



naef
INVESTISSEMENT
& COMMERCIAL

FRENCH-SPEAKING SWISS REAL ESTATE MARKET 2022



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EXPERTISE IMMOBILIERE

INVESTMENT – Geneva

Volume & number of transactions

2021 is an absolute record year, passing the 4 billion CHF mark. In five years, the annual volume exchanged has doubled reaching CHF 4.2 billion, while the number of transactions only evolved slightly during that same period (146 in 2021 and 139 on average over the last five years).

Whether for residential or commercial buildings, the transactions amount is increasing. Today, in Geneva, a building is worth around CHF 29 million against 15 million in 2017.

“The annual exchanged volume has doubled, reaching CHF 4.2 billion”

Cyril Peyrot
Manager, investment for
Naef Investissement &
Commercial GE

SALES HISTORY OF BUILDINGS

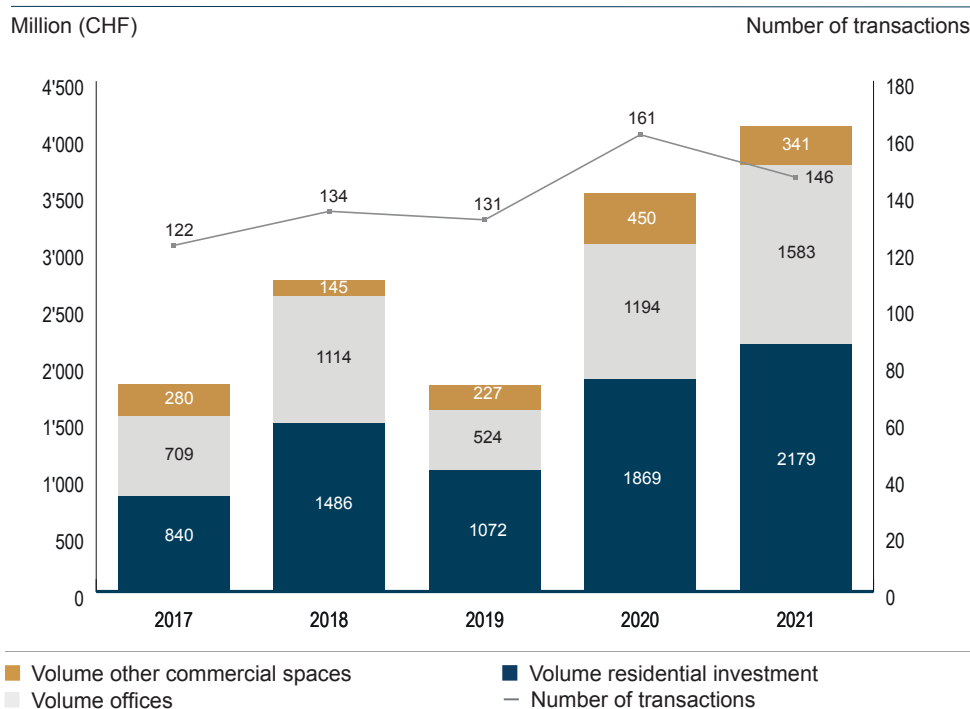
	2017	2018	2019	2020	2021
Number of sales	122	134	131	161	146
Investment volume (M CHF)	1 829	2 745	1 823	3 513	4 177
Average price of transactions (M CHF)	15	20	14	22	29
Highest transaction (M CHF)	197	229	301	359	615
Cumulation of three largest transactions (M CHF)	426	607	463	881	1105
Transactions above 10 M CHF	46	60	52	78	78
Transactions below 10 M CHF	76	74	79	83	68
INVESTMENT IN “COMMERCIAL RENTAL BUILDING”					
Number of commercial transactions	32	32	41	46	27
Volume of commercial investment (M CHF)	989	1 259	751	1 644	1 924
Volume of offices (M CHF)	709	1 114	524	1 194	1 583
Offices in %	39%	41%	29%	34%	38%
Volume other commercial spaces (M CHF)	280	145	227	450	341
Other commercial spaces in %	15%	5%	12%	13%	8%
INVESTMENT IN “RESIDENTIAL RENTAL BUILDING”					
Number of residential transactions	90	102	90	115	119
Volume of residential investment (M CHF)	840	1 486	1 072	1 869	2 179
Residential in %	46%	54%	59%	53%	52%

Commercial building – The wide gap!

The volume of investments in the commercial segment is practically equivalent to that of the residential segment with CHF 1.9 billion exchanged. There is however a difference in size as the number of commercial transactions is only 27 (for an average price of 70 million), whereas there were 119, 4,5 time more, in the residential segment. The five most important transactions recorded in 2021 only concern office buildings and they amount to CHF 1.378 billion alone, nearly a third of the volume of total transactions.

