CSL IMMOBILIEN

PROPERTY MARKET REPORT 2023

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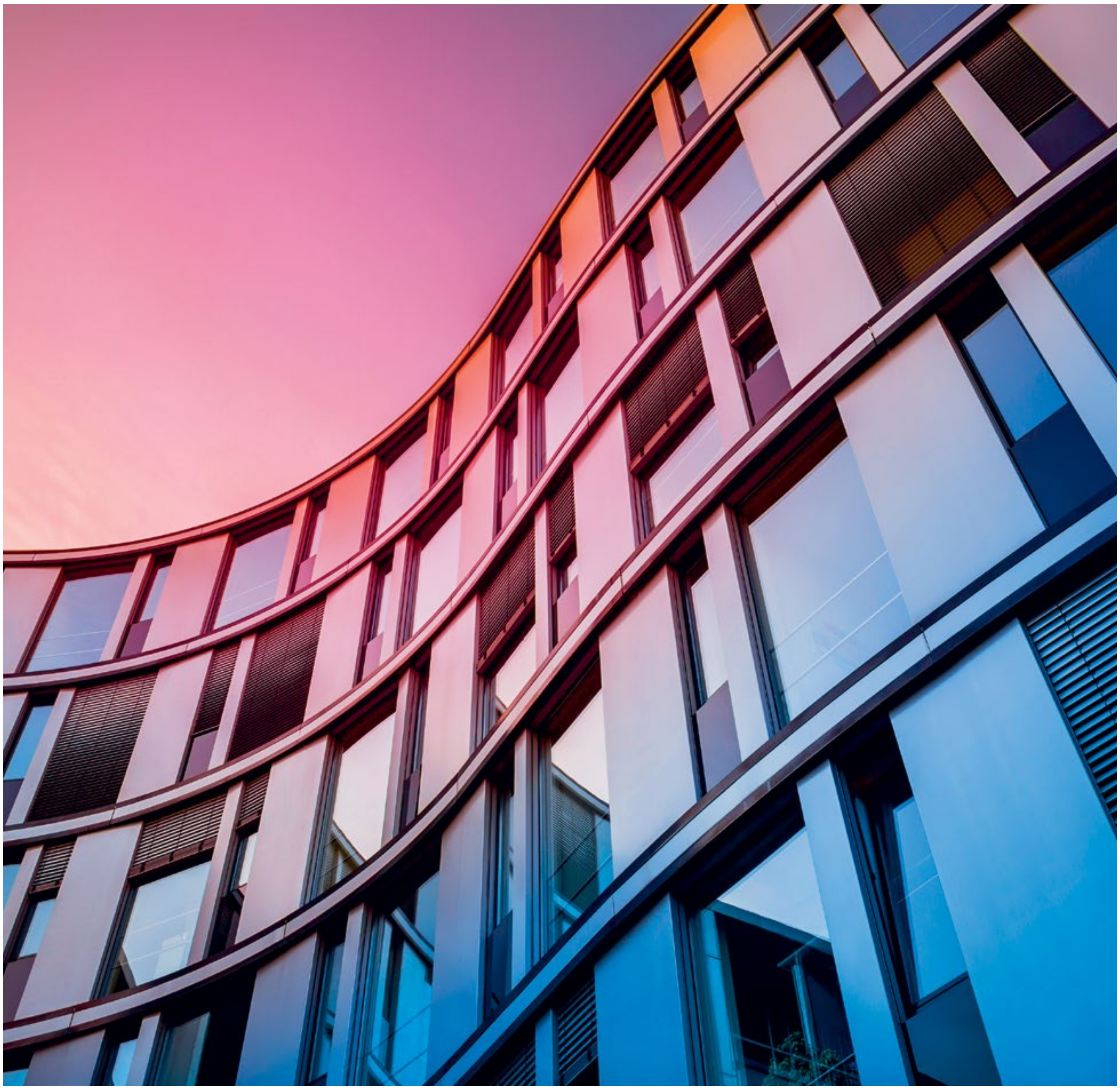

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Editorial team
Yonas Mulugeta, CSL Immobilien AG, Zurich
Ines von der Ohe, CSL Immobilien AG, Zurich
Claudia Zinno, CSL Immobilien AG, Zurich
Siham Balutsch, CSL Immobilien AG, Zurich
Felix Müller, FMKomm GmbH, Zurich

Concept and design
Letitia Zenhäusern, CSL Immobilien AG, Zurich
Corina Kunz, CSL Immobilien AG, Zurich

Data collection
CSL Immobilien AG, Zurich
Meta-Sys AG, Bubikon

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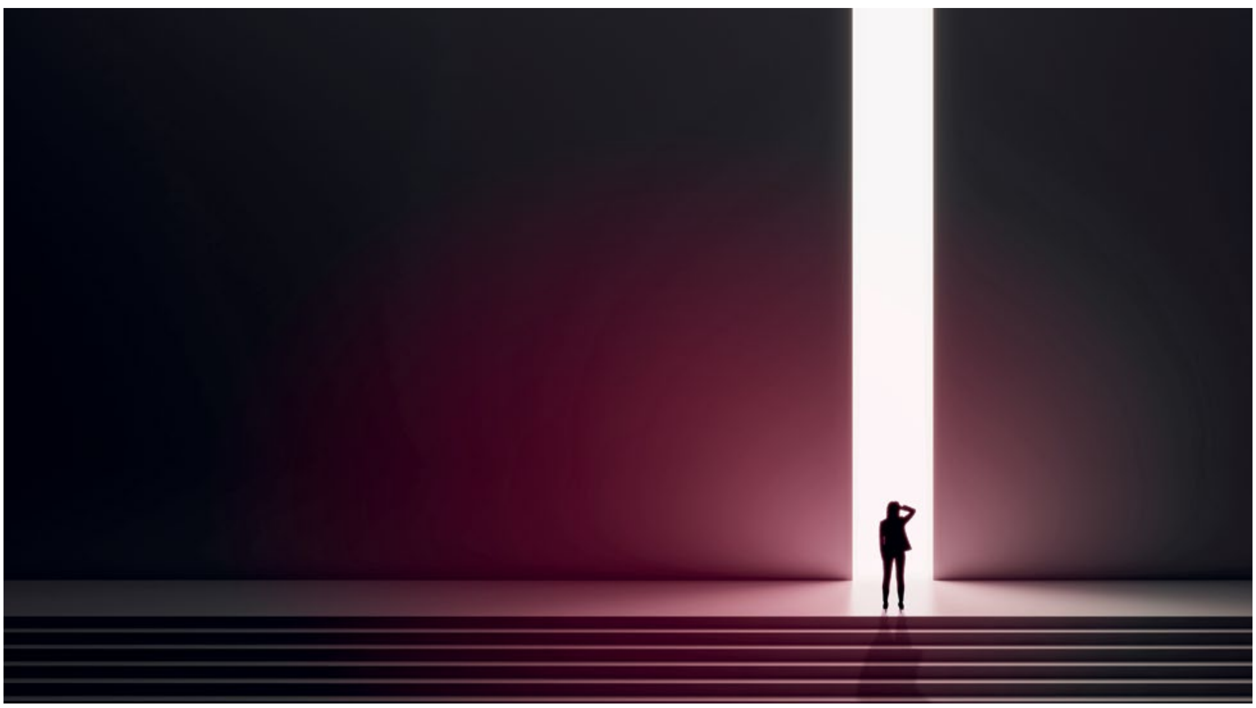


Yonas Mulugeta
CEO, Partner, Director

«In view of the changes in the investment market, it is hardly surprising that net initial yields rose in all investment classes in 2022. We notice a significant increase, particularly in prime locations.»

Editorial

For those involved in the Swiss property market, 2022 was dominated by crisis. We were still experiencing the aftermath of the pandemic. Disrupted supply chains hampered the economy, in particular the construction industry. In addition, the war in Ukraine resulted in a dramatic rise in raw material and energy prices, fuelling global inflation. Fears of inflation and recession sent share prices tumbling. Due to the onset of a change in monetary policy after more than a decade of low interest rates, the mood among the majority of institutional investors deteriorated. It is thus not surprising that interest rate changes topped the CSL investment survey 2022 as the factor that will have the most impact in coming years.

Property investors therefore exercised caution during the second half of 2022: planned capital increases were postponed, and many of the major players retreated to the sidelines. Instead of buying new property, they increasingly invested in their existing inventory. Others took what is likely to be the final opportunity to optimise their portfolio. As well as isolated properties in prime locations, many in Class B and Class C locations also came up for sale. Listed investors in particular sold off any properties that did not meet sustainability requirements and where energy-related upgrades would have an excessive impact on profitability. Smaller players, such as family offices and wealthy individuals, more frequently participated in bidding processes as buyers.

Nevertheless, there is reason to believe that buying propensity will pick up again in 2023. Inflation is likely to have peaked, and future key interest rate hikes by the SNB will be manageable, due to the slowdown in inflation. This reduces the further upside potential for capital market interest rates. If the stock markets also stabilise during the course of 2023, key players may venture back on to the pitch and implement their deferred capital increases. Recent demand in the residential and office segments has had a positive effect on the property market, supported by the continued dynamic growth in population and employment. On the residential markets, this has recently led to a further decline in vacant properties and rising rents in city centres, where the housing shortage will become more intense in future years, driving up rents and increasing the likelihood of political countermeasures.

Office properties in central locations enjoyed excellent absorption in 2022, reducing market liquidity: about 3.28 million m² of office space was available in the Swiss agglomerations during the second half of the year. This represents a decline of 4.1 % compared with the same period last year. As many jobs remained unfilled at the end of 2022, employment growth is likely to continue in 2023 – albeit at a much slower rate. This is expected to trigger further demand on the commercial property markets.

For all stakeholders, however, the good times, when one could hardly go wrong with a property purchase, are well and truly over. Furthermore, 2022 may have been the last year when portfolios were able to grow through appreciation. Too many over-valued properties are already on the books – and market conditions have changed. Consequently, appreciation gains will no longer be able to compensate for any wrong decisions in future. The professional trade is regaining importance, in particular work to improve the quality of a property and management of existing tenants.

CSL Immobilien would like to thank the property investors and location promoters who helped us with this property market report by sharing their experience and expertise.

We hope you find the report insightful.

Best regards
Yonas Mulugeta

Current market

Legal conditions

Numerous cantons already insist on solar panels for new-builds, and solar panels have been obligatory across Switzerland for new-builds with chargeable floor space of more than 300 m² since 1 October 2022. This amendment to energy legislation as part of the urgent measures for the short-term provision of a secure winter power supply is due to expire on 31 December 2025 or until a definitive amendment to the law.

As of 1 January 2023, the Federal Council has thus amended various directives in the energy sector. This will make it easier to build large photovoltaic systems and make it more attractive for property owners to invoice tenants for solar power.

The abolition of imputed rental value is entering the next phase. According to the Council of States, the National Council also supported the legal amendment for a change to the residential property tax system in September 2022. However, various detailed questions within the bill have yet to be reviewed by the responsible commission. While this political process is ongoing, it remains to be seen whether and under what conditions imputed rental value will actually be abolished.

