

- UBS: The appreciation of the Swiss Franc has deteriorated the competitiveness of the Swiss economy. Through the significant reduction in the level of interest rates, the scarcity of investment opportunities is growing. As a result, yields at prime locations are expected to be pushed toward 2%. For now, the market for residential properties is expected to continuously assert itself. However, the market for office buildings is suffering heavily under the deterioration in the economic outlook. For 2015, a rise in the vacancy rates of 1% and decreasing rents are expected.
- According to SWX IAZI real estate price index, the prices for apartment buildings decreased in the 4th quarter 2014 by 0,2% (+2,9% in the previous quarter). On a yearly basis, prices raised by 4,7% (+6,0% in the previous quarter). The performance (total return) decreased from 3,8% in the previous quarter to 0,7%.
- CSL Immobilien: In the 20 largest urban areas, office availability has risen by 641000 m2 in 2014. This corresponds to a vacancy rate of 5,6%. As forecasted in 2014, the completion of a number of new buildings and renovation projects has added to the numerous available offices on the market.

#### Apartment buildings

(1)

	Demand		Supply		Cash-flow		Initial yields		Market values	
	2014	2015	2014	2015	2014	2015	2014	2015	2015	2016
Lake Geneva	●	→	●	→	●	→	●	↗	↗	→
Jura	●	→	●	→	●	↗	●	↗	↗	→
Swiss plateau (Mittelland)	●	→	●	↘	●	↗	●	↗	↗	↗
Basel	●	→	●	↘	●	→	●	↗	↗	→
Zurich	●	→	●	→	●	→	●	↗	↗	→
Eastern Switzerland	●	→	●	→	●	↗	●	↗	↗	↗
Alpine area	●	↘	●	→	●	→	●	↗	↗	→
Southern Switzerland	●	→	●	→	●	→	●	↗	↗	→
Switzerland	●	→	●	↘	●	→	●	↗	↗	→

All valuations are done from a owner/seller perspective. The circles describe the actual situation: green: unproblematic situation; yellow: some problems; red: problematic situation. Arrows describe the forecast for the following 12 months. ↗: expected improvement; →: stable; ↘: expected aggravation.

Helptext to the valuations: [http://www.fpre.ch/de/03\\_meta/Hilfetext\\_Einschaetzungen\\_FPPE.pdf](http://www.fpre.ch/de/03_meta/Hilfetext_Einschaetzungen_FPPE.pdf)

Source: Fahländer Partner.

#### Office buildings (new construction)

(2)

	Demand		Supply		Cash-flow		Initial yields		Market values	
	2014	2015	2014	2015	2014	2015	2014	2015	2015	2016
Lake Geneva	●	→	●	→	●	→	●	↗	↗	→
Jura	●	→	●	→	●	→	●	→	→	→
Swiss plateau (Mittelland)	●	↘	●	→	●	→	●	↗	→	→
Basel	●	↗	●	↘	●	↘	●	→	→	↘
Zurich	●	→	●	↘	●	↘	●	→	→	→
Eastern Switzerland	●	→	●	→	●	→	●	→	→	→
Alpine area	●	→	●	→	●	↘	●	↗	→	→
Southern Switzerland	●	↘	●	→	●	→	●	→	→	→
Switzerland	●	→	●	↘	●	↘	●	→	→	→

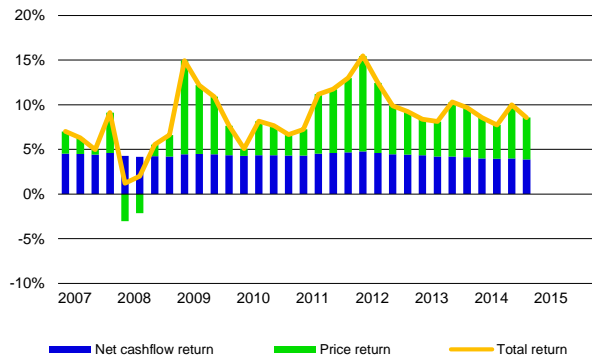
All valuations are done from a owner/seller perspective. The circles describe the actual situation: green: unproblematic situation; yellow: some problems; red: problematic situation. Arrows describe the forecast for the following 12 months. ↗: expected improvement; →: stable; ↘: expected aggravation.

Helptext to the valuations: [http://www.fpre.ch/de/03\\_meta/Hilfetext\\_Einschaetzungen\\_FPPE.pdf](http://www.fpre.ch/de/03_meta/Hilfetext_Einschaetzungen_FPPE.pdf)

Source: Fahländer Partner.

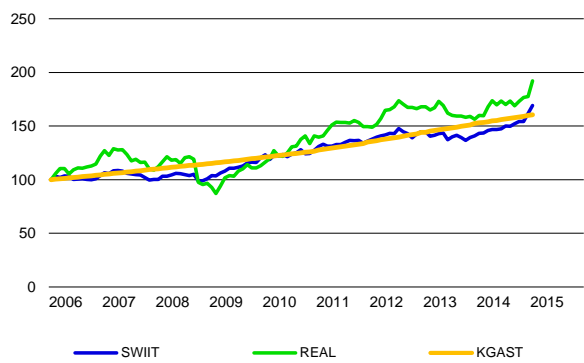
For all sources please check the glossary and impressum on the last page.