Source : Publications foncières GE

Volume and number of transactions



PS: Our observations refer to the sale of rental buildings, all affectations included, with more than three dwellings in Geneva. The capital-action transfers of real estate companies, co-ownership properties with less than 500 thousandths and land sales with a general planning contract aren't included in the study.

INVESTMENT – Geneva

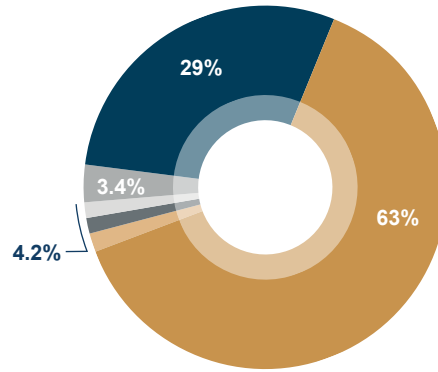
Top 5

The sale of the walls of the Pictet bank to a foreign company will remain the most important sale in recent years (CHF 615 million). Second and third places go to office and iconic commercial buildings, occupied respectively by BNP PARIBA Bank and Bongénie. The fourth transaction concerns an office building in the centre of town that belonged to the group Allianz for nearly 60 years. In fifth position is one of the buildings of the Tourbillon group, in the industrial area of Plan-les-Ouates (ZIPL0), recently built and supplied by Swiss Prime Site Immobilien AG.

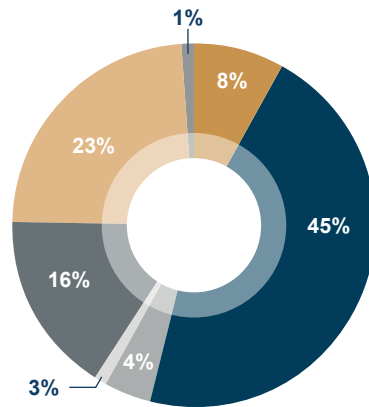
TOP 5 BUILDING SALES – GENEVA 2021			
	Price (CHF)	Commune	Buyers
1	615 million	Carouge	WIIS DIE GENF GMBH & CO. KG
2	270 million	Genève - Town	PLACE DE HOLLANDE SA
3	220 million	Genève - Town	FONDATION DE PLACEMENTS IMMOBILIERS TURIDOMUS
4	137 million	Genève - Town	BVK PERSONALVORSORGE DES KANTON ZURICH
5	135 million	Plan-les-Ouates	FONDATION HANS WILSDORF

Sellers*

- Public
- Life insurance
- Property funds
- Insurances
- Fondations
- SA / SI / SARL
- Private



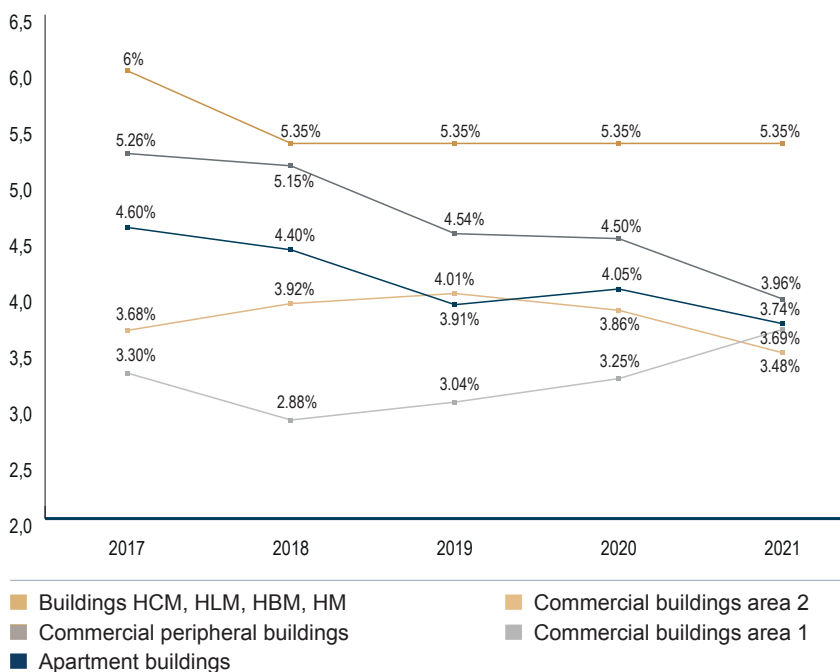
Buyers*



*Percentage of number of transactions

Source: Administration Fiscale Cantonale de Genève (AFC)

Gross capitalisation rates



Buyer-seller Profiles

Sellers

We can see the confirmation of a trend of the past few years, which is even reinforced with over 60% of transactions deriving from private owners. On the contrary, institutional buyers only manage to sell a few acquired items. Only 8% of the volume of transactions involve institutional transfers. Among these, there was one striking transaction: the sale of a set of three prime buildings by the group Allianz.

