CSL IMMOBILIEN

REAL ESTATE MARKET REPORT 2019

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EDITORIAL

While the 2019 Real Estate Market Report may look familiar to you from last year, there are a number of innovations in terms of the methodology and market areas. When it comes to the investment market commentary, however, we have remained faithful to a proven formula. We surveyed more than 30 selected investors with a combined portfolio value of approximately CHF 100 billion. We have also taken advantage of the market insights and observations of our staff from their day-to-day work in the real estate markets. We would like to thank everybody for their willingness to contribute to the Real Estate Market Report.

A key finding from our interviews is that most investors are currently sleeping soundly, having learned to adjust to the low interest rate environment and the particular conditions in the investment, office and residential markets over recent years.

Yields on investment property remain low but found a bottom in 2018. Consequently, many owners and investors placed even greater emphasis on secure cash flow from rental income. The transaction volumes of most market participants rose year on year, with many taking the opportunity to realise profits through sales. We expect the liquidity of the market in 2019 to match that in 2018.

In the office market, rents moved sideways or even declined in 2018. Despite the strong economy, the available supply is only declining slowly. Rental growth can only be found in central locations and up-and-coming districts. There is an increasing discrepancy between the objectives of owners and those of tenants. Owners are seeking leases with long fixed terms while tenants want flexibility. We expect this changing demand to result in further growth in the supply of co-working spaces and membership models.

In the residential property market, new-build activity continued unabated nationwide in 2018. Demand in the owner-occupier market remains as high as previously. In peripheral locations, however, people have reached the limits of what they are willing to pay. The rental market is struggling with rising vacancies, particularly in those areas of agglomerations with poor infrastructure. If anything has the potential to disturb the sleep of investors, it is the vacancy risk in the rental market.

I hope that the 2019 Real Estate Market Report will provide you with many fascinating insights!

Best regards,
Yonas Mulugeta

“Most investors are sleeping soundly despite the uncertainty surrounding interest rates. However, vacancy rates and rental levels in the residential market remain causes for concern.”

Yonas Mulugeta
CEO, Partner, Director

CHANGING LEGAL CONDITIONS

There are a number of legal developments to watch in 2019. On the one hand, changes in planning law are in progress. In autumn 2018, the Federal Council approved a dispatch on the second stage of the partial revision of the Swiss Spatial Planning Act (Raumplanungsgesetz), which particularly relates to building outside of building zones. Meanwhile, a vote on the urban sprawl initiative is due to take place in February 2019. The courts will then be increasingly called upon when it comes to correct implementation of the first stage of the partial revision, particularly in connection with land use designations and compensation for increases in land values following rezoning (in German: Mehrwertausgleich).

On the other hand, a change in legislation means that the costs of energy-efficient refurbishments will be tax deductible over three years from 2020. This is worth taking into account when planning refurbishment projects. Whether this will still be possible going forward in view of potential future changes in the system of imputed rental value taxation remains to be seen. A corresponding bill on imputed rental value is expected to be published for consultation during the course of the year.

A review of construction contract law is also in progress, whose objective includes improving the rights of developers and property purchasers in the event of construction defects. The bill is expected to be sent for consultation during the first half of the year.

Owing to various parliamentary motions on tenancy law, the Federal Council was instructed to devise proposals to revise regulations on the pricing of rents for residential property and commercial space in November 2018. Bills will also be drafted for two smaller amendments to tenancy law, namely the tightening of requirements for appeals by tenants against initial rents and the easing of the burden of proof in respect of the appropriateness of a rent for a location and district. Developments in tenancy law should also be followed at cantonal level, with voters in the Canton of Basel-Stadt clearly embracing four tenant protection initiatives last year, heralding a significant change of direction for Basel's (liberal) housing policy.

Dr Sibylle Schnyder
Partner, CMS von Erlach Poncet

ECONOMIC INDICATORS

While the global economic outlook remains positive, the world economy has lost momentum. The slowdown is primarily attributable to the change in US trade policy and the deterioration of the Chinese economy. In Europe, Brexit and Italy's financial problems are causes for concern. In contrast, the US economy is showing strength in abundance. The impetus from tax reforms is, however, expected to subside and the boom should lose momentum. In the interest rate markets, participants now expect the US Federal Reserve to refrain from further rate hikes for the time being, meaning that the US interest rate cycle has come to an end, at least provisionally.

Switzerland cannot escape this harsher climate. Economic growth will be lower in 2019 than last year. However, this represents more of a normalisation following a boom phase rather than an economic slump. The international trade dispute and recent strengthening of the Swiss franc will also hamper foreign trade periodically.

Despite the low unemployment, private consumption is only likely to grow moderately, with weak real-wage growth weighing on consumer sentiment. Investment in construction will remain largely stable in view of the low interest rate environment and infrastructural requirements.

It still appears unlikely that the Swiss National Bank (SNB) will turn the screw on interest rates before the European Central Bank (ECB) as this would increase upward pressure on the Swiss franc. The ECB will raise its deposit rate, which has stood at –0.4% since mid-March 2016, in autumn 2019 at the earliest, taking a first step towards the normalisation of monetary policy. We do not expect the SNB to make its first rate hike before the end of 2019. It will raise its interest rate on demand deposits with the SNB cautiously in several stages from the current level of –0.75% to 0%. It will be at least mid-2020 before negative interest rates are consigned to history and possibly somewhat longer depending on developments with the currency situation and inflation.

Dr Christoph Sax
Chief Economist, Migros Bank

SWISS INVESTMENT MARKET

The CSL Immobilien AG Investor Survey revealed continued high liquidity in the investment market in 2018. The first half of the year saw investors remaining reserved owing to political and economic uncertainties, before a noticeable increase in activity through to the end of the year.

Most investors registered a higher transaction volume than in the previous year. Besides a large number of acquisitions, there were also numerous sales, allowing investors to realise profits and rebalance their portfolios.

The average growth in institutional portfolios was impressive yet again at 6%. However, market risks resulted in weaker revaluations compared with the previous year and fewer acquisitions of development projects overall. Around half of investors increased their investments in existing property once again in 2018.

Acquisitions remain a key pillar of growth, with two strategies being particularly apparent. For a majority of investors, location remains the central criterion. They are even willing to accept extremely low yields in a location of good or very good quality. Their objective is to generate a stable cash-flow return in view of a future interest rate hike.

The other investor group invests in properties with higher yields. This is also reflected in an increasing trend in favour of operator-managed properties, such as student accommodation, senior living, co-working spaces and logistics property. Such purchasers also include market participants that have to be active following successful capital increases. Conversely, some established investors are able to play a waiting game.

The general pressure to invest and competition for good properties also resulted in numerous investors having to investigate significantly more properties than in the previous year in order to exceed the previous year's level of acquisitions.

The momentum in the transaction market is not least attributable to anticipated interest rate developments, for which investors are preparing themselves using various measures. Besides selective acquisitions with a focus on selected locations or favourable rental levels, these include active asset management, conservative valuations, stress tests or appropriate debt capital management.

Market participants are not currently exhibiting any nervousness regarding a reversal in interest rate policy. The increasing vacancies and associated decrease in rents are causing far greater concern. The majority of investors expect a modest interest rate hike from 2020 at the earliest. Some expect a continued 'low-for-long' sideways movement for up to five years.

Liquidity in 2019 is likely to be similar to that in 2018. Yields on prime properties have reached a floor, even if isolated outliers will continue to be seen during bidding processes. Market conditions also remain favourable for rebalancing portfolios and realising profits via disposals. Yields on Class B and Class C properties are expected to soften further.

"Our investor survey shows a liquid market. Many investors are still seeking to take profits before yields finally stagnate or in case they have already bottomed."

Patricia Reichelt
Head of Research & Market Analysis

COMMERCIAL PROPERTY INVESTMENT MARKET

Yields on prime properties found a predicted bottom in the commercial property investment market in 2018. Net initial yields on Class A office properties (see Glossary p. 30) remained stable at 2.45% according to the investor survey. There was also no noticeable change in terms of the scarce supply of these properties on the market, with around half of investors only occasionally finding such properties available in the investment market. Most investors expect yields on Class A properties to remain stable in 2019. Evidently, investors have reached the limit of what they are willing to pay in this category.

Net initial yields on Class B office properties in 2018 hardened slightly further by 0.15 percentage points to 3.30%. The supply of Class B properties in the investment market declined modestly, with these being most commonly described as 'occasionally available'. The supply of Class C properties, on the other hand, increased significantly. This may be attributable to portfolio rebalancing, which continued to present an opportunity to realise profits. The vendor market remains attractive to property owners of all types. Investors believe that yields on Class C properties have reached rock bottom and will continue to soften in 2019.

NET INITIAL YIELDS

Class A office property

2016	2017	2018	2019
2.5%	2.45%	2.45%	→

Class B office property

2016	2017	2018	2019
3.50%	3.45%	3.30%	→

Class C office property

2016	2017	2018	2019
4.50%	4.40%	4.00%	↗

Source: CSL Immobilien AG. Investor survey

"Owners of commercial investment properties are seeking secure, long-term cash flow, while tenants want maximum flexibility – not only when negotiating leases. This calls for a fresh attitude: flexibility is the security of tomorrow."

