



# Property adviser Wüest Partner names Swiss property pressure points

By Margaryta Kirakosian / 31 Aug, 2017 at 12:10



There is no bubble in the Swiss real estate market, although there is a slight risk of overheating in certain areas.

That is according to Christin Eugster, director at property adviser Wüest Partner, who said that tourist destinations such as Ticino, Graubünden, Berner Oberland and certain parts of central Switzerland are most at risk.

'To a large extent, the price increases in the past resulted from growing demand due to inward migration. Other important drivers were low interest rates and relatively limited supply – especially in the single-family housing market.'

Eugster, who is also a member of Wipswiss, the association for women in Swiss property, said she expects prices in the property market to decline further next year in the higher-

end owner occupied market.

'In the meantime, smaller and less luxurious apartments haven't reached the top level yet.'

Anita Göckel, a manager at the firm, said that commercial real estate is an area to watch closely, especially given that commercial rents are under pressure and investors are rushing into the sector due to a lack of investment alternatives.

'Transaction prices for investment properties have really gone up and I would say that if there is a possibility of a bubble, we would need to keep an eye on this kind of real estate rather than single family houses.'

Eugster added that contrary to the high investment demand for commercial property, end-user demand for floor space is growing only marginally, as companies use what they already have more efficiently.

Both managers said that infrastructure projects are one of the main drivers of the Swiss property prices.

Göckel added that housing demand may have been stimulated by the Gotthard Base Tunnel, which has shortened journey times across the Alps and has improved the accessibility of Ticino and central Switzerland.

Another major driver has been regulatory changes.

'Since 2012, a rule applies to tourism communities with a large proportion of secondary homes, which stipulates that new secondary homes can only be built if they are rented out to third parties,' Göckel explained. 'This measure is aimed at avoiding so-called "cold beds" in Switzerland.'