Developers will be better protected against structural defects in future. In October 2022, the Federal Council proposed some amendments to the Swiss Code of Obligations. Developers' defect rights are to be reinforced by specific changes; for example, an extension of the notification period, a right to rectification for structural defects and amendments to the builder's lien. However, these changes still have to be approved by Parliament.

Greater clarity is to be provided for developers when working in noisy areas. On 16 December 2022, the Federal Council published a communication on changes to the Environmental Protection Act (EPA). Noise-related criteria for granting planning permission must now be worded more clearly and are already outlined in the EPA. Improved coordination of noise protection and residential development is to be achieved, inter alia, by the (re)introduction of 'ventilation windows'. The bill has yet to be debated by Parliament.

Dr Sibylle Schnyder
Partner, CMS von Erlach Poncet

Economic environment

The new year has begun amid a challenging economic environment. The European Central Bank's (ECB) emergency brakes on monetary policy, geopolitical uncertainty, ongoing excessive inflation and an underlying energy crisis are maintaining continued pressure on the eurozone economy. In the US, the Federal Reserve (Fed) is still prepared to stifle economic growth if necessary in its consistent fight against inflation. In addition, little momentum can be expected from China for the time being, despite the easing of coronavirus restrictions.

As a small, open economy, Switzerland cannot escape these economic headwinds. In addition, steep price rises in some areas – from energy costs to healthcare expenditure – are likely to dampen private consumer demand. At the same time, domestic companies are thriving, and the defence heavyweights are providing a high level of stability. Despite the difficult global economy, the Swiss economy is therefore likely to grow slightly in 2023, even though the start of the year in particular will be sluggish.

Interest rates are determined mainly by the central banks. In contrast to last year, however, monetary policy is largely defined, and there are unlikely to be any major surprises. For the time being, the Fed and the ECB are continuing to take vigorous action to combat high inflation – but at a somewhat slower pace. There are no indications of an end to key interest rate hikes in either Washington or Frankfurt before the second half of the year. The Swiss National Bank (SNB) is under much less pressure to counteract inflation. However, the current SNB inflation forecast and preventative measures mean that an additional tightening of interest rates by a total of 0.5 to 0.75 percentage points can also be expected in spring and summer.

In view of this monetary policy outlook and the tough economic environment, further upward momentum for capital market interest rates is limited. Yields for US Treasuries should peak at just over 4% in the first half of the year. In the case of eurozone government bonds, rates will continue to rise for a little longer due to declining ECB purchases. Yields for 10-year Swiss federal bonds are likely to peak at around 1.6% during the second quarter. Although interest rate pressure on the Swiss property market continues to rise, it is still manageable overall.

Santosh Brivio
Senior Economist, Migros Bank

Investment market

Investment market Switzerland

In 2022, the investment market was characterised by several issues that also affected the Swiss property market: the war in Ukraine, rising energy prices, the return of inflation, a turnaround in the key interest rate and the aftermath of the pandemic. As a result, there were supply shortages for building materials and a significant rise in building costs. Together with the continued increase in regulatory efforts, a climate emerged that unsettled many stakeholders.

For some institutional investors, the fall in share prices over the course of the year meant that the strategically specified property allocation in their portfolios reached its upper limit. As a result, pension funds in particular have recently been reluctant to buy further properties, despite having the necessary equity. Some even began to reduce their property allocation. The emphasis shifted from the sale of direct investments, which are often highly valued in the balance sheet, to the sale of indirect property investments. In the case of property funds, the increasing number of redemptions triggered an increased requirement for liquidity.

This overall situation meant that major property stakeholders, in particular, initially held off. Capital increases, which had been easy to implement in recent years, were almost non-existent from the second quarter. Instead of buying property, stakeholders increasingly invested in their existing inventory. Others took what is likely to be the final opportunity to optimise their portfolio. As well as isolated properties in prime locations, many in Class B and Class C locations also came on to the market. Family offices and wealthy individuals were the predominant buyers. Such stakeholders had rarely been successful in recent years, as institutional investors have made higher bids.

Accordingly, the yield development for both office and residential properties was consistent across all location classes in 2022: the downward trend that had lasted for several years has now been halted and in some cases has become an impressive, rapid upward trend. In the office sector, for example, yields returned to their 2018 level in 2022. Class A office property traded with an average yield of 2.5% in 2022. This represents an increase of 60 basis points – in 2021, yields were 1.9%. For Class A residential property, there was an increase of 45 basis points, culminating in a value of 2.3%. Yields for the top two investment classes thus diverged again in 2022, after being almost on a par in the previous year.

The future development of the investment market depends heavily on the direction in which the economy and the geopolitical environment will move. In general, the property market as a whole continues to be stable. It has also returned to a certain degree of normality, thanks to the disappearance of negative interest rates – with fewer extremes and historically favourable interest rates. Demand on the commercial property markets also increased in 2022, supported by the continued dynamic growth in population and employment. On the office markets, this led to excellent floor space absorption and on the residential markets to a further decline in vacancies and rising rents in city centres. A gap in perception can be seen between this property market resilience and the widespread uncertainty among market stakeholders.

« Investors are spellbound by changes in stock markets and interest rates – factors that have probably had the biggest impact on investment decisions this year. »

Annica Anna Pohl
Head of Property Marketing

Investment market
Commercial property

A growing number of market stakeholders surveyed by CSL Immobilien increasingly invested in Class A office property in 2022 compared with the previous year. They benefited from a wider range of prime locations than in previous years. At the same time, competition among investors declined during the course of the year, as some institutional investors acted cautiously and selectively in 2022. Properties with flaws, such as building legislation, co-ownership or short rental terms, were out of the running in the initial stage. The main reason for declining demand was the dwindling gap between yields for federal bonds and initial yields for investment properties.

For the time being, the turnaround in interest rates seems to have brought an end to the widely cited investment crisis of recent years. Consequently, prices for office property regained some ground for the first time since 2018. Net initial yields of 2.5% were recorded in prime locations in 2022 – a marked increase of 60 basis points within one year. Although prime locations promise secure cash flows in the long term, Class B and Class C locations often have to struggle with vacancies. Consequently, investments in these classes were less desirable. Class B locations offered yields of 3.5% (+75 basis points), and Class C locations of 4.0% (+20 basis points).

Following the turnaround in 2022, the majority of market players surveyed expect stable yields for Class A office property in 2023. Away from prime locations, a further decline in payment reserves is expected, which should cause yields to rise again. Continued stable yields are predicted for logistics property.

Net initial yields




	2018	2019	2020	2021	2022	2023
Class A office property	2.45%	2.40%	2.35%	1.90%	2.50%	→
Class B office property	3.30%	3.20%	3.10%	2.75%	3.50%	↗
Class C office property	4.00%	4.00%	4.00%	3.80%	4.00%	↗
Logistics property	4.35%	4.10%	4.00%	3.70%	3.75%	→

Source: CSL Immobilien AG. Investor survey 2022

Investment market
Residential property

Cautious interest from many professional investors in property investments caused net initial yields for residential property to rise in all location classes in 2022. The liquidity regained by the markets created opportunities for private investors and family offices again since the majority of institutional property investors held back during bidding processes, due to the more cautious valuations. An increasing number of properties were for sale that had been discarded in the course of portfolio optimisation – for example, because they were not ESG-compliant. In some cases, the price of such properties was reduced.

Class A residential property recorded the highest increase in yields in 2022, with a rise of 45 basis points, culminating in a value of 2.3 %. Even away from prime locations, Swiss property investors could look forward to rising net initial yields. Properties in major cities and their agglomeration municipalities were sought-after by investors. Property provides secure cashflows in times of employment and population growth, particularly in large employment centres. Therefore, investment in apartment blocks remains fundamentally attractive, despite uncertain geopolitical and economic conditions – provided politicians do not tighten the regulations to protect tenants in order to curb a rise in rents.

According to the survey, the majority of investors now believe that yields for Class A and Class B locations will stagnate in 2023 in view of the large increases last year. However, everyone agrees that yields will rise in Class C and Class D locations.

Net initial yields




	2018	2019	2020	2021	2022	2023
Class A residential building	2.40%	2.35%	2.10%	1.85%	2.30%	→
Class B residential building	3.00%	3.00%	2.80%	2.40%	2.80%	↗
Class C residential building	3.30%	3.30%	3.20%	2.80%	3.00%	↗
Class D residential building	3.70%	3.70%	3.75%	3.30%	3.60%	↗

Source: CSL Immobilien AG. Investor survey 2022

Swiss property market

Swiss office market

In 2022, the Swiss office market benefited from rapid job growth: the traditional office sectors provided about 54,000 more full-time equivalent jobs in the third quarter compared with the same period last year. This represents an increase of 2.8%. Despite the economic uncertainty, many expanding companies were optimistic about the future and returned to the property market for the first time since the onset of the coronavirus pandemic. This uptick in demand helped reduce market liquidity in 2022: during the second half of the year, about 3.28 million m² of office space was available in the Swiss agglomerations. This represents a decline of 4.1% compared with the same period last year. Supply fell, particularly in the most important property markets of Zurich and Geneva, as well as in Lausanne and Zug.

However, there were exceptions – the regional markets of Bern and Basel experienced greater liquidity than the previous year. In the Basel area, the completion of a number of major projects triggered relocations. This meant that older existing properties came under increasing pressure. The uptick in demand for property was particularly noticeable in city centres.

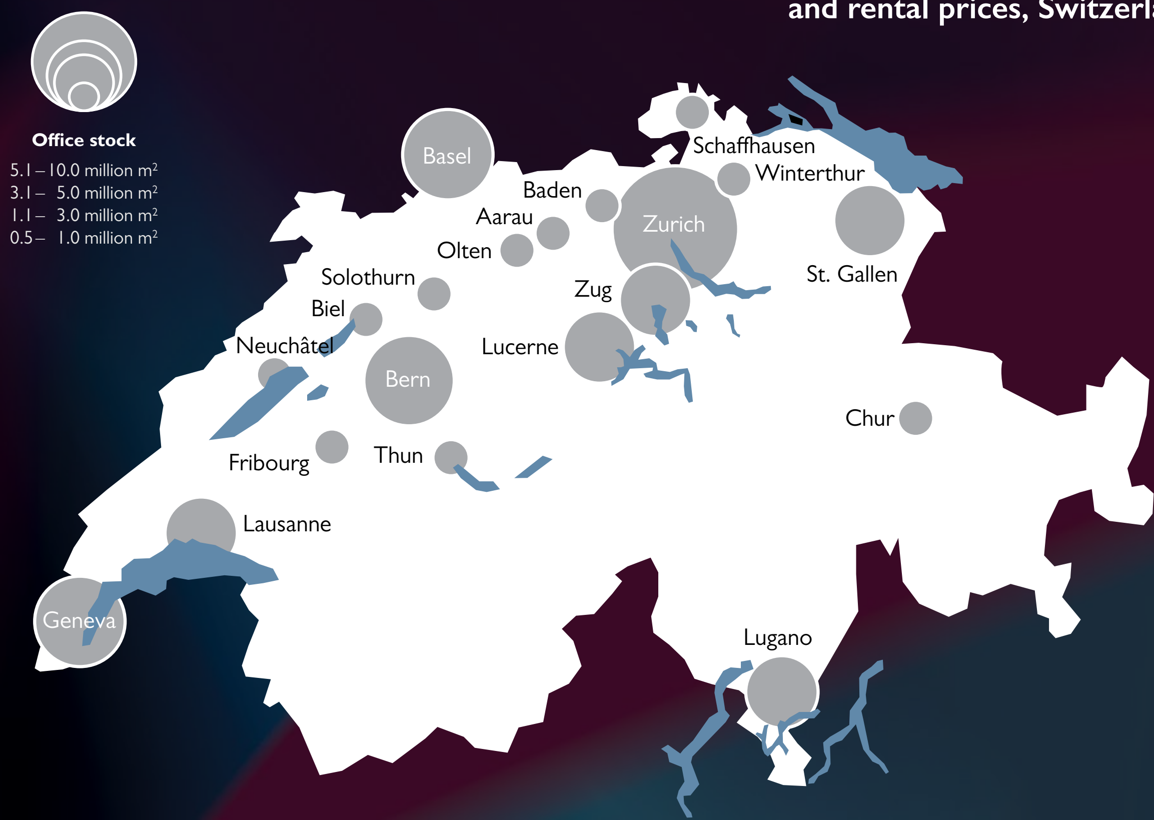
In coveted CBD locations, owners of office property were able to strengthen their negotiating position in 2022, as properties once again attracted more potential buyers.

