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Editorial

People and their lifestyles are determining the real estate market of the future

Digitalisation and demographic change are shaking up business, society and politics, but also the real estate sector. New forms of living and working, as well as changed values and attitudes, are shaping the real estate of the future and making as much of an impression on investments in this field as exchange rate fluctuations and political developments.

In the current Trendbarometer on the subject of the real estate investment market, which EY has now carried out for the eighth time, this change is impressively evident. Today, people prefer to live and work practically rather than luxuriously, and flexibility along with optimum connections to transport and IT infrastructures are important to them. Accordingly, investors too are becoming more interested in new concepts such as «affordable housing» or «co-working spaces» with a high level of connectivity, facilitated for example by way of a high-performance fibre-optic network. Digitalisation is supporting this network, for example with «smart real estate technologies» that make greater efficiency, sustainability and lower ongoing costs possible.

In addition to these trends, the survey shows the persistent attractiveness of the Swiss real estate market, also when compared with other countries. This results not only from the high quality of life and the stable overall political conditions in Switzerland, but also from the current low interest rate phase. This makes it highly likely that investors will be able to benefit from this after 2018 as well, even though prices will probably tend to move sideways in the current year.

As far as attractiveness is concerned, residential real estate is still in the vanguard. Accordingly, thanks to a wide variety of trends, we can probably look forward to plenty of innovative forms of living over the next few years. As residents and investors alike.

We hope that you enjoy reading the real estate Trendbarometer 2018.

Claudio Rudolf FRICS  
Partner at EY in Switzerland  
Head Real Estate

Daniel Zaugg MRICS  
Partner at EY in Switzerland  
Sector Leader of Real Estate & Construction
Transaction retrospective 2017
Exemplary selection of Swiss office and commercial real estate transactions

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Vendor</th>
<th>Buyer</th>
<th>Target</th>
<th>Objects</th>
<th>Price (mCHF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>Swiss Real Estate AS</td>
<td>Helvetica Swiss Commercial (HSC), Helvetica Property Investors</td>
<td>Office building in Thurgau</td>
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<td>11</td>
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<tr>
<td>Q1</td>
<td>Zurich Insurance Group</td>
<td>Realstone SA</td>
<td>Retail commercial building in Zurich</td>
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<td>17</td>
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<tr>
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<td>n/a</td>
<td>Swiss Prime Site</td>
<td>Hotel in Ticino</td>
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<tr>
<td>Q1</td>
<td>Loreda</td>
<td>Charles Vögele</td>
<td>Retail commercial building in Vaud</td>
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<tr>
<td>Q2</td>
<td>Swisscanto</td>
<td>Fondation Hans Witsdorf</td>
<td>Office building in Geneva</td>
<td>1</td>
<td>30</td>
</tr>
<tr>
<td>Q2</td>
<td>Boas-Yakhin Holding SA</td>
<td>Swiss Prime Site</td>
<td>Residential and care centre Résidence Gottaz in Morges</td>
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<td>Q2</td>
<td>Züblin Immobilien</td>
<td>CLS Holdings</td>
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<td>Q2</td>
<td>BNP Paribas</td>
<td>Bank J. Safra Sarasin</td>
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<td>Swisscanto</td>
<td>Raiffeisen Futura Immo Fonds, Ballidor Fondsleitung AG</td>
<td>Office building in Thurgau</td>
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<tr>
<td>Q2</td>
<td>Mobimo Holding AG</td>
<td>Solutionfonds SA, Procmimo Swiss Commercial Fund 56</td>
<td>Office building in Vaud</td>
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<td>13</td>
</tr>
<tr>
<td>Q3</td>
<td>CSA Real Estate Switzerland</td>
<td>Global Immobilien GmbH</td>
<td>Office building in Winterthur</td>
<td>1</td>
<td>61</td>
</tr>
<tr>
<td>Q3</td>
<td>Wolf Herwegh-Vonk, F. Brändle Immo AG</td>
<td>Allreal Holding</td>
<td>Commercial building in Adliswil and Nyon</td>
<td>4</td>
<td>n/a</td>
</tr>
</tbody>
</table>

Vendor groups
- The active vendor groups in 2017 include real estate companies and banks.

