

- SWX IAZI real estate price index: Prices for apartment buildings grew with a rate of 1,7% in the 4th quarter 2017 remaining therefore dynamic. Out of an annual perspective, the price trend is more dynamic (+6%). In the 4th quarter 2017, the performance of apartment buildings was 2,5% on a quarterly basis and 9,5% on a yearly basis. Performance is the total return and includes the net cash flow return and the increase in value.
- UBS: Prices for apartment buildings throughout Switzerland have risen nearly 60% since 2007. Rents, however, have only risen around 15% over the same period. As a result, net initial yields have declined from just under 5% to 3,5%. With vacancies on the rise and rents on the decline, capitalization rates will likely not fall any more in 2018. In short, prices for residential investment property appear to have peaked.
- SECO: Swiss consumer sentiment has improved. The overall index rose markedly in January 2018 and currently stands at 5 points, the highest level in seven years. Consumers' expectations are particularly more optimistic regarding the general economic outlook and labour market prospects.

Apartment buildings

(1)

	Demand		Supply		Cash-flow		Initial yields		Market values	
	2017	2018	2017	2018	2017	2018	2017	2018	2018	2019
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	
	2017	2018	2017	2018	2017	2018	2017	2018	2018	2019
Lake Geneva	●	↘	●	→	●	↘	●	→	→	→
Jura	●	→	●	→	●	→	●	→	↘	→
Swiss plateau (Mittelland)	●	→	●	→	●	↘	●	→	↘	↘
Basel	●	→	●	→	●	↘	●	→	↘	→
Zurich	●	→	●	→	●	↘	●	↗	→	→
Eastern Switzerland	●	→	●	→	●	↘	●	→	↘	→
Alpine area	●	→	●	→	●	→	●	→	↘	→
Southern Switzerland	●	↘	●	→	●	↘	●	→	↘	→
Switzerland	●	→	●	→	●	↘	●	→	↘	→

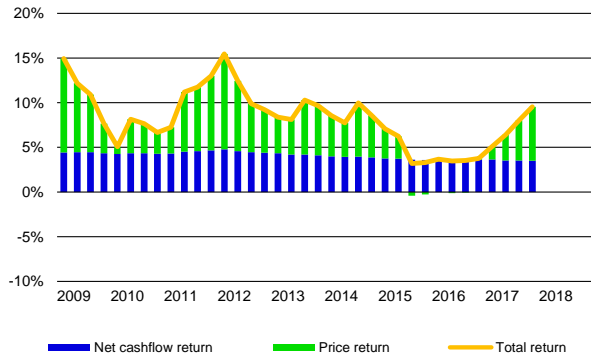
All valuations are done from a owner/seller perspective. The circles describe the actual situation: green: unproblematic situation; yellow: some problems; red: problematic situation. Arrows describe the forecast for the following 12 months. ↗: expected improvement; →: stable; ↘: expected aggravation.

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

Source: Fahrländer Partner.

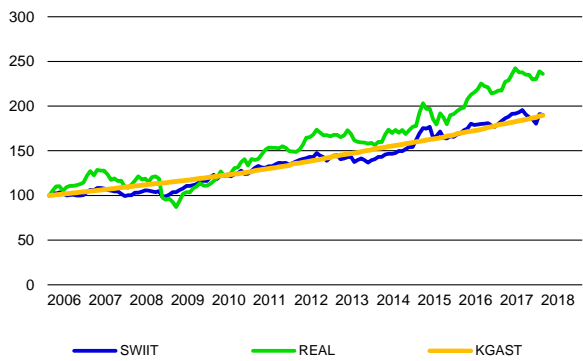
For all sources please check the glossary and impressum on the last page.

SWX IAZI Investment Real Estate Performance Index (3)



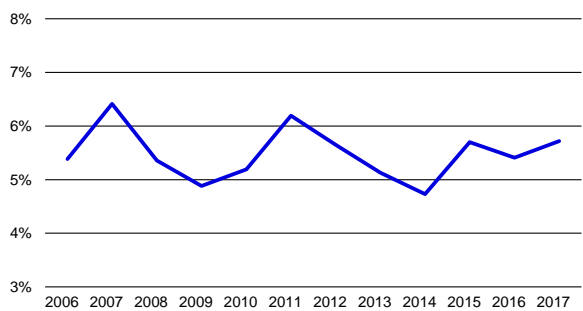
Source: IAZI, cf. meta analysis real estate FPRE.

