

Swiss Real Estate Barometer

Q2 - 2023

CHF 19'500 / m²

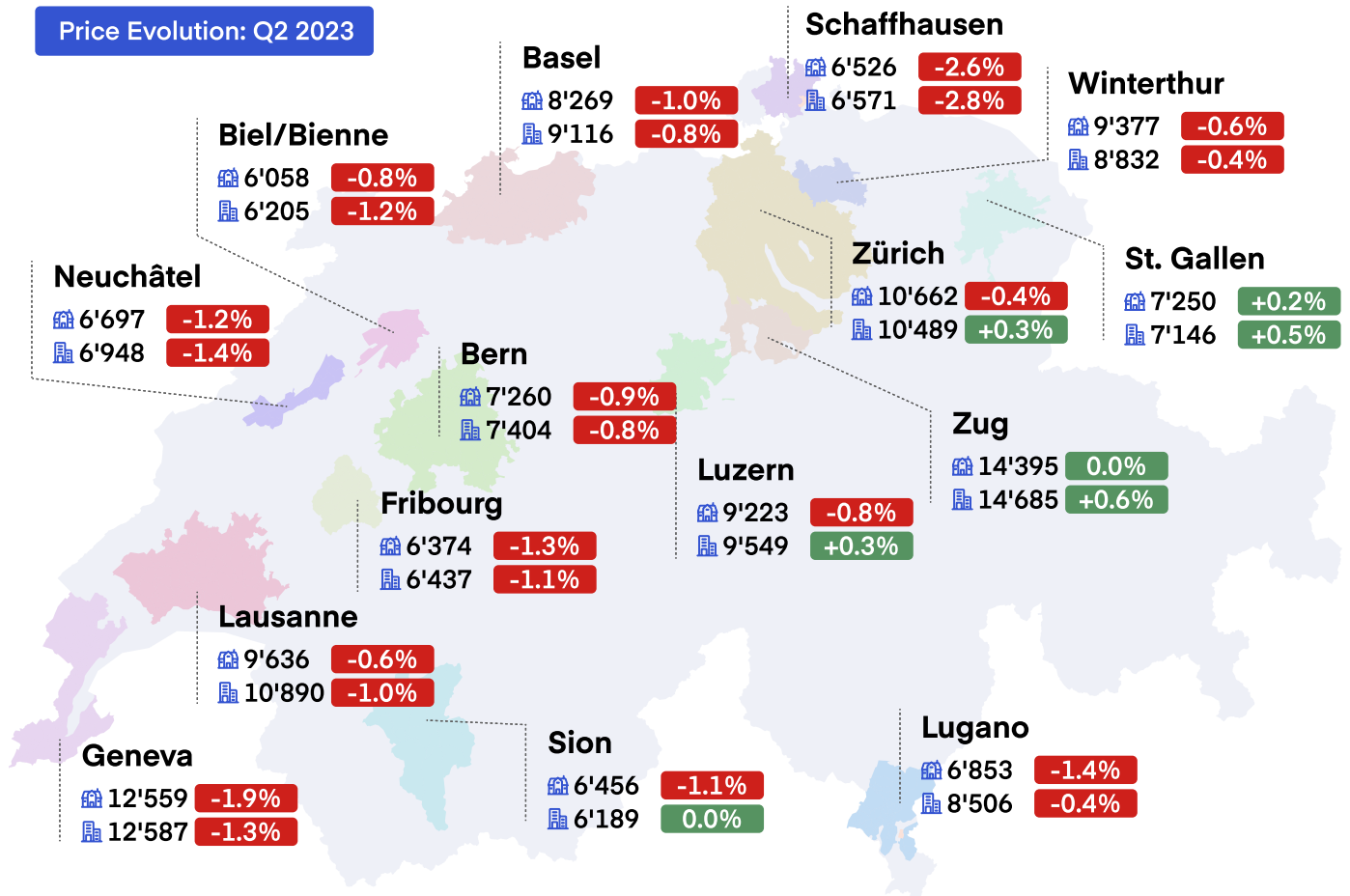
Zug, ZG

Quarterly change in real estate prices as of 30th June 2023

	Top 3		Bottom 3	
Houses -0.8%	St. Gallen	+0.2%	Schaffhausen	-2.6%
	Zug	0.0%	Geneva	-1.9%
	Zürich	-0.4%	Lugano	-1.4%
Apartments -0.1%	Zug	+0.6%	Schaffhausen	-2.4%
	St. Gallen	+0.5%	Neuchâtel	-1.4%
	Luzern	+0.3%	Geneva	-1.3%

