

- According to SWX IAZI real estate price index, the price growth for condominiums shows a modest recovery. In the 4th quarter 2016, the prices rose by 0,2%. On a yearly basis, the price increase is +0,2% as well. The performance of condominiums increased compared to the previous quarter (+1,1%) as well as compared to the previous year (+3,8%) with more vigor. Performance is the total return and includes the net cash flow return and the increase in value.
- UBS: the return of condominiums (top position within Swiss big cities) fell in 2016 from 2,8% to 2,6%. The search of better returns push investors to invest in less central places. The vacancy rate should continue to increase in this places. The expected loss in the yield by a rate of 2% at Swiss level should remains modest. It is however remarkable that in 25% of the Swiss municipalities the vacancy rate of the apartments for rent exceeds 5 percentage points.
- Swiss consumer sentiment (index value: -3 points) climbed above the long run average (-9 points) in January 2017. Expectations for the Swiss economy are better than before. For the first time since the Swiss franc shock of 2015, the consumers consider the future developments in the job market as non-negative.

Apartment buildings
(1)

	Demand		Supply		Cash-flow		Initial yields		Market values	
	2016	2017	2016	2017	2016	2017	2016	2017	2017	2018
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.

Help text to the valuations: <https://metaanalysen.ch/de/immobilien/>

Source: Fahrländer Partner.

Office buildings (new construction)
(2)

	Demand		Supply		Cash-flow		Initial yields		Market values	
	2016	2017	2016	2017	2016	2017	2016	2017	2017	2018
Lake Geneva	●	↘	●	→	●	→	●	↗	↗	→
Jura	●	→	●	→	●	→	●	↗	↗	↗
Swiss plateau (Mittelland)	●	→	●	→	●	→	●	→	→	↘
Basel	●	→	●	→	●	→	●	↗	↗	→
Zurich	●	→	●	→	●	↘	●	↗	↗	→
Eastern Switzerland	●	→	●	↘	●	→	●	↗	↗	→
Alpine area	●	→	●	→	●	→	●	↗	↗	→
Southern Switzerland	●	↘	●	→	●	→	●	→	→	→
Switzerland	●	→	●	→	●	↘	●	↗	↗	→

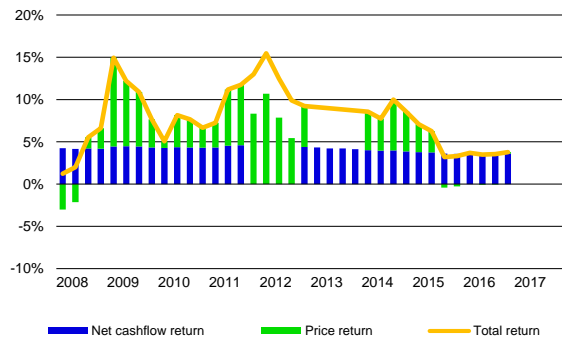
All valuations are done from a owner/seller perspective. The circles describe the actual situation: green: unproblematic situation; yellow: some problems; red: problematic situation. Arrows describe the forecast for the following 12 months. ↗: expected improvement; →: stable; ↘: expected aggravation.

Help text to the valuations: <https://metaanalysen.ch/de/immobilien/>

Source: Fahrländer Partner.

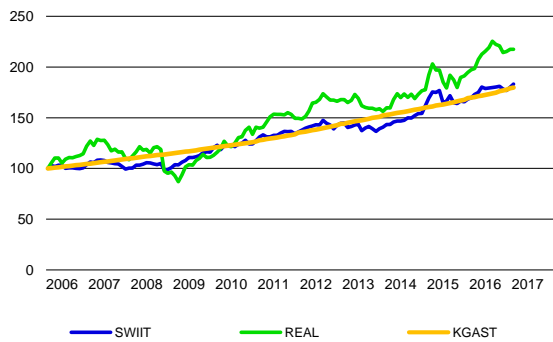
For all sources please check the glossary and impressum on the last page.

SWX IAZI Investment Real Estate Performance Index (3)



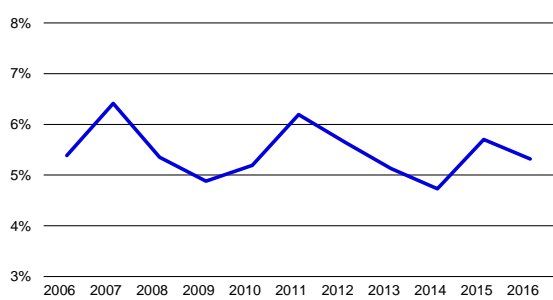
Source: IAZI, cf. meta analysis real estate FPPE.

