

Arosa-Lenzerheide

MARKET REPORT 2019/2020

The essentials on the property market

- Residential property remains in demand
- Single-family houses are somewhat scarce on the market
- Owner-occupied apartments are in short supply

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Prime destination in Graubünden

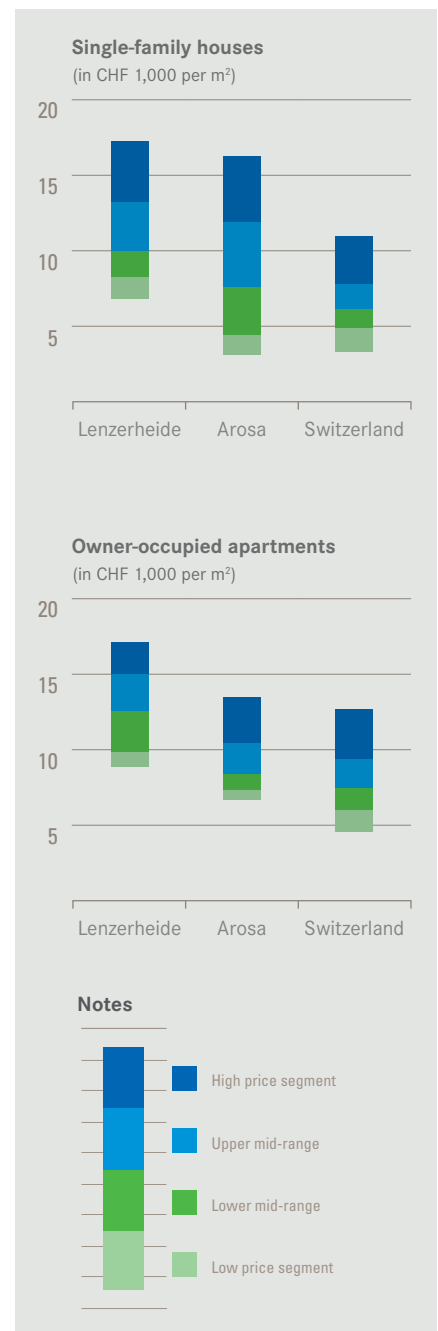
Two locations, one mountain paradise

The two holiday destinations of Arosa and Lenzerheide have been connected with each other since the opening of the Urdenbahn aerial tramway in January 2014. The result is a winter sports paradise providing 225 kilometres of ski runs with guaranteed snow and numerous authentic mountain lodges. In summer, Arosa-Lenzerheide offers a range of leisure activities from hiking and bike trails to the region’s mountain lakes. The holiday region has an overall population of 5,900. During peak season, however, this increases approximately eight-fold due to the 6,600 second homes in Lenzerheide and 4,300 in Arosa, as well as the extensive hotel provision. Thanks to the good accessibility of the high mountain valley, Lenzerheide has experienced widespread growth in recent years, allowing the destination to establish itself as the undisputed number two in Graubünden behind St. Moritz. Arosa, meanwhile, has attracted a loyal fan base for many years.

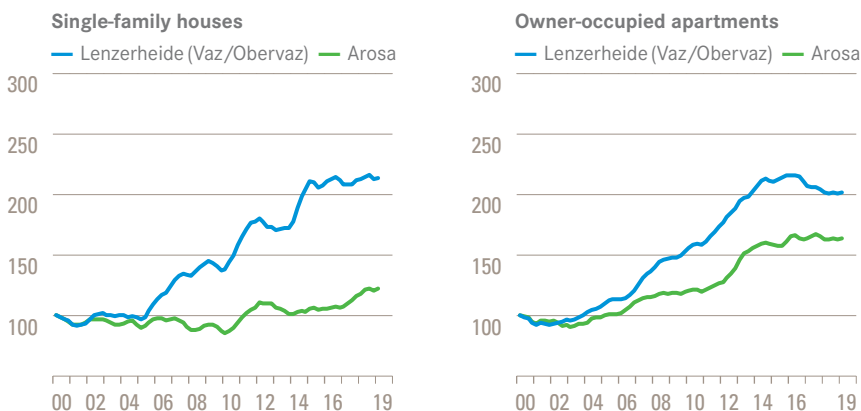
Growth in the apartment stock has almost ceased

The property stock exhibits the typical structure of a popular holiday destination. Lenzerheide has a high number of owner-occupied apartments. These account for almost 70% of the overall supply, with a particular emphasis on the medium size category. In Arosa, owner-occupied apartments represent approximately 60% of the housing stock. Before the second home initiative in 2012, a construction boom commenced with building permits reaching an all-time high. The potential for additional second homes remains limited by the new legislative framework and the paucity of properties suitable for conversion. The very good summer and winter seasons over the last two years have had a noticeably positive effect on demand. At the same time, the overall decreasing interest of foreign purchasers in second homes in the Arosa-Lenzerheide region has had a negligible effect on market growth, since demand in the region is driven by a disproportionately high level of domestic visitors.