Buyer groups
- Most of the buyers are real estate funds and real estate companies.

Transaction volume
- The transactions in commercial real estate range from small to medium volume.

...and residential real estate transactions in 2017

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Vendor</th>
<th>Buyer</th>
<th>Target</th>
<th>Objects</th>
<th>Price (mCHF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>n/a</td>
<td>SF Sustainable Property Fund</td>
<td>Residential real estate in Lugano (Ticino)</td>
<td>1</td>
<td>48</td>
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<tr>
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<td>Baleseize SA</td>
<td>Helvetia Anlagestiftung</td>
<td>Residential real estate in Geneva</td>
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<td>13</td>
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<tr>
<td>Q1</td>
<td>n/a</td>
<td>Petrimont Anlagestiftung</td>
<td>Residential real estate in Basel</td>
<td>1</td>
<td>23</td>
</tr>
<tr>
<td>Q2</td>
<td>Zürcher Freilager AG</td>
<td>AXA Winterthur</td>
<td>Residential real estate in Zurich</td>
<td>10</td>
<td>563</td>
</tr>
<tr>
<td>Q3</td>
<td>n/a</td>
<td>Mobifonds Swiss Property</td>
<td>Residential real estate in Winterthur</td>
<td>n/a</td>
<td>61</td>
</tr>
<tr>
<td>Q3</td>
<td>n/a</td>
<td>Wartegg Invest</td>
<td>Residential real estate in Basel</td>
<td>2</td>
<td>n/a</td>
</tr>
<tr>
<td>Q3</td>
<td>n/a</td>
<td>SF Sustainable Property Fund</td>
<td>Residential real estate in Capolago (Ticino)</td>
<td>n/a</td>
<td>164</td>
</tr>
<tr>
<td>Q3</td>
<td>n/a</td>
<td>Novaserv Real Estate AG</td>
<td>Residential real estate in Basel</td>
<td>2</td>
<td>23</td>
</tr>
</tbody>
</table>

Vendor groups
- Information about the vendor is usually not published.

Buyer groups
- The most frequent buyer groups are real estate funds and investment fonds.

Transaction volume
- The transaction volumes for residential real estate, apart from a few exceptions, are of small to medium size.
- In Switzerland, sizeable portfolio transactions remain the exception.

Source: RCA and media statements, exemplary selection of real estate transactions with no claim to completeness.
Trendbarometer Real Estate Investment Market
Switzerland 2018
Our trend barometer takes account of a broad spectrum of investor groups

Trend barometer real estate investment market

- The results of the survey are based on our questionnaire (October 2017) in which around 30 investors who in previous years were active on the Swiss real estate market took part.
- Regarding content, the survey deals mainly with the following topics:
  - General assessment of the real estate investment market in Switzerland in 2018 by active market participants.
  - Investigation of the strategy of real estate investors in Switzerland with regard to the development of the real estate market.

Vendor groups

- Banks
- Real estate funds
- Real estate companies
- Institutional investors
- Investment companies
- Opportunity/private-equity funds
- Private/Family Offices
- Housing associations
- Other

Background

- EY Real Estate Schweiz is conducting this survey for the eighth time since 2011.
- In the period from October to November 2017, around 30 investors described their expectations for the coming year.

Objective

- To assess the Swiss real estate investment market in the coming year.
- To cast an eye over the strategy that investors will pursue in Switzerland in the coming year.

Statements

- As well as prepared answers, the participants were allowed to make individual comments in response to every question.
- The following statements are reproduced in anonymised form and partly summarised with similar estimations.

