

# Flims-Laax-Falera

## MARKET REPORT 2019/2020

The essentials on the property market

- Residential property remains in demand
- Single-family houses are scarce on the market
- The supply of owner-occupied apartments is declining

Weisse Arena remains in demand

Four localities, one mountain paradise

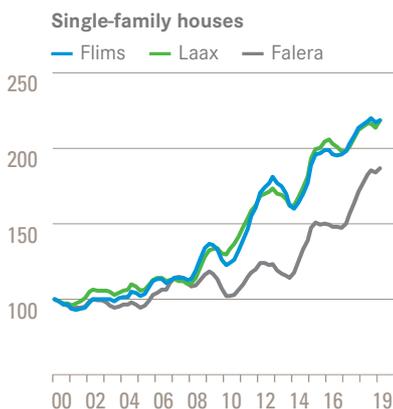
Flims-Laax-Falera-Sagogn is an innovative, dynamic and family-friendly area surrounded by breathtaking nature and with facilities that offer something for everyone. In winter, the major ski resort attracts visitors with 224 kilometres of ski runs, four snow parks and five snow-covered valley runs. And in summer, the tourist destination offers flagship sights, such as the Tectonic Arena Sardona, which is a UNESCO World Heritage Site, the Rheinschlucht, also known as the 'Swiss Grand Canyon', the Caumasee lake and the golf course in Sagogn.

The holiday region has an overall population of 6,000. During peak season, however, this multiplies due to more than 8,000 second homes and an extensive selection of hotels that accounts for more than 350,000 overnight stays per year. Recent years have produced solid growth, thanks to the area's good accessibility by car and public transport, allowing the Weisse Arena to cement its reputation as an attractive summer and winter sports paradise for young and old.

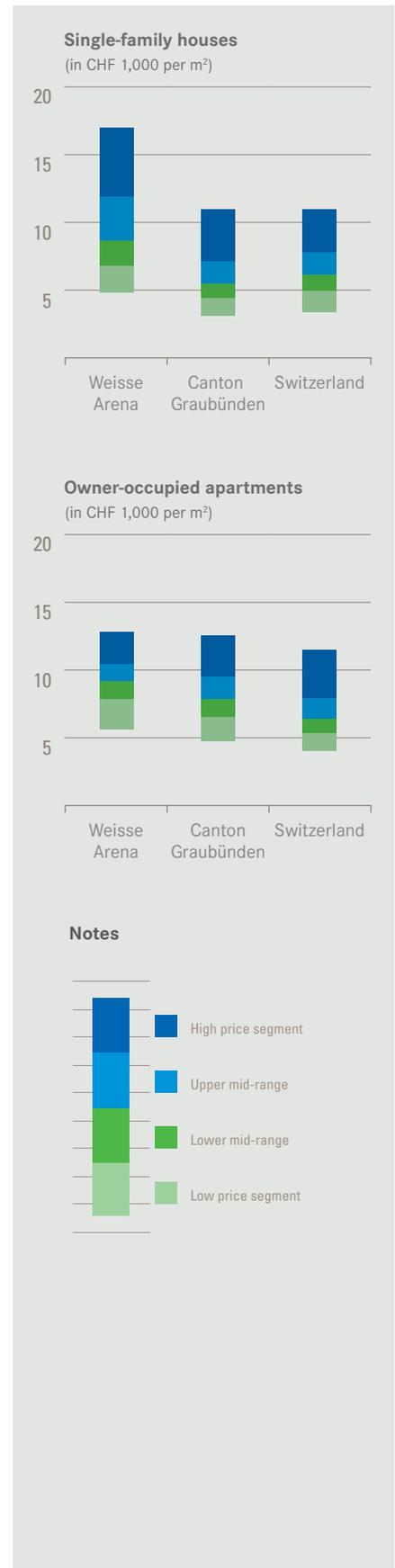
Growth in the apartment stock has slowed

The property stock exhibits the typical structure of a popular holiday region. Flims has a high number of owner-occupied apartments. These account for more than 70% of the overall supply, with a particular emphasis on the medium size category. Laax and Falera have even higher proportions of more than 80%. Sagogn has a high percentage of single-family houses, which account for a remarkable 25% of all properties. Before the second home initiative in 2012, a construction boom commenced with building permits reaching all-time highs. Construction activity has now declined significantly, although the region still issues a disproportionately high number of building permits compared with other destinations in Graubünden, despite the new legislative framework. The very good summer and winter seasons over the last two years have had a noticeably positive effect on demand. At the same time, the decreasing interest of foreign purchasers has had an insignificant effect on market growth, since the region attracts primarily domestic purchasers.

