



Source: UBS

Swiss luxury real estate—not a guaranteed winner

28 March 2024, 12:57 pm CET, written by Daniel Kalt

Even high-end Swiss real estate is not immune to the effects of higher interest rates and a strong franc. When viewed over a long timespan, our recent study into this sector shows some interesting trends regarding which locations are gaining ground and which are losing out.

The Swiss luxury real estate market has not escaped the reality of higher interest rates over the past year. After an increase of almost 10 percent in 2022, the price of luxury homes rose by an average of around 2 percent in 2023. In the case of single-family homes price rises were significantly lower in 2023 at around 1 percent compared to the 8 percent recorded in the previous year, whereas price growth among condominiums fell from 9 to 3 percent. Overall, the luxury segment grew somewhat slower than the property market as a whole, and prices are currently 25 percent higher than before the pandemic.

As a safe haven with stable institutions and a high standard of living, Switzerland is in a good position to remain attractive given the current geopolitical situation. This “safety”, however, has become notably more expensive due to inflation and the strong franc, which appears to have had a dampening effect on international demand for luxury Swiss real estate. The net worth of the average Swiss household (not including real estate) stagnated in both the last two years. The economy is growing slower than normal, and so doesn’t provide much support for the demand for high-end real estate. Properties listed on the market are not attracting as many potential buyers, who in turn are increasingly questioning the high prices. This year, we expect the price of luxury properties to fall slightly in the low-single digit percentage range.

Three of the four most expensive destinations are in the mountains. St. Moritz is leading the way at more than CHF 42,000 per square meter (using the 95th percentile of observed offer prices and transaction prices). Only slightly less in demand is the luxury segment in Gstaad, at CHF 39,000 per square meter. Prices in Cologny by Lake Geneva are more than CHF 35,000 per square meter, similar to Verbier. In the remaining municipalities with a high proportion of luxury properties

in the Geneva region, as well as by Lake Zurich, luxury properties change hands for upwards of CHF 25,000 per square meter. This means that a property in good condition on a 1,500 square meter lot will typically cost between CHF 8 million and CHF 10 million. Prices of luxury real estate in Ticino begin at just under CHF 20,000 per square meter.

As a general rule, the luxury property market, especially traditional properties, is remarkably stable over a longer timeframe. By contrast, the locations in Zug which formed part of the study have climbed by an average of more than 30 places within the last decade to become some of the most expensive municipalities in Switzerland. This shows how the low-tax strategy has made it an attractive destination for those with a high income and high net worth in particular for some time now. The biggest winner of the last decade, however, is the up-and-coming municipality of Andermatt in the canton of Uri, which has been increasingly seen as a luxury destination since the construction of a number of expensive properties. In Ticino, on the other hand, prices have not been able to keep pace with other municipalities due to an oversupply of luxury apartments.

You can read more about this in our recently published study [UBS Luxury Property Focus 2024](#).

Please read the legal [disclaimer](#) applicable to this publication.

Disclaimer

This document is prepared and published by the Global Wealth Management business of UBS Switzerland AG (regulated by FINMA in Switzerland), its subsidiaries or its affiliates ("UBS"), part of UBS Group AG ("UBS Group"). UBS Group includes Credit Suisse AG, its subsidiaries, branches and affiliates. In the USA, UBS Financial Services Inc. is a subsidiary of UBS AG and a member of FINRA/SIPC. This document and the information contained herein are provided solely **for your information** and UBS marketing purposes. Nothing in this document constitutes investment research, investment advice, a sales prospectus, or an offer or solicitation to engage in any investment activities. This document is not a recommendation to buy or sell any security, investment instrument, or product, and does not recommend any specific investment program or service.

Information contained in this document has not been tailored to the specific investment objectives, personal and financial circumstances, or particular needs of any individual client. Certain investments referred to in this document may not be suitable or appropriate for all investors. In addition, certain services and products referred to in the document may be subject to legal restrictions and/or license or permission requirements and cannot therefore be offered worldwide on an unrestricted basis. No offer of any product will be made in any jurisdiction in which the offer, solicitation, or sale is not permitted, or to any person to whom it is unlawful to make such offer, solicitation, or sale.

Although all information and opinions expressed in this document were obtained in good faith from sources believed to be reliable, no representation or warranty, express or implied, is made as to the document's accuracy, sufficiency, completeness or reliability. All information and opinions expressed in this document are subject to change without notice and may differ from opinions expressed by other business areas or divisions of UBS Group. UBS is under no obligation to update or keep current the information contained herein. **The views and opinions expressed in this material by third parties are not those of UBS.** Accordingly, UBS does not accept any liability over the content shared by third parties or any claims, losses or damages arising from the use or reliance of all or any part thereof. All pictures or images ("images") herein are for illustrative, informative or documentary purposes only and may depict objects or elements which are protected by third party copyright, trademarks and other intellectual property rights. Unless expressly stated, no relationship, association, sponsorship or endorsement is suggested or implied between UBS and these third parties.

Any charts and scenarios contained in the document are for illustrative purposes only. Some charts and/or performance figures may not be based on complete 12-month periods which may reduce their comparability and significance. Historical performance is no guarantee for, and is not an indication of future performance.

Nothing in this document constitutes legal or tax advice. UBS and its employees do not provide legal or tax advice. This document may not be redistributed or reproduced in whole or in part without the prior written permission of UBS. To the extent permitted by the law, neither UBS, nor any of its directors, officers, employees or agents accepts or assumes any liability, responsibility or duty of care for any consequences, including any loss or damage, of you or anyone else acting, or refraining to act, in reliance on the information contained in this document or for any decision based on it.

Additional Disclaimer relevant to Credit Suisse Wealth Management

This document is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Credit Suisse to any registration or licensing requirement within such jurisdiction. Your personal data will be processed in accordance with the Credit Suisse privacy statement accessible at your domicile through the official Credit Suisse website <https://www.credit-suisse.com>. In order to provide you with marketing materials concerning our products and services, UBS Group AG and its subsidiaries may process your basic personal data (i.e. contact details such as name, e-mail address) until you notify us that you no longer wish to receive them. You can optout from receiving these materials at any time by informing your Relationship Manager.

Except as otherwise specified herein and/or depending on the local Credit Suisse entity from which you are receiving this report, this report is distributed by Credit Suisse AG, authorised and regulated by the Swiss Financial Market Supervisory Authority (FINMA). Credit Suisse AG is a UBS Group company.

Please visit [<https://www.ubs.com/global/en/wealth-management/insights/chief-investment-office/marketing-material-disclaimer.html>] to read the full legal disclaimer applicable to this material.

© UBS 2024. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.