

- SWX IAZI real estate price index: Prices for apartment buildings grew with a modest rate of 0,6% in the 2nd quarter 2018. On an annual basis, price growth declined slightly to 5,8% (previous quarter: 6,0%). On a quarterly basis, the performance of apartment buildings was 1,5% (1st quarter 2018: 2,6%). On an annual basis, it was 9,3% (1st quarter 2018: 9,6%). Performance is the total return and includes the net cash flow return and the increase in value.
- In the 1st quarter 2018, the employment in the «classical» Swiss office market grew in comparison to the same quarter of 2017 with a rate of 2,7% significantly. This is an above-average rate. The positive trend was driven in particular by the area of business services.
- According to the KOF Employment Indicator of the 3rd quarter of 2018, rising numbers of companies are planning to create more jobs in the next three months. The Indicator is now slightly higher than three months ago and 5 points higher than a year ago.
- SECO: Having suffered a marked decline, the consumer sentiment index from July 2018 stands at -7 points and is now close to its long-term average (-9 points). The Indicator is now slightly higher than three months ago and 5 points higher than a year ago.

**1 Apartment building (new construction average)**

	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.

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

Source: Fahrländer Partner.

**2 Office buildings (new construction)**

	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	●	→	●	→	●	↘	●	→	↘	→

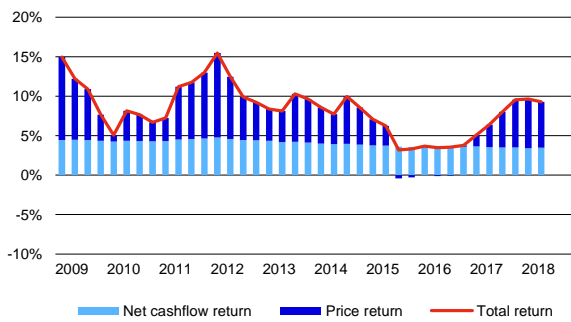
All valuations are done from a owner/seller perspective. The circles describe the actual situation: green: unproblematic situation; yellow: some problems; red: problematic situation. Arrows describe the forecast for the following 12 months: ↗: expected improvement; →: stable; ↘: expected aggravation.

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Source: Fahrländer Partner.

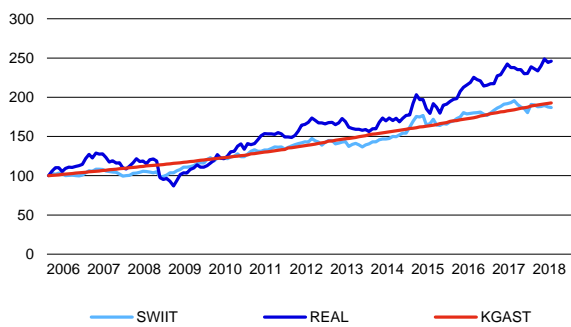
For all sources please check the glossary and impressum on the last page.

### 3 SWX IAZI Investment Real Estate Performance Index



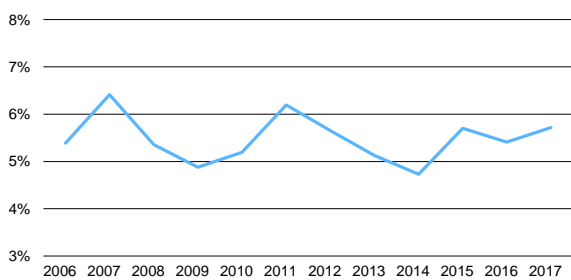
Source: IAZI, cf. meta analysis real estate FPPE.

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



Source: SIX Swiss Exchange, KGAST.

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



Source: SFA.

- Having suffered a marked decline, the consumer sentiment index from July 2018 stands at -7 points and is now close to its long-term average (-9 points). In the past quarters, Swiss consumers were much more optimistic about the general evolution of the economy.
- The procure.ch/Credit Suisse PMI rose (+0,3 index points) to 61,9 in July. The Swiss manufacturing sector therefore started the third quarter on a strong note, maintaining the dynamic pace of the previous quarter. The Swiss economy continues to benefit from solid growth in the Eurozone, which increases demand for Swiss goods.
- According to SECO, in the end of July 2018, 106'052 unemployed were registered at regional unemployment offices, 527 less than in the previous month. The unemployment rate remained at 2,4%.

