

UBS Luxury Property Focus 2025

Swiss real estate market

Authors: Katharina Hofer, Economist, UBS Switzerland AG; Matthias Holzhey, Economist, UBS Switzerland AG

- Luxury property prices rose by an average of 1.2% in 2024, marking the second consecutive year of slowing market momentum. For 2025, we expect a similar price increase.
- The most expensive luxury properties are found in the tourist destinations of St. Moritz and Gstaad, while Cologny on Lake Geneva commands by far the highest prices for residential property outside the mountain regions.
- Weaker economic growth and wealth development could dampen demand this year, but the Swiss luxury property market is likely to continue benefiting from its reputation as a "safe haven."



Source: Getty Images

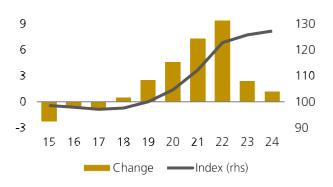
Prices cooled in the Swiss luxury segment for the second year in a row in 2024. The price increase for luxury homes halved to an average of 1.2% year over year. Price growth in the luxury segment was driven mainly by condominiums, which saw average prices rise by 3%, while prices for single-family homes were nearly flat. In addition, the luxury segment underperformed the overall residential market, where home prices rose by an average of 3.2%. The weaker market momentum was reflected in a slight increase in supply compared with 2023.

Price growth reaching its limits

A key driver of luxury property prices in 2024 was likely the strong performance of the stock markets. As a result, wealth increased, and with it, the willingness to pay for high-end properties rose noticeably. The number of individuals with at least CHF 50 million in assets is also estimated to have grown above average last year. This trend particularly supported demand for villas in the double-digit million range, especially in the mountain regions and select locations on Lake Geneva. The significant drop in interest rates over the course of 2024 also boosted demand, even though the luxury segment is generally much less sensitive to interest rates than the overall market.

A breather for prices

Asking prices in the luxury segment: change compared to the previous year in percent and index (2019=100)



Source: Wüest Partner, UBS

(1) The analyses are based on 28 selected municipalities with a high proportion of luxury properties (see graph on page 2).

This report has been prepared by UBS Switzerland AG. **Please see important disclaimers and disclosures at the end of the document.**

The subdued price momentum in 2024 was therefore not due to weak demand drivers, but rather a consequence of price excesses in previous years. The current price level is 27% above the 2019 value. The Zug region recorded the strongest price increase, with growth of over 40%. Around Lake Zurich, the increase was 30-40%. In contrast, price growth on Lake Geneva and in Ticino was below 20%.

Affordability issues also affect luxury properties

The high price level reduces the pool of potential buyers. This particularly affects luxury condominiums in the midsingle-digit million range, where affordability guidelines for mortgage lending are most strictly applied within the luxury segment. In addition, the price level is increasingly being questioned. At the regional level, this is evident in the Zug region, which in 2024 was the only analyzed region to see a slight price decline of 2% compared with the previous year.

Despite rising prices, there is no construction boom in residential property overall, which currently limits the risk of oversupply. The number of building permits for condominiums in municipalities with a luxury segment has remained broadly stable on average. In the Geneva area, only 1% of the existing stock was approved for construction in 2023 and 2024 combined, and about 2% was approved around Lake Zurich. The most construction is taking place in the Zug region, where the approved increase over the past two years totaled more than 5%.

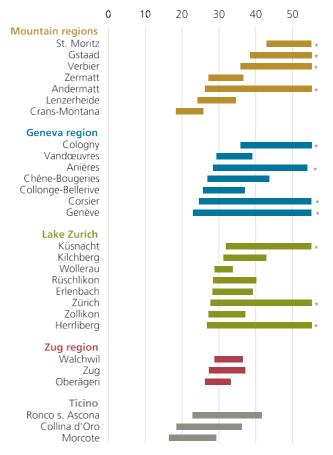
The luxury markets in Switzerland

St. Moritz was able to maintain its top position as the most expensive location for luxury real estate. Square meter prices there start at around CHF 43,000. Gstaad and Verbier, two other mountain destinations, follow with prices starting at CHF 39,000 and CHF 36,000 per square meter, respectively. Depending on micro-location and amenities, square meter prices of over CHF 50,000—and in exceptional cases even more than CHF 100,000—are possible.