Buyers

Life insurance institutions, property funds and insurances accumulated over CHF 1.8 billion, representing 44% of the sales volume. Among these institutional buyers, three invested amounts higher than CHF 200 million: several entities of the Axa group for CHF 385 million, the foundation Hans Wilsdorf for CHF 272 million and Edmond de Rothschild (SICAV) for CHF 209 million. Other acquisitions were made mainly by companies (45%).

Overall building sales recorded from January 2020 to June 2021 determine the capitalisation rate of apartment buildings in Geneva. These rates vary according to the type of item. There are three categories including dwellings, subsidised and commercial. These categories also have sub-categories for commercial buildings (area 1, area 2 and peripheral). Subsidised buildings are excluded from the method, as their rate is decided by the OCLPF. All categories seem to tend towards a unique rate that diminishes over the years. In the current context, with a high demand, supported by a liquidity market with negative interest rates, a lack of placement alternatives and a weak offer, it's not surprising that the risk premium of each category seems to fade faced with the appetite of pension funds, funds, and other institutions.

INVESTMENT – Vaud

As in Geneva, large agglomerations in the canton of Vaud are prone to institutional investors, for building projects and investment buildings alike. There are many building projects, of significant size, often around train stations of new urban centres.

Investment is particularly important in the Ouest lausannois (west of Lausanne). Central Malley for example, was developed by CFF Immobilier, and is a demanding project that answers the ecological challenges of our era and encourages diversity on the old industrial wasteland of Malley. This eco-district will provide dwellings, offices and shops and become the living heart of a new urban centre of 42'200 sqm.

Quai Ouest at Renens station is also a CFF Immobilier project and shares the same type of development in an urban diverse environment. It proposes 20'657 sqm of office surface, shops, and dwellings.

Sill in the west of Lausanne, Square One is another major project developed by SICPA. It aims to provide a campus of 77'000 sqm of office space dedicated to governments, international companies, universities, as well as entrepreneurs that take part in the development of trust economy.

In Morges, Îlot Sud, an investment of CHF 111 million, developed by project owner Place de la gare A SA and owned by the UBS fund "SIMA", provides 160 dwellings, 3'800 sqm of office space and 1'400 sqm of commercial space.

Although activity is still strong, planning will encounter a slowdown of investments due to the volume of authorised constructions below average over the past years.

"The Lausanne area is experiencing a particularly high building activity"

Luana Vieira
Manager,
investment for
Naef Investissement &
Commercial VD

"Vacancy of investment buildings is different from one area to another"

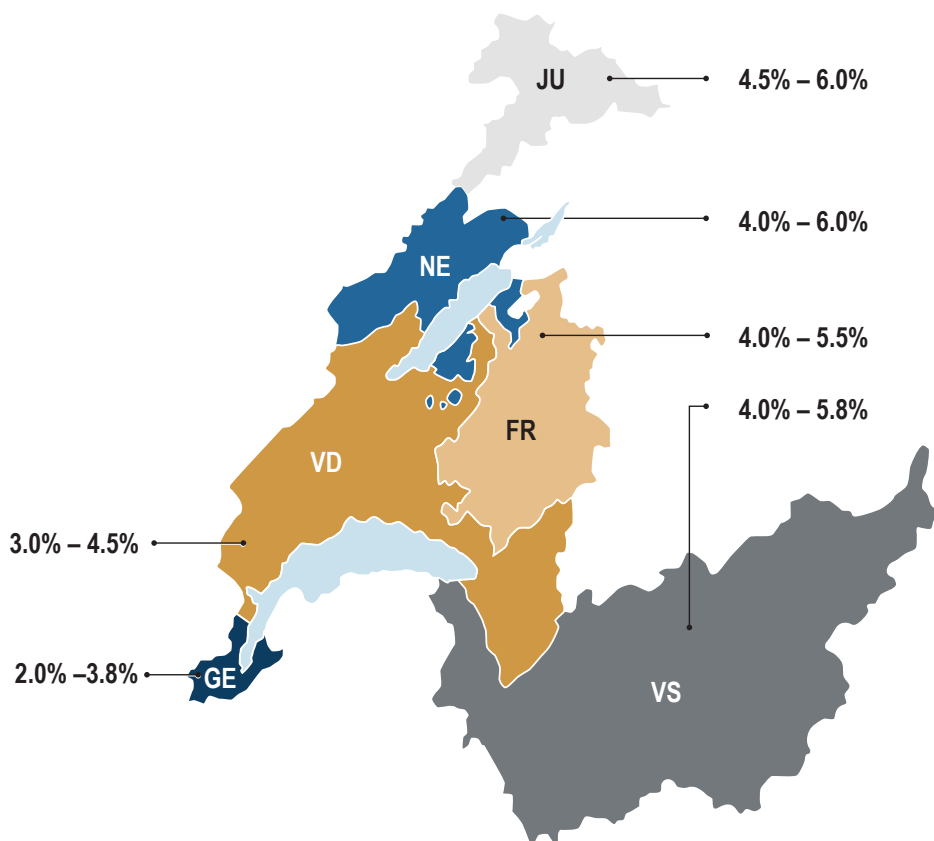
Marie-Claude Müller
Manager,
investment for
Naef Investissement &
Commercial NE