## 6 Economic forecasts Swiss economy

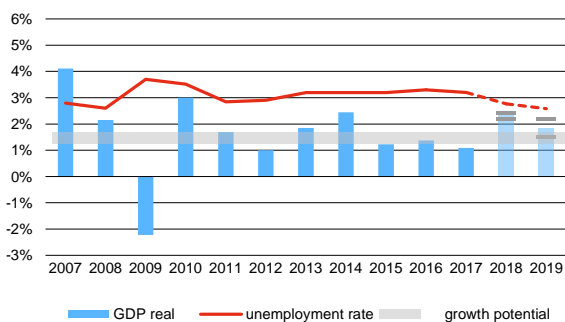
	SECO		KOF		Créa		CS		UBS		BAK		Arithmetic means	
	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
GDP, real	2.4	2.0	2.3	1.8	2.4	2.2	2.2	1.7	2.4	1.9	2.3	1.5	2.3	1.9
	→	→	↘	→	↗		→	→	→	→	↘	↘	↘	→
Private consumption	1.4	1.5	1.2	1.4	1.1	1.3	1.4	1.4	1.4	1.7	1.6	1.6	1.4	1.5
	→	→	↘	→	↘	↘	→	→	→	→	→	↘	→	→
Public consumption	0.7	0.6	0.9	0.7	-	-	0.9	0.9	0.6	0.7	0.7	0.5	0.8	0.7
	↘	→	↗	↗			→	→	↘	→	↘	↘	↘	→
Equipment investments	4.4	3.5	3.8	1.3	4.8	5.5	4.0	3.0	5.0	2.7	4.6	3.0	4.4	3.2
	↗	→	↗	↘	↗	↗	→	→	↗	→	↘	↘	↗	↘
Investments in construction	1.1	0.3	1.1	1.2	1.4	0.7	1.4	0.4	0.9	0.8	0.6	0.7	1.1	0.7
	→	→	↘	↗	→	↗	→	→	↘	→	↘	→	↘	↗
Exports	4.6	4.1	3.8	4.2	6.0	7.2	4.0	3.5	3.5	3.4	4.2	3.2	4.4	4.3
	↘	→	↘	↘	↗	↗	→	→	↗	→	↘	↘	↘	↘
Imports	3.9	3.8	5.8	3.2	6.1	7.2	3.5	3.0	3.5	3.0	5.1	3.5	4.7	4.0
	→	→	↗	↘	↗	↗	→	→	↗	→	↗	↘	↗	↘
Unemployment rate	2.6	2.5	2.6	2.4	3.2	3.1	2.6	2.3	2.9	2.7	2.7	2.5	2.8	2.6
	↘	↘	↘	↘	↘	↘	↘	↘	→	→	↘	↘	↘	↘
Consumer prices	1.0	0.8	0.8	0.6	0.9	1.1	0.8	0.7	0.8	0.9	1.0	1.0	0.9	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: 19.6.2018 (20.3.2018), KOF: 15.6.2018 (28.3.2018), Créa: 31.5.2018 (17.11.2017), CS: 19.6.2018 (19.3.2018), UBS: 12.7.2018 (9.4.2018), BAK: 7.6.2018 (8.3.2018).

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.

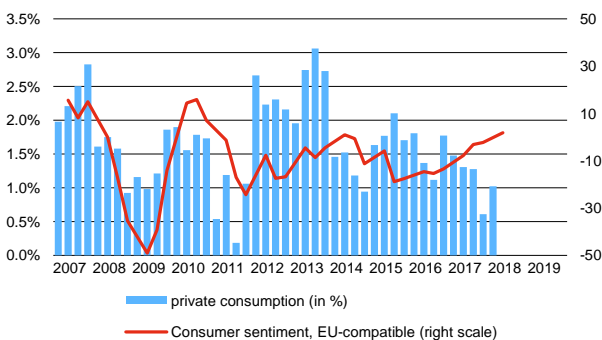
## 7 Evolution of GDP (real) and unemployment rate



Note: The potential growth lies between 1,6% and 1,8%, according to calculations by Fahländer Partner; the values for 2018 and 2019 are forecasts; since June 2016, the unemployment rate is based on occupation numbers according to the pooling 2012-2014.

Source: figure 1, page 1, Fahländer Partner (growth potential).