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 goal of Immofunds.ch is to connect information and experts in the field of real estate investments in Switzerland. All stakeholders in the market, such as promoters, trustees or investors, are welcome.

- In January 2017, the KOF Economic Barometer fell by 0,4 points to 101,7. The value, remaining above the long run average, suggests a stable development of the Swiss economy in the near future.
- The UBS Consumption Indicator of December 2016 rose from 1,45 to 1,50 points. The good numbers of the car industry played a major role in this increase (new vehicle registration: +8,2% in comparison to the last year). The touristic sector shows slightly positive results, whereas the mood in the retail trade remains pessimistic.
- In January 2017, the PMI of procure.ch/Credit Suisse closed at 54,6 points remaining in the growth zone. The pressure on the prices increased (sub-index regarding the purchasing prices is at 65,9 points).

Economic forecasts Swiss economy

(6)

	SECO		KOF		Créa		CS		UBS		BAK		Arithmetic means	
	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
GDP, real	1.8	1.9	1.6	1.9	1.5	2.4	1.5	-	1.4	1.6	2.0	2.0	1.6	2.0
	→		↘	→	↗	↗	→		↗		↗	→	→	↘
Private consumption	1.3	1.4	0.9	1.1	1.3	1.4	1.0	-	0.9	1.2	1.1	1.5	1.1	1.3
	↘		↘	→	↗	↗	→		↘		↘	↘	→	↘
Public consumption	2.3	1.9	0.8	0.3	-	-	1.8	-	1.3	1.0	1.1	1.0	1.5	1.1
	→		↘	↘			→		↗		↘	↘	↗	→
Equipment investments	2.3	2.3	-0.5	1.6	3.4	4.7	2.5	-	0.7	3.2	3.2	3.5	1.9	3.1
	→		↘	↘	↗	↗	→		↘		↗	↘	↘	↗
Investments in construction	1.5	1.8	0.9	1.9	2.8	2.5	1.5	-	0.9	1.2	1.3	1.3	1.5	1.7
	↗		↘	↘	↗	↗	↗		↗		↘	→	→	↘
Exports	3.2	3.7	2.2	3.0	1.7	3.5	4.5	-	2.4	3.1	2.7	4.0	2.8	3.5
	↘		↘	↘	↘	↘	→		↘		↗	↘	↘	↘
Imports	3.5	3.8	2.5	3.0	5.9	6.1	3.5	-	2.4	3.2	3.1	4.2	3.5	4.1
	→		↘	↘	↘	↗	→		↘		↗	↘	↘	↘
Unemployment rate	3.2	3.1	3.3	3.4	3.2	3.0	3.3	-	3.2	3.0	3.3	3.2	3.3	3.1
	↘		↘	→	↘	↘	→		↘		↘	→	→	↘
Consumer prices	0.0	0.2	0.3	0.3	0.6	0.8	0.5	-	0.4	0.9	0.4	0.8	0.4	0.6
	↘		↗	→	↗	↗	→		→		→	→	→	↗

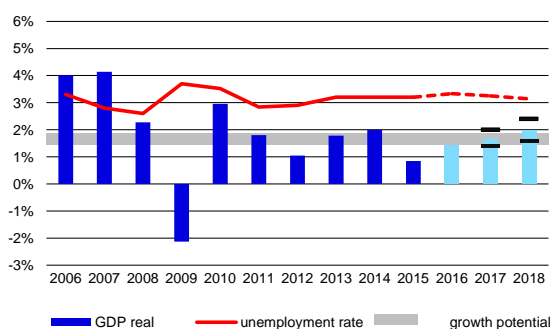
Changes to previous year as a %. Consecutively, the date of the current forecast will be listed directly, the date of the previous forecast in parentheses:

SECO: 15.12.2016 (19.10.2016), KOF: 15.12.2016 (6.10.2016), Créa: 24.10.2016 (25.5.2016), CS: 14.12.2016 (14.9.2016), UBS: 26.1.2017 (20.10.2016), BAK: 9.12.2016 (13.9.2016).

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 arrows with the arithmetic means (columns on the right) show the changes of the means to the previous meta analysis economy.

Real GDP and unemployment rate

(7)



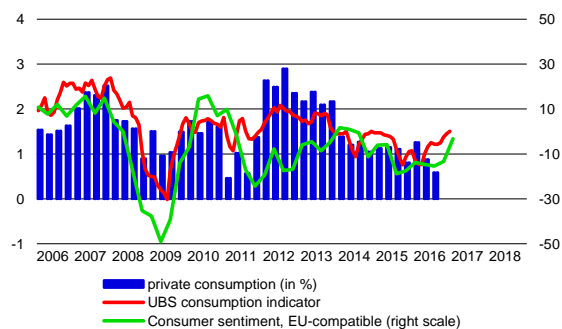
Note: The values for 2016 and 2017 are forecasts.

