

MARKET REPORT 2021

The essentials of the property market

Pontresina

- Substantial price increases since 2017
- Prices for single-family houses have peaked
- Good supply of owner-occupied apartments

Upper Engadine continues to set the bar

Picturesque localities, one mountain paradise

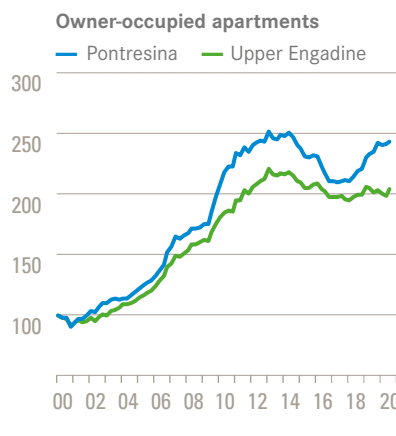
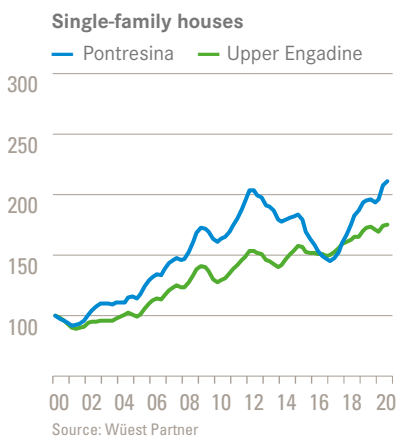
Thanks to the unique harmony of its lake landscape, the Upper Engadine holiday region is popularly known as the ‘ballroom’ of the Alps. In winter, one of the largest and most diverse ski areas attracts visitors with a total of 88 pistes, more than 220 km of cross-country trails and 13 natural ice rinks. 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 in St. Moritz and almost 2,000 in Pontresina) and 7,000 beds in 1,800 holiday apartments, there is no shortage of choice for holidaymakers. In 2019, the Upper Engadine registered more than 1.6 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.

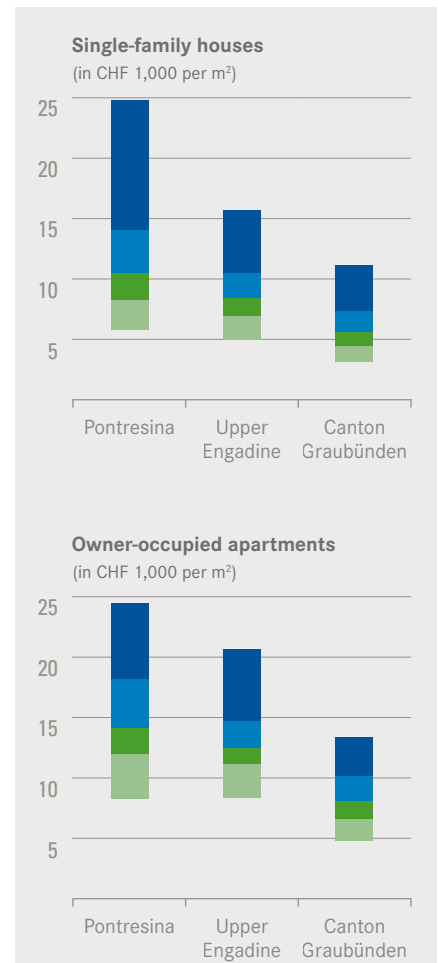
Second Homes Act leads to a fall in construction activity

The property stock generally 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, which have 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. Since the implementation of the Second Homes Act in 2016, only moderate new construction activity has taken place. Over the past decade, the total stock has grown by just 1% per year at most. The very good summer and winter seasons in the last three years have had a noticeably positive effect on demand. Interest from foreign buyers had been dwindling for years, which led to a market shift as domestic demand increased significantly at the same time. More than half of guests are now from Switzerland. This trend has intensified due to changes in travel behaviour during the COVID-19 pandemic.