Gross yield ranges per canton

The abundance of liquidity, lack of alternative placement methods, or negative interest rates are the main vectors of the high demand for real estate.

The appeal to investors of real estate in the different French-speaking cantons of Switzerland is variable and depends on the accessibility of infrastructures, economic dynamics, job growth and housing needs.

In Geneva, although gross yield rates are at their lowest, demand is increasing. On the other hand, in cantons like Jura and Neuchâtel, yield rates are higher, but high disparity between regions and sustained vacancies make investors more cautious.



INVESTMENT – Neuchâtel

As was the case last year, the appetite of institutional and private investors around Neuchâtel is uneven. Criteria that influence investors to purchase real estate multiplied and signals are not all go.

To support the area and make it attractive, important efforts were made by main public, economic, and political actors. During the past four years, an average of 670 people left the canton. Neuchâtel has tried to halt the demographic erosion by introducing fiscal reforms, better infrastructures, and by improving its image.

Thanks to these efforts, in 2021 the canton experienced a positive migratory flow for the first time since 2016.

The rate of vacant dwellings stabilised at 2.4%. But it needs to be analysed carefully as it's influenced by the Montagnes area with a high rate of 4.27%. The other regions are experiencing the opposite effect, a balanced situation at 1.53% for the Littoral, or a slight shortage with a rate of 0.9% for the Val-de-Ruz. Vacancy is a leading criterion when considering investor acquisitions and developers.

In this context of regional disparity, real estate projects under construction or to come are mainly on the Littoral area, in the town of Neuchâtel. Like the eco-district of Bella Vista on the old Metalor site that, by 2023, will provide 286 dwellings for approximately 550 inhabitants, in seven buildings.

Another project to come thanks to the CHF 50 million Bonhôte-Immobilier fund, is Les Serrières in Beauregard, west of Neuchâtel. It's a construction of four buildings with a total of 180 dwellings for 400 people on a 17'500 sqm plot.

COMMERCIAL REAL ESTATE – Geneva

With the disruption of 2020 due to the pandemic, it was difficult to anticipate the behaviour of market demand for offices in 2021. Since then, fear of a decline in demand has given way to a certain stability.

Demand behaviour translates into a search for comfort and closeness to amenities. Furthermore, companies have reverted to telework for an average of two days a week.

With that in mind, closeness to amenities and transport, modularity of surfaces, as well as modernity of developments have become leading elements.

The involvement of lessors in tenants' investments has become more common to guarantee lease signatures.

