

MARKET REPORT 2022

The essentials of the property market

Celerina

- Considerable price increases for residential property
- Single-family houses rare on the market
- Moderate supply rate for owner-occupied apartments



Upper Engadine continues to set the bar

Picturesque localities, one mountain paradise

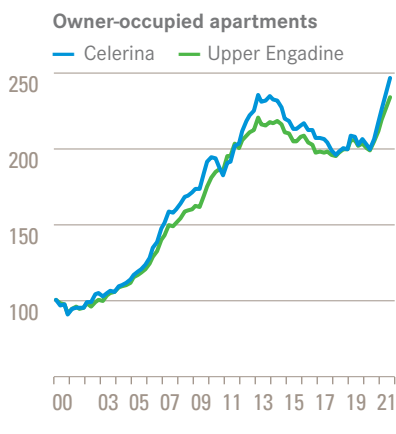
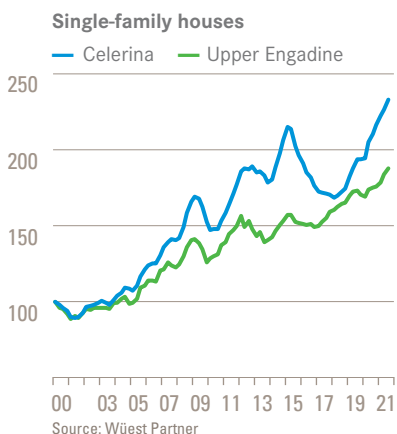
Thanks to the unique harmony of its lake landscape, the Upper Engadine holiday region is popularly known as the ‘ballroom’ of the Alps. In winter, one of the largest and most diverse ski areas attracts visitors with a total of 88 pistes, more than 220 km of cross-country trails and 13 natural ice rinks. In summer, 580 km of hiking trails, 17 climbing parks, 400 km of mountain bike trails, two 18-hole golf courses and other local attractions offer plenty of variety.

About 18,400 people live in the Upper Engadine all-year round, and many more flock to the region during high season. With 12,600 hotel beds (of which 5,200 alone can be found in St. Moritz and just under 2,000 in Pontresina) and around 7,000 beds in 1,800 holiday apartments, there is no shortage of choice for holidaymakers. In 2020, the Upper Engadine registered more than 1.4 million overnight stays in total (hotels only, not including holiday apartments), of which 80% were in the core zone of the Silvaplana-Samedan-Pontresina triangle, which also encompasses St. Moritz and Celerina. This is equivalent to a decrease during the pandemic and compared to the previous year of 10.1%. Excluding the municipality of St. Moritz, which has a higher-than-average proportion of guests from abroad, there was, however, a slight increase of 1.8%. In the rented holiday home segment, occupancy increased significantly as of 2020.

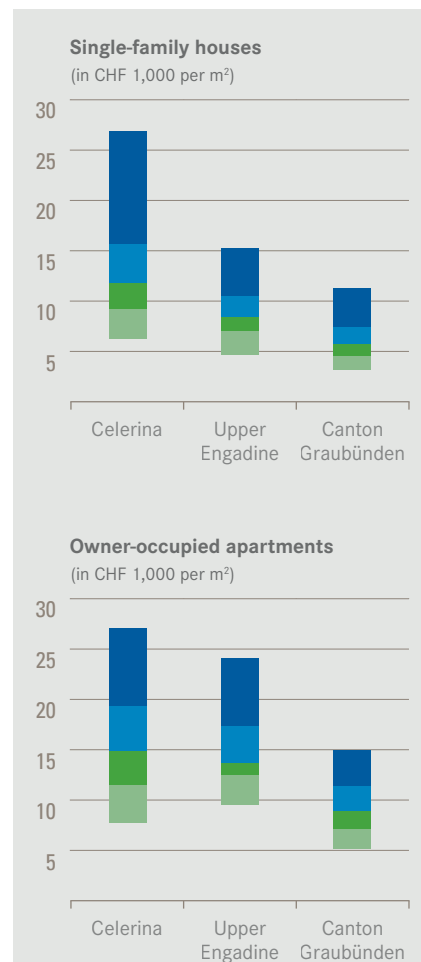
Pandemic and Second Homes Act drive prices

In general, the property stock exhibits the typical structure of a popular holiday region. Owner-occupied apartments, particularly those in the medium-size category, account for more than two thirds of the overall supply; in Celerina and Silvaplana, the proportion is as high as 80%. In the larger municipalities of Pontresina, Samedan and St. Moritz, with a higher proportion of local residents, typical holiday homes make up just over half the stock. The proportion of single-family houses is low in all municipalities. New construction has been no more than moderate since the implementation of the Second Homes Act in 2016. Combined, the total stock grew by just 1% per year at most in the last decade. The declining interest of foreign buyers over several years led to a market shift as domestic demand increased significantly at the same time. Today, more than half of the guests come from Switzerland. This trend has intensified during the Covid-19 pandemic due to changes in travel behaviour, and domestic demand for holiday homes is greater than ever.

