remain intact over the next few years. Population growth benefits from location factors such as an attractive tax environment, a prosperous regional economy, and good connections to regional centers.

The permanent population in Hoch-Ybrig, Engelberg, and Flims/Laax should continue to grow. Growing demand for primary homes is also expected in the lower Valais holiday resorts of Ovronnaz and Val-d'Illeiez, as well as the Vaud destination of Villars-Gryon. These regions should also benefit disproportionately from the growing trend of working from home. The outlook for the primary resi-

dence market in Saas-Fee, Leukerbad, Disentis, and Arosa, on the other hand, is below average. These destinations suffer from outward-migration and have poor accessibility to the centers. The income tax burden in Saas-Fee and Leukerbad is also relatively high.



Restrictive supply

The Second Homes Act has severely restricted the construction of new holiday homes. However, the greater the share of primary residences that are not subject to any restrictions on use in a municipality, the greater the potential for new second homes. Furthermore, if current levels of primary homes construction exceed expected population growth, this raises the probability of existing housing stock being repurposed, therefore increasing the potential supply of second homes.

The potential for new second homes is relatively high in most Valais destinations. Supply is more flexible, thanks to a large number of primary residences, a lack of municipal restrictions on use and high availability of construction zones. The potential for new second homes in many Graubünden destinations, however, is low. The supply of second homes is restricted by the low probability of repurposing in Engadin/St. Moritz as well as the flourishing market for primary residences in Flims/Laax. In Gstaad and Hoch-Ybrig, however, there is little standing in the way of expanding supply. A high level of construction activity and potential repurposing represents a risk for future price development there. This is also the case in Disentis and Flumserberg.

The 10 most expensive Swiss vacation destinations

- 14 Engadin/St. Moritz
- 15 Gstaad
- 16 Jungfrau region
- 17 Zermatt
- 18 Davos/Klosters
- 19 Flims/Laax
- 20 Verbier
- 21 Andermatt
- 22 Engelberg
- 23 Lenzerheide

Engadin/St. Moritz



1st
Ranked

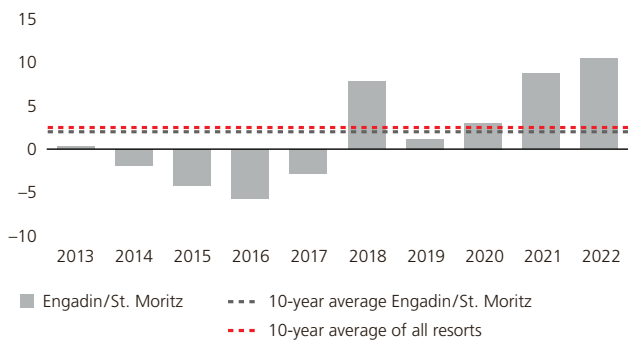
19,500
CHF/m²

+10.8
% y-o-y



Price trend

In percent compared with the previous year, in the first quarter



At a glance

Location characteristics

Market size
★★★★★

Accessibility
★★★

Tourist facilities
★★★★★

Market outlook

Occupancy
★★★★★

Renting perspective
★★★

Population growth
★★★

Restrictive supply
★★★★★

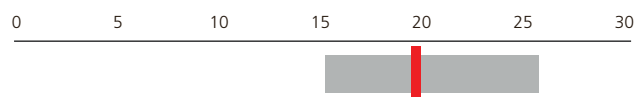
In brief

The second-home initiative triggered a short-lived construction boom in 2012 in Engadin/St. Moritz*. This drove up vacancies and price corrections occurred until 2017. Strong economic growth and the recovery in demand from abroad instigated the trend reversal from 2017 onward. Last year, prices rose by just short of 11 percent – the highest growth since 2010. This is 35 percent above the 2017 level. At present, buyers of holiday homes can expect to pay 19,500 Swiss francs per square meter. In the luxury segment, prices per square meter are well above the 30,000 Swiss franc mark. Strongly declining vacancy rates and almost no new construction activity are supporting current prices.

* Destination includes the municipalities of St. Moritz, Silvaplana, Celerina/Schlarigna, and Pontresina.

Price levels

Range, in CHF thousand/m², as of Q1 2022



The price level of an owner-occupied home depends on its location and quality, among other things. These are categorized as follows: poor, average, good, and very good.