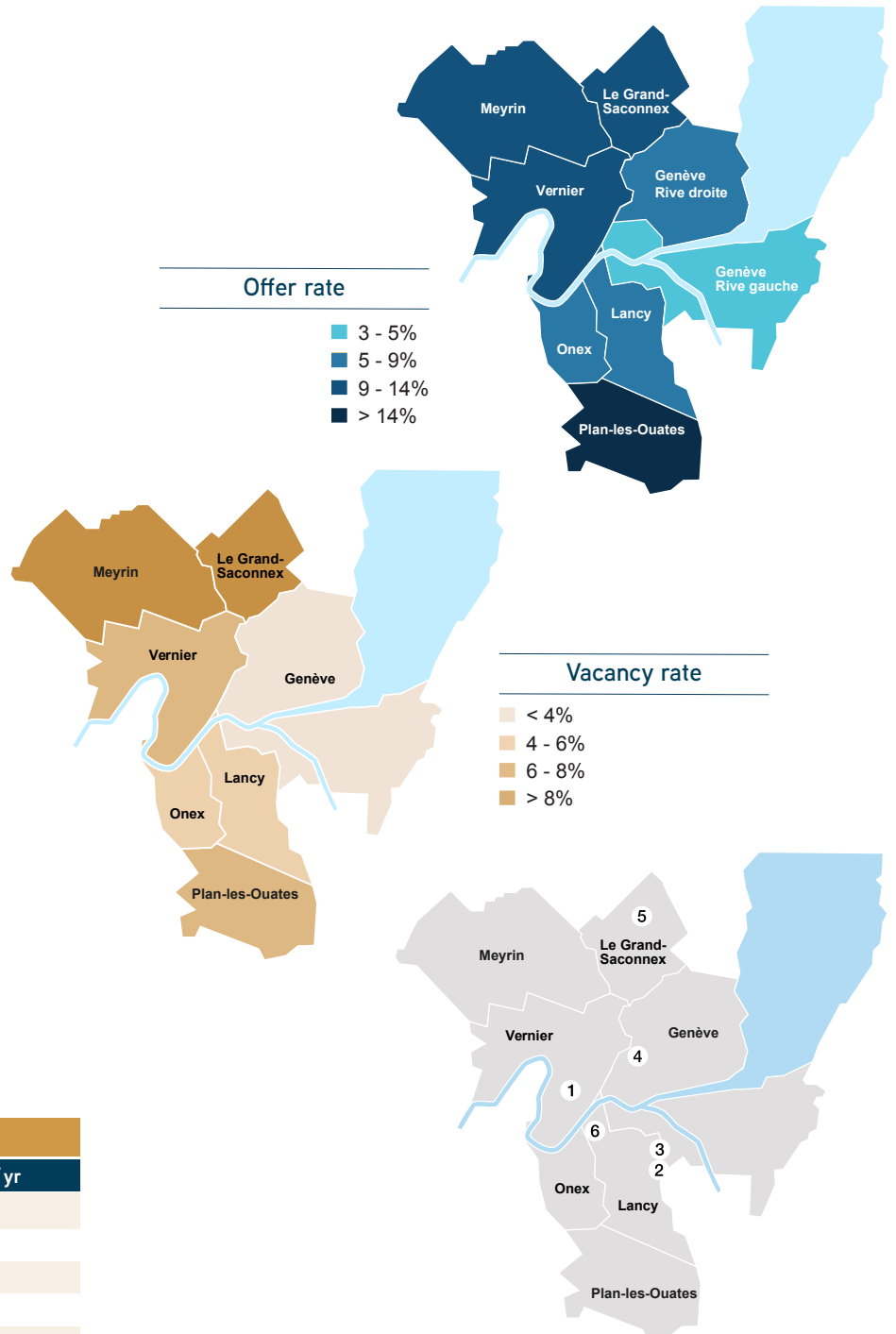
Regarding offers, we see that market liquidity is globally high. However, this information calls for some nuance. The offer in the centre of town is well absorbed with only a vacancy rate of approximately 3%. This perimeter has the highest stock of offices in sqm and offers the largest number of small surfaces under 100 sqm, and intermediate surfaces between 100 sqm and 400 sqm. However, surfaces over 400 sqm are relatively low. The peripheral market on the other hand is experiencing an important vacancy rate, with prolonged periods of re-rental, often exceeding 10 months, especially for dilapidated surfaces that aren't in line with demand.

In a nutshell, demand focuses on modern, modifiable spaces close to all amenities. New projects recently accomplished or in progress meet the criteria and have a good absorption.

On the other hand, older surfaces and those outside the urban centres experience more important re-rental periods. Generally, the downward correction of rents these last years, in the whole canton, has enabled the maintenance of much lower offer rates than could have been expected during the pandemic.

"The disparity between connected areas and remote areas is increasing"

Antoine Humbert
Manager, commercial for
Naef Investissement
& Commercial GE



RENT ESTIMATE	
Area / District	CHF / sqm / yr
Centre-ville Rive gauche	500-800
Centre-ville Rive droite	300-650
Eaux-Vives	350-600
Champel / Florissant	370-500
Jonction / Plainpalais	340-450
Carouge / Praille / Acacias / Vernets	250-500
St-Jean / Charmilles	280-400
Sécheron / Nations	350-460
Onex / Lancy (y compris Pont-Rouge)	280-550
Vernier	220-350
Plan-les-Ouates	230-350
Aéroport / Grand-Saconnex / Meyrin	270-390
Chêne-Bourg / Chêne-Bougeries	260-420

