

UBS Luxury Property Focus 2025

Swiss real estate market

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- 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 Cologne 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

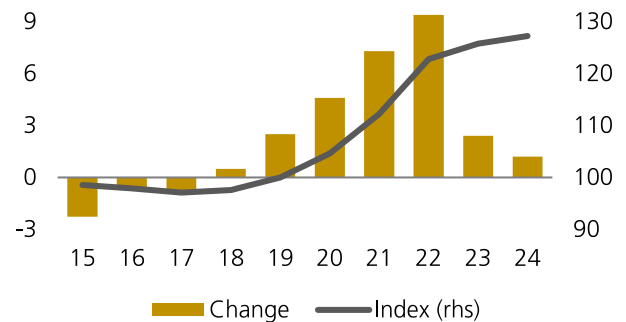
Prices cooled in the Swiss luxury segment for the second year in a row in 2024. The price increase for luxury homes halved to an average of 1.2% year over year. Price growth in the luxury segment was driven mainly by condominiums, which saw average prices rise by 3%, while prices for single-family homes 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).

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 mid-single-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%.

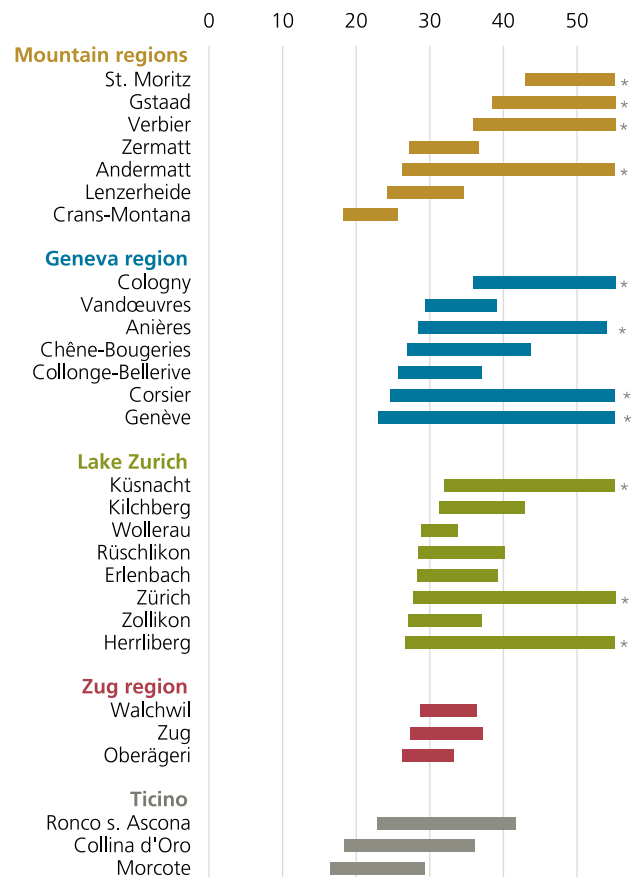
The luxury markets in Switzerland

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.

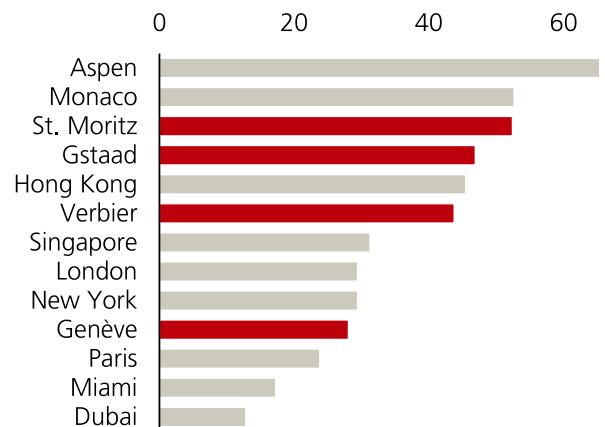
However, the turbulence in the stock markets—triggered by the US tariff announcements—and the resulting increased uncertainty about economic developments will likely temporarily limit the willingness of buyers to pay for luxury real estate. In addition, the currently strong Swiss franc, combined with 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

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