The ranges denotes the range of prices between an average and a very good location and quality. The red line depicts the price level for good quality (high standard).

Gstaad



2nd
Ranked

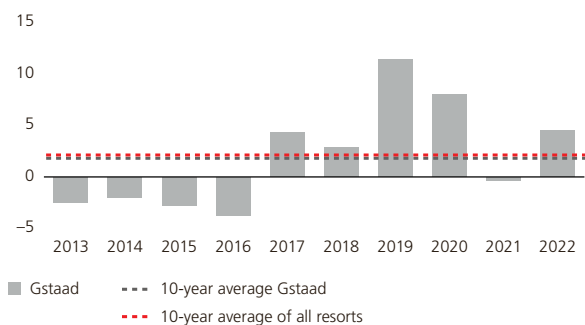
CHF 17,000
CHF/m²

+4.7
% y-o-y



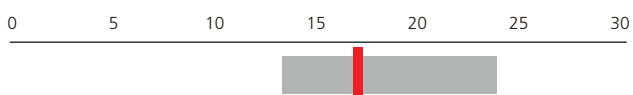
Price trend

In percent compared with the previous year, in the first quarter



Price levels

Range, in CHF thousand/m², as of Q1 2022



The price level of an owner-occupied home depends on its location and quality, among other things. These are categorized as follows: poor, average, good, and very good.

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At a glance

Location characteristics

Market size



Accessibility



Tourist facilities



Market outlook

Occupancy



Renting perspective



Population growth



Restrictive supply

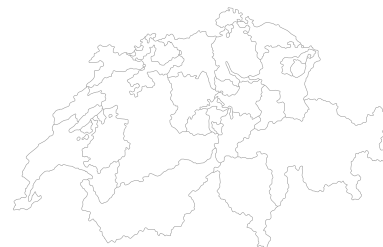


In brief

Between 2017 and 2020, prices in Gstaad* skyrocketed by more than 30 percent overall – the highest of any Swiss resort. The massive jump was accompanied by a frenzy of new constructions and renovations. Although prices rose less than the average for all resorts last year, the rate of increase was well into positive territory at 5 percent. A holiday home on the high-end segment currently costs at least 17,000 Swiss francs and in the luxury segment over 30,000 Swiss francs per square meter. The continually high number of building applications and the very high prices per square meter are currently limiting the potential for further price increases.

* Destination includes the municipalities of Saanen, Lauenen, and Gsteig.

Jungfrau region



3rd
Ranked

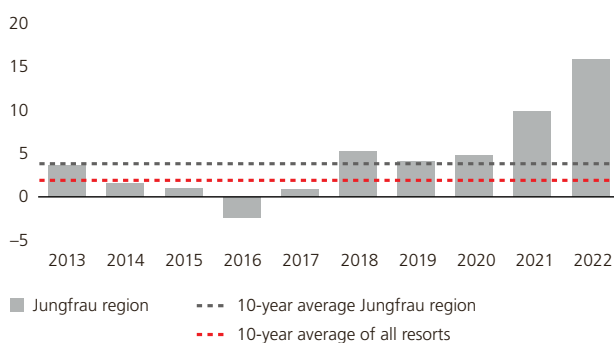
CHF 15,900
CHF/m²

+16.3
% y-o-y



Price trend

In percent compared with the previous year, in the first quarter



At a glance

Location characteristics

Market size

★★★★

Accessibility

★★★★

Tourist facilities

★★★★

Market outlook

Occupancy

★★★★★

Renting perspective

★★★★

Population growth

★★★

Restrictive supply

★★★★

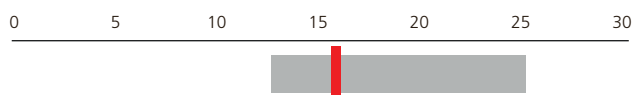
In brief

A holiday home in the Jungfrau region* costs 16,000 Swiss francs or more per square meter. This means that prices are around 16 percent above last year's level and almost 50 percent higher than five years ago. The region benefited from the move toward working from home thanks to relatively short travel times from many major Swiss cities. As a result, the vacancy rate fell to around 1 percent. Prior to the coronavirus pandemic, short-term rentals of homeowners enjoyed attractive returns, as the region is one of Switzerland's largest international tourist attractions. But long-distance tourism is recovering only slowly and rental yields have fallen significantly in view of the high property prices.