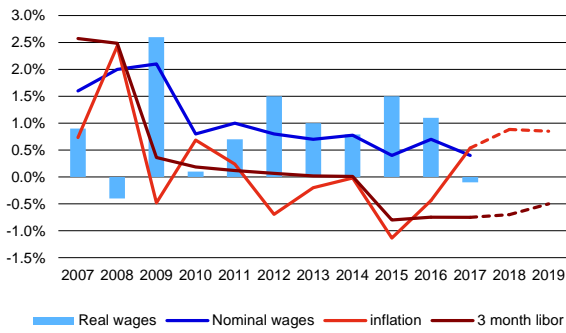
## 8 Private consumption and consumer sentiment



- Having suffered a marked decline, the consumer sentiment index from July 2018 stands at -7 points and is now close to its long-term average (-9 points). In the past quarters, Swiss consumers were much more optimistic about the general evolution of the economy.

Source: SECO.

## 9 Real wages and rate of price increase

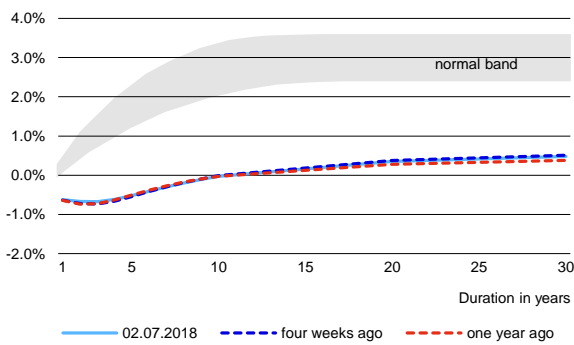


Inflation forecast SNB	2018	2019	2020
Forecast June 2018	0.9%	0.9%	1.6%
Libor	-0.75%		
Forecast March 2018	0.6%	0.9%	1.9%
Libor	-0.75%		

– SNB: The conditional inflation forecast for 2018 from June (0,9%) is slightly higher than it was in March 2018 (0,6%) due to a marked rise in the price of oil; this price rise ceases to affect annual inflation after the first quarter of 2019. From mid-2019, the forecast is lower mainly due to the muted outlook in the euro area.

Source: FSO, cf. meta analysis economy FPPE.

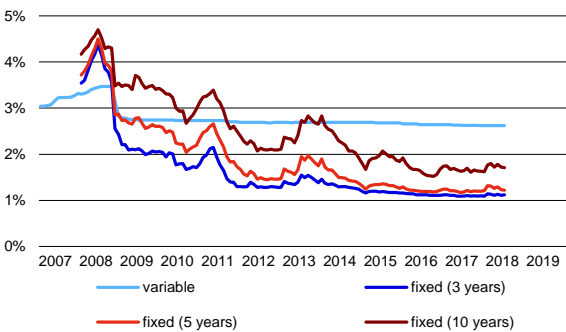
## 10 Yields on Confederation bonds



Duration	02.07.2018	four weeks ago	one year ago
1 year	-0.62%	-0.64%	-0.64%
5 years	-0.52%	-0.55%	-0.50%
10 years	-0.03%	-0.01%	-0.03%

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

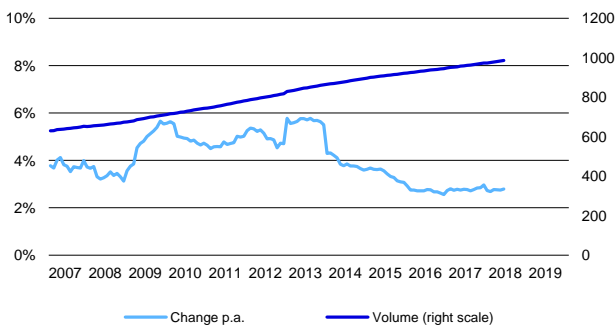
## 11 Mortgage rates



Mortgage	June 2018
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 FPPE.

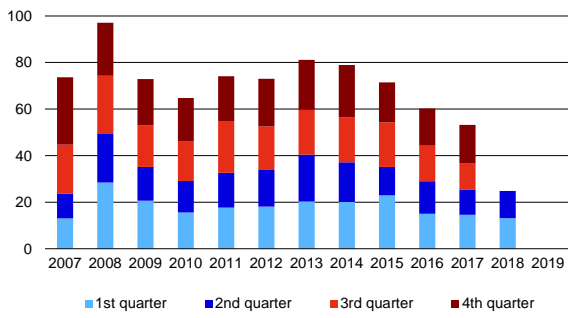
## 24 Mortgage volume inland (in bn CHF)



