

MARKET REPORT 2022

The essentials of the property market

Samedan

- Prices for single-family houses reach a new record level
- Market for owner-occupied apartments recovers significantly
- High demand for rental apartments



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Upper Engadine continues to set the bar

Picturesque localities, one mountain paradise

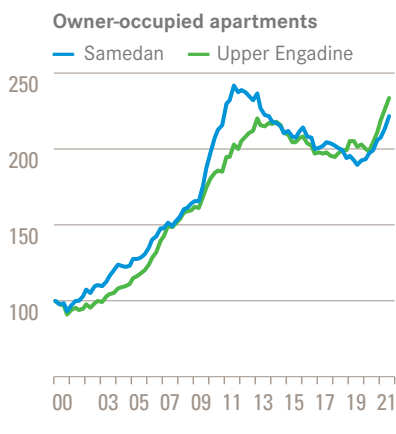
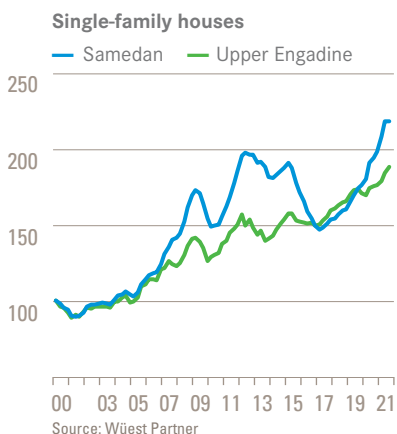
Thanks to the unique harmony of its lake landscape, the Upper Engadine holiday region is popularly known as the ‘ballroom’ of the Alps. In winter, one of the largest and most diverse ski areas attracts visitors with a total of 88 pistes, more than 220 km of cross-country trails and 13 natural ice rinks. In summer, 580 km of hiking trails, 17 climbing parks, 400 km of mountain bike trails, two 18-hole golf courses and other local attractions offer plenty of variety.

About 18,400 people live in the Upper Engadine all-year round, and many more flock to the region during high season. With 12,600 hotel beds (of which 5,200 alone can be found in St. Moritz and just under 2,000 in Pontresina) and around 7,000 beds in 1,800 holiday apartments, there is no shortage of choice for holidaymakers. In 2020, the Upper Engadine registered more than 1.4 million overnight stays in total (hotels only, not including holiday apartments), of which 80% were in the core zone of the Silvaplana-Samedan-Pontresina triangle, which also encompasses St. Moritz and Celerina. This is equivalent to a decrease during the pandemic and compared to the previous year of 10.1%. Excluding the municipality of St. Moritz, which has a higher-than-average proportion of guests from abroad, there was, however, a slight increase of 1.8%. In the rented holiday home segment, occupancy increased significantly as of 2020.

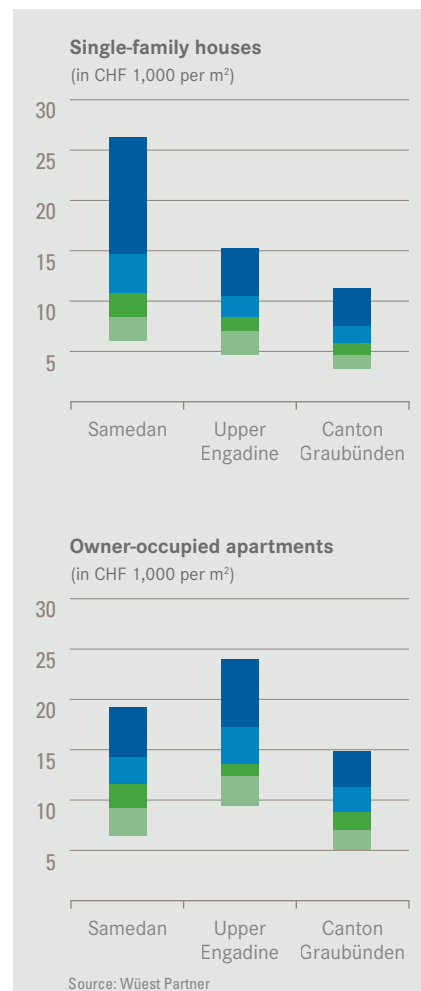
Pandemic and Second Homes Act drive prices

In general, the property stock exhibits the typical structure of a popular holiday region. Owner-occupied apartments, particularly those in the medium-size category, account for more than two thirds of the overall supply; in Celerina and Silvaplana, the proportion is as high as 80%. In the larger municipalities of Pontresina, Samedan and St. Moritz, with a higher proportion of local residents, typical holiday homes make up just over half the stock. The proportion of single-family houses is low in all municipalities. New construction has been no more than moderate since the implementation of the Second Homes Act in 2016. Combined, the total stock grew by just 1% per year at most in the last decade. The declining interest of foreign buyers over several years led to a market shift as domestic demand increased significantly at the same time. Today, more than half of the guests come from Switzerland. This trend has intensified during the Covid-19 pandemic due to changes in travel behaviour, and domestic demand for holiday homes is greater than ever.

