

MARKET REPORT 2022

The essentials of the property market

St. Moritz

- Single-family houses still in demand
- Prices for owner-occupied apartments at record level
- Very high price level for Suvretta transactions



Upper Engadine continues to set the bar

Picturesque localities, one mountain paradise

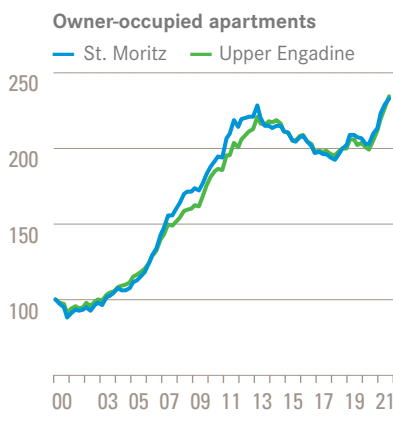
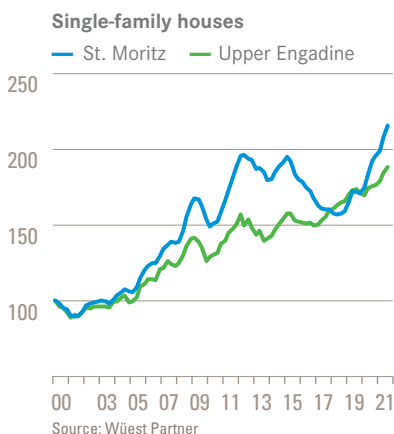
Thanks to the unique harmony of its lake landscape, the Upper Engadine holiday region is popularly known as the ‘ballroom’ of the Alps. In winter, one of the largest and most diverse ski areas attracts visitors with a total of 88 pistes, more than 220 km of cross-country trails and 13 natural ice rinks. 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.

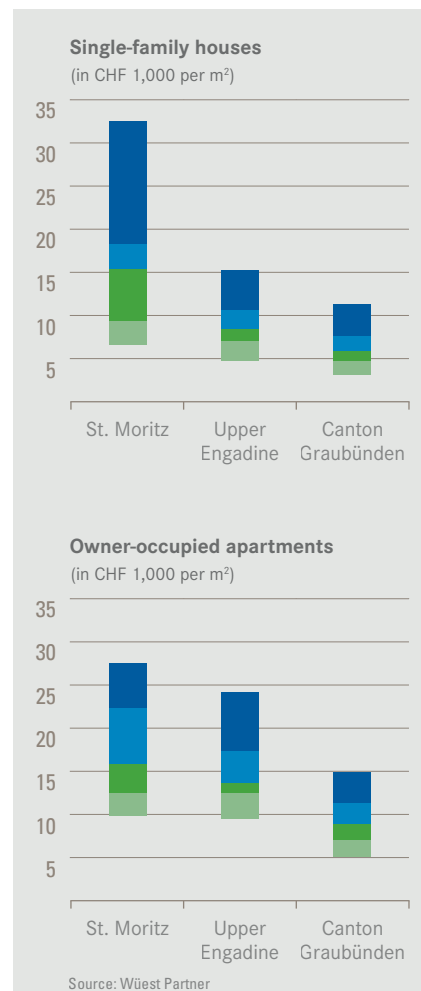
Pandemic and Second Homes Act drive prices

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



Top-quality locations

Highest price level in Graubünden

The continued appeal of St. Moritz is also reflected in the still highly dynamic real estate market. St. Moritz still has the highest prices in the region, and indeed in all of German-speaking Switzerland. Owner-occupied apartments in the high-end category sell for up to CHF 23,000/m². Luxury properties change hands for up to CHF 30,000/m², while exclusive rarities can fetch even more. Prices in St. Moritz-Bad tend to be more moderate, and the average price level in Champfèr/Silvaplana is also somewhat lower, at about CHF 20,000/m² for high-end properties and CHF 25,000/m² for luxury apartments. The few single-family houses placed on the market in St. Moritz (mostly older properties) generally sell for at least CHF 20,000/m², but luxury properties in good locations can fetch more than CHF 32,000/m². Rarities on Via Brattas or Via Tinus can sell for as much as CHF 55,000/m². The Suvretta hillside continues to be one of the most popular villa areas in Switzerland. Prices start at CHF 40,000/m² and can reach CHF 75,000/m² or even higher for very exclusive properties.

The second home market is in very good shape. After a correction phase, transaction prices for single-family houses have risen again since 2018. In the owner-occupied apartments segment, transaction prices are also on a notable upward trend, with previous record levels being surpassed. Generally speaking, prices have more than doubled in all market segments since the turn of the millennium. We expect prices to continue to rise slightly over the coming months, since demand for second homes remains strong.

Moderate supply rates

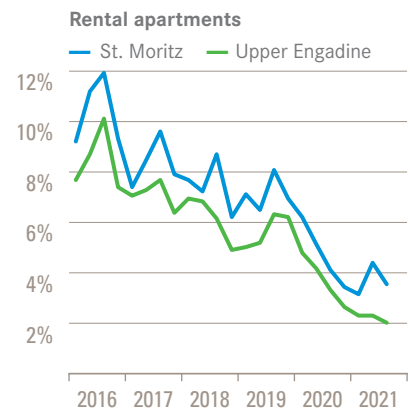
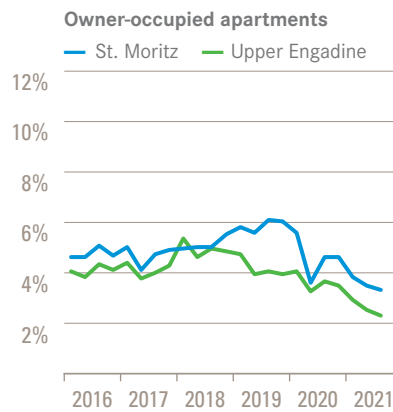
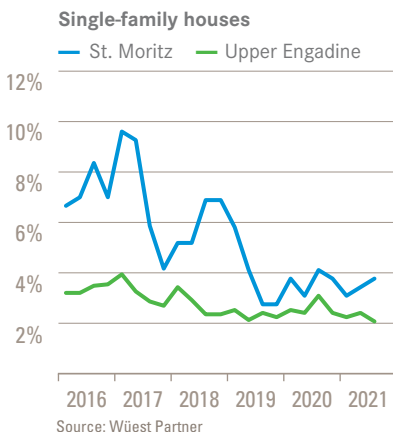
We consider markets to be intact and efficient, with a supply rate of 6%–8%. This criterion is undercut across all market segments at present. For single-family houses, the rate dropped in recent years and is now at 3.7%, while for owner-occupied apartments it bounced back despite moderate new construction activity and is now at 3.3%. Also worthy of note is the rising demand for rental apartments: the supply rate decreased gradually over recent years, and at a faster pace since the outbreak of the Covid-19 pandemic, and is currently 3.5%. Properties in the Suvretta area are now only rarely for sale ‘off-market’. Following what were in some cases very long marketing periods, various transactions took place in recent quarters. The prices paid varied, but were among the highest in Switzerland.

Figures for St. Moritz



| St. Moritz | |
|--|-------|
| Population | |
| Inhabitants | 4,945 |
| Annual growth rate | 1.3% |
| Proportion of foreigners | 41.3% |
| Real estate market (residential) 5,604 | |
| Proportion of rental apartments | 30.0% |
| Proportion of owner-occupied apartments | 65.5% |
| Proportion of single-family houses | 4.5% |
| Proportion of second homes 56.2% | |
| Approved residential units 43 | |
| In apartment buildings | 36 |
| In single-family houses | 7 |

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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