May 2018	Volume in billion CHF	Change p.a.
Mortgage claims	986.4	2.8%

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

## 13 Net immigration permanent resident population (in '000)

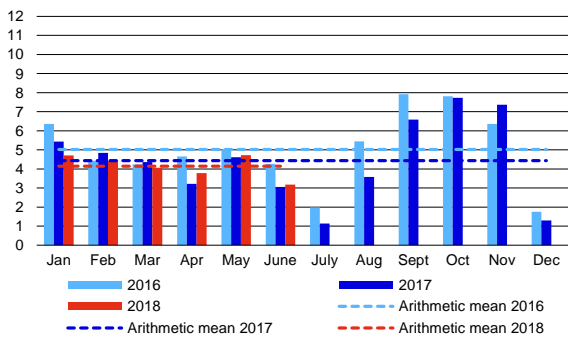


2nd quarter 2018

Net immigration permanent resident population (in '000)  
11.7

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

## 14 Net immigration monthly (in '000)

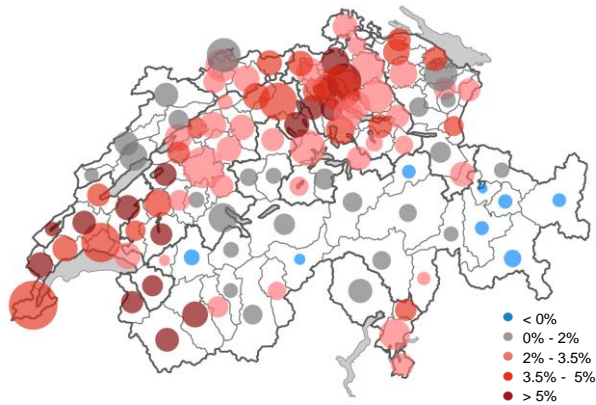


June 2018

Net immigration permanent resident population (in '000)  
3.2

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

## 15 Population growth by MS regions (2013-2016)



Note: circle radius in relation to population 2016.

Maps: FSO Geostat/Swisstopo.

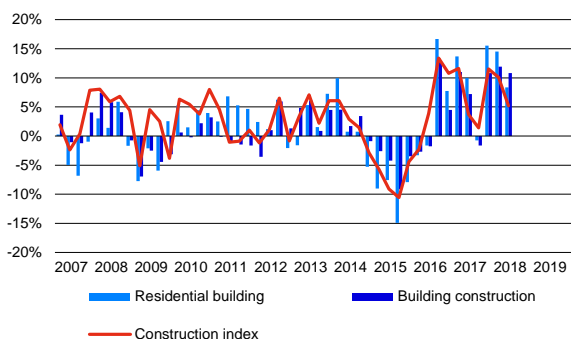
Source: FSO, cf. Immobilien-Almanach Schweiz 2018.

## 16 Forecast construction activity

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.

## 17 Construction index Credit Suisse / SBV (nominal)

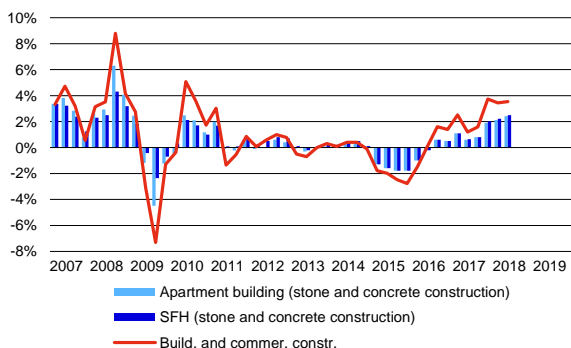


2nd quarter 2018	Index (1996=100)	Change p.a.
Construction index total	142	5%
- Building construction	123	11%
- Residential building	130	8%

Note: 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.

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

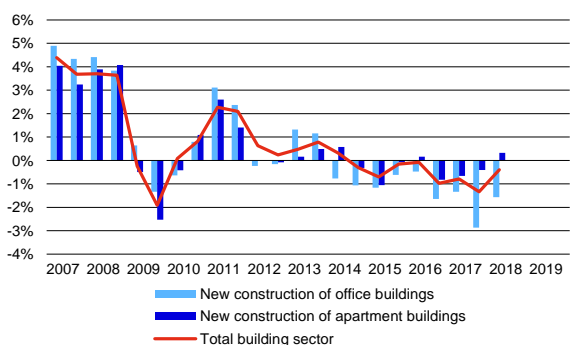


2nd quarter 2018	Index (2007=100)	Change compared to previous quarter	Change p.a.
Stone and concrete construction			
- Apartment building	107.7	2.4%	0.2%
- SFH	108.0	2.5%	0.2%
Build. and commer. constr.	111.2	3.5%	0.0%

Note: The production price index PKI shows the change in production costs.