Less accessible agglomeration locations, on the other hand, continue to contend with an increased supply of property, meaning that tenants still have the upper hand in contract negotiations. Properties that can be used flexibly were generally a little easier to sell. Larger companies continued to prioritise the optimum use of space, due to the now established practice of working from home. Working from home and desk sharing are now widespread, even at banks. This has recently had an impact on demand, with many banks reducing their office space.

Despite the economic downturn, the development of the job market continues to be mostly positive: significantly more jobs remained unfilled at the end of 2022 compared with the previous year. Employment growth is thus likely to continue in 2023 – albeit at a much slower rate.

Swiss office market

Available office space and rental prices, Switzerland



Agglomeration	Supply		Rent	
	m²	Change	Price range CHF/m² p.a.	Median CHF/m² p.a.
Aarau	50,200	18% ↗	120–265	200 ↘
Baden-Brugg	53,800	–25% ↘	120–325	190 ↘
Basel	328,500	19% ↗	125–320	215 ↘
Bern	174,500	11% ↗	120–305	200 ↘
Biel	38,800	–14% ↘	100–240	155 ↘
Chur	13,800	–33% ↘	105–250	175 ↘
Fribourg	26,900	14% ↗	125–300	210 →
Geneva	605,000	–10% ↘	210–650	360 →
Lausanne	229,100	–25% ↘	150–400	250 ↘
Lugano	112,100	37% ↗	140–390	230 ↗
Lucerne	89,900	26% ↗	135–345	220 ↗
Neuchâtel	14,400	–36% ↘	125–290	185 ↗
Olten-Zofingen	43,300	–25% ↘	100–240	180 ↗
Schaffhausen	26,600	1% →	115–255	170 ↗
Solothurn	17,800	50% ↗	115–235	170 ↗
St. Gallen	50,800	–4% ↘	130–260	180 ↘
Thun	8,000	–26% ↘	135–255	200 ↘
Winterthur	87,300	10% ↗	140–320	220 ↗
Zug	180,200	–10% ↘	140–490	230 ↘
Zurich	1,125,700	–5% ↘	140–530	250 ↘
Agglomerations	3,276,700	–4% ↘		

Source: CSL Immobilien AG, Federal Statistical Office

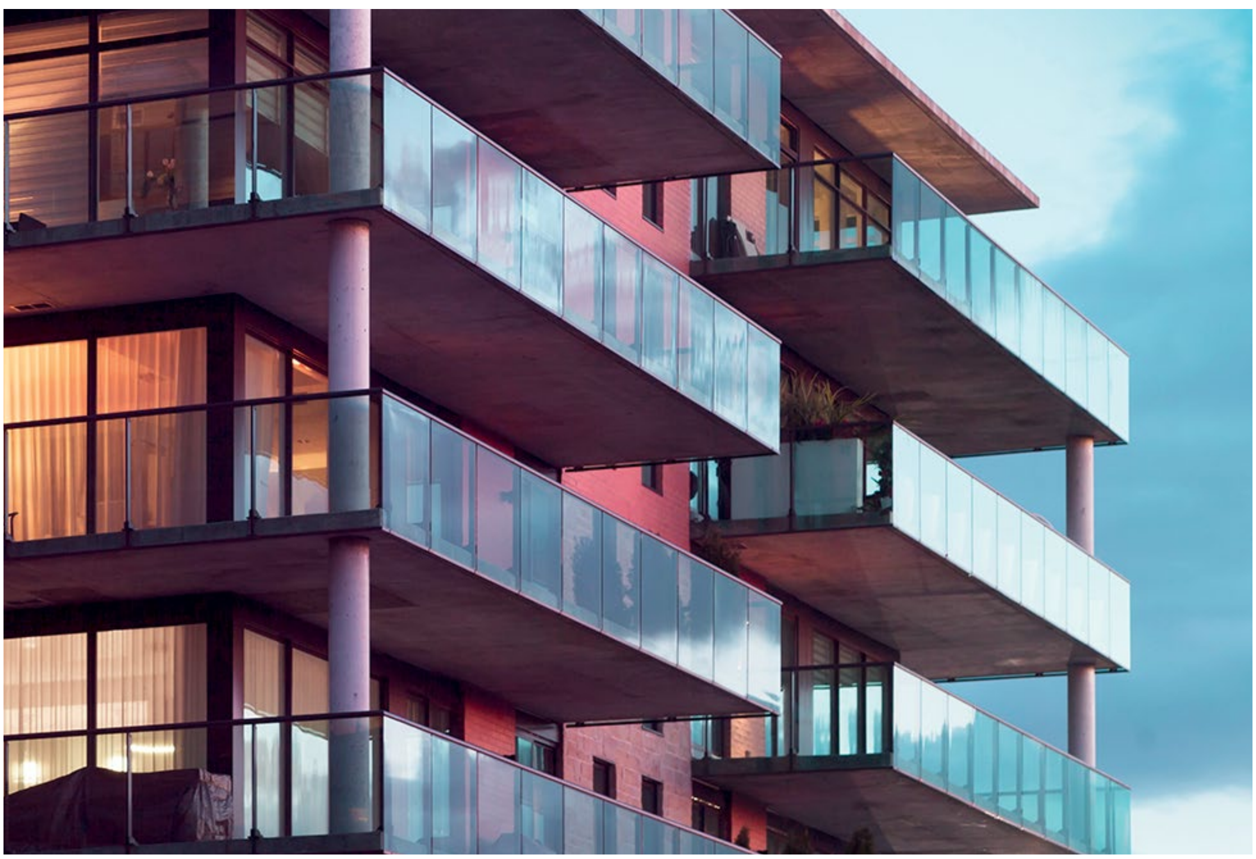
↘ ↗ → **Change on previous year**

Swiss
residential market

After the severe overcapacity in peripheral locations on residential markets in 2021, the situation across the country eased in 2022. The vacancy rate continued to rise only in the Fribourg and Schaffhausen regions. In all other regions, it declined or stabilised. Demand is boosted by high population growth, supported by continued high immigration: between January and June 2022, net migration among the permanent resident foreign population was about 38,000 (previous year: approx. 26,000). There is also an influx of refugees, particularly from Ukraine. Another reason for the rising demand for housing is the growing number of elderly people and single households in society.

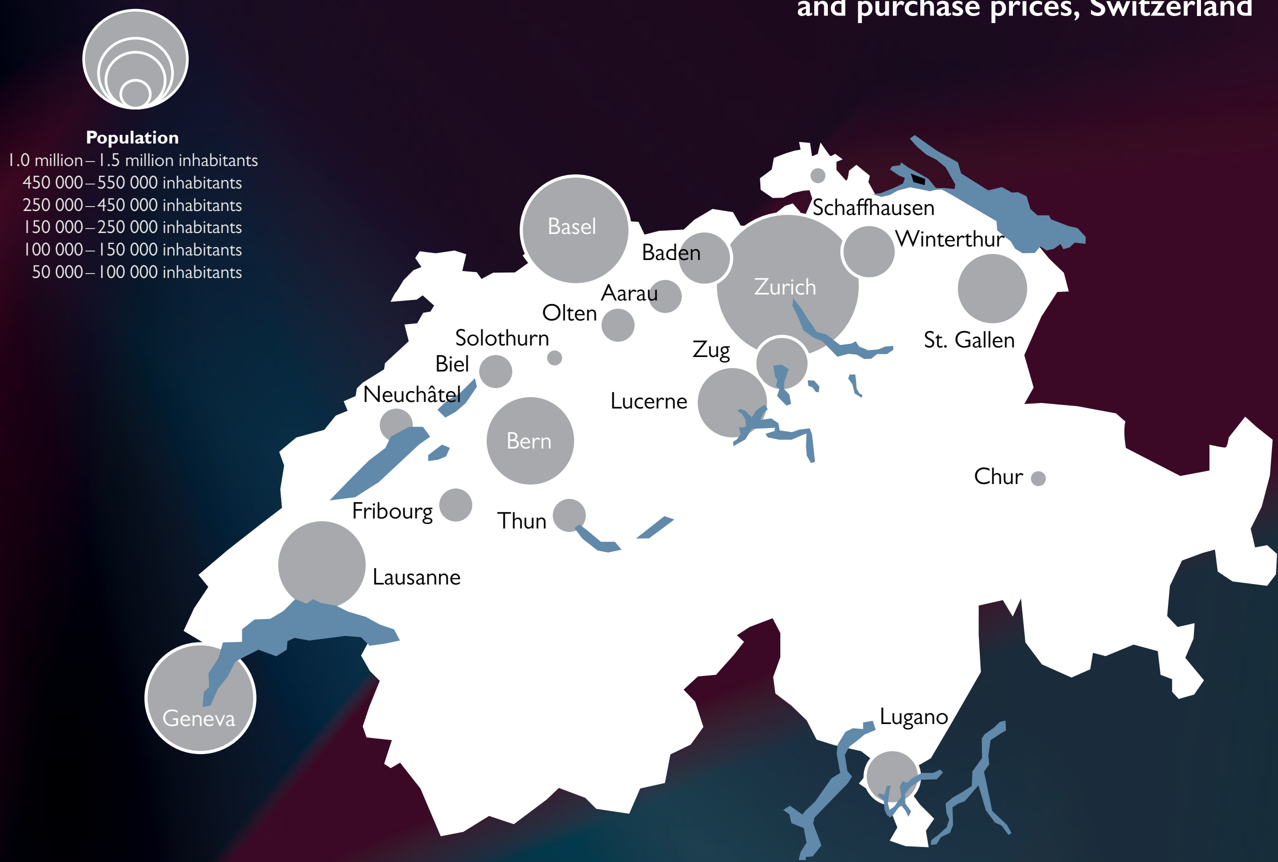
In terms of supply, the decline in new-build activity is leading to an increasing housing shortage – first, as a result of the sometimes huge number of empty properties in peripheral locations in recent years. Second, the construction of apartment blocks has recently become less attractive for many developers because the high demand for land has led to a shortage of available plots and rising land prices. Building costs also increased significantly in 2022. In addition, fixed-interest investments are offering attractive yields again, due to the turnaround in interest rates, reducing investment pressure in the property sector. However, for regions with already tight housing markets, such as Zurich, Zug, Winterthur and Geneva, declining construction activity means rising shortages that are likely to result in an occasionally dramatic rise in rents and the displacement of financially limited tenants to peripheral areas. Increasing political attempts to regulate new-builds, replacement buildings and renovations in major cities such as Basel, Geneva and Zurich also have to be viewed against this background.

