

Pontresina

MARKET REPORT 2020

The essentials of the property market

- Substantial price increases since 2017
- Single-family houses are scarce on the market
- Wide range of owner-occupied apartments

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Upper Engadine continues to set the bar

Picturesque localities, one mountain paradise

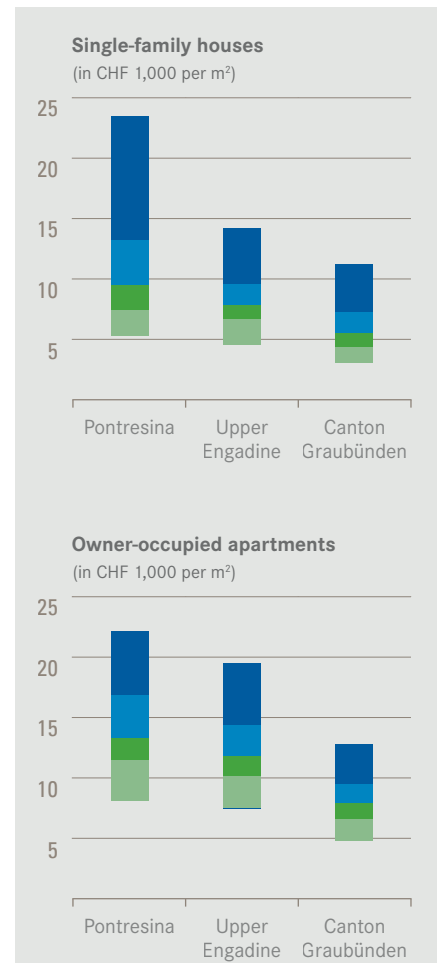
Thanks to the unique harmony of its lake landscape, the Upper Engadine holiday region is popularly known as the ‘ballroom’ of the Alps. In winter, one of the largest and most diverse ski areas attracts visitors with a total of 88 pistes and more than 200 km of cross-country trails. In summer, 580 km 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)

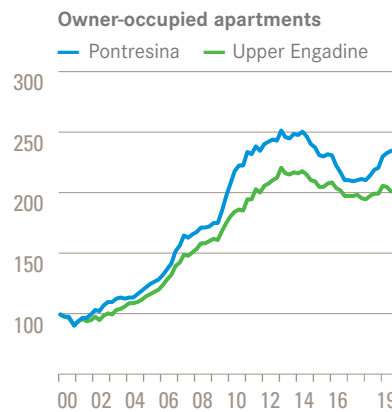
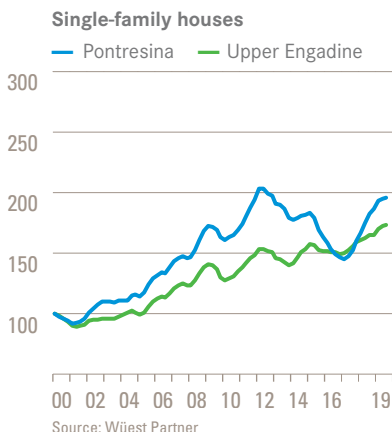


Source: Wüest Partner

Notes



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



Continued appeal

Single-family houses achieve highest prices

Holiday homes in the mountains are still in vogue. Pontresina appeals with its attractive location, beautiful nature, wide range of hotels and busier mid-season than the surrounding villages. That’s why Pontresina has the highest property prices in the region, alongside St. Moritz. For owner-occupied apartments in the high-end category, the average selling price can reach as high as CHF 16,000/m², while luxury properties can fetch up to CHF 20,000/m². For the few single-family houses placed on the market, buyers are happy to pay CHF 18,000/m² for a property in good condition and sometimes more than CHF 20,000/m² for luxury rarities.

The second home market is robust, with strong demand. Within the individual market segments, good to very good properties are snapped up quickly, but it can take longer to find a buyer for older properties. Following an increase in the price level in recent quarters, transaction prices for owner-occupied apartments are now just 7% below the highs of 2014. For single-family houses in the high-end category, a price correction of up to 25% set in after the second home initiative. This has been offset almost completely in the past three years by prices that are currently just 4% below the record levels seen in 2012. 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 rates

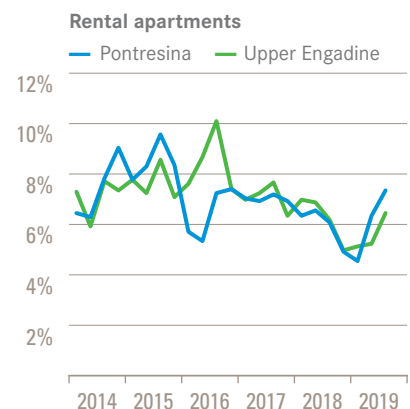
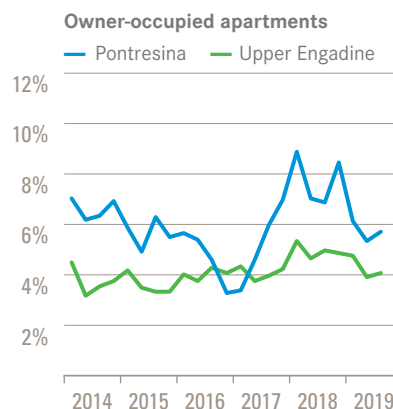
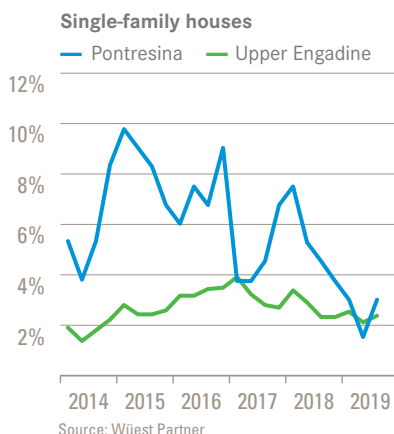
We consider markets to be intact and efficient, with a supply rate of up to 6%. In Pontresina, this criterion is fulfilled across all market segments at present. For owner-occupied apartments, the supply rate is 5.7% and on a downward trend. The rate for single-family houses stands at 3.0%, having also fallen sharply since the start of 2018.

Figures for Pontresina



Pontresina	
Population	
Inhabitants	2,162
Annual growth rate	-1.5%
Proportion of foreigners	34.5%
Real estate market (residential) 2,031	
Proportion of rental apartments	27.1%
Proportion of owner-occupied apartments	66.3%
Proportion of single-family houses	6.5%
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, particularly 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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We look forward to hearing from you

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