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 Economic Barometer does not continue its upward tendency, which started in September 2017, but has declined. In January 2018, the barometer declined compared to the previous month by 4,5 points to a value of 106,9. Despite the decline, the indicator remains well above its long-term average and the recovery of the Swiss economy is thus likely to continue.
- At 1,69 points, the UBS consumption indicator lay well above the long-term average in December 2017, conveying an optimistic snapshot of Swiss private consumption. Weaker figures for new car registrations prevented an even higher value.
- According to SECO, in the end of January 2018, 149'161 unemployed were registered at regional unemployment offices, 2'507 more than in the previous month. The unemployment rate remained unchanged at 3,3%. Compared to the same month in the previous year, unemployment fell by 15'305 persons (-9,3%).

Economic forecasts Swiss economy

(6)

	SECO		KOF		Créa		CS		UBS		BAK		Arithmetic means	
	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
GDP, real	2.3 ↗	1.9 ↘	2.3 ↗	1.7 ↘	1.5 ↘	2.0 ↘	1.7 →	- →	1.8 →	1.8 →	2.4 ↗	- ↗	2.0 →	1.9 →
Private consumption	1.4 →	1.5 ↗	1.6 ↗	1.5 →	1.4 →	1.4 ↘	1.3 ↘	- ↘	1.4 ↗	1.6 ↗	1.6 →	- ↗	1.5 ↗	1.5 →
Public consumption	0.7 ↘	0.5 ↘	1.2 ↘	0.6 →	- →	- →	1.8 →	- →	1.0 ↗	0.8 →	1.3 →	- →	1.2 →	0.6 →
Equipment investments	3.7 ↗	3.2 ↘	4.4 ↗	1.9 ↘	4.5 ↗	3.4 ↗	3.5 →	- →	2.9 ↘	2.8 →	5.0 ↗	- ↗	4.0 ↘	2.8 →
Investments in construction	1.1 ↘	0.3 ↘	1.8 ↘	1.7 ↗	1.4 ↗	0.1 ↗	1.0 ↗	- ↗	0.7 ↘	1.0 →	0.8 →	- →	1.1 ↘	0.8 →
Exports	4.5 ↗	4.1 ↘	6.2 ↗	4.3 ↗	2.8 ↘	4.7 ↗	4.0 →	- →	3.5 ↘	3.3 ↘	5.0 ↗	- ↗	4.3 ↘	4.1 ↘
Imports	3.9 ↘	3.8 ↘	4.6 ↘	4.6 ↗	4.3 ↗	3.5 ↗	3.5 →	- →	2.8 ↘	3.1 ↘	4.9 ↗	- ↗	4.0 ↘	3.8 →
Unemployment rate	2.9 ↘	2.8 ↘	3.0 ↘	2.9 ↘	3.3 ↗	3.4 ↗	3.1 →	- →	2.9 ↘	2.7 ↘	3.0 →	- →	3.0 ↘	3.0 →
Consumer prices	0.3 ↗	0.7 ↗	0.5 ↗	0.5 →	1.0 →	1.4 →	0.5 →	- →	0.6 →	0.9 →	0.8 ↗	- ↗	0.6 →	0.9 →

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:

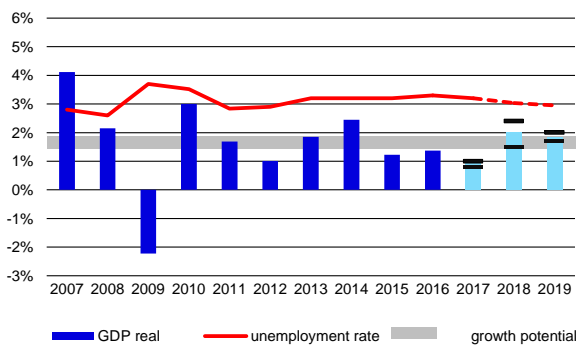
SECO: 19.12.2017 (21.9.2017), KOF: 14.12.2017 (5.10.2017), Créa: 17.11.2017 (30.5.2017), CS: 12.12.2017 (12.9.2017), UBS: 19.1.2018 (16.11.2017), BAK: 7.12.2017 (14.9.2017).

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)



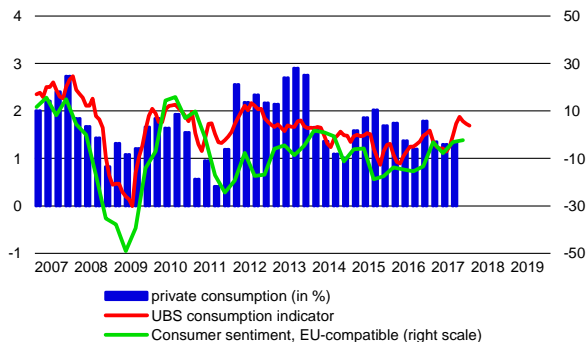
Note: The values for 2016 and 2017 are forecasts.