Source: SBV, vedi Meta-analisi immobiliare FPRE.

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

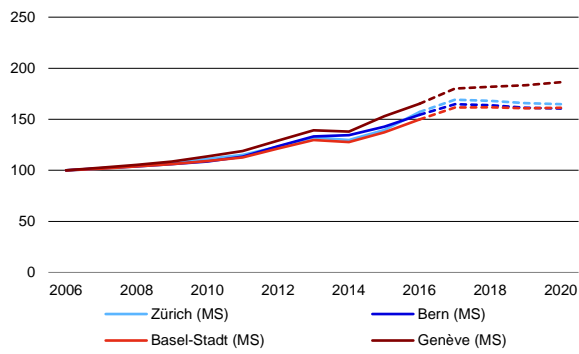


1st half year 2018	Index (2010=100)	Change compared to previous half year	Change p.a.
Total building sector	101.7	-0.4%	0.0%
- Office buildings	99.1	-1.6%	-0.9%
- Apartment buildings	101.4	0.3%	0.8%

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

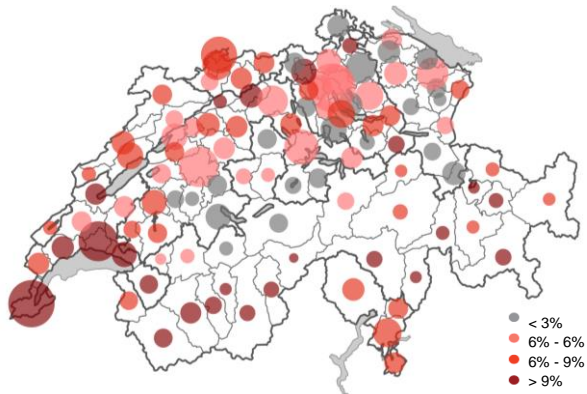
Source: FSO, vedi Meta-analisi immobiliare FPRE.

## 20 Market value index apartment buildings



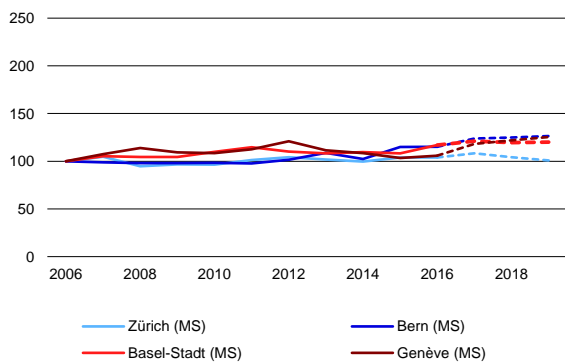
Note: market value index (2006=100).  
Source: RESC Fahrländer Partner, base scenario November 2017.

## 21 Market value evolution apartment buildings 2016-2020



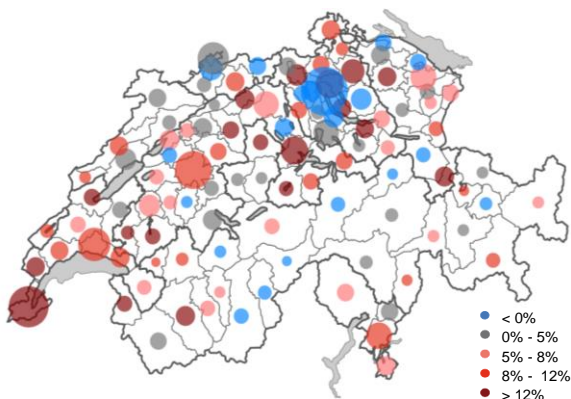
Note: all values are based on new constructions (excl. depreciation); Circle radius in relation to stock of rented apartments 2015; maps: FSO Geostat/Swisstopo.  
Source: RESC Fahrländer Partner, base scenario November 2017.