Pressure on demand is also noticeable in the owner-occupied segment: although the financing environment has become less attractive due to the rise in mortgage rates, many private property purchases are emotionally rather than financially driven. Therefore, the total number of prospective buyers still outweighs the available supply. Consequently, the level of transactions for owner-occupied apartments and houses remained high in 2022, even though the price growth of recent years levelled off and phenomenal prices were rarely paid. On the other hand, in rural areas and less attractive locations, a marked decline in demand was observed at the end of the year, with prices coming under extreme pressure.



Swiss residential market

Vacancy rate, rental and purchase prices, Switzerland



Agglomeration	Vacancy rate	Net rent	Sale price
		Price range CHF/m² p.a.	Price range CHF/m²
Aarau	1.2% ↘	165–285	5,100–11,000
Baden-Brugg	1.7% ↘	180–330	5,800–11,700
Basel	1.1% ↘	190–345	5,200–12,400
Bern	0.9% ↘	170–340	4,900–10,100
Biel	2.6% ↘	150–250	3,900– 8,900
Chur	0.4% ↘	175–330	4,900–10,500
Fribourg	2.3% ↗	165–300	4,800– 8,300
Geneva	0.5% ↘	265–545	8,200–19,700
Lausanne	0.9% ↘	215–430	6,200–15,400
Lugano	2.6% ↘	160–345	4,600–13,800
Lucerne	0.9% ↘	185–355	6,200–13,700
Neuchâtel	1.3% ↘	155–295	4,500– 9,300
Olten-Zofingen	3.3% ↘	155–255	4,100– 8,200
Schaffhausen	1.4% ↗	150–260	4,600– 9,500
Solothurn	2.1% ↘	150–255	4,000– 7,500
St. Gallen	2.2% ↘	150–280	4,400– 9,600
Thun	0.5% ↘	180–290	5,400–10,700
Winterthur	0.5% →	200–335	6,700–11,500
Zug	0.3% ↘	225–530	7,700–18,800
Zurich	0.6% ↘	200–550	6,900–17,600

Source: CSL Immobilien AG, Federal Statistical Office

↘ ↗ → **Change on previous year**

Office market

Office market
Greater Zurich

As the pandemic subsided, many companies returned to growth last year. This recovery also led to a rise in demand for office space in Greater Zurich in 2022. As a result, market liquidity fell or at least stabilised in various subregions. Premium properties in inner-city locations experienced excellent absorption.

In Zurich's CBD, the supply of property fell by 7% within one year and also declined in attractive office locations close to the city centre. However, sales continued to be sluggish away from the well-known central locations, where older existing properties lose out compared with premium new-builds, allowing supply to increase. In central Glattal, where a considerable supply of property had accumulated in previous years, a further increase in supply occurred in 2022. The same scenario applied to Limmattal. Negotiating skills, incentives and the payment of improvement costs were required in these regions. However, the completion of the Limmattalbahn light railway in December 2022 and the planned extension of the Glattalbahn rapid-transit system from 2026 are likely to further increase the location's appeal.

In the Zug area, the supply of office space fell by 11 % compared with the same period in the previous year. This drop in available property was particularly great in the City of Zug itself. However, the municipalities of Baar and Risch continue to have a good supply of property, despite some successful sales. The supply of new-build property in the Zug region is also ensured in future: from 2025, an additional 18,000 m² of office space will be ready for occupation at the 'Suurstoffi' site in Rotkreuz.

Rental changes
Greater Zurich

Rent, change on previous year

Source: CSL Immobilien AG

Rent by
market area

	Rental range CHF/m² p.a.	Median CHF/m² p.a.	Supply m²	Change Supply
Baden	135–340	200 ↘	88,600	–18% ↘
Furttal	120–350	180 ↗	29,700	–1% →
Höfe	160–360	240 →	46,900	–4% ↘
Limmattal	125–270	180 →	110,700	4% ↗
Central Glattal	140–330	205 ↘	303,500	9% ↗
Pfannenstiel	160–430	300 ↗	11,100	–24% ↘
Rapperswil	135–260	195 ↗	9,200	30% ↗
City of Zurich	210–680	350 ↘	405,100	1% →
Winterthur	145–330	215 ↘	87,100	10% ↗
Zimmerberg / Sihltal	140–310	205 ↗	39,100	2% →
Zurich Highlands	125–300	185 →	71,000	0% →
Zurich Lowlands	110–290	175 ↗	62,400	–6% ↘
Zug	150–490	240 →	179,400	–11% ↘
Greater Zurich	140–515	235 ↘	1,443,700	0% →

Source: CSL Immobilien AG

↘ ↗ → **Change on previous year**

Generally, owners in non-central locations are increasingly required to offer an attractive property due to the location markdown: appealing, contemporary building and equipment features are in demand. Many companies enquired about ventilation and cooling options in 2022. As a result of climate change and hot summers, these are becoming increasingly important for a pleasant working environment. In view of the energy crisis, the availability of emergency generators was another key topic. Depending on the location and structural conditions, however, it is difficult to obtain permits to retrofit these, due to noise and exhaust emission regulations. Demand for flexible usage has also risen in an increasingly hybrid working environment. Many companies now require rental properties to meet sustainability criteria and to be labelled accordingly. As of 2023, listed firms and companies in the financial sector are legally obliged to report on non-financial measures to the better protection of people and the environment.

Overall, tenant price sensitivity remains high, and rising energy prices pose new challenges for rental contract negotiations. Tenants often try to obtain lower net rents and want to offset rising utility costs in order to remain within their overall budget.

«Compared with the first two years of the pandemic, in 2022 many expanding companies in the office sector were more optimistic and more willing to sign long-term contracts. Early-break options were requested on far fewer occasions.»

Ines von der Ohe
Head of Research & Market Analysis

Office market
City of Zurich

The City of Zurich's office market was strong last year: about 405,100 m² of office space was advertised during the second half of the year – roughly the same amount as during the same period in the previous year. Fewer properties were available year-on-year, particularly in the city centre and around the central S-Bahn stations. In the attractive office locations of Enge and Seefeld, excellent demand led to a 20% and 5% drop in supply, respectively, compared with the same period in the previous year.

In areas with excess demand, landlords are in a stronger position. Consequently, property hunters in such locations were less sensitive than before to contract terms and conditions. Price negations were almost a thing of the past. In Zurich's CBD, advertised rents maintained their average level of CHF 500 per m² and year. Large interconnected spaces were rarely available, particularly in city centre areas. With the renovation of the Brannhof and Schanzenbrücke high-rise buildings, floor space of more than 1,000 m² will come on to the market again in the CBD from 2023.

However, a large supply of property continues to be available in Oerlikon, where rental prices also came under pressure in 2022 with growing market liquidity. The microsituation remains crucial for a quick sale: property around Oerlikon station, such as 'Franklinturm', continues to experience excellent absorption while office properties just one tram stop away are struggling to find occupants. Most of the city's construction activity and the biggest increase in property supply are currently underway at Zurich Manegg station in Zurich South, where advertised property has almost doubled within a year. Along with other locations, the newly designed 'Avaloq' site currently provides employment for about 1,200 people.

Rental changes
City of Zurich

Rent, change on previous year

Source: CSL Immobilien AG

Rent by
market area

	Rental range CHF/m² p.a.	Median CHF/m² p.a.	Supply m²	Change Supply
Altstetten	170–360	250 →	59,700	15% ↗
Enge	270–700	470 ↘	36,200	–20% ↘
City Centre	400–950	560 ↗	46,100	5% ↗
Industrial Quarter	200–490	340 →	3,000	–51% ↘
Oberstrass / Unterstrass	210–540	335 ↗	8,200	–34% ↘
Oerlikon	170–360	270 ↘	118,700	18% ↗
Seefeld	230–590	420 ↘	22,200	–5% ↘
Stauffacher	220–565	320 ↘	21,500	–16% ↘
Wiedikon / Binz	230–450	300 ↘	18,600	–13% ↘
Wiedikon / Sihlfeld	190–280	230 ↗	9,000	14% ↗
Zurich South	250–335	280 →	25,800	51% ↗
Zurich West	205–420	320 ↘	20,400	–27% ↘
Rest of the City	210–560	340 ↘	15,800	–9% ↘
CBD	380–760	500 →	104,500	–7% ↘
City of Zurich	200–610	350 ↘	405,100	1% →

Source: CSL Immobilien AG

↘ ↗ → **Change on previous year**

« Property certification is now becoming really important. As well as compliance with ESG standards, on which listed firms must report from 2023, it's also a question of image for many companies. »

Alessandro Rondinelli
Senior Marketer
Commercial Property & Tenant Representation

Office market
Basel

Despite strong demand from the life sciences cluster and health-related companies, the office market in Greater Basel was characterised by oversupply in 2022. Property available within six months increased by 24% year-on-year.

One of the main reasons for this result were the centralisation processes at Roche, which led to major relocations. The area around the central railway station was at the centre of this. As a result, rental prices fell in almost all areas of Greater Basel. In the medium term, property availability is likely to remain high and will continue to exert pressure on rental prices: in the Arlesheim and Allschwil regions, space for up to 10,000 new jobs is currently being created as part of the 'Uptown' and 'BaseLink' projects. In addition, the urban planning concept for the 'klybeckplus' development was presented in September 2022: approx. 20 high-rise buildings with apartments for 8,500 residents are to be built on the 30-hectare site in the long term, creating 7,500 jobs.

Rental changes Greater Basel

Rent, change on previous year

Source: CSL Immobilien AG

Rent by market area

	Rental range CHF/m² p.a.	Median CHF/m² p.a.	Supply m²	Change Supply
Market area				
Basel City	160–370	260 ↘	142,900	28% ↗
Basel West / St. Johann	180–300	220 ↘	31,900	55% ↗
Lesser Basel	140–320	220 ↘	45,200	–17% ↘
Region				
Eastern Region	130–280	180 ↗	51,100	38% ↗
Southern Region	125–270	190 ↘	28,500	34% ↗
Western Region	150–260	210 ↘	11,200	53% ↗
City of Basel	170–330	250 →	220,600	18% ↗
Greater Basel	140–330	220 ↘	311,400	24% ↗

Source: CSL Immobilien AG

↘ ↗ → **Change on previous year**

Office market
Bern

The supply of office space in Greater Bern increased by 12% in 2022 – and rents fell slightly. In the City of Bern itself, however, a contrasting trend was apparent: advertised property declined, which was attributable mainly to successful absorption in Wankdorf.