Since June 2016, the unemployment rate is based on occupation numbers according to the pooling 2012-2014 (revised from January 2014).

Source: cf. fig. 6, Fahrländer partner (growth potential).

Private consumption, consumer sentiment and UBS consumption indicator

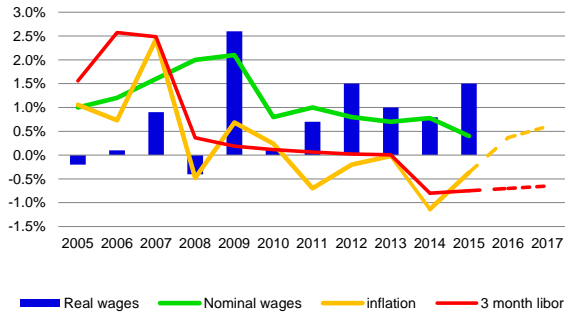
(8)



- The UBS Consumption Indicator of December 2016 rose from 1,45 to 1,50 points. The good numbers of the car industry played a major role in this increase (new vehicle registration: +8,2% in comparison to the last year). The touristic sector shows slightly positive results, whereas the mood in the retail trade remains pessimistic.

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

Real wages and rate of price increase



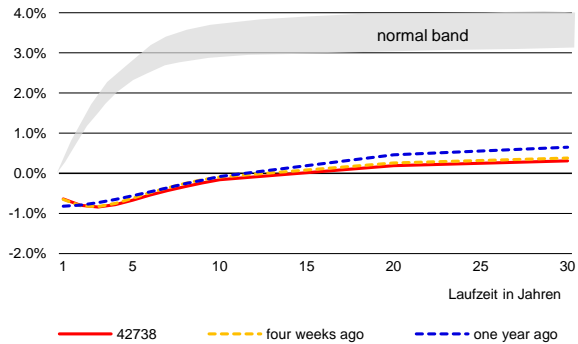
(9)

Inflation forecast SNB	2016	2017	2018
Forecast December 2016	-0.4%	0.1%	0.5%
Libor	-0.75%		
Forecast September 2016	-0.4%	0.2%	0.6%
Libor	-0.75%		

- Compared to September, the new conditional inflation forecast of the SNB has been revised slightly downwards in the short term. The SNB anticipates an unchanged inflation rate of -0,4% for 2016, for 2017 +0,1% (September: +0,2%).

Source: FSO, cf. meta analysis economy FPRE.

Yields on Confederation bonds

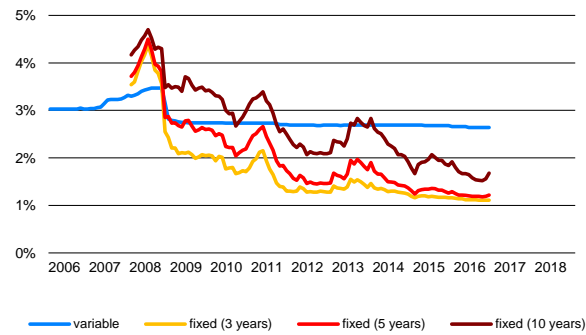


(10)

Duration	03.01.2017	four weeks ago	one year ago
1 year	-0.64%	-0.65%	-0.82%
5 years	-0.67%	-0.62%	-0.56%
10 years	-0.16%	-0.09%	-0.08%

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

Mortgage rates

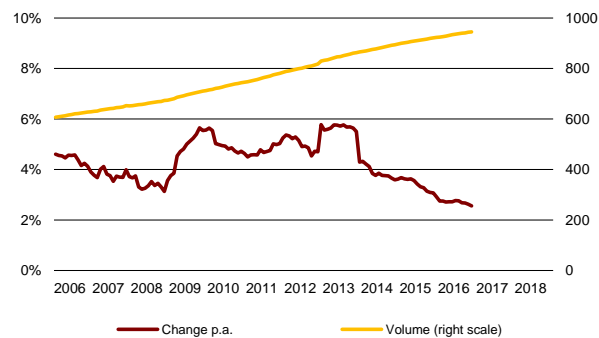


(11)

Mortgage	November 2016
variable	2.6%
fixed (3 years)	1.1%
fixed (5 years)	1.2%
fixed (10 years)	1.7%

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

Mortgage volume inland (in bn CHF)



