



Sils
Silvaplana

Market report 2023

The essentials of the property market

- Prices for owner-occupied apartments have peaked
- Market for single-family houses robust
- Low supply rates for residential property

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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.

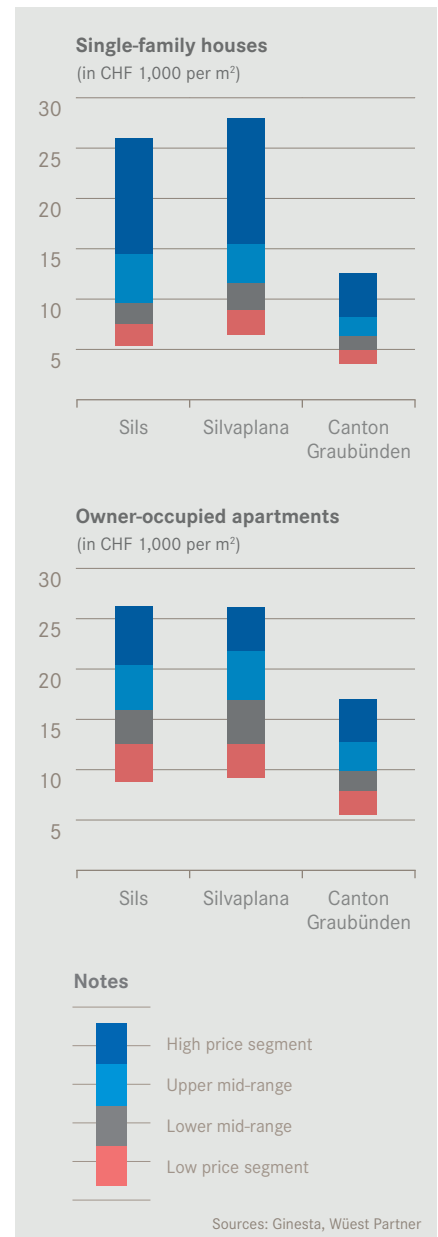
About 17,000 people live in the Upper Engadine all year round, and many more flock to the region during high season. With about 13,000 hotel beds (of which 5,000 in St. Moritz alone and almost 2,000 in Pontresina) and 7,000 beds in 1,800 holiday apartments, there is no shortage of choice for holidaymakers.

In 2021, the Upper Engadine registered more than 1.5 million overnight stays in total (hotels only, excluding holiday apartments), of which 80% were in the core zone from the lakeside municipalities extending across St. Moritz, Celerina and Samedan to Pontresina. This more than made up for the decline during the pandemic, achieving a very good result in comparison with previous years. Excluding the municipality of St. Moritz, which has a disproportionately high dependence on foreign guests, the increase was even greater. The summer season finally brought increased numbers of foreign guests back to the high mountain valley too, in particular to St. Moritz.

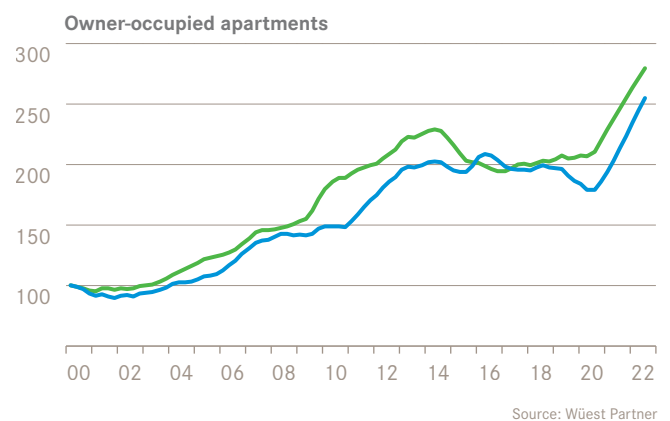
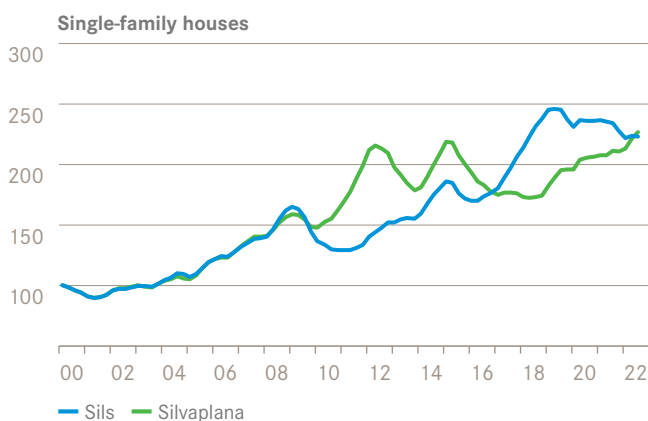
Demand boost due to the pandemic

The property stock generally 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, which have 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. Since the implementation of the Second Homes Act in 2016, only moderate new construction activity has taken place. Over the past decade, the total stock has grown by just 1% per year at most. Interest from foreign buyers had been dwindling for years, which led to a market shift as domestic demand increased significantly at the same time. This trend intensified due to changes in travel behaviour during the pandemic, with domestic demand for holiday homes in the Upper Engadine higher than ever before.