* Destination includes the municipalities of Grindelwald and Lauterbrunnen.

Price levels

Range, in CHF thousand/m², as of Q1 2022



The price level of an owner-occupied home depends on its location and quality, among other things. These are categorized as follows: poor, average, good, and very good.

The ranges denotes the range of prices between an average and a very good location and quality. The red line depicts the price level for good quality (high standard).

Zermatt



4th
Ranked

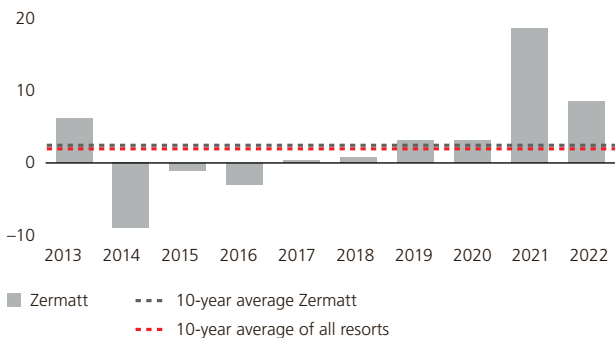
15,800
CHF/m²

+8.8
% y-o-y



Price trend

In percent compared with the previous year, in the first quarter



At a glance

Location characteristics

Market size
★★★★

Accessibility
★★★★

Tourist facilities
★★★★★

Market outlook

Occupancy
★★★★★

Renting perspective
★★★★★

Population growth
★★★★

Restrictive supply
★★★★

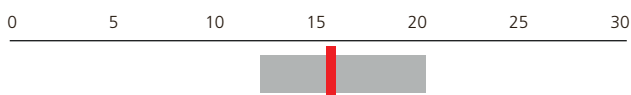
In brief

A holiday home in Zermatt* costs over 15,800 Swiss francs per square meter – 30 percent more than two years ago. The recent strong price surge in Mattertal was fueled by market supply of around 1 percent, which is low by Valais standards. This is unlikely to change soon, as only one new housing unit was approved for construction last year. Thanks to its unique Alpine backdrop, rental prospects in Zermatt are relatively good in the winter and summer season. It is unclear how much more attractive the location will be in the long term as a result of the new year-round gondola connection to the neighboring Italian region. But rental competition with Breuil-Cervinia in Italy is expected to increase soon.

* Destination includes the municipalities of Zermatt and Täsch.

Price levels

Range, in CHF thousand/m², as of Q1 2022



The price level of an owner-occupied home depends on its location and quality, among other things. These are categorized as follows: poor, average, good, and very good.

The ranges denotes the range of prices between an average and a very good location and quality. The red line depicts the price level for good quality (high standard).

Davos/Klosters



6th
Ranked

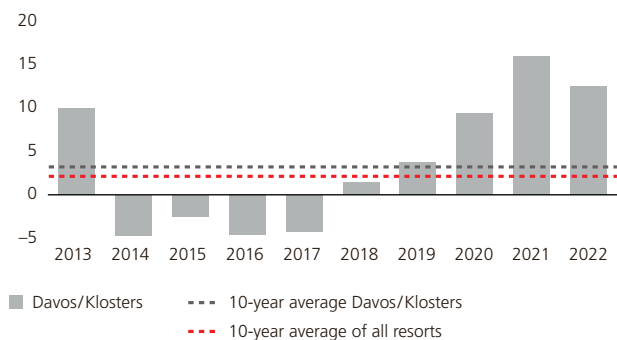
CHF 15,300
CHF/m²

+12.9
% y-o-y



Price trend

In percent compared with the previous year, in the first quarter



At a glance

Location characteristics

- Market size: ★★★★★
- Accessibility: ★★★☆☆
- Tourist facilities: ★★★☆☆

Market outlook

- Occupancy: ★★★★★
- Renting perspective: ★★☆☆☆
- Population growth: ★★★☆☆
- Restrictive supply: ★★★★★