Annica Anna Pohl
Head of Investment and Commercial Property

RESIDENTIAL PROPERTY INVESTMENT MARKET

In the residential property sector, liquidity in the investment market was also reflected in a higher number of transactions in 2018. In contrast with the commercial property market, however, the number of investment opportunities increased in terms of high-quality properties. At the same time, the supply also featured a large number of high-risk assets. Net initial yields on Class A residential buildings (see Glossary p. 30) bottomed, hardening only negligibly by 0.05% to 2.4%. Investors expect yields to stagnate at this low level in 2019. It is noteworthy that the geographical distribution of investments in the residential property sector changed significantly in 2018, which was not the case with office properties. Owing to the heightened market risks, half of investors were increasingly active in major cities and agglomerations. Nevertheless, the pressure to invest in the low interest rate environment caused yields to harden marginally further even on Class B to Class D properties. Investors expect yields on residential property to remain stable in 2019, with the exception of investment properties in rural areas. In view of the oversupply in these areas, the market risks are reflected in rising yield expectations.

NET INITIAL YIELDS

Class A residential building

2016	2017	2018	2019
2.50%	2.45%	2.40%	→

Class B residential building

2016	2017	2018	2019
2.80%	3.20%	3.00%	→

Class C residential building

2016	2017	2018	2019
3.50%	3.40%	3.30%	→

Class D residential building

2016	2017	2018	2019
3.80%	3.80%	3.70%	↗

Source: CSL Immobilien AG. Investor survey

SWISS RESIDENTIAL MARKET

New-build activity in the residential property sector continued unabated nationwide in 2018. The owner-occupier market is in robust health and enjoyed further growth in 2018. The rental apartment market, however, showed absorption difficulties and hence rising vacancy rates in most Swiss agglomerations.

Investment in construction is expected to maintain the same level in 2019. This will increase supply further, with the moderate immigration compared with recent years and weak real wage growth dampening demand in the rental apartment market. This particularly applies to locations with poor public transport links. Those who want to succeed in such areas will have to tailor the supply specifically to the micro-location and the local market. Demand remains high in the economic centres. Areas with good infrastructure in the agglomerations are sought after provided that the price-performance ratio is right. Nationwide, the oversupply is resulting in declining rents, with no reversal in this trend on the horizon at the present time.

Demand for owner-occupier property remains high in view of the attractive interest rate environment. In the centres and areas of the inner suburbs with good infrastructure, there is still potential to be exploited. In peripheral areas, however, the restrictive mortgage lending of the banks and the increased sale prices in recent years are manifesting themselves in greater price sensitivity. As interest rates will remain low for the time being, demand for owner-occupier property is likely to continue unabated, resulting in rising prices in good locations in particular.

SWISS RESIDENTIAL MARKET

Vacancy rates, rents and sale prices
Switzerland

Population

1.0–1.5 million inhabitants
450,000–550,000 inhabitants
250,000–450,000 inhabitants
150,000–250,000 inhabitants
100,000–150,000 inhabitants
50,000–100,000 inhabitants

Agglomeration	Vacancy rate	Net rents	Sale prices
		Price range CHF/m² p.a.	Price range CHF/m²
Aarau	2.9% ↘	165–280	4,200 – 8,400
Baden-Brugg	1.9% ↗	170–295	4,800 – 9,200
Basel	1.0% ↗	180–315	4,500 – 10,500
Bern	1.2% ↘	165–310	4,400 – 8,800
Biel/Bienne	2.8% ↗	150–245	3,700 – 7,800
Chur	1.2% ↗	160–300	4,200 – 8,900
Fribourg	1.7% ↗	160–310	4,300 – 7,600
Geneva	0.6% →	240–510	6,600 – 16,200
Lausanne	0.7% ↗	195–415	5,300 – 12,200
Lugano	2.0% ↗	170–330	4,500 – 13,200
Lucerne	1.5% ↗	180–335	5,500 – 11,500
Neuchâtel	1.4% ↗	160–290	4,200 – 8,800
Olten-Zofingen	3.8% ↗	150–245	3,600 – 7,100
Schaffhausen	2.2% ↗	145–255	4,100 – 8,200
Solothurn	2.7% ↗	140–245	3,500 – 6,500
St Gallen	2.2% ↗	145–270	4,000 – 8,400
Thun	0.8% ↗	170–270	4,700 – 9,400
Winterthur	0.7% →	185–325	5,200 – 9,700
Zug	0.5% →	210–435	6,300 – 13,600
Zurich	1.0% ↗	195–440	5,700 – 13,500

↘ ↗ → **Change on previous year**

Source: CSL Immobilien AG | Swiss Federal Statistical Office

SWISS OFFICE MARKET

The positive economic growth and significant reticence to construct new property resulted in a stabilisation of the office market in most regions. A total of approximately 1.75 million m² of office space was available within six months in the Swiss agglomerations. This represents a decline of 4% compared with the previous year. The Zurich agglomeration registered the largest supply of 560,000 m² in 2018, followed by Geneva with a supply of around 412,000 m². The Lausanne, Bern and Basel agglomerations trailed behind with significantly lower supplies.

While the change in supply showed regional variations, there was a new development in terms of rents. The median figure did not increase in a single agglomeration in 2018, with quoted rents remaining stable at best. The sound economic fundamentals conceal the fact that the Swiss office market remains a tenant's market. The rising demand is primarily concentrated in central locations or up-and-coming districts of the economic centres. Locations with poor public transport links and properties that do not meet the flexible criteria of the changing working environment are struggling to find new tenants.

Furthermore, owing to valuation mechanisms, owners maintained their rental levels despite the tepid demand in recent years, preferring to make concessions in the form of incentives such as capital contributions towards fit-out and rent-free periods. With occupiers' willingness to pay remaining limited, quoted rents are falling nationwide. This trend will also continue in 2019.

SWISS OFFICE MARKET

Available office space and rents
Switzerland

Office stock

5.1 – 10 million m²
3.1 – 5.0 million m²
1.1 – 3.0 million m²
0.5 – 1.0 million m²

Agglomeration	Supply		Rents	
	m²	Change	Price range CHF/m² p.a.	Median CHF/m² p.a.
Aarau	27,640	66% ↗	130 – 275	180 →
Baden-Brugg	28,980	9% ↗	125 – 310	180 ↘
Basel	111,820	–24% ↘	155 – 335	225 →
Bern	113,225	8% ↗	130 – 375	220 ↘
Biel	11,195	–14% ↘	110 – 220	155 ↘
Chur	7,020	–16% ↘	125 – 395	175 →
Fribourg	16,520	–18% ↘	150 – 230	195 ↘
Geneva	411,935	–4% ↘	200 – 590	370 ↘
Lausanne	143,450	–6% ↘	145 – 365	230 →
Lugano	72,360	41% ↗	150 – 365	235 ↘
Lucerne	32,660	–47% ↘	125 – 305	185 ↘
Neuchâtel	13,190	43% ↗	125 – 305	190 ↘
Olten-Zofingen	22,670	–4% ↘	120 – 270	180 ↘
Schaffhausen	17,725	9% ↗	115 – 225	165 ↘
Solothurn	7,310	–9% ↘	130 – 235	160 →
St Gallen	36,405	–11% ↘	120 – 265	190 →
Thun	6,510	–36% ↘	135 – 220	185 ↘
Winterthur	44,065	57% ↗	155 – 315	220 →
Zug	73,673	24% ↗	135 – 465	260 →
Zurich	559,565	–7% ↘	135 – 485	230 ↘
Agglomerations	1,757,918	–4% ↘		