SWX IAZI Investment Real Estate Performance Index (3)



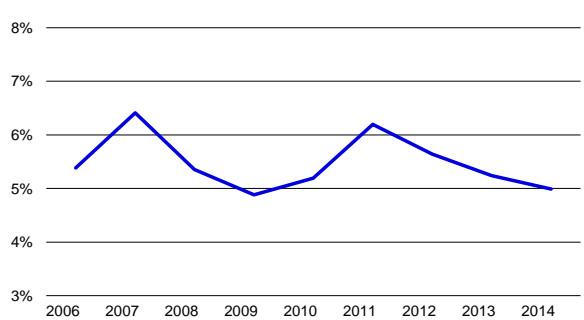
Source: IAZI, cf. meta analysis real estate FPRE.

SWIIT (Closing Prices), REAL (Closing Prices), KGAST (4)



Source: SIX Swiss Exchange, KGAST.

SFA yield on investm. indicator for real estate funds SFA ARI (5)



Source: SFA.

- The KOF has updated its December 2014 forecast in view of the "franc shock". It is expecting a short recession in the summer semester, with GDP falling by 0,5% during 2015 as a whole. In 2016, it has to be reckoned, according to KOF, with a stagnation of Swiss economy (0,0%).
- According to BAKBASEL, through the revaluation of the Swiss Franc, strong but relatively short-term negative impacts on the economy can be expected. In 2015 a decline of the Swiss GDP of 0,2% is expected. With 0,9% the GDP growth still stays under the potential growth as well in 2016.
- The SECO has decided not to currently issue a full intermediate update of the forecasts. However, it does acknowledge that the removal of the 1,20 floor means that one of the central assumptions on which the forecasts were based is no longer valid.

Economic forecasts Swiss economy

(6)

	SECO		KOF		Créa		CS		UBS		BAK		Arithmetic means	
	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
GDP, real	2.1 ↘	2.4	-0.5 ↘	0.0 ↘	2.1 ↘	2.6 ↗	0.8 ↘	1.2 ↘	0.5 ↘	1.1 ↘	-0.2 ↘	0.9 ↘	0.8 ↘	1.4 ↘
Private consumption	1.9 →	1.9	1.3 ↘	0.2 ↘	1.6 ↘	1.7 ↘	1.5 ↗	1.0 ↘	1.4 ↘	1.5 ↘	1.4 ↘	0.7 ↘	1.5 ↘	1.2 ↘
Public consumption	2.4 →	2.2	1.7 →	1.3 →	- →	- →	2.3 ↗	3.0 ↗	1.2 ↗	1.3 ↗	1.2 ↗	0.8 ↗	1.8 ↗	1.7 ↗
Equipment investments	3.0 →	4.0	0.0 ↘	-0.3 ↘	3.5 ↘	5.4 ↗	1.0 ↘	1.5 ↘	-0.3 ↘	0.5 ↘	-2.8 ↘	0.4 ↘	0.7 ↘	1.9 ↘
Investments in construction	1.0 →	1.0	-1.4 ↘	-0.3 ↘	2.6 ↘	4.2 ↗	1.5 ↗	1.5 ↗	1.6 ↘	0.7 ↘	-1.8 ↘	-0.8 ↘	0.6 ↘	1.1 ↘
Exports	4.1 ↘	4.8	-1.4 ↘	2.8 ↘	3.5 ↘	6.2 ↘	0.0 ↘	2.0 ↘	-0.1 ↘	0.5 ↘	-1.3 ↘	2.1 ↘	0.8 ↘	3.1 ↘
Imports	4.4 ↘	4.8	1.5 ↘	2.9 ↘	3.7 ↘	7.0 ↘	2.0 ↘	2.0 ↘	0.0 ↘	0.5 ↘	1.2 ↘	2.0 ↘	2.1 ↘	3.2 ↘
Unemployment rate	3.0 ↘	2.8	3.4 ↗	4.1 ↗	3.1 ↘	2.9 ↘	3.4 ↗	3.8 ↗	3.6 ↗	3.5 ↗	3.3 ↗	3.6 ↗	3.3 ↗	3.5 ↗
Consumer prices	0.2 ↘	0.4	-1.5 ↘	-0.4 ↘	-0.3 ↘	0.0 ↘	-1.3 ↘	0.0 ↘	-0.6 ↘	0.9 ↘	-1.5 ↘	-0.2 ↘	-0.8 ↘	0.1 ↘

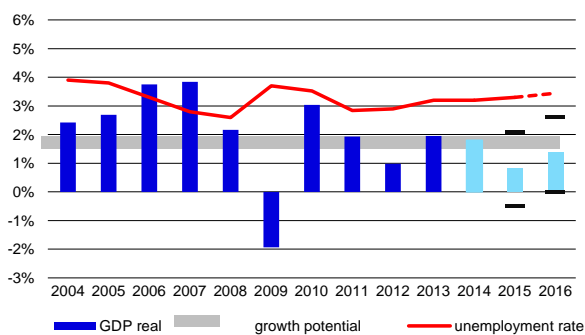
Changes to previous year as a %. Consecutively, the date of the current forecast will be listed directly, the date of the previous forecast in parentheses:

SECO: 18.12.2014 (16.10.2014), KOF: 28.1.2015 (17.12.2014), Créa: 18.11.2014 (8.5.2014), CS: 19.1.2015 (10.12.2014), UBS: 15.1.2015 (28.11.2014), BAKBASEL: 31.1.2015 (9.9.2014).

Arrows: ↗ (previous forecast was adjusted upwards), ↘ (previous forecast was adjusted downwards), → (previous forecast kept). The first forecast of the year will not be listed with an arrow. The arithmetic means (columns on the right) are calculated in the meta analysis economy of Fahrländer Partner.