The most expensive properties outside the mountain regions are found in Cologny on Lake Geneva, at just under CHF 36,000 per square meter. Other municipalities with a high proportion of luxury real estate near Geneva generally see square meter prices starting at CHF 25,000. The highest prices on Lake Zurich are achieved in Küsnacht, at CHF 32,000 per square meter. In other municipalities, luxury properties start at around CHF 28,000 per square meter.

The most expensive luxury locations

Asking and transaction prices in the luxury segment (from the 95th percentile) observed from 2022 to 2024, in CHF thousands psm in selected municipalities



Sources: Meta-Sys, UBS. *Higher prices observed

A somewhat lower price level for luxury real estate can be found in the Zug region (from around CHF 25,000 per square meter) and in Ticino (from CHF 20,000 per square meter). However, in both regions, properties in prime locations with high-end amenities are offered for up to CHF 40,000 per square meter.

Zurich and mountain destinations with the strongest price increases

With an average of just over 3%, luxury properties on Lake Zurich recorded the strongest price increase last year. Only in Zug was the listing duration in 2024 shorter than in the municipalities on Zurich's Gold Coast. In the mountain destinations, the average price increase was just under 2%. In the luxury destinations of Valais, however, marketing takes significantly longer than in Graubünden. In Ticino, too, prices rose by just over 1% despite listing durations often well over a year. In the Geneva and Zug regions, by contrast, prices moved sideways or even declined slightly. In Geneva, weaker developments in commodity trading likely dampened demand and thus price momentum. In Zug, the strong price dynamics of previous years have already been partly priced in.

Cautious outlook

In times of geopolitical uncertainty, Switzerland is becoming increasingly attractive to foreign buyers, thanks to its stable institutions and high standard of living. As a result, demand is likely to remain solid, especially in regions with a large international buyer base such as Geneva and in some mountain destinations.

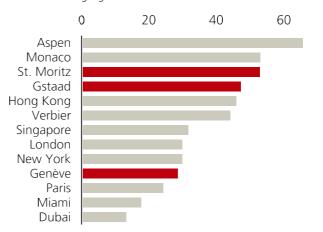
However, the turbulence in the stock markets—triggered by the US tariff announcements—and the resulting increased uncertainty about economic developments will likely temporarily limit the willingness of buyers to pay for luxury real estate. In addition, the currently strong Swiss franc, combined with high price levels, is reducing the attractiveness of local luxury properties for foreign buyers. A subdued outlook for the Swiss economy this year suggests only limited impetus for domestic demand. For the luxury segment, we therefore expect a similarly modest price increase in 2025 as in the previous year.

Luxury real estate in a global comparison

Of the world's most expensive luxury destinations, three out of four are in mountain regions. Aspen (USD 66,000 per square meter) pushed Monaco (USD 53,000 per square meter) into second place this year. The Swiss destinations St. Moritz and Gstaad follow (USD 52,000 and USD 47,000 per square meter, respectively). Due to the recent depreciation of the dollar, Verbier is now among the luxury locations with the highest square meter prices (USD 44,000), nearly reaching the price level of Hong Kong (USD 45,000). Price levels in the global metropolises of Singapore, London, and New York, as well as in Geneva, start at just under USD 30,000 per square meter, and in Paris at about USD 24,000. Despite significant price increases in recent years, square meter prices in Miami and Dubai remain considerably lower in a global comparison.

Global luxury real estate

Prices in the luxury segment in 2024, in US dollars thousands psm, Swiss locations highlighted in red



Sources: Knight Frank, Meta-Sys AG, UBS

According to Knight Frank, prices in global luxury markets rose by an average of 3.6% last year, representing a slight acceleration compared to the previous year. This means they developed somewhat faster than in Switzerland. The global price increase was driven mainly by markets in Asia and the Middle East. In contrast, established European and US markets mostly recorded growth rates in the low single digits or even negative territory.