## 22 Market value index office property



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

## 23 Market value evolution office property 2016-2020



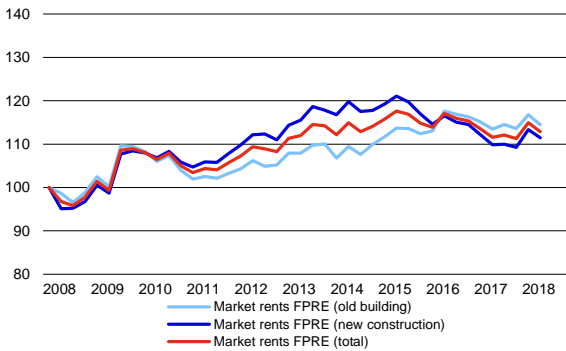
Note: all values are based on new constructions (excl. depreciation); Circle radius in relation to stock of office space 2015; maps: FSO Geostat/Swisstopo.  
Source: RESC Fahrländer Partner, base scenario November 2017.

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

CS(2)		FPRE(1)		UBS(2)	WP(2)
Rents	Rents	Prices		Rents	Rents
2018	2018	2018	2019	2018	2018
-1.0%	↘	→	→	-2.5%	-1.2%

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

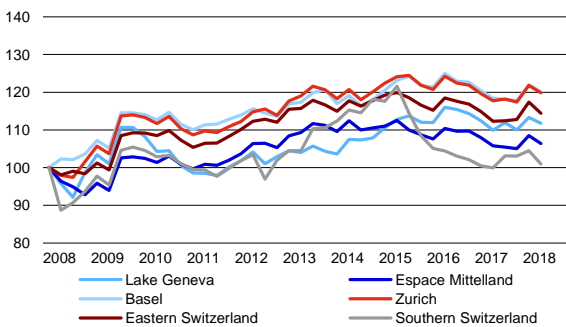
## 25 Market rents rented apartments (RA) Switzerland



2nd quarter 2018	Index (=100)	Changes to previous quarter	Change p.a.
Lake Geneva	111.7	-1.4%	1.6%
Jura	95.6	-1.5%	-2.7%
Espace Mittelland	106.4	-1.9%	0.6%
Basel	120.1	-1.6%	1.4%
Zurich	119.8	-1.6%	1.8%
Eastern Switzerland	114.4	-2.6%	1.9%
Alps	108.5	-2.4%	-1.6%
Southern Switzerland	101.0	-3.4%	1.0%

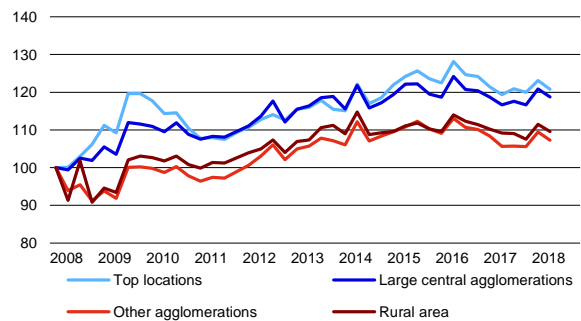
Source: Fahrländer Partner, meta analysis real estate FPRE.

## 26 Market rents RA by region



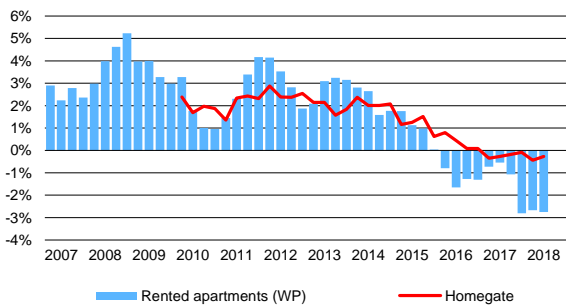
Source: Fahrländer Partner, meta analysis real estate FPRE.

## 27 Market rents RA by spatial type



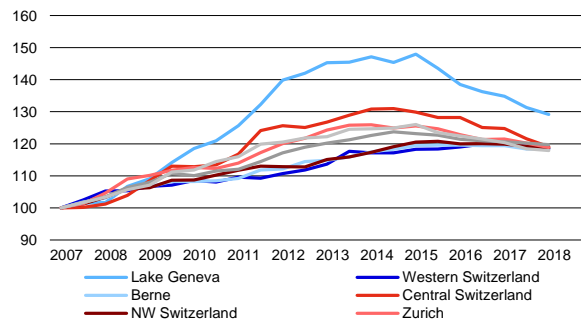
Source: Fahrländer Partner, meta analysis real estate FPRE.