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)



- At 1,69 points, the UBS consumption indicator lay well above the long-term average in December 2017, conveying an optimistic snapshot of Swiss private consumption. Weaker figures for new car registrations prevented an even higher value.

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

Real wages and rate of price increase

(9)



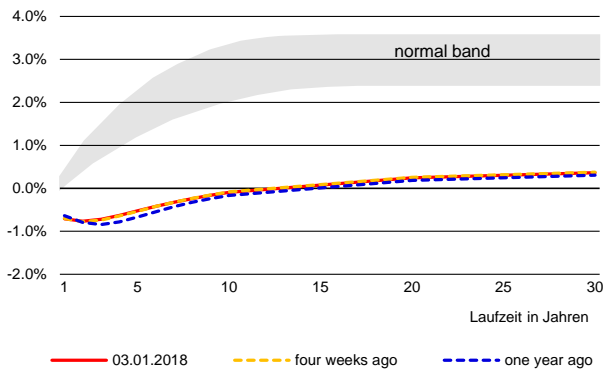
Inflation forecast SNB	2017	2018	2019
Forecast December 2017	0.5%	0.7%	1.1%
Libor	-0.75%		
Forecast September 2017	0.4%	0.4%	1.1%
Libor	-0.75%		

- SNB: The conditional inflation forecast of December 2017 for the coming quarters is higher than it was in September. This is mainly due to increased oil prices and the further weakening of the Swiss franc. For 2017, the SNB anticipates an inflation rate of 0,5% (September: 0,4%), for 2018 of 0,7% (September: +0,4%).

Source: FSO, cf. meta analysis economy FPPE.

Yields on Confederation bonds

(10)

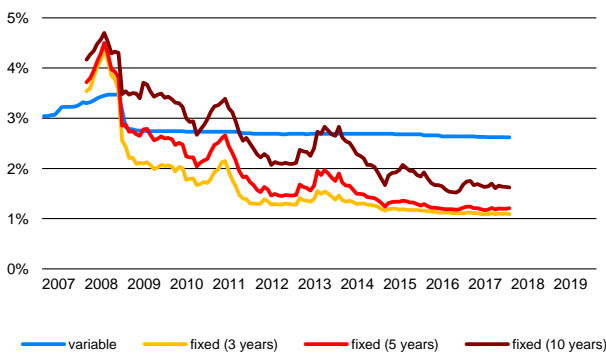


Duration	03.01.2018	four weeks ago	one year ago
1 year	-0.71%	-0.70%	-0.64%
5 years	-0.52%	-0.53%	-0.67%
10 years	-0.10%	-0.08%	-0.16%

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

Mortgage rates

(11)

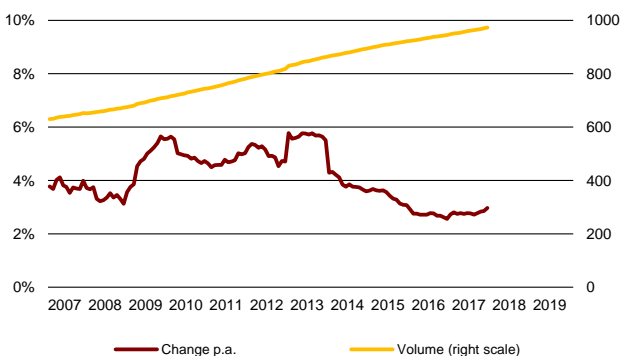


Mortgage	December 2017
variable	2.6%
fixed (3 years)	1.1%
fixed (5 years)	1.2%
fixed (10 years)	1.6%

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

Mortgage volume inland (in bn CHF)

(12)

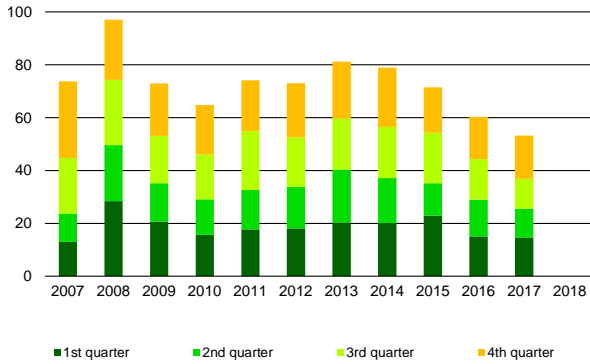


November 2017	Volume in billion CHF	Change p.a.
Mortgage claims	973.2	3.0%

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

Net immigration permanent resident population (in 1'000)

(13)