The retrospective assessment of the Swiss investment markets

2016

1. Switzerland remains an attractive location for real estate investments.
2. The peak of the price trend for premium real estate has been passed.
3. The stability in Switzerland has a positive effect on the market’s attractiveness and is unlikely to be endangered by political uncertainty.

2017

1. Switzerland remains an attractive location for real estate investments.
2. Prices for office and retail commercial real estate are going to stabilise.
3. Demographic change will influence the price trend significantly.

2018

1. The low-interest phase will continue in 2018.
2. Prices of office and residential real estate will remain stable, while retail commercial real estate will have a downward price trend.
3. Lease incentives are an important instrument and a risk of overvaluation of office real estate.

Three-year trend

- Switzerland is seen consistently as an attractive location for real estate investments.
- Demographic change is seen as an important price booster.
- A general downward trend for premium real estate is expected.

Price trend

- Stable prices from office, residential and hotel real estate are expected in A1 locations.
- Falling prices for retail objects in A1 locations are expected.

International

- In the international comparison, Switzerland will continue to be seen as an attractive country for real estate investments.
- However, the pressure on returns might lead to a situation where Switzerland loses attractiveness in comparison to the foreign environment.

Attractiveness

- Switzerland is currently seen as an attractive location for real estate investments.
97 percent of respondents see Switzerland as an attractive or very attractive investment location...

**Key statements**
- An overwhelming majority of the survey participants (97%) still regard Switzerland as an attractive or very attractive location for real estate investments in 2018.
- Compared to the previous year, a higher level of attractiveness is expected (2017: 90% regarded Switzerland as attractive or very attractive).

![Attactiveness of Switzerland as a location for real estate investments](chart)

**Statements made by the survey participants**
- «Swiss trademarks are a high level of sustainability and economic prosperity.»
- «A substantial location advantage for Switzerland is its extremely high level of legal security.»
- «Switzerland as a location for real estate investments remains attractive but the risks are slowly growing.»
- «The price level in the Swiss real estate investment market is very high, which is problematic in view of the highly illiquid markets.»

...also in comparison with other European countries

**Key statements**
- Compared to other European countries, a majority of respondents (81%) regard Switzerland as an attractive or very attractive investment location.
- Here too, the result of the survey is more positive than in the previous year (2017: 73%).

![Attactiveness of Switzerland as location for real estate investments in the European comparison](chart)

**Statements made by the survey participants**
- «Economically and politically, Switzerland is far more stable than the other European countries – and real estate in the “safe haven” is therefore more crisis-proof than in the other countries.»
- «Key locations in large European cities are currently not less “expensive” than similar locations in Switzerland. This means that an investment in Switzerland, leaving out the advantages of broader diversification, is relatively interesting.»
- «The returns in the surrounding foreign environment are often more attractive than those in Switzerland.»
**Key statements**

- There is a unanimous expectation that the low-price phase will continue in 2018 (100%).
- Most respondents are assuming that digitalisation will change conventional business models (91%).
- Most of those asked believe that deregulation would have a positive effect on the Swiss real estate market (78%).
- A majority of respondents expect that real estate management will be influenced by Smart-Real-Estate technologies (75%).
- Most of the respondents believe that the exchange rate between the Swiss franc and the Euro will influence the real estate market (65%).

**Wording of the question:**

«Which of the following statements about the Swiss real estate market environment do you agree with for 2018?»

The low-interest phase will continue in 2018.

<table>
<thead>
<tr>
<th>I totally agree</th>
<th>I partly agree</th>
<th>I tend to disagree</th>
<th>I totally disagree</th>
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</thead>
<tbody>
<tr>
<td>59%</td>
<td>38%</td>
<td>6%</td>
<td>41%</td>
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Digitalisation is changing conventional business models, e.g. asset management, valuation or the real estate transaction business.

<table>
<thead>
<tr>
<th>I totally agree</th>
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<th>I tend to disagree</th>
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<tbody>
<tr>
<td>45%</td>
<td>45%</td>
<td>10%</td>
<td>9%</td>
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Participative project planning will become more and more important (above all in inner city developments).