Excellent demand is likely to have contributed to the rise in rental prices in the City of Bern while they declined or stagnated in all the other four major cities. Top rents were achieved in the city centre in 2022, around the railway station, where the 'Zukunft Bahnhof Bern' project is creating approx. 4,000 m² of office, retail and hospitality space. These properties should be ready for occupation in early 2025.

In the medium term, property will also come on to the market in the outskirts of the city: 'Bern 131' will construct a commercial and service building with approx. 14,000 m² of usable space in the Wankdorf motorway intersection by 2025. It remains to be seen whether the current strong demand from the medtech and high-tech sectors can absorb this additional space.

Rental changes Greater Bern

Rent, change on previous year

Source: CSL Immobilien AG

Rent by market area

	Rental range CHF/m² p.a.	Median CHF/m² p.a.	Supply m²	Change Supply
Market area				
Inner City	200–400	280 ↗	9,500	10% ↗
Breitenrain / Wankdorf	140–335	235 ↗	12,300	–46% ↘
Bümpliz	110–190	145 ↗	19,700	66% ↗
Kirchenfeld / Schosshalde	190–260	220 →	13,900	14% ↗
Länggasse / Felsenau	205–280	245 →	2,700	145% ↗
Mattenhof / Weissenbühl	185–280	210 ↗	52,600	29% ↗
Region				
Muri / Gümligen	140–260	180 ↘	11,900	–2% →
Zollikofen / Ittigen / Ostermundigen	115–270	190 ↘	15,200	11% ↗
City of Bern	130–345	235 ↗	72,600	–8% ↘
Greater Bern	115–320	215 ↘	137,800	12% ↗

Source: CSL Immobilien AG

↘ ↗ → **Change on previous year**

Office market
Geneva

The Geneva office market was entirely stable in 2022: the available supply was virtually unchanged compared with the previous year. Rental prices also remained at the same level.

In the subregions, however, contrasting trends were apparent: rents in Geneva city centre and locations close to the centre stabilised and even rose in some cases, but falling rents were the norm in the agglomeration municipalities. In the municipalities of Onex, Lancy and Carouge, successful absorptions were recorded around the central railway stations while larger increases in supply were noticeable in the municipalities of Meyrier and Vernier.

Along with the 'Quartier de l'Étang' project, the 'LINK' building in Vernier alone offers approx. 30,000 m² of available rental space. In the south of the region, two projects, 'Quai Vernets' and 'Les Acacias', will create commercial space of approx. 12,000 m² and 4,000 m² respectively by 2025 and 2026. This is likely to give the market additional momentum.

Rental changes Greater Geneva

Rent, change on previous year

Source: CSL Immobilien AG

Rent by market area

	Rental range CHF/m² p.a.	Median CHF/m² p.a.	Supply m²	Change Supply
Market area				
CBD	340–850	560 →	77,900	–24% ↘
Right Bank	280–585	390 →	89,200	20% ↗
Left Bank	320–750	520 ↗	54,800	–14% ↘
Region				
Chêne / Thônex	240–440	300 ↘	7,900	–19% ↘
Airport	250–465	350 →	31,200	–30% ↘
Meyrin / Vernier	205–430	320 ↘	138,600	86% ↗
Onex / Lancy / Carouge	250–490	330 ↘	39,800	–47% ↘
Plan-les-Ouates	230–510	300 ↘	52,800	20% ↗
City of Geneva	300–690	475 ↘	221,900	–8% ↘
Greater Geneva	250–685	400 →	492,200	1% →

Source: CSL Immobilien AG

↘ ↗ → **Change on previous year**

Office market
Lausanne

Greater Lausanne differed from the five other large economic regions in 2022, recording a decline in available supply – with a significant reduction of 27 %. Most of this was attributable to the Lausanne West region, where advertised rents simultaneously rose. Successful absorptions were recorded there, particularly in the many new developments.

In the City of Lausanne, large interconnecting spaces are still extremely scarce. This is unlikely to change much over the next few years: the number of building permits remained at a comparatively low level again in 2022.

Thus, prospective corporate tenants tend to move to the nearby agglomeration, where there is still an excellent development pipeline: the ground-breaking ceremony for the 'Central Malley' project took place in 2022. As well as 200 homes, 24,000 m² of new office space will also be created in this excellently situated development near the railway station. It should be ready for occupancy in 2024.

Rental changes Greater Lausanne

Change on previous year

Source: CSL Immobilien AG

Rent by market area

	Rental range CHF/m² p.a.	Median CHF/m² p.a.	Supply m²	Change Supply
Market area				
CBD	240 – 500	330 ↘	23,500	3 % ↗
City of Lausanne	190 – 420	305 →	70,600	3 % ↗
Region				
Lausanne North	150 – 260	200 →	5,700	– 12 % ↘
Lausanne East	170 – 450	270 ↘	13,500	2 % →
Lausanne West	140 – 310	220 ↗	45,600	– 53 % ↘
City of Lausanne	190 – 420	305 →	70,600	3 % ↗
Greater Lausanne	160 – 400	250 ↘	135,500	– 27 % ↘

Source: CSL Immobilien AG

↘ ↗ → **Change on previous year**

Office market
St. Gallen

Compared with Switzerland's five major economic regions, the City of St. Gallen has a rather limited office market. However, the number of manufacturing businesses located there is relatively high – and rising. Through site developments, such as the 'ASGO Development Plan 2021–2023' (ASGO: St. Gallen West – Gossau East Development), attempts are made to meet growing local demand and retain companies in St. Gallen.

Office space in the city centre is highly sought-after and has short advertising durations. However, larger interconnecting spaces are rare, which explains why change-of-use requests have increased since early 2022, particularly in the Old Town.

The regional hospital is one of the largest employers in Greater St. Gallen. This attracts other health sector operators, including start-ups. 'Innovationspark Ost' was founded in 2021 and also helps to promote the location with its well-known research partners, which include EMPA and the University of St. Gallen.

Rental changes Greater St. Gallen

Change on previous year

Source: CSL Immobilien AG

Rent by market area

	Rental range CHF/m² p.a.	Median CHF/m² p.a.	Supply m²	Change Supply
Market area				
Centre	150–285	220 →	16,000	–10% ↘
East of the City	100–210	170 ↘	8,300	20% ↗
West of the City	95–190	150 ↘	9,400	–33% ↘
Rest of the City	150–275	200 →	800	–73% ↘
Region				
Gossau	95–195	165 ↗	3,200	–22% ↘
City of St. Gallen	100–265	175 ↘	34,500	–17% ↘
Greater St. Gallen	100–260	175 ↘	37,700	–18% ↘

Source: CSL Immobilien AG

↘ ↗ → Change on previous year

Residential market

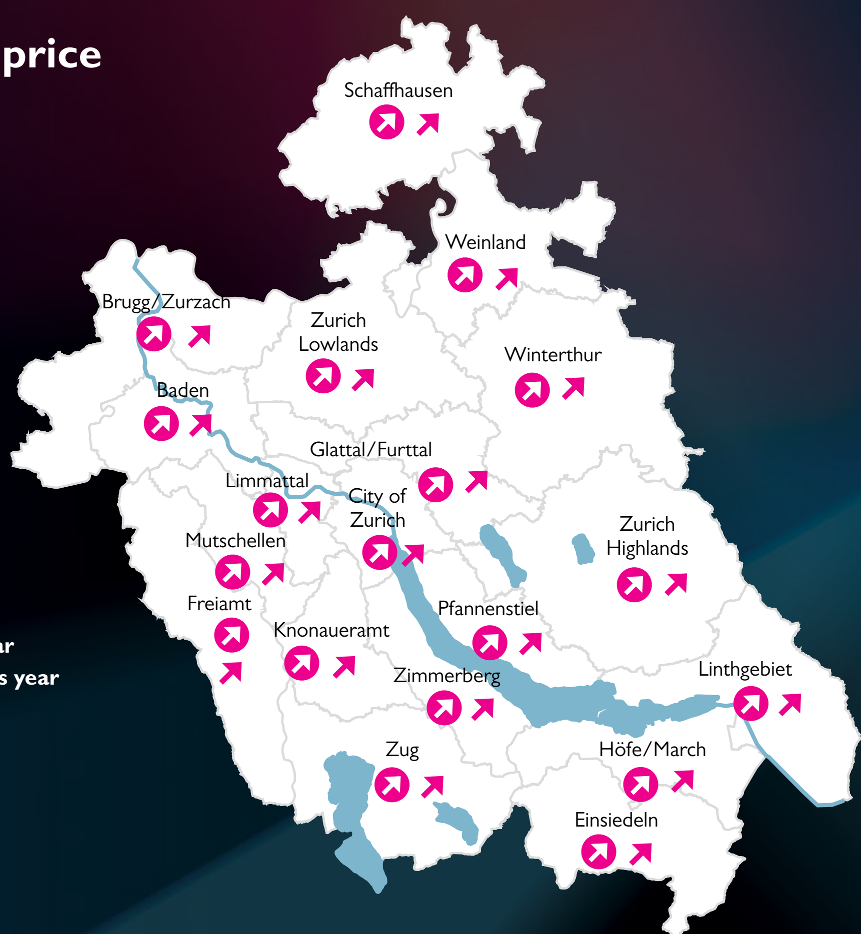
Residential market
Greater Zurich

In Greater Zurich, the initial impact of the housing shortage is already becoming apparent: the federal government's vacancy survey in summer 2022 revealed a further decline in housing supply compared with the previous year. The lowest vacancy rates were in the City of Zurich at 0.1% and in the market regions of Zug (0.3%) and Winterthur (0.5%). At the same time, advertising durations also fell across virtually the entire country. In the Zug area, it took only a week on average to find a new tenant. The more than 40-day marketing period in the Schaffhausen and Brugg/Zurzach regions reveals the extent of the gap between areas with less demand pressure.

Advertised rents rose in all regions of Greater Zurich, which is not surprising in view of the increasing shortage. In the City of Zurich, excessive rents for new-build homes are now apparent, even in below-average locations.

It remains to be seen whether Zurich's politicians will follow the example of Geneva and Basel and intervene to regulate the market. In any case, pressure from residents for affordable housing is increasing. Voters in the City of Zurich approved an initiative calling for 100% social housing at the 'Neugasse' site in Zurich West. The landowner, SBB, was willing to make only two thirds of the 375 apartments available as affordable homes and subsequently halted the project.