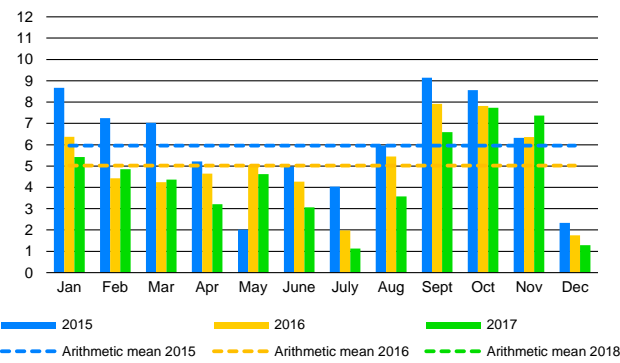
4th quarter 2017

Net immigration permanent resident population (in 1'000)
16.4

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

Net immigration monthly (in 1'000)

(14)



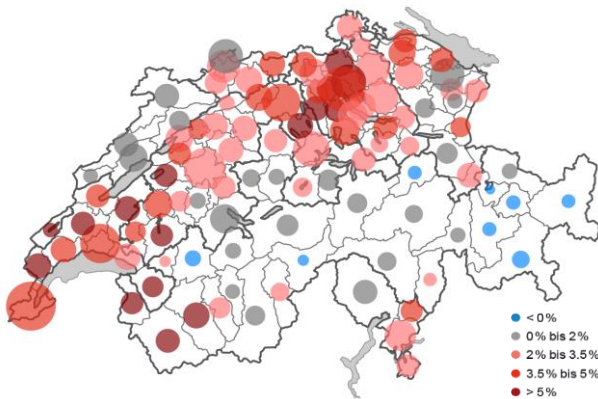
December 2017

Net immigration permanent resident population (in 1'000)
1.3

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

Population growth by MS regions (2013-2016)

(15)



Note: circle radius in relation to population 2016.

Maps: FSO Geostat/Swisstopo.

Source: FSO, cf. Immobilien-Almanach Schweiz 2018.

Forecast construction activity

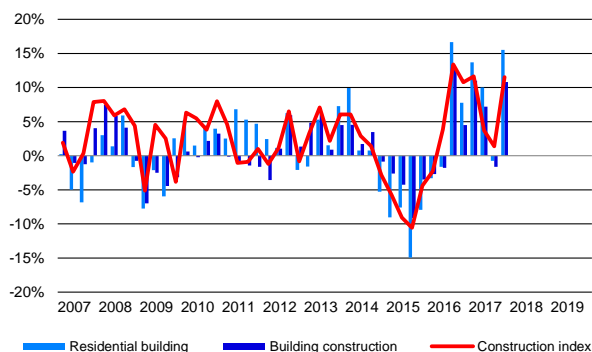
(16)

in m CHF	2017	2018	2019	Change p.a.	2017	2018	2019
Building construction	54'519	54'737	55'063	Building construction	0.7%	0.4%	0.6%
Residential building	33'767	34'249	34'473	Residential building	0.7%	1.4%	0.7%
Industrial buildings	11'617	11'505	11'501	Industrial buildings	1.9%	-1.0%	0.0%
Infrastructure	9'136	8'982	9'089	Infrastructure	-0.9%	-1.7%	1.2%

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

Construction index Credit Suisse / SBV (nominal)

(17)



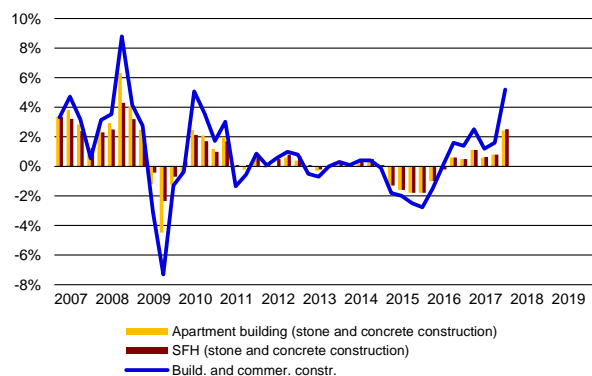
4th quarter 2017	Index (1996=100)	Change p.a.
Construction index total		12%
- Building construction		11%
- Residential building		16%

- 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)



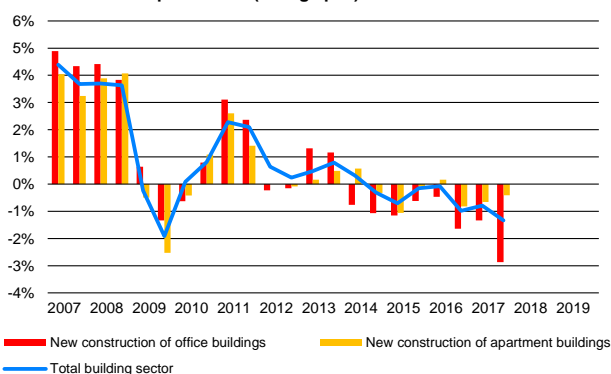
4th quarter 2017	Index (2003=100)	Change compared to previous quarter	Change p.a.
Stone and concrete construction			
- Apartment building	106.8	2.4%	1.5%
- SFH	107.2	2.5%	1.6%
Build. and commer. constr.	110.5	5.2%	2.9%