Real GDP and unemployment rate

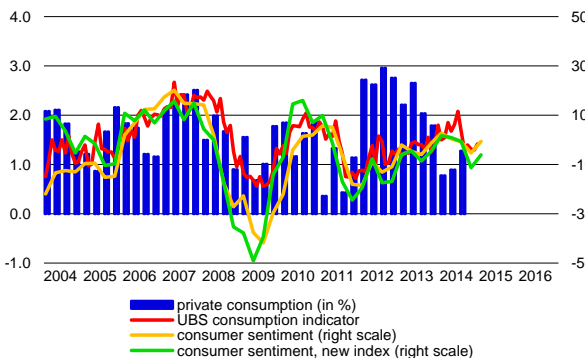
(7)



Note: In June 2012, the population census 2012 replaced the one of 2000 as database. The unemployment rate has been revised retroactively until 2010 by SECO. Source: cf. fig. 6, Fahrländer partner (growth potential).

Private consumption, consumer sentiment and UBS consumption indicator

(8)

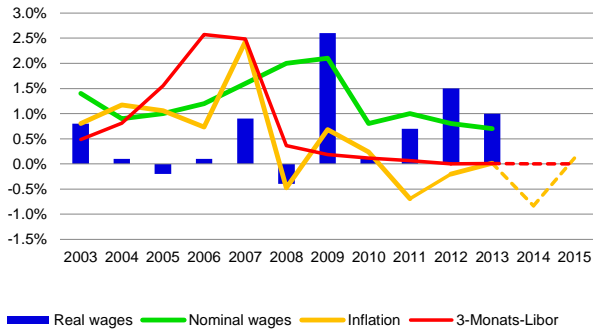


- Thanks to numerous new car registrations, the UBS consumption indicator climbed from 1,29 to 1,42 points in December 2014. The somber mood in the retail industry, however, is curbing expectations for major consumption growth.

Source: WMR UBS, Seco, cf. meta analysis economy FPPE.

Real wages and rate of price increase

(9)



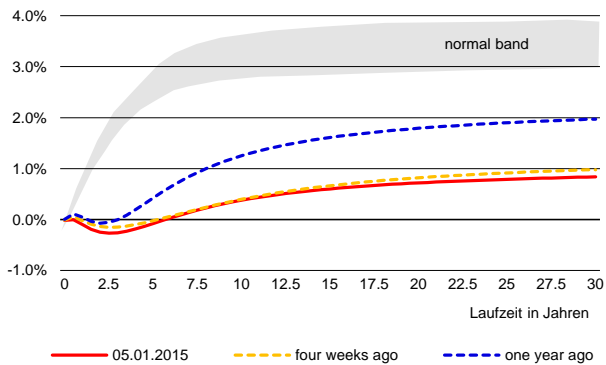
Inflation forecast SNB	2014	2015	2016
Forecast December 2014 Libor 0.00%	0.0%	-0.1%	0.3%
Forecast September 2014 Libor 0.00%	0.1%	0.2%	0.5%

- The Swiss National Bank has once again adjusted its conditional inflation forecast downwards in December 2014 compared to September 2014. For 2014, the SNB has revised its inflation forecast downwards by 0,1 percentage points to 0,0%. For 2015, forecast inflation will even turn negative, at -0,1%. Only in 2016 is inflation expected to rise slightly, to 0,3%.

Source: FSO, cf. meta analysis economy FPRE.

Yields on Confederation bonds

(10)

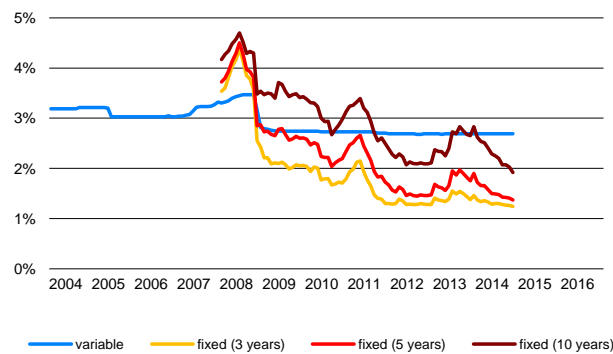


Duration	05.01.2015	four weeks ago	one year ago
1 year	-0.10%	-0.02%	0.05%
3 years	-0.26%	-0.15%	0.00%
5 years	-0.08%	-0.02%	0.42%
10 years	0.38%	0.40%	1.25%

Source: SNB, Fahrländer Partner (normal band), cf. meta analysis real estate FPRE.

Mortgage rates

(11)

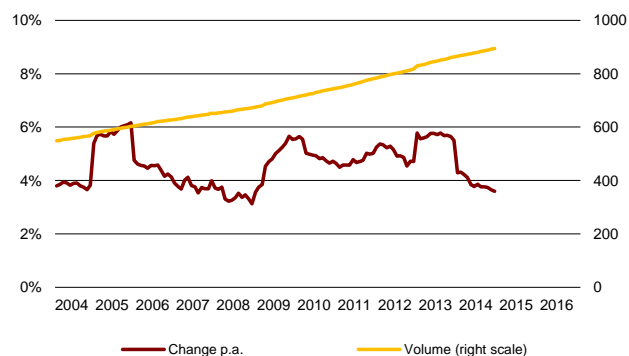


Mortgage	November 2014
variable	2.7%
fixed (3 years)	1.2%
fixed (5 years)	1.4%
fixed (10 years)	1.9%

Source: SNB, cf. meta analysis real estate FPRE.

