



Property owners on the “Sniffles Coast” always catch colds.

...You might think so, if you don't really know the real estate market on the left banks of The Lake. Find out more about the favorable aspects of the „Silver Coast“ in this bulletin.

The real estate market on Lake Zurich's left banks (status as of 2011)

Location factors speak for the Silver Coast

Proximity to Zurich City, a moderate level of taxation and a truly impressive lake view add to the attractiveness inherent in the property market along the entire left bank of Lake Zurich. Over the last few years, a superb traffic network – especially with the Westring, the autobahn link to Lucerne, and the Zimmerberg railroad tunnel (in 2003) – has been brought to successful completion. Servicing the entire left bank of The Lake, this network is unrivaled in quality.

The communities around the Horgen district have experienced a tremendous gain in their appeal over the last few years. The region's elevated sense of self-confidence also manifests itself in the new monikers spreading in common parlance: the “Silver and Platinum Coast” is replacing the old “Sniffles Coast.” The Platinum Coast primarily refers to the region on Lake Zurich bordering the canton of Schwyz, which begins after Richterswil.

The price level on both sides of The Lake adjusts to banks, and for years now, real estate appraisal firms have shown that the price level on the left and right banks of The Lake tend to rise in tandem with each other, exhibiting practically the same land and residential prices. Kilchberg has its counterpart in Zollikon; Rüslikon in Küsnacht; Horgen in Meilen, and so forth. In Kilchberg and Rüslikon specifically, we observed some major transactions with land values approaching CHF 4-6,000/m² of building land. The prices for condominium units in both municipa-

lities have already hit peak values of CHF 15-17,000/m² and in certain top locations, a few transactions even rose above CHF 20,000/m².

Oberrieden and Horgen have also experienced staggering price developments. For a long time, these communities struggled to break through the CHF 2,000/m² price threshold for building land. Nowadays, good sites can achieve prices ranging from CHF 2,200 to CHF 3,000/m².

Horgen, Wädenswil and Richterswil are all bustling with construction activity. These communities still offer the most likely opportunity to acquire homeownership at comparatively affordable conditions. Nonetheless, taxes there are somewhat higher than in municipalities closer to The City.

The winning ticket is still: Low taxes, proximity to Zurich and lake views

Even a market survey by IAZI confirms that prices in Kilchberg have undergone the highest and sharpest rise (42 % within 5 years). The neighboring town of Rüslikon is already 12 % cheaper and experienced growth of „only“ 31-35 % for condominiums. In Horgen, the regional capital, the price level is roughly one-third lower. Richterswil offers an approximately 40 % lower price level and represents the tail end of the price scale; thereafter, prices on the Platinum Coast start to go up again, and indeed, at quite a steep rate. This is definitely the biggest difference to the Gold Coast, where the further you move away from



Zurich, the more affordable land prices become. By comparison: In the canton of Zurich, the price rise within five years averaged only around 20 %. Price differences between the various municipalities can be attributed primarily to three influencing factors: Distance to Zurich City, tax burden and view of Lake Zurich. A buyer can find absolute perfection for digging deeper into his or her pockets if it's for a residential site near the center with a lake view and some tranquility. A study by the Statistics Office of the Canton of Zurich revealed that if the commute to the center of the city of Zurich can be attenuated from eleven minutes to ten minutes, then the land price rises 3.8 %. This figure should be taken with a grain of salt; too many other factors have a stronger impact on real estate values - like utilization, tax conditions, immissions, south/west exposure, and the like.

High real estate prices for low taxes

The same study from the Statistics Office indicated that around 10 % lower taxes will increase the building land price by 2.5 %. Because attractive residential sites can lure steadfast tax payers, these communities can afford lower tax rates, which further augments their appeal. Thus it comes as no surprise that the four communities with the most favorable taxes in the district - Rüslikon, Thalwil, Oberrieden and Kilchberg - also have the highest real estate prices.

Lake view as price driver

Ultimately, a lake view has a substantial impact on price levels. In this respect, it is reasonable to assert for the left banks that the view of Lake Zurich from both the Silver Coast and the Platinum Coast has a rather more imposing effect than from the right banks of Lake Zurich. The Lake opens up and appears larger and even wider to the viewer. Moreover, the view of the Gold Coast as it glimmers in the evening time is truly impressive. To us, one cannot quantify the value of the lake view in general numeric terms. It can certainly be argued that true admirers will pay a premium, especially for properties in excellent locations with attractive lake views.