- 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 2017	Index (2010=100)	Change compared to previous half year	Change p.a.
Total building sector	101.3	-1.3%	-0.8%
- Office buildings	98.7	-2.9%	-1.9%
- Apartment buildings	101.0	-0.4%	-0.1%

- 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 21 december 2017, the guide for Swiss residential and commercial properties markets for the year 2018 was published (in German).

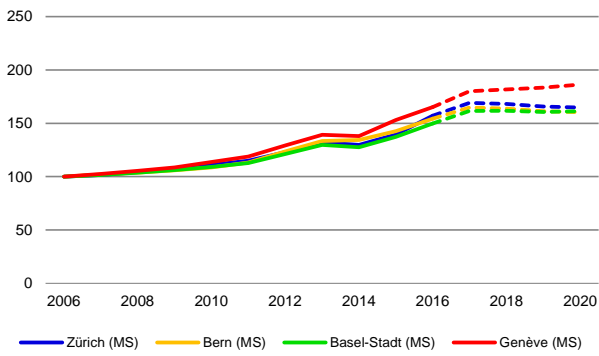
Order: almanach@fpre.ch

Costs: CHF 150 / copy

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

Market value index apartment buildings

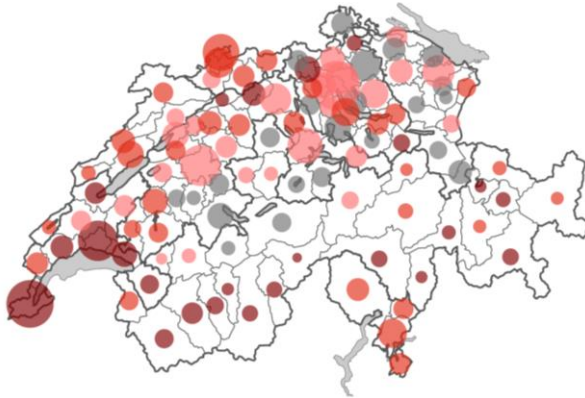
(20)



Note: market value index (2006=100).
Source: RESC Fahrländer Partner, base scenario November 2017.

Market value evolution apartment buildings 2016-2020

(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 Fahrländer Partner, base scenario November 2017.

Market value index office property

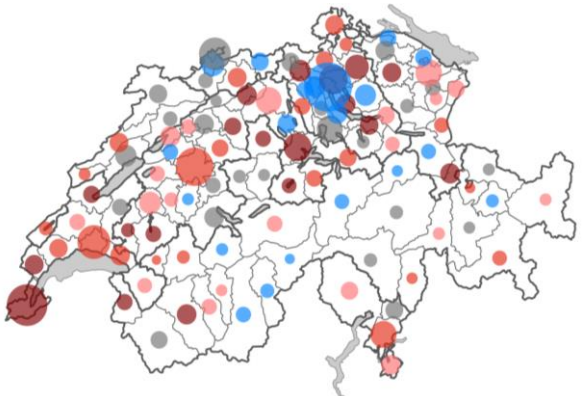
(22)



Note: market value index (2006=100).
Source: RESC Fahrländer Partner, base scenario November 2017.

Market value evolution office property 2016-2020

(23)



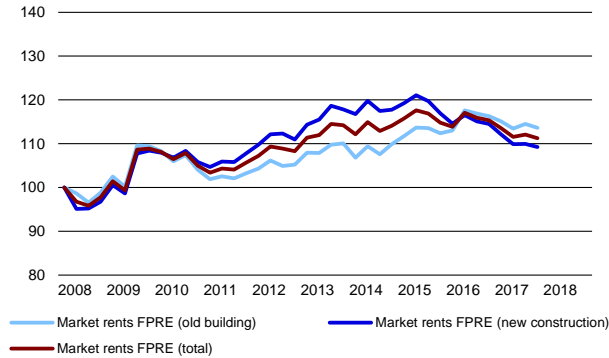
Note: all values are based on new constructions (excl. depreciation).
Circle radius in relation to stock of office space 2015.
Maps: FSO Geostat/Swisstopo.
Source: RESC Fahrländer Partner, base scenario November 2017.