Property prices (ranges)



Residential property: Transaction price growth (Index Q1 2000 = 100)



The trend illustrated is based on statistical data for the municipality of Arosa; this also includes the corresponding locations in Schanfigg. If the holiday location of Arosa were represented in isolation, its curve would be just below that of Lenzerheide and would correlate accordingly.

Second homes remain highly popular

Single-family houses are attracting maximum prices

Holiday homes in the mountains are still in vogue! Achievable sale prices per square metre confirm the sustained popularity of residential property in the mountains. Owner-occupied apartments in the high-end segment are changing hands for between CHF 12,000 and 14,000 per square metre in Arosa, while sale prices in Lenzerheide are moderately higher at CHF 14,000 to 16,000 per square metre. Similar prices per square metre of living space can be seen for the few single-family houses that come to the market. However, the price range for prime properties extends significantly to as much as CHF 16,000 per square metre in Arosa and up to CHF 18,000 in Lenzerheide.

Prices in the high-end market segment have risen moderately over the last quarter. Single-family houses in particular register all-time highs in both locations. Meanwhile, transaction prices for owner-occupied apartments in Arosa are close to previous highs, while those in Lenzerheide have returned to near-record levels following their correction after the period of strong growth up to 2016. Generally speaking, prices have risen significantly since the turn of the millennium. In Lenzerheide, market prices for single-family houses and owner-occupied apartments have more than doubled. In Arosa, the market has proven more stable with increases of 20% on single-family houses and 60% on owner-occupied apartments. We expect prices to stabilise at this level over the coming months, since demand for second homes remains strong in both Arosa and Lenzerheide.

Vacancy rates are falling

We consider markets to be intact and efficient with a supply rate of up to 6%. Evidently, this criterion is fulfilled across all segments in both localities and the trend is downward. Supply rates for owner-occupied apartments stand at 3.8% in Arosa and 1.7% in Lenzerheide, with those for single-family houses even lower at 2.3% in Arosa and 1.8% in Lenzerheide.

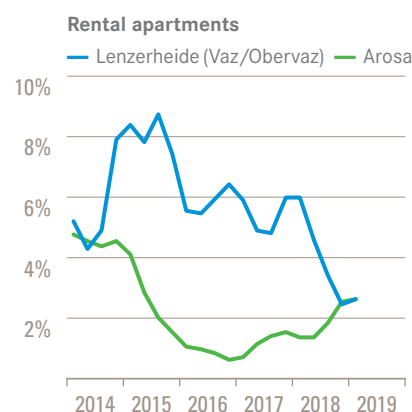
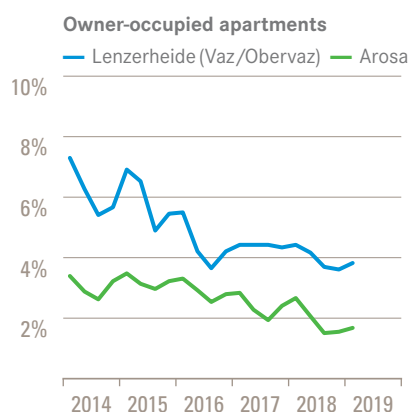
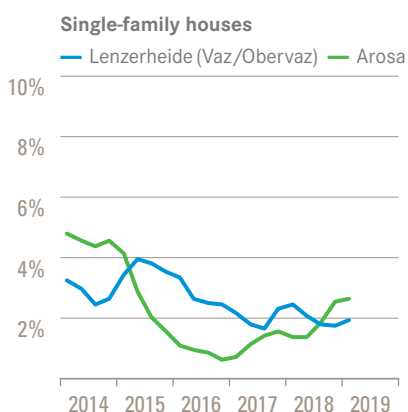
Figures for Arosa-Lenzerheide



Lenzerheide (Vaz/Obervaz)	
Population	
Inhabitants	2,780
Annual growth rate	2.2%
Proportion of foreigners	23.2%
Property market (residential) 4,988	
Proportion of rental apartments	12.7%
Proportion of owner-occupied apartments	68.1%
Proportion of single-family houses	19.2%
Approved residential units 43	
In apartment buildings	36
In single-family houses	7

Arosa	
Population	
Inhabitants	3,132
Annual growth rate	-1.7%
Proportion of foreigners	23.6%
Property market (residential) 4,844	
Proportion of rental apartments	22.9%
Proportion of owner-occupied apartments	59.5%
Proportion of single-family houses	17.7%
Approved residential units 11	
In apartment buildings	5
In single-family houses	6

Supply rate (number of properties on the market in relation to the total stock)





Outlook: the market remains robust

The second home initiative and its consequences

On 11 March 2012, the Swiss electorate voted in favour of the second home initiative. In municipalities where second homes account for more than 20% of the housing stock, no new units may be approved. However, the legislation allows some exceptions for an increase in the supply of second homes. Apartments managed for use by tourists are permissible; i.e. those not customised to the personal requirements of the owner. The conversion of protected or landmark buildings is also possible within the building zone. Outside the building zones, properties recognised as worthy of protection can be converted. The new legislative framework has now resulted in a supply shortage and corresponding pressure on prices. However, the general economic situation and prosperity levels also remain determining factors. After all, a holiday property is a luxury asset and is bought only if the environment allows it.



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We look forward to hearing from you

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