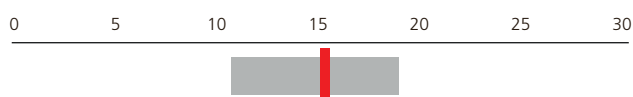
In brief

Holiday home prices in Davos/Klosters* climbed further last year. They increased by almost 13 percent and are currently 50 percent higher than five years ago. In a five-year comparison, the destination therefore has the strongest price momentum of all the destinations analyzed in the Alpine region. Buyers of holiday homes currently have to contend with 15,000 Swiss francs or more per square meter. The strong price increases were accompanied by a reduction in vacancy rates. Only about 0.8 percent of all properties are currently advertised. However, the market is divided. The destination is losing population year after year; the current level is on par with 30 years ago. This is increasingly freeing up older properties that are difficult to sell unrenovated. The supply of apartments is therefore likely to increase slightly.

* Destination includes the municipalities of Davos and Klosters-Serneus.

Price levels

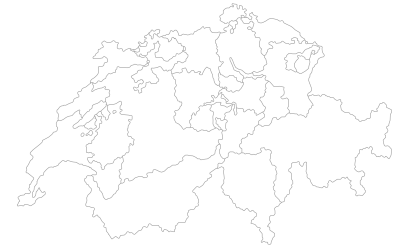
Range, in CHF thousand/m², as of Q1 2022



The price level of an owner-occupied home depends on its location and quality, among other things. These are categorized as follows: poor, average, good, and very good.

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Flims/Laax



8th
Ranked

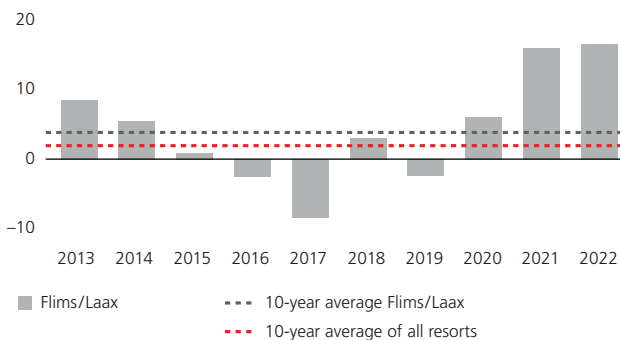
14,900
CHF/m²

+16.5
% y-o-y



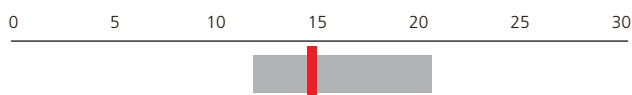
Price trend

In percent compared with the previous year, in the first quarter



Price levels

Range, in CHF thousand/m², as of Q1 2022



The price level of an owner-occupied home depends on its location and quality, among other things. These are categorized as follows: poor, average, good, and very good.

The ranges denotes the range of prices between an average and a very good location and quality. The red line depicts the price level for good quality (high standard).

At a glance

Location characteristics

Market size

★★★★

Accessibility

★★★★

Tourist facilities

★★★★

Market outlook

Occupancy

★★★★★

Renting perspective

★★

Population growth

★★★★★

Restrictive supply

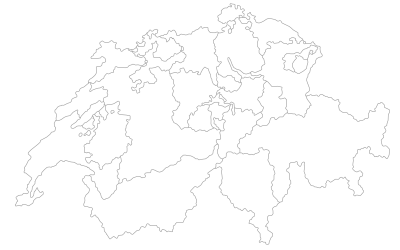
★★★★★

In brief

After a price increase of around 16 percent in the space of a year, holiday home prices in Flims/Laax* are almost 45 percent higher than three years ago. Only in Davos/Klosters was there a comparable increase in prices. Buyers of holiday homes are currently having to contend with prices of 15,000 Swiss francs per square meter or more. A low tax burden combined with good accessibility to workplaces makes the destination attractive for newcomers. Consequently, the population grew by 20 percent in the past decade, which is the highest of all resorts. Despite increased demand for housing, new construction activity has recently softened significantly. As a result, vacancy rates, which are higher by regional standards, are likely to fall further and support price levels.

* Destination includes the municipalities of Flims, Laax, and Falera.

