

Celerina

MARKET REPORT 2020

The essentials of the property market

- High prices for single-family houses
- Moderate supply rate for owner-occupied apartments
- Little new construction activity



Upper Engadine continues to set the bar

Picturesque localities, one mountain paradise

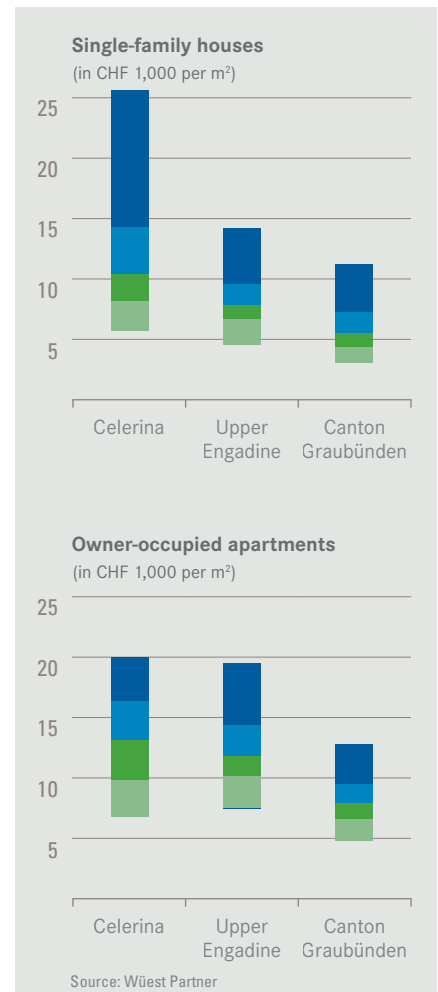
Thanks to the unique harmony of its lake landscape, the Upper Engadine holiday region is popularly known as the ‘ballroom’ of the Alps. In winter, one of the largest and most diverse ski areas attracts visitors with a total of 88 pistes and more than 200 km of cross-country trails. In summer, 580 km of hiking trails, 400 km of mountain bike trails, two 18-hole golf courses and other local attractions offer plenty of variety.

About 18,500 people live in the Upper Engadine all-year round, and many more flock to the region during high season. With 12,500 hotel beds (of which 5,200 alone can be found in St. Moritz and 2,400 in Pontresina) and 5,000 beds in holiday apartments, there is no shortage of choice for holidaymakers. In 2018, the Upper Engadine registered more than 4.4 million overnight stays in total (hotels and holiday apartments), of which 80% (hotels) and 60% (apartments) were in the core zone of the Silvaplana-Samedan-Pontresina triangle, which also encompasses St. Moritz and Celerina.

Apartment stock growing only slowly

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%. Only in Samedan, where there is an above-average proportion of primary residences, do 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 moderate over the past 10 years, with the total stock growing by just 1% per year at most. The very good summer and winter seasons in the last two years have had a noticeably positive effect on demand. Interest from foreign buyers (in particular from Italy) had been dwindling for years, which led to a market shift as domestic demand increased significantly at the same time. Today, about 60% of guests now come from Switzerland.

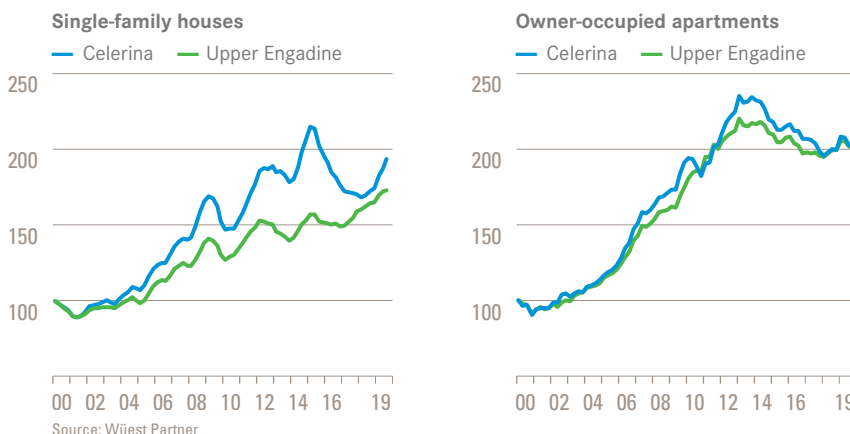
Property prices (ranges)