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



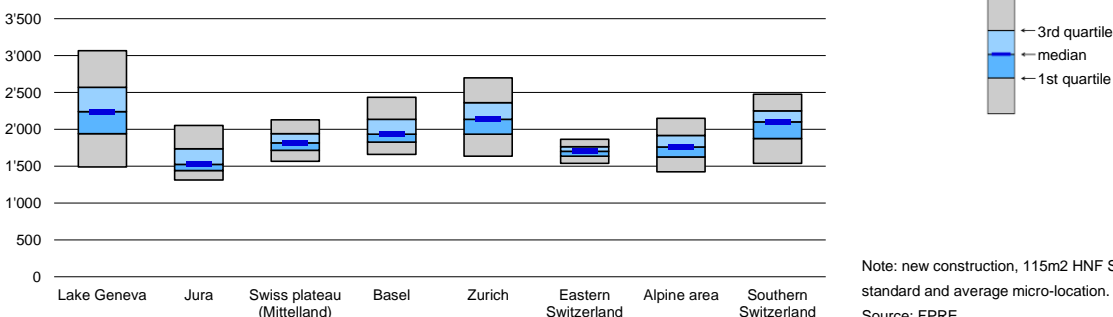
Source: Homegate, Wüest Partner, cf. meta analysis real estate FPRE.

## 29 Quoted rents RA by regions



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

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



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



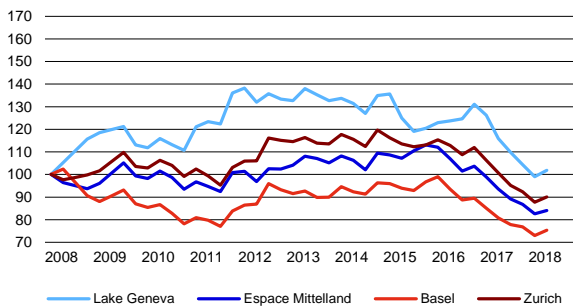
### 31 Forecast office space

	CS(2) Forecast	FPRE(1) 2018 2019	UBS(2) 2018	WP(2) 2018
Rents	→	↘	-2.0%	-0.5%
Prices		↘ →		

Note: market rents / transaction prices (1) resp. quoted rents (2).

Source: Credit Suisse, FPRE, UBS, Wüest Partner, meta analysis real estate FPRE.

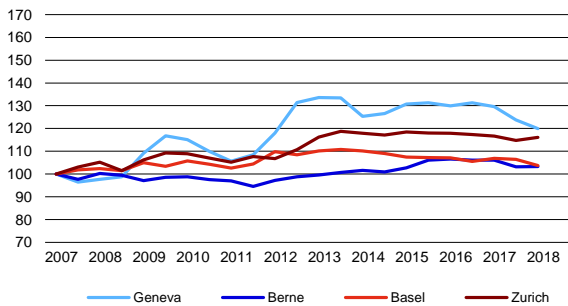
### 32 Market rents for office spaces by region (net rents)



2nd quarter 2018	Index (=100)	Changes to previous quarter	Change p.a.
Lake Geneva	101.9	2.9%	-12.1%
Espace Mittelland	84.0	1.7%	-10.2%
Basel	75.4	3.2%	-6.8%
Zurich	90.1	2.6%	-10.6%

Source: Fahrländer Partner, meta analysis real estate FPRE.

### 33 Quoted rents for office space (net rents)



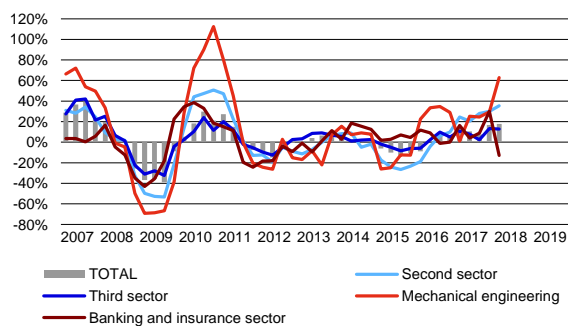
Source: SNB, Wüest Partner, meta analysis real estate FPRE.

### 34 Office space: supply rate for the major Swiss centres

Data as of		Zurich	Geneva	Basel	CH
2nd Q. 2018	JLL	3.2%	4.2%	-	-
4th Q. 2017	CBRE	3.1%	5.5%	-	-
2nd Q. 2018	WP	5.5%	11.0%	3.2%	7.1%
3rd Q. 2017	CS	6.9%	7.5%	4.4%	4.3%
Change compared to previous quarter	JLL	-0.4%p	0.0%p	-	-
	CBRE	0.1%p	0.1%p	-	-
	WP	-0.7%p	0.7%p	-0.1%p	0.1%p
	CS	-	-	-	-
Change p.a.	JLL	-0.9%p	-0.1%p	-	-
	CBRE	-0.1%p	-0.3%p	-	-
	WP	-0.8%p	-1.6%p	-0.3%p	0.4%p
	CS	0.4%p	0.5%p	0.6%p	0.1%p

Source: JLL, CBRE, WP, CS.