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<th>I tend to disagree</th>
<th>I totally disagree</th>
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<tbody>
<tr>
<td>4%</td>
<td>47%</td>
<td>31%</td>
<td>22%</td>
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The theme of digitalisation has arrived in the real estate business.

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<th>I totally agree</th>
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<th>I totally disagree</th>
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<tr>
<td>31%</td>
<td>58%</td>
<td>13%</td>
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Deregulation would have a positive impact on the Swiss real estate market.

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<th>I totally agree</th>
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<th>I totally disagree</th>
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<tbody>
<tr>
<td>31%</td>
<td>31%</td>
<td>22%</td>
<td>1%</td>
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The management of real estate will become more efficient, more sustainable and more favorably priced as a result of ex-mat rising real estate technologies.

<table>
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<th>I totally agree</th>
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<th>I tend to disagree</th>
<th>I totally disagree</th>
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<tbody>
<tr>
<td>45%</td>
<td>26%</td>
<td>20%</td>
<td>1%</td>
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Legally established allocation ratios of public sector real estate to subsidized housing construction projects have an influence on the real estate market.

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<th>I totally disagree</th>
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<tbody>
<tr>
<td>19%</td>
<td>46%</td>
<td>35%</td>
<td>1%</td>
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The exchange rate between the Swiss franc and the Euro will influence the real estate market.

<table>
<thead>
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<th>I totally agree</th>
<th>I partly agree</th>
<th>I tend to disagree</th>
<th>I totally disagree</th>
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<tbody>
<tr>
<td>19%</td>
<td>46%</td>
<td>35%</td>
<td>1%</td>
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**Portfolio managers put their faith in subsequent compaction and project development due to product scarcity and partially excessive pricing**

**Key statements**

- The respondents agree that the current market environment is partly leading to excessive price expectations among vendors (100%).
- The majority of respondents are assuming that prices in 2018 will move sideways or downwards (90%).
- If the buying criteria are too rigid, some interesting investments might not be pursued (85%).
- Most respondents expect the transaction volume in 2018 to be below the 2017 level (73%).
- More than half of respondents are assuming that Asian investors will turn up only in the event of hotel transactions (56%).

**Wording of the question:**

«Which of the following statements about the Swiss real estate transactions market do you agree with for 2018?»

The current market environment leads partly to exaggerated price notions among vendors.

<table>
<thead>
<tr>
<th>I totally agree</th>
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<th>I tend to disagree</th>
<th>I totally disagree</th>
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</thead>
<tbody>
<tr>
<td>76%</td>
<td>52%</td>
<td>48%</td>
<td>24%</td>
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</table>

Portfolio managers are putting their faith in subsequent compaction, new buildings and project development due to product scarcity.

<table>
<thead>
<tr>
<th>I totally agree</th>
<th>I partly agree</th>
<th>I tend to disagree</th>
<th>I totally disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>50%</td>
<td>66%</td>
<td>10%</td>
<td>4%</td>
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</table>

The price peak has basically been reached – in 2018 prices will be on a sideways/downward trend.

<table>
<thead>
<tr>
<th>I totally agree</th>
<th>I partly agree</th>
<th>I tend to disagree</th>
<th>I totally disagree</th>
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</thead>
<tbody>
<tr>
<td>24%</td>
<td>64%</td>
<td>11%</td>
<td>1%</td>
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</table>

Project developers are looking for an exit through leasing deals.

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<thead>
<tr>
<th>I totally agree</th>
<th>I partly agree</th>
<th>I tend to disagree</th>
<th>I totally disagree</th>
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</thead>
<tbody>
<tr>
<td>44%</td>
<td>41%</td>
<td>1%</td>
<td>1%</td>
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When purchasing criteria are too rigid, interesting investments might not be pursued.