Appendix

Risk information

UBS Chief Investment Office's ("CIO") investment views are prepared and published by the Global Wealth Management business of UBS Switzerland AG (regulated by FINMA in Switzerland) or its affiliates ("UBS"), part of UBS Group AG ("UBS Group"). UBS Group includes former Credit Suisse AG, its subsidiaries, branches and affiliates. Additional disclaimer relevant to Credit Suisse Wealth Management follows at the end of this section.

The investment views have been prepared in accordance with legal requirements designed to promote the **independence of investment research**.

Generic investment research - Risk information:

This publication is **for your information only** and is not intended as an offer, or a solicitation of an offer, to buy or sell any investment or other specific product. The analysis contained herein does not constitute a personal recommendation or take into account the particular investment objectives, investment strategies, financial situation and needs of any specific recipient. It is based on numerous assumptions. Different assumptions could result in materially different results. Certain services and products are subject to legal restrictions and cannot be offered worldwide on an unrestricted basis and/or may not be eligible for sale to all investors. All information and opinions expressed in this document were obtained from sources believed to be reliable and in good faith, but no representation or warranty, express or implied, is made as to its accuracy or completeness (other than disclosures relating to UBS). All information and opinions as well as any forecasts, estimates and market prices indicated are current as of the date of this report, and are subject to change without notice. Opinions expressed herein may differ or be contrary to those expressed by other business areas or divisions of UBS as a result of using different assumptions and/or criteria. UBS may utilise artificial intelligence tools ("Al Tools") in the preparation of this document. Notwithstanding any such use of Al Tools, this document has undergone human review.

In no circumstances may this document or any of the information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes (i) valuation or accounting purposes; (ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or (iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees. By receiving this document and the information you will be deemed to represent and warrant to UBS that you will not use this document or otherwise rely on any of the information for any of the above purposes. UBS and any of its directors or employees may be entitled at any time to hold long or short positions in investment instruments referred to herein, carry out transactions involving relevant investment instruments in the capacity of principal or agent, or provide any other services or have officers, who serve as directors, either to/for the issuer, the investment instrument itself or to/for any company commercially or financially affiliated to such issuers. At any time, investment decisions (including whether to buy, sell or hold securities) made by UBS and its employees may differ from or be contrary to the opinions expressed in UBS research publications. Some investments may not be readily realizable since the market in the securities is illiquid and therefore valuing the investment and identifying the risk to which you are exposed may be difficult to quantify. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS, into other areas, units, divisions or affiliates of UBS. Futures and options trading is not suitable for every investor as there is a substantial risk of loss, and losses in excess of an initial investment may occur. Past performance of an investment is no guarantee for its future performance. Additional information will be made available upon request. Some investments may be subject to sudden and large falls in value and on realization you may receive back less than you invested or may be required to pay more. Changes in foreign exchange rates may have an adverse effect on the price, value or income of an investment. The analyst(s) responsible for the preparation of this report may interact with trading desk personnel, sales personnel and other constituencies for the purpose of gathering, synthesizing and interpreting market information.

Different areas, groups, and personnel within UBS Group may produce and distribute separate research products **independently of each other**. For example, research publications from **CIO** are produced by UBS Global Wealth Management. **UBS Global Research** is produced by UBS Investment Bank. **Research methodologies and rating systems of each separate research organization may differ**, for example, in terms of investment recommendations, investment horizon, model assumptions, and valuation methods. As a consequence, except for certain economic forecasts (for which UBS CIO and UBS Global Research may collaborate), investment recommendations, ratings, price targets, and valuations provided by each of the separate research organizations may be different, or inconsistent. You should refer to each relevant research product for the details as to their methodologies and rating system. Not all clients may have access to all products from every organization. Each research product is subject to the policies and procedures of the organization that produces it. The compensation of the analyst(s) who prepared this report is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking, sales and trading or principal trading revenues, however, compensation may relate to the revenues of UBS Group as a whole, of which investment banking, sales and trading and principal trading are a part.