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

CS(2)		FPRE(1)		WP(2)
Rents	Rents	Prices	Prices	Rents
Forecast	2018	2018	2019	2017
↘	↘	→	→	-0.9%

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

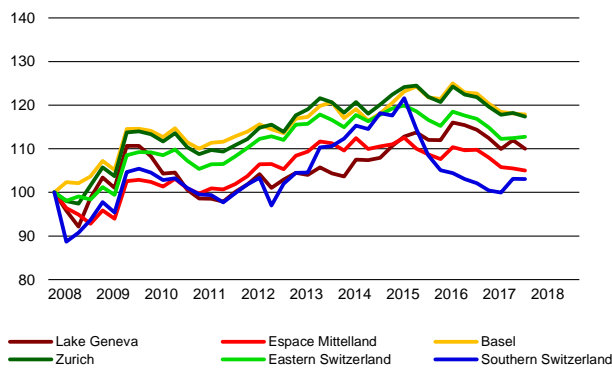
Market rents rented apartments (RA) Switzerland (25)



	4th quarter 2017	Index (=100)	Changes to previous quarter	Change p.a.
Lake Geneva		110.0	-1.7%	-3.8%
Jura		95.6	-2.1%	-4.1%
Espace Mittelland		105.0	-0.4%	-4.3%
Basel		117.8	-0.2%	-3.9%
Zurich		117.4	-0.7%	-3.7%
Eastern Switzerland		112.8	0.3%	-3.5%
Alps		110.8	-1.4%	1.1%
Southern Switzerland		103.0	-0.1%	0.9%

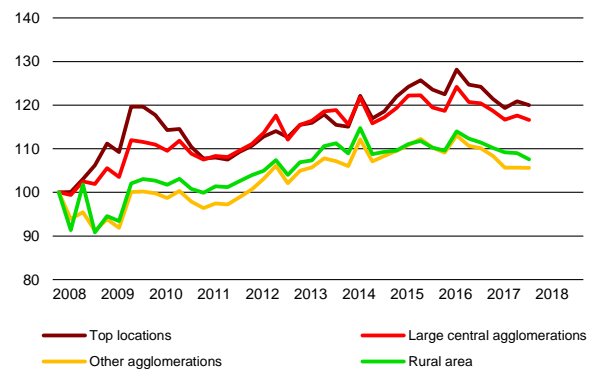
Source: Fahrländer Partner, meta analysis real estate FPRE.

Market rents RA by region (26)



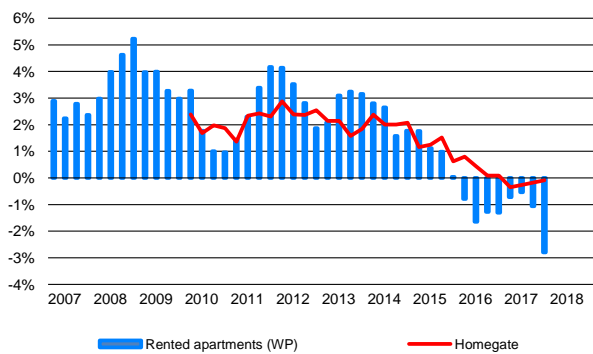
Source: Fahrländer Partner, meta analysis real estate FPRE.

Market rents RA by spatial type (27)



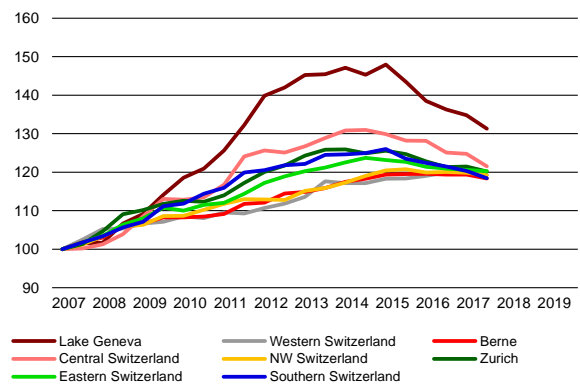
Source: Fahrländer Partner, meta analysis real estate FPRE.