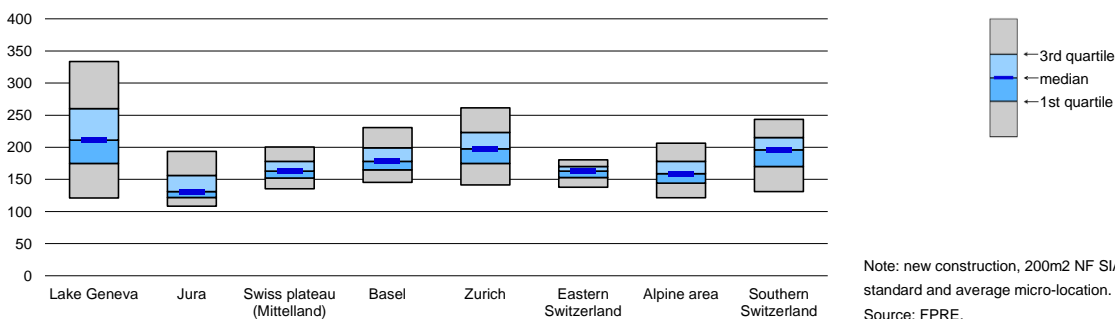
### 35 Change in job vacancies



Index of job vacancies	Change p.a. 1st quarter 2018
TOTAL	17.9%
Second sector	35.5%
Mechanical engineering	62.8%
Third sector	12.7%
Banking and insurance sector	-13.0%
Real estate sector	15.1%
IT sector	17.7%
Other services	63.1%

Source: FSO, cf. meta analysis economy FPRE.

### 36 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	3rd quarter 2018
3			IAZI	2nd quarter 2018
4	Closing Prices	SWIIT, REAL KGAST	SIX KGAST	29.06.2018 29.06.2018
5			SFA	3th quarter 2017
6	Cf. meta analysis economy FPRE	Consumer prices	FSO SECO KOF Créa Credit Suisse UBS	July 2018 19.06.2018 15.06.2018 31.05.2018 19.06.2018 12.07.2018
7	Cf. meta analysis economy FPRE	Consumer prices	BAK	43258 fig. 6
8	Cf. meta analysis economy FPRE	GDP Private consumption	SECO SECO	1st quarter 2018 1st quarter 2018
9	Cf. meta analysis economy FPRE		FSO	2016
10	Cf. meta analysis real estate FPRE		SNB	00.01.1900
11-12	Cf. meta analysis real estate FPRE		SNB	May 2018
13	Cf. meta analysis real estate FPRE		FSO, SEM	2nd quarter 2018
14	Cf. meta analysis real estate FPRE		SEM	June 2018
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	2nd quarter 2018
18			SBV	2nd quarter 2018
19			FSO, FOM	1st half year 2018
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
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
24	Cf. meta analysis real estate FPRE		FSO Geostat/Swisstopo	
25-27	Cf. meta analysis real estate FPRE		Fahrländer Partner	2nd quarter 2018
28			Homegate Wüest Partner	4th quarter 2017 2nd quarter 2018
29	Cf. meta analysis real estate FPRE		SNB/WP	1st half year 2018
30			IMBAS FPRE	4th quarter 2017
31	Cf. meta analysis real estate FPRE			
32	Cf. meta analysis real estate FPRE		Fahrländer Partner	2nd quarter 2018
33	Cf. meta analysis real estate FPRE		SNB/WP	1. half year 2018
34	Cf. meta analysis real estate FPRE		Jones Lang Lasalle CBRE Wüest Partner Credit Suisse	2nd quarter 2018 4th quarter 2017 2nd quarter 2018 3rd quarter 2017
35	Cf. meta analysis economy FPRE		SECO	July 2018
36			IMBAS FPRE	4th quarter 2017
Forecasts		Schweizer Immobilienmarkt 2017 Immobilien-Almanach Schweiz 2018 Immo-Monitoring 2018 I 2 UBS Real Estate Focus 2018 Hochbauprognose 2017-2023	Credit Suisse Fahrländer Partner Wüest Partner UBS BAK	2017 2017 2017/2018 2017 2017

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