↘ ↗ → **Change on previous year**

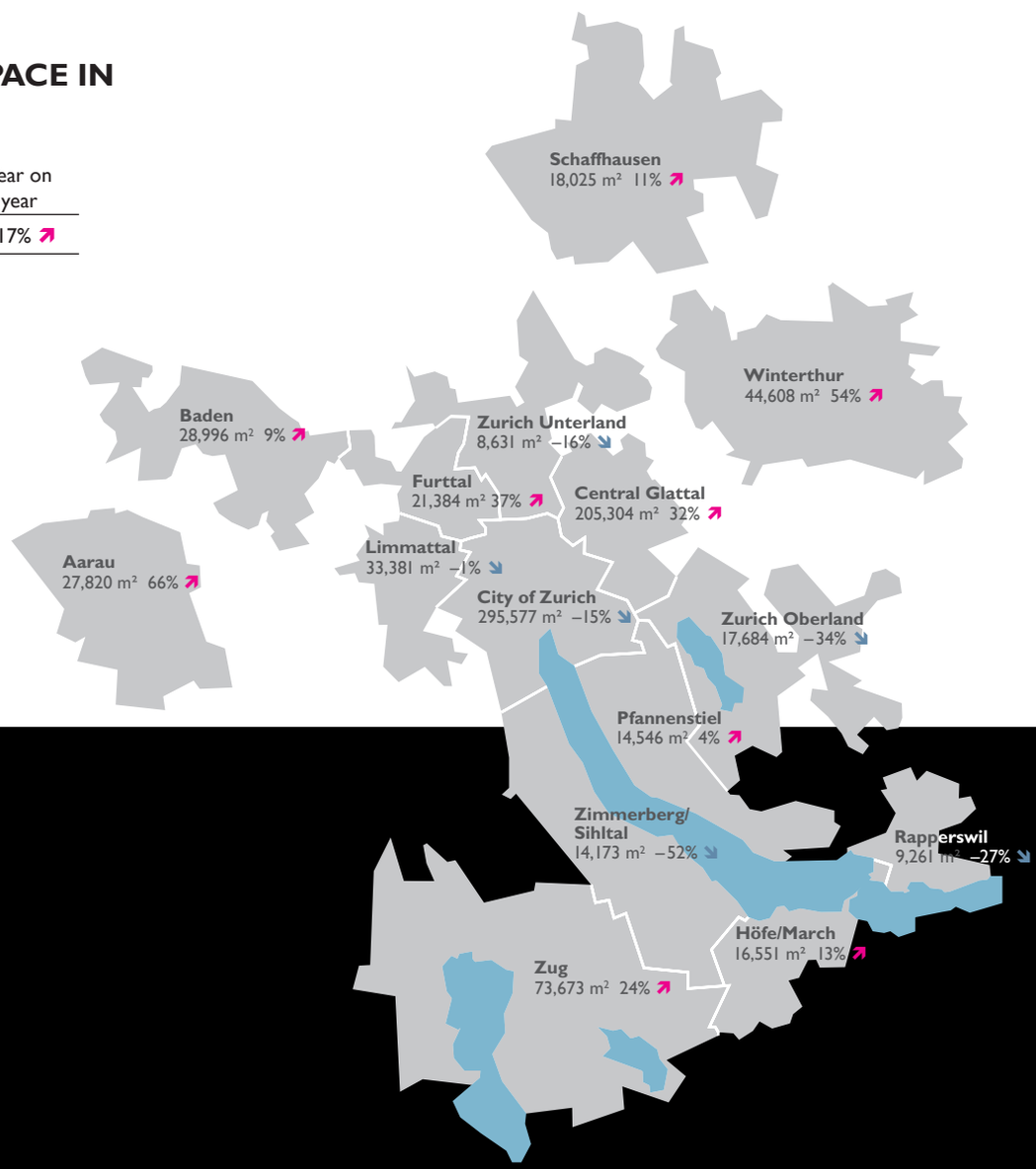
Source: CSL Immobilien AG | Swiss Federal Statistical Office

GREATER ZURICH OFFICE MARKET

Usable office space available within six months in the Greater Zurich area totalled approximately 940,000 m² at the end of 2018, representing an increase of 17% compared with the previous year. Performance across the individual market areas varied. In absolute figures, Glattal made a particularly significant contribution of approximately 50,000 m² to the increase in supply owing to its high level of construction activity. In contrast, there was higher demand in the office market than in the previous year, although this showed strong regional variation. Locations with good existing demand structures particularly benefited from the positive economic growth. This trend further strengthened the disparity between good and poor locations. In the Greater Zurich area, the City of Zurich remains the market area with the highest demand, closely followed by Zug. Compared with previous years, the growth of companies and a small, yet growing proportion of start-ups were identifiable sources of additional demand in the office market in 2018. The latter are particularly concentrated in central locations or, in other cases, have yet to appear as potential occupiers in the rental market. Co-working providers and business parks are continuing to grow and are siphoning off demand, not only from small occupiers but increasingly also from major companies. More and more, the latter are seeking alternatives to leasing large office space. Instead, they are leasing a fixed rental area as a base and adding flexible co-working spaces or memberships.

SUPPLY OF OFFICE SPACE IN GREATER ZURICH

	Supply	Year on year
Greater Zurich	940,763 m²	17% ↗



↘ ↗ → **Change on previous year**

Source: CSL Immobilien AG

RENTS BY MARKET AREA

	Rental range CHF/m² p.a.	**Median** CHF/m² p.a.	**Prime rent** CHF/m² p.a.
Aarau	130–275	180 →	395 →
Baden	125–310	180 ↘	390 ↘
Furttal	120–255	175 ↘	340 ↘
Höfe/March	155–395	205 ↘	490 ↘
Limmattal	145–260	190 →	330 →
Central Glattal	140–305	215 →	375 ↗
Pfannenstiel	135–395	250 ↘	440 ↘
Rapperswil	125–275	170 →	385 ↗
Schaffhausen	125–225	160 ↘	330 ↘
Winterthur	155–320	220 →	360 ↘
Zimmerberg/Sihltal	135–250	170 ↘	360 ↘
Zug	135–485	260 →	580 ↘
Zurich Oberland	115–245	170 →	305 ↘
Zurich Unterland	115–230	150 ↘	280 ↗
City of Zurich	185–550	325 ↘	875 ↘

Source: CSL Immobilien AG

↘ ↗ → **Change on previous year**

Despite the strong economic and employment growth, average quoted rents in the Greater Zurich area remained stable at best or declined. The increase in demand only manifested itself in isolated increases in prime rents. Hence, quoted rents are continuing to follow the reduction in effective rents witnessed in recent years via additional incentives such as capital contributions towards fit-out and rent-free periods. Potential occupiers remain aware of their favourable negotiating position and are increasingly forcing landlords to plan and complete fit-out works according to their requirements. In view of the simultaneous increased demand for flexibility with regard to lease durations, this is particularly painful for owners as the amortisation of fit-out costs becomes a risk item. Regular communication and flexibility beyond the agreement of the lease will minimise this risk materially and remain key to success in the rental market.

“The positive economic growth is not a sufficient driver for the recovery of the Greater Zurich office market. Rents moved sideways in 2018 or even declined. 2019 will not see any reversal of this trend.”