Mortgage volume inland (in bn CHF)

(12)

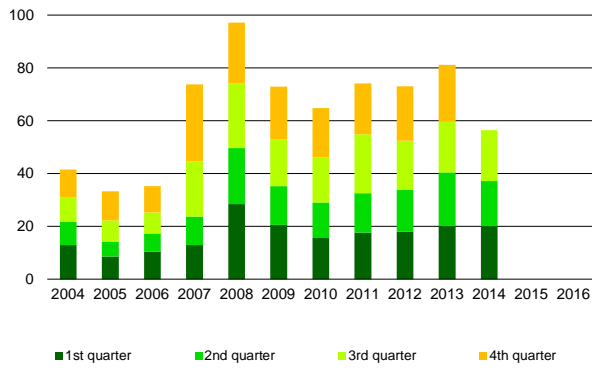


November 2014	Volume in billion CHF	Change p.a.
Mortgage claims	894.0	3.6%

Source: SNB, cf. meta analysis real estate FPRE.

Net immigration permanent resident population (in 1'000)

(13)



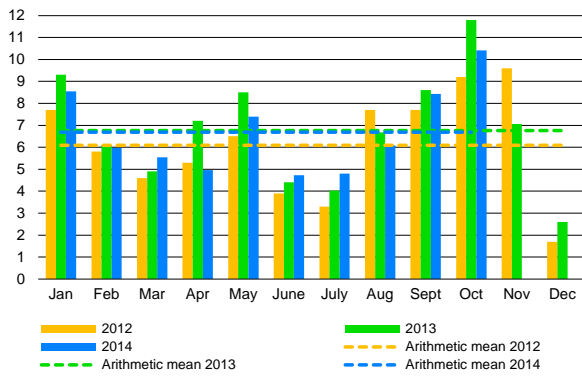
3rd quarter 2014

Net immigration permanent resident population (in 1'000)  
19.3

Source: FSO (2001-2009), FOM (2010-2012), cf. meta analysis real estate FPRE.

Net immigration monthly (in 1'000)

(14)



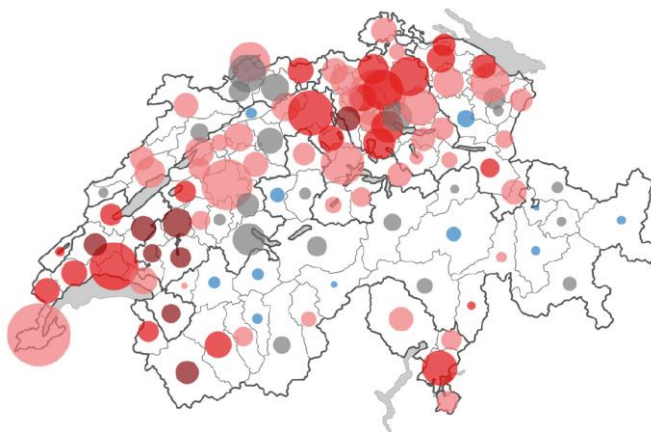
October 2014

Net immigration permanent resident population (in 1'000)  
10.4

Source: FOM, cf. meta analysis real estate FPRE.

Population growth by MS regions (2010-2013)

(15)



- < 0%
- 0% bis 2%
- 2% bis 4%
- 4% bis 6%
- > 6%

Note: circle radius in relation to population 2013.

Maps: FSO Geostat/Swisstopo.

Source: FSO, cf. Immobilien-Almanach Schweiz 2015.

## Forecast construction activity

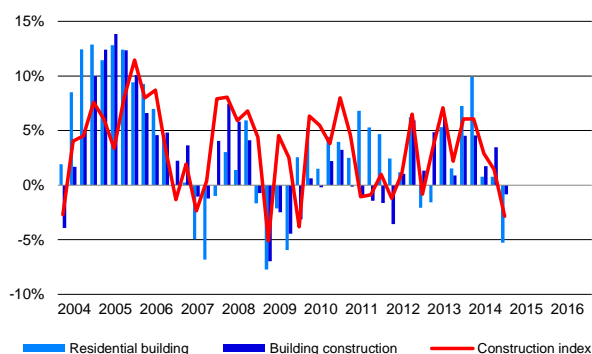
(16)

in m CHF	2014	2015	2016	Change p.a.	2014	2015	2016
<b>Total</b>	62'480	63'139	63'921	<b>Total</b>	0.4%	1.1%	1.2%
<b>Building construction</b>	49'155	49'644	50'244	<b>Building construction</b>	0.1%	1.0%	1.2%
Residential building	30'340	30'612	30'887	Residential building	-0.9%	0.9%	0.9%
<b>Civil engineering</b>	13'325	13'495	13'677	<b>Civil</b>	1.7%	1.3%	1.4%

Source: BAK, cf. meta analysis real estate FPRE.

## Construction index Credit Suisse / SBV (nominal)

(17)



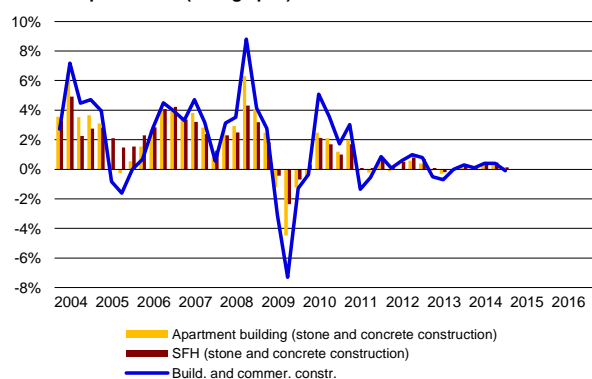
4th quarter 2014	Index (1996=100)	Change p.a.
<b>Construction index total</b>		-3%
- Building construction		-1%
- Residential building		-5%

- The construction index is an early indicator of the construction economy in Switzerland which foresees current quarter turnover.