Verbier



9th
Ranked

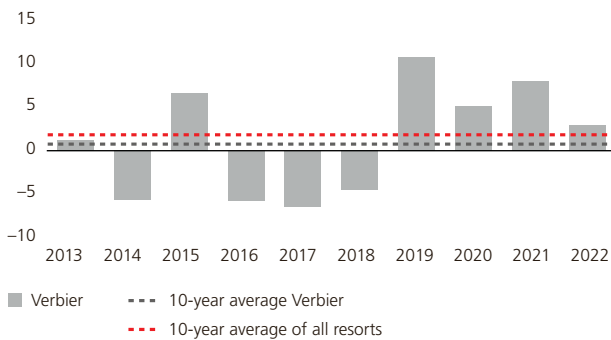
CHF 14,900
CHF/m²

+3.1
% y-o-y



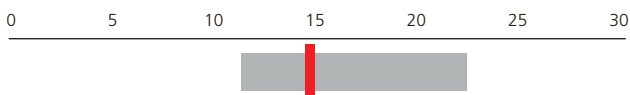
Price trend

In percent compared with the previous year, in the first quarter



Price levels

Range, in CHF thousand/m², as of Q1 2022



The price level of an owner-occupied home depends on its location and quality, among other things. These are categorized as follows: poor, average, good, and very good.

The ranges denotes the range of prices between an average and a very good location and quality. The red line depicts the price level for good quality (high standard).

At a glance

Location characteristics

Market size



Accessibility



Tourist facilities



Market outlook

Occupancy



Renting perspective



Population growth



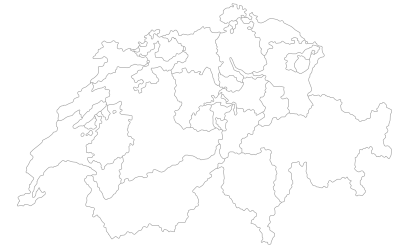
Restrictive supply



In brief

Verbier's holiday home market is international in nature. The appreciation in the Swiss franc since 2019 has hurt the market accordingly and led to a strong rise in the number of vacant apartments. Prices for holiday homes corrected by around 20 percent between 2009 and 2018. Lower prices and buoyant economic growth prior to the pandemic produced a clear turnaround. Despite a slight slowdown in price increases compared with the previous year, prices recently reached a new all-time high. Buyers of holiday homes can currently expect to pay almost 15,000 Swiss francs per square meter. The prices for luxury properties are twice as high.

Andermatt



10th
Ranked

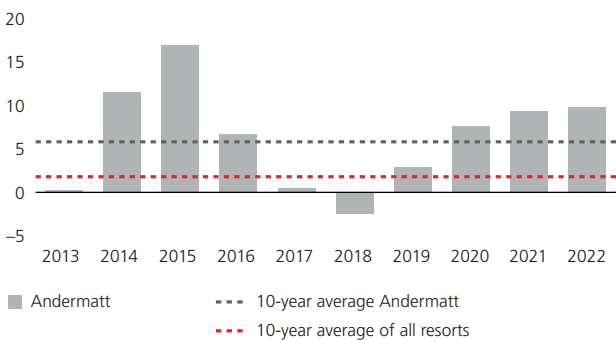
13,900
CHF/m²

+10.1
% y-o-y



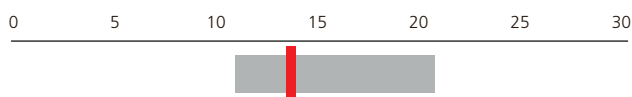
Price trend

In percent compared with the previous year, in the first quarter



Price levels

Range, in CHF thousand/m², as of Q1 2022



The price level of an owner-occupied home depends on its location and quality, among other things. These are categorized as follows: poor, average, good, and very good.

The ranges denotes the range of prices between an average and a very good location and quality. The red line depicts the price level for good quality (high standard).