Property prices (ranges)



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



Continued appeal

Accelerated price increases in owner-occupied apartments

Holiday homes in the mountains are still in vogue. The lakeside municipalities of Sils and Silvaplana offer the advantages of an attractive location, beautiful natural scenery and numerous leisure activities all year round. Thus, the achievable selling prices of residential property are higher than average. For owner-occupied apartments, they have risen to a new high and for high-end properties are now at about CHF 20,000/m² in Sils and CHF 22,000/m² in Silvaplana, while prices for luxury apartments in both municipalities may be as high as CHF 26,000/m² or more. For single-family houses, which rarely come on the market and are usually older properties, the selling price stands at CHF 13,000/m² in Sils and CHF 16,000/m² in Silvaplana; for properties in very good condition, it is up to CHF 26,000/m² in Sils and CHF 28,000/m² in Silvaplana. For luxury houses and rarities, prices are significantly higher.

The second home market is very strong, with the trend in prices for owner-occupied apartments going in just one direction since 2020 – upwards, with increases of about 40% in Sils and Silvaplana since the start of the pandemic. In the single-family house segment, development has been more varied. In Sils, prices rose very strongly up to 2015 and have since been trending sideways. In Silvaplana, however, there has been a steady upward trend and prices are now slightly above previous highs. Since the turn of the millennium, prices for owner-occupied apartments have risen overall by more than 150% and for single-family houses by 125%.

In the primary home market too, the supply of properties for sale remains very limited with demand affected by the increase in residency by foreigners. Prices have thus also increased significantly, if not to the same degree as in the second home market.

Falling supply rates

We consider markets to be intact and efficient with a supply rate of up to 6%–8%. In both municipalities, all market segments are considerably below this level in parts and the rate has been declining over the last few years. The rate stands at 3% or lower in Sils and Silvaplana both for single-family houses and owner-occupied apartments. This rate is also recorded for rental apartments in Silvaplana and Sils.

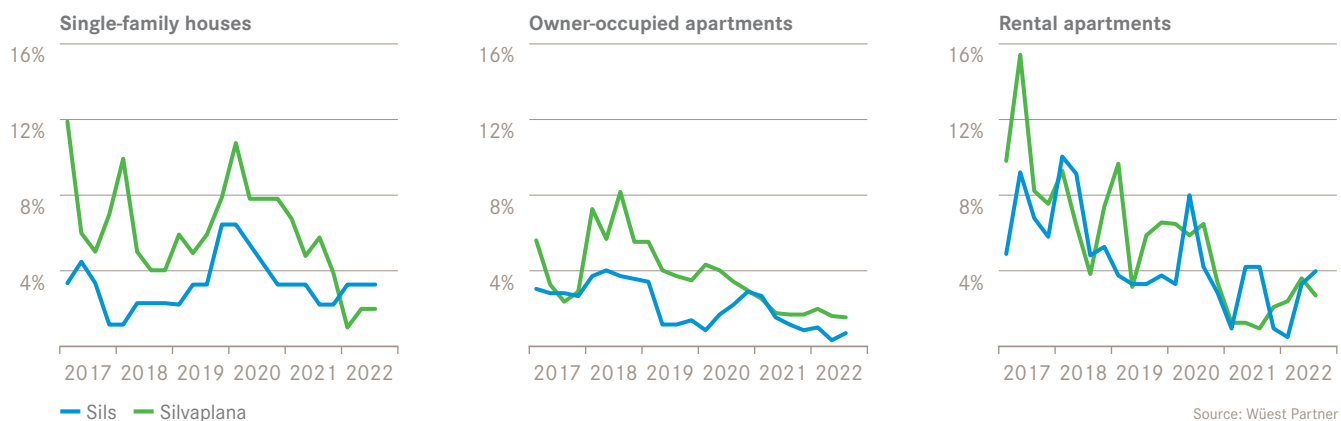
Figures for Sils and Silvaplana



Sils	
Population	
Inhabitants	706
Annual growth rate	-1.3%
Proportion of foreigners	32.9%
Real estate market (residential)	1,178
Proportion of rental apartments	20.6%
Proportion of owner-occupied apartments	70.3%
Proportion of single-family houses	9.1%
Proportion of second homes	70.8%
Approved residential units	1
In apartment buildings	0
In single-family houses	1

Silvaplana	
Population	
Inhabitants	1,105
Annual growth rate	-1.4%
Proportion of foreigners	33.8%
Real estate market (residential)	2,506
Proportion of rental apartments	13.9%
Proportion of owner-occupied apartments	81.6%
Proportion of single-family houses	4.4%
Proportion of second homes	73.5%
Approved residential units	16
In apartment buildings	16
In single-family houses	0

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



Source: Wüest Partner

Outlook: the market remains robust – pandemic and second home initiative drive up prices

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. The legislation permits some exceptions, but overall the new legislative framework has led to very little new construction, which has caused an extreme supply shortage with strongly increased demand. This excess demand has reduced slightly as a result of market uncertainty, the geopolitical situation and interest rate rises over the last few months, but it still remains high. Even with slightly declining demand, there is still a strong imbalance. Rising interest rates and the current outlook for the real economy and inflationary trends have so far had only a marginal impact on this market situation. However, additional uncertainty and/or greater interest rate increases could certainly affect the property market in the near future.



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