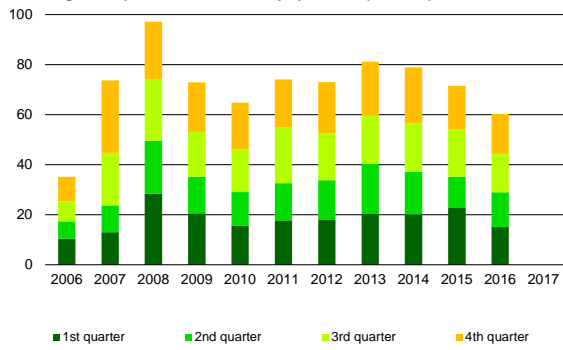
(12)

November 2016	Volume in billion CHF	Change p.a.
Mortgage claims	945.1	2.6%

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

Net immigration permanent resident population (in 1'000)

(13)



4th quarter 2016

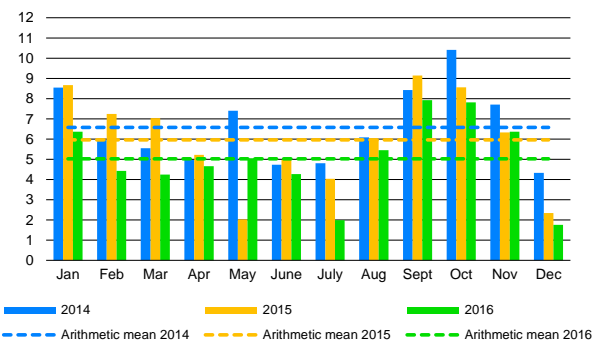
Net immigration permanent resident population (in 1'000)

15.9

Source: FSO (2001-2009), SEM (2010-2014), cf. meta analysis real estate FPPE.

Net immigration monthly (in 1'000)

(14)



December 2016

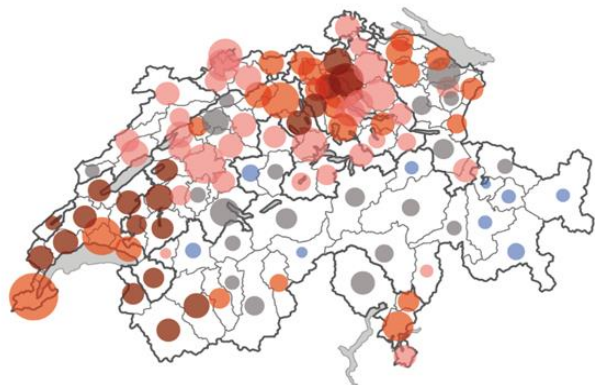
Net immigration permanent resident population (in 1'000)

1.8

Source: SEM, cf. meta analysis real estate FPPE.

Population growth by MS regions (2012-2015)

(15)



Note: circle radius in relation to population 2015.

Maps: FSO Geostat/Swisstopo.

Source: FSO, cf. Immobilien-Almanach Schweiz 2017.

Forecast construction activity

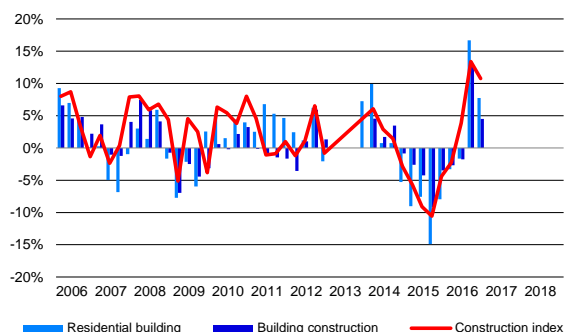
(16)

in m CHF	2016	2017	2018	Change p.a.	2016	2017	2018
Building construction	53'886	54'812	55'523	Building construction	0.6%	1.7%	1.3%
Residential building	33'154	33'804	34'286	Residential building	0.7%	2.0%	1.4%
Industrial buildings	11'981	12'053	12'110	Industrial buildings	0.2%	0.6%	0.5%
Infrastructure	8'751	8'955	9'126	Infrastructure	1.1%	2.3%	1.9%

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

Construction index Credit Suisse / SBV (nominal)

(17)



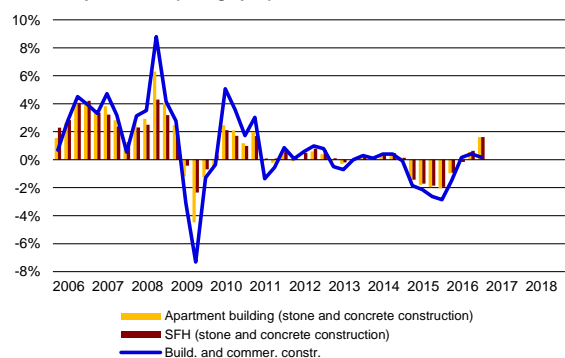
4th quarter 2016	Index (1996=100)	Change p.a.
Construction index total		11%
- Building construction		5%
- Residential building		8%