Source: Credit Suisse, SBC, cf. meta analysis real estate FPRE.

## Production price index (change p.a.)

(18)



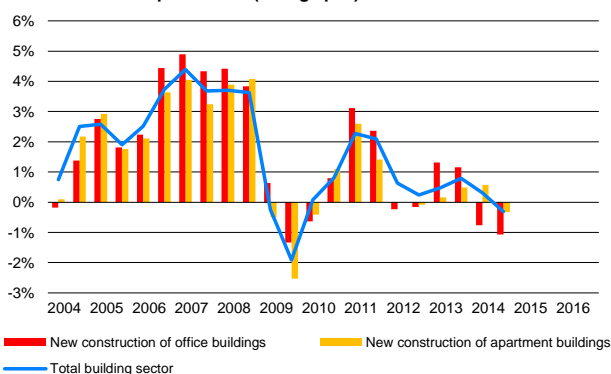
4th quarter 2014	Index (2003=100)	Change compared to previous quarter	Change p.a.
<b>Stone and concrete construction</b>			
- Apartment building	115.0	0.1%	-0.2%
- SFH	115.8	0.1%	-0.2%
<b>Build. and commer. constr.</b>	116.8	-0.1%	-0.3%

- The production price index PKI shows the change in production costs.

Source: SBV, vedi Meta-analisi immobiliare FPRE.

## Swiss construction price index (change p.a.)

(19)



2nd half year 2014	Index (2010=100)	Change compared to previous half year	Change p.a.
<b>Total building sector</b>	102.8	-0.3%	-0.1%
- Office buildings	102.3	-1.1%	0.0%
- Apartment buildings	101.5	-0.3%	-0.5%

- The Swiss building price index is an economic indicator which captures the evolution of construction costs as reported by local construction companies.

Source: FSO, vedi Meta-analisi immobiliare FPRE.

**FPRE**

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## «Immobilien-Almanach Schweiz»

On 19 december 2014, the guide for Swiss residential and commercial properties markets for the year 2015 was published.

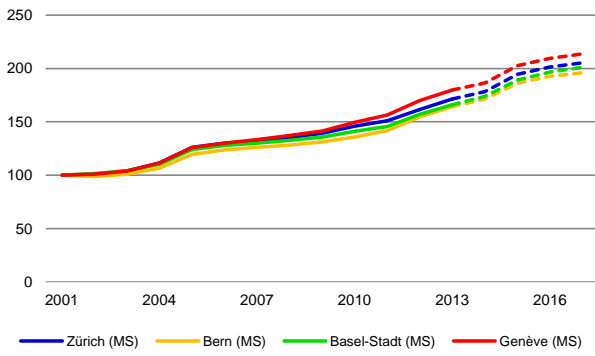
Order: [almanach@fpre.ch](mailto:almanach@fpre.ch)

Costs: CHF 150 / copy

Information: [http://www.fpre.ch/en/produkte\\_almanach.asp](http://www.fpre.ch/en/produkte_almanach.asp)

Market value index apartment buildings

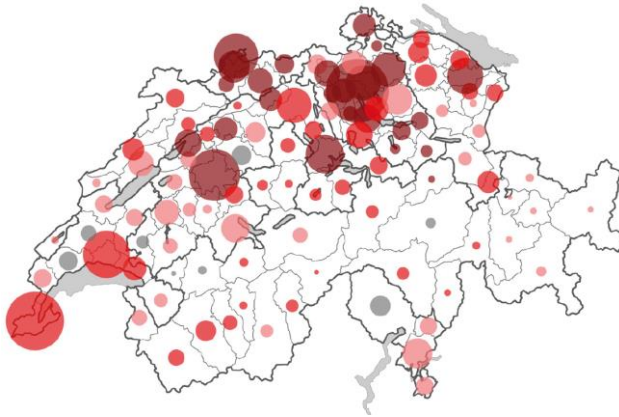
(20)



Note: market value index (2001=100).  
Source: RESC Fahrländer Partner, base scenario November 2014.

Market value evolution apartment buildings 2013-2017

(21)

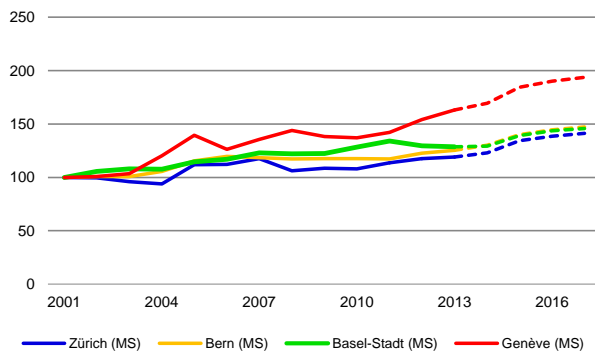


Note: all values are based on new constructions (excl. depreciation).  
Circle radius in relation to stock of rented apartments 2012.  
Maps: FSO Geostat/Swisstopo.  
Source: RESC Fahrländer Partner, base scenario November 2014; cf. Immobilien-Almanach Schweiz 2015.

