

# UBS immo news



## Contents

- 1 Prices still gaining ground
- 2 On the path to your own home – confident every step of the way, with UBS
- 3 Experienced partners help make your dream house a reality
- 4 Your choice of building partner influences potential for individualizing your project

## Prices still gaining ground

**The upward trend in prices for apartments began to falter in 2006. At the same time the demand for single-family homes accelerated versus the demand for apartments. However, continued, moderate price increases are still expected for both types of residential property in 2007.**

The ongoing positive performance of the economy and the related optimistic outlook for income are making it possible for more families to invest in their own home, and free-standing homes are particularly popular. Consequently, prices have gained even more upward momentum, adding another 4.3% in 2006 versus 2005. Thus, for the first time in many years, we have seen a bigger price increase in single-family houses than for apartments.

### **Apartments: prices begin consolidating**

Prices for apartments rose an average of 1.4% in 2006, staying well below the 4.0% average we've become accustomed to seeing over the last five years. Although prices have climbed a total of 27% since 2000, this is not an indication of a price bubble on the real estate market. In contrast to many other countries, apartments in Switzerland are still affordable for a broad segment of the population, thanks to low mortgage rates and the moderate level of prices versus household income.

### **Major regional differences**

In 2006, the prices of residential property for sale rose the strongest in the areas of western Switzerland and Lake Geneva, where increases averaged 5.3% and 8.3% respectively.

### **Outlook**

Despite the slowing anticipated in the Swiss economy, both financing conditions and demographic trends (migration) will remain favorable for the real estate market in 2007. Demand in both the single-family house and apartment segments will continue to buoy prices. UBS expects a further overall price gain of several percent.

Source: Wüest&Partner and UBS

## Editorial



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Deciding to build a home of your own means committing to a complex project. So, it's good to involve your UBS advisor from an early stage. In this edition of "UBS immo news", read about how your UBS advisor can play an important role in helping plan your building project and providing valuable advice.

Find out how to make the most of your construction or renovation project through sound planning, preparation and supervision. One of the key decisions you will have to make is whether to use an architect or a general contractor, which will determine your scope for customizing the design and details of the project. Three examples are discussed here showing how the range of products and services offered by general contractors can vary.

We hope that you will enjoy reading "UBS immo news", and that the information we provide here will prove helpful to you on your way to realizing your dream house.

**Markus Lüthi**

## On the path to your own home – confident every step of the way, with UBS

**UBS is the largest single-mortgage issuer in Switzerland and is a competent banking partner in areas extending far beyond home financing. UBS actively assists you every step of the way towards acquiring your own home, a process which normally occurs in several stages.**

When you decide it's time to fulfill your dream of owning your own home, it's best to start by talking to your UBS advisor. Your UBS advisor can assess your individual situation and financial resources and give you helpful advice covering all the different aspects and phases of becoming a home owner.

### **Step 1: determining your financial potential and finding the right property**

The first step you will take with your advisor is to determine what type of home you want to purchase and how much you can afford to spend. Together you will examine what sort of resources you have at your disposal, and options for filling the gap if you require additional capital.

Very soon you will start looking for the house that meets all your requirements. In this phase, the following questions are important: Do you want to purchase an existing home or build a new house of your own? Should it be a free-standing, semi-attached, or an apartment? What are your preferences in terms of location and fittings? Your UBS advisor can tell you what aspects you should pay special attention to when judging the suitability of a property's location and the quality of its interior finishings.

### **Later: financing, savings potential and insurance**

You and your UBS advisor will eventually begin examining UBS's comprehensive range of mortgage products in detail. Which financing model is best suited to your personal circumstances depends on your individual needs and the interest rate trends expected on the market. If you plan

on building a new home, for example, you will find UBS building financing is an extremely attractive and flexible financing instrument. You can choose a mortgage with a variable interest rate or a fixed rate applicable for several years. You can lock in the rate on a fixed mortgage any time, even before you start building. This way you know right from the start what your mortgage costs will be for the next few years. You can wait to draw on your fixed-term mortgage for up to one year, which lets you accommodate your financing resources to your actual capital needs.