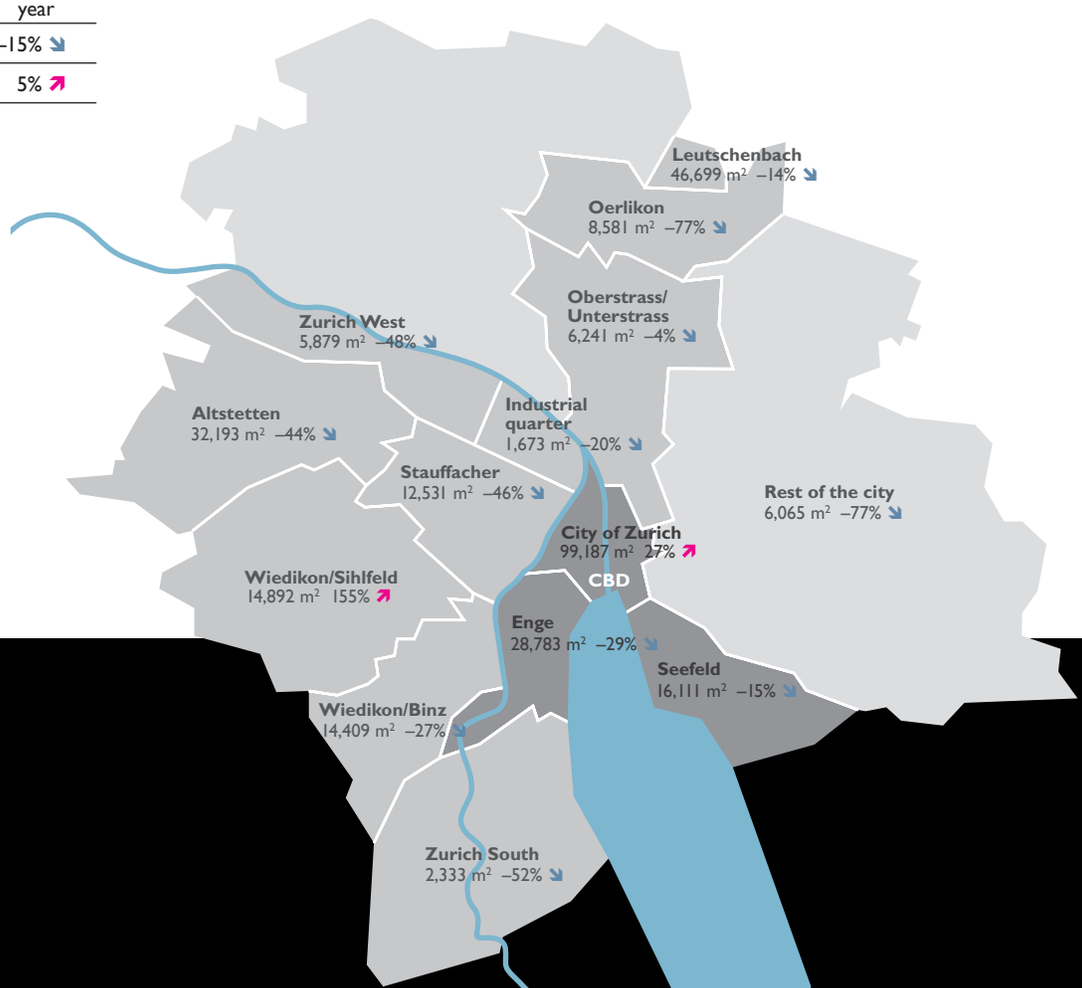
Giuliana De Rinaldis
Head of Marketing

CITY OF ZURICH OFFICE MARKET

The office market in the City of Zurich was driven by the positive economic growth in 2018. The supply of usable office space available within six months fell by around 15% to approximately 300,000 m². While the CBD market area witnessed a noticeable increase in supply, the surrounding districts showed good absorption. Demand for office space in the city increased appreciably in Zurich West in particular. Altstetten also rose in popularity with potential tenants, although demand is concentrated in locations near the train station. Good access to the suburban rail network remains indispensable outside of the city centre market area. In keeping with the previous year, the IT/communication sector demonstrated the strongest demand. There was also increased demand from the healthcare, education and pharmaceutical sectors. Major occupiers were scarcely active in the market, with demand predominantly shifting to the small-size category for space below 500 m². The last-minute approach of SMEs to seeking new space was once again evident. Relocations are mostly completed within a year of the search commencing. The comparability of the supply remains a challenge for small companies. The beneficiaries of this in the current market environment are newer existing properties whose internal fit-out has largely been amortised. These will increasingly compete with available new-build space in the medium term. Developers of such new builds need to present their lettable space with the simplest possible range of options.

SUPPLY OF OFFICE SPACE CITY OF ZURICH

	Supply	Year on year
City of Zurich	295,577 m²	–15% ↘
CBD	144,081 m²	5% ↗



↘ ↗ → **Change on previous year**

Source: CSL Immobilien AG

RENTS BY MARKET AREA

	Rental range CHF/m² p.a.	Median CHF/m² p.a.	Prime rent CHF/m² p.a.
City of Zurich	185 – 550	325 ↘	875 ↘
CBD	305 – 630	490 →	875 ↘
Altstetten	145 – 300	205 ↘	445 ↗
City centre	340 – 650	520 →	655 ↘
Enge	220 – 550	420 ↘	750 ↗
Industrial quarter	215 – 525	305 ↘	600 ↘
Leutschenbach	180 – 370	225 ↘	440 ↘
Oberstrass/Unterstrass	220 – 435	300 ↘	560 ↗
Oerlikon	190 – 375	290 ↘	410 →
Seefeld	285 – 595	430 →	875 ↘
Stauffacher	220 – 505	330 →	520 ↘
Wiedikon/Binz	210 – 355	295 ↗	455 ↗
Wiedikon/Sihlfeld	170 – 285	220 ↗	310 ↘
Zurich South	220 – 385	285 ↗	510 →
Zurich West	245 – 455	305 ↘	500 →
Rest of the city	140 – 405	250 ↘	585 ↗

Source: CSL Immobilien AG

↘ ↗ → **Change on previous year**

Positioning and differentiation in the market are not only decisive for the successful marketing of new-build developments, they are also increasingly crucial for existing properties. Clear definition of target groups, a consistent marketing approach and a variety of options in terms of the space offered make decisions easier for tenants. The growing expectations of tenants, along with their scarce resources and, in some cases, lack of expertise, are resulting in increasing planning work and costs for fit-outs on the part of landlords in order to secure lease completions. Despite this, however, rents have not increased for the most part. Rather, price sensitivity has increased further. Few occupiers have such specific requirements and demands in terms of location that owners can refuse to make any compromises when it comes to rents and incentives. Against this background, rents in 2019 can once again only be expected to rise in sought-after locations and on properties offering flexible structures for new working environments.

“The office market is functioning in central locations. In less sought-after areas, the story is quite different. These require in-depth analysis as well as bold and creative restructuring of the supply.”

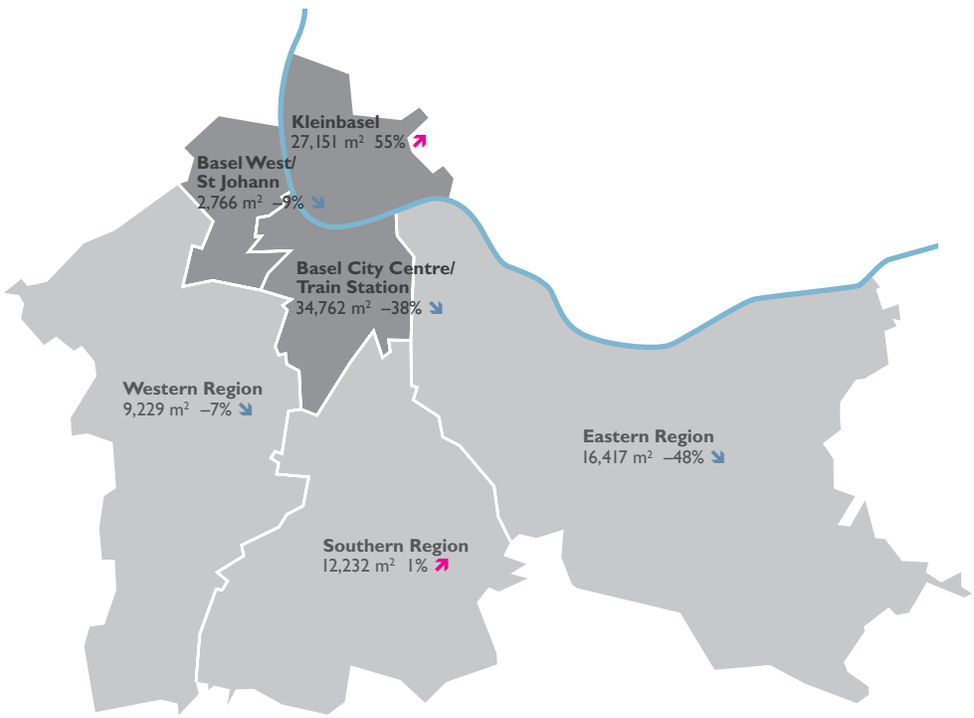
Jill Schlageter
Head of Property Management

BASEL OFFICE MARKET

The highest demand in the Basel office market remains concentrated in the city centre market area near the train station. Major new-build projects, such as the 'Grosspeter Tower' and 'Meret Oppenheim Hochhaus' high rise, are showing good absorption compared with developments outside of the centre. The supply of office space fell slightly in both the City of Basel and the Greater Basel area in 2018. This was attributable to stable demand from companies in the life sciences, pharmaceutical and research and development sectors. These companies also often seek space that combines both laboratory and production space. With such specific requirements, it can prove difficult to find a match in the Basel office market, where major occupiers primarily occupy new developments and their own properties and focus less on the third market.

SUPPLY OF OFFICE SPACE IN GREATER BASEL

	Supply	Year on year
Greater Basel	102,557 m²	–21% ↘
City of Basel	64,679 m²	–16% ↘



↘ ↗ → **Change on previous year**

Source: CSL Immobilien AG

RENTS BY MARKET AREA

	Rental range CHF/m² p.a.	**Median** CHF/m² p.a.	**Prime rent** CHF/m² p.a.
Market area			
City of Basel	170–365	245 →	540 ↘
Basel City Centre / Train Station	180–410	265 ↗	540 ↘
Basel West / St Johann	140–345	260 ↗	470 ↘
Kleinbasel	170–290	225 →	355 ↘
Region			
Eastern Region	130–230	170 ↘	440 →
Southern Region	130–220	195 →	295 ↘
Western Region	155–290	220 →	335 ↘
Greater Basel	155–330	225 →	540 ↘

Source: CSL Immobilien AG

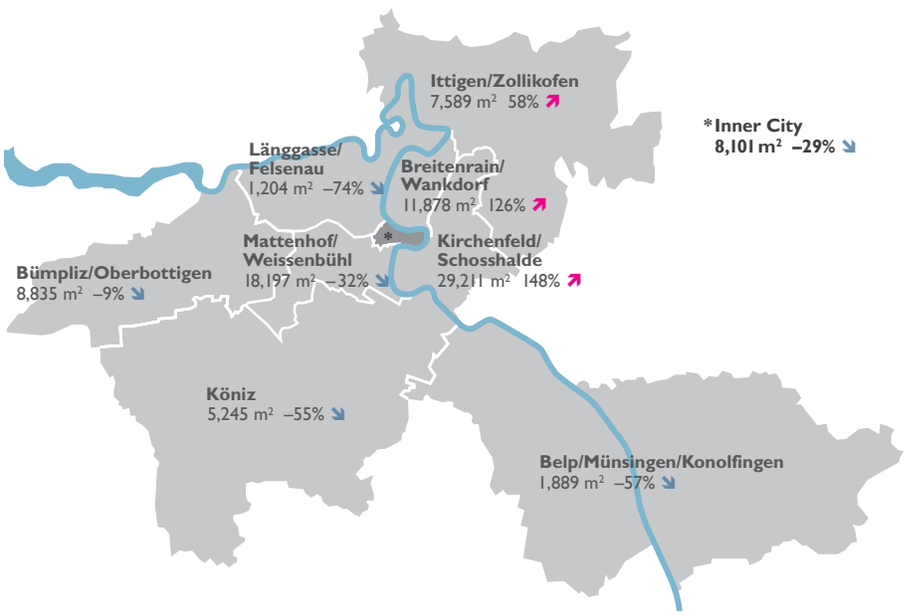
↘ ↗ → **Change on previous year**

BERN OFFICE MARKET

The office market throughout the entire Greater Bern area stabilised with the supply remaining practically unchanged. However, this conceals the fact that demand cooled somewhat overall. The major occupiers, such as the federal government and government-related enterprises, have largely completed their relocations and new builds. On the other hand, demand for smaller, centrally located space increased, resulting in a decreased supply and positive rental growth in this market area. Rental levels generally declined in the other market areas. With few office development projects and redevelopments of existing properties in the pipeline for the open market, the stabilisation of the market is expected to continue in 2019.