<table>
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<tr>
<th>I totally agree</th>
<th>I partly agree</th>
<th>I tend to disagree</th>
<th>I totally disagree</th>
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</thead>
<tbody>
<tr>
<td>39%</td>
<td>39%</td>
<td>18%</td>
<td>6%</td>
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High price levels drive investors to value added and opportunistic strategies.

<table>
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<tr>
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<th>I partly agree</th>
<th>I tend to disagree</th>
<th>I totally disagree</th>
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<tbody>
<tr>
<td>14%</td>
<td>61%</td>
<td>25%</td>
<td>18%</td>
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</table>

Project developers are looking for an exit through forward deals.

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<tr>
<th>I totally agree</th>
<th>I partly agree</th>
<th>I tend to disagree</th>
<th>I totally disagree</th>
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</thead>
<tbody>
<tr>
<td>21%</td>
<td>52%</td>
<td>24%</td>
<td>1%</td>
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All in all, the transaction volume in 2018 will be lower than in 2017.

<table>
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<tr>
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<th>I partly agree</th>
<th>I tend to disagree</th>
<th>I totally disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>11%</td>
<td>45%</td>
<td>37%</td>
<td>7%</td>
</tr>
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</table>

Asian investors appear only in the event of hotel transactions.

<table>
<thead>
<tr>
<th>I totally agree</th>
<th>I partly agree</th>
<th>I tend to disagree</th>
<th>I totally disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>11%</td>
<td>45%</td>
<td>37%</td>
<td>7%</td>
</tr>
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</table>

The percentage sum can deviate from 100% if not all of the survey respondents have answered the question.
Falling prices are expected for office and retail commercial properties in B locations and in the periphery

Key statements

- More than half of the respondents expect stable prices in A1 locations (58%). The other half expects to see higher or lower prices (14%/28%, 2017: 20%/27%).
- Office buildings in B1 locations (62%, 2017: 59%) and in the periphery (93%, 2017: 86%) are likely to experience falling prices.
- Retail commercial objects are showing a more negative trend: Stable or falling prices in A1 locations (34%/63%, 2017: 43%/48%), but a negative outlook for B1 locations (97%, 2017: 68%) and objects in the periphery (93%, 2017: 86%).

Wording of the question:
«How do you assess the purchase-price trend in Switzerland in 2018, depending on type of use and location?»

In the (highly-priced) residential segment, stable prices are expected while hotels in peripheral locations are under price pressure

Key statements

- Expectations for the residential construction sector in A1 locations are optimistic. In this segment, increasing or stable prices (34%/59%, 52%/39%) are expected.
- A large majority of respondents expect to see stable prices for residential buildings in B1 locations (80%, 2017: 61%). In the periphery, around a third expect stable prices (31%, 2017: 59%).
- With regard to hotels, most respondents are assuming a stable price trend in A1 locations (69%, 2017: 69%), but falling prices in B1 locations (66%, 2017: 54%) and in the periphery (86%, 2017: 78%).

Wording of the question:
«How do you assess the purchase-price trend in Switzerland in 2018 depending on type of use and location?»
Financing is no obstacle to a transaction

Key statements
- Divergent purchase-price expectations between buyers and vendors (96%, 2017: 96%) are regarded as the biggest obstacle for transactions.
- The amount of own capital demanded by external lenders is not seen as a major obstacle (37%, 2017: 52%).
- Insufficient availability of subordinate or senior loan financing is regarded even less than in the previous year as an obstacle to a transaction (29%, 2017: 38% or 22%, 2017: 29%).

No significant changes in the financing conditions for real estate loans are expected

Key statements
- A narrow majority (54%) thinks that the loan requirements will remain the same (2017: 45%).
- A large majority of the respondents are assuming that the margins and the interest rates will not change in 2018 (82%/86%, 2017: 71%/69%).
- More than two-thirds of those interviewed believe that the mortgage duration, too, will remain unchanged (72%, 2017: 66%).