Rental and purchase price changes
Greater Zurich



Rent, change on previous year
Purchase, change on previous year

Source: CSL Immobilien AG

Rent by market area

Regions	Net rent CHF/m² p.a.	Median CHF/m² p.a.	Vacancy rate %	Ad duration in days
Baden	175–325	230 ↗	1.3 ↘	29 ↘
Brugg / Zurzach	150–285	205 ↗	2.4 ↘	43 →
Einsiedeln	180–315	220 ↗	0.6 ↘	20 ↗
Freiamt	160–275	205 ↗	1.3 ↘	28 ↘
Glattal / Furttal	200–370	270 ↗	0.8 ↘	17 ↘
Höfe / March	195–360	260 ↗	1.1 ↘	18 ↘
Knonaueramt	190–325	250 ↗	0.8 ↘	18 ↘
Limmattal	210–370	270 ↗	0.6 ↘	15 ↘
Linthgebiet	170–315	225 ↗	1.5 ↘	27 ↘
Mutschellen	170–295	220 ↗	1.6 ↘	28 ↘
Pfannenstiel	210–425	290 ↗	1.2 →	18 ↘
Schaffhausen	145–260	190 ↗	1.6 →	44 ↘
City of Zurich	270–860	400 ↗	0.1 ↘	13 ↘
Weinland	160–280	210 ↗	0.7 ↘	30 ↘
Winterthur	195–340	250 ↗	0.5 ↘	20 ↘
Zimmerberg	220–440	290 ↗	0.7 →	13 ↘
Zug	235–520	330 ↗	0.3 →	7 ↘
Zurich Highlands	185–330	240 ↗	1.2 ↘	25 ↘
Zurich Lowlands	185–315	235 ↗	0.8 ↘	24 ↘

Source: CSL Immobilien AG

↘ ↗ → **Change on previous year**

In order to maintain rents at an affordable level, developers are increasingly building homes with functional, compact layouts. Extra bedrooms and spare rooms provide additional flexibility for tenants. In terms of demand, heating systems are becoming more important, particularly in the upper price segments. However, such criteria are not crucial in a market where housing is scarce.

Those who wanted to buy their own home in 2022 had to pay more. Demand was dampened by rising mortgage rates, and reflected in extended advertising durations in many places. In less good locations, it has been a long time since sellers have been able to achieve all their price expectations. However, supply has dried up in this region, and as long as there are still more prospective buyers than properties on the market, prices are likely to continue to rise or at least remain stable in the long term. In addition, planning applications are still pending for longer period of time and piled up in administration offices during the pandemic. Many municipalities are also behind schedule with amendments to their municipal land use plan, putting additional strain on their resources.

Sylvia Mrfka
Senior Marketer,
Team Leader Initial and Commercial Lettings

«Flexible layouts are very important, along with functionality and compact design. We therefore increasingly rely on living concepts that can accommodate more through multipurpose rooms, extra rental rooms or spare rooms.»

Sale prices by market area

Regions	Sale price CHF/m²	Median CHF/m²	Ad duration in days
Baden	5,620–11,120	7,440 ↗	55 ↗
Brugg / Zurzach	4,110– 8,610	6,140 ↗	63 ↘
Einsiedeln	5,710–11,990	8,570 ↗	46 ↗
Freiamt	5,270– 9,390	6,960 ↗	62 ↗
Glattal / Furttal	7,270–13,690	9,670 ↗	46 ↗
Höfe / March	6,690–18,060	10,450 ↗	56 ↗
Knonaueramt	7,220–12,650	9,640 ↗	46 ↗
Limmattal	7,760–16,570	10,950 ↗	38 ↗
Linthgebiet	5,520–11,060	7,430 ↗	63 ↘
Mutschellen	6,070–11,740	8,190 ↗	59 ↗
Pfannenstiel	8,900–21,910	13,930 ↗	46 ↗
Schaffhausen	3,560– 9,020	6,040 ↗	60 ↘
City of Zurich	10,330–22,870	16,570 ↗	36 ↗
Weinland	5,160– 9,780	7,430 ↗	69 ↗
Winterthur	6,190–11,120	8,310 ↗	47 ↗
Zimmerberg	9,030–20,050	12,930 ↗	41 ↗
Zug	8,540–18,800	13,780 ↗	42 ↗
Zurich Highlands	5,960–12,420	8,710 ↗	48 ↗
Zurich Lowlands	6,340–11,580	8,500 ↗	59 ↗

Source: CSL Immobilien AG

↘ ↗ → **Change on previous year**

«The energy crisis, rising interest rates and on some occasions widely divergent media reports unsettle both buyers and sellers of residential property. This can slow down the sales process. But the demand is still there. We therefore expect a stable market in 2023, albeit without the price increases of recent years.»

Andrea Bülow
Senior Marketer
Investment Property,
Deputy Head of Property Marketing

Residential market
City of Zurich

House-hunting in the City of Zurich remained extremely difficult in 2022, with a vacancy rate of 0.07%. Rents rose in all the city's districts, even in less well-connected suburbs. Despite the excessive prices in some areas, it was very easy to find tenants everywhere, as shown by the short and mostly declining advertising durations.

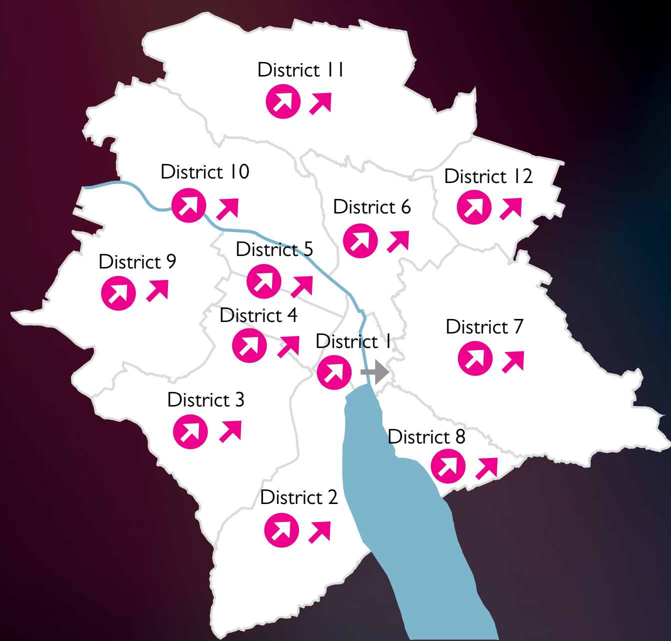
It took just 13 days on average to find a new tenant in the city. The reason is the growing housing shortage, which is particularly evident in cities with attractive job opportunities. It remains to be seen whether this is the right approach for a long-term working relationship between owners and tenants.

In the owner-occupied segment, purchase prices remained at a high level in 2022. Although average advertising durations lengthened to 36 days, prices also rose again everywhere. This shows that enough solvent buyers are still active, undeterred by high prices and rising mortgage rates.

Rental and purchase price changes
City of Zurich

↘ ↗ → **Rent, change on previous year**
↘ ↗ → **Purchase, change on previous year**

Source: CSL Immobilien AG



Rental 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	375 – 1,290	650 ↗	29 ↘	12,930 – 33,700	22,220 →	14 ↘
District 2, Wollishofen, Leimbach, Enge	275 – 680	405 ↗	11 ↘	11,590 – 22,000	17,240 ↗	32 ↗
District 3, Altwiedikon, Friesenberg, Sihlfeld	295 – 995	480 ↗	11 ↘	10,940 – 24,200	16,000 ↗	31 ↗
District 4, Werd, Langstrasse, Hard	330 – 1,040	500 ↗	13 ↘	12,130 – 18,080	15,010 ↗	40 ↗
District 5, vocational school, Escher Wyss	295 – 775	430 ↗	10 ↘	17,250 – 24,380	20,330 ↗	60 ↗
District 6, Oberstrass, Unterstrass	275 – 795	420 ↗	13 ↘	12,960 – 27,910	17,640 ↗	24 ↗
District 7, Fluntern, Hottingen, Hirslanden, Witikon	270 – 750	420 ↗	16 ↘	8,660 – 24,600	17,420 ↗	46 ↗
District 8, Seefeld, Mühlebach, Weinegg	330 – 1,065	510 ↗	20 ↘	9,080 – 26,250	17,990 ↗	35 ↗
District 9, Albisrieden, Altstetten	250 – 780	360 ↗	12 ↘	8,080 – 18,910	14,160 ↗	28 ↗
District 10, Höngg, Wipkingen	255 – 595	350 ↗	11 ↘	10,050 – 19,820	16,460 ↗	31 ↗
District 11, Affoltern, Oerlikon, Seebach	220 – 700	340 ↗	13 ↘	10,000 – 18,920	13,330 ↗	41 ↗
District 12, Saatlen, Schwamendingen Mitte, Hirzenbach	210 – 485	305 ↗	12 ↘	5,270 – 16,180	12,630 ↗	26 ↘

Source: CSL Immobilien AG

↘ ↗ → **Change on previous year**

Residential market
Basel

In Greater Basel, the vacancy rate fell slightly to 1.1 % in 2022. However, it still has the highest vacancy rate among the five economic regions. The southern region, in particular, where a lot of residential property has recently been absorbed, contributed to the shortage of rental homes.

However, in future years, the situation in this region is likely to ease at least temporarily: in Aesch, for example, 230 new homes are to be built by 2024 as part of the 'Vivo' project.

But the City of Basel has a huge shortage of new-build homes, and this is unlikely to change in the medium term: the number of residential buildings with planning permission fell sharply in 2022 compared with previous years.

Both rental and purchase prices rose throughout Greater Basel in 2022, but properties took longer to sell. The new, more stringent Housing Protection Act that came into force in May 2022 is likely to counteract this upward trend, at least in terms of rental prices.

Rental and purchase price changes Greater Basel

↘ ↗ → **Rent, change on previous year**

↘ ↗ → **Purchase, change on previous year**

Source: CSL Immobilien AG

Rental and purchase price 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
Basel City	210–400	275 ↗	33 ↘	7,540–14,510	10,170 ↗	48 ↗
Basel West / St. Johann	210–375	265 ↗	30 ↘	5,800–13,950	9,980 ↗	47 ↗
Lesser Basel / Riehen	205–360	255 ↗	35 ↗	6,670–13,610	10,350 ↗	45 ↗
Eastern Region	185–295	230 ↗	40 ↘	5,800–11,330	8,160 ↗	64 ↗
Southern Region	195–290	235 ↗	47 ↗	6,440–12,420	9,100 ↗	59 ↗
Western Region	200–310	240 ↗	46 ↗	7,050–14,080	10,200 ↗	56 ↗

Source: CSL Immobilien AG

↘ ↗ → **Change on previous year**

Residential market
Bern

The Greater Bern region was characterised by rising and stagnating rental and purchase prices in 2022. The vacancy rate dropped from 1.0 to 0.9%. Supply is scarcest in the City of Bern, although the number of planning applications has remained stable in recent years.