- 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)



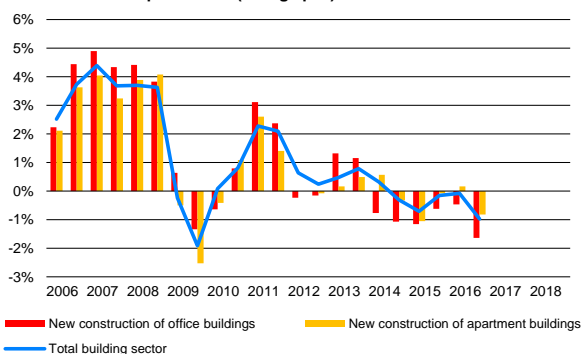
4th quarter 2016	Index (2003=100)	Change compared to previous quarter	Change p.a.
Stone and concrete construction			
- Apartment building	109.3	1.6%	0.7%
- SFH	109.7	1.6%	0.7%
Build. and commer. constr.	108.6	0.2%	-0.8%

- 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 2016	Index (2010=100)	Change compared to previous half year	Change p.a.
Total building sector	101.7	-1.0%	-0.4%
- Office buildings	100.0	-1.6%	-0.6%
- Apartment buildings	100.6	-0.8%	-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 22 december 2016, the guide for Swiss residential and commercial properties markets for the year 2017 was published (in German).

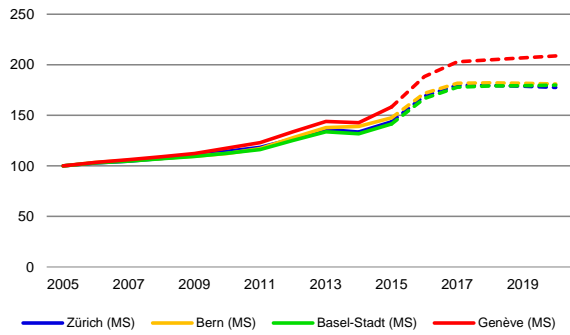
Order: almanach@fpre.ch

Costs: CHF 150 / copy

Information: <https://www.fpre.ch/en/products/immobilien-almanach/>

Market value index apartment buildings

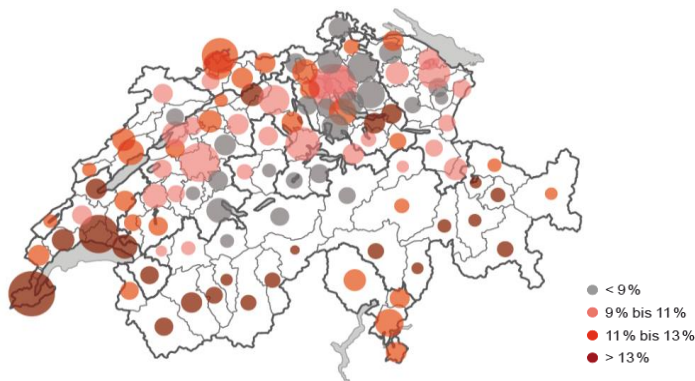
(20)



Note: market value index (2005=100).
Source: RESC Fahländer Partner, base scenario November 2016.

Market value evolution apartment buildings 2015-2019

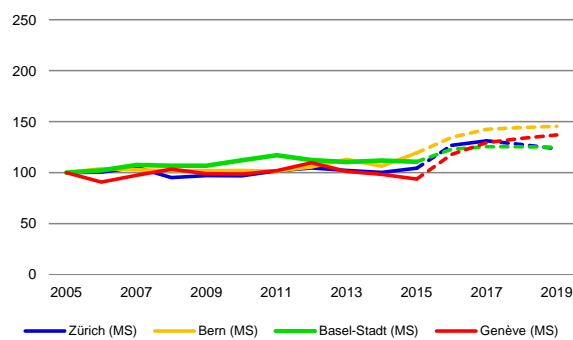
(21)



Note: all values are based on new constructions (excl. depreciation).
Circle radius in relation to stock of rented apartments 2015.
Maps: FSO Geostat/Swisstopo.
Source: RESC Fahländer Partner, base scenario November 2016.

Market value index office property

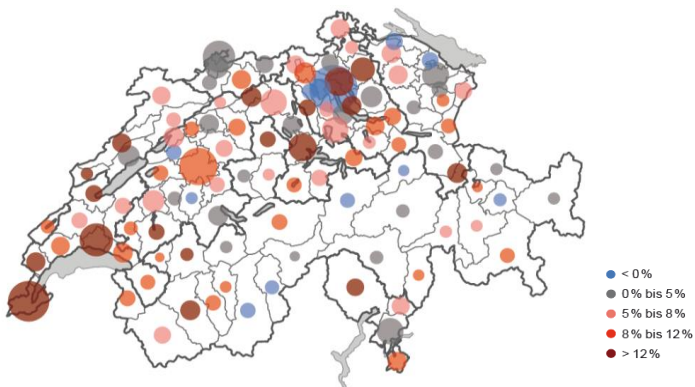
(22)



Note: market value index (2005=100).
Source: RESC Fahländer Partner, base scenario November 2016.