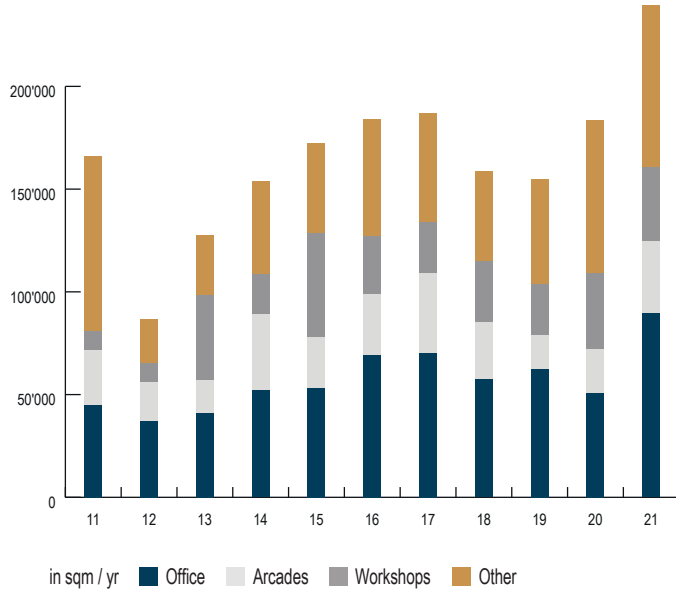
New commercial surfaces in 4 years > at 10'000 sqm		
Projects	sqm	Delivery
1 ETANG, Vernier	143'000	2021-2023
2 PONT-ROUGE (Alto & Esplanade 3), Lancy	58'500	2023
3 ETOILE 1, Carouge	73'800	2025
4 QUARTET Q6 à Q11, Genève	25'790	2023
5 GREEN VILLAGE, Grand-Saconnex	43'000	2022
6 SMALL CITY, Lancy	50'000	2022-2024

COMMERCIAL REAL ESTATE – Vaud

The offer for available commercial premises has significantly increased in Vaud in 2021, reaching 240'213 sqm. In comparison to the previous year with only 183'628 sqm. The reason for this being the increase in construction and delivery of new surfaces. These new projects are around large urban centres in the canton of Vaud, close to stations of Morges, Renens, Malley and Lausanne.

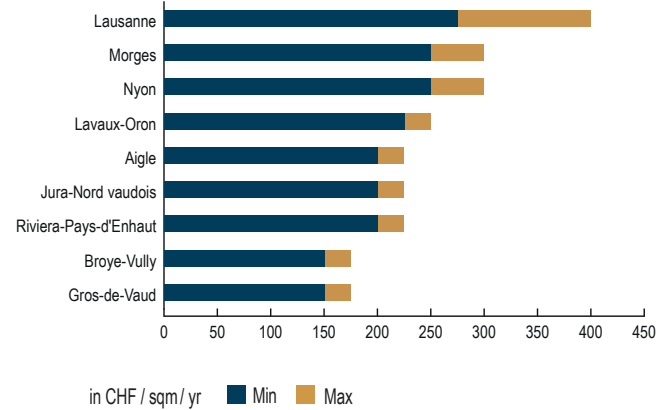
The volume of vacant office space has considerably increased, going from 50'000 sqm in 2020 to 89'509 sqm in 2021. Vacancy is greater in regions where new offices were built, as in the districts of Lausanne and Ouest lausannois that total 52'821 sqm of vacant space, 59% of the Vaud vacancy rate.

The coming years will be devoted to the absorption of commercial surfaces and recently built offices, as well as new ongoing or planned projects. Projects finished these last years have found buyers. For example, OASSIS in Crissier and Îlot Sud in Morges that have good occupancy rates.



Vacant industrial and commercial surfaces according to type, Vaud, on June 1, 2021

Source: StatVD



Office space rents in the canton of Vaud in 2021

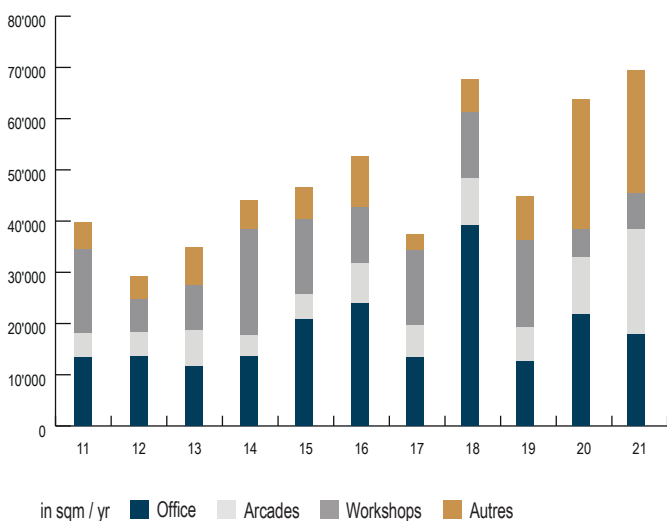
Source: Naef Investissement & Commercial