Average price per m² of houses and apartments

Q2 2023: Price changes in the 15 largest urban areas



Source: RealAdvisor Research

Prices Continue to Drop as Transactions Dip by 20%

In Q2 2023, the Swiss real estate market continued to adjust, with house prices in major cities falling by as much as 1.9%. A year-over-year comparison reveals a substantial 20% decrease in the number of transactions. Meanwhile, long-term interest rates have hit their peak, with a downward trend expected in the coming months.

A Downward Trend in Property Prices

The second quarter of 2023 saw a general decrease in property prices across Switzerland. For apartments, the national average fell slightly by 0.1%. However, this seemingly small change masks more significant shifts in key cities. Geneva led the decline with a decrease of 1.2%, followed closely by Lausanne and Basel, both experiencing a drop of 1.0% and 0.8% respectively. Bern also saw a decrease of 0.8% in apartment prices. Interestingly, not all cities followed this downward trend. Zug and Zurich bucked the trend with slight increases of 0.6% and 0.3% respectively.

The market for houses showed a similar trend, with the national average decreasing by 0.8%. Geneva saw the largest decrease of 1.9%, followed by Basel and Bern at 1.0% and 0.9% respectively. Even Zurich, which had seen a slight increase in apartment prices, experienced a decrease in house prices, albeit a smaller one at 0.4%. Zug remained stable with no change in house prices.

These trends indicate a cooling in the Swiss real estate market, particularly in major cities. The decrease in prices may be influenced by a variety of factors, including economic conditions, interest rates, and market sentiment. As we move into the second half of the year, it will be interesting to see how these trends evolve and what impact they will have on both buyers and sellers in the market.

Year-Over-Year Decrease in Transactions and Increasing Stock

The number of real estate transactions in Q2 2023 saw a significant year-over-year decrease of 20%. This trend is consistent across most regions. Zurich and Bern both experienced a decrease of 15% in transactions compared to the same period last year, while Geneva saw a slightly higher decrease of 18%. Basel's transactions dipped by 12%, marking a noticeable slowdown in market activity in these major cities compared to the previous year.

The most significant year-over-year drops were seen in Ticino, Valais, and Grisons, all at 30%. The decrease in transactions in these regions is a clear indication of the cooling market, reflecting the overall slowdown in the Swiss real estate market.

This decrease in transactions has led to a significant increase in the stock of houses and apartments for sale online, rising from 35,000 to 40,000, marking a 14% increase. As these properties stay on the market for longer periods, buyers may find themselves with more options and negotiating power. This shift could potentially lead to a buyer's market in some regions, where supply exceeds demand, and buyers have the upper hand in negotiations. As we move further into 2023, it will be interesting to see how this increased stock and decreased transaction activity will impact the overall Swiss real estate market.