Market value evolution office property 2015-2019

(23)



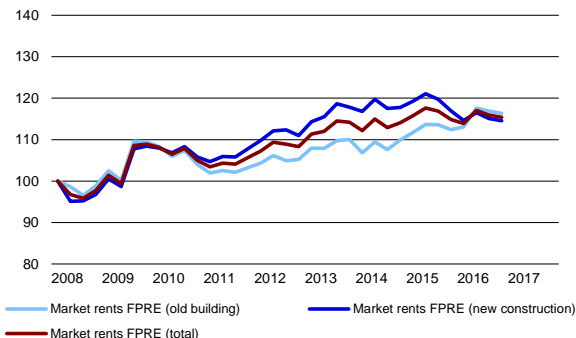
Note: all values are based on new constructions (excl. depreciation).
Circle radius in relation to stock of office space 2014.
Maps: FSO Geostat/Swisstopo.
Source: RESC Fahländer Partner, base scenario November 2016.

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

CS(2)		FPRE(1)		WP(2)	
Rents	Rents	Prices		Rents	
Forecast	2017	2017	2018	2017	-0.7%
→	→	↗	→		

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

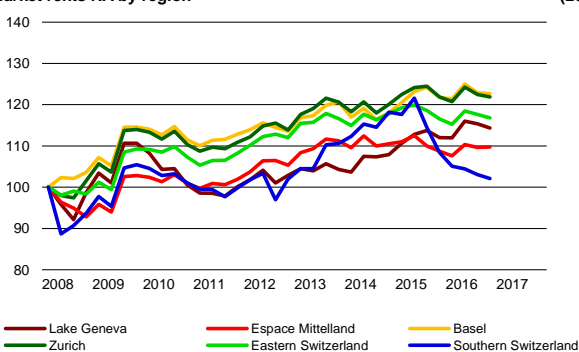
Market rents rented apartments (RA) Switzerland (25)



4th quarter 2016	Index (=100)	Changes to previous quarter	Change p.a.
Lake Geneva	114.3	-0.9%	2.1%
Jura	99.8	-1.8%	3.3%
Espace Mittelland	109.8	0.1%	1.0%
Basel	122.7	-0.2%	0.7%
Zurich	121.9	-0.5%	0.0%
Eastern Switzerland	116.8	-0.7%	0.2%
Alps	109.6	-1.2%	0.0%
Southern Switzerland	102.1	-0.9%	-5.9%

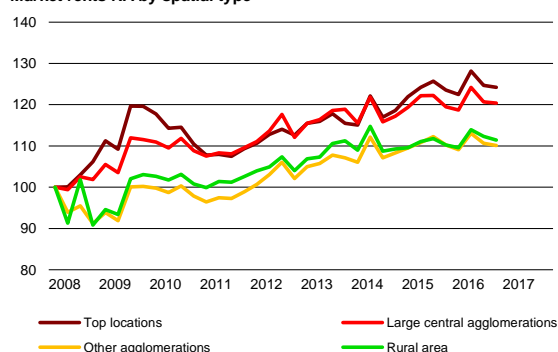
Source: Fährländer Partner, meta analysis real estate FPRE.

Market rents RA by region (26)



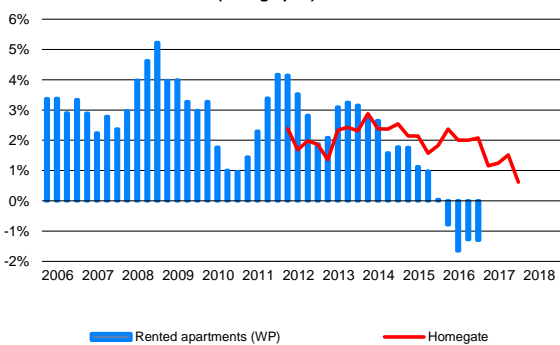
Source: Fährländer Partner, meta analysis real estate FPRE.