COMMERCIAL REAL ESTATE – Neuchâtel

On June 1, 2021, the canton of Neuchâtel identified some 70'000 sqm of vacant spaces, a slight increase of 9% compared to the previous year. Among all 320 vacant spaces, only 95 are offices and 42 are shops, which represents 55% of the total vacancy with 38'320 sqm, mainly concentrated in the Littoral and Montagnes areas. Available office spaces, 17'807 sqm, decreased by 18% in one year.

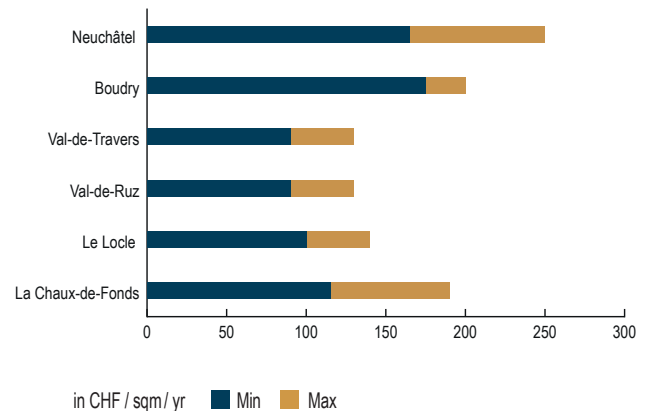
On the other hand, shop vacancy rate has increased by 82% during the same period, cumulating 20'500 sqm. Unsurprisingly, the sanitary crisis of the last two years had a strong impact on merchants, more precisely on small non-essential shops. Will the end of restrictions stop the haemorrhage? In any event, convenience stores still have plenty of battles to fight in times where e-commerce is taking over.

The canton of Neuchâtel shows great disparity between rents according to the region, population density, characteristics and type of items proposed. Office spaces seem particularly protected from current economic and sanitary risks. These last years, construction hasn't provided additional offices with important volumes, rents have remained stable or decreased slightly, and demand, although not strong, is still present.



Vacant industrial and commercial surfaces according to type, Neuchâtel, on June 1, 2021

Source: Service de la statistique Neuchâtel



Office space rents in the canton of Neuchâtel in 2021

Source: Naef Investissement & Commercial

RESIDENTIEL REAL ESTATE

AVERAGE APARTMENT RENTS ACCORDING TO TYPE AND AREA GENEVA (CHF / MONTH)*

Area	1 room	2 rooms	3 rooms	4 rooms	5 rooms	6+ rooms
Ville de Genève / Carouge	1 080	1 390	1 870	2 500	2 880	3 470
Vandoeuvres / Cologny / Chêne-Bougeries / Collonge-Bellerive	1 010	1 330	1 870	2 470	2 920	3 790
Chêne-Bourg / Thônex	860	1 110	1 670	2 200	2 580	2 930
Veyrier / Troinex	900	1 200	1 720	2 270	2 670	3 140
Choulex / Puplinge / Meinier	790	1 110	1 620	2 200	2 580	3 030
Jussy / Gy / Presinge	720	1 050	1 520	2 000	2 330	2 820
Hermance / Anières / Corsier	810	1 200	1 570	2 130	2 500	3 360
Grand-Saconnex / Prégny-Chambésy	830	1 080	1 620	2 130	2 420	2 930
Versoix / Genthod / Bellevue / Collex-Bossy / Céligny	790	1 050	1 570	2 070	2 420	2 820
Vernier / Meyrin / Satigny / Bernex / Confignon / Onex / Lancy / Plan-les-Ouates	810	1 110	1 620	2 000	2 420	3 030
Laconnex / Avusy / Chancy / Soral / Perly / Avully / Bardonnex / Cartigny / Aire-la-Ville / Russin / Dardagny	650	920	1 480	1 870	2 250	2 710
Vacancy rate	0,88%	0,88%	0,53%	0,42%	0,26%	0,41%

AVERAGE APARTMENT RENTS ACCORDING TO TYPE AND AREA VAUD (CHF / MOIS)