Residential property: Transaction price growth (Index Q1 2000 = 100)



Property prices (ranges)



## Second homes remain highly popular

### Single-family houses are attracting maximum prices

Holiday homes in the mountains are still in vogue. Achievable sale prices per square metre confirm the sustained popularity of residential property in the mountains. Owner-occupied apartments in the high-end segment are changing hands for a range of prices per square metre in the municipalities of the Weisse Arena, from CHF 9,000 in Sagogn, CHF 12,000 in Flims and Laax to more than CHF 12,000 in Falera and even higher in some premium locations. Similar prices per square metre are being paid for the few single-family houses that come to the market. However, the price range extends significantly to as much as CHF 17,000 per square metre for prime properties, particularly in Flims and Laax.

Prices in the high-end market segment have risen moderately over the last quarter. All four municipalities are registering new all-time high prices, particularly for single-family houses. Meanwhile, market prices for owner-occupied apartments have returned to near-record levels following their correction after the period of strong growth up to 2015. Generally speaking, prices have risen significantly since the turn of the millennium. In Flims and Laax, market prices for single-family houses have doubled, while Falera and Sagogn have witnessed increases of 50% to 80%. During the same period, transaction prices for owner-occupied apartments have risen by approximately 80% in all four municipalities. We expect prices to stabilise at this level over the coming months, since demand for second homes remains strong.

### Vacancy rates are falling

We consider markets to be intact and efficient with a supply rate of up to 6%. Evidently, this criterion is fulfilled across all segments and localities in the region, with the exception of owner-occupied apartments in Sagogn, and the trend is downward. Supply rates for owner-occupied apartments stand at 3.8% (Flims), 2.9% (Laax), 2.8% (Falera) and 9.4% (Sagogn), while those for single-family houses are even lower at 1.3% (Flims), 2.3% (Laax), 0.9% (Falera) and 1.3% (Sagogn).

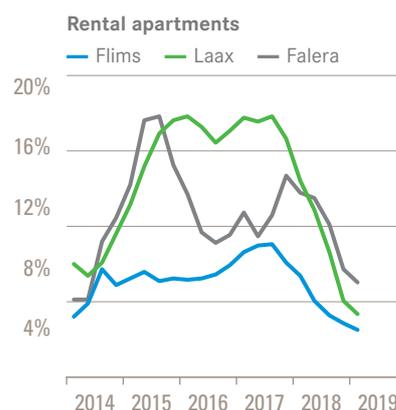
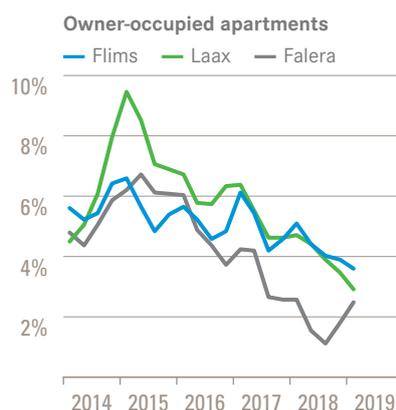
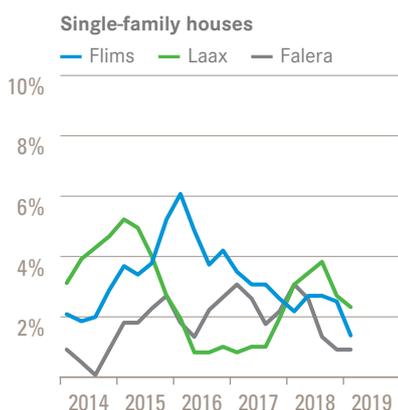
## Figures for Flims-Laax-Falera

Flims	
<b>Population</b>	
Inhabitants	2,834
Annual growth rate	0.3%
Proportion of foreigners	22.8%
<b>Property market (residential) 4,458</b>	
Proportion of rental apartments	19.2%
Proportion of owner-occupied apartments	70.8%
Proportion of single-family houses	10.0%
<b>Approved residential units 27</b>	
In apartment buildings	19
In single-family houses	8

Laax	
<b>Population</b>	
Inhabitants	1,857
Annual growth rate	5.8%
Proportion of foreigners	20.2%
<b>Property market (residential) 3,852</b>	
Proportion of rental apartments	11.4%
Proportion of owner-occupied apartments	81.7%
Proportion of single-family houses	6.9%
<b>Approved residential units 7</b>	
In apartment buildings	0
In single-family houses	7

Falera	
<b>Population</b>	
Inhabitants	615
Annual growth rate	-1.3%
Proportion of foreigners	14.5%
<b>Property market (residential) 1,313</b>	
Proportion of rental apartments	6.4%
Proportion of owner-occupied apartments	84.8%
Proportion of single-family houses	8.8%
<b>Approved residential units 8</b>	
In apartment buildings	6
In single-family houses	2

## 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; i.e. dwellings not customised to the personal requirements of the owner. The conversion of protected or landmark buildings is also possible within the building zone. 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. 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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