At a glance

Location characteristics

- Market size: ★
- Accessibility: ★★★★★
- Tourist facilities: ★★★

Market outlook

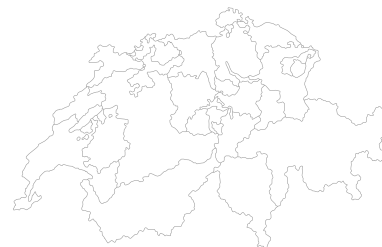
- Occupancy: ★★★★★
- Renting perspective: ★★★★★
- Population growth: ★★★★★
- Restrictive supply: ★★★

In brief

A good quality holiday home in Andermatt* currently costs just under 14,000 Swiss francs per square meter, around 10 percent higher than the previous year's figure. Since 2010, prices have more than doubled, making them the highest of all Swiss destinations. Andermatt benefited from its status as the only Swiss resort where second homes may still be built and where foreign buyers' access to the market is not restricted by the Lex Koller rule which restricts the acquisition of Swiss real estate by foreigners. This resulted in an increase in new construction activity and international marketing of apartments. The region also expanded its tourist facilities. As a result, the population has soared since 2018. Nonetheless, the supply of homes for sale has remained high for several years.

* Destination includes the municipalities of Andermatt, Hospental, and Realp. Due to an adjustment in the municipality's structure, the destination prices cannot be compared with the previous year's prices.

Engelberg



14th
Ranked

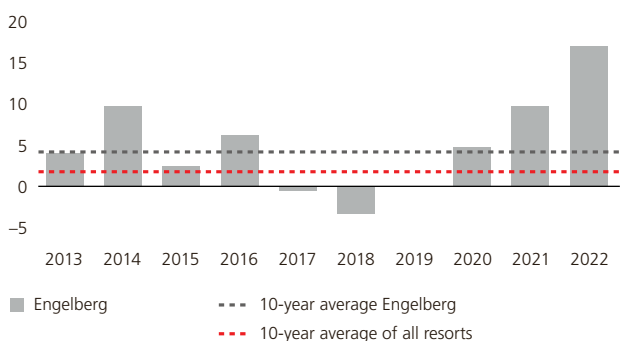
CHF 12,600
CHF/m²

+16.7
% y-o-y



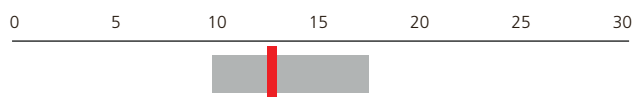
Price trend

In percent compared with the previous year, in the first quarter



Price levels

Range, in CHF thousand/m², as of Q1 2022



The price level of an owner-occupied home depends on its location and quality, among other things. These are categorized as follows: poor, average, good, and very good.

The ranges denotes the range of prices between an average and a very good location and quality. The red line depicts the price level for good quality (high standard).

At a glance

Location characteristics

Market size



Accessibility



Tourist facilities



Market outlook

Occupancy



Renting perspective



Population growth



Restrictive supply



In brief

Buyers of holiday homes in Engelberg can currently expect to pay around CHF 12,600 or more per square meter. After rising nearly 17 percent over the year, prices are about 30 percent above pre-coronavirus levels. Several factors are likely to have driven the boom in prices. Due to its location being not far from many big Swiss cities, it is a particularly attractive destination for working from home. In addition, relatively attractive returns are likely to be achieved by renting out holiday homes once international tourist flows have recovered. Finally, the supply of available properties is particularly low; with a vacancy rate of less than 0.5 percent, the market is almost completely sold out at the moment. But building applications have recently increased slightly.

Lenzerheide



16th
Ranked

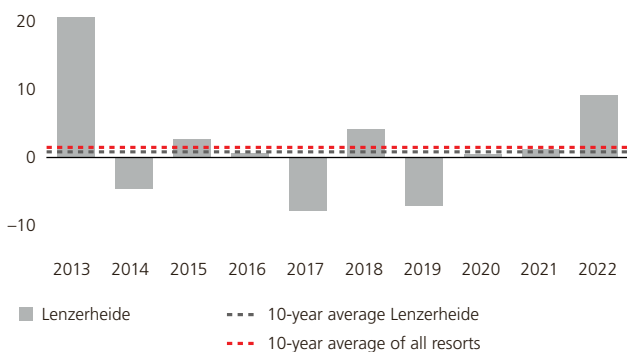
12,000
CHF/m²

+8.9
% y-o-y



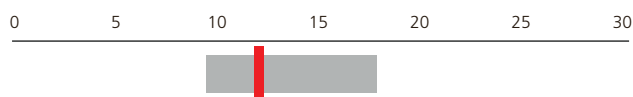
Price trend

In percent compared with the previous year, in the first quarter



Price levels

Range, in CHF thousand/m², as of Q1 2022



The price level of an owner-occupied home depends on its location and quality, among other things. These are categorized as follows: poor, average, good, and very good.