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



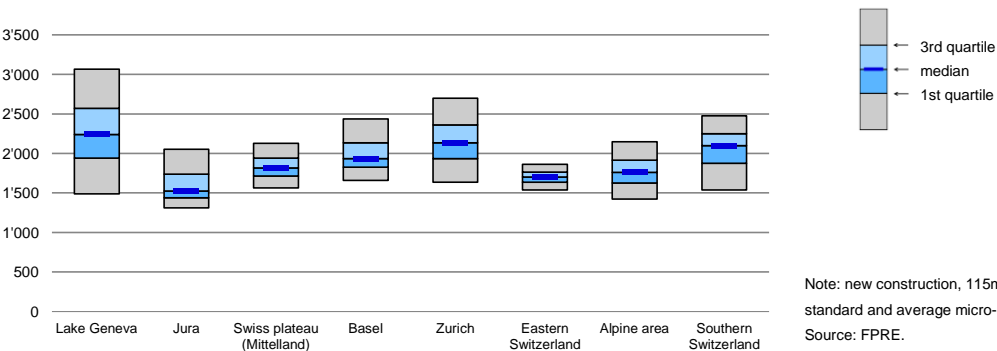
Source: Homegate, Wüest Partner, cf. meta analysis real estate FPRE.

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)



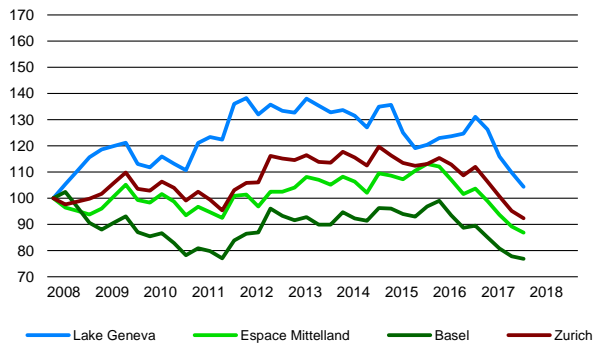
Note: new construction, 115m2 HNF SIA 416, average standard and average micro-location.
Source: FPRE.

Forecast office space (31)

	CS(2)	FPRE(1)		WP(2)
	Forecast	2018	2019	2017
Rents	↘	↘		-0.4%
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)

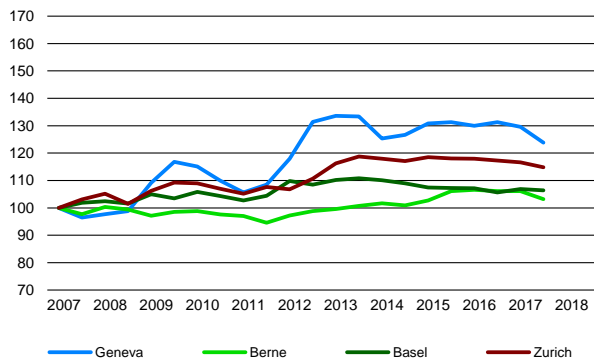


(32)

	4th quarter 2017	Index (=100)	Changes to previous quarter	Change p.a.
Lake Geneva		104.4	-5.0%	-20.4%
Espace Mittelland		86.8	-2.6%	-16.2%
Basel		76.9	-1.3%	-14.2%
Zurich		92.3	-3.0%	-17.5%

Source: Fahrländer Partner, meta analysis real estate FPRE.

Quoted rents for office space (net rents)



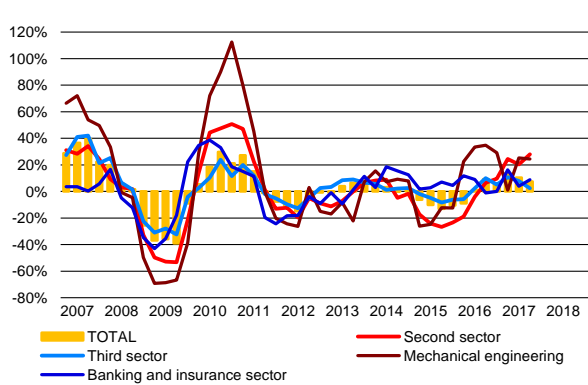
(33) Office space: supply rate for the major Swiss centres (34)

Data as of		Zurich	Geneva	Basel	Switzerland
4th Q. 2017	JLL	5.4%	5.5%	2.3%	-
4th Q. 2017	CBRE	3.1%	5.5%	-	-
3rd Q. 2017	WP	6.8%	13.6%	3.8%	7.1%
3rd Q. 2017	CS	6.9%	7.5%	4.4%	4.3%
Change compared to previous quarter	JLL	1.70%p	0.90%p	2.30%p	-
	CBRE	0.10%p	0.10%p	-	-
	WP	-0.20%p	0.40%p	1.00%p	0.10%p
	CS	-	-	-	-
Change p.a.	JLL	1.20%p	0.50%p	-0.50%p	-
	CBRE	-0.10%p	-0.30%p	-	-
	WP	0.40%p	1.20%p	1.10%p	0.60%p
	CS	0.40%p	0.50%p	0.60%p	0.10%p

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

Source: JLL, CBRE, WP, CS.