Wording of the question:
«What will be the biggest obstacle for successful transaction closings in Switzerland in 2018?»

Wording of the question:
«How will the conditions for real estate loans develop during 2018?»

Biggest obstacles to transactions

Change in the conditions for real estate financing

The percentage sum can deviate from 100% when not all respondents have answered the question.

The percentage sum can deviate from 100% when not all respondents have answered the question.
Residential real estate is still the investment focus no. 1 in Switzerland

Key statements
- Investors will continue to focus strongly on residential real estate (59%, 2017: 61%).
- A small majority (55%) has little or no focus on office real estate, which represents a downward trend from the previous year (2017: 32%).
- In 2018, as in the previous year, few investors are focusing on retail commercial real estate (7%, 2017: 17%).

In the office and retail commercial real estate segment, the commercial centers Geneva and Zurich are still ahead...

Key statements
- As in the previous year, Zurich is the most attractive location for investments in the retail real estate sector (31%, 2017: 24%), but was replaced by investment in Geneva’s office sector (20%, 2017: 17%).
- Investors’ demand for retail commercial real estate declined considerably in Berne, Lugano and Zug compared with 2017 (0%, 2017: 9%, 2%, 4%), whereas the figures improved in Lucerne and Lausanne (15%, 23%, 2017: 4%, 15%)

Strength of investment focus

Office and retail real estate*

*Multiple answers possible
...in the residential real estate segment, on the other hand, there are only a few visible geographical preferences.

Key statements
- The demand for residential real estate shows no clear focus, as in the previous year.
- Zurich, Basel, Berne and Lucerne are still the preferred cities (12%, 11%, 15%, 14%, 2017: 15%, 14%, 14%, 15%), with Zug joining them for the first time this year as a favorite with regard to demand for residential real estate (14%).

Wording of the question: «What Swiss locations will be a special focus of your investments in 2018?»

Demographic change, digitalisation and interest-rates are the megatrends for 2018

Key statements
- A large majority of the respondents agrees that demographic change will significantly influence the real estate market in 2018 (93%).
- The development of interest rates is classified by 81% of respondents as the megatrend with relevance for the real estate market.
- Further trends on the real estate markets are said to be digitalisation (84%), the development of interest rates (67%) and globalisation of the investment flows (52%).

Wording of the question: «Which megatrends will influence the Swiss real estate market most in the next 5–10 years?»

Residential*

Megatrends 2018*

*Multiple answers possible
Residential trends: «Affordable housing» concepts and compact newly-built apartments

- «Affordable housing concepts will become more significant.» 62%
- «Student apartments as investment objects will become more significant.» 58%
- «In combinations, new housing units will become smaller and more efficient.» 60%
- «Promoting the subject makes more sense than promoting the object.» 36%
- «Living space for average earners is falling through the cracks with regard to new buildings in comuraltions.» 40%

Trends in the office segment: «Co-working-spaces» and connectivity

- «The Swiss location will benefit from Brexit.» 31%
- «Co-working spaces are comparing substantial market shares.» 65%
- «Flexibility (e.g. fiber optic cables) will in future be just as important as the location.» 62%
- «Building certifications (BREEAM, LEED, DGNB) play an essential role in the leasing of office space.» 57%

Wording of the question:
«What are the top trends in 2018 for the usage category residential?»

Wording of the question:
«What are the top trends in 2018 for the usage category office?»
Trends in hotels segment:
3-star hotels beat the luxury segment

Wording of the question:
«What will be the top trends in the hotels usage category in 2018?»