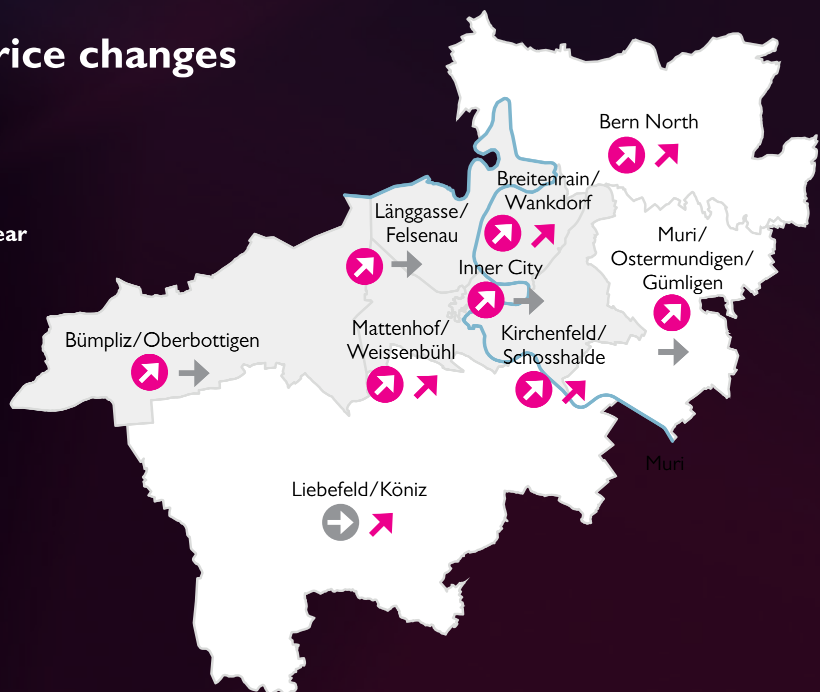
In absolute terms, the Bümpliz-Oberbottigen district has the highest number of vacant homes, many of which are in the quarter of Bethlehem with its large housing estates dating back to the 1960s and 1970s. A mixed-used neighbourhood with a new meeting venue is to be created there over the coming years. Residents will vote on the plans in autumn 2024.

In 2023, work will also continue on Bern's most significant urban development project, 'Viererfeld/Mittelfeld' just two kilometres from the main railway station. In the spring, residents will decide on a loan for additional planning and the construction of the necessary infrastructure. At least 50% of the more than 1,100 planned homes are to be built by non-profit developers.

Rental and purchase price changes Greater Bern

↘ ↗ → **Rent, change on previous year**
↘ ↗ → **Purchase, change on previous year**

Source: CSL Immobilien AG



Rental and purchase price 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
Bern North	175–295	220 ↗	36 ↗	5,440– 9,480	7,460 ↗	54 ↗
Breitenrain / Wankdorf	215–380	275 ↗	23 ↗	6,310–15,780	9,360 ↗	23 ↘
Bümpliz / Oberbottigen	180–300	230 ↗	24 ↗	5,130– 9,830	6,670 →	35 ↗
Inner City	225–480	320 ↗	41 ↗	7,120–16,820	11,280 →	44 ↗
Kirchenfeld / Schosshalde	190–375	265 ↗	28 ↗	4,410–11,450	7,040 ↗	35 ↘
Länggasse / Felsenau	215–395	285 ↗	23 ↗	6,700–15,940	10,600 →	42 ↗
Liebefeld / Köniz	175–300	230 →	31 ↗	5,310– 9,370	7,070 ↗	52 ↗
Mattenhof / Weissenbühl	205–350	260 ↗	24 ↗	6,480–11,250	9,540 ↗	42 ↗
Muri / Ostermundigen / Gümligen	190–325	240 ↗	37 ↗	5,830–11,240	8,250 →	47 ↘

Source: CSL Immobilien AG

↘ ↗ → **Change on previous year**

Residential market
Geneva

The housing shortage in the Geneva area deteriorated in 2022. Both the agglomeration and the City of Geneva had a vacancy rate of around 0.5%. Consequently, both rental and purchase prices rose in most areas.

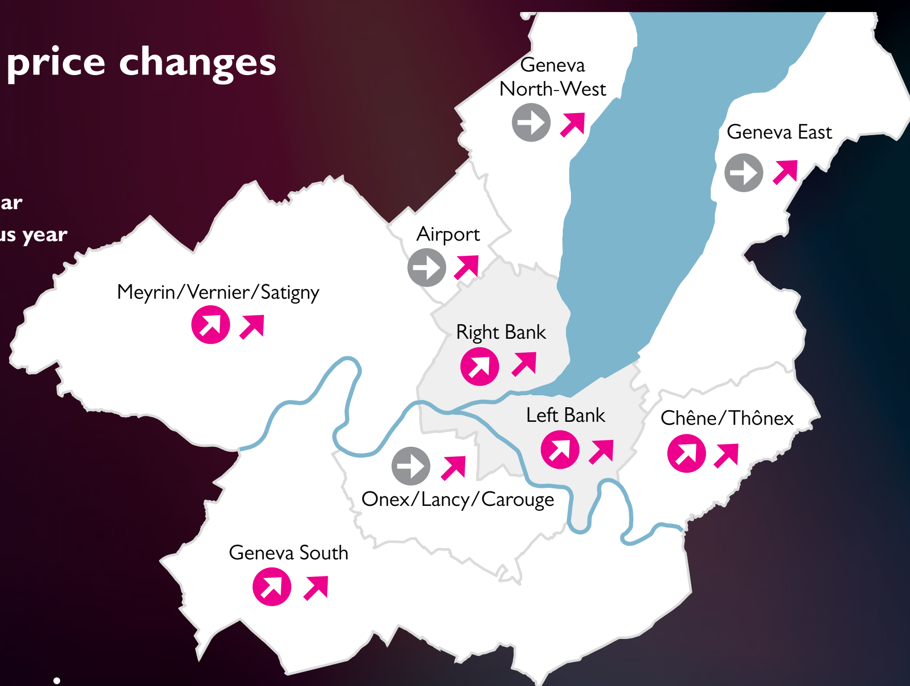
The outskirts of the city saw a pronounced decline in the number of empty homes, particularly in the municipalities of Plan-les-Ouates and Lancy, where vacancy rates are 0.11 % and 0.18%, respectively. In the City of Geneva, the number of planning applications reached its lowest level for 10 years in 2022; applications for new-builds are particularly rare. The main urban development projects are currently located on Geneva's outskirts, e.g., in the district of Les Acacias, and in neighbouring municipalities, such as Lancy and Vernier.

Other projects, such as the development of the 'Vailly' neighbourhood in Bernex, will ease Geneva's housing market in the long term. A total of 13 buildings with 550 rental and owner-occupied homes are being built there. This mixed-use district should be ready for occupancy between 2028 and 2030.

Rental and purchase price changes Greater Geneva

↘ ↗ → **Rent, change on previous year**
↘ ↗ → **Purchase, change on previous year**

Source: CSL Immobilien AG



Rental and purchase price 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
Chêne / Thônex	280–505	360 ↗	25 ↗	10,120–18,390	14,390 ↗	74 ↗
Airport	300–535	375 →	23 ↘	10,030–16,070	13,680 ↗	78 ↗
Geneva North-West	260–500	360 →	30 ↘	9,250–15,680	12,290 ↗	70 ↗
Geneva East	290–715	435 →	31 ↗	12,060–25,240	16,820 ↗	86 ↗
Geneva South	270–475	350 ↗	24 →	8,940–16,100	11,950 ↗	59 ↗
Meyrin / Vernier / Satigny	255–480	350 ↗	24 ↘	7,530–14,710	11,470 ↗	76 ↗
Onex / Lancy / Carouge	250–515	360 →	21 ↗	9,390–17,530	12,670 ↗	48 ↗
Right Bank	310–595	415 ↗	22 ↘	9,530–19,730	15,180 ↗	74 ↗
Left Bank	330–640	445 ↗	24 ↗	13,420–24,260	17,600 ↗	83 ↗

Source: CSL Immobilien AG

↘ ↗ → **Change on previous year**

Residential market
Lausanne

In the Lausanne region, residential property continued to be in demand in 2022: the average sale duration decreased compared with the previous year while rents stagnated or even increased. There were fewer empty homes, both in the wider region and the City of Lausanne.

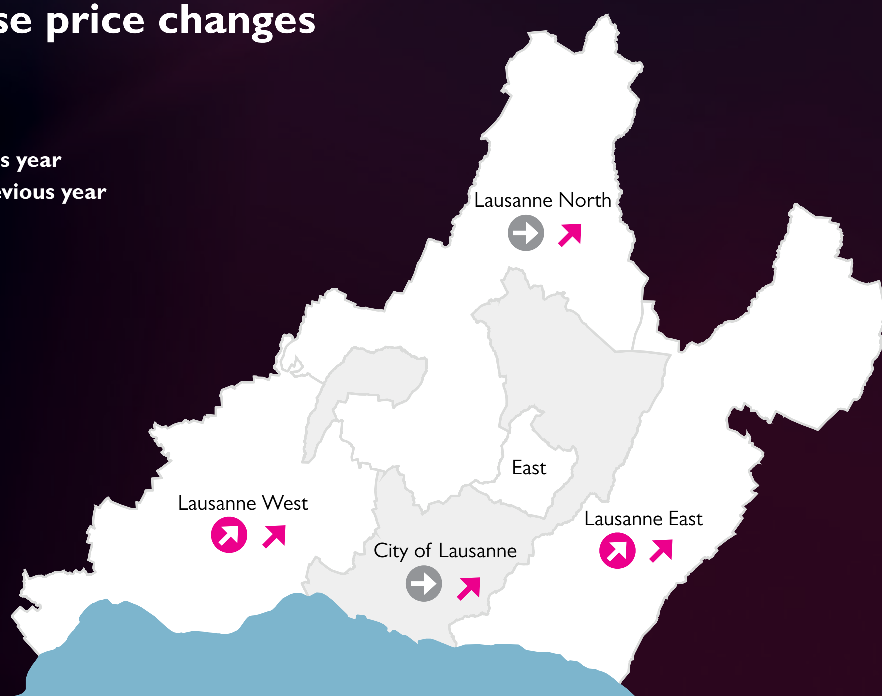
The vacancy rate in the city fell from 0.72% to 0.49%. In the heavily populated agglomeration municipalities of Pully and Morges, the rate was even lower. According to approvals for new-build homes, investment in the City of Lausanne reached the second lowest level for 10 years in 2022. The pace of development will therefore continue to slow, benefiting the surrounding municipalities.

The municipality of Renens, at the centre of the inter-municipal development of Lausanne West, took a significant step in 2022, with the reopening of the railway station and market square. From 2027, a tram line will also provide a better connection between the towns of Renens and Villars-Ste-Croix and Lausanne, as the backbone of a larger regional development and opening up transformation areas.

Rental and purchase price changes Greater Lausanne

↘ ↗ → **Rent, change on previous year**
↘ ↗ → **Purchase, change on previous year**

Source: CSL Immobilien AG



Rental and purchase price 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
Lausanne North	195–350	275 →	27 ↘	6,500–12,110	9,410 ↗	68 ↗
Lausanne East	215–445	305 ↗	29 ↘	7,440–15,580	11,580 ↗	64 ↗
Lausanne West	230–440	300 ↗	26 ↘	8,140–13,980	11,410 ↗	66 ↗
City of Lausanne	230–460	310 →	26 ↘	7,420–16,490	11,750 ↗	60 ↗

Source: CSL Immobilien AG

↘ ↗ → **Change on previous year**

Residential market
St. Gallen

At 2.59%, the vacancy rate in the City of St. Gallen is high compared with the five major cities in Switzerland. The city is experiencing much slower population growth (2021: +0.3%), and new-build activity has picked up again since 2019. In many of the surrounding municipalities, however, vacancy rates fell much more sharply compared with 2021, except for Wil (2.63%) and Rorschach (3.28%).