Platinum Coast

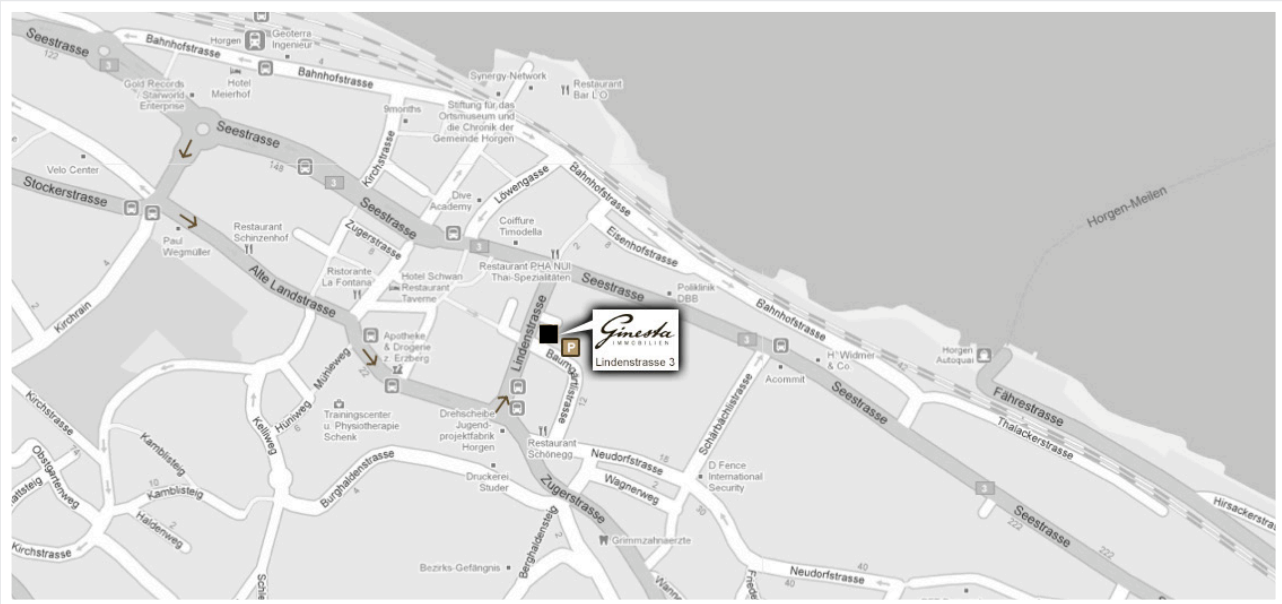
For a few years now, prices have gone haywire in the towns of Bäch, Freienbach, Wollerau, Pfäffikon and the neighboring communities of Altendorf and Feusisberg. The main reason is the extremely low tax situation, both for private and commercial ownership. Prices for residences in these regions start at around CHF 10,000/m², and can even soar up to CHF 25,000/m² for niche properties in the best, top locations. The same applies to land prices, where equally high land prices are being paid in Wollerau as in the posh Kilchberg community.

Single-family home becomes rare commodity

One development that can be identified on both banks of the Lake are the price hikes for free-standing and duplex single family homes. Due to the density options available since 1995, older single family homes are often torn down and rebuilt as multi-family buildings (as condominium flats). A number of reasons argue in support of the notion that the single family home as a strict investment is the most intrinsically valuable commodity of the future. They should be able to weather market fluctuations relatively unscathed. The condominium apartment market is more in balance, due to strong new building production. The development in this segment could appear to be less dynamic in the future than with single family homes, even though the demographic developments portend an increasing demand for age-based residences. The demand for older, mid-terrace row houses and penthouse maisonette units is noticeably lower at the moment. These have fallen out of fashion a bit, yet they still represent attractive purchase options for buyers with lower budgets.

Sources: Statistics Office; Migros Bank; IAZI; transaction data from Ginesta Immobilien AG

Ginesta Immobilien AG opens local office in Horgen



True to its tradition, Ginesta Immobilien has been active in the entire canton of Zurich since 1944, and even throughout Switzerland for properties with a multi-regional appeal. The market has changed in recent years, and it seems increasingly important to us that the brokerage be on site, in close proximity to its customers. By abolishing the flat-rate tax in the canton of Zurich, markets like Zug and Schwyz have become even more dynamic. Thus, opening another business office in Horgen is a logical step for a real estate brokerage that claims to be one of the leading brokers in the Zurich economic region. The gradual growth of the Company over the last few years to a total of 20 employees also means that we begin with seasoned, highly competent professionals who deliver expert real estate services locally to today's metropolitan area.

CEO Claude Ginesta is heading up a team of 3-4 individuals who will continue to expand the sales and leasing activities in the market region. Horgen is an ideal location for us to swiftly access customers on the Silver and Platinum Coast, in Zug and in other regions of inner Switzerland and in Graubünden.

We look forward to the opportunity to greet you at a non-binding, informal contact meeting at our new offices in Horgen.

Ginesta Immobilien AG
Lindenstrasse 3
CH-8810 Horgen
Tel. 044 728 82 00
Fax 044 728 82 05
verkauf@ginesta.ch
www.ginesta.ch

Author: Claude Ginesta



Claude A. Ginesta is a federally licensed real estate fiduciary (registered with the SVIT, the Swiss Federation of Real Estate Fiduciaries) and owner and CEO of Ginesta Real Estate AG. The company was founded in 1944 and specializes in the sale of properties in the Zurich and Grisons markets. With offices in Küsnacht, Horgen and Chur, the company operates as real estate broker throughout Switzerland for properties located across the country.

Publisher of the “Illusions” series

Ginesta Real Estate AG, www.ginesta.ch