Interest Rates at Peak, Expected to Decrease

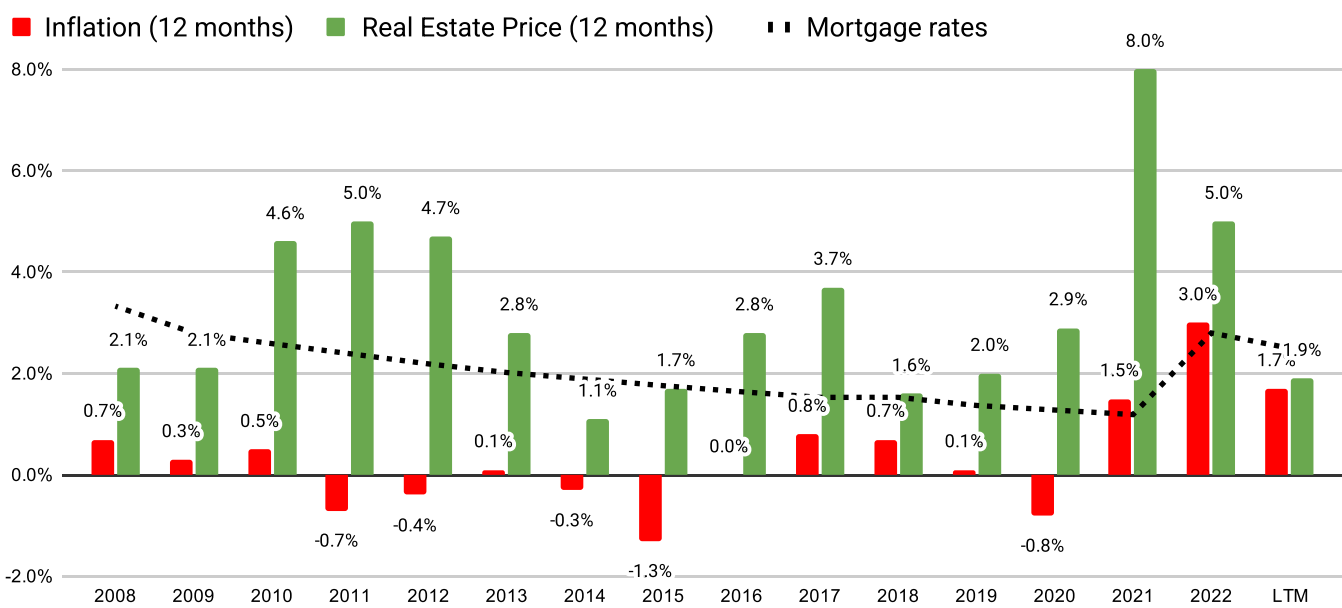
The Swiss National Bank (SNB) raised its policy rate from 1.5 to 1.75 percent in June, justifying the move due to medium-term inflation risks for the Swiss economy. Despite this increase, the SNB expects inflation to be slightly above its target of 0 to 2 percent in 2026. It is anticipated that the SNB will increase its policy rate one last time to 2 percent in September 2023.

However, this is unlikely to have a major impact on longer-term mortgage interest rates, as the bond markets are already anticipating the change in the policy rate forecast for September. On the contrary, the outlook for potential policy rate cuts next year should lead to slightly lower interest rates in the second half of the year. This will no doubt be more pronounced for mortgage interest rates than for government bond yields.

Inflation in Switzerland fell below 2% in June, reaching the target of the Swiss central bank for the first time in a year and a half. The decline in oil prices contributed

to the decrease in inflation, with prices down 22.6% compared to June 2022. This is the first time since early 2022 that inflation in Switzerland is below the 2% threshold targeted by the Swiss National Bank. Inflation in Switzerland at 1.7% is much lower than inflation in the eurozone, which stood at 5.5% in June according to Eurostat's estimate. These developments in inflation and interest rates will undoubtedly play a significant role in shaping the Swiss real estate market in the coming months.

Evolution of real estate prices in relation to inflation since 2008



Agglomerations: Evolution of single family home and apartment prices

Apartments

Agglomeration	10 years	▼ 2 year	Q1 2023
Zug	57.8%	4.6%	0.6%
Sion	23.3%	4.3%	0.0%
Luzern	42.4%	3.5%	0.3%
St. Gallen	44.0%	3.4%	0.5%
Biel/Bienne	32.1%	1.7%	-1.2%
Zürich	42.1%	1.6%	0.3%
Switzerland	32.8%	1.4%	-0.1%
Fribourg	32.4%	0.6%	-1.1%
Lausanne	33.9%	0.5%	-1.0%
Basel	45.6%	0.1%	-0.8%
Bern	30.6%	-0.1%	-0.8%
Genève	21.5%	-0.1%	-1.3%
Winterthur	37.8%	-0.8%	-0.4%
Neuchâtel	30.8%	-1.2%	-1.4%
Lugano	4.9%	-2.4%	-0.4%
Schaffhausen	27.9%	-2.4%	-2.8%