SUPPLY OF OFFICE SPACE IN GREATER BERN

	Supply	Year on year
Greater Bern	92,149 m²	2% ↗
City of Bern	77,426 m²	11% ↗



↘ ↗ → **Change on previous year**

Source: CSL Immobilien AG

RENTS BY MARKET AREA

	Rental range CHF/m² p.a.	**Median** CHF/m² p.a.	**Prime rent** CHF/m² p.a.
Market area			
City of Bern	155–420	245 ↘	740 ↗
Inner City	195–490	300 ↗	740 ↗
Breitenrain/Wankdorf	180–300	215 ↘	355 ↘
Bümpliz/Oberbottigen	125–205	160 ↘	235 →
Kirchenfeld/Schosshalde	180–380	240 ↘	435 ↘
Länggasse/Felsenau	165–535	280 ↗	575 ↗
Mattenhof/Weissenbühl	215–320	260 ↘	470 ↘
Region			
Belp/Münsingen/Konolfingen	120–180	140 ↘	195 ↘
Ittigen/Zollikofen	140–270	160 ↘	310 ↘
Köniz	130–235	185 ↘	260 →
Greater Bern	150–380	230 ↘	740 ↗

Source: CSL Immobilien AG

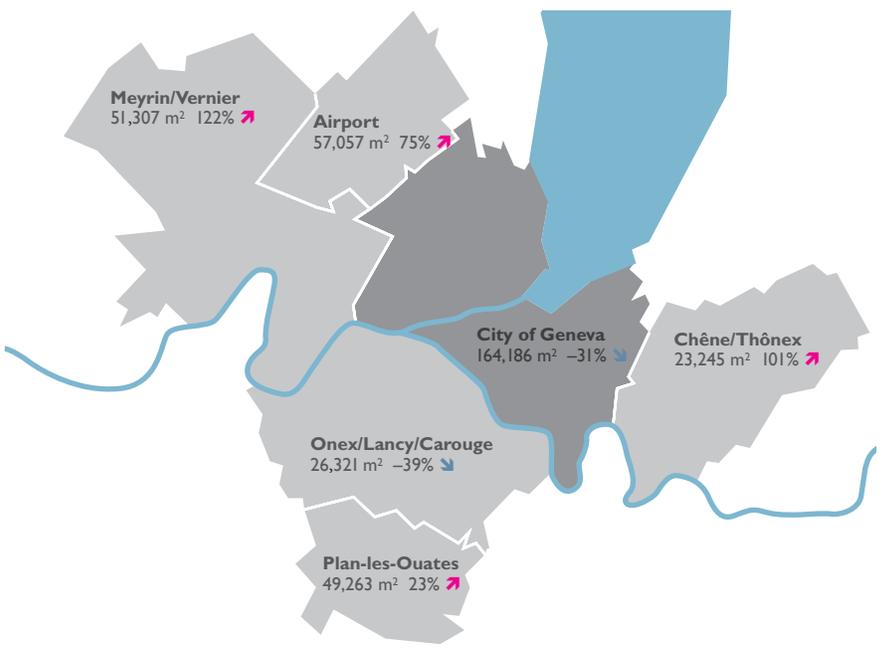
↘ ↗ → **Change on previous year**

GENEVA OFFICE MARKET

The stabilisation of the Greater Geneva office market continued in 2018 thanks to the strong economic growth. The supply of available office space available within six months throughout the entire Greater Geneva area fell modestly by 4%. In the City of Geneva, the supply even fell by 31%. However, the oversupply built up over many years remains, which resulted in rents falling for the most part. Only prime rents showed a rising trend. Owing to the construction projects planned outside of the city boundary, such as the 'Pont-Rouge' and the planned CEVA railway line, which will close a gap between the Swiss and French networks, demand can be expected to shift towards the periphery in the medium term. In view of the high levels of construction activity, the Geneva office market will remain challenging going forward.

SUPPLY OF OFFICE SPACE GREATER GENEVA

	Supply	Year on year
Greater Geneva	371,379 m²	–4% ↘
City of Geneva	164,186 m²	–31% ↘



↘ ↗ → **Change on previous year**

Source: CSL Immobilien AG

RENTS BY MARKET AREA

	Rental range CHF/m² p.a.	**Median** CHF/m² p.a.	**Prime rent** CHF/m² p.a.
Market area			
City of Geneva	265–635	430 ↘	765 ↗
Region			
Chêne/Thônex	255–305	270 ↘	495 ↗
Airport	295–490	380 ↘	525 →
Meyrin/Vernier	175–425	255 ↘	720 ↗
Onex/Lancy/Carouge	190–510	325 ↘	635 →
Plan-les-Ouates	190–400	290 →	425 ↘
Greater Geneva	225–600	390 ↘	765 ↗

Source: CSL Immobilien AG

↘ ↗ → **Change on previous year**

LAUSANNE OFFICE MARKET

The Greater Lausanne office market benefited from the economic momentum in the Lake Geneva region in 2018. The supply throughout the entire Greater Lausanne area fell modestly by 6%. In the City of Lausanne and its centre, however, the previously extremely scarce supply expanded somewhat. Nevertheless, there remains a shortage of high-quality office space in the Greater Lausanne market, with the supply dominated by old buildings in rather poor locations and with relatively high rents. However, tenants increasingly expect modern office space with good accessibility. A number of new-build projects in the region will increase the quality of the supply going forward but will simultaneously create increased competition for occupiers. The 'Cocoon' development alone, to the west of Lausanne, provides a lettable area almost equal to the current supply of the entire city.

SUPPLY OF OFFICE SPACE GREATER LAUSANNE

	Supply	Year on year
Greater Lausanne	109,723 m²	–6% ↘
City of Lausanne	43,858 m²	67% ↗

↘ ↗ → **Change on previous year**

Source: CSL Immobilien AG

RENTS BY MARKET AREA

	Rental range CHF/m² p.a.	**Median** CHF/m² p.a.	**Prime rent** CHF/m² p.a.
Market area			
City of Lausanne	195–395	295 ↗	605 ↗
CBD	165–495	310 ↘	700 ↗
Region			
Lausanne North	130–320	195 ↘	330 ↘
Lausanne East	140–375	270 ↗	530 ↘
Lausanne West	130–305	210 ↗	495 →
Greater Lausanne	145–375	240 →	700 ↗

Source: CSL Immobilien AG

↘ ↗ → **Change on previous year**

GREATER ZURICH RESIDENTIAL MARKET

Rents in the Greater Zurich area remained stable at best or declined, with the exception of the City of Zurich. Vacancy rates, however, show a wide variation. While there remains a shortage of apartments in the City of Zurich and Zug, other regions have vacancy rates significantly above 2%. In view of the oversupply, lettings were more challenging in many market areas in 2018 and required more time than in previous years. However, the media-fuelled fears of half-empty residential areas owing to the continued high levels of residential construction are unfounded in the Greater Zurich area. Nevertheless, new-build projects outside of central locations must be positioned very precisely in order to satisfy demand. This is particularly true of the price-performance ratio. Those still seeking to achieve high prices per square metre must use efficient floor plans and smaller apartment sizes to achieve a relatively attractive monthly rent. The selection of materials can also become a decisive competitive disadvantage. Even an unusual choice of colours for the kitchen or tiles can hamper the marketing process or result in a large number of vacancies on the date of first occupancy. In the current market environment, successful letting of development projects requires a comprehensive analysis, and the early involvement of local marketing expertise is indispensable. Existing properties must also increasingly be examined for market risks as well as being analysed and potentially repositioned similarly to new-build projects. We expect rents to continue to move sideways at best in 2019.