1. «Hotels in the five-star category are increasingly becoming less attractive as investment objects.»
   - I totally agree: 40%
   - I partly agree: 24%
   - I tend to disagree: 20%
   - I totally disagree: 16%

2. «The unique selling point of lifestyle concepts compared to standardized products will increase in the future.»
   - I totally agree: 48%
   - I partly agree: 4%
   - I tend to disagree: 4%
   - I totally disagree: 46%

3. «Hotels in the three-star category are becoming increasingly attractive as investment objects.»
   - I totally agree: 64%
   - I partly agree: 4%
   - I tend to disagree: 4%
   - I totally disagree: 12%

4. «Transaction business in the vacation hotels segment is going to increase.»
   - I totally agree: 48%
   - I partly agree: 4%
   - I tend to disagree: 4%
   - I totally disagree: 44%

Wording of the question:
«What will be the top trends in the retail usage category in 2018?»

1. «New concepts are strengthening the stationary food retailing trade: organic, fresh and unpackaged.»
   - I totally agree: 60%
   - I partly agree: 8%
   - I tend to disagree: 4%
   - I totally disagree: 32%

2. «Delivery services are conquering significant market shares in food retailing.»
   - I totally agree: 56%
   - I partly agree: 12%
   - I tend to disagree: 8%
   - I totally disagree: 20%

3. «Online traders are increasingly putting their faith in stationary shops (omni-channel).»
   - I totally agree: 72%
   - I partly agree: 20%
   - I tend to disagree: 8%
   - I totally disagree: 0%

4. «The lack of haptic and emotional aspects are limiting the growth of e-commerce.»
   - I totally agree: 40%
   - I partly agree: 4%
   - I tend to disagree: 4%
   - I totally disagree: 52%
Key statements, Switzerland 2018
### Summary

#### Attractiveness
- An overwhelming majority of respondents believes that Switzerland will be an attractive or very attractive real estate investment location in 2018.

#### Conditions for real estate loans
- In 2018, as opposed to the previous year, the respondents expect to see no increase in loan requirements.
- The interest-rate level, the margins and the mortgage durations are likely to remain constant.

#### Real estate market environment
- The respondents estimate that the low-interest phase will continue in 2018.
- The expectation is that BIM (Building Information Modeling) will establish itself in Switzerland in the medium term.
- The exchange rate between the Swiss franc and the Euro is expected to have an influence on the real estate market.

#### Investment focus by type of use
- Residential real estate will be strongly in focus in 2018 with a substantial gap between it and other types of use.
- A narrow majority sees office real estate a low investment focus or none at all.
- Only a few respondents said that they would have an investment focus on retail commercial properties in 2018.

#### Preferred investment locations
- Zurich, Geneva and Basel are popular regions for investments in office real estate.
- In the retail commercial investment segment, Zurich is by far the most popular region.
- Residential real estate is enquired about most often in Zurich, Berne, Lucerne and recently also Zug, although a clear trend is not yet in evidence.

#### Most important megatrends
- The respondents expect that demographic change and digitalisation will have a considerable influence on the Swiss real estate market.
- Interest and currency developments as well as political instabilities are likewise classified as relevant megatrends.
- Affordable housing concepts, student apartments and efficient newly-built apartments in conurbations will become more significant.
- In the office market, connectivity (e.g. fiber optic cables) will increase in significance, also for co-working spaces, which are going to increase their market shares.
- In the hotels segment, five-star concepts are losing attractiveness to the benefit of three-star concepts.

#### Real estate transaction market
- It is being assumed that the price peak has basically been reached and that prices in 2018 will move sideways or downward.
- Project developers will very probably seek an early exit by way of forward deals.
- The transaction volume is expected to be lower than in 2017.

#### Purchase price expectations
- Prices of office buildings and retail commercial real estate in B1 locations and in the periphery are expected to show a negative trend.
- It is expected that prices of retail commercial real estate in B1 locations will likewise develop negatively.
- Most of the respondents are expecting stable prices for residential real estate in B1 locations.

#### Biggest obstacles to transactions
- The most likely obstacle to transactions in 2018 will be divergent purchase-price expectations.
- Other possible impeding factors are the excessive transfer of risks to the buyer side and the categorical exclusion to bidding procedures.
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