The ranges denotes the range of prices between an average and a very good location and quality. The red line depicts the price level for good quality (high standard).

At a glance

Location characteristics

Market size
★★★★

Accessibility
★★★★

Tourist facilities
★★★★

Market outlook

Occupancy
★★★★★

Renting perspective
★★

Population growth
★★★

Restrictive supply
★★★★

In brief

A marked increase in residential construction activity immediately prior to the introduction of the Second Homes Act with, in some cases, an (overly) costly fit-out standard ushered in a period of slightly falling prices in Lenzerheide* in 2013. Construction activity gradually declined in the wake of this. Given strong holiday home demand in this easily accessible location, the supply of available properties dropped significantly, with only 0.5 percent of the housing stock currently being advertised. Consequently, prices recovered and have risen by 9 percent in the last four quarters. But in the best locations, the price trend is likely to have been much stronger. Good quality holiday homes currently cost roughly 12,000 Swiss francs per square meter, but prices are still around 5 percent below the 2013 level.

* Destination includes the municipalities of Vaz/Obervaz, Churwalden, and Lantsch/Lenz.

Appendix

2022 ranking	Vacation destination	Country: Region	Size	Ski slopes	Height (meters above sea level)		Nearest large airport	
			Number of second homes	Distance in KM	Capital	Highest point	City	Travel time
1	Engadin/St.Moritz	CH: Graubünden	8,900	>250	1,800	3,300	Zurich	3h 10min
2	Gstaad	CH: Bern	4,600	150–250	1,100	3,000	Geneva	2h 0min
3	Jungfrau region	CH: Bern	5,600	150–250	1,000	3,000	Zurich	2h 10min
4	Zermatt	CH: Valais	4,500	>250	1,600	3,900	Geneva	2h 40min
5	Kitzbühel	AT: Tirol	5,800	150–250	800	2,000	Munich	2h 0min
6	Davos/Klosters	CH: Graubünden	11,000	>250	1,600	2,800	Zurich	2h 0min
7	Tegernsee	DE: Bavaria	1,100	<50	700	2,200	Munich	1h 5min
8	Flims/Laax	CH: Graubünden	7,800	150–250	1,100	3,000	Zurich	1h 50min
9	Verbier	CH: Valais	6,400	>250	1,500	3,300	Geneva	1h 50min
10	Andermatt	CH: Uri	1,300	100–150	1,400	3,000	Zurich	1h 40min
11	Courchevel	FR: Savoie	5,200	>250	1,900	3,200	Lyon	2h 20min
12	St. Anton am Arlberg	AT: Tirol	1,800	>250	1,300	2,800	Zurich	2h 10min
13	Val d'Isère	FR: Savoie	4,200	>250	1,900	3,500	Lyon	2h 50min
14	Engelberg	CH: Obwalden	2,700	50–100	1,000	3,000	Zurich	1h 10min
15	Méribel	FR: Savoie	6,400	>250	1,500	3,200	Lyon	2h 0min
16	Lenzerheide	CH: Graubünden	6,700	150–250	1,500	2,900	Zurich	1h 50min
17	Arosa	CH: Graubünden	4,300	150–250	1,700	2,900	Zurich	2h 10min
18	Saas-Fee	CH: Valais	2,800	150–250	1,800	3,600	Geneva	2h 40min
19	Cortina d'Ampezzo	IT: Belluno	5,600	100–150	1,200	2,900	Venice	2h 0min
20	Scuol	CH: Graubünden	3,300	50–100	1,300	2,800	Zurich	2h 50min
21	Megève	FR: Haute-Savoie	7,300	>250	1,100	2,400	Geneva	1h 10min
22	Adelboden/Lenk	CH: Bern	5,400	150–250	1,400	2,400	Basel	2h 10min
23	Anniviers	CH: Valais	4,500	150–250	1,500	3,000	Geneva	2h 10min
24	Crans-Montana	CH: Valais	10,500	100–150	1,500	2,900	Geneva	2h 10min
25	Chamonix-Mont-Blanc	FR: Haute-Savoie	8,900	100–150	1,000	3,300	Geneva	1h 10min
26	Villars-Gryon-Les Diablerets	CH: Vaud	7,000	100–150	1,300	3,000	Geneva	1h 25min
27	Samnaun	CH: Graubünden	600	150–250	1,800	2,900	Zurich	3h 20min
28	Breil/Brigels/Obersaxen	CH: Graubünden	3,600	150–250	1,300	2,400	Zurich	2h 10min
29	Courmayeur	IT: Aostatal	4,900	<50	1,200	2,800	Geneva	1h 40min
30	Val-d'Illicz	CH: Valais	4,500	<50	1,100	2,300	Geneva	1h 20min
31	Nendaz/Veysonnaz	CH: Valais	8,200	>250	1,400	3,300	Geneva	2h 0min
32	Hasliberg	CH: Bern	1,500	50–100	1,100	2,400	Zurich	1h 25min
33	Aletsch-Arena	CH: Valais	3,700	100–150	1,900	2,900	Milan	2h 30min
34	Wildhaus	CH: St. Gallen	2,000	50–100	900	2,300	Zurich	1h 25min
35	Hoch-Ybrig	CH: Schwyz	900	100–150	1,100	1,800	Zurich	1h 5min
36	Leysin-Les Mosses	CH: Vaud	2,300	100–150	1,400	2,300	Geneva	1h 25min
37	Flumserberg	CH: St. Gallen	2,800	50–100	1,200	2,200	Zurich	1h 20min
38	Ovronnaz	CH: Valais	1,600	<50	1,300	2,400	Geneva	1h 40min
39	Disentis/Sedrun	CH: Graubünden	2,600	50–100	1,200	2,800	Zurich	2h 20min
40	Anzère	CH: Valais	2,200	50–100	1,500	2,400	Geneva	2h 0min
41	Leukerbad	CH: Valais	2,800	50–100	1,400	2,600	Geneva	2h 10min
42	Evolène	CH: Valais	1,600	100–150	1,400	3,000	Geneva	2h 0min