Change in job vacancies

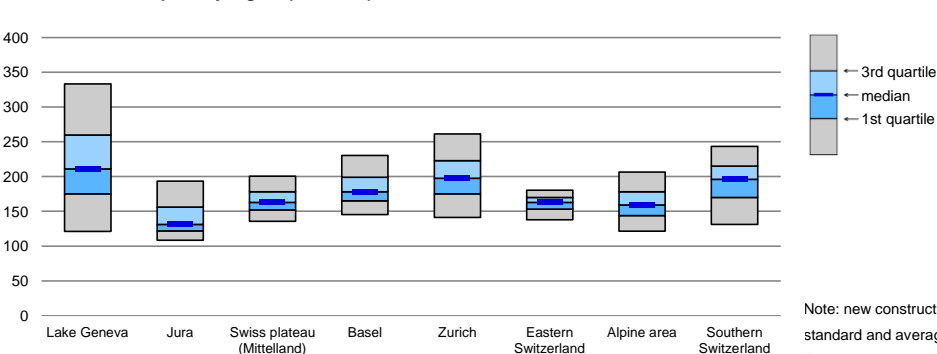


(35)

Index of job vacancies	Change p.a. 3rd quarter 2017
TOTAL	7%
Banking and insurance sector	9%
Real estate sector	14%
IT sector	-9%

Source: FSO, cf. meta analysis economy FPRE.

Market rents office space by region (CHF/m2a)



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

Glossary	Note	Indicator	Source	Data as of
1-2	Cf. meta analysis real estate FPRE		Fahrländer Partner	1st quarter 2018
3			IAZI	4th quarter 2017
4	Closing Prices	SWIIT, REAL KGAST	SIX KGAST	31.01.2018 31.01.2018
5			SFA	3th quarter 2017
6	Cf. meta analysis economy FPRE		SECO FSO SECO KOF Créa Credit Suisse	December 2017 January 2018 19.12.2017 14.12.2017 17.11.2017 12.12.2017
7	Cf. meta analysis economy FPRE		UBS	19.01.2018 fig. 6
8	Cf. meta analysis economy FPRE		SECO SECO FSO	3rd quarter 2017 December 201 December 201
9	Cf. meta analysis economy FPRE		FSO	2016
10	Cf. meta analysis real estate FPRE		SNB	03.01.2018
11-12	Cf. meta analysis real estate FPRE		SNB	November 2017
13	Cf. meta analysis real estate FPRE		FSO, SEM	4th quarter 2017
14	Cf. meta analysis real estate FPRE		SEM	December 2017
15	Immobilien-Almanach Schweiz 2018		FSO, FOM	2015
16	Cf. meta analysis real estate FPRE		BAK	2017
17	Nominal change compared to same quarter of previous year		Credit Suisse, SBV	4th quarter 2017
18			SBV	4th quarter 2017
19			FSO, FOM	2nd half year 2017
20	Base scenario November 2017		Fahrländer Partner	4th quarter 2017
21	Cf. meta analysis real estate FPRE Base scenario November 2017 Maps		Fahrländer Partner FSO Geostat/Swisstopo	4th quarter 2017 4th quarter 2017
22	Base scenario November 2017		Fahrländer Partner	4th quarter 2017
23	Cf. meta analysis real estate FPRE Base scenario November 2017 Maps		Fahrländer Partner FSO Geostat/Swisstopo	4th quarter 2017 4th quarter 2017
24	Cf. meta analysis real estate FPRE			
25-27	Cf. meta analysis real estate FPRE		Fahrländer Partner	4th quarter 2017
28			Homegate Wüest Partner	4th quarter 2017 4th quarter 2017
29	Cf. meta analysis real estate FPRE		SNB/WP	2nd half year 2017
30			IMBAS FPRE	4th quarter 2017
31	Cf. meta analysis real estate FPRE			
32	Cf. meta analysis real estate FPRE		Fahrländer Partner	4th quarter 2017
33	Cf. meta analysis real estate FPRE		SNB/WP	2. half year 2017
34	Cf. meta analysis real estate FPRE		Jones Lang Lasalle CBRE Wüest Partner Credit Suisse	4th quarter 2017 4th quarter 2017 3rd quarter 2017 3rd quarter 2017
35	Cf. meta analysis economy FPRE		FSO JOBSTAT	3rd quarter 2017
36			IMBAS FPRE	4th quarter 2017
Forecasts		Schweizer Immobilienmarkt 2017 Immobilien-Almanach Schweiz 2018 Immo-Monitoring 2018 1 UBS Real Estate Focus 2018 Hochbauprognose 2017-2023	Credit Suisse Fahrländer Partner Wüest Partner UBS BAK	2016 2017 2017 2017 2017

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