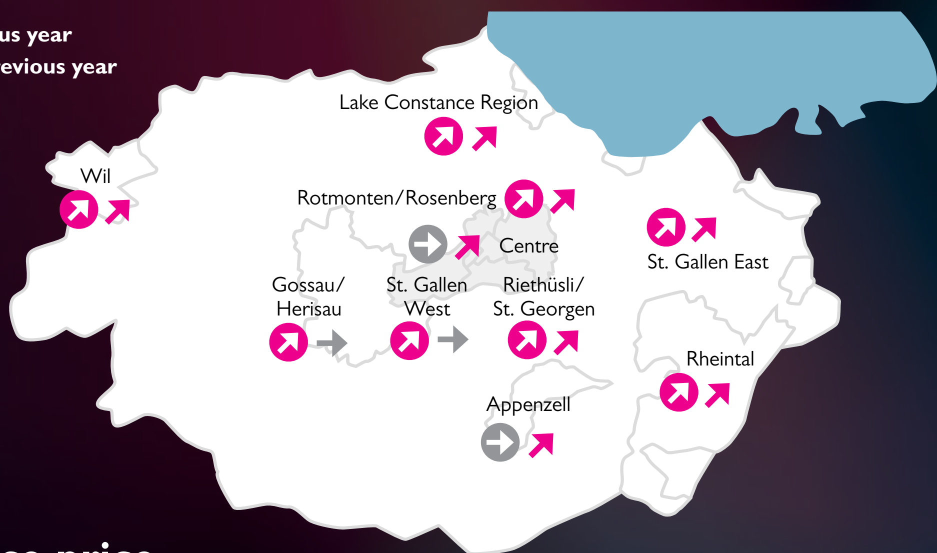
The housing market in the City of St. Gallen is likely to have a good supply of additional residential property in the medium term, as indicated by the significant increase in investment in 2022, according to planning applications. The housing supply for the city's many students will also expand. St. Gallen has many educational institutions, but until now no specific student accommodation. The 'Stadtsäge' project will help to close this gap: by 2024, accommodation for 184 students will be built.

Most rents in the city and region of St. Gallen rose in 2022 compared with the previous year, but are well below the average of Switzerland's major cities. The same applies to home ownership.

Rental and purchase price changes Greater St. Gallen

Rent, change on previous year
Purchase, change on previous year

Source: CSL Immobilien AG

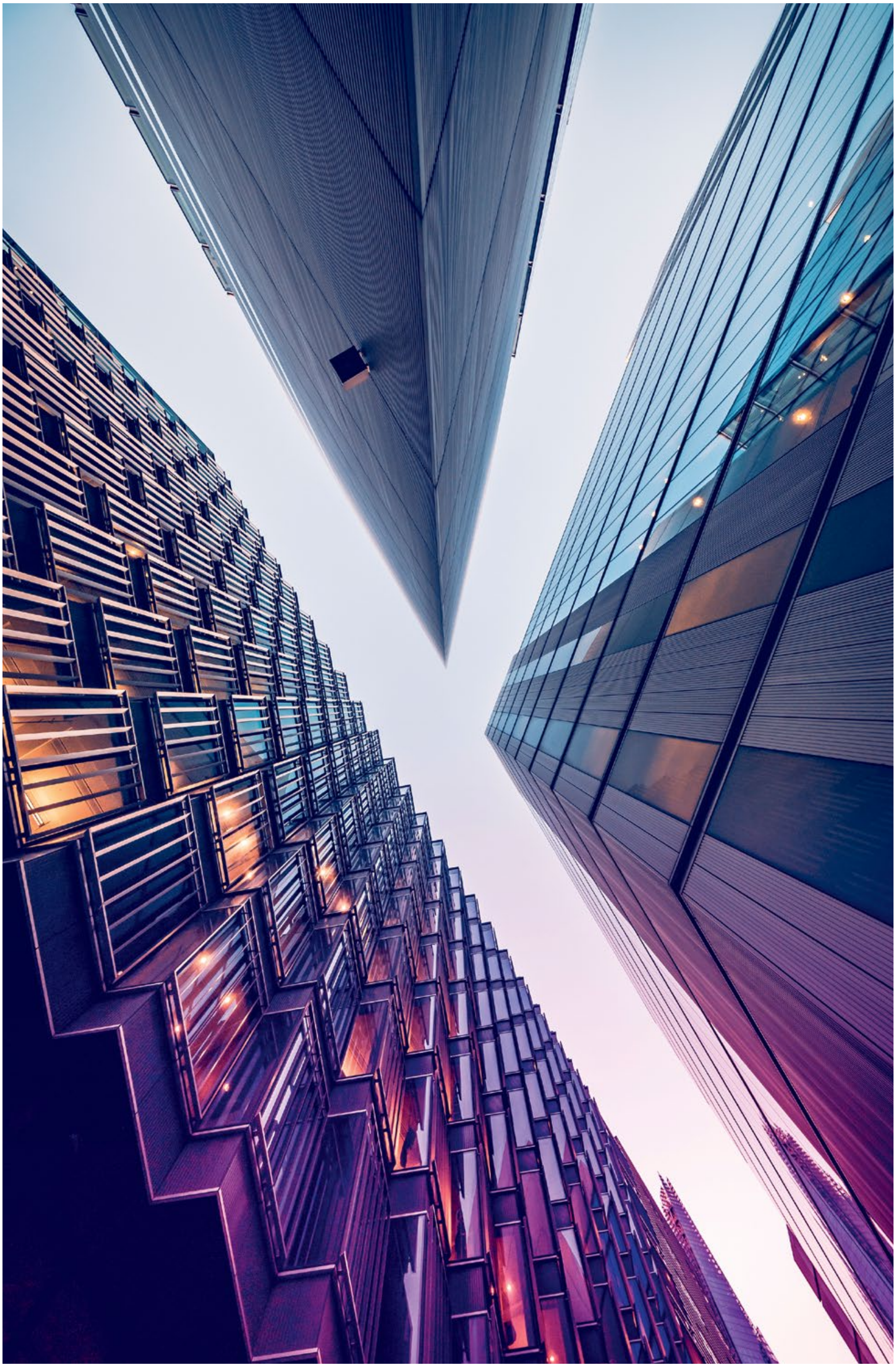


Rental and purchase price by market area

	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
Appenzell	130–245	200 →	27 ↘	6,000–11,250	8,120 ↗	79 ↘
Lake Constance Region	140–260	185 ↗	49 ↘	4,920– 9,080	6,730 ↗	68 ↘
Centre	160–325	230 ↗	44 ↘	4,180– 9,220	7,030 ↗	55 ↘
Gossau / Herisau	135–280	195 ↗	47 ↘	4,740– 8,930	6,440 →	50 ↘
Rheintal	145–255	190 ↗	43 ↘	4,150– 8,540	6,100 ↗	75 ↘
Riethüsli / St. Georgen	165–310	205 ↗	50 ↘	6,180–10,060	7,580 ↗	51 ↘
Rotmonten / Rosenberg	140–300	200 →	38 →	5,140–10,750	7,930 ↗	48 ↘
St. Gallen East	150–260	190 ↗	49 ↘	4,540– 9,370	6,380 ↗	39 ↘
St. Gallen West	155–265	195 ↗	46 ↘	5,080– 8,790	6,690 →	47 ↘
Wil	155–275	195 ↗	41 ↘	5,590– 9,940	7,140 ↗	59 ↘

Source: CSL Immobilien AG

↘ ↗ → **Change on previous year**



CSL Immobilien

Your contacts at a glance

Yonas Mulugeta
CEO, Partner, Director

Catherine Imperiali
Head of Development/ Construction

Patricia Venghaus Sauer
Head of Valuations

Tayfun Ocak
Head of Property Management

Annica Anna Pohl
Head of Property Marketing

Ines von der Ohe
Head of Research & Market Analysis

Claude Spirig
CFO
Managing Director of CSL Invest

Our services
at a glance

- Property development
- Construction services
- Valuation
- Property management
- Marketing
- Nextkey
- Research
- CSL Invest

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Visit our property market website:

Here, you will find the latest figures from the residential, office and investment markets, as well as interactive tools. You can also download our digital property 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 using representative samples. The effective date for measurement of supply is 1 November 2022. As the methodology changed in 2022, rental and property supply data is not comparable with the values published in previous years.

The investor survey comprised 30 interviews, online questionnaires and additional surveys of location and business developers.

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

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

INVESTMENT MARKET DEFINITIONS

Class A office property:
Major city, central business district, airport/main railway station within 15 min., representative office address, fully let, rent appropriate to the market, minimum five-year lease term, investment volume approx. CHF 100 million.

Class B office property:
Major city, airport/main railway station within 30 min., B location, fully let, rent appropriate to the market, minimum five-year lease term, investment volume approx. CHF 40 million.

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

Logistics property:
Industrial area of a medium-sized city, close to motorway connections, fully let, market-rate rent, minimum five-year lease term, investment volume approx. CHF 25 million.

Class A residential building:
Attractive district of a major city, fully let, condition as new, investment volume approx. CHF 30 million.

Class B residential building:
Larger localities or regional centres, fully let, good condition, investment volume approx. CHF 20 million.

Class C residential building:
Rural areas in economically strong agglomerations, fully let, good condition, investment volume approx. CHF 10 million.

Class D residential building:
Rural areas, fully let, older property, investment volume approx. CHF 5 million.

OFFICE AND RESIDENTIAL MARKET DEFINITIONS

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

Office market stock:
Calculated by Dr Monika Dobberstein using the number of office employees, based on the office employee ratio by sector. Assumption: 20 m² per office employee.

Advertising period:
Median number of days for which a property is online.

Residential market vacancy rate:
Figures according to the Federal Statistical Office as of 1 June 2022.

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

Rent:
Net rent as quoted in the market. Office market rent comprises a variety of fit-out standards.

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

Supply:
Total advertised office space as quoted on the market.

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

Year on year:
Percentage change in the absolute supply from 2021 to 2022.

Greater (e.g., Zurich):
All market areas relevant to the office and residential markets, defined by CSL Immobilien AG. Revised and expanded in 2019 and 2022.

ZURICH

Schärenmoosstrasse 77
8052 Zurich
+41 44 316 13 00

research@csl-immobilien.ch

LAUSANNE

c/o Banque Migros SA
Rue de Genève 88bis
1004 Lausanne
+41 44 316 13 20

info@csl-immobilien.ch

www.csl-immobilien.ch

www.csl-immobilienmarkt.ch

CSL IMMOBILIEN

A partner of Migros Bank