Your UBS advisor can then also provide all kinds of helpful information and tips concerning the actual purchase of your property. He or she will outline options available to you for saving on taxes and explain potential risks you may encounter during construction and afterwards. To be certain your investment and financial obligations are covered under all circumstances, your UBS advisor will also recommend that you conclude suitable insurance (e.g. against all types of damage potentially caused to your or others' property or persons during the construction phase, and upon completion of construction, insurance against damage caused to property by fire, water, etc.).

**i** Your UBS advisor will be happy to assist you in realizing your dream of owning your own home. For information on UBS mortgage products and the current interest rate situation, see [www.ubs.com/immonews](http://www.ubs.com/immonews) → "UBS mortgages in the current interest rate environment"

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A great opportunity for all first-time home buyers: one month every year you pay no mortgage interest. For the entire duration of your mortgage. Find out more and request an offer today from your UBS advisor, at any UBS branch office or by calling **0800 884 558**.

Applies until 31 July 2007 on owner-occupied property for first-time home buyers only. Discount is credited as a monthly reduction of 1/2 on the current mortgage rate offered by UBS at contract commencement. May not be combined with other offers or discounts. © UBS 2007. All rights reserved.

## Experienced partners help make your dream house a reality

If you decide to make your dreams come true by building a new home, it is smart to work with a contractor who has plenty of experience in this field. Here we take a look at a few selected companies in this very broad market to show you how different their approaches and areas of specialization can be. With the wide choice available to you, you are bound to find just the right partner for your building project.

The products and services offered by the three general contractors featured here give you a basic idea of how wide the range of possibilities and styles are in the world of modern housing construction – and it may also be an initial source of inspiration for your

own building project! The elegant, classic-style home shown below is built around a wooden-frame structure, the majestic villa is an ecological solid wood construction system, and the country house is made of solid stone.

**i** Other interesting companies many of which offer projects that include the land – may be found in a wide variety of magazines on home building and architecture available at newsstands and at the real estate markets at UBS branch offices.



As a traditional, family-managed business, HUF HAUS has been building homes and developing expertise in the use of wood as a building material for the past 90 years. A distinctive feature of a HUF home is the wood frame construction that does not rely on supporting walls which divide up the inner space. So, with a HUF house you can achieve unparalleled openness and spaciousness in your home design.

Display homes by HUF HAUS may be viewed in Kindhausen, Montreux and Carabbia (coming soon!). Let yourself be inspired – let us draft plans for your dream house.

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WeberHaus has been synonymous with quality, innovation and comfort from more than 45 years. Our broad experience acquired in building over 28,000 homes is your guarantee for a smooth, professional process from the planning phase to handover of your finished home. It's fascinating to watch how a WeberHaus is created by expertly combining state-of-the-art prefabrication

technology and traditional craftsmanship. Individual advising throughout all the phases of building and a focus on energy-efficient construction give you the security you want – today and in future.

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SWISSHAUS has been the market leader in Switzerland for solid construction techniques of single-family homes for the last 10 years. As general contractors, we plan and carry out building projects throughout the German-speaking region of Switzerland exactly to the client's wishes – individual single-family homes, solidly built to maintain their value long into the future. Clients' special wishes and an abundance of dif-

ferent home-building ideas offer a rich basis for realizing your personal dream house. The architects at SWISSHAUS plan each home just the way the client wants it. With your individual requirements and living style as our common goal, we create the house of your dreams at a guaranteed price.

SWISSHAUS Wohnprofil AG  
St. Jakob-Strasse 21, 9004 St. Gall  
Phone 071 242 63 30