Area	1 room	2 rooms	3 rooms	4 rooms	5 rooms	6+ rooms
Nyon	1 050	1 520	2 070	2 500	3 030	3 830
Morges	1 010	1 480	1 870	2 330	2 820	3 540
Lausanne	1 050	1 570	2 000	2 420	3 140	3 830
Lavaux - Riviera	860	1 330	2 000	2 250	2 820	3 680
Pays-d'Enhaut	630	1 030	1 400	1 670	2 170	2 550
Gros de Vaud	600	980	1 400	1 670	2 060	2 550
Chablais vaudois	700	1 130	1 470	1 830	2 170	2 690
Broye - Vully	600	980	1 330	1 580	1 950	2 410
Jura-Nord vaudois	540	910	1 200	1 420	1 840	2 270
Vacancy rate	2,00%	1,54%	1,53%	1,07%	0,95%	1,04%

AVERAGE APARTMENT RENTS ACCORDING TO TYPE AND AREA FRIBOURG (CHF / MOIS)

Area	1 room	2 rooms	3 rooms	4 rooms	5 rooms	6+ rooms
La Broye	630	1 080	1 330	1 670	1 950	2 410
Glâne	650	1 030	1 330	1 580	1 840	2 130
Bulle (La Gruyère)	700	1 180	1 400	1 670	2 000	2 410
Fribourg (La Sarine)	820	1 280	1 600	1 920	2 380	2 550
Lac	700	1 080	1 400	1 670	2 170	2 410
La Singine	630	980	1 270	1 580	1 950	2 340
La Veveyse	700	1 180	1 470	1 830	2 170	2 410
Vacancy rate	3,36%	2,71%	2,35%	1,72%	0,70%	0,53%

AVERAGE APARTMENT RENTS ACCORDING TO TYPE AND AREA NEUCHÂTEL (CHF / MOIS)

Area	1 room	2 rooms	3 rooms	4 rooms	5 rooms	6+ rooms
Littoral	730	1 030	1 270	1 500	2 060	2 410
Montagnes	480	690	830	1 080	1 300	1 560
Val-de-Ruz	570	840	1 030	1 330	1 570	1 840
Val-de-Travers	460	690	800	960	1 140	1 420
Vacancy rate	3,25%	2,97%	3,32%	2,10%	0,81%	0,51%

“Vacancies in Switzerland are in net decrease in 2021 for the first time in over a decade”

Alexandre Baettig
Real Estate Expert
Acanthe SA

On June 2, 2021, the Federal Office of Statistics (OFS) announced a national rate of 1.54% of vacant dwellings, a decrease of nearly 10%. Zoug remains first with 0.34%, followed by Geneva (0.51%) and Zurich (0.72%). However, French-speaking Switzerland remains stagnant as rates have hardly evolved (Vaud 1.35%, Fribourg 1.80%, Neuchâtel 2.36%). Certain areas with low densities per inhabitant probably benefited from the pandemic with rates below 1% (The Grisons, Schwyz, Basel countryside).

It is interesting to note that the rate of vacant dwellings is higher for smaller types of housing. Is this due to new lifestyles needing more space at home for telework? Not necessarily, 2 to 3 room apartments are the most sought-after on the market and are given priority in construction projects.

The construction domain continues its sustained activity of recent years to absorb the arrival of residents. The evolution of the Swiss demographic maintains a stable growth of 60'000 additional inhabitants per year (+0.7%). The growth in Vaud and Fribourg is higher than average (+1.2%), whilst lower in Geneva (+0.4%), and decreasing in Neuchâtel (-0.3%). Natural growth is decreasing in all French-speaking cantons and migratory balance is a leading component of population evolution.

Still according to the OFS, rent levels have increased by 0.9% in 2021, an increase identical to 2020, even if current trends indicate the opposite for several regions, including the Lake Geneva region.

The pandemic doesn't seem to have hindered progression. Even though it is probably responsible for the high progression of rents in the mountain and country areas. The development of soft mobility and telework must have something to do with it.

In our opinion, rent structures haven't evolved fundamentally since last year. Unsurprisingly Geneva possesses the highest level. The rents of extreme types, such as studios and 6 room apartments, have sometimes been lowered. The areas of Fribourg and Neuchâtel, except town centres, rarely exceed the annual threshold of CHF 200.- / sqm because of the risk of vacancy.

*To note that the kitchen counts as a room in Geneva

NEWS

Three centres of competence in French-speaking Switzerland

Demand for the investment market remains strong and to better answer, Naef Investissement & Commercial, with its three competence centres in Geneva, Lausanne, and Neuchâtel, accompanies its clients with the sale or purchase of real estate, as well as the enhancement or re-rental of leasable space.

Additional information can be found on our website naef-invest.ch

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