AVERAGE RENTS AND SALE PRICES GREATER ZURICH

Source: CSL Immobilien AG

RENTS AND SALE PRICES BY MARKET AREA

Regions	Net rent CHF/m² p.a.	Median CHF/m² p.a.	Vacancy rate %	Sale price CHF/m²	Median CHF/m²	Ownership rate %
Baden	170–295	215 ↘	1.6 ↗	4,800– 9,300	6,600 →	40.5
Brugg/Zurzach	150–260	195 →	3.0 ↗	4,000– 7,400	5,500 ↗	56.0
Einsiedeln	155–275	200 →	2.0 ↗	4,200– 9,300	6,200 ↗	51.1
Freiamt	155–260	195 →	2.5 ↗	4,300– 7,700	5,700 ↗	52.9
Glattal/Furttal	200–345	250 →	1.0 ↗	6,300–10,700	8,100 →	30.4
Knonaueramt	180–290	230 →	1.8 ↗	5,500–10,400	7,700 ↗	53.7
Limmattal	200–335	255 →	1.2 ↗	6,200–11,300	8,400 →	27.2
Linthgebiet	155–280	210 ↘	1.7 ↗	4,600– 9,100	6,400 →	42.1
March/Höfe	185–370	250 →	1.4 ↗	5,800–15,000	8,800 ↗	43.5
Mutschellen	165–270	205 →	2.4 ↘	4,600– 9,700	6,600 →	54.0
Pfannenstiel	205–395	280 →	2.2 ↗	7,400–16,400	11,100 ↗	40.0
Schaffhausen	135–250	180 ↘	2.5 ↗	3,300– 7,500	5,200 ↗	43.6
Weinland	145–250	195 ↘	1.7 ↗	4,400– 8,200	6,100 ↗	58.9
Winterthur	180–320	235 →	0.7 ↘	4,900– 9,000	6,900 ↗	36.6
Zimmerberg	210–390	275 →	0.7 →	7,400–15,200	10,500 →	32.3
Zug	215–445	290 →	0.4 →	6,800–14,200	10,100 →	34.5
Zurich Oberland	175–305	230 →	1.9 ↗	5,000– 9,400	7,200 →	44.5
Zurich Unterland	175–290	220 →	1.5 ↗	5,200– 9,500	6,900 ↗	42.8
Zurich	255–705	360 ↗	0.2 →	8,100–17,900	12,400 ↗	9.1

Source: CSL Immobilien AG / Swiss Federal Statistical Office

↘ ↗ → **Change on previous year**

The owner-occupier market remains intact. Demand for freehold apartments and single-family houses remained stable at their high level. However, locations outside of the centre exhibited significant price sensitivity in 2018. On the one hand, prices have risen disproportionately in these locations in recent years, meaning that purchasers have reached the limit of what they are prepared to pay even for well-positioned properties. On the other hand, banks will no longer back any purchase price with corresponding financing, even if the purchaser is prepared to pay such a price. In view of the continued low interest rate environment, we do not expect any trend reversal in 2019.

“In view of the increased market risks, it will be all the more important to view apartments through the eyes of potential tenants rather than one’s own. Our advice is to remain calm, to trust the experience of local marketing experts and to position properties correctly from the outset.”

Stefanie Bigler
Head of Residential Property Marketing

CITY OF ZURICH RESIDENTIAL MARKET

Compared with the rest of Switzerland, the City of Zurich remains an exception with contrary trends. Rents in the majority of the city's districts increased in 2018, while those in the remaining districts at least remained unchanged. Average sale prices show a similar trend. The sustained shortage of apartments continues to drive purchasers' willingness to pay high prices. The weaker inward migration had no noticeable impact in the cantonal capital in 2018. Demand for new-build rental apartments frequently comes from international employees with adequate financial resources, whether they are a single or a two-income household. At the same time, lack of access to the informal housing market means that even Swiss incomers to the city are paying high rents. In the strained apartment market in the City of Zurich, a large proportion of changes of tenant take place outside of the typical marketing portals.

AVERAGE RENTS AND SALE PRICES CITY OF ZURICH

Source: CSL Immobilien AG

RENTS AND SALE PRICES BY MARKET AREA

	Net rent CHF/m² p.a.	Median CHF/m² p.a.	Ad duration in days	Sale price CHF/m²	Median CHF/m²	Ad duration in days
District 1, town hall, universities, Lindenhof, city centre	245 – 1,050	550 ↗	28 ↘	7,900 – 24,400	12,800 ↗	No information
District 2, Wollishofen, Leimbach, Enge	250 – 565	350 →	23 ↗	9,700 – 17,700	13,100 ↗	31 ↘
District 3, Altwiedikon, Friesenberg, Sihlfeld	260 – 730	375 ↗	15 ↘	7,700 – 15,300	13,000 ↘	27 ↗
District 4, Werd, Langstrasse, Hard	290 – 860	430 ↗	14 ↘	6,800 – 15,800	10,300 ↘	No information
District 5, vocational school, Escher Wyss	305 – 680	385 →	19 ↘	6,000 – 19,500	15,400 ↗	30 →
District 6, Oberstrass, Unterstrass	275 – 735	400 ↗	21 ↗	11,900 – 18,600	13,600 →	28 ↗
District 7, Fluntern, Hottingen, Hirslanden, Witikon	265 – 600	375 →	28 ↗	9,800 – 18,500	12,900 →	51 ↗
District 8, Seefeld, Mühlebach, Weinegg	315 – 875	485 ↗	26 ↗	16,100 – 18,200	16,700 ↗	52 ↗
District 9, Albisrieden, Altstetten	255 – 685	330 ↗	19 ↗	7,400 – 14,300	12,200 ↗	24 ↗
District 10, Höngg, Wipkingen	255 – 470	325 →	20 ↗	10,400 – 16,400	13,100 ↗	32 ↗
District 11, Affoltern, Oerlikon, Seebach	235 – 580	310 ↗	19 ↗	7,800 – 14,000	9,900 →	45 ↗
District 12, Saatlen, Schwamendingen, Hirzenbach	235 – 400	300 ↗	19 ↗	8,400 – 13,800	10,200 →	No information

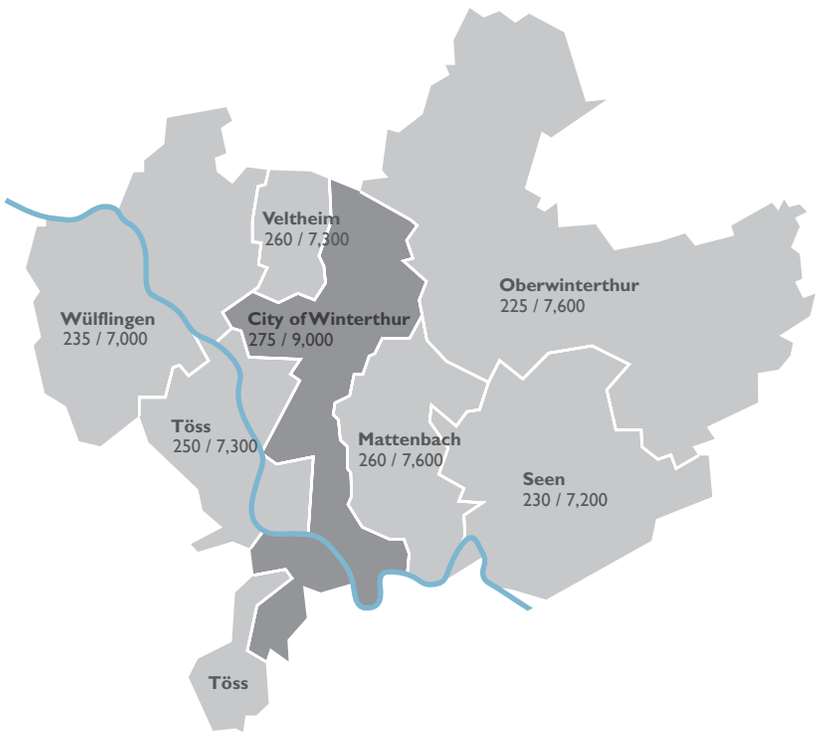
Source: CSL Immobilien AG

↘ ↗ → **Change on previous year**

CITY OF WINTERTHUR RESIDENTIAL MARKET

The City of Winterthur residential market proved robust in 2018. The vacancy rate in the city fell modestly, contrary to the nationwide trend, to 0.55%. Residential accommodation in the city centre remains particularly sought after. However, the high levels of construction activity in outer districts, such as Neuhegi and Oberwinterthur, resulted in some vacancies in new-build properties. Owing to the growing supply in 2018, rents moved sideways for the most part. In the owner-occupier market, sale prices increased in almost all districts in 2018. This underlines the attractiveness of Winterthur both as a place to live and a city where price levels remain generally affordable. Freehold apartments with a good price-performance ratio, such as those in the recently completed 'Lokstadt' are quickly taken up.