## UBS engagements

### The fascination of owning your own home

21 April 2007

**3rd UBS real estate day, Liestal**

21/22 April 2007

**IMEX, Zurich**

27–29 April 2007

**ImmoExpo, Aarau**

2–5 May 2007

**Exhibition: "Faszination Eigenheim" (the fascination of owning your own home), UBS Locarno**

5 May 2007

**15th UBS real estate market, Schaffhausen**

8–12 May 2007

**Exhibition: "Faszination Eigenheim" (the fascination of owning your own home), UBS Lugano**

15–19 May 2007

**Exhibition: "Faszination Eigenheim" (the fascination of owning your own home), UBS Mendrisio**

21 April 2007

**3rd UBS real estate day, Basel**

2 May 2007

**"Hypothesen, Haus und Garten" (mortgages, home and garden), Botanical Gardens, St. Gall**

3–6 May 2007

**Wyna Expo, Reinach/AG**

7 May 2007

**"Hypothesen und Wohntrends" (mortgages and trends in living), Möbel Gamma, Wil**

15 May 2007

**"Hypothesen, Haus und Garten" (mortgages, home and garden), Botanical Gardens, St. Gall**

8–10 June 2007

**Salon immobilier de Montreux 2007**

# Your choice of building partner influences potential for individualizing your project

**Optimize the construction process for your home by ensuring good organization, coordination and communication with everyone involved. How much do you want to contribute yourself in terms of work and design to the project? The answer to this question will determine whether you choose an architect or general contractor as your building partner.**

Building a home is a process involving several steps. Different demands will be put upon you as the builder-owner, depending on whom you choose as your building partner. Demands are greatest when you choose to work with an architect. The architect plans the building and monitors its progress, acting as your coordinator, representative and financial manager. If you decide on a general contractor instead, you will conclude a single contract that regulates all aspects of the construction of your home. In return you receive a completely finished house just waiting for you to move in. A total contractor provides the same service, plus takes responsibility for project design and planning as well. If you develop and realize your own individual project together with an architect, about 20 different steps are involved, from the initial building concept to acceptance of the work (see diagram), and each step itself consists of several other activities.

## Planning and construction process



The illustration shows the order of the main tasks involved in realizing an individual building project for a private home (1–9 planning, 10–16 execution). It is essential to work closely with the architect every step of the way. When working with a general or total contractor, the owner has less scope for customizing work that is covered by the contracting agreement.

### Architect-built homes

Once all your wishes and requirements have been integrated into the plans of the architect and building permission has been received, the execution phase can begin. This includes the following tasks:

#### Call for tenders

- ✓ Selecting building partners (contractor, tradespeople, etc.)
- ✓ Checking the offers submitted (for completeness and accuracy)
- ✓ Comparing offers (evaluating and selecting)

#### Work and services contracts

- ✓ Negotiation of conditions and award of mandate
- ✓ Drafting of work and services contracts
- ✓ Verifying legal aspects, etc.

#### Execution

- ✓ Draw up infrastructure and installation plans
- ✓ Distribute plans to workers
- ✓ Inform all building partners, neighbors, etc.

#### Supervision

- ✓ Check performance against specifications and plans
- ✓ Quality, quantity, standards
- ✓ Deadlines, costs, etc.

### Acceptance of work

- ✓ Preparation
- ✓ List of shortcomings/acceptance report
- ✓ Correction of shortcomings

### Documentation

- ✓ Revised plans and guarantee certificates
- ✓ Revised list of workmen
- ✓ Instruction booklets for equipment, etc.

### Final accounting

- ✓ Performance and invoicing controls
- ✓ Additional work and cost-plus work
- ✓ Payment controls

These tasks are done by the architect in accordance with his or her contract. It is the owner's responsibility to play an active role in decision-making and ensure that the terms of the contractual agreement are fulfilled.

### Other types of home

If you decide to build an apartment, standard-blueprint house or prefabricated house using a general contractor or total contractor as your building partner, fewer demands will be put upon you as owner during the design and construction phase. All you have to do is communicate any special wishes you may have and agree on the related technical and financial consequences. The main activities here are as follows, depending on your agreement:

#### Work and services contract (with general or total contractor)

- ✓ Supervision of construction
- ✓ Acceptance of work
- ✓ Documentation
- ✓ Controlling of final accounting

Naturally, this approach to realizing a project is less demanding on the owner, primarily because the organization and process is largely defined in advance. It does carry with it the disadvantage, however, that the results will be less individual than a home built together with an architect. But, typically, the costs will also be lower than for an architect-built house of the same standard.

Guest article contributed by Max Schweizer, Construction and corporate consulting

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