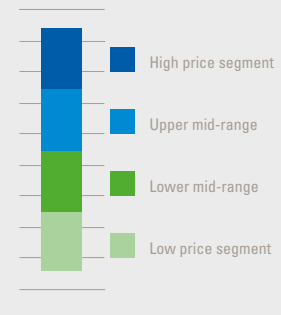
Residential property: transaction price growth (index Q1 2000 = 100)



Property prices (ranges)



Notes



Continued appeal

Price rise for single-family houses

Holiday homes in the mountains are still in vogue. Pontresina appeals with its attractive location, beautiful nature, wide range of hotels and busier mid-season than the surrounding villages. That’s why Pontresina has the highest property prices in the region, alongside St. Moritz. For owner-occupied apartments in the high-end category, the average selling price can reach as high as CHF 18,000/m², while luxury properties can now fetch prices as high as CHF 25,000/m². For single-family houses, which rarely come on the market, buyers pay similar or slightly higher prices for properties in very good condition compared with equivalent owner-occupied apartments, and this trend continues to increase slightly.

The second home market is robust, with very strong demand. After the correction phase between 2014 and 2017, and due to the uncertainty surrounding the second home initiative, transaction prices for single-family houses have risen strongly and have now reached a new high. A similar trend has been seen on the owner-occupied apartment market, and prices are now only slightly below the highs of 2014 after significant price increases over the last few quarters. Since the turn of the millennium, prices have doubled for single-family houses and risen by almost 150% for owner-occupied apartments. We expect transaction prices to increase moderately over the coming months, since demand for second homes remains strong and the low interest rates and low level of new construction activity will be reflected in the price structure.

Moderate supply rates

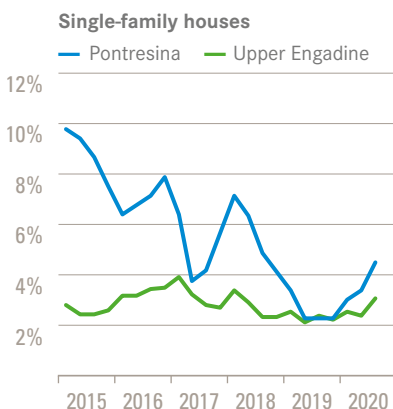
We consider markets to be intact and efficient, with a supply rate of up to 6%–8%. In Pontresina, this rate is currently seen across all market segments. At 4.5%, the supply rate for single-family houses has increased slightly compared with the previous year, while the rate for owner-occupied apartments is again down slightly at 4.6%. The supply of holiday apartments is diversified and ranges from simple properties to luxury new builds. The market for rental apartments has recovered; since 2018, the rate has reduced substantially from 8.4% to 2.5%. This underlines the current high demand for temporary holiday homes.

Figures for Pontresina

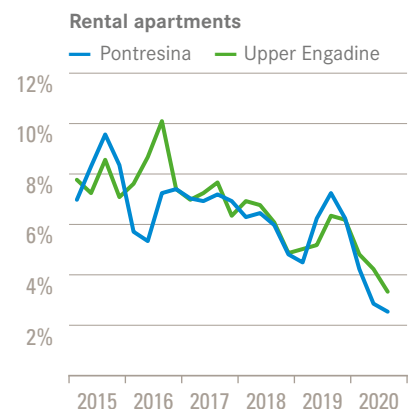
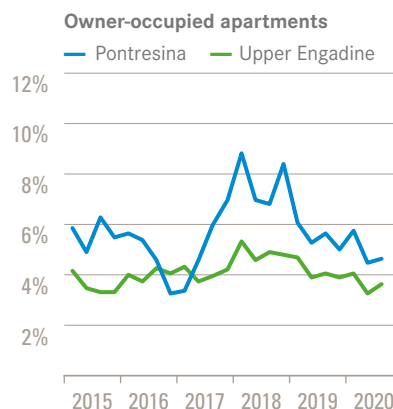


Pontresina	
Population	
Inhabitants	2,147
Annual growth rate	-0.7%
Proportion of foreigners	33.7%
Real estate market (residential)	
	2,311
Proportion of rental apartments	27.5%
Proportion of owner-occupied apartments	66.0%
Proportion of single-family houses	6.5%
Proportion of second homes	
	56.6%
Approved residential units	
	6
In apartment buildings	0
In single-family houses	6

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



Source: Wüest Partner





Outlook: the market remains robust – consequences of the second home initiative

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 permitted and second homes can be built as part of the expansion and construction of hotels. Properties recognised as worthy of protection can also be converted. The new legislative framework has led to very few new homes being built, which has caused a supply shortage and corresponding pressure on prices – in particular, for owner-occupied apartments. Low interest rates, the general economic situation, prosperity levels, the need to diversify investments and assets, and, most recently, changing travel behaviour due to COVID-19 also remain important factors. After all, a holiday property is a luxury asset and is bought only if the economic environment allows it.



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