



St. Moritz

Market report 2023

The essentials of the property market

- Single-family houses more expensive than ever before
- Prices of owner-occupied apartments continue to rise
- Suvretta transactions at very high prices

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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.

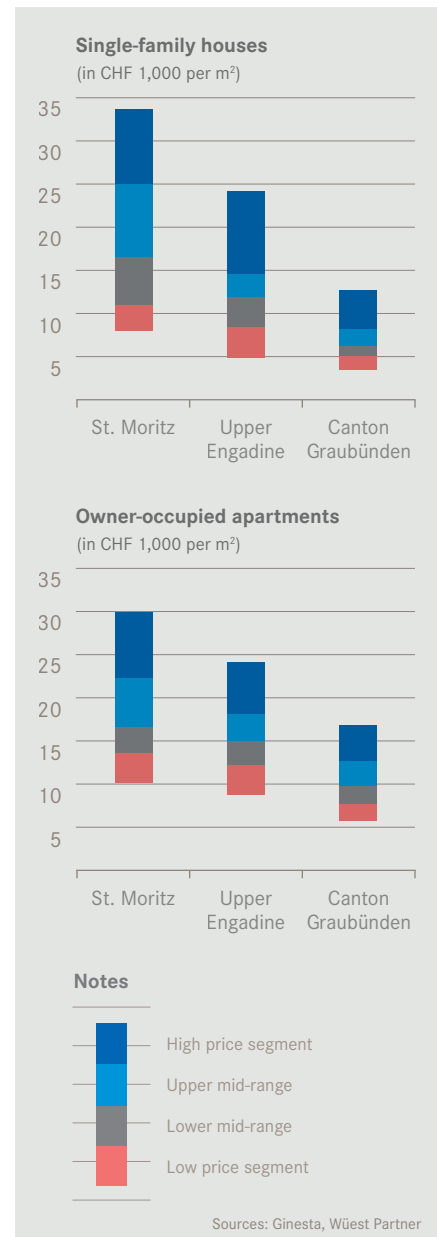
About 17,000 people live in the Upper Engadine all year round, and many more flock to the region during high season. With about 13,000 hotel beds (of which 5,000 in St. Moritz alone and almost 2,000 in Pontresina) and 7,000 beds in 1,800 holiday apartments, there is no shortage of choice for holidaymakers.

In 2021, the Upper Engadine registered more than 1.5 million overnight stays in total (hotels only, not including holiday apartments), of which 80% were in the core zone from the lake-side 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 to previous years. Excluding the municipality of St. Moritz, which has a disproportionately high dependence on foreign guests, the increase was even higher still. The summer season finally brought increased numbers of foreign guests back to the high mountain valley too, especially to St. Moritz.

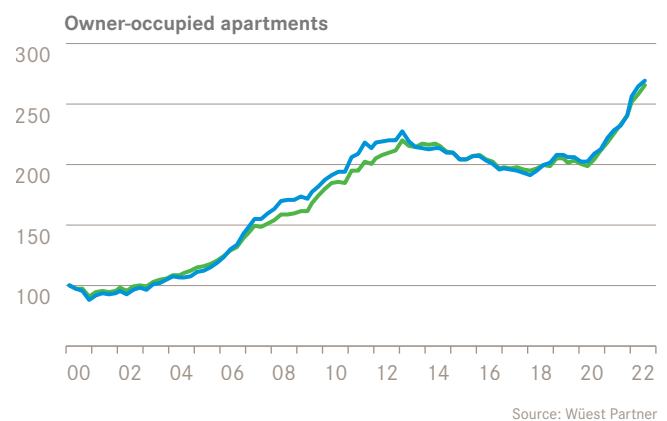
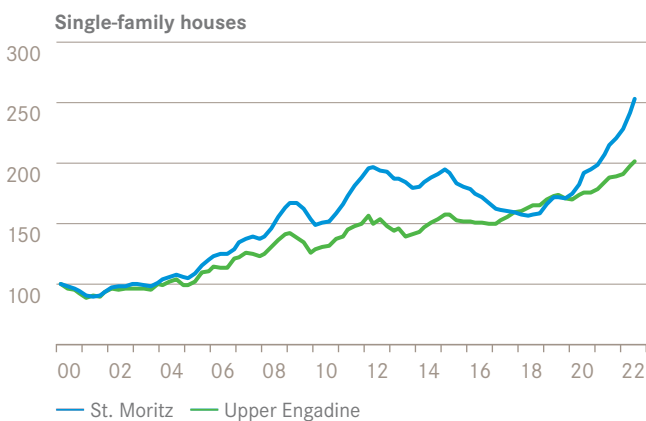
Demand boost due to the pandemic