- < 17%
- 17% bis 18%
- 18% bis 19%
- > 19%

Market value index office property

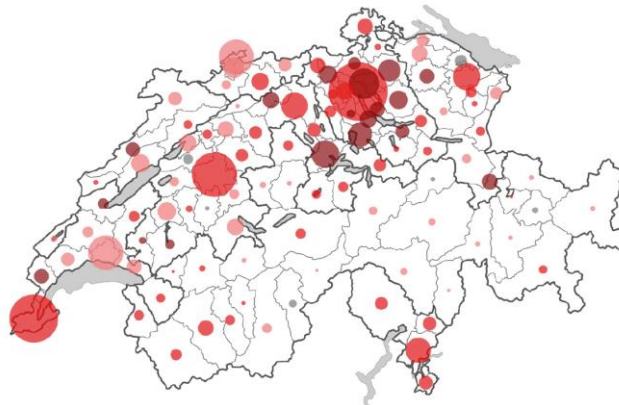
(22)



Note: market value index (2001=100).  
Source: RESC Fahrländer Partner, base scenario November 2014.

Market value evolution office property 2013-2017

(23)



Note: all values are based on new constructions (excl. depreciation).  
Circle radius in relation to stock of office space 2010.  
Maps: FSO Geostat/Swisstopo.  
Source: RESC Fahrländer Partner, base scenario November 2014; cf. Immobilien-Almanach Schweiz 2015.

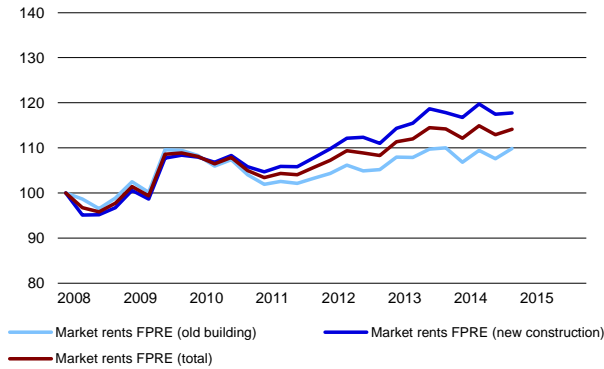
- <10%
- 10% bis 15%
- 15% bis 19%
- > 19%

## Forec. rented ap. / ap. buildings (tot. / av. new constr.) (24)

CS(2)		FPRE(1)		W&P(2)
Rents	Rents	Prices	Prices	Rents
Forecast	2015	2015	2016	2015
↗	→	↗	→	1.7%

Note: market rents / transaction prices (1) resp. quoted rents (2).  
Source: Credit Suisse, FPRE, Wüest & Partner, meta analysis real estate FPRE.

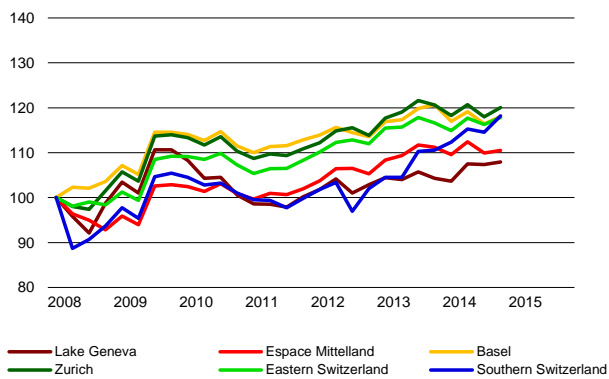
## Market rents rented apartments (RA) Switzerland (25)



4th quarter 2014	Index (=100)	Changes to previous quarter	Change p.a.
Lake Geneva	107.9	0.5%	3.4%
Jura	98.9	-3.1%	-6.6%
Espace Mittelland	110.5	0.5%	-0.7%
Basel	118.1	1.4%	-2.2%
Zurich	120.1	1.8%	-0.5%
Eastern Switzerland	117.8	1.3%	1.0%
Alps	101.9	-0.4%	-5.2%
Southern Switzerland	118.2	3.2%	6.9%

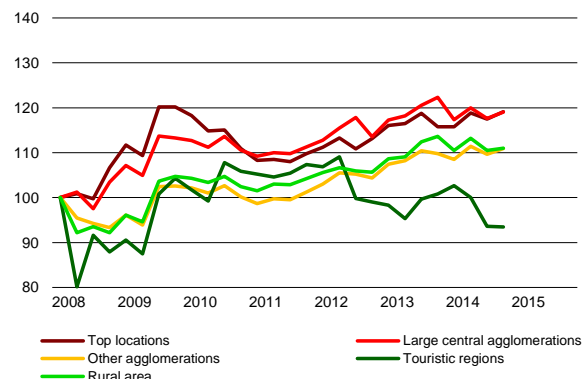
Source: Fahrländer Partner, meta analysis real estate FPRE.

## Market rents RA by region (26)



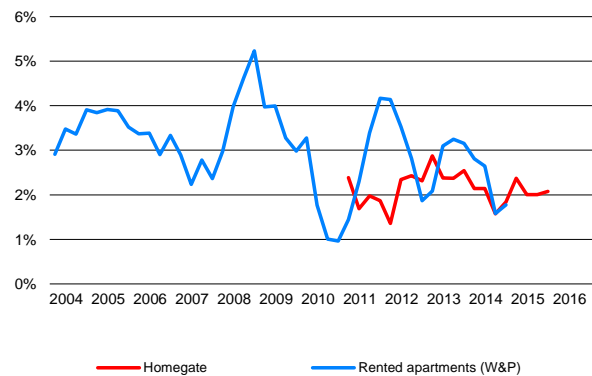
Source: Fahrländer Partner, meta analysis real estate FPRE.