Sources

Variable	Sources
Real estate prices (current and historical)	Wüest Partner (Switzerland); Éditions Callon (France); Nomisma (Italy); immi.at, immobilienscout24.at, UBS (Austria); Bulwiengesa, UBS (Germany)
Apartment rental prices	Wüest Partner
Market size	ARE (Switzerland); Insee (France); Istat (Italy); Statistik Austria, Statistik Tirol, Statistik Vorarlberg (Austria); Statistik Bayern (Germany)
Conversion potential of primary homes	Details provided by the destinations
Accessibility using private transport	Google Maps
Accessibility using public transport	Google Maps, SBB, rome2rio.com
Occupancy (vacancy rates)	FSO, comparis.ch (Switzerland); Insee, seloger.com (France); immobiliare.it, casa.it (Italy); immosuchmaschine.at, immobilienscout24.at, immodirekt.at (Austria); immobilienscout24.de (Germany)
Ski slopes, ski facilities and cross-country ski trails	Official websites, including details provided by the destinations, Bergfex, myswitzerland.ch
Altitude of ski resort	Official websites, including details provided by the destinations, Bergfex
Snow certainty	Official websites, including details provided by the destinations, skiresort.de, snowplaza.de and skigebiete-test.de
Thermal baths	Official websites, including details provided by the destinations and thermal baths, swisstherme.ch
Golf courses	Official websites, including details provided by the destinations and gold courses, Swiss Golf
Facilities open in the summer	Official websites, including details provided by the destinations
Building applications and approvals	Docu Media
Construction zones	Federal Office for Spatial Planning (ARE)
Reconstruction investment	Swiss Federal Statistical Office (FSO)
Overnight stays and hotel rooms	Swiss Federal Statistical Office (FSO)
Hotel prices	HotellerieSuisse
Airbnb rental statistics	AirDNA
Population growth and forecasts	Federal Statistical Office (FSO), UBS
Tax burden	Federal Tax Administration (ESTV)
Regional economic potential	UBS
Renewable energy sources	Energie Reporter, geoimpact, WWF Switzerland, and EnergieSchweiz

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