Tax treatment depends on the individual circumstances and may be subject to change in the future. UBS does not provide legal or tax advice and makes no representations as to the tax treatment of assets or the investment returns thereon both in

general or with reference to specific client's circumstances and needs. We are of necessity unable to take into account the particular investment objectives, financial situation and needs of our individual clients and we would recommend that you take financial and/or tax advice as to the implications (including tax) of investing in any of the products mentioned herein. This material may not be reproduced or copies circulated without prior authority of UBS. Unless otherwise agreed in writing UBS expressly prohibits the distribution and transfer of this material to third parties for any reason. UBS accepts no liability whatsoever for any claims or lawsuits from any third parties arising from the use or distribution of this material. This report is for distribution only under such circumstances as may be permitted by applicable law. For information on the ways in which CIO manages conflicts and maintains independence of its investment views and publication offering, and research and rating methodologies, please visit www.ubs.com/research-methodology. Additional information on the relevant authors of this publication and other CIO publication(s) referenced in this report; and copies of any past reports on this topic; are available upon request from your client advisor.

Important Information About Sustainable Investing Strategies: Sustainable investing strategies aim to consider and incorporate environmental, social and governance (ESG) factors into investment process and portfolio construction. Strategies across geographies approach ESG analysis and incorporate the findings in a variety of ways. Incorporating ESG factors or Sustainable Investing considerations may inhibit UBS's ability to participate in or to advise on certain investment opportunities that otherwise would be consistent with the Client's investment objectives. The returns on a portfolio incorporating ESG factors or Sustainable Investing considerations may be lower or higher than portfolios where ESG factors, exclusions, or other sustainability issues are not considered by UBS, and the investment opportunities available to such portfolios may differ.

External Asset Managers / External Financial Consultants: In case this research or publication is provided to an External Asset Manager or an External Financial Consultant, UBS expressly prohibits that it is redistributed by the External Asset Manager or the External Financial Consultant and is made available to their clients and/or third parties.

USA: Distributed to US persons only by UBS Financial Services Inc. or UBS Securities LLC, subsidiaries of UBS AG. UBS Switzerland AG, UBS Europe SE, UBS Bank, S.A., UBS Brasil Administradora de Valores Mobiliarios Ltda, UBS Asesores Mexico, S.A. de C.V., UBS SuMi TRUST Wealth Management Co., Ltd., UBS Wealth Management Israel Ltd and UBS Menkul Degerler AS are affiliates of UBS AG. **UBS Financial Services Inc.** accepts responsibility for the content of a report prepared by a non-US affiliate when it distributes reports to US persons. All transactions by a US person in the securities mentioned in this report should be effected through a US-registered broker dealer affiliated with UBS, and not through a non-US affiliate. The contents of this report have not been and will not be approved by any securities or investment authority in the United States or elsewhere. UBS Financial Services Inc. is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule") and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule.

For country information, please visit <u>ubs.com/cio-country-disclaimer-qr</u> or ask your client advisor for the full disclaimer.

Additional Disclaimer relevant to Credit Suisse Wealth Management

You receive this document in your capacity as a client of Credit Suisse Wealth Management. Your personal data will be processed in accordance with the Credit Suisse privacy statement accessible at your domicile through the official Credit Suisse website. In order to provide you with marketing materials concerning our products and services, UBS Group AG and its subsidiaries may process your basic personal data (i.e. contact details such as name, e-mail address) until you notify us that you no longer wish to receive them. You can optout from receiving these materials at any time by informing your Relationship Manager.

Except as otherwise specified herein and/or depending on the local Credit Suisse entity from which you are receiving this report, this report is distributed by UBS Switzerland AG, authorised and regulated by the Swiss Financial Market Supervisory Authority (FINMA).

Version A/2025. CIO82652744

© UBS 2025. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.