## Market rents RA by spatial type (27)



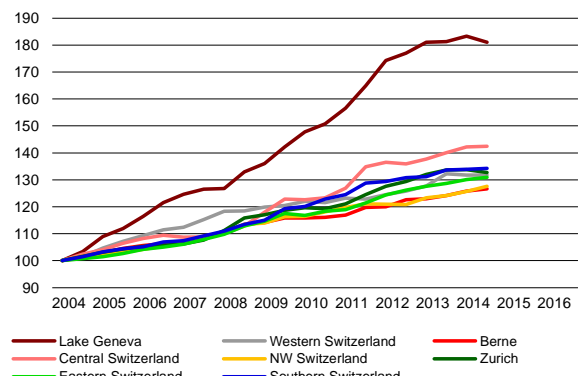
Source: Fahrländer Partner, meta analysis real estate FPRE.

## Quoted rents RA Switzerland (change p.a.) (28)



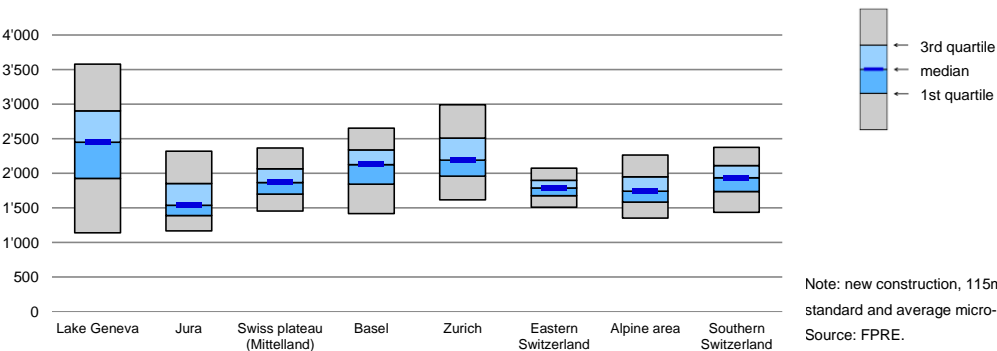
Source: Homegate, Wüest & Partner, cf. meta analysis real estate FPRE.

## Quoted rents RA by regions (29)



Source: SNB, Wüest & Partner, cf. meta analysis real estate FPRE.

## Market rent 4.5 room apartment by regions (CHF/month) (30)



Note: new construction, 115m2 HNF SIA 416, average standard and average micro-location.  
Source: FPRE.



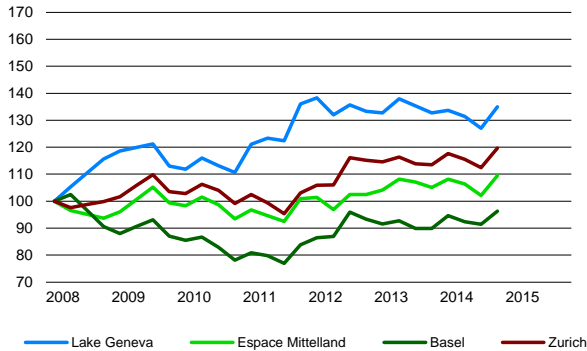
**Forecast office space (31)**

	CS(2) Forecast	FPRE(1) 2015	W&P(2) 2015
Rents	↘	↘	-3.2%
Prices	→	→	

Note: market rents / transaction prices (1) resp. quoted rents (2).  
Source: Credit Suisse, FPRE, Wüest & Partner, meta analysis real estate FPRE.

**Market rents for office spaces by region (net rents)**

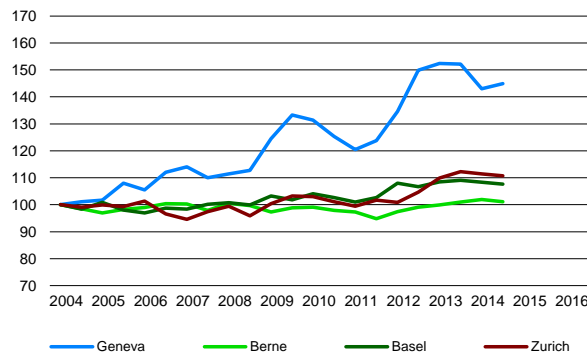
(32)



4th quarter 2014	Index (=100)	Changes to previous quarter	Change p.a.
Lake Geneva	134.9	6.2%	1.6%
Espace Mittelland	109.5	7.2%	4.2%
Basel	96.3	5.4%	7.1%
Zurich	119.7	6.4%	5.4%

Source: Fahrländer Partner, meta analysis real estate FPRE.

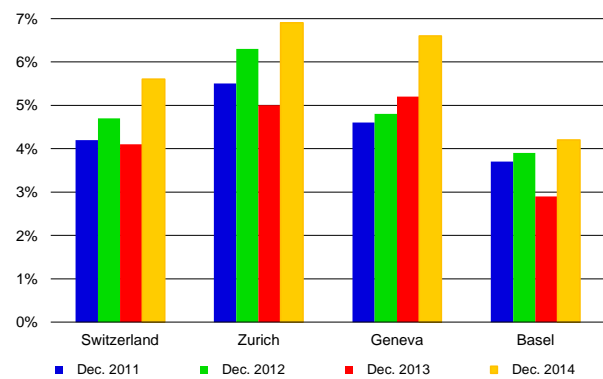
**Quoted rents for office space (net rents)**



Source: SNB, Wüest & Partner, meta analysis real estate FPRE.