Market rents RA by spatial type (27)



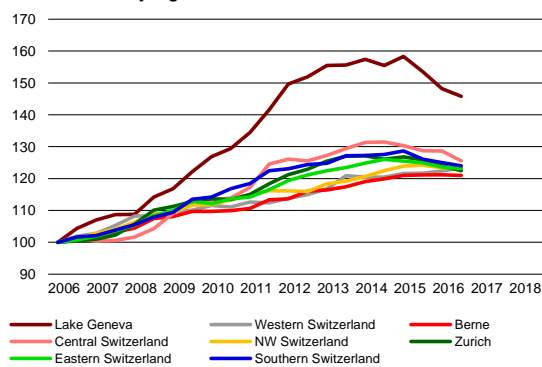
Source: Fährländer Partner, meta analysis real estate FPRE.

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



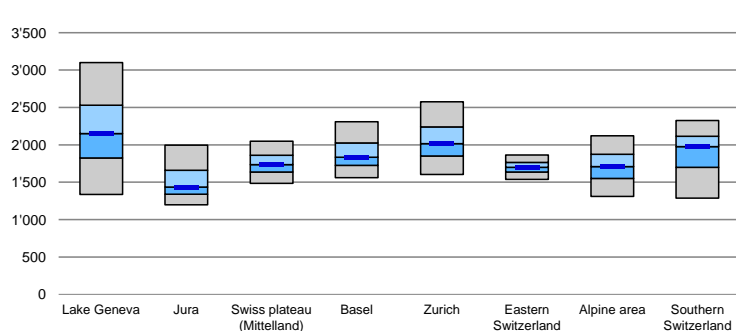
Source: Homegate, Wüest Partner, cf. meta analysis real estate FPRE.

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.

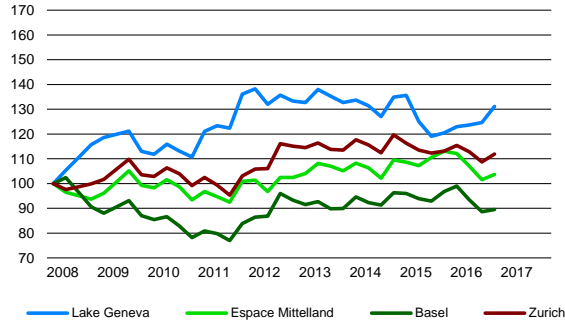
Source: FPRE.

Forecast office space (31)

	CS(2)	FPRE(1)		WP(2)
	Forecast	2017	2018	2017
Rents	↘	↘		-0.8%
Prices		↗	→	

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

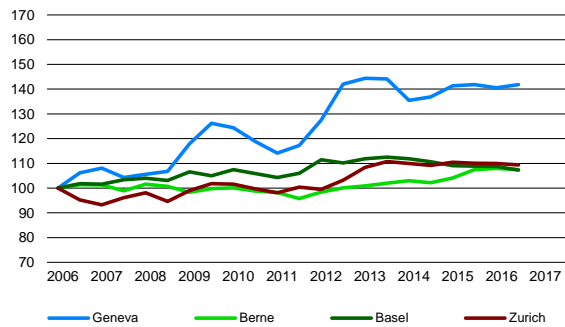
Market rents for office spaces by region (net rents) (32)



	4th quarter 2016	Index (=100)	Changes to previous quarter	Change p.a.
Lake Geneva		131.1	5.2%	8.9%
Espace Mittelland		103.6	2.1%	-8.3%
Basel		89.6	1.0%	-7.5%
Zurich		112.0	2.9%	-1.0%

Source: Fahrländer Partner, meta analysis real estate FPRE.

Quoted rents for office space (net rents)



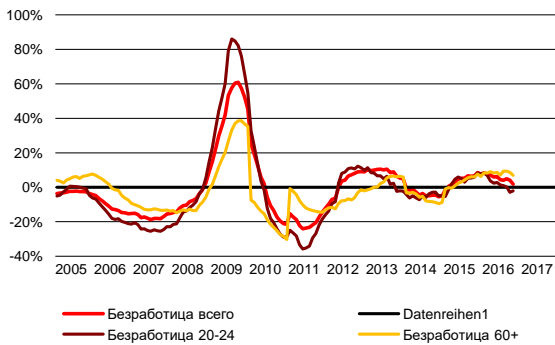
Source: SNB, Wüest Partner, meta analysis real estate FPRE.

(33) Office space: supply rate for the major Swiss centres (34)

		Zurich	Geneva	Basel	Switzerland
4th quarter 2016	JLL	4.2%	5.0%	2.8%	-
	CBRE	3.2%	5.8%	-	-
	WP	6.4%	12.4%	2.7%	6.5%
	CS	-	-	-	-
	CSL	-	-	-	-
Change compared to previous quarter	JLL	0.20%p	0.10%p	0.20%p	-
	CBRE	-0.30%p	-	-	-
	WP	-0.60%p	-0.80%p	-0.10%p	-0.50%p
	CS	-	-	-	-
	CSL	-	-	-	-
Change p.a.	JLL	0.27%p	-0.04%p	1.00%p	-
	CBRE	-1.12%p	-	-	-
	WP	-0.50%p	1.00%p	-0.30%p	-0.50%p
	CS	-	-	-	-
	CSL	-	-	-	-

Source: JLL, CBRE, WP, CS, CSL Immobilien.