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)



Top-quality locations

Highest price level in Graubünden

St. Moritz maintains its reputation as a world-class holiday destination. This appeal is unchanged and is reflected in the dynamic real estate market. St. Moritz continues to have the highest prices in the region and also in German-speaking Switzerland overall. Owner-occupied apartments in the high-end category sell for up to CHF 25,000/m². Luxury properties change hands for over CHF 30,000/m², while exclusive rarities can fetch even more. Prices in St. Moritz-Bad tend to be more moderate. The price level in Champfèr is somewhat lower, at 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, which are usually older properties, generally sell for at least CHF 20,000/m², but luxury properties in good locations can fetch more than CHF 34,000/m². Rarities on Via Brattas and Via Tinus can change hands for up to 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 be as high as CHF 75,000/m² or even more for very exclusive properties.

The second home market is very strong, with the trend in prices for owner-occupied apartments in particular going in just one direction since the start of 2020 – upwards. Prices for single-family houses have risen by 40% over the last two years, registering all-time highs. The same is true of the owner-occupied apartment segment, with only a marginally lower increase. Since the turn of the millennium, prices in all market segments have risen by more than 150%.

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.

Moderate supply rates

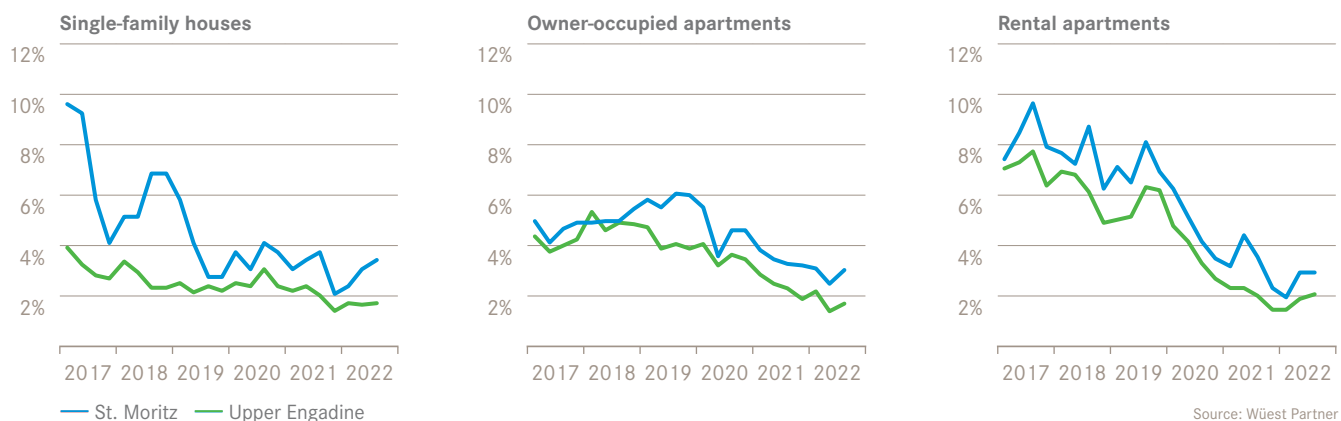
We consider markets to be intact and efficient with a supply rate of up to 6%–8%. All market segments are considerably below this level and the rate has been declining over the last few years. The rate currently stands at around 3% both for single-family houses and owner-occupied apartments. This rate is also recorded for rental apartments following a steady fall in the supply rate since the outbreak of the pandemic.

Figures for St. Moritz



St. Moritz	
Population	
Inhabitants	4,957
Annual growth rate	0.2%
Proportion of foreigners	41.5%
Real estate market (residential)	
	5,783
Proportion of rental apartments	29.7%
Proportion of owner-occupied apartments	64.8%
Proportion of single-family houses	5.4%
Proportion of second homes	
	56.5%
Approved residential units	
	4
In apartment buildings	0
In single-family houses	4

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 2022, 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 somewhat 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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Ginesta Immobilien AG

Via Serlas 23

CH-7500 St. Moritz

Tel. +41 81 836 73 30

www.ginesta.ch

graubuenden@ginesta.ch

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