AVERAGE RENTS AND SALE PRICES CITY OF WINTERTHUR



Source: CSL Immobilien AG

RENTS AND SALE PRICES BY MARKET AREA

	Net rent CHF/m² p.a.	Median CHF/m² p.a.	Ad duration in days	Sale price CHF/m²	Median CHF/m²	Ad duration in days
City of Winterthur	215–405	275 →	21 →	6,800–13,100	9,000 ↗	24 ↘
Winterthur, Mattenbach	195–345	260 ↗	24 ↗	4,900–10,200	7,600 ↗	24 ↗
Winterthur, Oberwinterthur	185–285	225 →	26 ↗	6,400– 9,500	7,600 ↗	40 ↗
Winterthur, Seen	185–295	230 →	29 ↗	5,700– 9,100	7,200 ↗	32 ↘
Winterthur, Töss	195–355	250 ↗	32 ↗	5,800– 8,400	7,300 ↗	24 ↘
Winterthur, Veltheim	200–335	260 →	20 →	6,600– 8,500	7,300 ↗	12 ↘
Winterthur, Wülflingen	195–290	235 →	23 ↘	5,600– 8,200	7,000 →	23 ↗

Source: CSL Immobilien AG

↘ ↗ → **Change on previous year**

ZURICH NORTH REGION RESIDENTIAL MARKET

The Zurich North region continues to enjoy dynamic growth as a place to live and work, as impressively underlined by the population and employment growth. Construction activity remains buoyant in centres such as Bülach, Glattal and around the airport and is being met with high demand, particularly in central locations. Owing to the growing supply, however, rents in the region moved sideways overall. Furthermore, the canton's largest development is being built near Regensdorf train station, which will impact the local rental market over the coming years. In the owner-occupier market, the region's appeal as a location is reflected by rising average prices in many municipalities. Properties benefiting from good public transport links continue to achieve very high sale prices.

AVERAGE RENTS AND SALE PRICES NORTH REGION

Source: CSL Immobilien AG

RENTS AND SALE PRICES BY MARKET AREA

	Net rent CHF/m² p.a.	Median CHF/m² p.a.	Ad duration in days	Sale price CHF/m²	Median CHF/m²	Ad duration in days
Bülach	190–285	235 →	32 ↗	6,000–11,000	7,700 ↗	43 ↗
Dübendorf	215–360	265 →	25 ↗	7,300–11,500	8,800 →	43 ↗
Illnau-Effretikon	185–300	235 →	25 ↘	5,400–8,600	7,300 ↗	26 ↘
Kloten	195–350	260 →	22 →	6,800–10,200	8,300 →	48 ↗
Opfikon	220–375	280 →	21 ↘	6,000–10,300	8,600 ↗	33 ↗
Regensdorf	195–320	245 →	37 ↗	6,500–10,400	8,100 ↗	30 ↗
Schaffhausen	150–275	195 →	52 ↗	4,400– 7,900	6,400 ↗	52 ↗
Wallisellen	210–335	255 →	22 ↗	6,700–10,300	8,300 →	65 ↗

Source: CSL Immobilien AG

↘ ↗ → **Change on previous year**

ZURICH EAST REGION RESIDENTIAL MARKET

The residential market in the Zurich East region continues to enjoy dynamic growth, particularly along the S5 suburban rail line (Uster, Wetzikon, Rüti). In view of the oversupply and significant increase in vacancies, however, rents moved sideways for the most part in 2018. Within the region, there was strong variation in terms of the attractiveness of individual locations, with accessibility via public transport proving a decisive factor for demand and the prices occupiers are willing to pay. In the owner-occupier segment, sale prices have yet to find bottom in all localities. The sustained high level of construction activity, particularly in the high-end segment, and the decline in the number of high-earning incomers to the region resulted in a continued saturation of the market in 2018. However, there remains high demand for properties in the region with the right price-performance ratio.

AVERAGE RENTS AND SALE PRICES EAST REGION

Source: CSL Immobilien AG

RENTS AND SALE PRICES BY MARKET AREA

	Net rent CHF/m² p.a.	Median CHF/m² p.a.	Ad duration in days	Sale price CHF/m²	Median CHF/m²	Ad duration in days
Küsnacht	260–445	350 →	29 ↘	8,900–19,400	12,400 ↘	26 ↘
Meilen	225–385	290 →	41 ↗	9,500–16,200	12,000 ↘	52 ↗
Pfäffikon	195–320	245 →	32 ↗	6,900–10,200	8,500 →	49 ↗
Rüti	170–280	220 →	29 →	6,100– 9,400	6,900 ↘	24 →
Stäfa	210–355	265 →	35 ↗	8,200–15,900	10,300 →	53 ↗
Uster	200–335	255 →	22 ↘	7,000–10,800	8,200 →	28 ↘
Volketswil	190–275	225 →	27 →	6,000– 9,400	7,500 ↘	25 ↘
Wetzikon	190–300	235 ↗	29 ↘	5,000–10,000	7,200 ↘	36 ↗
Zollikon	250–435	315 →	32 ↘	8,100–20,200	14,000 →	62 ↗

Source: CSL Immobilien AG

↘ ↗ → **Change on previous year**

ZURICH SOUTH REGION RESIDENTIAL MARKET

The region between the left bank of Lake Zurich and Zug continues to enjoy high demand, supported by the dynamic growth in the economic region. The strained apartment market in Zug has to contend with a high level of construction activity in the surrounding market areas, many of which are of a rural character. Consequently, rents in the region largely moved sideways. However, occupiers are prepared to pay significantly higher prices in locations within the region that benefit from good transport links.

In the owner-occupier segment, locations along the Zurich-Zug axis were particularly popular, which was reflected in rising sale prices. Conversely, on the left bank of Lake Zurich, the high level of construction activity resulted in saturation of the market, with prices remaining stable at best in 2018.

AVERAGE RENTS AND SALE PRICES SOUTH REGION

Source: CSL Immobilien AG

RENTS AND SALE PRICES BY MARKET AREA

	Net rent CHF/m² p.a.	Median CHF/m² p.a.	Ad duration in days	Sale price CHF/m²	Median CHF/m²	Ad duration in days
Adliswil	210–385	270 ↗	23 →	7,400–12,200	9,900 ↗	42 ↗
Affoltern a. A.	180–295	240 →	31 ↘	5,400–10,500	7,700 ↗	55 ↗
Baar	220–405	295 ↗	21 ↘	6,600–13,600	10,500 ↗	68 ↗
Cham	215–470	270 →	22 ↘	7,000–12,100	9,800 ↘	27 ↘
Einsiedeln	165–280	210 →	54 ↗	5,300– 9,700	7,400 ↗	49 ↘
Freienbach	225–410	280 →	54 ↗	7,800–16,800	10,600 →	92 ↘
Horgen	225–370	280 →	37 ↗	7,700–13,700	10,600 →	27 ↘
Thalwil	220–405	290 →	23 ↗	8,800–16,000	12,100 →	49 ↗
Wädenswil	200–340	255 →	26 ↘	8,500–13,000	10,800 →	37 ↘
Zug	245–550	335 →	18 ↘	9,500–21,500	11,900 ↘	91 ↗

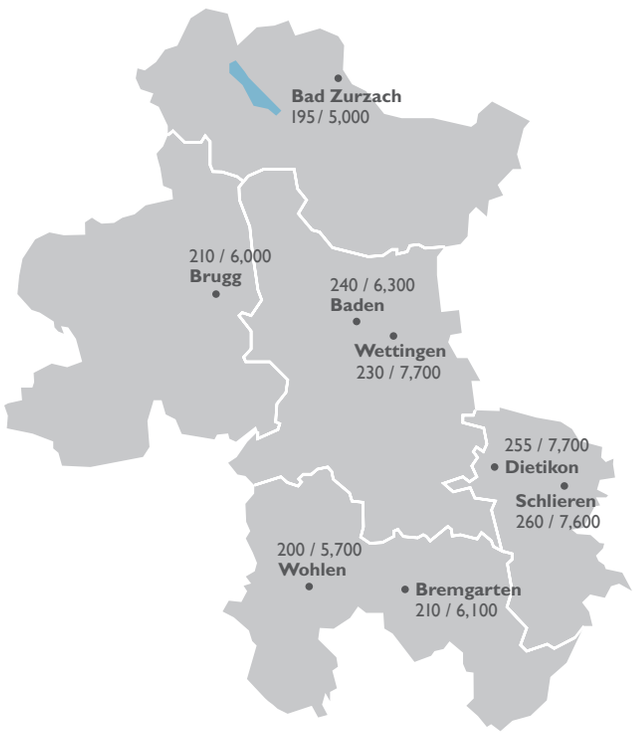
Source: CSL Immobilien AG

↘ ↗ → **Change on previous year**

ZURICH WEST REGION RESIDENTIAL MARKET

Limmattal, situated between Zurich and Brugg, remains a dynamic growth area. Demand kept pace with the buoyant new-build activity in 2018, causing average rents to move sideways. Average sale prices even increased for the most part. A number of additional new-build projects are scheduled for completion in Limmattal in 2019 and 2020, including the Limmatfeld in Dietikon and the Rietpark in Schlieren. The second phase of the Limmattal light rail line from Schlieren to Killwangen-Spreitenbach train station will lend further impetus to the region, with construction scheduled to commence in 2019. Operation of the line is scheduled to commence at the end of 2022 and will also benefit major projects such as the 'Tivoli Garten' and 'Neumatt' that are currently in planning in Spreitenbach and will provide a combined total of around a thousand apartments.