Change in job vacancies

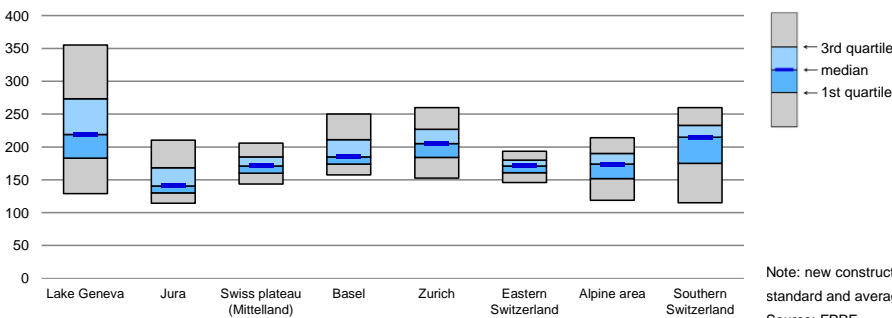


(35)

Index of job vacancies	Change p.a. 3rd quarter 2016
TOTAL	8%
Banking and insurance sector	-12%
Real estate sector	12%
IT sector	-2%

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 2017
3	Cf. meta analysis real estate FPPE		IAZI	4th quarter 2016
4	Closing Prices	SWIIT, REAL KGAST	SIX KGAST	30.12.2016 30.12.2016
5			SFA	3rd quarter 2015
6	Cf. meta analysis economy FPPE		SECO FSO SECO KOF Créa Credit Suisse	January 2017 January 2017 15.12.2016 15.12.2016 24.10.2016 14.12.2016
7	Cf. meta analysis economy FPPE		UBS	26.01.2017 fig. 6
8	Cf. meta analysis economy FPPE		SECO SECO FSO	3rd quarter 2016 January 2017 January 2017
9	Cf. meta analysis economy FPPE		FSO	2016
10	Cf. meta analysis real estate FPPE		SNB	03.01.2017
11-12	Cf. meta analysis real estate FPPE		SNB	Nov 2016
13	Cf. meta analysis real estate FPPE		FSO, SEM	4th quarter 2016
14	Cf. meta analysis real estate FPPE		SEM	December 2016
15	Immobilien-Almanach Schweiz 2017		FSO, FOM	2015
16	Cf. meta analysis real estate FPPE		BAKBASEL	2016
17	Nominal change compared to same quarter of previous year		Credit Suisse, SBV	4th quarter 2016
18			SBV	4th quarter 2016
19			FSO, FOM	2nd half year 2016
20	Base scenario November 2016		Fahrländer Partner	4th quarter 2016
21	Cf. meta analysis real estate FPPE Base scenario November 2016 Maps		Fahrländer Partner FSO Geostat/Swisstopo	4th quarter 2016
22	Base scenario November 2016		Fahrländer Partner	4th quarter 2016
23	Cf. meta analysis real estate FPPE Base scenario November 2016 Maps		Fahrländer Partner FSO Geostat/Swisstopo	4th quarter 2016
24	Cf. meta analysis real estate FPPE			
25-27	Cf. meta analysis real estate FPPE		Fahrländer Partner	4th quarter 2016
28			Homegate Wüest Partner	3rd quarter 2015 4th quarter 2016
29	Cf. meta analysis real estate FPPE		SNB/WP	2nd half year 2016
30			IMBAS FPPE	4th quarter 2016
31	Cf. meta analysis real estate FPPE			
32	Cf. meta analysis real estate FPPE		Fahrländer Partner	4th quarter 2016
33	Cf. meta analysis real estate FPPE		SNB/WP	2. half year 2016
34	Cf. meta analysis real estate FPPE		Jones Lang Lasalle CBRE Wüest Partner Credit Suisse CSL	4th quarter 2016 4th quarter 2016 4th quarter 2016 4th quarter 2016 4th quarter 2016
35	Cf. meta analysis economy FPPE		FSO JOBSTAT	3rd quarter 2016
36			IMBAS FPPE	4th quarter 2016
Forecasts		Real Estate Market 2016 Immobilien-Almanach Schweiz 2017 Immomonitoring UBS Real Estate Focus Hochbauprognose 2016-2022	Credit Suisse Fahrländer Partner Wüest Partner UBS BAKBASEL	2016 2016 2017 I 1 2017 2016

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