

Market environment

Real Estate

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In the current interest rate situation, demand remains high for yield-producing properties, for land suitable for construction, and for project development. Owing to the high property prices and rents tending to move mainly sideways, return on investment when changing ownership continues to come under pressure. Despite a lack in investment opportunities, private and institutional investors, especially, carefully assess the risks connected with the acquisition of property – especially the risks of growing interest rates and a higher vacancy rate.

Residential rental market

Owing to ongoing lively construction activity in residential construction, excess supply of rental apartments is accentuating. As a result, a slight decline in rents for new apartments in the market can be observed. The centres of business remain unaffected by this development as demand especially for reasonably priced living space continues to be high.

Commercial rental market

The situation for office space in the Geneva and Zurich metropolitan areas, especially, is characterised by a rather low demand and slightly declining rents. Numerous tenants take advantage of the favourable market situation for them to review and possibly optimise their real estate strategy. As a result, opportunities continue to come up for owners of land and real estate. In order to take advantage of them, very good knowledge of customer needs and a high degree of flexibility is required when negotiating rental terms.

Home ownership

Demand for residential ownership in the lower and medium price segment remains stable at a high level. Offers in the high-price segment are slow moving owing to excess supply and strict financing regulations. Building land suitable for the development of reasonably priced residential ownership is extremely difficult to find owing to the high cost of land. The resulting demand surplus for low to medium-priced residential ownership in areas with good transportation connections has led to slightly increasing prices.

Projects & Development

Despite the emerging oversupply in both commercial and residential real estate, construction activity continues to be rather stable. The expected decline in construction activity will inevitably lead to increasingly intensified competition in the primary and secondary construction industry and, as a result, the currently very low prices and margins will remain under pressure. Profitable realisation of projects at the required level of quality will become increasingly demanding for suppliers of general contracting and total contracting services that aim their acquisition activity only at utilising existing capacity and connected revenues to be achieved.