Notes



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



Domestic demand offsets decrease in Italian buyers

Single-family houses achieve highest prices

Holiday homes in the mountains are still in vogue. In Celerina, this applies mainly to second homes, which account for a large portion of the property stock. The unspoilt nature, the proximity to St. Moritz and the ski area on the doorstep are some of the reasons why the achievable selling prices per square metre remain high. For owner-occupied apartments in the high-end category, the average selling price can reach as high as CHF 15,000/m², while luxury properties can fetch up to CHF 20,000/m². The very few single-family houses placed on the market (usually older properties) sell for about CHF 12,000/m². High-end properties change hands for up to CHF 20,000/m², while luxury rarities can reach as much as CHF 25,000/m².

After a long boom, during which transaction prices rose steadily in the years up to 2014/15, a correction set in. In the single-family house segment, this trend reversed a few quarters ago, and prices are now just 5% below their previous highs. The increase for owner-occupied apartments was disproportionately high, with a lower correction of about 20%. Transaction prices have since risen again, but they still remain at about 15% below the old record highs. Generally speaking, prices have doubled since the turn of the millennium. We expect prices to stabilise at this level over the coming months, since demand for second homes remains strong.

Falling supply rate

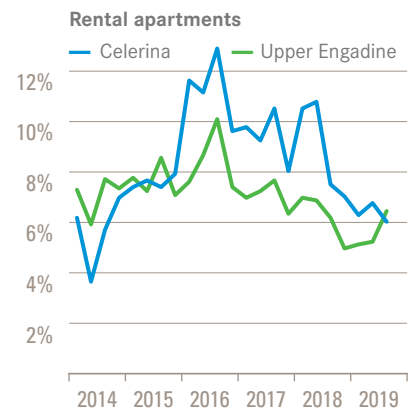
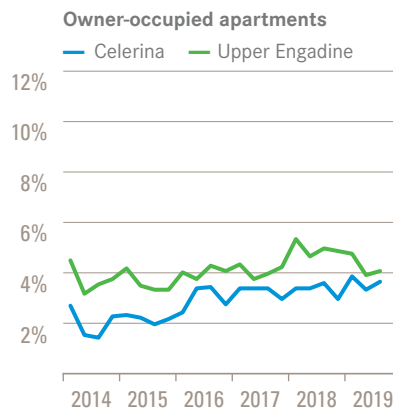
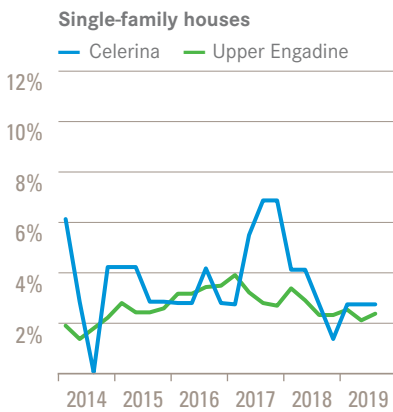
We consider markets to be intact and efficient, with a supply rate of up to 6%. In Celerina, this criterion is fulfilled across all market segments at present. At 3.5%, the rate for owner-occupied apartments has been relatively stable for several quarters. For single-family houses, it has been falling since the end of 2017 and currently stands at 2.7%. In the rental apartments segment, the supply ratio stands at 6.0%, having fallen significantly since mid-2018.

Figures for Celerina



Celerina	
Population	
Inhabitants	1,502
Annual growth rate	-0.3%
Proportion of foreigners	29.8%
Real estate market (residential) 2,231	
Proportion of rental apartments	17.9%
Proportion of owner-occupied apartments	78.8%
Proportion of single-family houses	3.3%
Approved residential units 0	
In apartment buildings	0
In single-family houses	0

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. The conversion of protected or landmark buildings is also possible within the building zone. In addition, second homes can be built as part of the expansion and construction of hotels. Outside the building zones, properties recognised as worthy of protection can be converted. The new legislative framework has now resulted in a supply shortage and corresponding pressure on prices, in particular for new builds. However, the general economic situation and prosperity levels also remain determining factors. After all, a holiday property is a luxury asset and is bought only if the environment allows it.



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