AVERAGE RENTS AND SALE PRICES WEST REGION



Source: CSL Immobilien AG

RENTS AND SALE PRICES BY MARKET AREA

	Net rent CHF/m² p.a.	Median CHF/m² p.a.	Ad duration in days	Sale price CHF/m²	Median CHF/m²	Ad duration in days
Bad Zurzach	150–265	195 →	57 ↗	4,200– 6,400	5,000 ↗	63 ↗
Baden	175–360	240 →	38 ↗	4,800– 8,900	6,300 ↘	34 ↗
Bremgarten	165–300	210 →	45 ↗	4,400– 9,900	6,100 →	33 ↘
Brugg	160–290	210 →	49 ↗	3,700– 7,900	6,000 ↘	62 ↗
Dietikon	205–315	255 →	29 ↗	5,900–11,500	7,700 ↗	24 ↘
Schlieren	200–350	260 →	20 ↗	5,900– 9,600	7,600 ↗	42 ↘
Wettingen	190–305	230 →	29 ↗	6,100–11,900	7,700 ↗	43 ↗
Wohlen	155–275	200 →	42 ↗	4,300– 7,600	5,700 ↗	55 ↗

Source: CSL Immobilien AG

↘ ↗ → **Change on previous year**

CSL IMMOBILIEN

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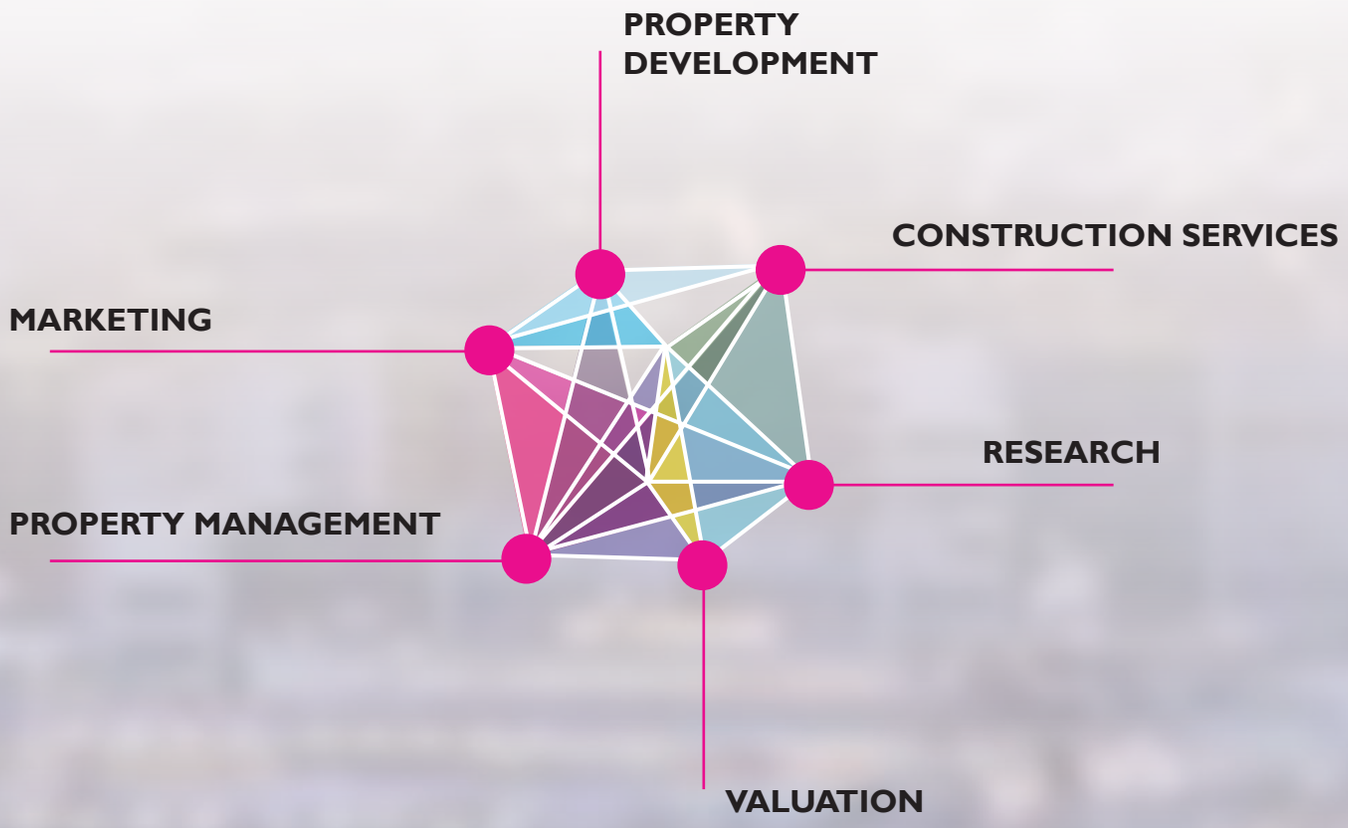

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Here, you will find the latest figures from the residential, office and investment market as well as interactive tools. You can also download our digital Real Estate Market Report for when you are on the move.

GLOSSARY

METHOD

Raw data collected by Meta-Sys AG, processed and analysed by CSL Immobilien AG and verified and substantiated via representative samples. The effective date for assessing supply levels is 1 November 2018.

The investor survey comprised 31 personal interviews as well as online questionnaires and additional enquiries with promoters of trade and industry and regions.

Data from third-party providers: statistical offices of the cantons of Zurich, Basel-Land, Basel-Stadt, Bern, Geneva and Vaud as well as the City of Zurich and the Federal Statistical Office.

The text commentary is also based upon internal enquiries and the experiences of the staff of CSL Immobilien AG.

Owing to methodological and geographical adjustments, the figures in the present report are not comparable with those in the 2018 Real Estate Market Report. Year-on-year comparisons in this report are based upon new calculations of the previous year's figures.

INVESTMENT MARKET DEFINITIONS

Class A office property:
Major city, CBD, airport/main train station within 15 min., prestigious office address, fully let, rent appropriate for the market, minimum 5-year lease term, investment volume approx. CHF 60 million.

Class B office property:
Major city, airport/main train station within 30 min., B-location, fully let, rent appropriate for the market, minimum 5-year lease term, investment volume approx. CHF 25 million.

Class C office property:
Economically strong agglomeration, airport/main train station within 60 min., locally known address, fully let, rent appropriate for the market, minimum 5-year lease term, investment volume approx. CHF 15 million.

Class A residential building:
Good district of a major city, fully let, condition as new, investment volume approx. CHF 15 million.

Class B residential building:
Larger localities or regional centres (e.g. Aarau), fully let, good condition, investment volume approx. CHF 18 million.

Class C residential building:
Rural areas in economically strong agglomerations (e.g. Zurich Highlands), fully let, good condition, investment volume approx. CHF 12 million.

Class D residential building:
Rural areas (e.g. Glarus, Uri), fully let, older property, investment volume approx. CHF 8 million.

OFFICE AND RESIDENTIAL MARKET DEFINITIONS

Advertising duration:
Median number of days for which a property was online.

Agglomeration, region:
Geographical definition according to the Federal Statistical Office (agglomeration, MS region).

Average rents and sale prices:
The word 'average' is used synonymously with 'median'. 'Median rents and sale prices' would be statistically correct.

Greater (e.g. Zurich):
All market areas relevant for the office market and residential market, defined by CSL Immobilien AG. Revised and expanded for 2019.

Market areas, CBD:
Geographical definition of market areas and the CBD (Central Business Districts) in the office market by CSL Immobilien AG.

Net initial yield:
Net income (rental income minus loss of rent, owner's operating costs and maintenance costs) as a percentage of the transaction price. Based upon SIA D 0213.

No information:
No information owing to an insufficient number of properties during the period analysed.

Office market stock:
Calculated using the number of office employees based upon the office employee ratio according to sectors produced by Dr Monika Dobberstein. Assumption: 20 m^2 per office employee.

Ownership rate:
Figures for the MS regions for 2016 according to the Federal Statistical Office.

Prime rent:
98th percentile of the rental range.

Rental range:
Spectrum of rents, or the 0.1 and 0.9 quantile.

Rents:
Net rents as quoted in the market. Office market rents comprise a variety of fit-out standards.

Residential market vacancy rate:
Figures according to the Federal Statistical Office as of 1 June 2018.

Supply:
Office space on the market and available within six months.

Year on year, supply of office space:
Percentage change in the absolute supply from 2017 to 2018.

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