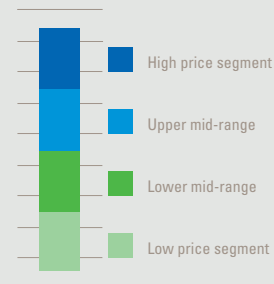
Residential property: transaction price growth (index Q1 2000 = 100)



Property prices (ranges)



Notes



Surge in demand

Price increases for residential property

In many ways, Samedan serves as the centre of the valley: in addition to the rail hub, airport, shopping facilities and diverse sporting activities, the municipality is also home to many locals, which is reflected in the above-average number of rental apartments in the property stock. This also has an effect on the achievable selling prices, which are about 15%-25% lower than in the famous neighbouring municipalities. Owner-occupied apartments in the high-end category sell for between CHF 14,000/m² and 19,000/m². Single-family houses (mostly older properties) change hands for CHF 15,000/m² on average, while luxury rarities can fetch up to CHF 20,000/m², or occasionally even up to 30% more.

After a long boom, during which transaction prices rose steadily, a correction lasting several years set in as of 2012. However, the uncertainty regarding the second home initiative was temporary, and in the single-family house segment, prices have been increasing again since 2018. This trend became considerably more noticeable in recent months and quarters, and transaction prices are currently hitting new heights. In the owner-occupied apartments segment, the numerous new constructions around the time of the aforementioned vote were well absorbed. Nevertheless, the price level fell over the course of six years, by around 25% in total, but has now been recovering for several quarters and is currently approximately 10% below the previous record levels. Overall, since the turn of the millennium, prices for single-family houses and owner-occupied apartments have more than doubled. We expect a moderate increase in transaction prices to continue in the coming months.

Moderate supply rates

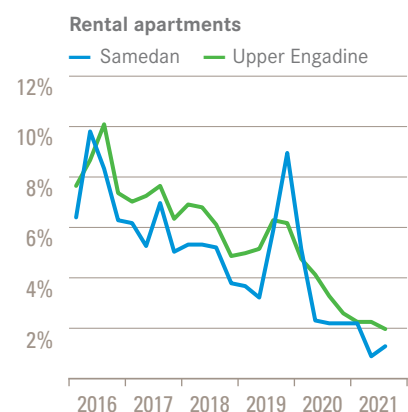
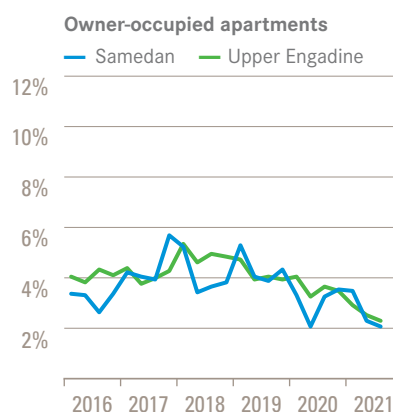
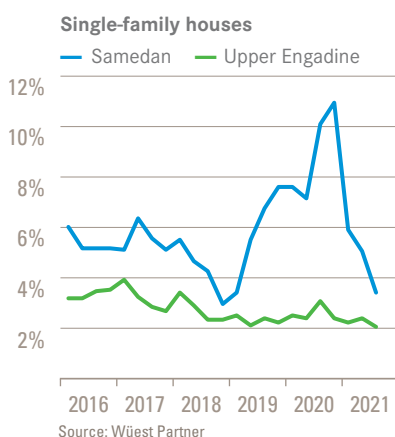
We consider markets to be intact and efficient, with a supply rate of 6%–8%. In Samedan, this criterion is significantly undercut across all market segments at present, with a further downward trend. For single-family houses, the rate temporarily increased in 2019 due to several properties being under construction with a total stock that remained low; the rate is now back to a moderate 3.4%. The rate for owner-occupied apartments has been relatively low for several quarters and currently stands at 2.0%. The rapid decline in the rental apartments segment, where the lowest rate in many years (1.3%) has been registered, is worthy of note.

Figures for Samedan



Samedan	
Population	
Inhabitants	2,923
Annual growth rate	0.3%
Proportion of foreigners	22.9%
Real estate market (residential) 2,758	
Proportion of rental apartments	42.8%
Proportion of owner-occupied apartments	54.2%
Proportion of single-family houses	3.0%
Proportion of second homes 47.5%	
Approved residential units 1	
In apartment buildings	0
In single-family houses	1

Supply rate (number of properties on the market in relation to the total stock)





Outlook: the market remains robust – The second home initiative and its consequences

On 11 March 2012, the Swiss electorate voted in favour of the second home initiative. In municipalities where second homes account for more than 20% of the housing stock, no new units may be approved. However, the legislation allows some exceptions for an increase in the supply of second homes. Apartments managed for use by tourists are permissible. In addition, second homes can be built as part of the expansion and construction of hotels. Under certain circumstances, properties recognised as worthy of protection can be converted. The new legislative framework has resulted in hardly any new builds being constructed. This has now led to a supply shortage with corresponding pressure on prices, in particular for owner-occupied apartments. The low interest rates, the general economic situation, the level of prosperity and the changes in behaviour in personal and business environments brought about by Covid-19 also remain equally important factors. After all, a holiday property is a luxury asset and is bought only if the environment allows it.



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We look forward to hearing from you

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