Single Family Homes

Agglomeration	10 years	▼ 1 year	Q2 2023
Sion	18.3%	5.0%	-1.1%
St. Gallen	35.1%	3.0%	0.2%
Zug	35.4%	2.8%	0.0%
Luzern	47.2%	2.2%	-0.8%
Biel/Bienne	44.7%	1.8%	-0.8%
Fribourg	45.8%	0.6%	-1.3%
Zürich	39.0%	0.6%	-0.4%
Bern	51.9%	0.5%	-0.9%
Neuchâtel	9.1%	0.3%	-1.2%
Lausanne	41.2%	0.0%	-0.6%
Basel	42.7%	-0.3%	-1.0%
Genève	25.3%	-0.8%	-1.9%
Lugano	27.4%	-0.9%	-1.4%
Switzerland	34.7%	-1.2%	-0.8%
Winterthur	37.5%	-1.4%	-0.6%
Schaffhausen	28.5%	-1.5%	-2.6%

Cantons: Evolution of single family home and apartment prices

Apartments

Canton	10 years	▼ 1 year	Q2 2023
Graubünden	50.6%	6.3%	1.6%
Valais	23.1%	4.6%	-0.1%
St. Gallen	37.6%	4.2%	1.0%
Zug	57.2%	4.0%	0.7%
Appenzell Inner.	34.5%	3.7%	-0.2%
Glarus	34.5%	3.6%	1.4%
Appenzell Auser.	40.6%	3.4%	-0.8%
Luzern	37.7%	2.6%	-0.2%
Schwyz	36.7%	2.5%	1.3%
Thurgau	34.6%	2.3%	0.5%
Uri	29.0%	2.3%	1.2%
Aargau	33.6%	1.9%	0.3%
Obwalden	43.3%	1.5%	0.0%
Nidwalden	35.1%	1.4%	0.2%
Switzerland	32.8%	1.4%	-0.1%
Bern	31.8%	1.2%	-0.7%
Zürich	41.5%	0.8%	-0.7%
Solothurn	29.4%	0.7%	-0.6%
Fribourg	27.8%	0.6%	-1.4%
Vaud	28.1%	0.6%	-0.7%
Basel-Stadt	52.9%	0.3%	-0.1%
Genève	23.0%	-0.3%	-0.7%
Ticino	9.5%	-0.5%	-0.3%
Jura	20.2%	-0.6%	-1.7%
Basel-Landschaft	35.6%	-0.7%	-0.6%
Neuchâtel	28.5%	-1.0%	-1.2%
Schaffhausen	28.6%	-2.2%	-2.3%

Single Family Homes

Canton	10 years	▼ 1 year	Q2 2023
Graubünden	39.8%	6.0%	1.8%
Valais	26.5%	5.2%	-1.0%
St. Gallen	47.9%	4.2%	0.4%
Appenzell Auser.	47.5%	3.5%	-0.3%
Appenzell Inner.	45.8%	3.4%	0.0%
Zug	50.9%	2.5%	-0.3%
Thurgau	44.5%	2.1%	-0.1%
Nidwalden	45.0%	2.0%	0.0%
Schwyz	40.6%	1.8%	0.9%
Glarus	47.2%	1.5%	0.1%
Aargau	38.5%	1.2%	0.0%
Luzern	43.4%	1.0%	-0.8%
Ticino	12.8%	1.0%	-0.5%
Bern	35.5%	0.9%	-0.9%
Basel-Stadt	48.1%	0.8%	-0.2%
Fribourg	32.2%	0.7%	-1.1%
Vaud	23.3%	0.2%	-1.1%
Neuchâtel	24.0%	0.2%	-0.9%
Solothurn	36.2%	0.1%	-0.8%
Uri	32.6%	-0.2%	-0.9%
Zürich	42.1%	-0.3%	-0.2%
Obwalden	46.8%	-0.4%	-0.7%
Schaffhausen	40.8%	-0.7%	-1.8%
Genève	17.0%	-0.8%	-1.9%
Basel-Landschaft	37.1%	-0.8%	-1.4%
Switzerland	34.7%	-1.2%	-0.8%
Jura	26.0%	-1.7%	-1.3%

Press contact

press@realadvisor.com

+41 (0) 22 552 46 46

RealAdvisor SA
Rte de Saint-Julien 198,
CH-1228 Plan-les-Ouates

RealAdvisor AG
Heinrichstrasse 200
CH-8005 Zürich



CHF 12'820 / m²

Basel, BS



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