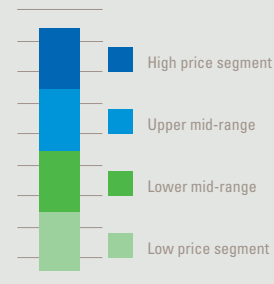
Residential property: transaction price growth (index Q1 2000 = 100)



Property prices (ranges)



Notes



Strong domestic demand

Accelerated price increases

Holiday homes in the mountains are still in vogue. In Celerina, this applies mainly to second homes, which account for a large portion of the property stock. The unspoilt nature, the proximity to St. Moritz and the ski area on the doorstep are some of the reasons why the achievable selling prices per square metre are above average. For owner-occupied apartments in the high-end category, the average selling price can reach as high as CHF 19,000/m², while luxury properties can fetch CHF 25,000/m² or more. The very few single-family houses placed on the market (usually older properties) sell for about CHF 16,000/m². High-end properties change hands for up to CHF 25,000/m², while luxury rarities go for considerably more, sometimes surpassing CHF 30,000/m².

After a long boom, during which transaction prices rose steadily in the years up to 2014/15, a correction set in. In the single-family house segment, this trend reversed three years ago, prices rapidly increased again, and that upward trend accelerated as of mid-2020. The increase for owner-occupied apartments was disproportionately high, with a lower correction of about 20%. Transaction prices have since risen again, and following the price increases in recent quarters are now recording new record highs. Generally speaking, prices have increased by more than 150% since the turn of the millennium. We expect a moderate rise in transaction prices over the coming months, since demand for second homes remains strong.

Very low supply rates for single-family houses and rental apartments

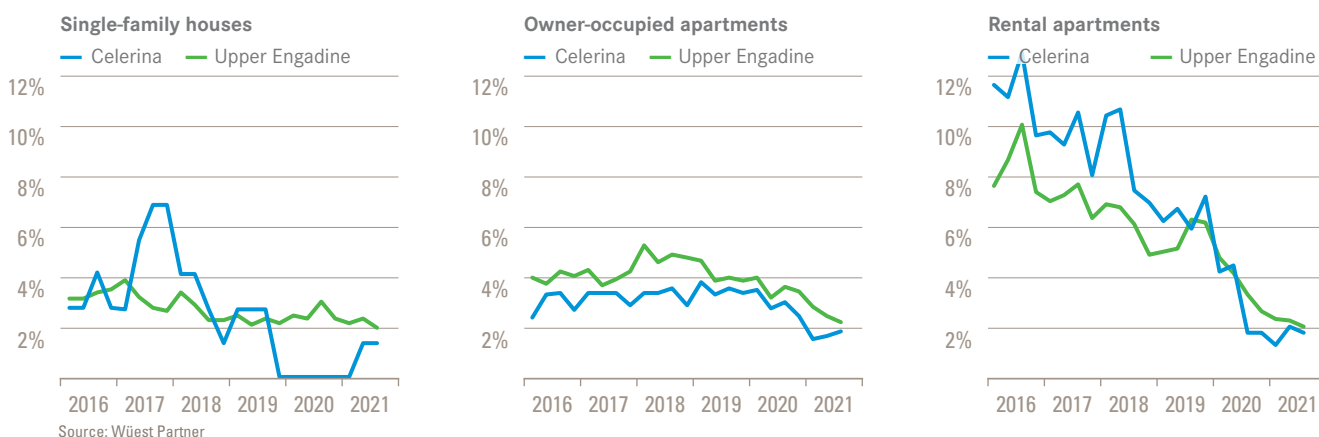
We consider markets to be intact and efficient, with a supply rate of 6%–8%. In Celerina, this criterion is significantly undercut across all market segments at present. The supply rate for single-family houses has been falling drastically since the end of 2017 and is currently 1.7%. The rate for owner-occupied apartments has been stable for several quarters and currently stands at 1.9%. The few new construction projects are all being very well received. In the rental apartment sector, the increased domestic demand, further spurred on by Covid-19, continues to be felt and available properties are highly sought after. Accordingly, the supply rate has fallen from 10% in 2018 to the current low level of 1.7%.

Figures for Celerina



Celerina	
Population	
Inhabitants	1,484
Annual growth rate	-1.2%
Proportion of foreigners	27.4%
Real estate market (residential) 2,439	
Proportion of rental apartments	18.2%
Proportion of owner-occupied apartments	79.0%
Proportion of single-family houses	2.8%
Proportion of second homes 69.1%	
Approved residential units 18	
In apartment buildings	18
In single-family houses	0

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. In addition, second homes can be built as part of the expansion and construction of hotels. Under certain circumstances, properties recognised as worthy of protection can be converted. The new legislative framework has resulted in hardly any new builds being constructed. This has now led to a supply shortage with corresponding pressure on prices, in particular for owner-occupied apartments. The low interest rates, the general economic situation, the level of prosperity and the changes in behaviour in personal and business environments brought about by Covid-19 also remain equally important 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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