**(33) Office markets: offer as a % of total space available**

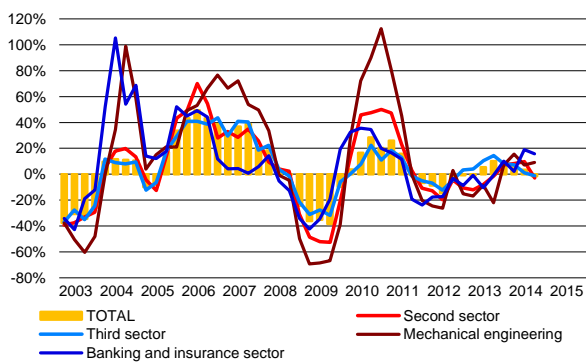
(34)



Source: CSL Immobilien, meta analysis real estate FPRE.

**Change in job vacancies**

(35)

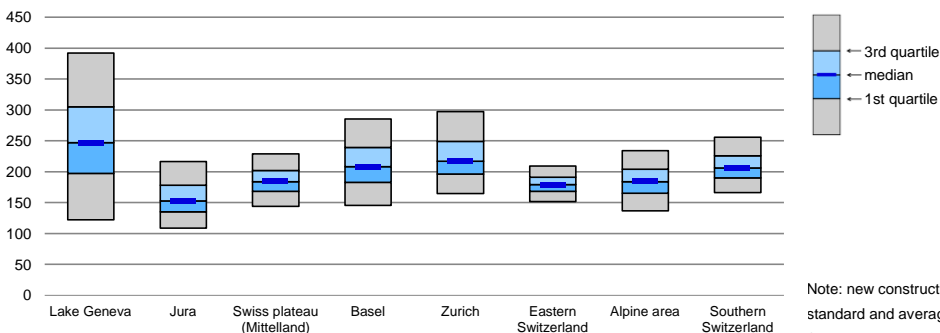


Index of job vacancies	Change p.a. 3rd quarter 2014
TOTAL	-2%
Banking and insurance sector	16%
Real estate sector	3%
IT sector	-20%
Other services	-36%

Source: FSO, cf. meta analysis real estate FPRE.

**Market rents office space by region (CHF/m2a)**

(36)



Note: new construction, 200m2 NF SIA 416, average standard and average micro-location.  
Source: FPRE.

Glossary	Note	Indicator	Source	Data as of
1-2			Fahrländer Partner	1st quarter 2015
3	Cf. meta analysis real estate FPPE		IAZI	4th quarter 2014
4	Closing Prices	SWIIT, REAL KGAST	SIX KGAST	30.01.2015 30.01.2015
5			SFA	3rd quarter 2014
6	Cf. meta analysis economy FPPE	Forecasts	SECO KOF Créa Credit Suisse UBS BAKBASEL	18.12.2014 28.01.2015 18.11.2014 19.01.2015 15.01.2015 31.01.2015
7	Cf. meta analysis economy FPPE Real change as a % compared to previous year (at previous year prices).	Forecasts	SECO	2014 fig. 6
8	Cf. meta analysis economy FPPE	Private consumption UBS consumption indicator Consumer confidence	SECO UBS SECO	4th quarter 2013 December 2014 1st quarter 2015
9	Cf. meta analysis economy FPPE		FSO	2014
10	Cf. meta analysis real estate FPPE		SNB	05.01.2015
11-12	Cf. meta analysis real estate FPPE		SNB	Nov 2014
13	Cf. meta analysis real estate FPPE		FSO, FOM	3rd quarter 2014
14	Cf. meta analysis real estate FPPE		FOM	Nov 2014
15	Immobilien-Almanach Schweiz 2015		FSO, FOM	2013
16	Cf. forecast below			
17	Nominal change compared to same quarter of previous year		Credit Suisse, SBV	4th quarter 2014
18			SBV	4th quarter 2014
19			FSO, FOM	2nd half year 2014
20	Base scenario November 2014		Fahrländer Partner	4th quarter 2014
21	Cf. meta analysis real estate FPPE Base scenario November 2014 Maps		Fahrländer Partner FSO Geostat/Swisstopo	4th quarter 2014 4th quarter 2014
22	Base scenario November 2014		Fahrländer Partner	4th quarter 2014
23	Cf. meta analysis real estate FPPE Base scenario November 2014 Maps		Fahrländer Partner	4th quarter 2014
24	Cf. forecast below			
25-27	Cf. meta analysis real estate FPPE		Fahrländer Partner	4th quarter 2014
28			Homegate Wüest & Partner	4th quarter 2014 4th quarter 2014
29	Cf. meta analysis real estate FPPE		SNB/W&P	2nd half year 2014
30			IMBAS FPPE	3rd quarter 2014
31	Cf. forecast below			
32	Cf. meta analysis real estate FPPE		Fahrländer Partner	4th quarter 2014
33	Cf. meta analysis real estate FPPE		SNB/W&P	2. half year 2014
34	Cf. meta analysis real estate FPPE		CSL Immobilien	2014
35	Cf. meta analysis economy FPPE		SECO	3rd quarter 2014
36			IMBAS FPPE	3rd quarter 2014
Forecasts		The Swiss Real Estate Market Immobilien-Almanach Schweiz 2015 Immomonitoring Hochbauprognose 2013-2019	Credit Suisse Fahrländer Partner Wüest & Partner BAKBASEL	2014 2015 2015 I 1 2013

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